



CITY OF CALISTOGA

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STAFF REPORT

TO: Honorable Mayor and City Council
FROM: Lynn Goldberg, Planning & Building Director
DATE: February 19, 2019
SUBJECT: Revision to Development Impact Fees Annual Adjustment Date

SIGNATURE:

DYLAN FEIK, City Manager

DESCRIPTION: Revision to Development Impact Fees Annual Adjustment Date.

RECOMMENDATION: Revision to Development Impact Fees Annual Adjustment Date.

SUMMARY: On December 2, 2014, the City Council adopted Resolution No. 2014-110, establishing the amounts for each development impact fee (e.g., transportation, fire, police) and nonresidential housing linkage fee. The resolution also provided that these fees are adjusted every July 1st, due to the increases in costs of construction, developing, designing and purchasing the capital facilities and equipment to be financed by the fees. The fee adjustments are based on the increase in the Engineering News Record U.S. 20 Cities average construction cost index for the previous fiscal year (June – June).

The City's water and wastewater connection fees are adjusted in a similar manner every January 1st, using the same index for the previous calendar year.

PURPOSE: Staff and members of the public utilize these fees on a frequent basis. Having two sets of fees that adjust at different times of the year complicates the City's ability to assess the correct fees and advise the public of estimated development costs. Additionally, staff must take the time to update software and public handouts. Therefore, staff recommends revising the annual adjustment date for development impact fees and nonresidential development housing linkage fees to January 1st in order to synchronize them with the connection fees annual adjustment.

FINANCIAL IMPACT:

Delaying the assessment and collection of higher development impact fees and nonresidential development housing linkage fee for six months (between July 1 and December 31, 2019) will result in the incremental loss of revenue for any building permits issued during this period that are subject to the payment of impact fees. However, staff does not anticipate issuing permits for any substantial projects during the second half of the year.

CEQA REVIEW: The proposed revision to the fees annual adjustment date is not subject to the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility it could have a significant effect on the environment.

ALTERNATIVES TO RECOMMENDATION: The City Council could choose to annually update all of the impact fees and connection fees on July 1st instead of January 1st. However, the beginning of the calendar year is a more common time for expenses to increase.

ATTACHMENTS:

1. Draft resolution
2. Resolution No. 2014-110

RESOLUTION NO. 2019-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA REVISING THE ANNUAL ADJUSTMENT DATE FOR DEVELOPMENT IMPACT FEES AND NONRESIDENTIAL DEVELOPMENT HOUSING LINKAGE FEES TO JANUARY 1ST

1 **WHEREAS**, on December 2, 2014, the City Council adopted Resolution No. 2014-
2 110, establishing the amounts for each development impact fee (e.g., transportation, fire,
3 police) and nonresidential housing linkage fee; and

4 **WHEREAS**, the resolution provided that these fees are adjusted every July 1st,
5 due to the increases in costs of construction, developing, designing and purchasing the
6 capital facilities and equipment to be financed by the fees; and

7 **WHEREAS**, the City’s water and wastewater connection fees are adjusted for the
8 same reason every January 1st; and

9 **WHEREAS**, having two sets of fees that adjust at different times of the year
10 complicates the City’s ability to assess the correct fees and advise the public of estimated
11 development costs, and there is therefore a desire to synchronize the adjustment dates.

12 **NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of
13 Calistoga as follows:

14 **SECTION ONE**

15 Findings.

16 A. The above recitals are incorporated herein as if set forth herein in full and each is
17 relied upon independently by the City Council for its adoption of this resolution.

18 **SECTION TWO**

19 Adjustments.

20 A. The City Council may review and amend the City’s Development Impact Fees and
21 Nonresidential Development Housing Linkage Fees established by Ordinance Nos. 704
22 and 705 from time to time.

23 B. For any annual period during which the City Council does not review these fees,
24 such fees shall be automatically adjusted annually commencing January 1, 2020, and
25 every January 1st thereafter due to the increases in costs of construction, developing,
26 designing and purchasing the capital facilities and equipment to be financed by the
27 development impact fees. The fee adjustments shall be based on the increase, if any, in
28 the Engineering News Record U.S. 20 Cities average construction cost index for the
29 December preceding the increase and the December one year prior thereto.

30 **PASSED AND ADOPTED** by the City Council at a duly noticed regular meeting
31 held the **19th day of February, 2019**, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

CHRIS CANNING, Mayor

ATTEST:

IRENE CAMACHO-WERBY, City Clerk

RESOLUTION NO. 2014-110**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA SETTING DEVELOPMENT IMPACT FEES AND NONRESIDENTIAL HOUSING LINKAGE FEES**

1 **WHEREAS**, on November 18, 2014, the City Council held a public hearing and
2 introduced Ordinance Nos. 704 and 705 to provide for the imposition of specified
3 development impact fees and nonresidential housing linkage fees; and

4 **WHEREAS**, both ordinances require the fee amounts to be established by City
5 Council resolution; and

6 **WHEREAS**, the Development Impact Fees provided for herein are based on the
7 Development Impact Fee Study dated September 26, 2014, prepared by Economic &
8 Planning Systems, Inc. and W-Trans, Inc., consistent with the most recent relevant case
9 law and the principles of AB 1600 (the Mitigation Fee Act), codified at Government
10 Code Section 66000 et seq; and

11 **WHEREAS**, the Nonresidential Development Housing Linkage Fees are based
12 on the Nonresidential Development Housing Linkage Fee Nexus Study ("Study") dated
13 September 10, 2014, prepared by Economic & Planning Systems, Inc., consistent with
14 the most recent relevant case law and the principles of the Mitigation Fee Act; and

15 **WHEREAS**, these fee studies established the maximum fees that could be
16 charged under relevant City policies and California statutes; however, it is critical that
17 the updated fees impose a proportionate burden on new development and be
18 reasonably consistent with those of comparable cities in order to not discourage growth
19 within the community; and

20 **WHEREAS**, Economic & Planning Systems, Inc. prepared recommendations for
21 a schedule of Development Impact Fees and Nonresidential Development Housing
22 Linkage Fees, dated July 7, 2014, that would be set at or below the maximum levels to
23 avoid overburdening new development (causing financial feasibility issues) and/or
24 remain competitive or on a par with peer and neighboring jurisdictions; and

25 **WHEREAS**, at least ten (10) days prior to the date this resolution is being heard,
26 data was made available to the public indicating the amount of cost, or estimated cost,
27 required to provide the service for which the fee or service charge is levied and the
28 revenue sources anticipated to provide the service, including general fund revenues, in
29 accordance with Government Code Section 66019; and

30 **WHEREAS**, at least fourteen (14) days prior to the date this resolution is being
31 heard, notice was provided to any persons or organizations who had requested notice,
32 in accordance with Government Code Section 66019; and

33 **WHEREAS**, notice of the hearing on the proposed fee was published twice in the
34 manner set forth in Government Code Section 6062(a) as required by Government
35 Code Section 66018; and

36 **WHEREAS**, a duly and properly noticed public hearing was conducted by the
37 City Council on November 18, 2014;

38 **NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of
39 Calistoga as follows:

SECTION ONE**Findings.**

42 A. The above recitals are incorporated herein as if set forth herein in full and each is
43 relied upon independently by the City Council for its adoption of this resolution.

44 B. The Council finds and determines these fee schedules are consistent with state
45 law (California Government Code Section 66000 et seq.). Specifically, the Development
46 Impact Fee Study and Nonresidential Development Housing Linkage Fee Nexus Study
47 establish that there is a reasonable relationship between the need for the public
48 facilities, and the fee's use, and the type of development project on which the fee is
49 imposed. The Council finds that the proposed fee schedules bear a reasonable
50 relationship between the amount of the fee for each development project and the cost of
51 the public facility, or portion of the public facility, attributable to the development on
52 which the fee is imposed.

53 **SECTION TWO**

54 **Adjustments.**

55 A. The City Council may review and amend the Development Impact Fees and
56 Nonresidential Development Housing Linkage Fees from time to time.

57 B. For any annual period during which the City Council does not review these fees,
58 such fees shall be automatically adjusted annually commencing July 1, 2015, and every
59 July 1st thereafter due to the increases in costs of construction, developing, designing
60 and purchasing the capital facilities and equipment to be financed by the development
61 impact fees. The fee adjustments shall be based on the increase, if any, in the
62 Engineering News Record U.S. 20 Cities average construction cost index for the June
63 preceding the increase and the June one year prior thereto.

64 **SECTION THREE**

65 **Adoption of Fees.** The City Council hereby adopts the Development Impact Fees
66 and Nonresidential Development Housing Linkage Fees, which are shown in Exhibit A
67 attached hereto and incorporated by this reference, which shall become effective upon
68 the effective date of Ordinance Nos. 704 and 705.

69 **PASSED AND ADOPTED** by the City Council at a duly noticed regular meeting
70 held the **2nd day of December, 2014**, by the following vote:

AYES: Vice Mayor Dunsford, Councilmembers Kraus, Lopez-Ortega
and Barnes and Mayor Canning
NOES: None
ABSTAIN: None
ABSENT: None



CHRIS CANNING, Mayor

ATTEST:


KATHY FLAMSON, City Clerk

Exhibit A

Schedule of Development Impact Fees and Nonresidential Development Housing Linkage Fees¹

| Fee | Residential Development | | Non-Residential Development | | | | |
|-------------------------------------------|-----------------------------------|----------------------------------|-------------------------------------------------|-------------------------------|-----------------------------------|-------------------------------|-----------------------------------|
| | <i>Single Family per unit</i> | <i>Multi-Family per unit</i> | <i>Tourist Accommodation per guest room</i> | <i>Office per sq. ft.</i> | <i>Industrial per sq. ft.</i> | <i>Retail per sq. ft.</i> | <i>Restaurant per sq. ft.</i> |
| Transportation | \$9,461 | \$5,866 | \$2,271 | \$4.07 | \$2.25 | \$5.01 | \$9.15 |
| Fire | \$2,171 | \$1,850 | \$993 | \$0.74 | \$0.41 | \$0.91 | \$0.95 |
| Police | \$577 | \$492 | \$264 | \$0.20 | \$0.11 | \$0.24 | \$0.25 |
| Cultural/Recreational | \$5,949 | \$5,068 | \$765 | \$0.81 | \$0.45 | \$1.00 | \$1.04 |
| City Administrative | \$2,577 | \$2,195 | \$1,179 | \$0.88 | \$0.49 | \$1.08 | \$1.12 |
| Nonresidential Housing Linkage | n/a | n/a | \$1,500 | \$2.25 | \$1.65 | \$3.25 | \$3.25 |

¹ Includes 2% administrative charge