



CITY COUNCIL AGENDA STATEMENT



August 25, 2020

File ID: 20-0335

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA TOLLING THE DEVELOPMENT IMPACT, IN-LIEU, AND CAPACITY FEE AUTOMATIC ANNUAL INFLATIONARY ADJUSTMENTS FOR 2020

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

The City of Chula Vista requires the payment of several development impact fees (DIFs), in-lieu fees, and capacity fees as a condition of development. The majority of these fees are subject to an annual inflationary adjustment based on established construction and consumer pricing indices, effective each October 1st. The subject fee programs were last increased on October 1, 2019. As a result of the economic impacts of the COVID-19 pandemic, staff recommends tolling the authorized increases for October 2020. The next automatic increase would occur in October 2021, unless the Council were to take another tolling action in the future.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because the proposal consists of a fiscal action that will not result in a potentially significant impact on the environment. Therefore, pursuant to Section 15060(c)(3) of the State of CEQA Guidelines, the activity is not subject to CEQA. Thus, no Environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

The City of Chula Vista collects several DIFs, in-lieu fees, and capacity fees to ensure that new development mitigates its impact on public facilities. Most of these fee programs are subject to an annual automatic rate increase, as determined by a given published index. The updated fees are effective October 1st each year, based upon the July to July change in their respective indices. The annual inflationary increases are authorized in the individual ordinances establishing each fee program and do not require additional action by the City Council. The fees subject to automatic annual October 1st adjustments are as follows:

- Eastern Transportation Development Impact Fee
- Western Transportation Development Impact Fee
- Bayfront Transportation Development Impact Fee
- Traffic Signal Participation Fee
- Public Facilities Development Impact Fee
- Parkland Acquisition and Development In-Lieu Fee (Development component only)
- Otay Ranch Villages 1, 2, 5, & 6 Pedestrian Bridge Development Impact Fee
- Otay Ranch Village 11 Pedestrian Bridge Development Impact Fee
- Salt Creek Sewer Basin Development Impact Fee
- Sewer Capacity Charge

Representatives of the development community have raised concerns regarding any fee increases while the COVID-19 pandemic persists. In recognition of the economic impacts of the pandemic and in order to incentivize continued development, staff recommends tolling the authorized October 1, 2020 increases. The next increase would occur in October 2021, as currently authorized, unless the Council were to take a subsequent tolling action. In order to ensure the ongoing sustainability of the subject fee programs, the 2021 increase will reflect the cumulative change in the subject indices for the two-year period of July 2019 through July 2021.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

The impacts of the proposed tolling on the individual fee rates cannot be calculated, as the July 2020 indices have not yet been published. Given the current economic climate, staff believes that tolling the October 2020 increases will result in greater development than would have otherwise occurred, supporting the City's overall economic development and housing goals.

ONGOING FISCAL IMPACT

Ongoing fiscal impacts are expected to be minimal, as the October 2021 automatic update will reflect the cumulative change in the relevant construction and consumer pricing indices over the two-year period of July 2019 through July 2021.

ATTACHMENTS

None.

Staff Contact: Tiffany Allen, Development Services Department