



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 4/30/2024

To: Sonoma County Board of Supervisors, Sonoma County Water Agency Board of Directors and the Board of Directors of the Sanitation Districts

Department or Agency Name(s): Permit Sonoma

Staff Name and Phone Number: Michelle Arellano 707-565-2296

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Consolidated Fee Hearing - FY 24-25 Fees for Permit Sonoma (Second Reading-Ready for Adoption)

Recommended Action:

Permit Sonoma recommends the Board of Supervisors, Sonoma County Water Agency Board of Directors and the Board of Directors of the Sanitation Districts take the following actions:

- A. Board of Supervisors, County of Sonoma
 - 1) Adopt ordinance increasing and adjusting fees for development applications, permits, and services provided by Permit Sonoma to attain a level of cost recovery that better approaches the reasonable costs of providing the related services.
- B. Board of Directors, Sonoma County Water Agency
 - 1) Adopt ordinance increasing and adjusting certain fees for sewer permit, plan check, and inspection services for the Sonoma County Water Agency.
- C. Board of Directors, Sonoma Valley County Sanitation District
 - 1) Adopt ordinance increasing and adjusting certain fees for sewer permit, plan check, and inspection services for the Sonoma Valley County Sanitation District.
- D. Board of Directors, Occidental County Sanitation District
 - 1) Adopt ordinance increasing and adjusting certain fees for sewer permit, plan check, and inspection services for the Occidental County Sanitation District.
- E. Board of Directors, Russian River County Sanitation District
 - 1) Adopt ordinance increasing and adjusting certain fees for sewer permit, plan check, and inspection services for the Russian River County Sanitation District.
- F. Board of Directors, South Park County Sanitation District
 - 1) Adopt ordinance increasing and adjusting certain fees for sewer permit, plan check, and inspection services for the South Park County Sanitation District.

Executive Summary:

Permit Sonoma provides land use planning, permitting services, and plan check and inspections for: planning, building, engineering, fire prevention, hazardous materials, natural resources, and code enforcement for the unincorporated areas of Sonoma County. Permit Sonoma also provides related permitting services pursuant to a Memorandum of Understanding for Sonoma Water, Sonoma Valley County Sanitation District, Russian River County Sanitation District, South Park County Sanitation District, and Occidental County Sanitation Districts.

The County of Sonoma engaged with a consultant, NBS (Consultant), to perform a User Fee Study (Study), which was completed in late 2021. The goal of the Study was to present findings regarding maximum allowable cost recovery amounts and to provide best management practices for the review of fees and charges (F&C) for service and calculation methodology assumptions. It was determined through that study that most of the fees collected by Permit Sonoma were significantly under the cost recovery amount. During the FY 2022-23 consolidated fee hearings, the Board supported increasing annual General Fund support by \$1 million in order to cap annual fee changes at a projected 7% average for the following two fiscal years. Subsequently, due to continued escalating costs, the FY 2023-24 changes were mostly adjusted by 10%.

The Consolidated Fee Hearings for FY 2024-25 is the third year of the 3-year phased approach. The department is proposing an 8.5% increase to fees based on projected salaries and benefits increases and if approved, will become effective July 1, 2024, or sixty (60) days from passage of the ordinance(s), whichever is greater.

The FY 2024-25 anticipated revenue projections from the recommended 8.5% fee increase is approximately \$1,591,557.

Discussion:

In 2019, to ensure compliance with California law and as part of Budget and Fiscal improvements, the County Administrator's Office engaged NBS to conduct a User Fee Study for multiple departments, including Permit Sonoma. The NBS Fee Study found that, in aggregate, Permit Sonoma was recovering 79% of costs based on FY 2019-20 data. Prior to the review in August 2021, there had been no increases to Permit Sonoma fees since FY 2019-20 pending the completion of the fee study. To moderate the impacts to Permit Sonoma's clients, in FY 2022-23 the Board approved increasing fees through a phased approach, while also accepting that fees would not reach full cost recovery, and formalizing additional General Fund subsidy.

In FY 2022-23, the Board approved increasing fees by 9% based on a cost recovery from fees and charges approach as provided in the NBS Fee Study, in addition to increasing the department's General Fund support by \$1 million (from \$3.6 million to \$4.6 million). This allowed fees and charges adjustments to be limited to 9% in FY 2022-23 and projected to be 7% over the next three fiscal years (through FY 2024-25). However, given that the full cost recovery amount used in the NBS Fee Study was based on FY 2019-20 costs, and once operational cost escalations for FY 2020-21 through FY 2022-23 were factored and estimated at approximately 11%, the Board approved a 10% increase in fees in FY 2023-24 to keep up with the level of cost recovery.

FY 2024-25 proposed adjustments are based on projected salaries and benefits increases while ensuring that the rates do not exceed 100% of the cost to deliver services. The FY 2024-25 proposed rate increases above current fees are as follows:

Agenda Date: 4/30/2024

- Planning fees increase by 8.5%
- Engineering fees increase by 8.5%
- Well and Septic fees increase by 8.5%
- Building fees increase by 8.5%
- Fire fees increase by 8.5%

Administrative Staff Hourly Labor Rates

Staff hourly rates are used to set fees and to bill staff hourly charges to at-cost projects and contracts. These rates are calculated based on employees' salaries and benefits costs. The department is proposing to increase administrative staff hourly rates by 8.5% in FY 2024-25 based on projected increases to salaries and benefits. Proposed increases are as follows:

	FY 2023-24 Adopted	FY 2024-25 Proposed
Accountant	\$123	\$133
Clerical	\$107	\$116
Code Enforcement Inspector	\$182	\$197
Customer Service	\$138	\$150
Division Manager	\$249	\$270
Information Systems	\$147	\$159

Code Enforcement Services Fees

The Code Enforcement Division handles violations of the County's building, zoning, and health regulations. The department is proposing to increase Code Enforcement fees for services by 8.5% in FY 2024-25 based on projected increases to salaries and benefits. Proposed increases are as follows:

	FY 2023-24 Adopted	FY 2024-25 Proposed
Code Enforcement Reinspection (each)	\$274	\$297
Abatement Repair Permit	\$623	\$676
Building Board and Secure	\$125	\$136
<u>Hearing Officer</u>		
County Staff Support	\$488	\$529
Hearing Officer - Hearing	\$2,288	\$2,482
Hearing Officer - Drive Time	\$215	\$233
Court Reporter	\$583	\$633
Board of Building Appeals	\$715	\$776

Fee Description Changes

Permit Sonoma is recommending approval of nine (9) description changes to fire prevention fees, and seven

Agenda Date: 4/30/2024

(7) description changes to engineering encroachment fees, and one (1) well & septic service fee. See Attachment 17 for details.

Sewer Systems Plan Check Services

Permit Sonoma provides permitting services pursuant to a Memorandum of Understanding for Sonoma Water, Sonoma Valley County Sanitation District, Russian River County Sanitation District, South Park County Sanitation District, and Occidental County Sanitation Districts. The fees to recover these services are set by the Water Agency and Sanitation Districts. The FY 2024-25 fees are seen in the table below. There is no change from the previous year.

	FY 2024-25 Fee Amount
Sanitation District Record Drawing - Sewer System	
Residential/Subdivision	\$153
Commercial/Industrial	\$307

Strategic Plan:

N/A

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

03/26/2024: The Board of Supervisors and Board of Directors of the Water Agency and Sanitation Districts adopted resolutions introducing, reading the title and waiving further reading of the proposed ordinances increasing and adjusting fees for Permit Sonoma effective July 1, 2024, and adjusting certain fees for sewer permit, plan check, and inspection services for the Sonoma County Water Agency and Sanitation Districts effective July 1, 2024.

03/21/2023: FY 2023-24 Fees & Charges: Ordinance No. 6407 for Occidental County Sanitation District; Ordinance No. 6408 for Sonoma Valley County Sanitation; Ordinance No. 6409 for South Park County Sanitation District; Ordinance No. 6410 for Sonoma County Water Agency; Ordinance No. 6411 for Russian River County Sanitation District; and Ordinance No. 6412 Board of Supervisors Permit Sonoma Fee Schedule.

FISCAL SUMMARY

Expenditures	FY23-24 Adopted	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses		\$1,591,557	\$1,591,557
Additional Appropriation Requested			

Total Expenditures		\$1,591,557	\$1,591,557
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other		\$1,591,557	\$1,591,557
Use of Fund Balance			
General Fund Contingencies			
Total Sources		\$1,591,557	\$1,591,557

Narrative Explanation of Fiscal Impacts:

The fee increases will become effective on July 1, 2024. The baseline net effect of fee changes without projected department workload increases is estimated to be approximately \$1,591,557. This amount will be included in Permit Sonoma’s projected total revenues as part of the FY 2024-25 Recommended Budget.

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

- Attachment 1: Permit Sonoma Fee Cover Sheet FY 2024-25
- Attachment 2: Permit Sonoma Fee Schedule Ordinance
- Attachment 3: Building Fee Schedule
- Attachment 4: Code Enforcement Fee Schedule
- Attachment 5: Fire Prevention and Hazmat Fee Schedule
- Attachment 6: Engineering & Water Fee Schedule
- Attachment 7: Well & Septic Fee Schedule
- Attachment 8: Planning Fee Schedule
- Attachment 9: Permit Sonoma Services Fee Schedule
- Attachment 10: Occidental Sewer Area Ordinance
- Attachment 11: Sonoma Valley Sewer Area Ordinance
- Attachment 12: South Park Sewer Area Ordinance
- Attachment 13: Water Agency Sewer Service Area Ordinance
- Attachment 14: Russian River Sewer Area Ordinance
- Attachment 15: Permit Sonoma FY 2024-25 Fee Description Changes
- Attachment 16: Permit Sonoma At Cost Projects Overview

Related Items “On File” with the Clerk of the Board:

None.