

**City of Foster City/Estero Municipal Improvement District  
Annual Development Impact Fee and Capacity Fee Report  
Fiscal Year Ended June 30, 2023**

This report serves as the City of Foster City and the Estero Municipal Improvement District’s (City/District) annual report on development impact fees and housing impact fee revenues and expenditures as required by the Government Code Section 66001-66013. The City/District currently assesses six development impact and capacity 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.

<b>Water Connection Fee Schedule Fiscal Year 2022-2023</b>	
<b>Meter Size</b>	<b>Fees</b>
¾ “	\$12,075
1 “	\$20,166
1 ½”	\$48,301
2 “	\$64,360
3 “	\$140,919
4 “	\$253,580
6 “	\$563,550
8 “	\$966,019

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,	2019	2020	2021	2022	2023
<b>BEGINNING BALANCE</b>	\$ -	\$ 180,659	\$ -	\$ 678,698	\$ 1,125,686
<b>REVENUES:</b>					
Water Connection Fees	211,420	-	977,278	443,541	46,433
Interest Income	2,249	3,221	2,779	3,447	34,782
<b>Total revenues</b>	<u>213,669</u>	<u>3,221</u>	<u>980,057</u>	<u>446,988</u>	<u>81,215</u>
<b>EXPENDITURES:</b>					
Capital Projects:					
Water System Improvements & Valve Replacements (CIP#636)	33,010	183,880	159,287	-	-
Water Tank Improvements Project (CIP#660)	-	-	142,072	-	-
<b>Total expenditures</b>	<u>33,010</u>	<u>183,880</u>	<u>301,359</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER(UNDER) EXPENDITURES</b>	<u>180,659</u>	<u>(180,659)</u>	<u>678,698</u>	<u>446,988</u>	<u>81,215</u>
<b>ENDING BALANCE</b>	<u>\$ 180,659</u>	<u>\$ -</u>	<u>\$ 678,698</u>	<u>\$ 1,125,686</u>	<u>\$ 1,206,901</u>

Projects Funded by Water Connection Fee as of June 30, 2023

Project No.	Project Name	Total-To-Date Expenditure (All Funding Sources)	Total Impact Fees Used	% of Expenditures Funded with Capacity Fee	Project Completed? (Y/N)
405-651	Two Natural Gas Powered Engines & Pumps Replacement	\$ 932,253	\$ 7,630	1%	Y
405-668	Water Distribution System Master Plan Study	\$ 163,485	\$ 116,254	71%	Y
405-636	Water System Improvements & Valve Replacements	\$ 1,398,126	\$ 376,177	27%	N - in progress
405-660	Water Tank Improvements Project	\$ 370,400	\$ 142,072	38%	N - in progress

As of June 30, 2023, there were no interfund transfers, loans, or refunds made from the fund, and the unexpended fund balance of the water connection is \$1,206,901. 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 anticipates funding a part of the water tank improvement project (405-660) using a portion of the water connection fees in the next fiscal year.

## **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/District'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.

<b>Sewer/Wastewater Connection Fee Schedule Fiscal Year 2022-2023</b>		
<b>Customer Class</b>	<b>Fees</b>	<b>Unit</b>
Single Family	\$8,444.80	Per Dwelling Unit
Multi Family	\$5,275.90	Per Dwelling Unit
Commercial	\$8,444.80	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
<b>BEGINNING BALANCE</b>	\$ -	\$ -	\$ 147,971	\$ 329,365
<b>REVENUES:</b>				
Sewer Connection Fees	-	482,551	180,449	8,120
Interest Income	-	1,234	945	945
<b>Total revenues</b>	<u>-</u>	<u>483,785</u>	<u>181,394</u>	<u>9,065</u>
<b>EXPENDITURES:</b>				
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	-	-
<b>Total expenditures</b>	<u>-</u>	<u>335,814</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER(UNDER) EXPENDITURES</b>	<u>-</u>	<u>147,971</u>	<u>181,394</u>	<u>9,065</u>
<b>ENDING BALANCE</b>	<u>\$ -</u>	<u>\$ 147,971</u>	<u>\$ 329,365</u>	<u>\$ 338,429</u>

**Projects Funded by Sewer Connection Fee as of June 30, 2023**

Project No.	Project Name	Total-To-Date Expenditure (All Funding Sources)	Total Impact Fees Used	% of Expenditures Funded with Capacity Fee	Project Completed? (Y/N)
455-611	Sewer System Rehab-Force Main, Gravity Mains & Manholes 2011/2012 (CIP#611)	\$ 1,199,170	\$ 146,590	12%	Y
455-626	Sanitary Sewer Lift Station Improvement Project Phase 5 (CIP#626)	\$ 7,673,868	\$ 453,293	6%	N - in progress
455-695	Lift Station 59 Effluent Line Improvements (CIP#695)	\$ 75,805	\$ 49,773	66%	N - in progress
455-696	Sanitary Sewer System Improvements (CIP#696)	\$ 56,362	\$ 56,362	100%	N - in progress

As of June 30, 2023, there were no interfund transfers, loans or refunds made from the fund, and the unexpended fund balance of the sewer connection is \$338,429. 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 does not anticipate undertaking any projects funded by sewer connection fees in the next fiscal year.

**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.

<b>Affordable Housing Commercial Linkage Fee (Nonresidential Development Projects) Schedule Fiscal Year 2022-2023</b>	
<b>Category</b>	<b>Fee per Square Foot of Net New Gross Floor Area (effective starting 8/20/2022)</b>
Office, and Medical Office	\$30.00
Retail, Restaurant, and Services	\$5.00
Industrial, and Research & Development	\$30.00
Hotel	\$10.00

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

Commercial Linkage Fee  
Revenues and Expenditures Schedule  
For the Fiscal Year Ended June 30, 2023

Fiscal Year Ended June 30,	2021	2022	2023
<b>BEGINNING BALANCE</b>	\$ -	\$ 568,915	\$571,506
<b>REVENUES:</b>			
Commercial Linkage Fees	567,683	-	-
Interest Income	1,232	2,591	17,093
<b>Total revenues</b>	<u>568,915</u>	<u>2,591</u>	<u>17,093</u>
<b>EXPENDITURES:</b>			
Housing Projects Expenditures	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER(UNDER) EXPENDITURES</b>	<u>568,915</u>	<u>2,591</u>	<u>17,093</u>
<b>ENDING BALANCE</b>	<u>\$ 568,915</u>	<u>\$ 571,506</u>	<u>\$588,599</u>

As of June 30, 2023, there were no interfund transfers, loans, or refunds made from the fund, and the unexpended fund balance of the commercial linkage was \$588,599. 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/District’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.

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

In FY2022-2023, there were no parks facilities impact fees collected.

### **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.

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

In FY2022-2023, there were no public safety impact fees collected.

## **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.

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

In FY2022-2023, there were no transportation impact fees collected.