



# CITY OF CLEARLAKE

City Council

## STAFF REPORT

**SUBJECT:** Review and Approval of the use and retention of the Development Impact Fees for Fiscal Year 2021-2022

**MEETING DATE:** August 18, 2022

**SUBMITTED BY:** Kelcey Young, Director of Finance

**PURPOSE OF REPORT:** ☐ Information only ☐ Discussion ☒ Action Item

### WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being asked to review and approve the use and retention of the Development Impact Fees for Fiscal Year 2021-2022. Additional information is provided in the Development Impact Fee Report, including the proposed plans for the accumulated Traffic Impact fees of \$416,393.76.

### BACKGROUND/DISCUSSION:

The City Council adopted Ordinance 247-2020 Amending Chapter 3 of the Clearlake Municipal Code regarding Development Impact Fees on September 17, 2020.

At that time the City created a development impact fee program that would provide revenue to offset the cost from increased demand for City services and facilities. Under AB 1600 (Government Code Section 66000 et seq.) the City can establish fees to pay for these needs as long as there is a study that legally justifies the cost of these fees. The key requirements that determine the structure, scope, and amount of the proposed Fee Program as required by AB1600 are as follows:

- Fees Collected for Capital Facility and Infrastructure Improvements. Development impact fee revenue can be collected and used to cover the cost of capital facilities and infrastructure required to serve new development and growth in the City. However, impact fee revenue cannot be used to cover the operation and maintenance costs of these or any other facilities and infrastructure.
- Fees Cannot Fund Existing Needs. Impact fee revenue cannot be collected or used to cover deficiencies in existing City capital equipment and facilities. The portion of capital costs required to meet the needs of the City's existing population must be funded through other sources. The costs associated with improvements that serve the needs of both new development and the existing development are split on a "fair share" basis according to the proportion attributable to each. Thus, development impact fee funding will need to be augmented by other revenue sources to meet overall funding requirements.
- Fees Must Be Based on a Rational Nexus. An impact fee must be based on a reasonable nexus, or connection, between new growth and development and the need for a new facility or improvement. As such, an impact fee must be supported by specific findings that explain or demonstrate this nexus. In addition, the impact fee amount must be structured such that the revenue generated does not exceed the cost of providing the facility or improvement for which the fee is imposed.

By the Mitigation Fee Act, the City is required to report on traffic impact fees within 180 days after the end of the fiscal year, and determine where the traffic impact fees should be utilized.

At this time Staff is recommending using the total balance of the Traffic Impact Fees for the Airport Road Extension Project for further continuation of that project. The project budget is \$6,853,953, which means the Traffic Impact Fees would cover 6% of the total project cost. The project is expected to start in the 22/23 Fiscal Year.

**FISCAL IMPACT:**

☐ None      ☒ \$416,393.76      Budgeted Item? ☐ Yes ☒ No

Budget Adjustment Needed? ☒ Yes ☐ No

Affected fund(s): ☐ General Fund ☐ Measure P Fund ☐ Measure V Fund ☒ Other: 240

Comments: The budget appropriation will be brought back to Council at a later date.

**STRATEGIC PLAN IMPACT:**

- ☐ Goal #1: Make Clearlake a Visibly Cleaner City
- ☐ Goal #2: Make Clearlake a Statistically Safer City
- ☒ Goal #3: Improve the Quality of Life in Clearlake with Improved Public Facilities
- ☒ Goal #4: Improve the Image of Clearlake
- ☒ Goal #5: Ensure Fiscal Sustainability of City
- ☐ Goal #6: Update Policies and Procedures to Current Government Standards
- ☒ Goal #7: Support Economic Development

**SUGGESTED MOTIONS:**

Move to adopt the resolution approving the use and retention of the Development Impact Fees

- ☒ **Attachments:**
- 1) Resolution No. 2022-50
  - 2) Development Impact Fee Report

**RESOLUTION NO. 2022-50**

**APPROVAL OF THE FY21-22 DEVELOPMENT IMPACT FEE REPORT**

**WHEREAS**, the City Council approved and adopted the Development Impact fees September 17, 2020; and,

**WHEREAS**, the City of Clearlake is required to report on the development impact fees and determine the best use for these fees in; and,

**WHEREAS**, the City Council has already developed a lit of pre-approved projects to utilize Traffic Impact fees; and,

**WHEREAS**, the Airport Road Extension Project is a key project to increasing economic development for the City of Clearlake; and,

**WHEREAS**, the City of Clearlake posted the Development Impact Report publicly on August 2, 2022; and,

**WHEREAS**, the City Council of the City of Clearlake reviewed and approved the Development Impact Fee Report; and,

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Clearlake the FY 2022-23 Development Impact Report included herein as "Exhibit A", is,

**PASSED AND ADOPTED** by the City Council of the City of Clearlake, County of Lake, State of California, on this 18<sup>th</sup> day of August 2022, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: \_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor