



Legislation Text

File #: 18-0321, **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 2018 (FY 18), which 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 5, 2017. Fees are normally intended to cover the cost of service except where there is a greater public benefit with 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 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 18 Mid-Year Fee Adjustments, which will take effect immediately upon adoption. The next citywide fee adjustment process will occur during the FY 19 Budget process and will take effect on October 1, 2018. 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 22, 2018 and by Interim Budget Bureau Manager Grace Yoon on March 30, 2018.

City Council action is requested on April 17, 2018, to allow for increased cost recovery as soon as possible. The attached Resolution must be adopted by the City Council for fee adjustments to be implemented and new revenue to be generated.

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. Attachment A 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 18. These are high-level estimates that could vary depending on market or economic conditions.

The estimated annual revenue change in the General Fund (GF) resulting from the proposed fee changes (adjustments and deletions) listed in Attachment A is a net revenue increase of \$1,237,155. The increase will support the overall FY 18 General Fund revenue commitment, in addition to each department's General Fund operations during the current fiscal year. The estimated annual revenue change in the other funds resulting from the proposed fee changes (adjustments and deletions) listed in Attachment A is a net decrease of \$823,800. A revenue decrease of \$830,300 is estimated in the Airport Fund (EF 320) and is due to the proposed changes to Airline Fees and the deletion of Security Access Control fees. An estimated revenue increase of \$6,500 is anticipated in the Marina Fund (TF 403).

City Clerk

Passport Services

The current Passport Application Postage fee is set at \$19.99. The current rate poses an unnecessary administrative burden as it requires the collecting of cents and making change. As a result, a technical adjustment is requested to increase the current fee by \$0.01 to \$20. The proposed adjustment is anticipated to have a minimal impact on revenue.

City Manager

Public Records Requests

The City's Office of the Records Coordinator responds to requests for public records pursuant to the California Public Records Act (CPRA) on behalf all departments. In accordance with the CPRA, the City is permitted to recover direct costs associated with copying public records for production. Although most documents are transmitted digitally to requesters, there are some cases where records only exist in hard copy. The City Manager's Office proposes implementing a new fee to charge \$0.20 per page for black and white copies and \$0.60 for color copies. The requested fee amounts align to those charged by other Departments such as the Development Services and Health Departments for a similar service. Additionally, the City Manager's Office is proposing a new fee for instances when the requester prefers information to be provided on a file storage device. The \$10 proposed fee is the actual cost of the file storage device as well as administrative costs associated with the purchase. Staff expects a minimal increase in revenue due to the infrequency for these types of requests.

Development Services

Housing Services - Affordable Housing Fee

The California legislature adopted Senate Bill 2 (SB 2) to establish a permanent, ongoing source of funding dedicated to affordable housing. The dedicated funding source will be funded through a \$75 statewide fee, on the recording of every real estate instrument, paper or notice required or permitted by law to be recorded. Effective January 1, 2018, the fee will be charged by the County Recorder and applied per transaction, per parcel of real property, not to exceed \$225 per single parcel. The fee will not be imposed on any real estate recording for a property intended to be occupied by the owner.

Several of the City's housing programs require real estate documents to be recorded and, as a result, will be subject to the fee. Thus, to maintain the City's Housing Funds, the Development Services Department proposes that the City pass the fee to home loan borrowers and developers. The Department anticipates approximately 85 recordings annually, leading to the annual collection of approximately \$6,375. However, these funds will be paid to the County Recorder per SB 2, resulting in no net change to the Housing Fund.

Housing Services - Reconveyance Fee

As part of the City's Second Mortgage and Residential Rehabilitation Programs, staff records documents to ensure that lenders, escrow companies, and title companies are aware that the property owner owes the City money. When the conditions of a loan are met, or a property owner repays the City's loan, the deed is reconveyed to remove the City's lien against the property. A title company records documentation of this reconveyance on the City's behalf, and the City is charged for this service. The Development Services Department is requesting a new \$45 fee per recording to be charged to borrowers to cover the reconveyance fees.

Some agreements between the City and the borrower may include a provision for the

borrower to pay the reconveyance fees. However, in the instances when it is not, the proposed fee would allow the reconveyance fee to be passed through to the borrower. The Development Services Department anticipates approximately 15 reconveyances annually, leading to the annual collection of approximately \$675. However, these funds will, in turn, be paid to the title company recording the reconveyances, resulting in no net impact to the Housing Fund.

Financial Management

Parking Citations

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. The DMV currently charges the City a \$3 administrative fee per citation to record the notice on a vehicle registration record. Effective January 1, 2018, Assembly Bill 516 (AB 516) authorized a \$1 increase from \$3 to \$4 to the DMV's existing administrative service fee. The Financial Management Department is requesting to increase its DMV Collection Fee from \$3 to \$4 to align its fees with those charged by the DMV. All revenue collected from this fee is remitted to the DMV. As a result, there will be no change to net revenues.

Parking Citation Payment Plan Enrollment Fees and Indigent Payment Plan Late Fee

Effective July 1, 2018, Assembly Bill 503 (AB 503) requires that agencies offer a payment plan to individuals before filing unpaid parking penalties and fees with the Department of Motor Vehicles (DMV) for collection with the registration of the vehicle. To comply with AB 503, the Financial Management Department will offer payment plans to indigent and non-indigent individuals. To cover the City's administrative costs related to offering and managing these plans, the Department proposes a plan enrollment fee of \$5 for indigent individuals and \$25 for non-indigent individuals.

Additionally, AB 503 requires issuing agencies to rescind the DMV filings for unpaid parking penalties and fees for an indigent individual, for one time only, if the registered owner enrolls in a payment plan and pays a late fee of \$5. To charge this fee in accordance with AB 503, the Financial Management Department is proposing to include the late fee to the Citywide Master Fees and Charges Schedule. Revenue impacts from the proposed new fees related to AB 503 are currently unknown and are pending data on payment plan participation levels.

Administrative Hearing Fee

The City previously charged individuals an Administrative Hearing Fee to conduct an Administrative Hearing to contest a parking citation. In 2017, it was determined by the City

Attorney's Office that the City has no statutory authority to assess the \$25 Administrative Hearing Fee. As a result, the Financial Management Department requests to eliminate the existing Administrative Hearing Fee from the Citywide Master Fee and Charges Schedule.

Long Beach Airport

Airline Fees

The Airport prudently manages its financial position by monitoring and forecasting passenger activity level. Passenger activity level is the primary factor in the setting of rates and fees charged to airlines for their use of the Airport. The charges assessed to airlines include aircraft landings, gate use, and apron parking. The increase in passenger activity serves as the basis for this request to adjust airline rates and fees downward by 5 percent. The reduction conforms to the Airport's business model with airlines and allows the Airport to maintain its Cost per Enplanement (CPE) metric below \$10 - a key metric used by Airlines in determining which airports to serve.

When certain revenue thresholds are met, rates must be adjusted to reflect changes in passenger activity level. Annual passenger activity level continues to be on an upward trend and is expected to exceed 3.8 million for 2018. Although the 5 percent decrease is estimated to result in a \$925,800 revenue decrease, increased revenue from passenger activity in the estimated amount of \$3 million will offset the reduction.

Terminal Space Charges

Airlines are assessed terminal space charges for the use of certain areas in the terminal such as ticket counter space, back office space, ramp storage space, etc. The rates charged are specific to the areas in use and are assessed per square footage on a monthly basis. On occasion, certain airlines only require the use of these areas for specific hours of the day. The Airport is implementing the option for airlines to use certain areas of the terminal for specific hours of the day. To align with this new option, the Airport is proposing to amend a fee to charge an hourly rate based on square footage of airlines who do not need terminal space for a full day. The hourly rate is prorated based on the current monthly terminal space charges. This option will allow the Airport to more efficiently allocate the limited space available and charge a more equitable rate. Additional revenues generated from the availability of this hourly rate option is expected to be approximately \$1,000 per year.

Airport Vehicle Parking

Tenant Parking

The Airport offers parking in its parking structures to all tenants that pay for a monthly parking card. The Department currently does not charge for replacement cards if a tenant loses or damages the monthly parking card. A new replacement fee of \$25 is proposed to recover the

cost of the parking card, staff time in issuing the replacement card, and as a deterrent to misuse the parking card. Requests for lost or damaged parking cards do not occur frequently. As a result, annual fee revenue is anticipated to be minimal and currently estimated at \$500 per year.

Vehicle Storage Space

The Airport is providing vehicle storage space in the parking structures to on-site rental car companies. The availability of this storage space supports the demand from rental car companies and improves the vehicle processing time for travelers. Current agreements with the rental car companies already include a certain number of spaces. However, in event that additional spaces are requested, the Airport proposes a new fee of \$20 per parking space, per week. Revenues from this fee are expected to generate at least \$150,000 annually.

Ground Transportation

To provide services at the Airport, reservation-based ground transportation companies are required to hold a valid permit issued by the Airport. These permits are issued on a calendar year basis and are renewed annually. On occasion, ground transportation providers will apply for and receive a permit after the calendar year has begun. To address these occurrences, the Airport proposes a new permit fee that will charge a prorated rate based on the remaining months of the calendar year. Although this option is expected to decrease annual permit revenues slightly by an estimated \$1,000, the proposed change will provide a more equitable charge to ground transportation providers.

Security Access Control

The Airport issues access control media, such as identification badges, gate cards, and access keys, to employees of tenants and organizations that conduct business in restricted areas of the Airport. Tenants and organizations are charged a \$25 fee for each badge issued to their employees and a \$45 fee when a Criminal History Record Check (CHRC) is performed. While these fees have generated approximately \$55,000 annually, the Airport is proposing to eliminate these fees. The cost of administering, billing, and collecting these fees exceeds actual revenue generated. Also, the elimination of these two fees will have a positive impact on Airport operations through various administrative and operational efficiencies. By eliminating the need to manage and collect these fees, staff will be able to increase focus on other areas such as customer service.

Elimination of these fees will not impact the Airport's ability to meet Transportation Security Administration (TSA) requirements to maintain a security access control system to prevent entry of unauthorized persons into restricted areas. Additionally, although the badge fee and CHRC are proposed for deletion, all other security access control fees remain, including fees for replacement badges and unreturned badges. The fees will continue and deter the misuse of badges and improve the accountability of badges issued.

Gas and Oil Department

Smart Gas Meter Opt-Out Fee

If a customer requests to opt-out of smart gas meter installation and services, an analog meter will be used and will require manual meter reads. The Gas and Oil Department currently charges a single monthly fee of \$25 to manually read the customer's meter and/or manually bill each month. The Department proposes to restructure its fee schedule to include rates based on annual usage. The proposed new fee will charge \$10 per month for usage at or below 200 therms per year. For usage at or above 201 therms, customers will continue to be charged \$25 per month. Physical meter reads or estimates of the customer's prior 12-month average usage will determine the fee administered. The resulting revenue impact is minimal due to customers' low usage of the opt-out provision.

Parks, Recreation, and Marine

Marina Fees

The Parks, Recreation, and Marine Department charges a \$100 fee per vessel, per month for dry boat storage, up to 25 feet. New storage spaces are scheduled to be available in late 2018 and will accommodate boats up to 30 feet long and allow for more on-shore storage in Alamitos Bay Marina. The Department is requesting to implement a fee for the new larger spaces in the amount of \$130 per vessel/per month in anticipation for new dry boat storage spaces in the Alamitos Bay Marina. Anticipated revenue from the new fee is estimated at \$6,500 per year.

Animal Care Services

The Animal Care Services Bureau (ACS) currently collects private adoption fees directly related to the cost of services provided to the adopted animal; i.e., rabies vaccinations, microchip implant and/or spay and neuter services. A 2017 audit report by the Long Beach City Auditor recommended that ACS consider using a single, lower-cost adoption fee in place of the current fees, to promote increased adoptions and help shorten the length of stay for the animals. As a result, the Parks, Recreation and Marine Department proposes a Special Adoption Promotion Fee between \$5 and \$50 per adoption that would be lower than the traditional adoption fees. The fee would be focused on those animals that are difficult to place due to age or medical issues, and applied during times when there are higher intake rates. The proposed fee mirrors the Department's existing Offsite Adoption Fee charged during offsite special events. Most neighboring shelters offer similar promotion fees. By implementing the proposed fee, the ACS can compete for and attract potential adopters. An increase in adoptions may offset the potential revenue decrease resulting from the reduced rate. The net revenue impact is anticipated to be minimal.

Police

Repossessions

The Police Department currently charges a fee to individuals to retrieve a vehicle. The fee rate is set by Government Code 41612 and Vehicle Code 28. As part of the FY 18 Adopted Budget, the fee was erroneously adjusted by the City Cost Index to \$16. A technical correction is requested to return the fee to \$15 in accordance with state law.

Public Works

Parking Meter Fees

The Public Works Department proposes to establish parking meter rates for newly installed parking meters on the South side of Ocean Boulevard between Termino Avenue and Bennett Avenue (Parking Meter Zone 31), and Olympic Plaza between Termino Avenue and Bennett Avenue (Parking Meter Zone 32). The proposed rates are set at \$0.75 per hour from 10:00 a.m. to 7:00 p.m., Monday through Sunday, excluding holidays, for a maximum of 2 hours. This portion of Ocean Boulevard and Olympic Plaza together can accommodate approximately 80 cars and provide parking for business customers. Once operational, revenue generated from these new meters is estimated at \$100,000 per year.

Parking Management

On April 4, 2017, the City Council approved restructuring lot rates at the American Hotel, City East, M1, and The Promenade to include separate daytime and nighttime monthly parking permit fees and increase the currently monthly day and night permit rates. To align parking permit rates in the area, the Public Works Department proposes to restructure rates at the Civic Center garage, City Place A, B, C, and D garages, 4th and Pacific lot, and the 7th and Pacific lot. The proposed rates will create a separate monthly permit fee of \$45 for daytime and \$45 for nighttime parking, as well as increase the current monthly 24-hour parking permits (ranging from \$45 to \$60) to \$80 at all of the lots above.

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. In addition to providing additional parking in this highly-impacted area, the change will allow for an increased number of permits sold because parkers will not be occupying the spaces at the same time, thereby not overselling the lots. The net revenue impact related to restructuring the rates for these proposed lots is unknown at this time. Current experience with the American Hotel, City East, M1, and The Promenade indicates little to no net revenue change.

Right-of-Way

Scheduled for the City Council meeting on April 17, 2018, the Public Works Department will bring forward a recommendation to City Council to establish regulations for micro wireless telecommunications facilities in the Right-of-Way (ROW). As part of this item, the Department proposes to establish a new application fee for permitting these facilities in the ROW. The application fee will cover the City's cost to perform standard reviews of plans and specifications. The proposed application fee is \$2,500, and each application may contain up to ten different locations. The total revenue received will depend on the total applications received and the use of City-owned poles in the ROW. Staff expects to receive at least 300 applications in the current fiscal year, for an estimated revenue impact of \$750,000. Revenue in future years may vary depending on the number of new applications received.

Private Development Fees

A consulting firm recently completed a cost-of-service analysis and fee survey commissioned by the Public Works Department's Private Development Program. The Department's proposed changes will restructure various Right-of-Way and Land Development Activities fee schedules. The proposed changes will increase various fee rates to align with the cost of providing services and establish new fees for Expedited Fee Review and Installation and Maintenance Agreements. Furthermore, the Department proposes to delete ten fees to simplify fee administration with no loss of revenue. These deleted fees are proposed to be consolidated with other current fees charged for the same or similar services.

Overall, the survey concluded that the Private Development Program would bring in additional fee revenue once the recommended adjustments are made. These changes simplify the fees, making it easier to understand and provides less room for errors. The net annual revenue increase is currently estimated at \$392,000.

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 2018

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APPROVED:

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