

City of Chino
Development Impact Fee Annual Report
Fiscal Year 2023-24



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Executive Summary

Development Impact Fees (DIFs) are charges levied by local governments on new or proposed development projects to ensure that public services and infrastructure are adequate to accommodate growth from these developments. Under California Assembly Bill 1600 (AB1600), local agencies are required to prepare an annual report detailing the status of their DIF programs. This document serves as the City of Chino's AB1600 Report for Fiscal Year 2023-24.

Additionally, the report encompasses the City's In-Lieu Fees, which developers may opt to pay as an alternative to directly mitigating their project's impacts through construction. With the inclusion of In-Lieu Fees, this report also satisfies AB1600's five-year reporting requirements, covering Fiscal Years 2018-19 through 2022-23.

The City of Chino currently collects the DIF and In-Lieu Fees outlined in the table below. The DIF fees align with Resolution No. 2022-026, and the City fund numbers correspond with the City's financial system.

Fee	Fund	Program
Non-Refundable Deposits Transportation	220	In-Lieu of Construction
Circulation (Streets, Signals & Bridges)	220	General City DIF
Law Enforcement Facilities, Vehicles, & Equipment	231	General City & The Preserve DIF
Fire Suppression Facilities, Vehicles, & Equipment	232	General City & The Preserve DIF
General Facilities	233	General City & The Preserve DIF
Non-Refundable Deposits Water	253	In-Lieu of Construction
Water Source Storage & Distribution	253	General City DIF
Sewage Collection Systems	254	General City DIF
Non-Refundable Deposits Storm Drain	255	In-Lieu of Construction
Storm Drainage Collection System Facilities	255	General City DIF
Circulation (Streets, Signals & Bridges)	260	The Preserve
Water Source Storage & Distribution	261	The Preserve
Sewage Collection Systems	262	The Preserve
Storm Drainage Collection System Facilities	263	The Preserve
Public Use Facilities	265	General City & The Preserve DIF
Miscellaneous Residential Amenities	266	The Preserve
Congestion Management Program	270	The Preserve
Non-Refundable Deposits Utilities	320	In-Lieu of Construction
Residential Park & Recreation	340	General City
Residential Park & Recreation	341	The Preserve

Section 1 – Requirements of the Mitigation Fee Act (AB1600)

AB1600, commonly referred to as the Mitigation Fee Act, was enacted by the State of California in 1987 and created Section 66000 et. seq. of the Government Code. AB1600 mandates the City of Chino report fee information annually.

The following information must be made available to the public within 180 days of the fiscal year.

- 1) Brief description of each fund or account
- 2) The amount of fees collected
- 3) Beginning and ending balance in the account or fund
- 4) Amount of fees collected, and interest earned during the previous year
- 5) Identification of each public improvement for which fees were expended and the amount of expenditures, including the total percentage of the cost of the public improvement that was funded with fees
- 6) An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing.
- 7) Description of each interfund transfer or loan made from the account, including the public improvement on which the transferred or loaned fees will be expended, and when each loan will be repaid and the rate of interest the account will receive on the loan
- 8) Identification of any refunds made once determined that sufficient monies have been collected to fund fee-related projects

If fees remain unspent after five years from collection, additional reporting is required to justify its retention. The City must make the following findings with respect to any remaining funds in the fee account, regardless of whether those funds are committed or uncommitted.

- 1) Clearly identify the purpose of the fee
- 2) Nexus analysis: demonstrate a reasonable relationship between the fee and the purpose for which it was charged and the current need for the fee-funded improvements
- 3) Provide a detailed plan for the expenditures of the funds

The City must make this information available for public review and must present it at the next regularly scheduled public meeting no less than 15 days after this information is made available to the public. This report is intended to satisfy the annual reporting requirements for FY 2023-24, as well as the five-year report for FY 2018-19 through FY 22-23.

Section 2 – Annual Report

This section outlines the information required to satisfy legal obligations for each impact fee fund. It includes a summary of the fee purpose, fee amounts, opening and closing balances, revenue collected, interest accrued, and expenditures for each project, specifying the percentage funded by fees. A summary table is provided to indicate whether sufficient funds are available to complete future projects and the estimated start date for construction of public improvements if funding is adequate. Details of any transfers, loans, or refunds related to the account are also included.

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Fund 231: Law Enforcement Facilities, Vehicles, & Equipment
Citywide & The Preserve DIF

Chino Municipal Code Chapter 3.40 & 3.45 establishes a Law Enforcement Facilities, Vehicles & Equipment DIF. This fee is established to fund the equipment, transportation, and facilities necessary to support new police officers to address increased calls for service generated by new development.

The fee amount is established by Resolution No. 2022-026 and is summarized as follows:

Law Enforcement Facilities, Vehicles, and Equipment Schedule of Fees

Land Use:	Citywide	Preserve
Detached Low Density Residential	\$637/unit	\$637/unit
Detached Medium Density Residential	\$636/unit	\$637/unit
Attached Medium Density Residential	\$404/unit	\$407/unit
Attached High Density Residential	\$407/unit	--
Attached Dwelling RD-16/20 Residential	--	\$407/unit
Attached Dwelling RD/CC-30 Residential	--	\$407/unit
Mobile Home	\$644/unit	--
Commercial Lodging	\$2,080/unit	\$2,080/unit
Commercial/Retail	\$1.04/SF	\$1.04/SF
Office/Business Park Uses	\$0.74/SF	\$0.74/SF
Industrial Uses	\$0.06/SF	\$0.06/SF
Institutional/Meeting Places	\$0.05/SF	\$0.05/SF

The following table shows the balances, receipts, and expenditures of the Law Enforcement Facilities, Vehicles & Equipment DIF Fund for the current and last five fiscal year.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beg. Balance ⁽¹⁾	\$ 2,719,701	\$ 2,831,010	\$ 2,801,723	\$ 2,963,541	\$3,688,552	\$3,771,160
Fees Collected	\$ 216,999	\$ 388,600	\$ 246,390	\$ 845,428	\$ 188,974	\$ 283,460
Interest Earned	\$ 83,794	\$ 62,159	\$ 11,408	\$ (65,558)	\$ 87,633	\$ 186,127
<u>Expenditures</u>	<u>\$ (189,484)</u>	<u>\$ (480,046)</u>	<u>\$ (95,980)</u>	<u>\$ (54,859)</u>	<u>\$ (193,997)</u>	<u>\$ (96,235)</u>
Ending Balance	\$ 2,831,010	\$ 2,801,723	\$ 2,963,541	\$ 3,688,552	\$ 3,771,163	\$4,144,513

(1) Beginning balances have been adjusted for Market Value Adjustments

Over the past two decades (2004–2024), the City of Chino collected a total of \$10.1 million in revenue from the Law Enforcement Facilities, Vehicles, & Equipment DIF program. Of this amount, \$6.0 million has been utilized to support various critical investments over the years such as:

- Furniture and fixtures for the police department
- Software upgrades for Computer-Aided Dispatch & Records Management Systems
- Acquisition of new vehicles
- Deployment of License Plate Readers
- Procurement of equipment and laptops to support positions necessitated by development

Findings:

Expenditures in FY 2023-24 was for a new police vehicle, expended through the Equipment Management Program Budget (Fund 660). This expenditure was offset by a year-end transfer from the Law Enforcement Facilities, Vehicles & Equipment DIF Fund 231.

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It should be noted, there were no loans from the Law Enforcement Facilities, Vehicles & Equipment DIF Fund in FY 2023-24.

As of FY 2024, the DIF program has an ending balance of \$4.1 million, with \$2.7 million designated for the planned helicopter purchase in FY 2025. Currently, \$2.0 million is allocated to the Police Helicopter Program (Project LE-010), including \$1.0 million from DIF funds and \$1.0 million from a grant to offset costs. However, these allocations do not account for recent cost escalations.

To address rising costs, the City is preparing a comprehensive update to the DIF program. This update will include a revised cost estimate of \$2.7 million for the Police Helicopter Program. Additionally, funds previously earmarked for the solar panel project will be reallocated to other law enforcement initiatives. This reallocation will help offset increased costs for supplies, equipment, police substations, helicopters, and other vehicles as the City plans for future needs.

Law Enforcement Facilities, Vehicles, & Equipment Expenditures

Project	Project Name	FY 2024 Expenditures	Future Expenditures	% DIF	Construction Start/End ⁽²⁾
LE-002	Additional Vehicles	\$(96,235)	\$(1,400,000) ⁽¹⁾	100%	ongoing
LE-010	Police Helicopter Program*	\$ -	\$(3,700,000)	73%	FY 2025

(1) The timeline for purchasing additional vehicles cannot be determined. These purchases are contingent upon the hiring of new officers.

(2) The total project budget is \$3.7 million, with \$1.0 million offset by a grant and the remaining amount funded through DIF.

Fund 232: Fire Suppression Facilities, Vehicles, and Equipment
Citywide & The Preserve DIF

Chino Municipal Code Chapter 3.40 & 3.45 establishes a Fire Suppression Facilities, Vehicles, and Equipment DIF. This fee is established to finance the relocation and/or construction of firehouses, training facilities and the equipment required to provide fire suppression to address increased calls for service generated by new development. These fees will be used to install fire facilities consistent with the Chino Valley Independent Fire District's Master Plan.

The fee amount is established by Resolution No. 2022-026 and is summarized as follows:

Fire Suppression Facilities, Vehicles, and Equipment Schedule of Fees

Land Use:	Citywide	Preserve
Detached Low Density Residential	\$1,310/unit	\$1,310/unit
Detached Medium Density Residential	\$1,310/unit	\$1,310/unit
Attached Medium Density Residential	\$846/unit	\$846/unit
Attached High Density Residential	\$846/unit	--
Attached Dwelling RD-16/20 Residential	--	\$846/unit
Attached Dwelling RD/CC-30 Residential	--	\$846/unit
Mobile Home	\$596/unit	--
Commercial Lodging	\$505/unit	\$505/unit
Commercial/Retail	\$1.04/SF	\$1.04/SF
Office/Business Park Uses	\$1.05/SF	\$1.05/SF
Industrial Uses	\$0.04/SF	\$0.04/SF
Institutional/Meeting Places	\$0.03/SF	\$0.03/SF

The following table shows the balances, receipts, and expenditures of the Fire Suppression Facilities, Vehicles, and Equipment DIF Fund for the current and last five fiscal years:

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beg. Balance ⁽¹⁾	\$ (2,758)	\$ 1,959	\$ 2,181	\$ (155)	\$ (4,708)	\$ (10,657)
Fees Collected	\$ 237,386	\$ 382,833	\$ 166,881	\$ 193,424	\$ 439,741	\$ 578,091
Interest Earned	\$ 7,482	\$ 5,901	\$ (252)	\$ (3,452)	\$ 2,166	\$ 14,687
<u>Expenditures</u>	<u>\$ (240,150)</u>	<u>\$ (388,513)</u>	<u>\$ (168,965)</u>	<u>\$ (194,526)</u>	<u>\$ (447,856)</u>	<u>\$ (589,353)</u>
Ending Balance	\$ 1,960	\$ 2,180	\$ (155)	\$ (4,709)	\$ (10,657)	\$ (7,233)

(1) Beginning balances adjusted for Market Value Adjustments

Between 2004 and 2024, the City of Chino collected \$27.1 million in revenue through the Fire Suppression Facilities, Vehicles, and Equipment DIF program. The entirety of these funds has been expended to finance critical capital improvements and acquisitions, including:

- Fire Station No. 1 & Training Tower/ Classrooms (Schaefer Avenue)
- Fire Station No. 7 (Riverside Drive)

Key Findings:

As of Fiscal Year 2024, the Fire Suppression Facilities, Vehicles, and Equipment DIF program carries a deficit balance of \$7,233. Historically, this fund has consistently shown minimal or negative balances. The primary cause of this deficit is the debt owed to the Successor Agency for the former Chino Redevelopment Agency (RDA). The City has been repaying this debt, which was incurred to finance the construction of Fire Stations

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No. 1 and 7, as well as the training tower and classrooms. Also, fluctuations in market conditions have affected the fund’s balance through changes in the value of certain assets held by the fund. These market value adjustments, typically applied to investments or securities, can either increase or decrease the reported fund balance based on market performance.

Additionally, the fund balance for this DIF program has historically been constrained due to an agreement between the City and the master developer in The Preserve, Lewis Management Corporation. Under this agreement, the developer constructed Fire Station No. 63 (Kimball Avenue) in exchange for DIF credit in the amount of \$5,235,616. The developer has fully utilized its Fire DIF credits under the agreement and has been contributing to the DIF program for the past several years. This approach ensures that the debt owed to the Successor Agency is repaid promptly.

Due to the variability and unpredictability of DIF revenue, there is currently no time estimate for the funding required to complete the projects identified in the Nexus and Calculation Report, such as acquiring land for and the construction of the Mid-Preserve Area Station project.

It should be noted, there were no loans from the Fire Suppression Facilities, Vehicles, and Equipment DIF Fund in FY 2023-24.

Expenditures in FY 2023-24 was for the RDA loan re-payment, expended through the RDA-ROPS Program Budget (Fund 401). This expenditure was offset by a year-end transfer from the Fire Suppression Facilities, Vehicles, and Equipment DIF Fund 232.

Fire Suppression Facilities, Vehicles, and Equipment Expenditures

Project	Project Name	FY 2024 Expenditures	Future Expenditures	% DIF	Final Payment ⁽¹⁾
FD-008	Remaining Debt RDA	\$(589,353)	\$(4,850,332)	100%	tbd

(1) Final payment is contingent on development and the fees collected from developers.

Fund 233: General Facilities
Citywide & The Preserve DIF

Chino Municipal Code Chapter 3.40 & 3.45 establishes a General Facilities DIF. This fee is established to finance the general office and work facilities, and equipment used by City staff when undertaking daily duties. Meaning, the newly developing community will have access to the same level of municipal service as is currently provided to the existing community.

The fee amount is established by Resolution No. 2022-026 and is summarized as follows:

General Facilities, Vehicles, and Equipment Schedule of Fees

Residential:	Citywide	Preserve
Detached Low Density Residential	\$156/unit	\$156/unit
Detached Medium Density Residential	\$156/unit	\$156/unit
Attached Medium Density Residential	\$156/unit	\$156/unit
Attached High Density Residential	\$156/unit	--
Attached Dwelling RD-16/20 Residential	--	\$156/unit
Attached Dwelling RD/CC-30 Residential	--	\$156/unit
Mobile Home	\$156/unit	--
Commercial Lodging	\$20/unit	\$20/unit
Commercial/Retail	\$0.06/SF	\$0.06/SF
Office/Business Park Uses	\$0.06/SF	\$0.06/SF
Industrial Uses	\$0.06/SF	\$0.06/SF
Institutional/Meeting Places	\$0.06/SF	\$0.06/SF

The following table shows the balances, receipts, and expenditures of the General Facilities DIF Fund for the current and last five fiscal years:

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beg. Balance ⁽¹⁾	\$ 1,856,309	\$ 1,923,861	\$ 2,102,058	\$ 2,051,093	\$ 3,078,877	\$ 3,213,863
Fees Collected	\$ 34,856	\$ 136,321	\$ 45,875	\$ 1,200,739	\$ 64,796	\$ 88,639
Interest Earned	\$ 56,279	\$ 41,876	\$ 7,956	\$ (55,798)	\$ 70,190	\$ 157,722
<u>Expenditures</u>	<u>\$ (23,583)</u>	<u>\$ -</u>	<u>\$ (104,796)</u>	<u>\$ (117,157)</u>	<u>\$ -</u>	<u>\$ -</u>
Ending Balance	\$ 1,923,861	\$ 2,102,058	\$ 2,051,093	\$ 3,078,877	\$ 3,213,863	\$ 3,460,224

(1) Beginning balances adjusted for Market Value Adjustments

The City has used a portion of the DIF collected toward funding the Accela Automation Upgrade. This upgrade represents a strategic investment in modernizing the City's permitting and development review processes, improving efficiency, and enhancing user accessibility. By leveraging DIF funds for this initiative, the City aims to streamline operations, reduce processing times, and support the long-term needs of residents, developers, and staff. This allocation aligns with the City's commitment to utilizing DIF resources in ways that directly contribute to infrastructure development and technological advancements that benefit the community.

Key Findings:

As of FY 2024, the General Facilities DIF program has an ending balance of \$3.4 million. The City has a pressing need for a warehouse facility to serve as a satellite service center in The Preserve, as well as additional workspace at the existing service center. However, the City has not yet allocated the fund balance to a specific project. Instead, the City is taking a strategic approach, considering both the Civic Center Master Plan and the ongoing buildout of The Preserve. Currently, the fund balance dollars are tentatively being earmarked for:

General Facilities Expenditures

Project	Project Name	FY 2024 Expenditures	Future Expenditures	% DIF	Construction Start/End
GF-002	Share of Common City Service Center Improvements	\$ -	\$(4,863,511)	100%	FY 2026 / FY 2030

It should be noted, there were no loans or year-end fund transfers from the General Facilities DIF Fund in FY 2023-24.

The costs reflected in the current DIF do not account for the construction escalation observed in recent years. To address these cost increases, the City is preparing a comprehensive update to the DIF program, which will include a revised cost estimate for this project. Given the variability and unpredictability of DIF revenue, there is currently no timeline for determining the funding sources or amounts required to complete this project. For the time being, the fund balance is designated for this initiative.

Additionally, due to the variability of DIF revenue, a timeline for funding other projects identified in the Nexus and Calculation Report cannot currently be determined.

Fund 265: Public Use Facilities
Citywide & The Preserve DIF

Chino Municipal Code Chapter 3.40 & 3.45 establishes a Public Use Facilities DIF. The purpose of the fee is to determine the costs of expanding the City’s inventory of public-use facilities to meet the added demands created by the construction of additional residential dwelling units.

The fee amount is established by Resolution No. 2022-026 and is summarized as follows:

Public Use (Community Center) Facilities Schedule of Fees

Residential:	Citywide	Preserve
Detached Low Density Residential	\$4,736/unit	\$4,736/unit
Detached Medium Density Residential	\$4,736/unit	\$4,736/unit
Attached Medium Density Residential	\$3,911/unit	\$3,911/unit
Attached High Density	\$3,911/unit	--
Mobile Home	\$3,131/unit	--
Attached Dwelling RD-16/20 Residential	--	\$3,911/unit
Attached Dwelling RD/CC-30 Residential	--	\$3,027/unit

The following table shows the balances, receipts, and expenditures of the Public Use Facilities DIF Fund for the current and last five fiscal years:

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beg. Balance ⁽¹⁾	\$2,788,866	\$3,585,953	\$ 4,840,810	\$5,395,202	\$5,336,512	\$6,119,209
Fees Collected	\$ 702,643	\$1,161,830	\$ 533,476	\$ 33,601	\$ 663,934	\$1,013,827
Interest Earned	\$ 94,445	\$ 93,027	\$ 20,916	\$ (92,291)	\$ 118,763	\$ 297,604
<u>Expenditures</u>	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Ending Balance	\$3,585,953	\$4,840,810	\$5,395,202	\$5,336,512	\$6,119,209	\$7,430,640
Credits Issued ⁽²⁾	\$ 530,801	\$ 966,425	\$ 840,330	\$ 3,545,106	\$ 437,708	\$ 228,532

(1) *Beginning balances adjusted for Market Value Adjustments*

(2) *DIF credits issued to developer*

In 2018, the City Council adopted Resolution No. 2017-068 (via Ordinance No. 2017-015), approving an updated DIF Calculation and Nexus Report (dated December 28, 2017). Key changes included eliminating Library Facilities Infrastructure categories in both Citywide and The Preserve DIF programs and merging them into a single Public Use Facilities category.

The merged Public Use Facilities category will fund community center spaces (e.g., gyms, museums, teen centers, senior centers, child-care facilities, and libraries), aiming to provide up to 80,276 square feet of such facilities across the City and The Preserve through build-out.

City staff concluded that consolidating these funds was appropriate, as they support similar amenities utilized by residents of both The Preserve and the General City. In July 2022, the City Council approved a supplemental budget request to merge DIF Funds 234 (Library Facilities Citywide), 245 (Community Facilities Citywide), 264 (Library Facilities Preserve), and 265 (Community Facilities Preserve). Additionally, the City Council authorized the renaming of Fund 265 to Public Use Facilities, in accordance with the adopted Development Impact Fee Nexus and Calculation Report.

Key Findings:

As of FY 2024, the Public Use Facilities DIF program has an ending balance of \$7.4 million, fully allocated for the future community center in The Preserve. Per the amended Preserve Development Agreement, Lewis Management Corporation is required to construct 42,395 square feet of community center space within The Preserve. Per Chapter 3.45 of the City's Municipal Code, developers constructing public facilities identified in the DIF Nexus and Calculation Report may receive fee credits or reimbursements for eligible costs. Thus, DIF credits have been issued for all building permits obtained by the developer from 2004 to the present. These credits will be applied toward the actual construction costs of the community center. Any remaining costs, after the application of credits, will be reimbursed to the developer from the available DIF fund balance or through Community Facilities District (CFD) 2003-3.

The estimated cost for designing and constructing the community center is \$49 million, with anticipated completion in the summer of 2027. However, the costs reflected in the current DIF program do not account for the significant construction cost escalation experienced in recent years. To address these increases, the City is undertaking a comprehensive update to the DIF program, which will include a revised cost estimate for the project.

It should be noted, there were no loans or year-end fund transfers from the Public Use Facilities DIF Fund in FY 2023-24.

The table below summarizes the planned future expenditures for the Public Use Facilities Fees and the anticipated construction start date.

Public Use Facilities Expenditures

Project	Project Name	FY 2024 Expenditures	Future Expenditures	% DIF	Construction Start/End ⁽¹⁾
PF-001	The Preserve Community Center	\$ -	\$(49,000,000)	100%	FY 2026 / FY 2028

(1) Construction start and end date may be revised

Fund 220: Circulation (Streets, Signals, and Bridges) System
Citywide DIF

Chino Municipal Code Chapter 3.40 establishes a Circulation (Streets, Signals, and Bridges) System DIF. This fee is established to finance the construction of streets, signals, and bridges within the development area and in areas outside the development area but impacted by the development. The fee will be used to construct streets, signals, and bridges consistent with the City’s Circulation Element of the City’s General Plan and shall include any fee established by the County of San Bernardino to satisfy regional circulation requirements.

The fee amount is established by Resolution No. 2022-026 and is summarized as follows:

Circulation (Streets, Signals, and Bridges) System Schedule of Fees

Land Use:	Citywide
Detached Low Density Residential	\$4,586/unit
Detached Medium Density Residential	\$4,586/unit
Attached Medium Density Residential	\$3,061/unit
Attached High Density Residential	\$1,894/unit
Mobile Home	\$2,386/unit
Commercial Lodging	\$2,418/unit
Commercial/Retail	\$9.40/SF
Office/Business Park Uses	\$7.13/SF
Industrial Uses	\$2.31/SF
Institutional/Meeting Places	\$7.80/SF

The following table shows the balances, receipts, and expenditures of the Circulation (Streets, Signals, and Bridges) System DIF Fund for the current and last five fiscal years:

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beg. Balance ⁽¹⁾	\$21,051,911	\$19,855,900	\$35,703,857	\$35,286,595	\$34,772,440	\$30,538,615
Fees Collected	\$(1,052,155)	\$ 799,066	\$ 253,383	\$5,009,558	\$ 621,745	\$ 879,096
Interest Earned	\$ 893,555	\$ 716,512	\$ 133,037	\$(576,404)	\$ 940,228	\$ 1,555,041
<u>Expenditures</u>	<u>\$(1,037,411)</u>	<u>\$(159,822)</u>	<u>\$(803,682)</u>	<u>\$(4,947,309)</u>	<u>\$(5,798,798)</u>	<u>\$(2,246,793)</u>
Ending Balance	\$19,855,900	\$21,211,656	\$35,286,595	\$34,772,440	\$30,535,615	\$30,725,958
Credits Issued ⁽²⁾	\$13,896	\$ -	\$ -	\$68,533	\$ -	\$ -

(1) *Beginning balances adjusted for Market Value Adjustments*

(2) *DIF credits issued to developer*

The City is proactively advancing development-driven Capital Improvement Projects (CIP), including the Pine Avenue Connector project, which has an estimated cost exceeding \$143 million. This initiative is being carried out in coordination with the California Department of Transportation (Caltrans) and is supported by the City of Chino Hills and the San Bernardino County Transportation Authority (SBCTA).

The Pine Avenue Connector project involves extending Pine Avenue eastward from State Route 71 (SR-71) to El Prado Road as a four-lane arterial and widening Pine Avenue from El Prado Road to Euclid Avenue (SR-83) to match the same configuration.

The Edison Avenue Street Improvements project near Ayala Park, east of Central Avenue, is approaching

completion. Led by Lennar Homes of California, this developer-driven project has a contractual agreement to reimburse the developer for verified actual construction costs.

Another significant development includes public improvements along Euclid Avenue in the City of Ontario. As part of project conditions, a developer has constructed improvements on Euclid Avenue, including median enhancements between Merrill and Eucalyptus Avenues within Chino’s jurisdiction. Over time, developments along the Euclid Avenue corridor north of Merrill Avenue have contributed in-lieu-of-construction fees for median and widening improvements, facilitating progress on corridor upgrades.

The City plans to apply these collected deposits to offset costs associated with the Euclid Widening project. While the deposits may not fully cover the City’s share of expenses, the remaining funding needs will be addressed in the next DIF Nexus Study update. The City is also in the process of acquiring jurisdiction over Euclid Avenue from Caltrans, with the transfer expected to be completed within the next two years.

Key Findings:

The table below summarizes the planned future expenditures for the Circulation (Streets, Signals, and Bridges) System and the anticipated construction start date.

Project / Contract	Project Name	FY 2024 Expenditures	Future Expenditures	% DIF	Construction Start/End*
ST061	Pine Connector	\$ (142,503)	\$ (143,000,000)	14.55%	FY 2026 / FY 2029
2025-084	Developer Reimbursement (REDA) Merril / Euclid	\$ -	\$ (15,709,100)	48%	FY 2025 / FY 2026
2017-152	Developer Reimbursement (Lennar) Edison Widening	\$ -	\$ (7,426,537)	77%	FY 2016 / FY 2025
TR212	Traffic Signal Monte Vista & Walnut	\$ (3,885)	\$ (305,489)	100%	FY 2025 / FY 2026
TR240	Traffic Signal Mod. Eucalyptus & Fern	\$ (7,253)	\$ (1,089,776)	100%	FY 2025 / FY 2026
R7200	Central / State Rte. 60	\$ (1,650,486)	\$ (2,599,238)	100%	FY 2018 / FY 2025
TR 251	Interconnect	\$ -	\$ (250,000)	100%	FY 2025 / FY 2026

The table below summarizes the FY 2023-24 year-end transfers that have a backfill from Fund 220: Circulation (Streets, Signals, and Bridges) System and, in-lieu fee projects listed in the City’s Four-Year CIP.

Fund	Project Name	Project No.	Amount
320 Transportation	Pine Ave Connection	ST061	\$ 142,503.07
320 Transportation	Traffic Signal - Monte Vista & Walnut	TR212	\$ 3,885.50
320 Transportation	Traffic Signal Mod. - Eucalyptus & Fern	TR240	\$ 7,253.00
<u>320 Transportation</u>	<u>Central & State Rte. 60</u>	<u>R7200</u>	<u>\$ 1,650,486.50</u>
		Total DIF	\$ 1,804,128.07
100 General	Union Pacific Railroad	R6221	\$ 2,665.13
320 Transportation	Yorba Ave Street Improvements	ST233	\$ 40,000.00
<u>320 Transportation</u>	<u>Yorba Ave Street Improvements</u>	<u>ST233</u>	<u>\$ 400,000.00</u>
		Total In-Lieu	\$ 442,665.13

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It should be noted, there were no loans from the Circulation (Streets, Signals, and Bridges) System DIF Fund in FY 2023-24.

The costs reflected in the current DIF do not account for the construction escalation observed in recent years. To address these cost increases, the City is preparing a comprehensive update to the DIF program, which will include a revised cost estimate for current and future projects.

Fund 255: Storm Drainage Collection System Facilities
Citywide DIF

Chino Municipal Code Chapter 3.40 establishes a Storm Drainage Collection System Facilities DIF. This fee is established to finance the installation of water drainage channels, natural treatment systems and pipelines. The fee will be used to install water drainage facilities in accordance with the City's Master Plan of Drainage.

The fee amount is established by Resolution No. 2022-026 and is summarized as follows:

Storm Drainage Collection System Facilities Schedule of Fees

Land Use:	Fee
Detached Low Density Residential	\$2,396/unit
Detached Medium Density Residential	\$1,503/unit
Attached Medium Density Residential	\$1,045/unit
Attached High Density Residential	\$496/unit
Mobile Home	\$744/unit
Commercial Lodging	\$254/unit
Commercial/Retail	\$0.60/SF
Office/Business Park Uses	\$0.61/SF
Industrial Uses	\$0.52/SF
Institutional/Meeting Places	\$0.38/SF

The following table shows the balances, receipts, and expenditures of the Storm Drainage Collection System Facilities DIF Fund for the current and last five fiscal years:

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beg. Balance*	\$ 4,465,717	\$ 3,678,296	\$ 3,851,632	\$ 3,406,935	\$ 2,203,441	\$ 2,315,920
Fees Collected	\$ 224,212	\$ 137,835	\$ 45,165	\$ 505,577	\$ 54,455	\$ 60,075
Interest Earned	\$ 142,938	\$ 85,043	\$ 15,992	\$ (30,943)	\$ 58,025	\$ 143,658
<u>Expenditures</u>	<u>\$ (1,154,571)</u>	<u>\$ (49,542)</u>	<u>\$ (505,854)</u>	<u>\$ (1,678,129)</u>	<u>\$ -</u>	<u>\$ (1,178,914)</u>
Ending Balance	\$ 3,678,296	\$ 3,851,632	\$ 3,406,935	\$ 2,203,440	\$ 2,315,921	\$ 1,340,739
Credits Issued**	\$ 55,606	\$ 38,006	\$ -	\$ -	\$ -	\$ -

- (1) Beginning balances adjusted for Market Value Adjustments
- (2) DIF credits issued to developer

Key Findings:

Expenditures in FY 2023-24 included a developer reimbursement for constructing a master-planned storm drain associated with Tract Map No. 18903, developed by Meritage Homes of California. This project will be incorporated into the City's next DIF Nexus and Calculation Report update, as the storm drain is part of the City's Master Plan of Drainage but is not currently included in the DIF program. The expenditure was programmed in the Equipment Management Program Budget (Fund 660) and completely offset by a year-end transfer from the Storm Drainage Collection System Facilities Fund (Fund 255).

The City maintains a fund balance of \$1,340,739. Currently, the fund balance dollars are tentatively being earmarked for:

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Project / Contract	Project Name	FY 2024 Expenditures	Future Expenditures	% DIF	Construction Start/End*
MS251	Master Plan Update	\$ --	\$(500,000)	100%	FY 2025 / FY 2027
contract pending	Developer Reimbursement Schaefer (Lovett) Storm Drain (Yorba to Ramona)	\$ --	\$(800,000)	100%	FY 2026 / FY 2027

It should be noted, there were no loans from the Storm Drainage Collection System Facilities DIF Fund in FY 2023-24.

The costs reflected in the current DIF do not account for the construction escalation observed in recent years. To address these cost increases, the City is preparing a comprehensive update to the DIF program, which will include a revised cost estimate for current and future projects.

Fund 253: Water Source Storage and Distribution
Citywide DIF

Chino Municipal Code Chapter 3.40 establishes a Water Source Storage and Distribution DIF. This fee is established to finance the installation of reservoirs, wells, major transmission lines and recycled water facilities in accordance with the City's Water Master Plan. The fee amount is established by Resolution No. 2022-026 and is summarized as follows:

Water Source, Storage and Distribution Schedule of Fees

Land Use:	Fee
Detached Low Density Residential	\$2,737/unit
Detached Medium Density Residential	\$2,738/unit
Attached Medium Density Residential	\$2,332/unit
Attached High Density Residential	\$2,330/unit
Mobile Home	\$2,330/unit
Commercial Lodging	\$2,330/unit
Commercial/Retail	\$1.29/SF
Office/Business Park Uses	\$1.10/SF
Industrial Uses	\$0.54/SF
Institutional/Meeting Places	\$0.70/SF

The following table shows the balances, receipts, and expenditures of the Water Source Storage and Distribution DIF Fund for the current and last five fiscal years:

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beg. Balance ⁽¹⁾	\$ 555,290	\$ 299,924	\$ 407,269	\$ 426,247	\$ 486,196	\$ (36,138)
Fees Collected	\$ 257,288	\$ 246,003	\$ 17,355	\$ 679,159	\$ 93,217	\$ 65,072
Interest Earned	\$ 18,346	\$ 9,828	\$ 1,622	\$ (4,859)	\$ 25,327	\$ 542
<u>Expenditures</u>	<u>\$ (531,000)</u>	<u>\$ (148,486)</u>	<u>\$ -</u>	<u>\$ (614,351)</u>	<u>\$ (640,878)</u>	<u>\$ (404,097)</u>
Ending Balance	\$ 299,924	\$ 407,269	\$ 426,246	\$ 486,196	\$ (36,138)	\$ (374,621)
Credits Issued ⁽²⁾	\$ -	\$ -	\$ -	\$ 152,324	\$ -	\$ -

(1) Beginning balances adjusted for Market Value Adjustments

(2) DIF credits issued to developer

Key Findings:

The City's funding for the Eastside Water Treatment Facility (EWTF) project was limited to Phases 1 and 2. Phase 3 (the planned expansion) was excluded from the DIF Nexus Study due to funding restrictions associated with specific grants and loans. Many state and federal grant and loan programs for water projects impose conditions that restrict the use of DIF or similar local fee revenues, particularly to meet equity, affordability, and cost-share requirements. These restrictions necessitate alternative funding sources for certain project phases.

As a result, any DIF funds allocated to EWTF Phase 3 expenditures in FY 2024 or earlier require correction. To address this issue and restore a positive fund balance to the Water DIF program, staff will present a corrective action plan to the City's Infrastructure Committee in Spring 2025.

For FY 2023-24, expenditures were programmed under Water Fund 520, with a backfill from the Water DIF. Notably, no loans were issued from the Water Source, Storage, and Distribution DIF Fund during this fiscal year.

Fund 254: Sewage Collections System
Citywide DIF

Chino Municipal Code Chapter 3.40 establishes a Sewage Collection DIF. This fee is established to finance the installation of sewage collection and transmission mains in accordance with the City's Sewer Master Plan.

The fee amount is established by Resolution No. 2022-026 and is summarized as follows:

Sewage Collection System Schedule of Fees

Residential:	Fee
Detached Low Density Residential	\$583/unit
Detached Medium Density Residential	\$585/unit
Attached Medium Density Residential	\$445/unit
Attached Dwelling RD-16/20 Residential	\$446/unit
Attached Dwelling RD/CC-30 Residential	\$445/unit
Commercial Lodging	\$446/unit
Commercial/Retail	\$0.30/SF
Office/Business Park Uses	\$0.24/SF
Industrial Uses	\$0.10/SF
Institutional Uses/Meeting Places	\$0.15/SF

The following table shows the balances, receipts, and expenditures of the Sewage Collection Systems DIF Fund for the current and last five fiscal years:

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beg. Balance ⁽¹⁾	\$ 5,113,234	\$ 3,632,200	\$ 3,765,870	\$ 3,038,053	\$ 3,121,801	\$ 3,213,021
Fees Collected	\$ 41,705	\$ 63,306	\$ 17,091	\$ 151,747	\$ 19,602	\$ 15,060
Interest Earned	\$ 151,461	\$ 76,614	\$ 13,378	\$ (67,999)	\$ 71,618	\$ 164,490
<u>Expenditures</u>	<u>\$(1,674,200)</u>	<u>\$(6,250)</u>	<u>\$(758,286)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ending Balance	\$ 3,632,200	\$ 3,765,870	\$ 3,038,053	\$ 3,121,801	\$ 3,213,021	\$ 3,392,572
Credits Issued ⁽²⁾	\$ -	\$ -	\$ -	\$ 2,976	\$ -	\$ -

(1) Beginning balances adjusted for Market Value Adjustments

(2) DIF credits issued to developer

Key Findings:

As of FY 2024, the Sewage Collection DIF program has an ending balance of \$3.3 million. The City has not yet allocated the fund balance to a specific project. The City is looking to prioritize projects in the northern part of the City and allocate funding accordingly once the analysis is completed.

It should be noted, there were no loans or year-end fund transfers from the Sewage Collection Systems DIF Fund in FY 2023-24.

Given the variability and unpredictability of DIF revenue, there is currently no timeline for determining the funding sources or amounts required to complete the remaining projects included in the DIF program.

Fund 260: Circulation (Streets, Signals, and Bridges) System
The Preserve DIF

Chino Municipal Code Chapter 3.45 establishes a Circulation (Streets, Signals, and Bridges) System DIF. This fee is established to finance the construction of streets, signals, and bridges within the development area and in areas outside the development area but impacted by the development. The fee will be used to construct streets, signals, and bridges consistent with the City’s Circulation Element of the City’s General Plan and shall include any fee established by the County of San Bernardino to satisfy regional circulation requirements.

The fee amount is established by Resolution No. 2022-026 and is summarized as follows:

Circulation (Streets, Signals, and Bridges) System

Residential:	Fee
Detached Low Density Residential	\$9,212/unit
Detached Medium Density Residential	\$9,212/unit
Attached Medium Density Residential	\$6,151/unit
Attached Dwelling RD-16/20 Residential	\$6,151/unit
Attached Dwelling RD/CC-30 Residential	\$3,805/unit
Commercial Lodging	\$4,857/unit
Commercial/Retail	\$18.89/SF
Office/Business Park Uses	\$14.33/SF
Industrial Uses	\$4.65/SF
Institutional Uses/Meeting Places	\$15.66/SF

The following table shows the balances, receipts, and expenditures of the Circulation (Streets, Signals, and Bridges) System DIF Fund for the current and last five fiscal years:

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beg. Balance ⁽¹⁾	\$ 7,834,918	\$ 7,898,064	\$ 13,344,091	\$ 17,240,832	\$ 20,095,758	\$ 18,363,843
Fees Collected	\$ 174,393	\$ 6,279,966	\$ 4,125,263	\$ 5,779,422	\$ 174,596	\$ 1,215,736
Interest Earned	\$ 236,753	\$ 279,055	\$ 70,235	\$ (330,581)	\$ 517,483	\$ 960,150
<u>Expenditures</u>	<u>\$ (348,000)</u>	<u>\$ (1,112,995)</u>	<u>\$ (298,757)</u>	<u>\$ (2,593,914)</u>	<u>\$ (2,423,994)</u>	<u>\$ (3,701,317)</u>
Ending Balance	\$ 7,898,064	\$ 13,344,090	\$ 17,240,832	\$ 20,095,759	\$ 18,363,843	\$ 16,838,411
Credits Issued ⁽²⁾	\$ 1,085,176	\$ 4,540,120	\$ 3,765,044	\$ 7,780,984	\$ 4,050,589	\$ 2,626,635

(1) Beginning balances adjusted for Market Value Adjustments

(2) DIF credits issued to developer

Developers in The Preserve have completed most of the circulation improvements within The Preserve Specific Plan area between 2004 to present.

Accordingly, any developer constructing DIF-eligible facilities is entitled to receive DIF credits or reimbursements. The City has entered into agreements with these developers, and the terms of most agreements have been fulfilled. However, for agreements involving the City’s master developer, Lewis Management Corporation, the City conducts an annual true-up. During this process, the DIF credits issued annually are deducted from the amount owed to the developer. This approach ensures transparency and accurate accounting of DIF obligations while maintaining compliance with the terms of the agreement. The annual true-up process allows the City to manage fund balances effectively and provide timely updates to the developer regarding

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outstanding reimbursements.

Key Findings:

As of June 30, 2024, the City maintains a substantial fund balance of \$16,838,411.

The table below summarizes the planned future expenditures for the Circulation (Streets, Signals, and Bridges) System and the anticipated construction start date.

Project / Contract	Project Name	FY 2024 Expenditures	Future Expenditures	% DIF	Construction Start/End*
ST203	Pine Avenue Improvements	\$(478,869)	\$ (2,504,408)	100%	FY 2026 / FY 2029
ST 232	Kimball Avenue Improvements	\$(953,173)	\$ (6,690,605)	100%	FY 2025 / FY 2026
2021-178	Developer Reimbursement (Orbis) Kimball Business Park - Phase II	\$(122,265)	\$ 0.00	100%	FY 2016 / FY 2025
2022-029	Developer Reimbursement (Lewis) Pine Avenue Improvements	\$(2,147,009)	\$ (3,054,400)	100%	FY 2025 / FY 2026
2025-084	Developer Reimbursement (REDA) Merrill Widening / Euclid Median	\$ -	\$ (15,709,100)	48%	FY 2025 / FY 2026
TR213	Traffic Signal - Merrill & Hellman	\$ -	\$ (390,000)	100%	FY 2025 / FY 2026
N7207	Contract Work Related to DIF	\$ -	\$ (201,208)	100%	Ongoing
2025-167	Developer Reimbursement (Lewis) Various Projects 2004-2019	\$ -	\$ (4,000,000)	100%	FY 2025

The table below summarizes the FY 2023-24 year-end transfers that have a backfill from Fund 260: Circulation (Streets, Signals, and Bridges) System and, in-lieu fee projects listed in the City's Four-Year CIP.

Fund	Project Name	Project /Contract	Amount
320	Transportation Pine Avenue Improvements	ST203	\$ 478,869.18
320	Transportation Kimball Ave Preserve Improvements	ST232	\$ 953,173.46
320	Transportation Kimball Business Park Phase II (Orbis)	2021-178	\$ 122,264.85
<u>100</u>	<u>General</u> Pine Avenue Improvements (Falloncrest)	<u>2022-029</u>	<u>\$ 2,147,009.74</u>
Total DIF			\$ 3,701,317.23

The costs reflected in the current DIF do not account for the construction escalation observed in recent years. To address these cost increases, the City is preparing a comprehensive update to the DIF program, which will include a revised cost estimates for current and proposed projects. Given the variability and unpredictability of DIF revenue, there is currently no timeline for determining the funding sources or amounts required to complete all the projects included in the DIF program.

It should be noted, there were no loans from the Circulation (Streets, Signals, and Bridges) System DIF Fund in FY 2023-24.

Fund 270: Congestion Management Program
The Preserve DIF

Chino Municipal Code Chapter 3.45 establishes a Congestion Management Program (CMP) DIF. In conjunction with other government agencies. This fee is established for regional transportation improvements outside the City's limits.

The fee amount is established by Resolution No. 2022-026 and is summarized as follows:

Congestion Management Program (part of Circulation System category) Schedule of Fees

Residential:	Fee
Detached Low Density Residential	\$587/unit
Detached Medium Density Residential	\$587/unit
Attached Medium Density Residential	\$391/unit
Attached Dwelling RD-16/20 Residential	\$391/unit
Attached Dwelling RD/CC-30 Residential	\$243/unit
Commercial Lodging	\$310/unit
Commercial/Retail	\$1.20/SF
Office/Business Park Uses	\$0.91/SF
Industrial Uses	\$0.30/SF
Institutional Uses/Meeting Places	\$1.00/SF

The following table shows the balances, receipts, and expenditures of the CMP DIF Fund for the current and last five fiscal years:

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beg. Balance ⁽¹⁾	\$36,409	\$ 111,257	\$ 3,207,600	\$ 3,409,550	\$ 7,569,819	\$ 8,039,668
Fees Collected	\$ -	\$ 3,033,688	\$ 189,317	\$ 4,304,012	\$ 299,090	\$ 262,116
Interest Earned	\$74,849	\$ 62,655	\$ 12,633	\$ (143,742)	\$ 170,758	\$ 394,710
<u>Expenditures</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ending Balance	\$111,257	\$ 3,207,600	\$ 3,409,550	\$ 7,569,819	\$ 8,039,668	\$ 8,696,494

(1) Beginning balances adjusted for Market Value Adjustments

It is crucial to recognize that the CMP Fee collected by the City of Chino will support projects beyond the City's boundaries, as part of a coordinated regional approach to congestion management. The City will collaborate with neighboring jurisdictions to ensure that these improvements are appropriately funded and implemented. As of the latest report, there is an \$8.6 million ending fund balance. The City plans to reach out to adjacent cities to identify applicable projects included in the CMP and to coordinate the timing and payment remittance for projects being constructed by other cities. Refer to the City's DIF Calculation and Nexus Report for a listing of projects.

Key Findings:

Since the City will not serve as the lead agency for the projects funded by the CMP, it is vital for staff to closely monitor the fund balance and ensure the proper allocation of fees.

- **Coordination with Neighboring Jurisdictions:** The City will proactively engage with adjacent jurisdictions to ensure the CMP is applied to projects that impact traffic flow across municipal borders.

- **Monitor the Fund Balance:** Staff will consistently track the balance of collected fees, including the current \$8.6 million ending fund balance, to ensure there are adequate funds for the intended transportation projects and that these funds are allocated as planned.
- **Collaborate with Other Cities:** The City will maintain strong partnerships with other cities and agencies involved in the projects, ensuring that the funds are remitted and used correctly for the planned improvements. Additionally, the City will confirm the timing of payments and ensure proper remittance for projects constructed by other jurisdictions.

It should be noted, there were no loans or transfers from the CMP DIF Fund in FY 2023-24.

Fund 263: Storm Drainage Collection System Facilities
The Preserve DIF

Chino Municipal Code Chapter 3.40 establishes a Storm Drainage Collection System Facilities DIF. This fee is established to finance the installation of water drainage channels, natural treatment systems and pipelines. The fee will be used to install water drainage facilities in accordance with the City's Master Plan of Drainage.

The fee amount is established by Resolution No. 2022-026 and is summarized as follows:

Storm Drainage Collection System Facilities Schedule of Fees

Residential:	Proposed Fee
Detached Low Density Residential	\$8,392/unit
Detached Medium Density Residential	\$4,655/unit
Attached Medium Density Residential	\$4,411/unit
Attached Dwelling RD-16/20 Residential	\$4,257/unit
Attached Dwelling RD/CC-30 Residential	\$1,900/unit
Commercial Lodging	\$657/unit
Commercial/Retail	\$3.82/SF
Office/Business Park Uses	\$3.30/SF
Industrial Uses	\$2.47/SF
Institutional Uses/Meeting Places	\$1.81/SF

The following table shows the balances, receipts, and expenditures of the Storm Drainage Collection System Facilities DIF Fund for the current and last five fiscal years:

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beg. Balance	\$ 2,720,450	\$ 2,870,257	\$ 4,463,365	\$ 4,252,104	\$ 5,807,974	\$ 2,757,918
Fees Collected	\$ 67,029	\$ 1,558,380	\$ 1,323,667	\$ 1,750,264	\$ 502	\$ 1,672,094
Interest Earned	\$ 82,778	\$ 88,648	\$ 23,877	\$ (103,340)	\$ 210,574	\$ 151,903
<u>Expenditures</u>	\$ -	\$ (53,920)	\$ (1,558,805)	\$ (91,054)	\$ (3,261,132)	\$ (564,417)
Ending Balance	\$ 2,870,257	\$ 4,463,365	\$ 4,252,104	\$ 5,807,974	\$ 2,757,918	\$ 4,017,498
Credits Issued	\$ 651,380	\$ 3,929,130	\$ 1,999,827	\$ 4,916,064	\$ 2,085,246	\$ 379,450

- (1) *Beginning balances adjusted for Market Value Adjustments*
- (2) *DIF credits issued to developer*

Developers in The Preserve have completed most of the drainage improvements within The Preserve Specific Plan area between 2004 to present.

Accordingly, any developer constructing DIF-eligible facilities is entitled to receive DIF credits or reimbursements. The City has entered into agreements with these developers, and the terms of most agreements have been fulfilled. However, for agreements involving the City's master developer, Lewis Management Corporation, the City conducts an annual true-up. During this process, the DIF credits issued annually are deducted from the amount owed to the developer. This approach ensures transparency and accurate accounting of DIF obligations while maintaining compliance with the terms of the agreement. The annual true-up process allows the City to manage fund balances effectively and provide timely updates to the developer regarding outstanding reimbursements.

The City has notably taken the lead on the Euclid Avenue Line I project in partnership with the City of Ontario and the County of San Bernardino. This high-cost initiative includes a \$6,000,000 allocation from the City’s DIF program, to be offset by developer contributions, as The Preserve represents only 11.4% of the project’s tributary area. The project is currently in the preliminary engineering and design phase.

Key Findings:

The table below summarizes the planned future expenditures for Storm Drainage Collection System Facilities, and the anticipated construction start date.

Project / Contract	Project Name	FY 2024 Expenditures	Future Expenditures	% DIF	Construction Start/End*
SD240	Storm Drain Line I	\$(64,417)	\$(77,000,000)	8%	FY 2025 / FY 2027
2024-235	Developer Reimbursement (Lewis) Additional Work Lines F, B & H	\$(500,000)	\$(983,417)	100%	Completed 2004-2019

The table below summarizes the FY 2023-24 year-end transfers that have a backfill from Fund 263: Storm Drainage Collection System Facilities.

Fund	Project Name	Project/Contract	Amount
540 Storm Drain	Storm Drain Line I	SD240	\$64,416.61
540 Storm Drain	Developer Reimbursement (Lewis)	2024-235	\$500,000.00
			\$564,416.61

Due to the variability and unpredictability of DIF revenue, there is currently no time estimate for the funding required to complete the projects identified in the Nexus and Calculation Report.

The costs reflected in the current DIF do not account for the construction escalation observed in recent years. To address these cost increases, the City is preparing a comprehensive update to the DIF program, which will include a revised cost estimates for current and future projects.

There were no loans from the Storm Drainage Collection System Facilities Fund in FY 2023-24.

Fund 261: Water Source Storage and Distribution
The Preserve DIF

Chino Municipal Code Chapter 3.45 establishes a Water Source Storage and Distribution DIF. The fee will be used to construct reservoirs, wells, major transmission lines and recycled water facilities, in accordance with the City's Water Master Plan.

The fee amount is established by Resolution No. 2022-026 and is summarized as follows:

Water Source, Storage and Distribution Schedule of Fees

Land Use:	Fee
Detached Low Density Residential	\$9,342/unit
Detached Medium Density Residential	\$9,342/unit
Attached Medium Density Residential	\$7,951/unit
Attached High Density Residential	\$7,951/unit
Mobile Home	\$7,951/unit
Commercial Lodging	\$7,951/unit
Commercial/Retail	\$5.82/SF
Office/Business Park Uses	\$4.35/SF
Industrial Uses	\$2.19/SF
Institutional/Meeting Places	\$2.78/SF

The following table shows the balances, receipts, and expenditures of the Water Source Storage and Distribution DIF Fund for the current and last five fiscal years:

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beg. Balance	\$ 385,624	\$ 1,293,177	\$ 2,059,533	\$ 1,480,126	\$ 2,040,183	\$ 1,072,182
Fees Collected	\$ 1,403,100	\$ 879,309	\$ 959,860	\$ 596,327	\$ 1,416,557	\$ 1,732,492
Interest Earned	\$ 36,401	\$ 38,111	\$ 13,691	\$ (36,271)	\$ 100,848	\$ 54,190
<u>Expenditures</u>	<u>\$ (531,948)</u>	<u>\$ (151,065)</u>	<u>\$ (1,552,958)</u>	<u>\$ -</u>	<u>\$ (2,485,406)</u>	<u>\$ (963,378)</u>
Ending Balance	\$ 1,293,177	\$ 2,059,532	\$ 1,480,126	\$ 2,040,182	\$ 1,072,182	\$ 1,895,487
Credits Issued	\$ 868,203	\$ 4,045,843	\$ 2,441,975	\$ 5,923,069	\$ 993,718	\$ 1,358,938

- (1) Beginning balances adjusted for Market Value Adjustments
- (2) DIF credits issued to developer

Key Findings:

The City's funding for the Eastside Water Treatment Facility (EWTF) project was limited to Phases 1 and 2. Phase 3 (the planned expansion) was excluded from the DIF Nexus Study due to funding restrictions associated with specific grants and loans. Many state and federal grant and loan programs for water projects impose conditions that restrict the use of DIF or similar local fee revenues, particularly to meet equity, affordability, and cost-share requirements. These restrictions necessitate alternative funding sources for certain project phases.

As a result, any DIF funds allocated to EWTF Phase 3 expenditures in FY 2024 or earlier require correction. To address this issue and restore a positive fund balance to the Water DIF program, staff will present a corrective action plan to the City's Infrastructure Committee in Spring 2025.

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Developers in The Preserve have completed most of the water improvements within The Preserve Specific Plan area between 2004 to present.

Accordingly, any developer constructing DIF-eligible facilities is entitled to receive DIF credits or reimbursements. The City has entered into agreements with these developers, and the terms of most agreements have been fulfilled. However, for agreements involving the City’s master developer, Lewis Management Corporation, the City conducts an annual true-up. During this process, the DIF credits issued annually are deducted from the amount owed to the developer. This approach ensures transparency and accurate accounting of DIF obligations while maintaining compliance with the terms of the agreement. The annual true-up process allows the City to manage fund balances effectively and provide timely updates to the developer regarding outstanding reimbursements.

The table below summarizes the planned future expenditures from the Water Source Storage and Distribution DIF.

Contract	Project Name	FY 2024 Expenditures	Future Expenditures	% DIF	Construction Start/End*
2022-263	Developer Reimbursement (Euclid Kimball Business Partners)	\$(628,000)	\$(1,157,004)	100%	Completed FY 2024
2024-236	Developer Reimbursement (Lewis) Various Sewer Line	\$ -	\$(2,304,463)	100%	Completed 2004-2019

The table below summarizes the FY 2023-24 year-end transfers that have a backfill from Fund 261: Water Source Storage and Distribution.

Fund	Project Name	Project No.	Amount
520 Water	EWTF Expansion (correction pending)	WA19C	\$ 111,266.11
520 Water	Developer Reimbursement (Lewis)		
520 Water	Bon View Well Site Purchase (Lewis)	ST232	\$ 224,112.00
520 Water	Developer Reimbursement (Boatman)	--	\$ 628,000.00
	Total DIF		\$ 963,378.11

Due to the variability and unpredictability of DIF revenue, there is currently no time estimate for the funding required to complete the projects identified in the Nexus and Calculation Report.

The costs reflected in the current DIF do not account for the construction escalation observed in recent years. To address these cost increases, the City is preparing a comprehensive update to the DIF program, which will include a revised cost estimates for current and future projects.

There were no loans from the Water Source Storage and Distribution Fund in FY 2023-24.

Fund 262: Sewage Collections System
The Preserve DIF

Chino Municipal Code Chapter 3.45 establishes a Sewage Collection DIF. This fee is established to finance the installation of sewage collection and transmission mains in accordance with the City's Sewer Master Plan.

The fee amount is established by Resolution No. 2022-026 and is summarized as follows:

Sewage Collection System Schedule of Fees

Land Use:	Fee
Detached Low Density Residential	\$3,658/unit
Detached Medium Density Residential	\$3,658/unit
Attached Medium Density Residential	\$2,793/unit
Attached High Density Residential	\$2,793/unit
Mobile Home	\$2,793/unit
Commercial Lodging	\$2,793/unit
Commercial/Retail	\$2.47/SF
Office/Business Park Uses	\$2.59/SF
Industrial Uses	\$0.89/SF
Institutional/Meeting Places	\$1.18/SF

The following table shows the balances, receipts, and expenditures of the Sewage Collection Systems DIF Fund for the current and last five fiscal years:

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beg. Balance	\$ 98,342	\$ 95,354	\$ 526,702	\$ 380,968	\$ 506,161	\$ 311,410
Fees Collected	\$ 18,902	\$ 428,616	\$ 51,897	\$ 134,168	\$ 185,963	\$ 727,254
Interest Earned	\$ 3,109	\$ 8,982	\$ 2,370	\$ (8,976)	\$ 19,286	\$ 18,084
<u>Expenditures</u>	<u>\$ (25,000)</u>	<u>\$ (6,250)</u>	<u>\$ (200,000)</u>	<u>\$ -</u>	<u>\$ (400,000)</u>	<u>\$ (500,417)</u>
Ending Balance	\$ 95,353	\$ 526,702	\$ 380,969	\$ 506,160	\$ 311,410	\$ 556,331
Credits Issued	\$ 161,433	\$ 598,446	\$ 513,694	\$ 1,214,255	\$ 583,149	\$ 175,183

(1) Beginning balances adjusted for Market Value Adjustments

(2) DIF credits issued to developer

Key Findings:

Developers in The Preserve have completed most of the sewer improvements within The Preserve Specific Plan area between 2004 to present.

Accordingly, any developer constructing DIF-eligible facilities is entitled to receive DIF credits or reimbursements. The City has entered into agreements with these developers, and the terms of most agreements have been fulfilled. However, for agreements involving the City's master developer, Lewis Management Corporation, the City conducts an annual true-up. During this process, the DIF credits issued annually are deducted from the amount owed to the developer. This approach ensures transparency and accurate accounting of DIF obligations while maintaining compliance with the terms of the agreement. The annual true-up process allows the City to manage fund balances effectively and provide timely updates to the developer regarding outstanding reimbursements.

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The table below summarizes the planned future expenditures for Sewage Collections System Facilities and the anticipated construction start date.

As of FY 2024, the Sewage Collection DIF program has an ending balance of 556,331.

Project / Contract	Project Name	FY 2024 Expenditures	Future Expenditures	% DIF	Construction Start/End*
2019-220	Developer Reimbursement (Lewis) Sewer Lift Station	\$(500,000)	\$(4,156,871)	100%	Completed FY 2024
2023-133	Developer Reimbursement (Lewis) Various Sewer Lines (2004-2019)	\$ -	\$(12,802,615)	100%	Completed 2004-2019
SW201	Sewer Lift Station Expansion Project	\$(438)	\$ -	100%	FY 2024 / FY 2025

Due to the variability and unpredictability of DIF revenue, there is currently no time estimate for the funding required to complete the projects identified in the Nexus and Calculation Report.

The costs reflected in the current DIF do not account for the construction escalation observed in recent years. To address these cost increases, the City is preparing a comprehensive update to the DIF program, which will include a revised cost estimates for current and future projects.

There were no loans from the Sewage Collections System Facilities Fund in FY 2023-24.

Fund 266: Miscellaneous Residential Communities
The Preserve DIF

Chino Municipal Code Chapter 3.45 establishes a Miscellaneous Residential Amenities DIF. This fee is established to finance the relocation and/or construction of construction of various open space amenities such as paseos and trails.

The fee amount is established by Resolution No. 2022-026 and is summarized as follows:

Miscellaneous Residential Amenities Schedule of Fees

Residential:	Fee
Detached Low Density Residential	\$1,798/unit
Detached Medium Density Residential	\$1,798/unit
Attached Medium Density Residential	\$1,485/unit
Attached Dwelling RD-16/20 Residential	\$1,485/unit
Attached Dwelling RD/CC-30 Residential	\$1,149/unit

The following table shows the balances, receipts, and expenditures of the Miscellaneous Residential Amenities DIF Fund for the current and last five fiscal years:

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Bed. Balance ⁽¹⁾	\$1,050,556	\$ 1,120,894	\$ 1,413,146	\$ 1,577,473	\$ 1,550,676	\$ 1,830,572
Fees Collected	\$ 38,033	\$ 264,877	\$ 158,238	\$ -	\$ 245,610	\$ 275,094
Interest Earned	\$ 32,305	\$ 27,375	\$ 6,089	\$ (26,797)	\$ 34,286	\$ 88,712
<u>Expenditures</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 1,120,894	\$ 1,413,146	\$ 1,577,473	\$ 1,550,676	\$ 1,830,572	\$ 2,194,378
Credits Issued ⁽²⁾	\$ 201,555	\$ 356,012	\$ 319,038	\$ 1,341,076	\$ 166,186	\$ 155,078

(1) *Beginning balances adjusted for Market Value Adjustments*

(2) *DIF credits issued to developer*

The Preserve Specific Plan describes the Community Paseo and Open Space System as a network of trails and linear open spaces that link key features within The Preserve, including the Community Core, residential areas, and public facilities. This system is also an integral part of The Preserve's mobility framework, providing options for walking, equestrian use, and bicycling circulation.

The master developer in The Preserve is responsible for landscaping and trail improvements within the Southern California Edison (SCE) easement, as well as perimeter and paseo enhancements, under the Miscellaneous Residential Amenities DIF program. According to Chapter 3.45 of the City's Municipal Code, developers who construct public facilities identified in the DIF Nexus and Calculation Report may qualify for fee credits or reimbursements for eligible costs.

Recently, the City validated \$3,278,269.60 in eligible costs for SCE Trail improvements and reconciled \$8,433,065 in DIF credits issued to the master developer through April 2024, leaving a remaining credit balance of \$5,154,795.40. This credit balance will be applied to the future enhancements to the SCE Trail along Pine Avenue moving into the future. The future trail enhancements are contingent upon the construction of Pine Avenue Stage 3 being completed, which is anticipated in December 2025.

Key Findings:

The FY 2024 Miscellaneous Residential Amenities DIF program concludes with a balance of \$2.1 million. These funds are designated for future reimbursements to the master developer for constructing the perimeter trail, paseos, and the community core commons promenade, which includes enhanced hardscaped and landscaped features.

The master developer will continue to accrue Miscellaneous Residential Amenities DIF program credits for future permits. Staff will closely monitor the credit-to-progress ratio to ensure that the developer’s accrued credits remain aligned with established project milestones and completion timelines.

It should be noted, there were no loans or transfers from the Miscellaneous Residential Communities DIF Fund in FY 2023-24.

Miscellaneous Residential Communities Expenditures

The table below summarizes the planned future expenditures for the Miscellaneous Residential Communities and the anticipated construction start date.

DIF Project	Project Name	FY 2024 Expenditures	Future Expenditures	% DIF	Construction Start/End*
PA-001	Paseos & Trail	\$ -	\$(630,878)	100%	FY 2026 / FY 2028
PA-002	Perimeter Trail	\$ -	\$(2,554,647)	100%	FY 2026 / FY 2028
PA-003	Landscaping of SCE Easements	\$ -	\$(6,324,709)	100%	FY 2026 / FY 2028
PA-004	Community Core Commons	\$ -	\$(7,613,098)	100%	FY 2026 / FY 2028

**Construction start / end dates are estimates and are subject to change.*

The costs reflected in the current DIF do not account for the construction escalation observed in recent years. To address these cost increases, the City is preparing a comprehensive update to the DIF program, which will include revised cost estimates and actual costs for these project.

Funds 340 & 341: Residential Park & Recreation Fees
Citywide & The Preserve DIF

Chapter 18 of the City’s Municipal Code establishes the process for developing park land values throughout the city as well as the cost to construct public parks on a per acre basis. The Chino Municipal Code requires that a land appraisal be performed annually to determine the current park land values for The Preserve and Citywide programs. The cost for construction per acre is calculated by the Municipal Code as 1.12 times the land value. Note, the Park Fees are unrelated (but are referenced) to the 2017 DIF Nexus & Calculation Report. The Residential Park Development Fee is adjusted per the City’s Municipal Code, Title 18, and is included as part of the DIF Fee Schedule, refer to Resolution 2022-026 adopting the DIF and other related development fees, which are summarized below:

Residential Parks and Recreation Fee (Fund 340 – Citywide DIF)

Land Use:	Fee
Single Family Units	\$ 22,494/Unit
Multi-Family Units	\$ 17,441/Unit
Mobile Home Units	\$ 15,037/Unit

Residential Parks and Recreation Fee (Fund 340 – The Preserve DIF)

Land Use:	Fee
Single Family Units	\$13,928/Unit
Multi-Family Units	\$10,799/Unit

The following table shows the balances, receipts, and expenditures of the Parks and Recreation DIF Fund for the current and last five fiscal years:

Fund 340	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beg. Balance*	\$ 5,078,810	\$6,222,894	\$6,618,492	\$ 4,812,631	\$ 4,086,440	\$ 3,692,020
Fees Collected	\$ 5,021,354	\$1,535,479	\$ 492,882	\$ 1,553,223	\$ 596,828	\$ 868,800
Interest Earned	\$ 240,155	\$ 210,491	\$ 31,416	\$ (148,742)	\$ 215,785	\$ 384,296
<u>Expenditures</u>	<u>(4,117,425)</u>	<u>\$(1,350,371)</u>	<u>\$(2,330,160)</u>	<u>\$(2,130,671)</u>	<u>\$(1,207,033)</u>	<u>\$(2,779,967)</u>
Ending Balance	\$ 6,222,894	\$6,618,492	\$4,812,631	\$4,086,440	\$ 3,692,020	\$ 2,165,148

Fund 341	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beg. Balance*	\$ 4,516,118	\$ 2,694,470	\$ 5,141,483	\$ 6,182,173	\$ 6,077,157	\$ 7,992,013
Fees Collected	\$ 264,550	\$ 2,353,806	\$ 1,015,872	\$ -	\$ 1,784,468	\$ 2,130,984
Interest Earned	\$ 130,905	\$ 93,206	\$ 4,819	\$ (105,017)	\$ 130,389	\$ 383,393
<u>Expenditures</u>	<u>\$(2,217,103)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ending Balance	\$2,694,470	\$ 5,141,483	\$ 6,182,173	\$ 6,077,157	\$ 7,992,013	\$ 10,506,390
Credits Issued**	\$ 1,317,902	\$ 2,768,362	\$ 2,015,812	\$ 8,655,006	\$ 1,209,940	\$ 1,139,766

Per The Preserve Development Agreement, the master developer is required to construct several public parks with an estimated total 79.70 acres . The requirements set forth in the agreement stipulates that the developer shall receive fee credits for the construction of public parks until the issuance of the 6,323rd residential building permit.

Key Findings:

As of FY 2024, the Parks and Recreation DIF programs have an ending balance of \$2.1 million in the Citywide area and \$1.1 million in The Preserve. Fund balances are earmarked for the following projects:

Residential Park & Recreation Fees

Fund	Project No.	Project Name	FY 2024 Expenditures	Future Expenditures	% DIF	Construction Start/End
Fund 340	PK200	Chino Rancho Park	\$ -	\$(4,795,476)	34%	FY 2026 / FY 2028
Fund 341	N/ A ⁽²⁾	The Preserve Block 9	\$ -	\$(9,506,390)	100%	FY 2027 / FY 2028
Fund 341	N/A ⁽³⁾	Splash Pad Block 9	\$ -	\$(1,000,000)	100%	FY 2027 / FY 2028

- (1) The Preserve Block 9 park project is developer driven. This project is currently in entitlement; therefore, the construction start and end dates are subject to change.*
- (2) The City is taking the lead on the splash pad as park of the Block 9 park project. The construction of the splash pad is contingent on the construction of the park; therefore, the construction start and end dates are subject to change.*

It should be noted, there were no loans or transfers from the Residential Park & Recreation DIF Funds 340 and 341 in FY 2023-24.

Section 3 – Fiscal Years 2018-2019 through 2022-2023 Five-Year Report

In accordance with Government Code Section 66001, this section addresses the five-year requirements with respect to any remaining funds in the DIF accounts, regardless of whether those funds are committed or uncommitted for FY 18-19 through FY 22-23. The following section provides information necessary to meet the legal requirement for the Five-Year report for the DIF funds.

Requirement 1. Identification of the purpose to which the fees are to be put.

The purpose of the DIFs imposed and collected on new development within the City during FY 18-19 through FY 22-23 was to fund public facilities that are needed to serve the new development within the City as identified in the City's adopted DIF Nexus and Calculation Report. The purpose of each fee is identified within Section 2 of the Annual AB1600 Report.

Additionally, an in-lieu of construction fee (often shortened to in-lieu fee) is a monetary payment made by a developer or property owner instead of physically constructing specific improvements or infrastructure that would otherwise be required as a condition of development approval. This mechanism is typically used when constructing the required improvements is impractical, inefficient, or unnecessary at the time of development. The City has collected Underground Utilities In-Lieu, Transportation In-Lieu, Storm Drain In-Lieu, and Water In-Lieu fees over the last several years when applicable.

Requirement 2. Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.

There is a proportional relationship between the impact fees charged on new development based upon the need for additional public facilities to serve the additional residents and employees that will be generated by the new development. The City does not have the capacity in its existing public facilities to accommodate these new residents and employees. By charging the fee based on the additional demand created by each land use, the fees directly correlate to the demand created by each new development. The fees for Parks and Recreation, Storm Drainage, Circulation / CMP, Water, Sewer, Public Use, Miscellaneous Residential Amenities, General Facilities, Law Enforcement, Fire Facilities, were approved on April 19, 2022, by Resolution 2022-026 adopting the City of Chino's Updated DIF Nexus and Calculation Report. Each fee had to undergo rigorous nexus requirements that: identify the purpose of the fee; identify the use to which the fee is to be put; determine how there is a reasonable relationship between the fees use and the type of development project on which the fee is imposed; determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed; and determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility attributable to the development on which the fee is imposed.

Requirements 3&4.

Identification of all sources and amounts of funding anticipated to complete financing for improvements identified as part of the City's annual report and approximate dates on which funding is expected to be deposited into appropriate account or fund.

Developers have completed most of the public improvements in all DIF categories. The current CIP includes only a few projects that are development driven—these are typically larger regional facilities requiring input from constituents and funding plans along with cash flow analyses to fully fund these projects moving forward. As such, City-driven projects necessitated by development are very much in the preliminary engineering and design phase, making it difficult to determine a definitive fiscal analysis at this time. Please refer to the Annual Report and the accompanying tables regarding developments within The Preserve Specific Plan area, where the timelines for anticipated construction are outlined, along with explanations of expenditures and future expenditures. Additionally, refer to the City's 4-Year CIP.