



Legislation Text

File #: 19-0371, 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 2019 (FY19), which describes the proposed changes to the City's Master Fee and Charges Schedule. As part of the annual Budget Adoption process, the City Council last reviewed and amended the Master Fee and Charges Schedule for specified City services on September 5, 2018. 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 19 Mid-Year Fee Adjustments, which will take effect immediately upon adoption. The next citywide fee adjustment process will occur during the FY 20 Budget Adoption process and will take effect on October 1, 2019. City staff will continue to bring proposed fee adjustments to the City Council on an ongoing basis to keep fees up to date.

This matter was reviewed by Deputy City Attorney Amy R. Webber on March 22, 2018 and by Budget Analysis Officer Julissa Jose-Murray on April 1, 2019.

City Council action is requested on April 23, 2019, 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. Exhibit 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 19. These are high-level estimates that could vary depending on market or economic conditions.

There is no anticipated annual revenue change in the General Fund (GF) resulting from the proposed fee changes listed in Exhibit A. The estimated annual revenue change in the other funds resulting from the proposed fee changes listed in Exhibit A is a net increase of \$142,140. A revenue increase of \$130,060 is estimated in the Development Services Fund (EF 337) and is due to the proposed changes to Planning and Building Fees. An estimated revenue increase of \$12,080 is anticipated in the Health Fund (SR 130) and is due to Food Program Fees.

Development Services

Tentative Map - New Construction/Other Subdivision and Final Map

The Development Services Department is proposing to revise the fee for review of tentative and final maps for new construction from per unit to per lot. When an applicant wants to subdivide an existing lot into multiple lots, both a tentative lot map and final lot map are required to document the new lots. These maps are typically needed when creating a condominium, apartment building or a new residential subdivision. Currently, fees for tentative and final lot maps are charged per unit. In some situations, more than one unit may occupy a lot. These situations do not require any substantive additional work. No other changes to the fee are requested. The number of requests for tentative and final lot maps is typically less than five per year but the number of units proposed can vary considerably. This change could result in a decrease in revenue that ranges from \$1,640 to \$16,400 or more

annually. The change in the fee structure from units to lots reduces an undue burden to the development of housing units that are constructed for sale versus those that are constructed for rent. Furthermore, this change supports the creation of diverse housing types within Long Beach. This change will still allow for full cost-recovery and is in line with the fee structure of neighboring jurisdictions, which also charge by lot rather than unit.

Planned Development District In-Lieu Fee

The Development Services Department is proposing to revise the in-lieu fee for planned development districts. Certain planned development districts require developers to make offsite improvements to the benefit of the proposed development and the surrounding neighborhood. The developer may construct the offsite public improvements or pay an in-lieu fee to the City to cover the cost of construction. The City then uses the in-lieu fee to construct the required offsite improvements. The current in-lieu fee is set at 115 percent of construction costs; however, the intention is to assess only an amount equivalent to the construction value of any public improvements required by the planned development district. Staff recommends decreasing the in-lieu fee from 115 percent to 100 percent of actual costs, including overhead. There is no anticipated annual revenue change.

Site Plan Review (SPR) For Façade Remodel

The Development Services Department is proposing to add a new fee for site plan review for façade remodels. Currently, when customers submit an application for a façade remodel, they are charged \$6,000. This fee is the same amount charged to customers who apply to construct new buildings. More customers have been applying to remodel their facades. With this increase in applications, staff is adding a new, lower site plan review fee specifically for façade remodels to accurately reflect the level of effort necessary to review them as opposed to new construction. Staff anticipates that this new fee will encourage customers to submit applications for the more narrowly defined façade remodel process. This new \$1,292 application fee will better serve the customer.

Technology Surcharge

The Department of Development Services levies a Technology Surcharge to fund the technology that supports its Planning and Building and Safety Bureaus operations as well as improvements to that technology. The current surcharge is set at 1.5 percent and is not producing adequate revenues to cover current technology costs. To cover costs and continue to improve Infor (the system used to track permits), an increase to the surcharge is necessary. The recommended increase is from 1.5 percent to 2.0 percent. Additional revenues generated from the increase in the surcharge is expected to generate approximately \$140,000, which will sufficiently cover costs for ongoing technology support of the Planning and Building and Safety Bureaus.

Financial Management

Parking the Wrong Way - Parking Citation

The Financial Management Department is proposing to add a new Parking the Wrong Way citation fee. This citation will be issued to violators that park the wrong way, in a direction opposite of traffic. Currently, Parking Enforcement is using California Vehicle Code (CVC) Section 22502(A) to issue citations for violators that park the wrong way and for violators that park 18 inches from the curb. Due to recent legal actions, the City has been advised to separate the violation of parking the wrong way.

If approved, the new citation will point to CVC Section 22502(B) for Parking the Wrong Way, which reads: A vehicle is not permitted to stop or park upon a roadway in a direction opposite to that in which traffic normally moves. The fee for CVC Section 22502(B) will be \$55, which is the same fee for the previously used CVC Section 22502(A) violations. Adding this new citation is not anticipated to generate new revenue.

Health and Human Services

Limited Service Charitable Feeding Operation Registration

The Health and Human Service Department (Health Department) is proposing a new Limited Service Charitable Feeding Operation Registration annual fee. AB 2178 took effect January 1, 2019, and authorizes fees to be charged to charitable food service operators, also known as food banks or food pantries, to register with the Health Department. The annual registration fee covers the cost of reviewing the operator's registration application, including service plans, days and hours of operation, and a site plan to ensure operators are complying with the requirements of the Health and Safety Code. The proposed annual registration fee is \$80. The annual revenue estimated from this fee is \$800.

Host Facility Annual Health Permit

The Health Department is proposing a new Host Facility annual health permit fee. AB 2524 took effect January 1, 2019, and states a fee may be charged to operators of host facilities that wish to allow food service to be provided onsite by catering companies or mobile food operators. Host facilities can include breweries, wine tasting rooms, or office locations that do not have commercial kitchens. Food service must be limited in time (e.g., 4 hours) and food must be provided by a fully-permitted business. The proposed fee for this permit is \$560, which will be charged to the business owner annually. The annual revenue estimated from this fee is \$8,400.

Micromarket <300 sq. ft.>

The Health and Human Service Department is proposing a new Micromarkets annual permit to provide plan review and inspections. Micromarkets are in businesses and sell prepackaged foods, fruits, snacks, and beverages from self-checkout kiosks in areas less than 300 square feet. Micromarkets commonly host vending machines in employee-only vending areas in large office buildings that would be un-staffed with unlocked (open box) goods to be purchased using automated terminals and security cameras to monitor for theft. Jurisdictions such as Los Angeles, Orange and San Diego Counties all have Micromarket permit fees. The proposed fee for this permit is \$240 annually. The annual revenue estimated from this fee is \$2,880.

Public Works

Fees for Catalina Parking Lot

The Public Works Department is proposing a new fee structure for Catalina Parking Lot. The City has assumed operation of the roughly 350 space Catalina Parking Lot after a 15-year lease term to DDR, Inc. (now, Site Centers), who manage the PIKE Outlets. The lot is not currently operated in the same manner as other beach lots and garages and there are no established hours of operation. This lot has not been managed by the City before. The Public Works Department will be implementing a new parking program that will include daily, monthly, special event, and potentially hourly parking opportunities. While DDR, Inc., was operating this lot they charged \$20 to \$24 per day for oversized parking and a \$16 daily use rate. No hourly rates were established. The proposed fees include a Monthly Parking Permit of \$60 for the public, Oversized Vehicle Daily Parking of \$20 per day, and Special Event Parking of \$8 to \$20 per day.

The proposed fees are consistent with surrounding parking rates and in agreement with fees approved by the California Coastal Commission (CCC) for parking lots and garages in this area, within the CCC jurisdiction. Without previous historical information about the lot usage, it is difficult to estimate potential revenue generation based on the new fee structure. The fee revenue will be collected in the Tidelands Fund.

Approve recommendation.

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JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER