



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Harry Freitas  
Ruben Torres

**SUBJECT: PLANNING AND FIRE  
DEVELOPMENT FEE STUDY**

**DATE:** May 21, 2014

Approved

Date

5/21/14

## BACKGROUND

The 2014-2015 Proposed Operating Budget includes funding of \$150,000 (to be equally shared between the Fire and Planning Development Fee programs) for a consultant to conduct a fee study for the Fire and Planning Development Fee programs. As requested during the May 12, 2014 Fees and Charges Budget Study Session, this Manager's Budget Addendum (MBA) provides information on the scope of work pertaining to the fee study to be conducted, as well as the timeframe associated with the proposed fee study.

## ANALYSIS

The funding recommended for this fee study would be used to hire a consulting firm to analyze staffing levels and mix, hourly rates, document business processes, conduct a benchmark comparison of fees to other large and neighboring jurisdictions, and provide recommendations to adjust Planning and Fire fees accordingly. In addition, the consulting firm and City staff would conduct regular outreach with the developer community and obtain feedback on study recommendations prior to returning to City Council.

Currently, staff is drafting the scope of work for the fee study and will incorporate this scope into the standard Request for Proposal (RFP) template used throughout the City. This RFP is anticipated to be issued on or before September 1, 2014, with the selected consulting firm anticipated to begin working in December 2014. Staff estimates the study will be completed in the fall 2015, after which time any recommended fee adjustments will be brought forward for City Council approval as part of the 2016-2017 Proposed Budget process.

The proposed scope of work for this study includes the following to be performed for both the Fire and Planning Development fees:

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- Prepare a detailed analysis of the current business processes through data collection and staff interviews. Data collection and interviews shall be conducted by staff experienced in and/or knowledgeable of Planning and Fire services.
- Conduct benchmark surveys of large and neighboring jurisdictions comparable to San José in terms of size, scope of programs, levels of service, and costs of service.
- Prepare extensive qualitative and quantitative analysis of all aspects of Planning and Fire operations, processes, and services such as cycle times and case management systems to manage length of time required to process.
- Evaluate operations and services in the context of 'best practices' developed by the project team. Assess and review current approaches to improve delivery of services by identifying strengths and improvement opportunities to reduce delays and eliminate defects.
- Conduct regular outreach throughout the study to inform and obtain feedback from developers and the community. This outreach and feedback would be used to refine the consultant's recommendations and validate the study results. Outreach would be provided regularly to the San José Silicon Valley Chamber of Commerce, as well as at the Developers and Construction Roundtables. In addition, staff would obtain feedback from the San José/Silicon Valley chapters of the American Institute of Architects (AIA); the Building Industry Association (BIA); the Building Owner's and Management Association (BOMA); the National Association of Industrial and Office Properties (NAIOP); and National Association of the Remodeling Industry (NARI).

### **COORDINATION**

This memorandum was prepared in coordination with the City Manager's Budget Office.

/s/  
RUBEN TORRES  
Interim Fire Chief

/s/  
HARRY FREITAS, DIRECTOR  
Planning, Building and Code Enforcement

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