

Development Impact Fee Report

Fiscal Year Ended June 30, 2019





City Council as of June 30, 2019

Robert Taylor Mayor
Joel Bryant Vice Mayor
Johnny Rodriguez Council Member
Karen Rarey Council Member
Claudette Staton Council Member

Executive Team as of June 30, 2019

Gustavo "Gus" Vina City Manager
Damien Brower City Attorney
Sukari Beshears Director of Human Resources/Risk Manager
Kerry Breen City Treasurer/Director of Finance and Information Systems
Terrence Grindall Assistant City Manager
Tom Hansen 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 10, 2019

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 (DIF) Report for the City of Brentwood, California for the fiscal year (FY) ended June 30, 2019.

DIFs 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 DIF 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".

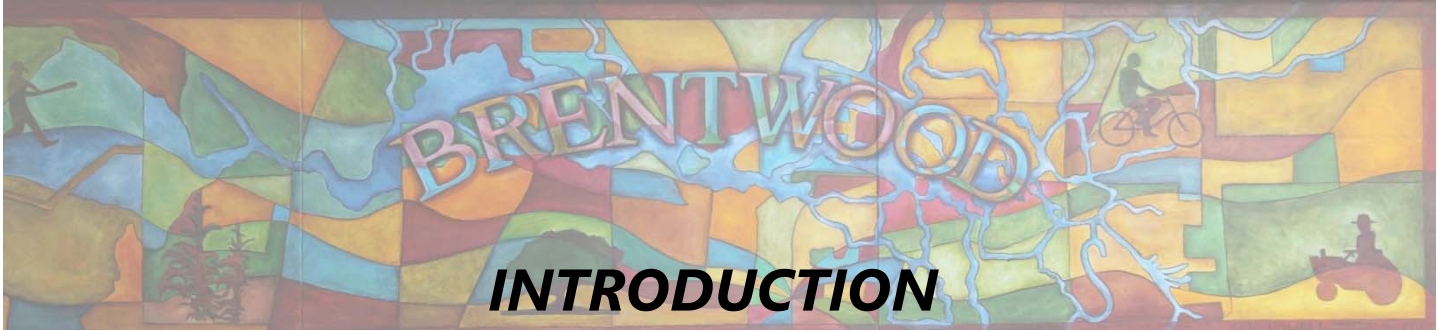
In Brentwood, DIFs are collected at the time a building permit is issued for the purpose of mitigating the impacts caused by new development on the City's infrastructure. Fees are used to finance the acquisition, construction and improvement of public facilities needed as a result of this new development. 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 Facilities 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 DIFs 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 with the most recent update, the City of Brentwood Development Fee Program ("DIF Program"), being adopted by City Council on November 14, 2017.

State law requires the City prepare and make available to the public the DIF 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 25, 2019.

Respectfully submitted,

Kerry Breen
City Treasurer/Director of Finance and Information Systems





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 DIFs on new development. Annually, for each separate fund established for the collection and expenditure of DIFs, 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 4 to 5)*
- The amount of the fee. *(Page 5)*
- The beginning and ending balance of the account or fund. *(Page 7)*
- The amount of the fees collected and interest earned. *(Pages 7 to 13)*
- 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 21)*
- 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 21)*
- 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 15 to 18)*
- 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 18)*

B. CALIFORNIA GOVERNMENT CODE SECTION 66001 (d)

For all funds established for the collection and expenditure of DIFs, 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, 2019, the City's Fire DIF Fund reports funds held past the fifth year of first deposit, therefore, the City is reporting the following findings relating to the Fire DIF Fund:

- The available Fire DIF funds are intended for the Fire Station - Shady Willow Capital Improvement Program (CIP) project 337-37030. This project was projected to commence in FY 2020/21.
- The purpose of the Fire DIF 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 - Shady Willow project will construct an approximately 7,000 ft² fire station, initially planned 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 \$7,567,397 and is, at this time, projected to be completely funded by Fire DIFs.
- On October 22, 2019, City Council approved the use of a design-build procurement method for the design and construction of the new fire station and authorized staff to issue a request for proposals for architectural design services for the project.
- Any necessary amendments to the project name, description, location, commencement date or funding as well as award of agreement for design services will be brought back to Council for approval in FY 2019/20.

Additional information about the Fire Station - 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 as well as identify situations where infrastructure is needed to accommodate the planned development.

The City's current, adopted 2019/20 – 2023/24 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 DIF Program has been in effect in Brentwood since FY 1989/90. The current DIF Program, titled the City of Brentwood Development Fee Program 2018 Update, was adopted on November 14, 2017. Adjustments to the fees shall be made annually in accord with the Engineering News Record Construction Cost Index. The DIF 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 DIF 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 impact fee type, are detailed within the City's DIF Program beginning with Table 7 in that document.

Information on current CIP projects that are in the DIF Program can be found on page 21 including: Current Projects, Project Phase, Estimated Construction Start Date, Estimated Completion Date, Estimated 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 2019/20 – 2023/24 CIP identifies all funding sources and amounts for individual projects through FY 2023/24. 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 impact 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 DIF Program. Estimated construction start dates for projects are adjusted, as needed, to reflect the needs of the community.

F. CURRENT MAJOR CIP PROJECTS

In FY 2018/19, the Municipal Service Center project was completed which was funded in part by Community Facilities DIFs and the planning and design for the Priority Area 1 Infrastructure Improvements project began, funded partially by Roadway DIFs. Also under construction is the Non-Potable Storage Facility project funded through a State Revolving Fund (SRF) loan to be repaid, in-part, with Wastewater DIFs. Planning and design continues on the Wastewater



Non-Potable Storage Facility

Treatment Plant (WWTP) – Phase II Expansion project. This project will also be funded through an SRF loan, which will be repaid in part by Wastewater DIFs. Additional budget information regarding CIP projects funded by DIFs is shown in the table on page 21.

DESCRIPTION OF DEVELOPMENT IMPACT FEES

Water Development Impact 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 (2017) and DIF Program.

Roadway Development Impact 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 DIF Program.

Parks and Trails Development Impact Fee – To provide for the acquisition and development of parks as specified in the City’s Parks, Trails and Recreation Master Plan Update (2019) and DIF Program.

Wastewater Development Impact 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 Sewer Master Plan (2017), the Recycled Water Feasibility Study (2013) and DIF Program.

Community Facilities Development Impact 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 DIF Program.

Fire Development Impact 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 DIF Program.

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

DEVELOPMENT FEE PROGRAM ⁽¹⁾					
SCHEDULE OF FEES					
General Plan Build Out					
Fee Category	RESIDENTIAL per Unit		NON-RESIDENTIAL per Building SF		
	Single Family	Multi-Family	Commercial	Office	Industrial/ Institutional
Administration	\$656.53	\$485.24	\$0.4293	\$0.5511	\$0.3289
Community Facilities	\$1,681.28	\$1,242.63	\$0.4014	\$0.5153	\$0.3075
Fire ^{(2), (3)}	\$905.06	\$905.06	\$0.1786	\$0.1786	\$0.1786
Parks and Trails	\$6,374.52	\$4,711.40	-	-	-
Roadways	\$12,704.09	\$7,876.54	\$4.7339	\$5.6787	\$3.5063
Wastewater	\$7,719.70	\$5,705.63	\$1.7549	\$2.0739	\$1.4402
Water	\$12,319.22	\$5,053.07	\$1.2687	\$1.5615	\$1.0844
Total Fees	\$42,360.40	\$25,979.57	\$8.77	\$10.56	\$6.85

⁽¹⁾ Fees updated July 1, 2019, pursuant to City Council Resolution No. 2017-146

⁽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.



Financial Summary Report

Statement of Revenues, Expenditures and Changes in Fund Balance For the Year Ended June 30, 2019

Development Impact Fees

Description	Water	Roadway	Parks and Trails	Wastewater	Community Facilities	Fire
REVENUES						
Fees	\$ 1,854,564	\$ 2,142,750	\$ 1,348,772	\$ 1,492,481	\$ 396,307	\$ 313,790
Interest	247,376	607,134	49,349	594,524	32,659	264,604
Other Revenues	47,326 ⁽¹⁾	653,418 ⁽¹⁾	24,372 ⁽¹⁾	80,962 ⁽¹⁾	266,790 ⁽¹⁾	-
Total Revenues	<u>2,149,266</u>	<u>3,403,302</u>	<u>1,422,493</u>	<u>2,167,967</u>	<u>695,756</u>	<u>578,394</u>
EXPENDITURES						
Expenditures	2,766,079	4,853,491	982,918	1,964,787	289,006	5,436
Total Expenditures	<u>2,766,079</u>	<u>4,853,491</u>	<u>982,918</u>	<u>1,964,787</u>	<u>289,006</u>	<u>5,436</u>
REVENUES OVER (UNDER)						
EXPENDITURES	(616,813)	(1,450,189)	439,575	203,180	406,750	572,958
Fund Balance, Beginning of Year	<u>(6,073,862)</u>	<u>10,515,236</u>	<u>929,804</u>	<u>6,385,371</u>	<u>(1,279,912)</u>	<u>5,569,319</u>
Fund Balance, End of Year	<u>\$ (6,690,675) ⁽²⁾</u>	<u>\$ 9,065,047</u>	<u>\$ 1,369,379</u>	<u>\$ 6,588,551</u>	<u>\$ (873,162) ⁽³⁾</u>	<u>\$ 6,142,277</u>

Notes:

- (1) Other revenues include transfers in associated with CIP project funding timing changes, the closure of CIP projects and developer contributions for fair share improvements.
- (2) The Water DIF 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, 2019 is \$11,645,173.
- (3) The Community Facilities DIF Fund reports a negative fund balance due to timing issues which are expected to be corrected over the next several years as development occurs. CIP projects have been funded in advance on the basis of fees being collected in ensuing years. This type of fiscal management is mandatory to support the infrastructure needed to accommodate the planned development.





Water Development Impact Fee Fund

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

Description	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
REVENUES					
Fees	\$ 1,512,438	\$ 3,713,700	\$ 2,106,069	\$ 3,558,249	\$ 1,854,564
Interest	44,122	74,934	13,844	15,559	247,376
Other Revenues	400,655 ⁽¹⁾	-	62,421 ⁽¹⁾	-	47,326 ⁽¹⁾
Total Revenues	<u>1,957,215</u>	<u>3,788,634</u>	<u>2,182,334</u>	<u>3,573,808</u>	<u>2,149,266</u>
EXPENDITURES					
Expenditures	1,978,686	1,799,944	2,256,127	1,566,704	2,766,079
Total Expenditures	<u>1,978,686</u>	<u>1,799,944</u>	<u>2,256,127</u>	<u>1,566,704</u>	<u>2,766,079</u>
REVENUES OVER (UNDER) EXPENDITURES					
	(21,471)	1,988,690	(73,793)	2,007,104	(616,813)
Fund Balance, Beginning of Year	<u>(9,974,392)</u>	<u>(9,995,863)</u>	<u>(8,007,173)</u>	<u>(8,080,966)</u>	<u>(6,073,862)</u>
Fund Balance, End of Year	<u><u>\$ (9,995,863) ⁽²⁾</u></u>	<u><u>\$ (8,007,173) ⁽²⁾</u></u>	<u><u>\$ (8,080,966) ⁽²⁾</u></u>	<u><u>\$ (6,073,862) ⁽²⁾</u></u>	<u><u>\$ (6,690,675) ⁽²⁾</u></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>\$ -</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 DIF 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, 2019 is \$11,645,173. 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, 2019 of \$4,484,303.
- (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 2 to 3.



Roadway Development Impact Fee Fund

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

Description	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
REVENUES					
Fees	\$ 3,388,341	\$ 3,455,393	\$ 4,791,511	\$ 4,476,246	\$ 2,142,750
Interest	49,776	165,890	10,655	20,631	607,134
Other Revenues	22,589 ⁽¹⁾	620,000 ⁽¹⁾	-	273,243 ⁽¹⁾	653,418 ⁽¹⁾
Total Revenues	<u>3,460,706</u>	<u>4,241,283</u>	<u>4,802,166</u>	<u>4,770,120</u>	<u>3,403,302</u>
EXPENDITURES					
Expenditures	3,775,205	3,580,297	2,141,532	1,653,417	4,853,491
Total Expenditures	<u>3,775,205</u>	<u>3,580,297</u>	<u>2,141,532</u>	<u>1,653,417</u>	<u>4,853,491</u>
REVENUES OVER (UNDER)					
EXPENDITURES	(314,499)	660,986	2,660,634	3,116,703	(1,450,189)
Fund Balance, Beginning of Year	4,391,412	4,076,913	4,737,899	7,398,533	10,515,236
Fund Balance, End of Year	<u>\$ 4,076,913</u>	<u>\$ 4,737,899</u>	<u>\$ 7,398,533</u>	<u>\$ 10,515,236</u>	<u>\$ 9,065,047</u>

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

Revenue Available:					
Current Fiscal Year	\$ 3,460,706	\$ 4,241,283	\$ 4,802,166	\$ 4,770,120	\$ 3,403,302
Prior Fiscal Year (2-yr Old Funds)	616,207	496,616	2,596,367	4,802,166	4,770,120
Prior Fiscal Year (3-yr Old Funds)	-	-	-	942,950	891,625
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>\$ 4,076,913</u>	<u>\$ 4,737,899</u>	<u>\$ 7,398,533</u>	<u>\$ 10,515,236</u>	<u>\$ 9,065,047</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 2 to 3.



Parks and Trails Development Impact Fee Fund

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

Description	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
REVENUES					
Fees	\$ 2,290,309	\$ 3,457,763	\$ 3,001,952	\$ 1,890,544	\$ 1,348,772
Interest	3,882	1,117	3,180	1,914	49,349
Other Revenues	-	-	28,525 ⁽¹⁾	-	24,372
Total Revenues	<u>2,294,191</u>	<u>3,458,880</u>	<u>3,033,657</u>	<u>1,892,458</u>	<u>1,422,493</u>
EXPENDITURES					
Expenditures	2,080,986	1,667,299	2,260,735	1,562,464	982,918
Total Expenditures	<u>2,080,986</u>	<u>1,667,299</u>	<u>2,260,735</u>	<u>1,562,464</u>	<u>982,918</u>
REVENUES OVER (UNDER) EXPENDITURES					
	213,205	1,791,581	772,922	329,994	439,575
Fund Balance, Beginning of Year	<u>(2,177,898)</u>	<u>(1,964,693)</u>	<u>(173,112)</u>	<u>599,810</u>	<u>929,804</u>
Fund Balance, End of Year	<u>\$ (1,964,693) ⁽²⁾</u>	<u>\$ (173,112) ⁽²⁾</u>	<u>\$ 599,810</u>	<u>\$ 929,804</u>	<u>\$ 1,369,379</u>

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

Revenue Available:					
Current Fiscal Year	\$ -	\$ -	\$ 599,810	\$ 929,804	\$ 1,369,379
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>\$ 599,810</u>	<u>\$ 929,804</u>	<u>\$ 1,369,379</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 DIF Fund reported a negative fund balance which was corrected over several years as development occurred. The negative fund balance was due to timing issues as several CIP projects had 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 2 to 3.



Wastewater Development Impact Fee Fund

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

Description	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
REVENUES					
Fees	\$ 1,562,653	\$ 2,614,215	\$ 1,722,497	\$ 2,489,516	\$ 1,492,481
Interest	147,390	316,925	81,657	25,183	594,524
Other Revenues	-	2,006,500 ⁽¹⁾	387,431 ⁽¹⁾	1,783,250 ⁽¹⁾	80,962 ⁽¹⁾
Total Revenues	<u>1,710,043</u>	<u>4,937,640</u>	<u>2,191,585</u>	<u>4,297,949</u>	<u>2,167,967</u>
EXPENDITURES					
Expenditures	563,740	5,478,586	407,858	266,030	1,964,787
Total Expenditures	<u>563,740</u>	<u>5,478,586</u>	<u>407,858</u>	<u>266,030</u>	<u>1,964,787</u>
REVENUES OVER (UNDER)					
EXPENDITURES	1,146,303	(540,946)	1,783,727	4,031,919	203,180
Fund Balance, Beginning of Year	(35,632)	1,110,671	569,725	2,353,452	6,385,371
Fund Balance, End of Year	<u>\$ 1,110,671</u>	<u>\$ 569,725</u>	<u>\$ 2,353,452</u>	<u>\$ 6,385,371</u>	<u>\$ 6,588,551</u>

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

Revenue Available:					
Current Fiscal Year	\$ 1,110,671	\$ 569,725	\$ 2,191,585	\$ 4,297,949	\$ 2,167,967
Prior Fiscal Year (2-yr Old Funds)	-	-	161,867	2,087,422	4,297,949
Prior Fiscal Year (3-yr Old Funds)	-	-	-	-	122,635
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>\$ 1,110,671</u>	<u>\$ 569,725</u>	<u>\$ 2,353,452</u>	<u>\$ 6,385,371</u>	<u>\$ 6,588,551</u>

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

Notes:

- (1) Other revenues include transfers in associated with CIP project funding timing changes and 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 2 to 3.



Community Facilities Development Impact Fee Fund

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

<u>Description</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>	<u>FY 2016/17</u>	<u>FY 2017/18</u>	<u>FY 2018/19</u>
REVENUES					
Fees	\$ 1,203,898	\$ 986,792	\$ 1,210,205	\$ 653,792	\$ 396,307
Interest	22,014	85,701	14,911	6,110	32,659
Other Revenues	-	-	100,000 ⁽¹⁾	-	266,790
Total Revenues	<u>1,225,912</u>	<u>1,072,493</u>	<u>1,325,116</u>	<u>659,902</u>	<u>695,756</u>
EXPENDITURES					
Expenditures	702,139	2,677,328	1,029,122	2,655,750	289,006
Total Expenditures	<u>702,139</u>	<u>2,677,328</u>	<u>1,029,122</u>	<u>2,655,750</u>	<u>289,006</u>
REVENUES OVER (UNDER)					
EXPENDITURES	523,773	(1,604,835)	295,994	(1,995,848)	406,750
Fund Balance, Beginning of Year	1,501,004	2,024,777	419,942	715,936	(1,279,912)
Fund Balance, End of Year	<u>\$ 2,024,777</u>	<u>\$ 419,942</u>	<u>\$ 715,936</u>	<u>\$ (1,279,912) ⁽²⁾</u>	<u>\$ (873,162) ⁽²⁾</u>

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

Revenue Available:					
Current Fiscal Year	\$ 1,225,912	\$ 419,942	\$ 715,936	\$ -	\$ -
Prior Fiscal Year (2-yr Old Funds)	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>\$ 2,024,777</u>	<u>\$ 419,942</u>	<u>\$ 715,936</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 Community Facilities DIF Fund reports a negative fund balance due to timing issues which are expected to be corrected over the next several years as development occurs. CIP projects have been funded in advance on the basis of fees being collected in ensuing years. This type of fiscal management is mandatory to support the infrastructure needed to accommodate the planned development.
- (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 2 to 3.



Fire Development Impact Fee Fund

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

Description	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
REVENUES					
Fees	\$ 359,275	\$ 426,102	\$ 470,957	\$ 348,905	\$ 313,790
Interest	37,542	40,609	11,136	10,919	264,604
Other Revenues	-	-	3,962,000 ⁽¹⁾	-	-
Total Revenues	<u>396,817</u>	<u>466,711</u>	<u>4,444,093</u>	<u>359,824</u>	<u>578,394</u>
EXPENDITURES					
Expenditures	4,186	3,501,234	3,865	5,033	5,436
Total Expenditures	<u>4,186</u>	<u>3,501,234</u>	<u>3,865</u>	<u>5,033</u>	<u>5,436</u>
REVENUES OVER (UNDER)					
EXPENDITURES	392,631	(3,034,523)	4,440,228	354,791	572,958
Fund Balance, Beginning of Year	<u>3,416,192</u>	<u>3,808,823</u>	<u>774,300</u>	<u>5,214,528</u>	<u>5,569,319</u>
Fund Balance, End of Year	<u>\$ 3,808,823</u>	<u>\$ 774,300</u>	<u>\$ 5,214,528</u>	<u>\$ 5,569,319</u>	<u>\$ 6,142,277</u>

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

Revenue Available:					
Current Fiscal Year	\$ 396,817	\$ 466,711	\$ 482,093	\$ 359,824	\$ 578,394
Prior Fiscal Year (2-yr Old Funds)	420,244	307,589	466,711	482,093	359,824
Prior Fiscal Year (3-yr Old Funds)	281,366	-	396,817	466,711	482,093
Prior Fiscal Year (4-yr Old Funds)	198,986	-	420,244	396,817	466,711
Prior Fiscal Year (5-yr Old Funds)	99,059	-	281,366	420,244	396,817
In Excess of Five Prior Fiscal Years	2,412,351 ⁽³⁾	-	3,167,297 ⁽³⁾	3,443,630 ⁽³⁾	3,858,438 ⁽³⁾
Total Revenue Available	<u>\$ 3,808,823</u>	<u>\$ 774,300</u>	<u>\$ 5,214,528</u>	<u>\$ 5,569,319</u>	<u>\$ 6,142,277</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 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 2 to 3.
- (3) The Fire DIF Fund reports funds being held past the fifth year of first deposit. These funds are intended for the Fire Station - Shady Willow, CIP project 337-37030, with a total project budget of \$7,567,397. City Council approved the use of a design-build procurement method for the design and construction of the new fire station and authorized staff to issue a request for proposals for architectural design services for the project. See page 3.





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 DIF 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 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 2018/19, the Water DIF Fund paid \$674,194 in principal and interest payments on the obligation. Future payment obligations for the 2014 Water Bonds are as follows:

Year Ending	Principal	Interest	Total
June 30			
2020	\$ 612,904	\$ 61,290	\$ 674,194
2021	612,904	61,290	674,194
2022	612,904	61,290	674,194
2023	612,904	61,290	674,194
2024	612,904	61,290	674,194
2025-2029	3,064,519	306,451	3,370,970
2030-2034	3,064,519	306,451	3,370,970
2035-2038	2,451,615	245,161	2,696,776
Total	\$ 11,645,173	\$ 1,164,513	\$ 12,809,686

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

B. 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 to be paid by the Roadway DIF Fund, including interest at 5.00% to 5.375%, range from \$404,125 to \$408,631. During FY 2018/19, the Roadway DIF Fund paid \$408,278 in principal and interest payments on the obligation. Future payments for these bonds are listed as follows:



Year Ending June 30	Principal	Interest	Total
2020	\$ 280,000	\$ 128,631	\$ 408,631
2021	295,000	113,178	408,178
2022	310,000	97,500	407,500
2023	325,000	81,625	406,625
2024	340,000	65,000	405,000
2025-2027	1,130,000	86,500	1,216,500
Total	\$ 2,680,000	\$ 572,434	\$ 3,252,434

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 DIF Fund, and the current balance has been revised to reflect those payments. The Wastewater DIF Fund is now responsible for 56% of principal payments and has fulfilled its fair share of the unamortized discount. As of June 30, 2019, the Wastewater DIF Fund’s gross repayment obligation totaled \$4,915,493. During FY 2018/19, the Wastewater DIF Fund repaid \$1,174,888 of the obligation. Future payment obligations for this loan is as follows:

Year Ending June 30	Principal	Interest	Total
2020	\$ 1,196,096	\$ -	\$ 1,196,096
2021	1,217,686	-	1,217,686
2022	1,239,667	-	1,239,667
2023	1,262,044	-	1,262,044
Total	\$ 4,915,493	\$ -	\$ 4,915,493

B. State Water Resources Loan (Recycled Water Projects)

In July 2017, the City entered into a loan and grant agreement with the State of California’s State Water Resources Control Board for a not-to-exceed amount of \$20,802,000 to fund the City’s Water Recycling Projects, which consists of three City projects: the Non-Potable Storage Facility, Citywide Non-Potable Water Distribution System and Secondary Non-Potable Water Storage Facility. Project financing will consist of a State Revolving Fund loan and grant funding in estimated amounts of



\$14,596,500 and \$6,205,500, respectively. Certain terms of the loan were amended in September 2018, under which the City was to start construction no later than June 25, 2018 with construction to be completed by June 30, 2021. The loan bears annual interest of 1.0%, which begins accruing with each financing disbursement. Beginning one year after completion of construction, repayment of the loan principal plus interest will be made annually according to the final payment schedule provided by the State. As of June 30, 2019, the City has incurred \$6,566,758 of eligible project costs and financing disbursement requests have been submitted to the State. The Wastewater DIF will be responsible for 50% of the total loan repayment costs.

NOTE # 3 – DEFERRED DEVELOPMENT 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 DIFs on a single family home for an officer who purchased a new home in the City of Brentwood. The DIF 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 DIFs, 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, 2019, the gross repayment obligation to the Water DIF Fund totaled \$43,325. During FY 2018/19, the Water DIF Fund received \$9,975 in payments on deferred fees.

Receivable Fund	Balance June 30, 2018	Payoffs	Balance June 30, 2019
Water Development Impact Fee	\$ 53,300	\$ (9,975)	\$ 43,325
Total	\$ 53,300	\$ (9,975)	\$ 43,325

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 DIFs collected from the developer, in the form of DIF 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, 2019 the total value of credits was \$3,827,218, after a total of \$1,155,549 was used as credits and an additional \$2,837,654 was added by agreements during FY 2018/19. 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 DIF funds and no other. Currently, there are two such outstanding agreements.

<u>Developer</u>	<u>Payable Fund</u>	<u>Credits</u>	
		<u>Outstanding</u>	
Signature Homes	Parks and Trails DIF	\$	104,745
Lennar Homes	Water DIF		(8,353)
Lennar Homes	Wastewater DIF		(4,002)
Lennar Homes	Roadways DIF		(48,282)
Lennar Homes	Parks and Trails DIF		434,191
Total		\$	478,299

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 DIF 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.





The Development Impact Fee Project Identification table, on page 21, 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 2019/20 – 2023/24 CIP budget on the City's website at www.brentwoodca.gov.





Development Impact Fee Project Identification

Development Impact Fee Project Identification

As of June 30, 2019

Project Number	Current Projects	Project Phase	Construction		Estimated Project Cost ⁽¹⁾	Development Impact Fees		Estimated % of Project Funded with Fees ⁽²⁾
			Estimated Construction Start Date	Estimated Completion Date		Budget To Date ⁽¹⁾	Funding To Date ⁽¹⁾	
Water Development Impact Fee								
56392	Brentwood Boulevard Sewer and Water Main	Preliminary	2020/21	2023/24	\$ 3,290,000	\$ 10,000	\$ -	30%
37197	Development Services Software ⁽³⁾	Construction	2008/09	2019/20	450,000	97,290	97,290	22%
31683	John Muir Parkway Extension - Phase II	Construction	2009/10	2019/20	5,560,000	190,000	190,000	3%
	O'Hara Ave/Lone Tree Way Water Upgrade	Preliminary	2019/20	2020/21	612,000	306,000	-	50%
56320	Underground Water System Corrosion Mitigation	Construction	2006/07	2019/20	300,000	188,058	188,058	63%
56407	Water Treatment Plant Master Plan	Design	2018/19	2019/20	163,000	71,720	71,720	44%
Total Water Development Impact Fee					\$ 10,375,000	\$ 863,068	\$ 547,068	
Roadway Development Impact Fee								
31620	Brentwood Boulevard Widening N. - Phase I	Design	2020/21	2023/24	\$ 7,180,000	\$ 400,000	\$ 400,000	6%
31500	Citywide Traffic Signal Interconnect Program	Construction	2004/05	2019/20	574,000	574,000	574,000	100%
37197	Development Services Software ⁽³⁾	Construction	2008/09	2019/20	450,000	146,520	146,520	33%
31640	John Muir Parkway Extension/Foothill Dr. - Phase I	Design	2022/23	2023/24	6,737,757	683,000	-	82%
31683	John Muir Parkway Extension - Phase II	Construction	2009/10	2019/20	5,560,000	614,699	614,699	11%
31340	Lone Tree Way - Union Pacific Undercrossing	Design	2019/20	2023/24	27,057,213	2,991,050	2,991,050	11%
31695	Priority Area 1 Infrastructure Improvements	Design	2018/19	2020/21	10,700,000	6,400,000	6,400,000	60%
Total Roadway Development Impact Fee					\$ 58,258,970	\$ 11,809,269	\$ 11,126,269	
Parks and Trails Development Impact Fee								
37197	Development Services Software ⁽³⁾	Construction	2008/09	2019/20	\$ 450,000	\$ 98,145	\$ 98,145	22%
Total Parks and Trails Development Impact Fee					\$ 450,000	\$ 98,145	\$ 98,145	
Wastewater Development Impact Fee								
56392	Brentwood Boulevard Sewer and Water Main	Preliminary	2020/21	2023/24	\$ 3,290,000	\$ 10,000	\$ -	30%
37197	Development Services Software ⁽³⁾	Construction	2008/09	2019/20	450,000	58,095	58,095	13%
	Highland Way Wastewater Upgrade	Preliminary	2021/22	2021/22	800,000	400,000	-	50%
31683	John Muir Parkway Extension - Phase II	Construction	2009/10	2019/20	5,560,000	155,000	155,000	3%
	Lone Tree/Arroyo Seco Wastewater Upgrade	Preliminary	2019/20	2020/21	2,450,000	1,225,000	-	50%
59198	Non-Potable Storage Facility	Construction	2017/18	2019/20	12,804,500	46,750	46,750	33%
59140	Wastewater Treatment Plant Expansion - Phase II	Design	2018/19	2021/22	66,146,000	2,499,500	2,499,500	66%
Total Wastewater Development Impact Fee					\$ 91,500,500	\$ 4,394,345	\$ 2,759,345	
Community Facilities Development Impact Fee								
37237	City Fiber Optic Connection	Construction	2015/16	2019/20	\$ 300,000	\$ 200,000	\$ 200,000	67%
37207	Citywide Sign/Identification Program	Construction	2010/11	2019/20	130,000	95,000	95,000	73%
37197	Development Services Software ⁽³⁾	Construction	2008/09	2019/20	450,000	49,950	49,950	11%
Total Community Facilities Development Impact Fee					\$ 880,000	\$ 344,950	\$ 344,950	
Fire Development Impact Fee								
37030	Fire Station - Shady Willow	Design	2019/20	2020/21	\$ 7,567,397	\$ 7,567,397	\$ 697,397	100%
Total Fire Development Impact Fee					\$ 7,567,397	\$ 7,567,397	\$ 697,397	
Total Project Funding						\$ 25,077,174	\$ 15,573,174	

(1) Estimated Project Cost and Budget to Date amounts are from the 2019/20 - 2023/24 CIP. Funding to Date amounts are as of June 30, 2019. Budget to Date and Funding to Date include DIF amounts only. For information on additional funding sources please see the CIP.

(2) Estimated funding with DIFs may include funding that is anticipated to occur in future years and will be budgeted accordingly in future years' Capital Improvement Programs.

(3) This project consists of a fully integrated enterprise software solution for development services automation. The Development Fee Program allows for costs associated with the administration of the program.