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Title: Planning and Building Department recommending the Board consider the following:
 1) Receive and file a draft Fee Study Report and presentation prepared by NBS Government Finance Group, Inc., including recommendations to adjust current fees charged by the Planning and Building Department for a variety of land use permits and projects;
 2) Provide conceptual approval and direction to staff on the desired level of cost recovery, an implementation timeline, and any other alternative fee adjustments for each Planning and Building Department division, if different; and
 3) Provide direction to staff to return to the Board for the first reading and adoption of the Planning and Building Department’s Fee Schedule.

FUNDING: Fees for Service.

Sponsors:

Indexes:

Code sections:

Attachments: 1. A - EDC Presentation to Board, 2. B - Final Fee Study Report, 3. C - Planning Building Department Board Decision Points, 4. D - Cost Recovery Table, 5. E - Airports Benchmark, 6. Public Comment Rcvd 8-15-2023 BOS 8-15-2023.pdf, 7. Public Comment BOS Rcvd. 8-15-2023, 8. Public Comment BOS Rcvd. 8-14-2023

Date	Ver.	Action By	Action	Result
8/15/2023	1	Board of Supervisors		Direction Provided (See Minutes)

Planning and Building Department recommending the Board consider the following:
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DISCUSSION / BACKGROUND

To ensure compliance with state laws and regulations, including Proposition 26, CA Government Code Section 66014(a), and Assembly Bill 602 (Grayson), staff engaged in a review of fees for the Planning and Building Department (“Department”) including a full nexus study. Staff also received previous direction from the Board to evaluate the current cost of services provided by the Department. To analyze current costs to provide service and determine appropriate cost recovery, the Chief Administrative Office, Procurement and Contracts Division, issued a Request for Proposals

("RFP") to contract out for a Multi-Department Fee and Nexus Study on behalf of the Department and the Surveyor's Office. On May 20, 2021, the County awarded RFP 21-918-028 to NBS Government Finance Group, Inc. ("NBS") to complete the fee and nexus study with the goal of determining the County's current costs for providing services including personnel indirect and overhead costs, supervision, equipment, and other reasonable fees to close the gap on recovering the costs of those services, with a written report detailing findings and recommendations from NBS to be presented to the Board for consideration following completion of the project.

In previous years - and most recently in 2019 - adjustments to the Department's fee schedule were evaluated by the Chief Administrative Office, Community Development Finance and Administration ("CDFA") with the primary focus on updating hourly rates used for the basis of permit and project fees based on increases to operating costs. On May 21, 2019 (File No. 19-0663 Item No. 31), Resolution 080-2019 was adopted by the Board to update the newly approved Fiscal Year 2018-19 hourly blended rate, multiplied by the number of hours it took to perform the service in the Fiscal Year 2015-16 hourly time study. On July 21, 2021 (File No. 21-0872, Item No. 26), the Board approved Resolution 089-2021 to make minor revisions to update costs of grading permits.

The Department's current fee schedule consists of a variety of permit and project fees, including flat fees and fees based on deposits with time and materials ("T&M") costs being billed for any time above and beyond the deposited amount. The hourly rate for each division with applicable T&M fees varies per division.

The primary goal of this fee study is twofold: first, to provide the basis needed to establish a fee structure that does not exceed the estimated and reasonable service delivery costs; and second, to provide an analysis that supports the Board's review of cost recovery policies for revisions to the County's land use permit and project fees and service charges applicable to the Department.

Fee Study Overview

In order to complete the fee and nexus study for the Department and prepare a written cost of service analysis report with recommendations for consideration and adoption of a revised fee schedule, the following items were completed and/or evaluated during the study:

- Review of the Department's current fee schedule
- Comparison of other comparable California counties' fee schedules
- Review of time study data (actual time tracking information combined with interviews and questionnaires) utilizing Kronos or other time tracking methodology to assess cost recovery
- Evaluation of fees pursuant to Senate Bill 35 (SB35)
- Review of the General Plan Implementation Fee
- Review of the Technology Fee
- Review of Code Enforcement Fees

A variety of fees were evaluated in this Fee Study for the Department and include the following for each fee program/division:

- Planning Services:
 - Current Planning Application Review and Approvals
 - Review of Building Permits by Planning Staff

- Staff Hourly Rate
- Stormwater/Vacation Home Rentals (VHR):
 - Stormwater Plan Reviews and Field Inspections
 - VHR Permits
 - Staff Hourly Rate
- Long Range Planning:
 - Staff Hourly Rate
- Building Services:
 - Plan Check
 - Inspections and Permitting
 - Staff Hourly Rate
- Systems and Policy Documents:
 - Technology Fee
 - General Plan Implementation Fee
- Code Enforcement:
 - Complaint Verification and Compliance
 - Appeals
 - Staff Hourly Rate
- County Airports:
 - Ground Lease Assignments, Transfer of Sale on Private Hangars, and Waiting lists.
 - Staff Hourly Rate
- County Cemeteries:
 - Miscellaneous fees for services
 - Staff Hourly Rate

Fees not included in this Fee Study are development impact fees, fines and penalties, facility rental rates, equipment rental rates, cemetery plot purchases and burial services, and any special tax assessments, all of which fall under distinct analytical and procedural requirements different from the body of the user/regulatory fees analyzed.

NBS conducted a Comparative Fee Survey for all divisions except Airports. The five comparative counties are as follows: Napa, Nevada, Placer, Sacramento, and Yolo. The fee comparison's purpose is to provide an idea of local market pricing for services and gauge the effect of the recommended fee adjustments. NBS' fee comparison for County-owned cemeteries included Auburn Public Cemetery District, Elk Grove-Cosumnes Cemetery District, Nevada County Cemetery District, Oroville Cemetery District, and Placer Cemetery. Cemeteries Division staff are concurrently conducting a wider-ranging benchmark study and will return to the Board at a later date for additional discussion on the outcome of that comparison. Airports Division staff annually conduct a benchmark comparison with other municipal airports and are in the process of updating the benchmark for 2023 with work to be completed in September. The most current airports benchmark is attached as

Attachment E.

Based on the initial recommended increases to the Department's current fees and cost recovery percentages, it is estimated that the proposed increases will result in an overall annual increase to permit and project fee revenue totaling approximately \$2 million (a 14% increase) and an overall Department 82% targeted cost recovery. An overview of each impacted division is provided below; however, a detailed breakdown by each division is included in the Fee Study Report, Table 1 (Attachment B). Should the Board choose to adopt revised fees at 100% of the maximum full cost recovery amounts identified by this Fee Study, an estimated additional \$4.3 million in costs could be recovered.

Division by Division Breakdown

Staff have prepared a Cost Recovery Table to illustrate current cost recovery for each division versus proposed cost recovery. This can be found in Attachment D. For each division and/or individual fee types evaluated in this Fee Study, a brief summary of the current fee methodology, current revenue, modifications such as new, deleted, or consolidated permit and/or project fees, recommended cost recovery percentages, and resulting estimated annual revenue is provided below. Additional information and the cost-of-service analysis is provided in the Fee Study Report (Attachment B).

Planning Services

Fees evaluated for Planning include both the current planning application review and approvals, and the review of building permits by Planning staff. Through cost recovery analysis some fees were converted to a T&M basis from flat fee and the remaining were increased based on the new hourly rate and/or time study provided by NBS. Based on the increased hourly rate, Planning Services would recoup an estimated \$2.4 million compared to approximately \$1.3 million currently, an increase in \$1.1 million annually based on 98% cost recovery.

Stormwater/VHR

The Stormwater/VHR program included review of the VHR permitting services and new fees for Stormwater Quality review and inspections for the regulation of development projects. All fees for these programs were based on time study data to perform the service. A new fee for the HDL Program (Vacation Home Rental Permitting Software) includes a VHR Tech Fee for the maintenance and annual subscription of the permitting program. The current cost recovery for Stormwater and VHR is at 36% annually. With a 64% increase in fees, the division anticipates recovering 100% for their fees for services, resulting in an additional \$460,000 annually. This 100% cost recovery will be especially important with the update to the County's State Stormwater permit for the West Slope anticipated to take effect next year. An additional Stormwater coordinator will be needed to enforce the expanded scope of the permit.

Long Range Planning

NBS evaluated staff hourly rates for Long Range Planning. The rate is used to charge for services when consulting within the Department or for services provided to other County Departments. The billing rate recommended is \$188 per hour.

Building Services

Fees evaluated for Building Services were permit processing, plan review, and inspections. Updates made to Solar permits were revised based on new caps on fees per Gov Code 66015, AB 1414 (Friedman). NBS is recommending a "tiered" approach to permit revenue based on construction

value as shown in Appendix A.3 of the Fee Study. The tiered approach is the most common way of structuring construction value-based fee approaches in California and better reflects economies of scale in terms of regulatory effort and cost between smaller and larger scopes of projects. This approach would decrease revenues from \$6.7 million to \$6.5 million.

As the Division has reviewed the new approach to the tiered model, there are concerns with the current permitting system's capability to process such a complex formula for fees without having some manual calculations being processed outside of the permitting program. Due to this concern, the Division would like to keep the current methodology of "permit valuation times the building fee multiplier" and update the building fee multiplier from 0.0139 to 0.0130, based on a 5-year average (6% decrease). Methodology is provided in Attachment C. The Division also expects a decrease in revenues due to a decrease in solar permit applications as incentives for solar on housing have decreased as well. Even with the decrease in the building fee multiplier and solar permits, the Division expects only approximately \$250,000 decrease in cost recovery due to the increase in the hourly rate by 12.5%.

If the Board should choose to update the multiplier and keep current methodology, Building Services would like to run (simultaneously) NBS' tiered model outside of the permitting system, allowing IT and staff to research programming in the permitting system to ensure proper calculation of the complex fee formula, as well as evaluate NBS' tiered model approach and revenues. Staff will review both methodologies internally throughout the year and make a recommendation to the Board at the completion of the first year of the new Fee Schedule.

Code Enforcement

The Division is recommending 82% cost recovery on fees for services. This would be an increase in revenues from \$155,000 to \$287,500 annually. The Code Enforcement fees evaluated were only the hourly rate applied to inspections, investigations and enforcement. A new section was added for VHR including fees for Appeal Processing, Hearings, Complaint Investigation, and Pre-Site Inspections.

Airports

Current cost recovery for Airports is at 25% of actual costs for Tie-Downs, Hangar/Ground Leases, and miscellaneous fees. Staff met with the Airports Advisory Committee ("AAC") in September and December of 2022 to discuss the Fee Study. Staff is recommending 100% cost recovery. This would increase County Airport revenue by an additional \$800,808 per year and would greatly reduce or possibly eliminate the need for General Fund contributions towards maintenance, repairs, and replacement of equipment. The Board may consider a multi-year, stepped increase to achieve 100%. Staff would not recommend extending the stepped increase beyond five years. Additionally, staff are recommending a new fee for Commercial Landing, and a fuel flowage fee of 10 cents on each gallon. The fuel flowage fee would be assessed during times of emergency operations when third party fuel trucks are utilized as opposed to the County's fuel resources. This is a way to recoup lost revenue due to emergency operations.

Cemeteries

Cemetery fees evaluated were only administration ("admin") fees for providing services for plot purchases and burials, a transfer fee, and the hourly rate for service. Currently, the Division only brings in \$4,800 in administrative fees annually. With a recommendation to the Board of 19% cost recovery for admin fees only, the increase would result in an additional \$4,800 per year. Per recommendation by NBS, staff are separately preparing a benchmark study of other cemeteries and

will bring back the benchmark to the Board at a later date, which will help guide decisions on non-administrative fees for Cemeteries.

Technology Fee

In addition to the program specific fees above, NBS evaluated the Department's Technology Fee. This fee is assessed on building permits as a percentage of permit valuation in an effort to recover costs associated with the Department's use of the County's land management and permitting software system TRAKiT. The fee is currently charged at 0.0356% of construction valuation with a minimum fee of \$3 and a maximum fee of \$300 per permit. The Technology Fee results in approximately \$206,000 in fee revenue per year, recovering only 41% of the Department's technology-specific costs annually. Costs considered under this fee evaluation include the recurring software licensing and maintenance costs, as well as labor costs from the County's IT Department to provide annual support on the system, for a total average of \$347,052 per year.

In order to approach full cost recovery, for current TRAKiT costs, NBS recommends changing the methodology of the fee to be a percentage of the fees charged rather than as a percentage of the valuation. Using this methodology of fee calculation NBS also assessed the cost recovery of the technology fee to be charged on permits and projects. With this recommendation, all permit and projects that utilize TRAKiT will be charged at the time of the system's use (permit intake/project application) on a per project basis. The Department is the primary user of TRAKiT, however multiple County departments and outside agencies utilize the program. Therefore, the recommended cost recovery is set at 80%. The remaining 20% cost recovery from other departments and agencies was not evaluated in this Fee Study.

To recover current annual costs associated with TRAKiT, the Technology Fee is recommended at 3.20% of annual permit and project revenue for the primary divisions of the Department: Building, Planning, and Stormwater. The Department also recommends that the current minimum and maximum fee amounts be removed.

In addition to the ongoing costs associated with TRAKiT, the Department has been exploring other options to improve operational efficiency and customer services, one of which includes plan check software to allow for online plan submittal, review, and markup. NBS explored this concept to help the Department create an additional technology fee to help cover future costs for plan check software as that is the biggest need right now for the Department. Costs for this plan check software was estimated by the Department to average \$160,000/year.

Should the Board recommend moving forward with the new "future" technology fee (NBS Fee: Plan Check Software), an additional Technology Fee of 2.45% of permit revenue for building permits only would apply.

For the Technology Fee, the Department is seeking the Board's direction on the desired cost recovery percentage for either recurring annual TRAKiT costs only or the combination of TRAKiT and a new "future" technology fee (NBS Fee: Plan Check Software). The total of the two software programs and yearly subscription and maintenance fees, etc., would result in an average cost of approximately \$507,000/year. It is also recommended that a special revenue fund be established for the new technology fee revenue. By placing the fees in a special revenue fund, fees accumulate each year and if not spent, are available for years where additional costs may be necessary for upgrades, new modules or new software.

General Plan Implementation Fee

NBS also evaluated the Department's current General Plan Implementation Fee and the efforts/projects and associated costs that would be recoverable through the fee. The fee is currently assessed on building permits only and charged at a fee equal to 0.0267% of construction valuation with a minimum fee of \$2 and a maximum fee of \$300 per permit. The General Plan Implementation Fee results in approximately \$140,000 in fee revenue per year.

Recent activities funded in part with this fee include General Plan Element updates, new or updated ordinances resulting from General Plan policies, zoning updates and other long-range planning activities and associated staff and consultant costs. Based on information from the Department, including a ten-year forecast of costs, projects, and assuming a comprehensive update of the General Plan, a large gap exists in funding these General Plan activities. Annualized costs for these efforts are estimated to total \$1,513,492 and the current costs recovery is approximately 9%.

In order to apply this fee appropriately and in accordance with industry standards, NBS recommends that the basis of the fee be changed to a percentage of the Department permit and project fees charged, rather than a permit's construction value. Additionally, this fee should only apply to permits and/or development projects that have a significant impact on the County's General Plan or that are subject to specific conformance review and approval pertaining to the policies and requirements of the General Plan. As such, it is recommended that the General Plan Implementation Fee be charged on building permits with over \$100,000 in project construction costs (grading, expanding the footprint of the structure, or changing the use) and planning projects reviewed against the general plan.

Full cost recovery of \$1,513,492 annually would result in a significant increase to General Plan Implementation Fees. The Department recommends that the cost recovery be set closer to 25%, which would equate to approximately \$378,000 in annual revenue; however, the Department is requesting that the Board provide direction on the desired cost recovery percentage along with a recommended option detailed in attachment C. It is also recommended that a special revenue fund be established for this fee revenue. Staff would continue to draw from the account each year based on the current recovery amount of 9% to cover current staff/program costs for general plan activities. The remaining 16% will be set aside and accumulate for the future comprehensive general plan update.

GIS Support Fee

Staff received direction from the Board on September 27, 2022 (File No. 22-1128 Item No. 32) to consider a GIS Support Fee for the Surveyor's Office ("Surveyor"). The Department, in coordination with the Surveyor, recommends holding off on implementing the permit fee to perform further analysis of the recommended cost recovery of \$220,000 from NBS' previous fee study report. The analysis in the Surveyor's fee update based estimated GIS Support hours on assumptions from Fiscal Year 2021-22. During that year the Department had a large, one-time project completed by the Surveyor. Therefore, the assumptions do not reflect average costs of services provided. In addition, reviews and approvals of Lot Line requests have shifted so that the Surveyor manages the process rather than Planning. These changes also affect the assumptions used in the analysis.

Summary

The Department is requesting that the Board provide direction to staff on the proposed recommendations, cost recovery percentages, either for the Department as a whole or by division, or

any additional modifications to fees or methodology.

Following the Board's direction on the proposed recommendations in this Fee Study Report and any subsequent modifications, staff will continue to work with NBS to prepare a final Fee Study Report. This report, a final fee schedule and a resolution for the Board's adoption will be brought back to the Board for a noticed public hearing and first reading at a later date. Upon final adoption of the resolution and fee schedule, the new fees would become effective 60 days later pursuant to applicable provisions of state law and County Ordinance Code 66016. In order to avoid unnecessary efforts and challenges of billing project applicants at two (2) different hourly rates during a single month, the Department is recommending that the Board approve an alternative effective date of the first day of the month immediately following the 60-day post-adoption implementation requirements, which will be identified in the resolution adopting the fee schedule.

ALTERNATIVES

The Board may choose to provide alternative direction to staff with regard to the proposed recommendations for an updated fee schedule, hourly rates, and/or targeted cost recovery. Additionally, the Board may choose to implement the recommended fees and/or cost recovery percentages for the Department as a whole or by individual divisions at this time or over a specified period of time as part of a phased approach to achieve full cost recovery.

PRIOR BOARD ACTION

June 23, 2015, (File No. 15-0587, Item 50) Board Workshop

March 22, 2016, (File No. 15-0587, Item 29) Resolution 049-2016 "Consolidated Fee Schedule and Consolidated Fee Policies and Procedures for Agency Services" 049-2016

April 5, 2016, (File No. 15-0587, Item 46) Resolution 063-2016 rescinds resolution 049-2019

May 3, 2016, (File No. 15-0587, Item 31) Resolution 079-2016 "Establishing the Consolidated Fee Schedule for the El Dorado County Community Development Agency, Adopting Fees for Agency Services as revised, and Adopting Community Development Agency Fee Policies and Procedures as revised"

April 18, 2017, (File No. 17-0202, Item 6) Ordinance 5051

June 27, 2017, (File No. 15-0587, Item 20) Resolution 105-2017 "Resolution Establishing a Consolidated Fee Schedule and Consolidated Fee Policies and Procedures for El Dorado County Community Development Services and Adopting Fees for Services"

May 21, 2019, (File No. 19-0749, Item 27) Resolution 080-2019 "Resolution Establishing a Consolidated Fee Schedule and Consolidated Fee Policies and Procedures for El Dorado County Community Development Services and Adopting Fees for Services"

October 22, 2019, (File No. 19-0663, Item 31) Resolution 186-2019 "Planning and Building Department Fee Schedule and Policies and Procedures"

July 27, 2021, (File No. 21-0872, Item 26) Resolution 089-2021 "Planning and Building Department

Fee Schedule and Policies and Procedures”

OTHER DEPARTMENT / AGENCY INVOLVEMENT

Chief Administrative Office, Community Development Finance and Administration
Surveyor’s Office

CAO RECOMMENDATION / COMMENTS

Receive the presentation and provide direction as recommended.

FINANCIAL IMPACT

There is no change to Net County Cost associated with the Board’s receipt of this Fee Study Report and presentation. Upon the Board’s direction on the proposed recommendations and any additional changes to the Department’s current fee schedule, methodology, and/or cost recovery levels for the Department or each applicable division, staff will return to the Board with final fee revenue estimates.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

Good Governance - The Fee and Nexus Study and subsequent recommended fee adjustments furthers the County’s Strategic Plan Goal of Good Governance through evaluating and assessing current practices and fees based on current needs with the goal of reaching well informed decisions and identifying and pursuing additional revenue for new and existing projects to achieve increased cost recovery for services provided.

CONTACT

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