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**To: Daniel Hernandez, Public Works Director**  
**From: Courtney Ramos, Vice President, Matrix Consulting Group**

**SUBJECT: SMALL WIRELESS FACILITIES APPLICATION FEE ANALYSIS**

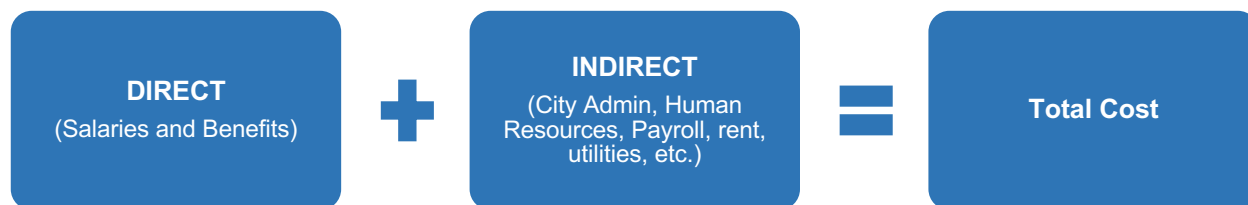
The City of Commerce contracted with the Matrix Consulting Group to conduct a Small Wireless Facilities Application Fee Study. Through this study the City was interested in developing application fees for small wireless facilities that are located in the public right-of-way. The development of these fees will allow the City to recover costs associated with review of individual applications, including review of site plans and various other required documents, field investigation, and other City specific comments and regulations.

The scope of this analysis was only application related services. not license agreements. The application permit process relates to City staff time to review plans and conduct site inspections, and therefore must comply with Proposition 218 and 26. License agreements are land-based fees, which are not subject to the same restrictions as outlined in Prop 218 and 26.

The following sections provide an overview of the methodology used to develop the full cost of services, how the fee structure was developed, the results of the analysis, and a comparative survey.

## **1 USER FEE STUDY METHODOLOGY**

The Matrix Consulting Group utilized a cost allocation methodology commonly known and accepted as the “bottom-up” approach to establish Small Wireless Facilities fees. The term means that several cost components are calculated for each fee or service. These components then build upon each other to comprise the total cost for providing the service. The following chart describes the components of a full cost calculation:



The general steps utilized by the project team to determine allocations of cost components to a particular fee or service are:

- Identify fully burdened hourly rates by position, including direct & indirect costs;
- Develop time estimates for each process step representative of average times for providing services;
- Distribute the appropriate amount of other cost components to each fee or service based on the staff time allocation basis, or another reasonable basis.

The results of these allocations provide detailed documentation for the reasonable estimate of the actual cost of providing each service.

## 2 FEE STRUCTURE

In order to determine a fee structure for Small Wireless Facilities in the Public Right-of-Way (ROW), the project team worked with City staff to map the process involved with accepting and reviewing applications and conducting plan reviews and inspections. Through this process, it was determined that two permits should be developed:

- 1 **Small Wireless Facilities in Public Right-of-Way – Application Fee for Existing Poles:** This fee would be applicable to all wireless facilities that are attached to existing poles.
- 2 **Small Wireless Facilities in Public Right-of-Way – Application for New or Replacement Pole:** This fee would be applicable to all wireless facilities that require new or replacement poles to be installed.

The following subsections outline the processes associated with each of these proposed permits.

### 1 Small Wireless Facilities in Public Right-of-Way – Existing Pole Application

There are two phases to approving small wireless facilities permit requests. The first phase relates to permit application approval, and involves acceptance and review of required application materials, site visits, and issuance of a conditional permit. The

following points highlight the major process steps associated with the first phase of permit issuance:

- **Intake and Completeness Check:** Based on the City's application and design standard guidelines, the application packet would be received, a project file created, and reviewed to ensure that all required documentation has been submitted and is complete. If the application and required submittals are incomplete the Applicant would be asked to resubmit. No application will be deemed complete until permit fees have been paid.
- **Initial Application Review:** City staff will review the documents submitted by the applicant to ensure they meet city standards and regulations, including asking for any additional materials if items are missing.
- **Site Visit:** City staff will visit the proposed small wireless facilities site to ensure that submitted documents are accurate, and there are no visual or other issues or concerns.
- **Conditions of Approval:** Based on the information submitted by the applicant, the City's design standard, and other regulatory guidelines, staff will provide the applicant with conditions of approval which will outline any permit requirements (i.e. traffic control plans, construction plans, insurance, etc.) that the applicant must follow in order to install a small wireless facility in the public ROW.

The first phase of the application process concludes with a review and approval of certain pole owner required documents by the Public Works Director, wherein upon his sign-off a Conditional Permit is approved and issued.

The second phase of permit application approval involves submission, review and approval of construction and traffic control plans, insurance, bond, and business license requirements, followed by inspection, and permit finalization. The following points highlight the major process steps associated with the second phase of permit issuance:

- **Submission of Construction Plans:** Once a conditional permit has been issued the applicant will need to submit construction plans such as structural and electrical plans, Windload Calculation and Traffic Control plans. These plans and related calculations will be received by staff, routed to reviewers, and entered into the permit system.
- **Plan Review:** Construction plans will be reviewed by the City's plan checker to ensure compliance with City and industry standards for public improvements. Furthermore, traffic control plans will be reviewed for compliance with the safety of workers, pedestrian, and motorists during construction, and to ensure that plans meet Standard Watch Manual or MUTCD standard guidelines. Construction plan

review service level assumptions include three reviews – initial submittal and two re-reviews.

- **Other Submittals:** The Public Works department will receive and review other required submittals in compliance with the requirements of the Permit Conditions outlined in Phase One, such as insurance certification, business license, bonding, etc.
- **Inspection:** Upon approval of construction plans, traffic control plans, and other required submittals, construction can commence after coordination with Public Works inspectors. Inspections includes but are not limited to: traffic control plans, public safety, sidewalk and / or roadway excavation, NPDES compliance, and restoration of public improvements. Inspection service level assumptions include three inspections.

Once construction has been satisfactorily concluded the City will sign off and close the Small Wireless Facilities Permit.

## 2 Small Wireless Facilities in Public Right-of-Way – New or Replacement Pole Application

If the installation of a Small Wireless Facility requires the installation of a new or replacement pole, the application, review and inspection process outlined above would still be required. However, additional inspections would be required in order to ensure that the new or replacement pole was installed correctly. These additional inspections would relate to traffic control plans, sidewalk excavation, NPDES compliance, and sidewalk restoration relating to the removal and or installation of a new pole. This would require approximately three inspections that would occur after hours.

## 3 RESULTS

The project team collected time allocations from both city staff and consultants relating to each process step noted in the previous section. When determining time allocations, average time on task was assumed, rather than using minimum or maximum time assumptions. Based on the time estimates developed, and the fully burdened hourly rates utilized by the City, the total cost was determined for both proposed permits. The following table shows each permit, and the total cost calculated through this analysis.

Fee Name	Total Cost
<b>Small Wireless Facilities in Public Right-of-Way</b>	
Existing Pole Application	\$2,826
New or Replacement Pole Application	\$3,366

The total cost calculated for the Existing Pole Application is \$2,826, and the New or Replacement Pole Application is \$3,366. It is important to note that the fees represented above are the maximum allowable that can be charged for these services and fees can be set at any amount up to but not exceeding the amounts noted. FCC rates and fees do not cover City costs related to plan review or inspection activities.

## 4 COMPARATIVE SURVEY

As part of this analysis the project team collected comparative information from nine (9) Southern California municipalities, including: El Monte, Fullerton, Glendale, Huntington Beach, Long Beach, Los Angeles, Manhattan Beach, Pasadena, and Signal Hill. The following table outlines the current fee, and any additional fees for each jurisdiction surveyed.

Jurisdiction	Flat Fee	Initial Deposit	Add-Ons
El Monte	\$3,081 <sup>1</sup>		
Fullerton	\$8,250		
Glendale	\$1,634		Additional Planning fees may apply (min. \$2,659)
Huntington Beach	\$1,287		
Long Beach	\$2,595		
Los Angeles		Actual Cost	
Manhattan Beach	\$2,951		
Pasadena		\$5,500 <sup>2</sup>	
Signal Hill		\$5,000	

The fees charged by surrounding jurisdictions for small cell wireless facilities range from a low of \$1,287 in Huntington Beach, to a high of \$8,250 in Fullerton. Los Angeles, Pasadena, and Signal Hill all take deposits, and charge actual cost for application, plan review, and inspection services. Los Angeles determines the deposit amount at application submittal. Signal Hill takes an initial deposit of \$5,000, and Pasadena takes an initial deposit of \$5,500, with \$335 being kept as a non-refundable application fee. The total cost calculated for the City of Commerce of \$2,826 is in-line with the fee charged by Manhattan Beach, and just below the fee charged by El Monte.

<sup>1</sup> Includes \$2,350 for consultant

<sup>2</sup> Represents minimum deposit, with \$335 non-refundable application fee.