



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 8/14/2012
Agenda Placement: 9D
Set Time: 10:00 AM PUBLIC HEARING
Estimated Report Time: 15 Minutes

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Britt Ferguson for Watt, Nancy - County Executive Officer
County Executive Office
REPORT BY: Molly Rattigan, Senior Management Analyst - 253-4112
SUBJECT: Fee Update

RECOMMENDATION

County Executive Officer, County Counsel, County Fire Chief, Directors of Planning, Building and Environmental Services and Public Works and Agricultural Commissioner/Sealer of Weights and Measures, request that the Board hold a public hearing and adopt a resolution establishing, increasing, and decreasing fees for Agricultural Commissioner/Sealer of Weights and Measures; Planning, Building and Environmental Services; County Fire Department; Local Enforcement Agency; County Counsel; Department of Public Works; and amending Parts 10 (general fees provisions) of Section III of the Napa County Board Policy Manual.

ENVIRONMENTAL DETERMINATION: Pursuant to CEQA Guidelines Section 15273, CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of fees which the agency finds are for the purpose of recovering or partially recovering operating expenses. As the fees affected by the proposed resolution and ordinance are designed solely to cover the cost of services being provided by the County as documented in the study by 101 Consulting on file with the Clerk of the Board, CEQA does not apply.

EXECUTIVE SUMMARY

In May 2009 the County made comprehensive adjustments to the user fees charged by the then Departments of Conservation, Development, and Planning, Public Works, Environmental Management, Fire, the Agricultural Commissioner and Sealer, and the County Counsel. The County also began implementing improvements in systems and procedures required for fee assessment, staff time-keeping, accounting, and fee revenue reporting. In April 2010, the County made additional comprehensive adjustments to the user fees charged by various County Departments, thus concluding the County's attempt to reorganize and update the County's fee manual.

County fees have not been adjusted since 2009 or 2010, depending on when each fee was enacted. Since that time, the County's cost of doing business has increased, due in part to a 1.5% cost of living adjustment in Fiscal Year 2011-2012 and again in Fiscal Year 2012-2013, negotiated and agreed to between the County and employee

labor groups. Costs related to employee health insurance, Other Post Employment Benefits (OPEB) workers compensation and services and supplies have also increased. During the same period, in response to the nationwide recession, County departments have held positions vacant and taken other steps to respond to decreased workloads.

In early 2012, the County contracted with Warren Cheney of 101 Consulting to analyze permitting costs and update cost and revenue projections and fee calculations for the County's permitting departments. The cost analysis indicates that the County's internal cost of permitting services has increased between 2% and 6% every year since the fee increase in 2009 and that a county-wide average fee increase of 12% in Fiscal Year 2012-2013 would be required to comply with the County's cost recovery policy level of 80% for Planning and Environmental Services related fees and 100% of other fees including building and Public Works fees. An additional increase of 2-3% annually would be necessary to keep pace with cost increases in future years.

County staff recognizes that fee increases of this magnitude are impractical because of the current economic climate and because the benefits of an ongoing reorganization will not be known for 18-24 months. Specifically, the Board of Supervisors approved a reorganization of the then Conservation, Development and Planning, Environmental Management and Public Works Departments in the midst of the fee study process. The end result was the consolidation of three departments into the Department of Planning, Building and Environmental Services and the Department of Public Works. The purpose of this reorganization was to improve organizational efficiencies and improve the level of customer service provided to those customers seeking permits and other planning services from the County. The reorganization was implemented beginning on July 7, 2012, however, the full impact of the reorganization on departmental costs, including processing times and overhead costs, will not be known for some time.

As a result, staff is recommending an across the Board increase of 2% effective October 13, 2012 and an additional 2% effective October 13, 2013, with a comprehensive reevaluation of fees by the end of Fiscal Year 2013-2014, when it is possible to better assess the impact of reorganization of the various permitting departments and when, hopefully, general economic conditions have improved.

In addition to the requested 2% increase effective October 13, 2012 and the 2% increase effective October 13, 2013, County staff is requesting various technical changes to Part III of the County Policy Manual to "clean-up" the manual by moving appropriate fees and renaming sections as a result of the reorganization. A small number of new fees are requested, and other adjustments are proposed. The new fees include a fee for inspection of tattoo and body art facilities, and reflects a new State requirement. The fee adjustments include changes to building permit fees for solar energy installations to ensure full cost recovery consistent with Prop 26 and a study by the Redwood and Loma Prieta Chapters of the Sierra Club (attached).

PROCEDURAL REQUIREMENTS

1. Open Public Hearing.
2. Staff reports.
3. Public comments.
4. Close Public Hearing.
5. Motion, second, discussion and vote on intention to adopt the resolution.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No

What is the revenue source?	Adoption of the proposed resolution will increase user fees, thus increasing revenues for various County departments and offsetting General Fund support toward user fee activities. A more detailed analysis of these projected increases will be provided at the meeting.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	This item is discretionary in that the Board of Supervisors has the ability to set fees and adjust fees as determined necessary. The County's user fee consultant has determined that current fees for permits and services are not recovering the cost recovery standards set by the County. Increasing and amending fees will allow for the County to come closer to recovering the cost of the service provided.
Is the general fund affected?	Yes
Future fiscal impact:	Departments receiving user fee revenues will see an 2% increase in fee revenue in Fiscal Year 2012-2014 and another 2% increase in 2013-2014.
Consequences if not approved:	If this item is not approved, fees will not be amended or increased. The County will continue to recover the same level of revenue despite increasing costs. Thus, the County will need to provide increasing General Fund support for the same level of permit and inspection activities or reduce service levels in these areas.
Additional Information:	The requested fee increases are inconsistent with current County policy in that they do not recover 80% of the full cost of planning and environmental services and 100% of other permit services. In order to achieve consistency, fees would need to increase by an average of 12% in FY2012-13 or approximately 15% in FY2013-14. Due to the County's recent reorganization of the then Departments of Conservation, Development and Planning; Public Works and Environmental Management into two Departments, staff is only recommending a 2% increase effective October 13, 2012 and an additional 2% increase effective October 13, 2013. Staff is committed to re-evaluating fees when there is sufficient data to determine resulting changes in processing times and departmental overhead costs.

ENVIRONMENTAL IMPACT

There is no Environmental Impact for this item.

BACKGROUND AND DISCUSSION

In May 2009 the County made comprehensive adjustments to the user fees charged by the then Departments of Conservation, Development, and Planning, Public Works, Environmental Management, Fire, the Agricultural Commissioner and Sealer, and the County Counsel. The County also began implementing improvements in systems and procedures required for fee assessment, staff time-keeping, accounting, and fee revenue reporting. Some fee items that required adjustment were identified too late for inclusion in the May 2009 amendments to the County Fee Policy Manual, or have been made necessary by subsequent policy or operational changes. In April 2010, the County made additional comprehensive adjustments to the user fees charged by various County

Departments, thus concluding the County's attempt to reorganize and update the County's fee manual.

County fees have not been adjusted since 2009 or 2010, dependent on when each fee was enacted. Since that time, the County's cost of doing business has increased, due in part to the 1.5% cost of living adjustment in Fiscal Year 2011-2012 and again in Fiscal Year 2012-2013, negotiated and agreed to between the County and employee labor groups, and to salary step increases for employees below the top step of their salary range. Costs related to employee health insurance, Other Post Employment Benefits (OPEB), workers compensation and services and supplies have also increased.

In early 2012, the County contracted with Warren Cheney of 101 Consulting to analyze permitting costs and update cost and revenue projections and fee calculations for the County's permitting departments. The cost analysis indicates that the County's internal cost of permitting services has increased between 2% and 6% every year since the fee increase in 2009, for a total average annual increase of 3% over the four period ending in FY2012-13. Thus, a county-wide average fee increase of 12% in Fiscal Year 2012-2013 would be required to comply with the County's cost recovery policy level of 80% for Planning and Environmental Services related fees and 100% of other fees including building, Public Works. The consultant's report indicates that an additional increase of 2-3% annually would possibly be necessary to keep pace with cost increases in FY2013-13 and beyond.

In the midst of the fee study process, the Board of Supervisors approved a reorganization of the then Conservation, Development and Planning, Environmental Management and Public Works Departments. The end result was the consolidation of three departments into the Department of Planning, Building and Environmental Services and the Department of Public Works. The purpose of this reorganization was to improve organizational efficiencies and improve the level of customer service provided to those customers seeking permits and other planning services from the County. The reorganization was implemented beginning on July 7, 2012. The full impact of the reorganization on departmental costs, including processing times and overhead costs will not be fully understood for 18-24 months. As a result, staff is recommending a smaller increase than is outlined by 101 Consulting, including an across the Board increase of 2% effective October 13, 2012 and an additional 2% effective October 13, 2013.

The proposed increase is not consistent with the Board's policy on fee recovery - it does not even cover the full cost of the cost of living adjustment (COLA) given to employees the last two fiscal years and the 1.5% COLA that will be given employees in FY2013-14. At this point, staff is proposing to restudy fees in Fiscal Year 2013-2014 when additional data is available regarding the benefits of reorganization and when, hopefully, there has been a further improvement in general economic conditions. The results of that study would be brought to the Board of Supervisors for discussion. Additionally, per the Board's direction, County staff will return within the next two months to discuss options for providing road maintenance funding. Depending on Board direction provided at that time, revisions to the County's overall fiscal priorities and policies may be required, including a re-examination of the County's fee recovery practices. In that case, fee adjustments may be required prior to FY2014-15.

In addition to the requested 2% increase effective October 13, 2012 and the 2% increase effective October 13, 2013, County staff is requesting various technical changes to Part III of the County Policy Manual to "clean-up" the manual by moving appropriate fees and renaming sections as a result of the reorganization. A small number of new fees are requested. The following is a summary of the changes requested:

Part 10-General Provisions - Staff is requesting an amendment to Section 10.020 Waiver of Fees to indicate that fees may only be waived if per County policy, the fee is not designed to recover the full cost of the service provided. This will mean that building permit fees and Public Works fees cannot be waived for any reason, and will provide for consistency with Proposition 26. Temporary event fees (the type of fee most commonly reduced for non-profit organizations) will not be affected.

Part 20-Agricultural Commissioner - In addition to the 2% increase effective October 13, 2012 and an additional

2% increase effective October 13, 2013, Section 20.070 California Weights and Measures Administration Fees, has been added as a result of change in state law.

Part 60-Clerk of the Board- Request includes policy manual clean-up and deletion of fees no longer applicable or covered within other sections of the manual.

Part 70-Planning, Building and Environmental Services-Building Division - In addition to the 2% increase effective October 13, 2012 and an additional 2% increase effective October 13, 2013, language has been added to allow for an electronic permitting option for regular permit applicants who register for this program and provide a deposit. Building permit fees related to solar energy systems have been amended to ensure full cost recovery, consistent with the Sierra Club methodology (attached). This ensures consistency with Proposition 26.

Part 75- Planning, Building and Environmental Services-Engineering Services Division - This is a new section as a result of the reorganization. Fees formerly in Public Works are now included in this section. The 2% increase effective October 13, 2012 and additional 2% increase effective October 13, 2013, have been factored into the fees presented for approval.

Part 80-Planning, Building and Environmental Services-Planning and Conservation Division- Staff is requesting technical changes related to the reorganization in addition to the 2% increase effective October 13, 2012 and additional 2% increase effective October 13, 2013.

Part 85-Fire Marshal- Request only includes the 2% increase effective October 13, 2012 and additional 2% increase effective October 13, 2013.

Part 95-County Counsel- Request only includes the 2% increase effective October 13, 2012 and additional 2% increase effective October 13, 2013.

Part 110-Planning, Building and Environmental Services- Environmental Services Division- Staff is requesting technical changes related to the reorganization in addition to the 2% increase effective October 13, 2012 and additional 2% increase effective October 13, 2013. Inspection fees related to body art and tattoo artists have been added to comply with State law. Deleted fees have been moved to another section of the policy manual as a result of the reorganization.

Part 115-Animal Shelter- Staff is proposing to restructure adoption and other animal shelter related fees to be more consistent with the cost and practice of other bay area shelters. Under the current model, it is difficult for the public to determine the total adoption fee due to the number of criteria related to the specific animal available for adoption, i.e. whether the animal was spayed/neutered or microchipped prior to coming to the shelter. The proposed changes simplify fees and are based on the average cost per adoptable animal. It is not anticipated that the proposed changes will have an impact on the level of revenue currently collected by the Animal Shelter.

Part 117- Local Enforcement Agency - In addition to the 2% increase effective October 13, 2012 and additional 2% increase effective October 13, 2013, inspection fees related to body art and tattoo artists have been added to comply with State law.

Part 140- Public Works - In addition to the 2% increase effective October 13, 2012 and an additional 2% increase effective October 13, 2013, filming permit fees have been added to the manual per an analysis completed by the consultant. The fee of \$250 is a reasonable approximation of the average permit processing cost for filming in the public right of way or on County Property. The fee includes a 20 minute phone call and 15-minute application review and filing by Public Works staff and a 15-minute application review by the Roads Superintendent for right-of-way issues affecting traffic or utilities, or County Property issues. Applications are also briefly reviewed by Risk Management to verify insurance requirements are met. No field checks are normally conducted. This fee is

currently listed in the County Policy Manual Part I, not Part III related to fees. If approved today, staff will need to prepare a revision to Part I and return to the Board for approval of removal. It is anticipated that this clean-up item will be included when staff seeks approval of non-fee related edits to the County Policy Manual as a result of the reorganization. Finally, fees added or deleted in Part 140 relate to the reorganization and the need to place fees in the appropriate policy manual section.

Fees for filming and film-related events on private property will be developed when permitting procedures are added to the Temporary Events Ordinance, as recently recommended by the Board of Supervisors.

These fees are specifically exempt from the voting requirements of Article XIII C of the California Constitution because they are either:

- Charges imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the County of Napa of conferring the benefit or granting the privilege.
- Charges imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the County of Napa for providing the service or product.
- Charges imposed for the reasonable regulatory costs to the County of Napa for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.
- Charges imposed as a condition of property development.

Requested Actions: The Departments recommend that the Board hold a public hearing on the Resolution, recommend changes as they see fit and move and adopt the Resolution. For publication costs savings, the hearing on the first reading of the ordinance and adoption of the resolution are scheduled for hearing on the same day. Some of the fees in the resolution are development fees; therefore, the entire resolution will become effective 60 days following adoption of the ordinance.

SUPPORTING DOCUMENTS

- A . Resolution
- B . User Fee Analysis Memo-101 Consulting
- C . Part 10-General Provisions-Redlined
- D . Part 10- General Provisions-Clean
- E . Part 20-Agricultural Commissioner-Redlined
- F . Part 20-Agricultural Commissioner-Clean
- G . Part 60-Clerk of the Board of Supervisors-Redlined
- H . Part 60-Clerk of the Board of Supervisors-Clean
- I . Part 70-PBES-Building Division-Redlined
- J . Part 70-PBES-Building Division-Clean
- K . Part 75-PBES-Division of Engineering Services-Clean (New Section)
- L . Part 80-PBES-Division of Planning and Conservation-Redlined
- M . Part 80-PBES-Division of Planning and Conservation-Clean

- N . Part 85-Fire Marshal-Redlined
- O . Part 85-Fire Marshal-Clean
- P . Part 95-County Counsel-Redlined
- Q . Part 95-County Counsel-Clean
- R . Part 110- PBES-Environmental Services Division-Redlined
- S . Part 110-PBES-Environmental Services Division-Clean
- T . Part 115-Animal Shelter-Redlined
- U . Part 115-Animal Shelter-Clean
- V . Part 117- Local Enforcement Agency-Redlined
- W . Part 117-Local Enforcement Agency-Clean
- X . Part 140-Public Works-Redlined
- Y . Part 140-Public Works-Clean
- Z . Sierra Club Solar Fee Report

CEO Recommendation: Approve

Reviewed By: Helene Franchi