

COUNCIL ACTION FORM

SUBJECT: **FY 2016/17 SIGN PERMIT FEE ADJUSTMENT**

BACKGROUND:

The Inspection Division is currently working on the design process for the new permitting software. While reviewing the entire Inspection fee permitting process, an attempt was made by staff to try to streamline the customer's experience as much as possible and make the fees easier to understand for the customer. Staff has recognized that there are currently two different permit fees assessed for sign permits, as follows:

Non-illuminated	\$63.85
Illuminated	\$90.65

It is unknown why sign fees were initially differentiated between illuminated and non-illuminated. Staff time necessary to issue a sign permit is the same, regardless of the illumination.

Staff also reviewed the average time necessary to issue a typical sign permit. Based on the current and anticipated average time required of the Community Codes Liaison, Administrative Support Services, and the Finance Division (which may include educating the customer, answering sign questions at Development Review Committee meetings, entering the information into the data management system, and mailing the forms to the customer), **the average cost to issue a sign permit equates to \$106.18 per permit.**

Sign permit fees were last increased in FY 2012/13, where all building fees were raised approximately 3% to cover the increasing costs of the Division. Based on an average of the last two years of sign permits issued and fees collected, if the Division were to continue to maintain a two-tier fee approach, it would mean an average shortfall of approximately \$5,262.

If the costs of both non-illuminated and illuminated were established at \$90.65, it would equate to an increase of approximately 42% for the non-illuminated sign fees. However, this would reduce the shortfall to an average of just under \$3,000 to the sign program budget. Thus, staff recommends that the fee for signs (both illuminated and non-illuminated) be one fee.

Illuminated and non-illuminated	\$90.65
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ALTERNATIVES:

1. Make no changes and keep the two sign permit fees at the current levels.
2. Establish one fee for both illuminated and non-illuminated sign fees at the higher of the two rates: \$90.65.
3. Establish one fee for both illuminated and non-illuminated sign fees at the lower of the two rates: \$63.85.
4. Establish one fee for both illuminated and non-illuminated sign fees at the rate necessary for the program to remain cost neutral: \$106.18.

MANAGER'S RECOMMENDED ACTION:

Because the two fees can be confusing for the customer and tends to be more cumbersome in completing the on-line submittal process that will soon be implemented, establishing one fee could help simplify the process for the customer. Though this will be an increase for non-illuminated sign permits, the general fund will still be subsidizing a portion of the sign program. However, this change in fees will allow for a modest increase in the future, should Council decide it wanted the sign program to become more cost neutral.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 2, thereby approving the establishment of one fee for both illuminated and non-illuminated sign fees at the new rate of \$90.65.