

TOWN OF LOS GATOS
ANNUAL STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES
JUNE 30, 2025

Traffic Impact Mitigation Fee:

The Traffic Impact Mitigation Fee assures that each new development or expansion of use pays its fair share of the transportation improvements needed to accommodate the cumulative traffic impacts. The fee, \$1,104 per new average daily trip generated, is paid in full to the Town Building Department prior to issuance of the building permit for new development or expansion of use. The collected fee is held in the Traffic Mitigation Fee Fund. The Traffic Mitigation Fund should be used solely to fund transportation improvement projects related to mitigating the impacts of new development. The funds cannot be used for routine repairs or maintenance. There is a reasonable relationship between the Traffic Mitigation Fee and its purpose because the fee does not exceed the Town's costs of constructing traffic facilities to serve new developments and the fee will be used solely for that purpose.

TRAFFIC IMPACT MITIGATION FEES FUND (Fund 471)

Beginning Cash Balance (07/01/2024)	\$3,852,505
Source of Funds	
Fees Collected FY 2024-25	10,431
Interest Earned FY 2024-25	166,990
Total Source of Funds	\$4,029,927
Use of Funds	
Capital Outlay:	
Shannon Road Ped & Bikeway Improvements (5% of the Project's Estimated Life-Time Cost)	221,582
Traffic Signal Modernization (50% of the Project's Estimated Life-Time Cost)	1,250
<i>Completed - August 2024</i>	
Total Use of Funds	\$222,832
Project Expenses Incurred in FY 2023-24, Paid in July of FY 2024-25 (Traffic Signal Modernization)	(29,571)
Project Expenses Incurred in FY 2024-25, Paid in July of FY 2025-26	-
Ending Cash Balance (06/30/2025)	\$3,777,524
Current and Projects Anticipated to Commence in FY 2024-25 and FY 2025-26	-
Future Projects	7,916,000
Total Future Project Spending*	\$7,916,000
Current Funding Shortfall	(\$4,138,476)

* See support below for details

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Future Projects
Traffic Impact Mitigation Fees

Project	CIP (Y/N)	Estimated Start Year	Total Project Costs	%Funded with Fee Revenue	Amount Funded with Fee Revenue	Other Funding Sources
Highway 17 Bicycle & Pedestrian Bridge—Construction	Y	2027	\$ 29,000,000	3%	\$ 1,000,000	[1]
Kennedy Sidewalk & Bike Lanes - LGBto Englewood	Y	2027	\$ 3,389,360	44%	\$ 1,500,000	[1]
Traffic Modernization	Y	2027	\$ 30,000,999	3%	\$ 1,000,000	[1]
Parking Program Implementation	Y	2027	\$ 416,000	100%	\$ 416,000	none
State Highway Congestion Relief	Y	2030	\$ 171,600,000	2%	\$ 3,000,000	[1]
Bicycle and Pedestrian Improvements	Y	On-Going	\$ 1,060,123	94%	\$ 1,000,000	[1]
Totals			\$ 235,466,482		\$ 7,916,000	

[1] Town, Measure B, Gas Tax, Grants

Construction Impact Activity Fee:

The Construction Impact Activity Fee is assessed on construction projects based on the square foot size of the project at a rate of \$1.51 per square foot. These fees are intended to recover the damage caused to Town streets by construction traffic. The collected fee is held in the General Fund Appropriated Reserves Fund. The purpose of the fee is to fund repairs to Town streets caused by the impacts of construction vehicle traffic. There is a reasonable relationship between this fee and its purpose because the fee does not exceed the Town's costs of addressing the impacts of construction vehicles and the fee will be used to mitigate those impacts by repairing damage to Town streets caused by construction vehicles.

CONSTRUCTION IMPACT ACTIVITY FEE (4118011-42531/42532/42533)

Beginning Cash Balance (07/01/2024)	\$ -
Source of Funds	
Fees Collected FY 2024-25	158,733
Interest Earned FY 2024-25 (Funds expended upon receipt)	-
Total Source of Funds	\$158,733
Use of Funds	
Business Services Charges	-
Capital Outlay:	
Street Repair and Resurfacing Project FY 2024-25	158,733
(FY 2024-25 Fees Collected Cover 8.2% of the total FY 2024-25 Expenditures of \$1,936,863)	
Total Use of Funds	\$158,733
Ending Cash Balance (06/30/2025)	\$ -
Current and Projects Anticipated to Commence in FY 2024-25 and FY 2025-26	908,169
Future Projects	-
Total Future Project Spending*	\$908,169
Current Funding Shortfall	(\$908,169)

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Current and Projects Anticipated to Commence in FY 2024-25 and FY 2025-26
Construction Impact Fee

Project	CP (Y/N)	Estimated Start Year	Estimated Project Completion Date	Total Project Costs	%Funded with Fee Revenue (1)	Amount Funded with Fee Revenue	Fee Revenue Remaining to Pay	Other Funding Sources
Street Repair and Resurfacing Project	Y	Ongoing	Ongoing	\$ 11,081,991	8%	\$ 908,169	\$ 908,169	VRF, Gas Tax

(1) Percentage is based the actual funding percentage for the current fiscal year

Storm Drainage Fee:

The Town collects revenue from building/grading permits into its Storm Drain Fund with an established charge of \$2.00 per square foot of new impervious surface. For phased development projects, the Town collects the fee based on acreage/units. The fees include (1) Single Family Lots at \$5,182/ac, (2) an initial unit of a multiple family dwelling (MFD) at \$5,182/ac, (3) subsequent MFD units at \$194.00/unit (Not to exceed \$5,351.00/ac), and (4) Commercial, Industrial, hospitals, churches, schools, and others at \$6,481.00/ac. This fee produces approximately \$100,000 in revenue annually, depending on development activity. The collected fee is held in three Storm Drain capital project funds and is used for storm water drainage projects. The purpose is to provide new and expanded storm drain facilities and infrastructure that will serve new development. There is a reasonable relationship between the fee and the purpose for which it is used because the storm drain basin fee does not exceed the City's costs of providing storm drain facilities to serve new development and the fee will be used for that purpose.

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STORM DRAIN BASIN FEE (Funds 461/462/463)

Beginning Cash Balance (07/01/2024)	\$3,531,248
Source of Funds	
Fees Collected FY 2024-25	97,939
Interest Earned FY 2024-25	146,669
Total Source of Funds	\$3,775,856
Use of Funds	
Annual Storm Drain Improvement Project (100% of the Project's Estimated Life-Time Cost)	41,397
709 University Avenue Drainage System Replacement (100% of the Project's Estimated Life-Time Cost)	1,508
Storm Drainage Mapping (72% of the Project's Estimated Life-Time Cost)	260,001
Shannon Road Pedestrian and Bikeway Improvements (24% of the Project's Estimated Life-Time Cost)	647,717
Total Use of Funds	\$950,623
Project Expenses Incurred in FY 2023-24, Paid in July of FY 2024-25	-
Project Expenses Incurred in FY 2024-25, Paid in July of FY 2025-26 (Annual Storm Drain Improvement Project; 709 University Avenue Drainage System Replacement; Shannon Road Pedestrian and Bikeway)	280,661
Ending Cash Balance (06/30/2025)	\$3,105,894
Current and Projects Anticipated to Commence in FY 2024-25 and FY 2025-26	2,161,275
Future Projects	2,000,000
Total Future Project Spending*	\$4,161,275
Current Funding Shortfall	(\$1,055,381)

* See support below for details

Current and Projects Anticipated to Commence in FY 2024-25 and FY 2025-26

Storm Drainage Fee

Project	QIP (Y/N)	Estimated Start Year	Estimated Project Completion Date	Total Project Costs	%Funded with Fee Revenue	Amount Funded with Fee Revenue	Amount Remaining to Pay Fee Revenue	Other Funding Sources
Annual Storm Drain Improvement Project	Y	Ongoing	Ongoing	\$ 543,400	100%	\$ 543,400	\$ 244,689	none
709 University Avenue Drainage System Replacement	Y	2026	2027	\$ 300,000	100%	\$ 300,000	\$ 299,897	none
Shannon Road Pedestrian and Bikeway Improvements	Y	2025	2026	\$ 2,706,944	24%	\$ 647,717	\$ 245,389	Town, TIF, OBAG Grant,
Loma Street Drainage - Study	Y	2026	2027	\$ 846,300	100%	\$ 846,300	\$ 846,300	TFCA Grant
Storm Drainage Mapping	Y	2025	2026	\$ 675,001	72%	\$ 485,001	\$ 225,000	Town
Vasona Oaks Drainage Improvement Project	Y	2025	2027	\$ 300,000	100%	\$ 300,000	\$ 300,000	none
Totals				\$ 5,371,645		\$ 3,122,418	\$ 2,161,275	

Future Projects

Storm Drainage Fee

Project	QIP (Y/N)	Estimated Start Year	Total Project Costs	%Funded with Fee Revenue	Amount Funded with Fee Revenue	Other Funding Sources
Loma Street Drainage - Design and Construction	Y	2027	\$ 2,000,000	100%	\$ 2,000,000	none

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Below-Market Priced (BMP) Housing Program In-Lieu Fee:

BMP In-Lieu Fees are collected from residential development projects with five (5) or more units when the construction of the BMP unit is impractical or there are unusual circumstances that make the construction of the unit inconsistent with Town policy. The required in-lieu fee is to be paid to the Town prior to issuance of the certificate of occupancy. The BMP In-Lieu Fee is equal to the amount of six (6) percent of the building permit valuation for the entire project. The collected fees are held in the General Fund BMP Housing liability account and are restricted to be used solely for BMP Housing Program activities. The purpose of the fee is to provide affordable housing for Los Gatos residents, regardless of age, income, race, or ethnic background. There is a reasonable relationship between the fee and the purpose for which it is charged because new market rate housing is required by the City's Zoning Code to provide a certain percentage of affordable units, and if a project does not provide those units, the fee revenues are used to create the affordable units on the project's behalf.

BELOW-MARKET PRICED HOUSING PROGRAM IN-LIEU FEES (111-23521)

Beginning Cash Balance (07/01/2024)	\$3,923,343
Source of Funds	
Fees Collected FY 2024-25	115,713
Service Charges FY 2024-25	79,381
Interest Earned FY 2024-25	173,086
BMP Land Held for Resale - Sold	344,338
Total Source of Funds	\$4,635,861
Use of Funds	
BMP Program Maintenance Expenses (100% of FY 2024-25 Expenditures)	245,332
BMP Unit Monitoring and Compliance (100% of FY 2024-25 Expenditures)	23,000
Total Use of Funds	\$268,332
Ending Cash Balance (06/30/2025)	\$4,367,529
Unavailable Sources	
Land Held for Resale	-
Total Cash Balance and Unavailable Sources	\$4,367,529
Future Projects (All Projects 100% Funded by Fees)	
Low and Moderate Income Housing (Ongoing Project - Total Based on 5 years of Estimated Costs)	3,100,000
Reacquisition of Distressed/Foreclosed Properties	700,000
(Project Funded as Needed - Total Based on 5 years of Estimated Costs)	
House Keys Program Maintenance Services (Total Based on 5 years of \$120,000 Annual Costs)	600,000
Total Future Projects	\$4,400,000
Current Funding Shortfall	(\$32,471)

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Public Art In-Lieu Fee:

Los Gatos Public Art In-Lieu Fees are collected In lieu of installation of on-site public art, the developer may elect to make a monetary contribution to the Los Gatos Public Arts Fund. The Public In-Lieu Fee is equal to the amount of one (1) percent of the construction valuation for the entire project. Public Art In-Lieu Fee app to all new commercial developments (including mixed use projects), including new construction, and additions and remodels that add more than fifty (50) percent square footage; and all new residential projects of three (3) or more units, including new construction, and additions and remodels that add more than fifty (50) percent square footage. A developer who elects to satisfy the requirements of this Chapter through a contribution to the Fund must complete the payment in-lieu prior to the issuance of any building permit for the development project. The Los Gatos Public Art Funds may be used for the following purposes, including: acquisition, placement, maintenance, and promotion of temporary and permanent art and art programs, including visual or performing arts, as approved by the Arts and Culture Commission, on or in Town owned, public property throughout the Town. Art works acquired through the Public Art Fund shall be owned by the Town of Los Gatos and generally made accessible to the public. There is a reasonable relationship between the fee and its purpose because the fee does not exceed the amount new projects are required to spend on public art and the fee will be used to provide public art on behalf of the projects that pay the fee.

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PUBLIC ART FEE (111-23514)

Beginning Cash Balance (07/01/2024)	\$24,328
Source of Funds	
Interest Earned FY 2024-25	1,064
Total Source of Funds	\$25,392
Use of Funds	
	-
Total Use of Funds	\$ -
Ending Cash Balance (06/30/2025)	\$25,392
Future Projects	
Forbes Mill Footbridge Children's Art (FY 2025-26 Project Start Date, 100% of the Project's Estimated Life-Time Cost)	9,500
Installation of On-site Public Art (When Project is Created, Fee Percentage Dependent on Project)	15,892
Total Future Projects	\$25,392
Current Funding	\$ -

Other Required Disclosures:

As required by law, no inter-fund (loans/transfers) were made during the reporting period and no refund were necessary as all fees collected have a current funding short fall status as presented in the Annual Status Report.