



Findings of Development Fee Cost Recovery Study

City Council
May 18, 2021



Background

- User fees recover the cost for services that provide a specific benefit to the person or entity that is receiving the service.
- Gov't Code allows Cities to set the rate for these types of fees.
- Can recover up to 100% of the cost of providing that service.
- User Fees include Planning (e.g., CUP, Variance, Major Site Plan, Subdivisions), Building (e.g., Building Permit, Plan Check)



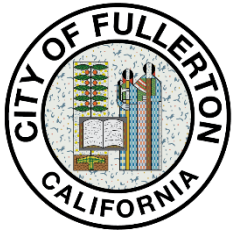
Full Cost for Services

- Cost to provide development related services includes:
 - **Direct** personnel costs (salaries, benefits)
 - **Department overhead** costs (supplies, training, administration)
 - **Central service** department costs (Human Resources, Finance, Liability Insurance)



Fee Study Methodology

- Review existing development fees and fee structure;
- Review direct and indirect cost of providing services;
- Review development fee schedule of other comparable cities;
- Analysis of time required by staff position to provide services;
- Ensure that the fees comply with all applicable laws, statutes, rules and regulations governing the collection of fees by public entities.



Fee Study Results - Planning

Attachment 2 of the agenda packet provides a listing of planning fees, full cost recover, current recovery % and current subsidy %

Fee Name	Current Fee	Full Cost	Current Cost Recovery	Current Subsidy
Minor Site Plan - Class 1	\$1,164.80	\$1,215.36	96%	4%
Minor Site Plan - Class 2	\$1,164.80	\$2,660.16	44%	56%
Minor Site Plan - Class 3	\$1,164.80	\$6,306.23	18%	82%
Major Site Plan	\$3,540.16	\$14,962.26	24%	76%
Administrative Restaurant Use Permit	\$904.80	\$5,795.40	16%	84%
Conditional Use Permit - Minor	\$3,109.60	\$6,521.67	48%	52%
Conditional Use Permit - Major	\$3,109.60	\$9,600.70	32%	68%
Minor Exception	\$1,164.80	\$1,976.95	59%	41%
Variance	\$2,683.20	\$3,114.71	86%	14%
Zoning Amendment	\$3,900.00	\$4,646.88	84%	16%
General Plan Revision	\$3,901.04	\$4,646.88	84%	16%
Specific Plan	\$3,021.20	\$7,423.61	41%	59%



New Fees – New Approaches

- Preliminary Review – Fee paid is credited against application fees
- Multiple Application Discount Factor – 50% reduction on multiple entitlements to reflect efficiencies gained in multiple application review
- Expedited Zoning Plan Check Fees – If requested by applicant
- CEQA Project Management Fee – 10% of Environ. Consultant fee
- Minor vs. Major Conditional Use Permit Fee
- Class 1, 2, 3 Minor Site Plan Review



Fee Study Results - Building

- Building Division fees were studied both in terms of the time and materials required to provide a given service and based on the overall department costs vs. building permit revenues over time.
- Results of the study found that Building Division fees were only 4% below cost recovery levels.
- Building Fees are predominantly based on construction project valuation which has allowed revenues to stay relatively current with construction costs over time.



Fee Comparison Survey

City	Fullerton (Proposed)	Brea (Deposit)	Costa Mesa	Santa Ana	Anaheim (Deposit)	Corona	Pasadena
Major CUP	\$9,600.70	\$2,000	\$7,500	\$6,150.89	\$10,000	\$6,500	\$5,419
Minor CUP	\$6,521.67	\$2,000	\$3,800	\$6,150.89	\$6,057	\$2,625	\$2,769
Major Site Plan Review	\$14,962.26	\$2,000	\$3,800	\$17,219.06 (4.5k – 10k sq. ft.)	\$4,000	\$6,807	\$5,419
Zoning Plan Check	\$57.87 to \$462.99	Valuation	\$250	Square footage	\$1,365	Valuation	\$2,062



Fee Implementation Options

Cities are not required to charge 100% cost recovery

- Phase in cost recovery % over several Fiscal Years
- Allow projects in the “pipeline” to retain current fees throughout
- Increase fees all fees currently below 25% to 50% cost recovery
- Any combination of the above
- No change to fee schedule



Recommended Actions

- Provide direction to staff on level of cost recovery for development related user fees
- Provide direction on fee increase implementation approach (if applicable)

The background of the slide features a large, faint, circular seal of the City of Fullerton, California. The seal contains a central emblem with a building and a tree, surrounded by the text "CITY OF FULLERTON" and "CALIFORNIA".

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