



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: April 12, 2022

TO: Honorable Mayor and Members of the City Council

FROM: Qianyu Sun, Finance Director

SUBJECT: Hold Public Hearing and Adopt Resolution Adjusting the Master Fee Schedule to be effective on July 1, 2022

BACKGROUND:

The City contracted with Willdan Financial Services and completed a citywide user fee update in the spring of 2021. After several rounds of discussions, the City Council approved the fully burdened hourly staff rates, user fees and the User Fee Cost Recovery Policy on June 22, 2021.

The User Fee Cost Recovery Policy establishes cost recovery levels from low to full on the basis of a number of factors and states that “in order to lessen the impact of significant increases to existing fees, fees proposed to increase between 50-100% will be increased over two years. Fees proposed to increase by more than 100% will be increased over four years.”

The Council Resolution on June 22, 2021 stipulates that new user fees “shall increase on July 1st of every year based upon the percentage increase for the twelve-month period of the previous calendar year of the Consumer Prices Index for all Urban Consumers for the San Francisco Area, as published by the United States Department of Labor, Bureau of Labor Statistics.”

DISCUSSION:

Per United States Department of Labor, Bureau of Labor Statistics, the CPI increased by 4.2% for all urban consumers in the San Francisco metropolitan area. Staff applied the CPI increase to applicable user fees. Other user fees are adjusted in accordance with the direction of the User Fee Cost Recovery Policy.

In addition to user fees, the Master Fee Schedule contains other fees that were not covered by the Willdan study and those fees are adjusted to their own requirements. For instance, Development Impact Fees, Affordable Housing Impact Fees and Parking in-lieu Fees are to be adjusted to the California Construction Cost Index, which increased by

almost 17% from February 2020 to February 2021. The three types of fees are paid by developers for residential and non-residential development projects.

Proposed CED Fee Changes

While implementing Willdan's user fee studies in FY 2021-22, Community and Economic Development (CED) staff recognized certain services rendered that were not included as part of the master fee study. Staff also recognized fees that did not meet the cost recovery standards based on the time spent on projects. Staff completed fee study and justification as included in Attachment 2. Consistent with City Council policy to maximize cost recovery for development related services, Staff recommends changes or addition to planning and building fees for:

- Stop Work Notice
- Code Compliance Investigation
- Temporary Certificate Occupancy Review
- Request for New/ Change in Address
- Mitigated Negative Declaration
- SB330 Preliminary Review
- Condo Use Permit
- Expanded Categorical Exemption
- Variance – Residential (Multi-Family) and All Non-Residential
- Temporary Certificate Occupancy Deposit
- Technology Cost
- Administrative Fee for Plan Check (Plan Reviews) for 4th & subsequent submittal
- Newspaper Rack Permit
- General Plan Maintenance
- Work without a Permit- Investigation Fee

CED reviewed the fee schedules and made recommendations for updated fee amounts based on the time spent on the service and comparison of similarly structured neighboring Cities. Staff believes that adjusting fees to recover the direct costs involved is a responsible step in updating the City's Master Fee Schedule. The more direct costs recovered, the less the General Fund has to subsidize each fee service. Attachment 2 includes fee description, current fee, proposed fee, and justification for change.

Proposed Public Works Fee Changes

The Willdan User Fee Study established the Public Works Building Permit Plan review fee at 12% of the associated Building Permit fee. This established fee, as shown in Chapter 8 Section X.B, has not provided adequate funds for cost recovery. Staff is proposing to set a minimum flat fee of \$171.00 which is equal to one hour of Public Works Plan Review per Chapter 8 Section IX.B. The minimum flat fee will not be sufficient for full cost recovery, which is closer to 2.5 hours for the first review.

The City's ordinances and resolutions authorize adjustments to the fees as approved by the City Council by resolution, and shall take effect no earlier than sixty days following such approval. With the Council approval, staff recommends the updated Master Fee Schedule and proposed fee changes become effective July 1, 2022.

FISCAL IMPACT:

An accurate and complete forecast for the change in fee revenue in upcoming fiscal years is difficult. The updated Master Fee Schedule and proposed fee changes will bring the City one step closer to cover recovery.

With the Master Fee Schedule and fee changes approved by the City Council, staff can estimate the increase in fee revenue in the FY 2022-23 Proposed Budget, which will be submitted to the City Council in May 2022. These increases will reduce the burden on other General Fund revenue sources to support other critical projects and services. Staff will track fee revenue during the quarterly City Council updates.

ALTERNATIVES:

1. Request additional information to be provided prior to returning with user fees for City Council consideration and approval.
2. Do not proceed with the recommendations related to the City's Master Fee Schedule.

RECOMMENDATION:

Adopt a resolution adjusting the Master Fee Schedule to be effective on July 1, 2022.

DISTRIBUTION:

None

ATTACHMENTS:

1. Resolution
2. Community & Economic Development Department Proposed Fee Changes
3. Updated Master Fee Schedule effective July 1, 2022

DATE PREPARED:

March 25, 2022