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Attachments: 1. 2021-22 Proposed Fee Schedule, 2. 2021-22 Proposed Fee Schedule 05032021 Revised

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Staff Report for a City of San Leandro City Council Resolution Approving Adjustments to City Fees and Service Charges for 2021-2022

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 Fiscal Year 2021-2022. This resolution is presented to the City Council for approval as part of the Fiscal Year 2021-2022 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 proposed adjustments to the City’s user fees and service charges would be effective July 1, 2021.

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 in providing a special service, thereby minimizing or eliminating the use of limited General Fund revenues. Historically, the City strives to strike a balance between maximizing cost recovery with reasonable fees that still encourage growth and stability in the local residential and commercial economy. The City accomplishes these goals by setting fees at reasonable and appropriate levels given escalating costs of doing business and market comparisons.

Full cost recovery for certain services is a policy direction by the City Council. 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 Fiscal Year 2021-2022 General Fund Budget, the proposed estimated departmental revenues total \$6,510,000, or approximately 5% 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. However, as part of the biennial budget, staff is proposing to fund a more comprehensive study of fees for service to ensure costs are recovered as much as possible. This was one of the eleven Community Advisory Budget Task Force's recommendations.

Attached to the resolution accompanying this report is the *City of San Leandro Fee Schedule* that provides details of current fees, adjustments, eliminations and additions of new fees.

The proposed fees are shown in ***bold and italics***. The proposed charges are in the right 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 2021-2022:

City-wide - No changes

Community Development

- Increased fees associated with building permits, code enforcement, and planning per CPI at 1.84%;
- New fee proposed for SB 330 Housing Project

Engineering & Transportation

- Park facilities development impact fees increased based on the Engineering News Record (ENR) construction cost index;
- Overhead utility conversion increased by ENR for underground utilities factor;
- Traffic division adjusted Development Fee Street Improvement (DFSI) and the Traffic Impact fees by the ENR escalation factor; and
- One new technology fee was added

Finance - No changes

Fire - No changes

Library

- Eliminated seven fees to reflect City Council action taken on 3/1/2021
- Eliminated inter-library loan fees to improve customer service
- Eliminated rental video/DVD and fax services which are no longer provided;
- Increased Attendant on-duty fee for meeting facility

Police

- Eliminated vehicle verification service which is no longer provided;
- Increased ten fees to offset road maintenance costs due to damage caused by large vehicles;
- Increased two fees to align with rise in costs of processing citations

Public Works

- Eight new equipment rental fees;
- Ten equipment rental fees increased, and five equipment rental fees decreased based on FY20 replacement costs;

- Marina fees - Security Live Aboard Permit and berth rental rates were increased by the 1.84% CPI;
- Marina fees - Eliminated transient berthing as it is no longer allowed;
- Environmental Services - most fees were increased by 9.5% to align CUPA fee revenues with expected expenses. (A fee study is underway and upon completion, further proposed revisions will be made);
- Wastewater Pretreatment fees - all fees increased by 3% to align fee revenues with expected expenses. (A fee study is underway and upon completion, further proposed revisions will be made.);
- Wastewater Discharge Service fees - increased by approximately 7% and connection fees increased by 2%.

Recreation and Human Services - No changes

Fiscal Impacts

Staff does not anticipate any significant changes in revenues based on the proposed fee increases. The City is planning to conduct a city-wide fee study in the 2021-23 budget cycle. A comprehensive review of the City's fees after COVID-19 is necessary.

ATTACHMENT

Proposed Fee Schedule, Fiscal Year 2021-22

PREPARED BY:

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