



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legislation Details (With Board Report)

File #: RES 14-010 **Name:** County Master Fees

Type: BoS Resolution **Status:** Passed

File created: 1/24/2014 **In control:** Board of Supervisors

On agenda: 2/25/2014 **Final action:** 2/25/2014

Title: Public hearing to consider adoption of a Resolution to amend the Monterey County Fee Resolution to:
a. Establish new fees and revise existing fees for land use permitting activities in the following Articles of the County Fee Resolution
i. Article I (Environmental Health);
ii. Article IX (RMA-Planning);
iii. Article X (RMA-Public Works);
iv. Article XVII (County Counsel);
v. Article XIX (RMA-Building Services); and
vi. Article XX (RMA-Environmental Services)
b. Incorporate amendments to Article XI (Water Resources Agency) into the Monterey County Fee Resolution, contingent upon adoption of said amendments by the Board of Supervisors of the Monterey County Water Resources Agency and said amendments taking effect.
(Fee Update - REF130022/County Master Fee Resolution, County-wide)
(ATTACHMENT E REMOVED VIA SUPPLEMENTAL)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Attachment A - Discussion, 2. Attachment B-1 - Current Fee Matrix, 3. Attachment B-2 - Proposed Fee Matrix, 4. Attachment C - Draft Resolution, 5. Attachment D -Draft Fee Articles, 6. Attachment F - RMA-Planning Expenditures, 7. Completed Board Order & Resolution

Date	Ver.	Action By	Action	Result
2/25/2014	1	Board of Supervisors	adopted	Pass

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RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a resolution (**Attachment C**) to:

- a. Establish new fees and revise existing fees for land use permitting activities in the following Articles of

the County Fee Resolution

- i. Article I (Environmental Health);
 - ii. Article IX (RMA-Planning);
 - iii. Article X (RMA-Public Works);
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SUMMARY:

On May 7, 2013, the Board of Supervisors approved modifications to a few specific fees for the current fiscal year. On July 9, 2013, the Board of Supervisors directed staff to analyze separating the fee for condition compliance from the upfront application fee and establishing the hourly rate for fee calculations. Recommended actions include revisions to the land use fees based on new hourly rates, the separation of the condition compliance fee from the upfront application fee, and establishing some new fee categories. However, the development industry representatives requested simplifying the fee articles and controlling application fees. This will likely take a few months, so staff and the stakeholders agreed to retain the current RMA-Planning fee with a few minor amendments.

There are two components to fees: 1) Hourly Rates and 2) Hours of Service. While land use departments have dedicated themselves to streamlining processes to increase efficiencies (e.g. fewer hours), substantial increases in overhead costs and changing/complex regulations related to land use permitting present a challenge when considering the County costs for doing business.

DISCUSSION:

In working with representatives of the development industry, including the Permit Streamlining Task Force, we are recommending that the fee article for RMA-Planning adopt only some minor changes at this time. These changes would ensure consistency with the other fee articles being recommended for the other land use departments. RMA will continue to work with development industry representatives, including the Task Force, to look at a different model for how fees are charged. This will likely take a few months to complete the work. In the meantime, most of the current RMA-Planning fee article will remain in place, as amended by recommended Article IX attached to this report (Attachment C). With that caveat, the following summary is presented.

Land use agencies have prepared a comprehensive fee schedule revision to reflect:

- Adjustments to fully-loaded hourly rates:
 - o Approved changes to salaries, benefits, overhead
 - o Aligned with Board policy to recover costs for conducting services
- Increased efficiency (Board direction, Performance Measures):
 - o Proposal establishes baseline of what staff believes it *should* take to process a permit. This builds efficiency into the fees because historically planning fees were based on averages of what it *actually* took to process a permit. As such, the number of hours has been reduced in most cases and applicant is not paying for taking longer than it should.
 - o RMA created a Permit Coordinator position to help facilitate the process
- Cost for services required by law or where gaps in collecting fees were identified.
 - o New responsibilities based on new/changed policies and regulations.
 - Updated Building Codes
 - Water Resources Agency has added an Extraordinary Development Application Fee for advice on long term water supply, consisting of a \$7,318.75 deposit, which will be charged hourly to review and evaluate hydrogeologic reports required by Policy PS-3.1.
 - EHB requires an additional deposit to administer the contract for a hydrogeological report prepared for a subdivision as required by Title 19 of the Monterey County Code.
 - o Stormwater-Notice of Violation (NOV) from State Water Board
- Adjustments following 5-year automatic increases
- Rounding fees down to lower dollar (e.g.; \$151.99 = \$151).
- Cost to provide a service, not full cost recovery.
 - o County does not recover costs through application fees for a number of services and programs (e.g. code enforcement, front counter assistance, etc).

Some of the major changes to the fee schedule include:

- Separation of application fees from condition compliance fees:
 - Allows departments to align revenue more appropriately to the year that related work is actually conducted.
 - Benefits projects that require fewer mitigations/conditions
 - Condition fees collected after approval - not charged if denied.
- Reduction in Technology fee surcharge for maintaining permit tracking system (Accele Automation) contract.
 - Reduce from 6% to 4%
- RMA-Building Services.
 - Change permits to valuation-based fees, which results in about 5-10% overall increase (total projected revenue).
 - Hourly rates of \$90.00 for Counter support services, \$180.00 for Inspection and Code Compliance staff, and \$195.00 for Plan Review staff.
- RMA-Planning.
 - Minor adjustments to fee article to remain consistent with changes for other land use departments.
 - Existing fee article for all other categories remains in place until discussions and revisions completed.
- RMA-Public Works.
 - Hourly rate increase from \$108/hr to \$186/hr (fully loaded)
- RMA-Environmental Services.
 - Addition of a new RMA-Environmental Services section and fee article to comply with new statutory requirements.
 - Reorganization to address existing services:
 - Grading and Erosion Control (from Building Services)
 - Stormwater/Water quality (from RMA-Public Works and MCWRA)
 - New responsibilities per RWQCB Notice of Violation (NOV)
 - Planning entitlements
 - MCRWA reviews flood control so there is no overlap.
- County Counsel. Increase of hourly rate from \$182.91 to \$195.
- Environmental Health Bureau (EHB). Decreased to be consistent with the rate approved by the Board of Supervisors for EHB on May 7, 2013.
- Deed Restrictions not part of a discretionary application. A new processing fee for deed restrictions associated with ministerial permits has been added to the fee articles.
- Deposit Projects/Extraordinary Development Application - permit types, listed below, converted to “deposit projects” versus “flat fee” permits:
 - Initial Studies for Minor Subdivisions;
 - Most Minor Subdivision and Standard Subdivision applications (explained below);
 - Condition Compliance for Minor and Standard Subdivisions;
 - Condition Compliance for projects that required adoption of a Mitigated Negative Declaration, certification of an EIR, or carryover of mitigation measures from a previously adopted/certified environmental document;
 - Amended Parcel and Final Maps; and
 - Vested Rights Determinations

As a result, some fees would increase, while others would be reduced.

Some of the major issues to the fee schedule include:

- Costs of doing business (that we have no control over).
 - Wage Settlement. Contract includes salary increases.
 - Assignment of general liability to Departments (RMA = \$1.2M increase in 2014).
 - Service charges (increases) from County departments that are full cost recovery, including:
 - IT Charges (5 year program \$10M County/\$500k RMA) - IT fee applied to Accele contract is separate.
 - ERP Platform (\$4M over 2 years)
- Fees represent covering costs of providing a service. Policy decision to subsidize private development.

See **Attachment A** for a detailed discussion.

OTHER AGENCY INVOLVEMENT:

The land use application fees charged to applicants are a composite of the fees for each of the County land use departments and the Monterey County Water Resources Agency (WRA). Accordingly, RMA-Planning staff has worked with staff from Environmental Health, RMA-Public Works, WRA, RMA-Building Services, RMA-Finance, RMA-Administration, the County Administrative Office, and Office of County Counsel in the preparation of this report. Similar recommended fee amendments are scheduled for separate

consideration by the Board of Supervisors of the Monterey County Water Resources Agency and, if approved, are recommended to be included in the County Fee Resolution.

FINANCING:

Budgets of County land use agencies are based on various funding sources, but in most cases are not full cost recovery (some more than others). Recommendations contained in this report include a scenario for recovery of increased salaries and overhead costs typical to most operations, except for RMA-Planning where work will continue over the next few months. Proposed adjustments to fees are intended to help recapture County costs associated with the provision of land use permitting services, but are not intended to result in full cost recovery. Recommended fees are no more than is necessary to cover the reasonable costs of the governmental activity, and do not exceed the reasonable and actual costs to the County of providing these services. It is important to note that absent cost recovery through fee increases, substantial increases in departmental overhead charges present a significant challenge to maintaining existing levels of service in FY 2014-15 and moving forward.

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Approved by: Benny Young, Director, Resource Management Agency

This report was prepared with assistance from the land use departments and County Counsel.

cc: Front Counter Copy; California Coastal Commission; The Open Monterey Project; LandWatch; Ernie Mill, Permit Streamlining Task Force; Jane Haines; Janet Brennan; Land Use Departments; Project File REF130022.

- Attachment A Discussion
- Attachment B-1 Current Fee Matrix (Planning Permits and associated)
- Attachment B-2 Proposed Fee Matrix (Planning Permits and associated)
- Attachment C Draft Resolution to adopt fee changes, including Fee Articles
- Attachment D Draft Fee Articles (changes shown in strikeout and underline)
- Attachment E Reserved
- Attachment F RMA-Planning Expenditures: Salaries & Benefits versus Services & Supplies