



Montgomery County Department of Park and Planning

THE MARYLAND NATIONAL CAPITAL  
PARK AND PLANNING COMMISSION

8787 Georgia Avenue  
Silver Spring, Maryland 20901

MCPB  
Item:  
Date:

## Memorandum

TO: Montgomery County Planning Board

Via: Faroll Hamer, Acting Director

FROM: Bill Mooney, Acting Deputy Director  
Rose Krasnow, Chief, Development Review

SUBJECT: Development Review Fees - Revisit and Adjust

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**Recommendation:** Staff recommends that the Board make several adjustments to the fee schedule approved March 2, 2006. Specifically, changes are needed with respect to the fees per unit for preliminary plans, the fees for commercial square footage for both preliminary and site plans, and the fees that are being charged for certain amendments.

### Analysis:

On March 2, 2006, the Board approved a fee schedule that was recommended by staff. The fee schedule that was proposed at that time looked to achieve several objectives, including the following:

- 1) Wherever possible, simplify the fee schedule
- 2) Insure that smaller projects are not overburdened by the new fees, and
- 3) Collect enough in fees to more fully recover the true cost of development review, as directed by the County Council. In the past, fees were set at a level that sought to cover only those hours that staff were charging directly to plan review, whether those staff members were in DRD, Community Based Planning, Park Development, or County-wide Planning. The Council suggested that the full range of costs, including administrative support, space, overhead, and legal, should be recovered through fees. Since the new fees also needed to cover the additional positions funded as part of the '06 supplemental budget request, along with cost-of-living and merit increases for current staff, it quickly became clear that the fee increases would be quite large. The fees approved by the Board on March 2<sup>nd</sup> were expected to generate approximately \$3.7 million, or \$2 million more than the prior fee schedule had generated.

However, as staff began to apply the newly adopted fees to incoming applications, a number of inconsistencies were discovered that were deemed significant enough in scope that a decision was made to postpone the implementation of the new fees so that the matter could be brought back to the Board for further review.

The concerns that were uncovered are outlined below:

- 1) In the past, preliminary plan fees for residential dwelling units were set in such a way that for projects of 1 - 9 units or 10 - 40 units, only a base fee was charged. Once a plan reached 50 dwelling units, a base fee and a per unit fee of 30 dollars was charged. Staff recommended establishing one base fee of \$1500 for all residential plans and a per unit fee of \$365 no matter how many dwelling units were involved. Up to a certain point, the overall increase in fees that was generated by this new formula fell within the 300 to 400% fee increase that staff expected to achieve. However, the impact on projects larger than 100 dwelling units proved to be far more significant. Therefore, staff is now recommending that a per unit fee of \$365 be charged for the first 100 units, with a fee of \$100 dollars per unit for each dwelling over 100.
- 2) Staff recommended that a single base fee for commercial square footage be charged and set that base fee considerably lower than what had been charged in the past. At the same time, it was recommended that the fee charged per square foot be tripled from two cents per square foot to six cents. However, the overall effect of this change was actually to lower the dollar amount being collected in fees for commercial square footage, whether at preliminary plan or at site plans. Even after tripling the amount charged per square foot, the charge is still so low that it failed to offset the reduction in the base fee. The base fees set for commercial square footage should have been increased, not decreased. Therefore, staff is now recommending base fees that are actually larger than those assessed in the past and recommends that the square footage amount be increased to fifteen cents. Applying these new rates to actual projects reveals that the total increase in fees collected for commercial square footage will fall within the range of increase anticipated from adjustments made to all the other fees.
- 3) Amendments to plans have traditionally been charged the same fees as a new plan. Minor amendments were often done at the staff level, and often, no fees were collected. About six months ago, staff started charging between \$300 and \$1500 for minor amendments. The new fee schedule recommends that the fee for a minor (consent agenda) amendment be fixed at \$1500. However, minor amendments are only appropriate when the modification(s) requested do not change any of the conditions set by the Board. On many occasions, particularly during this time of increased scrutiny, applicants recognize that they need to modify a single condition

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related to the Board's approval. Staff has been bringing those back as "Limited Amendments." Staff recommends that the fees for a limited amendment be set at half of that for a major amendment. The chart below shows this more specifically:

Description of Amendment	Amount to be paid
<ul style="list-style-type: none"><li>Plans submitted for major amendments.</li><li>Any amendment submitted as a plan of compliance or to correct violations.</li></ul>	Same as a new application
<ul style="list-style-type: none"><li>Plans submitted for a limited amendment.</li></ul>	50 percent of the amount of a new application
<ul style="list-style-type: none"><li>Minor amendments</li></ul>	\$1500

Staff believes that modifying the new fee structure as proposed above will not have a significant impact on the stated goal of collecting approximately \$3.7 million to cover more fully the cost of development review. Of course, without knowing the number of plans that will be submitted, or their size, there is no way to provide any certainty to this calculation. It is staff's hope to apply the new fee schedule as of May 1, 2006. Staff will then review the amount collected in the last two months of FY' 06 to see if the revenues appear to be on track to cover the necessary costs. If necessary, staff will bring the matter of fees back to the Board at the beginning of the new fiscal year.

Attachment: Revised Fee Schedule