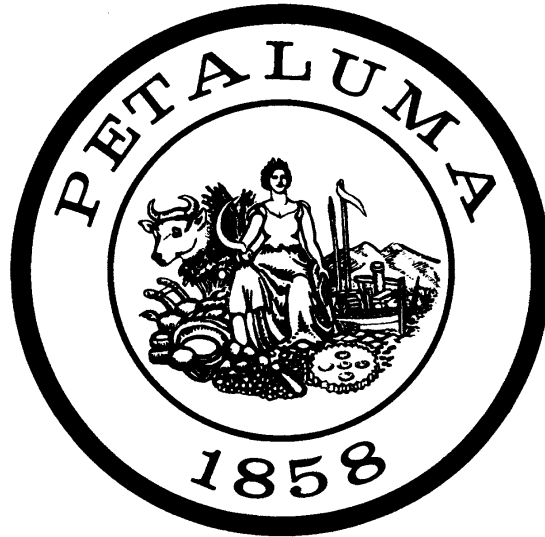


ATTACHMENT 1



CITY OF PETALUMA, CALIFORNIA

ANNUAL DEVELOPMENT IMPACT FEE REPORT

FISCAL YEAR 2007 - 2008

City of Petaluma
Annual Development Impact Fee Report
Fiscal Year 2007-08

Background

The Mitigation Fee Act, *Government Code §§66000 et seq.*, (the “Act”) governs the establishment and administration of development impact fees paid by new development projects for public facilities needed to serve new development. Fees must be separately accounted for and used for the specific purpose for which the fee was imposed. The City's adopted development impact fees are listed in the attached exhibits. Expenditures are authorized through the annual Capital and Operating Budgets and the City's Capital Improvement Program. The annual adopted City Budget is on file with the City Clerk.

Annual Development Fee Reporting

The Act requires that the City prepare an annual review of all development impact fees as defined in the Act and make a public report on the fees available to the public after the end of each fiscal year. Government Code §66006(b)(2) requires the report to be placed on an agenda for review at a public meeting not less than 15 days after the report is made available to the public.

Excluded from this report are types of developer fees that are not subject to the reporting requirements of the Act. For example, fees collected pursuant to the City's zoning powers, rather than pursuant to the Act, are in-lieu housing fees, the commercial linkage fee which is the non-residential equivalent of an in-lieu housing fee, public art in-lieu fees and two fees related to the Central Petaluma Specific Plan area. Water capacity fees and wastewater capacity fees are not development impact fees as defined in Sections 66006 and 66001 of the Act. The Quimby Act parkland acquisition fee is imposed pursuant to the Quimby Act (Gov't. Code §66477), and is also not included in the Section 66001 reporting requirement.

The Storm Drainage Fee was last updated in 1986, prior to the January 1, 1989 effective date of AB1600, but is nevertheless included in this report and findings for informational purposes.

The city is also required to adopt by resolution certain findings for any fund accounts which contain unexpended funds as of the fifth fiscal year following the first deposit into those funds. (Gov't. Code §66001(d).) The affected accounts are shown on Exhibit B to this report and are Fund 2120, Community Facilities; Fund 2140, Parkland Acquisition and Development; Fund 2155, Storm Drainage; and Fund 2160, Traffic Mitigation.

The report is organized as follows:

- Exhibit A: A brief description of the purposes of each development impact fee and its authorizing legislation (Gov't. Code §66006(b)(1)(A).)
- Exhibit B: Shows summary of the July 1, 2007 beginning balance, annual fee revenue collected and interest earned, identification of public improvements on which fees were expended and the ending balance as of June 30, 2008 for each fee (Gov't. Code §66006(b)(1)(C)-(E).) The annual expenditures on each specific public improvement are listed, including the total percentage of the cost of the public improvement that was funded with development impact fees. In addition to public improvement project costs, the City incurs costs to administer each mitigation fee program and to prepare the annual reports and the five-year compliance analysis also required by the Act. As shown in the mitigation fee cost studies which support the various impact fees, the City charges administrative and compliance costs at 3% of the program cost for each fee as a program expense. The actual dollar cost for these expenditures is listed for each fee. No individual development impact fee fund has collected sufficient funds to construct all improvements covered by that fund as described in the Nexus Studies (Gov't. Code §66006(b)(1)(F).)
- Exhibit C: Shows the funds which have unexpended fees more than five years after the first deposit of money into those funds (Gov't. Code §66001(d).)
- Exhibit D: Identifies the current amount of each development impact fee, including the modifications which became effective August 18, 2008, when the City updated all development impact fees other than the Storm Drain Impact Fee (Gov't. Code §66006(b)(1)(B).)
- There were no interfund loans, transfers, refunds or reallocation of funds in lieu of refunds in Fiscal Year 2007-2008 (Gov't. Code §66006(b)(1)(G)-(H).)

CITY OF PETALUMA
DEVELOPMENT IMPACT FEE SUMMARY

Exhibit A

Fee #	Impact Fee Name	Fee Authority	Brief Description of the Type of Fee
1	Aquatic Center Facilities Impact Fee	Reso. 2008-086 N.C.S., May 19, 2008	The Aquatic Center Facilities Impact Fee is to finance the portion of construction of an aquatic complex with a 50 meter lap pool and a 4,500 square foot recreation pool that is related to the project's services to new development.
2	Community Center Facilities Impact Fee	Reso. 2008-088, N.C.S., May 19, 2008	The Community Center Facilities Impact Fee is to finance the additional square footage of community center facilities, including furniture and fixtures, to equip new community center facilities space required to reduce the impact of future development.
3	Fire Suppression Facilities Impact Fee	Reso. 2008-088 N.C.S., May 19, 2008	The Fire Suppression Facilities Impact Fee is to finance specific fire protection and emergency services facilities to reduce impacts caused by future development.
4	Library Facilities Impact Fee	Reso. 2008-090 N.C.S., May 19, 2008	The Library Facilities Impact fee is to provide funding for additional library facilities, furniture, fixtures and collection materials to reduce the impacts caused by future development.
5	Parkland Acquisition Fee	Reso. 2008-092 N.C.S., May 19, 2008	The Parkland Acquisition Fee is imposed on development projects that are <i>not</i> subject to the Quimby Act. It funds acquisition of and payment for parkland necessary to maintain the standard established in the city's General Plan, based on a ratio of parkland acreage to population, including employees of new commercial development, as new residents and employees are added by new development.
6	Parkland Development Impact Fee	Reso. 2008-093 N.C.S., May 19, 2008	The Parkland Development Fee funds public facilities which improve neighborhood and community parklands as needed to serve new development.
7	Open Space Acquisition Impact Fee	Reso. 2008-091 N.C.S., May 19, 2008	The Open Space Acquisition Fee funds acquisition of and payment for open space necessary to maintain the city's standard established in its General Plan based on a ratio of open space acreage to population, including employees of new commercial development, as new residents and employees are added by new development.
8	Law Enforcement Facilities Impact Fee	Reso. 2008-089 N.C.S., May 19, 2008	The Law Enforcement Facility Fee funds the portion of construction of new law enforcement facilities, including a new police station and two communications towers, and acquisition of police vehicles and equipment, that is related to the need to serve new development.
9	Public Facilities Impact Fee	Reso. 2008-094 N.C.S., May 19, 2008	The Public Facilities Impact Fee funds a proportionate share of City Hall renovation or relocation, corporation yard construction and VOIP and Wi-Fi communications systems. It also funds additional computer technology and city vehicles to serve the added population and employees brought to the city by new development.
10	Storm Drainage Impact Fee	Ord. 1530 N.C.S., eff. Sept. 20, 1982; Ord. 1653 N.C.S., eff. June 2, 1986 (Petaluma Municipal Code Chapter 17.30); Reso. 9751 N.C.S., June 2, 1986	The Storm Drainage Impact Fee funds the construction of storm drainage improvements needed to control increases in run-off created by new development projects. The Storm Drainage Impact Fee was adopted before the enactment and effective date of AB1600, but is included in this report for informational purposes.
11	Traffic Development Impact Fee	Reso. 2008-095 N.C.S., May 19, 2008	The Traffic Development Impact Fee funds construction and implementation of improvements to key elements of the citywide transportation system sufficient to accommodate future traffic demand generated by new development.

Development Impact Fee Report for Fiscal Year 2007-2008 Exhibit B, 1 of 2

Fund Title/Project Title	Fund Balance 7/1/2007	Fee Revenue	Interest Revenue	Expenditures/ Transfers	Estimated % Funded by Impact Fees	Fund Balance 6/30/2008
Fund 2110: Aquatic Facilities	13,323	27,186	895	28,200		13,204
c00400605: Aquatic Center				26,000	21.1%	
City administrative costs				2,200	100.0%	
Fund 2120: Community Facilities	1,461,382	193,930	61,122	1,315,223		401,211
c00100107: Facility energy efficiency improvements				358,000	80.3%	
c00100108: Various community facilities projects				150,000	75.0%	
c00400104: East Washington park				800,000	3.9%	
City administrative costs				7,223	100.0%	
Fund 2121: Community Center Facilities (08)	0	0	0	0		0
Fund 2125: Fire Suppression Facilities	1,133	111,022	3,459	6,823		108,791
City administrative costs				6,823	100.0%	
Fund 2135: Library Facilities	38,058	44,759	3,179	3,700		82,296
City administrative costs				3,700	100.0%	
Fund 2140: Parkland Acquisition and Development	256,038	1,107,971	46,348	528,928		881,429
c00400204: Leghorn park return of unused fees		201,398				
c00400104: East Washington park				400,000	1.90%	
c00400105: Shollenberger park improvements				92	3.4%	
c00400705: Carter Field relocation				190	100.0%	
c00400805: Tennis court surfacing				2,230	4.2%	
c00400304: River plan McNear Phase 1				54,393	0.1%	
City administrative costs				72,023	100.0%	
Fund 2141: Parkland Acquisition (08)	0	0	0	0		0
Fund 2142: Parkland Development (08)	0	0	0	0		0
Fund 2143: Open Space Acquisition (08)	0	0	0	0		0
Fund 2145: Law Enforcement Facilities	61,448	99,198	5,797	5,223		161,220
City cost allocation				5,223	100.0%	
Fund 2150: Public Facilities	(67,455)	139,269	2,564	12,299		62,079
City cost allocation				12,299	100.0%	
Fund 2151: Public Facilities (08)	0	0	0	0		0

Development Impact Fee Report for Fiscal Year 2007-2008 Exhibit B, 2 of 2

Fund Title/Project Title	Fund Balance 7/1/2007	Fee Revenue	Interest Revenue	Expenditures/ Transfers	Estimated	Fund Balance 6/30/2008
					% Funded by Impact Fees	
Fund 2155: Storm Drainage	<u>2,160,971</u>	<u>78,569</u>	<u>101,215</u>	<u>703,600</u>		<u>1,637,155</u>
c00500103: Storm RR relocation				5,000	100.0%	
c00500208: River plan Denman Phase 3				24,000	4.7%	
c00500308: Stream and precipitation gauges				4,000	4.9%	
c00500704: Storm dredging spoils				100,000	100.0%	
c00500804: Storm drainage improvements				336,000	100.0%	
c00200703: CPSP Theater District				231,000	3.7%	
City administrative costs				3,600	100.0%	
Fund 2156: Storm Drainage (08)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
Fund 2160: Traffic Mitigation	<u>442,649</u>	<u>1,091,520</u>	<u>47,253</u>	<u>939,942</u>		<u>641,480</u>
c00500106: S.McDowell and Bodega rehab				521,000	44.8%	
c00500108: Pedestrian street safety enhancements				250,000	100.0%	
c00500207: East Washington and 6th rehab				93,000	4.7%	
City administrative costs				75,942	100.0%	
Fund 2161: Traffic Mitigation (08)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>

Development Impact Fee Funds
Unexpended Fees more than Five Years after First Deposit to Fund

Exhibit C

	Fund Balance 6/30/2003	5 year Revenue	5 year Expenditures	Fund Balance 6/30/2008
Fund 2120: Community Facilities	\$1,775,074	\$2,145,032	\$3,518,895	\$401,211
Fund 2140: Parkland Acquisition and Development	\$1,517,680	\$3,875,196	\$4,511,447	\$881,429
Fund 2155: Storm Drainage (Included for informational purposes)	\$5,210,672	\$1,309,486	\$4,883,003	\$1,637,155
Fund 2160: Traffic Mitigation	\$7,771,884	\$7,344,005	\$14,474,409	\$641,480

DEVELOPMENT IMPACT FEE SCHEDULE

FEE TYPE	LAND USE TYPE	FEE	UNIT OF MEASUREMENT
Aquatic Center Facilities Impact Fee	Single Family Residential	\$326	Unit
	Multifamily Residential	\$220	Unit
	Commercial	\$62	1,000 sq ft of building space
	Office	\$59	1,000 sq ft of building space
	Industrial	\$38	1,000 sq ft of building space
Community Center Facilities Impact Fee	Single Family Residential	\$1,376	Unit
	Multifamily Residential	\$927	Unit
	Commercial	\$261	1,000 sq ft of building space
	Office	\$249	1,000 sq ft of building space
	Industrial	\$159	1,000 sq ft of building space
Fire Suppression Facilities Impact Fee	Single Family Residential	\$761	Unit
	Multifamily Residential	\$512	Unit
	Mobile Home	\$761	Unit
	Senior Housing	\$512	Unit
	Assisted Living Units	\$512	Unit
	Commercial Lodging	\$512	Unit
	Commercial	\$144	1,000 sq ft of building space
	Retail Uses	\$144	1,000 sq ft of building space
	Office Uses	\$138	1,000 sq ft of building space
	Industrial Uses	\$88	1,000 sq ft of building space
Law Enforcement Facilities Impact Fee	Single Family Residential	\$1,149	Unit
	Multifamily Residential	\$773	Unit
	Mobile Home	\$1,149	Unit
	Senior Housing	\$773	Unit
	Assisted Living	\$773	Unit
Commercial Lodging	\$773	Unit	

EXHIBIT D, 2 of 4

FEE TYPE	LAND USE TYPE	FEE	UNIT OF MEASUREMENT
Law Enforcement (con't)			
	Retail	\$217	1,000 sq ft of building space
	Commercial	\$217	1,000 sq ft of building space
	Office	\$208	1,000 sq ft of building space
	Industrial	\$132	1,000 sq ft of building space
Library Facilities Impact Fee	Single Family Residential	\$586	Unit
	Single Family – attached	\$586	Unit
	Multifamily Residential	\$395	Unit
	Mobile Home	\$586	Unit
	Commercial	\$111	1,000 sq ft of building space
	Office	\$106	1,000 sq ft of building space
	Industrial	\$68	1,000 sq ft of building space
Open Space Acquisition Fee	Single Family Residential	\$5,950	Unit
	Multifamily Residential	\$4,006	Unit
	Commercial	\$1,127	Unit
	Office	\$1,078	1,000 sq ft of building space
	Industrial	\$686	1,000 sq ft of building space
Park Land Acquisition Fee (Non-Quimby Act Projects)	Single Family Residential	\$3,209	Unit
	Multifamily Residential	\$2,174	Unit
	Commercial	\$608	1,000 sq ft of building space
	Office	\$581	1,000 sq ft of building space
	Industrial	\$370	1,000 sq ft of building space

FEE TYPE	LAND USE TYPE	FEE	UNIT OF MEASUREMENT
Park Land Development Impact Fee	Single Family Residential	\$5,498	Unit
	Single Family – attached	\$5,498	Unit
	Multifamily residential	\$3,702	Unit
	Manufactured Home	\$5,498	Unit
	Commercial	\$1,041	1,000 sq ft of building space
	Office	\$996	1,000 sq ft of building space
	Industrial	\$634	1,000
Public Facilities Impact Fee	Single Family Residential	\$1,309	Unit
	Multifamily Residential	\$881	Unit
	Commercial	\$248	1,000 sq ft of building space
	Office	\$237	1,000 sq ft of building space
	Industrial	\$151	1,000 sq ft of building space
Traffic Impact Fee* (Caltrans Preferred)	Single Family Residential	\$18,830	Unit
	Multifamily Residential	\$11,486	Unit
	Senior Housing	\$4,896	Unit
	Office	\$18,078	1,000 sq ft of building space
	Hotel/Motel	\$12,993	Room
	Commercial/Shopping	\$17,552	1,000 sq ft of building space
	Industrial/Warehouse	\$11,298	1,000 sq ft of building space
	Education	\$2,825	Student
	Institution	\$8,097	1,000 sq ft of building space
Traffic Impact Fee* (Locally Preferred)	Single-Family Residential	\$15,370	Unit
	Multifamily Residential	\$9,376	Unit
	Senior Housing	\$3,996	Unit
	Office	\$14,755	1,000 sq ft of building space
	Hotel/Motel	\$10,605	Room
	Commercial/Shopping	\$14,294	1,000 sq ft of building space
	Industrial/Warehouse	\$9,222	1,000 sq ft of building space
	Education	\$2,306	Student
	Institution	\$6,609	1,000 sq ft of building space

***NOTE:** The 2 adopted traffic impact fees reflect the cost differential between two design alternatives for the proposed Rainier Avenue Crosstown Connector and Highway 101 Interchange (“Caltrans Preferred”; “Locally Preferred”). Until a final determination is made on a design alternative, the City will collect the higher (the “Caltrans Preferred”) of the 2 traffic impact fees on all projects subject to that fee. Should the “Locally Preferred” design alternative ultimately be selected, the City will then charge the “Locally Preferred” traffic impact fee amount and refund the incremental difference between the two fees to those projects that had already paid the “Caltrans Preferred” traffic impact fee.

STORM DRAIN IMPACT FEE

Calculation of Fee

Runoff computation: The increase in runoff created by a given project is calculated for a 100-year storm, utilizing runoff coefficients based upon the portion of vegetated area to impervious surfaces, and expressed in acre-feet. Runoff coefficients are based upon the type of use, slope of the land, and percent of vegetation coverage.

Commercial/Industrial: Projects pay a fee of \$30,000 per acre foot of additional runoff. The amount of incremental runoff created is directly linked to the amount of landscaping provided. The maximum fee possible is \$9,000 per acre of land. This would apply to a project with 20% or less landscaping. A project with 25% landscaping can expect a fee of \$6,750 per acre, 30% would pay \$6,300 per acre, and so on.

Residential: Projects pay a fee of \$15,000 per acre foot of additional runoff. Incremental runoff is dependent upon the density of a project and the amount of landscaping and open space provided. A high density project with 20% or less area in landscaping could expect to pay \$4,500 per acre. A type detached single-family subdivision would pay approximately \$1,500 per acre.

RESOLUTION OF THE PETALUMA CITY COUNCIL MAKING FINDINGS REGARDING
UNEXPENDED DEVELOPMENT IMPACT FEES

WHEREAS, the City of Petaluma imposes fees to mitigate the impacts of development, pursuant to Government Code §§66000 *et seq.*; and

WHEREAS, fees collected are deposited into a separate fund account for each type of development impact fee; and

WHEREAS, the a description of each fee, its amount, and various information required by Government Code section 66006(b)(1) to be reported on an annual basis is set forth in the Development Impact Fee Report – Fiscal Year 2007-2008 attached hereto as Exhibit A and incorporated herein by reference ("the Report"), as required by Government Code §66006(b)(1); and

WHEREAS, the Report was made available to the public on the city's website on April 6, 2009; and

WHEREAS, copies of the Report were mailed to all persons having requested notice of City actions relating to fees by on April 6, 2009; and

WHEREAS, the City Council has reviewed the Report; and

WHEREAS, the City of Petaluma has collected development impact fees in certain funds, some of which fees will not be expended within five years from the first deposit of fees into said accounts; and

WHEREAS, Government Code section 66001(d) requires the city to make certain findings every five years with respect to the portion of the funds remaining unexpended five years after the first deposit of fees into said funds; and

WHEREAS, as of June 30, 2008, the following fund accounts have funds remaining unexpended more than five years after the first deposit of fees into said funds: Fund 2110 Aquatic Facilities; Fund 2140 Parkland Acquisition and Development; Fund 2155 Storm Drainage; and Fund 2160 Traffic Mitigation (collectively, the "Four Fee Accounts");

NOW, THEREFORE, BE IT RESOLVED, that:

1. The recitals stated herein are true and correct and adopted as findings of the City Council.
2. The City Council has received and reviewed the Development Impact Fee Report – Fiscal Year 2007-2008 attached hereto as Exhibit A and incorporated herein by reference ("the Report").
3. As to Fund 2110 Aquatic Facilities; Fund 2140 Parkland Acquisition and Development; Fund 2155 Storm Drainage; and Fund 2160 Traffic Mitigation (collectively, the "Four Fee Accounts"), the City Council finds that:
 - a. The purpose to which each fee is to be put is identified generally in Exhibit A of the Report , and more specifically in the City of Petaluma Mitigation Fee Report (Sinclair & Associates, May 8, 2008); the City of Petaluma Traffic Mitigation Fee Program Update (Fehr & Peers, May 2008); the Development Impact Fee Calculation and Nexus Report for the City of Petaluma, California and Master Facilities Plan for the City of Petaluma, California (both, Revenue & Cost Specialists, L.L.C., August, 2003) (collectively, the "Nexus Studies"); and as to storm drainage impact fees, in Ordinance 1530 N.C.S. (September 20, 1982), Ordinance 1653 N.C.S. (June 2, 1986), Petaluma Municipal Code Chapter 17.30, and Resolution No. 9765 N.C.S. (Sept.

20, 1982) (collectively the "City Storm Drainage Legislation"). Copies of the Nexus Studies are available for inspection at the offices of the City Clerk.

b. There is a reasonable relationship between each fee and the purpose for which it is charged, as more fully set forth in the Nexus Studies and the City Storm Drainage Legislation.

c. The remainder of funds needed to construct the public improvements identified in the Nexus Studies related to each of the Four Fee Accounts will be collected from future development impact fees through 2025, the life of the City of Petaluma General Plan 2025, and from other sources as identified in the Nexus Studies and the City's adopted Capital Improvement Program.

d. Future sources and amounts of funding anticipated to complete the financing of specific future capital projects are identified and deposited into the appropriate account as part of the City's Capital Improvement Program budget cycle. No individual development impact fee fund has collected sufficient funds to construct all improvements covered by that fund as described in the Nexus Studies.