

RESOLUTION NO. 17-07

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILLBRAE
CONCERNING DEVELOPMENT IMPACT FEES FOR THE MILLBRAE
STATION AREA SPECIFIC PLAN AREA**

WHEREAS, in 1998, the City of Millbrae ("City") adopted the Millbrae Station Area Specific Plan ("Specific Plan") that established a regulatory framework for private and public development in the area in and around the Millbrae BART (Bay Area Rapid Transit)/Caltrain Station that is governed by the Specific Plan (the "Specific Plan Area"); and

WHEREAS, in June, 2000 the City Council adopted Ordinance 658, enacting what is now Article XVIII of Chapter 10.05 of the Millbrae Municipal Code, which established a Development Impact Fee for the Specific Plan Area to mitigate the adverse impacts generated by the development under the Specific Plan (the "MSASP Development Fee Ordinance") and, on June 27, 2000, adopted Resolution 00-78, adopting such fees; and

WHEREAS, the City Council certified the Environmental Impact Report for the update to the MSASP, and on January 26, 2016, adopted the updated MSASP ("Specific Plan Update"), together with related amendments to the General Plan and Zoning Ordinance; and

WHEREAS, the Specific Plan Update anticipates a revised mix of transit-oriented development, residential mixed use, employment and retail centers, and three new potential hotel sites in the Specific Plan Area; and

WHEREAS, the City has determined that all new land uses within the Specific Plan Area should bear a proportionate financial burden for the construction and improvement of public facilities necessary to serve the new mix of development provided for in the Specific Plan Update; and

WHEREAS, the City engaged West Yost Associates and other technical consultants to evaluate the water and sewer utilities, transportation, parks and recreation, and public safety functions, to determine the required infrastructure to accommodate the new development and growth and the costs thereof, which are reflected in a report from West Yost Associates dated December, 2015 (the "Feasibility Study"), which was accepted by the Council on March 22, 2016; and

WHEREAS, the City engaged Economic & Planning Systems, Inc. to provide a report, dated February 3, 2017, which is attached hereto and incorporated herein as Exhibit "A," containing the necessary technical analysis to support a schedule of area development impact fees (the "Nexus Study") to be established by the City Council by resolution pursuant to the MSASP Development Fee Ordinance; and

WHEREAS, the Nexus Study sets forth the purpose of the development impact fee and the uses to which the development impact fee will be put; and

WHEREAS, as detailed in the Nexus Study, the City Council determines that there is a reasonable relationship between the use of the development impact fees and the type of development upon which the fees are imposed; and

WHEREAS, the City Council determines that the Nexus Study sets out the relationship between the amount of the fee and proportionality of cost that is attributable to the development under the Specific Plan Update ; and

WHEREAS, as detailed in the Nexus Study, the City Council determines that there is a reasonable relationship between the need for the facility and they type of development on which the fee is imposed; and

WHEREAS, as detailed in Exhibit B, the City Council makes additional findings regarding the imposition of the fees; and

WHEREAS, on January 10, 2017 the City Council held a public hearing after giving the notice required by law and after making available at the offices of the City Clerk, the information required by Government Code Section 66016; and

WHEREAS, on February 28, 2017, the City Council of the City of Millbrae adopted Ordinance No. 765, entitled "Amending Title 10 of the Millbrae Municipal Code Establishing Development Impact Fees in the Millbrae Station Area Specific Plan" to make certain technical changes to update the Fee Ordinance to reflect the Specific Plan Update; and

WHEREAS, pursuant to Section 10.05.1820 of the Millbrae Municipal Code, the City Council may adopt, by resolution, Development Impact Fees, after a noticed public hearing; and

NOW, THEREFORE, BE RESOLVED by the City Council of the City of Millbrae as follows:

1. The City Council hereby finds that the facts set forth in the recitals and in Exhibit "B" are true and correct, and establish the factual basis for the City Council's adoption of this Resolution.

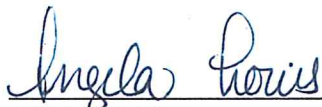
2. The City Council hereby establishes that the Development Impact Fees for the Specific Plan Update, reflected in Tables 1 and 2, attached hereto and incorporated herein by reference, are hereby adopted and shall be imposed in accordance with Section 10.05.1820 of the Millbrae Municipal Code.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Millbrae, California, held on the 28th day of February 2017.

A handwritten signature in blue ink, appearing to read "Paul D. Hadden", written over a horizontal line.

MAYOR

ATTEST:

A handwritten signature in blue ink, appearing to read "Angela Harris", written over a horizontal line.

CITY CLERK

I do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Millbrae this 28th day February 2017, by the following vote:

AYES:	COUNCILMEMBERS:	Holober, Papan, Schneider, Lee, and Oliva
NOES:	COUNCILMEMBERS:	None
ABSENT:	COUNCILMEMBERS:	None
ABSTAIN:	COUNCILMEMBERS:	None
EXCUSED:	COUNCILMEMBERS:	None


CITY CLERK

"Exhibit B"

**FINDINGS SUPPORTING ADOPTION OF THE DEVELOPMENT IMPACT
FEES FOR THE
MILLBRAE STATION AREA SPECIFIC PLAN AREA**

1. The City Council finds that, as a result of the adoption, on January 26, 2016, of an update to the Millbrae Station Area Specific Plan ("MSASP"), significant residential and commercial growth is expected to occur in the 116-acre area governed by the MSASP (the "Specific Plan Area"), which is adjacent to the Millbrae Bay Area Rapid Transit (BART) Station. This development will generate an increase in demand for public facilities, including water and sewer utilities, transportation, parks and recreation, and public safety services. These increased demands will exceed capacity of current public facilities.
2. Unless certain actions are taken, anticipated development in the Specific Plan Area will result in adverse impacts such as overburdened and insufficient sewer systems that cannot meet fire flow requirements and will result in sanitary sewer over flows, traffic congestion and increased demand for traffic improvements; insufficient parks and recreation facilities to meet the City's standards, and deficient fire facilities and public safety equipment to meet the increased demand generated by the added development.
3. The City Council finds that the cumulative impact of all of the development under the MSASP will result in unacceptable impacts in public services. To prevent these undesirable consequences, public facilities must be provided at a rate that will accommodate the expected growth in the Specific Plan Area.
4. The City Council acknowledges that, in the absence of imposing Development Impact Fees, existing and future sources of revenue will be inadequate to fund the facilities ("Facilities") identified in the "Millbrae Station Area Specific Plan" prepared or overseen by West Yost Associates, dated December 2015, and its supporting technical evaluations prepared by WTrans, Callander & Associates, and Citygate Associates (collectively the "Feasibility Study"), the need for which will be generated by new development in the Specific Plan Area.
5. The City Council intends to adopt a fair and equitable method of securing a portion of the necessary revenues to fund the acquisition of property and construction of the Facilities to accommodate the increased demand for services generated by the anticipated growth in the Specific Plan Area and

commissioned the "Millbrae Station Area Specific Plan Development Impact Fee Study" prepared by Economic & Planning Systems, Inc., dated February 3, 2017 (the "Nexus Study") to allocate the costs of the Facilities.

6. With regard to the methodology for levying the Development Impact Fees, the City Council further finds that:
 - A. The Facilities necessary to serve the new development within the Specific Plan Area have been thoroughly cataloged in the Feasibility Study and its supporting technical evaluations. The City Council finds the list of Facilities to be reasonably necessary to meet future demands for services within the Specific Plan Area based upon the projected use patterns and demands analyzed in the MSASP.
 - B. The estimated costs for the Facilities have been based upon the Feasibility Study and its supporting technical evaluations. The City Council finds that these methods for estimating the costs are reasonably based.
 - C. The MSASP specifies the permitted uses within the Specific Plan Area and places limits on the intensity and density of such uses. The City Council has identified trends in growth and development which enable the Council to project, with accuracy, the magnitude and extent of future development based upon the MSASP.
 - D. The City Council has also estimated the extent to which the different land uses featured in the MSASP generated demands for the Facilities, and has taken in to consideration, among other evidence, the Feasibility Study and associated technical evaluations and the Nexus Study. The City Council finds that that the methods uses have resulted in a reasonable estimation of the actual demands for the Facilities.
 - E. The estimated cost for each category of Facilities has been allocated to each projected land use category. The City Council finds that such calculation is reasonably based upon the projected number of residents for each new residential and hotel unit, and upon the projected number of employees for commercial and office uses derived from the MSASP Draft Environmental Impact Report.
 - F. While the City is committed and will continue to pursue all available sources of funds to construct the Facilities, it acknowledges that, based upon the reasonable cost estimates, sufficient funding is not

available absent Development Impact Fees to support the demand for public services generated by new development.

- G. It is a policy of the City, that new development pay for the cost of improvements necessitated by the impact of that new development. The City Council finds that the apportionment of new development's share of the costs of the Facilities fulfills this MSASP goal.

6. The Facilities that will be constructed with funds generated by the Development Impact Fee will significantly benefit the contributor by mitigating adverse impact such as deficient water and sewer systems, traffic congestion, insufficient public safety facilities, and inadequate parks and recreation facilities. The failure to reduce these adverse impacts caused by insufficient public facilities will negatively impact all residents, businesses, and employees in the City.

7. The City Council further finds that the Development Impact Fee to be charged pursuant to this ordinance does not exceed the estimated reasonable costs of acquiring and constructing the Facilities. The City Council additionally finds that the method of allocation adopted by this ordinance, which is based upon the estimated demand resulting from each of the land uses permitted under the MSASP, assures that the applicable fee bears a fair and reasonable relationship to each development's burden on, and benefit from, the Facilities to be funded under this ordinance.

12684232.1

Table 1 Summary of Maximum Capital Facility and Equipment Development Impact Fees

Land Uses (1)	Measure	Sewer (1)	Transportation (2)	Parks (3)	Public Safety (4)	Total
Residential (multifamily)	Per Unit	\$2,210	\$1,923	\$21,516	\$219.70	\$25,869
Office	Per Sq.Ft.	\$1.84	\$3.65	\$3.36	\$0.17	\$9.01
Retail	Per Sq.Ft.	\$21.50	\$20.73	\$2.10	\$0.10	\$44.44
Hotel	Per Room	\$3,672	\$1,923	\$672	\$33.16	\$6,301
Industrial/Non-Retail	Per Sq.Ft.	N/A	\$3.67	\$0.84	\$0.04	\$4.55

*Includes a 2 percent administrative fee to cover City costs of reporting, managing, and updating fee program.

(1) MSASP Sewer Fees are set to cover the full costs of required MSASP sewer improvements. Sewer fees are higher in selected MSASP development areas (Retail 1, Retail 2, Office 1, and Residential 4) due to additional costs associated with gravity main capacity improvements (not shown here).

(2) MSASP Transportation Fees set to cover net cost of transportation improvements after adjusting for assumption that 80 percent of Bay Trail costs will be covered by other City funding sources.

(3) MSASP Parks Fees are based on an existing service-standard adjusted for residential and nonresidential land uses and applied to all MSASP land uses.

(4) MSASP Public Safety Fees are set to cover the full costs of required MSASP public safety facilities.

Sources: City of Millbrae; West Yost Associates; W-Trans; Callander Associates; Citygate Associates; and Economic & Planning Systems, Inc.

Table 2 Summary of Maximum Capital Facility and Equipment Development Impact Fees: Applies Only in Retail 1, Retail 2, Office 1, and Residential 4 Areas

Land Uses (1)	Measure	Sewer (1)	Transportation (2)	Parks (3)	Public Safety (4)	Total
Residential (multifamily)	Per Unit	\$2,316	\$1,923	\$21,516	\$219.70	\$25,975
Office	Per Sq.Ft.	\$1.92	\$3.65	\$3.36	\$0.17	\$9.10
Retail	Per Sq.Ft.	\$22.54	\$20.73	\$2.10	\$0.10	\$45.47
Hotel	Per Room	\$3,672	\$1,923	\$672	\$33.16	\$6,301
Industrial/Non-Retail	Per Sq.Ft.	N/A	\$3.67	\$0.84	\$0.04	\$4.55

*Includes a 2 percent administrative fee to cover City costs of reporting, managing, and updating fee program.

(1) MSASP Sewer Fees are set to cover the full costs of required MSASP sewer improvements. Sewer fees are higher in selected MSASP development areas (Retail 1, Retail 2, Office 1, and Residential 4) due to additional costs associated with gravity main capacity improvements (shown here).

(2) MSASP Transportation Fees set to cover net cost of transportation improvements after adjusting for assumption that 80 percent of Bay Trail costs will be covered by other City funding sources.

(3) MSASP Parks Fees are based on an existing service-standard adjusted for residential and nonresidential land uses and applied to all MSASP land uses.

(4) MSASP Public Safety Fees are set to cover the full costs of required MSASP public safety facilities.

Sources: City of Millbrae; West Yost Associates; W-Trans; Callander Associates; Citygate Associates; and Economic & Planning Systems, Inc.