

Agenda Report

June 16, 2014

TO: Honorable Mayor and City Council
THROUGH: Finance Committee (May 12, 2014)
FROM: Director of Finance
**SUBJECT: ANNUAL AMENDMENTS TO THE FISCAL YEAR 2015
RECOMMENDED GENERAL FEE SCHEDULE - REVISED**

RECOMMENDATION:

It is recommended that the City Council close the public hearing and adopt the Fiscal Year (FY) 2015 Recommended General Fee Schedule.

BACKGROUND:

Pursuant to Pasadena Municipal Code Section 1.08.070, the amount of any fee established by resolution of the City Council shall not exceed the cost incurred by the City in providing the services, use, action or item for which the fee is charged. Moreover, a written schedule of fees, designated as the *General Fee Schedule*, adopted by resolution of the City Council, shall be filed with the City Clerk and shall be available for public inspection during regular business hours.

Per government code section 6063, an announcement of the FY 2015 Recommended General Fee Schedule public hearing was published in the Pasadena Journal for three successive weeks beginning on March 20, 2014. The FY 2015 Recommended General Fee Schedule was made available on the City's website for public review and comment on April 24, 2014. The fee schedule (Attachment A) presented for adoption includes all fees. Additionally, new fees included in Attachment A and deleted fees excluded from Attachment A have been highlighted in Attachment B and Attachment C, respectively, for information. The FY 2015 Recommended General Fee Schedule was submitted to City Council on May 12, 2014 pursuant to Pasadena Municipal Code section 1.08.060 (C).

The city of Pasadena's general fee schedule contains over 1,800 fees administered by all departments of the City. The General Fee Schedule is reviewed annually to determine if there should be increases or decreases based on the cost of providing services, if new fees for new services are warranted, or if certain fees should be eliminated. Fees may also be held constant or increased by an amount equal to the

change in the Consumer Price Index (CPI) for the Los Angeles-Orange-Riverside counties for the preceding 12-month period ending March 1st, where applicable. For the most recent period, the CPI adjustment equaled 0.54 percent. Some fees are required to be held constant due to various Government Code provisions related to the respective departments. The calculation of the fees was rounded down to the nearest dollar, with some exceptions where the fee amounts have to be more precise.

During FY 2013, a Cost of Service (COS) study was completed as a part of the annual fee review. To minimize costs and time, only the more active fees were reviewed. Staff presented the results of the COS study and a draft Cost Recovery Guideline document to the Finance Committee in September 2013 to assist with the final fee recommendations. The Finance Committee wanted more information before adopting a Cost Recovery Guideline document. After some preliminary review and current time constraints, staff believes that adoption of the FY 2015 general fees should be based on a combination of the COS study results, CPI, and other regulatory restrictions as outlined in Attachment A. In early FY 2015 a new COS study will be conducted and will include all fees. Although it will probably be more expensive, it will reduce confusion and allow staff to finalize recommendations for cost recovery guidelines for presentation to Council during the FY 2016 budget hearing process in May/June 2015. The fees being adjusted by the COS study results are in areas where the applicable department has reviewed both the results of the COS study and the Draft Cost Recovery Guidelines and determined the fee changes are appropriate and necessary to recover costs. As discussed above, fees not adjusted based on the COS study or regulatory restrictions have been inflated by CPI, where appropriated.

There are numerous increases and decreases to the fees that are being recommended, however, there are also fees with no recommended increase. This is all detailed in Attachment A. Examples include doubling of the General Plan Maintenance and Technology fees from 0.25 percent to 0.50 percent to provide increased service to developers and other members of the public; decrease of various planning appeal fees by approximately 80 percent to increase business friendliness; and the decrease of rental /lease fees for reserve fire services by approximately 30 percent due to reduced reimbursement rates from the State. In all, 645 fees are recommended for increase; 30 fees are recommended for decrease; and 1,114 fees are recommended to stay at current levels. There are also 34 new fees being recommended or have already been implemented. Additionally, there are 46 fees that are being recommended for deletion.

Changes to Originally Posted (May 12, 2014) FY 2015 General Fee Schedule

There were a number of changes that have occurred since the originally recommended General Fee Schedule was made available on the City's website for public review and comment on April 24, 2014. The changes include Environmental Health fees administered by the Public Health department which were approved by City Council and adopted on May 12, 2014; the Human Services and Recreation Department deleted some human service fees where services are no longer being provided (Fee #'s 1661, 1662, 1665, 1667, 1668, 1669, 1675, 1676, 1677, 1684, 1700, 1701, 1702, and 1712). The Department will evaluate fees as it looks to review current service levels and

partnership opportunities in FY 15. The audit will analyze resident and non-resident use of services, compare fees to other providers as well as explore existing agencies that might be able to partner with the City to offer programs. These deleted fees will be replaced with new fees once the review is complete. Deleting these fees will not impact the FY 15 budget (see Attachment C). These changes are posted to the City's website and are reflected in the attached FY 2015 Recommended General Fee Schedule (Attachment A).

Fee Schedule Format

The fee schedule format has changed slightly. Previously, the document was published in three parts due to the differing information desired by departments. This created confusion for the public and departments when attempting to find fees. The various parts have been consolidated into one document and structured to enhance the ease of use. The fees are identified by number, description, current fee amount, recommended fee amount, and a note column all grouped by the applicable department responsible for the administration/collection of the fee.

The recommended general fee schedule will be effective on July 1, 2014. Development related fees will be effective August 16, 2014. Pursuant to Government Code Section 66017 (a), changes to development fees shall be effective no sooner than 60 days following the final fee schedule adoption.

The FY 2015 Recommended General Fee Schedule (Attachment A) is attached and is posted to the City's website for public review.

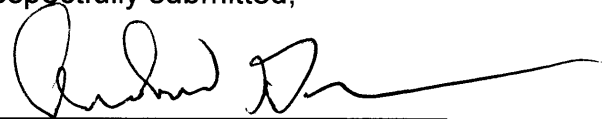
COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through annual review and updating of the *General Fee Schedule* and by ensuring that, where appropriate, the City is reimbursed for the cost of providing selected services.

FISCAL IMPACT:

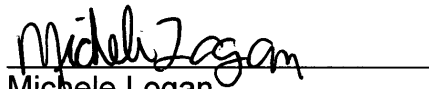
When adopted, the amendments to the *General Fee Schedule* are expected to increase revenues in FY 2015 in the General Fund by approximately \$150,000 and other funds by \$380,600. In addition to the 0.54 percent CPI adjustment, these revenues will also be impacted by changes in volume.

Respectfully submitted,



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Department of Finance

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Attachments: 3

Attachment A – *Fiscal Year 2015 Recommended General Fee Schedule (all fees)*
Attachment B – *New Fees (only)*
Attachment C – *Deleted Fees (only)*