



Staff Report

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**File #:** 22-0763

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**REQUEST FOR CITY COUNCIL ACTION**

**DATE:** 10/5/2022

**TO:** Honorable Mayor and City Council Members

**FROM:** Planning and Development Department

**SUBJECT:**

Request from City Council Member Richins requesting a waiver of permit application fees for ABC Hopes and Settlement House.

**EXECUTIVE SUMMARY:**

Council Member Richins is asking the City Council to consider waiving the permit application fees required by the Planning and Development Department for ABC Hopes and the Settlement House. ABC Hopes and the Settlement House are non-profit organizations based in the City of Corona. ABC Hopes is in the process of applying for a Conditional Use Permit and will be applying for building permits in the future and the Settlement House will be applying for building permits to make repairs to their existing building.

**RECOMMENDED ACTION:**

**That the City Council** provide staff with direction on the waiver of fees by recommending one of the proposed options presented by staff.

**PROPOSED OPTIONS:**

Option 1. Direct staff to prepare a resolution for the City Council's consideration to waive the fees associated with the permits for ABC Hopes and the Settlement House.

Option 2. Direct staff to propose a reduced fee schedule for all non-profit organizations for the City Council's consideration.

Option 3. Maintain the status quo.

**BACKGROUND:**

ABC Hopes is a non-profit organization based in the City that recently leased tenant space at 1831 Commerce Street, Suite 103. ABC Hopes plans to operate their executive office and conduct

associated social activities at the property. The activities require unobstructed assembly space within the building to allow patrons to engage in physical fitness and other social activities. The zoning of the property is M-2 (General Industrial), which requires a Conditional Use Permit for commercial recreation activities in this zone. In addition to the Conditional Use Permit, ABC Hopes is required to process building tenant improvement plans with the Building Department for the new offices and a change in occupancy capacity for the assembly space within the building. The cost of each of these actions is prescribed in the approved City fee schedule.

The Settlement House is a non-profit organization based in the City and operates a secondhand retail store, food pantry, and bagged lunch program at 507 S. Vicentia Avenue. The organization was awarded \$37,800 in American Rescue Plan Act (ARPA) funds from the City to perform various repairs to the building. The property contains a permanent building, which houses the secondhand retail store and a premanufactured modular unit that houses the food pantry. The floor within the modular unit is sinking in certain areas and needs to be removed and reinforced with new flooring to prevent future sinking. Premanufactured modular units are reviewed by the State of California, Housing and Community Development Department (HCD) and inspected by a state inspector. It is unknown at this time if the reinforced flooring repair will be reviewed by HCD or by the City of Corona. The contractor retained by the Settlement House to perform the repair will need to research this and determine which agency will be responsible for the review of the repair. If the City is responsible for review of this repair, The Settlement House would be required to apply and pay for permit fees, according to the prescribed City fee schedule.

**ANALYSIS:**

The City has an adopted fee schedule for services provided by City staff. The fees are established based on a 100 percent cost recovery model to cover the cost and/or time borne by City personnel to perform requested services. The permit fees collected by the Planning and Development Department include use permit applications, plan check fees associated with building and grading plan reviews, building permits, and special use permits.

**ABC Hopes**

ABC Hopes requires a Conditional Use Permit (CUP) from the City to operate its organization in the M-2 zone. The CUP is a discretionary application that will require a decision by the Planning and Housing Commission at a public hearing. Additionally, the tenant improvements and assembly space within the interior of the building will require a building permit and possibly a change of occupancy. The fees associated with this request are expected to total approximately \$11,208. The breakdown of the fees is shown in the following table.

Conditional Use Permit (CUP)	\$7,201
Public Advertisement Fee for CUP	\$155
Scanning Fee	\$56
Legal publication Fee	\$85
Environmental Exemption Fee	\$265
County Environmental Processing Fee	\$51

Building Plan Check Fee (approximate cost)	\$2,595
Building Permit Fee (approximate cost)	\$800
Total	\$11,208

**Settlement House**

It is unknown at this time if the City would be involved in the review of the floor repair and issuance of a building permit in the premanufactured modular unit. However, if the City is the responsible agency, the fees associated with this request are expected to total approximately \$3,300. The breakdown of the fees is shown in the following table.

Building Plan Check Fee (approximate cost)	\$1,300
Building Permit Fee (approximate cost)	\$2,000
Total	\$3,300

**Options for Council Consideration**

The options provided in this report are intended to assist the City Council as it considers the effect a fee waiver may have on the City and how best to proceed with this request. Staff has prepared a list of pros and cons of each option to assist the City Council in its decision-making process.

***Option 1 - Provide a Fee Waiver***

This option provides for the waiver of permit fees for ABC Hopes and The Settlement House. Should the Council select this option, a resolution would be presented to the City Council at its next meeting for the official waiver of the fees.

**Pros:**

- Reduces the overall cost of the permitted projects for ABC Hopes and The Settlement House.
- Provides support to organizations that provide a specialized service to a targeted population within the City.

**Cons:**

- Loss of revenue that is normally collected for permit services to cover City staff time.
- Staff time on permit requests for these non-profit organizations would be subsidized by the general public by using General Fund revenues instead of the permit fees normally collected.
- Future requests for fee waivers could become a common practice.
- Decisions on the waiver of City fees could become too subjective and make it difficult to remain unbiased. Simply, it is difficult to decide who gets a waiver and who does not.

This option keeps the permit fees at their current full cost recovery rate for ABC Hopes and The Settlement House, as well as all other nonprofit agencies.

**Pros:**

- Maintains the 100 percent cost recovery model for service delivery and prevents the need for

- a General Fund subsidy of this service.
- Maintains a standard of equity for all nonprofit agencies.

Cons:

- Permit fees may serve as a barrier to development for nonprofit agencies.

**FINANCIAL IMPACT:**

For option 1, to waive the permit fees for ABC Hopes and Settlement House, there would be an estimated loss of revenue to the City of approximately \$14,508.

For option 2, produce a reduced fee schedule for non-profit organizations in the City, the loss of revenue would need to be calculated based on the direction of Council with regard to the reduction in permit costs, the number of eligible non-profits, and other criteria to be determined.

For option 3, to maintain the status quo, there would be no financial impact to the City.

**ENVIRONMENTAL ANALYSIS:**

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is an amendment to an existing agreement for a previously approved project. There is no possibility that this action will have a significant effect on the environment. Therefore, no environmental analysis is required.

**PREPARED BY:** JOANNE COLETTA, PLANNING AND DEVELOPMENT DIRECTOR