



## CITY OF MOUNTAIN VIEW

**MEMORANDUM**Finance and Administrative  
Services Department

**DATE:** October 27, 2020

**TO:** City Council

**FROM:** Rafaela O. Duran, Principal Financial Analyst  
Suzanne Niederhofer, Assistant Finance and Administrative  
Services Director  
Jesse Takahashi, Finance and Administrative Services Director

**VIA:** Kimbra McCarthy, City Manager

**SUBJECT:** **Fiscal Year 2019-20 Annual Compliance Report for Development Impact Fees and Capacity Charges; and Informational Reporting of Park Land Dedication Fee**

---

**BACKGROUND****Development Impact Funds**

California Government Code (CGC) Section 66006(b)(1)(A-H) requires local agencies, within 180 days after the last day of each fiscal year, to make available to the public certain information for the fiscal year, and CGC Section 66006(b)(2) requires the information be made available to the public at least 15 days prior to City Council consideration of the report. This report discusses various fees, including Citywide Transportation Impact Fee, Housing Impact (HI), Rental Housing Impact (RHI), North Bayshore Development Impact (NBS Development Impact) (including transportation, water, and sewer), Water Development Impact, and Sewer Development Impact. CGC Section 66001(d)(1) requires local agencies to make findings with respect to fees and investment earnings remaining unexpended, whether committed or uncommitted, for the fifth year following receipt of the first fee deposited and every five years thereafter. Although the City is required to make these findings every five years after the first fee is deposited, the City reports findings when required or provides information on an annual basis, after the initial reporting, to make this requirement easier to administer. There are currently four different five-year finding cycles, and this year's report makes required findings on the NBS Development Impact – Transportation Fee, and, for ease of administration, provides information on the HI, RHI, and Sewer Development Impact Fees.

## **Capacity Charges**

In addition, CGC Section 66013(d) requires local agencies that establish Water and Sewer Capacity Charges pursuant to CGC Section 66013 to make certain information available to the public within 180 days after the last day of each fiscal year. This report provides the required information and discusses Water and Sewer Capacity Charges.

## **Park Land Dedication Fee**

As defined in CGC Section 66000(b), “fee” does not include fees specified in CGC Section 66477 (Quimby Act), which governs the City’s Park Land Dedication (PLD) Fee and does not require annual reporting. The PLD Fund is included in this report to verify compliance with CGC Section 66477(a)(6)(A) regarding commitment of PLD fees within five years after receipt or issuance of the building permit, whichever occurs later.

## **ANALYSIS**

### **Development Impact Funds**

#### **1. Citywide Transportation Impact Fund**

##### **Description of the Type of Fee – CGC Section 66006(b)(1)(A):**

On September 25, 2018, the City Council adopted Ordinance 8.18, adding Chapter 43 to the City Code to enact a Transportation Impact Fee on Citywide Development, which became effective on November 24, 2018, and is adjusted annually based on the June Engineering News Record Construction Cost Index (ERN-CCI) for the previous year. The purpose of the fee is to fund new Citywide multi-modal transportation improvements required under the Congestion Management Program (CMP). The CMP is managed by the Santa Clara Valley Transportation Authority (VTA), pursuant to State law.

Amount of Fee – CGC Section 66006(b)(1)(B):

<u>Type</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>
Single-Family, attached or detached (net new dwelling unit)	\$4,788	\$4,922
Multi-Family (net new dwelling unit)	\$2,681	\$2,756
Hotels and Motels (net new guest room)	\$2,961	\$3,044
Service and Retail Commercial (SF, net new floor area)	\$5.11	\$5.25
Office, R&D, Industrial (SF, net new floor area)	\$5.11	\$5.25
Low Trip-Generating Uses (a.m. and p.m. peak-hour trips)	\$2,767	\$2,844

Beginning and Ending Balances, Amount of Fees Collected, and Interest Earned – CGC Section 66006(b)(1)(C and D):

Beginning Balance, July 1, 2019		\$ 28,203
Citywide Transportation Impact Fees	\$ 131,150	
Investment Earnings	<u>2,945</u>	
Total Unaudited Revenues		134,095
Total Unaudited Expenditures		<u>-0-</u>
Unexpended/ Available Balance, June 30, 2020		\$ <u>162,298</u>

During Fiscal Year 2019-20, there were \$131,150 in fees deposited, \$2,945 of investment earnings, and no expenditures. As of June 30, 2020, there is an unexpended/available balance of \$162,298.

Identification of Each Public Improvement on which Fees were Expended in Fiscal Year 2019-20 – CGC Section 66006(b)(1)(E) (dollars in thousands):

No Citywide Transportation Impact Fees were expended during Fiscal Year 2019-20.

Identification of Approximate Date by which Construction will Commence Once Sufficient Funds have been Collected – CGC Section 66006(b)(1)(F):

When sufficient fees have been collected, they will be utilized on a Citywide transportation project.

Description of Each Interfund Transfer or Interfund Loan Made from the Fund –  
CGC Section 66006(b)(1)(G):

No Interfund Transfers or Interfund Loans were made from this fund.

Amount of Refunds Made – CGC Section 66006(b)(1)(H):

No refunds were made from this fund.

Findings for Amounts Remaining Unexpended – CGC Section 66001(d)(1):

The first Citywide Transportation Impact Fee was deposited June 10, 2019 and, in accordance with CGC Section 66001(d)(1), the City is required to make all findings as of June 30, 2024, the end of the fifth year following deposit of the first fee into the Citywide Transportation Impact Fund.

**2. Housing Impact Fund**

Description of the Type of Fee – CGC Section 66006(b)(1)(A):

On January 8, 2002, the Council adopted Ordinance 01.02, amending Chapter 36 of the City Code, allowing for a nonresidential HI Fee to be imposed on all net new gross floor area for nonresidential development projects on a per-square-foot basis. The fee was adopted by resolution on October 30, 2001, with an effective date of January 14, 2002, and is adjusted annually based on the Consumer Price Index for the San Francisco-Oakland-San Jose area for the previous year. The HI fees and any investment earnings shall be used to increase and improve the supply of affordable housing to moderate- and lower-income households.

Amount of Fee – CGC Section 66006(b)(1)(B):

<u>Type</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>
Commercial/Entertainment/Hotel/Retail		
First 25,000 SF	\$1.52/SF	\$1.57/net SF
25,000+ SF	\$3.02/SF	\$3.12/net SF
High-Tech/Industrial/Office		
First 10,000 SF	\$14.13/net SF	\$14.58/net SF
10,000+ SF	\$28.25/net SF	\$29.15/net SF

Beginning and Ending Balances, Amount of Fees Collected, and Interest Earned –  
CGC Section 66006(b)(1)(C and D):

Beginning Balance, July 1, 2019		\$ 21,049,445
Housing Impact Fees	\$ 3,428,849	
Investment Earnings	699,256	
Other Revenue	<u>129,583</u>	
Total Unaudited Revenues		4,257,688
Total Unaudited Expenditures		<u>(3,194,532)</u>
Unexpended Balance		22,112,601
Reserved by City Council for Affordable Housing Projects:		-0-
Available Balance, June 30, 2020		\$ <u>22,112,601</u>

During Fiscal Year 2019-20, there were \$3.4 million in fees deposited, \$699,256 of investment earnings, other revenue of \$129,583, and \$3.2 million in expenditures. As of June 30, 2020, there is an unexpended/available HI balance of \$22.1 million.

Identification of Each Public Improvement on Which Fees Were Expended in Fiscal  
Year 2019-20 – CGC Section 66006(b)(1)(E) (dollars in thousands):

	Total Project Cost	FY 2019-20 HI Expenditures	Life to Date (LTD) HI Expenditures	Total HI Funding	% of Project Funded by HI Fee
460 North Shoreline Blvd. Lease/Purchase of Evelyn Lot (19-69) Administration of HI Program and Fees <sup>(1)</sup>	\$41,470	\$2,983	\$7,640	\$ 7,640	18.4%
	13,965	102	102	13,965	100.0%
	N/A	<u>212</u>	<u>N/A</u>	<u>N/A</u>	100.0%
		<u>\$3,297</u>	<u>\$7,742</u>	<u>\$21,605</u>	

<sup>(1)</sup> Administration costs are annual costs.

Identification of Approximate Date by Which Construction will Commence Once  
Sufficient Funds Have Been Collected – CGC Section 66006(b)(1)(F):

Construction at 460 North Shoreline Boulevard for the Shorebreeze Apartments project began in April 2019 and is expected to receive final occupancy approval in fall 2020. Currently, the City has only budgeted funds for the lease/purchase of the

Evelyn lot. Later, a Request for Qualifications (RFQ)/Request for Proposals (RFP) will take place to select a developer and a preferred development concept.

Description of Each Interfund Transfer or Interfund Loan Made from the Fund – CGC Section 66006(b)(1)(G):

During Fiscal Year 2019-20, a \$979 Interfund Transfer was made to the Equipment Replacement Reserve to fund the replacement of capital equipment.

Amount of Refunds Made – CGC Section 66006(b)(1)(H):

No refunds were made from this fund.

Findings for Amounts Remaining Unexpended – CGC Section 66001(d)(1):

The first HI Fee was deposited February 13, 2003, and, in accordance with CGC Section 66001(d)(1), the City is required to make its next five-year required finding as of June 30, 2023. However, the City is providing information as of June 30, 2020 regarding the unexpended balance of \$22,112,601. As previously mentioned, for ease of tracking after the initial five-year finding, the City provides information on an annual basis.

(A) Identify the purpose to which the fee is to be put.

The HI funds will be used to fund additional moderate- and lower-income housing in Mountain View, including the affordable housing projects at 460 North Shoreline Boulevard and eventually at the former VTA site on Evelyn Avenue and Pioneer Way.

(B) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.

A reasonable relationship exists between the HI Fees and the purpose for which said fees were charged as demonstrated by the Jobs-Housing Nexus Study (Nexus Study), dated November 2012, and prepared by Keyser Marston Associates, Inc. The Nexus Study demonstrates that a reasonable relationship exists between the need for affordable housing and the impacts of new commercial office development within the City. A reasonable relationship also exists between the fee's use and the impacts of new commercial and office development because the developments will create new jobs. The Nexus Study

demonstrates that some of the new jobs created would be filled by lower-income workers in need of affordable housing. This type of affordable housing continues to be in short supply within Mountain View. The HI Fee will be used to help increase the supply of affordable housing in the City to meet the increased need generated by new commercial and office developments.

- (C) Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements (dollars in millions).

460 North Shoreline Boulevard Project

\$ 7.64	City of Mountain View HI Funds
0.42	City of Mountain View HOME Funds
0.96	City of Mountain View CDBG Funds
0.50	Housing Trust of Silicon Valley
0.25	Contributed Fee
15.28	Tax Credit Investor Capital
2.16	Deferred Developer Fee
11.15	Tranche A Permanent Loan
<u>3.11</u>	Tranche B Permanent Loan
<u>\$41.47</u>	Total Funding

Lease/Purchase of Evelyn Lot Project

<u>\$13.97</u>	City of Mountain View HI Funds
<u>\$13.97</u>	Total Funding

- (D) Designate the approximate dates on which the funding referred to in Subparagraph (C) is expected to be deposited into the appropriate account or fund.

The 460 North Shoreline Boulevard project will be developed and managed by MidPen Housing. This project will be funded by the City's Housing Notice of Funding Availability (NOFA) (HI) funds, HOME funds, and CDBG funds as well as low-income housing tax credits and a permanent loan. The HI funds detailed above have been deposited into the fund, as previously discussed, and were appropriated for this project by Council. None of the outside funding sources will be deposited into the City's account. All outside funding sources will sign loan agreements with the developer and will disburse loan proceeds by reimbursing the developer during the construction phase. Construction began in April 2019 and is expected to receive final occupancy approval in fall 2020.

As mentioned in the findings section above, the City has only budgeted funds for the lease/purchase of the Evelyn Lot. The HI funds detailed above have been deposited into the fund and were appropriated for this project by the City Council.

3. **Rental Housing Impact Fund**

Description of the Type of Fee – CGC Section 66006(b)(1)(A):

On December 11, 2012, Council adopted Resolution No. 17748 allowing for an RHI Fee to be imposed on all new market-rate rental housing developments effective February 9, 2013. With Council approval, a developer may pay the fee or choose an equivalent alternative to the fee that may include construction of affordable housing units, dedication of land, or other equivalent options. The RHI fees and any investment earnings shall be used for increasing and improving the supply of moderate- to very low-income rental housing.

On February 13, 2018, Council adopted Resolution No. 18196, which rescinded the RHI Fee effective April 28, 2018. State legislation, AB 1505, restored the ability for cities to implement inclusionary housing for rentals in response to *Palmer/Sixth Street Properties, L.P. v. City of Los Angeles*, which had caused cities, including Mountain View, to suspend their rental inclusionary housing programs. AB 1505 went into effect January 1, 2018, and the City resumed its inclusionary housing program on rentals. As the fee is not due until occupancy of the project, and, to ensure collection of the RHI fee on projects approved or project applications deemed complete before April 28, 2018, the City reinstated the fee for these projects on June 19, 2018, with the adoption of Resolution No. 18922. When all such projects have paid the RHI fee, the RHI fee will be brought back to Council with a recommendation for rescission. The City will continue to report the RHI fees annually until they are fully spent.

Amount of Fee – CGC Section 66006(b)(1)(B):

For Fiscal Year 2019-20, the fee was \$19.21 per net new habitable square foot and increased to \$19.82 as directed by Council for Fiscal Year 2020-21.



Beginning and Ending Balances, Amount of Fees Collected, and Interest Earned –  
CGC Section 66006(b)(1)(C and D):

Beginning Balance, July 1, 2019		\$ 2,182,538
Rental Housing Impact Fees	\$ -0-	
Investment Earnings	<u>45,227</u>	
Total Unaudited Revenues		45,227
Total Unaudited Expenditures		<u>-0-</u>
Unexpended/ Available Balance, June 30, 2020		\$ <u>2,227,765</u>

During Fiscal Year 2019-20, there were no fees deposited, \$45,227 of investment earnings, and no expenditures. As of June 30, 2020, there is an unexpended/available RHI balance of \$2.2 million.

Identification of Each Public Improvement on Which Fees were Expended in Fiscal  
Year 2019-20 – CGC Section 66006(b)(1)(E):

No RHI fees were expended during Fiscal Year 2019-20.

Identification of Approximate Date by Which Construction will Commence Once  
Sufficient Funds Have Been Collected – CGC Section 66006(b)(1)(F):

The RHI funds will be used to increase and improve the supply of moderate- to very low-income rental housing when a new rental housing project is in the development pipeline.

Description of Each Interfund Transfer or Interfund Loan Made from the Fund –  
CGC Section 66006(b)(1)(G):

No Interfund Transfers or Interfund Loans were made from this fund.

Amount of Refunds Made – CGC Section 66006(b)(1)(H):

No refunds were made from this fund.

Findings for Amounts Remaining Unexpended – CGC Section 66001(d)(1):

The first RHI Fee was deposited February 12, 2013, and, in accordance with CGC Section 66001(d)(1), the City is required to make its next five-year required finding as of June 30, 2023. However, the City is providing information as of June 30, 2020

regarding the unexpended balance of \$2,227,765. As previously mentioned, for ease of tracking after the initial five-year finding, the City provides information on an annual basis.

- (A) Identify the purpose to which the fee is to be put.

The RHI funds will be used to fund additional moderate- and lower-income housing in Mountain View.

- (B) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.

A reasonable relationship exists between the RHI Fees and their use to develop affordable housing as demonstrated by the Nexus-Based Affordable Housing Fee Analysis, dated September 29, 2011, and the memorandum entitled "Draft Technical Memorandum," dated November 29, 2012, and prepared by Economic and Planning Systems, Inc. (together the "Nexus Study"). The Nexus Study demonstrated that to fully mitigate the impacts of new rental housing development on the need for affordable housing, an RHI Fee on new market-rate rental development would be needed.

The Nexus Study demonstrates that a reasonable relationship exists between the need for affordable housing and the deleterious impacts of new market-rate rental housing development within the City. A reasonable relationship also exists between the fee's use and the impacts of new market-rate rental housing development. Development of new rental housing results in more residents living in the City. The residents who move into new rental housing developments will increase the demand for services provided by the public and private sectors. Some of the public- and private-sector employees needed to meet the needs of the new City residents earn incomes that only allow these employees to afford housing for moderate low-, very low-, and extremely low-income housing. This type of affordable housing is in very short supply within Mountain View and other available housing subsidies are inadequate to meet the need created by new rental housing developments. The RHI Fee will be used to help increase the supply of affordable housing in the City to meet the increased need generated by new rental housing developments.

- (C) Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements (dollars in millions).

The current unexpended balance of \$2,227,765 in the RHI Fund will be used for a future rental housing project.

- (D) Designate the approximate dates on which the funding referred to in Subparagraph (C) is expected to be deposited into the appropriate account or fund.

The RHI funds will be deposited into the fund for a new rental housing project when appropriated by the City Council.

#### 4. **North Bayshore Development Impact Funds**

Description of the Type of Fee – CGC Section 66006(b)(1)(A):

The North Bayshore Precise Plan (NBPP), adopted November 25, 2014, identified significant transportation and water and sewer utility improvements necessary to accommodate the anticipated development. An important component of funding for the required infrastructure improvements to support this development is a development impact fee. Environmental Planning Systems prepared the City's North Bayshore Development Impact Fee Nexus Study, dated February 3, 2016, with technical assistance from Fehr+Peers (transportation consultants) and Shaaf & Wheeler (consulting civil engineers). On February 23, 2016, City Council considered the North Bayshore Development Impact Fee Nexus Study and adopted the NBS Development Impact fees with an effective date of April 23, 2016. The fees in effect during Fiscal Year 2019-20 and the fees approved by City Council for Fiscal Year 2020-21 are detailed below.

Amount of Fee – CGC Section 66006(b)(1)(B):

	<u>FY 2019-20</u>	<u>FY 2020-21</u>
Hotel:		
Transportation (Guest Rooms)	\$2,155	\$2,216
Water (Guest Rooms)	\$4,232	\$4,352
Sewer (Guest Rooms)	\$762	\$784
Office/R&D:		
Transportation (SF net new gross floor area)	\$24.20	\$24.88
Water (SF net new gross floor area)	\$6.84	\$7.03
Sewer (SF net new gross floor area)	\$1.27	\$1.31
Retail:		
Transportation (SF net new gross floor area)	\$2.53	\$2.60
Water (SF net new gross floor area)	\$0.01	\$0.01
Sewer (SF net new gross floor area)	\$0.85	\$0.87

Each type of improvement (transportation, water, and sewer) has a specific fee and is posted to a separate subfund in accordance with development impact fee requirements. Below are separate reportings of the three NBS Development Impact fees by subfund:

a. **North Bayshore Development Impact Fund – Transportation**

Beginning and Ending Balances, Amount of Fees Collected, and Interest Earned – CGC Section 66006(b)(1)(C and D):

Beginning Balance, July 1, 2019		\$ 4,330,127
Transportation: North Bayshore Development Impact Fees	\$ 1,459,098	
Investment Earnings	515,355	
Capital Projects Refunds	<u>90,556</u>	
Total Unaudited Revenues		2,065,009
Total Unaudited Expenditures		<u>(3,848,000)</u>
Unexpended/ Available Balance, June 30, 2020		\$ <u>2,547,136</u>

During Fiscal Year 2019-20, there were \$1.5 million in fees deposited, \$515,355 of investment earnings, \$90,556 of capital project refunds, and \$3.8 million of expenditures for capital project funding, resulting in an unexpended/available balance of \$2.5 million in the NBS Development Impact – Transportation Fund. The \$3.8 million expenditures provides funding for a transportation-related capital

project listed in the following section, and the funds will be expended over the life of the capital project.

Identification of Each Public Improvement on which Fees were Expended in Fiscal Year 2019-20 – CGC Section 66006(b)(1)(E) (dollars in thousands):

The table below shows active project(s) that have been partially or fully funded by North Bayshore Development Impact – Transportation Fees.

	<u>Total Project Cost</u>	<u>FY 2019-20 Expendi- tures</u>	<u>LTD Expendi- tures</u>	<u>Total NBS – Transportation Funding</u>	<u>% of Project Funded by NBS – Transportation</u>
NBS Semi-Annual Traffic Counts (17-28)	\$ 153	\$-0-	\$ 14 <sup>(a)</sup>	\$ 100	65.4%
Acquisition Plymouth Street Realignment (18-70)	28,500	-0-	-0-	13,370	46.9%
NB Shoreline Blvd./101 Off-Ramp Realignment, Design (19-59)	6,400	899	899	6,400	100.0%
Shoreline at 101 Ped./Bike Overcrossing, Construction (20-38)	20,000	<u>-0-</u>	<u>-0-</u>	<u>3,848</u>	19.2%
<b>Total</b>		<u><u>\$899</u></u>	<u><u>\$913</u></u>	<u><u>\$23,718</u></u>	

(a) This project was closed as of June 30, 2020, and funding was returned to the funding sources, which included the \$90,556 Capital Project Refund noted in the prior section.

Identification of the Approximate Date by Which Construction Will Commence Once Sufficient Funds Have Been Collected – CGC Section 66006(b)(1)(F):

The NBS Semiannual Traffic Counts improvement project was adopted with the 2016-17 Capital Improvement Program and partially funded with \$100,000 from the NBS Development Impact Fund. This project has been completed, and City Council has accepted the annual report.

The Acquisition of Real Property for the Plymouth Street Realignment was approved as a midyear Fiscal Year 2017-18 Capital Improvement Project and partially funded with \$13,369,650 from the NBS Development Impact Fund. The Purchase and Sale Agreement was signed with Google LLC (Google) on February 14, 2018. Escrow is expected to close within six months of Google obtaining a

Certificate of Occupancy for their new headquarters building on Charleston East (estimated for first quarter of 2024).

NB Shoreline Blvd./101 Off-Ramp Realignment, Design, was fully funded from the NBS Development Impact Fund. Final design should be complete by fall 2021.

Shoreline at 101 Ped/Bike Overcrossing, Construction, was adopted with the 2019-20 Capital Improvement Program and partially funded with \$3,848,000 from the NBS Development Impact Fund. This project is part of the Shoreline Corridor Study and will construct a bicycle and pedestrian bridge parallel and adjacent to Shoreline Boulevard over U.S. 101. Design and right-of-way acquisition should be completed by fall 2022, and construction should begin by spring 2023.

Description of Each Interfund Transfer or Interfund Loan Made from the Fund –  
CGC Section 66006(b)(1)(G):

During Fiscal Year 2019-20, a \$3.8 million Interfund Transfer was made to Capital Projects for the project listed below and referenced in CGC Section 66006(b)(1)(E)-(F) above:

20-38 Shoreline at 101 Ped/Bike Overcrossing, Construction – \$3.8 million Interfund Transfer

Amount of Refunds Made – CGC Section 66006(b)(1)(H):

During Fiscal Year 2019-20, \$90,556 was refunded from capital project NBS Semi-Annual Traffic Counts (17-28).

Findings for Amounts Remaining Unexpended – CGC Section 66001(d)(1):

The first NBS Development Impact Fee for transportation was deposited in September 2014 (the first deposit was an estimated fee at the time to allow a development to proceed, hence the date of the first fee is before the fee was formally adopted) and, per CGC Section 66001(d)(1), the City is required to make all findings as of June 30, 2020 regarding the unexpended balance of \$2.5 million.

(A) Identify the purpose to which the fee is to be put.

The purpose of this fee is to provide revenue that the City can use to help mitigate the impact new development will have on the existing transportation

infrastructure. Fee revenue will be used as a funding source for transportation improvements in the City and specifically the Shoreline Regional Park Community, particularly those improvements that will need to be made in North Bayshore to facilitate the growth in daily service population.

- (B) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.

A reasonable relationship exists between the fee and the purpose for which said fees are charged. New development in North Bayshore will contribute an additional burden to Mountain View's transportation and utility infrastructure. Fee revenues that are collected from this new development will be spent to directly offset this burden by increasing the capacity of the existing transportation, as well as construction of new, infrastructure to accommodate the projected growth.

- (C) Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements.

The current unexpended/available balance of \$2.5 million in the NBS Development Impact Fund – Transportation will be programmed into future transportation-related projects in the North Bayshore area.

- (D) Designate the approximate dates on which the funding referred to in Subparagraph (C) is expected to be deposited into the appropriate account or fund.

The funds will be deposited into a new capital improvement project when approved and appropriated by Council.

**b. North Bayshore Development Impact Fund – Water**

Beginning and Ending Balances, Amount of Fees Collected, and Interest Earned –  
CGC Section 66006(b)(1)(C and D):

Beginning Balance, July 1, 2019		\$ 5,698,936
Water: North Bayshore Development		
Impact Fees	\$ -0-	
Investment Earnings	<u>149,541</u>	
Total Unaudited Revenues		149,541
Total Unaudited Expenditures		<u>(5,655,000)</u>
Unexpended/ Available Balance, June 30, 2020		\$ <u>193,477</u>

During Fiscal Year 2019-20, there were no fees deposited, \$149,541 of investment earnings, and \$5.7 million of capital project funding, resulting in an unexpended/available balance of \$193,477 in the NBS Development Impact Fund – Water. The \$5.7 million expenditures is a transfer to capital projects, which provides funding for water infrastructure-related costs in the capital projects listed in the following section, and the funds will be expended over the life of the capital projects.

Identification of Each Public Improvement on Which Fees Were Expended in Fiscal Year 2019-20 – CGC Section 66006(b)(1)(E) (dollars in thousands):

The table below shows active project(s) that have been partially or fully funded by North Bayshore Development Impact – Water Fees.

	<u>Total Project Cost</u>	<u>FY 2019-20 Expendi- tures</u>	<u>LTD Expendi- tures</u>	<u>Total NBS– Water Funding</u>	<u>% of Project Funded by NBS – Water</u>
Shoreline Boulevard Interim Bus Lane and Utility Improvements, Construction (18-43)	\$15,205	\$ 5	\$ 5	\$1,414	9.3%
Miscellaneous Water Main/Service Line Replacement (20-21)	2,636	-0-	-0-	\$28	1.1%
Water & Sewer Main Replacement 101 at Two Locations, Construction (20-41)	9,900	<u>632</u>	<u>632</u>	<u>5,627</u>	56.8%
Total		<u>\$637</u>	<u>\$637</u>	<u>\$7,069</u>	



Identification of Approximate Date by Which Construction Will Commence Once  
Sufficient Funds Have Been Collected – CGC Section 66006(b)(1)(F):

The Shoreline Boulevard Interim Bus Lane and Utility Improvements, Construction, capital project was approved with the Fiscal Year 2017-18 budget and is expected to begin in winter 2020. The project will construct the interim reversible bus lane along with bicycle and pedestrian improvements along Shoreline Boulevard from Middlefield Road to Pear Avenue, including improvements to replace water and sewer mains along Shoreline Boulevard from Middlefield Road to south of U.S. 101. The reversible bus lane project is a proposal in the North Bayshore Precise Plan to reduce single-occupancy vehicles commuting to work in North Bayshore.

The Annual Water Main/Service Line Replacement capital project was adopted with the 2019-20 Capital Improvement Program and partially funded with \$28,000 from NBS Development Impact – Water funds. This project will replace corroded and/or undersized water main pipes on various streets. The replacements include water services, fire hydrants, and saddle replacements.

The Water & Sewer Main Replacement 101 at Two Locations, Construction, capital project was adopted with the 2019-20 Capital Improvement Program and partially funded with \$5,627,000 from NBS Development Impact – Water funds. This project will construct the replacement of a new water and sewer main to cross under U.S. 101 south of Shoreline Boulevard as well as a new water main under U.S. 101 at Macon Avenue to improve reliability to North Bayshore. The construction for Macon Avenue began in May 2020, and the construction for the water and sewer lines should begin in spring 2021.

Description of Each Interfund Transfer or Interfund Loan Made from the Fund –  
CGC Section 66006(b)(1)(G):

During Fiscal Year 2019-20, a \$5.7 million Interfund Transfer was made to Capital Projects for the projects listed below and referenced in CGC Section 66006(b)(1)(E)-(F) above:

20-21 Miscellaneous Water Main/Service Line Replacement – \$28,000 Interfund Transfer

20-41 Water & Sewer Main Replacement 101 at Two Locations, Construction – \$5.6 million Interfund Transfer

Amount of Refunds Made – CGC Section 66006(b)(1)(H):

No refunds were made from this fund.

Findings for Amounts Remaining Unexpended – CGC Section 66001(d)(1):

The first NBS Development Impact Fee for water improvements was deposited February 28, 2017, and, in accordance with CGC Section 66001(d)(1), the City is required to make all findings as of June 30, 2022, the end of the fifth year following deposit of the first fee into the NBS Development Impact Fund – Water.

c. **North Bayshore Development Impact Fund – Sewer**

Beginning and Ending Balances, Amount of Fees Collected, and Interest Earned – CGC Section 66006(b)(1)(C and D):

Beginning Balance, July 1, 2019		\$ 1,054,533
Sewer: North Bayshore Development		
Impact Fees	\$ -0-	
Investment Earnings	<u>27,792</u>	
Total Unaudited Revenues		27,792
Total Unaudited Expenditures		( 354,000)
Unexpended/ Available Balance, June 30, 2020		\$ <u>728,325</u>

During Fiscal Year 2019-20, there were no fees deposited, \$27,792 of investment earnings, and \$354,000 of capital project funding, resulting in an unexpended/available balance of \$728,325 in the NBS Development Impact Fund – Sewer. The \$354,000 in expenditures provides funding for sewer infrastructure-related costs in capital projects listed in the following section, and the funds will be expended over the life of the capital projects.

Identification of Each Public Improvement on which Fees were Expended in Fiscal Year 2019-20 – CGC Section 66006(b)(1)(E) (dollars in thousands):

The table below shows active project(s) that have been partially or fully funded by North Bayshore Development Impact – Sewer Fees.

	<u>Total Project Cost</u>	<u>FY 2019-20 Expendi- tures</u>	<u>LTD Expendi- tures</u>	<u>Total NBS – Sewer Funding</u>	<u>% of Project Funded by NBS – Sewer</u>
Shoreline Boulevard Interim Bus Lane and Utility Improvements, Construction (18-43)	\$15,205	\$ 5	\$ 5	\$269	1.8%
Miscellaneous Storm/ Sanitary Sewer Main Replacement (20-22)	1,649	-0-	-0-	132	8.0%
Interceptor Force Trunk Rehab, Construction, Phase II (20-42)	1,840	<u>44</u>	<u>44</u>	<u>222</u>	12.1%
Total		<u>\$49</u>	<u>\$49</u>	<u>\$623</u>	

Identification of Approximate Date by Which Construction Will Commence Once Sufficient Funds Have Been Collected – CGC Section 66006(b)(1)(F):

The Shoreline Boulevard Interim Bus Lane and Utility Improvements, Construction, capital project was approved with the Fiscal Year 2017-18 budget and is expected to begin in winter 2020. The project will construct the interim reversible bus lane along with bicycle and pedestrian improvements along Shoreline Boulevard from Middlefield Road to Pear Avenue, including improvements to replace water and sewer mains along Shoreline Boulevard from Middlefield Road to south of U.S. 101. The reversible bus lane project is a proposal in the North Bayshore Precise Plan to reduce single-occupancy vehicles commuting to work in North Bayshore.

The Miscellaneous Storm/Sanitary Sewer Main Replacement capital project was adopted with the 2019-20 Capital Improvement Program and partially funded with \$132,000 from NBS Development Impact – Sewer funds. This project will repair and replace storm and sanitary sewer pipes, manholes, and systems identified by the City’s annual line televising program. No locations have been identified yet.

The Interceptor Force Trunk Rehab, Construction, Phase II, capital project was adopted with the 2019-20 Capital Improvement Program and partially funded with

\$222,000 from NBS Development Impact—Sewer funds. This project will rehabilitate 4,000' of the Interceptor Force Trunk Main between the Sewage Pump Station and the Palo Alto Interceptor Line in Shoreline at Mountain View. The project is anticipated to begin in spring 2021.

Description of Each Interfund Transfer or Interfund Loan Made from the Fund – CGC Section 66006(b)(1)(G):

During Fiscal Year 2019-20, a \$354,000 Interfund Transfer was made to Capital Projects for the projects listed below and referenced in CGC Section 66006(b)(1)(E)-(F) above:

20-22 Miscellaneous Storm/Sanitary Sewer Main Replacement – \$132,000 Interfund Transfer

20-42 Interceptor Force Trunk Main Rehabilitation, Construction Phase II – \$222,000 Interfund Transfer

Amount of Refunds Made – CGC Section 66006(b)(1)(H):

No refunds were made from this fund.

Findings for Amounts Remaining Unexpended – CGC Section 66001(d)(1):

The first NBS Development Impact Fee for sewer improvements was deposited February 28, 2017, and, in accordance with CGC Section 66001(d)(1), the City is required to make all findings as of June 30, 2022, the end of the fifth year following deposit of the first fee into the NBS Development Impact Fund – Sewer.

5. **Water Development Impact Fund**

Description of the Type of Fee – CGC Section 66006(b)(1)(A):

These fees are assessed as a condition for new developments in order to mitigate a future deficiency in specific areas beyond the planned capacity of the water system.

Amount of Fee – CGC Section 66006(b)(1)(B):

The fee is the developer's contribution for their proportional share of the required infrastructure improvements due to the developer's project exceeding the capacity

of the water system anticipated in the 2030 General Plan and is required as a condition of development.

Beginning and Ending Balances, Amount of Fees Collected, and Interest Earned – CGC Section 66006(b)(1)(C and D):

Beginning Balance, July 1, 2019		\$ -0-
Water Development Impact Fees	\$ -0-	
Investment Earnings	<u>-0-</u>	
Total Unaudited Revenues		-0-
Total Unaudited Expenditures		<u>-0-</u>
Unexpended/ Available Balance, June 30, 2020		\$ <u>-0-</u>

During Fiscal Year 2019-20, there were no fees deposited and no expenditures, resulting in an unexpended/available balance of \$0 in the Water Development Impact Fund.

Identification of Each Public Improvement on Which Fees Were Expended in Fiscal Year 2019-20 – CGC Section 66006(b)(1)(E):

No Water Development Impact fees were expended during Fiscal Year 2019-20 for water-related capital improvements.

Identification of Approximate Date by Which Construction Will Commence Once Sufficient Funds Have Been Collected – CGC Section 66006(b)(1)(F):

If any fees are collected in the future, they will be utilized when it is necessary to increase the capacity of the system and a water infrastructure improvement project is adopted for that specific area of the City.

Description of Each Interfund Transfer or Interfund Loan Made from the Fund – CGC Section 66006(b)(1)(G):

No Interfund Transfers or Interfund Loans were made from this fund.

Amount of Refunds Made – CGC Section 66006(b)(1)(H):

No refunds were made from this fund.

Findings for Amounts Remaining Unexpended – CGC Section 66001(d)(1):

In accordance with CGC Section 66001(d)(1), the City is required to make all findings at the end of the fifth year following deposit of the first fee into the Water Development Impact Fund. At the time the first fee is deposited, the five-year period will begin.

6. **Sewer Development Impact Fund**

Description of the Type of Fee – CGC Section 66006(b)(1)(A):

These fees are assessed as a condition for new developments in order to mitigate a future deficiency in specific areas beyond the planned capacity of the sewer system.

Amount of Fee – CGC Section 66006(b)(1)(B):

The fee is the developer’s contribution for their proportional share of the required infrastructure improvements due to the developer’s project exceeding the capacity of the sewer system anticipated in the 2030 General Plan and is required as a condition of development.

Beginning and Ending Balances, Amount of Fees Collected, and Interest Earned – CGC Section 66006(b)(1)(C and D):

Beginning Balance, July 1, 2019		\$ 168,662
Sewer Development Impact Fees	\$ -0-	
Investment Earnings	<u>3,495</u>	
Total Unaudited Revenues		3,495
Total Unaudited Expenditures		<u>-0-</u>
Unexpended/ Available Balance, June 30, 2020		\$ <u>172,157</u>

During Fiscal Year 2019-20, there were no fees deposited, the fund earned \$3,495 of investment earnings, and there were no expenditures. As of June 30, 2020, there is an unexpended/available balance of \$172,157 in the Sewer Development Impact Fund.

Identification of Each Public Improvement on Which Fees Were Expended in Fiscal Year 2019-20 – CGC Section 66006(b)(1)(E):

No Sewer Development Impact fees were expended during Fiscal Year 2019-20 for sewer-related capital improvements.

Identification of Approximate Date by Which Construction Will Commence Once Sufficient Funds Have Been Collected – CGC Section 66006(b)(1)(F):

When it is necessary to increase the capacity of the system and a sewer infrastructure improvement project is adopted for the specific areas of the City in which fees have been collected, the fees collected for the specific area will be utilized for project funding.

Description of Each Interfund Transfer and Interfund Loan Made from the Fund – CGC Section 66006(b)(1)(G):

No Interfund Transfers or Interfund Loans were made from this fund.

Amount of Refunds Made – CGC Section 66006(b)(1)(H):

No refunds were made from this fund.

Findings for Amounts Remaining Unexpended – CGC Section 66001(d)(1):

The first Sewer Development Impact Fee was deposited November 14, 2013, and, in accordance with CGC Section 66001(d)(1), the City is required to make its next five-year required finding as of June 30, 2024. However, the City is providing information as of June 30, 2020 regarding the unexpended balance of \$172,157. As previously mentioned, for ease of tracking after the initial five-year finding, the City provides information on an annual basis.

(A) Identify the purpose to which the fee is to be put.

The fee will be used to mitigate a future deficiency in specific areas beyond the planned capacity of the sewer system.

- (B) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.

A reasonable relationship exists between the fee and the purpose for which said fees are charged. The fee is charged as a condition of new development when a project exceeds the capacity of the sewer system anticipated in the 2030 General Plan. The funds generated from this fee will be used to mitigate the impacts to the sewer system caused by the new development project.

- (C) Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements.

The current unexpended/available balance of \$172,157 in the Sewer Development Impact Fund will be programmed into Fiscal Year 2021-22 sewer projects.

- (D) Designate the approximate dates on which the funding referred to in Subparagraph (C) is expected to be deposited into the appropriate account or fund.

The funding will be transferred to Capital Projects in Fiscal Year 2021-22.

## **Capacity Charges**

Capacity charges are governed by CGC 66013 and are a charge for existing public facilities or new public facilities to be acquired or constructed in the future that are of proportional benefit.

### **7. Water Capacity Charges Fund**

#### Description of the Charges Deposited in the Fund – CGC Section 66013(d)(1):

The City retained a consulting firm, Bartle Wells Associates (Bartle Wells), to review the existing fee systems and recommend updates based on the current development patterns of infill, redevelopment, and land use intensification. On April 8, 2014, the City Council adopted Water Capacity Charges with an effective date of July 1, 2015. These fees are to capture the increased demand from all development projects by assessing a capacity-based charge that is calculated proportional to the increased demand each project places on the City's water system.



Beginning and Ending Balances, Amount of Fees Collected, and Interest Earned –  
CGC Section 66013(d)(2)-(3):

Beginning Balance, July 1, 2019		\$ 610,244
Water Capacity Charges	\$ 2,255,482	
Investment Earnings	<u>149,766</u>	
Total Unaudited Revenues		2,405,248
Total Unaudited Expenditures	<u>(518,000)</u>	
Total Unaudited Expenditures		<u>(518,000)</u>
Unexpended/ Available Balance, June 30, 2020		<u>\$2,497,492</u>

During Fiscal Year 2019-20, there were \$2.3 million of fees deposited, investment earnings of \$149,766, and capital project funding of \$518,000, resulting in a June 30, 2020 unexpended/available balance of \$2,497,492 in the Water Capacity Charges Fund. The expenditures of \$518,000 provide funding for a capital project and the funds will be expended over the life of the capital project.

Identification of Each Public Improvement on Which Charges were Expended in  
Fiscal Year 2019-20 – CGC Section 66013(d)(4)(A)-(B) (dollars in thousands):

The table below shows active project(s) that have been partially or fully funded by Water Capacity Charges.

	<u>Total Project Cost</u>	<u>FY 2019-20 Expendi- tures</u>	<u>LTD Expendi- tures</u>	<u>Total Water Capacity Charges Funding</u>	<u>% of Project Funded by Water Capacity Charges</u>	<u>Project Completed</u>
Misc. Water Main Repl. (16-21)	\$3,833	\$ 138	\$ 3,523	\$ 804	21.0%	No
Shoreline Boulevard Interim Bus Lane and Utility Improvements, Design (16-58)	2,455	382	1,653	444	18.1%	No
Water/Sewer Main Replacement Crossing 101 (16- 61)	940	229	642	600	63.8%	No
Misc. Water Main Repl. (17-21)	2,324	129	416	1,079	46.4%	No
Misc. Water Main Repl. (18-21)	2,533	3	3	787	31.1%	No
Shoreline Boulevard Interim Bus Lane and Utility Improvements, Construction (18- 43)	15,205	5	5	86	0.6%	No
Misc. Water Main Repl. (19-21)	2,584	-0-	-0-	1,640	63.5%	No
Leong Drive Water and Sewer Main Repl. (19-41)	8,500	4,709	4,870	2,000	23.5%	No
Misc. Water Main/ Service Line Repl. (20-21)	2,636	-0-	-0-	518	19.7%	No
Total		<u>\$5,595</u>	<u>\$11,112</u>	<u>\$7,958</u>		

Identification of Each Public Improvement Anticipated to be Undertaken in the  
Following Fiscal Year – CGC Section 66013(d)(4)(C):

The Annual Water Main/Service Line Replacement (16-21) project was adopted in Fiscal Year 2015-16 and was partially funded with \$804,000 from the Water Capacity Charges Fund. These funds were used to complete the design for the Leong Drive Water and Sewer Main Replacement, which was completed summer 2019.

The Shoreline Boulevard Interim Bus Lane and Utility Improvements, Design (16-58), capital project was adopted in Fiscal Year 2015-16 and was partially funded with \$444,000 from the Water Capacity Charges Fund. The project will design a reversible bus lane along with bicycle and pedestrian improvements along Shoreline Boulevard from Middlefield Road to Pear Avenue, including improvements to replace water and sewer mains along Shoreline Boulevard from Middlefield Road to south U.S. 101. The reversible bus lane project is a proposal in the North Bayshore Precise Plan to reduce single-occupancy vehicles commuting to work in North Bayshore from the Mountain View Transit Center. The project design documents are nearly complete. Staff bid the project for construction earlier this month and expects to receive bids in November 2020. The Shoreline Boulevard Interim Bus Lane and Utility Improvements, Construction (18-43) project funds the construction of the project and is partially funded with \$86,000 from the Water Capacity Charges Fund. Construction activity is scheduled to start winter 2020.

The Water/Sewer Main Replacement Crossing Highway 101, Design (16-61), project was adopted in Fiscal Year 2015-16 and was partially funded with \$600,000 from the Water Capacity Charges Fund. The design should be completed fall 2020.

The Annual Water Main/Service Line Replacement (17-21) project was adopted in Fiscal Year 2016-17 and was partially funded with \$1,079,000 from the Water Capacity Charges Fund. These funds are being used to complete the Rock Street and Spring Street Water and Sewer Main Replacement. This project should be completed summer 2021.

The Annual Water Main/Service Line Replacement (18-21) project was adopted in Fiscal Year 2017-18 and was partially funded with \$787,000 from the Water Capacity Charges Fund. These funds are being used to complete the Rock Street and Spring Street Water and Sewer Main Replacement. This project should be completed summer 2021.

The Annual Water Main/Service Line Replacement (19-21) project was adopted in Fiscal Year 2018-19 and was partially funded with \$1,640,000 from the Water Capacity Charges Fund. These funds are being used to complete the Rock Street and Spring Street Water and Sewer Main Replacement. This project should be completed summer 2022.

The Leong Drive Water/Sewer Main Replacement, Construction (19-41), project is partially funded with \$2,000,000 from the Water Capacity Charges Fund. The construction is planned to be completed fall 2020.

The Annual Water Main/Service Line Replacement (20-21) project was adopted in Fiscal Year 2019-20 and was partially funded with \$518,000 from the Water Capacity Charges Fund. Locations have not been identified for use of these funds and the completion date is to be decided.

Description of Each Interfund Transfer or Interfund Loan Made from the Fund – CGC Section 66013(d)(5):

During Fiscal Year 2019-20, a \$518,000 Interfund Transfer was made to Capital Projects for the project listed below and referenced in CGC Section 66013(d)(4)(A)-(C) above:

20-21 Miscellaneous Water Main/Service Line Replacement – \$518,000 Interfund Transfer

8. **Sewer Capacity Charges Fund**

Description of the Charges Deposited in the Fund – CGC Section 66013(d)(1):

The City retained a consulting firm, Bartle Wells, to review the existing fee systems and recommend updates based on the current development patterns of infill, redevelopment, and land use intensification. On April 8, 2014, the City Council adopted Sewer Capacity Charges with an effective date of July 1, 2015. These fees are to capture the increased demand from all development projects by assessing a capacity-based charge that is calculated proportional to the increased demand each project places on the City's sewer system.

Beginning and Ending Balances, Amount of Charges Collected, and Interest Earned – CGC Section 66013(d)(2)-(3):

Beginning Balance, July 1, 2019		\$ 1,329,069
Sewer Capacity Charges	\$ 2,065,217	
Investment Earnings	<u>189,231</u>	
Total Unaudited Revenues		2,254,448
Total Unaudited Expenditures	<u>(145,000)</u>	
Total Unaudited Expenditures		<u>(145,000)</u>
Unexpended/ Available Balance, June 30, 2020		\$ <u>3,438,517</u>

During Fiscal Year 2019-20, there were \$2.1 million in charges deposited, investment earnings of \$189,231, and capital project funding of \$145,000. As of June 30, 2020, there is an unexpended/available balance of \$3.4 million in the Sewer Capacity Charges Fund. The expenditures of \$145,000 provide funding for one capital project, and the funds will be expended over the life of the capital project.

Identification of Each Public Improvement on Which Charges Were Expended in  
Fiscal Year 2019-20 – CGC Section 66013(d)(4)(A)-(B) (dollars in thousands):

The table below shows active project(s) that have been partially or fully funded by Sewer Capacity Charges.

	<u>Total Project Cost</u>	<u>FY 2019-20 Expendi- tures</u>	<u>LTD Expendi- tures</u>	<u>Total Sewer Capacity Charges Funding</u>	<u>% of Project Funded Sewer Capacity Charges</u>	<u>Project Completed</u>
Misc. Storm/Sewer Main Repl. (16-22)	\$3,068	\$ 127	\$ 2,833	\$ 1,523	49.6%	No
Shoreline Boulevard Interim Bus Lane and Utility Improvements, Design (16-58)	2,455	382	1,653	148	6.0%	No
Water/Sewer Main Replacement Crossing 101 (16-61)	940	229	642	200	21.3%	No
Misc. Storm/Sewer Main Repl. (17-22)	1,133	56	446	200	17.7%	No
Immediate Repairs to Sewage Pump Station (17-48)	4,361	2,983	3,138	1,000	22.9%	No
San Antonio Area Sewer Imp. – Design (17-50)	320	78	195	320	100.0%	No
Shoreline Boulevard Interim Bus Lane and Utility Improvements, Construction (18-43)	15,205	5	5	358	2.4%	No
Leong Drive Water and Sewer Main Repl. (19-41)	8,500	4,709	4,870	6,500	76.5%	No
Misc. Storm/Sanitary Sewer Main Repl. (20-22)	1,649	-0-	-0-	145	8.8%	No
<b>Total</b>		<u>\$8,569</u>	<u>\$13,782</u>	<u>\$10,394</u>		

Identification of Each Public Improvement Anticipated to be Undertaken in the  
Following Fiscal Year – CGC Section 66013(d)(4)(C):

The Annual Storm/Sanitary Sewer Main Replacement (16-22) project was adopted in Fiscal Year 2015-16 and was partially funded with \$1,523,000 from the Sewer Capacity Charges Fund. These funds were used to complete the design for the Leong Drive Water and Sewer Main Replacement, which was completed summer 2019.

The Shoreline Boulevard Interim Bus Lane and Utility Improvements, Design (16-58), capital project was adopted in Fiscal year 2015-16 and was partially funded with \$148,000 from the Sewer Capacity Charges Fund. The project will design a reversible bus lane along with bicycle and pedestrian improvements along Shoreline Boulevard from Middlefield Road to Pear Avenue, including improvements to replace water and sewer mains along Shoreline Boulevard from Middlefield Road to south U.S. 101. The reversible bus lane project is a proposal in the North Bayshore Precise Plan to reduce single-occupancy vehicles commuting to work in North Bayshore from the Mountain View Transit Center. The project design documents are nearly complete. Staff bid the project for construction earlier this month and expects to receive bids in November 2020. The Shoreline Boulevard Interim Bus Lane and Utility Improvements, Construction (18-43), project funds the construction of the project and is partially funded with \$358,000 from the Sewer Capacity Charges Fund. Construction activity is scheduled to start winter 2020.

The Water/Sewer Main Replacement Crossing Highway 101, Design (16-61), project was adopted in Fiscal Year 2015-16 and was partially funded with \$200,000 from the Sewer Capacity Charges Fund. The design should be completed fall 2020.

The Annual Storm/Sanitary Sewer Main Replacement (17-22) project was adopted in Fiscal Year 2016-17 and was partially funded with \$200,000 from the Sewer Capacity Charges Fund. These funds are being used to complete the Rock Street and Spring Street Water and Sewer Main Replacement. This project should be completed summer 2021.

The Immediate Repairs to Sewage Pump Station (17-48) project is partially funded with \$1,000,000 from the Sewer Capacity Charges Fund. The construction is planned to be completed fall 2020.

The San Antonio Area Sewer Improvement, Design (17-50), project is fully funded from the Sewer Capacity Charges Fund. The design is planned to be completed winter 2020.

The Leong Drive Water/Sewer Main Replacement, Construction (19-41), project is partially funded with \$6,500,000 from the Sewer Capacity Charges Fund. The construction is planned to be completed fall 2020.

The Annual Storm/Sanitary Sewer Main Replacement (20-22) project was adopted in Fiscal Year 2019-20 and was partially funded with \$145,000 from the Water Capacity Charges Fund. Locations have not yet been identified for use of these funds and the completion date is to be decided.

Description of Each Interfund Transfer or Interfund Loan Made from the Fund – CGC Section 66013(d)(5):

During Fiscal Year 2019-20, a \$145,000 Interfund Transfer was made to Capital Projects for the project listed below and referenced in CGC Section 66013(d)(4)(A)-(C) above:

20-22 Miscellaneous Storm/Sanitary Sewer Main Replacement – \$145,000 Interfund Transfer

**Park Land Dedication Fee Not Subject to Annual Reporting**

The PLD Fee discussed below is not subject to CGC Section 66006 or 66013 requiring annual reporting but is subject to CGC Section 66477(a)(6)(A) and is included to report the commitment of PLD fees within five years after receipt or issuance of the building permit, whichever occurs later.

**9. Park Land Dedication Fund**

PLD fees are collected as a condition of approval for any new residential development and used for park or recreational purposes. PLD fees are not subject to annual reporting under CGC Section 66477. However, staff will continue to report on this fee for informational purposes.



On November 28, 2006, the City Council amended the Park Land Dedication In-Lieu Fee Ordinance to establish objectives for use of Park Land Dedication In-Lieu fees as detailed below:

- Priority No. 1 – Acquisition
- Priority No. 2 – Development
- Priority No. 3 – Rehabilitation

Within each priority, first consideration goes to projects that are located within one mile of the development generating the fee, and the next consideration is for projects that provide a communitywide asset. The Parks and Recreation Commission reviews projects and forwards a recommendation to the City Council regarding commitment of both the available in-lieu fees received and the available investment earnings generated each fiscal year. On October 13, 2015 and June 14, 2016, the City Council adopted ordinances amending Chapter 41 (Park Land Dedication In-Lieu Fee) to exclude affordable housing units from the PLD requirement and to establish a new dwelling density and In-Lieu Fee calculation for companion units, respectively.

On April 9, 2019, the City Council adopted an ordinance amending Chapter 41 to provide a credit for publicly accessible private open space in the North Bayshore Precise Plan Area. This amendment provides developers of net-new, market-rate residential units in the North Bayshore Area an opportunity to apply for a credit towards their park land dedication requirement for providing publicly accessible private open space.

The beginning balance, revenues, expenditures, and available balance of the PLD Fund for Fiscal Year 2019-20 are as follows:

Beginning Balance, July 1, 2019	\$ 61,425,252
Unaudited Revenues:	
Park Land Dedication Fees	\$ 37,927,800
Investment Earnings	1,362,475
Capital Projects Refunds	<u>186,688</u>
Total Unaudited Revenues	<u>39,476,963</u>
Total Available	<u>100,902,215</u>
Unaudited Expenditures:	
Land Acquisition	(40,000,000)
FY 2019-20 Adopted Capital Improvement Projects (CIPs)	(2,777,000)
FY 2019-20 Midyear CIPs	<u>(400,000)</u>
Total Unaudited Expenditures	<u>(43,177,000)</u>
Unexpended Ending Balance	57,725,215
Total Committed by City Council for Specific Future Projects	<u>(16,034,775)</u>
Available Balance, June 30, 2020	\$ <u>41,690,440</u>

Park Land Dedication fees, investment earnings, and capital project refunds total \$39.5 million and expenditures total \$43.2 million. After deducting \$16.0 million in funds committed for future projects, there is an available balance of \$41.7 million as of June 30, 2020. This \$41.7 million is comprised of fees, investment earnings, and capital project refunds deposited during Fiscal Years 2016-17 through 2019-20. As required by CGC Section 66477(6)(A), all PLD fees have been committed within five years after deposit of the fees or the issuance of building permits, whichever occurs later.

The Fiscal Year 2020-21 Adopted CIP includes appropriations for projects and commitments for future projects which utilized a portion of the committed and available PLD funds indicated above.

## CONCLUSION

The development impact funds discussed in this report comply with the requirements of CGC Section 66001 for annual reporting regarding the collection and use of development

fees. In addition, this report makes required findings that the North Bayshore Development Impact – Transportation funds are still needed for the purposes specified.

The Water and Sewer Capacity Charges are in compliance with the CGC Section 66013 for annual reporting regarding the collection and use of capacity charges. The PLD Fund is in compliance with CGC Section 66477(a)(6)(A) regarding the commitment of fees within five years of receipt.

ROD-SN-JT/6/FIN  
572-10-27-20M

cc: SMA – Goedicke, APWD – Arango, SMA – Doan, PM – Gil, SMA – Ruebusch,  
USM – Vasquez, WRM – Flegel