

## City of Alexandria, Virginia

## MEMORANDUM

DATE: MAY 8, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: REVISED PLANNING AND ZONING FEES

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**ISSUE:** Adoption of proposed fee increases charged by the Department of Planning and Zoning for various land use and development applications.

**RECOMMENDATION:** That the City Council adopt the attached proposed fees (Attachment 1). The City Attorney has advised us that a resolution is not required for this fee increase.

**BACKGROUND:** During discussions on the FY 2009 budget, staff prepared information on potential increases in Planning and Zoning fees. These revised proposed fees are intended to better offset the costs associated with additional staff needed to support the Department of Planning and Zoning's work program, particularly in the areas of development review, neighborhood planning and historic preservation.

The authority for establishing Planning and Zoning fees is established in the City Charter, Section 2.07, which provides that "[w]henever in the judgment of the council it is advisable in the exercise of any of the powers of the city or in the enforcement of any ordinance or regulation, it may establish and collect such fees as it may determine to be reasonable for the rendering of city services." There is also language in Section 11-104 of the City of Alexandria Zoning Ordinance which provides that the Director of Planning shall by general rule, approved by City Council, establish a schedule of fees required for each application for development approval.

The City last revised Planning and Zoning fees comprehensively in 2002. At that time, a detailed analysis of staff costs to process land use applications was completed. The analysis showed that the costs for staff to process applications was much greater than the fees charged as well as fees proposed at that time. A review of the analysis shows that staff costs today continue to be substantially higher than the fees charged for processing applications. In 2006, the Department of Planning and Zoning recommended revising a limited number of development and land use application fees, including final site plan fees. City Council adopted these increased fees in February 2006.

The current recommendation is to increase a variety of development and historic preservation application fees. Development fees to be increased would include fees for preliminary and final subdivision applications, CDD Concept Plans, Preliminary and Final Development Site Plans and Amendments, and Transportation Management Plans. There would be no increases in fees for non-development applications, as these fees were revised in 2006. Proposed fee changes for historic district applications would include increases in all categories (see Attachment 1).

The proposed fee increases are in accordance with the same principles used in 2002 to guide staff in determining appropriate fees. These principles include:

- Maintaining a balance between cost recovery through fees and the general public benefit of development services that should be financed by the General Fund.
- Keeping Alexandria's fees below the highest fees charged by other Northern Virginia jurisdictions in most fee categories.
- Retaining, to the degree possible, the relative ease of administration associated with the current fee structure.
- Avoiding disproportionately impacting small businesses and homeowners within the City.

Revenue from increased development fees and historic preservation fees would account for approximately \$600,000 annually based on the number of cases processed in 2007. It is estimated that approximately \$410,000 would come from increases in development fees and an additional \$190,000 through increased historic district fees for applications such as residential and commercial demolitions, alterations, and new buildings, including those that require a Development Special Use Permit (DSUP). The amount of fees actually collected will vary depending on the actual number of cases submitted.

**DISCUSSION:** The level of development activity over the next several years will continue to be higher than the historical level of the late 1990's and early 2000's. Development applicants are using the downturn in the economy to obtain development approvals, in the hope that by the time approvals are secured, economic conditions will have improved and development activity can proceed. With the emphasis on coordination of development review with adopted small area plans, staffing of the City's neighborhood/small area planning division will be crucial to achieving consistency in the planning and development process. With regard to historic preservation applications, due to the complexity and number of applications and the research required to analyze each case, additional staff is needed to provide timely response to applicants, the BAR and the community. Funds raised from increased BAR fees will help provide additional staff to respond in a timely and thorough manner. These new fees will help recover more of the City's cost for staff time required to process development and land use applications, and construction documents. For historic preservation cases, these fee increases will help fund two additional planning staff in the historical preservation area.

The Schedule of Proposed Fee Increases is shown on Attachment 1. A table of the Projected Revenues for the BAR Fee Increases is shown on Attachment 2. A table of the Projected Revenues for the Development Fee Increases is shown on Attachment 3.

**FISCAL IMPACT:** The fiscal impact of the proposed fee changes would result in additional revenue of approximately \$600,000 in FY 2009. The fees would be effective immediately in order to prevent a rush of applications before July 1.

**ATTACHMENTS:**

Attachment 1 - Planning and Zoning Fee Schedule Changes

Attachment 2 - Anticipated FY 2009 Revenues from BAR Fee Increases

Attachment 3 - Anticipated FY 2009 Revenues from Development Fee Increases

**STAFF:**

Faroll Hamer, Director, Planning and Zoning

Bruce Johnson, Director, Management and Budget

Fee Type		Current Fee	Proposed Fee
<b>Historic Preservation Fees</b>			
Demolition/Encapsulation with alteration	Residential	100	250
	Commercial	100	500
	with DSP/DSUP	0	2,500
Demolition/Encapsulation with addition	Residential	100	200
	Commercial	200	1,000
	with DSP/DSUP	0	2,000
Complete demolition	Residential	1,000	2000
	Commercial	1,000	2500
	with DSP/DSUP	0	10,000
New Buildings	Residential	800	1,200 + \$1/sf
	Commercial	1,500	2,000 + \$1/sf
	with DSP/DSUP	0	5,000 + \$1/10sf
Appeal to City Council	Residential	150	200
	Commercial	150	200
	with DSP/DSUP	0	200
Alterations with construction	Residential	50	250
	Commercial	100	300
	with DSP/DSUP	0	2,500
Alterations, no construction	Residential	50	150
	Commercial	100	300
	with DSP/DSUP	0	1,500
Waiver (Vision Clearance/HVAC Screens)	Residential	50	100
	Commercial	100	200
	with DSP/DSUP	0	1,000
Signs	Residential	50	250
	Commercial	100	500
	with DSP/DSUP	0	2,500
Addition	Residential	500	1,000 + \$1/sf
	Commercial	800	1,600 + \$1/sf
	with DSP/DSUP	1,000	3,000 + \$1/10sf
Revised Applications beyond the 2nd rev		0	150
Deferral beyond the 2nd hearing		0	150
Administrative Approvals - Residential		0	75
Administrative Approvals - Commercial		0	150
Minor Amendment	Residential	0	150
Minor Amendment	Commercial	0	300
Minor Amendment	with DSP/DSUP	0	500
<b>Development Fees</b>			
Preliminary Subdivision		\$500 + \$30/lot	\$2,000 + \$500/lot
		\$1,500 + \$30/lot	\$3,000 + \$500/lot
Final Subdivision		\$350 + \$250/lot	\$1,000 + \$500/lot
		\$1,000 + \$250/lot	\$2,000 + \$500/lot
CDD Concept Plan		\$1,000 + \$2/100sf, \$20,000 maximum	\$2,000 + \$10/100sf, \$30,000 maximum
Development Site Plan/SUP		\$1,000 + \$2/100sf, \$20,000 maximum	\$2,000 + \$10/100sf, \$30,000 maximum
	resubmission beyond 1st completeness	fee above + \$1,000	fee above + \$2,000
	revised application	fee above + \$150	fee above + \$500
	deferred application	fee above + \$150	fee above + \$500
Development Site Plan/SUP Amendment		\$1,000 + \$2.50/100sf	\$2,000 + \$10/100sf
Transportation Management Plan SUP		\$10/1,000sf	\$100/1,000sf
Final Site Plans #1 only		\$2,000 & \$8/100sf, \$20,000 maximum	\$3,000 & \$12/100sf, \$30,000 maximum

Fee Type	#FY07 Cases	Current Fee	Revenue Based on Current Fee	Proposed Fee	Revenue Based on Proposed Fee	Additional Revenue
Demolition/Encapsulation with alteration - Residential	27	100	2,700	250	6,750	4,050
Demolition/Encapsulation with alteration - Commercial	8	100	800	500	4,000	3,200
Demolition/Encapsulation with alteration - DSP/DSUP	0	0	0	2,500	0	0
Demolition/Encapsulation with addition - Residential	18	100	1,800	200	3,600	1,800
Demolition/Encapsulation with addition - Commercial	2	200	400	1,000	2,000	1,600
Demolition/Encapsulation with addition - DSP/DSUP	0	0	0	2,000	0	0
Complete demolition - Residential	5	1,000	5,000	2000	10,000	5,000
Complete demolition - Commercial	8	1,000	8,000	2500	20,000	12,000
Complete demolition - DSP/DSUP	1	0	0	10,000	10,000	10,000
New Buildings - Residential <sup>1</sup>	4	800	3,200	1,200 + \$1/sf	7,300	4,100
New Buildings - Commercial <sup>1</sup>	2	1,500	3,000	2,000 + \$1/sf	6,500	3,500
New Buildings - DSP/DSUP <sup>2</sup>	1	0	0	5,000 + \$1/10sf	5,500	5,500
Appeal to City Council - Residential	4	150	600	200	800	200
Appeal to City Council - Commercial	3	150	450	200	600	150
Appeal to City Council - DSP/DSUP	1	0	0	200	200	200
Alterations with construction - Residential	55	50	2,750	250	13,750	11,000
Alterations with construction - Commercial	19	100	1,900	300	5,700	3,800
Alterations with construction - DSP/DSUP	1	0	0	2,500	2,500	2,500
Alterations, no construction - Residential	55	50	2,750	150	8,250	5,500
Alterations, no construction - Commercial	19	100	1,900	300	5,700	3,800
Alterations, no construction - DSP/DSUP	0	0	0	1,500	0	0
Waiver (Vision Clearance/HVAC Screens) - Residential	4	50	200	100	400	200
Waiver (Vision Clearance/HVAC Screens) - Commercial	4	100	400	200	800	400
Waiver (Vision Clearance/HVAC Screens) - DSP/DSUP	1	0	0	1,000	1,000	1,000
Signs - Residential	0	50	0	250	0	0
Signs - Commercial	40	100	4,000	500	20,000	16,000
Signs - DSP/DSUP	0	0	0	2,500	0	0
Addition - Residential <sup>3</sup>	25	500	12,500	1,000 + \$1/sf	25,500	13,000
Addition - Commercial <sup>3</sup>	8	800	6,400	1,600 + \$1/sf	13,300	6,900
Addition - DSP/DSUP <sup>4</sup>	0	1,000	0	3,000 + \$1/10sf	0	0
Revised Applications beyond the 2nd revision*	40	0	0	150	6,000	6,000
Deferral beyond the 2nd hearing	86	0	0	150	12,900	12,900
Administrative Approvals - Residential*	350	0	0	75	26,250	26,250
Administrative Approvals - Commercial*	175	0	0	150	26,250	26,250
Minor Amendment - Residential*	15	0	0	150	2,250	2,250
Minor Amendment - Commercial*	10	0	0	300	3,000	3,000
Minor Amendment - SUP/DSUP*	4	0	0	500	2,000	2,000
<b>Totals</b>			<b>\$58,750</b>		<b>\$252,800</b>	<b>\$194,050</b>

\*Estimated number of FY07 cases

<sup>1</sup>Based on an average of 2500 sqft per application

<sup>2</sup>Based on an average of 5000 sqft per application

<sup>3</sup>Based on an average of 500 sqft per application

<sup>4</sup>Based on an average of 1000 sqft per application

Type of Application	Annual # of Cases (FY07)	Current Fee	Revenue based on Current Fee (using FY07 as base)	Proposed Fee	Revenue based on Proposed Fee (using FY07 as base)	Additional Revenue
Preliminary Subdivision	9 cases with a total of 22 lots	\$500 plus \$30/lot for < 10 lots	\$5,160	\$2,000 + \$500	\$29,000	\$23,840
	2 cases with a total of 31 lots	\$1,500 plus \$30/lot for 10 or greater lots	\$3,930	\$3,000 + \$500/lot	\$22,120	\$18,190
Final Subdivision	2	\$350 for < 10 lots plus \$250 for each review beyond second	\$700	\$1,000 + \$500	\$2,000	\$1,300
	2	\$1,000 for 10 or more lots plus \$250 for each review beyond second	\$2,000	\$2,000 + \$500	\$4,000	\$2,000
CDD Concept Plan	No CDD fees collected in FY07; 2 cases expected in FY08 at appx. 842,012	\$1,000 plus \$2.00/100 SF, maximum \$20,000 or if prelim app filed with concept app, 50% of this amount	\$17,840	\$2,000 + \$10/100 SF, \$30,000 maximum	\$60,000	\$42,160
Development Site Plan/SUP	9 at 972,799 sq ft	\$1,000 Plus \$2.00/100 SF, maximum \$20,000	\$28,456	\$2,000 + \$10/100 SF, \$30,000 maximum	\$115,280	\$86,824
	1	plus \$1,000 for resubmission beyond first completeness	\$1,000	plus \$2,000	\$2,000	\$1,000
		plus \$150 revised application	\$0	plus \$500	\$0	\$0
		plus \$150 deferred application	\$0	plus \$500	\$0	\$0
Development Site Plan/SUP Amendment	9 with no additional floor area.	\$1,000 Plus \$2.50/100 SF of additional floor area	\$9,000	\$2,000 + \$10/100 SF	\$18,000	\$9,000
Transportation Management Plan SUP	495,043 sq ft	\$10 Per 1,000 SF	\$4,950	\$100/1,000 SF	\$49,504	\$44,554
Final Site Plans #1 only	12 at 2,456,981 sq ft	\$2,000 & \$8/100 SF, with a \$20,000 maximum*	\$148,988	\$3,000 & \$12/100 SF, \$30,000 maximum**	\$338,988	\$190,000
			\$222,025		\$640,892	\$418,868

\* Actual fees collected in FY07, reflecting that 5 of the 12 plans reached the \$20,000 maximum.

\*\* Assuming 5 plans total 400,000 sq ft each and reach the maximum of \$30,000, the net fee increase would be would be decreased by approximately \$48,000, from \$410,097 to \$362,097.