



# City of Rialto

## Legislation Details (With Text)

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**Title:** Request EDC to Recommend Approval of a Proposal for Consulting Services with NBS for Development Services to Update the Development Services User Fees.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Building Planning Fees and Impact Fee Study Proposal FINAL\_revised, 2. NBS-Rialto Disclosure Form 1-2-19

| Date | Ver. | Action By | Action | Result |
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For Economic Development Committee [January 30, 2019]

TO: Honorable Economic Development Committee Members

APPROVAL: Robb R. Steel, Assistant CA/Development Services Director

FROM: James Caro, Building Manager

Request EDC to Recommend Approval of a Proposal for Consulting Services with NBS for Development Services to Update the Development Services User Fees.

### **BACKGROUND:**

User Fees are those charges that the City levies for providing various services to the community, which may range from providing copies of public documents to the review of various development agreements and plans. Rialto Municipal Code Section 3.32 empowers the City to recover costs reasonably borne for providing various services through the imposition of fees and charges.

In 2004, the City undertook a comprehensive review of its User Fees as part of a larger effort that included establishing the Central Cost Allocation Plan and Fully Burdened Hourly Rate study. MuniFinancial performed the previous fee study, which the City Council subsequently approved in April 2005. Since 2005, Lynn Merrill consulting completed various individual fee studies, including the update of Engineering Plan Check fees on May 7, 2013 and the establishment of NPDES (National Pollutant Discharge Elimination System) Inspection Fees on April 26, 2013. Other fees have been escalated using a Consumer Price Index (CPI), rather than updating the time and labor costs associated with providing those fees.

Due to various staffing changes, changes in procedures, other factors affecting the cost of providing the various services, as well as the generally accepted accounting standard of conducting such studies at least once every five years, staff recommends the City to conduct a revised User Fee Study. The Budget Advisory Committee also recommended that the City Council annually update

user fees in accordance with law to ensure fair cost recovery, particularly for developers so that existing residents do not subsidize profitable enterprise.

**ANALYSIS/DISCUSSION:**

Staff proposes to engage NBS to prepare an update to the Building and Planning User Fees. The study will result in the establishment of new user fees and the revision of existing user fees as needed, in order to more accurately recover costs, ultimately improving the City's revenues. Staff does not propose to use NBS to perform the Development Impact Fee update, although that is also overdue for an update. NBS is a preeminent consulting firm for the preparation of building related fees. The City has not used its services before.

Staff proposes to incorporate the automatic calculation of user fees into the Trakit-Central Square Database, further allowing the City to review the actual costs for providing services as part of the budgeting process, and to determine whether various fees may need revision in order to more accurately recover costs in future fiscal years, at the time of budget adoption. Incorporation of these User Fee Studies into the existing program is desirable in order to ensure full integration with the City's budget process.

Staff does not know whether its Development Service fees are competitive in the marketplace. Some could be higher than the market (and possibly above the cost of service) thereby warranting reduction to remain competitive. Some may be lower and require an increase to capture our actual costs. NBS will take a comprehensive look at our fee structure and recommend adjustments to more accurately recover costs, while remaining competitive in the marketplace for development. The analysis may also identify new fees for services provided without compensation.

The cost of Work Plan #1 of NBS' proposal is \$26,920, including the cost of a competitive market analysis. The work will start immediately upon approval with completion within 90 days, allowing staff to update the User Fees for FY20. Staff requests an additional \$3,080 as a contingency for additional services for a total budget request of \$30,000.

**ENVIRONMENTAL IMPACT:**

Engaging the Consultant is not a "Project" as defined by the California Environmental Quality Act (CEQA). Pursuant to Section 15378(a), a "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. According to Section 15378(b), a Project does not include: (5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

**GENERAL PLAN CONSISTENCY:**

The City of Rialto General Plan establishes various guiding principles, goals, and objectives through which the City looks to improve the community and protect the quality of life for our residents. The proposed fee study is consistent with the guiding principle to provide essential services to the community and equitably apportion the costs for those services to the customers.

**LEGAL REVIEW:**

The City Attorney has reviewed and approved the staff report and the Professional Services Agreement.

**FINANCIAL IMPACT:**

General Fund Development Services Economic Development Account 010-500-4255-2011 will be used to fund this study.

**RECOMMENDATION:**

Staff recommends that the EDC recommend the City Council to approve the User Fee Update for Development Services Fees (Work Plan #1) with NBS.