



## Council Agenda Report

From: Warren Frace, Community Development Director

Subject: **Development Impact Fees Update Contract – David Taussig and Associates**  
Authorize Contracts with David Taussig and Associates for a comprehensive update of the Circulation Development Impact Fee Program (AB 1600 Justification Study)

Date: November 7, 2017

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### Facts

1. At its meeting of April 5, 2011, the City Council updated the Circulation Element of the General Plan by adoption of Resolution 11-032.
2. At its meeting of April 1, 2014, the City Council adopted Resolution 14-035 accepting the Development Impact Fee Justification Study and setting the current array of development impact fees.
3. The Circulation Element of the General Plan is the policy basis of the Transportation section of the Needs List (List) within the Justification Study of the development impact fee program. The cost estimates of the projects on the List form the fundamental financial goal of the impact fee program.
4. The Housing Constraints and Opportunities Committee (HCOC) formed by the City Council in early 2016, has requested that staff prioritize the Needs List and re-evaluate its cost estimates.
5. At its meeting of August 2, 2016, the City Council adopted Resolution 16-103 amending the General Plan to change land uses of the Erskine property (eastern end of Wisteria Rd.) from Agriculture to Manufacturing. Public facilities gained from this key amendment include right-of-way dedication of a connecting arterial road from Wisteria Lane over the Huer Huero Creek to Airport Road and construction of a portion of the road. The connecting road will provide part of the Circulation Element's 46E Parallel Route and eventually eliminate reliance on the intersection of Airport Road – Highway 46E and the use of the Highway for access to the Airport.
6. The connecting road gained through the Erskine General Plan Amendment also allows for the consideration of a Circulation Element amendment to eliminate a second, and very expensive, Huer Huero creek crossing at the connection of Golden Hill and Dry Creek Roads.
7. At a special meeting of the City Council on September 15, 2016, a presentation was made outlining the background of the formation of the 2011 Circulation Element, the progress made towards its stated goals, and the potential of eliminating expensive segments currently on the Needs List.
8. On December 20, 2017, the City Council authorized contracts with Central Coast Transportation Consulting and Wallace Group to update the Circulation Element and Circulation Facilities Needs List.
9. In order to implement the Circulation Facilities Needs List update, an AB1600 justification study needs to be prepared to calculate fair share of Development Impact Fees.
10. The City's Purchasing Manual provides for the "sole source" of professional services when it can be determined by the City Council that it is in the best interest of the City to do so. David Taussig and

Associates prepared the 2014 Development Impact Fees update, and is uniquely equipped to prepare a cost effective and timely update of the Development Impact Fees.

**Options**

1. Take no action.
2. Authorize initiation of a comprehensive update to the Circulation Facilities Needs List update and AB1600 justification study by appropriating \$42,000 from the Nexus Fee, Traffic Mitigation Fee and the General Fund and authorizing the City Manager to execute a contract with David Taussig and Associates.
3. Refer back to staff for additional analysis.

**Analysis & Conclusion**

Background. The Housing Constraints and Opportunities Committee has identified City fees as being a primary obstacle to the development of affordable and workforce housing. Development impact fees are rooted in Council policy of fiscal neutrality of all new development. Under AB 1600, development impact fees cannot exceed a project’s actual impact on existing and new facilities. Existing deficiency must be funded by the City. Under the 2014 Development Impact Fees Justification Study, new development’s share of the City transportation facility impact cost was calculated to be 33.15% of total costs.

David Taussig and Associates Proposal. The Taussig proposal is segmented into five independent sections that ultimately would update all of the City’s development related fees.

- |  |                 |
|--|-----------------|
| 1. <b>Phase 1a – AB1600 Transportation Facility Fee Update</b>     | <b>\$25,000</b> |
| 2. Phase 1b – AB1600 Recreation and Government Facility Fee Update | \$25,000        |
| 3. <b>Phase 2 – Housing Affordability Index Calculator</b>         | <b>\$10,000</b> |
| 4. Phase 3 – Fiscal Impact Analysis of New Growth                  | \$35,000        |
| 5. Phase 4 – Updated Community Facilities District                 | \$30,000        |

Although all five phases will need to be ultimately completed prior to approval of the eastside specific plans (Chandler, Olsen and Beechwood), only Phase 1a is needed to complete the Circulation Element update process. However, staff thinks that the Housing Affordability Index Calculator should be prepared now to address economic feasibility and cost sharing issues related to preparation of the eastside specific plan process. The Housing Affordability Index Calculator would calculate the total cost of all City, County and State fees and taxes on a project and their effect on monthly mortgages or rents.

**Housing Affordability Index**

Housing Type	Sq. Ft.	Dw/Ac	Parking	Sales Price	RHNA Category	Monthly Rent	Monthly Mortgage	City Fees					State Fees		Taxes									
								Plan Check	Permit	DIF	Water	Sewer	State	School	Prop Tax	Bonds	CFD	HOA	LLD	Meat Room				
Studio	400	30		\$ -	Very Low	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
One Bed Apt.	600	30			Low																			
Apartment	1000	20			Moderate																			
2nd unit	1200	10			Moderate																			
Single Family	2000	4			Market																			

**Fiscal Impact**

Consulting services relating to the update of the Needs List (Phase 1a) and the Housing Affordability Index Calculator (Phase 2), with presentations at two City Council meetings if necessary, would cost a total of \$42,000. This cost of Task 1a would be covered by the Building Permit Nexus Fee and the Traffic Mitigation Fee, which are both fees, collected for the purpose of implementing AB1600. The

Building Permit Nexus Fee is part of the General Fund unappropriated fund balance, the Traffic Mitigation fee is part of the Development Impact Fees fund. The Housing Affordability Index Calculator will need to be funded from General Fund Reserves.

· Phase 1a – AB1600 Transportation Facility Fee Update	\$25,000	Nexus Fee / Traffic Mit Fee
· Phase 2 – Housing Affordability Index Calculator	\$10,000	General Fund Reserves
· City Council Meetings (2)	\$7,000	Nexus Fee / Traffic Mit Fee
<b>Total</b>	<b>\$42,000</b>	

**Recommendation** (Option 2)




Authorize initiation of a comprehensive update to the Circulation Facilities Needs List update and AB1600 justification study by appropriating \$42,000 from the General Fund and authorizing the City Manager to execute a contract with David Taussig and Associates for Phase 1a and 2 with meetings.

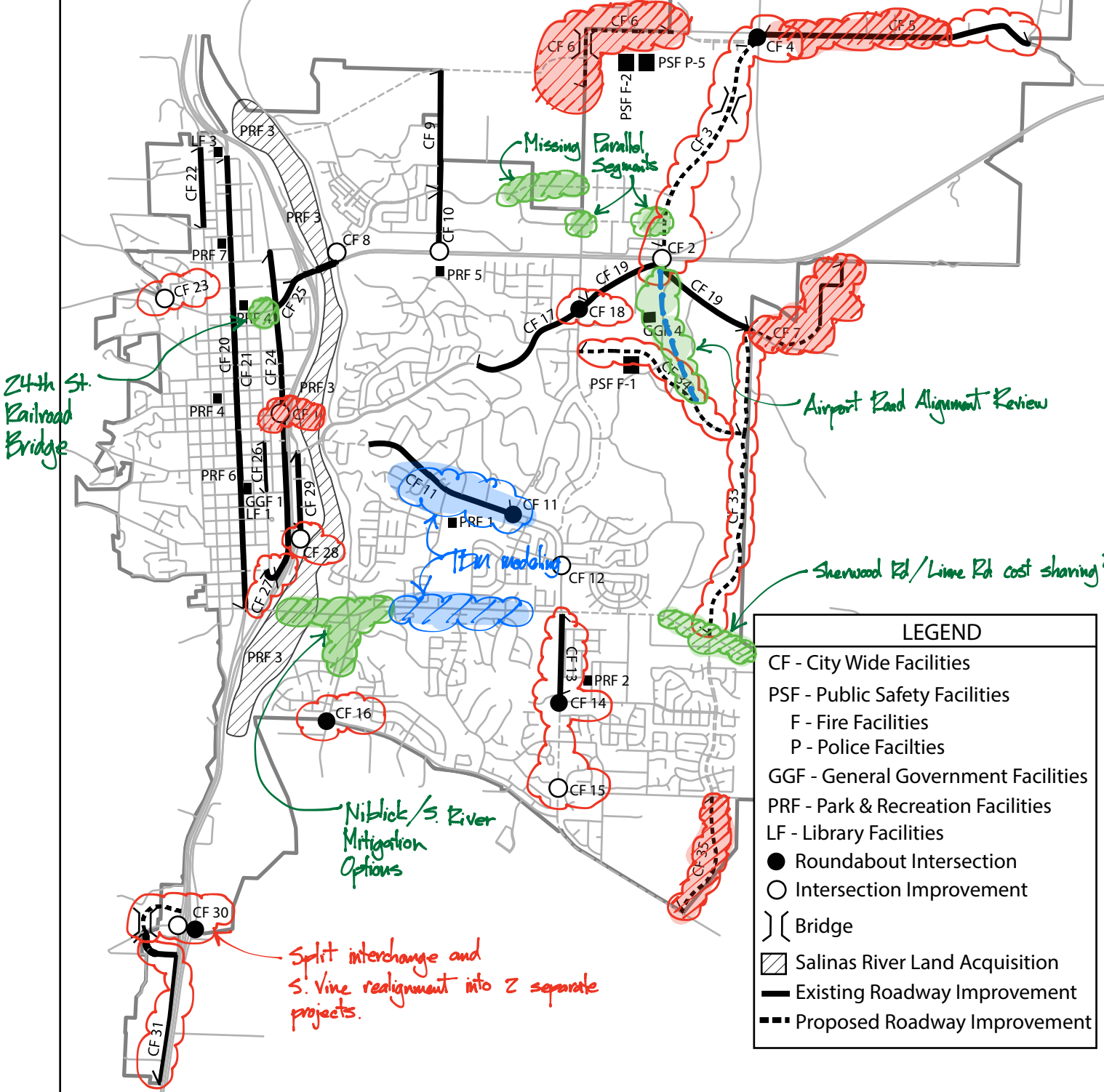
**Attachments**

1. Housing Constraints and Opportunities Committee Circulation Update Recommendation Map
2. Draft Resolution A
  - a. Exhibit A - Proposal from David Taussig and Associates

# Attachment 1 - HCOC Circulation Program Amendments Recommendations

## 2014 DEVELOPMENT IMPACT FEE (DIF) PUBLIC FACILITIES NEEDS LIST PROJECTS

-  Project Elimination Review (CCTC)
-  Cost Estimate Update (Wallace)
-  Missing Project Areas



LEGEND	
CF -	City Wide Facilities
PSF -	Public Safety Facilities
F -	Fire Facilities
P -	Police Facilities
GGF -	General Government Facilities
PRF -	Park & Recreation Facilities
LF -	Library Facilities
●	Roundabout Intersection
○	Intersection Improvement
⌋⌋	Bridge
▨	Salinas River Land Acquisition
—	Existing Roadway Improvement
- - -	Proposed Roadway Improvement

# Attachment 2

## Draft Resolution A

### RESOLUTION 17-xxx

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES AUTHORIZING A SOLE SOURCE PROFESSIONAL SERVICES CONTRACT WITH DAVID TAUSSIG AND ASSOCIATES RELATING TO AN UPDATE OF THE DEVELOPMENT IMPACT FEE PROGRAM AND THE PREPARATION OF A HOUSING AFFORDABILITY INDEX CALCULATOR**

WHEREAS, at its meeting of April 5, 2011, the City Council updated the Circulation Element of the General Plan by adoption of Resolution 11-032; and

WHEREAS, at its meeting of April 1, 2014, the City Council adopted Resolution 14-035 accepting the Development Impact Fee Justification Study and setting the current array of development impact fees; and

WHEREAS, the Circulation Element of the General Plan is the policy basis of the Transportation section of the Needs List (List) within the Justification Study of the development impact fee program. The cost estimates of the projects on the List form the fundamental financial goal of the impact fee program; and

WHEREAS, the Housing Constraints and Opportunities Committee (HCO) formed by the City Council in early 2016, has requested that staff prioritize the Needs List and re-evaluate its cost estimates; and

WHEREAS, at a special meeting of the City Council on September 15, 2016, a presentation was made outlining the background of the formation of the 2011 Circulation Element, the progress made towards its stated goals, and the potential of eliminating expensive segments currently on the Needs List; and

WHEREAS, on December 20, 2017, the City Council authorized contracts with Central Coast Transportation Consulting and Wallace Group to update the Circulation Element and Circulation Facilities Needs List; and

WHEREAS, in order to implement the Circulation Facilities Needs List update and AB1600 justification study needs to be prepared to calculate fair share of Development Impact Fees; and

WHEREAS, the City's Purchasing Manual provides for the "sole source" of professional services when it can be determined by the City Council that it is in the best interest of the City to do so. David Taussig and Associates prepared the 2014 Development Impact Fees update, and is uniquely equipped to prepare a cost effective and timely update of the Development Impact Fees; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. All of the above recitals are true and correct and incorporated herein by reference.

Section 2. The City Council hereby authorize initiation of a comprehensive update to the Circulation Facilities Needs List update and AB1600 Justification Study and Housing Affordability Index Calculator by David Taussig and Associates for Phase 1a and 2 with meetings as attached hereto as Exhibit A, and incorporated herein by reference, and authorize the City Manager to execute the Agreement, subject to any minor, technical, or non-substantive changes as approved by the City Manager and the City Attorney.

# Attachment 2

## Draft Resolution A

Section 3. The City Council appropriates an amount not to exceed \$42,000 from Nexus Fee Account.

APPROVED this 7<sup>th</sup> day of November 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Steven W. Martin, Mayor

ATTEST:

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Kristen L. Buxkemper, Deputy City Clerk

Exhibit A – David Taussig and Associates Scope of Work

## EXHIBIT B PROPOSED FEE SCHEDULE

DTA shall be remunerated for Consulting Services (as described above in the Scope of Work) on an hourly basis according to the rates set forth in Table 2 below, with invoices being submitted to the Client on a monthly basis. DTA shall perform tasks listed under the Scope of Work until fees equal each of the maximum levels listed below.

**This proposed budget is comprised of maximum charges by Phase as stipulated in Table 1 below.**

<b>TABLE 1 – PROPOSED BUDGET</b>	
<b>PHASE AND TASKS</b>	<b>NOT TO EXCEED CHARGE</b>
<b>PHASE IA – AB1600 TRANSPORTATION IMPACT FEE STUDY UPDATE</b>	
<i>Tasks 1A.1 through 1A.6 (No Meetings)</i>	\$25,000
<b>PHASE IB – AB1600 OTHER IMPACT FEE STUDY UPDATE</b>	
<i>Tasks 1B.1 through 1B.6 (No Meetings)</i>	\$25,000
<b>PHASE II – HOUSING AFFORDABILITY INDEX</b>	
<i>Tasks 2.1 through 2.3 (No Meetings)</i>	\$10,000
<b>PHASE III – FISCAL IMPACT ANALYSIS</b>	
<i>Tasks 3.1 through 3.5 (No Meetings)</i>	\$25,000
<b>SPECIAL TWO-DAY INTERVIEW MEETINGS WITH CITY DEPARTMENT HEADS, WITH TWO DTA STAFFMEMBERS PRESENT - Task 3.2</b> Note: Assumption is that DTA staff will collect information necessary for both Phase 1B and Phase III during these two-day interview meetings	\$10,000
<b>PHASE IV – COMMUNITY FACILITIES DISTRICT FORMATION FOR SERVICES</b>	
<i>Tasks 4.1 through 4.10 (No Meetings)</i>	\$30,000

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REVISED  
SCOPE OF WORK/  
FEE PROPOSAL

CITY OF PASO ROBLES

PUBLIC FINANCE  
CONSULTING SERVICES

Public Finance  
Public Private Partnerships  
Urban Economics  
Clean Energy Bonds

September 28, 2017

Newport Beach  
Riverside  
San Diego  
San Francisco  
San Jose  
Dallas  
Houston

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## EXHIBIT A PROPOSED SCOPE OF SERVICES

### **PHASE I:** **AB1600 FEE JUSTIFICATION STUDY UPDATE FOR THE CITY PASO ROBLES**

It is DTA's understanding that the City wishes to update its existing AB1600 Fee Justification Study previously prepared by DTA (the "Prior 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 changes in the geographical areas of benefit.

The Scope of Services for the Update has been bifurcated into two separate phases consisting of the following tasks:

### **PHASE I A:** **TRANSPORTATION FACILITIES DEVELOPMENT IMPACT FEE JUSTIFICATION STUDY UPDATE ("TRANSPORTATION FACILITIES FEE UPDATE")**

DTA will use the existing demographic figures from the Prior Fee Study, based on development to occur by 2025 (the "Target Year"), which is the buildout year in the City's current General Plan, adding in any new development that has occurred since the Prior Fee Study was completed. The projections confirmed under this task will ultimately be used to determine fee levels for transportation-oriented fees ("Transportation Facilities Fees").

#### **Subtask 1A.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 Transportation Facilities fee study. DTA will review the projections utilized in the Prior 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.

#### **1A.2. Review Future Service Levels and Facilities Needs**

City shall provide DTA with a list of new transportation facilities ("Transportation Facilities") to serve existing and new development through the Target Year as determined under Task 1A.1.

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## **Subtask 1A.2.1 – Survey City Staff**

City staff will provide DTA with a list of Transportation Facilities eligible for inclusion in the Transportation Facilities Fee Update, as well as the costs of these Transportation Facilities. City will specifically identify those facilities necessary to support future growth, as opposed to those facilities required to mitigate existing deficiencies within the City.

## **Subtask 1A.2.2 – Determine Other Available Revenues**

City staff will provide DTA with a list of available sources of revenue to fund construction of new Transportation Facilities, including previously collected Transportation Facilities Fees.

Notably, these tasks shall not require DTA to be involved in the selection or design of Transportation Facilities or the preparation of cost estimates for these facilities

## **1A.3. Develop Methodology for Calculating New Fee Amounts**

This task entails developing the methodology used to establish appropriate amount for the Transportation Facilities Fee. There are two critical issues that must be considered in developing a Transportation Fee program. DTA's fee study methodology must 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.
- ) 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 future development. The benefit methodology established in this subtask will be documented in the Draft and Final Administrative Reports for the Transportation Facilities Fee. It is DTA's intent to rely on the City's existing transportation model ("Model") to determine the appropriate allocation of benefit to new development in two specific transportation hubs selected by the City, thereby creating two Special Benefit Area Transportation Facilities Fee Programs. In addition, for Citywide Transportation Facilities, DTA will utilize the City's Model to allocate benefit to future development throughout the City. If information in the Model is inadequate to determine apportionments for future development, DTA shall employ average daily trips data by land use type from the Institute of Traffic Engineers for this purpose.

## **1A.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. 1A.1, facilities needs and costs determined in Task No. 1A.2, and the methodology selected in Task No. 1A.3.

### **Subtask 1A.4.1 – Calculate Recommended Fee Amounts**

DTA shall calculate the Transportation Facilities Fees for the City and for the two selected Benefit Areas by inputting the data compiled under the preceding tasks, and computing the amount of these fees to be levied. This work will be done in a spreadsheet format which can be updated on an annual basis.

### **Subtask 1A.4.2 – Document Fee Derivation**

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

### **Subtask 1A.4.3 – Fee Comparison**

DTA shall prepare written statements documenting the validity of the methodology for deriving the Transportation Facilities Fees for the City. These statements will be made to meet the requirements of AB 1600 and will be documented in the Final Fee Justification Study discussed below.

## **1A.5. Prepare Preliminary Transportation Facilities Fee Justification Study**

This task entails preparation of the draft fee justification study for review by City staff.

### **Subtask 1A.5.1 - Prepare Preliminary Study**

Based on the work completed in Task Nos. 1A.1 through 1A.4, DTA will prepare the preliminary Transportation Fee justification study. The study will be prepared pursuant to the standards of AB 1600 and is expected to include:

- ) Executive Summary;
- ) Population Projections;
- ) Transportation Facilities Needs List;
- ) Fee Calculations;
- ) Recommended Fee Levels;
- ) Recommended Process for Keeping Fees Current

## **1A.6. Prepare Final Transportation Facilities Fee Justification Study**

Based on City staff comments and feedback from interested parties on the preliminary Transportation Facilities Fee justification study, DTA shall prepare a final study.

### **Subtask 1A.6.1 - Prepare Final Study**

Based on input received related to Task 1A.5, DTA shall prepare the final fee justification study.

## 1A.7. Attend Meetings (Optional)

This task includes up three (3) meetings at the City: (1) a meeting with City staff to review the preliminary study, (2) a stakeholder outreach meeting, and (3) the public hearing before the City Council to officially adopt the Transportation Facilities Fee Study. **The cost of these meetings is listed separately in the Fee Schedule.**

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## **PHASE I B:**

### **OTHER FACILITIES DEVELOPMENT IMPACT FEE JUSTIFICATION STUDY UPDATE ("OTHER FACILITIES FEE UPDATE")**

Other Facilities Impact Fees shall include all of the City's existing impact fees, other than Transportation Facilities Impact Fees. Specifically, these fees include:

- Drainage Facilities
- Bike and Pedestrian Path Facilities
- Police Protection Facilities
- Fire Protection Facilities
- General Government Services Facilities
- Park and Recreation Facilities
- Library Facilities

Hereinafter, these non-Transportation Facilities shall be referred to collectively as "Other Facilities."

#### **1B.1 Develop Population and Dwelling Unit Projections**

##### **Subtask 1B.1.1 - Utilize Task 1A.1 Data**

DTA shall utilize the demographic projections and other data previously prepared under Task 1A.1, above, and not conduct additional research.

##### **Subtask 1B.1.2 – Review Existing Service Levels**

DTA shall assume existing facility service standards from the Prior Fee Study, and adjust the Equivalent Dwelling Unit and facilities cost figures relative to any new demographic information or assumptions provided by City staff. Existing service levels can also be adjusted as necessary as determined through input from City staff.

#### **1B.2. Identify and Clarify Future Service Levels and Facilities Needs**

If necessary, DTA shall review the City's facility and capital needs necessary for the funding of new public facilities and improvements required to serve existing and new development through the target year as determined under Task 1B.1. In order for any fee program to be comprehensive in its scope, it is necessary to complete a thorough identification and review of all the facilities that will be required to serve additional growth, as opposed to those facilities required to mitigate existing deficiencies within the City. This task will require close coordination with all appropriate City departments.

To determine the necessary new infrastructure, **DTA shall attend a series of meetings to conduct case study interviews over the course of two (2) days with City department staff** These meetings with City department staff shall occur simultaneously with the two-day series of meetings identified under Task 3.2 below for purposes of making fiscal impact

**report service level and cost assumptions.** The following activities shall occur during those two days:

**Subtask 1B.2.1 – Interview City Staff and Prepare Revised Other Facilities Needs List**

DTA shall interview City staff to ascertain existing and projected facilities in the City to meet the needs discussed under Task No. 1B.1 prior to the Target Year. Based upon the results of these interviews, DTA shall remove already-constructed improvements from the Needs List and shall expand the list of new facilities to be included within the Other Facilities Fee Program for the City.

**Subtask 1A.2.2 – Determine Other Available Revenues**

City staff will provide DTA with a list of available sources of revenue to fund construction of new Other Facilities, including previously collected Other Facilities Fees.

Notably, these tasks shall not require DTA to be involved in the selection or design of Other Facilities or the preparation of cost estimates for these facilities.

**1B.3. Develop Methodology for Calculating New Fee Amounts**

This task entails developing the methodology used to establish the fee amount for each fee component to the extent appropriate. There are two critical issues that must be considered in developing a fee program. The fee program must generate revenues in a timely manner and the methodology must meet the nexus or benefit requirements of AB 1600. Since fees of any sort are controversial, it is critical that any fee established be legally defensible.

DTA's fee study methodology must 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.
- ) 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 Draft and Final Administrative Reports. DTA shall prepare a memorandum to City staff summarizing available methodologies and their pros and cons, and if requested, provide detailed examples of other cities' or agencies' impact fee programs. Methodologies to review will include programs based on all mode trips (e.g., auto, transit, bike, walk), square footages or household units, etc. The memo will

also discuss, as applicable, context-sensitive and transportation-demand management adjustments, “credits” for capital improvements required as part of a project application, and discuss various treatments of pass-through trips to ensure “fair share” fees. DTA will recommend a fee expenditure plan to ensure that projects can be fully funded and implemented within any required time limits for expenditures of such funds, as well as possible flexibility to allow collected fees to be used to provide the City match for grant applications. Finally, the memo will include recommendations for methodology and next steps. Upon review and discussion by City staff, a methodology will be selected.

## **1B.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. 1B.1, Other Facilities needs and costs provided by City staff under Task No. 1B.2, and the methodology selected in Task No. 1B.3.

### **Subtask 1B.4.1 – Calculate Recommended Fee Amounts**

DTA shall calculate the fees for the City by inputting the data compiled under the preceding tasks, and computing the amount of each Other Facilities Fee to be levied. This work will be prepared in a spreadsheet format which can be updated on an annual basis.

### **Subtask 1B.4.2 – Document Fee Derivation**

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

### **Subtask 1B.4.3 – Fee Comparison**

DTA shall prepare written statements documenting the validity of the methodology for deriving each of the Other Facilities Fees for the City. These statements will be made to meet the requirements of AB 1600 and will be documented in the Final Justification Study discussed below.

## **1B.5. Prepare Preliminary Report**

This task entails preparation of the preliminary Other Facilities justification study for review by City staff.

### **Subtask 1B.5.1 - Prepare Preliminary Study**

Based on the work completed in Task Nos. 1B.1 through 1B.4, DTA will prepare the preliminary Other Facilities Fees justification study. The study will be prepared pursuant to the standards of AB 1600 and is expected to include:

- ) Executive Summary;
- ) Population Projections;
- ) Other Facilities Lists;
- ) Fee Calculations;
- ) Recommended Fee Levels;
- ) Recommended Process for Keeping Fees Current

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## **1B.6. Prepare Final Administrative Report**

Based on City staff comments and feedback from interested parties on the draft Other Facilities Fee justification study, DTA shall prepare a final study.

### **Subtask 1B.6.1 - Prepare Final Report**

Based on input received related to Task 1B.5, DTA shall prepare the final Other Facilities Fee justification study.

## **1B.7. Attend Meetings (Optional)**

This task includes three (3) meetings at the City: (1) a meeting with City staff to review the draft report, (2) a stakeholder outreach meeting, and (3) the public hearing before the City Council to officially adopt the Transportation Fee. **The cost of these meetings is listed separately in the Fee Schedule.**

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## **PHASE II:** **CITY OF PASO ROBLES HOUSING AFFORDABILITY INDEX**

The intent of Phase II is to evaluate one-time upfront costs and annual costs associated with five categories of residential development in the City of Paso Robles. Many of the costs to be evaluated are specifically associated with the City in terms of fees and charges imposed by the City on residential development to provide sufficient funding for infrastructure and services that are necessary to support new development.

The following five residential categories shall be analyzed:

- Studio Apartment
- One-Bedroom Apartment
- Two-Bedroom Apartment
- Accessory Dwelling Unit
- Single Family Home (2,500 Square Feet)

### **3.1. Determine Upfront Fees and Charges**

Determine the upfront costs associated with fees and charges imposed by the City related to the construction of a residential unit in each of the five residential categories. The following fees and charges are to be analyzed for each of these residential categories,

- Plan Check Fees
- Permit Fees
- Development Impact Fees
- Water and Sewer Hookup Fees
- San Joaquin Kit Fox Fees
- School Fees
- Other Fees and Charges

### **3.2 Determine Monthly Charges**

Determine the monthly costs associated with the purchase or rental of a residential dwelling unit in the City in each of these residential categories, including rents/mortgage payments and other monthly charges imposed by the City, the builder or other parties.

- Rent
- Mortgage Payment (based on sales price)
- Additional Parking Cost
- Affordability Factor (RHNA Category)
- Utility Bills
- Property Taxes
- Overlapping Bonded Indebtedness Payments
- CFD Special Taxes (Services)
- CFD Special Taxes (Facilities)
- LLD Assessments
- HOA Fees

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### 3.3 Prepare Executive Summary

Prepare an Executive Summary reviewing conclusions of the Housing Affordability Index analysis.

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## **PHASE III: FISCAL IMPACT MODEL UPDATE**

DTA will prepare a fiscal impact analysis for the City to determine the fiscal impact of future development on the City. A net annual cost (surplus or deficit) figure will be calculated for both residential and nonresidential development based on assumptions provided by City staff. For residential development, the residential surplus or deficit will be expressed in terms of a per dwelling unit charge; for nonresidential development, the nonresidential surplus or deficit will be expressed in terms of either 1,000 square feet of building space, or a per acre basis. Nonresidential development's charge may be further broken down into a retail and non-retail charge per acre or per thousand square feet. A net cost figure for all new development (residential and nonresidential development) will be provided as well. Notably, a Community Facilities District ("CFD") will be formed within the City to pay for eligible services to new residents and employees within its boundaries (see Phase IV below). It is currently expected that all future development within the City will be annexed into the CFD.

This Scope of Work identifies the following tasks required to complete the fiscal impact analysis.

### **3.1. Background & Fiscal Research**

This task involves identifying selected fiscal parameters relevant to the analysis, collecting land-use and infrastructure data (e.g., new public roads, traffic signals, and landscaped areas, much of which may be included on the City's Needs List, as prepared under Phases 1A and 1B of this Scope of Work), and obtaining material required for the fiscal analysis from the City, such as the current City budget. DTA shall employ assumptions that are consistent with land-use information provided by City staff or other consultants acting on behalf of the City.

In particular, this task includes the following, much of which have already been prepared during Phase I of this proposal:

- ) Specify proposed future land uses by land-use type, including the number and size of single-family houses, multi-family houses, retail building square feet, and non-retail building square feet.\*
- ) Specify projected market prices and future development valuations\*
- ) Specify proposed public improvements by type and planning area, including road lane miles, parkway and median square footage, park acres (local and regional), landscaped areas, natural open space, recreational activity areas, etc.\*
- ) Specify demographic characteristics by land use type, including population per household and employment generation by type of commercial development.
- ) Identify the total property tax rate for each Tax Rate Area ("TRA") that is expected to comprise new development, obtain breakdowns of general levy tax allocation factors from the County Auditor-Controller for each TRA, and determine the various public agencies currently providing services to the New Development.

*\*To be provided by the City or its consultants.*

## 3.2. Cost Assumption Analysis

DTA will employ the Case Study Method and the Per Unit Multiplier Method for calculating relevant City costs. This task includes analyzing the City's current operating budget, and any relevant City documents, such as service area studies prepared by or for the public works, parks, recreation department or any other department.

DTA will review data from City and assist City staff in determining the operations/maintenance levels required for each type of public improvement proposed, as well as costs related to these items. Property values, absorption rates and other demographic information from the City and other sub-consultants will be utilized in DTA's analysis. DTA's research shall involve the following:

- J Review the current General Plan and City budget to determine recommended infrastructure and O&M service levels for each type of public improvement and public service required. This would include data such as quantification of proposed infrastructure networks (e.g., road lane miles) and service program levels (e.g., maintenance costs per road lane mile, number of sworn police officers per 1,000 population, etc.), and estimated costs for each.
- J **DTA shall attend a series of meetings to conduct case study interviews over the course of two (2) days with City department staff**, in order to review issues related to proposed operations and maintenance service levels. **These meetings with City staff shall occur during the two-day series of meetings identified under Task 1B.2 above for purposes of creating a Needs List and related costs to calculate the levels of Other Facilities Impact Fees.** City staff shall establish the baseline levels of service by type of infrastructure, to the extent that they differ from levels of service assumed under prior Fiscal Impact Reports. For example, for each type of infrastructure, service levels and costs will be defined and quantified as follows:

<u>Sample Program Type:</u>	<u>Typical Expression of Levels of Service</u>
<i>Roadways</i>	Resurfacing/maintenance schedule; annual cost per lane mile.
<i>Street lights/traffic signals</i>	Maintenance schedule; lighting standard per lineal foot; annual cost per light and signal.
<i>Parks and open space</i>	Acres per 1,000 population and maintenance schedule; annual maintenance cost per acre.
<i>Library</i>	Building square feet and number of books per capita; annual operating cost per capita.
<i>General government</i>	Square feet per capita; annual cost per capita.
<i>Police services</i>	Number of sworn officers per 1,000 population; number of support personnel per sworn officer; annual cost per capita.
<i>Fire protection</i>	Response time; calls per fire station; staffing and complement levels; annual cost per station.
<i>Recreation services</i>	Program levels (various)

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If necessary, DTA has an extensive database of service and program levels that have been adopted by other public agencies and could assist City personnel in their decisions.

### **3.3. Revenue Assumption Analysis**

DTA shall project recurring revenues to the City from development of each land use type. This first requires the development of revenue generation assumptions. DTA will employ the Case Study and Per Capita Method for calculating relevant City revenues, such as sales taxes, property taxes, and franchise fees.

In order to estimate the revenue sources, DTA shall utilize projected market prices and valuations provided by other subconsultants or the City, and conduct the following background research:

- J Obtain breakdowns of general levy tax allocation factors from the County Auditor-Controller that are likely to be applied to future development.
- J Derive Per Equivalent Dwelling Unit revenue generation assumptions. DTA will employ the Per Unit Multiplier Method for projecting some City revenues, such as state subventions, gas taxes, fines & forfeitures, and other miscellaneous revenue sources. This task will require a comprehensive analysis of the City's current operating budget for selected revenue categories.

### **3.4. Analysis of Fiscal Impacts**

#### **Subtask 3.4.1 – Projection of Annual City Costs and Revenues**

Based on the findings of Tasks 3.1, 3.2, and 3.3, this task involves the analysis and estimation of the fiscal impacts on the City resulting from new development. DTA will estimate the recurring fiscal impacts from provision of public services and operation and maintenance of public facilities within the City. This task also involves projecting recurring revenues to the City from new development at buildout.

#### **Subtask 3.4.2 – Projection of Net Fiscal Impact to the City**

A Community Facilities District (“CFD”) will be formed within the City to pay for eligible services for new residents and employees within its boundaries. It is currently expected that all future development within the City will be annexed into the CFD.

### **3.5. Report Preparation**

This task includes the preparation of a summary Fiscal Impact Report (“FIR”). The summary FIR will contain a brief discussion and analysis of the assumptions, methodology, and findings of the fiscal impact study.

### **3.6. Attend Meetings (Optional)**

This task includes two (2) meetings at the City: (1) a meeting with City staff to review the draft report, and (2) the public hearing before the City Council to officially adopt the Other Facilities Impact Fees. **The cost of these meetings is listed separately in the Fee Schedule.**

## **PHASE IV:** **FORMATION OF ADDITIONAL PUBLIC SERVICES COMMUNITY FACILITIES DISTRICT**

Based on findings in Phase III, DTA shall assist the City in establishing a new Community Facilities District (“CFD”) to fund public services for a proposed residential development project (the “Project”), as well as for all future residential development within the existing boundaries of the City. The Project shall serve as the core area for a second City-wide Public Services CFD, with the remainder of future development within the City being included in the formation process as a potential future annexation area, to permit additional properties to annex into the CFD in the future without requiring additional formation procedures.

**Please note that any effort to create Improvement Areas or Benefit Zones within the CFD, or to create more than one CFD, would be considered Additional Work for budgeting purposes.**

DTA shall undertake the following tasks to assist the City in the formation of the CFD:

### **4.1. Background Research**

Review existing CFD documents and tax levels and provide verbal input to the City regarding possible modifications to existing CFD, or recommendations related to the formation of a new CFD. Collect available planning, development absorption and financial information regarding the Project and future development within the City, to be provided by the City.

### **4.2. CFD Formation Schedule**

Prepare schedule of events and actions associated with the formation of an additional CFD by the City.

### **4.3. CFD-Eligible Public Services**

Collect information from the City regarding cost of street maintenance services and flood control/drainage services, and other services to be funded through the CFD. If requested, DTA can provide similar data from other CFDs formed by DTA and fiscal impact analyses prepared by DTA at no additional charge. However, City is responsible for providing all services costs to DTA.

### **4.4. Maintenance Cost Apportionment Methodology**

Develop appropriate methodology for apportioning Public Services costs by land-use (e.g., single family detached residential, multi-family attached residential, and affordable housing) for street and flood control services. Assign special tax rates for each land use type.

### **4.5. CFD Pro Formas**

Prepare one or more tax spreads (up to 15) or cash flow analyses to assist in structuring the levy and projecting the special tax revenues to be collected in future years.

## 4.6. Tax Apportionment Formula

Prepare special tax apportionment methodology, subject to City constraints and financing objectives, as well as City policy guidelines. This task includes preparation of the Rate and Method of Apportionment of Special Tax (the “RMA”), which is the official special tax formula that will be recorded for all CFD properties. Prepare revisions to initial RMA until all parties are satisfied.

## 4.7. Preparation of Boundary Map

Prepare the CFD boundary map pursuant to the requirements of the CFD Act and the County of San Luis Obispo Recorder’s Office. Include future annexable areas on map. Record map at County Recorder’s Office.

## 4.8. Document Review and Preparation

Prepare CFD Public Report. Assist CFD Formation Counsel with the preparation of required documents, including the Resolution of Intention, Resolution of Formation, and related items. Also provide necessary data and advice to CFD Formation Counsel regarding the implementation of the CFD, including policies that address future annexations.

## 4.9. Property Owner Election

Confirm number of registered voters within core area of the CFD with County Registrar of Voters, and assist City in conducting mail ballot election to approve CFD formation.

## 4.10. Disclosure Statement

Prepare disclosure statement to be provided to future homebuyers within the Project.

## 4.11 Attend Meetings (Optional)

This task includes two (2) meetings at the City: (1) a meeting with City staff to review the Rate and Method of Apportionment and the CFD Report, and (2) the public hearing before the City Council to officially establish the CFD. **The cost of these meetings is listed separately in the Fee Schedule.**

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## EXHIBIT B PROPOSED FEE SCHEDULE

DTA shall be remunerated for Consulting Services (as described above in the Scope of Work) on an hourly basis according to the rates set forth in Table 2 below, with invoices being submitted to the Client on a monthly basis. DTA shall perform tasks listed under the Scope of Work until fees equal each of the maximum levels listed below.

**This proposed budget is comprised of maximum charges by Phase as stipulated in Table 1 below.**

<b>TABLE 1 – PROPOSED BUDGET</b>	
<b>PHASE AND TASKS</b>	<b>NOT TO EXCEED CHARGE</b>
<b>PHASE IA – AB1600 TRANSPORTATION IMPACT FEE STUDY UPDATE</b>	
<i>Tasks 1A.1 through 1A.6 (No Meetings)</i>	\$25,000
<b>PHASE IB – AB1600 OTHER IMPACT FEE STUDY UPDATE</b>	
<i>Tasks 1B.1 through 1B.6 (No Meetings)</i>	\$25,000
<b>PHASE II – HOUSING AFFORDABILITY INDEX</b>	
<i>Tasks 2.1 through 2.3 (No Meetings)</i>	\$10,000
<b>PHASE III – FISCAL IMPACT ANALYSIS</b>	
<i>Tasks 3.1 through 3.5 (No Meetings)</i>	\$25,000
<b>SPECIAL TWO-DAY INTERVIEW MEETINGS WITH CITY DEPARTMENT HEADS, WITH TWO DTA STAFFMEMBERS PRESENT - Task 3.2</b> Note: Assumption is that DTA staff will collect information necessary for both Phase 1B and Phase III during these two-day interview meetings	\$10,000
<b>PHASE IV – COMMUNITY FACILITIES DISTRICT FORMATION FOR SERVICES</b>	
<i>Tasks 4.1 through 4.10 (No Meetings)</i>	\$30,000

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**Table 2 - Hourly Rates**

David Taussig & Associates, Inc. Fiscal Year 2017-18 Hourly Rates	
President / Managing Director	\$290/Hour
Vice President / Engineer	\$230/Hour
Manager	\$180/Hour
Associate II	\$165/Hour
Associate I	\$150/Hour
Research Associate II	\$140/Hour
Research Associate I	\$125/Hour

MEETINGS	
PROJECT TASK	NOT TO EXCEED CHARGE
OPTIONAL MEETINGS TO BE ATTENDED BY DTA AT REQUEST OF CITY	\$3,500 per Meeting

In addition to these hourly rates, out-of-pocket and administrative expenses shall be charged that are equal to 3% of DTA’s monthly billings for labor, plus any outside vendor payments, not to exceed a total of \$1,500 for each of Phases 1A, 1B, III and IV. The maximum out-of-pocket expenses shall not exceed a total of \$750 for Phase II. In addition to these expenses, the cost of travel @ \$0.535 per mile, plus lodging costs, shall be added to the cost of each meeting attended by DTA.

The preceding budgets, rates, and expenses apply for a 12-month period from execution of an agreement covering such services and are subject to a cost of living increase every twelve (12) months thereafter. DTA reviews its professional fees and hourly rates annually and, if appropriate, adjusts them to reflect increases in seniority, experience, cost-of-living, and other relevant factors. DTA will notify Client before any such increase.

On or about the first two weeks of each month during which services are rendered (unless provided otherwise as discussed above), DTA will present to the Client an invoice covering the current consulting services performed and the reimbursable expenses incurred under the agreement and exhibits thereto. Such invoices will be paid by the Client within thirty (30) days of each invoice. A 1.2% monthly charge may be imposed against accounts not paid within thirty (30) days of each invoice. Any additional services and expenses will be billed on a time and materials basis.

**Limitations**

This budget covers only those tasks outlined in Exhibit A. Additional consulting services beyond those included in Exhibit A (“Additional Work”) may be provided for additional fees if they cause the budget maximum to be exceeded. **Notably, any meetings other than the special two-day interview meetings cited in the Scope of work will be charged on a time and materials basis, including travel time, not to exceed a total fee of \$3,500 per meeting, if they cause budget maximums to be exceeded.**

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For **Phases IA and 1B** , the following would be considered Additional Work:

- ) Detailed written responses to resolve disputes (particularly with stakeholders) or preparation of more than one set of major revisions to the draft reports.
- ) Additional analyses based on revised assumptions requested by the City, including (a) possible changes in Facilities Needs List, infrastructure costs, population projections and related data once preparation of preliminary justification study has been initiated (b) adjustments to assumptions once the preliminary fee justification study has been approved.
- ) Negotiations with stakeholders once the preliminary fee justification study has been prepared.
- ) Actual implementation of fee programs.

For **Phase II**, the following would be considered Additional Work:

- ) Work associated with the analysis of additional types of residential development
- ) Additional analysis based on revised assumptions, fees, etc. requested by the City after initial analysis has been completed.

For **Phase III**, the following would be considered Additional Work:

- ) Work associated with the analysis of alternative build-out scenarios or significant changes in the expected build-out description during the preparation of the fiscal analysis.
- ) Additional analysis based on revised assumptions requested by the City.

For **Phase IV**, the following would be considered Additional Work:

- ) Any work on City Goals and Policies.
- ) Formation of separate benefit zones or improvement areas within CFD, or formation of more than one CFD.
- ) Revisions to CFD Map or Rate and Method of Apportionment once final versions have been completed.
- ) Annual levy of CFD special tax and placement on the County tax rolls.