

CITY OF PASO ROBLES
SENATE BILL 1693
FIVE-YEAR COMPLIANCE REPORTING FOR DEVELOPMENT IMPACT FEES
FOR THE FIVE-YEAR PERIOD ENDING JUNE 30, 2023

Attachment 1

Pursuant to California Government Code Section 66001(d) requires that, for the fifth fiscal year following the first deposit of any impact fee revenue into an account or fund as required by Section 66006 (b), and every five years thereafter, the local agency shall make all the following findings for any fee revenue that remains unexpended, whether committed or uncommitted. Note: There are no fees collected more than five years ago that remain unexpended in the Water Development Impact (Connection) Fee and the Public Safety Impact Fee Funds.

1. Sewer Development Impact (Connection) Fee

A. Identify the purpose to which the fee will be put.

The purpose of the wastewater capacity fee is intended to provide a contribution of capital to both reimburse the cost of the existing oversized capacity in the current system, and help finance planned future growth-related capacity improvements which must be implemented prior to the actual need for the capacity. That is, these charges are intended to provide funds to the utility to finance all or a part of the capital improvements needed to serve and accommodate new customer growth.

B. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged.

The City utilizes a combination of buy-in and growth methodologies. The fees are based on an average cost approach under which new or expanded connections would fund their proportionate share of costs for capacity needed in existing and planned wastewater system facilities and assets. Under this approach, new connections pay for their proportionate share of the average cost of facilities needed to meet the demands of the City's service area through projected build-out. This methodology ensures that there is a reasonable relationship between the fee and the purpose for which it is charged and is documented in [Exhibit A of Resolution 17-113, the Evaluation of Water and Wastewater Capital Facility Charges Final Report](#), prepared August 2017, and available on the City's website.

C. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used.

The portion of the fee account that was collected more than five years ago and that remains unexpended is expected to be used to fund improvements to the wastewater system facilities and assets. To the extent that a specific project cannot be fully funded with capacity fee revenue, the balance of the costs is expected to be funded with ratepayer revenue.

D. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

The date of impact fee collection and deposit of funding is difficult to predict and will depend on the timing of each specific developer and on the relative economic conditions. As such, the City is unable to predict when all such development impact fees will be accumulated and will continue to provide updates as additional information and fees are collected. The projects listed below are eligible to be funded, in part, with capacity fee revenue but may need supplement funding if the impact fee revenue is not sufficient.

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Priority No.	Project Name	Estimated Start Year	Total Project Cost	% Funded with Impact Fees	Amount Funded with Impact Fees
A1	Airport Area Improvements-Phase 2	2023-24	10,445,059	90%	9,400,553
A6	South River Upgrades	2024-25	712,097	100%	712,097
A7	Commerce, Scott, Flatt Upgrades	2023-24	2,577,987	100%	2,577,987
B4	Beechwood Dr Upgrades	2027-28	361,422	100%	361,422
B5	Lift Station No. 1 Upgrade	2026-27	2,429,665	50%	1,214,833
B7	Lift Station No. 11 Upgrade	2027-28	147,439	100%	147,439
C2	Ramada Dr Upgrade	2023-24	437,709	100%	437,709

2. Transportation Impact Fee

A. Identify the purpose to which the fee will be put.

The purpose of the Transportation Impact Fee (TIF) is to fund Future Facilities required as a result of projected development within the City through 2045. A review of the City's Traffic Demand Model ("TDM"), projects the construction of 5,551 single and multi-family units and 5.0 million square feet of various non-residential land uses. The future residents and workers housed within this future development will create an additional demand for transportation facilities that existing facilities alone cannot accommodate. In brief, to mitigate the effects of future development in an orderly manner while maintaining the current quality of life in the City, the facilities on the Needs List will need to be constructed (the Transportation Needs List can be found on page 12 in the [Transportation Impact Fee Justification Study](#)).

B. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged.

The TIFs collected will be used for the construction of Future Facilities within the City. The types of development that will be paying these fees are new residential and nonresidential projects within the City between June 1, 2019 and December 31, 2045. This expected development will generate new residents and employees that will increase the burden on existing transportation infrastructure in the form of increased traffic and roadway usage. In order to maintain existing service standards, the fees to be imposed on new development will ensure that new development contributes its fair share of funds to mitigate the impacts caused by such development.

For the foregoing reasons, there is a reasonable relationship between the acquisition, construction, and installation of the facilities on the Needs Lists and new development as required under Section 66001(a)(3) of the Mitigation Fee Act as substantiated by the most recent and applicable transportation impact fee justification study in [Exhibit C of Resolution No. 19-017 regarding the Transportation Impact Fee Justification Study](#).

C. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used.

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The portion of the fee account that was collected more than five years ago and that remains unexpended is expected to be used to fund traffic improvements such as the 24th Street bridge, Niblick Street corridor and safety improvements, Huer Huero Creek bridge, South Vine Street realignment and bridge, and the Union Road at State Highway 46 East Overcrossing. The balance of the cost of the projects are expected to be funded with federal (e.g., Highway Safety Improvement Program, American Rescue Plan Act), state (e.g., Trade Corridor Enhancement Program), transit and General Fund revenues, as needed.

- D. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

The date of impact fee collection and deposit of funding is difficult to predict and will depend on the timing of each specific developer and on the relative economic conditions. As such, the City is unable to predict when all such development impact fees will be accumulated and will continue to provide updates as additional information and fees are collected. As part of the biennial budget process, the City identifies public improvement projects that have sufficient impact fee funds available and the approximate dates (fiscal year) of construction. This information is included in the Capital Improvement Program which is adopted by City Council as part of the overall budget adoption process. The City has collected and appropriated \$4,166,900 of American Rescue Plan Act, \$2,000,000 of Transit Funds, and \$1,333,100 of General Fund reserves towards the South Vine Street Bridge and road realignment project already. All other federal and state funding is anticipated to be awarded by the estimated start year listed below:

Project ID.	Project Name	Estimated Start Year	Total Project Cost	% Funded with Impact Fees	Amount Funded with Impact Fees
C0084	24 th Street Bridge	2024-25	16,000,000	36.69%	5,870,400
C0138	Niblick Road Corridor Improvements	2025-26	17,500,000	36.69%	6,420,750
C0151	Huer Huero Creek Bridge	2025-26	24,250,000	36.69%	8,897,325
X0006	South Vine St Bridge/Road Realignment	2023-24	18,500,000	44.13%	8,164,050
X0007	Union Road/Highway 46E Overcrossing	2024-25	63,164,000	37.58%	23,737,031

3. General Government Impact Fees:

- A. Identify the purpose to which the fee will be put.

The fee will be used for the acquisition, installation, and construction of the public facilities identified on the Needs List included on pages 16-17 in the [Impact Fee Justification Study](#) and other appropriate costs to mitigate the direct and cumulative impacts of new development in the City. The fee will provide a source of revenue to the City to allow for the acquisition, installation, and construction of public facilities, which in turn will both preserve the quality of life in City and protect the health, safety, and welfare of the existing and future residents and employees.

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The discussion presented in this section of the Fee Study identifies the use to which the fee is to be put as required by Section 66001(a)(2) of the California Government Code can be found in [Exhibit B of Resolution 14-035 regarding the Development Impact Fee Justification Study](#).

- B. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged.

All new development in the City impacts public facilities. Moreover, each individual development project and its related increase in population and employment, along with the cumulative impacts of all development in the City, will adversely impact existing facilities. Thus, imposition of the fee to finance the public facilities on the Needs Lists is an efficient, practical, and equitable method of permitting development to proceed in a responsible manner. Section 66000 of the Government Code requires that a reasonable relationship exist between the need for public facilities and the type of development on which a fee is imposed. The need for public facilities is related to the level of service demanded, which varies in proportion to the equivalent dwelling units ("EDUs") generated by a particular land use type.

- C. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used.

The portion of the fee account that was collected more than five years ago and that remains unexpended is expected to be used to fund the City Hall/Library expansion and the City Corporation Yard. The balance of the cost of the projects is expected to be funded with General reserves, as needed.

- D. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

The date of impact fee collection and deposit of funding is difficult to predict and will depend on the timing of each specific developer and on the relative economic conditions. As such, the City is unable to predict when all such development impact fees will be accumulated and will continue to provide updates as additional information and fees are collected. As part of the biennial budget process, the City identifies public improvement projects that have sufficient impact fee funds available and the approximate dates (fiscal year) of construction. This information is included in the Capital Improvement Program which is adopted by City Council as part of the overall budget adoption process. The City has already appropriated \$218,000 of general fund reserves for a portion of the project.

Project ID.	Project Name	Estimated Start Year	Total Project Cost	% Funded with Impact Fees	Amount Funded with Impact Fees
C0099	City Hall/Library Expansion	2024-25	20,000,000	31.77%	6,354,000
C0204	Corporation Yard	2023-24	11,000,000	100.00%	11,000,000

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4. Parks and Recreation Impact Fees:

- A. Identify the purpose to which the fee will be put.

The fee will be used for the acquisition, installation, and construction of the public facilities identified on the Needs List included on pages 16-17 in the [Impact Fee Justification Study](#) and other appropriate costs to mitigate the direct and cumulative impacts of new development in the City. The fee will provide a source of revenue to the City to allow for the acquisition, installation, and construction of public facilities, which in turn will both preserve the quality of life in City and protect the health, safety, and welfare of the existing and future residents and employees.

The discussion presented in this section of the Fee Study identifies the use to which the fee is to be put as required by Section 66001(a)(2) of the California Government Code can be found in [Exhibit B of Resolution 14-035 regarding the Development Impact Fee Justification Study](#).

- B. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged.

All new development in the City impacts public facilities. Moreover, each individual development project and its related increase in population and employment, along with the cumulative impacts of all development in the City, will adversely impact existing facilities. Thus, imposition of the fee to finance the public facilities on the Needs Lists is an efficient, practical, and equitable method of permitting development to proceed in a responsible manner. Section 66000 of the Government Code requires that a reasonable relationship exist between the need for public facilities and the type of development on which a fee is imposed. The need for public facilities is related to the level of service demanded, which varies in proportion to the equivalent dwelling units ("EDUs") generated by a particular land use type.

- C. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used.

The portion of the fee account that was collected more than five years ago and that remains unexpended is expected to be used to fund the Sherwood Park Master Plan. The balance of the cost of the projects is expected to be funded with federal American Rescue Plan Act funds and General fund revenues, as needed.

- D. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

The date of impact fee collection and deposit of funding is difficult to predict and will depend on the timing of each specific developer and on the relative economic conditions. As such, the City is unable to predict when all such development impact fees will be accumulated and will continue to provide updates as additional information and fees are collected. As part of the biennial budget process, the City identifies public improvement projects that have sufficient impact fee funds available and the approximate dates (fiscal year) of construction. This information is included in the Capital Improvement Program which is adopted by City Council as part of the overall budget adoption process. The City has collected and appropriated \$833,500 of American Rescue Plan Act towards the project; general fund reserves may be supplemented as needed.

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Project ID.	Project Name	Estimated Start Year	Total Project Cost	% Funded with Impact Fees	Amount Funded with Impact Fees
C0194	Sherwood Park Master Plan	2022-23	1,188,000	29.84%	354,500

5. Library Impact Fees:

A. Identify the purpose to which the fee will be put.

The fee will be used for the acquisition, installation, and construction of the public facilities identified on the Needs List included on pages 16-17 in the [Impact Fee Justification Study](#) and other appropriate costs to mitigate the direct and cumulative impacts of new development in the City. The fee will provide a source of revenue to the City to allow for the acquisition, installation, and construction of public facilities, which in turn will both preserve the quality of life in City and protect the health, safety, and welfare of the existing and future residents and employees.

The discussion presented in this section of the Fee Study identifies the use to which the fee is to be put as required by Section 66001(a)(2) of the California Government Code can be found in [Exhibit B of Resolution 14-035 regarding the Development Impact Fee Justification Study](#).

B. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged.

All new development in the City impacts public facilities. Moreover, each individual development project and its related increase in population and employment, along with the cumulative impacts of all development in the City, will adversely impact existing facilities. Thus, imposition of the fee to finance the public facilities on the Needs Lists is an efficient, practical, and equitable method of permitting development to proceed in a responsible manner. Section 66000 of the Government Code requires that a reasonable relationship exist between the need for public facilities and the type of development on which a fee is imposed. The need for public facilities is related to the level of service demanded, which varies in proportion to the equivalent dwelling units ("EDUs") generated by a particular land use type.

C. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used.

The portion of the fee account that was collected more than five years ago and that remains unexpended is expected to be used to fund the Library Expansion Master Plan. The balance of the cost of the projects is expected to be funded with state grants and General fund revenues, as needed.

D. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

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Project ID.	Project Name	Estimated Start Year	Total Project Cost	% Funded with Impact Fees	Amount Funded with Impact Fees
-	Library Expansion Master Plan	2027-28	5,646,000	100.00%	5,646,000