

**Special Notice / Hearing:** 15-Day  
Notice  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors  
**From:** Steve Monowitz, Community Development Director  
**Subject:** Annual Report of the Mid-Coast Park and Recreation Development Fees Trust Fund and Adoption of Related Findings and Fee Adjustment

**RECOMMENDATION:**

Adopt a resolution:

- A) Accepting the 2021-22 annual report for the Mid-Coast Park and Recreation Development Fees Trust Fund; and
- B) Making the findings required by the Mitigation Fee Act with respect to the portion of the Mid-Coast Park and Recreation Development Fees Trust Fund (“Trust Fund”) remaining unexpended; and
- C) Confirming annual fee adjustment.

**BACKGROUND:**

On January 28, 2003, the Board adopted the Mid-Coast Park and Recreation Development Fees Ordinance (“Ordinance”) (San Mateo County Ordinance Code Chapter 2.64). The Ordinance established mitigation fees for (1) new residential development and (2) residential reconstruction or remodeling projects that increase the assessable space of an existing residence in the unincorporated Mid-Coast area of the County (i.e., the communities of Montara, Moss Beach, El Granada, Miramar, and Princeton). (Ordinance Code §§ 2.64.030, 2.64.040.) Farm labor housing projects and lower income housing projects are exempt from the fee. (Ordinance Code § 2.64.110.) The fees collected are to be deposited in a Trust Fund and used to acquire or develop parks to be located in and primarily used by Mid-Coast residents (Ordinance Code § 2.64.060).

The Ordinance was enacted pursuant to the Mitigation Fee Act (Government Code Section, 66000 *et seq.*), which regulates the collection, maintenance, spending, and accounting of impact fees. The Mitigation Fee Act requires that the County publish an annual report documenting the collection and use of impact fees and periodically (at least every five years) make certain findings about unexpended impact fees collected, whether committed or uncommitted.

This memorandum provides the fiscal year 2021-22 annual report for the Trust Fund, and the attached resolution includes the required findings regarding unexpended impact fees, pursuant to the Mitigation Fee Act and the Ordinance.

## **DISCUSSION:**

### **A. Annual Report**

Pursuant to Government Code Section 66006(b), the 2021-22 annual report for the Trust Fund includes the following information:

*(A) A brief description of the type of fee in the account or fund.*

The Mid-Coast Park and Recreation Development fee is a fee imposed on new residential development and specified residential reconstruction or remodel projects located in the Mid-Coast to help acquire or develop parks in the unincorporated Mid-Coast area of San Mateo County.

*(B) The amount of the fee.*

The current fee is \$1.82 per square foot of assessable space (or per square foot of increased assessable space for reconstruction or remodels). The fee will increase to \$1.99 per square foot of assessable space effective January 1, 2023 in accordance with Ordinance Code § 2.64.070(a) and the current Engineering News Record Construction Cost Index.

*(C) The beginning and ending balances of the account or fund for the fiscal year.*

See table below.

*(D) The amount of fees collected and interest earned for the fiscal year.*

See table below.

*(E) An identification of each public improvement on which impact fees were expended and amount of expenditure on each improvement, including the total percentage of the cost of the public improvement that was funded with impact fees.*

The Quarry Park Pump Track (opened to the public on July 16, 2022) was approximately 81% funded by the Mid-Coast Park Mitigation Fees. No other projects were funded by the Mid-Coast Park Mitigation Fee in fiscal year 21-22.

*(F) An identification of approximate date by which construction of a public improvement will begin, if sufficient funds have been collected and the improvement remains incomplete.*

The remaining costs for the Quarry Park Pump Track Project are expected to be incurred in the current fiscal year (2022-23), though construction of the facility is complete.

The Parks Department has not yet identified any other projects that Mid-Coast Mitigation Fee funds will be used for.

*(G) A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the loaned funds will be expended, and in the case of an interfund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan.*

No interfund transfers or loans were made from the account.

*(H) Amount of any refunds made pursuant to Government Code Section 66001(e) and any allocations of administrative costs associated with refunds pursuant to Government Code Section 66001(f).*

No refunds were made.

The table below identifies the beginning and ending balance, the amounts collected during the year, interest earned, and expenditures.

	<b>FY2016-17</b>	<b>FY2017-18</b>	<b>FY2018-19</b>	<b>FY2019-20</b>	<b>FY2020-21</b>	<b>FY2021-22</b>
Beginning balance	275,443.06	339,976.70	386,312.09	454,855.35	497,319.89	530,369.82
Fees collected	61,524.94	41,238.18	59,239.74	33,460.50	62,656.66	35,230.40
Interest Income	3,008.70	5,097.21	9,303.52	9,004.04	6,428.27	5,236.79
Expenditures	-	-	-	-	(36,035.00)	(246,321.95)
Ending Balance	339,976.70	386,312.09	454,855.35	497,319.89	530,369.82	324,515.06

## **B. Findings Regarding Unexpended Funds**

Under Government Code Section 66001(d), the County must adopt a resolution that includes the following findings with respect to the portion of the Trust Fund that remains unexpended, regardless of whether those funds are committed or uncommitted:

*(A) Identify the purpose to which the fee is to be put.*

The fees collected are to be deposited in the Trust Fund and used to acquire or develop parks to be located in and primarily used by Mid-Coast residents

(Ordinance Code § 2.64.060). The Parks Department has not yet identified any specific planned projects that Mid-Coast Mitigation Fee funds will be used for.

*(B) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.*

New development in the unincorporated Mid-Coast area, which, as noted, includes Montara, Moss Beach, El Granada, Miramar, and Princeton, adds incrementally to the demand for park and recreation facilities to serve the residents of the unincorporated Mid-Coast area. The purpose of the fee is to fund the acquisition and development of park and recreation facilities primarily for residents of this area. Therefore, there is a reasonable relationship between the fee and its purpose.

*(C) Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements.*

As noted above, the Parks Department completed construction of the Quarry Park Pump Track Project during fiscal year 2021-22. The Parks Department has not yet identified any other projects that Mid-Coast Mitigation Fee funds will be used for.

*(D) Designate the approximate dates on which the funding needed to complete improvements referred to in subparagraph (C) is expected to be deposited into the appropriate account or fund.*

As stated above, the Parks Department has not identified additional specific projects to be funded by the Mid-Coast Mitigation Fee funds. However, fee revenue received at the time of building permit issuance is immediately deposited into the Trust Fund. Therefore, the dates funds are expected to be deposited into the Trust Fund is dependent on the level of development within the Mid-Coast area and cannot be predicted.

The County Attorney's Office has reviewed and approved as to form the resolution, which includes the findings required by Government Code Section 66001(d).

**FISCAL IMPACT:**

There is no fiscal impact associated with (A) accepting the 2021-22 annual report for the Trust Fund and/or (B) adopting the resolution making the findings required by the Mitigation Fee Act with respect to the portion of the Trust Fund remaining unexpended.