

Special Notice / Hearing: 10-day
newspaper publication
Vote Required: Majority

To: Honorable Board of Supervisors
From: Steve Monowitz, Director of Planning and Building
Subject: Amend the Planning and Building Department's Planning Service Fee Schedule and Building Permit and Inspection Fee Schedule and the County Fire Marshal Service Fee Schedule

RECOMMENDATION:

Public hearing to consider amendment of the Planning and Building Department's Planning Service Fee Schedule and Building Permit and Inspection Fee Schedule and the County Fire Marshal Service Fee Schedule:

- A) Open public hearing
- B) Close Public hearing
- C) Adopt a resolution amending the Planning and Building Department Planning Service Fee Schedule, Building Service Fee Schedule, and County Fire Marshal Service Fee Schedule, to be effective January 1, 2025, and authorizing the automatic annual adjustment of fees pursuant to increases in the Consumer Price Index.

BACKGROUND:

Under State law, the County has the authority to charge service fees for land development and planning services, provided the fees do not exceed the estimated reasonable costs of providing the services. County Ordinance 2193, adopted April 10, 1973, authorizes the setting of Planning and Building Department ("Department") fees by resolution of the Board of Supervisors. County Ordinance 2611, adopted October 9, 1979, authorizes the County Fire Warden to review building permits and development proposals for conformance with fire codes. Staff calculations show that the proposed fees approximate, but do not exceed the estimated cost of the services provided.

In 2024, the Department will launch a technology project to upgrade its online permitting software, Accela, to expand online permitting capability for planning permits, streamline business workflows, and improve system user experience. The technology project prompted a review of the Department's current Planning service fee schedule, which was last revised by this Board in 2018 to add Cannabis license fees, a Short-Term Rental permit fee, and a Coastal Development Permit Exemption (CDX) fee waiver for qualifying agricultural projects. The last comprehensive update of the Planning service fee schedule was approved by this Board in 2004 (Resolution 066665). The last comprehensive update for the Building service fee schedule was approved by this

Board in 2020 (Resolution 077878). The last update of the Fire Marshal service fee schedule was approved by this Board in 2005 (Resolution 067300).

DISCUSSION:

Planning Service Fee Schedule

The Department conducted a fee study of the proposed Planning service fees to ensure they approximate, but do not exceed the current estimated cost of the service. Additionally, where possible, proposed fees have been simplified to reflect current actual reasonable costs in preparation for the Accela software planning permit upgrade. The Department also compared the proposed updated fees with fees in similar neighboring jurisdictions. Finally, fees adopted and charged by other agencies but collected by the Department as part of the development review process are proposed to be moved to a separate section at the end of the planning service fee schedule. The Department does not set or adjust fees charged by other agencies, but includes them on the fee schedule so development applicants can understand the full scope of fees that may apply to a project.

Other notable changes to the fee schedule include the following:

1. When a project requires more than one permit, 100% of the highest base fee will be collected and all subsequent base fees will be collected at 75% of the published fee. The term “base fee” refers to regular Planning permit fees, and excludes the following fees: density and/or slope analysis fees, environmental review fees, general plan conformity fees, agricultural preserve fees, variance fees, fees charged by other agencies, planning review fees on building permits, certificates of compliance, and mergers.
2. The Director of Planning and Building is authorized to waive up to 35% of planning fees for projects undertaken by another public agency or community-based non-profit agencies/organizations that provide services resulting in public benefits.
3. All consultant costs are charged to applicants as the cost of the consultant plus 20%. This 20% covers the County cost to manage the consultant, review the reports, and process payment to the consultant. The County’s fee study substantiates that the County’s administrative costs exceed 20% of the cost of the consultant contracts.
4. A new general pre-application fee is proposed and would be credited towards an associated formal planning application submittal filed within 6 months of the pre-application.

Planning Service Fee Schedule Methodology:

1. Staff reviewed the current County of San Mateo Planning service fee schedule and identified areas for improvement, such as:

- a. Adding new fees for permitting services that were not reflected in the current fee schedule such as agritourism permit fees, child-care center permit fees, site development permit fees, etc.
 - b. Eliminating fees for certain permits that are no longer processed by the Department.
 - c. Simplifying the calculation of fee amounts by shifting from fees that were based on acres or cubic yards, to fees based on the time and materials required by the Department to process the application.
2. Planning permits were then categorized into simple, moderate, and complex types.
3. Staff then assigned the average planner staff time and administrative staff time required to process each permit type.
4. Staff applied the FY2024-25 average of actual staff rates as well as any materials, advertisements, and mailing costs required to process each permit.
5. Based on the above, staff then applied the hours and rates to determine the proposed fee amounts.
6. Staff reviewed fees of other jurisdictions for comparability, including Santa Clara County, Marin County, Contra Costa County, and Sonoma County. Based on this review, staff is proposing some similar considerations for fee assessment, such as:
 - a. A reduction in cost when multiple planning permits are required for a single project;
 - b. A reduction in cost for projects undertaken by public agencies or community based non-profit agencies/organizations that provide services resulting in public benefits;
 - c. Charging applicants the actual cost of County consultant review services plus 20% to recover costs to the County, including staff review, management, and processing of work conducted by County consultants; and
 - d. Shifting the general plan update surcharge from the Planning service fee schedule to the Building service fee schedule and renaming it as planning administration fee.

7. The proposed fees were reviewed by staff for any outliers or anomalies and adjustments were made as appropriate.

Based on the above methodology, the fees for many Planning services increased, approximately 14 fees decreased, and approximately 11 fees stayed the same. The average change across all permit fees is an increase of \$532, which is a net average percent change of 69% over current fees. This overall change in permit fee cost is due to increase in the cost of goods/services (i.e. higher wages), and increase in the amount of staff time required to process permits, based on new and revised laws, ordinances, policies, and office procedures put in place since 2004 when this fee schedule was last updated. When applying the updated permit fee amounts to the list of 2023 planning permits processed by the Department, there is a 36% increase in overall revenue. Attachment A shows current fees compared to proposed fees. This fee schedule update will ensure the Department is charging a fee that is more aligned with the current estimated reasonable cost to provide each service.

Since June 2004, when the last comprehensive Planning service fee schedule update was approved by this Board, through June 2024, the San Francisco-Oakland-Hayward, CA Consumer Price Index 12-month percentage change in all items has increased by 56.1% (U.S. Bureau of Labor Statistics).

Building Service Fee Schedule

Since 2020, when the last comprehensive Building service fee schedule update was approved by this Board, through August 2024, the San Francisco-Oakland-Hayward, CA Consumer Price Index (CPI) 12-month percentage change in all items has increased by 15.5% (U.S. Bureau of Labor Statistics). The Department has adjusted the Building service fee schedule by this CPI percentage change as costs to provide these services have increased and the CPI is a reasonable measure for the change in the Department's actual cost to provide the services, which ensures the fees approximate, but do not exceed the current estimated cost of the service.

Additionally, the Department proposes to shift the existing \$40 general plan surcharge fee from the Planning service fee schedule to the Building service fee schedule, rename the fee "Planning Administration Fee," and change the fee to be 10% of building permit fees for all residential and non-residential new and/or major addition building permits, and non-residential change of occupancy permits. This is a more typical approach for assessment and is in line with other jurisdictions' practices as the fee covers maintenance and updates to the County's General Plan and associated underlying plans, elements, ordinances, and other associated initiatives that guide development and growth Countywide. Shifting this fee to be charged on applicable building permits ensures a more fair and balanced distribution of the cost burden throughout the County and on the projects that drive growth. For these reasons, the general plan surcharge fee would apply to all residential and non-residential new and/or major addition building permits, and non-residential change of occupancy permits (the fee would not apply to standalone minor permits such as solar, plumbing, water heaters, kitchen remodels, and the like).

Other notable changes made to the Building service fee schedule include:

1. Changed name and format of the fee schedule to bring consistency across all Planning and Building service fee schedules. This includes adding a separate section for fees adopted and charged by other agencies as well as a separate mitigation/impact fee section to ensure applicants understand the full scope of fees that may apply to a project.
2. Added clarification that plan reviews beyond three completed rounds of review are subject to additional plan review fees at 1/3 of the original plan check fee cost per resubmittal.
3. Changed property addressing fee to a flat fee (rather than hourly) and added a commercial property addressing fee that is 10% higher than the residential property addressing fee as commercial property addressing are more complex and time consuming to process.
4. The Director of Planning and Building is authorized to waive up to 35% of building fees for projects undertaken by another public agency or community-based non-profit agencies/organizations that provide services resulting in public benefits.

At a later date, the Department will return with a comprehensive Building service fee schedule update for consideration by this Board.

County Fire Marshal Service Fee Schedule and Methodology

County Fire hired Matrix Consulting Group to conduct a Fire Prevention Fee Study to understand the current service costs and to ensure current fees align with the cost of providing the service and are compliant with State law. The analysis specifically looked at sprinkler systems, fire alarm systems, State fire marshal inspections, and California Fire Code permits. The study used a “bottom up” approach to determine time spent per unit of fee activity for each position within County Fire, with any other costs to provide each service added on to determine the full cost of each service. This work involved the following steps:

1. County Fire/program staff interviews were conducted to understand their needs for clarification to the structure of the existing fees, for addition of new fees, and elimination of outdated items.
2. Data was collected for each permit or service, including staff time estimates and all budgeted costs and staffing levels.
3. Cost analysis looked at the full cost of providing each service.

Notable changes to the County Fire Marshal service fee schedule include:

- a. Addition and expansion of Automatic Sprinkler System, Automatic Extinguishing System, and Fire Alarm fees to be broken out into separate categories for Plan Review and Inspection.
- b. Expansion of Fire Alarm fees to distinguish between new and existing systems.
- c. New categories and fees were added to the schedule including Solar Systems and Special Events.

The resolution provides that Planning, Building, and Fire fees will automatically be adjusted annually to reflect increases in the San Francisco-Oakland-Hayward, CA Consumer Price Index (CPI) on the basis that the CPI is a reasonable estimate of the Department's increased service costs, including increased staff salary and benefit costs, consultant costs, and material costs that occur over time.

The proposed fees will become effective on January 1, 2025 upon adoption of the attached resolution.

FISCAL IMPACT:

The proposed fee schedules ensure Planning, Building, and County Fire service fees approximate but do not exceed current costs to provide the services. Revenue generated by the fees will be used to cover the costs to the County to review and process permit applications, inspections, renewals, and appeals.

ATTACHMENTS:

- A. Planning Service Fee Study
- B. Proposed County Planning Service Fee Schedule
- C. Proposed County Building Service Fee Schedule
- D. Report on the Fire Prevention Cost of Services (User Fee) Study
- E. Proposed County Fire Marshal Service Fee Schedule
- F. County Fire Example Fee Comparison