



CITY OF ORLAND

DRAFT Final Report

User Fee Study for the Planning Department

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1. EXECUTIVE SUMMARY

NBS performed a User Fee Study (Study) for the City of Orland’s Planning Department (City). The purpose of this report is to describe the Study’s findings and recommendations, which intend to defensibly update and establish user and regulatory fees for service for the City of Orland, California.

California cities impose user fees and regulatory fees for services and activities they provide through provisions of the State Constitution. First, cities may perform broad activities related to their local policing power and other service authority as defined in Article XI, Sections 7 and 9. Second, cities may establish fees for service through the framework defined in Article XIII C, Section 1. 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 fees considered in this Study fall outside requirements for imposition of 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 do not exceed the costs of providing services, and to provide an opportunity for the City Council to align fee amounts with local cost recovery policies.

1.1 Findings

This Study compares the current fees charged for various Planning application review and approval services to the total estimated cost of providing each service. NBS concludes that, on average, the fees reviewed currently under-recover the costs of services provided. As shown in the following table, the Study identified approximately \$18,000 currently collected per year from fees for service, versus \$79,000 of eligible costs for recovery from fees for service.

TABLE 1. REPORT SUMMARY

Department / Division	Estimated Annual Current Fee Revenue	Estimated Annual Full Cost Recovery Fee Revenue	Annual Cost Recovery Surplus / (Deficit)	Current Cost Recovery %	Annual Estimated Revenues - Cost Recovery Percentage: 40%	Annual Estimated Revenues - Cost Recovery Percentage: 60%	Annual Estimated Revenues - Cost Recovery Percentage: 80%	Annual Estimated Revenues - Cost Recovery Percentage: 100%
Planning	\$ 18,148	\$ 43,834	\$ (25,686)	41%	\$ 21,030	\$ 28,272	\$ 36,035	\$ 43,834
General Plan Maintenance	n/a	\$ 34,902	\$ (34,902)	0%	\$ 13,961	\$ 20,941	\$ 27,922	\$ 34,902
Total	\$ 18,148	\$ 78,736	\$ (60,588)	23%	\$ 34,991	\$ 49,214	\$ 63,957	\$ 78,736

The City is currently recovering approximately 23% of the total costs associated with providing fee related services. Should the Council adopt fee levels at 100% of the calculated full cost recovery fee amounts determined by this Study, an additional \$61,000 in costs could be recovered.

However, as discussed in Section 1 of this report, there may be reasons why policy makers chose to adopt fees at less than the calculated full cost recovery amount. As such, the results discussed in this report and displayed in appendices provide a view of several policy options for setting fee amounts at 40%, 60%, 80% and 100% of their full cost recovery potential. If Council elects to adopt fee levels at a 40% cost recovery

percentage an additional \$17,000 in costs could be recovered, at a 60% cost recovery percentage an additional \$31,000, at an 80% cost recovery percentage an additional \$46,000, and at 100% cost recovery percentage an additional \$61,000.

1.2 Report Format

This report documents analytical methods and data sources used throughout the Study, presents findings regarding current levels of cost recovery achieved from user and regulatory fees, and discusses recommended fee amounts.

- ¶ Section 2 of the report outlines the foundation of the Study and general approach
- ¶ Sections 3 and 4 discuss the results of the cost of service analysis performed, segmented by category of fee and/or department. The analysis applied to each category/department falls into studies of: the fully burdened hourly rate(s), the calculation of the costs of providing service, the cost recovery policies of each fee category, and the staff-recommended fees for providing services.
- ¶ Section 5 provides the grand scope conclusions of the analysis provided in the preceding sections
- ¶ Appendices to this report include additional analytical details supporting the cost of providing each fee for service, and a comparison of fees to surrounding agencies

2. INTRODUCTION AND FUNDAMENTALS

2.1 Scope of Study

The following is a summarized list of fees studied for the Planning Department:

- ▮ General Plan and Specific Plan Amendments
- ▮ Zone Changes
- ▮ Tentative Subdivision Maps
- ▮ Final Subdivision Maps
- ▮ Tentative Parcel Maps
- ▮ Conditional Use Permits
- ▮ Site Plan Reviews
- ▮ Annexations
- ▮ Variances
- ▮ Lot Line Adjustments/Lot Merger
- ▮ Appeals
- ▮ General Plan Maintenance Surcharge

The fees examined in this Study specifically excluded development impact fees, utility rates, and any special tax assessments, all of which fall under distinct analytical and procedural requirements different from the body of user/regulatory fees analyzed in this effort. Additionally, this Study excluded fines and penalties imposed by the City for violations to its requirements or codes. (The City is not limited to the costs of service when charging for entrance to or use of government property, or when imposing fines and penalties.)

2.2 Methods of Analysis

There are three phases of analysis completed for the Planning Department:

1. Cost of service analysis
2. Fee establishment
3. Cost recovery evaluation

2.2.1 COST OF SERVICE ANALYSIS

This cost of service analysis is a quantitative effort that 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 that specifically relate to an activity or service, including the real-time provision of the service. Indirect costs are those that support provision of services in general, but cannot be directly or easily assigned to a singular activity or service.

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 Citywide overhead. Definitions of these cost components are as follows:

- ▮ **Labor costs** – Salary, wages and benefits expenses for City personnel specifically involved in the provision of services and activities to the public.

- N **Indirect labor costs** – Personnel expenses 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.
- N **Specific direct non-labor costs** – When applicable, 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.
- N **Allocated indirect non-labor costs** – 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 organization-wide overhead – These are expenses, both labor and non-labor, related to agency-wide support services. Support services include general administrative services such as City Manager, Finance, Information Technology, etc. An agency’s support services departments assist the direct providers of public service.

All cost components in this Study use 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 the primary underlying factor in these activities, the Study expresses the full cost of service as a fully burdened cost per labor hour. NBS calculates a composite, fully burdened, hourly rate to serve as the basis for further quantifying the average full cost of providing individual services and activities. Deriving the fully burdened labor rate requires two figures: the full costs of service and the number of hours available to perform those services.

The full costs of service are quantified through the earlier steps described in this analysis. The City supplied NBS with the total number of paid labor hours for each function/service within the Planning Department. In Orland’s case, Planning services are provided by a third-party contractor on a part-time basis. These available contracted services hours represent the amount of productive time available for providing both fee-recoverable and non-fee recoverable services and activities. The productive labor hours divided into the annual full costs of service equals the composite fully burdened labor rate.

The fully burdened labor rates applied at the individual fee level estimates an average full cost of providing each fee for service or activity. This step required the development of time estimates for the services and activities listed in the City’s fee schedule. If available, time tracking records can be used to identify the time spent providing general categories of service, or individual fee-level services. However, the City does not systematically track activity service time for every fee for service it provides. As such, the City estimated the average amount of time (in minutes and hours) it would take to complete a typical occurrence of each service or activity considered.

The development of these time estimates was not a one-step process: estimates received were carefully reviewed by NBS and the City to assess the reasonableness of such estimates. Based on this review, the City reconsidered its time estimates until both parties were comfortable that the fee models reasonably reflected the average service level provided by the City. Then, time estimates were applied to the appropriate fully burdened labor rate to yield an average total cost of the service or activity.

2.2.2 FEE ESTABLISHMENT

Establishing fee names and categories includes a range of considerations. The Study's process provided the Planning Department the opportunity to propose additions and deletions to their fee schedules, as well as rename, reorganize, and clarify fee names and categories. In most cases, the current structure of fees did not change; the focus is to recalibrate the fee amount to match the costs of services. In several cases, however, fee categories and fee names were simplified or re-structured to increase the likelihood of full cost recovery, or to enhance the fairness of how the fee applies to various types of fee payers.

Many such revisions better conform fees to current practices, as well as improve the calculation of fees owed by an individual, the application of fees, and the collection of revenues. Beyond this, some additions to the fee schedule were simply identification of existing services or activities performed by City staff for which no fee is currently charged.

The City's fee schedule should include the list of fully burdened rates developed by the Study. Documenting these rates in the fee schedule provides an opportunity for the City Council to approve rates for cost recovery under a "time and materials" approach. It also provides clear publication of those rates, so fee payers of any uniquely determined fee can reference the amounts. The fee schedule should provide language that supports special forms of cost recovery for activities and services not contemplated by the adopted master fee schedule. These rare instances use the published rates to estimate a flat fee, or bill on an hourly basis, at the discretion of the director of each department.

2.2.3 COST RECOVERY EVALUATION

The NBS fee model compares the existing fee for each service or activity to the average total cost of service quantified through this analysis. A cost recovery rate of 0% identifies no current recovery of costs from fee revenues (or insufficient information available for evaluation). A rate of 100% means that the fee currently recovers the full cost of service. A rate between 0% and 100% indicates 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.

User fees and regulatory 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, charging a fee above this threshold could require the consensus of the voters.

NBS also assists with modeling the "recommended" or "targeted" level of cost recovery for each fee, always established at 100%, or less, than the calculated full cost of service. Targets and recommendations always reflect agency-specific judgments linked to a variety of factors, such as existing 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, there is generally little to no recommended fee amount (i.e., 0% cost recovery), reflecting 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, there is generally closer to or equal to 100% of cost recovery 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 or supplement the public/private benefit perception 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 helped or hindered through the degree of pricing for the activities?
- ¶ 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?

Because this element of the Study is subjective, NBS provides each fee calculation at 100% full cost recovery as well as the framework for the City to adjust recommended fee amounts in accordance with the City's goals as pertains to code compliance, cost recovery, economic development, and social values.

2.2.4 COMPARATIVE FEE SURVEY

Appendix B presents the results of the Comparative Fee Survey for the City of Orland's Planning fees. Often policy makers request a comparison of their jurisdiction's fees to surrounding or similar communities. NBS worked with the City to choose five comparative agencies: Chico, Redding, Willows, Corning, and Anderson. While a comparison can provide a sense of the local market pricing for services, and be useful in gauging the impact of recommendations for fee adjustments, the following should be noted about the general approach to, and use of, comparative survey data:

- ¶ Comparative surveys do not provide information about the cost recovery policies or procedures inherent in each comparison agency.
- ¶ A "market based" decision to price services below the full cost of service calculation, is the same as making a decision to subsidize that service.

- ¶ Comparative agencies may or may not base their fee amounts on the estimated and reasonable cost of providing services. NBS did not perform the same level of analysis provided for this Study on the comparative agencies' fees.
- ¶ Comparative fee survey efforts are often non-conclusive for many fee categories. Comparison agencies typically use varied terminology for provision of similar services.

In general, NBS reasonably attempts to source each comparison agency's fee schedule from the Internet and compile a comparison of fee categories and amounts for the most readily comparable fee items that match the client's existing fee structure.

2.2.5 DATA SOURCES

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

- ¶ The City of Orland's Adopted Budget for Fiscal Year 2018-2019
- ¶ Listing of contracted service hours and hourly rates for the Planning Department.
- ¶ Various correspondences with the City staff supporting the adopted budgets and current fees, including budget notes and expenditure detail not shown in the published document.
- ¶ Prevailing fee schedule for the Planning Department.
- ¶ Annual workload data from the prior fiscal year provided by the Planning Department.

The City's adopted budget is the most significant source of information affecting cost of service results. NBS did not audit or validate the City's financial management and budget practices, nor was cost information adjusted to reflect different levels of service or any specific, targeted performance benchmarks. This Study has accepted the City's budget as a legislatively adopted directive describing the most appropriate and reasonable level of City spending. Consultants accept the City Council's deliberative process and ultimate acceptance of the budget plan and further assert that through that legislative process, the City has yielded a reasonable expenditure plan, valid for use in setting cost-based fees.

Original data sets also support the work of this Study: primarily, estimated or tracked time at various levels of detail. To develop these data sets, consultants prepared questionnaires and conducted interviews with the Planning Department. In the fee establishment phase of the analysis, the Planning Department supplied estimates of average time spent providing a service or activity corresponding with an existing or new fee. NBS and departmental management reviewed and questioned responses to ensure the best possible set of estimates.

3. PLANNING DEPARTMENT

The Planning Department has primary responsibility for zoning and land use permits as well as long-range planning and local administration of State environmental review laws. These activities include the review and management of public and private development proposals, such as subdivisions, use permits, site development permits, variances, General Plan amendments, pre-zones/re-zones, and a variety of other entitlements, such as annexation requests.

3.1 Cost of Service Analysis

NBS calculated the total estimated annual cost of Planning Department services, segregated between those costs that are eligible and/or targeted for recovery in fees for service, versus those that require another funding source other than fees. Fee-recoverable costs are then translated into a “fully burdened” hourly rate, for purposes of individual fee calculations. Table 2 shows the summary of outcomes from the Cost of Service Analysis:

TABLE 2. ANNUAL AND HOURLY COST OF SERVICE CALCULATION

Cost Element	Public Counter Duty / General Info	Advance / Long Range Planning	Current Planning Direct Services	Total
Labor	\$ 21,000	\$ 3,000	\$ 30,000	\$ 54,000
Recurring Non-Labor	5,495	785	7,850	14,130
Citywide Overhead	4,390	627	6,272	11,289
Planning Admin	3,432	490	4,902	8,824
Division Total	\$ 34,317	\$ 4,902	\$ 49,024	\$ 88,244
Cost Recovery Targeted from Fees	0%	0%	100%	56%
Amount Targeted for Consideration in Billings/Fees	-	-	49,024	49,024
Amount Requiring Another Funding Source	34,317	4,902	-	39,219
Fully Burdened Hourly Rate	\$ -	\$ -	\$ 188	\$ 188
			<i>Reference: Direct Hours Only</i>	261

As shown, the total cost of the Planning Department per year is approximately \$88,000. Approximately 56% of the total costs (\$49,000) are targeted for recovery in fees, while approximately \$39,000 require another funding source. All subsequent cost of service calculations at the individual fee level assume a fully burdened hourly rate of **\$188**.

The cost category columns shown in the table above were adapted and summarized from Department staff interviews. To assist the reader in understanding the underlying costs and assumptions used to calculate the fully burdened hourly rate, the following provides a description of each cost category and its resulting application toward the fully burdened hourly rate calculation:

- **Public Counter Duty / General Info** – Planning Staff responds to phone calls and general information requests that support the development review process. Costs associated with the provision of general public information and public counter services are not only a basic and expected function of governmental services to the public, but also an overall supportive and

beneficial service to active and incoming applications and requests for development approval. As such, NBS recommends only partial recovery of these costs in fees for service, to the extent that the City estimates what degree of these services are in support of active or incoming project approval requests. Planning staff has determined that none of these costs should be targeted for recovery in fees for services, and that they should require another funding source other than fees.

- ¶ **Advance /Long Range Planning** – Planning staff support the ongoing maintenance and cyclical comprehensive update of the City’s General Plan and local zoning ordinances. These costs are not targeted for recovery in the user and regulatory fees subject to this Study. Recovery of these costs could be captured by the addition of a General Plan Surcharge fee, as discussed in the next section of this report.
- ¶ **Current Planning – Direct Services** – Development review and approval comprises the majority of the Planning Department’s work efforts. 100% of these costs are eligible for recovery from the Department’s fees for service.

Significant analytical and policy decisions influence the inclusion or exclusion of categorized activity costs in the fully burdened hourly rate. The decision of whether to apply or exclude certain costs toward recovery in fees for service stems from the basic fee setting parameters offered by the California State Constitution and Statutes, which requires that any new fee charged or existing fee increased should not exceed the estimated amount (cost) required to provide the service for which the charged. For more discussion on the approach to the Cost of Service Analysis, see report section 2.2.1.

3.2 Fee Establishment

The list of fees as shown in Appendix A to this report reflects very few changes from the City’s prior fee schedule. Fees were reorganized to provide clarification of fee names or to create a more user-friendly fee structure, such as:

- ¶ Added subcategories dependent on acre size to General Plan and Specific Plan Amendments.
- ¶ Altering the “per lot” fee of Tentative Subdivision Maps and Final Subdivision Maps to instead use the following lot tiers: 4-10 lots, 11-25 lots, 26-45 lots, 46-70 lots, and 70+ lots.
- ¶ Added subcategories of “Minor” and “Major” to the Conditional Use Permits fee.

Section 2.2, *Methods of Analysis*, provides additional discussion on the Study’s approach to adding, deleting, and revising fee categories.

3.3 Cost Recovery Evaluation

Appendix A presents the results of the detailed cost recovery analysis for the City’s Planning Department fees. In the Appendix, the “Cost of Service per Activity” column establishes the maximum adoptable fee amount for the corresponding service identified in the “Fee Name” list. This Cost of Service per Activity is reflective of the Planning Department’s costs for review of each entitlement/permit.

The City’s Planning Department fees currently recover approximately 41% of the total annual cost of providing services. As shown in the following table, the City collects approximately \$18,000 per year in revenues at current fee amounts. At full cost recovery, the same demand for these services would recover

approximately \$44,000. Should the City Council adopt all fees amounts at 100% of the Cost of Service per Activity amount, an additional \$26,000 could be recovered.

TABLE 3. COST RECOVERY OUTCOMES

Department / Division	Estimated Annual Current Fee Revenue	Estimated Annual Full Cost Recovery Fee Revenue	Annual Cost Recovery Surplus / (Deficit)	Current Cost Recovery %	Annual Estimated Revenues - Cost Recovery Percentage: 40%	Annual Estimated Revenues - Cost Recovery Percentage: 60%	Annual Estimated Revenues - Cost Recovery Percentage: 80%	Annual Estimated Revenues - Cost Recovery Percentage: 100%
Planning	\$ 18,148	\$ 43,834	\$ (25,686)	41%	\$ 21,030	\$ 28,272	\$ 36,035	\$ 43,834

NBS provided the full cost of service information and the framework for considering fees, while those closest to the fee-paying population, Planning Department staff and City Manager, considered appropriate cost recovery levels at or below that full cost. As a rule, any individual current fee recovering greater than 100% of the calculated full cost outcome is recommended to be reduced to no more than 100% cost recovery.

The “Fee @ Cost Recovery Percentage” columns in Appendix A displays a view of several cost recovery options of fee amounts at 40%, 60%, 80% and 100% of their full cost recovery potential. For more discussion on NBS’ overall approach to the Cost Recovery Evaluation, consult section 2.2.3 of the Report.

4. GENERAL PLAN MAINTENANCE SURCHARGE

The Planning Department is responsible for updating the City’s General Plan on a routine basis. This Plan helps to guide the growth of the community in a consistent manner. Government Code 66014 (b) allows local agencies to, “...include the costs reasonably necessary to prepare and revise the plans and policies that a local agency is required to adopt before it can make any necessary findings and determinations”. This section of the Government Code supports inclusion of general plan maintenance and update costs in fees for service.

4.1 Cost of Service Analysis

As shown in the table below, the estimated annual cost of a comprehensive General Plan update and its associated implementation is \$35,000,

TABLE 4. ANNUAL GENERAL PLAN UPDATE COSTS

Cost	Total Cost	Amortization Period (Yrs)	Annual Cost
Contract Services Costs	\$ 300,000	10	\$ 30,000
Annual / Ongoing Implementation Support	\$ 4,902	n/a	4,902
Total	\$ 304,902		\$ 34,902

which includes the estimated amount of contract services required to perform a comprehensive update amortized over a 10-year cycle, as well as the average amount of annual on-going time and cost required to implement and maintain the General Plan as discussed in the previous section of this report. This is based on the Department’s estimate of \$300,000 in consultant costs required for a comprehensive update amortized over a 10-year cycle, as well as the average amount of annual on-going time and cost required to implement the General Plan into local zoning codes, policies, and procedures, as discussed in the previous section of this report.

4.2 Fee Establishment

If the Department and Council should agree upon a desired annual cost recovery target for this fee program, either 100% or a lesser amount.

The proposed Surcharge is calculated as a percentage of the building permit’s construction valuation for projects that are either new construction or addition to existing square footage. According to the City’s Building Department, the 3-year annual average of applicable building valuation is approximately \$6.9 million. The following table provides options for surcharge amounts based on varied cost recovery targets, with a basis of \$6.9 million average annual applicable building valuation:

TABLE 5. SURCHARGE CALCULATION

Cost Recovery Target	Annual Costs Recovered @ Target	Surcharge Based on Applicable Building Project Valuation
100%	\$ 34,902	0.50%
80%	\$ 27,922	0.40%
60%	\$ 20,941	0.30%
40%	\$ 13,961	0.20%
Average annual applicable building valuation - includes new construction and additions only		\$ 6,932,105

To recover 100% of the costs for updating and maintaining the City’s General Plan, a surcharge fee of 0.50% building valuation would be added to each new construction or addition related building permit. Should the City recommend a cost recovery level less than 100%, the table above also provides the surcharge amount at varied recovery levels.

4.3 Cost Recovery Evaluation

As the City does not currently have a General Plan Maintenance surcharge, there is no annual current fee revenue collected for this purpose.

TABLE 6. COST RECOVERY OUTCOMES

Department / Division	Estimated Annual Current Fee Revenue	Estimated Annual Full Cost Recovery Fee Revenue	Annual Cost Recovery Surplus / (Deficit)	Current Cost Recovery %	Annual Estimated Revenues - Cost Recovery Percentage: 40%	Annual Estimated Revenues - Cost Recovery Percentage: 60%	Annual Estimated Revenues - Cost Recovery Percentage: 80%	Annual Estimated Revenues - Cost Recovery Percentage: 100%
General Plan Maintenance	n/a	\$ 34,902	\$ (34,902)	0%	\$ 13,961	\$ 20,941	\$ 27,922	\$ 34,902

Upon reviewing this information and options for establishing this surcharge, City staff chose to display several cost recovery options of surcharge amounts at 40%, 60%, 80% and 100% of the full cost recovery potential. The estimated annual revenue impacts are shown in the table above for each cost recovery option.

Typically, a cost recovery target for this fee program would be less than 100%, depending on the current development climate (closer to or farther from buildout of available land), as well as recognition of the City’s internal uses of the General Plan document for infrastructure and operational service delivery (public safety, public works, etc.). A City with higher current or anticipated development activity, or higher amounts of available land for development, typically pursues a higher cost recovery target under the rationale that development will have a larger impact on and/or be impacted by the polices and criteria contained within the General Plan document.

5. CONCLUSION

Based on the Cost of Service Analysis, Fee Establishment, and Cost Recovery Evaluation outcomes presented in this Study, the proposed Master Schedule of Fees has been formatted for implementation and included in the Department's accompanying Staff Report.

As discussed throughout this report, the proposed fee schedule intends to improve the City's recovery of costs incurred to provide individual services, as well as to adjust fees downward where fees charged exceed the average costs incurred. Predicting the amount to which any adopted fee increases will affect City revenues is difficult to quantify. For the near-term, the City should not count on increased revenues to meet any specific expenditure plan. Experience with the revised fee amounts should be gained first before revenue projections are revised. However, unless there is some significant, long-term change in activity levels at the City, proposed fee amendments should enhance the City's cost recovery performance, over time, providing it the ability to stretch other resources further for the benefit of the public at large.

The City's Master Fee Schedule should become a living document but handled with care:

- A fundamental purpose of the fee schedule is to provide clarity and transparency to the public and to staff regarding fees imposed by the City. Once adopted by the Council, the fee schedule is the final word on the amount and manner in which fees should be charged. Old fee schedules should be superseded by the new master document. If the master document is found to be missing fees, those fees need eventually to be added to the master schedule and should not continue to exist outside the consolidated, master framework.
- The City should consider adjusting these user fees and regulatory fees on an annual basis to keep pace at least with cost inflation. For all fees and charges, the City could use either a Consumer Price Index adjustment or a percentage of Labor Cost increase, and that practice would be well applied to the new fee schedule. Conducting a comprehensive user fee Study is not an annual requirement; it becomes worthwhile only over time as significant shifts in organization, local practices, legislative values, or legal requirements change.

As a final note in this Study, it is worth acknowledging the path that fees in general have taken in California. The public demands ever more precise and equitable accounting of the basis for governmental fees and a greater say in when and how they are charged. It is inevitable in the not too distant future, that user fees and regulatory fees will demand an even greater level of analysis and supporting data to meet the public's evolving expectations. Technology systems will play an increased and significant role in an agency's ability to accomplish this. Continuous improvement and refinement of time tracking abilities will greatly enhance the City's ability to set fees for service and identify unfunded activities in years to come.

Disclaimer: In preparing this report and the opinions and recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, conditions and events that may occur in the future. This information and assumptions, including the City's budgets, time estimate data, and workload information from City staff, were provided by sources we believe to be reliable; however, NBS has not independently verified such information and assumptions. While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report, some assumptions will invariably not materialize as stated herein and may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

APPENDIX A

Cost of Service Analysis

Fee No.	Fee Name	Fee Type / Unit	Notes	Activity Service Cost Analysis				Cost Recovery Analysis						Annual Estimated Revenue Analysis		
				Estimated Average Labor Time Per Activity (hours)	FBHR	Cost of Service Per Activity	Current Fee / Deposit [2]	Existing Cost Recovery %	Fee @ Cost Recovery Percentage:	Fee @ Cost Recovery Percentage:	Fee @ Cost Recovery Percentage:	Fee @ Cost Recovery Percentage:	Estimated Volume of Activity	Annual Estimated Revenues at Current Fee	Annual Estimated Revenues at Full Cost Recovery Fee	
									40%	60%	80%	100%				
PLANNING FEES																
1	General Plan Amendments	deposit	[2,3,4]													
	5 Acres or Less	deposit				\$ 1,430										
	Greater than 5 Acres	deposit				\$ 1,430										
2	Specific Plans/Amendments	deposit	[2,3,4]													
	5 Acres or Less	deposit				\$ 1,430										
	Greater than 5 Acres	deposit				\$ 1,430										
3	Pre-Zone/Zone Changes	each		18.50	\$ 188	\$ 3,477	\$ 1,416	41%	\$ 1,391	\$ 2,086	\$ 2,781	\$ 3,477	3	\$ 4,248	\$ 10,430	
4	Tentative Subdivision Maps															
	4-10 lots	per map		24.00	\$ 188	\$ 4,510	\$ 1,605	36%	\$ 1,804	\$ 2,706	\$ 3,608	\$ 4,510	-	\$ -	\$ -	
	11-25 lots	per map		28.00	\$ 188	\$ 5,262	\$ 1,770	34%	\$ 2,105	\$ 3,157	\$ 4,210	\$ 5,262	-	\$ -	\$ -	
	26-45 lots	per map		36.00	\$ 188	\$ 6,765	\$ 2,033	30%	\$ 2,706	\$ 4,059	\$ 5,412	\$ 6,765	-	\$ -	\$ -	
	46-70 lots	per map		48.00	\$ 188	\$ 9,020	\$ 2,370	26%	\$ 3,608	\$ 5,412	\$ 7,216	\$ 9,020	-	\$ -	\$ -	
	70+ lots	per map		80.00	\$ 188	\$ 15,034	\$ 2,550	17%	\$ 6,014	\$ 9,020	\$ 12,027	\$ 15,034	-	\$ -	\$ -	
5	Tentative Subdivision Map Amendment	each		11.00	\$ 188	\$ 2,067	\$ 1,175	57%	\$ 827	\$ 1,240	\$ 1,654	\$ 2,067	-	\$ -	\$ -	
6	Tentative Subdivision Map Extension	each		9.00	\$ 188	\$ 1,691	\$ 870	51%	\$ 677	\$ 1,015	\$ 1,353	\$ 1,691	-	\$ -	\$ -	
7	Final Subdivision Map															
	4-10 lots	per map		16.00	\$ 188	\$ 3,007	\$ 420	14%	\$ 1,203	\$ 1,804	\$ 2,405	\$ 3,007	-	\$ -	\$ -	
	11-25 lots	per map		20.00	\$ 188	\$ 3,759	\$ 530	14%	\$ 1,503	\$ 2,255	\$ 3,007	\$ 3,759	-	\$ -	\$ -	
	26-45 lots	per map		26.00	\$ 188	\$ 4,886	\$ 705	14%	\$ 1,954	\$ 2,932	\$ 3,909	\$ 4,886	-	\$ -	\$ -	
	46-70 lots	per map		32.00	\$ 188	\$ 6,014	\$ 930	15%	\$ 2,405	\$ 3,608	\$ 4,811	\$ 6,014	-	\$ -	\$ -	
	70+ lots	per map		50.00	\$ 188	\$ 9,396	\$ 1,050	11%	\$ 3,759	\$ 5,638	\$ 7,517	\$ 9,396	-	\$ -	\$ -	
8	Tentative Parcel Map	each		15.00	\$ 188	\$ 2,819	\$ 1,370	49%	\$ 1,128	\$ 1,691	\$ 2,255	\$ 2,819	-	\$ -	\$ -	
9	Tentative Parcel Map Amendment	each		6.00	\$ 188	\$ 1,128	\$ 846	75%	\$ 451	\$ 677	\$ 902	\$ 1,128	-	\$ -	\$ -	
10	Tentative Parcel Map Extension	each		4.00	\$ 188	\$ 752	\$ 846	113%	\$ 301	\$ 451	\$ 601	\$ 752	-	\$ -	\$ -	
11	Tentative Parcel Map Appeal	each		5.00	\$ 188	\$ 940	\$ 350	37%	\$ 376	\$ 564	\$ 752	\$ 940	-	\$ -	\$ -	
12	Conditional Use Permits															
	Minor	each		5.00	\$ 188	\$ 940	\$ 1,040	111%	\$ 376	\$ 564	\$ 752	\$ 940	5	\$ 5,200	\$ 4,698	
	Major	each		15.00	\$ 188	\$ 2,819	\$ 1,040	37%	\$ 1,128	\$ 1,691	\$ 2,255	\$ 2,819	-	\$ -	\$ -	
13	Conditional Use Permits Amendment	each		6.00	\$ 188	\$ 1,128	\$ 874	78%	\$ 451	\$ 677	\$ 902	\$ 1,128	-	\$ -	\$ -	
14	Conditional Use Permits Extension	each		6.00	\$ 188	\$ 1,128	\$ 874	78%	\$ 451	\$ 677	\$ 902	\$ 1,128	-	\$ -	\$ -	
15	Site Plan Review	each		4.00	\$ 188	\$ 752	\$ 390	52%	\$ 301	\$ 451	\$ 601	\$ 752	3	\$ 1,170	\$ 2,255	
	Amendment	each		2.50	\$ 188	\$ 470	\$ 195	42%	\$ 188	\$ 282	\$ 376	\$ 470	-	\$ -	\$ -	
16	Annexation/Detachment (City fee only)	deposit	[5]	48.00	\$ 188	\$ 9,020	\$ 2,375	26%	\$ 3,608	\$ 5,412	\$ 7,216	\$ 9,020	2	\$ 4,750	\$ 18,041	
17	Variances	each		10.00	\$ 188	\$ 1,879	\$ 1,285	68%	\$ 752	\$ 1,128	\$ 1,503	\$ 1,879	-	\$ -	\$ -	
18	Lot Line Adjustment/Lot Merger	each		2.50	\$ 188	\$ 470	\$ 300	64%	\$ 188	\$ 282	\$ 376	\$ 470	2	\$ 600	\$ 940	
19	Certificates of Compliance	each		0.75	\$ 188	\$ 141	\$ 300	213%	\$ 56	\$ 85	\$ 113	\$ 141	1	\$ 300	\$ 141	

Fee No.	Fee Name	Fee Type / Unit	Notes	Activity Service Cost Analysis			Cost Recovery Analysis						Annual Estimated Revenue Analysis		
				Estimated Average Labor Time Per Activity (hours)	FBHR	Cost of Service Per Activity	Current Fee / Deposit [2]	Existing Cost Recovery %	Fee @ Cost Recovery Percentage:	Fee @ Cost Recovery Percentage:	Fee @ Cost Recovery Percentage:	Fee @ Cost Recovery Percentage:	Estimated Volume of Activity	Annual Estimated Revenues at Current Fee	Annual Estimated Revenues at Full Cost Recovery Fee
									40%	60%	80%	100%			
20	Administrative Use Permits														
	Home Occupation	each		1.50	\$ 188	\$ 282	\$ 65	23%	\$ 113	\$ 169	\$ 226	\$ 282	22	\$ 1,430	\$ 6,202
	Business	each		1.50	\$ 188	\$ 282	\$ 65	23%	\$ 113	\$ 169	\$ 226	\$ 282	-	\$ -	\$ -
21	Appeals	each		5.00	\$ 188	\$ 940	\$ 350	37%	\$ 376	\$ 564	\$ 752	\$ 940	1	\$ 350	\$ 940
22	Planning Clearance Fee (All Building Permits)	each		0.50	\$ 188	\$ 94	\$ 50	53%	\$ 38	\$ 56	\$ 75	\$ 94	2	\$ 100	\$ 188
	<i>Fees for development entitlements or services not listed will be determined on a case-by-case basis by the Planning Director. It will be based on the fully burdened hourly rate and the time of service provided.</i>	hourly		1.00	\$ 188	\$ 188	n/a	%	\$ 75	\$ 113	\$ 150	\$ 188	-	\$ -	\$ -
TOTAL													\$ 18,148	\$ 43,834	

[Notes]

- [1] LAFCo fee charged separately
- [2] Fee requires an initial deposit amount.
- [3] Set by City Policy / NBS did not study.
- [4] Projects for which an RFP is required (e.g.: CEQA assistance, technical studies, project management, etc.) will require an additional deposit of 50% of the consultant estimated cost.
- [5] This Fee is only for the annexation/detachment of property and does not include costs for co-applications (GPA's; rezones; CUP's; etc.). This only applies to NON-CEQA and Non-Special Study costs

APPENDIX B

Comparative Fee Survey

City of Orland
 Planning Department - User Fee Study Fiscal Year 2019
 Comparison of Charges for Fee Related Activities and Services

APPENDIX B

Fee No.	Fee Description	City of Orland					Comparative Agencies				
		Current Fee	Cost Recovery Percentage: 40%	Cost Recovery Percentage: 60%	Cost Recovery Percentage: 80%	Cost Recovery Percentage: 100%	City of Chico	City of Redding	City of Willows	City of Corning	City of Anderson
PLANNING FEES											
1	General Plan Amendments	\$ 1,430					\$ 7,008	1 acre or less: \$6,853 1.1 to 10 acres: \$7,775	\$ 1,146	\$ 800	\$ 3,500
2	Specific Plans/Amendments	\$ 1,430					Initiation Deposit: \$40,616 Amendment: \$13,212	10.1 to 100 acres: \$12,785 Over 100 acres: \$18,025	n/a	n/a	\$ 3,500
3	Pre-Zone/Zone Changes	\$ 1,416	\$ 1,391	\$ 2,086	\$ 2,781	\$ 3,477	\$ 5,934	1 acre or less: \$4,590 1.1 to 10 acres: \$6,413 10.1 to 100 acres: \$10,040 Over 100 acres: \$16,297	Minimum \$1,000 deposit + consultant cost + 5%	\$ 750	\$ 3,000
4	Tentative Subdivision Maps										
	4-10 lots	\$ 1,605	\$ 1,804	\$ 2,706	\$ 3,608	\$ 4,510	Deposit of \$17,781	Actual Cost + 71% Overhead Deposit Levels: 5-25 lots: \$10,416 26-50 lots: \$13,183 51-100 lots: \$17,919 101 or more lots: \$19,639	\$693 - \$885	\$780 - \$1080	\$2680 - \$2800
	11-25 lots	\$ 1,770	\$ 2,105	\$ 3,157	\$ 4,210	\$ 5,262			\$917 - \$1365	\$1130 - \$1830	\$2820 - \$3100
	26-45 lots	\$ 2,033	\$ 2,706	\$ 4,059	\$ 5,412	\$ 6,765			\$1397 - \$1365	\$1880 - \$2830	\$3120 - \$3500
	46-70 lots	\$ 2,370	\$ 3,608	\$ 5,412	\$ 7,216	\$ 9,020			\$2037 - \$2805	\$2880 - \$4080	\$3520 - \$4000
	70+ lots	\$ 2,550	\$ 6,014	\$ 9,020	\$ 12,027	\$ 15,034			\$2805 + \$32 per lot	\$4080 + \$50 per lot	\$4000 + \$20 per lot
5	Tentative Subdivision Map Amendment	\$ 1,175	\$ 827	\$ 1,240	\$ 1,654	\$ 2,067	\$ 2,710	\$ 4,632	n/a	n/a	\$ 250
6	Tentative Subdivision Map Extension	\$ 870	\$ 677	\$ 1,015	\$ 1,353	\$ 1,691	\$ 1,643	\$ 2,357	\$ 191	\$ 150	\$ 300
7	Final Subdivision Map										
	4-10 lots	\$ 420	\$ 1,203	\$ 1,804	\$ 2,405	\$ 3,007	Actual Cost	\$ 1,164	\$690 - \$882	\$300 - \$450	n/a
	11-25 lots	\$ 530	\$ 1,503	\$ 2,255	\$ 3,007	\$ 3,759			\$914 - \$1362	\$475 - \$825	
	26-45 lots	\$ 705	\$ 1,954	\$ 2,932	\$ 3,909	\$ 4,886			\$1394 - \$2002	\$850 - \$1325	
	46-70 lots	\$ 930	\$ 2,405	\$ 3,608	\$ 4,811	\$ 6,014			\$2034 - \$2802	\$1350 - \$1950	
	70+ lots	\$ 1,050	\$ 3,759	\$ 5,638	\$ 7,517	\$ 9,396			\$2802 + \$32 per lot	\$1950 + \$25 per lot	
8	Tentative Parcel Map	\$ 1,370	\$ 1,128	\$ 1,691	\$ 2,255	\$ 2,819	Deposit of \$8,806	\$ 3,447	\$285 + \$32/lot	\$480 + \$50/lot	\$ 1,500
9	Tentative Parcel Map Amendment	\$ 846	\$ 451	\$ 677	\$ 902	\$ 1,128	\$ 1,793	\$ 1,499	n/a	n/a	\$ 250
10	Tentative Parcel Map Extension	\$ 846	\$ 301	\$ 451	\$ 601	\$ 752	\$ 1,643	\$ 1,499	\$ 191	\$ 150	\$ 300
11	Tentative Parcel Map Appeal	\$ 350	\$ 376	\$ 564	\$ 752	\$ 940	n/a	n/a	n/a	\$ 200	\$ 400

Fee No.	Fee Description	City of Orland					Comparative Agencies				
		Current Fee	Cost Recovery Percentage: 40%	Cost Recovery Percentage: 60%	Cost Recovery Percentage: 80%	Cost Recovery Percentage: 100%	City of Chico	City of Redding	City of Willows	City of Corning	City of Anderson
13	Conditional Use Permits ¹										
	Minor	\$ 1,040	\$ 376	\$ 564	\$ 752	\$ 940	Single Family Owner Occupied Residences: \$5,375	Residential Projects: \$3,500 - \$6,969 depending on # of units	Minor: \$114 + Pass through cost Deposit		\$ 500
	Major	\$ 1,040	\$ 1,128	\$ 1,691	\$ 2,255	\$ 2,819	Wireless Telecommunication Facilities: \$10,852 Family Daycare Homes: \$522	Mobile Home Parks: \$8,510 Miscellaneous: \$1,425 Commercial / Industrial: \$4,872 - \$11,527 depending on # of units	Major: \$570 + Pass through cost Deposit	\$ 500	\$ 1,500
14	Conditional Use Permits Amendment	\$ 874	\$ 451	\$ 677	\$ 902	\$ 1,128	Any other use - Action by Zoning Administrator: \$6,626	\$ 1,164	n/a	\$ 175	Staff: \$250 PC/CC: \$750
15	Conditional Use Permits Extension	\$ 874	\$ 451	\$ 677	\$ 902	\$ 1,128	Any other use - Action by Planning Commission: \$6,626 Temporary Events Permit: \$422	\$ 157	n/a	\$ 100	n/a
16	Site Plan Review	\$ 390	\$ 301	\$ 451	\$ 601	\$ 752	n/a	\$ 2,179	n/a	n/a	n/a
	Amendment	\$ 195	\$ 188	\$ 282	\$ 376	\$ 470	n/a	\$ 1,006	n/a	n/a	n/a
17	Annexation/Detachment (City fee only)	\$ 2,375	\$ 3,608	\$ 5,412	\$ 7,216	\$ 9,020	Deposits of - Owner-occupied, Single-family residences on lots which cannot be further subdivided: \$5,821 Fully developed properties: \$6,540 Vacant properties or partially developed properties: \$6,540	\$ 3,877	n/a	n/a	\$3,500 + actual costs

City of Orland
 Planning Department - User Fee Study Fiscal Year 2019
 Comparison of Charges for Fee Related Activities and Services

APPENDIX B

Fee No.	Fee Description	City of Orland					Comparative Agencies				
		Current Fee	Cost Recovery Percentage: 40%	Cost Recovery Percentage: 60%	Cost Recovery Percentage: 80%	Cost Recovery Percentage: 100%	City of Chico	City of Redding	City of Willows	City of Corning	City of Anderson
18	Variances	\$ 1,285	\$ 752	\$ 1,128	\$ 1,503	\$ 1,879	Single Family Owner Occupied Residences: \$4,225 Any other use - Action by Zoning Administrator: \$5,849 Any other use - Action by Planning Commission: \$7,781	Zoning Exception: \$1,027 Zoning Exception Amendment: \$576 Major Variance: \$2,997 Variance Amendment: \$1,824	Minor: \$114 + Pass through cost Deposit Major: \$570 + Pass through cost Deposit	\$ 500	\$ 800
19	Lot Line Adjustment/Lot Merger	\$ 300	\$ 188	\$ 282	\$ 376	\$ 470	\$ 2,418	\$ 586	\$ 350	\$ 350	\$200 + Engineering Fees
20	Certificates of Compliance	\$ 300	\$ 56	\$ 85	\$ 113	\$ 141	\$ 2,418	\$ 1,006	\$ 228	n/a	n/a
21	Administrative Use Permits										
	Home Occupation	\$ 65	\$ 113	\$ 169	\$ 226	\$ 282	\$ 50	n/a	n/a	n/a	n/a
	Business	\$ 65	\$ 113	\$ 169	\$ 226	\$ 282	n/a	n/a	n/a	n/a	n/a
22	Appeals	\$ 350	\$ 376	\$ 564	\$ 752	\$ 940	Permit Appeals: \$180 Subdivision Applicant Appeals: \$0 All Other Appeals: \$196	Applicant: \$524 Administrative Permit (appeal by applicant) to Bar: \$389	\$ 222	\$ 200	\$ 400
23	Planning Clearance Fee (All Building Permits)	\$ 50	\$ 38	\$ 56	\$ 75	\$ 94	n/a	n/a	\$ 128	n/a	\$ 400

Notes

- [1] The City of Orland does not currently have a delineation between minor and major CUP's.
- [2] While a comparison can provide a sense of the local market pricing for services, and be useful in gauging the impact of recommendations for fee adjustments, the following should be noted about the general approach to, and use of, comparative survey data:
 - Comparative surveys do not provide information about the cost recovery policies or procedures inherent in each comparison agency.
 - A "market based" decision to price services below the full cost of service calculation, is the same as making a decision to subsidize that service.
 - Comparative agencies may or may not base their fee amounts on the estimated and reasonable cost of providing services. NBS did not perform the same level of analysis provided for this Study on the comparative agencies' fees.
 - Comparative fee survey efforts are often non-conclusive for many fee categories. Comparison agencies typically use varied terminology for provision of similar services.