



Contra
Costa
County

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: July 23, 2019

Subject: Informational Report on Land Development Fee Study

RECOMMENDATION(S):

1. ACCEPT an informational report from the Department of Conservation and Development and the Public Works Department on a study of the County's land development fees performed by the consulting firm NBS.
2. DIRECT the Department of Conservation and Development and the Public Works Department to prepare proposed changes to the County's Land Development Fee Schedule for consideration by the Board of Supervisors at a noticed public hearing on September 17, 2019.

FISCAL IMPACT:

No fiscal impact associated with this informational item.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **07/23/2019** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: Diane Burgis, District III
Supervisor

Karen Mitchoff, District IV
Supervisor

Federal D. Glover, District V
Supervisor

ABSENT: John Gioia, District I Supervisor
Candace Andersen, District II
Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: July 23, 2019

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Jami Napier, Deputy

Contact: Jason
Crapo/925-674-7722

cc:

BACKGROUND:

Purpose of Fee Study and Cost Analysis

The County Department of Conservation and Development (DCD) and the County Public Works Department (PWD) hired the firm NBS to perform a fee study and cost analysis of the County's land development services. The County has not enlisted an outside consultant to perform such a review of land development services since the mid-1990s. The County's chief purposes in conducting this study were to ensure that fee amounts are updated to reflect the County's current cost of providing services, and to ensure that the fees listed in the fee schedule are updated to reflect land development services currently provided by DCD and PWD.

As described in greater detail within the attached NBS report, the County has the legal authority to charge user fees for land development services, such as those services provided by DCD and PWD. The fees charged by the County must not be more than the estimated cost that the County incurs to provide the services for which the fees are charged. One purpose of hiring NBS was to perform a cost analysis for the County's land development services in order to establish the estimated cost of services provided by DCD and PWD. Fees charged by the County for services cannot exceed the costs of providing those services. The main cost the County incurs providing land development services is the cost of County staff time. The methods NBS used to perform its cost analysis and the resulting conclusions are stated in its attached report. The NBS report also includes tables showing the current and recommended fees for land development services provided by DCD and PWD.

Summary of Key Findings

PWD and Planning Fees. One main finding of the NBS report is that many of the deposits and flat fees currently collected for land development services by PWD and by the Planning Division of DCD are low relative to the cost of the services provided. Most current deposit and flat fee levels were established over 20 years ago, and the cost of providing County services has increased significantly over the ensuing years.

Most land development services provided by PWD and DCD Planning are charged on a "time and materials" basis, meaning the fee charged to the applicant is calculated based on the cost of the staff time spent on the project, plus any "materials" or other costs associated with processing the application. The departments collect an initial deposit from the applicant at the time the application is submitted, creating an account from which funds are withdrawn to reimburse the County for costs spent on the project.

As a result of deposits currently being set low relative to the estimated cost of services, the amount of funds initially deposited in a project account is often exhausted quickly, resulting in staff needing to collect additional funds from applicants. This is both an inconvenience to applicants and an inefficient use of County staff time. Furthermore,

setting deposits at their current low levels creates an inaccurate impression of what the likely final cost of the service will be, making it difficult for applicants to accurately plan for the cost of their projects. Therefore, the NBS report recommends increasing fee deposits to levels that more closely align with the estimated cost of services.

It should be noted that increasing such deposits will not increase the final amount the public pays for services because the final fee amount will still be based on the time and materials spent on the project. Further, any unspent deposit amounts are returned to the applicant at the conclusion of the project.

Building Inspection Fees. In contrast to PWD and DCD planning services, Building Inspections services are charged in-full at the time a building permit is issued rather than on a "time and material" basis. Most Building Inspection fees are determined based on the value of the construction work covered by a building permit, which serves as a proxy for the estimated amount of staff time, and therefore cost, to be spent on the project by the County.

The cost analysis performed by NBS results in only minor changes to the Building Inspection fees currently charged by DCD. For smaller projects, characterized as projects having a construction value under \$500,000, building inspection fees will generally be unchanged. Projects ranging in value from \$500,000 to \$5 million may see either a small increase or small decrease in fees, depending on the details of the project. Larger projects, defined as those with construction value exceeding \$5 million, will generally see a small reduction in fees, again depending on the specific details of the project.

NBS also recommends the County simplify fees for certain routine building permits, such as fences and roof replacements, by converting these to flat fees rather than the current method of charging based on the value of construction. Flat fees work well for services where the cost to the County is highly predictable and consistent. Greater use of flat fees makes the cost of services more transparent to applicants and simplifies the administration of such fees for County staff.

The NBS report identifies two new categories of Building Inspection fees. These are fees for debris recovery and for drainage plan review. Both of these fees relate to services that DCD has been mandated to perform in recent years resulting from requirements in the County Ordinance Code and in State and federal law. Debris recovery fees are for implementation of regulations concerning disposal and recycling of construction debris. Drainage plan review involves enforcement of regulations concerning management of drainage to prevent erosion and control pollutants to prevent them from entering the waters of the Bay and Delta.

Comparison with Neighboring Jurisdictions. The scope of NBS's report includes comparison of the the County's land development fees with those of several neighboring jurisdictions. The group of jurisdictions surveyed includes the cities of Brentwood,

Concord, and Richmond and the counties of Alameda and Sonoma. Although it is often difficult to make direct fee comparisons between jurisdictions because each jurisdiction organizes its services differently, where direct comparisons are possible, the NBS report found that the recommended fees for County land development services are generally consistent with those charged by the neighboring cities and counties included in the comparison survey.

ATTACHMENTS

NBS Final Report

Land Development Fee Schedule

Powerpoint of Fee Study Presentation for Board of Supervisors