



Agenda Date: 10/24/2006  
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Set Time: 9:00 AM PUBLIC HEARING  
Estimated Report Time: 15 minutes

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Hillary Gitelman - Director of Conservation, Development, & Planning  
Building Inspection  
**REPORT BY:** Hillary Gitelman, Director, 253-4805  
**SUBJECT:** Adoption of a resolution amending Building Fees

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### **RECOMMENDATION**

Director of Conservation, Development and Planning requests adoption of a resolution decreasing building permit fees for solar energy installations, decreasing fees for plan review of large projects submitted to approved third-party plan reviewers, and increasing certain other fees for services provided by the Conservation, Development and Planning Department - Building Division.

### **EXECUTIVE SUMMARY**

On November 18, 2003, the Board took action to revise fees for the property departments and directed staff to work with the building industry and bring back a revised fee proposal for the Building division. In May 2004, County staff reached consensus with building industry representatives and recommended a continuation of the "valuation" methodology, wherein the cost of permits is based primarily on the anticipated cost of construction, and also recommended a phased program of fee adjustments and service enhancements. The principal fee components of the phased program were three annual increases of 12.9% each. On July 13, 2004, the Board approved the first 12.9% increase in building fees, and on June 7, 2005, the Board approved the second 12.9% increase in building fees.

Following adoption of the Building Division budget for FY2006-07, County staff determined that a third annual increase of 12.9% would not be needed to address cost of living increases through June 2007, and that there were other adjustments to the building fee schedule that were warranted. The resulting proposal, which is explained in more detail in the Background section below, would increase most building fees by 12.2% but would also decrease fees for solar energy installations (particularly roof-mounted installations) and for large projects which are plan-reviewed by qualified third-party plan reviewers prior to review by County staff. If the proposed changes are adopted by the Board on October 24, 2006, they would become effective 61 days after adoption.

### **FISCAL IMPACT**

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Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	The proposed resolution would adjust some building fees downward and increase others. The net result would be increased Building Division revenues estimated at approximately \$289,000 annually assuming a continuation of the current level of permit activity. All permit revenues would accrue to the Building Division account and be used to support the Division's services to project applicants.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	As explained in the Background section below, the proposed resolution would provide an incentive for solar energy installations, regularize fees for plan check services when large projects are reviewed externally, and support additional performance improvements within the Building Division.
Is the general fund affected?	No
Future fiscal impact:	Department staff estimates increased revenues of approximately \$289,000 per year if the current level of permit activity continues. Revenues would support Building Division services.
Consequences if not approved:	If the resolution is not approved, the Building Division will continue to charge substantial permit fees to solar energy installers, continue to charge for plan check services related to large projects that are reviewed externally, and will be unable to retain a second permit technician position and meet newly stated performance goals.
Additional Information:	None

### **ENVIRONMENTAL IMPACT**

The proposed action is statutorily exempt from CEQA per State CEQA Guidelines Section 15273 (Rates, Tolls, Fares, and Charges) because the proposed fee adjustments would recover the operating costs associated with providing services to permit applicants.

### **BACKGROUND AND DISCUSSION**

In May 2004, County staff reached consensus with building industry representatives regarding a phased program of fee adjustments and service enhancements, with the principal fee component being three annual increases of 12.9% each. There was also consensus that the County's Building Division should retain its "valuation" methodology instead of transitioning to a time-and-materials system like other County departments. Under the "valuation" methodology, fees are primarily based on the cost of the project, with the understanding that this cost is generally proportional to the amount of time and effort involved in processing the permit.

Consistent with these agreements, the Board of Supervisors increased building permit fees by 12.9% on July 13, 2004 and again on June 7, 2005. Service enhancements in the same period have included (a) implementing one consolidated permit tracking system (Permits Plus) for all property departments; (b) allowing the public to view the status of their applications via the "my property" section of the County's website; (c) implementing a seven to ten day "Quick Permit" program for small permits; and (d) transitioning to a new web-compatible permit tracking

system (Accela) with greater capabilities for future service enhancements. In addition, the County has transferred the Building Division account out of the County general fund and into a stand-alone account, essentially to guarantee that all Building Division revenues are only used to support the Division's services.

Following adoption of the Building Division's budget for FY2006-2007, Department staff determined that a third increase of 12.9% would not be necessary to address cost of living expenses as originally anticipated in May 2004. However, a roughly comparable increase of 12.2% would allow the Division to make several needed fee adjustments and establish a performance target for permit intake and plan reviews. Suggested adjustments include the following: (1) eliminate the valuation methodology for solar energy installations, applying an adjusted fee as shown below; (2) establish a general threshold for projects eligible for review by private plan check firms via direct contracts with project applicants and reduce the plan check fees for these projects; and (3) increase other Building Division fees to off-set these adjustments, allow retention of a second permit tech position and adoption of new performance targets related to permit intake and plan review. Further explanation is provided below:

### Solar Energy Installations

The proposed resolution would modify the way the County assesses building permit fees for solar energy installations to better reflect the level of effort involved in reviewing these applications and the County's desire to encourage these "green" energy projects. Below is a summary of the fees that would be assessed for roof-mounted installations and ground-mounted installations (which require more time to review and inspect than roof-mounted installations). The hourly rates cited are based on the proposed rates for Building Division plan review and inspection, and approved rates for the other departments. All would be subject to change in future years.

17.	The fee for issuing solar energy installation permits shall be as follows:		
		<u>Roof-Mounted</u>	<u>Ground-Mounted</u>
	Plan Check and Building Inspection	\$54.42	\$108.84
		-	
	Additional Plan Check Review at the hourly rate set forth in section 70.020(b)(5)	1 hour	2 hours
	Building Inspection at the hourly rate set forth in section 70.060(d)(3)	1 hour	2 hours
	Electrical Permit as set forth in section 70.060(d)(5)	\$90.07	\$90.07
	Department of Environmental Management review at the hourly rate set forth in section 110.026	No review required by this department	.75 hour

	Public Works Department review at the hourly rate set forth in section 80.010(a)	No review required by this department	1 hour
	Planning Department review at the hourly rate set forth in section 80.010(a)	No review required by this department	1.5 hour
	Strong Motion as set forth in section 70.025(b)	\$0.50	\$0.50
	Permit Issuance as set forth in section 70.020 (b)(7)	\$31.41	\$31.41
(History Res. 04-105; Res. 05-88)			

County staff believes these new fees are comparable to fees in other jurisdictions, and would represent a substantial reduction for many projects. For example, three recent projects (permits issued in April and May 2006), were assessed fees of between \$1,052.24 and \$2,442.19.

Based on the total number and size of projects last year, the proposed fee reduction would reduce annual Building Division revenues by approximately \$81,000.

#### Third-Party Plan Check of Large Projects

The proposed resolution would be consistent with the general rule that plan check services shall be conducted by the County, with smaller projects reviewed internally, and larger projects reviewed by plan check firms under contract to the County. Only projects meeting the following criteria would be eligible for review by third-party plan check firms via direct contracts with project applicants: (1) Commercial/Industrial projects above a valuation of \$1,000,000; and (2) Residential projects above a valuation of \$500,000.

When these large projects are sent directly to private plan check firms, they will be assessed 25% of the standard plan check fee to reflect the lesser amount of work required by County staff. (Currently they are assessed at 100% of the standard plan check fee.) This new approach would be consistent with the fees retained by the County when the County itself contracts with private plan check firms for services (i.e. 75% of the plan check fees are passed on to the private firms conducting the reviews).

Based on the number and size of projects last year, making this fee reduction would reduce annual Building Division revenues by approximately \$125,000.

#### Permit Tech Position & New Performance Target

Building Division revenues currently support a staff of inspectors, plans examiners, a plan tech, and managers,

and contribute to the cost of code enforcement and departmental administrative functions. In order to avoid service reductions due to the two fee adjustments described above (related to solar energy installations and third party plan review), anticipated revenue reductions would have to be offset by increases to other building fees. These increases, coupled with the cost of a second permit tech position, would total the proposed increase of 12.2%.

A second permit tech position is critically needed to address the Department's current workload, and has been added as a temporary "extra help" position effective October 9, 2006. By increasing fees as proposed, this position could be extended beyond the end of the fiscal year (June 30, 2006).

#### Performance Targets & Future Fee Increases

The Building Division has experienced a large workload and staff turn-over in the last year, and has also been adjusting to the new permit tracking system. With most of these changes behind us, the Division is re-committing itself to complete "Quick Permit" reviews of small projects (including solar energy installations) within 7 to 10 calendar days, and is establishing a performance target of completing all other initial plan checks within an average of four weeks. In other words, by the end of the fiscal year, the Building Division will strive to ensure that -- on average -- all complete plan submittals are plan-checked within four weeks of intake.

Barring unforeseen circumstances, future fee increases would be limited to cost of living adjustments. Some improvements to the structure of the fee schedule -- which is overly repetitive and confusing -- may also be warranted in future years.

#### SUPPORTING DOCUMENTS

- A . Resolution
- B . Resolution Exhibit A (Part 70, Building Fees - Redlined)
- C . Resolution Exhibit B (Part 70, Building Fees - Final)

CEO Recommendation: Approve

Reviewed By: Andrew Carey