



Date: March 21, 2006

To: Gerald R. Miller, City Manager *[Signature]*

From: Michael A. Killebrew, Director of Financial Management *[Signature]*

For: Councilwoman Laura Richardson, 6th District
Vice Mayor Jackie Kell, 5th District
Councilwoman Tonia Reyes Uranga, 7th District

Subject: Proposed Amendment to User Fees and Charges Policy

On February 21, 2006, the Budget Oversight Committee (BOC) requested a draft of the new Citywide User Fees Policy developed during Phase II of the Fee Study. The new policy was meant to be an amendment to the existing Financial Policy on User Fees and Charges. The City's Financial Policy #7 on User Fees and Charges adopted by the City Council on September 23, 2003, currently states:

Every three years or less, staff will provide the City Council with reports that detail the full costs (operating, direct, indirect and capital) of providing services supported by user fees or charges. The City Council will define the level of City financial subsidy to be provided for various City services.

It is recommended that the Policy be amended to read as follows:

The City of Long Beach is empowered to recapture, through fees, up to the full cost of providing specific services. Regular and consistent review of all fees is necessary to ensure that the costs associated with delivery of individual services have been appropriately identified, and that the City is fully recovering those costs. It is the City's policy to set user fees at full cost recovery levels, except where a greater public benefit is demonstrated to the satisfaction of the City Council, or when it is not cost effective to do so.

Pending the BOC's approval of this proposal, my staff and I look forward to implementing the changes to this policy. Please let me know if you have questions or require further information.

cc: Christine F. Shippey, Assistant City Manager
Suzanne R. Mason, Deputy City Manager
Reginald I. Harrison, Deputy City Manager
Larry Herrera, City Clerk