



December 20, 2022

The Honorable Mayor, Members of the City Council, and Residents of Redlands
Redlands, CA 92373

Subject: Annual Report of Development Impact Fees

Dear Mayor, Members of the City Council, and Residents of Redlands,

Pursuant to the Mitigation Fee Act (the "Act") (Government Code section 66000 et seq.), and specifically section 66006 of the Act, the following report on the receipt, use, and retention of development impact fees for the Fiscal Year 2021-2022 is hereby presented to the City Council for review and approval. Development impact fees are charged by local governments to defray all or a portion of the cost of public facilities related to new development being constructed within the City. The requirements for enactment of a development impact fee program are set forth in the Act, which was enacted by the State Legislature as Assembly Bill No. 1600 and is commonly referred to as "AB 1600 requirements".

In Redlands, development impact fees may be collected at the time of issuance of a certificate of occupancy or date of final inspection, or earlier as permitted by Government Code section, for the purpose of mitigating the impacts caused by new development on the City's infrastructure. Fees are used to finance the acquisition, construction, and improvement of public facilities related to new development projects. A separate funding structure has been established to account for the impact of new development on each of the following types of public facilities: Open Space, Parks, Public Facilities (including police, fire, community center, library, and general government facilities), Transportation, Water, Non-Potable Water, Solid Waste, and Sewer.

Impact fees collected and spent during Fiscal Year 2021-22 were set by Resolution No. 7951 as approved by the City Council on April 2, 2019, which rescinded Resolution No. 7907. The amount of corresponding fee types, currently established by Resolution No. 7951, is attached hereto. The Act requires the City to prepare an annual report for the City's development impact fees, summarizing the revenues, interest income, and expenditures for each category of funds during the fiscal year. This report was filed with the City Clerk's Office and A. K. Smiley Public Library and was available for public review on December 6, 2022.

Respectfully submitted,

Management Services / Finance Staff
City Manager's Office

(227) Open Space Fund – Redlands Municipal Code Chapter 3.32 establishes an Open Space and Park Development Impact Fee. Twenty-five percent (25%) of this fee is deposited into an Open Space Fund to be used solely for the purpose of acquisition, improvement, preservation, and expansion of open space areas within the City in accordance with the provisions of the recreation, open space, and conservation element of the City’s General Plan. The General plan specifies the policy to preserve open space land in order to protect the visual character of the City, provide for public outdoor recreation, conserve natural resources, support groundwater recharge, and otherwise preserve open space areas. In the General Plan, specific open space areas in the Planning Area include the “Emerald Necklace” concept, San Timoteo Canyon, the Santa Ana Wash, and Live Oak Canyon. Fee amounts are set by Resolution No. 7951.

The following table shows the balances, receipts, and expenditures of the Open Space Fund for the current and last five fiscal years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beg. Balance	727,643	428,728	505,631	1,508,088	1,622,321	1,746,567
Receipts	49,392	78,399	1,003,881 ¹	185,482	126,661	419,086 ²
Expenditures	(348,306)	(1,496)	(1,424)	(71,249)	(2,416)	(9,599)
Ending Balance	428,728	505,631	1,508,088	1,622,321	1,746,567	2,156,054

¹Includes non-DIF revenue of \$785,000 deposit of land sale proceeds designated by the City Council for the acquisition of open space and received from the sale of the City’s Mullin grove property.

²Receipts also include a GASB 31 Adjustment.

Receipts include fees of \$478,934 and negative investment income of \$60,848. Negative investment income is caused by GASB 31 for the temporary fair value adjustment of investments held by the City at June 30, 2022. Actual investment income was \$15,240.

Expenditures include \$9,599 in administrative charges.

Over the last ten years, monies collected in the Open Space Fund, along with grant monies, have been spent on the restoration and acquisition of open space within San Timoteo Canyon, including the San Timoteo Creek Habitat Enhancement Project, the Thompson Property, the Allen property, the Mistretta property and most recently, the Hudson property.

The current cash balance exceeds the cumulative fee collection over the past five years by \$914,043, when adjusting for the \$785,000 deposit of land sale proceeds as detailed above¹. As a result, the City must make “findings” in accordance with the requirements of Government Code Section 66006.

Findings:

Fees deposited into an Open Space Fund are to be used solely for the purpose of acquisition, improvement, preservation, and expansion of open space areas within the City in accordance with the

provisions of the recreation, open space, and conservation element of the City’s General Plan. Because development impact fee revenue fluctuates and is difficult to forecast, there is no estimate for anticipated funding sources or amounts to complete the projects listed below. Monies collected into the Open Space Fund, including the existing excess cash, are expected to be used in accordance with the General Plan for the following projects over the next 3-5 years:

1. **Open Space/Citrus Acquisition** – the City is committed to retaining and improving the maximum feasible amount of open space property for recreational opportunities, conservation, agricultural uses, and resource protection. In terms of agricultural open space, one of the City’s goals is to increase the City’s acreage of citrus groves to an approximate target of 200 acres. As of FY 2022, the city owns 185 acres.
2. **Emerald Necklace** – the Emerald Necklace is a conceptual framework for a series of green open spaces and park areas surrounding the city approximately 45 miles in length, joined together with a special scenic road and trail system. The City has identified gaps in the Emerald Necklace and is working collaboratively to prioritize land acquisition or other resource preservation strategies in those areas. Several sites and properties have been purchased under this framework. Additionally, as suitable properties become available for acquisition, the City will evaluate opportunities to purchase the same.
3. **Scenic Routes and Trails** – The City has several project priorities: develop a linear parkway/recreational corridor centered along San Timoteo Creek and extending throughout the canyon, coordinate with San Bernardino County and the Santa Ana River Conservancy on implementing the objectives of the Santa Ana River Trail Parkway and Open Space Plan, and to complete the Emerald Necklace system of scenic routes and trails, including the Zanja Trail, Santa Ana River Trail, San Timoteo Trail, and other trails linking parks, regional trails, and open space areas.

No refunds of fees, because of the cumulative cash balance in the Open Space fund, are required, and none have been made during Fiscal Year 2021-2022.

(250) Park Development Fund – Park development impact fees are levied for the purpose of acquiring and developing land for parks. The fees are established per the Redlands Municipal Code as noted above for Open Space. Fee amounts are set by Resolution No. 7951. Seventy-five percent (75%) of the Open Space and Parks fees are deposited into the Park Development Fund. The General Plan sets the policy on park development as one aimed towards creating and maintaining a high-quality, diversified park system that enhances Redlands’ unique attributes. The General Plan prescribes the parkland standard of 5 acres per 1,000 residents and, based on that standard, 82 acres of new parkland would be required to meet the needs of the Planning Area.

The following table shows the balances, receipts, and expenditures of the Park Development Fund for the current and last five fiscal years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beg. Balance	555,525	760,793	708,482	477,392	609,313	878,329

Receipts	614,052 ⁽¹⁾	326,477 ⁽²⁾	1,020,460 ⁽³⁾	454,596	382,923	1,408,479
Expenditures	(408,784)	(378,788)	(1,251,551)	(322,674)	(113,907)	(244,684)
Ending Balance	760,793	708,482	477,392	609,313	878,329	2,042,124

⁽¹⁾ Includes miscellaneous revenues/transfers of \$465,912 that were received from Nevada Palmetto Grove sales proceeds to reimburse expenditures for both Heritage Park off-site improvements (\$400,000) and Skate Park Project design costs (\$65,912).

⁽²⁾ Includes miscellaneous revenues/transfers of \$101,531 that were received from Nevada Palmetto Grove sales proceeds and community donations to reimburse expenditures for the Skate Park Project design & project-related costs (\$16,850 to date).

⁽³⁾ Includes miscellaneous revenues/transfers of \$635,613 that were received from Nevada Palmetto Grove sales proceeds and community donations of \$38,723 to fund the construction of the Skate Park.

Impact fee revenue in this category consists of \$1,468,650 in fees and \$60,171 in negative investment income. Negative investment income is caused by GASB 31 for the temporary fair value adjustment of investments held by the City at June 30, 2022. Actual investment income was \$11,628.

Disbursements during Fiscal Year 2021-22 totaled \$244,684, including a payment of \$62,859 in principal, \$39,398 in interest, and \$3,846 in fees associated with the State I-Bank loan for the Sports Park. Park Development impact fees will represent approximately 35% of the total cost for the Sports Park design & construction once the debt service is fully satisfied. Projects funded this year included the purchase of a 2,500 square foot parcel to expand the City’s Sports Park for \$22,828 and \$86,381 towards a portion of the cost to convert two tennis courts into eight (8) pickleball courts at the Redlands Community Center. Other disbursements included \$29,373 in administrative charges.

The current cash balance exceeds the cumulative fee collection over the past five years by \$644,380. As a result, the City must make “findings” in accordance with the requirements of Government Code Section 66006.

Findings:

Fees deposited into the Park Development Fund can be used for the acquisition, development, expansion and improvement of parks, sports fields and similar active and passive recreational use. Because development impact fee revenue fluctuates and is difficult to forecast, there is no estimate for anticipated funding sources or amounts to complete the projects listed below. Monies collected into the Park Development Fund, including the existing excess cash, are expected to be used in accordance with the General Plan for the following projects over the next 3-5 years, or as development needs dictate:

1. **Transit Villages** – Proposed as approximately 20 acres of community and neighborhood parks to serve residents and employees in the Transit Village Overlay Zone.
2. **Mission/Zanja Park** - Proposed as a linear park that would follow the Mission Zanja. To be developed as a natural trail with neighborhood and pocket parks along its length.

3. **Israel Beal Park Expansion** - Continued expansion of Israel Beal Park along the bluffs as land is developed on its western border. Additional acreage will include active and passive recreation area as well as trails including the future location of the Santa Ana River Trail.
4. **West Redlands Park** - Proposed neighborhood park near the intersection of Kansas Street and Orange Avenue.
5. **Centennial Park** – Proposed 30-acre park, located along the bluffs adjacent to Riverview Drive. This land was acquired for recreational uses including trails and parkland as well as for flood control. The Santa Ana River Trail is planned to go through this park.

No refunds of fees, because of the cumulative cash balance in the Park Development fund, are required, and none have been made during Fiscal Year 2021-2022.

(251) Public Facilities Development Fund - Public Facilities Development Fees have been established per Redlands Municipal Code Chapter 3.60 with the purpose and intent of implementing the Redlands General Plan to ensure that public facilities and related improvements which satisfy City standards are available concurrent with the needs caused by new development within the City. Fee amounts are set by Resolution No. 7951. Fees are collected from applicants for development projects to construct, improve, and maintain public facilities as identified in the City’s public facilities program.

Police Facilities

The purpose of this fee is to provide a revenue source that will provide funds to acquire vehicles, equipment, and facilities that will mitigate the impacts of new residential and non-residential development on the City’s Police resources. A complete listing of proposed facilities is contained within the City’s Development Impact Fee Justification Study, dated January 9, 2017.

The following table shows the balances, receipts, and expenditures of the Police Facilities Fee for the current and last five fiscal years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beg. Balance	349,293	422,566	428,533	440,922	464,906	471,706
Receipts	74,769	6,088	12,641	24,474	6,939	22,322
Expenditures	(1,495)	(122)	(253)	(489)	(139)	(446)
Ending Balance	422,566	428,532	440,922	464,906	471,706	493,582

Receipts consist of \$22,322 in fees. Disbursements include \$447 in administrative charges.

The current cash balance exceeds the cumulative fee collection over the past five years by \$386,671. As a result, the City must make a “finding” in accordance with the requirements of Government Code Section 66006.

Findings:

Fees deposited into the Public Facilities Fund – Police Facilities category are to be used solely for costs related to police facilities, vehicles, and equipment. The largest cost, by far, will be the development of a new safety hall center. The current buildings that house police staff are aged, not ADA-compliant, and represent barriers to effectively managing the department’s resources. As a result, plans have been underway to conceptualize and fund a new Safety Hall. In December 2021, the City acquired a property at 1625 West Redlands Boulevard to retrofit into a new safety hall center. The total project to convert this building into a new police facility is estimated to cost somewhere between \$40 and 60 million dollars, including construction, commissioning, and furnishing. Impact fees will be used to help fund the retrofit project once it commences and their expenditure will reflect a portion of new development’s share in the cost of the new facility. Because development impact fee revenue fluctuates and is difficult to forecast, there is no estimate for anticipated funding sources or amounts, in total, that are needed to complete the Safety Hall project. The City anticipates developing a timeline for this project in early 2023. From that point, timelines for project construction/completion are likely to be established.

No refunds are required, and none have been made during Fiscal Year 2021-22.

Fire Facilities

The purpose of this fee is to establish a revenue source that will provide funds to construct various Fire facilities and acquire equipment and vehicles that will mitigate the impacts of new residential and non-residential development on the City’s Fire facilities. A complete listing of proposed facilities is contained within the City’s Development Impact Fee Justification Study, dated January 9, 2017.

The following table shows the balances, receipts, and expenditures, including loan activity, of the Fire Facilities Fee for the current and last five fiscal years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beg. Balance	-	13,700	69,271	315,622	399,928	463,557
Receipts	117,100	75,378	251,379	196,707	140,752	427,545
Expenditures	(103,399)	(19,807)	(5,028)	(112,401)	(77,123)	(29,051)
Ending Balance	13,700	69,271	315,622	399,928	463,557	862,051

Receipts consist of \$427,545 in fees.

Disbursements include \$8,550 in administrative charges. In addition, \$20,500 was expended on a plan to prepare a facility and spatial needs assessment, including architectural layouts, for the City’s fire stations.

The current cash balance exceeds the cumulative fee collection over the past five years by \$80,735. As a result, the City must make a “finding” in accordance with the requirements of Government Code Section 66006.

Findings:

Fees deposited into the Public Facilities Fund – Fire Facilities category are to be used solely for costs related to fire facilities, vehicles, and equipment. The largest cost, by far, will involve the creation of two new fire stations and the relocation of a third temporary structure currently serving as a fire station. The City is currently setting aside funds to finance these projects and intends to use funding from these development impact fees to partially fund the City's cost as it relates to new development. These new stations will serve areas of newer development that are currently outside the 4-minute drive time window for call response. Because development impact fee revenue fluctuates and is difficult to forecast, the City anticipates that it will use multiple different funding sources, including possible debt issuance to finance the construction of the new stations. The City anticipates developing a timeline for this project in early 2023. From that point, timelines for project construction/completion are likely to be established.

No refunds are required, and none have been made during Fiscal Year 2021-22.

Library Facilities

The library facility impact fees were established to provide a revenue source that will generate funds to acquire various library collection items and remodel/refurbish existing facilities that will mitigate the impacts of new residential development on the City's Library facilities. Planned uses from the proceeds of these fees include the expansion of library collection items as well as the remodeling and refurbishment of existing facilities. Collection items include, but are not limited to, books, periodicals, newspapers, DVDs, e-books, etc.

Previously, impact fees collected for Library Facilities were also used to make contributions towards the annual debt service of the 2003 Lease Revenue Refunding Certificates of Participation (COP). The 2003 COPs refunded prior COPs that were used to finance major improvements to the Library's facilities. The past fees collected were earmarked to pay debt service on these bonds, which matured in Fiscal Year 2017-2018 and are now designated to repay outstanding loans from the General Fund, as well as loans that were provided by the Storm Drain Construction, and Water funds. Those loans were incurred during those fiscal years when library impact fee revenues were insufficient to meet the debt service requirements.

The following table shows the balances, receipts, and expenditures, including loan activity, of the Library Facilities Fee for the current and last five fiscal years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beg. Balance	-	-	-	0	0	0
Receipts	143,742	108,011	26,890	42,926	33,427	133,379
Expenditures	(143,742)	(108,011)	(26,890)	(42,926)	-33,427	(133,379)
Ending Balance	-	-	-	0	0	0

Receipts consist of \$133,379 in fees.

Disbursements include \$956 in interest expense on its share of inter-fund loans noted above that were provided during Fiscal Year 2010-2011, \$2,668 in administrative charges, and \$130,712 repaid on outstanding loans from the Storm Drain and Water Funds.

As of June 30, 2022, outstanding loans total \$3,784,436, with \$3,743,470 owed to the General Fund, and \$40,966 owed to the Water Fund. During fiscal year 2021-22, the outstanding loan from the Storm Drain Construction Fund in the amount of \$58,078 was fully repaid by the Library Facilities category of Fund 251. As noted, these loans occur when impact fee revenues are insufficient to cover the Library Facilities category 34% share of debt service on the 2003 Lease Revenue Refunding COPs. Historically, no specific term or interest rate has been established for loans owed to the General Fund, however, when the City Council approved loans from the Storm Drain Construction Fund and Water Funds, they did so with the caveat that as sufficient impact fees become available, the non-General Fund loans would be repaid first, with interest set at the Local Agency Investment Fund (LAIF) annual interest rate. For fiscal year 2021-2022, the interest rate was 0.39%. Because development impact fee revenue fluctuates and is difficult to forecast, there is no estimate for the date on which the remaining outstanding balances of the interfund loans will be repaid.

No refunds of fees are required, and none have been made during Fiscal Year 2021-2022.

General Government Facilities

Impact fees for General Government Facilities were first established with the completion of the impact fee study performed in Fiscal Year 2006-2007 and implemented in August 2007, and the most recent fee justification study is the City’s Development Impact Fee Justification Study dated January 9, 2017. The purpose of this fee is to establish a revenue source that will provide funds to purchase and install additional IT hardware and construct a government center/safety hall building and public parking facility that will mitigate the impacts of new residential and non-residential development on the City’s general government facilities.

The following table shows the balances, receipts, and expenditures, including loan activity, of the General Government Facilities Fee for the current and last five fiscal years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beg. Balance	-	-	-	535	0	0
Receipts	258,296	197,046	299,241	233,858	159,044	511,327
Expenditures	(258,296)	(197,046)	(299,241)	(234,392)	-159,044	(511,327)
Ending Balance	-	-	-	(0)	(0)	(0)

Receipts consist of \$511,327 in fees.

Disbursements include \$31,255 in total interest expense on its share of inter-fund loans provided during Fiscal Year 2010-2011, \$10,227 in administrative charges, and a loan repayment of \$469,845 to the General Fund. For fiscal year 2021-2022, the interest rate was 0.39%.

As of June 30, 2022, the remaining outstanding loan totals \$4,091,574 and is owed to the General Fund. Previous loans in place from the Open Space Fund (227) and Park Development Fund (250) have been repaid in full, including the current year interest and all outstanding principal. As noted, these loans occur when impact fee revenues are insufficient to cover the General Government Facilities category 60% share of debt service on the 2003 Lease Revenue Refunding COPs. When the City Council approved loans from the Open Space and Park Development Funds, they did so with the caveat that as sufficient impact fees become available, the non-General Fund loans would be repaid first, with interest set at the annual Local Agency Investment Fund rate. Although no specific term or interest rate has historically been established for General Fund loans, in Fiscal Year 2010-2011 when non-General fund loans were made and interest approved on these loans at the Local Agency Investment Fund rate, interest was also applied in the same manner to the General Fund loan made in that year. Since that time, \$54,018 in interest has been added to the General Fund loan principal balance, including an additional \$31,255 that has been added for fiscal year 2021-2022. For fiscal year 2021-2022, the Local Agency Investment Fund interest rate was 0.39%. Because development impact fee revenue fluctuates and is difficult to forecast, there is no estimate for the date on which this loan from the General Fund will be repaid.

No refunds of fees are required, and none have been made during Fiscal Year 2021-2022.

Community Center Facilities

Community Center Facilities impact fees were established in Fiscal Year 2014-2015 and are collected using a replacement cost per capita for the City's existing community centers as the basis for the fees. The fees charged to future residential development are set at a level needed to maintain the existing level of service as the City grows. The purpose of these fees collected from future development is to approximately cover the cost of adding community center space while maintaining the current ratio of community center asset value to population. The most recent fee justification study is the City's Development Impact Fee Justification Study, dated January 9, 2017, which contains a complete listing of proposed community center facilities.

The following table shows the balances, receipts, and expenditures of the Community Center Facilities Fee for the current and last five fiscal years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beg. Balance	47,081	67,644	68,208	68,208	68,208	68,208
Receipts	21,031	576	-	-	0	-
Expenditures	(468)	(12)	-	-	0	-
Ending Balance	67,644	68,208	68,208	68,208	68,208	68,208

There were no receipts or disbursements made from this category in fiscal year 2021-2022.

The current cash balance exceeds the cumulative fee collection over the past five years by \$46,601. As a result, the City must make a “finding” in accordance with the requirements of Government Code Section 66006.

Findings:

Fees deposited into the Public Facilities Fund – Community Center Facilities category are to be used solely for the purpose of costs related to adding community center space to maintain the current ratio of community center asset value to population.

The largest cost, by far, will involve the construction of a new community center. Projects of this nature are generally large in scope and require several years’ worth of receipts. The cost estimate developed in 2016 to complete the construction of a new community center was \$7,488,046 according to the most recent fee justification study - the City’s Development Impact Fee Justification Study, dated January 9, 2017. Timelines for completing this project are difficult to estimate due mainly to the significant costs and the unpredictability of the timing of adequate impact fee revenue.

No refunds are required, and none have been made during Fiscal Year 2021-2022.

At June 30, 2022, the Public Facilities Fund has Advances Payable (Interfund Loans) to Other Funds for loans received as follows:

<u>Advance Payable To:</u>	
General Fund	\$ 7,835,045
Open Space Fund	-
Park and Open Space Fund	-
Storm Drain Construction Fund	-
Water Operating Fund	<u>40,966</u>
Total	\$ 7,876,011

As noted above, fees collected for Fire, Library, and General Government Facilities have been collected and used to make contributions towards the annual debt service of the 2003 Lease Revenue Refunding Certificates of Participation (COP), which matured during Fiscal Year 2017-2018. The 2003 COPs refunded prior COPs that were used to finance Fire Station #3 (6% of total debt service), as well as Library Facilities (34% of total debt service) and the City Yard (60% of total debt service). In years when

the revenue from these fee categories was insufficient to meet debt service obligations, the Public Facilities Fund was loaned amounts from the General Fund, Open Space, Park Development, Storm Drain Construction, and Water Funds. For fiscal year 2021-2022, the interest rate was 0.39%. Because development impact fee revenue fluctuates and is difficult to forecast, there is no estimate for the date on which each loan will be repaid.

Transportation Fees

During Fiscal Year 2021-2022, Resolution No. 7951 prescribed the methodologies and amounts of Transportation fees. Impact fees in this category are intended to fund transportation improvements, including the following components: interchange improvements, railroad crossing improvements, improvements to regional arterials, and improvements to local streets. The first three components are intended to satisfy the requirement, pursuant to Measure I (2010-2041) and the San Bernardino County Transportation Authority (SBCTA) Congestion Management Plan, that the City assess new development for its fair share of the cost of those improvements. The local street component is based on data provided by the City that represents the full cost of local street improvement projects needed entirely to serve future development. Allocations are established based on a weighted average for each improvement type based on cost. The City’s Development Impact Fee Study, dated January 9, 2017, estimated transportation improvement costs in each component category and allocated them according to the tables below.

<u>Resolution No. 7701, DIF Study Jan. 2017</u>		
Fund 252 -	Regional Arterial	43%
Fund 252 -	RR Crossings	1%
Fund 252 -	Local Streets	19%
Fund 253 -	Signals	4%
Fund 254 -	Interchanges	36%

These development fees are utilized in conjunction with revenue generated under the Measure “I” half-cent sales tax to fund regional transportation projects. These fees establish a revenue source that will provide funds to construct various transportation projects that will mitigate the impacts of new development on the City’s circulation system. The uses to which the fees are to be put include the funding of new roadways within the City limits.

(252) Arterial Street Construction Fund – This fund includes development fees, as discussed above, for both the regional (SBCTA) and local transportation development fees which, in concert with the Regional Measure “I” sales tax revenue, when needed, are used to construct transportation

improvements. Both development and Measure “I” funds are required to construct the transportation improvement projects. A complete listing of proposed facilities is contained within the City’s Development Impact Fee Justification Study, dated January 9, 2017.

The following table shows the balances, receipts, and expenditures of the Arterial Street Construction Fund for the current and last five fiscal years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beg. Balance	2,310,315	3,015,544	3,141,989	3,721,696	3,954,816	3,928,436
Receipts	721,613	133,137	592,243	597,315	398,827	528,723
Expenditures	(16,384)	(6,692)	(12,536)	(364,193)	(425,207)	(13,058)
Ending Balance	3,015,544	3,141,989	3,721,696	3,954,816	3,928,436	4,444,102

Impact fee revenue in this category consists of \$652,898 in fees and \$124,175 in negative investment income. Negative investment income is caused by GASB 31 for the temporary fair value adjustment of investments held by the City at June 30, 2022. Actual investment income was \$32,904.

Disbursements consist of \$13,058 in administrative charges.

The current cash balance exceeds the cumulative fee collection over the past five years by \$2,290,120. As a result, the City must make “findings” in accordance with the requirements of Government Code Section 66006.

Findings:

Monies collected into the Arterial Street Construction Fund, including the existing excess cash, are based on a detailed breakdown of citywide transportation projects needed to mitigate the impacts of new development through the year 2035. These projects have been approved by the City Council for construction under this program, as a part of Resolution No. 7951 and the Development Impact Fee Study dated January 9, 2017. The project list includes improvements to regional and local arterials with a total estimated cost allocated to new development of \$21,087,242.

A complete listing of proposed facilities is contained within the City’s Development Impact Fee Justification Study, dated January 9, 2017.

Below is a partial listing from that study.

- Alabama Street from the northerly City limit to Palmetto Avenue
 - Estimated Cost - \$10,653,000
 - New Development Fair Share – 23.1%
- Orange Street from Lugonia Avenue to Interstate 10 freeway
 - Estimated Cost - \$2,960,000
 - New Development Fair Share – 23.1%
- San Bernardino Avenue from Church Street to Wabash Avenue

- Estimated Cost - \$2,744,000
- New Development Fair Share – 23.1%
- Ford Street from 5th Avenue to Interstate 10 freeway
 - Estimated Cost - \$2,058,000
 - New Development Fair Share – 23.1%

Because development impact fee revenue fluctuates and is difficult to forecast, there is no estimate for the date on which the project will be completed. At this time, no other sources of revenue are projected.

No refunds of fees are required, and none have been made during Fiscal Year 2021-2022.

(253) Traffic Signals Fund – This fund includes seven percent of the transportation development impact fees collected and is for the purpose of constructing traffic signals and signal improvements.

The following table shows the balances, receipts, and expenditures of the Traffic Signals Fund for the current and last five fiscal years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beg. Balance	1,122,990	1,210,815	1,223,302	1,283,765	1,382,585	1,444,989
Receipts	89,357	16,708	72,366	99,412	62,910	40,123
Expenditures	(1,532)	(4,221)	(11,903)	(591)	(507)	(37,399)
Ending Balance	1,210,815	1,223,302	1,283,765	1,382,585	1,444,989	1,447,712

Impact fee revenue in this category consists of \$76,221 in fees, \$3,870 in developer deposits, and \$39,968 in negative investment income. Negative investment income is caused by GASB 31 for the temporary fair value adjustment of investments held by the City at June 30, 2022. Actual investment income was \$11,411.

Disbursements consist of \$1,524 in administrative charges, \$23,395 for engineering and design services for the University Street & Brockton Avenue traffic signal construction project, and \$12,480 for the preparation of environmental documents related thereto.

The current cash balance exceeds the cumulative fee collection over the past five years by \$1,272,245. As a result, the City must make “findings” in accordance with the requirements of Government Code Section 66006.

Findings:

Monies collected into the Traffic Signals Fund, including the existing excess cash, are based on a detailed breakdown of citywide transportation projects needed to mitigate the impacts of new development through the year 2035. These projects have been approved by the City Council for

construction under this program, as a part of Resolution No. 7701 and the Development Impact Fee Study dated January 9, 2017. The project list includes local signal projects with a total estimated cost allocated to new development of \$4,996,610. A complete listing of proposed facilities is contained within the City’s Development Impact Fee Justification Study, dated January 9, 2017.

Below is a partial listing from that study.

- Texas Street and Pioneer Avenue
 - Estimated Cost - \$350,000
 - New Development Fair Share – 32.32%
- University Street and Brockton Avenue
 - Estimated Cost - \$300,000
 - New Development Fair Share – 32.32%
- Intelligent Traffic Management System
 - Estimated Cost - \$5,400,000
 - New Development Fair Share – 23.1%
- Automated Fire/Police Emergency Vehicle Preemption System
 - Estimated Cost - \$150,000
 - New Development Fair Share – 32.32%

Because development impact fee revenue fluctuates and is difficult to forecast, there is no estimate for the date on which the project will be completed. At this time, no other sources of revenue are projected.

No refunds of fees are required, and none have been made during Fiscal Year 2021-2022.

(254) Freeway Interchange Fund – As discussed above, thirty-seven percent of the transportation fees collected are to meet the City’s responsibility for the construction of major freeway interchange improvements on I-10 and one freeway interchange on the I-210 freeway. These projects are funded through the collection of multi-jurisdictional development fees and the collection of regional Measure “I” revenue, under the 2010-2040 Measure “I” voter-approved ½ cent sales tax transportation program.

Two projects are currently underway. The first is the I-10/University Street Interchange project. The San Bernardino County Transportation Authority (SBCTA) and the City, in coordination with Caltrans District 8, will widen the I-10 westbound on-ramp and I-10 eastbound off-ramp at University Street, as well as restripe University Street from Citrus Avenue to Central Avenue. The project is designed to reduce congestion, improve safety, and improve traffic operations along University Street between Citrus Avenue and Central Avenue. It will also install new traffic signals at the I-10 eastbound off-ramp at University Street and the I-10 westbound on-ramp at University Street and provide street

improvements within the project limits including drainage improvements, pavement construction, and landscaping replacement.

On September 3, 2013, the City entered into a memorandum of understanding to commence the design of the project. The initial estimate to design and construct the Project was estimated to cost \$5.2 million. Pursuant to the Cooperative Agreement, the City is responsible for 17.9% (\$912,900) of the total \$5.1 million project cost, with the remaining 82.1% (\$4,188,000) to be funded by SBCTA. The remaining \$100,000 is for project management costs that are the sole responsibility of the City. In May 2019, SBCTA informed the City that an amendment to the Cooperative Agreement would be needed as the total project cost for the Project had increased from \$5.2 million to \$5,812,935. Increases in costs were mainly attributable to planning & design stages, project management, and additional paving requirements. Project planning and design have been completed, and the construction work has started and is anticipated to conclude in late 2022.

In addition to the University I-10 Interchange project, on February 16, 2016, the City entered into a memorandum of understanding to commence the alternative Interstate 10 – Alabama Street Interchange project. When constructed, the Project will improve the Interstate 10 at Alabama Street Interchange between Orange Tree Lane and Industrial Park Avenue, with on and off-ramp widening, the addition of turning lanes, new pavement, and striping. As part of the MOU, funding responsibilities for the development of the estimated \$10.96 million Project were delineated for the parties. Per SBCTA's 10-Year Delivery Plan and SBCTA's Development Mitigation Nexus Study, the City, SBCTA, and County of San Bernardino have funding responsibilities for the Project. Specifically, SBCTA has 49.5% of the Public Share of funding responsibilities (~\$5.26m) for the Project, and the City and County share the remaining 50.5% (~\$5.70m) Development Share, with City responsible for 34.9% (~\$1.99m) and County 65.1% (~\$3.71m). In November 2016, City Council approved a Development Mitigation Cooperative Agreement with the County in order to memorialize the financial responsibilities between the City and County for their shared Development Share responsibilities.

In mid to late 2019, SBCTA approached City and County about cost increases identified during the design of the Project. The total project cost has risen from the original estimate of \$10.96 million to a new estimate of \$15.15 million, a rise of \$4.19 million. With this new estimate, City costs for the Project have risen from \$1,990,065 million to \$2,506,921, an increase of ~\$516,856. The City has been in contact with both SBCTA and County and both entities have the funding necessary and desire to move forward with the Project. SBCTA has completed the design phase, and construction on the project began in January 2022 and is anticipated to conclude in December 2022.

At this time, staff is unable to ascertain when all required funding amounts will be received by the City. This is because the rate and pace of development is difficult to determine with respect to the deposit of impact fees by developers.

The following table shows the balances, receipts, and expenditures of the Freeway Interchange Fund for the current and last five fiscal years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beg. Balance	2,418,020	2,855,127	2,766,083	2,941,748	3,815,420	3,046,266
Receipts	491,600	156,368	559,907	1,293,437	243,103	479,165
Expenditures	(54,493)	(245,412)	(384,243)	(419,765)	(1,012,257)	(1,906,865)
Ending Balance	2,855,127	2,766,083	2,941,748	3,815,420	3,046,266	1,618,566

Impact fee revenue in this category consists of \$387,421 in fees, reimbursement from the County of San Bernardino of \$188,988 for a share of the portion of construction costs related to the I-10 Alabama Street Project, and \$97,255 in negative investment income. Negative investment income is caused by GASB 31 for the temporary fair value adjustment of investments held by the City at June 30, 2022. Actual investment income was \$25,077.

Disbursements consist of \$7,748 in administrative charges. Expenses also included \$32,045 was disbursed in connection with the City's cooperative cost-sharing agreement for project management services associated with the I-10 Alabama Street Project. Capital expenditures were also made from this account: \$1,867,071 for the I-10 Alabama Street Project.

During Fiscal Year 2021-2022, the current cash balance exceeds the cumulative fee collection over the past five years by \$161,199. As a result, the City must make "findings" in accordance with the requirements of Government Code Section 66006.

Findings:

Monies collected into the Freeway Interchanges Fund, including the existing excess cash, are based on a detailed breakdown of citywide transportation projects needed to mitigate the impacts of new development through the year 2035. These projects have been approved by the City Council for construction under this program, as a part of Resolution No. 7951 and the Development Impact Fee Study dated January 9, 2017. The project list includes local signal projects with a total estimated cost allocated to new development of \$6,029,266. A complete listing of proposed facilities is contained within the City's Development Impact Fee Justification Study, dated January 9, 2017.

Below is a partial listing from that study.

- I-10 at Mountain View:
 - Estimated Cost - \$53,214,296
 - New Development Fair Share – \$784,485 (3.9%)
- I-10 at California
 - Estimated Cost - \$46,562,380
 - New Development Fair Share – \$3,249,495 (14.6%)
- I-10 at Wabash
 - Estimated Cost - \$41,822,810

- New Development Fair Share – \$1,871,571 (12.5%)
- I-10 at Live Oak
 - Estimated Cost - \$19,478,974
 - New Development Fair Share – \$72,072 (1%)
- I-10 at 5th Street
 - Estimated Cost - \$8,364,562
 - New Development Fair Share – \$51,643 (1.4%)

Because development impact fee revenue fluctuates and is difficult to forecast, there is no estimate for the date on which the project will be completed. At this time, no other sources of revenue are projected.

No refunds of fees are required, and none have been made during Fiscal Year 2021-2022.

(405) Storm Drain Fund – New development generates additional stormwater runoff by increasing the amount of land that is not penetrable to precipitation. Consequently, new development generates the need for, and benefits from, expanded storm drain facilities. Storm Drain Development Fees have been established per Redlands Municipal Code Chapter 3.56 with the purpose and intent of implementing the Redlands General Plan to ensure that storm drain facilities and improvements that satisfy City standards are available concurrent with the needs caused by new development within the City. This chapter establishes the methods of financing the construction of the required storm drain facilities. Fees are established by Resolution No. 7951.

The following table shows the balances, receipts, and expenditures of the Storm Drain Fund for the current and last five fiscal years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beg. Balance	1,789,457	1,832,744	1,832,238	1,985,305	1,975,112	2,118,971
Receipts	94,186	112,404	206,098	227,799	151,397	299,402
Expenditures	(50,899)	(112,910)	(53,032)	(237,992)	(7,538)	(12,428)
Ending Balance	1,832,744	1,832,238	1,985,305	1,975,112	2,118,971	2,405,945

Impact fee revenue in this category consists of \$306,560 in fees and \$65,235 in negative investment income. Negative investment income is caused by GASB 31 for the temporary fair value adjustment of investments held by the City at June 30, 2022. Actual investment income was \$17,790.

Disbursements consist of \$12,428 in administrative costs.

At June 30, 2022, a loan made from the Storm Drain Construction Fund in Fiscal Year 2010-2011 to the Public Facilities Fund for a portion of its half-share of annual debt service on the 2003 Lease Revenue Refunding Certificates of Participation has been fully repaid.

During Fiscal Year 2021-2022, the current cash balance exceeds the cumulative fee collection over the past five years by \$1,805,377. As a result, the City must make “findings” in accordance with the requirements of Government Code Section 66006.

Findings:

New development generates additional stormwater runoff by increasing the amount of land that is not penetrable to precipitation. Consequently, new development generates the need for, and benefits from, expanded storm drain facilities. Fees are to be used on the costs associated with the construction of regional and local facilities, based on the amount of estimated costs allocable to new development and new service population.

Storm drain construction is an ongoing effort. Projects are generally large in scope and require several years’ worth of receipts. For the last two years, the City has been preparing to further develop the Opal basin project. However, recent investigation suggests a reprioritization of storm drain projects to better meet current conditions. Still, the Opal Basin remains a project under consideration. In 2014, the City adopted a Drainage Master Plan. The outlines scope and priority of various projects. Timelines for completing these projects are difficult to estimate due mainly to each project’s significant costs and the unpredictability of the timing of adequate impact fee revenue.

The project list includes local and regional projects in terms of the City’s share, with a total estimated cost allocated to new development of \$10,724,400.

1. **Reservoir Canyon** – The Reservoir Canyon Channel is the second largest watershed area tributary to downtown. The total costs to fund new and upgrade existing storm drain facilities that would mitigate the flooding potential specific to this watershed have been estimated at \$16,510,000; new Development Fair Share – 27%.
2. **Downtown Watershed** – The Downtown watershed consists of the local drainage systems in the downtown area. The total costs to fund new and upgrade existing storm drain facilities that would mitigate the flooding potential specific to this watershed have been estimated at \$10,210,000; new Development Fair Share – 27%.
3. **Redlands Opal Basin** – This project addresses the Mission Zanja watershed (the largest watershed tributary) and consists of the construction of a retention basin and is one of two major facilities needed to protect the City during a 100-year storm event. When completed, the facility will retain up to 825 acre-feet of water. Additional funds to complete the \$13 million project will come from the Storm Drain Fund and other sources as they become available; new Development Fair Share – 27%.

Because development impact fee revenue fluctuates and is difficult to forecast, there is no estimate for the date on which the project will be completed. At this time, no other sources of revenue are projected.

No refunds of fees are required, and none have been made during Fiscal Year 2021-2022.

(508) Water Source Acquisition Fund - The Water Source Acquisition Fund is established per Redlands Municipal Code Chapter 13.40.020 to implement the Redlands General Plan and finance the acquisition of approved water stock and water rights to assist the City in maintaining an adequate supply of water to meet the needs of development requiring water service from the city. Water Source Acquisition charges are established per Section 13.40.040 of the Redlands Municipal Code. Fee amounts are set by Resolution No. 7951.

The following table shows the balances, receipts, and expenditures of the Water Source Acquisition Fund for the current and last five fiscal years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beg. Balance	131,549	112,116	258,120	753,768	898,102	943,636
Receipts	232,384	146,004	495,649	144,333	45,534	500,418
Expenditures	(251,817)	-	-	-	-	-
Ending Balance	112,116	258,120	753,768	898,102	943,363	1,444,054

Receipts include \$540,844 in fees and \$40,426 in negative investment income. Negative investment income is caused by GASB 31 for the temporary fair value adjustment of investments held by the City at June 30, 2022. Actual investment income was \$9,991.

There were no disbursements for fiscal year 2021-2022.

During Fiscal Year 2021-2022, the current cash balance exceeds the cumulative fee collection over the past five years by \$1,805,377. As a result, the City must make “findings” in accordance with the requirements of Government Code Section 66006.

Findings:

The Water Source Acquisition Fund is intended to provide funds for the purchase of approved water stocks and rights, as set forth in the Redlands Municipal Code. As the City expands its housing stock and non-residential development, it is critical that the City plan on acquiring supplies sufficient, not just to serve development needs, but also to meet its annual groundwater recharge/replenishment requirements, which are affected by new development. To this end, the following water rights and stocks have been identified, but the strategy and timeline to acquire rights and stocks from this list is currently under development. The City estimates that a more formal plan for water source acquisition will be developed and adopted by Council during the calendar year 2023.

- Crafton Water Company
- Redlands Heights Water Company
- South Mountain Water Company

- Bear Valley Mutual Water Company

No refunds of fees are required, and none have been made during Fiscal Year 2021-2022.

(509) Water Capital Improvement Fund – The Water Capital Improvement Fund is established per Redlands Municipal Code Chapter 3.48 to implement the Redlands General Plan and finance the construction of water capital facilities and improvements to provide new capacity required to serve new development requiring water service from the city. This chapter establishes the methods of collecting fees for financing the construction of the water facilities. Fee amounts are set by Resolution No. 7951.

The following table shows the balances, receipts, and expenditures of the Water Capital Improvement Fund for the current and last five fiscal years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beg. Balance	(0)	51,246	(0)	(0)	(0)	(0)
Receipts	604,149	654,396	2,191,906	1,132,991	772,122	1,624,228
Expenditures	(552,902)	(705,643)	(2,191,906)	(1,132,991)	(772,122)	(1,624,228)
Ending Balance	51,246	(0)	(0)	(0)	(0)	(0)

Receipts include \$1,624,228 in fees.

Disbursements include a payment to the Water Fund (501) in the amount of \$1,624,228. This represents a 4% share of that fund's debt service, with the Water Operating Fund picking up the other 96% share of debt service. Projects financed through this debt service include the Agriculture Drainage Water Management Loan Program, used to finance the Texas Street Wellhead Treatment Project, and the Clean Water State Revolving Fund loan agreement that financed the construction of the Hinckley water treatment plant upgrade.

No refunds of fees are required, and none have been made during Fiscal Year 2021-2022.

(519) Solid Waste Capital Improvement Fund - The Solid Waste Capital Improvement Fund is established per the Redlands Municipal Code Chapter 3.70 to implement the Redlands General Plan and finance the cost of solid waste capital facilities and equipment to provide new capacity required to serve development requiring solid waste service from the city. Included are landfill, material recovery and transfer station facilities, solid waste collection equipment, transfer equipment, and other capital facilities equipment. Fee amounts are set by Resolution No. 7951.

The following table shows the balances, receipts, and expenditures of the Solid Waste Capital Improvement Fund for the current and last five fiscal years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beg. Balance	3,924,397	4,152,887	4,259,811	4,556,559	4,452,524	5,157,797
Receipts	320,261	106,924	446,896	453,305	163,410	284,311
Expenditures	(91,771)	-	(150,148)	(557,340)	(15,477)	(1,089,511)
Ending Balance	4,152,887	4,259,811	4,556,559	4,452,524	4,600,457	4,352,597

Receipts include \$435,148 in fees and \$150,837 in negative investment income. Negative investment income is caused by GASB 31 for the temporary fair value adjustment of investments held by the City at June 30, 2022. Actual investment income was \$41,478.

Disbursements include \$1,089,511 towards the purchase of three new automated side-loading trucks to add new routes for solid waste, recycling, and green waste as a result of the recent addition of single-family residences, as well as 20% of the lease payment on a new D7 dozer used in landfill operations.

The current cash balance exceeds the cumulative fee collection over the past five years by \$3,189,104. As a result, the City must make “findings” in accordance with the requirements of Government Code Section 66006.

Findings:

Monies collected into the Solid Waste Capital Improvements Fund, including the existing excess cash, are expected to be used for the developer-paid portion of major capital improvements. The project list includes capital improvement projects as well as capital equipment replacement, with a total estimated cost allocated to new development of approximately \$1,220,000.

1. **Phase V landfill expansion** (FY 2024) –costs estimated at approximately \$5 million. New Development Fair Share – 20% (\$1,000,000).
2. **Expansion of the leachate and landfill gas recovery systems** (FY 2023) is necessary to provide extraction and collection on landfill expansion areas as well as capital improvement to the existing system layout in order to maintain regulatory compliance with State and Federal requirements. Estimated costs depend on the scope of the project and are estimated at \$600,000 to \$700,000 for construction and engineering. New Development Fair Share – 20% per project (\$120,000 - \$140,000).
3. **Landfill operation heavy equipment** (ongoing) the projected expense for capital replacement of landfill equipment ranges from \$1.5 to 2.3 million dollars and covers off-road vehicles such as Loaders and Graders as well as on-road vehicles such as Fuel Trucks and Water Trucks. New Development Fair Share – 20% per project (\$300,000 - \$460,000).

Because development impact fee revenue fluctuates and is difficult to forecast, there is no estimate for the date on which the project will be completed. At this time, no other sources of revenue are projected.

No refunds of fees are required, and none have been made during Fiscal Year 2021-2022.

(529) Sewer Capital Improvement Fund - The Sewer Capital Improvement Fund is established per Redlands Municipal Code Chapter 3.44 to implement the Redlands General Plan and finance the construction of wastewater capital facilities to provide new capacity required to serve development requiring sewer service from the City. Included are wastewater treatment plant facilities, sewer trunk lines sized larger than the eight-inch local collection mains and appurtenances used to serve property frontage, and other capital facilities and appurtenances. Fee amounts are set by Resolution No. 7951.

The following table shows the balances, receipts, and expenditures of the Sewer Capital Improvement Fund for the current and last five fiscal years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beg. Balance	2,624,406	2,633,256	2,846,876	5,041,145	6,115,482	0
Receipts	777,381	508,336	2,395,041	1,275,108	845,212	1,650,192
Expenditures	(768,532)	(294,716)	(200,771)	(200,771)	(6,960,694)	(55,858)
Ending Balance	2,633,256	2,846,876	5,041,145	6,115,482	0	1,594,334

Receipts include \$1,697,186 in fees and \$46,994 in negative investment income. Negative investment income is caused by GASB 31 for the temporary fair value adjustment of investments held by the City at June 30, 2022. Actual investment income was \$17,425.

Disbursements included \$55,858 in project cost-sharing to install a large sewer trunk line parallel to Alabama Street between Pioneer Avenue and Palmetto Avenue. This project expands the capacity of the current trunk line from 24 to 36 inches, which will be needed as the property through which the line runs is currently under development.

No refunds of fees are required, and none have been made during Fiscal Year 2020-2021.

(532) Nonpotable Capital Improvement Fund - The Nonpotable Capital Improvement Fund is established per the Redlands Municipal Code Chapter 3.53 to implement the Redlands General Plan and finance the construction of nonpotable capital facilities to provide new capacity required to serve development requiring nonpotable water service from the City. Included are mains and appurtenances used to serve property frontage, and other capital facilities and appurtenances. Fee amounts are set by Resolution No. 7951.

The following table shows the balances, receipts, and expenditures of the Nonpotable Capital Improvement Fund for the current and last five fiscal years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beg. Balance	852,751	1,117,268	1,150,025	1,254,427	1,331,477	1,536,923
Receipts	264,517	32,757	104,402	77,050	205,446	30,445
Expenditures	-	-	-	-	-	(53,262)

Ending Balance	1,117,268	1,150,025	1,254,427	1,331,477	1,536,923	1,514,107
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Receipts include \$72,506 in fees and \$42,061 in negative investment income. Negative investment income is caused by GASB 31 for the temporary fair value adjustment of investments held by the City at June 30, 2022. Actual investment income was \$12,081.

Disbursements include \$53,262 expended on the design and preparation plans and specifications for two recycled water reservoirs to be constructed at the City’s Wastewater Treatment Plant.

For continuity, it is worth noting that with the conversion of the City’s financial accounting system, this fund was renumbered from Fund 539 Nonpotable Capital Improvement Fund to Fund 532 Nonpotable Capital Improvement Fund.

The current cash balance exceeds the cumulative fee collection over the past five years by \$918,471. As a result, the City must make “findings” in accordance with the requirements of Government Code Section 66006.

Findings:

Monies collected into the Nonpotable Capital Improvements Fund, including the existing excess cash, are expected to be used for several projects that will enhance and expand the nonpotable water distribution system pressure zones. Specifically, major projects under evaluation include:

1. Construction of a nonpotable reservoir, booster station and pipeline needed to operate Pressure Zones 1350 and 1570. These two pressure zones are the City’s two lowest and, as such, are particularly sensitive to increases in demand from new growth and development. Cost estimates for the project total \$4.8 million.

Because development impact fee revenue fluctuates and is difficult to forecast, there is no estimate for the date on which the project will be completed. At this time, no other sources of revenue are projected.

No refunds of fees are required, and none have been made during Fiscal Year 2021-2022.