



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** PUBLIC WORKS

**File #:** 23-201

Board Meeting Date: 3/28/2023

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Ann M. Stillman, Director of Public Works

**Subject:** Countywide Mitigation Fees for County Public Road Reconstruction and Adjustment of Fees for Calendar Year 2023

### **RECOMMENDATION:**

Adopt a resolution:

- A) Accepting the summary report on countywide Impact Mitigation Fees through December 31, 2022; and
- B) Authorizing a mitigation fee increase of 5.3 percent on building permits and subdivision applications for new residential, commercial, and industrial developments for calendar year 2023, computed on the base rates specified in Section 2.53.030 of the San Mateo County Ordinance, as adjusted in 2022.

### **BACKGROUND:**

This Board instituted mitigation fees in 1991 as a means of having developers of property contribute funds to construct and reconstruct County roads and drainage facilities that are impacted by their development. The enabling legislation, California Government Code Sections 66484, et seq., requires that funds be used in the same areas (zones) where funds are collected. The Ordinance adopted by this Board in 1990 (No. 3277), which established mitigation fees, also established the various zones in the County, and:

- 1. Requires that a report on the status of the mitigation fees by zone be prepared each year; and
- 2. Allows for adjustments in the mitigation fees based on the change in the Construction Cost Index as published by the Engineering News Record.

### **DISCUSSION:**

The fees as established use the residential fee as the base. Commercial and industrial fees are calculated as multiples of the residential fee, based on the type of use of the property, except for the "Commercial - Self Storage" fee, which was established in 1999. The Ordinance provides for

adjusting the mitigation fee based on the percentage change in the Engineering News Record Construction Cost Index for the San Francisco area as of January 1<sup>st</sup> for the preceding 12 months. As of January 2023, the Construction Cost Index has increased by 134 percent since the inception of the fees in 1991. From January 2022 to December 2022, the Construction Cost Index increased by 5.3 percent. The Department of Public Works (Department), therefore, recommends the base residential, industrial, and commercial fees be increased by 5.3 percent per square foot of assessable space as summarized below:

Type	Initial Fee	2022 Fee	Proposed 2023 Fee	Percentage Increase
Residential	\$1.00	\$2.44	\$2.57	5.3%
Industrial	\$1.00	\$2.44	\$2.57	5.3%
Commercial – Self Storage	\$0.80	\$1.92	\$2.02	5.3%
Commercial- Lodging	\$1.00	\$2.44	\$2.57	5.3%
Commercial- Retail	\$2.00	\$4.84	\$5.10	5.3%
Commercial- Office	\$2.00	\$4.84	\$5.10	5.3%

A summary of countywide Road Mitigation fees and interest collected from 1991 through 2022, from the seven areas of benefit, are included as Attachment A. Attachment B describes each of the seven areas of benefit.

County Attorney has reviewed and approved the resolution as to form.

**FISCAL IMPACT:**

The County anticipates receiving approximately \$730,000 in mitigation fee revenue in 2023. Specific projects will be recommended for funding with Mitigation fee revenue through the normal budget process. There is no impact to the General Fund.

Attachments:

- A. Summary of Mitigation Fees through December 31, 2022
- B. Description of Areas of Benefit for Mitigation Fees