



Audit, Finance & Enterprise Committee Report

Date: March 5, 2020
To: Audit, Finance & Enterprise Committee
Through: Karolyn Kent, Assistant City Manager
From: Christine Zielonka, Development Services Director
Chase Carlile, Sr. Fiscal Analyst, Development Services Department
Subject: Proposed Changes to the Fee Schedule for the Development Services Department

Purpose and Recommendation

The purpose of this report is to recommend modifications to the Development Services Department's Schedule of Fees and Charges for fiscal year 2020-2021. The Department consists of two areas: Planning, and Development Services (Permitting, Civil and Building Plan Review and Building Inspections).

Background & Discussion

Various fees are charged for services related to the land development process in Planning and Development Services. Fees are reviewed regularly to insure they align with the cost of providing the service.

PLANNING

The Department is proposing the following changes to Planning's fees and charges:

1. Implement a Planning Review Fee for form-based code projects for \$648.

The form-based code was adopted in 2012 to encourage and guide mostly infill development and redevelopment of properties in the City's Downtown and Pioneer/Temple Neighborhoods. Unlike the requirements of standard zoning, property owners and developers have the option to use the form-based code to guide their development or utilize the traditional zoning standard and requirements on their property. To help incentivize the use of this code, no review fees are currently charged. Over the years the number of development

applications opting to use the form-based code reviews has increased, placing greater demand on staff time for reviewing and meeting with applicants. Over the past years, the planning division reviews approximately 10-14 form-based code cases a year that range in size and complexity.

There are many prescriptive standards that the City's development review staff must evaluate when reviewing form-based Code projects. The actual review time for form-based code cases has been found to be very similar to the time required for other standard administrative review processes.

Based on an estimate of 10 form-based code reviews per year, the estimated fiscal impact of this fee is \$6,480.

2. Proposes adding the following to Planning's fee schedule to clarify when fees are due. This language is consistent with language in the zoning code:

"Payment of fees is required for a planning application to be complete. No application shall be processed without payment of applicable fee unless a fee waiver or deferral has been approved."

This text addition has no fiscal impact.

DEVELOPMENT SERVICES

The Department proposes the following change to Development Services' fees and charges:

1. Implement a sliding scale building permit fee for residential and commercial permits with a valuation less than \$25,000.

Currently residential and commercial building permit fees for permits valued under \$25,000 are determined by the estimated number of required inspections anticipated by staff for the project. The current fee requires staff to estimate how many inspections might be required and does not allow applicants to accurately estimate the cost of their permit.

Development Services is proposing to eliminate the estimating the number of inspection and replace the fee with a sliding scale based on project valuation. Phoenix, Chandler, Tempe, Gilbert, and Glendale all use a sliding scale to determine permit fees. This change will align our fee structure with other cities in the valley and make it easier for customers to understand and to estimate their actual permit fees.

The Current fees for commercial and residential permits valued under \$25,000

are:

ESTIMATED Inspections	Number	of	Fee
	1		\$180
	2		\$270
	3		\$360
	Each additional inspection above 3		\$90

Development Services is proposing the following scale for residential and commercial permits:

Valuation	Proposed Fee
\$0 - \$8,333	\$220
\$8,334-16,667	\$330
\$16,668-24,999	\$440

There will not be a significant fiscal impact due to this procedural change, however, this change will result in increased staff efficiency during plan review and permit fee calculation.

Alternatives

Alternatives to the recommended fee modifications could include increasing, decreasing or making no changes to the various fees.

Fiscal Impact

If the fee modifications recommended by the Development Services Department are not implemented it would make the relationship to the actual cost of providing the services less accurate.

Total estimated FY2020/21 fiscal impact for Planning is \$6,480.

There is not a significant fiscal impact to the procedural change proposed for Development Services.

Coordinated With

The Development Services Department has coordinated with the Office of Management and Budget on this recommendation to make changes to the Department's Schedule of Fees and Charges.

Fees & Charges Schedule – Key

Heading Configuration

<u>Schedule of Fees & Charges</u>
Department
Contact Information
HEADING 1
HEADING 2
<i>Heading 3</i>
Description of Fee
Description of Fee 2

Font Indications

Font	Font Indications
Regular Font	Existing fee or language
Strikethrough	Fee or language will be deleted from the Fee Schedule
BOLD CAPS	Language is being added to Fee Schedule
Bold	New or increased Fee Amount

Fee Recommendation Schedule
Exhibit A
Department: Development Services Department

Description of Service	Current Fee	Proposed Fee	Unit	Revenue Code	Fiscal Impact	Notes
<u>RESIDENTIAL RATE TABLE</u>						
<i>Building Permit Fee (BPF) for Valuations of:</i>						
Less than \$25,000	\$180.00		One Inspection		\$0	Removing estimated inspection amounts
	\$270.00		Two Inspections		\$0	
	\$360.00		Three Inspections		\$0	
			Plus \$90.00/Each Additional Inspection			
VALUATION						Adding inspections based upon valuation
\$0 - \$8,333		\$220			\$0	
\$8,334-16,667		\$330			\$0	
\$16,668-24,999		\$440			\$0	
<u>COMMERCIAL RATE TABLE</u>						
<i>Building Permit Fee (BPF) for Valuations of:</i>						
Less than \$25,000	\$180.00		One Inspection		\$0	Removing estimated inspection amounts
	\$270.00		Two Inspections		\$0	
	\$360.00		Three Inspections		\$0	
	\$90.00	-	Plus \$90.00/Each Additional Inspection		\$0	

Fee Recommendation Schedule
Exhibit A
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VALUATION						Adding inspections based upon valuation
\$0 - \$8,333		\$220			\$0	
\$8,334-16,667		\$330				
\$16,668-24,999		\$440				
<i>Form-Based Code Review</i>		\$648			\$6,480	
PAYMENT OF FEES IS REQUIRED FOR A PLANNING APPLICATION TO BE COMPLETE. NO APPLICATION SHALL BE PROCESSED WITHOUT PAYMENT OF APPLICABLE FEE UNLESS A FEE WAIVER OR DEFERRAL HAS BEEN APPROVED.					\$0	ADDING NOTE CLARIFYING WHEN FEES ARE DUE.

Total Estimated Fiscal Impact: \$6,480