



City of Palo Alto

City Council Staff Report

(ID # 9769)

Report Type: Informational Report

Meeting Date: 12/10/2018

Summary Title: Annual Report Development Impact Fees Schedule

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From: City Manager

Lead Department: Administrative Services

Executive Summary

The Annual Status Report on Developers' Fees provides specific information about development impact fees imposed by the City. The schedule prepared in accordance with Government Code Section 66006 (AB1600) must be made available to the public at least 15 days before the Council meeting at which it is considered and within 180 days of the close of the fiscal year. Since the report is scheduled on the City Council Agenda of January 21, 2019, it is being included as an information report this December to allow time for public review in excess of the minimum 15-day advanced posting requirement. Additional information will be available in the January 21, 2019 report.

Attachments:

- Attachment A: FY18 Development Impact Fees

Attachment A

City of Palo Alto Annual Report on Development Impact Fees for Period Ending June 30, 2018

FUND	Stanford Research Park/ El Camino Fund	San Antonio/West Bayshore Fund
Purpose and Authority for Collection	Traffic impact fees imposed on new nonresidential development in the Stanford Research Park/El Camino Real CS zone to fund improvements at eight identified intersections. PAMC Ch. 16.45	Traffic impact fees imposed on new nonresidential development in the San Antonio/West Bayshore Areas to fund capacity improvements at four identified intersections. PAMC Ch. 16.46
Amount of the Fee	\$12.42 per square foot	\$2.55 per square foot
Fund Balance July 1, 2017	\$3,273,857	\$890,209
<u>Activity in 2017-18</u>		
Revenues		
Fees Collected	1,217	12,546
Interest Earnings	64,659	18,539
Unrealized Gain/Loss Investments	(51,018)	(17,078)
Total Revenues	\$14,858	\$14,007
Expenditures		
Inter-agency expenses	(1,000,000)	0
Total Expenditures	(1,000,000)	0
Ending Balance June 30, 2018	\$2,288,715	\$904,216
Net Funds Available	\$2,288,715	\$904,216
Unexpended balance at next finding date (FY 2017-18)	\$1,376,491	\$828,208
	USE OF FEES:	USE OF FEES:
	Expenditure in FY 2018 include \$1M to County of Santa Clara for support of intersection improvements at Page Mill Road/Hanover and Page Mill Road/Hansen concurrent with construction of the project at 1050 Page Mill Road.	No expenditures have been made from this fund in Fiscal Year 2018.

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City of Palo Alto Annual Report on Development Impact Fees for Period Ending June 30, 2018

FUND	Commercial Housing In-Lieu Fund	University Avenue Parking In-Lieu Fund
Purpose and Authority for Collection	Fees imposed on large commercial and industrial development to contribute to programs that increase the City's low income and moderate- income housing stock. PAMC Ch.16.47	Fees collected from non-residential development within the University Ave. Parking Assessment District in lieu of providing the required number of parking spaces. PAMC Ch 16.57
Amount of the Fee	\$20.37 per square foot	\$67,730 per space
Fund Balance July 1, 2017	\$19,277,863	\$3,562,575
<u>Activity in 2017-18</u>		
Revenues		
Fees Collected	275,001	1,894,981
Interest Earnings	160,749	107,699
Unrealized Gain/Loss Investments	(181,187)	(89,134)
Total Revenues	254,563	1,913,545
Expenditures		
Salaries and Benefit	(23,188)	
Other Contract Services	(10,102)	
Liability Insurance	(35)	
Total Expenditures	(33,325)	0
Ending Balance June 30, 2018	\$19,499,101	\$5,476,120
Other Commitments/Appropriations Reserve for Notes Receivable include:\$1,290,000 for 2811 Alma, and \$4,137,254 for 801 Alma, \$7,700,000 for Bueva Vista Mobile Home Park.	(13,127,254)	
Reserve for Encumbrance	(8,975)	
Net Funds Available	\$6,362,872	\$5,476,120
Unexpended balance at next finding date (FY 2017-18)	0	\$0
	USE OF FEES: Expenditures in Fiscal Year 2018 are for \$23.0K for Management Analyst salaries and benefit, \$10.1K for consultancy fees. The additional \$7.7M Reserve for Notes Receivable is a loan to Santa Clara County Housing Authority (SCCHA) for the purchase of Buena Vista Mobile Home Park.	USE OF FEES: No expenditures have been made from this fund in Fiscal Year 2018.

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City of Palo Alto Annual Report on Development Impact Fees for Period Ending June 30, 2018

FUND	Residential & Non-Residential Housing Community Facilities Parks	Residential & Non-Residential Housing Community Facilities Community Centers
Purpose and Authority for Collection	Fees imposed on new residential and non-residential development approved after Jan 28, 2002 for Parks. PAMC Ch. 16.58	Fees imposed on new residential and non-residential development approved after Jan 28, 2002 for Community Centers. PAMC Ch. 16.58
Amount of the Fee	Residential: Single family \$11,917 per residence (or \$17,795 per residence larger than 3,000 sq ft); Multi-family \$7,801 per unit (or \$3,944 per unit smaller than or equal to 900 sq ft) Nonresidential: Commercial/Industrial \$5,061 per 1,000 sq ft or fraction thereof; Hotel/Motel \$2,288 per 1,000 sq ft or fraction thereof.	Residential: Single family \$3,089 per residence (or \$4,626 per residence larger than 3,000 sq ft); Multi-family \$2,033 per unit (or \$1,026 per unit smaller than or equal to 900 sq ft) Nonresidential: Commercial/Industrial \$286 per 1,000 sq ft or fraction thereof; Hotel/Motel \$129 per 1,000 sq ft or fraction thereof.
Fund Balance July 1, 2017	\$4,446,289	\$5,869,478
Activity in 2017-18		
Revenues		
Fees Collected	331,880	93,461
Interest Earnings	91,453	114,687
Unrealized Gain/Loss	(86,316)	(84,642)
Total Revenues	\$337,017	\$123,506
Inter-Agency Expenses		(2,500,000)
Operating Transfer to Capital Projects Fund	(250,000)	0
Total Expenditures	(250,000)	(2,500,000)
Ending Balance June 30, 2018	\$4,533,306	\$3,492,984
Net Funds Available	\$4,533,306	\$3,492,984
Unexpended balance at next finding date (FY 2021-2022)	4,196,289	\$3,369,479
	USE OF FEES: Budget transfers in FY 2018 were made to Capital Project fund in the amount of \$150K for Dog Park Installation (PG-18001) and \$100K for Turf Management Plan (PG-18002) in	USE OF FEES: Expenditure in Fiscal Year 2018 is payment of \$2.5M to Avenida. This is a grant funding to make necessary seismic and other improvements to the existing building at 450 Bryant Street, Palo Alto, CA.

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City of Palo Alto Annual Report on Development Impact Fees for Period Ending June 30, 2018

FUND	Residential & Non-Residential Housing Community Facilities Libraries	Residential Housing In-Lieu Fund
Purpose and Authority for Collection	Fees imposed on new residential and non-residential development approved after Jan 28, 2002 for Libraries. PAMC Ch. 16.58	Fees collected from residential developments of three or more units in lieu of providing the required below-market rate unit(s) to low and moderate income households. PA Comprehensive Plan and PAMC Chapter 18
Amount of the Fee	Residential: Single family \$1,079 per residence (or \$1,606 per residence larger than 3,000 sq ft); Multi-family \$645 per unit (or \$355 per unit smaller than or equal to 900 sq ft) Nonresidential: Commercial/industrial \$272 per 1,000 sq ft or fraction thereof; Hotel/Motel \$114 per 1,000 sq ft or fraction thereof.	Varies
Fund Balance July 1, 2017	\$1,005,487	\$22,696,317
<u>Activity in 2017-18</u>		
Revenues		
Fees Collected	35,996	869,530
Webster Wood Property Rental		5,850
Interest Earnings	20,959	280,715
Unrealized Gain/Loss Investments	(19,595)	(194,174)
Total Revenues	\$37,360	\$961,921
Expenditures		
Salaries and Benefits		(23,188)
Contract Services		(159,784)
Liability Insurance		(34)
Total Expenditures	0	(183,006)
Ending Balance June 30, 2018	\$1,042,847	\$23,475,232
Other Commitments/Appropriations		
Reserve for Reappropriations		(310,477)
Reserve for Encumbrances		(34,023)
Reserve for Notes Receivable include \$375,000 for 3053 Emerson, \$3,804,850 for Tree House Apts, \$747,734 for Sheridan Apts., \$2,285,026 for 801 Alma, \$923,372 for Palo Alto Housing Project, \$600,000 for 2811-2825 Alma St., \$203,561 for Colorado Park Housing, \$64,523 for El Dorado Palace, and \$6,800,000 for Buena Vista Mobile Home Park.		(15,804,066)
Net Funds Available	\$1,042,847	\$7,326,666

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Unexpended balance at next finding date (FY 2021-2022 Residential & Non Residential Housing Communities Facilities Libraries, FY2017-18- Residential Housing In-Lieu)		\$1,005,487	\$0
USE OF FEES:		USE OF FEES:	
No expenditure of funds have been made from this Fund in Fiscal Year 2018.		Expenditures in Fiscal Year 2018 include \$23.2K for Management Analyst salaries and benefit, \$140K to Palo Alto Housing Corp for BMR admin fees and \$20K for consultancy fees. The additional \$6.8M Reserve for Notes Receivable is loan to Santa Clara County Housing Authority (SCCHA) for the purchase of Buena Vista Mobile Home Park.	

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City of Palo Alto Annual Report on Development Impact Fees for Period Ending June 30, 2018

FUND	Charleston-Arastradero Corridor Pedestrian and Bicyclist Safety	Citywide Transportation
Purpose and Authority for Collection	Fees collected from new development and re-development within the Charleston-Arastradero Corridor to provide for pedestrian and bicyclist safety improvements. PAMC Ch. 16.60	Transportation impact fees imposed on new development in all parts of the City to fund congestion reduction projects. PAMC Ch. 16.59
Amount of the Fee	Residential: \$1,306 per residential unit; Commercial: \$0.38 per sq ft	\$3,575 per net new PM peak hour trip
Fund Balance July 1, 2017	\$8,862	\$2,967,955
Activity in 2017-18		
Revenues		
Fees Collected	11,614	238,810
Interest Earnings	241	48,479
Unrealized Gain/Loss	(160)	(43,412)
Total Revenues	\$11,695	\$243,877
Expenditures		
Operating Transfer to Capital Projects Fund	(12,000)	(1,378,361)
Total Expenditures	(12,000)	(1,378,361)
Ending Balance June 30, 2018	\$8,557	\$1,833,471
Net Funds Available	\$8,557	\$1,833,471
Unexpended balance at next finding date (FY2017-18-Charleston-Arastradero, FY2017-18 Citywide Transportation)	\$0	\$0
	USE OF FEES:	USE OF FEES:
	Budget transfer of \$12K was made to Capital Project Fund in FY2018 for Charleston Arastradero Corridor Improvements Project (PE-13011)	Budget transfers to Capital Project Fund in Fiscal Year 2018 in the amount of \$1M for Churchill Avenue Enhanced Bikeway (PL-14000) and \$378K for Traffic Signal and Intelligent Transportation System (PL-05030)

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City of Palo Alto Annual Report on Development Impact Fees for Period Ending June 30, 2018

FUND	New Public Safety Facilities	General Government Facilities
Purpose and Authority for Collection	Fees imposed on residential and non-residential development to fund police and fire facilities (including fire apparatus and vehicles) PAMC Ch. 16.58	Fees imposed on residential and non-residential development to fund facilities associated with municipal administration. PAMH Ch. 16.58
Amount of the Fee	Residential: Single family \$1,036 per unit; Multi-family \$829 per unit Nonresidential: Commercial \$579 per 1,000 sq ft. or fraction thereof; Industrial \$193 per 1,000 sq. ft. or fraction thereof; Hotel/Motel \$772 per 1,000 sq ft or fraction thereof.	Residential: Single family \$1,305 per unit; Multi-family \$1,044 per unit Nonresidential: Commercial \$729 per 1,000 sq ft. or fraction thereof; Industrial \$243 per 1,000 sq. ft. or fraction thereof; Hotel/Motel \$974 per 1,000 sq ft or fraction thereof.
Fund Balance July 1, 2017	\$87,160	\$109,820
<u>Activity in 2017-18</u>		
Revenues		
Fees Collected	59,841	75,406
Interest Earnings	2,237	2,818
Unrealized Gain/Loss	(2,459)	(3,098)
Total Revenues	\$59,619	\$75,126
Total Expenditures	0	0
Ending Balance June 30, 2018	\$146,779	\$184,946
Net Funds Available	\$146,779	\$184,946
Unexpended balance at next finding date FY 2019-20	\$1,596	\$2,011
	USE OF FEES:	USE OF FEES:
	No expenditure of funds have been made from this Fund in Fiscal Year 2018.	No expenditure of funds have been made from this Fund in Fiscal Year 2018.

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City of Palo Alto Annual Report on Development Impact Fees for Period Ending June 30, 2018

(INFORMATION ONLY)

FUND	Public Art Fund	Parkland Dedication
Purpose and Authority for collection	Fees imposed on new commercial developments (including mixed use projects), including new construction, remodels, additions and reconstruction that (i) have a floor area of 10,000 sq. ft. or more, and (ii) have a construction value of \$200,000, or more, exclusive of costs for architecture, design, engineering, and required studies; and all new residential projects of five or more units to fund public art for private developments. PAMC Ch. 16.61	Fees on parkland dedication imposed on new residential and non-residential development. Govt Code Sec. 66477 (Quimby Act)
Amount of the Fee	1% of first \$109.36 million construction valuation and .9% of construction valuation for valuation in excess of \$109.36 million	Single Family: \$60,474 per unit; Multi-Family: \$41,683 per unit. This applies only to residential projects that require a subdivision or parcel map. Land dedication is required for subdivisions resulting in more than 50 parcels. Parkland Dedication Fee - Land: Single Family: 531 sq. ft. per unit; Multi-Family: 366 sq. ft. per unit. When parkland dedication applies, park impact fees do not apply.
Fund Balance July 1, 2017	\$550,763	\$3,331,902
<u>Activity in 2017-18</u>		
Revenues		
Fees Collected	211,268	699,069
Interest Earnings	11,548	70,240
Unrealized Gain/Loss Investments	(11,869)	(66,902)
Operating Transfer from General Fund	154,824	
Total Revenues	\$365,771	\$702,407
Expenditures		
Salaries and benefits	(186,214)	
Liability Insurance	(1,127)	
Transfer to Capital Projects Fund		(400,000)
Total Expenditures	(187,341)	(400,000)
Ending Balance June 30, 2018	\$729,193	\$3,634,309
Net Funds Available	\$729,193	\$3,634,309
<div> <div>This fund is not subject to AB1600 requirements and is listed only for information purposes.</div> <div>This fund is not subject to AB1600 requirements and is listed only for information purposes.</div> </div>		

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City of Palo Alto Annual Report on Development Impact Fees for Period Ending June 30, 2018

(INFORMATION ONLY)		
FUND	Water and Wastewater Collection	
Purpose and Authority for Collection	Capacity fees charged to developers that are adding load to the water and sewer systems effective July 1, 2005. California Government Code Sect 66000	
Amount of the Fee	<p>Water Capacity Fees: 5/8 in., 3/4 in E-Meter. \$5,000, 1 in. E-Meter \$9,400, 1 1/2 in. E-Meter \$18,850, 2 in. E-Meter \$56,250 , 4 in. Compound Meter by est. \$125/FU (min. 5,000 FU) , 6 in. Compound Meter by est. \$125/FU (min. 7,000 FU)</p> <p>Fire Service Capacity Fees: 2 in. \$750, 4 in. \$9,000, 6 in. \$22,530, 8 in. \$43,080, 10in. \$69,510</p> <p>Sewer Capacity Charges: 4 in. connection with 5/8 in Water Meter (WM) \$5,250, 4 in connection. with 1-in WM \$15,750, 4 or 6 in. connection with 1-1/2 in WM \$31,668, 6 in. connection with 2 in. WM \$94,500, 6 in. and larger connection with 4 in. or larger WM by est. at \$210/FU</p>	
<u>Activity in 2017-18</u>		
Capacity Fees Collected		
Water		\$531,348
Wastewater Collection		<u>328,545</u>
Total		
USE OF FEES:		
<div>The fees are used exclusively for water and sewer system improvements</div>		