

REPORT

To the Honorable Mayor and City Council
From the City Manager

December 8, 2003

Subject

Transportation Impact Fee Account Report

Recommendation

Review and file the Transportation Impact Fee Account Report for Fiscal Year 2002/2003.

Background

The Mitigation Fee Act enacted in the California Government Code (Sections 66000, et seq.) establishes requirements for reporting of receipt and expenditure of development impact fees, which includes Redwood City's Transportation Impact Fee. The account report must include:

1. A brief description of the type of fee in the account;
2. The amount of the fee;
3. The beginning and ending balance of the account for the fiscal year;
4. The amount of fees collected;
5. The amount of interest earned;
6. Identification of each public improvement for which fees from the account were expended, the amount of expenditures on each improvement and an identification of the percentage of the cost of the improvement that was funded with impact fees;
7. Identification of an approximate date by which construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement and the public improvement remains incomplete;
8. Description of each inter-fund transfer or loan made from the account, including the public improvement for which the transferred or loaned fees will be expended;
9. Findings, if fees remain unexpended or uncommitted five years after collected; and
10. The amount of any refunds made pursuant to statute.

These reporting requirements are addressed in the overview and body of the City of Redwood City Transportation Impact Fee Account Report ("Account Report"), which is appended as Attachment A. Regarding requirement seven, the overview section of the report identifies an approximate date by which construction will commence on several projects for which sufficient funds have been collected to complete financing. The report also identifies several ongoing programs that have already constructed improvements or commenced operations, including Shuttle Bus Services and the Traffic Calming Program, for which sufficient funds have been collected to continue such projects for the next several years. However, as noted in the report, it is not possible to precisely identify in advance the anticipated date of construction or implementation of a specific improvement or location for these more flexible transportation mitigation programs included in the City's capital improvement plan.

In regard to requirement eight, the report describes a loan made from the account. In January 2003, a loan of \$6 million in cash from the Traffic Mitigation Fee Fund was advanced to the Redwood City Redevelopment Agency to begin work on public improvements for the City's Downtown Redevelopment Project prior to the issuance of bonds to fund those improvements. The loan was repaid with interest in November 2003.

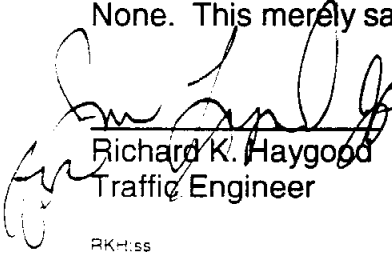
With respect to requirement nine, no findings are required for the transportation impact fee. Government Code Section 66001(d) does not require findings with respect to the unexpended portion of fees until the fifth fiscal year following first deposit, which deposit did not occur until Fiscal Year 1999/2000 for the City's transportation impact fee account.

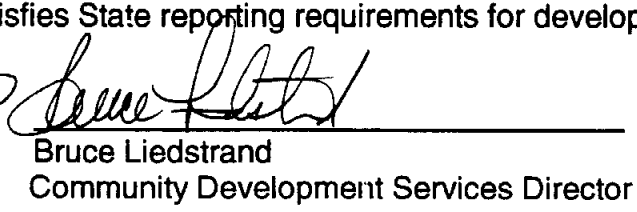
Copies of the Account Report have been available to the public in the City Clerk's office since November 21, 2003.

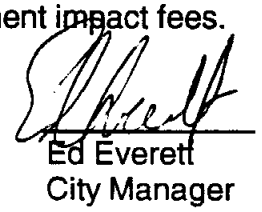
Briefly summarizing the overall account activity, from inception of the Transportation Impact Fee Ordinance through Fiscal Year 2002/2003, the City had collected \$6,413,602 in fees, and had expended \$734,332 on public improvements. The account balance at the end of the fiscal year was \$6,605,612 (including interest income and investment gains/losses).

Fiscal Impact

None. This merely satisfies State reporting requirements for development impact fees.


Richard K. Haygood
Traffic Engineer


Bruce Liedstrand
Community Development Services Director


Ed Everett
City Manager

RKH:ss
R:\mydocuments\Traffic Fee Ordinance\2002-2003 Traffic Fee Account Staff Report

5.1C-3

ATTACHMENT "A"

City of Redwood City

Transportation Impact Fee Account Report

November 21, 2003

Fiscal Year
2002/2003

Overview

This report contains information on the City of Redwood City's transportation impact fees for the fiscal year beginning July 1, 2002 and ending June 30, 2003 (Fiscal Year 2002/2003). The information presented is to comply with the reporting requirements contained in Government Code sections 66000 et seq., "Fees for Development Projects," frequently identified as AB1600. *Note that this Account Report is not a budget document, but rather is published to meet State reporting requirements. It is not intended to present a full picture of currently planned projects as it only reports revenues and expenditures for the subject fiscal years.*

The following information is provided for the transportation impact fee for Fiscal Year 2002/2003:

- A brief description of the fee
- The amount of the fee
- The beginning fund balance of the fee account
- The amount of fees collected
- The amount of interest earned
- The ending fund balance of the fee account
- A list of each project on which the fee was expended
- The total expenditure amounts on each project from all funding sources
- The total expenditure amounts of each project funded from the fee
- The total percentage of the project that was funded with the fee

Regarding whether any findings are required under subsection (d) of Government Code section 66001, the first deposit into the City of Redwood City transportation impact fee account occurred in fiscal year 1999/2000. Because the subject subsection does not require findings until the fifth fiscal year following the first deposit, **no findings are required for the transportation impact fee** at this time. Further, no refunds were required pursuant to subdivision (d), (e), or (f) of Section 66001.

Government Code section 66006(b)(1)(F) requires the development impact fee financial report to include, "identification of an approximate date by which construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement..." In adopting this legislation, it would appear the legislature assumed that all impact fees collected from a development were earmarked for very specific capital improvement projects, and did not anticipate a more extensive system including flexible capital improvement programs and traffic reduction measures with varying timelines in large growing cities like Redwood City.

In addition to specific projects and locations, the City of Redwood City's capital improvement plan includes flexible transportation mitigation programs that cannot specify in advance a particular improvement or location with an established estimated construction date. Thus, part of the fee is applied toward a series of capital improvements and traffic reduction measures, such as crosswalk warning lights, traffic calming measures, shuttles, and other projects, which will be built or operated between now and the year 2020, but for which no specific dates of construction or implementation can be identified at this time. Because the City of Redwood City needs many transportation improvement projects that can adapt to evolving conditions caused by growth, a more complex system of administration with a 20-year horizon is required. It is not possible for the City of Redwood City to state whether sufficient funds have been collected to complete financing, or to identify the dates of construction or implementation, for each transportation improvement to be funded by impact fees. However, the following ongoing programs, which are funded by transportation impact fees, have already constructed some improvements or commenced operations, and sufficient funds have been collected to continue to construct such improvements and/or operate such services for the next several years, which the City plans to do:

- Traffic Calming Program
- ADA Ramp Program (sidewalk improvements)
- Bus Shelter/Bus Stop Turnout/Transit Enhancements Program
- Shuttle Bus Services

Further, sufficient funds have been collected to complete financing on the following incomplete public improvements, with the approximate date by which construction will commence identified for each:

- Pedestrian Crosswalk Warning Lights Program – One additional location fully funded (2 locations previously constructed) – October 2005
- Blomquist Extension (pending significant funding contribution by anticipated development in adjacent Bair Island Road area) – April 2006
- Veterans/Middlefield Traffic Signal – July 2005

Government Code section 66006(b)(1)(G) requires the development impact fee financial report to include "a description of each inter-fund transfer or loan made from the account or fund." In January 2003, a loan of \$6 million in cash from the Traffic Mitigation Fee Fund was advanced to the Redwood City Redevelopment Agency to begin work on public improvements for the City's Downtown Redevelopment Project prior to the issuance of bonds to fund those improvements. The loan was repaid in November 2003, with interest paid at the rate established by the State of California Local Agency Investment Fund.

5.1C-6

Transportation Impact Fee – A Brief Description

The transportation impact fee is assessed on new development for its proportionate share of the costs of transportation improvements attributable to increased trips generated by new development between 2000 and 2020 on the citywide transportation system. The fee funds improvements related to the cumulative impact of traffic generated by new development, above those site-specific frontage improvements required by ordinance and those mitigations required as conditions of approval.

New development does not pay the portion of improvement costs related to deficiencies existing as of 1999. The cost portions related to those deficiencies are funded by state gas tax, countywide funds approved by voters and administered through the San Mateo County Transportation Authority, other state and federal grants, assessment districts, and redevelopment or general funds.

The improvements upon which the fee is based are:

- Intersection improvements, such as the addition of turn lanes, traffic signals, median closures, and crosswalk warning light systems.
- Corridor and area-wide improvements, such as extending Blomquist Street with a bridge over Redwood Creek, widening Veterans Blvd. between Chestnut Street and Woodside Road, and neighborhood traffic calming projects.
- Alternative mode/transit improvements, such as shuttle systems, sidewalk improvements, bus shelters, pedestrian and bicycle amenities, and TDM measures.

The transportation impact fee pays for 100% of the total project costs of alternative mode/transit improvements on the Traffic Impact Mitigation Fee Projects list. However, the fee pays only a portion of the intersection improvements and the corridor and area-wide improvements, which are also funded by outside sources, by new development that impacts those transportation facilities to be improved, and by existing development (i.e. the City's General Fund).

Traffic generated by new development impacts not only transportation facilities close to specific sites, but also cumulatively impacts the entire City's transportation network. For this reason, the transportation impact fee collected from any specific development is used for citywide transportation improvements, not merely improvements that are within close proximity to the development site. The traffic fee is assessed on all types of new development, including expansion of existing buildings, that will increase demand on traffic facilities through PM peak hour trip generation, the amount of vehicle trips generated by a development during the highest one-hour period occurring between 4 PM and 6 PM.

In February 2003, the Transportation Impact Fee Ordinance was amended to provide a temporary exemption from the fee within the City's downtown area for land uses other than offices. Any use commenced on or after September 1, 2002, except professional, medical, business, and administrative office use, within the exempt downtown area (bound by Veterans Boulevard, Maple Street, El Camino Real, and Brewster Avenue) shall not be required to pay the impact fee if (1) a Notice of Official Action giving approval of the use is issued by the Zoning Administrator by July 1, 2005, and (2) substantial construction pursuant to an approved building permit has been undertaken by July 1, 2006.

The precise fees are detailed in the attached appendices, in the *Transportation Impact Fee Schedule*. For further information on the fee calculation methodology, please refer to: the *Redwood City Traffic Impact Mitigation Fee Study, February 18, 2000*, a copy of which is on file with the Community Development Services Department; and, the *City Code of Redwood City, Chapter 18, Article XV, Transportation Impact Fee*, on file with the City Clerk's office.

5.1C-8

TRANSPORTATION IMPACT FEE SCHEDULE

Land Use Category	DUE Factor	Units	Fee
Residential Land Use			
Single Family Residential [1]	1.00	Per Dwelling Unit	\$1,501.59
Multi-Family Residential [2]	0.68	Per Dwelling Unit	\$1,021.08
Senior Housing/Congregate Care	0.11	Per Dwelling Unit	\$172.31
Affordable Housing	0.53	Per Dwelling Unit	\$795.84
Transit-Oriented Housing	0.57	Per Dwelling Unit	\$855.90
Non-Residential Land Uses (per square foot or other variable)			
Retail	0.0033	Per Square Foot	\$4.97
Fast Food Restaurant	0.0184	Per Square Foot	\$27.65
High Turnover Restaurant	0.0060	Per Square Foot	\$8.97
Quality Restaurant	0.0075	Per Square Foot	\$11.25
Theater	0.1400	Per Seat	\$210.22
Service Station	8.0080	Per Fueling Position	\$12,024.71
Service Station with Mini-Mart	7.3590	Per Fueling Position	\$11,050.18
Convenience Store	0.0296	Per Square Foot	\$44.37
Hotel/Motel	0.6100	Per Room	\$915.97
Private School (K-12)	0.2000	Per Student	\$300.32
Church	0.0007	Per Square Foot	\$0.99
Office	0.0023	Per Square Foot	\$3.45
Industrial	0.0006	Per Square Foot	\$0.90
Self Storage Facility	0.0300	Per Storage Unit	\$45.05
Commercial Warehouse	0.0005	Per Square Foot	\$0.77
Dwelling Unit Equivalent (DUE) = \$1,502			
[1] Single family residential is defined as a residential density of 1-15 units per acre regardless of whether units are attached or detached.			
[2] Multi-family residential is defined as a residential density of 16+ units per acre regardless of whether units are attached or detached.			

5.1C-9

Fiscal Year 2002/2003

**Transportation Impact Fee Account
Revenues and Expenditures
(Unaudited)**

5.1C-10

CITY OF REDWOOD CITY, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2003

SPECIAL REVENUE FUNDS

Traffic
Mitigation
Fees
Fund
\$

ASSETS

Cash and investments available for operations	504,537
Cash and investments, restricted	
Receivables (net of allowance for uncollectibles):	
Taxes and assessments - current	
Accounts	
Loans	
Accrued interest	102,577
Due from other governmental agencies	
Due from other funds	6,000,000
Deposits	
Prepaid expenditures	
Investment in land held for redevelopment	
	<u>6,607,114</u>
Total Assets	<u><u>6,607,114</u></u>

LIABILITIES

Accounts payable	1,502
Deposits payable	
Due to other funds	
Deferred revenue	
Deferred loan revenue	
Advances from other funds	
	<u>1,502</u>
Total Liabilities	<u><u>1,502</u></u>

FUND BALANCES

Reserved for:	
Encumbrances	189,593
Loans	
Land held for redevelopment	
Low income housing	
Prepaid expenditures	
Debt service	
Unreserved:	
Designated for subsequent years' expenditures	
Designated for capital projects	1,283,075
Designated for unrealized gain/loss	100,128
Undesignated	<u>5,032,816</u>
Total Fund Balances	<u><u>6,605,612</u></u>
Total Liabilities and Fund Balances	<u><u>6,607,114</u></u>

5.10-11

CITY OF REDWOOD CITY, CALIFORNIA
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2003

SPECIAL REVENUE FUNDS

	Traffic Mitigation Fees Fund \$
REVENUES	
Property taxes/special assessments	
Fines, forfeitures and penalties	
Use of money and property	258,929
Net increase (decrease) in fair value of investments	2,354
Intergovernmental	
Developers contributions	13,514
Charges for current services	
Other	
Total Revenues	274,797
EXPENDITURES	
Current Operations:	
Community development	
Public safety	
Transportation	139,339
Environmental support and protection	
Capital outlay	232
Debt service:	
Principal retirement	
Interest and fiscal charges	
Total Expenditures	139,571
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	135,226
OTHER FINANCING SOURCES (USES)	
Transfers in	
Transfers (out)	
Sale of property	
Total Other Financing Sources (Uses)	
Net change in fund balances	135,226
Fund balances at the beginning of period	6,470,386
FUND BALANCES AT END OF PERIOD	6,605,612

5.1C-12

CITY OF REDWOOD CITY, CALIFORNIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

TRAFFIC MITIGATION FEES FUND			
	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$
REVENUES			
Property taxes/special assessments			
Fines, forfeitures and penalties			
Use of money and property	288,000	258,929	(29,071)
Net increase (decrease) in fair value of investments		2,354	2,354
Intergovernmental			
Developers contributions	645,000	13,514	(631,486)
Charges for current services			
Other			
Total Revenues	933,000	274,797	(658,203)
Current operations:			
Community development			
Public safety			
Transportation	182,347	139,339	43,008
Environmental support and protection			
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total Expenditures	182,347	139,339	43,008
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	750,653	135,458	(615,195)
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers (out)			
Sale of property			
Total Other Financing Sources (Uses)			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	750,653	135,458	(615,195)
Adjustments to budgetary basis:			
Capital outlay		(232)	
Funds not budgeted: GID 1965 Construction, Public Financing Authority Series B Construction Shores Transportation Improvement District Pacific Shores Community Facilities District			
Fund balances at beginning of year		6,470,386	
Fund balances at end of year		6,605,612	

	PRIOR PERIOD BALANCES DEBIT	CREDIT	CURRENT PERIOD TRANSACTIONS DEBIT	CREDIT	YEAR-TO-DATE BALANCES
385 TRAFFIC MITIGATION FEES FUND					
10510 CASH	500,858.17		1,405.63	97,854.47	494,409.33
10580 CHANGE IN FAIR VALUE			100,127.71		100,127.71
Subtotal CASH	500,858.17		101,533.34	97,854.47	504,537.04
12000 ADVANCES TO OTHER FUNDS	6,000,000.00		102,577.00		6,000,000.00
12010 INTEREST RECEIVABLE ON INVES	6,000,000.00		102,577.00		102,577.00
Subtotal OTHER ASSETS	6,000,000.00		102,577.00		6,102,577.00
TOTAL ASSETS	6,500,858.17		204,110.34	97,854.47	6,607,114.04
20120 ACCOUNTS PAYABLE				1,501.59	<1,501.59>
Subtotal LIABILITIES				1,501.59	<1,501.59>
25030 FUND BALANCE RESERVED FOR EN		189,593.31			<189,593.31>
25096 DESIG.FOR UNREAL.GAINS/LOSSE		1,086,636.00		100,127.71	<100,127.71>
25097 DESIGNATED FOR CAPITAL PROJE		5,163,146.76		196,439.00	<1,283,075.00>
25100 UNRESERVED FUND BALANCE			296,566.71		<4,866,580.05>
27000 BUDGETED FUND BALANCE	458,635.69				458,635.69
27100 ESTIMATED REVENUES	933,000.00				933,000.00
27200 REVENUES RECEIVED		169,962.13	5,142.83	109,978.16	<274,797.46>
27300 APPROPRIATIONS		1,612,239.00			<1,612,239.00>
27400 EXPENDITURES	139,490.03		81.05		139,571.08
27500 ENCUMBRANCES, CURRENT YEAR (189,593.31				189,593.31
Subtotal FUND EQUITY	1,720,719.03	8,221,577.20	301,790.59	406,544.87	<6,605,612.45>
TOTAL LIABILITIES & FUND EQUITY	1,720,719.03	8,221,577.20	301,790.59	408,046.46	<6,607,114.04>

5.1C-14

CITY OF REDWOOD CITY
 REVENUE STATEMENT BY FUND
 FOR THE MONTH ENDING JUNE 30, 2003

PAGE 36

PRINTED 10/02/03

	BUDGET	CURRENT PERIOD REVENUE	REVENUE TO DATE	BALANCE DUE	PERCENT COLLECTED
285 TRAFFIC MITIGATION FEES FUND					
33601 INTEREST INCOME		1,405.63	156,351.86	131,648.14	54.29
33609 INTERFUND LOAN AND ADVANCE INTEREST	288,000.00	102,577.00	102,577.00	<102,577.00>	
33610 UNREALIZED GAIN/LOSS ON INVEST.		5,995.53	5,995.53	<5,995.53>	
33611 REALIZED GAIN/LOSS ON INVEST.		<3,641.24>	<3,641.24>	3,641.24	
34857 TRAFFIC MITIGATION CONTRIB.	645,000.00	<1,501.59>	13,514.31	631,485.69	2.10
FUND 285 TRAFFIC MITIGATION FEES FUND TOTAL	933,000.00	104,835.33	274,797.46	658,202.54	29.45

	BUDGET	CURRENT MONTH EXPENDITURE	YEAR-TO-DATE EXPENDITURE	CURRENT MONTH ENCUMBRANCE	YEAR-TO-DATE ENCUMBRANCE	BALANCE
285 TRAFFIC MITIGATION FEES FUND						
70553 TRAFFIC CALMING	153,212.00		8,278.43			144,933.57
70845 PED. CROSSWALK WARN. LIGHTS PROG	23,501.00		50.66			23,450.34
72583 ADA RAMP PROGRAM	150,000.00		100,000.00			50,000.00
72593 BUS SHELTER PROGRAM	79,208.00					79,208.00
72603 BUS STOP TURNOUT PROGRAM	140,000.00					140,000.00
72613 EAST BAYSHORE ROAD WIDENING	630,000.00					630,000.00
72623 SHUTTLE BUS SERVICES	110,033.00	81.05	31,010.00		43,008.00	36,015.00
72633 BLOOMQUIST AVE. EXTENSION PROJ.	216,285.00		231.99		146,585.31	69,467.70
72723 TRANSIT ENHANCEMENTS PROGRAM	110,000.00					110,000.00
UND 285 TRAFFIC MITIGATION FEE TOTAL	1,612,239.00	81.05	139,571.08		189,593.31	1,283,074.61

*Less equal (216,285)
 Apr c/a (1,213,607)
 182,317*

SEE NEXT PAGE FOR:
 - TOTAL EXPENDITURES FROM ALL FUNDING SOURCES; AND
 - PERCENTAGES FUNDED WITH TRAFFIC MITIGATION FEES.

5.1C-16

City of Redwood City
Expenditures for the Year Ending June 30, 2003

Traffic Mitigation Fee Project	Total Year-to-Date Expenditure from All Funding Sources	Percentage of Expenditure Funded with Fee
70553 Traffic Calming	15,437	54%
70845 Ped.CrosswalkWarn.Lights	74,016	0%
72583 ADA Ramp Program	100,000	100%
72623 Shuttle Bus Services	31,010	100%
72633 Blomquist Ave.Extension	232	100%