

MEMORANDUM

Finance and Administrative Services Department

DATE: November 3, 2025

TO: City Council

FROM: Elliot Young, Principal Financial Analyst
Grace Zheng, Assistant Finance and Administrative Services Director
Derek Rampone, Finance and Administrative Services Director

VIA: Kimbra McCarthy, City Manager

SUBJECT: Fiscal Year 2024-25 Annual Compliance Report for Development Impact Fees

BACKGROUND

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. 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 the Citywide Transportation Impact Fee (CTI), Housing Impact (HI) Fee, Rental Housing Impact (RHI) Fee, In-Lieu Parking Fee (ILP), North Bayshore Development Impact Fees for Transportation, Sewer, and Water (NBS Development Impact Fees), Water Development Impact Fee, and Sewer Development Impact Fee. 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 the information on an annual basis, after the initial reporting, to make this requirement easier to administer and increase transparency to the public on collected fees. There are currently four different five-year finding cycles, and this year's report has required findings for the NBS Development Impact Fee for Transportation. For ease of administration, this report also provides information on those fees outside of their respective five-year cycles, which are the CTI, HI, RHI, ILP, and NBS Development Impact Fee—Water and Sewer, and Sewer Development Impact Fees.

ANALYSIS**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. 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 2024-25</u>	<u>FY 2025-26</u>
Single-Family, attached or detached (net new dwelling unit)	\$6,126	\$6,126
Multi-Family (net new dwelling unit)	\$3,431	\$3,431
Hotels and Motels (net new guest room)	\$3,789	\$3,789
Service and Retail Commercial (SF, net new floor area)	\$6.54	\$6.54
Office, R&D, Industrial (SF, net new floor area)	\$6.54	\$6.54
Low Trip-Generating Uses (a.m. and p.m. peak-hour trips)	\$3,541	\$3,541

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

Beginning Balance, July 1, 2024		\$2,140,247
Citywide Transportation Impact Fees	\$72,234	
Investment Earnings	59,499	
Capital Project Refunds	73,277	
Total Unaudited Revenues		205,010
Total Unaudited Expenditures		<u>-0-</u>
Unexpended/Available Balance, June 30, 2025		<u><u>\$2,345,257</u></u>

During Fiscal Year 2024-25, there were \$72,234 in fees deposited, \$59,499 in investment earnings, \$73,277 in capital project refunds, and no expenditures. As of June 30, 2025, there is an unexpended/available balance of approximately \$2.3 million. A transportation-related capital project, 2020-21 Street Resurfacing/Slurry Seal, Project 21-01, previously funded by these fees, is listed in the following section. This capital project was completed in Fiscal Year 2024-25.

Identification of Each Public Improvement on Which Fees Were Expended in Fiscal Year 2024-25—CGC Section 66006(b)(1)(E) (dollars in thousands):

The table below shows active project(s) that have been partially or fully funded by Citywide Transportation Impact (CTI) Fees.

	Total Project Cost	FY 2024-25 Expenditures	Life to Date (LTD) Expenditures	Total CTI Funding	% of Project Funded by CTI Fee
20-21 Street Resurfacing/ Slurry Seal (21-01)	\$2,983	\$7	\$2,550	\$156	5.2%

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

Construction for the 2020-21 Street Resurfacing/Slurry Seal project was completed in 2024 and accepted by Council in May 2024. The project was closed in Fiscal Year 2024-25, and the unspent funding was returned to the original funding sources.

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

No CTI Fees were expended during Fiscal Year 2024-25.

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

During Fiscal Year 2024-25, a \$73,277 capital project refund was made to this fund from the project referenced in CGC Section 66006(b)(1)(F) above:

21-01—2020-21 Street Resurfacing/Slurry Seal

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. As of June 30, 2025, this fund has an unexpended balance of approximately \$2.3 million. The City is required to make its next five-year finding as of June 30, 2029.

- (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. Fees received will be used as a funding source for certain transportation improvements required to serve new development within the City.

- (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 because new development in the City contributes to additional burdens on the existing transportation infrastructure and street system. The Santa Clara County Congestion Management Program sets performance standards for arterial and regional streets and sets requirements for multi-modal improvements that are required to offset impacts to those streets. The City is required to comply with the Congestion Management Program, which is operated by the Santa Clara Valley Transportation Authority (VTA). Improvements to the existing multi-modal transportation systems in the City are needed both to mitigate the cumulative impacts of new development and to accommodate future development by maintaining the appropriate level of services on streets and intersections or providing offsetting transit, pedestrian, and bicycle improvements to meet Congestion Management Plan Program requirements. The fee is based upon the evidence that new development generates additional residents, employees, and structures which, in turn, place an additional cumulative burden upon the local transportation system and should be expected to pay a share of the new infrastructure improvements.

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

The current unexpended/available balance of approximately \$2.3 million in the CTI Fund will be programmed into future transportation-related 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 funds will be deposited into a new capital improvement project when approved and appropriated by Council. The funds were deposited on July 1, 2025, to project 22-27: Rengstorff Grade Separation, Early Works Construction. Construction should begin in the 4th quarter of 2027.

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 2024-25</u>	<u>FY 2025-26</u>
Commercial/Entertainment/Hotel/Retail		
First 25,000 SF	\$2.10/net SF	\$2.17/net SF
25,000+ SF	\$3.60/net SF	\$3.72/net SF
High-Tech/Industrial/Office		
First 10,000 SF	\$16.50/net SF	\$17.03/net SF
10,000+ SF	\$34.00/net SF	\$35.09/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, 2024		\$40,081,740
Housing Impact Fees	\$ 96,128	
Investment Earnings	1,168,714	
Other Revenue	<u>49,362</u>	
Total Unaudited Revenues		1,314,204
Total Unaudited Expenditures		<u>(13,309,022)</u>
Unexpended Balance		28,086,922
Reserved by City Council for		
Affordable Housing Projects:		<u>(23,133,876)</u>
Available Balance, June 30, 2025		<u>\$4,953,046</u>

During Fiscal Year 2024-25, there were \$96,128 in fees deposited, \$1.2 million of investment earnings, \$49,362 of other revenue, and \$13.3 million in expenditures, including a \$5.0 million transfer to the City's Local Housing Trust Fund to serve as the local matching for housing grants. As of June 30, 2025, there is an unexpended balance of

\$28.1 million, \$23.1 million of which has been reserved for the projects below, resulting in an available balance of approximately \$5.0 million:

Charities Housing project at 1265 Montecito Avenue—\$2.1 million

Danco Communities project at 96 West El Camino Real—\$7.1 million

Mountain View Lot 12 project—\$5.9 million

87 East Evelyn project—\$8.0 million

Identification of Each Public Improvement on Which Fees Were Expended in Fiscal Year 2024-25—CGC Section 66006(b)(1)(E) (dollars in thousands):

The table below shows active project(s) that have been partially or fully funded by HI Fees.

	Total Project <u>Cost</u>	FY 2024-25 HI <u>Expenditures</u>	Life to Date (LTD) HI <u>Expenditures</u>	Total HI <u>Funding</u>	% of Project Funded by <u>HI Fee</u>
1265 Montecito Avenue	\$80,240	\$7,775	\$13,884	\$16,000	20.0%
Administration of HI Program and Fees ⁽¹⁾	N/A	<u>534</u> <u>\$8,309</u>	<u>N/A</u> <u>\$13,884</u>	<u>N/A</u> <u>\$16,000</u>	100.0%

⁽¹⁾ 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):

The 1265 Montecito Avenue project is currently under construction. The developer anticipates completing construction in April 2026 with 100% lease-up occurring in March 2026. During Fiscal Year 2023-24, the developer repaid the predevelopment loan of \$1.1 million as a requirement of their bank as part of the construction closing. This became part of the permanent loan and was drawn at closing.

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

During Fiscal Year 2024-25, a \$5.0 million transfer was made to the Local Housing Trust 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 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, 2028. However, the City is providing information as of June 30, 2025 regarding the unexpended balance of approximately \$5.0 million. As previously mentioned, for ease of reporting after the initial five-year finding and transparency, 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 project at 1265 Montecito Avenue, which is currently under construction, as well as affordable developments in the City's pipeline, including Parking Lot 12, the former VTA Park and Ride Lot at 87 East Evelyn Avenue and Pioneer Way and 96 West El Camino Real.

(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).

1265 Montecito Avenue

\$16.00	City of Mountain View HI Funds
8.50	County of Santa Clara Measure A
36.77	Tax Credit Equity
12.60	Conventional Loan
5.10	Deferred Developer Fee
<u>1.27</u>	Deferred Interest from City and County
<u>\$80.24</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 1265 Montecito Avenue project is under construction and will be managed by Charities Housing. This project was approved through the City's Notice of Funding Availability (NOFA) process and funded by the City's HI funds and County of Santa Clara Measure A funds as well as low-income housing tax credits and a permanent loan. The HI funds detailed above have been deposited into the fund and were reserved for this project by the City Council. None of the outside funding sources will be deposited into the City's account. All outside funding sources have signed loan agreements with the developer and are disbursing loan proceeds by reimbursing the developer during the construction phase. The development was approved by the City Council on December 6, 2022.

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 Fee 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, Assembly Bill (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. All such projects have paid the RHI Fee, and the RHI Fee was eliminated in Fiscal Year 2021-22 as of August 22, 2021. 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 2021-22, the fee was \$19.82 per net new habitable square foot and was eliminated as of August 22, 2021.

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

Beginning Balance, July 1, 2024		\$2,682,771
Rental Housing Impact Fees	\$ -0-	
Investment Earnings	<u>86,860</u>	
Total Unaudited Revenues		86,860
Total Unaudited Expenditures		<u>-0-</u>
Unexpended Balance		2,769,631
Reserved by City Council for		
Affordable Housing Projects:		<u>(130,148)</u>
Available Balance, June 30, 2025		<u><u>\$2,639,483</u></u>

During Fiscal Year 2024-25, there were \$86,860 of investment earnings and no expenditures, and \$130,148 reserved for housing projects. As of June 30, 2025, there is an unexpended balance of \$2.8 million, \$130,148 of which is reserved for the Crestview Hotel Conversion Project, resulting in an available balance of approximately \$2.6 million.

Identification of Each Public Improvement on Which Fees were Expended in Fiscal Year 2024-25—CGC Section 66006(b)(1)(E):

No RHI Fees were expended on public improvements during Fiscal Year 2024-25.

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, 2028. However, the City is providing information as of June 30, 2025 regarding the unexpended balance of \$2.8 million. As previously mentioned, for ease of reporting after the initial five-year finding and transparency, the City provides information on an annual basis.

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

The RHI Fees 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, a 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 households. 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).

Crestview Hotel

\$7.42	CDBG/HOME
0.88	City of Mountain View RHI Funds
<u>0.75</u>	Other Federal Grants
<u>\$9.05</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 Crestview Hotel project (now called The Heartwood) was rehabilitated by Jamboree Housing. On January 26, 2021, the City of Mountain View partnered with the County of Santa Clara to convert the Crestview Hotel into residential units to meet various housing needs and priorities, serving extremely low- and low-income households. This project was funded by the City's Community Development Block Grant (CDBG) and HOME funds, the County of Santa Clara Measure A funds, the California Department of Housing and Community Development Project Homekey funds, and a federal grant under the Economic Development Initiative Community Project Funding initiative. The City sources of funding have been reserved for this project by the City Council. All outside funding sources have signed loan and regulatory agreements with the developer and have disbursed loan proceeds by reimbursing the developer during the rehabilitation process. The project received its Temporary Certificate of Occupancy in August 2024 and completed lease-up in November 2024.

4. *In-Lieu Parking Funds*

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

On January 26, 1988, the City Council adopted Resolution No. 14763, establishing the In-Lieu Parking Fees for the Downtown Parking Maintenance Assessment District ("Downtown Parking District"). The fee allows developers in the Downtown Parking District

to opt to pay a fee in lieu of providing all or a percentage of the required off-street parking. The purpose of the fee is to fund construction of new public parking in downtown Mountain View.

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

<u>Type</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>
In-Lieu Parking Fee:		
New Construction (per space)	\$64,472	\$64,472
Change of Use (per space)	\$32,237	\$32,237

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

Beginning Balance, July 1, 2024		\$8,654,201
In-Lieu Parking Fees	\$ 257,888	
Investment Earnings	<u>334,203</u>	
Total Unaudited Revenues		592,091
Total Unaudited Expenditures		<u>-0-</u>
Unexpended/Available Balance, June 30, 2025		<u>\$9,246,292</u>

During Fiscal Year 2024-25, there were \$257,888 in fees, \$334,203 in investment earnings, and no expenditures. As of June 30, 2025, there is an unexpended/available balance of approximately \$9.2 million. A parking-related capital project, Lot 5 Parking Structure, Study and Preliminary Design, Project 23-33, was fully funded by these fees. It is 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 2023-24—CGC Section 66006(b)(1)(E) (dollars in thousands):

The table below shows active project(s) that have been partially or fully funded by In-Lieu Parking Fees. There were no expenditures in Fiscal Year 2024-25.

	<u>Total Project Cost</u>	<u>FY 2024-25 Expenditures</u>	<u>Life to Date (LTD) Expenditures</u>	<u>Total ILP Funding</u>	<u>% of Project Funded by ILP Fee</u>
Lot 5 Parking Structure, Study and Preliminary Design (23-33)	\$1,000	\$1	\$5	\$1,000	100%

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

Construction for Lot 5 Parking Structure, Study and Preliminary Design, Project 23-33, will commence in Fall 2027 and is expected to be completed in Early 2030. Expenditures in the project to date are for project management and preliminary design.

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 In-Lieu Parking fee was deposited in Fiscal Year 1988-89 and, in accordance with CGC Section 66001(d)(1), the City is required to make its next five-year finding as of June 30, 2028. However, the City is providing information as of June 30, 2025 regarding the unexpended balance of approximately \$9.2 million. As previously mentioned, for ease of reporting after the initial five-year finding and transparency, the City provides information on an annual basis.

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

The In-Lieu Parking funds will support the construction of additional parking supply within downtown.

(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 were charged because the fee is intended to allow developers in the Downtown Parking District to meet their parking requirements by providing the City with funds to address the additional parking needs caused by the development through construction of new public parking within downtown. Since January 1, 2023 with Assembly Bill 2097, development in the Downtown Parking District that is within one-half mile of a major transit stop (e.g., the Mountain View Transit Center) is not subject to minimum parking requirements except for Electric Vehicle Supply Equipment

(EVSE) installed spaces and accessible spaces. Thus, fee payments will be based on fewer parking spaces than prior to Assembly Bill 2097.

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

The current unexpended balance of \$9.2 million in the fund is committed for financing an increase in public parking capacity for the Hope Street development project pursuant to the May 25, 2017 Disposition and Development Agreement between the City and RGC Mountain View I, LLC.

- (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 paid to the Hope Street developer when approved and appropriated by Council pursuant to the May 25, 2017 Disposition and Development Agreement between the City and RGC Mountain View I, LLC. This is anticipated to occur in Fiscal Year 2028-29.

5. *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 Schaaf & Wheeler (consulting civil engineers). On February 23, 2016, the 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 2024-25 and the fees approved by the City Council for Fiscal Year 2025-26 are detailed below.

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

	<u>FY 2024-25</u>	<u>FY 2025-26</u>
Hotel:		
Transportation (Guest Rooms)	\$2,759	\$2,759
Water (Guest Rooms)	\$5,417	\$5,417
Sewer (Guest Rooms)	\$975	\$975
Office/R&D:		
Transportation (SF net new gross floor area)	\$30.96	\$30.96
Water (SF net new gross floor area)	\$8.75	\$8.75
Sewer (SF net new gross floor area)	\$1.63	\$1.63
Retail:		
Transportation (SF net new gross floor area)	\$3.23	\$3.23
Water (SF net new gross floor area)	\$0.01	\$0.01
Sewer (SF net new gross floor area)	\$1.08	\$1.08

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 is separate reporting 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, 2024		\$3,793,195
Transportation: North Bayshore Development Impact Fees	\$ -0-	
Investment Earnings	<u>846,614</u>	
Total Unaudited Revenues		846,614
Total Unaudited Expenditures		<u>-0-</u>
Unexpended/Available Balance, June 30, 2025		\$ <u>4,639,809</u>

During Fiscal Year 2024-25, there were no fees deposited, \$846,614 in investment earnings, and no expenditures. As of June 30, 2025, there is an unexpended/available balance of approximately \$4.6 million. Transportation-related capital projects funded in Fiscal Year 2024-25 and previously funded by these fees are 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 2023-24—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.

	Total Project Cost	FY 2024-25 Expenditures	LTD Expenditures	Total NBS— Transportation Funding	% of Project Funded by NBS— Transportation
Charleston Road Improvements Design (19-34)	\$44,402	\$ -0-	\$ 636	\$12,475	28.2%
NB Shoreline Blvd/101 Off-Ramp Realignment, Design (19- 59)	13,722	<u>458</u>	<u>3,146</u>	<u>12,785</u>	93.2%
TOTAL		<u>\$458</u>	<u>\$3,782</u>	<u>\$25,260</u>	

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

The Charleston Road Improvements, Design (19-34) project is funded by multiple sources, and for Fiscal Year 2023-24, \$12.5 million from the NBS Development Impact Fund was provided, \$3.8 million transferred from the Shoreline at 101 Ped/Bike Overcrossing, Construction (20-38) project.

The NB Shoreline Blvd/101 Off-Ramp Realignment, Design (19-59) project was previously fully funded from the NBS Development Impact Fund. For Fiscal Year 2023-24, additional funding of \$937,000 from the Shoreline Regional Park Community Fund and \$12.8 million from the NBS Development Impact Fund was provided. Project design began in August 2019 and should be complete by summer 2026.

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 NBS Development Impact Fee for transportation was deposited in September 2014 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, 2025. As of June 30, 2025, this fund has the unexpended balance of \$4.6 million. The next reporting is due on June 30, 2030. As previously mentioned, for ease of reporting after the initial five-year finding and transparency, the City provides information on an annual basis.

- (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. Fees collected from new development will be spent to directly offset this burden by increasing the capacity of the existing transportation infrastructure 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 approximately \$4.6 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, 2024		\$5,165,405
Water: North Bayshore Development Impact Fees	\$ -0-	
Capital Project Refunds	3,414,000	
Investment Earnings	<u>301,796</u>	
Total Unaudited Revenues		3,715,796
Total Unaudited Expenditures		<u>-0-</u>
Unexpended/Available Balance, June 30, 2025		<u>\$8,881,201</u>

During Fiscal Year 2024-25, there were no fees deposited, \$3.4 million in capital project refunds, \$302,000 in investment earnings, and no expenditures. As of June 30, 2025, there is an unexpended/available balance of approximately \$8.9 million. Water infrastructure-related capital projects, previously funded by these fees, are 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 2024-25—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 Fee.

	Total Project Cost	FY 2024-25 Expenditures	LTD Expenditures	Total NBS— Water Funding	% of Project Funded by NBS— Water
Water & Sewer Main Replacement 101 at Two Locations, Construction (20-41)	\$21,649	6,985	19,509	3,412	15.8%

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

The Water & Sewer Main Replacement 101 at Two Locations, Construction (20-41), project was adopted with the 2019-20 CIP and partially funded with \$3.4 million 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 water service reliability to North Bayshore. Construction of the Macon Avenue water pipeline was completed and

accepted by the City Council in December 2020. Construction of the water and sewer lines crossing U.S. 101 was completed and accepted by the City Council in October 2025.

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):

During Fiscal Year 2024-25, a \$3.4 million capital project refund was made to this fund from the project listed below and referenced in CGC Section 66006(b)(1)(F) above:

18-43 —Shoreline Boulevard Interim Bus Lane and Utility Improvements, Construction

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 its next five-year required finding as of June 30, 2027. However, the City is providing information as of June 30, 2025 regarding the unexpended balance of approximately \$8.9 million. As previously mentioned, for ease of reporting after the initial five-year finding and transparency, the City provides information on an annual basis.

(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 utility infrastructure. Fee revenue will be used as a funding source for utility 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 the community.

(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 utility infrastructure. Fees collected from new development will be spent to directly offset this burden by increasing the capacity of the existing utility infrastructure 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 balance of approximately \$8.9 million in the NBS Development Impact Fund—Water will be programmed into future water-related projects in the North Bayshore Area.

- (D) Designate the approximate dates on which the funding referred to in Subparagraph (E) 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.

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, 2024		\$ 1,008,389
Sewer: North Bayshore Development Impact		
Fees	\$ -0-	
Capital Project Refunds	1,024,000	
Investment Earnings	<u>67,601</u>	
Total Unaudited Revenues		1,091,601
Total Unaudited Expenditures		<u>-0-</u>
Unexpended/Available Balance, June 30, 2025		<u>\$2,099,990</u>

During Fiscal Year 2024-25, there were no fees deposited, \$1.0 million in capital project refunds, \$67,601 in investment earnings, and no expenditures. As of June 30, 2025, there is an unexpended/available balance of approximately \$2.1 million. Sewer infrastructure-related capital projects previously funded by these fees are 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 2024-25—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.

	Total Project <u>Cost</u>	FY 2024-25 Expendi- <u>tures</u>	LTD Expendi- <u>tures</u>	Total NBS— Sewer <u>Funding</u>	% of Project Funded by NBS— <u>Sewer</u>
Water and Sewer Main Replacement Crossing U.S. 101 (at South of Shoreline Boulevard and Macon Avenue), Construction (20-41)	\$21,649	\$6,985	\$19,509	<u>\$14</u>	<u>0.1%</u>

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

Water and Sewer Main Replacement Crossing U.S. 101, Construction, Project 20-41, south of Shoreline Boulevard and Macon Avenue, was adopted with the 2019-20 CIP and was partially funded with \$769,000 from NBS Development Impact—Sewer funds. In Fiscal Year 2024-25, NBS Development Impact - Sewer funding was reduced by \$755,000 and returned to the fund. The status of this project is identified in the North Bayshore Development Impact—Water section of this report.

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):

During Fiscal Year 2024-25, the following capital project refunds were made to this fund from the projects listed below and referenced in CGC Section 66006(b)(1)(F) above:

18-43 - Shoreline Boulevard Interim Bus Lane and Utility Improvements, Phase I Construction - \$269,000

20-41 - Water and Sewer Main Replacement Crossing U.S. 101, Construction - \$755,000

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 its next five-year required finding as of June 30, 2027. However, the City is providing information as of June 30, 2025 regarding the unexpended balance of approximately \$2.1 million. As previously mentioned, for ease of reporting after the initial five-year finding and transparency, the City provides information on an annual basis.

- (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 utility infrastructure. Fee revenue will be used as a funding source for utility 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 the community.

- (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 utility infrastructure. Fees collected from new development will be spent to directly offset this burden by increasing the capacity of the existing utility infrastructure 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 balance of \$2.1 million in the NBS Development Impact Fund—Sewer will be programmed into future sewer-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.

6. *Sewer Development Impact Fund*Description of the Type of Fee—CGC Section 66006(b)(1)(A):

This fee is 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, 2024		\$69,520
Sewer Development Impact Fees	\$ -0-	
Investment Earnings	<u>20,246</u>	
Total Unaudited Revenues		20,246
Total Unaudited Expenditures		<u>-0-</u>
Unexpended/Available Balance, June 30, 2025		\$ <u>89,766</u>

During Fiscal Year 2024-25, there were no fees deposited, \$20,246 in investment earnings, and no expenditures. As of June 30, 2025, there is an unexpended/available balance of \$89,766.

Identification of Each Public Improvement on Which Fees Were Expended in Fiscal Year 2024-25—CGC Section 66006(b)(1)(E):

The table below (in thousands of dollars) shows active project(s) that have been partially or fully funded by Sewer Development Impact Fees.

	Total Project Cost	FY 2024-25 Expenditures	LTD Expenditures	Total Sewer DIF Funding	% of Project Funded by Sewer DIF
Downtown Utility Improvements, Design (22-41)	\$12,375	\$3,333	\$4,132	\$673	5.4%

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

Downtown Utility Improvements, Design, Project 22-41, was adopted with the 2021-22 CIP, and additional funding was provided in Fiscal Year 2023-24, including \$673,000 from Sewer Development Impact funds. This project will relocate City utilities within the Castro Grade Separation and Access Project footprint in two phases. Phase 1 will relocate a water transmission main within the Central Expressway/Moffett Boulevard intersection and West Evelyn Avenue just west of Castro Street. The future Phase 2 project will relocate water, sewer, and storm drain mains on Evelyn Avenue west of Franklin Street. Construction of Phase 1 began in late 2024 and is anticipated to be completed by the end of 2025.

When it is necessary to increase system capacity 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, 2029. As previously mentioned, for ease of reporting after the initial five-year finding and transparency, 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 \$89,496 in the Sewer Development Impact Fund will be programmed into future 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 when identified and approved by the City Council.

CONCLUSION

The development impact funds discussed in this report comply with the requirements of CGC Section 66006 for annual reporting regarding the collection and use of development fees, and CGC Section 66001 for the five-year reporting for the NBS Development Impact Fee for Transportation.

cc: PWD(A), APWD—Au, SMA—Goedicke, SMA—Doan, CDD, EVM, HDD