



City of Palo Alto

Finance Committee Staff Report

(ID # 6331)

Report Type: Action Items

Meeting Date: 2/2/2016

Summary Title: Cost of Services Study

Title: Recommendation to City Council to Accept the Cost of Services Study for Planning Fees and Adopt a Schedule for Implementation of Fee Increases and Adjustments

From: City Manager

Lead Department: Planning and Community Environment

Recommendation

Staff recommends that the Finance Committee review the Cost of Services Study and staff's recommended changes to Planning & Community Environment fees, and recommend that the City Council adopt the schedule for fee increases and adjustments (Attachment A) and Hourly Rates (Attachment B) to better reflect the City's User Fee Cost Recovery Level Policy (adopted May 8, 2015).

Background

Fees for services (sometimes called user fees) are charged to recover some or all costs incurred in providing a special service from which one or more individuals obtain a special benefit. Public agencies can establish fees to recover up to 100% of the estimated reasonable cost of providing such service. Any amount of a particular fee that is more than 100% of the cost is considered a special tax and, by law, requires approval by two-thirds of the electorate. Fines, rents, and certain other charges are not considered user fees and are not required to be based on actual costs. These types of charges are more typically governed by policy based on market rates, reasonableness, or public goals.

The Department of Planning & Community Environment charges user fees to applicants requesting planning entitlements and related services. While these fees have been annually adjusted across the board based on inflation factors, it's been at least five years since they have been subject to a full evaluation based on the cost of providing services.

Council adopted a User Fee Cost Recovery Level Policy (Staff Report 5735) on May 18, 2015 that suggests high, medium, and low levels of cost recovery based on policy considerations, such as the degree of public versus private benefit associated with the activity for which a fee is established. As shown below, services that are regulatory in nature (e.g. review for compliance

with zoning regulations) and for which individual users receive most or all of the benefit (e.g. developers requesting approval of a planning approval), generally fall in the “high” cost recovery level group.

Table 1. Cost Recovery Policy Summary

Cost Recovery Level Group	Cost Recovery Percentage Range	Policy Considerations
Low	0% - 30%	<ul style="list-style-type: none"> • No intended relationship between the amount paid and the benefit received • Fee collection would not be cost effective and/or would discourage compliance with regulatory requirements • No intent to limit the use of the service • Public at large benefits even if they are not the direct users of the service • Affordability of service to low-income residents
Medium	30.1% - 70%	<ul style="list-style-type: none"> • Services which promote healthy activities and educational enrichment to the community • Services having factors associated with the low and high cost recovery levels
High	70.1% - 100%	<ul style="list-style-type: none"> • Individual users or participants receive most or all of the benefit of the service • Other private or public sector alternatives provide the service • The use of the service is specifically discouraged • The service is regulatory in nature

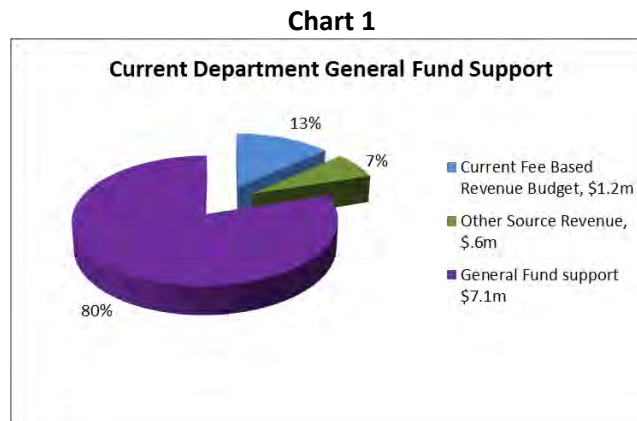
Source: Palo Alto City Council Staff Report No. 5735, May 18, 2015

The cost of services study report, included as Attachment C, identifies the cost of providing planning services for which the City charges fees. Under State law, fees cannot be set above the cost of service for one fee to compensate for a lower cost recovery decision for another fee (sometimes referred to as cross-subsidization). Thus, while Council is not bound to set fees to match the cost of providing services, fees cannot be set that exceed the cost of delivering the service in question. As described in the adopted Cost Recovery Policy cited above, Council has the discretion to determine the level of cost recovery in which each of these fees fall and traditionally assigns lower levels of cost recovery to some fees, like appeal fees, where a higher cost might limit the use of appeals.

The City retained the services of Capital Accounting Partners (CAP) to assist in the preparation of the cost of services study for planning fees in the Planning and Community Environment Department (PCE) and a limited number of Development Services (DS) fees. As the study progressed, the contract was amended to add Development Services fire prevention fees.

These fees are not part of this report; instead they will be part of the Development Services study. Development Services is examining all their fees under a separate study, now underway.

The operating budget for the Planning and Community Environment Department relies on two major sources: the General Fund and fees charged for services. The Department's Fiscal Year 2016 Adopted Operating Budget is \$8.9 million, and approximately \$1.2 million in revenue is generated from user fees. Other sources of revenue account for approximately \$0.6 million, so the department's General Fund support comprises approximately \$7.1 million, or approximately 80 percent of the Department's budget.



Source: Planning & Community Environment Adopted Operating Budget, FY2016

It is important to note that the Department has many activities that are not related to fees, including many activities in the transportation, long range planning, and code enforcement divisions of the department. This means that a high level of General Fund support is not surprising, however the consultant's analysis has confirmed that the current level of General Fund subsidy of fee-related services is not consistent with the adopted cost recovery policy and fee adjustments are warranted.

Discussion

The methodology used in CAP's study is fairly standard for analyzing the cost of providing fee-related services:

1. The costs of services that are not fee-related, including transportation and parking fees, are not included in the scope of this particular study. Most of those are set by City Council as a matter of policy, or by a State agency.
2. CAP identified all direct staff time spent on the fee-related activity or service. Direct staff costs are incurred by employees who perform tasks directly related to the service, for example the cost of staff time to review an Architectural Review application. CAP conducted a series of meetings with staff from PCE, DS, Fire, and the City Attorney's office to identify every employee, by classification, who performs work directly in support of a fee related service. Through the meetings with staff, CAP

gathered estimates of how much time each of those employees spends, on average, working on that particular service or program.

3. CAP calculated direct cost of the staff time for each fee using productive hourly rates. A full-time employee typically has 2,080 paid hours per year. In keeping with standard methodologies, CAP reduced that number to account for non-productive hours (sick leave, vacation, holidays, training, meetings, participation in non-core services, etc.). CAP calculated the productive hourly rate for each position, by person, based on the salary and benefit information provided by the City. Their report indicates that annual productive hours range from 1,400 to 1,600.
4. CAP identified other operational costs that are also considered direct costs. For instance, PCE relies heavily upon on-call consultants to provide expertise and address increased demand. These costs are directly attributable to certain services and are included in direct cost computations.
5. CAP then determined indirect (or overhead) costs. These costs include citywide and department overhead. Citywide overhead costs are allocated to each operating department through Cost Plan Allocation. Allocated costs include expenses incurred by central services departments; in other words, departments in the City that provide services to all departments. These include the offices of the City Manager, City Attorney, City Auditor, City Clerk, Administrative Services, People Strategy and Operations, Information Technology, and Facilities Maintenance. Department overhead costs include managers, supervisors and support staff as well as other operational costs that are incurred for a common purpose. For instance, customer service, reception, staff report preparation, support of the Architectural Review Board, Historic Resources Board, Planning and Transportation Commission, and overall management are part of these costs. They are not assigned to a particular service or program. Once these costs are determined, they are proportionally allocated to fees.

Fees for services are structured in two ways: flat fees and time and materials fees, for which the Department collects and charges against deposits. Flat fees apply to those activities for which an average amount of processing time and effort can reasonably be determined. Deposits are taken when staff time to provide the service is expected to vary widely. Applications such as Site and Design or major projects requiring Architectural Review Board involvement may require 50 hours of work or 500 hours, depending on the project. In these cases, a deposit amount set at the minimum needed to complete staff work is identified in the Municipal Fee Schedule. Once a deposit is received, staff track the amount of effort involved in providing service and charges are made against the deposit using the appropriate hourly billing rate(s), including overhead. The applicant is kept informed of all charges against the deposit and if the deposit is exhausted and additional work is still required, the applicant is billed for additional charges. Similarly, the applicant is refunded if costs total less than the deposited

amount. Staff involved in these activities generally span several departments. If consultants are required, consultant fees are also charged to the applicant.

Council may want to assign lower levels of cost recovery to some or all fees. Council may wish to consider fees for major development projects involving the Architectural Review Board Council at a very high level of cost recovery whereas they may prefer to assign a lower level of cost recover to activities like Individual Review. As an example, the current fee for a Use Permit for a childcare facility is set at a significantly lower rate than the fee for a Regular Use Permit (about 4% of regular permit fee), based upon a past policy decision.

Recommended Adjustments to Fees

The Fiscal Year 2016 Municipal Fee Schedule includes 88 Planning fees for services. Of these, 18 are deposit-based fees and 71 are flat fees. In the attached recommendations, some fee structures have been changed to make them simpler, for better accuracy, or to make it easier to recapture full costs. Specifically:

- 32 existing fees are recommended for deletion
- 20 new fees are recommended to be established (16 flat fees, 4 deposit-based fee)
- Hourly billing rates which are charged against deposits are recommended to be increased an average of 57 percent to better capture direct and indirect costs.

Although the attached report identifies the cost of delivering services, whether to set fees to full cost recovery and whether to adjust to full cost recover immediately or phase in the changes are Council decisions. For most fees, the proposed fees were adjusted based upon the methodology described above with an intent to achieve full cost recovery in two phases, as shown in Attachment A¹. The first phase would close 50 percent of the gap between current fees and full cost recovery, beginning Fiscal Year 2017 (FY 17). The second phase would bring the fee to full cost recovery in Fiscal Year 2018 (FY 18), assuming no changes outside the standard cost of living increases to provide services in the interim. Phasing-in fee adjustments is a common practice, and staff feels it is appropriate here because of the magnitude of some of the changes proposed.

Recommended fee adjustments include:

- *Changes to legal fees:* There are currently 23 legal review fees in the Planning Department section of the Fiscal Year 2016 Municipal Fee Schedule. Under this study, when only a few hours of legal time is involved in providing the service, that time has been incorporated in the planning fee and the separate legal fee has been eliminated. Five new legal fees are recommended to be established and 22 existing legal review fees are recommended to be deleted, since they have now been included in the appropriate planning fee.

¹ For the three new tiers of wireless fees, the rates will not be phased. Also, where fees are decreasing, the new fee will be instituted without phasing.

- *Contract administration:* Assess a 25 percent charge for the City to administer and manage cost recovery contracts for projects handled by consultants. In many instances, the City charges applicants for consultant time dedicated to a particular project. The costs of these contracts are deducted from deposits paid in accordance with the Municipal Fee Schedule. Customers are invoiced if contract costs exceed the deposit. This study institutes new fees which can be applied to recoup the cost of City overhead for contracts administration and project management given that even the best consultant work product needs to be reviewed by staff.
- *Tiered wireless fees:* to reflect the full range of effort involved in wireless facilities.
- *Additional public noticing:* This new fee covers the cost of noticing beyond a 600 foot radius and additional rounds of noticing.
- *A cost recoverable research fee* which will be charged at the level of the staff position conducting the research.
- *A planning compliance fee* for ensuring compliance with entitlements and zoning that go beyond the building permit review.
- *A full cost-recovery pre-screening fee:* for applicants proposing rezoning, zoning text amendments, development agreements, Comp Plan amendments, or specific plans.
- a fee, borne by the project applicant, to recover the full cost of appeals.
- adjustment of hourly rates charged against deposits to include updated overhead (Attachment B). An example of how these rates compare to other cities is shown in Table 2, below. (It should be noted that only Beverly Hills reported recently completing a fee study to set or update fees.)

City	Senior Planner Salaries- September, 2015 <i>Sources: City websites</i>				Principal Planner Salaries- September, 2015 <i>Sources: City websites</i>		Rates charged to public <i>Sources: Contact with individual cities via email or phone, December, 2015</i>
	Hourly top step	Annual maximum	With Performance Incentive: Hourly max *	With Performance Incentive: Annual max *	Hourly top step	Annual maximum	
Palo Alto (proposed)	\$ 53.33	\$ 110,926.40			N/A	N/A	\$125.17/hr. Sr. Planner (current); \$195/ hr. Sr. Planner (proposed)
San Mateo +	\$ 59.13	\$ 122,994.84			\$ 66.69	\$ 138,726.72	\$149/hr. regardless of position
Los Gatos	\$ 55.87	\$ 116,209.60			N/A	N/A	Not available
Saratoga *	\$ 58.01	\$ 120,660.80	\$ 63.96	\$ 133,036.80	N/A	N/A	\$112.04
Mountain View	\$ 64.13	\$ 133,390.40			\$ 76.22	\$ 158,537.60	\$181/hr Principal Planner; \$138/hr. Sr. Planner
Redwood City	\$ 58.71	\$ 122,116.80			\$ 62.71	\$ 130,436.80	\$143.15/hr. Principal Planner; \$123.30/hr. Sr. Planner
Beverly Hills	\$ 51.13	\$ 106,356.00			\$ 58.78	\$ 122,256.00	\$482/hr. Principal Planner; \$383/hr. Sr. Planner

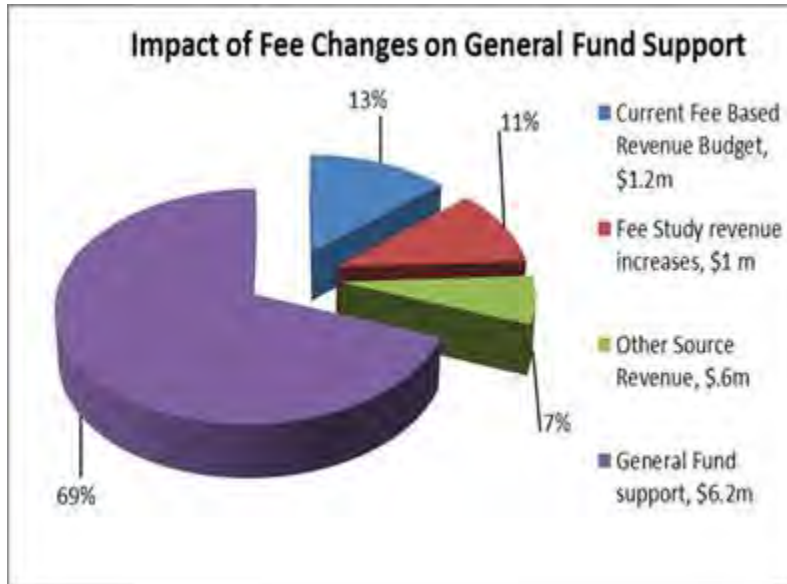
* Saratoga has Performance Incentive Compensation for those at top step for 5 years with a cumulative performance rating of satisfactory
+ San Mateo charges a flat \$149 for all planning positons.

Implementation and Timing

Adjusting fees as recommended will result in some significant fee increases and staff will be providing a draft of proposed fee and hourly rate changes to members of the Development Customer Advisory Group (DCAG) for their input. If all fixed fees and deposits are increased to bring them to a 100 percent cost recovery level, the estimated revenue increase is \$1 million: \$.5 million in Fiscal Year 2017 and the full \$1 million in Fiscal Year 2018.

Chart 2, below, displays the impact on the General Fund subsidy if Council approves the fee changes in the attached study. Recommendations (shown as Fee Study revenue increases in the table below) will reduce the General Fund subsidy for the department budget from 80 percent to 69 percent.

Chart 2



Source: Planning & Community Environment, January 2016

Possible Adjustments Below Cost Recovery

Staff recommends that Council identify any services to be subsidized and the level of subsidization. Among the fees staff recommends subsidizing are appeal fees and use permit fees for day care facilities. (Since this fee has been subsidized in the past, the proposed final fee shown equals 50 percent of the cost of service.) The Council may also wish to consider subsidizing Individual Review (IR) fees, although the staff’s recommendation is based on the full cost of cost of services. Subsidizing these fees (perhaps for smaller homes) would have to be justified by the scale of the projects and the public benefit of the IR process, which ensures neighborhood compatibility of new single family homes.

Timeline & Next Steps

Staff recommends the increase of fees in two phases:

- Phase 1 – Adjust fees by 50 percent of suggested increases concurrent with the FY17 budget. Estimated revenue impact = \$.5 million or a 42 percent increase in fee based revenue.
- Phase 2 – Adjust fees by the remaining 50 percent concurrent with the FY18 budget. Estimated revenue impact = \$1 million (\$.5 million in FY 17 and an additional \$.5 million effective FY 18), or an 82 percent increase in fee based revenue.

Based on State law, fee adjustments become effective 60 days after Council’s adoption of the ordinance.

Following receipt of the Finance Committee’s input, staff will adjust the proposal as necessary and notice the item for consideration and possible adoption by the City Council. Staff will also

be reaching out to stakeholders regarding the proposed changes, and identifying any areas of concern where adjustments to the proposed fees could be considered.

Following adoption and implementation of the new fees, Staff will review procedures related to billing for cost recovery projects, with the goal of identifying necessary improvements and resources to achieve a level of cost recovery that is consistent with the City's adopted policy.

Resource Impact

If the Committee recommends and Council approves the proposed fee adjustments, the result would be to eliminate the General Fund subsidy for processing of planning applications over a two year period, resulting in an estimated increase in revenue of \$1million.

Attachments:

- Attachment A: Fee Schedule with Recommendations (PDF)
- Attachment B: Hourly Billing Rates with Recommended Adjustments (PDF)
- Attachment C: City of Palo Alto User Fee Study Report, dated 1.20.16 (PDF)

Fee Title	Current Fee	Fee Proposed for FY 2017	Fee Proposed for FY 2018 *
Planning and Community Environment			
Planning			
Architectural Review			
Project <i>Note: 100 percent of processing costs will be recovered plus any Environmental Impact Assessment and any other entitlements necessary to complete the project, whether indicated as 100 percent cost recovery in this schedule or not.</i>	\$3,846 initial deposit plus Legal Review fees and applicable Other Application fees	\$7,123 initial deposit plus legal review fees and applicable Other Application fees	\$10,264 initial deposit plus legal review fees and applicable Other Application fees
Architectural Review - Minor Project (ARB Review)	\$3,000 plus applicable Other Application fees	\$4,982 plus applicable Other Application fees	\$6,860 plus applicable Other Application fees
Architectural Review - Minor Project (Staff Review)	\$1,500 plus applicable Other Application fees	\$2,112 plus applicable Other Application fees	\$2,672 plus applicable Other Application fees
Design Enhancement Exception	\$1,642 plus applicable Other Application fees	\$3,623 plus applicable Other Application fees	\$5,544 plus applicable Other Application fees
Preliminary Review	\$1,247 plus applicable Other Application fees	\$3,371 plus applicable Other Application fees	\$5,451 plus applicable Other Application fees
Signs - (ARB Review)	\$996 plus applicable Other Application fees	\$2,261 plus applicable Other Application fees	\$3,491 plus applicable Other Application fees
Signs - (Exceptions)	\$1,500 plus applicable Other Application fees	\$2,653 plus applicable Other Application fees	\$3,753 plus applicable Other Application fees
Signs Erected Without Approval Signs, Minor Facade Changes, Landscaping, Accessory Structures, or Similar Minor Changes to a Building Exterior - (Staff Review)/Master sign program	\$1,992 plus applicable Other Application fees \$372 plus applicable Other Application fees	DELETE - code enforcement penalty \$611 plus any applicable Other Application fees	DELETE - code enforcement penalty \$835 plus any applicable Other Application fees
Temporary Sign Permit	\$63 per 15 days plus applicable Other Application fees	\$110 per 15 days plus any applicable Other Application fees	\$154 per 15 days plus any applicable Other Application fees
Comprehensive Plan Change			
Comprehensive Plan Change <i>Note: 100 percent of processing costs will be recovered plus any Environmental Impact Assessment and any other entitlements necessary to complete the project, whether indicated as 100 percent cost recovery in this schedule or not.</i>	\$6,118 initial deposit plus Legal Review fees	\$6,118 initial deposit	\$6,118 initial deposit
Comprehensive Plan Maintenance Fee <i>Note: Collected at Building Permit issuance.</i>	\$0.55 per \$1,000 of construction valuation	\$0.55 per \$1,000 of construction valuation	\$0.55 per \$1,000 of construction valuation +

* Reflects total estimated cost of providing the service unless noted with a +

Fee Title	Current Fee	Fee Proposed for FY 2017	Fee Proposed for FY 2018 *
Development Agreement			
<i>Note: 100 percent of processing costs will be recovered plus any Environmental Impact Assessment and any other entitlements necessary to complete the project, whether indicated as 100 percent cost recovery in this schedule or not.</i>	\$7,058 initial deposit plus Legal Review fees and applicable Other Application fees	\$7,058 initial deposit plus Legal Review fees and applicable Other Application fees	\$7,058 initial deposit plus Legal Review fees and applicable Other Application fees
Development Agreement - Annual Review <i>Note: 100 percent of processing costs will be recovered.</i>	\$2,471 initial deposit plus Legal Review fees and applicable Other Application fees	\$2,471 initial deposit plus Legal Review fees and applicable Other Application fees	\$2,471 initial deposit plus Legal Review fees and applicable Other Application fees
Development Projects Preliminary Review			
Development Projects - Prescreening (PTC & CC Review) <i>Note: 100 percent of processing costs will be recovered plus any Environmental Impact Assessment and any other entitlements necessary to complete the project, whether indicated as 100 percent cost recovery in this schedule or not.</i>	\$3,671 initial deposit plus Legal Review fees and applicable Other Application fees	\$3,671 initial deposit plus Legal Review fees and applicable Other Application fees	\$3,671 initial deposit plus Legal Review fees and applicable Other Application fees
Director's Approval			
Home Improvement Exception	\$996 plus applicable Other Application fees	\$2,070	\$3,109
Neighborhood Preservation Zone Exceptions	\$2,304 plus applicable Other Application fees plus Environmental Impact Assessment fees	\$3,861	\$5,337
Director's hearing requested - per hearing	NEW	\$1,186	\$2,372
Documents and Photocopies			
Administrative Extensions and Zoning Letters	\$168.00 per hour/one-hour minimum	Applicable hourly rate/1 hr. minimum	Applicable hourly rate/1 hr. minimum
Comprehensive Plan	\$90.00 plus \$4.00 if mailed	\$90.00 plus \$4.00 if mailed	\$90.00 plus \$4.00 if mailed
Copy from Optical Disk	\$28.00 minimum plus \$0.50 per page	\$28.00 minimum plus \$0.50 per page	\$28.00 minimum plus \$0.50 per page
Tree Manual or Other Bounded Documents	\$33.00 plus \$4.00 if mailed	\$33.00 plus \$4.00 if mailed	\$33.00 plus \$4.00 if mailed
Zoning Map Booklet	\$98.00 plus \$4.00 if mailed	\$98.00 plus \$4.00 if mailed	\$98.00 plus \$4.00 if mailed
Property Research requiring more than 30 minutes	NEW	Applicable hourly rate/1 hr. minimum	Applicable hourly rate/1 hr. minimum
Environmental Impact Assessment			
CEQA Categorical Exemption	\$336 each	\$400	\$451
Environmental Impact Assessment - Mitigated Negative Declaration	\$3,428 plus Legal Review fees	Initial deposit of 100 percent of estimated costs due upon application plus 25% for contract administration and applicable Legal Review and Other Application fees	Initial deposit of 100 percent of estimated costs due upon application plus 25% for contract administration, and applicable Legal Review and Other Application fees
Environmental Impact Assessment - Negative Declaration Environmental Document (Consultant Prepared)	\$1,801 plus applicable Other Application fees	Delete	Delete
<i>Note: If estimated costs exceed \$100,000, alternative deposit and payment schedule arrangements may be made at the discretion of the Director of Planning and Community Environment. 100 percent of processing costs will be recovered</i>	Initial deposit of 100 percent of estimated costs due upon application plus Legal Review fees and applicable Other Application fees	Initial deposit of 100 percent of estimated costs due upon application plus 25% for contract administration and applicable Legal Review and Other Application fees	Initial deposit of 100 percent of estimated costs due upon application plus 25% for contract administration, and applicable Legal Review and Other Application fees

* Reflects total estimated cost of providing the service unless noted with a +

Fee Title	Current Fee	Fee Proposed for FY 2017	Fee Proposed for FY 2018 *
Environmental Document: <i>Note: 100 percent of processing costs will be recovered plus any other entitlements necessary to complete the project, whether indicated as 100 percent cost recovery in this schedule or not</i>	NEW	\$5,000 initial deposit plus any applicable Other Application fees.	\$5,000 initial deposit plus any applicable Other Application fees.
Mitigation Monitoring - Environmental Impact Report <i>Note: 100 percent of processing costs will be recovered, including any charges for specialized consultants.</i>	\$3,671 initial deposit plus applicable Other Application fees	\$3,671.00 initial deposit plus applicable Legal Review and Other Application fees	\$3,671.00 initial deposit plus applicable Legal Review and Other Application fees
Mitigation Monitoring - Mitigated Negative Declaration <i>Note: 100 percent of processing costs will be recovered, including any charges for specialized consultants.</i>	\$1,224 initial deposit plus applicable Other Application fees	\$1,224 initial deposit plus applicable Legal Review and Other Application fees	\$1,224 initial deposit plus applicable Legal Review and Other Application fees
Historic Resource			
Demolition Application for Historic Buildings	\$2,472 plus applicable Other Application fees	\$1,001	\$1,001
Historic Resource Review - Major Project	\$3,241 plus applicable Other Application fees	\$1,502 plus any applicable Other Application fees	\$1,502 plus any applicable Other Application fees
Historic Resource Review - Minor Project (Staff Review)	\$684 plus applicable Other Application fees	\$855 plus any applicable Other Application fees	\$1,001 plus any applicable Other Application fees
Historic Resource Review of Individual Review Application	\$1,986 plus Individual Review fees and applicable Other Application fees	\$250 plus Individual Review fees and applicable Other Application fees	\$250 plus Individual Review fees and applicable Other Application fees
Mills Act Contract - Establish or Withdraw <i>Note: 100 percent of processing and legal costs will be recovered.</i>	\$1,835 initial deposit plus Legal Review fees and applicable Other Application fees	\$1,835 initial deposit plus any applicable Other Application fees	\$1,835 initial deposit plus any applicable Other Application fees
Transfer of Development Rights Projects <i>Note: 100 percent of processing costs will be recovered plus any Environmental Impact Assessment and any other entitlements necessary to complete the project, whether indicated as 100 percent cost recovery in this schedule or not</i>	\$611 initial deposit plus Legal Review fees	\$611 initial deposit plus any applicable Other Application fees	\$611 initial deposit plus any applicable Other Application fees
Williamson Act Contract - Establish or Withdraw <i>Note: 100 percent of processing and legal costs will be recovered plus any Environmental Impact Assessment and any other entitlements necessary to complete the project, whether indicated as 100 percent cost recovery in this schedule or not</i>	\$1,929 initial deposit plus Legal Review fees and applicable Other Application fees	\$1,929 initial deposit plus any applicable Other Application fees	\$1,929 initial deposit plus any applicable Other Application fees

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Fee Title	Current Fee	Fee Proposed for FY 2017	Fee Proposed for FY 2018 *
Individual Review			
Expansion of Existing Two-Story greater than 150 sq. ft.	\$2,878 plus applicable Other Application fees and any other entitlements necessary to complete the project, including historic review	\$4,310 plus applicable Other Application fees and any other entitlements necessary to complete the project, including historic review	\$5,641 plus applicable Other Application fees and any other entitlements necessary to complete the project, including historic review
Individual Review - Minor Revisions to Approved Projects	\$1,65 plus cost of notices	\$2,320 plus cost of notices	\$2,931 plus cost of notices
New Two-Story Addition or New Two-Story Home	\$4,166 plus applicable Other Application fees and any other entitlements necessary to complete the project, including historic review	\$5,679 plus applicable Other Application fees and any other entitlements necessary to complete the project, including historic review	\$7,046 plus applicable Other Application fees and any other entitlements necessary to complete the project, including historic review
Preliminary Individual Review with Architect	\$112	\$245	\$375
Legal Review Fees			
Legal Review for Additional hearings <i>Note: Legal review fees cover up to 3 public hearings. Additional hearings are charged at 1/3 of the applicable fee.</i>	NEW	Additional hearings are charged at 1/3 of the applicable fee.	Additional hearings are charged at 1/3 of the applicable fee.
Appeal of Planning & Transportation Committee, Architectural Review Board, City Council, or Administrative Decision Appeal costs exceeding appeals filing fee <i>Note: Appeal costs exceeding appeals filing fee will be fully cost recovered from project applicant.</i>	\$280	\$280	\$280
Legal Review - Appeal to City Council	NEW	\$3,457	\$6,914
Legal Review ARB Major	NEW	\$2,606	\$5,211
Legal Review (legislative review, zone change, plan amendment, etc.)	NEW	\$5,003	\$10,006
Legal Review Complex Projects over 50,000 sq. ft. <i>Note: 100 percent of legal services and costs incurred relating to complex matters requiring specialized legal services or documents will be recovered.</i>	\$1,680.00 initial deposit	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Comprehensive Plan Change	\$1,121.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Demolition Application for Historic Buildings	\$1,680.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Development Agreement <i>Note: 100 percent of legal services and costs incurred will be recovered.</i>	\$5,603.00 initial deposit	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Development Agreement - Annual Review	\$840.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Development Projects Preliminary Review	\$840.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Environmental	NEW	\$4,720	\$9,439
Legal Review Environmental Impact Report	\$2,241.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.

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Fee Title	Current Fee	Fee Proposed for FY 2017	Fee Proposed for FY 2018 *
Legal Review Historic Resource - Major Project	\$1,121.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Major Subdivision - Tentative Map	\$2,241.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Mills Act Contract - Establish or Withdraw	\$2,241.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Minor Subdivision - Preliminary Parcel Map	\$560.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Minor Subdivision - Preliminary Parcel Map with Exception	\$1,121.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Mitigation Monitoring - Environmental Impact Report	\$1,121.00	\$500	\$500
Legal Review Mitigation Monitoring - Mitigated Negative Declaration	\$560.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Non-conforming Use Exception	\$1,121.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Planned Community Zone Change	\$2,241.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Planned Community Zone Change - Minor Change	\$840.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Site and Design Fee	\$1401.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Variance - Commercial & Manufacturing	\$840.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Williamson Act Contract - Establish or Withdraw	\$1,680.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Zone Change - Regular	\$1,401.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.
Legal Review Transfer of Development Rights Projects	\$1,121.00	Delete. Incorporated in another fee.	Delete. Incorporated in another fee.

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Fee Title	Current Fee	Fee Proposed for FY 2017	Fee Proposed for FY 2018 *
Other Application Fees			
Public Noticing - 150 ft. Radius <i>Note: If noticing is required. Covers cost of up to three rounds of noticing.</i>	\$125 per occurrence	\$484	\$529
Public Noticing - 600 ft. Radius <i>Note: If noticing is required. Covers cost of up to three rounds of noticing.</i>	\$697 per occurrence	\$825	\$927
Public Noticing beyond 600 ft. Radius <i>Note: If noticing is required</i>	NEW	\$931	\$1,236
Record Management Fee	\$26 per file	\$26 per file	\$26 per file
Recording Fee with County	County cost of recording, if required	County cost of recording, if required	County cost of recording, if required
Records Retention	\$4.00 per plan sheet	\$4.00 per plan sheet	\$4.00 per plan sheet
Technology Enhancements	\$20 per application	Delete. Replaced by Citywide Tech Fee	Delete. Replaced by Citywide Tech Fee
Pre-screening fee <i>Note: All costs will be recovered for the prescreening of applicants proposing rezoning, zoning text amendments, development agreements, Comp Plan amendments, or specific plans</i>	NEW	\$3,000 initial deposit plus any applicable Legal Review and Other Application fees	\$3,000 initial deposit plus any applicable Legal Review and Other Application fees
Planning Compliance Fee <i>Note: 100 percent of processing costs will be recovered plus any Environmental Impact Assessment and any other entitlements necessary to complete the project, whether indicated as 100 percent cost recovery in this schedule or not</i>	NEW	Initial deposit equal to 3 hrs of applicable staff rate	Initial deposit equal to 3 hrs of applicable staff rate
Contract Administration <i>Note: 25% Contract Administration and project management costs are in addition to direct cost of consultant services and will be charged to deposit-based fees</i>	NEW	25% of direct cost	25% of direct cost
Site & Design			
<i>Note: 100 percent of processing and legal costs will be recovered plus any Environmental Impact Assessment and any other entitlements necessary to complete the project, whether indicated as 100 percent cost recovery in this schedule or not.</i>	\$6,118.00 initial deposit plus any Legal Review fees and applicable Other Application fees	\$13,059 initial deposit plus any Legal Review fees and applicable Other Application fees	\$22,523 initial deposit plus any Legal Review fees and applicable Other Application Fees
Subdivision - Five or More Parcels			
Subdivision Final Map <i>Note: 100 percent of processing costs will be recovered plus any Environmental Impact Assessment and any other entitlements necessary to complete the project, whether indicated as 100 percent cost recovery in this schedule or not.</i>	\$3,491.00 plus applicable Other Application fees	\$4,140 plus any applicable Other Application fees	\$4,663 plus any applicable Other Application fees
	\$6,118.00 initial deposit plus Legal Review fees and applicable Other Application fees	\$7,224 initial deposit plus any applicable Other Application fees	\$8,622 initial deposit plus any applicable Other Application fees
Subdivision (Minor)			
Parcel Map	\$1,116.00 plus applicable Other Application fees	\$2,527 plus any applicable Other Application fees	\$3,899 plus any applicable Other Application fees
Preliminary Parcel Map, Minor	\$2,711.00 plus Legal Review fees and applicable Other Application fees plus Environmental Impact Assessment fees	\$3,738 plus any applicable Other Application fees and Environmental Impact Assessment fees	\$4,671 plus any applicable Other Application fees and Environmental Impact Assessment fees
Subdivision (Minor) with Exceptions			
Parcel Map, Minor with Exception	\$1,296.00 plus applicable Other Application fees	\$2,098 plus any applicable Other Application fees	\$2,855 plus any applicable Other Application fees

* Reflects total estimated cost of providing the service unless noted with a +

Fee Title	Current Fee	Fee Proposed for FY 2017	Fee Proposed for FY 2018 *
Preliminary Parcel Map, Minor with Exception	\$5,351.00 plus Legal Review fees and applicable Other Application fees plus Environmental Impact Assessment fees	\$6,464 plus any applicable Other Application fees and Environmental Impact Assessment fees	\$7,388 plus any applicable Other Application fees and Environmental Impact Assessment fees
Subscriptions			
Board or Commission Agendas	\$112 annually per board or commission	\$112 annually per board or commission	\$112 annually per board or commission
Board or Commission Minutes	\$224 annually per board or commission	\$224 annually per board or commission	\$224 annually per board or commission

* Reflects total estimated cost of providing the service unless noted with a +

Fee Title	Current Fee	Fee Proposed for FY 2017	Fee Proposed for FY 2018 *
Use Permit			
Day Care Center	\$186 plus applicable Other Application fees plus Environmental Impact Assessment fees	\$992 plus any applicable Other Application fees plus Environmental Document fees	+ \$1,793 plus any applicable Other Application fees plus Environmental Document fees
Minor Change to Existing	\$996 plus applicable Other Application fees	Delete	Delete
Regular Use Permit	\$3,936 plus applicable Other Application fees plus Environmental Impact Assessment fees	Delete	Delete
Temporary Use Permit - Minor <i>Note: Does not include hearing.</i>	\$197 plus applicable Other Application fees	\$674 plus any applicable Other Application fees	\$1,143 plus any applicable Other Application fees
Conditional Use Permit - Director level	NEW	\$4,914 plus any applicable Other Application fees	\$5,754 plus any applicable Other Application fees
Conditional Use Permit - additional upon hearing request	NEW	\$4,650 plus any applicable Other Application fees	\$9,645 plus any applicable Other Application fees
Use Permit for Alcoholic Beverage Service Only	\$996.00 plus applicable Other Application fees	Delete	Delete
Wireless Facilities <i>Note: 100 percent of costs will be recovered.</i>	\$3,921.00 initial deposit plus Legal Review fees, Entitlement, and Other Application fees	Delete	Delete
Wireless - Tier 1: Minor AR	NEW	\$2,672 plus any applicable Other Application fees	\$2,672 plus any applicable Other Application fees
Wireless - Tier 2: Conditional Use Permit	NEW	\$5,754 plus any applicable Other Application fees	\$5,754 plus any applicable Other Application fees
Wireless - Tier 3: Major ARB	NEW	\$6,109 plus any applicable Other Application fees	\$6,109 plus any applicable Other Application fees
Variance			
Commercial & Manufacturing Variance	\$5,323.00 plus Legal Review fees and applicable Other Application fees plus Environmental Impact Assessment fees	Delete	Delete
Variance - Director's level	NEW	\$3,144 plus any applicable Other Application fees	\$3,675 plus any applicable Other Application fees
Variance - additional upon hearing	NEW	\$4,823	\$9,645
Fence Variance	\$1,236 plus applicable Other Application fees	Delete	Delete
Residential Variance	\$2,524 plus applicable Other Application fees	Delete	Delete
Zone Change			
Planned Community Zone Change <i>Note: 100 percent of processing and legal costs will be recovered</i>	\$7,341 initial deposit plus Legal Review fees	\$7,341 initial deposit	\$7,341.00 initial deposit
Planned Community Zone Change - Minor Change <i>Note: 100 percent of processing and legal costs will be recovered</i>	\$1,500 plus Legal Review fees and applicable Other Application fees	\$1,500 initial deposit	\$1,500 initial deposit
Zone Change Regular <i>Note: 100 percent of processing and legal costs will be recovered</i>	\$6,118 initial deposit plus Legal Review fees	\$6,118 initial deposit	\$6,118 initial deposit

* Reflects total estimated cost of providing the service unless noted with a +

Hourly staff recovery rates

Staff Rates	Current Hourly Rate	Proposed for FY 2017	Proposed for FY 2018
Administrative Assistant	\$90.93	\$114.22	\$130.87
Administrative Associate I	\$84.72	\$101.69	\$112.19
Administrative Associate II	\$88.91	\$109.79	\$123.62
Administrative Associate III	\$92.70	\$116.53	\$132.50
Assistant Director Planning & Community Environment	\$158.09	\$233.39	\$292.56
Associate Engineer	NEW	\$144.90	\$177.57
Associate Planner	\$108.26	\$139.58	\$161.83
Building/Planning Technician	\$94.65	\$121.82	\$130.12
Business Analyst	NEW	\$150.00	\$188.78
Chief Planning Official	\$139.57	\$206.67	\$260.15
Chief Transportation Official	\$139.57	\$189.53	\$227.16
City Legal Counsel	\$206.77	\$248.41	\$273.64
Code Enforcement Officer	\$104.35	\$135.95	\$158.53
Code Enforcement Lead	NEW	\$150.56	\$175.56
Coordinator Transit Management Systems	NEW	\$149.04	\$160.38
Director of Planning and Community Environment	\$182.45	\$258.32	\$316.95
Management Analyst	NEW	\$143.87	\$168.48
Planning Manager	\$125.82	\$171.70	\$205.91
Planner	\$113.23	\$146.44	\$169.62
Project Engineer	NEW	\$163.53	\$208.21
Senior Assistant City Attorney	\$171.78	DELETE	DELETE
Senior Management Analyst	NEW	\$168.09	\$195.46
Senior Planner	\$125.17	\$168.09	\$195.61

The City of Palo Alto Report – User Fee Study



Capital Accounting Partners, LLC
January 2016

CONTENTS

- Introduction And Scope 3
- Summary of Costing Methodologies..... 3
 - Driver Based Costing Models 3
- Summary of Results 7
 - Summary of Results 7
 - Actual Revenues vs. Projections of Revenues..... 7
- Calculating Productive Hourly Rates..... 7
- Results for the Planning and Community Environment Department..... 8
 - Summary 8
 - General Observations of PCE 9
 - Cost of Consultants 11
 - Appeals:..... 11
 - Services for Individual Homeowners: 11
- Comparison Review 12
 - Planning Fee Comparisons 13
- Observations and Recommendations 14
 - General Observations 14
 - Adjusting the Fee Schedule..... 14
- Section V: Planning Fee Table 15

INTRODUCTION AND SCOPE

As part of its effort to manage its financial resources wisely, the City of Palo Alto engaged Capital Accounting Partners to prepare a detailed cost analysis of some Planning and Community Environment (PCE) Department and Development Services user fees. The City's objectives for the study were to ensure that the City is fully accounting for all of its costs and recovering adequate revenues to reimburse the City for its expenses.

The scope of this study included the following:

- Reviewing the Planning and Development Services current fee schedules;
- Interviewing key City staff from relevant departments;
- Calculating the total cost of fee generating services;
- Analyzing cost recovery levels for fee generating services;
- Developing costing models that reflect the most update organizational structure;
- Reviewing the results with staff;
- Surveying other cities;
- Developing a fee schedule that fully accounts for the large range of services that Planning and Development Services provide; and
- Providing recommendations or methodologies on how to adjust fees annually.

The process used for collecting and analyzing the data required active participation by the City's management and staff. We want to take this opportunity to recognize their participation, time, and effort to collect the data and discuss the analysis, results, and recommendations.

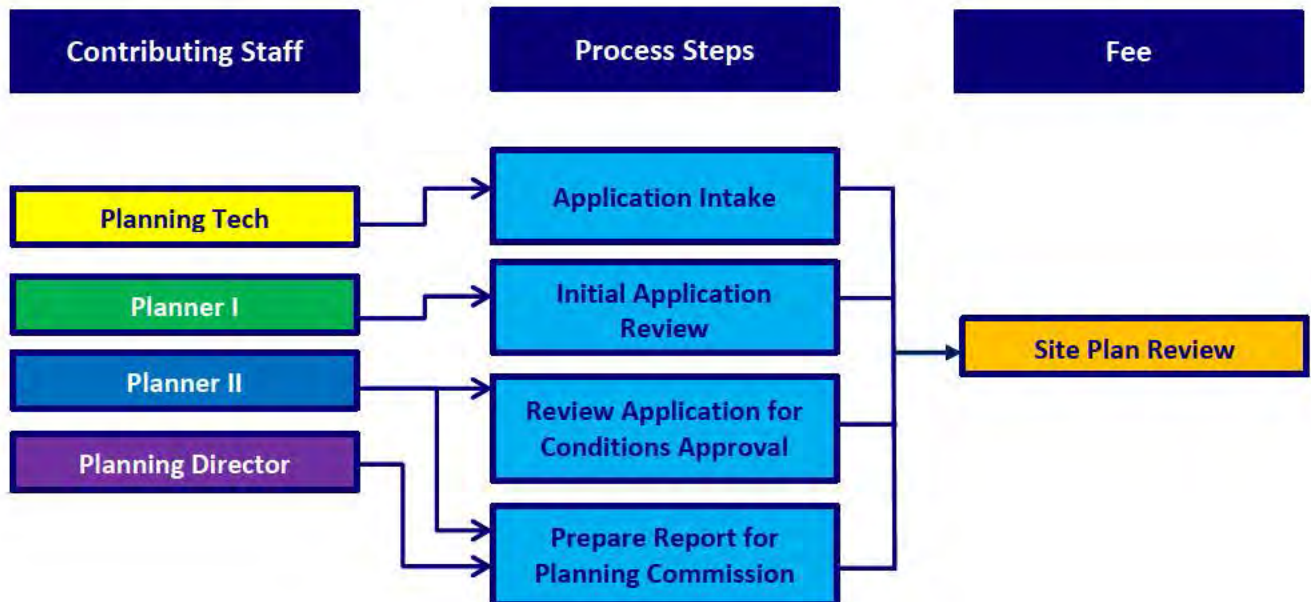
Note: since the analytical phase of this study was completed, Development Services engaged Capital Accounting Partners to conduct a more thorough and detailed studies of its cost and revenues. The results of which will be addressed at a later time and in preparation to the department becoming an enterprise fund.

SUMMARY OF COSTING METHODOLOGIES

DRIVER BASED COSTING MODELS

Developing driver based costing models is a detailed and robust method of calculating the cost of a specific service. It is based on the principles of activity based costing so it seeks to understand cost at an operational level. This means it relies on understanding the time staff invests in core business processes to provide fee and non-fee services. This provides the ability to understand staff time and cost as each staff position participates in providing fee services. Graphically, the following figure illustrates this methodology.

Hypothetical Illustration of a Drive Based Costing Model



Step 1: Collect Data – This first step involves discussions with staff to identify those positions within each department that provide and support direct services. It also involves collecting departmental budget and expenditure data, identifying the salary and benefits for each position, and identifying non-personnel expenditures, as well as any departmental and City wide overhead. Specifically, the steps involve the following:

- **Identifying staff positions** – This includes identifying both position titles and names.
- **Calculating the number of productive hours** – For each position, vacation time, sick leave, paid holidays, professional development (training), routine staff meetings, and daily work breaks are deducted from the standard 2,080 annual hours. The result is a range of hours available for each position on an annual basis. This range is typically 1,400 to 1,600 hours. Factors that influence this range are length of service with the jurisdiction and local policies for holiday and personal leave time.
- **Identifying and allocating non-personnel costs** – Costs for materials and supplies are allocated to the salary and benefits for each position.
- **Assigning any other expenses that are budgeted in other areas** – There are often expenses that should be included with the total cost of services. Examples of such costs might include amortized capital expenses for vehicles and technology.

- **Identifying core business processes or activities** – This step also involves discussions with staff to understand, at an operational level, the work of the operating unit. Core business processes used to provide services are identified and then defined by the tasks that are involved. Processes are also organized by direct and indirect categories:
- **Direct processes and activities** – Those processes that directly contribute to the processing of an application or permit are first identified. Examples of a direct activity are electrical building inspection, application intake, and pre-application review.
- **Indirect processes and activities** – Those processes that support, but do not directly apply to the processing of a specific application or permit. An example of an indirect activity is customer service or staff training to maintain certifications. Most jurisdictions highly value customer service, but it is difficult to assign a specific cost or unit of time to an individual service.

Step 2: Building cost structures – This second step involves significant interaction with staff and the development of time estimates for both direct and indirect processes in each department. Specifically, this step is at the core of the analysis. There are four processes that comprise this step:

- **Gathering time estimates for direct processes** – By interviewing staff in individual and group meetings, an estimate of time was assigned to each service by the process that is indicated. For example, in processing planning fees the following specific steps are involved in the processing of these fees:
 - Application intake;
 - Application completion review; and
 - Application processing which may include the activities of reviewing applications for code conformance, preparing CEQA documents and staff reports, attending public hearings, and developing conditions of approval.

In this analysis, staff time is estimated and assigned to each step. The sum of all the process steps is the total time that is required to provide that specific service.

- **Assigning indirect and annual process time** – An annual time estimate is gathered from staff for those indirect or support processes in which they are involved. These may include activities such as program administration, customer service, and department administration. These costs are allocated to all services proportionately to all services provided by the department.
- **Calculating fully loaded hourly rates and the cost of service** – Once the total time for each direct and indirect service is estimated, the cost of service is calculated by using the fully loaded hourly rates for each staff member or position that is involved with the service. The fully loaded hourly rate for each employee is based on the employee's salary and benefit costs plus a share of non-personnel and City overhead costs divided by the employee's available work hours (i.e. 2,080 hours minus all leave hours). Thus, the direct and indirect cost by activity also includes departmental and citywide overhead as well as non-labor costs. The source of City indirect costs and non-personnel costs is from the annual budget or cost allocation that has been established by the City.
- **Gathering activity or volume data** – A critical element in the analysis is the number of times a given service is provided on an annual basis. This is critical data for three reasons:
 - It allows a calculated projection of current revenue based on current prices. This is compared with actual revenue to see if there is a close match as the data should match.
 - It allows for a calculated projection of revenue at full cost. This is compared to actual expenditures to see if there is a close match as the data should match.

- It allows for a calculation of total hours consumed. Hours consumed must closely match actual hours available.

If any of the three calculations do not approximate actual numbers, then time estimates and/or volume data need to be re-evaluated. These are critical quality checks for costing accuracy.

Step 3: Calculating the full cost of services – This third step calculates the full cost of service for each direct service in a department. In the previous step, the cost of service was calculated for each direct and indirect service. In this step, the cost layers are brought together to establish the full cost of service for a specific direct service, program, or activity. As previously mentioned the cost of each direct service is calculated. To determine the full cost of service, the cost of indirect services is allocated to each direct service. The indirect services costs are allocated to each direct service based on each direct services proportion of labor spent processing each permit and application. By summing the direct and allocated indirect costs and multiplying that by the activity data, a total cost of service is calculated for both an individual service and the operating unit as a whole.

The following figure illustrates an example of these calculations.

Hypothetical Illustration of Calculating the Cost of a Single Fee (service)

Application or Fee Title	Assigning Staff Cost and Time				Totals
	Community Development Director	Planning Manager	Associate Planner	Executive Assistant	
<i>Signing Programs (Five or More Signs)</i>					
Pre-submittal meeting		0.5	0.5		1
Land Use Application Intake		0.25	0.25	0.25	0.75
Application Review		1	6.5		7.5
Development Review Committee (DRC)		0.5	2		2.5
Prepare for decision	0.5	1.25	5	1	7.75
Public hearing	0.33	0.33	2	0.33	2.99
Plan Check of accepted plans – post entitlement			1.25	0.5	1.75
Total Time by Position	0.83	3.83	17.50	2.08	24.24
Calculated Full Loaded Hourly Rate	203.67	183.96	152.38	128.66	
Total Direct Cost by Position	169	705	2,667	268	3,808
Total support or indirect costs assigned					\$ 574
Total Cost Assigned					\$ 4,382

Step 4: Set fees

Based on any new, existing, or revised cost recovery policies, the recommended fees can be established. The recommended fees will be established based on City staff recommendations and Council discussion in the future. The fee analyses in this report are based on full cost recovery.

SUMMARY OF RESULTS

SUMMARY OF RESULTS

In general, our results show significant opportunity for additional cost recovery. Given that this is the first formal review of fees in many years, we would expect this. Our general recommendation is that user fees be updated annually but then a robust review be completed every 3-5 years. We find that changes in regulations, operating procedures and staffing can change significantly during this time frame.

ACTUAL REVENUES VS. PROJECTIONS OF REVENUES

One of our checks for quality data is to compare our projections of revenues against actual revenues. Our projections of revenues are based on a simple formula: *# of times a fee is processed X the current price of that fee*. Since we were doing the analysis mid-way through the fiscal year we were using actual activity data based on the first six months and extrapolating out for twelve months. However, it should be noted that we use the projections of activity data for two reasons:

1. Predict annual revenue at the full cost of services; and
2. To make sure we fully account for staff time.

CALCULATING PRODUCTIVE HOURLY RATES

The calculation of productive hourly rates is central to our methodology. Costs incorporated in these rates include:

1. All salary costs;
2. All benefits costs;
3. Prorated non personnel costs such as services and supplies;
4. Department & division administration (includes cost to administer and manage the department and specific divisions such as current planning, long range planning, etc);
5. City overhead costs; and
6. Other services such as customer service that is specific to planning applications.

The calculation of productive hours includes reduction in annual hours for:

7. Personnel leave such as vacation or personal leave time;
8. Sick leave;
9. Paid Holidays; and
10. Training and routine staff meetings.

When productive hours are calculated in this way, we typically see 1400 – 1600 productive hours on an annual basis.

RESULTS FOR THE PLANNING AND COMMUNITY ENVIRONMENT DEPARTMENT

The Planning and Community Environment (PCE) Department provides a breadth of services for the City of Palo Alto. Among these are both current and long range planning, transportation planning and code enforcement. Many of these services are not fee supported nor are they intended to be. For example Transportation and Code Enforcement are not fee support although Transportation may contribute costs to a Current Planning fee. To the extent that a group such as Transportation contributes cost to a Planning fee, these costs were captured. In addition, there are Planning fees that are seldom fully recovered such as Appeal fees. It is highly unlikely that the Department can or should fully recover the cost of Appeals.

The principle objectives for this phase of the project were:

- 1) Calculate the full cost of processing current planning applications; and
- 2) Compare selected fees and projects with designated benchmark cities in the area.

SUMMARY

Based on Fiscal 15 costs, the Current Planning Division is currently under recovering its costs by an estimated \$851,653. These revenues are exclusive to the processing of Current Planning applications and does not represent any projected sources of revenues other than these. As the following chart illustrates, if fees were to be brought to full cost recovery the Division would generate approximately \$1,899,741. This compares with our projection of current revenue of \$1,048,089. As noted above, these projections are based on a simple formula: Total cost assigned to each fee X the number of times the fee is projected to be processes in a year. The results for each fee are then added to arrive at an annual projection of revenue.

Annual Revenue at Full Cost Recovery	Annual Revenue at Current Fee Level	Annual Difference
\$1,899,741	\$1,048,089	(\$851,653)

FNOTE: THESE DATA HAVE BEEN UPDATED TO REFLECT FISCAL 2016 COSTS IN THE REPORT TABLE

There are several reasons why the City is failing to fully recover its cost for processing current planning applications. Among these are:

- 1) Hourly rates that are charged to time & material fees are only sufficient to cover direct labor costs but largely insufficient for materials & services, City overhead, Department or Division overhead, or customer service functions;
- 2) Fees have not been revised for several years and therefore, they have just not kept pace with either regulatory changes or total PCE costs;
- 3) Charging time to deposit accounts by groups external to the basic planning function has not been as thorough as possible; and
- 4) It just takes longer to process applications than current fees reflect.

GENERAL OBSERVATIONS OF PCE

We have observed the complex and demanding nature of the PCE Department. Its services are under high review by both the public and by regulatory authorities and the very nature of this creates challenges. Furthermore, the recent split of Development Services into its own department creates additional challenges as its budget and structure stabilizes. Furthermore, it provides a breadth of services including:

- Current planning;
- Advanced planning;
- Transportation planning;
- Code Enforcement; and
- Building permit review.

While it goes beyond the scope of this project to provide an assessment of the organization and its structure, we do find an opportunity to simplify some of the challenges. (These opportunities may even be minor in the overall challenges facing the PCE.) Our observation is that the split funding of PCE staff with Development Services may be adding to the challenges facing both organizations.

While we understand the logic of split funding staff positions between the two organizations and we also observe continuing discussions on how to improve the split funding methodology. This appears to be the continuing and ongoing process of improving the workflow of the two organizations.

In our view a simpler approach to the split funding of individuals and positions is to setup clear allocations of cost that are simple and verifiable. For example:

Code Enforcement (CE). Instead of split funding CE staff between the two organizations, keep all of them in the PCE but then allocate costs to Development Services based on the number of cases. For example, if the total cost of the CE function is \$500,000 and 10% of the CE cases is related to enforcement of building codes then allocate 10% (\$50,000) to Development Services. This removes the debates over split funding.

Code Compliance. Reviewing construction projects for code compliance and prior approval is an important function of any planning organization. While split funding planning staff between current planning and building & safety organizations is relatively common we have seen other models work that may reduce the challenges.

- Allocate one person or position to this function (at .30 of an FTE) rather than split three positions for this purpose (at .1 FTE each).
- Establish separate fees within the planning fee schedule that captures code compliance costs. This will keep code compliance expenses within PCE as well as revenues.

Customer Service (public counter). In our observation, debates over who pays for the public counter or for customer service are endless. Some agencies say that it is a public benefit so the general fund should pay for all or some of it. Others give it its own cost center and then charge the cost out to supported organizations like PCE and Development Services. When the location of the public counter is on city property the debate is somewhat simplified. The discussion is centered on labor cost. However, when the counter is in a commercial building and rent is paid, then additional costs are involved and how to allocate these costs.

In our view, there is no right or wrong way, nor are there any perfect models for allocating these costs. However, the model that we have seen that creates the least debate is to allow building and safety to manage the function but then assign planning staff on a rotational basis to assist those customers with planning questions. The logic of this model is simple:

- The majority of the customers that come to the counter have issues or concerns with building related functions;
- Counter staff spend comparatively more time with building and safety customers while their support of planning customers is less on a comparative basis, (but not insignificant).
- It is usually easier to pay for the counter from building and safety fees as these tend to keep up with inflation better than planning and/or engineer fees.

In addition, we also observe a smoothness to the operation when counter staff are trained and certified as Permit Technicians and can provide basic plan review services. This speeds the process of plan review and permitting by allowing technicians to do simple plan review, thus freeing more experienced staff to focus on complex projects.

Observations and Considerations in Calculating and Structuring Fee Schedules

Fees are charged when the City provides services that benefit an individual person or organization. For example a commercial developer wants to develop a piece of property. The value of the City's time effort and energy to review the application and issue the permits is primarily received by the developer. In addition, the State of California prohibits the City from charging more than full cost. While the State does not determine what is and is not cost, we take the view that full cost means all direct cost of the application review and/or permitting process, all support costs required to serve the customer (counter time for example), an allocated amount for Departmental administration, and an appropriate allocation of Citywide overhead.

The City currently utilizes a fee structure that is fairly common in the San Francisco Bay area – a combination of both flat fees and time and material (or deposit based) fees that are calculated from billable hourly rates. Every city manages these differently. Some cities in the area utilize 100% time and material fees and others have a balance of both. Our bias is to push cities to adopt flat fees wherever reasonably possible. The reasons for this follow:

- Flat fees are easier to administer. Since deposit accounts do not have to be monitored and adjusted there is far less administrative work involved;
- Flat fees are easier to budget for developers; and
- In our experience, cities that rely on time and material fees exclusively have very poor records of cost recovery. This are two primary reasons for this. 1) Hourly rates seldom capture the full cost (we do not anticipate this being an issue with Palo Alto) and 2) poor time tracking to deposit accounts.

In our analysis of planning fees and modifying the current fee structure we took every opportunity to restructure deposit based fees to flat fees wherever reasonable. This was done in conjunction with staff and planning leadership. In our view of Palo Alto's Planning fees, as we have structured them, is a reasonable balance of the two types. They use flat fees where it is reasonable to do so but still retains the use of deposit based fees for those project that are so complex that a flat fee does not work. In our view, setting deposits do not need to be in compliance with Prop 218 or AG Opinion 92-506 – which state that the final fee must aligned with actual cost. A deposit is just the starting point to establish cost. If cost is less than the deposit then the difference is returned. A deposit is an internal mechanism to

capture an estimate of cost and then time will be charged to the deposit. Therefore, it is our view that the deposit should not be written into resolution, even though most cities do this. In our view, staff need the flexibility to collect a deposit that may be less than or more than what is listed.

The City does however utilize billable or productive hourly rates. As part of our analysis we developed new rates that fully account for all labor costs and costs associated with services and supplies, City overhead, and PCE overhead. In addition, these rates also include costs associated with customer service and program specific administration such as administration of current planning. In summary, we treated each staff position just like an individual user fee and allocated all costs on the same basis.

In setting user fees for planning services there is often more issues to consider than cost recovery. Many communities often struggle with two areas: 1) how to price appeals, and 2) how to price fees and services that are consumed primarily by individuals and individual homeowner.

COST OF CONSULTANTS

The City frequently hires outside consultants for specialty work or to augment staff. We understand that the practice in recovering consultant cost is to pass the direct cost of their time to the applicant. In our view. This under recovers cost to the City. We would recommend adding an overhead amount to the hourly rates charged by consultants, just like actual staff.

APPEALS:

Appeals are often discussed in fee studies and we make every effort to be sensitive to the requirements of the City. However, we have never seen a City intentionally recover full cost of these services. Our observations is the city legal counsel has clear opinions on appeals and this does not typically involve full cost recovery. Therefore, our standard recommendation is to set appeal fees reasonably but not spend significant project resources on calculating their full cost.

SERVICES FOR INDIVIDUAL HOMEOWNERS:

Services and fees that impact individual homeowners are often the source of concern for cities. The question usually comes down to this: should we reduce the price for the fee to something less than full cost? For the services of the City's Current Planning Division these fees would center on the Individual review fees. In our view a city has a limited number of options in setting fees:

1. Charge full cost;
2. Subsidize the cost by lowering the price.

It should be noted that the State of California does not allow subsidizing one fee and then raising another fee above cost to pay for the subsidy. In short, any fee can be priced up to full cost but no more than full cost.

In our view, fees should be set at full cost unless there is a compelling interest to the City to do otherwise. These reasons usually include social and economic considerations.

COMPARISON REVIEW

As part of this analysis, a survey was conducted of comparative fees and projects. We caution the reader about these comparisons. Many communities do not routinely update their fees, and when they do, it might not be based on a thorough analysis of cost. This means the data that we are often comparing is the City's *cost* compared to another city's *price*.

The challenges of fee comparison can be summarized by the following:

- Communities have different policies regarding user fees. Some desire to subsidize their fees while others want to charge full cost.
- Service levels can vary dramatically from one community to the next.
- Service descriptions can be very different.
- Multiple services will be included in one fee for one community but be separated in another community.
- Pricing structures can vary. Some cities will use flat fees, while others will use a combination of deposit accounts with time and material charges. It is not unusual to find cities that publicize deposit fees but never collect anything less or more than the deposit. Nor is it unusual to see cities publicizing deposits but in reality a planner will estimate the deposit and then charge against it for full cost recovery.
- One city can have one Conditional Use Permit (as an example) while another may have several types. Similarly, one city may have one Temporary Use Permit while another may have multiple types that cover a range of potential uses. In addition, some cities may subsidize use permits based on the occupant.

Therefore, comparing one service that is provided by the City of Palo Alto with the same service for a neighboring city can be challenging – at best. We urge caution. We advise looking at trends. Do the trends show high fees, low fees, or fees that are within a reasonable range? In our view, the trends show about what we would expect - fees that are near the upper end of a range but are, on balance, reasonably aligned with its benchmark cities.

The selection of benchmark municipalities was made in conjunction with staff. The selection criteria were primarily municipalities that the City of Palo Alto routinely uses for benchmark purposes.

The following Cities were selected:

- San Mateo;
- Los Gatos;
- Saratoga;
- Mountain View;
- Redwood City; and
- Beverly Hills.

PLANNING FEE COMPARISONS

The following table provides the results of the comparison study.

Planning Fees	Calculated Cost / Deposit	Current Fee/Deposit levels	San Mateo	Los Gatos	Saratoga	Mountain View	Beverly Hills *
AR- Minor Project (staff review only)	\$ 2,849	\$ 1,448	\$2,170 deposit plus actual cost	\$ 1,791	\$2,000 initial deposit, actual cost	\$ 2,315	\$ 561
Subdivision - Parcel Map	\$ 3,776	\$ 1,077	\$719 deposit plus plus actual cost	\$ 7,104	N/A	\$ 1,947	\$ 14,232
Conditional Use Permit - Director level	\$ 5,272	\$ 3,799	\$2,710 deposit plus plus actual cost	\$ 5,074	\$2,000 initial deposit, actual cost	\$ 3,858	\$ 17,227
Temporary Use Permit (TUP)	\$ 999	\$ 190	\$576 deposit plus actual cost	N/A	\$500 initial deposit, actual cost	\$ 368	\$ 5,852
Variance - Directors Level	\$ 3,805	\$ 2,436	\$1,149 deposit plus actual cost	\$ 3,732	\$2,500 initial deposit, actual cost	\$ 2,457	\$ 17,227
Individual Review - New two story residence or addi	\$ 7,866	\$ 4,021	\$2,934 deposit plus actual cost	\$ 4,982	\$3,500 initial deposit, actual cost	N/A	\$ 2,584
N/A - do not issue or nothing comparable.							
* Soon to be adopted fees							

OBSERVATIONS AND RECOMMENDATIONS

GENERAL OBSERVATIONS

We note that the PCE is under recovering their costs. There are several reasons for this:

- 1) Hourly rates may recover the direct cost of individual staff but are not sufficient to recover the full costs associated with each work group;
- 2) Costs for outside consultants are not being marked up to recover department or City overhead; and
- 3) More time is required to process individual permits and applications than previously estimated.

ADJUSTING THE FEE SCHEDULE

We recommend annual adjustments to fees wherever possible. We also recommend a complete review of costs for fee services every three to five years. With the annual update of fees we recommend using a simple CPI type increase that is attached to the City's labor cost. For example, if the labor cost for the City goes up by 2% then adjust each fee by 2%. This is the simplest and most common method of adjusting fees annually. It is our observation that the regulatory requirements change enough within a three to five year time frame that a comprehensive review of costs is then warranted.

We understand that the City's policy is to adjust fees annually based on changes to salaries and benefits. We would affirm this practice and find that those cities that do this, maintain better cost recovery levels over the long term.

SECTION V: PLANNING FEE TABLE



Fee Name	Unit / Notes	Actual Work Volume	Unit Cost Summary					Annual Cost Calculations (Fiscal 15-16)				
			Direct Unit Cost	Indirect Unit Allocated Costs	External Costs	Total Cost Assigned	Update to Fiscal 15-16	Current Fee / Revenue / Deposit	Unit Surcharge or (Subsidy) Based on fiscal 15-16	Annual Revenue at Full Cost Recovery	Annual Revenue at Current Fee Level	Annual Difference
MISCELLANEOUS PROCESSING FEES			3.5%									
Public Notice: 600 foot radius	If noticing is required, per occurrence		\$ 490	\$406		\$896	\$927.31	\$ 673	(\$254)	\$0.00	\$ -	\$0.00
Public Notice: 150 foot radius	If noticing is required		\$ 279	\$231		\$511	\$528.63	\$ 121	(\$408)	\$0.00	\$ -	\$0.00
Record Management Fee	Delete		\$ -	\$0		\$0	\$0.00	\$ 25	\$25	\$0.00	\$ -	\$0.00
Records Retention (microfilming)	Delete		\$ -	\$0		\$0	\$0.00	\$ 4	\$4	\$0.00	\$ -	\$0.00
Recording Fee with the County	At cost		\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
Public Notice beyond 600 foot radius	If noticing is required		\$ 653	\$541		\$1,194	\$1,235.86		(\$1,236)	\$0.00	\$ -	\$0.00
Additional noticing beyond 3			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
Pre-screening fee	Deposit		\$ -	\$0		\$0	\$0.00	\$ 2 500	\$2 500	\$0.00	\$ -	\$0.00
ARCHITECTURAL REVIEW BOARD												
Preliminary Review		14	\$ 2 880	\$2 387		\$5 267	\$5 451.56	\$ 1 204	(\$4 248)	\$76 321.78	\$ 16 856.0	(\$59 465.78)
Minor Project (staff review only) – sign and façade changes only or similar minor changes.			\$ 441	\$366		\$807	\$834.89	\$ 359	(\$476)	\$0.00	\$ -	\$0.00
Minor Project (staff review only)		114	\$ 1,412	\$1,170		\$2,582	\$2,671.97	\$ 1,448	(\$1,224)	\$304,604.51	\$ 165,072.0	(\$139,532.51)
Minor Project - Board Review		10	\$ 3,624	\$3,004		\$6,628	\$6,859.60	\$ 2,896	(\$3,964)	\$68,596.04	\$ 28,960.0	(\$39,636.04)
Major Project	Deposit	16	\$ 5,422	\$4,495		\$9,917	\$10,264.37	\$ 3,712	(\$6,552)	\$164,229.93	\$ 59,392.0	(\$104,837.93)
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
Master sign program			\$ 1 937	\$1 606		\$3 543	\$3 667.15	\$ 359	(\$3 308)	\$0.00	\$ -	\$0.00
Signs (requiring Board review)			\$ 1,844	\$1,529		\$3,373	\$3,491.17	\$ 961	(\$2,530)	\$0.00	\$ -	\$0.00
Signs Erected without Approval	Code Enf penalty		\$ -	\$0		\$0	\$0.00	\$ 1,923	\$1,923	\$0.00	\$ -	\$0.00
Sign Exception			\$ 1,983	\$1,644		\$3,626	\$3,753.05	\$ 1,448	(\$2,305)	\$0.00	\$ -	\$0.00
Design Enhancement Exception (DEE)			\$ 2,929	\$2,428		\$5,357	\$5,544.25	\$ 1,585	(\$3,959)	\$0.00	\$ -	\$0.00
Temporary sign permit (15 days)			\$ 81	\$67		\$149	\$154.04	\$ 61	(\$93)	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
ENVIRONMENTAL ASSESSMENT												
Environmental Impact Assessment (EIA) mitigated/negative declaration	Consult cost plus mgt fee		\$ -	\$0		\$0	\$0.00	\$ 1,738	\$1 738	\$0.00	\$ -	\$0.00
Environmental Impact Assessment (EIA)	Delete		\$ -	\$0		\$0	\$0.00	\$ 3,309	\$3,309	\$0.00	\$ -	\$0.00
CEQA Categorical Exemption			\$ 238	\$198		\$436	\$451.04	\$ 324	(\$127)	\$0.00	\$ -	\$0.00
Environmental Impact Report (E R)	Deposit (100% of Estimated Costs) plus 25% for project mgt and overhead		\$ 1,322	\$1,096		\$ 2,418	\$2,502.43		(\$2,502)	\$0.00	\$ -	\$0.00
Environmental Impact Report (E R) Legal Review	Delete		\$ 264	\$219		\$484	\$500.49	\$ 2,163	\$1,663	\$0.00	\$ -	\$0.00
Mitigation Monitoring (MND)	Deposit		\$ -	\$0		\$0	\$0.00	\$ 1 181	\$1,181	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00	\$ 541	\$541	\$0.00	\$ -	\$0.00
Mitigation Monitoring (EIR)	Deposit		\$ -	\$0		\$0	\$0.00	\$ 3,543	\$3,543	\$0.00	\$ -	\$0.00
Mitigation Monitoring (EIR) Legal review			\$ 264	\$219		\$484	\$500.49	\$ 1,082	\$582	\$0.00	\$ -	\$0.00
Legal review - categorical exception class 32 and mitigated/negative declaration	Delete		\$ 529	\$438		\$967	\$1 000.97		(\$1 001)	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
HISTORIC												
Demolition of Historic Building			\$ 529	\$438		\$967	\$1,000.97	\$ 2,386	\$1,385	\$0.00	\$ -	\$0.00
Demolition of Historic Building Legal Review	Delete		\$ -	\$0		\$0	\$0.00	\$ 1,622	\$1,622	\$0.00	\$ -	\$0.00
Major Project		2	\$ 793	\$658		\$1,451	\$1,501.46	\$ 3,128	\$1,627	\$3,002.92	\$ 6,256.0	\$3,253.08
Major Project Legal Review	Delete	6	\$ -	\$0		\$0	\$0.00	\$ 1,082	\$1,082	\$0.00	\$ 6,492.0	\$6,492.00
Minor Project requiring staff level review		8	\$ 529	\$438		\$967	\$1,000.97	\$ 660	(\$341)	\$8,007.79	\$ 5,280.0	(\$2,727.79)
Historic Review of Individual Review Application			\$ 132	\$110		\$242	\$250.24	\$ 1 917	\$1 667	\$0.00	\$ -	\$0.00
Floor Area Bonus and/or Transfer of Development Rights (TDR)	Deposit		\$ -	\$0		\$0	\$0.00	\$ 590	\$590	\$0.00	\$ -	\$0.00
Floor Area Bonus and/or Transfer of Development Rights (TDR)	Delete		\$ -	\$0		\$0	\$0.00	\$ 1 082	\$1,082	\$0.00	\$ -	\$0.00
Minor project requiring Historic Board review	???		\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00



Fee Name	Unit / Notes	Actual Work Volume	Unit Cost Summary					Annual Cost Calculations (Fiscal 15 16)				
			Direct Unit Cost	Indirect Unit Allocated Costs	External Costs	Total Cost Assigned	Update to Fiscal 15-16	Current Fee / Revenue / Deposit	Unit Surcharge or (Subsidy) Based on fiscal 15-16	Annual Revenue at Full Cost Recovery	Annual Revenue at Current Fee Level	Annual Difference
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
SITE AND DESIGN												
Site and Design - Major	Deposit	6	\$ 11,898	\$9,863		\$21,761	\$22,522.91	\$ 5,905	(\$16,618)	\$135,137.44	\$ 35,430.0	(\$99,707.44)
Site and Design - Major Legal Review	Delete		\$ 529	\$438		\$967	\$1,000.97	\$ 1,352	\$351	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
SUBDIVISION												
Preliminary Parcel Map			\$ 2,468	\$2,046		\$4,513	\$4,671.01	\$ 2,617	(\$2,054)	\$0.00	\$ -	\$0.00
Preliminary Parcel Map Legal Review	Delete		\$ -	\$0		\$0	\$0.00	\$ 541	\$541	\$0.00	\$ -	\$0.00
Preliminary Parcel Map w/Exception			\$ 3,903	\$3,235		\$7,138	\$7,387.54	\$ 5,165	(\$2,223)	\$0.00	\$ -	\$0.00
Preliminary Parcel Map w/Exception Legal Review	Delete		\$ -	\$0		\$0	\$0.00	\$ 1,082	\$1,082	\$0.00	\$ -	\$0.00
Parcel Map		8	\$ 2,059	\$1,707		\$3,767	\$3,898.51	\$ 1,077	(\$2,822)	\$31,188.12	\$ 8,616.0	(\$22,572.12)
Parcel Map w/ Exception			\$ 1,508	\$1,250		\$2,758	\$2,854.46	\$ 1,251	(\$1,603)	\$0.00	\$ -	\$0.00
Tentative Map	Deposit	2	\$ 4,555	\$3,776		\$8,330	\$8,621.90	\$ 5,905	(\$2,717)	\$0.00	\$ 11,810.0	\$11,810.00
Tentative Map Legal Review	Delete		\$ 529	\$438		\$967	\$1,000.97	\$ 2,163	\$1,162	\$0.00	\$ -	\$0.00
Final Map of Five or More Parcels		2	\$ 2,464	\$2,042		\$4,506	\$4,663.52	\$ 3,370	(\$1,294)	\$0.00	\$ 6,740.0	\$6,740.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
ZONING ADMINISTRATOR												
Conditional Use Permit (CUP) - Director level		18	\$ 3,039	\$2,519		\$5,559	\$5,753.10		(\$5,753)	\$103,555.80	\$ -	(\$103,555.80)
Conditional Use Permit (CUP) additional upon hearing request			\$ 5,095	\$4,224		\$9,319	\$9,644.84	\$ 3,799	(\$5,846)	\$0.00	\$ -	\$0.00
CUP – Wireless Facilities	Delete		\$ 4,239	\$3,514		\$7,754	\$8,025.09	\$ 3,785	(\$4,240)	\$0.00	\$ -	\$0.00
CUP – Use Permit for alcoholic beverage service only	Delete		\$ 1,702	\$1,411		\$3,113	\$3,221.81	\$ 961	(\$2,261)	\$0.00	\$ -	\$0.00
CUP – Minor Change to Existing CUP	Delete		\$ 1,438	\$1,192		\$2,629	\$2,721.33	\$ 961	(\$1,760)	\$0.00	\$ -	\$0.00
CUP - Day Care Center (50% of CUP)			\$ 1,894	\$1,570		\$3,465	\$3,586.05	\$ 180	(\$3,406)	\$0.00	\$ -	\$0.00
Temporary Use Permit (TUP)	No hearing option	10	\$ 604	\$501		\$1,104	\$1,143.04	\$ 190	(\$953)	\$11,430.37	\$ 1,900.0	(\$9,530.37)
Variance - directors level		6	\$ 1,942	\$1,610		\$3,551	\$3,675.67	\$ 2,436	(\$1,240)	\$22,054.00	\$ 14,616.0	(\$7,438.00)
Nonresidential Variance	Delete		\$ 1,343	\$1,114		\$2,457	\$2,542.97	\$ 5,138	\$2,595	\$0.00	\$ -	\$0.00
Nonresidential Variance Legal Review	Delete		\$ -	\$0		\$0	\$0.00	\$ 811	\$811	\$0.00	\$ -	\$0.00
Variance - additional for hearing			\$ 5,095	\$4,224		\$9,319	\$9,644.84	\$ 1,193	(\$8,452)	\$0.00	\$ -	\$0.00
Home Improvement Exception (H E)		6	\$ 1,642	\$1,361		\$3,004	\$3,108.84	\$ 961	(\$2,148)	\$18,653.06	\$ 5,766.0	(\$12,887.06)
Preliminary Review meeting with Architect		124	\$ 118	\$98	146.8	\$362	\$374.89	\$ 108	(\$267)	\$46,486.55	\$ 13,392.0	(\$33,094.55)
Individual Review Minor Revisions to approved projects		44	\$ 1,548	\$1,284		\$2,832	\$2,931.13	\$ 1,595	(\$1,336)	\$128,969.91	\$ 70,180.0	(\$58,789.91)
Individual Review - New Two Story Residence or addition to existing one story		44	\$ 3,723	\$3,086		\$6,808	\$7,046.66	\$ 4,021	(\$3,026)	\$310,052.92	\$ 176,924.0	(\$133,128.92)
Individual Review - Second Story expansion >150 s.f.			\$ 2,980	\$2,470		\$5,450	\$5,641.06	\$ 2,778	(\$2,863)	\$0.00	\$ -	\$0.00
Neighborhood Preservation Zone Exception			\$ 2,820	\$2,338		\$5,157	\$5,337.79	\$ 2,224	(\$3,114)	\$0.00	\$ -	\$0.00
If a directors hearing is requested (additional)	Per hearing		\$ 1,253	\$1,039		\$2,292	\$2,372.39		(\$2,372)	\$0.00	\$ -	\$0.00
Wireless - Tier 1: Minor AR			\$ 1,412	\$1,170		\$2,582	\$2,671.97		(\$2,672)	\$0.00	\$ -	\$0.00
Wireless - Tier 2: Conditional Use Permit			\$ 3,039	\$2,519		\$5,559	\$5,753.10		(\$5,753)	\$0.00	\$ -	\$0.00
Wireless - Tier 3: Major ARB			\$ 3,227	\$2,675		\$5,902	\$6,108.87		(\$6,109)	\$0.00	\$ -	\$0.00
OTHER												
All Appeals (File with City Clerk)			\$ -	\$0		\$0	\$0.00	\$ 136	(\$364)	\$0.00	\$ -	\$0.00
All Appeals (File with City Clerk) Legal Review	Delete		\$ -	\$0		\$0	\$0.00	\$ 270	\$270	\$0.00	\$ -	\$0.00
Comprehensive Plan Change (not annual review)	Deposit		\$ -	\$0		\$0	\$0.00	\$ 5,905	\$5,905	\$0.00	\$ -	\$0.00
Comprehensive Plan Change (not annual review) Legal Review	Delete		\$ -	\$0		\$0	\$0.00	\$ 1,082	\$1,082	\$0.00	\$ -	\$0.00
Development Project Preliminary (pre-screening)	Deposit		\$ -	\$0		\$0	\$0.00	\$ 3,543	\$3,543	\$0.00	\$ -	\$0.00
Development Project Preliminary (pre-screening) Legal Review	Delete		\$ -	\$0		\$0	\$0.00	\$ 811	\$811	\$0.00	\$ -	\$0.00
Development Agreement	Deposit		\$ -	\$0		\$0	\$0.00	\$ 6,813	\$6,813	\$0.00	\$ -	\$0.00
Development Agreement Legal Review	Delete		\$ -	\$0		\$0	\$0.00	\$ 5,408	\$5,408	\$0.00	\$ -	\$0.00
Development Agreement Annual Review	Deposit		\$ -	\$0		\$0	\$0.00	\$ 2,385	\$2,385	\$0.00	\$ -	\$0.00
Development Agreement Annual Review Legal Review	Delete		\$ -	\$0		\$0	\$0.00	\$ 811	\$811	\$0.00	\$ -	\$0.00
Planned Community Zone Change	Deposit		\$ -	\$0		\$0	\$0.00	\$ 7,086	\$7,086	\$0.00	\$ -	\$0.00
Planned Community Zone Change Legal Review	Delete		\$ -	\$0		\$0	\$0.00	\$ 2,163	\$2,163	\$0.00	\$ -	\$0.00
Minor Change to Planned Community Zone	Deposit		\$ -	\$0		\$0	\$0.00	\$ 1,448	\$1,448	\$0.00	\$ -	\$0.00
Minor Change to Planned Community Zone Legal Review	Delete		\$ -	\$0		\$0	\$0.00	\$ 811	\$811	\$0.00	\$ -	\$0.00
Zone Change - Regular	Deposit	2	\$ -	\$0		\$0	\$0.00	\$ 5,905	\$5,905	\$0.00	\$ 11,810.0	\$11,810.00
Zone Change - Regular Legal Review	Delete		\$ -	\$0		\$0	\$0.00	\$ 1,352	\$1,352	\$0.00	\$ -	\$0.00
Williamson Act - Establish or Withdraw	Deposit		\$ -	\$0		\$0	\$0.00	\$ 1,862	\$1,862	\$0.00	\$ -	\$0.00
Williamson Act - Establish or Withdraw Legal Review	Delete		\$ -	\$0		\$0	\$0.00	\$ 1,622	\$1,622	\$0.00	\$ -	\$0.00
Mills Act – Establish or Withdraw	Deposit		\$ -	\$0		\$0	\$0.00	\$ 1,771	\$1,771	\$0.00	\$ -	\$0.00
Mills Act – Establish or Withdraw Legal Review	Delete		\$ -	\$0		\$0	\$0.00	\$ 2,163	\$2,163	\$0.00	\$ -	\$0.00



Fee Name	Unit / Notes	Actual Work Volume	Unit Cost Summary				Annual Cost Calculations (Fiscal 15-16)					
			Direct Unit Cost	Indirect Unit Allocated Costs	External Costs	Total Cost Assigned	Update to Fiscal 15-16	Current Fee / Revenue / Deposit	Unit Surcharge or (Subsidy) Based on fiscal 15-16	Annual Revenue at Full Cost Recovery	Annual Revenue at Current Fee Level	Annual Difference
Consult plus project mgt	25% plus direct cost		\$ 100	\$83		\$183	\$189.30		(\$189)	\$0.00	\$ -	\$0.00
DOCUMENTS & GENERAL FEES			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
Administrative extensions and zoning letters	Per hour, 1 hr min		\$ -	\$0		\$0	\$0.00	\$ 162	\$162	\$0.00	\$ -	\$0.00
Property research or research requiring more than 30 minutes	Applicable hourly rate		\$ -	\$0		\$0	\$0.00	\$ 123	\$123	\$0.00	\$ -	\$0.00
Records Retention (microfilming)	Per plan sheet		\$ -	\$0		\$0	\$0.00	\$ 4	\$4	\$0.00	\$ -	\$0.00
Comprehensive Plan	Plus \$4 if mailed		\$ -	\$0		\$0	\$0.00	\$ 87	\$87	\$0.00	\$ -	\$0.00
Zoning Map			\$ -	\$0		\$0	\$0.00	\$ 95	\$95	\$0.00	\$ -	\$0.00
Comprehensive Plan map (200-scale)	Per page, plus \$4 if mailed		\$ -	\$0		\$0	\$0.00	\$ 13	\$13	\$0.00	\$ -	\$0.00
Tree Manual or other bound documents	Plus \$4 if mailed		\$ -	\$0		\$0	\$0.00	\$ 32	\$32	\$0.00	\$ -	\$0.00
Subscription – Agendas (annual)	Per board or commission		\$ -	\$0		\$0	\$0.00	\$ 108	\$108	\$0.00	\$ -	\$0.00
Subscription – Minutes (annual)	Per board or commission		\$ -	\$0		\$0	\$0.00	\$ 216	\$216	\$0.00	\$ -	\$0.00
Copies – Optical Disk	Per page, \$27. min		\$ -	\$0		\$0	\$0.00	\$ 0.50	\$1	\$0.00	\$ -	\$0.00
Photocopies	Per page		\$ -	\$0		\$0	\$0.00	\$ 0.13	\$0	\$0.00	\$ -	\$0.00
Planning compliance fee	Deposit		\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
Long range planning		1	\$ 1,573,500	\$857,569		\$2,431,068	\$2,516,155.83		(\$2,516,156)	\$0.00	\$ -	\$0.00
Comprehensive Plan Implementation		2	\$ -	\$0		\$0	\$0.00	\$ 201,298	\$201,298	\$0.00	\$ 402,596.6	\$402,596.56
Legal review (ARB major)		6	\$ 3,259	\$1,776		\$5,035	\$5,211.54		(\$5,212)	\$31,269.23	\$ -	(\$31,269.23)
Legal review (legislative review, ie zone change, plan amendment, etc)		16	\$ 6,258	\$3,411		\$9,668	\$10,006.67		(\$10,007)	\$160,106.80	\$ -	(\$160,106.80)
Legal review (environmental)		20	\$ 5,903	\$3,217		\$9,120	\$9,439.35		(\$9,439)	\$188,787.05	\$ -	(\$188,787.05)
Note: Legal review fees cover up to 3 public hearings, additional hearings 1/3 of the applicable fee			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
Legal review (appeal to City Council)			\$ 4,323	\$2,356		\$6,680	\$6,913.51		(\$6,914)	\$0.00	\$ -	\$0.00
Productive Hourly Rates By Position			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00
Administrative Assistant			\$ 82	\$45		\$126	\$130.87	\$ 91.96	(\$39)	\$0.00	\$ -	\$0.00
Administrative Associate I			\$ 70	\$38		\$108	\$112.19	\$ 84.01	(\$28)	\$0.00	\$ -	\$0.00
Administrative Associate II			\$ 77	\$42		\$119	\$123.62	\$ 88.14	(\$35)	\$0.00	\$ -	\$0.00
Administrative Associate III			\$ 83	\$45		\$128	\$132.50	\$ 91.87	(\$41)	\$0.00	\$ -	\$0.00
Assistant Director Planning & Community Environment			\$ 183	\$100		\$283	\$292.56	\$ 154.03	(\$139)	\$0.00	\$ -	\$0.00
Associate Engineer			\$ 111	\$61		\$172	\$177.57		(\$178)	\$0.00	\$ -	\$0.00
Associate Planner			\$ 101	\$55		\$156	\$161.83	\$ 107.21	(\$55)	\$0.00	\$ -	\$0.00
Building/Planning Technician			\$ 81	\$44		\$126	\$130.12	\$ 93.79	(\$36)	\$0.00	\$ -	\$0.00
Business Analyst			\$ 118	\$64		\$182	\$188.78		(\$189)	\$0.00	\$ -	\$0.00
Chief Planning Official			\$ 163	\$89		\$251	\$260.15	\$ 136.13	(\$124)	\$0.00	\$ -	\$0.00
Chief Transportation Official			\$ 142	\$77		\$219	\$227.16	\$ 136.13	(\$91)	\$0.00	\$ -	\$0.00
Code Enforcement Officer			\$ 99	\$54		\$153	\$158.53	\$ 103.35	(\$55)	\$0.00	\$ -	\$0.00
Coordinator Transportation System Management			\$ 100	\$55		\$155	\$160.38		(\$160)	\$0.00	\$ -	\$0.00
Director Planning/Community Environment			\$ 198	\$108		\$306	\$316.95	\$ 177.59	(\$139)	\$0.00	\$ -	\$0.00
Management Analyst			\$ 105	\$57		\$163	\$168.48		(\$168)	\$0.00	\$ -	\$0.00
Manager Planning			\$ 129	\$70		\$199	\$205.91	\$ 122.84	(\$83)	\$0.00	\$ -	\$0.00
Planner			\$ 106	\$58		\$164	\$169.62	\$ 112.10	(\$58)	\$0.00	\$ -	\$0.00
Project Engineer			\$ 130	\$71		\$201	\$208.21	\$ 129.17	(\$79)	\$0.00	\$ -	\$0.00
Senior Management Analyst			\$ 122	\$67		\$189	\$195.46		(\$195)	\$0.00	\$ -	\$0.00
Senior Planner			\$ 122	\$67		\$189	\$195.61	\$ 123.87	(\$72)	\$0.00	\$ -	\$0.00
Senior Project Engineer			\$ 130	\$71		\$201	\$208.28		(\$208)	\$0.00	\$ -	\$0.00
Outside Consultant adjustment			\$ 100	\$55		\$155	\$159.91	55%	(\$159)	\$0.00	\$ -	\$0.00
City Legal Counsel			\$ -	\$0	264.39	\$264	\$273.64		(\$274)	\$0.00	\$ -	\$0.00
			\$ -	\$0		\$0	\$0.00		\$0	\$0.00	\$ -	\$0.00

