

Exhibit A

February 6, 2024

The Honorable Mayor, Members of the City Council and Residents of the City of Clearlake, CA

Subject: **Annual Report of Development Impact Fees**

Dear Mayor, Members of the City Council and Residents of the City of Clearlake,

Pursuant to the Mitigation Fee Act (the "Act") (Government Code section 66000 et seq.), and specifically section 66006 of the Act, the following report on the receipt, use and retention of development impact fees for Fiscal Year 2022-23 is hereby presented to the City Council for review and approval.

Development Impact Fees are charged by local governments to defray all or a portion of the cost of public facilities related to new development being constructed within the City. The requirements for enactment of a development impact fee program are set forth in the Act, which was enacted by the State Legislature as Assembly Bill No. 1600 and is commonly referred to as "AB 1600 requirements".

The imposition of Development Impact Fees is one of the preferred methods of ensuring that development bears a proportionate share of the cost of public facilities and service improvements necessary to accommodate such development. This must be done in order to promote and protect the public health, safety and welfare.

The City of Clearlake further lays out the Development Impact Fees in its Municipal Code, specifically 3-8.1. In the City of Clearlake, Development Impact Fees may be collected for the purpose of mitigating the impacts caused by new development on the City's infrastructure. Fees are used to finance the acquisition, construction, and improvement of public facilities needed as a result of this new development.

The following report outlines the Traffic Impact Fees which are the Development Impact Fees the City of Clearlake is currently collecting. The annual report includes the fees the City collected in Fiscal Year 2022-23 as well as the financial findings of the current program. These fees are held in Fund 232 and are to be used as funding for the projects outlined in this report.

Respectfully submitted,



Kathy Wells

Director of Finance

Exhibit A

CITY OF CLEARLAKE – ANNUAL REPORT OF DEVELOPMENT IMPACT FEES

Traffic Impact Fees:

The City of Clearlake has obtained the following fees from Traffic impact Fees:

Previous Balance	FY22-23	Total
\$416,393.76	\$112,049,.40	\$528,443.16

Findings: Fees were collected into Fund 232 - Traffic Impact Fees, including the existing excess cash, are based on a detailed breakdown of citywide capital improvement projects needed to mitigate the impacts of new development through the year 2040. These projects have been approved by the City Council for construction under this program, as a part of Ordinance No. 247-2020 and the Transportation Impact Fee Study dated September 1, 2020.

The project list includes capital improvement with a total estimated Impact Fee Share of \$5,655,000.

Below is a list of projects approved in 2020 with the Anticipated Project Costs and Impact Fee Share:

Project	Anticipated Project Cost (2020)	Impact Fee Share (2020)
A. Airport Road Extension	\$1,582,000	\$1,200,000
B. SR 53/18th Avenue Intersection Improvements	\$275,000	\$275,000
C. Roundabout at Dam Road/Dam Road Extension	\$4,861,000	\$2,430,000
D. Lakeshore Drive Sidewalk Improvements	\$1,394,000	\$250,000
E. Dam Road Extension Sidewalk Improvements	\$413,000	\$125,000
F. Roundabout at Olympic Drive/Lakeshore Drive	\$1,375,000	\$1,375,000
Total	\$9,900,000	\$5,655,000

Staff recommends using the entirety of accumulated Traffic Impact fees of \$528,433.16 towards the Airport Road Extension project. This amount is substantially under the Impact Fee Share allowable and will make the most impactful contribution to economic development at the current time. The current budget for this project is \$4.6 million. The current Traffic Impact Fees going to this project would make up approx. 11% of the total project cost. The project is anticipated to start this current fiscal year.

In 2020 the Traffic Impact fee Study determined that at the current cost rate of projects, to adequately fund the future transportation projects through a Transportation Impact Fee program, approximately \$5.94 million in impact fees will need to be collected by the City. While project costs have increased staff is not requesting an increase in Impact Fee Share at this time.