

## Attachment B

## RESOLUTION NO. 22-050

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA, ADOPTING UPDATED DEVELOPMENT IMPACT FEES AND CAPACITY CHARGES, ADOPTING THE ASSOCIATED POLICY TO ESTABLISH GUIDELINES FOR THE IMPLEMENTATION OF DEVELOPMENT IMPACT FEES AND CAPACITY CHARGES UNDER THE DEVELOPMENT IMPACT FEE PROGRAM, AND SUPERSEDING PRIOR RESOLUTIONS AND POLICIES RELATED TO THE SAME**

**WHEREAS**, Victorville Municipal Code (“VMC”) Section 16-5.01.080 authorizes and outlines the imposition of development impact fees applicable to all development in the City of Victorville (“City”) in accordance with applicable laws including, but not limited to, Government Code section 66000, *et seq.* (the “**Mitigation Fee Act**”), and allows for development impact fee amounts to be set by City Council resolution; and

**WHEREAS**, development impact fee amounts were most recently established or updated by Resolution Nos. 90-158 (Drainage), 91-219 (Sewer), 06-151 (Public Buildings, Public Safety, Parks) and 08-064 (Roads); and

**WHEREAS**, City Council Policy Nos. CP-90-04; CP-92-01, CP-02-01 and CP 10-05 were previously adopted to establish the guidelines for implementation of development impact fees and capacity fees, as well as Ordinance No. 1460 (uncodified) establishing a benefit fee system to finance the cost of construction of storm drainage improvements for a portion of the city; and

**WHEREAS**, the City must periodically review development impact fees to ensure they are sufficient to mitigate the impacts of new development on the associated capital facilities and other improvements needed to maintain the existing level of public service; and

**WHEREAS**, on June 7, 2022, by means of Resolution No. 22-045 and prior to the adoption of this resolution, the City Council adopted two reports from N.B.S. Government Finance Group entitled “City of Victorville Development Impact Fee Study” and “Sewer Capacity Fee Study” and a report from DTA entitled “Development Impact Fee Justification Study Regional Drainage Facilities” (collectively, the “**Nexus Studies**”) which analyzed and established the relationship, or nexus, between the imposition of an updated development impact fee program (“**Development Impact Fees**” or “**Fees**”) and the estimated, reasonable costs of constructing the City capital facilities for which the Fees are charged; and

**WHEREAS**, pursuant to Government Code Section 66013 (a part of the Mitigation Fee Act) the City is authorized to establish and impose facility capacity charges for public facilities in existence at the time a charge is imposed or for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or facility capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities (“Sewer Capacity Charges”); and

**WHEREAS**, on June 7, 2022, in accordance with the requirements of Assembly Bill 602, and also by means of Resolution No. 22-045, the City Council adopted a Capital Improvement Plan that establishes public facilities pursuant to Government Code section 66000(d) which the Development Impact Fees and Sewer Capacity Charges will fund; and

**WHEREAS**, the Nexus Studies established updated maximum fees/charges by development type for Parks and Recreation, Fire Protection, Police, Public Buildings, Road Improvements, Sewer Capacity, and Regional Drainage, and established new fees for Libraries and Administration of the development impact fees program; and

**WHEREAS**, the City has compared the maximum fees/charges established through the adoption of the Nexus Studies and collected feedback from various stakeholders as to the potential impact of increased fees on development projects, especially those already considered to be significantly underway; and

**WHEREAS**, there is no requirement to implement fees/charges at the maximum rate determined through the Nexus Studies and it is within the discretion of the City Council to establish fees/charges at amounts less than the specified maximum to further the strategic goals of the City; and

**WHEREAS**, the City Council desires to encourage development by phasing in and reducing certain impact fees and creating other options that will foster development in certain areas of the City and support certain project types to help to ensure that the City continues a steady rate of growth needed for the economic viability of retail, commercial, residential, and industrial development, all of which increase employment opportunities for many individuals, including, but not limited to, those that live within the City and/or do business within the City; and

**WHEREAS**, the Master Fee Schedule for Development Impact Fees and Capacity Charges (attached hereto as Exhibit A), in combination with City Council Policy No. CP-22-01 (attached hereto as Exhibit B), outline the fees and charges, as well as the implementation guidelines recommended to achieve this development encouragement strategy; and

**WHEREAS**, the Master Fee Schedule for Development Impact Fees and Capacity Charges and City Council Policy No. CP-22-01 have been made available for public review with copies on file in the City Clerk's office and posted on the City's website; and

**WHEREAS**, in accordance with the requirement of the Mitigation Fee Act, notice of a public hearing to be held on June 7, 2022, was published in the Valley Wide Newspaper on May 20, 2022, with a second notice thereof published on May 27, 2022; and

**WHEREAS**, the City Council held and conducted a public hearing on June 7, 2022, in accordance with the duly published public hearing notice, to review and consider the adoption of the Master Fee Schedule for Development Impact Fees and Capacity Charges and City Council Policy No. CP-22-01; and

**WHEREAS**, on June 7, 2022, by means of adopting Resolution No. 22-045, the City Council made findings stating that: (1) the purpose of the Development Impact Fees is to prevent new development from reducing the quality and availability of public services provided to residents of the City by requiring new development to contribute to the cost of additional public facilities needed to meet the additional demands placed on public services by new development; (2) the Development Impact Fees collected will be used for the acquisition, installation, and construction of the public facilities identified in the Nexus Studies and associated Capital Improvement Plan; (3) a reasonable relationship exists between the use of Development Impact Fees and the type of development project on which the fees are imposed as described in detail in the Nexus Studies and Capital Improvement Plan; and (4) a reasonable relationship exists between the amount of the Development Impact Fees and the cost of the public facilities attributable to the development on which the Fees are imposed as indicated by the Nexus Studies, and the method of allocation of the respective Fees to a particular development project bears a fair relationship, and is roughly proportional to, the development project's burden on, and benefits from, public facilities to be funded by the Development Impact Fees; and

**WHEREAS**, by adopting Resolution No. 22-045, the City Council made findings that: (1) the amount of Sewer Capacity Charges did not exceed the estimated reasonable cost of the services and public improvements/facilities for which such Sewer Capacity Charges were being imposed; (2) the public improvements/facilities are of proportional benefit to person or property being charged; and

**WHEREAS**, adoption of the Master Fee Schedule for Development Impact Fees and Capacity Charges and City Council Policy CP-22-01 will establish the Development Impact Fees, including the Sewer Capacity Charges, that may be imposed by development type under the various Fee categories.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF VICTORVILLE DOES HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1.** The recitals set forth above are true and correct and are incorporated into this Resolution by reference together with any definitions and findings set forth therein.

**SECTION 2.** The City Council has reviewed and hereby approves and adopts the Master Fee Schedule for Development Impact Fees and Capacity Charges attached hereto as Exhibit A, as well as the City Council Policy CP-22-01 attached hereto as Exhibit B. Adoption of the Master Fee Schedule for Development Impact Fees and Capacity Charges will approve updated fees and charges to be implemented in accordance with guidelines found in City Council Policy No. CP-22-01, including without limitation the Annual Cost Adjustment to such fees and charges as set forth in Section III of said policy.

**SECTION 3.** The City Council hereby reaffirms the Mitigation Fee Act findings previously made as set forth in Sections 3 and 4 of Resolution No. 22-045 and the recitals hereof with

respect to the fees and charges being adopted in the Master Fee Schedule for Development Impact Fees and Capacity Charges attached hereto as Exhibit A.

**SECTION 4.** Effective as of January 1, 2023, City Council Policy Nos. CP-90-04; CP-92-01 CP-02-01 and CP-10-05, as well as Resolution Nos. 90-158 (Drainage), 91-219 (Sewer), 06-151 (Public Buildings, Public Safety, Parks) and 08-064 (Roads) or any other resolutions or administrative actions by the City Council, or parts thereof that are inconsistent with any provisions of this Resolution (including Exhibit A and Exhibit B hereto) are hereby superseded, but only to the extent of such inconsistency. Following the adoption of this Resolution, the City Council will take steps to amend uncodified Ordinance No. 1460 to be consistent with this Resolution and Council Policy No. CP-22-01, with such amendment to be effective as of January 1, 2023.

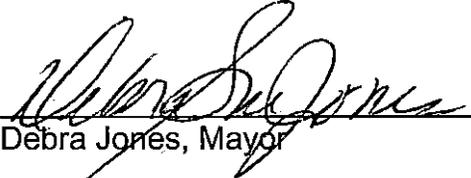
**SECTION 5.** The City Council finds that the California Environmental Quality Act (CEQA) does not apply to the adoption of this Resolution, pursuant to Sections 15061 and 15273 of the State CEQA Guidelines because: (1) to the extent that any of the fees or charges set forth in the Master Fee Schedule for Development Impact Fees and Capacity Charges adopted by this Resolution are actually imposed and collected, such fees or charges will be for the purposes of obtaining funds for capital projects necessary to maintain the current levels of service within existing service areas to serve new development; and (2) to the extent that any of the fees or charges set forth in the Master Fee Schedule for Development Impact Fees and Capacity Charges adopted by this Resolution are actually imposed and collected and used to fund new facilities, the construction of those facilities will not take place until there has been CEQA review of the development projects which will pay the fees, and the construction of each public facility will be subject to CEQA review. Therefore, it can be seen with certainty that the adoption of this Resolution establishing these fees will not have a significant effect on the environment.

**SECTION 6.** This Resolution shall take effect immediately upon its adoption. However, the fees and charges shall go into effect as of January 1, 2023, subject to the provisions of City Council Policy No. CP-22-01 attached hereto as Exhibit B.

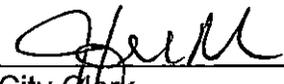
**SECTION 7.** The City Clerk shall certify to the passage and adoption of this Resolution; shall enter the same in the book of original Resolutions; and shall make a minute of passage and adoption thereof in the records of the proceedings, in the minutes of the meeting at which this Resolution is passed and adopted.

Resolution No. 22-050

PASSED, APPROVED, AND ADOPTED this 7<sup>th</sup> day of JUNE 2022.

  
Debra Jones, Mayor

Attest:

  
City Clerk

Approved as to form:

  
City Attorney

I, JENNIFER THOMPSON, City Clerk of the City of Victorville and ex-officio Clerk to the City Council of said City, do hereby certify that the foregoing is a true and correct copy of Resolution No. 22-050 which was adopted at a regular meeting held on the 7<sup>th</sup> day of June 2022, by the following roll call vote, to wit:

AYES: Mayor Jones, Councilmember Becerra, and Councilmember Irving

NOES: Councilmember Gomez

ABSENT: None

ABSTAIN: None



Item Number: 3

**City Council / Board of Directors**

**Public Hearing(s)**

**Meeting of: June 7, 2022**

**Submitted By:**

Jenele Davidson, Deputy City Manager

**Subject:**

Development Impact Fees (DIF) and Capacity Charges – Master Fee Schedule, Implementation Policy and Infrastructure Financing Programs

**Recommendation:**

The Honorable City Council and Victorville Water District Board of Directors (District Board):

1. Open and conduct the Public Hearing;
2. Close the Public Hearing;
3. Adopt Resolution Nos. 22-050 and VWD 22-007, adopting a Master Fee Schedule for DIF and Capacity Charges and the associated City Council Policy No. CP-22-01 to establish guidelines for implementation, superseding any prior resolutions and policies related to the same;
4. Adopt Resolution No. 22-051 authorizing the City to join the Statewide Community Infrastructure Program (SCIP); and
5. Adopt Resolution No. 22-052 authorizing the use of the Bond Opportunities for Land Development (BOLD) program.

**Fiscal Impact:**

There is no fiscal impact directly associated with the recommended action. If adopted as proposed, updated DIF and Capacity Charges will go into effect on January 1, 2023. In consideration of the proposed exemptions, grandfathering provisions and phasing associated with the recommended implementation policy, staff will monitor development activity and propose any necessary adjustments to DIF and Capacity Charge revenue and project budgets as part of future annual budget and/or mid-year budget recommendations.

**Background:**

Development Impact Fees (DIF) are one-time fees assessed on new development to fund the cost of providing municipal facilities to serve the impact created by new development.

The authorization for a local jurisdiction to collect DIF and Capacity Charges exists through the enactment of California Government Code sections 66001 through 66025 (also known as the “Mitigation Fee Act” and sometimes referred to as “AB 1600” or “AB 602”). Additionally, under Victorville Municipal Code (V.M.C.) Section 16-5.01.080, development impact fees are applicable to all development in the City of Victorville.

The Mitigation Fee Act is premised on the concept that new development pays its own way or, put another way, new development must mitigate its own impacts on the City’s infrastructure. For the City to levy DIF, a comprehensive study must be completed to verify there is a reasonable relationship between the purpose of the fee, the fee’s use, and the type of development project on which the fee is imposed. Capacity Charges must also be studied to ensure that the charges do not exceed the estimated reasonable cost of the services and public improvements/facilities for which the charges are imposed and are of proportional benefit to the person/property being charged.

The California State Legislature passed AB 602 in 2021, which modified the Mitigation Fee Act and created new requirements relative to impact fees. Changes went into effect on January 1, 2022, including the requirement under California Government Code Section 66016.5 that a local agency adopt an impact fee nexus study *before* the adoption of an associated development fee. For this reason, the City Council/District Board was asked to consider the adoption of the Nexus Studies and associated Capital Improvement Plan prepared for the City of Victorville under a separate public hearing this evening. *The City Council/District Board should only consider moving forward with this item related to updating DIF and Capacity Charges after the adoption of the Nexus Studies and associated Capital Improvement Plan* to ensure compliance with AB 602.

It is important that the City/District periodically review DIF and Capacity Charges to ensure fees/charges are sufficient to mitigate the impacts of new development on the associated capital facilities and other improvements needed to maintain the existing level of service. The City’s last DIF update was done in 2008 for Roads; 2006 for Parks & Recreation, Public Buildings and Public Safety; and 1990 for Drainage. Water System Capacity Charges were last updated in 2013 and Sewer Capacity Charges were last updated in 1991. The City has also established various City Council policies related to implementation of DIF and Capacity Charges. These include, but may not be limited to, CP-90-04, CP-92-01, CP-02-01 and CP 10-05. Through the course of this project, staff and legal counsel further discovered that Ordinance No. 1460, which established a benefit fee system to finance the cost of construction of storm drainage improvements for a portion of the city in 1990, was not codified. Staff and legal counsel will need to further evaluate this matter and any other potential modifications to the V.M.C. that may be necessary if the City Council/District Board takes action to adopt the proposed fees/charges and implementation policy per the staff recommendation.

On March 10, 2022, City staff hosted a stakeholder meeting inviting development partners to review the Draft Nexus Studies. During this meeting staff provided a presentation and example projects to help illustrate the difference between current DIF and Capacity

Charges and the maximum DIF and Capacity Charges established in the Draft Nexus Studies.

At the March 29, 2022, special meeting of the City Council/District Board a workshop was held to review the Draft Nexus Studies and sample projects with the City Council/District Board and stakeholders to solicit additional feedback.

**Discussion:**

**Master Fee Schedule & Implementation Policy**

Following the workshop held with the City Council/District Board on March 29, 2022, staff continued conversations with various stakeholders, including the Building Industry Association of Southern California, Inc. (BIASC), regarding the Nexus Studies for DIF and Capacity Charges and the maximum fees/charges established therein. The goal of these discussions was to better understand the potential impact of increased fees on development projects, especially those already considered to be significantly underway, so staff could form recommendations for updating DIF and Capacity Charges and develop the associated implementation policy.

While the City/District is required to adopt a nexus study and capital improvement plan before adopting any associated development fees, there is no requirement to implement fees/charges at the maximum rate determined by that nexus study. It is within the discretion of the City Council/District Board to establish fees/charges at amounts less than the specified maximum to further the strategic goals of the City.

By taking stakeholder feedback into account and comparing updated DIF and Capacity Charges to neighboring/competing jurisdictions, staff focused on establishing a fee structure and implementation policy that will encourage development, especially in certain areas of the City, and support certain project types to help to ensure that the City continues a steady rate of growth. This growth is needed for the economic viability of residential, retail, commercial, and industrial development, which increase employment and housing opportunities for the community.

The resulting Master Fee Schedule for DIF and Capacity Charges (Attachment C) and updated/consolidated implementation policy (City Council Policy No. CP-22-01; Attachment D) contain the following key items which staff believes will help accomplish this development encouragement strategy:

**1. Delayed Effective Date**

In accordance with AB 602, any new or increased DIF or Capacity Charge cannot go into effect any sooner than 60 days following adoption. However, staff is recommending that the updated DIF and Capacity Charges contained within the Master Fee Schedule be further delayed, becoming effective on January 1, 2023. This delayed effective date provides additional time for development projects already underway to take steps to advance projects to a stage where they may fall under a

grandfathering provision (discussed further below) that would lock in current DIF and Capacity Charges for the project.

Additionally, the delayed effective date will allow sufficient time for staff to make modifications to the permitting software system, Energov, to be able to correctly implement the new fee/charge structure, as well as evaluate and update the V.M.C. to ensure it is consistent with the proposed fees/charges and implementation policy.

## 2. Phased Implementation for Residential Development

Because the DIF and Capacity Charges have not been updated in many years, the increase from current fees/charges to the maximum allowable fees/charges established by the Nexus Studies is significant. For example, the DIF and Capacity Charges for a single family home are proposed to increase from \$17,456.25 to \$29,678.02; an increase of \$12,221.77 or seventy percent (70%).

Working with the BIASC, staff has established a four-year phased implementation schedule for residential development, including single family, multi-family and mobile homes. Phased implementation is one means of helping to ensure that DIF and Capacity Charge increases do not suddenly constrain residential development. In the case of the single-family home example, the increase of \$12,221.77 is proposed to be implemented as follows:

Year/Effective Date	Total DIF & Capacity Charges	% Increase
Year 1 (effective 1/1/2023)	\$20,094.71	15.1%
Year 2 (effective 1/1/2024)	\$23,125.49	15.1%
Year 3 (effective 1/1/2025)	\$26,608.78	15.1%
Year 4 (effective 1/1/2026)	\$29,678.02	11.5%

DIF and Capacity Charges for multi-family and mobile home residential development are not as predictable compared to single family residential due to the variance in the number of units, as well as Water and Sewer Capacity Charges. However, similar phasing has been applied within the Master Fee Schedule for these types of residential development.

The implementation policy includes provisions to apply an Annual Cost Adjustment factor to ensure DIF and Capacity Charges keep pace with inflation. DIF and Capacity Charges for residential development will only be subject to this Annual Cost Adjustment following the final year of phased implementation (starting January 1, 2027).

## 3. Grandfathering of Projects

To avoid any substantial impact of updated DIF and Capacity Charges for projects considered to be significantly underway, such projects will be exempt from updated DIF and Capacity Charges. In these instances, projects will be "grandfathered" and

subject to DIF and Capacity Charges in effect prior to January 1, 2023. However, these exemptions will expire for any projects that have not moved forward to pull building permits before January 1, 2025, at which point such projects would become subject to the DIF and Capacity Charges in effect at that time. The grandfathering provisions proposed by staff include the following:

- Single Family Residential Tracts – Projects for residential tracts within Victorville will be exempt from updated DIF and Capacity Charges if they are significantly underway as of June 30, 2022; meaning that the project applicant has made a final map submission to the City for plan check review; the underlying development is within a recorded Final Map (including a recorded Dash Map within an approved, unexpired Tentative Tract Map); or is in the Final Map Approval Process. The terms Final Map Approval and Dash Map are defined within the implementation policy.
- Multi-family Developments – Projects that are fully entitled or have submitted a Complete Entitlement Application to the Planning Department prior to January 1, 2023, are exempt from updated DIF and Capacity Charges. The term Complete Entitlement Application is defined within the implementation policy.
- Non-Residential Developments – All non-residential projects (e.g., commercial and industrial) that have received project entitlements from the Planning Commission and have submitted construction plans to the Building Department for plan check prior to January 1, 2023, will be exempt from updated DIF and Capacity Charges.

#### **4. Reduced Road DIF for Non-Residential Development**

The Master Fee Schedule establishes DIF and Capacity Charges for the following non-residential development types that are based on and defined within the Nexus Studies:

- Retail/Service Commercial
- Professional Office
- Lodging
- Industrial/Business Park
- High-Cube Warehouse
- Self-Service Storage
- Gasoline/Service Station
- Institutional
- Public Facilities

The Professional Office, Lodging, Self-Service Storage and Gasoline/Service Station categories are new and were established to address issues previously identified by staff or raised by developers, largely due to the different demands these uses place on public infrastructure as compared to the broader development categories (e.g.,

Retail/Service Commercial and Industrial). By establishing these new categories, the City is able to more appropriately assign costs to mitigate these specific development impacts.

Staff used specific project examples and assumptions, most of which were previously reviewed with the City Council at the May 29<sup>th</sup> workshop, to conduct a comparison of the proposed fees against those of neighboring/competing jurisdictions to determine if any adjustments to the maximum allowable fees/charges may be needed to remain competitive in attracting the desired retail, commercial and industrial development. Through this comparison, staff determined a need to reduce the Road DIF category for the Retail/Service Commercial, Professional Office, and Industrial/Business Park development types to ensure overall fees/charges are within a competitive range. The only development category that was not adjusted within the competitive range was Gasoline/Service Stations.

The following is a summary by project example comparing the proposed fee/charges, inclusive of the adjustments made to the Road DIF component, with those calculated by staff for the cities of Hesperia and Rialto based on their published fees/charges:

<b>Project Description</b>	<b>Assumptions</b>	<b>Proposed Fee</b>	<b>Hesperia</b>	<b>Rialto</b>
Department Store	10,640 sqft.; 1" & 3/4" Water Meters; 1.65 EDUs	\$ 149,086.94	\$ 82,332.01	\$ 177,073.41
Dine-In Restaurant	7,525 sqft.; 2" & 3/4" Water Meters; 13.7 EDUs	175,404.18	95,671.66	253,468.43
Drive-Thru Restaurant	871 sqft.; 1" & 3/4" Water Meters; 3.45 EDUs	45,846.55	19,474.52	66,865.49
Office Building	16,506 sqft.; 1-1/2" & 2" Water Meters; 6.9 EDUs	241,665.88	138,480.76	248,469.99
Hotel	105 Rooms; 2-1/2" & 3/4" Water Meters; 52.6 EDUs	700,134.87	1,489,277.90	1,080,655.40
Industrial/Business Park	32,182 sqft.; 1" & 2" Water Meters; 10.2 EDUs	265,664.05	203,125.29	283,278.21
High Cube Warehouse	461,241 sqft.; (2) 2" Water Meters; 4.55 EDUs	1,745,487.03	2,557,760.55	3,057,625.32
Self-Service Storage	14,520 sqft.; 1" Water Meter; 1 EDU	98,079.62	85,580.68	136,667.00
Gas Station w/ Convenience Store	4,200 sqft. Store; 10 fuel pumps; 1" Water Meter; 3.75 EDUs	677,261.51	75,294.88	159,585.54

Adjusting the Road DIF category for development types mentioned above will result in a DIF revenue reduction estimated at \$117 million based on the development assumptions through 2040 as outlined within the Nexus Studies. However, staff projects that the resulting revenues from future development at the reduced fee level will be sufficient to cover the City's required share for regional projects identified in the SBCTA Nexus Study, as well as a portion of local road improvement projects within the Capital Improvement Plan. Staff will continue to explore alternative funding mechanisms for local road improvement projects to supplement any portion of the projects funded by DIF.

The implementation policy includes provisions to apply an Annual Cost Adjustment to ensure DIF and Capacity Charges keep pace with inflation. Non-residential development DIF and Capacity Charges will be subject to this Annual Cost Adjustment each year starting January 1, 2024.

## **5. Exemptions**

The implementation policy proposes to completely exempt the following projects from DIF and Capacity Charges:

- Projects within the geographical areas of the Old Town Specific Plan and/or the Community Revitalization Investment Authority (CRIA).
- Projects developed on City-owned land by the City or any of its subsidiary agencies, provided the project is for public use and benefits the health, safety and welfare of the community.
- Accessory Dwelling Units of less than 750 sq. ft., as prohibited by law.

A letter of support from the BIASC can be found in Attachment G, which outlines support for the first three items outlined above (delayed effective date, four-year phased implementation and grandfathering provisions) regarding residential development. While little to no feedback was received regarding non-residential development, staff believes the recommended fees/charges and implementation policy are consistent with the City's strategic priorities and will keep Victorville competitive in attracting retail, commercial and industrial development.

### **Infrastructure/Development Fee Financing Programs**

Staff has identified two programs that developers can use on a voluntary basis to finance infrastructure costs and impact fees to further reduce the up-front cost of development. Both of the following programs were designed to assist local governments, schools and land developers throughout the state to cost-effectively finance public infrastructure projects and development fees:

#### **1. Statewide Community Infrastructure Program (SCIP)**

SCIP is administered by the California Statewide Communities Development Authority (CSCDA). Financing under SCIP is accomplished through the levy of special assessments pursuant to the Municipal Improvement Act of 1913 and the

issuance of improvement bonds under the Improvement Bond Act of 1915. There is no financial risk to the City because CSCDA is the issuer and administrator of SCIP. Developers that wish to participate in SCIP enter into an Acquisition Agreement outlining the public capital improvements to be constructed on their behalf through use of the SCIP financing. SCIP generates up-front funding for the City from a “lump sum” payment of fees once the SCIP bonds are issued rather than intermittently over time as a project develops. This can help accelerate the construction of City infrastructure. The City is already a member of CSCDA, but the City Council must adopt Resolution No. 22-051 (Attachment E) to authorize the availability of SCIP to developers.

## **2. Bond Opportunities for Land Development (BOLD)**

The BOLD program is administered by the California Municipal Finance Authority (CMFA). Under the BOLD Program, bonds are issued by a community facilities district (“CFD”) formed by the CMFA under the Mello-Roos Community Facilities Act of 1982 (the “Act”). The Act offers flexibility in financing and is commonly used by cities, schools and other local agencies throughout the state to generate funds for the payment of public facilities, including development fees for facilities. Although a CFD would be formed within the City’s jurisdiction, the City Council is only required to take a single action to make the BOLD Program an available option for developers. The CMFA and its consultant team will form and approve each CFD, issue bonds on behalf of the CFD and will utilize the services of a special tax consultant and administrator to create the special tax formula to administer, levy, collect the special taxes. The City is already a member of CMFA, but the City Council must adopt Resolution No. 22-052 (Attachment F) to authorize the availability of the BOLD program within the jurisdictional boundaries of Victorville.

Once the City is a member agency of SCIP and BOLD, local developers will have the option to utilize the program they determine to be the best fit their project needs/goals. Participation in SCIP and BOLD would be optional; developers are not required to participate in either program. There is no difference on impact to the City as both programs are administered by the respective financing authority. All program logistics will be handled by the corresponding organization, including coordinating with developers and other taxing agencies such as local school districts and the City. SCIP and BOLD will also coordinate with the City and other partner agencies to ensure that money collected is spent within the expected timeframe.

The letter of support from the BIASC (Attachment G) also supports staff’s recommendation to approve Resolution Nos. 22-051 and 22-052 to make the SCIP and BOLD programs available to developers within Victorville’s jurisdictional boundaries. The best financing tool for a project will depend on the details of the project and the objective of the financing. Having both programs available to developers as an option to fund the DIF and Capacity Charges would offer the greatest flexibility to developers to help fund the infrastructure needed for new growth in the City.

Staff recommends that the City Council/District Board adopt Resolution Nos. 22-050 and VWD 22-007 adopting a Master Fee Schedule for DIF and Capacity Charges and the associated City Council Policy (CP-22-01) to establish guidelines for implementation, superseding any prior resolutions and policies related to the same. Staff further recommends that the City Council adopt Resolution No. 22-051 authorizing the City to join the Statewide Community Infrastructure Program (SCIP); and Resolution No. 22-052 authorizing the use of the Bond Opportunities for Land Development (BOLD) program.

Staff remains available for any questions the City Council/District Board may have.

- Attachments:**
- A. Resolution No. 22-050
  - B. Resolution No. VWD 22-007
  - C. Master Fee Schedule – DIF & Capacity Charges
  - D. City Council Policy No. CP-22-01
  - E. Resolution No. 22-051 – SCIP
  - F. Resolution No. 22-052 – BOLD
  - G. Letter of Support - BIASC