



STAFF REPORT

TO: THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
MEETING DATE: OCTOBER 7, 2024
FROM: TOM DUBOIS, CITY MANAGER
SUBJECT: CAPITAL IMPROVEMENT PROJECTS (CIP) PRIORITIES

RECOMMENDATION:

Review staff prioritization of projects in the CIP plan and confirm list or suggest other priorities.

BACKGROUND:

Staff is preparing a CIP plan in support of the updated Nexus Study for development impact fees. We are required by state law to show which capital projects will be funded over the next five years by any impact fees collected, once sufficient funds are accumulated.

Currently our projects far overwhelm available funding. However, if development projects are approved, we want to have a plan in place so that we can legally retain and use those impact fees. If the situation were to change, and we suddenly had even more impact fees, we would pull projects out of the appendix into the active list over the following five years.

Based on council feedback on priorities, staff will return with a completed CIP for council approve prior to the nexus study setting development impact fees. Once both the CIP and the Nexus study are completed, we will have defensible impact fees in place that will apply to future projects.

DISCUSSION:

What Are Impact Fees?

California Government Code §66000 allows a local jurisdiction to establish an impact fee to mitigate the impacts of new development. These fees may be used for the purchase, construction, expansion, rehabilitation, or acquisition of public facilities, and must be consistent with the adopted fee program, which is updated every five years.

Establishing An Impact Fee Program

The City of Sutter Creek (“City”) impact fee program, more commonly known as the Capital Facilities Fees Program (“CFF Program”), was established in 2008. Impact fees imposed on new development must have the proper nexus to any project on which they are imposed. The CFF Program sets forth the relationship between contemplated future developments, facilities needed to serve future development and the estimated cost of those improvements based on the current General Plan for build-out.

Adoption of a Capital Improvement Program (CIP)

California Government Code §66002 requires local agencies that have implemented an impact fee program to adopt a Capital Improvement Program (CIP) indicating the approximate location, size, and time of projects, plus an estimate for the costs of all facilities or improvements to be financed by the impact fees. At a minimum, a formal CIP is recommended as a five-year plan.

The City's CIP connects annual capital expenditures to a long-range plan for public improvements. The City's CIP also assists in maximizing the funds available, connecting the plan for public improvements to the City's capacity for funding, and projecting expenditures over a period of years. This type of fiscal management is particularly important during periods where budgetary demands exceed financial resources. The City's CIP is financed in part by the impact fees collected through the CFF Program.

The City of Sutter Creek currently collected impact fees from new developments in the following categories.

Police Capital Facilities Fee

This fee is collected to provide funding for the construction of a police station, police vehicles, police parking facilities, communication systems, and equipment.

Fire Capital Facilities Fee

This fee is collected for construction of a new fire facility, fire trucks, a fire engine, and special equipment.

Historical Fee

This fee is collected to fund the City's General Plan policy of preserving historic structures in the City.

City Hall Capital Facilities Fee

This fee is collected to provide funding for the construction of a new city hall.

Corporation Yard Capital Facilities Fees

This fee is collected to provide funding for a fair-share portion of the cost to construct facilities for a new corporation yard.

Program Update Fee

This fee is collected for future updates of the Nexus Study to ensure that the facilities, costs, and fees in the Fee Program are current and accurate.

Administration Capital Facilities Fee

This fee is collected for the administration of the Capital Facility Fee Program itself. This includes preparation of an Annual CFF Program Report, preparation of a Five-Year CFF Report, day-to-day management of the CFF Program including preparation of annual CIP budgets, CFF Program annual inflationary updates, land value analyses and updates and CFF Program Proformas.

Traffic Mitigation Fee

There are two traffic mitigation fees collected, one for local and the other for regional. The local fee is collected to offset the direct, indirect, and cumulative impacts of new development projects upon the City of Sutter Creek's road systems. The regional fee is collected for the Amador County Transportation Commission (ACTC).

Parks and Recreation Fee

This fee is collected to provide funding for parks, recreational buildings and master plan updates.

Sewer Connection Fee

This fee is collected to provide funding for the city's sewer facilities.

Going forward, the City is looking to simplify the Impact fee structure. Staff is planning to combine the Historic, City Hall, and Corporate Yard Fees into a single Public Facility Fee. The Program Update and Admin Fees will combine into a single Admin fee.

Prioritization of the CIP

Looking at the list of capital projects, we have prioritized the top dozen or so projects, with some that fall into each impact fee category. We can't prioritize only street projects for example, because we would then have no use for the non-street impact fees, and would be able to collect those other categories. The goal here is to show a variety of projects that need funding and how the funds would be prioritized over the next five years.

Staff is asking for Council to review the list of projects and give us your feedback on whether Staff has correctly identified the top priorities, or you believe a different project should be elevated and replace one of the top projects. Staff is looking for a majority council opinion in order to have a definite list we can bring back in the CIP for approval at a later date.

BUDGET IMPACT:

We are using a LEAP grant to fund the Nexus study. The work by the City engineer in helping develop the CIP is funded out of the general fund budget as part of the City Engineer's annual duties.

ATTACHMENT:

Attachment A – Priority Capital Projects to be funded in next five years

Attachments B – Other Capital Projects to be funded in the future when funds are available.