



Legislation Details (With Text)

File #: 20-0384 **Version:** 1 **Name:** FM - Master Fee and Charges Schedule
Type: Resolution **Status:** Adopted
File created: 4/14/2020 **In control:** City Council
On agenda: 5/5/2020 **Final action:** 5/5/2020
Title: Recommendation to receive supporting documentation into the record, conclude the public hearing, and adopt resolution amending the Master Fee and Charges Schedule. (Citywide)
Sponsors: Financial Management
Indexes:
Code sections:
Attachments: 1. 050520-H-23sr&att.pdf, 2. RES-20-0058.pdf

Date	Ver.	Action By	Action	Result
5/5/2020	1	City Council	approve recommendation and adopt	Pass

Recommendation to receive supporting documentation into the record, conclude the public hearing, and adopt resolution amending the Master Fee and Charges Schedule. (Citywide)

City Council approval is requested for the list of proposed Mid-Year Fee Adjustments for Fiscal Year 2020 (FY 20), which describes the proposed changes to the City's Master Fee and Charges Schedule. As part of the annual Budget Adoption process, the City Council last reviewed and amended the Master Fee and Charges Schedule for specified City services on September 3, 2019. Fees are required to cover the cost of service except where the City Council finds there is a greater public benefit through use of a lower fee. On September 5, 2017, the City Council adopted an amended Financial Policy on User Fees and Charges, which reads:

User Fees and Charges Will be Set at the Cost of the Service

Background - Fees and associated charges are associated with recovering the cost of providing a service. The City can charge up to the full cost of providing a service.

Policy -

- a. Fees will be set at a level to fully recover costs, except where there is a greater public benefit through use of a lower fee, such as where full recovery may adversely impact overall revenue or may discourage participation in programs where the participation benefits the overall community.
- b. The City Manager will establish a process for in-depth review of all fees over time. The review, while eventually covering all fees, should emphasize those that have or may have significant subvention (may not be at full cost).

City staff may recommend fees that are not set at the full cost of service, or City Council may choose not to adopt a fee with full cost-recovery, because it would negatively impact the public good. Certain new fees are being introduced to address the demand for City services. Charging a fee allows residents the benefit of a service that may otherwise not be possible without sufficient revenue to offset the cost of providing the service. Some City services in low demand may not initially be assigned a fee. However, if demand increases, there may be a need to evaluate the service and propose a fee that aligns with the cost of the service being provided. Changes in the regulatory environment may also result in new fees being developed.

Bi-annual fee adjustments, deletions, and additions are the process by which the broad based changes to fees are presented to the City Council and the public for consideration. The proposed fee changes currently being presented to the City Council represent the FY 20 Mid-Year Fee Adjustments, which will take effect immediately upon adoption. The next citywide fee adjustment process will occur during the FY 21 Budget Adoption process and will take effect on October 1, 2020. In FY 19, staff initiated an updated citywide fee study to conduct a comprehensive cost of service analysis for the City's numerous fees and charges for services across various City departments. The study is a multi-year effort, starting with Development Services, Health and Human Services, and Parks, Recreation and Marine. It is anticipated that recommendations for department fees currently involved in the first phase of the Citywide Fee Study will be made available during the FY 21 Budget Adoption process. In the interim, the proposed mid-year changes for services in advance of the citywide fee study are necessary for administrative and operational purposes.

This matter was reviewed by Deputy City Attorney Amy R. Webber on April 13, 2020 and by Revenue Management Officer Geraldine Alejo on April 23, 2020.

City Council action is requested on May 5, 2020, to allow for fee adjustments as soon as possible. The attached Resolution must be adopted by the City Council for fee adjustments to be implemented.

As part of the adopted budget for a fiscal year, the Master Fee and Charges Schedule is evaluated and adjusted accordingly for the natural growth in the cost of providing services. However, mid-year changes may be required to align fees and charges to changes in costs, services or operations after budget adoption. Exhibit B to the Resolution provides the list of proposed fees and charges adjustments and deletions, as well as estimates of annual revenue changes based on anticipated service usage in FY 20. These are high-level estimates that could vary depending on market or economic conditions.

The proposed FY 20 Mid-Year Fee changes, as listed on Exhibit B to the Resolution, are estimated to result in a net revenue decrease of \$72,316 across all funds. Additional information regarding the revenue impact anticipated for each proposed change is included in the following narratives by department.

Financial Management

Department of Motor Vehicle (DMV) Collection Charge

The California Vehicle Code allows agencies to file unpaid parking penalties and service fees with the Department of Motor Vehicles (DMV) for collection with vehicle registration. Revenue collected by the DMV is then remitted to the City. Effective January 1, 2018, Assembly Bill 516 (AB 516) authorized a \$1 increase from \$3 to \$4 for the DMV's collection charge. City Council adopted this change on April 17, 2018, to align the City's fee with those charged by the DMV. Effective April 1, 2019, the DMV reduced this fee back to \$3. As a result, the Financial Management Department is requesting to decrease its DMV Collection Fee from \$4 to \$3. There will be no change to net revenues. All revenue collected from this fee is fully remitted to the DMV.

Towing Operations - Initial and Annual

Financial Management is proposing to eliminate both the initial fee and annual fee for criminal background and facility investigations assessed to towing operators contracted with the City for impound towing. The initial fee of \$991 and annual fee of \$965 was intended to be charged to operators but has not been utilized in many years as criminal background investigations are conducted by the Police Department at the operator's expense. In addition, inspection of tow trucks is conducted by the California Highway Patrol. Proof of this inspection is required to contract with the City. No anticipated revenue loss is anticipated from this change as these fees have not been assessed in many years.

Health and Human Services

Tuberculosis Class B Immigrant Evaluation and Documentation Completion Fee

The Health and Human Services Department operates a Tuberculosis (TB) Clinic to assess and treat Long Beach residents suffering from tuberculosis. The Clinic also offers TB-related physicals and screening services to immigrants mandated to seek evaluation upon entry to the United States with a history of TB. Fees for these services are grouped into one TB Class B Immigrant Evaluation and Document Completion Fee. This fee covers the administration of a TB skin test, TB blood test, chest x-ray, and office visit. Beginning October 1, 2018, the TB skin test is no longer required for U.S. Citizenship and Immigration Services (USCIS) immigration exams. This new requirement aligns with current Centers for Disease Control and Prevention (CDC) recommendations. As such, the department will no longer be administering the TB skin test as part of the screening process. To reflect the removal of this test from the evaluation, the department is proposing to reduce the fee from \$205 to \$175. The estimated annual revenue loss from this fee change is \$1,200.

Long Beach Airport

Unreturned Access Control Media Fee

The Long Beach Airport currently charges a \$200 fee for each unreturned Airport issued access control media (badges). Badges must be returned to the department following expiration, audit, or notification to return. On average, the department bills for approximately 185 unreturned badges each year. Approximately one-third of the billed badges are paid, with some refunded when badges are later returned. The department is proposing to eliminate this fee as the cost of administering, billing, and collecting this fee exceeds actual revenue generated. The proposed fee elimination will result in an estimated annual revenue reduction of \$8,016. The Airport will continue to routinely monitor and audit unreturned badges to meet Transportation Security Administration (TSA) requirements and maintain accountability of badges issued by the Airport.

Partial Refund of Paid Penalty for Returning Access Control Media.

The Long Beach Airport charges first, second, and third time replacement fees ranging from \$150 to \$200 to access control media (badges) holders for the replacement of lost badges. If the lost or unreturned access badge is recovered and is still valid, holders may return the badge to the Airport for a partial replacement fee refund of \$100. The department is requesting to eliminate this partial refund and proposes issuing a full refund if the badge is returned within 30 days after the replacement is issued. By issuing full refunds, this will increase the incentive for holders to return badges. In addition, by limiting the return period to 30 days, this will improve the department's accountability of badges. The proposed full refund provision will be included as part of the fee descriptions for the department's existing access control media fees. By issuing full refunds, the department will retain less revenue generated from replacement fees. However, the estimated revenue impact is anticipated at \$12,500, but will depend on compliance.

Live Scan and Clearance Letter Fees

The Long Beach Airport is proposing to eliminate its Live Scan and Live Scan Clearance Letter fees. The original intent was for the Airport to serve as another City location offering Live Scan services, and these fees were created to recover Airport's cost of providing the services. However, while these services continue to be available at the Police Department, they were never provided at the Airport due to staff capacity issues and regulatory responsibilities related to operations. The proposed elimination of fees will result in no revenue loss as these services have never been provided by the department.

Public Works

Parking Lots No Longer Owned by City

The Public Works Department routinely reviews and adjusts parking lot rates to reflect day-to-day operations. Several parking lots were located on parcels of land that have since been sold to private developers. These lots are no longer owned or maintained by the City. As a result, the Public Works Department requests the deletion of the following lot rates from the

City's Master Fee and Charges: Promenade Parking Lot, City East Parking Lot, 4th and Pacific Parking Lot, and 7th and Pacific Parking Lot. The total estimated annual parking revenue loss from these lots is \$53,000, previously used to offset related operating and maintenance costs.

Approve recommendation.

[Enter Body Here]

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA
ACTING CITY MANAGER