



Council Agenda Report

From: Warren Frace, Community Development Director

Subject: **Staff Report Addendum 1**
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

Staff Report Addendum Items

David Taussig and Associates Proposal Update. The proposal has been modified since the issuance of the staff report to include a provision to create two special benefit traffic fee overlay districts around the 46W/101 interchange and the 46E/Union Rd. interchange. These special benefit districts have been requested by Caltrans on numerous occasions and would be useful in addressing CEQA mitigation issues and expediting the completion of these key projects. Consequently, Phase 1a is now proposed to cost \$35,000 rather than \$25,000. An additional site meet as also been added at a cost of \$3500.

TABLE 1 – PROPOSED BUDGET	
PHASE AND TASKS	NOT TO EXCEED CHARGE
PHASE IA – AB1600 TRANSPORTATION IMPACT FEE STUDY UPDATE	
Tasks 1A.1 through 1A.6 (No Meetings)	\$35,000
PHASE II – HOUSING AFFORDABILITY INDEX	
Tasks 2.1 through 2.3 (No Meetings)	\$10,000
MEETINGS	
Task 1A.7. Two meetings in Paso Robles to support Phases 1A and II	\$7,000
Maximum Fee for Labor	\$52,000
Maximum Fee for Out-of-Pocket Expenses and Travel Costs for Meetings	\$3,500
Maximum Total Fee	\$55,500

Fiscal Impact

Consulting services relating to the update of the Needs List (Phase 1a) and the Housing Affordability Index Calculator (Phase 2), with three site meetings including a City Council meeting, would cost a total of \$55,000. 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	\$35,000	Nexus Fee / Traffic Mit. Fee
• Phase 2 – Housing Affordability Index Calculator	\$10,000	General Fund Reserves
• City Council Meetings (2)	\$10,500	Nexus Fee / Traffic Mit. Fee
Total	\$55,500	

Amended Recommendation (Option 2)

Authorize initiation of a comprehensive update to the Circulation Facilities Needs List update and AB1600 justification study by appropriating \$55,500 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. David Taussig and Associates Revised Scope of Work 11/2/17

REVISED
SCOPE OF WORK/
FEE PROPOSAL

CITY OF PASO ROBLES

**TRANSPORTATION IMPACT FEE AND
HOUSING AFFORDABILITY INDEX
CONSULTING SERVICES**

Public Finance
Public Private Partnerships
Urban Economics
Clean Energy Bonds

November 2, 2017

Newport Beach
Riverside
San Diego
San Francisco
San Jose
Dallas
Houston

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EXHIBIT A PROPOSED SCOPE OF SERVICES

PHASE I A:

AB1600 TRANSPORTATION FEE JUSTIFICATION STUDY UPDATE FOR THE CITY OF PASO ROBLES (“TRANSPORTATION FACILITIES FEE UPDATE”)

It is DTA’s understanding that the City wishes to update its existing AB1600 Transportation 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 transportation 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 shall consist of the following tasks:

DTA shall 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"), as specifically applied by Central Coast Transportation Consulting, to determine the appropriate allocation of benefit by land use as required for the establishment of two new Benefit Area Transportation Facilities Fee Programs for two intersections selected by the City and Caltrans:

- 46 W / 101 interchange
- 46 E / Union Rd. interchange

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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

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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 Two Meetings

This task includes up two meetings at the City related to the Transportation Impact Fee Program or the Housing Affordability Index Study. **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)

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- LLD Assessments
- HOA Fees

3.3 Prepare Executive Summary

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

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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.

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Maximum Fee for Labor	\$52,000
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Maximum Total Fee	\$55,500

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

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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 Phase 1A** and **\$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, not to exceed **\$1,000** for the two meetings.

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 beyond the two listed in the Scope of Work will require up to an additional \$3,500 per meeting**

For **Phase IA**, 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.
- Additional work required due to the non-availability of land use data from the City or its Transportation model in the preparation of the Citywide or either of the two Benefit Area Fee Programs.
- 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.