

Annual Impact Fee and Sewer Capacity Charge Report For the City of South San Francisco For Fiscal Year 2010/11

This report contains information on the City of South San Francisco's development impact fees and sewer capacity charges for Fiscal Year 2010/11. This information is presented to comply with the annual reporting requirements contained in Government Code section 66000 *et seq.* Please note that this annual report is not a budget document, but rather is compiled to meet reporting requirements. It is not intended to represent a full picture of currently planned projects as it only reports revenues and expenditures for Fiscal Year 2010/11.

Government Code Section 66006 requires local agencies to submit annual and five-year reports detailing the status of development impact fees. The annual report must be made available to the public within 180 days after the last day of the fiscal year, and must be presented to the public agency (City Council) at least 15 days after it is made available to the public.

This report summarizes the following information for each of the development impact fee programs:

1. A brief description of the fee program.
2. Schedule of fees.
3. Beginning and ending balances of the fee program.
4. Amount of fees collected, interest earned, and transfers/loans.
5. An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.
6. A description of each interfund loan along with the date the loan will be repaid and the rate of interest.
7. The estimated date when projects will begin if sufficient revenues are available to construct the project.
8. Findings for each impact fee program.

Government Code Section 66013, further requires local agencies to submit annual reports detailing the status of sewer capacity charges. The annual report must be made available to the public within 180 days after the last day of each

fiscal year. This report summarizes the following information for the sewer capacity charges:

1. A description of the charges deposited in the fund.
2. The beginning and ending balance of the fund and the interest earned from investment of moneys in the fund.
3. The amount of charges collected in that fiscal year.
4. An identification of all of the following:
 - a. Each public improvement on which charges were expended and the amount of the expenditure for each improvement, including the percentage of the total cost of the public improvement that was funded with those charges if more than one source of funding was used.
 - b. Each public improvement on which charges were expended that was completed during that fiscal year.
 - c. Each public improvement that is anticipated to be undertaken in the following fiscal year.

More detailed information on certain elements of the various fee programs is available through other documents such as the Nexus Studies, Master Plans, Capital Improvement Programs, and Budgets.

The City does not typically earmark impact fees or sewer capacity charges for any specific project as the revenues are collected, but rather the revenues are applied toward a series of capital improvement projects as outlined in the nexus studies, such as a future sewer infrastructure, transportation infrastructure, and other capital facilities.

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Childcare Impact Fee Program

The Nexus Study for this citywide impact fee program was adopted by City Council in 2001 and identified the need for new and expanded child care facilities in the City. Updates since 2001 to this fee program have included a periodic inflation adjustment. The fee program includes a 5% administrative fee. The estimated cost of the new and expanded facilities was included in the Nexus Study and totaled \$43.9 million in 2001 dollars. The Nexus Study, using 2001 dollars, identified new development's share of the cost at \$10.8 million (24.6% of the total new and expanded facilities cost) and with the administration cost, new development's share rose to \$11.3 million. Existing development's share of the cost is \$33.1 million (75.4% of new facilities) which must be funded with other funding sources such as General Fund, grants, developer contributions, redevelopment funds, Community Development Block Grants, etc.

Required Findings

1. The purpose of the Childcare Impact Fee Program is to provide new development's share of funding for new and expanded childcare facilities required at build-out of the City.
2. The reasonable relationship between the childcare impact fee and the purpose for which it is charged is demonstrated in the *South San Francisco Child Care Facilities Impact Fee Nexus Study* dated September 2001 and adopted November 14, 2001.
3. The sources and amounts of funding anticipated for completion of the future new and expanded childcare facilities are in the *South San Francisco Child Care Facilities Impact Fee Nexus Study* dated September 2001 and adopted November 14, 2001 (shown in 2001 dollars). The source of funding existing development's share as noted in the Nexus Study is some combination of the General Fund, grants, developer contributions, redevelopment funds, and Community Development Block Grants.
4. Two projects have been completed using the Childcare Impact Fee Program funding. There is one in-progress project shown in the Five Year CIP FY 2010-11 and one new planned project shown in the Five Year CIP FY 2011-12. The approximate date for funding and constructing future facilities will be determined when additional funds for facility construction have accumulated.

Childcare Impact Fee (Fund 830)

This citywide development impact fee program funds new development's fair share of new and expanded childcare facilities to serve the City. Note there is a developer in-lieu contribution held in a separate interest bearing account within this fund that is available for childcare facilities to serve the residents of the Terrabay project and the City. This developer contribution is included here for informational purposes.

City's Beginning Balance, July 1, 2010		
Childcare impact fee	\$2,308,618	
Developer in-lieu held in a separate, interest bearing account in this Fund	\$418,651	
	\$2,727,269	
Total Beginning Bal. for Child Care Facilities		
Childcare Impact Fees collected	\$0	
Interest earned	\$42,645	
	\$42,645	
Total Additions		
		<u>% Fee Funded</u>
Disbursements		
City Administration	\$2,500	100%
Siebecker Childcare Ctr. Expansion (pf1018)	\$129,140	100%
	\$131,640	
Total Disbursements		

Remaining Balance, June 30, 2011		
Childcare impact fee for new facilities	\$2,219,623	
Developer in-lieu held in a separate, interest bearing account in this Fund	\$732,349	
	\$2,951,971	
Total Remaining Bal. for Child Care Facilities		
Planned Projects for Fiscal Year 2011/12		
		<u>% Fee Funded</u>
Siebecker Childcare Ctr. Expansion (pf1018)	\$80,617	100%
Siebecker Childcare Playground Enhancement Project (pk1205)	\$178,500	100%
	\$259,117	
Total Planned Projects in Fiscal Year 2011/12		
Remaining Balance in Childcare Impact Fee after Planned Projects	\$1,960,506	

Oyster Point Interchange Impact Fee Program

The City Council adopted this plan area fee program on May 23, 1984 using a February 1983 Feasibility Study prepared by Nolte and Associates in conjunction with Resolution No. 71-84 which created the "Oyster Point Contribution Formula". The 1983 Feasibility Study identified the need for the Oyster Point Interchange project which at that time was referred to as the grade separation project. Updates to the fee program since 1984 include: 1) an ongoing monthly inflation adjustment, and 2) a June 26, 1996 fee program change via Resolution No. 102-96 that included adjustments for a) the inflationary index that reduced the fee approximately 22%, b) the project description which increased the scope of the project to include the Terrabay hook ramps and the southbound off-ramp flyover, and c) the use of more current trip generation rates, and 3) a October 9, 1996 fee program change via Resolution No. 152-96 that added additional land uses with their associated trip generation rates.

The Feasibility Study, using 1983 dollars, identified new development's share of the grade separation project cost at 64.8% of while existing development's share of the cost (existing deficiency) was identified as 35.24%. This original portion of the project, the grade separation was completed and funded in 1995 and is not part of this annual report. The increased scope portion of the project, added in 1996, was identified as being 100% new development's responsibility. Of this additional scope, the flyover, estimated to cost \$6.4 million in 1996 dollars in the fee program was completed in 2005, and the hook ramps, estimated to cost \$15.0 million in 1996 dollars in the fee program were completed in October 2006. While the construction is completed, additional work is occurring relating to property transfers and gaining final CalTrans project acceptance.

Required Findings

1. The purpose of the Oyster Point Interchange Impact Fee Program is to provide new development's share of funding for this project required at build-out of the plan area.
2. The reasonable relationship between this impact fee and the purpose for which it is charged is demonstrated in the multiple traffic/transportation impact analyses and environmental documents including the Oyster Point Business Center Traffic Impact Analysis dated December 1981, the Gateway Project Transportation Impact Analysis dated March 1981, the Terrabay Development Draft EIR dated August 1982, and environmental documents associated with the Shearwater Project.
3. The sources and amounts of funding to complete the flyover and hook ramps portion of the project are: \$29.2 million from the Oyster Point Interchange Impact Fee Program, \$20.7 million from the San Mateo County Transportation Authority Grants, and \$4.2 million in utility company funding. Since the project was completed ahead of the plan area build out, \$14.45 million (principle only-prior to adding interest) of the Oyster Point Interchange impact fees were borrowed from RDA at an interest rate that is equivalent to what RDA pays on bonds.
4. The construction portion of the flyover and hook ramps is completed, and funding through the fee program will continue through build out of the plan area as the impact fees pay back the RDA advance.

Oyster Point Interchange Impact Fee (Fund 840)

This plan area development impact fee program funds new development's fair share of the Oyster Point Interchange project.

City's Beginning Balance, July 1, 2010	\$92,684	
Fees collected	\$0	
Interest earned	\$1,130	
Total Additions	\$1,130	
Disbursements		<u>% Fee Funded</u>
Payment on loan from RDA	\$0	100%
City Administration	\$2,500	100%
U.S. 101 Off Ramp/Hook Ramps (st1013)	\$5,285	100%
U.S. 101 Flyover to Oyster Pt. (st1014)	\$0	100%
Total Disbursements	\$7,785	

Remaining Balance as of June 30, 2011 to build new projects identified in the Nexus Study [1]	\$86,029	
Planned Projects for Fiscal Year 2011/12		<u>% Fee Funded</u>
U.S. 101 Off Ramp/Hook Ramps (st1013)	\$39,684	100%
U.S. 101 Flyover to Oyster Pt. (st1014)	\$14,196	100%
Total Planned Projects in Fiscal Year 2011/12	\$53,879	
Remaining Balance After Planned Projects [1]	\$32,149	
<u>Loans to Oyster Point Interchange Fee Fund</u>	<u>Remaining Amount Due</u>	<u>Due Date and Interest Rate</u>
RDA Loan (Fund 620) Begin. Bal. July 1, 2010	\$12,175,839	None & 4.585%
Plus Interest Accrued on RDA Bonds	\$558,262	simple interest
Less Payment on Loan	\$0	
RDA Loan (Fund 620) End. Bal. June 30, 2011	\$12,734,101	
Fees Available (Future Fees Required) for Current and Completed Projects	(\$12,701,951)	

[1] Includes the RDA loan of \$12.7 million.

Traffic Impact Fee Program

The original 2001 Nexus Study for this plan area fee was originally adopted by City Council in 2002 and identified the need for new and expanded roadway and intersection improvements to serve the area located East of 101 in the City. Updates since the 2001 Nexus Study included a revised version dated May 6, 2005 and the latest updated Nexus Study is dated July 19, 2007. This fee program also includes an annual inflation adjustment and includes a 2.5% administrative fee. The estimated cost of the new and expanded facilities was included in the 2007 Nexus Study and totaled \$38.5 million in 2007 dollars (\$32.4 million in net cost after accounting for fees already received). There are a total of 26 road improvements listed in the 2007 Nexus Study along with two study report projects for a total of 28 projects. The Nexus Study, using 2007 dollars, identified new development's share of the cost at 100% of the total identified new and expanded facilities cost.

Required Findings

1. The purpose of the Traffic Impact Fee Program is to provide new development's share of funding for new and expanded roadway and intersection improvements to serve the area located East of 101 at build-out of the plan area.
2. The reasonable relationship between the traffic impact fee and the purpose for which it is charged is demonstrated in the *Traffic Impact Fee Study Updated East of 101 Area* dated July 19, 2007 and adopted July 25, 2007.
3. The sources and amounts of funding anticipated for completion of the future new and expanded roadway and intersection improvements are in the *Traffic Impact Fee Study Updated East of 101 Area* dated July 19, 2007 and adopted July 25, 2007 (shown in 2007 dollars).
4. None of the 28 projects listed in the Nexus Study are completed although twelve projects have been started. An initial traffic study is being completed now to assist with prioritizing the construction of the new and expanded facilities listed in the Nexus Study. The twelve in-progress projects (including the initial traffic study) are shown in the Five Year CIP FY 2010-11 and in 11-12. The remaining Nexus Study projects are shown in later years of the Five Year CIP.

Traffic Impact Fee (Fund 820)

This plan area development impact fee program funds new development's fair share of new and expanded roadway and intersection improvements East of 101 to serve the City.

City's Beginning Balance, July 1, 2010	\$8,815,319	
Fees collected	\$0	
Interest earned	<u>\$163,356</u>	
Total Additions	\$163,356	
Disbursements		<u>% Fee Funded</u>
City Administration	\$2,500	100%
South Airport Blvd/Utah Ave. (tr1010)	\$44,298	100%
Traffic Impact Fee Study (tr1013)	\$71,733	100%
Airport Blvd/Miller Ave (TIF #12 tr1102)	\$8,464	100%
Grand/East Grand (TIF #26 & tr1103)	\$8,464	100%
Airport Blvd & Grand Ave (TIF #13 & tr1104)	\$8,366	100%
Oyster Pt Blvd/Route 101 NB On-Ramp (TIF #35 & tr1105)	\$48,071	100%
Restripe @ Dubuque/Oys Pt/N 101 Off-Ramp (TIF#3 & tr1106)	\$26,707	100%
Rt 101 NB Off-Rp to E Grant/Executive (TIF #38 & tr1107)	\$70,330	100%
Utah Avenue Over Crossing (TIF #39 & tr1108)	<u>\$19,514</u>	100%
Total Disbursements	\$308,446	

Remaining Balance as of June 30, 2011 to build new projects identified in the Nexus Study	\$8,670,229	
Planned Projects for Fiscal Year 2011/12		<u>% Fee Funded</u>
Geographic Information System (it1002)	\$14,797	7%
Gateway Blvd/E. Grand Traffic Impv. (tr1004)	\$203,986	100%
Grandview Dr./East Grand Ave. (tr1008)	\$677,810	100%
South Airport Blvd/Utah Ave. (tr1010)	\$388,517	100%
Traffic Impact Fee Study (tr1013)	\$81,669	100%
Airport Blvd/Miller Ave (TIF #12 tr1102)	\$31,536	100%
Grand/East Grand (TIF #26 & tr1103)	\$31,536	100%
Airport Blvd & Grand Ave (TIF #13 & tr1104)	\$31,634	100%
Oyster Pt Blvd/Route 101 NB On-Ramp (TIF #35 & tr1105)	\$251,929	100%
Restripe @ Dubuque/Oys Pt/N 101 Off-Ramp (TIF#3 & tr1106)	\$123,293	100%
Rt 101 NB Off-Rp to E Grant/Executive (TIF #38 & tr1107)	\$359,670	100%
Utah Avenue Over Crossing (TIF #39 & tr1108)	<u>\$100,486</u>	100%
Total Planned Projects for Fiscal Year 2011/12	\$2,296,865	
Remaining Balance After Planned Projects	\$6,373,364	

Sewer Impact Fee Program

The original 2002 Nexus Study for this plan area fee was originally adopted by City Council in 2002 and identified the need for new and rehabilitated sewer collection and treatment facilities to serve the area located East of 101 in the City. This fee program also includes an annual inflation adjustment. The estimated cost of the 20 new and expanded sewer projects was included in the Nexus Study and totaled \$21.4 million in 2002 dollars. The Nexus Study, using 2002 dollars, identified new development's share of the cost of the required facilities at \$15.5 million (72.4% of the total new and expanded facilities cost) while existing development's share of the cost (existing deficiency) is \$5.9 million (27.6% of new facilities). New development's share of the cost, \$15.5 million was increased to include some Master Planning Costs (\$425,000) and some CEQA reviewing costs (\$600,000) for a total cost to new development of \$16,425,000 of which \$12,429,000 was to be sewer impact fee funded and \$4,066,000 was to be funded directly by developer contributions. Of the 20 total projects listed in the Nexus Study, 11 projects are either fully or partially funded with the sewer impact fee funds, 4 are existing development's responsibility, 4 are to be funded by developer contributions, and 1 is to be funded with a combination of developer contributions and revenues from existing development. Existing development's share must be funded with the sewer charges appearing on property tax bills as a direct levy.

Required Findings

1. The purpose of the Sewer Impact Fee Program is to provide new development's share of funding for new and rehabilitated sewer collection and treatment facilities to serve the area located East of 101 at build-out of the plan area.
2. The reasonable relationship between the traffic impact fee and the purpose for which it is charged is demonstrated in the *East of 101 Sewer Facility Development Impact Fee* study dated October 2002 and adopted October 23, 2002.
3. The sources and amounts of funding anticipated for completion of the future new and rehabilitated sewer collection and treatment facilities are in the *East of 101 Sewer Facility Development Impact Fee* study dated October 2002 and adopted October 23, 2002 (shown in 2002 dollars).
4. Five of the 11 projects listed in the Nexus Study to be funded fully or partially from sewer impact fees have been started and three of those are completed. The two in-progress projects are shown in the first year of the Five Year CIP FY 2010-11 and 11-12, along with one additional sewer impact fee funded project, an update to the fee program which will be funded from the planning costs included in the Nexus Study. The remaining Nexus Study projects are lumped together and shown in the last year of the Five Year CIP.

Sewer Impact Fee (Fund 810)

This plan area development impact fee program funds new development's fair share of new and rehabilitated sewer collection and treatment facilities to serve the area located East of 101 in the City.

City's Beginning Balance, July 1, 2010	\$79,534	
Fees collected	11,715	
Interest earned	(\$1,200)	
Total Additions	\$10,515	
Disbursements		<u>% Fee Funded</u>
City Administration	\$2,500	100%
Littlefield Ave. (So) Subtrunk Rep/Upg (ss1023)	\$0	80%
Repair/Upgrd Sew Line Littlefield (No) (ss1024)	\$1,896	30%
East of 101 Swr Impact Fee Update (ss1101)	\$0	100%
Total Disbursements	\$4,396	

Remaining Balance as of June 30, 2011 to build new projects identified in the Nexus Study [1]	\$85,653	
Planned Projects for Fiscal Year 2011/12		<u>% Fee Funded</u>
Littlefield Ave. (So) Subtrunk Rep/Upg (ss1023)	\$63,008	80%
Repair/Upgrd Sew Line Littlefield (No) (ss1024)	\$149,041	30%
East of 101 Swr Impact Fee Update (ss1101)	\$125,000	100%
Total Planned Projects in Fiscal Year 2011/12	\$337,049	
Remaining Balance After Planned Projects [2]	(\$251,396)	
<u>Loans to Sewer Impact Fee Fund</u>	<u>Remaining Amount Due</u>	<u>Due Date and Interest Rate</u>
Developer Prepayment (project ss1014) [3]	\$1,733,089	None & Pooled City Rate
Fees Available (Future Fees Required) for Current and Completed Projects	(\$1,984,485)	

[1] Includes the \$1.7 million developer prepayment.

[2] If insufficient new impact fees are collected in 11-12, RDA loans will be used as outlined in the current CIP.

[3] The developer prepaid the sewer impact fees to allow for earlier construction of project ss1014 and receives credit against future sewer impact fee obligations.

Sewer Capacity Charge Program

The original analysis was adopted by City Council in 2000 and annual updates included a preset adjustment to the charges based on borrowing costs. The most current Sewer Capacity Charge Analysis by Bartle Wells & Associates is dated August 26, 2009 and was adopted by City Council in April of 2010 to be effective next fiscal year (2010-11). This analysis identifies the need for sewer collection and treatment capacity in the City. The estimated capital investment (cost less depreciation) of the collection and treatment facilities was included in the analysis and totaled \$161.2 million in 2009 dollars (\$63.5 million from the 2000 analysis). The analysis identified the capacity charge as a cost recovery charge associated with providing collection and treatment capacity to new development, both through the existing infrastructure provided, and through future capital projects not funded by the Sewer Impact Fee Program located East of 101. Existing development's share of the benefit of these facilities is funded from sewer charges appearing on property tax bills as a direct levy.

Required Findings

1. The sewer capacity charges do not exceed the estimated reasonable costs of providing the facilities for which the fee is charged. (see § 66013, subd. (a).)
2. The sewer capacity charges accounting and reporting requirements are being met, i.e. the revenues are kept in a separate fund and the City provides annual reports on the use of the funds collected (see § 66013, subds. (c) and (d).)

Sewer Capacity Charges (Fund 730)

This fee program funds the cost associated with providing collection and treatment capacity to new development, both through the existing infrastructure provided, and through future capital projects not funded by other sources.

City's Beginning Balance, July 1, 2010	\$277,340	
Charges collected	\$548,941	
Interest earned	<u>\$7,525</u>	
Total Additions	\$556,467	
<u>% Charge Funded</u>		
Disbursements		
City Administration	<u>\$2,500</u>	100%
Total Disbursements	\$2,500	

Remaining Balance, June 30, 2011	\$831,307	
<u>Planned Projects for Fiscal Year 2011/12</u>	<u>Amount</u>	<u>% Charge Funded</u>
WQCP Critical Rehabilitation (ss1018)	\$750,000	13%
Remaining Balance After Planned Projects	\$81,307	

Fee Schedules for 2010-11

Childcare Impact Fee Rates for Fiscal Year 2010-11

Land Use	per Unit or per Gross Sq. Ft. (GSF)
Residential	
Low Density	\$1,979 per unit
Medium Density	\$1,858 per unit
High Density	\$1,851 per unit
Other Residential	\$1.28 per GSF
Commercial/Industrial	
Commercial / Retail	\$0.68 per GSF
Hotel / Visitor Services	\$0.18 per GSF
Office / R&D	\$0.57 per GSF
Other Non-Residential	\$0.57 per GSF

Oyster Point Interchange Impact Fee Rates for Fiscal Year 2010-11

Number of Vehicle Trips x \$154 x (ENR's latest Construction Cost Index for San Francisco/ 6552.16) Vehicle Trips are based on Average Daily Traffic, Trip Rate per 1,000 Gross Square Feet of Land Use.

The monthly San Francisco CCI rates for 2010/11 starting with July 2010 and ending with June 2011 were: 9909.17; 9909.67; 9888.54; 10115.04; 10123.54; 10120.29; 10116.29; 10148.04; 10151.04; 10160.54; 10161.54; 10167.29.

Land Use	ADT Trip Rate per 1,000 GSF
General Industrial	5.46
Manufacturing	3.99
Warehousing	4.50
Hotel	10.50
General Office Building	12.30
Research & Development (R&D)	5.30
Restaurant (Dinner House/High Turn-over)	56.30 / 164.40
General Commercial	48.00

Fee Schedules for 2010-11

Traffic Impact Fee Rates for Fiscal Year 2010-11

Area of Building x Land Use Fee where the Land Use Fee is:

R&D = \$4.90 per building sq. ft.

Hotel = \$1,141.63 per room

Commercial = \$20.32 per building sq. ft.

Sewer Impact Fee Rates for Fiscal Year 2010-11

Gallons per Area x Area x \$3.99. The generation rate for all land use is 400 gallons per day per 1,000 square feet of building area.

Sewer Capacity Charge for Fiscal Year 2010-11

\$3,514 per EDU. An EDU, or Equivalent Dwelling Unit, is the amount and strength of sewage equivalent to that discharged by a single-family residence. $EDU = (0.00347 \times Q) + (0.362 \times BOD) + (0.589 \times TSS)$. Q = gallons per day of sewage to be discharged; BOD = pounds per day of biochemical oxygen demand to be discharged; TSS = pounds per day of total suspended solids to be discharged.