

**CITY COUNCIL AGENDA  
STAFF REPORT**

Agenda date: 2/22/2005

Date prepared: 2/9/2005

Reviewed by: \_\_\_\_\_

**SUBJECT:** Status of Sewer, Storm Drainage, Capital Facilities In-Lieu Fees, and Parkland In-Lieu Fees Collected as of June 30, 2004 According to Government Code Section 66001. (AB 1600)

**FROM:** Ann Chaney, Community Development Director  
Charlie Adams, Finance and Administrative Services Director

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**STAFF RECOMMENDATION**

That the City Council receive comments, if any, from citizens regarding the Development Impact Fee Report made available to the public on February 10, 2005.

**BACKGROUND**

Following the passage of Proposition 13 in 1978, many cities began charging fees on new development to fund public improvements and services such as streets, transit facilities, sewers, and storm drains. These fees are commonly known as development impact fees. In order to ensure that these fees were spent in a timely manner and on projects for which they were being collected, the State Legislature passed a bill known as AB 1600 (Mitigation Fee Act). This bill applies to developer fees, increased or imposed on or after January 1, 1989. AB 1600 enacts Government Code Sections 66000-66008 that generally contain four requirements:

1. A local jurisdiction must follow the process set forth in the bill and make certain determinations regarding the purpose and use of the fees, and establish a "nexus" or connection between a development project or class of project and the public improvement being financed with the fee.
2. The fee revenue must be segregated from the general fund in order to avoid commingling of public improvement fees and the general fund.
3. If a local jurisdiction has had possession of a developer fee for five years or more and has not committed that money to a project or actually spent that money, then it must make findings describing the continuing need for that money. In addition, an annual report must be made of fees collected, interest earned, projects on which fees were expended, and any transfers or loans from the fee account. This report is to be reviewed by the local agency assessing the fees.

4. If a local jurisdiction cannot make the findings required under paragraph 3, the city or county must refund the fees collected.

The sewer fees, storm drain fees, capital facilities fees and parkland in-lieu fees that the City of Albany collect, qualify as development impact fees. Therefore, these fees must comply with the above referenced Government Code Sections. Government Code Section 66001 requires the City to make available to the public certain information regarding development impact fees for each fund within 180 days after the end of each fiscal year. Expenditure of the fees collected must occur within a five-year period from the date of collection.

### **SEWERS/CONNECTION FEES**

Section 15-1.6 of the Albany Municipal Code establishes the provision for collecting a sanitary sewer connection fee. Per the City's adopted Master Fee Schedule, the sewer connection fee for new residential units is \$1,100 per unit. For remodels the charge is \$171.90 per each additional plumbing fixture. Similar charges are assigned to commercial and industrial development.

These fees are being used to partially fund the City's Sewer Compliance Plan. This plan currently projects expenditures of \$5.7 million over the next 5 years. The five currently designated projects are: Curtis/Sonoma, Madison/Adams, Pomona/Key Route, North Brighton, and East Albany Hill . Future projects will include the sewer line in Solano Avenue between Masonic and Santa Fe Avenue.

### **Sewer/Connection Fees Collections and Expenditures**

	Fiscal Year				
	1999-00	2000-01	2001-02	2002-03	2003-04
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Fees Collected	37,337	22,658	57,421	24,871	32,779
Interest Earned	0	0	0	0	0
Funds Available	37,337	22,658	57,421	24,871	32,779
Project Expenditures:					
Sewer Rehabilitation	37,337	22,658	57,421	24,871	32,779
Total Expenditures	37,337	22,658	57,421	24,871	32,779
Unexpended Balance	0	0	0	0	0

## **STORM DRAIN IMPACT FEES**

Section 15-4.9 of the Albany Municipal Code enables the City to charge a “reasonable storm sewer fee for residential, industrial, and commercial users of the City’s storm sewer system.” Per the City’s adopted Master Fee Schedule, a storm drain fee is collected for all new development in the amount of \$0.10 per square foot of lot area. In 2003-04 fees of \$17,000 were collected for the Target store development on Eastshore Highway.

The fee is waived if the property owner either (a) reduces the amount of developed impervious surface on the property by an amount equal to 50% of the amount of new development or (b) installs a grasscrete driveway [residential].

In 1998, City Council adopted the Watershed Management Plan. Storm drain fees collected were used to fund the development of this Plan. This document provides a compensation plan for storm drain needs and improvement costs citywide. Specifically, these funds have been used to improve the City’s creeks, storm drain size and capacity, and overall clean water conditions.

### **Storm Drain Impact fees Collections and Expenditures**

	Fiscal Year				
	1999-00	2000-01	2001-02	2002-03	2003-04
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Fees Collected	990	2,944	5,043	1,093	18,011
Interest Earned	0	0	0	0	0
Funds Available	990	2,944	5,043	1,093	18,011
Project Expenditures:					
Watershed Mgt. Plan	990			1,093	
Storm Project		2,944	5,043		18,011
Total Expenditures	990	2,944	5,043	1,093	18,011
Unexpended Balance	0	0	0	0	0

## **CAPITAL FACILITIES IMPACT FEES**

Section 20-12 of the Albany Municipal Code establishes the provision for collecting capital facilities fees on new development. Section 20-12.4 generally states that the revenues raised by these fees shall be used to pay for needed improvements to capital facilities and new capital facilities, or to reimburse developers who provide supplemental capacity beyond that which is needed for the development for which a fee was imposed. Per the City's adopted Master Fee Schedule, a capital facilities impact fee is charged for all new development. The fee for residential additions and non-residential development is \$0.65 per square foot. For new residential units, the fee ranges from \$375 to \$1,365 per unit depending upon unit size.

Projects identified in the City's adopted Capital Improvement Plan (CIP) provide guidance for use of capital facilities fees. The major fees collected in FY2003-04 were from the Target Store. The store was opened in October 2004 in the City's redevelopment area along the Buchanan/Eastshore Highway. Fees collected during the Fiscal Years of 1999-00 to 2002-03 were spent on a variety of capital projects citywide. A portion of fees collected in fiscal year 2003-04 has been held in reserve for future projects.

### **Capital Facilities Impact Fees Collections and Expenditures**

	Fiscal Year				
	1999-00	2000-01	2001-02	2002-03	2003-04
Beginning Balance	\$0	\$0	\$0	\$4,190	\$0
Fees Collected	10,633	20,869	55,926	14,589	125,228
Interest Earned	0	0	52	0	320
Funds Available	10,633	20,869	55,978	18,779	125,548
Project Expenditures:					
Marin Avenue Simulation			29,856		
Cooperative Sidewalk Imprv.			16,105	18,779	2,185
Sewer Project			678		
Pavement Mgmt. Survey			3,551		
San Pablo Smart Corridor			1,598		
Traffic Mgmt. Plan	10,633	20,869	0		
Park Acquisition & Landscaping Equipment					59,040
Total Expenditures	10,633	20,869	51,788	18,779	61,225
Unexpended Balance	0	0	4,190	0	64,323

**PARKLAND IN-LIEU FEES**

Section 22-8.4 of the Albany Municipal Code establishes the provision for collection of parkland in-lieu fees on land. The fees shall be used for community and neighborhood parks and facilities in such a manner that the locations of such parks and facilities bear a reasonable relationship to the use of the park and recreational facilities by the future inhabitants of the development generating such fees. A fee is calculated based upon the estimated fair market value of the land being subdivided and the estimated fair market value of the land that would otherwise be required to be dedicated.

No fees were collected in FY2003-04. The fund balance carried forward from the prior fiscal year was used to fund the Albany Parks, Recreation & Open Space Park Master Plan.

**Parkland In-Lieu Fees  
Collections and Expenditures**

	Fiscal Year				
	1999-00	2000-01	2001-02	2002-03	2002-04
Beginning Balance	\$0	\$0	\$0	\$70,525	\$70,666
Fees Collected	0	0	70,437	0	0
Interest Earned	0	0	88	141	0
Funds Available	0	0	70,525	70,666	70,666
Project Expenditures:					
Albany Parks, Recreation & Open Space Master Plan					70,666
Total Expenditures	0	0	0	0	70,666
Unexpended Balance	0	0	70,525	70,666	0

**FINANCIAL IMPACT**

There is no action to be taken by the Council as a result of this report, and all revenues and expenditures reported are for prior fiscal periods. There are no unexpended funds requiring refund.