

**COUNTY OF SAN DIEGO  
BOARD OF SUPERVISORS - LAND USE  
WEDNESDAY, MAY 21, 2025**

**MINUTE ORDER NO. 7**

**SUBJECT: ADMINISTRATIVE ITEM:  
SECOND CONSIDERATION AND ADOPTION OF AN ORDINANCE:  
COST RECOVERY PROPOSAL TO ADOPT ORDINANCES RELATED  
TO FEES AND DEPOSITS TO LAND DEVELOPMENT EFFECTIVE  
FISCAL YEAR 2025-2026 AND CEQA EXEMPTION (5/7/2025 - FIRST  
READING; 5/21/2025 - SECOND READING UNLESS ORDINANCE IS  
MODIFIED ON SECOND READING) (DISTRICTS: ALL)**

**OVERVIEW**

On May 7, 2025 (06), the Board of Supervisors set a Hearing and took action to further consider and adopt the Ordinance on May 21, 2025

This is a request for the Board of Supervisors (Board) to adopt the land development cost recovery proposal, which includes hourly rates, fees, and deposits for the processing of discretionary land development and building permit applications by Planning & Development Services (PDS), Department of Public Works (DPW), and Department of Parks and Recreation (DPR) (collectively “the Departments”).

Using cost recovery funding, the Departments provide services that range in diversity and complexity and serve a wide variety of customers. Services include environmental and construction plan review, development project review, health and safety inspections of homes, and inspections of public infrastructure, such as roads, parks, and trails. The review of privately initiated land development and building permit applications ensures the safe design and construction of structures and infrastructure to protect the public. The Departments work in communities in the unincorporated area, conducting more than 35,000 inspections and processing more than 10,000 land development permits annually. This includes issuing of over 3,000 residential solar photovoltaic permits reducing dependence on fossil fuels. Through these services, the County of San Diego (County) balances environmental, community, and economic interests to enhance the quality of life for residents and visitors in the unincorporated area of the region.

Board of Supervisors Policy B-29: *Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery* (Board Policy B-29) directs departments to recover the full cost of services provided to agencies or individuals. Exceptions require specific Board approval. The last cost recovery package was unanimously approved by the Board on May 22, 2024 (06). Since that time, the Departments have continued to provide services at the approved rates.

The fees proposed today for Fiscal Year (FY) 2025-26 are necessary to address cost changes, such as increased salaries and benefits costs and to ensure full cost recovery, except where the Board has previously directed the waiver of fees. This fee packages assumes the elimination of the Homeowner Relief Act fee waiver program due to realignment of resources. The cost recovery proposal also reflects standard assumptions made by the County and may not fully address cost increases based on pending negotiated labor agreements, due to the timing of the fee package and the labor negotiations.

Approximately 80% of the department's costs are fixed, such as salary and benefits, retirement contributions, services, and facilities, while 20% of the department's costs are determined by the department based on operational needs, such as services and supplies. The proposed cost recovery proposal reflects known costs as accurately as possible to ensure full cost recovery, and continue delivering programs and services to customers and the communities. Regular cost recovery updates allow the Departments to recuperate costs in a consistent and predictable manner without having to request County-provided one-time funding, while also providing stakeholders an opportunity to plan for smaller, more manageable fee increases as stakeholders have requested.

The hourly billing rate, fee, and deposit changes are a result of the cumulative increase of the cost drivers such as salaries and benefits, services and supplies, and associated departmental and countywide costs. The largest driver is salaries and benefits, the primary factor driving adjustments to our cost recovery proposal and fee changes. In the upcoming year, the County of San Diego is realigning resources due to overall County funding sources not keeping pace with the cost of doing business.

The first proposed change is ending the Homeowner Relief Act fee waiver program, which will enable the County to reallocate \$820,000 of ongoing General Purpose Revenue. The second change involves incorporating \$300,000 in frontline customer counter support into our fee calculations, which was previously funded by General Purpose Revenue. These changes are realigning resources due to overall County funding sources not keeping pace with the cost of doing business.

As part of this fee proposal, the Departments evaluated 153 fees and propose to increase 138 fees and decrease 5 fees. Additionally, 10 fees are proposed not to change. The Departments evaluated 110 intake deposits and propose to increase 108 deposits. There is a proposed decrease to one intake deposit and one intake deposit is proposed not to change.

For PDS, the proposed average flat fee increase requested in this cost recovery proposal is equivalent to a 4.8% increase, the average intake deposit change is a 6.5% increase, and the average hourly rate change is a 5.9% increase. For DPW, the proposed average flat fee increase requested is equivalent to a 4.5% increase, the average intake deposit change is a 7.5% increase, and the average hourly rate change is a 8.4% increase. DPR does not use fees or deposits and is only proposing to update its hourly rates; the proposed average hourly rate change is an 10% increase.

These increases in PDS and DPW may not fully address cost increases based on future negotiated labor agreements, due to the timing of the fee package and the labor negotiations currently underway. Recognizing that many customers are incurring rising costs due to inflation, the Departments continue to focus on cost containment through innovation, efficiencies, and streamlining so that those savings can be applied where possible. The Departments have worked to contain costs and have applied approximately \$2,650,000 in operational savings from streamlining measures or efficiencies. PDS has implemented cost savings programs, such as online payments, electronic approvals, expansion of online permit applications, text message building inspection management, and utilization of a mobile field inspection application. DPW has implemented tools that automate work previously done manually, such as reports and stormwater inspection scheduling, self-service tools, and a mobile inspection application. For PDS, without this cost containment, building fees would have needed to increase an additional 8.8%, and planning and land development hourly rates would have increased an additional 4.0% on average. For DPW, the average intake deposit would have increased an additional 2.9%, and land development hourly rates would have increased an additional 4.3% on average without cost containment efforts.

Today's proposal requests five actions from the Board.

The first action is for the Board to find the proposed project is exempt from the California Environmental Quality Act (CEQA) as specified under Section 15273(a) of the CEQA Guidelines.

The second action is for the Board to set a hearing for May 21, 2025, for consideration and adoption of an Ordinance amending Section 364.3 of the San Diego County Administrative Code, relating to fees and hourly rates charged.

The third action is to approve Board-directed fee waivers as part of Board Policy B-29 for approximately \$1,380,000, in PDS related to appeals, fees for rebuilding structures damaged or destroyed by a natural disaster, plan review and building fees for the Green Building Incentive Program, permit fees associated with the Urban Agricultural Incentive Zone program, fees associated with political signage permits, and abatement fees associated with graffiti removal. These programs encourage health, safety, sustainability, and housing availability in the unincorporated region. The Green Building Incentive Program reduces plan check and permitting fees to encourage builders to use energy-saving materials when constructing homes. Waiving abatement fees associated with graffiti removal helps to reduce the impacts of graffiti on unincorporated communities by proactively removing blight, and the Urban Agricultural Incentive Zone program waives permitting fees associated with maintaining a property in active agricultural use for a period of five years to promote and protect agricultural uses and recognize the public benefits of agriculture. The Board has previously directed these fees to be waived and provided General Purpose Revenue or General Fund fund balance appropriations to facilitate access to the appeal process, assist homeowners impacted by natural disasters, and strengthen support and promotion of sustainable building practices and additional housing units.

The fourth action is to sunset the fee waiver for permit fees associated with the Homeowner/Business Owner Relief Act and the Homeowner and Business Owner Relief Act program. This includes minor permits, such as water heater replacements, reroofs, siding replacement, and window replacement.

The fifth action is to approve the introduction, read title, and waiver further reading of the ordinance amendments in the San Diego County Administrative Code Sections 362, 362.1, 362.2 and 362.3 relating to the fees, deposits, and hourly rates for the Land Development process on May 7, 2025. If the Board approves the five actions on May 7, 2025, after making necessary findings, the Board on May 21, 2025, will be requested to consider and adopt the ordinance amending Sections 362, 362.1, 362.2 and 362.3 of the San Diego County Administrative Code, relating to fee, deposits, and hourly rates for the Land Development process. In accordance with Board Policy B- 29, the Land Development team will review fees annually and return to the Board with any changes.

If this fee proposal is not approved, it would require one-time alternative County funding in the total amount of \$2,149,050 to maintain services at their current level. If the cost recovery proposal is not approved and no alternative County funding is provided, the Departments would have operational impacts including increased processing times, reduced ability to conduct community outreach and perform research and data analysis to support data-driven decision-making. Resources would be shifted away from innovation, customer support, and data analysis to front-line operations, and we anticipate a backlog would be created. This would impact customers by increasing overall costs to applicants as well as reduce our ability to focus on innovation, streamlining, and meeting operational goals. In addition, there will be a cumulative impact to customers and the changes in future fee updates will be

compounded based on the need to cover the increases in this proposal, plus future year budget adjustments.

## **RECOMMENDATION(S)**

### **CHIEF ADMINISTRATIVE OFFICER**

Consider and adopt the following Ordinance (second reading) entitled:

**ORDINANCE AMENDING PORTIONS OF THE ADMINISTRATIVE CODE RELATING TO FEES AND DEPOSITS FOR THE DEPARTMENTS OF PLANNING& DEVELOPMENT SERVICES, PUBLIC WORKS, AND PARKS AND RECREATION (Attachment A).**

## **EQUITY IMPACT STATEMENT**

The County of San Diego strives to preserve, enhance, and promote quality of life, health and safety, sustainability, equity, and environmental resources through the implementation of programs and services that enhance the community by increasing the well-being of our residents and our environments while simultaneously complying with mandatory federal, State, and local regulations governing the land development process. The Departments utilized approved County methodology to ensure all direct and indirect project costs are fully recovered. This ensures that privately initiated project applicants are paying for the full costs needed to recover department costs associated with their project while ensuring development is designed and built to be safe, striving to meet or exceed federal, State, and local building, sustainability, and energy standards and provide opportunities for growth and development that meet the needs of the communities. In some instances, fees have been waived by the Board of Supervisors to ensure equitable opportunities for all communities to increase housing availability. Reviewing and updating fees and hourly rates ensures only project costs are being paid for by applicants and general public dollars are not used to subsidize privately initiated development projects. The Departments also continue to identify ways to reduce departmental costs to provide services to the public with cost containment efforts savings of over \$2,650,000 annually. Full cost recovery for privately initiated land development projects ensures that other tax dollars can be used for programs that improve equity throughout the organization.

## **SUSTAINABILITY IMPACT STATEMENT**

The Departments proposed amendments to the hourly billing rates, fees, and deposits for services that are provided to the public will cover the full cost of services for the department's internal operations. The hourly billing rate, fee, and deposit changes are a result of the cumulative increase of the cost drivers such as salaries and benefits, services, and supplies, and associated departmental and countywide costs. The adjustments to the fees are based on available expenditure and revenue data, time studies, and service counts. Sustainability means efficiently using and effectively protecting natural resources, balancing economic growth, and ensuring just and equitable provision of public services, without compromising the ability of future generations to also flourish and thrive. The proposed actions support the County of San Diego's Strategic Initiative of Sustainability to align the County's available resources with services to maintain fiscal stability and that promote economic stability.

## **FISCAL IMPACT**

The proposed increases to fees and deposits are included in the Fiscal Year (FY) 2025-26 CAO Recommended Operational Plan in Planning & Development Services (PDS), Department of Public Works (DPW), and Department of Parks and Recreation (DPR).

If approved, the proposed fee and deposit adjustments will result in additional estimated costs and revenue of \$1,700,000 in PDS, \$ 449,000 in DPW, and \$750 in DPR, effective FY 2025-26, a total amount of \$2,149,750. The funding source is fees paid by privately initiated land development projects and building permit applicants.

A waiver of Board Policy B-29: *Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery* (Board Policy B-29) is requested to continue previously directed fee waivers, including appeal fees, plan review and permit fees for the Green Building Incentive Program, Political Campaign Signage, Graffiti Abatement, and Urban Agriculture Incentive Zone program.

These items are proposed to be less than full cost recovery, and a waiver of Board Policy B-29 is requested since the proposed fees do not cover all operating costs. The total unrecovered cost of the items combined is approximately \$1,380,000 for FY 2025-26 and is proposed to be funded by existing and one-time General Purpose Revenue. In the future fiscal years, the Departments will return to the Board to identify the unrecovered cost and funding source. There will be no additional staff years needed as a result of the waiver.

### **BUSINESS IMPACT STATEMENT**

These recommendations would enable Planning & Development Services, the Department of Public Works, and the Department of Parks and Recreation to continue to align fees to the actual costs of services provided to fee payers in each fee category. These fees, deposits, and hourly rates allow the Departments to continue to meet program objectives, provide a level of service expected by stakeholders and customers, and fully recover costs. When individuals pay for services they receive, it ensures those agencies or individuals benefiting from the services pay for those services rather than the general public which ensures that public tax dollars do not subsidize individual private projects.

### **ACTION:**

ON MOTION of Supervisor Desmond, seconded by Supervisor Lawson-Remer, the Board of Supervisors took action as recommended and adopted Ordinance No. 10944 (N.S.) entitled: ORDINANCE AMENDING PORTIONS OF THE ADMINISTRATIVE CODE RELATING TO FEES AND DEPOSITS FOR THE DEPARTMENTS OF PLANNING & DEVELOPMENT SERVICES, PUBLIC WORKS, AND PARKS AND RECREATION.

AYES: Anderson, Lawson-Remer, Montgomery Steppe, Desmond

ABSENT: (District 1 Seat Vacant)

State of California)  
County of San Diego)

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER  
Clerk of the Board of Supervisors



Signed  
by Andrew Potter

MAY 21, 2025