

CITY OF RED BLUFF

Building Department Fee Study

REVISED DRAFT REPORT

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Executive Summary

The City of Red Bluff has completed a cost of services analysis of building permit review and issuance activities to determine the current levels of cost recovery needed for these activities and to recommend an updated fee schedule for building permits and permit-related service requests. Michael Baker International was retained to determine the City's cost of providing these fee-generating services and to develop recommendations for fee updates.

The fee programs covered under this study include the activities of the City's building inspection staff.

This study follows a series of steps that are used to build the full cost of service. The term "full cost" means the direct and indirect costs borne by the City to deliver the services indicated in the fee schedule. The general methodology includes the following steps:

1. Collect data pertinent to the study: primarily the compensation rates and benefits costs for each staff member involved in the issuance of building permits.
2. Calculate direct and indirect labor and non-labor costs.
3. Calculate a fully burdened rate (FBR) that includes all direct and indirect labor costs.
4. Determine the full cost of reviewing and issuing building and other related permits.
5. Develop fee recommendations by fee category.
6. Compare fees from other jurisdictions for similar services.

A comparison was conducted between Red Bluff's building permit fees and those of cities in the region. In consultation with City staff, the following cities were selected for the comparison: Redding Paradise, Anderson, Oroville, Mt. Shasta, Corning, Willows, and Williams. Table 5 highlights a representative sample of building permit fees.

It is general practice in fee studies to conduct a study based on full cost recovery and to recommend fees designed to recover 100 percent of the cost to provide the services. Full cost recovery implies that the fees charged for services would be based on the actual cost in terms of staff time required to perform the activity involved and for the services provided by other departments in support of the Building Department. The City has discretion to establish lower cost recovery goals, and hence lower fees that are below the full cost of issuing permits, which will result in some degree of General Fund subsidy. The subsidy results in a net financial benefit to the users of the service. The full cost recovery goal should be considered by City management and the City Council to best reflect the City's objectives for cost recovery.

I. Introduction

The City of Red Bluff collects a variety of fees and charges for its services to reduce reliance on subsidies from the City's General Fund. The City conducted a cost of service and fee analysis to determine the current cost recovery of its building permit and permit-related fee programs.

As more fiscal limitations are imposed on local governments in California, so-called user fees, or fees for services charged to those making a request to the governmental agency to perform a given service, have become an important source of revenue. A user fee is a payment made by an individual or business for a service which primarily and directly benefits that individual or business. Public agencies can impose a service fee for a government service when (1) the decision to use the service is voluntary, and (2) the fee charged is reasonably related to the level of service rendered and the cost of providing that service.

User fees in California are required to conform to the statutory requirements of the California Constitution and the California Code of Regulations, including Government Code Sections 66014 through 66018.5. By law, user fees may not exceed the reasonable costs of the services for which they are collected, in which case they become a tax and require approval by a two-thirds vote of the electorate.

Pursuant to the City of Red Bluff Code of Ordinances Chapter 5, Article V, Section 5.45, the City Council adopts building fees by resolution, or by executive order, or as specified by ordinance. The building fees adopted by the City Council supersede the fee formulas and tables contained in the Uniform Building Code (UBC) otherwise adopted by the City Council. The fees were most recently amended by resolution following a public hearing on June 5, 2012 (effective August 19, 2012). The City Council at the time voted to apply only the 2009 Consumer Price Index (CPI) for All Urban Consumers increase to the fees. The City contracted with BPR Concepts in 2013 to review building permit fees. However, the recommendations of that review were not adopted. The last building permit update was in 2012 and at that time the fees were only increased to the 2009 CPI.

A fundamental principle of this study is that the fees and charges analyzed were originally intended to recover the full costs that are reasonably borne in providing special services of a voluntary and limited nature, such that general taxes are not diverted from services of a broad nature and thereby utilized to subsidize such special services unfairly and inequitably. While it is the City's policy that its fees be reviewed annually relative to the CPI, a comprehensive review of the Building Department's fees to determine the level of cost recovery has not been conducted for at least eight years. Therefore, in April 2017, the City awarded a professional services contract to Michael Baker International to perform a review of the Building Department's fees.

General Concepts Regarding the Use of Service Charges

The following general concepts were used in developing and implementing service charges:

1. Revenues shall not exceed the reasonable cost of providing the service.
2. Cost recovery goals are based on the total cost of delivering the service, including direct and indirect labor costs, and citywide indirect support costs for services provided by City Council, City Manager, City Attorney, Finance, Human Resources, Information Technology and other central service departments.

3. The method of assessing and collecting fees shall be as simple as possible to reduce the administrative cost of collection.
4. A unified approach is used in determining cost recovery levels for various programs based on the factors discussed above.

II. Building Department Review Cost Methodology and Analysis

This study follows a series of steps that are used to build the full cost of building permit review and issuance as well as other fee-generating activities of the Building Department. The term “full cost” means the direct and indirect costs borne by the City of Red Bluff to deliver a service. Direct costs are defined by the labor and materials expended to provide the review. Indirect costs include City administrative functions provided by the Central Services Departments that have an indirect role supporting the activities of the Building Department.

The general methodology includes the following steps, further described below:

1. Collect primary data pertinent to the study.
2. Calculate direct labor and non-labor costs.
3. Calculate a fully burdened rate (FBR) that includes all direct and indirect labor costs.
4. Determine the full cost of service by type of permit.
5. Develop fee recommendations by fee category.
6. Compare similar fees from other jurisdictions.

Collect Primary Data and Develop Staff Fully Burdened Labor Costs

City building inspection staff supplied the pertinent data for review and use in the cost of service study, including recent budget data and related financial documents. In addition, a two-step process was used to collect labor cost data. The first step was the design of a survey for Building Department staff to record labor hours by permit activity and the second step was the development of fully burdened staff labor costs.

A. Employee survey distribution and response collection

As part of the data collection phase, the consultant designed a survey that was completed by staff involved in the building permit review process. The purpose of the survey was to record staff time dedicated to fulfilling the fee-generating activities associated with this study. The survey requested that staff members identify their direct program work hours to conduct a fee activity for actual permits requests submitted to the Building Department. Labor hours spent for non-fee activities (such as department administrative activities, training, answering questions from the public that are not directly related to a permit) were not collected. A database was organized for the survey responses. The full compilation of the survey results is contained in **Appendix C**.

B. Develop staff fully burdened labor costs

Development of a fully burdened staff labor cost for each activity captures the actual cost for the City to provide the review services. Direct employee compensation is one factor in the labor cost, but the employee's ability to do the work is supported by departmental overhead as well as by the City's central service departments. These costs are "layered" on the direct employees' compensation as described below to determine an hourly fully burdened rate (FBR) for each staff person.

Layer 1: Direct staff hourly rates

Employee classification compensation data for Building Department staff was provided by the Community Development Department. The consultant derived an hourly rate that accounted for both wages and benefits. The hourly rate is based on 1,900 annual "productive" work hours, which is consistent with the City's current method. The calculation of staff total compensation hourly rates represents the first of the four layers of the FBR for each staff position.

Layer 2: Budgeted non-labor costs

Following the calculation of direct employee hour compensation rates, the second layer is the Community Development Department–Direct Expense non-labor budgeted costs, including materials and supplies as well as other expenses used by the department. The Materials and Services in the 2019–2020 Original Budget for Community Development Department minus the Professional and Contractual Services were used for the non-labor expenses.¹ A direct non-labor cost rate was calculated by dividing the department's non-labor budget by the combined productive hours of the two inspectors ($2 \times 1,900 = 3,800$) budget, yielding an hourly cost of \$13.39 for each inspector that is added to the direct labor costs of Building Department inspectors to capture these non-labor costs. The calculations for non-labor costs and percentages are shown in **Appendix A**.

Layer 3: Departmental administrative overhead

In addition to the budgeted non-labor costs of the Community Development Department, an administrative overhead percentage was calculated by dividing the department director's total compensation by 3,800 hours. The administrative overhead adds \$30.79 to the FBR of each inspector.

Layer 4: Support department allocated costs

Allocated support costs reflect the role of City support functions in helping to administer the fee-generating service. These costs are reported in the City's Cost Allocation Plan (CAP).² The support functions represent shared resources that contribute to the necessary operations of City services.

¹ Professional and Contractual Services includes the contract Community Development Department director's salary and the General Plan update. The director's salary is accounted for in the department administrative overhead. The cost of the General Plan update must be recovered through other means and therefore is not included here.

² From Red Bluff Cost Allocation Plan using 2014–15 budget for use in 2015–16.

These functions (departments) include the City Council, City Manager, City Attorney, City Clerk, City Treasurer, Human Resources, Information Technology, and Government Buildings. The support function cost is calculated as a percentage of the allocable Building Department budget. The support functions CAP percentage is 20.7 percent for the Building Department, which is applied as a surcharge to the FBR's calculated in Layers 1 through 3. The indirect overhead costs from the CAP study are shown in **Appendix A**.

Determine the Full Cost of Review by Type of Permit

The four layers—total compensation, non-labor budgeted departmental costs, department administrative overhead, and budgeted indirect support functions cost—are combined to yield the FBR for each position involved in permit review. Staff's fully burdened rates are listed in **Table 1**.

III. Building Department Fee Summary of Analysis

Ideally, the full cost of completing each type of permit activity should be the product of the staff's fully burdened rates (hourly rates in **Table 1**) multiplied by the hours needed to complete the review and issue the permit and conduct inspections. Since the Building Department provides the cost of permit issuance at the time of submittal of a permit request and normally does not keep a record of the time to complete each permit request, the fees recommended in this study are based on a comparison of the average time spent on similar permits and the FBR of the inspectors. The average FBR for the two inspectors \$111.67 per hour; this rate is compared to the current rate of \$79 per hour charged for building plan recheck and other hourly rates charged by the department in the 2012 fee schedule.

Fee Recommendations for Building Department Permits

From a full cost recovery perspective, the recommended fees are set according to the hours indicated as needed to complete all work on the permit, from initial intake at the front counter to final inspection. The recommended fees are generally set higher than the City's current fees because of the increased cost to conduct the permit review compared to when the existing fee structure was updated in 2009. The full cost analysis is also an indication of the general deposit amount that the City could request from a development project applicant when using a time-accounting method for fee collection. When used for this purpose, the FBR is considered the "billable" rate (approximately \$112 per hour) at which time-and-material services may be charged to recover the full cost of the service being performed.

Tables 2.1–2.4 and 3 show the recommended total fee for reviewing and processing the listed permits based on the time spent primarily by Building Department staff.

This study also proposes a revised method for how the City calculates the fee for issuing permits for four categories: buildings with demolition, new buildings only, signs, and deferred plans and

resubmitted/previously approved plans. The revised method is consistent with the UBC, which applies a marginal fee rate to building permit valuation tiers. This “tiered-rate” method is applied for the permits shown in **Tables 2.1** through **2.4**. This the predominant method used in California and by the cities used in the fee comparison. The recommended fee rates in these tables are compared to the fees charged using the current formula. The third column from the left shows the range of the current fees corresponding to the permit valuation (applying the formula at the bottom of the table to the minimum and maximum valuations in each tier). The last column on the right compares the recommended to the current fee charged to the maximum permit valuation in that range.

The other fee recommendations are shown in **Table 3**. The current fees charged by the City are shown in the third column from the left in **Table 3**.

The recommended fees in these tables represent the full-cost recovery fees for all permit-related activity: plan check/review, issuance of permits, and inspections.

Table I: Fully Burdened Rates for Building Permit Review/Inspections Staff

Building Inspectors	Salary ¹	Sum of Benefits ¹	Total Biweekly	Subtotal Annual	Budget Reconciliation ²	Total Annual	Hourly Rate (based on 1,900 hours)	Community Development–Direct Expense	Departmental Administration and Management	Hourly Rate + Direct Cost + Admin.	Indirect–Overhead (from CAP Study)	Fully Burdened Rates	
Dean													
Biweekly	\$2,056.88	\$780.46	\$2,837.34										
Annual	\$53,478.88	\$20,292.28		\$73,771	\$13,469	\$87,204	\$45.92	\$13.39	\$30.79	\$83.00	20.70%	\$108.74	
Griego													
Biweekly	\$2,246.11	\$891.25	\$3,137.36										
Annual	\$58,398.86	\$23,172.70		\$81,571	\$14,893	\$96,465	\$50.77	\$13.39	\$30.79	\$87.11	20.70%	\$114.60	
Total Department Personnel Budget						\$183,705						Average Fully Burdened Rate	\$111.67

¹Salaries and benefits from the 2019 Salary and Benefits table in Appendix A.

²Budget reconciliation adds a proportional amount to each inspector’s total compensation to account for benefit items in the 2019–2020 Original Budget not included in the 2019 salary and benefits summarized above, including overtime pay, compensation and vacation expenses, PERS UL payment, and OPEB.

Table 2.1: Recommended Building Department Fees—Building and Demolition Permit

Fee Number 14	Valuation Tiers	Current Fee (Valuation Tier Minimum to Maximum)*	Recommended Fee	Difference in Tier Maximum
	\$1.00 to \$500	\$66.00	\$94.00	\$28
	\$501 to \$2,000	\$66-\$105	\$94.00 for the first \$500 plus \$2.07 for each additional \$100 or fraction thereof, to and including \$2,000; maximum \$125	\$20
	\$2,001 to \$25,000	\$105-\$775	\$125.00 for the first \$2,000 plus \$34.48 for each additional \$1,000 or fraction thereof, to and including \$25,000; maximum \$918	\$143
	\$25,001 to \$50,000	\$775-\$1,340	\$918.00 for the first \$25,000 plus \$26.76 for each additional \$1,000 or fraction thereof, to and including \$50,000; maximum \$1,587	\$247
	\$50,001 to \$100,000	\$1,340-\$2,317	\$1,587.00 for the first \$50,000 plus \$23.16 for each additional \$1,000 or fraction thereof, to and including \$100,000; maximum \$2,745	\$428
	\$100,001 to \$200,000	\$2,317-\$4,006	\$2,745.00 for the first \$100,000 plus \$20.01 for each additional \$1,000 or fraction thereof, to and including \$200,000; maximum \$4,746	\$740
	\$200,001 to \$500,000	\$4,006-\$8,263	\$4,746.00 for the first \$200,000 plus \$16.80 for each additional \$1,000 or fraction thereof, to and including \$500,000; maximum \$9,786	\$1,523
	\$500,001 to \$1,000,000	\$8,263-\$14,288	\$9,786.00 for the first \$500,000 plus \$14.27 for each additional \$1,000 or fraction thereof, to and including \$1,000,000; maximum \$16,921	\$2,633
	\$1,000,001 and over	\$14,288 plus \$11.30 for each additional \$1,000	\$16,921.00 for the first \$1,000,000 plus \$13.00 for each additional \$1,000	N/A

*Current fee uses the formula: $\$0.26 \times \text{Valuation}^{0.79}$

Table 2.2: Recommended Building Department Fees—Building Only Permit

Fee Number 17	Valuation Tiers	Current Fee (Valuation Tier Minimum to Maximum)*	Recommended Fee	Difference in Tier Maximum
	\$1.00 to \$500	\$53.00	\$56.00	\$3
	\$501 to \$2,000	\$53-\$73	\$56.00 for the first \$500 plus \$7.27 for each additional \$100 or fraction thereof, to and including \$2,000; maximum \$165	\$92
	\$2,001 to \$25,000	\$73-\$537	\$165.00 for the first \$2,000 plus \$33.30 for each additional \$1,000 or fraction thereof, to and including \$25,000; maximum \$931	\$394
	\$25,001 to \$50,000	\$537-\$927	\$931.00 for the first \$25,000 plus \$24.04 for each additional \$1,000 or fraction thereof, to and including \$50,000; maximum \$1,532	\$605
	\$50,001 to \$100,000	\$927-\$1,604	\$1,532.00 for the first \$50,000 plus \$16.66 for each additional \$1,000 or fraction thereof, to and including \$100,000; maximum \$2,365	\$761
	\$100,001 to \$200,000	\$1604-\$2,774	\$2,365.00 for the first \$100,000 plus \$13.33 for each additional \$1,000 or fraction thereof, to and including \$200,000; maximum \$3,698	\$924
	\$200,001 to \$500,000	\$2,774-\$5,721	\$3,698.00 for the first \$200,000 plus \$13.33 for each additional \$1,000 or fraction thereof, to and including \$500,000; maximum \$7,697	\$1,976
	\$500,001 to \$1,000,000	\$5,721-\$9,982	\$7,697.00 for the first \$500,000 plus \$11.31 for each additional \$1,000 or fraction thereof, to and including \$1,000,000; maximum \$13,352	\$3,370
	\$1,000,001 and over	\$9,982 plus \$7.81 for each additional \$1,000	\$13,352 for the first \$1,000,000 plus \$8.71 for each additional \$1,000	N/A

*Current fee uses the formula: $\$0.18 \times \text{Valuation}^{0.79}$

Table 2.3: Recommended Building Department Fees—Signs

Fee Number 16	Valuation Tiers	Current Fee (Valuation Tier Minimum to Maximum)*	Recommended Fee	Difference in Tier Maximum
	\$1.00 to \$3,000	\$53.00 (minimum)	\$75.00	\$22
	\$3,001 to \$5,000	\$53-\$84	\$75.00 for the first \$3,000 plus \$0.25 for each additional \$100 or fraction thereof, to and including \$5,000; maximum \$80.00	\$(4)
	\$5,001 to \$10,000	\$84-\$145	\$80.00 for the first \$5,000 plus \$11.40 for each additional \$1,000 or fraction thereof, to and including \$10,000; maximum \$137.00	\$(8)
	\$10,001 to \$25,000	\$145-\$298	\$137.00 for the first \$10,000 plus \$9.80 for each additional \$1,000 or fraction thereof, to and including \$25,000; maximum \$284.00	\$(14)
	\$25,001 and over	\$298 plus \$9.40 for each additional \$1,000	\$284.00 for the first \$25,000 plus \$9.00 for each additional \$1,000 or fraction thereof	N/A

*Current fee uses the formula: $\$0.10 \times \text{Valuation}^{0.79}$

Table 2.4: Recommended Building Department Fees—Deferred Plans and Resubmittals (of previously approved plans)

Fee Number 21	Valuation Tiers	Current Fee (Valuation Tier Minimum to Maximum) *	Recommended Fee	Difference in Tier Maximum
	\$1.00 to \$3,000	\$56**	\$112 minimum	\$56
	\$3,001 to \$10,000	\$56-\$145	\$112 for the first \$3,000 plus \$13.43 for each additional \$1,000 or fraction thereof, to and including \$10,000; maximum \$206	\$61
	\$10,001 to \$25,000	\$145-\$298	\$206.00 for the first \$10,000 plus \$14.47 for each additional \$1,000 or fraction thereof, to and including \$25,000; maximum \$423	\$125
	\$25,001 to \$50,000	\$298-\$515	\$423.00 for the first \$25,000 plus \$12.32 for each additional \$1,000 or fraction thereof, to and including \$50,000; maximum \$731	\$216
	\$50,001 to \$100,000	\$515-\$891	\$731.00 for the first \$50,000 plus \$10.68 for each additional \$1,000 or fraction thereof, to and including \$100,000; maximum \$1,265	\$374
	\$100,001 to \$200,000	\$891-\$1,541	\$1,265.00 for the first \$100,000 plus \$9.23 for each additional \$1,000 or fraction thereof, to and including \$200,000; maximum \$2,188	\$647
	\$200,001 to \$500,000	\$1,541-\$3,178	\$2,188.00 for the first \$200,000 plus \$7.75 for each additional \$1,000 or fraction thereof, to and including \$500,000; maximum \$4,513	\$1,335
	\$500,001 to \$1,000,000	\$3,178-\$5,495	\$4,513.00 for the first \$500,000 plus \$6.58 for each additional \$1,000 or fraction thereof, to and including \$1,000,000; maximum \$7,803	\$2,308
	\$1,000,001 and over	\$5,495 plus \$4.34 for each additional \$1,000	\$7,803.00 for the first \$1,000,000 plus \$6.00 for each additional \$1,000	N/A

*Current fee uses the formula: $\$0.10 \times \text{Valuation}^{0.79}$

** Current fee schedule has no minimum for deferred plans and resubmittals

Table 3: Recommended Building Department Fees (not based on valuation)

Fee Number	Activity Description	Current Building Fees (adopted June 2012)	Proposed Fees
1	Plan Check – Construction and Zoning Code (each)	\$0.10 x (valuation) ^{0.79}	Included in building permit fees; see Tables 2.1–2.4
2	Building Plan Re-Check	\$79 per hour	\$112 per hour
3	Plan Check Submittal Deposit	100% of plan check fee	60% of building permit fee payable as deposit with submittal of application and plans
4 & 5	Plumbing, Mechanical, or Electrical Permit	\$53 minimum plus \$0.02 per square foot	\$112 minimum fee for the first 3,000 square feet of area served by new plumbing, mechanical or electrical installation, plus \$0.04 per square foot for every additional square foot \$25 for water heater or other appliances and equipment covered by the Plumbing Code
6	Grading Permit and Plan Checking*	Per California Building Code Section 3310 (fee for maximum volume in tier)	
	50 cubic yards or less	\$0.00	\$40.00
	51 to 100 cubic yards	\$23.50	\$56.00
	101 to 1,000 cubic yards	\$37.00	\$88.00
	1,001 to 10,000 cubic yards	\$49.25	\$117.00
	10,001 to 100,000 cubic yards	\$30 for the first 10,000 cubic yards, plus \$15 for each additional 10,000 cubic yards; \$165 maximum	\$117 for the first 10,000 cubic yards, plus \$30.67 for each additional 10,000 cubic yards; \$393 maximum
	100,001 to 200,000 cubic yards	\$165 for the first 100,000 cubic yards, plus \$9 for each additional 10,000 cubic yards; \$255 maximum	\$393 for the first 100,000 cubic yards, plus \$21.40 for each additional 10,000 cubic yards; \$607 maximum
	Over 200,000 cubic yards	\$255 for the first 200,000 cubic yards, plus \$4.50 for each additional 10,000 cubic yards; \$300.00 for 300,000 cubic yards	\$607 for the first 200,000 cubic yards, plus \$10.80 for each additional 10,000 cubic yards; \$715 for 300,000 cubic yards
7	Building Reinspection	\$127 per inspection	\$180.00 per inspection
8	Occupancy Permit without Inspection	\$38.00	\$54.00
9	Occupancy Permit with Inspection	\$54.00	\$77.00

*The Public Works Department applies a separate grading plan check fee

Table 3: Recommended Building Department Fees not based on valuation (continued)

Fee Number	Activity Code	Activity Description	Current Building Fees (adopted June 2012)	Proposed Fees
10		Mobile Home Installations	\$201.00	\$285.00
11		Commercial Coach Installations	\$201.00	\$285.00
12		S.P.A. Accessory Structure	\$54.00	\$77.00
13		Building Moving Permit	\$254 plus FBR for extra time (\$79 per hour)	\$360.00 \$112 per hour for extra time
14		Building with Demolition	Minimum fee = \$66 Fee = 0.26 x (valuation) ^{0.79}	See Table 2.1
15		Fire Safety System Review/Inspection per Fire Department	\$79 per hour, 2-hour minimum	THIS FEE HAS BEEN MODIFIED BY FIRE DEPARTMENT FEE STUDY
16		Sign Permit, Plan Review, and Inspections	\$0.10 x (valuation) ^{0.79} \$53 minimum	See Table 2.3
17		Building Permits*	\$0.18 x (valuation) ^{0.79} \$53 minimum	See Table 2.2
18		Code Violation: Work without required permit	\$79 per hour, per violation, per day, plus 3 times the standard permit fees	\$112 per hour, per violation, per day, plus 3 times the standard permit fees
19		Work not requiring a permit-code enforcement	\$79 per hour, per violation, per day	\$112 per hour, per violation, per day
20		Fee Refunds Required	80% maximum, less deductibles	80% maximum, less deductibles
21		Deferred Plans and Resubmitted Plans after plans have previously been approved	0.10 x (valuation) ^{0.79}	See Table 2.4

* Building permit valuations are determined by occupancy and floor area factors found in the International Building Code.

Fee Recommendation Methodology

The fee recommendations are for the most part based on the updated average FBRs of the Building Department inspectors. The average FBR calculated in Table 1 is \$111.67 per hour, which is a 41 percent increase compared to the current FBR of \$79 per hour in the 2012 fee schedule. However, in transitioning to the UBC tiered-valuation method for calculating building permit fees, the adjustment for labor cost per hour is much higher. The 1997 UBC, which is still the most widely used schedule, is based on \$47 per hour labor cost (the average cost per hour in 1997 for plan review staff). To reflect the permitting costs in Red Bluff, the 1997 UBC schedule is adjusted by the factor $111.67/47$, or 2.38. Therefore, the maximum valuation in tier each is multiplied by 2.38 to estimate today's cost of issuing building permits. This factor applies to building permits and demolition, building only permits, sign permits, and deferred or resubmitted previously approved plans.

For example, the following table shows building valuations, the 1997 UBC fee and the UBC times 2.38. These are approximately the recommended fees shown in Table 2.2 for the maximum valuation in the respective tiers; some amounts are not exact due to rounding in Table 2.2:

Valuation	1997 UBC	1997 UBC x 2.38
\$500	\$23.50	\$56
\$2,000	\$69.25	\$165
\$25,000	\$391.25	\$931
\$50,000	\$643.75	\$1,533
\$100,000	\$993.75	\$2,365
\$200,000	\$1,553.75	\$3,699

Building Plan Check and Permit Issuance Costs

The current method for calculating fees in the 2012 fee schedule for new residential and nonresidential construction and major remodels uses single valuation formulas. The current fees calculated using this method are shown in Tables 2.1 through 2.4. For this study, the single valuation formulas are replaced with the adjusted UBC tiered valuation method described above, which applies a different formula for each tier. To verify that the UBC method would yield the required cost recovery fee for the City of Red Bluff, the adjusted UBC method was tested using actual building permits issued during 2017. Inspection staff was asked to estimate the hours needed to complete the permit issuance process for each of 39 sample building permits with a range of valuations. The estimated hours were to include time for pre-application meetings, front counter permit review, building permit review, site inspections, reports, and filing. The inspector's estimated hours for each sample was multiplied by the average FBR of \$111.67 to determine the inspector cost for each sample permit.

Building permit valuation is determined by the Building Department using tables provided by the International Code Council Report, based on the project's occupancy and floor area. Through the

application of the current single-formula method, the City has traditionally used a form of the construction valuation method to determine building, sign, and deferred/resubmitted permit fees. This method is a common approach among agencies since it directly accounts for time needed to review projects. The cost of construction is a good measure of the overall scope and complexity of a project, which adds to the cost of the plan check and review.

The survey results are shown in **Appendix C**.

The survey sample data is sorted into the UBC valuation tiers, as shown in **Table 4**, together with the number of projects, the actual valuation range, average hours spent on the project, the average cost at the updated FBR, and the fee calculated using the recommended UBC method in **Table 2.2**. **Table 4** shows that the recommended UBC method would calculate fees that reasonably correspond to the reported costs. The largest difference is in the \$100,001 to \$200,000 tier where the recommended fee would have collected an average of nearly \$2,000 less than the actual cost. However, in looking at the raw data, it appears that a few of the projects in this tier were commercial construction that raised the average hours of the group significantly. This is a problem inherent with small sample sizes. It is noted that the current single-formula method for the \$100,001 to \$200,000 range results in a fee of only \$2,229 when applied to the average value of \$151,623, so the recommended adjusted UBC is significantly better at recovering closer to the full cost.

Table 4: Summary of Survey Sample Data—Comparison of Reported Cost to Recommended Fees

Valuation Tier	Range of Sample Data	Number of Projects	Average Value	Average Hours Reported	Average Cost @ \$112/Hour	Average Adjusted UBC (Recommended)	Current Fee Formula
\$2,001 to \$25,000	\$20,691 to \$24,000	5	\$22,543	6.6	\$739	\$849	\$494
\$25,001 to \$50,000	\$26,488 to \$49,768	15	\$35,990	8.9	\$997	\$1,196	\$716
\$50,001 to \$100,000	\$56,600 to \$80,000	3	\$68,867	16.3	\$1,826	\$1,848	\$1,195
\$100,001 to \$200,000	\$103,722 to \$200,000	6	\$151,623	44.7	\$5,006	\$3,055	\$2,229
\$200,001 to \$500,000	\$207,330 to \$364,500	10	\$288,576	46.5	\$5,208	\$4,881	\$3,706

The higher labor cost relative to the fee calculated by the current fee formula means the City is presently subsidizing the issuance of building permits. The survey data shows that, in general, the cost to issue building permits based on the updated FBR exceeds the current fees that are collected by the City (see **Appendix C**), meaning that the City is providing a financial subsidy primarily through the General Fund to benefit those who, for the most part, voluntarily request and use these services (there are code violation and conformance fees that are not voluntarily paid). This finding is an indication of

the need for a fee update as allowed by state law for the City to recover its cost of providing services from those who voluntarily use the service.

The 1997 UBC doesn't provide a specific schedule for the other valuation-based fees that the City charges: building permit with demolition, signs, and deferred plans. However, the same general principle is followed in replacing the single-formula fee with the valuation tiers. For the building permit and demolition fees in **Table 2.1**, the minimum fee and the maximum fee per tier are adjusted by a combined factor that represents the increase of hourly labor cost from the current schedule to the updated FBR ($\$112/\$79 = 1.42$) and the assumed time required to equal the minimum fee at the current labor cost: $\$66/\$79 = 0.84$ hours. The recommended minimum fee is $1.42 \times 0.84 \times \$79 = \$94$. The same combined factor is applied to the current fee, which is calculated for the tier maximum by the single formula (third column in **Table 2.1**); the resulting recommended tier maximum fee is shown in the fourth column of **Table 2.1**. The same procedure is used for sign permits in **Table 2.3**. The current fee schedule for deferred and resubmitted plans (**Table 2.4**) does not have a minimum charge, so the factor applied to each tier maximum was just the hourly cost multiplier: $\$112/\$79 = 1.42$. A minimum charge of \$112 is recommended to represent one hour of labor for this activity.

For the fees listed in **Table 3**, which are not based on valuation, such as mobile home permits, occupancy permits, plumbing, mechanical and electrical permits the fees were adjusted using the updated hourly FBR factor (1.42). For grading permit review, which is currently based on the UBC Section 3100 grading fee schedule, an adjustment factor of 2.38 is multiplied by the current fee for each earthwork volume tier. The factor is the ratio of the updated FBR to the 1997 UBC hourly rate ($\$112/\$47 = 2.38$).

IV. Fee Comparison with Other Cities

A comparison was conducted between Red Bluff's user fees and those of eight other cities. City staff aided in selecting the cities for the comparison: Redding, Paradise, Anderson, Oroville, Mt. Shasta, Corning, Willows, and Williams. The consultant collected each city's relevant fee schedules. **Table 5** was prepared to highlight a representative sample of each city's services and their fees.

This comparison is intended to reflect the costs for similar services provided by the comparative cities. It will also serve as a basis for assessing the reasonableness of the current and proposed Red Bluff Building Department fees.

As a caveat, fees charged by the other jurisdictions are based on their respective local policies for cost recovery. For instance, a fee in one city will reflect that city's cost recovery goals, which may be different from Red Bluff's goals and policies. In addition, not all cities charge for the same permit activities. It is also noted that several jurisdictions continue to use outdated fees published from the 1997 UBC, with some indicating a need to update the fees in the future.

Table 5: Fee Comparison with Other Cities—Valuation-based Building Permits Only

Building Valuation	Red Bluff Current Fee (minimum \$53)	Red Bluff Recommended Fee	Redding ¹	Paradise ²	Oroville ²	Corning ²	Willows, Williams, Mt. Shasta, and Anderson ³
\$500	\$53.00	\$56.00	\$136.00	\$59.93	\$24.00	\$25.00	\$23.50
\$2,000	\$72.96	\$165.00	\$403.79	\$149.80	\$69.00	\$70.00	\$69.25
\$25,000	\$536.59	\$931.00	\$1,216.15	\$659.15	\$322.00	\$357.50	\$391.25
\$50,000	\$927.81	\$1,533.00	\$2,150.40	\$1,078.60	\$577.00	\$572.50	\$643.75
\$100,000	\$1,604.25	\$2,367.00	\$3,220.90	\$1,678.11	\$1,027.00	\$885.00	\$993.75
\$200,000	\$2,773.87	\$3,700.00	\$5,292.90	\$2,277.62	\$1,727.00	\$1,197.50	\$1,343.75
\$500,000	\$5,720.83	\$7,699.00	\$11,508.90	\$5,273.21	\$3,827.00	\$3,343.50	\$3,233.75
\$1,000,000	\$9,891.74	\$13,354.00	\$12,988.90	\$9,587.67	\$6,327.00	\$5,803.00	\$5,608.75
\$2,000,000	\$17,103.55	\$22,064.00	\$16,508.90	\$15,314.21	\$9,327.00	\$9,053.00	\$9,258.75

¹ Redding fee includes cross-department plan check fee: 50 percent of the building permit fee payable at plan submittal.

² Paradise, Oroville and Corning charge an additional plan check fee of 65 percent of the building permit fee.

³ Willows, Williams, Mt. Shasta and Anderson all use the 1997 Uniform Building Code schedule which specifies a plan check fee of 65 percent of the applicable building permit fee.

Table 5: Fee Comparison with Other Cities (continued)

	Red Bluff (Proposed)	Redding	Paradise	Anderson	Oroville	Corning	Willows	Williams	Mt. Shasta	
Plumbing, Mechanical, or Electrical Permit	\$112 for first 3,000 square feet plus \$0.03 per square foot for every additional square foot	\$132	\$59.92	\$20.00–\$23.50 (permit issuance)	7.5%–12.5% of the building permit valuation fee (minimum \$83.00 fee)					
Plan Check – Construction and Zoning Code (each)	Include in Building Permit Fee	Included in Building Permit Fee	N/A	N/A	65% building permit fee	65% of building permit fee	65% of building permit fee	65% of building permit fee	65% of building permit fee	
Building Reinspection	\$180 per inspection	\$133 per hour, minimum 2 hours	\$126.69 (2 hours)	N/A	\$83.00 (per inspection)	\$49.50 (per hour)	\$47.00 (per hour)		\$50.00 (per hour)	
Grading Permit and Plan Checking										
50 cubic yards or less	\$40.00	N/A	N/A	\$0.00	0-49 cubic yards	Exempt	Per California Building Code Section 3310 (see Anderson)	Per California Building Code Section 3310 (see Anderson)	Per California Building Code Section 3310 (see Anderson)	Per California Building Code Section 3310 (see Anderson))
51 to 100 cubic yards	\$56.00			\$23.50	50-1,000 cubic yards	\$179.24				
101 to 1,000 cubic yards	\$88.00			\$37.00						
1,001 to 10,000 cubic yards	\$117.00			\$49.25						
10,001 to 100,000 cubic yards	\$117 for the first 10,000 cubic yards, plus \$30.67 for each additional 10,000 cubic yards; \$393 maximum			\$30 for the first 10,000 cubic yards, plus \$15 for each additional 10,000 cubic yards; \$165 maximum	1,001-10,000 cubic yards	\$179.24 + \$10.00 per Additional 1,000 cy				
100,001 to 200,000 cubic yards,	\$393 for the first 100,000 cubic yards, plus \$21.40 for each additional 10,000 cubic yards; \$607 maximum			\$165 for the first 100,000 cubic yards, plus \$9 for each additional 10,000 cubic yards; \$255 maximum	10,001-100,000 cubic yards	\$423.66 + \$15.00 per additional 10,000 cy				
Over 200,000 cubic yards	\$607 for the first 200,000 cubic yards, plus \$10.80 for each additional 10,000 cubic yards; \$715 for 300,000 cubic yards			\$255 for the first 200,000 cubic yards, plus \$4.50 for each additional 10,000 cubic yards; \$300 for 300,000 cubic yards	100,001 or more cubic yards	\$540.98 + \$25.00 per additional 100,000 cy				

V. Future Fee Adjustments

The recommended building permit review and issuance fees are based on today's costs for the City to provide these services. As costs to provide City services increase over time, and until an updated fee study is warranted, the fees can be adjusted each year based on an industry-accepted measure, such as the U.S. Bureau of Labor Statistics' Consumer Price Index for California (CCPI), which measures general inflation in the state's economy. Interim updates of the fee schedule on a regular basis allow the fees to continue meeting the objectives of full cost recovery. Because the fees are driven primarily by personnel costs and expenses for services and materials that directly benefit personnel and help them in their work, the CCPI is an appropriate measure of growth in the cost of goods and services. For example, over the past 10 years (2007–2017, inclusive), the CCPI rate has measured a cumulative increase in prices of about 30 percent. The CCPI would be tracked annually by the City and the fees updated according to the annual increase in the index.

Future updates to this fee study could be warranted under various conditions, including after set intervals (e.g., every five years), during a restructuring of City departments, or when there is a significant change in how fee services are offered. In addition, if the City determines in the future that it is undertaking new services for which it is not collecting a fee, an update to the study would also be justified. Alternatively, City staff's hourly billable rate calculated in this report could be applied to the new services until an updated study is conducted.

Appendix A: Departmental Allocated Costs and Indirect Percentage

Central Service Departments (Donors)	Allowable Allocated Cost	Cost Allocated to Building Department			
		First Allocation	Second Allocation	Stepdown Allocation	Total Allocation
Finance: 10–18	\$429,749	\$458	\$2,148	\$338	\$2,944
City Manager: 10–12	\$4,102	\$2,638	\$579	\$135	\$3,353
City Attorney: 10–15	\$32,433	\$8,200	\$388	\$104	\$8,692
City Clerk: 10–13	\$255,753	\$4,880	\$304	\$89	\$5,273
City Council: 10–11	\$39,308	\$4,724	\$2,367	\$313	\$7,404
Non-Departmental: 10–19	\$89,261	\$7,047	\$25	\$7	\$7,079
City Treasurer: 10–14	\$70,387	\$2,177	\$114	\$45	\$2,336
Human Resources: 10–22	\$114,788	\$1,892	\$672	\$140	\$2,704
General Government Buildings: 10–57	\$24,010	\$78	\$988	\$783	\$1,849
Information Technology: 10–XX	\$146,966	\$16,205	\$0	\$0	\$16,205
Total		\$48,299	\$7,585	\$1,954	\$57,838
		Allocable Building Department Budget:			<u>\$279,826</u>
		Indirect Percentage:			20.67%

Source: Red Bluff 2017 Cost Allocation Plan

Appendix B: Community Development Department Budget

		ORIGINAL BUDGET 2019/20
PERSONNEL SERVICES:		
100	Regular Employees	111,880
110	Temp/Part-Time Employees	-
120	Overtime Pay	9,705
125	Comp Leave Expenses	5,000
135	Vacation Expenses	1,000
140	PERS-Employer Share	9,705
140	PERS-UL Payment	12,735
150	Social Security	6,935
150	Medicare	1,625
160	Health Insurance	12,885
160	Life Insurance	720
160	Health Insurance - In-Lieu	2,000
170	Worker's Comp Insurance	4,585
175	Deferred Compensation	3,900
180	Other Employee Benefits	670
185	Wellness program	360
TOTAL PERSONNEL SERVICES		183,705
MATERIALS & SERVICES:		
220	Communications	3,600
230	Advertising	1,300
240	Office Supplies	2,000
245	Dues & Subscriptions	1,200
250	Tuition Reimburse & Training	2,000
260	Gasoline	2,000
260	Repair Costs	1,000
310	Rent & Leases	963
320	Small Tools & Equipment	300
330	Special Supplies & Services	15,000
340-100	Professional & Contractual Services	117,000
340-200	Professional & Contractual Services	220,000
380-100	Computer Expense-Software, Hardware, Equip.	2,000
380-200	Computer Expense-Services	400
380-300	Computer Expense-Block Time	13,070
390	Postage	540
410	Insurance & Bond	5,500
TOTAL MATERIALS & SERVICES		- 387,873
Total less Professional & Contract Services		50,873

Appendix B: Community Development Department Budget (continued)

CAPITAL OUTLAY:

540	Machinery & Equipment	8,500
580	Depreciation Expense	10,190

TOTAL CAPITAL OUTLAY	-	<u>18,690</u>
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TOTAL EXPENDITURES	-	<u>590,268</u>
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TRANSFERS OUT:

10. General (Cost allocation transfer)	125,093
43-42. Fleet Operations (Cost allocation transfer)	<u>68</u>

TOTAL TRANSFERS OUT	-	<u>125,161</u>
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TOTAL REQUIREMENTS	-	<u>715,429</u>
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Appendix C: Building Inspector Hours for Sample Permits

Permit Address	Permit Type/Description	Valuation	Pre-application meeting	Front Counter Permit Review	Building Permit Review	Building Permit Review - Planning	Permit Review- Fire	Site Inpections	Reports and Filing	Appeals	Total Hours	Building Inspector Cost @ \$112 per Hour	Permit fee based on \$0.18 x value ^{0.79}
500 Riverside Way	New 14,560 sq. ft. 1 story building for bank and shell tenant space	\$2,000,000	8	6	15			80	10		119	\$13,328.00	\$17,103.55
300 So. Main St.	Remodel for Harbor Freight Tools	\$364,500	5	4	7			60	5		81	\$9,072.00	\$4,456.70
555 Washington St.	Replace City Hall's A/C chiller unit, boiler electrical and plumbing	\$352,900	2	2	2			40	5		51	\$5,712.00	\$4,344.28
2450 Sr. Mary Columba Dr.	Interior remodel and ADA upgrades	\$330,624		2	12			25	5		44	\$4,928.00	\$4,126.17
1560 Carl Ct.	New 2033 sq. ft. SFD, 880 sq. ft. garage, 250 sq. ft. patios	\$319,906	2	3	4			20	6		35	\$3,920.00	\$4,020.13
2140 Main St.	New 2554 sq. ft. commercial building	\$316,083	3	4	4			32	4		47	\$5,264.00	\$3,982.13
1480 Leonard Ln.	New 1887 sq. ft. SFD, 612 sq. ft. garage, 111 sq. ft. porch	\$289,238	3	3	4			25	4		39	\$4,368.00	\$3,712.48
1430 Leonard Ln.	New 1876 sq. ft. SFD, 569 sq. ft. garage, 457 sq. ft. porch	\$257,009	3	3	4			25	3		38	\$4,256.00	\$3,381.67
1554 Fourth St.	New 1498 sq. ft. SFD, 460 sq. ft. garage, 191 sq. ft. patio and front porch	\$227,614	3	3	4			25	3		38	\$4,256.00	\$3,072.27
1495 Leonard Ln.	New 1637 sq. ft. SFD, 770 sq. ft. garage, 40 sq. ft. covered entry	\$220,558	3	3	4			25	4		39	\$4,368.00	\$2,996.78
100 Jefferson Ct.	1622 sq. ft. single story duplex	\$207,330	3	3	6			36	5		53	\$5,936.00	\$2,853.88
84 Belle Mill Rd.	Remodel	\$200,000	3	5	6			20	4		38	\$4,256.00	\$2,773.87
860 Main St.	Remodel for Guadalajara	\$150,000	4	6	8			43	4		65	\$7,280.00	\$2,209.96
151 Amberidge Dr.	New 1000 sq. ft. Condo, 250 sq. ft. garage, 120 sq. ft. patio cover	\$149,063	3	4	10			30	3		50	\$5,600.00	\$2,199.05
55 Antelope Blvd.	Rebuild/remodel, Egg Roll King	\$124,950	3	4	8			45	3		63	\$7,056.00	\$1,912.91
796 Antelope Blvd.	Single story commercial building, drive-through coffee	\$103,722	4	5	10			25	3		47	\$5,264.00	\$1,651.24
1150 So. Main St.	Remodel dining room, toilet room and exterior sign	\$80,000	2	2	4			17	2		27	\$3,024.00	\$1,344.97
413 Walnut St.	Repair front wall from wreck	\$70,000	1	1	0			3	2		7	\$784.00	\$1,210.32
1805 Walnut St.	Install water retention system	\$56,600	1	2	3			6	3		15	\$1,680.00	\$1,023.29
1045 Luther Rd.	362 sq. ft. addition & 40 sq. ft. entry	\$49,768	2	3	4			6	2		17	\$1,904.00	\$924.41
124 Belle Mill Rd.	Remove existing non-bearing walls and flooring, frame and drywall	\$46,000	2	2	3			15	2		24	\$2,688.00	\$868.66
1236 Britt Ln.	Install 7.56kW roof mounted solar	\$44,872	0	2	1			2	2		7	\$784.00	\$851.79
2340 Sr. Mary Columba Dr.	Install 2 new wall signs, 1 monument and 1 pole sign	\$40,000	1	2	2			3	1		9	\$1,008.00	\$777.86
929 Washington St.	Install 9.9kW roof-mounted solar	\$39,600	0	2	1			3	1		7	\$784.00	\$771.71
720 Givens Rd.	Replace windows	\$35,000	0	1	0			2	1		4	\$448.00	\$699.98
2560 Main St.	ADA striping and signage	\$35,000	0	2	2			2	1		7	\$784.00	\$699.98
320 So. Main St.	Racking for Harbor Freight Tools	\$35,000	0	2	2			2	1		7	\$784.00	\$699.98
2040 Acwron Dr.	Install 7.52kW roof mounted solar with upgraded 200 AMP panel	\$34,217	0	2	2			3	1		8	\$896.00	\$687.58
352 Washington St.	Instal 12.24kW solar system	\$34,000	0	2	2			2	1		7	\$784.00	\$684.13
1156 Franklin Ave.	Stucco 4-plex units	\$33,000	0	1	0			3	1		5	\$560.00	\$668.19
1556 Robinson Dr.	Install new in-ground gunnite pool	\$32,000	0	2	2			3	1		8	\$896.00	\$652.14
210 Ash St.	9.8kW solar on roof	\$27,904	0	2	2			2	1		7	\$784.00	\$585.26
730 Spyglass Dr.	Rehab windows, water heater and electrical	\$27,000	0	2	2			3	1		8	\$896.00	\$570.23
135 Corona Ave.	Install 12.04kW roof-mounted solar with panel upgrade	\$26,488	0	2	2			3	1		8	\$896.00	\$561.67
910 Franzel Rd.	Install 4.48kW solar	\$23,579	0	2	2			2	1		7	\$784.00	\$512.35
2755 Highland Bluffs Dr.	Kitchen remodel	\$22,500	0	2	2			3	1		8	\$896.00	\$493.74
2120 Gentry Way	9.97kW solar panel	\$21,945	0	2	2			2	1		7	\$784.00	\$484.09
1556 Robinson Dr.	9.405kW roof-mounted solar	\$20,691	0	2	2			2	1		7	\$784.00	\$462.10