



AGENDA
Town of Atherton
CITY COUNCIL/ATHERTON CHANNEL
DRAINAGE DISTRICT
September 9, 2004
6:00 p.m.
TOWN COUNCIL CHAMBERS
94 Ashfield Road
Atherton, California

SPECIAL MEETING

- 6:00 P.M. 1. **PLEDGE OF ALLEGIANCE**
- 6:02 P.M. 2. **ROLL CALL** Janz, Marsala, Carlson, McKeithen, Conwell
- 6:03 P.M. 3. **PUBLIC COMMENTS**

REGULAR AGENDA

- 6:10 P.M. 4. **DISCUSSION OF ALTERNATIVES RELATIVE TO SPECIAL MUNICIPAL TAX FOR SUPPORT OF OPERATING AND CAPITAL EXPENDITURES AND EVALUATION OF REVENUE ENHANCEMENTS AND COST-SAVING OPTIONS**
5. **ADJOURNMENT**

Agendas and staff reports may be accessed on the Town website at: www.ci.atherton.ca.us

☛ Please contact the City Clerk's Office at 650.752.0529 with any questions

Pursuant to the Americans with Disabilities Act, if you need special assistance in this meeting, please contact the City Clerk's Office at (650) 752-0529. Notification of 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (29 CRF 35.104 ADA Title II)



Town of Atherton

CITY COUNCIL STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: JOHN P. JOHNS, FINANCE DIRECTOR
DATE: FOR THE MEETING OF SEPTEMBER 9 2004
SUBJECT: ANALYSIS OF REVENUE ENHANCEMENT AND COST SAVINGS OPTIONS

RECOMMENDATION:

Accept staff's supplemental report on cost savings and revenue enhancement opportunities identified within the body of this report.

INTRODUCTION:

At the special City Council meeting of August 24th, 2004, the City Council directed staff to provide additional information related to certain revenue enhancement and cost reduction opportunities presented by staff. Pursuant to the request of Council, the following information and documentation is transmitted herewith:

- Summary and detailed data on compensated absence balances for Town employees whose balances exceed the 320 hour cap proposed by staff as well as copies of relevant portions of the memoranda of understanding of the bargaining units that would be affected by a change in leave policy;
- A copy of the consultant study prepared in 2000 which was used as a basis for levying the current road impact fees;

- An analysis of business license income at various levels of gross receipt percentages for construction and real estate firms as well as a comparative analysis of business license taxes levied upon gross receipts for construction and real estate firms for selected California municipalities;
- A comparative analysis of revenues and expenditures by revenue source and program area for Atherton and 13 other municipalities surveyed;
- A comparative analysis of planning and building related revenues and expenses for the communities of Hillsborough, Woodside, Portola Valley and Los Altos Hills as well as a copy of a memorandum from the City Attorney describing the basis upon which building and planning fees should be based;
- A copy of relevant portions of the Town of Hillsborough’s municipal code pertaining to business license fees for real estate agents and title insurance companies;
- A copy of the consultant study prepared in support of Millbrae’s efforts to implement a fire assessment district; and
- An estimate of the costs to perform a management study of the Police Department

The following is an overview of the information gathered by staff.

Analysis of accumulated compensated absences

The following table provides a summary of the distribution of excess leave balances according to employee bargaining unit.

Bargaining Unit	Number of Employees with Leave Balances in Excess of Proposed 320 Hour Cap	Leave Balance In excess of Proposed 320 Hour Cap	Reduction in Leave Payout Cost Resulting from 320 Hour Cap
Management	2	1,149	60,364
Miscellaneous	4	1,610	52,486
Safety	5	2,563	100,239
Total	11	5,322	213,090

As indicated in the preceding table:

- Of the 49 full-time employees who would be subject to the proposed 320 hour cap, eleven (22 percent) currently carry holiday and vacation balances in excess of the proposed cap.

- The value of compensated absences currently in excess of the proposed cap amounts to \$213,000.

Since the Town's leave policy is codified in its memoranda of understanding, any changes would require the Town to meet and confer with the affected bargaining units.

Review of Road Impact Fees

Included as Attachment 1 to this report is a copy of the December 2000 road impact fee study. In summary this report concluded that:

- 27 percent of the deterioration of the roads within the town of Atherton is a result of construction related traffic. Consequently the Town could justify a road impact fee in an amount that would generate 27 of the funds necessary to repair, reconstruct and rehabilitate the Town's surface streets to a desired level of serviceability.
- Based upon data available at the time, an investment of approximately \$4 million would be required over five years to upgrade the Town's surface streets to the desired condition level. Consequently, the consultant concluded that annual road impact fee revenues of approximately \$232,000 could be justified.
- Road impact fees would have to be set at one half of one percent of the permitted value of construction in order to generate the desired level of funding, depending upon the volume of construction activity within the Town.
- Subsequent to the preparation of this report, the Town has conducted another assessment of the condition of its roads. This survey indicates that an investment of \$12 million over a period of 6 years or an average level of investment of \$2 million per year would be required to upgrade the condition of the streets to a satisfactory level. (The revised study suggests that either the previous study underestimated the amount of investment required to upgrade the roads to a satisfactory level of repair or the roads have deteriorated more rapidly than had been expected).

During the past three years, the Town has collected an average of \$479,000 in road impact fees. This equates to 24 percent of the annual amount of investment required based upon the most recent revenue requirements analysis.

If one were to revisit the road impact fees generated, staff would suggest that the following variables be examined:

- Whether the amount of deterioration caused by construction related traffic continues to constitute 27% of the deterioration of the town's road infrastructure; and

- Whether an annual investment of \$2 million per year over the next six years represents an adequate level of investment necessary to maintain the roads at their desired condition.

Survey of revenues and expenses for comparable jurisdictions

Pursuant to the request of the Audit Committee staff conducted a comparative analysis of revenues and expenditures for Atherton and 13 other municipalities deemed to be comparable to Atherton in one or more of the following characteristics:

- Population;
- Geographic size or location; and,
- Household income.

This analysis is included as Attachment 2 to this report.

The attached survey indicates that, although heavily dependent upon property tax, Atherton has a fairly well diversified base of funding. This appears to be a result of the Town's efforts during the past several years to pursue sources of funding other than property taxes. Areas in which the town has been worked to enhance its revenue base include charges for services, impact fees and grants.

Possible explanations for the variances in per capita expenditures identified in this survey include:

- *Population Density* - With a typical lot size of one-acre or more, Atherton has a significantly lower population density than to other communities surveyed. As a result, Atherton has considerably more surface area of roads to maintain for its population than its peers. For example, although Millbrae has a population of 20,000 or roughly two and one half times that of Atherton, both Atherton and Millbrae have a similar number of road centerline miles to maintain (54 for Atherton versus 53 for Millbrae).
- *Population Characteristics* - The residents of Atherton has a total of eight educational institutions within its boundaries. Hence, Atherton's residential population may not be an accurate indication of the actual per capita expenditures. Additionally, the Police Department reports having a significantly higher call rate of calls from its constituents than do neighboring communities such as Menlo Park.
- *Jurisdiction size and service delivery configuration* – In some of the cities surveyed have benefited from economies of scale by virtue of their size or by contracting with other governmental agencies to perform certain functions. For example each of the cities surveyed have a full-time City Manager, Finance Director, and City Clerk however in larger cities the costs of such positions can be spread out over a larger base. Additionally, the cities and towns of Orinda,

Saratoga and Los Altos Hills have chosen to contract out certain functions (most notably police patrol and dispatch) at reduced service levels and related costs.

Analysis of Business License Tax Revenue Enhancement Potential

The following table provides a comparative analysis of gross receipts levied upon the construction and real estate industries for selected California cities.

<i>Industry</i>	<i>City/Rate</i>								
	Santa Monica	Pleasanton	Livermore	Monterey	Fairfield	Foster City	Hillsborough	Del Mar	Median
Real Estate	0.30%	0.03%	0.16%	0.24%	0.09%	0.08%	.03%	0.03%	0.12%
Construction	0.30%	0.03%	0.08%	0.12%	0.04%	-	-	0.03%	0.08%

As indicated in the preceding table, business license taxes as a percent of gross receipts range from .03 percent to .3 percent of gross receipts for the construction and real estate industries¹.

In evaluating the amount of additional revenues that could be derived from a change in the Town’s business license ordinance, it is important to note that such additional revenues would depend upon the policy objectives for such a tax.

The following tables provide a comparative analysis of business license tax rates and revenues under the following policy assumptions:

- Option A: Business tax rates should be consistent with the norm of other municipalities.
- Option B: Business taxes should be sufficient to generate revenues that are sufficient to replace the current parcel tax and should be assessed equitably amongst the real estate and construction industries.

<i>Business Tax Rates and Receipts under Policy Option A</i>			
Business Category	Tax Rate Applied	Times Annual Volume	Equals Annual Revenue
Construction	0.12%	\$250,000,000	\$310,750
Real Estate	0.08%	300,000,000	240,000
Total			\$550,750

¹ Hillsborough levies its gross receipts tax on title companies, based upon the value of title policies insured. The analysis of business taxes under options A and B assumes that Atherton would adopt a similar approach.

<i>Business Tax Rates and Receipts under Option B</i>			
Business Category	Tax Rate Applied	Times Annual Volume	Equals Annual Revenue
Construction	0.38%	250,000,000	954,545
Real Estate	0.38%	300,000,000	1,145,455
Total		550,000,000	2,100,000

As indicated in the preceding tables, establishing a business license tax that is based upon gross receipts and that is consistent with the norm of other municipalities surveyed would generate \$550,750 or about \$100,000 more than the amount currently collected.

By comparison establishing business taxes at levels sufficient to replace the parcel tax would necessitate the establishment of business taxes that are nearly 4 times the median of other California jurisdictions.

The Council also requested staff to provide additional information on the manner in which business license taxes are assessed upon the real estate industry. Included as Attachment 3 to this report are portions of Hillsborough’s municipal code that pertain to the levy and collection of business taxes upon realtors and title insurance companies.

Assessment of Building and Planning Fees

To assess whether any additional discretionary revenues could be derived from building permit and planning fees, staff performed the following activities:

- Surveyed neighboring jurisdictions to determine the total fees that would be charged on residential construction projects of various sizes
- Performed an analysis of planning and building related revenues and expenses for the communities of Atherton, Hillsborough, Portola Valley and Woodside
- Requested the City Attorney prepare a memorandum to advise Council on the extent to which building and planning related fees may be used to support other discretionary activities of the City.

Attachment 4 to this staff report displays the results of our comparative analysis of building permit fees. Additionally, Attachment 5 to this report is a memorandum from the City Attorney regarding charges for building services.

The following table provides a summary of revenues and expenses associated with building and planning fees for the communities of Portola Valley, Woodside, Los Altos Hills and Hillsborough.

Survey of Building and Planning Revenues and Expenses for Selected Bay Area Communities
Source: FY 2004-05 Adopted Budgets

City/Town	Hillsborough	Los Altos Hills	Portola Valley	Woodside	Atherton
Revenues	\$1,194,193	\$1,004,567	\$ 856,295	\$ 777,750	\$1,125,249
Expenses	<u>1,354,313</u>	<u>1,134,843</u>	<u>1,107,131</u>	<u>1,030,490</u>	<u>1,117,912</u>
Revenues In Excess of (Less than) Expenses	\$ (160,120)	\$(130,276)	\$ (250,836)	\$(252,740)	\$ 7,337

The results of these efforts are summarized as follows.

- Two of the six other municipalities surveyed had higher building permit fees than Atherton. However, none of the jurisdictions surveyed generated revenues in excess of the costs of providing such services.
- Atherton appeared to be the only municipality which attained full cost recovery for its building and planning functions.
- According to the City Attorney the fees generated by cannot be greater than the costs reasonably borne to perform such activities.

It should also be noted that as part of the annual budget process, staff examines all charges that are recoverable from the Building Department and includes allocates such expenses either directly or through an indirect cost recovery mechanism. As a result of this effort the Building Department will absorb approximately \$320,000 in allocated costs for overhead, for services provided by Police and Public Works.

Special Benefit Assessment for Public Safety

In March of 2004 and by virtue of a simple majority vote, the City of Millbrae established a special assessment district for fire services. The newly approved special assessment district for fire services will amount to an average of \$144 per residential parcel and is expected to generate \$1,125,000 annually. The amount of the special assessment is equivalent to approximately 30 percent of Millbrae's budget for the Fire Department.

Attachment 6 to this report is a copy of the consultant study performed on behalf of Millbrae. (Attachment 6 will be forthcoming upon receipt from the City of Millbrae).

Police Department Management Study

Staff has inquired of three management consulting firms as to the prospective costs of conducting a management review of the police department to include organizational structure, staffing levels and alternative service deliver modes.

Of the three firms contacted one was able to provide a preliminary estimate in the amount of \$25,000 to conduct such a study.

Summary

The information presented herein and attached herewith has been prepared in response to Council's request for additional information related to cost savings and revenue enhancement opportunities.

Prepared by:

Approved by:

John P. Johns
Finance Director

James H. Robinson
City Manager

5-6-00

Town of Atherton

Construction Traffic Impact Fee Study

Prepared for

Town of Atherton
Department of Public Works

By

DKS Associates

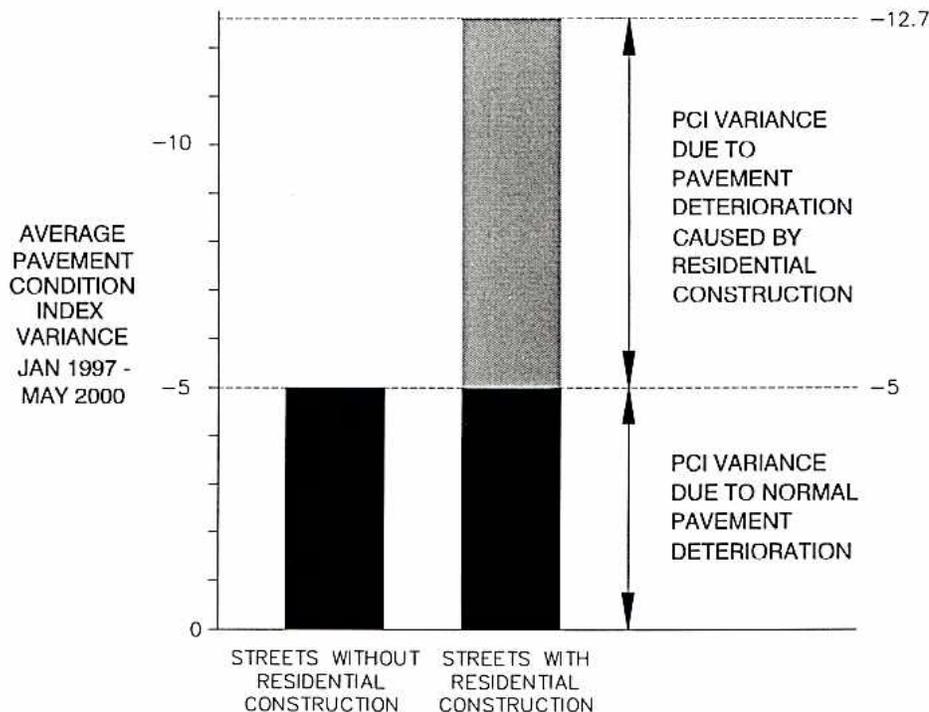
August 21, 2000

Project Summary

The Town of Atherton is located in the San Francisco Bay Area Peninsula in San Mateo County. The Town of Atherton is fully developed and has a land use which is predominated with single family residential development which occupies nearly 100% of the land use in Town. The Town of Atherton has experienced unprecedented building activity in the areas of large additions to existing houses and tearing down and replacing houses with much larger houses. This activity has generated a significant increase in heavy truck traffic on residential streets. This additional truck activity has led to an accelerated deterioration of the Town of Atherton's street network. This accelerated deterioration of the pavement surface will require an increased maintenance investment to maintain a desirable level of service and reduce long-term maintenance costs.

The Town of Atherton's Public Works Department implemented a Pavement Management System (PMS) which surveyed the Town of Atherton's network pavement condition using a Pavement Condition Index (PCI) to rate each streets condition. This PCI survey was conducted in January 1997 and again in May 2000. The results of this PCI survey show that streets with residential construction activity during the study period, had a significantly larger Average PCI variance than those streets without residential construction activity. That is the streets with residential construction showed deterioration at a faster rate that of streets without residential construction (Refer to Chart Summary of PCI Variance below). During the same time period, January 1997 to May 2000 the average size of new houses which replaced existing houses was 4648 square feet.

Chart Summary of PCI Variance



The analysis in this report finds that 27% of the overall pavement deterioration during the period between PCI studies was directly attributed to the volume, of residential construction projects, as gauged by the number and size of projects, that occurred during the same period. It is recommended that the Town of Atherton adopt a fee mechanism to cover the cost of pavement rehabilitation associated with residential construction. Two possible fee mechanisms are proposed by this study:

- **Fee Mechanism A:**

The road impact fee would be collected based on project size. The road impact fee will be based on the project size, such as the amount of additional new building square footage to be constructed. A road impact fee of \$1.15 per square foot of new building construction/addition would be needed to meet the average maintenance investment required*.

- **Fee Mechanism B:**

The road impact fee would be collected based construction cost. A fee of 1.5% (one and one-half percent) of the project valuation or total cost of construction would be required to meet the average maintenance investment required*. The recommendation fee of 1.5% of project valuation was calculated on the basis of the per square foot value of \$110.00 used by the Town to establish permit values during the period covered by the study. The Town has recently raised its per square foot value to \$250.00. As a result, the fee can be lowered to 0.5% of project valuation to produce the revenue required to offset residential construction traffic impacts.

*Average Maintenance Investment required: A level of investment needed to keep the roads at such a level of repair that the annual cost of repair does not escalate due to normal wear and tear.

DKS Associates

Introduction

Within the Town of Atherton there has been a significant increase in the number of building permits issued for residential development projects. During the period of time used to determine the effects of construction traffic on road maintenance needs the Town issued an average of 40 permits per year for replacing existing houses. These replacement houses averaged 4648 square feet in size. The construction generates a significant increase in the truck activity on residential streets. This additional truck has led to an accelerated deterioration of the pavement surface. This study focuses on drawing a correlation between the added construction traffic and the accelerated deterioration of the local road system in the Town of Atherton. The study also recommends a method of compensation to the City in the form of permit fees to pay for the added roadway maintenance costs.

Methodology

One standard for the design of residential streets common to California is based on Caltrans (California Department of Transportation) methodology, which incorporate considerations for traffic data and geotechnical conditions of the area. The traffic considerations used in the design of a residential street structural section are represented as 18-kip equivalent single axle loads (ESAL's), or the effect of the passage of an axle load with a weight of 18 kips. The effects on pavement life of passenger cars, pick-ups, and two axle trucks are considered to be negligible, as stated in Topic 603.1 of the California Department of Transportation Highway Design Manual. This means that the major reduction of serviceability in roadbed structural section is caused by heavy axle load vehicles. Residential streets generate few heavy axle vehicle trips. However, during building construction, a street will see numerous heavy axle loads such as material deliveries and offhaul of excavation materials. It is these heavy loads, which often have significant repeated occurrences that cause a rapid deterioration in the pavement strength and lead to early pavement failure. The Town of Atherton is predominantly a residential community. There are no major truck routes through the residential neighborhoods. Therefore, the heavy axle trucks are nearly all associated with construction traffic. So it can be concluded that residential construction traffic is a significant cause of the accelerated deterioration of the pavement structural section.

Pavement Management System (PMS), a pavement management / maintenance system was used to develop a method to analyze the effects of residential construction traffic on the rate of pavement deterioration of streets in Atherton. The PMS was used to inspect each structural system in the study area and determined the level of distress of the pavement. This distress data was used to generate a Pavement Condition Index (PCI), which ranks on a scale of 0-100. An average PCI of 83 is recommended to maintain a desirable level of service and reduce long-term maintenance costs.

Analysis

Pavement Condition Index (PCI):

The project study area includes the majority of the streets in the Town of Atherton (Refer to Figure 1 for the PMS Study Area). A PCI was initially generated in January 1997 for the

FIGURE-2
TOWN OF ATHERTON
STREET NETWORK
PAVEMENT CONDITION INDEX
JANUARY-1997

P.C.I. LEGEND

- 0 - 39
- 40 - 49
- 50 - 59
- 60 - 69
- 70 - 79
- 80 - 89
- 90 - 100

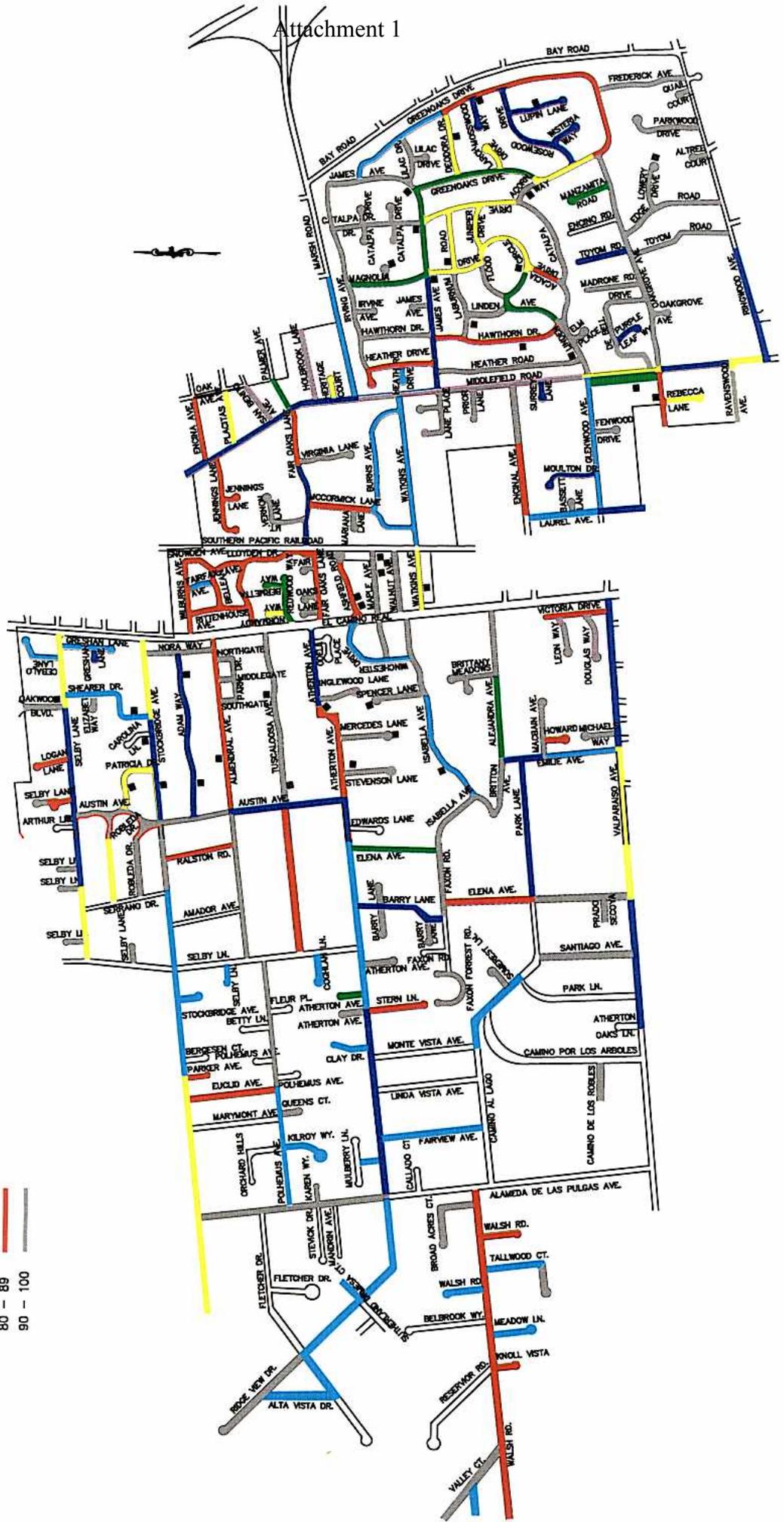


FIGURE-3
TOWN OF ATHERTON
STREET NETWORK
PAVEMENT CONDITION INDEX
MAY-2000

P.C.I. LEGEND

0 - 39	(Red line)
40 - 49	(Orange line)
50 - 59	(Yellow line)
60 - 69	(Light Green line)
70 - 79	(Green line)
80 - 89	(Blue line)
90 - 100	(Dark Blue line)

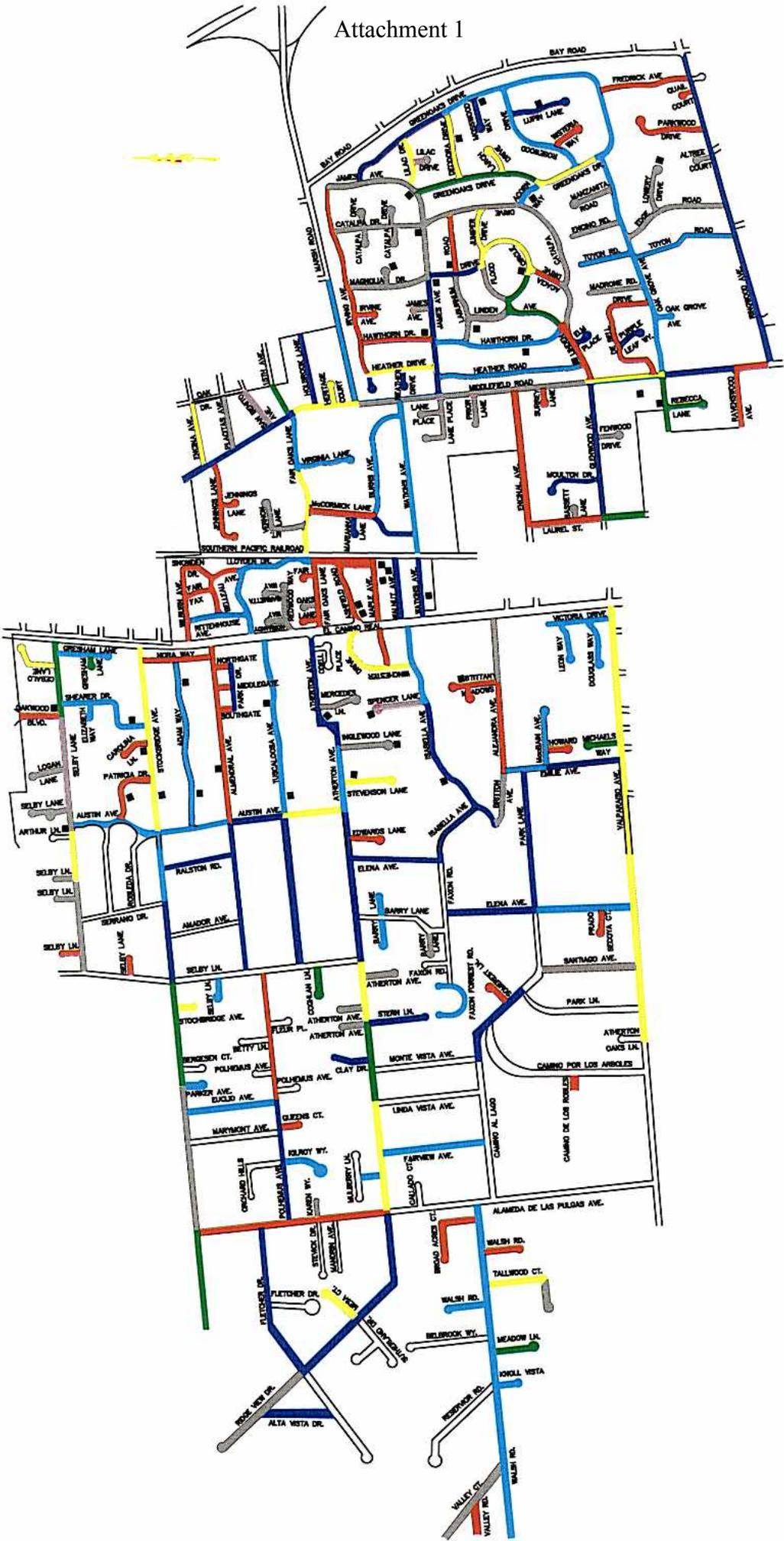
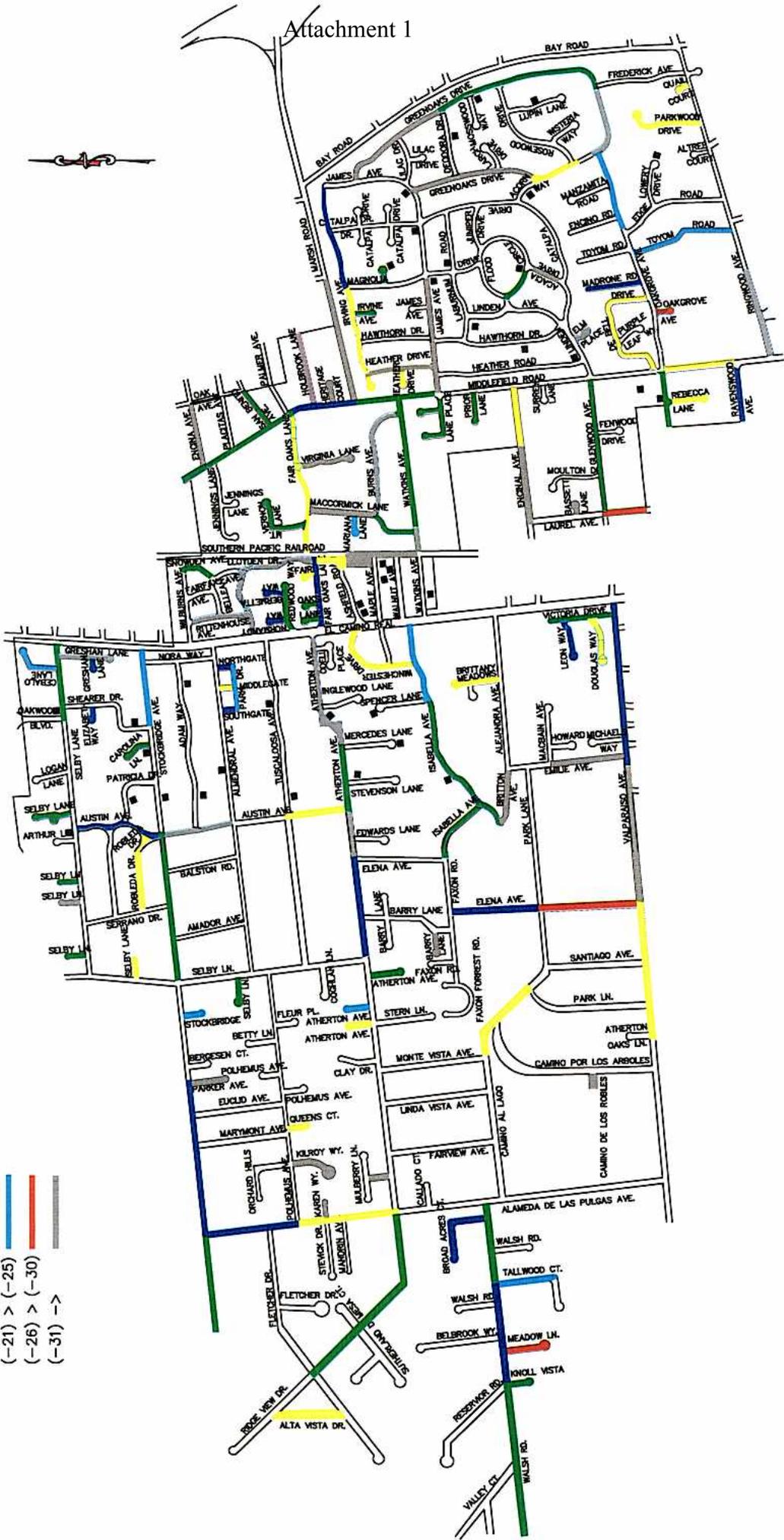


FIGURE-4
TOWN OF ATHERTON
STREET NETWORK
PAVEMENT CONDITION INDEX VARIANCE
STREETS WITHOUT
RESIDENTIAL CONSTRUCTION

VARIANCE LEGEND

- 0 > -5
- 6 > -10
- (-11) > (-15)
- (-16) > (-20)
- (-21) > (-25)
- (-26) > (-30)
- (-31) ->



PCI – Streets With Residential Construction:

The average baseline (January 1997) PCI for streets with residential construction activity in the study area was 77.2 which is classified as “Very Good” by the PMS. The average May 2000 PCI for streets with residential construction activity in the study area was 64.5 which is classified as “Good” by the PMS. This gives an Average PCI variance of -12.7 (Refer to Figure -4: Town of Atherton Street Network PCI Variance – Streets Without Residential Construction). for streets with residential construction activity. (Refer to Appendix A – Table A-2: Town of Atherton Streets with Residential Construction).

Please refer to Table 2: Pavement Condition Index for a summary of PCI values.

	Average PCI (January 1997)	Average PCI (May 2000)	Average PCI Variance
Streets without Residential Construction Activity	68.5	63.5	-5
Streets with Residential Construction Activity	77.2	64.5	-12.7

Maintenance Investment and PCI – Streets with Maintenance:

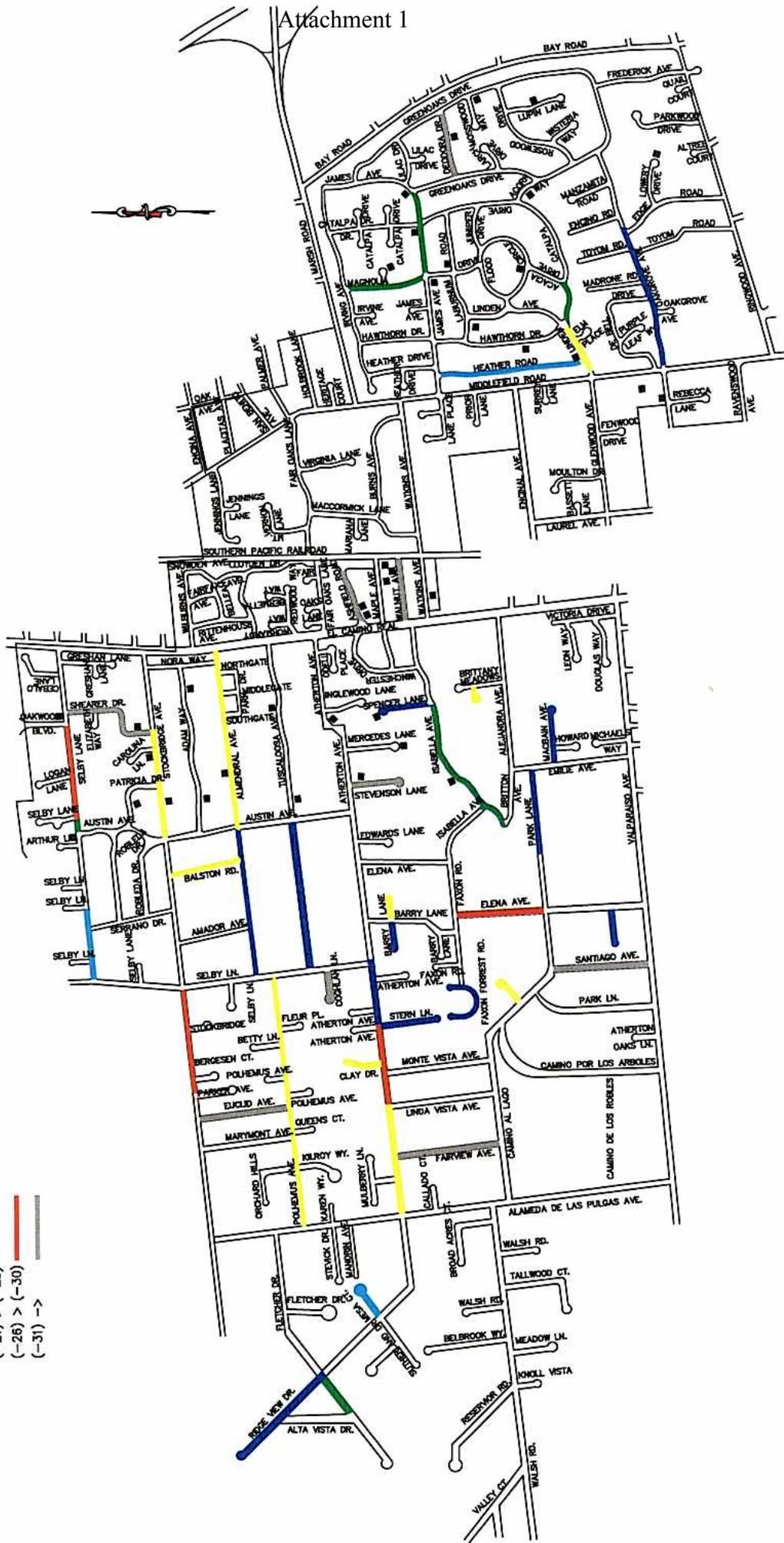
The average baseline (January 1997) PCI for all streets in the study area was 67.26, which is classified as “Good” by the PMS. The Average May 2000 PCI for all streets in the study area was 68.20, which is classified as “Good” by the PMS. This gives an Average PCI Variance of +0.94 for all street sections in the study area. This includes streets that received maintenance work and streets that did not receive maintenance work. The street maintenance included overlay work, patching, sealing, edge gutter and shoulder work. The PCI Variance reported during the study period shows that the current maintenance investment is insufficient to meet Atherton’s average network PCI goal.

The PMS report, released October 1997, developed several budget scenarios to address Atherton’s future maintenance investment. Budget scenario 1 projected an investment of approximately \$3,953,000 over a five year projection period would increase the Town of Atherton’s average street network PCI to 83 from 67. Budget scenario 2 projected an investment of approximately \$2,150,000 over a five year period would maintain the Town of Atherton’s at about the same condition as existed in 1997 (PCI 67). Under budget scenario 2, the future maintenance investment needed to improve the average street network PCI to a high level of service (PCI 83) would increase geometrically over time.

FIGURE-5
TOWN OF ATHERTON
STREET NETWORK
PAVEMENT CONDITION INDEX VARIANCE
STREETS WITH
RESIDENTIAL CONSTRUCTION

VARIANCE LEGEND

- 0 > -5
- 6 > -10
- (-11) > (-15)
- (-16) > (-20)
- (-21) > (-25)
- (-26) > (-30)
- (-31) >



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The Maintenance Records from the Town of Atherton Public Works Department show approximately 1.49 million dollars were spent for street maintenance during the study period (January 1997 to May 2000). The actual maintenance investment spent roughly follows budget scenario 2, as stated in the PMS report of 1997, with an expenditure of \$750,000 in Year 1 with \$350,000 spent in Years 2 through 5.

Findings

Pavement Deterioration and Residential Construction:

The results of the PMS, PCI study show that streets with residential construction activity during the study period, had a significantly larger Average PCI variance than those streets without residential construction activity (Refer to Table-2). This verifies the assumption that residential construction traffic is a significant cause of the accelerated deterioration of the pavement structural section.

The total PCI Variance for streets that did not receive maintenance is -1609 (refer to Table A-1 and A-2, Appendix A). It can be assumed for the Atherton Street Network that an Average PCI Variance of -5 can be attributed to normal pavement deterioration or pavement deterioration not directed associated with residential construction traffic. The Average PCI Variance for streets with residential construction traffic is -12.7. The difference in the Average PCI Variance (PCI -7.7) is assumed to be the accelerated deterioration caused by the residential construction traffic.

The total PCI Variance for streets that did not receive maintenance is -1609. A PCI Variance of -5.0 per street section can be attributed to normal pavement deterioration or pavement deterioration not directly associated with residential construction traffic. The total number of street sections that received no maintenance in the study area was 235. This gives a Total PCI Variance of -1,175 that is attributed to normal pavement deterioration. The remaining total PCI Variance experienced by the Atherton Street Network was -434. The remaining PCI Variance (-434) is the accelerated deterioration caused by the residential construction traffic. This means that approximately 27% of the total PCI Variance can be attributed to residential construction traffic (refer to calculations and to Chart-3: Total of PCI Variance below).

(# of Street Sections)*(PCI Variance attributed to normal deterioration)
= Total PCI Variance due to Normal Pavement Deterioration

$$(235)*(-5.0) = -1175$$

(Total PCI Variance)-(Total PCI Variance due to Normal Pavement Deterioration) = Total PCI Variance due to Residential Construction Traffic

$$(-1609)-(-1175) = -434$$

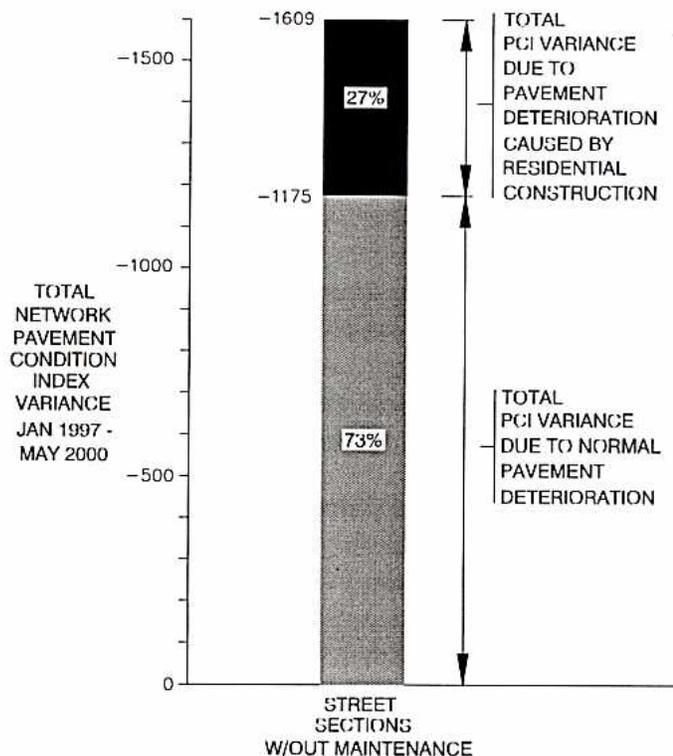
(Total PCI Variance due to Residential Construction Traffic) / (Total PCI Variance) *100
= Percentage of total PCI Variance attributed to residential construction traffic

$$(-434)/(-1609) * 100 = 26.97\%$$

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The derived factor of 27% is based on the specific correlation between the amount of building activity that was determined to be responsible for the corresponding difference in PCI changes between streets affected by construction and those not exposed to construction. While the amount of maintenance effort required to offset normal pavement deterioration would remain constant, with more or less residential construction activity, the amount and percent of maintenance effort required to offset deterioration will vary in direct proportion to the volume of residential construction.

Chart-3: Total PCI Variance



Maintenance Investment and Pavement Condition Index:

Information compiled by the American Public Works Association shows that the cost of maintaining a street increases geometrically over time. Statistics show that if streets are maintained in excellent condition the total annual maintenance investment is five to seven times less than if the pavement is allowed to deteriorate to poor conditions. When the pavement is allowed to deteriorate to a complete failing condition the reconstruction costs are up to thirty five times the cost of preventative maintenance.* Realizing this fact, the Town of Atherton Public Works Department has set an average street network PCI of 83 as the goal to maintain a high level of service and reduce long-term maintenance costs. As stated previously, approximately 1.49 million dollars were spent for street maintenance during the study period. The overall Average base line (January 1997) network PCI was found to be 67.26. The overall Average network PCI reported in May 2000 was 68.20. This follows the

*Pavement Management Systems (PMS) Implementation Report Oct 1997

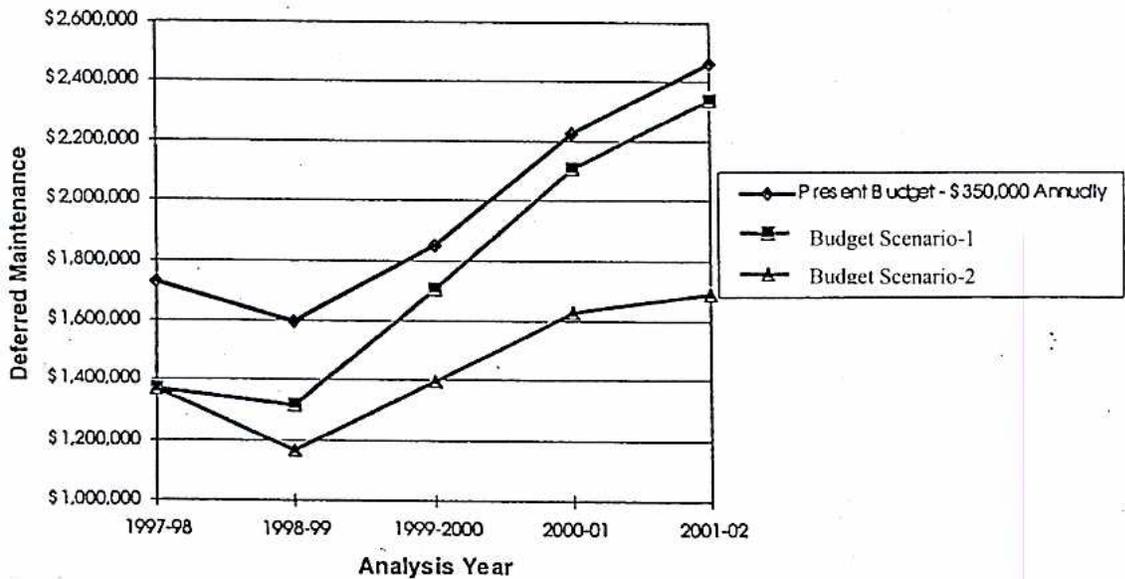
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projected average pavement network condition projected by PMS under budget scenario 2. Under this budget scenario the Average Network PCI maintains at current levels until the 2001 and then begins to deteriorate (Refer to PMS Report, October 1997). This is due to the maintenance investment. This trend is a warning of a significant increase in future maintenance costs if the maintenance backlog is not addressed. That is, the deferred future maintenance investment needed to improve the average street network PCI to a high level of service (PCI 83) would increase geometrically over time. (Refer to Chart 6).

Recommendations

The results of the PCI over the study period show a direct relationship between accelerated pavement deterioration and residential construction traffic. As stated previously, this relationship showed that, given the volume of construction during the study period, 27% of the overall PCI variance or overall pavement deterioration of the street network can be attributed to that residential construction. We researched the other communities approach and findings for causes of pavement deterioration. Resolution No. 1414 adopted by the Town of Ross (refer to Appendix C), found that the 45% of pavement deterioration is caused by construction related activities. From these findings the Town of Ross adopted a road impact fee to cover the cost of pavement rehabilitation associated with construction activities. It is recommended that the Town of Atherton adopt a fee mechanism to cover the cost of pavement rehabilitation associated with residential construction, and that the mechanism be tied to the volume of construction.

Chart-6: Growth of Differed Maintenance Investment



-from PMS, Oct. 1997

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Maintenance Investment and Fee Mechanism:

The PMS Implementation Report released October 15, 1997 projected a maintenance investment of approximately \$3,953,000 over a five year period to increase the Average Network PCI to 83. Based on the cost of offsetting the PCI variance and volume of construction causing the variance during the study period, this requires an average annual maintenance investment of \$790,600.

We recommend the Town of Atherton adopt a road impact fee to be collected at the time of issuance of a building permit by the Building Department. This road impact fee should be designed to collect the average annual maintenance investment attributable to the pavement deterioration caused by residential construction traffic.

Records obtained from the Town of Atherton Public Works Department show approximately 40 residential building permits issued per year. In addition, there is a trend in recent years of increasing building size for the home construction (The average home size built, during the study period was 4648 square feet, but more recently the average of home being built is 10,000 square feet*). This increasing trend for larger home construction will directly increase the acceleration of the pavement deterioration experience. Assuming that this trend continues a fee mechanism should be designed so that the average road impact fee collected would cover the additional maintenance investment required for the accelerated pavement rehabilitation associated with residential construction. Any road impact fee adopted should provide a mechanism for increased fees to offset the increased spending required as home size increases. The following are two proposed mechanisms for the road impact fee:

- **Fee Mechanism A:**

The road impact fee would be collected based on project size. The project size and road impact fee will be based on additional new building square footage to be constructed. The average new building construction for building permits during the study period (January 1997-May 2000) was 4648 square feet. A road impact fee of \$1.15 per square foot of new building construction/addition would be required to meet the average maintenance investment required.

Maintenance Dollars generated by Fee Mechanism A:

<u>Annual New Building Activity</u>	<u>Maintenance \$ Generated</u>
20 permits averaging 5000 square feet	\$115,000
40 permits averaging 4,648 square feet	\$213,808
40 permits averaging 7,500 square feet	\$345,000
40 permits averaging 10,000 square feet	\$460,000

*Atherton Public Works Department

DKS Associates

- **Fee Mechanism B:**

The road impact fee would be collected based construction cost. A fee of 0.50% (one-half percent) of the project valuation or total cost of construction would be required to meet the average maintenance investment required. Current project valuation by the Town of Atherton is \$250/square foot.

Maintenance Dollars generated by Fee Mechanism B:

<u>Annual New Building Activity</u>	<u>Permit Value</u>	<u>Maintenance \$ Generated</u>
20 permits averaging 5000 square feet	\$25,000,000	\$125,000
40 permits averaging 4,648 square feet	\$46,460,000	\$232,300
40 permits averaging 7,500 square feet	\$75,000,000	\$375,000
40 permits averaging 10,000 square feet	\$100,000,000	\$500,000

APPENDIX A

TOWN OF ATHERTON STREETS WITHOUT RESIDENTIAL CONSTRUCTION			
STREET ID	PCI (MAY 2000)	PCI (JAN 1997)	PCI VARIANCE
ACACIA-010	84	89	-5
ALAMED-010	80	96	-16
ALAMED-020	89	100	-11
ALTAVI-010	63	78	-15
ATHERA-050C1	18	32	-14
ATHERA-060C2	18	41	-23
ATHERA-070C3	19	28	-9
ATHERA-080	61	78	-17
ATHERA-090	64	69	-5
ATHERA-100	74	80	-6
ATHERA-110	66	67	-1
AUSTIN-010	76	94	-18
AUSTIN-020	75	79	-4
AUSTIN-030	67	63	4
AUSTIN-040	50	64	-14
BARRY-010	67	60	7
BARRY-040C3	26	27	-1
BASSET-010	16	20	-4
BELLEA-010	81	69	12
BERGES-010	54	41	13
BERMET-010	27	43	-16
BRITTA-010C1	88	99	-11
BRITTO-010	34	39	-5
BROADA-010	83	99	-16
BURNS-010	77	79	-2
CAMALC-010	80	77	3
CAMALL-010	32	31	1
CAMALL-020	85	81	4
CAMALL-030	61	72	-11
CAMDLR	88	93	-5
CAROLI-010	87	97	-10
CEBALO-010	51	76	-25
DEBELD-010	82	97	-15
DINKEL-010	87	100	-13
DINKEL-020	62	100	-38
DINKEL-030	90	76	14
DOUGLA-010	79	93	-14

TOWN OF ATHERTON STREETS WITHOUT RESIDENTIAL CONSTRUCTION			
STREET ID	PCI (MAY 2000)	PCI (JAN 1997)	PCI VARIANCE
ELENA-010	61	47	14
ELENA-030	63	82	-19
ELENA-040	72	100	-28
ELIZAB-010	77	97	-20
ELMPL-010	68	100	-32
EMILIE-020	68	70	-2
ENCINA-010	50	81	-31
ENCINL-010	81	82	-1
ENCINL-020	89	100	-11
ENCINO-010	90	49	41
FAIROA-010	65	82	-17
FAIROA-020C1	87	95	-8
FAIROA-030C2	90	100	-10
FAIROA-040C3	89	100	-11
FAIROA-050	58	69	-11
FAIROA-060	79	83	-4
FAIRFA-010	81	72	9
FAXONR-012	89	28	61
FENWOO-010	37	3	34
FLOOD-010	61	71	-10
FLOOD-030	69	58	11
FLOOD-040	51	48	3
GLENWO-010	68	76	-8
GLENWO-020	66	74	-8
GREENO-010	69	74	-5
GREENO-020	78	86	-8
GREENO-030	78	81	-3
GREENO-042	40	55	-15
GREENO-050	49	49	0
GRESHA-010C1	77	79	-2
GRESHA-020C2	42	61	-19
HEATHE-010	51	82	-31
HEATHE-020C	65	78	-13
HERITA-010	51	54	-3
HOLBRO-010	66	99	-33
IRVING-010C1	82	87	-5
IRVING-020	82	97	-15

TOWN OF ATHERTON STREETS WITHOUT RESIDENTIAL CONSTRUCTION			
STREET ID	PCI (MAY 2000)	PCI (JAN 1997)	PCI VARIANCE
IRVING-030C2	14	20	-6
IRVING-040	81	99	-18
ISABEL-020	66	73	-7
ISABEL-030	74	99	-25
JAMES-010	61	65	-4
JAMES-020C1	24	17	7
JUNIPER-010	57	55	2
KAREN-010	37	39	-2
KILROY-010	73	77	-4
KNOLL-010	76	83	-7
LABURN-010	39	29	10
LANEPL-010	22	32	-10
LANEPL-020C	25	34	-9
LARCH-010	57	55	2
LAUREL-010	83	75	8
LAUREL-020	43	69	-26
LEONWY-010	76	94	-18
LILAC-010	50	37	13
LILAC-020C	28	19	9
LINDEN-020	44	42	2
LINDEN-030	37	35	2
LLOYDD-010	79	82	-3
LOGAN-010	90	89	1
LUPIN-010	68	61	7
MADRON-010	84	100	-16
MAGNOL-020C	21	28	-7
MAGNOL-030	61	56	5
MAPLEL-010	67	62	5
MARIAN-010	67	91	-24
MARSH-010	77	78	-1
MCCORM-010	82	86	-4
MCCORM-020	66	74	-8
MEADOW-010	46	74	-28
MICHAEL-010	48	7	41
MIDLGT-010	85	96	-11
MIDLFD-010	60	68	-8
MIDLFD-020	52	69	-17

TABLE A-1:

TOWN OF ATHERTON STREETS WITHOUT RESIDENTIAL CONSTRUCTION			
STREET ID	PCI (MAY 2000)	PCI (JAN 1997)	PCI VARIANCE
MIDLFD-030NB	30	37	-7
MIDLFD-030SB	48	7	41
MIDLFD-040NB	41	27	14
MIDLFD-040SB	49	23	26
MIDLFD-050NB	38	32	6
MIDLFD-050SB	37	24	13
MIDLFD-060SB	55	42	13
MIDLFD-070	46	61	-15
MIDLFD-080NB	84	55	29
MTVERN-010	30	40	-10
MULBER-010	73	75	-2
NORAWY-010	87	37	50
NORMAN-010	36	56	-20
NORTH-010	84	100	-16
OAKGR-010	74	82	-8
OAKGR-030C	70	100	-30
OAKGR-040	76	100	-24
OAKWOO-010	84	72	12
PARKD-010	67	90	-23
PARKL-030C	90	37	53
PARKER-010	78	83	-5
PARKWO-010	85	100	-15
PRIOR-010	19	27	-8
QUAIL-010	86	97	-11
QUEENS-010	85	97	-12
RAVENS-010	84	100	-16
REBECC-010	41	55	-14
REDWOO-010	32	42	-10
RIDGEV-010	63	73	-10
RIDGEV-030	68	65	3
RINGWO-010	66	67	-1
RITTEN-010	79	81	-2
ROBLD-010	82	93	-11
SANBEN-010	19	27	-8
SARGEN-010	43	27	16
SELBY-030C1	70	79	-9
SELBY-040	64	62	2

TABLE A-1:

TOWN OF ATHERTON STREETS WITHOUT RESIDENTIAL CONSTRUCTION			
STREET ID	PCI (MAY 2000)	PCI (JAN 1997)	PCI VARIANCE
SELBY-050C2	81	96	-15
SELBY-090C4	94	100	-6
SELBY-100C5	95	100	-5
SELBY-120C6	90	100	-10
SELBY-130C7	80	83	-3
SELBY-140	49	59	-10
SNOWDE-010	74	81	-7
SOUTH-010	81	100	-19
STOCKB-010	42	50	-8
STOCKB-020	34	50	-16
STOCKB-040C	51	74	-23
STOCKB-050	68	77	-9
STOCKB-060	71	78	-7
STOCKB-080	50	73	-23
TALLWO-010C1	51	73	-22
TALLWO-020C2	28	17	11
TOYON-010	78	99	-21
TOYON-020	76	67	9
VALLEY-010C1	31	25	6
VALLEY-020C2	86	79	7
VALPAR-010	50	62	-12
VALPAR-020	51	52	-1
VALPAR-030	49	67	-18
VICTOR-010	78	86	-8
VIRGIN-010	73	73	0
WALSH-010	74	84	-10
WALSH-020	71	88	-17
WALSH-030C1	75	74	1
WALSH-040	76	82	-6
WALSH-050C2	84	83	1
WATKIN-020	73	75	-2
WATKIN-030	73	79	-6
WILBUR-010	82	80	2
WINCHE-010	68	79	-11
AVE PCI =	63.5	68.5	
TOTAL PCI VARIANCE =			-912
AVE PCI VARIANCE=			-5.0

TABLE A-2:

TOWN OF ATHERTON STREETS WITH RESIDENTIAL CONSTRUCTION			
STREET ID	PCI (MAY 2000)	PCI (JAN 1997)	PCI VARIANCE
BRITTA-020C2	86	100	-14
FLOOD-020	24	22	2
PRADO-010	84	100	-16
RIDGEV-020	19	37	-18
ISABEL-010	68	78	-10
HOWARD-010	83	80	3
CATALP-080	92	100	-8
CLAYDR-010	66	79	-13
SELBY-080	94	100	-6
STOCKB-030	45	74	-29
ATHERA-040	57	75	-18
MIDLFD-060NB	68	58	10
SOMERS-010	85	100	-15
TUSCAL-020	76	67	9
TUSCAL-010	64	80	-16
LOWERY-010	25	14	11
MAGNOL-010	37	46	-9
MARYMO-010	59	60	-1
SANTIA-010	39	39	0
AVE PCI =	64.5	77.2	
TOTAL PCI VARIANCE =			-697
AVE PCI VARIANCE=			-12.7

NEW RESIDENCES
ISSUED 1-1-97 THRU 05/02/2000

PERMIT NO	ISSUE	NUMBER	STREET	CONTRACTOR	TYPE PERMIT
25808	5-5-1997	10	FAXON FOREST	TINCHER CONSTRUCTION	BASEMENT
26116	7-30-1997	320	FLETCHER DRIVE	GALLI BUILDERS	*landscape screening approval required prior to final inspection* NEW RES 7415 SQ FT <i>no file</i> NEW RES 4618 4618 *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION*
26331	9-22-1997	34	SELBY LANE	OWNER BUILDER	NEW RES 3519 3519 *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION*
25935	6-16-1997	37	VALLEY ROAD	OWNER BUILDER	NEW RES *LANDSCAPE SCREENING 5760 APPROVAL REQUIRED*
26119	7-31-1997	187	HEATHER DRIVE	SAME AS ABOVE	NEW RES 2523 2523 *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION*
27548	9-21-1998	49	FAIRVIEW AVENUE	PACIFIC PENINSULA GROUP	NEW RES <i>no file</i> *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION*
26085	7-24-1997	68	ALMENDRAL AVENUE	OWNER BUILDER	NEW RES <i>no file</i> *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION*
26185	8-14-1997	98	INGLEWOOD LANE	CHESLER CONSTRUCTION	NEW RES <i>no file</i> *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION*
26353	9-25-1997	185	SELBY LANE	CRW DEVELOPMENT	NEW RES 537 537 INSPECTION*
25870	5-28-1997	43	VALLEY ROAD	PLEMONS CONSTRUCTION	NEW RES 803 803 *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION*
26116	7-30-1997	320	FLETCHER DRIVE	GALLI BUILDERS	NEW RES <i>no file</i> **LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION*
26329	9-16-1997	79	MAC BAIN AVENUE	COWAN/GENTRY CONSTRUCTION	NEW RES <i>no file</i> *LANDSCAPE SCREENING APPROVAL REQUIRED*
26329	9-16-1997	79	MACBAIN AVENUE	COWAN GENTRY CONSTRUCTION	NEW RES <i>no file</i> *LANDSCAPE SCREENING APPROVAL REQUIRED
26215	8-15-1997	88	SPENCER LANE	PINNACLE BUILDING GROUP	NEW RES <i>no file</i> *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION*
26902	4-6-1998	52	EUCLID AVENUE	ED NEALE CONSTRUCTION	NEW RES *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* 1500 APPROVAL REQUIRED PRIOR TO FINAL*
26860	3-23-1998	92	MAPLE AVENUE	OWNER BUILDER	2580
27252	7-13-1998	99	COGHLAN LANE	PACIFIC PENINSULA GROUP	<i>no file</i>
25732	4-8-1997	56	STOCKBRIDGE AVENUE	GALLI BUILDERS	<i>no file</i> *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL

NEW RESIDENCES
ISSUED 1-1-97 THRU 05/02/2000

PERMIT NO	ISSUE	NUMBER	STREET	CONTRACTOR	TYPE PERMIT
25732	4-8-1997	66	STOCKBRIDGE AVENUE	GALLI BUILDERS	INSPECTION* NEW RES <i>no file</i>
27320	7-22-1998	57	STEVENSON LANE	MAGEE CONSTRUCTION	NEW RES <i>GS16</i>
26566	12-2-1997	18	RALSTON ROAD	CMS CUSTOM HOMES	*LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* <i>no file</i>
27087	6-3-1998	38	BARRY LANE	LANDMARK CONSTRUCTION	*LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* <i>437</i>
26795	2-26-1998	96	STERN LANE	PINNACLE BUILDING GROUP	NEW RESIDENCE <i>no file</i>
27472	9-16-1998	394	STEVIK DRIVE	BOCK CONSTRUCTION	NEW RES <i>7373</i>
26741	2-5-1998	81	ADAM WAY	S.P.E. CONSTRUCTION	NEW RESIDENCE <i>no file</i>
26860	3-23-1998	92	MAPLE AVENUE	OWNER BUILDER	NEW RES <i>2817</i>
27398	8-11-1998	77	SERRANO DRIVE	SAME AS ABOVE	NEW RES <i>1500</i>
26902	4-6-1998	52	EUCOLID AVENUE	ED NEALE CONSTRUCTION	*LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION*
27320	7-22-1998	57	STEVENSON LANE	MAGEE CONSTRUCTION	NEW RES <i>2856</i>
27765	11-5-1998	49	ATHERTON AVENUE	PACIFIC PENINSULA GROUP	NEW RES <i>no file</i>
27312	7-20-1998	267	ATHERTON AVENUE	LENCIONI CONSTRUCTION	NEW RES W/ATTACHED GARAGE *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* <i>no file</i>
27137	6-12-1998	250	ATHERTON AVENUE	LENCIONI CONSTRUCTION	NEW RES *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* <i>no file</i>
26300	9-12-1997	87	PATRICIA DRIVE	THE OWEN COMPANIES	NEW RES *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* <i>no file</i>
26300	9-12-1997	87	PATRICIA DRIVE	THE OWEN COMPANIES	NEW RES *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* <i>no file</i>
27087	6-3-1998	38	BARRY LANE	LANDMARK CONSTRUCTION	NEW RES *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* <i>69413</i>
27124	6-3-1998	88	MAPLE AVENUE	OWNER BUILDER	NEW RES *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* <i>2065</i>
27129	6-9-1998	171	LINDEN AVENUE	PLATH & CO., INC.	NEW RES / 2 STORY W/BASEMENT *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* <i>no file</i>
26793	2-24-1998	489	FLETCHER DRIVE	SOHRAB RAHIMZADEH	NEW RES <i>no file</i>
27252	7-13-1998	99	COGHLAN LANE	PACIFIC PENINSULA GROUP	NEW RES <i>no file</i>
26741	2-5-1998	81	ADAM WAY	S.P.E. CONSTRUCTION	NEW RESIDENCE <i>no file</i>
27852	12-10-1998	26	ASHFIELD ROAD	LANDMARK DEVELOPMENT	NEW RES <i>1038</i>
26793	2-24-1998	489	FLETCHER DRIVE	SOHRAB RAHIMZADEH	NEW RES <i>no file</i>
28361	7-12-1999	168	HAWTHORN DRIVE	NEW RES <i>no file</i>	
27384	8-6-1998	83	MESA COURT	CMS CUSTOM HOMES	NEW RES / 2 STORY *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* <i>41601</i>

NEW RESIDENCES
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PERMIT NO	ISSUE	NUMBER	STREET	CONTRACTOR	TYPE PERMIT
27384	8-6-1998	83	MESA COURT	CMS CUSTOM HOMES	REQUIRED PRIOR TO FINAL INSPECTION* NEW RES / 2 STORY *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* NEW RES <i>no file</i> NEW RES <i>no file</i> NEW RES <i>no file</i> NEW RES <i>no file</i> *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* <i>no file</i> NEW RES <i>no file</i> NEW RES / 2 STORY WITH BASEMENT <i>no file</i> *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* <i>2193</i> NEW RES <i>no file</i> NEW RES <i>no file</i> LANDSCAPE SCREENING APPROVAL NEEDED PRIOR TO FINAL INSPECTION* <i>578</i> NEW RES <i>no file</i> NEW RES W/ATTACHED GARAGE NEW RESIDENCE <i>no file</i> * LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* <i>no file</i> NEW RES W/ATTACHED GARAGE *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* <i>no file</i> NEW RES <i>no file</i> NEW RES <i>no file</i> NEW RES *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* <i>no file</i>
27765	11-5-1998	49	ATHERTON AVENUE	PACIFIC PENINSULA GROUP	
27851	12-10-1998	24	ASHFIELD ROAD	LANDMARK DEVELOPMENT	
27852	12-10-1998	26	ASHFIELD ROAD	LANDMARK DEVELOPMENT	
28205	4-7-1999	297	PARK LANE	KAMAN ENTERPRISES	
26795	2-26-1998	96	STERN LANE	PINNACLE BUILDING GROUP	
27129	6-9-1998	171	LINDEN AVENUE	PLATH & CO., INC.	
27893	1-4-1999	125	JAMES AVE.	DAVID ADDISON INTERESTS	
27743	10-23-1998	58	DEODORA DRIVE	GORDON KULLBERG & SON	
27597	9-25-1998	151	ALMENDRAL	BOCK CONSTRUCTION	
27419	8-14-1998	6	BRITTANY MEADOWS	SCHNEBLEY BLDG. & DESIGN	
27312	7-20-1998	267	ATHERTON AVENUE	LENCIONI CONSTRUCTION	
29187	3-24-2000	23	FLOOD CIRCLE	MARRONE BROTHERS	
28268	6-21-1999	31	LINDA VISTA AVENUE	OWNER BUILDER	
28346	7-2-1999	360	FLETCHER DRIVE	COWEN GENTRY CONSTRUCTION	
27901	1-5-1999	36	MELANIE LANE	DOYLE HASTINGS CO.	
28357	7-12-1999	31	VALLEY ROAD	OWNER BUILDER	
27597	9-25-1998	151	ALMENDRAL AVENUE	BOCK CONSTRUCTION	
28817	11-17-1999	50	PRADO SECOYA	CHESLER CONSTRUCTION	
29803	5-26-1999	1	ORCHARD HILLS	PACIFIC PENINSULA GROUP	
29036	2-8-2000	1	RIDGEVIEW DRIVE		
28326	6-29-1999	98	ISABELLA AVENUE	LENCIONI CONSTRUCTION	
28044	2-18-1999	82	HOWARD WAY	DENIS BRO. CONSTRUCTION	
28286	6-23-1999	98	CATALPA DRIVE	RON MAGEE	

NEW RESIDENCES
ISSUED 1-1-97 THRU 05/02/2000

PERMIT NO	ISSUE	NUMBER	STREET	CONTRACTOR	TYPE PERMIT
28711	10-18-1999	84	CLAY	PACIFIC PENINSULA GROUP	NEW RESIDENCE <i>no file</i>
26180	8-13-1997	237	POLHEMUS AVENUE	LENCIONI CONSTRUCTION	LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL INSPECTION* <i>7-7-97</i>
28283	4-21-2000	102	SELBY LANE	SCHNEBELY CONSTRUCTION	NEW RES TWO STORY <i>no file</i>
28808	11-12-1999	99	JAMES AVENUE	OWNER BUILDER	NEW RES <i>no file</i>
28265	6-21-1999	491	FLETCHER DRIVE	OWNER BUILDER	NEW RES <i>no file</i>
28265	6-21-1999	491	FLETCHER	OWNER BUILDER	NEW RES <i>no file</i>
28824	11-4-1999	8	BETTY LANE	PINNACLE BUILDING GROUP	*LANDSCAPE SCREENING APPROVAL <i>no file</i> REQUIRED PRIOR TO FINAL INSPECTION*
29050	2-16-2000	351	ATHERTON	SAM SINNOTT & CO.	NEW RESIDENCE <i>no file</i> REQUIRED PRIOR TO FINAL INSPECTION*
28782	11-24-1999	85	STOCKBRIDGE	MIKE BROWNE BUILDERS	NEW RES <i>no file</i>
29235	4-10-2000	180	MAGNOLIA DRIVE		NEW RES <i>no file</i>
27137	6-12-1998	250	ATHERTON AVENUE	LENCIONI CONSTRUCTION	*LANDSCAPE SCREENING APPROVAL <i>no file</i> REQUIRED PRIOR TO FINAL INSPECTION*
29741	5-11-1999	450	MIDDLEFIELD ROAD	OWNER BUILDER	NEW RES <i>no file</i>
27851	12-10-1998	24	ASHFIELD ROAD	LANDMARK DEVELOPMENT	*LANDSCAPE SCREENING APPROVAL <i>1657</i> REQUIRED PRIOR TO FINAL INSPECTION*
28549	9-7-1999	80	SOMERSET LANE	FORDE-MAZZOLA ASSOCIATES	NEW RES <i>no file</i>
28962	12-30-1999	6	BETTY LANE	PINNACLE BUILDING GROUP	NEW RESIDENCE <i>no file</i>
28549	9-7-1999	80	SOMERSET LANE	FORDE-MAZZOLA ASSOCIATES	NEW RES <i>no file</i>
28619	9-21-1999	83	TUSCALOOSA AVENUE	BOCK CONSTRUCTION	*LANDSCAPE SCREENING APPROVAL <i>no file</i> REQUIRED PRIOR TO FINAL INSPECTION*
28332	6-30-1999	6	CAMINO POR LOS ARBOLES	PINNACLE BUILDING GROUP	NEW RESIDENCE <i>no file</i>
29059	2-22-2000	1	MOSSWOOD	THE DOUGLASS CO.	NEW RES <i>no file</i>
26517	11-12-1997	72	RALSTON ROAD	OWNER BUILDER	NEW RES <i>no file</i>
26517	11-12-1997	72	RALSTON ROAD	OWNER BUILDER	NEW RES <i>no file</i>
29853	4-29-1999	51	LABURNUM	DENNIS ALLEN	NEW RES <i>no file</i>
28643	9-27-1999	44	TUSCALOOSA AVENUE	SMC & ASSOCIATES	*LANDSCAPE SCREENING APPROVAL <i>no file</i> REQUIRED PRIOR TO FINAL INSPECTION*
29772	5-18-1999	49	LOWERY DRIVE	MCWANIS & ASSOCIATES	NEW RES W/ATTACHED GARAGE <i>no file</i>
28536	8-31-1999	278	PARK LANE	PACIFIC PENINSULA GROUP	NEW RES <i>no file</i>
28286	6-23-1999	98	CATALPA DRIVE	RON MAGEE	*LANDSCAPE SCREENING APPROVAL <i>no file</i> REQUIRED PRIOR TO FINAL INSPECTION*

NEW RESIDENCES
ISSUED 1-1-97 THRU 05/02/2000

PERMIT NO	ISSUE	NUMBER	STREET	CONTRACTOR	TYPE PERMIT
29803	5-26-1999	1	ORCHARD HILLS	PACIFIC PENINSULA GROUP	INSPECTION* NEW RES *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL no file
28346	7-2-1999	360	FLETCHER DRIVE	COWEN GENTRY CONSTRUCTION	INSPECTION* NEW RES W/ATTACHED GARAGE no file
28007	2-3-1999	52	LINDA VISTA AVENUE	PLEMONS CONSTRUCTION	NEW RES no file
28563	9-9-1999	53	MAGNOLIA DRIVE	DAVID ADDISON INTERESTS	NEW RES no file
29722	2-22-1999	15	ADAM WAY	DIAMOND HOMES	NEW RES no file
28124	3-12-1999	66	MARYMONT AVENUE	LENCIONI CONSTRUCTION	NEW RES *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL no file
28004	2-3-1999	42	SANTIAGO	LENCIONI CONSTRUCTION	INSPECTION* NEW RES no file
29141	3-14-2000	271	STOCKBRIDGE AVENUE	JRB CONSTRUCTION	NEW RES *LANDSCAPE SCREENING APPROVAL REQUIRED PRIOR TO FINAL no file

Count: 131

APPENDIX C

Attachment 1

TOWN OF ROSS

RESOLUTION NO. 1414

A RESOLUTION OF THE ROSS TOWN COUNCIL ADOPTING A ROAD IMPACT FEE TO PROVIDE FOR ROADWAY REPAIR RELATED TO DAMAGES CAUSED BY CONSTRUCTION ACTIVITY

- I. WHEREAS, the Town of Ross is required to fund ongoing roadway projects to repair local roadways, and
- II. WHEREAS, traffic associated with construction activity places a significant burden on local roadways and is a significant cause of roadway damage, and
- III. WHEREAS, The Town Council has considered the Town Public Works Director's report analyzing necessary road repair projects, the costs of the projects and the share of project costs resulting from construction activity and earth work and demolition activity, and
- IV. WHEREAS, The Town Council has determined that the cost to the Town for such repair resulting from construction activity should be offset by the collection of fees to cover the costs to the Town, and
- V. WHEREAS, the Town Public Works Director has calculated that the following fees will cover the costs to the Town for its roadway repair resulting from construction activity, and
- VI. WHEREAS, notice of the proposed road impact fee has been noticed consistent with California Government Code Sections 66018,

NOW, THEREFORE BE IT RESOLVED, that the following fees are to become effective consistent with state law and shall be subject to the requirements and collected as specified herein:

Road impact fees shall be collected at the time of issuance of a building permit by the Building Department. A road impact fee of .5 % (one half percent) of the project valuation shall be paid for all construction projects. A road impact fee of \$3.00 (three dollars) per cubic yard of import or export shall be paid for all earth work and demolition related projects not part of a house construction permit and for any project involving more than 100 cubic yards of combined import and export. Impact fees shall be retained in a separate fund with all fund accounting and reporting performed consistent with State Law.

Attachment 1

RESOLUTION NO. 1414

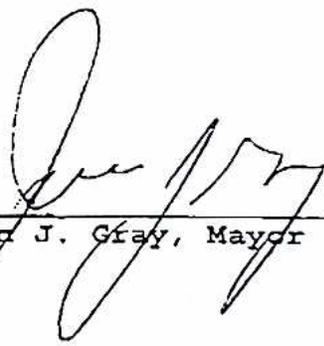
PASSED AND ADOPTED at a Regular Meeting of the Town Council of the Town of Ross held on the 12th day of November 1998, by the following vote:

AYES: COUNCILMEMBERS GRAY, GOODMAN, DELANTY BROWN, HART AND CURTISS

NOES: NONE

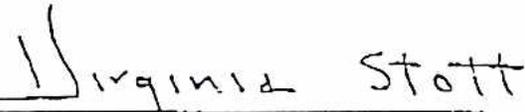
ABSTAIN: NONE

ABSENT: NONE



John J. Gray, Mayor

A T T E S T:



Virginia Stott, Town Clerk

Attachment 1

1

November 5, 1998

ANALYSIS FOR SETTING A ROAD IMPACT FEE
ANTICIPATED ROAD REPAIR PROJECTS

SFD	\$150,000
LAUREL GROVE	\$50,000
LAGUNITAS	\$130,000
ROSS COMMON/POPLAR	\$60,000
BOLINAS	\$40,000
FERNHILL	\$50,000
NORWOOD	\$40,000
SOUTHWOOD	\$40,000
CHESTNUT	\$60,000
REDWOOD	\$70,000
WINDING WAY/CANYON	\$70,000
WELLINGTON/BAYWOOD	\$120,000
WINSHIP	\$30,000
EL CAMINO BUENO	\$100,000
LOMA LINDA	\$30,000
MADRONA	\$20,000
AMES	\$30,000
GLENWOOD	\$70,000
UPPER ROAD	\$120,000

\$1,280,000

SPREAD OVER 10 YEARS AT 3% INFLATION RESULTS IN \$150,000 PER YEAR.

THE GAS TAX FUND FROM FEDERAL GOVERNMENT FOR ROAD REPAIR IS ABOUT \$50,000 PER YEAR.

NEED: \$100,000 PER YEAR ADDITIONAL



Attachment 1

2

CAUSES OF ROAD DAMAGE:

NATURAL ELEMENTS:	20%
AGE:	20%
NON CONSTRUCTION RELATED ACTIVITIES	15%
CONSTRUCTION RELATED ACTIVITIES	45%

BUILDING CONSTRUCTION RELATED ROAD REPAIR

$$100,000 \times .4 = \$40,000$$
EXCAVATION AND BACKFILL OPERATIONS NOT A PART OF BUILDING CONSTRUCTION.

$$\$100,000 \times .05 = \$5,000$$
CONSTRUCTION VALUATION OVER FIVE YEARS

98-99	\$13,000,000
97-98	\$10,700,000
96-97	\$5,000,000
95-96	\$4,800,000
94-95	\$9,400,000
	<u>\$42,900,000</u>

AVERAGE FIVE YEARS PERMIT VALUATION

$$\$42,900,000 / 5 = \$8,580,000$$

$$1/2 \text{ PERCENT of } \$8,580,000 = \$42,900$$

COLLECTING 1/2 PERCENT OF VALUATION COVERS ROAD DAMAGE REPAIR DUE TO CONSTRUCTION ACTIVITIES.



Attachment 1

EARTH WORK AND DEMOLITION RELATED FEES WHEN NOT PART OF HOUSE CONSTRUCTION PERMIT. ROAD REPAIR SHARE DUE TO TRANSPORTATION OF EARTH AND DEBRIS AND RELATED MATERIAL.

5% OF \$100,000 = \$5,000

ON AVERAGE 5 PROJECTS PER YEAR ARE DONE, WHERE WORK IS NOT PART OF ANY HOUSE CONSTRUCTION

ASSUMING AN AVERAGE OF 300 CUBIC YARDS PER PROJECTS.

TOTAL 1500 CUBIC YARDS
COST PER YARD \$5,000/1500 approx.=\$3.00

A FEE OF \$3.00 PER CUBIC YARD IS A REASONABLE CHARGE FOR ABOVE ACTIVITY TO REPAIR ROADS.



**Attachment 2:
Comparative Analysis of Revenues and Expenses by Revenue Source and Activity**

Revenue Category	Atherton	Belmont	Burlingame	Pacific Grove	San Marino
<i>Population</i>	7,222	25,255	28,413	15,507	13,281
Secured and Unsecured Property Tax	3,295,073.00	1,784,279.00	6,588,432.00	2,454,033.00	5,887,093.00
Other Property Taxes	4,623.00	181.00	7,572.00	44,590.00	
Sales and Use Taxes	95,148.00	3,782,445.00	9,045,528.00	1,600,191.00	394,726.00
Transportation Tax	216,590.00		494,376.00		305,057.00
Transient Lodging Taxes		1,030,750.00	7,698,028.00	2,877,117.00	
Franchise Taxes	295,609.00	587,196.00	594,260.00	499,310.00	409,860.00
Business License Taxes	116,603.00	539,472.00	705,928.00	291,701.00	406,541.00
Real Property Transfer Taxes	172,729.00	127,465.00	217,288.00	74,414.00	149,619.00
Utility Users Tax				1,085,150.00	1,238,277.00
Other Non-Property Taxes (1)	350,000.00	80,000.00	249,678.00	130,251.00	1,296,233.00
Construction Permits	1,333,266.00	673,252.00	656,623.00	240,119.00	200,576.00
Other Licenses & Permits	501,168.00	3,940.00	37,313.00	21,758.00	126,406.00
Fines and Forfeitures	107,482.00	201,236.00	571,361.00	74,774.00	227,889.00
Revenue from Use of Money and Property	472,051.00	937,903.00	2,141,942.00	555,402.00	779,100.00
Motor Vehicle License Fees	406,093.00	1,577,356.00	1,574,351.00	853,575.00	723,559.00
Other Intergovernmental	597,614.00	1,561,131.00	2,021,967.00	1,210,831.00	860,102.00
Current Service Charges	413,443.00	1,432,776.00	421,735.00	884,637.00	190,295.00
Other Revenue	181,866.00	16,779.00	562,143.00	4,066.00	128,211.00
Total Functional and General Revenues	8,559,358.00	14,336,161.00	33,588,525.00	12,901,919.00	13,323,544.00
Notes:					
(1) Other non-property tax includes \$350,000 of the Parcel Tax for Atherton and special benefit assessment for San Marino Police and Hillsborough Police					
(2) To ensure comparability among municipalities, current service charges excludes revenues from municipal utilities.					

**Attachment 2:
Comparative Analysis of Revenues and Expenses by Revenue Source and Activity**

City/Town					
Revenue Category	Orinda	Half Moon Bay	Hillsborough	Piedmont	Millbrae
<i>Population</i>	17,833	12,169	10,975	11,138	20,814
Secured and Unsecured Property Tax	2,144,785.00	800,690.00	6,563,369.00	5,903,289.00	3,088,678.00
Other Property Taxes	148,262.00		5,181.00	6,032.00	48,123.00
Sales and Use Taxes	853,988.00	1,640,512.00	79,289.00	172,433.00	1,863,619.00
Transportation Tax	1,694,023.00		351,218.00	311,797.00	131,172.00
Transient Lodging Taxes		2,482,059.00			2,670,938.00
Franchise Taxes	680,433.00	229,879.00	302,033.00	195,822.00	549,041.00
Business License Taxes	392,697.00	195,964.00	559,221.00	307,527.00	363,055.00
Real Property Transfer Taxes		80,552.00	219,770.00	2,287,982.00	80,209.00
Utility Users Tax				889,074.00	
Other Non-Property Taxes (1)	961,350.00	185,918.00	791,518.00	921,021.00	393,427.00
Construction Permits	-	400,985.00	702,090.00	297,694.00	-
Other Licenses & Permits	-	2,172.00	358,824.00	34,086.00	550.00
Fines and Forfeitures	157,453.00	80,812.00	15,998.00	44,847.00	203,114.00
Revenue from Use of Money and Property	484,648.00	584,120.00	793,576.00	452,598.00	1,025,736.00
Motor Vehicle License Fees	1,069,142.00	672,796.00	603,593.00	619,512.00	1,207,840.00
Other Intergovernmental	633,015.00	599,359.00	480,937.00	810,197.00	6,190,768.00
Current Service Charges	514,687.00	535,079.00	507,525.00	351,936.00	1,151,675.00
Other Revenue	9,452.00	754,057.00	85,382.00	408,485.00	740,943.00
Total Functional and General Revenues	9,743,935.00	9,244,954.00	12,419,524.00	14,014,332.00	19,708,888.00
Notes:					
(1) Other non-property tax includes \$350,000 of the Parcel Tax for Atherton and special benefit assessment for San Marino Police and Hillsborough Police					
(2) To ensure comparability among municipalities, current service charges excludes revenues from municipal utilities.					

**Attachment 2:
Comparative Analysis of Revenues and Expenses by Revenue Source and Activity**

Revenue Category	Los Altos	Los Altos Hills	Saratoga	Tiburon	Per Capita Average for Survey Group
<i>Population</i>	<i>27,870</i>	<i>8,007</i>	<i>30,444</i>	<i>8,748</i>	
Secured and Unsecured Property Tax	6,088,173.00	1,463,276.00	4,006,211.00	1,671,543.00	217.69
Other Property Taxes				212.00	1.11
Sales and Use Taxes	2,233,579.00	131,715.00	1,066,607.00	537,482.00	98.86
Transportation Tax	57,153.00				14.98
Transient Lodging Taxes	254,888.00		218,837.00	432,078.00	74.32
Franchise Taxes	1,009,282.00	343,624.00	1,010,609.00	335,318.00	29.63
Business License Taxes	312,243.00	179,759.00	275,362.00	231,817.00	20.52
Real Property Transfer Taxes	345,742.00	91,127.00	325,472.00	127,346.00	18.09
Utility Users Tax	1,832,299.00				21.23
Other Non-Property Taxes (1)	157,526.00		600,625.00	2,664,412.00	36.95
Construction Permits	785,632.00	863,933.00	1,052,458.00	451,100.00	32.22
Other Licenses & Permits	72.00	18,161.00	43,573.00	153,186.00	5.47
Fines and Forfeitures	215,825.00	18,495.00	165,665.00	181,434.00	9.54
Revenue from Use of Money and Property	1,146,665.00	541,733.00	1,307,939.00	433,351.00	49.04
Motor Vehicle License Fees	1,548,970.00	459,703.00	1,807,508.00	482,920.00	57.25
Other Intergovernmental	1,393,643.00	414,761.00	1,783,686.00	789,345.00	81.40
Current Service Charges	916,513.00	656,263.00	1,481,001.00	384,406.00	41.41
Other Revenue	1,227,911.00	143,970.00	1,344,804.00	439,651.00	25.45
Total Functional and General Revenues	19,526,116.00	5,326,520.00	16,490,357.00	9,315,601.00	835.17
Notes:					
(1) Other non-property tax includes \$350,000 of the Parcel Tax for Atherton and special benefit assessment for San Marino Police and Hillsborough Police					
(2) To ensure comparability among municipalities, current service charges excludes revenues from municipal utilities.					

**Attachment 2:
Comparative Analysis of Revenues and Expenses by Revenue Source and Activity**

Revenue Category	Per Capita Median for Survey Group	Atherton Per Capita
<i>Population</i>		
Secured and Unsecured Property Tax	186.91	456.25
Other Property Taxes	0.15	0.64
Sales and Use Taxes	54.66	13.17
Transportation Tax	4.18	29.99
Transient Lodging Taxes	8.17	-
Franchise Taxes	31.53	40.93
Business License Taxes	21.69	16.15
Real Property Transfer Taxes	10.98	23.92
Utility Users Tax	-	-
Other Non-Property Taxes (1)	19.32	48.46
Construction Permits	27.46	184.61
Other Licenses & Permits	1.42	69.39
Fines and Forfeitures	7.86	14.88
Revenue from Use of Money and Property	48.64	65.36
Motor Vehicle License Fees	55.60	56.23
Other Intergovernmental	63.29	82.75
Current Service Charges	45.11	57.25
Other Revenue	22.48	25.18
Total Functional and General Revenues	889.46	1,185.18
Notes:		
(1) Other non-property tax includes \$350,000 of the Parcel Tax for Atherton and special benefit assessment for San Marino Police and Hillsborough Police		
(2) To ensure comparability among municipalities, current service charges excludes revenues from municipal utilities.		

**Attachment 2:
Comparative Analysis of Revenues and Expenses by Revenue Source and Activity**

Function Activity	Operating Expenditures					
	Atherton	Belmont	Burlingame	Pacific Grove	San Marino	Los Altos Hills
General Government	1,200,575.00	4,014,536.00	3,743,938.00	3,508,170.00	2,208,494.00	810,289.00
Police	3,228,852.00	6,471,306.00	6,814,936.00	3,691,305.00	2,962,863.00	731,314.00
Transportation						
Streets, Highways, and storm drains	902,524.00	1,260,916.00	1,788,971.00	1,986,693.00	962,311.00	476,163.00
Street Trees and Landscaping		-			504,303.00	
Community Development	853,307.00	1,682,583.00	2,188,888.00	909,588.00	136,000.00	1,248,860.00
Culture and Leisure	504,185.00	2,904,151.00	4,686,338.00	3,449,963.00	1,054,772.00	3,728,922.00
Total Expenditures	6,689,443.00	16,333,492.00	19,223,071.00	13,545,719.00	7,828,743.00	6,995,548.00
Total less cumulative reductions						
Population	7,222	25,255	28,413	15,507	13,281	8,007.00
General Government	166	159	132	226	166	101
Police	447.09	256.24	239.85	238.04	223.09	91.33
Transportation	124.97	49.93	62.96	128.12	110.43	59.47
Community Development	118.15	66.62	77.04	58.66	10.24	155.97
Culture and Leisure	69.81	114.99	164.94	222.48	79.42	465.71
Total	926.26	646.74	676.56	873.52	589.47	873.68

**Attachment 2:
Comparative Analysis of Revenues and Expenses by Revenue Source and Activity**

Function Activity	Saratoga	Orinda	Half Moon Bay	Hillsborough	Piedmont	Millbrae
General Government	3,092,415.00	878,787.00	2,327,144.00	929,495.00	896,684.00	2,135,488.00
Police	3,292,233.00	1,893,956.00	2,544,970.00	4,051,376.00	896,684.00	5,197,397.00
Transportation						
Streets, Highways, and storm drains	3,033,080.00	925,411.00	874,211.00	1,626,040.00	1,198,026.00	1,600,556.00
Street Trees and Landscaping	237,919.00				100,781.00	
Community Development	2,548,213.00	667,285.00	1,044,932.00	1,078,126.00	630,644.00	1,800,360.00
Culture and Leisure	2,726,733.00	1,703,601.00	858,566.00	121,377.00	3,193,355.00	2,533,559.00
Total Expenditures	14,930,593.00	6,069,040.00	7,649,823.00	7,806,414.00	6,916,174.00	13,267,360.00
Total less cumulative reductions						
Population	30,444.00	16,507	12,169	10,975	11,138	20,814
General Government	102	53	191	85	81	103
Police	108.14	114.74	209.14	369.15	80.51	249.71
Transportation	107.44	56.06	71.84	148.16	116.61	76.90
Community Development	83.70	40.42	85.87	98.23	56.62	86.50
Culture and Leisure	89.57	103.20	70.55	11.06	286.71	121.72
Total	490.43	367.66	628.63	711.29	620.95	637.42

**Attachment 2:
Comparative Analysis of Revenues and Expenses by Revenue Source and Activity**

Function Activity			Atherton			Atherton
	Los Altos	Tiburon	Rank	Median	Mean	Percent of Mean
General Government	2,784,908.00	3,076,311.00				
Police	5,289,552.00	1,868,208.00				
Transportation						
Streets, Highways, and storm drains	494,350.00	435,942.00				
Street Trees and Landscaping	512,591.00					
Community Development	1,796,003.00	989,977.00				
Culture and Leisure	2,592,660.00	269,663.00				
Total Expenditures	13,470,064.00	6,640,101.00				
Total less cumulative reductions						
Population	27,870	8,748				
General Government	100	352	5	117	134	124%
Police	189.79	213.56	1	218	207	216%
Transportation	36.13	49.83	3	74	80	156%
Community Development	64.44	113.17	2	80	74	159%
Culture and Leisure	93.03	30.83	12	98	128	54%
Total	483.32	759.04	1	642	624	149%

Attachment 3:
Portions of Hillsborough's Municipal Code
Pertaining to Business License fees for Realtors and Title Companies

5.04.340 Tax categories defined.

E. Category E Businesses. Persons conducting the following businesses shall pay the tax imposed upon "Category E" businesses: (1) licensed real estate brokerage firms and (2) individual licensed real estate brokers if not listed as included in the personnel of a licensed real estate brokerage firm which has paid the tax under this Category E.

H. Category H Businesses. Effective upon passage of this Ordinance, persons conducting the following businesses shall pay the tax imposed upon "Category H" businesses: all title insurance companies with one or more offices in San Mateo County. (Ord. 426, 1986; Ord. 411, 1985)

5.04.350 Amount of tax imposed-- Administrative Fee--Credit against tax.

For Category E Businesses:

The administrative fees set forth in subsection B of this section shall constitute the sole obligation of category E businesses under this chapter.

For Category H Businesses:

Thirty cents per one thousand dollars face value of each title insurance policy issued by such Category H business insuring the title of real property located in the town (to be a charge payable by the party requesting such title insurance and/or the party paying for such title insurance and to be remitted by the title insurance company to the town within five days after collection thereof by the title insurance company).

B. In addition to the tax set forth in subsection A of this section, each licensee except Category H licensees shall pay an administrative fee for each category license issued to him by the town in order to help defray the costs of issuing, maintaining and enforcing the license. Such administrative fee shall be paid each time such license is issued or renewed. Such administrative fees shall be as follows:

Category A license--\$100 administrative fee
Category B permit license--\$100 administrative fee
Category B nonpermit license--\$100 administrative fee
Category C license--\$100 administrative fee
Category D license--\$100 administrative fee
Category E license:

1. For licensed real estate brokerage firms: one hundred dollars administrative fee for each office maintained by such firm plus ten dollars for each sales associate among the personnel of such firm;
2. For all others not included in subsection (1) of this category: one hundred dollars for each person conducting Category E business in the town.

5.04.220 Payment and term of license.

Attachment 3 (Continued)

H. Any other provision of this Chapter to the contrary notwithstanding, the collection of the business tax and administrative fee set forth in Section 5.04.350, subsections A and B, from persons conducting Category E businesses in the Town shall be accomplished as follows:

1. For fiscal year 85-86:

a. The San Mateo-Burlingame Board of Realtors shall be the agent of the Town for purposes of collecting the administrative fee from persons conducting Category E businesses in the Town. For purposes of facilitating the administration of the Business Tax, \$10,000 shall be deemed to be an accurate and fair approximation of the total annual amount which would have been collected had the administrative fee been collected separately from each brokerage firm and each individual broker not included in a brokerage firm. Accordingly the payment by the Board of Realtors of such \$10,000 amount to the Town for fiscal year 85-86 (received by the Town on June 20, 1986) constitutes payment in full for Category E Businesses' administrative fees for such fiscal year. The San Mateo-Burlingame Board of Realtors and the brokerage firms and individual brokers who would have otherwise been required pursuant to this Chapter to pay the fiscal year 85-86 administrative fee directly to the Town may establish whatever accounting procedures between themselves they deem appropriate with respect to such payment by the Board of Realtors.

b. The Town shall collect the business taxes owned by persons conducting such Category E businesses directly from such persons according to information provided to the Town by the San Mateo-Burlingame Board of Realtors specifying the appropriate persons and amounts to be billed by the Town pursuant to this paragraph.

2. For fiscal year 86-87 and thereafter:

a. The Town shall collect the administrative fee from persons conducting Category E businesses in the Town directly from such persons.

b. The business tax shall be collectible as set forth in subsection A of Section 5.04.350 as amended by Ordinance 426 adopted May 12, 1986.

3. No penalties for violation or penalties for delinquency as set forth in this chapter (as in effect prior to the passage of Ordinance 426 and this ordinance) shall be imposed upon persons conducting Category E businesses in the town for failure to obtain a Fiscal Year 1985-86 business license or to pay administrative fees or business taxes for Fiscal Year 1985-86 if such persons pay on or before August 31, 1986, the business taxes billed to them by the town pursuant to subsection H.1.b of Section 5.04.220.

I. For purposes of tax year 1985-86 only any tax set forth in paragraph A of Section 5.04.350 which would otherwise be due and payable prior to Monday, September 2, 1985, under the terms of this chapter shall instead be due and payable Monday, September, 1985, and shall be delinquent if not paid on or before such date. Any such tax which is due and payable on or after Monday, September 2, 1985, under the terms of this chapter shall be due and payable as so provided and shall not be subject to any special procedures for tax year 1985-86. The administrative fee set forth in paragraph B of Section 5.04.350 shall in all events be due and payable as set forth in paragraph C of this section 5.04.220. (Ord. 428, 1986; Ord. 411, 1985)

H. Any other provision of this Chapter to the contrary notwithstanding, the collection of the business tax and administrative fee set forth in Section 5.04.350, subsections A and B, from persons conducting Category E businesses in the Town shall be accomplished as follows:

Attachment 4
Survey of Building Permit Cost

The following survey is based on new single-family residence construction with a value of \$500,000, \$1 million and \$2 million.

\$500,000 valued residence, 2,000 square feet

	Design Review	Building Permit	Road Impact	Business License	Total Fee
Hillsborough	900.00	~3200.00	0	100.00 / 200.00*	4,200/4,300
Los Altos Hills	2075.00	13,336.26	0	150.00/250.00 **	15,561.26/15661.26
Portola Valley	3,410.00	10,114.69	3,800.00	1,400.00	18,724.69
Menlo Park	850.00	8,171.00	0	750.00	9,771.00
Redwood City	50.00	7,585.73	1501.49	varies***	~9137.22+
San Carlos	1,040.00	6,018.00	0	112.00	7,170.00
Atherton	0	5,385.69	2,500.00	1,800.00	9,685.69

\$1 million valued residence, 4,000 square feet

	Design Review	Building Permit	Road Impact	Business License	Total Fee
Hillsborough	900.00	~5600	0	100.00 / 200.00*	6,600/6,700
Los Altos Hills	2075.00	23,604.28	0	150.00/250.00 **	25,779.28/25,879.28
Portola Valley	3,410.00	14,345.44	7,600.00	1,400.00	26,775.44
Menlo Park	850.00	11,500.00	0	750.00	13,100.00
Redwood City	50.00	13,181.98	1501.49	varies***	~14,733.47+
San Carlos	1,040.00	9,899.00	0	112.00	11,051.00
Atherton	0	9,354.44	5,000.00	3,600.00	17,954.44

\$2 million valued residence, 8,000 square feet

	Design Review	Building Permit	Road Impact	Business License	Total Fee
Hillsborough	900.00	~9260	0	100.00 / 200.00*	10,260/10,360
Los Altos Hills	2075.00	42,741.78	0	150.00/250.00 **	44,966.78/45,066.78
Portola Valley	3,410.00	20,991.94	15,200.00	1,400.00	41,001.94
Menlo Park	850.00	20,475.00	0	750.00	22,075.00
Redwood City	50.00	20,459.48	1501.49	varies***	~22,010.97+
San Carlos	1,040.00		0	112.00	
Atherton	0	15,476.94	10,000.00	7,200.00	32,676.94

* Contractor under building permit / Contractor **not** under a building permit

** Subcontractor / contractor

*** Formula is $\$37 + (\$24 \times (\# \text{ of FT employees})) + (\$12 \times (\# \text{ of PT employees})) = \text{TOTAL FEE}$

Attachment 4

Hillsborough

Fees Included in Calculation:

- Permit Fee- varies depending on valuation
- Plan Check Fee- varies depending on valuation
- Business Tax- varies depending on valuation
- Strong Motion Instr. – varies depending on valuation

Fees Not Included in Calculation:

- Electrical \$0.05/ square foot

Los Altos Hills

Valuation of \$500,000 with 3 bedrooms, 10 pages of plans, 5,000 square feet in size

Valuation of \$1 million with 5 bedrooms, 15 pages of plans and 10,000 square feet in size

Valuation of \$2 million with 6 bedrooms, 20 pages of plans, and 20,000 square feet in size

Menlo Park

Fees Included in Calculation:

- Valuation based on \$200 per square foot.
- Building permit fee includes plan check, site inspection, building fees, geology review and engery
- Business License fee is based on the annual gross receipts of the company. The highest fee is \$750.00 based on annual gross receipts of \$1,000,000 to \$2,000,000. An additional \$250.00 fee is added for each million or portion thereof up to \$30,000,000 gross with a maximum fee of \$8,000.00

Portola Valley

Fees Included in Calculation:

- All fees and deposits for permit, geology review, engineering review, planning review and recycling fee
- Business License fee is \$400 for general contractor plus \$100 for each subcontractor (calculation assumes one general contractor and 10 subcontractors for each project).

Fees Not Included in Calculation:

- Construction and Demo Deposit \$1000.00 (minimum)

Atherton

Fees Included in Calculation:

- Permit Fee
- Plan Check Fee
- Strong Motion Fee
- Road Impact Fee
- Business Tax

Attachment 5

ATKINSON • FARASYN, LLP

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J.M. ATKINSON (1892-1982)
L.M. FARASYN (1915-1979)

MEMORANDUM

TO: Honorable Mayor and City Councilmembers, Town of Atherton
FROM: City Attorney
RE: Requirement for Fees to be Reasonably Related to Costs Incurred
DATE: September 1, 2004

The requirement for a connection between a fee imposed for services provided by the Town to be reasonably related to costs incurred for providing that service is set out in state statutes and confirmed by the courts. The fee may not exceed the estimated reasonable cost of providing the service or facility for which the fee is charged. A fee which does exceed such cost may be considered a special tax. Carlsbad Municipal Water Dist. v. QLC Corp. (1992) 2 Cal.App.4th 479, 485; City of Dublin v. County of Alameda (1993) 154 Cal.App.4th 264, 281.

Government Code section 66016(a) specifically provides that "unless there has been voter approval as prescribed by section 66013 or 66014, no local agency shall levy a new fee or service charge or increase an existing fee or service charge to an amount which exceeds the estimated amount required to provide the service for which the fee or service charge is levied." Fees must be reasonable, fair and equitable in nature and proportionately representative of the costs incurred by the regulatory agency. Associated Homebuilders of the Greater East Bay v. City of Livermore (1961) 56 Cal.2d 847; United Business Commission v. City of San Diego (1979) 91 Cal.App.3d 156, 165.

In fixing the fee, it is proper and reasonable to take into account not only the expense merely of direct regulation, but all the incidental consequences that may be likely to subject the public to cost. Thus, it is proper when setting building permit fees to make provisions to recover proportionate compensation of City Staff members processing the permits, and costs of providing the office space in which the Staff members work, telephone expenses, office supplies, etc. Commission v. City of San Diego above at page 166.

Respectfully,

Marc G. Hynes, City Attorney

MGH:cwb
cc: City Manager
Finance Director