

---

*FAQs*  
*Special Revenue Fund and*  
*Development-Related Fee Adjustments*  
*December 14, 2015*



**PLANNING &  
DEVELOPMENT  
DEPARTMENT**

**1. What is the proposal?**

This proposal will do the following:

- bring development-related fees in line with the City's costs for development services, and
- create a special revenue fund (SRF) that will secure development revenues toward development services.

**2. Why is the SRF needed?**

Unlike many departments, the Planning & Development Department's (P&D) development activities need to quickly adjust with the real estate market. As a General Fund department, P&D cannot respond quickly enough to market changes. This unresponsiveness deteriorates service levels, causing permit delays and impairing service quality.

**3. Why is a fee adjustment needed?**

Currently, fees for development-related activities do not cover costs of providing those services. The General Fund currently subsidizes approximately \$730,000 of these activities. This deficiency contributes to inadequate staffing levels and deteriorated levels of service for development customers. Adjusting fees will ensure the City captures sufficient funding to provide an adequate level of service.

**4. How will this work?**

Development-related fees will be dedicated to the SRF, rather than the General Fund. In turn, the SRF will pay for P&D's development services. This structure ensures that, as the development activity fluctuates with the market, fee revenue commensurate with this activity will be available for development services.

**5. How significantly do market fluctuations impact level of service?**

Applications for development-related activities increased 64% between 2010 and 2015. The corresponding development-related staff level increase during that time, however, was only 5%. Review times increased significantly under these conditions, resulting in deteriorated level of service. For example, P&D's average residential review times more than tripled during the same period.

**6. What are the benefits to the City and the development community?**

The benefits of the proposal include the following:

- maintain adequate service to development customers through market fluctuations, and
- end the General Fund's subsidy of development-related costs.

---

**7. How does this improve P&D's service levels?**

P&D will be able to improve service levels through the following:

- increasing development-related staffing levels by 5 FTEs over previous budget levels, including additional plan reviewers and improved telephone and front desk customer service;
- correcting compensation deficiencies for the planner family of positions, as identified in a recent HR-led salary survey of peer cities, thus improving staff attraction and retention and increasing quality of reviews;
- improving training for staff and related appointed commissions; and
- improvements to technology and supplies.

Details on anticipated improved service levels are described in a separately attached document.

**8. How does this change affect the general fund?**

This proposal will eliminate the current general fund subsidy of development-related costs.

**9. How were the new fees determined?**

In concert with Finance & Administration and Legal, P&D conducted a detailed analysis of the level of effort required to process each application. This analysis considers factors such as position levels and amount of time required for each review. This proposal aligns each fee to the cost of service by reducing 9 fees, increasing 19 fees and establishing new fees for 20 activities authorized by Council that have not yet been assessed. Total fee revenue will increase from \$7.1M to \$8.7M, an increase of 23%.

**10. When would the fee changes occur?**

If approved by Council in December, the Special Revenue Fund would be effective on January 1, 2016. Fee adjustments are scheduled to begin on March 1, 2016.