
**FISCAL YEAR 2022-23 DEVELOPMENT IMPACT
FEE REPORT**

City of Atwater



Revised March 8, 2024

BACKGROUND

In accordance with the Mitigation Fee Act (California Government Code Section 66000), the City of Atwater (“City”) adopted a Public Facility Development Impact Fee Study in March 2003 that demonstrated the nexus between new development and the need for public facilities (“2003 Nexus Study”). The Mitigation Fee Act requires that the City prepare an annual review of all development impact fees and make available to the public a report on the fees after the end of each fiscal year. The City is also required to adopt by resolution certain findings for any fund accounts that contain unexpended funds as of the fifth fiscal year following the first deposit into those funds (Government Code Section 66001 (d)).

Each year, the City prepares a capital improvement plan (“CIP”) that details a schedule of improvements necessary to accommodate the projected population growth generated by new development. The CIP also classifies the intended use of each of the development impact fees (“DIF”) and allocates revenue from DIF for their intended capital projects.

In compliance with the requirements of California Assembly Bill 1600 (adopted in 1987) (“AB 1600”), the City has completed this annual report regarding the collection, compliance, and use of DIF. This report includes the following information for each DIF:

- Description of the fee type;
- Amount of the fee;
- Beginning and ending balance of the account/fund;
- Amount of fees collected during the fiscal year;
- Interest earned during the fiscal year;
- 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 approximate date by which the construction of the public improvement will commence, provided that the City has determined that sufficient funds have been collected to complete financing on an incomplete public improvement;
- A description of each interfund transfer or loan made from the account/fund, the date when the loan will be repaid, and the rate of interest that the account/fund will receive the loan; and
- The amount of refunds made pursuant to Section 66001 of the Government Code.

In the City of Atwater, DIF are collected for the following purposes:

- Water facilities;
- Wastewater facilities;
- Transportation facilities;
- Parks and recreation improvements;
- Public safety facilities;
- Fire protection facilities; and
- General government capital facilities.

Table 1 summarizes all DIF funds' beginning and ending balances, revenues, and expenditures for Fiscal Year ("FY") 2022-23.

Table 1: FY 2022-23 Summary of Development Impact Fees				
Development Impact Fee	Adjusted Beginning Fund Balance	DIF Revenues	DIF Expenditures	Adjusted Ending Fund Balance
Water Facilities	\$ 3,195,284	\$ 101,409	\$ -	\$ 3,296,693
Wastewater Facilities	7,788,978	79,062	-	7,868,040
Transportation Facilities	1,602,179	26,946	-	1,629,125
Parks & Recreation Improvements	2,002,528	87,166	(611,952)	1,477,742
Public Safety Facilities	257,679	7,420	-	265,099
Fire Protection Facilities	249,929	9,197	-	259,126
General Government Capital Facilities	269,087	7,854	-	276,941
Total	\$ 15,365,664	\$ 319,054	\$ (611,952)	\$ 15,072,766
<i>Note that the numbers in this table and others throughout the report may not add up exactly to the totals provided due to rounding.</i>				

The Adjusted Fund Balances in Table 1 reflect only the qualifying revenues and expenditures in the DIF funds in FY 2022-23.

WATER SERVICE FACILITIES

Capital facility improvements for water services are funded with DIF collected for new development. Water service facilities fees are used to fund major water supply, transmission, and storage facilities. Construction or acquisition of these capital improvements allow the City to maintain the level of service provided to residents and employees prior to the new development.

According to the 2003 Nexus Study, the fee for tapping into the City water system is a flat fee of \$400.00 plus the fees identified in Tables 2, 3, and 4. The fees collected for these purposes are deposited into the Water and Maintenance Fund. Table 2 shows the fees for regular service.

Table 2: Water System - Regular Service	Fee
Residential Estate (VL Density)	\$2,989 / unit
Detached Single Family Residential (L Density)	\$2,689 / unit
Medium / High Density Residential	\$1,257 / unit
Residential Transition	\$1,257 / unit
Commercial & Commercial Transition	\$3,135 + connection fee / meter size
Business Park	\$3,150 + connection fee / meter size
Manufacturing	\$3,430 + connection fee / meter size
Institutional	\$3,991 + connection fee / meter size
Schools & County Government	\$1,473 + connection fee / meter size
Private Recreation	\$3,388 + connection fee / meter size

Table 3 shows the additional fees for non-residential uses, which are based on meter size.

Table 3: Non-Residential Use Fee Per Meter Size		
Meter Size	Flow Rate	Fee / Meter Size
Basic 5/8 X 3/4"	20 gpm	\$500
3/4"	30 gpm	\$750
1"	50 gpm	\$1,250
1.5"	100 gpm	\$2,500
2"	160 gpm	\$4,000
3"	300 gpm	\$7,500
4"	500 gpm	\$12,500
6"	1,200 gpm	\$30,000
8"	2,000 gpm	\$50,000

Table 4 shows the fees for non-residential uses for fire service, based on meter size.

Table 4: Non-Residential Use Fees for Fire Service		
Meter Size	Flow Rate	Fee / Meter Size
4"	1,000 gpm	\$1,500
6"	2,000 gpm	\$3,000
8"	3,500 gpm	\$5,150
10"	5,600 gpm	\$8,250

Table 5 summarizes changes in fund balance and qualifying DIF revenues and expenditures for the water services facilities DIF fund in FY 2022-23.

Table 5: FY 2022-23 Water Facilities Development	
Beginning Balance	\$ 3,195,284
Revenues	
<u>Fund 6004: Water Well-Buhach Colony</u>	
Facility Fee	-
Interest Earned	921
<u>Fund 6005: Water Capital Impact Fees</u>	
Water Connection Fees	7,600
Capacity Fee	79,765
Interest Earned	13,123
Total Revenue	\$ 101,409
Expenditures	
<u>Fund 6004: Water Well-Buhach Colony</u>	
<u>Fund 6005: Water Capital Impact Fees</u>	
Total Expenditures	\$ -
Ending Balance	\$ 3,296,693

Table 6 summarizes FY 2022-23 DIF expenditures, as well as project completion and the percentage of the project cost funded with DIF funds through FY 2022-23.

Table 6: Capital Improvement Facilities Expenditures			
	FY 22-23		% Funded With
	Expenditures	% Complete	Fee
One New Well ¹	\$ -	5%	0%
Two Reservoirs at 1.5 MG Each	-	0%	0%
Total	\$ -		

All figures in this table are as of August 2023.

¹The City purchased property for the well in FY 2022-23 and completed an initial environmental study. The property was not purchased with DIF funds.

WASTEWATER FACILITIES

Wastewater facilities fees are used to fund improvements to the wastewater treatment plant to increase capacity to maintain the level of service after the addition of new residents. The fees collected for this purpose are deposited into the Sewer and Maintenance Fund. According to the 2003 Nexus Study, the fee for tapping into the City sewer system is a flat fee of \$400.00 plus the fees outlined in Table 7.

Table 7: Wastewater Facilities Fees	
Residential	
Single Family Residential (VL and L Density)	\$3,667
Mobile Homes	\$3,312
Med / High Density Residential	\$3,312
Commercial	
For the First 1,000 sq ft building area	\$1,576
Per 1,000 sq ft thereafter	\$1,288
Laundry Facilities, Car Washes / 1,000 sq ft	\$1,576 + \$1,000 / machine
Mortuaries / 1,000 sq ft	\$1,576
Recreational Vehicle / pad	\$1,576
Restaurants and Coffee Shops / 1,000 sq ft	\$1,576
Bars and Beauty Parlors / 1,000 sq ft	\$1,576
Institutional	
Hospitals / 1,000 sq ft	\$1,576
Convalescent hospitals and rest homes / 1,000 sq ft	\$1,576
Schools / 1,000 sq ft	\$1,576
Churches / 1,000 sq ft (excluding sanctuary)	\$1,576
Industrial	
Connection charges for industrial classifications to be individually determined from discharge characteristics.	
Miscellaneous	
Miscellaneous City users (bakeries, etc.)	\$576
Government facilities equivalent to residential unit	\$3,667

Table 8 summarizes changes in fund balance and qualifying DIF revenues and expenditures for the wastewater facilities DIF fund in FY 2022-23.

Table 8: FY 2022-23 Wastewater Facilities Development Impact Fee	
Beginning Balance	\$ 7,788,978
Revenues	
<u>Fund 6011: Sewer Fund Capital Replacement</u>	
Sewer Connection Fees	6,000

Capacity Fee	52,236
Sewer WWTP Expansion	2,320
Interest Earned	18,506
Total Revenue	\$ 79,062

Expenditures

Fund 6011: Sewer Fund Capital Replacement

Total Expenditures	\$ -
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Ending Balance **\$ 7,868,040**

*Table 8 only reports on the allowable DIF revenues and expenditures that occurred in the fund.

Table 9 summarizes FY 2022-23 DIF expenditures, as well as project completion and the percentage of the project cost funded with DIF funds through FY 2022-23.

Table 9: Capital Improvement Facilities Expenditures

	FY 22-23		% Funded With
	Expenditures	% Complete	Fee
3.5 MGD Additional Capacity	\$ -	0%	0%
Tertiary Filter to Existing Facility ¹	-	100%	100%
Total	\$ -		

All figures in this table are as of August 2023.

¹ The tertiary filter was completed using DIF funds. The 2003 Nexus Study estimated that the filter would cost \$567,000, however the City expended approximately \$3.6 million in Fiscal Years 11-12 to 16-17. The discrepancy is due to the increased costs of development since the 2003 estimates were prepared.

TRANSPORTATION FACILITIES

Transportation facility improvements, including roadway facilities and traffic signals, are funded with DIF collected for new development. Construction or acquisition of these capital improvements allow the City to maintain the level of service provided to residents and employees prior to the new development.

According to the 2003 Nexus Study, the fees for transportation facilities are as shown in Table 10.

Category	Fee
Detached Single Family Residential (L Density)	\$226 / acre / \$57 / unit
Medium / High Density Residential	\$599 / acre / \$35 / unit
Commercial	\$312 / acre
Business Park & Industrial	\$226 / acre

Table 11 summarizes changes in fund balance and qualifying DIF revenues and expenditures for the transportation facilities DIF fund in FY 2022-23.

Category	Amount
Beginning Balance	\$ 1,602,179
Revenues	
<u>Fund 1015: Traffic Circulation Fund</u>	
Traffic Circulation Tax	15,059
Avenue One Traffic Signal	1,486
Signal at Comm/Applegate	1,699
Interest Earned	7,422
Traffic Signals & Opticons	1,280
Total Revenue	\$ 26,946
Expenditures	
<u>Fund 1015: Traffic Circulation Fund</u>	
Total Expenditures	\$ -
Ending Balance	\$ 1,629,125

Table 12 summarizes FY 2022-23 DIF expenditures, as well as project completion and the percentage of the project cost funded with DIF funds through FY 2022-23.

Table 12: Capital Improvement Expenditures

	FY 22-23		% Funded
	Expenditures	% Complete	With Fee
Bellevue Road Widening	\$ -	0%	0%
Buhach Road Widening ¹	-	100%	40%
Bellevue Road Raised Median	-	0%	0%
Avenue One & Avenue Two	-	50%	0%
Bell Drive	-	50%	0%
Commerce Avenue	-	25%	0%
Traffic Signals and Opticons	-	80%	0%
Total	\$ -		

All figures in this table are as of August 2023.

¹To date, the City has expended approximately \$230,500 in transportation DIF funds to assist with the Buhach Road widening identified in the 2003 Nexus Study. This is less than the cost of the project; the remainder was funded by a developer as a condition of development. Progress has also been made by developers as a condition of development on Avenue One and Two, Bell Drive, Commerce Ave, and the traffic signals. Thus, DIF funds have not yet been utilized on those projects.

PARKS AND RECREATION FACILITIES

Citywide parks and recreation facilities are funded with DIF collected for new development. According to the 2003 Nexus Study, the fees for parks and recreation facilities are as outlined in Table 13.

Detached Single Family Residential (L Density)	\$2,382 / unit
Medium / High Density Residential	\$1,998 / unit

Table 14 summarizes changes in fund balance and qualifying DIF revenues and expenditures for parks and recreation improvements in FY 2022-23.

Beginning Balance	\$	2,002,528
Revenues		
<u>Fund 1020: Parks and Recreation Fund</u>		
Parks and Recreation Facility Tax		13,640
Parks Capital Improvement Tax		5,456
Youth Center Facility Tax		7,106
Osborn Park Renovation		49,224
Interest Earned		11,740
Total Revenues	\$	87,166
Expenditures		
<u>Fund 1020: Parks and Recreation Fund</u>		
Osborn Park Renovation	\$	(611,952)
Total Expenditures	\$	(611,952)
Ending Balance	\$	1,477,742

Table 15 summarizes FY 2022-23 DIF expenditures, as well as project completion and the percentage of the project cost funded with DIF funds through FY 2022-23.

	FY 22-23 Expenditures	% Complete	% Funded With Fee
Additional 96 Acres of Parkland	\$ -	0%	0%

96 Acre Parkland Improvements	611,952		50%	30%
Additional Youth Center		-	0%	0%
Total	\$ 611,952			

All figures in this table are as of August 2023.

PUBLIC SAFETY FACILITIES

The impact fees for public safety were calculated in 1995 and remained unchanged with the adoption of the 2003 Nexus Study. The 1995 study identified vehicles, equipment, station furniture, electronics, and other equipment as police improvements. Acquisition of these capital improvements allow the City to maintain the level of service provided to residents and employees prior to new development.

According to the 2003 Nexus Study, the fees for police facilities are as shown in Table 16.

Table 16: Police Fees	
Very Low Density Residential	\$401 / unit
Low Density Residential	\$401 / unit
Multi-Family Residential	\$46 / unit
Commercial	\$800 / acre
Business Park	\$569 / acre
Industrial	\$664 / acre
Institutional	\$796 / acre

Table 17 summarizes changes in fund balance and qualifying DIF revenues and expenditures for public safety facilities in FY 2022-23.

Table 17: FY 2022-23 Public Safety Facilities Development Impact Fee	
Beginning Balance	\$ 257,679
Revenues	
<u>Fund 1091: Police Facility Impact Fee</u>	
Police Public Facility Fee	6,072
Interest Earned	1,349
Total Revenue	\$ 7,420
Expenditures	
<u>Fund 1091: Police Facility Impact Fee</u>	
Total Expenditures	\$ -
Ending Balance	\$ 265,099

Table 18 summarizes FY 2022-23 DIF expenditures, as well as project completion and the percentage of the project cost funded with DIF funds through FY 2022-23.

Table 18: Capital Improvement Expenditures

	FY 22-23 Expenditures	% Complete	% Funded With Fee
Police building, vehicles, and equipment ¹	\$ -	50%	46%
Total	\$ -		

All figures in this table are as of August 2023.

¹The 2003 Nexus Study provides a broad description of the allowable uses of public safety DIF funds. Therefore, the Justification of Building and Equipment Costs schedule from the 1995 resolution was utilized to determine the spending goal for public safety facilities improvements. Since 2006, the City has expended DIF funds on the development of a police substation, communications systems, and other public safety related equipment, all of which are allowable uses of public safety DIF funds pursuant to the 2003 Nexus Study's description. To date, the City has expended approximately \$895,000 of the total \$1.9 million spending goal outlined in the 1995 schedule (or 46% as shown in Table 18).

Table 18: Capital Improvement Expenditures

	FY 22-23 Expenditures	% Complete	% Funded With Fee
Police building, vehicles, and equipment	\$ -	50%	46%
Total	\$ -		

All figures in this table are as of August 2023.

¹The 2003 Nexus Study provides a broad description of the allowable uses of public safety DIF funds. It also defers to the 1995 City resolution regarding public facilities improvement fees for its justification of public safety DIF rates. Therefore, RSG utilizes the Justification of Building and Equipment Costs schedule from the 1995 resolution to determine the spending goal for public safety facilities improvements. Since 2006, the City has expended DIF funds on the development of a police substation, communications systems, and other public safety related equipment, all of which are allowable uses of public safety DIF funds pursuant to the 2003 Nexus Study's description. To date, the City has expended approximately \$895,000 of the total \$1.9 million spending goal outlined in the 1995 schedule (or 46% as shown in Table 18).

FIRE PROTECTION FACILITIES

Improvement of fire protection facilities and the purchase of related equipment are funded with DIF collected for new development. The impact fees for fire protection facilities were calculated in 1995 and remained unchanged with the adoption of the 2003 Nexus Study. The 1995 study identified vehicles, equipment, station furniture, training materials, and other equipment as fire facility improvements. Acquisition of these capital improvements allows the City to maintain the level of service provided to residents and employees prior to the new development.

According to the 2003 Nexus Study, the fees for police facilities are as shown in Table 19.

Very Low Density Residential	\$520 / unit
Low Density Residential	\$520 / unit
Multi-Family Residential	\$59 / unit
Commercial	\$1,038 / acre
Business Park	\$738 / acre
Industrial	\$860 / acre
Institutional	\$1,032 / acre

Table 20 summarizes changes in fund balance and qualifying DIF revenues and expenditures for fire protection facilities in FY 2022-23.

Revenues

Fund 1093: Fire Facility Impact Fee

Fire Facility Impact Fee	7,875
Interest Earned	1,322
Total Revenue	\$ 9,197

Expenditures

Fund 1093: Fire Facility Impact Fee

	\$
Total Expenditures	-

Ending Balance	\$ 259,126
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*Table 20 only reports on the allowable DIF revenues and expenditures that occurred in the fund.

Table 21 summarizes FY 2022-23 DIF expenditures, as well as project completion and the percentage of the project cost funded with DIF funds through FY 2022-23.

Table 21: Capital Improvement Expenditures

	FY 22-23 Expenditures	% Complete	% Funded With Fee
Fire Station, vehicles, and equipment ¹	\$ -	50%	57%
Total	\$ -		

All figures in this table are as of August 2023.

¹The 2003 Nexus Study provides a broad description of the allowable uses of fire protection DIF funds. Therefore, the Justification of Building and Equipment Costs schedule from the 1995 resolution was utilized to determine the spending goal for public safety facilities improvements. Since 2006, the City has expended DIF funds on the development of a fire station and truck, which are allowable uses of fire protection DIF funds pursuant to the 2003 Nexus Study's description. To date, the City has expended approximately \$2.2 million of the total \$3.9 million spending goal outlined in the 1995 schedule (or 57% as shown in Table 21).

GENERAL GOVERNMENT CAPITAL FACILITIES

Facilities related to the general administration and management of the City are funded with DIF collected for new development. Construction or acquisition of these capital improvements allow the City to maintain the level of service provided to residents and employees prior to the new development.

According to the 2003 Nexus Study, the fees for general government capital facilities are as shown in Table 22.

Single Family Residential	\$378.76 / unit
Medium / High Density Residential	\$316.54 / unit
Non-Residential Land Use	\$949 / acre

Table 23 summarizes changes in fund balance and qualifying DIF revenues and expenditures for general government capital facilities in FY 2022-23.

Development Impact Fee	
Beginning Balance	\$ 249,929
Revenues	
<u>Fund 1095: Government Building Facility</u>	
Government Building Facility Tax	6,482
Interest Earned	1,372
Total Revenue	\$ 7,854
Expenditures	
<u>Fund 1095: Government Building Facility</u>	
Total Expenditures	\$ -
Ending Balance	\$ 257,783

Table 24 summarizes FY 2022-23 DIF expenditures, as well as project completion and the percentage of the project cost funded with DIF funds through FY 2022-23.

	FY 22-23 Expenditures	% Complete	% Funded With Fee
Administration Building	\$ -	0%	0%
Second Wing Addition to City Hall	-	0%	0%
Total	\$ -		

All figures in this table are as of August 2023.

The City did not collect sufficient funding to complete financing on an incomplete public improvement.

There were no interfund transfers or loans made from a DIF account/fund.

There were no refunds made pursuant to Section 66001 of the Government Code.