

Development Impact Fee Report Fiscal Year Ended June 30, 2016



City of Brentwood
150 City Park Way
Brentwood, CA 94513

City Council

Robert Taylor Mayor
Joel Bryant Vice Mayor
Steve Barr Council Member
Gene Clare Council Member
Erick Stonebarger Council Member

Executive Team

Gustavo “Gus” Vina City Manager
Damien Brower City Attorney
Kerry Breen City Treasurer/Director of Administrative Services
Mark Evenson Chief of Police
Casey McCann Director of Community Development
Bruce Mulder Director of Parks and Recreation
Miki Tsubota Director of Public Works/City Engineer

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December 13, 2016

The Honorable Mayor, Members of the City Council and Citizens of Brentwood
Brentwood, CA 94513

Dear Mayor, Members of the City Council and Citizens of Brentwood:

State law requires any local agency that imposes development impact fees to prepare an annual report providing specific information about those fees. Therefore, in accordance with the provisions of the California Government Code Section 66006 (b) and 66001 (d), as amended by Assembly Bill (AB) 518 and Senate Bill (SB) 1693, I hereby submit the Development Impact Fee Report (formerly the Public Facilities Fee Report) for the City of Brentwood, California for the fiscal year (FY) ended June 30, 2016.


Development impact fees are charged by local governmental agencies in connection with approval of development projects. The purpose of these fees is to defray all or a portion of the cost of public facilities related to the development project. The legal requirements for enactment of a development impact fee program are set forth in Government Code §§ 66000-66025 (the "Mitigation Fee Act"), the bulk of which was adopted as 1987's AB 1600 and thus commonly referred to as "AB 1600 requirements".

In Brentwood, development impact fees are collected at the time a building permit is issued 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 fund has been established to account for the impact of new development on each of the following types of public facilities: Water, Roadway, Parks and Trails, Wastewater, Community Facility and Fire.

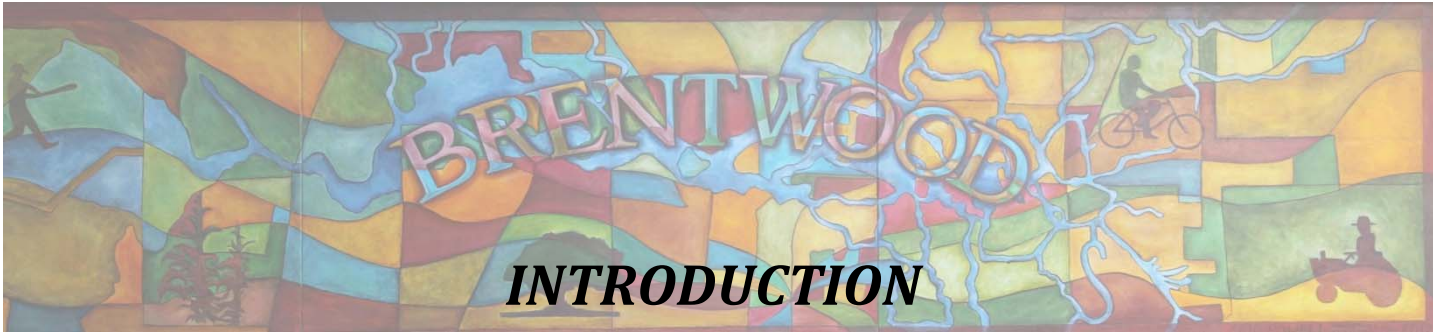
Fees imposed on new development within the City have been in place since 1979. In 1989, the City prepared its first "Capital Improvements Costs and Basis of Development Fees" report which was a detailed study of the impacts of future growth on local facilities. This report provided the analysis and support for the development impact fees imposed by the City, with various updates to the study occurring through 1998. In the 1999 update of the study, the report was renamed the City of Brentwood Development Fee Program ("Development Fee Program"). The most recent update to the Development Fee Program was adopted by City Council on April 28, 2015.

State law requires the City prepare and make available to the public the Development Impact Fee Report within 180 days after the last day of each fiscal year. The City Council must review the annual report at a regularly scheduled public meeting not less than fifteen days after the information is made available to the public. This report was filed with the City Clerk's office and available for public review on November 28, 2016.

Respectfully submitted,



Kerry Breen
City Treasurer/Director of Administrative Services

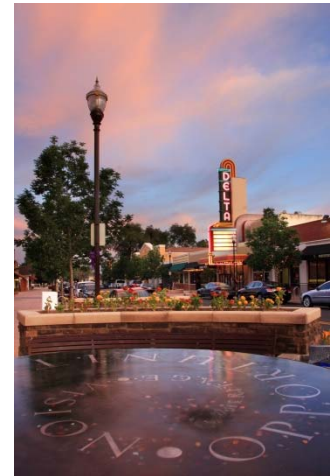


INTRODUCTION

LEGAL REQUIREMENTS FOR DEVELOPMENT IMPACT FEE REPORTING

A. CALIFORNIA GOVERNMENT CODE SECTION 66006 (b)

California Government Code Section 66006 (b) defines the specific reporting requirements for local agencies that impose AB 1600 development impact fees on new development. Annually, for each separate fund established for the collection and expenditure of development impact fees, the local agency shall, within 180 days after the last day of each fiscal year, make available to the public the information shown below for the most recent fiscal year. The applicable page numbers for the location where each item can be found in the report are provided for reference.



- A brief description of the type of fee in the account or fund. *(Pages 3 to 4)*
- The amount of the fee. *(Page 4)*
- The beginning and ending balance of the account or fund. *(Page 5)*
- The amount of the fees collected and interest earned. *(Pages 5 to 11)*
- An identification of each public improvement on which fees were expended and the amount of expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees. *(Page 17)*
- An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement. *(Page 17)*
- A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan. *(Pages 12 to 14)*
- The amount of refunds made due to sufficient funds being collected to complete financing on incomplete public improvements, and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded. *(Page 15)*

B. CALIFORNIA GOVERNMENT CODE SECTION 66001 (d)

For all funds established for the collection and expenditure of development impact fees, California Government Code Section 66001 (d) has additional requirements. For the fifth fiscal year following the first deposit into the fund and every five years thereafter, the local agency shall make all of the following findings with respect to that portion of the fund remaining unexpended, whether committed or uncommitted:

- Identify the purpose to which the fee is to be put.
- Demonstrate a reasonable relationship between the fee and purpose for which it is charged.
- Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements.

- Designate the approximate dates on which the funding is expected to be deposited into the appropriate account or fund.

As of June 30, 2016, the City does not have any development impact fee funds that report amounts held past the fifth year of first deposit. The City's Fire Facility Fee Fund has, however, over the past few years, reported funds held past the fifth year and it is anticipated that it will again in FY 2016/17 due to the anticipated return of funding from the Fire Station #53 (Shady Willow) project. Therefore, the City is reporting the following findings relating to the Fire Facility Fee Fund, as follows:

- The available Fire Facility Fee funds are intended for the Fire Station #53 (Shady Willow) Capital Improvement Program (CIP) project 337-37030 and \$3.5 million was transferred from this fund to the project in FY 2015/16. Currently, this project is projected to commence in FY 2019/20, therefore, the \$3.5 million will be returned to the Fire Facility Fee Fund in FY 2016/17.
- The purpose of the fire facilities impact fee is to provide necessary funding for fire facilities required to serve new development in the City through build-out as defined by the General Plan. The Fire Station #53 (Shady Willow) project will construct an approximately 7,000 ft² fire station on the northwest corner of Grant Street and Shady Willow Lane which will provide a portion of the additional fire facilities needed by the City.
- The current total project budget is \$5,994,396 and is, at this time, projected to be almost completely funded by Fire Facility Fees.
- The station cannot begin construction until sufficient funds are available to complete the project. It is projected that it will not be until FY 2019/20 that adequate Fire Facility Fees will have been collected to fully fund the project. Additionally, the project cannot move forward until the East Contra Costa Fire Protection District (ECCFPD) has the financial resources necessary for staff to man the new station.

Additional information about the Fire Station #53 (Shady Willow) project can be found in the City's most recently adopted CIP (see Additional Notes below).

C. ADDITIONAL NOTES

The State of California Government Code Section 66002 states that local agencies that have developed a fee program may adopt a CIP indicating the approximate location, size and timing of projects, plus an estimate for the cost of all facilities or improvements to be financed by fees. A formal CIP is recommended, at a minimum, as a five-year plan. The City annually produces a five-year CIP which helps to maintain and support the City's General Plan. The CIP also includes a 10-year projection of development fee revenue and expenditures. Further, it identifies situations where infrastructure is needed to accommodate the planned development.

The City's current, adopted 2016/17 – 2020/21 Capital Improvement Program can be found on the City's website at www.brentwoodca.gov.

D. ESTABLISHING A REASONABLE RELATIONSHIP BETWEEN THE FEE AND THE PURPOSE FOR WHICH IT IS CHARGED

The City's Development Fee Program has been in effect in Brentwood since FY 1989/90. The current Development Fee Program, titled the City of Brentwood Development Impact Fee Program 2015,

was adopted on April 28, 2015. Adjustments to the fees may be made annually in accord with the Engineering News Record Construction Cost Index. The program sets forth the relationship between contemplated future development, facilities needed to serve future development and the estimated costs of those improvements based on the current General Plan for build-out. Comprehensive updates to the program are completed on an as-needed basis to ensure the program continues to reflect the appropriate fees in relation to updated costs.

Many of the City's CIP projects are financed in part by the impact fees outlined in the Development Fee Program. The City's capital improvements provide infrastructure to the residents and businesses in Brentwood in order to keep pace with ongoing development in, and adjacent to, the community. Estimated project costs, and the summary of fee apportionment to each development fee type, are detailed within the City's Development Fee Program beginning with Table 7 in that document.

Information on current CIP projects that are in the Development Fee Program can be found on page 17 including: Current Projects, Project Phase, Estimated Construction Start Date, Estimated Completion Date, Estimated Five-Year Project Cost and Development Impact Fee information including Budget to Date, Funding to Date and Estimated % of Project Funded with Fees.

E. FUNDING OF INFRASTRUCTURE

The 2016/17 – 2020/21 CIP identifies all funding sources and amounts for individual projects through FY 2020/21. The CIP is updated annually to reflect the current infrastructure needs of the City. As a CIP project is identified, the project is evaluated to determine the portion of the project that will service existing residents and businesses versus new development.

Once the determination of use is made, the percentage of use attributable to new development is then funded by the appropriate development fee based on the type of project. The percentage of use associated with existing residents or businesses are funded from other appropriate sources as identified on each individual project sheet in the CIP. All future planned infrastructure needs are outlined in the Development Fee Program. Estimated construction start dates for projects are adjusted, as needed, to reflect the needs of the community.

F. CURRENT MAJOR CIP PROJECTS

Currently, construction is in-progress on the Citywide Traffic Signal Interconnect project funded by Roadway Facility Fees and the Police Dispatch Center project funded by Community Facility Fees. Expenditures associated with the Permanent Long-Term Water Conveyance project, funded 50% from Water Facility Fees also began in FY 2015/16. Planning and design has begun on the Wastewater Treatment Plant (WWTP) Expansion – Phase II project funded in part by Wastewater Facility Fees. Additional budget information regarding CIP projects funded by development impact fees is shown in the table on page 17.

DESCRIPTION OF DEVELOPMENT IMPACT FEES

Water Facility Fee – To provide for the expansion of production, storage, transmission, treatment and distribution facilities in the water utility as specified in the City's Water Master Plan (2006) and Development Fee Program.

Roadway Facility Fee – To provide for traffic improvements necessary to accommodate the increase in traffic generated by new development as specified in the City’s General Plan – Circulation Element and Development Fee Program.

Parks and Trails Facility Fee – To provide for the acquisition and development of parks as specified in the City’s Parks, Trails and Recreation Master Plan and Development Fee Program.



Wastewater Facility Fee – To provide for the expansion of collection and treatment capacities in the wastewater utility and expansion of non-potable water facilities as specified in the City’s Wastewater Collection System Master Plan Update (2010), the Recycled Water Feasibility Study (2013) and Development Fee Program.

Community Facility Fee – To provide for the expansion, design and construction of capital facilities that attain the Community Services and Facilities goals of the City’s General Plan as specified in the City’s CIP and Development Fee Program.

Fire Facility Fee – To provide for the expansion, design and construction of fire facilities as set forth in the East Contra Costa Fire Protection District (ECCFPD), formerly East Diablo Fire Protection District (EDFPD), Facilities Financing Plan and Impact Fee Study (January 1998), the City’s Fire Mitigation Fee Study (February 2004) and Development Fee Program.

CURRENT FEE SCHEDULE – The Development Fee program is reviewed annually in conjunction with the development of the CIP to ensure the Development Fee Program is accounting for all planned future development. The updated Development Fee Program information is then used to determine the amount of fees available for the funding of the proposed CIP projects.

DEVELOPMENT FEE PROGRAM ⁽¹⁾						
General Plan Build Out						
Fee Category	RESIDENTIAL per Unit			NON-RESIDENTIAL per Building SF		
	Single Family	Multi-Family	Active Adult	Commercial	Office	Industrial/ Institutional
Administration	\$637.40	\$422.74	\$319.75	\$0.3754	\$0.4829	\$0.2877
Community Facilities	\$2,784.92	\$1,847.04	\$1,397.03	\$0.5084	\$0.6539	\$0.3895
Fire ^{(2),(3)}	\$847.46	\$847.46	\$847.46	\$0.1670	\$0.1670	\$0.1670
Parks and Trails	\$8,195.29	\$5,435.38	\$4,111.11	-	-	-
Roadways	\$11,601.93	\$7,193.20	\$5,104.85	\$4.3232	\$5.1861	\$3.2021
Wastewater	\$5,741.74	\$4,124.68	\$4,687.13	\$1.9207	\$1.9207	\$1.3338
Water	\$8,781.16	\$3,769.59	\$7,895.30	\$1.0651	\$1.3314	\$1.1557
Total Fees	\$38,589.90	\$23,640.09	\$24,362.64	\$8.36	\$9.74	\$6.54

⁽¹⁾ Fees effective July 1, 2016, City Council Resolution No. 2016-119

⁽²⁾ 1998 EDFPD & 2004 City of Brentwood Fire Fee Studies

⁽³⁾ Pursuant to City Council Resolution No. 92-24 - \$20 per building permit is for administration



City of Brentwood

Financial Summary Report

Statement of Revenues, Expenditures and Changes in Fund Balance For the Year Ended June 30, 2016

Development Impact Fees

Description	Water Facility	Roadway Facility	Parks and Trails Facility	Wastewater Facility	Community Facility	Fire Facility
REVENUES						
Fees	\$ 3,713,700	\$ 3,455,393	\$ 3,457,763	\$ 2,614,215	\$ 986,792	\$ 426,102
Interest	74,934	165,890	1,117	316,925	85,701	40,609
Other Revenues	-	620,000 ⁽¹⁾	-	2,006,500 ⁽²⁾	-	-
Total Revenues	<u>3,788,634</u>	<u>4,241,283</u>	<u>3,458,880</u>	<u>4,937,640</u>	<u>1,072,493</u>	<u>466,711</u>
EXPENDITURES						
Expenditures	1,799,944	3,580,297	1,667,299	5,478,586	2,677,328	3,501,234
Total Expenditures	<u>1,799,944</u>	<u>3,580,297</u>	<u>1,667,299</u>	<u>5,478,586</u>	<u>2,677,328</u>	<u>3,501,234</u>
REVENUES OVER (UNDER)						
EXPENDITURES	1,988,690	660,986	1,791,581	(540,946)	(1,604,835)	(3,034,523)
Fund Balance, Beginning of Year	<u>(9,995,863)</u>	<u>4,076,913</u>	<u>(1,964,693)</u>	<u>1,110,671</u>	<u>2,024,777</u>	<u>3,808,823</u>
Fund Balance, End of Year	<u>\$ (8,007,173) ⁽³⁾</u>	<u>\$ 4,737,899</u>	<u>\$ (173,112) ⁽⁴⁾</u>	<u>\$ 569,725</u>	<u>\$ 419,942</u>	<u>\$ 774,300</u>

Notes:

- (1) Other revenues include developer contributions for fair share improvements and transfers in associated with the closure of CIP projects.
- (2) Other revenues include transfers in associated with the closure of CIP projects.
- (3) The Water Facility Fee Fund reports a negative fund balance as a result of bonds payable associated with the Surface Water Treatment Facility. The payable as of June 30, 2016 is \$13,220,981.
- (4) The Parks and Trails Facility Fee Fund reports a negative fund balance which is being corrected over several years as development occurs. It is anticipated this fund balance will be positive in FY 2016/17. The negative fund balance is due to timing issues as several CIP projects have been funded in advance on the basis of fees being collected in ensuing years.

City of Brentwood

Water Facility Fee Fund

Statement of Revenues, Expenditures and Changes in Fund Balance Last Five Fiscal Years

Description	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
REVENUES					
Fees	\$ 1,118,078	\$ 1,676,750	\$ 1,885,399	\$ 1,512,438	\$ 3,713,700
Interest	62,808	27,996	27,895	44,122	74,934
Other Revenues	6,295 ⁽¹⁾	146,800 ⁽¹⁾	12,460 ⁽¹⁾	400,655 ⁽¹⁾	-
Total Revenues	<u>1,187,181</u>	<u>1,851,546</u>	<u>1,925,754</u>	<u>1,957,215</u>	<u>3,788,634</u>
EXPENDITURES					
Expenditures	<u>825,001</u>	<u>1,197,595</u>	<u>1,067,321</u>	<u>1,978,686</u>	<u>1,799,944</u>
Total Expenditures	<u>825,001</u>	<u>1,197,595</u>	<u>1,067,321</u>	<u>1,978,686</u>	<u>1,799,944</u>
REVENUES OVER (UNDER)					
EXPENDITURES	362,180	653,951	858,433	(21,471)	1,988,690
Fund Balance, Beginning of Year	<u>(11,848,956)</u>	<u>(11,486,776)</u>	<u>(10,832,825)</u>	<u>(9,974,392)</u>	<u>(9,995,863)</u>
Fund Balance, End of Year	<u>\$ (11,486,776) ⁽²⁾</u>	<u>\$ (10,832,825) ⁽²⁾</u>	<u>\$ (9,974,392) ⁽²⁾</u>	<u>\$ (9,995,863) ⁽²⁾</u>	<u>\$ (8,007,173) ⁽²⁾</u>

Five-Year Revenue Test Using First In First Out Method ⁽³⁾

Revenue Available:					
Current Fiscal Year	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Fiscal Year (2-yr Old Funds)	-	-	-	-	-
Prior Fiscal Year (3-yr Old Funds)	-	-	-	-	-
Prior Fiscal Year (4-yr Old Funds)	-	-	-	-	-
Prior Fiscal Year (5-yr Old Funds)	-	-	-	-	-
In Excess of Five Prior Fiscal Years	-	-	-	-	-
Total Revenue Available	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Result: Five-Year Revenue test met in accordance with Government Code 66001 (d).

Notes:

- (1) Other revenues include transfers in associated with the closure of CIP projects.
- (2) The Water Facility Fee Fund reports a negative fund balance as a result of bonds payable associated with the Surface Water Treatment Facility. The amount payable as of June 30, 2016 is \$13,220,981. The fund balance includes the balance owed on the debt and annual debt payments will continue through 2038. This fund has a positive cash and investments balance at June 30, 2016 of \$4,308,548.
- (3) In using the revenue and expenditure reports to report fees that have been held past the fifth year of first deposit, the total revenues received over the five-year period must be subtracted from the ending fund balance. Any fund balance in excess of the prior five years' revenue must have findings reported in accordance with Government Code 66001 (d). See pages 1 to 2.

City of Brentwood

Roadway Facility Fee Fund

Statement of Revenues, Expenditures and Changes in Fund Balance Last Five Fiscal Years

Description	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
REVENUES					
Fees	\$ 1,677,856	\$ 2,543,041	\$ 3,703,482	\$ 3,388,341	\$ 3,455,393
Interest	88,249	20,154	63,439	49,776	165,890
Other Revenues	1,202,147 ⁽¹⁾	1,731,399 ⁽¹⁾	621,219 ⁽¹⁾	22,589 ⁽¹⁾	620,000 ⁽¹⁾
Total Revenues	<u>2,968,252</u>	<u>4,294,594</u>	<u>4,388,140</u>	<u>3,460,706</u>	<u>4,241,283</u>
EXPENDITURES					
Expenditures	<u>2,631,395</u>	<u>3,256,740</u>	<u>3,645,031</u>	<u>3,775,205</u>	<u>3,580,297</u>
Total Expenditures	<u>2,631,395</u>	<u>3,256,740</u>	<u>3,645,031</u>	<u>3,775,205</u>	<u>3,580,297</u>
REVENUES OVER (UNDER)					
EXPENDITURES	336,857	1,037,854	743,109	(314,499)	660,986
Fund Balance, Beginning of Year	<u>2,273,592</u>	<u>2,610,449</u>	<u>3,648,303</u>	<u>4,391,412</u>	<u>4,076,913</u>
Fund Balance, End of Year	<u>\$ 2,610,449</u>	<u>\$ 3,648,303</u>	<u>\$ 4,391,412</u>	<u>\$ 4,076,913</u>	<u>\$ 4,737,899</u>

Five-Year Revenue Test Using First In First Out Method ⁽²⁾

Revenue Available:					
Current Fiscal Year	\$ 2,610,449	\$ 3,648,303	\$ 4,388,140	\$ 3,460,706	\$ 4,241,283
Prior Fiscal Year (2-yr Old Funds)	-	-	3,272	616,207	496,616
Prior Fiscal Year (3-yr Old Funds)	-	-	-	-	-
Prior Fiscal Year (4-yr Old Funds)	-	-	-	-	-
Prior Fiscal Year (5-yr Old Funds)	-	-	-	-	-
In Excess of Five Prior Fiscal Years	-	-	-	-	-
Total Revenue Available	<u>\$ 2,610,449</u>	<u>\$ 3,648,303</u>	<u>\$ 4,391,412</u>	<u>\$ 4,076,913</u>	<u>\$ 4,737,899</u>

Result: Five-Year Revenue test met in accordance with Government Code 66001 (d).

Notes:

- (1) Other revenues include developer contributions for fair share improvements and transfers in associated with the closure of CIP projects.
- (2) In using the revenue and expenditure reports to report fees that have been held past the fifth year of first deposit, the total revenues received over the five-year period must be subtracted from the ending fund balance. Any fund balance in excess of the prior five years' revenue must have findings reported in accordance with Government Code 66001 (d). See pages 1 to 2.

City of Brentwood

Parks and Trails Facility Fee Fund

Statement of Revenues, Expenditures and Changes in Fund Balance Last Five Fiscal Years

Description	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
REVENUES					
Fees	\$ 1,080,077	\$ 1,759,594	\$ 2,685,609	\$ 2,290,309	\$ 3,457,763
Interest	15,483	497	254	3,882	1,117
Other Revenues	59,772 ⁽¹⁾	-	10,059 ⁽¹⁾	-	-
Total Revenues	<u>1,155,332</u>	<u>1,760,091</u>	<u>2,695,922</u>	<u>2,294,191</u>	<u>3,458,880</u>
EXPENDITURES					
Expenditures	<u>1,106,459</u>	<u>1,728,381</u>	<u>2,404,111</u>	<u>2,080,986</u>	<u>1,667,299</u>
Total Expenditures	<u>1,106,459</u>	<u>1,728,381</u>	<u>2,404,111</u>	<u>2,080,986</u>	<u>1,667,299</u>
REVENUES OVER (UNDER)					
EXPENDITURES	48,873	31,710	291,811	213,205	1,791,581
Fund Balance, Beginning of Year	<u>(2,550,292)</u>	<u>(2,501,419)</u>	<u>(2,469,709)</u>	<u>(2,177,898)</u>	<u>(1,964,693)</u>
Fund Balance, End of Year	<u>\$ (2,501,419) ⁽²⁾</u>	<u>\$ (2,469,709) ⁽²⁾</u>	<u>\$ (2,177,898) ⁽²⁾</u>	<u>\$ (1,964,693) ⁽²⁾</u>	<u>\$ (173,112) ⁽²⁾</u>

Five-Year Revenue Test Using First In First Out Method ⁽³⁾

Revenue Available:					
Current Fiscal Year	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Fiscal Year (2-yr Old Funds)	-	-	-	-	-
Prior Fiscal Year (3-yr Old Funds)	-	-	-	-	-
Prior Fiscal Year (4-yr Old Funds)	-	-	-	-	-
Prior Fiscal Year (5-yr Old Funds)	-	-	-	-	-
In Excess of Five Prior Fiscal Years	-	-	-	-	-
Total Revenue Available	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Result: Five-Year Revenue test met in accordance with Government Code 66001 (d).

Notes:

- (1) Other revenues include transfers in associated with the closure of CIP projects.
- (2) The Parks and Trails Facility Fee Fund reports a negative fund balance which is being corrected over several years as development occurs. It is anticipated this fund balance will be positive in FY 2016/17. The negative fund balance is due to timing issues as several CIP projects have been funded in advance on the basis of fees being collected in ensuing years.
- (3) In using the revenue and expenditure reports to report fees that have been held past the fifth year of first deposit, the total revenues received over the five-year period must be subtracted from the ending fund balance. Any fund balance in excess of the prior five years' revenue must have findings reported in accordance with Government Code 66001 (d). See pages 1 to 2.

City of Brentwood

Wastewater Facility Fee Fund

Statement of Revenues, Expenditures and Changes in Fund Balance Last Five Fiscal Years

Description	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
REVENUES					
Fees	\$ 614,557	\$ 969,476	\$ 1,044,224	\$ 1,562,653	\$ 2,614,215
Interest	209,715	81,374	165,821	147,390	316,925
Other Revenues	3,026,431 ⁽¹⁾	168,000 ⁽²⁾	1,292,285 ⁽²⁾	-	2,006,500 ⁽²⁾
Total Revenues	<u>3,850,703</u>	<u>1,218,850</u>	<u>2,502,330</u>	<u>1,710,043</u>	<u>4,937,640</u>
EXPENDITURES					
Expenditures	390,171	403,553	2,262,261	563,740	5,478,586
Total Expenditures	<u>390,171</u>	<u>403,553</u>	<u>2,262,261</u>	<u>563,740</u>	<u>5,478,586</u>
REVENUES OVER (UNDER)					
EXPENDITURES	3,460,532	815,297	240,069	1,146,303	(540,946)
Fund Balance, Beginning of Year	<u>(4,551,530)</u>	<u>(1,090,998)</u>	<u>(275,701)</u>	<u>(35,632)</u>	<u>1,110,671</u>
Fund Balance, End of Year	<u>\$ (1,090,998) ⁽³⁾</u>	<u>\$ (275,701) ⁽³⁾</u>	<u>\$ (35,632) ⁽³⁾</u>	<u>\$ 1,110,671 ⁽³⁾</u>	<u>\$ 569,725 ⁽³⁾</u>

Five-Year Revenue Test Using First In First Out Method ⁽⁴⁾

Revenue Available:					
Current Fiscal Year	\$ -	\$ -	\$ -	\$ 1,110,671	\$ 569,725
Prior Fiscal Year (2-yr Old Funds)	-	-	-	-	-
Prior Fiscal Year (3-yr Old Funds)	-	-	-	-	-
Prior Fiscal Year (4-yr Old Funds)	-	-	-	-	-
Prior Fiscal Year (5-yr Old Funds)	-	-	-	-	-
In Excess of Five Prior Fiscal Years	-	-	-	-	-
Total Revenue Available	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,110,671</u>	<u>\$ 569,725</u>

Result: Five-Year Revenue test met in accordance with Government Code 66001 (d).

Notes:

- (1) Other revenues for FY 2011/12 include a transfer in from the Non-Potable Distribution and WWTP Solids System projects. These project timelines were modified to FY 2013/14.
- (2) Other revenues include transfers in associated with the closure of CIP projects.
- (3) The Wastewater Facility Fee Fund reported a negative fund balance through FY 2013/14 as a result of the notes payable associated with the Wastewater Treatment Plant Expansion. At June 30, 2016 the payable balance was \$8,378,030 and the fund's cash and investments balance was \$8,952,533 resulting in a positive fund balance for FY 2015/16.
- (4) In using the revenue and expenditure reports to report fees that have been held past the fifth year of first deposit, the total revenues received over the five-year period must be subtracted from the ending fund balance. Any fund balance in excess of the prior five years' revenue must have findings reported in accordance with Government Code 66001 (d). See pages 1 to 2.

City of Brentwood

Community Facility Fee Fund

Statement of Revenues, Expenditures and Changes in Fund Balance Last Five Fiscal Years

Description	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
REVENUES					
Fees	\$ 678,220	\$ 934,242	\$ 1,499,451	\$ 1,203,898	\$ 986,792
Interest	189,983	3,338	16,184	22,014	85,701
Other Revenues	-	-	3,631 ⁽¹⁾	-	-
Total Revenues	<u>868,203</u>	<u>937,580</u>	<u>1,519,266</u>	<u>1,225,912</u>	<u>1,072,493</u>
EXPENDITURES					
Expenditures	415,430	860,837	1,115,392	702,139	2,677,328
Total Expenditures	<u>415,430</u>	<u>860,837</u>	<u>1,115,392</u>	<u>702,139</u>	<u>2,677,328</u>
REVENUES OVER (UNDER)					
EXPENDITURES	452,773	76,743	403,874	523,773	(1,604,835)
Fund Balance, Beginning of Year	<u>567,614</u>	<u>1,020,387</u>	<u>1,097,130</u>	<u>1,501,004</u>	<u>2,024,777</u>
Fund Balance, End of Year	<u>\$ 1,020,387</u>	<u>\$ 1,097,130</u>	<u>\$ 1,501,004</u>	<u>\$ 2,024,777</u>	<u>\$ 419,942</u>

Five-Year Revenue Test Using First In First Out Method ⁽²⁾

Revenue Available:					
Current Fiscal Year	\$ 868,203	\$ 937,580	\$ 1,501,004	\$ 1,225,912	\$ 419,942
Prior Fiscal Year (2-yr Old Funds)	152,184	159,550	-	798,865	-
Prior Fiscal Year (3-yr Old Funds)	-	-	-	-	-
Prior Fiscal Year (4-yr Old Funds)	-	-	-	-	-
Prior Fiscal Year (5-yr Old Funds)	-	-	-	-	-
In Excess of Five Prior Fiscal Years	-	-	-	-	-
Total Revenue Available	<u>\$ 1,020,387</u>	<u>\$ 1,097,130</u>	<u>\$ 1,501,004</u>	<u>\$ 2,024,777</u>	<u>\$ 419,942</u>

Result: Five-Year Revenue test met in accordance with Government Code 66001 (d).

Notes:

(1) Other revenues include transfers in associated with the closure of CIP projects.

(2) In using the revenue and expenditure reports to report fees that have been held past the fifth year of first deposit, the total revenues received over the five-year period must be subtracted from the ending fund balance. Any fund balance in excess of the prior five years' revenue must have findings reported in accordance with Government Code 66001 (d). See pages 1 to 2.

City of Brentwood

Fire Facility Fee Fund

Statement of Revenues, Expenditures and Changes in Fund Balance Last Five Fiscal Years

Description	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
REVENUES					
Fees	\$ 187,494	\$ 273,799	\$ 383,277	\$ 359,275	\$ 426,102
Interest	11,492	7,567	36,967	37,542	40,609
Other Revenues	-	1,920,082 ⁽¹⁾	31,003 ⁽¹⁾	-	-
Total Revenues	<u>198,986</u>	<u>2,201,448</u>	<u>451,247</u>	<u>396,817</u>	<u>466,711</u>
EXPENDITURES					
Expenditures	600	1,398	464,897	4,186	3,501,234
Total Expenditures	<u>600</u>	<u>1,398</u>	<u>464,897</u>	<u>4,186</u>	<u>3,501,234</u>
REVENUES OVER (UNDER)					
EXPENDITURES	198,386	2,200,050	(13,650)	392,631	(3,034,523)
Fund Balance, Beginning of Year	<u>1,031,406</u>	<u>1,229,792</u>	<u>3,429,842</u>	<u>3,416,192</u>	<u>3,808,823</u>
Fund Balance, End of Year	<u>\$ 1,229,792</u>	<u>\$ 3,429,842</u>	<u>\$ 3,416,192</u>	<u>\$ 3,808,823</u>	<u>\$ 774,300</u>

Five-Year Revenue Test Using First In First Out Method ⁽²⁾

Revenue Available:					
Current Fiscal Year	\$ 198,986	\$ 281,366	\$ 451,247	\$ 396,817	\$ 466,711
Prior Fiscal Year (2-yr Old Funds)	99,059	198,986	281,366	451,247	307,589
Prior Fiscal Year (3-yr Old Funds)	125,168	99,059	198,986	281,366	-
Prior Fiscal Year (4-yr Old Funds)	66,720	125,168	99,059	198,986	-
Prior Fiscal Year (5-yr Old Funds)	218,651	66,720	125,168	99,059	-
In Excess of Five Prior Fiscal Years	521,208 ⁽³⁾	2,658,543 ⁽³⁾	2,260,366 ⁽³⁾	2,381,348 ⁽³⁾	-
Total Revenue Available	<u>\$ 1,229,792</u>	<u>\$ 3,429,842</u>	<u>\$ 3,416,192</u>	<u>\$ 3,808,823</u>	<u>\$ 774,300</u>

Result: Five-Year Revenue test met in accordance with Government Code 66001 (d).

Notes:

- (1) Other revenues include transfers in associated with the modification of timelines for the Fire Station #53 (Shady Willow) project.
- (2) In using the revenue and expenditure reports to report fees that have been held past the fifth year of first deposit, the total revenues received over the five-year period must be subtracted from the ending fund balance. Any fund balance in excess of the prior five years' revenue must have findings reported in accordance with Government Code 66001 (d). See pages 1 to 2.
- (3) The Fire Facility Fee Fund reports funds being held past the fifth year of first deposit. These funds are intended for the Fire Station #53 (Shady Willow), CIP project 337-37030, and \$3.5M was transferred to this project in FY 2015/16. The total project budget is \$5,994,396 and cannot begin construction until sufficient funds are available to complete the project and the East Contra Costa Fire Protection District has the financial resources available for staff to man the new station. See page 2.



NOTES TO THE DEVELOPMENT IMPACT FEE REPORT – The Notes address two items required by California Government Code Section 66006 (b). First, Notes #1 to #4 provide information on any interfund transfer or loan made from a development impact fee account or fund, including the public improvement on which the transferred or loaned fees will be expended. In the case of an interfund loan, the date on which the loan will be repaid and the rate of interest the account or fund will receive on the loan is also provided. Second, Note #5 provides information on the amount of refunds made due to sufficient funds being collected to complete financing on incomplete public improvements, and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded.

NOTE # 1 – BONDS

A. WATER REVENUE BONDS SERIES 2008

On November 13, 2008, the Brentwood Infrastructure Financing Authority (the “Authority”) issued \$53,200,000 in Water Revenue Bonds Series 2008 (“2008 Water Bonds”) associated with the construction of the Surface Water Treatment Facility, with interest rates ranging from 4.5 to 5.75%, due July 1, 2038. On December 4, 2014, the Authority issued Water Revenue Refunding Bonds Series 2014 (“2014 Water Bonds”) (see below) which refunded and defeased the outstanding 2008 Water Bonds maturing after July 1, 2018 in the aggregate principal amount of \$43,335,000.

The Water Enterprise fund paid the first three years of debt service and the Water Facility Fee fund began paying debt service in FY 2012/13. The Water Facility Fee fund was responsible for 35% of the principal attributable to the 2008 Water Bonds plus 10% for financing per the Development Fee Program, which results in principal and interest payments of \$674,194 annually. Due to the bond refunding, a portion of this annual payment will be paid toward the remaining 2008 Water Bonds and the balance toward the 2014 Water Bonds. During FY 2015/16, the Water Facility Fee fund paid \$365,750 in principal and interest payments on the obligation. Future payment obligations from the Water Facility Fee fund for the 2008 Water Bonds are as follows:

Year Ending				
June 30	Principal	Interest	Total	
2017	\$ 350,000	\$ 35,000	\$ 385,000	
2018	369,250	36,925	406,175	
Total	\$ 719,250	\$ 71,925	\$ 791,175	

B. WATER REVENUE REFUNDING BONDS SERIES 2014

On December 4, 2014, the Authority issued \$42,810,000 in Water Revenue Refunding Bonds, Series 2014 to (1) refund a portion of the Authority’s Water Revenue Bonds, Series 2008 and (2) pay costs of issuance incurred in connection with the issuance, sale and delivery of the 2014 Water Bonds, with interest rates ranging from 3.0 to 5.0%.

During FY 2015/16, the Water Facility Fee Fund paid \$308,444 in principal and interest payments on the obligation. Future payment obligations for the 2014 Water Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2017	\$ -	\$ 289,194	\$ 289,194
2018	243,654	24,365	268,019
2019	612,904	61,290	674,194
2020	612,904	61,290	674,194
2021	612,904	61,290	674,194
2022-2026	3,064,519	306,451	3,370,970
2027-2031	3,064,519	306,451	3,370,970
2032-2036	3,064,519	306,451	3,370,970
2037-2038	1,225,808	122,580	1,348,388
Total	\$ 12,501,731	\$ 1,539,362	\$ 14,041,093

The Authority has pledged future water customer revenues, net of specified operating expenses, through 2038 to repay both the 2008 and 2014 Water Bonds.

C. CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS SERIES 2012 (ROADWAY)

On January 11, 2012, the Authority issued \$24,060,000 in Brentwood Capital Improvement Revenue Refunding Bonds, Series 2012. A portion of the original bond issuance, \$5,940,000, is attributable to the refinance of the 1996 Roadway Bonds. Proceeds from the 1996 bonds were used to fund a portion of Balfour Road; Oak Street; O’Hara Avenue; Sand Creek Road; Lone Tree Way; Griffith Lane; the Walnut Boulevard extension and the Sand Creek Road extension. Total future annual debt service payments, including interest at 4.00 to 5.25%, range from \$405,000 to \$408,631. During FY 2015/16, the Roadway Facility Fee paid \$408,875 in principal and interest payments on the obligation. Future payments for these bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2017	\$ 240,000	\$ 168,300	\$ 408,300
2018	250,000	156,650	406,650
2019	265,000	143,278	408,278
2020	280,000	128,632	408,632
2021	295,000	113,178	408,178
2022-2026	1,710,000	320,750	2,030,750
2027	395,000	9,875	404,875
Total	\$ 3,435,000	\$1,040,663	\$ 4,475,663

NOTE # 2 – NOTES PAYABLE

A. STATE WATER RESOURCES LOAN (WASTEWATER)

In December 2000, the City entered into a loan contract with the State of California’s State Water Resources Control Board for the purpose of financing the Wastewater Treatment Plant 5 Million

Gallons per Day Expansion project. Under the terms of the contract, the City has agreed to repay the State \$45,580,886 in exchange for receiving \$37,983,920 in proceeds used to fund the project. The difference between the repayment obligation and proceeds amounted to \$7,596,966 upon issue and represents in-substance interest on the outstanding balance. This in-substance interest amount has been recorded as a discount on debt at an imputed yield of 1.81% per year and is being amortized over the remaining life of the contract. The loan was originally split 60% new development and 40% existing development. The first two payments were paid 100% by the Wastewater Facility Fee Fund, and the current balance has been revised to reflect those payments. The facility fee fund is now responsible for 56% of principal payments and has fulfilled its fair share of the unamortized discount. As of June 30, 2016, the facility fee fund's gross repayment obligation totaled \$8,378,030. During FY 2015/16, the Wastewater Facility Fee Fund repaid \$1,113,494 of the obligation. Future payment for this loan is as follows:

Year Ending	
June 30	Principal
2017	\$ 1,133,593
2018	1,154,056
2019	1,174,888
2020	1,196,096
2021	1,217,686
2022-2023	2,501,711
Total	\$ 8,378,030

NOTE # 3 – DEFERRED IMPACT FEES

A. SILENT SECOND

In April of 2002, the City established the Police Officer Recruitment Incentive Program (Silent Second). Under this program, the City deferred a portion of the development impact fees on a single family home for an officer who purchased a new home in the City of Brentwood. The facility fee funds receive payment for these deferred development fees at a rate of 5% of the original deferral amount per year over 20 years. The General Fund is obligated to make the annual 5% payments unless the officer's employment with the City is terminated prior to full repayment of the deferred facility fees, at which time the remaining balance is immediately due and payable by the officer. The program is now closed to new applicants and will terminate once all of the existing loans have been paid. As of June 30, 2016, the gross repayment obligation to the Water Facility Fee Fund totaled \$91,250. During FY 2015/16, the Water Facility Fee Fund received \$11,475 in payments on deferred fees.

Receivable Fund	Balance June 30, 2015	Payoffs	Balance June 30, 2016
Water Facility Fee	\$ 102,725	\$ (11,475)	\$ 91,250
Total	\$ 102,725	\$ (11,475)	\$ 91,250

NOTE # 4 – DEVELOPMENT REIMBURSEMENTS

A. DEVELOPMENT REIMBURSEMENTS

The Subdivision Map Act requires the City enter into a reimbursement agreement when a developer constructs excess improvements. Per the reimbursement agreement, the City shall reduce the development impact fees collected from the developer, in the form of development impact fee credits, for the costs associated with the design, financing, construction and installation of the excess improvements. The value of credits does not increase for inflation nor do they accrue interest. As of June 30, 2016 the total value of credits was \$6,860,038. A total of \$3,361,419 was used as credits during FY 2015/16. Any unused credits from one development project may be transferred by a developer to another project located elsewhere in the City. Occasionally, credits exceed the fees attributable to the development and another development project is not available to which the excess credits can be transferred to. In these limited situations, the reimbursement agreement requires the City to make annual installment payments to the developer from like development facility fee funds and no other. Currently, there is one such outstanding agreement.

<u>Developer</u>	<u>Payable Fund</u>	<u>Credits Outstanding</u>
William Lyon Homes	Water Facility Fee	\$ 123,180
	Total	\$ 123,180

NOTE # 5 – REFUNDS PAYABLE

A. REFUNDS OF DEVELOPER FEES

When the City no longer needs the funds for the purposes collected, or if the City fails to make required findings or perform certain administrative tasks prescribed by AB 1600, the City may be required to refund, on a prorated basis, to owners of the properties upon which the fees for the improvement were imposed, the monies collected for that project and any interest earned on those funds. At this time, all fees being collected pursuant to the Development Fee Program have been earmarked for current or future capital projects necessary to maintain the current levels of service within existing service areas to serve new development.



***DEVELOPMENT IMPACT FEE PROJECT
IDENTIFICATION***

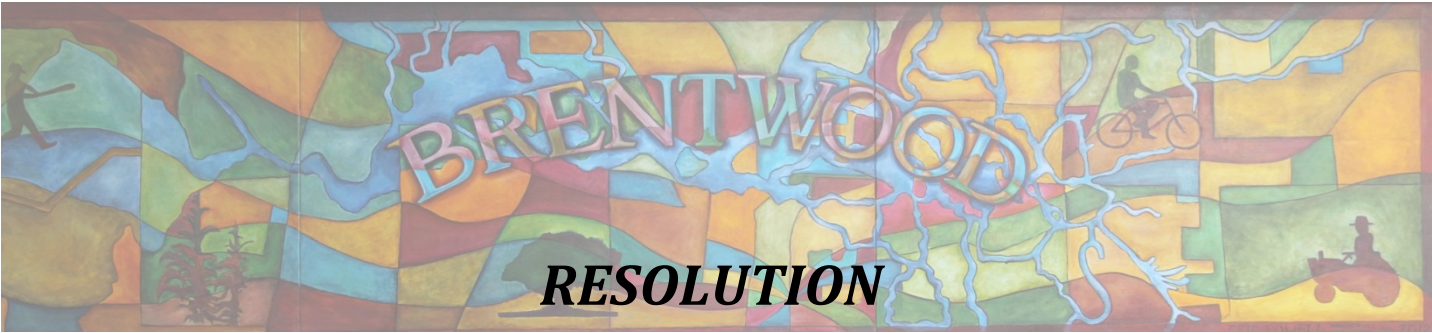
DEVELOPMENT IMPACT FEE PROJECT IDENTIFICATION

The Development Impact Fee Project Identification table, on page 17, illustrates the following reporting requirements defined by California Government Code Section 66006 (b):

- An identification of each public improvement on which fees were expended and the amount of expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.
- An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement.

All of the current projects including all funding sources and approximate dates of funding can be found in the 2016/17 – 2020/21 CIP budget.

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RESOLUTION NO. 2016-XXX