ANNUAL REPORT

Receipt and Use of Development Impact Fees, In-Lieu Fees, Linkage Fees and Wastewater Capacity Charges

Introduction

The following report provides a summary of the receipt and use of development impact fees, in-lieu fees, linkage fees and wastewater capacity charges for the fiscal year ending June 30, 2026. The City is required each year within 180 days of the end of the fiscal year to provide this information to the public and present this report to the City Council. Four main types of fees are included in the annual report. Although not all of the fees included are subject to the same procedural requirements, the City provides the same receipt and use information for each fee in the report. The annual report complies with requirements of the Mitigation Fee Act and the Quimby Act.

Section I: Development Impact Fees

Wastewater Treatment Plant Phase II Expansion Fee

In April 2005, construction began to increase capacity of the wastewater treatment plant, and construction was substantially completed in the spring of 2009. Funds from the Sewer Enterprise Fund were used to pay for the expansion project. Under a Joint Powers Agreement (JPA), the treatment plant is partially owned by the Estero Municipal Improvement District (Foster City). Based on San Mateo's share of the treatment plant and based on the total projected cost attributable to development based on the 2005 expansion study, the amount that is to be recovered through development fees is $3.52 million in total.

The Wastewater Treatment Plant Phase II Expansion Fee is imposed on all developments that result in a change of use and that add more sewage to the City's sewage treatment system. The fee took effect on July 1, 2006 and will continue to be charged until $3.52 million is collected. Funds collected are transferred annually to the fund balance of the Sewer Enterprise Fund as a repayment to the Fund for the expansion cost.

The following tables show collections in 2025-26, as well as collections to date.

Wastewater Treatment Plant Expansion Impact Fee	**2025-26**
Beginning Balance	$ -
Developer Fees	$ 77,878
Interest Income / (Expense)	$ -
Transfer to Sewer Enterprise Fund	$ (77,878)
Ending Balance	$ -

Collections to Date

Total Developer Fees Collected as of 2025-26	$3,269,701
Total Developer Fees Needed	$3,520,000
Percent (%) Collected	93%

Transportation Improvement Fee

San Mateo Municipal Code Chapter 27.13 establishes a transportation impact fee for new development to fund City-wide traffic improvements to mitigate the cumulative impacts of new development and to accommodate future development. The fee is charged as shown in the 2025-26 Comprehensive Fee Schedule:

Residential		
• Single-family	Per dwelling unit	$7,348.46
• Multi-family	Per dwelling unit	$3,711.23
Commercial and Industrial		
• Retail	Per 1,000 sq. ft.	$29,675.77
• Office	Per 1,000 sq. ft.	$8,952.07
• Industrial	Per 1,000 sq. ft.	$4,910.71
• Hotel	Per Room	$4,673.40
• Institution	Per 1,000 sq. ft.	$3,818.14

The following tables show activities in 2025-26.

Transportation Improvement Fee	**2025-26**
Beginning Balance	$ (1,753,500)
Developer Fees	$ 1,706,084
Interest Income / (Expense)	$ -
Expenditures	$ (681,529)
Expenditure Reclassification	$ -
Ending Balance	$ (728,945)

2025-26 Transportation Improvement Fee	**Total Expended**	**Impact Fees Used**	**% of Total**
Project Expenditures:			
Poplar Avenue / Humboldt Street Signal Modify - Left Turn 460049	$ 457,122	$ 457,806	100%
Citywide Traffic Calming 466600	$ (89,744)	$ ($89,321)	100%
El Camino at Highway 92 Landscape Improv 460037	$ 656,258	$ 214,309	33%
Railroad Ave Wall Enhancement 46r008	$ 108,659	$ 109,113	100%
Traffic Model Update 466601	$ 50,722	$ (10,378)	-20%
Total	$ 1,279,216	$ 681,529	53%

The total ending balance as of the end of fiscal year was $(728,945). The continued collection of the Transportation Improvement Fee will be utilized to restore the fund balance and fund the project(s) listed in Exhibit A.

Park Impact Fee

Under San Mateo Municipal Code Chapter 13.05, a park impact fee is imposed on the construction of new residential units to accommodate the increased demand on park and recreation facilities. The fee is charged as shown in the 2025-26 Comprehensive Fee Schedule:

Per residential unit type:

Single family	$28,627 per unit
Multi-family 2-4 units	$28,140 per unit
Multi-family 5+ units	$20,448 per unit

The following table shows activities in 2025-26.

Park Impact Fee	**2025-26**
Beginning Balance	$ 3,897,031
Prior Year Adjustments	$ -
Developer Fees	$ -
Interest Income / (Expense)	$ 188,420
Expenditures	$ -
Ending Balance	$ 4,085,451

The total ending balance as of the end of fiscal year was $4,085,451. The fund balance and continued collection of the Park Impact Fee will be utilized to fund the project(s) listed in Exhibit A.

Section II: In-Lieu Fees

Parking In-Lieu Fee

San Mateo Municipal Code Chapter 11.62 establishes a parking in-lieu fee for new development to fund additional parking in downtown San Mateo. Applicants for planning approval within the Central Parking Improvement District may pay a fee in lieu of providing required parking on the property site in accordance with Title 27 of the Municipal Code. As shown in the 2025-26 Comprehensive Fee Schedule, the fee is $61,736.40 per space.

The following table shows activities in 2025-26.

Parking In-Lieu Fee	**2025-26**
Beginning Balance	$ 4,314,426
Prior Year Adjustments	$ -
Developer Fees	$ -
Interest Income / (Expense)	$ 100,268
Expenditures	$ (176,201)
Ending Balance	$ 4,238,493

2025-26 Parking In-Lieu Fee	Total Expended	In-Lieu Fees Used	% of Total
Project Expenditures:			
Parking Facility Structural Repairs 46f025	$ 176,201	$ 176,201	100%
Total Expenditures:	$ 176,201	$ 176,201	100%

The total ending balance as of the end of fiscal year was $4,238,493. The fund balance and continued collection of the Parking In-Lieu Fee will be utilized to fund the project(s) listed in Exhibit A.

Art in Public Places Fee

San Mateo Municipal Code Chapter 23.60 establishes a fee on developers in-lieu of placing approved artwork as part of a new development to balance the community's physical growth and revitalization with its cultural and artistic resources. The fee is applicable to commercial and multi-family residential projects exceeding three million dollars in building permit valuation, which is computed using the latest building valuation data as set forth by the International Conference of Building Officials (ICBO) unless, in the opinion of the Building Official, a different valuation measure should be used. As shown in the 2025-26 Comprehensive Fee Schedule, the fee is charged 1.19 percent of total building valuation.

The following table shows activities in 2025-26.

Art in Public Places Fee	2025-26
Beginning Balance	$ 1,023,449
Prior Year Adjustments	$ -
Developer Fees	$ -
Interest Income / (Expense)	$ 23,952
Expenditures	$ (2,101)
Ending Balance	$ 1,045,300

2025-26 Art in Public Places Fee	Total Expended	In-Lieu Fees Used	% of Total
Project Expenditures:			
310330 Art in Public Places	$ 2,101	$ 2,101	100%
Total Expenditures:	$ 2,101	$ 2,101	100%

The total ending balance as of the end of fiscal year was $1,045,300. The fund balance and continued collection of the Art in Public Places Fee will be utilized to fund the project(s) listed in Exhibit A.

Tree Replacement Fee

San Mateo Municipal Code Chapter 27.71 establishes a fee on all development requiring approval of a planning application, except for Single-Family Dwelling Design Review (SFDDR) applications, for the removal of existing trees on development sites. The fee is imposed if the trees to be removed are not made up with replacement trees on-site.

Under San Mateo Municipal Code Chapter 13.35, the City may also impose a fee on any person or entity for removing trees that encroach on City streets. The fee is imposed if the tree(s) to be removed are not replanted with a like tree satisfying City requirements. The fee is to be used by the City for plantings on public land. As shown in the 2025-26 Comprehensive Fee Schedule, effective January 1, 2026, the fee charged is as follows:

Tree Replacement Cost:

24 inch Box Tree	$824 per tree
15 gallon Tree	$515 per tree
36 inch Box Tree	$1,631 per tree
48 inch Box Tree	$3,294 per tree

The following table shows activities in 2025-26.

Tree Replacement Fee	**2025-26**
Beginning Balance	$ 1,742,792
Prior Year Adjustments	$ -
Developer Fees	$ 122,686
Interest Income / (Expense)	$ 37,232
Expenditures	$ (452,319)
Ending Balance	$ 1,450,391

2025-26 Tree Replacement Fee	**Total Expended**	**In-Lieu Fees Used**	**% of Total**
Project Expenditures:			
610008 Tree Planting - Parks Division	$ 452,319	$ 452,319	100%
Total Expenditures:	$ 452,319	$ 452,319	100%

The total ending balance as of the end of fiscal year was $1,742,792. The fund balance and continued collection of the Tree Replacement Fee will be utilized to fund the project(s) listed in Exhibit A.

<u>Below Market Rate Housing Fee</u>

The Below Market Rate Housing Fee, which became effective January 1, 2010 pursuant to City Council Resolution No. 121 (2008), is collected from developers in lieu of constructing affordable housing units onsite as required under the City's Below Market Rate program. The fee applies to developments that contain fewer than 11 residential units, and to fractional unit requirements of less than .5 for developments that contain 11 or more units. The fee is charged as shown in the 2025-26 Comprehensive Fee Schedule:

A. Fractional required units for projects consisting of 11 or more residential units

1. Rental	0.1 housing unit	$34,255
	0.2 housing unit	$68,509
	0.3 housing unit	$102,764
	0.4 housing unit	$137,018

2. Owner	0.1 housing unit	$31,438
	0.2 housing unit	$62,875
	0.3 housing unit	$94,312
	0.4 housing unit	$125,749

B. Requirement for projects less than 11 units

1. Rental	5 unit project	$171,273
	6 unit project	$205,527
	7 unit project	$239,782
	8 unit project	$274,037
	9 unit project	$308,291
	10 unit project	$342,545
2. Owner	5 unit project	$157,187
	6 unit project	$188,624
	7 unit project	$220,062
	8 unit project	$251,498
	9 unit project	$282,936
	10 unit project	$314,373

The following table shows activities in 2025-26.

Below Market Rate Housing Fee	**2025-26**
Beginning Balance	$ 254,281
Developer Fees	$ -
Interest Income / (Expense)	$ -
Expenditures	$ -
Ending Balance	$ 254,281

The total ending balance as of the end of the fiscal year was $254,281. A public improvement project is not currently specified in the five-year plan. The Below Market Rate Housing Fee will continue to be collected to build its fund balance, and potential housing-related projects will be identified as the fund balance reaches an appropriate level.

Park In-Lieu Fee

San Mateo Municipal Code Chapter 26.64 establishes a park in-lieu fee on subdivisions in residential planning application projects. Pursuant to the authority of the Subdivision Map Act, and in conformity with the parks and recreation element of the General Plan, the fee is imposed as a condition of final approval of a subdivision or parcel map for park and recreation facilities to serve the subdivision. The fee is charged as shown in the 2025-26 Comprehensive Fee Schedule:

Per residential unit type:

Single family	$28,627 per unit
Multi-family 2-4 units	$28,140 per unit
Multi-family 5+ units	$20,448 per unit

The following table shows activities in 2025-26.

Park In-Lieu Fee	2025-26
Beginning Balance	$ 14,811,395
Prior Year Adjustments	$ -
Developer Fees	$ (123,713)
Interest Income / (Expense)	$ 223,39
Expenditures	$ (10,074,658)
Ending Balance	$ 4,836,063

2025-26 Park In-Lieu Fee	Total Expended	P&R In-Lieu Used	% of Total
Project Expenditures:			
Central Park 610027	$ 7,548,281	$ 7,546,619	99.9%
Citywide Park Play Area Upgrade 610017	$ 2,431,674	$ 1,982,353	82%
Golf Course - Well Drilling 618278	$ 597,857	$ 382,696	64%
Parks Irrigation Controller Upgrade 610060	$ 112,708	$ 112,708	100%
Ryder Park Water Feature Filtration System 610301	$ 912	$ 912	100%
Shoreview Pickleball Courts 46f019	$ 695	$ 695	100%
Skate Plaza Updates 610038	$ 48,263	$ 48,675	101%
Total Expenditures:	$ 11,108,637	$ 10,074,658	91%

The total ending balance as of the end of the fiscal year was $4,836,063. The fund balance and continued collection of the Park In-Lieu Fee will be utilized to fund the project(s) listed in Exhibit A.

Section III: Linkage Fees

Child Care Development Fee

The Child Care Development Fee, which became effective on July 1, 2004, pursuant to City Council Resolution No. 34 (2004), is collected to mitigate the impact of new development on the need for childcare facilities. The fee is charged as shown in the 2025-26 Comprehensive Fee Schedule:

Per Dwelling unit:	
Single-family	$4,677.29
Multi-family	$3,373.46
Per Sq. Ft.:	
Retail	$0.39
Office	$0.67
Industrial	$0.22
Hotel	$0.14

The following table shows activities in 2025-26.

Child Care Development Fee	2025-26
Beginning Balance	$ 1,421,657
Prior Year Adjustments	$ -
Developer Fees	$ 238,382
Interest Income / (Expense)	$ 34,510
Expenditures	$ (141,618)
Ending Balance	$ 1,552,931

2024-25 Child Care Development Fee	Total Expended	In-Lieu Fees Used	% of Total
Project Expenditures:			
310600 Child Care Facilities	$ 123,818	$ 123,818	100%
610307 Child Care Facilities Improvement	$ 17,800	$ 17,800	100%
Total Expenditures:	$ 141,618	$ 141,618	100%

The total ending balance as of the end of the fiscal year was $1,552,931. The fund balance and continued collection of the Child Care Development Fee will be utilized to fund the project(s) listed in Exhibit A.

Affordable Housing Commercial Linkage Fee

San Mateo Municipal Code Chapter 23.61 establishes an Affordable Housing Commercial Linkage Fee to mitigate the impact that new commercial and office developments have on the demand for affordable housing in the City. The fee is imposed on commercial and office projects over 5,000 sq. ft. and is charged as shown in the 2025-26 Comprehensive Fee Schedule:

Hotels	Per square foot	$13.11
Retail, restaurants, and services	Per square foot	$ 6.55
Office, research & development uses, and medical offices	Per square foot	$32.76

The fee does not apply to public use developments such as hospitals, nonprofit and government facilities, as well as churches, schools, and childcare centers. Developers who enter into written agreements to pay area standard wages to all construction workers on the project are entitled to a 25 percent reduction of the fee. Additionally, developers may provide construction of affordable housing units in lieu of the fee payment. The following table shows activities in 2025-26.

Affordable Housing Commercial Linkage Fee	2025-26
Beginning Balance	$ 3,551,934
Developer Fees	$ 1,090,711
Interest Income / (Expense)	$ 140,550
Loan Repayment Income	$ 514,717
Misc. item	$ (5,498)
Expenditures	$ (100)
Ending Balance	$ 5,292,314

Designated CIP – Bespoke	$	(1,000,000)
Remaining Fund Balance	$	4,292,314

The total ending balance as of the end of the fiscal year was $5,292,314, with $1,000,000 set aside for Bespoke CIP projects, for a remaining balance of $4,292,314. The fund balance and continued collection of the Affordable Housing Commercial Linkage Fee will be utilized to fund the project(s) listed in Exhibit A.

Section IV: Wastewater Capacity Charges

Wastewater Capacity Charge

San Mateo Municipal Code Chapter 7.38.065 establishes a capacity charge for sewer improvements. The fee is imposed on all new developments to recover a proportionate share of costs for existing and future wastewater system facilities and assets from new or expanded connections to the City's wastewater systems. The applicable wastewater capacity charge is determined by use, wastewater flow, and wastewater strength loadings, and became effective on January 15, 2022. Under state law, this capacity charge has similar reporting requirements to impact fees. Exhibit B to this report provides the charges as shown in the 2025-26 Comprehensive Fee Schedule.

The following table shows activities in 2025-26.

Wastewater Capacity Charge	**2025-26**	
Beginning Balance	$	-
Developer Fees	$	333,662
Expenditures	$	-
Ending Balance	$	333,662

The Wastewater Capacity Charges replaced the South Trunk Area Sewer Improvement Fees and the Sewer Connection Fees as of January 15, 2022. However, some development projects entitled prior to this date included a condition of approval (COA) requiring payment of the South Trunk Area Sewer Improvement Fees. As of the end of FY 24-25, all South Trunk Area Sewer Improvement Fees have been spent and no remaining projects have these fees included in their conditions of approval.

The total ending balance as of the end of fiscal year was $333,662. A public improvement project is not currently specified in the five-year plan. Wastewater Capacity Charges will continue to be collected to build fund balance, and potential sewer improvement projects will be identified in future five-year plans.

Exhibit A

City of San Mateo
Public Improvement Project Expenditures Related to the Mitigation Fee Act and Quimby Act
Five-Year Plan

Projects*	Funding Source	Anticipated Expenditure Timeline						Total
		Carryforward Budget Remaining	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	
310330 Art In Public Places	Art in Public Places	1,274,304	-	-	-	-	-	1,274,304
310416 Housing Land Purchase New	Below Market Rate Housing Fee	2,560,924	-	-	-	-	-	2,560,924
310600 Child Care Facilities	Childcare Development Fee	3,135,072	-	-	-	-	-	3,135,072
610307 Childcare Facilities Improvement	Childcare Development Fee	150,000	-	-	-	-	-	150,000
310416 Housing Land Purchase New	Commercial Linkage Fee	4,000,000	-	-	-	-	-	4,000,000
610023 Sports Fields Conversion: Synthetic Turf	Park Impact / Park In-Lieu Fees	340,142	(354,323)	-	-	-	-	(14,181)
610027 Central Park	Park Impact / Park In-Lieu Fees	2,808,829	-	(550,000)	-	-	-	2,258,829
610038 Skate Plaza Updates	Park Impact / Park In-Lieu Fees	370,142	-	-	-	-	-	370,142
610055 Synthetic Field Replacement	Park Impact / Park In-Lieu Fees	-	700,000	-	100,000	2,000,000	600,000	3,400,000
610060 Parks Irrigation Controller Upgrade	Park Impact / Park In-Lieu Fees	(48,792)	80,000	-	-	-	-	31,208
610300 Parkside Aquatic Play Area	Park Impact / Park In-Lieu Fees	1,000,000	-	-	-	-	-	1,000,000
610301 Ryder Park Water Feature Filtration System	Park Impact / Park In-Lieu Fees	49,088	50,000	-	-	-	1,000,000	1,099,088
610306 Japanese Garden Repairs	Park Impact / Park In-Lieu Fees	350,000	-	500,000	250,000	-	-	1,100,000
618278 Golf Course - Well Drilling	Park Impact / Park In-Lieu Fees	(26,269)	-	-	-	-	-	(26,269)
46F019 Shoreview Pickleball Courts	Park Impact / Park In-Lieu Fees	277,555	-	-	-	-	-	277,555
TBD Golf Bunkers	Park Impact / Park In-Lieu Fees	-	400,000	-	-	-	-	400,000
TBD Golf Irrigation Controllers & Mainline	Park Impact / Park In-Lieu Fees	-	-	50,000	-	-	-	50,000
TBD Parks Amenities Assesement	Park Impact / Park In-Lieu Fees	-	-	-	-	1,000,000	-	1,000,000
TBD Trinta Park Playground	Park Impact / Park In-Lieu Fees	-	50,000	500,000	-	-	-	550,000
TBD Laurelwood Park Playground	Park Impact / Park In-Lieu Fees	-	-	50,000	1,000,000	-	-	1,050,000
TBD Washington Park Playground	Park Impact / Park In-Lieu Fees	-	50,000	900,000	-	-	-	950,000
TBD Mlk Jr Park Playground	Park Impact / Park In-Lieu Fees	-	-	75,000	1,000,000	-	-	1,075,000
TBD Central Park Tennis Courts	Park Impact / Park In-Lieu Fees	-	-	200,000	200,000	-	-	400,000
461007 New Downtown Parking Garage	Parking In-Lieu Fee	200,000	-	-	-	-	-	200,000
46F025 Parking Facility Structural Repairs	Parking In-Lieu Fee	228,749	-	-	-	-	-	228,749
460037 El Camino At Highway 92 Landscape Improv	Transportation Improvement Fee	1,796,308	-	-	-	-	-	1,796,308
460049 Poplar Avenue / Humboldt Street Signal Modify - Left Turn	Transportation Improvement Fee	280,144	-	-	-	-	-	280,144
465157 Hillsdale/US 101 Bridge Overcrossing	Transportation Improvement Fee	90,000	-	-	-	-	-	90,000
466600 Citywide Traffic Calming	Transportation Improvement Fee	12,440	-	-	-	-	-	12,440
466601 Traffic Model Update	Transportation Improvement Fee	182,490	-	-	-	-	-	182,490
46R008 Railroad Ave Wall Enhancement	Transportation Improvement Fee	(372,085)	-	-	-	-	-	(372,085)
46R024 Bike San Mateo Program	Transportation Improvement Fee	700,000	-	-	-	-	-	700,000
610008 Tree Planting - Parks Division	Tree Replacement Fee	462,358	175,000	175,000	175,000	175,000	-	1,162,358

* Specific details on each of these projects can be found in the five-year capital improvement program section in the City's 2026-27 Budget, which was adopted by City Council on June 15, 2026.

Exhibit B

City of San Mateo

2025-26 Comprehensive Fee Schedule for Wastewater Capacity Charges

DESCRIPTION OF SERVICES	UNIT	FEE
VI. DEVELOPMENT IMPACT FEES (subject to annual review)		
A. WASTEWATER CAPACITY CHARGE		
1. Residential		
Class A represents all residential uses, a biological oxygen demand of 200mg/L, and a suspended solids measurement of 200mg/L		
a. Single-family	Per Dwelling Unit	$11,772.66
b. Multi-family		
i. Studio & 1 bedroom	Per Dwelling Unit	$5,885.74
ii. 2 bedroom	Per Dwelling Unit	$9,810.36
iii. 3+ bedroom	Per Dwelling Unit	$11,772.66
c. Hotels or motels	Per Room/Apartment	$5,885.74
d. Board or lodging houses	Per Bedroom	$5,885.74
e. Accessory Dwelling Unit	Per Square Foot	$5.88
2. Commercial/Institutional		
The capacity charge for commercial/institutional uses is based on water meter size and wastewater class. *see footnote below for class explanation*		
a. Meter size of up to 3/4 inch		
i. Class B	Per Meter	$11,772.66
ii. Class C	Per Meter	$12,610.46
iii. Class D	Per Meter	$13,888.90
b. Meter size of 1 inch		
i. Class B	Per Meter	$19,620.71
ii. Class C	Per Meter	$21,016.65
iii. Class D	Per Meter	$23,148.16
c. Meter size of 1 inch and 1/2 inch		
i. Class B	Per Meter	$39,241.43
ii. Class C	Per Meter	$42,034.48
iii. Class D	Per Meter	$46,296.33
d. Meter size of 2 inches		
i. Class B	Per Meter	$62,785.58
ii. Class C	Per Meter	$67,254.23
iii. Class D	Per Meter	$74,074.12
e. Meter size of 3 inches		
i. Class B	Per Meter	$117,723.11
ii. Class C	Per Meter	$126,102.27
iii. Class D	Per Meter	$138,887.81
f. Meter size of 4 inches		
i. Class B	Per Meter	$196,204.78
ii. Class C	Per Meter	$210,170.06
iii. Class D	Per Meter	$231,480.47
g. Meter size of 6 inches		
i. Class B	Per Meter	$392,409.56
ii. Class C	Per Meter	$420,341.28
iii. Class D	Per Meter	$462,960.94
h. Meter size of 8 inches		
i. Class B	Per Meter	$627,854.59
ii. Class C	Per Meter	$672,545.82
iii. Class D	Per Meter	$740,737.72
3. Industrial		
The capacity charge for industrial uses is based on estimated wastewater flow and strength.		
a. Flow	Per Gallon Per Day	$91.12
b. Biological Oxygen Demand (BOD)	Per Pound Per Day	$2,201.45
c. Suspended Solids (SS)	Per Pound Per Day	$1,985.01
*Wastewater Class Thresholds •Class B represents standard strength, a biological oxygen demand of 200 mg/L, and a suspended solids measurement of 200 mg/L •Class C represents moderate strength, a biological oxygen demand of 400 mg/L, and a suspended solids measurement of 400 mg/L •Class D represents high strength, a biological oxygen demand of 800 mg/L, and a suspended solids measurement of 600 mg/L		