



December 17, 2019

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 Fiscal Year 2018-2019 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 needed as a result of this new development. 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during Fiscal Year 2018-2019 were set by Resolution No. 7701 as approved by the City Council on January 18, 2017, which rescinded Resolutions Nos. 7432 and 7617; Resolution No. 7907 as approved by City Council on March 19, 2019, which rescinded Resolution No. 7701; and by Resolution No. 7951 as approved by the City Council, which rescinded Resolution No. 7907, each of which established specific amounts of fees for the types of public facilities listed above. Resolution No. 7701 established these fees pursuant to a study entitled, "City of Redlands Development Impact Fee Study", dated January 9, 2017. Resolution Nos. 7907 and 7951 established these fees pursuant to a memorandum dated August 31, 2018, "City of Redlands Impact Fees and Capacity Fees for Accessory Dwelling Units". 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 available for public review on December 2, 2019.

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 manage production of resources. 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 Nos. 7701, 7907, and 7951.

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

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Beg. Balance	1,996,509	2,085,506	672,363	727,643	428,728	505,631
Receipts	151,962	90,710	55,826	49,392	78,399	1,003,881 ¹
Expenditures	(62,965)	(1,503,853)	(546)	(348,306)	(1,496)	(1,424)
Ending Balance	2,085,506	672,363	727,643	428,728	505,631	1,508,088

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

DIF Receipts include fees of \$71,195, a full repayment of principal and interest outstanding as of 6/30/3019 of an interfund loan from Fund 251 (Public Facilities) to Fund 227 in the amount of \$118,840, and investment income of \$28,846.

Expenditures include \$1,424 in administrative charges.

Over the past twelve years, monies collected in the Open Space Fund, along with grant monies, have been spent on restoration and acquisition of open space within San Timoteo Canyon.

During Fiscal Year 2014-2015 the City acquired the Mistretta Property for \$1,500,763 and spent \$1,383 on title and taxes and \$1,257 for administrative costs. During Fiscal Year 2016-2017, the City acquired the 12.3 acre Hudson Property that is adjacent to and provides a connection to the Riverside County natural preserve in San Timoteo Canyon. The property was acquired to be held and used for the purposes open space protection and preservation, restoration and management. The Hudson Property purchase price was \$428,080 and was partially offset by a grant in the amount of \$82,000 that the City received from the California Wildlife Conservation Board. The total percentage of the cost of the property acquisition that was funded with Open Space fees was approximately 81%.

At June 30, 2019, the outstanding loan owed to the Open Space Fund (227) from the Public Facilities Fund was fully repaid with interest as of June 30, 2019. The original \$130,000 loan was made in Fiscal Year 2010-2011 to the Public Facilities Fund (251) for a portion of annual debt service on the 2003 Lease Revenue Refunding Certificates of Participation attributed to Fund 251. The interest rate for this loan was set by the Local Agency Investment Fund (LAIF) annual interest rate. For fiscal year 2018-2019 – the final year of the loan, the interest rate was 2.42%.

The current cash balance exceeds the cumulative fee collection over the past five years by \$379,357, when adjusting for the \$785,000 deposit of land sale proceeds as detailed above. As a result, the City must make a “finding” in accordance with the requirements of Government Code Section 66006.

Findings:

Fees 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. 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 City acreage of citrus groves to an approximate target of 200 acres.
- 2. Emerald Necklace** – the Emerald Necklace is a conceptual framework for a series of green open space and park areas surrounding the City approximately 45 miles in length, joined together with a special scenic road and trails 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 Orange Blossom Trail, Zanja Trail, Santa Ana River Trail, San Timoteo Trail, and other trails linking parks, regional trails, and open space areas.

No refunds of fees are required, and none have been made during Fiscal Year 2018-2019.

(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 Nos. 7701, 7907, and 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:

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Beg. Balance	902,922	1,071,036	1,049,004	555,525	760,793	708,482
Receipts	351,120	285,038 ⁽¹⁾	102,732 ⁽²⁾	614,052 ⁽³⁾	326,477 ⁽⁴⁾	1,020,460 ⁽⁵⁾
Expenditures	(183,006)	(307,070)	(596,211)	(408,784)	(378,788)	(1,251,551)
Ending Balance	1,071,036	1,049,004	555,525	760,793	708,482	477,392

- (1) Represents receipts and expenditures of impact fee activity only; miscellaneous revenues/transfers of \$86,180 were received from Nevada Palmetto Grove sales proceeds to reimburse expenditures for Heritage Park.**
- (2) Represents receipts and expenditures of impact fee activity only; miscellaneous revenues/transfers of \$285,318 were received from Nevada Palmetto Grove sales proceeds as transfers for matching funds for both the Barton School House Project (\$250,000) and Skate Park Project (35,318).**
- (3) 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).**
- (4) 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).**
- (5) Includes miscellaneous revenues/transfers of \$635,613 that were received from Nevada Palmetto Grove sales proceeds and community donations of \$38,723 to fund construction of the Skate Park.**

DIF Receipts consist of \$18,288 in investment income, \$208,997 in fees, and a full repayment of principal and interest outstanding as of 6/30/3019 of an interfund loan from Fund 251 (Public Facilities) to Fund 250 in the amount of \$118,840.

Disbursements during Fiscal Year 2018-2019 totaled \$1,251,551 and consisted of \$106,723 in principal, interest, and fees associated with the State I-Bank loan for the Sports Park. Park Development impact fees will represent approximately 35% of the total cost fo the Sports Park design & construction once the debt service is fully satisfied. Other disbursements include \$63,304 in professional services related to the construction design, environmental determination, and security system design for the Redlands Skate Park; \$20,460 in personnel costs for project management & oversight for the Skate Park project; \$1,038,065 in construction costs related to the building of the

Redlands Skate Park; \$18,819 in project overhead costs associated with commissioning of the Skate Park and its grand opening ceremony, and lastly \$4,180 in administrative costs. Over each fiscal year of spending, the amount of Park Development impact fees spent on the Skate Park project amount to roughly 34% of the total project costs.

At June 30, 2019, the outstanding loan owed to the Park Development Fund (250) from the Public Facilities Fund was fully repaid with interest as of June 30, 2019. The original \$130,000 loan was made in Fiscal Year 2010-2011 to the Public Facilities Fund (251) for a portion of annual debt service on the 2003 Lease Revenue Refunding Certificates of Participation attributed to Fund 251. The interest rate for this loan was set by the Local Agency Investment Fund (LAIF) annual interest rate. For fiscal year 2018-2019 – the final year of the loan, the interest rate was 2.42%.

No refunds of fees are required and none have been made during Fiscal Year 2018-2019.

(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 Nos. 7701, 7907, and 7951. Fees are collected from applicants for development projects for the purpose of constructing, improving, providing and maintaining 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/aircraft that will mitigate the impacts of new residential and non-residential development to the City's Police 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 of the Police Facilities Fee for the current and last five fiscal years:

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Beg. Balance	-	129,397	316,188	349,293	422,566	428,533
Receipts	207,573	190,602	33,781	74,769	6,088	12,641
Expenditures	(78,176)	(3,812)	(676)	(1,495)	(122)	(253)
Ending Balance	129,397	316,187	349,293	422,566	428,532	440,922

Receipts consist of \$12,641 in fees.

Disbursements include \$253 in administrative charges.

No refunds are required and none have been made during Fiscal Year 2018-2019.

Fire Facilities

The purpose of this fee 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 to 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.

In addition, these fees, as well as those collected for Library and General Government Facilities, have been collected and used to make contributions towards annual debt service of the 2003 Lease Revenue Refunding Certificates of Participation (COP), which matured in Fiscal Year 2017-2018. As noted, these loans occur when impact fee revenues are insufficient to cover the Fire Facilities category 6% share of debt service on the 2003 Lease Revenue Refunding COPs. The 2003 COPs refunded prior COPs that were used to finance Fire Station #3, as well as Library Facilities and the City Yard.

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:

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Beg. Balance	-	-	82,144	-	13,700	69,271
Receipts	272,659	494,169	97,007	117,100	75,378	251,379
Expenditures	(272,659)	(412,025)	(179,151)	(103,399)	(19,807)	(5,028)
Ending Balance	-	82,144	-	13,700	69,271	315,622

Receipts consist \$251,379 in fees.

Disbursements include \$5,028 in administrative charges.

No refunds of fees are required and none have been made during Fiscal Year 2018-2019.

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 to the City's Library facilities. Uses to which the fee is to be put include Expansion of library collection items and remodel/refurbishment of existing facilities. Collection items include, but are not limited to, books, periodicals, newspapers, DVDs, e-books, etc.

Impact fees collected for Library Facilities were also used to make contributions towards annual debt service of the 2003 Lease Revenue Refunding Certificates of Participation (COP). The 2003 COPs refunded prior COPs that were used to finance these 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:

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Beg. Balance	-	-	-	-	-	-
Receipts	331,015	328,585	324,014	143,742	108,011	26,890
Expenditures	(331,015)	(328,585)	(324,014)	(143,742)	(108,011)	(26,890)
Ending Balance	-	-	-	-	-	-

Receipts consist of \$26,890 in fees.

Disbursements include \$6,281 in interest expense on its share of inter-fund loans noted above that were provided during Fiscal Year 2010-2011, \$538 in administrative charges, and \$20,071 repaid on outstanding loans from the Storm Drain and Water Funds.

As of June 30, 2019, outstanding loans total \$3,951,237, with \$3,711,846 owed to the General Fund, \$93,157 to the Storm Drain Construction Fund, and \$146,324 to the Water Fund. 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 2018-2019, the interest rate was 2.42%. Because development impact fee revenue fluctuates and is difficult to forecast, there is no estimate for the date on which this loan will be repaid.

No refunds of fees are required and none have been made during Fiscal Year 2018-2019.

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 to 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:

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Beg. Balance	-	-	-	-	-	-
Receipts	586,607	876,439	575,291	258,296	197,046	299,241
Expenditures	(586,607)	(876,439)	(575,291)	(258,296)	(197,046)	(299,241)
Ending Balance	-	-	-	-	-	-

Receipts consist of \$299,193 in fees, and a residual cash balance adjustment of \$48.

Disbursements include \$13,172 in total interest expense on its share of inter-fund loans provided during Fiscal Year 2010-2011, \$5,984 in administrative charges, \$3,108 in staff time charged for the overview & analysis of project studies, and loan repayments as follows: \$116,032 to the Open Space Fund (227), \$116,032 to the Park Development Fund (250), and \$44,913 to the General Fund. The repayment amounts to both the Open Space and Park Development funds represent full repayment of the outstanding principal and interest of each loan as of June 30, 2019. For fiscal year 2018-2019, the interest rate was 2.42%.

As of June 30, 2019, the remaining outstanding loan totals \$4,785,629 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 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, \$11,492 in interest has been added to the General Fund loan principal balance and an additional \$4,372 has been added for fiscal year 2018-2019. For fiscal year 2018-2019, the Local Agency Investment Fund interest rate was 2.42%. 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 2018-2019.

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 four fiscal years, being that these fees were first established in Fiscal Year 2014-2015:

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Beg. Balance	-	32,506	47,081	67,644	68,208
Receipts	33,174	14,872	21,031	576	-
Expenditures	(664)	(297)	(468)	(12)	-
Ending Balance	32,510	47,081	67,644	68,208	68,208

There were no receipts or disbursements made from this category in fiscal year 2018-2019.

No refunds of fees are required and none have been made during Fiscal Year 2018-2019.

At June 30, 2019 the Public Facilities Fund has Advances Payable (Interfund Loans) to Other Funds for loans received as follows:

Advance Payable To:

General Fund	\$ 8,497,475
Open Space Fund	-
Park and Open Space Fund	-
Storm Drain Construction Fund	93,157
Water Operating Fund	<u>146,324</u>
Total	\$ 8,736,956

As noted above, fees collected for Fire, Library and General Government Facilities have been collected and used to make contributions towards 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 2018-2019, the interest rate was 2.42%. 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 2018-2019, Resolution Nos. 7701, 7907, & 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 to 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:

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019

Beg. Balance	1,583,497	1,782,833	1,788,988	2,310,315	3,015,544	3,141,989
Receipts	203,178	1,050,235	531,874	721,613	133,137	592,243
Expenditures	(3,842)	(1,044,080)	(10,547)	(16,384)	(6,692)	(12,536)
Ending Balance	1,782,833	1,788,988	2,310,315	3,015,544	3,141,989	3,721,696

Receipts consist of \$482,425 in fees and \$109,818 in investment income.

Disbursements consist of a \$9,649 in administrative charges and \$2,886 in personnel expenses for administrative oversight.

The current cash balance exceeds the cumulative fee collection over the past five years by \$614,545. 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. 7701, 7907, and 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 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 2018-2019.

(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:

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Beg. Balance	678,545	764,890	904,729	1,122,990	1,210,815	1,223,302
Receipts	88,012	153,723	222,690	89,357	16,708	72,366
Expenditures	(1,667)	(13,884)	(4,429)	(1,532)	(4,221)	(11,903)
Ending Balance	764,890	904,729	1,122,990	1,210,815	1,223,302	1,283,765

Receipts consist of \$31,321 in fees, and \$41,045 in investment income.

Disbursements consist of \$1,479 in expenditures related to the installation of traffic signals, \$627 in administrative charges, and \$9,797 in the release of a developer deposit / fee refund.

The current cash balance exceeds the cumulative fee collection over the past five years by \$881,437. 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 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 2018-2019.

(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 through the collection of regional Measure “I” revenue, under the 2010-2040 Measure “I” voter approved ½ cent sales tax transportation program. This \$1.9 billion dollar regional transportation improvement program, all of which is to be funded by development fees. The City has been identified as the lead agency regarding the implementation of improvements associated with the University Avenue and I-10 Freeway Interchange Improvement.

On September 3, 2013, the City entered into a memorandum of understanding to commence the design of the project. Based on projections, it is estimated the project will be completed in 2019-2020. At this time, staff are unable to ascertain when all required funding amounts will be received by the City. This is due to the fact that 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:

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Beg. Balance	573,860	903,781	2,390,005	2,418,020	2,855,127	2,766,083
Receipts	336,566	1,520,288	372,614	491,600	156,368	559,907
Expenditures	(6,645)	(34,064)	(344,599)	(54,493)	(245,412)	(384,243)
Ending Balance	903,781	2,390,005	2,418,020	2,855,127	2,766,083	2,941,748

Receipts consist of \$293,789 in fees and \$93,574 in investment income. Additionally, \$172,544 in cost recovery was received from the County of San Bernardino under a cooperative cost sharing agreement for expenditures paid by the City in connection with the I-10 Alabama Street Interchange Project (\$138,755 in the current year and \$33,789 from prior year receivables).

Disbursements consist of \$24,562 in staff costs related to project management of the Cooperative Agreements and projects involving the University Street Freeway Off-ramp & Alabama Street Interchange, \$5,876 in administrative charges, and \$353,714 in connection with the City's cooperative cost sharing agreement for project that funds the widening of Alabama Street up to the Interstate 10 bridge and the on/off ramps to/from Interstate 10, also known as the I-10 Alabama Street Interchange Project.

The expenditures detailed above for the Freeway Ramp Improvements Construction Project brings total costs of the project to date to \$529,419, representing approximately 28% of the City's estimated share of total project costs, estimated at \$1,900,000. At this time, staff is unable to ascertain when all required funding amounts will be received by the City. The project is expected to be completed within Fiscal Year 2020-2021.

During Fiscal Year 2018-2019, the current cash balance exceeds the cumulative fee collection over the past five years by \$53,084. 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. 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 \$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 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 2018-2019.

(405) Storm Drain Fund – New development generates additional storm water 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 which 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 Nos. 7701, 7907, and 7951.

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

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Beg. Balance	2,057,850	2,053,911	1,799,917	1,789,457	1,832,744	1,832,238
Receipts	168,723	44,228	186,788	94,186	112,404	206,098
Expenditures	(172,662)	(298,223)	(197,247)	(50,899)	(112,910)	(53,032)
Ending Balance	2,053,911	1,799,917	1,789,457	1,832,744	1,832,238	1,985,305

Receipts include \$128,584 in fees, \$62,861 in investment income, and \$13,176 from a partial loan repayment from the Public Facilities Fund 251 (Library Facilities), \$2,512 in current interest and \$10,664 in principal.

Disbursements consist of \$39,823 in personnel costs (net of accruals) related to storm drain analysis and continued project research for the Opal Basin project, as well as \$7,265 in general administration and oversight of related projects. Additional disbursements include \$2,991 in expenditures related to geotechnical services and accrued payables for storm drain analyses. To date, expenditures from impact fees on the Opal Basin project total roughly 1.5% of the total estimate project costs. Because of reliance on grant and other funding sources, there is no estimated timeline for completion for this project nor estimates for the timing of additional funding sources.

At June 30, 2019, 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 remains outstanding at \$93,157. Unpaid interest of \$3,821 has been added to the principal over the last six years, with \$2,512 added in the current year. For fiscal

year 2018-2019, the Local Agency Investment Fund (LAIF) interest rate was 2.42%. Because development impact fee revenue fluctuates and is difficult to forecast, there is no estimate for the date on which the remaining principal of the loan will be repaid.

During Fiscal Year 2018-2019, the current cash balance exceeds the cumulative fee collection over the past five years by \$1,308,491. As a result, the City must make “findings” in accordance with the requirements of Government Code Section 66006.

Findings:

New development generates additional storm water 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 construction of regional and local facilities, based on the amount 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 is 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 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 2018-2019.

(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 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 Nos. 7701, 7907, and 7951.

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

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Beg. Balance	-	-	-	131,549	112,116	258,120
Receipts	300,009	300,332	132,333	232,384	146,004	495,649
Expenditures	(300,009)	(300,332)	(784)	(251,817)	-	-
Ending Balance	-	-	131,549	112,116	258,120	753,768

Receipts include \$480,531 in fees and \$15,118 in investment income.

There were no disbursements for fiscal year 2018-2019.

Full loan repayment to the Water Operating Fund (501) was completed in Fiscal Year 2016-2017, bringing the outstanding balance of the loan to \$0. The intra-fund loan from the Water Fund (501) was for the purpose of purchasing 2,000 shares of Bear Valley Mutual Water Company Stock for \$300,000, which was originally authorized as part of an agreement approved by the City Council on March 1, 2011. The cost to purchase water stock in the 508 Fund is allocated in proportion to benefit for new and existing users.

No refunds of fees are required and none have been made during Fiscal Year 2018-2019.

(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 construction of the water facilities. Fee amounts are set by Resolution Nos. 7701, 7907, and 7951.

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

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Beg. Balance	(0)	(0)	25,371	(0)	51,246	(0)
Receipts	1,619,073	897,374	468,987	604,149	654,396	2,191,906
Expenditures	(1,619,073)	(872,003)	(494,358)	(552,902)	(705,643)	(2,191,906)
Ending Balance	(0)	25,371	(0)	51,246	(0)	(0)

Receipts include \$2,191,906 in fees.

Disbursements include a payment to the Water Debt Service Fund (506) in the amount of \$41,473. 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 construction of the Hinckley water treatment plant upgrade. Additionally, a disbursement of \$2,150,433 was made to the Water Operating fund to cover expenditures related to several capital improvement projects accounted for in Fund 503 – Water Projects. Capital Improvement Projects include: the Lugonia Avenue Water Pipeline Replacement Project (Project) (replacement of approximately 915 feet of deteriorated steel water pipeline located on Lugonia Avenue, or State Route 38, between Barbra Lane and Occidental Drive); the 2017 CIP Water Pipeline Replacement Project (replacement of water pipelines that are deteriorated and in need of replacement); and the Redlands Passenger Rail Project (RPRP) to relocate water lines and install new casing for the installation of future facilities at nine of the thirteen rail crossing locations.

No refunds of fees are required and none have been made during Fiscal Year 2018-2019.

(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 Nos. 7701, 7907, and 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:

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Beg. Balance	2,077,552	2,357,372	3,526,448	3,924,397	4,152,887	4,259,811
Receipts	343,458	1,233,199	487,610	320,261	106,924	446,896
Expenditures	(63,638)	(64,123)	(89,661)	(91,771)	-	(150,148)

Ending Balance	2,357,372	3,526,448	3,924,397	4,152,887	4,259,811	4,556,559
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Receipts include \$301,483 in fees and \$145,413 in investment income.

Disbursements include \$150,148 towards the capital replacement of the landfill compactor equipment, representing 20% of the purchase price (\$750,740).

The current cash balance exceeds the cumulative fee collection over the past five years by \$1,906,920. 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 IV landfill expansion** (FY 2019-2020) – costs estimated at \$4 million. New Development Fair Share – 20% (\$800,000).
2. **Expansion of the leachate and landfill gas recovery systems** (FY 2019-2020) is necessary to provide extraction and collection on landfill expansion areas as well as capital improvement to 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 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 2018-2019.

(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 Nos. 7701, 7907, and 7951.

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

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Beg. Balance	919,629	1,632,906	2,513,523	2,624,406	2,633,256	2,846,876
Receipts	1,456,081	1,617,545	876,471	777,381	508,336	2,395,041
Expenditures	(742,804)	(736,927)	(765,588)	(768,532)	(294,716)	(200,771)
Ending Balance	1,632,906	2,513,523	2,624,406	2,633,256	2,846,876	5,041,145

Receipts consist of \$2,266,571 in fees and \$128,470 in investment income earned.

Disbursements include transfers of \$200,771 to fund 526, representing a 55% share of that fund's debt service, with the Sewer Operating Fund picking up the other 45% share of debt service. The debt service in the 526 Fund is allocated in proportion to benefit for new and existing users. Projects financed through this debt service include the Recycled Water Project loan agreement with the California Water Resources Control Board for the construction of advanced wastewater treatment facilities at the existing treatment plant.

No refunds of fees are required and none have been made during Fiscal Year 2018-2019.

(549) 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 Nos. 7701, 7907, and 7951.

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

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Beg. Balance	215,311	517,943	710,277	852,751	1,117,268	1,150,025
Receipts	508,520	212,075	142,474	264,517	32,757	104,402
Expenditures	(205,888)	(19,741)	-	-	-	-
Ending Balance	517,943	710,277	852,751	1,117,268	1,150,025	1,254,427

Receipts consist of \$64,631 in fees and \$339,771 in investment income.

No disbursements were made in Fiscal Year 2018-2019.

The current cash balance exceeds the cumulative fee collection over the past five years by \$401,461. 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 a number of 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 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 2018-2019.