

City of Brisbane

Agenda Report

TO: Honorable Mayor and City Council

FROM: Caroline Cheung via Clay Holstine, City Manager

DATE: Meeting of June 13, 2011

SUBJECT: Planning Fee Study

PURPOSE: Ensure the City recovers the cost for performing Planning services.

RECOMMENDATION:

For the Council to adopt Resolution 2011-21 so that the recommended Planning fees can be incorporated into the 2011/12 budget.

BACKGROUND:

As part of the 2007-2009 budget review, staff recommended to Council that one division or department be studied in greater depth each year. In 2008, the Water and Sewer subcommittee reviewed the water and sewer divisions, which found in order to provide clean and safe drinking water to the residents of Brisbane, a 17% rate increase was needed.

In FY 2009/10, the Parks and Recreation Department was reviewed, which included analysis of each of the facilities, parks, and fields which the City maintains, along with calculated cost recoveries for each of the classes, programs, and events the City puts on. The result of that analysis was the City Council approving a \$10 processing fee for Classes and Youth/Adult Sports programs.

This past fiscal year, the Planning Department's fees were reviewed. In 1992, the City Council approved Ordinance 386 which set cost recovery percentages for services the City provided. The ordinance was reviewed by the City Council in May 2002 as part of the city-wide fee study performed by FCS Group. Council made no changes to the Planning Fee cost recovery percentages at that time, but adjusted fees according to the recommendations made by FCS Group. At this time, Council also adopted Ordinance 468, which specifies that cost recovery percentages may be amended at any time by resolution of the City Council. Since 2002, the fees have only been adjusted for inflation, which, for last year, was approximately 1.2%.

In August of 2010, staff met with the Finance Subcommittee to determine if the cost recovery percentages should be changed. The Subcommittee recommends to have most of the permits issued by the Planning Department be fully covered by the fee charged when the permit is issued. Some considerations for subsidizing the cost of the permit were made, such as for Accessibility Improvement Permits. An Accessibility Improvement Permit is what is needed to make places of business accessible to handicapped individuals, which improves public access for everyone.

In order to see how much time staff spent processing each permit, and where Planning Fees needed to be raised, or lowered, given the new Subcommittee-directed cost recoveries, staff analyzed the time it took to process each permit and what direct and indirect costs needed to be included for costs to be fully recovered. The findings for each permit's total cost can be seen in the blue column on the spreadsheet (Attachment 1). For a detailed description of how the total cost of each permit was calculated, please see Attachment 3.

DISCUSSION:

Upon completing the fee study, it was shown that the majority of the permits needed to be adjusted in order to be commensurate with the time and resources it takes staff to process them. An example of this can be seen in P1 – P13a, or Use Permits. Many of the various Use Permits, the first category on the Planning Department's fee schedule, were only being recovered 23% - 28%, given the current, 2009 fee.

Although fee studies conducted within the City result in finding out the total amount of what it costs the City to provide a service, program, or special event, there are areas wherein the Subcommittee chose to not recover 100% of the costs through fees. These areas include fence construction in residential zones (P4) and the remodeling of existing residential structures (P18) which have been recommended by staff and approved by the Subcommittee to have a 75% cost recovery, and Accessibility Improvement Permits (P60), which is being recommended to have only a 25% cost recovery, for reasons mentioned above.

Regarding Subdivisions, another category of the Planning Department's fee schedule, it was recommended by staff and approved by the Subcommittee for costs to be recovered 100%. One permit, for a Vesting Tentative Subdivision Map (P41), was shown to be recovering only 60% of its costs. The new fee of \$5,052 would bring that permit's fee in line with the costs incurred to issue it.

It should be mentioned that besides Accessibility Improvement Permits, All Other Appeals (P47) was recommended to the Subcommittee to have a 25% cost recovery. This would lower the cost of the permit 77%, from \$1,448 to \$334, and make the cost of an appeal more affordable for residents. When the Finance Subcommittee last met on May 16, 2011 to discuss the analysis conducted for the Planning Fee Study, they were in agreement to adjust the Planning Department's fee schedule as recommended by staff.

Therefore, Resolution 2011-21 has been prepared for Council adoption (see Attachment 4).

FISCAL IMPACT/FINANCING ISSUES

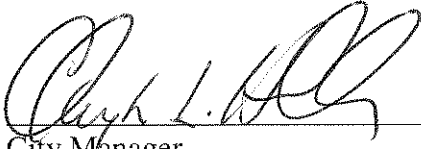
Increasing fees would bring in an estimated \$5,080 to the City, or an additional 15% in Planning fee revenue.

MEASURE OF SUCCESS

2011-2012 Permit Fees charged by the Planning Department are commensurate with the staff time associated with processing them.



Administrative Management Analyst



City Manager

ATTACHMENTS:

Attachment 1 – 2011 Planning Department Fee Study Spreadsheet

Attachment 2 – Process Flow Chart for Planning Applications

Attachment 3 – Detailed Breakdown for Figuring the Total Cost of Each Permit

Attachment 4 – Resolution 2011-21: Establishing Cost Recovery Percentages for the Planning Department

- Exhibit “A” – Cost Recovery Comparison – Current vs. Proposed

Detailed Description for Figuring the Total Cost of Each Permit

Before starting to put the number of minutes needed to complete the tasks associated with the various permits the Planning Dept. issues, the department first created Process Flow Charts (see Attachment 2). These showed the steps taken in the permitting process, depending on whether the application was 1.) Able to be reviewed administratively, or 2.) Whether it required a public hearing and needed to be reviewed by the Planning Commission.

Next, the number of minutes each of the planning staff members, Public Works, CSG, Planning Commission, and City Attorney was estimated, based on the type of permit their involvement in the permit being processed. These can be seen in the first few columns of the 2011 Planning Department Fee Study spreadsheet (Attachment 1). Then, the minute rate of each of the aforementioned parties was multiplied by the number of minutes it takes, on average, to complete the tasks associated with the permit. Their salaries, including benefits, were divided by 2,088 – the number of hours a full-time employee works in a calendar year – and again by 60 to get their per minute rate. Also included in this column number are the indirect costs of the total department, divided amongst each Planning Dept. staff member proportionate to their per minute rate.

Planning Fees from other cities were surveyed, and it was seen in other jurisdictions such as Berkeley, Los Gatos, and Emeryville, that a General Plan Maintenance Fee was charged on permits at the time of issuance. The fees were established based on in-house cost analyses, much like Brisbane is doing. Hence, a 10% fee for General Plan Update has been included in each permit's total cost.

The final area where costs were considered in this fee study were based on the Planning Dept.'s budget pages, where cost centers such as Equipment Maintenance, Memberships, and Office Expenses were totaled and divided by the total number of minutes staff spent processing permit applications – 28,210 minutes. This amounted to approximately \$.98/minute, which was multiplied by the total number of staff minutes attributed to each permit.

The column “Total Cost to Issue Permit” in blue is the summation of the middle columns, with the “2009 Permit Fee” column shown next to it. Cost recoveries were then able to be calculated, and lastly, the percentage change between the 2009 permit fees and the proposed fees for 2012-13.

RESOLUTION 2011-21**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
BRISBANE ESTABLISHING COST RECOVERY PERCENTAGES FOR
THE PLANNING DEPARTMENT.**

WHEREAS, Section 3.32.010 of the Brisbane Municipal Code requires the City Council to establish, by resolution, a percentage of cost recovery for user fees and service charges collected by the City; and

WHEREAS, Section 3.32.20 of the Brisbane Municipal Code states that the percentage of cost recovery for any user fee or service charge may be amended at any time by resolution of the City Council; and

WHEREAS, the City has performed a comprehensive user fee study to determine the cost of providing Planning services for the users of such services, as distinguished from the general municipal services provided to the public at large; and

WHEREAS, the City Council finds that:

- (a) The proposed user fees and service charges set forth on the Planning Master Fee Schedule do not exceed the actual cost of providing the services to which they relate, as determined by the user fee study; and
- (b) The user fees and service charges contained in the proposed Planning Master Fee Schedule are consistent with the corresponding percentages of cost recovery set forth in Exhibit "A",

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Brisbane as follows:

The percentages of cost recovery set forth in Exhibit "A" are hereby approved and adopted. Any user fee or service charge which is not specifically listed in Exhibit "A" shall be deemed to have a percentage of cost recovery equal to 100%, unless otherwise established by further resolution of the City Council.

Cyril "Cy" Bologoff, Mayor

I hereby certify that the foregoing Resolution No. 2011-21 was duly and regularly adopted at the regular meeting of the Brisbane City Council on June 13, 2011 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Sheri Marie Spediacci, City Clerk