

City of Fontana

Annual Report on Development Impact Fees

Fiscal Year Ended June 30, 2017

Background

The Mitigation Fee Act, Government Code Section 66000 et seq., (the “Act”) governs the establishment and administration of development impact fees paid by new development projects for public facilities needed to serve new development. Fees must be separately accounted for and used for the specific purpose for which the fee was imposed. The City’s adopted development impact fees are listed in the attached exhibits. Expenditures are authorized through the annual Operating Budget and the City’s Capital Improvement Program.

Annual Development Fee Reporting

The Act requires that the City prepare an annual review of all development impact fees as defined in the Act and make a public report on the fees available to the public after the end of each fiscal year. Government Code Section 66006(b)(2) requires the report to be placed on an agenda for review at a public meeting not less than 15 days after the report is made available to the public.

The City is also required to adopt by resolution certain findings for any fund accounts which contain unexpended funds as of the fifth fiscal year following the first deposit into those funds (Government Code Section 66001(d)).

The report is organized as follows:

Section 1. A brief description of the purpose of each development impact fee, its authorizing legislation and current amount (Government Code Section 66006(b)(1)(A)).

Section 2. A summary of the beginning fund balance, annual fee revenue collected and interest earned, public improvement expenditures, and the ending fund balance for each fee (Government Code Section 66006(b)(1)(C) and (D)).

Section 3. A five-year history of the beginning fund balance, annual fee revenue collected and interest earned, public improvement expenditures, and the ending fund balance for each fee (Government Code Section 66006(b)(1)(C) and (D)).

Section 4. A listing of projects funded or to be funded with development impact fees.

Section 5. Report of Findings for each fee.

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Brief Description and Amount of Fees
Government Code Section 66006(b)(1)(A) and (B)

Fund #	Fund Description	Fee Description	Last Updated	Residential Fees per Gross Acre				Non-Residential Fees per 1,000 Gross Building SF		
				SFDU	2-4	5+	Mobile Home	Retail	Office	Industrial
620	San Sevaine Flood Control	Drainage facility improvements	90-34	\$4,405	\$4,405	\$4,405		\$4,405	\$4,405	\$4,405
621	Upper Etiwanda Flood Control	Drainage facility improvements	90-34	\$9,790	\$9,790	\$9,790		\$9,790	\$9,790	\$9,790
Fund #	Fund Description	Fee Description	Last Updated	Residential Fees per Net Developable Acre				Non-Residential Fees per 1,000 Gross Building SF		
				SFDU	2-4	5+	Mobile Home	Retail	Office	Industrial
622	Storm Drainage - Declez North	Master interceptor drains & major drainage facilities	2006-46	\$23,317	\$23,317	\$23,317		\$23,317	\$23,317	\$23,317
622	Storm Drainage - Declez South	Master interceptor drains & major drainage facilities	2006-46	\$27,684	\$27,684	\$27,684		\$27,684	\$27,684	\$27,684
622	Storm Drainage - Fontana East	Master interceptor drains & major drainage facilities	2006-46	\$14,196	\$14,196	\$14,196		\$14,196	\$14,196	\$14,196
622	Storm Drainage - I-10 North	Master interceptor drains & major drainage facilities	2006-46	\$20,388	\$20,388	\$20,388		\$20,388	\$20,388	\$20,388
622	Storm Drainage - I-10 South	Master interceptor drains & major drainage facilities	2006-46	\$4,998	\$4,998	\$4,998		\$4,998	\$4,998	\$4,998
622	Storm Drainage - I-15 North	Master interceptor drains & major drainage facilities	2006-46	\$19,065	\$19,065	\$19,065		\$19,065	\$19,065	\$19,065
622	Storm Drainage - Lower Etiwanda	Master interceptor drains & major drainage facilities	2006-46	\$8,331	\$8,331	\$8,331		\$8,331	\$8,331	\$8,331
622	Storm Drainage - Middle Etiwanda	Master interceptor drains & major drainage facilities	2006-46	\$6,949	\$6,949	\$6,949		\$6,949	\$6,949	\$6,949
622	Storm Drainage - Project 3-4	Master interceptor drains & major drainage facilities	2006-46	\$16,719	\$16,719	\$16,719		\$16,719	\$16,719	\$16,719
622	Storm Drainage - Upper Etiwanda	Master interceptor drains & major drainage facilities	2006-46	\$9,013	\$9,013	\$9,013		\$9,013	\$9,013	\$9,013
Fund #	Fund Description	Fee Description	Last Updated	Residential Fees per Dwelling Unit				Non-Residential Fees per 1,000 Gross Building SF		
				SFDU	2-4	5+	Mobile Home	Retail	Office	Industrial
630	Circulation Mitigation	Arterial street and interchange improvements	2008-157	\$5,734	\$3,509	\$3,509	\$3,509	\$8,605	\$6,962	\$6,962
631	Fire Assessment	Fire protection facilities	92-161	\$164	\$164	\$164	\$164	\$0.25/bldg SF	\$0.25/bldg SF	\$0.10/bldg SF
632	General Government	Public facilities	2006-46	\$796.26	\$358.32	\$358.32	\$358.32	\$398.13	\$398.13	\$398.13
633	Landscape Improvements	Median landscaping	2006-46	\$573.20	\$348.51	\$348.51	\$348.51	\$872.41	\$698.16	\$348.51
634	Library Cap Improvements	Library facilities	2006-46	\$533.30	\$239.99	\$239.99	\$239.99	\$42.83	\$42.83	\$42.83
635	Park Development	Park and recreational facilities	Ord. 1061	\$6,500	\$5,981.70	\$5,139.37	\$5,476.44	N/A	N/A	N/A
636	Police Cap Facilities	Police facilities, vehicles and equipment	2006-46	\$526.52	\$710.80	\$710.80	\$710.80	\$562.62	\$562.62	\$131.63
638	Affordable Housing	Inclusionary housing	2012-031		\$658.00	\$658.00	\$658.00		\$1.12/bldg SF	\$0.12/bldg SF
702	Sewer Capital	Sewer connection	2006-46	\$876.61	\$876.61	\$876.61	\$876.61	\$876.61/EDU	\$876.61/EDU	\$876.61/EDU

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Fiscal Year Ended June 30, 2017**

Fund Balances, Fees Collected, Interest Earned, and Project Expenditures
Government Code Section 66006(b)(1)(C) and (D)

Fund	Fund Description	Beginning Balance 07/01/16	Fees Collected	Interest Earned	Other Revenues	Capital Expenditures	Cost Allocation	Ending Balance 06/30/17
620	Flood Control - San Sevaine	403,885	115,463	3,104		(78,614)	(16,000)	427,838
621	Flood Control - Etiwanda	43,940	0	227		0	0	44,167
622	Storm Drain	16,172,630	2,720,980	81,693		(3,882,007)	(209,400)	14,883,896
630	Circulation Mitigation	(22,619,407)	7,218,523	119,911		(726,031)	(926,100)	(16,933,104)
631	Fire Facility	716,975	265,773	2,619		(298,086)	(5,700)	681,581
632	Public Facilities	4,769,877	1,062,768	27,048		0	(100)	5,859,593
633	Median Landscaping	2,176,421	852,516	14,841		(15,902)	(9,000)	3,018,876
634	Library Facility	1,083,463	294,343	6,262		(34,726)	0	1,349,342
635	Park Development	5,886,942	2,549,858	34,423		(942,247)	(36,400)	7,492,576
636	Police Facilities	1,284,907	498,674	7,497		(73,921)	(32,800)	1,684,357
638	Affordable Housing	1,835,582	643,472	10,767		0	0	2,489,821
702	Sewer Connection	1,362,794	557,177	696	532,087	(648,284)	(322,400)	1,482,070
	TOTALS	13,118,009	16,779,547	309,088	532,087	(6,699,818)	(1,557,900)	22,481,013

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Fund Balances, Fees Collected, Interest Earned, and Project Expenditures - Five Year History
Government Code Section 66006(b)(1)(C) and (D)

Fee Type	2016/17	2015/16	2014/15	2013/14	2012/13
Flood Control - San Sevaine (620)					
Beginning balance	403,885	420,938	467,919	528,537	719,864
Revenue	115,463	84,900	83,468	40,710	38,005
Interest	3,104	11,590	7,765	21,676	(120,662)
Other revenue					
Capital	(78,614)	(96,843)	(124,814)	(115,604)	(102,370)
Cost allocation	(16,000)	(16,700)	(13,400)	(7,400)	(6,300)
Ending balance	427,838	403,885	420,938	467,919	528,537
Flood Control - Etiwanda (621)					
Beginning balance	43,940	43,266	42,715	41,501	53,140
Revenue	0	0	0	0	0
Interest	227	674	551	1,214	(11,639)
Other revenue					
Capital					
Cost allocation					
PPA - fees owed to County					
Ending balance	44,167	43,940	43,266	42,715	41,501
Storm Drain (622)					
Beginning balance	16,172,630	13,836,505	14,194,080	14,426,186	17,904,431
Revenue	2,720,980	6,594,554	1,810,823	1,362,901	1,577,548
Interest	81,693	241,956	180,447	449,536	(243,968)
Other revenue					
Capital	(3,882,007)	(4,283,585)	(1,860,445)	(1,903,343)	(4,727,625)
Cost allocation	(209,400)	(216,800)	(488,400)	(141,200)	(84,200)
Ending balance	14,883,896	16,172,630	13,836,505	14,194,080	14,426,186
Circulation Mitigation (630)					
Beginning balance	(22,619,407)	(29,017,154)	(23,703,107)	(21,993,409)	(3,592,352)
Revenue	7,218,523	10,833,105	3,937,990	1,850,522	2,512,335
Interest	119,911	321,206	290,530	465,076	(381,191)
Other revenue					
Capital	(726,031)	(4,185,764)	(8,361,767)	(3,619,396)	(20,096,401)
Cost allocation	(926,100)	(570,800)	(1,180,800)	(405,900)	(435,800)
Ending balance	(16,933,104)	(22,619,407)	(29,017,154)	(23,703,107)	(21,993,409)

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Fund Balances, Fees Collected, Interest Earned, and Project Expenditures - Five Year History
Government Code Section 66006(b)(1)(C) and (D)

Fee Type	2016/17	2015/16	2014/15	2013/14	2012/13
Fire Facility (631)					
Beginning balance	716,975	391,974	626,098	809,377	1,582,034
Revenue	265,773	610,564	180,337	111,257	127,565
Interest	2,619	8,512	3,234	23,551	(18,173)
Other revenue					
Capital	(298,086)	(290,075)	(335,595)	(318,087)	(851,749)
Cost allocation	(5,700)	(4,000)	(82,100)	0	(30,300)
Ending balance	681,581	716,975	391,974	626,098	809,377
Public Facilities (632)					
Beginning balance	4,769,877	2,507,609	1,764,224	1,409,701	1,074,539
Revenue	1,062,768	2,216,023	718,162	430,463	449,999
Interest	27,048	56,945	25,394	43,297	(40,937)
Other revenue					
Capital	0	0	(171)	(94,737)	0
Cost allocation	(100)	(10,700)		(24,500)	(73,900)
Ending balance	5,859,593	4,769,877	2,507,609	1,764,224	1,409,701
Median Landscaping (633)					
Beginning balance	2,176,421	542,906	13,827	1,424,839	1,244,110
Revenue	852,516	1,673,271	608,896	283,860	353,201
Interest	14,841	9,236	(822)	38,787	(101,141)
Other revenue					
Capital	(15,902)	(15,992)	(72,595)	(1,729,559)	(53,231)
Cost allocation	(9,000)	(33,000)	(6,400)	(4,100)	(18,100)
Ending balance	3,018,876	2,176,421	542,906	13,827	1,424,839
Library Facility (634)					
Beginning balance	1,083,463	599,410	369,299	337,931	179,989
Revenue	294,343	476,455	223,984	74,755	160,563
Interest	6,262	13,698	6,127	10,279	(2,621)
Other revenue					
Capital	(34,726)	0		(53,666)	
Cost allocation	0	(6,100)	0	0	0
Ending balance	1,349,342	1,083,463	599,410	369,299	337,931

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Fund Balances, Fees Collected, Interest Earned, and Project Expenditures - Five Year History
Government Code Section 66006(b)(1)(C) and (D)

Fee Type	2016/17	2015/16	2014/15	2013/14	2012/13
Park Development (635)					
Beginning balance	5,886,942	3,251,052	1,587,664	1,622,537	530,871
Revenue	2,549,858	2,843,000	1,940,399	448,500	1,576,250
Interest	34,423	74,669	34,532	47,982	(161,917)
Other revenue					
Capital	(942,247)	(228,679)	(276,043)	(423,955)	(287,867)
Cost allocation	(36,400)	(53,100)	(35,500)	(107,400)	(34,800)
Ending balance	7,492,576	5,886,942	3,251,052	1,587,664	1,622,537
Police Facilities (636)					
Beginning balance	1,284,907	383,620	352,090	794,171	1,031,362
Revenue	498,674	955,029	365,737	168,497	223,411
Interest	7,497	14,358	478	25,686	(40,164)
Other revenue					
Capital	(73,921)	0	(295,985)	(605,764)	(375,538)
Cost allocation	(32,800)	(68,100)	(38,700)	(30,500)	(44,900)
Ending balance	1,684,357	1,284,907	383,620	352,090	794,171
Affordable Housing (638)					
Beginning balance	1,835,582	856,429	250,879	104,024	0
Revenue	643,472	959,004	596,421	163,481	105,618
Interest	10,767	22,454	9,129	3,384	(1,594)
Other revenue					
Capital	0	(2,305)	0	(20,010)	0
Cost allocation	0	0	0	0	0
Ending balance	2,489,821	1,835,582	856,429	250,879	104,024
Sewer Connection (702)					
Beginning balance	1,362,794	1,256,918	1,288,801	1,558,965	1,931,538
Revenue	557,177	527,593	387,907	147,468	324,353
Interest	696	1	(561)	1,974	763
Other revenue	532,087	517,441	527,841	511,189	272,646
Loan proceeds					
Loan repayment	(416,115)	(416,115)	(416,115)	(416,115)	(416,115)
Capital	(232,169)	(200,344)	(233,965)	(223,980)	(244,620)
Cost allocation	(322,400)	(322,700)	(296,990)	(290,700)	(309,600)
Ending balance	1,482,070	1,362,794	1,256,918	1,288,801	1,558,965

**City of Fontana
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Development Impact Fees
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Projects
Government Code Section 66006(b)(1)(E)

Project #	Project	Project Completion	Total Project Cost	Budgeted Development Impact Fees	Expended Development Impact Fees	Pending DIF Expenditures	% From Dev Impact Fees
Flood Control - San Sevaine (620)						654,290	
	Due to County Flood Control					654,290	
	See Findings						
Flood Control - Etiwanda (621)						0	
	See Findings						
Storm Drain (622)						12,354,483	
3208	DUNCAN CYN RCB/PH 1-LINE A	2017	4,244,000	4,099,527	3,289,366	810,161	97%
3317	BANANA STORM DRAIN	2017	4,359,000	3,503,900	724,630	2,779,270	80%
3342	CATAWBA STORM DRAIN IMPR	2017	3,200,000	3,200,000	2,753,825	446,175	100%
3346	LIME AVENUE BASIN	2018	100,000	100,000	0	100,000	100%
3347	SULTANA @ MILLER BASIN	2018	100,000	100,000	0	100,000	100%
3361	CYPRESS STORM DRAIN	2019	8,000,000	8,000,000	0	8,000,000	100%
3917	I-15/DUNCAN CANYON INTERCHANGE	2017	35,780,000	5,900,473	5,781,596	118,877	16%
Circulation (630)						59,846,486	
	Due to other funds for project funding					47,447,472	
3257	FOOTHILL-OLEANDER-CYPRESS	2019	2,444,344	492,344	57,299	435,045	20%
3281	SIERRA: FOOTHILL - BASELINE	2020	9,769,000	3,136,000	304,000	2,832,000	32%
3323	I-15/BASELINE INTERCHANGE	2017	6,028,000	6,028,000	0	6,028,000	100%
3325	BEECH: FOOTHILL TO MILLER	2018	2,207,000	708,474	19,294	689,180	32%
3332	CITRUS W: SANTA ANA - SLOVER	2018	1,354,000	434,688	52,428	382,260	32%
3350	ETIWANDA/SLOVER	2019	7,573,000	1,624,000	114,000	1,510,000	21%
3917	I-15/DUNCAN CANYON INTERCHANGE	2016	35,780,000	9,037,041	8,514,512	522,529	25%
Fire Facility (631)						6,617,288	
	Due to Bondholders					6,617,288	
Public Facilities (632)						2,929,797	
	Due to Bondholders					2,929,797	

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Projects
Government Code Section 66006(b)(1)(E)

Project #	Project	Project Completion	Total Project Cost	Budgeted Development Impact Fees	Expended Development Impact Fees	Pending DIF Expenditures	% From Dev Impact Fees
Median Landscaping (633)						0	
Library Facility (634)						1,349,342	
	Due to City General Fund					1,349,342	
Park Development (635)						6,366,810	
4244	CENTRAL PARK	In design	12,000,000	4,500,000	0	4,500,000	38%
4246	MILLER PARK AMPHITHEATER	2018	7,773,000	4,845,230	3,042,000	1,803,230	62%
4329	SPORTS PARK LIGHTING	2017	676,000	676,000	612,420	63,580	100%
Police Facilities (636)						528,459	
2029	POL LOBBY/MTG RM REMODEL	2016	302,410	302,410	73,051	229,359	100%
4328	EMERG OPER CTR EXPANSION	2017	2,192,000	300,000	900	299,100	14%
Affordable Housing (638)						0	
Sewer Connection (702)						5,084,632	
	Due to State Revolving loan for San Bernardino Trunk Sewer					4,925,212	
3317	BANANA STORM DRAIN	2017	3,159,000	159,420	0	159,420	5%

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Report of Findings
(Government Code Section 66001(d))

San Sevaine Flood Control – Fund 620

The purpose of the fee, the relationship between the fee and the purpose, the sources of anticipated funding and the approximate dates on which funding is expected are set forth in the City’s most recent Capital Improvement Plan for Fiscal Years 2017/2018 – 2023/2024, which is incorporated herein by reference. The San Sevaine Flood Control fee is a “pass-through” fee to the San Bernardino County Flood Control District (SBCFCD). The SBCFCD determines the project priorities and project expenditures and by agreement the SBCFCD will request a draw of funds on a project priority basis. Fees are currently being accumulated and are on reserve for these SBCFCD projects.

Upper Etiwanda Flood Control – Fund 621

The purpose of the fee, the relationship between the fee and the purpose, the sources of anticipated funding and the approximate dates on which funding is expected are set forth in the City’s most recent Capital Improvement Plan for Fiscal Years 2017/2018 – 2023/2024, which is incorporated herein by reference. The Upper Etiwanda Flood Control fee is a “pass-through” fee to the San Bernardino County Flood Control District (SBCFCD). The SBCFCD determines the project priorities and project expenditures and by agreement the SBCFCD will request a draw of funds on a project priority basis. Fees are currently being accumulated and are on reserve for these SBCFCD projects.

Storm Drainage – Fund 622

The purpose of the fee, the relationship between the fee and the purpose, the sources of anticipated funding and the approximate dates on which funding is expected are set forth in the City’s most recent Capital Improvement Plan for Fiscal Years 2017/2018 – 2023/2024, which is incorporated herein by reference.

Circulation Mitigation – Fund 630

The purpose of the fee, the relationship between the fee and the purpose, the sources of anticipated funding and the approximate dates on which funding is expected are set forth in the City’s most recent Capital Improvement Plan for Fiscal Years 2017/2018 – 2023/2024, which is incorporated herein by reference. Many of the projects funded with these fees are subject to a Measure I Agreement which identifies the City’s DIF share. In order to move projects forward, funds have been borrowed from other sources. All circulation mitigation fees collected are obligated to repay those other sources.

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**Report of Findings
(Government Code Section 66001(d))**

Fire Facility – Fund 631

The purpose of the fee, the relationship between the fee and the purpose, the sources of anticipated funding and the approximate dates on which funding is expected are set forth in the City's most recent Capital Improvement Plan for Fiscal Years 2017/2018 – 2023/2024, which is incorporated herein by reference. In order to fund the construction of Fire Station No. 71, the Fontana Public Financing Authority issued Taxable Recovery Zone Economic Development Bonds on December 8, 2010, in the amount of \$5,420,000. Bond debt service for Fiscal Year 2017/18 is \$286,012, escalating to \$460,411 for Fiscal Year 2042/43. Fire facility fees as available will be used to service this debt obligation, with any shortfall to be paid by the Fontana Fire Protection District.

Public Facilities – Fund 632

The purpose of the fee, the relationship between the fee and the purpose, the sources of anticipated funding and the approximate dates on which funding is expected are set forth in the City's most recent Capital Improvement Plan for Fiscal Years 2017/2018 – 2023/2024, which is incorporated herein by reference. In order to fund the construction of Fire Station No. 71, the Fontana Public Financing Authority issued Taxable Recovery Zone Economic Development Bonds on December 8, 2010, in the amount of \$5,420,000. Bond debt service for Fiscal Year 2017/18 is \$286,012, escalating to \$460,411 for Fiscal Year 2042/43. Public facility fees as available will be used to service this debt obligation, with any shortfall to be paid by the Fontana Fire Protection District.

Median Landscaping – Fund 633

The purpose of the fee, the relationship between the fee and the purpose, the sources of anticipated funding and the approximate dates on which funding is expected are set forth in the City's most recent Capital Improvement Plan for Fiscal Years 2017/2018 – 2023/2024, which is incorporated herein by reference.

Library Facility – Fund 634

The purpose of the fee, the relationship between the fee and the purpose, the sources of anticipated funding and the approximate dates on which funding is expected are set forth in the City's most recent Capital Improvement Plan for Fiscal Years 2017/2018 – 2023/2024, which is incorporated herein by reference. In order to fund the construction of the Lewis Library and Technology Center, the General Fund paid costs up front which will be reimbursed by the Library Facility Fund over time.

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**Report of Findings
(Government Code Section 66001(d))**

Park Development – Fund 635

The purpose of the fee, the relationship between the fee and the purpose, the sources of anticipated funding and the approximate dates on which funding is expected are set forth in the City's most recent Capital Improvement Plan for Fiscal Years 2017/2018 – 2023/2024, which is incorporated herein by reference.

Police Facilities – Fund 636

The purpose of the fee, the relationship between the fee and the purpose, the sources of anticipated funding and the approximate dates on which funding is expected are set forth in the City's most recent Capital Improvement Plan for Fiscal Years 2017/2018 – 2023/2024, which is incorporated herein by reference.

Affordable Housing – Fund 638

The purpose of the fee, the relationship between the fee and the purpose, the sources of anticipated funding and the approximate dates on which funding is expected are set forth in the City's most recent Capital Improvement Plan for Fiscal Years 2017/2018 – 2023/2024, which is incorporated herein by reference.

Sewer Connection – Fund 702

The purpose of the fee, the relationship between the fee and the purpose, the sources of anticipated funding and the approximate dates on which funding is expected are set forth in the City's most recent Capital Improvement Plan for Fiscal Years 2017/2018 – 2023/2024, which is incorporated herein by reference. In order to fund the San Bernardino Trunk Sewer project, \$8,322,304 was borrowed from the State Revolving Loan Fund. The loan repayment is equal to \$416,115 per year. Sewer connection fees are obligated for one-half of this annual repayment amount.