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Title: Staff Report for Resolution Approving Adjustments to City Fees and Service Charges for 2017-18

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Finance Director

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Staff Report for Resolution Approving Adjustments to City Fees and Service Charges for 2017-18

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 2017-18. This resolution is presented to the City Council for approval as part of the 2017-18 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, 2017.

The Master Fee Schedule is a compilation of City Council approved fees for special services requested by some 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 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 2017-18 General Fund Budget, the proposed estimated departmental revenues total \$8,230,500, or approximately 7.5% 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.

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 six new fees (two in Engineering and Transportation, one in Fire department, two in Public Works and one in Recreation and Human Services). Moreover, the fee schedule reflects the restructuring of the Community Development's building and planning division fees, as well as the Fire Prevention fees based on the 2016-17 fee study. The study goal was to simplify and facilitate application of fees. The study was presented to Council on March 6, 2017.

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

The following summarizes departmental changes to the fee schedule for 2017-18:

City Wide

- Reproduction of public records increased to match Police Records department fee

Community Development

- Building Regulations fees are streamlined and simplified resulting in decreasing the number of fees by 50%
- Planning fees are simplified for ease of use and reduced from 13 fee items to 19 fee items
- Code Enforcement fees are new in this department as part of the Community Care Initiative instituted by the City Council

Engineering & Transportation

- New parklet program fees
- 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 by ENR Development Fee Street Improvement (DFSI) escalation factor
- New traffic calming service fee

Finance - no changes

Fire - increased fees ranging from 7% to 68% to reflect the costs of providing services based on the recent fee study results

Library - no changes

Police - no changes

Public Works

- Three equipment rental fees increased due to increased replacement costs
- Tree planting - new fee for tree concrete cutout
- Solid Waste and Recycling added new fee for receptacle cleaning and a new fee for Waste

Management Plan

- Marina fees - Berth rentals are increased by 3% as allowed by the Department of Boating and Waterways loan agreement, Article VI, section 5 (C)
- Environmental Services - proposing one new fee level for the accidental release program as per State of California regulation in 2016; most fees increased by the 3% CPI
- Wastewater Discharge Service fees - increased by 2% and added an accessory dwelling unit classification

Recreation and Human Services

- Changed the San Leandro Family Aquatic Center and Farrelly pool party area buy-outs from 90 minutes to three (3) hours with corresponding fee increase
- Facility rental damage deposits increasing by 25% based on a cost comparison study; these fees are fully refundable to customers who do not damage the facility
- Facility rental fees for four facilities were last updated in 2010-11, and therefore propose a 16% increase; kitchen fees are also proposed to increase by 25% based on rate comparison to City of Oakland
- New administrative fee of \$25 for changes made within 30 days of a rental to cover costs associated with process changes, reprint contracts and adjust staffing
- Park rental fees have not increased since 2013-14, and propose to increase by 9% (picnic reservation fees will be slightly below market rate for the East Bay)

Fiscal Impacts

Staff estimates that the proposed fees will generate \$105,000 in additional General Fund revenue and \$215,000 in additional Enterprise Fund revenue.

General Fund Fees:	<u>Revenues</u>
Community Development	\$ 128,000
Engineering & Transportation	5,000
Fire	20,000
Recreation & Human Services	<u>94,500</u>
Total General Fund	<u>\$ 247,500</u>

Enterprise Fund Fees:	
Sewer Service Rates	\$ 200,000
Total Enterprise Fund	<u>\$ 200,000</u>

ATTACHMENT

Attachment to Resolution

- 2017-18 Proposed Fee Schedule

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