

NAIOP Meeting

Wednesday, March 12, 2025

8:30 AM



Background and Purpose

Background:

- **Macro-economy climate during/post-pandemic** marked by challenges in commercial office market in period of high interest rates and instability. Development activity has slowed while expenses continue to increase.
- To this end, County worked with a **consulting firm in FYs 23-24 to evaluate the cost of County resources** required to process, review, and approve permits, plans, inspections and related development services.
 - **Scope:** CPHD/Planning and DES fees (General Fund) and CPHD/Inspection Services and Zoning fees(Development Fund)
 - County Board adopted the **first fee increases in FY25 in a multi-year** effort to achieve cost recovery while mitigating customer impacts, to the extent feasible. First major fee increases in 15+ years.

Purpose:

- **Describe approach** to proposed fees in **FY26 (second year)** for Planning (which includes DES fees for a subset of permit types) and Zoning.
- Walk through **sample projects**

Planning - Proposed Fees Increases

- In **FY25**, the cost **recovery goal was 75%** of costs to continue to assess activities that comprise 25% of costs for staff time.
- **In FY26**, after continued review, recommend adjusting the cost **recovery goal to 100%** because fee services directly benefit the applicant/customer. Fees are proposed to be adjusted at varying percentages based on their existing cost recovery levels.
- Fees will not increase more than 200% over last year or exceed 100% cost recovery. **DES fees** also limited to 100% cost recovery, no more than 200% increase and no more than 75% of CPHD fee.
- In addition, several changes beyond the standard increases to include changes to address more targeted cost recovery adjustments, **clarification and improvements** to the intent and administration of the fee schedule, and to **reconcile a few errors**.

Planning/DES Sample Projects: Proposed Fees

*Fees include a 10% technology surcharge. Rezoning fees for FY26 fees have been held constant pending structural changes anticipated in FY27.

Project Type	Project Description	FY25 Fees	FY26 Fees	Customer Impact (% change)
Special Exception Site Plan	Site plan application for semi-detached dwelling – two residential units	PLD: \$5,282 <u>DES: \$2,406</u> Total: \$7,688	PLD: \$15,300 <u>DES: \$7,217</u> Total: \$22,517	PLD: \$10,018 <u>DES: \$4,811</u> Total: +\$14,829 (193%)
Special Exception Site Plan	Rezoning and site plan application for entitlement; 31,000 sq. ft.; 128 CAFs and 3,000 sq. ft. childcare center.	PLD: \$48,018 <u>DES: \$8,237</u> Total: \$56,255	PLD: \$75,435 <u>DES: \$24,710</u> Total: \$100,145	PLD: \$27,417 <u>DES: \$16,473</u> Total: +\$43,890 (78%)
Rezoning		PLD: \$19,583 <u>DES: \$0</u> Total: \$19,583	PLD: \$19,583 <u>DES: \$0</u> Total: \$19,583	PLD: \$0 <u>DES: \$0</u> Total: \$0
Landscape Plan Change	Residential R2-7 zoning district; side-by-side duplex	\$263	\$749	+\$486 (184%)

CPHD/Zoning - Proposed Fees

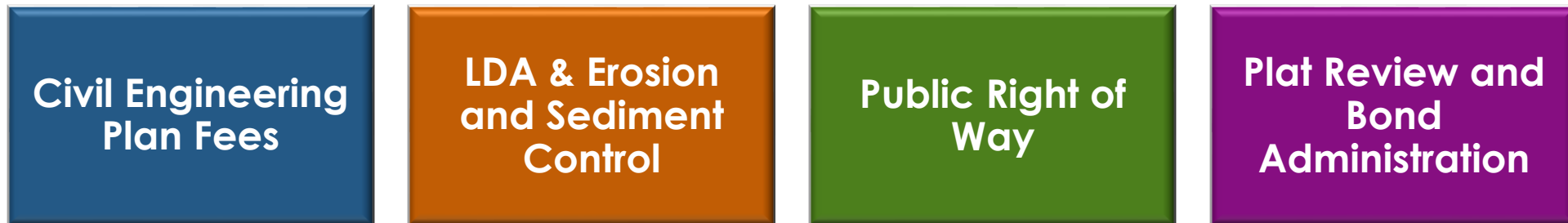
- For the **FY26** budget, the Zoning Division analyzed all its services by roles and activities which resulted in the identification of \$1.7M (30% of Zoning's operating expenses) in costs of activities that are not directly tied to fee-related services. Those expenses are recommended to be funded by the General Fund.
- Like FY25 fees, FY26 fees are recommended to be adjusted up/down based on staff effort and complexity, and anticipated impact to the development community.
- **Cost recovery target is 70% except** in some cases such as:
 - Fees at 15% or less of cost recovery in FY25 are proposed to increase by 21% like signs.
 - Fees that require a higher level of staff time such as modifications to commercial buildings and some commercial COs are proposed to be increased by 30%.
 - Fees not set to recover costs due to low volume, impact to sensitive populations such as nonprofits, daycare, etc.

CPHD/ISD - Proposed Fees

- In general, fees in **FY25** increased by 25% to 50%. The first significant increase in 15+ years.
- In **FY26 Proposed Fees**
 - Building permit fees recommended to increase by 70-79% for New Construction, Additions and Alterations. The building filing fee is proposed to increase from 35% to 50% to better recover the upfront costs for reviewing building plans.
 - Trade permit fees (mechanical, electrical, plumbing, fire, demolition, and elevator) recommended to increase by 70%.
 - Two new fees: a fee for Cross-Connection which involves staff time to ensure potable water is not contaminated by sewer water and a fee for Certificate of Occupancy inspections.

DES - Proposed Fees

- Cost recovery approach based on direct staff time plus overhead & indirect cost allocation
- Scope included:



- Majority of recommendations already included in FY 2025 Adopted Budget
- Final year of increases to bring to full cost recovery based on Fee Study
- Includes 5.4% inflationary adjustment
- Some significant increases in the areas of Civil Engineering Plan fees, Maintenance of Traffic, Plan Review and Bond Administration, Stormwater and some planning fees.

Fee Impact: Sample Projects (CPHD/DES)

Project Type	Project Description	Total FY 25 Charge to Customer	Total FY 26 Charge to Customer	Impact to Customer	% Change
Residential Project	New 5,958 sq. ft. Single Family Dwelling	\$14,302	*\$21,327	\$7,025	49%
Residential Project	New 9,295 sq. ft. Single Family Dwelling w/2 car garage	\$18,887	*\$29,930	+\$11,043	58%
Commercial project	16-story mixed use building with 2 levels of parking garage (75 parking spaces); 231 units and 3,500 sq. ft of retail space	\$1,070,188	**\$1,757,482	+\$687,294	64%

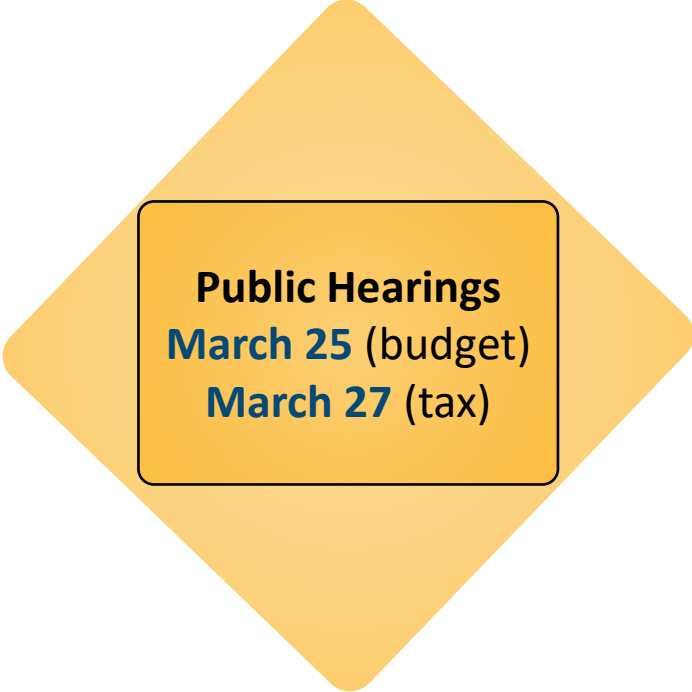
* Includes proposed FY26 fees for DES, Zoning and Inspection Services.

**Includes proposed FY26 fees for DES, Zoning, Inspection Services and Planning.

Additional Engagement



**Budget Hearings
for Commissions
March 20**



**Public Hearings
March 25 (budget)
March 27 (tax)**



**County Board FY26
Budget Adoption
April 9**

Questions?

Thank you.

