

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



ITEM: 19.1
(ID # 23199)

MEETING DATE:
Tuesday, December 10, 2024

FROM : TRANSPORTATION AND LAND MANAGEMENT AGENCY (TLMA)

SUBJECT: TRANSPORTATION AND LAND MANAGEMENT AGENCY (TLMA): Public Hearing on Development Deposit Based Fee (DBF) Productive Hourly Rates and Code Enforcement Cost Recovery Rates for TLMA Departments for FY 24/25 - 26/27. CEQA Exempt. All Districts. [\$0] (Companion Item MT No. 23215)

RECOMMENDED MOTION: That the Board of Supervisors:

1. **Conduct** a public hearing 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, Planning, Transportation, and Code Enforcement; and
2. **Adopt** the proposed FY 24-25 productive hourly rates for Deposit Based Fees (DBF) and Code Enforcement Cost Recovery rates.

ACTION:Policy

Charissa Leach, TLMA Director

11/25/2024

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: December 10, 2024
xc: TLMA, Flood

(Companion item 11.2 and 19.2)

Kimberly A. Rector
Clerk of the Board
By:
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$0	\$0	\$0	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: FY 24/25 – 26/27	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Ordinances 671 and 457 provide for the Board’s review and approval of Deposit Based Fee (DBF) productive hourly rates. The DBF projective hourly rate is applied to all deposit-based land use cases.

The Transportation and Land Management Agency (TLMA) utilizes hourly Deposit Based Fees (DBF) to recover 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.

TLMA has not increased the DBF rates since March of 2017 (FY16-17). The rate increase in FY16-17 was 5.87% with a weight-adjusted average for TLMA’s DBF Program overall. Code Enforcement rates are also last increased in March of 2017 (FY16-17) at 9.03%. Before rates increased in FY 16/17, DBF rates were last increased by 1% in FY 12/13 and Code rates were increased in FY 06/07 by 4.09%. The attached executive summary provides detailed background on historical DBF rates and the factors that are leading to the current proposed rate increase.

With the goal of becoming more “Business Friendly”, TLMA has been able to avoid DBF and Code Enforcement Cost Recovery rate increases over the past eight years through achieving cost efficiencies, staffing reductions in certain areas, and use of reserves. However, the inflation rate has increased by 8.7% in 2022, the highest increase in 40 years. The Internal Service Fund (ISF) increases to TLMA has been \$8M or 58% over the past eight (8) years, however, the ISF increases to the Transportation department alone has seen \$5.8M or 97%, the biggest increase being \$5.1M or 132% for Liability and Property insurance. The cost of parts, materials, and asphalt to build roads and bridges, for instance, has significantly increased and that is taking a toll on infrastructure projects. The consultant costs for Planning services and Transportation’s on-call engineering services have been impacted significantly as well. Additionally, significant increases in salaries and benefits have occurred under the current collective bargaining agreements.

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If the rates are not increased, the departments will not be able to fully recover their costs. The Planning and Code Enforcement departments will have to rely more on General Fund support, and Counter Services and Transportation will have to draw from their fund balance. As a result, TLMA is asking that the Board approve the DBF rate increase that averages 13.71% for FY 24/25, an additional 4% for FY 25/26 & 4% for FY 26/27 across the different TLMA Departments as shown in Attachment A. TLMA DBF rate increases are averaging about 1.71% annually for the past eight (8) years as shown in Attachment D.

Although, the Planning Department's General Fund support has increased in FY 23/24 and FY24/25, there was a decline of 38%, from \$5.1M to \$3.19M from FY 16/17 to FY 21/22. The department has been able to manage the reduced General Fund support by successfully tapping into four (4) large grants in the past few years. The increased grant revenue along with General Fund support helped pay for Planning functions that are overall County responsibilities, (such as the General Plan update and Housing Element, long-range planning initiatives in certain areas of the County, as well as ordinances and ordinance amendments initiated by the County). The agency had exhausted all grants in FY 22/23 that have funded community plans. The Planning Department is proposing an overall increase of 15.15% for FY 24/25, an additional 4% for FY 25/26 & 4% for FY 26/27 as shown in Attachment A.

The increased financial impact on the Transportation and Counter Services departments that do not receive General Fund support is leading to a proposed overall increase of 13.4% and 12.1% respectively for FY 24/25, an additional 4% for FY 25/26 & 4% for FY 26/27 as shown in Attachment A.

The Code Enforcement Productive Hourly Rate is applied to all Cost Recovery cases and is intended to help fully recover all costs in cases where efforts to achieve voluntary compliance are unsuccessful. Cost savings to comply with reductions in General Fund support from FY 17/18 to FY20/21 have been achieved through reductions in staffing, consolidation of offices, deferment of replacement vehicles and equipment purchases, and other cost reduction strategies. However, the General Fund contribution has increased by 54% in the last four (4) years for the department's rebuilding efforts and to support the Special Enforcement Team's evening and weekend operations. The Code Enforcement Department will have an overall increase of 13% for FY 24/25, an additional 4% for FY 25/26 & 4% for FY 26/27 as shown in attachment B, averaging about 1.63% annually for the past eight (8) years.

The Auditor-Controller has approved the methodology for the development of the rates. As discussed in the companion item for Ordinance No. 671.23, the rate changes are exempt from the California Environmental Quality Act (CEQA) according to Section 15273 of the State CEQA Guidelines and 15061(b)(3).

Impact on Residents and Businesses

Development applicants will see increased fees in the Transportation, Counter Services, and Planning work groups.

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The rate increase will generate additional revenues for the Planning and Code Enforcement departments, which will help them become less reliant on General Fund subsidizing.

Additional Fiscal Information

TLMA is proposing its first rate adjustment in eight (8) years. The proposed rate increases are reasonable given that the agency DBF rates have not been adjusted since FY 16/17, but costs have significantly increased over the years. The expected revenue increase from the rate increase is approximately \$1.1M for the DBF program.

TLMA intends to bring annual rate adjustments to the Board in future fiscal years.

As part of this proposal, TLMA staff is also recommending that we shift seven development case types from DBF to Flat Fees by Ordinance updates. 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 (Attachment C).

Changing the Deposit Based Fee (DBF) to Flat Fee would require an amendment to Ordinance No. 671. The revision to Ordinance 671 (671.23) has also been submitted for board approval in conjunction with the rate increase (Item No. 23215).

ATTACHMENTS

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



Jason Farin, Principal Management Analyst 12/3/2024



Aaron Gettis, Chief of Deputy County Counsel 11/22/2024

**Attachment A
Proposed DBF Rates**

FY24/25	FY25/26	FY26/27
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DEPARTMENT	CLASS	FY 16/17	FY 16/17	FY 24/25	FY 24/25	%	FY 25/26	FY 25/26	%	FY 26/27	FY 26/27	%	
		Approved REG. RATE	Approved OT RATE	Proposed REG. RATE	Proposed OT RATE	Increase/ (Decrease)	Proposed REG. RATE	Proposed OT RATE	Increase/ (Decrease)	Proposed REG. RATE	Proposed OT RATE	Increase/ (Decrease)	
TRANSPORTATION	CLERICAL	\$56	\$68	\$67	\$81	20.0%	\$70	\$84	4.0%	\$73	\$87	4.0%	
	MGMT/SUPERVISORY	\$187	\$221	\$215	\$252	15.1%	\$224	\$262	4.0%	\$233	\$273	4.0%	
	PROFESSIONAL	\$147	\$177	\$170	\$200	15.7%	\$177	\$207	4.0%	\$184	\$216	4.0%	
	TECHNICAL	\$110	\$131	\$127	\$149	15.5%	\$132	\$155	4.0%	\$137	\$161	4.0%	
	SPECIALIST - SURVEYOR		\$153	\$179	\$161	\$186	5.0%	\$167	\$193	4.0%	\$174	\$201	4.0%
			\$653		\$740		13.4%	\$770		4.0%	\$801		4.0%
COUNTER SERVICES	SINGLE SERVICE RATE	\$103	\$120	\$116	\$134	12.1%	\$120	\$140	4.0%	\$125	\$145	4.0%	
PLANNING	CLERICAL	\$55	\$66	\$67	\$81	22.2%	\$70	\$84	4.0%	\$73	\$87	4.0%	
	MGMT/SUPERVISORY	\$187	\$206	\$206	\$238	10.1%	\$214	\$248	4.0%	\$223	\$258	4.0%	
	PROFESSIONAL	\$179	\$200	\$193	\$210	7.9%	\$201	\$218	4.0%	\$209	\$227	4.0%	
	SPECIAL IST	\$120	\$142	\$159	\$184	32.1%	\$165	\$191	4.0%	\$171	\$199	4.0%	
	CS-LAND USE TECHNICIAN		N/A	N/A	\$116	\$134	N/A	\$120	\$140	4.0%	\$125	\$145	4.0%
			\$541		\$740		15.5%	\$770		4.0%	\$801		4.0%
		Weighted Avgerage 5.87%				Weighted Avgerage 13.71%			Weighted Avgerage 4%			Weighted Avgerage 4%	

Attachment B
Proposed Code Enforcement Rates

CLASS	FY 16/17 Approved		FY 24/25			FY 25/26			FY 26/27		
	REG. RATE	OT RATE	Proposed REG. RATE	Proposed OT RATE	% Increase/ (Decrease)	Proposed REG. RATE	Proposed OT RATE	% Increase/ (Decrease)	Proposed REG. RATE	Proposed OT RATE	% Increase/ (Decrease)
Clerical	N/A	N/A	\$68	\$83	N/A	\$71	\$86	4.0%	\$74	\$90	4.0%
TECHNICAL	\$80	\$96	\$93	\$112	16.8%	\$97	\$117	4.0%	\$101	\$121	4.0%
PROFESSIONAL	\$128	\$155	\$140	\$166	9.1%	\$145	\$172	4.0%	\$151	\$179	4.0%
MGMT/SUPERVISORY	\$142	\$173	\$164	\$201	15.4%	\$170	\$209	4.0%	\$177	\$217	4.0%
	Weighted Average 9.03%		Weighted Average 13%			Weighted Average 4%			Weighted Average 4%		

Attachment C
Proposed Conversion of DBF to Flat Fee

DEPT.	Permit	Acronym	Proposed Flat Fee
PLANNING	Extension of Time (EOT)	TR/PM	\$1,866
PLANNING	Extension of Time (EOT)	PP	\$1,923
SURVEY	Corner Record	CR	\$17
SURVEY	Certificate of Parcel Merger	CPM	\$1,352
SURVEY	Lot Line Adjustment Fee for 1 to 10 Pages Additional Fee for 11 and up Pages	LLA	\$2,122 \$1,416
SURVEY	Road Dedication Note: Per dedication Fee	ACPT/DED	\$2,641
SURVEY	Record of Survey Additional \$14 Fee for Records of Survey, Certificates of Correction, Parcel Maps, and Tract Maps for for purposes of financing the costs of maintaining the index of the documents per CA Government Code 66466 Subdivision F	ROS	\$854 \$14
SURVEY	Certificate of Compliance (Unconditional) Note: Fee per Case	COC	\$843

Riverside County Transportation and Land Management Agency

FY 24/25 TLMA Rates Request Background Executive Overview



BACKGROUND:

The Transportation and Land Management Agency (TLMA) consists of the Transportation, Planning, Building and Safety, Code Enforcement, Administrative/Counter Services, Airport Land Use Commission (ALUC) and the Aviation department. The revenues of all TLMA departments are generated from various funding sources, such as Gas Tax, various State and Federal grants, funding from various local jurisdictions, Development Fees, and cost recovery by enforcing various County Ordinances.

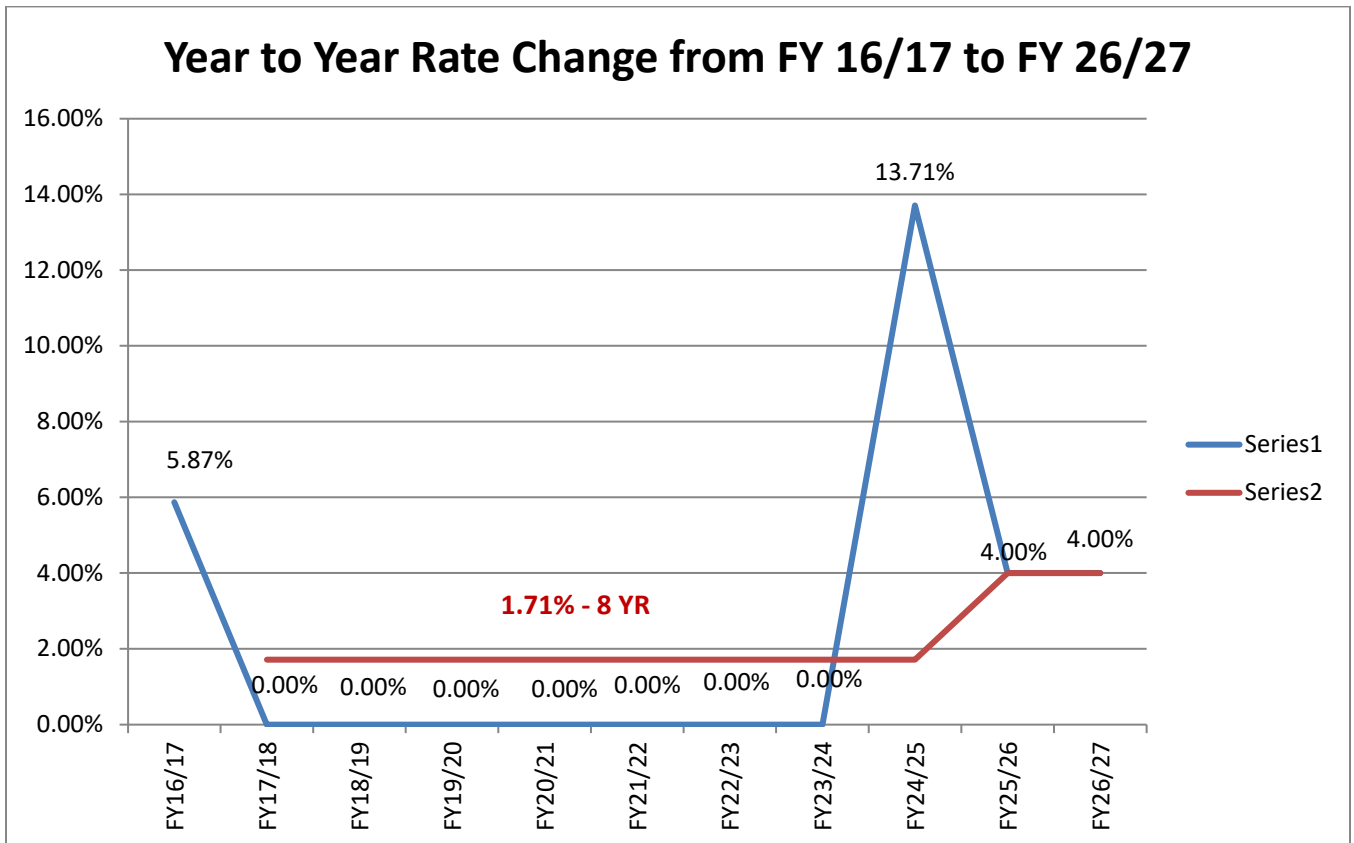
TLMA generally recovers costs involved in the development review process through Deposit Based Fees (DBF). An initial deposit amount is established to partially recover the estimated total cost to process an application, and to allow staff to begin processing the application on a development case. Subsequent to initial deposit and depending on the complexity and level of work involved, which translates to staff time, applicants may be asked for additional funds to complete projects as they progress. At the conclusion of the case processing, unused deposits are refunded to the applicant. The initial requested deposit amounts have not been increased in 30+ years and they do not reflect adequate deposit amounts based on the average historical costs. The revision to Ordinance 671 has also been submitted for the board approval.

TLMA is proposing its first rates adjustment in eight (8) years. The last rates increase was in March 2017 (FY 16/17). Understanding that it was not appropriate to increase development rates during the devastating and uncertain COVID pandemic time. The Agency and its Departments have worked diligently to absorb cost increases through operational efficiencies, staffing reductions, and use of reserves. However, the inflation rate has increased by 8.7% in 2022, the highest increase in 40 years. The cost of parts, materials, and asphalt to build roads and bridges, for instance, have significantly increased and that is taking a toll on infrastructure projects. The consultant costs for Planning services and Transportation's on-call engineering services have been increased over time. Additionally, significant increases in salaries and benefits have occurred under the current collective bargaining agreements. TLMA costs from other internal service providers (ISF) have increased significantly in the past eight years. The ISF increases to TLMA as a whole has been \$8M or 58% over the past eight (8) years. However, the ISF increases to the Transportation department alone has seen \$5.8M or 97%, the biggest increase being \$5.1M or 132% for Liability and Property insurance.

If the rates are not increased, the departments will not be able to fully recover their costs. The Planning and Code Enforcement departments will have to rely more on General Fund support, and Counter Services and Transportation will have to draw from their fund balance. To mitigate this, TLMA is asking that the Board approves the DBF rate increase that averages 13.71% for FY 24/25, additional 4% for FY 25/26 & 4% for FY 26/27 across the TLMA Departments as shown in Attachment A and 13% for Code Enforcement as shown in Attachment B. TLMA DBF rate increases are averaging about 1.71% and Code Enforcement rate increases are averaging 1.63% annually for the past eight (8) years.

Below is the summary of rates increase from FY 06/07:

Rates Increase Summary			
	FY 24/25	FY 25/26	FY 26/27
Proposed Rate Increase			
Deposit Base Fees (DBF) Program	13.71%	4%	4%
Code Enforcement-Cost Recovery	13.00%	4%	4%
Approved Rate Increase	FY 16/17		
Deposit Base Fees (DBF) Program	5.87%		
Code Enforcement-Cost Recovery	9.03%		
Approved Rate Increase	FY 12/13		
Deposit Base Fees (DBF) Program	1.01%		
Code Enforcement-Cost Recovery	None		
Approved Rate Increase	FY 06/07		
Code Enforcement-Cost Recovery	4.9%		

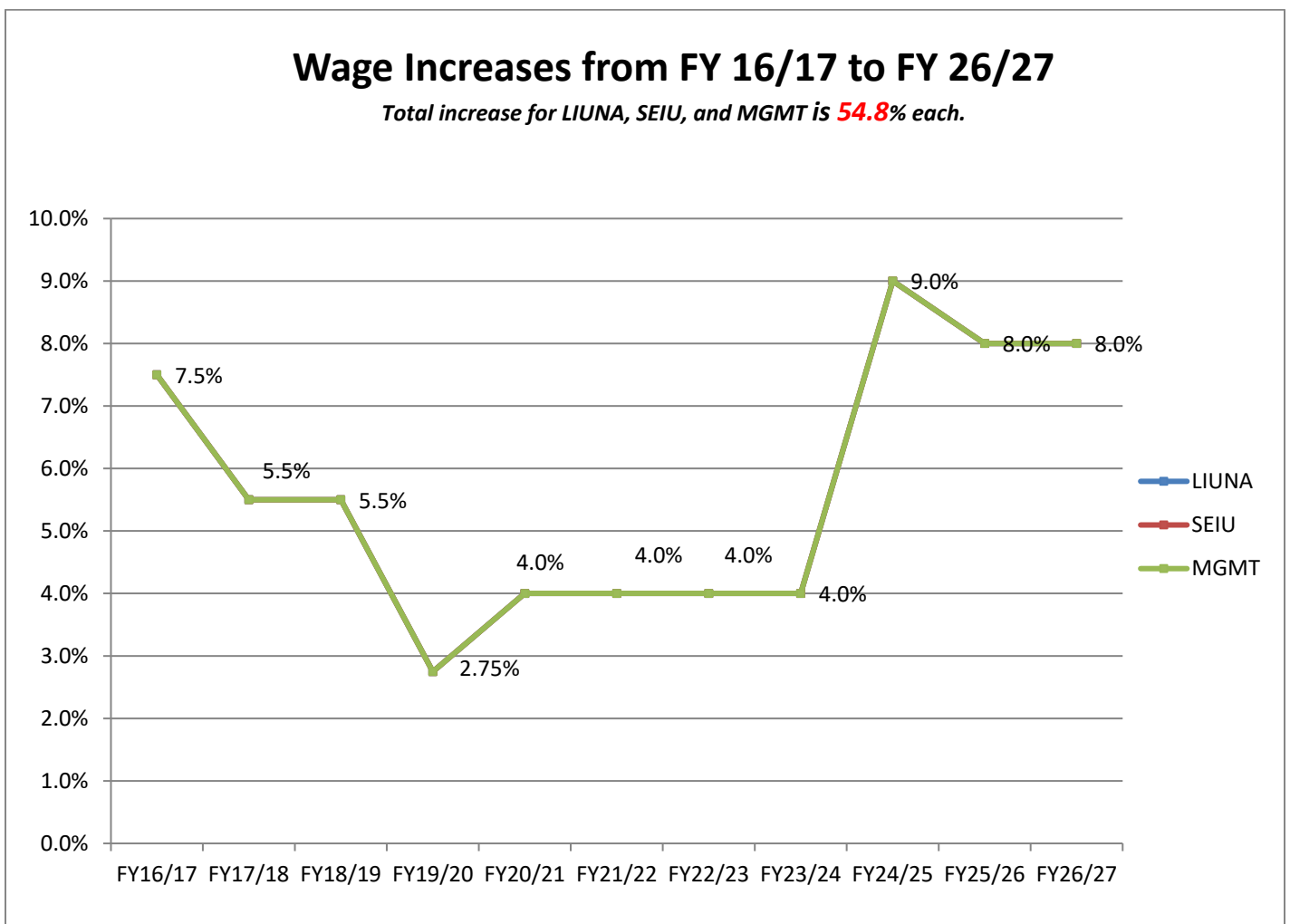


Below are reasons for requesting rates increases, as displayed in the graphs:

1. Wage increases
2. ISF rates increases
3. Reduction in General Fund support in prior years

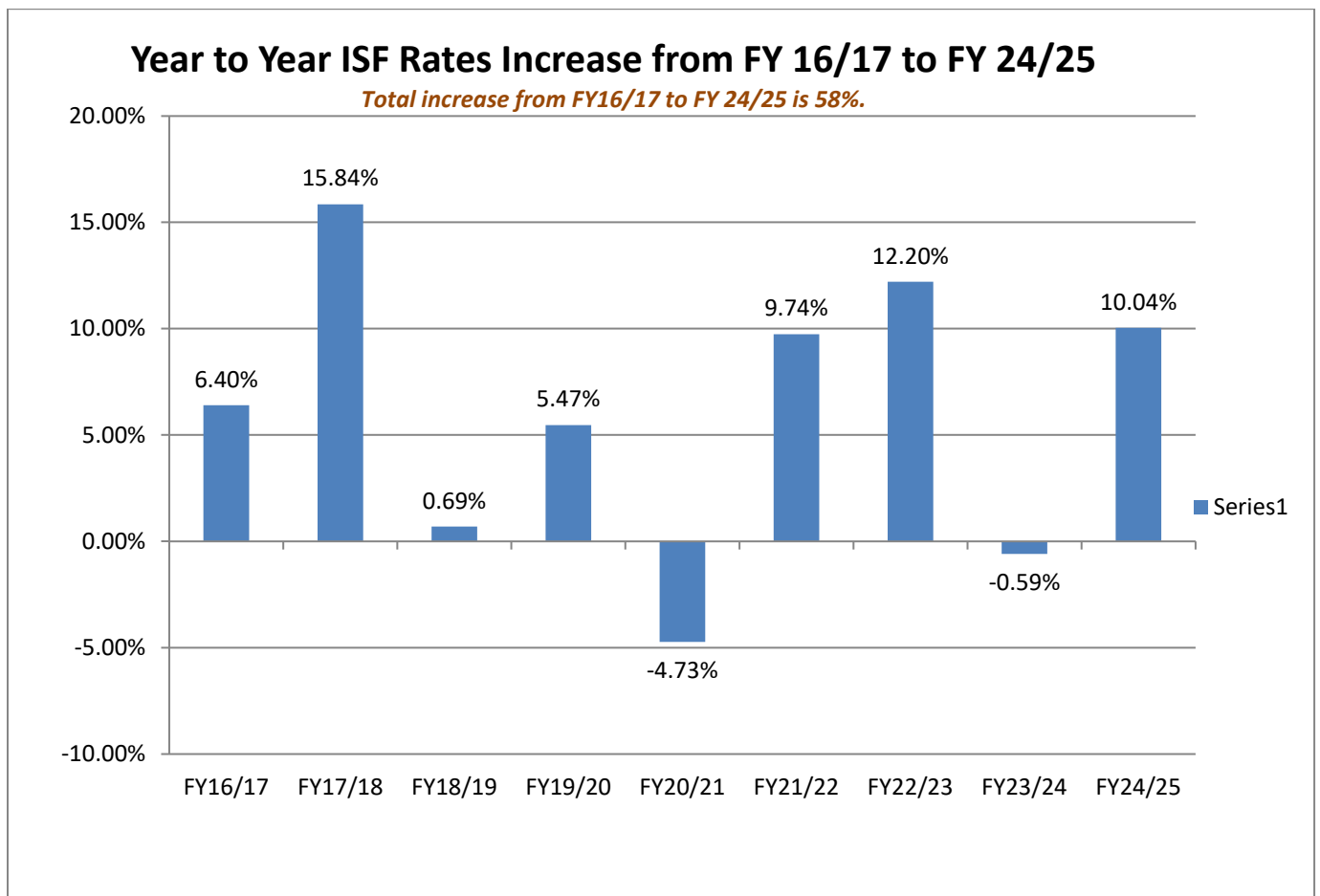
Wage Increase History

Salaries and benefits have increased significantly under the collective bargaining agreements over the past eight years. The increases across the various bargaining groups have averaged 46.3%. In addition to salary increases, TLMA has contributed \$5.2 million or 12.03% in the past seven years for the discretionary payment to CALPERS for unfunded liabilities.



Internal Service Funds (ISF) Rates Increases

TLMA costs from other internal service providers have increased significantly in the past eight years. The ISF increases to TLMA as a whole has been \$8M or 58% over the past eight (8) years. However, the ISF increases to the Transportation department alone has seen \$5.8M or 97%, the biggest increase being \$5.1M or 132% for Liability and Property insurance.



History of General Fund Support to TLMA

TLMA's General Fund support has reduced from a \$14.7 million in FY 16/17 down to a \$9.8 million in FY 19/20, but then gradually increased from FY 20/21 to FY 24/25 to \$14.9 million. The increase has been to support a rebuild of Code Enforcement Department and for Advance Planning projects. Code Enforcement has traditionally received the bulk of General Fund support provided to TLMA. In addition to trying to stabilize Code Enforcement, this support has been mainly focused on improving our "Business Friendly" initiatives in Planning and Counter Services, which has allowed us to:

- A) Have three staff members in our Permit Assistance Team that outreach to our communities and help constituents, particularly individual residents and small businesses that are not major developers, successfully navigate the development process.
- B) Process unfunded Ordinance amendments and General Plan updates and create community plans and new Ordinances, as initiated by the Board of Supervisors.
- C) Rebuild Code Enforcement staffing level at 81. The staffing level was reduced from 71 in FY 16/17 to 39 in FY 18/19.

The Planning Department went thru the RFP process and awarded contracts for Planning and Environmental Services in July of 2022. The consultants had honored their price on old contracts for the contract period but with new contracts, the costs have significantly increased for all classifications. The department has been able to manage with the reduced General Fund support by successfully tapping into four (4) large grants in the past few years. The increased grant revenue along with General Fund support helped pay for Planning functions that are overall County responsibilities, (such as the General Plan update and Housing Element, long-range planning initiatives in certain areas of the County, as well as ordinances and ordinance amendments initiated by the County). We have exhausted all grants in FY 22/23 that have funded community plans. The Planning Department is proposing an overall increase of 24.3%.

General Fund Support From FY 16/17 to FY 24/25

