

Distributed on:
FEB 12 2014
City Manager's Office

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jennifer A. Maguire

SUBJECT: 2013-2014 ADOPTED FEES
AND CHARGES

DATE: February 11, 2014

Approved

Date

2/11/14

INFORMATION

PURPOSE

This memorandum serves as a supplemental insert to the 2013-2014 Proposed Fees and Charges document and outlines those fees revised between the release of the 2013-2014 Proposed Fees and Charges and the final adoption of the 2013-2014 Fees and Charges. It is recommended that this memorandum be retained with the 2013-2014 Proposed Fees and Charges document for a complete record of all fees and charges adopted for 2013-2014.

BACKGROUND

The 2013-2014 Proposed Fees and Charges document was released on May 3, 2013 and outlined the proposed fees for the majority of fees and charges accruing to the General Fund and selected fees and charges associated with other funds. Public input on fee proposals was heard by the City Council at public hearings held on Tuesday, May 14, 2013, at 1:30 p.m. and Monday, June 10, 2013, at 7:00 p.m. in the Council Chambers. The proposed fees and charges were approved by the City Council with adjustments that were brought forward during the budget deliberation process through Manager's Budget Addenda (MBA), and incorporated into the City Council approved Mayor's June Budget Message for Fiscal Year 2013-2014.

Consistent with the 2012-2013 Fees and Charges process, this memorandum serves to document the changes from the 2013-2014 Proposed Fees and Charges to the 2013-2014 Adopted Fees and Charges. This memorandum is being released in lieu of a 2013-2014 Adopted Fees and Charges document, given the minimal fee changes and cost to publish a 2013-2014 Adopted Fees and Charges document.

Between the release of the 2013-2014 Proposed Fees and Charges document and the final adoption of the 2013-2014 Fees and Charges, the Development Services Technology Fee in the Development Services Partners (Fire, Planning, Building and Code Enforcement, and Public Works Departments) was eliminated.

In addition to the revision above, this memorandum documents corrections to inadvertent errors in the 2013-2014 Proposed Fees and Charges document, as described in the analysis section below.

ANALYSIS

Approved Changes

Following is a description of each of the changes to the 2013-2014 Proposed Fees and Charges approved by the City Council. Attachments to this memorandum outline the final 2013-2014 Adopted Fees and Charges details as well as the total estimated revenues and expenditures associated with fee activities.

Development Service Partners

Development Services Technology Fee

The 2013-2014 Proposed Fees and Charges included a recommended 2% Development Services Technology Fee applied to all development permits totaling \$717,000 in estimated collections as outlined in the Planning, Building and Code Enforcement, Public Works, and Fire Department sections. The funds collected from this fee were intended to establish a new Development Fee Program Technology Earmarked Reserve to fund technology initiatives for Development Services. This dedicated funding would allow the Development Services Partners (Building, Planning, Fire, and Public Works) to accelerate the acquisition and development of those systems and ensure that large system replacements occur in a timely fashion over the long term. As approved in Managers Budget Addendum (MBA) #25, implementation of the Development Services Technology Fee was postponed and the Development Fee Program Technology Reserve was instead funded by each Partner's Development Fee Program Earmarked Reserves. The consideration of the 2% Development Services Technology Fee was approved to be deferred for six to twelve months to allow sufficient time to develop a more detailed and refined cost estimate of the capital technology needs over the next ten years. This estimate will be developed by submitting Requests for Information and reviewing submittals for the larger acquisitions proposed in the ten year technology plan, specifically the Permit System Replacement, Online Data Sharing, and the Mobile Inspection Projects. As a result of this deferral, the 2% technology fee was approved to be deleted and the revenue estimates were revised down by \$717,000 (Building Fee \$420,000, Fire Fee \$126,000, Public Works Fee \$111,000 and Planning Fee \$60,000).

In addition to the changes associated with the deletion of the Technology Fee, the 2013-2014 Estimated Cost of the development fee programs reflected in the 2013-2014 Proposed Fees & Charges was adjusted due to changes approved as part of the 2013-2014 Adopted Operating Budget for costs associated with peak staffing. All additional costs were offset by Development Fee Program Reserves maintaining 100% cost recovery levels in all programs.

Technical Corrections

Subsequent to the release of the 2013-2014 Proposed Fees and Charges Report, the Administration recommended amendments to correct for minor errors and oversights during its initial preparation. These corrections were approved as part of Manager's Budget Addendum #28.

Police

Private Property Tow (PPT)

The Police Department issues permits to private property owners to allow the towing of vehicles from their property as mandated by the San José Municipal Code Section 6.66.270. The 2013-2014 Proposed Fees and Charges requires permit fees every two years (p. 127) but the Department's Private Property Tow (PPT) permit has been issued without an expiration date since 2000. The change approved as part of MBA #28 revises the Schedule of Fees and Charges to eliminate the two-year term, thereby continuing the practice of issuing a PPT permit without an expiration date and enabling the workflow for PPT permits to continue to be managed by one staff member. The approved change also adds the following notation: "Costs for Private Property Tow Permit reflect initial inspection; re-inspections and compliance inspections, if needed, will be billed at top salary step plus fringe and related overhead."

Peddler Fees

The Peddler Fees administered by the Police Department were approved to be revised from annual permits to two-year permits by the City Council on May 14, 2013. However, two of the fees listed in the 2013-2014 Proposed Fees and Charges Report (p. 124), the Employee License Fee and the Issue ID Card Fee, were inadvertently not updated to reflect the two-year cycle. The approved modification to the Schedule of Fees and Charges corrects this error and aligns with previous City Council direction.

Public Works

Animal Care Services: Large Animals Event Permit Fee

All existing Category I fees within Animal Care and Services were adjusted in 2013-2014 based on a recently completed cost analysis. When modifying the Large Animals Event permit fee for 2013-2014, a note indicating that an application fee would be required in addition to the permit fee was inadvertently omitted (p. 134 of the 2013-2014 Proposed Fees and Charges Report). Language was added to correct that omission.

Transportation

Taxi Stand Rental Fee

The Department of Transportation maintains over 40 on-street parking spaces designated for taxi cab pickup and waiting (i.e. taxi stands). The cost to maintain these spaces is estimated to decrease in 2013-2014, due to the elimination of one-time costs associated with creating additional spaces that were included in the 2012-2013 fee, and the fact that the remaining costs are diffused among a greater number of taxi stands. Based on the last analysis, this fee was reduced from \$57.75 (p. 189 of the 2013-2014 Proposed Fees and Charges Report) to \$42.50 per space per month, resulting in a minor revenue decrease in 2013-2014. This slight decrease was offset by an increase to the revenue estimate for Miscellaneous Fees and Charges based on an analysis of collection trends in this category.

Miscellaneous Reports

Minor discrepancies related to copy charges between the Schedule of Fees and Charges resolution and the 2013-2014 Proposed Fees and Charges document were corrected. Unlike the resolution, the Fees & Charges report did not differentiate between the costs of copies for paper sized 8.5"x11" and 11"x17". Further, the existing fee noted that copies are only provided for subpoenaed information, even though copies are provided through the normal course of City business. To address these issues, the existing fee was appended to note that it is for 8.5" x 11" copies, an additional fee for 11" x 17" pages was added, and the note regarding subpoenaed information was deleted.

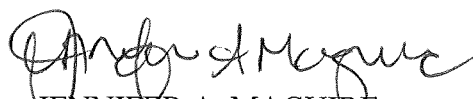
Sidewalk Repair Program

The Department of Transportation manages the Sidewalk Repair Program, whereby the City performs repairs on sidewalk adjacent to private property owners. The property owner pays for all repair costs as well as a fee to partially offset costs related to City inspection and program administration. The total estimated Sidewalk Repair Program cost and revenue in the 2013-2014 Proposed Fees and Charges document, (p. 190) omitted \$140,000 in estimated cost and revenue related to increased sidewalk repair activity assumed in the development of the 2013-2014 Proposed Operating Budget. MBA #28 inserted that amount into the cost and revenue estimate for 2013-2014.

CONCLUSION

The changes outlined in this document reflect the revisions to the 2013-2014 Proposed Fees and Charges as approved by the City Council with the adoption of the 2013-2014 Budget. This memorandum in combination with the 2013-2014 Proposed Fees and Charges document comprise the 2013-2014 Adopted Fees and Charges. It is recommended that this memorandum be retained with the 2013-2014 Proposed Fees and Charges document for a complete record of all fees and charges approved for 2013-2014.

HONORABLE MAYOR AND CITY COUNCIL
February 11, 2014
Subject: 2013-2014 Adopted Fees and Charges
Page 5


JENNIFER A. MAGUIRE
Deputy City Manager

Attachment A – Changes to the 2013-2014 Proposed Fees and Charges
Attachment B – Department Fees and Charges Summary

For questions, please contact Jennifer A. Maguire, Deputy City Manager at (408) 535-8144.

CHANGES TO THE 2013-2014 PROPOSED FEES CHARGES

Attachment A

| Fee Name | 2013-2014 Fees & Charges | | 2013-2014 Estimated Cost | 2013-2014 Estimated Revenue | | 2013-2014 % Cost Recovery | | 2013-2014 Proposed Fees & Charges Pg # |
|---|--|---|--------------------------------|--------------------------------|---------------------|------------------------------|----------------|---|
| | Proposed Fee | Adopted Fee | | Proposed Fee | Adopted Fee | Proposed Fee | Adopted Fee | |
| FIRE DEPARTMENT | | | | | | | | |
| <i>Fire Prevention Development Program Fees - Category I</i> | | | | | | | | |
| Technology Fee | Additional 2.00% applied to Fire Permit Fees | Eliminated | N/A | \$126,000 | \$0 | N/A | N/A | 35 |
| Sub-Total Fire Prevention Development Program Fees - Category I | | | \$6,300,000 | \$6,426,000 | \$6,300,000 | 100% | 100% | 35 |
| PLANNING, BUILDING AND CODE ENFORCEMENT | | | | | | | | |
| <i>Building Fee Program - Category I</i> | | | | | | | | |
| NOTE: The use of the Building Development Fee Program Reserve (\$4,805,335) in 2013-2014 will bring the Development Fee Program to full cost recovery from 81.4%. | | | | | | | | |
| Technology Fee | Additional 2.00% applied to Building Permit Fees | Eliminated | N/A | \$420,000 | \$0 | N/A | N/A | 87 |
| Sub-Total Building Fee Program - Category I | | | \$25,805,335 | \$2,142,000 | \$21,000,000 | 82.6% | 81.4% | 87 |
| <i>Planning Fee Program - Category I</i> | | | | | | | | |
| NOTE: The use of the Planning Fee Program Reserve (\$1,109,238) in 2013-2014 will bring the Development Fee Program to full cost recovery from 73.0%. | | | | | | | | |
| Technology Fee | Additional 2.00% applied to Planning Permit Fees | Eliminated | N/A | \$60,000 | \$0 | N/A | N/A | 102 |
| Sub-Total Planning Fee Program - Category I | | | \$4,109,238 | \$3,060,000 | \$3,000,000 | 82.0% | 73.0% | 104 |
| POLICE DEPARTMENT | | | | | | | | |
| <i>Public Safety Permits - Category I</i> | | | | | | | | |
| Employee License Fee | \$106 per annual renewal | \$106 per 2 year renewal | N/A | N/A | N/A | N/A | N/A | 124 |
| Issue ID Card | \$34 per year | \$34 per 2 year renewal | N/A | N/A | N/A | N/A | N/A | 124 |
| Private Property Tow Permit | NOTE: Costs for Private Property Tow Permit reflect initial inspection; re-inspections and compliance inspections, if needed, will be billed at top salary step plus fringe and related overhead. ¹ | \$211 per application per 2 years | \$211 per application | N/A | N/A | N/A | N/A | 127 |
| PUBLIC WORKS | | | | | | | | |
| <i>Animal Care Services - Category I</i> | | | | | | | | |
| Large Animals Event Permit (limited engagements or short term event) | \$1,291 per permit (includes initial inspection) | \$1,291 per permit plus applicable application fee ² (includes initial inspection) | N/A | N/A | N/A | N/A | N/A | 134 |
| <i>Development Program Fees - Category I</i> | | | | | | | | |
| NOTE: The use of the Public Works Fee Program Reserve (\$206,727) in 2013-2014 will bring the Development Fee Program to full cost recovery from 95.3%. | | | | | | | | |
| Technology Fee | Additional 2.00% applied to Public Works Permit Fees | Eliminated | N/A | \$111,000 | \$0 | N/A | N/A | 170 |
| Sub-Total Development Program Fees - Category I | | | \$5,821,890 | \$5,661,000 | \$5,550,000 | 82.0% | 95.3% | 171 |

¹ The note regarding the subsequent inspections was added to clarify that the property owner is responsible for the costs of those inspections.

² The note regarding the application fee was inadvertently omitted from the 2013-2014 Proposed Fees and Charges report.

CHANGES TO THE 2013-2014 PROPOSED FEES CHARGES

Attachment A

| Fee Name | 2013-2014 Fees & Charges | | 2013-2014 Estimated Cost | 2013-2014 Estimated Revenue | | 2013-2014 % Cost Recovery | | 2013-2014 Proposed Fees & Charges Pg # |
|--|-----------------------------|-----------------------------|--------------------------------|--------------------------------|----------------|------------------------------|----------------|---|
| | Proposed Fee | Adopted Fee | | Proposed Fee | Adopted Fee | Proposed Fee | Adopted Fee | |
| TRANSPORTATION | | | | | | | | |
| <i>Transportation Fees - Category I</i> | | | | | | | | |
| Miscellaneous Reports: 8.5 x 11 ³ | \$.25 each page | \$.25 each page 8.5 x 11 | N/A | N/A | N/A | N/A | N/A | 184 |
| Miscellaneous Reports: 11 x 17 | NEW | \$.26 each page 11 x 17 | N/A | N/A | N/A | N/A | N/A | N/A |
| Sub-total Miscellaneous Fees and Charges | N/A | N/A | \$85,129 | \$77,429 | \$85,129 | 100.0% | 100.0% | 185 |
| Taxi Stand Rental | \$57.75 per space per month | \$42.50 per space per month | \$22,000 | \$29,700 | \$22,000 | 100.0% | 100.0% | 189 |
| <i>Transportation Fees - Category II</i> | | | | | | | | |
| Sub-total Sidewalk Repair Program | N/A | N/A | \$487,665 | \$108,000 | \$248,000 | 31.1% | 50.9% | 190 |

³ The reference to "subpoenaed info, upon request" was deleted since the reports are available through the regular course of business for the City and the size of the paper was added to the title.

2013-2014 FEES AND CHARGES REPORT

DEPARTMENT FEES AND CHARGES SUMMARY

| | 2012-2013 ADOPTED BUDGET | | | 2013-2014 ADOPTED BUDGET | | | | |
|---|--------------------------|----------------------|--------------------|--------------------------|----------------------|--------------------|----------------------|--------------------|
| | Estimated Cost | Estimated Revenue | % Cost Recovery | Estimated Cost | WITH CURRENT FEE | | WITH ADOPTED FEE | |
| | | | | | Estimated Revenue | % Cost Recovery | Estimated Revenue | % Cost Recovery |
| Category I - (Fees Which Should Be Cost Recovery) | | | | | | | | |
| City Clerk | 40,700 | 40,000 | 98.3% | 36,345 | 28,570 | 78.6% | 35,813 | 98.5% |
| Economic Development | 241,653 | 241,653 | 100.0% | 272,177 | 250,700 | 92.1% | 250,700 | 92.1% |
| Finance | 454,281 | 453,559 | 99.8% | 194,033 | 149,577 | 77.1% | 193,445 | 99.7% |
| Fire | 5,600,871 | 5,200,000 | 92.8% | 6,300,000 | 6,300,000 | 100% | 6,300,000 | 100.0% |
| Housing | 640,849 | 495,780 | 77.4% | 808,641 | 495,780 | 61.3% | 715,417 | 88.5% |
| Library | 20,000 | 20,000 | 100.0% | 20,000 | 20,000 | 100% | 20,000 | 100.0% |
| Parks, Recreation & Neighborhood Services | 14,719,264 | 13,488,877 | 91.6% | 16,288,493 | 14,343,500 | 88.1% | 14,597,031 | 89.6% |
| Planning, Building & Code Enforcement | 32,779,167 | 30,745,354 | 93.8% | 39,206,938 | 33,175,802 | 84.6% | 33,292,365 | 84.9% |
| Police | 3,738,701 | 3,692,840 | 98.8% | 3,370,143 | 3,561,698 | 105.7% | 3,337,345 | 99.0% |
| Public Works | 6,157,843 | 5,665,000 | 92.0% | 8,141,077 | 7,786,283 | 95.6% | 7,805,577 | 95.9% |
| Transportation | 691,738 | 671,738 | 97.1% | 718,059 | 706,747 | 98.4% | 718,059 | 100.0% |
| Total Category I: | 65,085,067 | 60,714,801 | 93.3% | 75,355,906 | 66,818,657 | 88.7% | 67,265,752 | 89.3% |
| Category II - (Fees Which May Be Less Than or More Than Cost Recovery) | | | | | | | | |
| Economic Development | 80,514 | 41,320 | 51.3% | 96,488 | 63,360 | 65.7% | 63,360 | 65.7% |
| Environmental Services | 5,071,933 | 4,720,010 | 93.1% | 4,073,993 | 4,785,000 | 117.5% | 3,815,390 | 93.7% |
| Finance | 1,683,156 | 4,043,841 | 240.3% | 2,001,140 | 3,644,574 | 182.1% | 3,998,998 | 199.8% |
| Fire | 4,075,000 | 4,075,000 | 100.0% | 4,075,000 | 4,075,000 | 100% | 4,075,000 | 100.0% |
| Library | 1,010,354 | 1,285,500 | 127.2% | 996,500 | 1,029,050 | 103.3% | 1,029,050 | 103.3% |
| Parks, Recreation & Neighborhood Services | 1,390,968 | 1,299,648 | 93.4% | 1,391,664 | 1,495,000 | 107.4% | 1,495,000 | 107.4% |
| Planning, Building & Code Enforcement | 58,500 | 58,500 | 100.0% | 66,200 | 66,200 | 100% | 66,200 | 100.0% |
| Public Works | 3,113,701 | 2,296,000 | 73.7% | 492,833 | 125,000 | 25.4% | 125,000 | 25.4% |
| Transportation | 454,982 | 248,840 | 54.7% | 488,505 | 108,840 | 22.3% | 248,840 | 50.9% |
| Total Category II: | 16,939,108 | 18,068,659 | 106.7% | 13,682,323 | 15,392,024 | 112.5% | 14,916,838 | 109.0% |
| TOTAL CATEGORY I AND CATEGORY II: | 82,024,175 | 78,783,460 | 96.0% | 89,038,229 | 82,210,681 | 92.3% | 82,182,590 | 92.3% |
| TOTAL GENERAL FUND | 74,523,063 | 69,178,209 | | 82,053,307 | 72,809,707 | | 73,177,165 | |
| TOTAL NON-GENERAL FUND | 7,501,112 | 9,605,251 | | 6,984,922 | 9,400,974 | | 9,005,425 | |

Note: In 2010-2011, the General Services Department was eliminated and consolidated into the Public Works Department. As a result, prior year costs and revenues associated with the General Services Department now appear in the Public Works Department totals.