

PLANNING AND DEVELOPMENT

**Proposed Fee Ordinance
First Reading
March 21, 2017**



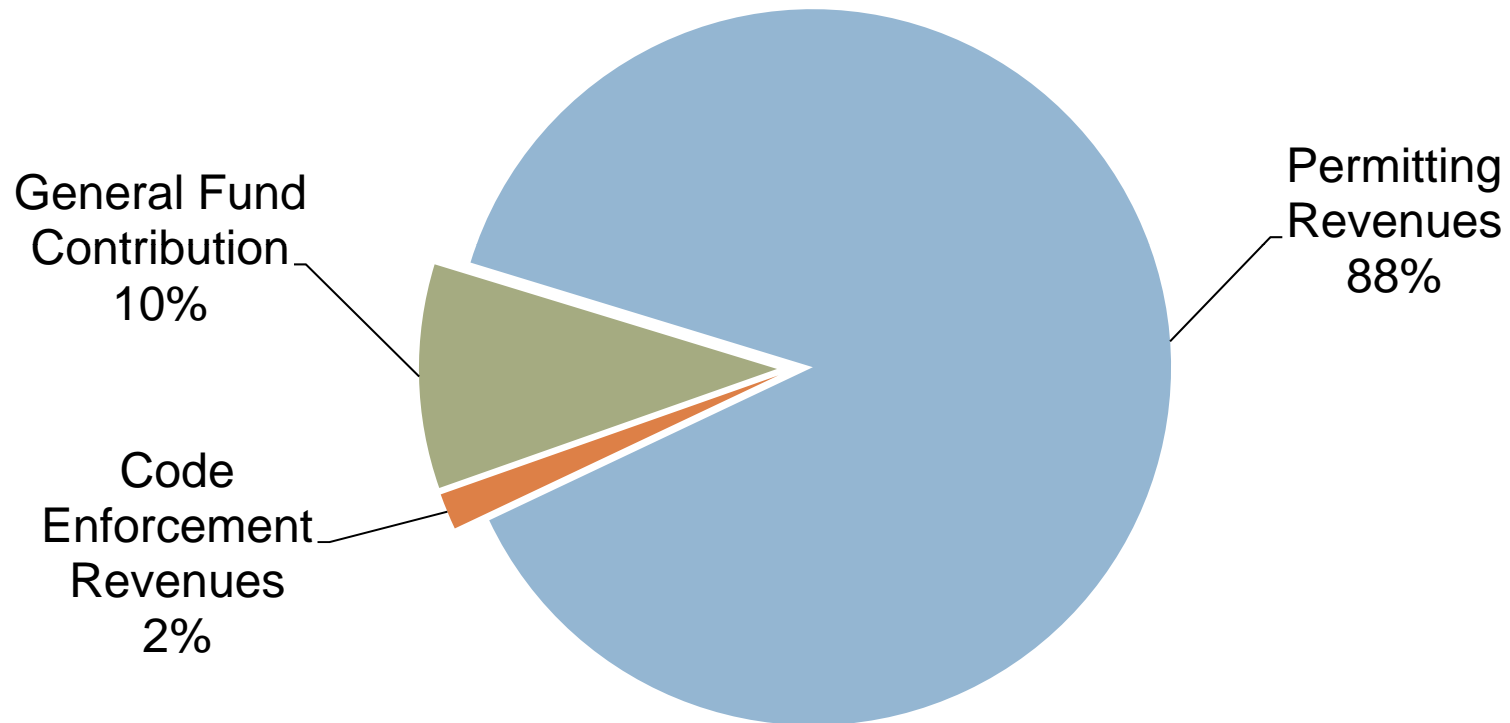
County Fee Policy

- Departments shall “ensure appropriate maximum reimbursement of...user fees that fully offset user costs...”
- “Departments are responsibly for insuring that all legally allowed fees and charges are presented to the Board for adoption and for reviewing/adjusting as appropriate.”

Planning and Development (P&D)

- County and State codes prescribe the majority of P&D responsibilities
- Responsible for regulatory oversight of land development, construction, oil and gas development, mining, energy projects, and film permitting
- Costs are primarily supported by permit fees

FY 16/17 Budgeted Funding Sources



Background

- P&D fees have not been evaluated in many years
 - Planning in 2010
 - Building in 2008
- Annual CPI increases
 - Have not kept pace with costs
 - Have not allowed restructuring in response to workflow and service changes

Fee Study

- Conducted by MGT Consulting Group, a firm with expertise in local government fee analysis
- Comprehensively study P&D's planning, building, film, and petroleum service fees

Fee Study Goals

- Streamline fees
- Increase user-friendliness
- Reduce the number of fees
- Analyze costs to determine whether they are being appropriately recovered



- ❖ Public Sector Consulting
- ❖ 30+ years in California
- ❖ More than 350 studies
- ❖ Specializing in:
 - Cost of Service Studies
 - Cost Allocation Plans

Similar Studies (Current or Recent)

- | | |
|--------------------------|------------------------------------|
| ❖ City of Anaheim | ❖ City of Whittier |
| ❖ City of Burbank | ❖ Butte County |
| ❖ City of Encinitas | ❖ El Dorado County |
| ❖ City of La Mesa | ❖ Los Angeles County |
| ❖ City of Newport Beach | ❖ Marin County |
| ❖ City of San Marcos | ❖ Monterey County |
| ❖ City of Santa Ana | ❖ Napa County |
| ❖ City of Santa Monica | ❖ Orange County |
| ❖ City of West Hollywood | ❖ San Mateo County |
| | ❖ Santa Barbara Co, Env'tal Health |
| | ❖ Santa Barbara Co, Public Works |

Methodology

The analysis to determine the cost of providing fee-for-service activities is comprised of two basic elements:

1. Hourly rates of staff providing the service
2. Time spent to provide the service

The product of the hourly rate calculation times the time spent yields the cost of providing the service.

Fully Burdened Hourly Rates	Planning		Building & Safety			Petroleum				
	Planner I/II/III		Inspector		Plan Reviewer	Petroleum Specialist		AOP / Sr AOP		
Annual Salary & Benefits:	\$	128,211	\$	122,228	\$	148,395	\$	137,055	\$	102,180
1. Calculate hourly salary & benefits										
1.1 Divide annual cost by 2,080 hrs		\$61.64		\$58.76		\$71.34		\$65.89		\$49.13
2. Layer on burden factors	% of Salary	Hourly Rate	% of Salary	Hourly Rate	Hourly Rate	% of Salary	Hourly Rate	Hourly Rate		
2.1 Compensated Absences <i>(vacation/holiday/sick leave)</i>	13.46%	\$8.30	13.46%	\$7.91	\$9.60	13.46%	\$8.87	\$6.61		
2.2 General Administration <i>(admin suppt, training & educ, etc)</i>	126.19%	\$77.78	78.53%	\$46.15	\$56.03	35.93%	\$23.68	\$17.65		
2.3 Operating Expense <i>(training, vehicle maint, insurance)</i>	26.57%	\$16.37	21.12%	\$12.41	\$15.07	12.61%	\$8.31	\$6.19		
2.4 Countywide Overhead <i>(CountyExec, HR, Aud-Ctrl)</i>	93.87%	\$57.86	56.42%	\$33.16	\$40.25	29.43%	\$19.39	\$14.46		
2.5 Technology Maintenance Surcharge <i>(hardware/software maint & repl)</i>	5.99%	\$3.69	5.50%	\$3.23	\$3.92	6.71%	\$4.42	\$3.30		
2.6 Records Management Surcharge <i>(digitization & storage of records)</i>	0.58%	\$0.36	0.53%	\$0.31	\$0.38					
2.7 General Plan Maintenance Surcharge <i>(policy & plan review & update)</i>			11.52%	\$6.77	\$8.22					
2.8 Code Enforcement Surcharge <i>(unrecovered through admin fines)</i>			9.98%	\$5.87	\$7.12					
2.9 Permit Processing Support <i>(project initiation & close-out)</i>				40.19	40.19					
Total Burden Rate:	266.66%	\$226.01	197.07%	\$214.76	\$252.13	98.14%	\$130.56	\$97.34		

Time Spent to Provide the Service	Planning	Building & Safety		Petroleum	
	Planner I/II/III	Inspector	Plan Reviewer	Petroleum Specialist	AOP / Sr AOP
<u>Example Fees & Time Estimates (in minutes):</u>					
Planning Fee: Emergency Permit	720				
Bldg & Sfty Fee: Grading (cut & fill) - 500 to 1,000 CY		486	624		
Petroleum Fee: Annual Well Inspection (per well)				60	30
Total Minutes:	720	486	624	60	30
Total Hours per Unit:	12.00	8.10	10.40	1.00	0.50
Fully Burdened Hourly Rates:	\$226.01	\$214.76	\$252.13	\$130.56	\$97.34
Total Cost to Provide the Service:	\$2,712.07		\$4,361.74		\$179.23
Recommended Fee:	\$2,712.07		\$4,361.74		\$179.23
Current Fee:	\$1,960.41		\$2,553.04		\$122.26

Fee Study Results

- Fees do not capture all overhead and indirect costs
- Certain Building and Petroleum fees are not based on accurate time estimates
- Cost recovery rates are well below 100%
 - Planning at 72%
 - Building at 72%
 - Film at 61%
 - Petroleum at 61%

Fee Study Results

- Number of Planning Fees reduced by 25%
- Planning Hourly Rate increases to \$225
- Building Fee Structure greatly simplified
- Allows for greater certainty in estimating total project permitting costs

Fee Study Recommendations

- In accordance with County policy, remove General Fund subsidy from private permit processing and move to nearly 100% cost recovery
 - Maintain subsidy for
 - Planning appeals
 - Water heater and residential furnace permits
 - Zoning code enforcement
- Continue technology and General Plan surcharges, add records management surcharge and building and grading code enforcement charge

Fee Service Cost Recovery Rates and Revenues

	A	B	C	D	E
Fee Service Area	Total Costs, User Fee Services	Current Revenue	Proposed Fee Revenue	Increased Revenue	Proposed GFC Subsidy
Petroleum	\$ 620,000	\$ 370,000 61%	\$ 620,000 100%	\$ 240,000	\$ -
Planning	4,830,000	3,480,000 72%	4,590,000 95%	1,120,000	240,000
Building & Safety	5,090,000	3,680,000 72%	5,050,000 99%	1,400,000	35,000
Film Permits	130,000	80,000 61%	130,000 99%	50,000	-
Total	\$ 10,670,000	\$ 7,610,000 71%	\$ 10,390,000 97%	\$ 2,810,000	\$ 275,000

A: Costs based on FY 15/16 and FY 16/17 data

B and C: Assuming ideal staffing and permitting workload conditions

D: Assuming full year of ideal conditions; includes surcharges

E: Planning appeals, water heaters, and residential furnaces

Surcharges and Additional Costs

	Current Recovery	Actual Costs	New Revenue
Technology Management	\$ 150,000	\$ 190,000	\$ 40,000
General Plan Maintenance	190,000	200,000	10,000
Records Management	-	20,000	20,000
Building and Grading Code Enforcement	-	170,000	170,000
Total	\$ 340,000	\$ 580,000	\$ 240,000

Enhanced Services

- Since the end of the prior economic downturn, P&D has worked to build back services
- Past and future process improvements

Recommended Actions

- a) Approve the introduction (first reading) of an Ordinance amending fees for Planning and Development Department services;
- b) Read the title and waive further reading of the Ordinance; and
- c) Continue the hearing to the administrative agenda of April 4, 2017 to consider recommendations, as follows:

Recommended Actions, continued

On April 4, 2017:

- i) Consider and approve the adoption (second reading) of an Ordinance amending fees for Planning and Development Department services (Attachment A) effective 60 days after adoption; and
- ii) Find that the proposed action is an administrative activity of the County, which will not result in direct or indirect physical changes in the environment and is therefore not a “project” as defined for purposes of the California Environmental Quality Act (CEQA) under State CEQA Guidelines Section 15273(a)(1) and 15378(b)(5).