



Legislation Text

File #: 12-0023, **Version:** 1

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 First Quarter of Fiscal Year 2012 (FY 12), which describes the proposed changes to the City's Master Fee and Charges Schedule. On November 1, 2011, the City Council approved an amended Master Fee and Charges Schedule for specified City services that incorporated changes for the Development Services Department.

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 First 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 38 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, 12 are 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 December 20, 2011 and Acting Budget and Performance Management Bureau Manager Shari Metcalfe on December 19, 2011.

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 January 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 \$1,447,790 with a General Fund and Related Funds impact of \$7,790.

City Clerk

Voter File

The City Clerk Department is proposing a new Voter File fee. The fee is based on the Registrar Recorder County Clerk's fee for the same voter file. This new fee will allow the City to recoup costs incurred in creating the file.

Initiative Filing Fee

The Initiative Filing Fee was increased using the City Cost Index (CCI) adjustment formula. This fee is regulated by the California Election Code 9202. The proposed change brings the charges into compliance with the regulating authority.

Development Services

Building

During the FY 12 Budget Adoption process, the Department of Development Services' fees were increased using the adjustment formula. To ensure consistency with all other Building fees increased by the CCI, the Department requests that the CCI be applied to two fees omitted from the FY 12 Budget Adoption process and to adjust the rounding calculations for an additional two fees.

The Additional Mechanical Plan Check Title 24 for Energy and the Express Plan Review fees were inadvertently omitted from the FY 12 CCI process. The Department requests to increase both fees by the CCI calculation. In addition, the Department requests to correct the rounded fee amounts from \$220 to \$221 for both the Appeal to Board of Examiner, Appeals and Condemnation fee and the Appeal to Disable Access Appeals Board fee. As a result of these changes, the Department anticipates an annual revenue increase of \$1,000 to the Development Services Fund (EF 137).

Financial Management

Copies of Employee W2 Forms

Faced with reduced staffing levels, the Financial Management Department, Accounting Bureau, evaluated workloads to eliminate redundant work. One such area is the requests for copies of original W2 forms. Employees are issued an original W2 Form annually in compliance with time frames determined by the Internal Revenue Service (IRS). Bulk preparation and distribution of these

forms is the most efficient and least costly methodology to meet IRS requirements. In an effort to encourage employees to retain the original document rather than requesting a copy at tax preparation time, employees are being asked to defray the City's costs to provide a copy of their W2. Two fees are being requested based on the time to research records, copy, and transmit the requested documents.

Duplicate Payroll Check Fee

The City encourages employees to have their payroll checks direct deposited for safety and reduced banking costs. As part of this process the City arranged with its primary bank, employee checking accounts that would be at lower costs than standard retail rates for such services, if the employee signs up for direct deposit of their payroll check.

Employees, who require hard copy payroll checks to be issued to them, may not be aware that if they lose their payroll check and request a replacement, the City must place a stop payment on the original check and manually reissue a new payroll check. The bank charges the City a fee for each stop payment. The proposed fee includes the bank stop payment charge; the time to process the stop payment; request a new check, and manually process that check upon issuance.

Business License and Permit Fees

The Department of Financial Management, Business Relations Bureau, issues Garage Sale Permits through the Business License Division. Long Beach residents are currently allowed to have two garage sales per year and permit fees are collected with each application. In 2009, Business Licensing increased the permit fee from \$16 to \$17 at which time, staff implemented Phase I of a new online system where residents can request and pay for permits online. The implementation of Phase I resulted in improved efficiency and reporting for the business license inspector who monitors these permits. During budget adoption, this fee was increased to \$18. The Department is requesting the fee to be reverted back to \$17 until changes to the automated system have been completed and the City's cost reassessed.

The Department of Financial Management is requesting that the new fee for Occasional Event Permits (OEP), per the adopted FY 12 Budget, be decreased to reflect the same rates implemented during the pilot program initiated by the Department in 2010. Fees were previously, \$75 for private and commercial entities, and \$37.50 for non-profit entities for the first event. Additional events were charged \$50 for private and commercial entities, and \$25 for non-profits. OEPs are issued to businesses and organizations that currently do not have entertainment permits, but would like to have an event with entertainment at their venue. Staff would like to re-evaluate costs before implementing a new fee hike.

Fire

Medical Transport

The increase in Cardiopulmonary Resuscitation (CPR), Advanced Cardiac Life Support (ACLS), Pediatric Advanced Life Support (PALS) and other Emergency Medical Services (EMS) related training fee is necessary to cover costs for material associated with the training. The anticipated cost recovery increase is \$765 in General Fund support.

Annual Fire Permits

Fire prevention fees entailed minor revisions to align similar fees. A new permit fee for facilities that

store over 200 pounds of carbon dioxide has been added for inspections required under the California Environmental Protection Agency, through the City's CUPA (Certified Unified Program Agency) section. The CUPA revenue impact is expected to be \$1,000.

Library Services

The Department of Library Services is requesting changes to the Master Fee and Charges Schedule that will better serve the Department's business operations. Reductions to fees pertaining to the rental of library rooms and meeting areas are expected to increase the number of facility rentals, resulting in increased revenue. Currently, customers who would use Library Facilities are turning to other sources, resulting in a significant reduction to prior rental levels.

Instead of an estimate of cost for various fees, Library Services is requesting changes to recover actual cost to repair, replace or reproduce. This simplifies the fee schedule and makes it less confusing for customers.

An additional modification requested is for various fees ("Media Use of Collection," "Scanned Photos," and "E-mail Digital Images") to be rounded down to the dollar. The requested fee level is adequate to cover costs associated to the service, and prevents undue costs associated with handling cash/change.

All Library Fines other than the "Overdue Book fee for Adult Materials" were held constant from FY 11 to FY 12. This change to just one Fine was an error and this Fine will be returned to the FY 11 level.

Long Beach Airport

Customer Facility Charge

The Airport Department is proposing to collect a \$10 Customer Facility Charge (CFC) per rental vehicle contract from airport customers. This fee is commonly collected by the on-airport rental car agency from their customers and then paid to the airport for a non-aeronautical use, such as building a consolidated rental car facility. Currently, the car rental agencies at the Long Beach Airport (LBG) work in modular trailers. The Airport intends to collect this fee until sufficient funds exist to construct a consolidated airport car rental facility without issuing additional debt.

Parks, Recreation, and Marine

Recreation Fees

On July 21, 2011, the Long Beach Parks and Recreation Commission (Commission) approved the proposed Fiscal Year 2012 fees and fee changes for parks and recreation programs and facilities. Department fees established by the Commission are intended to recover the costs associated with providing the service to individuals and organizations for activities that are consistent with the Department's mission and vision. After reviewing the performance of First Quarter revenues, staff recommends approval of fee changes for Movie and Equipment Rental to outside agencies. Fees for these services are established to offset administrative expenses, licensing, transportation, set-up, staffing events, equipment maintenance and replacement costs.

Animal Care Services

With the addition of a full-time veterinarian on staff, new fees are being requested to recover the cost

and administration of State mandated veterinary services provided to stray, abandoned or neglected animals. In addition, a new fee for spay and neuter services provided at the shelter for adoptable animals is being requested. The anticipated General Fund revenue is \$6,375 annually.

Public Works

Fleet

The Fuel Charges - General Fuels fee increase from \$0.40 to \$0.54 is being requested to fully recover costs associated with the fuel, system operations and administrative costs based on the FY 12 expense budget. The City purchases fuel for exclusive use. However, the fuel overhead recovery fee was established to allow the public to purchase fuel on an emergency basis.

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 -- FIRST QUARTER FY12 ADJUSTMENTS

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

APPROVED:

PATRICK H. WEST
CITY MANAGER