



## CITY OF BANNING STAFF REPORT

**TO:** CITY COUNCIL

**FROM:** Arturo Vela, Interim City Manager

**PREPARED BY:** Nate Smith, Deputy Director of Public Works/City Engineer

**MEETING DATE:** October 28, 2025

**SUBJECT:** Consideration of Resolution 2025-152 Approving a Professional Services Agreement with DTA for Development Impact Fee Auditing Services Related to Developer Credits for \$250,000 for a 5-Year Term

---

### **RECOMMENDATION:**

Adopt Resolution 2025-152

### **BACKGROUND:**

The City of Banning has adopted Development Impact Fees to identify and provide funding for the construction of public infrastructure and facilities throughout the City of Banning. The impact fees that are overseen by the Public Works Department are the Water Facilities, Wastewater Facilities, and Traffic impact fees. The fees are set based on a nexus study that identifies capital needs and specific capital projects necessary to accommodate the development of the City in accordance with the General Plan, and then distributes the costs based on the potential development throughout the City. Fees are assessed on new development within the City and collected in restricted funds for use in delivering capital projects included within the individual fee components.

Additionally, the Mitigation Fee Act does contain provisions that allow for developers to construct facilities identified in the nexus studies in lieu of paying fees to the City. This is accomplished through various methods, including Development Agreements, Reimbursement Agreements, and Credit Agreements. In order for the private developer to receive credit for the improvements, certain requirements must be met. These include compliance with State labor laws (prevailing wage), bidding and contracting, and local requirements and agreements.

To achieve this verification and compliance, City staff prepared a RFP for a municipal financial services company who would be able to review the agreements, state law, contracts, invoices, and other documents to make a determination of what developer incurred costs are eligible for credit and/or reimbursement. RFP-25-109 was opened on the City's OpenGov Procurement portal on August 8, 2025 and closed on September 17, 2025. Only one firm proposed on the work. An evaluation of the single proposal was completed by an evaluation panel and determined that the proposer met the expectations of the RFP and would be able to provide the requested services to the City of Banning.

### **JUSTIFICATION:**

City staff has determined that a specialized financial service consultant with relevant experience in reviewing similar type requests in other jurisdictions would ensure that potential credits are completed in compliance with local agreements and state labor and contracting law.

### **FISCAL IMPACT:**

Staff will charge a plan review fee of applicants who are requesting development impact fee credits. The service will be awarded on a 'per task' basis, where City staff will provide information of the request to the vendor, obtain a fixed fee quote to perform the service, collect a fee from the entity requesting the credit, and complete the work with the vendor. This will be a pass through cost to the City of Banning and a net-zero impact on the General Fund.

Staff is requesting a 2-year contract (with up to 3 additional 1-year terms) with an amount not to exceed \$250,000 to cover anticipated projects where a review if necessary. Staff anticipates that the amount requested would be sufficient to cover costs of projects that have been completed or are in the works that are eligible for Development Impact Fee credits.

**ALTERNATIVES:**

Do not adopt Resolution 2025-152 and provide alternative direction to staff. The City currently does not have the staff resources in Finance Department to complete these tasks.

**BUDGETED?:**

No

**CONTRACT/AGREEMENT:**

Yes

**ATTACHMENTS:**

1. [Resolution 2025-152 I.docx](#)
2. [Exhibit A PSA - DTL Financial.pdf](#)
3. [DTL Proposal - DIF Auditing.pdf](#)