

Supplemental info
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CC MHg 7/10/18

July 10, 2018



*Riverside
County Chapter*

Building Industry Association
of Southern California

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Riverside, California 92501
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Grant Yates
City Manager
City of Lake Elsinore
130 South Main Street
Lake Elsinore, CA 92530

Re: Comments of Building Industry Association of Southern California, Inc., Riverside County Chapter, Concerning the City of Lake Elsinore's proposed User Fees.

Dear Mr. Yates,

The BIA would like to thank the City of Lake Elsinore for their time and effort throughout this process. We very much appreciate the working relationship with both City Council and Staff.

BIA requested that the City of Lake Elsinore provide an electronic version of the Willdan Financial Model (backup spreadsheets) that Willdan created to source their recommendations concerning user fees in their *Comprehensive User Fee Study*. The City denied this request because they claimed that they did not have the backup spreadsheets and that the "model (spreadsheets) is the consultant's work product and is considered proprietary."

The BIA understands that work performed by a vendor for the City and paid for with public funds constitutes a public record. The model (spreadsheets) provide the detail for which Willdan based their final report and recommendations. BIA has reviewed other models (spreadsheets) that formed the basis of other fee consultant's reports and recommendations and we found the review very rewarding in understanding the process, inclusions, and exclusions the consultant referred to in their analysis.

Without the requested information, we cannot fully validate the study as presented. Given the information provided, the BIA understands the City of Lake Elsinore's User Fee Study to be lacking in certain areas. Some of the BIA's takeaways, as they relate the Willdan Study, are as follows:

1. A local agency is prohibited from charging building permit and similar fees which exceed the estimated reasonable costs of providing the services rendered unless the amounts of the fees are approved by the electorate.
2. A local agency may not charge building permit and similar fees based upon the Uniform Building Code Valuation Tables which are in excess of the estimated reasonable costs of providing the services rendered unless the amounts of the fees are approved by the electorate.
3. If a local agency charges building permit and similar fees based upon the Uniform Building Code Valuation Tables without supporting evidence regarding the relationship between the fees and the services rendered, such fees are invalid to the extent they exceed the reasonable costs of providing the services rendered.

Other outstanding areas of concern include the following:

It appears that the City “zeros-out” the money in the Building Department’s fund and the General Fund absorbs the balance at the end of the fiscal year. The issue arises that funds received in one fiscal year should be available to pay for services rendered the following fiscal year. Thus, the City should establish a revolving fund, allowing fee revenue to be available for future expenses relating to the services for which the fee was paid.

BIA questions the allocation of fifty percent of the Community Development Director’s time to the Building Department’s FY 17/18 budget. Previous budgets from FY10/11 to FY16/17 did not include the Director’s allocation at fifty-percent.

BIA does not include any data concerning this allocation because we were not provided any data from the City concerning Willdan’s detail within their extensive time and material survey or the City’s input that contributed to their finding that fifty percent of the Director’s time is spent on building department business. Considering the FBHR of \$307.60 for the Building Department Manager and the fifty percent allocation of the Director’s FBNR of \$137.54 to the building department cost, the total reaches \$445.14 per hour, or upwards to 37.4% management costs whereas the Department’s other five employees FBHR may total up to \$744.70 depending upon the hours that the part-time inspector works. The Building Department’s management personnel overhead is excessively top-heavy.

BIA-Riverside Recommendations:

- a. BIA recommends that the City of Lake Elsinore move away from valuation-based plan check and building permit fees for Single Family Residential (SFR) and create a square-footage fee based upon incremental square foot segments.
- b. BIA recommends deleting the duplicate Mechanical, Electrical and Plumbing (MEP) fees in the building permit calculations.
- c. BIA recommends that the cost of SFR Building Plan Review and Building Permit (inspection) reflect a reasonable amount of time to perform the services. The following is an example of an unreasonable fee:

- i. The City responded to BIA's Public Records Request with a statement that the City's inspectors spend 300 minutes (about five hours) per single-family residential dwelling.
 - ii. The City currently charges \$4,265.77 for inspection cost associated with a 2,805 sf single-family residential dwelling with a 400 sf garage, thus charging \$854 per hour verses the calculated blended Fully-Burdened Hourly Rate (FBHR) of \$179.52 based upon Willdan's study.
- d. BIA recommends reducing the cost of inspection related fees for production tract house due to built-in efficiencies when performing duplicate SFR and multiple inspections at one time.

The above recommendations are deigned to help the City of Lake Elsinore lay a stronger foundation from which to justify their proposed fees.

In summary, we appreciate the time that City Council and Staff provided in working with the BIA. Unfortunately, given the information provided, the BIA has not been able to fully validate the User Fee Study. We appreciate the relationship with the City of Lake Elsinore and hope that in the future, together we will be able to address these outstanding concerns.

Sincerely,



Clint Lorimore, *Director of Government Affairs*
Riverside County Building Industry Association

CC: Lake Elsinore City Council and City Clerk