

REPORT TO THE CITY COUNCIL



DATE: February 4, 2020

TITLE: Professional Services Agreement with DTA to Prepare a Development Impact Fee Study Update for the City

Prepared by: Geoffrey Buchheim, Finance Director

RECOMMENDATION

Authorize the City Manager to execute a Professional Services Agreement with DTA to provide a Development Impact Fee Study Update and Nexus Study in an amount not to exceed \$48,680; and to authorize the City Manager to execute all necessary agreements, as approved to form by the City Attorney.

BACKGROUND

Development Impact Fees (DIFs) are governed by the California Government Code and commonly referred to by the 1987 authorizing legislation, "AB1600". AB 1600 (also known as the Mitigation Fee Act) established a process for formulating, adopting, assessing, collecting, and accounting for development impact fees. The DIFs are imposed on new construction (such as housing projects, shopping centers, and industrial facilities) in order to fund improvements that are necessary to serve the added demands arising from new developments. The fees represent new developments' proportional share in the costs of future items such as street and sidewalk improvements, new parks, additional community facilities, and added public safety facilities and equipment. The fees may not be used for day-to-day operating expenses.

The purpose of a comprehensive development impact fee update is (1) to determine if the current Development Impact Fees continue to reflect a reasonable estimate of new development's fair share of needed improvements costs, (2) to identify any necessary amendments to the fee program, and (3) to update the Master Facilities Plan. The updated plan may reduce some fees and increase others. The City's DIFs were last updated in 2008.

DISCUSSION:

On November 20, 2019, a Request for Proposal (RFP) was issued soliciting responses from qualified consultants to perform calculations of rational and reasonable DIFs for all applicable City infrastructures including:

- Law Enforcement Facilities, Vehicles, and Equipment
- Fire Suppression Facilities, Vehicles, and Equipment
- Circulation (streets, signals, bridges) Infrastructure
- Storm Drainage Collection Facilities
- General Facilities, Vehicles, and Equipment
- Public Use Facilities
- Aquatics Center Facilities
- Park Land Acquisition and Park Facilities

Additionally, the RFP scope specified that consultants provide the ability of the DIF study update to include an update of the City's Master Facilities Plan. Master Facilities Plans are an important element in the City's planning strategy for providing long range vision and consistency in regards to capital project investments. The plans are also used to assist with meeting five-year commitment requirements as specified in AL 1600.

The City received proposals from three firms. The proposals were routed to Staff for review and evaluation. The evaluation sheet had a total of 70 points that could be awarded in five separate categories: the firm's experience in developing impact fee studies; staff qualifications; familiarity with different types of development studies and facilities plans; how well the firm described its process for updating the City's DIF study; and the performance of previous contracts by providing sample reports.

Below is an overview of the firms and their evaluation numbers.

Firm	Score	Rank	Proposed Fee
DTA	271	1	\$48,680
Willdan	258	2	\$72,000
Matrix Consulting	203	3	\$41,500

Based on the review of all three of the proposals it was determined by staff that the firm of DTA provided the best value to the City for preparing the DIF Study Update and Nexus Report. DTA was selected because their proposal was the most comprehensive, has extensive experience in development impact fees similar to the City of Desert Hot Springs, and has qualified staff. The firm also received good references.

Staff anticipates that the work with the consultant will take between five to six months to be completed. Once staff has done their final review of the report, they will schedule a study session with the City Council to present all elements DIF Study Update.

FISCAL IMPACT

An amount of \$50,000 for the Development Impact Fee Study Update is appropriated in the revised FY2019-20 Budget in the General Fund account #001-41-15-4320.

EXHIBIT(S)

- 1) Professional Services Agreement between the City of Desert Hot Springs and DTA
- 2) Proposal from DTA
- 3) Request for Proposal dated November 20, 2019