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Staff Report for Resolution Approving Adjustments to City Fees and Service Charges for 2015-16

**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 2015-16. This resolution is being presented to the City Council for approval as part of the 2015-16 budget update 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); 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, 2015.

The Master Fee Schedule is a compilation of City Council approved fees for special services requested by some residents 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 is a policy direction by the City Council and the 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 2015-16 General Fund Budget, the proposed estimated department revenues total \$6,655,000 or approximately 7% 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 and adjustments, as well as the addition of two new fees, one in the City-wide section for credit card transaction fees and one in Public Works for barricades not returned, shown in ***bold and italics***. The proposed charges are in the right hand column and are printed in ***bold and italics***.

The following summarizes departmental changes to the fee schedule for 2015-16:

#### Community Development

- Building Regulations:
  - most fees are increased by the 2.8% CPI
  - minimal description changes for building permit section and electrical permit
- Planning:
  - fees increased by the 2.8% CPI
  - minor description change for community planning fee

#### Engineering & Transportation

- Park facilities development impact fees increased based on the Engineering News Record (ENR) construction cost index (5.4%)
- Overhead utility conversion increased by ENR for underground utilities factor (3.2%)
- Traffic division increases by ENR DFSI escalation factor (2.54%)

Finance - no changes

Fire - increased fees by 2.8% CPI

Library - no changes

Police - no changes

#### Public Works

- Six (6) Equipment Rental fees changed based on rental fee of \$10 per hour per \$20,000 current year replacement
- New “barricade - not returned” fee
- Marina fees - Berth rentals are increased by 2.8% as allowed by the Department of Boating and Waterways loan agreement, Article VI, Section 5 (C)
- Environmental Services - most fees increased by the 2.8% CPI
- Wastewater Discharge Service fees - increased by 2.8% CPI.

#### Recreation and Human Services

- Clarification of group descriptions and field/facility rental descriptions
- Fees added for Soccer field rental and lights

#### Fiscal Impacts

Staff estimates that the proposed fees will generate \$122,000 in additional General Fund revenue

and \$270,000 in additional Enterprise Fund revenue.

General Fund Fees:	<u>Revenues</u>
Community Development/Building	\$ 77,000
Engineering & Transportation	<u>45,000</u>
Total General Fund	<u>\$ 122,000</u>

Enterprise Fund Fees:	
Sewer Service Rates	\$ 230,000
Storm Water Fees	<u>40,000</u>
Total Enterprise Fund	<u>\$ 270,000</u>

## **ATTACHMENT**

### **Attachment to Resolution**

- Fee Schedule

**PREPARED BY:** David Baum, Finance Director, Finance Department