

FINANCE DEPARTMENT

Impact Analysis Report

OVERVIEW

The Finance Department is responsible for collecting, accounting, and monitoring the license and permit fees for Christmas tree and pumpkin patch lots, circuses, carnivals, parades, and a number of miscellaneous fees. The Department is also responsible for collecting the Integrated Waste Management (IWM) - related late charges and Medical Marijuana Fees.

It is estimated that the Finance Department fees and charges program for 2015-2016, excluding penalties and non-cost recovery fees, will generate General Fund revenues of approximately \$2.1 million, reflecting a 100% cost recovery rate, compared to 2014-2015 revenues of \$174,000 and a cost recovery rate of 99.9%. This increase is primarily due to the re-establishment of the Medical Marijuana Regulatory Program Fees, as approved by the City Council in August and December 2014.

Late payment charges related to the Solid Waste Delinquency Program and Solid Waste Delinquency Service Fees, not subject to cost recovery restrictions, are anticipated to generate approximately \$315,000 in the Integrated Waste Management (IWM) fund. This figure represents the Solid Waste Delinquency fees in 2015-2016 primarily associated with multi-family customers, and is down significantly from the \$4.1 million figure in the 2014-2015 Adopted Fees and Charges. This drop reflects a strategy approved by City Council in 2013 to collect Single Family Dwelling Recycle Plus revenues through Santa Clara County's property tax collection program beginning in 2015-2016, which will eliminate the majority of delinquency fees collected.

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

Existing Fees

In 2015-2016, a number of proposed fee changes are recommended to adjust fees to align with revised staffing and overhead costs, as well as projected activity levels.

To maintain full cost recovery, eight fee increases are proposed in the following sections: Business Tax Special Reports, Circus/Carnival/Parade, Collection Fee, Handbill Distributors, Lien Activities, and Sales. Additionally, a decrease to the Sidewalk Lien Administrative Fee is proposed to ensure this fee is at cost recovery. A complete list of proposed fee revisions by service is located in the Summary of Proposed Fee Changes section of this document and in the tables that follow this section.

Subsequent to the adoption of the 2014-2015 Schedule of Fees and Charges, the City Council approved in August and December 2014 the re-establishment of fees for the Medical Marijuana Regulatory Program, which had previously been suspended. To maintain cost recovery, a number of proposed fee changes are recommended to adjust fees to align with revised staffing and overhead costs, as well as projected activity levels. Upon further review, the Amendment Processing Fee is proposed to increase from \$152 per application in 2014-2015 to \$1,659 per application plus applicable hourly fees in 2015-2016 to more accurately reflect the staffing costs necessary to process an amendment application.

FINANCE DEPARTMENT

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

Existing Fees (Cont'd.)

Recommended modifications to three of the Solid Waste Delinquency Fees in 2015-2016 align fees with revised costs and projected activity levels due to Single Family Dwelling Recycle Plus billing payments being collected through the property tax roll beginning in 2015-2016.

New Fees

Three new fees have been proposed in 2015-2016. The Abatement Lien Fee, Neglected and Vacant Homes Lien Fee, and Tree Lien Fee have been created to recover the administrative costs associated with processing the specific lien filings. These three fees have been consolidated under the Lien Activities section along with existing fees, Administrative Remedies Lien Fee, and Sidewalk Lien Administrative Fee.

NOTIFICATION

The Proposed Fees and Charges Report was released on May 1, 2015, allowing for a minimum of 10 days for public review. Public input on fee proposals will be heard by the City Council at public hearings held on Tuesday, May 12, 2015 at 1:30 p.m. and Monday, June 8, 2015 at 7:00 p.m. in the Council Chambers.

DEPARTMENTAL FEES AND CHARGES

FINANCE

Service	2014-2015 Adopted Fee	2014-2015 % Cost Recovery	2015-2016 Proposed Fee	2015-2016 Estimated Cost	2015-2016 Estimated Revenue		2015-2016 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
FINANCE DEPARTMENT GENERAL FEES - CATEGORY I								
1. Business Tax Special Reports								
1 CD/E-mail	\$62.75 per CD/transmission		\$69.50 per CD/transmission					
2 Computer Printout	\$62.75 up to 25 pages, \$1 each additional page		\$69.50 up to 25 pages, \$1 each additional page					
Sub-total Business Tax Special Reports		100.0%		18,819	16,942	18,765	90.0%	99.7%
2. Circus/Carnival/Parade								
1 Carnival Permit	\$250 1st week; \$25 each additional day		No Change					
2 Carnival Permit (Charitable)	\$100 1st week; \$10 each additional day		No Change					
3 Circus Advertising	\$100 bond for removal within 48 hours of last performance		No Change					
4 Circus Parade (Circus Outside of City Limits)	\$250 per day		No Change					
5 Circus Permit	\$250 1st day; \$112.50 each additional day		\$250 1st day; \$121.50 each additional day					
6 Circus Permit (Charitable)	\$100 1st day; \$50 each additional day		No Change					
7 Circus Sideshow Permit	\$12.50 each per day		No Change					
8 Circus or Carnival Permit - Sanitary Standards Bond	\$1,000 bond		No Change					
Sub-total Circus/Carnival/Parade		99.8%		972	2,674	972	275.1%	100.0%
3. Collection Fee								
1 Collection Agency Recovery Fee (90 days past due)	\$25 or 15% of the bill; whichever is higher		No Change					
2 Collection Fee (60-90 days past due)	\$22.50 per invoice		\$23.50 per invoice					

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Service	2014-2015 Adopted Fee	2014-2015 % Cost Recovery	2015-2016 Proposed Fee	2015-2016 Estimated Cost	2015-2016 Estimated Revenue		2015-2016 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
FINANCE DEPARTMENT GENERAL FEES - CATEGORY I								
3. Collection Fee								
Sub-total Collection Fee		99.8%		53,412	50,850	53,110	95.2%	99.4%
4. Handbill Distributors								
1 Commercial Distributor Permit	\$1 per distribution		No Change					
2 Handbill Distributors License	\$51.25 per year		\$56 per year					
3 Owner's Permit	\$39.25 per year		\$43 per year					
Sub-total Handbill Distributors		99.8%		38,205	34,953	38,200	91.5%	100.0%
5. Lien Activities								
1 Abatement Lien Fee			\$146.25 per lien					
2 Administrative Remedies Lien Fee	\$76.50 per lien		\$93.25 per lien					
3 Neglected and Vacant Homes Lien Fee			\$93.25 per lien					
4 Sidewalk Lien Administrative Fee	\$96.75 per lien		\$93.25 per lien					
5 Tree Lien Fee			\$152 per lien					
Sub-total Lien Activities		99.9%		29,663	24,243	29,651	81.7%	100.0%
6. Medical Marijuana Fees								
Note: The fees reflected in the 2014-2015 Adopted Fee column were approved by City Council on August 5, 2014 and/or December 16, 2014, subsequent to the adoption of the 2014-2015 Schedule of Fees and Charges.								

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					Current Fee	Proposed Fee	Current Fee	Proposed Fee

FINANCE DEPARTMENT GENERAL FEES - CATEGORY I

6. Medical Marijuana Fees

1 Amendment Processing Fee	\$152 per application		\$1,659 per application; plus Code Enforcement Hourly Inspection Fee of \$126.50 per hour after 1 hour; plus Police Department Sworn Hourly Investigation Fee of \$97 per hour after 15 hours; plus \$162 per employee above 1; employees include owners, managers and specified employees					
2 Annual Operating Fee	\$71,960 per year, per Collective		\$95,661 per year, per Collective					
3 Application Receipt Fee (Initial Application, Amendment, Renewal Registration)	\$152 per application		\$94 per application					
4 Code Enforcement Inspector Rate	See "Code Enforcement Inspector Rate" in the Department of Planning, Building and Code Enforcement section of this document.		See "Code Enforcement Inspector Rate" in the Department of Planning, Building and Code Enforcement section of this document.					
5 Hourly Rate for Planning Services without Designated Fee	See "Hourly Rate for Planning Services without Designated Fee" in the Department of Planning, Building and Code Enforcement section of this document.		See "Hourly Rate for Planning Services without Designated Fee" in the Department of Planning, Building and Code Enforcement section of this document.					

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Service	2014-2015 Adopted Fee	2014-2015 % Cost Recovery	2015-2016 Proposed Fee	2015-2016 Estimated Cost	2015-2016 Estimated Revenue		2015-2016 % Cost Recovery		
					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
FINANCE DEPARTMENT GENERAL FEES - CATEGORY I									
6. Medical Marijuana Fees									
6 Initial Application Processing Fee	\$2,256 per application; plus Code Enforcement Hourly Inspection Fee of \$125 per hour after 1 hour; plus Police Department Sworn Hourly Investigation Fee of \$93 per hour after 15 hours; plus \$181 per employee above 4; employees include owners, managers and specified employees		\$2,145 per application; plus Code Enforcement Hourly Inspection Fee of \$126.50 per hour after 1 hour; plus Police Department Sworn Hourly Investigation Fee of \$97 per hour after 15 hours; plus \$162 per employee above 4; employees include owners, managers and specified employees						
7 Police Department Sworn Hourly Investigation Fee	\$93 per hour		\$97 per hour						
8 Renewal Registration Processing Fee	\$2,256 per application; plus Code Enforcement Hourly Inspection Fee of \$125 per hour after 1 hour; plus Police Department Sworn Hourly Investigation Fee of \$93 per hour after 15 hours; plus \$181 per employee above 4; employees include owners, managers and specified employees		\$2,145 per application; plus Code Enforcement Hourly Inspection Fee of \$126.50 per hour after 1 hour; plus Police Department Sworn Hourly Investigation Fee of \$97 per hour after 15 hours; plus \$162 per employee above 4; employees include owners, managers and specified employees						
9 Zoning Code Verification Certificate Application Processing Fee	\$1,212 per application; plus Planning Services Hourly Inspection Fee of \$154 per hour after 6 hours; plus Code Enforcement Hourly Inspection Fee of \$125 per hour after 1 hour		\$1,156.50 per application; plus Planning Services Hourly Inspection Fee of \$154 per hour after 6 hours; plus Code Enforcement Hourly Inspection Fee of \$126.50 per hour after 1 hour						
Sub-total Medical Marijuana Fees				1,956,137	2,215,229	1,956,120	113.2%	100.0%	

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					Current Fee	Proposed Fee	Current Fee	Proposed Fee
FINANCE DEPARTMENT GENERAL FEES - CATEGORY I								
7. Returned Check Fee								
1 Returned Check Fee	\$25 per returned check		No Change					
Sub-total Returned Check Fee		100.0%		43,420	43,100	43,100	99.3%	99.3%
8. Sale of Publications								
1 Comprehensive Annual Financial Report	Actual printing and mailing costs		No Change					
2 Monthly Investment Report	Actual printing and mailing costs		No Change					
3 Single Audit (Grants)	Actual printing and mailing costs		No Change					
Sub-total Sale of Publications								
9. Sales								
1 Christmas Tree/Pumpkin License - Deposit (Refundable)	\$100 per lot		No Change					
2 Christmas Tree/Pumpkin License - Lot	\$108.75 per lot		\$119 per lot					
Sub-total Sales		99.9%		1,905	1,740	1,904	91.3%	99.9%
SUB-TOTAL FINANCE DEPARTMENT GENERAL FEES - CATEGORY I		99.9%		2,142,533	2,389,731	2,141,822	111.5%	100.0%
INTEGRATED WASTE MANAGEMENT LATE CHARGES - CATEGORY II								
1. Solid Waste Delinquencies								
1 Administrative Charges for Collection Procedure	\$102.25 per lien	99.8%	\$111.50 per lien	195,792	172,549	188,783	88.1%	96.4%
2 Late Payment Charge (The charge level is set to encourage customers to submit payments by due date)	\$7 or 7% of the bill, whichever is greater		\$10 or 10% of the bill, whichever is greater		58,333	83,333		

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					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
INTEGRATED WASTE MANAGEMENT LATE CHARGES - CATEGORY II									
1. Solid Waste Delinquencies									
3 Notice of Intent to Lien (The notice is not a penalty)	\$20 per notice	99.8%	\$11.25 per notice	40,582	72,000	40,500	177.4%	99.8%	
4 Special Assessment Charge (The charge is not a penalty)	\$6 per parcel	100.0%	No Change	2,592	2,592	2,592	100.0%	100.0%	
Sub-total Solid Waste Delinquencies		177.5%		238,966	305,474	315,208	127.8%	131.9%	
SUB-TOTAL INTEGRATED WASTE MANAGEMENT LATE CHARGES - CATEGORY II		177.5%		238,966	305,474	315,208	127.8%	131.9%	
TOTAL DEPARTMENT - GENERAL FUND				2,142,533	2,389,731	2,141,822	111.5%	100.0%	
TOTAL DEPARTMENT - NON-GENERAL FUND				238,966	305,474	315,208	127.8%	131.9%	
TOTAL DEPARTMENT - Category I				2,142,533	2,389,731	2,141,822	111.5%	100.0%	
TOTAL DEPARTMENT - Category II				238,966	305,474	315,208	127.8%	131.9%	
TOTAL DEPARTMENT				2,381,499	2,695,205	2,457,030	113.2%	103.2%	