MILL VALLEY

RESPONSE TO GRAND JURY REPORT

Report Title: Profiting From Building Permit Fees Year: 2000-2001

Response By: Anne Montgomery **Title:** Assistant City Manager

Findings:

- I (we) agree with the findings numbered: 2, 3
- I (we) disagree wholly or partially with the findings numbered: 1, 4

(Attach a statement specifying the portion of the findings that is disputed; include an explanation of the reasons therefore.)

Recommendations:

- Recommendations numbered _____ have been implemented

(Attach a summary regarding the implemented actions.)

- Recommendations numbered 1, 2 have not been implemented, but Will be implemented in the future, with a timeframe for implementation.

(Attach a timeframe.)

- Recommendations numbered _____ require further analysis.

(Attach an explanation and the scope and parameters of any analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency where applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.

- Recommendations numbered 3-5 will not be implemented because they are not warranted or are not reasonable.

(Attach an explanation.)

Date: 6/11/01 Signed: Anne Montgomery

RESPONSE TO GRAND JURY REPORT
City of Mill Valley
June 11, 2001

FINDINGS

We disagree wholly with the findings numbered1 and 4. Verification with the City of Mill Valley Finance Department on the "Reported Total Revenue and Expenses" revealed that the "Expenses" and "Profits" numbers contained in your findings have been reversed. The numbers should read as follows (using your format) :

	1999/2000	1998/1999	1998/1997
Revenue	$333,031	$313,000	$224,483
Expenses	211,434	154,103	135,372
Profit	121,597	158,897	89,111
Over Charge	37%	51%	40%

In addition, we disagree with the findings that we are "profiting" by collecting excessive building permit fees. The fees are charged to cover the cost of services provided. In the City of Mill Valley, the Building Department is part of the Planning Department and there is a portion of the Planning Department costs that are related to building functions that have not been factored into expenses. Also, no general City costs were included in expenses, such as, financial accounting, payroll, supervision, technology, general administration, etc.

RECOMMENDATIONS

Recommendations number 1 and 2 have not been implemented, but will be implemented in the future : The City of Mill Valley is beginning the second year of a two year budget approved in June 2000 for the years 2000/2001 and 2001/2002. We intend to structure our bookkeeping in our 2002/2004 budget cycle to keep reasonably accurate and detailed records regarding personnel costs, overhead costs, technology, general administration, and indirect costs from other departments in order to more clearly demonstrate the true overhead costs associated with operating joint planning and building functions performed by the City.

Recommendation number 3 will not be implemented because it is not warranted : Building fees are being used to adequately staff the building department so that building inspection needs are responsive, accurate, and performed in a timely manner. Your suggested changes will most likely result in a diminution of services that the City provides to its citizens based on historical demand.

Recommendation number 4 will not be implemented because it is not warranted : Recent changes in the City's administrative policies will change expenditure allocations to more clearly reflect the fact that these expenditures are based on increased staffing and the need for resources not allocated in previous budget years. We have expanded programs that are directly related to the building function, e.g. the addition of a second building inspector and a code enforcement officer, technological upgrades, increased hours of operation, etc.

Recommendation number 5 will not be implemented because it is not warranted : Because we believe that after factoring in all of the costs of operation we have not been overcharging for services and because we have increased our costs as detailed above, we do not anticipate excess revenues in the future (as they most likely have not occurred in the past). However, if revenues exceed the true total departmental costs in the future we will revisit this recommendation and make adjustments accordingly.

Anne B. Solem
Mayor
Christopher Raker
Vice-Mayor
Clifford Waldeck
Councilmember

MILL VALLEY

Dennis P. Fisco
Councilmember
Dick Swanson
Councilmember
Don Hunter
City Manager

February 7, 2002

Thea Lowry
Marin Civil Grand Jury
3501 Civic Center Dr., Rm 303
San Rafael, CA 94903

Re: Grand Jury Report 2001

Dear Ms. Lowry:

At their meeting of January 22, 2002, the following action was taken by the Mill Valley City Council:

> It was moved and seconded, Fisco/Swanson and unanimously voted to approve the City's response to the Grand Jury Report of 3/20/01.

The response was submitted to the Grand Jury on June 11, 2001 by Assistant City Manager, Anne Montgomery.

Sincerely,

Mary H. Herr
City Clerk