



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: February 10, 2026

SUBJECT: Discussion of the 2025 Development Impact Fee Study, Maximum Justifiable Rates and City Council's Direction for Final Rates for Approval.

RECOMMENDATION:

Provide direction to staff on Development Impact Fee Rates.

BACKGROUND:

On January 13, 2026, the City Council held a workshop to discuss the Development Impact Fee (DIF) Study and the maximum justifiable rates for the DIF categories for Electric, Fire, General Facilities, Parks, Police, Traffic, Wastewater, and Water. There was discussion from Council to compare proposed rates with neighboring communities. This discussion would provide results on that analysis.

The updated DIF study and rates would be assessed on a per square foot basis for the land use categories of Single Family Residential, Multi-Family Residential, Commercial, Office, and Industrial. The one exception would be for water, which is based on the meter size, and thereby demand, for water services.

Any analysis was prepared by Public Works staff to compare DIF between the proposed City of Banning rates and the effective City of Beaumont and Beaumont Cherry Valley Water District Rates. It is important to note that rates charged by the Beaumont Cherry Valley Water District are not based on square footage, and are a best estimate by staff on the actual charges based on their fee assessment schedule, that includes several property specific calculations including length of frontage that is not included in the Banning rates. The analysis is included as an attachment to this staff report.

The general findings show that at the maximum justifiable rate from the Development Impact Fee (DIF) study, that residential DIF in Banning ranges from 6% to 20% higher than that of Beaumont for the selected projects, while non-residential rates are range from 30% to 56% lower for the selected projects.

City Council may elect to set rates lower than the maximum justifiable rates, but may not increase any category over the maximum justifiable rates.

JUSTIFICATION:

It is required under AB602 that Development Impact Fees be evaluated every 8 years. The last fee update study was prepared in 2019, putting this update within the legal requirements of AB602.

FISCAL IMPACT:

If City Council directs to set Development Impact Fees at rates less than the maximum justifiable rates

discussed in the Development Impact Fee (DIF) Study, the City may need to evaluate other revenue sources to provide for the project and facilities included in the DIF study. Alternately, certain projects and facilities in the DIF study may not be able to be completed.

Development Impact Fees are assessed on all new development, regardless of the size of said development. DIF is required prior to the Certificate of Occupancy or Final Inspection of all residential, commercial, office, and industrial properties.

ALTERNATIVES:

None

BUDGETED?:

No

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. [2019 Current DIF Table.pdf](#)
2. [2026 Proposed DIF Table.pdf](#)
3. [2026 Proposed DIF Table - Max vs. Beaumont.pdf](#)
4. [2026 Proposed DIF Table - Reduced vs. Beaumont.pdf](#)