

General Plan Maintenance Fee Analysis

CITY OF FORT BRAGG, CALIFORNIA

FINAL REPORT

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consulting group

Table of Contents

1. Introduction and Executive Summary.....	1
2. General Plan Fee Calculation	4
3. Comparative Survey.....	7

1. Introduction and Executive Summary

The following report presents results of the General Plan Maintenance Fee Analysis conducted by the Matrix Consulting Group for the City of Fort Bragg (City).

1 Project Background and Overview

Prior to 2019 the City of Fort Bragg used to assess a General Plan Maintenance fee of 1.5% on all Building Permit fees. This fee was intended to recover costs associated with the City's long-range planning efforts, and most importantly any updates to its Inland and Coastal General Plan. As the City has not evaluated this fee in at least 10 years, in 2019 the City Council decided to waive the application of the General Plan Maintenance fee, due to the lack of available documentation outlining how the fee was calculated.

With the recent emphasis of State guidelines on long-range planning activities for local communities, it is imperative that this fee be evaluated to ensure that it is compliant with legal regulations and sufficient to meet the City's needs. The results of this study provide an understanding of the current costs associated with long-range planning activities and the calculation of a current General Plan Maintenance fee.

2 General Project Approach and Methodology

The Matrix Consulting Group accomplished the requested scope of work by applying a thorough project approach that included:

- **Reviewing Long-Range Planning Activities:** Reviewing information provided by the City regarding the types of long-range planning activities that can be covered under the fee such as Housing Element Update, Land Use Elements, and other components of Inland and Coastal plans.
- **Collecting Building Permit Information:** Working with City staff to collect information regarding the types of building permits being issued and overall development activity.
- **Evaluating Staffing Costs Associated with Long-Range Planning:** Determining the estimated hours spent by in-house City staff in support of long-range planning activities.

- **Reviewing Legal Regulations:** Ensuring appropriate compliance with state and local guidelines regarding the calculation and application of the General Plan Maintenance Fee.
- **Discussing Draft Results:** Reviewing draft results with City staff to ensure that they are reflective of appropriate costing assumptions.
- **Documentation of Results:** Documenting the calculation methodology and nexus between general plan costs and fee application for transparency.

These steps enabled the project team to ensure that all components were reviewed and discussed to allow for the most fair and defensible calculation of the General Plan Maintenance fee.

3 Legal Summary

The General Plan Maintenance fee is governed by Government Code Section 66014(b) which states that fees “may include the costs reasonably necessary to prepare and revise the plans and policies that a local agency is required to adopt before it can make any necessary findings and recommendations.” This code states that fees can be charged against zoning changes, zoning variances, use permits, building inspections, and filing applications.

It is important to note that unlike other fees, the General Plan Fee cannot be considered a “user fee” or a “fee for service”. There is no “service” that is being provided. Rather the fee is meant to be charged against user fees to recover the costs associated with development and preparation of the overall General Plan. It is more similar in nature to an impact fee. The fee is most typically charged in the Building Phase, as it is during that phase when there is an actual impact that is made to the footprint of the community, which will impact the land use, housing, circulation, and all other elements of the General Plan.

It is proposed that this fee be charged as a percentage of the construction valuation, due to the relationship between the construction valuation and the impact on the City’s long-range planning and general plan efforts. Projects that have a lower dollar value tend to be smaller projects in nature (i.e., remodels, renovations, etc.) and do not have as much of an impact on General Plan elements such as the housing element or transportation element. However, adding a new house or replacing an existing house, with a completely different house, which is generally valued higher, has a much larger impact on the overall zoning and housing density of the City and therefore on the larger General Plan. By

utilizing valuation as the metric for the fee, the City ensures that the fee scales proportionately to the project and its impact on the overall General Plan.

4 Summary of Results and Recommendations

Based upon the General Plan components and in-house staffing cost, the project team calculated the full cost of the General Plan Maintenance fee as 0.53% of Building Permit Valuation. The following table shows the current fee, the full cost calculated, and the resulting difference:

Table 1: Comparison of General Plan Maintenance Fee

<u>Fee Name</u>	<u>Current (Suspended) Fee</u>	<u>Full Cost Fee</u>	<u>Difference</u>
General Plan Fee - % of Valuation	1.50%	0.53%	0.97%

As the table indicates, the full cost fee calculated for the General Plan Maintenance Fee is 0.53% of the Building Permit valuation. The City’s current (suspended) General Plan Maintenance Fee is 1.50% of the valuation. The full cost fee of 0.53% is almost 1.00% lower than the current (suspended) fee. It is important to note that this fee has not been reviewed in over 10 years and costs associated with many of these activities have changed. It is critical for the City to re-implement this fee as there has been an uptick in these activities due to new state regulations and updates to the policies and plans.

The 0.53% calculated is the maximum justifiable fee that can be assessed. If the Council were to assess a lower fee, it would result in a subsidy, with remaining costs needing to be funded through alterative mechanisms.

The display of the cost recovery figures shown in this report are meant to provide a basis for policy development discussions among Council members and City staff, and do not represent a recommendation for where or how the Council should act. The setting of the “rate” or “price” for services, whether at 100 percent full cost recovery or lower, is a policy decision to be made only by the Council, with input from City staff and the community.

The City already follows best practices by collecting the revenue associated with this fee in a separate fund and account. This ensures that the funds for the General Plan can only be used to help fund the updates to plan elements and offset staff costs. The City should continue to follow this practice. Furthermore, unlike other fees, there should be no annual increase applied to this fee, as this is a fee based upon a calculation that already considers the most recent economic environment.

2. General Plan Fee Calculation

Up until 2019 the City of Fort Bragg assessed a General Plan Maintenance Fee as part of its building permit process. The fee was meant to account for updates to the general plan, zoning ordinance, housing elements, and other long-range planning activities that are part of the larger General Plan. This is a typical fee charged by many jurisdictions. The following subsections discuss the annual costs associated with the General Plan Maintenance Fee, the calculation of the fee, a comparison of the fee, and overall fee recommendations.

1 General Plan Fee Annual Costs

Fort Bragg has historically charged its General Plan Maintenance fee as a percentage of anticipated building valuation, calculated at the time of building permit submittal. The concept behind charging this fee during the building permit phase is to recoup costs incurred by the City for conducting zoning code and general plan updates as a result of future development.

Fort Bragg staff track their time spent against General Plan or long-range planning activities. The project team worked with staff to collect and utilize a three-year average of time spent working on long-range planning activities. In addition to internal staff cost there are contracted costs associated with updates to the Inland and Coastal General Plans. The following table shows by cost component the total cost associated with each type of cost factor, the life of the cost factor, and the resulting annual cost:

Table 2: General Plan Maintenance Fee Cost Components

Cost Category	3 yr. Avg of Time (hours)	Cost	Life (Yrs.)	Total Annual Cost
Finance Director	3.00	\$158.73	1	\$476
Admin Assist (CDD)	17.75	\$130.00	1	\$2,308
Associate Planner	3.50	\$128.68	1	\$450
CDD Director	67.50	\$168.03	1	\$11,342
Assistant Planner	142.75	\$125.03	1	\$17,847
Assistant to City Manager	67.00	\$141.83	1	\$9,503
City Manager	15.58	\$209.12	1	\$3,259
Asst. Dr. – Eng.	5.00	\$158.73	1	\$476
Sr. Planner	100.75	\$130.00	1	\$2,308
		Subtotal Staffing Costs		\$59,773
Inland General Plan		\$500,000	20	\$25,000
Coastal General Plan		\$750,000	20	\$37,500
Housing Element		\$250,000	8	\$31,250
		Subtotal Non-personnel Costs		\$93,750
Total General Plan Maintenance Annual Cost				\$153,523

The total annual costs associated with updating the General Plan are approximately \$153,523; of which staff costs represent \$59,773. It is important to note that the staff costs in the table are representative of fully burdened hourly rates and billable time.

2 General Plan Fee Calculation

The General Plan fee is currently assessed as a percentage of the building valuation. Therefore, to calculate the General Plan Fee, the project team collected the City’s annual building valuation recorded by Mendocino County. The following table shows by Fiscal Year the total Building Permit Valuation.

Table 3: Building Permit Valuation

Fiscal Year	Annual Building Valuation
2018	\$21,297,447
2019	\$23,372,467
2020	\$33,698,613
2021	\$134,116,603
2022	\$37,980,428
Average Annual Building Valuation¹	\$29,087,239

In order to assess this fee as a percentage of the building valuation, the project team took the annual cost associated with general plan upkeep calculated in table 2 and divided it by the average annual building permit valuation calculated in table 3. The following table shows this calculation:

Table 4: General Plan Maintenance Fee Calculation

Category	Amount
Total General Plan Annual Maintenance Cost	\$153,523
Average Building Permit Valuation	\$29,087,239
General Plan Maintenance Fee	0.53%

Based upon the above table, the City’s full cost fee for the General Plan is 0.53% of building permit valuation. This indicates that if a building valuation is \$100,000, it’s General Plan fee would be \$530. The following table compares the city’s previous fee to the full cost fee:

¹ Due to the extreme outlier nature of the FY21 valuation, this valuation was excluded from the annual valuation calculation.

Table 5: General Plan Maintenance Fee Per Unit Result Comparison

Category	Current (Suspended) Fee	Full Cost	Difference
General Plan Maintenance Fee	1.50%	0.53%	0.97%

The City’s current (suspended) fee is 1.50%, meaning that a permit valuation of \$100,000 would result in a \$1,500 fee. In comparison, the full cost fee calculation of 0.53% would result in a fee of \$530.

Utilizing valuation as the proxy for a project’s impact on the General Plan creates proportionality. Smaller projects with less of an impact on the footprint of the community have a lower valuation (i.e., remodels and additions), while larger projects (i.e., new construction) that have a greater impact on the General Plan have a much larger valuation. Therefore, assessing the General Plan Maintenance fee on a project’s valuation will ensure that all projects pay a fee proportionate to their impact.

3 Summary

Overall, the purpose of the General Plan Maintenance Fee is to set aside funds to be used to update the next general plan. The previous fee of 1.5% exceeds the cost of covering in-house staff and consulting expenses related to maintaining the General Plan. The City’s full cost fee of 0.53% more accurately reflects the support that is needed based upon the current fiscal environment. The City should review the analysis conducted and determine where and how to set the General Plan Maintenance Fee.

The proposed fee should continue to be collected and accounted for in a separate fund in compliance with accounting best practices.

3. Comparative Survey

As part of this analysis, the project team conducted a comparative survey of other local jurisdictions and their assessment of the General Plan Maintenance Fee. Like other comparative efforts, the survey below simply shows the fees charged by the jurisdiction and does not include the basis upon which the other jurisdictions calculated or developed their fee. General Plan Fees are typically assessed in two different manners:

- 1. **% of Building Permit Fee:** This is when the fee is charged as a proportion of the building permit fee, similar to a Plan Check Fee. For example, if the fee is 1% of the Building permit fee, if the building permit fee is \$100, the General Plan Fee is \$1.
- 2. **% of Building Valuation:** This is similar to Fort Bragg where the fee is charged as a proportion of overall building valuation. For example, if the fee is 0.01% of the Building valuation fee, if the building’s project valuation is \$10,000, the General Plan Fee is \$100.

The following table shows the results of this comparative analysis, broken out between the two types of fees:

Table 6: General Plan Maintenance Fee – Comparative Survey

Jurisdiction	% of Building Permit Fee	% of Building Valuation
Half Moon Bay		0.25%
Mendocino County		0.65%
Pismo Beach	5%	
Ukiah	15%	
Willits		0.14%

Most of the surrounding jurisdictions charge a General Plan Maintenance Fee, however not all of them charge the fee in a similar manner. For example, Half Moon Bay, Mendocino County, and Willits charge their fee as a percentage of valuation like Fort Bragg, whereas Pismo Beach and Ukiah charge their fee as a percentage of the permit fee.

The City’s current (suspended) fee of 1.5% is well above all comparable jurisdictions who charge as a percentage of valuation. The full cost fee of 0.53% is below Mendocino County’s fee but higher than the fees charged by Half Moon Bay and Willits.

Updating the City’s General Plan Maintenance fee will allow Fort Bragg to be in alignment with other jurisdictions and better recover its costs for long-range planning efforts.