

ATTACHMENT "B"

Annual Report of Development Impact Fees



FINANCE DEPARTMENT

City of
REDLANDS

Incorporated 1888
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Mayor and City Councilmembers
City of Redlands
35 Cajon Street
Redlands, CA 92373

Subject: ANNUAL REPORT OF DEVELOPMENT IMPACT FEES

Mayor and City Councilmembers:

Pursuant to Government Code Section 66006, the following report on the receipt, use and retention of development impact fees for Fiscal Year 2014-2015 is hereby presented to the City Council for review and acceptance. Impact fees collected and spent during Fiscal Year 2014-2015 were as approved by Resolution No. 7432 establishing specific amounts of new fees for Open Space and Parks, Transportation Improvements, Storm Drain Facilities and Public Facilities, pursuant to a study entitled, "City of Redlands Development Impact Fee Study", dated December 12, 2013. Resolution No. 7432, which rescinded Resolution Nos. 6602 and 6603, was approved by the City Council on July 1, 2014 and became effective September 1, 2014.

(227) Open Space Fund – The Redlands Municipal Code Chapter 3.32 establishes an Open Space and Park Development Impact Fee. Twenty-five percent is deposited into an Open Space Fund to be used solely for the purpose of acquisition, improvement, preservation and expansion of open space areas in accordance with the provisions of the recreation, open space and conservation elements of the City's General Plan. The General Plan sets a standard to provide 5-6 acres of neighborhood, community, and city park areas for each 1000 planning area residents, as well as, half of the area of school playgrounds. The standard excludes specialized recreational areas (i.e. private recreational areas), and natural open space acreage. The General Plan also provides that the fees calculated should

enable the purchase of acreage and the provision of off-site improvements for 5 acres of park land per 1000 residents added, and that the fees should continue to be levied on nonresidential development commensurate with expected use of park and recreational facilities by employees. The General Plan also provides a table of existing and proposed park sites and facilities.

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

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Beg. Balance	2,092,608	2,152,059	2,014,259	2,116,029	1,996,509	2,085,506
Receipts	59,545	61,354	103,351	38,407 ⁽¹⁾	151,962	90,710
Expenditures	(94)	(199,154)	(1,581)	(157,927) ⁽¹⁾	(62,965)	(1,503,853)
Ending Balance	2,152,059	2,014,259	2,116,029	1,996,509	2,085,506	672,363

(1) represents receipts and expenditures of impact fee activity only; other revenues/transfers were received from Nevada Palmetto Grove sale proceeds, \$2,055,704.22 (704-2643 Public Benefit: Natural Open Space) and remaining Measure "O" Open Space funds, \$343,962.52 (Fund 417) and used to pay a majority of the purchase price of the Thompson Property.

Receipts include fees of \$62,839, investment income of \$9,383 and miscellaneous receipts of \$372. A loan repayment of \$18,116 from the Public Facilities Development Fund has also been reflected in receipts.

Over the past eleven 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. In Fiscal Year 2003-2004, \$5,176 was spent on a project entitled "What is the Value of San Timoteo Canyon" and \$20,000 was spent in connection with the City's share of the match fund requirement for the EPA Restoration and Acquisition Grant for the San Timoteo Creek Enhancement Program. The following year, another \$20,000 was spent for the EPA Grant Project and in Fiscal Year 2006-2007; \$9,900 was spent for appraisal services on property for this project and the Santa Ana Regional Trail System. During Fiscal Year 2007-2008, \$348,575 of EPA grant monies were spent to purchase land for the San Timoteo Canyon Creek Habitat Enhancement Project, with another \$38,040 to purchase the Panhwar property. During Fiscal Year 2008-2009, \$796,549 of EPA grant monies were spent to purchase land for the San Timoteo Creek Canyon Habitat Enhancement Project. In Fiscal Year 2010-2011 a payment of \$63,574.66 to the City of Loma Linda was approved by the City Council for City of Redlands' share of the required cash match for the San Timoteo Creek Habitat Enhancement Project, the purpose of which was to assemble properties utilizing grant funds awarded to the cities of Redlands and Loma Linda by the U. S. Environmental Protection Agency (EPA). Expenditures for minor appraisal services were also incurred that year. During Fiscal Year 2012-2013 \$152,183 of Open Space impact fee funds were used to pay a portion (6%) of the purchase price of open space land known as the Thompson Property, along with monies approved by the City Council from the Nevada Palmetto Grove sale proceeds in the amount of \$2,055,704, and the remaining funds held in the Measure "O" Open Space Fund (417) in the amount of \$343,963. Costs incurred in Fiscal Year 2013-

2014 included \$48,715 to acquire the Allen property, as well as \$14,250 for consulting services and administrative costs.

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.

At June 30, 2015, \$113,080 remains outstanding on the original \$130,000 loan made 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.

The current cash balance exceeds the cumulative fee collection over the past five years by \$383,984. As a result, the City must make a “finding” in accordance with the requirements of Government Code Section 66006.

Finding:

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 several years:

1. **Santa Ana Regional Trail System**
2. **Open Space/Citrus Acquisition**
3. **Emerald Necklace**

No refunds of fees are required and none have been made during Fiscal Year 2014-2015.

(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 and per Resolution No. 7432. Seventy-five percent of the Open Space and Parks fees are deposited into the Park Development Fund. The following table shows the balances, receipts and expenditures of the Park Development Fund for the current and last five fiscal years:

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Beg. Balance	2,454,479	2,410,756	2,011,621	1,120,544	902,922	1,071,036
Receipts	65,952	142,307	244,364	208,160	351,120	285,038
Expenditures	(109,675)	(541,442)	(1,135,441)	(425,782)	(183,006)	(307,070)
Ending Balance	2,410,756	2,011,621	1,120,544	902,922	1,071,036	1,049,004

(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.

Receipts consist of \$256,925 in fees and \$9,997 in investment income. A loan repayment of \$18,116 from the Public Facilities Development Fund is also reflected in receipts.

Disbursements during Fiscal Year 2014-2015 totaled \$307,070 and consisted of \$107,465 in principal, interest, and charges associated with the State I-Bank loan for the Sports Park, as well as an additional \$2,200 for legal services associated with a bank certification relating to the loan, \$104,175 for Orange Street Alley improvements, \$75,630 for Orange Blossom Trail approximately 18% grant match, \$12,462 in fees and miscellaneous expenditures for Heritage Park, and \$5,138 in administrative costs. Disbursements were made 100% from impact fees collected and related interest earnings. For the Sports Park, \$3,033,106 of Park Development receipts have been used through June 30, 2015, representing approximately 28% of the total project.

At June 30, 2015, \$113,080 remains outstanding on the original \$130,000 loan made 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.

The current cash balance exceeds the cumulative fee collection over the past five years by \$242,947. As a result, the City must make a "finding" in accordance with the requirements of Government Code Section 66006.

Finding:

Monies collected into the Park Development Fund, including the existing excess cash, have been earmarked for the Sports Park and the I-Bank loan payments and park acquisition in accordance with the General Plan.

In addition to the policies set forth in the General Plan for Parks and Open Space, as discussed previously, the General Plan proposes that an additional 260.7 acres of park and open space lands should be acquired by the City upon full build out of the community. The City is evaluating and prioritizing the following parks for acquisition and development in the near future:

1. Orange Avenue Farm (Heritage Park), 18.7 acre park.

This park is identified in the General Plan and is more commonly referred to as Heritage Park. In 2009, the Barton School House was moved to the site for use as a multi-purpose building by Grove School. The City completed the Initial Study/Mitigated Negative Declaration for the Heritage Park Master Plan on February 5, 2015. It analyzed future facilities and uses. The City Council approved the Heritage Park Master Plan and adopted the Mitigated Negative Declaration on March 3, 2015. Subsequently, the Grove School secured permits for improvements to the Barton School House to use as classroom space.

2. Orange Street Alley Project, a repurposed alley to designated park.

Improvements to the Orange Street Alley project, include the installation of decorative pavers, shade structures, raised planters, drought tolerant landscaping, storage enclosures, sconces and light standards, rehabilitation and

restoration of historic signs, decorative awnings, installation and modification of the existing infrastructure, and installation of decorative gates on the easterly side at 5th Street and on the westerly side at Orange Street to secure the area during non-business hours. Project completion is expected in Fiscal Year 2015-2016.

3. **Orange Blossom Trail**, a linear park

The Orange Blossom Trail is a 7 ½ mile trail that will provide non-motorized transportation within existing railroad and flood control right-of-way. When completed, the Orange Blossom Trail will begin on the eastern edge of Redlands and traverse through the heart of the City and ultimately terminate on the western edge of Redlands, creating a loop that joins the Santa Ana River trail at each end. The Orange Blossom Trail will consist of a bicycle trail and pedestrian trail that will follow railroad right-of-way in the eastern part of the City and flood control right-of-way and the historic Zanja in the western part of the City. The City has been awarded three separate grants to fund the construction of the first three phases of the Orange Blossom Trail, with approximately \$130,000, or 18% coming from the Park Development Fund to be used as matching funds for the grant received. Further grant funding will be sought for the Orange Blossom Trail's final phase, which will traverse through the downtown area, thereby limiting expenditures from the Park Development Fund.

In addition to the aforementioned projects, remaining funds are expected to be utilized on future capital improvement projects in accordance with the General Plan.

No refunds of fees are required and none have been made during Fiscal Year 2014-2015.

(251) Public Facilities Development Fund - Public Facilities Development Fees have been established per the 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. 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. Through Fiscal Year 2006-2007, a fee schedule was included in Chapter 3.60.060 and included fees last updated per a Report on Development Impact Fees for Public Facilities dated May 7, 1996. The City hired a consultant to perform a new report on development impact fees and that report was completed during Fiscal Year 2006-2007 and implemented in August, 2007 pursuant to Ordinance No. 2661. Although a consultant was hired during Fiscal Year 2008-2009 to perform another update of impact fees, the update was delayed. As noted in the introduction to this report, the City of Redlands Impact Fee Study, dated December 12, 2013, was approved and specific fees identified on July 1, 2014.

Police Facilities

In response to unsafe conditions and rain damage events at Safety Hall in Fiscal Years 2007-2008 and 2008-2009, all safety personnel were relocated to the various police facilities located throughout the City. In addition, staff completed the permanent relocation of the dispatch center to the City's Emergency Operations Center and W.B. Allen Construction, Inc. completed the installation of a new roof to secure Safety Hall and protect the communications equipment located in the basement of the structure.

On January 6, 2009, the City Council approved the "Safety Hall Interim Location Plan", a plan that involved the use of Fire Station No. 264 for the patrol, detention facilities and related administrative functions. This option resulted in a cost savings of approximately \$5 to \$12 million dollars due to the use of an existing City facility rather than the purchase or lease of private property. The interim plan also included relocation of the fire station functions out of Fire Station 264 and relocation of police patrol, detention, forensics (outdoor related activities) and police records (counter staff only) into the existing structure.

The City of Redlands solicited proposals for "As-Needed" Project and Construction Management services (PC/CM Consultant) for the planning, permitting, design, financing and construction of a replacement Safety Hall. The proposal called for the PM/CM Consultant to manage all required efforts necessary to determine the specific needs for the new Safety Hall facility, to permit the new facility, to design the new facility, to develop a successful financing strategy, and to construct the new facility. The City Council retained the services of Kosmont Companies. With assistance from the Kosmont Companies, the City reviewed the suitability of the existing Safety Hall as a permanent facility. It was concluded that the existing facilities were inadequate and staff was directed to seek alternate locations. Also, an analysis was prepared to determine space need scenarios, and several sites throughout the City were identified for the permanent Safety Hall location and a site plan (floor plan) was developed. The project cost and financing was also identified. The City Council provided direction for a land acquisition strategy that included financial options and structures.

Staff and Kosmont Companies returned to the City Council during Fiscal Year 2011-2012 with a report of properties determined to be suitable for a new Safety Hall. The space needs assessment was further refined as well as the site plan. A financial strategy was developed and reviewed by the City Council. The City Council took no action to proceed with the project at that time.

Beginning Balance at 07/01/14	\$	129,397
Receipts		190,602
Disbursements		<u>(3,812)</u>
Ending Balance at 06/30/15	\$	316,187

Receipts consist of \$190,602 in fees.

Disbursements include \$3,812 in administrative charges.

No refunds are required and none have been made during Fiscal Year 2014-2015.

Fire Facilities (Fire Facilities and Fire Station #3)

Public Facilities impact fees for Fire Facilities are being assessed to partially pay to construct new and/or to upgrade, expand, and retrofit existing fire facilities within the City based on the needs determined per the Development Impact Fee Study that was performed in Fiscal Year 2006-2007 and became effective, August, 2007. In addition, these fees are collected and used to make contributions towards annual debt service of the 2003 Lease Revenue Refunding Certificates of Participation (COP), maturing in 2017. The 2003 COPs refunded prior COPs that were used to finance Fire Station #3, as well as Library Facilities and the City Yard. Prior to implementation of the Fiscal Year 2006-2007 Impact Fee Study, the fees collected for Fire Station #3 were accounted for separately. Fees collected during Fiscal Year 2014-2015 were in accordance with the new impact fee study approved July 1, 2014.

Beginning Balance at 07/01/14	\$	- 0 -
Receipts		494,169
Disbursements		<u>(412,025)</u>
Ending Balance at 06/30/15	\$	82,144

Receipts consist \$494,169 in fees.

Disbursements of \$412,025 include \$121,685 in lease payments for equipment, \$57,582 in debt service payments on the 2003 Lease Revenue COPs, \$9,884 in administrative charges and a loan repayment to the General Fund in the amount of \$222,874.

Beginning in Fiscal Year 2004-2005, impact fees of \$32,081 were spent on the design phase for Fire Station #264 and in Fiscal Year 2009-2010 for relocation of the Fire Department from the Fire Station #264 building into temporary trailers so that the Police department could relocate to this building from Safety Hall. Future impact fees may be used in conjunction with this station or others, as well as to make lease payments on various equipment, including 2 Seagrave pumpers, a command vehicle and a Ford 550 reserve vehicle; and debt service payments on the 2003 Lease Revenue COPs which refunded the 1993 Refunding of the 1986/87 Projects Certificates of Participation, issued to finance improvements to the A.K. Smiley Public Library, a 2-story parking structure and a park facility, and to refund 1985 bonds, issued to finance the acquisition/construction of a corporate yard, fire station (#3) and equipment.

As of June 30, 2015, the remaining outstanding loan of \$222,874 owed to the General Fund was fully repaid. That obligation was the result of a loan of \$191,746 in Fiscal Year 2010-2011 to fund a portion of Fire Facilities' 6% share of half of the debt service on the 2003 Lease Revenue Refunding Certificates of Participation (COPs) and \$175,097 annual lease payments on fire equipment, as a result of insufficient impact fees collected. Additional loans of \$18,058 and \$98,985 were required in Fiscal Years 2011-2012 and

2012-2013, respectively, when impact fees were again insufficient to cover these commitments.

No refunds of fees are required and none have been made during Fiscal Year 2014-2015.

Library Facilities

Impact fees collected for Library Facilities are 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. Future fees collected are earmarked for debt service on these bonds which mature in 2017 and to repay outstanding loans from the General Fund, as well as loans to the Park Development, Storm Drain Construction, and Water Funds, incurred when development fee revenues have been insufficient to meet the debt service requirements. No specific term or interest rate was established for these loans.

Beginning Balance at 07/01/14	\$	- 0 -
Receipts		328,585
Disbursements		<u>328,585</u>
Ending Balance at 06/30/15	\$	- 0 -

Receipts consist of \$81,755 in fees, an additional loan of \$246,180 from the General Fund and \$650 in unpaid interest payments added to the principal balance of the non-General Fund loans.

Disbursements include \$650 in interest expense on its share of inter-fund loans provided during Fiscal Year 2010-2011, \$1,635 in administrative charges, and \$326,300 in contributions towards the Library's 34% share of half of the annual debt service on the 2003 Lease Revenue Refunding COPs, which as discussed above under Fire Facilities, financed improvements to A.K. Smiley Public Library.

As of June 30, 2015, outstanding loans total \$3,518,390, with \$3,244,517 owed to the General Fund, \$20,922 to the Park Development Fund, \$101,180 to the Storm Drain Construction Fund, and \$151,771 to the Water Fund. As noted, these loans occur when impact fee revenues are insufficient to cover Library's share of debt service on the 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 Park Development, 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 annual LAIF rate.

No refunds of fees are required and none have been made during Fiscal Year 2014-2015.

General Government Facilities

With the completion of the new impact fee study performed in Fiscal Year 2006-2007 and implemented in August, 2007, an impact fee for General Government Facilities was established, which encompassed City Hall Facilities and the City Yard, previously collected as separate fees. City Yard fees have been collected to fund contributions

towards annual debt service on the 2003 Lease Revenue Refunding COPs, which refunded prior COPs issued to finance the City Yard facility, as well as the Library and Fire Station #3, as noted above.

The purpose of this fee is to ensure new development pays its fair share of general government facilities, which include, but are not limited to, government administrative offices (e.g. City Hall), city-owned vehicles, and city storage facilities.

Beginning Balance at 07/01/14	\$	- 0 -
Receipts		876,439
Disbursements		<u>(876,439)</u>
Ending Balance at 06/30/15	\$	- 0 -

Receipts consist of \$876,439 in fees.

Disbursements include \$1,458 in interest expense on its share of inter-fund loans provided during Fiscal Year 2010-2011, \$17,528 in administrative charges, \$575,823 in contributions towards General Government Facilities' 60% share of half of the annual debt service on the 2003 Lease Revenue Refunding COPs, and a loan repayment of \$245,398 to the General Fund and loan repayments of \$18,116 to each of the Park Development and Open Space Funds.

Future fees collected will be accumulated and used for the construction of new and/or to upgrade, expand, and retrofit existing general government facilities, to pay debt service on the 2003 Lease Revenue Refunding COPs which mature in 2017, and to repay loans from the General Fund incurred in years when development fee revenues have been insufficient to meet the debt service requirements

As of June 30, 2015, outstanding loans total \$4,323,120, with \$4,117,882 owed to the General Fund, \$113,080 to the Open Space Fund and \$92,158 to the Park Development Fund. 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 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 LAIF 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 LAIF rate, interest was also applied in the same manner to the General Fund loan made in that year. To date, \$3,550 in interest has been added to the \$300,753 General Fund loan principal balance, with \$782 added in the current fiscal year.

No refunds of fees are required and none have been made during Fiscal Year 2014-2015.

Community Center Facilities

Community Center Facilities impact fees 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.

Beginning Balance at 07/01/14	\$	- 0 -
Receipts		33,174
Disbursements		<u>(664)</u>
Ending Balance at 06/30/15	\$	32,510

Receipts consist of \$33,174 in fees.

Disbursements include \$664 in administrative expenses.

No refunds of fees are required and none have been made during Fiscal Year 2014-2015.

At June 30, 2015 the Public Facilities Fund has Advances Payable to Other Funds for loans received as follows:

Advance Payable To:	
General Fund	\$ 7,362,399
Open Space Fund	113,080
Park and Open Space Fund	113,080
Storm Drain Construction Fund	101,180
Water Operating Fund	<u>151,771</u>
Total	\$ 7,841,510

As noted above, no specific terms have been established for these loans; however the non-General Fund loans are to be repaid before the General Fund loan, as soon as sufficient impact fees become available. No interest rate has been set for the General Fund loans, except for the General Fund loan that was approved in Fiscal Year 2010-2011 along with the non-General Fund loans. That General Fund loan and the non-General Fund loans will accrue interest at the annual LAIF rate.

Transportation Fees

The City of Redlands Public Facilities Fee Study, dated May 15, 2007, contained an updated analysis of the need for transportation facilities and capital improvement to support new development within the City and per Resolution No. 6603 established a Transportation Facilities Fee for new development projects in the amount of \$260.00 per vehicle trip generated by new development. Resolution No. 7432 rescinded Resolution 6603 and developed impact fees for transportation improvements that included 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 SANBAG 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. Resolution No. 7432 implements the new/current DIF, and establishes a new allocation for the impact fees collected. This allocation was based on a weighted average for each improvement type based on cost. Within the nexus report, Table 3.5, it outlines the following allocation: Regional Arterials (55.33%); Interchanges (44.04%); and RR Crossings (0.63%). However, this allocation did not factor the Local Arterial Streets category into the calculation. Once this category is included, the allocation split changes slightly to the following, and is the allocation used.

252	Regional Arterial	45%
252	RR Crossings	1%
252	Local Streets	10%
253-	Signals	7%
254-	Interchanges	37%

These development fees are combined with revenue generated under the Measure “I” half cent sales tax to fund regional transportation projects.

(252) Arterial Street Construction Fund – This fund includes development fees, as discussed above, for both the regional (SANBAG) 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.

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

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Beg. Balance	932,427	994,820	1,077,684	1,208,374	1,583,497	1,782,833
Receipts	63,259	84,229	133,096	382,548	203,178	1,050,236
Expenditures	(866)	(1,365)	(2,406)	(7,425)	(3,842)	(1,044,080)
Ending Balance	994,820	1,077,684	1,208,374	1,583,497	1,782,833	1,788,989

Receipts consist of \$1,029,511 in fees and \$20,725 in investment income.

Disbursements consist of a \$1,000,000 transfer to Fund 209 Local Transportation for the Redlands & Alabama Street Improvements, \$23,490 for micro-imaging of project files, and \$20,590 in administrative charges.

The current cash balance exceeds the cumulative fee collection over the past five years by \$993,757. As a result, the City must make a “finding” in accordance with the requirements of Government Code Section 66006.

Finding:

Monies collected into the Arterial Street Construction Fund, including the existing excess cash, are expected to be used for the following project that has been approved by the City Council for construction under this program.

1. **Redlands Boulevard and Alabama Street/Colton Avenue – Reconstruction** of the intersection including engineering design, right-of-way and construction. The current estimated cost for the project is \$7.4 million, which includes the design, and project management, and construction for both the intersection and some rail improvements (the majority of the rail improvements are being funded and constructed by SANBAG). The City has collected development fees for this project. In addition, the City has been successful in obtaining a \$1 million grant for the Redlands Boulevard and Alabama Street intersection which requires a \$1 million impact fee match. City staff was also successful in entering into a cooperative agreement with SANBAG to fund much of the improvements. This agreement allows for SANBAG to fund up to \$2.58 million for the rail and intersection improvements at the Colton Street and Redlands Boulevard intersection. On November 19, 2013, City Council approved a construction agreement to complete the construction of the project which is anticipated to be completed in early 2015.

No refunds of fees are required and none have been made during Fiscal Year 2014-2015.

(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:

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Beg. Balance	354,901	538,196	584,654	612,595	678,545	764,890
Receipts	186,837	46,841	28,378	67,187	88,012	153,723
Expenditures	(3,542)	(383)	(437)	(1,237)	(1,667)	(13,884)
Ending Balance	538,196	584,654	612,595	678,545	764,890	904,729

Receipts consist of \$106,801 in fees, \$39,120 in deposits, and \$7,802 in investment income.

Disbursements consist of \$11,748 for micro-imaging of project files and \$2,136 in administrative charges.

The current cash balance exceeds the cumulative fee collection over the past five years by \$536,123. As a result, the City must make a “finding” in accordance with the requirements of Government Code Section 66006.

Finding:

Monies collected into the Traffic Signals Fund, including the existing excess cash, are expected to be used in accordance with the AB 1600 traffic signal nexus report. As part of that report, 16 intersections needing signals have been identified; of these signals, it is estimated that on average 60.5 percent of the cost will be recovered by new development.

No refunds of fees are required and none have been made during Fiscal Year 2014-2015.

(254) Freeway Interchange Fund – As discussed above, thirty-seven percent of the transportation fees collected per Resolution No. 7432 are to meet the City’s responsibility for collecting developer fees to contribute toward 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 “T” revenue, under the 2010-2040 Measure “T” 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 2018.

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

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Beg. Balance	234,690	261,030	320,009	388,085	573,860	903,781
Receipts	26,773	60,089	69,386	189,488	336,566	1,520,288
Expenditures	(433)	(1,110)	(1,310)	(3,713)	(6,645)	(34,064)
Ending Balance	261,030	320,009	388,085	573,860	903,781	2,390,005

Receipts consist of \$1,507,207 in fees and \$13,081 in investment income.

Disbursements consist of \$30,144 in administrative charges and \$3,920 in micro-imaging of project files.

The current cash balance exceeds the cumulative fee collection over the past five years by \$1,729,503. As a result, the City must make a “finding” in accordance with the requirements of Government Code Section 66006.

Finding:

Sufficient funds from development fees and from regional Measure “T” revenues must be available prior to commencement of projects and may take several years to accumulate. As previously noted, the planning and design for the University/I-10 project has commenced.

No refunds of fees are required and none have been made during Fiscal Year 2014-2015.

(405) Storm Drain Fund – Storm Drain Development Fees have been established per the 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 this Chapter and are set forth in a table contained therein.

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

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Beg. Balance	2,895,233	2,453,852	2,337,473	2,263,105	2,057,850	2,053,911
Receipts	65,958	26,062	30,795	13,981	168,723	45,595
Expenditures	(507,339)	(142,441)	(105,163)	(219,236)	(172,662)	(292,497)
Ending Balance	2,453,852	2,337,473	2,263,105	2,057,850	2,053,911	1,807,009

Receipts include \$27,427 in fees and \$18,168 in investment income.

Disbursements of \$292,497 consist of \$214,913 in expenditures for the Opal Basin Construction Project, bringing total costs of the project to date to \$418,980 and representing 3.2% of the total estimated \$13 million Opal Basin Construction Project; \$18,193 in expenditures relating to the Orange Street Alley Project, or 48% of total projected drainage costs of \$37,843; and \$13,332 in expenditures for the Citywide Drainage Master Plan, representing 53.3% of the \$25,026 budgeted for Fiscal Year 2014-2015. Salaries and benefits associated with storm drain projects totaled \$39,926. Additional costs included \$4,876 for administrative charges and \$1,257 for advertising. At June 30, 2015, a loan made 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 \$101,180. Unpaid interest of \$1,180 has been added to the principal over the last three years, with \$260 added in the current year.

During Fiscal Year 2014-2015, the current cash balance exceeds the cumulative fee collection over the past five years by \$1,641,827. As a result, the City must make a “finding” in accordance with the requirements of Government Code Section 66006.

Finding:

Storm drain construction is an ongoing effort. Projects are generally large in scope and require several years’ worth of receipts. Projects in progress at June 30, 2014 include:

1. **Opal Basin** – This project 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.

2. **Citywide Drainage Master Plan** – This project involves studying the hydrology and hydraulics of flood water throughout the City. This study identifies development’s share of necessary infrastructure needs. The contract amount for the Plan is \$295,000, of which 1/3 is being funded by Storm Drain impact fees, with the remaining 2/3 funded by the General Fund.

No refunds of fees are required and none have been made during Fiscal Year 2014-2015.

(508) Water Source Acquisition Fund - The Water Source Acquisition Fund is established per the 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 Chapter 13.40.040 of the Code.

Beginning Balance at 07/01/14	\$	-0-
Receipts		300,332
Disbursements		<u>(300,332)</u>
Ending Balance at 06/30/15	\$	-0-

Receipts include \$164,352 in fees and an increase of \$135,980 in an intra-fund loan from the Water Operating Fund (501), bringing the outstanding balance of the loan to \$184,369.

Disbursements include interest expense of \$332 and a purchase of 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. The allocation is reflected in the end of year transfers which are consistent with the approved funding plan in the Fiscal Year 2014-2015 Adopted Budget for the Water Fund Group.

No refunds of fees are required and none have been made during Fiscal Year 2014-2015.

(509) Water Capital Improvement Fund – The Water Capital Improvement Fund is established per the 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 established per Chapter 3.48.040 of the Code.

Beginning Balance at 07/01/14	\$	-0-
Receipts		897,374
Disbursements		<u>(795,451)</u>
Ending Balance at 06/30/15	\$	101,923

Receipts include \$895,694 in fees, investment income of \$402 and an increase of \$1,278 in an intra-fund loan from the Water Operating Fund (501), bringing the outstanding balance of the loan to \$497,594.

Disbursements include an interest charge of \$1,278, \$16,150 for micro-imaging of project files, and transfers of \$778,023 to fund 506, representing a 26% share of that fund's debt service, with the Water Operating Fund picking up the other 74% share of debt service. Expenditure detail is found in the Expenditure Report for the 506 Fund for debt service on projects in the 505 Fund that have been funded by financed debt proceeds, in accordance with the Fiscal Year 2014-2015 Adopted Budget. The debt service in the 506 Fund is allocated in proportion to benefit for new and existing users. The allocation is reflected in the end of year transfers which are consistent with the Funding Plan in the Fiscal Year 2014-2015 Adopted Budget for the Water Fund Group.

No refunds of fees are required and none have been made during Fiscal Year 2014-2015.

(519) Solid Waste Capital Improvements 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. Solid Waste Capital Improvement charges are established per Chapter 3.70.032 of the Code.

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

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Beg. Balance	2,485,450	2,402,787	2,429,115	2,635,761	2,077,552	2,357,372
Receipts	88,833	45,849	247,762	152,440	343,458	1,233,199
Expenditures	(171,496)	(19,521)	(41,116)	(710,649)	(63,638)	(64,123)
Ending Balance	2,402,787	2,429,115	2,635,761	2,077,552	2,357,372	3,526,448

Receipts include \$1,211,023 in fees and \$22,176 in investment income.

Disbursements include transfers of \$64,123 to the 513 Fund to fund the California Street Landfill Gas Collection System Upgrade Project, representing 20% of the total project costs, \$320,677, approved by Council on March 18, 2014. The cost of various projects in the 513 Fund, designed to meet the capital needs at the landfill, is allocated in proportion to benefit for new and existing users. Estimated allocations are reflected in the end of year transfers which are consistent with the approved funding plan in the Fiscal Year 2014-2015 Adopted Budget for the Solid Waste Fund Group.

The current cash balance exceeds the cumulative fee collection over the past five years by \$2,784,797. As a result, the City must make a "finding" in accordance with the requirements of Government Code Section 66006.

Finding:

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. These improvements include Phase IV landfill expansion, expansion of the leachate and landfill gas recovery systems, and the purchase of landfill operation heavy equipment.

No refunds of fees are required and none have been made during Fiscal Year 2014-2015.

(529) Sewer Capital Improvement Fund - The Sewer Capital Improvement Fund is established per the 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. Sewer Capital Improvement charges are established per Chapter 3.48.040 of the Code.

Beginning Balance at 07/01/14	\$	1,632,906
Receipts		1,617,545
Disbursements		<u>(692,262)</u>
Ending Balance at 06/30/15	\$	2,558,189

Receipts consist of \$1,602,308 in fees and \$15,237 in investment income earned.

Disbursements include special program expenditures of \$9,690 for micro-imaging of project files and transfers of \$682,572 to fund 526, representing a 52% share of that fund's debt service, with the Sewer Operating Fund picking up the other 48% share of debt service. The debt service in the 526 Fund is allocated in proportion to benefit for new and existing users. Estimated allocations for the end of year transfers are included with the funding plan in the Fiscal Year 2014-2015 Adopted Budget for the Sewer Fund Group.

No refunds of fees are required and none have been made during Fiscal Year 2014-2015.

(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. Nonpotable Capital Improvement charges are established per Chapter 3.53.060 of the Code.

Beginning Balance at 07/01/14	\$	517,943
Receipts		212,075
Disbursements		<u>(19,741)</u>
Ending Balance at 06/30/15	\$	710,277

Receipts consist of \$207,352 in fees and \$4,722 in investment income.

Disbursements of \$19,741 consist of \$18,296 for architect and engineering related to the Texas Nonpotable Reservoir and \$1,445 for Recycled Water Engineering Drawings. The current cash balance exceeds the cumulative fee collection over the past five years by \$410,134. As a result, the City must make a “finding” in accordance with the requirements of Government Code Section 66006.

Finding:

Monies collected into the Nonpotable Capital Improvements Fund, including the existing excess cash, are expected to be used for the construction of a nonpotable reservoir, booster station and pipeline needed to operate the 1350 and 1570 pressure zones. No refunds of fees are required and none have been made during Fiscal Year 2014-2015.