

# CITY OF VICTORVILLE

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Annual Development Impact Fee Report

Fiscal Year Ended June 30, 2022

December 20, 2022

Prepared by:  
NBS  
*for the*  
CITY OF VICTORVILLE



# City of Victorville



## *City Officials*

Debra Jones, Mayor

Leslie Irving, Mayor Pro Tem

Elizabeth Becerra, Councilmember

Blanca Gomez, Councilmember

## *Officers*

Jennifer Thompson, City Clerk

## *Administrative Team*

Keith Metzler, City Manager

Jenele Davidson, Deputy City Manager

Sophie Smith, Deputy City Manager

Andre De Bortnowsky, City Attorney

John Mendiola, City Treasurer/Finance Director

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**Attachment** – Current Impact Fee Schedule (effective through December 31, 2022)

# 1. DEVELOPMENT IMPACT FEE 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. Regarding reporting requirements, the Mitigation Fee Act requires annual reporting for each impact fee fund, and a separate five-year reporting process. This report meets the requirements described in 1.1 Annual Report, below. A combined Annual and Five-Year Report will be provided in future years when needed to meet required reporting timelines.

## 1.1 Annual Report

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; *(report section 2)*
2. The amount of the fee; *(report section 2 and attachment)*
3. The beginning and ending balance of the account or fund; *(report section 3)*
4. The amount of the fees collected and interest earned; *(report section 3)*
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; *(report section 4)*
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; *(report section 4)*
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; *(report section 5)*
8. The amount of any refunds or allocations made pursuant to Section 66001, paragraphs (e) and (f). *(report section 6)*

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 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; *(report section 2)*
2. The beginning and ending balance of the fund and the interest earned from investment of moneys in the fund; *(report section 3)*
3. The amount of charges collected in that fiscal year; *(report section 3)*
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; *(report section 4)*
  - b. Each public improvement on which charges were expended that was completed during that fiscal year; *(report section 4)*
  - c. Each public improvement that is anticipated to be undertaken I the following fiscal year; *(report section 4)*
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. *(report section 6)*

## **1.2 Five-Year Report**

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 of 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).

## 2. CURRENT IMPACT FEES & CAPACITY CHARGES

Development impact fees (DIFs) in the City of Victorville are one-time charges levied on new development in Victorville to fund various infrastructure, facilities, vehicles, and equipment. The basis for these impact fees is presented in the “Development Impact Fee 2006 Update Study” (2006 Study) report, completed by AGAJANIAN & Associates.

### 2.1 Types of Impact Fees, Capacity Charges and Associated Funds

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

Fund No.	Fee Name	Purpose and Use of the Fee
350	Public Buildings	The purpose of the Public Buildings impact fee is to mitigate the impact of new development on the need for public buildings in Victorville. Funding collected from the public buildings fee will be used for new facilities, capital equipment, or expansion of existing city facilities needed to serve future development. The list of eligible public buildings projects are included in Table 6 of the 2006 Study.
351	Fire Safety	The purpose of the fire impact is to mitigate the impact of new development on the need for fire facilities provided by the City of Victorville. Impact fee funding will be used to provide additional fire facilities to mitigate the impact of new development on the need for those facilities in the City. The list of eligible fire safety projects are included in Table 4 of the 2006 Study.
352	Roads	The purpose of the roads impact fee is to mitigate the impact of new development on the need for road, bridge, interchange, and traffic signal improvements in Victorville. Impact fees will be used to provide additional road, bridge, interchange and traffic signal improvements to mitigate the impact of new development. The list of eligible improvement projects for roadway projects is included in Table 2 of the 2006 Study. Note funds 355 and 356, which are also roads related impact fees, are reported as combined with Fund 352 going forward. The purpose of the Fund 355 Nisqualli impact fee is to mitigate the impact of new development within an area served by the I-15 / Nisqualli Rd. / La Mesa Rd. Interchange. Impact fees have been and will be used to pay for the interchange improvements. The purpose of the Fund 356 Goodwill impact fee is to mitigate the impact of new development within an area served by the Goodwill (I-15 / Roy Rogers) Interchange. Impact fees have been and will be used to pay for the interchange improvements.

Fund No.	Fee Name	Purpose and Use of the Fee
353	Public Safety (Police)	The purpose of Public Safety impact fees is to mitigate the impact of new development on the need for police facilities in Victorville. Impact fee funding will be used to provide additional police facilities to mitigate the impact of new development on the need for those facilities in the City. The list of eligible police safety projects are included in Table 5 of the 2006 Study.
354	Parks and Recreation	The purpose of the parks and recreation impact fees is to mitigate the impact of new development on the need for parks and recreation facilities in Victorville. Fee revenues will be used to fund additional parks and recreation facilities to mitigate the impacts of new development in the City. The list of eligible parks and recreation projects is included in Table 3 of the 2006 Study.
357	Storm drain	Funding collected is to be used for the building of storm drain infrastructure as new development occurs in previously undeveloped areas of the City or in areas with deficiencies as a result of new growth.
410	Water	The purpose of the water capacity charge is to fund the new connections attributable to the impact from new development. Water Capacity Charges are one-time charges to new development connecting to the City of Victorville/Victorville Water District's water system.
425	Sewer	The purpose of the sewer capacity charge is to fund the new connections attributable to the impact from new development. Sewer Capacity Charges are one-time charges to new development or existing development first connecting to the City of Victorville's sewer system.

## 2.2 Current Fee Schedule

The Attachment to this Report provides a copy of Victorville's Development Impact Fee Schedule active through June 30, 2022. The basis for these impact fees is presented in the "Development Impact Fee 2006 Update Study" (2006 Study) report, completed by AGAJANIAN & Associates. The City also completed a comprehensive impact fee study during the 2021/2022 fiscal year, which was adopted on June 7, 2022 by City Council which will go into effect in the 2022/23 Fiscal Year.



### 3. FINANCIAL SUMMARY REPORT

The following financial summary report provides a statement of revenue, expenditures, and changes in fund balance for each impact fee fund, for the Fiscal Year End June 30, 2022.

Fund No.	350	351	352	353	354	357	410	425
Description	Public Buildings	Fire Safety	Roads	Public Safety (Police)	Parks and Recreation	Storm Drain	Water	Sewer
<b>REVENUES</b>								
Fees	1,088,708	252,601	3,944,649	115,223	3,659,880	358,899	3,330,925	3,209,620
Interest	-	-	-	-	-	-	-	-
Loan Repayments	-	-	2,693,377	50,715	192,938	162,068	-	-
Other Revenue <sup>1</sup>	-	-	-	-	3,757	-	-	-
Transfers In <sup>2</sup>	1,943,929	2,286,995	-	-	-	-	-	-
<b>Total Revenues</b>	<b>3,032,637</b>	<b>2,539,596</b>	<b>6,638,027</b>	<b>165,938</b>	<b>3,856,574</b>	<b>520,967</b>	<b>3,330,925</b>	<b>3,209,620</b>
<b>Expenditures</b>								
Expenditures	4,287	2,143	9,804,719	2,143	19,291	4,287	293	-
Loan Payments	3,053,928	2,286,995	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>3,058,215</b>	<b>2,289,139</b>	<b>9,804,719</b>	<b>2,143</b>	<b>19,291</b>	<b>4,287</b>	<b>293</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(25,578)</b>	<b>250,457</b>	<b>(3,166,692)</b>	<b>163,795</b>	<b>3,837,283</b>	<b>516,680</b>	<b>3,330,633</b>	<b>3,209,620</b>
<b>Fund Balance, Beginning of the Year<sup>3</sup></b>	<b>40,539</b>	<b>19,394</b>	<b>10,638,116</b>	<b>597,574</b>	<b>8,737,464</b>	<b>1,385,994</b>	<b>15,610,572</b>	<b>6,207,191</b>
<b>Fund Balance, End of the Year<sup>3</sup></b>	<b>14,778</b>	<b>269,760</b>	<b>9,065,862</b>	<b>761,282</b>	<b>12,528,173</b>	<b>1,902,493</b>	<b>19,941,497</b>	<b>9,416,811</b>

<sup>1</sup> Fund 354 , escrow refund for overpayment

<sup>2</sup> Fund 350, land return/debt dissolution with SCLAA; Fund 351, repayment of loan from General Fund. See Section 5 Interfund Loans for more information

<sup>3</sup> Beginning&Ending Fund Balance is presented on a cash basis per trial balance financial reports provided by the City's Finance Department. Water and Sewer Fund balances were also provided by City staff.

## 4. PUBLIC IMPROVEMENTS

This section of the Annual Report identifies 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.

### FISCAL YEAR 2021/22 PUBLIC IMPROVEMENT EXPENDITURES

Fund	Fund Name	Project Name	Total Project Funding	Development Impact Fees				
				Total Impact Fee Funded Amount	% Impact Fee Funded	Total Prior Year Impact Fee Expenditures	FY 2022 Impact Fee Expenditures	Impact Fee Funding Remaining
352	Road	NISQ/I15 INTERCHANGE-ST CONST	\$ 48,860,904	\$ 22,762,803	47%	\$ 22,741,318	\$ 21,485	\$ 0
352	Road	352-60013 Green Tree Blvd Extension	\$ 46,825,708	\$ 19,005,393	41%	\$ 692,143	\$ 9,218,145	\$ 9,095,105
352	Road	352-60014 Bear Valley Road Bridge over BNSF Railway	\$ 23,932,167	\$ 4,703,140	20%	\$ 208,812	\$ 544,968	\$ 3,949,360
410	Water	410-74419 Project Area 31- Pipeline Replacement	\$ 1,550,000	\$ 699,848	45%	\$ -	\$ 293	\$ 699,556
<b>TOTAL</b>			<b>\$ 121,168,779</b>	<b>\$ 47,171,184</b>		<b>\$ 23,642,273</b>	<b>\$ 9,784,890</b>	<b>\$ 13,744,021</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 recently completed and/or active (in-progress) uses of impact fee funds in Fiscal Year 2021/22 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 2022/23 Capital Improvement Plan as adopted by City Council. Outside of these two sources of information, the City has not determined that sufficient funds have been collected to complete financing of any other incomplete public improvements.

## 5. 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 interfund transfers or loans made between impact fee funds in Fiscal Year 2021/22. However, two loans were paid off during Fiscal Year 2021/22. The loan between Fund 352 Roads and Fund 351 Fire Safety was repaid by the General Fund per City Council direction on May 17, 2022, in the amount of \$2,286,536.07. Also, the loan between Fund 350 Public Buildings and SCLAA was terminated during the same Council meeting, by way of transferring property back to SCLAA and nullifying the loan which had a balance of \$1,943,928. The following table summarizes all active interfund loans to and/or from the City's impact fee funds.

**FISCAL YEAR 2021/22 INTERFUND LOAN STATUSES**

Date of Loan	Maturity Date	Purpose of Loan	Original Advance	Lender	Borrower	Balance 06/30/2022	Interest Rate <sup>1</sup>
06/30/11	06/30/26	City Hall Expansion Project #98005	\$ 7,725,000	352 Roads	350 Public Buildings	\$ 7,201,469	1.37%
06/30/11	06/30/26	City Hall Expansion Project #98005	\$ 1,150,000	353 Public Safety	350 Public Buildings	\$ 1,072,063	1.37%
06/30/11	06/30/26	City Hall Expansion Project #98005	\$ 4,375,000	354 Recreation	350 Public Buildings	\$ 4,078,502	1.37%
06/30/11	06/30/26	City Hall Expansion Project #98005	\$ 570,000	352 Roads	350 Public Buildings	\$ 531,370	1.37%
06/30/11	06/30/26	City Hall Expansion Project #98005	\$ 920,000	352 Roads	350 Public Buildings	\$ 857,651	1.37%
06/30/11	06/30/26	City Hall Expansion Project #98005	\$ 3,675,000	357 Storm Drain DIF	350 Public Buildings	\$ 3,425,942	1.37%
06/30/11	06/30/26	City Hall Expansion Project #98005	\$ 280,000	358 Street Lighting	350 Public Buildings	\$ 261,024	1.37%

Date of Loan	Maturity Date	Purpose of Loan	Original Advance	Lender	Borrower	Balance 06/30/2022	Interest Rate <sup>1</sup>
06/30/11	06/30/26	City Hall Expansion Project #98005	\$ 395,000	359 Fire Hydrant	350 Public Buildings	\$ 368,231	1.37%
06/30/11	06/30/26	City Hall Expansion Project #98005	\$ 1,200,000	202 Storm Drain Utility	350 Public Buildings	\$ -	1.37%
06/30/11	06/30/26	Fire Station #312 Project #98020	\$ 2,000,000	352 Roads	351 Fire	\$ -	1.37%
06/30/11	06/30/26	Fire Station #315 Project #98004	\$ 1,742,000	352 Roads	351 Fire	\$ -	1.37%
06/30/11	06/30/26	Vacant Land-Library Project #98010	\$ 1,895,000	455 SCLA	350 Public Buildings	\$ -	1.37%

## 6. REFUNDS

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As discussed in this Section 4 of this report, in Fiscal Year 2021/22, no such determination has been made regarding sufficient funds collected to complete incomplete improvements. Therefore, no refunds were made or required. The refunding requirements for the Mitigation Fee Act are summarized as follows:

**Refunds under the Mitigation Fee Act:** 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).

**ATTACHMENT  
CURRENT IMPACT FEE  
SCHEDULE**



**CITY OF VICTORVILLE DEVELOPMENT IMPACT FEES  
MASTER FEE SCHEDULE**

Residential Development  
Effective through 12/31/2022

Residential Development	Unit	Parks and Recreation	Fire Protection	Police	Public Buildings	Road Improvements	Subtotal [1]
Single Family	Dwelling Unit	\$ 5,046.00	\$ 329.00	\$ 139.00	\$ 1,334.00	\$ 4,470.00	\$ 11,318.00
Multi Family	Dwelling Unit	\$ 3,847.00	\$ 232.00	\$ 98.00	\$ 717.00	\$ 2,745.00	\$ 7,639.00

[1] Subtotal does not include Water System Capacity fee, Sewer fee and Regional Drainage fee.

Residential Development	Water System Capacity Charge
3/4" Meter	\$ 5,142.00
1" Meter	\$ 7,672.00
1-1/2" Meter	\$ 16,671.00
2" Meter	\$ 26,954.00
3" Meter	\$ 54,129.00
4" Meter	\$ 90,250.00
6" Meter	\$ 180,464.00
8" Meter	\$ 283,291.00

Residential Development	Unit	Sewer
Single Family	EDU	\$ 350.00
Multi Family	EDU	\$ 350.00

Residential Development	Unit	Regional Drainage
Single Family	Acre	\$ 2,585.00
Multi Family	Acre	\$ 2,585.00



**CITY OF VICTORVILLE DEVELOPMENT IMPACT FEES  
MASTER FEE SCHEDULE**

Non-Residential  
Effective through 12/31/2022

Non-Residential Development	Unit	Fire Protection	Police	Public Buildings	Road Improvements	Subtotal [1]
Commercial	KSF	\$ 170.00	\$ 170.00	\$ 1,340.00	\$ 7,600.00	\$ 9,280.00
Industrial	KSF	\$ 10.00	\$ 10.00	\$ 440.00	\$ 2,980.00	\$ 3,440.00
High-Cube Warehouse	KSF	\$ 20.00	\$ 20.00	\$ 250.00	\$ 1,580.00	\$ 1,870.00

[1] Subtotal does not include Water System Capacity fee, Sewer fee and Regional Drainage fee.

Non-Residential Development	Unit	Sewer
Commercial	EDU	\$ 350.00
Industrial	EDU	\$ 350.00
High-Cube Warehouse	EDU	\$ 350.00

Non-Residential Development	Unit	Regional Drainage
Commercial	Acre	\$ 2,585.00
Industrial	Acre	\$ 2,585.00
High-Cube Warehouse	Acre	\$ 2,585.00

Non-Residential Development	Water System Capacity Charge
3/4" Meter	\$ 5,142.00
1" Meter	\$ 7,672.00
1-1/2" Meter	\$ 16,671.00
2" Meter	\$ 26,954.00
3" Meter	\$ 54,129.00
4" Meter	\$ 90,250.00
6" Meter	\$ 180,464.00
8" Meter	\$ 283,291.00