City of Ukiah

ITEM NO.: 13a

MEETING DATE: April 20, 2016

AGENDA SUMMARY REPORT

SUBJECT: CONDUCT DISCUSSION AND PROVIDE DIRECTION CONCERNING THE FEE SCHEDULE FOR PLANNING AND BUILDING SERVICES

Summary: As discussed during budget hearings, Staff has been reviewing the 2007 fee schedule for Planning and Building services to determine if any modifications should be considered. This preliminary review has revealed a number of discussion points and the purpose of this agenda item is to have an early public discussion about the fees and to seek direction from the City Council in regards to public outreach and input prior to formal consideration by the Council. No decision regarding specific fees is sought at this time.

Background: The last time the fees for Planning and Building services were reviewed and modified by the City Council was in 2007. At that time, the Council established the 100% cost recovery requirement for major planning permits and a flat fee schedule for minor planning permits. A number of other adjustments were made to the fee schedule at that time as well.

Discussion: Staff has identified the following preliminary topics for discussion: 1) The required $1,000 deposit amount for the 100% cost recovery projects; 2) The flat fees collected for minor planning permits; 3) Reducing the fees for boundary line adjustments and lot mergers; 4) The fees collected for appeals; 5) The fee collected for Airport Land Use Commission review; 6) Possible new fees for planning services previously provided at no cost such as for *Determinations of Appropriate Use* and *Demolition Permit review* and *Certificates of Compliance*; and 7) Possible fee reductions for projects promoting downtown economic development, establishing new industrial/manufacturing businesses, significant energy conservation, and certain public benefits. A copy of the existing Planning fees and preliminary recommended modifications is included as Attachment 1.

100% Cost Recovery

100% cost recovery procedure for major planning permits is tracked very closely and involves recording hours spent on projects on the biweekly time sheets, cost determinations based on the hours spent including overhead, and tracking the costs to determine if additional deposit funds must be required. The adopted fee schedule requires a $1,000 deposit. Because of the increase in costs since 2007 (salary, benefits, legal ads, postage, etc.) this amount of deposit is often quickly depleted and Staff must prepare

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RECOMMENDED ACTION(S): 1) Conduct a discussion and provide direction concerning the Planning and Building Services fees; and 2) Direct Staff to seek input from stakeholders and return to the Council for formal discussions and possible action.

ALTERNATIVES: Provide alternative direction to Staff.

Citizens advised:	N/A
Requested by:	Charley Stump, Community Development Director.
Prepared by:	Charley Stump, Community Development Director.
Coordinated with:	Sage Sangiacomo, City Manager and Kevin Thompson, Principal Planner.
Presenter:	Charley Stump, Community Development Director.
Attachments:	1. Existing fee schedule with preliminary proposed modifications 2. Fee comparison table – nearby jurisdictions

COUNCIL ACTION DATE: _____: ❑ Approved ❑ Continued to_____ ❑ Other _____

RECORDS APPROVED: ❑ Agreement: _____ ❑ Resolution: _____ ❑ Ordinance: _____

Note: Please write Agreement No. in upper right corner of agreement when drafted.

Approved: _____

Sage Sangiacomo, City Manager

a detailed letter, contact the applicants and require an additional deposit. The following Table lists the total processing costs for a number of recent major planning permits:

Major Planning Permit	**Cost to Process Permit**
WalMart Expansion	$33,000
Costco	$30,871
UVMC Support Building	$26,700
PEP Senior Housing	$8,652
Residential PD	$5,442
Residential PD Amendment	$7,503
UVMC Emergency Room Relocation	$6,038
Mendocino Historical Society	$1,820
KBP Properties	$1,425
Cross Roads Christian Church	$1,499

In almost all cases, the $1,000 deposit does not cover the cost to process a Major Planning Permit. Additionally, the time spent drafting the detailed letter to the applicant seeking an additional deposit is charged to the applicant. Options for modifying the deposit include increasing it, not raising it, or establishing a deposit "range" whereby Staff could require a deposit of between $1,000 and $3,000 (or more) depending upon the size, scope and complexity of the proposed project.

Flat Fees

The City currently charges $150 for level 1 minor planning permits (temporary uses, outdoor sales, etc.) and $450 for level two minor planning permits (changes in use or newly proposed small land uses). These 2007 fees typically do not cover the cost to process the permits. The required legal ad alone can be as high as $150. Options include increasing the flat fees, making no change, or changing the flat fees to 100% cost recovery.

Boundary Line Adjustments

In 2012, the City Council modified the Boundary Line Adjustment permit application process to conform to State Law. In doing so, the requirement for public notice and a public hearing were eliminated. While Staff costs have increased since 2007, the net result of the revised procedures is a projected decrease in the cost to process Boundary Line Adjustment applications. Staff is considering a recommendation to *reduce* the $450 flat fee for Boundary Line Adjustments.

Appeals

If a project applicant appeals a decision on a planning permit, the cost is a $100 deposit and 100% cost recovery. If the public appeals a decision on a planning permit the charge is a $100 flat fee. In the case of the applicant's deposit, it would be used up rapidly and Staff would spend additional time drafting a letter seeking additional deposit funds. Similarly, the $100 flat fee for a member of the public to appeal a decision would not cover the hard costs such as the required legal notice, let alone Staff costs. Options for modifying the fee include increasing the deposit, increasing the flat fee, charging the same for the applicant and the public, or not making a change.

Airport Land Use Commission

If a proposed project conflicts with the adopted compatibility criteria for the airport, it must be scheduled for review and a consistency determination by the Mendocino County Airport Land Use Commission. The County charges the applicant a fee for assembling the Commission, and the cost for Staff and Commission time. The City charges a $150 fee for project coordination, referring the project to the Commission, and attending and participating in the public hearing. The $150 fee does not cover the cost

for Staff to perform these required tasks. Options include increasing the flat fee, changing the fee to a deposit/100% cost recovery fee, or making no change.

Other Fees

Staff is evaluating the fees charged for other minor services and will have recommendations for the City Council at its next discussion on this matter. Staff is also reviewing the various services we provide without charging a fee and determining if it may be appropriate to begin charging fees for these services. These include *Determinations of Appropriate Use*, *Certificates of Compliance*, and *Demolition Permit planning* review.

Building Permit Fees

Staff does not anticipate proposing to change the way building permit fees are calculated.

The City's Method: The building permit fee is based on the construction cost data provided by and updated every six months by the International Code Council (ICC). This data constitutes the "average" costs based on typical construction methods for each occupancy group and type of construction. The construction cost figure is multiplied by the size of the building to determine the building valuation. Table 3-A from the Building Code, which provides fees based on ranges of valuations is then used to determine the base fee. Added to the base fee are: a State seismic fee; any mechanical, electrical and plumbing permit fees; and a plan check fee. All of these fees are calculated using computer software.

Example

Type of Construction: IIB
Area: 8,000 square feet
Use Group: B

1. Gross Area: 8,000 square feet
2. Square foot construction cost (B/IIB) = $158.70/sq. ft.
3. Building Valuation: 8,000 sq. ft. x $158.70/sq. ft.= $1,269,600
4. Table 3-A: $6,226 for 1st $1 million and $4.05 for each additional $1,000. = $7,138.
5. CA Seismic Fee: $355
6. Building Standards Fee: $51.00
7. Mechanical, electrical and plumbing permits: $1,161
8. Plan Check fee: $4,757
9. Permit Fee: $7,318 + $355 + $51 + $1,161 + $4,757 = **$13,642**

While this method is not customized for the City of Ukiah in terms of cost recovery, it has been the preferred method because of the rapid and efficient way to determine the fee.

In addition, Staff is reviewing a number of building permit related services that are currently provided free of charge to determine if establishing new fees would be reasonable. These services include issuing a temporary certificate of occupancy, requests for alternative materials and methods review, and appeals to the Appeals Board. Additionally, many jurisdictions charge a small fee on all Building Permits to help fund mandatory Staff training and certifications, and for technology/records management. Staff is researching these fees to determine if it would be reasonable for the City of Ukiah to adopt similar fees.

Fee Reductions (Incentives): The City Council may want to consider establishing planning permit fee reductions for projects that provide significant economic development, new industrial/manufacturing development, significant energy conservation, and certain public benefits. These could include the following:

Economic Development Energy Conservation Public Benefit Components	Fee Reduction
Project Design: Solar PV, LEED certification, public access easement (creeks, streets, pedestrian paths, etc.), substantial over-planting of trees, significant creek restoration and/or public access, and similar design elements.	80% cost recovery rather than 100% on Planning Permits
Downtown Businesses: Planning Applications made by downtown businesses (DZC area) – new business or expansion of existing business	80% cost recovery rather than 100% on Planning Permits
Industrial/Light Manufacturing: Planning Applications for industrial or light manufacturing businesses.	80% cost recovery rather than 100% on Planning Permits
Public Art: Locally inspired publicly "accessible" art included as prominent component in project	80% cost recovery rather than 100% on Planning Permits
Community gardens, outdoor dining, live entertainment, sidewalk cafés and tasting rooms.	No Planning Permit or Fees required – must comply with specific standards
Energy and Water Conservation: Installation of significant energy or water conservation fixtures, appliances or equipment beyond green building code requirements	80% cost recovery rather than 100% on Planning Permits

Comparison with other Jurisdictions: A Table comparing the existing Planning fees with other jurisdictions is included as Attachment 2.

Conclusions: Staff is seeking discussion and direction regarding the 2007 Planning and Building services fee schedule. Staff's preliminary review has revealed a number of possible modifications including an increase in some fees and reductions in others. A number of possible new fees have been identified for planning and building services that are currently provided for free. In addition, fee reductions for projects providing downtown economic development, industrial/manufacturing development, increased energy conservation, and public benefits have been included for discussion.

Next Steps: After City Council discussion and direction, Staff would like to conduct outreach to interested stakeholders to receive comments and recommendations, and then return to the City Council for formal discussions and consideration of a Resolution to modify the fees.

FISCAL IMPACT:				
Budgeted Amount in 15-16 FY	**New Appropriation Source of Funds (Title & No.)**	**Account Number**	**Budget Amendment Required**	**Previous Contract or Purchase Order No.**
N/A	N/A	N/A	Yes ☐ No ☒	N/A