

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 14, 2017

CAO File No. 0220-04851-0018
 Council File No. 09-0969
 Council District: Citywide

To: The Mayor
 The Council

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer

Vincent P. Bertoni, AICP, Director of Planning

Reference: Planning and Land Use Management Committee Report Back Requested on August 8, 2017.

Subject: **REPORT BACK REGARDING APPEAL FEES AND FEE INCREASES INCLUDED IN THE CITY PLANNING COMPREHENSIVE FEE STUDY**

RECOMMENDATION

That the Committee note and file this report as it is provided for informational purposes only.

SUMMARY

On July 26, 2017, the City Administrative Office (CAO) released a report that recommended increasing the fees in Los Angeles Municipal Code (LAMC) Sections 19.01 through 19.10 (excluding 19.01 F) to full cost recovery. The revised fees will provide a more reliable funding source for the Department of City Planning's (DCP) special fund programs and decrease the Department's reliance on the General Fund by \$8.46 million annually. The attachments to this report provide the following information: a) five options for charging appeal fees and consideration for a hardship exemption; b) graphical representations of the General Fund subsidy impact for each option based on appeal filing data from Fiscal Year (FY) 2013-14 to FY 2016-17; c) a comparison chart of regional municipalities and their appeal fee structure; and d) an explanation for some fee increases greater than 50 percent.

The General Fund subsidy, based on FY 2016-17 data, for each option is summarized below:

Option	FY 2016-17 Appeal Processing Costs	Fees Collected (Using Option Column)	General Fund Subsidy
Current Fee	\$4,007,248	\$185,347	\$3,821,901
Option 1	\$4,007,248	\$417,305	\$3,589,943
Option 2	\$4,007,248	\$444,082	\$3,563,166
Option 3	\$4,007,248	\$2,003,624	\$2,003,624
Option 4	\$4,007,248	\$2,273,194	\$1,734,054
Option 5	\$4,007,248	\$2,424,787	\$1,582,461
Full Cost Recovery	\$4,007,248	\$4,007,248	\$0

FISCAL IMPACT STATEMENT

Consistent with the City's Financial Policies, the CAO recommends amending the fees in Los Angeles Municipal Code (LAMC) Sections 19.01 through 19.10 (excluding 19.01 F) to achieve full cost recovery with a few exceptions. The revenues included in the Fiscal Year 2017-18 Adopted Budget assumed the DCP's fees would be increased to full cost recovery to the extent possible.

The options in this report set appeal fees at a level lower than full cost recovery. If an option other than full cost recovery is adopted, the Mayor and Council will need to recognize the General Fund subsidy and authorize a corresponding reduction in General Fund reimbursement receipts to subsidize the associated planning service fees to comply with the City's Financial Policies.

DISCUSSION

In addition to full cost recovery, the CAO and the DCP developed the following five appeal fee options under Section 19.01 B. The General Fund subsidy impact for each option is illustrated on the attached graphs utilizing data from the past four fiscal years. The options include:

1. Charge the lesser of \$13,538 or 85 percent of the application fee for applicant appeals, and two percent of full cost recovery (\$271) for non-applicant appeals. This option was previously recommended in the December 2016 DCP report;
2. Charge 65 percent of full cost recovery (\$8,800) for applicant appeals and 5 percent of full cost recovery (\$677) for non-applicant appeals. These rates are similar to Los Angeles County's \$7,245 applicant appeal fee and \$755 non-applicant appeal fee;
3. Charge 50 percent of full cost recovery (\$6,769) for both applicant and non-applicant appeals;
4. For environmental appeals, both applicant and non-applicant are charged at full cost recovery (\$13,538). For non-environmental appeals, fees shall be assessed 2 percent of full cost recovery (\$271) for residents within 500 feet of the project. For residents living outside the 500-foot radius, fees shall be assessed at 85 percent of the application fee or \$13,538, whichever is lower. Applicant appeal fees shall be assessed at the lesser rate of 85 percent of the application fee or \$13,538;
5. For environmental appeals, both applicant and non-applicant are charged at full cost recovery (\$13,538). For non-environmental appeals, non-applicants living within 500 feet of the project shall qualify for one of the following subsidized fees: 1) \$150 for residents participating in the Department of Water and Power's (DWP) Lifeline Program; 2) \$677 for residents participating in the DWP Low Income Discount Program; or, 3) 50 percent of full cost recovery (\$6,769). For applicant and non-applicants living outside of the 500-foot radius, the appeal fee shall be at 85 percent of full cost recovery (\$11,507). To qualify for a Hardship Exemption fee, a resident shall provide a current utility bill for a property within 500-feet of the project site that demonstrates they are enrolled in the DWP Lifeline or DWP Low Income Discount Program.

The CAO and DCP recommends the full cost of \$10,243 be charged for each additional appeal level filed by the applicant for all five options listed above.

To achieve full cost recovery, certain fees will increase by 50 percent, or more, due to: 1) the rising cost of salaries (74 percent since the last fee study conducted in 2008); 2) increased complexity in project applications, as well as the Department's ability to conduct analysis at a more detail level; 3) the substantial reviews required of staff to prepare the administrative record; 4) increased levels of effort needed to build a defensible record; and, 5) the lack of sufficient data available for specific case types in the last fee study conducted in 2008. Given the aforementioned factors, the fee increases are fairly modest. Since the last fee study, the DCP has streamlined several processes creating certain time savings which have lowered several fees such as, fees for Land Use Determination by the City Planning Commission, Section 19.01 A (6), Specific Plan Amendment, Section 19.01 J (17), and Time Extension, Section 19.01 M(1). The DCP recommends continuing the practice of subsidizing certain single family and/or minor project permit compliance fees (Section 19.01 J 1, 6, 8, 12, and 17) at 50 percent of the full cost recovery rate to encourage project compliance.

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ATTACHMENTS

PLANNING LAND USE APPEAL FEE OPTIONS
19.01 B Appeal Fees

OPTION 1	Fee	Notes
Applicant:	<= \$13,538	\$13,538 or 85% of Application Fee Invoice Amount (whichever is lower)
Non-Applicant:	\$271	2% of \$13,537 (DCP Report)

OPTION 2	Fee	Notes
Applicant:	\$8,800	65% of \$13,538 (similar to LA County fee of \$7,245)
Non-Applicant:	\$677	5% of \$13,537 (similar to LA County fee of \$755)

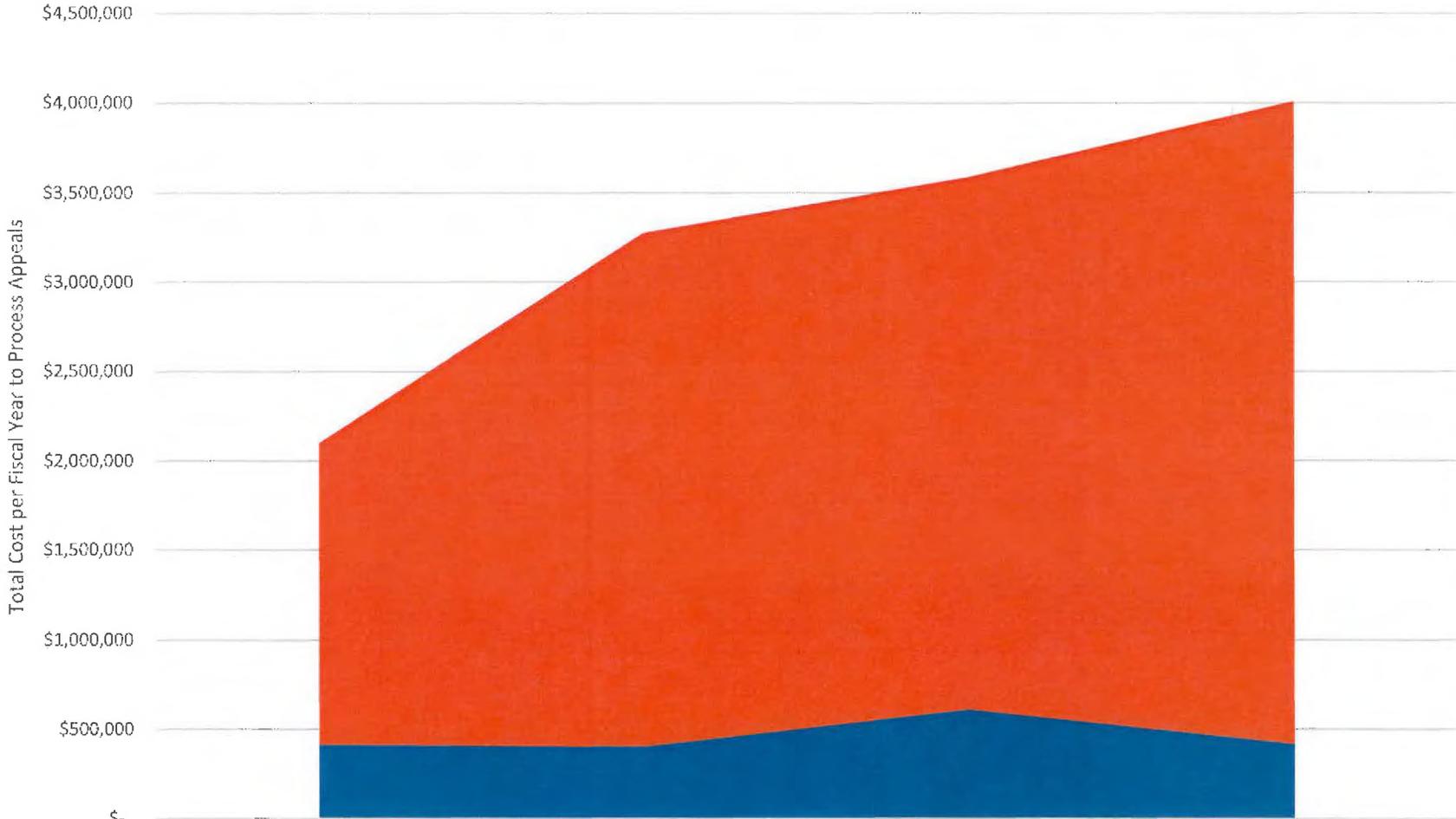
OPTION 3	Fee	Notes
Applicant:	\$6,769	50% of \$13,538
Non-Applicant:	\$6,769	50% of \$13,538

OPTION 4	Fee	Notes
	ENV Case	
Applicant & Non-Applicant:	<= \$13,538	\$13,538 or 85% of Application Fee Invoice Amount (whichever is lower)
	Non-ENV Cases	
Applicant:	<= \$13,538	\$13,538 or 85% of Application Fee Invoice Amount (whichever is lower)
Non-Applicant:	\$271	\$271 for residents within 500 ft radius (50% of N-A)
Non-Applicant:	<= \$13,538	\$13,538 or 85% of Application Fee Invoice Amount (whichever is lower) for residents outside of 500 ft radius (50% of N-A)

OPTION 5	Fee	Notes
	ENV Case	
Applicant & Non-Applicant:	\$13,538	Full cost recovery rate
	Non-ENV Cases	
Applicant:	<= \$13,538	\$13,538 or 85% of Application Fee Invoice Amount (whichever is lower)
Non-Applicant:	\$150	Residents within 500 ft radius on Lifeline*
Non-Applicant:	\$677	Residents within 500 ft radius on Participating in DWP Low Income Discount Program*
Non-Applicant:	\$6,769	Residents within 500 ft radius not on Lifeline or Low Income Discount Program* (50% of full cost)
Non-Applicant:	\$11,507	Residents outside of 500 ft radius (85% of full cost)

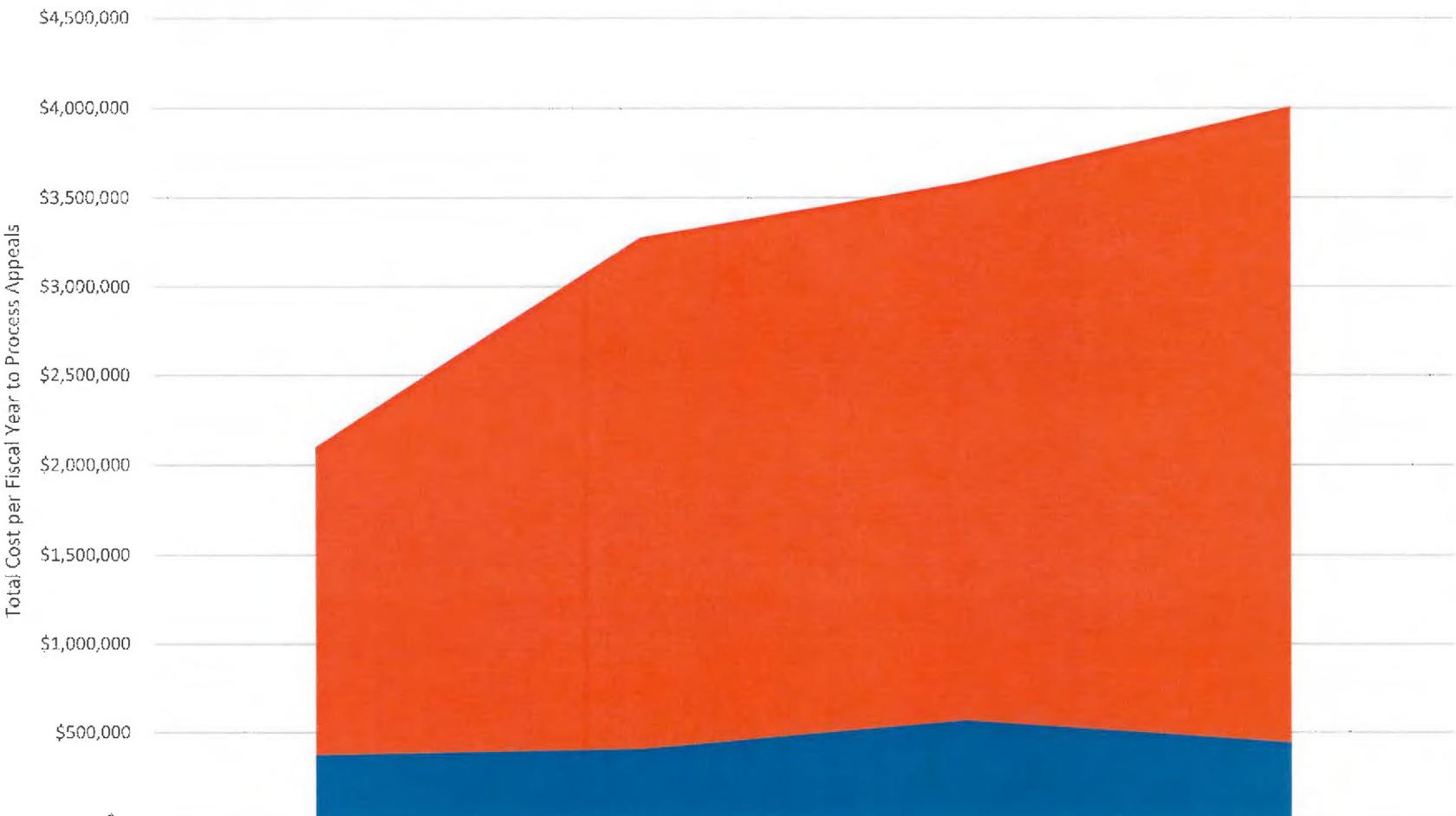
*Hardship Exemption = DCP would need DWP's Lifeline and Participants on Low Income Discount Program data.

General Fund Subsidy to Support Appeals per Fiscal Year - Option 1
Assumes Lesser of \$13,538 or 85% of Application Fees for Applicant Appeal Fees
and 2% Full Cost Recovery (\$271) for Non-Applicant Appeal Fees



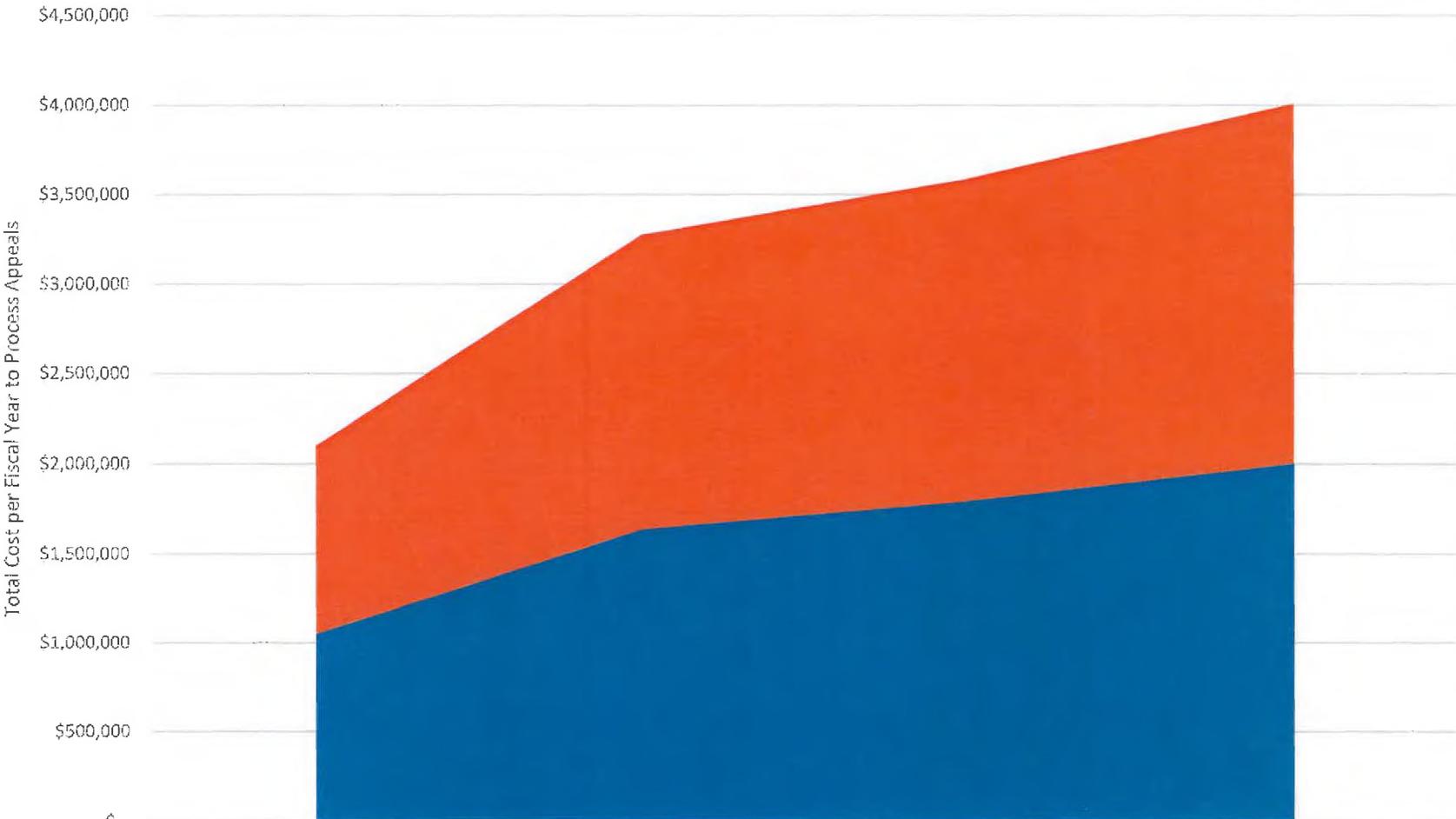
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
General Fund Subsidy	\$1,685,587	\$2,873,525	\$2,976,413	\$3,589,943
Fees Collected	\$412,803	\$402,671	\$611,157	\$417,305

General Fund Subsidy to Support Appeals per Fiscal Year - Option 2
 Assumes 65% Full Cost Recovery (\$8,800) for Applicant Appeal Fees
 and 5% Full Cost Recovery (\$677) for Non-Applicant Appeal Fees



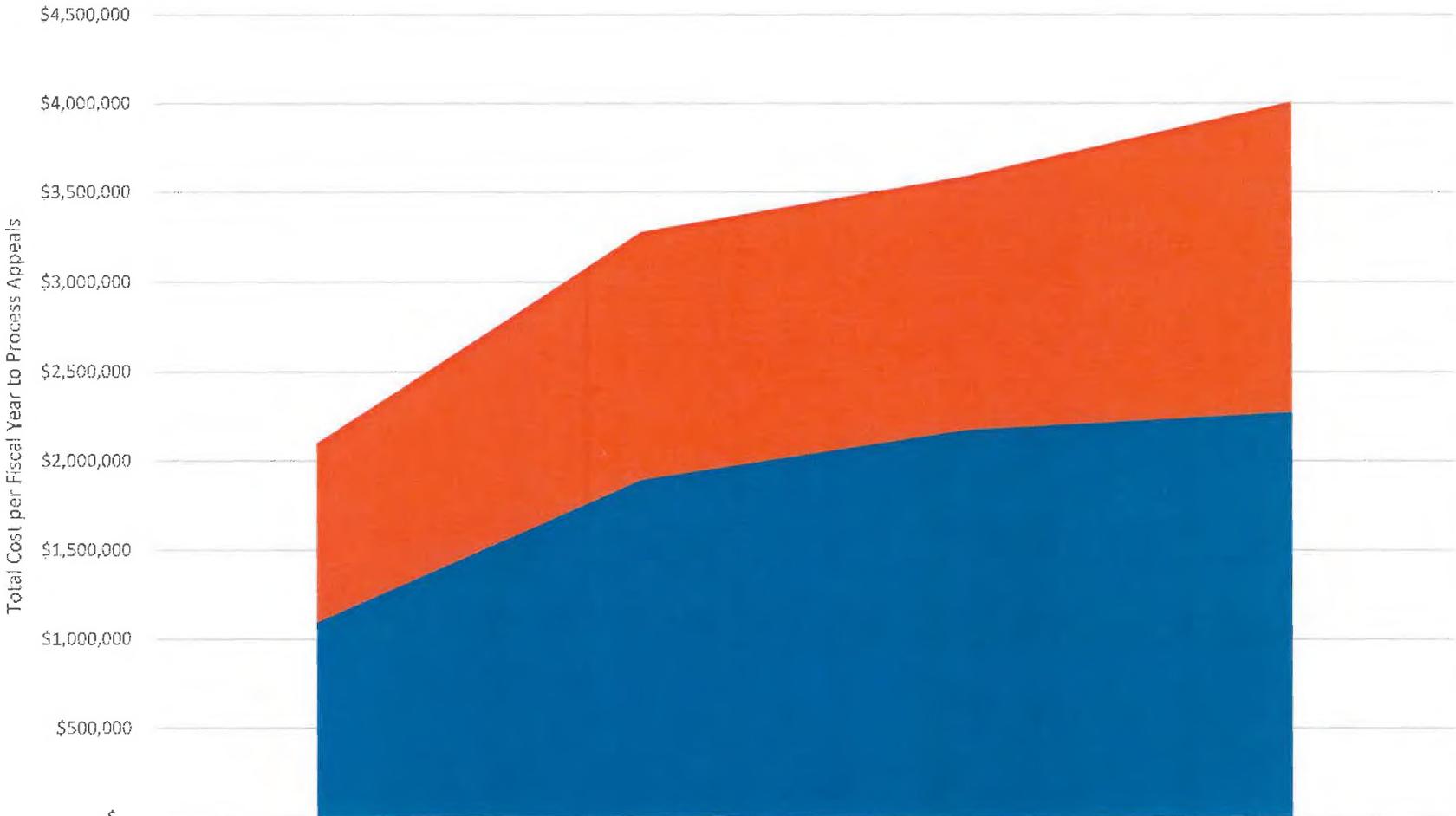
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
General Fund Subsidy	\$1,725,396	\$2,868,672	\$3,018,261	\$3,563,166
Fees Collected	\$372,994	\$407,524	\$569,309	\$444,082

General Fund Subsidy to Support Appeals per Fiscal Year - Option 3
 Assumes 50% Full Cost Recovery (\$6,769) for All Appeal Fees



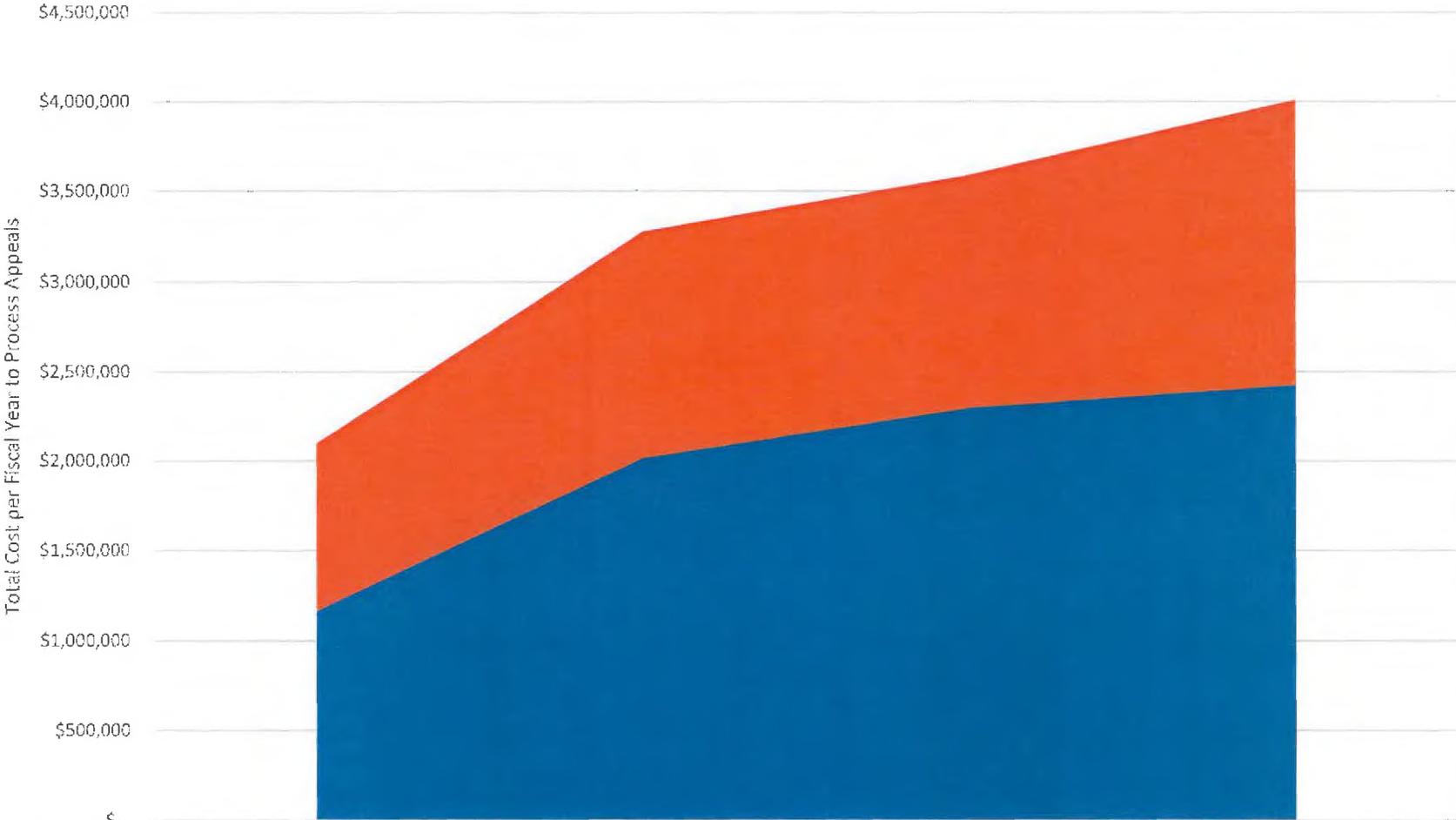
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
General Fund Subsidy	\$1,049,195	\$1,638,098	\$1,793,785	\$2,003,624
Fees Collected	\$1,049,195	\$1,638,098	\$1,793,785	\$2,003,624

General Fund Subsidy to Support Appeals per Fiscal Year - Option 4
 Assumes 50% of Non-Applicants Pay (\$271) and the
 Remaining 50% of Non-Applicants Pay the Lesser of \$13,538 or 85% of Application Fees



	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
General Fund Subsidy	\$1,003,490	\$1,382,028	\$1,414,623	\$1,734,054
Fees Collected	\$1,094,900	\$1,894,168	\$2,172,947	\$2,273,194

General Fund Subsidy to Support Appeals per Fiscal Year - Option 5
 Assumes 5% Pay the Lifeline (\$150) Fee, 20% Pay the Low Income (\$677) Fee, 25% Pay the Non-Hardship within 500ft (\$6,769) Fee, and 50% Pay the Outside 500ft (\$11,507) Fee



	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
General Fund Subsidy	\$933,962	\$1,261,209	\$1,290,955	\$1,582,461
Fees Collected	\$1,164,428	\$2,014,987	\$2,296,615	\$2,424,787

**Appeal Fees - Regional Comparison
July 2016**

Fee No.	Fee Description	Notes	LA City Current Fee	Burbank	Glendale	LA County	Long Beach	Pasadena
1	Appeal Fee - Applicant (first level appeal)		\$ 13,277	\$ 254	\$ 2,000	\$ 7,425	\$ 3,500	65% of original application fee
2	Appeal Fee - Applicant (addl level appeal)		\$ 11,211	\$254 Flat Fee	\$ 2,000	no comparison	no comparison	
3	Person other than the applicant		\$ 89	\$ 127	\$ 2,000	\$ 755	\$ 50	

Fees with a Recommended Increase Greater Than 50 Percent

ATTACHMENT D

Fee No.	Fee Description	Cost Recovery Analysis				
		Current Fee	DCP Recommended Fee Level / Deposit	DCP % from Current	CAO Recommended Fee Level / Deposit	CAO % from Current
Note - The CAO and DCP have different recommendations for the fees highlighted in blue.						
19.01 FILING FEES FOR APPLICATIONS AND APPEALS						
19.01 A	Establishment or Change of Zones, Height Districts or Supplemental Use Districts and Other Related Actions.					
2	Zone Change - With New Construction	\$ 5,747	\$ 20,229	252%	\$ 20,229	252%
6	Height District Change	\$ 11,123	\$ 19,270	73%	\$ 19,270	73%
19.01 B	Appeal Fees					
3	Person other than the applicant	\$ 89	\$ 271	204%	\$ 13,538	15111%
19.01 D	Variances, Adjustments or Modifications from the Regulations and Requirements of the Zoning Ordinances					
3	Adjustment by ZA for SF dwelling	\$ 2,685	\$ 4,322	61%	\$ 4,322	61%
19.01 J	Commission or Director Approvals					
1	Project Permit Compliance, Design Overlay Plan Approvals or other DIR cases - Minor	\$ 1,477	\$ 1,619	10%	\$ 3,239	119%
3	Project Permit Compliance, Design Overlay Plan Approvals or other DIR cases - Standard (SF)	\$ 1,622	\$ 3,782	133%	\$ 3,782	133%
5	Project Permit Compliance, Design Overlay Plan Approvals or other DIR cases - Major (SF)	\$ 2,393	\$ 6,500	172%	\$ 6,500	172%
6	Project Permit Compliance with DRB - Minor	\$ 2,496	\$ 2,842	14%	\$ 5,685	128%
7	Project Permit Compliance with DRB - Standard	\$ 4,167	\$ 6,500	56%	\$ 6,500	56%
8	Project Permit Compliance with DRB - Standard (SF)	\$ 2,083	\$ 3,250	56%	\$ 6,500	212%
10	Project Permit Compliance with DRB - Major (SF)	\$ 2,814	\$ 7,859	179%	\$ 7,859	179%
12	DRB - Preliminary for SF residential dwelling	\$ 1,522	\$ 2,241	47%	\$ 4,482	195%
17	Specific Plan Interpretation	\$ 2,994	\$ 2,921	-2%	\$ 5,841	95%

Fees with a Recommended Increase Greater Than 50 Percent

ATTACHMENT D

Fee No.	Fee Description	Cost Recovery Analysis				
		Current Fee	DCP Recommended Fee Level / Deposit	DCP % from Current	CAO Recommended Fee Level / Deposit	CAO % from Current
19.01 P	Modifications or Discontinuance of Use Pursuant to Nuisance Abatement Proceedings					
1	Imposition of Conditions (City Initiated)	\$ 26,680	\$ 58,354	119%	\$ 58,354	119%
2	Reconsideration (Applicant Initiated)	\$ 29,866	\$ 48,182	61%	\$ 48,182	61%
3	Plan Approval for Revocation Case	\$ 5,000	\$ 48,182	864%	\$ 48,182	864%
19.02 FILING FEES - DIVISION OF LAND AND PRIVATE STREET MAPS AND APPEALS						
19.02 A	Subdivision Maps					
17	Phasing of Map	\$ 545	\$ 6,978	1180%	\$ 6,978	1180%
19.02 E	Condominium Conversion for Subdivision and Parcel Maps					
1	Condominium Conversion for Parcel Maps - Residential - 1-4 Units	\$ 8,055	\$ 13,589	69%	\$ 13,589	69%
19.02 F	Map Related Fees					
1	Review or Revision of Tentative/Preliminary Map	\$ 889	\$ 2,543	186%	\$ 2,543	186%
6	Letter of Clarification or Correction (initiated by Applicant)	\$ 1,331	\$ 2,876	116%	\$ 2,876	116%
19.03 FEES FOR GENERAL PLAN CONSISTENCY						
3	Annexation, Zone Change and Associated costs for a General Plan Amendment for less than 400 dwelling units, 500,000 sq ft for C/I, or 250,000 for mixed use	\$ 46,357	\$ 83,938	81%	\$ 83,938	81%
19.04 FEES FOR SIGN OFF REQUESTS						
1	Public Benefit Project (sign off for by-right project)	\$ 338	\$ 1,437	325%	\$ 1,437	325%
3	Miscellaneous Clearance - ZA SF dwellings with no exceptions	\$ 861	\$ 2,155	150%	\$ 2,155	150%
6	Miscellaneous Clearance - Director	\$ 745	\$ 2,251	202%	\$ 2,251	202%
7	Miscellaneous Clearance - Commission	\$ 647	\$ 1,245	92%	\$ 1,245	92%
9	Landscape per tract	\$ 199	\$ 862	333%	\$ 862	333%

Fees with a Recommended Increase Greater Than 50 Percent

ATTACHMENT D

Fee No.	Fee Description	Cost Recovery Analysis				
		Current Fee	DCP Recommended Fee Level / Deposit	DCP % from Current	CAO Recommended Fee Level / Deposit	CAO % from Current
19.05 FILING FEES FOR ENVIRONMENTAL CLEARANCES						
19.05 A Fees						
1. Environmental Clearances Except EIRs						
1	Categorical Exemption	\$ 81	\$ 373	360%	\$ 373	360%
2	EAF/Initial Study leading to ND or MND or any other State exemptions	\$ 2,280	\$ 5,774	153%	\$ 5,774	153%
3	MND - Expanded / Initial Study	\$ 1,953	\$ 11,134	470%	\$ 11,134	470%
4	Reconsideration Addendum or Supplemental to Prior Environmental Determination	\$ 703	\$ 1,909	172%	\$ 1,909	172%
19.06 FILING FEES FOR COASTAL DEVELOPMENT PERMITS						
1	Coastal Development Permit - SF and MF residential dwelling	\$ 7,057	\$ 13,753	95%	\$ 13,753	95%
2	Coastal Development Permit - SF residential dwelling with no exceptions	\$ 3,528	\$ 13,753	290%	\$ 13,753	290%
3	Coastal Development Permit - Non-residential	\$ 7,798	\$ 13,753	76%	\$ 13,753	76%
4	Coastal Development Permit - Exemption Determination	\$ 684	\$ 1,437	110%	\$ 1,437	110%
7	Coastal Development Permit - Amendment with no exceptions	\$ 3,228	\$ 5,517	71%	\$ 5,517	71%
8	Coastal Development Permit - Mello Compliance Review - City Review	\$ 828	\$ 6,547	691%	\$ 6,547	691%
19.09 PROJECT DEVELOPMENT AND COUNSELING SERVICES						
2	Zoning Pre-Check (per project, per request)	\$ 432	\$ 1,149	166%	\$ 1,149	166%
3	Pre-development Meeting					
	Per meeting	\$ 432	\$ 1,724	299%	\$ 1,724	299%
	Technical Counseling (per meeting)	\$ 432	\$ 862	100%	\$ 862	100%