



Agenda Report

June 18, 2018

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Department of Finance

SUBJECT: AMENDMENTS TO THE FISCAL YEARS 2018 AND 2019 GENERAL FEE SCHEDULES

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") in accordance with Section 15061 (b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment and;
2. Adopt a resolution amending the Fiscal Years ("FY") 2018 and FY 2019 General Fee Schedules as detailed in the "Proposed Fee Schedule Amendments" section of this report.

BACKGROUND:

The General Fee Schedule includes all charges established based on the cost of providing the service such as connecting or reconnecting utility services as well as after-hour service. The FY 2018 and FY 2019 General Fee Schedules were adopted on June 19, 2017 and May 14, 2018, respectively. While the General Fee Schedule is typically reviewed and updated annually, revisions may be made periodically throughout the year as the need arises.

Pasadena Water and Power ("PWP") has five fees related to utility services in the General Fee Schedule that are normally adjusted by the Consumer Price Index ("CPI") annually. In FY 2016 and FY 2017, the CPI adjustments were suspended due to sufficient revenues collected from existing fees to cover the direct cost of providing services. Beginning in FY 2018, CPI adjustment of the fees should have resumed to maintain recovery of direct costs. However, the CPI adjustments for the five PWP fees were inadvertently excluded from the Adopted General Fee Schedules for FY 2018 and FY 2019.

Subsequently, fees were erroneously charged during the period from July 1, 2017 to May 14, 2018 that included the CPI adjustments which had not been formally approved for services. The error was immediately corrected beginning on May 15, 2018 when the oversight was discovered and the charges were returned to the actual approved fees that excluded the CPI adjustment and match the FY 2018 Adopted General Fee Schedule. Staff is proposing revisions to the five fees to include the necessary CPI adjustments in FY 2018 and FY 2019 as stated in the table of Proposed Fee Schedule Amendments.

The total estimated impact to all customers which made payments towards one of these fees is less than \$10,000; however, the individual impact on a per transaction or customer basis is less than one dollar. Due to the volume of the transactions and the small amounts of each transaction, it is not feasible to return the overcharged amount on an individual basis. The department will honor any credit or refund requests from customers providing documentation of the incorrect charge.

In order to prevent this type of error in the future, the Budget division in Finance will follow-up with all departments after the General Fee Schedule is adopted to obtain validation that the fees in the individual revenue control systems match what was adopted by the City Council.

Proposed Fee Schedule Amendments

			Effective Date 7-1-2017	Effective Date 7-1-2018
Fee	Description	FY 2018 and FY 2019 Adopted Fee	FY 2018 Proposed Fee	FY 2019 Proposed Fee
WATER AND POWER DEPARTMENT – Utilities				
930	Utility Reconnect Fees - Electric and/or Water	\$39.82	\$40.58	\$42.06
931	After-hour Service Fee (5:30pm - 7:30am)	\$220.33	\$224.56	\$232.70
932	Utility New Service Connection Fees - Electric and/or Water	\$19.91	\$20.29	\$21.03
933	Same Day Charge - New Service Connection and/or Reconnection	\$39.82	\$40.58	\$42.06
934	Utility Service Call or Appointment - Customer Requested	\$39.82	\$40.58	\$42.06

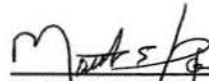
COUNCIL POLICY CONSIDERATION:

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

FISCAL IMPACT:

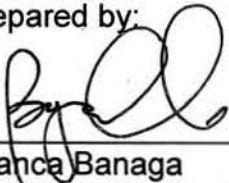
It is anticipated that the proposed amendments to the FY 2018 and FY 2019 General Fee Schedules will result in approximately \$9,000 in annual revenue to the Water and Power Funds.

Respectfully submitted,



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Director of Finance

Prepared by:



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Department of Finance

Approved by:



STEVE MERMELL
City Manager

Attachments: (2)

- 1) Attachment A – Fiscal Year 2018 General Fee Schedule
- 2) Attachment B – Fiscal Year 2019 General Fee Schedule