

INDIAN RIVER COUNTY, FLORIDA

M E M O R A N D U M

TO: Jason E. Brown; County Administrator

FROM: Stan Boling, AICP; Community Development Director
Rich Szyrka, PE; Public Works Director

DATE: November 13, 2018

SUBJECT: Adoption of Updated Development Review Fee Schedules for Planning and Public Works

It is requested that the data herein presented be given formal consideration by the Board of County Commissioners at its regular meeting of November 20, 2018.

BACKGROUND

Indian River County's current schedule of development review fees was put into effect March 1, 2004 and has not been updated since. Prior to the 2004 fee schedule update, fees had not been updated since 1990. The County's current fee schedule covers Planning and Engineering (Public Works) items and is out of date with current fees significantly lower than fees charged by other counties (see Attachment 1). In June 2017, staff presented a draft updated fee schedule using the same methodology used in the 1990 and 2004 fee updates. That methodology estimated the amount of time used by review staff from various county departments to review an "average" application from initial submittal through final approval for each type of application. No overhead costs were considered or "charged for". The estimated staff time was then costed-out by staff position (hourly rate), totaled, and then rounded (usually rounded down) to yield a fee. Direct costs such as advertising costs for public hearing items were also estimated based upon prevailing costs at the time of the update (2004). Direct costs as well as staff costs have increased significantly since 2004. At its June 20, 2017 meeting the Board of County Commissioners (Board) deferred action on a fee update presented by staff, ultimately directing staff to present the fee update to the Development Review and Permit Process Advisory Committee (Committee) for its review.

The Committee began meeting in October 2017 and focused first on improving and streamlining development review and permit processes. The Committee's work, in joint effort with staff, culminated in recommendations acted upon earlier this year. Changes and improvements to processes were implemented in May 2018 after Board approval of various code changes and non-code changes made by staff. Those streamlining changes were factored into staff's re-evaluation of review fees conducted this summer.

At its June 26, 2018 meeting the Committee considered and conceptually approved a fee update methodology (see Attachment 2). That methodology consisted of two features: 1) calculating staff time/costs for an average complete and responsive application together with an additional fee (25% of original fee) if extra staff re-reviews are required for incompleteness and/or inadequate responses, and 2) calculating fees for construction-in-progress and close-out/certificate of completion inspections conducted by Public Works.

During the Committee recess in July and August, staff calculated development review staff time/costs based on its review experience under the improved and streamlined process implemented in May. Also during the recess, Public Works compiled and re-evaluated its site construction inspection data. Based on the approved methodology, with new calculations and new data, staff presented to the Committee updated subdivision project and major site plan project review fees and Public Works site inspection fees at the Committee's September 19, 2018 meeting. At that meeting's conclusion, the Committee decided to continue discussion and to review a complete and final schedule of updated development review and Public Works fees (see Attachment 3).

At its October 17, 2018 meeting the Committee reviewed comprehensive updated fee schedules for development application review, long range planning application review, Public Works application and permit reviews, and Public Works site inspection fees proposed to be established for subdivision and major site plan projects. After lengthy discussion, the committee and staff agreed to support the Planning development review fees, Long Range Planning application review fees, and Public Works review fees as proposed, and to support a compromise on fees for Public Works site inspections. That compromise calls for Public Works inspection fees for single-family subdivisions at \$100 per lot, \$75 per unit for multi-family major site plan projects, and \$1,000 per acre for a commercial major site plan project (see Attachment 4). Those proposed fees have been finalized and incorporated into final fee schedules now to be considered by the Board of County Commissioners for adoption.

ANALYSIS

- **Planning Development Application Fees**

Most of the proposed fees are designed to cover a majority of the estimated staff time/costs for reviewing a complete and responsive application under the streamlined process that has been implemented since May. Additional fees for applications requiring extra reviews are also proposed and are based on the estimated additional staff time/costs for extra reviews. This fee structure is a policy decision that “rewards” complete responsive applications by assigning staff costs for extra re-reviews to the incomplete applications that create extra demands on staff time.

The proposed fees also purposely “undercharge” certain application types as a matter of policy. For example, Pre-Application Conference reviews for site plan and Planned Development (PD) projects are charged \$0, consistent with the current fee schedule. The “free Pre-App” policy is intended to provide an incentive for a quick up-front process that “filters-out” big picture development problems (zoning, location, access, environmental items, basic lay-out), and to provide an incentive for innovative PD projects. Free “pre-apps” also provide an incentive for economic development

(commercial site plan projects) and affordable housing multi-family projects. As a policy decision, staff also proposes no increases for variance requests and only a minor increase for appeals by affected parties. Proposed fees are still less than development application fees charged in other jurisdictions within the region such as Brevard, St. Lucie, and Martin counties.

- **Long Range Planning Fees**

Long Range planning section fees relate to applications for comprehensive plan amendments, rezonings, and concurrency reviews. Fees for those reviews are proposed to be updated and simplified. Generally, due to time-saving changes made by staff over the past years, proposed fee increases for these reviews are generally modest.

- **Code Enforcement and Environmental Planning Fees**

As a policy decision these fees, which cover local environmental permits and minor permits often used by individual residents and small businesses, are proposed to remain the same (unchanged from the current “2004 fee”) with one exception. That exception is for CCCL/LONO (Coastal Construction Control Line/Letter of No Objection) reviews for beachfront development and re-development. That review fee is proposed to increase from \$125 to \$200 to cover increased staff time for more detailed and comprehensive reviews now required. No increases for environmental permits are proposed, based on a policy to incentivize compliance with local environmental regulations.

- **Public Works Fees**

- Permit Review Fees

Proposed fees for stormwater permit and right-of-way permit activities conducted by Public Works are based on actual staff time spent on those activities. Proposed fees cover a majority of Public Works staff time but, as a policy decision, do not cover overhead costs. Re-inspection fees are also proposed for individual stormwater and right-of-way permit projects that require extra inspections. No increases in LDP (land development permit) review fees are proposed (unchanged from the current “2004 fee”).

- Inspection Fees

An inspection fee is proposed for subdivision projects and major site plan projects. Both of those types of projects require a pre-construction meeting with Public Works at which time construction coordination and large project inspection duties commence for Public Works staff. The proposed inspection fee for these large projects was originally proposed as a tiered range of percentages of project site construction cost, consistent with what other counties charge. After initial discussion the inspection fee proposal was reduced to one percent (1%) of estimated site construction costs not including utilities and not including off-site construction and not including soft costs (engineering, surveying, permitting). After lengthy discussion at the October 17, 2018 Committee meeting, a compromise on Public Works inspection fees was reached: \$100 per single-family lot; \$75 per

multi-family unit; and \$1,000 per acre of commercial development area. Those compromise fee rates are incorporated into the proposed schedule for Public Works fees.

Timing of collecting Public Works inspection fees was also discussed at the October 17, 2018 Committee meeting. Originally, inspection fees were proposed to be collected at the project pre-construction meeting. After discussion, staff and the Committee agreed that those inspection fees will be collected toward the end of the project. For a subdivision project, the inspection fee will be collected prior to issuance of a Certificate of Completion (including issuance under a temporary suspension). For a major site plan project, the inspection fee will be collected prior to issuance of a Certificate of Occupancy (including issuance under a temporary suspension).

- **Development Cost Impacts: Total Fees for Subdivision and Major Site Plan Projects**

For subdivision projects and major site plan projects, staff has put together a list of total fees for a “typical project” under current fee schedules and the proposed fee schedules presented herein (see Attachment 6). For the Subdivision project total fee list, staff calculated and compared application fees for a recently developed 23.62 acre 36 lot single family subdivision. Fees were tallied for all subdivision project applications from the pre-application stage to the final plat stage, and includes the proposed Public Works inspections associated with subdivision development (horizontal construction excluding utilities and off site work). For this type of hypothetical subdivision project, current fees would run \$7,870 or \$218 per lot compared to proposed fees of \$14,300 or \$397 per lot, a difference of \$179 per lot.

For hypothetical major site plan projects, staff calculated fees for a 4 acre commercial site and a 4 acre 24 unit multi-family project. For the hypothetical 4 acre commercial project, current fees would run \$2,540 or \$635 per acre compared to proposed fees of \$9,170 or \$2,292 per acre. For the hypothetical 4 acre 24 unit multi-family project current fees would run \$2,540 or \$105 per unit compared to proposed fees of \$6,970 or \$290 per unit.

- **Revenue Impacts**

Staff has evaluated the last 12 months of development application activity and calculated the amount of fees generated under current fee rates and under the proposed fee rates. That comparison is provided for Public Works inspection fees, Planning application fees, and Long Range Planning fees (see Attachment 8). The estimated annual difference in fee revenue, based on the number and type of development applications received during the last twelve months is \$268,715. That revenue difference is intended to help cover increased costs already experienced for development review staff previously budgeted and hired to handle increased demand for development review and site inspection services.

- **Effective Date**

When development related fees are adopted, the County typically provides for a delayed effective date of at least 90 days. Complete applications received by staff prior to the effective date are charged the “old” fee. Applications filed on or after the effective date are charged the “new” fee.

The 90 day delay is considered enough time for would-be applicants who are close to making an application submittal to put together a complete application prior to a fee change going into effect. Consequently, staff proposes an effective date of March 1, 2019, a date that is more than 90 days after Board adoption. The effective date is specified in the attached fee resolution (see Attachment 7).

CONCLUSION

The proposed fee schedules will modify development application fees that have not been updated since 2004. Proposed fees will not cover all county costs; some staff time costs are not covered and no overhead costs are covered. For policy reasons, some application reviews are provided free of charge (pre-application conferences) and others are unchanged and intentionally under-charged (environmental permit fees, minor fees for permits used by individual residents and small businesses, and land development permit fees for subdivision engineering plan reviews). Proposed fees were extensively vetted through a development committee review process and are supported by staff and the Committee.

RECOMMENDATION

Staff recommends that the Board of County Commissioners adopt the proposed development review fee schedules and associated resolution, establishing a March 1, 2019 effective date for the updated fee schedules.

ATTACHMENTS:

1. Chart: Application Fee Comparison
2. Committee Minutes June 26, 2018 meeting
3. Committee Minutes September 19, 2018 meeting
4. Unapproved Committee Minutes October 17, 2018 meeting
5. Charts Comparing Current Fees to Proposed Fees
6. Charts Providing Project Cost Comparisons
7. Resolution with Proposed Fee Schedules
8. Estimated Annual Revenue Impacts from Proposed Fees