

**City of Culver City, California
Agenda Item Report**

Meeting Date: 5/13/2013		Item Number: <u>PH-1</u>	
CITY COUNCIL AGENDA ITEM: PUBLIC HEARING - Adoption of a Resolution 1) Establishing and Amending Various Fees and Charges for Services Provided by the City and 2) Rescinding Prior Fee Resolution No. 2012-R035.			
Contact Person/Dept.: Nick Kimball, Finance Department		Phone Number: 310-253-6013	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☒		Action Item: ☐ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (Email) Agenda and Meetings – City Council (05/07/13); (Newspaper) Culver City News (5/2/13); (US Mail) Building Industry Association of Southern California, Southern California Edison, The Gas Company (4/9/13); (City Hall) Notice placed on public counters (4/9/13) and City's website (beginning 4/29/13).			
Department Approval: Jeff Muir (05/07/13)		City Attorney Approval: Carol Schwab (by H. Baker) (05/02/13)	
Chief Financial Officer Approval: Jeff Muir (05/07/13)		City Manager Approval: John M. Nachbar (05/07/13)	

RECOMMENDATION:

Staff recommends the City Council adopt a Resolution 1) establishing and amending various fees and charges for services provided by the City; and 2) rescinding prior fee Resolution No. 2012-R035.

PROCEDURE:

1. Mayor seeks motion from the City Council to receive and file the affidavits of publication and posting of notices and correspondence received in response to the public hearing notices;
2. Mayor calls for a staff report and/or the City Council poses questions to staff as desired;
3. Mayor seeks a motion to open the public hearing;
4. Mayor seeks a motion to close the public hearing after all public testimony has been presented; and
5. City Council discusses the item and arrives at its decision.

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BACKGROUND:

In Fiscal Year 2006/2007 the City hired a consultant to conduct a comprehensive fee study. Based on the information provided by the fee study, staff worked with a City Council subcommittee to develop a cost recovery policy and five-year implementation schedule for each affected division.

On June 23, 2008, the City Council approved a cost recovery policy and implementation schedule for fees and charges, which is provided in the table below for City Council's reference. As illustrated in the table, the current overall cost recovery for each fee area is at the cost recovery goal.

Department/Division	Current Cost Recovery	FY 2013-14 Proposed Cost Recovery	Cost Recovery Goal per Policy
Building & Safety	95%	95%	95%
Engineering: Preferential Parking	32%	32%	32%
Engineering: Other Fees	85%	85%	85%
Planning	85%	85%	85%
PR&CS: Recreation	49%	50%	50%
Fire	75%	75%	75%
Police	90%	90%	90%

DISCUSSION:

Over the last few years, the City has been adjusting fees to meet the overall cost recovery levels adopted by the City Council. Due to recently approved Memoranda of Understanding with all bargaining groups, increases in staff costs were minimal. Consequently, staff is not recommending an increase to a majority of fees for Fiscal Year 2013/2014. Although no inflationary increase is recommended to apply to all fees, staff is recommending a few changes to the fee schedule to better reflect operational realities. In addition to some minor increases to cost recovery, the more significant changes being proposed for Fiscal Year 2013/2014 include:

Enforcement Services:

The Enforcement Services Division currently issues citations for violations of the City's various land use ordinances. To date, the Division has not had any fees established to recover the cost for the various services that it provides, primarily related to the administrative burden caused by compelling people to comply with

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citations that have been issued. To begin to recover some of the costs of that administrative burden, a section for Enforcement Services has been added to the fee schedule. For consistency, many of the fees have been established to align with fees in the Planning Division. These new fees will be analyzed more thoroughly during the next fee study.

Facility Rental Fees:

Staff is recommending a number of new and increased "Miscellaneous Rental Fees" to better reflect customer needs and current market rental fees.

Public Works:

Staff is proposing reducing the hourly minimum for permit related inspections from 2 hours to 1 hour to better reflect operational procedures. Additionally, staff is recommending a \$1.00 increase to the Residential Parking Permit fee. City staff spends significantly more time administering the Residential Parking program than is recovered through fees. An increase of \$1.00 will slightly increase cost recovery. Lastly, staff is recommending a change to fee structure for the review of Traffic Impact Analysis Reports. Currently, review fees are based on the Average Daily Trips analyzed in the report. Since the time it takes to review a report is not necessarily a function of Average Daily Trips, staff is proposing a fee structure that is based on the number of intersections analyzed. This change will better reflect the time it takes to review a Traffic Impact Analysis Report.

There are no significant changes being recommended in the other departments not specifically discussed above. All fees in the proposed resolution will become effective on Monday, July 15, 2013.

Other Post Employment Benefits (OPEB)

On June 22, 2009, the City Council amended City Council Policy 5002 – Financial Policies (Attachment 2) – to add the following language:

“...A percentage of certain fee revenues, as determined by City Council Resolution, shall be earmarked and set aside in an irrevocable trust for post employment benefits. After the fiscal year has ended, the earmark percentage will be applied to the actual fee revenues received during the respective fiscal year...”

Staff calculated the percentage increase necessary to fully fund OPEB costs for current General Fund employees as 4.5%. The City Council approved applying the OPEB earmark to the fee receipts in the following General Fund divisions/departments only: Building Safety, Engineering (excluding Preferential Parking), Fire, Planning, and Police. The OPEB earmark is not applied to PRCS facility rental charges or Recreation program fees because facility rental fees are driven more by market rental rates than staff costs, and the City Council made a policy decision to substantially subsidize recreation programs.

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FISCAL ANALYSIS:

User Fees & Charges

Most of the City's major fee revenues are derived from construction and development related activities, which were the industries hardest hit over the last few years. However, based on current economic forecasts and the increase in local development activity, departments expect to experience some growth in fee based activity next fiscal year, which will be reflected in the Proposed Budget.

OPEB

The City has been required to report OPEB liability on the audited financial statements since June 30, 2009. There is currently no funding requirement; however, as a best financial management practice, the City has begun identifying sources of funding to start setting aside funds wherever possible. Funds earmarked according to this policy are deposited in the City's OPEB Trust.

The table below shows the estimated amounts that may be earmarked in Fiscal Year 2013/2014 based on the proposed budget. Although this is a small amount in relation to the size of the City's OPEB liability, as the economy begins to recover, this amount should grow. Please note that the below amounts are only estimates based on the proposed budget, the actual earmark will be determined at year-end based on actual revenues.

Proposed Fiscal Year 2013/2014 Fee Receipts:

Building Safety:	\$2,360,000
Code Enforcement	2,000
Engineering:	687,000
Fire:	965,770
Planning:	487,000
Police:	313,500
<u>TOTAL:</u>	<u>\$4,815,270</u>
4.5% OPEB Earmark =	\$216,687

ATTACHMENTS:

1. Proposed Resolution with Exhibits

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MOTIONS:

That the City Council:

Adopt a Resolution 1) establishing and amending various fees and charges for services provided by the City; and 2) rescinding prior fee Resolution No. 2012-R035.