

December 2, 2014

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 2013-2014 is hereby presented to the City Council for review and acceptance.

[Note: Impact fees collected and spent during Fiscal Year 2013-2014 were based on past impact fee studies referenced herein. Subsequent to the end of Fiscal Year 2013-2014, on July 1, 2014, the City Council approved Resolution No. 7432 establishing specific amounts of new fees for Open Space and Park, Transportation Improvements, Storm Drain Facilities and Public Facilities, pursuant to a study entitled, “City of Redlands Development Impact Fee Study”, dated December 12, 2013.]

(227) Open Space Fund – The Redlands Municipal Code Chapter 3.32 establishes an Open Space and Park Development Impact Fee of which twenty-five percent is required to be 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:

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Beg. Balance	1,991,556	2,092,608	2,152,059	2,014,259	2,116,029	1,996,509
Receipts	898,267	59,545	61,354	103,351	38,407 ⁽¹⁾	151,962
Expenditures	(797,215)	(94)	(199,154)	(1,581)	(157,927) ⁽¹⁾	(62,965)
Ending Balance	2,092,608	2,152,059	2,014,259	2,116,029	1,996,509	2,085,506

(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 \$130,020 and investment income of \$21,942.

Over the past ten 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. Another \$20,000 was spent in Fiscal Year 2004-2005 for the EPA Grant Project and in Fiscal Year 2006-2007, \$9,900 was spent on 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. In addition, \$38,040 was spent 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 was approved by the City Council to the City of Loma Linda for the 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.

Disbursements during Fiscal Year 2013-2014 include \$48,715 for the acquisition of land known as the Allen property. Additional expenditures were incurred for consulting services for an environmental site assessment of the Allen property in the amount of

\$2,150, and \$9,500 for consulting services and county fees relating to preparation of a Record of Survey on a another parcel of land. Administrative costs were \$2,600.

At June 30, 2014, a \$131,196 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 loan balance includes \$1,196 in unpaid interest that has been added to the principal balance of the loan.

The current cash balance exceeds the cumulative fee collection over the past five years by \$1,893,819. 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 2013-2014.

(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 described above for Open Space and are the remaining seventy-five percent collected after twenty-five percent is deposited into the Open Space Fund.

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

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Beg. Balance	2,236,191	2,454,479	2,410,756	2,011,621	1,120,544	902,922
Receipts	470,949	65,952	142,307	244,364	208,160	351,120
Expenditures	(252,661)	(109,675)	(541,442)	(1,135,441)	(425,782)	(183,006)
Ending Balance	2,454,479	2,410,756	2,011,621	1,120,544	902,922	1,071,036

Receipts consist of \$341,704 in fees and \$9,416 in investment income.

Disbursements during Fiscal Year 2013-2014 totaled \$183,006 and consisted of \$107,636 in principal, interest, and charges associated with the State I-Bank loan for the Sports Park, as well as an additional \$2,958 for legal services associated with a bank certification relating to the loan, \$47,215 for Heritage Park improvements, \$15,330 for

Orange Blossom Trail grant match expenditures and non-reimbursable expenditures, \$1,933 in fees relating to the cost of consulting services for a recent impact fee study, and \$7,934 in miscellaneous and administrative costs.. Disbursements were made 100% from impact fees collected and related interest earnings.. For the Sports Park, \$2,923,441 of Park Development receipts have been used through June 30, 2014, representing approximately 27% of the total project. At June 30, 2014, a \$131,196 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. Unpaid interest of \$1,196 has been added to the principal balance of the loan since its inception.

Development fees collected over the next few years, as well as any excess cash that may accumulate, 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. Currently, the City is completing environmental review of the park which will consider future facilities and uses. The review is expected to be completed by Development Services by June 30, 2015.

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.

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.

No refunds of fees are required and none have been made during Fiscal Year 2013-2014.

(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 subsequent to the end of Fiscal Year 2013-2014, 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 07/01/13	\$	-0-
Receipts		207,573
Disbursements		<u>(78,176)</u>
Ending Balance at 06/30/14	\$	129,397

Receipts consist of \$207,573 in fees.

Disbursements include \$1,933 for a share of consultant costs associated with the Development Impact Fee Study, \$4,152 in administrative charges and \$72,091 for full repayment of the outstanding loan from the General Fund dating back to Fiscal Year 2009-2010.

No refunds are required and none have been made during Fiscal Year 2013-2014.

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.

Beginning Balance at 07/01/13	\$	- 0 -
Receipts		272,659
Disbursements		<u>(272,659)</u>
Ending Balance at 06/30/14	\$	- 0 -

Receipts consist \$272,659 in fees.

Disbursements of \$272,659 include \$1,933 for a share of consultant costs associated with the Development Impact Fee Study, \$121,685 in lease payments for equipment, \$57,673 in debt service payments on the 2003 Lease Revenue COPs, \$5,453 in administrative charges and a loan repayment to the General Fund in the amount of \$85,915.

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, 2014, an outstanding loan of \$222,874 is owed to the General Fund. The existing loan 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 specific term or interest rate has been established for the General Fund loans.

No refunds of fees are required and none have been made during Fiscal Year 2013-2014.

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 07/01/13	\$	- 0 -
Receipts		331,015
Disbursements		<u>(331,015)</u>
Ending Balance at 06/30/14	\$	- 0 -

Receipts consist of \$82,941 in fees, an additional loan of \$247,464 from the General Fund and \$610 in unpaid interest payments added to the principal balance of the non-General Fund loans.

Disbursements include \$1,933 for a share of consultant costs associated with the Development Impact Fee Study, \$610 in interest expense on its share of inter-fund loans provided during Fiscal Year 2010-2011, \$1,659 in administrative charges, and \$326,813 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, 2014, an outstanding loan of \$2,998,338 is owed to the General Fund, \$20,922 to the Park Development Fund, \$100,920 to the Storm Drain Construction Fund, and \$151,381 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 2013-2014.

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 07/01/13	\$	- 0 -
Receipts		586,607
Disbursements		<u>(586,607)</u>
Ending Balance at 06/30/14	\$	- 0 -

Receipts consist of \$328,770 in fees, an additional loan of \$256,468 from the General Fund and \$1,369 in unpaid interest payments added to the principal balance of the non-General Fund loans.

Disbursements include \$1,933 for a share of consultant costs associated with the Development Impact Fee Study, \$1,369 in interest expense on its share of inter-fund loans provided during Fiscal Year 2010-2011, \$6,576 in administrative charges and \$576,729 in contributions towards General Government Facilities' 60% share of half of the annual debt service on the 2003 Lease Revenue Refunding COPs.

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, 2014, an outstanding loan of \$4,363,279 is owed to the General Fund, \$131,196 to the Open Space Fund and \$110,274 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, \$2,768 in interest has been added to the \$300,753 General Fund loan principal balance, with \$735 added in the current fiscal year.

No refunds of fees are required and none have been made during Fiscal Year 2013-2014.

At June 30, 2014 the Public Facilities Fund has Advances Payable to Other Funds for loans received as follows:

Advance Payable To:		
General Fund	\$	7,584,491
Open Space Fund		131,196
Park and Open Space Fund		131,196
Storm Drain Construction Fund		100,920
Water Operating Fund		<u>151,381</u>
Total	\$	8,099,184

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. Accordingly, 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. The resolution provides that the proceeds collected from the imposition of the fee shall be deposited into three separate accounts: 1) Arterial System 60% (Fund 252); 2) Freeway Interchanges 30% (Fund 254); and 3) Traffic Signals 10% (Fund 253). These funds are collected and segregated in accordance with the voter approved 2010-2040 Measure “I” Program to fund regional transportation improvements identified in the San Bernardino Associated Governments (SANBAG) Nexus Study. The 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 the development fees for both the regional (SANBAG) and local transportation development fees which, in concert with the Regional Measure “I” sales tax revenue, are used to construct transportation improvements. Both development and Measure “I” funds are required to implement the transportation improvement program. Additional Measure “I” revenue is required to fully fund projects.

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

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Beg. Balance	785,443	932,427	994,820	1,077,684	1,208,374	1,583,497
Receipts	149,383	63,259	84,229	133,096	382,548	203,178
Expenditures	(2,399)	(866)	(1,365)	(2,406)	(7,425)	(3,842)

Ending Balance	932,427	994,820	1,077,684	1,208,374	1,583,497	1,782,833
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Receipts consist of \$192,094 in fees and \$11,084 in investment income.

Disbursements consist of \$3,842 in administrative charges.

The current cash balance exceeds the cumulative fee collection over the past five years by \$1,059,754. 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 Blvd. and Alabama Street/Colton** – Reconstruction of the intersection including engineering design, right-of-way and construction. The current estimated cost for the project is \$9.9 million, which includes the design, right-of-way acquisition and project management for both the intersection and rail improvements. 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 2013-2014.

(253) Traffic Signals Fund – This fund includes the development impact fees to construct traffic signals and the signal improvements.

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

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Beg. Balance	394,281	354,901	538,196	584,654	612,595	678,545
Receipts	(38,380)	186,837	46,841	28,378	67,187	88,012
Expenditures	(1,000)	(3,542)	(383)	(437)	(1,237)	(1,667)
Ending Balance	354,901	538,196	584,654	612,595	678,545	764,890

Receipts consist of \$83,326 in fees and \$4,686 in investment income.

Disbursements consist of \$1,667 in administrative charges.

The current cash balance exceeds the cumulative fee collection over the past five years by \$529,599. 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, thirty-four intersections needing signals have been identified; of these signals, it is estimated that 27.2 % of the cost will be recovered by new development.

No refunds of fees are required and none have been made during Fiscal Year 2013-2014.

(254) Freeway Interchange Fund – The City is responsible 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 “I” revenue, under the 2010-2040 Measure “I” voter approved ½ cent sales tax transportation program. This \$183 million dollar regional transportation improvement program includes approximately \$11 million dollars related to 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:

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Beg. Balance	133,364	234,690	261,030	320,009	388,085	573,860
Receipts	103,262	26,773	60,089	69,386	189,488	336,566
Expenditures	(1,936)	(433)	(1,110)	(1,310)	(3,713)	(6,645)
Ending Balance	234,690	261,030	320,009	388,085	573,860	903,781

Receipts consist of \$332,229 in fees, \$4,337 in investment income.

Disbursements consist of \$6,645 in administrative charges.

The current cash balance exceeds the cumulative fee collection over the past five years by \$478,720. 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 “I” 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 2013-2014.

(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:

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Beg. Balance	2,873,602	2,895,233	2,453,852	2,337,473	2,263,105	2,057,850
Receipts	361,769	65,958	26,062	30,795	13,981	168,723
Expenditures	(340,138)	(507,339)	(142,441)	(105,163)	(219,236)	(172,662)
Ending Balance	2,895,233	2,453,852	2,337,473	2,263,105	2,057,850	2,053,911

Receipts include \$144,723 in fees and \$24,000 in investment income.

Disbursements of \$172,662 consist of \$16,148 in expenditures for the Opal Basin Construction Project, bringing total costs of the project to date to \$204,067 and representing 1.6% of the total estimated \$13 million Opal Basin Construction Project; \$96,078 in expenditures for the Citywide Drainage Master Plan, representing 80% of the \$120,000 budgeted for Fiscal Year 2013-2014; and \$3,120 in expenditures related to Miscellaneous Storm Drains. Salaries and benefits associated with storm drain projects totaled \$44,939. Additional costs included \$10,445 for administrative charges and \$1,933 for a share of consultant costs associated with the Development Impact Fee Study. At June 30, 2014, a \$100,920 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. Unpaid interest of \$920 has been added to the principal over the last three years, with \$244 added in the current year.

During Fiscal Year 2013-2014, the current cash balance exceeds the cumulative fee collection over the past five years by \$1,977,656. 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. The City has been successful in obtaining a \$5 million grant to assist in completing this project. Additional funds to complete the \$13 million project will come from the Storm Drain Fund and other sources.

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 2013-2014.

(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 07/01/13	\$	-0-
Receipts		300,009
Disbursements		<u>(300,009)</u>
Ending Balance at 06/30/14	\$	-0-

Receipts include \$255,179 in fees, \$56 in investment earnings, and an increase of \$44,774 in an intra-fund loan from the Water Operating Fund (501), bringing the outstanding balance of the loan to \$48,389.

Disbursements include an interest charge of \$9 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 2013-2014 Adopted Budget for the Water Fund Group.

No refunds of fees are required and none have been made during Fiscal Year 2013-2014.

(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 07/01/13	\$	-0-
Receipts		1,619,073
Disbursements		<u>(1,619,073)</u>
Ending Balance at 06/30/14	\$	-0-

Receipts include \$1,217,260 in fees, investment income of \$1,809 and an increase of \$403,622 in an intra-fund loan from the Water Operating Fund (501), bringing the outstanding balance of the loan to \$496,316.

Disbursements include an interest charge of \$225, transfers of \$504,043 to the Nonpotable Capital Improvement Fund (549) for prior capital improvement charges erroneously deposited to the Water Capital Improvement Fund, and transfers of \$1,114,805 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 2013-2014 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 2013-2014 Adopted Budget for the Water Fund Group.

No refunds of fees are required and none have been made during Fiscal Year 2013-2014.

(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:

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
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Beg. Balance	2,651,825	2,485,450	2,402,787	2,429,115	2,635,761	2,077,552
Receipts	380,424	88,833	45,849	247,762	152,440	343,458
Expenditures	(546,799)	(171,496)	(19,521)	(41,116)	(710,649)	(63,638)
Ending Balance	2,485,450	2,402,787	2,429,115	2,635,761	2,077,552	2,357,372

Receipts include \$321,411 in fees and \$22,047 in investment income.

Disbursements include transfers of \$63,638 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 2013-2014 Adopted Budget for the Solid Waste Fund Group.

The current cash balance exceeds the cumulative fee collection over the past five years by \$1,645,157. 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 Landfill Gas Upgrade and Repairs project, in progress as of June 30, 2014. In addition, over the next three to four fiscal years, major capital improvements will include Phase IV landfill expansion, expansion of the leachate and landfill gas recovery systems, installation of a new scale software system, weigh station office, and the lease/purchase of landfill operation heavy equipment.

No refunds of fees are required and none have been made during Fiscal Year 2013-2014.

(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 07/01/13	\$	919,629
Receipts		1,456,081
Disbursements		<u>(742,804)</u>
Ending Balance at 06/30/14	\$	1,632,906

Receipts consist of \$1,446,766 in fees and \$9,315 in investment income earned.

Disbursements include transfers out of \$742,804 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 2013-2014 Adopted Budget for the Sewer Fund Group.

No refunds of fees are required and none have been made during Fiscal Year 2013-2014.

(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 07/01/13	\$	215,311
Receipts		508,520
Disbursements		<u>(205,888)</u>
Ending Balance at 06/30/14	\$	517,943

Receipts consist of \$4,477 in investment income and transfers of \$504,043 from the Water Capital Improvement Fund (509) for prior capital improvement charges erroneously deposited to Fund 509.

Disbursements of \$205,888 consist of \$115,443 for Recycled Water Engineering Drawings and \$90,445 for the Texas Nonpotable Reservoir.

No refunds of fees are required and none have been made during Fiscal Year 2013-2014.