

# CITY OF WHITTIER

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## Annual & Five-Year Development Impact Fee Report

Fiscal Year Ended June 30, 2023

December 15, 2023

Prepared by:  
NBS  
*for the*  
CITY OF WHITTIER



# City of Whittier



## *City Officials*

Joe Vinatieri, Mayor

Fernando Dutra, Mayor Pro Tem

Cathy Warner, Councilmember

Octavio Cesar Martinez, Councilmember

Jessica Martinez, Councilmember

## *Officers*

Rigoberto Garcia, City Clerk

Alice Hui, Director of Finance

Kyle Cason, Director of Public Works

Ben Pongetti, Director of Community Development

Paymaneh Maghsoudi, Director of Library

Virginia Santana, Director of Parks, Recreation and Community Services

Aviv Bar, Chief of Police

Yolanda Martinez, Director of Human Resources and Risk Management

## *Administrative Team*

Brian Saeki, City Manager

Shannon DeLong, Assistant City Manager

Keith F. Collins, City Attorney

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# 1. DEVELOPMENT IMPACT FEE ANNUAL REPORT

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The California Mitigation Fee Act (Government Code Sections 66000 et seq.) mandates procedures for administration of impact fee programs, including collection and accounting, reporting, and refunds. The Mitigation Fee Act requires annual reporting on each impact fee fund, as well as a separate five-year report. This Section meets the requirements for the Annual Report. Section 2 meets the requirements for the Five-Year Report.

## 1.1 Annual Report Requirements

Section 66006 (b) (1) requires that once each year, within 180 days of the close of the fiscal year, the local agency must make available to the public the following information for each separate account established to receive impact fee revenues:

1. A brief description of the type of fee in the account or fund; *(see report section 1.2)*
2. The amount of the fee; *(see report section 1.3)*
3. The beginning and ending balance of the account or fund; *(see report section 1.4)*
4. The amount of the fees collected, and interest earned; *(see report section 1.4)*
5. Identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the percentage of the cost of the public improvement that was funded with fees; *(see report section 1.5)*
6. Identification of the approximate date by which the construction of a public improvement will commence, if the City determines sufficient funds have been collected to complete financing of an incomplete public improvement; *(see report section 1.5)*
7. A description of each inter-fund transfer or loan made from the account or fund, including interest rates, repayment dates, and a description of the improvement on which the transfer or loan will be expended; *(see report section 1.6)*
8. The amount of any refunds or allocations made pursuant to Section 66001, paragraphs (e) and (f). *(see report section 1.7)*

The annual report must be reviewed by the City Council at its next regularly scheduled public meeting, but not less than 15 days after the statements are made public, per Section 66006 (b) (2).

Section 66013(d) has similar requirements for water and wastewater capacity charges in that, within 180 days after the close of each fiscal year, the local agency must make available to the public the following information:

1. A description of the charges deposited in the fund; *(see report sections 1.2 and 1.3)*

2. The beginning and ending balance of the fund and the interest earned from investment of moneys in the fund; *(see report section 1.4)*
3. The amount of charges collected in that fiscal year; *(see report section 1.4)*
4. An identification of:
  - a. Each public improvement on which charges were expended and the amount of expenditure for each improvement, including the percentage of the total cost of the public improvement that was funded with those charges if more than one source of funding was used; *(see report section 1.5)*
  - b. Each public improvement on which charges were expended that was completed during that fiscal year; *(see report section 1.5)*
  - c. Each public improvement that is anticipated to be undertaken in the following fiscal year; *(see report section 1.5)*
5. A description of each interfund transfer or loan made from the capital facilities fund, including the public improvement on which the transferred or loaned charges are or 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 fund will receive on the loan. *(see report section 1.6)*

## 1.2 Types of Impact Fees and Impact Fee Funds

The fees documented in the body of this Annual Development Impact Fee Report (Report) include those listed below. The revenue and expenditures for each fee type are tracked by the City in separate funds.

**Table 1. Impact Fees and Funds Fiscal Year 2022-23**

Fund No.	Fund/Fee Name	Purpose and Use of the Fee
100-245021	Park Land Acquisition and Park Impact Fee	The purpose of this impact fee is to finance the acquisition of park land and construction of recreation and facility improvements needed to serve new development. Fees collected shall be used only to finance the acquisition of parkland and construction of facility improvements described or identified in the "City of Whittier Parkland Acquisition and Facilities Improvement" section of the "Master Facilities Plan" report.
100-245022	Aquatics Center Facilities Fee	The purpose of this impact fee is to finance improvements to the community aquatics center facilities needed to serve new development. Fees collected shall be used for capital improvements described or identified in the "City of Whittier Aquatics Center" section of the "Master Facilities Plan" report.

Fund No.	Fund/Fee Name	Purpose and Use of the Fee
100-245023	Public Use Facilities Impact Fee	The purpose of this impact fee is to finance additions and/or improvements to public use facilities needed to serve new development. Fees collected shall be used for capital improvements as described or identified in the "City of Whittier Public Use Facilities" section of the "Master Facilities Plan" report.
100-245024	Library and Collections Fee	The purpose of this impact fee is to finance expanding library facilities, books and other collections expansion needed to serve new development. Fees collected shall be used as described or identified in the "City of Whittier Library Facilities and Collection" section of the "Master Facilities Plan" report.
420-241240	Water Connection Fee	City Resolution 2019-27 established the City's Water System Connection Fee, as supported by the "Whittier Utility Authority, Water Rate and Fee Study, Final Report, May 16, 2019". The Water Fee will help maintain adequate levels of water service within the City of Whittier. New development in the City will increase the demand for these services and may require the City to expand its capital facilities for water. The Water Fee will fund construction of water system facilities necessary to accommodate new residential and commercial development. The Water Fee will fund the construction of water infrastructure facilities, which primarily include water supply and water transmission facilities
410-241240	Sewer Connection Fee	City Resolution 2019-27 established the City's sewer connection fees, as supported by the "Whittier Utility Authority, Sewer Rate and Fee Study, Final Report, March 18, 2019". The Sewer Fee will help maintain adequate levels of Sewer service within the City of Whittier. New development in the City will increase the demand for these services and may require the City to expand its existing facilities. The Sewer Fee will ensure new customers pay for their share of the existing system and fund construction of sewer system facilities necessary to accommodate new residential and commercial development. Use of the connection fees shall be limited to funding sewer system infrastructure to serve future development within the City. The Sewer Fee will fund the construction of sewer infrastructure, which primarily include sewer collection facilities.

### 1.3 Current Impact Fees

Development impact fees (DIFs) in the City of Whittier are one-time charges levied on new development in Whittier to fund various infrastructure, facilities, vehicles, and equipment. The following tables provide the list of impact fees charged by the City in Fiscal Year 2022-23, per Resolutions 8290 and 2019-27:

**Table 2. General Facilities Impact Fees Schedule Fiscal Year 2022-23**

Fee Name	Land Use	FY 2022-23 Fee Amount
Park Land Acquisition and Impact Fee	Detached Dwelling	\$5,667 (per Dwelling unit)
	Attached Dwelling	\$4,728 (per Dwelling unit)
	Mobile Home Dwelling	\$3,082 (per Dwelling unit)
	Assisted Care Living Dwelling	\$3,038 (per Dwelling unit)
Aquatics Center Facilities Fee	Detached Dwelling	\$46 (per Dwelling unit)
	Attached Dwelling	\$38 (per Dwelling unit)
	Mobile Home Dwelling	\$25 (per Dwelling unit)
	Assisted Care Living Dwelling	\$25 (per Dwelling unit)
Public Use Facilities Impact Fee	Detached Dwelling	\$963 (per Dwelling unit)
	Attached Dwelling	\$803 (per Dwelling unit)
	Mobile Home Dwelling	\$524 (per Dwelling unit)
	Assisted Care Living Dwelling	\$516 (per Dwelling unit)
Library and Collections Fee	Detached Dwelling	\$1,017 (per Dwelling unit)
	Attached Dwelling	\$848 (per Dwelling unit)
	Mobile Home Dwelling	\$553 (per Dwelling unit)
	Assisted Care Living Dwelling	\$288 (per Dwelling unit)

**Table 3. Water and Sewer Connection Fees Schedule Fiscal Year 2022-23**

Fee Name	Development Area	FY 2022-23 Fee Amount
Water Connection Fee	City-wide (per meter size)	
	¾"	\$2,861 per meter size
	1"	\$4,778 per meter size
	1 ½"	\$9,527 per meter size
	2"	\$15,249 per meter size
	3"	\$28,610 per meter size
	4"	\$47,693 per meter size
	6"	\$95,357 per meter size
	8"	\$152,577 per meter size
	Source: Resolutions 8865 & 2019-27	
Sewer Connection Fee	City-wide (per meter size)	
	¾"	\$1,797 per meter size
	1"	\$3,001 per meter size
	1 ½"	\$5,985 per meter size
	2"	\$9,579 per meter size
	3"	\$17,972 per meter size
	4"	\$29,959 per meter size
	6"	\$59,901 per meter size
	8"	\$95,845 per meter size
	10"	\$137,792 per meter size
Source: Resolution 8865 & 2019-27		



## 1.4 Financial Summary Report

The following financial summary provides the beginning and ending balance of each impact fee fund described in Section 1.2, for the Fiscal Year End June 30, 2023. Also provided is the amount of fees collected and any interest earned. Figures shown in the table below are unaudited as of the date of this report.

**Table 4. Financial Summary Fiscal Year 2022-23**

<b>Fund No.</b>	<b>100-245021</b>	<b>100-245022</b>	<b>100-245023</b>	<b>100-245024</b>	<b>420-241240</b>	<b>410-241240</b>
	<b>Park Impact</b>	<b>Aquatics Impact</b>	<b>Public Use Facilities Impact</b>	<b>Library Impact</b>	<b>Water Connection</b>	<b>Sewer Connection</b>
<b>Description</b>						
<b>REVENUES</b>						
Fees	170,043	1,378	-	-	163,736	42,202
Interest	-	-	-	-	41,312	-
<b>Total Revenues</b>	<b>170,043</b>	<b>1,378</b>	<b>-</b>	<b>-</b>	<b>205,048</b>	<b>42,202</b>
<b>Fund Balance, Beginning of the Year<sup>1</sup></b>	<b>5,195,255</b>	<b>50,290</b>	<b>743,578</b>	<b>74,784</b>	<b>2,511,326</b>	<b>113,840</b>
<b>Fund Balance, End of the Year</b>	<b>2,220,733</b>	<b>51,668</b>	<b>-</b>	<b>-</b>	<b>2,716,374</b>	<b>156,042</b>

<sup>1</sup> Beginning & Ending Fund Balance matches Impact Fees Detail FY2023 report provided by the City's Finance Department

## 1.5 Public Improvements

This section of the Annual Report identifies each public improvement on which fees were expended for the Fiscal Year End June 30, 2023, the amount of the expenditures on each improvement, including the percentage of the cost of the public improvement that was funded with fees.

**Table 5. Public Improvement Expenditures Fiscal Year 2022-23**

Fund/ Account	Fund / Account Name	Project Name	Project Start FY	Project Finish FY	Project Phase	Total Project Cost	DIF Fees				
							Total Impact Fee Funded Amount	% Impact Fee Funded	Total Prior Year Impact Fee Expenditures	FY 2023 Impact Fee Expenditures	Impact Fee Funding Remaining
100-245021	Park Impact	Parkland Acquisition of 1st Ave & Development of Park Space	22/23	NA	Initial Acquisition	\$ 3,383,575	\$ 3,383,575	100.0%	\$ -	\$ 2,344,564	\$ 1,039,011
100-245021	Park Impact	Anaconda Park - Parkland Acquisition of Whittier Blvd Development of Park Space	22/23	NA	Initial Acquisition	\$ 1,840,000	\$ 1,840,000	100.0%	\$ -	\$ 800,000	\$ 1,040,000
100-245023	Public Use Facilities	Central Library Expansion and Remodel	19/20	22/23	Complete	\$ 15,995,206	\$ 1,048,120	6.6%	\$ 304,542	\$ 743,578	\$ -
100-245024	Library Impact	Central Library Expansion and Remodel	19/20	22/23	Complete	\$ 15,995,206	\$ 1,075,155	6.7%	\$ 1,000,371	\$ 74,784	\$ -
<b>TOTAL</b>						<b>\$ 37,213,987</b>	<b>\$ 7,346,850</b>		<b>\$ 1,304,913</b>	<b>\$ 3,962,926</b>	<b>\$ 2,079,011</b>

The Mitigation Fee Act also requires annual identification of the approximate date by which the construction of a public improvement will commence, if the City determines sufficient funds have been collected to complete financing of an incomplete public improvement. The projects listed above represent active uses of impact fee funds to complete current capital improvement projects.

The City has also identified public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the City's 2023/24 Capital Improvement Plan as adopted by City Council, as follows:

- Fund 100-245021, Park Impact, Broadway Park Improvement & Court Repurposing, \$1,000,000, Approximate date of construction: Fiscal Year 2024-25
- Fund 100-245021, Park Impact, Improvements to acquired park spaces, \$2,000,000, Approximate date of construction: Fiscal Year 2024-25

Government Section 66013(d) has similar requirements for water and sewer connection fees, to identify each public improvement that is anticipated to be undertaken in the following fiscal year. The following two tables show planned capital improvement projects for Fiscal Year 2023-24. It should be noted that these projects are funded primarily by water and/or sewer rate revenues and may be partially supplemented using connection fees.

**Table 6. Planned Water Improvements Fiscal Year 2023-24**

WMP	Capital Improvement Program	Current FY 23-2024
	<b>Distribution System Improvements</b>	
DW-01	2 West Distribution System Improvements Group No. 1	\$1,427,728
DW-02	3 West Distribution System Improvements Group No. 2	\$4,775,000
DW-03	4 Central Distribution System Improvements Group No. 1	\$4,000,000
DW-04	5 Central Distribution System Improvements Group No. 2	
DW-05	6 South Distribution System Improvements Group No. 1	
DW-06	7 South Distribution System Improvements Group No. 2	
DW-07	8 South Distribution System Improvements Group No. 3	
	20 <b>Pipeline Replacement Program</b>	-
WR-01	21 Cylindrical Steel Pipeline Replacement Program	\$600,000
	22 <b>Valve Replacement Program</b>	-
VR-01	*23 <a href="#">Large Valve Replacement Program</a>	\$288,253.50
VR-02	*24 <a href="#">Valve Replacement Program</a>	\$300,000
	31 Emergency Water Main Repair	-
	WTR CIP PALM Avenue	\$ 2,820,000
	WTR CIP Greenleaf Avenue	\$ 1,820,000
	WTR CIP Norino Transmission Main	\$ 1,100,000
	WTR Well 8 Reactivation	\$ 1,250,000

**Table 7. Planned Sewer Improvements Fiscal Year 2023-24**

SMP	Capital Improvement Program	Current FY 23-2024
	<b>Distribution System Improvements</b>	
SMP-03	Sewer Master Plan Phase 3	\$723,275

**1.6 Interfund Loans**

The Mitigation Fee Act requires a description of each inter-fund transfer or loan made from the account or fund, including interest rates, repayment dates, and a description of the improvement on which the transfer or loan will be expended. There were no new or existing interfund transfers or loans made from or between impact fee fund accounts in Fiscal Year 2022-23.

## **1.7 Refunds**

The refunding requirements for the Mitigation Fee Act are summarized as follows:

If the City determines that sufficient funds have been collected to complete financing on incomplete improvements for which impact fee revenue is to be used, it must, within 180 days of that determination, identify an approximate date by which construction of the public improvement will be commenced (Government Code Section 66001 (e)). If the agency fails to comply with that requirement, it must refund impact fee revenue in the account according to procedures specified in Section 66001 (d).

As discussed in Section 1.5 of this report, determinations regarding sufficient funds collected to complete incomplete improvements are provided by the City's annual Capital Improvement Plan. Other than those listed above in Section 1.4 for which approximate construction dates have been provided, the City has not made a determination that sufficient funds have been collected to complete financing of any other incomplete public improvements. No refunds of impact fee monies were made or required.

## 2. DEVELOPMENT IMPACT FIVE-YEAR REPORT

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This Section meets the requirements for the Five-Year Report.

### 2.1 Five-Year Report Requirements

Prior to 1996, The Mitigation Fee Act required that a local agency collecting impact fees was required to expend or commit impact fee revenue within five years or make findings to justify a continued need for the money. Otherwise, those funds had to be refunded. SB 1693, adopted in 1996 as an amendment to the Mitigation Fee Act, changed that requirement in material ways.

Now, Section 66001 (d) requires that, for the fifth fiscal year following the first deposit of any impact fee revenue into an account or fund as required by Section 66006 (b), and every five years thereafter, the local agency shall make all the following findings for any fee revenue that remains unexpended, whether committed or uncommitted:

1. Identify the purpose to which the fee will be put;
2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged;
3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used;
4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

Those findings are to be made in conjunction with the annual reports discussed above. If such findings are not made as required by Section 66001, the local agency could be required to refund the moneys in the account or fund, per Section 66001 (d).

Once the agency determines that sufficient funds have been collected to complete financing on incomplete improvements for which impact fee revenue is to be used, it must, within 180 days of that determination, identify an approximate date by which construction of the public improvement will be commenced (Section 66001 (e)). If the agency fails to comply with that requirement, it must refund impact fee revenue in the account according to procedures specified in Section 66001 (d).

The following provides Five-Year Report financial analysis and findings for each of the City's impact fee Funds.

## 2.2 Fund 100-245021 Park Impact Fee

As of June 30, 2023, the Park & Recreation Fund has a balance of \$2,220,733. Please consult Annual Report, Section 1.4 for details.

### Findings for Fund 100-245021 Park Impact Fee:

**1. Identify the purpose to which the fee will be put;**

The purpose to which fee revenues will be put is as stated in the Annual Report, Section 1.2.

**2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged;**

The reasonable relationship between the fee and the purpose for which it is charged is substantiated by the most recent and applicable impact fee/nexus study completed by the City, See Annual Report, Section 1.2.

**3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used;**

The two Park projects identified in Section 1.5 of this report are intended to be wholly funded by impact fees. These projects will be supplementally funded from the General Fund once impact fees are expended.

**4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.**

The exact date of impact fee collection and deposit of funding is impossible to predict, as impact fee revenue is dependent on economic cycles associated with development activity. The City annually identifies public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the Capital Improvement Plan as adopted by City Council. For the two projects identified in section 1.5, the estimated project construction dates will be in Fiscal Year 2024-25.

## 2.3 Fund 100-245022 Aquatics Center Facilities Fee

As of June 30, 2023, the Public Facilities Fund has a balance of \$51,668. Please consult Annual Report, Section 1.4 for details.

### Findings for Fund 100-245022 Aquatics Center Facilities Fee:

**1. Identify the purpose to which the fee will be put;**

The purpose to which fee revenues will be put is as stated in the Annual Report, Section 1.2.

**2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged;**

The reasonable relationship between the fee and the purpose for which it is charged is substantiated by the most recent and applicable impact fee/nexus study completed by the City, See Annual Report, Section 1.2.

**3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used;**

The City is currently accumulating funds for renovation of locker rooms at Palm Park Aquatic Center. This project will be supplementally funded from the General Fund once impact fees are expended.

**4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.**

The exact date of impact fee collection and deposit of funding is impossible to predict, as impact fee revenue is dependent on economic cycles associated with development activity. The City annually identifies public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the Capital Improvement Plan as adopted by City Council.

## **2.4 Fund 100-245023 Public Use Facilities Impact**

As of June 30, 2023, the Public Use Facilities Fund has a balance of \$0. Please consult Annual Report, Section 1.4 for details.

### **Findings for Fund 100-245023 Public Use Facilities Impact:**

**1. Identify the purpose to which the fee will be put;**

The purpose to which fee revenues will be put is as stated in the Annual Report, Section 1.2.

**2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged;**

The reasonable relationship between the fee and the purpose for which it is charged is substantiated by the most recent and applicable impact fee/nexus study completed by the City, See Annual Report, Section 1.2.

**3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used;**

All impact fee revenues to date have been expended on the Central Library Expansion & Remodel project that has been completed. The Public Use Facilities impact fee was used to fund a portion of the community meeting room expansion component. The city has not identified sufficient funding available from impact fees to complete financing of additional improvements for Public Facilities at this time.

**4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.**

The exact date of impact fee collection and deposit of funding is impossible to predict, as impact fee revenue is dependent on economic cycles associated with development activity. The City annually identifies public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the Capital Improvement Plan as adopted by City Council.

## **2.5 Fund 100-245024 Library Impact Fee**

As of June 30, 2023, the Library Impact Fund has a balance of \$0. Please consult Annual Report, Section 1.4 for details.

### **Findings for Fund 100-245024 Library Impact Fee:**

**1. Identify the purpose to which the fee will be put;**

The purpose to which fee revenues will be put is as stated in the Annual Report, Section 1.2.

**2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged;**

The reasonable relationship between the fee and the purpose for which it is charged is substantiated by the most recent and applicable impact fee/nexus study completed by the City, See Annual Report, Section 1.2.

**3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used;**

All impact fee revenues to date have been expended on the Central Library Expansion & Remodel project that has been completed. The Library impact fee was used to fund a portion of the expansion related improvements. The city has not identified sufficient funding available from impact fees to complete financing of additional improvements for Library Facilities at this time.

**4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.**



The exact date of impact fee collection and deposit of funding is impossible to predict, as impact fee revenue is dependent on economic cycles associated with development activity. The City annually identifies public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the Capital Improvement Plan as adopted by City Council.

## **2.6 Fund 420-241240 Water Connection Fees**

As of June 30, 2023, the Water Connection Fees Fund has a balance of \$2,716,374. Please consult Annual Report, Section 1.4 for details.

### **Findings for Fund 420-241240 Water Connection Fees:**

**1. Identify the purpose to which the fee will be put;**

The purpose to which fee revenues will be put is as stated in the Annual Report, Section 1.2.

**2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged;**

The reasonable relationship between the fee and the purpose for which it is charged is substantiated by the most recent and applicable connection fee study completed by the City, See Annual Report, Section 1.2.

**3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used;**

As shown in Table 6, above, the City plans to complete a number of planned improvements to the Water System. The projects as listed are primarily funded by water rate revenues, and supplemented by connection fee revenues as needed/appropriate to each project.

**4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.**

The exact date of fee collection and deposit of funding is impossible to predict, as impact fee revenue is dependent on economic cycles associated with development activity. The City annually identifies public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the Capital Improvement Plan as adopted by City Council.

## 2.7 Fund 410-241240 Sewer Connection Fees

As of June 30, 2023, the Sewer Connection Fees Fund has a balance of \$156,042. Please consult Annual Report, Section 1.4 for details.

### Findings for Fund 420-241240 Sewer Connection Fees:

**1. Identify the purpose to which the fee will be put;**

The purpose to which fee revenues will be put is as stated in the Annual Report, Section 1.2.

**2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged;**

The reasonable relationship between the fee and the purpose for which it is charged is substantiated by the most recent and applicable connection fee study completed by the City, See Annual Report, Section 1.2.

**3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used;**

As shown in Table 7, above, the City plans to complete one planned improvement to the Sewer System. The project as listed is primarily funded by sewer operating revenues, and supplemented by connection fee revenues as needed/appropriate to each project.

**4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.**

The exact date of fee collection and deposit of funding is impossible to predict, as impact fee revenue is dependent on economic cycles associated with development activity. The City annually identifies public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the Capital Improvement Plan as adopted by City Council.

*Disclaimer: In preparing this report and any analysis and findings included herein, NBS has relied on several principal assumptions and considerations regarding financial matters, conditions and events that occurred or may occur in the future. This information and assumptions, including the City's budgets, financial reports, capital project data, and other information were provided by sources we believe to be reliable; however, NBS has not independently verified such information and assumptions. While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report, some assumptions will invariably not materialize as stated herein and may vary due to unanticipated events and circumstances.*