



CITY COUNCIL AGENDA REPORT

MEETING DATE: March 1, 2005

ITEM NUMBER:

SUBJECT: FISCAL YEAR 2004-2005 USER FEES AND CHARGES/DEVELOPMENT SERVICES, POLICE, PUBLIC WORKS AND FIRE DEPARTMENTS

DATE: FEBRUARY 9, 2005

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 2004-2005 User Fees and Charges for specific fees assessed by the Development Services, Police, Public Works and Fire Departments per the attached Exhibit A.

BACKGROUND

The City Council adopted Resolution 05-2 on January 18, 2005, to implement new user fees and charges for Fiscal Year 2004-2005. At that time, certain fees assessed by the Development Services Department were deferred pending Council's action on staff's proposal to revise the permitting process. The City Council approved staff's recommended changes at the meeting.

Council's recent Zoning Code amendments with respect to permit-processing will result in fewer second-story residential additions being subject to Minor Design Review, as well as many types of commercial uses being streamlined from a Conditional Use Permit to either a Minor Conditional Use Permit or Permitted Use.

Staff did a survey of ten Orange County cities with respect to these fees and determined that the proposed fees are well within the range of fees charged by other cities. In fact, Costa Mesa's proposed fees are still at the lower end of the range.

Two fees assessed by the Public Services Department need to be revised: 1) Final Map Check Fee; and, 2) Street Improvement Plan Check Fee. After further consideration, staff revised the calculation for the hourly rate to be charged for these activities. The Police Department's fee for DUI (Driving under the Influence) Response should also be stated as "Up to \$1,000". The current fee is stated as \$1,000.

In addition, the Fire Department is proposing to completely revise the Fire facilities' rental fees that were approved by Council on the January 18, 2005 meeting. These changes reflect the recent addition to the existing Training Tower, which enables the Fire Department to offer this facility to prospective users. Staff has researched other agencies with similar type structures and concluded that the existing fees are below the market average. The proposed fees reflect the market average. Also,

the proposed rates are structured on an hourly or on a daily basis and eliminates the priority categories, to simplify the billing process.

The California Constitution allows municipalities to recover the “costs reasonably borne” for all services provided to the community. The recommended fees for Development Services, Public Services, and Police Departments, per the attached Exhibit A, were calculated based on current average labor cost including allowable materials or overhead costs. The City updates its user fees and charges on an annual basis. The last update on the fees listed above was implemented on February 1, 2004.

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.

The proposed new fees for Development Services, Public Works, and Police were developed using a revised methodology in calculating the employee’s hourly rate. In the past, staff calculated the hourly rate without considering the “unproductive” hours during the year – meaning, the annual salary rate was divided by 2,080 hours (52 weeks times 40 hours per week) as if the employee worked all these hours during the year. These unproductive hours include: vacation, sick leave, holidays, training, and other paid leaves. Staff conducted a statewide survey of other municipalities and also received comments from consultants as to what would be a reasonable method of calculating the productive hourly rate. As a result, staff determined it would be reasonable to use 1,800 hours.

In addition to using the productive hourly rate, staff also implemented the new salaries approved by the City Council in November 2004 and the increased contribution for retirement costs. As an example, the retirement contribution rates for non-safety employees rose from 0% to 4.562% during the year. During the past few years, the retirement contribution rate for the non-safety employees was 0% as that portion of the retirement plan was over-funded.

ALTERNATIVES CONSIDERED

The City’s practice has been to update the user fees and charges on a periodic basis in order to keep pace with the costs of providing services. The City 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 activities in the City for which these fees are charged.

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):

1. [Resolution Fiscal Year 2004-2005 User Fees & Charges/Development Services, Public Works/Police/Fire Departments](#)
2. [Exhibit A – List of User Fees & Charges/Development Services/Public Works/Police/Fire Departments](#)
3. [Development Fees Comparison with Other Orange County Cities](#)

Distribution: City Manager
Assistant City Manager
Development Services Director
Fire Chief
Police Chief
Public Works Director