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Title: Staff Report for City of San Leandro City Council Resolution Approving Adjustments to City Fees and Service Charges for 2019-20

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Finance Director

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Attachments: 1. Presentation-FY 2019-20 Proposed Fee and Tax Increases

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Staff Report for City of San Leandro City Council Resolution Approving Adjustments to City Fees and Service Charges for 2019-20

SUMMARY AND RECOMMENDATIONS

Staff recommends the City Council approve the proposed adjustments to City user fees and service charges in the Master Fee Schedule for 2019-20. This resolution is presented to the City Council for approval as part of the Fiscal Year (FY) 2019-20 budget approval process.

BACKGROUND

The City conducts a review of all user fees and service charges as part of its annual budget preparation process. City user fees and service charges are based on a variety of criteria including comparable fee levels in surrounding cities, changes in the local Consumer Price Index (CPI), fee studies, and the cost to provide the associated service. If approved and adopted by the City Council, the following proposed adjustments to the City’s user fees and service charges would be effective July 1, 2019.

The Master Fee Schedule is a compilation of City Council approved fees for services provided to residents and businesses in the community. Local agencies are allowed to set fees at rates that obtain fair and reasonable recovery of the costs incurred by the General Fund in providing a special service, thereby minimizing or eliminating the use of limited General Fund revenues. Historically, the City has strived to maximize cost recovery through setting fees at levels appropriate given escalating costs of doing business and market comparisons.

Full cost recovery for certain services is a policy direction by the City Council and a fee schedule that maximizes cost recovery opportunities through appropriate fee revenues is a critical component of the City’s on-going financial stability. In the FY 2019-20 General Fund Budget, the proposed

estimated departmental revenues total \$9,949,000, or approximately 8.4% of the General Fund operating revenues. Modifications to the City's fee schedule to remain up-to-date with escalating operating costs are generally completed on an annual basis.

Attached to the resolution accompanying this report is the *City of San Leandro Fee Schedule* that provides detail of current fees, adjustments and the addition of three new fees in Engineering and Transportation for Accessory Dwelling Units (ADU).

The proposed fees are shown in ***bold and italics***. The proposed charges are in the right hand column and are printed in **bold**. The new fees are reflected in ***red bold italics*** text.

The following summarizes departmental changes to the fee schedule for FY 2019-20:

City-wide - No changes

Community Development

- Amended fees based on CPI of 3.87%

Engineering & Transportation

- Park facilities development impact fees increased based on the Engineering News Record (ENR) construction cost index; this fee section also includes the new fees for Accessory Dwelling Units;
- Overhead utility conversion increased by ENR for underground utilities factor; and
- Traffic division adjusted by ENR Development Fee Street Improvement (DFSI) escalation factor.

Finance - No changes

Fire

- Amended fees based on CPI of 3.87%

Library - No changes

Police

- Amended eighteen fees related to parking and oversized vehicles

Public Works

- One equipment rental fee increased due to increased replacement cost;
- Marina fees - Berth rentals are increased by 3.87% as allowed by the Department of Boating and Waterways loan agreement, Article VI, section 5 (C);
- Environmental Services - most fees increased by the 3.87% CPI; and
- Wastewater Discharge Service fees - most fees increased by 3.87%.

Recreation and Human Services - No changes

Fiscal Impacts

Staff estimates that the proposed changes will generate \$115,000 annually in additional General Fund revenue.

	<u>Revenues</u>
Community Development	\$ 103,000
<u>Engineering & Transportation</u>	<u>12,000</u>
Total General Fund	<u>\$ 115,000</u>

ATTACHMENT

N/A

PREPARED BY: David Baum, Finance Director, Finance Department