



City of Palo Alto

City Council Staff Report

(ID # 11102)

Report Type: Consent Calendar

Meeting Date: 5/11/2020

Summary Title: Updated Report Development Impact Fees FY2019

Title: Adoption of a Resolution Updating Statutory Findings for Unexpended Development Impact Fees

From: City Manager

Lead Department: Administrative Services

RECOMMENDATION

Staff recommends that the City Council adopt the attached resolution making findings regarding unexpended development impact fees (Attachment A).

BACKGROUND

State law commonly referred to as AB 1600 or the Mitigation Fee Act (Government Code Section 66000 et seq.) governs the imposition, collection, and use of development impact fees. The Mitigation Fee Act codifies the legal requirement that fees on new development must have the proper nexus to any project on which they are imposed. In addition, the Mitigation Fee Act imposes certain accounting and reporting requirements with respect to the fees collected. The fees, for accounting purposes, must be segregated from the general funds of the City and from other funds or accounts containing fees collected for other improvements. Interest on each development fee fund or account must be credited to that fund or account and used only for the purposes for which the fees were collected.

Government Code Section 66006 contains comprehensive annual reporting requirements for development impact fees. This statute requires that, within 180 days after the close of the fiscal year, the City must make available to the public the following information regarding each fund or account:

- Brief description of the type of fee in the fund.
- Amount of the fee.
- Beginning and ending balance in the fund.
- Amount of fees collected, and interest earned.
- Identification of each public improvement on which fees were expended and the amount of the expenditure on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.

- Identification of an approximate date by which the construction of a public improvement will commence, if the local agency determines that enough funds have been collected to complete financing on an incomplete public improvement.
- Description of each interfund transfer or loan made from the account or fund, including the public improvement on which the loaned funds will be expended, and in the case of an interfund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan.
- Amount of any refunds made

This report must also be reviewed by the City Council at a regularly scheduled public meeting not less than 15 days after the information is made available to the public. In addition, notice of the time and place of the meeting shall be mailed at least 15 days prior to the meeting to any interested party who files a written request with the local agency for such a mailed notice. The City typically publishes this report in December of each year and holds a hearing for Council consideration of the report the following January.

Government Code Section 66001 requires that each local agency that imposes development impact fees must make certain findings whenever it retains unexpended fees for an extended period of time. Beginning with the fifth fiscal year following the first deposit into the fund and every five years thereafter, the City must make findings that:

- identify the purpose to which the fee is to be put;
- demonstrate a nexus between the fee and the purpose for which it was originally charged; and
- identify all sources and amounts of funding anticipated to complete financing of incomplete improvements along with the approximate dates on which the anticipated funding is expected to be deposited into the appropriate fund or account.

When findings are made under Government Code Section 66001, they are made in connection with the public information required by Section 66006, discussed above. When findings are required, staff prepares a resolution, which the City Council typically adopts at the same January hearing in which it considers the annual report.

If the agency no longer needs the funds for the purposes collected, if the agency fails to make required findings, or fails to perform certain administrative tasks prescribed by AB 1600, the agency may be required to refund to property owners a prorated portion of the monies collected for that project and any interest earned on those funds.

DISCUSSION

Staff has recently revised the procedure used to calculate fund balances for the purposes of the findings the City Council is required to adopt under Government Code Section 66001. This change will generally increase the amount stated in the resolution adopting findings. Under the former methodology, it did not appear that findings were required and therefore a resolution

was not prepared in December 2019/January 2020. The revised methodology would, however, require findings. In order to implement this change as soon as possible, staff have prepared a resolution for immediate adoption (Attachment A) that makes findings for the recalculated fund balances. Going forward, the findings will be prepared for Council adoption in December of each year.

In addition, staff is retransmitting the City's annual development impact fee reports as Attachment B.

RESOURCE IMPACT

If the council does not make the findings contained in Attachment B, the development fees described therein might be required to be refunded.

ENVIRONMENTAL REVIEW

This is not a project for purposes of the California Environmental Quality Act (CEQA).

Attachments:

- Attachment A - Resolution of the Council of the City of Palo Alto Making Findings Regarding Continuing Need for Unexpended Development Fees.
- Attachment B - Annual Report on Development Impact Fees

Resolution No. _____
Resolution of the Council of the City of Palo Alto Making Findings
Regarding Continuing Need for Unexpended Development Fees.

R E C I T A L S

A. Government Code Section 66001(d) requires the City to make certain findings with respect to fees that remain unexpended in the fifth fiscal year following the first deposit into the account or fund, and every five years thereafter; and

B. As authorized under Chapter 16.45 of the Palo Alto Municipal Code, the City has collected a fee known as the “Stanford Research Park/El Camino Transportation Impact Fee” for the purpose of funding capacity improvements at the intersections identified in that Chapter; and

C. The sum of \$3,349,581 represents the most recent audited total of fees collected pursuant to Chapter 16.45 that remain unexpended, together with accrued interest thereon (“unexpended Stanford Research Park/El Camino TIF funds”); and

D. As authorized under Chapter 16.46 of the Palo Alto Municipal Code, the City has collected a fee known as the “San Antonio/West Bayshore Traffic Impact Fee” for the purpose of funding capital expenditures needed to provide operational improvements at certain intersections identified in that Chapter; and

E. The sum of \$1,308,010 represents the most recent audited total of fees collected pursuant to Chapter 16.46 that remain unexpended, together with accrued interest thereon (“the unexpended San Antonio/West Bayshore TIF funds”); and

F. As authorized under Chapter 16.65 of the Palo Alto Municipal Code, the City has collected fees known as the “Commercial Housing Impact Fee,” and “Residential Housing In-Lieu Fee” for the purpose of preserving and providing new affordable housing in the City of Palo Alto.

G. The sum of \$11,670,132 represents the most recent audited total of fees collected pursuant to the Commercial Housing Impact Fee that remain unexpended, together with accrued interest thereon (“the unexpended the Commercial Housing Impact Fee funds”);

H. The sum of \$9,150,274 represents the most recent audited total of fees collected pursuant to the Residential Housing Impact and In-Lieu Fees that remain unexpended, together with accrued interest thereon (“the unexpended the Residential Housing In-Lieu Fee funds”). Although fees paid in-lieu of providing affordable units under the City’s inclusionary zoning program do not require findings pursuant to Government Code

section 66001, the sum provided herein includes some impact fees imposed on new rental housing, for which findings may be required;

I. As authorized under Chapters 16.57 and 18.18 of the Palo Alto Municipal Code, the City has collected a fee known as the “University Avenue Parking In-Lieu Fee” for the purpose of constructing public parking spaces within the University Avenue parking assessment district to serve the parking needs of the district created by the developments that paid the fees;

J. The sum of \$6,117,748 represents the most recent audited total of fees collected pursuant to Chapter 16.57 that remain unexpended, together with accrued interest thereon (“the unexpended the University Avenue Parking In-Lieu Fee funds”);

K. As authorized under Chapter 16.58 of the Palo Alto Municipal Code, the City has collected a fee known as the “Parks Impact Fee” for the purpose of funding acquisition of land and improvements for neighborhood and district parks; and

L. The sum of \$5,611,245 represents the most recent audited total of fees collected pursuant to the Parks Impact Fee that remain unexpended, together with accrued interest thereon (“unexpended Parks Impact Fee Funds”); and

M. As authorized under Chapter 16.58 of the Palo Alto Municipal Code, the City has collected a fee known as the “Library Impact Fee” for the purpose of funding development and improvements to libraries; and

N. The sum of \$1,150,845 represents the most recent audited total of fees collected pursuant to the Library Impact Fee that remain unexpended, together with accrued interest thereon (“the unexpended Library Impact Fee funds”);

O. As authorized under Chapter 16.58 of the Palo Alto Municipal Code, the City has collected a fee known as the “Community Center Impact Fee” for the purpose of funding development and improvements to community centers; and

P. The sum of \$4,283,300 represents the most recent audited total of fees collected pursuant to the Community Center Impact Fee that remain unexpended, together with accrued interest thereon (“unexpended Community Center Impact Fee Funds”); and

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The Council of the City of Palo Alto RESOLVES as follows:

SECTION 1. The Council makes the following findings:

Stanford Research Park/El Camino TIF funds

1. The unexpended Stanford Research Park/El Camino TIF funds were collected pursuant to Chapter 16.45 of the Palo Alto Municipal Code, to be used for the purpose of funding capacity improvements at the intersections identified in that Chapter.

2. The unexpended Stanford Research Park/El Camino TIF funds in the amount of \$3,349,581 are intended to be used to fund improvements in conjunction with Santa Clara County at the intersections of Page Mill Road/Hanover Street and Page Mill Road/El Camino Real, as described in the Page Mill Road Expressway Corridor Study Report. The improvements include additional and/or longer left turn lanes, modifications to enhance bicycle and pedestrian accommodations through the intersections, Class II bicycle lanes and Class I shared-use path at Hanover Street approaches to the intersection and a 8-phase signal conversion for the Hanover intersection.

3. The City has committed to contributing approximately \$3.2 million to fund these improvements. These funds have not been expended to date to allow for coordination with Santa Clara County, and will be expended upon receipt of an invoice from the County, anticipated to occur in fiscal year 2020 or 2021.

4. The need for the improvements for which the Stanford Research Park/El Camino TIF funds were collected was identified in an Environmental Impact Report (“EIR”) certified by the City Council in conjunction with the City’s 1998-2010 Comprehensive Plan; the need for the retention of these funds was identified in the 2015 Page Mill Road Expressway Corridor Study Report commissioned by Santa Clara County.

San Antonio/West Bayshore TIF funds

5. The unexpended San Antonio/West Bayshore TIF funds were collected pursuant to Chapter 16.46 of the Palo Alto Municipal Code, to be used solely for the purpose of funding capital expenditures needed to provide operational improvements at certain intersections identified in that Chapter.

6. The City plans to spend the unexpended San Antonio/West Bayshore TIF funds in the amount of \$1,308,010 to fund traffic signal and intelligent transportation systems improvements as provided in the Fiscal Year 2019-2023 Five Year Capital Improvement Plan.

7. The need for the improvements for which the unexpended San Antonio/ West Bayshore TIF funds were collected was identified in the San Antonio/West Bayshore EIR.

Commercial Housing Impact Fee funds

8. The unexpended Commercial Housing Impact Fee funds were collected pursuant to Chapter 16.65 of the Palo Alto Municipal Code, to be used solely for the purpose of preserving and providing new affordable housing in the City of Palo Alto.

9. The City plans to spend the unexpended Commercial Housing Impact Fee funds in the amount of \$11,670,132 to support development of the affordable housing development known as Wilton Court at 3705 El Camino Real, for which the City Council has approved affordable housing loans totaling \$20.5 million.

10. These funds have not been expended as the Wilton Court project seeks to finalize other sources of funding. A transfer of funds is anticipated in FY 2020 or FY 2021.

11. The relationship between the fee collected and the purpose for which it is charged is demonstrated in the Commercial Linkage Fee Nexus Study, dated November 2015, by Strategic Economics and Vernazza Wolfe Associates, Inc.

Residential Housing Impact and In-Lieu Fee funds

12. The unexpended Residential Housing In-Lieu Fee funds were collected pursuant to Chapter 16.65 of the Palo Alto Municipal Code, to be used solely for the purpose of preserving and providing new affordable housing in the City of Palo Alto.

13. The City plans to spend the unexpended Residential Housing In-Lieu Fee funds in the amount of \$9,150,274 to support development of the affordable housing development known as Wilton Court at 3705 El Camino Real, for which the City Council has approved affordable housing loans totaling \$20.5 million.

14. These funds have not been expended as the Wilton Court project seeks to finalize other sources of funding. A transfer of funds is anticipated in FY 2020 or FY 2021.

15. The relationship between the fee collected and the purpose for which it is charged is demonstrated in the Residential Impact Fee Nexus Study, dated October 2015, by Strategic Economics and Vernazza Wolfe Associates, Inc.

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University Avenue Parking In-Lieu Fee Funds

16. The unexpended University Avenue Parking In-Lieu Fee funds were collected pursuant to Chapter 16.57 of the Palo Alto Municipal Code, to be used solely for the purpose constructing public parking spaces within the University Avenue parking assessment district to serve the parking needs of the district created by the developments that paid the fees.

17. The City plans to spend the unexpended University Avenue Parking In-Lieu Fee funds in the amount of \$6,117,748 to construct an approximately 324-space parking garage at 375 Hamilton Avenue.

18. These funds have not been expended pending further discussion by the City Council regarding downtown parking management. The additional funding necessary to complete these improvements is anticipated to be available from future parking in-lieu fees and/or the sources identified in City Manager's Report 9263. Further action on the garage is anticipated by fiscal year 2023.

19. The relationship between the fee collected and the purpose for which it is charged is demonstrated in the Downtown Study Environmental Impact Report, which the City Council certified on July 15, 1986, and in City Manager's Report 10225, which sets forth the most recent update to the fee amount.

Parks Impact Fee funds

20. The unexpended Parks Impact Fee funds were collected pursuant to Chapter 16.58 of the Palo Alto Municipal Code, to be used solely for the purpose of funding acquisition of land and improvements for neighborhood and district parks.

21. The City plans to spend the unexpended Parks Impact Fee funds in the amount of \$5,611,245 in part to complete park improvements scheduled in the Fiscal Year 2019-2023 Five Year Capital Improvement Plan. A portion of these funds were expended to purchase the property adjacent to 3350 Birch Street to allow for expansion of Boulware Park.

22. The unexpended Parks Impact Fee funds are anticipated to be transferred as provided in the Fiscal Year 2019-2023 Five Year Capital Improvement Plan.

23. The relationship between the fee collected and the purpose for which it is charged is demonstrated in the City of Palo Alto Parks and Community Facilities Impact Fee Study, dated September 18, 2001, by DMG-MAXIMUS.

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Community Center Impact Fee funds

24. The unexpended Community Center Impact Fee funds were collected pursuant to Chapter 16.58 of the Palo Alto Municipal Code, to be used solely for the purpose of funding development and improvements to community centers.

25. The City plans to spend the unexpended Community Center Impact Fee funds in the amount of 4,283,300 to renovate the Junior Museum and Zoo and for Rinconada Park Improvements.

26. The funds reserved for JMZ renovation will be expended as provided in the Fiscal Year 2019-2023 Five Year Capital Improvement Plan.

27. The relationship between the fee collected and the purpose for which it is charged is demonstrated in the City of Palo Alto Parks and Community Facilities Impact Fee Study, dated September 18, 2001, by DMG-MAXIMUS.

Library Impact Fee funds

28. The unexpended Library Impact Fee funds were collected pursuant to Chapter 16.58 of the Palo Alto Municipal Code, to be used solely for the purpose of funding development and improvements to libraries.

29. The City plans to spend the unexpended Library Impact Fee funds in the amount of \$1,150,845 to fund purchase and installation of higher-capacity book processing machines (Automated Materials Handling machines) to facilitate expanded book returns and sorting at additional library branches. Approximately \$300,000 of the Library Impact Fee funds is reserved for the Palo Alto Historical Association's Roth Building Archives.

30. These funds have not been expended because the library is evaluating new technologies and developing a plan for effective deployment of these resources. Capital project planning with the Public Works Department is anticipated in fiscal year 2021. A transfer of funds is anticipated in fiscal years 2021-2023.

31. The relationship between the fee collected and the purpose for which it is charged is demonstrated in the City of Palo Alto Parks and Community Facilities Impact Fee Study, dated September 18, 2001, by DMG-MAXIMUS.

Citywide Transportation Impact Fee funds

32. The unexpended Citywide Transportation Impact Fee funds were collected pursuant to Chapter 16.59 of the Palo Alto Municipal Code, to be used solely for the purpose of funding eligible citywide transportation enhancements, as defined in Section 16.59.020 of the Palo Alto Municipal Code.

33. The City plans to spend the unexpended Citywide Transportation Impact Fee funds in the amount of \$2,361,542 to complete the improvements identified in the City of Palo Alto Transportation Fee Nexus Study dated April 9, 2019 and accepted by the City Council on April 22, 2019.

34. These funds have not been expended pending their approval in an upcoming Capital Improvement Plan, likely in Fiscal Year 2022. It is anticipated that additional funds necessary to complete the improvements will be available in the form of matching grants.

35. The relationship between the fee collected and the purpose for which it is charged is demonstrated in the City of Palo Alto Transportation Fee Nexus Study dated April 9, 2019 and accepted by the City Council on April 22, 2019.

SECTION 2. The Council finds that this is not a project under the California Environmental Quality Act and, therefore, no environmental impact assessment is necessary.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

APPROVED:

City Clerk

Mayor

APPROVED AS TO FORM:

City Manager

Assistant City Attorney

Director of Administrative Services

Director of Planning and Community Environment

Attachment B

**City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2019**

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	\$12.85 per square foot	\$2.65 per square foot
Fund Balance July 1, 2018	\$2,288,715	\$904,216
<u>Activity in 2018-19</u>		
Revenues		
Fees Collected	925,290	358,553
Interest Earnings	56,145	18,407
Unrealized Gain/Loss Investments	79,431	26,834
Total Revenues	\$1,060,866	\$403,794
Expenditures		
Inter-agency expenses	0	0
Total Expenditures	0	0
Ending Balance June 30, 2019	\$3,349,581	\$1,308,010
Other Commitments/Appropriations		
Reserve for Reappropriation	(2,200,000)	
Reserve for Unrealized Gain on Investments	(15,576)	(6,130)
Net Funds Available	\$1,134,005	\$1,301,880
Unexpended balance	\$3,349,581	\$1,308,010
	USE OF FEES:	USE OF FEES:
	No expenditures have been made for this fund in Fiscal Year 2019. The \$2.2M Reserve for Reappropriation is for the 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 2019.

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**City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2019**

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.16.65	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	Hotel / Retail / Other Non Residential: \$21.08 per sq. ft. Office/R&D: \$36.22 per sq. ft.	\$70,094 per space
Fund Balance July 1, 2018	\$19,499,101	\$5,476,120
<u>Activity in 2018-19</u>		
Revenues		
Fees Collected	4,798,747	420,564
Interest Earnings	235,207	84,067
Unrealized Gain/Loss Investments	280,833	136,997
Total Revenues	5,314,787	641,628
Expenditures		
Salaries and Benefit	(16,157)	
Liability Insurance	(57)	
Operating transfer to General Benefit Fund	(288)	
Total Expenditures	(16,502)	0
Ending Balance June 30, 2019	\$24,797,386	\$6,117,748
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 Reappropriations	(9,000,000)	
Reserve for unrealized gain on investments	(49,729)	(32,143)
Net Funds Available	\$2,620,403	\$6,085,605
Unexpended balance	\$11,670,132	\$6,117,748
	USE OF FEES: Expenditure in Fiscal Year 2019 is for \$16K for Senior Planner and Management Analyst salaries. The \$9M Reserve for Reappropriation is for Affordable Housing Loan Agreement: 3705 El Camino Real (Wilton Court).	USE OF FEES: No expenditures have been made from this fund in Fiscal Year 2019.

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**City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2019**

FUND	Residential & Non-Residential Community Facilities Parks	Residential & Non-Residential 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 \$12,333 per residence (or \$18,416 per residence larger than 3,000 sq ft); Multi-family \$8,073 per unit (or \$4,082 per unit smaller than or equal to 900 sq ft) Nonresidential: Commercial/Industrial \$5,237 per 1,000 sq ft or fraction thereof; Hotel/Motel \$2,368 per 1,000 sq ft or fraction thereof.	Residential: Single family \$3,196 per residence (or \$4,787 per residence larger than 3,000 sq ft); Multi-family \$2,104 per unit (or \$1,062 per unit smaller than or equal to 900 sq ft) Nonresidential: Commercial/Industrial \$296 per 1,000 sq ft or fraction thereof; Hotel/Motel \$133 per 1,000 sq ft or fraction thereof.
Fund Balance July 1, 2018	\$4,533,306	\$3,492,984
<u>Activity in 2018-19</u>		
Revenues		
Fees Collected	935,889	134,543
Transfer Development Rights (TDR)		3,942,978
Interest Earnings	110,456	109,846
Unrealized Gain/Loss	131,594	128,666
Total Revenues	\$1,177,939	\$4,316,033
Inter-Agency Expenses		(2,500,000)
Operating Transfer to Capital Projects Fund	(100,000)	(1,025,717)
Total Expenditures	(100,000)	(3,525,717)
Ending Balance June 30, 2019	\$5,611,245	\$4,283,300
Reserve for unrealized gain on investments	(27,933)	(21,402)
Net Funds Available	\$5,583,312	\$4,261,898
Unexpended balance	\$5,611,245	\$4,283,300

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for Period Ending June 30, 2019**

<p>USE OF FEES:</p> <p>Budget transfer in FY 2019 was made to Capital Project fund in the amount of \$100K for Bayland Athletic Center (PG-19001)</p>	<p>USE OF FEES:</p> <p>Expenditure in fiscal year 2019 is an additional payment of \$2.5M to Avenida. This is a total of \$5M (\$2.5 M was paid in FY2018) grant funding for necessary seismic and other improvements to the existing building at 450 Bryant Street. The source of the \$5M was \$3.9 from TDR and \$1.1 from impact fees. Transfer to Capital Improvement Fund Project is for JMZ Renovation (AC-18001)</p>
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**City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2019**

FUND	Residential & Non-Residential 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 \$1,117 per residence (or \$1,662 per residence larger than 3,000 sq ft); Multi-family \$668 per unit (or \$367 per unit smaller than or equal to 900 sq ft) Nonresidential: Commercial/industrial \$282 per 1,000 sq ft or fraction thereof; Hotel/Motel \$118 per 1,000 sq ft or fraction thereof.	Single family \$77.62 per sq. ft. Single family detached; \$51.75 per sq. ft. single family attached. Multi Family \$51.75 per sq. ft. condos.
Fund Balance July 1, 2018	\$1,042,847	\$23,475,232
Activity in 2018-19		
Revenues		
Fees Collected	68,370	814,715
Webster Wood Property Rental		6,175
Interest Earnings	24,918	239,983
Bad debt recovery		25,031
Unrealized Gain/Loss Investments	29,711	291,143
Total Revenues	\$122,998	\$1,377,047
Expenditures		
Salaries and Benefits		(16,157)
Contract Services		(118,163)
Liability Insurance		(57)
Transfer to General Benefits Fund		(288)
Transfer to General Fund	(15,000)	
Total Expenditures	(15,000)	(134,665)
Ending Balance June 30, 2019	\$1,150,845	\$24,717,614
Other Commitments/Appropriations		
Reserve for Reappropriations		(1,225,032)
Reserve for Potential Housing Project		(3,000,000)
Reserve for Encumbrances		(72,410)
Reserve for unrealized gain on investments	(6,066)	(46,387)
Reserve for Notes Receivable include \$375,000 for 3053 Emerson, \$3,504,850 for Tree House Apts, \$747,734 for Sheridan Apts., \$2,285,026 for 801 Alma, \$901,201 for Palo Alto Housing Project, \$600,000 for 2811-2825 Alma St., \$203,561 for Colorado Park Housing, \$149,968 for El Dorado Palace, and \$6,800,000 for Buena Vista Mobile Home Park.		(15,567,340)
Net Funds Available	\$1,144,779	\$4,806,445

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Unexpended balance	\$1,150,845	\$9,150,274
USE OF FEES: Budget transfer in FY 2019 was made to General Fund in the amount of \$15K for new materials for International Languages Collection.		USE OF FEES: Expenditures in Fiscal Year 2019 include \$16.1K for Senior Planner and Management Analyst salaries and benefit, \$95K to Palo Alto Housing Corp for BMR admin fees and \$23K for consultancy fees. The bad debt recovery is a payment received for a notes receivable that was written off and considered uncollectible. Fiscal Year 2019 Reserves for Reappropriation is for affordable housing loan agreement with Eldorado and Wilton Court amounting to \$225K and \$1M respectively. Reserves for \$3M is for 231 Grant Avenue: Potential Teacher Housing Project.

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**City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2019**

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: \$1,351 per residential unit; Commercial: \$0.40 per sq ft	\$3,700 per net new PM peak hour trip
Fund Balance July 1, 2018	\$8,557	\$1,833,471
Activity in 2018-19		
Revenues		
Fees Collected	9,511	923,490
Interest Earnings	325	44,464
Unrealized Gain/Loss	277	66,592
Total Revenues	\$10,113	\$1,034,546
Expenditures		
Operating Transfer to Capital Projects Fund	0	(506,475)
Total Expenditures	0	(506,475)
Ending Balance June 30, 2019	\$18,670	\$2,361,542
Other Commitments/Reappropriations		
Reserve for unrealized gain on investments	(76)	(11,558)
Net Funds Available	\$18,594	\$2,349,984
Unexpended balance	\$18,670	\$2,361,542
	USE OF FEES:	USE OF FEES:
	No expenditure of funds have been made from this Fund in Fiscal Year 2019.	Budget transfer to Capital Project Fund in Fiscal Year 2019 in the amount of \$506K for Traffic Signal and Intelligent Transportation (PL-05030)

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**City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2019**

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 \$1,072 per unit; Multi-family \$858 per unit Nonresidential: Commercial \$599 per 1,000 sq ft. or fraction thereof; Industrial \$200 per 1,000 sq. ft. or fraction thereof; Office/Institutional \$799 per 1,000 sq ft or fraction thereof.	Residential: Single family \$1,351 per unit; Multi-family \$1,080 per unit Nonresidential: Commercial \$754 per 1,000 sq ft. or fraction thereof; Industrial \$251 per 1,000 sq. ft. or fraction thereof; Hotel/Motel \$1,008 per 1,000 sq ft or fraction thereof.
Fund Balance July 1, 2018	\$146,779	\$184,946
Activity in 2018-19		
Revenues		
Fees Collected	190,186	239,417
Interest Earnings	5,758	7,252
Unrealized Gain/(Loss)	4,103	5,170
Total Revenues	\$200,047	\$251,839
Total Expenditures	0	0
Ending Balance June 30, 2019	\$346,826	\$436,785
Other Commitments/Reappropriations		
Reserve for unrealized gain on investments	(1,376)	(1,733)
Net Funds Available	\$345,450	\$435,052
Unexpended balance at next finding date FY 2019-20	\$346,826	\$436,785
USE OF FEES:		
	No expenditure of funds have been made from this Fund in Fiscal Year 2019.	No expenditure of funds have been made from this Fund in Fiscal Year 2019.

Attachment B

**City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2019**

(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 \$113.18 million construction valuation and 0.9% of construction valuation for valuation in excess of \$113.18 million	Single Family: \$62,583.66 per unit; Multi-Family: \$43,136.76 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, 2018	\$729,193	\$3,634,309
Activity in 2018-19		
Revenues		
Fees Collected	571,309	644,048
Interest Earnings	25,018	71,529
Unrealized Gain/Loss Investments	19,133	101,679
Operating Transfer from General Fund	169,998	
Total Revenues	\$785,457	\$817,256
Expenditures		
Salaries and benefits	(187,699)	
Liability Insurance	(1,858)	
Transfer to General Benefit Fund	(1,655)	
Transfer to Capital Projects Fund		(470,000)
Total Expenditures	(191,211)	(470,000)
Ending Balance June 30, 2019	\$1,323,439	\$3,981,565
Other Commitments/Reappropriations		
Reserve for unrealized gain on investments	(5,437)	(21,065)
Net Funds Available	\$1,318,002	\$3,960,500
	<div style="border: 1px solid black; padding: 2px;"> <p>This fund is not subject to AB1600 requirements and is listed only for information purposes.</p> </div>	<div style="border: 1px solid black; padding: 2px;"> <p>This fund is not subject to AB1600 requirements and is listed only for information purposes.</p> </div>

Attachment B

**City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2019**

(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>
Activity in 2018-19	
Capacity Fees Collected	
Water	\$524,100
Wastewater Collection	<u>283,250</u>
Total	
	USE OF FEES:
	The fees are used exclusively for water and sewer system improvements