



CITY OF SAN MATEO

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Agenda Report

Agenda Number: 18

Section Name: {{section.name}}

Account Number: 26-3111

File ID: {{item.tracking_number}}

TO: City Council
FROM: Drew Corbett, City Manager
PREPARED BY: Community Development Department
MEETING DATE: March 20, 2023

SUBJECT:
Fiscal Year 2022-23 Comprehensive Fee Schedule – Amendment for Planning Support Fee

RECOMMENDATION:
Adopt a Resolution to approve the amendments to the Planning Support Fee for Building Permits.

BACKGROUND:
Section 3.64.010 of the San Mateo Municipal Code requires the City Manager to submit the City's fee schedule to the City Council for approval prior to submittal of the annual budget. The City Council adopted the current fee schedule on April 18, 2022, which included adjustments to the Planning Support Fee. It is the City's policy and practice to increase fees annually by Consumer Price Index, or CPI, for the San Francisco Bay Area. However, certain types of fees are based on a detailed fee study, such as the Planning Support Fee for Building Permits.

The Planning Support Fee covers Planning Division costs associated with Planner staff time to review building permits for compliance with the City's zoning code, or approved Planning Applications and associated conditions of approval and mitigation measures. The Planning Support Fee for 2022-23 was established as a percentage of the total valuation of projects (0.34%), but since its adoption, resulted in extremely high fees for larger projects incommensurate with the total staff time needed for review. For example, projects that were valued at approximately \$200 million resulted in a Planning Support Fee of \$760,000, nearly four times the building permit fees (\$213,000), which covers the Building Division plan checking and inspection costs and is the larger level of effort for review and approval of these permits.

To further analyze the Planning Support Fee and formulate recommendations to correct the issue, the Community Development Department contracted with Matrix Consulting Group (Matrix) to conduct additional analysis and propose a fee that would be commensurate with the planning and zoning review of building permits (Attachment 1, Exhibit A). The proposed recommendations include revising the Planning Support Fee from a 0.34% valuation fee to a fraction of the total Building Permit Fee at 10%, with a minimum fee of \$210, which accounts for 1-hour of staff time. A table summarizing the fee change for the Planning Support fee is provided in Attachment 1, Exhibit B.

With the proposed fee amendment, a project valued at \$200 million would have a Planning Support Fee of approximately \$18,000, which would better reflect the staff costs associated with the Planning review. The updated fee would be applied retroactively for all projects submitted after September 30, 2022, that have pending building permit issuance and would be incorporated into the fee schedule for the 2023-24 comprehensive fee amendments.

BUDGET IMPACT:
The proposed change would decrease the revenue from building permit fees for Planning support. However, it would be more commensurate with the level of effort needed to process these applications. Additionally, the collective Building

Permit revenue would be used to offset any overage costs associated with planner time assisting with general front counter and permitting inquiries associated with building permits.

ENVIRONMENTAL DETERMINATION:

This amendment to the fee schedule is not a project subject to CEQA, because it is a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (CEQA Guidelines Section 15378(b)(4).)

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

Att 1 - Proposed Resolution

STAFF CONTACT

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