

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM
3.32
(ID # 3488)**

MEETING DATE:

Tuesday, February 7, 2017

FROM : TRANSPORTATION AND LAND MANAGEMENT AGENCY (TLMA):

SUBJECT: Transportation and Land Management Agency (TLMA): Adoption of an Order initiating amendments to Ordinance 671 and Ordinance 348 to change existing Deposit Based Fees to flat fees for certain types of development cases; Setting a public hearing for Development Deposit Fees (DBF) Productive Hourly Rates and Code Enforcement Cost Recovery Rates for TLMA Departments for FY16-17; Authorizing the Use of \$300,000 in Abandoned Grading Security Deposits to Partially Offset Building and Safety Department Increases [All Districts]; [\$7,500 - 100% TLMA Admin Funds]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt an order initiating possible amendments to Ordinance 671 and Ordinance 348 to change existing DBF to flat fees for certain types of development cases; and
2. Set a public hearing date of March 7, 2017 on the proposed productive hourly rates for Deposit Based Fees (DBF) and Code Enforcement Cost Recovery rates for the Transportation and Land Management Agency (TLMA) Departments of Counter Services, Building & Safety, Planning, Transportation and Code Enforcement. (Clerk to Advertise)
3. Authorize the use of \$300,000 in abandoned grading security deposits to partially offset Building and Safety Department Increases.

ACTION: Policy

Juan C. Perez, Director of Transportation & Land Management

1/31/2017

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Jeffries and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington and Ashley
Nays: None
Absent: None
Date: February 7, 2017
xc: TLMA

Kecia Harper-Ihem
Clerk of the Board
By
Deputy

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BACKGROUND:

Summary

The Transportation and Land Management Agency (TLMA) utilizes hourly Deposit Based Fees (DBF) to recover staff costs associated with processing development applications. DBF rates are established based on a grouping by job classifications for the Transportation, Counter Services, Planning, and Building & Safety work groups.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$7,500	\$0	\$7,500	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: TLMA Admin Funds			Budget Adjustment: No	
			For Fiscal Year: 16/17	

C.E.O. RECOMMENDATION: Approve

Summary Continued:

TLMA has not increased the DBF rates since January of 2013 (FY12-13). The rate increase in FY12-13 was between zero percent (0%) and two percent (2%) for each TLMA department, with a weight adjusted average of 1% for TLMA's DBF Program overall. The attached Executive Overview (Attachment D) provides detailed background on historical DBF rates and the factors that are leading to the current proposed rate increase.

Over the last several years, TLMA has been able to avoid DBF rate increases through achieving cost efficiencies, staffing reductions in certain areas, and use of reserves. We are now at a point where we can no longer continue this approach, and recommend that the Board consider increases that average 5.9% across the different TLMA Departments. Going back 11 years to FY 05/06 the annualized average DBF increase is about 1% annually.

With the goal of becoming more "Business Friendly", the Board and Executive Office have supported a stable General Fund contribution to Planning (staying flat in the FY 16/17 proposed budget). By using this level of General Fund support to pay primarily for Planning functions that are overall County responsibilities (such as the General Plan update and Housing Element, and long-range planning initiatives in certain areas of the County), TLMA is able keep our Planning Department rates flat (the exception being the rates for a small number of specialist positions described below, which are well below the Planner rates).

General Fund support revenue has allowed TLMA Planning to maintain current rates. However, increased financial impact on other TLMA departments that do not receive General Fund support, such as Transportation and Building & Safety, is leading to proposed rate increases. The proposal is for Building and Safety to utilize \$300,000 in fund balance

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from abandoned grading security deposits in order to reduce the size of the increases. These abandoned security deposits stem from security agreements entered into prior to 2007 between Development Applicants and Building and Safety that were executed to delay a condition of approval to satisfy grading requirements. Under the security agreements, the cost of completing the work necessary to satisfy the condition was deposited with Building and Safety. Building and Safety has made several efforts to contact applicants with abandoned deposits to return the funds to them where appropriate.

The rates schedule shown in Attachment A show an increase of between 2.2% and 12.2% for each Non-General Fund supported TLMA department, resulting in an adjusted overall average of 5.9% for the DBF Program overall. Due to prior year staffing reductions in the Planning and Environmental Program Departments, TLMA has merged the two departments together into a single budget unit for FY15/16 and beyond. With this consolidation, Environmental Program Department's Ecological Resource Specialist, Geologist and Archaeologist positions are consolidated into the Planning Department's rate structure with a new Specialist classification. It should be noted that the calculated Planning Department Supervisory overtime rate is \$219, but we are proposing to leave this flat at the current rate of \$206.

The Auditor-Controller has approved the methodology for development of the rates. The rate changes are exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15273(A) (1) of the CEQA Guidelines.

The Code Enforcement Productive Hourly Rate is applied to all Cost Recovery cases and is intended to help fully recover all costs on cases where efforts to achieve voluntary compliance are unsuccessful. Cost savings to comply with reductions in General Funding since 2007 have been achieved through reductions in staffing, consolidation of offices, deferment of replacement vehicles and equipment purchases, and other cost reduction strategies. The number of Code Enforcement employees now stands at 66, down from 147 in FY07-08, including a significant staffing reduction in FY 12/13 through layoffs. Code Enforcement has held the rates flat for the past eight (8) years, since FY 06/07. The rates schedule shown in Attachment B shows a proposed increase of 9.0%.

Impact on Residents and Businesses

Development applicants will see increased fees in the Transportation, Counter Services, and Building and Safety work groups, and no change for Planning other than the specialist positions. The overall average increase is 5.9%.

Code Enforcement continues to work with the public at large and business owners on "compliance first" based strategies. Where enforcement does become necessary, the goal is to achieve reasonable and full cost recovery so noncompliance is not subsidized by the General

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Fund. The Senior Code Officer Rates have been combined with the Management/Supervisory classification given the overall reduction in staffing levels.

SUPPLEMENTAL:

Additional Fiscal Information

The proposed rate increases are reasonable, given that they have not been adjusted since FY 12/13 (for DBF) and FY 06/07 (for Code). The expected budget increase in revenues from the rate increase is approximately \$1.04 Million (not including Code Enforcement). TLMA intends to bring annual rate adjustments to the Board for consideration in future fiscal years. The update cost approximately \$7,500, which were funded 100% by TLMA Admin Funds.

Contract History and Price Reasonableness

As part of this proposal, staff is recommending that we shift nine development case types from DBF to flat fees by Ordinance Updates. TLMA currently has 64 flat-fee cases types (mainly Building and Safety permits); this proposal would increase the number of flat fee cases to 73. The case types being proposed for this shift constitute minor projects that are less complex and generally more predictable to process within a certain time and cost structure. They constitute projects that are generally associated with site improvements done by existing residents and businesses, such as processing accessory structures, parcel mergers, lot line adjustments, etc. Switching to flat fees on these nine cases will provide a more defined, predictable cost to process for these less complex cases (Attachment C).

Based upon County Counsel's review, changing the Deposits Based Fees (DBF) to Flat Fee would likely require an amendment to Ordinance 671 and Ordinance 348. The Board action today is the first step to initiate the flat fee ordinance changes, which will involve public hearings and subsequent review of the proposed flat fee changes. As part of that public hearing process (which will be a separate future hearing from the DBF hearing), staff will make a presentation on how the proposed flat fee rates compare to other jurisdictions.

ATTACHMENTS:

- A. Proposed DBF Rates
- B. Proposed Code Enforcement Rates
- C. Proposed Conversion of DBF to Flat Fee
- D. Executive Overview

Attachment A

Proposed DBF Rates - FY16/17

DEPARTMENT	CLASS	FY 12/13	FY 12/13	FY 16/17	FY 16/17	\$	%
		Approved REG. RATE	Approved OT RATE	Proposed REG. RATE	Proposed OT RATE		
TRANSPORTATION	CLERICAL	52	62	56	68	4	7.7%
	MGMT/SUPERVISORY	175	206	187	221	12	6.9%
	PROFESSIONAL	134	158	147	177	13	9.7%
	TECHNICAL	98	116	110	131	12	12.2%
	SPECIALIST - SURVEYOR	141	159	153	179	12	8.7%
		600		653		53	8.9%
COUNTER SERVICES	SINGLE SERVICE RATE	97	112	103	120	6	6.2%
PLANNING	CLERICAL	N/A	N/A	55	66	N/A	N/A
	MGMT/SUPERVISORY	187	206	187	206	0	0.0%
	PROFESSIONAL	179	200	179	200	0	0.0%
	SPECIALIST	110	121	120	142	10	9.1%
		476		541			
Environment Programs Dept.	CLERICAL	54	65	N/A	N/A	N/A	N/A
	MGMT/SUPERVISORY	188	207	N/A	N/A	N/A	N/A
	TECHNICAL	96	106	N/A	N/A	N/A	N/A
	SPECIALIST - ECOLOGICAL RESOURCE SPEC/SR.	110	121	N/A	N/A	N/A	N/A
		448				N/A	N/A
BUILDING & SAFETY ²	CLERICAL	54	65	56	66	2	3.7%
	MGMT/SUPERVISORY	186	205	198	231	12	6.5%
	PROFESSIONAL	179	200	183	206	4	2.2%
	TECHNICAL	148	162	163	180	15	10.1%
		567		600		33	5.8%
		1.01%				Weighted Avg	5.87%

¹ Environmental Program Department is merged with Planning Department in FY15/16

² B & S will need to draw \$300K from their Fund Balance to achieve revenue target

Attachment C

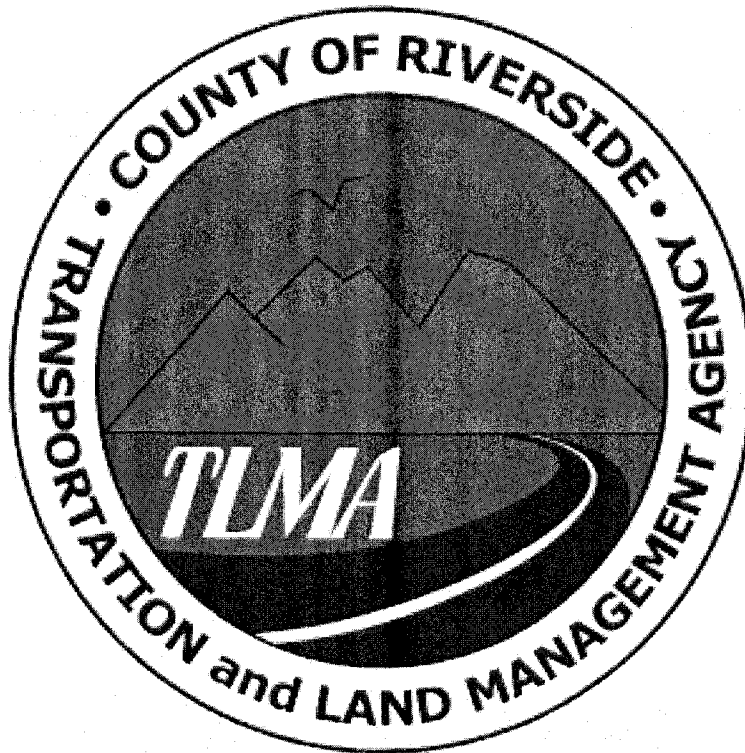
Proposed Conversion of DBF to Flat Fee

Department	Workflow Type	Acronym	Description	Proposed Additional Flat Fee Change
Building & Safety	Accessory Structure	ACB1	Accessory Building (1,000 Sq. Ft. or less)	\$1,417.00
Building & Safety	Accessory Structure	ACB3	Accessory Building (1,001 to 3,000 Sq. Ft.)	\$1,672.00
Building & Safety	Accessory Structure	ADDF1	Room Addition (1,000 Sq. Ft. & Under)	\$1,863.00
Planning	Parcel Merger	CPM	Certificate of Parcel Merger	\$823.00
Planning	Lot Line Adjustment	LLA	Lot Line Adjustment	\$2,113.00
Planning	Seasonal, Minor Plot Plans	TOE	Seasonal, Minor Plot Plans	\$785.00
Trans/Survey	Road Dedication	SUR/ACPT	Acceptance of non accepted dedications, typical for access compliance.	\$1,800.00
Trans/Survey	Record of Survey	ROS	Record of Survey for deed lots	\$780.00 for 1 page, \$300 for each additional page.
Trans/Survey	Certification of Compliance	COC 1	Unconditional	\$650.00

Attachment D

**Riverside County Transportation and
Land Management Agency**

**FY 16/17
TLMA Rates Request Background
Executive Overview**

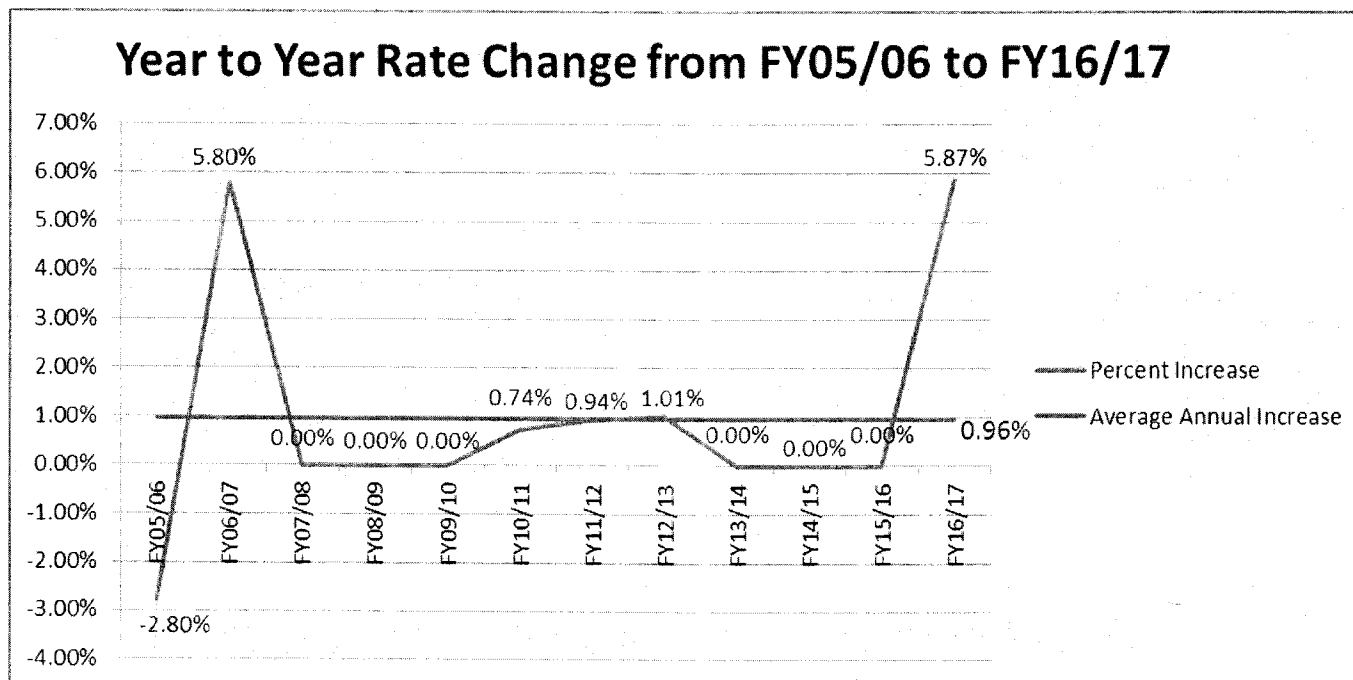


TLMA Rates History

TLMA generally recovers costs involved in the development review process through Deposit Based Fees (DBF). An initial deposit amount is established to partially recover the estimated total cost to process, and to get staff started working on a development case. The initial deposit amounts have generally not been increased in several years. Depending on the complexity and level of work involved, which translates to staff time, applicants are asked for additional funds to complete projects as they progress. At the conclusion of the case processing, unused deposits are refunded.

The Transportation and Land Management Agency (TLMA) is proposing its first rate adjustment in four (4) years. The Agency and its Departments have worked diligently to absorb cost increases through operational efficiencies, staffing reductions, and use of reserves, even while experiencing declines in our level of General Fund support. In the aftermath of the FY 2007-2008 economic slowdown, TLMA did not increase development rates in all three (3) years (through FY 09/10), and increases averaged about 1% annually for the three (3) years after that.

TLMA has not increased the DBF rates since January of 2013 (FY12-13). The rate increase in FY12-13 was between zero percent (0%) and two percent (2%) for each TLMA department with a weight adjusted average of 1% for TLMA's DBF program overall. The Code Enforcement department has not increased their rates since October 26, 2006 (FY06-07). Code Enforcement has held the rates flat for the past nine (9) years in an attempt to reduce the cost burden on residents during the economic downturn, but can no longer absorb deferral of cost increases.

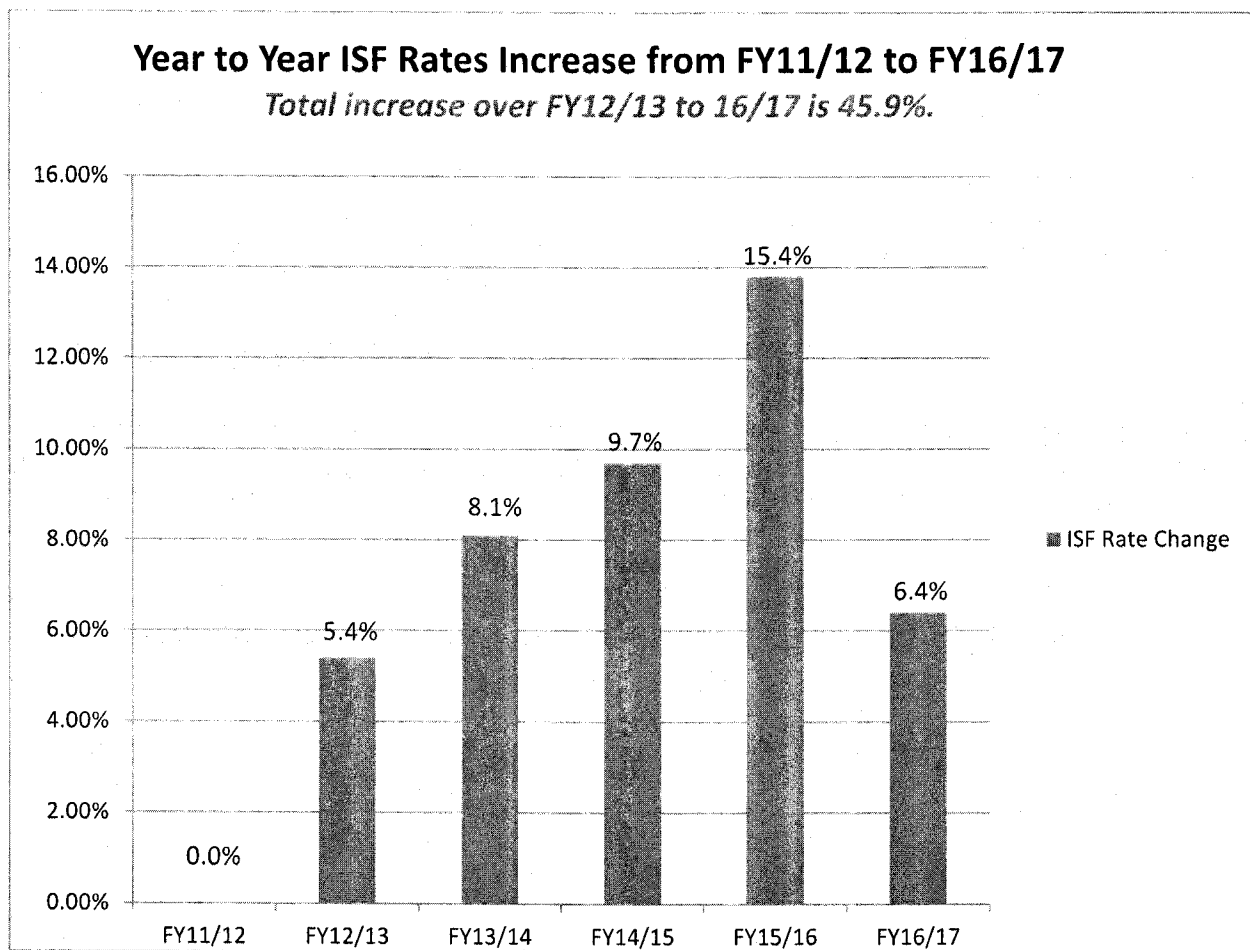


Wage Increase History

Current salaries have increased significantly over the past four years under the current collective bargaining agreements. The wage increases across the various bargaining groups have averaged between 22-29%. There has been some offsetting reduction in the benefits rate cost as employees have been picking up their share of the retirement contribution.

Internal Service Funds (ISF) Rates Increases

TLMA costs from other internal service providers have increased significantly in the past four years. Internal Service Funds have used reserves to offset increasing costs and salaries increases. As those reserves have been exhausted, costs passed on to operating Departments have escalated.



Flat Fee

In order to increase cost certainty on less complex process, TLMA is proposing to add nine new fixed-fee categories. These apply to cases that are usually not complex and can be delivered with a more predictable time frame. TLMA has a total of 64 fixed fee categories now, (mainly associated with Building Permit types like electrical, patios, etc.). This addition would increase to 73 the number of fixed fee cases. A separate Form 11 along with the changes to Ordinance 671 and 348 will be submitted to the Board at later date.