

# Attachment D

This page intentionally left blank.

## 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). In 2007, architectural services, facilities, grounds maintenance, and fleet were incorporated under RMA after the General Services Department was dissolved. In 2011, redevelopment/housing separated from RMA and was established as part of a separate Economic Development Department, and today it functions as housing and economic development under the County Administrative Office (CAO). Fleet was also moved under the CAO. The County Parks Department was added to RMA in 2016.

RMA currently manages five separate fee articles that are part of the Monterey County Fee Resolution:

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

Approximately five years ago, RMA began transitioning toward one comprehensive RMA with one Director and three Divisions: Land Use and Community Development; Public Works, Parks, & Facilities; and Administrative Services. As this transition evolved, RMA made significant organizational and operational changes with the primary objective of providing exemplary customer service in an efficient, cost-effective manner. General services and support functions have been consolidated to allow better communication and collaboration across functional (technical) areas of responsibility. Parks was integrated into the Public Works, Parks & Facilities Division. Recently, the County and Monterey County Water Resource Agency (MCWRA) entered into a Memorandum of Understanding (MOU) where floodplain and watershed land use functions transferred from MCWRA to RMA. Those functions have been integrated into the Land Use & Community Development Division (Building Services and Environmental Services). Recently, the CAO assumed lead for the Cannabis Program and reallocated land use fees (which are a deposit) relative to the cannabis permit application process.

Updates to the land use fee articles are coordinated among the RMA, Monterey County Health Department-Environmental Health Bureau (EHB), MCWRA, and County Counsel (CC). The other County departments that work with land use, EHB (Fee Article I.E.), CC (Fee Article XVII), MCWRA (Fee Article XX), and CAO (Article XXI), develop their fees separately and distinctly from RMA, yet they generally conform to the format set by RMA to facilitate administration by RMA. The last comprehensive update to the fee articles involving all these agencies occurred in July 2015. Recently, they again collaborated to update and revise the existing Land Use Fee Articles for Board of Supervisors' consideration.

A detailed discussion of RMA's proposed revisions to Fee Article IX-Planning, Fee Article X-Public Works/Development Services, Fee Article XIX-Building Services, and Fee Article XX-Environmental Services is presented herein.

Following Board approval, all amendments and updates to the RMA and County Counsel Fee Articles will take effect not less than 60 days following Board approval. Accordingly, Fees Articles adopted on September 17, 2019, take effect on November 17, 2019. A public hearing on this item was originally scheduled for July 16, 2019. The hearing was continued to September 17, 2019, to

allow staff time to address public comments. RMA's response to the public comments is provided at the end of this document.

## Introduction

RMA proposes consolidating Article IX-Planning to include Article X-Public Works/Development Services and Fee Article XX-Environmental Services and renaming it Article IX-RMA Land Use. The proposed Fee Article IX-RMA-Land Use is comprised of a simplified tiered fee schedule that combines fees for Planning, Public Works/Development Services, and Environmental Services into one fee or deposit amount. Article XIX-Building Services has been revised and updated but has remained separate due to a different structure for calculating fees. It is transitioning to a standardized fee structure that uses the ICC standard valuation table. The local multiplier was revised, using the standard ICC calculation ( $\text{budget/valuation}=0.0315$ ). The Regional Modifier (1.25) that was previously used has been removed. Fee Articles X and XX will be reserved. RMA updated Fee Article V-Parks in 2018.

In the proposed amendments to RMA's land use fee articles, RMA has revised the format to group different types of entitlements into tier groups and consolidated RMA land use functions under one fee or deposit amount. RMA's proposed tiered fee schedule was determined by grouping permit and/or activity types based on similar levels of effort required to complete the task. A "No Fee" Tier was developed to continue efforts to streamline the permit process for projects that take very little time. RMA is also proposing to increase the General Plan Update and Implementation (GPU&I) Fee, Technology fees, file storage fees, and Credit Card convenience fees to fully recover incurred costs. A land use fee matrix combining all this information is included as Attachment F - Proposed Matrix. This matrix should be used for informational purposes only because project-specific information can be diverse.

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:

- a. are imposed for a specific government service provided directly to the applicant that is not provided to those not charged;
- b. are imposed for the reasonable regulatory costs to the County for issuing permits for property development and the administrative enforcement thereof; and
- c. 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.

## Detailed Discussion

### **RMA - Land Use Fee Methodology**

The RMA is the Lead Agency for Monterey County to review projects and perform activities for land use, based on customer driven requests (applications), and to provide services or performing activities as a regulatory agency for public benefit. RMA proposes amendments to its Fee Articles to align them with the time required to complete a project plus overhead cost. The estimated

hours that formed the basis of establishing the proposed fees were developed from a time/motion study conducted within each RMA unit; time reporting data from WinCAMS; RMA's time tracking system; and historical data from Accela, RMA's permit tracking database. Based on this study, the RMA proposes utilizing a Land Use Tiered Fee Structure based on the estimated reasonable cost of providing the fee-based services.

The proposed RMA Land Use 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 shortfall does not result in increased charges to other payors. 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 request, when that individual is the primary beneficiary for that service or activity, may be charged the full cost for that service or activity.

The "No Fee" Tier was developed to continue efforts to streamline the permit process for projects that take very little time. The intent is to reduce and remove obstacles that might keep the individuals from engaging in the permitting process and reduce pressure for enforcement. For example, limited scope projects (e.g., changing the exterior house paint, lighting fixtures) may require a Design Approval, but are of such limited scope, they do not take more than a few minutes for the front-counter staff to complete the process. RMA determined that these permits types incur insignificant costs to the RMA as they require no professional review, inspection, routing, or processing and can be approved over-the-counter in minutes.

In addition, specific items listed in the *No Fee* tier, such as Hazardous Vegetation/Fuel Management Plan Review, were developed to encourage proper vegetation management practices in line with the Safety Element of the General Plan. The goal is to develop a consistent approach toward 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 supports the County's goals.

Another item added to the *No Fee* Tier is the Flood Zone Inquiry Report. This document was provided by MCWRA. A fee for Flood Zone Inquiry Reports was previously charged by MCWRA based on the work required to overlay paper (hard copy) parcel maps with water resource information on laminates. This process is outdated because the Flood Zone Inquiry Report no longer requires paper documents. On average 14 reports are requested per year (2014-2018). This low number has no measurable cost impact on the RMA. The information is largely available online now at the following address:

<https://hazards-fema.maps.arcgis.com/apps/webappviewer/index.html?id=8b0adb51996444d4879338b5529aa9cd>

Fees grouped in Tiers 1 – 6 are flat fees based on RMA's estimated reasonable cost of providing that service/task or performing that activity. These tiers range from "Limited", that do not require other agency approval and are limited in scope, to fully developed project applications that can be accomplished without the need for a deposit.

Deposit projects are identified in Tier 7 and noted in the fee article. Fees grouped in Tier 7 require the indicated deposit amount at the time of application, and total fees will be based on actual time spent. Tier 7 also includes Extraordinary Development Projects. Extraordinary Development Projects are projects generally defined as those having requirements or features that are highly complex.

Additional activities/services that could not be grouped with other fee items are provided with individual flat fees in the “Each” Tier. Additionally, activities/services that are only billed hourly are listed in the “Hourly” Tier, however, some of these fees may also require a deposit, such as Commercial Cannabis permit applications, Condition Compliance/Mitigation Monitoring, and Subdivision - Minor or Standard – Amend Final Map as noted in Article IX – RMA Land Use.

### **Cost Recovery and Waivers**

Factors affecting cost recovery include the economy as well as the Board’s Fee Waiver Policy and Alternative Energy Credit program. While these policies and programs have helped to encourage people to apply for permits, the cumulative financial impact of these policies and programs has resulted in less revenue and that affects RMA’s ability to adequately staff for the level of workload. Implementation of the Fee Waiver Policy last year alone resulted in over \$300,000/year in unrealized revenue. In addition, the renewable energy credit (\$750 per application) averages \$459,750/year in unrealized revenue over the last four years. Staff will bring forward a separate report on fee waivers/exceptions for consideration by the Board.

Fees are assigned when an application is submitted. However, throughout the permitting process, a project scope can evolve. For instance, an application may be initially submitted at *Tier 1*, but changes to the application result in additional activities that place it in a higher tier. When the scope of a project is modified, additional fees will be assigned at that time. Staff recommends that RMA retain the ability to appropriately assign fees in situations where additional required activities or changes move a project into a higher tier and additional fees are warranted.

Overall, cost recovery for the RMA land use division are far below full cost recovery at an average of 66% in Fiscal Year (FY) 2018, as seen in Table A. Several factors contribute to the low overall cost recovery.

**Table 1. 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
	<b>\$3,852,657</b>	<b>\$1,931,969</b>	<b>\$5,762,728</b>	<b>\$5,068,312</b>
<b>Percentage of Full Cost Recovery Average = 70%</b>	68%	82%	64%	66%

One factor contributing to the low cost-recovery is the alternative energy credit (\$750/application). Table B shows the total alternative energy credit for FYs 2014/15-2017-18. In addition to the alternative energy credit, the fee waiver policy, as currently implemented, allows RMA to waive, refund, or credit the applicant. In turn, there is an increased demand for General Fund subsidy (see

Table C). Using the average yearly permit revenue, \$9,357,007, the amount waived annually equates to four percent (4%). RMA will bring to the Board an update to refine the type of waivers the RMA Director is authorized to grant and to clarify how waivers apply to other land use tasks.

**Table 2. 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 3. 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)

To improve cost recovery, the proposed RMA-Land Use tiered fee schedule eliminates the 15% discount provided for combined development permits. Work required to complete a complex project is not decreased when processing a combined development permit; therefore, a discounted rate is not justified.

### **Proposed RMA Land Use Tier Structure**

This fee schedule outline below has been comprehensively revised for land use related activities in response to requests for services (permit applications). This proposed fee schedule combines fees from Planning (formerly the sole subject of Article IX), Public Works/Development Services (formerly Fee Article X) and Environmental Services (formerly Fee Article XXI) as these services are performed under the Resource Management Agency (RMA). As fees are modified, RMA will periodically update the Accela permitting system to reflect the current Board-approved fees.

**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 Permit (no fee per state law)
- Design Approval limited in scope, no hearing required, no other departmental review required, minor change to existing structure, no addition
- Flood Zone Inquiry Report or Flood Zone Inquiry Cover Page
- Hazard Tree Removal
- Hazardous Vegetation/Fuel Management Plan Review
- Address Assignment (first address assignment, each additional address \$90)
- Special Event Processing (other permits may be required)

**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 (\$500 no GPU&I fee)
- Design Approval – Over the Counter, limited in scope, no hearing required
- Landscape Management Plan Review
- Tree Removal (Director's Approval or Waiver)

**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.

- Airport Land Use Commission Application Review
- Appeal of Fee Determination (\$1,000 no GPU&I fee)
- Certificate of Correction
- Change of Commercial or Industrial Use
- Specific Plan Conformance Determination, Director's Approval, no hearing
- Design Approval - Administrative, review & approval required, no hearing required
- Director's Interpretation (\$1,000 no GPU&I fee)
- Letter of Public Convenience and Necessity
- Oak Woodland Guidelines Consistency Certification

**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 of Director's Interpretation (\$3,000 no GPU&I fee)
- Big Sur Viewshed Acquisition (Transfer of Development Right)
- Certificate of Compliance Unconditional (up to 2 lots, each add'l lot \$1,000)
- Design Approval, public hearing required
- Development Review Conference
- License to Cross Non-Access Strip
- Lot Line Adjustment Amendment, Revision or Extension
- Mills Act Contract Application
- Minor & Trivial Amendment or Minor Amendment, no hearing required
- Parcel Legality Determination
- Public Service Easement Abandonment
- Road Name
- Scenic Easement Amendment
- Transfer of Development Credit

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

- Administrative Permit or Coastal Administrative Permit (General)
- Specific Plan Conformance Determination, hearing required
- Emergency Permit
- Environmental Review - Addendum (tiered from earlier EIR)
- Permit Extension
- Franchise Agreement Extension or Amendment
- Permit Amendment, Renewal, or Revision (not otherwise specified)
- Restoration Plan – Administrative
- Road Abandonment
- Surface Mine Annual Inspection (disturbed area < 20 acres)
- Use Permit – General
- Williamson Act - Farmland Security Zone Contract or Williamson Act Contract Amendment

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

- Certificate of Compliance Conditional (up to 2 lots, each add'l lot \$1,000)
- Franchise Agreement
- Lot Line Adjustment (General, Williamson Act)
- Minor & Trivial Amendment, hearing required
- 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
- Combined Development Permit
- Environmental Review - Initial Study (ND/MND)
- General Development Plan
- Restoration Plan, hearing required
- Surface Mine Annual Inspection (disturbed area > 20 acres)

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

- Coastal Implementation Plan Amendment
- Development Agreement
- Environmental Review – Environmental Impact Report (Extraordinary Development Application) 4
- Extraordinary Development Application 4
- General Plan / Land Use Plan Amendment
- Specific Plan
- Specific Plan Amendment
- Subdivision – Minor or Standard
  - Tentative / Vesting Tentative Map Application
  - Tentative / Vesting Tentative Map Amendment
  - Tentative / Vesting Tentative Map Extension
  - Extension / Subdivision Improvement Agreement Extension
- Surface Mine Reclamation Plan
- Use Permit - Oil & Gas
- Vested Rights Determination
- Zone Change / Code Amendment

**“Each” Tier** – Other activities/services that could not be grouped with other fee items are provided with individual flat fees below:

- Appeal (Inland) - \$3,000
- Personal Cannabis Permit - \$170
- Corner Record - \$24
- Address Assignment (first address no fee) - \$90
- Monterey Peninsula Water Management District Allocation Tracking - \$182
- Record of Survey (First Sheet) - \$450
- Record of Survey (Each Additional Sheet) - \$150

**“Hourly” Tier** – Other activities/services that are billed based on hourly rates. Some of these projects require a deposit due at the time of application.

- Code Enforcement Activities
- Commercial Cannabis Permit – initial permit (Deposit Required \$1,000)
- Commercial Cannabis Permit - renewal (Deposit Required \$230)
- Condition Compliance / Mitigation Monitoring (Deposit Required \$6,000)  
9,10,13
- Deed Restriction Processing (ministerial permits)
- Research
- Site Visit
- Subdivision - Minor or Standard – Amend Final Map (Deposit Required \$6,000)

### **Land Use Hourly Rates**

RMA maintains separate appropriation units, so the proposed hourly rates are a function of the appropriation units and functional areas of RMA providing fee-based services or performing activities related to requests for service. The RMA is considering a financial organization change to work toward developing a uniform hourly rate across all land use appropriation units that captures the indirect and direct costs. This consolidation will create operationally and administratively efficiencies. Until the consolidation happens, each unit has separate hourly rates.

**Table 4: Proposed hourly rates by RMA Division**

<b>Proposed Hourly Rate</b>	<b>Division</b>
\$180	RMA - Code Enforcement Investigations and Compliance Support
\$164	RMA - Environmental Services
\$175	RMA - Planning
\$186	RMA - Development Services
\$224	RMA - Public Works – Traffic
\$90	RMA - Front Counter Processing
\$180	RMA - Code Enforcement Investigations and Compliance Support

### **Additional Fees Overview**

Technology fees, file storage fees, and credit card convenience fees are added as a percentage of the permit fee. A technology fee is applied to offset annual costs of information technology and related support. Staff proposes increasing that fee from 4% to 6.20% to address the increasing costs of Accela and other programs used in the permit process. In addition, a file storage fee of 1.70% is applied. Staff proposes for that rate to remain the same. Technology and file storage fees are assessed to the subtotal of fees and calculated at the time of service. A Credit Card convenience fee of 2.25% is the current rate based on the County's 3<sup>rd</sup> Party Merchant Agreement. RMA proposes that the Credit Card Convenience Fee escalate with any increase charge to the County per the 3<sup>rd</sup> Party Merchant Agreement. Keeping this convenience fee in alignment with the current rate charged the County allows for full cost recovery.

**Table 5: Summary of Additional Fees**

<b>% Based Fee</b>	<b>Fee Item</b>
--------------------	-----------------

10.0%	General Plan Update and Implementation Fee*
6.20%	Technology Fee
1.70%	Records & File Storage Fee
2.25%	Current Credit Card Convenience Fee

\*The General Plan Update and Implementation Fee is included in the tiered fee items, unless otherwise noted. .

### **General Plan Update and Implementation Fee**

An increase to the General Plan Update and Implementation (GPU&I) Fee is proposed to adequately fund ongoing expenses of updating, implementing, and maintaining the General Plan. Staff proposes increasing the GPU&I Fee from three percent ( 3%) to ten percent (10%) to address the remaining tasks of the 2010 General Plan and to cover the ongoing costs of the Local Coastal Program. The GPU&I Fee has been incorporated as part of the proposed tiered fees, unless otherwise noted in the Fee Articles and will be charged as a percentage assessed to the subtotal of fees and included at the time of service.

RMA has estimated the costs required for updating the General Plan and determined that the current three percent (3%) GPU&I Fee charged is inadequate to cover the estimated reasonable costs to main-tain and update the General Plan. RMA is proposing a ten percent (10%) GPU&I Fee 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 Work Plan discussed in detail below.

State Law (Government Code Section 65104) authorizes local jurisdictions to charge for planning services as long as the fee does not exceed the reasonable costs of providing the services. Government Code 66014 states that the fees charged may include the costs reasonably necessary 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. Government Code Section 65103 provides, in part: “Each Planning Agency shall perform all the following functions: (a) Prepare, periodically review, and revise as necessary, the general plan; (b) 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, but also it 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 may use a range of area or specific plans as regulatory documents to guide new development.

The County of Monterey completed the 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 Housing Element was adopted in 2015 and certified by the California Department of Housing and Community Development. . The County zoning regulations were adopted many years ago and have been periodically amended, but many regulations and maps remain to be updated.

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 to 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 Ordinances. This program includes 100 tasks, of which 55 have been completed as of the end of FY 2017/18 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 last nine years since the adoption of the 2010 General Plan Update for inland areas, 45 tasks remain to be completed; 55 tasks have been completed. RMA seeks to provide funds from GPU&I Fees for four (4) full-time Associate Planners positions assigned to the Long-Range Planning Update & Implementation Program. 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 GPU&I Fee revenue is proposed to be accrued annually and allocated for consultant services and long range planning tasks.

The GPU&I Fee is calculated by dividing the total cost of planning program attributed to development over the next ten years by the total revenue to be collected by development review fees deemed appropriate over the next ten years. Total costs are calculated by combining Long-Range Associate Planner position costs (including a 2.2% inflation rate) and consultant services for the next ten years (shown in Table2). Total revenues are calculated based on permit valuation as shown in Tables 1 and 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 at \$1,491,187,150 (see Table 2 below) of permitted construction in Monterey County over the next 10 years.

**Table 6. Total Construction Valuation in Monterey County**

Total Construction Valuation in Monterey County	Annual Valuation
FY 14/15 - Total Valuation	\$240,195,571
FY 15/16 - Total Valuation	\$322,186,665
FY 16/17 - Total Valuation	\$357,378,906
FY 17/18 - Total Valuation	\$273,181,378
4 Year Total:	\$1,192,942,520
Average:	\$298,235,630
Standard Deviation:	\$44,910,865

In the last four fiscal years, a total construction valuation of \$1,192,942,520 has been permitted.

RMA is proposing to add four (4) full-time Associate Planner positions at the beginning of FY 2020/21 commensurate with the accumulation of GPU&I in FY 2019/20. The four additional Associate Planners will work to complete the implementation of the 2010 General Plan. Once complete, they will focus on the next General Plan Update, shown in Table 2. The estimated costs for the additional positions are based on Step 7 fully burdened rate. A conservative

measure of 2.2% was used to project annual inflation rates for salary and benefit costs for the Long-Range Planning Division.

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

**Table 7: 10-Year Long-Range Work Plan 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
<b>Total:</b>	<b>\$6,304,240</b>	<b>\$138,693</b>	<b>\$3,000,000</b>	<b>\$9,442,933</b>	<b>\$9,288,523</b>	<b>\$92,885,230</b>	<b>\$1,491,178,150</b>

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 to fund the 10-Year Long-Range Plan for General Plan Update and Implementation.

### **Technology Fee**

The Technology Fee applies to recovering *systems* costs that directly support permit activity, including 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 other technological functions that improve efficiencies for land use permitting (e.g., Bluebeam for electronic plan check).

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

**Table 8. Information Technology and Support Costs**

Technology	Annual	Definition
------------	--------	------------

Accela (FY 21- 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
<b>Total</b>	<b>\$576,962</b>	

Revenue accrued from the existing 4% Technology Fee is not captured from every fee item. Total revenue from FY 2017/18 was \$247,346. The FY 2019/20 Adopted Budget for Information Technology and support-related costs is \$576,962. Using the average yearly permit revenue, \$9,288,523, a Technology Fee of 6.2% is required to recover RMA's technology costs. The increased Technology Fee will be applied to every permit to allow for even cost distribution.

### **Analysis of 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. Yearly revenues vary based on the number of project applications received and the amount of work the RMA can complete. Using the average times a fee item was charged from FY 2015/16 through FY 2017/18 and revenue from FY 2017/18, the data was extrapolated to project the revenue based on the tiered fee structure. The results reflect an increase in revenue approximating \$1,000,000. The results of the comparison are shown below in Table E: Fiscal Year 2018 Projected Impact to Cost Recovery Rates. It is important to consider this information from the perspective that revenue changes yearly.

**Table 9. Fiscal Year 2018 Projected Impact to Cost Recovery Rates**

FY 2017/18	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	<b>38%</b>
	<b>GPU Fee</b>	<b>Tech Fee</b>	<b>Tiered Fee</b>		
Projected	-\$394,353	-\$244,499	-\$1,000,000	\$1,638,852	
				Sum of difference	<b>59%</b>

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

**Table 10. Average Revenue and Standard Deviation FY 14/15 - FY 17/18**

FY 14/15 - Total Permit Revenue	\$8,183,778
FY 15/16 - Total Permit Revenue	\$8,810,435
FY 16/17 - Total Permit Revenue	\$10,226,743
FY 17/18 - Total Permit Revenue	\$9,933,133
Average Permit Revenue	\$9,288,523
Standard Deviation	\$828,373

## **Further Considerations for RMA-Land Use Proposed Fees**

### **Permits Related to Signs**

In previous fee articles, the Administrative Permit-Signs, Coastal Administrative Permit-Signs, Coastal Development Permit-Signs, and Use Permit-Signs were separate fee items. Over the last four fiscal years, those fee items have not been charged. This means that applicants are not applying for these sign permits, so they were removed from Article IX-RMA Land Use. Similarly, the differentiation between residential, commercial, and industrial for RMA have the same fee amount so Article IX-RMA Land Use does not differentiate between them. However, in the RMA Land Use Matrix, other departments, EHB and CC, may have different costs assigned, so they are provided in the matrix for informational purposes.

### **Development Review Conference Process**

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 twelve (12) months. This is a change from the current fee structure where the credit is applied only when the applicant applies within six (6) months. RMA recommends extending the eligible period for this credit to allow applicants more time to apply for the proposed project.

### **Condition Compliance**

Establishing a fee structure to recover the cost of condition compliance and mitigation monitoring has presented a continuing challenge. Under the current fee article for condition compliance, if no mitigation measures, a flat fee is applied. The flat fee is determined based on a rough percentage of the permit type. This does not adequately account for the costs incurred by RMA to complete tasks associated with condition compliance. Condition compliance and mitigation monitoring can be required together or separately. Mitigation monitoring fees are currently assigned a fee based on the number of mitigation monitoring measures. However, the diverse suite of mitigation-monitoring measures do not equate to a single rate. Some measures require a greater level of effort; therefore, the amount charged should equate to the costs incurred by RMA to complete such actions. Condition compliance and mitigation monitoring are generally part of a larger project but implemented after the fees are collected. At times, there is a big gap, even several years, between the time the revenue was collected and work is conducted. The new fee article proposes an hourly charge for staff time, billed on an incremental basis, with a \$6,000 initial deposit for RMA (fee articles for other departments may require additional deposit). This will allow the revenue to be in

place at the time of service.

### **Subdivisions (Minor and Standard)**

Subdivisions, both minor and standard have been moved into the Tier 7, category and are deposit projects that require a minimum of \$22,000 to process. (Fee articles for other departments require additional deposits.) It was determined that this minimum deposit amount will capture most smaller projects, however, RMA reserves the right to determine a different deposit amount based on the estimated reasonable cost to provide the service or perform the activities related to the processing those applications. For instance, a major subdivision requiring an Environmental Impact Report may require a higher deposit amount if the proposed project requires a higher level of effort than that estimated to determine the minimum deposit amount of \$22,000 in Tier 7.

### **Encroachment Permits**

Encroachment permits have all been assigned fees in Article XIX – Building Services. These items are largely ministerial. The encroachment permits are fixed fee items and separated into major and minor and includes a Blanket permit for utility companies.

### **RMA – Building Services Update**

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. Source information can be found here: <https://www.iccsafe.org/>. The proposed building fee schedule is provided in Attachment C.

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 staff support from the other three Land Use Units within 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 11: 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 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 the percentage of permit revenue to valuation needed to fully recover costs.

**Table 12. 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 nationwide 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 RMA's cost to process permits and the total amount of construction being processed (Valuation).

The total valuation of development in Monterey County for FYs 2014/15 through FY 2017/18 is shown in Table 13: Total Valuation, Building Permit Revenue and % of Permit Revenue to Valuation below. Based on the calculation in Table 12, for full cost recovery to occur, the multiplier needs to be 3.15% of total valuation. The actual multiplier for FYs 2014/15 through FY 2017/18 has been lower than 3.15%. The current permit fees are not fully recovering RMA costs as shown in Table 13 below.

**Table 13. 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 priorities. The fee is based on overtime hourly rates required to allow staff the opportunity to work on projects during off-hours to not compete with standard projects. The current hourly rate is \$195; the express rate is based either 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. An Engineer's Estimate is required for projects requiring this action and will be used 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 assess 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 have 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 streamline the process, allowing the customer to complete the project at minimum costs directly aligned with the processing costs incurred by Building Services.

The proposed Technology Fee of 6.2% will be applied to all permit fees. The increased General Plan Update and Implementation Fee (GPU&I) 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 fees including the Credit Card Convenience Fee, Clerk-Recorder Fee, and Records & File Storage Fee are calculated based on established County Department rates.

## Public Comment

Prior to the July hearing, stakeholders in the development community submitted comments supporting the proposed fee article changes. The hearing was continued, in part, due to comments received the day of the hearing. Staff has prepared responses as follows:

**COMMENT:** Some proposed parts are positive changes, but other parts are vague, ambiguous and internally inconsistent. The County should ensure that proposed fees are clear and that the County charges fair and equitable fees to applicants who are similarly situated.

**RESPONSE:** RMA has coordinated with each department that maintains land use responsibilities and is proposing fees for those services. In review by front-line staff, RMA found that the land use fees, as proposed, are consistent, easily understood, and standardized. Accordingly, once approved by the Board of Supervisors, they will be implemented in a manner that promotes permit-streamlining efforts. Each agency develops their own Fee Articles to represent their costs for that service. Staff has reviewed the Land Use Fee Articles and made changes and clarifications so that all activities and notes are worded consistently across the fee articles.

**COMMENT:** The free category should only be for matters that take *less than half an hour*, instead of a full hour. A permit that involves any involvement by a senior RMA manager is an activity that has a material fiscal impact on RMA, and it should not be in the “no-fee” category.

**RESPONSE:** Fee items were assigned to the No Fee category for reasons including, but not limited to, encouraging public engagement, streamlining the permitting process, removing any barriers to completing work in compliance with regulatory requirements that benefits the public or the County. These items were evaluated both individually and cumulatively. In no situation, does the County anticipate that an entire day would be spent providing free services or performing activities in the No Fee category. For instance, for the last five (5) years, the number of flood zone inquiry reports is shown below for the corresponding year.

2014	2015	2016	2017	2018
13	13	16	12	15

Additionally, the \$83 fee assigned to the development of the Flood Zone Inquiry Report was based on an era where paper overlays of parcel information and flood maps were done by hand. Now, some of the information is readily available online as part of the Flood Zone Inquiry Report. The DFIRM, the Digital Flood Insurance Rate Map is available online to anyone seeking to locate a place with respect to the National Flood Insurance Rate Map (<https://msc.fema.gov/portal/search>). The RMA seeks to promote the understanding of flood insurance and regulatory requirements in implementing floodplain management regulations. RMA supports having *No Fee* assigned to such activities where the general knowledge gained by sharing this information benefits the public and other agencies and provides regulatory compliance with the National Flood Insurance Act and Federal Emergency Management Act guidelines.

An appeal in the Coastal Zone is not charged, based on the Coastal Act. If a fee is paid, an applicant may appeal directly to the Coastal Commission instead of the County. While there can be exceptions, generally Design Approvals (e.g., changing exterior paint colors, lighting fixtures) is a process that can be done over the counter with minimal time. For fire mitigation, the County prefers to encourage applicants to remove hazardous trees that have caused or have the potential to impact life and property, once deemed a hazard by a licensed or fire professional. A house number

requires minimal staff work to complete. *No Fee* applies only for issuance of a single address, not multiple addresses.

Currently, there is no County ordinance specifically for Special Events. While the fee is listed under “no fee,” this is intended to indicate that there is no special event permit per se that requires a fee; special events may require other permits, and a fee would be collected for processing the applications for such permits. For example, in some cases, a building permit is required, or the level of use may require a Use Permit. As such, a note was added to clarify that “*other permits may be required.*” Staff finds that fees specifically earmarked for special events would be better addressed with an ordinance that fully evaluates different types of events.

**COMMENT:** The tiers do not address how the RMA would know in advance whether a project requires an initial study, and whether it would result in a negative declaration, mitigated negative declaration or EIR. Some EIRs might be obvious, many others not.

**RESPONSE:** The Development Review Committee stage helps staff understand a project before an application is formally submitted. That said, it is not possible to foresee changes that may change the level of review. It is incumbent upon applicants to provide a fully scoped project description for the project to be qualitatively and quantitatively analyzed and properly vetted and permitted. Staff finds that the process affords the ability to address CEQA and recover costs appropriately. Some edits were made to clarify how/where fees are applied if the project scope changes.

An application for a General Development Plan is assigned Tier 6 (\$11,000) and an Environmental Review-Initial Study (Negative Declaration (ND)/Mitigated Negative Declaration (MND) is assigned Tier 6 (\$11,000), so in that case, the project would cost \$22,000 in RMA fees to process. An application for a General Development Plan that requires an Environmental Review (Environmental Impact Report) qualifies as an Extraordinary Development and is assigned Tier 7 (\$22,000) Deposit, and the project shall be billed hourly. Depending on the specifics of the proposed project, the project may require a different deposit amount.

**COMMENT:** It is not clear what the charge could be for certain types of permits.

**RESPONSE:** Fees have been revised to reflect the time required to process an application, not the number of permits required. Generally, applications that require a hearing to the Zoning Administrator (ZA) would require a similar level of effort. The fee structure also considers the types of applications that tend to be more complex and places them in higher tiers to reflect the greater time involved.

**COMMENT:** “Tier 7 - \$22,000 Deposit” does not make clear that there is no cap on the amount. It would be no burden on the County to make clear this important information.

**RESPONSE:** A deposit is defined and explained through the footnotes.

**COMMENT:** Surface mine inspection fees appear inequitable.

**RESPONSE:** Annual Surface Mine Inspection fees are directly proportional to the costs incurred by the County for services rendered, including staff and consultant costs. Annual inspections are required, and those inspections are specific to the mining activities that have taken place or that are actively occurring. The size of the mine is a qualifier, but it should not be interpreted that the

activities at a mine with 100 acres of disturbance is in the same phase of development or restoration as a mine with 1,000 acres of disturbance. The activities of the project directly determine the cost incurred as part of the regulatory requirements of the Surface Mining and Reclamation Act. The mines fees charged are directly proportional to the annual inspection requirements of the sites. This fee remains as it has been, as it has adequately covered County costs for this service.

**COMMENT:** The County should charge a fee for when Condition Compliance requires Board action.

**RESPONSE:** Condition Compliance will be charged hourly so that actual time is recovered. This offers an incentive where the less time it takes to clear conditions, the less it costs the applicant.

**COMMENT:** There was a question raised as to whether RMA-Building Services has or has not been charging the required grading fee. The Engineer's Estimate should be required at the planning stage, before planning approval is given.

**RESPONSE:** RMA has charged fees for grading permits pursuant to the existing fee schedules. RMA has determined the standardized approach to calculating grading permits by multiplying the estimate of the grading project (provided by a qualified, licensed professional) will allow the RMA to recoup costs incurred for processing the applications and issuing permits. Ground-disturbing activities extend beyond the grading permit application requirements, so this aspect of evaluating projects throughout the RMA is addressed through multiple paths as a project moves through the process from the conceptual phase through development and implementation.

This page intentionally left blank