



Administrative Report

H.12., File # 24-1672

Meeting Date: 10/29/2024

To: MAYOR AND CITY COUNCIL

From: MARC WIENER, COMMUNITY DEVELOPMENT DIRECTOR

TITLE

APPROVE AN AGREEMENT WITH REVENUE & COST SPECIALISTS, LLC (RCS) TO STUDY THE CITY'S COMMUNITY DEVELOPMENT AND IMPACT FEE STRUCTURE FOR AN AMOUNT NOT TO EXCEED \$47,700

EXECUTIVE SUMMARY

The proposed study aims to assess and provide recommendations on the City's development application fee structure, the current costs to provide permit services, and the nexus between fees and community impacts. The results are expected to provide the City with the knowledge and tools needed to ensure it employs best practices for fee recovery and maintains policies that balance the cost to issue a permit against community impacts and the current level of service.

BACKGROUND

The FY 2024-25 Budget includes \$40,000 of funding to perform a fee study to evaluate Community Development fees and determine the best approach to cost recovery. City staff transmitted a Request for Qualifications (RFQ) on July 2, 2024 to three qualified firms that study Community Development Fees. The City received two proposals and is recommending the selection of Revenue and Costs Specialists, LLC (RCS). RCS has been providing cost allocation plans and other costing services since 1980. They have significant experience performing cost of service analyses and organizational and process audits for various jurisdictions in California. An RCS study of just the City's Development Application Fees would cost \$19,950.

Additionally, the City's Strategic Plan was updated to include an objective to commission a nexus study for the City's Development Impact Fees, which is needed periodically to ensure the fees are appropriately calculated. The City currently collects the following Development Impact Fees:

1. Park In-Lieu
2. Park Land Acquisition, Open Space & Park Improvements
3. Public Art
4. Wastewater System

In response to City Council direction, staff requested that RCS, in addition to the proposal provided for studying the Department's regular application fees, submit a separate proposal to evaluate the City's Development Impact Fees. RCS provided two options, one, to evaluate creating an entirely new, more comprehensive, set of impact fees, and the second, to update and support the City's

existing fees through a nexus report. The first option would cost \$48,750 and the second option would cost \$24,750. Staff recommends that the City Council approve the second option, as the total cost, including the Development Application Fee study, would be \$47,700 and is closer in cost to the originally budgeted \$40,000. Once the study is complete, the City Council could decide to amend the Agreement and expand the scope of work to evaluate potential new impact fees.

COORDINATION

The Agreement was approved as to form by the City Attorney's Office.

FISCAL IMPACT

A total of \$40,000 was specifically budgeted to perform the proposed studies as part of the Fiscal Year 2024-25 Budget. Funding for the \$7,700 difference between the amount budgeted and the \$47,700 cost of work, is available in the Community Development Department's annual budget for professional contract services.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Agmt - Revenue & Cost Specialists, LLC
- Insurance - Revenue & Cost Specialists, LLC
- Proposal - Development Impact Fee Study, Revenue & Cost Specialists, LLC