

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 the Integrated Waste Management (IWM)-related late charges and Medical Marijuana Fees (currently suspended).

It is estimated that the Finance Department fees and charges program for 2012-2013, excluding penalties and non-cost recovery fees, will bring revenues to the City of approximately \$454,000, reflecting a 99.8% cost recovery rate, compared to 2011-2012 revenues of \$1.8 million and a cost recovery rate of 99.8%. The significant difference reflects the suspension of the Medical Marijuana Fees.

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 \$4.0 million in the Integrated Waste Management (IWM) Fund. This figure factors in a decrease to the Solid Waste Delinquency fee structure proposed in 2012-2013.

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

Existing Fees

For 2012-2013, minimal changes to the existing fees in the Finance Department's fee structure are proposed. A number of the proposed fee changes are upward

adjustments to reflect an increase in staffing resource costs as well as indirect overhead costs.

To maintain full cost recovery, seven fee increases are proposed: the Administrative Remedies Lien Fee from \$54.00 to \$56.50 per lien, Business Tax Special Reports Fee from \$45.00 to \$45.50, Collection Fee from \$27.00 to \$28.75, the Exempt Business Tax Fee from \$37.00 to \$38.00 per account, Handbill Distributors License from \$36.00 to \$37.00 per year, the Christmas Tree/Pumpkin License – Lot fee from \$88.00 to \$89.50 per lot and the Sidewalk Lien Administration Fee from \$54.00 to \$56.50 per lien account. A reduction in the Returned Check Fee from \$23.00 to \$22.00 is also included due to staffing efficiencies.

In addition, Medical Marijuana Fees, which were adopted in the 2011-2012 Budget, will continue to be suspended. On January 10, 2012, the City Council accepted the Certificate of Sufficiency issued by the County of Santa Clara Registrar of Voters for the referendum to repeal the Regulatory Ordinance for the Medical Marijuana Regulatory Program. The Medical Marijuana Program will be reevaluated as part of the 2013-2014 Budget as certain legal issues regarding this program continue to be unknown.

Proposed changes to two of the Solid Waste Delinquency Fees in 2012-2013 will decrease the Administrative Charges for Collection Procedure from \$76.00 to \$69.00 per lien and the Notice of Intent to Lien from \$19.00 to \$17.00 per notice resulting from changes in staffing resources costs and projected activity levels.

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NOTIFICATION

The Proposed Fees and Charges Report was released on May 4, 2012, 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 15, 2012, at 7:00 p.m. and Monday, June 11, 2012, at 7:00 p.m. in the Council Chambers.

DEPARTMENTAL FEES AND CHARGES

FINANCE

Service	2011-2012 Adopted Fee	2011-2012 % Cost Recovery	2012-2013 Proposed Fee	2012-2013 Estimated Cost	2012-2013 Estimated Revenue		2012-2013 % Cost Recovery		
					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
FINANCE DEPARTMENT GENERAL FEES - CATEGORY I									
1. Administrative Remedies Lien Fee									
1 Administrative Remedies Lien Fee	\$54 per lien		\$56.50 per lien						
Sub-total Administrative Remedies Lien Fee		98.7%		2,543	2,430	2,543	95.6%	100.0%	
2. Business Tax Special Reports									
1 CD/E-mail	\$45 per CD/transmission		\$45.50 per CD/transmission						
2 Computer Printout	\$45 up to 25 pages, \$1 each additional page		\$45.50 up to 25 pages, \$1 each additional page						
Sub-total Business Tax Special Reports		99.4%		2,548	2,520	2,548	98.9%	100.0%	
3. 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; \$114 each additional day		No Change						
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		99.3%		1,254	1,254	1,254	100.0%	100.0%	

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Service	2011-2012 Adopted Fee	2011-2012 % Cost Recovery	2012-2013 Proposed Fee	2012-2013 Estimated Cost	2012-2013 Estimated Revenue		2012-2013 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
FINANCE DEPARTMENT GENERAL FEES - CATEGORY I								
4. 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)	\$27.00		\$28.75					
Sub-total Collection Fee		98.7%		120,904	113,400	120,750	93.8%	99.9%
5. Exempt Business Tax								
1 Exempt Business Tax Fee	\$37 per account		\$38 per account					
Sub-total Exempt Business Tax		99.5%		273,588	266,289	273,486	97.3%	100.0%
6. Handbill Distributors								
1 Commercial Distributor Permit	\$1 per distribution		No Change					
2 Handbill Distributors License	\$36.00 per year		\$37.00 per year					
3 Owner's Permit	\$28 per year		No Change					
Sub-total Handbill Distributors		99.5%		33,958	33,215	33,726	97.8%	99.3%
7. Medical Marijuana Fees								
1 Medical Marijuana Collective Amendment Fee	\$1,303		Suspended (City Council approval - January 10, 2012)					
2 Medical Marijuana Collective Annual Operating Fee	\$134,223 per collective selected		Suspended (City Council approval - January 10, 2012)					
3 Medical Marijuana Collective Application Processing Fee	\$4,182		Suspended (City Council approval - January 10, 2012)					
4 Medical Marijuana Collective Application Receipt Fee	\$192 per application		Suspended (City Council approval - January 10, 2012)					
5 Medical Marijuana Collective Renewal Registration Fee	\$4,182		Suspended (City Council approval - January 10, 2012)					

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					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
FINANCE DEPARTMENT GENERAL FEES - CATEGORY I									
7. Medical Marijuana Fees									
6 Police Hourly Investigation Fee	\$126 per hour		Suspended (City Council approval - January 10, 2012)						
Sub-total Medical Marijuana Fees		100.0%							
8. Returned Check Fee									
1 Returned Check Fee	\$23 per returned check		\$22 per returned check						
Sub-total Returned Check Fee		97.2%		16,778	17,296	16,544	103.1%	98.6%	
9. 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									
10. Sales									
1 Christmas Tree/Pumpkin License - Deposit (Refundable)	\$100 per lot		No Change						
2 Christmas Tree/Pumpkin License - Lot	\$88		\$89.50 per lot						
Sub-total Sales		99.5%		448	440	448	98.2%	100.0%	
11. Sidewalk Lien Administrative Fee									
1 Sidewalk Lien Administrative Fee	\$54 per lien account		\$56.50 per lien account						
Sub-total Sidewalk Lien Administrative Fee		98.7%		2,260	2,160	2,260	95.6%	100.0%	
SUB-TOTAL FINANCE DEPARTMENT GENERAL FEES - CATEGORY I		99.8%		454,281	439,004	453,559	96.6%	99.8%	

DEPARTMENTAL FEES AND CHARGES

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Service	2011-2012 Adopted Fee	2011-2012 % Cost Recovery	2012-2013 Proposed Fee	2012-2013 Estimated Cost	2012-2013 Estimated Revenue		2012-2013 % Cost Recovery		
					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
FINANCE DEPARTMENT GENERAL FEES - CATEGORY I									
INTEGRATED WASTE MANAGEMENT LATE CHARGES - CATEGORY II									
1. Solid Waste Delinquencies									
1 Administrative Charges for Collection Procedure	\$76 per lien	100.0%	\$69 per lien	1,320,993	1,440,808	1,308,102	109.1%	99.0%	
2 Late Payment Charge (The charge level is set to encourage customers to submit payments by due date)	\$7.00 or 7% of the bill, whichever is greater		No Change		2,382,597	2,382,597			
3 Notice of Intent to Lien (The notice is not a penalty)	\$19 per notice	100.0%	\$17 per notice	330,248	359,018	321,227	108.7%	97.3%	
4 Special Assessment Charge (The charge is not a penalty)	\$5.00 per parcel	100.0%	No Change	31,915	31,915	31,915	100.0%	100.0%	
Sub-total Solid Waste Delinquencies		169.1%		1,683,156	4,214,338	4,043,841	250.4%	240.3%	
SUB-TOTAL INTEGRATED WASTE MANAGEMENT LATE CHARGES - CATEGORY II		169.1%		1,683,156	4,214,338	4,043,841	250.4%	240.3%	
TOTAL DEPARTMENT - GENERAL FUND				454,281	439,004	453,559	96.6%	99.8%	
TOTAL DEPARTMENT - NON-GENERAL FUND				1,683,156	4,214,338	4,043,841	250.4%	240.3%	
TOTAL DEPARTMENT - Category I				454,281	439,004	453,559	96.6%	99.8%	
TOTAL DEPARTMENT - Category II				1,683,156	4,214,338	4,043,841	250.4%	240.3%	
TOTAL DEPARTMENT				2,137,437	4,653,342	4,497,400	217.7%	210.4%	