

TOWN COUNCIL STAFF REPORT

Title: Long-Range Capital Improvement Plan Development and Schedule.

Meeting Date: December 15, 2021

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RECOMMENDATION:

Receive a presentation from staff on long range capital improvement plan development and schedule. Provide consensus direction to staff on the process and schedule.

BACKGROUND:

On June 2, 2021, Staff presented a revised 5-year Capital Improvement Plan (CIP). At this meeting Staff requested that the Town Council discuss and comment on projects, process, and the structure of the document. Additionally, the Council was invited to provide consensus on projects that may realistically be added to the plan. Town Council consensus was to advance the draft document and associated projects. Government Code Section 65401 required that the Town's planning agency review and report on proposed CIP projects for conformity with the General Plan. The Planning and Economic Development Commission (PEDC) is the Town's designated planning agency. On July 14, 2021, Staff presented to PEDC the draft CIP along with a matrix demonstrating each project's conformance with the General Plan. PEDC adopted a resolution confirming that the current 5-year CIP is consistent with the General Plan. On September 1, 2021, The Town Council adopted the current 5-year CIP

It has been the better part of a decade since the Town engaged in a comprehensive look at strategic investments outside the timeframe of the 5-year Capital Improvement Plan. In previous iterations the Town's guiding document for the prioritization of strategic investments on longer timeframes was called the Master Facilities Plan (MFP). Such a document has not been adopted by Council in many years. The Town has accomplished significant progress on the development of many of the projects identified in this older document. This is most evident in the expansion of sidewalks and multi-use paths (MUPs), acquisition of vehicles and equipment, construction of the Police Station, and the Community Recreation Center (CRC). Some of these improvements were identified in the current and previous versions of the Town's Development Impact Fees Nexus Study.

On July 1, 2015, the Town of Mammoth Lakes adopted a resolution approving the current Development Impact Fees. These fees were based on projects in existing plans and an older MFP. The Town has reported annually on the collection of these funds as required to support defined projects. On September 15, 2021, the Town authorized a consultant

contract to update both the Development Impact Fee (DIF) and Affordable Housing Fee Nexus Study.

ANALYSIS:

The need to update both the DIF Nexus Study and Master Facilities Plan creates an opportunity to better coordinate these strategic planning documents. The recently approved process and format of the CIP provides an appropriate means to document and track these projects. Staff proposes to combine the MFP with the CIP creating a new longer-range component of the CIP. This revised document would inform and support the current DIF Nexus Study and future DIF financial reporting.

20-year CIP

A longer-range CIP will help to manage and advance a number of the Town's strategic goals on a horizon exceeding the current 5-year CIP. Establishing a program of continuous comprehensive planning and financing of Town infrastructure and facilities will aid in organizing and achieving the Town's priorities. The Town maintains a number of adopted planning documents all of which identify priority projects. The cumulative list exceeds 200 projects. It is unrealistic that the Town would be able to complete these projects on 20-year horizon, so a management structure is needed to guide future financial decisions. It is also understood, and history reinforces that Town needs will change over time as will funding opportunities. For this reason, the proposed process will be dynamic, offering sufficient opportunity for the community and Council to adjust priorities. This flexibility exists today in the 5-year CIP. Creation of a long-range CIP is proposed to be analogous to the development of the 5-year CIP. The procedure establishes a process for collaborating with other commissions. Staff will generate the base program and seek input from the Council, Recreation Commission, and Planning and Economic Development Commission. At each of these meeting there is opportunity for public input. As with the 5-year CIP the longer-term project lists will be in front of Council for review during the budget process and other budget adjustments. Staff believes this approach is manageable. This is an important aspect of the proposed process as the lists need to be maintained and reviewed regularly for alignment with strategic goals. The longevity and success of the program relies on its use. Finally, the program will provide an ample supply of prioritized projects in the longer-term CIP, which ensures that as projects in the 5-year program are completed there will be additional clarity on the next set of projects to advance.

Development Impact Fees

Development Impact Fees (DIF) are a monetary exaction, which is charged by the Town to an applicant in connection with approval of a development project. Development Impact Fees are one-time charges that offset some or all of the costs of public facilities related to the development project. Development Impact Fees are assessed and dedicated principally for the delivery of additional infrastructure and services made necessary by the presence of new development. The funds collected cannot be used for operation, maintenance, repair, alteration, or replacement of capital facilities. Existing deficiencies cannot be paid for using DIF.

When establishing a development impact fee, the Mitigation Fee Act stipulates that municipalities will need to:

- Identify the purpose of the fee.
- Identify how the fee is to be used.
- Determine how a reasonable relationship exists between the fee's use and the type of development project on which the fee is imposed.
- Determine how a reasonable relationship exists between the need for the public facility and the type of development project on which the fee is imposed.
- Demonstrate a reasonable relationship between the amount of the fee and the cost of public facility or portion of public facility attributable to the development on which the fee is imposed.

While all DIF projects can be a CIP project not all CIP projects are DIF projects. By combining the two strategic planning exercises above Staff will be able to identify those facilities that specifically benefit new development and those that are intended to serve existing development. Drawing this distinction will aid in identifying those capital improvements to be included in the DIF Nexus Study fee analysis. The fee study, once approved, will provide for the allocation of collected funds to specific projects. Maintaining both DIF projects and long-term CIP projects in one place will provide an opportunity for the Town to manage and report on collected DIF and allocations to longer term projects in the same space. The result will be a clearer representation of the Town's long-range goals as a function of financial contributions. Town Council will retain the flexibility to make changes within this framework. Council can make changes as strategic priorities evolve. While evaluating such changes Council will have the ability to see the entire program in one place and reflect on how and why previous decisions and changes were made. The DIF Nexus Study is generally updated on a five-year cycle. The longer-term CIP will assist in future updates.

Summary

This staff report is intended to provide overview of the plan to develop list, general coordination between documents and the rationale for the need. It represents the first in a series of meetings and opportunities to discuss and refine the project list. Staff recommends the following schedule to establish the baseline long term CIP to be incorporated into the current 5-year CIP.

- December - initial list is developed and refined based on adopted plans and current DIF study
- February – Meetings with Recreation Commission and Planning and Economic Development Commission (PEDC). Both meetings will provide an opportunity for public comment and PEDC will establish consistency with the General Plan
- March – Return to Town Council for final review, refinement, and approval.

Beyond this time frame Staff will include this longer-term work in future updates to the CIP which as approved will be reviewed with the budget process and subsequent quarterly adjustments. This process aligns with the FY22-23 budget process which allows for the initial review of the 5-year CIP.