



Agenda Date: 6/7/2005
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Estimated Report Time: 30 minutes

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Cathy Gruenhagen for Hillary Gitelman - Director
Conservation, Development & Planning
REPORT BY: Cathy Gruenhagen, Staff Service Analyst II, 253-4425
SUBJECT: Adoption of a Resolution Revising Building Fees

RECOMMENDATION

Consideration and possible adoption of a resolution implementing phase two of a three year agreement which establishes 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 with the exception of the Building division (Part 70 of the fee schedule). Instead, the Board directed staff to work with the building industry and bring back a revised fee proposal for the Building division. In June 2004, County staff reached consensus with Building industry representatives and recommended a phased program of fee adjustments and service enhancements, with the principal fee component being three annual increases of 12.9% each. On July 13, 2004, the Board approved the first 12.9% increase in Building division fees, and on April 19, 2005, the Board instructed staff to prepare a resolution for its consideration regarding the second installment of 12.9%.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	The approved budget for FY04/05 does not include anticipated revenue from proposed fee increases.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	If the fee increase is approved, the Building division will need less General Fund support in FY05/06 and beyond than in prior years. If the fee increase is

	not approved, General Fund contributions will continue to subsidize review of building permit applications, related inspections, and administrative activities.
Is the general fund affected?	Yes
Future fiscal impact:	There will be full recovery for costs for services. No General Fund revenue will be needed.
Consequences if not approved:	General Fund contributions will continue to be needed to support the Building division.
Additional Information:	None

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

On November 18, 2003, the Board took action to revise fees for the property departments with the exception of the Building division (Part 70 of the fee schedule). Instead, the Board directed staff to work with the building industry and bring back a Building division fee proposal in June 2004. In the course of these discussions, building industry members indicated that they wanted the building fees to continue to be based upon the construction cost valuation methodology (instead of the nexus methodology as suggested by a consultant study), and that fee increases should be implemented based upon cost of living increases.

Staff developed an analysis that considered previous cost of living, retirement and workers compensation contribution increases since the fee schedule was updated in 1995. It was determined that these cost increases equal a 38.7 percent increase. Building industry representatives requested that this fee increase be implemented over a three-year time period. Building industry representatives also indicated that they would support additional increases to the construction valuation schedule based upon actual percentage changes to the salary and benefit costs of the Building division if needed. As a result of this agreement, staff recommended and the Board adopted the first 12.9% increase on July 13, 2004. The new fees were effective October 1, 2004.

On April 19, 2005, the Board directed staff to prepare a resolution for their consideration implementing the second of the three Building division fee increases of 12.9% previously agreed upon. According to current fee projections, this increase would provide sufficient revenue to substantially support the Building division's activities in FY05/06, including cost of living increases, retirement benefits, and salary adjustments not originally anticipated in June of 2004.

On May 23, 2005, staff met again with industry representatives, who indicated their qualified support for the second 12.9% increase. (The group also asked for a larger discussion of various fees charged by the County, and asked that Building division fee revenue be placed in a separate account. A meeting about the larger fee issue will be scheduled for late June, and the CEO's office will pursue establishment of a separate account for the Building division in FY05/06.)

County staff is now recommending adoption of a resolution implementing the second Building division fee adjustment of 12.9%. If adopted on June 7, the new fees will become effective August 8, 2005. A possible third increase agreed to in June of 2004 will be assessed further in early 2006.

These actions are consistent with previous Board direction.

SUPPORTING DOCUMENTS

- A . Resolution
- B . Attachment "A" to Resolution
- C . Attachment "A" to Resolution Tracking Copy

CEO Recommendation: Approve

Reviewed By: Andrew Carey