



DATE: February 24, 2015

AGENDA ITEM # 3

**TO:** City Council  
**FROM:** Kim Juran-Karageorgiou, Administrative Services Director  
**SUBJECT:** Annual Report on Development Impact Fees-AB1600

**RECOMMENDATION:**

- A. Receive the Annual Report on Development Impact Fees for FY 2013 and FY 2014; and
  - B. Adopt Resolution No. 2015-05 affirming the need to commit unexpended Traffic Impact Fees
- 

**SUMMARY:**

**Estimated Fiscal Impact:**

**Amount:** None

**Budgeted:** Not Applicable

**Public Hearing Notice:** Not Applicable

**Previous Council Consideration:** March 26, 2013

**CEQA Status:** Not Applicable

**Attachments:**

1. Annual Report on Development Impact Fees for Fiscal Year Ended June 30, 2013 and June 30, 2014
2. Resolution No. 2015-05

## BACKGROUND

The City has two developer impact fees in place, a Park-in-Lieu Fee and a Traffic Impact Fee. The City's Park-in-Lieu fee requires developers to contribute land or an in-lieu fee per parcel when developing or subdividing a property. The fees collected are to be used for purchasing or improving park or recreational facilities. The City has identified park and recreation facility improvements in its Capital Improvement Program to be funded with these dollars.

The City also requires developers to pay a Traffic Impact Fee when a new development generates traffic and meets other requirements described in Section 3.48.040 of the Los Altos Municipal Code. These fees are to be used for transportation improvements related to collector streets identified in the City's Capital Improvement Program and/or in the Traffic Impact Fee report in effect at the time the Traffic Impact Fee is enacted or as subsequently amended.

Section 66001 of the Government Code requires the City to review and report on the status of the fees collected annually.

## DISCUSSION

The Annual Report on Development Impact Fees (Attachment 1) provides information on the amount of developer fees collected and expended, and the interest earned on unexpended funds from July 1, 2012 through June 30, 2014. In the case that developer fees are held for a period greater than five years, the City Council can make annual findings that unexpended funds are committed to a specified project the purpose of which bears a reasonable relationship with the subject fee.

As of June 30, 2014, \$230,270 of Traffic Impact Fee funds were unexpended beyond a five-year term resulting in the finding noted above and the required statement of fund commitment per Resolution No. 2015-05.

Projects identified for use of traffic impact funds are as listed in the chart below:

<i>Project Description</i>	<i>Project #</i>	<i>Status</i>	<i>Project Year</i>	<i>Project Balance</i>
<i>Homestead Road Safety Improvements</i>	12-19	Adopted Plan	2011/12	\$194,230
<i>Traffic Signal Improvements</i>	14-23	Adopted Plan	2013/14	\$205,100
<i>Intersection Bicycle Loops</i>	13-20	Adopted Plan	2012/13	\$173,300
<i>Advanced Traffic Mgmt Feasibility Study</i>	15-22	Adopted Plan	2014/15	\$ 55,000

As of June 30, 2014, no Park-in-Lieu Fees were held by the City for a period greater than five years and as a result, no findings are needed on such fees.

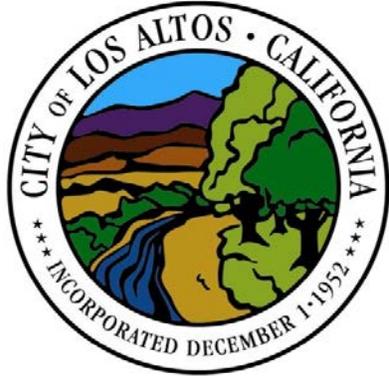
**FISCAL IMPACT**

There is no fiscal impact as this is a reporting requirement only.

**PUBLIC CONTACT**

State law requires the City to make this report available for public inspection at least 10 days before the City Council receives the report. The notice on the availability of this report was posted accordingly.

Posting of the agenda serves as notice to the general public.



# **City of Los Altos**

## **Annual Report on Development Impact Fees**

**for  
Fiscal Year Ended  
June 30, 2013**

**City of Los Altos  
Development Impact Fee (DIF) Compliance  
For Year Ended June 30, 2013**

**Schedule of Park-In-Lieu Fees**

Pursuant to City of Los Altos Municipal Code Chapter 13.24  
Per City Council Adopted Resolution No. 2010-24

New Single-family Residential Home	\$ 30,000 per Home
New Multiple-family Unit	\$ 18,000 per Unit

**Schedule of Traffic Impact Fees**

Pursuant to City of Los Altos Municipal Code Chapter 3.48  
Per City Council Adopted Resolution No. 2010-24

Single-family Housing	\$ 5,142 per Residential Unit
Multiple-family Housing	\$ 3,156 per Residential Unit
Senior Housing	\$ 1,323 per Residential Unit
Commercial	\$ 9,418 per One Thousand Gross Square Feet
Office	\$ 7,585 per One Thousand Gross Square Feet

**City of Los Altos**  
**Development Impact Fee (DIF) Compliance**  
**For Year Ended June 30, 2013**

<b>Park-In-Lieu Fee</b>
-------------------------

Fiscal Year	Beg Bal	DIF Fees	Interest Income	Transfers In	AB1600 Expenses	Transfers Out	End Bal
2005	\$ 0	\$ 30,000	\$ 670		\$ 6,500		\$ 24,170
2006	24,170	60,000	2,757		-		86,927
2007	86,927	243,000	7,705		-		337,632
2008	337,632	867,000	23,890		211,780		1,016,742
2009	1,016,742	-	19,684		73,046		963,380
2010	963,380	468,000	7,868		154,257		1,284,991
2011	1,284,991	132,000	7,784		1,136,867		287,908
2012	287,908	756,000	6,027		100,185		949,750
2013	949,750	3,636,000.00	4,640.00				4,590,390

**Aging of Funds Held**

Fiscal Year	Current Year Funds	1 Yr Old Funds	2 Yr Old Funds	3 Yr Old Funds	4 Yr Old Funds	5 Yr Old Funds	Total Funds Held
2013	\$ 3,640,640	\$ 762,027	\$ 139,784	47,939			\$ 4,590,390

**City of Los Altos**  
**Development Impact Fee (DIF) Compliance**  
**For Year Ended June 30, 2013**

<b>Traffic Impact Fee</b>
---------------------------

Fiscal Year	Beg Bal	DIF Fees	Interest Income	Transfers In	AB1600 Expenses	Transfers Out	End Bal
----------------	------------	-------------	--------------------	-----------------	--------------------	------------------	------------

2006	\$0	\$ 84,796	\$ 960				\$ 85,756
2007	85,756	-	4,467				90,223
2008	90,223	285,018	7,785				383,026
2009	383,026	24,842	8,974				416,842
2010	416,842	154,644	3,372				574,858
2011	574,858	185,795	5,935		47,793		718,795
2012	718,795	59,964	5,108		23,402		760,465
2013	760,465	651,705	1,758		18,336		1,395,592

**Aging of Funds Held**

Fiscal Year	Current Year Funds	1 Yr Old Funds	2 Yr Old Funds	3 Yr Old Funds	4 Yr Old Funds	5 Yr Plus Old Funds	Total Funds Held
2013	\$ 653,463	\$ 65,072	\$ 191,730	\$ 158,016	\$ 33,816	\$ 293,495	\$ 1,395,592

**City of Los Altos  
Development Impact Fee (DIF) Compliance  
Funds Expended  
For Year Ended June 30, 2013**

<b>Project</b>	<b>Amount of Impact Fees Expended on Project</b>	<b>Amount of All Funds Expended on Project</b>	<b>Percent Share of Impact Fees</b>
----------------	--	--	---

No Spending on Projects this Year

Total	<u>\$ -</u>	<u>\$ -</u>
-------	-------------	-------------

As June 30, 2013, there were no loans made by the Fund

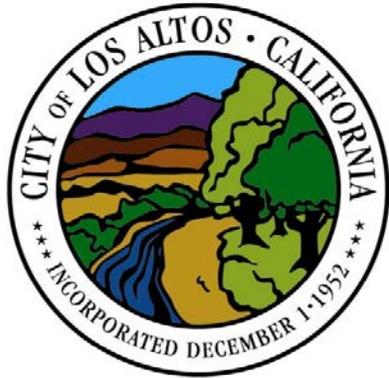
For fiscal year ending June 30, 2013, there were no fee refunds issued by the Fund

**City of Los Altos**  
**Development Impact Fee (DIF) Compliance**  
**Funds Expended**  
**For Year Ended June 30, 2013**

<b>Project</b>		<b>Amount of Impact Fees Expended on Project</b>	<b>Amount of All Funds Expended on Project</b>	<b>Percent Share of Impact Fees</b>
Collector Street Calming	Traffic Impact	\$ 10,115	\$ 81,310	12%
Homestead Safety Improvement	Traffic Impact	\$ 8,221	1,423,058	1%
	Total	<u>\$ 18,336</u>	<u>\$ 1,504,368</u>	1%

As June 30, 2013, there were no loans made by the Fund

For fiscal year ending June 30, 2013, there were no fee refunds issued by the Fund



# **City of Los Altos**

## **Annual Report on Development Impact Fees**

**for  
Fiscal Year Ended  
June 30, 2014**

**City of Los Altos  
Development Impact Fee (DIF) Compliance  
For Year Ended June 30, 2014**

**Schedule of Park-In-Lieu Fees**

Pursuant to City of Los Altos Municipal Code Chapter 13.24  
Per City Council Adopted Resolution No. 2010-24

New Single-family Residential Home	\$ 30,000 per Home
New Multiple-family Unit	\$ 18,000 per Unit

**Schedule of Traffic Impact Fees**

Pursuant to City of Los Altos Municipal Code Chapter 3.48  
Per City Council Adopted Resolution No. 2010-24

Single-family Housing	\$ 5,142 per Residential Unit
Multiple-family Housing	\$ 3,156 per Residential Unit
Senior Housing	\$ 1,323 per Residential Unit
Commercial	\$ 9,418 per One Thousand Gross Square Feet
Office	\$ 7,585 per One Thousand Gross Square Feet

**City of Los Altos**  
**Development Impact Fee (DIF) Compliance**  
**For Year Ended June 30, 2014**

<b>Park-In-Lieu Fee</b>
-------------------------

Fiscal Year	Beg Bal	DIF Fees	Interest Income	Transfers In	AB1600 Expenses	Transfers Out	End Bal
2005	\$0	\$ 30,000	\$ 670		\$ 6,500		\$ 24,170
2006	24,170	60,000	2,757		-		86,927
2007	86,927	243,000	7,705		-		337,632
2008	337,632	867,000	23,890		211,780		1,016,742
2009	1,016,742	-	19,684		73,046		963,380
2010	963,380	468,000	7,868		154,257		1,284,991
2011	1,284,991	132,000	7,784		1,136,867		287,908
2012	287,908	756,000	6,027		100,185		949,750
2013	949,750	3,636,000.00	4,640.00				4,590,390
2014	4,590,390	1,260,000	21,574				5,871,964

**Aging of Funds Held**

Fiscal Year	Current Year Funds	1 Yr Old Funds	2 Yr Old Funds	3 Yr Old Funds	4 Yr Old Funds	5 Yr Old Funds	Total Funds Held
2013	\$ 1,281,574	\$ 3,640,640	\$ 762,027	139,784	47,939		\$ 5,871,964

**City of Los Altos**  
**Development Impact Fee (DIF) Compliance**  
**For Year Ended June 30, 2014**

<b>Traffic Impact Fee</b>
---------------------------

Fiscal Year	Beg Bal	DIF Fees	Interest Income	Transfers In	AB1600 Expenses	Transfers Out	End Bal
2006	\$0	\$ 84,796	\$ 960				\$ 85,756
2007	85,756	-	4,467				90,223
2008	90,223	285,018	7,785				383,026
2009	383,026	24,842	8,974				416,842
2010	416,842	154,644	3,372				574,858
2011	574,858	185,795	5,935		47,793		718,795
2012	718,795	59,964	5,108		23,402		760,465
2013	760,465	651,705	1,758		18,336		1,395,592
2014	1,395,592	692,408	8,083		1,684	95,357	1,999,042

**Aging of Funds Held**

Fiscal Year	Current Year Funds	1 Yr Old Funds	2 Yr Old Funds	3 Yr Old Funds	4 Yr Old Funds	5 Yr Plus Old Funds	Total Funds Held
2013	\$ 700,491	\$ 653,463	\$ 65,072	\$ 191,730	\$ 158,016	\$ 230,270	\$ 1,999,042

**City of Los Altos**  
**Development Impact Fee (DIF) Compliance**  
**Park-in-Lieu Funds Expended**  
**For Year Ended June 30, 2014**

Project	Amount of Impact Fees Expended on Project	Amount of All Funds Expended on Project	Percent Share of Impact Fees
---------	--	--	------------------------------------

No Spending on Projects this Year

Total	\$ -	\$ -
-------	------	------

As June 30, 2014, there were no loans made by the Fund

For fiscal year ending June 30, 2014, there were no fee refunds issued by the Fund

**City of Los Altos**  
**Development Impact Fee (DIF) Compliance**  
**Traffic Impact Fee Funds Expended**  
**For Year Ended June 30, 2014**

<b>Project</b>		<b>Amount of Impact Fees Expended on Project</b>	<b>Amount of All Funds Expended on Project</b>	<b>Percent Share of Impact Fees</b>
Collector Street Calming	Traffic Impact	\$ 1,684	\$ 82,994	2%
Demolition of 400 Main	Traffic Impact	\$ 95,357	95,357	100%
	Total	<u>\$ 97,041</u>	<u>\$ 178,351</u>	54%

As June 30, 2014, there were no loans made by the Fund

For fiscal year ending June 30, 2014, there were no fee refunds issued by the Fund

**RESOLUTION NO. 2015-05**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS,  
CALIFORNIA, MAKING FINDINGS REGARDING THE CONTINUING NEED  
FOR UNEXPENDED BALANCES OF IMPACT FEES AS OF JUNE 30, 2014**

**WHEREAS**, Government Code Sections 66000 (commonly known as and referenced to herein as “AB1600”) regulate the imposition, collections, maintenance, expenditure and reporting of impact fees imposed on developers for the purpose of defraying costs of public facilities; and

**WHEREAS**, the City of Los Altos (“City”) has identified two (2) impact fees collected from developers that are subject to AB1600’s requirements. Those funds are the Traffic Impact Fee (Fund 26) and the Park-In-Lieu Fees (Fund 27); and

**WHEREAS**, in accordance with the provisions of AB1600, the City has set up separate special revenue funds for each type of fee, crediting earned interest to those funds, and spending the accumulated fees and related interest on appropriate expenditures; and

**WHEREAS**, the City has prepared an annual report for FY 2012/13 and FY 2013/14 in accordance with AB1600, “AB1600 Report on Development Impact Fees for the fiscal year ended June 30, 2013 and June 30, 2014” reflecting the beginning and ending balances of each separate fund containing impact fees, the amount of fees collected and the interest earned for the year, the amount of expenditures and refunds made in the year and a description of the type of fees. The amount of each of these development impact fees for FY 2012/13 and FY 2013/14 is reflected in the City’s Municipal Fee Schedule, previously adopted by the Council; and

**WHEREAS**, a copy of the annual report has been on file and available for review in the City Clerk’s Office at Los Altos City Hall and the Los Altos Main Library since February 4, 2015 as noticed in the Los Altos Town Crier; and

**WHEREAS**, AB1600 requires the City to make specific findings every five (5) years with respect to any portion of the fees remaining unexpended or uncommitted after a period of five (5) years to: 1) identify the purpose to which the fee is to be put; 2) demonstrate a relationship between the fee and the purpose for which it was charged; 3) identify all sources and amounts of funding anticipated to complete financing of the improvement; and 4) designate the approximate date on which such funding will be available; and

**WHEREAS**, the Traffic Impact Fee, which was established for the purpose of providing a source of funding for traffic improvements, contains some fee revenues which were received five (5) years ago. The sum of \$230,270, representing fees and accrued interest collected for traffic impact, remains unexpended five (5) or more years after deposit of the fees; and

**WHEREAS**, the City desires to make the findings required by law, with respect to, these unexpended fees.

**NOW THEREFORE, BE IT RESOLVED**, that the City Council of the City of Los Altos accepted the attached AB1600 Report on Development Impact Fees for Fiscal Year ended June 30, 2013 and 2014 (“Report”) on February 24, 2015, and makes the following findings:

1. The Traffic Impact Fee revenues are to be used to construct traffic improvements needed by new development. The amount of the fee for different land use types is proportionate to the need for traffic improvements generated by such land use types.

2. The portions of the fund balance in the Traffic Impact Fund that are approaching five (5) years in the June 30, 2014 report totals \$230,270. The City plans to use the entire fund balance for the projects identified in the related staff report which are programmed in the adopted five-year Capital Improvement Program CIP). The Traffic Impact Fund has projects scheduled in the CIP for the next five years, and is projecting additional fees and interest each year.

3. Constitutionality, severability. If any section, subsection, sentence, clause, phrase, or work of this resolution is for any reason held by a court of competent jurisdiction to be unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of the resolutions. The City of Los Altos hereby declares that it would have passed this resolution and each section, subsection, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more section(s), subsection(s), sentence(s), clause(s), phrase(s), or word(s) be declared invalid.

**I HEREBY CERTIFY** that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the 24th day of February 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Janis C. Pepper, MAYOR

Attest:

\_\_\_\_\_  
Jon Maginot, CMC, CITY CLERK