



CITY COUNCIL AGENDA REPORT

MEETING DATE: January 20, 2004

ITEM NUMBER:

SUBJECT: FISCAL YEAR 2003-04 USER FEES AND CHARGES

DATE: January 7, 2004

FROM: FINANCE DEPARTMENT /FINANCIAL PLANNING DIVISION

PRESENTATION BY: MARC R. PUCKETT, DIRECTOR OF FINANCE

FOR FURTHER INFORMATION CONTACT: AGNES T. WALKER, (714) 754-5241

RECOMMENDED ACTION

1. Adopt Resolution approving the Fiscal Year 2003-2004 User Fees and Charges (per Exhibit A), reflecting Council's changes during the first public hearing on January 5, 2004.

BACKGROUND

The City Council conducted a public hearing on the Fiscal Year 2003-2004 User Fees and Charges on January 5, 2004. At that time, the City Council made the following changes, per items 1 and 2 listed below, to staff's proposals and decided to continue the public hearing at the January 20, 2004 meeting. In addition, the Development Services Department made corrections to some of their fees, listed on items 3 to 6 below:

1. The fee for Vacation/Abandonment of the Right of Way (R-O-W) is set at \$150.
2. The fee for DUI (Driving Under the Influence) Emergency Response charged by the Fire and/or Police departments is set at \$1,000, the maximum charge per State Code.
3. The fee for Development Agreement/Annual Review by the Planning Commission is set at \$1,090 with no minimum deposit requirement.
4. The fee for Development Agreement/Annual Review by the City Council is set at \$1,455 with no minimum deposit requirement.
5. The fee for Mobile Home Park Conversion is set at \$1,837.
6. The fee for Tenant Relocation Report Review is based on consultant's cost plus 10% - this was adopted by City Council in August 2003.

In addition, a representative from Southern California Edison requested to postpone the following fees and charges until these fees have been further discussed with the Public Services Director: Encroachment Permit; Lane Closure Permit; Public R/W Inspection; Street Cut-Arterial; Street Cut-Local; and Utility Permit. A separate memo will be issued to City Council by the Public Services Director outlining the outcome of his discussions with representatives of Southern California Edison regarding these fees. Whatever changes the Council will adopt at the January 20th meeting will be incorporated into the Fiscal Year 2003-2004 User Fees and Charges.

In the past, the City updated its user fees and charges on an annual basis. The last update was implemented on August 1, 2002.

User fees and charges represent a significant and growing portion of local government revenue. As competition for tax resource allocation increases and interest in privatization of public services grows, fees and charges will continue to assume a larger role in the diversification of municipal revenue sources.

User fees and charges are considered “beneficiary charges” which are defined as payments made by consumers in direct exchange for government services received. User fees and charges are payments for publicly provided services that benefit individuals and exhibit “public good” characteristics. They include fees such as recreational fees (established by the Parks Commission), building permit fees and public protection false alarm fees.

The California Constitution allows municipalities to recover the “costs reasonably borne” for all services provided to the community. The fee schedule, as recommended, was calculated based on current average labor cost to provide the service, including allowable materials or overhead costs. The proposed fees also consider similar fees charged in the municipal marketplace. In no instance does a user fee suggested for FY 2003-04 exceed the total cost of providing those services for which the fee is charged.

The attached Exhibit “A” for the Fiscal Year 2003-2004 User Fees and Charges include all existing fees and charges. No new fees are recommended.

ANALYSIS

In evaluating and determining the proposed new fees and adjustments to the existing ones, staff considered the following:

- Services and activities appropriate for the user fee structure were identified.
- Cost data were collected using current salary/fringe benefit rates and estimated overhead rates.
- Each department providing that service reviewed how the service is delivered for possible streamlining so that the cost to provide each service could be reduced to the lowest level possible.

ALTERNATIVES CONSIDERED

The City’s practice has been to update the City’s user fees and charges on a periodic basis in order to keep pace with the costs of providing services. The Council could choose not to update the user fees and charges and leave the current rates in place.

FISCAL REVIEW

If Council approves the new user fees and charges, additional revenue may be generated for the General Fund. The potential increase cannot be determined at this time depending on the level of participation by the users of those services, and the degree that City facilities are used by fee-supported events. However, given the total adopted Fiscal Year 2003-2004 estimated revenues for user fees and charges, a 2% (aggregate) increase could result in additional revenue of \$105,000.

LEGAL REVIEW

The City Attorney has reviewed and approved the resolution as to form.

AGNES T. WALKER
Budget & Research Officer

MARC R. PUCKETT
Director of Finance

Attachment(s): Exhibit A - Schedule of User Fees and Charges for FY 03-04
 [User Fees and Charges Pages 1-17](#)
 [User Fees and Charges Pages 18-26](#)
 [Resolution Fiscal Year 2003-2004 User Fees and Charges](#)

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