RESOLUTION NO. 2026-26

A RESOLUTION OF THE HEBER PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS ADOPTING THE PARK IMPACT FEES REPORT

WHEREAS, the Heber Public Utility District ("District") provides park and recreation facilities and services to the community; and

WHEREAS, new development within the District generates additional demand for park and recreation facilities; and

WHEREAS, the District has obtained the Parks Impact Fee Report, which identifies the facilities needed to serve new development, their estimated costs, and the portion of those costs attributable to new development; and

WHEREAS, the proposed park impact fees are intended to fund new development's proportionate share of eligible park and recreation facility costs identified in the Fee Study; and

WHEREAS, the Board of Directors has considered the Fee Study, the proposed fee schedule, the staff report, and all public testimony received.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Heber Public Utility District as follows:

1. Findings.

Based on the Fee Study and the administrative record, the Board finds that:

a. The purpose of the fees is to fund park and recreation facilities needed to accommodate new development.

b. The fees shall be used for the eligible facilities and costs identified in the Fee Study.

c. A reasonable relationship exists between the use of the fees and the types of development on which the fees are imposed.

d. A reasonable relationship exists between the need for the identified facilities and the types of development on which the fees are imposed.

e. A reasonable relationship exists between the amount of the fees and the cost of the facilities attributable to the development on which the fees are imposed.

2. Adoption of Fee Study.

The Board hereby approves and adopts the Fee Study, attached as Exhibit A and incorporated herein by reference, as the supporting basis for the park impact fees.

3. Adoption of Fee Schedule.

The park impact fee schedule attached as Exhibit B and incorporated herein by reference is hereby approved and adopted. The fees shall apply to the development categories identified in Exhibit B, subject to applicable law and any legally enforceable exemptions or agreements.

4. Collection and Administration.

A RESOLUTION OF THE HEBER PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS ADOPTING THE PARK IMPACT FEES REPORT

The General Manager is authorized to administer the adopted fees and coordinate collection with the appropriate permitting agencies. Fees shall be collected at the time permitted by applicable law and specified in Exhibit B.

5. Restricted Use of Revenues.

Fee revenues and accrued interest shall be maintained in a separate designated account and used solely for the purposes for which the fees were collected. The District shall maintain records sufficient to identify collections, expenditures, and remaining balances.

6. Credits, Exemptions, and Refunds.

Credits, exemptions, adjustments, and refunds shall be administered in accordance with applicable law and the provisions of the adopted fee program. No administrative adjustment shall increase the adopted fee schedule without further Board action.

7. Reporting and Review.

The General Manager shall ensure that required reports, periodic findings, and reviews are prepared and presented to the Board. Proposed changes to the fee schedule shall be submitted for Board consideration following applicable procedures.

8. Effective Date.

The fees adopted by this Resolution shall become effective on [DATE], following completion of the applicable statutory waiting period and procedural requirements.

9. Severability.

If any provision of this Resolution is determined to be invalid, the remaining provisions shall remain in effect to the extent they can be implemented independently.

PASSED AND ADOPTED by the Board of Directors of the Heber Public Utility District on this 18th day of November, 2026, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

By: _____ By: _____

Jacob Bermudez, Clerk of the Board

Delfino Matus, Board President

RESOLUTION NO. 2026-26

A RESOLUTION OF THE HEBER PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS ADOPTING THE PARK IMPACT FEES REPORT

APPROVE AS TO FORM:

By: _____

Steve Walker,

General Counsel

STATE OF CALIFORNIA

COUNTY OF IMPERIAL

HEBER PUBLIC UTILITY

DISTRICT

I, Jacob Bermudez, Board Secretary of the Heber Public Utility District, County of Imperial, State of California, DO HEREBY CERTIFY that the foregoing resolution was dully passed, approved and adopted by the Board of Directors of the Heber Public Utility District at its regularly scheduled meeting held on the 18th day of November, 2026.

By: _____

Jacob Bermudez,

Clerk of the Board

LT MUNICIPAL CONSULTANTS

Heber Parks and Recreation Development Impact Fee Nexus Study

Heber Public Utility District

Draft Report

October 27, 2026



TABLE OF CONTENTS

SECTION 1: Background and Executive Summary 1
Background 1
Current and Proposed Fees 1
SECTION 2: Legal Requirements 3
Mitigation Fee Act 3
Nexus Study 3
Methodology 4
SECTION 3: Development Projection 5
Development Subject to Parks and Recreation Impact Fees 5
SECTION 4: Facility Costs and Fee Calculation 6
Facility Costs 6
Impact Fee Calculation 7
Accessory Dwelling Unit Impact Fees 8
SECTION 5: Implementation 9
Impact Fee Program Adoption Process 9
Inflationary Adjustments 9
Reporting Requirements 9
SECTION 6: Mitigation Fee Act Compliance 11

LIST OF TABLES

Table 1: Current and Proposed Parks and Recreation Development Impact Fee 2
Table 2: Buildout Population Projection 5
Table 3: Park Land Value 6
Table 4: Value of Existing Parks & Recreation Facilities 7
Table 5: CIP Expansion Projects 7
Table 6: Parks & Recreation Facilities Impact Fee Calculation 8

LIST OF FIGURES

Figure 1: Parks & Recreation Development Impact Fee Survey 2

SECTION 1: Background and Executive Summary

The Heber Public Utility District (HPUD or District) was formed in 1931 under the Public Utility Act of 1921 to provide recreational and utility services to the Heber community. The District is located 5 miles northwest of Calexico in the south end of the Imperial Valley. The District provides parks and recreation services, water treatment and delivery, wastewater collection and treatment, waste hauling (trash) services, and streetlighting. The District manages four community parks and a recreation center in Heber. The District's current parkland totals 21.69 acres. With the proposed addition of Correll Park, total parkland acres will be 22.03 acres.

Background

This report calculates parks and recreation impact fees applicable to future development within HPUD and demonstrates the nexus between the amount of the fee and impact of growth on District facilities. Development impact fees are one-time fees paid by new development as part of the development process. They are not charged to existing residents. Development impact fees fund costs associated with acquiring, constructing, and/or improving public facilities needed to meet the needs of growth. Development impact fees are not intended to fund costs associated with routine maintenance and operations.

Parks and recreation facilities provide opportunities for active and passive recreation and contribute to the quality of life within the community. As the community grows, additional residential development can generate demand for additional parks and recreation facilities and increase the need for improvements to existing facilities.

This report calculates development impact fees that will recover the share of costs attributable to new development for improving and expanding parks and recreation facilities.

Current and Proposed Fees

Currently, the District's parks and recreation development impact fee is $1,000 per single family dwelling. Based on updates to California Code, Government Code - GOV § 66016.5 as of 2022, it is proposed that the District impose impact fees based on square footage of each new housing development. Moreover, California Government Code §65852.2(f)(2) stipulates that local agencies may not impose any impact fees on accessory dwelling units (ADUs) less than 750 square feet (sq ft). ADUs greater than 750 sq ft can be charged impact fees in proportion to the size of the primary single family dwelling on the parcel.

Based on an analysis of the cost of facilities needed to serve new development, HPUD's proposed single family residential parks and recreation development impact fee is $1.02 per square foot of building area. Based on HPUD's average home size of 1,400 square feet, the average total impact fee is $1,428, see Table 1. An example fee calculation for an ADU is also provided. The parks and recreation development

impact fee is intended to be levied on residential development only and does not apply to non-residential development.

Table 1: Current and Proposed Parks and Recreation Development Impact Fee

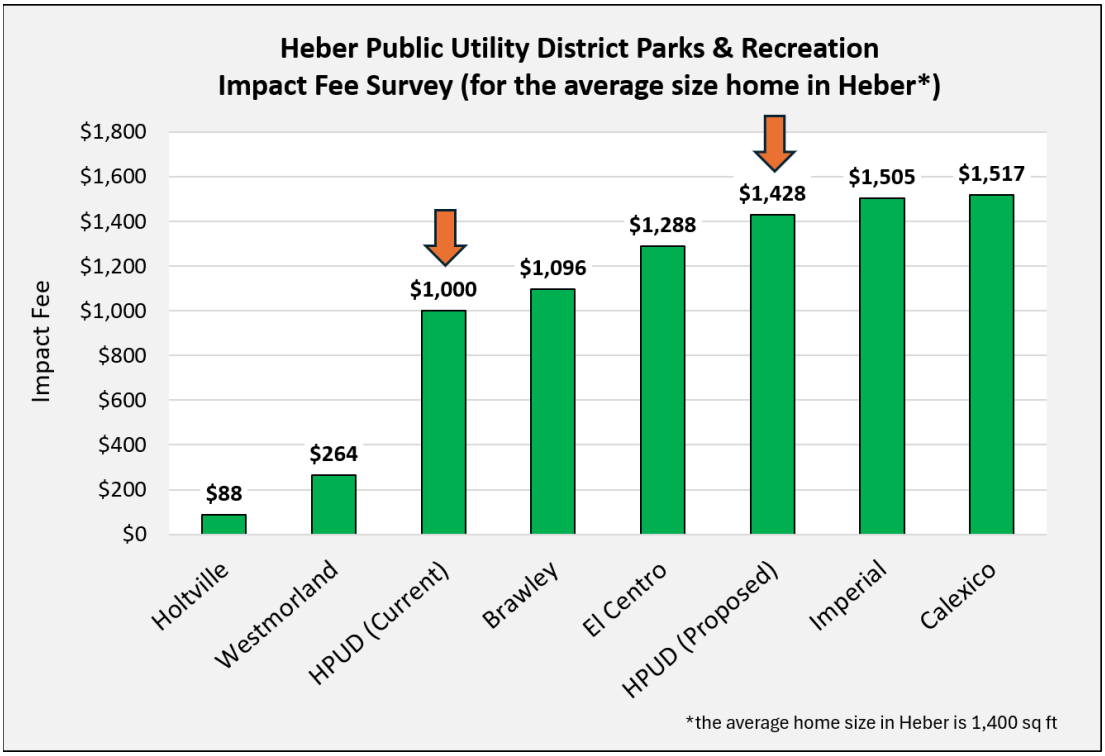
Current	Proposed	Example: Single-Family Dwelling	Example: ADU Fee Calculation
$1,000 per dwelling	$1.02 per sq ft	**Average home size: 1,400 sq ft** $1.02 x 1,400 = $1,428	**Sample ADU size: 1,000 sq ft** (1,000/1,400) x $1,428 = $1,020

Provided below is an example ADU fee calculation based on a 1,000 sq ft ADU and a 1,400 sq ft primary residence (average home size in Heber).

$$\textbf{\textit{EXAMPLE ADU Impact Fee is}}\ \$1,020 = \frac{1{,}000\ sq\ ft\ (size\ of\ ADU)}{1{,}400\ sq\ ft\ (size\ of\ primary\ dwelling)}\ \mathbf{X}\ \$1,428\ (\textit{fee of primary dwelling})$$

Figure 1 compares the District's current and proposed parks and recreation development impact fee with those of nearby agencies. The District currently charges $1,000 per dwelling unit. The proposed fee for the average size home in the District is $1,428, an increase of $428 from the current fee.

Figure 1: Parks & Recreation Development Impact Fee Survey



SECTION 2: Legal Requirements

Mitigation Fee Act

The Mitigation Fee Act (California Government Code Sections 66000 through 66025 and 65852.2) imposes a number of restrictions on the rates for development impact fees and the procedures that must be followed for an agency to adopt such fees. This report is intended to propose parks and recreation development impact fees that meet the requirements of the Mitigation Fee Act.

Specifically, this report is intended to provide support for the District's Board of Directors to make the following findings set forth in the Mitigation Fee Act: (i) that there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed and (ii) that there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed. This report is also intended to serve as a Nexus Study, as that term is used in Section 66016.5 of the Mitigation Fee Act.

Nexus Study

Assembly Bill (AB) 602 went into effect January 1, 2022 and added Section 66016.5 to the Government Code, which set guidelines for impact fee nexus studies. Four requirements of the nexus study are listed below:

Requirement: *66016.5. (a) (2) When applicable, the nexus study shall identify the existing level of service for each public facility, identify the proposed new level of service, and include an explanation of why the new level of service is appropriate.*

This Nexus Study evaluates the existing level of service provided by the District's parks and recreation facilities and calculates the proposed development impact fee based on new development's proportionate share of the value of existing facilities. This study also evaluates the proposed new level of service which includes the Correll Park Improvements in addition to existing facilities.

Imperial County and the District have a performance standard of 5 acres of parkland per 1,000 residents. Currently, HPUD provides about 3 acres of parkland per 1,000 residents. As the population increases, the amount of parkland must also increase to meet this performance standard. It is projected that with the addition of Correll Park and the expected growth in population, the District will maintain the current level of service of 3 acres of parkland per 1,000 residents.

Requirement: *66016.5. (a) (4) If a nexus study supports the increase of an existing fee, the local agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of fees collected under the original fee.*

This study supports an increase in HPUD's current impact fee based on the value of existing facilities and planned facilities. This study also reflects an updated development projection and most recent estimates

of the cost of facilities. The District's current fee pre-dates recent regulations regarding Development Impact Fees, therefore supporting documentation of the original fee is not available.

Based on projected population growth of 2,833 residents through buildout, an average of 4.38 persons per household, and an average household size of 1,400 square feet, the current fee would generate approximately $647,000 in revenue through buildout. Under the proposed fee, revenue collected through buildout is projected to total $923,900. This represents a revenue deficiency of $276,900 through buildout under the current fee.

Requirement: *66016.5. (a) (5) A nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of proposed units of the development. A local agency that imposes a fee proportionately to the square footage of the proposed units of the development shall be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by the development.*

HPUD has historically charged parks and recreation development impact fees to new residential development at a rate of $1,000 per dwelling unit. It is proposed that the new fee be charged per square foot of livable residential development.

Requirement: *66016.5. (a) (6) Large jurisdictions shall adopt a capital improvement plan as a part of the nexus study.*

The District adopted a Capital Improvement Plan (CIP) which includes planned improvements to parks and recreation facilities. One project identified in the CIP, the Correll Park Improvements, is an expansion project which will help accommodate new development. Additionally, "large jurisdictions" are defined as counties over 250,000 and cities within those counties. HPUD does not meet the definition of a large jurisdiction.

Methodology

In accordance with the provisions of AB 602, this nexus study uses the system plan method to calculate the proposed development impact fees. Under this approach, the value of existing facilities plus the cost of planned future facilities is divided by buildout demand (i.e. the combined demand of existing residents and future development).

The cost of facilities to serve new development is calculated based on the cost to replace the District's existing inventory of parks and recreation facilities, the cost of planned projects, and the District's projected population. Dividing the replacement cost (or insured value) of existing facilities plus the cost of planned facilities by the District's projected population at buildout yields a facility cost per capita factor. The cost per capita is multiplied by the average household size of new development to generate a total cost per dwelling unit. Per the requirements of the Mitigation Fee Act, the per dwelling unit cost estimate is then converted into a fee per square foot of livable residential area.

SECTION 3: Development Projection

This section analyzes current residential development within the Heber Public Utility District service area as well as proposed development over the next 19 years (the buildout horizon identified in the District's 2026 Service Area Plan).

Development Subject to Parks and Recreation Impact Fees

As the community grows, additional residential development generates demand for parks and recreation facilities and increases the need for improvements to existing facilities. Thus, new residential developments will be subject to the parks and recreation development impact fees. Businesses, schools, and other non-residential land uses are not proposed to be charged parks and recreation development impact fees. It is assumed that employees do not use recreational facilities during work hours and the number of homes corresponds to demand for parks while the number of businesses does not.

The impact fee calculated in this report is based on projected growth through 2045. As described in the January 2026 Service Area Plan Update, the District's population is projected to increase by about 2,800 people over the next 19 years (buildout), see Table 2.

Table 2: Buildout Population Projection

Current	Projected Growth	Estimated Population in 2045
Population [1]		
7,315	2,833	10,148
Average Persons Per Household [1]		
4.38	4.38	4.38

1 – January 2026 Service Area Plan Update

SECTION 4: Facility Costs and Fee Calculation

Facility Costs

Parkland Costs

The District has four existing parks including Margarito "Tito" Huerta Park, Estancia Park, Edward "Jiggs" Johnson Park, and Children's Park. The District also owns and manages a Recreation Center. In total, the District currently manages 21.694 acres of parkland. The value of the District's parkland was calculated in Table 3 using an average land value per acre of $40,900. This average land value is based on recent real estate listings of undeveloped parcels in the area. In total, the value of the District's parkland is estimated to be about $887,300.

Table 3: Park Land Value

Park	Acreage	Value
Margarito "Tito" Huerta Park	10.38	$424,542
Estancia Park	7.02	$287,118
Edward "Jiggs" Johnson Park	3.72	$152,148
Children's Park	0.41	$16,769
Recreation Center	0.164	$6,708
Total	21.694	$887,285

As described in the January 2026 Service Area Plan Update, HPUD is currently deficient in its parkland available to existing residents. Imperial County and the District have a performance standard of 5 acres of parkland per 1,000 residents. Currently, HPUD provides about 3 acres of parkland per 1,000 residents. The District intends to pursue grant funding to correct this deficiency.

The Quimby Act (Section 66477 of the California Government Code) mandates that residential development projects require approval of a tentative map or parcel map to either dedicate land for park or recreational purposes, pay a fee in lieu of dedication, or both. The fees may be used for park facilities within the neighborhood that serves the project. It is proposed that the in lieu fee equal a cost of $40,900 per acre and the performance metric be adjusted to equal the current level of service of 3 acres of parkland per 1,000 residents.

Existing Facilities

Table 4 describes the value of HPUD's existing parks and recreation fixed assets. The value of most facilities was taken from the District's fixed asset insurance list. The value of land was calculated using average prices of vacant parcels in the area, based on recent real estate listings (see Table 3).

Table 4: Value of Existing Parks & Recreation Facilities

Asset Category	Insured Value
Mobile/Contractors Equipment	$48,533
Buildings	$1,074,414
Trailer Inventory	$2,450
Vehicle Inventory	$157,481
Land	$887,285
Total	$2,170,163

Planned Level of Service

The District developed a Capital Improvement Plan (CIP) identifying the projects needed to address existing deficiencies in HPUD's parks and recreation facilities and expansion projects. One project was identified as an expansion project which would help accommodate new development in addition to existing residents – the Correll Park Improvements. A detailed breakdown of the Correll Park Improvement costs is provided in Table 5. In total, the project is estimated to cost about $2.77 million. The District has secured approximately $1.66 million in grants to fund this project. However, the remaining cost of $1.1 million is expected to be incurred by the District.

Table 5: CIP Expansion Projects

Project	Cost
Correll Park Improvements	
Demolition & Earthwork	$306,000
Construction	$841,122
Pump Station	$160,000
Landscape & Lighting	$566,665
Park & Playground	$365,100
Basketball Court	$327,020
Restroom	$200,000
Total	$2,765,907
Grant Funded Portion	$1,663,653
Construction Cost Shortfall	$1,102,254

Impact Fee Calculation

Table 6 provides the parks and recreation development impact fee calculation. The facilities cost to parks and recreation facilities is determined on a cost per resident basis. This cost per resident is then applied to the average household size to generate a cost per dwelling unit. Per the requirements of the Mitigation Fee Act, the per dwelling unit cost estimate is converted into a fee per square foot of livable

residential area by dividing the per dwelling unit cost by the average square footage of a residential home within the District. Table 6 shows the maximum justified parks and recreation impact fees.

The average home size in Heber is about 1,400 square feet based on a review of real estate databases and parcel records. A new development with an average home size for the area would pay a parks and recreation development impact fee of $1,428.

Table 6: Parks & Recreation Facilities Impact Fee Calculation

Impact Fee Calculation	
Facilities Cost	
Existing Facilities Cost	$2,170,163
Planned Facilities Fee Cost	$1,102,254
Total Cost	$3,272,417
Buildout Population	10,148
Facilities Cost per capita	$322.47
Rate Calculation	
Avg # of people per household [1]	4.38
Average Fee (unrounded)	$1,412.42
Fee per sq ft (rounded)	$1.02
Proposed Fee (rounded) for a 1,400 sq ft home [2]	$1,428.00

1 - January 2026 Service Area Plan Update
2 - The proposed fee is $1.02 per sq ft. This fee multiplied by 1,400 sq ft (the average home size) equals a fee of $1,428.00. This is a slight difference from the unrounded fee calculation of $1,412.42 for an average home.

Accessory Dwelling Unit Impact Fees

Development impact fees are assigned to accessory dwelling units via a different method than other land uses. An accessory dwelling unit (ADU) is a secondary living space that is attached to or separate from a primary residence and has its own living facilities. ADUs are also known as in-law units, granny flats, backyard cottages, or secondary units. The primary residence on a parcel cannot be considered an accessory dwelling unit. California Government Code §65852.2(f)(2) stipulates that local agencies may not impose any impact fees on ADUs less than 750 square feet. ADUs greater than 750 square feet can be charged impact fees in proportion to the size of the primary single family dwelling on the parcel. The formula is:

$$\boldsymbol{ADU\ Impact\ Fee} = \frac{\boldsymbol{ADU\ sq\ ft}}{\boldsymbol{Primary\ residence\ sq\ ft}}\ \mathbf{X}\ \boldsymbol{Impact\ fee\ of\ the\ primary\ residence}$$

SECTION 5: Implementation

Impact Fee Program Adoption Process

Impact fee program adoption procedures are found in the California Government Code sections 66004, 66016.5, 66018, and 66019. Adoption of an impact fee program requires the Board of Directors to follow certain procedures including holding a public hearing. The impact fee nexus study must first be adopted at a public hearing to comply with AB 602. That public hearing must be noticed at least 30 days in advance. Data, such as an impact fee report, must be made available at least 14 days prior to the public hearing. The District's legal counsel should be consulted for any other procedural requirements as well as advice regarding adoption of an enabling ordinance and/or a resolution. After adoption, there is a mandatory 60-day waiting period before the fees go into effect.

Inflationary Adjustments

The District can keep its impact fee program up to date by periodically adjusting the fees for inflation. Such adjustments should be completed regularly to ensure that new development will fully fund its share of parks and recreation facilities. It is recommended that the California Construction Cost Index (CCCI) be used for adjusting fees for inflation.

While fee updates using inflation indices are appropriate for periodic updates to ensure that fee revenues keep up with increases in the cost of public facilities, the District will also need to conduct more extensive updates of the fee documentation and calculation (such as this study) when significant new data on growth forecasts and/or facility plans become available. Per Government Code section 66016.5(a)(8) nexus studies must be updated every eight years, effective January 1, 2022.

Reporting Requirements

The District must comply with the annual and five-year reporting requirements of the Mitigation Fee Act found in Government Code sections 66006(b) and 66001(d). For facilities to be funded by a combination of public fees and other revenues, identification of the source and amount of these non-fee revenues is essential. Identification of the timing and receipt of other revenues to fund the facilities is also important.

There is no time limit by which impact fee revenue must be spent. However, if the District is accruing impact fee revenue to fund new development's share of a project, then it must make certain findings with respect to unexpended impact fee fund balances after five years. Among other requirements, the five-year report requires the District to "Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements," and to "Designate the approximate dates on which supplemental funding is expected to be deposited into the appropriate account or fund."

On October 13, 2023, AB 516 was signed into law by the Governor of California, and it went into effect on January 1, 2024. This bill requires local agencies to:

- Include information on projects noted in prior reports and whether construction began on the approximate date noted in the previous report.
- Explain the reason for any delay in the start of the project and provide a new approximate date construction will begin.
- Identify the number of people or entities that receive refunds of Mitigation Fee Act fees.

The bill also requires local agencies to inform people paying mitigation fees that they:

- Can request an audit to determine if the fees charged by a local agency are more than the amount of money needed to cover the cost of the public improvements.
- Can receive information by mail about when the local agency will meet to review its annual Mitigation Fee Act report.
- Can access and review mitigation fee information on the local agency's website, and how to do so.

SECTION 6: Mitigation Fee Act Compliance

This section summarizes how HPUD's proposed parks and recreation development impact fee meets the requirements of the Mitigation Fee Act.

Purpose of the Fee

Requirement: *Identify the purpose of the fee (§66001(a)(1) of the Act).*

The parks and recreation impact fee calculated in this report will be used to fund the continued improvements of existing facilities and expand facilities needed to serve the demand from growth. Upgrades and expansions of facilities are needed to maintain the current level of service to residents as the number of residents increases.

Use of the Fee

Requirement: *Identify the use to which the fees will be put. If the use is financing facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan as specified in §65403 or §66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the facilities for which the fees are charged (§66001(a)(2) of the Act).*

The proposed parks and recreation impact fee will fund land, parks, and equipment related to the construction and improvements of facilities needed to maintain the current level of service provided to residents as the number of residents increases.

Relationship between use of the fee and type of development

Requirement: *Determine the reasonable relationship between the fees' use and the type of development project on which the fees are imposed (§66001(a)(3) of the Act).*

The proposed impact fee will only be used to fund upgrades and expansions to accommodate future development. Fee revenues will not be used to fund operating costs or to repair existing deficiencies.

Relationship between the need for facilities and type of development

Requirement: *Determine the reasonable relationship between the need for the public facilities and the types of development on which the fees are imposed (§66001(a)(4) of the Act).*

Parks and recreation facilities are needed to serve the needs of residents within the District. New residential development increases the number of residents living within the District and, consequently, increases demand for parkland, recreational facilities, and associated amenities. Without additional maintenance or improvements to existing parks and recreation facilities, population growth may deteriorate facilities and reduce the level of service.

Fee is proportional to facilities needed to serve growth

Requirement: *Determine how there is a reasonable relationship between the fees amount and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed (§66001(b) of the Act).*

The proposed parks and recreation impact fee is calculated based on the proportional cost of existing facilities and planned facilities needed to accommodate future growth. Population growth is a reasonable measure of the demand that new development places on parks and recreation facilities because additional residents increase the demand for parkland, recreational facilities, and associated amenities.