

**City of Foster City/Estero Municipal Improvement District
Annual Development Impact Fee and Capacity Fee Report
Fiscal Year Ended June 30, 2024**

The California Mitigation Fee Act (California Government Code Section 66000 et seq.) mandates procedures for administration of impact fee programs, including collection and accounting, reporting, and refunds. Regarding the reporting requirements, the Mitigation Fee Act requires annual reporting to provide information about each impact fee fund under Government Code Section 66006 (b), and a separate five-year reporting to make findings for any fee revenue that remains unexpended under Government Code Section 66001 (d).

This annual development impact fee report meets the City of Foster City and the Estero Municipal Improvement District’s (City/District)’s annual development impact fees reporting requirement. The City/District currently assesses six development impact fees: Water Connection Fee, Sewer Connection Fee, Affordable Housing Commercial Linkage Fee, Park Facilities Impact Fee, Public Safety Impact Fee, and Transportation Impact Fee.

Water Connection Fee

Water Connection Fee is a type of capacity fee that public agencies may impose as a condition of development under the authority of California Government Code Section 66000 et seq, the Mitigation Fee Act. The purpose of the fee is to ensure that development pays its fair share of the costs associated with providing system capacity. The connection fee is charged at the time of the building permit is issued, and it is based on the size of the service connection, which is a direct measure of the cost of the facilities and the capacity provided by those facilities. The fees collected will be used to pay for existing and future public facilities that provide water capacity, supply, and infrastructure to serve new connections.

Water Connection Fee Schedule Fiscal Year 2023-2024	
Meter Size	Fees
3/4 “	\$12,188
1 “	\$20,355
1 1/2”	\$48,753
2 “	\$64,965
3 “	\$142,240
4 “	\$255,959
6 “	\$568,837
8 “	\$975,081

The following table shows the revenues and expenditures activities of water connection fees and the capital projects funded by the fee.

**Water Connection Fee
Revenues and Expenditures Schedule
For the Fiscal Years Ended June 30**

Fiscal Year Ended June 30,	2020	2021	2022	2023	2024
BEGINNING BALANCE	\$ 180,659	\$ -	\$ 678,698	\$ 1,125,686	\$ 1,206,901
REVENUES:					
Water Connection Fees	-	977,278	443,541	46,433	-
Interest Income	3,221	2,779	3,447	34,782	49,158
Total revenues	<u>3,221</u>	<u>980,057</u>	<u>446,988</u>	<u>81,215</u>	<u>49,158</u>
EXPENDITURES:					
Capital Projects:					
Water System Improvements & Valve Replacements (CIP#636)	183,880	159,287	-	-	-
Water Tank Improvements Project (CIP#660)	-	142,072	-	-	1,100,000
Total expenditures	<u>183,880</u>	<u>301,359</u>	<u>-</u>	<u>-</u>	<u>1,100,000</u>
REVENUES OVER(UNDER) EXPENDITURES	<u>(180,659)</u>	<u>678,698</u>	<u>446,988</u>	<u>81,215</u>	<u>(1,050,842)</u>
ENDING BALANCE	<u>\$ -</u>	<u>\$ 678,698</u>	<u>\$ 1,125,686</u>	<u>\$ 1,206,901</u>	<u>\$ 156,059</u>

Projects Funded by Water Connection Fee for the Fiscal Year Ended June 30, 2024

Project No.	Project Name	FY 2023-2024 Total Expenditure (All Funding Sources)	FY2023-2024 Connection Fee Expended	% of Expenditures Funded with Connection Fee	Project Completed? (Y/N)
405-660	Water Tank Improvements Project	\$ 1,576,986	\$ 1,100,000	70%	N - in progress

In FY 2023-2024, there were no interfund transfers, loans, or refunds made from the fund, and the unexpended fund balance of the water connection is \$156,059. The fund balance and continued collection of water connection fees will be utilized to fund projects related to the water system improvements and ongoing maintenance of existing facilities. The City/District has programmed \$100,000 in Water Connection Fees toward the completion of a Water Main Condition Assessment in the FY 2024-2025 Capital Improvement Plan budget.

Sewer Connection Fee

Sewer Connection Fee is a type of capacity fee that public agencies may impose as a condition of development under the authority of California Government Code Section 66000 et seq, the Mitigation Fee Act. The purpose of the fee is to recover an equitable share of costs for capacity in facilities needed to provide sewer services. New development connecting to the City of Foster City's sewer system is charged at the time of the building permit is issued. The connection fee is based on the reasonable cost of capacity per service connection. The reasonable cost is derived

based on the value of facilities that provide capacity for growth. The sewer connection fees are charged based on per Equivalent Dwelling Unit (EDU). Single family and multi family connections are charged per EDU based on the number of dwelling units. Commercial customers are charged per EDU based on their estimated indoor water use and a strength factor for low, medium, and high strength sewer discharge. The fees collected will be used by the City/District to pay for existing and future facilities that provide capacity to serve future connections.

Sewer/Wastewater Connection Fee Schedule Fiscal Year 2023-2024		
Customer Class	Fees	Unit
Single Family	\$8,525.00	Per Dwelling Unit
Multi Family	\$5,328.00	Per Dwelling Unit
Commercial	\$8,525.00	Per Equivalent Dwelling Unit

The following table shows the revenues and expenditures activities of sewer connection fees and the capital projects funded by the fee.

Sewer Connection Fee Revenues and Expenditures Schedule For the Fiscal Years Ended June 30					
Fiscal Year Ended June 30,	2020	2021	2022	2023	2024
BEGINNING BALANCE	\$ -	\$ -	\$ 147,971	\$ 329,365	\$ 347,530
REVENUES:					
Sewer Connection Fees	-	482,551	180,449	8,120	-
Interest Income	-	1,234	945	10,046	16,015
Total revenues	-	483,785	181,394	18,166	16,015
EXPENDITURES:					
Capital Projects:					
Sewer System Rehab-Force Main, Gravity Mains & Manholes 2011/2012 (CIP#611)	-	146,590	-	-	-
Sanitary Sewer Lift Station Improvement Project Phase 5 (CIP#626)	-	83,089	-	-	-
Lift Station 59 Effluent Line Improvements (CIP#695)	-	49,773	-	-	-
Sanitary Sewer System Improvements (CIP#696)	-	56,362	-	-	-
Total expenditures	-	335,814	-	-	-
REVENUES OVER(UNDER) EXPENDITURES	-	147,971	181,394	18,166	16,015
ENDING BALANCE	\$ -	\$ 147,971	\$ 329,365	\$ 347,530	\$ 363,545

In FY 2023-2024, there were no projects funded by sewer connection fees, and there were no interfund transfers, loans or refunds made from the fund, and the unexpended fund balance of the sewer connection is \$363,545. The fund balance and continued collection of sewer connection fees will be utilized to fund the projects related to the sewer system improvements and ongoing maintenance and operations of existing facilities. The City/District has not programmed any projects funded by sewer connection fees in the FY 2024-2025 Capital Improvement Plan budget.

Affordable Housing Commercial Linkage Fee

Affordable Housing Commercial Linkage Fee is the fee paid by developers of commercial development projects to mitigate the impacts that such developments have on the demand for affordable housing in the City/District. The purpose of the affordable housing linkage fee is to enhance the public welfare by imposing a fee whereby developers of commercial development projects will mitigate the impacts of their projects on the need for affordable housing by contribution to the supply of housing for households with very low, low, and moderate incomes. The affordable housing fund will provide benefits to the community from new commercial development in the form of affordable housing, thereby helping to meet the needs of all socio-economic elements of the community as provided in the housing element.

Affordable Housing Commercial Linkage Fee (Nonresidential Development Projects) Schedule Fiscal Year 2023-2024	
Category	Fee per Square Foot of Net New Gross Floor Area (effective starting 8/20/2022)
Office (including Medical Office)	\$30
Retail (including Restaurant and Services)	\$5
Industrial (including Research & Development)	\$30
Hotel (effective starting 8/20/2022)	\$10

The following table shows the revenues and expenditures activities of commercial linkage fees.

Affordable Housing Commercial Linkage Fee
Revenues and Expenditures Schedule
For the Fiscal Years Ended June 30

Fiscal Year Ended June 30,	2021	2022	2023	2024
BEGINNING BALANCE	\$ -	\$ 568,915	\$ 571,506	\$ 588,599
REVENUES:				
Commercial Linkage Fees	567,683	-	-	4,789,410
Interest Income	1,232	2,591	17,093	99,074
Total revenues	<u>568,915</u>	<u>2,591</u>	<u>17,093</u>	<u>4,888,484</u>
EXPENDITURES:				
Housing Projects Expenditures	-	-	-	9,909
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,909</u>
REVENUES OVER(UNDER) EXPENDITURES	<u>568,915</u>	<u>2,591</u>	<u>17,093</u>	<u>4,878,575</u>
ENDING BALANCE	<u>\$ 568,915</u>	<u>\$ 571,506</u>	<u>\$ 588,599</u>	<u>\$ 5,467,174</u>

The above-noted expenditures of \$9,909 represent 5% of the total program cost of \$187,427 for the administrative-related tasks for city-owned and privately owned Below-Market-Rate (BMR) units. In FY 2023-2024, there were no interfund transfers, loans, or refunds made from the fund, and the unexpended fund balance of the commercial linkage was \$5,467,174. The fund balance and continued collection of commercial linkage fees will be used to provide housing affordable to very low income, lower income, and moderate-income households in the City, consistent with the goals and policies contained in the City’s housing element and the purposes for which the fees were collected.

Park Facilities Impact Fee

The park facilities impact fee is a type of development fee that public agencies may impose as a condition of development under the authority of California Government Code Section 66000 et seq, the Mitigation Fee Act. The purpose of the fee is to fund the creation and improvement of Park Facilities, including, but not limited to, the planning, designing, developing, and improving of existing and newly acquired Park Facilities related to new development and ensure that new development pays for its share of park and recreational facilities.

Parks Facilities Impact Fee Schedule	
Fiscal Year 2023-2024	
(effective starting 8/20/2022)	
Residential Development Projects (per unit)	
Single Family Residential	\$14,926
Multifamily Residential	\$11,639
Non-Residential Development Projects (per Sq. Ft.)	
Office	\$6.24
Retail	\$2.35
Industrial	\$3.51
Hotel	\$2.14

The following table shows the revenues and expenditures activities of parks facilities impact fee.

Park Facilities Impact Fee Revenues and Expenditures Schedule For the Fiscal Years Ended June 30	
Fiscal Year Ended June 30,	2024
BEGINNING BALANCE	\$ -
REVENUES:	
Park Facilities Impact Fees	560,361
Interest Income	8,437
Total revenues	<u>568,798</u>
EXPENDITURES:	
Park Facilities Expenditures	-
Total expenditures	<u>-</u>
REVENUES OVER(UNDER) EXPENDITURES	<u>568,798</u>
ENDING BALANCE	<u>\$ 568,798</u>

In FY 2023-2024, there were no projects funded by park facilities impact fees, and there were no interfund transfers, loans, or refunds made from the fund, and the unexpended fund balance of the park facility impact fee was \$568,798. The fund balance and continued collection of park facility impact fees will be utilized to fund the projects related to the expansion of park capacity in Foster City as allowed by law. The City/District has programmed \$560,300 in park facility impact fees toward the Recreation Center Rebuild Project in the FY 2024-2025 Capital Improvement Plan budget.

Public Safety Impact Fee

The public safety impact fee is a type of development fee that public agencies may impose as a condition of development under the authority of California Government Code Section 66000 et seq, the Mitigation Fee Act. The purpose of the fee is to fund public safety facilities by providing adequate levels of police and fire facility improvements, vehicles, and other equipment necessary for adequate police and fire service provision related to new development.

Public Safety Impact Fee Schedule	
Fiscal Year 2023-2024	
<small>(effective starting 8/20/2022)</small>	
Residential Development Projects (per unit)	
Single Family Residential	\$1,594
Multifamily Residential	\$1,243
Non-Residential Development Projects (per Sq. Ft.)	
Office	\$1.14
Retail	\$0.64
Industrial	\$0.38
Hotel	\$0.23

The following table shows the revenues and expenditures activities of public safety impact fee.

Public Safety Impact Fee
Revenues and Expenditures Schedule
For the Fiscal Years Ended June 30

Fiscal Year Ended June 30,	2024
BEGINNING BALANCE	\$ -
REVENUES:	
Public Safety Impact Fees	60,666
Interest Income	914
Total revenues	61,580
EXPENDITURES:	
Public Safety Expenditures	-
Total expenditures	-
REVENUES OVER(UNDER) EXPENDITURES	61,580
ENDING BALANCE	\$ 61,580

In FY 2023-2024, there were no projects funded by public safety impact fees, and there were no interfund transfers, loans, or refunds made from the fund, and the unexpended fund balance of

the public safety impact fee was \$61,580. The fund balance and continued collection of public safety impact fee will be used to fund police capital facilities and equipment and vehicles necessary to accommodate growth. The City/District has not programmed any projects funded by the public safety impact fee in the FY 2024-2025 budget.

Transportation Impact Fee

The transportation impact fee is a type of development fee that public agencies may impose as a condition of development under the authority of California Government Code Section 66000 et seq, the Mitigation Fee Act. The purpose of the fee is to fund the planning, design, development, and construction of Transportation Facilities related to New Development and ensure that New Development pays for its fair share of Transportation Facilities.

Transportation Impact Fee Schedule Fiscal Year 2023-2024 (effective starting 8/20/2022)	
Residential Development Projects (per unit)	
Single Family Residential	\$2,123
Multifamily Residential	\$1,656
Non-Residential Development Projects (per Sq. Ft.)	
Office	\$3.62
Retail	\$2.01
Industrial	\$1.19
Hotel	\$0.72

The following table shows the revenues and expenditures activities of transportation impact fee.

Transportation Impact Fee
 Revenues and Expenditures Schedule
 For the Fiscal Years Ended June 30

Fiscal Year Ended June 30,	2024
BEGINNING BALANCE	\$ -
REVENUES:	
Transportation Impact Fees	189,980
Interest Income	2,860
Total revenues	192,840
EXPENDITURES:	
Transportation Expenditures	-
Total expenditures	-
REVENUES OVER(UNDER) EXPENDITURES	192,840
ENDING BALANCE	\$ 192,840

In FY 2023-2024, there were no projects funded by transportation impact fees, and there were no interfund transfers, loans, or refunds made from the fund, and the unexpended fund balance of the transportation impact fee was \$192,840. The fund balance and continued collection of transportation impact fee will be used to fund transportation system capacity as allowed by law. The City/District has not programmed any projects funded by transportation impact fees in the FY 2024-2025 Capital Improvement Plan budget.