

City of Palo Alto

MEMORANDUM

TO: Finance Committee

DATE: May 12, 2016

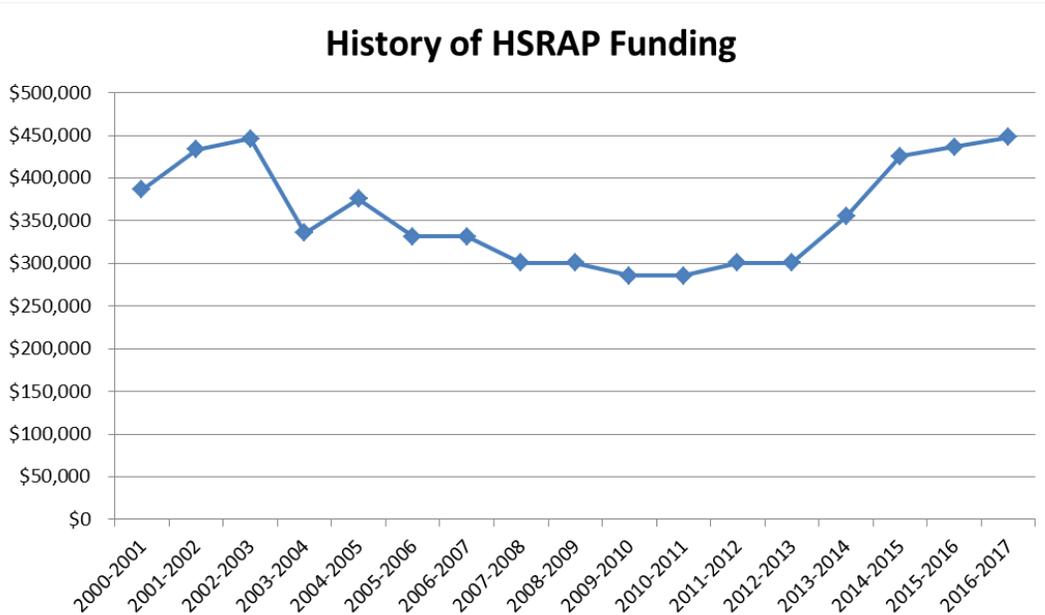
SUBJECT: Additional Information Pertaining to the Fiscal Year 2017 Proposed Operating Budget

This memorandum transmits additional information requested by the Finance Committee and/or provided at staff’s behest in regards to the Fiscal Year 2017 Proposed Operating Budget.

Community Services HSRAP Allocations – Historical Funding Levels

(Finance Committee Budget Hearing May 5th; Agenda Item #5)

At the May 10th Finance Committee meeting, in response to the at places memorandum that was transmitted at that meeting, additional information was requested about the Human Services Resources Allocation Process (HSRAP) requesting an outline of the funding history dating back to FY 2001. Below is a chart detailing this history. These annual figures do not include funding for Avenidas and Palo Alto Community Child Care in order to provide a more accurate comparison to the current funding amount.



Historical HSRAP Funding Levels

| Year | Adopted Budget | % change from prior year |
|-----------|----------------|--------------------------|
| 2000-2001 | \$386,425 | |
| 2001-2002 | \$433,254 | 12.12% |
| 2002-2003 | \$446,251 | 3.00% |
| 2003-2004 | \$335,835 | (24.74%) |
| 2004-2005 | \$375,835 | 11.91% |
| 2005-2006 | \$331,453 | (11.81%) |
| 2006-2007 | \$331,453 | 0.00% |
| 2007-2008 | \$300,453 | (9.35%) |
| 2008-2009 | \$300,453 | 0.00% |
| 2009-2010 | \$285,430 | (5.00%) |
| 2010-2011 | \$285,430 | 0.00% |
| 2011-2012 | \$300,737 | 5.36% |
| 2012-2013 | \$300,737 | 0.00% |
| 2013-2014 | \$355,324 | 18.15% |
| 2014-2015 | \$425,594 | 19.78% |
| 2015-2016 | \$436,659 | 2.60% |
| 2016-2017 | \$448,012 | 2.60% |

Development Services Development Fee Cost Recovery

(Finance Committee Budget Hearing May 10th; Agenda Item #2)

At the May 10th Finance Committee meeting, a discussion occurred about what costs are eligible to be recovered through development services fee payers, specifically in regards to Fire Department staffing. Per Proposition 26 “Supermajority Vote to Pass New Taxes and Fees Act” and Proposition 218 “Right to Vote on Taxes Act”, all governmental charges must be approved by the voters unless they qualify for an exemption. Under Proposition 26, California Constitution Article XIII C, Section 1(e)(3), regulatory fees, including fees for “issuing licenses and permits, performing investigations, inspections, and audits,” may be exempt, but only to the extent the fees do not exceed the amount necessary to cover the reasonable cost of the services provided. Proposition 26 places the burden on the City to show that a regulatory fee does not exceed this limitation.

Therefore, training and related certification costs can be passed on to the fee payers only if they are necessary to complete inspection work. For example, if fire suppression training is only necessary for fire suppression work and is not necessary for the inspectors to complete fire inspection work, those costs cannot be passed on to fee payers. Should the City wish to pass along the fire suppression training costs, it would need to show that suppression training is necessary for the fire inspectors to provide inspections.

Housing In-Lieu Fund Balance

(Finance Committee Budget Hearing May 10th; Agenda Item #5.c)

At the May 10th Finance Committee meeting, the available fund balance in Housing In-Lieu funds was requested. Attachment A is City Manager Report 6295, *Review and Acceptance of Annual Status Report on Development Impact Fees for Fiscal Year 2015*. This report, and its Attachment A, outlines the FY 2015 ending balance as reported in the Comprehensive Annual Financial Report (CAFR) with additional context provided outlining any restriction or reserved funds within the fund balance for all Development Impact Fees. The Commercial Housing In-Lieu Fund outlined a June 30, 2015 balance of \$14.6 million, however, once adjusted for other commitments/appropriations, the net available balance is \$2.0 million. The Residential Housing In-Lieu Fund outlined a June 30, 2015 balance of \$17.6 million, however, once adjusted for other commitments/appropriations, the net available balance is \$621,000. (See **Attachment A**).

Development Services Performance Measure Goals

(Finance Committee Budget Hearing May 10th; Agenda Item #2)

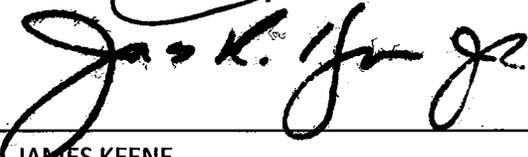
At the May 10th Finance Committee meeting, inclusion of both quantitative as well as quality goals was requested to be added to the performance measure goals (specifically in the development Services Department). Staff has taken this under advisement, will include this request into the anticipated evaluation of performance measures during FY 2017, and incorporate any recommended changes into the FY 2018 budget process.

DEPARTMENT HEAD:



LALO PEREZ
Director Administrative Services/CFO

CITY MANAGER:



JAMES KEENE
City Manager



City of Palo Alto

City Council Staff Report

(ID # 6295)

Report Type: Consent Calendar**Meeting Date: 1/25/2016****Summary Title: Annual Status Report Development Impact Fees FY15****Title: Review and Acceptance of Annual Status Report on Development Impact Fees for Fiscal Year 2015****From: City Manager****Lead Department: Administrative Services****Recommendation**

Staff recommends that Council review and accept the Annual Report on Development Impact Fees for the year ended June 30, 2015 (Attachment A).

Background

State law (Government Code Section 66006) requires that each local agency that imposes development impact fees prepare an annual report providing specific information about those fees. This requirement is part of the law commonly referred to as AB 1600. It codifies the legal requirement that fees on new development must have the proper nexus to any project on which they are imposed. In addition, AB 1600 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 agency that collected the fees 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 sufficient 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 due to inability to expend fees within the required time frame.

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. An early packet consisting of Exhibit A only was made available to the public and included in the packet for the December 7, 2015 meeting of the City Council.

The law also provides that, for the fifth fiscal year following the first deposit into the fund and every five years thereafter, the local agency shall make findings with respect to any portion of the fee remaining unexpended, whether committed or uncommitted. The finding must:

- 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 fund.

If the agency no longer needs the funds for the purposes collected, or if the agency fails to make required findings, or 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.

The City Auditor's office recently conducted an audit of the City's Parking in-lieu fund.

Discussion

The City of Palo Alto development fees covered by AB 1600, and documented in Attachment A, include the established fees noted below, as well as two new fees for Public Safety Facilities and General Government Facilities that were approved by Council in May 2014. In addition, though not technically a fee covered by AB 1600, the City is reporting its Public Art fee for informational purposes only.

- Stanford Research Park/El Camino Real traffic impact fees (PAMC Ch. 16.45): Fee for new nonresidential development in the Stanford Research Park/El Camino Real Service Commercial zone, to fund capacity improvements at eight intersections.
- San Antonio/West Bayshore Area traffic impact fees (PAMC Ch. 16.46): Fee for new nonresidential development in the San Antonio/West Bayshore area to fund capacity improvements at four intersections.
- Commercial housing in-lieu (PAMC Ch. 16.47): Fee on commercial and industrial development to contribute to programs that increase the City's low income and moderate-income housing stock.
- University Avenue Parking in-lieu (PAMC Ch. 16.57): Fee on new non-residential development in the University Avenue Parking Assessment District in lieu of providing required parking spaces.
- Parks, Community Centers, and Libraries impact fees (PAMC Ch. 16.58): Fee on new residential and non-residential development to provide community facility funds for parks, community centers, libraries, public safety, and general government.
- Residential housing in-lieu fees (PAMC Ch. 16.47): Fee on residential developments in-lieu of providing required below-market rate units to low and moderate income households.
- Parkland dedication fees (Quimby Act) (California Government Code Section 66477): Fee or parkland dedication imposed on new residential and non-residential development.
- Charleston-Arastradero Corridor pedestrian and bicyclist safety fees (PAMC Ch. 16.59): Fee on new development and re-development within the Charleston-Arastradero Corridor to provide for pedestrian and bicyclist improvements.
- Public Safety facilities (PAMC Ch. 16.58): Fee on residential and non-residential development to fund police and fire facilities, including fire apparatus and vehicles.
- General Government facilities (PAMC Ch. 16.58): Fee on residential and non-residential development to fund facilities associated with municipal administration.

- Citywide Transportation impact fee (PAMC Ch 16.59): Fee on development in all parts of the City to fund transportation projects and programs to reduce congestion.
- Public Art fees (PAMC 16.61): Fee on public art for private developments.
- Water and sewer capacity fees (California Government Code Section 66000): Fee on developments adding load to water and sewer systems.

AB 1600 requires the City to make specified findings in the event any funds are not expended within five fiscal years of collection and every five years thereafter. While there are several funds containing collected fees that have not been expended in five years, the required statutory carryover findings have already been made for those funds and no further findings are required.

RESOURCE IMPACT

Council approved the required findings with respect to unexpended fees in fiscal years 2012 and 2013. There were no required findings for either fiscal year 2014 or fiscal year 2015. The next finding date will be fiscal year 2017, and the unexpended balances for each fee type are noted at the bottom of each section in Attachment A.

Attachments:

- Attachment A: Developer Fees (XLS)

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

| 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 | \$11.64 per square foot | \$2.40 per square foot |
| Fund Balance July 1, 2014 | \$3,492,212 | \$848,819 |
| <u>Activity in 2014-15</u> | | |
| Revenues | | |
| Fees Collected | 616,173 | 0 |
| Interest Earnings | 73,552 | 16,769 |
| Unrealized Gain/Loss Investments | (4,692) | (361) |
| Total Revenues | \$685,033 | \$16,408 |
| Expenditures | | |
| Inter-agency expenses | | 0 |
| Transfer to Gas Tax Fund | (994,217) | 0 |
| Total Expenditures | (994,217) | 0 |
| Ending Balance June 30, 2015 | \$3,183,028 | \$865,227 |
| Other Commitments/Appropriations Reserve for unrealized gain on investments | (19,599) | (5,037) |
| Net Funds Available | \$3,163,429 | \$860,190 |
| Unexpended balance at next finding date (FY 2017-18) | \$2,343,008 | \$823,819 |
| | USE OF FEES: | USE OF FEES: |
| | Expenditures of funds have been made in Fiscal Year 2015 for \$994K transfer to Gas Tax Fund. During the FY 2008-09, the City transferred out \$994k from Gas Tax Fund to this fund for various street related costs. However, the transfer were not used for street related expenses, as result per SCO recommendation \$994K was returned to Gas Tax Fund. | No expenditures have been made from this fund in Fiscal Year 2015. |

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

| 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 | \$19.31 per square foot | \$63,848 per space |
| Fund Balance July 1, 2014 | \$12,538,778 | \$1,970,372 |
| <u>Activity in 2014-15</u> | | |
| Revenues | | |
| Fees Collected | 2,297,126 | 2,890,950 |
| Interest Earnings | 171,150 | 90,052 |
| Unrealized Gain/Loss Investments | 10,053 | 11,685 |
| Total Revenues | 2,478,329 | 2,992,687 |
| Expenditures | | |
| Transfer to Residential Housing In- Lieu Fund | (375,000) | 0 |
| Total Expenditures | (375,000) | 0 |
| Ending Balance June 30, 2015 | \$14,642,107 | \$4,963,059 |
| Other Commitments/Appropriations | | |
| Reserve for Notes Receivable include:\$1,290,000 for 2811 Alma, and \$3,645,010 for 801 Alma. | (4,935,010) | |
| Reserve for Buena Vista | (7,700,000) | |
| Reserve for unrealized gain on investments | (49,863) | (20,457) |
| Net Funds Available | \$1,957,234 | \$4,942,602 |
| Unexpended balance at next finding date (FY 2017-18) | 4,667,286 | \$652,080 |
| | USE OF FEES: | USE OF FEES: |
| | Expenditures of funds have been made in Fiscal Year 2015 for \$375K. This is transfer to Residential Housing In-Lieu Fund for rehabilitation and preservation of affordable housing units at 110-130 El Dorado. This will be repaid on June 30, 2016 including interest. | No expenditure of funds have been made from this fund in Fiscal Year 2015. |

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

| 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 \$11,180/residence (or \$16,695/residence larger than 3,000 sq ft); Multi-family \$7,318/unit (or \$3,700/unit smaller than or equal to 900 sq ft) Nonresidential: Commercial/industrial \$4,748 per 1,000 sq ft; Hotel/Motel \$2,147 per 1,000 sq ft | Residential: Single family \$2,898/residence (or \$4,439/residence larger than 3,000 sq ft); Multi-family \$1,907/unit (or \$963/unit smaller than or equal to 900 sq ft) Nonresidential: Commercial/industrial \$268 per 1,000 sq ft; Hotel/Motel \$121 per 1,000 sq ft |
| Fund Balance July 1, 2014 | \$2,929,569 | \$5,009,861 |
| <u>Activity in 2014-15</u> | | |
| Revenues | | |
| Fees Collected | 830,387 | 117,161 |
| Interest Earnings | 64,721 | 99,910 |
| Unrealized Gain/Loss | 5,398 | (4,344) |
| Total Revenues | \$900,506 | \$212,727 |
| Total Expenditures | 0 | 0 |
| Ending Balance June 30, 2015 | \$3,830,075 | \$5,222,588 |
| Other Commitments/Appropriations | | |
| Reserve for unrealized gain on investments | (19,905) | (30,068) |
| Net Funds Available | \$3,810,170 | \$5,192,520 |
| Unexpended balance at next finding date (FY 2016-17) | 446,005 | \$843,809 |
| | USE OF FEES: No expenditure of funds have been made from this Fund in Fiscal Year 2015. | USE OF FEES: No expenditure of funds have been made from this Fund in Fiscal Year 2015. |

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

| 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 \$1,012/residence (or \$1,507/residence larger than 3,000 sq ft); Multi-family \$604/unit (or \$332/unit smaller than or equal to 900 sq ft) Nonresidential: Commercial/industrial \$255 per 1,000 sq ft; Hotel/Motel \$107 per 1,000 sq ft | Varies |
| Fund Balance July 1, 2014 | \$730,991 | \$13,909,337 |
| <u>Activity in 2014-15</u> | | |
| Revenues | | |
| Fees Collected | 58,007 | 19,800 |
| Sterling Litigation Settlement | | 3,851,759 |
| Webster Wood In-Lieu Payment | | 5,175 |
| Interest Earnings | 14,909 | 203,752 |
| Unrealized Gain/Loss Investments | (211) | 12,663 |
| Transfer from Commercial Housing In- Lieu Fund | | 375,000 |
| Total Revenues | \$72,705 | \$4,468,149 |
| Expenditures | | |
| Legal | | (278,326) |
| Housing Program Expense | | (347,070) |
| Principal Retired | | (131,126) |
| Total Expenditures | 0 | (756,522) |
| Ending Balance June 30, 2015 | \$803,697 | \$17,620,964 |
| Other Commitments/Appropriations | | |
| Reserve for Reappropriations | | (1,975,000) |
| Reserve for Encumbrances | | (363,645) |
| Reserve for Buena Vista | | (6,800,000) |
| Reserve for unrealized gain on investments | (4,512) | (46,400) |
| Reserve for Notes Receivable include \$375,000 for 3053 Emerson, \$3,804,850 for Tree House Apts, \$203,093 for Oak Manor, \$756,819 for Sheridan Apts., and \$2,674,986 for 801 Alma | | (7,814,748) |
| Net Funds Available | \$799,185 | \$621,171 |

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

| | | |
|---|------------------|--|
| Unexpended balance at next finding date (FY 2016-17-Residential & Non Residential Housing Communities Facilities Libraries, FY2017-18-Residential Housing In-Lieu) | \$541,529 | 2,734,967 |
| USE OF FEES: | | USE OF FEES: |
| No expenditure of funds have been made from this Fund in Fiscal Year 2015. | | Expenditures in Fiscal Year 2015 include \$147K to Palo Alto Housing Corp for BMR fees, \$131K for Oak Manor Apts. loan forgiveness, \$279K for legal fees, and \$200K financial contribution to Housing Trust Silicon Valley. |

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

| 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: \$1,225 per unit; Commercial: \$0.36 per sq ft |
| Fund Balance July 1, 2014 | \$2,427,163 | \$249,804 |
| <u>Activity in 2014-15</u> | | |
| Revenues | | |
| Fees Collected | 78,214 | 1,168 |
| Interest Earnings | 48,088 | 4,942 |
| Unrealized Gain/Loss | (310) | (1,224) |
| Total Revenues | \$125,992 | \$4,886 |
| Total Expenditures | 0 | 0 |
| Ending Balance June 30, 2015 | \$2,553,155 | \$254,690 |
| Other Commitments/Reappropriations Reserve for unrealized gain on investments | (14,534) | (1,475) |
| Net Funds Available | \$2,538,621 | \$253,215 |
| Unexpended balance at next finding date (FY 2016-17-Parkland Dedication, FY2017-18-Charleston) | \$757,744 | \$138,989 |
| | USE OF FEES: | USE OF FEES: |
| | No expenditure of funds have been made from this Fund in Fiscal Year 2015. | No expenditure of funds have been made from this Fund in Fiscal Year 2015. |

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

| 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 PAMC Ch. 16.58 |
| Amount of the Fee | Residential: Single family \$996 per unit; Multi-family \$797 per unit Nonresidential: Commercial \$557 per 1,000 sq ft. or fraction thereof; Industrial \$186 per 1,000 sq. ft. or fraction thereof; Hotel/Motel \$743 per 1,000 sq ft or fraction thereof | Residential: Single family \$1,225 per unit; Multi-family \$1004 per unit Nonresidential: Commercial \$702 per 1,000 sq ft. or fraction thereof; Industrial \$234 per 1,000 sq. ft. or fraction thereof; Hotel/Motel \$937 per 1,000 sq ft or fraction thereof |
| Fund Balance July 1, 2014 | \$0 | \$0 |
| <u>Activity in 2014-15</u> | | |
| Revenues | | |
| Fees Collected | 1,594 | 2,008 |
| Interest Earnings | 2 | 3 |
| Total Revenues | \$1,596 | \$2,011 |
| Total Expenditures | 0 | 0 |
| Ending Balance June 30, 2015 | \$1,596 | \$2,011 |
| Other Commitments/Reappropriations | | |
| Net Funds Available | \$1,596 | \$2,011 |
| 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 2015. | No expenditure of funds have been made from this Fund in Fiscal Year 2015. |

Attachment A

City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015

| FUND | Citywide Transportation | |
|---|--|--------------------|
| Purpose and Authority for Collection | 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 | \$3,354 per net new PM peak hour trip | |
| Fund Balance July 1, 2014 | | \$3,882,010 |
| <u>Activity in 2014-15</u> | | |
| Revenues | | |
| Fees Collected | | 405,120 |
| Interest Earnings | | 62,759 |
| Unrealized Gain/Loss Investments | | (4,311) |
| Total Revenues | | \$463,568 |
| Expenditures | | |
| Operating Transfer to CIP | | (1,885,183) |
| Total Expenditures | | (1,885,183) |
| Ending Balance June 30, 2015 | | \$2,460,395 |
| Other Commitments/Reappropriations | | |
| Reserve for unrealized gain on investments | | (18,630) |
| Net Funds Available | | \$2,441,765 |
| Unexpended balance at next finding date (FY 2017-18) | | \$1,216,124 |
| | USE OF FEES: | |
| | Expenditures have been made in Fiscal Year 2015 for \$372K to PL-15001 (Embarcadero Corridor), \$308K to PL-14000 (El Camino / Churchhill), \$841K to PL-05030 (Traffic Signal and ITS upgrades, and \$364K to PL-11003 (Palo Alto Traffic Signal) | |

Attachment A

**City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015**

(INFORMATION ONLY)

Public Art Fund

| FUND | Public Art Fund | |
|--|--|------------------|
| 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 square feet 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 | |
| Amount of the Fee | 1% of first \$100 million construction valuation and .9% of construction valuation for valuation in excess of \$100 million | |
| Fund Balance July 1, 2014 | | \$56,176 |
| <u>Activity in 2014-15</u> | | |
| Revenues | | |
| Fees Collected | | 110,485 |
| Interest Earnings | | 5,707 |
| Unrealized Gain/Loss Investments | | 1,208 |
| Operating Transfer from General Fund | | 96,123 |
| Total Revenues | | \$213,523 |
| Expenditures | | |
| Salaries and benefits | | (114,815) |
| Supplies and materials | | (168) |
| Total Expenditures | | (114,983) |
| Ending Balance June 30, 2015 | | \$154,716 |
| Reserve for unrealized gain on investments | | (1,546) |
| Net Funds Available | | \$153,170 |
| This fund is not subject to AB1600 requirements and is listed only for information purposes | | |

Attachment A

**City of Palo Alto
Annual Report on Development Impact Fees
for Period Ending June 30, 2015**

(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. \$5,000, 1 in. \$9,400, 1 1/2 in. \$18,850, 2 in. by est. \$125/FU, 3 in. by est. \$125/FU, 4 in. by est. \$125/FU, 6 in. by est. \$125/FU Water Fire Service: 2 in. \$750, 4 in. \$9,000, 6 in. \$22,530, 8 in. \$43,080, 10in. \$69,510 Sewer: 4 in. \$10,500 first 50 FU, \$210/FU additional, 6 in. by est. \$210/FU, 8 in. by est. \$210/FU FU is fixture unit |
| <u>Activity in 2014-15</u> | |
| Capacity Fees Collected | |
| Water | \$1,132,095 |
| Wastewater Collection | <u>647,640</u> |
| Total | \$1,779,735 |
| USE OF FEES: | |
| The fees are used exclusively for water and sewer system improvements | |