



COUNTY OF SAN DIEGO

LAND USE AGENDA ITEM

BOARD OF SUPERVISORS

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

VACANT
Fourth District

JIM DESMOND
Fifth District

DATE: May 3, 2023 and May 24, 2023

01

TO: Board of Supervisors

SUBJECT

COST RECOVERY PROPOSAL TO AMEND PORTIONS OF THE ADMINISTRATIVE CODE AND ORDINANCES RELATED TO LAND DEVELOPMENT FEES AND DEPOSITS EFFECTIVE FISCAL YEAR 2023-2024 (DISTRICTS: ALL)

OVERVIEW

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 and 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 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 region, conducting more than 60,000 inspections and processing more than 19,000 land development permits annually. This includes the issuance of over 7,000 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 April 27, 2022 (10). Since that time, the Departments have continued to provide services at the approved rates.

The fees proposed today for Fiscal Year (FY) 2023-24 are necessary to address cost changes, such as increased salary, benefit, and retirement costs, and to ensure full cost recovery, except where the Board has previously directed the waiver of fees such as residential roof mount photovoltaic and Accessory Dwelling Unit (ADU) fee waivers. Due to the timing of the labor negotiations last fiscal year, the FY 2022-23 cost recovery proposal only included the standard assumptions and not

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all cost increases associated with the negotiated labor agreements; it was stated that these cost increases would be included in a future cost recovery proposal. Today's proposal reflects two years of salary and benefit cost increases based on negotiated labor agreements and equity adjustments due to the timing of the last cost recovery proposal and the approved labor agreements. Therefore, due to the timing of the approved labor negotiations in FY 2022-23, those changes, as well as FY 2023-24 costs, are reflected in this cost recovery proposal. As an example, for PDS, approximately 80% of the department's costs are fixed and fluctuate annually, such as salary and benefits, retirement, enterprise-wide services, and facilities, while 20% of the department's costs, such as services and supplies, and salary savings when positions are vacant are discretionary, meaning costs are determined by the department based on operational needs. The proposed fee package is to reflect known costs as accurately as possible to ensure full cost recovery, continue delivering programs and services to customers and the communities using data analysis, make data-driven decisions, and continue community outreach. 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.

As part of this fee proposal the Departments evaluated 153 fees and propose to increase 143 fees, decrease one fee, delete zero fees, and add zero fees. Additionally, nine fees are proposed to not change. The Departments evaluated 110 intake deposits, and propose to increase 108 deposits, and decrease one deposit. Additionally, 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 9.5% increase, the average intake deposit change is a 10.3% increase, and the average hourly rate change is an 11.1% increase. For DPW, the proposed average flat fee increase requested is equivalent to a 4.0% increase, the average intake deposit change is a 14.0% increase, and the average hourly rate change is a 14.4% 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 8.0% increase.

These increases in PDS and DPW include costs for salary and benefits including increases due to the negotiated labor agreement that went into effect in FY 2022-23. Recognizing that many customers are still recovering from a three-year pandemic, and 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 where possible and have applied approximately \$2,000,000 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 7.3%, and planning and land development hourly rates would have increased an additional 2.8% on

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average. For DPW, some fees would have increased 26%, and land development hourly rates would have increased an additional 3.6% on average without cost containment efforts.

Today's proposal requests three 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 to approve Board-directed fee waivers as part of Board Policy B-29 for approximately \$5,200,000 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 Homeowner/Business Owner Relief Act, plan check, permit and impact fees associated with ADUs, 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 and the Homeowner and Business Owner Relief Act program for minor permits, such as water heater replacements and residential roof mount photovoltaic systems, encourages sustainability practices and ensures health and safety codes are followed, and waiving plan check, permit and impact fees associated with the construction of ADUs encourages additional housing availability. 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 third 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 the Land Development process on May 3, 2023. If the Board approves the three action on May 3, 2023, after making necessary findings, the Board on May 24, 2023 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 the Departments to request one-time alternative County funding in the total amount of \$3,494,280 to ensure full cost recovery to continue delivering programs and services to customers and the communities, using data analysis

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to make data-driven decisions, and continue community outreach. If the fee proposal is not approved and alternative funding is not identified, 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 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 and the change in future fee updates will be even higher based on the need to cover the increases in this proposal, plus fee increases in future years.

**RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER**

On May 3, 2023:

1. Find the proposed project is exempt from the California Environmental Quality Act (CEQA) as specified under Section 15273(a) of the CEQA Guidelines and approve the findings in Attachment C pursuant to CEQA Guidelines Section 15273(c).
2. Waive Board Policy B-29: *Fees, Grants, Revenue Contracts – Department Responsibility for Cost Recovery*, for fees relating to appeals, rebuilding structures damaged or destroyed by a natural disaster, plan review and permit fees for the Green Building Incentive Program, Homeowner and Business Owner Relief Act Permits, Accessory Dwelling Units, Political Campaign Signage, Graffiti Abatement, and Urban Agriculture Incentive Zone program in Planning & Development Services.
3. Approve the introduction of the Ordinance (first reading):

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).

If, on May 3, 2023, the Board takes the action recommended, then on May 24, 2023:

1. 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).

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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, such as the Accessory Dwelling Unit (ADU) fee waiver program, fees have been waived by the Board of Supervisors to ensure equal 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 \$2,000,000 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 will be included in the Fiscal Year (FY) 2023-24 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 \$2,380,469 in PDS, \$1,113,411 in DPW, and \$400 in DPR, effective FY 2023-24, a total amount of \$3,494,280. The funding source is fees paid by privately initiated land development projects and building permit applicants.

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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, fees for rebuilding structures damaged or destroyed by natural disasters, plan review and permit fees for the Green Building Incentive Program, Homeowner and Business Owner Relief Act Permits, Accessory Dwelling Units, 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 \$5,200,000 for Fiscal Year 2023-24 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 those services rather than the general public which ensures that public tax dollars do not subsidize individual private projects.

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

As part of the land development process, Planning & Development Services (PDS), Department of Public Works (DPW), and Department of Parks and Recreation (DPR) (collectively “the Departments”) balance community, sustainability, and equity to enhance the quality of life and well-being for our residents and our environment in unincorporated areas of the region. The Departments provide services that range in diversity and complexity and serve a wide variety of customers. Services include environmental review through discretionary (not “by right”) permitting, which can be approved by PDS’s Director, the Zoning Administrator, the Planning Commission, or the Board of Supervisors (Board) if the projects meet certain criteria. Examples include lot splits, major residential subdivisions, commercial development, and conditionally permitted uses, such as a wireless telecommunication facility or a renewable energy facility in an agricultural or residential zone. Services also include health and safety inspections of homes, and inspection of public infrastructure, such as utilities, roads, parks, and trails constructed by private developers or other agencies. 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.

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The County of San Diego's (County) Board 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. Under this Board Policy, an individual or entity is responsible for all costs associated with services provided to ensure those benefiting from the services pay for them, rather than the general public. Exceptions require specific Board approval. The Departments are committed to making cost recovery a regular part of business while providing stakeholders an opportunity to plan for fee adjustments. Stakeholders expressed a continued desire for regular cost recovery analysis and updates for consistency, planning purposes, and keeping increases lower.

Recognizing that many customers are still recovering from a three-year pandemic, and 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 practice of continuous improvement, implementing operational efficiencies, such as online services and automation, as well as prioritizing resources in key areas, has positioned the Departments to respond to evolving program and regulatory changes. The Departments have continued to implement time and cost-saving improvements and initiatives for both the Departments and customers, such as increased availability of online payments and deposits for plan check reviews and permits, mobile inspections, availability of online application submittals for building permits and pre-applications, and online appointments.

The Board took several actions to authorize waivers of some fees and provide ongoing General Purpose Revenue and General Fund fund Balance appropriations to fund several PDS building permit programs and appeal fees. At the direction of the Board, fees for rebuilding structures damaged or destroyed by disasters, such as wildfires have been waived, plan review and permit fees are reduced for the Green Building Incentive Program participants to encourage homeowners and builders to build using environmentally sound practices, starting in 1995 and 1998, the Board approved the waiver of fees for Homeowner and Business Owner Relief Act Permits moving forward to encourage permit issuance for items that are often classified as “small” or “easy” such as water heater and/or air conditioner replacements but without proper inspection could lead to life safety issues PDS receives ongoing General Purpose Revenue in the amount of \$2,200,000 for the Home Owner/Business Owner Relief program.

In 2018, the Board allocated \$64,000 to PDS for the Urban Agriculture Incentive Zone program to promote and protect agricultural uses. In January 2019, the Board waived plan check, permit, and impact fees for ADU permits to encourage affordable housing in the region, allocating \$1,860,000 initially to the Departments annually for five years. The success of the program has required increases to the initial allocation of up to \$1,000,000 in one-time only funding annually to keep pace with the number of applicants taking advantage of the program. In Fiscal Year 2022-23 the Departments received \$2,700,000 in funding to continue the ADU fee waiver program.

The ADU program is an example of the Departments' continued success with prioritizing resources and focusing attention on programs, such as housing availability. In an effort to increase

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housing availability, the program was approved in 2019 and provides pre-approved plans and waives plan check, permit, and impact fees for ADU applications and permits. PDS has received \$1,860,000 - \$2,900,000 annually in one-time General Purpose Revenue to waive these fees. The success of the program is also attributed to a strong partnership with our stakeholders. Since the implementation of the ADU fee waiver program in January 2019, departments have waived over \$10,000,000 in building permit and impact fees associated with ADUs and issued 1,228 ADU permits to increase available housing in the unincorporated communities.

The Departments seek input from community, environmental, and economic stakeholders on an ongoing basis to build programs that are effective in achieving positive outcomes and impacts. The Departments utilized input from stakeholder groups when conducting the cost analysis and considered whether the services were benefiting an individual or group of applicants or the public and region in general. Services benefiting a specific applicant or group of applicants, such as inspection and review of building permits and plan checks are charged to applicants as part of fees and deposits. Services that benefit the public and region, such as reviewing interjurisdictional projects for possible impacts to the unincorporated communities and responding to general public questions about the land development process, are funded by General Purpose Revenue.

PDS and DPW receive an annual appropriation of \$700,000 in General Purpose Revenue to fund regional services. Of this allocation, PDS receives \$580,000 annually for services, such as regional planning, responding to general public questions on the land development process, and processing appeals. These services are regional in nature and benefit all communities by allowing communication and collaboration with other agencies, reporting data to the State and federal government and ensuring project appeals are reviewed and responded to accurately and efficiently. DPW receives \$120,000 annually for work on matters that are not attributable to any individual project, responding to general public questions on the construction process, organizational communication, and pursuing performance bond claims on abandoned projects which helps ensure improvements that benefit the public are completed.

The regional benefit of non-project specific work allows PDS and DPW to communicate and collaborate with other agencies and report data to the State. Communication and internal coordination with other agencies allow the Departments to be responsive to community needs. If PDS and DPW did not have General Purpose Revenue to use toward regional services, this cost recovery proposal would result in an additional 2.0% increase of the hourly rates for PDS and an additional 0.8% increase of the hourly rates for DPW over the current amounts proposed today.

The last cost recovery update for the Departments was unanimously approved by the Board on April 27, 2022. Negotiated salary increases were not yet available at the time of the last cost recovery proposal. Standard assumptions made by the County were included in last year's cost recovery proposal, however, it did not reflect or address cost increases based on the current negotiated labor agreement due to the timing of the fee proposal and labor negotiations. The increases for FY 2022-23 alone came in anywhere from 2.0% - 9.03% higher than the standard assumption included in last year's cost recovery proposal. The Departments required one-time alternative funding identified as part of the Fiscal Year 2022-23 Operational Plan to cover the

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increased costs from negotiated labor agreements. This cost recovery proposal proposes to catch up by including cost increases based on the current negotiated labor agreement for both the current year and the next fiscal year.

In 2023-24, we anticipate a 10% increase in facilities-related costs, partially due to increases in staffing and associated costs at the enterprise level, and a 25% increase in costs paid to other County departments for their services, such as information technology, auditor and controller, and human resources, as examples, which are also reflected in this cost recovery proposal. Departments also factored in other fixed costs, which fluctuate annually and are beyond the Departments direct control, such as salary and benefits, retirement, enterprise-wide services, and County utility costs. Additionally, the Departments have experienced new State legislation and increased regulatory requirements, such as Senate Bills (SB) 9, 10, 35, 36, and 330, which are all related to increasing housing production and impact of the costs associated with building. As a result of this new legislation, Departments have spent time building new guidance documents and online tools for the public to use to navigate these new laws that are intended to facilitate more housing.

Recognizing that many customers are still recovering from a three-year pandemic, and 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 continued to contain costs where possible through business process re-engineering efforts to maximize efficiency and leverage technology to streamline operations and improve customer service. Some of these efforts include increased online services, such as payments and applications submittals, building inspection scheduling via text messaging, electronic stamping and approval of applications, automated Stormwater inspection scheduling, online subcontractor transparency submittals, and mobile inspection applications. However, to continue to meet program objectives, provide the level of service that stakeholders and customers need and expect, and fully recover costs, the Departments are proposing to adjust fees and deposits effective July 1, 2023.

Full cost recovery allows departments to operate efficiently and provide essential services to the residents and visitors of San Diego County. If the cost recovery proposal is not approved this year, the Departments would have several impacts to both operations and customer service. The Departments would have longer processing times for reviews and inspections, creating an unfunded backlog in application reviews, building permitting, and building inspections to name a few. These delays would slow down new housing and development projects, increasing the overall cost of new development as a result of extended plan check time. Additionally, the Departments would need to shift staff and focus from cost-saving innovations to focus on front-line work, which would negatively impact future fee proposals due to reduced ability to continue with cost containment efforts. Additionally, the Departments would need alternative funding identified that could reduce the impacts of not moving forward with a cost recovery proposal this year and not including two years of increased salary and benefit costs due to negotiated labor agreements. However, additional delays and adjustments, such as not including negotiated labor agreement increases for the last two years, will compound the need for higher fee increases in future years, as the Departments would need to make up for prior years for which there were no adjustments.

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If this fee proposal is not approved, it would require the Departments to request one-time alternative County funding in the amount of \$3,498,780 to ensure full cost recovery, continue delivering programs and services to customers and the communities using data analysis, make data-driven decisions, and continue community outreach. If the fee proposal is not approved and alternative funding is not identified, the Departments would have operational impacts including increased processing times, reduce our ability to conduct community outreach, as well as reduce our ability to perform research and data analysis to support data-driven decision-making. These would impact customers by increasing overall costs to applicants, as well as reduce our ability to focus on innovation, streamlining, and meeting operation goals. If a fee adjustment is not approved, the change in future fee updates will be compounded based on the need to cover the increases in this proposal, plus future year budget adjustments.

Fee Development Process

The methodology used to develop fees for the Departments is an approach that is consistent across the County of San Diego (County) enterprise and followed by other groups with fees, such as Health and Human Services Agency and the Public Safety Group. The Departments analyzed programs, including a review of State mandates, program operations, inspection frequencies, services levels, and how Departments fees compare to other jurisdictions. The fee development process combines a determination of the staff time required to provide specific regulatory program services and a determination of the hourly rate that will recover County costs for those services.. Determining time requirements begins with an evaluation of current legal requirements for mandated service levels and new requirements. The next step consists of an assessment of life and safety risk management interventions, and the impact of process improvements on time requirements. Time studies were used as the basis for determining the actual time each job classification spends to provide the service. This information, as well as forecasted changes in the services was used to determine workload and associated staffing needs.

The hourly rate is the foundation of how the County enterprise recover costs for their services. The hourly rate is comprised of many components, including the labor rate paid to staff, their benefit costs, equipment and supply costs, and a share of the administrative costs of the department and the County, such as services provided by County Counsel and the Department of Human Resources. The hourly rates for the Departments were then used to calculate each fee or deposit based on the number of actual hours of documented time required by staff to perform each service.

The Auditor and Controller has reviewed and approved the methodology and supporting documentation used to determine the proposed hourly rates, fees, and deposits in this proposal. The Auditor and Controller found that the methodology used is consistent with Board Policy B-29 and in conformance with existing cost policies and procedures.

Community Needs Assessment

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The Departments have undertaken a variety of Community Needs Assessment (CNA) initiatives to identify service gaps and improve the equitable delivery of services in the unincorporated communities. The Departments continue their focus on stakeholder engagement to include a more diverse outreach strategy on program operations, as well as increasing translation services in front counter operations, public noticing, and public meetings. For this cost recovery proposal, translation services in all threshold languages have been made available in all stakeholder outreach efforts. CNA work includes an analysis of where residential solar is installed and where it is not installed, so that conversations may occur about how underserved communities can better benefit from solar programs. CNA efforts also include a review of where electric vehicle charging locations are available in the region, with a focus on implementing programs that increase electric vehicle charging opportunities in underserved communities in conjunction with other efforts to increase access to electric vehicles. In January of this year, PDS presented regulatory code changes that allow the department to now remove graffiti at no cost to property owners, a change that helps address the disproportionate number of underserved communities that are impacted by graffiti.

Cost Recovery Proposal

If approved, the cost recovery proposal (Attachments A and B, Ordinances) presented before the Board will be effective FY 2023-24, beginning on July 1, 2023. The proposed fees would remain in place until further adjusted by ordinance and approval of the Board.

The Departments evaluated 153 fees for this cost recovery proposal and propose to increase 143 fees, decrease one fee, delete zero fees, and add zero fees. Additionally, nine fees are proposed to not change. The Departments evaluated 110 intake deposits, and propose to increase 108 deposits, and decrease one deposit. Additionally, one intake deposit is proposed not to change.

PDS

PDS is the lead department that reviews land use permit applications for compliance with federal, State, and County regulations. PDS evaluated 148 fees for this cost recovery proposal and propose to increase 138 fees, decrease one fee, delete zero fees, and no change to nine fees. In addition, PDS evaluated 84 intake deposits, and proposed to increase 84 deposits. Under this cost recovery proposal, the average flat fee increase would be 9.5%, the average intake deposit would increase by 10.3%, and the average hourly rate increase would be 11.1%.

PDS has worked to contain costs where possible through business process improvements, such as the implementation of online payments, electronic approvals, expansion of online permit applications, and inspection scheduling via text message to enhance efficiency, while technology is leveraged to streamline operations, improve customer service, and increase compliance. Technology and efficiencies have saved customers \$1,900,000 annually. Without these process improvements, building fees would have increased an additional 7.3%, and planning and land development hourly rates would increase by 2.8 percent.

A waiver of Board Policy B-29 is requested in PDS for appeal fees, fees for rebuilding structures damaged or destroyed by a natural disaster, plan review and permit fees for the Green Building

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Incentive Program, Homeowner and Business Owner Relief Act Permits, ADUs, Political Campaign Signage, Graffiti Abatement, and Urban Agriculture Incentive Zone program in the total amount of approximately \$5,200,000 for the Fiscal Year 2023-24. These programs waive various permit fees to reduce barriers for all customers. These costs will be funded by existing and one-time General Purpose Revenue. The Board has previously directed these fees to be waived to facilitate access to the appeal process, to assist homeowners impacted by natural disasters, and to strengthen support and promotion of sustainable building practices, additional housing units, and agricultural tourism.

DPW

DPW has a lead role for performing construction inspections of private land development projects and a supporting role in reviewing land development projects and reviewing permits in the County's rights-of-way on publicly maintained roads. DPW evaluated 5 fees for this cost recovery proposal and proposes to increase the five fees. DPW evaluated 26 intake deposits, and proposes to increase 24 intake deposits, and decrease one intake deposit. Additionally, one intake deposit is proposed not to change. Under this proposal, there is a 4.0% increase to the average flat fee, 14.0% increase to the average deposit, and 14.4% increase to the average hourly rate.

DPW has worked to contain costs where possible through innovation and process improvements, such as self-service tools, automated Stormwater inspection scheduling, subcontractor transparency submittal, and a mobile inspection application. These improvements have saved customers \$189,000 annually. Without these process improvements, some DPW fees would have increased by 26% and land development hourly rates would increase by 3.6%.

Department of Parks and Recreation

DPR has a lead role in land development park conditioning and ensuring conformance with the Park Lands Dedication Ordinance (PLDO). The PLDO explains the requirements that a new residential subdivision may have for dedicating public parks for their new residents. DPR does not have its own fees or deposits. DPR land development costs are based on approved hourly rates for actual staff time. If approved, the average hourly rate would increase by \$10 per hour (8%).

Customer/Stakeholder Engagement

The Departments continue to value our partnership and collaboration with stakeholders. To encourage stakeholder participation, engagement, and feedback on operational programs and the proposed cost recovery proposal, the Departments sent proactive notices via GovDelivery to land development stakeholders who have provided their email address. The PDS website is enabled with Google Translate and all GovDelivery emails distributed were translated into all eight threshold languages to inform stakeholders of the proposed updates. Stakeholders were also invited to review the proposal on the PDS website, and designated PDS staff email and telephone contact information was made available. The Departments made translation services available at all stakeholder meetings on an as-needed basis.

The Departments met with stakeholders at meetings held in March 2023. The Departments shared the recommended cost recovery proposal with the Community Planning and Sponsor Groups

SUBJECT: COST RECOVERY PROPOSAL TO AMEND PORTIONS OF THE ADMINISTRATIVE CODE AND ORDINANCES RELATED TO LAND DEVELOPMENT FEES AND DEPOSITS EFFECTIVE FISCAL YEAR 2023-2024 (DISTRICTS: ALL)

(CPSGs), PDS Environmental Groups (consists of multiple environmentally-focused stakeholders and groups that meet quarterly as a collective group with PDS), San Diego County Farm Bureau, Building Industry Association, Building Innovation Group, Commercial Real Estate Development Association, Land Development Technical Working Group, North County Civil Engineers and Land Surveyors Association, and Private Development Construction Industry Group. A detailed list of stakeholder meetings is included in Attachment E. Overall, stakeholders indicated an understanding of the need for the cost recovery proposal, expressed the importance of processing times, and an appreciation of the education first approach the Departments take in its programs and the responsiveness of services provided. Feedback has been either included in the fee proposal or highlighted elsewhere in this Board Letter.

The proposed adjustments for permit fees, deposits and hourly rates resulted from a comprehensive review. This proposal creates service and funding levels that will allow the Departments to continue to balance community, economic, and environmental interests to enhance the livability of local communities and ensure the health, safety, and quality of life of residents by facilitating high-quality land development. Approval of the recommendations will allow the Departments to provide the optimal level of customer service, comply with State mandates, and operate at the lowest possible cost to customers while maintaining the most efficient organization and complying with Board Policy B-29. The proposed fee adjustments for this cost recovery proposal are shown in Attachment B.

ENVIRONMENTAL STATEMENT

The proposed project is exempt under California Environmental Quality Act (CEQA) Guidelines Section 15273(a) because it proposes appropriations and adjustments to fees and deposits for permits involved in the land development review process for the purpose of meeting operating expenses. As stated under statutory exemption 15273(a), CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates by public agencies which the public agency finds are for the purpose of meeting operating expenses, including employee wage rates and fringe benefits as described in the Environmental Findings required under CEQA, included in Attachment C.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the Sustainability, Community, and Equity initiatives of the County of San Diego's 2023-2028 Strategic Plan. Proper planning for community growth during the discretionary permit process ensures sustainable environments for the public and advances opportunities for economic growth and development to all individuals and the community. 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. Aligning services to available resources to maintain fiscal stability and ensure long-term solvency is ensured through achieving full cost recovery for services provided to external customers where feasible, as directed in Board Policy B-29: *Fees, Grants, Revenue Contracts – Department Responsibility for Cost Recovery*. Full cost recovery ensures that general tax dollars are protected for services that benefit the public and not individual land development projects and applicants.

SUBJECT: COST RECOVERY PROPOSAL TO AMEND PORTIONS OF THE
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2023-2024 (DISTRICTS: ALL)

Respectfully submitted,



SARAH E. AGHASSI
Deputy Chief Administrative Officer

ATTACHMENT(S)

- Attachment A – 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 (Clean)
- Attachment B – 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 (Strikeout/Underline)
- Attachment C – CEQA Findings
- Attachment D – Comparison of Current and Proposed Fees and Deposits
- Attachment E – Stakeholder Outreach