



WASHOE COUNTY

"Dedicated To Excellence in Public Service"

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CM/ACM	<u>KS</u>
Finance	<u>DN</u>
DA	<u>✓</u>
Risk Mgt.	<u>N/A</u>
Comptroller	<u>CH</u>
Clerk	<u>CS</u>

STAFF REPORT BOARD MEETING DATE: June 28, 2016

DATE: June 13, 2016

TO: Board of County Commissioners

FROM: Bob Webb, Planning Manager, Planning and Development Division
Community Services Department, 328-3623, bwebb@washoecounty.us

THROUGH: Kevin Schiller, Assistant County Manager
Manager's Office, 328-2016, kschiller@washoecounty.us

SUBJECT: Possible action to adopt a Regional Technology Fee pursuant to NRS 354.790 for the Regional License and Permit Platform and, if approved, authorize the Chair to sign a Resolution adopting a Regional Technology Fee for the Regional License and Permit Platform with an effective date of when the Regional License and Permit Platform is available for citizens to use through Accela Customer Access (no earlier than August 22, 2016). The fee would apply to customers using the new online Regional License and Permit Platform being created for the purpose of expediting and enhancing access to the county's licensing and permitting processes, including business licenses and building permits. The proposed fee in any case would be a minimum of \$1 and otherwise would apply (1) to all business licenses at the time of license application and for each license renewal as follows: \$2.75 for annual licenses, \$2 for quarterly licenses; and (2) to all other permits including permit renewals (includes building, engineering, planning, and utility permits) as follows: 4% of the total permit cost to include permit renewal.(All Commission Districts.)

SUMMARY

Adoption of a Regional Technology Fee for the Regional License and Permit Platform. Authorization for the Chair to sign a Resolution adopting the Regional Technology Fee with an effective date of when the Regional License and Permit Platform is available for citizens to use through Accela Customer Access (no earlier than August 22, 2016).

Washoe County Strategic Objectives supported by this item: Proactive Economic Development and Diversification.

PREVIOUS BOARD ACTION

The Board of County Commissioners (Board) heard a report from staff on March 25, 2014 concerning progress towards awarding the Regional License and Permits Platform contract to Accela, Inc. That report included a description of meetings held with the Builder's Association of Northern Nevada, the Association of General Contractors, the

Chamber, and all jurisdictions' business license customers on the proposed regional technology fee.

The Board approved an Interlocal Cooperative Agreement on June 17, 2014 establishing the Regional Business License and Permit Program among Washoe County, the City of Reno, the City of Sparks, and the Washoe County Health District. The Board further approved a contract with Accela, Inc. totaling \$1,580,074.66 for the Program (total project budget of \$1,667,444.32), and directed staff to return prior to project implementation with a regional technology fee to recover portions of the project's costs with the fee to only be implemented after go-live of the platform.

The Board approved a change order in the amount of \$148,000 from the Regional License and Permit Platform Vendor, Accela, Inc., to extend the contract until the project's go-live date of August 22, 2016. The change order action included approving Washoe County's \$67,636 share of the total change order; authorizing the Comptroller's Office to bill the Cities of Reno and Sparks for their share of the total change order; authorizing the use of \$33,300 from the contract's approved contingency funds for platform payments in January and February of 2016; and, directing project management staff to execute the change order only after the City Councils of Reno and Sparks approved their respective shares of the total change order (both Councils approved their change order shares subsequent to the Board's action).

The Board adopted the Business Impact Statement on June 21, 2016 for the Regional License and Permit Platform with a finding that the proposed Regional Technology Fee does not impose a direct and significant economic burden on a business; or does the proposed fee directly restrict the formation, operation or expansion of a business.

On June 21, 2016, the Board held the introduction and first reading of an ordinance amending Chapter 100 of the Washoe County Code by (1) adding thereto a provision decreasing fees for various building permits, including general building permits, other inspection and permit fees, and plan review fees, (2) adding a new category of fees for projects with a value in excess of \$10,000,000.00, (3) increasing the fee for the renewal of all permits other than building permits to 100% of the original permit cost, and (4) providing other matters necessarily connected therewith and pertaining thereto; and set the public hearing for second reading and possible adoption to be held on July 12, 2016.

BACKGROUND

REGIONAL LICENSE AND PERMIT PLATFORM

The City of Reno, the City of Sparks, the Washoe County Health District, and Washoe County have been cooperatively seeking a new regional license and permit platform (program) since April of 2012. The regional team released a Request for Proposal (RFP) in late 2013. After going through a formal requirements and presentation process, the regional team selected Accela, Inc. as the preferred vendor for the platform in April of 2014. The Board approved the contract with Accela, Inc. on June 17, 2014.

The new regional license and permit platform will replace the current Permits Plus permit program for the City of Sparks, Washoe County, and the Health District; and, the current

Permits Plus business license program for Washoe County. The new platform will also replace the current business license programs for the City of Reno and the City of Sparks. The advantages of the new regional license and permit platform to the business and development community are numerous. The most significant improvement is that the new system will allow for centralized shopping for anyone applying for licenses or permits, so that the applicant can apply and pay on-line for licenses and/or permits and not have to physically submit applications at any jurisdiction. Customers will still be able to submit license and/or permit applications in person at a jurisdiction; however, the on-line capacity should provide substantial time and cost savings for our customers. Customers will also have the ability to track the status of their applications on-line, and to submit electronic documents associated with their application.

The City of Reno, the City of Sparks, Washoe County and the Health District entered into an Interlocal Cooperative Agreement in June of 2014 to govern the new regional license and permit platform. The Agreement's scope covers such matters as program creation, fiscal management, term, functions, administration, responsibilities, annual operations and budgeting process, initial and on-going contributions, personnel participation, payments and financing, a process to add new jurisdictions, rights and obligations, and terminations. Washoe County is the program's fiscal manager, and provides project leadership and administrative support. The Agreement created an Oversight Committee consisting of the Reno City Manager, the Sparks City Manager, the County Manager, and the District Health Officer.

A Scope of Work was developed with Accela, Inc. to outline responsibilities of the vendor and each of the four jurisdictions. The Scope of Work also establishes work plans, documentation requirements, staff assignments, and other components critical to project completion. Project staffs from all four jurisdictions are responsible to perform the majority of the work and tasks to actually create the new program; with Accela providing "best practice templates", program training, and subject matter expertise.

The Oversight Committee is briefed quarterly on the project timelines and status by the project staff. The Committee has met on September 2, 2014; December 2, 2014; March 3, 2015; June 2, 2015; September 1, 2015; December 1, 2015; January 21, 2016 (special meeting to discuss the proposed change order for Accela); March 1, 2016; and, June 7, 2016. During these meetings, the Committee has provided direction and guidance to staff on a variety of project issues, to include validation of the project's vision, direction on how customers will pay for permits through the on-line application ("shopping cart" concept), approval of the customer page for the on-line application, review of the change order approved by the Board on March 8, 2016, and continued review of the project's implementation time lines in the context of go-live critical events. The Committee has charged project staff to ensure that the platform's "go-live" date of August 22, 2016 balances elements critical for functionality with any other components which can be included after the system is operational.

REGIONAL TECHNOLOGY FEE

The primary goal of the proposed regional technology fee is to recover each jurisdiction's capital outlay costs for the platform over a five-year fee collection period. The capital outlay costs include one-time project implementation costs and a 5.5% project contingency component. The secondary goal of the proposed regional technology fee is to recover the required annual subscription costs. The subscription costs commenced on the date the contract was signed with Accela (June 17, 2014). The third goal of the proposed regional technology fee is to provide funds for future technology needs associated with the platform (e.g., future upgrades and technology improvements).

The five-year overall cost recovery period reflects a time frame used to calculate a reasonable fee schedule (i.e., recover the capital outlay costs spread over five years). The actual time frame to recover the capital outlay costs will depend upon the annual revenue raised by the regional technology fee. Project staff anticipates that the City of Reno may recover its capital outlay costs sooner than the five-year time frame. Conversely, Washoe County may recover its capital outlay costs, and associated annual subscription fees, in six years and four months. Project staff recommends that Washoe County (and each participating jurisdiction) periodically evaluate the regional technology fee, extending the fee's period as required or reducing the fee as needed once capital outlay costs are recovered. Staff further recommends a reduced regional technology fee in the future be retained to meet goals two and three (recover annual subscription costs and provide future technology needs funds).

The Interlocal Cooperative Agreement includes a provision related to the regional technology fee (entities refer to the City of Reno, the City of Sparks, the Washoe County Health District, and Washoe County):

Section 12.2 A "regional technology fee" may be imposed by the initial ENTITIES upon their customers utilizing the PLATFORM for a minimum of one year, commencing upon go live of the PLATFORM. The "regional technology fee" shall be consistent among the ENTITIES and shall include the following: business permits – 4%; annual business license - \$4; quarterly business license - \$2.

Legal staff from all four jurisdictions agree that the proposed regional technology fee qualifies as a fee which can be imposed under the provisions of NRS 354.790 (yellow highlight text added for emphasis):

NRS 354.790 Additional fee for providing service to customer in expeditious or convenient manner.

1. Except as otherwise provided by specific statute, a local government may charge, in addition to the fee otherwise imposed for a service provided by the local government, a reasonable fee for providing the service in an expeditious manner or in a manner that is expeditious or convenient to the customer.
2. The fee authorized pursuant to subsection 1 must not exceed 5 percent of the fee otherwise imposed.
3. As used in this section, "local government" has the meaning ascribed to it in NRS 354.474.

The proposed regional technology fee for Washoe County is as follows:

1. For all business licenses at time of license application and for each license renewal:
 - a. \$2.75 for annual licenses; and,
 - b. \$2 for quarterly licenses (collected each calendar quarter).
2. 4% of the total permit cost for all other permits, to include permit renewal.
 - a. Includes building, engineering, planning, and utility permits.
 - b. Certain agency fees will not be totaled as part of the total permit cost.
 - c. Minimum regional technology fee is \$1, and the fee will be rounded to the nearest dollar.

During the writing of this staff report, staff discovered that the \$4 regional technology fee as outlined in the Interlocal Cooperative Agreement adopted by the Board in June of 2014 for annual business licenses exceeds the 5% fee cap imposed by NRS 354.790 for three of the County's existing business license fee categories:

- The current annual business license fee for the first year of operation (includes the license application fee) is \$75. 5% of \$75 is \$3.75, and a \$4 regional technology fee exceeds the 5% State Law cap for this fee.
- The current annual business license renewal fee for a business with reported annual gross receipts between \$25,001 and \$50,000 is \$65. 5% of \$65 is \$3.25, and a \$4 regional technology fee exceeds the 5% State Law cap for this fee.
- The current annual business license renewal fee for a business with reported annual gross receipts of less than \$25,000 is \$55. 5% of \$55 is \$2.75, and a \$4 regional technology fee exceeds the 5% State Law cap for this fee.

State Law does not allow the County, nor any other jurisdiction, to exceed the 5% cap for any fee imposed pursuant to NRS 354.790. Consequently, the regional technology fee for at least these three annual business license fees must be reduced. Staff recommends reducing the regional technology fee for annual business license fees from \$4 to \$2.75. This reduced regional technology fee will meet the 5% cap imposed by State Law. Also, staff recommends this flat fee for all annual business license fees to maintain the intent of the Interlocal Cooperative Agreement to provide a flat regional technology fee for all business license transactions.

Staff checked all other business license fees to ensure that the State mandated 5% cap was not exceeded.

- All other annual business license fees are more than \$75. The next annual business license renewal fee category is \$115. 5% of \$115 is \$5.75. The proposed regional technology fee of \$2.75 for annual business licenses is less than this amount.
- The smallest business license fee category for a quarterly license is \$50 for a package beer liquor license. 5% of \$50 is \$2.50. The proposed regional technology fee of \$2 for quarterly business licenses is less than this amount.
- All other permits will be charged a 4% regional technology fee. This amount is less than the 5% cap.

It is important to note that the need to change the proposed fee due to the discrepancy between NRS 354.790's 5% cap and the originally contemplated \$4 fee has resulted in the proposed fee being lowered, thereby lessening whatever impacts the originally contemplated fee may have had on businesses in the community.

Specific types of licenses and permits, and fees associated with those permits, will be either exempted or not included in the permit total cost when calculating the regional technology fee. The Washoe County Community Services Department (CSD) will determine the exempted licenses/permits and exempted permit fees (currently, only CSD licenses and permits are included in the platform at go-live). Some examples include:

- Gaming license fees, as these fees are established and controlled through NRS.
- Electric energy service license fees and telecommunication services license fees as these fees are authorized and established within NRS.
- Permit fees collected on behalf of a non-participating government agency. For example, fees collected on building permits for the Regional Transportation Commission or for the Tahoe Regional Planning Agency will be subtracted from the permit total prior to applying the regional technology fee calculation.

Based on input from trade associations and businesses (the customers of the regional license and permit platform), staff recommends that the proposed regional technology fee take effect when the platform "goes live" for use by citizens on August 22, 2016. The trade associations were very specific in requesting that the fee be charged when citizens have the ability to apply for licenses and permits on-line (a capability currently lacking with the County's current license and permit program).

The City of Reno approved the regional technology fee as part of its FY 2015-2016 budget. The District Board of Health adopted the regional technology fee on November 19, 2015.

Project staff recommends periodic review of the regional technology fee, with a required review at the end of the five year time frame used to calculate the fee. This required review would occur no later than June 28, 2020. After the capital outlay implementation costs are recovered, the fee could be retained at a lower amount to recover the required annual subscription costs and to provide funds for future technology needs associated with the regional license and permit platform. During any fee review, the Board may elect to retain the regional technology fee as structured, extend the time frame for the fee if needed to recover any unpaid capital outlay implementation costs, reduce the fee as appropriate to provide continued revenue for the annual subscription costs and/or future technology needs, or end the regional technology fee.

NRS 237.100 requires the County to provide a procedure for an aggrieved business to object to a rule adopted pursuant to NRS 237.030 through 237.100 inclusive (the requirement for adoption of a business impact statement, which the Board adopted on June 21, 2016). Any business such aggrieved must file a petition with the Board within 30 days of the date the rule (regional technology fee) was adopted. This means that any petition must be filed before July 28, 2016. Staff recommends that any petition be in

writing and filed with the County Clerk as required by NRS 237.100(4). The Board is required to determine the merits of any petition if so filed, and may amend the fee based on the petition.

The Resolution included as Attachment A includes the following components as articulated in this staff report:

- References to the contract with Accela and the Interlocal Cooperative Agreement (and includes a reference to Section 12.2).
- Outlines the goals of the regional technology fee.
- States that the fee is enabled by NRS 354.790.
- States that the Board adopted the required Business Impact Statement with a finding that the fee does not have a significant business impact.
- Sets the fee amount and provides for exemptions to the fee.
- Establishes the effective date of the fee on the date when citizen access is available to the Regional License and Permit Platform through Accela Citizen Access (no earlier than August 22, 2016).
- Provides for periodic review of the fee by the Board, with a required review no later than June 28, 2020.
- Outlines options for the Board to take during any review of the fee.
- Establishes the process for a person to object to the fee pursuant to NRS 237.100.

FISCAL IMPACT

The proposed regional technology fee is calculated to recover the capital outlay implementation costs for the regional license and permit platform. The proposed fee will also recover the required annual subscription costs paid to Accela, Inc. for the platform. The total capital outlay implementation costs for the platform was \$1,385,479. Washoe County's share of those costs is \$614,187¹. Washoe County's annual subscription fee cost is \$71,412 (through at least the third year of the subscription).

Washoe County's costs for annual subscription fees for the first five years of the project/platform (time frame used to calculate the proposed fee) total \$357,060. The total capital outlay costs and five years of subscription fees for Washoe County is \$971,247.

Washoe County is expected to raise \$153,805 annually from the proposed regional technology fee. This projected revenue is based on permits and licenses issued in calendar year 2014. The actual revenue raised may be more or less depending on the number and dollar amount of permit fees and licenses subject to the regional technology fee.

All revenue raised from the proposed regional technology fee will be deposited in regional permits system fund accounts dedicated solely to recovering the County's capital outlay costs and annual subscription fees for the regional license and permit platform.

¹ Washoe County assumed the capital outlay implementation costs for itself and for the Washoe County Health District. Those separate costs were \$338,724 for Washoe County and \$275,463 for the Health District. The Health District will be responsible to pay its share of the annual subscription costs.

The GL Code (revenue account) for the regional permits system is 460723. Cost centers vary between collecting department/division, and include C230010 and C230060 through C230130. The County can anticipate recovering the costs and fees with the projected annual revenue in six years and four months.

RECOMMENDATION

It is recommended that the Board adopt a Regional Technology Fee for the Regional License and Permit Platform as established in the Resolution attached to this staff report and, if approved, authorize the Chair to sign the Resolution included as Attachment A to this staff report adopting the Regional Technology Fee with an effective date of when the Regional License and Permit Platform is available for citizens to use through Accela Customer Access (no earlier than August 22, 2016).

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be:

“Move to adopt a Regional Technology Fee for the Regional License and Permit Platform as established in the Resolution attached to the staff report for this agenda item. Further move to authorize the Chair to sign the Resolution included as Attachment A to this item adopting the Regional Technology Fee with an effective date of when the Regional License and Permit Platform is available for citizens to use through Accela Customer Access (no earlier than August 22, 2016).”

Attachment: A. Resolution adopting Regional Technology Fee



WASHOE COUNTY COMMISSION

1001 E. 9th Street
P.O. Box 11130
Reno, Nevada 89520
(775) 328-2005

RESOLUTION ADOPTING A REGIONAL TECHNOLOGY FEE FOR THE REGIONAL LICENSE AND PERMIT PLATFORM

WHEREAS,

- A. The Washoe County Board of Commissioners approved a contract with Accela, Inc. on June 17, 2014 to provide a new regional license and permit platform to replace the County's existing license and permit program; and,
- B. The Washoe County Board of Commissioners entered into an Interlocal Cooperative Agreement on June 17, 2014 with the City of Reno, the City of Sparks, and the Washoe County Health District to govern the new regional license and permit platform; and;
- C. Section 12.2 of the Agreement enables the Washoe County Board of Commissioners to impose a regional technology fee for a minimum of one year, commencing upon go live of the regional license and permit platform; and,
- D. NRS 354.790 enables the Washoe County Board of Commissioners to impose a regional technology fee for providing service to the County's customers in an expeditious or convenient manner, and any such fee may be in addition to any other fees imposed by the Board for County licenses or permits, and any such fee must not exceed 5 percent of the fee otherwise imposed; and
- E. The Washoe County Board of Commissioners adopted the Business Impact Statement required by NRS 237.090 for the regional license and permit program on June 21, 2016 with a finding that the proposed fee does not impose a direct and significant economic burden on a business; nor does the proposed fee directly restrict the formation, operation or expansion of a business; and
- F. The goals of the regional technology fee are to:
 - a. Recover Washoe County's capital outlay implementation costs totaling \$614,187 for the regional license and permit platform;
 - b. Recover Washoe County's required annual subscription costs of \$71,412, and as they may be modified according to contract, paid to Accela, Inc.; and,
 - c. Provide Washoe County with funds for future technology needs associated with the regional license and permit platform.

NOW THEREFORE BE IT RESOLVED:

1. That the Washoe County Board of Commissioners does hereby adopt the Regional Technology Fee for the Regional License and Permit Platform as set forth below:
 - a) For all business licenses at time of license application and for each license renewal:
 - i. \$2.75 for annual licenses; and,
 - ii. \$2 for quarterly licenses (collected each calendar quarter).
 - b) 4% of the total permit cost for all building, engineering, planning, and utility permits, to include permit renewal.
 - i. Permits or applications for permits not part of the regional license and permit platform will not be charged the regional technology fee.
 - ii. Permit fees collected on behalf of government agencies not participating in the regional license and permit platform will not be included in calculations to determine the regional technology fee.
 - c) Each Washoe County department or agency issuing permits as part of the regional license and permit platform will publish and maintain a list of licenses and/or permits, and permit fees exempted from the regional technology fee. This list will be available to the public.

2. That the Regional Technology Fee will be periodically reviewed by the Washoe County Board of Commissioners. The time frame for review will be determined by the Washoe County Manager in coordination with those Washoe County Department Directors which utilize or provide technology support for the regional license and permit program.
 - a) Regardless of any intervening review session, the Board will review the Regional Technology Fee no later than June 28, 2020.
 - b) At any review session concerning the Regional Technology Fee, the Board may:
 - i. Retain the Regional Technology Fee as structured in this Resolution, with or without a sunset provision and/or a mandatory review date;
 - ii. Reduce the Regional Technology Fee to provide continued revenue for required regional license and permit platform components, to include goals F (b) and F (c) as established in this Resolution;
 - iii. End the Regional Technology Fee; and/or,
 - iv. Take other actions as deemed appropriate concerning the Regional Technology Fee.

3. That, following the requirements of NRS 237.100, the Washoe County Board of Commissioners directs the following procedure be followed for an aggrieved business to object to the adoption of the Regional Technology Fee pursuant to NRS 237.030 through 237.100, inclusive:

- a) Any business such aggrieved must file a petition with the Board;
- b) Any such petition shall be in writing, must fully explain the matters concerning the Regional Technology Fee causing the aggrieved condition based on NRS 237.100(2), and shall be filed with the Washoe County Clerk within 30 days of the adoption of the Regional Technology Fee (prior to July 28, 2016); and,
- c) The Board will schedule a hearing to determine the merits of the petition at the next available Board meeting based on normal scheduling procedures. At the hearing, the Board may dismiss the petition or amend the Regional Technology Fee if the Board determines the petition has merit.

ADOPTED on June 28, 2016, to be effective when the Regional License and Permit Platform is available for citizens to use through Accela Customer Access (no earlier than August 22, 2016).

WASHOE COUNTY BOARD OF COMMISSIONERS

By: _____
Kitty Jung, Chair

ATTEST:

Nancy Parent, County Clerk