



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** PLANNING AND BUILDING

**File #:** 20-919

Board Meeting Date: 12/8/2020

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**Special Notice / Hearing:** 10-day  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Steve Monowitz, Community Development Director

**Subject:** Public Hearing to consider adoption of Planning and Building Department's proposed Building Permit and Inspection Fee Schedule

### **RECOMMENDATION:**

Public hearing to consider adoption of the Planning and Building Department's Proposed Building Permit and Inspection Fee Schedule:

- A) Open public hearing
- B) Close public hearing
- C) Adopt a resolution adopting the Planning and Building Department's proposed Building Permit and Inspection Fee Schedule effective January 15, 2021.

### **BACKGROUND**

In 2018, the Planning and Building Department (Department) launched a technology project to upgrade Accela, its permit tracking database. The purpose of the project is to expand the Project's online permitting capability, streamline business workflows, and improve system user experience. This project prompted a review of the Department's current Building Inspection Service Fee Schedule, which was last revised in 2009. The review exposed several challenges, issues, and limitations of the current fee schedule.

Based on this review, the Department proposes to amend the fee schedule to adjust existing fees and to add new categories of fees to address services for which fees are not currently recovered. Over the last 11 years since the department's fee schedule was last revised, the cost of providing building services has increased significantly. For example, data from the California Department of Industrial Relations show a 31.6 percent increase in the Consumer Price Index between October 2009 and October 2019.

The amendments to the fee schedule will result in a new schedule that achieves the following objectives:

1. Simplify fees, so that they are easy to understand and can be used to accurately reflect permit and Inspection costs.
2. Reduce the use of project valuation as a basis for calculating most fees in order to minimize disputes and provide an easier method for calculating fees and applying them in a consistent manner.
3. Address changes in state and federal regulations related to fees, and account for new services being provided.
4. Achieve cost recovery over time, without causing a sudden significant increase in fees.

## **DISCUSSION:**

Under State law, the County has the authority to charge service fees for land development and building services, provided the fees do not exceed the estimated reasonable costs of providing the services. With this in mind, and to address the other objectives mentioned above, the Department convened a fee review committee comprised of key staff members from planning, building, and fiscal divisions that have extensive knowledge and historical background of the Department's operations. The committee was tasked with proposing appropriate changes to the fee schedule, with a goal of having the revised schedule adopted and in place when the upgraded Accela project goes live.

The committee analyzed existing service fees against the corresponding amount of staff time required to perform such services, reviewed fee schedules of similar local jurisdictions; calculated fully burdened salary and benefits rates of different staff categories involved in providing the services in question to obtain to a blended rate amount; performed cost analysis of different project types using the current fees versus proposed fees; reviewed existing building codes, ordinances, and other legislation to ensure compliance; and consulted with subject matter experts to understand changes in legislation (such as NPDES and Title 24) that resulted in additional and more complex reviews.

While the committee reviewed the fees of other local jurisdictions, it is difficult to make direct comparisons to rates from other jurisdictions because each jurisdiction organizes its service delivery and fees differently. Where direct comparisons were possible, the committee found that the recommended fees under the proposed fee schedule are generally competitive and consistent with other jurisdictions.

The committee's work is reflected in a Building Fees Study, dated November 25, 2020, which is included with the materials transmitted to the Board of Supervisors for its consideration in connection with this matter.

After several months of analysis, the fee review committee proposes the following key changes to the fee schedule:

- A. Establish a 3-tier non-refundable application filing fee for categories of projects that involve basic, moderate, and complex reviews. The existing application filing fee is \$29 for all project types and is refundable, and this existing fee does not cover the costs of staff time for initial review of the application.
- B. Impose a minimum review fee for residential and commercial applications (of \$165 and \$330, respectively) to more closely recover staff time costs. The minimum fee represents the hourly blended rate of staff in the Permit Center who review applications.
- C. Shift from valuation methodology to square footage methodology for calculation of fees for

alterations, repairs, interior changes, and other project types to simplify calculations and minimize disputes about the actual cost of the project. Square footage methodology continues, without change, to be the default methodology for calculation of fees for new construction and additions.

- D. Simplify the existing square footage fee calculation methodology by shifting to an all-inclusive fixed square footage fee rate that covers all the basic fees currently collected separately under the existing fee schedule (e.g., inspections, permit fees, plan review, basic geotechnical review, basic stormwater review).
- E. Simplify the existing valuation table for projects that will not be covered under the proposed revised square footage fee calculation method by collapsing the valuation range.
- F. Adjust fees under the electrical/plumbing/mechanical portion of the fee schedule by increasing most of the fees from the existing minimum of \$85 to a revised minimum of \$165 to more closely achieve cost recovery.
- G. Add new fees not on the existing fee schedule such as for review of solar/photovoltaic/electrical storage projects; signs/awnings; outdoor kitchens, installation of factory-built homes, and other types of projects not addressed by the existing schedule.
- H. Revise stormwater and drainage review fees to account for the different levels and complexity of reviews:
  - There are two key changes to the stormwater and drainage review fees. The first change is to split the current standard drainage review fee into a lower “Basic Drainage Review” fee and higher “Full Drainage Review” fee. This change is necessary to reflect the County’s recently updated drainage review process, which more clearly indicates the appropriate level of review based on project size and location. By aligning the fees with the updated drainage review process, applicants will be charged for this review in accordance with the level of anticipated effort for their specific project type.
  - The second change is the addition of a C.3 Stormwater Treatment Review fee. “C.3” refers to Section C.3 of the Municipal Regional Stormwater Permit (MRP). Section C.3 states that permittees of the MRP (including the County of San Mateo) must require projects within their jurisdictions that fit the definition of a C.3 regulated project to implement onsite stormwater treatment measures. The design of stormwater treatment measures to C.3 design standards (which relate to the *quality* of stormwater leaving a site) is different than for the design process to simply comply with County drainage requirements (which relate to the *quantity* of water leaving a site). The purpose of the new C.3 stormwater treatment review fee is to account for the additional time and effort required to review the stormwater treatment features, design calculations and documentation, and operations and maintenance plans for these C.3 regulated projects. Currently, the County reviews approximately ten (10) C.3 regulated projects per year on average. However, preliminary information from the Regional Water Quality Control Board indicates that future revisions to the MRP will likely result in more projects that will require C.3 stormwater treatment review and, therefore, the establishment of a fee specific to these projects will help offset the increasing costs associated with implementing the MRP.
- I. Revise the refund policy language to clarify conditions under which a refund is appropriate.
- J. Reestablish a technology fee (4 percent of building fees imposed) to support the use and maintenance of technological applications used in the Department’s day to day operations (currently Accela, Bluebeam, and Qmatic).
- K. Add a document storage fee for all applications (2 percent of building fees imposed).
- L. Expand the use of fixed fees that correspond to processing costs, for simplicity and

transparency.

Under the proposed fee schedule, some applicants will see an increase in project fees, while others may see a slight reduction in project fees. In summary, the proposed changes to the fee schedule will improve the Department's cost recovery, minimize inconsistencies, improve transparency, and account for legal changes.

The resolution has been reviewed and approved by County Counsel as to form.

**FISCAL IMPACT:**

The proposed Building Permit and Inspection Fee Schedule will allow the Planning and Building Department to charge fees for services that are more closely aligned with the cost of providing these services, thereby improving its ability to effectively recover its costs.

**ATTACHMENTS:**

- A. Proposed Fee Schedule
- B. Building Fees Study
- C. Resolution