City Council Report

Date: March 22, 2018
To: Audit, Finance & Enterprise Committee
Through: Kari Kent, Assistant City Manager
From: Christine Zielonka, Development Services Director
Chase Carlile, Fiscal Analyst, Development Service Department

Subject: Proposed Changes to the Fee Schedule for the Development Services Department

Purpose and Recommendation

The purpose of this report is to recommend modifications to fees charged by the Development Services Department for fiscal year 2018-2019. The Department consists of three areas: Planning, Development Services (Permitting, Civil and Building Plan Review and Building Inspections), and Code Compliance.

Background

Various fees are charged for services related to the land development process in Planning and Development Services. Fees and fines are also assessed by the Code Compliance section for violation of the Zoning, Nuisance Codes and Building Codes. All fees are reviewed annually to insure they are aligned with the cost of providing the service, or, in the case of Code penalties, are proportionate to the violation.

Discussion

PLANNING

The Department proposes the following changes to Planning’s fees and charges:

1. Increase the Medical Marijuana fee from $250 per registration to $648 per registration.

   There are many requirements that Planning considers when reviewing Medical Marijuana registrations. The review time, and effort by staff to ensure that all state and local requirements are met is equivalent to other administrative review processes, for which the City of Mesa charges $648. Estimated fiscal impact $3,980.
2. The Department proposes a $110 Medical Marijuana Location Fee. Before submitting an application for a medical marijuana facility, applicants can ask planning staff if the location the customer wants to build a facility is allowed under state and local regulations. $110 will cover the costs associated with researching the request and responding to the applicant. Estimated fiscal impact: $2,000.

DEVELOPMENT SERVICES

The Department proposes the following changes to Development Services’ fees and charges:

1. Eliminate the fee for code studies. This fee is currently set at $90 per hour.

   A comparison with other valley cities shows that Mesa is the only city that provides this service. Customer demand for code studies is extremely low, and most customers find that they need to apply for a code modification, rather than the study. As the City updates its building codes over the next year to the 2018 building code, it is anticipated that the demand for these studies will continue to diminish. Estimated fiscal impact, $-1,260.

2. Change the fee for Code Modifications from $250, plus $110 of additional hours, to a flat rate of $250 per case.

   The current base fee of $250 per code modification covers the costs associated with processing a code modification, and the additional per hour fee is not needed. Removing the per hour fee simplifies our fees schedule, making it easier for our customers to estimate their fees, without negatively impacting the department. Estimated fiscal impact: $0.

3. Add the following clarifying language to the Annual Facilities Permit fee explaining that the initial permit fees are equal to the annual fees of $800 per primary site, and $350 per secondary site.

   “Annual Renewal fees are equal to the initial permit costs listed above.”

   Estimated fiscal impact $0.

4. Add the following clarifying language to the Impact fee section indicating that fabric shade structures are not subject to impact fees.

   “Based on the definition of building area in Mesa City Code section 5-17 and the definition of roof assembly in the International Building Code, fabric shade structures do not provide weather protection and do not qualify as a roof assembly, and will not be imposed impact fees.”
Throughout the year, one of the most common questions staff receives is if fabric shade structures require impact fee assessments. The current interpretation of section 5-14 of the Mesa City Code, and the ICC building code is that fabric shade structures do not fit the qualifications for impact fees. Adding this language to the fee schedule will clear up confusion when fabric shade structures come in for review. Estimated fiscal impact $0.

**CODE COMPLIANCE**

The Department proposes the following addition to Code Compliance’s fees and charges:

1. Add an administrative lien fee of $20 per lien.

Currently, if civil code citations go unpaid, the department liens the property. The fee to file this lien is $20. Charging this fee is consistent with the practices of other City of Mesa departments. Code Compliance files approximately 200 liens a year. Charging customers this fee will allow us to recover our costs. Estimate fiscal impact $4,000.

**Alternatives**

Alternatives to the recommended fee modifications could include increasing, decreasing or making no changes to the various fees.

**Fiscal Impact**

If the fee modifications recommended by the Development Services Department are not implemented it would make the relationship to the actual cost of providing the services less accurate.

Total estimated FY18/19 fiscal impact for Planning is $ 5,980.  
Total estimated FY18/19 fiscal impact for Development Services is $ -1,260.  
Total estimated FY18/19 fiscal impact for Code Compliance is $4,000.
## Fee Recommendation Schedule

### Exhibit A

Department: Development Services Department

<table>
<thead>
<tr>
<th>Description of Service</th>
<th>FY 17/18 Current Fee</th>
<th>FY 18/19 Proposed Fee</th>
<th>Unit</th>
<th>FY 18/19 Fiscal Impact</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMMERCIAL SECTOR</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>SPECIAL SERVICES</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><em>Annual Facilities Permits</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Facilities Permit - Primary Site</td>
<td>$800</td>
<td>$800</td>
<td>Calendar year</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Annual Facilities Permit - Remote Sites</td>
<td>$350</td>
<td>$350</td>
<td>Site</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Annual Facilities Hourly charges - Includes plan review and inspections (minimum 1 hour)</td>
<td>$110</td>
<td>$110</td>
<td>Hour</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td><strong>Note: Annual renewal fees same as initial period fees. ANNUAL RENEWAL FEES ARE EQUAL TO THE INITIAL PERMIT COSTS LISTED ABOVE</strong></td>
<td></td>
<td></td>
<td></td>
<td>Amending note to all fees under the Annual Facilities Permits subheading</td>
<td></td>
</tr>
<tr>
<td><strong>Other Miscellaneous Fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional review time at $110 per hour</td>
<td>$110.00</td>
<td>Hour</td>
<td>$0</td>
<td>Removing fee. The flat rate covers the cost of code modification, the additional review time is not needed</td>
<td></td>
</tr>
<tr>
<td>Code Studies</td>
<td>$90.00</td>
<td>Hour</td>
<td>-$1,260</td>
<td>Removing fee. Most customers realize what they actually need is a code modification, not a code study.</td>
<td></td>
</tr>
</tbody>
</table>
## Impact Fees

**NOTE:** BASED ON THE DEFINITION OF BUILDING AREA IN MESA CITY CODE SECTION 5-17 AND THE DEFINITION OF ROOF ASSEMBLY IN THE IBC, FABRIC SHADE STRUCTURES DO NOT PROVIDE WEATHER PROTECTION AND DO NOT QUALIFY AS A ROOF ASSEMBLY, AND WILL NOT BE IMPOSED IMPACT FEES

<table>
<thead>
<tr>
<th>CODE COMPLIANCE</th>
<th>Civil Violation Fines</th>
<th>Administrative Lien Fee</th>
<th>$20</th>
<th>LIEN</th>
<th>$4,000</th>
<th>Adding fee. We file about 200 liens a year. This fee will allow us to recoup our filing costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADMINISTRATIVE LIEN FEE</td>
<td>CIVIL VIOLATION FINE</td>
<td>$20</td>
<td>LIEN</td>
<td>$4,000</td>
<td>Adding fee. We file about 200 liens a year. This fee will allow us to recoup our filing costs</td>
<td></td>
</tr>
</tbody>
</table>

## PLANNING SERVICE FEES

*Medical Marijuana Dispensary or Cultivation Facility*

| Registration Fee | $250.00 | $648 | $3,980 | Raising fee. Fee recovers staff costs. |
| LOCATION FEE | $110 | $2,000 | Adding fee. Fee recovers staff costs. |

**Total Estimated FY 18/19 Fiscal Impact:** $8,720