



## **CITY OF MENIFEE**

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SUBJECT: Fiscal Year 2022/2023 Developer Funded CEQA Consultant Budget Amendment Resolution and Update

MEETING DATE: December 7, 2022

TO: Mayor and City Council

PREPARED BY: Molly Binnall, Management Analyst

REVIEWED BY: Cheryl Kitzerow, Community Development Director

APPROVED BY: Armando G. Villa, City Manager

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### **RECOMMENDED ACTION**

1. Adopt a Budget Amendment Resolution appropriating \$2,500,000 in expenditures to Account #100-4330-52846 (Professional Services – Recoverable (CEQA)) and \$2,500,000 to Account# 100-3425 (CEQA Review Revenue) for Fiscal Year 2022/2023.

### **DISCUSSION**

At the City Council meeting held on June 1, 2022, Council adopted Resolution No. 22-1157 to adopt the annual budget for Fiscal Year (FY) 2022/2023, which included budget appropriations of \$2,000,000 in expenditures and revenues, specific to the environmental consulting services for privately funded development projects as part of the California Environmental Quality Act (CEQA) process. Additionally, per Resolution No. 21-1073, the City Manager has been given authority by City Council to execute all professional service agreements with approved environmental firms to CEQA consulting services. At the initial part of each individual project, a professional services agreement with selected consultant and developer (project proponent) reimbursement agreement is executed defining the scope of work, compensation amount, and required deposit payments from the developer thereby insuring all work and costs associated with CEQA are fully recoverable.

Based on current year CEQA services activity and forecasting additional projects for the balance of the year, additional budget appropriations are needed for the remainder of FY 2022/2023. Accordingly, a Budget Amendment Resolution (BAR) is required to modify the budget capacity necessary to issue purchase orders for the awarded environmental consultant agreements. With the current high volume of development projects, staff anticipates receiving multiple submittals for CEQA document preparation on projects for the remainder of FY 2022/2023. Staff is

requesting an expenditure budget amendment of \$2,500,000 to support the anticipated agreement needs through June 30, 2023, with an offsetting increase in revenues of \$2,500,000.

It is important to note that all agreement costs for environmental consulting services related to private development are paid for through developer deposits, and that no agreements will be executed prior to receiving the appropriate deposit from the applicant.

In addition, a summary of the CEQA contracts that have been executed to date are attached to this report as previously requested by the City Council. A total of 17 contracts were executed in FY 2021-2022 for a cumulative value of \$2.70 million. In FY 2022-2023, 11 contracts have been executed so far for a cumulative value of \$1.24 million. The additional amount is based on projects that have been submitted and will be undergoing environmental review and assessment.

### **STRATEGIC PLAN OBJECTIVE**

Responsive and Transparent Community Government

### **FISCAL IMPACT**

The fiscal impact of the proposed action is \$2,500,000. However, the full amount of any expenditure of these funds for environmental consultant services will be offset by a fee deposited with the City by project applicants. The applicants will pay all contract and preparation costs plus an administrative fee of \$5,000 or 15% of the contract value (whichever is less), per established procedure. Any unencumbered budget remaining at the end of FY 2022/2023 will be closed out, and new appropriations established as part of the budget cycle.

A Resolution authorizing a budget appropriation in the amount of \$2,500,000 in expenditures Account# 100-4330-52846 (Professional Services – Recoverable (CEQA) and a \$2,500,000 increase in revenues to Account# 100-3425 CEQA Review Revenue is included for approval.

### **ATTACHMENTS**

1. Budget Amendment Resolution (BAR)
2. CEQA Contracts for FY 2021/2022
3. CEQA Contracts for FY 2022/2023