CITY PLANNING DEPARTMENT

Memorandum

To: City Council

From: Kevin Walker, Director, City Planning Department

CC: Travis Easton, Deputy Chief of Staff
Jamie Fabos, Chief of Staff
Development Review Enterprise Advisory Committee

Date: November 15, 2025

Re: DRE – Planning 2026 Fees

Summary: The proposed fees are based on cost accounting actual costs and will support a balancing of the 2026 budget when coupled with budgeted revenue savings.

See the attached proposed fees for the DRE – Planning operations for 2026.

The fees as proposed support the proposed budget of the Development Review Enterprise; the Planning portion of the DRE is approximately 40% of the costs with the Fire Construction Services making up the remainder.

DRE budgets in the past several years reflect a declining workload from highs in 2022. Annual expenses have outpaced revenues resulting in draws from the Reserve Fund. See the attached status of the reserve fund since 2000.

Substantial changes in expenses occurred starting in 2024 - continuing into 2025 - especially in number of filled positions salaries and benefits. More than seven positions have been eliminated since 2024 resulting in a reduction in costs and a “right sizing” of manpower and services. Expenses are proposed to be reduced by 20% between 2025 and 2026 Budgets. Final accounting for 2025 is projected to show a balance between revenues and expenses and will be available in Q1 2026.

2026 proposed DRE-Planning fees have been discussed with the Development Review Enterprise Advisory Committee (DREAC) in August of 2025 and approved as part of the overall budget.

Three fee categories are proposed for increases in 2026 – residential alterations, hillside and sign review and inspection expenses. The hourly rates for each category of personnel are based on professional salaries and benefits (s&b), department support s&b, and overhead (rent, utilities, City admin rate, etc.) The hourly charges range from $105 to $144 per hour.

1. Residential Alterations
    a. Time audit showed an average of .95 hours spent on each one
    b. Rate = $134 per hour
    c. Charge - $127.50
    d. Proposed fee - $130.
2. Hillside residential New, alterations with and without additional sf
    a. New
        i. 5.0 hours @ $134 = $670
        ii. Proposed Fee = $670
    b. Alterations
        i. 3.75 hours @ $134 = $502
        ii. Proposed Fee = $490
3. Sign Reviews
    a. 1.85 hours @ $144 = $266.40
    b. Proposed fee = $270

In addition, there is a proposed cap on commercial permit reviews at $10,000. This is to acknowledge that large projects based on square footage do not create longer review times. They are still only one development plan or plat to review, even if the building is very large. Amazon is an example where the fee cap would apply. No projected increase in the fees is

These <u>proposed changes, based on empirical cost accounting data,</u> would result in a 16% increase in revenues for the DRE – Planning function if the projected number of reviews remains the same.

With the supported revenue increase and the reduction in expenses proposed, the projected budget will result in a balanced or positive cash flow for DRE in 2026.

Ongoing issues for the staff and DREAC to continue to work on include:

- Increased transparency in monthly and quarterly accounting reports
- Discussion on the "proper size" of the Reserve Fund. Currently less than 75% of annual budget.
- Detailed review of Admin Overhead calculations
- Increased education and transparency in the list of fees charged at RBD, i.e. hot water heaters in RBD numbers but not charged a fee.

DRE Fee Type	Proposed 2026 Revised Fee (rounded)	Current Fee 2025	Increase per Fee	% Fee Increase	Note
Construction					
Residential - New	$180	$180	$0	0%	No change
Residential - Alteration	$130	$100	$30	30%	
Residential - Alteration w/no increase to GFA	$100	$75	$25	33%	
Commercial - New (includes Hillside)	30% RBD, $10k cap	30% RBD	$0	0%	No change
Commercial -Alteration (includes Hillside)	30% RBD, $10k cap	30% RBD	$0	0%	No change
Hillside Residential - New	$670	$530	$140	26%	
Hillside Residential -Alteration	$490	$360	$130	36%	
Hillside Residential - Alteration w/no increase to GFA	$435	$335	$100	30%	
Mobile Home Site Plan	$20	$20	$0	0%	No change
Modular Building, Sales Office, Model Home	$100	$100	$0	0%	No change
Signs					
Permanent Signs (Freestanding, Low Profile, Wall, Minor Signs, Electronic Message Center)	$270	$200	$70	35%	
Billboards	$500	$500	$0	0%	No change
Banners/Inflatable Displays	$40	$40	$0	0%	No change
Coordinated Sign Plans	$640	$640	$0	0%	No change
Administrative/Ministerial Permits					
Home Occupancy	$120	$120	$0	0%	No change
Revocable Permit	$160	$160	$0	0%	No change
Temporary Use Permit	$100	$100	$0	0%	No change
Zone Verification	$200	$200	$0	0%	No change
Misc. Adjustments or Fees					
Limited Review	$45	$45	$0	0%	No change
Re-review/Expedited Review Charge	$180 beyond three reviews	$180 beyond three reviews	$0	0%	No change
Sliding Scale Adjustment	10% of fees exceeding $10k	10% of fees exceeding $10k			No change
Refunds	Manager discretion	Manager discretion	$0	0%	No change
IT Fee	$25 for fees exceeding $100	$25 for fees exceeding $100	$0	0%	No change
Certificate of Occupancy/Post Permit Inspection/Expedited Inspection	$160 beyond two inspections	$160 beyond two inspections	$0	0%	No change
PLDO/CDI/School Administration Fee	$10 per transaction w/50 unit limit per transaction	$10 per transaction w/50 unit limit per transaction	$0	0%	No change

Actual 2024 Permit Count	2024 Fee	Actual 2024 Revenue	Est. 2025/2026 Permit Count**	Current 2025 Fee	Projected 2025 Revenue	Proposed 2026 Revised Fee (rounded)	2026 Est. Revised Revenue
1408	$160.00	$225,280.00	1267	$180.00	$228,060.00	$180.00	$228,060.00
1368	$75.00	$102,600.00	1231	$100.00	$123,100.00	$130.00	$160,030.00
0	$75.00	$0.00	0	$75.00	$0.00	$100.00	$0.00
321	30% RBD	$410,891.41	289	30% RBD	$410,891.41	30% RBD, $10k cap	$410,891.41
385	30% RBD	$134,802.71	347	30% RBD	$134,802.71	30% RBD, $10k cap	$134,802.71
19	$450.00	$8,550.00	17	$530.00	$9,010.00	$670.00	$11,390.00
366	$360.00	$131,760.00	329	$360.00	$118,440.00	$490.00	$161,210.00
0	$335.00	$0.00	0	$335.00	$0.00	$435.00	$0.00
0	$10.00	$0.00	0	$20.00	$0.00	$20.00	$0.00
19	$80.00	$1,520.00	17	$100.00	$1,700.00	$100.00	$1,700.00
123	$95.00	$11,685.00	111	$200.00	$22,200.00	$270.00	$29,970.00
983	$50.00	$49,150.00	885	$200.00	$177,000.00	$270.00	$238,950.00
145	$50.00	$7,250.00	131	$200.00	$26,200.00	$270.00	$35,370.00
0	$200.00	$0.00	0	$200.00	$0.00	$270.00	$0.00
0	$200.00	$0.00	0	$500.00	$0.00	$500.00	$0.00
102	$30.00	$3,060.00	92	$40.00	$3,680.00	$40.00	$3,680.00
0	$125.00	$0.00	0	$640.00	$0.00	$640.00	$0.00
36	$120.00	$4,320.00	32	$120.00	$3,840.00	$120.00	$3,840.00
124	$130.00	$16,120.00	112	$160.00	$17,920.00	$160.00	$17,920.00
70	$100.00	$7,000.00	63	$100.00	$6,300.00	$100.00	$6,300.00
228	$176.00	$40,128.00	205	$200.00	$41,000.00	$200.00	$41,000.00

**The 2025/2026 Estimated Permit count includes a 10% reduction of anticipated permits pull from 2024 to 2025, which was carried forward to 2026.

Estimated Revenue Impact	
2025 Est. Rev. Collected	$1,324,144.12
Proposed Fee Est. Total Revenue	$1,531,021.12
Est. Revenue Impact	$206,877.00
% Increase	16%
2026 Est. Expenditures	1,292,025.39
Add to/(Draw from) Fund Balance	**$238,995.73**

DRE Reserve Fund Blance
Source: City Budget Office
Nov-25

Year End	Unrestricted Fund Balance	
2020	$	4,763,904
2021	$	4,889,307
2022	$	4,486,224
2023	$	3,617,152
2024	$	2,780,866
2025 Est.	$	2,780,866