

Town of Tiburon STAFF REPORT



AGENDA ITEM _____

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TO: **TOWN COUNCIL**

FROM: **SCOTT ANDERSON, DIRECTOR OF COMMUNITY DEVELOPMENT**

SUBJECT: **ANNUAL REPORTING OF DEVELOPMENT PROJECT FEES**

REPORT DATE: **DECEMBER 6, 2005**

MEETING DATE: **JANUARY 4, 2006** REVIEWED BY: _____

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BACKGROUND

Similar to most cities and counties in California, the Town of Tiburon imposes certain public facilities fees on development projects during the approval process. Certain of these fees are categorized as “development fees” under Section 66000 et seq. of the California Government Code. Section 66006 of that code requires that specific data regarding development fees is made available to the public within 180 days following the end of each fiscal year, with a public meeting held on the matter at the next regularly scheduled meeting following release of the data. This report sets forth the required annual data reporting for the Town’s development fee accounts for Fiscal Year 2004-2005, which closed on June 30, 2005.

ANALYSIS

The Town of Tiburon imposes five categories of fees that could qualify as development fees. These categories are 1) traffic impact fees, 2) street impact fees, 3) property development fees, 4) affordable housing fees, and 5) stormwater runoff fees. Park and recreation in-lieu fees, which the Town also collects, are not defined as development fees in the statute. Reporting data for each of the Town’s development fee categories is shown below.

Traffic Mitigation Fee Accounts

In 1996, the Town established two separate traffic mitigation fee accounts, each addressing different portions of the Tiburon Planning Area. The Town Council received a mandatory five-year report on these funds in January 2002 and made findings regarding the future use of unexpended funds in these accounts. The next five-year report will be due in January, 2007. The two traffic mitigation accounts and the required data for this annual report are as follows:

Circulation System Improvement Fund (CSIF): This fund contains the collected exactions for construction of public traffic improvements in the incorporated portions of the Tiburon Planning Area. The fee varies depending on the location of the project in relation to intersections identified in the General Plan Circulation Element as requiring improvement. The fee varies from \$200 per PM peak trip to \$3,400 per PM peak trip.

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TIBURON CIRCULATION SYSTEM IMPROVEMENT FUND		
Fund Balance, July 1, 2004		\$151,865
Revenues:		
Fees Collected	\$10,604	
Interest Income	<u>2,395</u>	
TOTAL REVENUES		\$ 12,999
Expenditures:		
(see list below)		
TOTAL EXPENDITURES	<u>\$ 74,273</u>	<u>\$ 74,273</u>
Fund Balance, June 30, 2005		\$90,591

EXPENDITURES		
Projects completed FY 2004-05:	<u>Cost</u>	<u>% from Fund</u>
Tiburon Boulevard/Reed Ranch Road Impvts.	\$31,408	100%
Stewart Drive Bush Shelter	\$42,865	100%

In the adopted Fiscal Year 2005-06 budget, the Town has programmed \$75,000 in expenditures from the Tiburon Circulation System Improvement Fund for the purpose of constructing traffic improvements.

Sufficient funds will exist to construct these improvements, which include intersection improvements at Reed Ranch Road and Tiburon Boulevard, and the Mar West Traffic Signal Warrant Study.

No inter-fund loans or transfers occurred in this account for FY2004-05 and no refunds from this account were issued in FY 2004-05.

Planning Area Mitigation Fund (PAMF): This fund contains the collected exactions for public traffic improvements in portions of the Tiburon Planning Area outside of the Town's corporate limits. The fee varies depending on the location of the project in relation to intersections identified in the General Plan Circulation Element for improvement. The fee varies from \$0 per PM peak trip to \$2,300 per PM peak trip.

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PLANNING AREA MITIGATION FUND		
Fund Balance, July 1, 2004		\$229,203
Revenues:		
Fees Collected	\$12,851	
Interest Income	<u>5,350</u>	
TOTAL REVENUES		18,201
Expenditures:		
	<u>\$ 0</u>	
TOTAL EXPENDITURES		<u>\$ 0</u>
Fund Balance, June 30, 2005		\$247,404

The FY 2005-06 Town budget does propose, and the Town Council has committed, to expend \$100,000 from this fund for the purpose of contributing towards the improvements at the Tiburon Boulevard intersection with U.S. Highway 101, which are primarily being funded by Caltrans and the County of Marin. Additional future projects to which these funds would be contributed include a merge/acceleration lane at the Tiburon Boulevard/Cecilia Way intersection; and capacity improvements at the Tiburon Boulevard/Redwood Highway Frontage Road intersection. These improvements are set forth in the General Plan Circulation Element, but are likely to be at least 3-4 years away. The cost of these improvements will exceed funds available at this time.

No inter-fund loans or transfers occurred in this account for FY2004-05 and no refunds from this account were issued in FY 2004-05.

Street Impact Fund Account

The street impact fee went into effect in July 1999. This fee partially off-sets the Town's costs of public roadway maintenance by assessing a fee of 1.0% (.01) on the valuation of all building permits issued by the Town. A project with a \$100,000 building permit valuation would therefore be subject to a street impact fee of \$1,000. The Town Council received a mandatory five-year report on these funds in January 2004 and made findings regarding the future use of unexpended funds in these accounts. The next five-year report will be due in January, 2009.

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TIBURON STREET IMPACT FUND		
Fund Balance, July 1, 2004		\$575,958
Revenues:		
Fees Collected	\$465,857	
Interest Income	19,008	
Grant Revenue	<u>49,305</u>	
TOTAL REVENUES		\$534,170
Expenditures:		
See List Below	<u>\$309,249</u>	
TOTAL EXPENDITURES		<u>\$309,249</u>
Fund Balance, June 30, 2005		\$800,879

EXPENDITURES		
Projects completed FY 2004-05:	<u>Cost</u>	<u>% from Fund</u>
Dig-out repairs (various streets)	\$4,983	100%
Esperanza Street Overlay	\$4,901	100%
Blackfield Drive Overlay	\$6,739	100%
Via Capistrano Overlay	\$215,765	100%
Cypress Hollow Drive Overlay	\$1,472	100%
Slurry Seal Program (various streets)	\$6,127	100%
Engineering Costs	\$69,263	100%
Total Projects FY 2004-05	\$309,249	100%

For FY 2005-06, the Town has identified in its adopted budget \$646,200 in planned street improvement projects to be funded by the Street Impact Fund. These improvements are expected to be completed in FY 2005-06. The Town maintains a Pavement Management



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Program (PMP), last updated in 2005, which analyzes the condition of the Town's streets and suggests appropriate repair/replacement techniques based on this analysis. Cost estimates for the work can be extrapolated from the PMP. The PMP indicates that the Town would need to spend approximately \$480,000 annually on its streets to hold the overall pavement condition index steady over the next four years. However, since the Town's policy is to upgrade the condition of its streets above the current PCI rating of 66, an average annual expenditure of \$620,000 would be required, according to the PMP. Unexpended funds currently remaining in the Street Impact account will be spent over the next 2-3 years as the Town continues its ongoing street maintenance and repair program. No refunds or transfers were issued from this account in FY 2004-2005.

Property Development Fund

This fee is levied at the building permit stage for new homes and commercial buildings that are not located in in-fill areas and are not re-builds. Its revenues are used for the acquisition, construction, improvement, or maintenance of public property and facilities. The fee is \$750 for new single family homes, \$500 for other residential units, and 75 cents per square foot for commercial buildings.

PROPERTY DEVELOPMENT FUND		
Fund Balance, July 1, 2004		(\$3,003)
Revenues:		
Fees Collected	\$3,145	
Interest Income	<u> 0</u>	
TOTAL REVENUES		\$3,145
Expenditures:		
Town Hall Facility Improvements	<u>\$ 0</u>	
TOTAL EXPENDITURES		<u>\$ 0</u>
Fund Balance, June 30, 2005		\$142

For FY 2005-06, the Town has no expenditures planned from the Property Development Fund.

No inter-fund loans or transfers occurred in this account for FY2004-05, and no refunds from this account were issued in FY 2004-05.

Affordable Housing In-Lieu Fund

This fee is collected either at the subdivision map or building permit stage, at the option of the developer. Its revenues are used for the design and construction of permanently affordable



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housing units or for other actions that would directly preserve, conserve, rehabilitate, or increase the supply of affordable units in the Tiburon Planning Area. The fee is calculated using a formula contained within the Tiburon Zoning Ordinance. The formula contains several variables (such as interest rates) and the amount of the fee can vary over time depending on these variables. Generally, the in-lieu fee amount ranges from \$150,000 to \$300,000 for each required affordable unit that is not built. A project creating 10 or more units or lots would be responsible to provide one affordable unit or pay the resulting in-lieu fee. Projects that produce less than 10 units pay a prorated share of the in-lieu fee, for example, a five unit project would pay half of the in-lieu fee for an affordable unit not built. It is unclear whether affordable housing in-lieu fees are a "development fee" as defined in state law; however, the following information is public record. In providing affordable housing in-lieu fund information contained within this report, the Town of Tiburon neither admits nor implies that the above information is required to be reported pursuant to Section 66006 of the Government Code.

AFFORDABLE HOUSING IN-LIEU FUND		
Fund Balance, July 1, 2004		\$1,340,551
Revenues:		
Sale of Town Owned Unit	\$116,995	
Rents	30,000	
Interest Income	<u>35,616</u>	
TOTAL REVENUES		\$184,057
Expenditures:		
Homeowner Dues	\$27,644	
Building Improvements	35,111	
Property Tax, Marin Renter's Rebate	12,623	
Purchase 2 Bedroom Unit	<u>154,491</u>	
TOTAL EXPENDITURES		<u>\$229,884</u>
Fund Balance, June 30, 2005		\$1,294,724

For FY 2005-06 the Town has \$7,850 in expenditures planned from the Affordable Housing In-Lieu Fund for the purposes of maintaining and conserving existing Town-owned affordable housing units. These efforts are expected to be completed in FY 2004-05. As several new affordable housing sites have been identified in the recently-adopted Housing Element of the Tiburon General Plan, and as developers move forward with actual projects, the housing in-lieu funds collected will be expended toward affordable housing projects. The Town anticipates committing or spending this money within the time frame of the current Housing Element (2009).

No inter-fund loans or transfers occurred in this account for FY2004-05, and no refunds from this account were issued in FY 2004-05.



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Stormwater Runoff Fee

The Town adopted a Stormwater Runoff impact fee in 2004, but did not collect any such fees until after the close of the fiscal year on June 30th. Therefore, this is the first fiscal year that annual reporting has been possible. The stormwater impact fee helps recover the costs of upgrading the Town's public storm drain system to accommodate additional runoff caused by new construction. The fee is \$1.00 per square foot of new impervious surface created by construction projects.

STORM WATER RUNOFF FUND		
Fund Balance, July 1, 2004		\$0
Revenues:		
Fees Collected	\$75,148	
Interest Income	<u>378</u>	
TOTAL REVENUES		\$75,940
Expenditures:		
Storm Drainage Improvements	\$77,323	
TOTAL EXPENDITURES		<u>\$77,323</u>
Fund Balance, June 30, 2005		(\$1,761)

RECOMMENDATION

Staff recommends that the Town Council review the data, take any public testimony, and accept the report.

EXHIBITS

- A. Government Code Section 66006.

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