



Legislation Text

File #: 08-0044, **Version:** 1

Recommendation to receive supporting documentation into the record, conclude the public hearing, and adopt resolution amending the Master Fee and Charges Schedule for specified City services for the Departments of City Clerk, City Prosecutor, Community Development, Financial Management, Gas and Oil, Fire, Health and Human Services, Library Services, Parks, Recreation and Marine, Planning and Building, Police, and Public Works. (Citywide)

On September 11, 2007, as part of the adoption of the Fiscal Year 08 (FY 08) Budget, the City Council approved a Master Fee and Charges Schedule for specified City services for the Departments of City Clerk, City Prosecutor, Community Development, Financial Management, Gas and Oil, Fire, Health and Human Services, Library Services, Parks, Recreation and Marine, Planning and Building, Police, and Public Works. In general, the basis for this schedule of fees and charges was the Fee Study, which was originally recommended by the Budget Oversight Committee and commissioned by the City Council on June 3, 2004, when a contract was entered into with a consultant to complete a cost accounting of the most significant City's user fee services. Actual costs are updated annually to ensure cost recovery decisions are based on the most current costs.

One of the outcomes of the Fee Study was an understanding that the City's process to offset its costs to provide fee-based services did not provide for increasing costs due to inflation or other cost factors. Thus, some fees remained unchanged for decades resulting in a significant subsidy, which was only addressed when a fee came back before the City Council. In order to provide a methodology to keep pace with current costs, a mechanism to allow changes to the City's fee structure was necessary. City staff will continue to bring proposed fee adjustments on an ongoing basis in order to keep fees up to date. Please see Attachment A for a Summary of Key Proposed Fee Adjustments for the First Quarter of FY 08.

Proposed changes in the Master Fee and Charges Schedule involve several factors as follows:

FY 08 Adopted Budget Implementation: On September 11, 2007, the City Council adopted the FY 08 budget including the Financial Policy on User Fees and Charges, which reads:

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.

The FY 08 Adopted Budget continued the effort to implement the City Council policy of full cost recovery of user fee services through a gradual increase in user fee rates. This proposal for the First

Quarter of FY 08 is consistent with that effort. Forty-five of the fee adjustments recommended are in response to this fiscal strategy.

Language Changes: One of the results of regularly scheduled opportunities for change to departmental fee and charges schedules is greater attention to how the information is presented to the public. During their reviews, departments clarify wording or recategorize fees to better inform the public of their fees. All changes of a material nature are listed in **Attachment A**. Changes in language and recategorization make up 113 of the 193 changes included in this resolution.

Service Demands: Certain new fees are being introduced due to increased demands for City services. Charging a fee allows residents to enjoy the benefits of a service that may otherwise not be possible without sufficient revenue to offset the cost of providing the service. Changes in demand or impact have also resulted in new fees being developed. Some services in low demand are not initially assigned a fee because of the cost of development of a billing process. As demand increases, the impact on the organization increases resulting in an improved cost/benefit ratio. In addition, services sometimes grow from a minimal impact to a larger impact resulting in the requirement to assign a cost to the service being provided. Of the fee adjustments being recommended, 35 are in response to increased service demands or to assist in cost recovery efforts.

Fee Deletions: Some fees have been recommended for deletion from the Master Fee and Charges Schedule. The specific reasons are addressed in **Attachment B**, which includes a listing of proposed fee deletions.

This letter was reviewed by Assistant City Attorney Michael J. Mais on December 19, 2007 and Budget Management Officer Victoria Bell on December 18, 2007.

TIMING CONSIDERATIONS

In order for the fee adjustments to be implemented and new revenue to be generated, the attached resolution must be adopted. Therefore, City Council action is requested on January 22, 2008 to allow the fee changes to be put into place.

FISCAL IMPACT

General Fund revenue changes described in **Attachment A** have already been accounted for in the Fiscal Year 08 budget. The predictions for the City's annual General Fund revenue assume natural growth of fee and charges revenues, as well as a certain level of improved cost recovery occurring annually as departments strive to meet the City Council policy for full cost recovery. The exception to this is the \$201,800 in increased revenue from the changes to the false alarm fines, which is unanticipated new revenue that is intended to assist in solving the Police Department FY 08 budget issues per the City Auditor's optimization recommendations. Based on actual receipts, the Police Department will get a budget adjustment to utilize these new resources to cover current obligations in the Fiscal Year. The total value of the annual revenue changes included in **Attachment A** is approximately \$463,000.

Financial Management Department

On July 17, 2007, the City Council was presented with the "Long Beach Police Efficiency Study"

conducted by Public Financial Management and the City Auditor's Office. Among the 12 initiatives identified in the study to improve police efficiency, Initiative 10, "Adjust False Alarm Fines" was recommended for implementation.

In accordance with the Long Beach Municipal Code, any and all alarm activations in a 12-month period that are considered "false" by the Police Department are billed by the Financial Management Department. Currently, the first two false alarms in any 12-month period are billed at no charge and the 3rd false alarm is billed at the rate of \$50 (see **Attachment C**). Per the recommendation of the City Auditor's study, it is proposed to implement a \$100 fine for a second false alarm and increase the fine for a third false alarm from \$50 to \$125. The fine for a 4th, 5th and 6th false alarm will not change. Estimated annual revenue to the General Fund is approximately \$200,000.

Fire Department

The California Health and Safety Code requires that the latest California Building Standards Codes apply to local construction 180 days after they become effective at the State level. The 2007 edition of the California Fire Code, as adopted and published by the California Building Standards Commission, are mandated to go in effect, along with any adopted local amendments, on January 1, 2008.

The 2007 edition of the California Fire Code has recategorized or added Fire Permits, which will require a fire inspection be performed. Therefore, in order to recover the costs of the inspections, the fire permit fees were reviewed to reflect the recategorized or added permits. The fiscal impact of these changes is estimated to be \$7,800.

Gas and Oil Department

The Long Beach Gas and Oil Department is requesting fee adjustments in the Gas Services and Engineering and Construction Bureaus for an estimated total revenue impact to the Gas Fund of \$5,150. These changes relate to increases, which will recover the full cost of services provided to customers.

Department of Health and Human Services

Food Warehouses and Commissaries

These facilities have always been charged permit fees as they are food facilities that need periodic inspections as required by the California Retail Food Code in order to protect public health. Approximately 14 warehouses and two commissaries are permitted.

Public Schools

Public Schools were historically not charged permit fees for inspections of school kitchens, though they were done periodically. Recent Federal legislation from the Department of Education requires local school districts to have a minimum of two inspections per year performed by the local health department to maintain Federal funding for the free breakfast and lunch programs.

The Food Program Supervisor in the Department of Health and Human Services (DHHS) met with

Long Beach Unified School District (LBUSD) officials last year about this legislative change. Since there are 84 schools, the added inspections required would impact the Food Program of DHHS, hence, it was agreed to charge the LBUSD for the second mandatory inspection for each school at a cost of \$55 per site.

Laboratory -Virology

The Public Health Laboratory is currently reviewing the cost of services it provides to the public and to other City Departments. The first phase of this review resulted in fee increases for several tests performed under Virology, (Hepatitis A and B, associated panels of tests for Hepatitis, and certain tests for HIV-1). Prior fee schedules for laboratory services included minimal or no allowance for labor or indirect costs. Beginning with this resolution, these costs will be a part of the fee structure.

Parks, Recreation and Marine

This change makes the annual Consumer Price Index (CPI) adjustment to the Marina Slip Permit Fee for wide slips. The FY 08 adopted budget included the increased revenue.

Planning and Building Department

Construction and Demolition (C&D) Debris Recycling Program Administrative Fee

The maximum administrative fee to process the C&D recycling application and cover the cost to support the C&D Debris Recycling Program is requested to increase from a maximum of \$1,500 to a maximum of \$2,500 based on .25 percent of project valuation.

The \$2,500 maximum amount was recommended to the City Council at the May 8, 2007 Council meeting.

Police Department

The Long Beach Police Department (LBPd) is a public applicant Live Scan site. Live Scan technology allows digitally scanned fingerprints to be submitted electronically to the California Department of Justice (DOJ) for criminal background checks that may be required as a condition of employment, licensing, certification, volunteer purposes, adoptions or VISA/Immigration clearances. In California, fingerprinting must be done by a certified fingerprint roller or qualified law enforcement personnel. Since 2005, all applicant fingerprint submissions must be transmitted electronically.

A fingerprint-rolling fee may be charged by the Live Scan site in addition to the fee charged by DOJ or FBI for processing. The LBPd has not adjusted its rolling fee from \$12 for over 5 years and is currently one of the lowest in Los Angeles County. To eliminate the subsidy of this program and recover the cost of this service, the LBPd proposes to raise the fee to \$25. The most common rates charged by other agencies in Los Angeles County are \$20 and \$25. This increase will generate an estimated \$31,200 in additional revenue annually.

Public Works

Environmental Services Bureau

These changes reflect the annual CPI adjustment to the refuse services rates as called for in the Environmental Services Rate Resolution. The fiscal impact is \$1,805 annually.

[Timing Considerations]

[Fiscal Impact]

Approve recommendation.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AMENDING THE MASTER FEE AND CHARGES SCHEDULE FOR SPECIFIED CITY SERVICES FOR THE DEPARTMENT OF CITY CLERK, CITY PROSECUTOR, COMMUNITY DEVELOPMENT, FINANCIAL MANAGEMENT, FIRE, GAS AND OIL, HEALTH AND HUMAN SERVICES, LIBRARY SERVICES, PARKS, RECREATION AND MARINE, PLANNING AND BUILDING, POLICE, AND PUBLIC WORKS

Lori Ann Farrell
Director of Financial Management / CFO

NAME
TITLE

APPROVED:

PATRICK H. WEST
CITY MANAGER