

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

DALY CITY, CALIFORNIA

FINAL REPORT

May 2022



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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 Daly City (City).

## 1 Project Background and Overview

The Matrix Consulting Group analyzed the cost-of-service relationships that exist between fees for service activities in the following development departments: Administrative Services, Building, Code Enforcement, Fire, Planning, Police, Engineering, and Water/Wastewater. 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: Overview of Cost Components**

Cost Component	Description
<b>Direct</b>	Fiscal Year 2022 Budgeted salaries, benefits and allowable expenditures.
<b>Indirect</b>	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 2022 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 2022 fee-related budgeted expenditures with fee-related revenue generated in Fiscal Year 20/21 the City is under-recovering its costs by approximately \$2.9 million and recovering 62% of its costs. The following table shows by major service area / discipline, the revenue collected, the total annual cost, the resulting annual surplus / (deficit) and the resulting cost recovery.

**Table 2: Annual Cost Recovery Analysis**

Service Area	Total Annual Revenue	Total Annual Cost	Annual Surplus/(Deficit)	Cost Recovery %
Public Safety / Enforcement	\$343,933	\$493,600	(\$149,667)	70%
Development-Related	\$4,485,118	\$6,793,036	(\$2,307,918)	66%
<b>TOTAL</b>	<b>\$4,829,051</b>	<b>\$7,728,076</b>	<b>(\$2,899,025)</b>	<b>62%</b>

As the table indicates, the City's largest source of subsidy is related to development-related activities at \$2.3 million, which includes Building, Fire, Planning and Public Works. Public Safety / Enforcement, which includes Police and Code Enforcement shows annual subsidy of \$150,000

The detailed documentation of the Study will show an over-collection for some fees (on a per unit basis), and an undercharge for most others. The results of this analysis will provide Departments and the City with guidance on how to right-size their fees to ensure that each service unit is set at an amount that does not exceed the full cost of providing that service.

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



“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, including 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, and to account for any major shifts in cost components or organizational structures that have occurred since the City’s previous analysis. The City last conducted a fee study in 2014. However, 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 should continue to 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 increases that reflect growth in costs.

## 2. Legal Framework and Policy Considerations

This section of the report is intended to provide an overview regarding overall legal rules and regulations as well as general policy considerations for fees for service. 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"> <li>• Police</li> <li>• Park Maintenance</li> <li>• Fire Suppression</li> </ul>	<ul style="list-style-type: none"> <li>• Recreation / Community Services</li> <li>• Fire Prevention</li> </ul>	<ul style="list-style-type: none"> <li>• Building Permits</li> <li>• Planning and Zoning Approval</li> <li>• Site Plan Review</li> <li>• Engineering Development Review</li> <li>• Facility Rentals</li> </ul>

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 and / or transportation permits.
- **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 to change out a water heater in a residential home is higher than the cost of the water heater itself, many citizens will avoid pulling the permit.

- **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 Planning Design Review, historical dedications and certain types of special events.

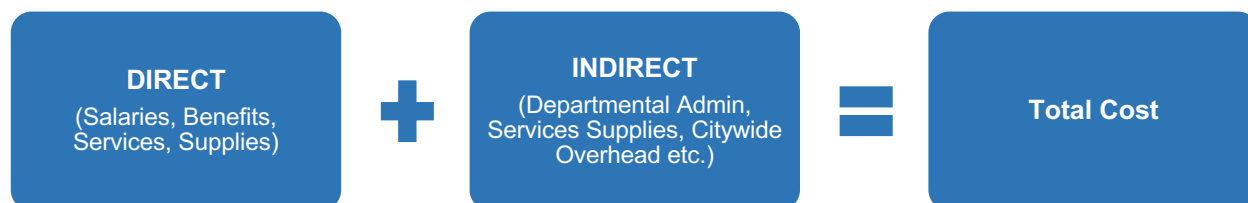
The Matrix Consulting Group recognizes the need for policies that intentionally subsidize certain activities. The primary goals of a User Fee Study are to provide a fair and equitable basis for determining the costs of providing services and ensure that the City complies with State law.

### 3 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. The City will need to review all fees for service in this analysis and where subsidies are identified increase them to reduce the deficit, and where over-recoveries are identified the fee must be reduced to be in compliance with the law.

### 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 the average time spent to deliver 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 determination of the actual cost of providing each service.

One of the key study assumptions utilized in the “bottom up” approach is the use of time estimate averages 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. Extremely difficult or abnormally simple projects are not factored in the 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.
- Estimates match the current or proposed staffing levels to ensure there is no over-allocation of staff resources to fee and non-fee related activities.

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 as 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.
- 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.

## 4. Results Overview

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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 prior 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).

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

## 5. Administrative Services

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The Administrative Services section of the Daly City fee schedule encompasses fees collected by both the City Clerk's Office and the Finance and Administrative Services Department. The City Clerk's Office is responsible for administering elections, maintaining accurate and transparent City records, and providing City Departments and the public with access to City records and legislative actions. The Finance & Administrative Services Department provides fiscal management and support to all City Departments and programs, by ensuring implementation and adherence to the City's fiscal municipal code, policies, and state and federal statutes. The fees examined within this study relate to document photocopying, passports, parking, and cannabis licensing. The following subsections discuss fee schedule modifications and detailed per unit results for the fee-related services provided by the City Clerk's Office and the Finance & Administrative Services Department.

### 1 Fee Schedule Modifications

In discussions with City Clerk and Finance & Administrative Services staff, the following modifications were made to the current fee schedule:

- **Eliminated Fees:** Under the City Clerk section, Certification Fee and Videotapes fee were removed as the City no longer provides these services.
- **Combined Fees:** In an effort to streamline the fee schedule and to align with the state set fee format for photocopy fees, all Agenda, Minutes, and Photocopy fees were combined into a single \$0.10 per page fee.

The modifications above simplify the fee schedule and reflect services currently provided by City Clerk and Finance & Administrative Services staff.

### 2 Detailed Results – City Clerk

The City Clerk's Office collects fees for document photocopying and passports. The total cost calculated for each service includes direct staff costs and Departmental and Citywide overhead. The following table details the fee name, current fee, total cost, and surplus or deficit associated with each service offered.



**Table 4: Total Cost Per Unit Results – City Clerk**

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
<b>Document Fees</b>			
Photocopy Fees <sup>1</sup>	\$0.10	\$0.10	\$0
Fair Political Practices Commission <sup>2</sup>	\$0.10	\$0.10	\$0
Per request-retrieval fee not to exceed \$5.00 for copies of reports and statements which are five or more years old <sup>3</sup>	\$5	\$5	\$0
<b>Miscellaneous Fees</b>			
Passports <sup>4</sup>	\$35	\$35	\$0

As shown on the above table, all of City Clerk's fees are set by the state and federal laws.

## 2 Detailed Results – Finance and Administrative Services

Finance and Administrative Services collect fees for utility billing and document photocopies. The total cost calculated for each service includes direct staff costs and Departmental and Citywide overhead. The following table details the fee name, current fee, total cost, and surplus or deficit associated with each service offered.

**Table 5: Total Cost Per Unit Results – Finance & Administrative Services**

Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
<b>Utility Billing</b>			
Late Payment Fee	\$25	\$45	(\$20)
Delinquent Turn Off Fee	\$50	\$120	(\$70)
Afterhours Turn On Fee	\$25	\$609	(\$584)
Returned Check Fee <sup>5</sup>	\$25	\$25	\$0
2nd or greater offense	\$35	\$35	\$0
<b>Miscellaneous</b>			
Photocopies <sup>6</sup>	\$0.10	\$0.10	\$0

Both the Returned Check fees and the Photocopies fee are set by state laws. Of the three remaining fees, all show a deficit, which ranges from a low of \$20 for a Late Payment Fee to a high of \$584 for an Afterhours Turn On Fee.

<sup>1</sup> The Photocopy fees is set per California Code of Regulations Title 8, § 9983 (f.1).

<sup>2</sup> The Fair Political Practices Commissions fee is set per CA Govt Code § 81008 (a)

<sup>3</sup> The Fair Political Practices Commissions fee maximum fee is set per CA Govt Code § 81008 (a)

<sup>4</sup> Passport fees are set by the State. The most recent link describing the State / Federal fees is as follows: [https://travel.state.gov/content/dam/passports/forms-fees/Passport%20Fees%20Chart\\_TSG\\_DEC2021.pdf](https://travel.state.gov/content/dam/passports/forms-fees/Passport%20Fees%20Chart_TSG_DEC2021.pdf)

<sup>5</sup> Returned Check fees are set per CIV § 1719(a).

<sup>6</sup> The Photocopies fee is set per California Code of Regulations Title 8, § 9983 (f.1).

## 6. Building

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The Building Division is responsible for providing plan check and inspection services on all building and construction within the City to establish safety for residents by ensuring all buildings comply with California building codes and Title 24 regulations. Fees included in this analysis are in relation to structural, mechanical, electrical, plumbing plan checks, and inspections. The following subsections discuss fee schedule modifications, and detailed per unit results for the fee-related services provided by the Building Division.

### 1 Fee Schedule Modifications

During discussions with Building staff, modifications were proposed to the current fee schedule, which include:

- **Removal of Fees:** The Verification of Business License, copies of document, and Energy Conservation Inspection have been removed from the fee schedule as these services are no longer performed. The Title 24 Energy Fees and California Green Building Fees have also been removed from the schedule as these services have been combined into the building plan check fee. The Archive Fee was removed as this service has been combined with the Technology Fee.
- **Flat Fee Changed to State Set Fee Structure:** Previously, the division charged a flat fee for Residential and Commercial Solar Permits. It was decided by the Division that it would better reflect solar permit services to mimic the state set structure and fees. As such, these permit fees were removed and replaced with the state set structure and maximum allowable fees for Solar Permits.
- **Restructuring of MEP's:** There were many changes to the Mechanical, Electrical, and Plumbing sections of the fee schedule in order to properly account for staff time as well as ensure ease of readability for applicants. The following changes are being proposed:
  - Electrical – There were two major changes to the Electrical Fee Schedule: the garage door issuance fee was combined with the permit issuance fee and the unit fee schedule was removed and combined into the New commercial or industrial buildings fee and changed to be based on square footage.
  - Mechanical – There were two major changes to the Mechanical Fee Schedule: the issuance of supplemental permit fee was removed and

combined into the permit issuance fee and the unit fee schedule was renamed to Commercial and changed to be based on square footage rather than per installation.

- Plumbing – There was only one major change to the Plumbing Fee Schedule: issuance of supplemental permit was removed and combined with the permit issuance fee.
- **Expansion of Valuation Based fees:** The City's current Building Permit Fee valuation table ranges stop at a high of \$1,000,000. However, it was determined that this amount is too low and does not accurately calculate fees for high cost projects. As such two additional ranges were added: \$5,000,000 and \$10,000,000. This table expansion will account for much larger cost projects that do not actually take an exponential increase in the amount of time to plan review and inspect.
- **Combination Permits / Fees:** The City's current process involves charging separate fees for a Building Permit Fee, a Title 24 Energy Fee, and California Green Building Fee. This is cumbersome, and can cause confusion with applicants regarding the total fees to be paid. Therefore, through this study it was proposed that the new building permit fee would capture the Building Permit Fee, the Title 24 Fee, and the California Green Building Fee. Additionally, fees for penalties for work without a permit were combined into a singular fee and fees for reactivation of expired permits were also combined into one fee.

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

## 2 Detailed Results – Flat Fees

The Building Division collects flat fees for permits such as temporary use of occupancy, mobile homes, electrical, mechanical, and plumbing. The total cost calculated for each service includes direct staff costs and Divisional and Citywide overhead. The following table details the fee name, current fee, total full cost associated with providing these services, and the surplus or deficit associated with each service.

Table 6: Total Cost Per Unit Results – Building Flat Fees

Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
<b>BUILDING PERMIT FEES</b>			
<b>Construction &amp; Demolition Refundable Security Deposits</b>			
New residential construction more than \$25,000	3%	3%	0%
New commercial construction more than \$25,000	3%	3%	0%
Residential alterations more than \$15,000	3%	3%	0%
Commercial alterations more than \$15,000	3%	3%	0%
Complete demolition (public property damage)	\$3,000	\$3,000	\$0
Complete demolition (recycling)	\$3,000	\$3,000	\$0
Roof construction of any type	\$300	\$300	\$0
<b>Construction &amp; Demolition Administrative Fees</b>			
Administrative Fee	\$150	\$219	(\$69)
Special Handling Fee for C&D deposit due to expired permit (with receipt from approved recycling center)	\$25	\$91	(\$66)
<b>ADMINISTRATIVE FEES</b>			
Temporary Certificate of Occupancy processing fee	\$300	\$460	(\$160)
Processing Address Assignment for Commercial Properties and Legal Secondary Units	\$300	\$248	\$52
<b>MISCELLANEOUS FEES</b>			
Reproduction of Plans	Actual Cost + 20%		
<b>RESIDENTIAL REQUIREMENTS REPORT</b>			
3R Report Fees	\$150	\$113	\$37
<b>MOBILE HOME PERMIT</b>			
	\$196	\$359	(\$163)
<b>PHOTO VOLTAIC PERMIT FLAT-RATE FEES</b>			
Single Family	\$450	\$450	\$0
Multi-Family			
Up to 15 kW	\$450	\$450	\$0
16 kW and up	\$450	\$450	\$0
Each additional kW	\$15	\$15	\$0
Commercial			
Up to 50 kW	\$1,000	\$1,000	\$0
51kW to 250kW	\$1,000	\$1,000	\$0
Each additional kW	\$7	\$7	\$0
251 kW and up	\$2,400	\$2,400	\$0
Each additional kW	\$5	\$5	\$0
<b>ELECTRICAL</b>			
<b>Electrical Permit Issuance</b>			
Permit Issuance	\$75	\$91	(\$16)
For new single and two-family residential buildings, including all wiring & electrical equipment in or on each building or premises, excluding the area of garages, carports and other minor accessory buildings, constructed at the same time by applicant	\$0.10	\$0.19	(\$0.09)
For new garage and storage areas	\$0.05	\$0.09	(\$0.04)
For new commercial or industrial buildings of the uncompleted "SHELL" type	Varies	\$0.19	N/A
For alterations, additions and modifications to uncompleted "SHELL" type commercial or industrial buildings, including all wiring and electrical equipment associated with a particular area, installed or constructed by the applicant	\$0.10	\$0.34	(\$0.24)

Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
For alterations, addition and modifications to existing single and multi-family buildings, excluding the area of garages, carports and minor accessory buildings, constructed at the same time by applicant	\$0.062	\$0.19	(\$0.12)
<b>MECHANICAL</b>			
<b>Mechanical Permit Issuance</b>			
Permit Issuance	\$75	\$91	(\$16)
<b>NEW BUILDING, ADDITION OR ALTERATION FEE SCHEDULE</b>			
Residential additions and alterations less than 300 square feet	\$13.20	\$149	(\$136)
Residential additions and alterations 300 square feet and greater	\$0.044	\$0.50	(\$0.45)
New residential or multifamily residential buildings	\$0.022	\$0.22	(\$0.20)
Commercial	Varies	\$0.19	
<b>PLUMBING</b>			
<b>Plumbing Permit Issuance</b>			
Permit Issuance	\$75	\$91	(\$16)
<b>NEW BUILDING, ADDITION OR ALTERATION FEE SCHEDULE</b>			
Residential additions and alterations less than 300 square feet	\$21	\$373	(\$352)
Residential additions and alterations 300 square feet or greater	\$0.07	\$1.24	(\$1.17)
New residential or multifamily residential buildings	\$0.053	\$0.22	(\$0.17)
<b>UNIT FEE SCHEDULE</b>			
For each plumbing fixture on one trap or set of fixtures on one trap (including water, drainage, piping and backflow protection therefore)	\$7	\$12	(\$5)
For each building sewer, or trailer park sewer	\$7	\$12	(\$5)
For each rainwater system	\$7	\$12	(\$5)
For each private sewage pump system	\$25	\$75	(\$50)
For each water heater and /or vent	\$7	\$25	(\$18)
For each gas piping system of one to four outlets	\$5	\$12	(\$7)
For each additional gas piping outlet	\$1	\$12	(\$11)
For each industrial waste pre-treatment interceptor, including its trap and vent, excepting kitchen type grease interceptors functioning as fixture traps	\$7	\$12	(\$5)
For installation, alteration or repair of water piping and/or water treating equipment	\$10	\$50	(\$40)
For repair or alteration of drainage or vent piping	\$10	\$50	(\$40)
For each lawn sprinkler system on any one meter, including backflow protection devices therefore	\$7	\$25	(\$18)
For vacuum breakers or backflow protective devices on tanks, vats, etc. or for installation on unprotected plumbing fixtures, including necessary water piping, for each system of one to four outlets	\$5	\$12	(\$7)
For vacuum breakers or backflow protective devices on tanks, vats, etc. or for installation on unprotected plumbing fixtures, including necessary water piping, for each additional outlet	\$1	\$12	(\$11)
For each swimming pools	\$50	\$50	\$0
For each gray water system	\$40	\$50	(\$10)
For each medical gas piping system of one (1) to five (5) inlets or outlets for a specific gas	\$50	\$62	(\$12)
For each additional medical gas inlets or outlets more than five (5)	\$5	\$12	(\$7)

Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
<b>Other Building Division Fees</b>			
<b>OTHER INSPECTIONS AND FEES</b>			
Plan Review Fees (if submitted separately)	\$150	\$161	(\$11)
Inspection outside of normal business hours	\$180	\$185	(\$5)
Inspection for which no fee is specifically indicated	\$150	\$149	\$1
<b>ADMINISTRATIVE REVIEW</b>			
Alternate Method of Construction	\$180	\$354	(\$174)
Request for re-evaluation of Code requirement	\$180	\$354	(\$174)
Review of disabled access "unreasonable hardship and disproportionate cost"	\$180	\$354	(\$174)
Change of address review for single family dwelling	\$180	\$124	\$56
<b>EXTENSION OR REACTIVATION OF PERMIT OR PLAN CASE</b>			
Extension Of Permit Which Is About To Expire	50% of Permit Issuance	\$166	N/A
Reactivation of expired Permit	75-100% of Permit Issuance	\$166	N/A

The majority of Building Division fees show an under-recovery, with the largest under-recovery relating to a plumbing permit for residential additions or alterations less than 300 square feet at \$352. Fees with an over-recovery range from a low of \$1 for per hour inspections for which no fee is specifically indicated and a high of \$56 for change of address reviews for single family dwellings.

### 3 Detailed Results – Valuation

Daly City currently uses a single valuation table to establish permit fees for all building permits based on the value of construction costs. As noted in the modifications section, the project team worked with City staff to expand the ranges of this table. Additionally, these costs capture the time associated with Title 24 Energy review and California Green Building review. The total cost calculated for each service includes direct staff costs and Divisional and Citywide overhead. The following table details the valuation range, current fee, total full cost associated with providing these services, and the surplus or deficit associated with each service.

**Table 7: Total Cost Per Unit Results – Building Permit Fees**

Project Valuation Sliding Scale Category	Current Fee	Total Cost	Surplus / (Deficit)
<b>Project Valuation \$1 to \$500</b>	\$57.00	\$124.18	(\$67.18)
<b>Project Valuation \$2,001 to \$25,000</b>			
First \$2,000	\$57.00	\$124.18	(\$67.18)
Each Additional \$1,000 or fraction thereof	\$14.42	\$14.04	\$0.38

Project Valuation Sliding Scale Category	Current Fee	Total Cost	Surplus / (Deficit)
<b>Project Valuation \$25,001 to \$50,000</b>			
First \$25,000	\$388.66	\$447.03	(\$58.37)
Each Additional \$1,000 or fraction thereof	\$10.41	\$29.80	(\$19.39)
<b>Project Valuation \$50,001 to \$100,000</b>			
First \$50,000	\$648.91	\$1,192.09	(\$543.18)
Each Additional \$1,000 or fraction thereof	\$7.22	\$10.93	(\$3.71)
<b>Project Valuation \$100,001 to \$500,000</b>			
First \$100,000	\$1,009.91	\$1,738.46	(\$728.55)
Each Additional \$1,000 or fraction thereof	\$5.77	\$5.43	\$0.34
<b>Project Valuation \$500,001 to \$1,000,000</b>			
First \$500,000	\$3,317.91	\$3,911.53	(\$593.62)
Each Additional \$1,000 or fraction thereof	\$4.89	\$10.06	(\$5.17)
<b>Project Valuation \$1,000,001 to \$5,000,000</b>			
First \$1,000,000	\$5,762.91	\$8,940.65	(\$3,177.74)
Each Additional \$1,000 or fraction thereof	\$3.87	\$1.26	\$2.61
<b>Project Valuation \$5,000,001 to \$10,000,000</b>			
First \$5,000,000	\$21,242.91	\$13,969.76	\$7,273.15
Each Additional \$1,000 or fraction thereof	\$3.87	\$0.37	\$3.50
<b>Project Valuation \$10,000,001 +</b>			
First \$10,000,000	\$40,592.91	\$15,832.40	\$24,760.51
Each Additional \$1,000 or fraction thereof	\$3.87	\$0.19	\$3.68

The City is currently under recovering for all ranges up to \$1,000,000. As discussed in the modification section, it was decided by the division to expand the ranges to \$10 million in order to more accurately account for time spent on significantly larger projects. As the previous structure collected fees exponentially for projects valued over \$1 million, the new \$5 million and \$10 million ranges are showing an over-recovery.

Along with determining costs associated with inspection services, the project team also worked with Building staff to determine appropriate plan check costs. Currently, the City assesses Plan Review fees at 65% of the permit fee. Based upon a detailed review of time estimates provided to review plans for each valuation range and different project types this analysis showed that Plan Check should be **79% of the permit fee**.

## 4 Cross-Departmental Support

The Planning and Engineering Divisions provide plan review services on building related projects, with fees for these services expressed as a percentage of the building permit fee. While Fire also reviews building related projects, their fees are expressed separately on their fee schedule. The following sub-sections detail the full cost associated with Planning and Engineering support on building services.

## 1 Planning Cross-Departmental Support

The Planning Division provides plan check services on all construction projects. The total cost calculated for each service includes direct staff costs and Divisional and Citywide overhead. The following table outlines the current fee, total cost, and associated surplus or deficit for Planning Support on Building permits.

**Table 8: Total Cost Per Unit Results – Planning Cross-Dept Support**

Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
Planning Division Plan Review	20%	20%	0%

Planning staff identified time related to building construction projects. Based on the time provided by project value, it was determined that the current fee collected by planning is sufficient to account for the full cost of providing plan review services on building projects.

## 2 Engineering Cross-Departmental Support

The Engineering Division provides plan review services on building construction related services. The total cost calculated for each service includes direct staff costs and Divisional and Citywide overhead. The following table outlines the current fee, total cost, and associated surplus or deficit for Engineering Support on Building permits.

**Table 9: Total Cost Per Unit Results – Engineering Cross-Dept Support**

Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
Engineering Division Plan Review	20%	39%	19%

Engineering staff identified time related to building construction projects. Based on the time provided per project value, the current fees are under collecting for engineering plan review by 19% of the building permit fee.



## 7. Code Enforcement

The Code Enforcement Division is responsible for ensuring the City is safe and desirable by enforcing building and nuisance codes by monitoring violations, and issuing citations. The fees examined within this study relate to building violations, zoning violations, property maintenance violations, and other miscellaneous code enforcement services. The following subsections discuss fee schedule modifications and detailed per unit results for the fee-related services provided by the Code Enforcement Division.

### 1 Fee Schedule Modifications

The project team reviewed the current fee structure with City staff and the following modification were made:

- **New Fees:** Short Term Rentals were added as new fee categories to capture services already provided.
- **Removal of Fees:** The Permit or Plan Extension fee was removed from Code Enforcements schedule as this service is no longer provided by Code Enforcement and is already captured within other fees on the building and planning schedules.

The modifications noted above better reflect the services being provided by Code Enforcement staff and will allow for more accurate cost of service calculations.

### 2 Detailed Results

The Code Enforcement Division collects fees for building, zoning, and property violations. The total cost calculated for each service includes direct staff costs, direct materials costs (where applicable), and Divisional and Citywide overhead. The following table details the fee name, current fee, total cost, and surplus or deficit associated with each Code Enforcement Division fee.

**Table 10: Total Cost Per Unit Results – Code Enforcement**

Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
<b>Building Violations:</b>			
Building Code Violation / Building Maintenance			
1-30 Days	\$1,180	\$1,456	(\$276)
31-60 Days	\$1,655	\$2,006	(\$351)
61-90 Days	\$2,230	\$2,556	(\$326)

Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
<b>Expired Plan Check / Building Permit Application</b>			
1-30 Days	\$475	\$550	(\$75)
31-60 Days	\$880	\$1,064	(\$184)
61-90 Days	\$1,350	\$1,666	(\$316)
<b>Expired Building Permit</b>			
1-30 Days	\$575	\$550	\$25
31-60 Days	\$945	\$1,064	(\$119)
61-90 Days	\$1,385	\$1,578	(\$193)
<b>Zoning Violations:</b>			
<b>Conditions of Approval Violation</b>			
1-30 Days	\$880	\$1,027	(\$147)
31-60 Days	\$1,285	\$1,509	(\$224)
61-90 Days	\$1,790	\$2,031	(\$241)
<b>Fence Violation</b>			
1-30 Days	\$880	\$1,425	(\$545)
31-60 Days	\$1,285	\$1,929	(\$644)
61-90 Days	\$1,790	\$2,434	(\$644)
<b>Illegal Home Occupation</b>			
1-30 Days	\$880	\$1,425	(\$545)
31-60 Days	\$1,285	\$1,929	(\$644)
61-90 Days	\$1,790	\$2,434	(\$644)
<b>Short Term Rentals</b>			
1-30 Days	\$880	\$895	(\$15)
31-60 Days	\$1,285	\$1,289	(\$4)
61-90 Days	\$1,790	\$1,723	\$67
<b>Illegal Secondary Unit</b>			
1-30 Days	\$880	\$1,496	(\$616)
31-60 Days	\$1,285	\$2,167	(\$882)
61-90 Days	\$1,790	\$2,839	(\$1,049)
<b>Sign Code Violation</b>			
1-30 Days	\$880	\$475	\$405
31-60 Days	\$1,285	\$879	\$406
61-90 Days	\$1,790	\$1,284	\$506
<b>All Other Violations:</b>			
1-30 Days	\$880	\$1,354	(\$474)
31-60 Days	\$1,285	\$2,025	(\$740)
61-90 Days	\$1,790	\$2,696	(\$906)
<b>Property Maintenance Violations:</b>			
1-15 Days	\$440	\$1,044	(\$604)
16-30 Days	\$760	\$1,438	(\$678)
30-45 Days	\$1,095	\$1,872	(\$777)
<b>Other Code Enforcement Services:</b>			
Inspection / Abatement Warrant	\$4,015	\$6,695	(\$2,680)
Permit or Plan Extension	\$135	\$160	(\$25)
Notice of Violation	\$135	\$238	(\$103)
Administrative Hearing Board Notice	\$135	\$273	(\$138)
Administrative Hearing Board	\$4,085	\$15,497	(\$11,412)

<b>Fee Name</b>	<b>Current Fee</b>	<b>Total Cost</b>	<b>Surplus / (Deficit)</b>
Appeal of Administrative Hearing Board Decision to the City Council	\$100	\$2,585	(\$2,485)
Lien	\$1,690	\$2,679	(\$989)
Administrative Review	\$135	\$163	(\$28)
Office Meeting	\$135	\$163	(\$28)
Additional Inspection	\$135	\$163	(\$28)
All Other Code Enforcement Services	\$135	\$163	(\$28)

The majority of Code Enforcement fee are under recovering, with the largest source of under-recovery being \$11,412 for Administrative Hearing Board costs. Over recoveries range from a low of \$25 for an Expired Building Permit corrected within 1-30 days to a high of \$506 for Sign Code Violation 61-90 days after initial violation notice.

## 8. Fire

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The North County Fire Authority (NCFA) provides Fire services for Daly City, Brisbane, and Pacifica. The NCFA is responsible for keeping residents from all three communities safe by providing fire safety services to mitigate fires and other disasters. Each community serviced by the NCFA has a separate fee schedule developed for services that are provided to each community. Fees examined in this study relate to Prevention Services such as New Construction and Tenant Improvements, Fire Sprinkler Systems, Fire Alarm Systems, and Hazardous Materials Annual Operating Permits. The following sections discuss fee schedule modifications and detailed per unit results for the fee-related services provided by the Fire Department.

### 1 Fee Schedule Modifications

During discussions with Fire staff, modifications were proposed to the current fee schedule, which include:

- **Removal of fees:** The Processed Photo Photographs were removed as Fire staff no longer prints photos and all photos requested are provided digitally.
- **Expansion of fees:** Fees for New Commercial and Residential and Tenant Improvements with 10 or more heads Fire Sprinkler Systems as well as fees for New and Installation of additional devices Fire Alarms were previously charged as a flat fee per 3,000 square feet. It was determined that the first 3,000 square feet requires additional review and time and therefore the fee was separated into a separate base fee for the first 3,000 square feet plus an additional fee per each additional 3,000 square feet.
- **Condensing of fees:** Fees for fire incident report, fire incident and incident report, and all other reports were previously charged at the same amount. As such it was decided that these fees can be condensed and combined into one Fire Incident Report fee.
- **Addition of fees:** New fees have been added to the schedule for services for Expedited Plan Review, Emergency Radio Systems, and CO2 Inspections.

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

## 2 Detailed Results

The Fire Department collects fees for Prevention Services such as New Construction and Tenant Improvements, Fire Sprinkler Systems, Fire Alarm Systems, and Hazardous Materials Annual Operating Permits. The total cost calculated for each service includes direct staff costs and Departmental and Citywide overhead. The following table details the fee name, current fee, total full cost, and the surplus or deficit associated with each service.

**Table 11: Total Cost Per Unit Results – Fire Department**

Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
<b>PLAN REVIEW FOR NEW CONSTRUCTION AND/OR TENANT IMPROVEMENTS</b>			
Plan Review – Base Rate (all occupancies)	\$587	\$812	(\$225)
Plan Review for miscellaneous items without square footage (e.g. Install hazardous material storage tank, HVAC smoke detection, partition wall)	\$216	\$284	(\$68)
Additional Plan Review for major changes, additions, as-built, or resubmittals	\$216	\$284	(\$68)
Expedited Plan Review	New	\$949	N/A
<b>FIRE PROTECTION SYSTEMS</b>			
<b>Fire Sprinklers/Standpipe Systems</b>			
New commercial & residential sprinkler system installations - Up to 3,000 sq ft	\$775	\$1,627	(\$852)
Each additional 3,000 sq ft	\$216	\$245	(\$29)
New manufactured home sprinkler installation	\$294	\$445	(\$151)
Commercial underground pipe system installations	\$835	\$1,546	(\$711)
Standpipe system installations	\$775	\$1,546	(\$771)
Tenant improvements: Installation/Alteration of 10 or more heads - Up to 3,000 sq ft (Note: Head change outs are not included in the head count)	\$775	\$1,627	(\$852)
Each additional 3,000 sq ft	\$216	\$245	(\$29)
Tenant Improvement: 9 or less sprinkler heads and unlimited head change-outs (installation/alteration)	\$280	\$812	(\$532)
Alteration/Repair of existing underground pipe system	\$580	\$812	(\$232)
<b>Fire Alarms</b>			
New fire alarm system installation - Up to 3,000 sq ft	\$775	\$1,546	(\$771)
Each additional 3,000 sq ft	\$216	\$245	(\$29)
Installation of additional devices on existing system - Up to 3,000 sq ft	\$649	\$812	(\$163)
Each additional 3,000 sq ft	\$216	\$245	(\$29)
Existing Fire Alarm Panel Upgrades	\$424	\$1,468	(\$1,044)
Other Fire Protection Systems, New & Upgrade Installations	\$775	\$1,057	(\$282)
PLAN CHECK RE-SUBMITTALS	\$304	\$432	(\$128)
UNPERMITTED CONSTRUCTION WORK (penalty determined by Inspector)	\$294	\$367	(\$73)
Emergency Radio Systems	New	\$1,546	N/A

Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
<b>SITE INSPECTIONS</b>			
Fire Alarms: Repair/exchange devices, & radio transmitters	\$280	\$406	(\$126)
Construction Re-inspections	\$280	\$367	(\$87)
Installation of hazardous material storage tanks*	\$280	\$406	(\$126)
Replacement of hazardous material storage tank piping, dispensers.* Note: If piping work is done as part of tank installation, there is no charge.	\$280	\$406	(\$126)
Removal of hazardous material storage tank *	\$280	\$406	(\$126)
Medical gas piping, Installation – Permit required (Building Division)	\$280	\$1,018	(\$738)
Inspection for which no fee is indicated	\$280	\$245	\$35
CO2	New	\$406	N/A
<b>REQUIRED SERVICES</b>			
<b>False Alarm Penalty Fees</b>			
1st Response	\$550	\$680	(\$130)
2nd Response	\$750	\$680	\$70
3rd Response and each response thereafter in a calendar year	\$1,000	\$680	\$320
New Occupancy/Business Inspection	\$212	\$419	(\$207)
Key Box Service	\$75	\$304	(\$229)
Mall kiosk inspection	\$163	\$256	(\$93)
Annual Fire Code Permits (FCP's)	\$101	\$234	(\$133)
Temporary permits (permitted activities less than 90 days )	\$163	\$345	(\$182)
Asphalt kettle operation – annual permit required for roofing contractors. Applications and fee collection is done at Building Division.	\$62	\$52	\$10
Title 19, 5-Year Certification inspection for fire extinguishing systems (fire sprinkler or standpipe systems). Annual permit for contractor	\$101	\$104	(\$3)
High rise annual inspection/certification	\$190	\$271	(\$81)
Annual fire inspection and each reinspection thereafter	\$212	\$630	(\$418)
<b>REQUESTED SERVICES</b>			
Fire incident report	\$10	\$26	(\$16)
Each additional page	\$0.10	\$0.25	(\$0.15)
Photographs: Digital	\$25	\$78	(\$53)
Fire code variance application	\$509	\$637	(\$128)
Inspection outside of normal business hours (min 2 hours)	\$190	\$329	(\$139)
<b>Pre-Inspection/Consultation Of Large Family Day Care And Residential Care</b>			
Less than 25 occupants (State law limits the fee charged)	\$50	\$298	(\$248)
26 or more occupants (State law limits the fee charged)	\$100	\$298	(\$198)
<b>PERMITS</b>			
Candles & Open Flames in Assemblies (churches exempt)	\$101	\$234	(\$133)
Candles & Open Flames in Assemblies (for special events)	\$264	\$345	(\$81)
Carnival and Fairs	\$264	\$345	(\$81)
Christmas Tree Lot	\$264	\$345	(\$81)
Combustible Material Storage >2500 cu. ft.	\$101	\$234	(\$133)
Compressed Gases >amounts in Table 105-A	\$101	\$234	(\$133)
Commercial Rubbish – Handling Operation	\$101	\$234	(\$133)
Cryogenics >amounts in Table 105-B	\$101	\$234	(\$133)
Day Care (E) 7 or more children in non-residential	\$101	\$234	(\$133)

Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
Dry Cleaning (operate a dry cleaning plant)	\$101	\$234	(\$133)
Dust Producing Operations	\$101	\$234	(\$133)
Fire Alarm (Operate a fire alarm system)	\$101	\$234	(\$133)
Flammable/Combustible Liquids (storage in excess of 5 gallons, operate tanks, etc.)	\$101	\$234	(\$133)
Hazardous Materials >amounts in Table 105-C	\$101	\$234	(\$133)
High Piled Combustible Storage	\$101	\$234	(\$133)
Hot – Work Operations (except when conducted under a building permit)	\$101	\$234	(\$133)
Institutions (all I occupancies)	\$101	\$234	(\$133)
Large Family Day Care (R-3) (9-14 children)	No Fee	\$234	
Residential Board & Care Occupancies (R-3.1)	No Fee	\$234	
Liquefied Petroleum Gas	\$101	\$234	(\$133)
Malls: assemblies, auto displays, open flames, etc.	\$264	\$345	(\$81)
Motor Vehicle Fuel Dispensing Station	\$101	\$234	(\$133)
Places of Assembly (all A occupancies)	\$101	\$234	(\$133)
Radioactive Materials >1 micro curie	\$101	\$234	(\$133)
Refrigeration Equipment ( >220 lbs. of Class A1 or 30 lbs. of other refrigerants)	\$101	\$234	(\$133)
Repair Garage (S-3 or H-4 Occupancies)	\$101	\$234	(\$133)
Spraying or Dipping (using flammable or combustible liquids or powders)	\$101	\$234	(\$133)
Tents, Canopies and Temporary Membrane Structures (excludes tents on Christmas tree lots) (> 400 square ft.)	\$264	\$345	(\$81)

The majority of Fire fees are under recovering with the largest source of under-recovery for Existing Fire Alarm Panel Upgrades (\$1,044). Over-recoveries range from \$10 for Asphalt kettle operations annual permits to a high of \$320 for the 3<sup>rd</sup> response and each subsequent response for false alarms.

## 9. Planning

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The Planning Division is responsible for ensuring all development complies with the City's general plan and zoning ordinance in order to enhance the Daly City environment and ensure high quality of life for residents. The fees examined within this study relate to use permits, variances, parcel maps, design review, among others. The following subsections discuss fee schedule modifications and detailed per unit results for the fee-related services provided by the Planning Division.

### 1 Fee Schedule Modifications

In discussion with Planning staff, modifications were made to the current fee schedule. The modifications made are outlined below:

- **Addition of Fees:** Administrative Use Permit Renewal, Coastal Development Permits for Minor and Major permits, and Cannabis Permits were added as new fees to the fee structure. Fees were also added to reflect current services being provided, which include: Front Yard Paving, Short Term Rental Permits, and Stormwater Treatment Review.
- **Fee Name Changes:** Wireless Communications Facility was renamed to Administrative Use Permit and Secondary Unit was renamed to ADU as a means to provide City staff and the Community with clarity as to what the services entail. Use Permit, Residential or Commercial was renamed to just Use Permit as this category includes all types of occupancies. Parcel Map, excluding Cert of Compliance was renamed to Parcel Map as the indication of Cert of Compliance was no longer necessary.
- **Expansion of Fees:** Variance, Residential and Commercial was broken out into fees for minor and major to account for the increased level of effort from staff for large projects compared to small projects.
- **Reclassification of Fees:** Fees for Initial Study (Neg Declaration) and Initial Study (Mitigated Neg Declaration) were previously charged as a flat fee. It was determined by staff that these services are no longer provided in house and therefore the fee should be actual costs for an outside consultant to complete the review plus administrative oversight costs.



- **Removal of Fees:** The Large Family Day Care and Curb Cut fees were removed as Planning staff no longer provides these services. The Record Storage Fee was also removed from the schedule and is being combined into the Technology Fee.

These modifications enable the Division to most accurately and transparently reflect all of the services it provides.

## 2 Detailed Results

The Planning Division collects fees for use permits, variances, parcel maps, design review, among others. The total cost calculated for each service includes direct staff costs and Divisional and Citywide overhead. The following table details the fee name, current fee, total cost, and surplus or deficit associated with each Planning activity.

**Table 12: Total Cost Per Unit Results – Planning**

Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
Administrative Use Permit	\$2,845	\$10,069	(\$7,224)
AUP Renewal Permit	New	\$5,035	N/A
Use Permit	\$4,960	\$15,592	(\$10,632)
Use Permit, Concurrent or TI	\$2,465	\$5,607	(\$3,142)
Coastal Development Permit			
Minor	New	\$10,069	N/A
Major	New	\$20,841	N/A
Variance			
Minor	\$4,845	\$5,607	(\$762)
Major	\$4,845	\$15,592	(\$10,747)
Certificate of Compliance	\$710	\$1,545	(\$835)
Parcel Map	\$4,645	\$15,592	(\$10,947)
Subdivision	\$4,750	\$20,841	(\$16,091)
# of lots or parcels or units	\$165	\$247	(\$82)
Condominium Conversion	\$8,745	\$14,610	(\$5,865)
# of units	\$165	\$247	(\$82)
Environmental Assessment (Exempt)	\$95	\$410	(\$315)
Initial Study (Neg Declaration)	Actual Costs + 25%		
Initial Study (Mitigated Neg Declaration)	Actual Costs + 25%		
EIR	Actual Costs + 25%		
Design Review – Major	\$5,420	\$14,506	(\$9,086)
Design Review – Minor (Concurrent)	\$1,295	\$5,355	(\$4,060)
Design Review – Administrative	\$290	\$1,274	(\$984)
ADU	\$580	\$762	(\$182)
Front Yard Paving	\$165	\$1,523	(\$1,358)
Time Extension	\$665	\$841	(\$176)
Appeal Fee	\$100	\$15,592	(\$15,492)
Zoning Confirmation and Verification Letters	\$350	\$1,099	(\$749)

Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
ABC Letter of Convenience and Necessity	\$1,570	\$9,674	(\$8,104)
Sign Permit	\$165	\$190	(\$25)
Public Noticing Fee	\$330	\$790	(\$460)
Pre-application Review Fee	\$1,000	\$9,916	(\$8,916)
Short Term Rental Permits	\$225	\$1,523	(\$1,298)
Cannabis Permits	New	\$254	N/A
Stormwater Treatment Review	Actual Costs + 25%		
Home Occupation Permit	\$40	\$127	(\$87)
Lot Line Adjustment or Lot Merger	\$4,645	\$4,160	\$485

Currently, all fees being charged are showing an under-recovery except for the Lot Line Adjustment or Lot Merger which is showing an over recovery of \$485. The deficits range from a low of \$25 for Sign Permits, to a high of \$16,091 for Subdivision permits.

### 3 Deposit Based Fees

The Planning Division charges some of its fees as deposits as they can span several months and can be very complex in nature. Since these types of applications can vary widely in the time that staff are required to spend on them, a deposit is generally recommended to ensure that the full cost of the service is recovered. The following table shows the current deposit-based fees for planning and the proposed deposit amount:

**Table 13: Deposit-Based Fees – Planning**

Fee Name	Current Deposit	Recommended Deposit
Planned Development Zone Change	\$15,000	\$15,000
Zone Changes / Text Amendment	\$10,000	\$10,000
Development Agreements	\$10,000	\$10,000
GPA / Text Amendment	\$15,000	\$15,000
Initial Study (Neg Declaration)	Actual Cost + 25%	
Initial Study (Mitigated Neg Declaration)	Actual Cost + 25%	
EIR	Actual Cost + 25%	
Stormwater Treatment Review	Actual Cost + 25%	

As the table indicates the majority of the City's initial deposits are sufficient to recover its costs.

### 4 Deposit Based Fees – Cost Recovery Policy

As noted in the previous section, the Planning Division collects initial deposits for many of its larger projects and staff bill time and materials associated with the plan review and approval of these projects to each specific project. In order for the City to achieve full

cost recovery on deposit-based fees, it is critical that the following components are addressed and put into place:

- **Positions(s):** Identify the position(s) within Finance or Economic and Community Development that will be responsible for administering the billing and / or invoicing for the deposit-based fees.
- **Timekeeping:** Identify the procedure for timekeeping as it is done by Planning and all other cross-departmental staff, including if timekeeping will be done outside of the current timekeeping system, or if it will be part of the timekeeping system with project numbers assigned to each deposit-based fee project.
- **Hourly Rates:** It is recommended that the fully burdened hourly rate (salaries + benefits + productive hours + departmental overhead + citywide overhead) be used for billing purposes. The hourly rate should also be specific to the position. The City should identify the hourly rate(s) that will be used – a singular blended rate, or a separate rate for the position reviewing the application and the type of hourly rate used.
- **Billing / Refunding:** The City should clearly outline when the department and / or division should request for additional funding. The standard recommendation is if 10% of the initial deposit is left, the applicant should be billed for additional funds. Policies regarding refund amounts and to whom the refund will be issued should be identified. Refunds should not be issued until all invoices have been paid.
- **Stop Work Order / Permit Issuance:** The City should also include language regarding if no payment has been received on an invoice for 90 days, the application will be considered dormant and City staff will stop all work on the project. Additionally, it should also clearly clarify when the permit will be issued. The standard recommendation is that until final payment has been received no permit should be issued.

Ultimately, deposit-based fees are known as cost recovery fees, as City staff recover all of their time and material costs associated with reviewing those applications. However, in order for these fees to be cost recovery, it is critical that the City have the previously discussed policies and procedures in place.

## 10. Police

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The Police Department is responsible for law enforcement, as a means to provide a safe environment for residents and businesses within Daly City. The fees examined within this study relate to auto impounds, boot releases, clearance letters, alarms, fingerprinting, repossessions, special events, storage of firearms, taxi's, and digital media. The following subsections discuss fee schedule modifications and detailed per unit results for the fee-related services provided by the Police Department.

### 1 Fee Schedule Modifications

During discussions with Police Department staff, modifications were proposed to the current fee schedule, which include:

- **Removal of Fees:** Audio Tape, Digital Photographs/CD's, Dispatch Tape, Photograph Copies, and Video Tape fees were removed from the schedule as the department no longer provides tapes, CD's, or printed copies of photos. Massage Establishment and Massage Technician fees were also removed as this service is no longer provided at the City level and is now processed and regulated by the state according to Government Code section 51034.
- **Addition of Fees:** Fees for digital media including photos, videos, and redacted video was added in order to capture the staff time involved with reviewing all photos and videos to ensure sensitive or confidential content is removed before releasing. Additionally, a fee for Ammo Storage was also added to the schedule.

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

### 2 Detailed Results

The Police Department collects fees for auto impounds, boot releases, clearance letters, alarms, fingerprinting, repossessions, special events, storage of firearms, taxi's, and digital media. The total cost calculated for each service includes direct staff costs, direct material costs (where applicable), and Departmental and Citywide overhead. The following table details the fee name, current fee, total cost, and surplus or deficit associated with each Police permit.

**Table 14: Total Cost Per Unit Results – Police**

<b>Fee Name</b>	<b>Current Fee</b>	<b>Total Cost</b>	<b>Surplus / (Deficit)</b>
Auto Impound Fee	\$240	\$273	(\$33)
Boot Release	\$60	\$169	(\$109)
Civil Court Appearance <sup>7</sup>	\$275	\$275	\$0
Clearance Letter	\$25	\$58	(\$33)
False Alarms	\$0	\$25	(\$25)
Each subsequent	\$100	\$25	\$75
Alarm Permit <sup>8</sup>	\$25	\$25	\$0
Fingerprinting – Ink	\$25	\$46	(\$21)
Fingerprinting – Livescan	\$30	\$100	(\$70)
Repossession Fee	\$15	\$13	\$2
Special Event Permit	\$210	\$539	(\$329)
Storage of Firearms	\$190	\$196	(\$6)
Each additional firearm	\$25	\$158	(\$133)
Ammo Storage	\$26	\$73	(\$47)
Taxi Applicants, New	\$127	\$122	\$5
Taxi Applicants, Renewal	\$50	\$38	\$12
Digital Media			
Photos	New	\$17	N/A
Videos	New	\$85	N/A
Video - Redacted		Actual Costs	

The majority of Police fees show an under-recovery. The largest source of under-recovery relates to Special Event Permits at \$329. Over-recoveries range from a low of \$2 for Repossession Fees to a high of \$5 for New Taxi Applicants.

<sup>7</sup> Civil Court Appearance fees are set by Government Code 68097.2.

<sup>8</sup> Alarm Permit registrations are performed through a third party organization using the fees set by that organization..

# 11. Public Works

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The Public Works Department consists of Engineering, Maintenance, Stormwater, and Street Sweeping. Also included in this section are the Department of Water and Wastewater Divisions, whose fees are administered by the Public Works Department. The Department is responsible for ensuring construction and infrastructure comply with City policies in order to protect the environment. Fees examined in this study relate to Engineering services associated with subdivision reviews, public improvements, grading and erosion control, transportation permits, encroachment permits, and traffic studies as well as Water and Wastewater services, fire flow tests, sanitary sewer lateral, water system studies, and sanitary sewer studies. The following subsections discuss fee schedule modifications and detailed per unit results for the fee-related services provided by the Public Works Department.

## 1 Fee Schedule Modifications

During discussions with Public Works staff, modifications were proposed to the current fee schedule, which include:

- **Removal of Fees:** The Map Security Deposit, the Clean Up Security Deposit, the Traffic Signal Adjustment Fee, Geotechnical Report, Detention Analysis, and Storm Drain Study were removed as PW staff no longer requires or provides these services.
- **Condensing of Fees:** Fees were condensed to reflect current services being provided, which include:
  - Parcel Map Review: previously had a base fee plus a per lot fee. This was combined into one flat fee.
  - Encroachment Agreement: previously called Long Term Encroachments, this was charged as a base fee plus per 25 linear feet and also included a security deposit. This service varies so widely in size and time that it was determined that collecting time and materials for these services would be a more appropriate way of capturing accurate costs.
  - Sidewalk, Driveway, Front Yard Paving Encroachment: previously this was separated into multiple fees for sidewalks, driveways, and curb drains, which were charged based on square feet, number of locations, or number

of driveways. It was determined the time to inspect these projects was the same based on the amount of square footage and does not vary significantly based on project type. Therefore, these fees were combined into one fee based on the square footage.

- Traffic Study: currently this is charged based on project size plus number of intersections. This was consolidated into one base fee plus number of hours after 4 hours to mimic how other impact reviews are charged.
- Document Printing: previously the PW schedule listed out fees for document printing for Binders, Capital Project Plans, Aerial Topographic Maps, and copies of documents. For ease of readability, these were condensed down into three fees: documents online (free of charge), electronic files (free of charge), and printed copies (actual costs determined by department).
- **Addition of Fees**: New fees were added for Tentative Map Review, Right of Way and Easement Abandonment, Lot Line Adjustments, Surveyor Review, Wireless Encroachments, Permit Extension, Permit Cancellation, and Work without a Permit.
- **Restructuring of Improvement Fees**: The previous schedule for plan review and inspections of improvements were in ranges of \$0-\$100,000, \$100,001-\$500,000, and \$500,001+ with a per \$5,000 cost between each range. This was determined to not be sufficient in terms of project costs, and as such the ranges were adjusted to include higher ranges (\$0-\$500,000, \$500,001-\$1,500,000, \$1,500,001-\$4,500,000, and \$4,500,001+) and ranges in between were changed to a percent of costs rather than a flat amount.

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

## 2 Detailed Results

The Public Works Department collects fees for items such as subdivision reviews, public improvements, grading and erosion control, transportation permits, encroachment permits, and impact reviews. The total cost calculated for each service includes direct staff costs and Departmental and Citywide overhead. The following table details the fee name, current fee, total full cost, and the surplus or deficit associated with each service.

Table 15: Total Cost Per Unit Results – Public Works

Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
SUBDIVISION REVIEWS			
Agreements / Map Review			
Tentative Map Review	New	\$3,590	N/A
Subdivision Agreement	\$4,800	\$5,319	(\$519)
Parcel Map Review	\$2,400	\$5,354	(\$2,954)
Final Map Review	\$3,200	\$5,354	(\$2,154)
Plus # of lots or units	\$80	\$138	(\$58)
Right of Way and Easement Abandonment	New	\$4,921	N/A
Lot Line Adjustment	New	\$3,580	N/A
Surveyor Review	Actual Costs + 20% Admin		
PUBLIC / SITE IMPROVEMENTS			
Site Improvement Plan Reviews			
Improvement Cost - \$500,000 or less	\$160	\$5,312	(\$5,152)
% of Cost up to \$500,000	2.56%	2.50%	0.06%
Cost \$500,001 - \$1,500,000	\$12,960	\$17,817	(\$4,857)
% of Cost over \$500,000	1.60%	1.71%	-0.11%
Cost \$1,500,001 - \$4,500,000	\$28,960	\$34,904	(\$5,944)
% of Cost over \$1,500,000	2.13%	0.75%	1.38%
Cost \$4,500,001 or greater	\$92,960	\$57,356	\$35,604
% of Cost over \$4,500,000	1.07%	0.37%	0.69%
Site Improvement Permit and Inspections			
Improvement Cost - \$500,000 or less	\$320	\$12,184	(\$11,864)
% of Cost up to \$500,000	5.12%	7.56%	-2.44%
Cost \$500,001 - \$1,500,000	\$25,920	\$50,008	(\$24,088)
% of Cost over \$500,000	3.20%	4.99%	-1.79%
Cost \$1,500,001 - \$4,500,000	\$57,920	\$99,894	(\$41,974)
% of Cost over \$1,500,000	4.27%	2.04%	2.23%
Cost \$4,500,001 or greater	\$185,920	\$161,005	\$24,915
% of Cost over \$4,500,000	2.13%	1.24%	0.89%
Improvement Security Deposit/Bond	200%	200%	\$0
GRADING AND EROSION CONTROL			
Plan Review			
1,000 cu yd. or less - First 100 cu yd.	\$160	\$295	(\$135)
Plus additional for each 100 cu yd. more than 100 or fraction thereof	\$80	\$133	(\$53)
1,001 to 10,000 cu yd.	\$880	\$1,496	(\$616)
Plus additional for each 1,000 cu yd. more than 1,000 or fraction thereof	\$160	\$155	\$5
10,001 to 100,000 cu yd.	\$2,320	\$2,893	(\$573)
Plus additional for each 1,000 cu yd. more than 10,000 or fraction thereof	\$64	\$57	\$7
100,001 cu yd. or greater	\$8,080	T&M	
Plus additional for each 1,000 cu yd. more than 100,000 or fraction thereof	\$48	T&M	
Permit and Inspections			
1,000 cu yd. or less - First 100 cu yd.	\$320	\$576	(\$256)
Plus additional for each 100 cu yd. more than 100 or fraction thereof	\$160	\$239	(\$79)
1,001 to 10,000 cu yd.	\$1,760	\$2,726	(\$966)



Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
Plus additional for each 1,000 cu yd. more than 1,000 or fraction thereof	\$320	\$326	(\$6)
10,001 to 100,000 cu yd.	\$4,640	\$5,660	(\$1,020)
Plus additional for each 1,000 cu yd. more than 10,000 or fraction thereof	\$128	\$220	(\$92)
100,001 cu yd. or greater	\$16,160	T&M	
Plus additional for each 1,000 cu yd. more than 100,000 or fraction thereof	\$96	T&M	
<b><u>Security Deposits</u></b>			
Grading Security Deposit/Bond	25%	25%	\$0
<b><u>Wet Season Work Authorization</u></b>			
Wet Season Work Authorization	\$240	\$588	(\$348)
<b>TRANSPORTATION PERMITS</b>			
<b><u>Oversize Load</u></b>			
Permit Fees (set by the State of California)	\$0	\$16	(\$16)
<b><u>Dirt and Debris Hauling</u></b>			
Permit Fees (per operation)	\$160	\$203	(\$43)
Plus per # of cubic yards per # of miles round trip	\$0.22	\$0.22	\$0
<b>ENCROACHMENT PERMITS</b>			
<b><u>Temporary Encroachment (scaffolding, construction fencing, etc.)</u></b>			
Permit Fees	\$480	\$589	(\$109)
Plus per # of weeks more than two weeks	\$80	\$98	(\$18)
Security Deposit	\$1,000	\$1,000	\$0
<b><u>Encroachment Agreement</u></b>			
Encroachment Agreement		T&M	
<b><u>Wireless Small Cell (with existing Lease Agreement)</u></b>			
Processing Fee	New	\$207	N/A
Plan Review Fee	New	\$829	N/A
Inspection Fee	New	\$1,199	N/A
Security Deposit	New	\$1,500	N/A
<b><u>Street Parking/Space Obstruction (renewable every four weeks)</u></b>			
Residential	\$320	\$589	(\$269)
Commercial	\$320	\$589	(\$269)
Plus per # of weeks, after first week	\$160	\$196	(\$36)
Security Deposit	\$500	\$500	\$0
Temporary Container	\$160	\$491	(\$331)
Plus per # of weeks, after first week	\$80	\$98	(\$18)
Security Deposit	\$150	\$500	(\$350)
<b><u>Traffic Control</u></b>			
Processing Fee	\$160	\$295	(\$135)
Plan Review Fee	\$160	\$205	(\$45)
Inspection Fee (mobile, temporary setup)	\$240	\$288	(\$48)
Inspection Fee (fixed, long-term setup)	\$640	\$968	(\$328)
Security Deposit	\$1,000	\$1,000	\$0
<b><u>Monitoring Well/Core Drilling/Potholing</u></b>			
Permit Fees	\$320	\$295	\$25
Plus per # of locations	\$320	\$392	(\$72)
Security Deposit	\$1,000	\$1,000	\$0

Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
<b>Sidewalk/Curb Drain/Driveway (not longer than 30 days)</b>			
Processing Fee	\$160	\$295	(\$135)
Plan Review Fee	\$160	\$203	(\$43)
Sidewalk/Driveway (Right-of-Way)/Front Yard Paving	\$160	\$392	(\$232)
Excavation in Unpaved Areas	\$80	\$392	(\$312)
Security Deposit	\$500	\$500	\$0
<b>Street Excavation/Directional Boring</b>			
Processing Fee	\$160	\$295	(\$135)
Plan Review Fee - Up to 3 reviews	\$1,920	\$2,692	(\$772)
Inspection Fee	\$320	\$1,961	(\$1,641)
Plus per # of 50 sq. ft. increments more than 200 sq. ft., or fraction thereof	\$160	\$163	(\$3)
Security Deposit	\$15	\$15	\$0
<b>Water Service</b>			
Permit Fees	\$160	\$295	(\$135)
Plus per # of services	\$580	\$1,100	(\$520)
Security Deposit (2" service or less)	\$2,000	\$2,000	\$0
Security Deposit (greater than 2" service)	\$3,500	\$3,500	\$0
Fire Flow Test and Results	\$420	\$812	(\$392)
<b>Sanitary Sewer Lateral</b>			
Within the City right-of-way, w/in the District	\$160	\$295	(\$135)
Plus per # of laterals	\$580	\$1,100	(\$520)
Security Deposit	\$2,000	\$2,000	\$0
Within the City right-of-way, not w/in the District	\$160	\$295	(\$135)
Plus per # of laterals	\$480	\$392	\$88
Security Deposit	\$2,000	\$2,000	\$0
Not within the City right-of-way, w/in the District	\$160	\$203	(\$43)
Plus per # of laterals	\$100	\$707	(\$607)
<b>DEVELOPMENT IMPACT REVIEWS</b>			
<b>Traffic Study</b>			
Review Fees	\$1,280	\$4,505	(\$3,225)
Plus per # of hours more than four hours	\$80	\$205	(\$125)
<b>Water System Study</b>			
Review Fees	\$640	\$790	(\$150)
Plus per # of hours more than four hours	\$160	\$197	(\$37)
<b>Sanitary Sewer Study</b>			
Review Fees	\$640	\$790	(\$150)
Plus per # of hours more than four hours	\$160	\$197	(\$37)
<b>BUILDING PERMIT REVIEWS</b>			
Review Fees	20%	20%	0%
<b>OTHER REQUESTS</b>			
<b>City General Conditions, Standard Specifications &amp; Drawings, Capital Project Plans &amp; Specifications, and Copies of Other Documents</b>			
Online at <a href="http://www.dalycity.org">www.dalycity.org</a>		Free of Charge	
Electronic Files		Free of Charge	
Printed Copies		Actual Costs	
<b>Permit Extension</b>			
Permit Extension (Renewal)	New	\$207	N/A
Reinstatement of Expired Permit	New	\$403	N/A

Fee Name	Current Fee	Total Cost	Surplus / (Deficit)
<b>Permit Cancellation</b>			
Processing Fee	New	\$207	N/A
Pre-Cancellation Inspection	New	\$196	N/A
Work Without a Permit		Double Permit Fee	

The majority of Public Works fees are under recovering with the largest source of under-recovery of \$41,974 from Site Improvement Permit and Inspections valued at \$1,500,000. Over-recoveries range from a low of \$5 for Grading Plan Review of each additional 1,000 cubic feet for projects between 1,001 and 10,000 cubic feet to a high of \$19,604 for Site Improvement Plan Reviews valued greater than \$4,500,000.

## 12. Comparative Survey

As part of the Cost of Services (User Fee) study for Daly City, the Matrix Consulting Group conducted a comparative survey of user fees. The City identified six jurisdictions to be included in the comparative survey: Hayward, Milpitas, Redwood City, San Bruno, San Mateo, and South San Francisco. The project team then reviewed public documents (i.e., agenda items, staff reports, budgets, fee schedules, and ordinances), and or contacted jurisdictions to get comparative information.

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 16: Ranking of Jurisdictions by Population**

Jurisdiction	2020 Population
San Bruno	43,908
South San Francisco	66,105
Milpitas	80,273
Redwood City	84,292
<b>Daly City</b>	<b>104,901</b>
San Mateo	105,661
Hayward	162,954

**Table 17: Ranking of Jurisdictions by Citywide Total Budget<sup>9</sup>**

Jurisdiction	FY20/21 Budget
San Bruno	\$48,814,459
San Mateo	\$200,990,594
<b>Daly City</b>	<b>\$217,459,172</b>
Milpitas	\$220,317,510
Redwood City	\$235,946,547
South San Francisco	\$281,650,054
Hayward	\$349,488,141 <sup>10</sup>

**Table 18: Ranking of Jurisdictions by Workforce Size**

Jurisdiction	FY20/21 FTE
San Bruno	265
Milpitas	439
<b>Daly City</b>	<b>458</b>
Redwood City	547
South San Francisco	578
San Mateo	606
Hayward	907

Based on the data shown in the previous tables, Daly City ranks in the higher middle of surveyed jurisdictions in terms of population and in the lower middle of surveyed jurisdictions in terms of budget and size of workforce.

## 2 Recency Factor

While the previous comparative information can provide some perspective when comparing Daly City'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 completed. The following tables detail when each surveyed jurisdiction last conducted a fee analysis and when they last updated their fee schedule.

**Table 19: Last Fee Study Conducted**

Jurisdiction	Response
Redwood City	FY 17-18
Milpitas	FY 19-20
San Mateo	FY 19-20
Hayward	FY 20-21
San Bruno	FY 20-21
South San Francisco	FY 20-21

<sup>9</sup> To ensure appropriate comparisons, full operating budget (all funds) has been used for all jurisdictions.

<sup>10</sup> Hayward's budget is for FY21/22.

**Table 20: Last Fee Schedule Update**

<b>Jurisdiction</b>	<b>Response</b>
Hayward	FY 21/22
Milpitas	FY 21/22
Redwood City	FY 21/22
San Bruno	FY 21/22
San Mateo	FY 21/22
South San Francisco	FY 21/22

Based on the data presented in the above tables, all jurisdictions have conducted comprehensive fee studies within the last five years and all have updated their fee schedules within the past year.

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 will only show the adopted fees for the surveyed jurisdictions, not necessarily the full cost associated with the comparable service.

### 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.

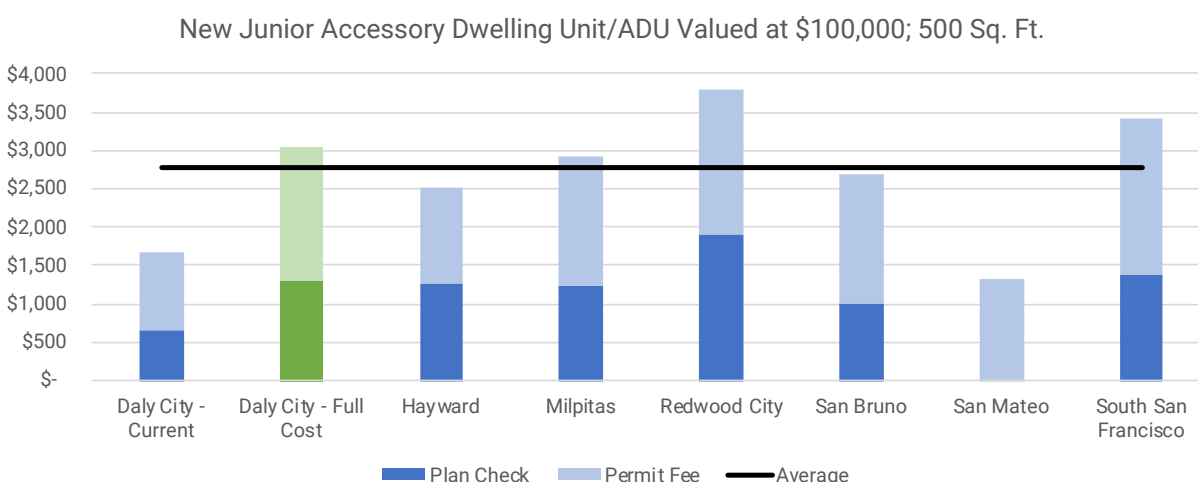
Market surveys can run the risk of creating a confusing excess of data that will obscure rather than clarify policy issues. Because each jurisdiction is different, the Matrix Consulting Group recommends that the information contained in the market comparison of fees be used as a secondary decision-making 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 versus the surveyed jurisdictions.

### 1 New Junior Accessory Dwelling Unit/ADU Valued at \$100,000; 500 Sq. Ft.

Currently, the Building Department charges a fee of \$1,666 (\$656 for plan check and \$1,010 for the permit) for new construction of a 500 square foot junior accessory dwelling unit/ADU valued at \$100,000. Through this study, the project team calculated the full cost of this service to be \$3,025 (\$1,286 for plan check and \$1,738 for the permit). The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.

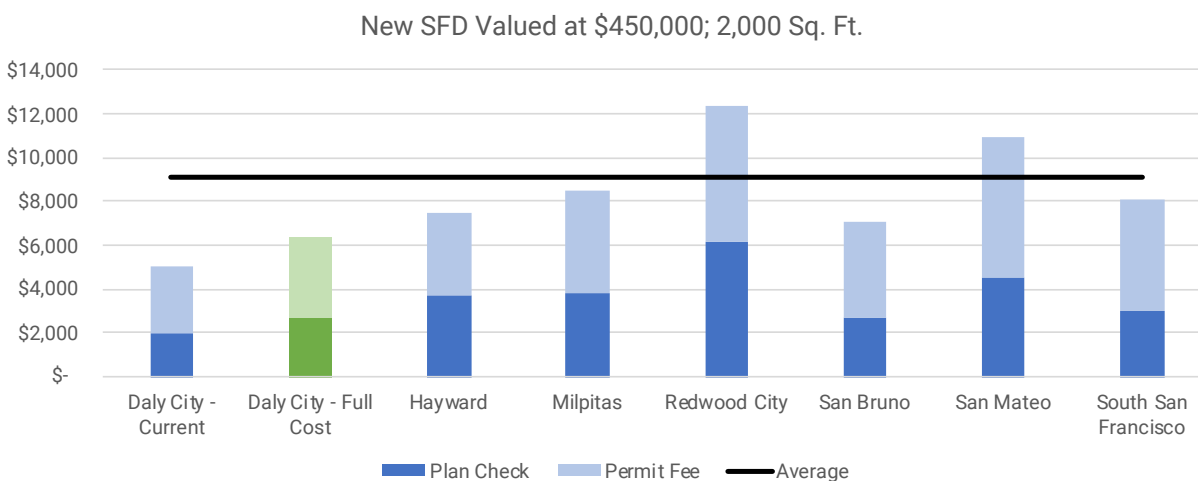


Daly City's current fee (\$1,666) is below the jurisdictional average of \$2,785, while the calculated full cost (\$3,025) is higher than the average. Redwood City (\$3,806) and South San Francisco (\$3,425) have fees higher than Daly City's calculated full cost fee and the jurisdictional average, while Milpitas (\$2,935) is only higher than the average. San Bruno's (\$2,702) fee is slightly lower than the jurisdictional average and San Mateo's (\$1,322) fee is significantly lower than the average.

### 2 New SFD Valued at \$450,000; 2,000 Sq. Ft.

Currently, the Building Department charges a fee of \$4,999 (\$1,969 for plan check and \$3,029 for the permit) for new construction of a 2,000 square foot single-family dwelling

valued at \$450,000. Through this study, the project team calculated the full cost of this service to be \$6,333 (\$2,694 for plan check and \$3,640 for the permit). The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.

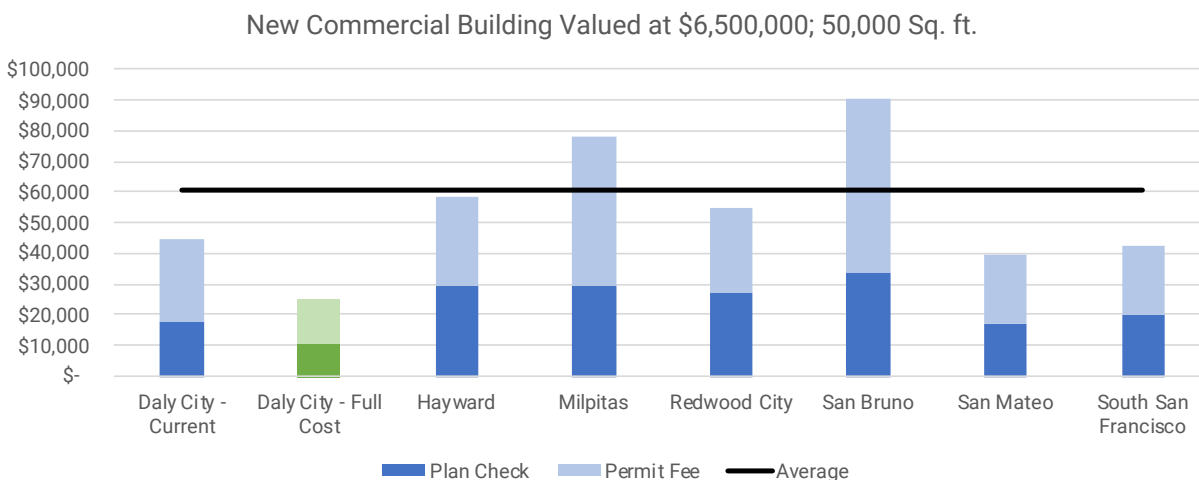


Daly City's current fee (\$4,999) and the calculated full cost (\$6,333) are both significantly lower than the jurisdictional average of \$9,083. Milpitas (\$8,512), South San Francisco (\$8,044), Hayward (\$7,481), and San Bruno (\$7,120) have fees lower than the jurisdictional average but higher than Daly City's calculated full cost. Redwood City (\$12,374) and San Mateo (\$10,969) have fees significantly higher than the jurisdiction average.

### 3 New Commercial Building Valued at \$6,500,000; 50,000 Sq. Ft.

Currently, the Building Department charges a fee of \$44,629 (\$17,581 for plan check and \$27,048 for the permit) for new construction of a 50,000 square foot commercial building valued at \$6.5 million. Through this study, the project team calculated the full cost of this service to be \$25,280 (\$10,751 for plan check and \$14,529 for the permit). The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.

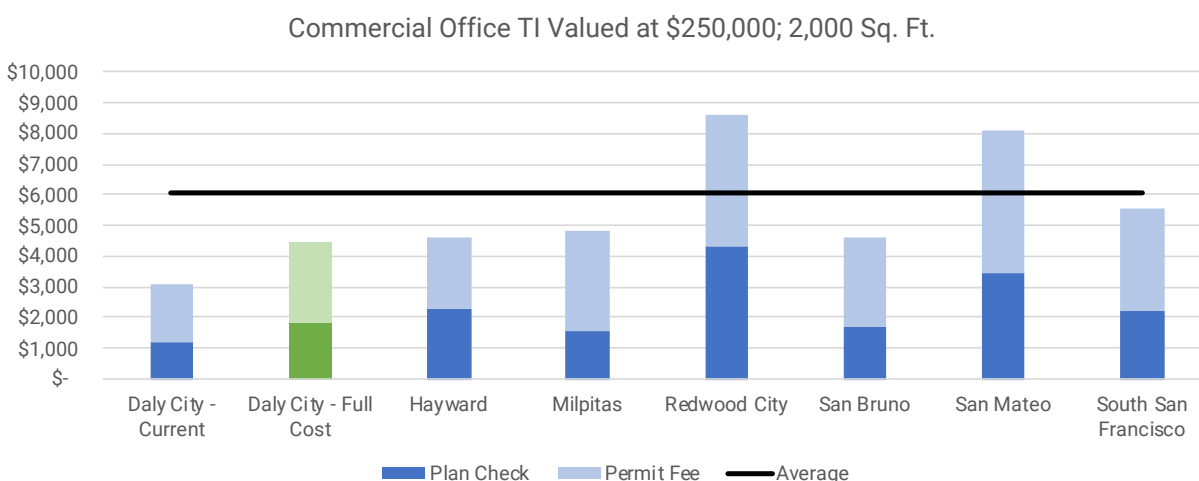




Daly City's current fee (\$44,629) and the calculated full cost (\$25,280) are both significantly lower than the jurisdictional average of \$60,610. Hayward (\$58,218), Redwood City (\$55,194), South San Francisco (\$42,234), and San Mateo (\$39,508) have fees lower than the jurisdictional average but higher than Daly City's calculated full cost. San Bruno (\$90,600) and Milpitas (\$77,906) have fees significantly higher than the jurisdiction average.

#### 4 Commercial Office TI Valued at \$250,000; 2,000 Sq. Ft.

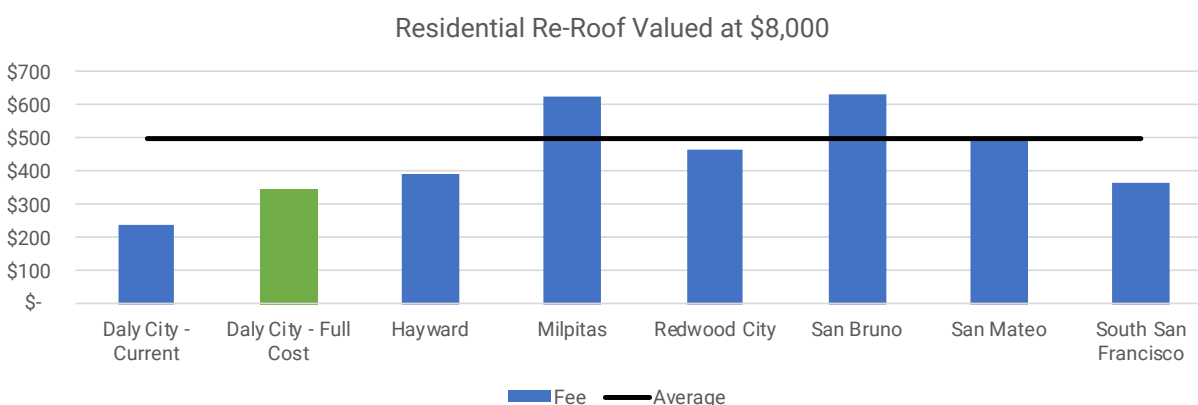
Currently, the Building Department charges a fee of \$3,094 (\$1,219 for plan check and \$1,875 for the permit) for a 2,000 square foot tenet improvement to a commercial office valued at \$250,000. Through this study, the project team calculated the full cost of this service to be \$4,443 (\$1,889 for plan check and \$2,553 for the permit). The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.



Daly City's current fee (\$3,094) and the calculated full cost (\$4,443) are both significantly lower than the jurisdictional average of \$6,045. South San Francisco (\$5,534), Milpitas (\$4,811), Hayward (\$4,645), and San Bruno (\$4,595) have fees lower than the jurisdictional average but higher than Daly City's calculated full cost. Redwood City (\$8,598) and San Mateo (\$8,089) have fees significantly higher than the jurisdiction average.

## 5 Residential Re-Roof Valued at \$8,000

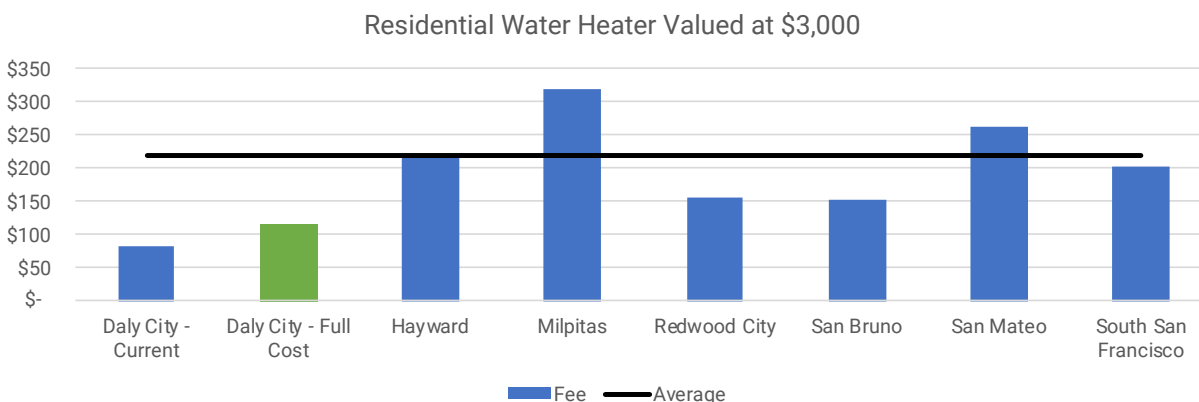
Currently, the Building Department charges a fee of \$237 for a residential re-roof valued at \$8,000. Through this study, the project team calculated the full cost of this service to be \$344. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.



Daly City's current fee (\$237) and the calculated full cost (\$344) are both lower than the jurisdictional average of \$496. San Mateo (\$490), Redwood City (\$467), Hayward (\$389), and South San Francisco (\$368) have fees lower than the jurisdictional average but higher than Daly City's calculated full cost. San Bruno (\$635) and Milpitas (\$627) have fees higher than the jurisdiction average.

## 6 Residential Water Heater Valued at \$3,000

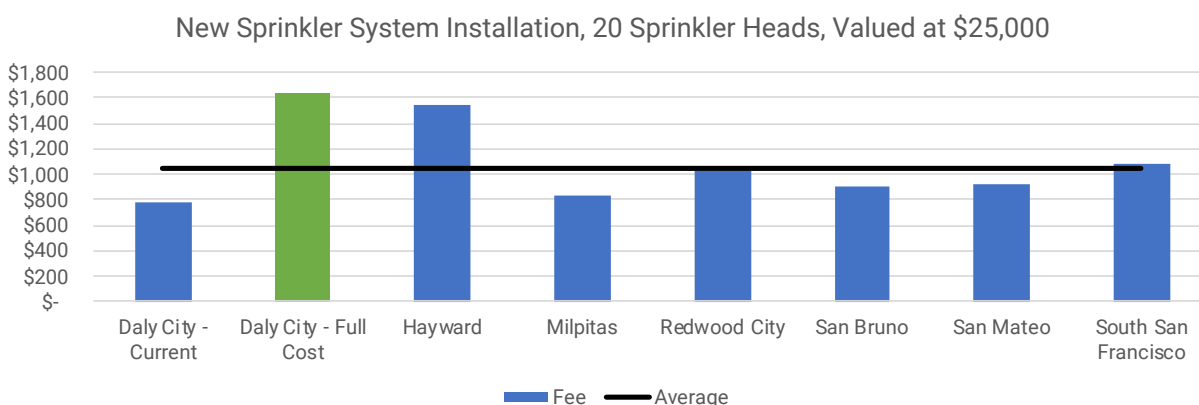
Currently, the Building Department charges a fee of \$82 for a residential water heater valued at \$3,000. Through this study, the project team calculated the full cost of this service to be \$116. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.



Daly City's current fee (\$82) and the calculated full cost (\$116) are both lower than the jurisdictional average of \$219. South San Francisco (\$202), Redwood City (\$155) and San Bruno (\$153) have fees lower than the jurisdictional average but higher than Daly City's calculated full cost. Milpitas (\$321), San Mateo (\$263), and Hayward (\$221) have fees higher than the jurisdiction average.

## 7 New Sprinkler System Installation, 20 Sprinkler Heads, Valued at \$25,000

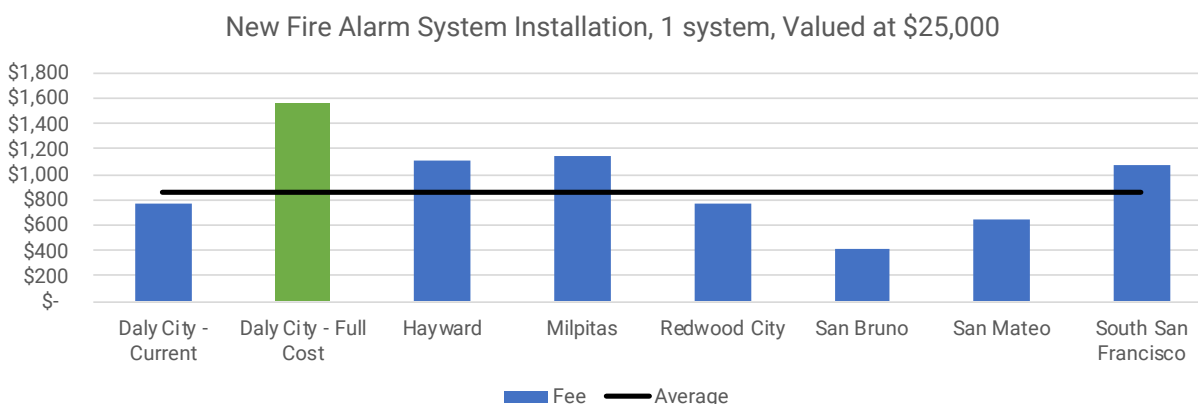
Currently, the Fire Department charges a fee of \$775 for the inspection of a newly installed 20 head sprinkler system valued at \$25,000. Through this study, the project team calculated the full cost of this service to be \$1,627. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.



Daly City's current fee (\$775) is significantly lower than the jurisdictional average of \$1,050, while the calculated full cost (\$1,627) is significantly higher than the average. With the exception of Hayward (\$1,548), whose fee is higher than the jurisdictional average, all other jurisdictions have fees lower than the jurisdictional average but higher than Daly City's current fee.

## 8 New Fire Alarm System Installation, 1 System, Valued at \$25,000

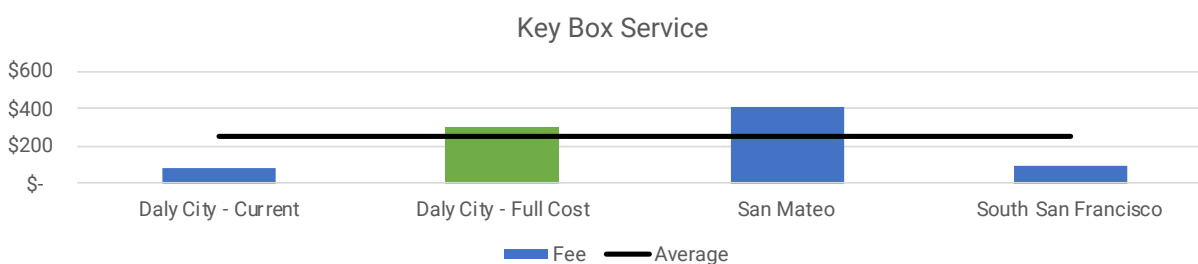
Currently, the Fire Department charges a fee of \$775 for the inspection of a newly installed fire alarm system valued at \$25,000. Through this study, the project team calculated the full cost of this service to be \$1,546. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.



Daly City's current fee (\$775) is lower than the jurisdictional average of \$857, while the calculated full cost (\$1,546) is significantly higher than the average. Milpitas (\$1,134), Hayward (\$1,106), and South San Francisco (\$1,075) have fees higher than the average but lower than Daly City's calculated full cost. Redwood City (\$766), San Mateo (\$644), and San Bruno (\$415) have fees lower than the average and lower than Daly City's current fee.

## 9 Key Box Service

Currently, the Fire Department charges a fee of \$75 for key box service. Through this study, the project team calculated the full cost of this service to be \$304. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.

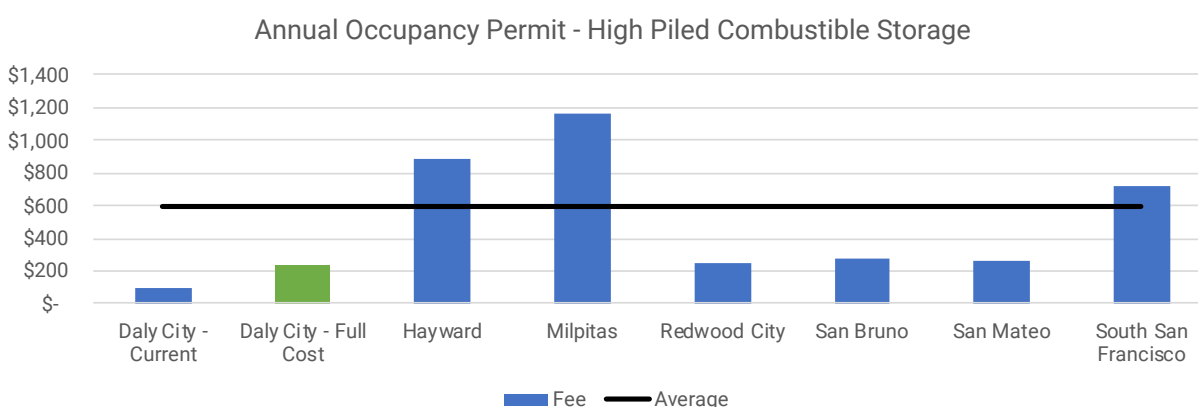


Daly City's current fee (\$75) is significantly lower than the jurisdictional average of \$249, while the calculated full cost (\$304) is higher than the average. Only two of the

comparable jurisdictions have a fee for key box service on their fee schedules. San Mateo (\$407) charges more than the jurisdictional average and Daly City's calculated full cost, while South San Francisco (\$90) charges less than the average but more than Daly City's current fee.

## 10 Annual Occupancy Permit – High Piled Combustible Storage

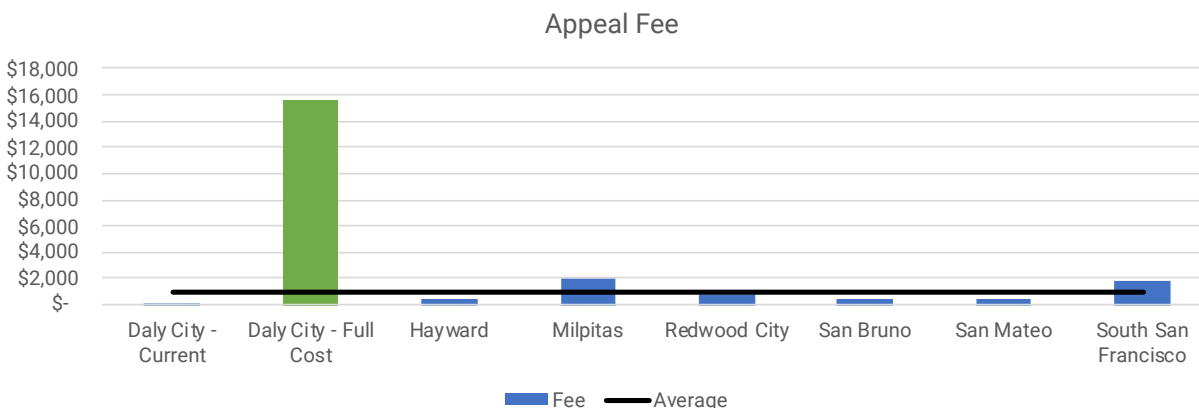
Currently, the Fire Department charges a fee of \$101 for an annual occupancy permit for high piled combustible storage. Through this study, the project team calculated the full cost of this service to be \$234. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.



Daly City's current fee (\$101) and calculated full cost (\$234) are both significantly lower than the jurisdictional average of \$592. Milpitas (\$1,160), Hayward (\$885), and South San Francisco (\$717) charge more than the jurisdictional average, while San Bruno (\$281), San Mateo (\$257), and Redwood City (\$254) charge less than the average but more than Daly City's calculated full cost.

## 11 Appeal Fee

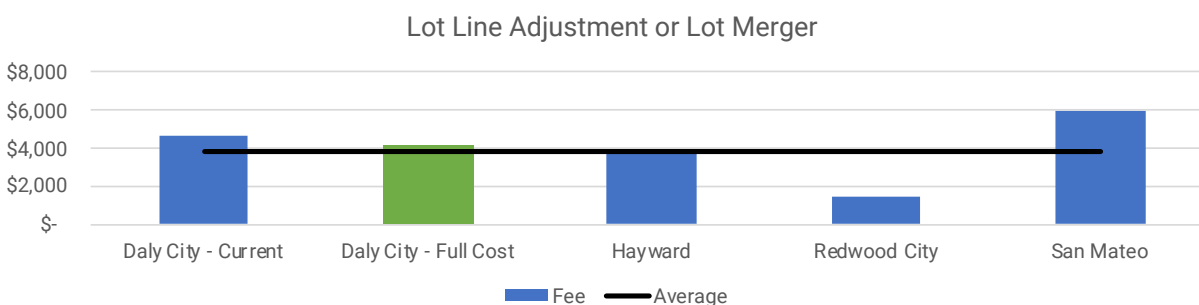
Currently, the Planning Department charges a fee of \$100 for an appeal. Through this study, the project team calculated the full cost of this service to be \$15,592. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.



Daly City's current fee (\$100) is lower than the jurisdictional average of \$975, while the calculated full cost fee (\$15,592) is significantly higher than the average. Milpitas (\$1,933) and South San Francisco (\$1,760) charge significantly more than the jurisdictional average. Redwood City (\$755), San Bruno (\$500), San Mateo (\$500), and Hayward (\$400) charge less than the average but more than Daly City's current fee. It should be noted that Appeal fees are often set well below cost recovery as a means to ensure access to the appeal process.

## 12 Lot Line Adjustment or Lot Merger

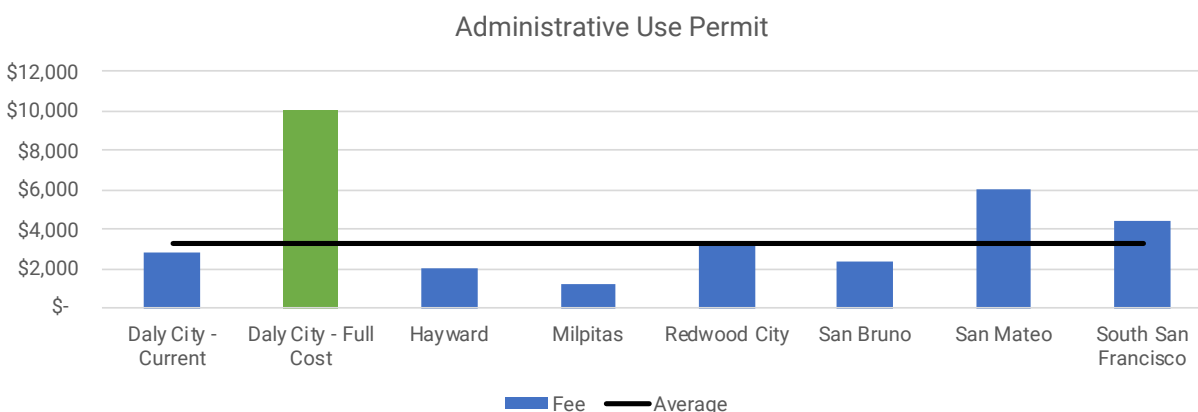
Currently, the Planning Department charges a fee of \$4,645 for lot line adjustments or mergers. Through this study, the project team calculated the full cost of this service to be \$4,160. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.



Daly City's current fee (\$4,645) and calculated full cost (\$4,160) are both just above the jurisdictional average of \$3,831. Of the three comparable jurisdictions who charge a fee for lot line adjustments or mergers, San Mateo (\$6,000) and Hayward (\$4,000) charge the fee as a deposit. Redwood City charges a flat fee of \$1,492 which is lower than the jurisdictional average and Daly City's calculated full cost.

### 13 Administrative Use Permit

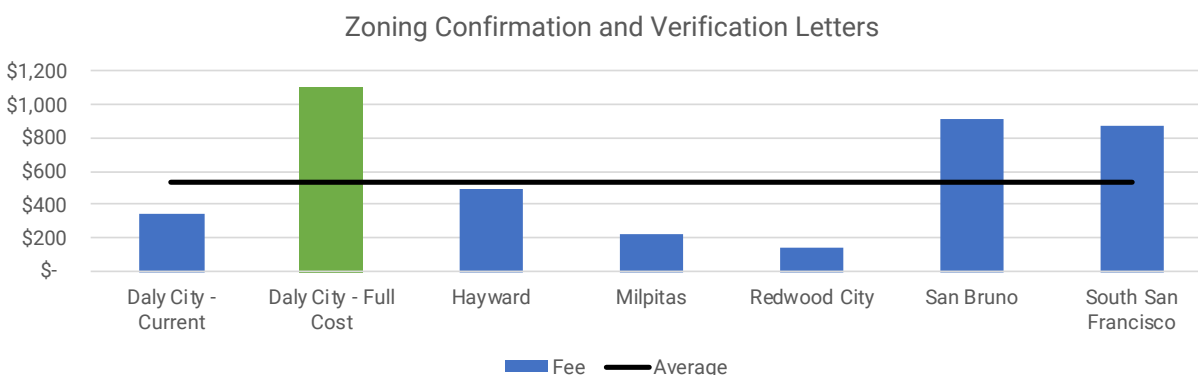
Currently, the Planning Department charges a fee of \$2,845 for an administrative use permit. Through this study, the project team calculated the full cost of this service to be \$10,069. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.



Daly City's current fee (\$2,845) is lower than the jurisdictional average of \$3,225, while the calculated full cost (\$10,069) is significantly higher than the average. San Mateo (\$6,000), South San Francisco (\$4,434), and Hayward (\$2,000) charge the fee as a deposit. Redwood City (\$3,386) charges more than the jurisdictional average but less than Daly City's calculated full cost fee. San Bruno (\$2,301) and Milpitas (\$1,230) charge less than the average and less than Daly City's current fee.

### 14 Zoning Confirmation and Verification Letters

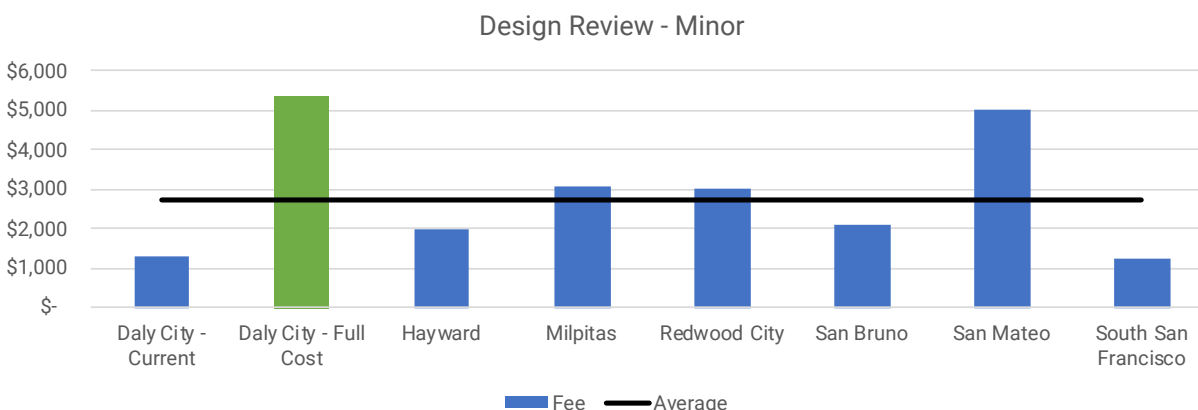
Currently, the Planning Department charges a fee of \$350 for zoning confirmation and verification letters. Through this study, the project team calculated the full cost of this service to be \$1,099. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.



Daly City's current fee (\$350) is lower than the jurisdictional average of \$532, while the calculated full cost (\$1,099) is significantly higher than the average. San Bruno (\$918) and South San Francisco (\$879) charge more than the jurisdictional average but less than Daly City's calculated full cost fee. Hayward (\$500) charges less than the average but more than Daly City's current fee. Milpitas (\$228) and Redwood City (\$137) charge less than both the jurisdictional average and Daly City's current fee.

## 15 Design Review - Minor

Currently, the Planning Department charges a fee of \$1,295 for a minor design review. Through this study, the project team calculated the full cost of this service to be \$5,355. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.

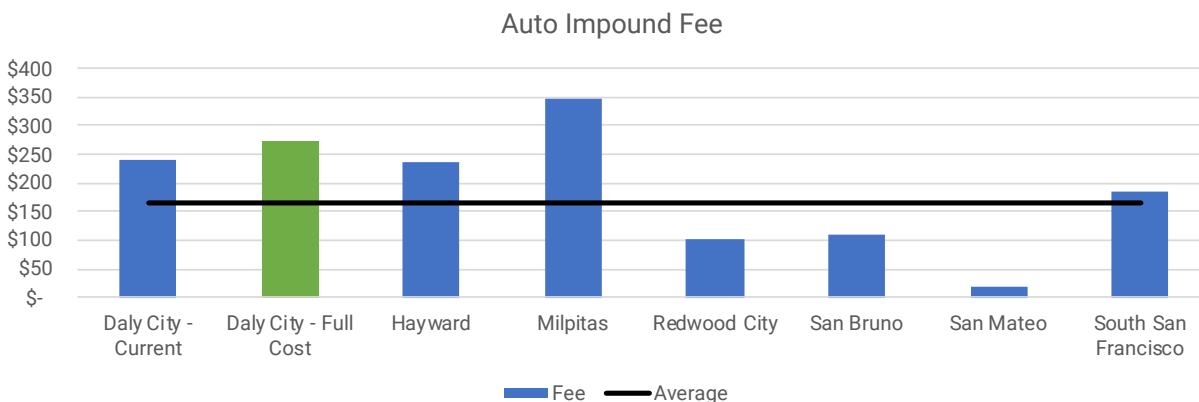


Daly City's current fee (\$1,295) is lower than the jurisdictional average of \$2,733, while the calculated full cost (\$5,355) is significantly higher than the average. San Mateo (\$5,000), Redwood City (\$3,000), and Hayward (\$2,000) charge the fee as a deposit. Milpitas (\$3,062) charges a fee higher than the average, San Bruno (\$2,097) charges a fee lower than the average but higher than Daly City's current fee, and South San Francisco (\$1,236) charges a fee lower than both the jurisdictional average and Daly City's current fee.

## 16 Auto Impound Fee

Currently, the Police Department charges an auto impound fee of \$240. Through this study, the project team calculated the full cost of this service to be \$273. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.

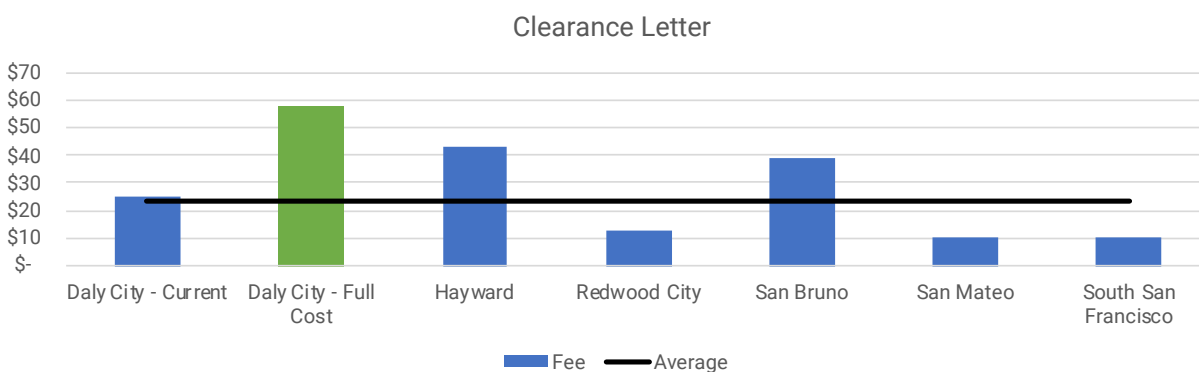




Daly City's current fee (\$240) and calculated full cost (\$273) are higher than the jurisdictional average of \$166. Milpitas (\$346) charges more than both the jurisdictional average and Daly City's calculated full cost. Hayward (\$235) and South San Francisco (\$184) charge more than the average but less than Daly City's current fee, while San Bruno (\$108), Redwood City (\$100) and San Mateo (\$20) charge less than both the jurisdictional average and Daly City's current fee.

## 17 Clearance Letter

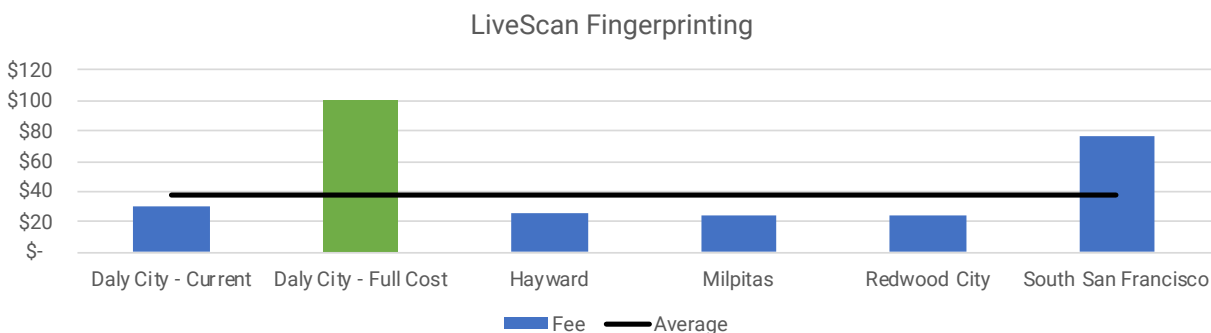
Currently, the Police Department charges a fee of \$25 for a clearance letter. Through this study, the project team calculated the full cost of this service to be \$58. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.



Daly City's current fee (\$25) and calculated full cost (\$58) are higher than the jurisdictional average of \$23. Hayward (\$43) and San Bruno (\$39) charge more than the average but less than Daly City's calculated full cost. Redwood City (\$13), San Mateo (\$10) and South San Francisco (\$10) charge less than both the jurisdictional average and Daly City's current fee.

## 18 LiveScan Fingerprinting

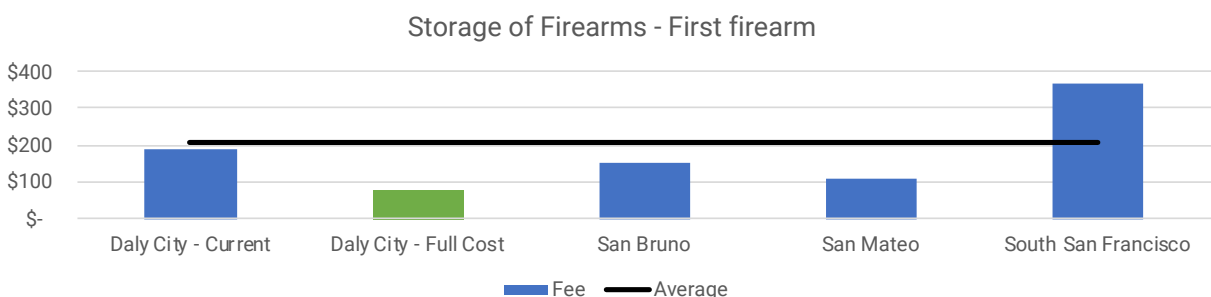
Currently, the Police Department charges a fee of \$30 for a LiveScan fingerprinting. Through this study, the project team calculated the full cost of this service to be \$100. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.



Daly City's current fee (\$30) is less than the jurisdictional average of \$ 38, while the calculated full cost (\$100) is higher than the average. South San Francisco (\$77) charges more than the average but less than Daly City's calculated full cost. Hayward (\$26), Milpitas (\$25), and Redwood City (\$24) charge less than both the jurisdictional average and Daly City's current fee.

## 19 Storage of Firearms – First Firearm

Currently, the Police Department charges a fee of \$190 for the initial storage of a firearm. Through this study, the project team calculated the full cost of this service to be \$79. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.

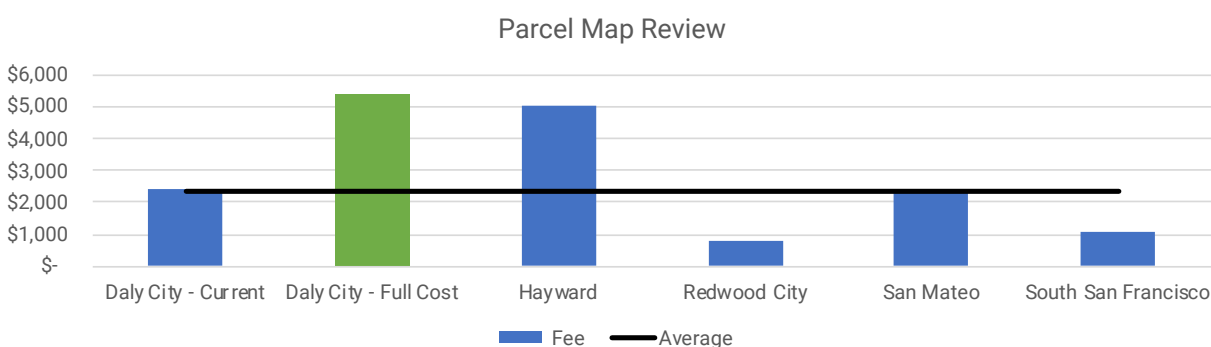


Daly City's current fee (\$190) and calculated full cost (\$79) are lower than the jurisdictional average of \$208. Of the three comparable jurisdictions who charge a firearm storage fee, South San Francisco (\$366) charges more than the average, while San Bruno

(\$150) and San Mateo (\$107) charge less than the jurisdictional average but more than Daly City's current fee.

## 20 Parcel Map Review

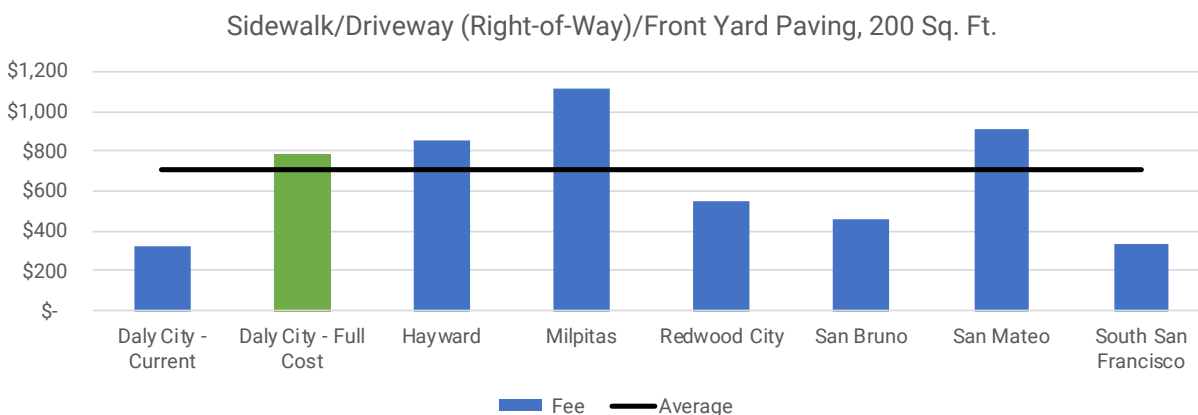
Currently, the Public Works Department charges a fee of \$2,400 for the review of a parcel map. Through this study, the project team calculated the full cost of this service to be \$5,354. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.



Daly City's current fee (\$2,400) and calculated full cost (\$5,354) are higher than the jurisdictional average of \$2,336. Of the four comparable jurisdictions who charge a parcel map review fee, Hayward (\$5,000), South San Francisco (\$1,107) and Redwood City (\$800) charge the fee as a deposit. San Mateo (\$2,436) charges more than the jurisdictional average but less than Daly City's calculated full cost.

## 21 Sidewalk/Driveway (Right-of-Way)/Front Yard Paving, 200 Sq. Ft.

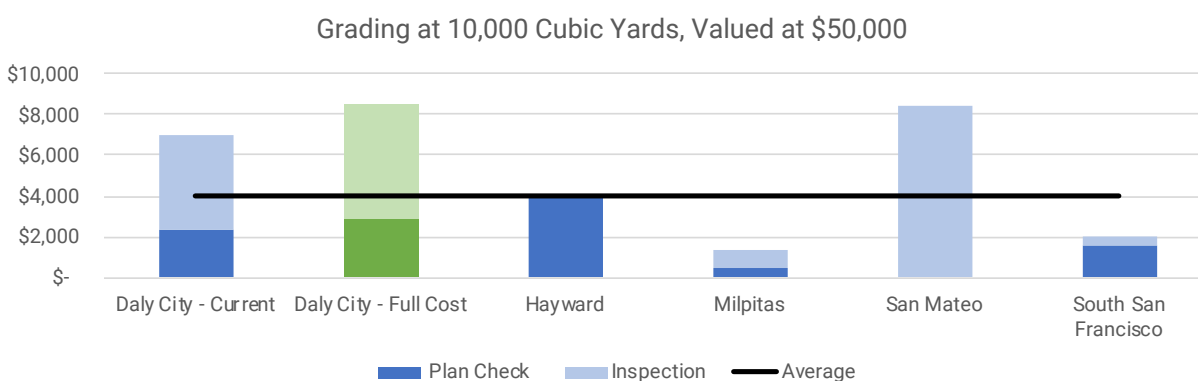
Currently, the Public Works Department charges a fee of \$320 for a 200 square foot sidewalk, driveway, front yard paving encroachment permit. Through this study, the project team calculated the full cost of this service to be \$784. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.



Daly City's current fee (\$320) is below the jurisdictional average of \$702, while the calculated full cost (\$784) is higher than the average. Redwood City (\$550) charges the fee as a deposit. Milpitas (\$1,113), San Mateo (\$906), and Hayward (\$850) charge more than the average and Daly City's calculated full cost. San Bruno (\$463) and South San Francisco (\$332) charge less than the jurisdictional average but more than Daly City's current fee.

## 22 Grading at 10,000 Cubic Yards, Valued at \$50,000

Currently, the Public Works Department charges a fee of \$6,960 (\$2,320 for plan check and \$4,640 for the permit) for 10,000 cubic yards of grading valued at \$50,000. Through this study, the project team calculated the full cost of this service to be \$8,553 (\$2,893 for plan check and \$5,660 for the permit). The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.

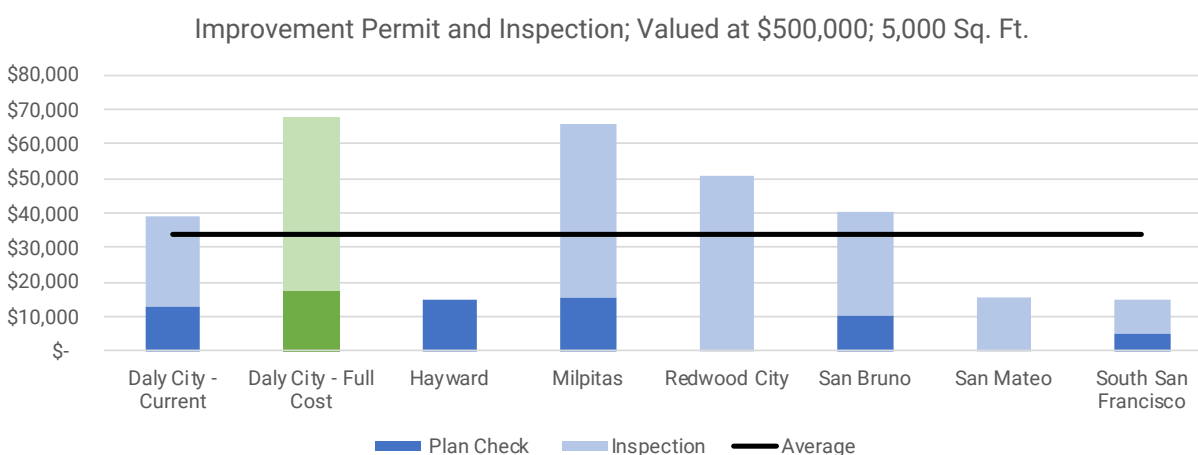


Daly City's current fee (\$6,960) and calculated full cost (\$8,553) are higher than the jurisdictional average of \$3,946. Of the four comparable jurisdictions who charge a grading fee, San Mateo (\$8,440) and Hayward (\$4,000) charge the fee as a deposit. South

San Francisco (\$2,006) and Milpitas (\$1,339) charge a flat fee less than both the jurisdictional average and Daly City's current fee.

### 23 Improvement Permit and Inspection; Valued at \$500,000; 5,000 Sq. Ft.

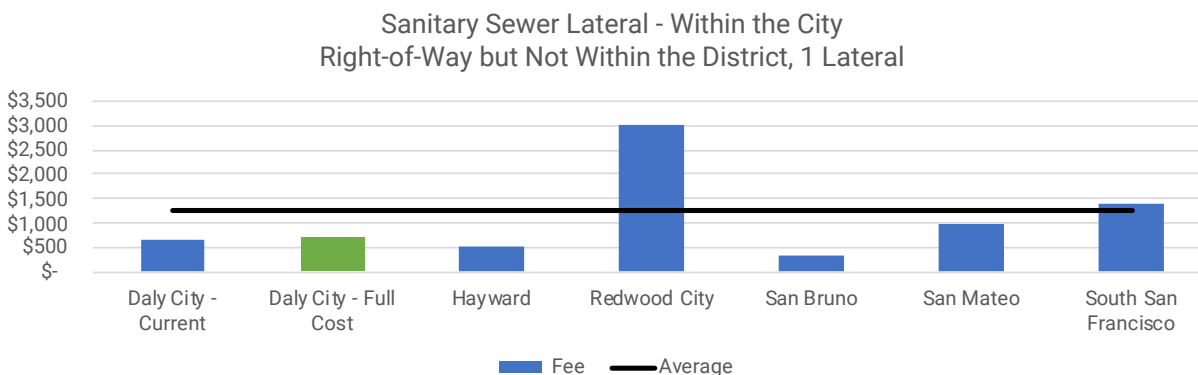
Currently, the Public Works Department charges a fee of \$38,880 (\$12,960 for plan check and \$25,920 for the permit) for a 5,000 square foot improvement permit and inspection valued at \$500,000. Through this study, the project team calculated the full cost of this service to be \$67,825 (\$17,817 for plan check and \$50,008 for the permit). The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.



Daly City's current fee (\$38,880) and calculated full cost (\$67,825) are higher than the jurisdictional average of \$33,700. Hayward (\$15,000), San Mateo (\$15,894), and South San Francisco (\$15,000) have the lowest fees of surveyed jurisdictions. Milpitas' fee (\$1,339) is in alignment with the City's full cost. Redwood City's fee (\$50,500) is assessed as a deposit.

### 24 Sanitary Sewer Lateral – Within the City Right-of-Way but Not Within the District, 1 Lateral

Currently, the Public Works Department charges a fee of \$640 for a single sanitary sewer lateral within the city right-of-way but not within the district. Through this study, the project team calculated the full cost of this service to be \$687. The following graph shows how the department's current fee and full cost compare to the surveyed jurisdictions.



Daly City's current fee (\$640) and calculated full cost (\$687) are lower than the jurisdictional average of \$1,257. Redwood City (\$3,000) and San Mateo (\$1,000) charge the fee as a deposit. South San Francisco (\$1,395) charges more than the jurisdictional average, while Hayward (\$541) and San Bruno (\$350) charge less than both the average and Daly City's current fee

## 5 Summary

Based upon the comparative survey, the City's calculated full cost for services are generally higher than the fees the City is currently charging. Additionally, the City's current fees are generally lower than the jurisdictional average of comparable cities, with the calculated full cost being generally higher than the average. It is important to note that while many surrounding jurisdictions have conducted comprehensive fee studies within the past five years, the results of this survey only show the fees adopted by council, not the cost recovery policy decisions for departments or a jurisdiction. As such, the results of this survey should be used as a secondary decision-making tool.

## 13. Development Services Surcharges

There are two typical surcharges assessed as part of the development review process – General Plan Maintenance and Technology fee. Daly City currently charges a General Plan Maintenance fee as a percentage of valuation, but does not assess a Technology Fee. The following subsections discuss the calculation of the General Plan Maintenance Fee and creation of a Technology Fee

### 1 General Plan Maintenance Fee

Daly City currently assesses a General Plan Maintenance Fee as a percentage of valuation. The fee is meant to account for updates to the general plan, zoning ordinance, 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.

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. 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 21: General Plan Maintenance Fee Cost Components**

Cost Category	% of Time	Cost	Life (Yrs)	Total Annual Cost
Director of Economic & Community Development	5%			\$7,025
Planning Manager	41%			\$186,658
Associate Planner	50%			\$189,697
Assistant Planner	59%			\$225,256
<b>Subtotal Staffing Costs</b>				<b>\$608,636</b>
Comprehensive Plan Update		\$1,500,000	30	\$75,000
Other Contractual Services		\$300,000	5	\$60,000
<b>Subtotal Non-personnel Costs</b>				<b>\$135,000</b>
<b>Total General Plan Maintenance Annual Cost</b>				<b>\$743,636</b>

The total annual costs associated with updating the General Plan are approximately \$744,000; of which staff costs represents \$609,000. It is important to note that the staff costs in the table are representative of fully burdened hourly rates and billable time.

In order to assess this fee, the project team took the annual cost associated with general plan upkeep and divided it by the total FY21 valuation of building permits. The following table shows this calculation:

**Table 22: General Plan Maintenance Fee Calculation**

Category	Amount
Total General Plan Annual Maintenance Cost	\$743,636
FY21 Building Permit Valuation	\$145,882,397
<b>General Plan Maintenance Fee</b>	<b>0.5%</b>

As the table indicates, the calculated General Plan Maintenance Fee is 0.5% of building permit valuation. The following table compares the City's current fee to the full cost fee calculated through this study:

**Table 23: General Plan Maintenance Fee Per Unit Result Comparison**

Category	Current Fee	Full Cost	Surplus / (Deficit)
General Plan Maintenance Fee	0.5%	0.5%	0%

As the above table reveals, the City's current fee and the calculated full cost fee are identical.

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. Like other comparative efforts, the survey below simply shows the fees charged by the jurisdiction and does not include the basis upon which the other jurisdictions calculated or developed their fee. The following table shows the results of this comparative analysis:

**Table 24: General Plan Maintenance Fee – Comparative Survey**

Jurisdiction	Fee Amount
Redwood City	0.2% of Building Valuation
San Bruno	9% of Building Permit Fee
San Mateo	0.59% of Valuation
South San Francisco	0.16% of Building Permit Valuation > \$100K

As the above table indicates, while some of the surrounding jurisdictions charge a General Plan Fee not all charge the fee the same way. For example, San Bruno charges as a percentage of the building permit fee and South San Francisco while it charges the fee as a percentage of valuation it only affects projects grader than \$100,000. For the cities which do charge the fee as a percentage of valuation, Daly City's current and calculated full cost at 0.5% is in the lower range of fee amounts, though not the lowest.

## 2 Technology Surcharge Fee

Currently, Daly City does not collect a traditional Technology Fee, rather the City charges an Archive Fee. However, this Archive Fee is only collected in certain instances and only



accounts for costs associated with digitizing building plans. The proposed Technology Fee would allow the City to support the costs associated with the City's permitting system, staff time for managing the systems, acquiring the system, mobile devices used for permitting, etc. Currently these costs are managed by Information Services, and assessed to Building, Planning, and Engineering through an annual Information Service Charge. The following table shows the FY21 Information Service Charge for each division:

**Table 25: Technology Surcharge Fee Cost Components**

<b>Division</b>	<b>FY21 Annual Charge</b>
Building	\$225,583
Planning	\$105,797
Engineering	\$148,939
<b>Total Tech Fee Costs</b>	<b>\$480,319</b>

Based upon the total annual Information Service charges for Development Services activities the annual technology fee costs are approximately \$480,000 for Daly City.

Working with City staff, the project team determined that the most relatable nexus for the Technology Fee is proportionate to the permit fee. This means, the greater the permit fee, the greater the Technology Fee as there is more software utilization and storage space for larger projects. Therefore, the project team took the total Technology Annual Cost and divided it by the total permit revenue associated with Building, Planning, Engineering, and Fire Prevention. The following table shows this calculation:

**Table 26: Technology Fee Calculation**

<b>Category</b>	<b>Amount</b>
Total Technology Annual Cost	\$480,319
Total Permit Revenue	\$5,257,213
<b>Technology Fee as % of Permit Fee</b>	<b>9%</b>

Based upon this calculation, the City's technology fee would be 9% of the permit fee. Therefore, if a permit fee was \$100, the technology fee collected would be \$9; whereas if a permit fee was \$1,000; the technology fee collected would be \$90. 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 a Technology Fee. Like other comparative efforts, the survey below simply shows the fees charged by the jurisdiction and does not include the basis upon which the other jurisdictions calculated or developed their fee. The following table shows the results of this comparative analysis:

**Table 27: Technology Fee – Comparative Survey**

<b>Jurisdiction</b>	<b>Fee Amount</b>
Hayward	6% of Building Inspection Fee
Milpitas	3.8% of Permit
Redwood City	16% of Building Permit Fee
San Bruno	5% of Building, Mechanical, Electrical, and Plumbing Permit
San Mateo	0.15% of Valuation

As the table indicates, most of the surrounding jurisdictions charge a Technology Fee. However, not all cities charge the fee in a similar manner, for example Hayward charges it as a percentage of the building inspection fee, whereas, Redwood City charges it as a percentage of only the building permit fee. Implementing this fee will provide the City with a mechanism to help fund the current costs for its development-related permitting needs.

### 3 Surcharge Funds

It is a best practice to collect and account for General Plan Maintenance and Technology surcharges in separate accounts. Prior to implementation, the City should develop a separate fund or subaccount to house the General Plan Maintenance Surcharge and an additional fund or subaccount to house the Technology Surcharge. This will ensure compliance with funding requirements, enable appropriate allocation of funds to general plan or technology-related activities, and mitigate any potential issues with comingling of funds.

## 14. Annual Revenue Impact

One of the most important components of a cost of services analysis is the revenue impact associated with fees. The focus of this analysis has been Administration, Building, Code Enforcement, Fire, Planning, Police, and Public Works fees for service charged by Daly City. There are two main types of fee categories for the City: Public Safety / Enforcement Fees and Development Services. The following subsections discuss the revenue impacts based upon these categories.

### 1 Public Safety / Enforcement Revenue Impact

Public Safety and Enforcement Fees refer to the fees charged by Code Enforcement and the Police Department. These departments provide fee-related services as an ancillary function and their revenue is a small component of their overall funding, which is primarily through general fund monies (i.e. property taxes).

As part of this analysis, the project team analyzed the revenue collected for these departments in the last fiscal year (FY2021) and compared it against the annual fee-related cost. The fee-related annual cost is calculated based upon the amount of workload processed for the different types of activities. Based upon FY21 revenue and workload, the City is under-recovering by approximately \$150,000 or at a cost recovery level of 70%. The following table compares by Department the revenue, the annual fee-related cost, the annual surplus / (deficit), and the associated cost recovery percentage.

**Table 28: Annual Results – Public Safety / Enforcement**

Department / Division	Annual Fee Revenue	Annual Fee-Related Expenses	Annual Surplus / (Deficit)	Cost Recovery %
Code Enforcement	\$275,628	\$441,441	(\$165,813)	62%
Police	\$68,305	\$52,159	\$16,146	131%
<b>Total</b>	<b>\$343,933</b>	<b>\$493,600</b>	<b>(\$149,667)</b>	<b>70%</b>

The largest source of under-recovery for Public Safety / Enforcement fees is in relation to Code Enforcement at \$166,000. This is not uncommon, as the focus of code enforcement actions is compliance, and as such fees / fines are used secondarily to ensure abatement actions are taken.

Police services shows a nominal surplus of \$16,000, which is mostly due to false alarm responses. However, False Alarm responses are assessed fines, not fees for service.

## 2 Development Services Revenue Impact

The majority of departments / divisions reviewed were in relation to private development activity. This includes Building, Planning, Fire, and Engineering. These departments / divisions primarily service the public and the majority of their expenditures are fee-related. It is also important to note that there is a lot of inter-dependence among these departments / divisions. Building staff will review Planning applications, Planning staff provide support on Building and Engineering Fees, and Fire staff will review and inspect Building, Planning, and Engineering applications. Therefore, when evaluating these services, it is important to not only evaluate the individual fees, but look at the overall revenue impact for these departments / divisions.

Similar to Public Safety / Enforcement fees, the revenue utilized was FY21 actual revenue for these departments / divisions. However, for the Building division this revenue was further manipulated and analyzed as building permit and plan check fees are collected up front, but the revenue can represent multiple years' worth of activity. Since the cost only represents one years' worth of services, the revenue for Building was annualized to better represent the true annual revenue.

The annual development revenue is compared against the annual fee-related cost. The annual fee-related cost includes both direct cost and indirect costs allocated to the department / division from the Citywide cost allocation plan. Fee-related costs are typically the majority of the department's costs. The exception to this is that for Fire, the cost only represents the costs associated with Fire Prevention. For Planning, the costs only represent current planning efforts, as long-range is captured through the General Plan Fee surcharge, and for Engineering, the costs only represent development activity and not costs related to capital improvements or City projects.

Based upon FY21 revenue, and the calculated annual fee-related cost, the City is under-recovering for development-related activities by approximately \$2.3 million or at a cost recovery level of 66%. The following table compares by Department the revenue, the annual fee-related cost, the annual surplus / (deficit), and the associated cost recovery percentage.

**Table 29: Annual Results – Development Services**

Department / Division	Annual Fee Revenue	Annual Fee-Related Expenses	Annual Surplus / (Deficit)	Cost Recovery %
Building	\$1,785,666	\$2,556,893	(\$771,227)	70%
Fire	\$563,744	\$1,267,740	(\$703,996)	44%
Planning	\$227,307	\$557,730	(\$330,423)	41%
Public Works	\$1,908,401	\$2,410,673	(\$502,271)	79%
<b>Total</b>	<b>\$4,485,118</b>	<b>\$6,793,036</b>	<b>(\$2,307,918)</b>	<b>66%</b>

The largest source of deficit for development services is Building at \$771,000, followed by Fire at \$704,000 and Public Works at \$502,000. For all of these divisions, the revenue collected is the revenue collected by the Department / division, but it may account for more than that Department / Division's cost. For example, Building's revenue includes support from Planning and Public Works. Similarly, the revenue for Planning may include revenue for Fire and Engineering. Therefore, the cost recovery must be evaluated together for these four departments / divisions, which shows an overall deficit. Adopting the full cost fees, as well as new cross-departmental support fees identified in this report, will allow the City to better recover all of its development-related costs.

# 15. Cost Recovery Considerations

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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 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. 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.

It is typically recommended that private benefit (development-related activities) are set at 100% cost recovery, whereas other more community benefitted activities typically have lower cost recovers in the range of 20-50% (i.e. Community Services, Finance, Police, etc.) 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.