

TO: Andrew P. Powers, City Manager

FROM: John F. Adams, Finance Director

DATE: February 28, 2017

SUBJECT: Draft 2017 Citywide User Fees, Fines, Penalties, Rates, and Assessments (User Fees), and Development Impact Fees

RECOMMENDATION:

1. Receive information on User Fees and Development Impact Fees as presented at Public Meeting/Study Session and provide direction to staff.
2. Schedule a Public Hearing for April 25, 2017, with final decisions on User Fees adjustments to be made that evening.

FINANCIAL IMPACT:

Financial Impact to Be Determined. The current financial impact of the proposed fee adjustments outlined in the 2017 User Fee Manual – Draft A (available under separate cover and available for review in the City Clerk’s Department and on the City’s website) are outlined below:

1. Development related user fee revenue will see a slight increase, taking into account the same activity levels as the prior year, which will offset the cost to the City of providing the various services.
2. In general, non-development related fees (City Clerk, Community Development, Cultural Affairs, Finance, Library, Police, and Public Works) have been adjusted by a Consumer Price Index (CPI) factor of 2.55 percent.
3. Development Impact Fees are being reviewed by a consultant and the Public Works Department (PWD) and will be brought back to City Council at a later date. PWD staff will prepare Nexus reports on Traffic related Development Fees and are currently reviewing Water and Wastewater rates.
4. Police Facilities Fee is proposed to be adjusted by 1.02 percent.

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BACKGROUND:

Budget Process: As part of the biennial budget process, City staff reviews and updates all User Fees based on the estimated cost of providing services, as well as Development Impact Fees. The last review and staff update was completed as part of the FY 2015-2017 budget process and adopted on April 28, 2015. The City has approximately 277 user fees with a majority having sub-components, totaling over 700 fee items.

Consumer Price Index (CPI) Factor: Staff referred to the United States Department of Labor, Bureau of Labor Statistics and calculated the change in CPI from July 2014 to July 2016, which was a 2.55 percent increase. The CPI selected was for all expenditure categories for Los Angeles-Riverside-Orange County, CA, which is the closest in proximity to Ventura County.

Prior Comprehensive Cost Studies: Periodically, the City prepares and updates its comprehensive full-cost study on development related fees. Staff, with the assistance of Wohlford Consulting did a comprehensive review and updated the full-cost study on all development related fees (Building & Safety, Planning, Code Compliance, and Engineering) during the 2013 user fees process. The comprehensive study was required since operating costs, staffing levels, and activity had substantially changed over the previous five years. The update began in November 2012 and the results of costs and projected revenue for FY 2012-13 was used as a basis for the review of development related fees.

In 2010 and 2007, the City used Wohlford Consulting to assist in preparing full-cost studies. In 2010, Building & Safety fees were reviewed and a report was finalized. In 2007, Planning, Code Compliance, and Engineering fees were reviewed and a report was finalized. Prior to Wohlford Consulting, Revenue Cost Specialists (RCS) provided the last comprehensive full-cost study, which was performed in 1999.

Other User Fees: For non-development related User Fees and Development Impact Fees, staff began reviewing and updating the fees in December 2016. These fees cover services provided by the following departments: City Clerk, Community Development, Cultural Affairs, Finance, Library, Police, and Public Works.

DISCUSSION/ANALYSIS:

City Council Policy and State Law: The User Fee program covers a range of items from False Alarms to Special Use Permits. It has been City Council's policy that fees be adjusted with the goal of achieving "Full-Cost Recovery." The cost of processing a permit or service includes the cost of personnel, materials, and overhead. The important aspect of this process is that if a fee does not cover the cost of providing the service, it is then subsidized by other revenues, which reduces revenues available for other City provided services.

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The City complies with State Law and the State Constitution for establishing and adjusting fees to ensure the amount charged for a particular user fee does not exceed the City's cost of providing the fee or service. Every fee has been reviewed, and departments have made reasonable recommendations on adjusting fees to ensure compliance with the law with the goal of achieving City Council policy on full-cost recovery.

User Fee Manual: Accompanying this staff report under separate cover and available for review in the City Clerk's Department is the Draft 2017 User Fee Manual – Draft A. The Manual has two sections; the first section contains the fee detail sheet for each fee and the second section is a comparison of the 2015 Approved User Fee (adopted on April 28, 2015), listed as the "Current Fee" along with the Draft 2017 User Fee, listed as "Draft A Fee." A breakdown of User Fees are as follows:

	# of Fees	% of Total Fees	# of New Fees	No Change in Fee	Change to Fee	Change
1 City Clerk	4	1%	0	4	0	N/A
2 Citywide	12	4%	0	7	5	Minor revisions to rental fees
3 CDD - Building	28	10%	0	17	11	Fees adjusted by CPI factor
4 CDD - Planning	85	32%	2	30	53	Majority of fees adjusted by CPI factor Some fees adjusted (5% or more) to get closer to cost
5 Cultural Affairs	47	17%	1	41	5	Change in ticket printing fee, increase in maintenance and projector fees
6 Finance	14	5%	0	6	8	Fees adjusted by CPI factor
7 Library	8	3%	1	7	0	New Passport Execution fee and adjustment by CPI factor
8 Police	7	3%	0	4	3	Towing fee adjusted from \$175 to \$185
9 Public Works	64	24%	4	21	39	Majority of fees adjusted by CPI factor
	269	100%	8	137	124	
Percent to total number of fees:			3.0%	50.9%	46.1%	

New Fees: There are eight new fees added to the Draft 2017 User Fee Manual, as listed in the table below:

New Fee #	Fee Title & User Fee Manual Page Number	Fee(s)
1. P-69	Affordable Development/Density Bonus Review (pg. 133)	Review affordable development proforma and agreements and/or Density Bonus Plan as part of entitlement process
2. P-70	Pre-Screening of Residential Mixed Use Projects in SP20 (pg. 134)	Review of preliminary residential mixed-use projects within Specific Plan 20 before City Council
3. CA-10A	Scherr Forum Rental Rates for Local Community Groups (pg. 151)	Rental rates for non-profit organizations located in the City of Thousand Oaks
4. LI-10	Passport Execution Fee (pg. 207)	Passport issuance fee
5. PW-01B	Certificate of Corrections Review (pg. 219)	Processing for Corrections Review
6. PW-01C	Monument Inspection (pg. 220)	Monument Placement
7. PW-40	LAFCO Out of Agency Service Agreement (pg. 260)	Processing Out of Agency Service Agreements
8. PW-51A	Transportation Services - Special Events (pg. 271)	Special, not chartered, transportation services

City Council Exceptions (exceptions to Full-Cost Recovery): In prior reviews of the City's User Fees, City Council determined to price certain fees below "Full-Cost Recovery." These fees are those which would be paid primarily by existing homeowners. These proposed "Exception" fees for 2017 are included as Attachment #1.

Development Related Fees: As mentioned in the Background section, staff and Wohlford Consulting reviewed and updated the comprehensive full-cost study of selected City user fees in 2013. The study has assisted staff in proposing adjustments to fees for FY 2017-18 and FY 2018-19 that will move fees closer to full-cost recovery.

Staff's recommendations are summarized below:

- 1. Community Development Fees (Planning & Code Compliance).** In most instances, the user fees are below full-cost recovery, partially because City Council has implemented exceptions to full-cost recovery on many of the Planning permit fees. Staff reviewed each fee and when appropriate, adjusted the fee by a 2.55 percent CPI factor. In some instances, a few fees below full-cost recovery were adjusted by 5.0 percent. These adjustments are considered reasonable based on past history of the City. Proposed Planning and Code Compliance fees would result in an estimated -13.3 percent adjustment in revenue from actual receipts during FY 2015-16 of \$974,848 to projected FY 2017-18 revenues of \$845,000.
- 2. Community Development Fees (Building & Safety).** The study showed that current City fees were less than the costs for staff to provide services to homeowners/builders/contractors. During the 2013 User Fee update, fees related to Building, Mechanical, Plumbing, and Electrical Permit Fees were adjusted approximately 9.0 percent to bring them closer to full-cost recovery. During the 2017 review, staff proposes an adjustment of three fees by the 2.55 percent CPI factor. Community Development staff believes that there will be a decrease in Permit Fees in the upcoming two years. Proposed Building fees would result in an estimated -17.6 percent adjustment in revenue from actual receipts during FY 2015-16 of \$4,139,639 to projected FY 2017-18 revenues of \$3,411,300.
- 3. Public Works (Engineering) Fees.** Development related engineering user fees are proposed to be adjusted by the 2.55 percent CPI factor. In most instances, user fees are close to full-cost recovery. FY 2015-16 actual revenues received totaled \$742,079 and Public Works staff believes that activity will increase in FY 2016-17, which they estimate at \$938,000. Proposed Engineering fees would result in an estimated 7.5 percent adjustment in revenue from projected FY 2016-17 of \$871,500 to \$938,000.

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Non-Compliance Fees: Non-Compliance Planning and Engineering fees, which are charged when an applicant engages in work without City-required permits or approvals.

This was discussed at the FY 2013 Study Session and City Council directed staff to include these fees in the User Fee Manual. These fees reflect either doubling of the proposed fee or the fee's full-cost recovery, whichever is less. In no case does the fee exceed full-cost recovery. Staff also included Building & Safety Division Code information related to Non-Compliance Fees.

Non-Development Related City Fees: For non-development related User Fees, staff used a 2.55 percent CPI factor. This factor was used to adjust most fees.

- 1. Citywide Fees.** During normal business hours, City Departments, Commissions, Committees, and Non-Profits can rent a conference room at no charge. The Library (CW-04) now allows non-profit groups to rent rooms after normal business hours for a fee. Staff recommended a slight increase to Oak Room and Park Room rentals (CW-05) for business and commercial renters. The Cameron Center (CW-07) increased its fee for non-profits on weekends and holidays from \$30 to \$50 per hour to make the fee comparable with other Citywide rental facilities.
- 2. Community Development Fees (Planning & Code Compliance).** A majority of non-development related fees are recommended to be adjusted by the CPI factor.
- 3. Cultural Affairs Fees.** The Cultural Affairs Department has recommended one new fee for the Scherr Forum Rental Rates for local community groups (CA-10A), which provides for a 20 percent discount for non-profit organizations located in Thousand Oaks. Staff revised four fees, one being Box Office – Facility Fees (CA-18) that reflects a reduction in facility fees charged for tickets with a face value of \$15 or less. The other three user fees are Box Office - Ticket Printing Fee (CA-15), Production Fee – Video Projector (CA-32), and Misc. Fees – Liability Insurance (CA-37).
- 4. Finance Fees.** The Finance Department is recommending to maintain six fees at current rates and updated or increased eight fees due to changes in service delivery or the CPI factor. Parking Citation Issuance fees were increased from \$380 to \$400 (F-06B).
- 5. Police Fees.** One Police Department fee related to towing is proposed to be adjusted from \$175 to \$185 (LE-05).
- 6. Public Works Fees.** A majority of non-development related fees are recommended to be adjusted by the CPI factor.

- 7. Water and Wastewater Fees.** The Public Works Department is in the process of reviewing the Water and Wastewater Rates. The City's financial consultant, Raftelis Financial Consultants, Inc., will be updating the Water and Wastewater Financial Plans. A review of specific Financial Plan recommendations will be made in conjunction with the budget process. Changes to utility rates will not be known until the consultant has completed work on the Financial Plans.

Development Impact Fees: Development Impact Fees include those fees charged to new development for public capital improvements and are subject to the Mitigation Fee Act. These fees include Road and Traffic Fees, Police Facilities Fee, and Water and Wastewater Plant Improvement and Connection Fees.

There are ten Traffic Development Impact Fees, which were last updated on April 23, 2013, by City Council Resolution 2013-028 (Attachment #2). The update was based on the annual California Construction Cost (CCC) Index, as provided in the City Council Resolution that approved the fees.

Staff is recommending that the ten Traffic Development Impact Fees not be adjusted at this time while a Nexus report is developed (Attachment #3). The last comprehensive review for a majority of the Traffic Development Impact Fees took place in 2001. These fees will be brought back to City Council at a later date, which until that time will remain at their current rates.

The Police Facilities Fee is proposed to be adjusted by 1.02 percent, which is based on the City's average investment returns over the past five years. This fee reimburses the City for advancing funds for the construction of the East Valley Law Enforcement Facility.

Schedule for Adoption: At the conclusion of this Public Meeting/Study Session, staff recommends City Council give direction on any of the proposed fee adjustments, as well as schedule a Notice of Public Hearing for Tuesday, April 25, 2017. At the Public Hearing, a Resolution will be presented to City Council to adopt the User Fees as contained in the FY 2017 User Fee Manual; and a Resolution for the adjustment of the Police Facilities Fee. It should be noted that City Council can make additional changes to the proposed fees at the April 25, 2017 Public Hearing.

COUNCIL GOAL COMPLIANCE:

Meets City Council Goal B:

- B. Operate City government in a fiscally and managerially responsible and prudent manner to ensure that the City of Thousand Oaks remains one of California's most desirable places to live, work, visit, recreate, and raise a family.

PREPARED BY: Brent S. Sakaida, Budget Officer

Attachments:

Attachment #1 – City Council “Full Cost” Exceptions

Attachment #2 – Traffic Development Impact Fees

Attachment #3 – “Traffic Development Impact Fees Revision” memo

Document Provided Under Separate Cover:

#1 – Draft 2017 User Fee Manual (FYs 2017-18 & 2018-19)

ATTACHMENT #1

**City of Thousand Oaks
2017 User Fee
City Council Exceptions**

	Fee #	Name	2015 Current Exception	2017 Proposed Exception
1.	B-03B	Disable Access Board Appeal	\$ 815.00	\$ 815.00
2.	P-04	Block Party	\$ 40.00	\$ 40.00
		Special Event (1 day or more)	\$ 133.00	\$ 136.00
3.	P-08	Farm Animal	\$ 51.00	\$ 52.00
4.	P-11A	Oak/Landmark Tree – Permit Administration		
		Type A – Dead or hazardous trees	No Fee	No Fee
		Type B – Simple encroachments, no grading /pruning	\$ 100.00	\$ 100.00
		Type C – Permits for existing single family, townhomes & condo projects	\$ 100.00	\$ 100.00
5.	P-11B	Oak/Landmark Tree – Plan. Comm. Process		
		Dead or hazardous trees	No Fee	No Fee
6.	P-11C	Oak/Landmark Tree – Minor Mod		
		Dead or hazardous trees	No Fee	No Fee
		Mod at existing single family dwelling	\$ 225.00	\$ 225.00
7.	P-11D	Oak/Landmark Tree – Major Mod		
		Dead or hazardous trees	No Fee	No Fee
		Mod at existing single family dwelling	\$ 262.00	\$ 262.00
8.	P-23C	SUP Type C Ham Radio Tower	\$ 1,066.00	\$ 1,093.00
9.	P-27B (1)	PPD-Existing Home	\$ 566.00	\$ 566.00
10.	P-32A	Minor Mod-Outdoor Dining	\$ 918.00	\$ 918.00
11.	P-32B	Minor Mod- Ham Radio	\$ 990.00	\$ 1,039.00
12.	P-53	Appeal of Admin Decision	\$ 1,365.00	\$ 1,400.00
13.	P-54	Appeal of Planning Comm. Decision	\$ 1,470.00	\$ 1,508.00
14.	P-66	Zoning Clearance	\$ 72.00	\$ 73.00
15.	PW-25	Appeal of Admin Decision	\$ 1,365.00	\$ 1,400.00
		Appeal of Traffic Comm. Decision	\$ 1,470.00	\$ 1,508.00
16.	PW-46	Parking Permit	\$ 8.00	\$ 8.00

(1) Fee at existing single family dwelling

ATTACHMENT #2

**CITY OF THOUSAND OAKS
TRAFFIC DEVELOPMENT IMPACT FEES**

#	Fee Name	Fee Authority	2015 Fee	2017 Proposed Fee	Application
1	Road Payback Fee	Res. 66-56, 78-548, 80-312, 80-402, 97-105, 2001-073, 2005-64, 2007-053, 2009-034, 2011-017, 2013-028	\$43 to \$932 per linear foot	\$42 to \$904 per linear foot	Citywide. Applies to all projects. Reimbursement to City for street improvements benefiting property.
2	Master Plan Traffic Signal Fee	Res. 77-385, 80-402, 97-106, 2001-074, 2005-064, 2007-053, 2009-034, 2011-017, 2013-028	\$33.47 per ADT	\$32.45 per ADT	Citywide. Used to construct and improve the City's Master Plan Traffic Signals.
3	Newbury Park Road Improvement Fee	Res. 78-547, 80-402, 97-107, 2001-075, 2005-064, 2007-053, 2009-034, 2011-017, 2013-028	Residential: \$4,022 per d.u. Non-Residential: \$1.52 per s.f.	Residential: \$3,900 per d.u. Non-Residential: \$1.47 per s.f.	Applies to all projects in Newbury Park (west of Lynn/Hillcrest intersection. Reimbursement to City for arterial street improvements constructed in Newbury Park.
4	Supplemental Traffic Signal Construction Fee	Res. 77-385, 80-402, 97-108, 2001-076, 2005-064, 2007-053, 2009-034, 2011-017, 2013-028	\$261,022 per intersection	\$253,100 per intersection	Applies to individual projects causing a need for a traffic signal(s) not on the Master Plan of Signals. Used to construct the project's signal(s).
5	Supplemental Traffic Signal Maintenance Fee	Res. 77-385, 80-402, 97-109, 2001-077, 2005-064, 2007-053, 2009-034, 2011-017, 2013-028	\$190,161 per intersection	\$184,390 per intersection	Applies to individual projects causing a need for a traffic signal(s) not on the Master Plan of Signals. Used for 20 year maintenance of the project's signal(s) by City.
No Longer Applies	Rancho Conejo Traffic Impact Fee	Resolution 91-262, 97-110, 2001-078, 2005-064. All development agreements providing for this fee expired December 20, 2006.	** SEE NOTE **	** SEE NOTE **	**NOTE**: <u>THIS FEE NO LONGER APPLIES</u> DEVELOPERS IN THIS AREA WILL PAY MASTER PLAN SIGNAL FEE, NEWBURY PARK ROAD IMPROVEMENT FEE, BORCHARD ROAD/US 101 FREEWAY OVERCROSSING FEE AND WENDY DRIVE/US 101 INTERCHANGE FEES

CITY OF THOUSAND OAKS
TRAFFIC DEVELOPMENT IMPACT FEES (cont.)

#	Fee Name	Fee Authority	2015 Fee	2017 Proposed Fee	Application
6	Borchard Road/ US 101 Freeway Overcrossing Fee	97-111, 2001-079, 2005-064, 2007-053, 2009-034, 2011-017, 2013-028	\$112.21 per ADT	\$112.21 per ADT	Projects in Newbury Park pay toward City project to improve Borchard Interchange.
7	Moorpark Road/ US 101 Interchange Fee	97-112, 2001-080, 2005-064, 2007-053, 2009-034, 2011-017, 2013-028	\$84.71 per ADT	\$84.71 per ADT	Projects in Moorpark Interchange area pay toward City project to improve Moorpark Interchange.
8	Thousand Oaks Road Improvement Fee	Res. 2001-082, 2005-064, 2007-053, 2009-034, 2011-017, 2013-028	Residential: \$4,022 per d.u. Non-Residential: \$1.52 per s.f.	Residential: \$4,022 per d.u. Non-Residential: \$1.52 per s.f.	Applies to all projects outside Newbury Park (east of Lynn/Hillcrest intersection). Reimbursement to City for arterial street improvements constructed.
9	Lynn Road Payback Fee	Res. 97-114, 2001-081, 2005-064, 2007-053, 2009-034, 2011-017, 2013-028	\$9,260 per lot	\$9,260 per lot	Projects adjacent to Lynn Road in Newbury Park area reimburse City for Lynn Road construction.
10	Wendy Drive/ US 101 Interchange Fee	2006-059, 2007-053, 2009-034, 2011-017, 2013-028	\$115.46 per ADT	\$115.46 per ADT	Projects in Newbury Park area pay toward base City project to improve Wendy Drive Interchange.

ADT = Average Daily Trip
 March 2013

s.f. = Square Foot

d.u. = Dwelling Unit



Public Works Department
MEMORANDUM

2100 Thousand Oaks Boulevard • Thousand Oaks, CA 91362
 Phone 805/449.2400 • Fax 805/449.2475 • www.toaks.org

TO: John Adams, Finance Director

FROM: Jay T. Spurgin, Public Works Director

DATE: January 6, 2017

SUBJECT: Status of Traffic Development Impact Fees Revision

The Public Works Department is in the process of revising the traffic development impact fees. There are 11 existing traffic development impact fees that fund the construction of street improvements and installation of traffic signals needed to maintain traffic flows in an efficient manner on public streets throughout the City. The approved Resolutions allow for biennial adjustment of the fees. Staff is recommending that the 11 fees not be increased at this time and a Nexus Report be performed.

The fees were last restated on April 13, 2013 by City Council Resolution 2013-028. The updating of the fees was based on the annual California Highway Construction Cost Index. The last comprehensive review of the Traffic Development Impact Fees, with the exception of the Wendy Drive Bridge fee which became effective in 2006, was in 2001. Staff is recommending that each of the fees be included in a Nexus Report. A Nexus Report would provide the City with the necessary technical documentation and nexus analysis to support the City's Traffic Mitigation Fee program.

In April 2016, Kimley-Horn was retained by the City to update and revise the City's traffic development impact fees. The kick-off meeting was held on May 16, 2016 to discuss the Nexus Study methodology, project approach and the list of CIP projects as the basis of the updated fee structure. To date, Kimley-Horn has reviewed City supplied historical data on the development of the existing fee structure and performed initial modeling work that will serve as the engineering basis of the updated fee structure. Staff is finalizing the list of CIP projects and anticipated traffic mitigation projects so Kimley-Horn can begin the fee calculation and analysis.


 Jay T. Spurgin
 Public Works Director

DPW: 390-10\k\etm\H:\Final\Spurgin\2015 Traffic Fee memo

