

ATTACHMENT 1 - USER FEE STUDY RESULTS

**Report on the Cost of Services
(User Fee) Study**

CITY OF SOUTH SAN FRANCISCO, CA



September 2020

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1. Introduction and Executive Summary

The report, which follows, presents the results of the Cost of Services (User Fee) Study conducted by the Matrix Consulting Group for the City of South San Francisco.

1 PROJECT BACKGROUND AND SCOPE OF WORK

The Matrix Consulting Group analyzed the cost of service relationships that exist between fees for service activities in the following departments: Building, City Clerk, City Manager, Engineering, Finance, Fire, Housing, Library, Parks and Recreation, Planning, Police, and Water Quality Control. The results of this Study provide a tool for understanding current service levels, the cost and demand for those services, and what fees for service can and should be charged.

2 GENERAL PROJECT APPROACH AND METHODOLOGY

The methodology employed by the Matrix Consulting Group is a widely accepted “bottom up” approach to cost analysis, where time spent per unit of fee activity is determined for each position within a Department or Program. Once time spent for a fee activity is determined, all applicable City costs are then considered in the calculation of the “full” cost of providing each service. The following table provides an overview of types of costs applied in establishing the “full” cost of services provided by the City:

Table 1: Cost Components Overview

Cost Component	Description
Direct	Fiscal Year 2019/20 Budgeted salaries, benefits and allowable expenditures.
Indirect	Division, departmental, and Citywide administration / management and clerical support.

Together, the cost components in the table above comprise the calculation of the total “full” cost of providing any particular service, regardless of whether a fee for that service is charged.

The work accomplished by the Matrix Consulting Group in the analysis of the proposed fees for service involved the following steps:

- **Departmental Staff Interviews:** The project team interviewed Departmental staff regarding their needs for clarification to the structure of existing fee items, or for addition of new fee items.

- **Data Collection:** Data was collected for each permit / service, including time estimates. In addition, all budgeted costs and staffing levels for Fiscal Year 19/20 were entered into the Matrix Consulting Group's analytical software model.
- **Cost Analysis:** The full cost of providing each service included in the analysis was established.
- **Review and Approval of Results with City Staff:** Department management has reviewed and approved these documented results.

A more detailed description of user fee methodology, as well as legal and policy considerations are provided in subsequent chapters of this report.

3 SUMMARY OF RESULTS

When comparing Fiscal Year 19/20 fee-related budgeted expenditures with fee-related revenue generated in Fiscal Year 18/19 the City is under-recovering its costs by approximately \$142,000 and recovering 99% of its fee-related costs. The following table outlines these results on a departmental basis:

Table 2: Annual Cost Recovery Analysis

Department	Revenue at Current Fee	Total Annual Cost	Annual Surplus / (Deficit)	Cost Recovery %
Planning	\$370,040	\$608,464	(\$238,424)	61%
Building	\$5,843,112 ¹	\$5,618,522	\$224,590	104%
Fire - Prevention	\$2,842,269	\$2,270,322	\$571,947	125%
Engineering	\$1,779,285	\$2,090,706	(\$311,421)	85%
Water Quality	\$59,075	\$447,608	(\$388,533)	13%
TOTAL	\$10,893,781	\$11,035,622	(\$141,841)	99%

Planning, Engineering, and Water Quality show annual subsidies that range from a low of \$238,000 to a high of \$389,000. Building and Fire have surpluses of approximately \$225,000 and \$572,000 respectively. While the detailed documentation of the Study will show an over-collection for few fees (on a per unit basis), and an undercharge for most others, overall, the City is providing an annual subsidy to fee payers for all services included in the analysis.

The display of the cost recovery figures shown in this report are meant to provide a basis for policy development discussions among Council members and City staff, and do not represent a recommendation for where or how the Council should act. The setting of the

¹ Building revenue was annualized to reflect work done in a singular fiscal year.

“rate” or “price” for services, whether at 100 percent full cost recovery or lower, is a policy decision to be made only by the Council, with input from City staff and the community.

4 CONSIDERATIONS FOR COST RECOVERY POLICY AND UPDATES

The Matrix Consulting Group recommends that the City use the information contained in this report to discuss, adopt, and implement a formal Cost Recovery Policy, and a mechanism for the annual update of fees for service.

1 Adopt a Formal Cost Recovery Policy

The Matrix Consulting Group strongly recommends that the Council adopt a formalized, individual cost recovery policy for each service area included in this Study. Whenever a cost recovery policy is established at less than 100% of the full cost of providing services, a known gap in funding is recognized and may then potentially be recovered through other revenue sources. The Matrix Consulting Group considers a formalized cost recovery policy for various fees for service an industry Best Management Practice.

2 Adopt an Annual Fee Update / Increase Mechanism

The purpose of a comprehensive update is to completely revisit the analytical structure, service level estimates and assumptions applied in the previous study, and to account for any major shifts in cost components or organizational structures. The Matrix Consulting Group believes it is a best management practice to perform a complete update of a Fee Assessment every 3 to 5 years.

In between comprehensive updates, the City could utilize published industry economic factors such as Consumer Price Index (CPI) or other regional factors to update the cost calculations established in the Study on an annual basis. Alternatively, the City could also consider the use of its own anticipated labor cost increases such as step increases, benefit enhancements, or cost of living raises. Utilizing an annual increase mechanism would ensure that the City receives appropriate fee and revenue increases that reflect growth in costs.

2. Legal Framework and Policy Considerations

A “user fee” is a charge for service provided by a governmental agency to a public citizen or group. In California, several constitutional laws such as Propositions 13, 4, and 218, State Government Codes 66014 and 66016, and more recently Prop 26 and the Attorney General’s Opinion 92-506 set the parameters under which the user fees typically administered by local government are established and administered. Specifically, California State Law, Government Code 66014(a), stipulates that user fees charged by local agencies “...may not exceed the estimated reasonable cost of providing the service for which the fee is charged”.

1 GENERAL PRINCIPLES AND PHILOSOPHIES REGARDING USER FEES

Local governments are providers of many types of general services to their communities. While all services provided by local government are beneficial to constituents, some services can be classified as globally beneficial to all citizens, while others provide more of a direct benefit to a specific group or individual. The following table provides examples of services provided by local government within a continuum of the degree of community benefit received:

Table 3: Services in Relation to Benefit Received

“Global” Community Benefit	“Global” Benefit and an Individual or Group Benefit	Individual or Group Benefit
<ul style="list-style-type: none"> • Police • Park Maintenance 	<ul style="list-style-type: none"> • Recreation / Community Services • Fire Suppression / Prevention 	<ul style="list-style-type: none"> • Building Permits • Planning and Zoning Approval • Site Plan Review • CUPA • Facility Rentals

Funding for local government is obtained from a myriad of revenue sources such as taxes, fines, grants, special charges, user fees, etc. In recent years, alternative tax revenues, which typically offset subsidies for services provided to the community, have become increasingly limited. These limitations have caused increased attention on user fee activities as a revenue source that can offset costs otherwise subsidized (usually) by the general fund. In Table 3, services in the “global benefit” section tend to be funded primarily through voter approved tax revenues. In the middle of the table, one typically finds a mixture of taxes, user fee, and other funding sources. Finally, in the “individual / group benefit” section of the table, lie the services provided by local government that are typically funded almost entirely by user fee revenue.

The following are two central concepts regarding the establishment of user fees:

- **Fees should be assessed according to the degree of individual or private benefit gained from services.** For example, the processing and approval of a land use or building permit will generally result in monetary gain to the applicant, whereas Police services and Fire Suppression are examples of services that are essential to the safety of the community at large.
- **A profit-making objective should not be included in the assessment of user fees.** In fact, California laws require that the charges for service be in direct proportion to the costs associated with providing those services. Once a charge for service is assessed at a level higher than the actual cost of providing a service, the term “user fee” no longer applies. The charge then becomes a tax subject to voter approval.

Therefore, it is commonly accepted that user fees are established at a level that will recover up to, and not more than, the cost of providing a particular service.

2 GENERAL POLICY CONSIDERATIONS REGARDING USER FEES

Undoubtedly, there are programs, circumstances, and services that justify a subsidy from a tax based or alternative revenue source. However, it is essential that jurisdictions prioritize the use of revenue sources for the provision of services based on the continuum of benefit received.

Within the services that are typically funded by user fees, the Matrix Consulting Group recognizes several reasons why City staff or the Council may not advocate the full cost recovery of services. The following factors are key policy considerations in setting fees at less than 100 percent of cost recovery:

- **Limitations posed by an external agency.** The State or an outside agency will occasionally set a maximum, minimum, or limit the jurisdiction’s ability to charge a fee at all. An example includes time spent copying and retrieving public documents.
- **Encouragement of desired behaviors.** Keeping fees for certain services below full cost recovery may provide better compliance from the community. For example, if the cost of a permit for charging a water heater in residential home is higher than the cost of the water heater itself, many citizens will avoid pulling the permit.
- **Effect on demand for a particular service.** Sometimes raising the “price” charged for services might reduce the number of participants in a program. This is largely the case in Recreation programs such as camps or enrichment classes,

where participants may compare the City's fees to surrounding jurisdictions or other options for support activities.

- **Benefit received by user of the service and the community at large is mutual.** Many services that directly benefit a group or individual equally benefit the community as a whole. Examples include Recreation programs, Planning Design Review, historical dedications and certain types of special events.

The Matrix Consulting Group recognizes the need for policies that intentionally subsidize certain activities. The primary goals of a User Fee Study are to provide a fair and equitable basis for determining the costs of providing services, and assure that the City complies with State law.

3 PARKS AND RECREATION SPECIFIC REGULATIONS

There are specific rules and regulations within the State Law that impact Parks and Recreation related activities directly. These can be separated into two categories – rental rates and recreation programs. The following points provide further information regarding these items:

1. **Rental Rates:** One of the exceptions to the tax category under proposition 26 is a charge imposed for entrance to or use of local government property, or the purchase, or rental, or lease of local government property². There is no requirement that these rates must be limited to the cost of service, as they can be dependent upon a variety of features of the facility or park being rented.
2. **Recreation Programs:** Under Proposition 26, the exception to the tax category is a charge that is "imposed". Based upon the League of California Cities implementation guide for Proposition 26, as well as other legal opinions, recreation classes, youth sports, adult sports, are not a charge that is "imposed upon residents". Rather residents have the option to voluntarily participate in those programs and utilize a private entity (non-governmental entity) for those activities. Therefore, these rates are allowed to be set based upon the market options within the area rather than being restricted to the cost of service being provided.

Utilizing these two principals is key to understanding the results generated through this analysis. As such, any surpluses reflected in the report do not need to be reduced to the cost of service, as the fee amount(s) should be based upon the rates that the market can bear.

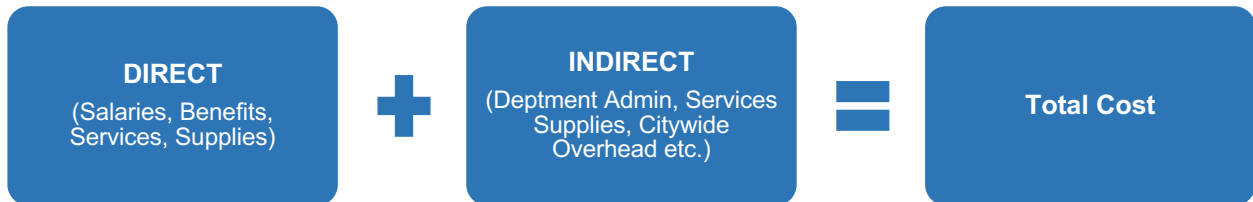
² Proposition 26 Article XIII C(1)(e)(4)

4 SUMMARY OF LEGAL RESTRICTIONS AND POLICY CONSIDERATIONS

Once the full cost of providing services is known, the next step is to determine the “rate” or “price” for services at a level which is up to, and not more than the full cost amount. The Council is responsible for this decision, which often becomes a question of balancing service levels and funding sources. The placement of a service or activity within the continuum of benefit received may require extensive discussion and at times fall into a “grey area”. However, with the resulting cost of services information from a User Fee Study, the Council can be assured that the adopted fee for service is reasonable, fair, and legal.

3. User Fee Study Methodology

The Matrix Consulting Group utilizes a cost allocation methodology commonly known and accepted as the “bottom-up” approach to establishing User Fees. The term means that several cost components are calculated for each fee or service. These components then build upon each other to comprise the total cost for providing the service. The following chart describes the components of a full cost calculation:



The general steps utilized by the project team to determine allocations of cost components to a particular fee or service are:

- Calculate fully burdened hourly rates by position, including direct & indirect costs;
- Develop time estimates for each service included in the study;
- Distribute the appropriate amount of the other cost components to each fee or service based on the staff time allocation basis, or another reasonable basis.

The results of these allocations provide detailed documentation for the reasonable estimate of the actual cost of providing each service. The following sections highlight critical points about the use of time estimates and the validity of the analytical model.

1 TIME ESTIMATES ARE A MEASURE OF SERVICE LEVELS REQUIRED TO PERFORM A PARTICULAR SERVICE

One of the key study assumptions utilized in the “bottom up” approach is the use of time estimates for the provision of each fee related service. Utilization of time estimates is a reasonable and defensible approach, especially since experienced staff members who understand service levels and processes unique to the City developed these estimates.

The project team worked closely with City staff in developing time estimates with the following criteria:

- Estimates are representative of average times for providing services. Estimates for extremely difficult or abnormally simple projects are not factored into this analysis.

- Estimates reflect the time associated with the position or positions that typically perform a service.
- Estimates provided by staff are reviewed and approved by the division / department, and often involve multiple iterations before a Study is finalized.
- Estimates are reviewed by the project team for “reasonableness” against their experience with other agencies.
- Estimates were not based on time in motion studies, as they are not practical for the scope of services and time frame for this project.

The Matrix Consulting Group agrees that while the use of time estimates is not perfect, it is the best alternative available for setting a standard level of service for which to base a jurisdiction’s fees for service, and meets the requirements of California law.

The alternative to time estimating is actual time tracking, often referred to billing on a “time and materials” basis. Except in the case of anomalous or sometimes very large and complex projects, the Matrix Consulting Group believes this approach to not be cost effective or reasonable for the following reasons:

- Accuracy in time tracking is compromised by the additional administrative burden required to track, bill, and collect for services in this manner.
- Additional costs are associated with administrative staff’s billing, refunding, and monitoring deposit accounts.
- Customers often prefer to know the fees for services in advance of applying for permits or participating in programs.
- Applicants may request assignment of less expensive personnel to their project.
- Departments can better predict revenue streams and staff needs using standardized time estimates and anticipated permit volumes.

Situations arise where the size and complexity of a given project warrants time tracking and billing on a “time and materials” basis. The Matrix Consulting Group has recommended taking a deposit and charging Actual Costs for such fees as appropriate and itemized within the current fee schedule.

2 CROSS CHECKS ENSURE THE VALIDITY OF OUR ANALYTICAL MODEL

In addition to the collection of time estimate data for each fee or service included in the User Fee Study, annual volume of activity data assumptions are also a critical component.

By collecting data on the estimated volume of activity for each fee or service, a number of analyses are performed which not only provide useful information regarding allocation of staff resources, but also provide valuable cross checks that ensure the validity of each model. This includes assurance that 100% of staff resources are accounted for and allocated to a fee for service, or “other non-fee” related categories. Since there are no objectives to make a profit in establishing user fees, it is very important to ensure that services are not estimated at a level that exceeds budgeted resource capacity. By accounting for not more than 100% of staff resources, no more than 100% of costs will be allocated through the Study.

4. Results Overview

The motivation behind a cost of services (User Fee) analysis is for the City Council and Departmental staff to maintain services at a level that is both accepted and effective for the community, and also to maintain control over the policy and management of these services.

It should be noted that the results presented in this report are not a precise measurement. In general, a cost of service analysis takes a “snapshot in time”, where a fiscal year of adopted budgeted cost information is compared to the same fiscal year of revenue, and workload data available. Changes to the structure of fee names, along with the use of time estimates allow only for a reasonable projection of subsidies and revenue. Consequently, the Council and Department staff should rely conservatively upon these estimates to gauge the impact of implementation going forward.

Discussion of results in the following chapters is intended as a summary of extensive and voluminous cost allocation documentation produced during the Study. Each chapter will include detailed cost calculation results for each major permit category including the following:

- **Modifications or Issues:** discussions regarding any revisions to the current fee schedule, including elimination or addition of fees.
- **“Per Unit” Results:** comparison of the full cost of providing each unit of service to the current fee for each unit of service (where applicable).
- **Jurisdictional Comparison:** a brief comparison of current permits and services with other local jurisdictions.

The full analytical results were provided to Department staff under separate cover from this summary report.

5. Administrative Services

The Administrative Services section of the fee schedule consists of fees from the City Clerk, City Manager, and Finance Departments. These departments provide services that benefit not only internal city departments, but also city residents and visitors. The focus of this analysis is only on the services provided to city residents and visitors for which fees are assessed, including: Film Applications, Business Licenses, and Cannabis Operator Fees. The following subsections discuss any proposed fee schedule modifications, the detailed per unit results, and annual revenue impacts.

1 FEE SCHEDULE MODIFICATIONS

In discussions with Administrative Services staff, the following changes were made to each Departments’ fee schedules:

- **City Clerk:** A review of the current fee structure concluded that a fee for Candidate Processing needed to be added.
- **City Manager:** The Film Permit fee was renamed to Film Application in order to better reflect the service being provided.
- **Finance:** Two additional fees were added to the schedule: Business License Copy and Business License Certificate Reprint.

The minor modifications noted above will allow for a clearer display of the services being offered to residents and visitors.

2 DETAILED RESULTS

The City Clerk, City Manager, and Finance departments collect fees for a variety of services such as film applications, business licenses, and cannabis operations. The total cost calculated includes direct staff costs, Departmental and Citywide overhead. The following table details the title / name, current fee, total cost, and surplus or deficit associated with each service.

Table 4: Total Cost Per Unit Results – Administrative Services

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit)
CITY CLERK			
Transcripts			
Folio Rate	Actual Cost	Actual Cost	

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit)
Additional Copies	\$0.10	\$0.25	(\$0.15)
Subpoena Processing Fees			
Complying with each subpoena and delivering records to attorney, attorney's representative, or deposition officer	\$16	\$15	\$1
Clerical costs incurred in locating and making records available	\$26	\$24	\$2
Standard reproduction of documents 8 1/2 x 14 inches or less	\$0.20	\$0.10	\$0.10
Standard reproduction of larger size documents	\$0.30	Actual Cost	
Daily cost for City employee required to remain in attendance pursuant to a subpoena	\$291	\$275	\$16
Campaign and Candidate Fees			
Campaign Disclosure Statements (FPPC)	\$0.10	\$0.10	\$0.00
Candidate Statements	\$600	Actual Cost	
Candidate Processing Fee		\$25	
Other Fees			
Preparing Proof of Residence Letter or Notarizing Proof of Living Documents	\$9	\$15	(\$6)
Postage	Actual Cost	Actual Cost	
All Photocopies	\$0.10	\$0.25	(\$0.15)
CITY MANAGER			
Film Application Permit	\$573	\$289	\$284
FINANCE			
Business License:			
Master List	\$9	\$11	(\$2)
Monthly Update	\$9	\$11	(\$2)
Business License Copy	\$0.25	\$0.25	\$0
Business License Certificate Reprint	\$10	\$11	(\$1)
Overdue Invoices		1% of Bill Monthly	
Cannabis Operator Fees			
Cannabis Operator Permit Application	\$7,791	\$9,676	(\$1,885)
Cannabis Business Inspection	\$373	\$468	(\$95)
Cannabis Operator Permit	\$15,809	\$18,343	(\$2,534)
Miscellaneous Fee			
Returned Checks Due to Insufficient Funds	\$25	\$25	\$0
Subsequent Returned Checks	\$35	\$35	\$0

The majority of City Clerk fees are set by the State of California with the exception of the transcripts folio rate, which is charged based on actual costs. The following points highlight which City Clerk fees are set by outside authorities, and the associated reference codes:

- **Copies and Photocopies:** can be charged up to \$0.25 per page based on the Public Records Act.
- **Subpoena Processing:** is regulated by Evidence Code section 1563. Daily cost for City employees required to remain in attendance pursuant to a subpoena cannot be charged at more than \$275 per Government Code section 68096.1.

- **Campaign Discloser Statements:** are set by Government Code 81008 at \$0.10 per page. Candidate statements are governed by Election Code section 13307, which states that actual costs can be recovered. Candidate processing fees are set by Election Code section 10228, and are set at \$25.
- **Notary:** fees are set by Government Code 12195(e) at \$15 per signature.

While the actual cost for some of the processes noted above may exceed the regulations regarding those services, the City cannot set fees for these services higher than stated regulations.

The only fee charged by the City Manager’s Department is for Film Application. While this service currently shows an over-recovery of \$284, this is due to a change in application processing. Previously, this process included time associated with various departments to review and comment on an application. The current process and cost reflects only time associated with staff within the City Manager’s office to accept and review the application.

All of the fees charged by Finance show an under-recovery. Business License related fees have minimal subsidies of about \$1 to \$2, while Cannabis Operator fees have much higher subsidies of between \$95 and \$2,534. Similar to City Clerk fees, Returned Check fees are governed by the State (Civil Code section 1719), and set at \$25 and \$35 respectively. Business License copies fall under the Public Records Act, and cannot be charged more than \$0.25 per page.

3 CREDIT CARD TRANSACTION FEE

The City of South San Francisco is assessed a fee from credit card companies for any transactions that require the use of credit cards. The City currently charges a 2.20% surcharge on all transactions above a \$1,000 to recover the costs associated with fees incurred. Through this study, the project team worked with City staff to determine the appropriate surcharge amount.

In order to calculate the surcharge, the project team divided the total expenses billed to the city by the credit card company by the total charges made against those credit card transactions. The following table shows this calculation:

Table 5: Credit Card Transaction Fee Calculation

<u>Category</u>	<u>Amount</u>
Credit Card Fee Charges	\$23,966
Credit Card Transaction Amount	\$786,214
Credit Card Fee Rate	3%

Based upon a sample of credit card fee charges and total transaction amounts the city's updated surcharge should be 3%. The increase to 3% will capture the increased fees charged to the City based upon the increased utilization of credit cards to pay for services.

The City currently has a policy to only charge this surcharge on transactions above a \$1,000; however, the bank charges the City regardless of the transaction amount. The City should consider reviewing and updating this policy to lower the threshold amount, as many permitted activities and fees are below the \$1,000 threshold; which limits the City's ability to then appropriately recover for the costs incurred.

3 ANNUAL RESULTS

Due to the minimal nature of fees charged by City Clerk, City Manager, and Finance, along with the lack of specific permit / workload data, annual impacts were not calculated for these services.

6. Housing

The Housing Division is responsible for managing the City's affordable housing program, which includes creating affordable housing units, regulating the program, and monitoring compliance with City regulations. The City does not currently have fees associated with housing program services. The following subsections outline how a fee structure was determined, and the total cost calculated for each proposed service.

1 FEE SCHEDULE MODIFICATIONS

As noted above, the Housing Division does not currently charge fees for its services. Through the course of this study a fee structure was developed to reflect the services provided by the Housing Division that relate to Development Applications, Initial Sale or Lease Up of BMR Units, BMR Monitoring, Refinancing, and Real Estate Transactions. This structure will enable the Housing Division to charge for its services associated with managing the city's affordable housing program. The proposed fee structure is presented in the following section.

2 DETAILED RESULTS

The proposed fee structure for the Housing Division includes charging fees for items such as affordable housing application, initial sale of 10-50 BMR units, and refinancing a single-family home. The total cost calculated for each Housing service includes direct staff costs, Departmental and Citywide overhead. The following table details the title / name and the total cost associated with each service.

Table 6: Total Cost Per Unit Results – Housing Services

Fee Name	Total Cost Per Unit
Development Application Including Affordable Housing	
Application (review BMR Plan)	\$514
Agreement Preparation	\$579
Agreement Preparation - with waiver or Modification	\$966
Initial Sale of For-Sale BMR Units	
Less than 10 BMR units	\$282
10-50 BMR units	\$334
More than 50 BMR units	\$462
Consultant Costs	Actual Cost
Initial Lease Up of Rental BMR Units	
Less than 10 BMR units	\$282
10-50 BMR units	\$334
More than 50 BMR units	\$462
Non-profit, fully-affordable project	\$128
Consultant Costs	Actual Cost

Fee Name	Total Cost Per Unit
BMR Monitoring	
Condos (per unit)	\$51
Rentals (per development)	\$166
Refinance and or Subordination of Agreement or Loan	
Single Family or Condo	\$322
Multi-Family	\$733
Payoff Demand	\$51
Resale Administration - Single Family / Condo	\$1,628
Real Estate Transactions	
Initial Consideration for Purchase Offers	\$847
Tax Equity and Fiscal Responsibility	
TEFRA Hearing	\$1,252

The above table outlines the full cost associated with providing Housing services related to affordable housing. The City should review these costs, and determine what if any fees should be charged, and at what level of cost recovery is appropriate.

3 ANNUAL RESULTS

As the City does not currently charge any housing fees, annual workload / volume data has not been collected; therefore, annual revenue calculations could not be assessed.

7. Planning

The Planning Division is responsible for reviewing development related projects to ensure compliance with zoning procedures and development standards. The division is also responsible for design reviews, general plan, use permits, zoning ordinance, and historical reviews. Fees examined in this study relate to development review and include fees such as Conditional Use Permits, Master Licensing Agreements, and Design Reviews. The following subsections discuss fee schedule modifications, detailed per unit results, and annual revenue impacts for Planning services.

1 FEE SCHEDULE MODIFICATIONS

In discussions with Planning staff, only a few minor modifications were made to the current fee schedule, including:

- **Combination of fees:** Appeal of the Planning Commission's Decision to the City Council is currently being charged by type of appellant (i.e. applicant, adjacent property owner, city resident, homeowners association, or other). This has been combined into a singular fee that will be charged per appeal.
- **Removal of fees:** Fees for Economic and Community Development Parking Exemption and District Annexation are no longer being processed by the division and therefore were removed from the schedule.
- **New fees:** Water Efficiency Landscape Ordinance Reviews and Short Term Rental Applications are new services being provided by the Division for which they would like assess a fee and recover costs. While Building Plan reviews have been conducted in the past, the addition of these services to the fee schedule will allow the Division to better account for the services they provide.

The adjustments and additions noted above will provide applicants with a better reflection of the services being provided by the Division.

2 DETAILED RESULTS

The Planning Division collects fees for items such as multi-family conditional use permits, zoning amendments, specific plans, variances, commercial and industrial design reviews, and tentative parcel maps among others. The total cost calculated for each Planning service includes direct staff costs, Departmental and Citywide overhead. The following table details the title/name, current fee, total cost, and surplus or deficit associated with each service.

Table 7: Total Cost Per Unit Results – Planning Division

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit)
PRE-APPLICATION MEETING			
Small Project (Single Family Res. / Comm. Façade)	\$2,000	\$404	\$1,596
Medium Project (Non-Residential up to 10 Units)	\$2,000	\$1,213	\$787
Large Project (Non-Residential over 10 unites)	\$2,000	\$6,173	(\$4,173)
PUBLIC HEARING APPLICATIONS			
Conditional Use Permit / Site Development Review			
Multi-Family Residential or Civic Use	\$3,461	\$14,327	(\$10,866)
All Others	\$4,488	\$10,284	(\$5,796)
Modification	\$2,333	\$5,231	(\$2,898)
Minor Use Permit			
Residential	\$1,900	\$2,603	(\$703)
All Others	\$1,725	\$2,199	(\$474)
Small Cell		\$1,390	
Design Review - Signs			
Type A (up to 25 sq.ft.)	\$173	\$580	(\$407)
Type B (up to 100 sq.ft.)	\$862	\$969	(\$107)
Type C / Master Sign	\$1,725	\$2,199	(\$474)
Design Review			
Single Family Residential / New or Additions to 2 to 3 Units	\$1,212	\$2,603	(\$1,391)
Multi-Family Residential / Subdivisions 4 of More Units / Modifications / Additions to 4 of More Units	\$2,161	\$3,412	(\$1,251)
Commercial and Industrial	\$2,559	\$3,816	(\$1,257)
Projects Requiring Planning Commission Approval	\$1,464	\$5,029	(\$3,565)
Resubmitted (after 2 reviews by Design Review Board)	\$1,509	\$2,199	(\$690)
Environmental			
Categorical Exemption	\$173	\$287	(\$114)
Initial Study, Negative Declaration, Mitigated Negative Declaration and other Contract Planning Studies	\$5,175	\$16,348	(\$11,173)
Environmental Impact Report (EIR)	\$10,349	\$20,391	(\$10,042)
Environmental Document Prepared by 3rd Party		Actual Cost	
Subdivisions			
Tentative Subdivision Map	\$862	\$2,603	(\$1,741)
Tentative Parcel Map	\$173	\$2,199	(\$2,026)
Transportation Demand Management Plan:			
Initial Filing Fee	\$1,208	\$2,603	(\$1,395)
Annual Monitoring (plus survey cost)	\$1,725	\$1,795	(\$70)
Tri-annual	\$1,725	\$1,795	(\$70)
Other Public Hearing Applications			
Variance	\$4,312	\$9,274	(\$4,962)
Master Plan	\$20,898	\$17,359	\$3,539
Development Agreement	\$18,422	\$13,316	\$5,106
Planned Unit Development	\$9,844	\$14,327	(\$4,483)
Precise Plan	\$9,844	\$8,263	\$1,581
Precise Plan Modification (Residential Only)	\$6,391	\$6,242	\$149
Temporary Use Permit	\$1,647	\$1,209	\$438
Zoning Amendment (Text)	\$8,625	\$15,337	(\$6,712)
Rezoning Map	\$8,625	\$11,295	(\$2,670)

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit)
Specific Plan	\$21,074	\$18,369	\$2,705
General Plan Amendments	\$9,841	\$18,774	(\$8,933)
Modifications & Waivers			
Minor (Staff Review)	\$259	\$855	(\$596)
Major (Planning Commission Review)	\$1,725	\$3,007	(\$1,282)
Time Extensions			
Non-Conforming Use	\$862	\$2,963	(\$2,101)
Time Extension for all Other Permits and Maps	\$862	\$2,154	(\$1,292)
Appeals:			
Appeal of the Chief Planner's decision to the Planning Commission	\$862	\$4,220	(\$3,358)
Appeal of the Planning Commission's Decision to City Council	\$1,725	\$5,231	(\$3,506)
MISCELLANEOUS FEES			
Minor Changes to Approved Permit	\$173	\$1,795	(\$1,622)
Inspection Fees: Additional visits	\$345	\$383	(\$38)
Certificate of Alteration	\$1,725	\$3,007	(\$1,282)
Certificate of Convenience and Necessity (taxi)	\$173	\$1,390	(\$1,217)
Sidewalk Dining Permit (Annual)	\$518	\$540	(\$22)
Site Clearance / Zoning Verification Letter	\$173	\$179	(\$6)
Zoning Verification Review	\$833	\$899	(\$66)
Legal Notices	\$518	\$383	\$135
Zoning Administrator Decision	\$862	\$1,592	(\$730)
Short Term Rental Application	\$0	\$784	(\$784)
PLANNING SUPPORT TO BUILDING			
Single Family Residential (New or Remodel)		\$606	
Multi-Family / Commercial / Industrial (New or Tenant Improvement)		5% of Building Permit Fee	
MASTER LICENSING AGREEMENTS (CELL TOWERS)			
City Owned Poles			
Master Agreement	\$4,347	\$4,000 deposit	
Privately Owned Poles			
Administrative	\$983	\$1,000 deposit	
Attachment Fee / Annual Rent	\$1,553	\$1,553	\$0

The majority of Planning fees show an under-recovery, with subsidies ranging from a low of \$6 for Site Clearance / Zoning Verification Letters to a high of \$11,173 for Environmental Documents including Initial Study, Negative Declaration, Mitigated Negative Declaration and other Contracted Planning Studies.

There are a handful of services which show a surplus, which range from a low of \$135 for Legal Notices to a high of \$5,106 for Development Agreements. The majority of these surpluses are due to streamlined processes which result in less time on task and lower per unit costs, however, the surplus for Development Agreements is due to converting the fee from a deposit to a flat fee.

3 ANNUAL RESULTS

In order to understand how the per unit results presented in the previous section could impact Planning's revenue on an annual basis, workload volume for FY18/19 was collected. The project team then compared annual revenue based on current fees to projected revenue based on the full cost of providing services. This analysis shows that the Planning Division has an annual subsidy of approximately \$238,000. The following table shows the annual workload volume for FY18/19, projected revenue at current fee, projected annual cost, and the associated annual surplus / deficit.

Table 8: Annual Cost Recovery Analysis – Planning Division

Fee Name	Recoverable Volume	Revenue at Current Fee	Annual Cost	Annual Surplus / (Deficit)
Pre-Application Meeting	12	\$24,000	\$14,554	\$9,446
Conditional Use Permit	20	\$85,652	\$221,854	(\$136,202)
Minor Use Permit	6	\$10,350	\$13,193	(\$2,843)
Design Review – Signs	41	\$18,813	\$33,381	(\$14,568)
Design Review	47	\$87,700	\$149,837	(\$62,137)
Subdivisions	2	\$1,724	\$5,206	(\$3,482)
Transportation Demand Management Plan	5	\$6,040	\$13,016	(\$6,976)
Other Public Hearing Modifications	10	117,058	129,927	(12,869)
Modifications & Waivers	1	\$259	\$855	(\$596)
Appeals	2	\$3,450	\$10,462	(\$7,012)
Miscellaneous Fees	18	\$14,994	\$16,180	(\$1,186)
TOTAL		\$370,040	\$608,464	(\$238,424)

Overall, the Planning Division is recovering approximately 61% of its fee related costs. The largest source of the Division's deficit relates to Conditional Use Permits, which compromise approximately \$136,000 of the \$238,000 deficit. While there are only about 20 applications that relate to Conditional Use Permits, the per unit subsidies range between \$5,800 and \$11,000.

8. Building

The City of South San Francisco provides plan check and inspection services in-house, supplemented with contract plan checkers. The purpose of the Building Division, part of the Economic and Community Development Department, is to review all construction projects (residential and commercial) to ensure compliance with the California Building Code and its rules and regulations. The following subsections discuss modifications made to the Building fee structure, the detailed per unit analysis results, and potential annual revenue impacts.

1 FEE SCHEDULE MODIFICATIONS

The Building fee schedule consists of both flat fees and valuation based fees, both of which were studied. The project team worked with the Building Division to streamline the current fee structure by modifying structures and adding new flat fees. The following points highlight some of these changes:

- For all new construction projects (residential and commercial) the plan check and inspection (permit) fee is inclusive of structural, mechanical, electrical, plumbing, and green energy reviews and inspections.
- Plan Check Fees were converted from valuation tables to percentage of the building permit fee to help streamline the fee schedule and simplify the plan check fee calculation process. For commercial plan check fees, a tiered percentage structure was developed depending upon the scope of the project and valuation.
- Incorporation of Title 24 Energy Plan Check Surcharge into the proposed plan check fees to minimize the number of surcharges added to fees.
- Flat Fees were added for common residential permits such as kitchen and bath remodels, water heaters, furnace replacement, reroofs, etc.
- Mechanical, Electrical, and Plumbing fees were converted from valuation-based to be based on a percentage of the building permit fee. This allows the division to not have to collect trade specific valuation, but rather evaluate these trades in the context of the larger building permit for any commercial tenant improvements.
- Creation of new over-the-counter (OTC) or standalone mechanical, electrical, and plumbing (MEP) permits to capture any miscellaneous or standalone permits.

Identifying and implementing these changes to the Building fee structure have helped to clarify the fee schedule, increase consistency of application of fees, and reduced the

complexity in relation to both internal staff and developers determining the full fees associated with their development projects.

2 DETAILED RESULTS – FLAT FEES

The Building Division currently assesses a variety of permits for over the counter or simplified permits, such as reroofs, photovoltaic, residential remodels, etc. The following table details the current fees associated with Flat Fees Permits, the full cost associated with Building to provide these services, and the surplus / deficit.

Table 9: Building Flat Fees – Per Unit

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Inspections Or Re-Inspections Outside Normal Business Hours	\$112	\$212	(\$100)
Re-Inspections During Normal Hours	\$112	\$189	(\$77)
Permit Process - Initial Project Input, Fee Collection (New / Existing Residential, Commercial, and MF)	\$224	\$260	(\$36)
Additional Plan Review Required by Changes, Additions or Revisions to Approved Plans	\$56	Actual Cost + 15% Processing Fee	
Expedited Plan Review		135% of Plan Check Fee	
OTC or Standalone MEP Permit		\$276	
Photovoltaic:			
Commercial Photovoltaic	\$391	\$608	(\$217)
Residential Photovoltaic	\$224	\$276	(\$52)
Residential Miscellaneous Fees:			
Residential Water Heater	\$125	\$137	(\$12)
Residential Reroof	\$350	\$512	(\$162)
Residential Garage Door	\$125	\$324	(\$199)
Residential Kitchen Update	\$350	\$654	(\$304)
Residential Bath Update	\$250	\$467	(\$217)
Residential Furnace Replacement	\$125	\$184	(\$59)
Residential Service Upgrade	\$150	\$231	(\$81)
Residential Lateral Replacement	\$150	\$184	(\$34)
Residential EV Charger	\$130	\$279	(\$149)
Water Efficiency Landscape Ordinance (WELO) Review:			
Small (500 - 2,500 square feet)		\$493	
Large (2,500+ square feet)		\$1,213	

The Division is under-recovering for all of its current flat fees for building permits. The under-recovery ranges from a low of \$12 for a water heater to a high of \$304 associated with residential kitchen updates.

3 DETAILED RESULTS – VALUATION-BASED FEES

The City of South San Francisco currently uses a valuation table to establish plan check and permit fees for all Construction Projects that is based on the value of construction costs. There are currently five different valuation tables utilized by the City:

1. Building Inspection
2. Plan Check – Existing Residential
3. Plan Check – New Residential and All Commercial (New and Existing)
4. Plan Check – Mechanical and Plumbing
5. Plan Check – Electrical

As discussed in the modifications section, the project team worked with City staff to modify the current structure to simplify the fee calculation and administration process. The project team reduced the five valuation tables into two valuation tables – Residential Permit (New and Remodels) and Commercial / Multi-Family (New and Tenant Improvements). For Plan Check fees, they were established as a percentage of the building permit fee, and similarly mechanical, electrical, and plumbing fees were established as a percentage. The following subsections discuss the residential and commercial valuation-based tables calculated for the City.

1 Detailed Results – Residential Valuation

While the City currently has two separate plan check valuation-based tables for residential, it only has a singular table for building permit fees. Through this study as many simplified residential permits were identified as flat fees, it was determined that a singular valuation-based table was still appropriate for all new and existing residential projects. The following table outlines the valuation range, current fee, total cost per unit, and the associated surplus / (deficit):

Table 10: Total Cost Per Unit Results – Residential Building Permit Fees

Project Valuation Sliding Scale Category	Current Permit Fee	Total Cost Permit Fee	Surplus / (Deficit)
Project Valuation: \$1 to \$500	\$84.00	\$189.47	(\$105.47)
Project Valuation: \$501 to \$2,000			
First \$500	\$84.00	\$189.47	(\$105.47)
Each Additional \$100 or fraction thereof	\$2.00	\$9.47	(\$7.47)
Project Valuation: \$2,001 to \$25,000			
First \$2,001	\$112.00	\$331.57	(\$219.57)
Each Additional \$1,000 or fraction thereof	\$24.00	\$18.53	\$5.47
Project Valuation: \$25,001 to \$50,000			
First \$25,001	\$672.00	\$757.87	(\$85.87)
Each Additional \$1,000 or fraction thereof	\$27.00	\$32.84	(\$5.84)

Project Valuation Sliding Scale Category	Current Permit Fee	Total Cost Permit Fee	Surplus / (Deficit)
Project Valuation: \$50,001 to \$100,000			
First \$50,001	\$1,342.00	\$1,578.89	(\$236.89)
Each Additional \$1,000 or fraction thereof	\$13.42	\$13.58	(\$0.16)
Project Valuation: \$100,001 to \$500,000			
First \$100,001	\$2,014.00	\$2,257.81	(\$243.81)
Each Additional \$1,000 or fraction thereof	\$8.39	\$7.70	\$0.69
Project Valuation: \$500,001 to \$1,000,000			
First \$500,001	\$5,371.00	\$5,336.65	\$34.35
Each Additional \$1,000 or fraction thereof	\$16.11	\$5.75	\$10.36
Project Valuation: \$1,000,001 to \$3,000,000			
First \$1,000,001	\$9,398.00	\$8,210.22	\$1,187.78
Each Additional \$1,000 or fraction thereof	\$1.68	\$2.84	(\$1.16)
Project Valuation: \$3,000,001 to \$5,000,000			
First \$3,000,001	\$16,781.00	\$13,894.22	\$2,886.78
Each Additional \$1,000 or fraction thereof	\$2.07	\$3.16	(\$1.09)
Project Valuation: \$5,000,001 and above			
First \$5,000,001	\$20,138.00	\$20,209.78	(\$71.78)
Each Additional \$1,000 or fraction thereof	\$0.89	\$1.58	(\$0.69)

As the table indicates, the City is generally under-recovering for its costs up until about the \$500,000 project range, at which point, the city is currently slightly over-recovering. This is primarily due to the fact that currently the City has a singular permit table that is applicable to both residential and commercial projects. While many commercial projects can get extremely complex the higher the valuation, many times residential projects simply are larger rather than more complex.

Additionally, as discussed, the City previously had two different types of plan check fees associated with residential projects. The project team worked with City staff to simplify the two tables into a singular percentage. The full cost associated with Residential Plan Check will be **65% of the Residential Building Permit fee**. To provide comparison, for a new residential project the current fee for a project valued at \$500,001 would be \$3,357; whereas now it would be \$3,469, so representing about a \$100 difference.

Overall, the changes to the residential fee schedule more accurately and simplistically represent the level of effort incurred by City staff as it relates to conducting plan check and inspections.

2 Detailed Results – Commercial / Multi-Family Valuation

The City currently only has a singular table for commercial plan check and for commercial inspection. Through this study the project team worked with staff to review the assumptions behind those tables and where appropriate updated those assumptions. The following table outlines the valuation range, current fee, total cost per unit, and the associated surplus / (deficit):

Table 11: Total Cost Per Unit Results – Commercial / Multi-Family Permit Fees

Project Valuation Sliding Scale Category	Current Permit Fee	Total Cost Permit Fee	Surplus / (Deficit)
Project Valuation: \$1 to \$500	\$84.00	\$94.73	(\$10.73)
Project Valuation: \$501 to \$2,000			
First \$500	\$84.00	\$94.73	(\$10.73)
Each Additional \$100 or fraction thereof	\$2.00	\$8.42	(\$6.42)
Project Valuation: \$2,001 to \$25,000			
First \$2,001	\$112.00	\$221.04	(\$109.04)
Each Additional \$1,000 or fraction thereof	\$24.00	\$12.01	\$11.99
Project Valuation: \$25,001 to \$50,000			
First \$25,001	\$672.00	\$497.35	\$174.65
Each Additional \$1,000 or fraction thereof	\$27.00	\$11.05	\$15.95
Project Valuation: \$50,001 to \$100,000			
First \$50,001	\$1,342.00	\$773.66	\$568.34
Each Additional \$1,000 or fraction thereof	\$13.42	\$25.58	(\$12.16)
Project Valuation: \$100,001 to \$500,000			
First \$100,001	\$2,014.00	\$2,052.56	(\$38.56)
Each Additional \$1,000 or fraction thereof	\$8.39	\$6.12	\$2.27
Project Valuation: \$500,001 to \$1,000,000			
First \$500,001	\$5,371.00	\$4,499.83	\$871.17
Each Additional \$1,000 or fraction thereof	\$16.11	\$9.88	(\$1.83)
Project Valuation: \$1,000,001 to \$3,000,000			
First \$1,000,001	\$9,398.00	\$9,441.76	(\$43.76)
Each Additional \$1,000 or fraction thereof	\$1.68	\$1.44	\$0.24
Project Valuation: \$3,000,001 to \$5,000,000			
First \$3,000,001	\$16,781.00	\$12,315.34	\$4,465.66
Each Additional \$1,000 or fraction thereof	\$2.07	\$6.22	(\$4.15)
Project Valuation: \$5,000,001 to \$10,000,000			
First \$5,000,001	\$20,138.00	\$24,756.98	(\$4,618.98)
Each Additional \$1,000 or fraction thereof	\$0.89	\$3.49	(\$2.60)
Project Valuation: \$10,000,001 to \$25,000,000			
First \$10,000,001	\$24,613.00	\$42,187.92	(\$17,574.92)
Each Additional \$1,000 or fraction thereof	\$0.89	\$3.79	(\$2.90)
Project Valuation: \$25,000,001 to \$50,000,000			
First \$25,000,001	\$38,038.00	\$98,996.35	(\$60,958.35)
Each Additional \$1,000 or fraction thereof	\$0.45	\$3.13	(\$2.68)
Project Valuation: \$50,000,001 and above			
First \$50,000,001	\$49,226.00	\$177,151.36	(\$127,925.36)
Each Additional \$1,000 or fraction thereof	\$0.98	\$1.56	(\$0.58)

Similar to the residential permit fees, the Building Division is generally under-recovering its costs as it relates to commercial and multi-family projects. There are a couple of valuation-based ranges for which the City is currently over-recovering such as the \$25,000 and \$50,000 category. While those projects might be complex for residential projects, they are not necessarily as complex for commercial projects and as such the separation of the permit tables into two separate categories more accurately allows the City to capture the support.

It was determined that similar to the residential projects, a streamlined approach of plan check as a percentage of the building permit fee would be utilized. However, instead of a singular plan check percentage, during discussion with staff it was determined that a tiered approach should be developed. The following table shows the proposed plan check percentage calculation:

Table 12: Commercial / Multi-Family – Plan Check Calculation

<u>Project Valuation</u>	<u>Total Cost Per Unit</u>
\$1 - \$50,000	60% of Building Permit Fee
\$50,000 - \$1,000,000	65% of Building Permit Fee
\$1,000,000+	75% of Building Permit Fee

The concept behind utilizing the tiered system is to capture the different level of complexities. For projects at a lower valuation typically the plan check is not generally very complex and there is minimal back and forth between the city and the applicant. However, as projects gain in value, the plan check becomes slightly more complex. Additionally, while the city previously added a surcharge for Green Energy Title 24 Plan Check Fees, the proposed fee structure has incorporated that surcharge into the calculation for plan check fees. This will ensure that there is a simplified process for plan check fees.

Lastly, the current Mechanical, Electrical, and Plumbing fees are all valuation-based upon the work of the trades and it was determined that these valuation-based fees should be removed as a separate valuation-table and calculated as a percentage of the building permit fee. Based upon discussion with staff and time estimate information it was calculated that for commercial / multi-family projects, the Mechanical, Electrical, and Plumbing fees would be **20% of the Commercial / Multi-Family Building Permit – per trade**. The simplified process not only better captures the support provided by these types of fees but it also eliminates the need for permit technicians to ask developers the value of their individual trade work. This reduces the time spent at the counter associated with calculating fees and creates a more efficient process.

4 ANNUAL RESULTS

The Building Division charges a variety of fees associated with residential and commercial projects. Additionally, the fees charged by the Building Division are collected in one year and may be applicable for work performed in later years. Therefore, to determine the true annual revenue impact associated with Building projects, the project team reviewed the City’s current Building Permit revenue data and annualized it. The annualized process included the following steps:

- Recognizing all plan check revenue as single-year revenue
- Recognizing all residential-based projects as single-year revenue

- Eliminating any outlier projects (i.e. \$240 million and \$74 million) as those projects would not repeat on an annual basis.
- Spreading commercial inspection / permit fees over a two-year span.

The revenue analysis conducted results in an annual calculation that more accurately reflects the revenue associated with the activities conducted in a single fiscal year, rather than the full amount of revenue collected in a fiscal year. The following table shows the Division's calculated annual revenue at current fees, the total annual cost calculated through this study, and the resulting annual surplus / (deficit).

Table 13: Annual Revenue Analysis – Building

Category	Revenue at Current Fee	Total Annual Cost	Annual Surplus / (Deficit)
Building Division	\$5,843,112	\$5,618,522	\$224,590

As the table indicates, the Division is currently over-recovering for its fees by approximately \$400,000 annually. This over-recovery equates to a cost recovery level of 107%. The modifications being proposed to the Building Division's fee schedule will more accurately enable it to capture the costs associated with its services.

9. Fire

The Fire Department is responsible for protecting South San Francisco residents from fires, medical emergencies, natural disasters, and hazardous materials. The Fire Department has three divisions: Administration, Fire Prevention, and Emergency Medical Services / Operations. Fees studied for the Fire Department relate to transport fees, training, fire prevention, fire and life safety, and fire protection systems. The following subsections discuss proposed fee schedule modifications, detailed per unit results, and annual revenue impacts related to fee-related fire services.

1 FEE SCHEDULE MODIFICATIONS

In reviewing the current fee structure for Fire services, it was determined that modifications could be made that would enhance applicant's understanding of the services offered, and how fees are applied. The following points highlight the modifications being proposed:

- **Removal of fees:** Some fees were removed from the schedule as they reflect services that are no longer provided, including: Contracted BLS Inter Facility, Lead EKG Class, Pre-Inspection of Residential Care Facilities, Tire Storage, etc. Positional hourly rates were removed from the schedule, as specific services that are performed on an hourly basis utilize blended rates.
- **Renaming or reclassifying fees:** Construction Without a Permit was renamed to Installation or Modification of a Fire Protection System Without a Permit. Institutions and Day Care Operational Permits were renamed to Child Care Center. Group R, Division 1 Occupancies and Group R, Division 2 with 3 or More Dwelling Units Per Building Inspection ranges were expanded to account for larger buildings. Operation Permits were split out into a flat fee plus a base fee.
- **New fees:** First Responder, Facility Use, Emergency Responder Communication, and Outdoor Assembly Event permits were added to the fee schedule.

The modifications made to the Fire department's fee schedule better reflect the services that are being provided, and enable the department to more accurately collect fees for those services.

2 DETAILED RESULTS – FLAT FEES

The Fire Department collects flat fees for items such as ALS transports, training classes, prevention inspections, and operational permits among others. The total cost calculated for each Fire Department service includes direct staff costs, Departmental and Citywide

overhead. The following table details the title/name, current fee, total cost, and surplus or deficit associated with each service.

Table 14: Total Cost Per Unit Results – Fire Department – Flat Fees

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit)
TRANSPORT FEES			
ALS I	\$2,018	\$3,075	(\$1,057)
ALS II	\$2,018	\$3,075	(\$1,057)
BLS (Emergency)	\$2,018	\$3,075	(\$1,057)
BLS (Non-Emergency)	\$704	\$1,076	(\$372)
First Responder Fee		\$461	
Mileage (All levels)	\$53	\$23	\$30
Oxygen	\$127	\$137	(\$10)
FIRE SERVICE TRAINING			
First-Aid / Adult CPR / AED Classes for Residents (cost of textbook and certification card)	\$31	\$37	(\$6)
First-Aid / CPR / AED Classes for Non-Residents	\$106	\$37	\$69
First-Aid / CPR Classes for SSF Businesses	\$58	\$21	\$37
Pediatric Education for Pre-hospital Professionals (For residents and non-residents)	\$127	\$115	\$12
<u>American Heart Association "Professional Level" courses for the public and other outside agencies</u>			
ACLS Knowledge and Skills Review Workshop	\$185	\$949	(\$764)
<u>Initial Recognition:</u>			
Pediatric Advanced Life Support (PALS)	\$248	\$1,067	(\$819)
Advanced Cardiac Life Support (ACLS)	\$248	\$949	(\$701)
Basic Life Support-Health Care Provider (BLS HCP)	\$80	\$206	(\$126)
<u>Re-recognition:</u>			
Pediatric Advanced Life Support (PALS)	\$201	\$534	(\$333)
Advanced Cardiac Life Support (ACLS)	\$201	\$474	(\$273)
Basic Life Support-Health Care Provider (BLS HCP)	\$53	\$103	(\$50)
<u>Other Training Service</u>			
Other EMS Continuing Education Classes	\$8	\$18	(\$10)
Emergency Response Team Class (Incl. Fire extinguisher training)	\$29	\$139	(\$110)
Permit Required Confined Space Class	\$29	Actual Cost	
Hazardous Materials Responder Class	\$29	Actual Cost	
Technical Rescue Class	\$29	Actual Cost	
Vehicle Extrication Class	\$29	Actual Cost	
Other Fire Training Continuing Education Classes	\$29	\$139	(\$110)
Student Materials, Supplies Required to Participate		Actual Cost + 10% Admin	
Certification Fees required by Certifying Authority		Actual Cost + 10% Admin	
Facility Use Fee (Classroom, Tower, or Grounds)		Actual Cost + 10% Admin	
FIRE OPERATIONAL PERMITS (Base + Permit Fee)			
Base Operational Permit Fee			
0-5,000 sq. ft.		\$145	
5,001-10,000 sq. ft.		\$193	
10,001-25,000 sq. ft.		\$241	

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit)
25,001-50,000 sq. ft.		\$290	
50,001-100,000 sq. ft.		\$386	
100,001-500,000 sq. ft.		\$483	
500,001-1,000,000 sq. ft.		\$579	
No to Low Hazard Operational Permits			
Cellulose Nitrate Film	\$351	\$80	\$271
Child-care Center	\$351	\$80	\$271
ERRC System	\$351	\$80	\$271
Fire Alarm System	\$527	\$80	\$447
Large Family Day Care	\$351	\$80	\$271
Mobile Food Prep Vehicle	\$351	\$80	\$271
Permit Required Confined Space	\$351	\$80	\$271
Place of Assembly	\$351	\$80	\$271
Residential Care Facility	\$351	\$80	\$271
Medium Hazard			
Covered and Open Mall Building	\$351	\$113	\$238
Combustible Fibers	\$351	\$113	\$238
Dry Cleaning	\$527	\$113	\$414
Industrial Oven	\$351	\$113	\$238
Hospitals & Psychiatric Hospital	\$351	\$113	\$238
Liquid or Gas-Fueled Vehicles or Equipment in Assembly Buildings	\$351	\$113	\$238
Lumber Yard	\$703	\$113	\$590
Plant Extraction	\$351	\$113	\$238
Pyroxylin Plastics	\$351	\$113	\$238
Open Flame & Candles	\$176	\$113	\$63
Radioactive Materials	\$351	\$113	\$238
Refrigeration Equipment	\$176	\$113	\$63
Rooftop Heliports	\$351	\$113	\$238
Stationary Fuel Cell Power Systems	\$351	\$113	\$238
Storage of Scrap Tire	\$527	\$113	\$414
Waste Handling Facility	\$351	\$113	\$238
Wood Products	\$351	\$113	\$238
High Hazard			
Aerosol Products	\$351	\$193	\$158
Aviation Facility	\$351	\$193	\$158
Dust Producing	\$527	\$193	\$334
Compressed Gas	\$176	\$193	(\$17)
Cryogenic Gas	\$527	\$193	\$334
Cutting and Welding	\$351	\$193	\$158
Explosives	\$351	\$193	\$158
Flammable / Combustible Liquids	\$527	\$193	\$334
Hazardous Materials	\$703	\$193	\$510
High Piled Storage	\$703	\$193	\$510
Liquefied Petroleum Gas	\$351	\$193	\$158
Magnesium	\$351	\$193	\$158
Miscellaneous Combustible Storage	\$351	\$193	\$158
Mobile of Hydrogen Fueled Vehicles	\$351	\$193	\$158
Motor Fuel Dispensing	\$351	\$193	\$158

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit)
Repair Garages	\$351	\$193	\$158
Spraying or Dipping	\$351	\$193	\$158
Tire Rebuilding Plant	\$351	\$193	\$158
GROUP R - DIVISION 1 AND 2 OCCUPANCIES WITH 3 OR MORE DWELLING UNITS PER BUILDING			
3-10 Units	\$264	\$193	\$71
11-100 Units	\$351	\$386	(\$35)
101-200 Units	\$1,406	\$579	\$827
201-300 Units	\$2,109	\$772	\$1,337
301-350 Units	\$2,812	\$869	\$1,943
> 351 Units, per 100 units	\$1,406	\$290	\$1,116
SPECIAL ACTIVITY PERMITS			
Candles or Open Flames in Assembly Areas	\$351	\$366	(\$15)
Carnivals and Fairs	\$703	\$366	\$337
Christmas Tree Lots	\$703	\$366	\$337
Explosives or Blasting Agents	\$703	\$366	\$337
Fire Hydrants and Water-Control Valves	\$351	\$366	(\$15)
Fireworks Displays by a Licensed Professional	\$703	\$366	\$337
Fumigation/Thermal Insecticide	\$176	\$366	(\$190)
Outdoor Assembly Event		\$366	
Parade Floats	\$351	\$366	(\$15)
Temporary Membrane Structures (tents)	\$351	\$366	(\$15)
Failure to Obtain a Permit		2x Permit Cost	
FIRE AND LIFE SAFETY – PLAN CHECK			
Additional Fire Plan Check Review – 4 th submittal – 2 hour min	\$176	\$209	(\$33)
OTHER FIRE PREVENTION INSPECTIONS			
Annual Fire Inspection (Basic)	\$264	\$313	(\$49)
Annual High-rise Building (2 hour Minimum)	\$352	\$417	(\$65)
New Occupancy / Business	\$351	\$313	\$38
Title 19, 5 Year Automatic Fire Sprinkler Certification	\$351	\$399	(\$48)
Re-Inspection	\$176	\$209	(\$33)
Inspection for Which a Fee is not Specifically Indicated	\$176	\$209	(\$33)
Inspections Outside of Normal Business Hours (2 hour minimum)	\$176	\$253	(\$77)
Inspection Cancellation Fee		\$209	
MISCELLANEOUS FIRE PREVENTION FEES			
Application for Use of Alternate Methods of Protection	\$264	\$145	\$119
Key Box Service	\$88	\$114	(\$26)
Emergency Response DUI Cost Recovery		Actual Cost	
Emergency Response Hazmat Cost Recovery		Actual Cost	
Investigations	\$176	\$209	(\$33)
Fire Watch		Actual Cost	
Hazard Mitigation Fee (Includes all other incident types)		Actual Cost	

Current subsidies identified range from a low of \$6 for First-Aid / Adult CPR / AED Classes for Residents (excluding reproduction of reports) to a high of \$1,057 for ALS and BLS Transportation. Over-recoveries identified range from a low of \$12 for Pediatric Education for Pre-hospital Professionals (For residents and non-residents) to a high of \$1,943 for Group R, Division 1 Occupancies and Group R, Division 2 with 3 or More Dwelling Units per Building for inspections of buildings with 301-350 units.

The over-recoveries identified in the above table are largely due to the restructuring of categories. This is true for the majority of the fees that show an over recovery relating to operational permits. In the current schedule, these are flat fees, whereas the proposed structure is converting these to a base fee calculated on the square footage of the site to be inspected plus a flat fee for each operational permit type.

3 DETAILED RESULTS - VALUATION

The Fire Department charges fees for Fire and Life Safety Plan Check, Fire Protection Systems Plan Check, and Fire Protection Systems Inspections based on the valuation of the project. The following subsections provide the detailed results for each of these fee categories.

1 Fire and Life Safety Plan Check

Fire Prevention staff are responsible for reviewing building plans to ensure that fire and life safety standards are met. The total cost calculated includes direct staff costs, Departmental and Citywide overhead. The following tables details the title / name, current fee, total cost, and surplus or deficit associated with each valuation range.

Table 15: Total Cost Per Unit Results – Fire Department – Fire and Life Safety Plan Check

Project Value	Current Fee	Total Cost Per Unit	Surplus / (Deficit)
Project Valuation: \$1 to \$6,000	\$88.00	\$203.00	(\$115.00)
Project Valuation: \$6,001 to \$25,000			
First \$6,000	\$88.00	\$202.66	(\$114.66)
Each Additional \$1,000 or fraction thereof	\$9.24	\$11.56	(\$2.32)
Project Valuation: \$25,001 to \$50,000			
First \$25,000	\$176.00	\$422.21	(\$246.21)
Each Additional \$1,000 or fraction thereof	\$14.06	\$21.62	(\$7.56)
Project Valuation: \$50,001 to \$100,000			
First \$50,000	\$351.00	\$962.64	(\$611.64)
Each Additional \$1,000 or fraction thereof	\$42.16	\$27.36	\$14.80
Project Valuation: \$100,001 to \$500,000			
First \$100,000	\$2,810.00	\$2,330.59	\$479.41
Each Additional \$1,000 or fraction thereof	\$10.54	\$7.98	\$2.56
Project Valuation: \$500,001 to \$1,000,000			
First \$500,000	\$7,027.00	\$5,522.49	\$1,504.51
Each Additional \$1,000 or fraction thereof	\$8.44	\$5.78	\$2.66
Project Valuation: \$1,000,001 to \$3,000,000			
First \$1,000,000	\$11,242.00	\$8,410.40	\$2,831.60
Each Additional \$1,000 or fraction thereof	\$3.74	\$2.46	\$1.28
Project Valuation: \$3,000,001 to \$5,000,000			
First \$3,000,000	\$18,737.00	\$13,324.91	\$5,412.09
Each Additional \$1,000 or fraction thereof	\$5.62	\$3.12	\$2.50

Project Value	Current Fee	Total Cost Per Unit	Surplus / (Deficit)
Project Valuation: \$5,000,001 to \$10,000,000			
First \$5,000,000	\$29,979.00	\$19,556.71	\$10,422.29
Each Additional \$1,000 or fraction thereof	\$2.25	\$1.32	\$0.93
Project Valuation: \$10,000,001 to \$25,000,000			
First \$10,000,000	\$41,221.00	\$26,143.16	\$15,077.84
Each Additional \$1,000 or fraction thereof	\$1.00	\$0.76	\$0.24
Project Valuation: \$25,000,001 to \$50,000,000			
First \$25,000,000	\$56,211.00	\$37,492.13	\$18,718.87
Each Additional \$1,000 or fraction thereof	\$0.30	\$0.26	\$0.04
Project Valuation: \$50,000,001 +			
First \$50,000,000	\$63,705.00	\$44,078.59	\$19,626.41
Each Additional \$1,000 or fraction thereof	\$1.27	\$0.13	\$1.14

Projects valued under \$100,000 show an under-recovery, while projects greater than \$100,000 are showing an over recovery. The total cost per unit reflects changes in processes and efficiencies implemented over time by the department, resulting in a reduction of costs associated with providing these services.

2 Fire Protection Systems Plan Check

Fire Prevention staff are responsible for reviewing fire protection system plans to ensure that they are in compliance with the fire code, and meet or exceed the requirements for building occupancy. The total cost calculated includes direct staff costs, Departmental and Citywide overhead. The following tables details the title / name, current fee, total cost, and surplus or deficit associated with each valuation range.

Table 16: Total Cost Per Unit Results – Fire Department – Fire Protection Systems Plan Check

Project Value	Current Fee	Total Cost Per Unit	Surplus / (Deficit)
Project Valuation: \$1 to \$6,000	\$176.00	\$321.00	(\$145.00)
Project Valuation: \$6,001 to \$25,000			
First \$6,000	\$176.00	\$320.88	(\$144.88)
Each Additional \$1,000 or fraction thereof	\$9.24	\$8.00	\$1.24
Project Valuation: \$25,001 to \$50,000			
First \$25,000	\$351.00	\$471.48	(\$120.48)
Each Additional \$1,000 or fraction thereof	\$3.51	\$13.47	(\$9.96)
Project Valuation: \$50,001 to \$100,000			
First \$50,000	\$439.00	\$810.64	(\$371.64)
Each Additional \$1,000 or fraction thereof	\$1.76	\$5.07	(\$3.31)
Project Valuation: \$100,001 to \$500,000			
First \$100,000	\$527.00	\$1,063.97	(\$536.97)
Each Additional \$1,000 or fraction thereof	\$1.31	\$1.39	(\$0.08)
Project Valuation: \$500,001 to \$1,000,000			
First \$500,000	\$1,054.00	\$1,621.28	(\$567.28)
Each Additional \$1,000 or fraction thereof	\$3.51	\$3.45	\$0.06

Project Value	Current Fee	Total Cost Per Unit	Surplus / (Deficit)
Project Valuation: \$1,000,001 +			
First \$1,000,000	\$2,810.00	\$3,343.89	(\$533.89)
Each Additional \$1,000 or fraction thereof	\$0.93	\$0.76	\$0.17

Fire Protection Systems Plan Check shows an under recovery for all ranges of project valuations.

3 Fire Protection Systems Inspection

Fire Prevention staff are responsible for inspecting fire protection systems to ensure they match submitted plans, are properly installed, and functioning. The total cost calculated includes direct staff costs, Departmental and Citywide overhead. The following tables details the title / name, current fee, total cost, and surplus or deficit associated with each valuation range.

Table 17: Total Cost Per Unit Results – Fire Department – Fire Protection Systems Inspection

Project Value	Current Fee	Total Cost Per Unit	Surplus / (Deficit)
Project Valuation: \$1 to \$6,000	\$527.00	\$439.10	\$87.90
Project Valuation: \$6,001 to \$25,000			
First \$6,000	\$527.00	\$439.10	\$87.90
Each Additional \$1,000 or fraction thereof	\$9.24	\$11.56	(\$2.32)
Project Valuation: \$25,001 to \$50,000			
First \$25,000	\$703.00	\$658.65	\$44.35
Each Additional \$1,000 or fraction thereof	\$14.06	\$24.99	(\$10.93)
Project Valuation: \$50,001 to \$100,000			
First \$50,000	\$1,054.00	\$1,283.51	(\$229.51)
Each Additional \$1,000 or fraction thereof	\$7.03	\$6.76	\$0.27
Project Valuation: \$100,001 to \$500,000			
First \$100,000	\$1,406.00	\$1,621.28	(\$215.28)
Each Additional \$1,000 or fraction thereof	\$4.39	\$5.40	(\$1.01)
Project Valuation: \$500,001 to \$1,000,000			
First \$500,000	\$3,162.00	\$3,782.99	(\$620.99)
Each Additional \$1,000 or fraction thereof	\$7.73	\$3.92	\$3.81
Project Valuation: \$1,000,001 +			
First \$1,000,000	\$7,027.00	\$5,742.04	\$1,284.96
Each Additional \$1,000 or fraction thereof	\$0.88	\$1.72	(\$0.84)

The first two valuation ranges and the last valuation range show an over-recovery, while the middle three ranges show subsidies. The total cost per unit incorporates the use of different staff and process efficiencies, which has resulted in some ranges showing an over-recovery.

4 ANNUAL RESULTS

In order to understand how the per unit results presented in the previous sections could impact Fire's revenue on an annual basis, workload volume for FY18/19 was collected. The project team then compared annual revenue based on current fees to projected revenue based on the full cost of providing services. The following table shows the title / name, annual workload volume for FY18/19, projected revenue at current fee, projected annual cost, and the associated annual surplus / deficit.

Table 18: Annual Cost Recovery Analysis - Fire

Fee Name	Recoverable Volume	Revenue at Current Fee	Annual Cost	Annual Surplus / (Deficit)
Flat Fees	1,331	\$368,906	\$282,102	\$86,804
Fire Life Safety	212	\$2,044,625	\$1,464,122	\$580,503
Fire Protection Plan Check	413	\$140,541	\$229,503	(\$88,962)
Fire Protection Inspection	346	\$288,197	\$294,596	(\$6,399)
TOTAL		\$2,842,269	\$2,270,322	\$571,946

The Fire Department shows a surplus of approximately \$572,000. While the largest source of over-recovery relates to Fire Life Safety (\$581,000), this is due to the incorporation of streamlined processes implemented over the past few years. The full cost amounts identified in the previous sections will align services being provided with the costs associated with those services.

10. Engineering

The Engineering Division is responsible for supporting its customers by providing technical, timely, and cost-effective solutions that promote environmentally sustainable infrastructures. Fees for service involve the regulation and facilitation of private development relating to: Encroachment Permits, Mapping Permits, Transportation Permits, and Grading Permits. The following subsections discuss fee schedule modifications, detailed per unit results, security deposits, and annual revenue impacts associated with Engineering services.

1 FEE SCHEDULE MODIFICATIONS

Based upon discussions with Engineering staff, significant modifications were made to the current fee structure. These modifications include:

- **Expansion of fees:** Fees categories were created or broken out in order to provide greater clarity regarding services provided. For example, in the current fee schedule encroachment permits are combined into a handful of categories, without providing much detail as to what types of encroachments are covered. In the proposed schedule, Encroachments are broken out by type of permit, such as sewer improvements, small cell towers, utility improvements, etc.
- **Reclassified fees:** The Improvement Inspection fee has been rephrased to Public Improvement Permit and Inspection to better reflect the services being provided.
- **Conversion from deposit-based to flat fee:** Engineering's reviews of planning applications and projects is currently recovered through applicant deposits. Rather than continuing to collect deposits and bill hourly against them, these services are being converted to flat fees.
- **Removal of fees:** Certain fees have been removed from the schedule as they are either no longer provided, or have been incorporated within other fees. Examples of removed fees include: Mapping Inspection Deposits, Per Lot fees for Tentative Maps, After Hours Site Inspections, Subdivision and Parcel Map Plan Checks, Copies of CD / DVD's, and Grading Inspections.

The modifications outlined above will ensure that the Engineering fee schedule accurately reflects the services being provided by staff, and help ensure that costs are captured appropriately.

2 DETAILED RESULTS – FLAT FEES

The Engineering Division collects fees for items such as public improvement plan check, public improvement inspection, minor and major subdivision tentative map, and transportation permits among others. The total cost calculated for each Engineering service includes direct staff costs, Departmental and Citywide overhead. The following table details the title / name, current fee, total cost, and surplus or deficit associated with each service.

Table 19: Total Cost Per Unit Results – Engineering – Flat Fees

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
ENCROACHMENT			
Sewer Improvements			
Sewer Lateral Video Review	\$75	\$96	(\$21)
Sewer Lateral Certificate	\$78	\$63	\$15
Sewer Lateral Plan Review and Permit	\$325	\$382	(\$57)
Minor Frontage Improvements			
MFI Plan Review	\$325	\$315	\$10
Small Cell Towers			
Cell Phone Tower Review (City owned pole)	\$325	\$2,045	(\$1,720)
Cell Phone Tower Review (non-City pole)	\$325	\$503	(\$178)
Utility Improvements			
Utility / Outside Service Connection Review	\$325	\$283	\$42
Utility Access and TCP Only Review	\$325	\$220	\$105
Dig Once			
Dig Once Advertisement	\$325	\$503	(\$178)
Potholing			
Potholing Permit	\$325	\$670	(\$345)
Revocable Encroachment Permits			
Revocable Encroachment Plan Review	\$325	\$283	\$42
Revocable Encroachment & Maintenance Agreement	\$325	\$709	(\$384)
Revocable Encroachment Annual Renewal Fee	\$325	\$189	\$136
Miscellaneous			
No Parking Signs	\$3	\$5	(\$2)
Sidewalk Closure for Maintenance or Construction - per day of sidewalk closure	\$152	\$96	\$56
Public Improvement Plan Check (Cost of ROW Improvements)			
Up to \$49,999	\$609.00	\$1,726.92	(\$1,117.92)
\$50,000	\$912.00	\$1,726.92	(\$814.92)
each additional \$10,000 or fraction thereof	\$31.05	\$726.71	(\$695.66)
\$100,000	\$1,216.00	\$5,360.49	(\$4,144.49)
each additional \$10,000 or fraction thereof	\$138.00	\$321.86	(\$183.86)
\$250,000	\$4,561.00	\$10,188.40	(\$5,627.40)
each additional \$10,000 or fraction thereof	\$62.10	\$279.18	(\$217.08)
\$500,000	\$6,082.00	\$17,167.89	(\$11,085.89)
each additional \$10,000 or fraction thereof	\$120.00	\$130.78	(\$10.78)
\$1,000,000+	\$12,163.00	\$23,706.94	(\$11,543.94)

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
each additional \$100,000 or fraction thereof	\$12.00	\$364.22	(\$352.22)
4th and subsequent Plan Checks or revisions	\$152	\$1,084	(\$932.22)
Public Improvement Permit & Inspection (Cost of ROW Improvements)			
Up to \$49,999	\$456.00	\$575.69	(\$119.69)
\$50,000	\$456.00	\$575.69	(\$119.69)
each additional \$5,000 or fraction thereof	\$20.70	\$326.22	(\$305.52)
\$100,000	\$684.00	\$3,837.90	(\$3,153.90)
each additional \$5,000 or fraction thereof	\$5.20	\$127.93	(\$122.73)
\$250,000	\$912.00	\$7,675.81	(\$6,763.81)
each additional \$5,000 or fraction thereof	\$10.35	\$76.76	(\$66.41)
\$500,000+	\$1,520.00	\$11,513.71	(\$9,993.71)
each additional \$25,000 or fraction thereof	\$3.11	\$191.90	(\$188.79)
Additional Inspections	\$152	\$192	(\$40)
Other Fees			
Work without a permit (after the fact permit) - Fee + Plan Check Fee		2x Permit Fee	
Engineering Staff Construction Coordination Committee	\$152	\$173	(\$21)
MAPPING			
Map Extensions	\$325	\$912	(\$587)
Final / Parcel Map Review and Processing	\$325	\$5,270	(\$4,945)
Property Merger / Notice	\$325	\$2,398	(\$2,073)
Lot Line Adjustment / Certificate of Compliance	\$325	\$2,289	(\$1,964)
Lot Conformance / Certificate of Compliance	\$325	\$1,819	(\$1,494)
Grant of Easement / Easement Abandonment Request	\$3,802	\$2,982	\$820
Subsequent Engineering Mapping Reviews	\$456	\$661	(\$205)
Engineering Agreements	\$1,085	\$3,297	(\$2,212)
Outside Sewer Service Agreement	\$1,085	\$5,472	(\$4,387)
Benchmark Maintenance Fee	\$325	\$912	(\$587)
Subdivision Tentative Map			
Minor Tentative Map	\$152	\$2,706	(\$2,554)
Major Tentative Map	\$325	\$3,948	(\$3,623)
Each Additional Lot Over 5	\$26	\$55	(\$29)
TRANSPORTATION³			
Transportation - Single trip, or a modification of an original permit	\$16	\$31	(\$15)
Transportation - Annual or repetitive permit	\$90	\$94	(\$4)
GRADING			
Hauling Permit			
Hauling Permit Fee	\$190	\$223	(\$33)
Grading Plan Check and Permit			
51 to 9,999 Cubic Yards	\$1,216.00	\$3,598.91	(\$2,382.91)
10,000	\$1,520.00	\$3,598.91	(\$2,078.91)
each additional 10,000 cubic yards or fraction thereof	\$178.28	\$495.49	(\$317.21)
50,000	\$2,689.12	\$5,580.86	(\$2,891.74)
each additional 10,000 cubic yards or fraction thereof	\$178.28	\$220.22	(\$41.94)
100,000	\$2,205.00	\$6,681.94	(\$4,476.94)

³ Transportation fees are set by the state and cannot be charged above the current fee of \$16 and \$90 respectively.

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
each additional 10,000 cubic yards or fraction thereof	\$114.00	\$330.32	(\$216.32)
4th and subsequent Plan Checks or revisions	\$304	\$881	(\$577)
Erosion Control Compliance			
Base	\$150	\$192	(\$42)
Per 250 cubic yards (round to the nearest 250)	\$15	\$16	(\$1)
MISCELLANEOUS			
Inspections Outside of Normal Business Hours	\$228	\$227	\$1
Re-inspection Assessed Under Provisions of Section 305(h)	\$152	\$192	(\$40)
Inspections for which a fee is not specifically indicated	\$152	\$192	(\$40)
Permit reinstatement fee	\$76	\$63	\$13
Research for Non-Permit Application Inquires	\$0	\$63	(\$63)
Engineering Staff Time for Services not Specifically Indicated	\$0	\$220	(\$220)
PLANNING SUPPORT			
Engineering Staffing TAGs	\$152	\$173	(\$21)
Geotechnical Peer Review	\$5,000	\$661	N/A
Engineering Design and Conditions Review			
Single Family Res / new or additions (1-3 units)	\$5,000	\$661	N/A
Multi-Family Res / new or modifications (4 or more units)	\$5,000	\$1,762	N/A
Commercial / Industrial	\$5,000	\$2,202	N/A
Projects requiring City Council Approval	\$5,000	\$2,863	N/A
3rd and subsequent resubmittals	\$5,000	\$551	N/A
BUILDING SUPPORT			
Engineering Site Review (Cost of Site Improvements)			
Up to \$49,999	\$304.00	\$786.52	(\$482.52)
\$50,000	\$912.00	\$786.52	\$125.48
each additional \$10,000 or fraction thereof	\$182.00	\$528.52	(\$346.52)
\$100,000	\$1,824.00	\$3,429.12	(\$1,605.12)
each additional \$10,000 or fraction thereof	\$111.00	\$176.17	(\$65.17)
\$250,000	\$3,496.00	\$6,071.72	(\$2,575.72)
each additional \$10,000 or fraction thereof	\$109.00	\$167.36	(\$58.36)
\$500,000	\$6,232.00	\$10,255.84	(\$4,023.84)
each additional \$10,000 or fraction thereof	\$55.00	\$105.70	(\$50.70)
\$1,000,000+	\$8,968.00	\$15,541.04	(\$6,573.04)
each additional \$100,000 or fraction thereof	\$27.00	\$330.32	(\$303.32)
4th and subsequent Plan Checks or revisions	\$1,100	\$881	\$219

Most of Engineering fees show an under-recovery. The current subsidies range from a low of \$4 for a Transportation permit to a high of \$11,544 for a Public Improvement Plan Check valued above \$1,000,000. Over-recoveries range from a low of \$1 for Inspections Outside of Normal Business Hours to a high of \$820 for Grant of Easement / Easement Abandonment Requests. Over-recoveries are due to the revision of time estimates and the reclassifying of fees and services.

The fees regarding transportation are showing an under-recovery; however, these fees are set by the state and cannot be charged above the current fee amounts of \$16 for a single trip and \$90 for an annual trip.

3 SECURITY DEPOSITS

The Engineering Division collects security deposits on specific processes to mitigate the impact on City infrastructure, relating to items such as sewer lateral, utility trenching, and pothole projects. The following table details the title / name and the current security deposit.

Table 20: Total Security Deposits per Unit – Engineering – Security Deposits

Fee Name	Current Security Deposit
ENCROACHMENT	
Dig Once	
Dig Once Policy Administration	\$10,000
Permit Work Deposit	
Sewer Lateral Deposit	\$1,000
Minor Frontage Improvements	\$2,000
Utility Trenching	\$40 per ft (minimum \$2,000)
Pothole Projects	\$2,000 + \$1,000 for each add pothole
All other ROW improvement projects	\$5,000
GRADING	
Hauling Permit	
Hauling Permit Deposit	\$2,000 (refundable)
Grading Permit	
Grading Permit Deposit	\$50,000

The security deposits noted in the table above are collected by the Engineering division to ensure that applicants work in the right-of-way does not seriously degrade current roads, sidewalks, gutters, etc. These amounts are returned to the applicant upon confirmation from Engineering that work in the right-of-way meets city standards.

4 ANNUAL RESULTS

In order to understand how the per unit results presented in the previous sections could impact Engineering's revenue on an annual basis, workload volume for FY18/19 was collected. The project team then compared annual revenue based on current fees to projected revenue based on the full cost of providing services. This analysis shows that Engineering has an annual subsidy of approximately \$311,000. The following table shows the annual workload volume for FY18/19, projected revenue at current fee, projected annual cost, and the associated annual surplus / deficit.

Table 21: Annual Cost Recovery Analysis - Engineering

Fee Name	Recoverable Volume	Revenue at Current Fee	Annual Cost	Annual Surplus / (Deficit)
Encroachment Permits	3,055	\$430,945	\$808,051	(\$377,106)
Mapping Fees	83	\$43,670	\$161,564	(\$117,894)
Transportation Fees	461	\$7,968	\$15,010	(\$7,042)
Grading Fees	197	\$41,616	\$108,385	(\$66,769)
Miscellaneous Fees	40	\$380	\$5,663	(\$5,283)
Planning Support	211	\$948,344	\$334,242	\$614,102
Building Support	792	\$306,362	\$657,791	(\$351,429)
TOTAL		\$1,779,285	\$2,090,706	(\$311,421)

The Engineering division shows annual subsidies in all of the major categories, with the exception of Planning Support. The largest subsidies relate to Encroachment Permits and Building Support.

The Engineering division processed roughly 3,000 Encroachment Permits in FY18/19, which combined with an average subsidy of \$1,500 across all subcategories results in the \$377,000 deficit. Comparatively, the Division only reviewed around 800 building permits, however, the average deficit was \$2,500, leading to a subsidy of \$351,000.

The large surplus shown for planning support is a result of the transition from deposit based fees to flat fees. The revenue at current fee is based on the full deposit amount, while the annual cost is based on the actual time spent to complete the reviews.

Overall, the Engineering Division is recovering approximately 85% of its fee related costs.

11. Development Services Surcharges

There are two typical surcharges assessed as part of the development review process – General Plan Maintenance and Technology (Database Maintenance) fee. The City of South San Francisco currently charges both of these fees as part of the building phase for General Plan, and for all development-related fees as it relates to the Technology fee. The following subsections discuss the General Plan Maintenance Fee and Technology Fee calculated through this study.

1 GENERAL PLAN MAINTENANCE FEE

The City of South San Francisco currently assesses a General Plan Maintenance Fee as part of its building permit process. The fee is meant to account for updates to the general plan, zoning ordinance, specific plans, transit action plans, housing elements, and other long-range planning activities that are part of the larger General Plan. This is a fairly typical fee charged by many jurisdictions and it is generally calculated as either a percentage of the building permit fee or percentage of the building / project valuation at the time of permit submittal and calculation. The City of South San Francisco currently charges this fee as a percentage of the building project valuation at the time of the building permit submittal. The concept behind charging it during the building permit phase, is that any development project, which gets to that phase, makes enough of an impact in the jurisdiction to require the potential for the need for an update to the Zoning Code or the General Plan.

The project team worked with staff in the Planning Division to estimate the annual percentage of time spent by staff as it relates to long-range planning efforts. In addition to internal staff cost there are contracted costs associated with updates to the General Plan and Zoning Code. The following table shows by cost component the total cost associated with each type of cost factor, the life of the cost factor, and the resulting annual cost:

Table 22: General Plan Maintenance Fee Cost Components

Cost Category	% of Time	Cost	Life (Yrs)	Total Annual Cost
Chief Planner	40%	\$146,289	1	\$146,289
Principal Planner	60%	\$201,059	1	\$201,059
ECD Director	10%	\$43,997	1	\$43,997
ECD Deputy Director	20%	\$34,285	1	\$34,285
<i>Subtotal Staffing Costs</i>				<i>\$425,631</i>
General Plan Update		\$2,660,299	10	\$266,030
TOTAL GENERAL PLAN MAINTENANCE ANNUAL COST				\$691,661

The total annual costs associated with updating the General Plan are approximately \$692,000; of which staff costs represents \$426,000. It is important to note that the staff

costs in the table are representative of fully burdened hourly rates and billable time. The General Plan Update cost is based upon the City's most recent contract to update its General Plan (2019) and these comprehensive updates are typically completed on a 10 year lifecycle.

In order to assess this fee as a percentage of the building permit valuation, the project team took the annual cost associated with general plan upkeep and divided it by the total building permit valuation for FY18-19. The following table shows this calculation:

Table 23: General Plan Maintenance Fee Calculation

Category	Amount
Total General Plan Annual Maintenance Cost	\$691,661
FY18-19 Building Project Valuation ⁴	\$604,456,027
General Plan Maintenance Fee - % of Permit Valuation	0.11%

As the table indicates, the calculated General Plan Maintenance Fee is 0.11% of the Building Permit Valuation. The City's current fee is 0.16% of the Building Permit Valuation. Therefore, the full cost fee would result in reducing the city's current fee from 0.16% to 0.11%.

As part of this analysis, the project team conducted a comparative survey of other local jurisdictions and their assessment of the General Plan Maintenance Fee. The following table shows the results of this comparative analysis:

Table 24: General Plan Maintenance Fee – Comparative Survey

Jurisdiction	Fee Amount
Daly City	0.005% of Valuation
Millbrae	0.39% of Valuation
Mountain View	0.26% of Valuation
Palo Alto	0.109% of Valuation
Redwood City	0.20% of Valuation
San Bruno	10% of Building Permit Fee
San Mateo	0.40% of Valuation

The majority of the jurisdictions charge the General Plan Fee as a percentage of the Building Permit Valuation similar to the City of South San Francisco. The City's full cost calculated at 0.11% of Permit Valuation is in line with Palo Alto and higher than Daly City. It is lower than some of the other surrounding larger jurisdictions such as Mountain View, San Mateo, and Redwood City.

⁴ The project valuation utilized for building permits was adjusted to only reflect valuation associated with new and remodel projects, as standalone permits would not be charged this fee, and additionally, any outliers were taken out as they were not reflective of typical valuation trends for the jurisdiction.

The City already follows best management practices by collecting and accounting for these funds separate from the General Fund. However, currently, these funds are stored in a fund that includes developer deposits, the technology fee, and the General Plan maintenance fee. The City should separate out the three categories of revenues within the fund and create separate expense divisions associated with each of those areas to mitigate any potential issues with comingling of funds. Therefore, as revenue is generated in this fund and subaccount for General Plan, that is where any staff costs and contracted costs should be incurred.

2 TECHNOLOGY (DATABASE MAINTENANCE) SURCHARGE FEE

The City currently collects a database maintenance fee, which is a flat rate of \$27 per permit. In discussions with staff and based upon comparison of other jurisdictions it was determined that this fee should be renamed as the Technology Surcharge Fee. The nomenclature of technology fee allows the City to more accurately convey the intent behind the fee, which is to support the costs associated with the City's permitting system (TRAKiT), and the staff time for managing those permit systems; as well as to bring the fee name in line with standardized practices. The following table shows by cost category, the total cost, the life for the cost, and the resulting annual cost:

Table 25: Technology Surcharge Fee Cost Components

Cost Category	% of Time	Cost	Life (Yrs)	Total Annual Cost
IT Director	15%	\$63,613	1	\$63,613
IT Technician	5%	\$14,432	1	\$14,432
<i>Subtotal Staffing Costs</i>				<i>\$78,045</i>
TRAKiT Maintenance		\$60,000	1	\$60,000
TRAKiT Upgrade		\$149,000	5	\$29,800
TRAKiT Replacement		\$2,000,000	10	\$200,000
<i>Subtotal TRAKiT Costs</i>				<i>\$289,800</i>
TOTAL TECHNOLOGY ANNUAL COST				\$367,845

While the City currently charges a flat rate for each permit, it was determined that this was not proportional, as larger projects can generate more of a burden on the system (more storage space for plans, more data input in the office and in the field, etc.). Therefore, through this study, the project team worked with staff to reevaluate the Technology Surcharge as a percentage of the permit fee paid. In this revised nexus, the larger the permit fee, the greater the impact on TRAKiT. Therefore, the project team took the total Technology Annual Cost and divided it by the permitting revenue associated with Building, Fire, Planning, and Engineering services. The following table shows this calculation:

Table 26: Technology Fee Calculation

Category	Amount
Total Technology Annual Cost	\$367,845
FY18-19 Permit Revenue ⁵	\$12,405,830
Technology Fee - % of Permit	3%

Based upon this revised calculation, the City’s technology fee would be 3% of the permit fee. Therefore, if a permit fee was \$100, the technology fee collected would be \$3; whereas if a permit fee was \$1,000; the technology fee collected would be \$30. This type of structure, enables the technology fee to be more proportionately distributed based upon the projects and their impact upon the system.

As part of this analysis, the project team conducted a comparative survey of other local jurisdictions and their assessment of the Technology Fee. The following table shows the results of this comparative analysis:

Table 27: Technology Fee – Comparative Survey

Jurisdiction	Fee Amount
Daly City	2% of Permit Fee
Millbrae	7% of Permit Fee
Mountain View	4% of Permit Fee
Redwood City	5% of Permit Fee
San Bruno	9% of Permit Fee
San Mateo	0.10% of Project Valuation

The majority of the jurisdictions charge the Technology Fee as a percentage of the permit fee, as has been proposed for the City of South San Francisco. The calculated full cost for the City at 3% of the permit fee is higher than Daly City and only slightly lower than Mountain View (4%).

The City already collects the Technology Fee in a separate fund; however, this fund is also the same fund in which developer deposits and the General Plan Maintenance fee is also collected. While there are separate revenue codes in the fund, there are not separate expense codes, and a separate expense division should be created to ensure that the revenue collected for TRAKiT is only utilized to fund the permitting related needs for the City (staffing and contracted).

3 BUILDING TRAINING SURCHARGE

The State of California requires that Building Inspectors receive mandatory training and certification to ensure that they are able to accurately implement the California Building

⁵ The permit revenue includes Fire Prevention, Planning, Engineering, and Building Permit and Plan Check. Building revenue associated with Mechanical, Electrical, and Plumbing Permits has been discounted in order to account for inflated revenues.

Code. The cost of this certification and annual updates on training can vary from year to year depending upon the cycle of training and costs. Therefore, in order to calculate the annual training costs associated with Building staff training, the project team collected information regarding training costs for the past three years. The following table shows the annual training expenses for the past three fiscal years for the Building Division and the resulting three year average annual cost:

Table 28: Annual Building Training Costs

FY	Training Expenses
FY17-18	\$25,247
FY18-19	\$7,788
FY19-20	\$7,670
3 year average	\$13,568

As the table indicates on average the annual training costs associated with Building staff are approximately \$13,568. The costs associated with this building training surcharge are stored in a separate fund, similar to the General Plan and Technology Surcharge, which allows to ensure that the funds collected can only be used for inspector certification and training.

The current fee for building training is set up as a per permit fee, meaning that for every building permit fee issued, this fee is collected. The project team utilized the three-year average and divided it by the total number of building permits issued in FY18-19 to calculate the total training surcharge per permit:

Table 29: Building Training Surcharge Fee

Category	Amount
3 year average	\$13,568
FY18-19 # of Building Permits	1,830
Training Surcharge Per Permit	\$7

As the table indicates the training surcharge per building permit is calculated at approximately \$7 per permit. The City currently charges a fee of \$8 per permit, based upon the updated calculation, as the number of permits issued have increased, this fee can be reduced from \$8 to \$7 per permit.

The City should continue to collect this fee in a separate fund so that it can be utilized for the purpose of ensuring that all building inspectors employed by the City are appropriately trained and certified by the state.

12. Water Quality Control

The Water Quality Control Division is responsible for administering environmental compliance programs mandated by the State of California, including: Pretreatment, Pollution Prevention, and Stormwater Pollution Prevention. Fees examined in this study relate to Discharge Permits and Renewals, Wastewater Analysis, and Stormwater Inspections. The following subsections discuss fee schedule modifications, detailed per unit results, and annual revenue impacts.

1 FEE SCHEDULE MODIFICATIONS

When reviewing the Water Quality Control fee structure, only a few minor modifications were proposed to the current fee schedule, which include:

- **Rephrased Fees:** Fees were renamed to clarify the service provided and when the permit was applicable. For example, Waste Management Plan Review has been reworded to Water Quality Control Plan Review.
- **Addition of Fees:** The addition of fees is to account for services that are currently provided by the City but not previously charged. A Stormwater Facility Inspection Fee was added to the fee schedule.
- **Expansion of fees:** Fees are broken out in order to provide clarity and depth of services provided within the fee schedule. For example, previously Permit and Renewals only had two generic categories: Significant Industrial Users and All Other Required Businesses. These were broken out into the following categories: Food Facility Discharge Permit, SIU Waste Water Discharge Permit, General / Groundwater Discharge Permit, and Waste / Septage Hauler Discharge Permit.

The above modifications better express the services provided by the Water Quality Control Division, and when each permit is applicable.

2 DETAILED RESULTS

The Water Quality Control Division collects fees for items such as food facility discharge permits, waste discharge permits, water quality control plan reviews, and stormwater facility inspections. The total cost calculated for each service includes direct staff costs, Departmental and Citywide overhead. The following table details the title / name, current fee, total cost, and surplus or deficit associated with each service.

Table 30: Total Cost Per Unit Results – Water Quality Control Division

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Permits and Renewals: (valid for 3-year time intervals)			
Food Facility Discharge Permit	\$152	\$1,976	(\$1,824)
SIU Wastewater Discharge Permit	\$609	\$2,440	(\$1,831)
General / Groundwater Discharge Permit	\$152	\$515	(\$363)
Waste / Septage Hauler Discharge Permit	\$152	\$605	(\$453)
Inspections and Reviews			
Water Quality Compliance Review	\$152	\$181	(\$29)
Inspections - Outside of Normal Pretreatment Activities	\$152	\$193	(\$41)
Inspections - Outside of Normal Business Hours	\$152	\$193	(\$41)
Special Monitoring Activities for Enforcement and Surveillance	\$152	\$193	(\$41)
Special Sampling / Equipment Use	\$152	\$193	(\$41)
Water Quality Control Plan Review	\$163	\$181	(\$18)
Stormwater Facility Inspection		\$580	
Water Quality Review	\$152	\$189	(\$37)
Wastewater Lab Testing / Analysis			
BOD		Actual Cost	
COD		Actual Cost	
TSS		Actual Cost	
Oil & Grease		Actual Cost	
Metals (except Hg)		Actual Cost	
Hg		Actual Cost	
pH		Actual Cost	
Bioassay		Actual Cost	
CN		Actual Cost	
PAH		Actual Cost	
Phenol		Actual Cost	
Ammonia		Actual Cost	
Conductivity		Actual Cost	
Oxygen Uptake Rate		Actual Cost	
Others		Actual Cost	
Administrative Code Enforcement			
Failure to Comply with Violation Notice	\$351	\$351	\$0

All of the flat fees reviewed for Water Quality Control show an under-recovery. The current subsidies range from a low of \$18 for Water Quality Control Plan Review to a high of \$1,831 for SIU Waste Water Discharge Permit. The under-recoveries in the permits and renewals section are due to the expansion of fee categories, resulting in more accurate time estimates associated with providing permit services.

The Failure to Comply with Violation Notice is a penalty and is set by the City to encourage residents to comply with Code Enforcement. As this is not a time based activity, it was not reviewed through this study.

3 ANNUAL RESULTS

In order to understand how the per unit results presented in the previous sections could impact Water Quality Control's revenue on an annual basis, workload volume for FY18/19 was collected. The project team then compared annual revenue based on current fees to projected revenue based on the full cost of providing services. This analysis shows that Water Quality Control has an annual subsidy of approximately \$389,000. The following table shows the annual workload volume for FY18/19, projected revenue at current fee, projected annual cost, and the associated annual surplus / deficit.

Table 31: Annual Cost Recovery Analysis – Water Quality Control

Fee Name	Recoverable Volume	Revenue at Current Fee	Annual Cost	Annual Surplus / (Deficit)
Permits and Renewals	157	\$26,149	\$295,091	(\$268,942)
Inspections and Reviews	402	\$32,926	\$152,517	(\$119,591)
TOTAL		\$59,075	\$447,608	(\$388,533)

Nearly two-thirds of the identified subsidy relates to Permits and Renewals. The primary source of this deficit relates to Food Facility Discharge Permits, of which the Division processed approximately 140, and show a per unit subsidy of \$1,800 each. As noted in the previous section, Food Facility Discharge Permits are an expanded category, and will allow the City to better recover costs.

The primary source of the Inspections and Reviews deficit is related to Stormwater Facility Inspections, which is a new fee being proposed by the Division. There were approximately 200 of these inspections conducted in FY18/19, for which no fee was charged.

Overall, the Water Quality Control Division is recovering approximately 13% of its fee related costs.

13. Police

The Police Department is responsible for managing safety within the City, which includes monitoring and reducing crime, enforcing laws, and providing community education. The fees included in this analysis are in relation to fingerprinting services, vehicle abatement, reports, personnel services, vehicle release, firearm storage, and clearance letters provided by the Police Department. The following subsections outline the modifications, detailed results, and annual results related to Police fee-related services.

1 FEE SCHEDULE MODIFICATIONS

Based upon a review of the current fee structure with Police staff, minor modifications were made to the current fee schedule, including:

- **Removal of fees:** Fees were removed from the current fee schedule to provide a more accurate list of services provided by the Police Department. For example, Plan Check and Site Inspection fees were removed from the current fee schedule as these services are provided as part of the building permit process, and have been accounted for through those processes.
- **Rephrased fees:** Fees were renamed to provide clarity to residents regarding the services associated with each permit or fee. Previously the fingerprints fee was labeled All Individuals (City Employees excluded) and is now labeled as Fingerprint Cards (All Individuals, City Employees excluded).
- **Condensing fees:** Fees were condensed from multiple subsections into singular categories, making the modified fee schedule more concise. For example, previously Video Tape, DVD Video, Cassette Tape, and CD – Audio were broken out into separate fees, however they are now grouped together into one fee - Media.

The modifications outlined above more accurately represent the services being provided by the Police Department.

2 DETAILED RESULTS

The Police Department charges fees for service including items such as fingerprint cards, single firearm storage, and driver permits for cab companies. The total cost calculated for each Police service includes direct staff costs, Departmental and Citywide overhead. The following table details the title / name, current fee, total cost, and surplus or deficit associated with each service.

Table 32: Total Cost Per Unit Results – Police Services

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
FINGERPRINTING			
Fingerprint Cards (All individuals, City Employees excluded) – DOJ or FBI fees may be applicable	\$58	\$42	\$16
Live Scan Fingerprinting – DOJ or FBI fees may be applicable	\$75	\$79	(\$4)
PERMITS			
Alarm Registration (Commercial)			
New/Renewal	\$27	\$34	(\$7)
Bingo			
Initial Permit (Refundable if denied)	\$58	\$205	(\$147)
Annual Renewal	\$539	\$205	\$334
Card room I.D. Card:			
Initial Operator Permit	\$1,803	\$615	\$1,188
Initial Employee Permit	\$359	\$205	\$154
Annual Renewal (for operator & employee permit)	\$90	\$205	(\$115)
Replacement	\$90	\$102	(\$12)
Cab Company:			
Driver Permit	\$58	\$243	(\$185)
Vehicle for Hire:			
Initial Certificate of Convenience and Necessity	\$7,223	\$2,050	\$5,173
Certificate of Renewal	\$180	\$205	(\$25)
Special Event Permit			
For Profit	\$264	\$270	(\$6)
Non-Profit Group / Charity Event	\$185	\$270	(\$85)
Junk Collector			
Junk Collector	\$90	\$63	\$27
Massage Establishment or Bath House:			
Initial Permit	\$1,803	\$410	\$1,393
Annual Renewal	\$180	\$205	(\$25)
Pawnbroker/Secondhand Goods Background Investigation:			
Dealer	\$1,803	\$615	\$1,188
Employee	\$359	\$205	\$154
Fortune Telling			
Fortune Telling	\$1,803	\$615	\$1,188
Tow Vehicle Companies:			
Company Permit	\$180	\$138	\$42
Driver Permit	\$180	\$107	\$73
Renewal:			
Tow Service Franchise Fee	\$53	\$142	(\$89)
Replacement of Lost, Stolen, or Mutilated Permits	\$42	\$142	(\$100)
Reissued Permits	\$42	\$142	(\$100)
MISCELLANEOUS FEES			
Police Records			
Media - Non-Redacted (Video Tape, DVD Video, Cassette Tape, CD - Audio)	\$53	\$67	(\$14)
Media - Redacted (In Car / Bodycam Video - DVD)	\$106	\$247	(\$141)

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Police Reports	\$0.25	\$0.25	\$0.00
Photographs - Digital Photographs on Disks	\$58	\$42	\$16
Transcripts	\$0.25	\$0.25	\$0.00
Firearm / Ammunition Storage			
Single Firearm Administration	\$359	\$364	(\$5)
Each Additional Weapon Administration	\$359	\$364	(\$5)
Ammunition Storage Administration	\$143	\$130	\$13
Special Personnel Services			
Staff Police Officer	\$116	\$192	(\$76)
Discounted Rate for SSFUSD	\$95	\$192	(\$97)
Other Miscellaneous Fees			
Clearance Letter	\$10	\$31	(\$21)
Vehicle Abatement	\$359	\$254	\$105
Towed Vehicle Release, Negligent Operator	\$180	\$126	\$54
Emergency Response to Driving Under the Influence (DUI) Accidents		Actual Cost	
Incident Response (includes Accident, Hazmat, DUI or other incident)		Actual Cost	
False Alarm Fines			
False Alarm Fine Appeal	\$58	\$68	(\$10)

Identified under-recoveries range from a low of \$5 for Single Firearm Administration storage to a high of \$185 for a Driver Permit for a Cab Company. Over-recoveries range from a low of \$12 for Live Scan Fingerprinting to a high of \$5,173 for a Vehicle for Hire Permit. The over-recovery shown for the Vehicle for Hire Permit is due to process changes and efficiencies that were implemented over the last few years.

3 ANNUAL RESULTS

The Police Department does not collect workload data on a per unit basis, and therefore annual volume was not available in order to conduct a revenue analysis.

14. Library

The Library is responsible for managing and directing services such as book rentals, online learning resources, streaming services, audio book services, and printing services. Fees included in this analysis are in relation to damaged and missing materials, reservation fees, and miscellaneous fees such as computer printouts and postcards. The following subsections outline the modifications, detailed results, and annual results of for Library fees.

1 FEE SCHEDULE MODIFICATIONS

Based upon discussions with staff the current fee schedule needed only minimal modifications, which included consolidating and adding fees. The following points outline the changes made:

- **Combination of fees:** Both the Books and Equipment fee were charged based on actual cost. In order to simplify the schedule, these were combined into a singular fee category.
- **New fees:** Fees were added to the proposed schedule to capture services that were being offered but not currently charged for. Fees were added for USB and Micro SD Cards.

These minor modifications help streamline the Library’s fee schedule, and better reflect the services provided, and the associated fees for service.

2 DETAILED RESULTS

The fees charged by the Library Department include items such as black and white computer printouts, damaged DVD cases, and overdue books among others. The total cost calculated for each Library service includes direct staff costs, Departmental and Citywide overhead. The following table details the title / name, current fee, total cost, and surplus or deficit associated with each service.

Table 33: Total Cost Per Unit Results – Library Services

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
DAMAGED AND MISSING MATERIALS			
AV Materials (contents or item damage)		Actual Cost	
Missing Book, DVD, etc. from Set		Actual Cost	
Missing CD - from Audio Book Vendors that offer Replacement		Prorated Cost of Set	

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Books & Equipment		Actual Cost	
Lost, Replacement Charges – Material Charges			
CD/DVD Cases	\$2	\$6	(\$4)
Magazines		Actual Cost	
Lost, Replacement Charges - Processing Fee (Peninsula Library Automated Network Policy)			
Applies to all Materials:			
Catalogued Materials	\$5	\$7	(\$2)
Generic Materials	\$2	\$3	(\$1)
Fines for Overdue Materials			
Adult Materials, Books, Audio, Video, Magazines, DVDs etc. (Only affects adult borrowers)	\$0.25	\$0.25	\$0
Children's Materials - Books, Audio, Video, Magazines, DVDs, etc. (Only affects adult borrowers)	\$0.15	\$0.15	\$0
Past Due Patron Accounts Referred to a Collection Agency	\$10	\$13	(\$3)
RESERVE: OUT OF COUNTY RESERVE / INTER-LIBRARY LOAN			
SSF residents	\$3	\$39	(\$36)
Non-residents	\$5	\$39	(\$34)
MISCELLANEOUS CHARGES			
PayPal Convenience Fee	\$0.50	\$0.50	\$0
USB Drives		Actual Cost	
Micro SD Cards		Actual Cost	
Field Trip Fee		Actual Cost	
Computer Printouts			
Black & White	\$0.15	\$0.15	\$0
Color	\$0.50	\$0.50	\$0
History Book - SSF	\$5	\$5	\$0
History Room Photographs - Digital Copies			
Copy of CD/DVD/USB		\$3	
History Room Photographs Print Copies		Actual Cost	
Postcards - SSF, 3.5" x 5"			
Black & White	\$0.50	\$0.50	\$0
Color	\$1	\$1	\$0
Postcard, ID		Set by USPS	
Other Copies			
Microfilm Copies	\$0.25	\$0.25	\$0
Photocopy	\$0.20	\$0.25	(\$0.05)

All Library fees are currently breaking even or showing an under-recovery. The largest deficit is \$36, and relates to the resident's Inter-Library Loan. The Inter-Library Loan is set by Peninsula Libraries, and cannot be adjusted.

3 ANNUAL RESULTS

The Library does not track workload metrics for each line item within their fee schedule, as most are minimal dollar amounts. Therefore, an annual revenue analysis was not conducted.

15. Parks and Recreation

The Parks and Recreation Department provides opportunities to residents and visitors for physical, cultural and social wellbeing; protects and enhances the physical environment; and ensures the effective and efficient use of public facilities and open spaces. The Department is comprised of four divisions:

- **Administration:** Provides leadership, resource development, and administrative support to Parks and Recreation.
- **Recreation:** Oversees recreation opportunities relating to Aquatics, Cultural Arts, Sports and Athletics, Rentals and Picnics, Classes, Events, Childcare, and Senior Services.
- **Parks:** Maintains and rehabilitates the city's many parks and open spaces, community center grounds, neighborhood park buildings, playgrounds, and athletic fields.
- **Facilities:** Provides maintenance services and manages custodial services on behalf of city facilities including community centers, city hall, police and fire stations.

The majority of the programs and services offered by the City are dependent upon the preferences of the community, and can change from season to season. Due to the number and variety of programs and classes offered, as well as the use of contract service providers, this study only conducted a fee analysis for services associated with rentals, special events, and tree permits.

1 FEE SCHEDULE MODIFICATIONS

The Parks and Recreation department issues seasonal activity guides which outline the programs, classes, and services being offered for each season. As noted above, the project team did not review the programs and classes being offered, and therefore, no discussions relating to modifications were had.

The fees associated with picnic rentals, facility rentals, special events, and tree permits are already streamlined, and as such, no recommendations were made for modifications.

2 DETAILED RESULTS

As aforementioned, this study only evaluated detailed results for picnic rentals, facility rentals, special events, and tree permits. The total cost calculated for each service

includes direct staff costs, direct material costs (where applicable), Departmental and Citywide overhead. The following subsections look at the detailed results for picnic and facility rentals, special events, and miscellaneous services.

1 Picnic Rentals

The City currently has picnic areas available for rentals at Orange Park, Alta Loma, Avalon Park, Buri Buri Park, Sellick Park, and Westborough Park. All picnic rentals must pay an application fee. The following table looks at the current application fee being charged, the full cost, and surplus / deficit associated with application processing.

Table 34: Total Cost Per Unit Results – Picnic Rental Application

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Application Processing	\$36	\$52	(\$16)

The Parks and Recreation department currently charges \$36 to process a picnic rental application. Through this study the full cost associated with staff time was calculated to be \$52.

Picnic areas can be rented either hourly or per day, depending on the park and space location. Fees charged vary depending on if the renter is a resident or non-resident. The following table outlines the full cost calculated for picnic rentals.

Table 35: Total Cost Per Unit Results – Picnic Rentals

Fee Title	Unit	Total Cost
Picnic Areas		
Application Processing	Per Application	\$52
Picnic Areas - Orange Park		
Extended Hours	Per hour	\$43
Eucalyptus Shelter (15 Tables- 10am-6pm)	Per Day	\$164
Area #2 (2 tables) - Residential	Per Day	\$55
Area #3 (3 tables)	Per Day	\$81
Area #4 (4 tables)	Per Day	\$141
Area #5 (5 tables)	Per Day	\$176
Picnic Areas - Alta Loma		
Area #1 (6 tables)	Per Day	\$210
Area #2 (2 tables)	Per Day	\$55
Area #3 (2 tables)	Per Day	\$55
Picnic Areas - Avalon Park		
5 small tables	Per Day	\$176
Picnic Areas - Buri Buri Park		
I (6 tables)	Per Day	\$210
II (2 tables)	Per Day	\$55
III (3 tables)	Per Day	\$81
IV (3 tables)	Per Day	\$81

Fee Title	Unit	Total Cost
Picnic Areas - Sellick Park		
7 tables, includes Campfire area	Per Day	\$244
Picnic Areas - Westborough Park		
Extended Hours	Per Hour	\$43
Additional Gas Grill	Each	\$70
Sheltered Area (18 tables)	Per Day	\$623
Area 2 (5 tables)	Per Day	\$176
Combined Sheltered Area & Area 2 (23 tables)	Per Day	\$794

The above amounts include costs associated with picnic facility oversight, site clean-up, and onsite supervision, but do not account for market rental rates of space. As noted earlier in this report, the City can choose to set their resident and non-resident fees in accordance with City policy and recovery guidelines.

2 Facility Rentals

The City currently has five buildings which include space that can be rented by the public for meetings, parties, or events: Magnolia Center, Municipal Services Building, Westborough Park Building, Joseph A. Fernekes Building, and the Terrabay Recreation Center. Similar to picnic rentals, all facility rentals must pay an application fee. The following table looks at the current application fee being charged, the full cost, and surplus / deficit associated with application processing.

Table 36: Total Cost Per Unit Results – Facility Rental Application

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Application Processing	\$83	\$106	(\$23)

The Parks and Recreation department currently charges \$83 to process a facility rental application, including review of insurance requirements and property rules. Through this study the full cost associated with staff time was calculated to be \$106.

Along with application processing, all facility rentals require a refundable security deposit to ensure proper use of the space. Each facility rental is rented hourly, with different location and room types, which stipulate varying minimum rental hours. Hourly rental fees depend on the renter's status as either a resident, non-resident, or non-profit group.

The project team worked with Recreation staff to determine the approximate time associated with facilitating room rentals, including room set-up, room clean-up, and any onsite staff required during rentals. The following table outlines the full cost calculated for facility rentals.

Table 37: Total Cost Per Unit Results – Facility Rentals

Fee Title	Unit	Total Cost
Facility Rentals - Magnolia Center		
Full Center	Per Hour	\$57
Meeting Room Rental	Per Hour	\$29
Facility Rentals - Municipal Services Building		
Social Hall w/Kitchen (Min. 5 hour rental)	Per Hour	\$78
Atrium Kitchen (As add-on to Social Hall only - Min. 2 hour rental)	Per Hour	\$60
Social Hall (Min. 5 hour rental)	Per Hour	\$78
Atrium/Marie Peterson Room w/Kitchen (Min. 5 hour rental)	Per Hour	\$52
Atrium w/Kitchen (Min. 4 hour rental)	Per Hour	\$52
Marie Peterson Room w/Kitchen (Min. 4 hour rental)	Per Hour	\$9
Marie Peterson Room w/o Kitchen (Min. 4 hour rental)	Per Hour	\$9
Betty Weber Room & Butterfly Room (Min. 1 hour rental)	Per Hour	\$29
Community Room w/o Kitchen, No Food (Min. 2 hour rental)	Per Hour	\$29
William M. Belloni Family Room (Min. 2 hour rental)	Per Hour	\$29
Rental Extras:		
Portable Bar	Each	\$22
Coffee Pot	Each	\$4
Sound System	Each	\$22
Flip Chart with Paper/Markers	Each	\$4
LCD Projector	Each	\$22
Event Day Room Setup Adjustment	Each	\$43
LCD Displays	Each	\$22
Portable Stage	Each	\$86
Projection Screens	Each	\$22
Facility Rentals - Westborough Park Building		
Multi-Use / Activity Rooms w/Kitchen (Min. 5 hour rental)	Per Hour	\$57
Multi-Use Room w/Kitchen (Min. 5 hour rental)	Per Hour	\$57
Activity Room w/Kitchen (Min. 4 hour rental)	Per Hour	\$57
Facility Rentals - Joseph A. Fernekas Building		
Multi Use Activity Room w/Kitchen (Min. 5 hour rental)	Per Hour	\$57
Rental Extras:		
Outside Gas Grill	Each	\$70
Facility Rentals - Terrabay Recreation Center		
Iris Room 1 and 2 w/Kitchen, Gym and Poppy Room (Min. 3 hour rental)	Per Hour	\$57
Iris Room 1 and 2 w/Kitchen and Poppy Room (Min. 3 hour rental)	Per Hour	\$57
Iris Room 1 and 2 w/Kitchen and Gym (Min. 3 hour rental)	Per Hour	\$57
Iris Room 1 & 2 w/Kitchen (Min. 3 hour rental)	Per Hour	\$57
Gymnasium (Min. 3 hour rental)	Per Hour	\$57
Iris Room 1 and 2 w/o Kitchen (Min. 2 hour rental)	Per Hour	\$57
Poppy Room w/o Kitchen (Min. 2 hour rental)	Per Hour	\$57
Iris Room 1 with Kitchen (Min. 2 hour rental)	Per Hour	\$57
Iris Room 1 w/o Kitchen (Min. 2 hour rental)	Per Hour	\$57
Iris Room 2 with Kitchen (Min. 2 hour rental)	Per Hour	\$57
Iris Room 2 w/o Kitchen (Min. 2 hour rental)	Per Hour	\$57

The above amounts include costs associated with facility oversight, site clean-up, and onsite supervision, but do not account for market rental rates of space. As noted earlier in this report, the City can choose to set their resident and non-resident fees in accordance with City policy and recovery guidelines.

3 Miscellaneous Services

The Parks and Recreation Department offers rentals associated with Community Garden plots and Artist Studio space. The project team worked with Recreation staff to determine the approximate time associated with facilitating these rentals, and specific costs associated with these services such as water and equipment for the garden plots, and access to the artist studio. The following table outlines the full cost calculated for garden plot and artist studio rentals.

Table 38: Total Cost Per Unit Results – Garden Plot and Artist Studio Rentals

Fee Title	Unit	Total Cost
Community Garden Plot	Per Plot	\$469
Artist Studio Fee	Per Sq. Ft.	\$0.78

As these are market based fees, the City can choose to set their fees in accordance with City policy and recovery guidelines.

Parks and Recreation staff facilitate the sale of tickets to special events, as well as provide support to those events via support staff. Parks staff are also responsible for reviewing and issuing tree permits. The total cost calculated for each of these services includes direct staff costs, Departmental and Citywide overhead. The following table details the title / name, current fee, total cost, and surplus or deficit associated with each service.

Table 39: Total Cost Per Unit Results – Miscellaneous Parks and Recreation

Fee Name	Unit	Current Fee	Total Cost Per Unit	(Deficit) per Unit
Other Services				
Special Event & Recital Tickets	Each	\$13	\$26	(\$14)
Special Event Support Staff	Per Hour	\$31	\$39	(\$8)
Tree Fees				
Protected Tree Permit	Each	\$105	\$432	(\$327)
Wholesale Tree Purchase	Per Tree	\$500	Actual Cost	

The City is currently under-recovering for both of its special event related services, with ticket support showing a \$14 subsidy, and support staff hourly rates showing a subsidy of \$8 per hour.

The Protected Tree Permit shows a subsidy of \$327 per unit. The City's current flat fee of \$500 for purchase of a wholesale tree is being proposed to be converted to actual cost. This conversion will better allow the City recover costs associated with purchases of wholesale trees, as costs could vary depending on the size and type of tree purchased.

3 ANNUAL RESULTS

In order to review cost recovery, the project team looked at total revenue and compared it to the direct costs associated with each program, as well as citywide and departmental support.

The Recreation Division's user fees account for the vast majority of the Parks and Recreation Department's revenues. When comparing the revenue collected by the city for recreation programs (approximately \$4.6 million) to the direct costs incurred by recreation services (approximately \$7.1 million), cost recovery is 65%. However, in order to provide these services, similar to the other departments evaluated in this study, there are departmental overhead costs associated with recreation management, recreation commission, as well as citywide overhead costs incurred from city manager, city council, finance, facilities maintenance, etc. Factoring in these overhead costs, the overall cost recovery for the department declines from 65% to 48%.

The 48% cost recovery is an overall average for recreation-related services. Certain programs or activities might achieve higher cost recovery (i.e. rentals and classes); whereas other programs such as aquatics and senior center, due to their benefit to the community, may have lower cost recovery. Parks and Recreation programs typically base their cost recovery levels based upon a tiered or pyramid structure depending on the proportion of benefit provided to the community.

The typical cost recovery for Parks and Recreation services is between 20-50%. The low cost recovery for these services is due to the belief that these services primarily benefit the community at large, and as such are providing a benefit to the residents of the jurisdiction. The department's cost recovery of 48% is at the higher end of this range.

16. Comparative Survey

As part of the Cost of Services (User Fee) study for the City of South San Francisco, the Matrix Consulting Group conducted a comparative survey of user fees. The City identified ten jurisdictions to be included in the comparative survey: Brisbane, Burlingame, Daly City, Millbrae, Mountain View, Napa, Palo Alto, Redwood City, San Bruno, and San Mateo.

While this report will provide the City with a reasonable estimate and understanding of the true costs of providing services, many jurisdictions also wish to consider the local “market rates” for services as a means for assessing what types of changes in fee levels their community can bear. However, a comparative survey does not provide adequate information regarding the relationship of a jurisdiction’s cost to its fees.

The following sections detail various factors to consider when reviewing comparative survey results, as well as graphical comparisons of current fees and total calculated costs for various permits issued or services provided by the City.

1 ECONOMIC FACTORS

In order to provide additional context to the comparative survey information, the project team collected economic factors for the jurisdictions included. Three important economic factors to consider when comparing fees across multiple jurisdictions are: population, budget, and workforce size. The following tables rank each jurisdiction from smallest to largest for each of these economic factors:

Table 40: Ranking of Jurisdictions by Population

Jurisdiction	2019 Population
Brisbane	4,693
Millbrae	22,800
Burlingame	30,294
San Bruno	45,000
South San Francisco	67,078
Palo Alto	67,082
Napa	80,277
Mountain View	81,992
Redwood City	85,300
San Mateo	104,000
Daly City	107,864

Table 41: Ranking of Jurisdictions by Budget

Jurisdiction	FY 19 / 20 Budget
Brisbane	\$29,275,017
Millbrae	\$85,058,105
Burlingame	\$85,287,568
San Bruno	\$88,756,413
San Mateo	\$191,179,012
Daly City	\$194,245,024
South San Francisco	\$219,193,431
Napa	\$251,507,000
Redwood City	\$290,314,935
Mountain View	\$523,993,855
Palo Alto	\$723,837,000

Table 42: Ranking of Jurisdictions by Workforce Size

Jurisdiction	FY 19 / 20 FTE
Brisbane	91.24
Millbrae	94.00
Burlingame	214.27
San Bruno	265.00
Daly City	458.00
Napa	498.00
Redwood City	564.36
South San Francisco	578.29
San Mateo	612.61
Mountain View	629.75
Palo Alto	1,034.85

Based on the data shown in the above tables, the City of South San Francisco is just below the middle in terms of population, and just above the middle when looking at budget and size of workforce when compared to the surveyed jurisdictions.

2 REGENCY FACTOR

While the above comparative information can provide some perspective when paralleling South San Francisco's fees with surveyed jurisdictions, other key factors to consider are when a jurisdiction's fee schedule was last updated and when the last comprehensive analysis was undertaken. The following tables detail when each surveyed jurisdiction last conducted a fee analysis and when they last updated their fee schedule.

Table 43: Last Fee Study Update

Jurisdiction	Response
Brisbane	2002 ⁶
Burlingame	2016
Daly City	Not within the last 10 years
Millbrae	2019
Mountain View	2019
Napa	2011 ⁷
Palo Alto	2016
Redwood City	2017
San Bruno	Not within the last 10 years
San Mateo	2018 ⁸

Table 44: Last Fee Schedule Update

Jurisdiction	Response
Brisbane	2019
Burlingame	2019
Daly City	2013
Millbrae	2019
Mountain View	2019
Napa	2018
Palo Alto	2019
Redwood City	2019
San Bruno	2019
San Mateo	2019

Seven of the ten jurisdictions surveyed have completed fee studies in the last ten years, the majority of which were conducted within the last four years. All surveyed jurisdictions have updated their fees within the last two years, with the exception of Daly City, which has not increased its fees since 2013.

It is important to note that even though jurisdictions may have conducted fee studies, fees are not always adopted at full cost recovery. The comparative results only show the adopted fee for the surveyed jurisdictions not necessarily the full cost associated with the comparable service.

⁶ Brisbane conducts internal updates annually for the fee study (one dept a year).

⁷ Napa conducted a fee study update in 2015 of the Parks & Rec Department only.

⁸ The last fee study update for San Mateo included development services only. Public Works and other fees have not yet been updated.

3 ADDITIONAL FACTORS

Along with keeping the statistics outlined in the previous sections in mind, the following issues should also be noted regarding the use of market surveys in the setting of fees for service:

- Each jurisdiction and its fees are different, and many are not based on the actual cost of providing services.
- The same “fee” with the same name may include more or less steps or sub-activities. In addition, jurisdictions provide varying levels of service and have varying levels of costs associated with providing services such as staffing levels, salary levels, indirect overhead costs, etc.

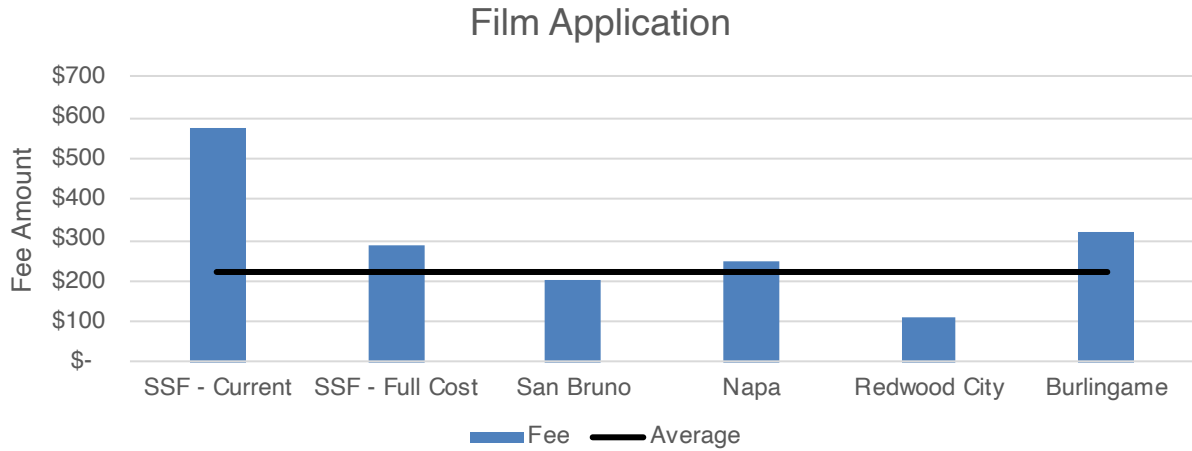
In addition to the issues noted, market surveys can also run the risk of creating a confusing excess of data that will obscure rather than clarify policy issues. Because each jurisdiction is different, the Matrix Consulting Group recommends that the information contained in the market comparison of fees be used as a secondary decision-making tool, rather than a tool for establishing an acceptable price point for services.

4 COMPARATIVE SURVEY RESULTS

As part of this study, the project team conducted a survey of how the City’s current user fees and calculated full cost compare to other similarly sized and regionally located jurisdictions. The following subsections provide a comparative look at several fee-related services provided by the City.

1 Film Application

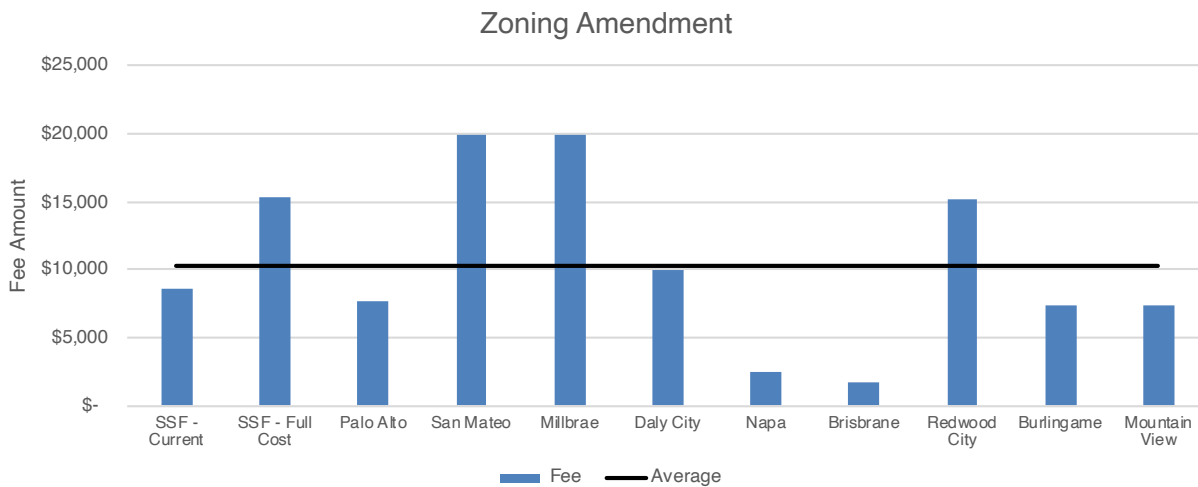
The City Manager’s Office currently charges a fee of \$573 to review an application to film within the City. As part of this study, the project team calculated the full cost for this service to be \$289. The following graph shows how the department’s current fee and full cost compare to surveyed jurisdictions.



Of the jurisdictions surveyed, only San Bruno, Napa, Redwood City, and Burlingame charge application fees for filming. As the graph indicates, South San Francisco’s current fee is higher than the surveyed fees, however, its full cost calculated falls in line with the average fee of \$221.

2 Zoning Amendment

The Planning Division currently charges a fee of \$8,625 for processing a Zoning Amendment request. As part of this study, the project team calculated the full cost for this service to be \$15,337. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.



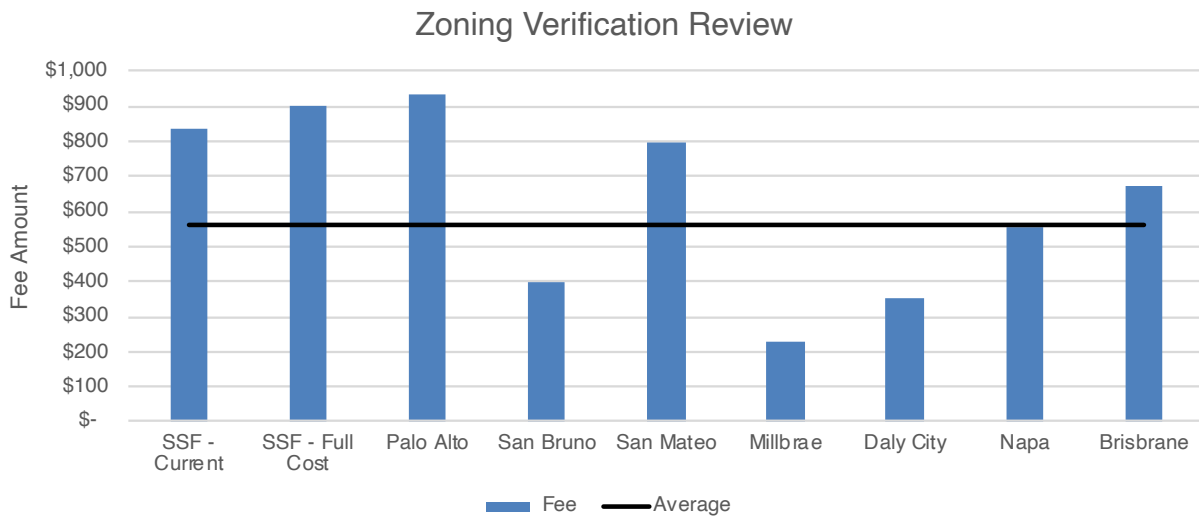
As the graph indicates, while the City’s current fee is below the average of the surveyed jurisdictions, its full cost is above the average. It is important to note that some of the surveyed jurisdictions⁹ charge for this service on a time and materials basis and the

⁹ The cities of Palo Alto, San Mateo, Daly City, Napa, and Redwood City collect a deposit and charge on a time and material basis.

information reflected above is only the initial deposit. Of the surveyed jurisdictions that charge a flat fee, Millbrae charges the most (\$20,000) and Brisbane charges the least (\$1,725).

3 Zoning Verification Review

The Planning Division currently charges a fee of \$833 for conducting a Zoning Verification Review. As part of this study, the project team calculated the full cost for this service to be \$899. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.

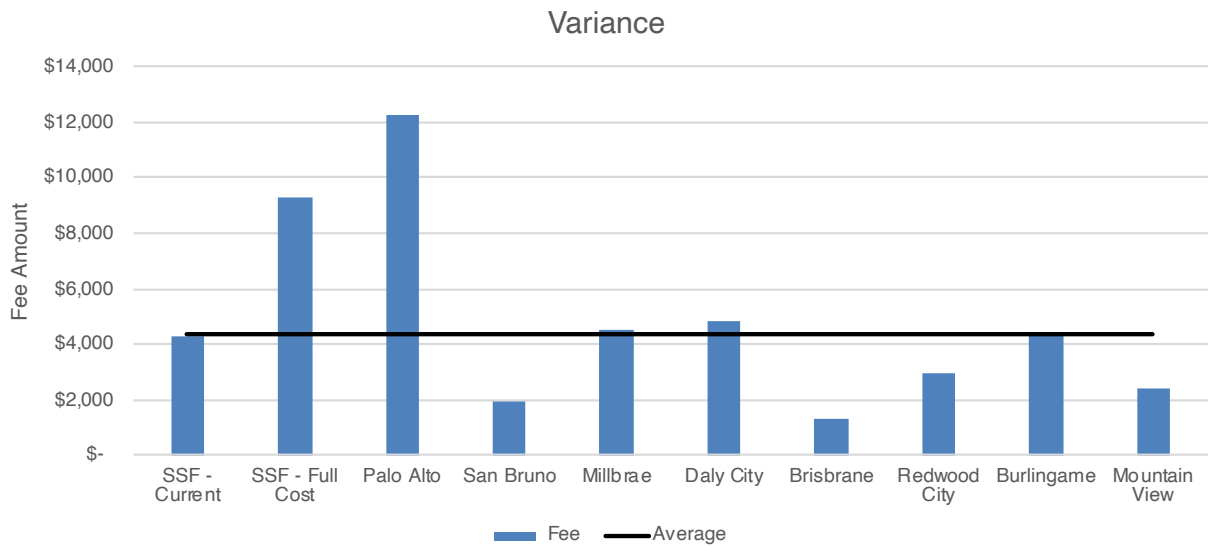


South San Francisco’s current fee and full cost are above the average charged by the surveyed jurisdictions (\$561). South San Francisco’s current fee and full cost fall in line with the fee charged by San Mateo. Palo Alto charges the most at \$931. Several jurisdictions¹⁰ surveyed charge based upon the fully burdened hourly rate.

4 Variance

The Planning Division currently charges a fee of \$4,312 for processing Variances. As part of this study, the project team calculated the full cost for this service to be \$9,274. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.

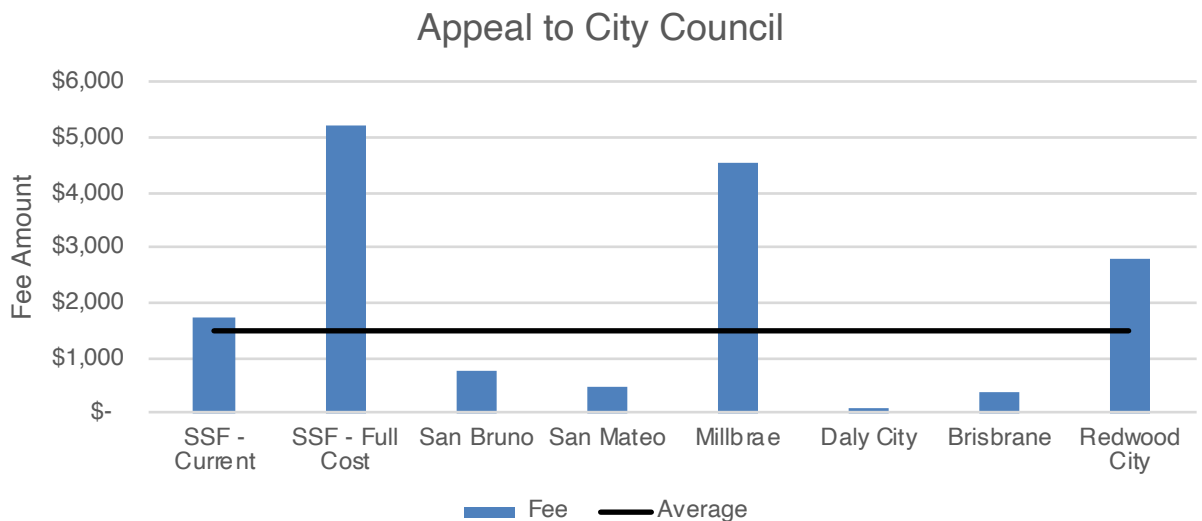
¹⁰ Palo Alto, San Mateo, Napa, and Brisbane charge a fully burdened hourly rate for Zoning Letters. In order to calculate a comparable fee, the hours utilized to derive South San Francisco’s full cost fee were utilized to calculate the fees for these jurisdictions.



South San Francisco’s full cost is above the average fee of \$4,360 charged by the surveyed jurisdictions. South San Francisco’s current fee falls in line with Millbrae, Daly City, and Burlingame’s fees, but the full cost calculated is over double the average fee. The fee charged by Palo Alto is significantly more than other surveyed jurisdictions due to the inclusion of hearing fees.

5 Appeal to City Council

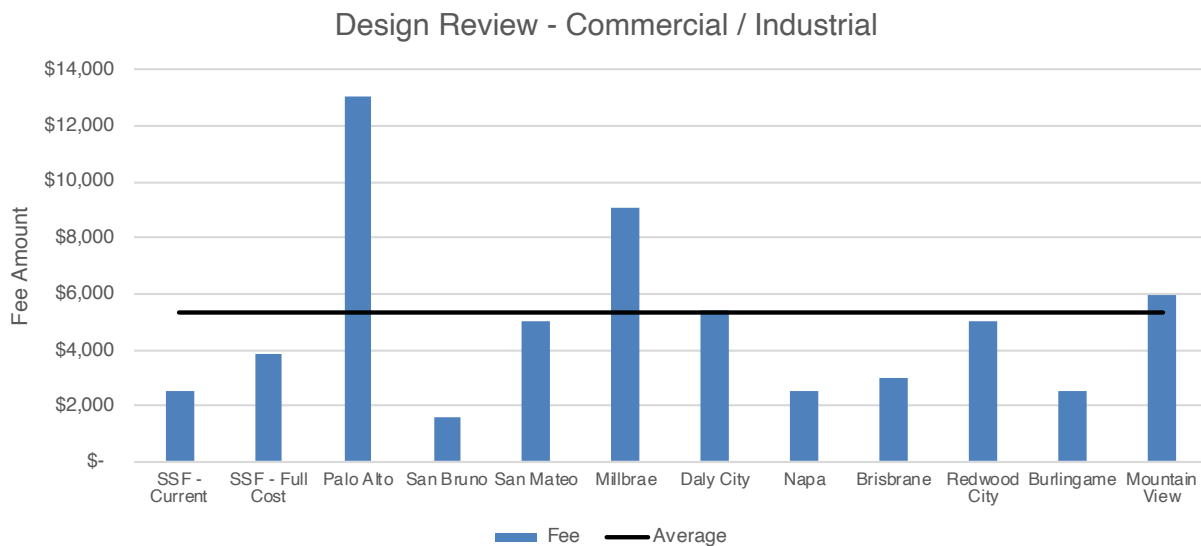
The Planning Division currently charges a fee of \$1,725 for processing Appeals of decisions made by the Zoning Administrator to the City Council. As part of this study, the project team calculated the full cost for this service to be \$5,231. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.



As the graph above indicates, South San Francisco’s full cost is above the average fee charged by the surveyed jurisdictions (\$1,518). Most jurisdictions surveyed charge a minimal fee for this service. It should be noted, appeals to City Council is a commonly subsidized fee by many jurisdictions.

6 Design Review – Commercial / Industrial

The Planning Division currently charges a fee of \$2,559 for processing a Design Review application for a commercial or industrial structure. As part of this study, the project team calculated the full cost for this service to be \$3,816. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.

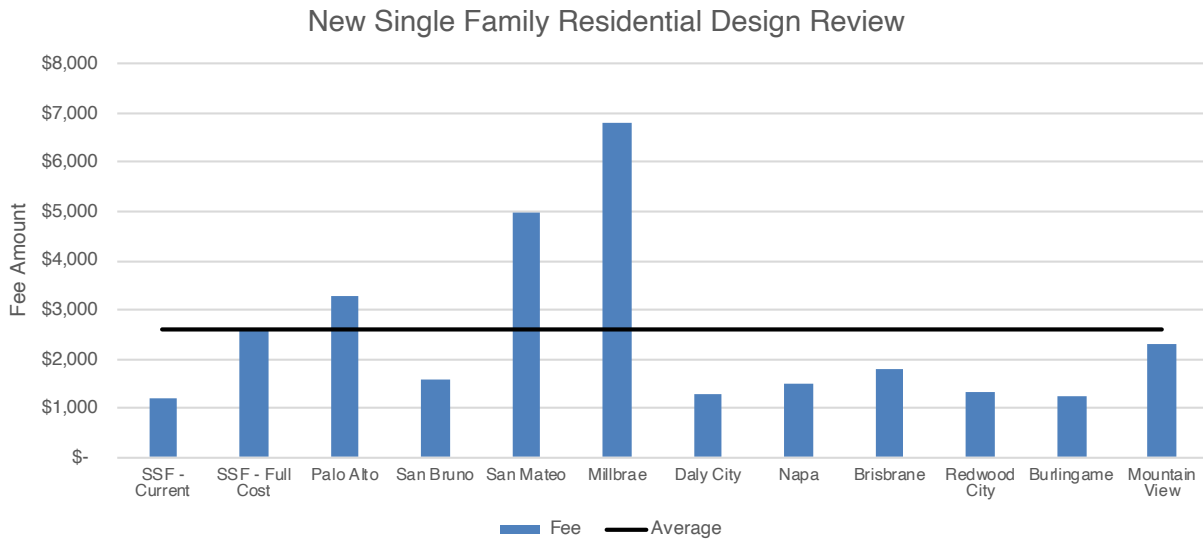


As the graph above indicates, South San Francisco’s current fee and full cost are below the average fee of \$5,308. Due to the wide variation in the type of application review, several surveyed jurisdictions charge this fee as a deposit¹¹. While Palo Alto has the highest fee, they charge the fee as a deposit to recover the full cost of providing the services.

7 Single Family Residential Design Review

The Planning Division currently charges a fee of \$1,212 for processing a Design Review application for a Single-Family Residential property. As part of this study, the project team calculated the full cost for this service to be \$2,603. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.

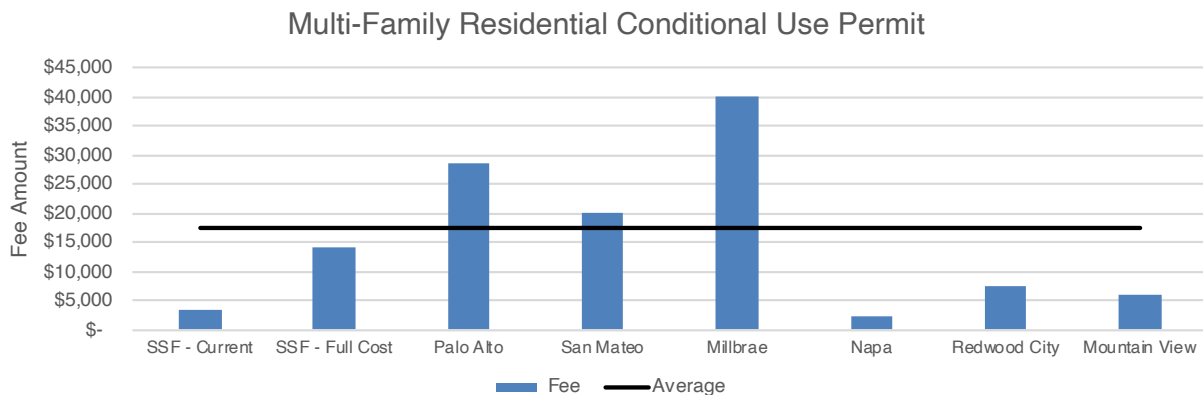
¹¹ The cities of Palo Alto, San Bruno, San Mateo, Napa, and Redwood City collect a deposit and charge based on time and materials.



South San Francisco’s current fee is below the average and on the lower end of fees charged by the surveyed jurisdictions. However, its full cost calculated falls in line with the jurisdictional average of \$2,620. It is important to note that some of the surveyed jurisdictions¹² charge for this service on a time and materials basis and the information reflected above is only the initial deposit.

8 Multi-Family Residential Conditional Use Permit

The Planning Division currently charges a fee of \$3,461 for processing a Conditional Use Permit application for a multi-family residential property. As part of this study, the project team calculated the full cost for this service to be \$14,324. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.

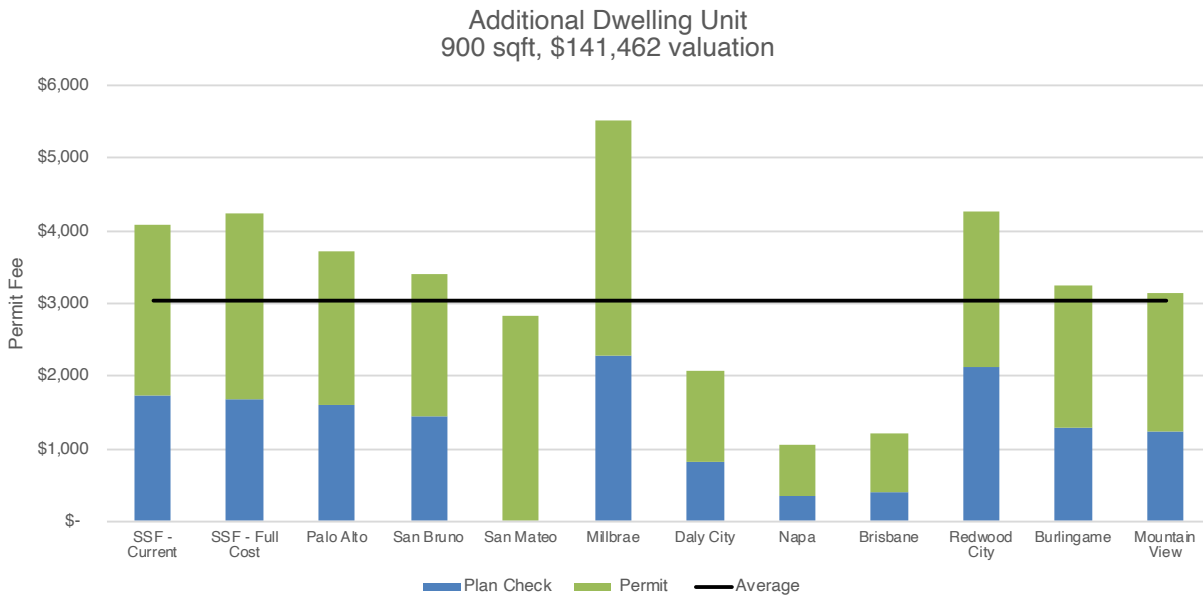


¹² The cities of San Bruno, San Mateo, and Napa collect a deposit and charge on a time and material basis.

South San Francisco’s current fee and full cost fall below the jurisdictional average of \$17,423. Similar to other planning applications, several of the surveyed jurisdictions¹³ choose to charge a deposit for this service.

9 Residential ADU, 900 Sq. Ft., \$141,462 Valuation

The Building Division currently charges \$4,090 for plan review and inspection of a 900 sq. ft. Accessory Dwelling Unit (ADU) valued at \$141,462. As part of this study, the project team calculated the full cost for plan review and inspection to be \$4,252. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.

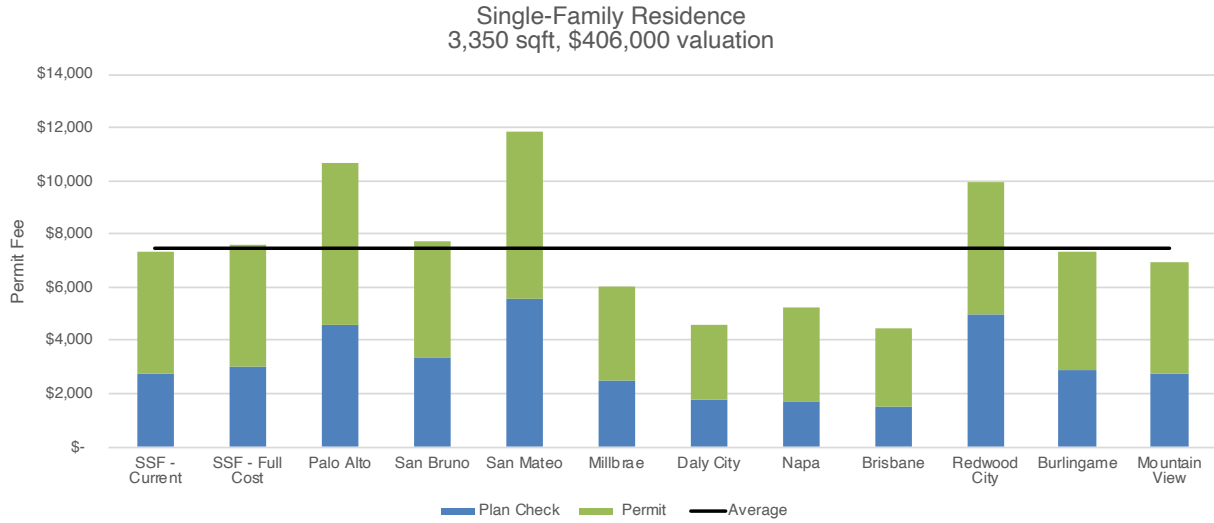


As shown in the graph above, South San Francisco’s current fee and full cost are higher than the average (\$3,309). Daly City, Napa, and Brisbane have the lowest fees surveyed, which are well below the average. Daly City has not increased its fees in over seven years and Napa and Brisbane calculate its fees based off of the project square footage rather than project valuation resulting in lower fees.

10 New Single-Family Residence, 3,350 Sq. Ft., \$406,000 Valuation

The Building Division currently charges a fee of \$7,344 for plan review and inspection of a New 3,350 sq. ft. Single Family Residence valued at \$406,000. As part of this study, the project team calculated the full cost for plan review and inspection to be \$7,612. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.

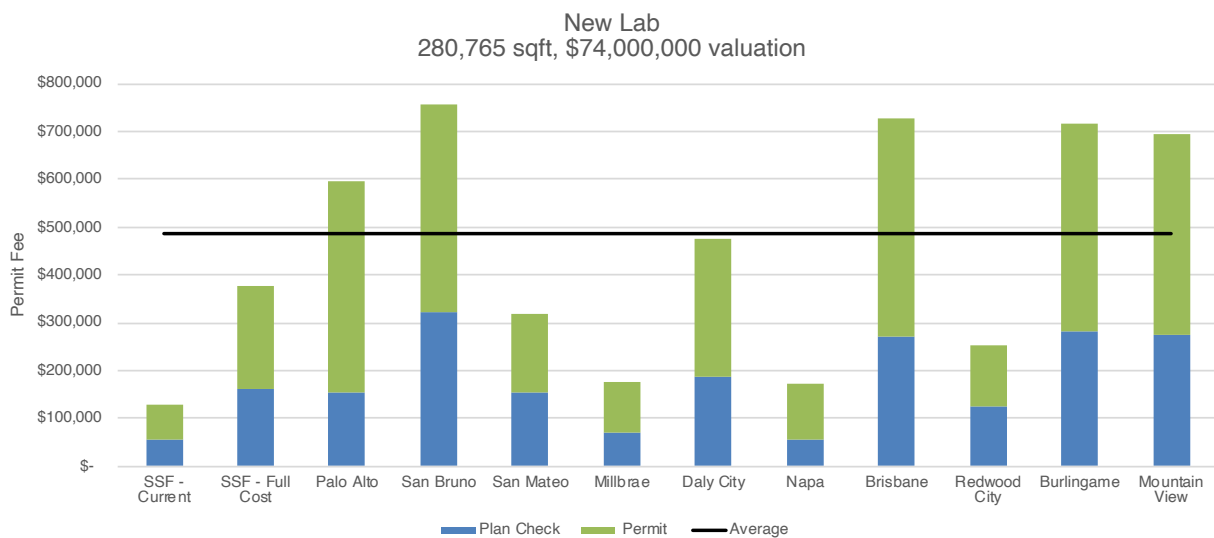
¹³ The cities of Palo Alto, San Mateo, Millbrae, Napa, and Redwood City collect a deposit and charges on a time and material basis.



South San Francisco’s current fee is just below the average fee charged by the surveyed jurisdictions (\$7,481), while the full cost is just above the average. San Mateo has the highest fee, while Brisbane has the lowest fee.

11 New Lab, 280,765 Sq. Ft., \$74,000,000 Valuation

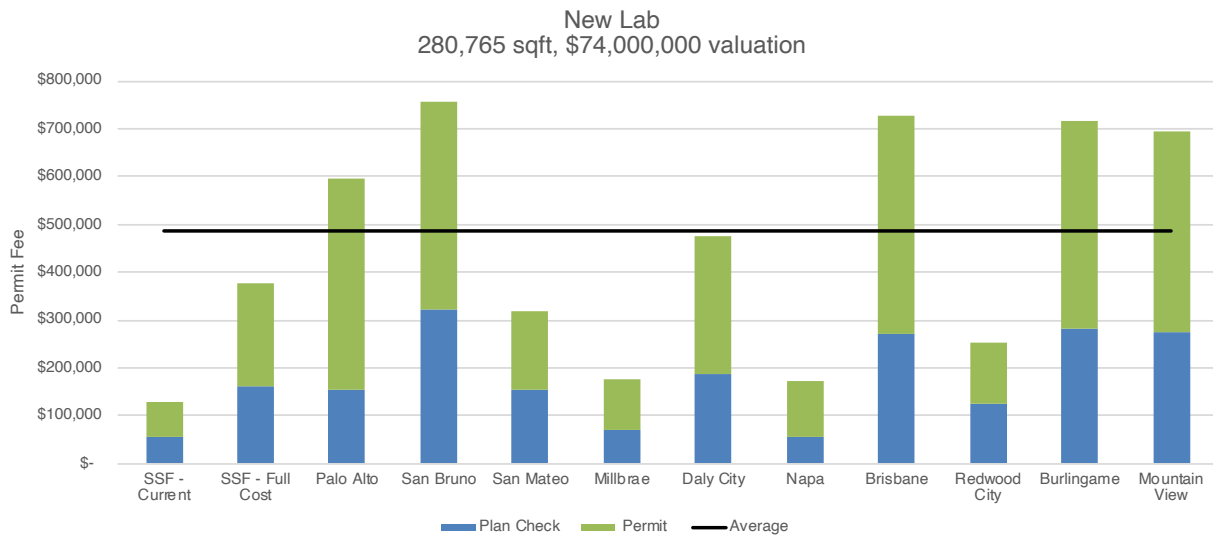
The Building Division currently charges a fee of \$129,264 for plan review and inspection of a New 280,765 sq. ft. Lab valued at \$74,000,000. As part of this study, the project team calculated the full cost for plan review and inspection to be \$375,665. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.



South San Francisco’s current fee is the lowest fee charged among the surveyed jurisdictions and below the average plan check and inspection fee of \$466,016. The full cost calculated through this study is also below the average, just above San Mateo.

12 New Office, 15,000 Sq. Ft., \$2,041,200 Valuation

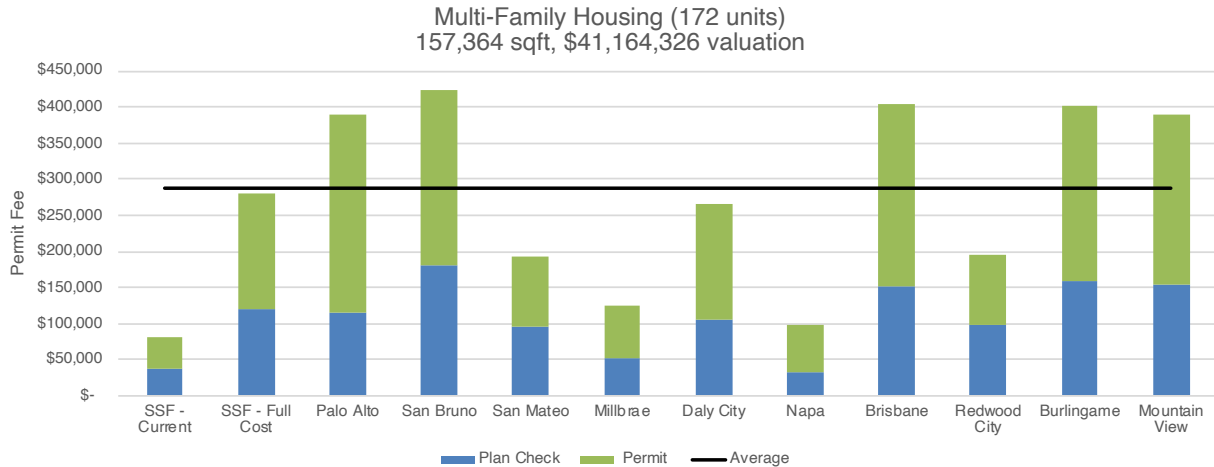
The Building Division currently charges a fee of \$20,193 for plan review and inspection of a New 15,000 sq. ft. Office valued at \$2,041,200. As part of this study, the project team calculated the full cost for plan review and inspection to be \$19,141. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.



South San Francisco’s current fee is the lowest among surveyed jurisdictions. The full cost calculated is below the average fee of \$26,439, and just above the fees charged by San Mateo and Redwood City.

13 New Multi-Family, 157,364 Sq. Ft., \$41,164,326 Valuation

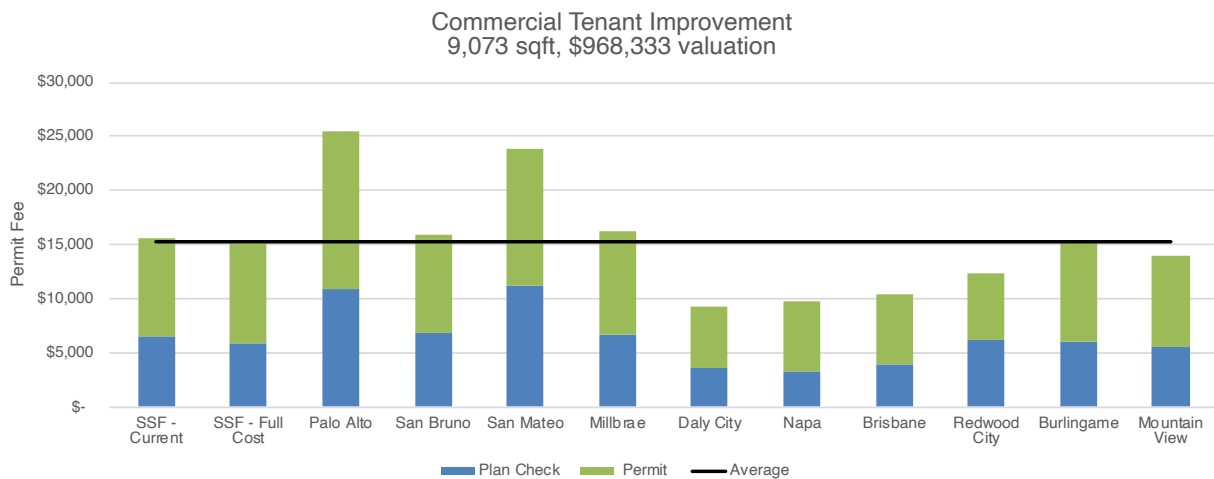
The Building Division currently charges a fee of \$81,785 for plan review and inspection of a 157,364 square foot new Multi-Family building valued at \$41,164,326. As part of this study, the project team calculated the full cost for plan review and inspection to be \$280,375. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.



South San Francisco’s current fee is the lowest charged compared to all surveyed jurisdictions. The full cost calculated is just below the average fee of \$288,205. Millbrae and Napa have the lowest fees surveyed, and San Bruno, Brisbane, and Burlingame have the highest fees.

14 Commercial Tenant Improvement, 9,073 Sq. Ft., \$968,333 Valuation

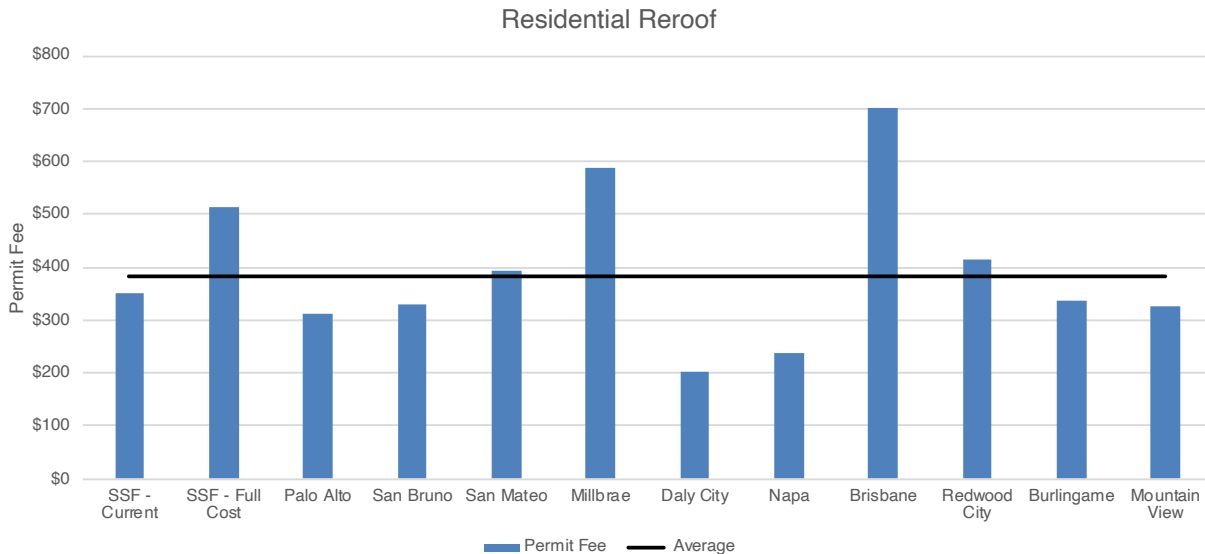
The Building Division currently charges a fee of \$15,627 for plan review and inspection of a 9,073 sq. ft. Commercial Tenant Improvement valued at \$968,333. As part of this study, the project team calculated the full cost for plan review and inspection to be \$15,062. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.



Both South San Francisco’s current fee and calculated full cost are in line with the jurisdictional average of \$15,258. Palo Alto and San Mateo have the highest fees surveyed, while Daly City and Napa have the lowest fees.

15 Residential Re-roof, \$12,000 Valuation

The Building Division currently charges a fee of \$350 for plan check and inspection of Residential Reroofs. As part of this study, the project team calculated the full cost of providing this service to be \$512. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.



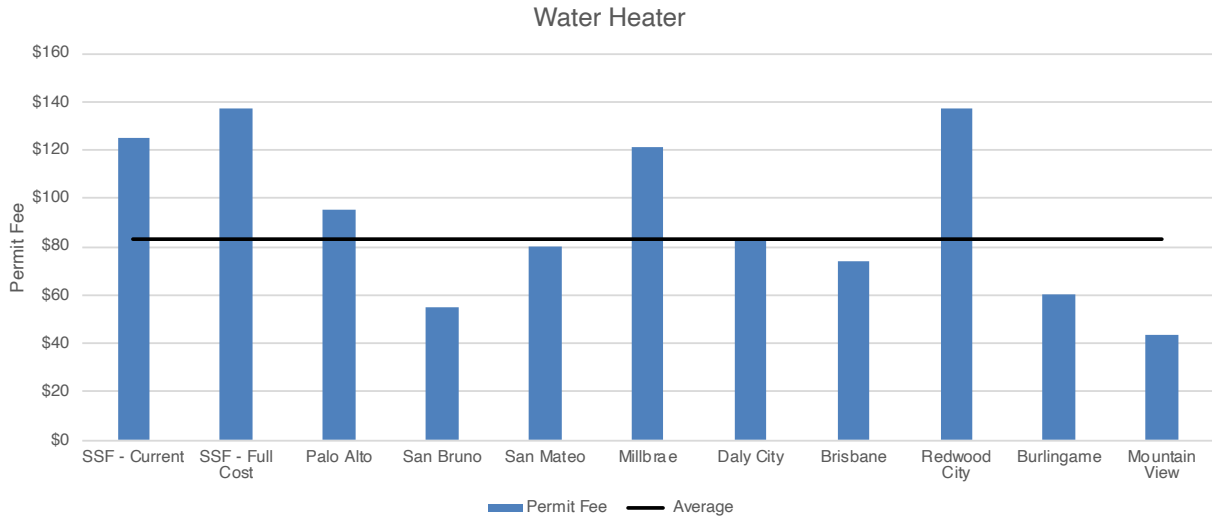
As the graph above indicates, South San Francisco’s current fee is just below the average of \$384, while the full cost calculated through this study is on par with Millbrae, and lower than Brisbane. Several jurisdictions¹⁴ charge for reroofs based on the valuation of the project, while Brisbane charges per 1,000 square feet¹⁵.

16 Water Heater

The Building Division currently charges a fee of \$125 for permit issuance and inspection of a Water Heater. As part of this study, the project team calculated the full cost for providing this service to be \$137. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.

¹⁴ San Bruno, Daly City, and Burlingame’s fees were calculated using an average valuation of \$12,000.

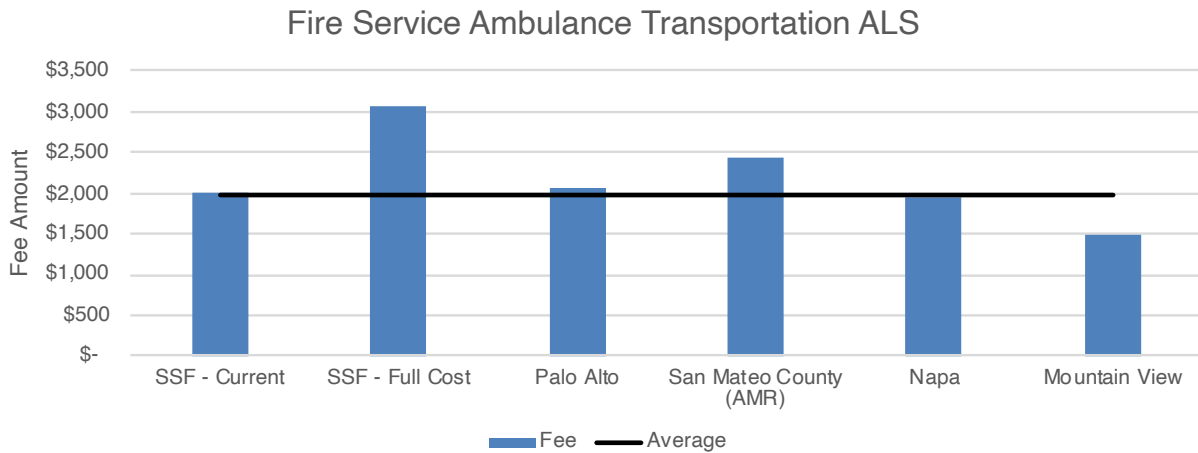
¹⁵ Brisbane charges per 1,000 sq. ft., therefore the fee is based on an average of 2,000 sq. ft. reroof.



South San Francisco’s current fee and full cost are higher than the surveyed jurisdictional average of \$83. However, the current fee falls in line with fees charged by Millbrae and Redwood City. Brisbane is the only jurisdiction that does not have a flat fee and charges based on valuation; an average valuation of \$1,800 was used to calculate the fee. It should be noted that Water Heater permits are often subsidized by many jurisdictions to encourage the community to obtain the permit before performing work.

17 Fire Service Ambulance ALS Transports

The Fire Department currently charges a fee of \$2,018 for providing Advanced Life Support (ALS) transport services. As part of this study, the project team calculated the full cost for this service to be \$3,075. The following graph shows how the department’s current fee and full cost compare to surveyed jurisdictions.

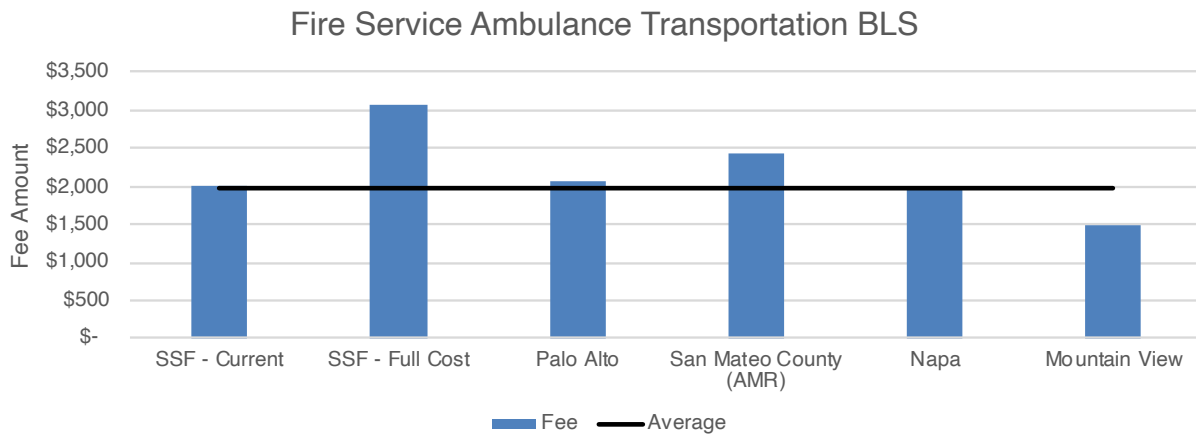


South San Francisco’s current fee falls in line with fees charged by Palo Alto and Napa. However, its full cost is higher than the average fee charged by all surveyed jurisdictions.

San Bruno, San Mateo, Millbrae, Daly City, Brisbane, Redwood City, and Burlingame are all under the San Mateo County AMR contract for Ambulance Transportation.

18 Fire Service Ambulance Transportation BLS Emergency

The Fire Department currently charges a fee of \$2,018 for providing Basic Life Support (BLS) transport services. As part of this study, the project team calculated the full cost for this service to be \$3,075. The following graph shows how the department’s current fee and full cost compare to surveyed jurisdictions.

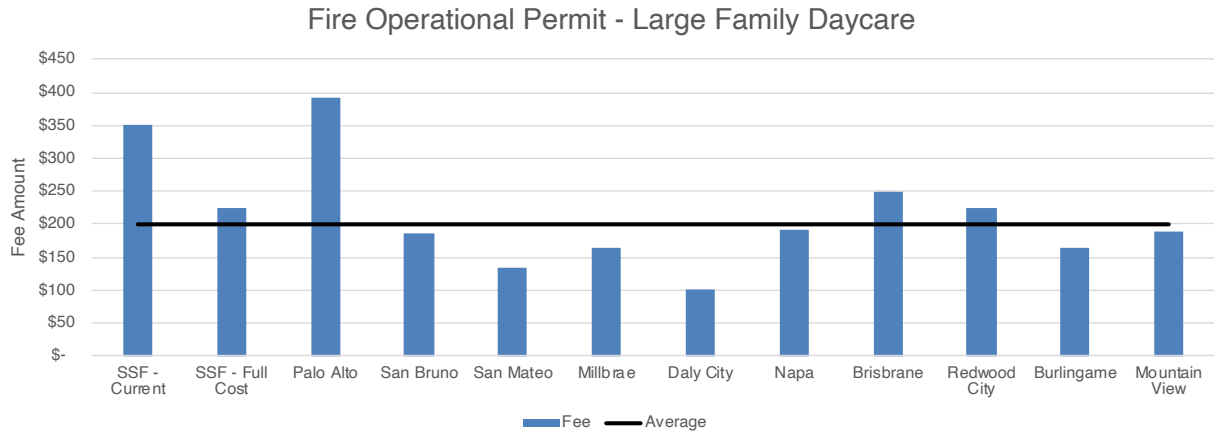


South San Francisco’s full cost is above the average fee charged by the surveyed jurisdictions (\$1,984) and is higher than all other fees charged by surveyed jurisdictions. San Bruno, San Mateo, Millbrae, Daly City, Brisbane, Redwood City, and Burlingame are all under the San Mateo County AMR contract for Ambulance Transportation.

19 Annual Fire Operational Permit – Large Family Daycare

The Fire Department currently charges a fee of \$351 for the Large Family Daycare Annual Operational Permit. As part of this study, the project team calculated the full cost for this service to be \$224¹⁶. The following graph shows how the department’s current fee and full cost compare to surveyed jurisdictions.

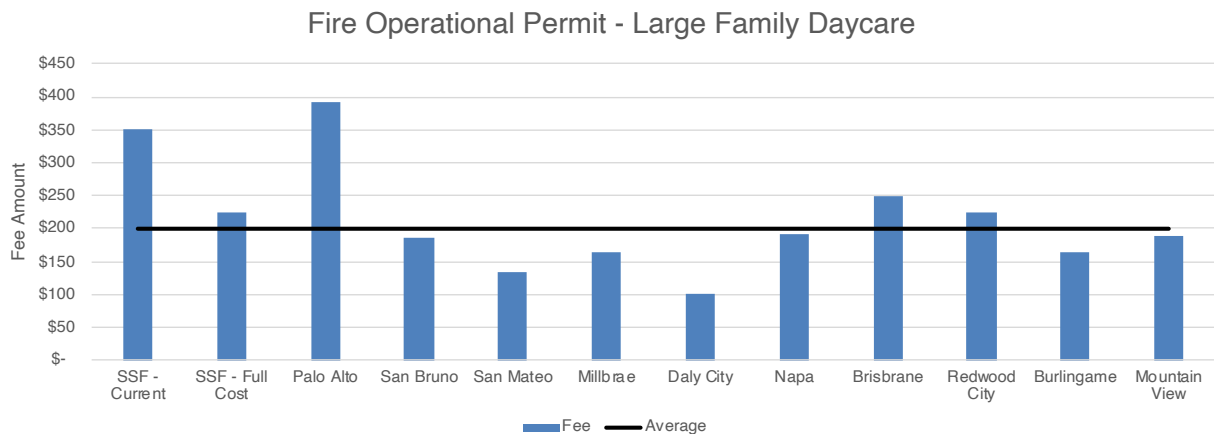
¹⁶ The full cost includes a base square footage fee of up to 5,000 sq. ft. as well as the operation permit fee.



South San Francisco’s current fee is well above the average charged by the surveyed jurisdictions (\$199) and is only comparable to Palo Alto. It’s full cost falls in line with fee charged by Brisbane and Redwood City and is just above the overall average fee.

20 Annual Fire Operational Permit – Repair Garage

The Fire Department currently charges a fee of \$351 for a Repair Garage Annual Operational Permit. As part of this study, the project team calculated the full cost for this service to be \$337¹⁷. The following graph shows how the department’s current fee and full cost compare to surveyed jurisdictions.

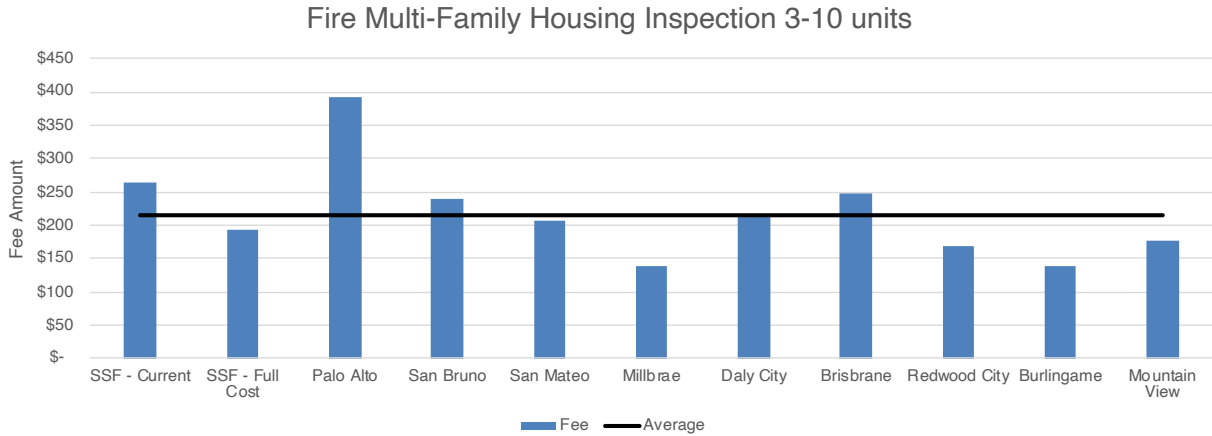


The City’s current fee and full cost are above the average fee (\$221) charged by the surveyed jurisdictions. Both the current fee and full cost are among the highest for fees charged by surveyed jurisdictions. The only jurisdiction that charges a higher fee for this service is Palo Alto at \$393.

¹⁷ The full cost includes a base square footage fee of up to 5,000 sq. ft. as well as the operation permit fee.

21 Annual Multi-Family Housing Inspection 3-10 Units

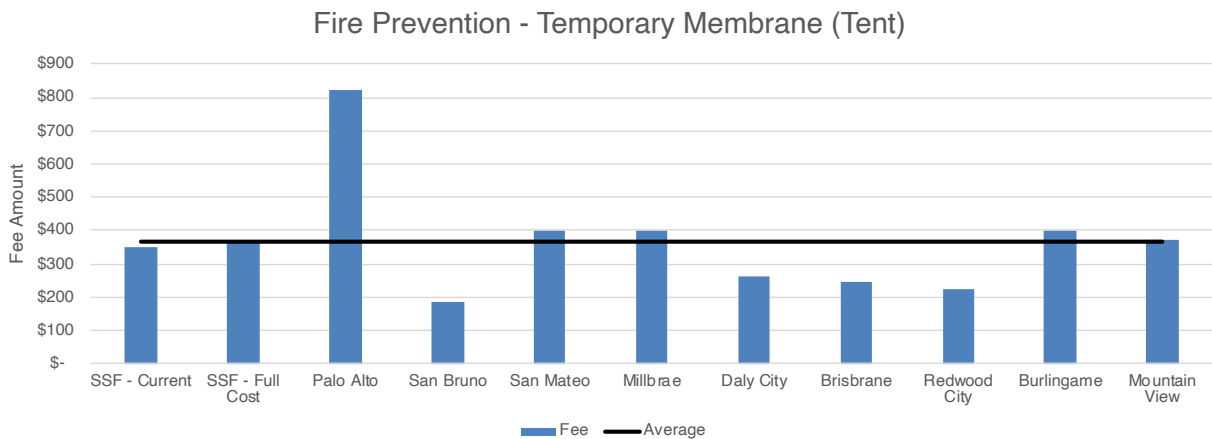
The Fire Department currently charges a fee of \$264 for Multi-Family Housing Inspections for locations with 3-10 units. As part of this study, the project team calculated the full cost for this service to be \$192. The following graph shows how the department’s current fee and full cost compare to surveyed jurisdictions.



As the graph indicates, the City’s current fee is above the average fee (\$214); while its full cost is below the average fee. The full cost falls in line with fees charged by San Mateo and Daly City.

22 Fire Prevention – Temporary Membrane (Tent)

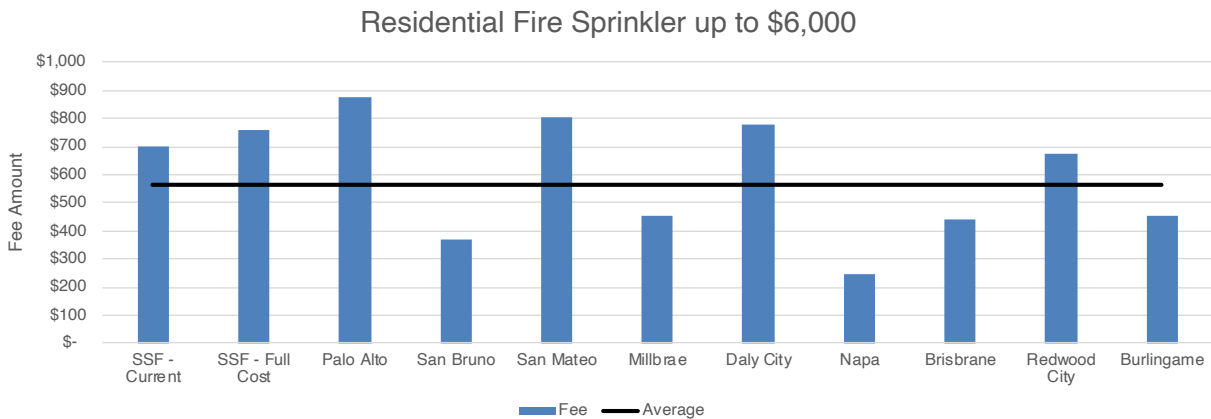
The Fire Department currently charges a fee of \$351 for review and inspection of a Temporary Membrane (Tent). As part of this study, the project team calculated the full cost for this service to be \$365. The following graph shows how the department’s current fee and full cost compare to surveyed jurisdictions.



South San Francisco’s current fee and full cost are in line with the surveyed jurisdictional average fee of \$369. Palo Alto’s fee is almost double the average fee.

23 Residential Fire Sprinkler up to \$6,000

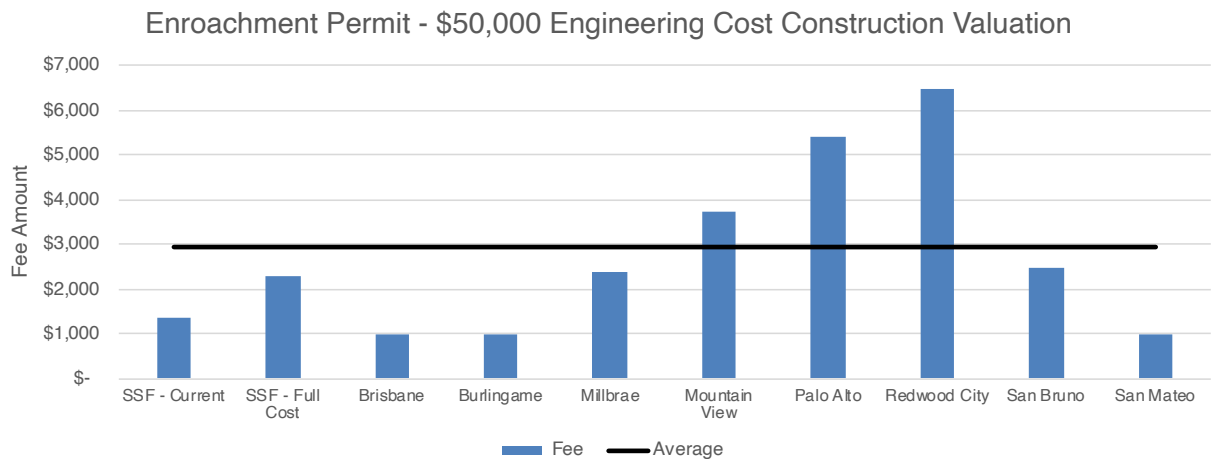
The Fire Department currently charges a fee of \$703 for plan review and inspection of Residential Fire Sprinklers valued at up to \$6,000. As part of this study, the project team calculated the full cost for this service to be \$758. The following graph shows how the department’s current fee and full cost compare to surveyed jurisdictions.



South San Francisco’s current fee and full cost are higher than the jurisdictional average fee of \$565. The City’s full cost falls in line with fees charged by San Mateo and Daly City.

24 Encroachment Permit - \$50,000 Engineering Cost Construction Valuation

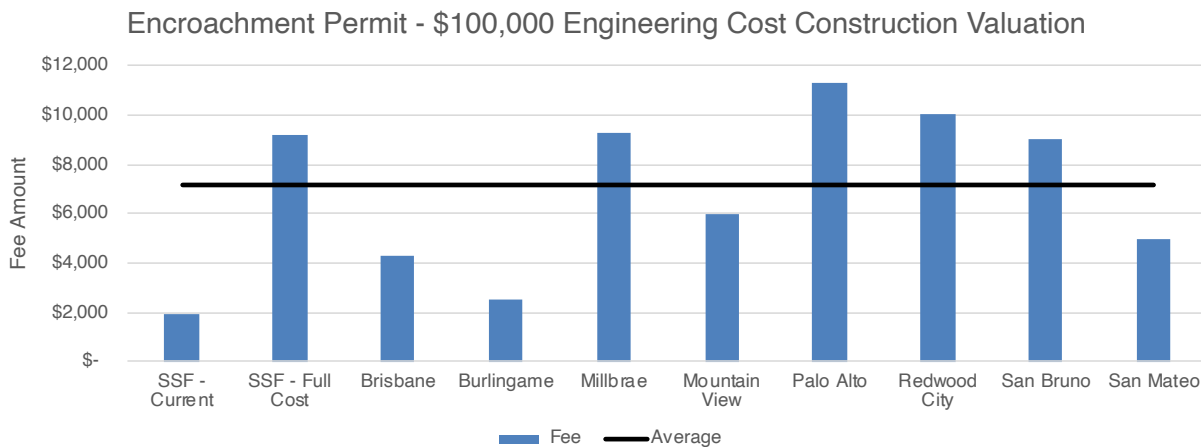
The Engineering Division currently charges a fee of \$1,368 for plan review and inspection of an Encroachment Permit whose project cost is valued at \$50,000. As part of this study, the project team calculated the full cost for this service to be \$2,290. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.



As the graph above indicates, South San Francisco’s current fee and calculated full cost are below the average fee of \$2,939. The City’s full cost falls in line with fees charged by Millbrae and San Bruno. There is an extreme variation in how encroachment plan review and inspection fees are charged by surveyed jurisdictions. Some jurisdictions¹⁸ charge an initial deposit and then bill for additional time and materials spent on the review; while other jurisdictions¹⁹ surveyed charge based upon the fully burdened hourly rate. Only Millbrae, Mountain View, and Palo Alto charge a flat fee for this service.

25 Encroachment Permit - \$100,000 Engineering Cost Construction Valuation

The Engineering Division currently charges a fee of \$1,900 for plan review and inspection of an Encroachment Permit whose project cost is valued at \$100,000. As part of this study, the project team calculated the full cost for this service to be \$9,176. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.



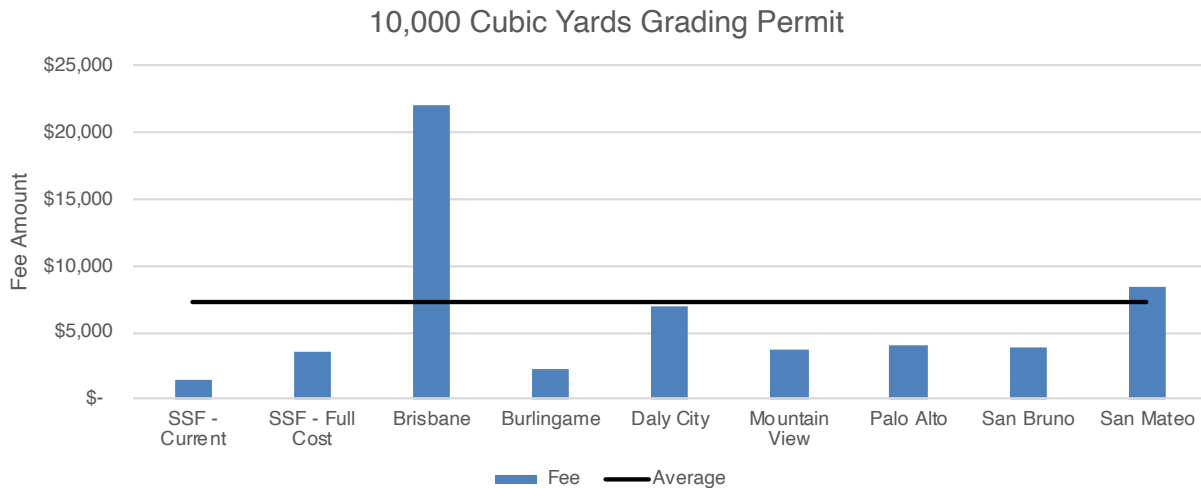
South San Francisco’s full cost is above the average charged by the surveyed jurisdictions (\$7,169) but falls in line with fees charged by Millbrae and San Bruno. Some jurisdictions²⁰ charge an initial deposit and then bill for additional time and materials spent on the review; whereas, other jurisdictions²¹ surveyed charge based upon the fully burdened hourly rate. Only three jurisdictions²² charge a flat fee for this service.

26 Grading Permit of 10,000 Cubic Yards

The Engineering Division currently charges a fee of \$1,520 for plan review and inspection of Grading Permit of 10,000 cubic yards. As part of this study, the project team calculated

¹⁸ Burlingame, Redwood City, and San Mateo collect a deposit and charge based on time and materials.
¹⁹ Brisbane and San Bruno charge a fully burdened hourly rate for Encroachment services. In order to calculate a comparable fee, the hours utilized to derive South San Francisco’s full cost fee were utilized to calculate the fees for these jurisdictions.
²⁰ Burlingame, Redwood City, and San Mateo collect a deposit and charge based on time and materials.
²¹ Brisbane and San Bruno charge a fully burdened hourly rate for Encroachment services. In order to calculate a comparable fee, the hours utilized to derive South San Francisco’s full cost fee were utilized to calculate the fees for these jurisdictions.
²² Millbrae, Mountain View, and Palo Alto charge a flat fee for this service.

the full cost for this service to be \$3,595. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.

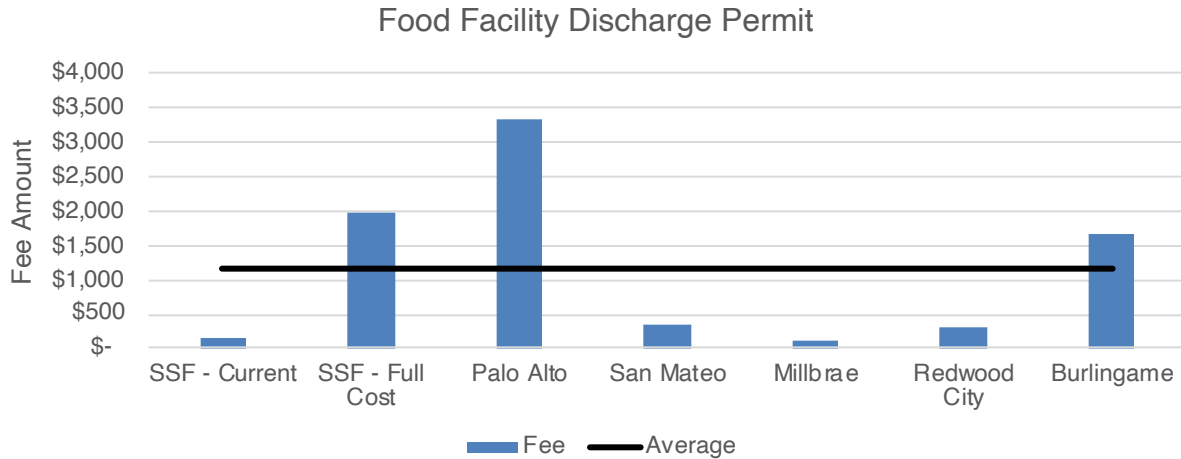


South San Francisco’s full cost is below the average charged by the surveyed jurisdictions (\$7,360) but falls in line with fees charged by Mountain View, Palo Alto, and San Bruno. San Bruno²³ calculates current fees based upon fully burdened hourly rates, and the time it takes to plan review and inspect these systems. San Mateo’s fee is charged as a deposit.

27 Food Facility Discharge Permit

The Water Quality Control Division currently charges a fee of \$152 for inspection of a Food Facility Discharge Permit. As part of this study, the project team calculated the full cost for this service to be \$1,999. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.

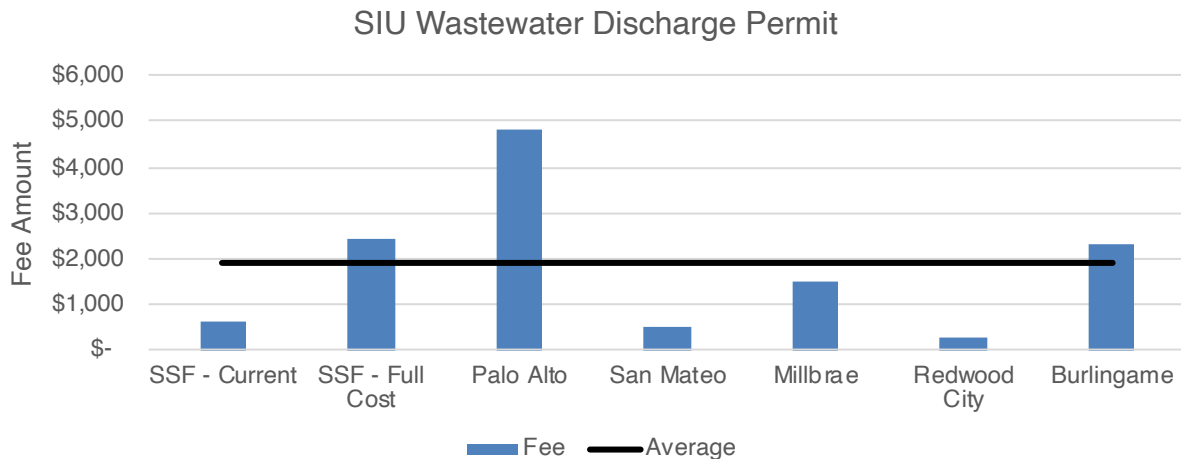
²³ Fees for San Bruno were calculated using the same number of hours as the basis for South San Francisco’s full cost fee.



As the graph above indicates, South San Francisco’s current fee is below the average fee of \$1,148. South San Francisco’s full cost falls in line with fee charged by Burlingame and is lower than the fee charged by Palo Alto. It is important to note that fees above are not consistent across the jurisdictions because they are accounting for different types²⁴ of discharge permits.

28 SIU Wastewater Discharge Permit

The Water Quality Control Division currently charges a fee of \$609 for inspection of a SIU Wastewater Discharge Permit. As part of this study, the project team calculated the full cost for this service to be \$2,469. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.



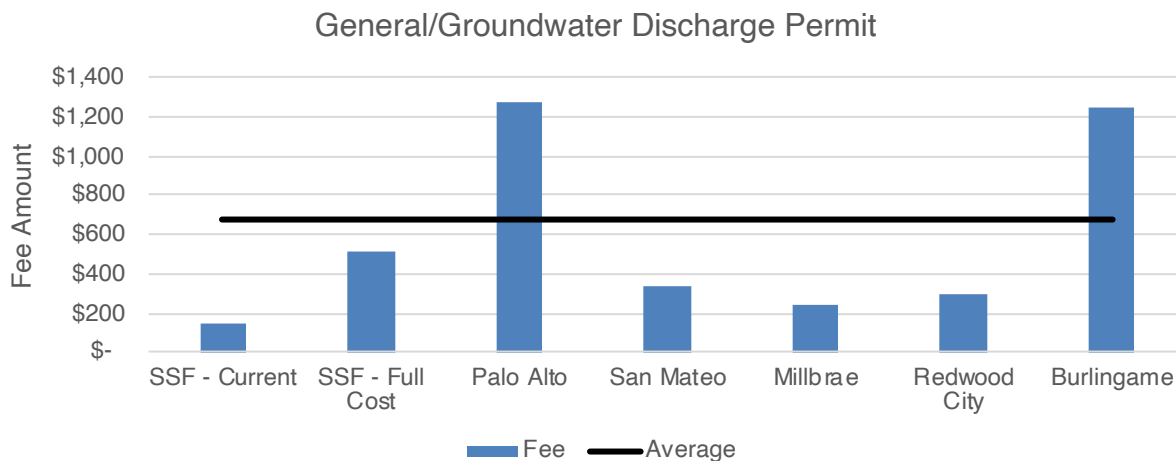
While South San Francisco’s current fee is below the average, its full cost is higher than the average fee charged by the surveyed jurisdictions (\$1,893). Similar to the Food

²⁴ Palo Alto charges for an Industrial Waste Discharge permit, San Mateo charges for a Class B Waste Discharge permit, Millbrae charges for Septic Discharges, Redwood City’s fee is an initial deposit, and Burlingame is charging for a Moderate Discharge permit.

Facility Discharge permit, the surveyed jurisdictions charge these fees in a variety of ways²⁵.

29 General/Groundwater Discharge Permit

The Water Quality Control Division currently charges a fee of \$152 for inspection of a General/Groundwater Discharge Permit. As part of this study, the project team calculated the full cost for this service to be \$521. The following graph shows how the division’s current fee and full cost compare to surveyed jurisdictions.



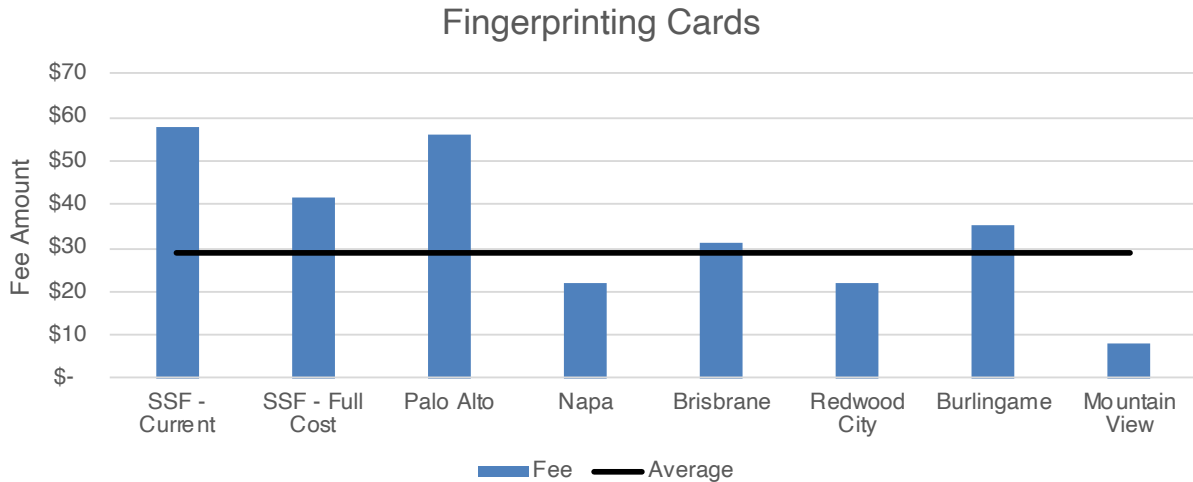
While South San Francisco’s current fee is well below the surveyed jurisdiction’s fees, the full cost is just below the average fee charged by the surveyed jurisdictions (\$684). The types of fees being charged vary²⁶ but are all under this General/Groundwater Discharge Permit category.

30 Fingerprinting Cards

The Police Department currently charges a fee of \$58 for a Fingerprinting Card. As part of this study, the project team calculated the full cost for this service to be \$42. The following graph shows how the department’s current fee and full cost compare to surveyed jurisdictions.

²⁵ Palo Alto is charging for an Industrial Waste Discharge Permit, San Mateo is charging for a Class A Waste Discharge permit, Redwood City’s fee is an initial deposit, and Burlingame is charging for a Heavy Discharge permit. Millbrae is charged at a base of \$500 plus \$50 per employee; we assumed 20 employees in our calculations.

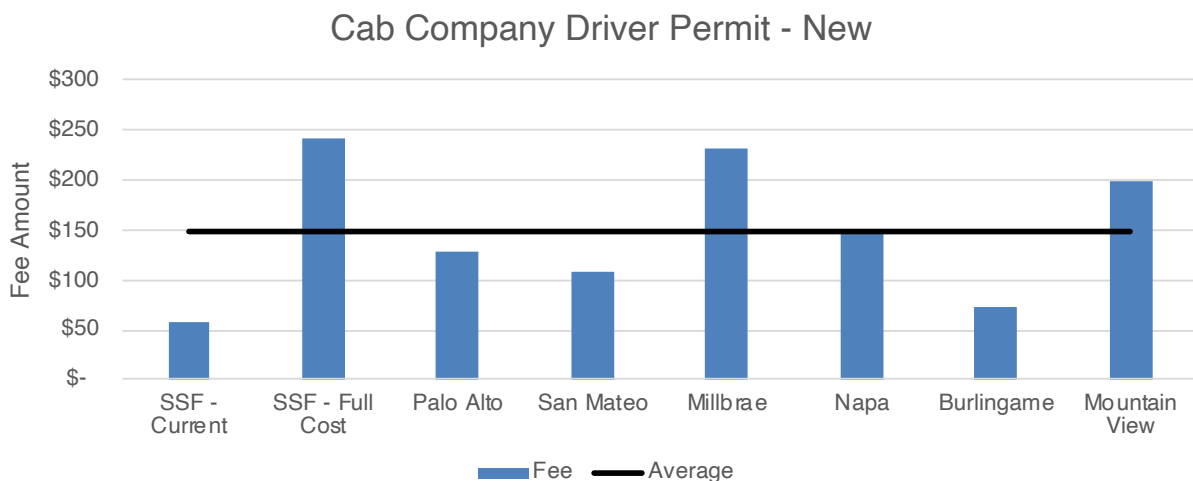
²⁶ Palo Alto charges for an Industrial Waste Discharge permit, San Mateo charges a Class B Waste Discharge permit, Millbrae charges for Groundwater that is more than 1,000 gallons annually, and Redwood City just charges an initial deposit.



As the graph above indicates, South San Francisco’s current fee is the highest compared to the fees charged by surveyed jurisdictions. South San Francisco’s full cost calculated is still above the average fee (\$29) and many of the surveyed jurisdictions, with the exception of the City of Palo Alto.

31 Cab Company Driver Permit

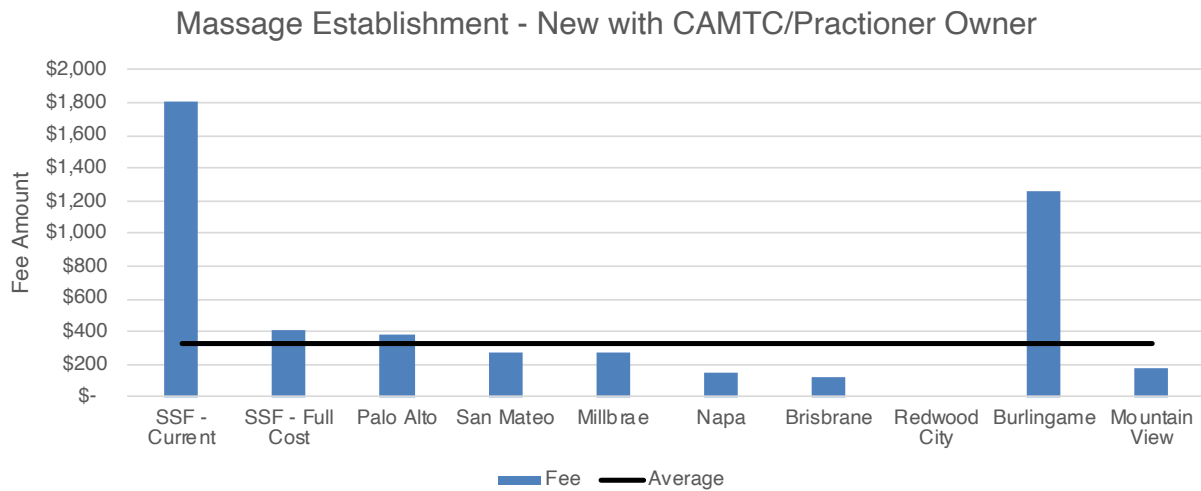
The Police Department currently charges \$58 for review and issuance of a Cab Company Driver Permit. As part of this study, the project team calculated the full cost for this service to be \$243. The following graph shows how the department’s current fee and full cost compare to surveyed jurisdictions.



As shown above, South San Francisco’s current fee is the lowest compared to the fees charged by the surveyed jurisdictions. In contrast, South San Francisco’s full cost calculated is the highest fee even above the average fee of \$147. The full cost fee for the City is slightly higher than the fee charged by Millbrae.

32 Massage Establishment

The Police Department currently charges \$1,803 for review and issuance of a Massage Establishment – New with CAMTC / Practitioner Owner permit. As part of this study, the project team calculated the full cost for this service to be \$408. The following graph shows how the department’s current fee and full cost compare to surveyed jurisdictions.

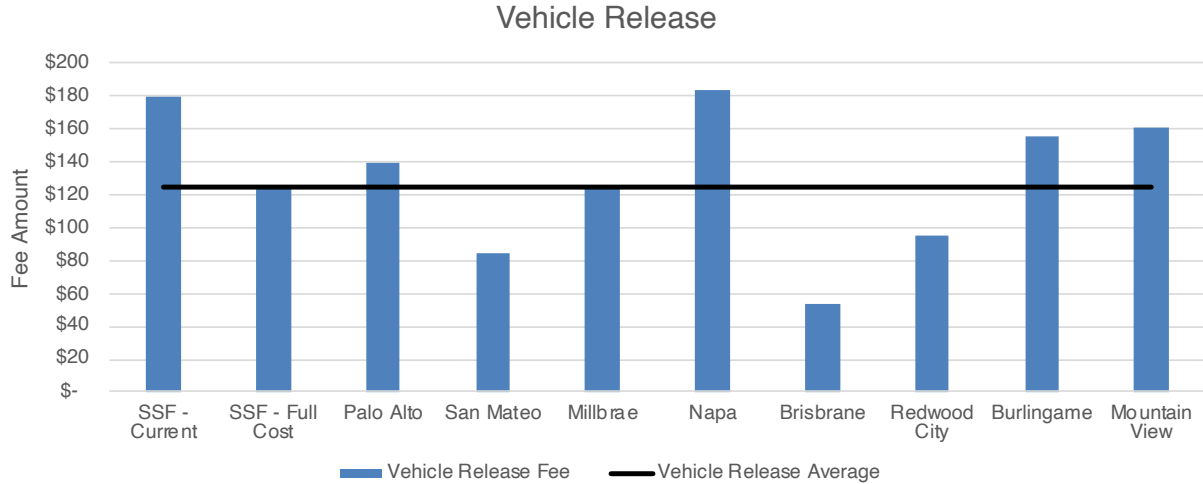


South San Francisco’s current fee is the highest compared to the fees charged by the surveyed jurisdictions. The city’s full cost is in line with the average (\$329) of the surveyed jurisdictions²⁷. Note that Redwood City does not charge a fee for a massage permit as long as the establishment has a sole owner with a CAMTC Certificate.

33 Vehicle Release

The Police Department currently charges \$180 for processing a Vehicle Release. As part of this study, the project team calculated the full cost for this service to be \$125. The following graph shows how the department’s current fee and full cost compare to surveyed jurisdictions.

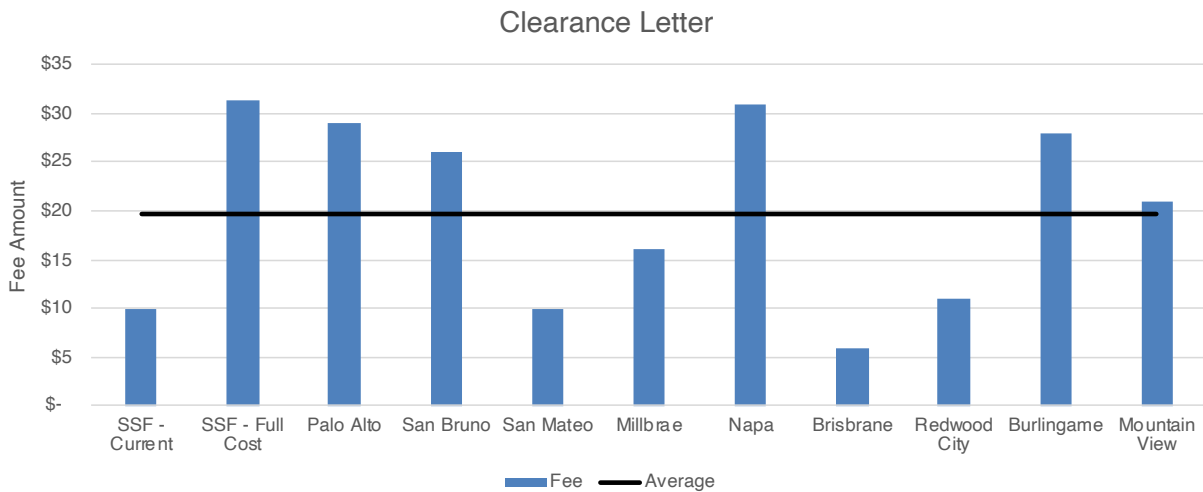
²⁷ Redwood City charges \$0 for this permit as long as there is a sole owner with a California Massager Therapy Council (CAMTC) certificate.



As the graph above indicates, South San Francisco’s full cost is in line with the average fee (\$125) charged by the surveyed jurisdictions.

34 Clearance Letter

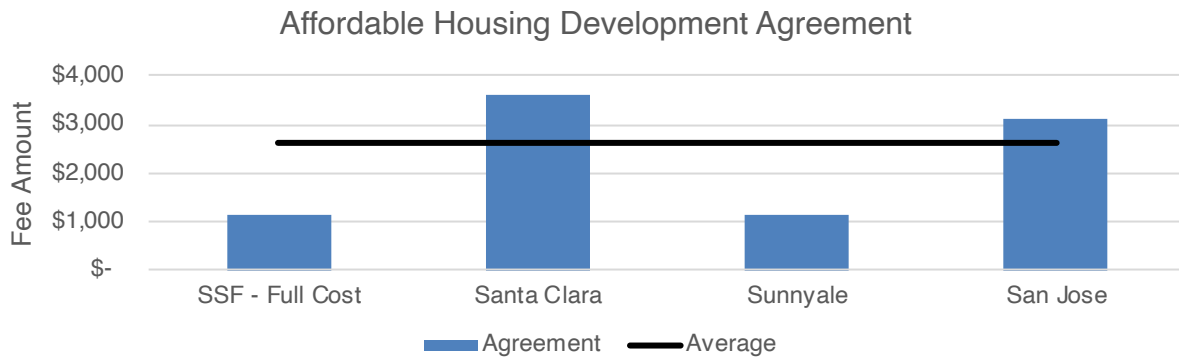
The Police Department currently charges \$10 for processing a Clearance Letter request. As part of this study, the project team calculated the full cost for this service to be \$31. The following graph shows how the department’s current fee and full cost compare to surveyed jurisdictions.



South San Francisco’s current fee is one of the lowest fees charged by surveyed jurisdictions. It’s full cost while above the average (\$20) fee charged by the surveyed jurisdictions, is in line with Palo Alto, San Bruno, Napa, and Burlingame.

35 Affordable Housing Development Agreement

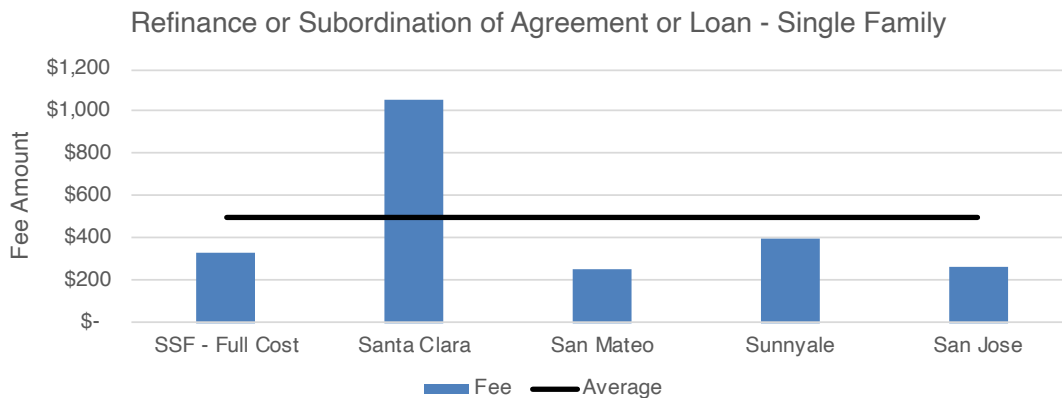
The Housing Division does not currently charge a fee for Affordable Housing Development Applications or Agreements. As part of this study, the project team calculated the full cost for the review of an application and processing of an agreement to be \$1,138. The following graph shows how the division’s full cost compares to surveyed jurisdictions who charge for these services. None of the surveyed jurisdictions provide affordable housing services; therefore, the project team compiled information from surveyed jurisdictions who do provide these services.



As the graph above indicates, the full cost for South San Francisco is less than the fees²⁸ charged by all the surveyed jurisdictions that provide the same services.

36 Single Family Refinance or Subordination of Agreement or Loan

The Housing Division does not currently charge a fee for Refinancing or a Subordination of Agreement or Loan for a Single-Family Home. As part of this study, the project team calculated the full cost for this service to be \$335. The following graph shows how the division’s full cost compares to surveyed jurisdictions who charge for these services.

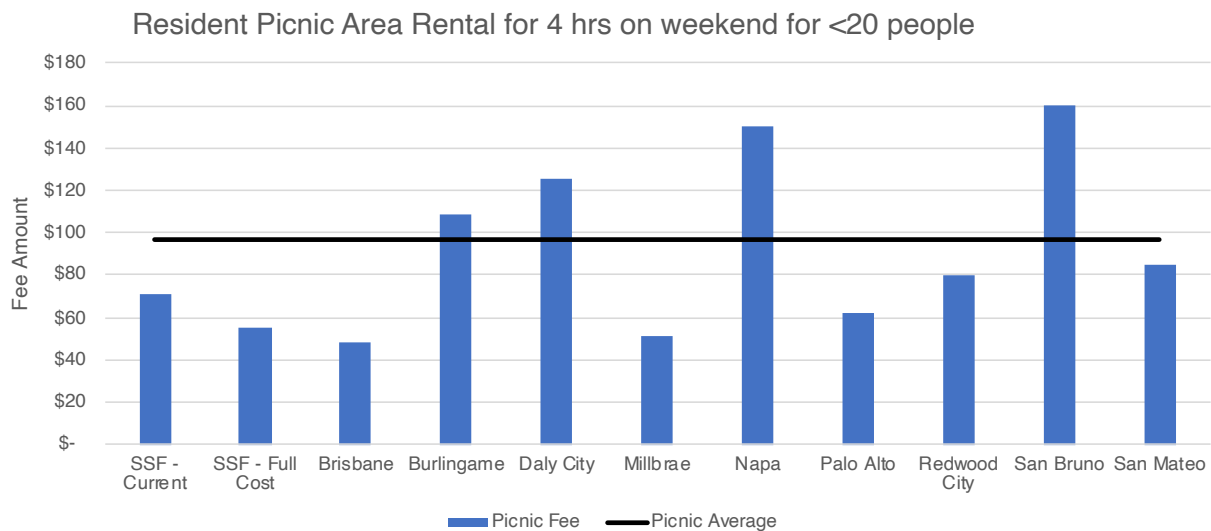


²⁸ South San Francisco’s full cost includes an additional \$541 for an application fee. Santa Clara’s fee also includes an additional \$50 for an application fee.

Santa Clara charges the highest fee for this service at \$1,060; whereas San Mateo and San Jose charge a similar fee (\$250 and \$268). Sunnyvale’s fee of \$400 is only slightly above South San Francisco’s full cost of \$335.

37 Picnic Area

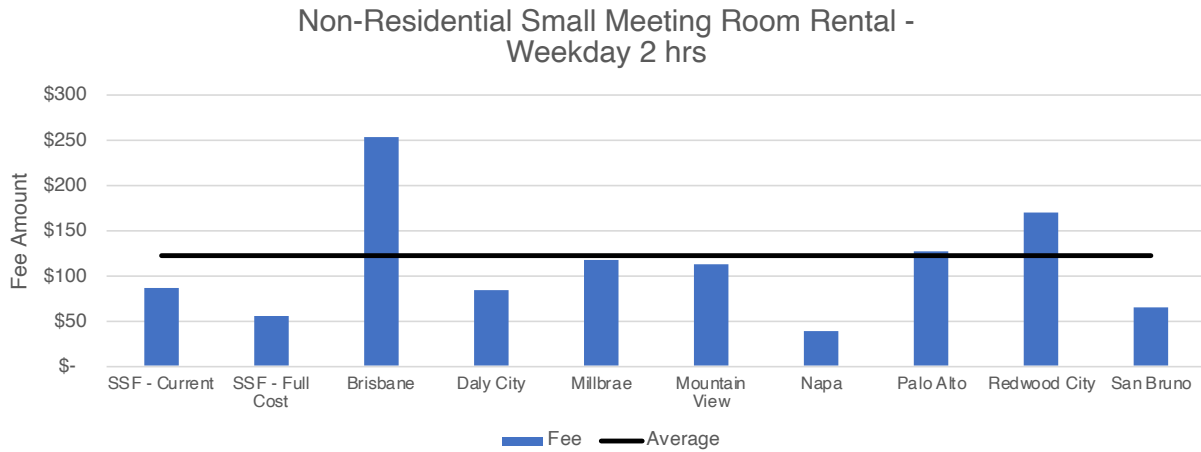
The Parks and Recreations Department currently charges a fee of \$71 per rental for a small picnic area that holds 20 people or less for up to four hours on a weekend. As part of this study, the project team calculated the full cost for this service to be \$54. The following graph shows how the department’s current fee and full cost compare to surveyed jurisdictions.



South San Francisco’s current fee and calculated full cost are both below the average fee charged by the surveyed jurisdictions (\$95). Brisbane and San Bruno charge their fees on a per hour basis while the remaining surveyed jurisdictions charge on a per use or per day basis.

38 Meeting Room Rental

The Parks and Recreations Department currently charges a fee of \$88 per rental for renting a small meeting room to a non-resident on a weekday for up to two hours without access to a kitchen. As part of this study, the project team calculated the full cost for this service to be \$57. The following graph shows how the department’s current fee and full cost compare to surveyed jurisdictions.



South San Francisco’s current fee and full cost are generally lower than the fees charged by surveyed jurisdictions.

5 SUMMARY

Based upon the comparative survey, the City’s full cost is generally higher than current fees charged by the surveyed jurisdictions. However, as aforementioned, it is important to remember to utilize this survey as a secondary decision-making tool; as many jurisdictions might have different cost recovery goals and policies for different types of user fees.

17. Cost Recovery Considerations

The following sections provide guidance regarding how and where to increase fees, determining annual update factors, and developing cost recovery policies and procedures.

1 FEE ADJUSTMENTS

This study has documented and outlined on a fee-by-fee basis where the City is under and over collecting for its fee-related services. City and Department management will now need to review the results of the study and adjust fees in accordance with Departmental and City philosophies and policies. The following dot points outline the major options the City has in adjusting its fees.

- **Over-Collection:** Upon review of the fees that were shown to be over-collecting for costs of services provided, the City should reduce the current fee to be in line with the full cost of providing the service.
- **Full Cost Recovery:** For fees that show an under-collection for costs of services provided, the City may decide to increase the fee to full cost recovery immediately.
- **Phased Increase:** For fees with significantly low cost recovery levels, or which would have a significant impact on the community, the City could choose to increase fees gradually over a set period of time.

The City will need to review the results of the fee study and associated cost recovery levels and determine how best to adjust fees. While decisions regarding fees that currently show an over-recovery are fairly straight forward, the following subsections, provide further detail on why and how the City should consider either implementing Full Cost Recovery or a Phased Increase approach to adjusting its fees.

1 Full Cost Recovery

Based on the permit or review type, the City may wish to increase the fee to cover the full cost of providing services. Certain permits may be close to cost recovery already, and an increase to full cost may not be significant. Other permits may have a more significant increase associated with full cost recovery.

Increasing fees associated with permits and services that are already close to full cost recovery can potentially bring a Department's overall cost recovery level higher. Often, these minimal increases can provide necessary revenue to counterbalance fees which are unable to be increased.

The City should consider increasing fees for permits for which services are rarely engaged to full cost recovery. These services often require specific expertise and can involve more complex research and review due to their infrequent nature. As such, setting these fees at full cost recovery will ensure that when the permit or review is requested, the City is recovering the full cost of its services.

2 Phased Increases

Depending on current cost recovery levels some current fees may need to be increased significantly in order to comply with established or proposed cost recovery policies. Due to the type of permit or review, or the amount by which a fee needs to be increased, it may be best for the City to use a phased approach to reaching their cost recovery goals.

As an example, you may have a current fee of \$200 with a full cost of \$1,000, representing 20% cost recovery. If the current policy is 80% cost recovery, the current fee would need to increase by \$600, bringing the fee to \$800, in order to be in compliance. Assuming this particular service is something the City provides quite often, and affects various members of the community, an instant increase of \$600 may not be feasible. Therefore, the City could take a phased approach, whereby it increases the fee annually over a set period until cost recovery is achieved.

Raising fees over a set period of time not only allows the City to monitor and control the impact to applicants, but also ensure that applicants have time to adjust to significant increases. Continuing with the example laid out above, the City could increase the fee by \$150 for the next four years, spreading out the increase. Depending on the desired overall increase, and the impact to applicants, the City could choose to vary the number of years by which it chooses to increase fees. However, the project team recommends that the City not phase increases for periods greater than five years, as that is the maximum window for which a comprehensive fee assessment should be completed.

2 ANNUAL ADJUSTMENTS

Conducting a comprehensive analysis of fee-related services and costs annually would be quite cumbersome and costly. The general rule of thumb for comprehensive fee analyses is between three and five years. This allows for jurisdictions to ensure they account for organizational changes such as staffing levels and merit increases, as well as process efficiencies, code or rule changes, or technology improvements.

Developing annual update mechanisms allow jurisdictions to maintain current levels of cost recovery, while accounting for increases in staffing or expenditures related to permit services. The two most common types of update mechanisms are Consumer Price Index

(CPI) and Cost of Living Adjustment (COLA) factors. The following points provide further detail on each of these mechanisms.

- **COLA / Personnel Cost Factor:** Jurisdictions often provide their staff with annual salary adjustments to account for increases in local cost of living. These increases are not tied to merit or seniority, but rather meant to offset rising costs associated with housing, gas, and other livability factors. Sometimes these factors vary depending on the bargaining group of a specific employee. Generally speaking these factors are around two or three percent annually.
- **CPI Factor:** A common method of increasing fees or cost is to look at regional cost indicators, such as the Consumer Price Index. These factors are calculated by the Bureau of Labor Statistics, put out at various intervals within a year, and are specific to states and regions.

The City should review its current options internally (COLA) as well as externally (CPI) to determine which option better reflects the goals of departments and the City. If choosing a CPI factor, the City should outline which particular CPI should be used, including specific region, and adoption date. If choosing an internal factor, again, the City should be sure to specify which factor if multiple exist.

3 POLICIES AND PROCEDURES

This study has identified the permit areas where the City is under-collecting the cost associated with providing services. This known funding gap is therefore being subsidized by other City revenue sources. Based on the information provided in this report, at a global or per unit level, the City may not have any issues with using non-fee related revenue to account for the current deficit.

Development of cost recovery policies and procedures will serve to ensure that current and future decision makers understand how and why fees were determined and set, as well as provide a road map for ensuring consistency when moving forward. The following subsections outline typical cost recovery levels and discuss the benefits associated with developing target cost recovery goals and procedures for achieving and increasing cost recovery.

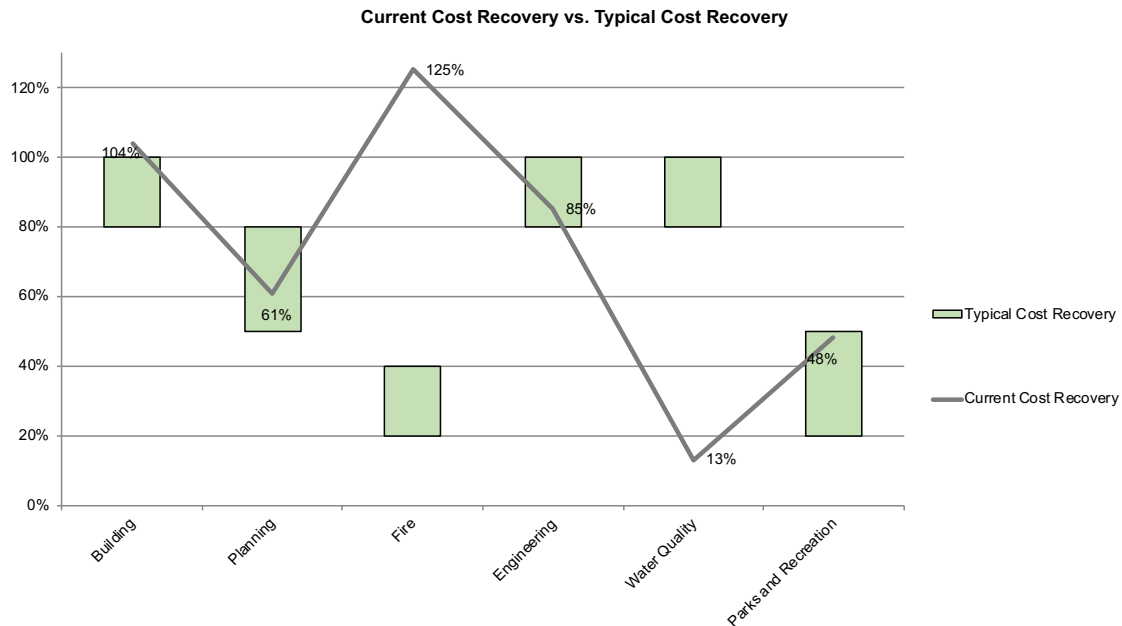
1 Typical Cost Recovery

The Matrix Consulting Group has extensive experience in analyzing local government operations across the United States and has calculated typical cost recovery levels. The table on the following page outlines these cost recovery levels by major department.

Table 45: Typical Cost Recovery Levels by Department

Department	Typical Cost Recovery
Building	80 – 100%
Planning	50 – 80%
Fire	80 – 100%
Finance	40% - 70%
Police	20 – 40%
Recreation	20 – 50%
Engineering	80 – 100%

Information presented in the table above is based on the Matrix Consulting Group’s experience in analyzing local government’s operations across the United States and in California and reflects *typical* cost recovery levels observed by local adopting authorities. The following graph depicts how South San Francisco compares to industry cost recovery standards.



With the exception of Building Fire, and Water Quality, all departments have cost recovery levels that fall within typical industry standards. Building and Fire’s cost recoveries are above the average and Water Quality’s is significantly below the average.

2 Development of Cost Recovery Policies and Procedures

The City should review the current cost recovery levels and adopt a formal policy regarding cost recovery. This policy can be general in nature and can apply broadly to the City as a whole, or to each department and division specifically. A department specific cost recovery policy would allow the City to better control the cost recovery associated with different types of services being provided and the community benefit received.