



STAFF REPORT	
SUBJECT: Review and Approval of the retention and use of the Development Impact Fees for Fiscal Year 2022-23	MEETING DATE: February 15, 2024
SUBMITTED BY: Kathy Wells, Director of Finance	
PURPOSE OF REPORT: <input type="checkbox"/> Information only <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being asked to review and approve the retention and use of the Development Impact Fees for Fiscal Year 2022-23. Additional information is provided in the Development Impact Fee Report, including the proposed plans for the accumulated Traffic Impact fees of \$528,443.16 as of June 30, 2023.

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.

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 current project budget is \$4.6 million which means the existing Traffic Impact Fees would cover approx. 11% of the total project cost. The project is expected to start in this current fiscal year 23-24.

FISCAL IMPACT:

None \$528,443.16 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 for FY 22-23 development impact fees is included in the FY 23-24 Midyear Budget Adjustment Resolution 2024-06

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 Resolution 2024-05 approving the use and retention of FY 22-23 Development Impact Fees

- Attachments:**
- 1) Resolution No. 2024-05
 - 2) Development Impact Fee Report

RESOLUTION NO. 2024-05

APPROVAL OF THE FY22-23 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 list 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 February 6, 2024; 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 15th day of February 2024, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
City Clerk

Mayor