



# City of Rialto

## Legislation Text

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For City Council Meeting [November 27, 2018]

TO: Honorable Mayor and City Council

APPROVAL: Ahmad R. Ansari, Interim City Administrator

FROM: Robert G. Eisenbeisz, Public Works Director/City Engineer

Request City Council to Conduct the Continued Public Hearing for Adoption of **Resolution No. 7417** to Consider Updating Fees and Charges for Civil Engineering Plan Check Services; Close the Public Hearing, and Table the Action.

**(ACTION)**

**BACKGROUND:**

The 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. The City's currently adopted Fee Schedule identifies certain fees related to plan check services associated with development projects, including Subdivision Maps (Tract Maps and Parcel Maps), Improvement Plans (Street, Storm Drain, Sewer, Water, Traffic Signals, Traffic Striping/Signage, etc.), Grading Plans, Hydrology Studies, Water Quality Management Plans and Traffic Studies. On August 13, 2013, the City Council adopted Resolution 6271, updating the related plan checking fees. Increasing costs for related services has necessitated the need to update the City's Fee Schedule for plan checking and other development related services.

**ANALYSIS/DISCUSSION:**

The process for the adoption, imposition, and modification of fees and charges imposed by the City is codified in the California Government Code ("Government Code"), which requires local agencies to make certain findings when adopting or increasing a fee. Additionally, the local jurisdiction must conduct a noticed public hearing (Government Code Sections 60016 and 66018) to receive public testimony prior to the adoption of a fee or an increase to an existing fee.

In compliance with Government Code Section 6062(a), the public hearing must be noticed with the first publication at least ten days prior to the scheduled hearing. The notice was published twice, with at least five days intervening between the dates of first and last publication, not counting such publication dates.

On September 25, 2018, Council opened the Public Hearing and continued it to November 13, 2018. On October 24, 2018, the Economic Development Committee reviewed the proposed fee increases and requested further analysis of the fees comparing to other jurisdiction and to Rialto's other service fees. The Council continued the Public Hearing to November 27, 2018 to allow time for additional analysis as requested.

### Proposed Plan Checking Fees:

The proposed updated fees will sufficiently recover the cost of development review and plan check services provided by City Staff and through on-call consultants, including associated administrative and overhead costs. The draft Fee Study is an analysis of costs associated with various elements of development review and plan checking activities. A copy of the draft Fee Study is included as **Attachment 1**. The proposed administrative fees identified in the draft Fee Study are in addition to the total plan check fees paid by applicants for the various plan check services. The total plan check fee is comprised of administrative fees and plan check fees, based upon the cost of providing these services.

Proposed thirty-two (32) plan checking fees are increasing at a range of 8% to 35%, with an average increase of about 14% above the current fees. Lockwood Engineering Company rates had not increased since 2013 and the recent contract reflected inflationary cost increases. Furthermore, there is also an incremental increase in response to the increased fully burdened hourly rates for City staff, resulting in increased administrative fees. The *Service fees for annexation into the Landscaping & Lighting Maintenance District* increased by 35%, attributed to the addition of the administration fee of \$1,751. Currently a development is conditioned to pay a set fee for an individual annexation at a per Engineer's Report of \$5,000, however, the city was not recovering the cost for its administration efforts. The \$5,000 per annexation recovers the cost for the engineering consulting services only.

### Comparing Fees to other Jurisdictions

Staff compared Rialto's proposed plan checking fees to the fees charged for similar services by other surrounding agencies. Neighboring entities use various methods for calculating fee structures assessing plan-checking fees to recover costs for services provided. Some agencies use a fixed fees based on the type of activity, number of plan sheets submitted (Rialto's method), and per cubic yard estimate of the amount of earth being moved to calculate. Three of the cities used in the comparison do not have city-operated water and wastewater services fees, which are included in Rialto's fees. The cities of Fontana, Rancho Cucamonga, Colton, San Bernardino and Redlands, were contacted to identify their fees for the comparison; however, it became clear that a deeper analysis is necessary to ensure that the estimated fees relate to equivalent services with the same plan check components. In order to have a complete estimate of fees charged for the same services, staff recommends a more thorough analysis using representative sample projects.

Rialto has historically assessed plan check fees on a per sheet basis because it offers fair and consistent fees across all types of projects, residential, commercial, retail, and industrial. This method provides a degree of certainty and efficiency because it does not depend on a construction cost valuation, which may be not be known at the time of plan submittal. Fees based on the number of sheets further allows the City to effectively manage the increased influx of projects in the plan check queue based on the number of projects conditioned at the Development Review Committee (DRC). The comparison cost analyses with other jurisdictions illustrate plan check fees for one type

of development shows Rialto to be on par with neighboring Cities as shown on **Table 1**. Using standardized 30 Lot residential tract development for Comparison analysis:

- Average House Sale Price \$400K (2,000 square feet) @ \$200/ square feet Construction Cost \$6 million

- On-site Construction is \$600K
- Off-site Construction is \$1,800 million
- Cubic Yard of grading is 1,000 cubic yard

**Table 1**

AGENCY	Example Cost	NOTES
RANCHO CUCAMONGA	\$ 35,058.75	Note 2
COLTON	\$ 39,434.00	Note 1
REDLANDS	\$ 51,303.00	
FONTANA	\$ 56,390.00	Note 2
<b>RIALTO PROPOSED</b>	<b>\$ 61,166.00</b>	
SAN BERNARDINO	\$ 158,387.20	

NOTE 1: Plan Check fees do not include Water and Sewer Plan Checks.  
Services provided to City by separate JPA.

NOTE 2: Plan Check fees do not include Water and Sewer Plan Check Fee.  
Both cities serviced by Inland Empire Utility Authority.

Excluding water and sewer plan checking service fees from the calculation of Rialto fees changes the fees total to \$45,682, which aligns Rialto as the third lowest rates. It would be best to use several sample projects to evaluate how the fees compare to other cities in the area.

To allow sufficient time to conduct a more thorough analysis comparing the fees of neighboring jurisdictions, staff recommends that the public hearing be closed and that the action be tabled. This will allow more time to analyze fees for small, medium and large projects in each of the three primary land-use categories: Residential, Commercial/Retail/, and Industrial.

#### **ENVIRONMENTAL IMPACT:**

CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies which the public agency finds are for the purpose of obtaining funds for capital projects, or are necessary to maintain existing services (CEQA - Section 15273).

#### **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 plan check fees are consistent with the guiding principle to provide essential services to the community and equitably apportion the costs of new development.

#### **LEGAL REVIEW:**

The City Attorney has reviewed and approved this staff report and public hearing notice.

**FINANCIAL IMPACT:**

**Operating Budget Impact**

The City incurred minor costs associated with publishing the required Public Hearing Notices in a newspaper of general circulation. Adoption of the proposed fees and charges for plan checking services will produce revenue to the City to recover the costs to provide plan check services. The scope of plan check services will vary dependent upon the number and type of development items requiring plan check services. The annual level of “on-call” plan check services is unknown and may significantly increase or decrease from year to year. Upon receipt of payment from a developer/applicant, plan check revenues will be recognized in the General Fund-Engineering Services Account No. 010-400-7262-7629/7625, which will offset the expenditure for plan check services to be paid from the General Fund- Engineering Services Account No. 010-500-7262-2011 for consulting fees as well as staff activities related to plan checking services.

**Capital Improvement Budget Impact:**

This action has no impact of the Capital Budget.

**Licensing:**

A Business license application and payment of a Business License tax is not required for this action.

**RECOMMENDATION:**

Staff recommends that the City Council conduct the continued Public Hearing to Consider Updating Fees and Charges for Civil Engineering Plan Check Services, close the Public Hearing and table the action.