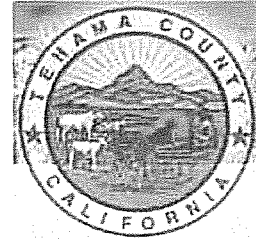


TEHAMA COUNTY

GENERAL PLAN UPDATE & MAINTENANCE FEE STUDY
ADMINISTRATIVE DRAFT
REVISED



PREPARED BY

PMC[®]

MAY, 2010

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INTRODUCTION

Tehama County's General Plan and related elements must be updated periodically in order for the county to continue to issue building permits and approve planning applications. PMC was engaged to prepare an analysis of the costs to update the Tehama County's General Plan and to calculate a fee on building permits sufficient to fully recover those costs.

SCOPE OF PROJECT

- Task 1 Gather cost data related to the County of Tehama's update of its General Plan and related long-range planning elements, including policy amendments and implementation of the Plan;
- Task 2 Identify alternative fee models to fund up to 100% of all identified costs. Compare the resultant proposed fee to those charged by other California jurisdictions;
- Task 3 Develop the General Plan Update fee model applicable to Tehama County based on projected number of building permits. Provide sample fee revenues;
- Task 4 Prepare documentation and attend meetings;
- Task 5 Prepare implementing ordinance.

Background and Assumptions

In the past, state law only permitted jurisdictions with populations in excess of 3 million to collect funds through a property tax assessment for long-range planning activities (California Government Code Section 65250). In September of 2002, Assembly Bill 2936 was passed by the state legislature and signed by the Governor addressing the need for other jurisdictions in the state to fund General Plan maintenance and updates. The bill, enacted as Government Code 66014, provides that a local jurisdiction may impose a fee to recover costs reasonably necessary to prepare and revise the plans and policies that a local agency is required to adopt before it can make any necessary findings and determinations. Included in these plans are city and county General Plans and associated elements and reports.

In the California cities and counties that are known to have adopted a fee for this purpose, there appears to be four methodologies used to calculate the fee. The first method bases the fee on a dollar value of building permit valuation; the second method assesses a flat rate for each planning application; the third approach imposes a percentage surcharge on the sum of all planning and permit fees for each building permit; and the fourth method applies a dollar value to each dwelling unit or square foot of new construction. Each of these four methods has advantages and disadvantages related to the calculation and application of the fee. Through available data from the County, this report will present the fee in terms of a flat rate on each building permit application. This method is preferred due its ease of administration and is fairly common among counties.

Calculation of the General Plan Update fee requires obtaining the following information:

- Actual costs incurred during the period 2006 to 2009 for the recent General Plan Update;
- Estimated implementation costs (through FY 2029-2030 for this study, assuming a 20-year implementation cycle);
- Projection of new construction in the unincorporated area of the County.

PMC staff, retained to conduct the County's General Plan Update, provided the total consulting cost incurred by the overall General Plan Update effort. PMC also provided an estimate of the cost to conduct the five-year updates of the County's Housing Element. PMC has performed many of these Housing Element Updates for jurisdictions throughout California and the estimate is typical of what the cost would be for jurisdictions with characteristics similar to Tehama County's. The inputs and calculation of the General Plan update fee are illustrated in the following sections.

METHODOLOGY

COST OF GENERAL PLAN UPDATE, IMPLEMENTATION, AND MAINTENANCE

Various cost data was collected pertaining to the preparation and adoption of the 2008 General Plan Update and ensuing implementation documents. The costs incurred to date by the County to prepare the Update amounts to approximately \$565,000. The projected costs to prepare the required annual reports and the Housing Element updates and other General Plan implementation programs are shown in the below. The total GP Update, implementation and maintenance costs to recover via the fee is \$773,690

General Plan Cost Breakdown:

General Plan Update (costs incurred 2006 to 2009)	\$565,000
General Plan Implementation	<u>\$208,690</u>
Total Cost of General Plan Update (through FY2029-30)	\$773,690

The breakdown of the implementation and maintenance cost of approximately \$205,000 is shown as follows:

General Plan Implementation:

Housing Element update in 2010 ¹	\$30,000
Housing Element update in 2015	\$30,000
Housing Element update in 2020	\$30,000
Housing Element update in 2025	\$30,000
Housing Element update in 2030	\$30,000
General Plan/Housing Annual Report	<u>\$58,690²</u>
Total Cost of General Plan Implementation and maintenance	\$208,690

A more detailed breakdown by year of the Update costs is provided in **Table 1**, along with a schedule that spreads all costs over the 20-year General Plan cycle.

¹ Representative cost for five-year housing element updates is typical for jurisdictions in California of similar population and economic conditions as Tehama County.

² Annual update cost for first year is \$2,047.* Cost escalated by 3% per year in subsequent years, see Table 1. * (As determined by the Tehama County Planning Department)

TEHAMA COUNTY GENERAL PLAN UPDATE FEE STUDY

TABLE 1: GENERAL PLAN UPDATE AND IMPLEMENTATION COSTS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GENERAL PLAN UPDATE COSTS (1)	\$26,905	\$26,905	\$26,905	\$26,905	\$26,905	\$26,905	\$26,905	\$26,905	\$26,905	\$26,905	\$26,905
HOUSING ELEMENT UPDATE (2)	\$30,000					\$30,000					\$30,000
ANNUAL REPORT (3)	\$2,047	\$2,108	\$2,171	\$2,236	\$2,304	\$2,373	\$2,444	\$2,517	\$2,593	\$2,670	\$2,751
TOTAL COST	\$58,951	\$29,013	\$29,076	\$29,141	\$29,208	\$59,277	\$29,349	\$29,422	\$29,497	\$29,575	\$59,655

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
GENERAL PLAN CONSULTANT COSTS	\$26,905	\$26,905	\$26,905	\$26,905	\$26,905	\$26,905	\$26,905	\$26,905	\$26,905	\$26,905	\$565,000
HOUSING ELEMENT UPDATE					\$30,000					\$30,000	\$150,000
ANNUAL REPORT	\$2,833	\$2,918	\$3,006	\$3,096	\$3,189	\$3,284	\$3,383	\$3,484	\$3,589	\$3,696	\$58,690
TOTAL COST	\$29,738	\$29,823	\$29,910	\$30,000	\$60,093	\$30,189	\$30,288	\$30,389	\$30,494	\$60,601	\$773,690

Source: PMC; General Plan staff

Notes:

- (1) The GP Update costs which have already been incurred are evenly spread over the period 2010-2030 and have not been escalated.
- (2) Estimated cost of Housing Element updates is representative of typical update costs for jurisdictions similar to Tehama County.
- (3) The Annual General Plan and Housing Report cost is escalated by 3% per year (average CPI increase over the period 1988-2008).

DEVELOPMENT FORECAST

The estimated total cost of the General Plan Update and implementation program is spread over the General Plan period to arrive at a maximum amount that may be recovered from building permits issued over the period. The fee will be collected as a flat-rate surcharge on each building permit issued for new construction.

The surcharge is directly dependent on the new construction that is projected to occur in Tehama County. The new construction included in this study are new residential units including single family, multi-family and mobile homes, and new non-residential construction which include commercial/retail, office and industrial development uses. The development forecast assumption plays an important role in setting the GP Update fee charged for each building permit. Erring too high in the projections—assuming there will be more construction than actually occurs—will result in a surcharge that is too low and the total revenue from the fee will be less than the General Plan Update costs. Conversely, assuming a rate of development that is too low means the fees and revenues will exceed the overall cost of the Update. It is a basic principle (and State law) that user charges must correspond to the reasonable costs of the program that the fee is intended to recover.

The residential development forecast used in this fee study is from the General Plan Draft EIR while the non-residential forecast is derived from employment projections found in the 2009 annual economic forecast produced by the Center for Economic Development³. The development projections used for this study are presented in **Table 2**.

TABLE 2: DEVELOPMENT PROJECTIONS 2010-2030

<i>Residential Units</i> ¹	2009	2030	Growth
Single family	11,648	18,076	6,428
Multi-family	2,366	3,672	1,306
Mobile homes	<u>4,186</u>	<u>6,496</u>	<u>2,310</u>
Total Units	18,200	28,244	10,044
<i>Nonresidential (in sq. ft.)</i> ²			
Retail/Commercial	1,595,775	2,493,500	897,725
Office	926,714	1,448,000	521,286
Industrial	<u>3,143,421</u>	<u>4,911,750</u>	<u>1,768,329</u>
Total Square Feet	5,665,910	8,853,250	3,187,340

¹ General Plan Update Draft EIR

² 2009 Annual Economic Profile, CED

³Center for Economic Development (CED), 2009 Annual Economic Forecast Conference, Economic & Demographic Profile for Tehama County

COST PER UNIT CALCULATIONS

The General Plan Update fee will be charged at a flat rate per residential unit and per square foot of non-residential construction. The non-residential rate is calculated by assuming that 2,000 square feet of non-residential development is equivalent to a residential unit. The total number of projected equivalent permits is calculated in **Table 3**.

TABLE 3: CALCULATION OF TOTAL PROJECTED PERMITS DURING GENERAL PLAN CYCLE

Non-residential growth (square feet)	3,187,340
Residential equivalent (sq. ft. per unit)	<u>÷2,000</u>
Non-residential equivalent permits	1,594
Residential permits	<u>10,044</u>
Total projected permits	11,638

The basic cost per unit is determined by dividing the total General Plan Update, the Housing Element and annual Reporting costs by the total number of equivalent building permits projected to be issued in Tehama County over the 20 –year General Plan cycle:

$$\text{GP Update fee per equivalent permit: } \$773,690/11,638 = \$66.48.$$

This is the fee for all residential permits. For non-residential permits the fee is calculated on the actual floor area of the permitted structure based on the residential equivalent:

$$\text{GP Update fee for non-residential permits: } \$66.48/2,000 \text{ sq. ft.} = \$0.0332 \text{ per square foot}$$

For example, a 10,000 square foot commercial building would be charged \$332.

COMPARABLE FEES CHARGED BY OTHER JURISDICTIONS

Examples of general plan preparation and update fees charged by other jurisdictions under various fee methods are listed below. There is wide variance in general plan program costs among California cities and counties, reflecting the different planning efforts involved and types of building permit activity. In addition, it is likely that these jurisdictions have differing policies regarding how much of the program cost should be passed on to new construction versus how much of the cost should be absorbed by current development.

Fees charged in selected cities based upon a dollar value of building permit valuation:

Amador	\$7.29 per \$1,000 valuation
Belmont	\$2.20 per \$1,000 valuation
Daly City	\$5 per \$1,000 valuation
Elk Grove	\$0.23 per \$1,000 valuation
Emeryville	\$0.50 per \$1,000 valuation
Garden Grove	\$2 plus \$1.75 per \$1,000 valuation (also covers cultural arts)
Lemoore	\$0.64 per \$1,000 valuation
Modesto	\$0.26 per \$1,000 valuation
Monterey Park	\$2 per \$1,000 valuation
Oakdale	\$2.46 per \$1,000 valuation
Oakland	\$1 per \$1,000 valuation
Orange	\$0.50 per \$1,000 valuation
Palm Springs	\$0.61 per \$1,000 valuation
Sacramento	\$0.59 per \$1,000 valuation
Stockton	\$1 per \$1,000 valuation

Flat rate fee per planning application:

Pleasanton	\$250 per planning application
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Surcharge on the sum of all planning and permit fees for each building permit:

Morgan Hill	5% of building permit and planning fees
Riverside	10% of all development related fees
San Rafael	15% of building permit fee
Tiburon	10% of building permit fee
Truckee	\$3.10 added to building permit fee

Dollar value for each dwelling unit or square foot of new construction:

Brentwood	\$211.62 per dwelling unit (fee charged against residential only)
Fairfield	Residential: \$62 per single family dwelling, Commercial: \$.003 per sq ft
Santa Paula	\$0.51 per sq ft of new construction (projects > 500 sq ft only)