

City of Hesperia

STAFF REPORT



DATE: October 17, 2017

TO: Mayor and Council Members
Chair and Board Members, Hesperia Water District
Chair and Board Members, Hesperia Fire Protection District
Chair and Board Members, Hesperia Housing Authority
Chair and Board Members, Hesperia Community Development Commission

FROM: Nils Bentsen, City Manager

BY: Mike Blay, Director of Development Services
Tina Bulgarelli, Administrative Analyst

SUBJECT: Joint Resolution Amending the City-Wide Fee Schedule

RECOMMENDED ACTION

It is recommended that the Council and respective Boards adopt Joint Resolution No. 2017-043, Resolution No. HWD 2017-15, Resolution No. HFPD 2017-14, Resolution No. HHA 2017-07, and Resolution No. HCDC 2017-08 rescinding Joint Resolution No. 2016-48, Resolution No. HWD 2016-18, Resolution No. HFPD 2016-18, Resolution No. HHA 2016-12, and Resolution No. HCDC 2016-09, Joint Resolution No. 2016-61, Resolution No. HWD 2016-23, Resolution No. HFPD 2016-21, Resolution No. HHA 2016-14, and Resolution No. HCDC 2016-10, amending the City-wide fee schedule.

BACKGROUND

On October 4, 2016, the City Council approved amendments to the City-Wide Fee Schedule related to several Senate Bills (SB 1473, SB 1186) and DUI Emergency Cost Recovery.

On December 6, 2016, the City Council approved amendments to the City-Wide Fee Schedule. These amendments included an attachment related to the fees charged for Fire Services, commonly known to the fee schedule as Appendix "B".

The changes adopted codified existing fees into the City Fee Schedule to increase transparency and maintain a single fee schedule for the City.

ISSUES/ANALYSIS

Staff reviews the City Fee Schedule on an annual basis. During 2017, staff reviewed the fee schedule in its entirety. Below is a summary of the recommended changes:

Engineering Fees:

The Engineering Fee Schedule has not been updated substantially in nearly 15 years. The model for collection of fees related to the plan review and inspection of civil plans for on-site and off-site improvements has changed since that time. Staff researched surrounding communities and the most common method of fee collection is not the "per sheet" model but a percentage

cost based upon the Engineer's Estimate of the project. Staff also reviewed the cost of a small-scale project and a large-scale project and found that the City's current fees are not recovering the cost of plan review and inspection. Using a cost based method will allow for each project to "pay for their share" of the project's review and inspection time, meaning larger projects that require more review and inspection time will have incrementally higher fees associated, while smaller projects will have lower fees associated to their project, each paying commensurate to the cost of the total project. Staff is recommending a flat percentage of the estimate, rather than a sliding scale based upon cost of project, similar to Victorville's fees; as staff believes the sliding scale method unfairly burdens smaller developers with a larger percentage of costs.

Municipal Separate Storm Sewer System (MS4) Fees:

The City is required to comply with State law regarding the discharge of drainage and run-off from commercial and residential properties. This regulation, the Municipal Separate Storm Sewer System permit or MS4 Permit requires that staff review each project, categorize it as regulated or non-regulated, and perform inspections related to the best management practices required by the MS4 permit.

The program requires fees for plan review and inspection in order to recover costs related to the administration of the program. Staff has recommended a set of fees that will adequately recover the cost of both plan review and inspection related to the State requirements.

Community Development Fees:

Many of the changes to the fees related to Planning and Building and Safety are formatting changes to increase the usability of the fee schedule by citizens. Several of Planning's fees are combined into one line item to make the fee schedule easier to navigate for citizens.

Water District Fees:

The Water District is proposing one new fee, for a Badger Water Meter related to Fire Services.

Medical Cannabis Delivery Dispensary Permit and License Fees; Indoor Cultivation Fees:

The City Council has requested that staff research and prepare options to allow for delivery only medical marijuana licenses within the City.

Staff researched various cities that allow for medical marijuana businesses, and reviewed the State's proposed regulations. Staff believes the fees proposed will recover all costs for the application processing, inspections, plan review, and administration of the program related to the issuance of Medical Cannabis Delivery Business Licenses.

Staff has prepared a fee for the registration of residential addresses that choose to cultivate marijuana within their residence as allowed by state and city law. Staff analyzed what they believe will be included in the administration of this registration program and formulated a fee equivalent to approximately one hour of staff time.

Hourly Rates:

The final change to the City Fee Schedule is to the hourly rates related to collecting Costs Reasonably Borne or CRB. In 1991, the City Council adopted Ordinance 107, which, among

other things, defined Costs Reasonably Borne and defined the items that are included in determining the hourly rates of employees in the CRB calculation. This method of calculation is still valid today. The CRB calculation includes direct costs, indirect costs, fixed asset recovery, departmental overhead, general overhead and debt service. These items are calculated at an amortized rate based on length of loan (if debt service), yearly costs, costs of buildings amortized over the expected life of the building, bond or loan, etc. The total costs are calculated into each affected employee's hourly rate, divided by an hours/year calculator, and added to the fully burdened salary of each employee. Many of these costs are nominal, cents or dollars on the hour per employee. The Hourly Rates were last calculated in 2005.

FISCAL IMPACT

Adoption of this resolution will allow the City to continue to collect fees that adequately recover costs based on services provided.

ALTERNATIVE(S)

1. Provide alternative direction to staff.

ATTACHMENT(S)

1. Joint Resolution No. 2017-043, Resolution No. HWD 2017-15, Resolution No. HFPD 2017-14, Resolution No. HHA 2017-07, and Resolution No. HCDC 2017-08
2. Exhibit "A" – City Fee Schedule
3. Appendix "A" - Development Impact Fee Table
4. Appendix "B" – Fire Fees
5. Appendix "C" – Hourly Rates
6. Attachment "A" – Sewer Connection Fee Summary
7. Attachment "B" – Sewer Connection Fee Summary with Credit
8. Engineers Cost Estimate City Fee Comparison
9. Fee Change Summary Page