CITY OF PALO ALTO

MEMORANDUM

December 15, 2008

TO: City Council

SUBJECT: Annual Status Report on Developers' Fees

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 12, 2009, it is being included in this early packet to allow time for public review. In addition to normal activity, it should be noted that $3.6 million was booked as an allowance for the uncollectibility of commercial and residential housing in-lieu loans as recommended by external auditors. Additional information will be available in the January 12, 2009 report.

LALO PEREZ
Director, Administrative Services

JAMES KEENE
City Manager

cc: Homebuilders Association

S:ASD/CMR/Draft CMR/developer fee early packet memo

Exhibit A

City of Palo Alto
Annual Report on Developers' Fees
for Period Ending June 30, 2008

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	$9.74 per square foot	$2.01 per square foot
Fund Balance July 1, 2007	**$716,157**	**$617,707**
Activity in 2007-08		
Revenues		
Fees Collected	52,725	0
Interest Earnings	33,871	28,513
Unrealized Gain/Loss Investments	20,865	18,154
Total Revenues	**$107,461**	**$46,667**
Expenditures		
Other	0	
Charleston/Arastradero Corridor Improvements (PL-05002)	0	
Total Expenditures	0	0
Ending Balance June 30, 2008	**$823,618**	**$664,374**
Net Funds Available	**$823,618**	**$664,374**
	USE OF FEES:	**USE OF FEES:**
	No expenditures have been made from this fund in FY 2007-08. Fees are planned to be used for Gunn High School entrance near Foothil/Arastradero.	No expenditures have been made from this fund in FY 2007-08. Fees are planned to be used for specific traffic improvements in the Charleston/San Antonio Road area, but have been delayed by a related project to be constructed by the State Department of Transportation.

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FUND	Commercial Housing In-Lieu Fund	University Avenue Parking Assessment District 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	$17.08 per square foot	$60,293 per space
Fund Balance July 1, 2007	$5,355,330	$84,585
Activity in 2007-08		
Revenues		
Fees Collected	421,258	
Interest Earnings	122,265	3,905
Unrealized Gain/Loss Investments	59,516	2,206
Transfer In from CDBG Fund	0	
Total Revenues	**603,039**	**6,111**
Expenditures		
Bad debt expense	(3,055,000)	0
Consultant Fees	(4,571)	
Total Expenditures	(3,059,571)	0
Ending Balance June 30, 2008	**$2,898,798**	**$90,696**
Other Commitments/Appropriations		
Encumbrances	(35,794)	
Reserve for unrealized gain on investments	(30,831)	(1,011)
Net Funds Available	**$2,832,173**	**$89,685**
	USE OF FEES:	**USE OF FEES:**
	$3,055,000 was booked as an allowance for uncollectibility of loans. An additional $4,571 was spent on consultant services.	No expenditure of funds have been made from this fund in FY 2007-08.

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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 $9,064/residence (or $13,535/residence larger than 3,000 sq ft); Multifamily $5,933/unit (or $3,000/unit smaller than or equal to 900 sq ft) Nonresidential: Commercial/industrial $3,849.00 per 1,000 sq ft; Hotel/Motel $1,740.00 per 1,000 sq ft	Residential: Single family $2,350/residence (or $3,517/residence larger than 3,000 sq ft); Multifamily $1,546/unit (or $780/unit smaller than or equal to 900 sq ft) Nonresidential: Commercial/industrial $217.00 per 1,000 sq ft; Hotel/Motel $98.00 per 1,000 sq ft
Fund Balance July 1, 2007	**$1,897,098**	**$562,329**
Activity in 2007-08		
Revenues		
Fees Collected	1,315,680	451,767
Interest Earnings	114,437	41,298
Unrealized Gain/Loss	52,942	17,188
Total Revenues	**$1,483,059**	**$510,253**
Operating Transfer to Capital Projects Fund	(620,000)	0
Total Expenditures	(620,000)	0
Ending Balance June 30, 2008	**$2,760,157**	**$1,072,582**
Other Commitments/Appropriations		
Reserve for unrealized gain on investments	(30,831)	(10,614)
Net Funds Available	**$2,729,326**	**$1,061,968**
	USE OF FEES: Budgeted transfers in the amount of $220,000 was made from this fund to the Capital Improvement Fund for Park Restroom Renovations (PE-06007) and $400,000 for San Antonio Bridge Repair (PE-06001) in FY 2007-08.	**USE OF FEES:** No expenditure of funds have been made from this Fund in FY 2007-08.

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FUND	Residential & Non-Residential Housing Community Facilities Libraries	(INFORMATION ONLY) 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 $820/residence (or $1,219/residence larger than 3,000 sq ft); Multifamily $536/unit (or $269/unit smaller than or equal to 900 sq ft) Nonresidential: Commercial/industrial $207.00 per 1,000 sq ft; Hotel/Motel $87.00 per 1,000 sq ft	Varies
Fund Balance July 1, 2007	**$213,729**	**$6,056,660**
Activity in 2007-08		
Revenues		
Fees Collected	140,072	16,500
Webster Wood In-Lieu Payment		6,000
Sale of High St property		0
Interest Earnings	14,285	271,264
Unrealized Gain/Loss Investments	6,434	63,925
Total Revenues	**$160,791**	**$357,689**
Expenditures		
Housing Program Expense	0	(156,950)
Allowance for Uncollectible Notes		(500,000)
Principal Retired		(106,618)
Total Expenditures	0	(763,568)
Ending Balance June 30, 2008	**$374,520**	**$5,650,781**
Other Commitments/Appropriations		(23,357)
Reserve for unrealized gain on investments	(4,043)	(41,445)
Reserve for Notes Receivable include $375,000 for 3053 Emerson, $1,151,174 for Oak Manor, $750,000 for Opportunity Center, $756,819 for Sheridan Apts. and $341,450 for Palo Alto Gardens.		(2,355,867)
Net Funds Available	**$370,477**	**$3,230,112**
	USE OF FEES:	**USE OF FEES:**

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	No expenditure of funds have been made from this Fund in FY 2007-08.	Expenditures in FY 2007-08 include $156,950 to Palo Alto Housing Corp for BMR fees, $106,618 for Oak Manor Apts loan forgiveness, and $25,434 for BMR professional fees.

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FUND	Parkland Dedication	Charleston-Arastradero Corridor Pedestrian and Bicyclist Safety
Purpose and Authority for Collection	Fees on parkland dedication imposed on new residential and non-residential development Govt Code Sec.66477 (Quimby Act)	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
Amount of the Fee	Varies	Residential: $950 per unit; Commercial: $0.28 per sq ft
Fund Balance July 1, 2007	**$38,789**	**$186,245**
Activity in 2007-08		
Revenues		
Fees Collected	137,340	317,109
Interest Earnings	3,358	20,741
Unrealized Gain/Loss Investments	2,114	5,239
Total Revenues	**$142,812**	**$343,089**
Expenditures		
Operating Transfer to Capital Projects Fund	0	(81,900)
Total Expenditures	0	(81,900)
Ending Balance June 30, 2008	**$181,601**	**$447,434**
Other Commitments/Reappropriations		
Reserve for unrealized gain on investments	(1,516)	(4,043)
Net Funds Available	**$180,085**	**$443,391**
	USE OF FEES: No expenditure of funds have been made from this Fund in FY 2007-08.	**USE OF FEES:** Budgeted transfers in the amount of $81,900 were made the the Capital Improvement Fund in FY 2007-08.

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FUND	Citywide Transporation
Purpose and Authority for Collection	Transportation impact fees imposed on new development in the Stanford Research Park to fund congestion reduction projects. PAMC Ch. 16.59
Amount of the Fee	Varies
Fund Balance July 1, 2007	**$0**
Activity in 2007-08	
Revenues	
Fees Collected	4,419
Interest Earnings	34
Unrealized Gain/Loss Investments	-
Total Revenues	**$4,453**
Expenditures	
Fund	0
Operating Transfer to BMR Fund	
Principal Retired	
Total Expenditures	0
Ending Balance June 30, 2008	**$4,453**
Net Funds Available	**$4,453**
	USE OF FEES: No expenditure of funds have been made from this Fund in FY 2007-08.

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(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	Water Domestic: 5/8 in., 3/4 in. $1200, 1 in. $2,250, 1/12 in. $4,500, 2 in. $9,000, 3 in. by est. $30/FU ($66,750 at cap), 4 in. by est. $30/FU ($176,333 at cap.), 6 in. by est. $30/FU (339,667 at cap.) Water Fire service: 4 in. $8,250, 6 in. $19,970, 8 in. $36.300 Sewer: 4 in. $2,500 first 50 FU, $50/FU additional, 6 in. by est. $50/FU, 8 in. by est. $50/FU FU is fixture unit
Activity in 2007-08	
Capacity Fees Collected	
Water	$950,793
Wastewater Collection	643,198
Total	**$1,593,991**
	USE OF FEES:
	The fees are used exclusively for water and sewer system improvements