

*Andrew Klein*

<b>FROM</b>	<b>NAME &amp; TITLE</b>	Andrew W. Kleine, Chief
	<b>AGENCY NAME &amp; ADDRESS</b>	Bureau of the Budget and Management Research Room 469, City Hall (396-4941)
	<b>SUBJECT</b>	City Council Bill # 11-0665 –Planning Fee Updates

CITY of  
BALTIMORE  
**MEMO**



**TO** The Honorable President and  
Members of the City Council  
C/O Karen Randle  
Room 409, City Hall

**DATE:** March 16, 2011

Attention: Karen Randle

**Synopsis of Proposed City Council Bill**

CCB 11-0665 authorizes changes to planning fees in accordance with the City’s new fee policy.

**Analysis**

On January 26, 2011, the Baltimore City Board of Estimates passed a fee policy. Included in that fee policy were several changes to City fees. This bill is being introduced to the Baltimore City Council for fee changes that are encompassed within the new fee policy that require City Council approval.

**BACKGROUND/EXPLANATION:**

In an effort to implement a transparent fee policy, the City contracted with Public Financial Management (PFM) in 2008 to perform a cost analysis of City fees. PFM developed a fee inventory of over 2,000 fees utilized by the City. They examined in depth 300 fees in the areas of development, public safety, health and environmental protection. The analysis utilized Activity Based Costing (ABC) to determine the cost of fees in eight City agencies. ABC is a costing technique that identifies both the direct and indirect costs of a specific task or activity. For example, a Fire Department inspection of a sprinkler protection system includes not only the cost associated with the inspector performing the inspection, but also costs associated with travel, equipment, supervision, clerical support and other overhead, and employee fringe benefits. ABC identifies these costs and allocates them to the specific performance of a given task, resulting in a per unit cost for the task or activity.

Additionally, PFM collected data on comparable fees in the jurisdictions of Anne Arundel, Baltimore and Howard counties and the cities of Austin, Indianapolis, Memphis, Minneapolis and Portland. A steering committee of senior City officials reviewed the data and made final recommendations.

The steering committee’s recommendations include the following changes proposed for Board approval:

- 5 of the 55 fees are recommended new fees

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- 43 of the 55 fees are recommended to be increased
- 7 of the 55 fees are recommended to be decreased
- Establish the *City of Baltimore User Fee Policy*.

It is important to have a transparent approach to fees for the City. In reviewing these fees, we have found instances where fees have not been changed since 1985, while others were changed just recently. Failing to regularly adjust all fees for changes in cost creates inconsistency in the manner in which fees are administered. Under the proposed fee policy, all fee rates will be kept current and tied to the cost of providing the service.

### *Fee Change Summary*

#### Planning Department

There are six fee changes for the Planning Department that require City Council approval. The proposed legislation will change the Major Subdivision Review fees for both commercial and residential applications bringing the fees in line with the cost of providing the service.

#### **Fiscal Impact**

The change in revenue is estimated at an additional \$22,975 annually.

Department	Fee Title	Current Fee (\$)	Cost/Unit (\$)	Steering Committee Proposed Fee (\$)	Units	Current Calculated Revenue (\$)	Steering Committee Proposed Revenue (\$)	Steering Committee Recommended Increase/ (Decrease) in Revenue (\$)
Department of Planning	Major Subdivision Review - Commercial - Per Acre	150	5,007.62	200	0	\$0	\$0	\$0
Department of Planning	Major Subdivision Review - Commercial - Minimum	500	5,007.62	750	5	\$2,500	\$3,750	\$1,250
Department of Planning	Major Subdivision Review - Commercial - Maximum	2000	5,007.62	3000	3	\$6,000	\$9,000	\$3,000
Department of Planning	Major Subdivision Review - Residential - Lot	50	5,007.62	75	0	\$0	\$0	\$0
Department of Planning	Major Subdivision Review - Residential - Minimum	275	5,007.62	350	23	\$6,325	\$8,050	\$1,725
Department of Planning	Major Subdivision Review - Residential - Maximum	1000	5,007.62	2000	17	\$17,000	\$34,000	\$17,000
<i>Planning</i>						\$31,825	\$54,800	\$22,975

**Recommendation**

The Finance Department urges passage of this bill.

Cc: Edward J. Gallagher  
Angela Gibson  
William Voorhees

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