



School Impact Fee Justification Study

Residential and Commercial/Industrial Development

San Mateo Union High School District

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EXECUTIVE SUMMARY

The San Mateo Union High School District (SMUHSD, or “the District”) serves the Cities of Burlingame, Millbrae, San Bruno, San Mateo, as well as Foster City and the Town of Hillsborough, California as well as some areas of unincorporated County of San Mateo. The District serves a total of 8,700 9th-12th grade students at six comprehensive high schools, one continuation high school, and one alternative school.

In January 2026, the State Allocation Board’s biennial inflation adjustment changed the fee to \$5.38 per square foot for residential construction and \$0.87 per square foot for commercial/industrial construction. The District splits its collected developer fees with the elementary school districts within its boundary, with SMUHSD retaining 40% of the collected fee. The following Developer Fee Justification Study demonstrates the District is justified in collecting its share of the statutory Level I residential and statutory commercial/industrial fees on future development based on the following analysis:

- The District’s total enrollment at its school sites in 2025-26 was 8,700 students;
- Based on the most recently submitted Existing School Building Capacity SAB form 50-02 to OPSC for 2021-22 school year, the District has a classroom capacity of 8,525 students;
- The City of Burlingame, City of Foster City, City of Millbrae, City of San Bruno, City of San Mateo, City of Hillsborough and San Mateo County planning departments collectively estimate a total of 33,568 new residential units to be constructed over the next twenty years. These units will be a mix of single-family detached (1,188 units), single-family attached (360 units), multi-family (21,318 units), and affordable (10,702 units);
- It is estimated that the weighted average square footage of new homes will be 1,247 square feet;
- Based on an analysis of District enrollments and housing units, each new residence will generate students at a rate of 0.089 9-12th grade students per unit;
- The 33,568 new units are projected to generate 2,988 9-12th grade students for the District to house;
- Many District facilities are over 25 years old and in need of construction or reconstruction to continue housing existing students and students generated by new development at the existing level of service over the next 20 years;
- It is fiscally more prudent to extend the useful life of an existing facility than to construct new facilities when possible;
 - The cost to modernize facilities is approximately 39.2% of the cost to construct new facilities;
- The total cost to the District to supply facilities for 2,988 additional students will range from \$169,592,904 (entirely modernization) to \$432,632,520 (entirely new construction). Given the total residential square footage estimate of 41,853,052 square feet, this results in a cost impact to the District of \$4.05 to \$10.34 for each square foot of new residential development.
- Based on the cost of reconstructed school facilities, the impact equates to \$4.05 per square foot of residential development.
- All categories of commercial/industrial development except for mini-storage create a modernization cost to the District of \$1.31 per square foot;
- Mini-storage construction creates a cost of \$0.04 per square foot;

- Based on the results of this study, the San Mateo Union High School District is justified to collect its 40% proportion of the statutory fee for all applicable residential construction at the rate of \$2.15 per square foot and its proportion of the statutory fee for commercial/industrial construction at the rate of \$0.35 per square foot for all development except mini-storage projects which can be charged at the rate of \$0.04 per square foot.

INTRODUCTION

School districts are continually evaluating the condition of their capital facilities and identifying whether construction of new facilities and/or improvements to existing facilities are necessary to sufficiently house their student body. Districts may use various sources of funds for these capital facility projects, including Developer Fees, State program funds, redevelopment funds, certificates of participation, sale of capital assets, and mitigation measures. In September 1986, the Governor signed into law Assembly Bill 2926 (Chapter 887/Statutes 1986), which granted school district governing boards the authority to impose developer fees. This authority is codified in Education Code Section 17620, et seq. which states in part "...the governing board of any school district is authorized to levy a fee, charge, dedication or other requirement against any construction within the boundaries of the district for the purpose of funding for the construction or reconstruction of school facilities."

School districts were provided a mechanism to assist in funding with the adoption of the Mitigation Fee Act (Government Code Section 66000 et seq.). This act governs the imposition of fees by a district as a condition of approval of a development project. In order to impose such a fee, a reasonable connection must exist between the new development and the construction and/or improvement of school facilities for which the fees are to be assessed. More specifically, State law requires that certain nexus findings must be made and documented. The objective of this Study is to provide a rigorous basis for such findings.

Level I fees (also known as statutory fees) are adjusted every two years according to the inflation rate for Class B construction as determined by the State Allocation Board. With the passage of SB50 in 1998, a cap was placed on the amount that could be charged under the Level I fee calculation. The law allowed for adjustments of the cap as noted in Government Code Section 65995(b)(3), which specifies in part that "...fees shall be increased every two years, according to the adjustment for inflation set forth in the statewide cost index for Class B Construction, as determined by the State Allocation Board at its January meeting, which increase shall be effective as of the date of that meeting."

Level II developer fees are outlined in Government Code Section 65995.5 and allow a school district to impose a higher fee on residential construction only if certain conditions can be met and a study conducted to provide justification for the higher residential fee per square foot.

As of January 2026, Government Code Section 65995 authorizes school districts to collect Developer Fees on future development of no more than \$5.38 per square foot for residential construction and \$0.87 for commercial/industrial construction (Level I fees).

Specifically, this Study has been prepared for the purpose of identifying the impact of projected future development on the school facilities of the District, and determining the extent to which a nexus exists between said developments and the need for school facilities and the cost of school facilities. This Study also considers the ability of the District's current facilities to accommodate the impact of demand from projected new development, and seeks to identify the actual costs associated with meeting the increased facilities needs that result from new residential and commercial/industrial development.

Over the last several years, the Legislature has introduced legislation governing the addition of living areas attached or detached from the primary single-family or multifamily dwelling unit (generally referred to as Accessory Dwelling Units (ADUs), and Junior Accessory Dwelling Units (JADUs)). Whether these types of dwelling units are called casitas, granny flats, in-law units, accessory units, or converted living space, these

constructed areas are intended to provide an area for living and sleeping – whether the facilities and provisions for living, sleeping, eating, cooking, and sanitation are within that living space or within (or adjacent to) the attached single-family or multifamily dwelling unit. The construction of ADUs and JADUs over 500 square feet qualifies as residential development that generates students, and the District will levy the appropriate fee rate for these types of projects when permissible to the extent allowed by law.

The District splits its collected school impact fees with the elementary schools within the District boundary, with SMUHSD retaining 40% of the collected fee. The District can collect School Fees in the amounts of \$2.15 per square foot of assessable space for residential construction and \$0.35 per square foot of chargeable covered and enclosed space for commercial/industrial construction except mini-storage which is charged \$0.04 per square foot. As noted above, in January 2026, the State Allocation Board (“SAB”) adjusted the amount of statutory School Fees for TK-12 school districts from \$5.17 to \$5.38 per square foot of residential construction and from \$0.84 to \$0.87 per square foot of chargeable covered and enclosed space for commercial/industrial construction pursuant to Education Code section 17620, et seq., and Government Code section 65995, et seq. The purpose of this Study is to provide the District’s Board of Education with the required information to make the necessary findings set forth in Government Code sections 66001, et seq., and 65995, et seq., in order to authorize an increase in statutory School Fees.

The content of this Study will show that the San Mateo Union High School District is justified in levying the statutory maximum Level I Developer Fee.

LEGISLATIVE HISTORY

State legislation, specifically AB 2926 and AB 1600, provides guidelines, procedures, and restrictions on the levy of School Fees for school facilities. Certain provisions of this legislation and history are summarized below:

AB 2926

AB 2926 was enacted by the State in 1986. Among other things, AB 2926 added various sections to the Government Code which authorize school districts to levy School Fees on new residential and commercial/industrial developments in order to pay for school facilities. In addition, AB 2926 provides for the following:

1. No city or county can issue a building permit for a development project unless such School Fees have been paid.
2. School Fees for commercial/industrial development must be supported by the finding that such School Fees "are reasonably related and limited to the needs for schools caused by the development."
3. School Fees for 1987 were limited to \$1.50 per square foot on new residential construction and \$0.25 per square foot for new commercial/industrial construction.
4. Every year, School Fees are subject to annual increases based on the Statewide cost index for Class B construction, as determined by the SAB at its January meeting (This provision was changed to every other year by AB181).

The provisions of AB 2926 have since been expanded and revised by AB 1600.

AB 1600

AB 1600, which created Sections 66000 et seq. of the Government Code, was enacted by the State in 1987. AB 1600 requires that all public agencies satisfy the following requirements when establishing, increasing or imposing a fee as a condition of approval for a development project.

1. Determine the purpose of the fee.
2. Identify the facilities to which the fee will be put.
3. Determine that there is a reasonable relationship between the need for public facilities and the type of development on which a fee is imposed.
4. Determine that there is a reasonable relationship between the amount of the fee and the public facility or portion of the public facility attributable to the development on which the fee is imposed.
5. Provide an annual accounting of any portion of the fee remaining unexpended, whether committed or uncommitted, in the School District's accounts five or more years after it was collected.

In other words, AB 1600 limits the ability of a school district to levy School Fees unless (i) there is a need for the School Fee revenues generated and (ii) there is a nexus or relationship between the need for School Fee revenues and the type of development project on which the School Fee is imposed. (The requirements of AB 1600 were clarified with the passage in 2006 of AB 2751, which codifies the findings of *Shapell Industries vs. Milpitas Unified School District*.) The Study will provide information necessary to establish such a nexus between School Fees and residential development.

AB 181

AB 181, enacted by the State in 1989, made significant changes in several State Codes, including Sections 53080 et seq. of the Government Code which was re-codified as Sections 17620 et seq. of the Education Code on January 1, 1998. Changes in Section 53080 included additional requirements and procedures for imposing School Fees and other conditions on new development. Specifically, AB 181 imposes more stringent nexus requirements on school districts that wish to levy School Fees on Commercial Industrial Development ("CID"), as follows:

1. In order to levy a School Fee on CID, a formal study must be conducted to determine the impact of "the increased number of employees anticipated to result" from new CID on the "cost of providing school facilities within the School District".
2. Only that portion of the School Fee justified by the "nexus findings" contained in this study may be levied. Nexus findings must be made on an individual project basis or on the basis of categories of CID and must "utilize employee generation estimates that are based on commercial/industrial factors within the school district."
3. Categories to be evaluated may include, but are not limited to, office, retail, transportation, communications and utilities, light industrial, heavy industrial, research and development, and warehouse uses.
4. Starting in 1990, maximum School Fees for residential and CID will be subject to increases every two (2) years rather than annually.
5. An appeals procedure shall be established whereby the levy of School Fees on a commercial/industrial project may be appealed to the governing board of a school district. Grounds for an appeal must include, but are not limited to, improper project classification by commercial/industrial category, or the application of improper or inaccurate employee or student generation factors to the project.

In summary, AB 181 establishes additional requirements which must be satisfied by school districts prior to their levying School Fees on CID.

DEVELOPER FEE JUSTIFICATION: RESIDENTIAL DEVELOPMENT

Overview of Methodology

The residential impact fee is based on each student that is generated by new residential development creating a direct impact to the District by way of increased facilities costs. These facilities costs could take the form of the need to construct new facilities, or the need to refurbish or modernize facilities to maintain the existing level of service for all students generated over the next 20 years. Both costs will be calculated so that a range of impact is demonstrated.

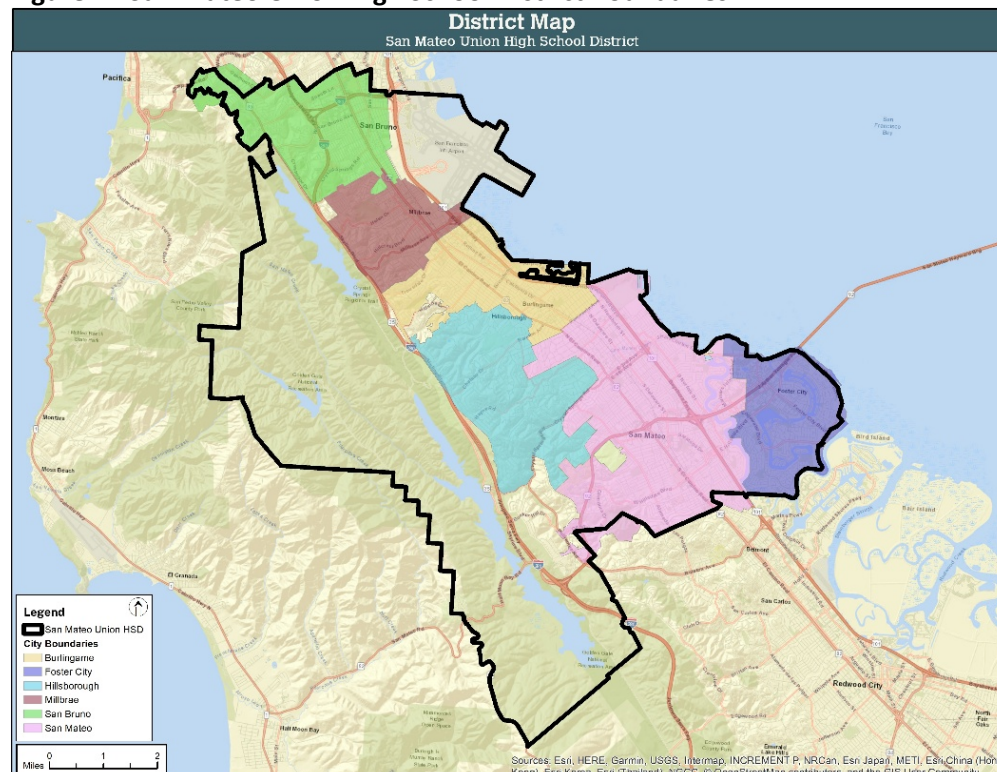
The Study will review the number of new units estimated to be built over 20 years, the rates of student generation from each unit of development, and the District's facility costs tied to each student generated. This will result in an impact cost to the District per square foot of residential development. If this calculated impact is higher than the District's proportion of the Level I statutory fee, the District will be justified in collecting the Level I statutory fee.

Projected Residential Development

The number of future units to be constructed within the boundaries of the District was determined based on information provided by the jurisdictions served by the District (City of Burlingame, City of Millbrae, City of San Bruno, City of San Mateo, Foster City, Town of Hillsborough and San Mateo County).

The San Mateo Union High School District serves portions of the jurisdictions of the City of Burlingame, City of Millbrae, City of San Bruno, City of San Mateo, Foster City, Town of Hillsborough, and some areas of unincorporated San Mateo County. Figure 1 provides the District boundary and the areas of each of these jurisdictions served by the District.

Figure 1. San Mateo Union High School District Boundaries



Residential development generates students for the District to house in facilities, new and/or renovated. Therefore, it is imperative to research residential development to project growth and associated student generation within the District. Planning agencies from each jurisdiction were contacted to obtain information regarding planned development within the District boundary over the next twenty years. According to the City of Burlingame, 863 multi-family units and 2,394 affordable units may be constructed in the District over the next 20 years. According to the City of Millbrae, 1,971 multi-family and 228 affordable units may be built in the District over the next 20 years. According to the City of San Bruno, 300 single-family detached units, 100 single-family attached units, 4,000 multi-family units, and 1,800 affordable units may be built in the District over the next 20 years. According to the City of San Mateo, 499 single-family detached units, 260 single-family attached units, 8,371 multi-family units, and 3,788 affordable units may be built in the District over the next 20 years. According to Foster City, 258 single-family detached units, 5,947 multi-family units, and 2,248 affordable units may be built in the District over the next 20 years. According to the Town of Hillsborough, 96 single-family detached units, 166 multi-family units, and 244 affordable units may be built in the District over the next 20 years. San Mateo County estimated only 35 single-family detached units to be built in the District over the next 20 years. Together all jurisdictions served by the District estimate a combined total of 33,568 units that may be constructed within the District over the next 20 years.

Student Generation Rates

Student Generation Rates were calculated by King Consulting for the District through an analysis that consisted of cross referencing the District's current enrollment data against residential data from the United States Census Bureau.

The average number of students generated by each housing unit provides a student generation rate or "yield factor". The number of students emanating from new housing units within the District's boundaries was assessed for the District by comparing the total number of occupied housing units within the District boundary according to the 2024 Census American Community Survey to the school District's current enrollment for 2025-26. The household total of 97,497 when compared to the student enrollment of 8,700 results in a student generation rate of 0.089. This rate is then multiplied by the number of expected residential units to be constructed to calculate the number of students expected to be generated. Table 1 outlines the result of the analysis.

Table 1. Student Generation Rates and Students Generated

Total Households ACS 2024	2025-26 Students	Student Generation Rate	Projected Units Within the District	Expected Students Generated
97,497	8,700	0.089	33,568	2,988

Projected School Facilities Costs

The 2,988 students generated by development increases the demand on SMUHSD school facilities, creating a need to add facilities and/or to refurbish facilities in order to maintain existing levels of service. Without the ongoing refurbishment of existing facilities to maintain the existing level of service, some SMUHSD school facilities may not be available over the next 20 years to house students. But for the 2,988 students generated by new development, the District would not need to maintain as many facilities at the existing level of service.

The District's facilities are nearly all permanent (99%). The District's State School Facility Program Modernization eligibility is currently estimated to be over \$35M, demonstrating the significant need to modernize District's permanent facilities to maintain the existing level of service, as the eligibility is calculated based on the age of the District's facilities and school enrollments. However, this funding will fall significantly short of the actual cost to modernize District facilities, and the program itself is currently oversubscribed.

SMUHSD's Board-approved 2020 Bond Project List identifies numerous new construction and modernization projects across the District's school sites along with their costs. Among the modernization projects identified are:

- replacing undersized gymnasiums and other ancillary facilities, which will maintain the existing level of service for all students, including students generated by future development, by allowing for the size of facilities constructed when enrollment was lower to again correspond with current enrollment levels, including from additional students generated by residential development.
- technology infrastructure improvements to allow for "future ready" internet bandwidth and fast charging capability, which will maintain the existing level of service for all students, including students generated by future development, of having the infrastructure required to utilize modern technology in the classroom.
- modern lock and security systems, which will maintain existing level of service for all students, including students generated by future development, by maintaining the expected level of safety and security across all school sites.
- updates to modernize career technical education spaces such as culinary classrooms to bring them in line with current industry standards, maintaining the level of service for all potential students.

The total identified project cost using 2020 dollars is estimated at \$594.8 million, with significant anticipated escalation over time. This study will reference the 2020 costs. However, approximately 10% of these project costs come from needs that could be characterized as maintenance or deferred maintenance, such as replacement of roofing, HVAC, and flooring. If these projects are excluded, this leaves an estimated \$535.3 million in need from New Construction and Modernization projects.

In addition, SMUHSD's 2021 Measure O and L General Obligation Bond Funds Audit report identifies numerous projects across the District's school sites that remain unfinished. Among the unfinished projects listed are high school turf, athletic complex projects, and water line replacements. The cost associated with these projects is currently estimated at about \$42.3 million. In the absence of additional funds, the District will not be able to complete some of the projects listed above, and therefore not able to maintain existing levels of services to the students generated by future new development. Specifically, the District would likely not need to complete all of these projects to maintain the existing level of service for the students it would have absent development. However, the addition of students generated by development requires a greater number of facilities projects and/or a larger scope that might otherwise have been avoided if the facilities were no longer needed to serve those students, thus increasing the District's school facilities cost.

Based on costs detailed in the 2020 Bond Project and Measure O and L General Obligation Bond Funds Audit, the District estimates a total need of at least \$577.6 million based on all identified projects. Even

after applying \$385 million in Measure L bond funding and \$186 million Measure O bond funding, there is still a shortfall of more than \$6.6 million even before factoring in cost escalation since 2020.

To calculate the modernization needs generated by students from new development, the District must analyze the number of new units to be constructed, the square footage of those units, and, utilizing the student generation rate, the number of students to be generated by those developments. Once this analysis is completed, the per pupil cost to house those students can be calculated based on the cost to modernize facilities. The average square footage for each type of residential development is calculated by surveying units within the District built from 2008 to 2024. For each type of residential development, the average square footage is calculated and then multiplied by the number of units expected to be constructed to determine the total square footage of all expected residential development. To determine the weighted average square footage, the total square footage is divided by the total number of units. These calculations are shown in Table 2, resulting in a weighted average of 1,247 square feet per residential unit.

Table 2. Housing Units and Calculation of Weighted Square Footage

Residential Type	Total Projected Housing Units	Average Square Footage	Total Projected Square Footage	Weighted Average Square Footage
Single-Family Detached	1,188	3,925	4,662,900	
Single-Family Attached	360	1,411	507,960	
Multi-Family	21,318	1,294	27,585,492	
Affordable	10,702	850	9,096,700	
Total	33,568		41,853,052	1,247

Facilities Cost Per Student

The cost per student to construct new school facilities within the San Mateo Union High School District is \$144,790 as shown in Table 3. The construction costs were determined based on construction estimates provided by Van Pelt Construction for the Northern California region (Appendix A). Table 4 demonstrates the total facilities needed due to the 2,988 students expected to be generated, while Table 5 expresses the total facilities need as a cost per square foot.

Table 3. Cost per Student for New Construction

Grade Level	New Construction Cost per Student
9-12	\$144,790

Table 4. District Total Facilities Need for New Construction

Facilities Cost per Student	Total Students Generated	Total Facilities Need
\$144,790	2,988	\$432,632,520

Table 5. District Facilities Cost per Square Foot for New Construction

Total Facilities Need	Total Projected Square Footage	Facilities Cost per Square Foot
\$432,632,520	41,853,052	\$10.34

While new construction related to the generation of new students may or may not occur, as discussed above, modernization will be necessary to maintain the existing level of services for those new students. In addition to costs that might be associated with the construction of new school facilities, the District may also experience costs to refurbish existing facilities to maintain the existing level of service for all future students. Therefore, costs per student for refurbishment and modernization must also be demonstrated. The cost to modernize facilities is 39.2% of new construction costs, based on the comparison of the per pupil grant for the State School Facility Program modernization program and the State per pupil new construction grant. When analyzing the cost to construct new facilities, the State provides \$22,086 per 9-12 pupil and \$8,653 to modernize facilities. The modernization grants are 39.2% of the new construction grants. Appendix B details the School Facility Program per pupil grant amounts. Since the facilities cost per student is \$144,790, the modernization cost per student for the San Mateo Union High School District is 39.2% of this value, or \$56,758 (Table 6).

Table 6. Cost per Student for Modernization

Facilities Cost per Student (New Construction)	Modernization Percentage	Modernization Cost per Student
\$144,790	39.2%	\$56,758

This modernization cost per student is multiplied by the total students generated from Table 1 to determine the District's total modernization need created by new residential development (Table 7). Dividing the total modernization need by the total projected square footage in Table 2 provides the modernization facilities cost per square foot (Table 8).

Table 7. District Total Modernization Need

Modernization Cost per Student	Total Students Generated	Total Modernization Need
\$56,758	2,988	\$169,592,904

Table 8. District Modernization Facilities Cost per Square Foot

Total Modernization Need	Total Projected Square Footage	Facilities Cost per Square Foot
\$169,592,904	41,853,052	\$4.05

The current Level 1 fee is \$5.38, and as discussed above, the District receives 40% of that amount under its fee split with the elementary school districts, or \$2.15 per square foot. That is less than the justified amount of \$4.05. Therefore, the District is justified to collect its 40% share of the full amount of the statutory fee per square foot of new residential construction, currently \$2.15.

COMMERCIAL/INDUSTRIAL IMPACT FEE JUSTIFICATION

California Assembly Bill 181 provides that a district “must determine the impact of the increased number of employees anticipated to result from commercial/industrial development upon the cost of providing school facilities within the district. For the purposes of making this determination, the study shall utilize employee generation estimates that are based on commercial and industrial factors within the district, as calculated on either an individual project or categorical basis”. However, Assembly Bill 530 modified the requirements of AB 181 by allowing the use of a set of statewide employee generation factors. These factors are identified in the San Diego Association of Governments report, “San Diego Traffic Generators”. This study has become the standard in the industry for the calculation of the commercial/industrial fees.

Overview of Methodology

The construction of commercial/industrial buildings within a community generates new employees and, therefore, new residents for a school district. The link between creating new jobs and student enrollment has been acknowledged by the State Allocation Board and in statute. The Legislature has also determined that if there is more impact than can be mitigated by residential fees, and some of this impact is caused by commercial/industrial development, then commercial/industrial development can also be charged fees. As shown above, the District is justified to collect a higher residential fee than the current statutory level.

To determine the nexus relationships identified in AB 181 of commercial/industrial development, several factors must be analyzed to calculate the facilities cost per square foot of this development. Assembly Bill 530 allows for the use of state-wide employee generation factors, specifically those derived from a report entitled San Diego Traffic Generators published by the San Diego Association of Governments (SANDAG) in 1990. This report demonstrates the number of employees generated per square foot of commercial/industrial development, by category. Table 9 displays these categories and the number of employees generated for each square foot of space. An average employees/square foot value is then determined for SMUHSD based on these categories.

These categories are explained in detail in the original SANDAG report. While many of the categories are self-explanatory, some are specifically defined in the original report:

- Commercial offices include “standard” offices and “large/high-rise” offices.
- Corporate offices are distinguished by typically housing a single corporate tenant rather than a combination of multiple tenants in one building.
- Community shopping centers are defined as covering 10-30 acres with total building square footage of 100,000-300,000 square feet, with at least one major store and at least one detached restaurant.
- Neighborhood shopping centers are defined as covering less than 10 acres with less than 100,000 square feet of total buildings.

- Industrial/business parks are distinguished from industrial parks by having at least 25% of their area designated for commercial uses.

Table 9. Commercial/Industrial Employee Generation Factors

Development Category	Employees/Square Foot
Agriculture	0.00031
Banks	0.00282
Commercial Offices	0.00478
Community Shopping Centers	0.00109
Corporate Offices	0.00268
Industrial Parks	0.00168
Industrial/Business Parks	0.00221
Lodging	0.00155
Medical Offices	0.00427
Neighborhood Shopping Centers	0.00362
Scientific R&D	0.00304
Average	0.00255

As shown in Table 10, the calculations for the commercial/industrial cost impact per square foot also consider the percent of employees in the District who also live in the District, the number of households per employee, the students generated per household, and the modernization cost for each student. Data for percent of employees living in the District and households per employee are sourced from The United States Census Bureau's 2024 American Community Survey. The average of students generated per household was previously shown in Table 1, while the modernization cost per student was shown in Table 6.

The average employees per square foot from Table 9 is multiplied by the percent of employees who live in the District to account only for employees whose children will impact the District's schools. The resulting number of employees living in the District is then multiplied by the number of households per employee to determine how many households are represented by the increased number of employees due to new commercial/industrial development. With this number of households calculated, they are multiplied by the student generation rate to determine the number of students generated from the households. Finally, this number of students is multiplied by the most conservative modernization cost per student to demonstrate the cost to the District created by the need to house students generated from the construction of each square foot of commercial/industrial development. Table 10 and Table 11 only show each input number that is multiplied together in this sequence, rather than every resulting product.

As previously stated in the residential impact fees section, the District will likely perform a combination of new construction and refurbishment/modernization to address the impact of the generated students. Only the modernization costs are shown in the commercial/industrial calculations, however, as these are

the most conservative costs. Any newly constructed facilities required for the students will cost more, based on the costs previously shown in Table 4. Therefore, if the Level 1 impact fee for commercial/industrial development is justified based on modernization costs, it will also be justified for new construction costs.

Table 10. Commercial/Industrial Base Cost per Square Foot (Except Mini-Storage)

Employees per Square Foot	% Employees Living in District	Households per Employee	9-12 Students per Household	Modernization Cost per Student	Commercial/Industrial Cost per Square Foot
0.00255	30.4%	0.712	0.089	\$56,758	\$2.79

It is important to note the mini-storage category of commercial development as an exception to the rates in Table 9. This type of development has a much lower impact than all other categories of commercial/industrial development, with only 0.00006 employees generated per square foot. Table 11 demonstrates the base cost per square foot for mini-storage development only.

Table 11. Mini-Storage Base Cost per Square Foot

Employees/Square Foot	% Employees Living in District	Households per Employee	9-12 Students per Household	Modernization Cost per Student	Commercial/Industrial Cost per Square Foot
0.00006	30.4%	0.712	0.089	\$56,758	\$0.07

Having calculated the base costs per square foot for commercial/industrial development, a residential fee offset is then applied to account for the residential fee revenues the District will collect from homes associated with the employees generated by new commercial/industrial development. If the impact of the employees is already addressed by the residential fees collected, the District will have no need to collect a commercial/industrial fee as well. It is important to note that while this offset conservatively assumes all homes associated with new employees are new homes, in reality some of the new employees will live in existing homes. For the purpose of calculating the residential fee offset, it is estimated the District will collect 40% of the full statutory residential fee of \$5.38, which is \$2.15 per square foot. The weighted average square footage for a new home in the District was previously shown in Table 2. Table 12 shows the calculations for the residential fee offset for all commercial/industrial development except mini-storage, while Table 13 shows the calculation for mini-storage development.

The employees per square foot is again reduced by the percent of employees living in the District and adjusted by the households per employee to arrive at a number of households per square foot of commercial/industrial development. These values are the same ones sourced from the 2024 American Community Survey and also shown in Tables 10-11. To determine the residential fee collected per square foot of commercial/industrial development, the households are multiplied by the average square feet per household (from Table 2) and the residential impact fee that would have been collected on that square footage to obtain the residential offset. Tables 12-13 summarize the inputs that are all multiplied together to obtain the residential offset without showing each resulting product of each step.

Table 12. Commercial/Industrial Residential Fee Offset (Except Mini-Storage)

Employees/ Square Foot	% Employees Living in District	Households per Employee	Average Square Feet/ Household	Revenue per sq. ft. from Residential Fee	Residential Offset
0.00255	30.4%	0.712	1,247	\$2.15	\$1.48

Table 13. Mini-Storage Residential Fee Offset

Employees/ Square Foot	% Employees Living in District	Households per Employee	Average Square Feet/ Household	Revenue per sq. ft. from Residential Fee	Residential Offset
0.00006	30.4%	0.712	1,247	\$2.15	\$0.03

Table 14 applies the residential fee offset to the base commercial/industrial costs per square foot. The final school facility costs, which takes into account revenue from the residential impact fee already collected, are obtained by subtracting the residential offset from the base costs. Table 14 shows the final commercial/industrial costs per square foot. All commercial/industrial development except mini-storage creates a cost to the District above the statutory Level 1 fee amount, even when considering associated residential impact fees already collected, and even when assuming that all work performed by the District is less expensive modernization and refurbishment projects.

Table 14. Commercial/Industrial Final Costs per Square Foot

Development Type	Base Cost per Square Foot	Residential Offset	Final Cost per Square Foot
Mini-Storage	\$0.07	\$0.03	\$0.04
All Other Commercial/Industrial	\$2.79	\$1.48	\$1.31

The San Mateo Union High School District can collect 40% of the statutory Level I fee of \$0.87, which is \$0.35 per square foot of commercial/industrial development, if it demonstrates the justification of that fee in its increased facilities costs related to the generation of students. As demonstrated in this report, the District can demonstrate justification for an impact of \$1.31 per square foot of commercial/industrial development, which exceeds the statutory Level I fee, except for mini-storage development. Therefore, the District is justified to collect its 40% share of the full amount of the statutory fee per square foot of new commercial/industrial construction, which is currently \$0.35, except for mini-storage, which should be collected at \$0.04 per square foot.

SUMMARY AND FINDINGS

This study finds that the San Mateo Union High School District is justified in the collection of the statutory developer fees per square foot of both residential and commercial/industrial construction. The District should move forward with adopting the new fees. This requires the District to follow the appropriate notices for a public hearing and meeting all noticing requirements.

This justification is based on the following conclusions of the study:

- While it is likely that the District will employ a combination of constructing new facilities and refurbishing existing facilities to maintain the existing level of service in order to house the students generated by future development, the impact fees are completely justified using the lower costs of modernization even if all of the impact is addressed this way;
 - Modernization/reconstruction costs are 39.2% of new construction costs;
- Residential development will generate 0.089 9-12th grade students per unit for the District to house;
 - The District's modernization/reconstruction cost for students generated from residential development is \$4.05 per square foot;
- Commercial/Industrial calculations also indicate a cost to house pupils that would be generated from local housing as a result of residents moving into the District;
 - This modernization/reconstruction cost for students generated from commercial/residential development is \$1.31 per square foot, except for mini-storage development which is \$0.04 per square foot;
- The District meets the criteria to impose the statutory developer fee.

There is a roughly proportional, reasonable relationship between the use of the School Fees and the new residential and commercial/industrial development within the District because the School Fees imposed on new residential and commercial/industrial development will be used to fund School Facilities which will be used to serve the students generated by such new residential and commercial/industrial development.

There is a roughly proportional, reasonable relationship between the new residential and commercial/industrial development upon which the School Fees are imposed, and the need for additional School Facilities in the District because new students will be generated from new and commercial/industrial development within the District. While the District's current enrollment exceeds its State capacity estimation, even if there is sufficient capacity in the existing School Facilities to accommodate all additional students, the capacity available requires refurbishment to maintain existing levels of service.

The amount of the School Fees levied on new residential and commercial/industrial development as set forth in this Study is roughly proportional and reasonably related to, and does not exceed the cost of, providing the School Facilities required to serve the students generated by such new residential and commercial/industrial development within the District.

Due to these factors, the District should proceed with adopting its 40% share of the statutory Level I Developer Fees, currently \$2.15 per square foot for residential construction and \$0.35 per square foot for commercial/industrial construction, except for mini-storage which is charged at \$0.04 per square foot.

ADMINISTRATION OF THE FEES

Administrative Requirements

The District must maintain a special account for the developer fees collected and any interest which accrues from the fees collected.

Reporting Requirements

Government Code sections 66006 and 66001 require, annually within 180 days of the end of each fiscal year, that the District make available to the public certain information and adopt prescribed findings relative to Developer Fees adopted pursuant to Education Code section 17620 and Government Code section 65995.

For the fifth fiscal year following the first deposit into the fund, and every five years thereafter, the District is required to make additional findings with respect to that portion of the fund remaining unexpended, whether committed or uncommitted.

This accounting will identify a description of the fee and its amount as well as a beginning and ending fund balance. Also, in the report will be the portion of the collected funds that have been expended, those remaining funds, and the purpose to which those have been and will be put to use. The report must also identify the approximate date upon which a school district anticipates receiving adequate revenue to complete any improvements required as a result of students generated from residential or commercial construction projects.

Government Code Section 66001 (a) (1): Purpose of Fees

The purpose of the fee is school facility construction and reconstruction to help the District continue to provide school facilities to all pupils, current and new, over the next 20 years by continuing to reconstruct or modernize the existing facilities to maintain the existing level of service for all students.

Government Code Section 66001 (a) (2): Use of Fees

The District's use of the fee will involve construction and/or reconstruction of school facilities and/or additional permanent facilities on existing school campuses, including but not limited to the types of projects included in this Study and the District's Facility Master Plan. In addition, the District may need to purchase or lease portable classrooms to use for interim housing while permanent facilities are being constructed. Revenue from fees collected on residential and commercial/industrial development may be used to pay for any of the following:

1. Design of School Facilities;
2. Purchase of land for School Facilities;
3. Construction or reconstruction of school facilities including both classroom and instructional spaces, and ancillary supporting facilities;
4. Testing and inspection of school sites and school buildings and permit and plan check fees;
5. Interim school facilities to house students generated by new development while permanent facilities are being constructed;
6. Legal and administrative costs associated with providing facilities to students generated by new development;
7. Administration of the collection of developer fees;

8. Miscellaneous purposes resulting from student enrollment growth caused by new residential development; and
9. Any other use permitted by law.

Government Code Section 66001 (a) (3): Reasonable Relationship between the Fee's Use and the Type of Development Project on which the Fee is Imposed

Future residential development will cause new families to move into the District and, consequently, generate additional students in the District. In order to continue providing facilities at the existing level of service for future students, the District will need to modernize and/or reconstruct facilities. The fee's use is therefore reasonably related to the type of project upon which it is imposed.

In addition, new commercial/industrial development will cause new workers to move into the District. Because these workers will have school-age children, the District will need to provide facilities for these students. The fee's use is reasonably related to the type of project upon which it is imposed.

Fees on Residential Reconstruction

Residential Reconstruction consists of voluntarily demolishing existing residential units and replacing them with new residential development. To the extent reconstruction increases the residential square footage beyond what was demolished, the increase in square footage is subject to the applicable developer fees as such construction is considered new residential development. As for the amount of square footage constructed that replaces only the previously constructed square footage the determination of the applicable fee, if any, is subject to a showing that the replacement square footage results in an increase in student enrollment and, therefore, an additional impact being placed on the School District to provide facilities for new student enrollment. Prior to the imposition of fees on Replacement Square Footage, the School District shall undertake an analysis on any future proposed projects(s) to examine the extent to which an increase in enrollment can be expected from Replacement Square Footage due to any differential in SGRs as identified in the Study for the applicable unit types between existing square footage and Replacement Square Footage. Any such fee that is calculated for the Replacement Square Footage shall not exceed the School Fee that is in effect at such time.

Reconstruction of Commercial/Industrial Square Footage

The voluntary demolition of existing commercial/industrial buildings and replacement with new residential development is a different category of Reconstruction. The School District will evaluate the impacts of Commercial/Industrial Reconstruction projects on a case-by-case basis and will make a determination of whether a fee credit is justified based on the nature of the project.

Government Code Section 66001 (a) (4): Reasonable Relationship Between the Need for the Public Facility and the Type of Project Upon Which the Fee is Imposed

As demonstrated in this Study, current District school facilities require renovation/reconstruction to continue providing the existing level of service for the next 20 years. Existing residents and residents from new development, both residential and commercial/industrial, should share in these costs. Therefore, the need for adequate school facilities is directly related to the new residential and commercial/industrial development projects upon which the fee is imposed.

Government Code Section 66001 (b): Reasonable Relationship Between the Amount of the Fee and the Cost of the Public Facility

The State School Facility Program provides a reference for the relative cost of modernization/reconstruction projects to new construction. This report demonstrates the cost per student for new construction projects, and by using the School Facility Program grant amounts for reference, the cost per student for modernization/reconstruction projects that will need to be undertaken to ensure the District can continue to provide school facilities at the existing level of service for all future students. This report also demonstrates that the cost impact to the District per square foot of development, whether residential or commercial/industrial, is greater than the statutory developer fees to be collected.

REVENUE SOURCES/FUNDING FACILITIES

The District may also utilize other sources of funding for modernizing and/or reconstructing school facilities. These funding sources include:

State School Facility Program

Senate Bill 50 reformed the State School Building Lease-Purchase Program in August, 1998. The new program, entitled the School Facility Program, provides funding under a “grant” program once a school district establishes eligibility. Funding required from districts is a 50/50 match for new construction projects and a 60/40 match for modernization/reconstruction projects. While there is generally a shortfall between State funding and the District’s actual facility needs, the State monies aid in assisting the District in its facility needs.

General Obligation Bonds

School districts can, with the approval of 2/3 or 55% of voters, issue General Obligation Bonds which are paid out of property taxes.

The San Mateo Union High School District was most recently successful in passing Measure L in March 2020, which authorized \$385 million in bonds “To upgrade local high schools that prepare students for college and today's competitive global job market; improve school safety; provide modern classroom technology; acquire, construct, repair classrooms, facilities, sites/equipment; update classrooms/labs for science, math/engineering instruction.” Prior to that the SMUHSD was successful in passing Measure O in November 2010, which authorized \$186 million in bonds “To better prepare local students for college/ 21st century jobs, shall San Mateo Union High School District provide classrooms/ labs for science, math, and job-training, update educational facilities to meet current safety codes, provide modern classroom technology/ computers, support academic programs/ teachers by eliminating debt, and repair, construct and acquire equipment, sites, schools/ facilities.” As of 2026 the majority of these funds have been exhausted or encumbered for current projects.

Parcel Taxes

Approval by 2/3 of the voters is required to impose taxes that are not based on the assessed value of individual parcels. The revenues from these taxes are usually minor. Parcel taxes are typically not used for capital outlay. Instead, revenue from such programs is generally used to fund curriculum, instructional enhancements, and other non-facility related expenditures.

Mello-Roos Community Facilities Districts

This alternative uses a tax on property owners within a defined area to pay long-term bonds issued for specific public improvements. Mello-Roos taxes require approval from 2/3 of the voters in an election.

RECOMMENDATIONS

This report recommends that the San Mateo Union High School District levy its 40% share of the maximum statutory fee authorized by Government Code Section 65995 on new residential development, currently \$2.15 (40% of \$5.38) per square foot. This report also recommends that the San Mateo Union High School District levy its 40% share of the maximum statutory fee authorized by Government Code Section 65995, currently \$0.35 (40% of \$0.87) per square foot on all categories of commercial/industrial development (except mini-storage which shall be charged \$0.04 per square foot).

These recommendations are based on the findings that residential and commercial/industrial development create a school facility cost for the San Mateo Union High School District.

SOURCES

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United States Census Bureau, 2024 American Community Survey.

APPENDIX A
CONSTRUCTION COSTS

October 10, 2025

RE: Estimated Construction Costs
Subject: Per-Student Costs at San Mateo Union High School District

To Whom It May Concern,

We have reviewed our records of past and present projects that involve recent new school construction within the region. Using a formula based on escalation from projects in previous years, our estimate for the San Mateo Union High School District is as follows:

NORTHERN CALIFORNIA REGION

Estimated Construction Costs (Escalated 17% from December 2023 baseline)

School Type	Capacity	Construction Cost per Student	Total Construction Cost
High School	2,000	\$144,790	\$289,580,000

These costs assume a reasonably flat site with access to utilities consistent with an urban or residential area. Costs exclude site acquisition. These figures are intended for use in establishing developer fee justifications and estimating State eligibility; they are not intended as project-specific budgets.

Thank you,



Kelli Jurgenson
Vice President
VPCS

APPENDIX B

PER PUPIL GRANT AMOUNTS

ATTACHMENT B

ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS

State Allocation Board Meeting, January 28, 2026

Grant Amount Adjustments

New Construction	SFP Regulation Section	Adjusted Grant Per Pupil Effective 1-1-25	Adjusted Grant Per Pupil Effective 1-1-26
Elementary	1859.71	\$15,847	\$16,411
Middle	1859.71	\$16,761	\$17,358
High	1859.71	\$21,327	\$22,086
Special Day Class – Severe	1859.71.1	\$44,531	\$46,116
Special Day Class – Non-Severe	1859.71.1	\$29,782	\$30,842
Automatic Fire Detection/Alarm System – Elementary	1859.71.2	\$19	\$20
Automatic Fire Detection/Alarm System – Middle	1859.71.2	\$25	\$26
Automatic Fire Detection/Alarm System – High	1859.71.2	\$42	\$43
Automatic Fire Detection/Alarm System – Special Day Class – Severe	1859.71.2	\$79	\$82
Automatic Fire Detection/Alarm System – Special Day Class – Non-Severe	1859.71.2	\$56	\$58
Automatic Sprinkler System – Elementary	1859.71.2	\$265	\$274
Automatic Sprinkler System – Middle	1859.71.2	\$317	\$328
Automatic Sprinkler System – High	1859.71.2	\$329	\$341
Automatic Sprinkler System – Special Day Class – Severe	1859.71.2	\$839	\$869
Automatic Sprinkler System – Special Day Class – Non-Severe	1859.71.2	\$562	\$582

ATTACHMENT B

ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS

State Allocation Board Meeting, January 28, 2026

Grant Amount Adjustments

Modernization	SFP Regulation Section	Adjusted Grant Per Pupil Effective 1-1-25	Adjusted Grant Per Pupil Effective 1-1-26
Elementary	1859.78	\$6,034	\$6,249
Middle	1859.78	\$6,381	\$6,608
High	1859.78	\$8,356	\$8,653
Special Day Class - Severe	1859.78.3	\$19,232	\$19,917
Special Day Class – Non-Severe	1859.78.3	\$12,867	\$13,325
State Special School – Severe	1859.78.3	\$32,056	\$33,197
Automatic Fire Detection/Alarm System – Elementary	1859.78.4	\$196	\$203
Automatic Fire Detection/Alarm System – Middle	1859.78.4	\$196	\$203
Automatic Fire Detection/Alarm System – High	1859.78.4	\$196	\$203
Automatic Fire Detection/Alarm System – Special Day Class – Severe	1859.78.4	\$540	\$559
Automatic Fire Detection/Alarm System – Special Day Class – Non-Severe	1859.78.4	\$362	\$375
Over 50 Years Old – Elementary	1859.78.6	\$8,383	\$8,681
Over 50 Years Old – Middle	1859.78.6	\$8,866	\$9,182
Over 50 Years Old – High	1859.78.6	\$11,606	\$12,019
Over 50 Years Old – Special Day Class – Severe	1859.78.6	\$26,720	\$27,671
Over 50 Years Old – Special Day Class – Non-Severe	1859.78.6	\$17,866	\$18,502
Over 50 Years Old – State Special Day School – Severe	1859.78.3	\$44,530	\$46,115