

# CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

## Study Session Worksheet

Presentation Date: March 23, 2010      Time: 10:00 AM      Length: 30 minutes

Presentation Title: DTD Proposed Fee Changes

Department: Transportation & Development

Presenter: Cam Gilmour

### POLICY QUESTION

Should fees charged for various land use, building codes, engineering and surveys be adjusted to account for lost revenue due to the economic recession and changes in staffing levels, and to make progress in achieving 80 percent cost recovery in permit issuance costs in the Planning and Engineering Divisions?

Should the Department's price indexing (DPI) that adjusts fee amounts to account for price inflation be used again this year? In the last two years this adjustment has helped keep fee revenue on par with costs internal to the department (largely payroll costs).

### ISSUE & BACKGROUND

For fiscal year 2010-11, Building Codes, Engineering, Planning and Surveyor are requesting fee changes and/or increases:

- Fee adjustments in Building Codes are necessary to account for staffing levels after layoffs and estimated permit volumes, as current fees will not sustain staffing levels through next year. The proposed fees may not either, but the fee adjustments will lessen the impact on staffing and service levels should permit volumes remain significantly below historic averages, as is anticipated through next year.
- Engineering permits related to development historically have recovered only approximately 40 percent of permit issuance costs. Four years ago the Board of Commissioners approved a goal that 80 percent of permit issuance costs should be paid for by the fee charged. The recession has complicated this greatly, as permit volumes have plummeted. This year fees may pay for only 31% of the cost. Recommended fee increases will reverse the downward cost recovery trend, but fees will remain well below 80% of actual costs.
- Proposed fee adjustments in Planning will maintain current cost recovery percentage of 55%.
- Fees in the Surveyors office will be increased to pay for full cost recovery.

**Building Codes** recommends an increase in plumbing, electrical and residential mechanical permit fees. Previous fee increases for these categories occurred in July 2008, March 2001 and March 1994.

These permits comprise the division's core permit activity, accounting for approximately 60% of permits issued annually. This permit activity has historically helped insulate the division from cyclical fluctuations in the building industry. Recently, sustained downward trends in new construction and, in particular, with service industries that purchase permits have caused these revenues to fall dramatically. Revenues generated by these fees are no longer adequate to cover the cost of these programs.

Based on our current analysis, it is our recommendation to raise fees as follows:

- Plumbing permit fees: increases ranging from \$6 to \$296, with the majority of fees increasing by less than \$10
- Electrical permit fees: increases ranging from \$3 to \$208
- Residential Mechanical fees: increases ranging from \$3 to \$37

These increases will bring us more in line with what other jurisdictions charge for the same services. (See attached chart)

**Engineering** -- In 2007, the Board approved a plan to have fees target 80% cost recovery by 2011-2012. These proposed fee increases will help make up for this lost ground, but our cost recovery remains well below 80%. The attached fee schedule provides a list of current fees and the proposed increases. Fee increases for development-related permits range from \$17 to \$138, with higher fee increases for road vacations. Even with the proposed increases, the current economic climate is such that our recovery will only average 42%. We intend to revise our fee structure and business model to better capture these costs prior to the 2011-2012 budget.

**Planning** -- Revenues used to fund land use permitting activities are derived from two sources, the General Fund and fees charged to people applying for land use permits. Overall, application fees cover approximately 55% of the cost of processing all land use applications.

The attached fee schedule identifies the proposed fee increases needed to maintain 55% cost recovery for land use applications. The schedule generally includes a 3% increase in fees from \$0 up to \$100. Three higher fee increases ranging from \$150 to \$200 are proposed for more complex applications (Comprehensive Plan, Zone Change and Mining).

**Surveyor's Office** is requesting an increase in the deposit for partition plat checks and two add-on fees for Records of Survey that exceed two pages. For partition plat checks, we would like to increase the deposit from \$1,200 to \$1,400. For both Boundary and Property Line Adjustment surveys, the base fee would remain at the current rate, \$400 and \$450 respectively, and add \$50 per page for page three and above. These increases pay for full cost recovery on the associated tasks.

### **QUESTION(S) PRESENTED FOR CONSIDERATION**

1. Should the BCC accept and implement all of the proposed increased fees?

**OPTIONS AVAILABLE**

1. Approve all of the proposed fees and amend the fee schedule as proposed for the Department of Transportation & Development.
2. Approve and amend the Fee Schedule with changes as directed by the Board.
3. Maintain our current fee schedule.

**RECOMMENDATIONS**

Staff recommends approval of the proposed fee increases.

**SCHEDULE FOR STUDY SESSION**

Division Director/Head Approval \_\_\_\_\_

Department Director/Head Approval *Paul Gilman*

County Administrator Approval \_\_\_\_\_

For information on this issue or copies of attachments, please contact Danielle Couch @ 503-742-4697