

Annual Impact Fee Report For the City of South San Francisco For Fiscal Year 2013/2014

This report contains information on the City of South San Francisco's development impact fees for Fiscal Year 2013-14. 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 2013-14.

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.

More detailed information on certain elements of the various fee programs is available through other documents such as nexus studies, master plans, capital improvement programs, and budgets.

The City does not typically earmark impact fees 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. The study 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 included in the nexus study totaled \$43.9 million. The nexus study identified new development's share of the cost at \$10.8 million (24.6% of the total new and expanded facilities cost). 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, and Community Development Block Grants.

As of June 30, 2014, approximately \$2.0 million in fees have been collected, \$650 thousand in interest earnings have been credited to the program, and \$620 thousand has been expended on projects and program administration fees.

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. As noted in the nexus study, the source of funding existing development's share is some combination of the General Fund, grants, developer contributions, redevelopment funds, and Community Development Block Grants.
4. Four projects have been completed using the Childcare Impact Fee Program funding. 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. All funds from these developer contributions were transferred to other accounts where they will continue to be tracked separately.*

Beginning balance, July 1, 2013

Childcare impact fee	\$ 1,963,698	
Developer in-lieu contribution held in a separate interest bearing account	<u>750,611</u>	
Total beginning balance for child care facilities		\$ 2,714,309

Additions

Childcare impact fees collected	11,617	
Interest earned	<u>31,482</u>	
Total additions		43,099

Disbursements

		<u>% Fee Funded</u>
City administration	2,500	100%
Terrabay Developer in-Lieu Account: Transfer to City Programs Special Revenue Fund for Childcare/Library Improvements	459,220	
Transfer to Capital Infrastructure Reserve Fund for Grading Improvements	<u>300,000</u>	
Total disbursements		<u>(761,720)</u>

Remaining balance at June 30, 2014

Childcare impact fee for new facilities	1,995,688	
Developer in-lieu contribution held in a separate interest bearing account	<u>0</u>	
Total remaining balance for child care facilities at June 30, 2014		\$ <u>1,995,688</u>

Planned projects for Fiscal Year 2014/15

		<u>% Fee Funded</u>
There are no planned projects for Fiscal Year 2014/15		0

Remaining balance after planned projects **\$ 1,995,688**

* This developer contribution is included here for informational purposes only. Note that the developer contribution, upon review of the source documents, specified only a portion for childcare, and was not a firm specification. The language stated that that a portion of the funds could be used for either citywide childcare or library needs, and those funds have been moved to a Special Revenue Fund. The remaining portion was for grading improvements, and those funds have been transferred to the Capital Improvement Fund. Neither of these separately funded sources of funds will be shown on future impact fee reports.

Public Safety Impact Fee Program

The nexus study for this citywide impact fee program was adopted by City Council in 2012. The study identified the need for new and expanded public safety capital facility and equipment to support new development projects. This fee program also includes an annual inflation adjustment. The fee program includes a 2% administrative fee. The estimated cost of the new and expanded public safety equipment and facilities included in the nexus study totaled \$40.4 million. The nexus study identified new development's share of the cost at \$10.4 million (25.6% of the total new and expanded equipment and facilities cost). Existing development's share of the cost is \$30.0 million (74.4% of new equipment and facilities) which must be funded with other funding sources such as General Fund, grants, or developer contributions.

As of June 30, 2014, approximately \$72 thousand in fees have been collected, \$700 in interest earnings have been credited to the program, and no money has yet been expended on projects or fee program administration.

Required Findings

1. The purpose of the Public Safety Impact Fee Program is to provide new development's share of funding for new and expanded public safety capital facility and equipment required at build-out of the City.
2. The reasonable relationship between the public safety impact fee and the purpose for which it is charged is demonstrated in the *South San Francisco Public Safety Equipment and Facilities Development Impact Fee Study* dated November 2012 and adopted December 10, 2012.
3. The sources and amounts of funding anticipated for completion of the future new and expanded public safety equipment and facilities are in the *South San Francisco Public Safety Equipment and Facilities Development Impact Fee Study dated November 2012 and adopted December 10, 2012*. As noted in the nexus study, existing development's share will come from other sources, such as the General Fund, grants or developer contributions.
4. No projects have been completed using the Public Safety Impact Fee Program funding. The approximate date for funding and constructing future facilities and procuring future equipment will be determined when additional funds have accumulated.

Public Safety Impact Fee (Fund 821)

This citywide development impact fee program funds new development's fair share of new and expanded capital facility and equipment to serve the City.

Beginning balance, July 1, 2013		\$0	
Additions			
Public Safety impact fees collected – Fire	\$ 50,960		
Public Safety impact fees collected - Police	21,370		
Interest earned	<u>662</u>		
Total additions		72,992	
Disbursements		0	<u>% Fee Funded</u>
Remaining balance at June 30, 2014		\$ <u>72,992</u>	
Planned projects for Fiscal Year 2014/15			<u>% Fee Funded</u>
There are no planned projects for			
Fiscal Year 2014/15		0	
Remaining balance after planned projects		\$ <u>72,992</u>	

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 was, at that time, referred to as the grade separation project.

Updates to the fee program since 1984 include the following:

1. An ongoing monthly inflation adjustment
2. June 26, 1996 fee program change via Resolution No. 102-96 that included adjustments for:
 - a) the inflationary index that reduced the fee by 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
3. 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 identified new development's share of the grade separation project cost at 64.8% and existing development's share of the cost at 35.2%. 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% the responsibility of new development. Of this additional scope, the flyover, estimated to cost \$6.4 million, was completed in 2005, and the hook ramps, estimated to cost \$15 million, were completed in October 2006. Additional work relating to property transfers and gaining final CalTrans project acceptance is on-going.

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 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 of the projected impact fees of \$29.2 million was borrowed from the former Redevelopment Agency (RDA) at an interest rate that was equivalent to what the Agency 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 impact fees are collected, they will be used to pay back the RDA advance of \$14.45 million.

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.

Beginning balance, July 1, 2013	\$ 24,410	
Additions		
Fees collected	\$ 451,648	
Interest earned	<u>1,939</u>	
Total additions		453,587
Disbursements		
Repayment of RDA Loan	<u>453,381</u>	<u>% Fee Funded</u> 100%
Total disbursements		<u>(453,381)</u>
Remaining balance as of June 30, 2014		\$ 24,616
Planned Projects for Fiscal Year 2014/15		
U.S. 101 Off Ramp/Hook Ramps (st1013)	38,366	<u>% Fee Funded</u> 100%
U.S. 101 Flyover to Oyster Point (st1014)	<u>14,196</u>	100%
Total Planned Projects in Fiscal Year 2013/14		<u>(52,562)</u>
Remaining Balance After Planned Projects		(27,946)
Loans to Oyster Point Interchange Fee Fund from Successor Agency to RDA		
Balance 6/30/2013	12,176,207	Due Date and Interest <u>Rate</u> None & None
Less payment during fiscal year	<u>(453,381)</u>	
Balance at 6/30/2014		(11,722,826)
Fees available (future fees required) for current and completed projects [1]		\$ <u>(11,750,772)</u>

[1] Includes the Successor Agency loan of \$11.7 million.

Traffic Impact Fee Program

The 2001 nexus study for this plan area fee was adopted by City Council in 2002. The study identified the need for new and expanded roadway and intersection improvements to serve the area located east of US 101 in the City. The study was updated on May 6, 2005 and on July 19, 2007. This fee program includes an annual inflation adjustment and a 2.5% administrative fee. The estimated cost of the new and expanded facilities included in the 2007 study totaled \$38.5 million (\$32.4 million in net cost after accounting for fees already received). There are 26 road improvements listed in the 2007 study and two studies for a total of 28 projects. The study determined that new development would be responsible for 100% of the cost of the 28 projects.

As of June 30, 2014, approximately \$10.6 million in fees have been collected, \$1.8 million in interest earnings have been credited to the program, and \$5.5 million has been expended on projects and fee program administration.

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 US 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.
4. Of the 26 improvement projects listed in the nexus study, six are currently under construction. The traffic study, which will prioritize the construction of the new and expanded facilities listed in the nexus study, and the impact fee study are in progress. The projects currently underway are shown in the Fiscal Year 2014-15 Capital Improvement Program (CIP) budget. 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 US 101 to serve the City.

Beginning balance, July 1, 2013		\$ 8,256,498
Additions		
Fees collected	\$ 1,886,962	
Interest earned	<u>99,322</u>	
Total additions		1,986,284
Disbursements		
		<u>% Fee Funded</u>
City administration	2,500	100%
South Airport Blvd/Utah Ave (TIF #20 & tr1010)	1,738,416	100%
Grand/East Grand (TIF #26 & tr1103)	55,451	100%
Oyster Point Blvd/Route 101 Northbound On-Ramp (TIF #35 & tr1105)	705,181	100%
Restripe Dubuque/Oyster Point/N 101 Off-Ramp (TIF#3 & tr1106)	7,553	100%
101 Northbound Off-Ramp to E Grant/Executive (TIF #38 & tr1107)	918,331	100%
US-101 Produce Avenue Interchange (TIF #39 & tr1404)	<u>19,423</u>	5%
Total disbursements		<u>(3,446,855)</u>
Balance as of June 30, 2014		\$ 6,795,927
Planned Projects for Fiscal Year 2014/15		
		<u>% Fee Funded</u>
South Airport Blvd/Utah Ave (TIF #20 & tr1010)	1,949,151	100%
Traffic Impact Fee Study (tr1013)	131,654	100%
Grand/East Grand (TIF #26 & tr1103)	317,711	100%
Oyster Point Blvd/Route 101 Northbound On-Ramp (TIF #35 & tr1105)	1,784,031	100%
Airport Blvd/Miller Ave (TIF #12 & tr1102)	5,772	100%
Airport Blvd/Grand Ave (TIF #13 & tr1104)	7,289	
101 Northbound Off-Ramp to E Grant/Executive (TIF #38 & tr1107)	409,059	100%
Gateway/E. Grand Traffic Improvements (tr1004)	203,986	
US-101 Produce Avenue Interchange (TIF #39 & tr1404)	<u>11,236</u>	5%
Total planned projects for Fiscal Year 2014/15		<u>(4,819,889)</u>
Remaining balance after planned projects		\$ <u>1,976,038</u>

Sewer Impact Fee Program

The 2002 nexus study for this plan area fee was adopted by City Council in 2002. The study identified the need for new and rehabilitated sewer collection and treatment facilities to serve the area located east of US 101 in the City. This fee program also includes an annual inflation adjustment. The estimated cost of the 20 new and expanded sewer projects included in the study totaled \$21.4 million. The study 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 that amount, \$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 will be funded with the sewer charges appearing on property tax bills as a direct levy.

As of June 30, 2014, approximately \$7.1 million in fees (including a prepayment from a large bio-technology firm) have been collected, \$0.4 million in interest earnings have been credited to the program, and \$6.1 million has been expended on projects and fee program administration.

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 US 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.
4. Six of the 11 projects listed in the nexus study to be funded fully or partially from sewer impact fees have been started and four of those are completed. The projects currently underway are shown in the Fiscal Year 2014-15 CIP budget. The remaining nexus study projects are shown in later years 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 US 101 in the City.

Beginning balance, July 1, 2013	\$ 353,196	
Additions		
Fees collected	\$ 879,904	
Interest earned	8,260	
Net Fee Credit Permits	<u>235,789</u>	
Total additions	1,123,953	
Disbursements		
City administration	2,500	<u>% Fee Funded</u>
Total Disbursements	<u>(2,500)</u>	100%
Remaining balance as of June 30, 2014	\$ 1,474,649	
Planned Projects for Fiscal Year 2014/15		
Littlefield Ave. (So) Subtrunk Repair/Upgrade (ss1023)	63,008	<u>% Fee Funded</u>
Total Planned Projects in Fiscal Year 2014/15	<u>(63,008)</u>	80%
Remaining Balance After Planned Projects	1,411,641	
<u>Loans to Sewer Impact Fee Fund</u>		
Developer Prepayment for East Grand Avenue Subtrunk project (ss1014) [2]	<u>(1,969,879)</u>	<u>Due Date and Interest Rate</u> None & Pooled City Rate
Fees available (future fees required) for current and completed projects [1]	\$ (558,238)	

[1] Includes the \$2.0 million developer prepayment.

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

Fee Schedules for 2013-14

Childcare Impact Fee Rates for Fiscal Year 2013-14

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	\$0.54 per GSF

Public Safety Impact Fee Rates for Fiscal Year 2013-14

Land Use	per Unit or per Square Foot (SF)
Residential	
Low Density	\$1,285 per unit
Medium Density	\$810 per unit
High Density	\$563 per unit
Commercial/Industrial	
Commercial / Retail	\$0.44 per SF
Hotel / Visitor	\$0.42 per SF
Office / R&D	\$0.44 per SF
Industrial	\$0.18 per SF

Fee Schedules for 2013-14

Oyster Point Interchange Impact Fee Rates for Fiscal Year 2013-14

The impact fee is calculated by multiplying the number of vehicle trips by \$154 and by the percentage increase in the Construction Cost Index (CCI) as published in the Engineering News-Record (ENR) from the date of adoption, when the CCI was 6,552.16, to the current effective CCI.

Vehicle Trips are based on average daily traffic (ADT). The rates shown below are based on 1,000 gross square feet of land use.

The ENR CCI published in April is used to calculate annual increases. The CCI for April 2012 and 2013 were 10,371.29 and 10,373.34, respectively, resulting in a percentage increase of 0.02%.

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

Traffic Impact Fee Rates for Fiscal Year 2013-14

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

R&D = \$5.22 per building sq. ft.

Hotel = \$1,214.32 per room

Commercial = \$21.62 per building sq. ft.

Sewer Impact Fee Rates for Fiscal Year 2013-14

Gallons per area x area x \$4.25. The generation rate for all land use is 400 gallons per day per 1,000 square feet of building area.