

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

Meeting Date: 4/05/2010		Item Number: <u>PH-1</u>	
CITY COUNCIL AGENDA ITEM: PUBLIC HEARING - Adoption of a Resolution Establishing and Amending Various Fees and Charges for Services Provided by the City, Rescinding Prior Fee Resolution No. 2009-R029 and Rescinding Portions of Resolution Nos. 2000-R074 and 2003-R023.			
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 (3/31/10); (Newspaper) Culver City News (3/25/10); (US Mail) Building Industry Association of Southern California, Southern California Edison, The Gas Company (3/09/10); (City Hall) Notice placed on public counters and City's website (beginning 3/25/10).			
Department Approval: Mark Scott (03/30/10)		City Attorney Approval: Carol Schwab (by H. Baker) (03/29/10)	
Chief Financial Officer Approval: Mark Scott (by M. Noller) (03/30/10)		City Manager Approval: Mark Scott (03/30/10)	
<u>RECOMMENDATION:</u> Staff recommends that the City Council adopt a resolution establishing and amending various fees and charges for services provided by the City and rescinding the prior fee resolutions. <u>PROCEDURE:</u> 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 the City Council poses questions to staff as desired; 3. Mayor opens the public hearing; 4. Mayor seeks motion to close the public hearing after all public testimony has been presented; and 5. The City Council discusses the item and arrives at its decision.			

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BACKGROUND:

In FY 2006-07 the City hired a consultant to conduct a comprehensive fee study. Based on the information provided by the fee study, staff developed a cost recovery policy and five-year implementation schedule for each affected division. At the end of the five year implementation period (i.e. FY 2012-13), a new fee study should be conducted.

On June 23, 2008, the City Council approved the recommended cost recovery policy and implementation schedule for fees and charges, which is provided in the table below for City Council's reference:

Department/Division	Current Cost Recovery	FY 2010-11 Proposed Cost Recovery	Cost Recovery Policy
Building & Safety	95%	95%	95%
Engineering: Preferential Parking	32%	32%	32%
Engineering: Other Fees	85%	85%	85%
Planning	75%	85%	85%
PR&CS: Recreation	49%	49%	50%
Fire	65%	72%	72%
Police	90%	90%	90%

DISCUSSION:

Pursuant to City Council direction, staff in each division has adjusted fees to meet the overall division cost recovery level identified in the table above. In addition, a few new fees have been proposed for 2010-11. The new fees include:

Aquatics Fees – Swim Lessons:

The fee schedule currently has fees for multiple lesson packages. There is interest in participating in single Group Swim lessons instead of purchasing a multiple lesson package. The fees below will capture that demand.

- Learn to Swim Group Lesson - Resident: \$7 per lesson
- Learn to Swim Group Lesson – Non-resident: \$9 per lesson

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Park Permit Fees:

Tennis Court Reservations - There is currently no fee associated with reserving a tennis court and usage is on a first come, first served basis. Courts will still be available on a first come, first served basis for no fee; however, if a user wants to guarantee use of a court at a certain time, or reserve a court for an event, reservations will be available for a fee.

- Resident – per court: \$5 per hour
- Non-Resident – per court: \$10 per hour

Engineering & Maintenance Operations Fees:

Engineering currently charges for street paving and traffic signal/street light inspections under the miscellaneous category. Since these types of inspections happen regularly, staff would like to add these categories to the fee schedule.

- Street Paving – Inspection: \$125 per hour, minimum 2 hours
- Traffic Signal/Street Light – Inspection: \$125 per hour, minimum 2 hours

Sanitation Fees (excluding Sanitation rates):

Sanitation is proposing two new fee categories. The first fee is to recover the City's cost for conducting NPDES inspections. The second fee category is to recover the costs of reviewing Recycling Waste Plans for special events, which are required by state law for all special events with a daily attendance of greater than 2,000 attendees. To encourage responsible waste diversion and removal from smaller special events not currently subject to the state law, staff is proposing all events be required to procure a special event permit through the Committee on Permits and Licenses also get a Recycling Waste Plan Permit through the Environmental Operations Division. Issuance of this permit will ensure that all special events have a plan for responsible waste removal and diversion.

- NPDES Inspection Fee: \$134 per hour or portion thereof
- Recycling Waste Plan Permit Fee for Special Events: Tiered permit fees ranging from \$10 to \$125 depending on the number of attendees at the event and whether or not food and beverages are sold.
- Large Venue Event Waste & Recycling Plan Consultation Services (if Plan is developed by City staff): \$125 per hour
 - NOTE: This fee is only applicable if the applicant uses City staff to develop the Plan. The applicant may choose to develop their own plan, in which case this fee would not apply.

All fees in the proposed resolution will become effective on Monday, July 5, 2010.

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

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“...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 4.6%. To maintain consistency with implementing increases over time to ease the financial burden, City Council approved phasing in the full cost over a three year period, i.e. 1.5% of actual fee revenues in 2009-10, 3.0% in 2010-11, and 4.6% in 2011-12 will be earmarked to pre-fund the OPEB obligation.

City Council also 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 City Council has made a policy decision to substantially subsidize recreation programs.

PRCS Facility Rental Fees

In the fee resolution being discussed tonight, no changes are proposed to any of the PRCS facility rental fees. PRCS staff will be returning at a future City Council meeting to discuss updating the facility rental fee schedule and simplifying the current category definitions.

FISCAL ANALYSIS:

User Fees & Charges

Based on current economic forecasts, Departments expect to experience some growth in fee based activity next fiscal year, following a significant decrease in fee activity in the current fiscal year. Most of the City's major fee revenues are derived from construction and development related activities, which have been among the industries hardest hit by the current recession. Therefore, fee revenues are expected to grow slowly as the economy begins to recover.

OPEB

As previously mentioned in this and other reports to City Council, the City was required to report the OPEB liability on the audited financial statements as of June 30, 2009. There is currently no funding requirement at this time; however, as a best financial management practice, the City has begun identifying sources of funding to start setting aside funds wherever possible. The table below shows the estimated amount that may be earmarked in 2010-11 based on estimated receipts. Although this is a small amount in relation to the size of the City's OPEB liability, as the

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economy begins to recover, this amount should grow. Please note that the below amounts are only estimates, the actual earmark will be determined at year-end based on actual revenues.

Estimated 2010-11 Fee Receipts:

Building Safety:	\$2,194,000
Engineering:	441,000
Fire:	530,580
Planning:	370,000
Police:	161,875
<u>TOTAL:</u>	<u>\$3,697,455</u>
3.0% OPEB Earmark =	\$110,925

ATTACHMENTS:

1. Proposed Resolution

MOTIONS:

That the City Council:

1. Adopt a resolution establishing and amending various fees and charges for services provided by the City, rescinding prior fee Resolution No. 2009-R029 and rescinding portions of Resolution Nos. 2000-R074, and 2003-R020;