



Agenda Report

File #: 19-0776

AGENDA REPORT REQUEST FOR CITY COUNCIL ACTION

DATE: 9/4/2019

TO: Honorable Mayor and City Council Members

FROM: Administrative Services Department

SUBJECT:

Public Hearing for City Council consideration of Resolution No. 2019-079 Revising the Citywide Master Fee Recovery Schedule and Recovery Percentages.

RECOMMENDED ACTION:

1. That the City Council adopt Resolution No. 2019-079 revising the Citywide Master Fee Recovery Schedule and Recovery Percentages and repealing Resolution No. 2017-097 and No. 2018-084.
2. That the City Council Authorize the Assistant City Manager/Administrative Services Director to approve additional budgetary adjustments for the building fees and fee amendments, if needed.

ANALYSIS:

In early 2018, MGT Consulting Group (MGT) was selected through a Request for Proposals (RFP 18-023WY) process to review and update all citywide user fees. After project kickoff meetings, MGT and Administrative Services Department staff began working closely with departments to review and update department activities related to user fees. MGT provided guidance on the fee study process and its calculation methodology was used to develop the full cost of each user fee. Data was collected using costs from the Fiscal Year 2018-19 Adopted Budget, as well as staff time estimates and service volume data.

Once the fees were calculated, reviewed, and analyzed, the draft building-related fees were discussed at a meeting, where the local development community was invited to attend. Sixty-eight invitations were extended to the October 24, 2018 meeting which was held at City Hall. The meeting was attended by three people. The full fee schedule was then presented to the Financial, Legislative, and Economic Development (FLED) Committee on November 7, 2018. Due to concerns over the building fee changes brought up by the Building Industry Association (BIA), staff needed additional time to review those fees. On November 20, 2018, the City Council approved the current fee schedule, excluding the fees related to the Building Division. The Building fees have been in place

since 2015.

One point brought up by the BIA during the discussion at FLED in November of 2018 was the presentation of the building fees. Plan Check and Inspection fees had been combined, where they had been separated in the past. Those fees have been updated and are presented separately in the attached recommended fee schedule.

The attached Master Fee Recovery Schedule includes the current fees, recommended fees, difference, and percentage of recovery. The primary reasons for fee changes, as compared to the prior fee study, include: 1) Staffing level changes, 2) Time allocation updates, 3) Current costs to perform the service or program, and 4) Percentage of recovery. The Master Fee Recovery Schedule incorporates the following changes:

- Building related fee updates (all)
- Minor revisions to previously approved fees that are recommended by City staff
- Amendments to current fees resulting from an hourly rate formula correction for four (4) positions within the Maintenance Services Department.

Those changes are identified and summarized below.

Building Related Fee Updates

All of the building related fees are being updated with Resolution 2019-079. In addition to updating the current fees, new fees are included with Table B: Miscellaneous Fees, for Accessory Dwelling Units (ADU). ADU spaces are either the conversion of an existing garage or construction of a new structure to be used as a habitable space such as a bedroom, den, family room, small house, etc.

Minor Fee Revisions

Administrative Services Department

The Finance Division within the Administrative Services Department is recommending adding deposits to annexation fees (FN-1005 and FN-1010) to cover the actuals costs for postage, publication, and recording.

Library and Recreation Services (LaRS)

The Library and Recreation Services Department is recommending clarifying language and amending some fees. Specifically:

- Group IIY has been redefined in accordance with the Athletic Field Use and Allocation Policy.
- All deposits were removed except for sports equipment and sports field tournament use. The Master Fee Recovery Schedule allows for Library and Recreation Services to recover costs for damages therefore a deposit is unnecessary. Also, the cost of processing deposit refunds is prohibitive.
- Additional per hour rental rates were created for the North and South Lawns at City Hall and Picnic Shelter in the event it is to be rented beyond the time allocated. The rental fee for the North and South Lawn at City Hall was defined as a 12-hour rental.
- Activenet/Online registration was updated to better define the transaction and merchant fees that are being passed along to the customer.

- Rental rate at the Circle City Center's activity rooms A & B were updated to reflect the correct fee.

Public Works

The Public Works Departments recommends updating fee titles and descriptions.

- PW-010: Processing Alley/Street Vacations
 - Remove 'Summary' from title: this fee applies to both Summary and Standard vacations.
 - Include utility easements in the title: Utility easements can also be vacated. Some 3rd party utilities instead process quitclaims (the City cannot) and developers will often look for that fee, so this helps to clarify when researching the City's fees.
- PW-080: Drainage Study Review
 - Minor review fee for simple projects that did not involve sophisticated/ complex designs, computer generated analysis, or large sites. One (1) acre was established to be the size cutoff, however projects less than one (1) acre can still have complex designs and computer-generated analysis.
- PW-160: Grading Inspection
 - CMC 15.36.030 requires a grading permit for projects with 6,000 square feet of pavement surfacing, and certain excavations and fills that may be less than 101 CY of earthwork (e.g. excavation that creates a slope steeper than 2:1).
- PW-180: Precise Grading Plan Check
 - Distinguish between Precise and Rough/Mass Grading Plan Check.

Amendments to Current Fees

Due to a finding within the Maintenance Services Department's (MSD) hourly rate calculations, some fees will be reduced within the department, as well as other departments that MSD supports: MSD will have seven (7) fees reduced, resulting in an overall decrease of 1.3%; Public Works will have six (6) fees reduced, resulting in an overall decrease of 1.3%; the Planning Division will have three (3) fees reduced, resulting in an overall decrease of 3.1%; and the Building Division will have six (6) fees reduced, resulting in an overall decrease of 1.9%. Except for Building, in which fees have not been approved, staff will research if any of these fees have been charged and will process refunds, if needed.

Based upon the City Council's approval of Resolution 2019-079, the updated building fees will go into effect 60 days after approval, or November 3, 2019. Other fee amendments will go into effect immediately after approval. Upon approval by the City Council, the new fees will be posted on the City's website.

COMMITTEE ACTION:

The Finance, Legislative and Economic Development Committee discussed the proposed fee updates at its meeting on Wednesday, August 7, 2019. The Committee members agreed with presenting the fee updates for the City Council's consideration.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

Building fees shall be effective 60 days after the City Council's approval, or November 3, 2019. Based on the fee analysis and taking into consideration annual volume and time estimates, the building fee changes are estimated to increase General Fund revenues by \$153,000 annually. Revenue budget amendments for Fiscal Year 2019-20 will be incorporated during the fiscal year, as needed.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This Resolution updates the fees for services provided by the City, and there is no possibility that this action will have a significant effect on the environment.

PREPARED BY: LUIS NAVARRO, FINANCIAL ANALYST II

REVIEWED BY: KIM SITTON, FINANCE MANAGER III

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

SUBMITTED BY: MITCH LANSDELL, ACTING CITY MANAGER

Attachments:

1. RFP Solicitation List (RFP 18-023WY)
2. Development Community Invitation List and Attendees
3. Resolution No. 2019-079 with Fee Recovery Schedule, Exhibit A (Clean Version and Redline)
4. Cost Recovery Study - Report of Findings (MGT Consulting Group)
5. City of Corona Fee Comparison Survey - Development and Non-Development Fees