

City of Chula Vista
Development Services Fee Study
Summary Report

July 2017



Executive Summary

Purpose

The purpose of this report is to describe the findings and recommendations of the City of Chula Vista's Development Services Fee Study.

It is generally accepted in California that cities are granted the authority to impose these user fees and regulatory fees for services and activities they provide through provisions of the State Constitution. First, cities are granted the ability to perform broad activities related to their local policing power and other service authority as defined in Article XI, Sections 7 and 9. Second, cities are granted the ability to establish fees for service through the framework defined in Article XIII B, Section 8. Under this latter framework, a fee may not exceed the estimated reasonable cost of providing the service or performing the activity. For a fee to qualify as such, it must relate to a service or activity under the control of the individual/entity on which the fee is imposed. For example, the individual/entity requests service of the municipality or his or her actions specifically cause the municipality to perform additional activities. In this manner, the service or the underlying action causing the municipality to perform service is either discretionary and/or is subject to regulation. As a discretionary service or regulatory activity, the user fees and regulatory fees considered in this study fall outside requirements that must otherwise be followed by the City to impose taxes, special taxes, or fees imposed as incidences of property ownership.

The City's chief purposes in conducting this study were to ensure that existing fees were calibrated to the costs of service and to provide an opportunity for the City Council to optimize its revenue sources, provided that any increased cost recovery from user fees and regulatory fees would not conflict with broader City goals and values.

Outcomes

The cost of service study examined 670 individual fees managed by the following City divisions:

- Building
- Development Planning
- Long-Range Planning
- Land Development Engineering
- Construction Inspection
- Fire Prevention
- Traffic Engineering
- NPDES
- Code Enforcement
- Land Survey

Targeted cost recovery levels for all fees examined range between 30% and 100%. A number of adjustments to increase target cost recovery levels for previously subsidized permits to full cost recovery are recommended. The fees proposed reflect the implementation of a concurrent recommendation to amend the City’s Citywide Cost Recovery Policy.

The cost of service analysis identified \$14.3M eligible for recovery from fees examined as part of this study. After targeting cost recovery amounts consistent with those in the City’s Citywide Cost Recovery Policy and deliberately targeting less than 100% cost recovery for certain long-range planning, code enforcement, and public information and assistance functions deemed to have a significant public benefit, the analysis identified \$13.7M targeted for recovery from fee collections. The remaining \$0.5M eligible for recovery from fees will require an alternate funding source.¹

Work Unit	Amount Eligible for Recovery from User/Regulatory Fees	Amount Forecast to be Recovered from Fee Collections	Amount Requiring Another Funding Source
Code Enforcement ²	\$575,871	\$472,347	\$103,524
Long-Range Planning	\$765,204	\$350,484	\$414,720
Dev Services Counter	\$1,902,930	\$1,902,930	\$0
Development Planning	\$2,278,355	\$2,278,355	\$0
Building	\$3,488,574	\$3,488,574	\$0
Neighborhood Services (DSF)	\$452,918	\$452,918	\$0
Landscape Architecture	\$832,491	\$832,491	\$0
Land Development	\$1,162,315	\$1,162,315	\$0
Fire Prevention	\$1,714,371	\$1,714,371	\$0
Land Survey	\$61,033	\$61,033	\$0
Traffic Engineering	\$265,872	\$244,941	\$20,931
Construction Inspection	\$441,626	\$441,626	\$0
NPDES	\$336,676	\$336,676	\$0
Total	\$14,278,238	\$13,739,063	\$539,175

¹ Excludes Fire Company Inspection Program (“FCIP”) related fees. FCIP costs of service were calculated as part of this study; however the inspections are currently performed by Fire Suppression staff members. Additionally, FCIP revenues collected are not credited to the Fire Prevention budget, so the FCIP expenditures and revenues do not influence the outcomes shown.

² Code Enforcement amount requiring another funding source reflects cost of providing services to mobile home parks, less state capped fee revenue.

Section 1 - Framework

Analysis Origination and Scope

The following categories of fees were examined in this study:

- Building Fees, including building plan check and inspection for:
 - New construction
 - Mechanical, plumbing, and electrical permits
 - Miscellaneous items (e.g. retaining walls, decks, and patio installations)
- Planning Fees, including:
 - Development plan review
 - Zoning compliance
 - Historic designation review
- Land Development Engineering and Construction Inspection Fees, including plan check and inspection for:
 - Grading
 - Site improvements
 - Encroachments
- Fire Prevention Fees, including:
 - Plan check and inspection of new construction for fire safety compliance
 - Ongoing inspection of facilities that store hazardous materials or equipment
 - Ongoing inspection of businesses for compliance with Fire Code regulations
- Traffic Engineering Fees, including:
 - Review of traffic control plans
 - Issuance of transportation permits for oversized loads
- NPDES Fees, including:
 - Inspections of commercial and industrial facilities that store or use materials identified as threats to water quality
 - Inspections for compliance with post-construction best management practices
- Housing Fees, including:
 - Inspections of apartments, hotels, and motels for compliance with health and safety guidelines

The complete list of individual fees included in this study, is included in the [Appendix](#) of this report.

Current Fees

The City periodically updates its development services fees. The most recent update was completed in 2011. The 2011 fee study restructured many of the fees imposed, and targeted cost recovery levels for fee related services that were consistent with the City's Citywide Cost Recovery Policy.

Analytical Overview

There were three primary phases of analysis used throughout this Cost of Service Study:

- 1) Cost of service analysis
- 2) Cost recovery evaluation
- 3) Fee establishment

Cost of Service Analysis

A cost of service analysis is a quantitative effort which compiles the full cost of providing governmental services and activities. There are two primary types of costs considered: direct and indirect costs. Direct costs are those which specifically relate to the activity in question, including the real-time provision of the service. Indirect costs are those which support the provision of services but cannot be directly or easily assigned to the activity in question. An example of a direct cost is the salary and benefit expense associated with an individual performing a service. In the same example, an indirect cost would include the expenses incurred to provide an office and equipment for that individual to perform his or her duties, including (but not exclusive to) the provision of the service in question.

Components of the full cost of service include direct labor costs, indirect labor costs, specific direct non-labor costs where applicable, allocated non-labor costs, and allocated organization-wide overhead. Definitions of these cost components are as follows:

Direct labor costs – Includes salary/wage and benefits expenses for City personnel specifically involved in the provision of services and activities to the public.

Indirect labor costs – Includes salary/wage and benefits expenses for City personnel supporting the provision of services and activities. This can include line supervision and departmental management, administrative support within a department, and staff involved in technical activities related to the direct services provided to the public.

Specific direct non-labor costs – Includes discrete expenses incurred by the City due to a specific service or activity performed, such as contractor costs, third-party charges, and very specific materials used in the service or activity. (In most fee types, this component is not used, as it is very difficult to directly assign most non-labor costs at the activity level.)

Allocated indirect non-labor costs – Includes expenses other than labor for the departments involved in the provision of services. In most cases, these costs are allocated across all services provided by a department, rather than directly assigned to fee categories.

Allocated indirect citywide overhead – Includes expenses, both labor and non-labor, related to the City's agency-wide support services. Support services include general administrative services provided internally across the City's departments by the City Manager's Office, the City Council, the City Clerk, the City Attorney, the City's Human Resources Department, the City's Finance Department, and the City's Information Services Department, as well as cost burdens for building use, vehicle maintenance and facilities maintenance. These support services departments provide functions to the direct providers of public service, such as human resources, payroll, financial management, information technology, and other similar business functions.

These cost components were expressed using annual (or annualized) figures, representing a twelve-month cycle of expenses incurred by the City in the provision of all services and activities agency-wide.

Nearly all of the fees under review in this study require specific actions on the part of City staff to provide the service or conduct the activity. Because labor is an underlying factor in these activities, the full cost of service was most appropriately expressed as a fully-burdened cost per available labor hour. This labor rate – expressed as an individual composite rate for each division responsible for providing the fee related services examined in this study – served as the basis for further quantifying the average full cost of providing individual services and activities.

To derive the fully-burdened labor rate for each department, and various functional divisions within a department, two figures were required: the full costs of service and the number of hours available to perform those services. The full costs of service were quantified generally through the earlier steps described in this analysis. The number of hours was derived from a complete listing of all personnel employed by the City and reflected in the labor expenses embedded in the full cost of service.

Each City employee was assigned a full-time equivalent factor. An employee working full-time would have a factor of 1.0; an employee working exactly half-time would have a factor of 0.5. A full-time employee is paid for roughly 2,080 hours per year of regular time. Using this as an initial benchmark of labor time, each employee's full-time equivalent factor was applied to this amount of hours to generate the total number of regular paid hours in each department.

Next, each employee's annual paid leave hours were approximated using standard hourly reductions applied in the City's cost allocation plan, by bargaining unit. Paid leave included holidays, vacation, sick leave, and any other regular leave indicated in personnel data. Once quantified for the entire department, annual paid leave hours were removed from the total number of regular paid hours to generate the total number of available labor hours in each department. These available hours represent the amount of productive time during which services and activities can be performed.

Once the number of productive hours had been defined, personnel and project-based time-tracking records and reports provided by division managers were reviewed to determine annual workload across various functions of development services. Supplemental steps were taken in an interviewing process to confirm the time record and report findings, and adjust the findings if necessary to account for organizational changes or differing methods of identifying work activities by development services staff members. The purpose of this effort was to reflect the magnitude of the development review process and the fact that many of the indirect activities conducted by these personnel – while not directly related to the act of reviewing, inspecting, and approving development or construction – are necessary components in providing complete and accurate regulation of those activities.

For example, Planning personnel devote a portion of their annual time to training efforts that enhance their ability to effectively review proposed development, comply with City and State mandates, and provide useful information to those seeking development related guidance. It can be reasonably argued that the effort associated with industry specific training is in fact part of the process of development review, and its costs can be considered for cost recovery – in whole or in part – through fees.

From this functional expression of development review activities, two statistics were generated. First, the annual cost of development review – including supportive and indirect activities (i.e., not just direct permit review and issuance) – was quantified. This annual cost could be compared to annual fee revenues to provide a general comparison of the level of costs each broad fee area was recovering from applicants through their payment of fees. This also provided a general indication of the degree to which each broad area of fees would need to be increased across the board if full cost recovery was targeted by the City.

Second, a fully-burdened rate per hour of time spent on active development applications and projects was computed. This rate included a provision for costs associated with indirect activities that were determined to have a direct correlation to providing development regulation.

Once fully-burdened hourly rates were developed, they could be applied at the individual fee level to estimate an average full cost of service for each fee related service or activity. This step required the review of City-maintained project management statistics and the development of staff time estimates for the services and activities listed in the City's fee schedule.

The above-described steps were used for each division to describe the costs of general services, including those activities related to an existing or newly considered fee. For several subsets of fees, some deviations in analytical methods were taken to provide supplemental information in defining the full costs of services.

The complete cost of service analysis developed for this study is included in the Appendix of this report.

Cost Recovery Evaluation

Current levels of cost recovery from existing fee revenues were stated simply by comparing the existing fee for each service or activity – if a fee was imposed – to the average full cost of service quantified through this analysis. Cost recovery was expressed as a percentage of the full cost. A cost recovery rate of 0% means no costs are recovered from fee revenues. A rate of 100% means that the full cost of service is recovered from the fee. A rate between 0% and 100% indicated partial recovery of the full cost of service through fees. A rate greater than 100% means that the fee exceeded the full cost of service.

The development services fees examined in this study should not exceed the full cost of service. In other words, the cost recovery rate achieved by a fee should not be greater than 100%. In most cases, imposing a fee above this threshold would require the consensus of the voters. Exceptions to this rule typically focus on areas where the fee actually behaves akin to a fine or penalty imposed on an individual or entity that has violated City requirements or code. In those circumstances, the City is not limited to the cost of service when setting the amount.

Determining the targeted level of cost recovery from a new or increased fee is not an analytical exercise. Instead, targets reflect agency-specific judgments linked to a variety of factors, such as existing City policies, agency-wide or departmental revenue objectives, economic goals, community values, market conditions, level of demand, and others.

A general means of selecting an appropriate cost recovery target is to consider the public and private benefits of the service or activity in question. To what degree does the public at large benefit from the service? To what degree does the individual or entity requesting, requiring, or causing the service benefit? When a service or activity completely benefits the public at large, it can be argued reasonably that there should be no cost recovery from fees (i.e., 0% cost recovery): that a truly public-benefit service is best funded by the general resources of the City, such as General Fund revenues (e.g., taxes). Conversely, when a service or activity completely benefits an individual or entity, it can be argued reasonably that 100% of the cost should be recovered from fees collected from the individual or entity. An example of a completely private benefit service may be a request for exemption from a City regulation or process.

In some cases, a strict public-versus-private benefit judgment may not be sufficient to finalize a cost recovery target. Any of the following other factors and considerations may influence exclusively or supplement the public/private benefit of a service or activity:

- If optimizing revenue potential is an overriding goal, is it feasible to recover the full cost of service?
- Will increasing fees result in non-compliance or public safety problems?
- Are there desired behaviors or modifications to behaviors of the service population that could be helped or hindered through the degree of pricing for the activities?
- Could fee increases adversely affect City goals, priorities, or values?

For specific subsets of City fees, even more specific questions may influence ultimate cost recovery targets:

- Does current demand for services support a fee increase without adverse impact to the citizenry served or current revenue levels? (In other words, would fee increases have the unintended consequence of driving away the population served?)
- Is there a good policy basis for differentiating between type of users (e.g., residents and non-residents, residential and commercial, non-profit entities and business entities)?
- Are there broader City objectives that inform a less than full cost recovery target from fees, such as economic development goals and local social values?

For this study, the City's adopted Citywide Cost Recovery Policy was used by each division when setting targeted cost recovery levels and proposed fees. Targeted cost recovery levels for each fee examined in this study are included in the [Appendix](#) of this report.

Fee Establishment

Once the full cost of service was established and cost recovery targets were set, fees were calculated. The fully-burdened hourly rate was applied to an average labor time estimate to generate the average full cost of service. If less than full cost recovery was targeted, this figure was then adjusted downward to match the intended level of cost recovery from the fee. In nearly all cases, once these few steps were complete, the proposed fee was complete. For the activities where estimating a consistent average was impossible – due to the highly variable nature of the service – use of fully-burdened hourly rates coupled with time-tracking was suggested – or will continue - as the fee structure. In other words, the City would impose a fee per hour of staff time, requiring some degree of time estimation or outright time-tracking at the case level.

Calculating fees during this study also included a range of other activities, described below:

Addition to and deletion of fees imposed – The study process provided each division the opportunity to propose additions and deletions to their fee schedules, as well as rename, reorganize, and clarify fees imposed. Many such revisions were performed to better conform fees to current practices, as well as improve the calculation of fees owed by an individual, the application of said fees, and the collection of revenues. In other words, as staff is more knowledgeable and comfortable working with the fee schedule, the accuracy achieved in both imposing fees on users and collecting revenues for the City is greater. Beyond this, some additions to the fee schedule were simply identification of existing services or activities performed by City staff for which no fee was imposed.

Revision to the structure of fees – In the current update, the existing fee structure was sustained; the fee levels were simply recalibrated to match the costs of service and targeted cost recovery level. In past updates, however, the manner in which a fee is imposed on a user was changed. In the majority of cases in which this was done, the primary objective was to simplify the fee

structure, or increase the likelihood that the full cost of service would be recovered by linking the fee structure more closely with the specific characteristics of individual applicants or the permitting process itself. Future updates will continue to consider modifications to fee structure as appropriate.

Proposed fees and the calculated increase or decrease from existing fees are shown in the [Appendix](#) of this report.

Documentation of Methodology

The above listed analytical methodology will be described in the balance of this report within the following framework:

- Organizational and Service Time Analysis – examines how time is spent annually and at the activity level
- Time Valuation – details the calculation of the fully-burdened hourly rate
- Cost of Service Analysis – identifies the estimated full cost of providing fee related development services at the divisional and individual activity level
- Cost Recovery – identifies the level of cost recovery targeted for each fee examined in this study

Data Sources

The following data sources were used to support the cost of service analysis and fee establishment phases of this study:

- Adopted operating budgets for Fiscal Year 2017-18
- Fiscal Year 2017-18 projected payroll data for all full-time City employees
- Listing of anticipated, periodic, non-budgeted expenditures
- Citywide overhead cost allocation plan
- Existing Master Fee Schedule
- Citywide Cost Recovery Policy
- Standard hourly reductions applied in the City's cost allocation plan, by bargaining unit
- Employee time-tracking records maintained in the City's Project Accounting software for the period January 2013 through December 2015
- Permit information maintained in the City's project management software, Accela Automation
- Reports provided by the Building, Development Planning, Long-Range Planning, and Fire Prevention divisions containing estimates of annual time spent providing development review services
- Questionnaire and interview responses from each division studied estimating annual time spent providing development review services
- Questionnaire and interview responses from each division studied estimating time required to perform individual activities or requests for service
- 2011 Development Services Fee Study time estimates

The final sets of financial information and labor time estimates used in this study are reflected throughout the cost of service analysis included in the [Appendix](#) of this report.

Section 2 – Organizational and Service Time Analysis

Purpose and Approach

The purpose of this portion of the study was to acquire and develop information describing the core services and time required to provide development review services across divisions City-wide.

Primary outcomes of this analysis include:

- The number of hours spent, annually, performing fee related services
- The estimated time required to perform an individual request for each fee-related service examined in this study

The information was gathered through the following:

- Meetings with the individual divisions responsible for providing fee-related services to develop an understanding, generally, of each division's organization, performance of core services, functions of service, staffing levels and lines of command
- Preparation of targeted questionnaires and interviews addressing the typical time required to complete an individual request for each of the 670 services examined as part of this study and the number of hours spent, annually, at the employee level across broad categories of development services such as: non-private development services, training, code and policy development, public information and assistance, and fee-related private development services.
- Review of employee time tracking records, reports provided by divisional management, and feedback received from questionnaires and meetings, to determine the number of hours spent annually, at the employee level, across broad categories of development review services.
- Review of the project management data, employee time tracking records, responses to questionnaires and interviews, reports prepared by divisional management, and feedback received during meetings, to determine the typical time required to complete an individual request for each service examined as part of this study.

Data Sources

The following sources were used in this portion of the analysis:

- Employee time-tracking records maintained in the City's Project Accounting software for the period January 2013 through December 2015
- Permit information maintained in the City's project management software, Accela Automation.
- Standard hourly reductions applied in the City's cost allocation plan, by bargaining unit
- Reports provided by the Building, Development Planning, Long-Range Planning, and Fire Prevention divisions estimating annual time spent providing development review services
- Questionnaire and interview responses from each division studied estimating annual time spent providing development review services
- Questionnaire and interview responses from each division studied estimating time required to perform individual activities or requests for service
- 2011 Development Services Fee Study time estimates

Outcomes

Code Enforcement Division

At the time of this analysis, the Code Enforcement Division was composed of 9.00 full-time equivalent employees (FTEs) and one hourly employee (0.48 FTE). After adjusting for typical hourly reductions applied in the City's cost allocation plan, by bargaining unit, the division had 16,641 hours available to perform all work-related activities. Using employee time tracking records maintained in the City's Project Accounting software and interview responses identifying estimates of annual time spent providing development review services, it was determined that the Code Enforcement Division spends roughly 3,677 hours per year providing direct fee related private development review services. Expressed as a percentage of time, the Division spends approximately 22% of its available work hours providing fee-related direct private development review services. The remaining hours available for work include time spent on common activities, indirect private development activities, and non-private/non-user fee related development activities.

The [Appendix](#) of this report provides a breakdown of the Code Enforcement Division's total annual hours available for service. Additionally the [Appendix](#) lists the estimated average time spent on individual requests for each fee-related service in the City's fee schedule.

Planning Division – Long-Range Planning

At the time of this analysis, the Long-Range Planning Division was composed of 5.00 full-time equivalent employees. After adjusting for typical hourly reductions applied in the City's cost allocation plan, by bargaining unit, the division had 8,636 hours available to perform all work-related activities. Using employee time tracking records maintained in the City's Project Accounting software and interview responses identifying estimates of annual time spent providing development review services, it was determined that the Long-Range Planning Division spends roughly 1,492 hours per year providing direct fee-related private development review services. Expressed as a percentage of time, the Division spends approximately 17% of its available work hours providing fee related direct private development review services. The remaining hours available for work include time spent on common activities, indirect private development activities, and non-private/non-user fee related development activities.

The [Appendix](#) of this report provides a breakdown of the Long-Range Planning Division's total annual hours available for service. Additionally the [Appendix](#) lists the estimated average time spent on individual requests for each fee-related service in the City's fee schedule.

Development Services Counter Division

At the time of this analysis, the Development Services Counter Division was composed of 9.00 full-time equivalent employees and one hourly employee (0.48 FTE). In conjunction with this update, an additional 2.0 FTEs are proposed to be added to the authorized staffing for the Development Services Counter, increasing the total positions analyzed to 11.48 FTEs. After adjusting for typical hourly reductions applied in the City's cost allocation plan, by bargaining unit, the division will have 20,009 hours available to perform all work-related activities. Using employee time tracking records maintained in the City's Project Accounting software, reports provided by the Development Services Counter

Division, and interview responses identifying estimates of annual time spent providing development review services, it was determined that the Development Services Counter Division spends roughly 10,397 hours per year providing direct fee-related private development review services. Expressed as a percentage of time, the Division spends approximately 52% of its available work hours providing fee related direct private development review services. The remaining hours available for work include time spent on common activities (primarily public information and assistance), indirect private development activities, and non-private/non-user fee related development activities.

The [Appendix](#) of this report provides a breakdown of the Development Services Counter Division's total annual hours available for service. Additionally the [Appendix](#) lists the estimated average time spent on individual requests for each fee-related service in the City's fee schedule.

Planning Division – Development Planning

At the time of this analysis, the Development Planning Division was composed of 11.00 full-time equivalent employees. In conjunction with this update, an additional 1.0 FTE is proposed to be added to the authorized staffing for the Development Planning Division, increasing the total positions analyzed to 12.0 FTEs. After adjusting for typical hourly reductions applied in the City's cost allocation plan, by bargaining unit, the division had 20,478 hours available to perform all work-related activities. Using employee time tracking records maintained in the City's Project Accounting software and interview responses identifying estimates of annual time spent providing development review services, it was determined that the Development Planning Division spends roughly 10,963 hours per year providing direct fee related private development review services. Expressed as a percentage of time, the Division spends approximately 54% of its available work hours providing fee-related direct private development review services. The remaining hours available for work include time spent on common activities, indirect private development activities, and non-private/non-user fee related development activities.

The [Appendix](#) of this report provides a breakdown of the Development Planning Division's total annual hours available for service. Additionally the [Appendix](#) lists the estimated average time spent on individual requests for each fee-related service in the City's fee schedule.

Building Division

At the time of this analysis, the Building Division was composed of 16.00 full-time equivalent employees and one hourly employee (0.48 FTE). After adjusting for typical hourly reductions applied in the City's cost allocation plan, by bargaining unit, the division had 28,873 hours available to perform all work-related activities. Using reports provided by the Building Division and questionnaire and interview responses identifying estimates of annual time spent providing development review services, it was determined that the Building Division spends roughly 18,577 hours per year providing direct fee-related private development review services. Expressed as a percentage of time, the Division spends approximately 64% of its available work hours providing fee related direct private development review services. The remaining hours available for work include time spent on common activities, indirect private development activities, and non-private/non-user fee related development activities.

The [Appendix](#) of this report provides a breakdown of the Building Division's total annual hours available for service. Additionally the [Appendix](#) lists the estimated average time spent on individual requests for each fee-related service in the City's fee schedule.

Neighborhood Services Division

At the time of this analysis, the Neighborhood Services Division was composed of 7.00 full-time equivalent employees and one hourly employee (0.48 FTE). After adjusting for typical hourly reductions applied in the City's cost allocation plan, by bargaining unit, the division had 12,969 hours available to perform all work-related activities. Using employee time tracking records maintained in the City's Project Accounting software and interview responses identifying estimates of annual time spent providing development review services, it was determined that the Neighborhood Services Division spends roughly 3,702 hours per year providing direct fee-related private development review services. Expressed as a percentage of time, the Division spends approximately 29% of its available work hours providing fee related direct private development review services. The remaining hours available for work include time spent on common activities, indirect private development activities, and non-private/non-user fee related development activities.

The [Appendix](#) of this report provides a breakdown of the Neighborhood Services Division's total annual hours available for service. Additionally the [Appendix](#) lists the estimated average time spent on individual requests for each fee-related service in the City's fee schedule.

Landscape Architecture Division

At the time of this analysis, the Landscape Architecture Division was composed of 5.00 full-time equivalent employees. After adjusting for typical hourly reductions applied in the City's cost allocation plan, by bargaining unit, the division had 8,420 hours available to perform all work-related activities. Using employee time tracking records maintained in the City's Project Accounting software and interview responses identifying estimates of annual time spent providing development review services, it was determined that the Landscape Architecture Division spends roughly 5,135 hours per year providing direct fee related private development review services. Expressed as a percentage of time, the Division spends approximately 61% of its available work hours providing fee-related direct private development review services. The remaining hours available for work include time spent on common activities, indirect private development activities, and non-private/non-user fee related development activities.

The [Appendix](#) of this report provides a breakdown of the Landscape Architecture Division's total annual hours available for service. Additionally the [Appendix](#) lists the estimated average time spent on individual requests for each fee-related service in the City's fee schedule.

Land Development Engineering Division

At the time of this analysis, the Land Development Engineering Division was composed of 6.00 full-time equivalent employees. After adjusting for typical hourly reductions applied in the City's cost allocation plan, by bargaining unit, the division had 10,474 hours available to perform all work-related activities.

Using employee time tracking records maintained in the City's Project Accounting software and interview responses identifying estimates of annual time spent providing development review services, it was determined that the Land Development Engineering Division spends roughly 6,594 hours per year providing direct fee related private development review services. Expressed as a percentage of time, the Division spends approximately 63% of its available work hours providing fee- related direct private development review services. The remaining hours available for work include time spent on common activities, indirect private development activities, and non-private/non-user fee related development activities.

The [Appendix](#) of this report provides a breakdown of the Land Development Engineering Division's total annual hours available for service. Additionally the [Appendix](#) lists the estimated average time spent on individual requests for each fee-related service in the City's fee schedule.

Fire Prevention Division

At the time of this analysis, the Fire Prevention Division was composed of 11.00 full-time equivalent employees. After adjusting for typical hourly reductions applied in the City's cost allocation plan, by bargaining unit, the division had 18,064 hours available to perform all work-related activities. Using employee time tracking records maintained in the City's Project Accounting software, reports provided by the Fire Prevention Division and questionnaire and interview responses identifying estimates of annual time spent providing development review services, it was determined that the Fire Prevention Division spends roughly 10,608 hours per year providing direct fee-related private development review services. Expressed as a percentage of time, the Division spends approximately 59% of its available work hours providing fee-related direct private development review services. The remaining hours available for work include time spent on common activities indirect private development activities, and non-private/non-user fee related development activities.

The [Appendix](#) of this report provides a breakdown of the Fire Prevention Division's total annual hours available for service. Additionally the [Appendix](#) lists the estimated average time spent on individual requests for each fee-related service in the City's fee schedule.

Land Survey Division

At the time of this analysis, the Land Survey Division was composed of 5.00 full-time equivalent employees. After adjusting for typical hourly reductions applied in the City's cost allocation plan, by bargaining unit, the division had 8,770 hours available to perform all work-related activities. Using employee time tracking records maintained in the City's Project Accounting software and interview responses identifying estimates of annual time spent providing development review services, it was determined that the Land Survey Division spends roughly 400 hours per year providing direct fee related private development review services. Expressed as a percentage of time, the Division spends approximately 5% of its available work hours providing fee-related direct private development review services. The remaining hours available for work include time spent on common activities, indirect private development activities, and non-private/non-user fee related development activities.

The [Appendix](#) of this report provides a breakdown of the Land Survey Division's total annual hours available for service. Additionally the [Appendix](#) lists the estimated average time spent on individual requests for each fee-related service in the City's fee schedule.

Traffic Engineering Division

At the time of this analysis, the Traffic Engineering Division was composed of 5.00 full-time equivalent employees. After adjusting for typical hourly reductions applied in the City's cost allocation plan, by bargaining unit, the division had 8,770 hours available to perform all work-related activities. Using employee time tracking records maintained in the City's Project Accounting software and interview responses identifying estimates of annual time spent providing development review services, it was determined that the Traffic Engineering Division spends roughly 1,620 hours per year providing direct fee related private development review services. Expressed as a percentage of time, the Division spends approximately 18% of its available work hours providing fee-related direct private development review services. The remaining hours available for work include time spent on common activities, indirect private development activities, and non-private/non-user fee related development activities.

The [Appendix](#) of this report provides a breakdown of the Traffic Engineering Division's total annual hours available for service. Additionally the [Appendix](#) lists the estimated average time spent on individual requests for each fee-related service in the City's fee schedule.

Construction Inspection Division

At the time of this analysis, the Construction Inspection Division was composed of 10.00 full-time equivalent employees. After adjusting for typical hourly reductions applied in the City's cost allocation plan, by bargaining unit, the division had 16,326 hours available to perform all work-related activities. Using employee time tracking records maintained in the City's Project Accounting software and questionnaire and interview responses identifying estimates of annual time spent providing development review services, it was determined that the Construction Inspection Division spends roughly 3,230 hours per year providing direct fee-related private development review services. Expressed as a percentage of time, the Division spends approximately 20% of its available work hours providing fee-related direct private development review services. The remaining hours available for work include time spent on common activities, indirect private development activities, and non-private/non-user fee related development activities.

The [Appendix](#) of this report provides a breakdown of the Construction Inspection Division's total annual hours available for service. Additionally the [Appendix](#) lists the estimated average time spent on individual requests for each fee-related service in the City's fee schedule.

NPDES Division

At the time of this analysis, the NPDES Division was composed of 3.00 full-time equivalent employees. After adjusting for typical hourly reductions applied in the City's cost allocation plan, by bargaining unit, the division had 5,234 hours available to perform all work-related activities. Using employee time tracking records maintained in the City's Project Accounting software and interview responses identifying estimates of annual time spent providing development review services, it was determined

that the NPDES Division spends roughly 1,974 hours per year providing direct private development review services. Expressed as a percentage of time, the Division spends approximately 38% of its available work hours providing direct private development review services. The remaining hours available for work include time spent on common activities, indirect private development activities, and non-private/non-user fee related development activities.

The [Appendix](#) of this report provides a breakdown of the NPDES Division's total annual hours available for service. Additionally the [Appendix](#) lists the estimated average time spent on individual requests for each fee-related service in the City's fee schedule.

Section 3 – Time Valuation

Purpose and Approach

The purpose of this portion of the analysis was to place a value on an increment of time spent by each division, core function, or classification of employee performing development review services.

The approach to placing a value of an increment of time included:

- Application of City financial data to statistics generated in the organizational analysis discussed in Section 2 of this report to define the direct and indirect costs of service for each division participating in the City’s development review processes.
- Application of City-prepared allocation of Citywide overhead costs to the statistics generated in the organizational analysis discussed in Section 2 of this report to further define indirect costs of service for each division.
- Calculation of fully-burdened hourly rates for all divisions directly involved in the provision of development review services. Rates calculated include: a composite rate for each division and rates by classification of employee in each division.

For this study, the fully-burdened hourly rate is defined as, generally, the amount required to be recovered, per hour, in order to recover all amounts eligible for recovery from fees in the time estimated to be spent per year performing direct, fee-related services. This rate methodology is akin to the establishment of “billable” rates in private industry.

Data Sources

The following sources were used in this portion of the analysis:

- Adopted operating budgets for Fiscal Year 2017-18
- Fiscal Year 2017-18 projected payroll data for all full-time City employees
- Listing of anticipated, periodic, non-budgeted expenditures
- Citywide overhead cost allocation plan
- Organizational and service time data discussed in Section 2 of this report

Outcomes

Code Enforcement Division

Tables 3.1 and 3.2 summarize the calculation of the fully-burdened hourly rate for fee-related services performed by Code Enforcement Division personnel. The tables illustrate the components of the hourly rate by cost type and activity.

Table 3.1 – Allocation of Code Enforcement Division Program Costs

Description	Total Cost	Percentage of Total Costs
Labor	\$ 696,290	40%
Recurring Non-Labor	\$ 122,750	7%
Periodic/Amortized Non-Labor	\$ 44,902	3%
Allocated Training & Certification Labor	\$ 22,951	1%
Allocated Division Administration Labor	\$ 222,533	13%
Allocated Department Administration Labor	\$ 191,466	11%
Allocated Department Overhead Labor & Non-Labor	\$ 244,979	14%
Allocated City Overhead Labor & Non-Labor	\$ 188,389	11%
Total:	\$1,734,261	100%

Table 3.2 – Targeted Fully-Burdened Hourly Rate for the Code Enforcement Division

Description	Total Cost	Percentage of Total Costs	Cost Recovery Targeted from Private Development	Amount Targeted from Private Development	Targeted Fully-Burdened Hourly Rate
Non-Private Development Activities	\$513,185	30%	0%	\$-	\$-
Code, Policy, & Procedure Improvement	\$-	0%	100%	\$-	\$-
Public Information & Assistance	\$-	0%	100%	\$-	\$-
Long-Range Planning	\$-	0%	100%	\$-	\$-
Code Enforcement	\$645,205	37%	0%	\$-	\$-
Direct Private Development Activities	\$575,871	33%	100%	\$575,871	\$156.61
Total:	\$1,734,261	100%	33%	\$575,871	\$156.61
Direct Hours:					3,677

Since nearly 30% of the Code Enforcement Division’s annual labor efforts are linked to activities that are considered non-private development in this analysis, nearly one-third of the expenses linked to the division are presumed to be recovered from sources other than revenues derived from the fees examined as part of this study. Of note, punitive code enforcement efforts such as abatement fees, fines, and foreclosure monitoring administration fees are considered non-private development activities for purposes of this analysis.

The targeted fully-burdened hourly rate for direct private development review services performed by the Code Enforcement Division is \$156.61 per hour. None of the costs of non-private development review or code enforcement activities linked to non-compliance are included as components of the fully-burdened hourly rate.

Planning Division – Long-Range Planning

Tables 3.3 and 3.4 summarize the calculation of the fully-burdened hourly rate for fee-related services performed by Long-Range Planning personnel. The tables illustrate the components of the hourly rate by cost type and activity.

Table 3.3 – Allocation of Long-Range Planning Division Program Costs

Description	Total Cost	Percentage of Total Costs
Labor	\$ 331,855	38%
Recurring Non-Labor	\$ 36,271	4%
Periodic/Amortized Non-Labor	\$ 24,890	3%
Allocated Training & Certification Labor	\$ 15,342	2%
Allocated Division Administration Labor	\$ 97,212	11%
Allocated Department Administration Labor	\$ 106,370	12%
Allocated Department Overhead Labor & Non-Labor	\$ 136,100	16%
Allocated City Overhead Labor & Non-Labor	\$ 120,558	14%
Total:	\$ 868,598	100%

Table 3.4 – Targeted Fully-Burdened Hourly Rate for the Long-Range Planning Division

Description	Total Cost	Percentage of Total Costs	Cost Recovery Targeted from Private Development	Amount Targeted from Private Development	Targeted Fully-Burdened Hourly Rate
Non-Private Development Activities	\$103,394	12%	0%	\$-	\$-
Code, Policy, & Procedure Improvement	\$39,479	5%	0%	\$-	\$-
Public Information & Assistance	\$212,340	24%	20%	\$42,468	\$28.46
Long-Range Planning	\$256,710	30%	20%	\$51,342	\$34.41
Code Enforcement	\$-	0%	0%	\$-	\$-
Direct Private Development Activities	\$256,674	30%	100%	\$256,674	\$172.03
Total:	\$868,598	100%	40%	\$350,484	\$234.91
Direct Hours:					1,492

Since the majority of the Long-Range Planning Division’s annual labor effort is linked to activities presumed to have a general public benefit or activities that are considered non-private development in this analysis, the majority of expenses linked to the division are presumed to be recovered from sources other than revenues derived from the fees examined as part of this study.

The targeted fully-burdened hourly rate for direct private development review services performed by the Long-Range Planning Division is \$234.91 per hour. None of the costs of non-private development review or code enforcement activities linked to non-compliance are included as components of the fully-burdened hourly rate. Additionally, since significant effort is expended by this division on activities that provide general public benefit, 100% of the costs of code, policy, and procedure improvement and 80% of the costs of public information and assistance and long-range planning efforts have been excluded

from the expenditures used to calculate the fully-burdened hourly rate. The excluded costs are presumed by this study to be funded by other City resources.

Development Services Counter Division

Tables 3.5 and 3.6 summarize the calculation of the fully-burdened hourly rate for fee-related services performed by Development Services Counter Division personnel. The tables illustrate the components of the hourly rate by cost type and activity.

Table 3.5 – Allocation of Development Services Counter Division Program Costs

Description	Total Cost	Percentage of Total Costs
Labor	\$ 886,742	46%
Recurring Non-Labor	\$ 131,561	7%
Periodic/Amortized Non-Labor	\$ 103,689	5%
Allocated Training & Certification Labor	\$ 36,933	2%
Allocated Division Administration Labor	\$ 147,180	8%
Allocated Department Administration Labor	\$ 234,014	12%
Allocated Department Overhead Labor & Non-Labor	\$ 299,419	16%
Allocated City Overhead Labor & Non-Labor	\$ 71,793	4%
Total:	\$ 1,911,331	100%

Table 3.6 – Targeted Fully-Burdened Hourly Rate for the Development Services Counter Division

Description	Total Cost	Percentage of Total Costs	Cost Recovery Targeted from Private Development	Amount Targeted from Private Development	Targeted Fully-Burdened Hourly Rate
Non-Private Development Activities	\$1,293	0%	0%	\$-	\$-
Code, Policy, & Procedure Improvement	\$182,139	10%	100%	\$182,139	\$17.52
Public Information & Assistance	\$404,920	21%	100%	\$404,920	\$38.95
Long-Range Planning	\$22,780	1%	100%	\$22,780	\$2.19
Code Enforcement	\$7,108	0%	0%	\$-	\$-
Direct Private Development Activities	\$1,293,091	68%	100%	\$1,293,091	\$124.37
Total:	\$1,911,331	100%	100%	\$1,902,930	\$183.03
Direct Hours:					10,397

Nearly 70% of the Development Services Counter Division’s annual labor effort is spent on direct private development plan intake, review, and permit issuance services or indirect activities that relate to the division’s provision of those services. Accordingly, the majority of expenses attributable to the division are recoverable from fees.

The targeted fully-burdened hourly rate for direct private development review services performed by the Development Services Counter Division is \$183.03 per hour. None of the costs of non-private development review or code enforcement activities linked to non-compliance are included as components of the fully-burdened hourly rate.

Planning Division – Development Planning

Tables 3.7 and 3.8 summarize the calculation of the fully-burdened hourly rate for fee-related services performed by Development Planning personnel. The tables illustrate the components of the hourly rate by cost type and activity.

Table 3.7 – Allocation of Development Planning Division Program Costs

Description	Total Cost	Percentage of Total Costs
Labor	\$ 1,078,705	47%
Recurring Non-Labor	\$ 126,098	5%
Periodic/Amortized Non-Labor	\$ 150,479	6%
Allocated Training & Certification Labor	\$ 42,147	2%
Allocated Division Administration Labor	\$ 219,166	9%
Allocated Department Administration Labor	\$ 255,287	11%
Allocated Department Overhead Labor & Non-Labor	\$ 326,639	14%
Allocated City Overhead Labor & Non-Labor	\$ 121,010	5%
Total:	\$ 2,319,533	100%

Table 3.8 – Targeted Fully-Burdened Hourly Rate for the Development Planning Division

Description	Total Cost	Percentage of Total Costs	Cost Recovery Targeted from Private Development	Amount Targeted from Private Development	Targeted Fully-Burdened Hourly Rate
Non-Private Development Activities	\$41,178	2%	0%	\$-	\$-
Code, Policy, & Procedure Improvement	\$282,235	12%	100%	\$282,235	\$25.74
Public Information & Assistance	\$121,322	5%	100%	\$121,322	\$11.07
Long-Range Planning	\$29,839	1%	100%	\$29,839	\$2.72
Code Enforcement	\$-	0%	0%	\$-	\$-
Direct Private Development Activities	\$1,844,960	80%	100%	\$1,844,960	\$168.29
Total:	\$2,319,533	100%	98%	\$2,278,355	\$207.82
Direct Hours:					10,963

Since 80% of the available labor hours for the Development Planning Division are spent on direct private development plan review services or indirect activities that relate to the division’s provision of those services, the majority of expenses attributable to the division are recoverable from fees.

The targeted fully-burdened hourly rate for direct private development review services performed by the Development Planning Division is \$207.82 per hour. None of the costs of non-private development review or code enforcement activities linked to non-compliance are included as components of the fully-burdened hourly rate.

Building Division

Tables 3.9 and 3.10 summarize the calculation of the fully-burdened hourly rate for fee-related services performed by Building Division personnel. The tables illustrate the components of the hourly rate by cost type and activity.

Table 3.9 – Allocation of Building Division Program Costs

Description	Total Cost	Percentage of Total Costs
Labor	\$ 1,507,053	43%
Recurring Non-Labor	\$ 435,452	12%
Periodic/Amortized Non-Labor	\$ 219,639	6%
Allocated Training & Certification Labor	\$ 128,887	4%
Allocated Division Administration Labor	\$ 305,384	9%
Allocated Department Administration Labor	\$ 340,383	10%
Allocated Department Overhead Labor & Non-Labor	\$ 435,519	12%
Allocated City Overhead Labor & Non-Labor	\$ 141,684	4%
Total:	\$ 3,514,000	100%

Table 3.10 – Targeted Fully-Burdened Hourly Rate for the Building Division

Description	Total Cost	Percentage of Total Costs	Cost Recovery Targeted from Private Development	Amount Targeted from Private Development	Targeted Fully-Burdened Hourly Rate
Non-Private Development Activities	\$25,425	1%	0%	\$-	\$-
Code, Policy, & Procedure Improvement	\$-	0%	100%	\$-	\$-
Public Information & Assistance	\$207,764	6%	100%	\$207,764	\$11.18
Long-Range Planning	\$-	0%	100%	\$-	\$-
Code Enforcement	\$-	0%	0%	\$-	\$-
Direct Private Development Activities	\$3,280,810	93%	100%	\$3,280,810	\$176.61
Total:	\$3,514,000	100%	99%	\$3,488,574	\$187.79
Direct Hours:					18,577

More than 90% of the available labor hours for the Building Division are spent on direct private development plan review and inspection services or indirect activities that relate to the division's provision of those services. Accordingly, the majority of expenses attributable to the division are recoverable from fees.

The targeted fully-burdened hourly rate for direct private development review services performed by the Building Division that typically do not require assistance from other divisions is \$187.79 per hour.³ None of the costs of non-private development review or code enforcement activities linked to non-compliance are included as components of the fully-burdened hourly rate.

³ Primarily mechanical, plumbing, and electrical permits – see [Appendix](#) of this report for entire list of fee related services.

For direct private development review services performed by the Building Division that typically require assistance from other divisions the targeted fully-burdened hourly rate is \$211.63 per hour.⁴ This rate accounts for the estimated level of assistance provided to the Building Division by divisions. Details of the hourly rate calculation can be found in the [Appendix](#) of this report.

Neighborhood Services Division

Tables 3.11 and 3.12 summarize the calculation of the fully-burdened hourly rate for fee-related services performed by Neighborhood Services Division personnel. The tables illustrate the components of the hourly rate by cost type and activity.

Table 3.11 – Allocation of Neighborhood Services Division Program Costs

Description	Total Cost	Percentage of Total Costs
Labor	\$ 746,740	69%
Recurring Non-Labor	\$ 41,480	4%
Periodic/Amortized Non-Labor	\$ 42,187	4%
Allocated Training & Certification Labor	\$ 13,647	1%
Allocated Division Administration Labor	\$ 68,851	6%
Allocated Department Administration Labor	\$ 63,822	6%
Allocated Department Overhead Labor & Non-Labor	\$ 81,660	8%
Allocated City Overhead Labor & Non-Labor	\$ 18,880	2%
Total:	\$ 1,077,267	100%

Table 3.12 – Targeted Fully-Burdened Hourly Rate for the Neighborhood Services Division

Description	Total Cost	Percentage of Total Costs	Cost Recovery Targeted from Private Development	Amount Targeted from Private Development	Targeted Fully-Burdened Hourly Rate
Non-Private Development Activities	\$624,349	58%	0%	\$-	\$-
Code, Policy, & Procedure Improvement	\$33,998	3%	100%	\$33,998	\$9.18
Public Information & Assistance	\$16,999	2%	100%	\$16,999	\$4.59
Long-Range Planning	\$-	0%	100%	\$-	\$-
Code Enforcement	\$-	0%	0%	\$-	\$-
Direct Private Development Activities	\$401,921	37%	100%	\$401,921	\$108.57
Total:	\$1,077,267	100%	42%	\$452,918	\$122.34
Direct Hours:					3,702

Since the majority of the Neighborhood Services Division’s annual labor effort is linked to activities that are considered non-private development in this analysis, the majority of expenses linked to the division

⁴ Primarily miscellaneous items and new construction permits – see [Appendix](#) of this report for entire list of fee related services.

are presumed to be recovered from sources other than revenues derived from the fees examined as part of this study.

The targeted fully-burdened hourly rate for direct private development review services performed by the Neighborhood Services Division is \$122.34 per hour. None of the costs of non-private development review or code enforcement activities linked to non-compliance are included as components of the fully-burdened hourly rate.

Landscape Architecture Division

Tables 3.13 and 3.14 summarize the calculation of the fully-burdened hourly rate for fee-related services performed by Landscape Architecture Division personnel. The tables illustrate the components of the hourly rate by cost type and activity.

Table 3.13 – Allocation of Landscape Architecture Division Program Costs

Description	Total Cost	Percentage of Total Costs
Labor	\$ 480,873	53%
Recurring Non-Labor	\$ 30,050	3%
Periodic/Amortized Non-Labor	\$ 48,950	5%
Allocated Training & Certification Labor	\$ 17,352	2%
Allocated Division Administration Labor	\$ 60,152	7%
Allocated Department Administration Labor	\$ 106,370	12%
Allocated Department Overhead Labor & Non-Labor	\$ 136,100	15%
Allocated City Overhead Labor & Non-Labor	\$ 34,951	4%
Total:	\$ 914,797	100%

Table 3.14 – Targeted Fully-Burdened Hourly Rate for the Landscape Architecture Division

Description	Total Cost	Percentage of Total Costs	Cost Recovery Targeted from Private Development	Amount Targeted from Private Development	Targeted Fully-Burdened Hourly Rate
Non-Private Development Activities	\$82,306	9%	0%	\$-	\$-
Code, Policy, & Procedure Improvement	\$7,980	1%	100%	\$7,980	\$1.55
Public Information & Assistance	\$14,330	2%	100%	\$14,330	\$2.79
Long-Range Planning	\$-	0%	100%	\$-	\$-
Code Enforcement	\$-	0%	0%	\$-	\$-
Direct Private Development Activities	\$810,181	89%	100%	\$810,181	\$157.78
Total:	\$914,797	100%	91%	\$832,491	\$162.12
Direct Hours:					5,135

Nearly 90% of the available labor hours for the Landscape Architecture Division are spent on direct private development plan review services or indirect activities that relate to the division’s provision of those services. Accordingly, the majority of expenses attributable to the division are recoverable from fees.

The targeted fully-burdened hourly rate for direct private development review services performed by the Landscape Architecture Division is \$162.12 per hour. None of the costs of non-private development review or code enforcement activities linked to non-compliance are included as components of the fully-burdened hourly rate.

Land Development Engineering Division

Tables 3.15 and 3.16 summarize the calculation of the fully-burdened hourly rate for fee-related services performed by Land Development Engineering Division personnel. The tables illustrate the components of the hourly rate by cost type and activity.

Table 3.15 – Allocation of Land Development Engineering Division Program Costs

Description	Total Cost	Percentage of Total Costs
Labor	\$ 655,865	53%
Recurring Non-Labor	\$ 58,915	5%
Periodic/Amortized Non-Labor	\$ 56,740	5%
Allocated Training & Certification Labor	\$ 26,798	2%
Allocated Division Administration Labor	\$ 102,529	8%
Allocated Department Administration Labor	\$ 127,644	10%
Allocated Department Overhead Labor & Non-Labor	\$ 163,320	13%
Allocated City Overhead Labor & Non-Labor	\$ 47,448	4%
Total:	\$ 1,239,258	100%

Table 3.16 – Targeted Fully-Burdened Hourly Rate for the Land Development Engineering Division

Description	Total Cost	Percentage of Total Costs	Cost Recovery Targeted from Private Development	Amount Targeted from Private Development	Targeted Fully-Burdened Hourly Rate
Non-Private Development Activities	\$76,943	6%	0%	\$-	\$-
Code, Policy, & Procedure Improvement	\$17,887	1%	100%	\$17,887	\$2.71
Public Information & Assistance	\$34,677	3%	100%	\$34,677	\$5.26
Long-Range Planning	\$-	0%	100%	\$-	\$-
Code Enforcement	\$-	0%	0%	\$-	\$-
Direct Private Development Activities	\$1,109,751	90%	100%	\$1,109,751	\$168.30
Total:	\$1,239,258	100%	94%	\$1,162,315	\$176.27
Direct Hours:					6,594

Since 90% of the available labor hours for the Land Development Engineering Division are spent on direct private development plan review services or indirect activities that relate to the division’s provision of those services, the majority of expenses attributable to the division are recoverable from fees.

The targeted fully-burdened hourly rate for direct private development review services performed by the Land Development Engineering Division is \$176.27 per hour. None of the costs of non-private

development review or code enforcement activities linked to non-compliance are included as components of the fully- burdened hourly rate.

Fire Prevention Division

Tables 3.17 and 3.18 summarize the calculation of the fully-burdened hourly rate for fee-related services performed by Fire Prevention Division personnel. The tables illustrate the components of the hourly rate by cost type and activity.

Table 3.17 – Allocation of Fire Prevention Division Program Costs

Description	Total Cost	Percentage of Total Costs
Labor	\$ 976,365	50%
Recurring Non-Labor	\$ 163,443	8%
Periodic/Amortized Non-Labor	\$ 60,523	3%
Allocated Training & Certification Labor	\$ 66,906	3%
Allocated Division Administration Labor	\$ 399,328	20%
Allocated Department Administration Labor	\$ -	0%
Allocated Department Overhead Labor & Non-Labor	\$ -	0%
Allocated City Overhead Labor & Non-Labor	\$ 301,516	15%
Total:	\$ 1,968,081	100%

Table 3.18 – Targeted Fully-Burdened Hourly Rate for the Fire Prevention Division

Description	Total Cost	Percentage of Total Costs	Cost Recovery Targeted from Private Development	Amount Targeted from Private Development	Targeted Fully-Burdened Hourly Rate
Non-Private Development Activities	\$253,710	13%	0%	\$-	\$-
Code, Policy, & Procedure Improvement	\$-	0%	100%	\$-	\$-
Public Information & Assistance	\$58,999	3%	100%	\$58,999	\$5.56
Long-Range Planning	\$-	0%	100%	\$-	\$-
Code Enforcement	\$-	0%	0%	\$-	\$-
Direct Private Development Activities	\$1,655,372	84%	100%	\$1,655,372	\$156.05
Total:	\$1,968,081	100%	87%	\$1,714,371	\$161.61
Direct Hours:					10,608

More than 80% of the available labor hours for the Fire Prevention Division are spent on direct private development plan review services or indirect activities that relate to the division’s provision of those services. Accordingly, the majority of expenses attributable to the division are recoverable from fees.

The targeted fully-burdened hourly rate for direct private development review services performed by the Fire Prevention Division is \$161.61 per hour. None of the costs of non-private development review or code enforcement activities linked to non-compliance are included as components of the fully-burdened hourly rate.

Land Survey Division

Tables 3.19 and 3.20 summarize the calculation of the fully-burdened hourly rate for fee-related services performed by Land Survey Division personnel. The tables illustrate the components of the hourly rate by cost type and activity.

Table 3.19 – Allocation of Land Survey Division Program Costs

Description	Total Cost	Percentage of Total Costs
Labor	\$ 562,204	53%
Recurring Non-Labor	\$ 66,108	6%
Periodic/Amortized Non-Labor	\$ 16,000	2%
Allocated Training & Certification Labor	\$ 16,349	2%
Allocated Division Administration Labor	\$ 138,853	13%
Allocated Department Administration Labor	\$ -	0%
Allocated Department Overhead Labor & Non-Labor	\$ -	0%
Allocated City Overhead Labor & Non-Labor	\$ 251,454	24%
Total:	\$ 1,050,968	100%

Table 3.20 – Targeted Fully-Burdened Hourly Rate for the Land Survey Division

Description	Total Cost	Percentage of Total Costs	Cost Recovery Targeted from Private Development	Amount Targeted from Private Development	Targeted Fully-Burdened Hourly Rate
Non-Private Development Activities	\$989,935	94%	0%	\$-	\$-
Code, Policy, & Procedure Improvement	\$-	0%	100%	\$-	\$-
Public Information & Assistance	\$-	0%	100%	\$-	\$-
Long-Range Planning	\$-	0%	100%	\$-	\$-
Code Enforcement	\$-	0%	0%	\$-	\$-
Direct Private Development Activities	\$61,033	6%	100%	\$61,033	\$152.58
Total:	\$1,050,968	100%	6%	\$61,033	\$152.58
Direct Hours:					400

Since more than 90% of the Land Survey Division’s annual labor efforts are linked to activities that are considered non-private development in this analysis, the majority of expenses linked to the division are presumed to be recovered from sources other than revenues derived from the fees examined as part of this study.

The targeted fully-burdened hourly rate for direct private development review services performed by the Land Survey Division is \$152.58 per hour. None of the costs of non-private development review or code enforcement activities linked to non-compliance are included as components of the fully-burdened hourly rate.

Traffic Engineering Division

Tables 3.21 and 3.22 summarize the calculation of the fully-burdened hourly rate for fee-related services performed by Traffic Engineering Division personnel. The tables illustrate the components of the hourly rate by cost type and activity.

Table 3.21 – Allocation of Traffic Engineering Division Program Costs

Description	Total Cost	Percentage of Total Costs
Labor	\$ 511,711	57%
Recurring Non-Labor	\$ 58,889	7%
Periodic/Amortized Non-Labor	\$ 13,500	2%
Allocated Training & Certification Labor	\$ 21,330	2%
Allocated Division Administration Labor	\$ 167,535	19%
Allocated Department Administration Labor	\$ -	0%
Allocated Department Overhead Labor & Non-Labor	\$ -	0%
Allocated City Overhead Labor & Non-Labor	\$ 121,386	14%
Total:	\$ 894,351	100%

Table 3.22 – Targeted Fully-Burdened Hourly Rate for the Traffic Engineering Division

Description	Total Cost	Percentage of Total Costs	Cost Recovery Targeted from Private Development	Amount Targeted from Private Development	Targeted Fully-Burdened Hourly Rate
Non-Private Development Activities	\$628,479	70%	0%	\$-	\$-
Code, Policy, & Procedure Improvement	\$-	0%	100%	\$-	\$-
Public Information & Assistance	\$32,665	4%	100%	\$32,665	\$20.16
Long-Range Planning	\$20,931	2%	0%	\$-	\$-
Code Enforcement	\$-	0%	0%	\$-	\$-
Direct Private Development Activities	\$212,276	24%	100%	\$212,276	\$131.03
Total:	\$894,351	100%	27%	\$244,941	\$151.20
Direct Hours:					1,620

Since almost 70% of the Traffic Engineering Division’s annual labor efforts are linked to activities that are considered non-private development in this analysis, the majority of expenses linked to the division are presumed to be recovered from sources other than revenues derived from the fees examined as part of this study.

The targeted fully-burdened hourly rate for direct private development review services performed by the Traffic Engineering Division is \$151.20 per hour. None of the costs of non-private development review or code enforcement activities linked to non-compliance are included as components of the fully-burdened hourly rate.

Construction Inspection Division

Tables 3.23 and 3.24 summarize the calculation of the fully-burdened hourly rate for fee-related services performed by Construction Inspection Division personnel. The tables illustrate the components of the hourly rate by cost type and activity.

Table 3.23 – Allocation of Construction Inspection Division Program Costs

Description	Total Cost	Percentage of Total Costs
Labor	\$ 889,255	56%
Recurring Non-Labor	\$ 165,841	10%
Periodic/Amortized Non-Labor	\$ 29,500	2%
Allocated Training & Certification Labor	\$ 31,179	2%
Allocated Division Administration Labor	\$ 350,480	22%
Allocated Department Administration Labor	\$ -	0%
Allocated Department Overhead Labor & Non-Labor	\$ -	0%
Allocated City Overhead Labor & Non-Labor	\$ 131,105	8%
Total:	\$ 1,597,360	100%

Table 3.24 – Targeted Fully-Burdened Hourly Rate for the Construction Inspection Division

Description	Total Cost	Percentage of Total Costs	Cost Recovery Targeted from Private Development	Amount Targeted from Private Development	Targeted Fully-Burdened Hourly Rate
Non-Private Development Activities	\$1,155,733	72%	0%	\$-	\$-
Code, Policy, & Procedure Improvement	\$-	0%	100%	\$-	\$-
Public Information & Assistance	\$-	0%	100%	\$-	\$-
Long-Range Planning	\$-	0%	100%	\$-	\$-
Code Enforcement	\$-	0%	0%	\$-	\$-
Direct Private Development Activities	\$441,626	28%	100%	\$441,626	\$136.73
Total:	\$1,597,360	100%	28%	\$441,626	\$136.73
Direct Hours:					3,230

Since nearly 75% of the Construction Inspection Division’s annual labor efforts are linked to activities that are considered non-private development in this analysis, the majority of expenses linked to the division are presumed to be recovered from sources other than revenues derived from the fees examined as part of this study.

The targeted fully-burdened hourly rate for direct private development review services performed by the Construction Inspection Division is \$136.73 per hour. None of the costs of non-private development review or code enforcement activities linked to non-compliance are included as components of the fully-burdened hourly rate.

NPDES Division

Tables 3.25 and 3.26 summarize the calculation of the fully-burdened hourly rate for fee-related services performed by NPDES Division personnel. The tables illustrate the components of the hourly rate by cost type and activity.

Table 3.25 – Allocation of NPDES Division Program Costs

Description	Total Cost	Percentage of Total Costs
Labor	\$ 329,339	47%
Recurring Non-Labor	\$ 28,210	4%
Periodic/Amortized Non-Labor	\$ 5,000	1%
Allocated Training & Certification Labor	\$ 9,772	1%
Allocated Division Administration Labor	\$ 87,424	13%
Allocated Department Administration Labor	\$ -	0%
Allocated Department Overhead Labor & Non-Labor	\$ -	0%
Allocated City Overhead Labor & Non-Labor	\$ 237,326	34%
Total:	\$ 697,071	100%

Table 3.26 – Targeted Fully-Burdened Hourly Rate for the NPDES Division

Description	Total Cost	Percentage of Total Costs	Cost Recovery Targeted from Private Development	Amount Targeted from Private Development	Targeted Fully-Burdened Hourly Rate
Non-Private Development Activities	\$355,478	51%	0%	\$-	\$-
Code, Policy, & Procedure Improvement	\$-	0%	100%	\$-	\$-
Public Information & Assistance	\$-	0%	100%	\$-	\$-
Long-Range Planning	\$-	0%	100%	\$-	\$-
Code Enforcement	\$4,917	1%	0%	\$-	\$-
Direct Private Development Activities	\$336,676	48%	100%	\$336,676	\$170.56
Total:	\$697,071	100%	48%	\$336,676	\$170.56
Direct Hours:					1,974

Since approximately 50% of the NPDES Division’s annual labor efforts are linked to activities that are considered non-private development in this analysis, approximately half of expenses linked to the division are presumed to be recovered from sources other than revenues derived from the fees examined as part of this study.

The targeted fully-burdened hourly rate for direct private development review services performed by the NPDES Division is \$170.56 per hour. None of the costs of non-private development review or code enforcement activities linked to non-compliance are included as components of the fully-burdened hourly rate.

Section 4 – Cost of Service Analysis

Purpose and Approach

The cost of service analysis establishes the full cost of service for each individual activity under review in this fee study. The full cost of service represents the analytically-justified maximum amount that may be recovered through a user/regulatory fee adopted solely by the City Council.

Sections 2 and 3 of this report addressed the two primary components required to calculate the full cost of service for the development services fees analyzed as part of this study:

- Estimates were prepared of each division’s annual time spent providing fee-related services, as well as the estimated time required to perform a typical request for each individual service identified in the City’s schedule of development services fees.
- Fully-burdened hourly rates were calculated for each division by dividing the total expenditures recoverable from fees by the annual hours typically spent providing direct, fee related services.

The cost of service analysis for each individual fee examined as part of this study is simply the product of the time typically required to perform an individual request for service and the fully-burdened hourly rate of the division responsible for providing the fee related service.

Data Sources

The following sources were used in this portion of the analysis:

- Employee time-tracking records maintained in the City’s Project Accounting software for the period January 2013 through December 2015
- Permit information maintained in the City’s project management software, Accela Automation
- Questionnaire and interview responses from each division studied estimating time required to perform individual activities or requests for service

Outcomes

The cost of service analysis examined 670 individual fees.

At a general level, the cost of service analysis identified \$14.3M eligible for recovery from fees examined as part of this study. After targeting cost recovery amounts consistent with those in the City’s Citywide Cost Recovery Policy and deliberately targeting less than 100% cost recovery for certain long-range planning, code enforcement, and public information and assistance functions deemed to have a significant public benefit, the analysis identified \$13.7M targeted for recovery from fee collections. The remaining \$0.5M eligible for recovery from fees will require an alternate funding source.⁵

⁵ Excludes Fire Company Inspection Program (“FCIP”) related fees. FCIP costs of service were calculated as part of this study; however the inspections are currently performed by Fire Suppression staff members. Additionally, FCIP revenues collected are not credited to the Fire Prevention budget, so the FCIP expenditures and revenues do not influence the outcomes shown.

Work Unit	Amount Eligible for Recovery from User/Regulatory Fees	Amount Forecast to be Recovered from Fee Collections	Amount Requiring Another Funding Source
Code Enforcement ⁶	\$575,871	\$472,347	\$103,524
Long-Range Planning	\$765,204	\$350,484	\$414,720
Dev Services Counter	\$1,902,930	\$1,902,930	\$0
Development Planning	\$2,278,355	\$2,278,355	\$0
Building	\$3,488,574	\$3,488,574	\$0
Neighborhood Services (DSF)	\$452,918	\$452,918	\$0
Landscape Architecture	\$832,491	\$832,491	\$0
Land Development	\$1,162,315	\$1,162,315	\$0
Fire Prevention	\$1,714,371	\$1,714,371	\$0
Land Survey	\$61,033	\$61,033	\$0
Traffic Engineering	\$265,872	\$244,941	\$20,931
Construction Inspection	\$441,626	\$441,626	\$0
NPDES	\$336,676	\$336,676	\$0
Total	\$14,278,238	\$13,739,063	\$539,175

At the individual fee level, the cost of service analysis identified the majority of fees as requiring some change, either increase or decrease, in order to align the proposed fee to the current cost of service and existing cost recovery policy. The number of fees examined makes it prohibitive to list, in narrative form, the cost of service analysis outcomes for each of the individual fees studied. However, actual cost of service calculations for each fee analyzed can be viewed individually in the [Appendix](#) of this report.

⁶ Code Enforcement amount requiring another funding source reflects cost of providing services to mobile home parks, less state capped fee revenue.

Section 5 - Cost Recovery

Purpose and Approach

The City's chief purposes in conducting this study were to ensure that existing fees were calibrated to the costs of service and to provide an opportunity for the City Council to optimize its revenue sources, provided that any increased cost recovery from user fees and regulatory fees would not conflict with broader City goals and values.

The City's existing Citywide Cost Recovery Policy states, "As the City continues its efforts toward a sustainable budget that will withstand uncertain economic times in the long term, it is appropriate that cost recovery levels be established for services for which a fee is charged..." Additionally, it states, "While a primary mission of government is to satisfy community needs, many city services solely benefit specific individuals or businesses. It has been the general policy of the City Council that the public at large should not subsidize activities of such a private interest through general tax revenues. Therefore the City has established user fees to best ensure that those who use a proprietary service pay for that service in proportion to the benefits received. With few exceptions, such as those services provided for low-income residents, fees have been set to enable the City to recover the full cost of providing those services."

The City's existing Citywide Cost Recovery Policy considers the following factors when setting cost recovery levels for user fees:

- Community-wide versus special benefit
- Service recipient versus service driver
- Consistency with City public policies and objectives
- Elasticity of demand
- Feasibility of collection

For services examined as part of this fee study, the City's existing cost recovery policies are as follows (reflecting updates to be considered concurrent with this study):

- Building Fees, All Permits - targeted cost recovery between 70% and 100%
- Planning Fees, All Permits - targeted cost recovery between 70% and 100%
- Engineering Fees, All Permits - targeted cost recovery between 70% and 100%
- Fire Department Fees, Operational Permits, except Fire Company Inspection Program (FCIP) – targeted cost recovery between 70% and 100%
- Fire Department Fees, Operational Permits, Fire Company Inspection Program (FCIP) – targeted cost recovery between 30% and 70%
- Fire Department Fees, Construction Permits – targeted cost recovery between 70% and 100%

Data Sources

The following sources were used when setting targeted cost recovery levels for this fee study:

- The City's existing Citywide Cost Recovery Policy, including pending updates
- The divisional managers responsible for providing each of the fee related services examined in this study

Outcomes

All cost recovery levels proposed as part of this fee study fall within the bounds of the City's Citywide Cost Recovery Policy, including pending updates.

Proposed fees based on cost of service outcomes in conjunction with these cost recovery objectives can be viewed in detail in the [Appendix](#) of this report.