

TO: JAMES L. APP, CITY MANAGER
FROM: RONALD WHISENAND, COMMUNITY DEVELOPMENT DIRECTOR
SUBJECT: DEVELOPMENT APPLICATION FEE UPDATE
DATE: July 18, 2006

Needs: For the City Council to consider revising the Schedule for Development Application deposit amounts.

Facts

1. The City Council adopted a revised Fee Schedule, including individual hourly billing rates and fee deposits on May 6, 2003 (Attachment 1).
2. The hourly billing rates were subsequently adjusted on September 20, 2005 (Attachment 2).
3. Adjustments to the Deposit Schedule were not made in 2005 which has resulted in the City receiving only a portion of the total process fees at the time of application. This has complicated the bookkeeping and recovery of the remaining portion of the fee once the project is complete.
4. Based on updated worksheets (Attachment 3), an adjustment of the deposit collected on “major projects” from \$2,600 to \$5,500 and “minor projects” from \$600 to \$1,200 would more closely cover processing expenses. The requested changes will only adjust application deposit amounts and are not considered an increase in application fees.

**Analysis
and**

Conclusion: During the last comprehensive update of the Community Development Department Fee Schedule in 2003, the Council confirmed the City’s Fiscal Policy that user fees shall be set at a level for full cost recovery. During that update, the deposit amount was set at a level that matched the cost for processing a “typical” project. When the blended hourly billing rate system was established in 2005 the “fee estimates” for typical permits rose. The Deposit Schedule however was not adjusted upward to reflect the new costs for providing planning services. Based on the attached updated worksheets (Attachment 3), fee deposits that are collected upon application are significantly lower than the ultimate costs for providing the service. This requires staff to collect additional fees after the project is complete in order to comply with the City’s Fiscal Policy. While applicants agree to pay for the full cost of City services, this post-approval surcharge is rarely a welcomed surprise.

Planning fees are grouped into two main categories. The first category is considered “minor projects” which typically have total processing costs of \$1,000-\$1,200. Raising the deposit from \$600 to \$1,200 will more accurately reflect the likely costs to process those applications. The second category of “major projects” has typical processing costs of \$5,000 to \$5,500 and would warrant raising the deposit from \$2,600 to \$5,500.

Policy

Reference: City Council Fiscal Policy of 1992 that states that user fees will be developed to insure/support cost recovery.

Fiscal

Impact: The proposed increase in fee deposit will have insignificant fiscal impacts. The total application fees are not changing. Increasing the deposit only affects the timing on when application fees are paid. The cost associated with staff time collecting additional fee revenues could decrease while expenses associated with processing refunds would be insignificant.

- Options:**
- a. Adopt Resolution No. 06-xx approving the revised Deposit Schedule to the Department's Planning Application Fees.
 - b. Amend, modify or reject the above option.

Attachments:

1. Resolution 03-66
2. Resolution 05-192
3. Typical Time Spent on Projects Worksheet
4. Draft Resolution approving Fee Schedule Update

H:\RWhisenand\Council Staff Reports\Fee Deposit Update Report 2006.doc

RESOLUTION NO. 03-66

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING THE REVISIONS OF THE FEE SCHEDULE FOR DEVELOPMENT
APPLICATIONS AND FRONT YARD LANDSCAPING BONDS
(CITY INITIATED)

WHEREAS, in February 1992, the City Council adopted a Fiscal Policy that states that user fees will be developed to insure/support cost recovery; and

WHEREAS, the proposed cost recovery approach applies to the "processing" of development applications; and

WHEREAS, there are no proposed changes to the City's existing development "impact fees" (e.g., bridge fees, a sewer connection fee, etc.); and

WHEREAS, pursuant to Government Code Section 66014, local agencies may charge fees not to exceed the reasonable cost of providing the service for which the fee is charged; and

WHEREAS, the Community Development Department proposes to charge an individual hourly billing rate for all staff time spent processing all development applications except for those applications which have a fixed fee; and

WHEREAS, the individual hourly billing rates for staff are listed in Section I of this resolution; and

WHEREAS, the fixed fee applications are listed in Section II of this resolution; and

WHEREAS, the development applications for which the individual hourly billing rate shall be charged are listed in Section III of this resolution; and

WHEREAS, the bond for front yard landscaping bonds would be increased from \$500 to \$1,500; and

WHEREAS, public hearings were conducted by the City Council on April 15, 2003 and May 6, 2003 to consider the adoption of development application fees and landscaping bond as presented in the staff report prepared for this report, and to accept public testimony regarding this report; and

WHEREAS, the City has complied with the noticing requirements of Government Code Section 66016; and

WHEREAS, this resolution supersedes the development application fees portion in its entirety of Resolution 96-75 previously adopted by the City Council on June 5, 1996; and

WHEREAS, the City Council finds that the proposed fees do not exceed the reasonable cost of providing the services for which the fee is charged.

NOW, THEREFORE, BE IT RESOLVED, based on the City's independent judgment, the City Council of the City of El Paso de Robles does hereby resolve, determine and order as follows, based upon the facts and analysis presented in the staff reports, and public testimony, that the following fee schedule associated with the processing of development applications including the increase of front yard landscaping bonds from \$500 to \$1,500, are hereby adopted and become effective July 7, 2003.

I. Individual Hourly Billing Rate:

Community Development Director	\$ 69.24
City Planner	\$ 56.93
Associate Planner	\$ 47.68
City Engineer.....	\$ 58.04
Planning Intern	\$ 15.17
City Attorney.....	\$ 145.00

II. Fixed Fees:

Home Occupation:.....	\$ 25.00
Plot Plan Review:	\$ 50.00
Sign Permit:	\$ 20.00
Oak Tree Trimming/Pruning Permit (if necessary)	\$ 50.00*
Burn Down/Zoning Verification Letters	\$ 100.00
Front yard landscaping bond (typical residential front yard)	\$ 1,500.00
General Public Info.....	\$ 0 00**
Temporary Use Permits:	\$ 0.00**

* Section 10.01.030 of the Oak Tree Ordinance allows owners of developed properties (parcels with existing buildings and related improvements) that are not being considered for new construction or other development entitlements, may prune oak trees on their property without the need for a permit and without limitation as to limb size as long as the pruning does not endanger the health of the tree. Owners of undeveloped properties (public or private) are required to get a permit to trim limbs 6-inches or greater.

** The first hour spent will be free of charge. All additional time will be billed at the individual hourly rate.

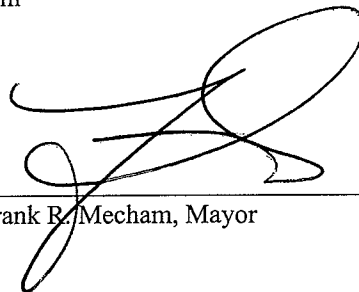
III. Deposit Schedule:

The deposit amounts represent a minimum amount necessary to begin the application process. Based on the City's experience with average processing times, staff will work with applicants to establish a realistic estimate and deposit amount. Additionally, at the applicant's request, staff will work with the applicant to calculate a reasonable estimate of fees for a specific project. The applicant shall be charged the appropriate individual hourly billing rate for each hour spent processing the application. The deposit amount will be drawn down based on the number of staff hours spent processing the application. At the completion of the project, the remaining deposit will be refunded. If 75% of the initial deposit is depleted prior to completion of the project, staff will notify the applicant in writing that an additional deposit is required (based on staff's reasonable estimate of the hours remaining to complete the project). If the applicant does not submit the deposit amount within 15 days from the date of the letter, staff may stop the processing of the application and/or not schedule the project for the Planning Commission meeting. Staff will make reasonable efforts to be flexible with the intent that all accounts in arrears will be paid in full, prior to the application being considered by the Planning Commission. All remaining deposits will be refunded to the applicant within 30 days of the final action taken by the Planning Commission or City Council, or upon request by the applicant to formally withdraw the application. Staff shall provide to the applicant a written monthly accounting of hours expended processing the application, detailing hours spent by individual staff persons and work performed.

Annexation: (does not include LAFCO or County fees):.....	\$ 3,000
Appeal	\$ 200
Certificate of Compliance:.....	\$ 200
Conditional Use Permit (Amendment):	\$ 600
Conditional Use Permit (Minor):.....	\$ 600
Conditional Use Permit (Major):.....	\$ 2,600
Environmental Review by Consultant:	\$ 1,500
General or Specific Plan Amendment:	\$ 2,600
Commission's Interpretation of Zoning Code:.....	\$ 600
Planned Development Amendment:	\$ 2,600
Planned Development:.....	\$ 2,600
Rezone (text or map change):	\$ 2,600
Site Plan Review (Major):	\$ 600
Site Plan Review (Minor):.....	\$ 200
Street Abandonment:	\$ 600
Street Name Change:	\$ 600
Tentative Parcel Map:.....	\$ 600
Tentative Lot Line Adjustment:	\$ 600
Tentative Tract Map:	\$ 2,600
Time Extension:.....	\$ 600
Variance:	\$ 600
Vesting Tentative Parcel Map:	\$ 2,600
Vesting Tentative Tract Map:.....	\$ 2,600
Waiver or Deferral of Public Improvements:	\$ 600
Oak Tree Removal Permit	\$ 200

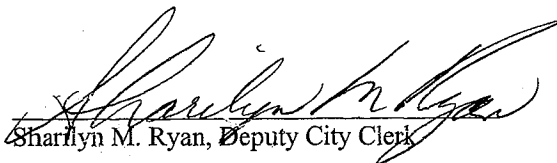
PASSED AND ADOPTED by the City Council of the City of Paso Robles this 6th day of May 2003 by the following vote:

AYES: Finigan, Heggarty, Nemeth and Mecham
 NOES: Picanco
 ABSTAIN: None
 ABSENT: None



Frank R. Mecham, Mayor

ATTEST:



Sharilyn M. Ryan, Deputy City Clerk

RESOLUTION OF THE COUNCIL
OF THE CITY OF PASO ROBLES, STATE OF CALIFORNIA

IN THE MATTER OF:

No. 03-66

**Approving the revisions of the fee schedule for
development applications and front yard
landscaping bonds (City-initiated)**

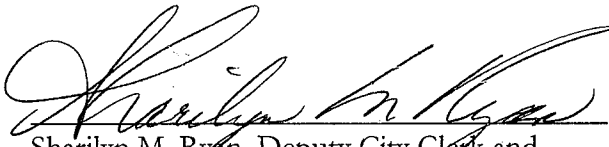
I, Sharilyn M. Ryan, Deputy City Clerk of the City of Paso Robles, certify that foregoing is a full, true and correct copy of Resolution No. 03-66, proposed by Councilmember Nemeth, seconded by Councilmember Heggarty, was duly passed and adopted by the Council of the City of El Paso de Robles, at its regular meeting on May 6, 2003, by the following vote:

AYES: Councilmembers: Finigan, Heggarty, Nemeth and Mecham

NOES: Councilmembers: Picanco

ABSTAIN: Councilmembers: None

ABSENT: Councilmember: None



Sharilyn M. Ryan, Deputy City Clerk and
Ex-Officio Clerk of the City Council

RESOLUTION NO. 05-192

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
ESTABLISHING AND ADOPTING A SCHEDULE OF FEES
FOR CITY SERVICES

WHEREAS, the City of Paso Robles has prepared a Cost of Services Study with the guidance and assistance of Maximus, Inc; and

WHEREAS, the Cost of Services Study was prepared in accordance with Title 14, Division 1, Chapter 3, Article 8, of the Administrative Code of the State of California; and

WHEREAS, the proposed cost recovery fees meet the requirements that the fees be reasonable and equitable and that they do not exceed the cost of providing the services; and

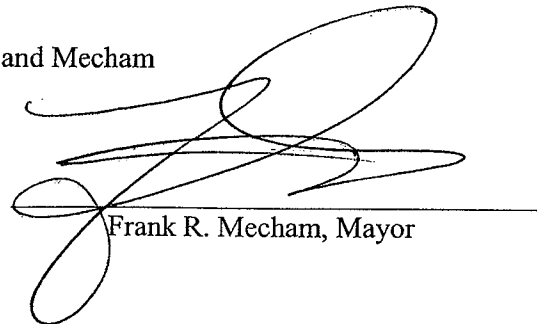
WHEREAS, State law governing municipal planning and finance in California recognizes the validity of, and authorizes, the imposition by cities of fees for services.

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED by the City Council of the City of Paso Robles that:

1. The fees established identified in the attached Exhibits "A through G" are hereby approved and shall become effective October 1, 2005, though actual implementation may be delayed until such time as collection systems and methods are adequately modified to accurately collect and record said fees.
2. The fees established in Exhibits "A through G," except adult sports which have their own escalation factor, shall be adjusted annually, each July 1, by the percentage change in the Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose area for Urban Wage Earners and Clerical Workers for the prior twelve month period ending April 30. Should this index no longer be published, a similar index may be substituted.

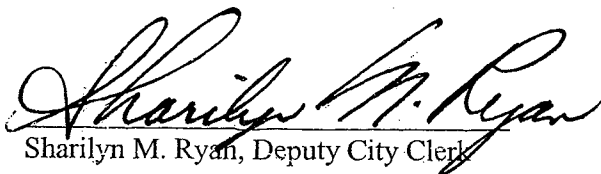
PASSED AND ADOPTED by the City Council of the City of Paso Robles this 20th day of September 2005 by the following vote:

AYES: Heggarty, Nemeth, Picanco, Strong, and Mecham
NOES: None
ABSTAIN: None
ABSENT: None



Frank R. Mecham, Mayor

ATTEST:



Sharilyn M. Ryan, Deputy City Clerk

City of Paso Robles
 COST OF SERVICES STUDY

ACTUAL COST RESULTS

PUBLIC WORKS & COMMUNITY DEVELOPMENT RATES

Fee #	Fee Service Name / Description	Current Fee	Full Cost Recovery	Adopted Fee
1	Public Works - Blended MW Hourly Rate	\$ 40	\$ 121	\$ 121
2	Community Development - Engineering Blended Hourly Rate	\$59 to 25	\$ 132	\$ 132
3	Community Development - Planning Blended Hourly Rate	\$100 to 15	\$ 123	\$ 123

RESOLUTION OF THE COUNCIL
OF THE CITY OF PASO ROBLES, STATE OF CALIFORNIA

IN THE MATTER OF:

No. 05-192

**Establishing and adopting a Schedule of Fees
for City Services**

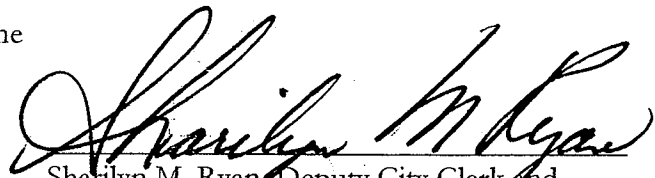
I, Sharilyn M. Ryan, Deputy City Clerk of the City of Paso Robles, certify that the foregoing is a full, true and correct copy of Resolution No. 05-192 proposed by Councilmember Heggarty, seconded by Councilmember Strong, and duly passed and adopted by the Council of the City of El Paso de Robles at its regular meeting on September 20, 2005, by the following vote:

AYES: Councilmembers: Heggarty, Nemeth, Strong, and Mecham

NOES: Councilmembers: Picanco

ABSTAIN: Councilmembers: None

ABSENT: Councilmembers: None



Sharilyn M. Ryan, Deputy City Clerk and
Ex-Officio Clerk of the City Council

ATTACHMENT 3

PROJECT DEPOSIT WORKSHEET

The following table outlines the actual costs of time and materials directly related to the proposed increase in deposit for major and minor projects.

Major Project Deposit: (i.e. Planned Development, Tract, General Plan Amend./Rezone, Conditional Use Permit)

Existing Fee: \$2600

Engineering Review	\$544	(4hrs. @ 136/hr.)
Planning Review	\$4410	(35 hrs. @ \$126/hr.)
Administrative Processing	\$320	(subject but not limited to file set-up, billing, processing, archiving, project intake, public noticing, report distribution, final distribution and file close-out, postage and handling)
File Data Base Input	\$50	
Total Deposit	\$5,324	

Major Project would increase to \$5,500

Minor Project Deposit (i.e. Time Extension, Lot Line Adjustment, Waiver)

Existing Fee: \$600

Planning Review	\$756	(6 hrs. @ \$126/hr.)
Administrative Processing	\$220	(subject but not limited to file set-up, billing, processing, archiving, project intake, public noticing, report distribution, final distribution and file close-out, postage and handling)
File Data Base Input	\$50	
Total Additional Fees	\$1026	

Minor Project would increase to \$1,200

RESOLUTION NO. 06-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
TO APPROVE THE REVISIONS OF THE SCHEDULE FOR DEVELOPMENT
APPLICATIONS DEPOSIT AMOUNTS

WHEREAS, in May of 2003, the City Council adopted Resolution 03-66 that amended the fees for planning application services and setting a deposit schedule that approximated the average cost to process various typical permits; and

WHEREAS, in September of 2005, the City Council adopted Resolution 05-192 that amended the cost recovery fee schedule; and

WHEREAS, while Resolution 05-192 amended the cost recovery fee schedule, it failed to provide a corresponding increase in the deposit schedule causing initial application fees to be significantly lower than the actual cost to process a typical permit; and

WHEREAS, this failure to collect a deposit nearly equal to the estimated permit processing cost places a burden on City staff in collecting additional funds once the project is complete; and

WHEREAS, there are no proposed changes to the City's Schedule of Fees for City Services or the proposed cost recovery objectives of Council Resolution 05-192; and

WHEREAS, there are no proposed changes to the City's existing development "impact fees" (e.g., bridge fees, a sewer connection fee, etc.); and

WHEREAS, this resolution supersedes the Schedule for Development Applications deposit amounts contained in Resolution 03-66 previously adopted by the City Council on May 6, 2003; and

NOW, THEREFORE, BE IT RESOLVED, based on the City's independent judgment, the City Council of the City of El Paso de Robles does hereby resolve, determine and order as follows, based upon the facts and analysis presented in the staff reports, and public testimony, that the deposit schedule associated with the processing of development applications is hereby adopted.

Deposit Schedule:

The deposit amounts represent a minimum amount necessary to begin the application process. Based on the City's experience with average processing times, staff will work with applicants to establish a realistic estimate and deposit amount. Additionally, at the applicant's request, staff will work with the applicant to calculate a reasonable estimate of

fees for a specific project. The applicant shall be charged the appropriate individual hourly billing rate for each hour spent processing the application. The deposit amount will be drawn down based on the number of staff hours spent processing the application. At the completion of the project, the remaining deposit will be refunded. If 75% of the initial deposit is depleted prior to completion of the project, staff will notify the applicant in writing that an additional deposit is required (based on staff's reasonable estimate of the hours remaining to complete the project). If the applicant does not submit the deposit amount within 15 days from the date of the letter, staff may stop the processing of the application and/or not schedule the project for the Planning Commission meeting. Staff will make reasonable efforts to be flexible with the intent that all accounts in arrears will be paid in full, prior to the application being considered by the Planning Commission. All remaining deposits will be refunded to the applicant within 30 days of the final action taken by the Planning Commission or City Council, or upon request by the applicant to formally withdraw the application. Staff shall provide to the applicant a written monthly accounting of hours expended processing the application, detailing hours spent by individual staff persons and work performed.

Annexation: (does not include LAFCO or County fees):	\$ 5,500
Appeal	\$ 200
Certificate of Compliance:	\$ 1,200
Conditional Use Permit (Amendment):	\$ 600
Conditional Use Permit (Minor):	\$ 1,200
Conditional Use Permit (Major):	\$ 5,500
Environmental Review by Consultant:	\$ 1,500
General or Specific Plan Amendment:	\$ 5,500
Commission's Interpretation of Zoning Code:	\$ 600
Planned Development Amendment:	\$ 5,500
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Rezone (text or map change):	\$ 5,500
Site Plan Review (Major):	\$ 600
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Street Abandonment:	\$ 600
Street Name Change:	\$ 600
Tentative Parcel Map:	\$ 1,200
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Time Extension:	\$ 1,200
Variance:	\$ 1,200
Vesting Tentative Parcel Map:	\$ 5,500
Vesting Tentative Tract Map:	\$ 5,500
Waiver or Deferral of Public Improvements:	\$ 600
Oak Tree Removal Permit (to Council)	\$ 600
Oak Tree Removal Permit (Director level).....	\$ 200

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 18th day of July by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Deborah D. Robinson, Deputy City Clerk