

Agenda Report

TO: CITY COUNCIL
Through FINANCE COMMITTEE

DATE: November 24, 2003

FROM: CITY MANAGER

SUBJECT: Amendments to the General Fee Schedule (Cost of Service Study, Mid-Year Adjustments)

RECOMMENDATIONS FROM THE CITY MANAGER

It is recommended that the City Council adopt a resolution amending the FY 2004 General Fee Schedule to include:

1. A security Performance Deposit of three percent or \$30,000, whichever is less, of project valuation to ensure compliance with Ordinance No. 6917, pursuant to the Pasadena Municipal Code Section 8.62.50;
2. An administrative review fee based on project size and complexity to ensure compliance with Ordinance No. 6917, pursuant to the Pasadena Municipal Code Section 8.62.50;
3. A new Public Health Promotion Fee relating to the Tobacco Control Program as further described below; and
4. Increases to the following three Public Health Fees relating to Food Sanitation Inspections and Permits, Alcohol and Drug Recovery Programs, and Vital Statistic fees, all of which are further described below.

BACKGROUND

Public Health Fees

On April 24th of 2004, the city Council approved a resolution adopting the General Fee Schedule for fiscal year 2004. The General Fee Schedule is normally reviewed and subsequently amended on a yearly basis.

The Council's approval of amendments to the Tobacco Use Prevention Ordinance (No. 6757) on November 3, 2003 and of the Enhanced Retail Food Inspection Program on October 20, 2003, requires a mid-year amendment to the 2004 Fee Schedule for an "Annual Tobacco Retailer License Fee" (New Fee), and increases to the fees for Food Sanitation Inspections and Permits. This new fee and increased fees are proposed to recover costs for the administration, implementation, monitoring, and enforcement of the Ordinances.

Public Work Fees

On November 18, 2002, City Council adopted Ordinance No. 6917 to require 50 percent diversion of construction and demolition (C&D) debris from projects that meet certain thresholds as detailed in the ordinance. This ordinance is an integral component of the City's Source Reduction and Recycling programs to comply with AB 939, the California Integrated Waste Management Act.

A security performance deposit will emphasize the need for compliance with the developers and contractors when they apply for their permits and fill out the application. An administrative review fee is proposed to recover costs of time and materials expended by staff to monitor the projects.

DISCUSSION

Security Performance Deposit

The Construction and Demolition ordinance was considered, refined, and reviewed for nearly a year before its adoption; the process included two presentations before the Municipal Services Committee and several outreach meetings for contractors, developers, and haulers. Before the adoption of the ordinance and after receiving testimony from members of the construction and demolition industry, the Municipal Services Committee requested that a performance security deposit be set at a level that would be adequate to ensure compliance and would deter applicants from forfeiting the deposit instead of recycling.

In the 12 months since the ordinance was adopted, approximately 190 projects have met the threshold and are being reviewed. In some cases it has been difficult to gain compliance without a security performance deposit. If there is a change of contractor or project manager between the time the waste diversion application is approved and construction takes place, a new contractor or project manager may claim they know nothing of the requirement and proceed to send everything to the landfill, so that when the project nears completion the proposed diversion is not met. Staff believes, and the practice at other jurisdictions has shown, that with a deposit the diversion requirement will receive greater adherence and attention regardless of changes in personnel because of the economic incentive. To date, 194 applications have been submitted for construction and demolition debris diversion review. There are 159 projects that are active; 24 projects that have been deemed complete, 20 without submittal of final diversion reports or documentation and 11 that were exempt from the requirements of the ordinance. Of the 159 active projects, 89 have not submitted monthly progress reports and only eight have responded to staff requests for submittal.

Staff surveyed other communities with construction and demolition recycling requirements and sought input from members of the industry to determine an equitable deposit. In querying other cities, the most frequent means of determining a deposit or fee was based

on amounts already adopted by a jurisdiction. Examples of deposits collected by other jurisdictions include:

- 3 percent or \$10,000, whichever is less (City of Malibu)
- 3 percent or \$30,000, whichever is less (City of Santa Monica, City of San Mateo)
- Formula based on square footage and commercial or residential designation (City of San Jose)

Santa Monica arrived at the \$30,000 maximum deposit after studying other cities' fees and deposits, the cost of handling waste on construction projects, and the scope of construction taking place in the city. A \$1 million project would generate \$33,000 and was rounded down for ease of calculation.

Staff believes that a deposit of 3 percent or \$30,000, whichever is less, will be effective without being punitive. The deposit will be waived when the total would be \$50 or less.

The performance security deposit will be returned in full at the completion of the project when all requirements have been met. If the applicant does not comply with the ordinance, then the performance security may be used to satisfy any fines, civil penalties, late payment penalties, administrative fees, and other related charges. Any remaining balance will be returned to the applicant at the conclusion of proceedings.

Administrative Review Fee

In keeping with the City Council policy to recover the full cost of specific services by the City, an administrative review fee is proposed to offset actual staff costs incurred for review and processing of the application. It is anticipated that the fees collected will support a half-time staff assistant position to be included in the FY 2005 budget. The position will assist with monitoring compliance and offset time deferred from other projects. Each construction project that staff reviews requires interaction with the applicant which will often include a face-to-face meeting as well as numerous telephone conversations to provide the applicant with examples of approved applications and other project-specific assistance. Applicants are provided information about the City's non-exclusive franchise hauler system and a database for construction and demolition debris processors. Projects are subject to monthly tracking and review of documentation that shows the disposition of the construction debris.

Staff recommends the following fee schedule based on cost of service data collected on projects processed during the 12 months since the ordinance was adopted; the recommended fees will be subject to review at the time of the Annual Adjustment to the General Fee Schedule. Based on current information and experience, it is evident that large construction projects require several hours of follow-up staff time over an extended period. Smaller projects, once they are approved, require less oversight during the construction process but are often time consuming in the beginning because the applicants need added assistance in understanding the requirements of the ordinance, estimating debris quantities, and working with haulers.

City projects are subject to the same review and requirements as private sector projects and in addition may require staff to attend pre-construction bid meetings.

Staff also anticipates incorporating randomly selected site inspections during the course of construction to emphasize that diversion of construction and demolition debris is a real requirement of the project.

The fees have been categorized and averaged based on project type. The recommended amounts are rounded to the nearest whole figure.

Threshold	Estimated Time To Review	Rate (Hours X Salary/Hour)	Total Fee
Commercial and City of Pasadena Projects New Construction	5.5 hours (PC) 2.0 hours (SA) 1.0 hour (A)	\$213.675 \$ 47.54 \$ 62.13	\$323/5000 s. f., or portion thereof
Multifamily Residential New Construction	4.5 hours (PC) 1.0 hour (SA) 0.5 hour (A)	\$174.83 \$ 23.77 \$ 31.07	\$230/unit
Single Family Residential New Construction	3.5 hours (PC) 1.0 hour (SA)	\$126 \$ 23.77	\$150/unit
Tenant Improvements (includes residential additions)	1 hour (PC) .5 hour (SA)	\$38.85 \$11.89	\$50/unit

PC = Program Coordinator

SA = Staff Assistant

A = Administrator

The Program Coordinator, with a fully burdened hourly salary at \$38.85 per hour, will be primarily responsible for reviewing and monitoring each application. To a lesser degree, other staff responsible for processing and review would be a Staff Assistant III at \$23.77 per hour and the Street Maintenance and Integrated Waste Management Administrator at \$62.13 per hour.

Public Health Fees

The Tobacco Control Program fee of \$135 is being added to the General Fee Schedule for an annual tobacco retailer license. The fee is cost-based, covering expenses for the administration, implementation, monitoring, and enforcement of the tobacco retail licensure program approved by City Council on November 3, 2003.

There are currently 21 Food Sanitation Inspections and Permits fees. The average increase for these fees and permits is 24% based on a cost of service study and City Council approval of the Enhanced Retail Food Inspection Program (October 20, 2003). The increased fee will cover the costs of personnel, equipment, and supplies for the Enhanced Retail Food Inspection Program. The specific fees and increases are referenced in the attached Resolution.

The Alcohol and Drug Recovery Program fee for the DUI First Offender Program (includes State and County Fees) is proposed to increase by \$61.00 from \$431.00 to \$492.00. The fee for the DUI Wet and Reckless program (includes State and County Fees) is proposed to increase by \$1.00 from \$236.00 to \$237.00. The fee for the DUI Six Month Program is proposed to increase by \$68.00 from \$607.00 to \$675.00. All fees are being increased to recover the full cost of the services. The fees and cost analysis are reviewed and approved by the State Department of Health Services.

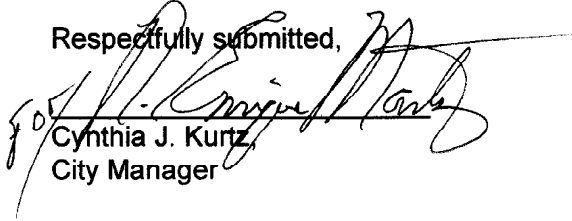
Finally, the fee for Express Delivery-Birth Certificate is being increased to recover the full cost of fulfilling such requests including processing, packaging, actual express delivery cost and tracking.

FISCAL IMPACT

The Security Performance deposit and the Administrative Review fee will be revenue neutral. The deposit is fully refundable upon compliance; in the case of noncompliance the deposit will be retained pending the determination of penalties and/or prosecution and at the conclusion of any proceedings remaining monies will be refunded. In addition to penalty provisions of Chapter 8.62; violations may be subject to administrative proceedings set forth in Chapters 1.25 and 1.26 of the Pasadena Municipal Code. An Administrative Review Fee will cover time and materials to review and monitor projects that meet the threshold of the ordinance. Based on the number of projects now under review averaged by the recommended fees, it is estimated \$44,500 in annual revenue would be generated. It is anticipated that the fees collected will support a half-time staff assistant position to be proposed in the FY 2005 budget. The position will assist with monitoring compliance and offset time deferred from other projects. Fees are subject to review as part of the Annual Adjustment to the General Fee Schedule.


The Public Health related fees are projected to generate an additional \$149,295 annually.

Respectfully submitted,



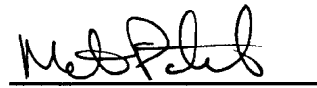
Cynthia J. Kurtz,
City Manager

Approved by:




Jay M. Goldstone
Director of Finance

Concurrence:



Martin Pastucha
Director of Public Works



Wilma Allen
Director of Public Health