



Legislation Text

File #: 09-0381, **Version:** 1

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

City Council approval is requested of the List of Proposed Fee Adjustments for the Second Quarter of Fiscal Year 2009 (FY 09) (Attachment A), which describes the proposed changes to the City's Master Fee and Charges Schedule. A second report, the List of Proposed Fee Subsidies for Parks, Recreation and Marine, which identifies the subsidies for the Parks, Recreation and Marine user fee programs, was to be included in this report; however, due to the need for further analysis of the recently updated fee model, this subsidy report will be brought to the City Council at a later date.

. Proposed Fee Adjustments for the Second Quarter of FY 09

On February 3, 2009, the City Council approved an amended Master Fee and Charges Schedule for specified City services based on department's requests for First Quarter FY 09 Fee Adjustments. 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, and which is 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 2009.

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 120 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. Changes in demand or impact may result in new fees being developed. Some services in low demand are not initially assigned a fee because of the cost of developing 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, four are in response to increased service demands or to assist in cost recovery efforts.

This letter was reviewed by Assistant City Attorney Michael J. Mais on March 30, 2009 and Budget and Performance Bureau Manager David Wodynski on March 26, 2009.

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 21, 2009 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 expected service usage. The City's FY 09 adopted General Fund revenue estimates assumed natural growth of fees and charges; therefore, the requested fee increases are required to meet current revenue commitments and to keep the General Fund balanced during the fiscal year. In the case of the requested parking citation increases, the increased revenue will be almost entirely passed-through to the State. The total value of the annual revenue changes included in Attachment A in all funds is approximately \$2,583,530, as indicated below. Please be reminded that \$580,000 of the General Fund revenue increase will go directly to the State due to Senate Bill 1407.

<u>Fund</u>	<u>Amount</u>
Airport	\$ 400,699
Development Services	(\$ 90,000)
Gas	\$ 20,000
General	\$ 789,695
Tidelands	(\$ 2,649)
Towing	<u>\$ 1,366,785</u>
Total	\$ 2,583,530

Community Development

Code Enforcement

The Neighborhood Services Bureau's Code Enforcement Division is requesting changes to the Master Fee and Charges Schedule. These changes provide uniformity throughout the various programs listed in each of the categories in the Master Fee and Charges Schedule. The annual increase to the General Fund revenue is estimated to be \$5,990.

Development Services

The Department of Development Services is requesting technical changes to the Master Fee and Charges Schedule, which was amended by the City Council in February 2009, to add existing fees that were inadvertently omitted and to correct fees where the annual adjustment calculation was in error. The revenue impact is a reduction of \$90,000 in the Development Services Fund.

Financial Management

Parking Citations

Financial Management is requesting a \$2.00 increase to Parking Citation Fines to cover costs associated with Senate Bill 1407, code section - GC 70372(b), State Court Facilities Construction Fund. Government Code 70372(b) requires that where a parking penalty, fine, or forfeiture is imposed, the State Court Construction penalty amount be included in the total penalty, fine, or forfeiture. While the penalty is only \$1.50, the Department of Motor Vehicles, which collects certain parking citations for the City, does not have amounts in their register that are less than a dollar. Therefore, the City can only charge even dollar amounts for its citations to comply with this State law. To address this latest pass-through cost, each parking Citation will be increased by \$2.00. Based on 390,000 citations issued in Fiscal Year 2008, the additional penalties collected for the State are anticipated to be \$580,000. An additional \$200,000 in revenue will result due to the policy of the Department of Motor Vehicles. This amount will be set aside to address the retroactive application of this ruling, the General Fund to help support current commitments. Without the approval to increase parking citations, the General Fund would lose \$580,000 annually via these mandatory payments to the State.

Based on this new fine, the City of Long Beach will be contributing \$9.50 of each parking citation paid towards State and County Court Construction programs. Of this amount, \$5.00 is sent to the County of Los Angeles for the "Court House Construction Fund" and the "Criminal Justice Facilities Construction Fund." The remainder, \$4.50, goes to the State of California for the "Immediate & Critical Needs Facilities Construction Fund - Parking Penalty" and for "State Court Facilities Construction Fund - Parking Penalty."

Gas and Oil

The Long Beach Gas and Oil Department is requesting fee adjustments in the Engineering and Construction Bureau for an estimated total revenue impact to the Gas Fund of \$20,000. These changes are required to recover the full cost of services provided to customers.

Long Beach Airport

The Long Beach Airport, an enterprise department, recommends increases in commercial aircraft landing fees, terminal building gate use and apron parking fees, terminal ticket counter space and common use area charges. These fees are derived directly from the airlines and are based on aircraft type, frequency of landings, number of passengers and amount of terminal counter space leased. These fees are normally increased on an annual basis to cover increased operating costs. It is estimated that the proposed increases will result in approximately \$500,000 in additional annual revenue to the Airport Enterprise Fund.

Parks, Recreation and Marine

In reviewing the Tidelands fees, certain aquatics fees at Belmont Pool were found to be inconsistent with the Master Fee Schedule. This requested change will bring the Master Fee Schedule in line with the fees actually charged to the public. Revenues are expected to be reduced by approximately \$2,650.

Police

Charitable Solicitation and Rummage Sales Permit fee increases are necessary to cover labor expenses related to the investigation/verification of the non-profit status of any organization required to obtain such a permit in the City of Long Beach. The revenue impact of these changes is \$2,880, and the continued subsidy is anticipated to be \$26,895.

A Curb Painting Permits Processing Fee is necessary to cover labor expenses related to the background investigation of applicants. Charitable organizations will be required to show proof of their charitable status to the Long Beach Police Department and will be charged a charitable solicitation fee per the established fee resolution set by City Council and, upon verification, will be exempt from all other fees. Organizations that are not able to provide proof of their charitable status will still be required to pay all fees listed on the attached consolidated fee schedule. The Live Scan fee of \$57.00 will be waived pending approval by the City Council.

Public Works

Environmental Services Bureau

The Environmental Services Bureau recommends establishing a new "wheel clamp release" fee under a pilot wheel-clamping program to determine if this service could effectively be used to support the existing towing/impound operation. No new revenue is estimated at this point as it is unknown what impact the pilot program will have on towing revenue. Staff will return to the City Council after the data gathered during the pilot phase has been analyzed to make any appropriate revenue generating suggestions.

Towing

The fee changes for towing and vehicle storage are needed to enable the Towing Division to end the year in balance. The Towing Division supports the Police Department and Environmental Service Bureau in towing vehicles due to parking violations, vehicles with excessive unpaid tickets, vehicle abandonment, driving under the influence (DUI), special police operations and unlicensed drivers. The estimated annual increase in Towing Fund revenue is \$1,366,785 and will help enable the Towing Fund to end the year with a balanced budget.

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

CLERK, CITY PROSECUTOR, COMMUNITY DEVELOPMENT, DEVELOPMENT SERVICES,
FINANCIAL MANAGEMENT, FIRE, GAS AND OIL, HEALTH AND HUMAN SERVICES, LIBRARY
SERVICES, LONG BEACH AIRPORT, PARKS, RECREATION AND MARINE, POLICE, AND PUBLIC
WORKS DEPARTMENTS

LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

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TITLE

APPROVED:

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