



## REGULAR MEETING AGENDA

**Date:** 12/15/2015  
**Time:** 7:00 p.m.  
**City Council Chambers**  
**701 Laurel St., Menlo Park, CA 94025**

## EARLY STAFF REPORT RELEASE NOTICE

Pursuant to the California Government Code 66006 (b)(2), the following staff reports are being released 15 days in advance of the regular City Council meeting agenda packet:

1. Approve the annual report of the Below Market Rate (BMR) Housing Program, including the status of the BMR In-Lieu Fees collected as of June 30, 2015, in accordance with Government Code Section 66000 et.seq. ([Staff Report# 15-182-CC](#))
2. Review of the annual report on the status of the Transportation Impact, Storm Drainage, Recreation In-Lieu and Building Construction Road Impact Fees collected as of June 30, 2015, and make findings regarding funds collected but not expended ([Staff Report# 15-181-CC](#))

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**STAFF REPORT**

**City Council**

**Meeting Date:** 12/15/2015

**Staff Report Number:** 15-182-CC

**Consent Calendar:** **Approve the Annual Report of the Below Market Rate (BMR) Housing Program, including the Status of the BMR In-Lieu Fees Collected as of June 30, 2015, in Accordance with Government Code Section 66000 et.seq.**

**Recommendation**

Staff recommends that the City Council approve the Below Market Rate (BMR) Housing Program Annual Report for fiscal year 2014-15, and make the following findings regarding the unexpended BMR fees:

1. The City has unexpended funds held for more than five years for programs/projects intended to provide affordable housing through the BMR Program;
2. The purpose of the BMR Housing Fund is to develop BMR housing for persons who live and/or work in the City of Menlo Park and have very low, low or moderate incomes and there exists a continuing need for the program given the extremely high cost of living in Menlo Park;
3. There is a reasonable relationship between the BMR Housing Program fee and its purpose; and
4. Housing and new commercial developments are anticipated that will provide housing or financing of approved uses of the BMR Fund within a reasonable time.

**Policy Issues**

The BMR Annual Report was prepared as required in accordance with the BMR Housing Program Guidelines and State requirements related to developer impact fees. State law requires that all BMR in-lieu fees be committed to affordable housing development within five years of collection. This report demonstrates that in fiscal year 2014-15, this requirement has been met for the City of Menlo Park's BMR Housing Fund.

**Background**

The BMR Housing Program requires an annual report on the City's activities focused on production of affordable housing. The annual report is prepared in conjunction with the annual audit of the BMR Housing Fund. This annual report addresses activities during the 2014-15 fiscal year.

BMR in-lieu fees qualify as development impact fees under California Government Code Sections 66000 through 66003. As required by law, these fees are segregated from the General Fund and accounted for as special revenue funds. Government Code Section 66001 requires that the City make available to the public information regarding development impact fees for each fund within 180 days after the end of each fiscal year. This report meets that requirement.

Government Code Section 66000 et. seq. also requires that findings describing the continuing need for the

BMR in-lieu fees be made annually if a jurisdiction has had possession of a developer fee for five or more years and has not expended the money. If the findings are not made, the City must refund the fees collected. As described in the *Analysis* section of this report, the City has committed the fees held for five or more years but has not yet fully expended the money; therefore, the required findings must be made in order to retain the fees.

## **Analysis**

### ***BMR Housing Program***

The BMR Housing Program was established in 1987 to increase the housing supply for people who live and/or work in Menlo Park and have very low, low, or moderate incomes as defined by income limits set by San Mateo County. The primary objective of the program is to create actual housing units rather than generate a capital fund. Currently, all owner-occupied residential developments of five or more units are required to provide a BMR unit. If that is not feasible, developers of five to nine unit projects are required to pay an in-lieu fee that is deposited into the BMR Housing Fund. Residential developments of 10 to 19 units are required to provide 10 percent of the housing at below market rates. Development projects of 20 units or more are required to provide 15 percent of the housing at below market rates. If the number of BMR units required includes a fraction of a unit, the developer must either provide a whole BMR housing unit or make a prorata in-lieu payment.

The BMR Housing Program also applies to new commercial developments of 10,000 square feet or more that generate employment opportunities. The 2014-15 in-lieu fees to mitigate the demand for affordable housing were \$15.19 per square foot of net new gross floor area for most commercial uses and \$8.24 per square foot of net new gross floor area for defined uses that generate fewer employees. Collected in-lieu fees are deposited into the BMR Housing Fund. The fee is adjusted annually on July 1.

In order to ensure the current in-lieu fee is appropriate, the City partnered with other San Mateo County jurisdictions to issue a Request for Proposal (RFP) for the preparation of affordable housing fee nexus and feasibility studies. Participation in this process helps the City comply with Housing Element program H4.D, which calls for the preparation of an updated nexus study, and will ensure compliance with the State Mitigation Fee Act (AB1600 – Government Code Section 66001 through 66003). The City last prepared a nexus study in 2001. Staff is reviewing the draft nexus report and anticipates presenting it to the City Council in early 2016.

Developers who build five or more housing units enter into BMR Agreements with the City concerning the BMR units' location, size and other details, including deed restrictions to preserve the BMR units' affordability.

The City received the following commercial linkage fees paid:

Table 4: Itemized FY2015-16	
Commercial Development	Total Fee Paid
151 Commonwealth Dr.	\$ 1,854,982.53
1273-1281 Laurel St.	\$ 382,500.00
1035 O'Brien Dr.	\$ 149,897.60
<b>Total</b>	<b>\$ 2,387,380.13</b>

Attachment G provides a list of all BMR units generated through the history of the program.

***BMR Housing Fund***

The BMR Housing Fund has a variety of Council-approved uses, all of which are designed to increase or maintain the housing supply for people who live and/or work in Menlo Park and have very low, low, or moderate incomes.

Current BMR Fund Balance

At the end of fiscal year 2014-15, the BMR Housing Fund had total assets of \$14,157,028 including \$1,626,021 in Purchase Assistance Loan (PAL) loans receivable, \$15,751 in interest receivable, and \$6,871,600 in cash. A Below Market Rate Housing Fund Balance Sheet is included in this report as Attachment A.

At the end of fiscal year 2014-15, the BMR Housing Fund had a total fund balance of \$14,135,308. This includes \$2,855,979 designated for PAL loans, \$2,860,000 designated for the CORE housing project at the Veterans Affairs Center on Willow Road, \$3,200,000 designated for the MidPen 2014-15 notice of availability of funds (NOFA) project and \$7,899,060 available for a future NOFA. Total liabilities included an accounts payable balance of \$21,720. The fund balance is also shown on Attachment A. Major uses and substantive changes to the Fund during the 2014-15 fiscal year are described below:

Purchase Assistance Loan Program

On April 26, 2005, the City Council approved a resolution reserving \$3.5 million of the BMR Housing Fund for use in the PAL program, which would supplement the \$982,000 already dedicated to the program. This brought the total amount dedicated to the PAL program to \$4.482 million as a beginning loan fund. Since the creation of the PAL program, 90 loans have been made toward purchases of BMR homes and market rate units. Under the PAL program, purchase assistance was previously given to qualifying low- and moderate-income first-time homebuyers purchasing homes in the City of Menlo Park. The maximum loan was \$75,000, or 20 percent of the home purchase price, whichever was less. The program imposed a 5% interest rate. There have been 90 PAL loans made since its inception in fiscal year 1990-91 (Attachment H). No new PAL loans are being made given the availability of other first-time buyer programs provided through the County and private lenders and the elimination of the City's Housing Division. In December of 2014, Council approved the elimination of the PAL program and allocated those funds to the development of more affordable units through the NOFA process (described below).

The City's existing PAL loans are currently managed through a contract with HELLO Housing, a housing non-profit created in 2005 with experience in a range of housing services in partnership with local governments across the Bay Area. This contract is funded from the BMR program at an annual cost of approximately \$16,000 (varies depending upon number of loans that are more than 90 days past due).

CORE Development at the Menlo Park Veterans Affairs Facility

A \$2.86 million loan to CORE closed and all funds were committed in fiscal year 2014-15. The loan is funded and appears as a loan receivable in Attachment C. The project received temporary certificate of occupancy on Tuesday, Nov. 17<sup>th</sup>, and expect final certificate of occupancy approximately Dec. 7<sup>th</sup>. Move-ins will start mid-December and continue into January. A grand opening celebration will be held in late January or early February.



2014 NOFA

Subsequent to the adoption of the Housing Element, and as a final requirement of the lawsuit brought against the City, staff had advertised the availability of BMR funds for development of affordable housing units through a Notice of Funding Availability, or NOFA. Approximately \$3.2 million in Below Market Rate housing funds was made available under the 2014 NOFA to support the acquisition, rehabilitation or new construction of housing that will provide long term affordability. The funding is intended to fill the financing gap between the projected total development costs and other available funding sources.

Qualified non-profit affordable housing developers meeting the NOFA qualifications and demonstrating their ability to design, build, and manage affordable housing were encouraged to submit proposals by November 4, 2013.

A single proposal was received from MidPen Housing to develop 90 units of new construction affordable senior housing in the 1200 block of Willow Road. Council originally reviewed this proposal on May 6, 2014 and supported approval of the award of \$3.2 million to MidPen. On September 9, 2014 Council adopted a Resolution affirming the City's financial commitment to MidPen Housing and authorized the renegotiation of terms of the MidPen's existing \$4.02 million loan from 1987.

2015 NOFA

A second NOFA for BMR funds was issued in July 2015, making available approximately \$7 million designated and including anticipated fees from the Sobrato and Facebook developments. Several changes in the process were approved by Council including relaxing the requirement that eligible developers complete at least three prior projects (this requirement kept Peninsula Volunteers from applying last year, for example). The 2015 NOFA also emphasized the potential for property owners to

partner with developers, given the interest in affordable housing projects by Mt. Olive Church and Habitat for Humanity, for example. Three proposals were received by the response deadline and are currently under review.

### St. Anton

The St. Anton's development is a 394-unit, multi-family residential development located at 3639 Haven Avenue. The development will include 22 units targeted to very low include households in compliance with State Density bonus law. In addition to these affordable units, the St. Anton's development also accommodates Facebook's Below Market Rate (BMR) obligation to provide 15 affordable residential units established as part of the City's approval of the Facebook West Campus. The 15 units will be targeted to low income households. The project is comprised of three buildings. Buildings B and C, which are about 218 units, are expected to be completed in mid-2016 and Building A is expected to be completed in December 2016.

### Verification of Meeting State Requirements

Attachments B, C, and D illustrate that the City of Menlo Park has dedicated sufficient BMR Funds for development of low- and moderate-income housing to meet the State requirement for collection of BMR fees. The State requires that BMR funds held for five years or more (excluding interest earned) must be designated to affordable housing programs or projects. In fiscal year 2014-15, the City of Menlo Park met this State requirement. At the end of fiscal year 2014-15, the City had collected a total of \$9,679,472 in fees paid, excluding interest earned. Of this, \$8,451,663 had been held for five years or more. At this same time, the City had committed a total of \$8,660,493 for the development of low- and moderate-income housing through the NOFA, satisfying the State requirement (see Attachment C). It is anticipated that all funds will be committed or expended within the required timeframe given the receipt of a viable response to the NOFA.

Although the funds have been committed, but not been fully expended, the City Council is required to make a finding that the City continues to need the BMR fund to further BMR development for persons who live and/or work in Menlo Park and that these funds are necessary for that purpose. Without this finding, the fees would need to be returned to the developers.

### BMR Residential Program Needs

Through a contract with Hello Housing, the City maintains a waiting list of persons who are interested in and eligible to occupy BMR housing units. To be eligible for the BMR Waiting List, persons must have low or moderate household incomes and must currently live or work in Menlo Park. The City's BMR Waiting List currently shows 132 households. Several dozen BMR Waiting List applications are received every year both for rental and purchase of BMR units. Attachment E provides additional details about the BMR Waiting List.

At the end of the reporting period, the program had 66 BMR housing units located throughout the city. As shown in Attachment G, three new units were occupied in this reporting period. There was one resale during this reporting period.

### **Impact on City Resources**

The BMR Housing Fund is a special revenue fund separate from the General Fund. Activities funded in the BMR Housing Program are independent of, but may be used with, other funds, such as State, Federal or private funding sources. There is no impact on City resources resulting from this Annual Report.

State law requires that all BMR in-lieu fees be committed to affordable housing development within five years of collection. In fiscal year 2014-15, this requirement has been met for the City of Menlo Park's BMR Housing Fund. At the end of fiscal year 2014-15, \$10,755,039 in BMR funds had been committed to affordable housing development. This amount includes funding committed to the PAL Program for first-time homebuyers (\$2,855,979) and the Notice of Funding Availability (\$7,899,060) as shown in Attachments A, B, C and D. Although the funds collected have been committed, because the funds have not been fully expended, adoption of findings describing the continuing need for the funds will eliminate the need to refund fees to developers. Other funds, such as the \$3.2 million for the MidPen project, will be held in the BMR Fund until loan closure occurs.

Beginning this fiscal year (to be reported in more detail in next year's report) Hello Housing also began servicing the City's Emergency Repair Loan and Rehab loan programs previously managed by Finance, Community Development and Community Services Staff. Management of these former Redevelopment Agency loans is funded through the Successor Agency Fund. Hello Housing is also managing the City's Community Development Block Grant loan portfolio that was recently returned to us from the County. Management of these loans is paid for out of a General Fund allocation. The contract with Hello for supporting these loan programs (which have active loans, but for which new loans are not being created) is approximately \$65,000, decreasing to approximately \$45,000 in later years as systems are set up, files are audited and customer contacts are in place.

### **Environmental Review**

The BMR Housing Program Annual Report is not subject to California Environmental Quality Act requirements.

### **Public Notice**

Public Notification to comply with the Mitigation Fee Act was achieved by posting the availability of the report 15 days before the meeting. In addition, public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours before the meeting.

### **Attachments**

- A. Below Market Rate Housing Fund Balance Sheet
- B. Total BMR Funds Held 5+ Years vs. Total BMR Funds Committed to Projects and Programs  
Per Fiscal Year 02/03 – 14/15
- C. BMR Reserve Fees and Fund Commitment Summary
- D. BMR Reserve Fees and Fund Commitment
- E. Status Report-BMR Housing Program Waiting List
- F. Approved Below Market Rate (BMR) Housing Agreements
- G. Inventory of Occupied BMR Units
- H. PAL Accounting

Report prepared by:

Jim Cogan, Housing and Economic Development Manager

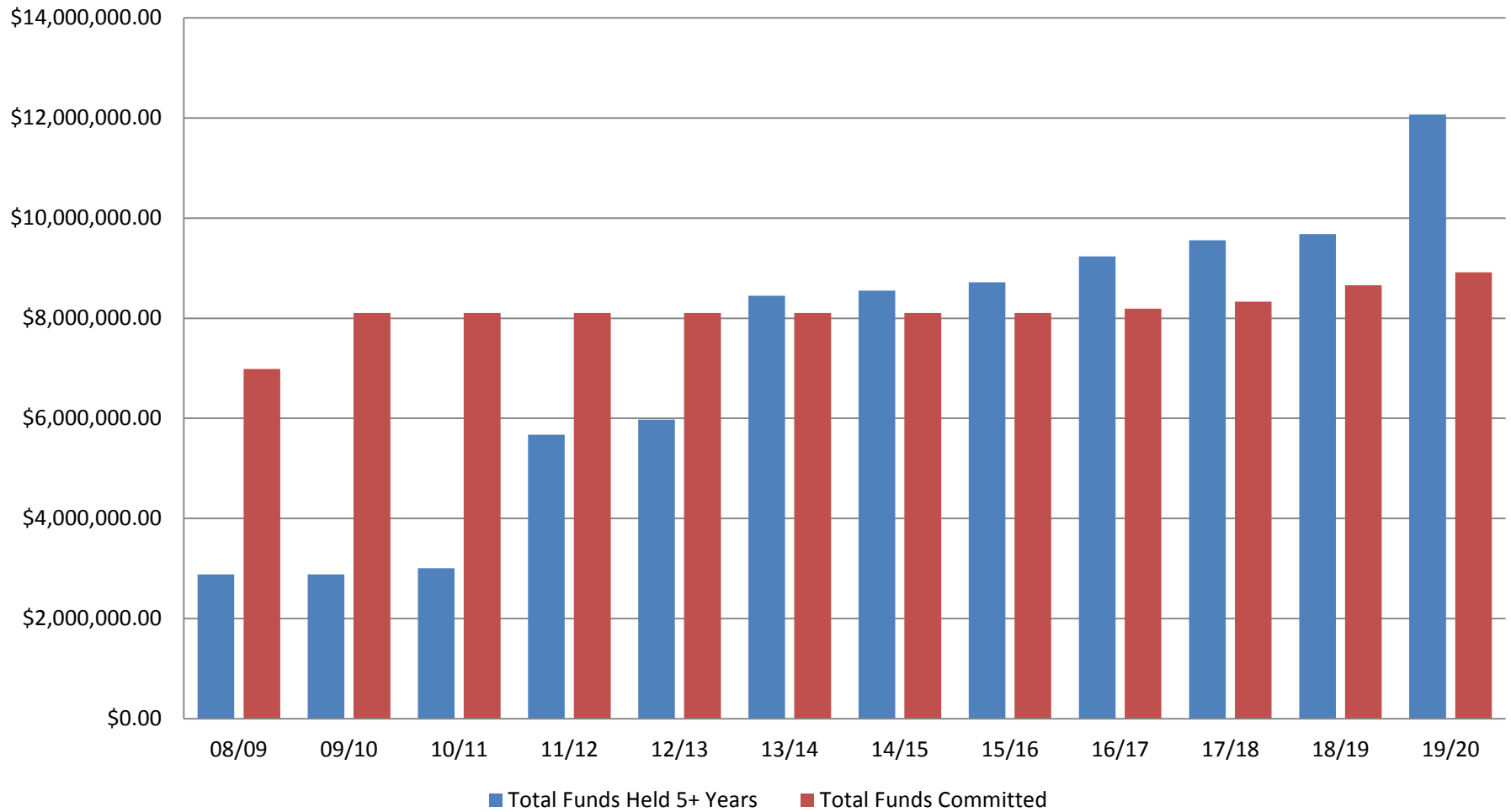
**BELOW MARKET RATE HOUSING RESERVE  
BALANCE SHEET  
7/01/14 - 6/30/15**

	<b>6/30/2014</b>	<b>6/30/2015</b>
<b>ASSETS</b>		
BMR Housing Reserve Cash	7,972,431	6,871,600
BMR Accounts Receivable	41,511	22,859
BMR Interest Receivable	16,847	15,751
PAL Loans Receivable	1,881,507	1,626,021
CORE Housing Loan Receivable	-	2,679,731
Other Loans Receivable	1,849,047	1,849,047
Real Estate Held for Resale	-	1,092,019
<b>TOTAL ASSETS</b>	<b>11,761,343</b>	<b>14,157,028</b>
<b>LIABILITIES</b>		
Accounts Payable	10,200	21,720
<b>TOTAL LIABILITIES</b>	<b>10,200</b>	<b>21,720</b>
<b>FUND BALANCE</b>		
Designated for PAL Loans	2,600,493	2,855,979
Designated for CORE Housing	2,860,000	180,269
Designated for Notice of Funding Availability (NOFA) MidPen	3,200,000	3,200,000
Available for Notice of Funding Availability (NOFA) 2016-17	3,090,650	7,899,060
<b>TOTAL FUND BALANCE</b>	<b>11,751,143</b>	<b>14,135,308</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>11,761,343</b>	<b>14,157,028</b>



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### Total BMR Funds Held 5+ Years vs. Total BMR Funds Committed Per Fiscal Year 08/09 - 19/20



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BMR Reserve Fees and Fund Commitment Summary  
Fiscal Year 2014-2015

I. Fees Paid to Date

<b>Total Fees Held 5 or More Years as of Fiscal Year 2014-2015:</b>	<b>\$ 8,553,663</b>
Fees paid (per annum) 6/15 - 6/16	\$ 165,168
Reaching 5+ years in: 6/16 - 6/17	\$ 515,720
6/17 - 6/18	\$ 365,274
6/18 - 6/19	\$ 79,647
6/19 - 6/20	\$ 2,387,380
<b>Fees Paid Through 6/30/15:</b>	<b>\$ 12,066,852</b>
Interest Earned Through 6/30/15 on Paid Fees:	\$ 3,529,397
<b>Total Fees Paid + Interest Earned Through 6/30/15</b>	<b>\$ 15,596,249</b>
Total Expenditures Through 6/30/15:	\$ (1,460,941)
<b>Total BMR Fund Balance (rounded) as of 6/30/15 =</b>	<b>\$ 14,135,308</b>

II. Committed and Designated Funds in FY 2014-2015

PAL Loan Funds (Committed)	\$ 2,855,979
Core Housing	\$ 180,269
Notice of Funding Availability (NOFA) Mid-Pen	\$ 3,200,000
<b>Total Funds Committed as of 6/30/15 =</b>	<b>\$ 6,236,248</b>
Accounts Payable/Liabilities	\$ 21,720
Available for Notice of Funding Availability (NOFA) for 2016-2017	\$ 7,899,060
<b>Total BMR Fund Balance as of 6/30/15 =</b>	<b>\$ 14,135,308</b>
<b>Total Liabilities and BMR Fund Balance as of 6/30/15 =</b>	<b>\$ 14,157,028</b>

*Note: Fees paid and fees held include miscellaneous fee payments for years 1989-1999. Total miscellaneous fee payments equal \$3,826.97. Miscellaneous fees are not required to be included in the Fees Held 5+ Years vs. Funds Committed requirement and are included in this report for accounting purposes only.*

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**BMR Reserve Fees and Fund Commitment  
Annual Report 2014-15**

**ATTACHMENT D**

Fee Payments and Interest Earned per Year					Total Funds Held 5 or More Years vs. Total Funds Committed		
Fiscal Year	Fees Paid Per Year	Total Fees Paid To Date	Interest Earned Per Year	Fees + Interest To Date	5 Year Commitment Date for Fees Paid	*Total Funds Held 5 or More Years as of Commitment Date	Total Funds Committed as of Commitment Date
<i>Balance Carryover 88/89-89/90</i>	441,430.89	441,430.89	51,705.70	493,136.59			
<b>1990-1991</b>	9,004.26	450,435.15	35,735.22	537,876.07	<b>1995-1996</b>	450,435.15	832,000
<b>1991-1992</b>	5,180.00	455,615.15	29,846.88	572,902.95	<b>1996-1997</b>	455,615.15	832,000
<b>1992-1993</b>	-	455,615.15	-	572,902.95	<b>1997-1998</b>	455,615.15	2,782,000
<b>1993-1994</b>	662,448.40	1,118,063.55	59,522.30	1,294,873.65	<b>1998-1999</b>	1,118,063.55	2,932,000
<b>1994-1995</b>	872,076.80	1,990,140.35	115,252.86	2,282,203.31	<b>1999-2000</b>	1,990,140.35	2,932,000
<b>1995-1996</b>	14,265.00	2,004,405.35	120,352.23	2,416,820.54	<b>2000-2001</b>	2,004,405.35	3,482,000
<b>1996-1997</b>	227,977.66	2,232,383.01	138,744.83	2,783,543.03	<b>2001-2002</b>	2,232,383.01	3,782,000
<b>1997-1998</b>	308,157.01	2,540,540.02	169,307.66	3,261,007.70	<b>2002-2003</b>	2,540,540.02	3,782,000
<b>1998-1999</b>	164,573.25	2,705,113.27	170,809.00	3,596,389.95	<b>2003-2004</b>	2,705,113.27	3,785,061
<b>1999-2000</b>	89,300.04	2,794,413.31	192,902.01	3,878,592.00	<b>2004-2005</b>	2,794,413.31	4,482,000
<b>2000-2001</b>	89,112.36	2,883,525.67	267,906.54	4,235,610.90	<b>2005-2006</b>	2,883,525.67	4,482,000
<b>2001-2002</b>	-	2,883,525.67	185,907.22	4,421,518.12	<b>2006-2007</b>	2,883,525.67	4,482,000
<b>2002-2003</b>	-	2,883,525.67	129,772.02	4,551,290.14	<b>2007-2008</b>	2,883,525.67	4,482,000
<b>2003-2004</b>	-	2,883,525.67	47,072.18	4,598,362.32	<b>2008-2009</b>	2,883,525.67	6,983,909
<b>2004-2005</b>	-	2,883,525.67	94,648.47	4,693,010.79	<b>2009-2010</b>	2,883,525.67	8,107,000
<b>2005-2006</b>	123,705.52	3,007,231.19	144,410.00	4,961,126.31	<b>2010-2011</b>	3,007,231.19	8,107,000
<b>2006-2007</b>	2,668,170.50	5,675,401.69	253,842.00	7,883,138.81	<b>2011-2012</b>	5,675,401.69	8,107,000
<b>2007-2008</b>	300,050.00	5,975,451.69	395,933.30	8,579,122.11	<b>2012-2013</b>	5,975,451.69	8,107,000
<b>2008-2009</b>	2,476,211.80	8,451,663.49	348,457.00	11,403,790.91	<b>2013-2014</b>	8,451,663.49	8,107,000
<b>2009-2010</b>	102,000.00	8,553,663.49	123,558.00	11,629,348.91	<b>2014-2015</b>	<b>8,553,663.49</b>	<b>8,107,000</b>
<b>2010-2011</b>	165,168.00	8,718,831.49	79,220.00	11,873,736.91	<b>2015-2016</b>	8,718,831.49	8,107,000
<b>2011-2012</b>	515,720.00	9,234,551.49	53,399.00	12,442,855.91	<b>2016-2017</b>	9,234,551.49	8,189,815
<b>2012-2013</b>	365,274.00	9,599,825.49	65,659.00	12,873,788.91	<b>2017-2018</b>	9,599,825.49	8,332,000
<b>2013-2014</b>	79,647.00	9,679,472.49	133,565.00	13,087,000.91	<b>2018-2019</b>	9,679,472.49	8,660,493
<b>2014-2015</b>	2,387,380.00	12,066,852.49	121,869.00	15,596,249.91	<b>2019-2020</b>	12,066,852.49	8,915,979
<b>Total (all years)</b>	<b>12,066,852.49</b>	<b>12,066,852.49</b>	<b>3,529,397.42</b>	<b>15,596,249.91</b>			

*\*Includes only fees paid. Interest earned is not required to be included in the Funds Held 5+ Years vs. Funds Committed requirement.*

**Notes regarding the "Fees Paid" columns and the column "Total Funds Held 5 or More Years as of Commitment Date":**

*"Fees Paid" columns include miscellaneous fee payments for years 1989-1999. Total miscellaneous fee payments equal \$3,826.97*

*"Total Funds Held 5 or More Years..." reflects/includes these miscellaneous fee payments. Miscellaneous fees are not required to be included in the Funds Held 5+ Years vs. Funds Committed requirement and are included in this report for accounting purposes only.*

**Note regarding "Fees + Interest To Date" for 2014-2015: The total of \$15,596,250 minus total expenditures equals a final fund balance of \$15,574,530.**

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STATUS REPORT  
CITY OF MENLO PARK  
BELOW MARKET RATE HOUSING PROGRAM WAITING LIST  
NOVEMBER 16, 2015  
(Review completed by Hello Housing)

Total households on BMR Waiting List	132
>Total households on list that <u>only</u> want to OWN	23
>Total households on list that <u>only</u> want to RENT	34
>Total households on list that want to OWN <b>or</b> RENT	75

Cities of Residence

Menlo Park	105
Redwood City	3
East Palo Alto	4
Sunnyvale	2
Fremont	4
Mountain View	2
Palo Alto	2
San Carlos	1
San Francisco	2
San Jose	2
Santa Clara	2
Union City	1
Woodside	1
Stanford	1

Places of Work

50 households have a worker/workers in Menlo Park.  
25 households live and have a worker/workers in Menlo Park.  
80 households live in Menlo Park but work elsewhere.

Household Size Information

Household Size	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>
Number of Households	38	37	23	16	10	7	1

Households with Children

Children	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Number of Households	65	33	19	9	5	1

Number of Workers in the Household

Workers	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>
Number of Households	6	92	33	1

Single Heads of Household (One Adult with Dependent Child/Children) = 28

Households with a Person Confined to a Wheelchair = 0



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**Approved Below Market Rate (BMR) Agreements  
Since Inception in 1987 to June 30, 2015**

Development	Approved Date	Number of Units Approved	Number of Units Occupied	Number of Units Not Yet Occupied
2160 Santa Cruz Ave (Pacific Hill)	June 22, 1995 (Approved by City Council)	2	2	
600 Willow Rd. (Pacific Parc)	September 18, 1996 (Approved by City Council)	2	2	
Vintage Oaks	Phase I - May 15, 1996 Phase II & III - Dec. 24, 1996 (Approved by City Council)	14	14	
Classics Communities	May 19, 1998 (Approved by City Council)	3	3	
20 Willow Rd. (Park Lane)	June 28, 1998 (Approved by City Council)	4	4	
Menlo Square	December 7, 2000 (Approved by City Council)	3	3	
1050-60 Pine St.	August 30, 2005 (Approved by City Council)	1	1	
966-1002 Willow Rd.	September 20, 2005 (Approved by City Council)	2	2	
507-555 Hamilton (Hamilton Park)	October 25, 2005 (Approved by City Council)	20	20	
1944-48 Menalto Ave	March 13, 2006 (Approved by City Council)	1		1
110-175 Linefield (Morgan Lane)	March 21, 2006 (Approved by City Council)	8	8	
1460 El Camino Real (Beltramo's)	August 1, 2006 - 3 BMR units* *Amended on January 11, 2011 for 1 BMR unit + in lieu fees + profit sharing of revenues (Approved by City Council)	1		1
75 Willow Road (Lane Woods)	November 14, 2006 (Approved by City Council)	2	2	
1382 Hollyburne (NSP Program)	January 12, 2010 (Approved by City Council)	1	1	
1441 Almanor Ave (NSP Program)	September 14, 2010 (Approved by City Council)	1	1	
389 El Camino Real	July 31, 2012 (Approved by City Council)	3	3	
3605-3639 Haven Ave (St. Anton)	October 20, 2013 Rental Units only (Approved by Community Development Director) 15 - Facebook's BMR requirement 22 - State Density Bonus	37		37
605 Willow Rd (Core Housing)	September 26, 2014 Rental Units only (Approved by Community Development Director)	59		59
1121 Willow Rd (MidPen Housing)	June 19, 2015 Rental Units only (Approved by Community Development Director)	20		20
<b>TOTALS =</b>		<b>184</b>	<b>66</b>	<b>118</b>

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**City of Menlo Park**  
**Below Market Rate Housing Program**  
**Inventory of Occupied BMR Units**  
**June 30, 2015**

<u>Development</u>	<u>Location (Street Only)</u>	<u>Initial Date of Sale</u>	<u>Initial Sale Price</u>	<u># BR/BA</u>
Pacific Hill	BMR #1 Santa Cruz Ave	5/29/96	\$150,820	2/1.0
Pacific Hill	BMR #2 Santa Cruz Ave*	1/23/96	\$135,490	1/1.0
Pacific Parc	BMR #1 Willow Road	4/2/1996	\$192,780	3/2.5
Pacific Parc	BMR #2 Willow Road	8/27/96	\$182,888	2/2.5
Vintage Oaks	BMR #1 Gloria Circle	12/18/96	\$217,895	3/2.5
Vintage Oaks	BMR #2 Gloria Circle	1/28/97	\$217,895	3/2.5
Vintage Oaks	BMR #3 Gloria Circle*	4/11/97	\$217,895	3/2.5
Vintage Oaks	BMR #4 Gloria Circle	3/21/97	\$217,895	3/2.5
Vintage Oaks	BMR #5 Seminary Drive	9/26/97	\$232,630	3/2.5
Vintage Oaks	BMR #6 Seminary Drive	9/26/97	\$232,630	3/2.5
Vintage Oaks	BMR #7 Seminary Drive	11/26/97	\$232,630	3/2.5
Vintage Oaks	BMR #8 Seminary Drive*	11/25/97	\$232,630	3/2.5
Vintage Oaks	BMR #9 Santa Monica*	12/10/97	\$232,630	3/2.5
Vintage Oaks	BMR #10 Santa Monica	12/9/97	\$232,630	3/2.5
Vintage Oaks	BMR #11 Hanna Way	7/22/98	\$251,990	3/2.5
Vintage Oaks	BMR #12 Hanna Way	7/22/98	\$251,990	3/2.5
Vintage Oaks	BMR #13 Riordan Place	8/28/98	\$251,990	3/2.5
Vintage Oaks	BMR #14 Riordan Place**	8/28/98	\$251,990	3/2.5
Park Lane	BMR #1 Willow Road	1/6/99	\$205,630	1/1.0
Park Lane	BMR #2 Willow Road*	2/12/99	\$253,500	3/2.0
Park Lane	BMR #3 Willow Road	2/24/99	\$234,390	2/2.0
Park Lane	BMR #4 Willow Road*	3/16/99	\$234,390	2/2.0
Classics at Burgess Park	BMR #1 Barron Street	3/1/99	\$264,900	3/2.5
Classics at Burgess Park	BMR #2 Barron Street	4/6/99	\$264,900	3/2.5
Classics at Burgess Park	BMR #3 Hopkins Street	4/22/99	\$286,530	4/2.5
Menlo Square	BMR #1 Merrill Street	9/4/02	\$257,290	3/2.0
Menlo Square	BMR #2 Merrill Street*	1/23/03	\$223,520	2/2.0
Menlo Square	BMR #3 Merrill Street*	3/2/04	\$190,540	1/1.0
Hamilton Avenue Park	BMR #1 Sandlewood Street*	5/11/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #2 Sandlewood Street	5/11/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #3 Sandlewood Street	5/18/07	\$375,270	4/2.5
Hamilton Avenue Park	BMR #4 Sandlewood Street	5/17/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #5 Sandlewood Street	5/22/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #6 Sandlewood Street	5/25/07	\$375,270	4/2.5
Hamilton Avenue Park	BMR #7 Sandlewood Street	5/31/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #8 Sandlewood Street	6/12/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #9 Sandlewood Street	7/17/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #10 Sandlewood Street	9/28/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #11 Rosemary Street	7/17/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #12 Rosemary Street	7/17/07	\$375,270	4/2.5
Hamilton Avenue Park	BMR #13 Rosemary Street	7/27/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #14 Rosemary Street	8/14/07	\$375,270	4/2.5
Hamilton Avenue Park	BMR #15 Rosemary Street	8/17/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #16 Sage Street*	9/11/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #17 Sage Street	9/11/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #18 Hamilton Avenue	9/28/07	\$375,270	4/2.5

**City of Menlo Park  
Below Market Rate Housing Program  
Inventory of Occupied BMR Units  
June 30, 2015**

<u>Development</u>	<u>Location (Street Only)</u>	<u>Initial Date of Sale</u>	<u>Initial Sale Price</u>	<u># BR/BA</u>
Hamilton Avenue Park	BMR #19 Hamilton Avenue	10/4/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #20 Ginger Street	10/4/07	\$331,150	3/2.5
Morgan Lane	BMR #1 Linfield Drive	4/29/08	\$273,600	3/2.5
Morgan Lane	BMR #2 Linfield Drive	4/29/08	\$273,600	3/2.5
Willow Road	BMR #1 Heritage Place	5/9/08	\$277,084	3/2.5
Willow Road	BMR #2 Heritage Place	5/15/08	\$277,084	3/2.5
Morgan Lane	BMR #3 Morgan Lane	9/12/08	\$273,600	3/2.5
Morgan Lane	BMR #4 Morgan Lane	12/16/08	\$273,600	3/2.5
Morgan Lane	BMR #5 Ballard Lane	12/18/08	\$273,600	3/2.5
Lane Woods	BMR #1 Paulson Circle	10/21/08	\$272,000	3/2.5
Lane Woods	BMR #2 Paulson Circle	3/27/09	\$313,000	4/2.5
Morgan Lane	BMR #6 Morandi Lane	7/29/09	\$273,600	3/2.5
Pine Court	BMR #1 Pine Street	9/3/09	\$270,058	2/1.5
Morgan Lane	BMR #7 Homewood Place	5/12/11	\$273,600	3/2.5
Morgan Lane	BMR #8 Linfield Drive	6/9/11	\$273,600	3/2.5
NSP Program	BMR #1 Almanor Avenue	4/30/13	\$295,000	4/2.0
NSP Program	BMR #2 Hollyburne Avenue	1/3/14	\$255,000	3/1
Artisan	BMR #1 Artisan Way	6/13/14	\$203,600	2/2.5
Artisan	BMR #2 Artisan Way	6/26/14	\$250,900	3/3
Artisan	BMR #3 Artisan Way	6/26/14	\$250,900	3/3.5

**\*Unit was later resold (see Resales, below)**

**\*RESALES\***

Vintage Oaks	BMR #9 Santa Monica	1/28/99	\$239,353	3/2.5
Vintage Oaks	BMR #8 Seminary Drive	12/24/99	\$243,642	3/2.5
Vintage Oaks	BMR #3 Gloria Circle	6/29/00	\$252,000	3/2.5
Pacific Hill	BMR #2 Santa Cruz Ave	4/1/04	\$151,685	1/1.0
Park Lane	BMR #2 Willow Road (Note 1)	12/16/05	\$280,570	3/2.0
Park Lane	BMR #4 Willow Rd.	10/10/06	\$258,100	2/2.0
Park Lane	BMR #2 Willow Road	10/12/06	\$283,640	3/2.0
Vintage Oaks	BMR #14 Riordan Place	12/8/09	\$281,810	3/2.5
Menlo Square	BMR #3 Merrill Street	7/16/10	\$190,540	1/1.0
Hamilton Avenue Park	BMR #1 Sandlewood Street	7/16/10	\$335,460	3/2.5
Pacific Hill	BMR #2 Santa Cruz Ave	10/14/10	\$158,764	1/1.0
Vintage Oaks	BMR #14 Riordan Place**	10/11/13	\$1,350,000	3/2.5
Hamilton Avenue Park	BMR #16 Sage Street	1/13/14	\$345,955	3/2.5
Menlo Square	BMR #2 Merrill St	11/13/14	\$246,743	2/2

Note 1: Unit was purchased by City and resold to someone on the BMR Waiting List

\*\* Unit was purchased by the City and resold at regular market rate per City Council's direction

**Total Number of Occupied BMR Units = 66**

**Total Number of BMR Units Resold = 14**

**CITY OF MENLO PARK - PAL ACCOUNTING**  
**PAL LOAN ACTIVITY**

**ATTACHMENT H**

DATE	SOURCE	CASH	LOANS	HSG 832-199
				\$0.00
2003-2004	New Loans #48, 49, 50, 51, 52 & 53	(\$368,445.00)	\$368,445.00	
2003-2004	Loans Principal Paid	\$25,496.16	(\$25,496.16)	
2003-2004	Paidoff Loans #34, 42 & 46	\$126,974.20	(\$126,974.20)	
<b>6/30/2004</b>		<b>\$92,742.81</b>	<b>\$889,257.19</b>	<b>\$889,257.19</b>
				\$0.00
6/30/2005	PAL Ln Allocation-transf fr BMR reserve	\$3,500,000.00		
2004-2005	New Loans	\$0.00	\$0.00	
2004-2005	Loans Principal Paid	\$8,881.91	(\$8,881.91)	
2004-2005	Paid Off Loans	\$0.00	\$0.00	
<b>6/30/2005</b>		<b>\$3,601,624.72</b>	<b>\$880,375.28</b>	<b>\$880,375.28</b>
				\$0.00
9/30/2005	PAL Ln Allocation-transf fr BMR reserve	\$0.00		
2005-2006	New Loans #36A	(\$52,270.00)	\$52,270.00	
2005-2006	Loans Principal Paid	\$9,516.86	(\$9,516.86)	
2005-2006	Paid Off Loans #12, 36, 48, & 53	\$204,218.13	(\$204,218.13)	
<b>6/30/2006</b>		<b>\$3,763,089.71</b>	<b>\$718,910.29</b>	<b>\$718,910.29</b>
				\$0.00
2006-2007	New Loans #54, 55, 57, 59, 62, 65, 66, 67	(\$532,770.00)	\$532,770.00	
2006-2007	Loans Principal Paid	\$11,236.49	(\$11,236.49)	
2006-2007	Paid Off Loans #40, 47 & 52	\$180,217.18	(\$180,217.18)	
<b>6/30/2007</b>		<b>\$3,421,773.38</b>	<b>\$1,060,226.62</b>	<b>\$1,060,226.62</b>
				\$0.00
2007-2008	New Loans #56, 58, 60, 61, 63, 64, 68, 69, 70, 71, 72, 73, 74	(\$825,080.00)	\$825,080.00	
2007-2008	Loans Principal Paid	\$9,975.20	(\$9,975.20)	
2007-2008	Paid Off Loans #28 & 43	\$51,600.42	(\$51,600.42)	
<b>6/30/2008</b>		<b>\$2,658,269.00</b>	<b>\$1,823,731.00</b>	<b>\$1,823,731.00</b>
				\$0.00
2008-2009	New Loans #75, 76, 77, 78 & 79	(\$281,160.00)	\$281,160.00	
2008-2009	Loans Principal Paid	\$6,272.75	(\$6,272.75)	
2008-2009	Paid Off Loans #30 & 32	\$52,058.97	(\$52,058.97)	
<b>6/30/2009</b>		<b>\$2,435,440.72</b>	<b>\$2,046,559.28</b>	<b>\$2,046,559.28</b>
				\$0.00
2009-2010	New Loans #80, 81, 82 Plus Modification to Loan #56	(\$187,989.80)	\$187,989.80	
2009-2010	Loans Principal Paid	\$6,734.41	(\$6,734.41)	
2009-2010	Paid Off Loan #44	\$71,818.96	(\$71,818.96)	
<b>6/30/2010</b>		<b>\$2,326,004.29</b>	<b>\$2,155,995.71</b>	<b>\$2,155,995.71</b>
				\$0.00
2010-2011	New Loans #83, 84, 85, 86, 87 & 88	(\$303,392.00)	\$303,392.00	
2010-2011	Loans Principal Paid	\$4,364.78	(\$4,364.78)	
2010-2011	Paid Off Loans #17, 31, 49, 50, 51 & 66	\$241,974.31	(\$241,974.31)	
<b>6/30/2011</b>		<b>\$2,268,951.38</b>	<b>\$2,213,048.62</b>	<b>\$2,213,048.62</b>
2011-2012	New Loans #89	(\$71,800.00)	\$71,800.00	
2011-2012	Loans Principal Paid	\$5,817.97	(\$5,817.97)	
2011-2012	Paid Off Loans	\$0.00	\$0.00	
<b>6/30/2012</b>		<b>\$2,202,969.35</b>	<b>\$2,279,030.65</b>	<b>\$2,279,030.65</b>
2012-2013	New Loans #90	(\$75,000.00)	\$75,000.00	
2012-2013	Loans Principal Paid	\$9,563.75	(\$9,563.75)	
2012-2013	Paid Off Loans #63, 65, 86 & 87	\$251,905.10	(\$251,905.10)	
<b>6/30/2013</b>		<b>\$2,389,438.20</b>	<b>\$2,092,561.80</b>	<b>\$2,092,561.80</b>
2013-2014	New Loans	\$0.00	\$0.00	
2013-2014	Loans Principal Paid	\$27,505.04	(\$27,505.04)	
2013-2014	Paid Off Loans - #79 & 81	\$117,320.00	(\$117,320.00)	
2013-2014	Write Off Loan - #60	\$66,230.00	(\$66,230.00)	
<b>6/30/2014</b>		<b>\$2,600,493.24</b>	<b>\$1,881,506.76</b>	<b>\$1,881,506.76</b>
2014-2015	New Loans	\$0.00	\$0.00	
2014-2015	Loans Principal Paid	\$25,533.10	(\$25,533.10)	
2014-2015	Paid Off Loans #45, 64, 80 & 90	\$252,114.53	(\$252,114.53)	
2014-2015	Vars Adj-Application of Payment	(\$22,161.69)	\$22,161.69	
<b>6/30/2015</b>		<b>\$2,855,979.18</b>	<b>\$1,626,020.82</b>	<b>\$1,626,020.82</b>
	<b>SUMMARY</b>			
	Total PAL Loan Allocation	\$4,482,000.00		
	Total Loans Funded		\$4,209,986.80	
	Loans Paid Off / Written Off		(\$2,313,649.78)	
	Total Monthly Loan Principal Paid		(\$270,316.20)	
	Total Loans Receivable	<b>(\$1,626,020.82)</b>	<b>\$1,626,020.82</b>	<b>HSG 832-199</b>
	<b>Funds Available for Loans:</b>	<b>\$2,855,979.18</b>		

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## STAFF REPORT

### City Council

**Meeting Date:** 12/15/2015

**Staff Report Number:** 15-181-CC

**Consent Calendar:** **Review of the Annual Report on the Status of the Transportation Impact, Storm Drainage, Recreation In-Lieu and Building Construction Road Impact Fees Collected as of June 30, 2015, and Make Findings Regarding Funds Collected but not Expended**

### Recommendation

Staff recommends the City Council review the annual report on the status of the transportation impact, storm drainage, recreation in-lieu and building construction road impact fees. Staff also recommends that Council make the following findings regarding funds collected but not expended:

1. Transportation impact fees, storm drainage fees, recreation in lieu fees, and building construction road impact fees are collected to mitigate direct and indirect impacts from development.
2. These funds are expended in a timely manner to fund continued improvements to public facilities related to the increased demand on the facilities resulting from development.
3. There is a reasonable relationship between these impact fees and their purpose.
4. These impact fees continue to be required to fund applicable improvements, and as such, these fees will continue to be collected and deposited into the appropriate funds for utilization solely for their intended purpose.

### Policy Issues

This report does not represent any change to existing City policy and affirms the City's intention to continue to charge these impact fees to fund projects and programs that mitigate the direct and indirect impact of development in the City of Menlo Park.

### Background

Cities and counties often charge fees on new development to fund public improvements to mitigate the impact of development activity. These fees are commonly known as development impact fees. In 1989, the state legislature passed Assembly Bill 1600 (AB1600), which added Sections 66000 et seq. to the California Government Code, commonly known as the Mitigation Fee Act.

As required by law, these fees are segregated from the General Fund and accounted for in special revenue funds. Government Code Section 66001 requires that the City make available to the public information regarding development impact fees for each fund within 180 days after the end of each fiscal



year:

- A brief description of the fee and the fund into which the fee was deposited
- The amount of the fee
- The associated fund's beginning and ending balances for the fiscal year
- The total amount of fees collected and interest earned
- Identification of each public improvement on which impact fees were expended and the amount of expenditure on each improvement, including the total percentage of the cost of the public improvement that was funded with impact fees;
- Identification of the approximate date by which construction of a public improvement will commence if the local agency determined that sufficient funds have been collected to complete financing on an incomplete public improvement and the public improvement remains incomplete (Attachment A)
- A description of each interfund transfer or loan made from an account or fund

Further, Government Code Section 66000 et. seq. also requires that findings describing the continuing need for impact fees be made every five years specifying the intended use of any unexpended impact fees, regardless of whether the fees are committed or uncommitted. Failure to make such findings subjects the City to going through a refunding procedure. This report meets the requirements to comply with the Mitigation Fee Act.

## Analysis

### *Transportation Impact Fees*

Due to growth and development in San Mateo County and the City of Menlo Park, increased pressure has been put on the transportation system. Early in fiscal year 2009-10, the City concluded a transportation impact fee study, which enabled staff to recommend an update to the existing fees and create a more systematic way for applying the fees. As a result, a new fee structure was put in place effective Dec. 6, 2009, with the passing of an ordinance that added Chapter 13.26 to the municipal code. This fee structure is listed below and is included in the 2015 City's Master Fee Schedule:

Land Use	Unit	2013 Fee Amount
Office	sq.ft.	\$4.63
Research and development	sq.ft.	\$3.33
Manufacturing	sq.ft.	\$2.28
Warehousing	sq.ft.	\$1.00
Restaurant	sq.ft.	\$4.63
Retail	sq.ft.	\$4.63
Single family	units	\$3,139.49
Multifamily	units	\$1,927.02
Hotel	per room	\$1,833.73
Medical office	sq.ft.	\$10.75

The City received \$1,063,265 in transportation impact fees in fiscal year 2014-15. In addition, there was \$24,280 in intergovernmental revenue received from San Mateo County for the Willow Road improvements at Newbridge Street. The following table summarizes the activity for the Transportation Impact Fee Fund from fiscal year 2010-11 through 2014-15.

	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Funds that do not qualify for AB 1600 Calculation:</b>					
Beginning balance	\$353,796	\$363,261	\$1,511,565	\$1,444,903	\$1,418,761
Interest earnings	\$9,465	\$178	-\$1,267	\$11,519	\$17,058
Other Intergovernmental Revenue	\$0	\$0	\$120,000	\$141,009	\$24,280
Developer Fees	\$0	\$1,233,000	\$0	\$0	\$0
Expenditures	\$0	-\$84,874	-\$185,395	-\$178,670	-\$242,751
<b>Total</b>	<b>\$363,261</b>	<b>\$1,511,565</b>	<b>\$1,444,903</b>	<b>\$1,418,761</b>	<b>\$1,217,348</b>
<b>Citywide Impact Fees:</b>					
Beginning balance	\$217,968	\$1,487,136	\$1,257,980	\$1,218,644	\$2,194,631
Developer Fees	\$1,419,010	\$57,256	\$176,058	\$1,350,662	\$1,063,265
Interest earnings	\$12,395	\$24,697	-\$995	\$15,270	\$26,680
Expenditures	-\$199,226	-\$164,759	-\$338,765	-\$65,411	-\$68,888
Encumbrances - prior year	\$39,560	\$2,571	\$148,921	\$24,555	\$349,089
Encumbrances - current year	-\$2,571	-\$148,921	-\$24,555	-\$349,089	-\$354,880
<b>Ending Balance</b>	<b>\$1,487,136</b>	<b>\$1,257,980</b>	<b>\$1,218,644</b>	<b>\$2,194,631</b>	<b>\$3,209,897</b>
<b>Total Unencumbered Fund Balance</b>	<b>\$1,850,397</b>	<b>\$2,769,545</b>	<b>\$2,663,547</b>	<b>\$3,613,392</b>	<b>\$4,427,245</b>

As shown, there are two fee categories within the Transportation Impact Fee Fund's balance:

1. **Funds that do not qualify for Code Section 66001 Calculation:** This portion of the fund balance reflects funds that were collected before the 1989 effective date of the Mitigation Fee Act and are therefore not subject to it. In addition, fees negotiated as part of a development outside of Menlo Park's jurisdiction (but still creating transportation impacts) are not subject to the Act. This includes the Stanford Hospital and Lucille Packard payment of \$1,233,000 in fiscal year 2011-12, which was a part of their development agreement. These funds will be used for traffic improvement programs citywide. The corresponding interest income is allocated on the basis of the fund balance.
2. **Citywide:** The citywide impact fees collected after the enactment of Code Section 66001 will be used for improvements and/or to mitigate traffic issues citywide.

Project expenditures paid from these impact fees amounted to \$242,751 in fiscal year 2014-15 and included the reconfiguration of the Willow Road/Veteran's Administration Hospital Entrance, Ringwood Avenue bicycle/pedestrian overcrossing and the El Camino Real/Ravenswood northbound right turn lane.

Fees in the amount of \$68,888 were utilized to support certain ongoing operations dedicated to managing transportation demand in the City. These operational costs were paid from the fees that do not qualify for the AB 1600 calculation. The remaining unencumbered balance for the Transportation Impact Fee Fund as of June 30, 2015, was \$4,428,130.

The following table identifies specific expenditures of the Transportation Impact Fee Fund in 2014-15.

Transportation Impact Fees	Total Expended	Impact Fees Used	% of Total
<b>Project Expenditures:</b>			
Citywide Bicycle & Pedestrian	73	73	100%
Dumbarton Rail Corridor Planning	94	94	100%
ECR/Ravenswood NB Right Turn Lane	69,970	69,970	100%
ECR Lane Reconfiguration Study	310	310	100%
Haven Avenue Streetscape Improvement	138	138	100%
Menlo Park - East Palo Alto Co-op	85	85	100%
Ravenswood Avenue/Caltrain Grade	45	45	100%
Ringwood Bike/Ped Overcross	912	912	100%
Sand Hill Road Signal Interconnect	73,701	73,701	100%
Sand Hill Road Signal Modification	69	69	100%
Transit Improvements	97	97	100%
Willow Road Improvement at Newbridge	28,877	28,877	100%
Willow Road Transportation Study	48	48	100%
Willow Road/Veterans Affairs Hospital Entrance	68,332	68,332	100%
<b>Operating Expenditures:</b>			
Development Services	521,614	2,150	0%
Multi-modal Management	638,743	25,111	4%
Right of way	522,442	5,283	1%
Transportation Management	795,401	36,344	5%
<b>Total Expenditures:</b>	<b>\$2,720,951</b>	<b>\$311,639</b>	<b>\$0</b>

### **Storm Drainage Fees**

The storm drainage fee, which commenced before 1989, is levied to mitigate City storm drainage impacts either directly or indirectly resulting from development projects. The fees are charged for property development as shown in the 2015 City's Master Fee Schedule:

Storm drainage connection fees:

- Single family - per lot \$450.00
- Multiple family – per unit \$150.00
- Industrial and Commercial – per square foot of impervious area \$ 0.24

The City did not receive any storm drainage fees in 2014-15. The following table captures the activities associated with storm drainage fees from fiscal year 2010-11 through 2014-15.

	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Storm Drainage Impact Fees:</b>					
Beginning balance	\$258,670	\$184,451	\$188,015	\$101,114	\$106,127
Developer Fees	\$23,235	\$2,594	\$5,945	\$4,495	\$0
Interest Income/(Expense)	\$2,546	\$970	-\$94	\$936	\$1,239
Expenditures	-\$100,000	\$0	-\$80,973	-\$1,503	\$0
Encumbrances - prior year	\$0	\$0	\$0	\$11,779	\$10,694
Encumbrances - current year	\$0	\$0	-\$11,779	-\$10,694	-\$10,694
Ending Balance	\$184,451	\$188,015	\$101,114	\$106,127	\$107,366
<b>Total Unencumbered Fund Balance</b>	<b>\$184,451</b>	<b>\$188,015</b>	<b>\$101,114</b>	<b>\$106,127</b>	<b>\$107,366</b>

The Storm Drainage Impact Fee Fund has provided for improvements that were identified in the Storm Drain Master Plan as high priority. When the preliminary design of the storm drainage system is complete, this revenue will contribute to the construction of a project in fiscal year 2015-16 that prevents flooding on Middlefield Road from the San Francisquito Creek. The total Storm Drainage Impact Fee Fund unencumbered balance available as of the end of fiscal year 2014-15 was \$107,366.

There were no expenditures for the Storm Drainage Impact Fee Fund in 2014-15.

### ***Recreation In-Lieu Fees***

The recreation in-lieu fee, which commenced before 1989, is collected from developers to improve and expand recreation facilities in-lieu of providing new on-site facilities. The fee is charged on new residential development as shown in the 2015 City's Master Fee Schedule:

- Single Family (RE and R-1): 0.013
- Multiple Family Development (R-2, R-3, RLU and PD): 0.008  
(Multiplied by number of units and by market value of acreage to be subdivided)

The amount of recreation in-lieu fees collected in 2014-15 totaled \$52,000 from one residential development. The following table captures the activities associated with recreation in-lieu fees from fiscal year 2010-11 through 2014-15.

	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Recreation In-Lieu Impact Fees:</b>					
Beginning balance	\$3,905,058	\$557,893	\$470,091	\$1,164,503	\$1,326,507
Developer Fees	\$89,847	\$212,000	\$896,000	\$276,000	\$52,000
Interest Income/(Expense)	\$28,151	-\$6,026	-\$1,588	\$9,373	\$14,029
Expenditures	-\$439,951	-\$3,325,127	-\$200,000	-\$67,222	\$19,770
Encumbrances - prior year	\$6,139	\$3,031,351	\$0	\$0	\$56,147
Encumbrances - current year	-\$3,031,351	\$0	\$0	-\$56,147	-\$5,922
Ending Balance	\$557,893	\$470,091	\$1,164,503	\$1,326,507	\$1,462,531
<b>Total Unencumbered Fund Balance</b>	<b>\$557,893</b>	<b>\$470,091</b>	<b>\$1,164,503</b>	<b>\$1,326,507</b>	<b>\$1,462,531</b>

The outstanding unencumbered fund balance in the Recreation In-Lieu Fee fund at the end of fiscal year 2014-15 was \$1,462,531. The following table identifies specific expenditures of the Recreation In-Lieu Fee Fund, which consists of \$7,467 for the Willow Oaks Dog Park and other park related projects.

Recreation In-Lieu Fee Fund	Total Expended	Impact Fees Used	% of Total
<b>Project Expenditures:</b>			
Belle Haven Pool Analysis/Audit	4,145	4,145	100%
Playground Equipment Assessment/Replacement	2,104	2,104	100%
Portable Concert Stage	6,036	6,036	100%
Relocation of Dog Park at Nealon Park	18	18	100%
Willow Oaks Dog Park	7,467	7,467	100%
<b>Total Expenditures:</b>	<b>19,770</b>	<b>19,770</b>	<b>100%</b>

### ***Building Construction Road Impact Fees***

The building construction impact fee that took effect in November 2005 was adopted to recover the cost of repairing damage to streets caused by construction-related vehicle traffic. On Aug. 5, 2008, the City Council adopted a resolution extending this fee beyond the three-year sunset provision initially established. The fee is charged on the value of the construction project as shown in the 2015 Master Fee Schedule:

- The fee amounts to 0.58 percent of a construction project's value.
- Residential alteration and repairs, as well as all projects under \$10,000, are exempt from the fee.

\$1,584,406 in building construction impact fees were collected in 2014-15 from approximately 500 construction projects. The following table captures the activities associated with building construction road impact fees from fiscal year 2010-11 through 2013-15.

	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Building Construction Road Impact Fees:</b>					
Beginning balance	\$2,836,121	\$1,419,552	\$1,304,667	\$1,763,212	\$3,624,729
Developer Fees	\$534,041	\$680,152	\$691,793	\$1,725,457	\$1,584,406
Street Department Fees	\$0	\$2,800	\$0	\$0	\$0
Interest Income/(Expense)	\$21,275	\$15,921	-\$2,792	\$16,069	\$39,390
Expenditures	-\$1,255,643	-\$217,521	-\$1,205,493	-\$219,871	-\$199,804
Encumbrances - prior year	\$2,422	\$718,664	\$1,314,899	\$339,862	\$0
Encumbrances - current year	-\$718,664	-\$1,314,901	-\$339,862	\$0	\$0
Ending Balance	\$1,419,552	\$1,304,667	\$1,763,212	\$3,624,729	\$5,048,721
<b>Grand Total - Fund Balance</b>	<b>\$1,419,552</b>	<b>\$1,304,667</b>	<b>\$1,763,212</b>	<b>\$3,624,729</b>	<b>\$5,048,721</b>

The City's Street Resurfacing Project was funded in part with building construction impact fees. In addition, to maintain key services to the community, a portion of these funds were utilized to maintain medians, parking plazas and 13 miles of right of way. The outstanding available balance in the Building Construction Road Impact Fees Fund as of the end of fiscal year 2014-15 was \$5,048,721.

Building Construction Road Impact Fee Fund	Total Expended	Impact Fees Used	% of Total
Project Expenditures:			
Street Resurfacing Project	\$456,230	\$139,299	31%
Operating Expenditures:			
Street Maintenance	\$1,907,848	\$1,584	0%
<b>Total Expenditures:</b>	<b>\$2,364,078</b>	<b>\$140,883</b>	<b>6%</b>

### Impact on City Resources

There is no impact on City resources resulting from this annual report, and this report meets the compliance requirements of the Mitigation Fee Act.

### Environmental Review

This report is not subject to the California Environmental Quality Act.

### Public Notice

Public Notification to comply with the Mitigation Fee Act was achieved by posting the availability of the report 15 days before the meeting. In addition, public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours before the meeting.

**Attachments**

A. Public Improvement Projects Related to the Mitigation Fee Act (AB1600) Five-Year Plan

Report prepared by:

Stephen Green, Financial Analyst

Report reviewed by:

Clay J. Curtin, Interim Finance Director

## Public Improvement Projects Related to the Mitigation Fee Act (AB1600)

## Five-Year Plan

Projects	Funding Source	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Bedwell-Bayfront Park Master Plan	Rec in Lieu	\$0	\$175,000	\$0	\$0	\$0	\$175,000
Belle Haven Pool Deck Lighting	Rec in Lieu	\$30,000	\$0	\$0	\$0	\$0	\$30,000
Belle Haven Youth Ctr Playground Replacement	Rec in Lieu	\$230,000	\$0	\$0	\$0	\$0	\$230,000
Jack Lyle Park Restrooms Const	Rec in Lieu	\$40,000	\$200,000	\$0	\$0	\$0	\$240,000
Library Landscaping	Rec in Lieu	\$200,000	\$0	\$0	\$0	\$0	\$200,000
Relocation of Dog Park at Nealon Park	Rec in Lieu	\$250,000	\$0	\$0	\$0	\$0	\$250,000
Willow Oaks Dog Park	Rec in Lieu	\$250,000	\$0	\$0	\$0	\$0	\$250,000
Street Resurfacing	Construction Impact Fee/Hwy Users Tax	\$600,000	\$5,500,000	\$600,000	\$6,000,000	\$0	\$12,700,000
Caltrain Bike/Ped Undercrossing	Transportation Impact Fee	\$0	\$0	\$500,000	\$0	\$0	\$500,000
Citywide Bicycle/Ped Visibilitiy	Transportation Impact Fee/TDA Grant	\$487,000	\$0	\$0	\$0	\$0	\$487,000
Dumbarton Rail Corridor Planning	Transportation Impact Fee	\$150,000	\$0	\$0	\$0	\$0	\$150,000
Florence/Bay/Marsh Signal Modification	Transporation Impact Fee	\$0	\$0	\$0	\$345,000	\$0	\$345,000
Haven Ave Streetscape	Transporation Impact Fee/SMC Grant	\$700,000	\$0	\$0	\$0	\$0	\$700,000
Menlo Park-Atherton Bike/Ped Improvements	Transportation Impact Fee/OBG Grant	\$900,260	\$0	\$0	\$0	\$0	\$900,260
Menlo Park - East Palo Alto Connectivity Project	Transportation Impact Fee/SMC Grant	\$550,000	\$0	\$0	\$0	\$0	\$550,000
Ravenswood Ave Caltrain Grade	Transportation Impact Fee/ Measure A	\$750,000	\$0	\$0	\$0	\$0	\$750,000
Sand Hill Road Signal Modification	Transportation Impact Fee	\$125,000	\$0	\$0	\$0	\$0	\$125,000
Transit Improvements	Transporation Impact Fee	\$150,000	\$0	\$0	\$0	\$0	\$150,000
Willow Road Transporation Study	Transportation Impact Fee	\$150,000	\$0	\$0	\$0	\$0	\$150,000



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