



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 7/31/2018
Agenda Placement: 9B
Set Time: 1:30 PM PUBLIC HEARING
Estimated Report Time: 15 Minutes

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Mary Booher for Minh Tran - County Executive Officer
County Executive Office
REPORT BY: Helene Franchi, Deputy County Executive Officer - 253-4820
SUBJECT: Fee Update

RECOMMENDATION

County Executive Officer, Agricultural Commissioner, Assessor-Recorder-County Clerk, Director Public Works and Director of Planning, Building and Environmental Services request that the Board hold a public hearing and adopt a resolution establishing, increasing, decreasing and deleting certain fees for Agricultural Commissioner/Sealer of Weights and Measures, Recorder-County Clerk, Department of Public Works, and Planning, Building and Environmental Services, and Fees in 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 MGT on file with the Clerk of the Board, CEQA does not apply.

EXECUTIVE SUMMARY

State law allows for government agencies to establish fees to recover the cost of providing services. Napa County has a long history of reviewing fee schedules. In 2009, the County last performed a comprehensive fee study and made changes to fees based on the results of that study. Since 2009, fees have been adjusted using factors such as the Consumer Price Index (CPI). Additionally, smaller more targeted studies have been performed for specific departments to ensure that fees were based on the cost of a service.

In April 2015, the County contracted with MGT to perform the comprehensive analysis for a number of County departments with fees being effective July 1, 2016. However, the study did not include Planning Building and Environmental Services (PBES). Today's recommendation is to adjust fees in PBES and capture adjustments not included in the 2016 action for Recorder-County Clerk, Agricultural Commissioner and Public Works.

The requested action approves fee changes effective October 2018 and decreases effective immediately.

PROCEDURAL REQUIREMENTS

1. Open Public Hearing.
2. Staff reports.
3. Public comments.
4. Close Public Hearing.
5. Motion, second, discussion and vote 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 certain user fees or establish other fees which will increase revenue for the General Fund and Building Fund.
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 changes being recommended today are part of an effort to recover the full cost of providing specialized services as determined by a comprehensive fee study. Revenue is expected to increase by approximately \$2.4 Million of which \$355,000 is in the Building Fund.
Is the general fund affected?	Yes
Future fiscal impact:	Departments receiving user fee revenues will see increases in fee revenue as a result of these amendments to fees.
Consequences if not approved:	If this item is not approved, fees will not be amended or increased. The current fees will continue to be charged despite a comprehensive fee study that identifies different costs.
Additional Information:	

ENVIRONMENTAL IMPACT

There is no Environmental Impact for this item.

BACKGROUND AND DISCUSSION

State law allows government agencies to establish fees to recover the cost of providing services. Napa County has a long history of reviewing and revising fee schedules to reflect changes in the actual cost of providing services. The most recent countywide fee study was completed in 2009. Since 2009, County fees have been adjusted using factors such as the Consumer Price Index (CPI). Additionally, specific departments have performed smaller targeted studies that report the costs of specific services to ensure that fee-related services are based on actual

cost.

In April 2015, the County contracted with MGT to perform a comprehensive analysis of fees. MGT used the adopted FY 2015-16 budget, staffing and operational information to determine appropriate fees. Phase 1 of the study was completed with fee changes effective in July 2016. Phase 1 included a review of fee-for service activities within the following departments:

- | Agricultural Commissioner
- | Assessor
- | Recorder-County Clerk
- | Clerk of the Board
- | County Counsel
- | Fire Marshal
- | Housing and Intergovernmental Affairs (County Executive Office)
- | Public Works (Surveyor and Roads divisions)
- | Treasurer-Tax Collector

Today's action represents Phase 2 which is a comprehensive review of the Planning Building and Environmental Services Department (PBES) fees as well as smaller targeted reviews of Public Works, Agricultural Commissioner and Recorder-County Clerk fees. PBES fees have not been revised since October 2013.

Study Purpose and Methodology

While the purpose of this study is to identify the cost of fee-related activities, one of the outcomes of the analysis is to provide a complete picture of the full cost of all services offered. It is necessary to identify all costs, whether fee-related or not, so that there is a fair and equitable distribution of all indirect or overhead costs across all activities. This ensures that there is a relationship between the cost of the service and the fee that is charged. No service should be burdened with costs that cannot be directly or indirectly linked to that service. Therefore, the first task in this study is to separate the fee-for-service activities from the non-fee activities. Some non-fee related activities such as public safety or public improvement projects are appropriately funded by general fund monies (or other special revenue sources). The cost of providing these other services are identified and set aside from the user fee services.

A cost of service study is comprised of two basic elements:

- | Hourly rates of staff providing the service.
- | Time spent to provide the service.

The product of the hourly rate calculation multiplied by the time spent yields the cost of providing the service. Currently, the recovery rate for PBES fees is set at 80% with Building fees at 100%.

Study Findings

Current fee revenues recover 66% of full cost, leaving approximately \$4.3 million or 34% to be funded by other funding sources. Adjusting fees to the proposed cost recovery policy levels would increase the specified fee revenue from \$8.4 million to \$10.8 and bring the overall cost recovery level up to 85%. The study has also identified the average cost per appeal far exceeds the current fee of \$416 and is recommending adjusting the fee to \$1,000. In the Building Department, the study is recommending that the penalty for the investigation fee of red tagged projects be increased from 200% to 400% of the original permit fee. The study also identified well destruction fees as needing adjustment. The current fee is \$61 but the proposed fee is \$323. The Board may determine it is appropriate to continue to subsidize a portion of this fee as this service benefits the community as a whole. Permitting and proper well destruction protects Napa County's valuable groundwater resources.

Public Outreach Efforts

In addition to complying with California law regarding the public noticing of fees, the departments have held a number of different stakeholder meetings during the month of June and have posted information on today's meeting on various County websites. Emails have been distributed to permit holders and various stakeholder groups providing notification of meetings to discuss the fee changes. In addition, building staff attended meetings of the Napa Solano chapter of the International Code Council and Contractors. Distribution resulted in over 2,100 individuals and businesses being contacted with only 16 individuals attending the meetings.

Attachments

The documents attached to this item include the Comprehensive Fee Report prepared by MGT and the resolution for adopting fees that includes Exhibits A-S. The exhibits detail the fees for each department in two formats -- comparison (tracked) and clean (final). On the tracked version, adoption of new fees or amended language are noted by underline and the document includes two columns (where applicable) that list the current fee and the proposed fee. Rescinded fees are noted by strike-through. Fees that are neither underline or struck-through are not fees adopted by the proposed resolution, but are existing fees included for informational purposes only.

SUPPORTING DOCUMENTS

- A . Fee Study
- B . Resolution
- C . Exh A Part 10 General Provisions - Tracked
- D . Exh B Part 10 General Provisions - Clean
- E . Exh C Part 20 Agricultural Comm - Tracked
- F . Exh D Part 20 Agricultural Comm - Clean
- G . Exh E Part 70 PBES Building - Tracked
- H . Exh F Part 70 PBES Building - Clean
- I . Exh G Part 75 PBES Engineering Serv - Tracked
- J . Exh H Part 75 PBES Engineering Serv - Clean
- K . Exh I Part 80 PBES Planning and Conserv - Tracked
- L . Exh J Part 80 PBES Planning and Conserv - Clean
- M . Exh K Part 90A Assessor-Recorder County Clerk - Tracked
- N . Exh L Part 90A Assessor-Recorder County Clerk - Clean
- O . Exh M Part 110 PBES Environmental Health - Tracked
- P . Exh N Part 110 PBES Environmental Health - Clean
- Q . Exh O Part 117 Local Enforcement Agency - Tracked
- R . Exh P Part 117 Local Enforcement Agency - Clean
- S . Exh Q Part 140 Public Works - Tracked
- T . Exh R Part 140 Public Works - Clean

CEO Recommendation: Approve

Reviewed By: Helene Franchi