



County of San Mateo

Inter-Departmental Correspondence

Department: PUBLIC WORKS

File #: 18-256

Board Meeting Date: 3/27/2018

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: James C. Porter, Director of Public Works

Subject: County-wide Mitigation Fees for County Public Road Reconstruction and Adjustment of Fees for Calendar Year 2018

RECOMMENDATION:

Adopt a resolution:

- A) Accepting the summary report on County-wide mitigation fees through December 31, 2017;
and
- B) Authorizing an increase of 3.5 percent (3.5%) on building permits and subdivision applications for new residential, commercial and industrial developments for calendar year 2018, computed on the base rates specified in Section 2.53.030 of the San Mateo County Ordinance, as adjusted in 2017.

BACKGROUND:

Your 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 your 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, with the

exception of 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 1st for the preceding twelve (12) months. As of January 2018, the Construction Cost Index has increased by ninety-three percent (93%) since the inception of the fees in 1991. From January 2017 to December 2017, the Construction Cost Index increased by 3.5 percent. The Department of Public Works (Department), therefore, recommends the base residential fee be increased by 3.5 percent (3.5%) to \$2.06 per square foot of assessable space, and the Commercial - Self Storage fee be increased to \$1.62 per square foot of assessable space. The following is a summary of recommended fees:

Type	Initial Fee	2017 Fee	Proposed 2018 Fee	Percentage Increase 2017-2018
Residential	\$1.00	\$1.99	\$2.06	3.5%
Industrial	\$1.00	\$1.99	\$2.06	3.5%
Commercial - Self Storage	\$0.80	\$1.57	\$1.62	3.5%
Commercial- Lodging	\$1.00	\$1.99	\$2.06	3.5%
Commercial- Rental	\$2.00	\$3.95	\$4.09	3.5%
Commercial- Office	\$2.00	\$3.95	\$4.09	3.5%

A summary of County-wide Road Mitigation fees collected, together with interest, over the last eleven years from January 2007 to December 2017, from the seven areas of benefit are included as Attachment A. Attachment B describes each of the seven areas of benefit.

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

Approval of this action contributes to the Shared Vision 2025 outcome of a Livable Community by collecting mitigation fees to support funding for the reconstruction of roads and drainage facilities that are a benefit to residents and the community.

FISCAL IMPACT:

The County anticipates receiving approximately \$540,000 in total mitigation fee revenue in 2018.

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, 2017
 B. Description of Areas of Benefit for Mitigation Fees