

ATTACHMENT A

2019 Resource Management Agency Comprehensive Fee Study

Background

In 2005, the Resource Management Agency (RMA) was established by combining multiple departments under one agency (public works, redevelopment/housing, planning and building inspection). This has evolved over the years with redevelopment and housing becoming a separate Economic Development Department and now housing and economic development is under the CAO. About five years ago, RMA began transitioning towards one comprehensive Resource Management Agency with one director. Parks was added into RMA in December 2016 and recently, RMA and the Monterey County Water Resource Agency (WRA) entered into a Memorandum of Understanding (MOU) where floodplain and watershed land use functions transferred to the RMA. The WRA has established rates for consultation on certain matters on an as needed basis. As this transition has evolved, RMA has undergone organizational and operational changes with a primary objective being to provide the highest levels of customer service in an efficient and cost-effective manner. In that regard, general services and support functions have been consolidated allowing better communication and collaboration across functional (technical) areas of responsibility.

There are currently six separate fee articles managed by RMA that are part of the County's Master Fee Schedule:

- 1) Planning, Fee Article IX
- 2) Public Works, Fee Article X
- 3) Development Services (included with Fee Article X - Public Works)
- 4) Building Services, Fee Article XIX
- 5) Environmental Services, Fee Article XX
- 6) Parks, Fee Article V

Summary

The RMA proposes Rescinding and Reserving Fee Articles X – Public Works, and Fee Article XX – Environmental Services. RMA proposes amending and updating Fee Article IX – Planning and changing Fee Article IX title to reflect Resource Management Agency.

Fee Article IX will be comprised of a simplified tiered fee schedule that combines the Planning, Public Works/Development Services and Environmental Services Fee Articles into a single fee schedule. Article XIX – Building Services has been revised and updated, transitioning to a simplified fee structure that uses the ICC standard valuation table with a local multiplier (budget/valuation=0.0315) to apply permit fees for proposed projects and removes the Regional Modifier that was applied in the previous fee article of 1.25. RMA will be requesting for FY 2020/21 a financial organizational change that would combine all four appropriation units under the Land Use and Development Services Division into a single appropriation unit. This consolidation will create efficiencies operationally and as well as administratively. Due to the four separate appropriation units, staff hourly rates differ based on the appropriation unit.

The proposed tiered fee schedule was determined by grouping permits and/or activities based on similar levels of effort required to complete. The General Plan Update and Implementation Fee (GPU&I) is included in the tiered fee schedule unless separately notated. Each tiered level is

based on the estimated reasonable cost of providing that service or performing that activity, combining each unit within RMA that provides those services or performs those activities. The estimated number of hours was gleaned from interviews conducted within each unit of RMA by fee type, time reporting data from our time tracking system WinCAMS and our permit tracking database, Accela.

Multiple departments such as the Environmental Health Bureau (EHB) and County Counsel (CC) and the Water Resource Agency (WRA) provide their review and recommendations based on application type. The Water Resource Agency, Fee Article XX, and the Environmental Health Bureau, Fee Article I.E., establish their fees separately and distinctly from the Resource Management Agency. As their fees are modified, the RMA will routinely update the permitting system, Accela, reflect the most current Board approved fees.

RMA proposes “full cost recovery” for actual time spent on projects where possible. However, there are several functions/activities that are not project specific, so are not recoverable within these fees. As such, “full cost recovery” does not mean covering all costs for doing business but rather the cost of processing a certain type of permit. Rates are established based on motion studies for each appropriation unit, using fully loaded costs, and the amount of time spent on a project. As such, general fund contribution is required to operate the land use division. If there is a desire to subsidize certain costs and/or waive fees under certain conditions, then more general fund contribution is required to maintain service levels. Several factors affecting cost recovery are the waiver policy and alternative energy credits.

The Board established a policy for land use fee waivers (Resolution 12-384, File ID 12-643 No. 11.1 Revised, January 25, 2013). Implementation of this policy results in over \$300,000/year in revenue that is not realized. In addition, the renewable energy credit (\$750 per application) results on average of \$459,750 over the past four years (Budget No: 09/10 – 047, approved October 30, 2009, made retroactive to July 27, 2009) in revenue that was not realized. While these policies and programs have helped to encourage people to apply for permits that may not otherwise have applied, the cumulative financial impact of these policies and programs has negatively impacted the general fund and RMA’s ability to adequately staff for the level of workload. At this time, staff is not proposing changes to the Expedited Permitting Process for Small Residential Rooftop Solar Energy Systems (MCC Chapter 18.17) with respect to the process or language in the Ordinance are being requested. Alternate Energy Credits was intended to incentivize the public when implemented in 2010, which was a Board decision not driven by building code. Staff is recommending the alternative energy credit be rescinded as implementation of energy efficient home products have become common place under current construction practices. RMA will be bringing to the Board an update that would refine the type of waivers the Director is authorized to grant and clarify how waivers apply to other land use tasks. Currently, waivers relative to public benefit have expanded over the past few years, which has opened a discussion of defining what constitutes “public benefit”. Staff finds that applicants should not receive waiver/credits where projects meet the minimum code requirement (e.g. 25% inclusionary/affordable housing).

For projects developed through the Development Review Conference process, those fees shall be credited against any subsequent discretionary permit, except design approval, provided the discretionary permit application is made within 12 months which is a change from the current fee structure where the credit is applied only when the applicant applies within 6 months. RMA

recommends extending the period eligible for this credit in order to allow applicants more time to apply for the proposed project.

The proposed actions include:

- a. Amend and update Article XIX - Building Services building fees to reflect updates to Inspection rates based on valuation;
- b. Amend and update Article IX - Planning to update and consolidate Public Works and Environmental Services;
- c. Rescind and Reserve Article X – Public Works;
- d. Rescind and Reserve Article XX - Environmental Services; and
- e. Amend and update Article XVII (Counsel) to align with the new land use fee Articles for services they provide.

RMA proposes changes to its Fee Articles to align with the amount of time required to complete a project plus overhead cost. When an applicant's project exceeds the level of effort required to complete a project or the project changes, RMA reserves the right to move the project to a higher-level fee tier in order to recover costs incurred. For instance, an application may be initially submitted at a Tier 1, \$1,100 level, but changes to the application results in additional activities that places the application into a higher tier.

The No Fee Tier was developed in order to continue efforts to streamline the permit process, remove any financial obstacle and to encourage those applicants with projects of limited scope to engage in the process. There are limited scope projects, including, but not limited to changing the exterior of house paint, lighting fixtures, etc. that may require a Design Approval, but are of such limited scope, RMA determined that permits such as these do not require professional review or inspection, routing or processing, therefore incur very limited costs to RMA because they can be approved over the counter in a few minutes time.

In addition, there are specific items listed in the No Fee tier such as Hazardous Vegetation/Fuel Management Plan Review that were developed in order to encourage proper vegetation management practices in line with the Safety Element of the General Plan. The goal is to develop a consistent approach towards creating more resilient communities to avoid, minimize or mitigate potential hazards with respect to vegetation management. In areas where vegetation removal may be required for proper visual clearance, in the right of way, the ability to not charge an applicant for the permit, the No Fee tier may be used to allow the work to be conducted without charging the customer an additional fee to get the work completed. Another item added to the No Fee Tier is the Flood Zone Inquiry Report. This was a document once provided by the Water Resource Agency and an average of 14 Flood Zone Inquiry Reports were developed per year from 2014 to 2018. The information is largely available online now at the following address <https://hazards-fema.maps.arcgis.com/apps/webappviewer/index.html?id=8b0adb51996444d4879338b5529aa9cd>. The fee for Flood Zone Inquiry Reports that was previously charged by the Water Resource Agency was developed based on the work required to overlay paper (hard copy) parcel maps with water resource information on laminates. This process is outdated, and the work required to produce the Flood Zone Inquiry Report no longer requires paper documents to be used. The limited number of requests for these documents does not place a substantial burden on RMA, only an average of 14 of these reports are requested per year.

Detailed Discussion

Planning, Public Works/Development Services and Environmental Services

RMA-Planning is a lead agency for Monterey County to review projects and perform activities for land use, based on customer driven requests (applications) as well as providing services or performing activities as a regulatory agency for public benefit. Ideally, the costs for providing fee-based services are directly proportional to the amount of the fee, referred to as “full cost recovery.” However, “full cost recovery” does not mean that the cost for every person or action is included in developing the fee. A comprehensive fee study has been conducted throughout every unit within RMA to analyze the cost recovery for fee-based services and determine appropriate fees. Resource Management Agency proposes a Tiered Fee Structure that is transparent and straight-forward and based on the estimated reasonable cost of providing those fee-based services. Proposed fees are rounded to the nearest whole dollar amount. Staff is proposing 7 (seven) tiers and a limited number of items that may be processed with No Fee based on the following descriptions with some listed examples;

No Fee - Projects that provide a public safety benefit and/or can be processed with minimal staff time usually over the counter with minimal compliance review.

- Appeal (Coastal)
Design Approval (e.g. House Paint/Lighting)
Flood Zone Report
Hazard Tree/Hazard Vegetation Fuel Mgmt. Plan Review
Special Events Processing

Tier 1- Limited- Projects or activities that are limited in cost, scope and duration and usually don't require other county departments or entity's approval.

- Application Request
Design Approval (Compliance Review Over-the-Counter)
Tree Removal

Tier 2 – Minor - Projects or activities that generally have minor scope, cost and duration to complete and may have some other departmental or agency involvement, requiring minor plan check or minor discretionary permit review.

- Administrative Permit (Signs; Coastal/Inland)
Airport LU Commission App Review
Certificate of Correction
Design Approval; (Admin Review/No Hearing)
Oak Woodland Consistency Certification
Certificate of Compliance

Tier 3 – Medium - Projects or activities with medium scope, cost and duration and less than major processes involved usually requiring medium plan check or medium discretionary permit review.

- Appeal (Inland)
Design Approval (Hearing)
Development Review Conference
Parcel Legality Determination

Tier 4 – Major - Projects or activities with major scope and processes involved with major plan check and major discretionary permit review

- Admin Permit (General; Coastal or Inland)
Emergency Permits
Use Permit (General)

Tier 5 – Extensive - Projects or activities with extensive scope and processes involved and extensive plan check and extensive discretionary permit review

- Lot Line Adjustment
Subdivision Extension
Variance

Tier 6 – Full - Fully developed projects with less than complex or major issues that can be processed without deposit and not considered an "extraordinary development application"

- Coastal Development Permit / Use Permit
Combined Development Permit
Environmental Review Initial Study (ND/MND)
Subdivision Final Map Amendment

Tier 7 – Deposit/Extraordinary Development Applications - Projects or activities with complex issues and/or major scope and processes involved, Major Discretionary Permit

- Extraordinary Development Applications
Coastal Implementation Plan Amendment
Environmental Review - EIR
General Plan / Land Use Plan Amendment

User and regulatory fees are established for land use activities based on the estimated reasonable cost of providing the service or performing the activity. Any land use activities performed in response to an individual's request, when that individual is the primary beneficiary for that service or activity, may be charged the full cost for that service or activity.

Land use fees are not a tax and are exempt from voter approval under section 1(e)(1)-(3), (5) and (6) of Article XIII C of the California Constitution (Proposition 26, accepting certain fees and charges from the definition of tax.) These fees;

- 1) are imposed for a specific government service provided directly to the applicant that is not provided to those not charged,

- 2) are imposed for the reasonable regulatory costs to the County for issuing permits for property development and the administrative enforcement thereof, and
- 3) do not exceed the estimated reasonable or actual costs to the County of performing the services, processing land use applications and associated permitting, monitoring, and enforcement activities.

The proposed RMA tiered fee structure is aligned with Board policy to recover costs for conducting services. Board Financial Policy 7.4 states “It is the policy of the Board that fees will generally be set at a level sufficient to cover both direct and indirect costs of the services provided or the service may be subsidized by the County as deemed necessary by the Board. Factors for subsidy consideration are whether a subsidy causes an inappropriate burden on property taxpayers, the degree to which the service benefits a particular segment of the population, whether beneficiaries can pay the fee, and whether the service provides a broader benefit to the community.” To the extent that the fees do not result in full cost recovery, the discount does not result in increased charges to other payors. Lacking other funding sources, increased costs would require an increased subsidy from other funding sources or result in a reduction in service levels to ensure that RMA’s costs do not exceed available funding.

Overall, cost recovery for the land use division within the RMA are well below full cost recovery at an average of 66% in Fiscal Year 2018, Table A. There are several factors contributing to the overall cost recovery falling well below 100%.

Table A. Cost Recovery

Cost Recovery for RMA Land Use Appropriation Units Permit Fee Related Services				
	FY15	FY16	FY17	FY18
Total Expenditures	\$12,036,436	\$10,742,404	\$15,989,471	\$15,001,446
Total Revenues	-\$8,183,778	-\$8,810,435	-\$10,226,743	-\$9,933,133
	\$3,852,657	\$1,931,969	\$5,762,728	\$5,068,312
Percentage of Full Cost Recovery Average = 70%	68%	82%	64%	66%

Cost Recovery and Waivers, Refunds and Credits

One of the factors contributing to low cost recovery is the alternative energy credit. In Fiscal Years 2016/17 (\$411,000) and 2017/18 (\$331,500), for a total of \$742,500 dollars credited to applicants utilizing the alternative energy credit allowance of \$750 per application. The RMA proposes that the Board of Supervisors rescind this credit. The permit streamlining functions that are in place for processing these applications will not be impacted.

In addition to the alternative energy credit, the fee waiver policy as it’s currently implemented allows for the RMA to waive, refund or credit large sums back to the applicant, increasing the need for general fund subsidy. In Fiscal Year 2017 there was a sum of \$367,605 granted and in Fiscal Year 2018 the sum of \$314,123 was granted for a total of \$681,728. Using an average of \$9,357,007 in permit revenue per year, the amount waived equates to 4% annually per year.

RMA will be bringing to the Board an update that would refine the type of waivers the Director is authorized to grant and clarify how waivers apply to other land use tasks.

Table B. Alternative Energy Credit

Total Alternative Energy Credit Issued				
	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Total	(\$561,750)	(\$534,750)	(\$411,000)	(\$331,500)

Table C. Fee Waivers Granted

Total Waivers Granted FY 14/15 through FY 17/18				
	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Waivers	(\$119,298)	(\$83,163)	(\$367,605)	(\$314,123)

Cost recovery would increase if there was a decrease in the number of waivers and credits applied to applicant’s fees.

The proposed tiered fee schedule will also eliminate the discount provided for combined development permits (currently 15%). The work required to complete a complex project is not decreased when processing a combined development permit and does not justify providing a discounted rate.

The proposed tiered fee schedule was determined based on what it takes to process an individual permit. A detailed time study was conducted to determine how long a permit *should* take to process, given several parameters including, but not limited to the following: notification of public hearing requirements, site conditions, project scope, project location, etc. County staff were interviewed to gather time studies regarding what it *should* take to complete a permit. The same process was used in the previous study (2015) to establish the existing permit costs. The time studies were compared side by side and overall, the number of hours increased regarding what staff identified as the average length of time to complete a task. Data from the Accela permit tracking system was used to compare time spent on individual projects. The combination of the time studies and Accela were used to group projects in the tiered fee structure based on the estimated hours required to process tasks.

The time studies revealed several factors attributing to the length of time required to process applications, such as time in between hearings and notifications as required by regulatory processes, changes proposed by the applicant, and inter-County application routing.

Condition compliance and mitigation monitoring has been a recurring challenge under the current fee article that applies of flat fee for these services. These categories of projects are generally part of a larger project, but implemented after the fees were collected, sometimes years later, creating a gap in the time between revenue was collected and time the work is conducted. In some instances, the specific requirements cannot be generalized into a single category, so a flat fee is not an appropriate fee base. The new fee article is proposing an hourly charge for staff time and billed on a specified incremental basis.

Deposit projects are identified in Tier 7 and this includes “Extraordinary Development Projects”. Extraordinary Development Projects are projects are generally defined as those having requirements or features that are highly complex. All deposit projects that were previously defined as deposit projects will remain as deposit projects.

The No Fee tier was established for projects of limited scope, cost and schedule, meaning they require a limited amount of staff time to process and/or there are a minimal number of requests for those types of activities so the overall fiscal impact to RMA is minimal.

Potential Impacts and Cost Recovery of Proposed Changes

Permit revenue from FY 2017/18 was used to project potential impact to future revenue generation based on the tiered fee structure. The amount of revenue varies from year to year based on the number of projects applied for and the amount of work that can be completed by the RMA. Using an average of the number of times a fee item was charged from Fiscal Years 2015/16, 2016/17 and 2017/18 and the revenue from FY 2017/18, the data was an extrapolated to project the revenue based on the tiered fee structure. The results reflect an increase in revenue of approximately \$1,000,000. Revenue for GPU&I fee was projected to be \$394,353 and the Tech Fee was projected to be \$244,499. Results are shown in Table D. Fiscal Year 2018 Projected Impact to Cost Recovery Rates, see below.

In order to project potential changes to revenue, overall, and relative to the expenditures and cost recovery rates this information was compiled with appropriation unit data from Fiscal Year 2018 Potential impacts of the tiered fee structure, tech fee and general plan update fees may potentially increase the cost recovery rates. The results of the comparison are shown below in Table E. Fiscal Year 2018 Projected Impact to Cost Recovery Rates. This information must be considered with the perspective that revenue changes on an annual basis.

Table D. Fiscal Year 2018 Projected Impact to Cost Recovery Rates

FY 2018	Planning	Dev Svc	Env	Totals	Cost Recovery Rate
Expenditures	\$5,530,392	\$1,090,358	\$1,153,890	\$7,774,640	
Revenue	-\$1,711,436	-\$558,677	-\$673,415	\$2,943,528	
Sum of difference				4,831,112	38%
	GPU Fee	Tech Fee	Tiered Fee		
Projected	-\$394,353	-\$244,499	-\$1,000,000	\$1,638,852	
Sum of difference				\$3,192,261	59%

The amount of revenue from permits has varied over the past several years. The average revenue is nearly \$9,288,523 with a standard deviation of nearly \$828,373. The potential impacts to revenue based on the previous analyses must be considered relative to this information.

Table E. Average Revenue and Standard Deviation FY 15-FY 18

FY15 - Total Permit Revenue	\$8,183,778
FY16 - Total Permit Revenue	\$8,810,435
FY17 - Total Permit Revenue	\$10,226,743
FY18 - Total Permit Revenue	\$9,933,133
Average Permit Revenue	\$9,288,523
Standard Deviation	\$828,373

Hourly Rates

Currently, there are multiple hourly rates established for the four RMA land use appropriation units providing fee-based services or performing activities related to requests for service. The RMA has been working towards development of a common hourly rate across all land use appropriation units that captures the indirect and direct costs.

The proposed hourly rates are as follows:

Hourly Rate	Division
\$175	Planning
\$186	Development Services
\$224	Public Works – Traffic
\$164	Environmental Services
\$195	Building Services
\$180	Building Services – Code Enforcement
\$90	Processing

The following surcharges are applied to each application type, except as notated in the Fee Article(s):

% based Fee	Fee Item
10% -	General Plan Update and Implementation Fee
6.2% -	Technology Fee
1.7% -	Records & File Storage Fee
2.25% -	Current County Credit Card use fee established by the Treasurer-Tax Collector

Technology Fee

The Technology Fee applies to recovering the systems costs directly supporting permit activity. Including the annual Accela maintenance costs (the permit tracking technology) and related licenses. Accela has expanded to include other users (e.g. cannabis permits, business licenses), and there are other technological functions that assist to improve efficiencies for land use permitting (e.g. Bluebeam for electronic plan check).

The FY 2019/20 costs for Information Technology and related support are \$576,962 and the breakdown of individual proportions of that cost are shown in Table G. Information Technology and Support Costs, below.

Table G. Information Technology and Support Costs

Technology	Annual Cost	Definition
Accela (FY21-22)	\$344,873	3rd Year of agreement includes 3.5% annual increase
Civic Insight	\$7,400	Web Permit Tracker
Geocortex	\$4,160	Parcel Report Maintenance and support
Accela GIS	\$9,120	Maintenance for Accela GIS, Map Viewer and Zoning Web Apps
ESRI License	\$382	ArcGIS License
TruePoint	\$20,000	Accela custom Programming
QLess	\$7,500	Permit Counter Queue system maintenance
DocuSign	\$960	Permit Counter tool
DES	\$4,000	Maintenance for Scanners used for Front Counter workflow and archive
Mythics	\$198	Accela Reporting (Oracle DB Support for Reporting)
Yearly IT Support	\$86,181	20% of RMA-IT Base Salary
Server Costs	\$7,200	Accela GIS Server, Wincams Server
WinCAMS	\$8,203	Cascade Maintenance
Lease copiers	\$34,462	Copiers
Camino	\$40,000	Web application to create guide for permit applicants
Bluebeam	\$2,323	Annual Maintenance / technical support for 16 licenses
Total	\$576,962	

The amount of revenue accrued from the existing 4% Technology Fee is not captured on every single fee item and the total amount from FY 2017/18 was \$247,346. The FY 2019/20 budget is \$576,962 to operate and maintain the existing Information Technology and support related costs. Using an average of \$9,288,523 per year, the percentage of revenue required for the Technology Fee is 6.2%. The Technology Fee will be applied to every permit. This allows RMA to distribute the costs equally over every permit.

General Plan Update Fee

State law (Government Code 65300) requires all local jurisdictions in California to have a General Plan. State law provides specific guidelines about what must be addressed in a General Plan. If a court determines that a jurisdiction does not have an adequate General Plan, the court may choose to suspend the ability of the jurisdiction to issue building permits (GC 65755). Since building permits are required for all new development, including remodels of existing structures, having an adequate General Plan is a fundamental requirement for any jurisdiction. The RMA has estimated the costs required for updating the General Plan and determined that the current rate of 3% charged is inadequate to cover the estimated reasonable costs to maintain and update the General Plan. RMA is proposing a General Plan Update and Implementation Fee of 10% to cover the estimated reasonable costs of maintaining and updating the General Plan and related land use studies and ordinances for the County based on the 10-year plan that is discussed in more detail below.

State Code (65100) authorizes local jurisdictions to charge for planning services as long as the fee does not exceed the reasonable costs to the government of providing the services. CA Code 66014 states that the fees charged may include the costs to prepare and revise the plans and policies that a local agency is required to adopt before it can make any necessary findings and determinations. Also, CA Code 65103 states “Each Planning Agency shall perform all the following functions: Prepare, periodically review, and revise as necessary, the General Plan, and Implement the General plan through actions, including, but not limited to, the administration of specific plans and zoning and subdivision ordinances.”

Not only must a jurisdiction have an adequate General Plan, they must annually report to the Governor’s Office of Planning and Research progress toward implementing the General Plan, particularly the progress on implementing the policies of the Housing Element. A jurisdiction’s zoning ordinance is the regulatory tool that implements the General Plan. All new development must generally be in conformance with the adopted zoning ordinance. In addition, jurisdictions use a range of area or specific plans as regulatory documents to guide new development.

The County of Monterey completed its last update to its General Plan in 2010, which applies to the inland areas of the County. The General Plan of 1982 remains in effect in the Coastal Zone. The County’s Housing Element was adopted in 2015. Both the 1982 and 2010 Plans have been certified by the California Department of Housing and Community Development as meeting the requirements of state law. The County’s zoning regulations were adopted in 1983 (Title 20) for the Coast, and 2013 (Title 21) for Inland areas. The zoning ordinances have been periodically amended since then, but many regulations and maps remain to be updated to address current issues.

Given the nexus summarized above between the General Plan, state law, and local development, many jurisdictions have adopted fees to fund planning programs designed to keep the General Plan updated and develop new plans and development codes. The County has developed a countywide long-range planning work program to update and implement the General Plan and Zoning Ordinance. This program includes 100 tasks, of which 55 have been completed as of the end of fiscal year 2018 and forty-five (45) tasks remain to be done. Current workloads and staffing levels are such that long range planning efforts to update and maintain the General Plan are not adequate.

In the past 9 years, since the adoption of the 2010 General Plan Update for inland areas, there are 45 remaining tasks to be completed and 55 tasks have been completed. RMA seeks to provide funds for four (4) full time Associate Planners who would be assigned to the Long Range Planning Update & Implementation program to be paid from the General Plan Update and Implementation fee. In addition, both the 2010 and 1982 General Plans require updates to incorporate new state legislative requirements and new land use policy issues. An estimated \$3,000,000 in consultant services will be required to develop a new 2030 General Plan for the entire County in the next decade. The General Plan Update and Implementation fee revenue are proposed to be accrued annually to provide the required funds for consultant services.

The General Plan Update and Implementation fee is calculated by dividing the total cost of planning program attributed to development over the next ten years by total revenue to be

collected by development review fees deemed appropriate over the next ten years. Total costs are calculated by combining Long Range staffing costs (including a 2.2% inflation rate) and consultant services for the next 10 years, shown in Table 2. Total revenues are calculated based on permit valuation as shown in Table 1 and Table 2.

The amount of construction completed or permitted in Monterey County from FY 2014/15 through FY 2017/18 is, on average \$298,235,630 as shown in Table 1. Total Construction Valuation in Monterey County. The valuation is determined by square footage of a building permit. Using the average annual construction valuation, construction enabled by the General Plan, is estimated to be \$1,491,187,150 (see Table 2, below) worth of permitted construction in Monterey County over the next 10 years.

Table 1. Total Construction Valuation in Monterey County

Total Construction Valuation in Monterey County	Annual Valuation
FY15 - Total Valuation	\$240,195,571
FY16 - Total Valuation	\$322,186,665
FY17 - Total Valuation	\$357,378,906
FY18 - Total Valuation	\$273,181,378
4 Year Total:	\$1,192,942,520
Average:	\$298,235,630
Standard Deviation:	\$44,910,865

In the past 4 (four) Fiscal Years, the total construction valuation is \$1,192,942,520 of construction has been permitted.

RMA is proposing to add 4 Associate Planners at the beginning of FY 2020/21 commensurate with the accumulation of GPU&I in FY 2019/20. The 4 additional Associate Planners will work to completely implement the 2010 General Plan and once completed; these Associate Planners will focus on the next General Plan update, shown in Table 2. The estimated costs for the additional Associate Planners are based on Step 7 fully burdened rate. A conservative measure of 2.2% was used to project annual inflation rates for salaries and benefit costs for the Long-Range division of Planning.

In addition to staff costs, RMA has determined consultant services will be required to complete the next General Plan Update. The estimated cost of consultant services needed to provide for the comprehensive update to the next General Plan is estimated at \$3,000,000, averaged across the 10-Year plan results in \$300,00 per year. This workload and financial burden can be distributed over the next ten years with an increase of the General Plan Update and Implementation Fee from 3% to 10%. That percentage is based on the cumulative costs distributed over a 10-year period, applied to all permit fees. The breakdown of the costs is shown below in Table 2. 10-Year Long Range Workplan Total.

Table 2. 10-Year Long Range Workplan Total.

Ten Year Plan	Long Range Staff Costs	2.2% Inflation	Consultant Services	Annual GPU&I Costs	Annual GPU&I Revenue	Total Average Annual Permit Revenue	Total Average Annual Construction Valuation
Year 1	\$570,500	\$12,551	\$300,000	\$883,051	\$928,852	\$9,288,523	\$149,117,815
Year 2	\$583,051	\$12,827	\$300,000	\$895,878	\$928,852	\$9,288,523	\$149,117,815
Year 3	\$595,878	\$13,109	\$300,000	\$908,987	\$928,852	\$9,288,523	\$149,117,815
Year 4	\$608,987	\$13,398	\$300,000	\$922,385	\$928,852	\$9,288,523	\$149,117,815
Year 5	\$622,385	\$13,692	\$300,000	\$936,078	\$928,852	\$9,288,523	\$149,117,815
Year 6	\$636,078	\$13,994	\$300,000	\$950,071	\$928,852	\$9,288,523	\$149,117,815
Year 7	\$650,071	\$14,302	\$300,000	\$964,373	\$928,852	\$9,288,523	\$149,117,815
Year 8	\$664,373	\$14,616	\$300,000	\$978,989	\$928,852	\$9,288,523	\$149,117,815
Year 9	\$678,989	\$14,938	\$300,000	\$993,927	\$928,852	\$9,288,523	\$149,117,815
Year 10	\$693,927	\$15,266	\$300,000	\$1,009,193	\$928,852	\$9,288,523	\$149,117,815
Total:	\$6,304,240	\$138,693	\$3,000,000	\$9,442,933	\$9,288,523	\$92,885,230	\$1,491,178,150

The total permit revenue was calculated using an average of permit revenue from FY 2014/15 through FY2017/18 of \$9,288,523 and over the next ten-year period is an estimated total of \$92,885,230. The GPU& I 10-Year Long Range planning costs (\$9,442,933) divided by estimated 10-Year total permit revenue (\$92,885,230) is 10.8%. RMA is requesting the Board approve the 10% GPU&I fee on all permits and related activities in order to fund the 10-Year Long Range plan for General Plan Update and Implementation.

RMA has worked closely with the Permit Streamlining Task Force and other County departments with land use responsibilities such as Environmental Health Bureau, Water Resources Agency, County Counsel and the CAO’s office. Members of the Permit Streamlining Task Force have submitted letters of support for the proposed amendments and updates to the Land Use Fee Article(s).

Building Services

The proposed changes to the Building Services Fee Article are based on a simplified and standardized method of calculating fees using the standard International Code Council (ICC) Valuation Table and local multiplier and source information can be found here: <https://www.iccsafe.org/>.

Currently, the percentage of permit to valuation is 2.6% of the total valuation, which corresponds to a cost recovery of 81%, as shown in Table 3, below. The expenditures reflect the FY 2019/20 Adopted Budget for Building Services, as well as other staff support from the other three Land Use Units within the RMA. Table 5. Standardized Building Valuation reflects the expenditures and revenue relative to processing building permits and the cost recovery rate based on FY 2017/18 data.

Table 3. Standardized Building Valuation

Fiscal Year 2017/18 Building Data	
Expenditures	\$8,602,494
Revenue	-\$6,989,980
Sum of Difference	\$1,612,514
Cost Recovery Rate	81%
Total Valuation	\$273,181,378
Percentage of Permit to Valuation	2.6%

The ICC Valuation Table is published twice annually. The ICC table will be updated annually in the Accela permit tracking system in order to calculate building permit fees and the local multiplier will be updated at the same time. Table 4. Building Valuation Local Multiplier shows the calculated local multiplier by dividing the Building Budget by the Total Valuation. This multiplier determines what the percentage of permit revenue to valuation needs to be in order to fully recover costs.

Table 4. Building Valuation Local Multiplier

Budget x (Cost Recovery 100%)	=	\$8,602,494	=	0.0315
Total Valuation		\$273,181,378		

The ICC Building Valuation Table is the standard used to develop nation-wide fee amounts for permits based on building type. The local multiplier used in the table is calculated by dividing the total budget times the anticipated cost recovery (100%) divided by the total valuation. The multiplier adjusts the amount charged for permit fees based on the RMA’s cost to process permits and the total amount of construction being processed (Valuation).

The total valuation of development in Monterey County for Fiscal Years 2015 through 2018 are shown in Table 5. Total Valuation, Building Permit Revenue and % of Permit Revenue to Valuation, below. Based on the calculation in Table 6, in order for full cost recovery to occur, the multiplier needs to be 3.15% of total valuation. The actual multiplier for FY 2014/15 through FY 2017/18 has been lower than 3.15% indicating that the current permit fees are not fully recovering costs as shown in Table 7, below.

Table 5. Total Valuation, Building Permit Revenue and % of Permit Revenue to Valuation

Fiscal Year	FY15	FY16	FY17	FY18
Valuation	\$240,195,571	\$322,186,665	\$357,378,906	\$273,181,378
Building Permit Revenue	-\$5,138,639	-\$6,063,920	-\$6,705,139	-\$6,989,980
Percentage of Permit Revenue to Valuation	2.14%	1.88%	1.88%	2.56%

Plan Review Express – Building permit applications may be eligible for expedited processing. The Building Official or Deputy Director for Land Use and Community Development shall determine which projects are eligible for plan review express based on staff workload and RMA’s

priorities. The fee is based on overtime hourly rates required to allow staff the opportunity to work on projects off hours to not compete with standard projects. The hourly rate is \$195 and express rate is either based on time-and-a-half (\$293/hour) or double-time (\$390/hour).

In the proposed fee article for Building Permits, the grading portion of a project will be added to the total valuation in order to calculate appropriate fee amounts. A project is required to ascertain a grading permit for projects with greater than 100 cubic yards of grading is required. An engineer's estimate is required for projects requiring this action and will be used in order to simplify and standardize the permit process.

The remodeling valuation table is also included in the proposed Building Permit Fee Schedule. The standard definitions of percentage of ICC Valuation are used to assert the amount of work being completed in the project. The percentage of ICC Valuation will be used to develop the permit costs for remodeling projects. Also, the Photovoltaic Solar Permit calculation for building permit fees is based on industry standards and included in the proposed building fee schedule.

The County will no longer maintain a list or charge a separate fee for Special Inspection Agency/Fabricator. This is a license maintained by the State of California so there is no need to duplicate that effort at the County level.

With the implementation of electronic permit tracking and processing, routing fees are no longer required to be charged and has been removed from the proposed Fee Article XIX.

Simple Permits will be processed based on the Plan Review (charged hourly) and the minimum number of inspections required to complete the project. For simple projects, this will be a streamlined process allowing the customer to get a project completed with the minimum costs and directly aligned with the costs incurred by Building Services to process the project.

The proposed Tech Fee of 6.2% will be applied to all permit fees. The General Plan Update (GPU&I) fee of 10% will apply to all building permits.

The California Building Standards Surcharge, Strong Motion, and CASP (Certified Access Specialist Program) are calculated based on State regulations. The CASP fee is applied only to commercial projects and is being added, as a requirement to the building permit fee schedule. Other surcharge fees including the Credit Card Surcharge, Clerk Recorder Fee, and Records & File Storage Fee are calculated based on County Department established rates.

Upon Board approval the amended and updated Fee Articles will take effect in 60 days or September 14, 2019.