

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

March 23, 2009

## SUBJECT

Cañada College – Capital Facilities Fees Reduction

## RECOMMENDATION

Approve the request from Cañada College for the reduction of capital facilities fees related to the development of the Cañada Vista Employee Housing Project and adopt a resolution to accept these reduced fees.

## BACKGROUND

The San Mateo County Community College District (SMCCCD) is the lead agency responsible for a 60 unit multifamily housing project (the Cañada Vista Employee Housing Project) development on a 3.3 acre parcel which was annexed to the City of Redwood City from the Town of Woodside. This project will house school district faculty and staff members, thereby reducing vehicle trips, commute time and costs for faculty and staff employed by the SMCCCD.

California Government Code § 54999 limits the city's authority to impose capital facilities fees on public education agencies and other public entities including the San Mateo County Community College District. In these cases, capital facilities fees are limited to an amount sufficient to "defray the actual construction costs of that portion of a public utility facility actually serving the [educational entity]," rather than imposing an assessment (California Government Code § 54999.3). The law requires the city and the SMCCCD to reach agreement through negotiation on an appropriate amount for capital facilities fees.

Because the city's capital facilities fees are calculated as set forth in Chapters 27 and 38 of the Redwood City Municipal Code, action by Council is required to alter these fees for SMCCCD pursuant to the requirements of state law.

At the request of SMCCCD and San Mateo County Counsel, discussions have been ongoing with city staff regarding reduction of fees allowable under Government Code § 54999. The project is currently exempt from transportation and park impact fees by municipal ordinance. SMCCCD requested a 50% reduction of capital facilities fees which include the following: Waste Water Capital Facilities Fee (Municipal Code § 27.101), Water Capacity Charge (Municipal Code § 38.15), and Waste Water Treatment Capacity Fee. However, the Waste Water Treatment Capacity Fee cannot be waived or reduced as this fee is forwarded to the South Bayside System Authority to purchase the additional sewage treatment plant capacity to accommodate this project's demand.

The following table lists the proposed reductions in capital fees for the Cañada Vista Employee Housing Project.

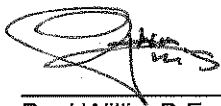
TYPE OF FEE	AMOUNT	RECOMMENDED REDUCTION	REVISED FEE AMOUNT
Waste Water Treatment Capacity	\$ 85,428.00	\$ 0.00	\$ 85,428.00
Waste Water Capital Facilities	\$ 57,600.00	<b>\$ 28,800.00</b>	\$ 28,800.00
Water Capacity Charge	\$147,964.12	<b>\$ 73,982.06</b>	\$ 73,982.06

**ALTERNATIVES**

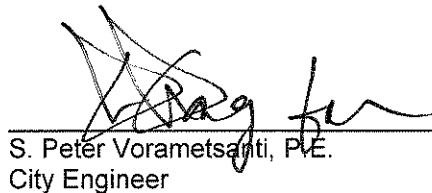
Council may choose not to approve the proposed fee reductions or direct staff to renegotiate with SMCCCD.

**FISCAL IMPACT**

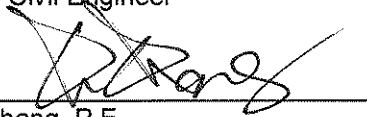
Sewer and water facilities fees in the amount of \$102,782.06 will not be collected. The SMCCCD has agreed to pay for staff time and consulting services related to plan check and construction inspection.



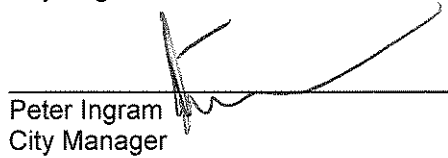
Paul Willis, P.E.  
Senior Civil Engineer



S. Peter Vorametsariti, P.E.  
City Engineer



Chu Chang, P.E.  
Acting Community Development Services Director



Peter Ingram  
City Manager

**ATTACHMENTS**

1. Resolution
2. Letter from SMCCCD to City Council dated March 5, 2009

**RELATED DOCUMENTS IN CITY CLERK'S OFFICE**

None

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE COUNCIL OF THE CITY OF REDWOOD CITY  
ADOPTING A REDUCTION OF CAPITAL FACILITIES FEES RELATED  
TO THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT'S  
CANADA VISTA EMPLOYEE HOUSING PROJECT**

**WHEREAS**, the San Mateo County Community College District ("SMCCCD") is the lead agency responsible for a 60 unit multifamily housing project known as the Canada Vista Employee Housing Project; and

**WHEREAS**, the Canada Vista Employee Housing Project increases the supply of affordable housing and reduces vehicle trips within the City; and

**WHEREAS**, City staff and SMCCCD have worked diligently throughout the project design and approval process to minimize project costs associated with plan checking and permit fees; and

**WHEREAS**, California Government Code § 54999 limits the City's authority to impose capital facilities fees on public entities, including SMCCCD, such that the fees are limited to an amount sufficient to defray the actual construction costs of that portion of a public utility actually serving SMCCCD; and

**WHEREAS**, California Government Code § 54999(b) enables the City to impose capital facilities fees on SMCCCD after agreement has been reached between the two public entities through negotiations entered into by both parties; and

**WHEREAS**, the City's Waste Water Capital Facilities Fee is established in Redwood City Municipal Code section 27.101 and SMCCCD proposes to pay one-half of these fees; and

**WHEREAS**, the City's Water Capacity Charge is established in Redwood City

Municipal Code section 38.15 and SMCCCD proposes to pay one-half of these fees;  
and

**WHEREAS**, City staff and SMCCCD have reached an agreement to reduce these fees through negotiations entered into by both parties, pursuant to California Government Code § 54999.

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF REDWOOD CITY, AS FOLLOWS:**

1. That the City of Redwood City shall reduce the Waste Water Capital Facilities Fee for the Canada Vista Housing Project to the amount of \$28,800.00.
2. That the City of Redwood City shall reduce the Water Capacity Charge for the Canada Vista Housing Project to the amount of \$73,982.06.
3. This Resolution shall take effect upon its adoption.

\* \* \*



SAN MATEO COUNTY  
COMMUNITY COLLEGE DISTRICT

Office of the Chancellor

March 5, 2009

City Council  
City of Redwood City  
c/o City Clerk  
P.O. Box 391  
1017 Middlefield Road  
Redwood City, CA 94064

Re: Cañada Vista Housing Project

Honorable Members of the City Council:

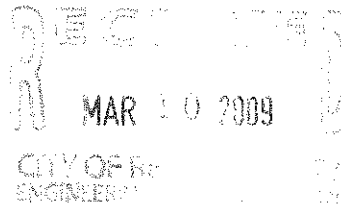
Last Summer, the Redwood City Planning Commission and Council unanimously supported the approval of the Cañada Vista housing project. During its deliberations, members of the Council emphasized the importance of this project to the furtherance Redwood City's commitment to provide truly affordable housing for those unable to meet the high price of housing in San Mateo County. The Council also recognized the value of a project uniquely positioned to serve those who have decided to dedicate their energy and skills to the education of our youth.

College District Staff, the Design Team and City Staff have worked diligently throughout the design and approval process to keep costs down. We very much appreciate the efforts of City Staff to help us navigate the approval process, and are supportive of their recommendations that the Council waive or reduce certain City fees under the provisions of the City's ordinance code.

The District has reimbursed the City for the costs of certain services provided by the City, including the time of staff spent on planning and engineering review. We are also paying the full calculated amount of the Building Permit and Plan Review fees, which also represent a reimbursement to the City for staff members' time expended in reviewing and approving our plans and for building inspection services during construction.

We understand that our project is exempt from the Traffic Impact Fee because the project is owned by a public agency. We are also exempt from the Park fee because of the number of affordable units we are building.

In discussions with City staff, we have determined that the Capital Facilities and Water Capacity fees are "capital facilities" fees that are governed by the *San Marcos* Supreme



Cañada College, Redwood City  
College of San Mateo, San Mateo  
Skyline College, San Bruno

Court decision of June 21, 1986 and the statutes enacted by the State Legislature in response to that decision. These statutes (Government Code 54999 *et seq.*) make it clear that the College District and other public agencies are not required to pay the fees that are normally required of private developers.

The Government Code provides formulas that can be used to calculate the fees to be charged to another public agency or allows the two entities to negotiate the fees. We have met with City staff and City attorneys and have mutually agreed to pay 50% of the fees that are assessed to a private developer.

We respectfully request that the City Council approve the fee structure recommended by City Staff for the Cañada Vista housing project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ron Galatolo', written over a horizontal line.

Ron Galatolo  
Chancellor