



Regional License and Permit Program

Regional Technology Fee and Associated Policy

Executive Summary

The City of Reno, the City of Sparks and Washoe County, to include the Washoe County Health District, have the unique opportunity to provide regional-centric permitting and licensing services to our customers. Our permit and license customers expect and demand the full range of on-line services. Our customers want to have a choice on how they receive their license or permit, either on-line or in person at our service counters.

Unfortunately, the current permit and license software applications and databases do not support the on-line service expectations of our customers. Several of these applications are not even able to support the latest technology, such as mobile devices or migration to faster computer hardware platforms.

The three jurisdictions propose to implement a new Regional License and Permit Program. This regional program will be located in the "cloud" and allow all three jurisdictions to fully leverage the latest in technology and to provide the on-line services expected by our customers. The regional program will:

1. Use current windows technology with customer-centric designs to enable customers to apply for and, in many cases, obtain a license or permit on-line.
2. Start with industry best practices and modify those practices to meet the needs of our customers – customer-centric driven and designed.
3. Allow customers to submit electronic documents to support their license or permit application.
4. Integrate with other department and agency databases to expedite the review and approval of license or permit applications.
5. Provide a central repository for customer information to facilitate the sharing of that information between the two jurisdictions.
6. Enable the electronic review and approval of documents and plans submitted by a customer to support their license or permit application.
7. Offer on-line scheduling of inspections, and empower departments or agencies to complete and record inspection results on-line.
8. Provide customers with real time, on-line status of their license or permit application.
9. Permit consolidated on-line payment for multiple license or permit transactions.
10. Leverage current and future technology to allow mobile applications and remote access to query and use the regional program.
11. Facilitate information sharing between and among the jurisdictions to break down "stove-pipe" jurisdictional boundaries.

12. Save the customer and the jurisdictions costs associated with the current antiquated paper driven and staff-centric application process.

The three jurisdictions, to include the Health District, are proposing a regional technology fee to reimburse some or all of the initial capital outlay expenses to install and implement the regional program. The technology fee will also fund the annual required "cloud" subscription costs and provide resources to meet future technology improvements. The regional technology fee will be an additional cost to our customers who will benefit from the regional license and permit program.

This document explains the regional license and permit program in more detail and provides specifics on the proposed technology fee, to include discussion on how the proposed fee satisfies certain State Law requirements.

Introduction

The City of Reno, the City of Sparks and Washoe County, to include the Washoe County Health District, are proposing to add a technology fee to their license and permitting fees to provide enhanced services to their customers and to help recover the costs of a new Regional License and Permit Program. The new program will be a regional "cloud" based permitting and licensing software application with each jurisdiction as a hosted "tenant" within a regional database.

The new regional program will provide enhanced on-line capabilities and functions, customer-centric processes, and regional integration and sharing of information. The "cloud" based platform, centrally hosted by the vendor, will allow both jurisdictions to minimize technology resources currently dedicated to maintaining and upgrading current on-site software applications and servers. Resources saved will include costs of hardware maintenance and software upgrades, duplicate and redundant jurisdictional systems and applications, and disaster recovery measures.

The new regional program allows all three jurisdictions to replace antiquated and unsupported software applications which are not able to provide any on-line capabilities and functions. Our customers expect and demand on-line access to license and permit programs to submit applications, check on the status of an application, pay for their license or permit, renew an issued license or permit, and other functions which are the norm with today's technology.

Unfortunately, all three jurisdictions operate current software applications which cannot be "upgraded" to provide the on-line services expected by our customers. Dwindling or flat budget situations for the past several years have left the three jurisdictions without the resources required to purchase new or replacement applications in order to keep technology current with customer demands. Additionally, the costs for maintaining the outdated software applications have risen over the past several years. All of these factors have created both the need and the opportunity for the three jurisdictions to create a regional program to address current deficiencies and provide for great future potential opportunities.

The tight fiscal resources of all three jurisdictions will be challenged to purchase and implement the new regional program. Therefore, the Regional License and Permit Program Executive Committee recommends a technology fee to reimburse some or all of the initial capital outlay expenses and fund the continuing annual subscription costs for the "cloud" service.

The proposed technology fee will be an additional cost to those customers which will benefit from the new regional program. Specifically, the technology fee would be added to the current cost of a license or permit from the City of Reno, the City of Sparks, Washoe County, and the Washoe County Health District. State Law¹ allows these types of service fees provided that:

¹ NRS 354.790; *Additional fee for providing service to customer in expeditious or convenient manner.*

- a. The fee is to provide a service in an expedited manner or in a manner that is expeditious or convenient to the customer;
- b. The fee increase must not be restricted (i.e., limited) or prohibited by another statute (e.g., NRS, City Ordinance, or County Code); and,
- c. Any fee increase must not exceed 5% of the original fee.

Additionally, a recent Nevada Supreme Court case² also provided direction for imposing any fee in order for that fee not to be considered a tax. The three part test for any fee from this decision is:

1. The fee must apply to the direct beneficiary of a particular service;
2. The fee is allocated directly to defraying the costs of providing that service; and,
3. The fee is reasonably proportionate to the benefit received.

The proposed technology fee policy is outlined below. In creating this policy, the Executive Committee balanced a prudent cost recovery time frame with a reasonable fee which will be paid by our customers. The Committee desired that the fee be consistent among all license or permit applicants and holders. The Committee also considered State Law requirements and the Supreme Court three part test.

The policy outlines the benefits to our customers from the regional license and permit program. The policy also describes how the fee is reasonably proportionate to the benefit received by a customer. In other words, those licenses or permits with large amounts of application material and subsequently increased processing steps and requirements will pay a higher technology fee than more "simple" licenses or permits. Finally, the policy recognizes State Law restrictions on revenue realized from certain types of licenses and permits by lowering the technology fee to remain within the annual revenue limitations.

Benefits of the regional license and permit program (AAA Customer Service: Any license or permit, Anytime, Anywhere)

Benefits of the regional program³ include:

1. *On-line applications.* Customers will be able to submit all license and permit applications on-line and renew those licenses or permits on-line, if they choose. The program will leverage current Windows technology with customer-centric designs to assist the customer through the application process. Application processing, to include inspections, will occur "behind the scenes" or can be scheduled electronically by the customer. Final license or permit approval can be sent electronically to the customer after all fees and charges are paid on-line. For certain types of applications, the customer may

² Clean Water Coalition vs. M Resort et al.

³ This section provides the information to satisfy the requirements of NRS 354.790(1), specifically providing expeditious or convenient service to the customer.

never need to visit a jurisdiction's office to receive the issued license or permit.

2. *Customer-centric processes.* The new program will start with industry best practices and modify those processes as needed to meet the needs of our customers. This means that the applications and processes will be designed from a customer's point of view, rather than from the department or agency. Windows based customer screens will enable easy navigation, guide customers to the correct areas to complete information, and complete the process with the minimum required steps (i.e., reduce entering duplicate information).
3. *Electronic document submission.* Customers will be able to submit all supporting documents electronically (on-line). This saves the customer the time and cost of printing such documents and physically transporting those documents to jurisdiction offices.
4. *Interface with other agency databases.* The program will interface and query other agency databases for specific information required as part of a license or permit application. For example, the program will allow electronic verification of State licensing requirements, thus saving the customer the cost and time associated with providing paper copies of State licensing documents. The program will also validate that a customer has the correct outside agency licenses required for certain types of licenses or permits (e.g., a valid State contractor's license). Finally, the program will provide current information on new businesses and buildings to the Assessor's Office to facilitate accurate property assessment for tax purposes.
5. *Central customer information.* Customers and staff will have access to centrally consolidated customer information at the regional level, allowing customers to use that information for subsequent licenses or permits. The vision is for a customer to receive a unique account and password for the program. Subsequent visits by the customer to apply for a license or permit will enable the program to "pre-populate" much of the required application information, saving time for the customer.
6. *Electronic document and plan review and approval.* Documents and plans required as part of a license or permit application will be stored electronically. Ideally, the customer will submit these on-line; however, paper copies will be scanned into the program. Reviewing agencies will receive and review electronic documents/plans and either approve them electronically or notify the customer through e-mail for any corrections. Revisions will be accepted on-line, with final approvals done on-line with electronic customer notification. This capability saves the customer one or more visits to a jurisdiction's office with initial plans, revisions, and to pick up the approved document or plan. Inspectors will be able to view approved documents or plans electronically when in the field.
7. *Electronic scheduling of inspections.* Customers will be able to schedule required inspections on-line through the program. This saves the customer the need to make such appointments on the telephone or at a counter. Inspectors will be able to view their daily inspection schedule on-line, saving trips into the office.

8. *Real time application status.* Customers will be able to query their customer accounts on-line to determine the exact status of their application. This allows the customer to know exactly where in the approval process their application is currently, and to receive e-mail notification of any actions required on their part (e.g., plan revisions) or of final license or permit approval.
9. *Consolidated on-line payment.* Customers will be able to pay for the license or permit on-line. For walk-in customers, departments and agencies will be able to accept all forms of electronic payment, to include credit cards, debit cards, and electronic funds transfers (for repeat customers). The regional database allows consolidation and payment of multiple department and agency fees and charges, enabling the customer to pay one time for multiple transactions. This saves the customer physically visiting each department or agency to pay.
10. *Enhanced mobile applications.* The program is designed to function efficiently and effectively with both laptop and tablet PCs for remote access, but also with smart phone applications. In the first instance, field staff will be able to use the web to enter the program and have full functionality as if they were sitting at a "hard wire" desk PC (note: the current systems lack this full functionality). In the latter instance, both customers and field staff will be able to use the smart phone applications to look at and retrieve certain information from the program.
11. *Sharing information between jurisdictions and agencies.* The regional "cloud" will enable departments and agencies to share information across jurisdiction lines. For example, the current multi-jurisdictional license process requires manual input from each of the three jurisdictions to place a business into the separate databases. The new program will enable one jurisdiction to enter the information one time (or for the customer to do so on-line), and the license information will be electronically shared with the other appropriate jurisdictions.
12. *Cost savings.* The move to on-line capabilities and functionality saves the customer and the jurisdictions costs associated with paper transactions, to include personal visits to jurisdiction offices (time required for both the customer and staff). Increased on-line license or permit receipt, processing and issuance translate into better efficiency and effectiveness for current staff, freeing those staff for other duties. Additionally, increased license or permit demands (i.e., an improved economic environment) may be met with current staffing levels rather than hiring additional staff. The hosted "cloud" platform will save jurisdictions future costs on server maintenance and upgrades, and technical support for the servers (the data will reside on servers maintained by the vendor). Jurisdictions will also save costs associated with back up data and servers for disaster recovery (also a vendor responsibility).

Proposed Regional Technology Fee Policy:

1. The regional technology fee is based on the total cost to a customer for a license or permit⁴. This total cost includes a license or permit application fee or an annual/quarterly renewal fee.
 - a. In those cases when a department or agency collects fees or charges for others as part of a license or permit transaction, the regional technology fee will be calculated to include those additional fees or charges.
 - b. Fees or charges either exempted or restricted from additional fees are exempt and will not be included in calculating the regional technology fee. For example, park construction fees and Regional Road Impact Fees are collected as part of a building permit application. These fees cannot be included as part of the proposed technology fee and, therefore, will not be included in the total cost for calculating the technology fee for the building permit application.
2. Regional technology fees will not be collected for licenses or permits exempted from such fees by State Law, City Ordinances, or County Codes. The fee will also not be collected for licenses or permits which will not be entered into the new regional license and permit program. Two examples:
 - a. State Law mandates the gaming license fee amounts collected by the County and those fees cannot be increased. Therefore, a regional technology fee will not be collected for gaming licenses issued by Washoe County.
 - b. Washoe County Air Quality processes certain types of federal air quality permits. These applications are completed entirely in paper and not entered into any local software application or database. Therefore, these types of air quality permits will not be charged the regional technology fee.
3. The regional technology fee will be paid to the department or agency processing or issuing the license or permit. Each department or agency will be responsible to notify their customers about the technology fee.
 - a. Regional technology fees will be accounted separately from department or agency fees, charges or costs.
 - b. Regional technology fees will be deposited into a central regional program account dedicated to the cost recovery and on-going costs of the regional license and permit program.
4. In the event that a license or permit, or a portion thereof, is refunded, cancelled or voided, the regional technology fee is non-refundable.
 - a. This policy is based on the premise that the license or permit would initially be entered into the regional program and that the refund/cancel/void action occurs later. Therefore, the customer is initially benefiting from the program when the information is collected on the license or permit.

⁴ Regional technology fees will only be charged to license and permits customers, who are the direct beneficiaries of the new regional program. This satisfies the first part of the three part test within the Supreme Court's decision.

5. The regional technology fee will⁵:
 - a. Be rounded up to the nearest whole dollar amount.
 - b. Recover each jurisdiction's initial capital outlay investment for the regional license and permit program. These investment costs will be collected over a five year time frame.
 - c. Sustain each jurisdiction's annual funding requirements. These requirements include annual subscription fees for the regional program and funds for future system upgrades and technology improvements to maintain technology currency.
 - i. Annual subscription fees are paid directly to the vendor as part of the "cloud" based regional platform.
 - ii. System upgrades and technology improvements include department or agency user upgrades to personal computers and/or operating software systems.
 - d. Evaluated periodically to validate that the fee is sufficiently recovering the initial investment and annual funding requirements. This evaluation will occur at a minimum:
 - i. Three years after fee implementation, based on potential changes to annual subscription costs.
 - ii. Five years after fee implementation, based on recovery of the initial investment.
 - iii. Periodically after the five year review based on any changes to the annual subscription costs.
 - iv. As needed to adjust specific license or permit fees to remain within State Law mandated annual revenue limitations. These evaluations may adjust the regional technology fee for specific licenses or permits higher or lower based on the annual limitations.
6. Projected regional license and permit program costs include:
 - a. An initial capital outlay investment of \$ 1,667,444.32. This investment includes all first year subscription costs.
 - b. Annual funding requirements of \$ 399,414.32.
 - i. \$ 319,414.32 of annual subscription costs for both jurisdictions.
 - ii. \$ 80,000 of annual system upgrade and technology improvement funds for use by both jurisdictions.
7. Target amounts for revenue from the regional technology fee are:
 - a. First five years after fee implementation is \$ 669,020.32 annually.
 - i. \$ 269,606 annually to recover the initial capital outlay investment spread over the five years.
 - ii. \$ 399,414.32 each year for annual funding requirements.
 - b. Starting six years after fee implementation is \$ 399,414.32 annually (annual funding requirements).

⁵ Items 5b and 5c directly allocate revenue from the regional technology fee to defray the initial and on-going costs of the new regional program. This satisfies the second part of the three part test within the Supreme Court's decision.

- c. The regional technology fee may be adjusted based on the periodic evaluation.
8. The regional technology fee is based on two types of fee structure⁶:
- a. Flat fee for all business licenses. These licenses include general business licenses, privileged licenses, liquor licenses, gaming license, and other licenses issued by each jurisdiction's business license divisions.
 - i. On the average, the information required within the new regional license and permit program for the various types of business licenses are substantially similar. Therefore, there is little difference between a "low" cost and a "higher" cost license when comparing the benefits to the customer with the new regional program.
 - ii. A flat fee captures this similarity of benefits (see the policy section on benefits) among the various license types.
 - iii. Quarterly renewals will be ¼ of the flat regional technology fee for an annual license or annual renewal.
 - b. Percentage based fee for all other types of licenses and permits. These include permits issued by the Washoe County Health District, and each jurisdiction's building division, planning division, and engineering division.
 - i. Current permit fees are based, in large part, on the amount of processing and review required before the permit is issued. More processing and review equates to higher permit fees. Therefore, the amount of staff time and resources spent processing and reviewing a permit is proportional to the permit fee.
 - ii. Permit process and review will be almost entirely captured within the new regional license and permit program. Capturing this information within the regional program provides significant benefits to our customers (see the policy section on benefits). Basing the regional technology fee as a percentage of a permit fee captures the proportionality of both benefit to the customer and the amount of processing/review for permits.
9. Proposed regional technology fee:
- a. Annual business license flat fee of \$ 8.00.
 - i. Exception: Washoe County business licenses will be charged a \$ 5.00 flat regional technology fee. County annual business license revenue is limited pursuant to NRS 354.5989 to \$ 22,000⁷. The \$ 5.00 regional technology fee is forecast to keep revenue collected from County business licenses within the NRS limitation⁸.
 - b. Quarterly business license flat fee of \$ 2.00.
 - c. 4% fee for all other types of licenses and permits.
 - i. This fee amount is within the 5% limitation set by NRS 354.790.

⁶ Section 9 of the policy outlines the proportional benefits to the customer to the amount charged for the regional technology fee. This satisfies the third part of the three part test within the Supreme Court's decision

⁷ Adhering to the revenue limitations set by NRS 354.5989 follows the requirements set forth in NRS 354.790.

⁸ The City of Reno has a larger permissible annual revenue for flat fees pursuant to NRS 354.5989. Therefore, the regional technology fee can be collected at the \$ 8.00 amount.

10. The jurisdictions will create and sign a suitable agreement(s) to:
 - a. Manage the shared regional license and permit program, to include data sharing and program administration;
 - b. Determine future adjustments to the regional technology fee;
 - c. Manage and disburse funds from a central regional program account (investment recovery and annual funding requirements);
 - d. Develop future direction and next steps for the regional license and permit program;
 - e. Determine staff assignments as needed to carry out provisions of the agreement; and,
 - f. Other matters as may be appropriate.

11. Options for the regional technology fee implementation date:
 - a. Commence upon contract signing by all three jurisdictions (January or February 2014).
 - b. Commence at the "go live" date of the regional program (January or February 2015 at the earliest).

12. Options for how long to charge the regional technology fee:
 - a. Fee ends when initial capital outlay investment is fully recovered (5 to 6 years).
 - b. Fee recovers initial capital outlay investment and continues to sustain annual funding requirements after initial investment is recovered:
 - i. Fee adjusted as needed to sustain annual funding requirements (e.g., subscription costs, future technology needs, etc.).