



December 15, 2020

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 2019-2020 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 are 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during Fiscal Year 2019-2020 were set by Resolution No. 7951 as approved by the City Council on April 2, 2019, which rescinded Resolution No. 7907. The amount of corresponding fee types, currently established by Resolution No. 7951, is attached hereto. The Act requires the City to prepare an annual report for the City's development impact fees, summarizing the revenues, interest income, and expenditures for each category of funds during the fiscal year. This report was filed with the A. K. Smiley Public Library and available for public review on November 30, 2020.

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 No. 7951.

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

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Beg. Balance	2,085,506	672,363	727,643	428,728	505,631	1,508,088
Receipts	90,710	55,826	49,392	78,399	1,003,881 <sup>1</sup>	185,482
Expenditures	(1,503,853)	(546)	(348,306)	(1,496)	(1,424)	(71,249)
Ending Balance	672,363	727,643	428,728	505,631	1,508,088	1,622,321

<sup>1</sup>Includes 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 \$141,400 and investment income of \$44,082.

Expenditures include \$2,769 in administrative charges and \$68,480 in reimbursed fees as part of a settlement and mutual general release agreement between the City and Diversified Pacific dated February 18, 2020, in part, in exchange for conveyance of certain grant deeds and other considerations. A copy of this agreement is attached for reference as Appendix A.

Over the past fifteen 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. 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 current cash balance exceeds the cumulative fee collection over the past five years by \$552,415, when adjusting for the \$785,000 deposit of land sale proceeds as detailed above<sup>1</sup>. As a result, the City must make a “finding” in accordance with the requirements of Government Code Section 66006.

### **Findings:**

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

- 1. Open Space/Citrus Acquisition** – the City is committed to retaining and improving the maximum feasible amount of open space property for recreational opportunities, conservation, agricultural uses and resource protection. In terms of agricultural open space, one of the City’s goals is to increase City acreage of citrus groves to an approximate target of 200 acres. As of FY 2019-20, the City owned 164 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 Zanja Trail, Santa Ana River Trail, San Timoteo Trail, and other trails linking parks, regional trails, and open space areas.

No refunds of fees, as a result of the cumulative cash balance in the Open Space fund, are required, and none have been made during Fiscal Year 2019-2020.

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

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

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Beg. Balance	1,071,036	1,049,004	555,525	760,793	708,482	477,392
Receipts	285,038 <sup>(1)</sup>	102,732 <sup>(2)</sup>	614,052 <sup>(3)</sup>	326,477 <sup>(4)</sup>	1,020,460 <sup>(5)</sup>	454,596
Expenditures	(307,070)	(596,211)	(408,784)	(378,788)	(1,251,551)	(322,674)
Ending Balance	1,049,004	555,525	760,793	708,482	477,392	609,313

- (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 \$16,284.50 in investment income, \$438,311.50 in fees.

Disbursements during Fiscal Year 2019-2020 totaled \$322,674. \$1,930 in accrued wages payable represent accrued expenses. Other uses of the funds include a payment of \$106,523 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 for the Sports Park design & construction once the debt service is fully satisfied. Other disbursements include \$205,441 in reimbursed fees as part of a settlement and mutual general release agreement between the City and Diversified Pacific dated February 18, 2020, in part, in exchange for conveyance of certain grant deeds and other considerations. A copy of this agreement is attached for reference as Appendix A.

At June 30, 2019, the outstanding loan owed to the Park Development Fund (250) from the Public Facilities Fund was fully repaid with interest. 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.

No refunds of fees are required and none have been made during Fiscal Year 2019-2020.

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

	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>
Beg. Balance	129,397	316,188	349,293	422,566	428,533	440,922
Receipts	190,602	33,781	74,769	6,088	12,641	24,474
Expenditures	(3,812)	(676)	(1,495)	(122)	(253)	(489)
Ending Balance	316,187	349,293	422,566	428,532	440,922	464,906

Receipts consist of \$24,474 in fees.

Disbursements include \$489 in administrative charges.

The current cash balance exceeds the cumulative fee collection over the past five years by \$147,025. As a result, the City must make a "finding" in accordance with the requirements of Government Code Section 66006.

### **Findings:**

Fees deposited into the Public Facilities Fund – Police Facilities category are to be used solely for the purpose of costs related to police facilities, vehicles and equipment. The largest cost, by far, will be the

development of a new safety hall center. The current buildings that house police staff are aged, not ADA-compliant and represent barriers to effectively managing the department’s resources. As a result, plans have been underway to conceptualize and fund a new Safety Hall. This project is estimated to cost somewhere between \$40 and \$60 million dollars, including construction, commissioning and furnishing. Impact fees will be used to help fund the project once it commences and their expenditure will reflect a portion of new development’s share in the cost of the new facility. Because development impact fee revenue fluctuates and is difficult to forecast, there is no estimate for anticipated funding sources or amounts, in total, that are needed to complete the Safety Hall project.

No refunds are required and none have been made during Fiscal Year 2019-2020.

### **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:

	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>
Beg. Balance	-	82,144	-	13,700	69,271	315,622
Receipts	494,169	97,007	117,100	75,378	251,379	196,707
Expenditures	(412,025)	(179,151)	(103,399)	(19,807)	(5,028)	(3,934)
Ending Balance	82,144	-	13,700	69,271	315,622	508,395

Receipts consist \$196,707 in fees.

Disbursements include \$3,934 in administrative charges.

No refunds of fees are required and none have been made during Fiscal Year 2019-2020.

### **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:

	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>
Beg. Balance	-	-	-	-	-	0
Receipts	328,585	324,014	143,742	108,011	26,890	42,926
Expenditures	(328,585)	(324,014)	(143,742)	(108,011)	(26,890)	(42,926)
Ending Balance	-	-	-	-	-	0

Receipts consist of \$42,926 in fees.

Disbursements include \$4,933 in interest expense on its share of inter-fund loans noted above that were provided during Fiscal Year 2010-2011, \$858 in administrative charges, and \$37,135 repaid on outstanding loans from the Storm Drain and Water Funds.

As of June 30, 2019, outstanding loans total \$3,914,192, with \$3,711,846 owed to the General Fund, \$74,042 to the Storm Drain Construction Fund, and \$128,304 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. These interfund loans are now governed by Resolution No. 7354, the City’s Policy on Interfund Loans. For fiscal year 2019-2020, the interest rate was 2.06%. 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 2019-2020.

### **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:

	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>
Beg. Balance	-	-	-	-	-	535
Receipts	876,439	575,291	258,296	197,046	299,241	233,858
Expenditures	(876,439)	(575,291)	(258,296)	(197,046)	(299,241)	(234,392)
Ending Balance	-	-	-	-	-	(0)

Receipts consist of \$233,858 in fees, and a residual cash balance adjustment of \$535.

Disbursements include \$5,507 in total interest expense on its share of inter-fund loans provided during Fiscal Year 2010-2011, \$4,677 in administrative charges, and a loan repayment of \$224,208 to the General Fund. For fiscal year 2019-2020, the interest rate was 2.06%.

As of June 30, 2019, the remaining outstanding loan totals \$4,561,420 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. These interfund loans are now governed by Resolution No. 7354, the City's Policy on Interfund Loans. Since that time, \$22,522 in interest has been added to the General Fund loan principal balance and an additional \$5,507 has been added for fiscal year 2019-2020. For fiscal year 2019-2020, the Local Agency Investment Fund interest rate was 2.06%. 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 2019-2020.

### **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	2019-2020
Beg. Balance	-	32,506	47,081	67,644	68,208	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	68,208

There were no receipts or disbursements made from this category in fiscal year 2019-2020.

No refunds of fees are required and none have been made during Fiscal Year 2019-2020.

At June 30, 2020 the Public Facilities Fund has Advances Payable (Interfund Loans) to Other Funds for loans received as follows:

#### Advance Payable To:

General Fund	\$ 8,273,266
Open Space Fund	-
Park and Open Space Fund	-
Storm Drain Construction Fund	74,042
Water Operating Fund	<u>128,304</u>
Total	\$ 8,475,612

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 2019-2020, the interest rate was 2.06%. 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 2019-2020, Resolution No. 7951 prescribed the methodologies and amounts of Transportation fees. Impact fees in this category are intended to fund transportation improvements, including the following components: interchange improvements, railroad crossing improvements, improvements to regional arterials, and improvements to local streets. The first three components are intended to satisfy the requirement, pursuant to Measure I (2010-2041) and the San Bernardino County Transportation Authority (SBCTA) Congestion Management Plan, that the City assess new development for its fair share of the cost of those improvements. The local street component is based on data provided by the City that represents the full cost of local street improvement projects needed entirely to serve future development. Allocations are established based on a weighted average for each improvement type based on cost. The City’s Development Impact Fee Study, dated January 9, 2017, estimated transportation improvement costs in each component category and allocated them according to the tables below.

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

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

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Beg. Balance	1,782,833	1,788,988	2,310,315	3,015,544	3,141,989	3,721,696
Receipts	1,050,235	531,874	721,613	133,137	592,243	597,315
Expenditures	(1,044,080)	(10,547)	(16,384)	(6,692)	(12,536)	(364,193)
Ending Balance	1,788,988	2,310,315	3,015,544	3,141,989	3,721,696	3,954,816

Receipts consist of \$489,239 in fees and \$108,076 in investment income.

Disbursements consist of \$9,785 in administrative charges, \$221 of accrued wages payable and a payment of \$354,187 in reimbursed fees as part of a settlement and mutual general release agreement between the City and Diversified Pacific dated February 18, 2020, in part, in exchange for conveyance of certain grant deeds and other considerations. A copy of this agreement is attached for reference as Appendix A.

The current cash balance exceeds the cumulative fee collection over the past five years by \$1,137,042. As a result, the City must make “findings” in accordance with the requirements of Government Code Section 66006.

### **Findings:**

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

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

Below is a partial listing from that study.

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

- Estimated Cost - \$2,960,000
- New Development Fair Share – 23.1%
- San Bernardino Avenue from Church Street to Wabash Avenue
  - Estimated Cost - \$2,744,000
  - New Development Fair Share – 23.1%
- Ford Street from 5th Avenue to Interstate 10 freeway
  - Estimated Cost - \$2,058,000
  - New Development Fair Share – 23.1%

Because development impact fee revenue fluctuates and is difficult to forecast, there is no estimate for the date on which 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 2019-2020.

**(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:

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Beg. Balance	764,890	904,729	1,122,990	1,210,815	1,223,302	1,283,765
Receipts	153,723	222,690	89,357	16,708	72,366	99,412
Expenditures	(13,884)	(4,429)	(1,532)	(4,221)	(11,903)	(591)
Ending Balance	904,729	1,122,990	1,210,815	1,223,302	1,283,765	1,382,585

Receipts consist of \$29,549 in fees, \$32,578 in developer deposits, and \$37,285 in investment income.

Disbursements consist of \$591 in administrative charges.

The current cash balance exceeds the cumulative fee collection over the past five years by \$1,092,725. 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 2019-2020.

**(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. The City has been identified as the lead agency regarding the implementation of improvements associated with the University Avenue and Alabama Street I-10 Freeway Interchange Improvements. The purpose of the projects aim to widen westbound I-10 on ramps and the eastbound I-10 off ramps, restripe surrounding streets, improve traffic and pedestrian safety and reduce congestion.

On September 3, 2013, the City entered into a memorandum of understanding to commence the design of the University I-10 project. The initial estimate to design and construct the Project was estimated to cost \$5.2 million. Pursuant to the Cooperative Agreement, the City is responsible for 17.9% (\$912,900) of the total \$5.1 million project cost, with the remaining 82.1% (\$4,188,000) to be funded by SBCTA. The remaining \$100,000 is for project management costs that is the sole responsibility of the City. In May 2019, SBCTA informed the City that an amendment to the Cooperative Agreement

would be needed as the total project cost for the Project had increased from \$5.2 million to \$5,812,935. Increases in costs were mainly attributable to planning & design stages, project management and additional paving requirements. Project planning and design has been completed, the construction work has been advertised and awarded as of September 2, 2020. Construction is anticipated to start in early 2021 and will take roughly eight (8) months to complete.

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

In mid to late 2019, SBCTA approached City and County about cost increases identified during design with the Project. Total Project cost has risen from the original estimate of \$10.96 million to a new estimate of \$15.15 million, a rise of \$4.19 million. With this new estimate, City costs for the Project have risen from \$1,990,065 million to \$2,506,921, an increase of ~\$516,856. City has been in contact with both SBCTA and County and both entities have the funding necessary and desire to still move forward with the Project. SBCTA anticipates final design completion by the end of 2020, with construction to follow in spring 2021.

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:

	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>
Beg. Balance	903,781	2,390,005	2,418,020	2,855,127	2,766,083	2,941,748
Receipts	1,520,288	372,614	491,600	156,368	559,907	1,293,437
Expenditures	(34,064)	(344,599)	(54,493)	(245,412)	(384,243)	(419,765)
Ending Balance	2,390,005	2,418,020	2,855,127	2,766,083	2,941,748	3,815,420

Receipts consist of \$93,356 in investment income and \$290,015 in fees.

\$910,066 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 both the University I-10 Interchange project and the I-10 Alabama Street Interchange Project (\$883,958 in the current year and \$26,108 from prior year receivables).

Disbursements consist of \$5,820 in administrative charges, and \$413,945 in connection with the City's cooperative cost sharing agreement for the I-10 Alabama Street and University Avenue Interchange Project. This reflects a reduction of \$74,817 for accounts payable in the current year and an increase of \$6,822 for the prior year's accounts payable being recognized.

The expenditures detailed above for the I 10 Alabama Freeway Improvements Project brings total costs of the project to date to \$855,083, representing approximately 43% of the City's estimated share of total project costs, estimated at \$1,967,347. 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 calendar year 2021.

The expenditures detailed above for the I 10 University Freeway Improvements Project brings total costs of the project to date to \$11,460, representing approximately 12% of the City's estimated share of total project costs, estimated at \$897,078. 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 calendar year 2022.

During Fiscal Year 2018-2019, the current cash balance exceeds the cumulative fee collection over the past five years by \$256,903. 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%)

In addition to the above projects, the City ongoing freeway improvement projects being constructed under cooperative agreements with the County of San Bernardino also require additional sources of revenue in the short term.

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 2019-2020.

**(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 No. 7951.

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

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Beg. Balance	2,053,911	1,799,917	1,789,457	1,832,744	1,832,238	1,985,305
Receipts	44,228	186,788	94,186	112,404	206,098	227,799
Expenditures	(298,223)	(197,247)	(50,899)	(112,910)	(53,032)	(237,992)
Ending Balance	1,799,917	1,789,457	1,832,744	1,832,238	1,985,305	1,975,112

Receipts include \$151,815 in fees, \$56,869 in investment income. Also included is the net difference from the prior year of accounts receivable, \$19,115.



Disbursements consist of \$7,923 in administrative costs and the prior year's accrued wages payable expense of \$1,567. Additional disbursements include a payment of \$228,502 in reimbursed fees as part of a settlement and mutual general release agreement between the City and Diversified Pacific dated February 18, 2020, in part, in exchange for conveyance of certain grant deeds and other considerations. A copy of this agreement is attached for reference as Appendix A.

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 \$74,042. Interest of \$8,252 has been added to the principal over the last eight years, with \$1,918 added in the current year. For fiscal year 2019-2020, the Local Agency Investment Fund (LAIF) interest rate was 2.06%. 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 2019-2020, the current cash balance exceeds the cumulative fee collection over the past five years by \$1,467,504. 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 2019-2020.

**(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 No. 7951.

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

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Beg. Balance	-	-	131,549	112,116	258,120	753,768
Receipts	300,332	132,333	232,384	146,004	495,649	144,333
Expenditures	(300,332)	(784)	(251,817)	-	-	-
Ending Balance	-	131,549	112,116	258,120	753,768	898,102

Receipts include \$120,917 in fees and \$23,416 in investment income.

There were no disbursements for fiscal year 2019-2020.

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 2019-2020

**(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 No. 7951.

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

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Beg. Balance	(0)	25,371	(0)	51,246	(0)	(0)
Receipts	897,374	468,987	604,149	654,396	2,191,906	1,132,991
Expenditures	(872,003)	(494,358)	(552,902)	(705,643)	(2,191,906)	(1,132,991)
Ending Balance	25,371	(0)	51,246	(0)	(0)	(0)

Receipts include \$1,132,991 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 \$1,091,518 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: continuing work on the SCADA System Upgrade, including new instrumentation, equipment, and updating of the input/output points within the design plans and specifications currently in development; the 2019 CIP Projects, which will replace approximately 11 miles of water pipeline at various locations throughout the City; and the Meter Replacement Project that will replace over 400 water meters, primarily 3/4-inch and 1-inch, which have exceeded their useful life.

No refunds of fees are required and none have been made during Fiscal Year 2019-2020.

**(519) Solid Waste Capital Improvement Fund** - The Solid Waste Capital Improvement Fund is established per the Redlands Municipal Code Chapter 3.70 to implement the Redlands General Plan and finance the cost of solid waste capital facilities and equipment to provide new capacity required to serve development requiring solid waste service from the city. Included are landfill, material recovery

and transfer station facilities, solid waste collection equipment, transfer equipment and other capital facilities equipment. Fee amounts are set by Resolution No. 7951.

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

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Beg. Balance	2,357,372	3,526,448	3,924,397	4,152,887	4,259,811	4,556,559
Receipts	1,233,199	487,610	320,261	106,924	446,896	453,305
Expenditures	(64,123)	(89,661)	(91,771)	-	(150,148)	(557,340)
Ending Balance	3,526,448	3,924,397	4,152,887	4,259,811	4,556,559	4,452,524

Receipts include \$318,520 in fees and \$134,785 in investment income.

Disbursements include \$557,340 towards the construction project to expand the Landfill into its next phase, representing 20% of the costs expended to date (approximately \$2.9 million).

The current cash balance exceeds the cumulative fee collection over the past five years by \$2,119,561. 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 2022) – remaining costs estimated at approximately \$2.8 million. New Development Fair Share – 20% (\$560,000).
2. **Expansion of the leachate and landfill gas recovery systems** (FY 2022) 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 2019-2020.

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

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

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Beg. Balance	1,632,906	2,513,523	2,624,406	2,633,256	2,846,876	5,041,145
Receipts	1,617,545	876,471	777,381	508,336	2,395,041	1,275,108
Expenditures	(736,927)	(765,588)	(768,532)	(294,716)	(200,771)	(200,771)
Ending Balance	2,513,523	2,624,406	2,633,256	2,846,876	5,041,145	6,115,482

Receipts consist of \$1,115,869 in fees and \$159,239 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.

The current cash balance exceeds the cumulative fee collection over the past five years by \$145,399. As a result, the City must make "findings" in accordance with the requirements of Government Code Section 66006.

#### **Findings:**

Monies collected into the Sewer Capital Improvements Fund are to be used to 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, sewage disposal facilities, outfall sewers, interceptor sewers, and other capital facilities and appurtenances over and above the eight inch (8") collection mains and appurtenances used to serve property frontage.

The 2019 Draft Water and Wastewater Rate Study provided for a list of Wastewater Capital Projects. New development is assumed to contribute 20% to replacement of capital infrastructure projects. 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 roughly \$11,080,000.

1. **Wastewater Treatment Plan Modifications** – The City's membrane bioreactor filtration and disinfection system has exceeded its lifespan by roughly 8 years and must be replaced. Along with that, a major renovation of the WWTP as a whole is also necessary, to upgrade its design, build redundancy, and replace associated systems. Costs have been estimated at \$46,000,000; new Development Fair Share – 20%.
2. **Collection Mains** – Periodic replacement of the City's approximately 250 miles of sewer main requires ongoing investment. The total costs to fund a comprehensive replacement program been estimated at \$9,400,000 over the first 5 years; new Development Fair Share – 20%.

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 2019-2020.

**(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 No. 7951.

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

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Beg. Balance	517,943	710,277	852,751	1,117,268	1,150,025	1,254,427
Receipts	212,075	142,474	264,517	32,757	104,402	77,050
Expenditures	(19,741)	-	-	-	-	-
Ending Balance	710,277	852,751	1,117,268	1,150,025	1,254,427	1,331,477

Receipts consist of \$41,147 in fees and \$35,903 in investment income.

No disbursements were made in Fiscal Year 2019-2020.

The current cash balance exceeds the cumulative fee collection over the past five years by \$640,362. 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 – new development’s fair share is 20%.

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 2019-2020.

## Appendix A - Settlement and General Mutual Release Agreement



## SETTLEMENT AND MUTUAL GENERAL RELEASE AGREEMENT

This Settlement and Mutual General Release Agreement (“Agreement”) is made this 18th day of February, 2020 (“Effective Date”), by and among Redlands 6120, LLC, a Delaware limited liability company and, Redlands Pennsylvania, LLC, a Delaware limited liability company and Redlands Pioneer, LLC, a Delaware limited liability company, all by their manager Diversified Pacific Communities, LLC, a Delaware limited liability company (collectively, “Diversified”), and the City of Redlands, a California municipal corporation and general law city (“City”). Diversified and City are sometimes individually referred to herein as a “Party” and, together, as the “Parties.”

### RECITALS

WHEREAS, Diversified is the owner and developer of the “Judson Ranch” (City of Redlands subdivision map nos. 16627 and 16465), “Redlands Pioneer” (City of Redlands subdivision map no. 18979), and “Redlands Pennsylvania” (City of Redlands subdivision map no. 19975) residential developments located in the city of Redlands (collectively, the “Projects”); and

WHEREAS, certain claims and controversies have arisen between the Parties relating to Diversified’s payment of park and open space development impact fees for the Projects, City’s acceptance of ownership of citrus grove lands developed by Diversified for the Projects and proposed for dedication to City (the “Dedicated Lands”), the provision of water service to the Dedicated Lands, and Diversified’s construction of certain street and storm drain system improvements, within San Bernardino Avenue and adjacent to properties within the Projects (collectively, the “Disputes”); and

WHEREAS, during their discussion of the Disputes, City and Diversified agreed to defer City’s collection of certain park, open space, storm water, and street improvement development impact fees that were otherwise due for payment to City by Diversified in connection with permits issued by City for Diversified’s Projects (“Deferred Fees”), so that the Deferred Fees could also be included in any resolution of the Disputes; and

WHEREAS, a schedule of the Deferred Fees is attached hereto as Exhibit “A,” which is incorporated herein by this reference; and

WHEREAS, it is the intention of the Parties to settle and dispose of, fully and completely, any and all claims, demands and cause or causes of action existing as of the Effective Date of this Agreement and arising out of, connected with, or incidental to, the Disputes between the Parties, including the Deferred Fees;

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for such other good and valuable consideration, the receipt of which is acknowledged by the Parties, Diversified and City hereby agree as follows:

## AGREEMENT

Section 1. Water Shares. Diversified shall cause the transfer and delivery to City, at Diversified's sole cost and expense, of forty eight (48) shares of Raught Mutual Water Company stock and three hundred eighty (380) shares of Bear Valley Mutual Water Company stock within ten (10) calendar days after the Effective Date of this Agreement (hereinafter, collectively, referred to herein as the "Shares") for purposes of the provision of water service to the Dedicated Lands.

Section 2. Conveyance of Property. Concurrent with its delivery of the Shares to City, Diversified shall convey to City, in fee simple absolute without any encumbrances to title except those agreed to in a separate written document from City's City Manager, that certain real property consisting of approximately 8.12 acres and identified as county of San Bernardino Assessor's Nos. 0168-891-21-0000 and 1212-451-62-0000 (together, the "Properties"). The Properties shall be conveyed pursuant to two grant deeds substantially in the form attached hereto as Exhibit "B" (together, the "Grant Deeds").

Section 3. Development Impact Fee Reimbursement. Concurrent with Diversified's delivery of the Shares and Grant Deeds to City, City shall pay to Diversified the following:

- A. The sum of three hundred fifty four thousand one hundred eighty six and seventy two one-hundredths dollars (\$354,186.72) from City's transportation fund development impact fee account number 252.
- B. The sum of two hundred twenty eight thousand five hundred two and fifteen one-hundredths dollars (\$228,502.15) from City's storm drain development impact fee account number 405.
- C. The sum of two hundred five thousand four hundred forty one and four one-hundredths dollars (\$205,441.04) from City's park and open space development impact fee account number 250.
- D. The sum of sixty eight thousand four hundred eighty and thirty five one-hundredths (\$68,480.35) from City's open space development impact fee account 227.

Section 4. Mutual General Release. In consideration of the mutual general releases contained herein, and for other good and valuable consideration, the receipt of which is acknowledged by each Party, the Parties promise, agree and generally release as follows:

4.1 Except as to such rights or claims as may be created by this Agreement, each Party hereby releases, remises and forever discharges the other Party from any and all claims, demands and cause or causes of action the Parties may have existing as of the Effective Date and arising out of, connected with, or incidental to, the Disputes, including the Deferred Fees.

4.2 Each Party specifically waives the benefit of provisions of Section 1542 of the Civil Code of the State of California, as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

Section 5. Representations and Warranties: Each Party represents and warrants to, and agrees with, the other Party, as follows:

5.1 Each Party has received independent legal advice from their respective attorneys with respect to the advisability of making the settlement provided for herein, with respect to the advisability of executing this Agreement, and with respect to the meaning of California Civil Code Section 1542.

5.2 No Party (nor any officer, agent, employee, representative, or attorney of or for any Party), has made any statement or representation or failed to make any statement or representation to the other Party regarding any fact relied upon in entering into this Agreement, and each Party does not rely upon any statement, representation, omission or promise of the other Party (or of any officer, agent, employee, representative, or attorney of or for any Party), in executing this Agreement, or in making the settlement provided for herein, except as expressly stated in this Agreement.

5.3 Each Party has made such investigation of the facts pertaining to this settlement and this Agreement, and all the matters pertaining thereto, as it deems necessary.

5.4 Each Party has read this Agreement and understands the contents hereof.

5.5 This Agreement is intended to be and is final and binding between the Parties, regardless of any claims of misrepresentation, promise made without the intention to perform, concealment of fact, mistake of fact or law, or of any other circumstance whatsoever.

5.6 Neither Party has heretofore assigned, transferred, or granted, nor purported to assign, transfer, or grant, any of the claims or demands related to the Disputes disposed of by this Agreement.

5.7 Each term of this Agreement is contractual and not merely a recital.

5.8 The Parties are aware that they may hereafter discover claims or facts in addition to or different from those they now know or believe to be true with respect to the Disputes. Nevertheless, it is the intention of the Parties to fully, finally and forever to settle and release all such Disputes, and all claims relative thereto, which now exist, may exist, or heretofore have existed between them. In furtherance of such intention, the releases given herein shall be and remain in effect as full and complete mutual releases of all such matters, notwithstanding the discovery of existence of any additional or different claims of facts relative thereto.

5.9 The Parties will execute all such further and additional documents as shall be reasonable, convenient, necessary or desirable to carry out the provisions of this Agreement.

Section 6. Settlement: This Agreement effects the settlement of claims which are denied and contested, and nothing contained herein shall be construed as an admission by either Party of any liability of any kind to the other Party. Each Party denies any liability in connection with any claim, and each Party intends hereby solely to avoid litigation and buy its peace.

Section 7. Notice. Any notice or other communication required, or which may be given, pursuant to this Agreement, shall be in writing. Any such notice shall be deemed delivered (i) on the date of delivery in person; (ii) five (5) days after deposit in first class registered mail, with return receipt requested; (iii) on the actual delivery date if deposited with an overnight courier; or (iv) on the date sent by facsimile, if confirmed with a copy sent contemporaneously by first class, certified, registered or express mail; in each case properly posted and fully prepaid to the appropriate address set forth below, or such other address as a Party may provide notice in accordance with this section:

City of Redlands  
35 Cajon Street  
P.O. Box 3005 (mailing)  
Redlands, CA 92373  
Attn: City Clerk  
Phone: (909) 798-7531  
Fax: (909) 798-7535  
jdonaldson@cityofredlands.org

Diversified Pacific Development Group, LLC  
10621 Civic Center Drive  
Rancho Cucamonga, CA 91730  
Attn: Matthew A. Jordan  
Phone: (909) 481-1150 x242  
Fax: (909) 481-1154  
MJordan@diversifiedpacific.com

Section 8. Miscellaneous:

8.1 This Agreement shall be deemed to have been executed and delivered within the State of California and the rights and obligations of the Parties shall be construed and enforced in accordance with, and governed by, the laws of the State of California.

8.2 This Agreement is the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior and contemporaneous oral and written agreements and discussions regarding the same. This Agreement may be amended only by an agreement in writing, signed by the Parties.

8.3 This Agreement is binding upon and shall inure to the benefit of the Parties, their respective elected and appointed officials, officers, directors, divisions, subsidiaries, affiliates, assigns, and successors in interest.

8.4 Each Party has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any Party.

8.5 In the event any action is commenced to enforce or interpret any of the terms or conditions of this Agreement the prevailing Party shall, in addition to any costs and other relief, be

entitled to the recovery of its reasonable attorneys' fees, including fees for the use of in-house counsel by a Party.

8.6 This Agreement is made and entered into as of its Effective Date in Redlands, California.

[SIGNATURE PAGE TO FOLLOW]

CITY OF REDLANDS



Paul W. Foster, Mayor

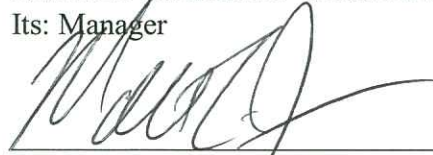
ATTEST:

  
Jeanne Donaldson, City Clerk

REDLANDS 6120, LLC, A DELAWARE  
LIMITED LIABILITY COMPANY

By: DIVERSIFIED PACIFIC  
COMMUNITIES, LLC, A DELAWARE  
LIMITED LIABILITY COMPANY

Its: Manager



Matthew A. Jordan, Co-Managing Member

REDLANDS PENNSYLVANIA, LLC,  
A DELAWARE LIMITED LIABILITY  
COMPANY

By: DIVERSIFIED PACIFIC  
COMMUNITIES, LLC, A DELAWARE  
LIMITED LIABILITY COMPANY

Its: Manager



Matthew A. Jordan, Co-Managing Member

REDLANDS PIONEER, LLC, A  
DELAWARE LIMITED LIABILITY  
COMPANY

By: DIVERSIFIED PACIFIC  
COMMUNITIES, LLC, A DELAWARE  
LIMITED LIABILITY COMPANY

Its: Manager



Matthew A. Jordan, Co-Managing Member

EXHIBIT "A"

Diversified Pacific  
Development Impact Fees  
San Bernardino Avenue Improvements

Request for Deferral of Payment on 23 Remaining Lots  
May 31, 2019

Phase and Number of Lots	Remaining Lots	Tract	Estimated Building Permit Payment Date	Park and Open Space Fees	Transportation Fees	Storm Drain Fees	Requested Deferred Fees
6B - 5 Lots	Lots 18-22	Redlands Pennsylvania, LLC - TR19975	June 5, 2019	19,800	7,562	3,500	30,862
7B - 4 Lots	Lots 1, 2, 12, & 13	Redlands Pennsylvania, LLC - TR19975	July 8, 2019	15,840	6,049	2,800	24,689
8A - 4 Lots	Lots 3, 4, 10, & 11	Redlands Pennsylvania, LLC - TR19975	August 5, 2019	15,840	6,049	2,800	24,689
8B - 5 Lots	Lots 5-9	Redlands Pennsylvania, LLC - TR19975	September 9, 2019	19,800	7,562	3,500	30,862
7A - 4 Lots	Lots 64-67	Redlands Pennsylvania, LLC - TR19975	October 7, 2019	15,840	6,049	2,800	24,689
4D - 1 Lot	Lot 31	Redlands Pioneer, LLC - TR18979	October 7, 2019	3,960	1,512	700	6,172
Grand Total				91,080	34,784	16,100	141,964

**EXHIBIT "B"**

**GRANT DEEDS**



**RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_

**MAIL FUTURE TAX STATEMENTS TO:**

City of Redlands  
35 Cajon Street, Suite 4  
Redlands, California 92373  
Attn: \_\_\_\_\_

APN: 0168-891-21-0000

(Space above this line is for recorder's use)

The undersigned declares the DOCUMENTARY TRANSFER TAX is \$ \_\_\_\_\_  
\_\_\_\_\_ Computed on the consideration or value of property conveyed, OR  
\_\_\_\_\_ Computed on the consideration or full value less liens and/or  
encumbrances remaining at time of sale.  
\_\_\_\_\_ Unincorporated Area \_\_\_\_\_ City of San Bernardino

\_\_\_\_\_  
Signature of Declarant

**GRANT DEED**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

**Redlands 6120, LLC, a Delaware limited liability company**

does hereby GRANT to

**City of Redlands, a California municipal corporation and general law city**

that certain real property in the City of Redlands, County of San Bernardino, State of California, described on Exhibit "A", attached hereto and incorporated herein by reference.

Subject to all covenants, restrictions, conditions, easements and other encumbrances of record existing at the time of recordation of this Grant Deed.

Dated: \_\_\_\_\_

**REDLANDS 6120, LLC, a Delaware limited liability company**

By: Diversified Pacific Communities, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Matthew A. Jordan, Co-Managing Member

**CERTIFICATE OF ACCEPTANCE**

This is to certify that the interest in real property being conveyed herein by Redlands 6120, LLC to the City of Redlands, is hereby accepted by the undersigned on behalf of the Grantee pursuant to the City of Redlands Municipal Code.

**GRANTEE:**

CITY OF REDLANDS, a California municipal corporation and general law city

By: \_\_\_\_\_

Title: \_\_\_\_\_  
Authorized Representative

Date: \_\_\_\_\_

**ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of \_\_\_\_\_ )

On \_\_\_\_\_, 2020, before me, \_\_\_\_\_,  
(insert name of notary)

Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

**ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of \_\_\_\_\_ )

On \_\_\_\_\_, 2020, before me, \_\_\_\_\_,  
(insert name of notary)

Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

**EXHIBIT "A"**

**DESCRIPTION OF PROPERTY**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Lot 21 of Tract 16627, in the City of Redlands, County of San Bernardino, California, as per map recorded in Book 340, Page(s) 10 through 12, inclusive of Miscellaneous Maps, in the Office of the County Recorder of said County.

APN: 0168-891-21-0000

**RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

**MAIL FUTURE TAX STATEMENTS TO:**

City of Redlands  
35 Cajon Street, Suite 4  
Redlands, California 92373  
Attn: \_\_\_\_\_

APN: 1212-451-62-0000

(Space above this line is for recorder's use)

The undersigned declares the DOCUMENTARY TRANSFER TAX is \$ \_\_\_\_\_  
\_\_\_\_\_ Computed on the consideration or value of property conveyed, OR  
\_\_\_\_\_ Computed on the consideration or full value less liens and/or  
encumbrances remaining at time of sale.  
\_\_\_\_\_ Unincorporated Area \_\_\_\_\_ City of San Bernardino

\_\_\_\_\_  
Signature of Declarant

**GRANT DEED**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

**Redlands 6120, LLC, a Delaware limited liability company**

does hereby GRANT to

**City of Redlands, a California municipal corporation and general law city**

that certain real property in the City of Redlands, County of San Bernardino, State of California,  
described on Exhibit "A", attached hereto and incorporated herein by reference.

Subject to all covenants, restrictions, conditions, easements and other encumbrances of record  
existing at the time of recordation of this Grant Deed.

Dated: \_\_\_\_\_

**REDLANDS 6120, LLC, a Delaware limited  
liability company**

By: Diversified Pacific Communities, LLC, a  
Delaware limited liability company

By: \_\_\_\_\_  
Matthew A. Jordan, Co-Managing  
Member

**CERTIFICATE OF ACCEPTANCE**

This is to certify that the interest in real property being conveyed herein by Redlands 6120, LLC to the City of Redlands, is hereby accepted by the undersigned on behalf of the Grantee pursuant to the City of Redlands Municipal Code.

**GRANTEE:**

CITY OF REDLANDS, a California municipal corporation and general law city

By: \_\_\_\_\_

Title: \_\_\_\_\_  
Authorized Representative

Date: \_\_\_\_\_

**ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of \_\_\_\_\_ )

On \_\_\_\_\_, 2020, before me, \_\_\_\_\_,  
(insert name of notary)

Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)



**ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of \_\_\_\_\_ )

On \_\_\_\_\_, 2020, before me, \_\_\_\_\_,  
(insert name of notary)

Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

**EXHIBIT "A"**

**DESCRIPTION OF PROPERTY**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Lot 62 of Tract 16465, in the City of Redlands, County of San Bernardino, California, as per map recorded in Book 341, Page(s) 70 through 73, inclusive of Miscellaneous Maps, in the Office of the County Recorder of said County.

APN: 1212-451-62-0000