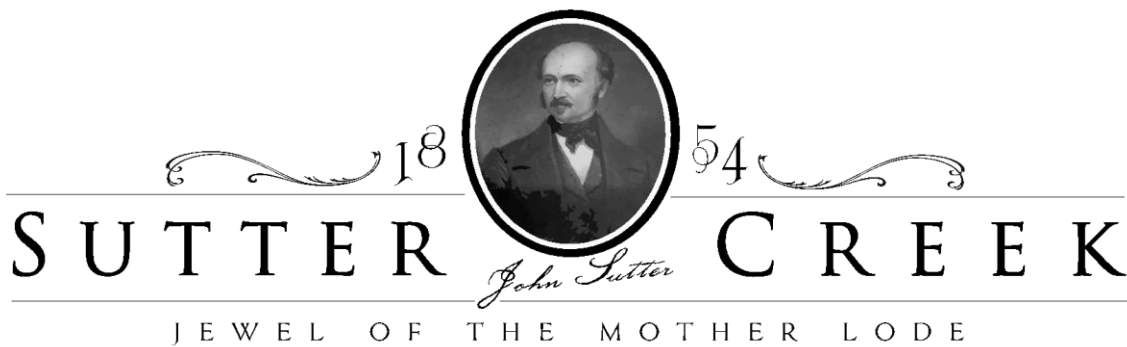




STAFF REPORT

TO: MAYOR AND MEMBERS OF THE CITY COUNCIL
MEETING DATE: SEPTEMBER 21, 2026
FROM: MASON PETERS, FINANCE SUPERVISOR
SUBJECT: FISCAL YEAR 2025-26 ANNUAL IMPACT FEE REPORT

RECOMMENDATION:

For Information.

BACKGROUND:

Each year, we are required to report on any revenues and expenditures related to fees collected through the process of new construction within city limits; we call these fees impact fees. These fees are to be used to improve and/or grow our current services to provide for the new 'impacts' that new construction will have on our community. In order to update these fees, we have to go through a Nexus Study, which is typically done through a consulting firm, and the proposed new fees are reviewed and approved by the City Council. We recently just went through this process and revamped the entire Impact Fee schedule, which went into effect July 1, 2026.

DISCUSSION:

The included annual report covers more detail regarding our specific Impact Fee schedule and what each fee is to be used for based on the old Nexus Study that we did a while ago. We had a slow year in 2022-23, but otherwise we see an average of 1-3 new structures built within city limits each fiscal year. This growth is slow but overall consistent and does not have huge impacts on the current services we provide; in essence, the level of services we provide has been able to keep up with the growth rate for some time now. If there were a huge spike in growth within the city, we would collect a large sum of impact fees, but would likely have to modify/grow our level of services to be able to provide the same level of support to the new size of the community.

One thing I wanted to note is that at the end of fiscal year 2025-26, a couple of large projects started progressing and we will likely see the impact fees materialize in either FY27 or FY28. These projects, Valley View Commons and Bryson Cottages, are multi-dwelling projects that will cause outlier spikes in revenue received in this category over the next couple of fiscal years. It is not likely that we will have to heavily increase the levels of service we provide to the community once these projects are completed, but we will monitor that over time once the dwellings are complete and are actively lived in.

This will also be the last time we will use this Annual Impact Fee report format, since we have a brand new impact fee schedule effective in FY27. I plan on modifying the layout and going into more detail about what each new category of impact fee is for, so be on the lookout for that in FY28 when we cover the activity from FY27.