



AGENCY: City Council
MEETING DATE: September 28, 2020
DEPARTMENT: CDD/PW
PRESENTED BY: Chantell O'Neal
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AGENDA ITEM SUMMARY

TITLE:

Receive Recommendation from the Community Development Committee, Conduct Public Hearing, and Consider Adoption of City Council Resolution Revising the City's Fee Schedule for Various Building Permit Fees and Services

ISSUE:

The City of Fort Bragg charges fees to offset the cost of providing certain services. In order to recoup the reasonable cost of providing services, the City must review fees and decide to increase, reduce or keep the fee the same. Additionally, certain fees become obsolete and others become necessary over time. Since the implementation of the 2019-2020 fee schedule that went into effect on August 1, 2019, City staff has experienced issues with those permit fees and procedures approved for various building permit fees and services. Developer Deposit Accounts (DDAs) for building permits created an unexpected increase in workload and time involved with processing building permits. As such, staff is proposing a transition to a different fee calculation method. The attached Resolution contains only changes to building permit fees as described herein, all other planning and development fees established by Resolution 4163-2019 will remain unchanged by this action.

ANALYSIS:

During preparation of last year's fee schedule, it was discussed that a full analysis of fees charged does not need to be undertaken each year. The Finance and Administration Committee recommended that the City only conduct a full fee analysis every three years. As staff has experienced issues with building permit fees established last year ranging from increases in administrative costs to increases in processing time for the applicant, this proposed recommendation changes only those fee items of concern. The primary change is moving away from the use of DDAs for fees associated with processing building permits and to more correctly align the cost of task performance with the fee amount collected.

Valuation and Flat Fee based building permit fees are the two most common methods that cities use for calculating fees associated with processing building permits. The fee collection method established last year was changed from a 1% surcharge collected based on the total valuation of the permit to a combination method that included a flat fee for permits valued under \$75,000 and a Developer Deposit Account (DDA) cost incurred method for permits valued over that amount. Through the experience using both methods, City staff is recommending further refinement to the process. Staff recommends that all projects which would currently qualify for hourly-based building permit fees collected through a DDA (those with valuation >\$75,000) be converted to a flat fee method which is reflective of the average hourly staff time needed to review a building permit from intake to inspection and is based on the specific components associated with the project scope.

Fee Purpose:

Building permit fees pay for permit plan check staff time expended during all aspects of the permit review process from intake to inspection. The proposed fees will be calculated based on the specific components a project’s scope and includes the administration of the building permit program.

Components of the **Public Works Engineering Review** include water, sewer, storm water, drainage, low impact development, frontage, driveway, circulation, grading, backflow devices, grease traps, and fire sprinklers.

Components of the **Community Development Plan Check Review** include those items listed in the Coastal Land Use Code 17.30 and the Inland Land Use Code 18.30 along with a host of other regulatory requirements. The Planner’s review includes setbacks, lot coverage, allowable land uses, zoning review, consistency with previously established conditions (like non-conforming uses or Special Use Permit conditions), height limitations, driveway requirements, fence height/location, lighting, floor area, density, addressing, and signage. The administrative processing includes Fire Sprinkler Ordinance compliance, Waste Recycling Ordinance compliance, file folder creation, permit tracking, fee calculation and collection, data entry, and issuance.

Fee Calculation:

The proposed Building Permit Review fees are based on actual hourly rates required for processing and coordinating components of common scopes of work associated with typical permits. The fees are further broken down by the type of review necessary to be performed by the different departments involved in the plan check process. Using this proposed method, the applicant’s fees will be calculated based on the actual complexity of the project which triggers various types of review. This ensures the fees are based on the level of review required rather than the construction valuation.

Table 1 Fully Loaded Plan Check Staff Rates

Public Works	Rate
Engineering Tech	\$62.00
Assistant Director	\$68.00
Community Development	Rate
Director (unfilled)	\$110.00
Senior Planner	\$84.00
Admin Assistant	\$55.00

The 2020-21 Proposed Fees (Table 2) are based on average time required to process a building permit, based on the time required per category review needed and the fully loaded rounded hourly rates of Plan Check Staff (Table 1) performing the review.

The proposed fees shown in Table 2 are based on actual hourly rates and the time tracked over the past year associated with processing various types of building permits. These proposed fees amount to cost recovery only. Staff feels that this new proposed fee schedule will adequately cover the costs associated with processing building permits of various complexity and alleviate the unnecessary burdens associated with tracking DDA balances. As with any fee collection method, using a flat fee process means there is room for error, where some permits may subsidize others and also where there won’t always be a perfect match between the type of permit being processed and the associated fee. For these scenarios, staff further proposes this fee schedule include an additional option to bill directly at an hourly charge out rate for projects that are more complex

at the discretion of management level staff. This will allow a DDA to be created for particularly complex multi-family or commercial projects where we anticipate more time than the fees assume.

Table 2 Proposed Building Permit Fees 2020-2021

Building Permit Review Fees (Proposed)				
Permit Type	Time	Actual Cost	Proposed Fee	Scope of Work Performed by Staff
Public Works (PW-Engineering Review)				
New Construction- Requiring Water/Sewer Review	1.5	\$ 92.67	\$ 90.00	Research CAD Utility Model, calculate fees, prepare work order, coordinate with applicant, assign work order to Maintenance Crew.
New Construction (120 sf-1000 sf)	2.5	\$154.45	\$ 150.00	Review site plan, Prepare Conditions, Coordinate with applicant, Perform site inspections as needed during construction.
New Construction (>1000 sf)*	4	\$247.12	\$ 245.00	Requires same as New Construction (120 sf- 1000 sf) plus additional LID storm water review and additional winter weather inspections, noticing, and reporting for MS4 compliance.
Fire Sprinklers, Grease Trap, Backflow	2	\$123.56	\$ 120.00	Requires deferred/subsequent submittals and additional routing and inspections; include Water Treatment staff (backflow) Wastewater Treatment staff (grease trap), and Fire Marshall (sprinklers).
Commercial Remodels-Change of Use (Increased capacity)	1.5	\$ 92.67	\$ 90.00	Research historical use, capacity fee calculations(s), and processing fee sheet
Frontage, driveway, parking, circulation, flatwork**	2.5	\$154.45	\$ 150.00	Review submittal for requirements with City Standard Specifications and perform pre and post inspection. **Unless authorized under a separate grading permit.

Community Development Department (CDD -Planning Review)	Time	Actual Cost	Proposed Fee	Scope of Work Performed by Staff
Over the Counter Permit	1	\$ 54.47	\$ 55.00	***Intake application, review for completeness, process fee sheet, collect fees, log into permit tracking system, route to appropriate personnel, collate conditions and transport to County
Interior Remodel (Admin combo with Planner)***	1.5	\$111.44	\$ 110.00	This includes time needed to review the change in use of an interior existing space like a garage being converted to an ADU or the creation of a new bedroom or bathroom.
Residential Site Plan Review (Planner Rate)***	1.5	\$126.32	\$ 125.00	New construction on residential lots including new construction of a Single Family Residence, an ADU, and/or accessory structures.
Commercial Site Development/Land Use Review (Planner Rate)***	3	\$252.63	\$ 250.00	New construction on commercial/Industrial structures and/or accessory structures.

Non Departmental	Time	Actual Cost	Proposed Fee	Scope of Work Performed by Staff
Demolition (combo Eng. Tech and CDD Admin)	2	\$116.25	\$ 115.00	Storm water and Erosion Controls
Requires Amendment to Plan Set or Conditions (Voluntary or Correction)	1.5	\$ 85.36	\$ 85.00	This is an after the fact permit fee, when an application needs to come back to the City after permit issuance but before final.
Complex Project Requiring Cost Incurred	Actual	DDA	\$2,000.00	Initial Deposit Minimum

Table 2 Notes:

*Fees associated with Engineering review of New Construction/Additions are broken up into two categories based on their square footages primarily due to the calculated time spent on a permit for the storm water review as associated with tiered Low Impact Development (LID) regulations triggered for projects with over 1000 square feet (sf) of impervious surface. This breakdown is also based on other factors including but not limited to additional time to review larger scale projects, additional inspection requirements, winter weather noticing for erosion and storm water controls, and reporting compliance with the Municipal Separate Storm Sewer System (MS4) permit.

**Frontage, driveway, parking, circulation, flatwork as a work item unless authorized under a separate grading permit.

***All the other Planning Review Permit Types for Community Development include the administrative time for tasks described in the “scope of work performed by staff” for the Over the Counter application, which includes; review for completeness; process fee sheet; collect fees; log into permit tracking system; route to appropriate personnel; and collate conditions and transport to County.

Sample Costs

During the May 13, 2019 City Council meeting when these fees were last examined, Council asked several questions regarding the costs associated with certain types of projects like the installation of a new hot water heater (over the counter), residential remodels, or a new minor addition. Some example costs of typical permit types are shown in Table 3 below. Additionally, supporting documentation of these calculated costs are shown in Attachment 3. It is important to note that these figures are not exact for every permit of that scope type as variations in the review components may be necessary. For example, a commercial remodel may not include a new water service and cost less alternatively an ADU may need sprinklers and cost more. The purpose of this sample fee table is to provide a snapshot of those fees for the most common permit types.

Table 3 Sample Permit Fees

Project Scope	Proposed (2020-21)	Current (2019-20)
Over the Counter (Hot water heater or roof mount solar)	\$93.50	\$158.00
Residential Interior Remodel	\$341.00	\$250.00
Minor Addition	\$613.80	\$250.00
New Single Family Residence	\$3,502.00	DDA Cost Incurred
Accessory Dwelling Unit	\$2,363.00	DDA Cost Incurred
Commercial Remodel	\$1,538.00	\$750.00
New Commercial Construction	\$7,831.20	DDA Cost Incurred
Complex Project Requiring DDA-Initial amount collected	\$2000+	DDA Cost Incurred

RECOMMENDED ACTION:

Adopt City Council resolution updating fees for various Planning and Development services.

ALTERNATIVE ACTION(S):

1. Conduct the public hearing and make minor modifications to one or more of the resolutions prior to adoption.
2. Conduct the public hearing and direct staff to provide additional analysis or changes to the proposed resolutions for action at a future meeting.
3. Conduct the public hearing and Recommend the current fee schedule remain in use for the foreseeable future.

FISCAL IMPACT:

Building Permit fees collected in fiscal year 2019-20 were estimated to be \$29,279. Fees collected for the processing of building permits are not intended to be a revenue and amount to cost recovery only. The proposed changes are expected to have no net increase in revenue from fees assuming service usage similar to FY 2019-20.

GREENHOUSE GAS EMISSIONS IMPACT:

The approval of this Resolution has no impact on greenhouse gas emissions.

CONSISTENCY:

Consistent with Proposition 26, only fees that are changing are included in the schedules attached to the resolutions. Small fees are rounded to the nearest whole dollar or cent to make them easier to collect.

The requirements to increase planning and development fees are set forth in Government Code Section 66014. Those fees may not exceed the estimated reasonable cost of providing the service, unless approved by a popular vote of two-thirds in that election. Reasonable cost of providing the service may be based on an estimate such as a budget or other calculation. A City must be able to set forth a reasonable method for determining whether a fee exceeds the estimated reasonable costs of providing the service.

Government Code Section 66016 sets forth the requirements for public notice and public hearing prior to adoption of the new or increased fees. Notice was provided in accordance with these requirements and published on September 17, 2020. The prepared published public hearing notice can be found as Attachment 4. Challenges to planning and development fees must comply with Government Code Section 66022. Section 66018 requires a public hearing to be noticed and held prior to adoption of the fee increases.

IMPLEMENTATION/TIMEFRAMES:

The new fees cannot become effective until at least 60 days after adoption of the Resolutions pursuant to California Government Code Section 66017(a). For consistency, the fee changes will become effective November 28, 2020. The full Consolidated Fee Schedule will be updated and distributed to City staff and will be posted on the City's website at that time.

ATTACHMENTS:

1. 2019-2020 Building Permit Fees (current)
2. Sample Fee Sheets
3. Public Hearing Notice
4. Resolution for Updated Planning and Development Fees
5. Exhibit A 2020-21 Building Permit Fee Updates

NOTIFICATION:

N/A