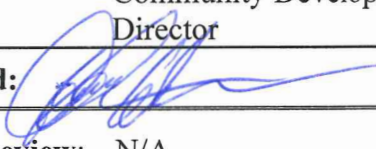


**CITY COUNCIL  
AGENDA REPORT**



**CITY OF MILLBRAE  
621 Magnolia Avenue  
Millbrae, CA 94030**

<b>SUBJECT:</b>  Receive Report and Adopt Resolution Accepting the Annual Report on Receipt and Use of Development Impact Fees for the Year Ending June 30, 2020  <b>ATTACHMENTS:</b> 1. Resolution  Exhibit A: Annual Report on Receipt and Use of Development Impact Fees for the Year Ending June 30, 2020	<b>Report No.</b> 06
	<b>Agenda Item:</b> 6578
	<b>For Agenda of:</b> January 12, 2021
	<b>Department:</b> Public Works & Community Development
	<b>Originator:</b> Khee Lim, Public Works Director Darcy Smith, Community Development Director
	<b>Approved:</b> 
<b>Budget Action:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>Finance Review:</b> N/A	

<b>REPORT TYPE:</b> <input checked="" type="checkbox"/> ACTION <input type="checkbox"/> INFORMATIONAL
<b>ITEM TYPE:</b> <input checked="" type="checkbox"/> CONSENT <input type="checkbox"/> PUBLIC HEARING <input type="checkbox"/> EXISTING BUSINESS <input type="checkbox"/> NEW BUSINESS

**RECOMMENDATION:**

Staff recommends that the City Council adopt a Resolution Accepting the Annual Report on Receipt and Use of Development Impact Fees for the Year Ending June 30, 2020.

**BACKGROUND:**

The legal requirements for enacting development impact fees are set forth in Government Code §§ 66000-66025 (Mitigation Fee Act) and are commonly referred to as AB 1600 requirements, after the legislation that first enacted them. These fees are generally intended to mitigate cost impacts that development projects have on existing City facilities and infrastructure.

AB 1600 requires that local agencies provide an accounting of impact fees imposed on development projects on an annual basis. This "Annual Report" must be reviewed by the City Council at a regularly scheduled public meeting. Notice of the time and place of the meeting is required be mailed at least 15 days prior to the meeting to any interested party who files a written request with the local agency. No such requests were made at the time of this report. As of the date this report was finalized, City staff did not receive any such request.

The Annual Report (Exhibit A to Attachment 1) presents the revenues, expenditures, and fund balances for the impact fees. Three of these are subject to AB 1600 requirements: Water Capacity charges, Sewer Capacity charges and Development Impact Fees. This Annual Report includes revenues collected and project costs incurred from July 1, 2019 to June 30, 2020.

Developer Impact Fees are segregated from the General Fund and from other funds or accounts containing fees collected for other purposes in accordance with accounting standards. Interest earned on each fee is

deposited into the fund or account and used only for the purposes for which the fee was collected. Each local agency is required, within 180 days after the last day of each fiscal year, to make available to the public the following information regarding each development impact fee fund or account (Government Code §§ 66006):

1. Description of the type of fee in the fund;
2. Amount of the fee;
3. Beginning and ending balance for the fiscal year;
4. Amount of fees collected, and interest earned;
5. Identification of each public improvement on which fees were expended and the amount of the expenditure on each improvement;
6. Identification of an approximate date by which the construction of a public improvement will commence, if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement;
7. Description of each interfund transfer or loan made from the account or fund, including the public improvement on which the loaned funds will be expended, and in the case of an interfund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan; and
8. Amount of any refunds made due to inability to expend fees within the required time frame.

### **DISCUSSION:**

The development impact fees covered by the AB 1600 requirements and documented in Exhibit A to Attachment 1 for the reporting period include the following:

Millbrae Station Area Specific Plan Development Impact Fees: On February 28, 2017, the City Council adopted an updated development impact fee program for the Millbrae Station Area Specific Plan (MSASP) area. This fee was first established in 2000. In fiscal year 2019-2020, the City collected development impact fees for the Millbrae Station Area Specific Plan (MSASP) area, pursuant to Millbrae Municipal Code Chapter 10.05.1800 et. seq and the associated City resolution establishing the fees. The basis for these fees are a Nexus Study entitled “Millbrae Station Area Specific Plan Development Impact Fee Study,” issued by Economic and Planning Systems, Inc., dated February 3, 2017, which allocates the costs estimated in the Feasibility Report for the implementation of improvements and allocates them to individual land uses within the MSASP area. The associated Feasibility Report was prepared by West Yost Associates, dated December 2015, which describes the facilities, estimates the cost for implementation of improvements.

Development impact fees are established and imposed on the issuance of all building permits for development within the MSASP area to finance the cost of the following categories of facilities:

1. *Utilities infrastructure (Sewer).* The fees will fund Rainfall Infiltration Inflow (RDII) and gravity main improvements needed to provide adequate sewage treatment services to the MSASP. The RDII improvements are required to serve the whole MSASP area, while an additional fee will only apply in the specific subareas of the MSASP which the gravity main improvements will serve.
2. *Traffic improvement measures (Transportation).* This fee is intended to help maintain acceptable transportation operation in the Specific Plan Area, including for users of alternative modes. The Nexus Study stated that “In combination with grant and other funding, fee revenue will be used to fund the required new transportation facility improvements including roadway and alternative



mode facility improvements.”

3. *Parkland and recreation facilities (Parks)*. The fee will fund the provision of additional parks and recreation land and facilities sufficient to maintain the City's existing service standards. Fee revenues will contribute funding towards the acquisition of parkland as well as the improvement of parkland/recreational facilities.
4. *Public safety improvements (Public Safety)*. The fee helps ensure there are sufficient fire facilities and equipment to serve new MSASP development. Fee revenues will be used to replace capital equipment as required, such as acquisition of new public safety vehicles, motorcycles, and associated equipment, and to provide upgrades to the Millbrae Fire Station #37.

The beginning balance on July 1, 2019 was zero. The ending balance for the fiscal year was \$12,889,291.42, broken down below by fund balance and annual interest earned in as follows:

Impact Fee Category	Total Collected FY19-20	Interest Earned FY19-20	Total Fund Balance
Sewer MSASP	\$2,628,258.44	\$22,677.13	\$2,650,935.57
Transportation MSASP	\$2,409,604.12	\$20,790.54	\$2,430,394.66
Parks MSASP	\$7,616,685.24	\$65,718.26	\$7,682,403.50
Public Safety MSASP	\$124,483.62	\$1,074.07	\$125,557.69
<b>Total</b>	<b>\$12,779,031.42</b>	<b>\$110,260.00</b>	<b>\$12,889,291.42</b>

This balance represents payments made for the Gateway at Millbrae Station development project that is under construction. The total interest earned for the fiscal year was \$110,260. There were no interfund transfers or loans made for these accounts or funds during fiscal year 2019-2020, nor were any refunds made due to inability to expend fees within the required time frame. No new capital projects were funded by these impact fees during the reporting period.

During the fiscal year 2020-2021, the City Council adopted a resolution (No. 20-56) to award a design/build contract to Blach Construction for Millbrae Recreation Center Restoration Project. This resolution authorized the budget appropriation of the collected Park MSASP Impact Fees in the amount of \$7,616,685 for this project. Looking forward, the City anticipates using the Sewer Impact Fee funds for the Hillcrest Sub-Basin Inflow/Infiltration Reduction Program. This project is currently in the design phase and is anticipated to commence construction in late summer 2021. The total project cost is estimated at around \$4 million. During the upcoming budget and Capital Improvement Plan (CIP) development process, staff will develop a projection for additional development impact fee revenue as well as recommending capital projects that can use development impact fees as a funding source.

Citywide Development Impact Fees: On August 8, 2020, the City's new citywide Development Impact Fee Program became effective, as established in the Millbrae Municipal Code Chapter 10.05.3100 et. seq. The program was established to assess impact fees on future development that included specific library fees, general government facilities fees, recreation services fees, public safety fees, park acquisition and facilities fees, and mobility fees. This report does not include those fees as they were not effective during

the reporting period. The fiscal year 2020-2021 report will include those fees as collected.

**FISCAL IMPACT:**

The annual AB 1600 report is a mandated reporting requirement provided to the City Council for informational purposes only. There is no direct fiscal impact by receiving the report and adopting the resolution.

**COUNCIL ACTION:**

Receive report and adopt a resolution accepting the Annual Report on the Receipt and Use of Development Impact Fees for the Year Ended June 30, 2020.

**CITY OF MILLBRAE, COUNTY OF SAN MATEO  
STATE OF CALIFORNIA**

\*\*\*

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILLBRAE ACCEPTING  
THE ANNUAL REPORT ON RECEIPT AND USE OF  
DEVELOPMENT IMPACT FEES FOR THE YEAR ENDING JUNE 30, 2020**

**WHEREAS**, pursuant to Section 66000 et seq. of the Government Code, the City is required to prepare and present an annual development impact fees report for all impact fees and charges as defined by the Government Code;

**WHEREAS**, the City collects Development Impact Fees upon development projects to fully or partially offset the costs of public facilities and infrastructure that are needed to serve demand created by that development project;

**WHEREAS**, the City collects Development Impact Fees upon development projects to fully or partially offset the costs of public facilities and infrastructure that are needed to serve demand created by that development project.

**WHEREAS**, as shown in the Annual Report on Receipt and Use of Development Impact Fees for the Year Ending June 30, 2020, attached as Attachment A, the beginning balance on July 1, 2019 was zero. The ending balance for the fiscal year was \$12,889,291.42. This balance represents payments made for the Gateway at Millbrae Station development project that is under construction. The total interest earned for the fiscal year was \$110,260. There were no interfund transfers or loans made for these accounts or funds during fiscal year 2019-2020, nor were any refunds made due to inability to expend fees within the required time frame.

**WHEREAS**, no new capital projects were funded by these impact fees during the reporting period.

**NOW, THEREFORE BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF MILLBRAE** receives and accepts the Annual Report on Development Impact Fees for the Year Ending June 30, 2020.

**REGULARLY PASSED AND ADOPTED** this 12<sup>th</sup> day of January 2021.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

**Exhibit A:**

**Annual Report on Receipt and Use of  
Development Impact Fees for the Year Ending  
June 30, 2020**



# Annual Report on Receipt and Use of Development Impact Fees

Date Range 07/01/19 - 06/30/20

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd
<b>Fund 104 - IMPACT FEES: SEWER</b>									
Department	<b>00 - NON-DEPARTMENTAL</b>								
Division	<b>000 - NON-DIVISIONAL</b>								
	REVENUE								
<b>455</b>									
455.100	INTEREST INCOME	.00	.00	.00	22,677.13	.00	22,677.13	(22,677.13)	+++
	<b>455 - Totals</b>	\$0.00	\$0.00	\$0.00	\$22,677.13	\$0.00	\$22,677.13	(\$22,677.13)	+++
<b>470</b>									
470.120	IMPACT FEES	.00	.00	.00	.00	.00	2,628,258.44	(2,628,258.44)	+++
	<b>470 - Totals</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,628,258.44	(\$2,628,258.44)	+++
	REVENUE TOTALS	\$0.00	\$0.00	\$0.00	\$22,677.13	\$0.00	\$2,650,935.57	(\$2,650,935.57)	+++
	Division <b>000 - NON-DIVISIONAL</b> Totals	\$0.00	\$0.00	\$0.00	\$22,677.13	\$0.00	\$2,650,935.57	(\$2,650,935.57)	+++
	Department <b>00 - NON-DEPARTMENTAL</b> Totals	\$0.00	\$0.00	\$0.00	\$22,677.13	\$0.00	\$2,650,935.57	(\$2,650,935.57)	+++
	Fund <b>104 - IMPACT FEES: SEWER</b> Totals	\$0.00	\$0.00	\$0.00	\$22,677.13	\$0.00	\$2,650,935.57	(\$2,650,935.57)	+++
<b>Fund 105 - IMPACT FEES: TRANSPORTATION</b>									
Department	<b>00 - NON-DEPARTMENTAL</b>								
Division	<b>000 - NON-DIVISIONAL</b>								
	REVENUE								
<b>455</b>									
455.100	INTEREST INCOME	.00	.00	.00	20,790.54	.00	20,790.54	(20,790.54)	+++
	<b>455 - Totals</b>	\$0.00	\$0.00	\$0.00	\$20,790.54	\$0.00	\$20,790.54	(\$20,790.54)	+++
<b>470</b>									
470.120	IMPACT FEES	.00	.00	.00	.00	.00	2,409,604.12	(2,409,604.12)	+++
	<b>470 - Totals</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,409,604.12	(\$2,409,604.12)	+++
	REVENUE TOTALS	\$0.00	\$0.00	\$0.00	\$20,790.54	\$0.00	\$2,430,394.66	(\$2,430,394.66)	+++
	Division <b>000 - NON-DIVISIONAL</b> Totals	\$0.00	\$0.00	\$0.00	\$20,790.54	\$0.00	\$2,430,394.66	(\$2,430,394.66)	+++
	Department <b>00 - NON-DEPARTMENTAL</b> Totals	\$0.00	\$0.00	\$0.00	\$20,790.54	\$0.00	\$2,430,394.66	(\$2,430,394.66)	+++
	Fund <b>105 - IMPACT FEES: TRANSPORTATION</b> Totals	\$0.00	\$0.00	\$0.00	\$20,790.54	\$0.00	\$2,430,394.66	(\$2,430,394.66)	+++
<b>Fund 106 - IMPACT FEES: PARKS</b>									
Department	<b>00 - NON-DEPARTMENTAL</b>								
Division	<b>000 - NON-DIVISIONAL</b>								
	REVENUE								
<b>455</b>									
455.100	INTEREST INCOME	.00	.00	.00	65,718.26	.00	65,718.26	(65,718.26)	+++
	<b>455 - Totals</b>	\$0.00	\$0.00	\$0.00	\$65,718.26	\$0.00	\$65,718.26	(\$65,718.26)	+++
<b>470</b>									
470.120	IMPACT FEES	.00	.00	.00	.00	.00	7,616,685.24	(7,616,685.24)	+++
	<b>470 - Totals</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,616,685.24	(\$7,616,685.24)	+++
	REVENUE TOTALS	\$0.00	\$0.00	\$0.00	\$65,718.26	\$0.00	\$7,682,403.50	(\$7,682,403.50)	+++
	Division <b>000 - NON-DIVISIONAL</b> Totals	\$0.00	\$0.00	\$0.00	\$65,718.26	\$0.00	\$7,682,403.50	(\$7,682,403.50)	+++
	Department <b>00 - NON-DEPARTMENTAL</b> Totals	\$0.00	\$0.00	\$0.00	\$65,718.26	\$0.00	\$7,682,403.50	(\$7,682,403.50)	+++

# Annual Report on Receipt and Use of Development Impact Fees

Date Range 07/01/19 - 06/30/20

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd
	Fund 106 - IMPACT FEES: PARKS Totals	\$0.00	\$0.00	\$0.00	\$65,718.26	\$0.00	\$7,682,403.50	(\$7,682,403.50)	
	Fund 107 - IMPACT FEES: PUBLIC SAFETY								
	Department 00 - NON-DEPARTMENTAL								
	Division 000 - NON-DIVISIONAL								
	REVENUE								
455									
455.100	INTEREST INCOME	.00	.00	.00	1,074.07	.00	1,074.07	(1,074.07)	+++
	455 - Totals	\$0.00	\$0.00	\$0.00	\$1,074.07	\$0.00	\$1,074.07	(\$1,074.07)	+++
470									
470.120	IMPACT FEES	.00	.00	.00	.00	.00	124,483.62	(124,483.62)	+++
	470 - Totals	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$124,483.62	(\$124,483.62)	+++
	REVENUE TOTALS	\$0.00	\$0.00	\$0.00	\$1,074.07	\$0.00	\$125,557.69	(\$125,557.69)	+++
	Division 000 - NON-DIVISIONAL Totals	\$0.00	\$0.00	\$0.00	\$1,074.07	\$0.00	\$125,557.69	(\$125,557.69)	+++
	Department 00 - NON-DEPARTMENTAL Totals	\$0.00	\$0.00	\$0.00	\$1,074.07	\$0.00	\$125,557.69	(\$125,557.69)	+++
	Fund 107 - IMPACT FEES: PUBLIC SAFETY Totals	\$0.00	\$0.00	\$0.00	\$1,074.07	\$0.00	\$125,557.69	(\$125,557.69)	+++
	Grand Totals	\$0.00	\$0.00	\$0.00	\$110,260.00	\$0.00	\$12,889,291.42	(\$12,889,291.42)	