Attachment I

DEPARTMENT OF PUBLIC WORKS AND ENVIRONMENTAL SERVICES

STAFF REPORT

- [x] PROPOSED COUNTY CODE AMENDMENT
- [ ] PROPOSED PFM AMENDMENT
- [ ] APPEAL OF DECISION
- [ ] WAIVER REQUEST

Proposed Amendments to Chapters 2 (Property under County Control), 61 (Building Provisions), 101 (Subdivision Ordinance), 104 (Erosion and Sedimentation Control), and 112 (Zoning Ordinance) of the *Code of the County of Fairfax, Virginia RE: A*djustment of the Fees Charged by Land Development Services for Plan Review, Permits, and Inspection Services.

Authorization to Advertise	February 8, 2011
Planning Commission Hearing	March 2, 2011, at 8:15 p.m.
Board of Supervisors Hearing	March 29, 2011, at 3:00 p.m.
Prepared by:	Jan Leavitt Code Analysis (703) 324-1780

(Rev. 3/11/11)

STAFF REPORT

A. Issue:

Adjustments to the fees charged by Land Development Services for plan review, permits and inspection services to maintain the current level of cost recovery and more accurately reflect and cover the cost of providing services.

B. Recommended Action:

Staff recommends that the Board of Supervisors adopt the proposed amendments to the Code as advertised with an effective date of 12:01 a.m. on July 1, 2011.

C. Timing:

Board of Supervisors' authorization to advertise – February 8, 2011
Planning Commission Public Hearing – March 2, 2011
Board of Supervisors Public Hearing – March 29, 2011

D. Source:

Department of Public Works and Environmental Services (DPWES)

E. Coordination:

The proposed amendments were prepared by DPWES and coordinated with the Department of Management and Budget (DMB), Department of Planning and Zoning (DPZ) and the Office of the County Attorney.

F. Background:

The Department of Public Works and Environmental Services (DPWES) is proposing to adjust the fees charged by Land Development Services (LDS). LDS fees were last increased in 2009 (FY 2010) and prior to that date in 2005 (FY 2006). At the time of the last fee adjustment in 2009, the Board asked LDS to review fees on a two-year cycle and make any adjustments to the fees incrementally to avoid the large adjustments that were needed in both 2009 and 2005. The Board's request was based on feedback received from industry representatives from the Northern Virginia Building Industry Association (NVBIA), the National Association of Industrial and Office Properties (NAIOP), and the Engineers & Surveyors Institute (ESI) regarding the negative impacts to land development projects caused by large and unpredictable fee increases.

The fees charged for reviewing plans, processing permits and making inspections are based on the actual cost of delivering the regulatory services. In response to economic conditions, LDS has taken aggressive steps to reduce its costs through personnel re-assignments, elimination of limited term positions and through holding positions vacant. However, the cost of doing business has risen slightly with inflation. In addition, despite efforts to balance its revenue and costs, LDS is still not meeting its' targeted recovery rate of 90%. As a result, LDS staff is proposing a modest fee increase to the majority of its fees. Regulatory initiatives are also being proposed to simplify and standardize how fees are determined, improving LDS's efficiency and streamlining the process for applicants. A summary of the proposed amendments is below.

G. Proposed Amendments:

The primary impact of the proposed amendments is to generally increase the fees for site and subdivision plan review and inspections, and the building code fees except the Fire Marshal fees and those fees bulleted below. The proposed fees are contained in Attachment A. In addition, the proposed amendments include regulatory initiatives that, if adopted, would eliminate the common errors and time-consuming tasks involved in calculating fees making the LDS fee process simpler and more efficient. The proposed amendments are described below.

Proposed Fee Adjustments Provide a More Regular and Predictable Adjustment in the Land Development Fees

The proposed fee amendments adjust the land development fees by an across-the-board increase in direct proportion to the increase in the Consumer Price Index (CPI) for Urban Wage Earners & Clerical Workers in the Washington-Baltimore area for the 12 month period beginning in March, 2009. The proposed fee increases will account for inflation that has increased LDS's costs for providing these services. In addition, since the proposed fees will be in effect for at least two years, the increase will assist LDS in not falling further below its targeted recovery rate of 90%. In general, the fees will increase by 3.1% with some fees increasing by up to 3.8% due to rounding, with the following exceptions:

- The base permit fee, the plan resubmission fee, the fee for failure to obtain a building permit prior to beginning work (non-permitted work), and the fee for each discipline (electrical, mechanical, etc.) taking part in a team inspection, should the inspection not involve all disciplines, will increase from $85 to an even $90 (a 5.9% increase). The higher increase is justified in this case by the actual costs of providing these services.

- The re-inspection permit fee increases from $83 to match the base fee of $90 (an 8.4% increase) based on the actual cost to provide this service.

- The calculation of the review fee for site and subdivision plans is being restructured to separate first and second submission fees, to increase the maximum fee charged for first and second submissions combined from $11,130 to $12,900 for subdivisions, and to apply a charge for substitute sheets inserted into first submission plans.

- Permit fees remain constant, due to rounding, for an amendment to a permit, multiple permits, permits requiring no inspections, permits for interior alterations to an existing building, permits for an addition or exterior alterations to an existing residential structure (class R-3, R-4 and R-5 structures), and permits for accessory structures on a residential property (class R-3, R-4 and R-5 structures).

- Permit fees for amusement devices and carnival rides remain constant in accordance with the Virginia Amusement Device Regulations.

- Permit fees for household appliances, home improvement contractor licenses and vertical transportation remain constant because the existing fees adequately cover the actual costs to provide these services.

- Fire Marshal fees (pass through fees collected by LDS for the Fire Marshal) are not being adjusted at this time. The Fire Marshal fees were last adjusted in 2009 (FY2010).

- Fees for parking reductions requiring Board approval are being restructured. The current fees are divided into four tiers based on the number of parking spaces required. These fees are being increased by 3.1%. The break points between the tiers are being increased by 100 parking spaces which will allow more reductions to be processed within the lower tiers. In addition, separate categories for parking reductions based on proximity to a mass transit station and Transportation Demand Management Programs are being created with the fees set at the minimum tier because the review is unrelated to the number of parking spaces required.

- Pursuant to the current regulations, no fee is charged to review a recycling plan; to repair, replace, or otherwise re-construct a residential, commercial or industrial structure damaged as the result of a catastrophic event; or to install solar energy equipment, replace defective sprinkler heads or construct radiation fallout or blast shelters.

Proposed Fee Adjustments Simplify and Standardize How Fees are Determined, Improving LDS's Efficiency

With less staff available for reviewing plans, processing permits and making site and building inspections, it has become increasingly important to find ways to provide services more efficiently. The proposed amendments incorporate the following initiatives that simplify and standardize how fees are determined making the fee process easier and more efficient for LDS customers and staff.

1) Standardize the review fee calculation related to site and subdivision plans:

   The proposed amendment standardizes the review fees related to site and subdivision plans by charging a separate fee for first and second submissions. Separating the review fees will help developers manage their cash flow by allowing them to pay less money up-front. It also gives developers an opportunity to reduce their costs when submitting quality plans that require only one plan submission. Under the proposed amendments, a charge is being assessed for substitute sheets inserted into first submission site and subdivision plans; and the maximum fee assessed for first and second submissions combined increases from $11,130 to $12,900 for subdivisions.

2) Simplify the review fee calculation related to subdivision plans:

   In the past, the amount of time required to review a subdivision plan was closely dependent on the size of the project; therefore, review fees were based on the project size with an allowance to subtract out the first hectare (2.5 acres). Subtracting out a hectare on smaller subdivision projects made sense because in the past smaller projects generally had fewer improvements to review and therefore took less time. Due to the complexity of all projects, this is no longer the case. The proposed amendment simplifies the fee calculation by removing the hectare component thereby eliminating a common error involved in calculating this fee.

3) Standardize the site inspection fee calculation related to bond extensions and reductions:

   When a developer requests an extension of his performance bond, an inspection fee is charged based on the proposed linear footage of utility lines and total disturbed site acreage. The proposed amendment codifies current practice by clarifying that the site inspection fee accompanying bond extensions shall be calculated based on one-half of the site's disturbed area for those projects that have reduced their disturbed area by at least one-half. The proposed 50 percent reduction of the disturbed area

shown on the original performance agreement applies to projects with a current agreement and a performance bond in good standing.

4) Convert metric units of measurements into their English equivalents: The design community is not using metric measurements in plan submission and VDOT no longer publishes metric design standards. Revising the fee schedules to convert the metric units of measurement into their English equivalents makes calculating fees much easier and more accurate for both county staff and LDS's customers. The metric units are being retained in the computer system, since metric can be utilized on a case-by-case basis for submission of new plans based on previously approved metric plans.

5) Relocate the site and building fee schedules into a single table:

   Currently, the site and building fees are incorporated in Chapters 2, 61, 101, 104 and 112 of the Code. The proposed amendment relocates the fees into a single source, as Appendix Q to the Code, for ease of reference. The new LDS Fee Schedule is included as Attachment A.

Proposed Fee Adjustments are Comparable with Neighboring Jurisdictions' Site and Building Development Fees

The proposed fee increases would result in fees generally comparable to neighboring jurisdictions. The table in Attachment C compares the current fees charged by Loudoun, Prince William and Arlington Counties, the Cities of Alexandria, Falls Church, Manassas and Fairfax with Fairfax County's current site fees and with the proposed fee increases. The table in Attachment D compares the current fees charged by Loudoun, Prince William, Arlington and Montgomery Counties, the Cities of Alexandria and Fairfax with Fairfax County's current building fees and with the proposed fee increases. Although it is difficult to precisely compare fees of these jurisdictions due to the type and level of review and inspection provided by each jurisdiction, the comparison does reveal that Fairfax County's current site-related fees for plan review and inspection fall more in the middle range for the region. Current building-related fees for both commercial and residential development are on the low end of the range as shown on the fee comparison chart in Attachment D. Even with the proposed site and building fee increases, Fairfax County's fees would remain comparable with neighboring jurisdictions' site and building development fees.

Proposed Fee Adjustments are Generally Supported by Industry Representatives

On July 14, 2010, staff met with industry representatives from NVBIA, NAIOP and ESI to discuss the proposed amendments and any expectations from

industry. At that time, the land development community supported the proposed amendments subject to the following considerations. Staff's responses are provided in italics.

a. Consider allowing up-front meetings, prior to first submission, to pre-review plans. *Staff supports up-front meetings and encourages applicants to arrange meetings to discuss important issues prior to plan submission.*

b. Consider amending the fees related to best management practices (BMP) to include a separate, lower fee for certain innovative BMP's. *This suggestion will be evaluated by staff and with stakeholders as part of our review of the pending changes to the State's Stormwater Regulations.*

c. Consider providing training to better equip applicants to get through the site plan and subdivision plan review process on first submission. *Staff will explore opportunities to provide additional training to industry as part of our continuing process evaluations.*

H. Summary of Amendments:

The proposed fee amendments are in response to the Board's directive, at the request of industry, for biannual fee updates and incremental adjustments to the land development fees to minimize the impacts of fee increases on land development projects. The proposed amendment adjusts the fees charged by LDS for plan review, permits and inspection services in line with the CPI and accommodates an increase in LDS's costs for providing these services. In general, the fees will increase by 3.1%, with some fees increasing by up to 3.8% due to rounding, except for the Fire Marshal fees and the fees for household appliance permits, home improvement contractor licenses, vertical transportation permits and permits for amusement devices and carnival rides, which are not being adjusted. Smaller miscellaneous permit fees will also remain constant due to rounding.

The base permit fee, the plan resubmission fee, the fee for failure to obtain a building permit prior to beginning work (non-permitted work), and the fee for each discipline (electrical, mechanical, etc.) taking part in a team inspection, should the inspection not involve all disciplines, will increase from $85 to an even $90 (a 5.9% increase). The re-inspection permit fee increases from $83 to match the base fee of $90 (an 8.4% increase). The higher increase is justified in these case by the actual costs of providing these services. Although the fees for parking reductions are increasing by 3.1%, the restructuring of these fees will result in fewer reduction requests falling into the higher fee categories. All fees, if approved, shall become effective on July 1, 2011. Refer to Appendix A for a copy of the proposed LDS Fee Schedule.

Regulatory initiatives are also being proposed to simplify and standardize how fees are determined, improving LDS's efficiency and streamlining the process for applicants.

I. Attachments:

Attachment A	Proposed LDS Fee Schedule (Appendix Q of the Code)
Attachment B1 thru B5	Proposed Amendments to Chapters 2, 61, 101, 104 and 112
Attachment C	Fee Comparison Chart - Site Improvements
Attachment D	Fees Comparison Chart - Residential and Commercial Buildings