

City of Sacramento

Legislation Text

File #: 2019-00516, **Version:** 1

Title:

FY2019/20 Master Fee Schedule (Citywide Fees and Charges Update) [Noticed 05/10/2019, 05/13/2019 & 05/15/2019]

File ID: 2019-00516

Location: Citywide

Recommendation:

Conduct a public hearing and upon conclusion, adopt a Resolution approving the Citywide Fee and Charge Adjustments.

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Presenter: Jason Bader, Principal Management Analyst, (916) 808-5817, Department of Finance

Attachments:

- 1-Description/Analysis
- 2-Fee Policy
- 3-Proposition 26
- 4-Resolution
- 5-Exhibit A Adjustments to Fees and Charges

Description/Analysis

Issue Detail: On February 7, 2006 (Resolution 2006-106), the City Council (Council) formally adopted a citywide Fees and Charges Policy (Policy) to ensure that City fees and charges reflect Council's direction regarding the recovery of costs related to providing programs and services. The Policy was amended on May 8, 2014, to modify language stating the City will use the State of California Department of Industrial Relations Consumer Price Index (CPI), the same index used by the County Assessor to adjust the annual property tax roll for inflation (Attachment 2). The Policy identifies five major categories of fees the City currently implements:

- impact/development fees;
- service fees;
- regulatory fees;
- rental fees; and
- penalties/fines.

The Policy sets the guidelines for cost recovery goals, determines the categories of cost recovery levels, and allows for establishment and modification of fees and charges. Periodically, fees and charges need to be changed to reflect increases in costs or new/changing circumstances.

The fiscal year (FY) 2019/20 Proposed Budget was released on April 24, 2019, and includes the changes recommended in this report. Changes to City fees and charges requiring Council approval are included in Exhibit A. The following chart summarizes the number of proposed fee changes by fund and department.

Fund Group / Department (Fund)	New Fees	Fee Change	Fee Deletion	Grand Total	Dollar Change
General					
Community Development		84	36	120	138,59
Finance	2	6	2	10	17,70
Police		1		1	69,41
Public Works	4	6		10	48,26
Youth, Parks and Community Enrichment	4	1		5	9,94
Subtotal General Fund	10	98	38	146	\$283,91
Other					
Convention and Cultural Services (Community Center)		56	3	59	(383,20)
Public Works (Marina)	1			1	0
Public Works (Parking)	13	7	4	24	0
Public Works (Private Development)	1	11		12	25,15
Public Works (Solid Waste)	1			1	5,40
Utilities (Water)		13		13	25,44
Subtotal Other Fund	16	87	7	110	(\$327,20)
Total All Funds	26	185	45	256	(\$43,29)

The following provides details on the major changes reflected in the chart above:

- Community Development Department (CDD) - the department contracted with Management Partners to update their hourly rate model for building and planning fees and review the structure for the hourly rate-based fees. Based on their findings and recommendations, the hourly rates and fees have been updated to ensure cost recovery. The department held outreach meetings in February and March 2019, the results of these meetings can be found at:

<http://www.cityofsacramento.org/Community-Development/Resources/Building-and-Planning->

- The Convention and Cultural Services Department will no longer charge the Community Center Theater Facility Fee with renovations closing the theater in FY2019/20. This fee was established in 2008 to pay for Community Center Theater facility improvements which are now included in the renovation project. This will result in a \$634,000 revenue loss despite fee increases to other aspects of operations. All of the FY2019/20 Community Center Fund fee adjustments will result in a net \$383,000 loss of revenue.
- The Public Works Department is deleting Parking Fund fees related to the East End (1214 17th Street) and Bonderson (901 P Street) parking garages which the City previously managed for the State of California. The loss of revenue from these garages offsets any new revenue generated by the Parking Fund fee additions and modifications. Also, the Marina Fund is proposing to add a fee for wait lists and is projected to generate minimal new revenue.

With the exception of the CDD fees, the proposed fee and charge changes will take effect on July 1, 2019. The CDD fees will not go into effect until July 20, 2019 as these fees require a 60-day notice after adoption, prior to implementation.

Policy Considerations: The changes proposed are consistent with Council's adopted Policy and support the City's budget sustainability and fiscal responsibility goals.

Proposition 26 was passed by the voters on November 2, 2010, amending Article XIII C of the state constitution (Attachment 3). According to the ballot measure, the intent of the measure is to ensure the effectiveness of Propositions 13 and 218 by providing a definition of a "tax" for state and local purposes "so that neither the Legislature nor local governments can circumvent these restrictions on increasing taxes by simply defining new or expanded taxes as "fees." Thus, under Proposition 26 a tax has been defined broadly to include any levy, charge, or exaction of any kind imposed by a local government, except for seven specified categories of charges. Moreover, the City bears the burden of proving that a fee or charge is not a tax. To this end, the report contains summary information, as appropriate, explaining why each proposed fee or fee increase is not a tax under Proposition 26.

Economic Impacts: Not applicable.

Environmental Considerations:

California Environmental Quality Act (CEQA): This action is not a "project" subject to CEQA because it involves the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies which the public agency finds are for the purpose of meeting operating expenses; and the creation of government funding mechanisms

or other government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. (California Pub. Res. Code section 21080; CEQA Guidelines sections 15378.)

Sustainability: Not applicable.

Commission/Committee Action: This report was reviewed by the Budget and Audit Committee on April 30, 2019 and the committee recommended approval of all fee and charges adjustments.

Rationale for Recommendation: The annual review of citywide fees and charges ensures that the City's recovery of costs for services keeps pace with changes in the cost-of-living index, as well as changes in methods or levels of service delivery.

Financial Considerations: The review and adjustment of citywide cost recovery through fees and charges is an appropriate mechanism to ensure the continued recovery of costs for specified programs and services. In this case, it is important to note that the proposed fees and charges in this report are necessary to sustain existing programs and do not provide substantial additional resources. The report is recommending 26 new fees, 185 modifications to the fee basis or associated language and 45 deletions. These adjustments will generate approximately \$284,000 in additional General Fund revenue and reduce revenue by \$327,000 annually for all other funds.

Local Business Enterprise (LBE): None.