



Legislation Text

File #: 17-0228, **Version:** 1

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 2017 (FY 17), that describes the proposed changes to the City's Master Fee and Charges Schedule. As part of the normal Budget process, the City Council last reviewed and amended the Master Fee and Charges Schedule for specified City services on September 6, 2016. The original basis for the schedule of fees and charges was the Fee Study, which was recommended by the Budget Oversight Committee and commissioned by the City Council to complete a cost accounting of the most significant City services and their related user fees. Since the fee study was originally completed in FY 2006, costs borne by the City in providing fee-related services have changed for a variety of factors. On October 8, 2013, 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 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 - 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.

To meet the City Council's adopted Financial Policy on User Fees and Charges that calls for full cost recovery whenever appropriate, a mechanism to allow broad-based changes to the City's fees is, therefore, necessary. 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.

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 proposed a fee that aligns to the cost of service being provided. Changes in the regulatory environment may also result in new fees being developed.

The proposed fee changes currently being presented to the City Council represent the FY 17 Mid-Year Fee Adjustments, which will take effect immediately upon adoption. The next citywide fee adjustment process will occur during the FY 18 Budget process, and will take effect on October 1, 2017. City staff will continue to bring proposed fee adjustments to the City Council on an ongoing basis to keep fees up to date. Please see Attachment A for the List of Proposed Mid-Year Fee Adjustments.

This matter was reviewed by Deputy City Attorney Amy R. Webber on March 16, 2017 and by Assistant Finance Director Lea Eriksen on March 10, 2017.

City Council action is requested on April 4, 2017, to allow for increased cost recovery at the earliest possible time. The attached Resolution must be adopted by the City Council for fee adjustments to be implemented and new revenue to be generated.

Any revenue changes described in Attachment A are estimates, and are based on anticipated service usage in FY 17. Estimates could vary depending on market or economic conditions. The City's FY 17 adopted General Fund revenue estimates assume a natural growth of fees and charges. However, mid-year changes may be required to align fees and charges to changes in costs, services or operations. The proposed FY 17 Mid-Year Fee Adjustments will result in a net revenue increase of \$152,851 in the General Fund (GF). The increase will support the overall FY 17 General Fund revenue commitment, in addition to each department's General Fund operations during the current fiscal year.

The annual revenue change in other funds resulting from the proposed fee changes and deletions listed in Attachment A is a reduction of \$1,533,215. Of the total reduction, a revenue decrease of \$1,535,000 is estimated in the Airport Fund (EF 320) and is due to the proposed changes to Airline Fees. A combined estimated revenue increase of \$1,785 is anticipated in the Tidelands Operations Fund (TF 401) and in the Marina Fund (TF 403).

Library Services

Research Fees

Librarians provide reference and research expertise across multiple subjects and disciplines. Basic reference and research services are provided to the public free of charge; however, the Library Services Department reserves the option to charge for requests that involve more extensive use of staff time and library resources. The current fee is a minimum charge of \$55 for research requests. If services are required for one hour or more, the hourly rate is \$56. The department proposed to increase the minimum charge to \$56 to align with the hourly research rate to simplify the rate structure.

Meeting Room Rental Fees

The Main Library has a meeting room available with a 50-person capacity that is currently

underutilized by the public, having only been leased five times in 2016. A proposed fee reduction for this meeting room, both during and after library hours, is intended to encourage public use and promote the space to groups for whom the higher rental fee is prohibitive. The proposed reductions still allow for the Department to fully recover its costs related to this service while concurrently aligning rates across all branches. During library hours, the proposed meeting room rental fee will be reduced from \$100 to \$50 per hour, and during after-hours, the rental fee will be reduced from \$160 to \$70 per hour.

Additionally, the Library Services Department proposes meeting room fees for the Michelle Obama Neighborhood Library large meeting room for both during and after-hours. The proposed rental fee for this location is \$50 per hour during library hours and \$70 per hour after library hours. The proposed new fees will align with those proposed for the Main Library meeting room.

Lastly, the Department is requesting to eliminate fees related to the use of 30- and 50-cup coffee urns as the Department no longer provides this service for events.

Media Rental Fees

The Library Services Department has also eliminated rental fees charged to patrons who borrow DVDs and CDs. In 2013, the Department previously eliminated rental fees for audiobooks with great success, seeing a large increase in checkouts for that format. There are several significant benefits to the fee elimination, including improved access to materials for all residents, increased staff efficiency, shortened wait times at the checkout desk, ability to checkout DVDs and CDs at self-checkout kiosks, and increase the circulation of DVD and CD collections.

With the elimination of DVD and CD rental fees, all materials available for checkout will be free of charge. This change will align the City's libraries with current practices in neighboring library systems. The Los Angeles Public Library and Los Angeles County Libraries also offer DVD and CD checkouts free of charge.

Long Beach Airport

Airline Fees

The Airport monitors and forecasts passenger activity level to prudently manage its financial position. Passenger activity level is the primary factor that impacts the Airport's Fee rates charged to airlines for their use of the Airport. The major categories of charges (fees) assessed to airlines include aircraft landings, gate use, common use, and apron parking.

In order to keep the Airport competitive, when certain passenger activity level thresholds are met, rates must be adjusted to reflect changes in revenue - increasing rates as activity drops and decreasing rates as activity rises. At the beginning of FY 16, rates were increased by

17.5 percent because passenger activity continued to decline from the prior year. In FY 17, passenger activity level is increasing after several years of decline. The projected increase is because of various factors, including new supplemental slots allocated to passenger airlines and greater slot utilization. With a projected increase in passenger activity of over 30 percent from 2016 to 2017, Airport revenues from Airlines is estimated to increase by over \$4 million in FY 17. This is in addition to a \$2.5 million increase in annual revenues from other activities such as parking, car rentals, concession sales, and other operations.

The significant increase in passenger activity serves as the basis to adjust rates and fees downward by 10 percent, supporting the Airport's business model with airlines while still maintaining a strong financial position. The resulting revenue impact is estimated at \$1,928,600. The fee decrease allows the Airport to lower its Cost per Enplanement (CPE) metric below \$10, a decrease from FY 16's CPE of \$10.53. This metric is used by all airlines in the industry to compare the cost of doing business between different airports. With a targeted CPE below \$10, the Long Beach Airport remains competitive. This fee change would result in having one of the lowest CPEs in the Los Angeles region.

Airport Vehicle Parking

The Airport owns and operates an employee parking lot used by various tenants, airlines and businesses in the terminal area. Users currently pay a monthly fee of \$12.50 for a parking permit that allows a vehicle to be parked in the lot, which remains open around the clock. The Airport proposes increasing the monthly permit fee to \$20, to fully recover the cost of administering permits, managing the parking lot, and enforcing compliance. The monthly fee is set at a favorable rate for customers in comparison to the limited off-site parking alternatives in the area.

Miscellaneous Fees

In January 2017, a transportation study conducted by Frasca & Associates evaluated the existing ground transportation program at the Airport. The study reviewed policies, procedures, practices, and fee structure of the Airport in context to operations at benchmark airports in California and to airport industry best practices. The results of the study recommended that the Airport phase in a new hybrid fee structure to ensure fair and equitable fees and regulations for all ground transportation providers, including shuttles, taxi cabs, limos, and luxury vehicles. As part of the phased approach for transportation companies operating and picking up passengers, the Airport proposes to increase the ground transportation application fee from \$60 to \$120 and increase the reservation-based ground permit fee from \$50 to \$100. The annual permit fee for non-reservation-based shuttles, also known as door-to-door shuttle services, is proposed to increase from \$1,000 to \$1,200. The new fee rates are at a similar level to other benchmark airports in California and allow the Airport to fully recover the cost of administering the program.

The Airport is implementing a pilot program effective April 5, 2017, for Transportation Network

Companies (TNCs) to provide services to passengers at the Airport. As part of developing the pilot program, the Airport held a public meeting on February 1, 2017, to provide information and obtain input from stakeholders, including transportation providers. Under the pilot program, TNCs such as Uber, Lyft, Wingz and See Jane Go are being temporarily permitted and will pay a \$3 fee per pick-up or drop-off at the Airport. During this period, the Airport will be able to collect data, analyze the impact of TNCs and evaluate the implementation of a permanent TNC program at the Airport.

Parks, Recreation and Marine

Marina Fees

As part of an effort to make boat slips available to newer boat owners, the Parks, Recreation and Marine Department proposes a Slip Permit Holding fee of 50 percent of the rate of the current monthly slip fee to reserve a slip for 30 days. Within those 30 days, the customer must provide proof of purchase of the vessel and the vessel must follow all the regulations of the slip. This fee is non-refundable.

The Shore Mooring Racks and Sandstake Transfer Fee is for existing permittees to move from one shore mooring rack location to another location, or from one sandstake location to another location. The current transfer fee being applied for shore mooring and sandstakes is the same fee charged for larger vessels and boats on the water. By establishing this new fee, shore mooring racks and sandstakes will have a set rate specific to its respective category of vessels (e.g. canoes, kayaks, smaller boats, etc.).

The proposed Shore Mooring Racks and Sandstake Re-Instatement Fee applies to permittees who are 30 days past due on their annual bill pay-by date. After 30 days, the permittee loses their permit. The permittee has an additional 30 days for re-instatement. If the annual fee and re-instatement fee are not paid by 60 days of the due date, then the permit is cancelled. The new Re-Instatement Fee will help reduce the backlog on the wait list, as well as establish a rate for shore mooring racks and sandstakes.

Public Works

Parking Permit Fees

The Public Works Department, Parking Operations Division, proposes to create separate daytime and nighttime monthly parking permit fees at a cost of \$45 per month, as well as increase the current monthly day and night permit from \$45 to \$80, for the following lots:

American Hotel, City East, and M1, along with The Promenade.

The purpose of creating separate daytime and nighttime permits is to maximize public utilization of the lots in response to the increased demand resulting from the sale of several

former Redevelopment Agency-owned lots and increased development in the downtown area. Revenue increases will be used to offset increased operating costs.

By splitting parking into daytime and nighttime permits, a greater number of permits may be sold since the parkers will not be occupying the spaces at the same time, thereby not overselling the lots. This will help provide additional parking in this highly impacted area.

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 CITY OF LONG BEACH - MID-YEAR ADJUSTMENTS FOR FISCAL YEAR 2017

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APPROVED:

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