

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

Meeting Date: 5/09/2011		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 and Rescinding Prior Fee Resolution No. 2010-R016 and 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 (05/04/11); (Newspaper) Culver City News (04/21/11); (US Mail) Building Industry Association of Southern California, Southern California Edison, The Gas Company (04/14/11) and Affected Newspaper Rack Owners (04/18/11); (City Hall) Notice placed on public counters and City's website (beginning 04/18/11).			
Department Approval: Jeff Muir		City Attorney Approval: Carol Schwab (by H. Baker) (05/04/11)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (05/04/11)		City Manager Approval: John M. Nachbar (05/04/11)	
<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 (in whole or in part) certain 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; and, 2. Mayor calls for a staff report and the City Council poses questions to staff as desired; 3. Mayor seeks motion to open the public hearing; 4. Mayor seeks 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. At the end of the five year implementation period (i.e. Fiscal Year 2012/2013), the City may consider conducting a new fee study.

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:

Department/Division	Current Cost Recovery	FY 2011-12 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	72%	72%	72%
Police	90%	90%	90%

DISCUSSION:

Over the last few years, staff has adjusted fees to meet the overall cost recovery levels adopted by City Council. Since there have only been minimal, if any, changes to the cost basis over the last year, staff is recommending no change to a vast majority of the fees for Fiscal Year 2011/2012. Staff is recommending a few changes to the fee schedule to better reflect operational realities. The changes being proposed for Fiscal Year 2011/2012 include:

Animal Care and Control Fees:

Animal Care and Control is proposing a number of new fees to help offset the cost of providing a quality animal care and control program. The purpose of these fees is to recover some of the cost of providing these particular services from the user:

1. Cat Trap Rental Fee: \$25/week for residents to rent a cat trap

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2. Deceased Animal Disposal: This fee will be charged to the owner and is intended to offset some of the cost of the Animal Control Officer removal and disposition of deceased animals, including transportation to spcaLA Hawthorne and the resulting processing and cleaning.
3. Impound fees for dogs and cats: Upon return of the animal, this will be charged to owners whose dog or cat has been impounded.
4. Potentially Dangerous or Vicious Dog Investigation fee: Investigations of potentially dangerous or vicious dogs are extremely detailed and time consuming. This fee would be charged to the owner if the investigation results in a determination that the dog is dangerous or vicious.

Additionally, slight changes to the dog and cat licensing fees are being recommended to comply with state law.

Building Permits:

Building Permit Fees are calculated based on the size of a proposed project. Since fees are based on averages, smaller projects tend to pay a little more than the average and larger projects tend to pay a little less than the average. Staff is proposing slightly reworking the Building Permit fees by reducing fees for smaller projects and increasing fees for larger projects. In effect, the proposed fees would slightly increase the subsidy for smaller projects and slightly decrease the subsidy to larger projects. Overall, this should not have a negative impact on Building Permit revenues. In fact, it may increase revenue by increasing fees generated from larger projects.

Aquatics Fees:

There are a number of new Aquatics fee categories being proposed, including an Adult-Student rate to attract more college students to the Plunge and fees for Aquatics Exercise classes.

Park Permit Fees:

Non-profit Resident and Non-Profit Non-resident rate categories are proposed to be added to the Outdoor Facility permit.

Filming in the Parks:

Currently, a flat permit fee is charged for filming in the City's parks regardless of the size of the shoot. Staff is recommending a new fee structure that is based on the size of the crew for the film shoot. This new fee structure will better reflect the impact on the City's parks as smaller shoots with smaller crews will pay less per hour than larger film shoots with larger crews. Larger shoots have a bigger impact on the condition of the park and, therefore, should pay more for use of the park than smaller less impactful film shoots.

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Recreation:

A number of fees have been removed for activities that are no longer provided by the City, such as Advertising in the print version of Culver City Living, Enrichment Classes, Special Event fees, and Adult Sports Programs.

Police:

The Police Department is proposing adding a few new categories to the existing Vehicle Impound, Storage, and Release fees to more accurately reflect the costs for tending to and processing vehicles that the City orders be impounded or stored.

Public Works Department - Engineering & Maintenance Operations Fees:

The Public Works Department is proposing a new annual fee for use of the Public Right of Way for news racks located in the City. The fee being proposed is consistent with fees in surrounding jurisdictions.

The Public Works Department is also proposing a new fee category for major street closures for special events. The proposed fees will be charged using the hourly rates for the Traffic Plan review and Inspection, which is consistent with current Engineering fees.

Should the City Council adopt the proposed resolution, all fees in the proposed resolution will become effective on Monday, July 11, 2011.

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%. 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 4.5% in 2011-12 will be earmarked to pre-fund the OPEB obligation.

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

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 prior fiscal years. Most of the City's major fee revenues are derived from construction and development related activities, which have been among the industries hardest hit over the last few years. Therefore, fee revenues are expected to continue 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 06/30/09. There is no legal 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 tables below shows the estimated amount that may be earmarked in Fiscal Year 2010/2011 based on estimated receipts. 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. The actual earmark will be determined at year-end based on actual revenues.

Estimated Fiscal Year 2010/2011 Fee Receipts:

Building Safety:	\$1,700,000
Engineering:	350,000
Fire:	480,000
Planning:	350,000
Police:	140,000

<u>TOTAL:</u>	\$3,020,000
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3.0% OPEB Earmark = \$90,600

4.5% OPEB Earmark = \$135,900 (based on estimated Fiscal Year 2010/2011 receipts)

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In January 2011, the City Council approved entering into an agreement with PFM Asset Management, LLC to establish an OPEB Trust. Staff is currently working with PFM to establish the Trust. An initial deposit, including the amount earmarked from prior year fee receipts, will be made once the Trust is established.

ATTACHMENTS:

1. Proposed Resolution 2011-R__ with Exhibits A – J (fee schedule)

MOTIONS:

That the City Council:

Adopt a resolution establishing and amending various fees and charges for services provided by the City and rescinding prior fee Resolution No. 2010-R016 and rescinding portions of Resolution Nos. 2000-R074, and 2003-R020.