



**CITY AUDITOR'S OFFICE**

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# **Development/Planning Processes and Fees**

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**December 5, 2011**

**AUDIT REPORT NO. 1211**

**CITY COUNCIL**

Mayor W.J. "Jim" Lane

Lisa Borowsky

Suzanne Klapp

Robert Littlefield

Ron McCullagh

Vice Mayor Linda Milhaven

Dennis Robbins





December 5, 2011

Honorable Mayor and Members of the City Council:

Enclosed is the audit report *Development/Planning Processes and Fees*. The scope of this audit was amended to incorporate the Mayor's request to review certain aspects of the City's regulatory permitting system.

This audit concludes that Scottsdale requires plan reviews and permits to support the City's building code purpose of ensuring minimum standards of construction are met. The City's building code is largely based on the 2006 International Building Codes, along with some City-specific amendments. However, this audit found that planning and development user fees were not based on a full-cost analysis, and the annual rates and fees report did not accurately depict proposed fee increases. Additionally, the planning and development information on the City's website and fee schedules can be simplified for easier understanding.

We would like to thank staff from Development Services and Current Planning for the cooperation we received throughout the course of this audit.

If you need additional information or have any questions, please contact me at (480) 312-7867.

Sincerely,

Sharron Walker, CPA, CFE  
City Auditor

**Audit Team:**

Joyce Gilbride, CPA, CIA — Assistant City Auditor  
Kyla Anderson, CIA — Senior Auditor



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## EXECUTIVE SUMMARY

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This audit of *Development/Planning Processes and Fees* was included on the Council-approved FY 2011/12 Audit Plan. As part of our work, we addressed the Mayor's request to review the City's current regulatory permitting system to provide a platform for the City Council to evaluate the use, need, cost, and benefits for the City and its residents. This audit did not review development impact fees which seek to recover the City's costs resulting from development projects.

Private development, including commercial and residential projects, within the City of Scottsdale is regulated by City zoning and building codes that are adopted into the Scottsdale Revised Code. The Planning, Neighborhood, & Transportation department, part of the Community & Economic Development Division, is tasked with monitoring and enforcing these codes. At times, this requires assistance from the Public Safety Division.

This audit concludes that Scottsdale has required plan reviews and permits to support the City's building code purpose of ensuring that minimum standards of construction are met. The City's building code is largely based on the 2006 International Building Codes, along with some City-specific amendments. Responses to a mailed survey of recent customers indicated the majority of respondents generally have a positive view of their experience with Scottsdale's development process. However, we have the following recommendations for improvement:

- Planning and development user fees have not been calculated using a full-cost analysis. A cost analysis should be performed each year including all components that comprise the total cost of planning and development services. Alternative rates of recovery can be developed and provided to the City Council when requesting annual adjustments to user fees.
- Planning and Development management has not analyzed the relationship between the various user fees and the related service activities. To properly allocate costs among the various user fees, the associated time and resources should periodically be determined for planning and development activities performed by staff. Such a process would help ensure fees are appropriate to the level of effort required for the particular services.
- The Council Report presented to City Council for the annual adoption of rates and fees did not accurately depict proposed Planning and Development fee changes. While Planning and Development information indicated a 2.4% fee increase, individual fees were changed by varying amounts. The narrative report provided to City Council for the annual adoption of rates and fees should accurately describe the changes reflected in the proposed fee schedules.
- Information presented to the public on the City's website about planning, development, permits, and inspections is abundant, but difficult to navigate. Similarly, fee schedules are somewhat duplicative, showing many variations of the same types of fees. Schedules could be revised to minimize duplication to provide simplified information to the public.





## BACKGROUND

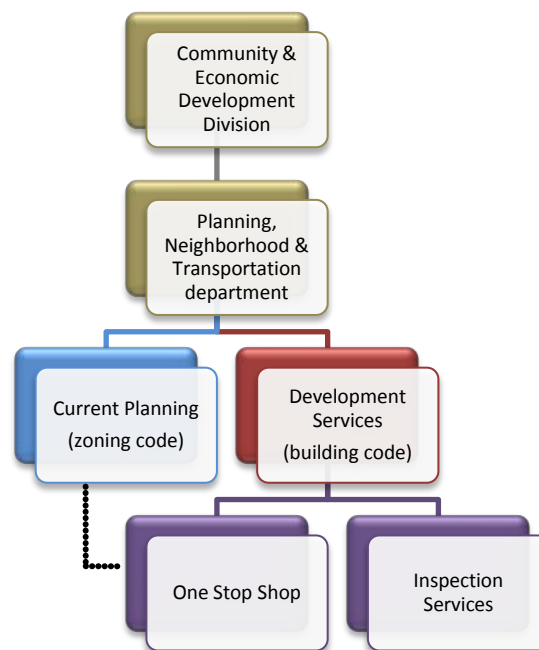
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### **Planning and Development Services**

Private development, including commercial and residential projects, within the City of Scottsdale is regulated by City zoning and building codes which are adopted into the Scottsdale Revised Code. The Planning, Neighborhood, & Transportation (PNT) department, part of the Community & Economic Development Division is tasked with monitoring and enforcing these codes. At times, this requires assistance from the Public Safety Division.

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**Figure 1. Organizational Structure**



**SOURCE:** Auditor analysis of organization chart and division function

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The Current Planning area within PNT generally deals with zoning code issues while the Development Services area generally deals with building code matters.

### **Regulatory Source and Purpose of Applicable City Code**

*Building Code*—Intending to protect public health and safety as they relate to construction and occupancy of buildings and structures, the City of Scottsdale has adopted the 2006 International Building Codes, along with some city-specific amendments. These codes, which include building, residential, electric, mechanical, plumbing, and fire codes published by the International Code Council, are industry standards that most municipalities have adopted. The major amendments, adopted to tailor the international codes to Scottsdale's local and

regional environment, are:

1. Air conditioning is required in interior spaces intended for human occupancy.
2. Construction activity is limited to certain windows of time, e.g., 5 a.m. to 7 p.m. Monday through Friday during summer hours.
3. Automatic sprinkler systems are required in all new single family, multi-family, and commercial buildings as well as major remodeling projects.
4. Certain design specifications are allowed for developments that are fully sprinklered, such as required street width and hydrant spacing.
5. Buildings constructed for commercial, multi-family, or institutional use must support adequate radio coverage for public safety workers.

*Zoning Code*—Serving to govern land use and aesthetics within the City, zoning code addresses such matters as the minimum number of parking spaces required for a business and required property set-backs<sup>1</sup>. In addition to the Scottsdale-specific building regulations, the zoning code also has Scottsdale-specific requirements to enhance the City’s physical character, such as requirements for handling native plant material and maintaining open space.

***Development Process and Fees***

Typically when a customer comes to the City seeking to meet the building and zoning requirements for a development project, the process will start at the One Stop Shop. In this office, staff from multiple planning disciplines is available to assist with zoning and building requirements, and the customer may be able to obtain applicable permits during the same visit. Additionally, from the One Stop Shop webpage, a customer can obtain information and certain permits for minor work or submit certain types of plans for required City reviews.

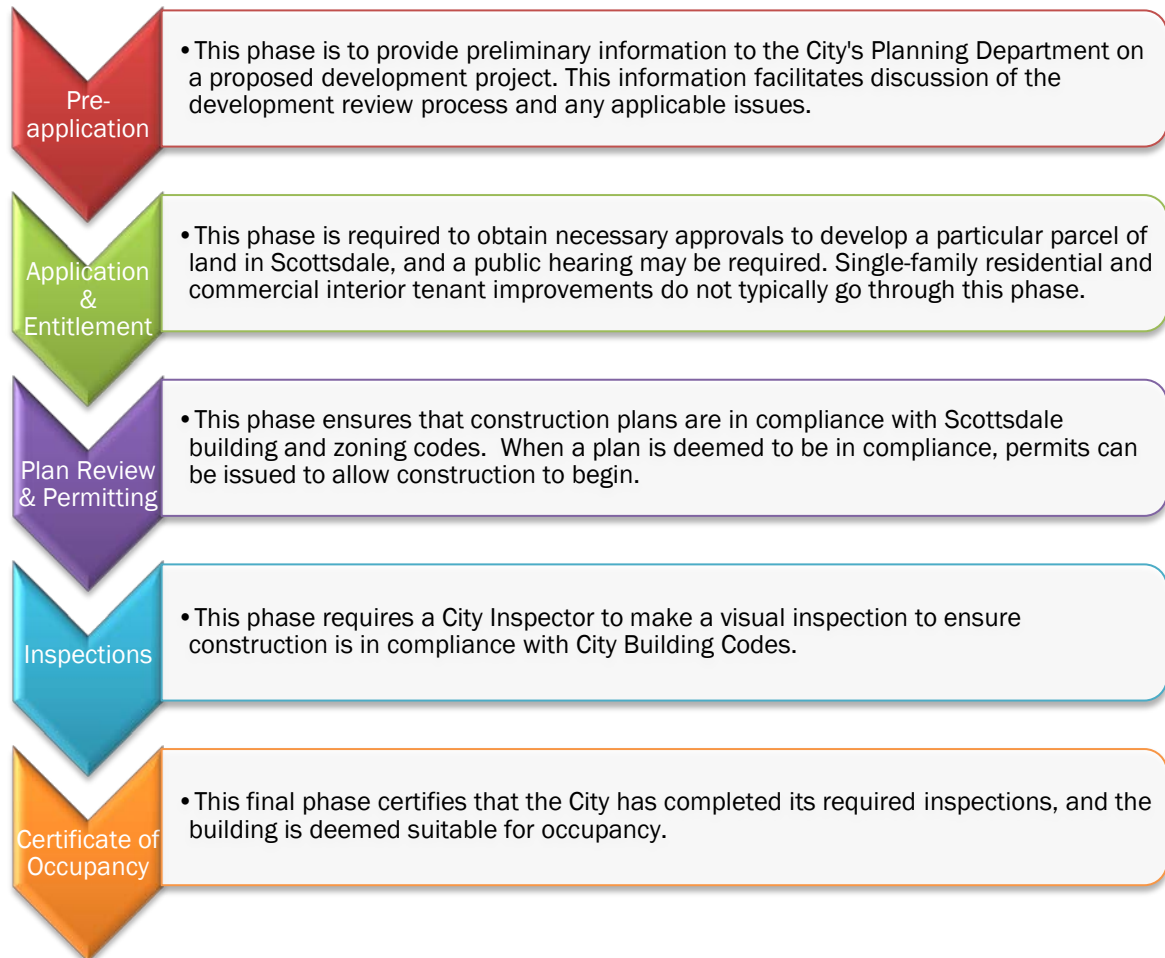
Scottsdale’s development process consists of five phases, as shown in Figure 2 on page 5:

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<sup>1</sup> A property set-back is the distance that any structure must be from the property line.

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## Figure 2. Development Process



**SOURCE:** Auditor analysis of Scottsdale's development process.

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Depending on the nature of proposed work, many applicants start with the Plan Review and Permitting phase (the third step in Figure 2). Typically single family residential construction, additions or remodels, and minor electrical, plumbing, and mechanical projects will begin in this phase. Plan reviews determine compliance with Scottsdale's building and zoning codes before construction begins. Over-the-counter plan reviews may be completed for relatively simple projects, such as garage and carport conversions, patio covers and enclosures, or single family remodels with little or no structural revisions.<sup>2</sup> A formal plan review by the building, engineering, fire, and zoning disciplines is necessary before a permit can be issued for more significant changes to a property. Due to the multiple codes involved, a formal plan review may take up to 20 days.

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<sup>2</sup> An over-the-counter plan review takes place while the customer waits, and applicable permits can also be issued during the same visit.

Once a residential or commercial plan is determined to comply with building and zoning codes, the customer’s building permit can be issued to allow construction to begin. To support the building code purpose of ensuring that minimum standards of construction are met, a building permit ensures an inspection will occur before the City issues a Certificate of Occupancy. Building permits are not required for minor home improvement projects, such as patio slabs or sidewalks, and replacement of items like kitchen cabinets, carpeting, or trim.

**Fiscal Year 2010/11**

*95% of plan review fees were less than \$1,000 each, with an average fee of \$257.*

*92% of permit fees were less than \$1,000 each, with 54% under \$100.*

The City’s plan review, permitting, and inspections are largely funded by those using the services. Scottsdale Revised Code Chapter 46 establishes fees for plan review, building permits, and other development services. Annually, the City Council reviews staff recommendations and approves any adjustments to fee amounts. The City charges both development/planning user fees and development impact fees; however, this audit focuses on the user fees and associated processes.

<b>Development/Planning User Fees</b>	<b>Development Impact Fees</b>
User fees are charged for plan review, permits and inspection services to owners seeking to make changes on property located within the City.	Impact fees are charged when development increases the need for infrastructure, such as installing new water and sewer lines to a new development.

Development/planning user fees include application, plan review, and permit fees. Permit and plan review types are further categorized into Commercial, Single Family Residential, and Miscellaneous. However, the department does not charge user fees for some related services because the services provide a benefit to the community as a whole. For example, the One Stop Shop offers a free pre-consultation meeting, which is a high-level review to help ensure there are no obvious obstacles to a project’s success before a significant amount of the customer’s money has been committed. This meeting can also serve to speed the process and is intended as an encouragement to continue doing business in the City. Also, the One Stop Shop staff spends additional time to assist customers who are not familiar with the City’s planning and review process.

Permit, plan review and application transactions are summarized in Table 1. In FY 2010/11, together with related miscellaneous revenue they generated approximately \$7.0 million. The associated costs in that year, summarized in Table 2, totaled approximately \$10.6 million.

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**Table 1. Plan Review, Permit and Application Fee Activity, FY 2008/09 – 2010/11****Plan Review Activity**

Group	FY 2008/09		FY 2009/10		FY 2010/11	
	Count	Total	Count	Total	Count	Total
Single Family	206	\$442,903	166	\$496,797	244	\$385,306
Commercial	349	859,166	277	382,545	250	385,772
Tenant Improvement	590	175,664	575	200,734	649	229,172
Miscellaneous <sup>1</sup>	4,761	428,373	5,192	845,562	5,224	632,089
Other <sup>2</sup>		102,772		178,547		96,789
<b>Totals</b>	<b>5,906</b>	<b>\$2,008,878</b>	<b>6,210</b>	<b>\$2,104,185</b>	<b>6,367</b>	<b>\$1,729,128</b>

<sup>1</sup> Includes pools, native plants, signs, etc.

<sup>2</sup> Fees related to the City's Capital Improvement Projects (CIP).

**Permit Activity**

Group	FY 2008/09		FY 2009/10		FY 2010/11	
	Count	Total	Count	Total	Count	Total
Single Family	161	\$568,264	203	\$645,254	188	\$629,806
Commercial	174	494,463	308	144,191	257	539,355
Tenant Improvement	441	522,295	447	537,226	616	674,486
Miscellaneous <sup>1</sup>	6,491	1,360,394	6,776	1,383,275	6,792	1,419,776
Other <sup>2</sup>		1,027,280		1,647,613		1,479,330
<b>Totals</b>	<b>7,267</b>	<b>\$3,972,696</b>	<b>7,734</b>	<b>\$4,357,560</b>	<b>7,853</b>	<b>\$4,742,753</b>

<sup>1</sup> Includes pools, native plants, water heaters, etc.

<sup>2</sup> Encroachments, Right-of-Way & CIP Permits.

**Application Activity**

Group	FY 2008/09		FY 2009/10		FY 2010/11	
	Count	Total	Count	Total	Count	Total
Pre-Application	833	\$88,162	725	\$52,531	704	\$63,965
Staff Approval	313	34,192	325	35,598	333	43,404
Development Review	207	235,911	205	227,729	80	89,377
Zoning/Easement/Use	50	83,222	51	83,237	100	211,635
Miscellaneous/CIP	100	19,368	54	45,771	49	37,003
<b>Totals</b>	<b>1,503</b>	<b>\$463,855</b>	<b>1,360</b>	<b>\$444,866</b>	<b>1,266</b>	<b>\$445,384</b>

**SOURCE:** Summary Trial Balance by Center and Community Development System (CDS) Data.

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## OBJECTIVES, SCOPE, AND METHODOLOGY

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An audit of the City's *Development/Planning Processes and Fees* was included on the fiscal year 2011/12 City Council-approved Audit Plan. We incorporated into this audit the Mayor's related request to review the City's current regulatory permitting system. The objective was to examine the City's development process and permits, including their purpose, costs, and use. The audit scope encompassed the City's plan review and permitting activities and associated financial data for fiscal years 2009/10, 2010/11 and 2011/12 through October 2011.

To gain an understanding of City regulations, policies, and fees related to the plan review and permitting process, we reviewed:

- Scottsdale Revised Code, *Chapter 31 – Buildings and Building Regulations, Chapter, 36 - Fire Protection and Prevention, and Chapter 46 – Planning, Development, and Fees.*
- City of Scottsdale Building Codes and amendments adopted by reference including the *International Building Code, International Residential Code, International Mechanics Code, International Plumbing Code, International Fire Code, and National Electric Code.*
- Duties and powers of related City Boards and Commissions, including the Board of Adjustment, Building Advisory Board of Appeals, Development Review Board, and the Planning Commission.
- City of Scottsdale Building, Planning, and Zoning website and the Planning, Neighborhood & Transportation department's intranet.

In addition, we reviewed a previous planning and development audit prepared by this office: Audit No. 0803, *Collection of Development and Permit Fees*. Recommendations set out in audit 0803 were implemented and verified in subsequent follow-up work. We also reviewed a consultant's planning and development fee study analysis prepared for the City of Fresno, California.

To understand Scottsdale's process for plan review, permits, and establishing user fees, we interviewed the Planning Administrator and the Current Planning and Development Services directors. In addition, we interviewed the Development Services Manager and Sr. Management Analyst. We also observed operations in Scottsdale's One Stop Shop and accompanied building and field inspectors to obtain an understanding of the complete development process.

To assess the public's perception of Scottsdale's plan review and permitting process and associated user fees, we mailed a survey to a random sample of Planning and Development customers who had transacted business with the City within the 90-day period of July through September 2011. Of the 35 people who responded to the survey, about half of respondents (19) indicated they were in the construction business (contractor, tradesman, developer, etc.) and had an overall favorable response. Further:

- 24 respondents indicated the Planning and Development process was not duplicative or unnecessary, 4 indicated it was and 7 did not answer this question.

- 16 respondents noted that the fees charged were explained and had a clear purpose, while 5 either disagreed or strongly disagreed.
- 25 respondents indicated they would be encouraged to conduct further business with the City based on their experience, while 3 noted they would not.

The survey questions and responses are summarized below:

		1 Strongly Disagree	2 Disagree	3 Neither Agree or Disagree	4 Agree	5 Strongly Agree
1	The required process was explained/had a clear purpose.	3	2	4	8	18
2	The steps in the process did not appear duplicative or unnecessary.	3	1	7	6	18
3	The Planning & Development website was easy to navigate ( <i>applicable if you used the website</i> ).	1	3	18	4	9
4	The Planning & Development website was informative ( <i>applicable if you used the website</i> ).	0	2	19	7	7
5	The fees were explained/had a clear purpose.	2	3	14	6	10
6	The fees seemed reasonable in relation to the purpose.	3	3	11	8	10
7	The fees were reasonable in relation to fees in other cities ( <i>applicable if you have transacted similar business with other cities</i> ).	3	2	14	5	11
8	Staff assisting me was helpful.	3	0	8	3	21
9	Staff assisting me was knowledgeable.	2	0	9	3	21
10	My experience would encourage me to conduct further business with the City.	3	0	7	6	19
	<b>TOTALS</b>	<b>23</b>	<b>16</b>	<b>111</b>	<b>56</b>	<b>144</b>

To evaluate the costs and benefits of City required plan reviews and permits, we:

- Analyzed cost components that comprise the full cost of providing plan review, permitting, and inspection services and compared these results with the associated revenues.
- Compared required permits and plan reviews for commercial, single family residential and a sample of miscellaneous classifications to the City's adopted building code.

We conducted this audit in accordance with generally accepted government auditing standards as required by Article III, Scottsdale Revised Code, §2-117 et seq. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Audit work took place from mid-August through October 2011, with Joyce Gilbride and Kyla Anderson conducting the work.



## FINDINGS AND ANALYSIS

### 1. More accurate analysis and disclosure is needed regarding user fee cost recovery and proposed fee changes.

User fees for planning and development services have not been based on a full-cost analysis, and the annual rates and fees report has not accurately depicted proposed planning and development fee increases.

#### A. Cost Recovery Analysis

The Planning, Neighborhood & Transportation (PNT) department staff has not used an accurate full cost analysis when developing the City's planning and development fees for service. As a result, fees estimated to recover 84% have instead covered approximately 66% of related costs.

City Code Chapter 46 establishes a fee schedule for plan review, building permits, and other development processing activities. The purpose of the fees is to recover the City's costs of providing these services. As well, City financial policies require user fees and charges to be examined periodically to determine the direct and indirect cost of service recovery rate. Annually, any changes to rates and fees, as well as the proposed recovery rate, are required to be presented to the City Council for approval.

- 1) As shown in Table 2, when the full cost of service is considered the City of Scottsdale recovered approximately 66 percent of its costs for fee-related services provided by Current Planning and Development Services for FY 2010/11. When only direct costs and department overhead are considered, 76 percent cost recovery is realized, and 81 percent cost recovery results when including only the direct costs. However, the May 17, 2011 report to the City Council stated that these fees made an 84 percent "full cost recovery" for FY 2010/11 with both direct and indirect cost components included.

**Table 2. Cost Recovery Analysis for FY 2010/11**

Service Area	Direct Costs	Dept/Tech Indirect Costs	Total Direct + Indirect Costs	Citywide Overhead	Full Cost
Current Planning	\$2,844,082	\$169,623	\$3,013,705	\$444,521	\$3,458,226
Plan Review	2,059,632	148,117	2,207,749	325,643	2,533,392
Building Inspection	1,261,196	90,698	1,351,894	199,404	1,551,298
Permit Services	1,125,383	80,931	1,206,314	177,931	1,384,245
Fire & Life Safety	819,295	-	819,295	120,846	940,141
Field Engineering	633,167	45,534	678,701	100,108	778,809
<b>Total Cost</b>	<b>\$8,742,755</b>	<b>\$534,903</b>	<b>\$9,277,658</b>	<b>\$1,368,453</b>	<b>\$10,646,111</b>
<b>Revenue</b>	<b>7,042,085</b>		<b>7,042,085</b>		<b>7,042,085</b>
<b>Surplus/(Subsidy)</b>	<b>\$(1,700,670)</b>		<b>\$(2,235,573)</b>		<b>\$(3,604,026)</b>
<b>% Cost Recovery</b>	<b>81%</b>		<b>76%</b>		<b>66%</b>

**SOURCE:** Analysis of Summary Trial Balances and department staff-estimated time allocations.

The PNT staff calculation did not include the associated costs of departmental overhead and technology maintenance or the costs of related work performed by Fire Inspectors and Fire Plan Reviewers housed within the Fire Department. As well, other related planning and policy costs, such as update and maintenance of the City's General Plan, were not considered.

Historically, management indicated planning and development user fees have been increased based on factors such as forecasted departmental expenditure increases, the consumer price index, and the relative position of Scottsdale's user fees to those of other local Valley cities. However, rather than collecting information on the other cities' rates to determine Scottsdale's relative fee position, staff has been adjusting the results of a 2001 study.<sup>3</sup> Further, other Valley cities may not provide comparable levels of service and their fees may not be based on the actual cost of providing services. While benchmarking is a useful comparison tool, it is not the best method for setting Scottsdale's fees, which are required to be cost-based.

- 2) Planning and Development management has not analyzed the relationship between the various user fees and their associated service activities. Currently, the average time and cost of providing each activity, such as issuing a particular type of permit or performing a plan review, is not known. As a result, some permits or reviews may be priced higher than the associated costs, while others may be priced too low. For example, technology enhancements now provide customers the ability to obtain "minimum" permits on-line without direct interaction with City staff, but there is no distinction between these fees and those requiring more staff labor.

Due to the length of time needed to perform such a study, auditors did not track staff activities to develop time estimates for the various planning and development services.

Because the cost components of providing planning and development services can change over time, affected by such things as revised policy or procedures or technology upgrades, they need to be periodically reassessed. As a result of not including all costs, the cost recovery rate, which serves as the basis for requested fee adjustments, has not been accurately determined. Also, the various fees may not properly match the time and resources associated with those services.

## **B. Fee Adjustments**

The annual rates and fees report to City Council did not accurately depict proposed planning and development fee changes. Additionally, documentation of the fee development process can be improved.

In a May 17, 2011 report to City Council for FY 2011/12 rates and fees, PNT staff stated they had "determined that a proposal to increase [planning and development] fees overall by 2.4 percent was justified." City Council subsequently approved the

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<sup>3</sup> The 2001 *Valley-Wide Cost of Development Study* performed by the Maricopa Association of Governments.

staff recommendation. However, our review found that the individual permit, plan review, and application fees were not increased by the Council-approved 2.4%.<sup>4</sup>

As shown in Table 3, FY 2011/12 fees increased by varying amounts, such as the application fee for Abandoning Right Of Way – Single Family Residence that increased 1.91 percent, approximately \$8 less than it should have. As also shown, similar discrepancies were noted when testing the 3.0% fee increase approved by City Council for FY 2010/11.

**Table 3. Planning and Development Fee Variances**

Category	Prior Year Fee Schedule	Current Year Fee Schedule	Actual % Change	Calculated Fee	Difference Between Fee Schedule and Calculated Fee
<b>FY 2011/12 Fees</b>					
<b>Application</b> – Abandon Right Of Way, Single Family Residence	\$1,570	\$1,600	1.91%	\$1,608	-\$8
<b>Plan Review</b> – Release Easement	\$960	\$980	2.08%	\$983	-\$3
<b>Permit</b> – Single Family Residence, GIS Fee	\$250	\$255	2.00%	\$256	-\$1
<b>FY 2010/11 Fees</b>					
<b>Application</b> – Abandon Right Of Way, Single Family Residence	\$1,525	\$1,570	2.95%	\$1,571	-\$1
<b>Plan Review</b> – Release Easement	\$930	\$960	3.23%	\$958	+\$2
<b>Permit</b> – Single Family Residence, GIS Fee	\$244	\$250	2.46%	\$251	-\$1

**SOURCE:** Auditor analysis of annual fee schedules and Council Action Reports.

PNT staff stated that a collaborative approach is used when determining changes to fees, but did not provide documentation showing the methodology or explanations supporting the fee changes that were made. The dollar effect for the above sampled fees was \$280 for FY 2010/11 activity and -\$110 for activity through September for FY 2011/12. Although the cumulative fee variances are minor, the City Council and the public are entitled to an accurate disclosure of proposed fee adjustments.

<sup>4</sup> There are three applicable categories of planning and development fee schedules: *Application Fees*, which are primarily related to zoning; *Plan Review Fees* for commercial, residential, and miscellaneous structures; and *Permit Fees* for commercial, residential, miscellaneous, and encroachments.

## **Recommendations:**

Planning and Development management should:

- A. Ensure that the cost analysis is performed each year and a time and resources review is performed periodically. Specifically, management should ensure fees are based on:
  - 1) Including all components of providing planning and development services. Alternative cost recovery options could include recovering only direct costs, direct costs plus departmental overhead, or direct costs plus departmental and city overhead. Various options should be evaluated when requesting City Council approval of the recovery rate and fee adjustments.
  - 2) Periodically tracking time and resources associated with planning and development activities performed by staff to determine whether fees are properly aligned with the associated services.
- B. Ensure that the annual rates and fees report to City Council accurately describes the proposed fee changes, and that the fee development methodology is documented, including any necessary variations used each year.

## **2. Simplification of publicly-posted information could aid in understanding requirements and processes.**

### **A. Building, Planning, & Zoning Webpage**

Currently, the department's webpage on the City's website contains extensive information about planning and development requirements and processes, permits, and inspections. The volume of information makes it difficult to navigate the City's requirements and determine the applicable steps to take in meeting the requirements. In the customer survey conducted by the City Auditor's Office, four customers disagreed or strongly disagreed with the survey statement that the webpage was easy to navigate. Further, one commented that the Planning and Development webpage is informative, but layout and navigation could be improved. Similarly, during audit work, we initially found the complex structure of the webpage to be time consuming when trying to locate certain information or understand development and planning processes. Basic information, such as the difference between the building and zoning codes, why permits are necessary, and why fees are collected, can help the public better understand the City's planning and development processes.

### **B. Fee Schedules**

Approved fee schedules are available on the City's website for the public's ease of reference. However, there are multiple schedules listing specialized fee variations so they require the user to glean through determining which ones may apply. A simplified presentation could better guide the less experienced user.

The existing fee schedules differentiate between commercial and residential plan review and between commercial and residential permit fees. However, much of the City's plan review and permit fees are the same, regardless of whether a project is commercial or residential, as shown in Figure 3. Instead, fees vary based on whether the space being constructed or modified is air conditioned or not. As shown below, the fee schedules repeat the same information for each project type giving the impression that there are more types of fees than there really are.

**Figure 3. Excerpts from the Permit Fee schedules for commercial and residential**

<b>Commercial Building Permit</b>		<b>Single Family Custom</b>	
Area with A/C	\$.61 Sq Ft	Livable area with A/C	\$.61 Sq Ft
Covered area non A/C	\$.32 Sq Ft	Covered area non A/C	\$.32 Sq Ft
Base fee	\$159	Base Fee	\$159
Certificate of Occupancy	\$128	Certificate of Occupancy	\$128
GIS Fee	\$255	GIS Fee	\$255
Lowest Floor Certificate Review	\$235	Lowest floor certificate review	\$235
Encroachment permit (based on quantities)	Base fee \$159 + itemized fees		
<b>Commercial Addition</b>		<b>Single Family Addition</b>	
Area with A/C	\$.61 Sq Ft	Livable area with A/C	\$.61 Sq Ft
Covered area non A/C	\$.32 Sq Ft	Covered area non A/C	\$.32 Sq Ft
Base fee	\$159	Base Fee	\$159
Certificate of Occupancy	\$128	Certificate of Occupancy	\$128
GIS Fee	\$255	GIS Fee	\$255
Lowest Floor Certificate Review	\$235	Lowest floor certificate review	\$235

**SOURCE:** Analysis of Planning and Development fee schedules as presented in Resolution No. 8684

A simplified presentation, such as shown in Figure 4, could serve as an initial fee schedule to aid understanding and compliance as well as potentially reducing customer questions. The specialized commercial and residential fee schedules could then be used to supplement the simplified general schedule.

**Figure 4. Combined Permit Fee Schedule Example**

<b>Permit Fee Schedule Commercial and Single Family Residential (new/remodel/addition)</b>	
Area with Air Conditioning (A/C)	\$.61 Sq Ft
Area with A/C – Remodel/Tenant Improvement	\$.61 Sq Ft x 30%
Covered area non A/C	\$.32 Sq Ft
Base Fee	\$159
Certificate of Occupancy	\$128
GIS Fee	\$255
Lowest floor certificate review	\$235
Encroachment permit (based on quantities)	Base fee \$159 + itemized fees

**SOURCE:** Analysis of Planning and Development fee schedules as presented in Resolution No. 8684

**Recommendations:**

Planning and Development management should:

- Consider requesting assistance from the City's Communications group to organize and simplify information available on the City's website.
- Consider simplifying the fee schedules or having an initial simplified fee schedule supplemented by more detailed schedules as necessary.

## MANAGEMENT ACTION PLAN

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### **1. More accurate analysis and disclosure is needed regarding user fee cost recovery and proposed fee changes.**

#### **Recommendation(s):**

Planning and Development management should:

- A. Ensure that the cost analysis is performed each year and a time and resources review is performed periodically. Specifically, management should ensure fees are based on:
  - 1) Including all components of providing planning and development services. Alternative cost recovery options could include recovering only direct costs, direct costs plus departmental overhead, or direct costs plus departmental and city overhead. Various options should be evaluated when requesting City Council approval of the recovery rate and fee adjustments.
  - 2) Periodically tracking time and resources associated with planning and development activities performed by staff to determine whether fees are properly aligned with the associated services.
- B. Ensure that the annual rates and fees report to City Council accurately describes the proposed fee changes, and that the fee development methodology is documented, including any necessary variations used each year.

#### **PROPOSED RESPONSE/RESOLUTION:**

- A. Management agrees with the recommendations listed above as items A.1 and will follow-up accordingly by performing an annual cost analysis.

Management agrees with the recommendation listed above as A.2 to perform periodic internal reviews to determine if fees are reasonable and appropriate.

- B. Management agrees with the recommendation to ensure the annual rates and fees report accurately describes the proposed fee changes and methodology.

**RESPONSIBLE PARTY:** Connie Padian, Planning, Neighborhood and Transportation Administrator

**COMPLETED BY:** June 2012

**2. Simplification of publicly-posted information could aid in understanding requirements and processes.**

**Recommendation(s):**

Planning and Development management should:

- Consider requesting assistance from the City's Communications group to organize and simplify information available on the City's website.
- Consider simplifying the fee schedules or having an initial simplified fee schedule supplemented by more detailed schedules as necessary.

**PROPOSED RESPONSE/RESOLUTION:**

Management agrees with the recommendation to request assistance from the City's Communication staff to assess the department website with the goal of simplifying the information for each type of customer.

Management agrees with the recommendation to consider simplifying the fee schedules or consolidating the different fees into a more readable schedule.

**RESPONSIBLE PARTY:** Mike Clack, Planning, Neighborhood and Transportation Director

**COMPLETED BY:** September 2012





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