

TO: James L. App, City Manager
FROM: Ron Whisenand, Community Development Director
SUBJECT: Development Impact Fee Update
DATE: February 17, 2009

Needs: For the City Council to consider authorizing a contract with David Taussig & Associates for consulting services related to the update of the City's Development Impact Fees.

Facts:

1. Implementation of the 2003 General Plan includes updating the City's Development Impact Fee Schedule every two years to reflect the City's full potential growth and infrastructure needs.
2. David Taussig & Associates has provided a proposal to update the current Fee Justification Study adopted by Council in October 2006. The update will ensure that future residential, commercial and industrial development pays its proportionate share of the backbone public facilities needed to accommodate that development without adversely impacting the cost or level of service for existing residents or businesses.
3. The need to update the Justification Study is driven by changes in demographics, facility requirements, modifications and refinements of facility costs, and changes in geographic areas of benefit. These changes will be reflected in updated Circulation and Housing Elements to be considered in the coming months.
4. Funds for the update were included in the 07-08 fiscal year budget. Those funds have been carried over to the 08-09 budget year.

**Analysis &
Conclusion**

Fiscal neutrality is an adopted policy in the 2003 General Plan. One of the tools to achieve this neutrality is to update the City's Development Impact Fees on a regular basis. In November 2007, the City Council retained the services of Fehr and Peers Transportation Consultants to evaluate transportation needs in the area north of Highway 46E, to update the City-wide traffic model, and to update the Circulation Element of the General Plan. The new Circulation Element will be based upon information gained from the 46E study area and the new model.

Concurrent with work on a new Circulation Element, Community Development staff will review and update the Housing Element of the General Plan based on new housing allocations from the State.

The first step towards updating the AB 1600 program is to review the Needs List. The transportation section of the Needs List will be evaluated based on the Parallel Routes Study, Caltrans 46E Corridor Study and the City-wide traffic model. This task will be

performed by City staff. It is essential to have Taussig on board during this process to answer questions and to provide consultation.

The Housing Element update will drive the demographic information which Taussig will rely upon to update the Justification Study. While the Housing Element update will be prepared by City staff, it will be useful to have Taussig on board early on to review the document as it is being prepared.

In the last AB 1600 update, the City went to extensive measures to notify, listen and respond to concerns expressed by the Home Builders Association. The HBA's decision to retain an attorney and a financial consultant resulted in significant time and effort, on the part of City staff and Taussig and Associates, to attend meetings and to form responses. It is anticipated that we will engage the HBA early on by involving them in the development of an updated Needs List. It is our hope that by engaging the HBA step by step, beginning with the formation of the Needs List, and by relying on the premises of the previous Justification Study (rather than preparing lengthy formal responses to old issues), Taussig's consultation will be limited. Taussig has provided a limited budget for responses to HBA questions.

Policy

Reference: Fiscal neutrality is a policy component of the 2003 General Plan.

Fiscal

Impact: The fiscal year 08-09 budget includes \$60,000 from the General Fund for the update of the AB 1600 program. The fee update is needed to ensure no adverse long-term impact on the City resulting from new development.

- Options:**
- a. Authorize the City Manager to execute a contract with David Taussig & Associates, not to exceed the amount of \$60,000, to update the Justification Study for the AB 1600 fee program and to adopt Resolution No. 09-xx appropriating these funds. The tasks will include attendance at meetings, limited preparation of responses to HBA, and presentations to the City Council.
 - b. That the City Council amend, modify or reject the above option.

Attachments: (2)

1. Taussig Proposal Dated 10-14-08
2. Resolution

EXHIBIT A – SCOPE OF WORK**AB1600 FEE JUSTIFICATION STUDY UPDATE
FOR THE CITY OF EL PASO DE ROBLES**

It is the understanding of David Taussig & Associates, Inc. (“DTA”) that the City of El Paso de Robles (the “City”) wishes to update its existing AB1600 Fee Justification Study performed by DTA in October 2006 (the “2006 Fee Study”) to ensure that future residential, commercial, and industrial development pays its proportionate share of the regional backbone public facilities (the “Facilities”) needed to accommodate that development without adversely impacting the cost or level of service for existing residents or businesses. The need for this AB1600 Fee Justification Study Update (the “Update”) is driven by changes in demographics, facility requirements, time inflated facility costs and the geographical areas of benefit. The Scope of Work for the Update consists of the following tasks:

TASK NO. 1 - DEVELOP POPULATION AND DWELLING UNIT PROJECTIONS

DTA would use the existing demographic figures from the 2006 Fee Study, unless updated projections are directly provided to DTA by City staff. The projections confirmed under this task will ultimately be used to determine service levels, facilities needs, and capital requirements for the Facilities. This task consists of two subtasks.

Subtask 1.1 – Review Existing Planning Documents and Development Projections

This subtask entails identification of future population, dwelling unit, land use and employment projections (collectively referred to hereinafter as “Demographic Information”) that will be used in the fee study. DTA will review the projections utilized in the 2006 Fee Study and modify as necessary if provided new demographic information by the City. DTA will not conduct new demographic research as part of this task. DTA has committed \$3,500 in labor to this subtask.

Subtask 1.2 – Review Existing Service Levels

DTA will assume existing facility service standards from the 2006 Fee Study, and adjust the Equivalent Dwelling Unit and facilities cost figures relative to the any new Demographic Information provided by the City. Existing service levels will then be adjusted as necessary as determined through input from City staff. Based on this adjusted data, DTA will determine the facilities and related costs that are necessary to be constructed to serve future development. DTA has committed \$1,500 in labor to this subtask.

DTA has committed \$5,000 in labor to complete all of Task No. 1.

TASK NO. 2 – IDENTIFY AND CLARIFY FUTURE SERVICE LEVELS AND FACILITIES NEEDS

This task entails identification of the facility and capital needs in order to serve the new development in the City projected in Task No. 1. DTA will use existing City materials as base documents and focus our effort on updating this information.

In order for any fee program to be comprehensive in its scope, it is necessary to complete a thorough identification of all the Facilities that will be impacted by additional growth. This task will require close coordination with several different City departments.

Subtask 2.1 – Survey/Interview City Staff

DTA will work closely with City staff and/or City consultants to identify the Facilities eligible for inclusion in the Update. DTA shall survey/interview City staff to ascertain existing and projected facilities in the City (based on Task No. 1), along with major equipment needs, the timing at which improvements will be needed and any physical data that would assist in developing the costs estimated below in Subtask 2.3. Based upon the results of the surveys and interviews, DTA will verify and, if appropriate, expand the list of new facilities to be included within the fee program for the City.

Subtask 2.2 – Prepare Facilities List

Based on the information collected in Subtask 2.1, DTA shall prepare a comprehensive list of new Facilities and equipment needed to serve future development in the City.

Subtask 2.3 – Review/Prepare Cost Estimates

DTA will prepare general cost estimates for the Facilities identified in Subtask 2.2. In order to prepare the cost estimates, DTA's engineering and technical staff will:

- Consult with City department heads and/or engineering staff or equivalent to ascertain and understand in-house cost data for existing and projected Facilities and equipment;
- Apply appropriate inflation and cost of living escalators to the list of projected Facilities to determine future costs;
- Review and/or refine existing cost data. This task does not involve design of facilities or preparing detailed cost estimates or calculations; and
- Examine major sources of revenue to fund construction of new Facilities as provided by City staff; and

Subtask 2.4 – Staff Review of Facilities List, Preparation of Final Facilities List

DTA will submit a copy of the Public Facilities Needs List and Cost Estimates to the City for review and consideration. This review is important, as this list is the basis on which the new fee program will be created.

DTA has committed \$10,000 in labor to complete all of Task No. 2.

TASK NO. 3 – DEVELOP METHODOLOGY FOR CALCULATING NEW FEE AMOUNTS

This task entails utilizing similar methodology to that used in the 2006 Fee Study to establish the fee component for each type of Facility in the Update. As was the case in the 2006 Fee Study, DTA's fee study methodology will meet the nexus or benefit requirements of AB 1600, which requires that there be a nexus between fees imposed, the use of the fees, and the development projects on which the fees are imposed. Furthermore, there must be a relationship between the

amount of the fee and the cost of the improvements. In order to impose a fee as a condition for a development project, the methodology must accomplish the following:

- Identify the purpose of the fee;
- Identify the use to which the fee is to be put. If the use is financing public facilities, the facilities must be identified;
- Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed; and
- Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is being imposed.

Implicit in these requirements is a stipulation that a public agency cannot impose a fee to cure existing deficiencies in public facilities or improve public facilities beyond what is required based on the specific impacts of new development. The benefit methodology established in this subtask will be documented in the Final Report.

TASK NO. 4 – DETERMINE FEE LEVELS

This task entails calculating the fee amounts based upon the dwelling unit and commercial/industrial development projections completed in Task No. 1, facilities needs and costs determined in Task No. 2, and the methodology selected in Task No. 3.

Subtask 4.1 – Calculate Recommended Fee Amounts

DTA will calculate the fees for the City by inputting the data compiled under the preceding tasks into the fee calculation model, and computing the amount of fee by land use type (i.e. residential, commercial, and industrial) to be levied.

Subtask 4.2 – Document Fee Derivation

DTA will document the methodology utilized for the fee calculation model in a manner that can be understood by the City and the public.

Subtask 4.3 – Fee Comparison

DTA shall research and summarize the differences between the development impact fees determined pursuant to the steps above and the development impact fees identified in the 2006 Fee Study.

TASK NO. 5 – PREPARE PRELIMINARY REPORT

This task entails preparation of the draft fee justification report for review by City staff. Based on the work completed in Task Nos. 1 through 4, DTA will prepare the draft fee justification report for consideration by City staff. The report will be prepared pursuant to the standards of AB 1600 and is expected to include:

- Executive Summary;
- Population Projections;

- Facilities and Improvements List;
- Fee Calculations;
- Recommended Fee Levels;
- Recommended Process for Keeping Fees Current

TASK NO. 6 – PREPARE FINAL ADMINISTRATIVE REPORT

Based on City staff comments on the draft fee justification report, DTA will prepare a final report for presentation to the City Council and City Staff.

Subtask 6.1 - Prepare Final Report

Based on the work completed in Task Nos. 1 through 5, DTA will prepare the final fee justification report for consideration by the City Council.

Subtask 6.2 – Present Final Report

DTA will present the Final Report to City Council as part of Task No. 7. DTA will make a presentation(s) to the City Council and respond to questions at the public hearing(s) on the proposed fee amounts.¹

DTA has committed \$15,000 in labor to complete all of Task No. 6.

TASK NO. 7 – ATTEND MEETINGS

This task includes four meetings at the City; (1) a meeting with City staff to review changes in demographics, facilities, and areas of benefit, (2) a second meeting with City staff to review the draft report, (3) a stakeholder outreach meeting, and (4) the public hearing before the City Council.

¹ Meetings and presentations are included in Task No. 7.

EXHIBIT B – PROPOSED COMENSATION**AB1600 FEE JUSTIFICATION STUDY UDPATE
FOR THE CITY OF EL PASO DE ROBLES**

Fees for the preparation of an AB1600 Fee Justification Study Update would be charged on a time and materials basis according to the hourly fee schedule listed in Table 1. The maximum fee for performing Task Nos. 1 to 6 shall not exceed a total of \$45,000, subject to the limitations identified below. The cost of having a DTA Vice President (Shayne Morgan) attend four meetings in El Paso de Robles shall not exceed an additional \$10,000.

The maximum fees assume the full cooperation of City staff in gathering demographic data regarding the existing City as well as future growth (i.e., Task No. 1) and in developing a needs list (i.e., Task No. 2). Should such cooperation not be forthcoming and the hourly fees for completing Task Nos. 1 and 2 exceed \$5,000, and \$10,000, respectively, DTA reserves the right to request additional funding to perform greater amounts of research or prepare more revisions to draft documents prepared by the firm.

Similarly, the maximum fees assume that the time spent revising the preliminary report under Task No. 5, including all negotiations with the Home Builders Association and other stakeholders, will not exceed \$15,000. If the costs for this task exceeds \$15,000, DTA reserves the right to request additional funding to complete Task No. 5.

The fees for gathering demographic data regarding the existing City as well as future growth (i.e., Task No. 1) in the amount of \$5,000 assume that the City provides current planning documents to determine existing as well as future population, dwelling unit, and employment statistics that will be used in the fee study. If Task No. 1 requires additional meetings and/or research to determine expected and/or future development statistics and the fees for completing Task No. 1 exceed \$5,000, DTA reserves the right to request additional funding in order to complete Task No. 1.

The fees for developing the final needs list to be used in the fee program (i.e., Task No. 2) in the amount of \$10,000 assume that DTA will focus on updating the existing facilities needs list that was prepared for the 2006 Fee Study with additional facilities needs not identified in the 2006 Fee Study as provided by the City. If Task No. 2 requires additional meetings and/or research to determine the final needs list and the fees for completing Task No. 2 exceed \$10,000, DTA reserves the right to request additional funding in order to complete Task No. 2.

TABLE 1 - HOURLY FEE SCHEDULE

David Taussig & Associates, Inc. Year 2008 Fee Schedule	
President	\$270/Hour
Vice President	\$230/Hour
Manager	\$200/Hour
Senior Associate	\$180/Hour
Associate	\$165/Hour
Senior Analyst	\$145/Hour
Analyst	\$125/Hour
Research Assistant	\$105/Hour

In addition to the above maximum fees for services, the Client shall reimburse DTA for travel, duplication, facsimile, courier, long-distance telephone and other out-of-pocket expenses, in the maximum amount of \$3,000.

At Client's request, services in addition to those identified in the Scope of Work may be provided if the total fee to complete the tasks selected is less than the maximum amounts stated above. Alternatively, if the selected tasks can be completed for less than the maximum amounts, only the hours actually expended will be billed.

Limitations

This budget covers only those tasks outlined in Exhibit A. Additional consulting services beyond those outlined in the Scope of Work ("Additional Work") may be provided for additional fees if they cause the proposed budget maximum to be exceeded. Detailed written responses to resolve disputes or preparation of more than one set of major revisions to the draft report will be classified as Additional Work and billed at hourly rates identified in Table 1 above. Other examples of Additional Work shall include:

- Additional analyses based on revised assumptions requested by the City
- Attendance at more than four meetings
- Additional coordination required for timely data collection
- Actual implementation of fee programs
- Reproduction of more than 10 copies of technical memoranda or draft or final reports.

Information To Be Provided By City

DTA requests that the following information be provided by the City at no charge and in a timely manner such that the maximum fee identified above for the project is not exceeded:

- City's General Plan, General Plan updates, any specific/master plans, development agreements, and data regarding existing entitlements
- Detailed description of the location and costs for newly proposed Facilities, including each Facility name and number of miles, square feet, acres, etc.
- Detailed description of the location and costs for Facilities on the existing 2006 Fee Study Needs List that are to be deleted and not included on the Update Needs List
- Identification of any committed revenue sources pledged to fund proposed facilities on the Needs List

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RESOLUTION NO. 09-xxx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROPRIATING FUNDS TO PAY FOR CONTRACT SERVICES
RELATED TO DEVELOPMENT IMPACT FEE UPDATE

WHEREAS, implementation of the 2003 General Plan includes updating the City's development impact fee program every two years; and

WHEREAS, David Taussig & Associates has provided a proposal to update the current Fee Justification Study; and

WHEREAS, the updated Fee Justification Study will ensure that future residential, commercial and industrial development pays its proportionate share of the backbone public facilities needed to accommodate development without adversely impacting the level of service for existing residents or businesses.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of El Paso de Robles that a one time appropriation in the amount of \$60,000, evenly distributed, from the Fire Protection Facilities Development Fund Budget Account No. 212-140-5224-125, the Public Facilities Development Fund Budget Account No. 224-140-5224-125 and the City Hall/General Government Facilities Development Fund Budget Account No. 231-140-5224-125 is hereby approved.

ADOPTED by the City Council of the City of El Paso de Robles at a regular meeting of said Council held on the 17th day of February 2009 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Duane Picanco, Mayor

ATTEST:

Cathy M. David, Deputy City Clerk