



NOTICE

DEVELOPMENT SERVICES DEPARTMENT

CITY OF SAN DIEGO – 1222 FIRST AVENUE, M.S. 401, SAN DIEGO, CA 92101

DATE: June 7, 2018

TO: All Interested Parties

SUBJECT: Development Services Fee Proposal

Please be advised that the Council of The City of San Diego, California will conduct a public hearing, as part of a scheduled City Council meeting on **Monday, June 18, 2018** to

- Obtain approval of the following Development Services Department (DSD's) proposed user fee adjustments to provide full cost recovery for mandatory regulatory review and inspection services, and to meet its service level standards:
 - Fiscal Year 2019: maximum increase of 6.0%
 - Fiscal Year 2020: maximum increase of 4.5%
 - Fiscal Year 2021: maximum increase of 3.5%
- Obtain approval to convert existing deposit account fees for preliminary multi-disciplinary reviews (2), substantial conformance reviews, map waivers, neighborhood development permits, neighborhood use permits, surface mining and reclamation act compliance, standalone tentative or vesting tentative maps, and standalone variances to flat fees.
- Obtain approval to revise Council Policy 100-20 – Reserve Policy, to modify the Development Services Department Operating Reserve target from 15% to 12% to be achieved by Fiscal Year 2023.

- Obtain approval for the Development Services Department to automatically adjust fees that are collected by the Department but set by another jurisdiction.

For additional information, please contact Lisa Celaya at (619) 446-5007 or

lcelaya@sandiego.gov



The City of San Diego

Staff Report

DATE ISSUED: April 6, 2018
TO: City Council
FROM: Development Services Department
SUBJECT: Development Services User Fee Adjustments

Primary Contact: Lisa Celaya Phone: (619) 446-5007
Secondary Contact: Robert Vacchi Phone: (619) 446-5423

Council District(s): Citywide

OVERVIEW:

While the Development Services Department (DSD) has made significant strides in lowering costs and simplifying the permit review process, recent changes in labor and operating costs require adjustments to user fees over the next three years. The requested adjustments will provide full cost recovery and enable DSD to meet its service level standards.

PROPOSED ACTIONS:

1. Approve a three-year increase in Development Services user fees as follows:
 - a. Fiscal Year 2019: maximum increase of 6.0%
 - b. Fiscal Year 2020: maximum increase of 4.5%
 - c. Fiscal Year 2021: maximum increase of 3.5%
2. Convert existing deposit account fees for preliminary reviews (multi-disciplinary and Civic), substantial conformance reviews, map waivers, neighborhood development permits, neighborhood use permits, surface mining and reclamation act compliance, standalone tentative or vesting tentative maps, and standalone variances to flat fees.
3. Revise Council Policy 100-20 - Reserve Policy, to modify the Development Services Department Operating Reserve target from 15% to 12% to be achieved by Fiscal Year 2023.
4. Authorize the Development Services Department to automatically adjust fees that are collected by the Department but set by another jurisdiction.

DISCUSSION OF ITEM:

Background

Since 2014, DSD has implemented a significant number of transformations, changing its approach to customer service. The transformations include both regulatory and business process reforms designed to make easier for the public to both understand and navigate the development review process. To provide a scope of the DSD's typical workload, in the past year the department processed 54,585 permits, including 110,970 separate plan reviews and 147,391 field inspections. Historically DSD completes 92% of its reviews on time and performs 93% of its requested inspections in two days or less.

A series of regulatory reforms enacted with the 9th, 10th, and 11th land development code updates reduced processing times and the level of review for many project types. As an example of cost savings, the transition of sidewalk café permits from a discretionary to a ministerial review reduced the average cost of the permit from \$6,264 to \$1,409.

Similar to the regulatory reforms, DSD instituted a number of business process changes including professional certification programs to reduce or eliminate certain review functions, a late hit policy elevating delayed review to management for resolution, strengthened customer service training, and extended service hours. The creation of a professional certification process for solar photovoltaic projects has saved permit applicants approximately \$1.7 million over the last three years. In order to provide more certainty on project costs, DSD simplified its fee structure last year by consolidating 538 fees into 313 and converting three-quarters of the deposit accounts permit types to flat fees.

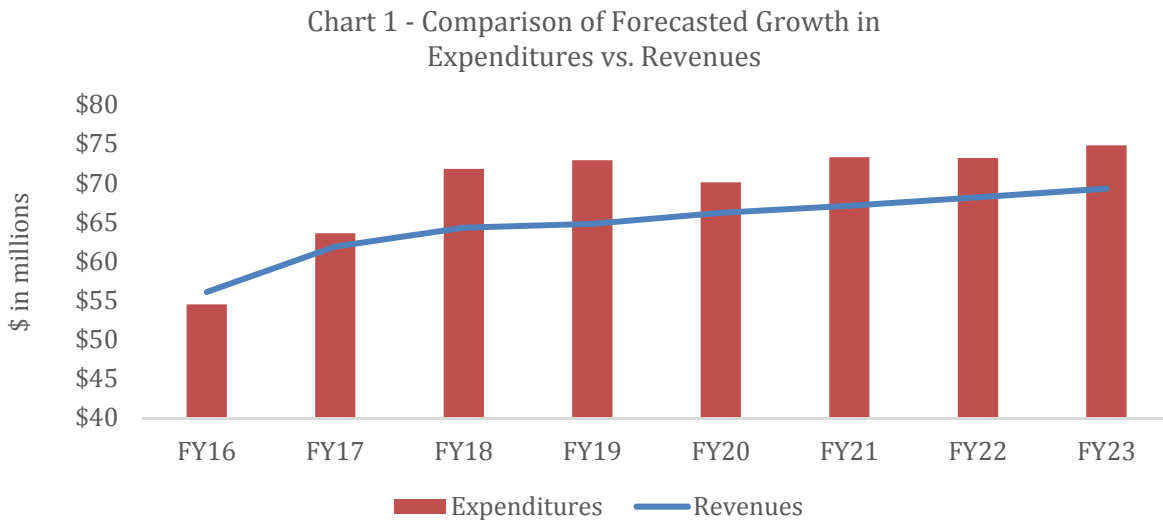
Although multiple efficiencies in process have occurred, the cost to provide the current level of service has significantly increased since DSD's last cost of service analysis in 2016. The primary factors driving the increase in costs are related to labor and operating costs.

Labor costs have increased since 2016 due to unforeseen pension and salary increases. The City's retirement system recently updated their actuarial assumptions as a result of the most recent experience study. The update significantly increased the City's pension payment raising DSD's costs by 25.8% in FY18. Further, the City entered into a new memorandum of understandings with the San Diego Municipal Employees Association in July 2016. The new agreement raised pensionable salaries by 3.3% in Fiscal Year 2019 and again in Fiscal Year 2020. These increases result in approximately \$1.8 million in new ongoing costs to the department.

While the 2016 DSD User Fee Update included relocation costs for the department establish a new Permit Review Center on a new site, the costs did not anticipate the higher initial costs that will be incurred with the City's lease-to-own agreement of 101 Ash Street.

Other unanticipated costs included the Administrative Civil Liability Complaint (ACL Complaint) No. R9-2016-0155 received in July 2016 which alleging that the City had failed to properly implement and enforce construction site storm water best management practice requirements for private and public constructions projects. As a result of the settlement agreement, DSD paid \$1.1 million and funded \$0.4 million annually (through Fiscal Year 2020) for supplemental environmental projects.

Although DSD's present user fees are allowed an annual consumer price index (CPI) adjustment, the cost increases outlined above are outpacing the forecasted growth in revenues as depicted in Chart 1.



As a result, the department is projected to deplete a majority of its operating reserves to support current service levels. Since the use of reserves is considered one-time and the majority of the factors identified are recurring, a structural issue with the fund has been identified.

Recommended Fee Adjustments

DSD operates as an Enterprise Fund, separate from the City's General Fund, charging fees in exchange for services. Service levels provided are directly related to the fees charged and the fees may not exceed the estimated reasonable cost of providing the service. Given the unanticipated cost discussed above, the department recommends the following fee adjustments to fully recover the costs and continue to provide the current service levels without general fund subsidy:

- In order to maintain the current level of service, the fund needs approximately \$8.4 million annually in additional ongoing revenue; reflecting an increase of approximately 17% of overall fees collected. To mitigate the impact on customers, DSD identified a three year phase in of the fee increase. In addition to the current authority to adjust fees by the CPI, the proposed fee adjustment includes a maximum increase of 6% in Fiscal Year 2019; 4.5% in Fiscal Year 2020; and 3.5% in Fiscal Year 2021.
- Similar to the fee consolidation efforts in 2016, DSD reviewed the remaining Deposit Account permit types to see if there was any ability to institute additional flat fees. Accordingly DSD identified an additional 10 fees that may be converted to a flat fee basis. The permit types proposed to be charged a flat fee now include preliminary multi-disciplinary reviews, substantial conformance reviews, map waivers, neighborhood development permits, neighborhood use permits, surface mining and reclamation act compliance, standalone tentative or vesting tentative maps, and standalone variances.
- The last fee adjustment recommended is the ability to pass through other jurisdictions' fee increases. For example, on January 1, 2018, the San Diego County Recorder instituted an additional \$75 recording fee for applicable real property transactions, pursuant to Senate Bill

2 (SB 2 – Atkins). This fee is collected by DSD and then remitted to the County. Under the currently authority, DSD does not have the ability to change this fee, or other similar pass-through fees, without receiving Council authority first and must absorb an increase until a fee update is approved.

- To address the depletion of reserves, staff is recommending that the current reserve target goal, as identified in Council Policy 100-20, be modified from 15% to 12% of operating expenses and that this goal be achieved by Fiscal Year 2023. The modified reserve target still aligns with the Government Finance Officers Association (GFOA) best management practice. At the April 18, 2018 Budget and Government Efficiency Committee meeting there was discussion on maintaining the 15% reserve target. Staff has identified that this could be achieved without additional fee increases but would take an additional two fiscal years based on current projections.

City Strategic Plan Goal(s)/Objective(s):

- | | |
|--------------|------------------------------------------------------------------------------------------------------------------|
| Goal #1 | Provide high quality public service. |
| Objective #1 | Provide plan review and inspection services within identified performance measures. |
| Goal #2 | Work in partnership with all of our communities to achieve safe and livable neighborhoods. |
| Objective #2 | Ensure all building construction in the City of San Diego meets state building codes to create safe communities. |

Fiscal Considerations:

Adoption of the proposed fee adjustments would result in an average of \$8.4M in additional revenue annually. In addition to the CPI adjustment, fee increases will not exceed 6.0% in Fiscal Year 2019; 4.5% in Fiscal Year 2020; and 3.5% in Fiscal Year 2021.

Environmental Impact:

The Activity is not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c)(3), because it is not a project as defined by CEQA Guidelines Section 15378..

Equal Opportunity Contracting Information (if applicable):

N/A

Previous Council and/or Committee Actions:

This item was heard at Budget and Government Efficiency Committee on April 18, 2018. The Committee approved the forwarding of this item to City Council without a recommendation with the inclusion of discussion of 15 percent reserve target and funding. This additional information which has been addressed above.

Key Stakeholders and Community Outreach Efforts:

Outreach has commenced with key stakeholders, who are the individuals and organizations that rely on the department of project review, permitting, and inspection services for development projects and will continue until Council consideration of this item.

Robert Vacchi

Department Director

David Graham

Deputy Chief Operating Officer,
Neighborhood Services

CITY OF SAN DIEGO, CALIFORNIA
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SUBJECT: RESERVE POLICY

POLICY NO.: 100-20

EFFECTIVE DATE: ~~November 20, 2017~~ 2018

BACKGROUND:

A key attribute of a financially stable organization is appropriate reserves. Strong reserves position an organization to weather significant economic downturns more effectively, manage the consequences of outside agency actions that may result in revenue reductions, and address unexpected emergencies, such as natural disasters, catastrophic events caused by human activity, or excessive liabilities or legal judgments against the organization. In concert with the budgetary and fiscal policies adopted by the City Council, including “Structural Budget Deficit Elimination Guiding Principles” (R-305615), “City Council Budget Policy 000-02” and the “Mid-Year Budget Authority Ordinance” (O-20084), the City’s Reserve Policy serves as the policy framework to deploy City resources to meet the City’s financial commitments and address unexpected future events in a fiscally prudent manner.

PURPOSE:

The City’s Reserve Policy documents the City’s approach to establishing and maintaining strong reserves across the spectrum of City operations, including General Fund, risk management and enterprise operations. The policy is designed to:

- Identify City operations and functions for which reserves should be established and maintained, considering risks to the operation from unexpected events and the availability of other resources to address such events, and the volatility of expenditures and revenues of the operation;
- Establish target reserve levels and the methodology for calculating reserve levels;
- Provide a time-frame for meeting reserve targets, using a phased approach where necessary so that reserve goals are balanced appropriately with current budget availability; and
- Establish criteria for the use of reserves and the process to replenish reserves.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

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RESERVE POLICY:

General Fund Reserve Policy:

The General Fund¹ is the main operating fund that pays for general services provided by the City, such as public safety, parks, and library services. The General Fund accounts for all general revenues of the City not specifically levied or collected for other City funds and for expenditures related to the delivery of the City's general services.

The General Fund Reserve Policy incorporates the requirements of the City Charter and is consistent with the City Council policies regarding the use of one-time and ongoing sources of revenue to fund City services.

The City's General Fund Reserves shall be comprised of two separate Reserves. These Reserves will be considered together when calculating the total General Fund Reserve balance.

Emergency Reserve

An Emergency Reserve will be maintained for the purpose of sustaining General Fund operations in the case of a public emergency such as a natural disaster or other unforeseen catastrophic event. The Emergency Reserve will not be accessed to meet operating shortfalls or to fund new programs or personnel. This reserve may be expended only if an event is determined to be a public emergency by a two-thirds vote of the City Council, when such expenditures are necessary to ensure the safety of the City's residents and their property. In the event this reserve is reduced below the amount established by this policy, the Mayor shall prepare a plan as promptly as conditions warrant to replenish the Emergency Reserve balance to the policy level.

Stability Reserve

A Stability Reserve will be maintained to mitigate financial and service delivery risk due to unexpected revenue shortfalls or unanticipated critical expenditures. The purpose of this reserve is to provide budgetary stabilization and not to serve as an alternative funding source for new programs. The Stability Reserve may be used as a source of one-time funding for critical capital or operating needs.

¹ For the purpose of this policy, the General Fund is the operational fund as presented in the City's annual budget document. Financial statements prepared on a GAAP basis include this fund, as well as other funds that do not meet the criteria to be classified as special revenue, capital project, or debt service funds, pursuant to Government Accounting Standards Board (GASB) Statement No. 54.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Recommendations to appropriate from the Stability Reserve will be brought forward by the Mayor and will require approval by a majority of the City Council. In the event this reserve is reduced below the amount established by this policy, the Mayor shall prepare a plan no later than one year from the reserve action to replenish the Stability Reserve balance to the policy level.

General Fund Reserve Calculation and Measurement

Total General Fund Reserves consist of the total of the Emergency Reserve and the Stability Reserve. The target level for total General Fund Reserves shall be 16.7% of the most recent three-year average of annual audited General Fund operating revenues¹. The Emergency Reserve shall be set at a target level of 8%, and the Stability Reserve shall be set at a target level of 8.7%. The overall policy goal is to reach the 16.7% reserve level by fiscal year 2025, as set forth in the following schedule:

<i>Target Date</i>	<i>Emergency Reserve Target %</i>	<i>Stability Reserve Target %</i>	<i>Total General Fund Reserve Target %</i>
June 30, 2016	8.0%	6.5%	14.5%
June 30, 2017	8.0%	6.75%	14.75%
June 30, 2018	8.0%	7.00%	15.00%
June 30, 2019	8.0%	7.25%	15.25%
June 30, 2020	8.0%	7.50%	15.50%
June 30, 2021	8.0%	7.75%	15.75%
June 30, 2022	8.0%	8.0%	16.0%
June 30, 2023	8.0%	8.25%	16.25%
June 30, 2024	8.0%	8.5%	16.5%
June 30, 2025	8.0%	8.7%	16.7%

The Mayor and/or City Council may reevaluate the funding schedule for achieving the General Fund Reserve goal of 16.7% in budget surplus years to accelerate reserve contributions to achieve the reserve goal in a shorter time period.

¹ For purposes of this policy, target reserve balances are based on operating revenues as presented in the General Fund Budgetary Schedule of Revenues, Expenditures and Changes in Fund Balance in the Required Supplementary Information section of the Comprehensive Annual Financial Report. These revenues are from recurring revenue sources that support operations, and exclude other financing sources.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Excess Equity

Excess Equity is Unassigned Fund Balance that is not otherwise designated as General Fund Reserves and is available for appropriation. Excess Equity most commonly results from a non-recurring source of revenue. Consistent with City Council Budget Policy (Policy No. 000-02) and the use of one-time and ongoing revenues, Excess Equity will be appropriated primarily for unanticipated circumstances, such as a General Fund revenue shortfall affecting programs included in the current year budget or for one-time priority expenditures. Recommendations for the use of Excess Equity may be brought forward by the Mayor and will require approval by a majority of the City Council.

The Quarterly Budget Monitoring Reports provide an estimate of Excess Equity based on the projected activity from operations during the fiscal year; however, Unassigned Fund Balance is not determined until the City closes its books as of June 30. In the May Revision of the annual budget, the Mayor may propose to budget a transfer or designate any projected Excess Equity to fund the General Fund Reserves, Pension Payment Stabilization Reserve, Risk Management Reserves or for a priority one-time capital need. The transfer or designation would occur after the fiscal year close is completed and the budgeted Excess Equity amount is determined to be available in fund balance above the 16.7% General Fund reserves.

City Charter

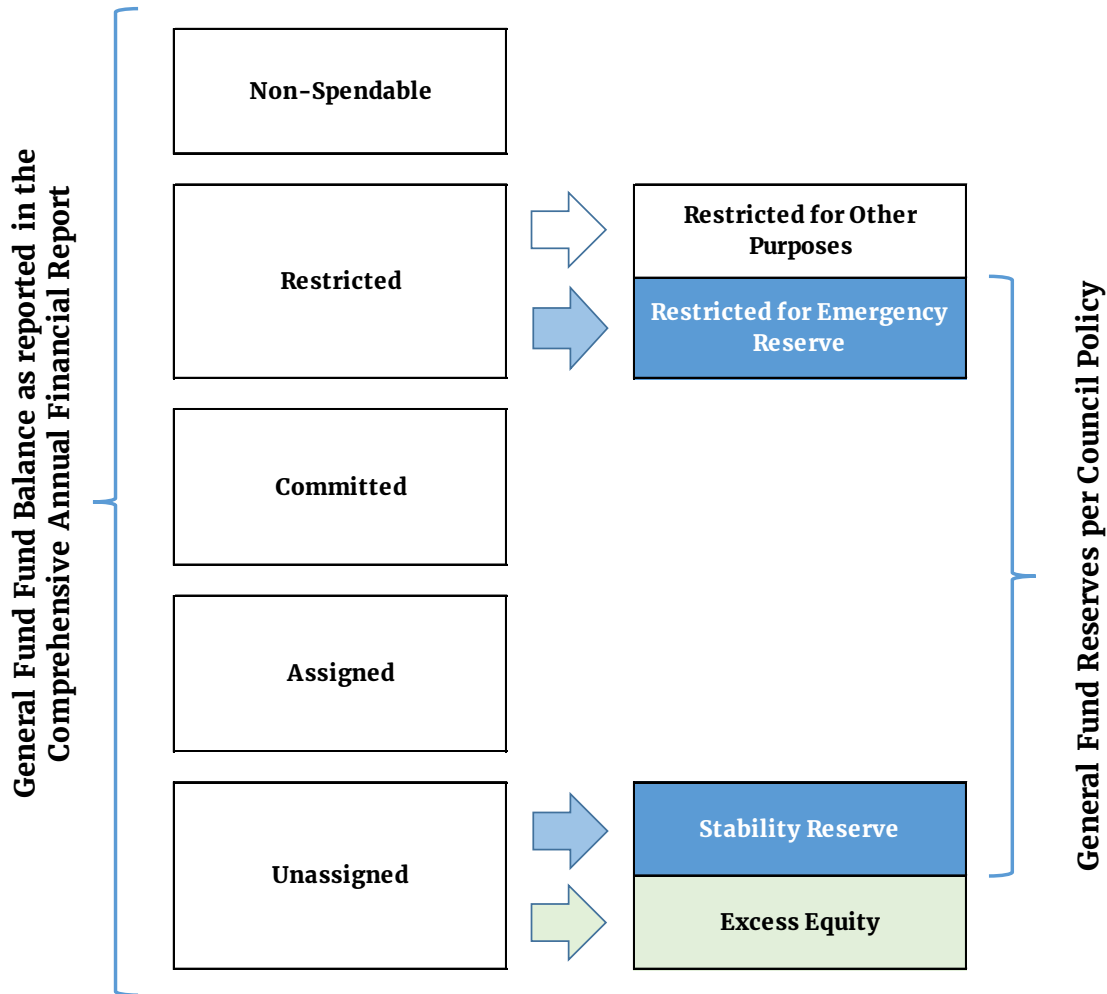
City Charter Section 91 requires the City to create and maintain a “General Reserve Fund” to meet the cash obligations of the City for the first four months, or other necessary periods of each fiscal year prior to the collection of taxes. It further stipulates the fund may be expended only in the event of a public emergency by the affirmative vote of two-thirds of the City Council. This requirement is met through the City’s pooled investment fund and when necessary cash borrowing through the sale of Tax and Revenue Anticipation Notes.

Accounting

Total General Fund Reserves will be based on audited General Fund Revenues (budgetary basis). The Emergency Reserve is reported in the General Fund’s Balance Sheet as Restricted Fund Balance. The sum of the Stability Reserve and Excess Equity shall equal Unassigned Fund Balance.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED



Pension Payment Stabilization Reserve Policy:

A Pension Payment Stabilization Reserve (Pension Reserve) will be maintained to mitigate service delivery risk due to increases in the annual pension payment, the Actuarially Determined Contribution (ADC).

The Pension Reserve shall only be used to supplement increases in the ADC payment as calculated in the most recent Actuarial Valuation Report (Report) produced by the San Diego City Employees’ Retirement System’s (SDCERS) actuary.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Increases in the ADC are caused by several factors, such as 1) system earnings in the prior fiscal year that are lower than the assumed actuarial rate (discount rate); 2) changes in actuarial assumptions approved by the SDCERS Board, including a reduction in the discount rate; and 3) other significant liability experience losses.

The purpose of the Pension Reserve will be to provide a source of funding for the ADC when these conditions occur and the ADC has increased year over year.

Budgeting the Pension Reserve

Recommendations to appropriate from the Pension Reserve may be brought forward by the Mayor in the annual budget process and will require approval by a majority of the City Council. The budgeting of an amount from the Pension Reserve as described by this policy may occur when the City is faced with an increase in the ADC payment, and as warranted based on the current fiscal conditions of the City. During the adoption of the annual budget, the City Council has the authority to propose the use of the Pension Reserve consistent with the Pension Reserve Policy and the City Charter. In the event the Pension Reserve is reduced below the amount established by this policy, the Mayor shall prepare a plan no later than one year from the reserve action to replenish the Pension Reserve balance to the policy level.

Pension Reserve Calculation and Measurement

The City will fund and maintain a Pension Reserve up to 8% of the most recent three year average of the ADC as reported in the most recent Actuarial Valuation Reports. The reserve amount for the General Fund shall be prorated based on the most recently adopted budget allocation.

Risk Management Reserve Policy:

The Public Liability, Workers' Compensation, and Long-Term Disability Funds provide funding sources for certain claims made against the City. The Public Liability Fund is funded by the General Fund to support claims arising from real or alleged acts on the part of the City, including claims for bodily injury, property damage, inverse condemnation, false arrest, and errors and omissions. The Workers' Compensation Fund is a citywide fund that covers medical and disability costs for industrial injury claims, while the Long-Term Disability Fund provides non-industrially disabled City employees with income and flexible benefits coverage. For purposes of this policy, cash on hand is used to identify the projected reserve balance.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Public Liability Fund Reserve

The City will maintain reserves equal to 50% of the value of outstanding public liability claims. This reserve level recognizes that not all claims will be due and payable at one point in time and that not all claims will be awarded, yet there may be more than one large claim that could require an immediate payment. A smoothing methodology using the annual actuarial liability valuations for the three most recent fiscal years will be used to determine the value of outstanding public liability claims for purposes of calculating the reserve level. The policy goal is to reach the 50% reserve level by fiscal year 2019 through General Fund contributions to the Public Liability Fund Reserve to meet the annual targets as set forth in the following schedule:

Public Liability Fund Reserves Targets

<i>Target Date</i>	<i>Target %</i>
June 30, 2016	40%
June 30, 2017	43%
June 30, 2018	47%
June 30, 2019	50%

The General Fund contribution to the Public Liability Fund Reserve will be reassessed annually and incorporated into the budget process in order to ensure that the targeted goal is met in a manner that is balanced with other budget priorities.

Workers' Compensation Fund Reserve

The City will maintain reserves equal to 12% of the value of the outstanding claims. A smoothing methodology using the annual actuarial liability valuations for the three most recent fiscal years will be used to determine the value of outstanding claims for purposes of calculating the reserve level.

The contribution to the Workers' Compensation Fund Reserve will be reassessed annually and incorporated into the budget process in order to ensure that the targeted goal is met in a manner that is balanced with other budget priorities.

Long-Term Disability Fund Reserve

The City will maintain reserves equal to 100% of the value of outstanding claims. A smoothing methodology using the annual actuarial liability valuations for the three most recent fiscal years will be used to determine the value of outstanding claims for purposes of calculating the reserve level. The target reserve balance will be maintained to support the feasibility of purchasing an insurance policy to cover this benefit as an alternative to the current practice of self-insurance.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Development Services Enterprise Fund Reserve Policy:

The Development Services Fund accounts for the City's development review and inspection services, which are funded directly by fees and charges paid by Development Services' customers. The fund is intended to be self-supporting.

Operating Reserve

The Operating Reserve is intended to provide financial stability during economic cycles and provide business continuity when significant natural or manmade disasters occur. The reserve may be used to meet current expenditures following an unanticipated decline in workload resulting in decreased revenues.

The use of funds is for unanticipated emergency situations resulting from loss of revenue and would include major incidents such as an earthquake or wild fires. Revenue generating work, such as permitting or land use may be interrupted; however, downsizing staff may not be prudent as construction will commence or increase once damage assessments are completed. The reserve is not intended to maintain staffing levels during lengthy economic recession; and based on forecasted activity it may be used to maintain core services during relatively short downturn periods. The reserve will be replenished to previous levels at the earliest opportunity after revenues have improved and stabilized to cover on-going operating expenses. The Chief Financial Officer/Chief Operating Officer will be responsible for approving the use of the reserve for unanticipated operating expenses.

The reserve is based on annual operating budget expenditures for the fiscal year. The target reserve level for the operating reserve ~~is 7%—15% of operating expenses, or a target of 60-~~ 12% ~~which represents 45~~ days of operating reserves ~~once the 15% is obtained~~. Expenditures in Development Services are a better indicator of operational needs to use as a basis to develop a reserve that supports continuity of business. Revenues can be significantly impacted by changes in the economy and could potentially cause too much volatility in the reserve levels from year to year. The ~~7% target reserve is expected to be reached by Fiscal Year 2016, and the~~ maximum reserve level of ~~15~~12% ~~is expected to be reached~~ by Fiscal Year ~~2022~~2023. The target reserve amount will be assessed on an annual basis using the most recent three years of audited actual expenditures.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Development Services Fund Reserve Targets

Target Date	Target (% of Operating Expenses)
June 30, 2016	7.00%
June 30, 2017	8.25%
June 30, 2018	9.50%
June 30, 2019	10.75%
June 30, 2020	12.00%
June 30, 2021	13.50%
June 30, 2022	15.00%
<u>Target Date</u>	<u>Target (% of Operating Expenses)</u>
<u>June 30, 2018</u>	<u>9.5%</u>
<u>June 30, 2019</u>	<u>10.0%</u>
<u>June 30, 2020</u>	<u>10.5%</u>
<u>June 30, 2021</u>	<u>11.0%</u>
<u>June 30, 2022</u>	<u>11.5%</u>
<u>June 30, 2023</u>	<u>12.0%</u>

Water Enterprise Fund Reserve Policy:

The Water Enterprise Fund accounts for specific services funded directly by fees and charges to City water customers. The fund is intended to be self-supporting.

Emergency Operating Reserve

The Emergency Operating Reserve is intended to be used in the event of a catastrophe that prevents the utility from operating in its normal course of business. The reserve level is defined as the number of days of operation the reserve could support in the event of a major disruption to the Water system, and shall be calculated based on the annual operating budget for the fiscal year, less the budgeted operating contingency and the budget for water purchases and debt service (including State Revolving Fund loan repayments). The Emergency Operating Reserve target shall be equivalent to 70 days of operations. This reserve level of 70 days recognizes that the Water Enterprise Fund has a large diversified customer base, a steady and reliable demand for services, and other reserves available for specific needs.

Use of the Emergency Operating Reserve is restricted to emergency situations, and City Council approval is required to appropriate these reserves. Any request to utilize the

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Emergency Operating Reserve will include a plan and timeline for replenishment, which may be in conjunction with the City Council authorization of a future Cost of Service Study and rate adjustment.

Emergency Capital Reserve

The Emergency Capital Reserve is intended to be used for emergency capital needs. The reserve is budgeted annually at \$5.0 million in the Capital Improvements Budget. If the reserve is used to fund unforeseen emergency conditions resulting in the need to immediately repair or replace existing assets, approval from the Chief Financial Officer or the Chief Operating Officer is required.

Rate Stabilization Fund (RSF) Reserve

This fund was established and is maintained pursuant to the legal bond documents for the outstanding water system revenue bonds.¹ Transfers in and out of this fund serve as a revolving mechanism to mitigate significant fluctuations in the water rates for the system operations and maintain stable debt service coverage ratios for the outstanding water revenue bonds. The permitted uses of the RSF are limited to the operations and maintenance costs of the water system.

This policy establishes a baseline target for the RSF in an amount equal to 5% of the prior fiscal year water system total operating revenue.² The funding level in the RSF can go up or down depending on the year-to-year changes in the Water Fund's operating revenues and expenditures. The RSF will be treated as a coverage stabilization tool enabling transfers into and out of the RSF, as necessary by the Chief Financial Officer, upon recommendation of the Public Utilities Department. Transfers may be made into the RSF, increasing the balance above the 5% baseline if the water system has excess net system revenues³ in any given fiscal year. In contrast, if the water system is anticipated to experience weak net system revenues in any given fiscal year, funds can be drawn down from the RSF to provide necessary revenue to cover current year operations and maintenance costs.

If the RSF goes below the baseline amount of 5% of the prior fiscal year water system total operating revenue, it will be replenished to the target level from any surplus net system revenue in the next fiscal year or in conjunction with the City Council authorization of a future Cost of Service Study and rate adjustments.

Secondary Purchase Reserve

This reserve is established to purchase additional water supply in case of a major drought or

¹ Section 6.08 of the Amended and Restated Master Installment Purchase Agreement ("Water MIPA") dated January 1, 2009.

² Total Operating Revenue as reported in the CAFR - Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets.

³ Operating system revenues less operating system expenses, as defined in the Water MIPA.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

unforeseen emergency that diminishes the City's normal supply. The size of the reserve is equal to 6% of the annual water purchase budget (including commodity charge and fixed costs). City Council action is required in order to appropriate these reserves.

Any request to utilize the Secondary Purchase Reserve will include a plan and timeline for replenishment, which may be in conjunction with the City Council authorization of a future Cost of Service Study and rate adjustment.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Sewer Enterprise Fund Reserve Policy:

The Sewer Enterprise Fund accounts for specific services funded directly by fees and charges to City sewer customers. The fund is intended to be self-supporting.

Emergency Operating Reserve

The Emergency Operating Reserve is intended to be used in the event of a catastrophe that prevents the utility from operating in its normal course of business. The reserve level is defined as the number of days of operation the reserve could support in the event of a major disruption to Sewer system, and shall be calculated based on the annual operating budget for the fiscal year, less the budgeted operating contingency and the budget for debt service (including State Revolving Fund loan repayments). The Emergency Operating Reserve target shall be equivalent to 70 days of operations. Any reserves provided by the Participating Agencies for their proportionate share of the Metropolitan Sewer System shall count toward the 70 day target. This reserve level target of 70 days recognizes that the Sewer Enterprise Fund has a large diversified customer base, a steady and reliable demand for services, and other reserves available for specific needs.

Use of the Emergency Operating Reserve is restricted to emergency situations, and City Council approval is required to appropriate these reserves. Any request to utilize the Emergency Operating Reserve will include a plan and timeline for replenishment, which may be in conjunction with the City Council authorization of a future Cost of Service Study and rate adjustment.

Emergency Capital Reserve

The Emergency Capital Reserve is intended to be used for emergency capital needs. The reserve is budgeted annually at \$5.0 million in the Capital Improvements Budget. If the reserve is used to fund unforeseen emergency conditions resulting in the need to immediately repair or replace existing assets, approval from the Chief Financial Officer or the Chief Operating Officer is required.

Rate Stabilization Fund (RSF) Reserve

This fund was established and is maintained pursuant to the legal bond documents for the outstanding wastewater system revenue bonds.¹ Transfers in and out of this fund serve as a revolving mechanism to significant potential fluctuations in the wastewater rates for the system operations and maintain stable debt service coverage ratios for the outstanding wastewater revenue bonds. The permitted uses of the RSF are limited to the operations and maintenance costs of the wastewater system.

¹ Section 6.08 of the Master Installment Purchase Agreement (“Wastewater MIPA”) dated September 1, 1993.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

This policy establishes a baseline target for the RSF in an amount equal to 5% of the prior fiscal year wastewater system total operating revenue.¹ The funding level in the RSF can go up or down depending on the year to year changes in the Wastewater Fund's operating revenues and expenditures. The RSF will be treated as a coverage stabilization tool enabling transfers into and out of the RSF, as necessary by the Chief Financial Officer, upon recommendation of the Public Utilities Department.

Transfers may be made into the RSF, increasing the balance above the 5% baseline, if the wastewater system has excess net system revenues² in any given fiscal year. In contrast, if the wastewater system is anticipated to experience weak net system revenues in any given fiscal year, funds can be drawn down from the RSF to provide necessary revenue to cover current year operations and maintenance costs.

If the RSF goes below the baseline amount of 5% of the prior fiscal year wastewater system total operating revenue, it will be replenished to the target level from any surplus net system revenue in the next fiscal year or in conjunction with the City Council authorization of a future Cost of Service Study and rate adjustments.

Refuse Disposal and Recycling Enterprise Funds Reserve Policy:

The Refuse Disposal Enterprise Fund was established to separate tipping fee revenues from the General Fund. The tip fees support active and inactive landfill operations, solid waste code enforcement, commercial and industrial recycling programs, community cleanups and abatements, and collection and maintenance of street litter containers in business districts and are levied on landfill users, including the City of San Diego.

The Recycling Enterprise Fund and Assembly Bill (AB) 939 Fee were established as a result of the Integrated Waste Management Act of 1989. AB 939 authorized local jurisdictions to impose fees based on the types or amounts of solid waste generated to be used to pay actual costs incurred in preparing, adopting, and implementing integrated waste management plans.

Operating Reserve

The Operating Reserve is intended to be used in the event that the enterprise fund requires additional resources to operate in its normal course of business. This reserve may be drawn upon to fund unanticipated emergency expenditures, one-time high priority programs, or revenue shortfalls due to an unexpected economic slowdown or recession. The Chief Operating Officer and/or Chief Financial Officer will have authority to approve expenditures and the reserve must be replenished no later than the subsequent fiscal year.

¹ Total Operating Revenue as reported in the CAFR - Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets.

² Operating system revenues less operating system expenses, as defined in the Wastewater MIPA.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

The Operating Reserve target level is 15% of operating revenues for both the Refuse Disposal and the Recycling Funds, which equates to approximately two months of operations. Revenues reflect the business cycle and are an indicator of operational needs; therefore revenues are the basis to develop a policy reserve to support business continuity. The Environmental Services and Financial Management departments will conduct an annual review of the Operating Reserve amounts to maintain policy funding levels.

Golf Course Enterprise Fund Reserve Policy:

The City has operated a municipal golf program since 1915. Today, the Golf Division operates three City golf complexes: Balboa Park Golf Course 18-hole and 9-hole courses; Mission Bay 18-hole executive golf course; and Torrey Pines 18-hole North Course and 18-hole South Course. The Golf Course Fund was established in 1991 and operates in a manner similar to a private sector enterprise where the cost of providing services is recovered through user charges. A primary goal of the Golf Course Fund (Fund) is to ensure that the City operated golf courses are financially self-sufficient and that they do not require financial support from the City's General Fund.

The City will maintain reserves equal to 12% of the most recent three year average of annual audited operating revenues¹, with the intent to maintain the reserve balance at the same level for future years based on historical requirements. The 12% reserve level aligns with GFOA best practices, which recommends enterprise funds maintain a working capital reserve equivalent to a minimum of 45 days, or 12%. This lower level of reserve funding recognizes that the Golf Course Enterprise Fund does not provide essential City services, such as those provided by the Water and Sewer Funds, and has greater flexibility to adjust its operational expenditures during emergencies, as well as having the flexibility to stop operations without impacting public health or safety. The Fund does not require reserves for continuity of business or emergency situations. The reserve is established to ensure financial stability or for one-time large investments in infrastructure or large maintenance efforts. The Park and Recreation Department will conduct an annual review of the reserve funds to determine adequate funding levels and alignment with the Golf Business Plan.

¹ Target reserve balances are based on operating revenues as presented in the Budgetary Schedule of Revenues, Expenditures and Changes in Fund Balance in the Required Supplementary Information section of the Comprehensive Annual Financial Report. These revenues are from recurring revenue sources that support operations, and exclude other financing sources.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Recommendations to appropriate from the reserve will be brought forward by the Mayor and will require approval by a majority of the City Council. In the event this reserve is reduced below the amount established by this policy, the Mayor shall prepare a plan as promptly as conditions warrant to replenish the reserve balance to the policy level.

The Golf Course Fund Reserve will be reassessed every two years and funding requirements will be incorporated into the budget process in order to ensure that the targeted goal is met in a manner that is balanced with other budget priorities.

COMPLIANCE WITH RESERVE POLICY:

Reserve Targets

The Reserve Policy is based on either percentage targets or days of operation; all associated dollar figures represent estimated/projected targets based on either the percentage target or days of operation target set by the Reserve Policy.

Reporting Use of Reserve Funds

Any requests for the use of reserves and/or Excess Equity will be accompanied by a current status report of the affected reserve fund and impacts on the future reserve levels. Reserve and Excess Equity status updates will be presented as part of the required Quarterly Budget Monitoring Reports.

Reserve Expenditures

Unless specified otherwise in the Reserve Policy, expenditures from any reserve will require a recommendation of the Mayor and City Council action to appropriate the funds. The Mayor may recommend reserve expenditures through the budget process or at regular or special City Council meetings for City Council consideration and approval.

Replenishment of Reserves

Should a particular reserve fall below the targeted reserve level set forth in the Reserve Policy, the Mayor will develop a plan to replenish the reserve in a reasonable timeframe, unless as otherwise required by this Policy. The proposed plan will be presented to the Budget and Government Efficiency Committee and the City Council as part of the subsequent fiscal year budget.

Deviations from the Reserve Policy

No deviations from the Reserve Policy will be allowed except as recommended by the Mayor and approved by the City Council. Proposed exceptions to the Reserve Policy will be presented first to the Chief Financial Officer and/or Chief Operating Officer, and then to the Budget and Government Efficiency Committee. After the Budget and Government Efficiency Committee review and recommendation, the proposed exception will be presented to the City Council for action.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Updates to Reserve Policy

Any changes, additions, or deletions to the Reserve Policy will be brought forward to the Budget and Government Efficiency Committee for review followed by a presentation to the City Council for formal action.

The Reserve Policy will be reviewed at least biennially and discussed if changes are necessary to ensure the policy is effective, and remains current with general accounting and financial best practice standards, as well as any regulatory changes that may occur over time.

CONCLUSION:

Maintaining, regularly updating, and adhering to an appropriately constructed reserve policy is a good business practice recognized by the Government Finance Officers Association, and is among the factors considered by credit rating agencies and the investment community when assessing the credit-worthiness of an organization. The City recognizes that the Reserve Policy is a cornerstone of the organization's fiscal health. As such, a biennial review of the Reserve Policy will be performed and any changes to the Reserve Policy will be brought forward for City Council consideration and approval.

GLOSSARY:

Emergency Capital Reserve

The Emergency Capital Reserve is intended to be used for emergency capital needs. If the reserve is used to fund unforeseen emergency conditions, approval from the Chief Financial Officer or the Chief Operating Officer is required.

Emergency Operating Reserves

The Operating Reserve for an Enterprise Fund, such as the Water Utility or the Wastewater Utility, is intended to be used should a catastrophe occur that prevents the utility from operating according to its normal course of business. Use of the reserve is restricted to emergency situations resulting in loss of revenue and the reserve must be replenished in accordance with the timeframe established in the respective policies. The Chief Operating Officer and/or Chief Financial Officer will have the authority to approve expenditures from the reserve.

Emergency Reserve

Certain funds, such as the General Fund, will maintain an Emergency Reserve which may only be used for qualifying emergencies, such as a natural disaster, terrorist attack, or other unforeseen catastrophic event caused by human activity. The Emergency Reserve may be expended only in the event of a public emergency, as determined by a two-thirds vote of the City Council.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Stability Reserve

Stability Reserve provides budgetary stabilization and does not serve as an alternative funding source for new programs.

Excess Equity

Excess Equity is Unassigned Fund Balance that is not otherwise designated as General Fund Reserves and is available for appropriation. Excess Equity most commonly results from a non-recurring source of revenue.

Rate Stabilization Reserves

The purpose of Rate Stabilization Reserves is to ensure that legal requirements relating to annual debt service coverage, as set forth in bond indenture agreements, are fulfilled. This type of reserve is more typical for Enterprise Fund financings. The reserve targets are calculated based on the legal requirements outlined in the applicable bond financing documents, and maintained throughout the term of the bonds.

Secondary Purchase Reserve

This reserve is established to purchase additional water supply in case of a major drought or unforeseen emergency that diminishes the City's normal supply.

Working Capital

Working Capital is current assets (cash or equity in pooled cash and liquid investments and receivables less than 60 days for governmental funds, 90 days for enterprise funds) minus current liabilities (payables) and encumbrances and other restrictions. Working Capital does not include long-term assets such as certain longer term investments, loans receivable, fixed assets, inventory, and equipment. For the purpose of the Reserve Policy and when referring to the General Fund Emergency Reserve, the term "Working Capital" is used synonymously with "Emergency Reserve."

HISTORY:

General Fund Reserve Level Council Policy

Adopted by Resolution R-297182 – 10/15/2002

Amended by Resolution R-307154 – 12/15/2011

Amended by Resolution R-308740 – 02/26/2014

Amended by Resolution R-309101 – 07/17/2014

Amended by Resolution R-310360 – 04/28/2016

Amended by Resolution R-310945 – 02/21/2017

Amended by Resolution R-311414 – 11/20/2017

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

SUBJECT: RESERVE POLICY

POLICY NO.: 100-20

EFFECTIVE DATE: , 2018

BACKGROUND:

A key attribute of a financially stable organization is appropriate reserves. Strong reserves position an organization to weather significant economic downturns more effectively, manage the consequences of outside agency actions that may result in revenue reductions, and address unexpected emergencies, such as natural disasters, catastrophic events caused by human activity, or excessive liabilities or legal judgments against the organization. In concert with the budgetary and fiscal policies adopted by the City Council, including “Structural Budget Deficit Elimination Guiding Principles” (R-305615), “City Council Budget Policy 000-02” and the “Mid-Year Budget Authority Ordinance” (O-20084), the City’s Reserve Policy serves as the policy framework to deploy City resources to meet the City’s financial commitments and address unexpected future events in a fiscally prudent manner.

PURPOSE:

The City’s Reserve Policy documents the City’s approach to establishing and maintaining strong reserves across the spectrum of City operations, including General Fund, risk management and enterprise operations. The policy is designed to:

- Identify City operations and functions for which reserves should be established and maintained, considering risks to the operation from unexpected events and the availability of other resources to address such events, and the volatility of expenditures and revenues of the operation;
- Establish target reserve levels and the methodology for calculating reserve levels;
- Provide a time-frame for meeting reserve targets, using a phased approach where necessary so that reserve goals are balanced appropriately with current budget availability; and
- Establish criteria for the use of reserves and the process to replenish reserves.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

RESERVE POLICY:

General Fund Reserve Policy:

The General Fund¹ is the main operating fund that pays for general services provided by the City, such as public safety, parks, and library services. The General Fund accounts for all general revenues of the City not specifically levied or collected for other City funds and for expenditures related to the delivery of the City's general services.

The General Fund Reserve Policy incorporates the requirements of the City Charter and is consistent with the City Council policies regarding the use of one-time and ongoing sources of revenue to fund City services.

The City's General Fund Reserves shall be comprised of two separate Reserves. These Reserves will be considered together when calculating the total General Fund Reserve balance.

Emergency Reserve

An Emergency Reserve will be maintained for the purpose of sustaining General Fund operations in the case of a public emergency such as a natural disaster or other unforeseen catastrophic event. The Emergency Reserve will not be accessed to meet operating shortfalls or to fund new programs or personnel. This reserve may be expended only if an event is determined to be a public emergency by a two-thirds vote of the City Council, when such expenditures are necessary to ensure the safety of the City's residents and their property. In the event this reserve is reduced below the amount established by this policy, the Mayor shall prepare a plan as promptly as conditions warrant to replenish the Emergency Reserve balance to the policy level.

Stability Reserve

A Stability Reserve will be maintained to mitigate financial and service delivery risk due to unexpected revenue shortfalls or unanticipated critical expenditures. The purpose of this reserve is to provide budgetary stabilization and not to serve as an alternative funding source for new programs. The Stability Reserve may be used as a source of one-time funding for critical capital or operating needs.

¹ For the purpose of this policy, the General Fund is the operational fund as presented in the City's annual budget document. Financial statements prepared on a GAAP basis include this fund, as well as other funds that do not meet the criteria to be classified as special revenue, capital project, or debt service funds, pursuant to Government Accounting Standards Board (GASB) Statement No. 54.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Recommendations to appropriate from the Stability Reserve will be brought forward by the Mayor and will require approval by a majority of the City Council. In the event this reserve is reduced below the amount established by this policy, the Mayor shall prepare a plan no later than one year from the reserve action to replenish the Stability Reserve balance to the policy level.

General Fund Reserve Calculation and Measurement

Total General Fund Reserves consist of the total of the Emergency Reserve and the Stability Reserve. The target level for total General Fund Reserves shall be 16.7% of the most recent three-year average of annual audited General Fund operating revenues¹. The Emergency Reserve shall be set at a target level of 8%, and the Stability Reserve shall be set at a target level of 8.7%. The overall policy goal is to reach the 16.7% reserve level by fiscal year 2025, as set forth in the following schedule:

<i>Target Date</i>	<i>Emergency Reserve Target %</i>	<i>Stability Reserve Target %</i>	<i>Total General Fund Reserve Target %</i>
June 30, 2016	8.0%	6.5%	14.5%
June 30, 2017	8.0%	6.75%	14.75%
June 30, 2018	8.0%	7.00%	15.00%
June 30, 2019	8.0%	7.25%	15.25%
June 30, 2020	8.0%	7.50%	15.50%
June 30, 2021	8.0%	7.75%	15.75%
June 30, 2022	8.0%	8.0%	16.0%
June 30, 2023	8.0%	8.25%	16.25%
June 30, 2024	8.0%	8.5%	16.5%
June 30, 2025	8.0%	8.7%	16.7%

The Mayor and/or City Council may reevaluate the funding schedule for achieving the General Fund Reserve goal of 16.7% in budget surplus years to accelerate reserve contributions to achieve the reserve goal in a shorter time period.

¹ For purposes of this policy, target reserve balances are based on operating revenues as presented in the General Fund Budgetary Schedule of Revenues, Expenditures and Changes in Fund Balance in the Required Supplementary Information section of the Comprehensive Annual Financial Report. These revenues are from recurring revenue sources that support operations, and exclude other financing sources.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Excess Equity

Excess Equity is Unassigned Fund Balance that is not otherwise designated as General Fund Reserves and is available for appropriation. Excess Equity most commonly results from a non-recurring source of revenue. Consistent with City Council Budget Policy (Policy No. 000-02) and the use of one-time and ongoing revenues, Excess Equity will be appropriated primarily for unanticipated circumstances, such as a General Fund revenue shortfall affecting programs included in the current year budget or for one-time priority expenditures. Recommendations for the use of Excess Equity may be brought forward by the Mayor and will require approval by a majority of the City Council.

The Quarterly Budget Monitoring Reports provide an estimate of Excess Equity based on the projected activity from operations during the fiscal year; however, Unassigned Fund Balance is not determined until the City closes its books as of June 30. In the May Revision of the annual budget, the Mayor may propose to budget a transfer or designate any projected Excess Equity to fund the General Fund Reserves, Pension Payment Stabilization Reserve, Risk Management Reserves or for a priority one-time capital need. The transfer or designation would occur after the fiscal year close is completed and the budgeted Excess Equity amount is determined to be available in fund balance above the 16.7% General Fund reserves.

City Charter

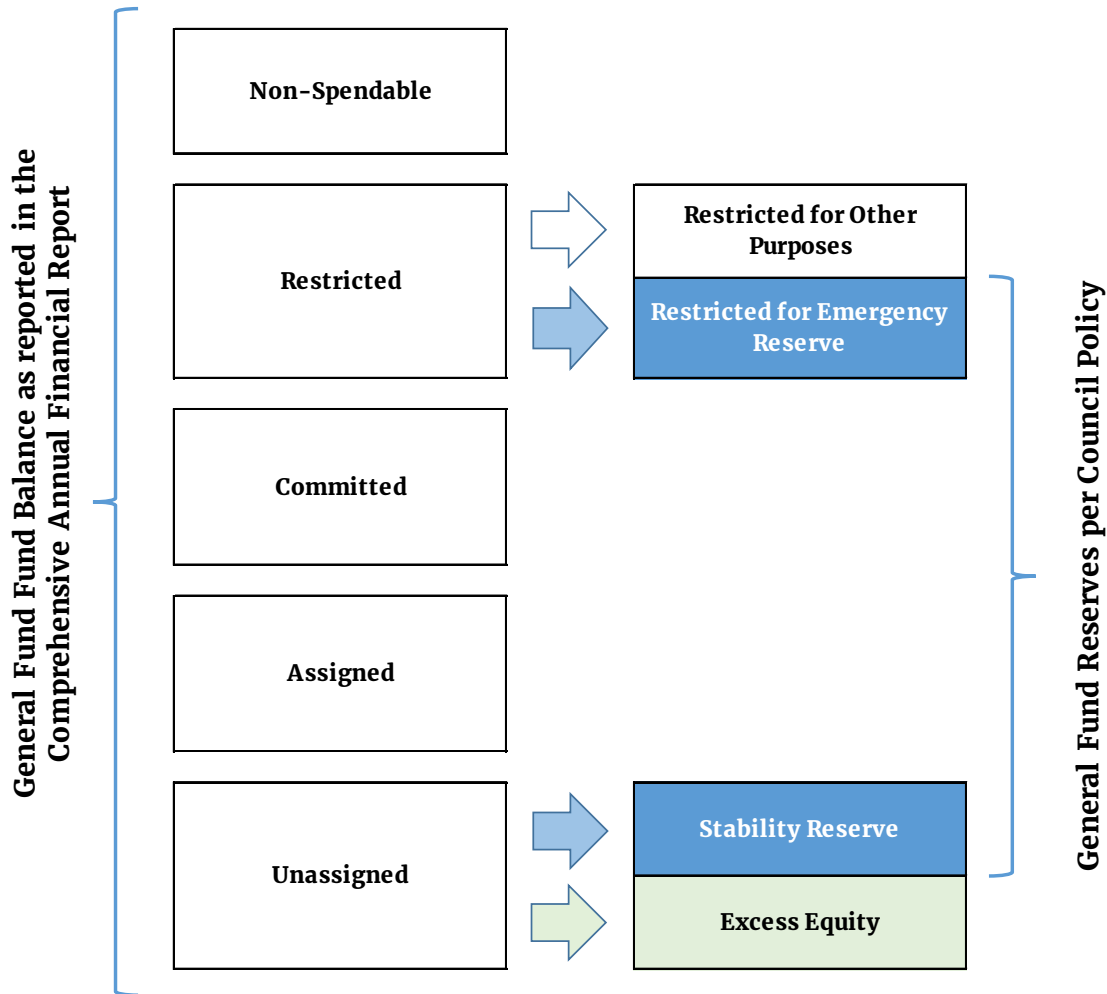
City Charter Section 91 requires the City to create and maintain a “General Reserve Fund” to meet the cash obligations of the City for the first four months, or other necessary periods of each fiscal year prior to the collection of taxes. It further stipulates the fund may be expended only in the event of a public emergency by the affirmative vote of two-thirds of the City Council. This requirement is met through the City’s pooled investment fund and when necessary cash borrowing through the sale of Tax and Revenue Anticipation Notes.

Accounting

Total General Fund Reserves will be based on audited General Fund Revenues (budgetary basis). The Emergency Reserve is reported in the General Fund’s Balance Sheet as Restricted Fund Balance. The sum of the Stability Reserve and Excess Equity shall equal Unassigned Fund Balance.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED



Pension Payment Stabilization Reserve Policy:

A Pension Payment Stabilization Reserve (Pension Reserve) will be maintained to mitigate service delivery risk due to increases in the annual pension payment, the Actuarially Determined Contribution (ADC).

The Pension Reserve shall only be used to supplement increases in the ADC payment as calculated in the most recent Actuarial Valuation Report (Report) produced by the San Diego City Employees’ Retirement System’s (SDCERS) actuary.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Increases in the ADC are caused by several factors, such as 1) system earnings in the prior fiscal year that are lower than the assumed actuarial rate (discount rate); 2) changes in actuarial assumptions approved by the SDCERS Board, including a reduction in the discount rate; and 3) other significant liability experience losses.

The purpose of the Pension Reserve will be to provide a source of funding for the ADC when these conditions occur and the ADC has increased year over year.

Budgeting the Pension Reserve

Recommendations to appropriate from the Pension Reserve may be brought forward by the Mayor in the annual budget process and will require approval by a majority of the City Council. The budgeting of an amount from the Pension Reserve as described by this policy may occur when the City is faced with an increase in the ADC payment, and as warranted based on the current fiscal conditions of the City. During the adoption of the annual budget, the City Council has the authority to propose the use of the Pension Reserve consistent with the Pension Reserve Policy and the City Charter. In the event the Pension Reserve is reduced below the amount established by this policy, the Mayor shall prepare a plan no later than one year from the reserve action to replenish the Pension Reserve balance to the policy level.

Pension Reserve Calculation and Measurement

The City will fund and maintain a Pension Reserve up to 8% of the most recent three year average of the ADC as reported in the most recent Actuarial Valuation Reports. The reserve amount for the General Fund shall be prorated based on the most recently adopted budget allocation.

Risk Management Reserve Policy:

The Public Liability, Workers' Compensation, and Long-Term Disability Funds provide funding sources for certain claims made against the City. The Public Liability Fund is funded by the General Fund to support claims arising from real or alleged acts on the part of the City, including claims for bodily injury, property damage, inverse condemnation, false arrest, and errors and omissions. The Workers' Compensation Fund is a citywide fund that covers medical and disability costs for industrial injury claims, while the Long-Term Disability Fund provides non-industrially disabled City employees with income and flexible benefits coverage. For purposes of this policy, cash on hand is used to identify the projected reserve balance.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Public Liability Fund Reserve

The City will maintain reserves equal to 50% of the value of outstanding public liability claims. This reserve level recognizes that not all claims will be due and payable at one point in time and that not all claims will be awarded, yet there may be more than one large claim that could require an immediate payment. A smoothing methodology using the annual actuarial liability valuations for the three most recent fiscal years will be used to determine the value of outstanding public liability claims for purposes of calculating the reserve level. The policy goal is to reach the 50% reserve level by fiscal year 2019 through General Fund contributions to the Public Liability Fund Reserve to meet the annual targets as set forth in the following schedule:

Public Liability Fund Reserves Targets

<i>Target Date</i>	<i>Target %</i>
June 30, 2016	40%
June 30, 2017	43%
June 30, 2018	47%
June 30, 2019	50%

The General Fund contribution to the Public Liability Fund Reserve will be reassessed annually and incorporated into the budget process in order to ensure that the targeted goal is met in a manner that is balanced with other budget priorities.

Workers' Compensation Fund Reserve

The City will maintain reserves equal to 12% of the value of the outstanding claims. A smoothing methodology using the annual actuarial liability valuations for the three most recent fiscal years will be used to determine the value of outstanding claims for purposes of calculating the reserve level.

The contribution to the Workers' Compensation Fund Reserve will be reassessed annually and incorporated into the budget process in order to ensure that the targeted goal is met in a manner that is balanced with other budget priorities.

Long-Term Disability Fund Reserve

The City will maintain reserves equal to 100% of the value of outstanding claims. A smoothing methodology using the annual actuarial liability valuations for the three most recent fiscal years will be used to determine the value of outstanding claims for purposes of calculating the reserve level. The target reserve balance will be maintained to support the feasibility of purchasing an insurance policy to cover this benefit as an alternative to the current practice of self-insurance.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Development Services Enterprise Fund Reserve Policy:

The Development Services Fund accounts for the City's development review and inspection services, which are funded directly by fees and charges paid by Development Services' customers. The fund is intended to be self-supporting.

Operating Reserve

The Operating Reserve is intended to provide financial stability during economic cycles and provide business continuity when significant natural or manmade disasters occur. The reserve may be used to meet current expenditures following an unanticipated decline in workload resulting in decreased revenues.

The use of funds is for unanticipated emergency situations resulting from loss of revenue and would include major incidents such as an earthquake or wild fires. Revenue generating work, such as permitting or land use may be interrupted; however, downsizing staff may not be prudent as construction will commence or increase once damage assessments are completed. The reserve is not intended to maintain staffing levels during lengthy economic recession; and based on forecasted activity it may be used to maintain core services during relatively short downturn periods. The reserve will be replenished to previous levels at the earliest opportunity after revenues have improved and stabilized to cover on-going operating expenses. The Chief Financial Officer/Chief Operating Officer will be responsible for approving the use of the reserve for unanticipated operating expenses.

The reserve is based on annual operating budget expenditures for the fiscal year. The target reserve level for the operating reserve 12% which represents 45 days of operating reserves. Expenditures in Development Services are a better indicator of operational needs to use as a basis to develop a reserve that supports continuity of business. Revenues can be significantly impacted by changes in the economy and could potentially cause too much volatility in the reserve levels from year to year. The maximum reserve level of 12% is expected to be reached by Fiscal Year 2023. The target reserve amount will be assessed on an annual basis using the most recent three years of audited actual expenditures.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Development Services Fund Reserve Targets

Target Date	Target (% of Operating Expenses)
June 30, 2018	9.5%
June 30, 2019	10.0%
June 30, 2020	10.5%
June 30, 2021	11.0%
June 30, 2022	11.5%
June 30, 2023	12.0%

Water Enterprise Fund Reserve Policy:

The Water Enterprise Fund accounts for specific services funded directly by fees and charges to City water customers. The fund is intended to be self-supporting.

Emergency Operating Reserve

The Emergency Operating Reserve is intended to be used in the event of a catastrophe that prevents the utility from operating in its normal course of business. The reserve level is defined as the number of days of operation the reserve could support in the event of a major disruption to the Water system, and shall be calculated based on the annual operating budget for the fiscal year, less the budgeted operating contingency and the budget for water purchases and debt service (including State Revolving Fund loan repayments). The Emergency Operating Reserve target shall be equivalent to 70 days of operations. This reserve level of 70 days recognizes that the Water Enterprise Fund has a large diversified customer base, a steady and reliable demand for services, and other reserves available for specific needs.

Use of the Emergency Operating Reserve is restricted to emergency situations, and City Council approval is required to appropriate these reserves. Any request to utilize the Emergency Operating Reserve will include a plan and timeline for replenishment, which may be in conjunction with the City Council authorization of a future Cost of Service Study and rate adjustment.

Emergency Capital Reserve

The Emergency Capital Reserve is intended to be used for emergency capital needs. The reserve is budgeted annually at \$5.0 million in the Capital Improvements Budget. If the reserve is used to fund unforeseen emergency conditions resulting in the need to immediately repair or replace existing assets, approval from the Chief Financial Officer or the Chief Operating Officer is required.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Rate Stabilization Fund (RSF) Reserve

This fund was established and is maintained pursuant to the legal bond documents for the outstanding water system revenue bonds.¹ Transfers in and out of this fund serve as a revolving mechanism to mitigate significant fluctuations in the water rates for the system operations and maintain stable debt service coverage ratios for the outstanding water revenue bonds. The permitted uses of the RSF are limited to the operations and maintenance costs of the water system.

This policy establishes a baseline target for the RSF in an amount equal to 5% of the prior fiscal year water system total operating revenue.² The funding level in the RSF can go up or down depending on the year-to-year changes in the Water Fund's operating revenues and expenditures. The RSF will be treated as a coverage stabilization tool enabling transfers into and out of the RSF, as necessary by the Chief Financial Officer, upon recommendation of the Public Utilities Department. Transfers may be made into the RSF, increasing the balance above the 5% baseline if the water system has excess net system revenues³ in any given fiscal year. In contrast, if the water system is anticipated to experience weak net system revenues in any given fiscal year, funds can be drawn down from the RSF to provide necessary revenue to cover current year operations and maintenance costs.

If the RSF goes below the baseline amount of 5% of the prior fiscal year water system total operating revenue, it will be replenished to the target level from any surplus net system revenue in the next fiscal year or in conjunction with the City Council authorization of a future Cost of Service Study and rate adjustments.

Secondary Purchase Reserve

This reserve is established to purchase additional water supply in case of a major drought or unforeseen emergency that diminishes the City's normal supply. The size of the reserve is equal to 6% of the annual water purchase budget (including commodity charge and fixed costs). City Council action is required in order to appropriate these reserves.

Any request to utilize the Secondary Purchase Reserve will include a plan and timeline for replenishment, which may be in conjunction with the City Council authorization of a future Cost of Service Study and rate adjustment.

¹ Section 6.08 of the Amended and Restated Master Installment Purchase Agreement ("Water MIPA") dated January 1, 2009.

² Total Operating Revenue as reported in the CAFR - Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets.

³ Operating system revenues less operating system expenses, as defined in the Water MIPA.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Sewer Enterprise Fund Reserve Policy:

The Sewer Enterprise Fund accounts for specific services funded directly by fees and charges to City sewer customers. The fund is intended to be self-supporting.

Emergency Operating Reserve

The Emergency Operating Reserve is intended to be used in the event of a catastrophe that prevents the utility from operating in its normal course of business. The reserve level is defined as the number of days of operation the reserve could support in the event of a major disruption to Sewer system, and shall be calculated based on the annual operating budget for the fiscal year, less the budgeted operating contingency and the budget for debt service (including State Revolving Fund loan repayments). The Emergency Operating Reserve target shall be equivalent to 70 days of operations. Any reserves provided by the Participating Agencies for their proportionate share of the Metropolitan Sewer System shall count toward the 70 day target. This reserve level target of 70 days recognizes that the Sewer Enterprise Fund has a large diversified customer base, a steady and reliable demand for services, and other reserves available for specific needs.

Use of the Emergency Operating Reserve is restricted to emergency situations, and City Council approval is required to appropriate these reserves. Any request to utilize the Emergency Operating Reserve will include a plan and timeline for replenishment, which may be in conjunction with the City Council authorization of a future Cost of Service Study and rate adjustment.

Emergency Capital Reserve

The Emergency Capital Reserve is intended to be used for emergency capital needs. The reserve is budgeted annually at \$5.0 million in the Capital Improvements Budget. If the reserve is used to fund unforeseen emergency conditions resulting in the need to immediately repair or replace existing assets, approval from the Chief Financial Officer or the Chief Operating Officer is required.

Rate Stabilization Fund (RSF) Reserve

This fund was established and is maintained pursuant to the legal bond documents for the outstanding wastewater system revenue bonds.¹ Transfers in and out of this fund serve as a revolving mechanism to significant potential fluctuations in the wastewater rates for the system operations and maintain stable debt service coverage ratios for the outstanding wastewater revenue bonds. The permitted uses of the RSF are limited to the operations and maintenance costs of the wastewater system.

¹ Section 6.08 of the Master Installment Purchase Agreement (“Wastewater MIPA”) dated September 1, 1993.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

This policy establishes a baseline target for the RSF in an amount equal to 5% of the prior fiscal year wastewater system total operating revenue.¹ The funding level in the RSF can go up or down depending on the year to year changes in the Wastewater Fund's operating revenues and expenditures. The RSF will be treated as a coverage stabilization tool enabling transfers into and out of the RSF, as necessary by the Chief Financial Officer, upon recommendation of the Public Utilities Department.

Transfers may be made into the RSF, increasing the balance above the 5% baseline, if the wastewater system has excess net system revenues² in any given fiscal year. In contrast, if the wastewater system is anticipated to experience weak net system revenues in any given fiscal year, funds can be drawn down from the RSF to provide necessary revenue to cover current year operations and maintenance costs.

If the RSF goes below the baseline amount of 5% of the prior fiscal year wastewater system total operating revenue, it will be replenished to the target level from any surplus net system revenue in the next fiscal year or in conjunction with the City Council authorization of a future Cost of Service Study and rate adjustments.

Refuse Disposal and Recycling Enterprise Funds Reserve Policy:

The Refuse Disposal Enterprise Fund was established to separate tipping fee revenues from the General Fund. The tip fees support active and inactive landfill operations, solid waste code enforcement, commercial and industrial recycling programs, community cleanups and abatements, and collection and maintenance of street litter containers in business districts and are levied on landfill users, including the City of San Diego.

The Recycling Enterprise Fund and Assembly Bill (AB) 939 Fee were established as a result of the Integrated Waste Management Act of 1989. AB 939 authorized local jurisdictions to impose fees based on the types or amounts of solid waste generated to be used to pay actual costs incurred in preparing, adopting, and implementing integrated waste management plans.

Operating Reserve

The Operating Reserve is intended to be used in the event that the enterprise fund requires additional resources to operate in its normal course of business. This reserve may be drawn upon to fund unanticipated emergency expenditures, one-time high priority programs, or revenue shortfalls due to an unexpected economic slowdown or recession. The Chief Operating Officer and/or Chief Financial Officer will have authority to approve expenditures and the reserve must be replenished no later than the subsequent fiscal year.

¹ Total Operating Revenue as reported in the CAFR - Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets.

² Operating system revenues less operating system expenses, as defined in the Wastewater MIPA.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

The Operating Reserve target level is 15% of operating revenues for both the Refuse Disposal and the Recycling Funds, which equates to approximately two months of operations. Revenues reflect the business cycle and are an indicator of operational needs; therefore revenues are the basis to develop a policy reserve to support business continuity. The Environmental Services and Financial Management departments will conduct an annual review of the Operating Reserve amounts to maintain policy funding levels.

Golf Course Enterprise Fund Reserve Policy:

The City has operated a municipal golf program since 1915. Today, the Golf Division operates three City golf complexes: Balboa Park Golf Course 18-hole and 9-hole courses; Mission Bay 18-hole executive golf course; and Torrey Pines 18-hole North Course and 18-hole South Course. The Golf Course Fund was established in 1991 and operates in a manner similar to a private sector enterprise where the cost of providing services is recovered through user charges. A primary goal of the Golf Course Fund (Fund) is to ensure that the City operated golf courses are financially self-sufficient and that they do not require financial support from the City's General Fund.

The City will maintain reserves equal to 12% of the most recent three year average of annual audited operating revenues¹, with the intent to maintain the reserve balance at the same level for future years based on historical requirements. The 12% reserve level aligns with GFOA best practices, which recommends enterprise funds maintain a working capital reserve equivalent to a minimum of 45 days, or 12%. This lower level of reserve funding recognizes that the Golf Course Enterprise Fund does not provide essential City services, such as those provided by the Water and Sewer Funds, and has greater flexibility to adjust its operational expenditures during emergencies, as well as having the flexibility to stop operations without impacting public health or safety. The Fund does not require reserves for continuity of business or emergency situations. The reserve is established to ensure financial stability or for one-time large investments in infrastructure or large maintenance efforts. The Park and Recreation Department will conduct an annual review of the reserve funds to determine adequate funding levels and alignment with the Golf Business Plan.

¹ Target reserve balances are based on operating revenues as presented in the Budgetary Schedule of Revenues, Expenditures and Changes in Fund Balance in the Required Supplementary Information section of the Comprehensive Annual Financial Report. These revenues are from recurring revenue sources that support operations, and exclude other financing sources.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Recommendations to appropriate from the reserve will be brought forward by the Mayor and will require approval by a majority of the City Council. In the event this reserve is reduced below the amount established by this policy, the Mayor shall prepare a plan as promptly as conditions warrant to replenish the reserve balance to the policy level.

The Golf Course Fund Reserve will be reassessed every two years and funding requirements will be incorporated into the budget process in order to ensure that the targeted goal is met in a manner that is balanced with other budget priorities.

COMPLIANCE WITH RESERVE POLICY:

Reserve Targets

The Reserve Policy is based on either percentage targets or days of operation; all associated dollar figures represent estimated/projected targets based on either the percentage target or days of operation target set by the Reserve Policy.

Reporting Use of Reserve Funds

Any requests for the use of reserves and/or Excess Equity will be accompanied by a current status report of the affected reserve fund and impacts on the future reserve levels. Reserve and Excess Equity status updates will be presented as part of the required Quarterly Budget Monitoring Reports.

Reserve Expenditures

Unless specified otherwise in the Reserve Policy, expenditures from any reserve will require a recommendation of the Mayor and City Council action to appropriate the funds. The Mayor may recommend reserve expenditures through the budget process or at regular or special City Council meetings for City Council consideration and approval.

Replenishment of Reserves

Should a particular reserve fall below the targeted reserve level set forth in the Reserve Policy, the Mayor will develop a plan to replenish the reserve in a reasonable timeframe, unless as otherwise required by this Policy. The proposed plan will be presented to the Budget and Government Efficiency Committee and the City Council as part of the subsequent fiscal year budget.

Deviations from the Reserve Policy

No deviations from the Reserve Policy will be allowed except as recommended by the Mayor and approved by the City Council. Proposed exceptions to the Reserve Policy will be presented first to the Chief Financial Officer and/or Chief Operating Officer, and then to the Budget and Government Efficiency Committee. After the Budget and Government Efficiency Committee review and recommendation, the proposed exception will be presented to the City Council for action.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Updates to Reserve Policy

Any changes, additions, or deletions to the Reserve Policy will be brought forward to the Budget and Government Efficiency Committee for review followed by a presentation to the City Council for formal action.

The Reserve Policy will be reviewed at least biennially and discussed if changes are necessary to ensure the policy is effective, and remains current with general accounting and financial best practice standards, as well as any regulatory changes that may occur over time.

CONCLUSION:

Maintaining, regularly updating, and adhering to an appropriately constructed reserve policy is a good business practice recognized by the Government Finance Officers Association, and is among the factors considered by credit rating agencies and the investment community when assessing the credit-worthiness of an organization. The City recognizes that the Reserve Policy is a cornerstone of the organization's fiscal health. As such, a biennial review of the Reserve Policy will be performed and any changes to the Reserve Policy will be brought forward for City Council consideration and approval.

GLOSSARY:

Emergency Capital Reserve

The Emergency Capital Reserve is intended to be used for emergency capital needs. If the reserve is used to fund unforeseen emergency conditions, approval from the Chief Financial Officer or the Chief Operating Officer is required.

Emergency Operating Reserves

The Operating Reserve for an Enterprise Fund, such as the Water Utility or the Wastewater Utility, is intended to be used should a catastrophe occur that prevents the utility from operating according to its normal course of business. Use of the reserve is restricted to emergency situations resulting in loss of revenue and the reserve must be replenished in accordance with the timeframe established in the respective policies. The Chief Operating Officer and/or Chief Financial Officer will have the authority to approve expenditures from the reserve.

Emergency Reserve

Certain funds, such as the General Fund, will maintain an Emergency Reserve which may only be used for qualifying emergencies, such as a natural disaster, terrorist attack, or other unforeseen catastrophic event caused by human activity. The Emergency Reserve may be expended only in the event of a public emergency, as determined by a two-thirds vote of the City Council.

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

REVISED

Stability Reserve

Stability Reserve provides budgetary stabilization and does not serve as an alternative funding source for new programs.

Excess Equity

Excess Equity is Unassigned Fund Balance that is not otherwise designated as General Fund Reserves and is available for appropriation. Excess Equity most commonly results from a non-recurring source of revenue.

Rate Stabilization Reserves

The purpose of Rate Stabilization Reserves is to ensure that legal requirements relating to annual debt service coverage, as set forth in bond indenture agreements, are fulfilled. This type of reserve is more typical for Enterprise Fund financings. The reserve targets are calculated based on the legal requirements outlined in the applicable bond financing documents, and maintained throughout the term of the bonds.

Secondary Purchase Reserve

This reserve is established to purchase additional water supply in case of a major drought or unforeseen emergency that diminishes the City's normal supply.

Working Capital

Working Capital is current assets (cash or equity in pooled cash and liquid investments and receivables less than 60 days for governmental funds, 90 days for enterprise funds) minus current liabilities (payables) and encumbrances and other restrictions. Working Capital does not include long-term assets such as certain longer term investments, loans receivable, fixed assets, inventory, and equipment. For the purpose of the Reserve Policy and when referring to the General Fund Emergency Reserve, the term "Working Capital" is used synonymously with "Emergency Reserve."

HISTORY:

General Fund Reserve Level Council Policy

Adopted by Resolution R-297182 – 10/15/2002

Amended by Resolution R-307154 – 12/15/2011

Amended by Resolution R-308740 – 02/26/2014

Amended by Resolution R-309101 – 07/17/2014

Amended by Resolution R-310360 – 04/28/2016

Amended by Resolution R-310945 – 02/21/2017

Amended by Resolution R-311414 – 11/20/2017

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO INCREASING THE RECORDATION SERVICE
FEE, MAKING A GENERAL ADJUSTMENT TO
DEVELOPMENT SERVICES USER FEES AND CONVERTING
CERTAIN DEPOSIT ACCOUNT FEES TO FLAT FEES.

WHEREAS, the Development Services Department (DSD) is responsible for managing the land development review process from concept to completion in the City of San Diego; and

WHEREAS, the Development Services Enterprise Fund was established in 1985 and funds the development project review and inspection services and is supported solely from fees paid by customers (fee-for-service) (DSD User Fees); and

WHEREAS, the current DSD User Fees were last approved by the City Council in 2016 based upon the results of a fee study conducted by MGT of America, Inc., which is on file in the Office of the City Clerk as Document No. RR-310545-2; and

WHEREAS, DSD has continued to make significant strides in lowering costs and simplifying the permit review process, including the identification of permit types that can be converted from a deposit account to a flat fee; and

WHEREAS, despite DSD's efforts, costs to provide the current level of service have substantially increased since 2016 due to unforeseen labor and operating costs, namely pension and salary increases, higher than anticipated initial costs to relocate DSD offices, and an administrative civil liability complaint regarding storm water best management practice requirements, which are more fully described in the accompanying staff report; and

WHEREAS, California Senate Bill No. 2 (SB 2 - Atkins) imposed a \$75 recording fee for real estate instruments, papers, and notices, effective January 1, 2018, which is not reflected in the existing DSD User Fees; and

WHEREAS, in order for DSD to continue to provide the current level of service and also maintain fiscal soundness of the Development Services Enterprise Fund, DSD User Fees revenue needs to increase by approximately \$8.4 million annually, an increase of 17%, over the presently allowed annual consumer price index (CPI) adjustment; and

WHEREAS, in order to mitigate the impact on customers, DSD has proposed incrementally phasing in the fee increase over three fiscal years; and

WHEREAS, the DSD User Fee changes are proposed to meet established levels of service, provide full cost recoverability, and provide sufficient resources to continue to improve the quality of the mandated regulatory review process; and

WHEREAS, the proposed DSD User Fees reflect the estimated reasonable cost of providing the services for which the fees are charged; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. That the DSD User Fee for “Recordation Fee for Mapping/Subdivision” (Other Fees, Item 30) is increased to \$514.

2. That the existing DSD User Fees, with the above revision to the Recordation Fee, shall be increased by the following maximum percentage amounts per fiscal year, which increases are in addition to the allowable annual CPI adjustment:

<u>Fiscal Year</u>	<u>Maximum % Increase</u>
2019	6.0%
2020	4.5%
2021	3.5%

3. That the following ten DSD service fees are converted from a deposit account to a flat fee:

- a. Preliminary reviews – multi-disciplinary (\$5,000)
- b. Preliminary reviews – Civic (\$4,000)
- c. Substantial conformance reviews (\$4,000)
- d. Map waivers, standalone (\$5,000)
- e. Neighborhood Development Permits (\$8,000)
- f. Neighborhood Use Permits (\$5,000)
- g. Surface mining and reclamation act compliance (\$2,000)
- h. Tentative maps, standalone (\$10,000)
- i. Vesting tentative maps, standalone (\$10,000)
- j. Variances (\$8,000)

4. That the aforementioned changes to the DSD User Fees shall be effective sixty days after the final passage of this resolution.

APPROVED: MARA W. ELLIOTT, City Attorney

By _____
Jeremy A. Jung
Deputy City Attorney

JAJ:cw
06/04/18
Or.Dept: Development Services Department
CC No.: N/A
Doc. No.: 1765244

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO AMENDING COUNCIL POLICY 100-20,
ENTITLED "RESERVE POLICY" FOR DEVELOPMENT
SERVICES ENTERPRISE RESERVE POLICY.

WHEREAS, the Development Services Enterprise Fund Reserve Policy, part of Council Policy 100-20 "Reserve Policy," currently sets a maximum operating reserve target level of 15% to be reached by Fiscal Year 2022; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. That Council Policy 100-20 is revised by modifying the operating reserve target level for the Development Services Enterprise Fund from 15% to 12%, to be achieved by Fiscal Year 2023, as more fully specified in the revised Council Policy 100-20 filed in the Office of the City Clerk as Document No. RR-_____.

2. That the City Clerk is instructed to update the Council Policy Manual to include revised Council Policy 100-20.

APPROVED: MARA W. ELLIOTT, City Attorney

By _____
Jeremy A. Jung
Deputy City Attorney

JAJ:cw
06/04/18
Or.Dept: Development Services Department
CC No.: N/A
Doc. No.: 1748032

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

January 31, 2018

Ms. Lisa Celaya

Deputy Director
 Development Services Department
 1222 1st Ave
 San Diego, CA 92101

Dear Lisa,

In 2016 MGT Consulting Group (MGT) analyzed user fees charged by the San Diego Development Services Department (DSD). The primary goal was to calculate the fully burdened cost of each fee-related service and recommend a cost-recovery fee for each. The study’s findings and recommendations were adopted in May of 2016. Since that time several significant unforeseen costs have arisen. In October of 2017 MGT was retained again to incorporate these unforeseen costs into the 2016 analysis and recalculate cost recovery fee schedules sufficient to offset these new unforeseen costs.

The unforeseen costs incorporated into this report include office space expenditures for ongoing lease and operations, one-time relocation, and associated tenant improvements (to be amortized over multiple years); ongoing operational expenditures (salaries and wage, benefits, etc.); the Regional Water Quality Control Board (RWQCB) Notice of Violation; and replenish reserves to target level.

MGT modified user fee calculations within each division to reflect increases necessary to recover these unforeseen costs. Some of the increased costs were amortized over a period of several years. The table below projects the fiscal impact of these increases for fiscal year 2018/19.

City of San Diego User Fee Revenue Analysis

<i>Department/Division</i>	2016 Recommended		2018 Recommended	
	<i>Cost Recovery Policy</i>		With Addition of Unanticipated Costs	Increase over 2016
Building	\$16,491,247	100%	\$19,131,930	\$2,640,683
Miscellaneous/Signs/Water Sewer/Other	\$16,764,855	100%	\$19,683,884	\$2,919,029
Electrical/Mechanical/Plumbing	\$4,006,631	100%	\$4,544,902	\$538,271
Fire Alarm and Sprinkler	\$2,245,508	100%	\$2,737,294	\$491,786
Sub-Total Building Fees	\$39,508,241	100%	\$46,098,010	\$6,589,769
Deposit (subdivision mapping, Engineering and Discretionary)	\$10,129,467	0%	\$11,819,009.38	\$1,689,542
Grand Total:	\$49,637,708	100%	\$57,917,019	\$8,279,311





The table above illustrates the recovery of the new unforeseen costs to be recovered in 2018/19. If Management chooses to phase in an increase over multiple years, the revenue recovered may vary slightly.

Due to the relative unpredictability of construction cycles and their impact on revenues, we recommend DSD monitor fund balances annually and adjust fees if major trends occur. MGT also recommends DSD conduct a comprehensive analyze of user fees again in 2023 since by that time many of the underlying cost factors will have changed.

The following sections present revised cost recovery fee schedules. Each schedule presents the recommended fee for 2018/19.

Sincerely,

Jeff Wakefield
Senior Consultant
MGT of America Consulting, LLC

User Fee Study Summary Sheet

San Diego Development Services Department

Building Fees

2018

#	Service Name	Fee Description	Annual Volume	Per Unit		Annual	
				Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
1	Assembly	Plan Check	7	\$5,089	\$5,904	\$35,625	\$41,330
2	Assembly	Permit	7	\$3,008	\$3,490	\$21,055	\$24,427
3	Assembly	Plan Check	6	\$11,478	\$13,316	\$68,870	\$79,897
4	Assembly	Permit	6	\$3,496	\$4,056	\$20,977	\$24,336
5	Assembly	Plan Check	6	\$20,174	\$23,405	\$121,045	\$140,427
6	Assembly	Permit	6	\$4,961	\$5,755	\$29,766	\$34,532
7	Business	Plan Check	80	\$5,305	\$6,155	\$424,432	\$492,394
8	Business	Permit	80	\$3,008	\$3,490	\$240,630	\$279,161
9	Business	Plan Check	17	\$7,734	\$8,973	\$131,479	\$152,533
10	Business	Permit	17	\$3,496	\$4,056	\$59,435	\$68,952
11	Business	Plan Check	12	\$17,706	\$20,541	\$212,471	\$246,494
12	Business	Permit	12	\$4,961	\$5,755	\$59,532	\$69,065
13	Business Shell	Plan Check	11	\$7,116	\$8,256	\$78,278	\$90,812
14	Business Shell	Permit	11	\$2,275	\$2,640	\$25,030	\$29,038
15	Business Shell	Plan Check	4	\$10,400	\$12,065	\$41,599	\$48,261
16	Business Shell	Permit	4	\$2,642	\$3,065	\$10,567	\$12,259
17	Business Shell	Plan Check	2	\$18,908	\$21,936	\$37,816	\$43,872
18	Business Shell	Permit	2	\$3,008	\$3,490	\$6,016	\$6,979
19	Business Shell	Plan Check	4	\$25,476	\$29,555	\$101,903	\$118,220
20	Business Shell	Permit	4	\$4,229	\$4,906	\$16,914	\$19,623
21	Education	Plan Check	2	\$4,511	\$5,233	\$9,021	\$10,466
22	Education	Permit	2	\$2,031	\$2,357	\$4,063	\$4,713
23	Education	Plan Check	1	\$8,417	\$9,765	\$8,417	\$9,765
24	Education	Permit	1	\$2,764	\$3,206	\$2,764	\$3,206
25	Education	Plan Check	1	\$14,362	\$16,662	\$14,362	\$16,662
26	Education	Permit	1	\$3,496	\$4,056	\$3,496	\$4,056
27	High Rise	Plan Check	1	\$29,583	\$34,321	\$29,583	\$34,321
28	High Rise	Permit	1	\$13,994	\$16,235	\$13,994	\$16,235
29	High Rise	Plan Check	1	\$38,824	\$45,040	\$38,824	\$45,040
30	High Rise	Permit	1	\$27,422	\$31,813	\$27,422	\$31,813
31	High Rise	Plan Check	1	\$64,718	\$75,081	\$64,718	\$75,081

*Schedules reflect one-year implementation

User Fee Study Summary Sheet

San Diego Development Services Department

Building Fees

2018

#	Service Name	Fee Description	Annual Volume	Per Unit		Annual	
				Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
32	High Rise	Permit	1	\$55,499	\$64,385	\$55,499	\$64,385
33	High Rise Foundation	Plan Check	1	\$8,152	\$9,457	\$8,152	\$9,457
34	High Rise Foundation	Permit	1	\$3,008	\$3,490	\$3,008	\$3,490
35	High Rise Foundation	Plan Check	1	\$9,736	\$11,295	\$9,736	\$11,295
36	High Rise Foundation	Permit	1	\$4,229	\$4,906	\$4,229	\$4,906
37	High Rise Foundation	Plan Check	1	\$11,477	\$13,315	\$11,477	\$13,315
38	High Rise Foundation	Permit	1	\$5,449	\$6,322	\$5,449	\$6,322
39	High Rise Frame	Plan Check	4	\$10,499	\$12,180	\$41,996	\$48,721
40	High Rise Frame	Permit	4	\$6,836	\$7,931	\$27,344	\$31,722
41	High Rise Frame	Plan Check	2	\$17,116	\$19,856	\$34,231	\$39,713
42	High Rise Frame	Permit	2	\$9,766	\$11,329	\$19,531	\$22,659
43	High Rise Frame	Plan Check	1	\$24,040	\$27,889	\$24,040	\$27,889
45	High Rise Frame	Permit	1	\$16,602	\$19,260	\$16,602	\$19,260
46	High Rise Shell	Plan Check	1	\$20,682	\$23,993	\$20,682	\$23,993
47	High Rise Shell	Permit	1	\$5,449	\$6,322	\$5,449	\$6,322
48	High Rise Shell	Plan Check	1	\$29,657	\$34,405	\$29,657	\$34,405
49	High Rise Shell	Permit	1	\$12,774	\$14,819	\$12,774	\$14,819
50	High Rise Shell	Plan Check	1	\$41,074	\$47,651	\$41,074	\$47,651
52	High Rise Shell	Permit	1	\$18,877	\$21,900	\$18,877	\$21,900
53	Factory / Industrial	Plan Check	6	\$10,172	\$11,801	\$61,033	\$70,806
54	Factory / Industrial	Permit	6	\$3,008	\$3,490	\$18,047	\$20,937
55	Factory / Industrial	Plan Check	1	\$15,216	\$17,652	\$15,216	\$17,652
56	Factory / Industrial	Permit	1	\$4,229	\$4,906	\$4,229	\$4,906
57	Factory / Industrial	Plan Check	1	\$20,815	\$24,148	\$20,815	\$24,148
58	Factory / Industrial	Permit	1	\$6,670	\$7,738	\$6,670	\$7,738
59	Institutional	Plan Check	4	\$11,575	\$13,429	\$46,301	\$53,715
60	Institutional	Permit	4	\$3,496	\$4,056	\$13,985	\$16,224
61	Parking Garage	Plan Check	52	\$8,126	\$9,427	\$422,548	\$490,209
62	Parking Garage	Permit	52	\$3,008	\$3,490	\$156,409	\$181,455
63	Parking Garage	Plan Check	10	\$13,351	\$15,488	\$133,506	\$154,883
64	Parking Garage	Permit	10	\$5,449	\$6,322	\$54,493	\$63,219

*Schedules reflect one-year implementation

User Fee Study Summary Sheet

San Diego Development Services Department

Building Fees

2018

#	Service Name	Fee Description	Annual Volume	Per Unit		Annual	
				Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
65	Parking Garage	100,000 sq ft	13	\$18,358	\$21,297	\$238,648	\$276,861
66	Parking Garage	100,000 sq ft	13	\$7,891	\$9,154	\$102,579	\$119,005
67	Research & Development/Laboratories	20,000 sq ft	1	\$12,863	\$14,923	\$12,863	\$14,923
68	Research & Development/Laboratories	20,000 sq ft	1	\$4,229	\$4,906	\$4,229	\$4,906
69	Research & Development/Laboratories - Tenant Imp	500 sq ft	1	\$1,077	\$1,249	\$1,077	\$1,249
70	Research & Development/Laboratories - Tenant Imp	500 sq ft	1	\$1,221	\$1,416	\$1,221	\$1,416
72	Research & Development/Laboratories - Tenant Imp	3,000 sq ft	1	\$2,897	\$3,361	\$2,897	\$3,361
73	Research & Development/Laboratories - Tenant Imp	3,000 sq ft	1	\$1,953	\$2,266	\$1,953	\$2,266
74	Research & Development/Laboratories - Tenant Imp	10,000 sq ft	4	\$4,578	\$5,311	\$18,312	\$21,244
75	Research & Development/Laboratories - Tenant Imp	10,000 sq ft	4	\$2,441	\$2,832	\$9,766	\$11,329
76	Res-MDU	10,000 sq ft	62	\$10,720	\$12,437	\$664,654	\$771,082
77	Res-MDU	10,000 sq ft	62	\$3,496	\$4,056	\$216,762	\$251,471
78	Res-MDU	50,000 sq ft	104	\$20,710	\$24,027	\$2,153,883	\$2,498,776
79	Res-MDU	50,000 sq ft	104	\$9,111	\$10,570	\$947,590	\$1,099,324
80	Res-MDU Addition	500 sq ft	6	\$2,566	\$2,977	\$15,399	\$17,864
81	Res-MDU Addition	500 sq ft	6	\$1,787	\$2,073	\$10,723	\$12,440
84	Non-Res - Addition	500 sq ft	32	\$1,956	\$2,269	\$62,578	\$72,599
85	Non-Res - Addition	500 sq ft	32	\$1,787	\$2,073	\$57,189	\$66,347
86	Res-SDU / Duplex Addition/Remodel One-Story Without Calculations	500 sq ft	319	\$367	\$426	\$117,211	\$135,980
87	Res-SDU / Duplex Addition/Remodel	500 sq ft	700	\$1,012	\$1,174	\$708,292	\$821,708
88	Res-SDU / Duplex Addition/Remodel One-Story Without Calculations	1,500 sq ft	125	\$439	\$509	\$54,857	\$63,641
89	Res-SDU / Duplex Addition/Remodel	1,500 sq ft	279	\$1,787	\$2,073	\$498,617	\$578,459
90	Res-SDU / Duplex Addition/Remodel - With Calculations	500 sq ft	381	\$986	\$1,143	\$375,483	\$435,607
92	Res-SDU / Duplex Addition/Remodel - With Calculations	1,500 sq ft	154	\$2,171	\$2,519	\$334,395	\$387,940
94	Res-Town Home	1-3 units OR up to 10,000sq ft		\$5,419	\$6,287		
95	Res-Town Home	1-3 units OR up to 10,000sq ft		\$4,961	\$5,755		
96	Res-Town Home	4-6 units OR 10,001-20,000 sq ft		\$6,569	\$7,621		
97	Res-Town Home	4-6 units OR 10,001-20,000 sq ft		\$7,891	\$9,154		

User Fee Study Summary Sheet

San Diego Development Services Department

Building Fees

2018

#	Service Name	Fee Description	Annual Volume	Per Unit		Annual	
				Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
98	Res-Town Home	7-15 units> 20,000 sq ft		\$7,862	\$9,121		
99	Res-Town Home	7-15 units> 20,000 sq ft		\$9,111	\$10,570		
100	Res-Town Home	Each add'l identical structure on-site		\$252	\$292		
101	Restaurant	3,000 sq ft	10	\$7,019	\$8,143	\$70,191	\$81,431
102	Restaurant	3,000 sq ft	10	\$2,520	\$2,923	\$25,196	\$29,230
103	Restaurant	5,000 sq ft	15	\$9,245	\$10,725	\$138,669	\$160,873
104	Restaurant	5,000 sq ft	15	\$3,008	\$3,490	\$45,118	\$52,343
105	Restaurant - Tenant Improvement	1,000 sq ft	24	\$1,621	\$1,880	\$38,898	\$45,126
106	Restaurant - Tenant Improvement	1,000 sq ft	24	\$610	\$708	\$14,649	\$16,994
107	Restaurant - Tenant Improvement	5,000 sq ft	63	\$3,253	\$3,774	\$204,967	\$237,787
108	Restaurant - Tenant Improvement	5,000 sq ft	63	\$1,221	\$1,416	\$76,905	\$89,220
109	Ti to Occupy Shell	3,000 sq ft	804	\$1,519	\$1,762	\$1,221,413	\$1,416,993
110	Ti to Occupy Shell	3,000 sq ft	804	\$732	\$850	\$588,873	\$683,166
111	Ti to Occupy Shell	7,500 sq ft	453	\$2,077	\$2,409	\$940,776	\$1,091,419
112	Ti to Occupy Shell	7,500 sq ft	453	\$1,465	\$1,699	\$663,580	\$769,837
113	Ti to Occupy Shell	15,000 sq ft	8	\$4,507	\$5,228	\$36,052	\$41,825
114	Ti to Occupy Shell	15,000 sq ft	8	\$2,441	\$2,832	\$19,531	\$22,659
115	Tenant Improvement	200 sq ft	5	\$706	\$820	\$3,532	\$4,098
116	Tenant Improvement	200 sq ft	5	\$488	\$566	\$2,441	\$2,832
117	Tenant Improvement	2,000 sq ft	17	\$1,077	\$1,249	\$18,301	\$21,231
118	Tenant Improvement	2,000 sq ft	17	\$854	\$991	\$14,526	\$16,853
119	Tenant Improvement	10,000 sq ft	27	\$2,287	\$2,653	\$61,754	\$71,643
120	Tenant Improvement	10,000 sq ft	27	\$1,831	\$2,124	\$49,439	\$57,355
121	Warehouse / Self-Storage Facility	30,000 sq ft	24	\$5,318	\$6,170	\$127,641	\$148,079
122	Warehouse / Self-Storage Facility	30,000 sq ft	24	\$2,764	\$3,206	\$66,330	\$76,951
123	Warehouse / Self-Storage Facility	50,000 sq ft	4	\$6,564	\$7,615	\$26,257	\$30,461
124	Warehouse / Self-Storage Facility	50,000 sq ft	4	\$3,496	\$4,056	\$13,985	\$16,224
125	Master Plan, Production Phase	3,000 sq ft	176	\$1,577	\$1,829	\$277,498	\$321,932
126	Master Plan, Production Phase	5,000 sq ft	50	\$1,829	\$2,122	\$91,463	\$106,108
127	Master Plan, Production Phase	10,000 sq ft	25	\$1,998	\$2,317	\$49,941	\$57,937
128	Business - Foundation	15,000 sq ft	1	\$3,628	\$4,209	\$3,628	\$4,209

User Fee Study Summary Sheet

San Diego Development Services Department

Building Fees

2018

#	Service Name	Fee Description	Annual Volume	Per Unit		Annual	
				Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
129	Business - Foundation	Permit	1	\$1,543	\$1,790	\$1,543	\$1,790
130	Business - Foundation	Plan Check		\$4,795	\$5,563		
131	Business - Foundation	Permit		\$2,031	\$2,357		
132	Business - Foundation	Plan Check	1	\$6,093	\$7,069	\$6,093	\$7,069
133	Business - Foundation	Permit	1	\$2,520	\$2,923	\$2,520	\$2,923
134	Business - Foundation	Plan Check	1	\$7,426	\$8,615	\$7,426	\$8,615
135	Business - Foundation	Permit	1	\$3,496	\$4,056	\$3,496	\$4,056
136	Business - Frame	Plan Check	3	\$9,555	\$11,085	\$28,665	\$33,255
137	Business - Frame	Permit	3	\$2,686	\$3,116	\$8,057	\$9,347
138	Business - Frame	Plan Check	2	\$13,909	\$16,136	\$27,818	\$32,272
139	Business - Frame	Permit	2	\$4,883	\$5,665	\$9,766	\$11,329
140	Business - Foundation & Frame	Plan Check	1	\$13,634	\$15,817	\$13,634	\$15,817
141	Business - Foundation & Frame	Permit	1	\$4,473	\$5,189	\$4,473	\$5,189
142	Business - Foundation & Frame	Plan Check	1	\$18,311	\$21,243	\$18,311	\$21,243
143	Business - Foundation & Frame	Permit	1	\$7,647	\$8,871	\$7,647	\$8,871
144	High Rise - Foundation & Frame	Plan Check	1	\$17,174	\$19,924	\$17,174	\$19,924
145	High Rise - Foundation & Frame	Permit	1	\$3,740	\$4,339	\$3,740	\$4,339
146	High Rise - Foundation & Frame	Plan Check	1	\$22,120	\$25,662	\$22,120	\$25,662
147	High Rise - Foundation & Frame	Permit	1	\$6,914	\$8,021	\$6,914	\$8,021
148	High Rise - Foundation & Frame	Plan Check	2	\$30,332	\$35,189	\$60,665	\$70,379
149	High Rise - Foundation & Frame	Permit	2	\$22,539	\$26,148	\$45,079	\$52,297
150	MDU - Foundation	Plan Check	3	\$5,610	\$6,508	\$16,829	\$19,524
151	MDU - Foundation	Permit	3	\$1,787	\$2,073	\$5,361	\$6,220
152	MDU - Foundation	Plan Check	2	\$6,964	\$8,080	\$13,929	\$16,159
153	MDU - Foundation	Permit	2	\$2,520	\$2,923	\$5,039	\$5,846
154	MDU - Foundation	Plan Check	1	\$8,646	\$10,030	\$8,646	\$10,030
155	MDU - Foundation	Permit	1	\$3,496	\$4,056	\$3,496	\$4,056
156	Repetitive Structures - MDU / Commercial	Plan Check		\$2,177	\$2,526		
157	Commercial Buildout	Plan Check	4	\$9,901	\$11,486	\$39,603	\$45,945

User Fee Study Summary Sheet

San Diego Development Services Department

Building Fees

2018

#	Service Name	Fee Description	Annual Volume	Per Unit		Annual	
				Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
158	Commercial Buildout	Permit 50,000 sq ft	4	\$6,670	\$7,738	\$26,680	\$30,952
159	Commercial Buildout	Plan Check 200,000 sq ft	1	\$14,569	\$16,902	\$14,569	\$16,902
160	Commercial Buildout	Permit 200,000 sq ft	1	\$9,111	\$10,570	\$9,111	\$10,570
161	Commercial Buildout	Plan Check 600,000 sq ft	1	\$19,238	\$22,318	\$19,238	\$22,318
162	Commercial Buildout	Permit 600,000 sq ft	1	\$20,098	\$23,316	\$20,098	\$23,316
163	Residential Buildout to Occupy	Plan Check 50,000 sq ft	2	\$14,780	\$17,147	\$29,561	\$34,294
164	Residential Buildout to Occupy	Permit 50,000 sq ft	2	\$5,449	\$6,322	\$10,899	\$12,644
165	Residential Buildout to Occupy	Plan Check 200,000 sq ft	1	\$22,061	\$25,594	\$22,061	\$25,594
166	Residential Buildout to Occupy	Permit 200,000 sq ft	1	\$7,891	\$9,154	\$7,891	\$9,154
167	Residential Buildout to Occupy	Plan Check 600,000 sq ft	1	\$31,737	\$36,819	\$31,737	\$36,819
168	Residential Buildout to Occupy	Permit 600,000 sq ft	1	\$24,981	\$28,981	\$24,981	\$28,981
169	Factory Built Housing	Plan Check Each		\$2,185	\$2,535		
170	Factory Built Housing	Permit Each		\$1,421	\$1,648		
171	Manufactured Homes	Plan Check Each		\$2,185	\$2,535		
172	Manufactured Homes	Permit Each		\$933	\$1,082		
173	High Rise Buildout (Add-On) - Commercial or Residential	Plan Check 50,000 sq ft		\$14,282	\$16,569		
174	High Rise Buildout (Add-On) - Commercial or Residential	Plan Check 200,000 sq ft		\$4,006	\$4,647		
175	High Rise Buildout (Add-On) - Commercial or Residential	Plan Check 600,000 sq ft		\$4,877	\$5,658		
176	Master Plan Production	Plan Check First Unit	239	\$1,762	\$2,044	\$421,085	\$488,512
177	Master Plan Production	Plan Check Each Add'l Unit	27	\$149	\$173	\$4,035	\$4,681
178	Res-SDU / Duplex	Plan Check 3,000 sq ft	13	\$3,273	\$3,797	\$42,554	\$49,367
179	Res-SDU / Duplex	Permit 3,000 sq ft	13	\$2,275	\$2,640	\$29,581	\$34,317
180	Res-SDU / Duplex	Plan Check 5,000 sq ft	4	\$3,989	\$4,628	\$15,957	\$18,513

User Fee Study Summary Sheet

San Diego Development Services Department

Building Fees

2018

#	Service Name	Permit	Fee Description	Annual Volume	Per Unit		Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
181	Res-SDU / Duplex	Permit	5,000 sq ft	4	\$2,398	\$2,781	\$9,590	\$11,126
182	Res-SDU / Duplex	Plan Check	10,000 sq ft	2	\$4,705	\$5,459	\$9,411	\$10,918
183	Res-SDU / Duplex	Permit	10,000 sq ft	2	\$2,520	\$2,923	\$5,039	\$5,846
184	Establish Master Plan - SDU / Duplex	Plan Check	3,000 sq ft	92	\$3,823	\$4,435	\$351,726	\$408,047
185	Establish Master Plan - SDU / Duplex	Plan Check	5,000 sq ft	26	\$4,619	\$5,359	\$120,095	\$139,325
186	Establish Master Plan - SDU / Duplex	Plan Check	10,000 sq ft	13	\$5,494	\$6,373	\$71,417	\$82,853
Total User Fees							\$16,491,247	\$19,131,930

User Fee Study Summary Sheet

San Diego Development Services Department

Electrical Fees

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit			Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018	
1	Multi-family Service - Feeder Residential	Permit	First Unit	155	\$1,136	\$1,290	\$176,134	\$199,892	
2	Multi-family Service - Feeder Residential	Permit	Each Add'l Unit	39	\$52	\$59	\$2,014	\$2,286	
3	Circuits 15-45 Amps	Permit	First 5 Circuits	2,873	\$181	\$205	\$519,388	\$589,448	
4	Circuits 15-45 Amps	Permit	Next 6-10Units	884	\$52	\$59	\$45,660	\$51,820	
5	Circuits 15-45 Amps	Permit	Each Add'l 10 Circuits>10 up to 50	442	\$52	\$59	\$22,830	\$25,910	
6	Circuits 15-45 Amps	Permit	Each Add'l 50 Circuitsabove 50	221	\$129	\$147	\$28,538	\$32,387	
7	Circuits 50-200 Amps	Permit	Each 2 Circuits	2,434	\$258	\$293	\$628,606	\$713,399	
8	Circuits 225-400 Amps	Permit	Each	585	\$310	\$352	\$181,299	\$205,754	
9	Circuits 450-1,000 Amps	Permit	Each	289	\$362	\$410	\$104,492	\$118,587	
10	Circuits 1,200 Amps or Larger	Permit	Each	142	\$387	\$440	\$55,009	\$62,430	
11	Conduit and J Box Only	Permit	Each	59	\$129	\$147	\$7,619	\$8,646	
12	Generator Only	Permit	Each	5	\$155	\$176	\$775	\$879	
13	Specialized Occupancy (e.g., healthcare, hazardous location)	Permit	Each	2	\$258	\$293	\$517	\$586	
14	Temporary Service on a Permanent Base (Test Meter)	Permit	Each	43	\$129	\$147	\$5,553	\$6,302	
15	Temporary Pole/Service (Construction Power)	Permit	Each	191	\$207	\$234	\$39,462	\$44,785	
16	Other Inspections (Hourly Rate)	Permit	Hourly		\$178	\$202			

Total User Fees

\$1,817,896

\$2,063,111

User Fee Study Summary Sheet

San Diego Development Services Department

Fire Alarm / Fire Sprinkler

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit		Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
1	Fire Alarm - High Rise - 6-11 Floors - Residential	Plan Check	Each Building	2	\$1,879	\$2,291	\$3,758	\$4,581
2	Fire Alarm - High Rise - 12 or More - Residential	Plan Check	Each Building	10	\$3,122	\$3,805	\$31,216	\$38,052
3	Fire Alarm - High Rise - 6-11 Floors - Commercial	Plan Check	Each Building	4	\$1,569	\$1,912	\$6,274	\$7,648
4	Fire Alarm - High Rise - 12 or More - Commercial	Plan Check	Each Building	2	\$2,500	\$3,048	\$5,001	\$6,096
5	Fire Alarm - High Rise - Residential	Permit	Per Floor	12	\$348	\$425	\$4,180	\$5,095
6	Fire Alarm - High Rise - Commercial	Permit	Per Floor	6	\$348	\$425	\$2,090	\$2,548
7	Fire Alarm - New Installation	Plan Check	0-20 Devices	154	\$248	\$303	\$38,266	\$46,647
8	Fire Alarm - New Installation	Permit	0-20 Devices	154	\$367	\$448	\$56,566	\$68,955
9	Fire Alarm - New Installation	Plan Check	Each Addl 10 Devices	38	\$54	\$66	\$2,066	\$2,518
10	Fire Alarm - New Installation	Permit	Each Addl 10 Devices	38	\$46	\$56	\$1,745	\$2,127
11	Fire Alarm - Sprinkler Monitoring	Plan Check	Each Panel / System	123	\$109	\$133	\$13,371	\$16,300
12	Fire Alarm - Sprinkler Monitoring	Permit	Each Panel / System	123	\$253	\$308	\$31,061	\$37,864
13	Fire Alarm - Alteration to Existing System	Plan Check	0-20 Devices	100	\$155	\$189	\$15,530	\$18,931
14	Fire Alarm - Alteration to Existing System	Permit	0-20 Devices	100	\$505	\$616	\$50,506	\$61,567
15	Fire Alarm - Alteration to Existing System	Plan Check	Each Addl 10 Devices	75	\$54	\$66	\$4,077	\$4,969
16	Fire Alarm - Alteration to Existing System	Permit	Each Addl 10 Devices	75	\$92	\$112	\$6,887	\$8,395
17	Smoke Control (Add-On)	Plan Check	Per System	12	\$559	\$682	\$6,709	\$8,178
18	Smoke Control (Add-On)	Permit	Per System	12	\$367	\$448	\$4,408	\$5,373
19	Suppression - Special System (Dry Chem, Inert Gas, Special Agent)	Plan Check	Per System Up to 10 Devices	10	\$792	\$965	\$7,920	\$9,655
20	Suppression - Special System (Dry Chem, Inert Gas, Special Agent)	Permit	Per System Up to 10 Devices	10	\$367	\$448	\$3,673	\$4,478
21	Suppression - Kitchen Hood	Plan Check	Per System	169	\$109	\$133	\$18,372	\$22,396
22	Suppression - Kitchen Hood	Permit	Per System	169	\$275	\$336	\$46,557	\$56,753
23	Sprinklers - High Rise - 6-11 Floors - Residential	Plan Check	Each Building	2	\$2,422	\$2,952	\$4,843	\$5,904
24	Sprinklers - High Rise - 12 or More Floors - Residential	Plan Check	Each Building	10	\$3,715	\$4,529	\$37,155	\$45,292
25	Sprinklers - High Rise - 6-11 Floors - Commercial	Plan Check	Each Building	4	\$2,052	\$2,501	\$8,207	\$10,005
26	Sprinklers - High Rise - 12 or More Floors - Commercial	Plan Check	Each Building	2	\$2,976	\$3,628	\$5,952	\$7,256
27	Sprinklers - High Rise - Per Floor - Residential	Permit	Per Floor	12	\$639	\$778	\$7,663	\$9,341
28	Sprinklers - High Rise - Per Floor - Commercial	Permit	Per Floor	6	\$752	\$917	\$4,513	\$5,501

*Schedules reflect one-year implementation

User Fee Study Summary Sheet

San Diego Development Services Department Fire Alarm / Fire Sprinkler

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit		Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
29	Sprinkler-Commercial / MDU	Plan Check	First 50 Sprinklers	238	\$527	\$642	\$125,384	\$152,844
30	Sprinkler-Commercial / MDU	Permit	First 50 Sprinklers	238	\$761	\$928	\$181,201	\$220,886
31	Sprinkler-Commercial / MDU	Plan Check	Each Add'l 50 Sprinklers	47	\$129	\$158	\$6,082	\$7,413
32	Sprinkler-Commercial / MDU	Permit	Each Add'l 50 Sprinklers	47	\$247	\$301	\$11,605	\$14,147
33	Sprinkler-SDU / Duplex / Town Homes (13D) - New	Plan Check	Each Unit Up 50 Sprinklers	949	\$370	\$451	\$350,846	\$427,684
34	Sprinkler-SDU / Duplex / Town Homes (13D) - New	Permit	Each Unit Up 50 Sprinklers	949	\$309	\$376	\$292,914	\$357,064
35	Sprinkler-SDU / Duplex / Town Homes (13D) - New	Plan Check	For More Than 50 Sprinklers	5	\$739	\$901	\$3,697	\$4,507
36	Sprinkler-SDU / Duplex / Town Homes (13D) - New	Permit	For More Than 50 Sprinklers	5	\$617	\$753	\$3,087	\$3,763
37	Sprinkler-SDU / Duplex / Town Homes (13D) - Addition / Remodel	Plan Check	Each	38	\$185	\$225	\$7,024	\$8,563
38	Sprinkler-SDU / Duplex / Town Homes (13D) - Addition / Remodel	Permit	Each	38	\$165	\$201	\$6,255	\$7,625
39	Sprinkler - Tenant Improvement	Plan Check	First 50 Sprinklers	250	\$342	\$417	\$85,493	\$104,217
40	Sprinkler - Tenant Improvement	Permit	First 50 Sprinklers	250	\$473	\$577	\$118,318	\$144,230
41	Sprinkler - Tenant Improvement	Plan Check	Each Add'l 50 Sprinklers	151	\$185	\$225	\$27,912	\$34,025
42	Sprinkler - Tenant Improvement	Permit	Each Add'l 50 Sprinklers	151	\$237	\$288	\$35,732	\$43,558
43	Sprinkler - Underground	Plan Check	Each 200 Linear Feet	159	\$129	\$158	\$20,574	\$25,080
44	Sprinkler - Underground	Permit	Each 200 Linear Feet	159	\$226	\$276	\$35,989	\$43,871
45	Fire Alarm Affidavit - Form DS-162	Plan Check	0-4 Devices	400	\$47	\$57	\$18,636	\$22,718
46	Fire Alarm Affidavit - Form DS-162	Permit	0-4 Devices	400	\$184	\$224	\$73,463	\$89,552
47	Sprinkler Affidavit - Form DS-161	Plan Check	0-20 Devices	450	\$55	\$68	\$24,955	\$30,420
48	Sprinkler Affidavit - Form DS-161	Permit	0-20 Devices	450	\$370	\$452	\$166,674	\$203,177
49	Sprinkler - Backflow Without Calculations	Plan Check	Per Building	25	\$157	\$192	\$3,928	\$4,788
50	Sprinkler - Backflow Without Calculations	Permit	Per Building	25	\$123	\$151	\$3,087	\$3,763
51	Sprinkler - Backflow With Calculations	Plan Check	Per Building	45	\$481	\$586	\$21,628	\$26,364
52	Sprinkler - Backflow With Calculations	Permit	Per Building	45	\$123	\$151	\$5,556	\$6,773
53	Standpipe Only	Plan Check	Each 10 Outlets	4	\$481	\$586	\$1,922	\$2,343
54	Standpipe Only	Permit	Each 10 Outlets	4	\$463	\$564	\$1,852	\$2,258

User Fee Study Summary Sheet

San Diego Development Services Department

Fire Alarm / Fire Sprinkler

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit		Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
55	Standpipe Only	Plan Check	Each Add'l 10 Outlets	2	\$139	\$169	\$277	\$338
56	Standpipe Only	Permit	Each Add'l 10 Outlets	2	\$268	\$326	\$535	\$652
57	Panel Replacement - High Rise	Plan Check	Per Floor	20	\$155	\$189	\$3,106	\$3,786
58	Panel Replacement - High Rise	Permit	Per Floor	20	\$184	\$224	\$3,673	\$4,478
59	Panel Replacement - Non-High Rise	Plan Check	0-20 Devices	30	\$155	\$189	\$4,659	\$5,679
60	Panel Replacement - Non-High Rise	Permit	0-20 Devices	30	\$275	\$336	\$8,265	\$10,075
61	Panel Replacement - Non-High Rise	Permit	Each Add'l 10 Devices	25	\$127	\$154	\$3,167	\$3,860
62	Fire Pump Only	Plan Check	Per Building	3	\$850	\$1,037	\$2,551	\$3,110
63	Fire Pump Only	Permit	Per Building	3	\$679	\$828	\$2,037	\$2,483
64	Hourly Rate for Services Not Covered Above		Hourly	892	\$160	\$195	\$142,806	\$174,082
65	Reinspection Fee	Permit	Hourly	77	\$150	\$183	\$11,559	\$14,091
66	Fire Alarm High Rise Commercial - Core Only	Permit	Per Floor	1	\$412	\$502	\$412	\$502
67	Panel Replacement	Permit	Each Add'l 10 Devices	1	\$82	\$100	\$82	\$100
Total User Fees							\$2,245,508	\$2,737,294

User Fee Study Summary Sheet

San Diego Development Services Department

Mechanical Fees

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit			Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018	
1	MDU - First 3 Units	Permit	First 3 Units	71	\$229	\$260	\$16,273	\$18,453	
2	MDU - 4 to 50 Units	Permit	Per Unit	22	\$69	\$78	\$1,513	\$1,715	
3	MDU - Over 50 Units	Permit	Each Add'l 10 Units	10	\$344	\$390	\$3,438	\$3,899	
4	Exhaust System - Garage	Permit	Each System	30	\$275	\$312	\$8,251	\$9,356	
5	Exhaust System - Garage	Permit	Each Add'l System	5	\$69	\$78	\$344	\$390	
6	MDU - Remodel	Permit	Each Dwelling Unit	86	\$183	\$208	\$15,769	\$17,881	
7	MDU - Remodel	Permit	Additional Dwelling Unit	21	\$23	\$26	\$481	\$546	
8	Hotel	Permit	First Room	139	\$229	\$260	\$31,859	\$36,126	
9	Hotel	Permit	Each Add'l Room	573	\$46	\$52	\$26,267	\$29,785	
10	Commercial - Shell	Permit	Per Floor	779	\$344	\$390	\$267,825	\$303,694	
11	Commercial - Tenant Improvement	Permit	Up to 5,000 Sq Ft	709	\$115	\$130	\$81,253	\$92,135	
12	Commercial - Tenant Improvement	Permit	Each Add'l 5,000 Sq Ft	177	\$69	\$78	\$12,171	\$13,801	
13	Air Handler	Permit	Each	97	\$138	\$156	\$13,340	\$15,126	
14	Air Handler	Permit	Each Add'l	25	\$46	\$52	\$1,146	\$1,300	
15	Decorative Appliance and Vent	Permit	Each	37	\$69	\$78	\$2,544	\$2,885	
16	Decorative Appliance and Vent	Permit	Each Add'l	5	\$23	\$26	\$115	\$130	
17	Boiler	Permit	Each	84	\$115	\$130	\$9,627	\$10,916	
18	Boiler	Permit	Each Add'l	21	\$46	\$52	\$963	\$1,092	
19	Chiller	Permit	Each	29	\$183	\$208	\$5,318	\$6,030	
20	Chiller	Permit	Each Add'l	8	\$46	\$52	\$367	\$416	
21	Condenser	Permit	Each	284	\$92	\$104	\$26,038	\$29,525	
22	Condenser	Permit	Each Add'l	71	\$46	\$52	\$3,255	\$3,691	
23	Cooling Tower	Permit	Each	19	\$183	\$208	\$3,484	\$3,950	
24	Cooling Tower	Permit	Each Add'l	4	\$46	\$52	\$183	\$208	
25	Exhaust Hood - Type II Hood & Duct	Permit	Each	148	\$115	\$130	\$16,961	\$19,233	
26	Exhaust Hood - Type II Hood & Duct	Permit	Each Add'l	29	\$46	\$52	\$1,329	\$1,507	
27	Evaporative Cooler - Makeup Air Unit	Permit	Each	288	\$92	\$104	\$26,404	\$29,941	
28	Evaporative Cooler - Makeup Air Unit	Permit	Each Add'l Unit	50	\$23	\$26	\$1,146	\$1,300	
29	Gas System / Meter	Permit	First 5 GasOutlets	99	\$229	\$260	\$22,691	\$25,730	
30	Gas System / Meter	Permit	Each Add'l 5 Gas Outlets	25	\$69	\$78	\$1,719	\$1,949	
31	Type I Hood and/or Duct	Permit	Each	152	\$183	\$208	\$27,871	\$31,604	
32	Type I Hood and/or Duct - Each Additional	Permit	Each Add'l	7	\$69	\$78	\$481	\$546	
33	Heat Pump - Packing Unit, Fan Coil	Permit	Each	1,000	\$138	\$156	\$137,522	\$155,940	
34	Heat Pump - Packing Unit, Fan Coil	Permit	Each Add'l Unit	440	\$46	\$52	\$20,170	\$22,871	

User Fee Study Summary Sheet

San Diego Development Services Department

Mechanical Fees

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit			Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018	
35	Heater - Unit / Radiant	Permit	Each	29	\$92	\$104	\$2,659	\$3,015	
36	Heater - Unit / Radiant	Permit	Each Add'l Unit	6	\$46	\$52	\$275	\$312	
37	Wall Heater - Furnace	Permit	Each	2,100	\$92	\$104	\$192,531	\$218,316	
38	Wall Heater - Furnace	Permit	Each Add'l	531	\$46	\$52	\$24,341	\$27,601	
39	Walk-In Box / Refrigerator Coil	Permit	Each	122	\$115	\$130	\$13,981	\$15,854	
40	Walk-In Box / Refrigerator Coil	Permit	Each Add'l	13	\$46	\$52	\$596	\$676	
41	Environmental Air Ducts - Fans (Exhaust Fans, Dryer Ducts)	Permit	Each	669	\$92	\$104	\$61,335	\$69,549	
42	Environmental Air Ducts - Fans (Exhaust Fans, Dryer Ducts)	Permit	Each Add'l	447	\$23	\$26	\$10,245	\$11,618	
43	Other Inspections - Hourly Rate	Permit	Hourly Rate		\$158	\$179			
Total User Fees							\$1,094,081	\$1,240,609	

User Fee Study Summary Sheet

San Diego Development Services Department

Miscellaneous Fees

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit		Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
1	Antenna	Plan Check	1-5	389	\$1,096	\$1,291	\$426,210	\$502,009
2	Antenna	Permit	1-5	389	\$860	\$1,013	\$334,443	\$393,923
3	Antenna	Plan Check	6 or more	97	\$1,315	\$1,548	\$127,524	\$150,204
4	Antenna	Permit	6 or more	97	\$1,105	\$1,302	\$107,223	\$126,293
5	Antenna with Screening / Skirting	Plan Check	1-5	110	\$1,534	\$1,806	\$168,709	\$198,713
6	Antenna with Screening / Skirting	Permit	1-5	110	\$983	\$1,157	\$108,083	\$127,305
7	Antenna with Screening / Skirting	Plan Check	6 or more	27	\$1,753	\$2,064	\$47,324	\$55,741
8	Antenna with Screening / Skirting	Permit	6 or more	27	\$1,228	\$1,447	\$33,162	\$39,060
9	Awnings	Plan Check	Up to 5	85	\$802	\$945	\$68,209	\$80,340
10	Awnings	Permit	Up to 5	85	\$246	\$289	\$20,880	\$24,593
11	Awnings	Plan Check	Each Add'l 5	20	\$360	\$424	\$7,204	\$8,485
12	Awnings	Permit	Each Add'l 5	20	\$123	\$145	\$2,456	\$2,893
13	Canopies	Plan Check	Up to 5	120	\$802	\$945	\$96,295	\$113,421
14	Canopies	Permit	Up to 5	120	\$246	\$289	\$29,477	\$34,720
15	Canopies	Plan Check	Each Add'l 5	30	\$360	\$424	\$10,806	\$12,728
16	Canopies	Permit	Each Add'l 5	30	\$123	\$145	\$3,685	\$4,340
17	Carport <500 sq ft	Plan Check	Each	127	\$712	\$839	\$90,455	\$106,542
18	Carport <500 sq ft	Permit	Each	127	\$491	\$579	\$62,393	\$73,490
19	Carport (601 - 3,000 sq ft)	Plan Check	Each	34	\$1,150	\$1,355	\$39,110	\$46,066
20	Carport (601 - 3,000 sq ft)	Permit	Each	34	\$983	\$1,157	\$33,407	\$39,349
21	Carport (>3,000 sq ft)	Plan Check	Each	8	\$2,085	\$2,456	\$16,679	\$19,646
22	Carport (>3,000 sq ft)	Permit	Each	8	\$2,088	\$2,459	\$16,704	\$19,674
23	Commerical Coach	Plan Check	Each	46	\$958	\$1,128	\$44,063	\$51,899
24	Commerical Coach	Permit	Each	46	\$974	\$1,148	\$44,822	\$52,794
25	Deck per Pre-Approved Plans	Plan Check	Each	45	\$211	\$248	\$9,488	\$11,176
26	Deck per Pre-Approved Plans	Permit	Each	45	\$491	\$579	\$22,108	\$26,040
27	Deck (Single Family / Duplex) Up to 500 sq ft	Plan Check	Each	340	\$527	\$621	\$179,343	\$211,239
28	Deck (Single Family / Duplex) Up to 500 sq ft	Permit	Each	340	\$491	\$579	\$167,037	\$196,744
29	Deck (Single Family / Duplex) >500 sq ft OR > 1 Story	Plan Check	Each	49	\$1,176	\$1,385	\$57,608	\$67,853
30	Deck (Single Family / Duplex) >500 sq ft OR > 1 Story	Permit	Each	49	\$491	\$579	\$24,073	\$28,354

*Schedules reflect one-year implementation

User Fee Study Summary Sheet

San Diego Development Services Department

Miscellaneous Fees

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit		Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
31	Deck (Multi-Family / Non-Res)	Plan Check	Each	49	\$1,176	\$1,385	\$57,608	\$67,853
32	Deck (Multi-Family / Non-Res)	Permit	Each	49	\$491	\$579	\$24,073	\$28,354
33	Demolition	Plan Check		59	\$79	\$93	\$4,670	\$5,501
34	Demolition	Permit		59	\$246	\$289	\$14,493	\$17,070
35	Door / Window - New (SFD / DUP)	Plan Check		184	\$175	\$207	\$32,272	\$38,011
36	Door / Window - New (SFD / DUP)	Permit		184	\$246	\$289	\$45,198	\$53,237
37	Door / Window - New (MDU / Non-Residential)	Plan Check	First 3	147	\$517	\$609	\$76,031	\$89,553
38	Door / Window - New (MDU / Non-Residential)	Permit	First 3	147	\$368	\$434	\$54,164	\$63,797
39	Door / Window - New (MDU / Non-Residential)	Plan Check	Each Addl 3	37	\$219	\$258	\$8,104	\$9,545
41	Door / Window - New (MDU / Non-Residential)	Permit	Each Addl 3	37	\$123	\$145	\$4,544	\$5,353
42	Door / Window - Replacement (Non-Structural)	Permit		139	\$246	\$289	\$34,144	\$40,217
43	Fence or Freestanding Wall (Non-Masonry) 6 - 8 feet in height	Plan Check	First 100 LF	107	\$377	\$444	\$40,376	\$47,556
44	Fence or Freestanding Wall (Non-Masonry) 6 - 8 feet in height	Permit	First 100 LF	107	\$562	\$662	\$60,163	\$70,862
45	Fence or Freestanding Wall (Non-Masonry) 8 - 10 feet in height	Plan Check	First 100 LF	20	\$487	\$573	\$9,737	\$11,469
46	Fence or Freestanding Wall (Non-Masonry) 8 - 10 feet in height	Permit	First 100 LF	20	\$685	\$807	\$13,702	\$16,139
48	Fence or Freestanding Wall (Non-Masonry)	Plan Check	Each Additional 100 LF	8	\$235	\$277	\$1,879	\$2,213
49	Fence or Freestanding Wall (Non-Masonry)	Permit	Each Additional 100 LF	8	\$123	\$145	\$983	\$1,157
50	Fence or Freestanding Wall (Non-Masonry) Over 10 ft in height	Plan Check	First 100 LF	10	\$628	\$740	\$6,280	\$7,397
51	Fence or Freestanding Wall (Non-Masonry) Over 10 ft in height	Permit	First 100 LF	10	\$808	\$952	\$8,079	\$9,516
52	Fence or Freestanding Wall (Masonry) Up to 6 ft (Pre-Engineered)	Plan Check	Each	124	\$257	\$303	\$31,856	\$37,522
53	Fence or Freestanding Wall (Masonry) Up to 6 ft (Pre-Engineered)	Permit	First 100 LF	124	\$368	\$434	\$45,690	\$53,815
54	Fence or Freestanding Wall (Masonry) 6 - 8 feet in height	Plan Check	First 100 LF	27	\$612	\$721	\$16,530	\$19,469
55	Fence or Freestanding Wall (Masonry) 6 - 8 feet in height	Permit	First 100 LF	27	\$808	\$952	\$21,814	\$25,693

User Fee Study Summary Sheet

San Diego Development Services Department

Miscellaneous Fees

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit		Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
56	Fence or Freestanding Wall (Masonry) 8 - 10 feet in height	Plan Check	First 100 LF	10	\$831	\$979	\$8,312	\$9,791
57	Fence or Freestanding Wall (Masonry) 8 - 10 feet in height	Permit	First 100 LF	10	\$931	\$1,096	\$9,307	\$10,963
58	Fence or Freestanding Wall (Masonry) Over 6 feet in height	Plan Check	Each Additional 100 LF	48	\$344	\$406	\$16,530	\$19,470
59	Fence or Freestanding Wall (Masonry)	Permit	Each Additional 100 LF	48	\$123	\$145	\$5,895	\$6,944
60	Fence or Freestanding Wall (Masonry) Over 10 ft in height	Plan Check	First 100 LF	10	\$1,082	\$1,274	\$10,819	\$12,743
61	Fence or Freestanding Wall (Masonry) Over 10 ft in height	Permit	First 100 LF	10	\$1,054	\$1,241	\$10,536	\$12,409
62	Fence or Freestanding Wall (Masonry) Over 10 ft in height	Plan Check	Each Additional 100 LF	5	\$454	\$535	\$2,269	\$2,673
63	Fireplace without Calcs (Pre-Fab)	Plan Check	Each	18	\$180	\$212	\$3,236	\$3,811
64	Fireplace without Calcs (Pre-Fab)	Permit	Each	18	\$491	\$579	\$8,843	\$10,416
65	Fireplace with Calcs	Plan Check	Each	30	\$589	\$694	\$17,672	\$20,815
66	Fireplace with Calcs	Permit	Each	30	\$491	\$579	\$14,739	\$17,360
67	Pole	Plan Check	First 10	11	\$955	\$1,125	\$10,508	\$12,377
68	Pole	Permit	First 10	11	\$368	\$434	\$4,053	\$4,774
69	Pole	Permit	Each Add'l 10	7	\$123	\$145	\$860	\$1,013
70	Pole	Plan Check	11 or more	4	\$1,095	\$1,290	\$4,381	\$5,160
71	Pole with Electrical	Plan Check	First 10	6	\$1,284	\$1,512	\$7,703	\$9,073
72	Pole with Electrical	Permit	First 10	6	\$491	\$579	\$2,948	\$3,472
73	Pole with Electrical	Permit	Each Add'l 10	2	\$246	\$289	\$491	\$579
74	Pole with Electrical	Plan Check	11 or more	3	\$1,314	\$1,548	\$3,943	\$4,644
75	Garage / Storage - Accessory to SFD, 1-story, Wood Frame	Plan Check	Each	115	\$360	\$425	\$41,450	\$48,821
76	Garage / Storage - Accessory to SFD, 1-story, Wood Frame	Permit	Up to 500 sq ft	115	\$737	\$868	\$84,747	\$99,819
77	Garage / Storage - Accessory to SFD, 1-story, Wood Frame	Permit	Each Add'l 500 sq ft	29	\$267	\$314	\$7,730	\$9,105
78	Garage / Storage - Non-Wood Frame < 3,000 sq ft	Plan Check	Up to 500 sq ft	16	\$1,384	\$1,630	\$22,140	\$26,077
79	Garage / Storage - Non-Wood Frame < 3,000 sq ft	Permit	Up to 500 sq ft	16	\$491	\$579	\$7,861	\$9,259
80	Garage / Storage - Non-Wood Frame < 3,000 sq ft	Plan Check	Each Add'l 500 sq ft	7	\$219	\$258	\$1,533	\$1,806
81	Garage / Storage - Non-Wood Frame < 3,000 sq ft	Permit	Each Add'l 500 sq ft	7	\$246	\$289	\$1,720	\$2,025

User Fee Study Summary Sheet

San Diego Development Services Department

Miscellaneous Fees

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit		Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
82	Greenhouses	Plan Check	Each	11	\$867	\$1,021	\$9,532	\$11,227
83	Greenhouses	Permit	Each	11	\$368	\$434	\$4,053	\$4,774
84	Greenhouses	Plan Check	Each Add'l	1	\$235	\$277	\$235	\$277
85	Greenhouses	Permit	Each Add'l	1	\$246	\$289	\$246	\$289
86	Partition - Commercial	Plan Check	Up to 50 LF	168	\$254	\$300	\$42,736	\$50,336
87	Partition - Commercial	Permit	Up to 50 LF	168	\$368	\$434	\$61,902	\$72,911
88	Partition - Commercial	Plan Check	Each Add'l 50 LF	40	\$103	\$122	\$4,138	\$4,874
89	Partition - Commercial	Permit	Each Add'l 50 LF	40	\$123	\$145	\$4,913	\$5,787
90	Partition - Residential	Plan Check	Up to 30 LF	43	\$79	\$93	\$3,404	\$4,009
91	Partition - Residential	Permit	Up to 30 LF	43	\$197	\$231	\$8,450	\$9,953
92	Partition - Residential	Plan Check	Each Add'l 30 LF	12	\$16	\$19	\$190	\$224
93	Partition - Residential	Permit	Each Add'l 30 LF	12	\$98	\$116	\$1,179	\$1,389
94	Patio Cover - per Pre-Approved Plans (City Standards)	Plan Check	Each	136	\$443	\$522	\$60,286	\$71,007
95	Patio Cover - per Pre-Approved Plans (City Standards)	Permit	Each	136	\$491	\$579	\$66,815	\$78,698
96	Patio Cover (Single Family / Duplex)	Plan Check	Each	443	\$662	\$780	\$293,402	\$345,582
97	Patio Cover (Single Family / Duplex)	Permit	Each	443	\$491	\$579	\$217,640	\$256,346
98	Patio Cover (Multi-Family / Non-Res)	Plan Check	Each	102	\$850	\$1,001	\$86,667	\$102,080
99	Patio Cover (Multi-Family / Non-Res)	Permit	Each	102	\$491	\$579	\$50,111	\$59,023
100	Siding / Stucco / Veneer	Plan Check	First 1,000 sq ft	74	\$251	\$295	\$18,551	\$21,851
101	Siding / Stucco / Veneer	Permit	First 1,000 sq ft	74	\$491	\$579	\$36,355	\$42,821
102	Siding / Stucco / Veneer	Plan Check	Each Add'l 1,000 sq ft	19	\$110	\$129	\$2,081	\$2,451
103	Siding / Stucco / Veneer	Permit	Each Add'l 1,000 sq ft	19	\$123	\$145	\$2,334	\$2,749
104	Repair Due to Re-Pipe MDU	Permit	First 3 Units	5	\$246	\$289	\$1,228	\$1,447
105	Repair Due to Re-Pipe MDU	Permit	Each Add'l 3 Units	1	\$123	\$145	\$123	\$145
106	Repair due to Re-Pipe Non-Res	Permit	Each	14	\$246	\$289	\$3,439	\$4,051
107	Repair due to Re-Pipe SDU / DUP	Permit	Each	5	\$246	\$289	\$1,228	\$1,447
108	Repair / Replace In-Kind - MDU	Permit	Each	290	\$737	\$868	\$213,710	\$251,717
109	Repair / Replace In-Kind - Non-Res	Permit	Each	29	\$737	\$868	\$21,371	\$25,172
110	Repair / Replace In-Kind - SDU / DUP	Permit	Each	415	\$491	\$579	\$203,884	\$240,144
111	Retaining Wall (City Standard)	Plan Check	First 50 LF	157	\$497	\$586	\$78,062	\$91,945

User Fee Study Summary Sheet

San Diego Development Services Department

Miscellaneous Fees

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit			Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018	
112	Retaining Wall (City Standard)	Permit	First 50 LF	157	\$685	\$807	\$107,559	\$126,688	
113	Retaining Wall (City Standard)	Plan Check	Each Add'l 50 LF	20	\$95	\$112	\$1,900	\$2,238	
114	Retaining Wall (City Standard)	Permit	Each Add'l 50 LF	20	\$123	\$145	\$2,456	\$2,893	
115	Retaining Wall with Calcs 3' - 8' High	Plan Check	Up to 50 LF	161	\$1,391	\$1,639	\$223,972	\$263,805	
116	Retaining Wall with Calcs 3' - 8' High	Permit	Up to 50 LF	161	\$685	\$807	\$110,300	\$129,916	
117	Retaining Wall with Calcs 3' - 8' High	Plan Check	Each Add'l 50 LF	18	\$174	\$205	\$3,135	\$3,692	
118	Retaining Wall with Calcs 3' - 8' High	Permit	Each Add'l 50 LF	18	\$123	\$145	\$2,211	\$2,604	
119	Retaining Wall with Calcs 8' - 12' High	Plan Check	Up to 50 LF	46	\$1,953	\$2,301	\$89,858	\$105,839	
120	Retaining Wall with Calcs 8' - 12' High	Permit	Up to 50 LF	46	\$808	\$952	\$37,164	\$43,773	
121	Retaining Wall with Calcs 8' - 12' High	Plan Check	Each Add'l 50 LF	5	\$174	\$205	\$871	\$1,026	
122	Retaining Wall with Calcs 8' - 12' High	Permit	Each Add'l 50 LF	5	\$123	\$145	\$614	\$723	
123	Retaining Wall with Calcs Over 12 ft	Plan Check	Up to 50 LF	21	\$2,265	\$2,668	\$47,562	\$56,020	
124	Retaining Wall with Calcs Over 12 ft	Permit	Up to 50 LF	21	\$931	\$1,096	\$19,545	\$23,021	
125	Retaining Wall with Calcs Over 12 ft	Plan Check	Each Add'l 50 LF	4	\$95	\$112	\$380	\$448	
126	Retaining Wall with Calcs Over 12 ft	Permit	Each Add'l 50 LF	4	\$123	\$145	\$491	\$579	
127	Roof Resheathing - MDU / Non-Res	Permit	Each	81	\$246	\$289	\$19,897	\$23,436	
128	Roof Resheathing - SDU / DUP	Permit	Each	54	\$246	\$289	\$13,265	\$15,624	
129	Roof Structure Replacement	Plan Check	First 2,000 sq ft	66	\$924	\$1,088	\$60,959	\$71,800	
130	Roof Structure Replacement	Permit	First 2,000 sq ft	66	\$368	\$434	\$24,319	\$28,644	
131	Roof Structure Replacement	Plan Check	Each Add'l 2,000 sq ft	7	\$219	\$258	\$1,533	\$1,806	
132	Roof Structure Replacement	Permit	Each Add'l 2,000 sq ft	7	\$123	\$145	\$860	\$1,013	
133	Equipment Pad - On-Grade	Plan Check	Each	236	\$431	\$507	\$101,623	\$119,696	
134	Equipment Pad - On-Grade	Permit	Each	236	\$246	\$289	\$57,972	\$68,282	
135	Equipment Pad - On Floor or Roof	Plan Check	Each	109	\$736	\$867	\$80,251	\$94,524	
136	Equipment Pad - On Floor or Roof	Permit	Each	109	\$368	\$434	\$40,163	\$47,305	
137	Skylight with Structural Modifications - Residential	Plan Check	Each	3	\$323	\$380	\$968	\$1,140	
138	Skylight with Structural Modifications - Residential	Permit	Each	3	\$246	\$289	\$737	\$868	
139	Skylight without Structural Modifications - Residential	Plan Check	Each	17	\$104	\$122	\$1,760	\$2,073	
140	Skylight without Structural Modifications - Residential	Permit	Each	17	\$246	\$289	\$4,176	\$4,919	
141	Skylight with Structural Modifications - Non-Residential	Plan Check	Each	7	\$535	\$631	\$3,748	\$4,415	

User Fee Study Summary Sheet

San Diego Development Services Department

Miscellaneous Fees

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit		Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
142	Skylight with Structural Modifications - Non-Residential	Permit	Each	7	\$246	\$289	\$1,720	\$2,025
143	Skylight without Structural Modifications - Non-Residential	Plan Check	Each	1	\$207	\$244	\$207	\$244
144	Skylight without Structural Modifications - Non-Residential	Permit	Each	1	\$246	\$289	\$246	\$289
145	Jacuzzi / Hot Tub / Portable Spa / Sauna Above Ground - Pre-Fabricated - Accessory to a SFD	Plan Check	Each	5	\$245	\$288	\$1,223	\$1,441
146	Jacuzzi / Hot Tub / Portable Spa / Sauna	Plan Check	Each	3	\$442	\$521	\$1,327	\$1,563
147	Jacuzzi / Hot Tub / Portable Spa / Sauna Above Ground - Pre-Fabricated	Permit	Each	3	\$368	\$434	\$1,105	\$1,302
148	Jacuzzi / Hot Tub / Portable Spa / Sauna In Ground - Pre-Fabricated - Accessory to a SFD	Plan Check	Each	12	\$442	\$521	\$5,307	\$6,251
149	Jacuzzi / Hot Tub / Portable Spa / Sauna In Ground - Pre-Fabricated - Public	Plan Check	Each	8	\$661	\$779	\$5,290	\$6,231
150	Jacuzzi / Hot Tub / Portable Spa / Sauna In Ground - Pre-Fabricated	Permit	Each	8	\$491	\$579	\$3,930	\$4,629
151	Storage Racks	Plan Check	1st Type	29	\$673	\$793	\$19,515	\$22,985
152	Storage Racks	Plan Check	Each Add'l Type	7	\$235	\$277	\$1,644	\$1,936
153	Storage Racks	Permit	First 100 LF	69	\$368	\$434	\$25,424	\$29,946
154	Storage Racks	Permit	Each Add'l 200 LF	14	\$123	\$145	\$1,720	\$2,025
155	Pool / Spa - Private Custom	Plan Check	Each	124	\$1,559	\$1,836	\$193,299	\$227,677
156	Pool / Spa - Establish Master Plan	Plan Check	Each	3	\$1,314	\$1,548	\$3,943	\$4,644
157	Pool / Spa - Production Phase	Plan Check	Each	799	\$245	\$288	\$195,499	\$230,268
158	Pool / Spa Public - With Master Plan	Plan Check	Each	7	\$1,121	\$1,320	\$7,846	\$9,241
159	Pool / Spa Public - With Master Plan	Permit	Each	7	\$491	\$579	\$3,439	\$4,051
160	Pool / Spa Public - Without Master Plan	Plan Check	Each	4	\$1,997	\$2,352	\$7,988	\$9,408
161	Pool / Spa Public - Without Master Plan	Permit	Each	4	\$491	\$579	\$1,965	\$2,315
162	Temporary Occupancy	Permit	Each	1	\$491	\$579	\$491	\$579
163	Temporary Utility Connection	Permit	Each	198	\$74	\$87	\$14,591	\$17,186
164	Re-Inspection	Permit	Each	142	\$246	\$289	\$34,881	\$41,085
165	Enhanced Inspection Services - Same Day	Permit	Each	12	\$593	\$698	\$7,115	\$8,381
166	Enhanced Inspection Services - After Hours	Permit	Each	97	\$339	\$399	\$32,865	\$38,710
167	Enhanced Inspection Services - Off-Duty - Night & Weekend	Permit	Each	10	\$508	\$599	\$5,082	\$5,986
168	Enhanced Inspection Services - By Appointment	Permit	Each	6	\$593	\$698	\$3,558	\$4,190

User Fee Study Summary Sheet

San Diego Development Services Department

Miscellaneous Fees

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit		Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
169	Enhanced Inspection Services - Inspection for Hire	Permit	Each	6	\$593	\$698	\$3,558	\$4,190
170	Enhanced Inspection Services - Express Inspection	Permit	Each	4	\$508	\$599	\$2,033	\$2,394
171	Single Discipline Preliminary Plan Review	Plan Check	Each	740	\$876	\$1,032	\$648,332	\$763,635
175	Multi-Discipline Preliminary Review	Plan Check	Deposit	37				
176	Multiple Repetitive Miscellaneous Structures	Plan Check	Each Add'l	1	\$158	\$187	\$158	\$187
177	Storm Water Construction - High Priority	Permit	Up to 4 Hours	206	\$672	\$792	\$138,432	\$163,052
Total User Fees							\$7,253,840	\$8,543,908

User Fee Study Summary Sheet

San Diego Development Services Department

Other Fees (continued)

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit			Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018	
1	Electrical Vehicle Charging Systems - Residential Private Garage	Permit	Each	12	\$136	\$168	\$1,626	\$2,010	
2	Electrical Vehicle Charging Systems - Non-Residential	Plan Check	Each	1	\$219	\$271	\$219	\$271	
3	Electrical Vehicle Charging Systems - Non-Residential	Permit	Each	1	\$203	\$251	\$203	\$251	
4	Graywater Systems	Plan Check	Hourly	1	\$166	\$205	\$166	\$205	
5	Graywater Systems	Permit	Hourly	1	\$169	\$209	\$169	\$209	
6	Solar Photovoltaic Systems - Residential Custom	Plan Check	Each	2,486	\$263	\$325	\$653,413	\$807,682	
7	Solar Photovoltaic Systems - Residential Custom	Permit	Each	6,406	\$237	\$293	\$1,519,329	\$1,878,037	
8	Solar Photovoltaic Systems - Residential Per City of San Diego - PV Plan Template	Plan Check	Each	4,391	\$175	\$217	\$769,412	\$951,068	
9	Solar Photovoltaic Systems - Residential Per City of San Diego - PV Plan Template	Permit	Each		\$237	\$293			
10	Solar Photo-Voltaic - Non-Residential	Plan Check	First 100 Kw	270	\$504	\$623	\$136,018	\$168,132	
11	Solar Photo-Voltaic - Non-Residential	Plan Check	Each Additional 100 Kw	60	\$175	\$217	\$10,513	\$12,996	
12	Solar Photo-Voltaic - Non-Residential	Permit	First 100 Kw	96	\$339	\$419	\$32,527	\$40,206	
13	Solar Photo-Voltaic - Non-Residential	Permit	Each Additional 100 Kw	22	\$136	\$168	\$2,982	\$3,686	
14	Special Inspection Certification (Application)		First Category		\$185	\$228			
15	Special Inspection Certification (Application)		Each Additional Category		\$55	\$68			
16	Special Inspection Certification and Renewal		Each Category		\$185	\$228			
17	Application, Certification, and Renewal for Construction Materials Testing Lab		Each Laboratory		\$367	\$454			
18	Application, Certification, and Renewal for Special Inspection Agencies		Each Agency		\$277	\$342			
19	Alternate Materials Application Review	Plan Check	Each		\$1,314	\$1,624			
20	Alternate Methods or Materials Request Simple	Plan Check	Per Item		\$1,971	\$2,437			
21	Alternate Methods or Materials Request Complex	Plan Check	Deposit						
22	Permit Extension / Expiration		Each	937	\$185	\$228	\$173,023	\$213,873	
23	Sidewalk Cafes - Building Permit & Agreement	Plan Check	Each	112	\$876	\$1,083	\$98,126	\$121,293	

User Fee Study Summary Sheet

San Diego Development Services Department

Other Fees (continued)

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit			Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018	
24	Sidewalk Cafes - Building Permit & Agreement	Permit	Each	38	\$185	\$228	\$7,017	\$8,674	
26	Demo Permit	Plan Check	Each	250	\$158	\$196	\$39,578	\$48,923	
27	Demo Permit	Permit	Each	250	\$185	\$228	\$46,164	\$57,063	
28	Express Plan Check - Admin Fee	Plan Check	Each	2,805	\$526	\$650	\$1,474,516	\$1,822,645	
29	Application Extension		Each		\$219	\$271			
30	Recordation Fee for Mapping / Subdivision Address / Address Change - New Building Address Associated with a building	Plan Check	Each	1,141	\$416	\$514	\$474,837	\$586,945	
31	Address / Address Change - Special Addressing Services	Plan Check	Each	314	\$66	\$81	\$20,633	\$25,504	
32	Address / Address Change - Special Addressing Services	Plan Check	Each	14	\$263	\$325	\$3,680	\$4,548	
Total User Fees							\$5,464,151	\$6,754,219	

User Fee Study Summary Sheet

San Diego Development Services Department

Other Fees

2018

#	Service Name	Fee Description	Annual Volume	Per Unit			Annual	
				Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018	
1	Records Fee - Residential & Miscellaneous (No Change to Fee Amount)	Each	3,842	\$20	\$21	\$76,840	\$80,776	
2	Residential High Occupancy Permit (No change to fee amount)	Each	41	\$1,000	\$1,051	\$41,000	\$43,100	
3	Mapping Fee	Each		\$10	\$11			
4	General Plan Maintenance Fee	Each		\$275	\$289			
5	Copies Per Page (No Change in Fee Amount)	Per Page		\$0.25	\$0.26			
6	Microprints Per Page (No Change to Fee Amount)	Per Page		\$2.00	\$2.10			
7	Map Per Series (No Change to Fee Amount)	Per Series		\$1.00	\$1.05			
8	Seismic Maps Per Sheet (No Change to Fee Amount)	Per Sheet		\$16	\$17			
9	Seismic Maps Per Set (No Change to Fee Amount)	Per Set		\$800	\$841			
10	Alcoholic Beverage Outlets - Application and Review Fee	Each	230	\$1,047	\$1,101	\$240,921	\$253,261	
11	Adult Entertainment Business - Application and Review Fee	Each		\$721	\$758			
12	Mobile Food Truck - Plan Check	Each		\$262	\$275			
13	Zoning History Letter (including Mapping Fee)	Each	365	\$577	\$607	\$210,640	\$221,429	
14	Medical Marijuana Consumer Cooperative	Deposit		\$8,000	\$8,410			
15	Parking Meter Head & Post Removed	Per Meter		\$137	\$144			
16	Parking Meter Head & Post Removed	Each Add'l Day/Per Meter		\$6	\$6			
17	Parking Meter Deactivated	Per Day		\$6	\$6			
18	Substantial Conformance Review	Deposit		\$3,000	\$3,154			
19	Substantial Conformance Review	Subsequent Deposit		\$1,000	\$1,051			
20	Lead Hazard Prevention Fee (pre-1979)	Each		\$31	\$33			
21	Fee Collection - Other Agency	Each	7,480	\$10	\$10	\$74,166	\$77,965	
22	Records Fee - Minor Improvements	Each		\$20	\$21			
23	Records Fee - Grading / Public Improvement	Each		\$90	\$95			
24	Records Fee - Development / Policy Approval	Less than 75 Pages	25	\$90	\$95	\$2,250	\$2,365	
25	Records Fee - Development / Policy Approval	76 - 1000 Pages	5	\$515	\$541	\$2,575	\$2,707	
26	Records Fee - Development / Policy Approval	Each Additional 500 Pages Over 1000		\$250	\$263			

User Fee Study Summary Sheet

San Diego Development Services Department

Other Fees

2018

#	Service Name	Fee Description	Annual Volume	Per Unit			Annual	
				Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018	
27	Records Fee - Commercial - MDU (Calcs&Std)	Each	1,845	\$60	\$63	\$110,700	\$116,370	
28	Records Fee - Commercial - MDU (No Calcs&Std)	Each	1,845	\$60	\$63	\$110,700	\$116,370	
29	Records Fee - No Plan Permit/Other	Each	35,188	\$20	\$21	\$703,760	\$739,806	
30	Records Fee for Subdivisions - Single Family/Duplex	Each	94	\$45	\$47	\$4,230	\$4,447	
31	Records Fee for Subdivisions - Non-Residential/Multi-Family	Each	141	\$60	\$63	\$8,460	\$8,893	
32	Long Term Monitoring - Cost Estimate Between \$100,000 - \$500,000	Each	21	\$1,809	\$1,902	\$37,996	\$39,942	
33	Long Term Monitoring - Cost Estimate Over \$500,000	Each	5	\$3,619	\$3,804	\$18,093	\$19,020	
34	Discretionary Project Close Out	Each	598	\$545	\$573	\$326,112	\$342,816	
36	Temporary Use Permit	Each		\$289	\$303			

Total User Fees

\$1,968,443

\$2,069,266

User Fee Study Summary Sheet

San Diego Development Services Department

Plumbing Fees

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit		Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
3	Plumbing - New Dwelling	Permit	Each Dwelling Unit	150	\$229	\$260	\$34,381	\$38,983
4	Plumbing - New Dwelling	Permit	Each Add'l Dwelling Unit	54	\$115	\$130	\$6,189	\$7,017
5	Plumbing - Remodel Dwelling	Permit	Each Dwelling Unit	35	\$229	\$260	\$8,022	\$9,096
6	Plumbing - Remodel Dwelling	Permit	Each Add'l Dwelling Unit	15	\$46	\$52	\$688	\$780
7	Hotels - New	Permit	Per Room	50	\$229	\$260	\$11,460	\$12,994
8	Hotels - New	Permit	Each Add'l Room	500	\$46	\$52	\$22,920	\$25,988
9	Commercial - New	Permit	First 5 Fixtures	150	\$229	\$260	\$34,381	\$38,983
10	Commercial - New	Permit	Each Add'l 5 Fixtures	39	\$69	\$78	\$2,682	\$3,041
11	Leak Repair - Dwelling Unit	Permit	Per Dwelling Unit	790	\$229	\$260	\$181,071	\$205,309
12	Leak Repair - Dwelling Unit	Permit	Each Add'l Dwelling Unit	198	\$69	\$78	\$13,615	\$15,437
13	Underground Utilities	Permit	First 100 Linear Feet	100	\$252	\$286	\$25,212	\$28,587
14	Underground Utilities	Permit	Each Add'l 10 Linear Feet	39	\$23	\$26	\$894	\$1,014
15	Kitchen or Bathroom(s) Remodel in SFR	Permit	Each	258	\$344	\$390	\$88,702	\$100,575
16	Drain System (Within Building)	Permit	Per System / Per Floor	10	\$46	\$52	\$458	\$520
17	Commercial Kitchen	Permit	First 5 Fixtures	150	\$344	\$390	\$51,571	\$58,474
18	Commercial Kitchen	Permit	Each Add'l 5 Fixtures	39	\$115	\$130	\$4,469	\$5,068
19	Grease Trap, Interceptor, Sewage Ejector	Permit	Each	103	\$229	\$260	\$23,608	\$26,768
20	Grease Trap, Interceptor, Sewage Ejector	Permit	Each Add'l	26	\$69	\$78	\$1,788	\$2,027
23	Commercial Shell - Without Rest Rooms	Permit	Each Floor	620	\$229	\$260	\$142,106	\$161,128
24	Commercial Shell - Without Rest Rooms	Permit	Each Add'l Floor	155	\$115	\$130	\$17,763	\$20,141
25	Tenant Improvement (Other Than Rest Rooms and Kitchen)	Permit	Each Floor	489	\$229	\$260	\$112,081	\$127,084
26	Tenant Improvement (Other Than Rest Rooms and Kitchen)	Permit	Each Add'l Floor	327	\$115	\$130	\$37,475	\$42,491
27	Tenant Improvement - Gas Appliance	Permit	First 5 Gas Outlets	261	\$229	\$260	\$59,822	\$67,830
28	Tenant Improvement - Gas Appliance	Permit	Each Add'l 5 Gas Outlets	66	\$69	\$78	\$4,538	\$5,146
29	Laboratory - (Other Than Rest Rooms)	Permit	First 5 Fixtures	40	\$229	\$260	\$9,168	\$10,395
30	Laboratory - (Other Than Rest Rooms)	Permit	Each Add'l 5 Fixtures	10	\$46	\$52	\$458	\$520
31	Parking Garages	Permit	First Floor	6	\$229	\$260	\$1,375	\$1,559
32	Parking Garages	Permit	Each Add'l Floor	2	\$46	\$52	\$69	\$78
33	Water Heater	Permit	Each	1,331	\$115	\$130	\$152,535	\$172,953
34	Water Heater	Permit	Each Add'l	332	\$23	\$26	\$7,610	\$8,628
35	Solar Heater / Storage, Collectors	Permit	Per System	13	\$138	\$156	\$1,788	\$2,027
36	Reclaimed Water System	Permit	Each	4	\$69	\$78	\$275	\$312
37	Backflow Preventor	Permit	Each	406	\$69	\$78	\$27,917	\$31,654
38	Backflow Preventor	Permit	Each Add'l	102	\$23	\$26	\$2,338	\$2,651
39	Water Softner	Permit	Each	6	\$69	\$78	\$413	\$468

User Fee Study Summary Sheet

San Diego Development Services Department

Plumbing Fees

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit		Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
40	Water Softner	Permit	Each Add'l	2	\$23	\$26	\$46	\$52
41	Water Submeters	Permit	First 4 Submeters	64	\$69	\$78	\$4,401	\$4,990
42	Water Submeters	Permit	Each Add'l 4 Submeters	16	\$23	\$26	\$367	\$416
43	Other Inspections - Hourly Rate	Permit	Hourly Rate		\$158	\$179		

Total User Fees

\$1,094,654 \$1,241,182

User Fee Study Summary Sheet

San Diego Development Services Department

Signs

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit		Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018
1	Awning or Wall Sign, Non-Electric	Plan Check	First	9	\$247	\$271	\$2,221	\$2,443
2	Awning or Wall Sign, Non-Electric	Plan Check	2-5	3	\$96	\$105	\$287	\$315
3	Awning or Wall Sign, Non-Electric	Plan Check	Each Additional >5	1	\$35	\$39	\$35	\$39
4	Wall Sign Electric (component, remote supply, self-contained)	Plan Check	Each	410	\$171	\$188	\$70,199	\$77,205
5	Wall Sign Electric (component, remote supply, self-contained)	Permit	Each	410	\$127	\$139	\$51,866	\$57,043
6	Wall Sign Electric (component, remote supply, self-contained)	Plan Check	2-5	117	\$96	\$105	\$11,185	\$12,302
7	Wall Sign Electric (component, remote supply, self-contained)	Permit	2-5	117	\$92	\$101	\$10,718	\$11,788
8	Wall Sign Electric (component, remote supply, self-contained)	Plan Check	Each Additional >5	59	\$65	\$72	\$3,856	\$4,241
9	Wall Sign Electric (component, remote supply, self-contained)	Permit	Each Additional >5	59	\$74	\$82	\$4,375	\$4,812
10	Banner Signs - Each Per Banner District	Plan Check	Each Per Banner District	23	\$151	\$166	\$3,478	\$3,825
11	Freeway Signs - Each	Plan Check	Each	4	\$351	\$386	\$1,404	\$1,545
12	Freeway Signs - Each	Permit	Each	4	\$127	\$139	\$506	\$557
13	Roof / Projecting Signs - Non-Electrical - First	Plan Check	First	18	\$151	\$166	\$2,722	\$2,994
14	Roof / Projecting Signs - Non-Electrical - Each Additional	Plan Check	Each Additional	2	\$76	\$83	\$151	\$166
15	Roof / Projecting Signs - Electrical - First	Plan Check	First	44	\$151	\$166	\$6,654	\$7,318
16	Roof / Projecting Signs - Electrical - First	Permit	First	44	\$127	\$139	\$5,566	\$6,122
17	Roof / Projecting Signs - Electrical - Each Additional	Plan Check	Each Additional	5	\$76	\$83	\$378	\$416
18	Roof / Projecting Signs - Electrical - Each Additional	Permit	Each Additional	5	\$74	\$82	\$371	\$408
19	Signs - Non-Electrical - First	Plan Check	First	106	\$151	\$166	\$16,030	\$17,630
20	Signs - Non-Electrical - 2 or more	Plan Check	2 or more	12	\$76	\$83	\$907	\$998
21	Signs - Electrical - First	Plan Check	First	172	\$151	\$166	\$26,012	\$28,608
22	Signs - Electrical - First	Permit	First	172	\$179	\$197	\$30,762	\$33,832
23	Signs - Electrical - Each Additional	Plan Check	Each Additional	19	\$45	\$50	\$862	\$948
24	Signs - Electrical - Each Additional	Permit	Each Additional	19	\$144	\$158	\$2,735	\$3,008
25	Wall Sign - High Rise	Plan Check	Each	6	\$251	\$276	\$1,507	\$1,657
26	Wall Sign - High Rise	Permit	Each	6	\$179	\$197	\$1,073	\$1,180
27	Issuance Fee	Delete	Delete	747				

Total User Fees

\$255,863

\$281,401

User Fee Study Summary Sheet

San Diego Development Services Department

Water / Sewer Review Only

2018

#	Service Name	Type	Fee Description	Annual Volume	Per Unit			Annual	
					Full Cost Per Unit 2016	Full Cost Per Unit 2018	Annual Revenue 2016	Annual Revenue 2018	
1	Up to 3 EDUs - with New Meter	Plan Check	Each Dwelling Unit (EDU)	1,044	\$494	\$552	\$516,063	\$576,230	
2	More than 3 up to 4 EDUs - with New Meter	Plan Check	EDU	412	\$649	\$724	\$267,294	\$298,464	
3	For Additional or Fraction of Each EDU - with New Meter	Plan Check	EDU	144	\$15	\$17	\$2,224	\$2,484	
4	Up to 3 EDUs - No Meter Change	Plan Check	EDU	1,804	\$340	\$379	\$613,060	\$684,550	
5	More than 3 up to 4 EDUs - No Meter Change	Plan Check	EDU	594	\$494	\$552	\$293,616	\$327,855	
6	For Additional or Fraction of Each EDU - No Meter Change	Plan Check	EDU	253	\$15	\$17	\$3,908	\$4,364	
7	SFD / Duplex / Townhouses	Plan Check	EDU	159	\$340	\$379	\$54,034	\$60,334	
8	Water / Sewer Review Per Floor (Above 3 Levels)	Plan Check	Each Floor		\$31	\$34			
9	Restaurant Kitchen	Plan Check	Each Kitchen		\$46	\$52			
10	New Backflow Preventor	Plan Check	Each	937	\$77	\$86	\$72,369	\$80,808	
Total User Fees							\$1,822,558	\$2,035,090	

*Schedules reflect one-year implementation

Development Services User Fee Adjustments

David Graham, DCOO
Robert Vacchi, Director
Lisa Celaya, Deputy Director
April 18, 2018

Requested Actions

1. Approve three year increase in DSD user fees
2. Convert 10 deposit account fees to flat fees
3. Revise Council Policy 100-20 to modify DSD Reserve Target from 15% to 12%
4. Authorize DSD to automatically adjust pass through fees

April 18 – B&GE Committee - DSD Fee Adjustment Action

May 23 – Infrastructure Committee - 101 Ash Informational

May 23 – Infrastructure Committee - CIP Year End Monitoring

June – City Council CIP Year End Monitoring

June – City Council DSD Fee Adjustment Action

DSD Transformation

- 2014-2016 – Convened Stakeholder Group
- 2016-2018 – Monthly Industry Engagement
- Regulatory Reform
 - 9th, 10th, 11th Land Development Code Updates
 - Ten Community Plan Updates
 - Process Level Reductions
 - Affordable Sustainable Expedite Reform
- Example of Impact from Regulatory Change
 - Reduced Process Level for sidewalk café permits –
Reduced cost of permit by 77%

DSD Transformation

- Culture Change
 - Reorganization DSD, Customer Service & Extended Hours
 - Professional Certification Program
 - Fee consolidation and convert deposit accounts to flat fees
 - Conflict Resolution Meetings
 - 92% Review/Cycle on time for 111,000 reviews
 - 93% Inspections in two days or less – 153,000
- Example of Impact from Culture Change
 - Implement professional certification process for solar – saved approximately \$1.7M in last three years

Future DSD Transformation

- Process Reform
 - Late Hit Policy
 - Revise Concurrent Processing Policy
- Regulatory
 - TPA Parking Requirement Reductions by end of 2018
 - Land Development Code Update in 12-18 months
 - Middle Income Density Bonus – 100%-150% AMI
 - Comprehensive CEQA Threshold Update
- Culture Change
 - One Stop Shop
 - Professional Certification Expansion
 - Fee Analysis and consolidation – Flat fee with rare exceptions

Feasibility of staying in COB

- 2014 Facilities Condition Assessment
 - \$82.9M (Capital) estimated based on 2014
 - FCI 47 – Poor Rating
- DSD would need to lease space during improvements
 - Current downtown market rate \$2.85/sq ft/month for rent and \$12/sq ft/year for operating costs
 - 125,000 sq ft = \$5.8M for rental and operating



Non-City Leased Facility

- Not a City owned facility
- Feasibility of locating 125,000 sq. ft. downtown
- \$5.8m annual lease and operating costs
- \$1.4m relocation costs
- Estimated Tenant Improvements of \$16m
- Lease and Tenant Improvements are lost investments

City Leased Facility

- City Owned 101 Ash Street
- Located near City Hall and co-located with other City departments
- \$4.1m annual lease and operating costs
- \$1.4m relocation costs
- Estimated Tenant Improvements of \$16m
- Lease and Tenant Improvements benefit a City asset



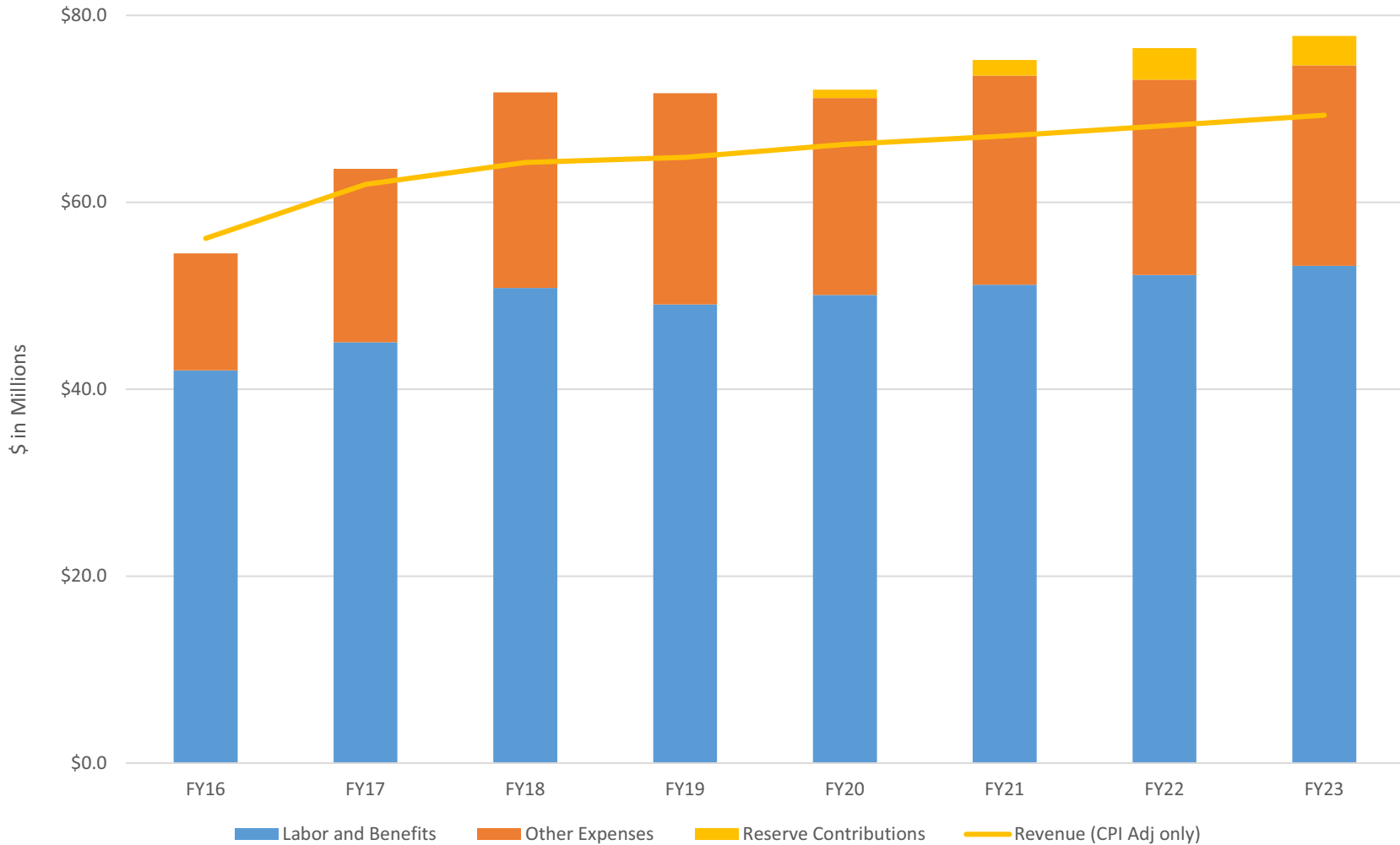
Historic & Projected Financial Status with fees adjusted by CPI only

	Fiscal Year 2016 Actual	Fiscal Year 2017 Actual	Fiscal Year 2018 Mid-Year	Fiscal Year 2019 Forecast	Fiscal Year 2020 Forecast	Fiscal Year 2021 Forecast	Fiscal Year 2022 Forecast	Fiscal Year 2023 Forecast
BEGINNING RESERVES (PROJ)	\$ 11.3	\$ 13.1	\$ 11.3	\$ 3.8	\$ (3.0)	\$ (8.0)	\$ (14.5)	\$ (19.4)
PROJECTED REVENUES	\$ 56.1	\$ 61.9	\$ 64.3	\$ 64.8	\$ 66.2	\$ 67.1	\$ 68.2	\$ 69.3
PROJECTED EXPENDITURES	\$ 54.5	\$ 63.6	\$ 71.8	\$ 71.7	\$ 71.2	\$ 73.6	\$ 73.1	\$ 74.7
NET	\$ 1.7	\$ (1.7)	\$ (7.5)	\$ (6.9)	\$ (5.0)	\$ (6.5)	\$ (4.9)	\$ (5.3)
ENDING RESERVES (PROJ)	\$ 13.1	\$ 11.3	\$ 3.8	\$ (3.0)	\$ (8.0)	\$ (14.5)	\$ (19.4)	\$ (24.7)

Key Assumptions

- Revenue
 - Adjusted by 2% CPI as permitted under current Council authority
- Expenditures
 - Salary adjustments – Current MOU plus 3.05% adjustment for FY21-23
 - SDCERS Pension increase \$2m
 - Potential relocation \$1.4m one-time and Office Space \$4.1m annually
 - RWQCB Settlement – \$1.5m one-time, \$400,000 through FY20

Financial Status – Current Forecast



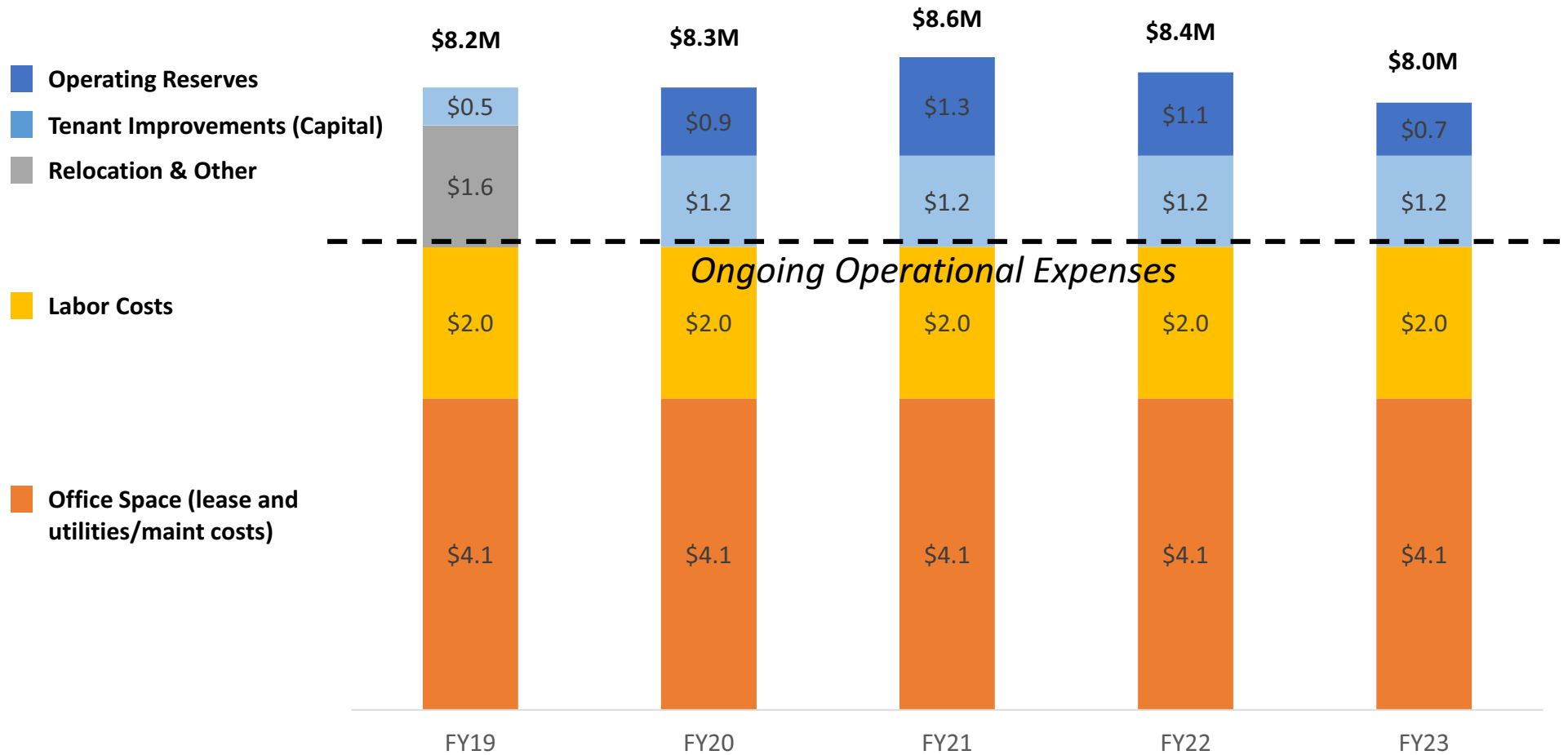
Projected Financial Status with proposed fee adjustment

	Fiscal Year 2018 Mid-Year	Fiscal Year 2019 Forecast	Fiscal Year 2020 Forecast	Fiscal Year 2021 Forecast	Fiscal Year 2022 Forecast	Fiscal Year 2023 Forecast
BEGINNING RESERVES (PROJ)	\$ 11.3	\$ 3.8	\$ 0.2	\$ 1.1	\$ 2.8	\$ 6.1
PROJECTED REVENUES	\$ 64.3	\$ 68.0	\$ 72.1	\$ 75.2	\$ 76.5	\$ 77.8
PROJECTED EXPENDITURES	\$ 71.8	\$ 71.7	\$ 71.2	\$ 73.6	\$ 73.1	\$ 74.7
NET	\$ (7.5)	\$ (3.7)	\$ 0.9	\$ 1.7	\$ 3.4	\$ 3.1
ENDING RESERVES (PROJ)	\$ 3.8	\$ 0.2	\$ 1.1	\$ 2.8	\$ 6.1	\$ 9.3

Key Assumptions

- Revenue adjusted by 2% CPI and fee increases: FY19 – 6.0%, FY20 – 4.5%, FY21 – 3.5%
- Expenditures
 - Salary adjustments – Current MOU plus 3.05% adjustment for FY21-23
 - SDCERS Pension increase \$2m
 - Potential relocation \$1.4m one-time and Office Space \$4.1m annually
 - RWQCB Settlement – \$1.5m one-time, \$400,000 through FY20
 - Achieves revised Reserve target goal of 12% by FY 2023

Additional Funding Needs



Recommended Fee Adjustment

In addition to current authority to adjust fees by CPI

- Approve a maximum increase for three years
 - Annually implemented with budget process

Fiscal Year	Proj CPI	Max. Fee Increase	Proj Max
2019	2.8	6.00	8.80
2020	2.0	4.50	6.50
2021	2.0	3.50	5.50



Recommend to Revise Operating Reserve

Current Reserve Target Goal per Council Policy 100-20: Achieve 15% by FY22

Proposed Reserve Target Goal: Achieve 12% by FY23

Target Date	Target (% of Operating Expenses)	Projected Reserve Amount
June 30, 2018	9.50%	\$5.3M
June 30, 2019	10.75%	\$6.8M
June 30, 2020	12.00%	\$8.3M
June 30, 2021	13.50%	\$9.6M
June 30, 2022	15.00%	\$10.8M

Target Date	Target (% of Operating Expenses)	Projected Reserve Amount
June 30, 2018	9.50%	\$5.3M
June 30, 2019	10.00%	\$6.3M
June 30, 2020	10.50%	\$7.3M
June 30, 2021	11.00%	\$7.9M
June 30, 2022	11.50%	\$8.3M
June 30, 2023	12.00%	\$8.7M



Building Permit Fee* Comparison

Project Description	Size	FY19 Fee w/CPI	FY19 Fee w/Prop Adjust	FY20 Fee w/CPI	FY20 Fee w/Prop Adjust	FY21 Fee w/CPI	FY21 Fee w/Prop Adjust
Family room addition to a Single Family Dwelling	320	\$1,445	\$1,532	\$1,563	\$1,633	\$1,666	\$1,724
New restaurant with a drive-thru	2,588	\$10,001	\$10,601	\$10,814	\$11,300	\$11,526	\$11,930
Interior remodel to comm. suite	10,581	\$4,485	\$4,754	\$4,849	\$5,068	\$5,169	\$5,350
New 2-story office space	3,345	\$8,868	\$9,400	\$9,588	\$10,019	\$10,219	\$10,577
Three new commercial buildings	20,405	\$31,134	\$33,002	\$33,662	\$35,177	\$35,880	\$37,136
13-story office building and garage	559,431	\$113,232	\$120,026	\$122,427	\$127,936	\$130,495	\$135,062
New 34 unit apartment complex and garage	41,712	\$34,451	\$36,518	\$37,249	\$38,925	\$39,704	\$41,093
New high rise residential	400,000	\$97,753	\$103,618	\$105,690	\$110,446	\$112,655	\$116,598
New single family residence	1,900	\$5,817	\$6,166	\$6,290	\$6,573	\$6,704	\$6,939

*Fees reflect only Building Plan Check and Inspection

Next Steps

April

- Budget & Government Efficiency Committee
DSD Fee Adjustments

May

- Infrastructure Committee - 101 Ash Informational Item
- Infrastructure Committee - CIP Year End Monitoring Report

June

- City Council - CIP Year End Monitoring Report &
CIP Appropriations

June

- City Council - DSD Fee Adjustments

Requested Actions

1. Approve three year increase in DSD user fees
2. Convert 10 deposit account fees to flat fees
3. Revise Council Policy 100-20 to modify DSD Reserve Target from 15% to 12%
4. Authorize DSD to automatically adjust pass through fees

Committee Action Sheet

Committee: Budget & Government Efficiency Committee
Item No: 2

Meeting of: 4/18/2018

SUBJECT:

Development Services User Fee Adjustments

RECOMMENDATION TO:

Motion by Councilmember Cate to move the item to full council without recommendation and include discussion of 15 percent reserve target and funding. Second by Councilmember Ward.

VOTED YEA: Bry, Ward, Cate And Gomez None	VOTED NAY: None	NOT PRESENT:
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CITY CLERK: Please reference the following reports on the City Council Docket:

INDEPENDENT BUDGET ANALYST REPORT NO.