



Legislation Details (With Text)

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Title: Recommendation to receive supporting documentation into the record, conclude the hearing and adopt resolution amending the Master Fee and Charges Schedule. (Citywide)
Sponsors: Financial Management
Indexes: Fee
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Attachments: 1. 041712-H-3sr&att.pdf, 2. RES-12-0036.pdf

Date	Ver.	Action By	Action	Result
4/17/2012	1	City Council	approve recommendation and adopt	Pass

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

City Council approval is requested for the List of Proposed Fee Adjustments for the Second Quarter of Fiscal Year 2012 (FY 12), which describes the proposed changes to the City's Master Fee and Charges Schedule. On January 17, 2012, the City Council approved an amended Master Fee and Charges Schedule for specified City services.

The basis for this schedule of fees and charges is the Fee Study, which was originally recommended by the Budget Oversight Committee and commissioned by the City Council on June 3, 2004 to complete a cost accounting of the most significant City services and their related user fees. The fees developed under this schedule are updated annually to encourage full cost recovery for the City's services.

One of the findings of the Fee Study was that the City's process to offset its costs to provide fee-based services did not provide for an inflationary adjustment or other cost growth factors. To provide for a more effective cost recovery, per the City Council's Financial Policy on User Fees and Charges, a mechanism to allow broad-based changes to the City's fees became necessary. Hence, the Master Fee and Charges Schedule, along with quarterly fee updates, were initiated. City staff will continue to bring proposed fee adjustments on an ongoing basis to keep fees up to date. Please see Attachment A for a List of Proposed Fee Adjustments for the Second Quarter of Fiscal Year 2012.

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

City Council Financial Policy on User Fees and Charges - The Financial Policy states that departments are expected to recover 100 percent of their actual costs for user fees and charges unless the City Council approves a subsidy. Departments have proposed nine changes related to keeping cost recovery efforts in line with actual costs.

Increased Service Demands - Certain new fees are being introduced to address the increased demand 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. Some services in low demand are not initially assigned a fee because of the cost of developing 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 need to assign a cost to the service being provided. Changes in the regulatory environment may also result in new fees being developed. Of the fee adjustments being recommended, one is in response to increased service demands or to assist in cost recovery efforts.

This matter was reviewed by Assistant City Attorney Michael J. Mais on March 29, 2012 and Budget and Performance Management Bureau Manager Dennis Strachota on March 23, 2012.

In order for the fee adjustments to be implemented and new revenue to be generated, the attached Resolution must be adopted by the City Council. Therefore, City Council action is requested on April 17, 2012 to allow for increased cost recovery at the earliest possible time.

Any General Fund revenue changes described in Attachment A are only estimates based on anticipated service usage. The City's FY 12 adopted General Fund revenue estimates assumed natural growth of fees and charges; therefore, the requested fee increases are required to meet current revenue commitments in the respective departments and will support each department's General Fund operations during the fiscal year. The total value of the annual revenue changes included in Attachment A in all funds is \$106,600.

City Clerk

Lobbyist Registration and Passport Application Express Postage

Lobbyist Registration Late Fee is changed to correct the current fee in resolution to coincide with the actual late fee charge. Passport Application Express Postage is changed to coincide with the United States Postal Service (USPS) published rate as of January 1, 2012. No General Fund revenue is anticipated with respect to these fee changes.

Long Beach Gas and Oil

Same Day Service

For approximately six months, Long Beach Gas and Oil (LBGO) has offered customers the option to pay for expedited service. This "test" program allowed customers to pay to have their gas service turned on the same day, where generally this can take two to four days, depending on demand. The customer was charged the standard reconnect fee of \$70, plus an additional \$70 for same day turn-on. While more customers opted for this service than anticipated, LBGO received a number of complaints. Customers generally express the fee is too high and many feel it should be a free service, especially for new accounts. LBGO is now ready to fully implement a same day service program, but due to reduced resources, will need to limit the available daily slots to about 12. LBGO is also proposing a reduced fee structure. The reconnect cost would be \$70 for standard service (two to four days) and \$105 for same day service. It is anticipated the service will generate \$91,000 annually in new revenue for the Gas Fund.

Tented Fumigation Fee - Elimination

LBGO currently charges customers \$35 (\$50 on weekends) to restore gas service and relight pilots after tented fumigation. The California Public Utilities Commission does not allow the private utilities to charge a separate fee for this service due to safety concerns. The concern is that, to avoid the fee, a fumigation company or a homeowner might attempt to relight the gas pilots themselves in an erroneous manner, especially dangerous in instances of recent fumigation. With similar safety concerns, LBGO proposes to eliminate this fee, absorbing the minimal costs within its routine gas charges, as does the Southern California Gas Company.

Miscellaneous Minor Language Changes

Several minor language changes include Earthquake Valve Reset; Re-Connection; Lock Box Installation Fee and Post Property Notifications fees.

Public Works

Towing - Title Surrender Program

The Title Surrender Program is a new program that is designed to assist citizens to resolve financial issues by allowing them to voluntarily surrender the title to their vehicles to avoid further fines and fees. In the past, customers, who do not have a clear title, were sent directly to the Department of Motor Vehicles (DMV) to resolve any issues so they could surrender the title. The \$25 processing fee will recover the cost associated with processing missing DMV titles, which includes performing a cursory title search to determine if the customer is the rightful owner and that there are no lien holders against the vehicle, as well as explaining the lost title vehicle surrender process to the customers. After the customer returns from the Department of Motor Vehicles to obtain the current title status report, staff also assists the customer to complete required forms including an additional form, Application for Transfer With Paperless Title - Reg 227, to complete the process. Each vehicle auction includes an average of 24 vehicles, where the Title Surrender process has occurred. At \$25 per car, it is anticipated the program will generate approximately \$15,600 in annual revenue.

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 -- SECOND QUARTER FY12 ADJUSTMENTS

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER