



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Debra Figone
City Manager

**SUBJECT: 2012-2013 PROPOSED FEES AND
CHARGES REPORT**

DATE: May 4, 2012

The 2012-2013 Proposed Fees and Charges Report documents the majority of the fees and charges accruing to the City's General Fund and selected fees within other funds. This report does not, however, include a number of fees assessed by the City's enterprise operations (e.g., Airport, Downtown Parking, and Convention Center Facilities), as they are brought to the City Council for consideration separately.

The fees proposed in this document are assumed in the revenue estimates contained in the 2012-2013 Proposed Operating Budget. Cumulative departmental fees and charges for 2012-2013 are projected to generate revenue of approximately \$78.8 million, of which \$69.2 million would accrue to the General Fund. This overall collection level is approximately \$7.8 million above the 2011-2012 Adopted Budget estimate level of \$71.0 million.

This increase from 2011-2012 is primarily the result of growth in projected revenues for the Development Fee Programs (Building, Planning, Fire, and Public Works), which are above the 2011-2012 Adopted Budget levels

reflecting the continued strength in development activity. Parks, Recreation, and Neighborhood Services (PRNS) projected revenues are also higher, primarily as a result of increased activity, fee increases and new fees, and the operation of the Bascom Community Center and the Lake Cunningham Skate Park. Recommended fee changes to maintain or improve cost recovery levels, as well as a limited number of new fees that are proposed in several departments, are described throughout this document.

For all Council-directed cost recovery fee programs (excluding penalties, fines, and non-cost recovery activities), 2012-2013 proposed fees and charges are projected to recover 93.3% of fee program costs which is close to the 2011-2012 budgeted cost recovery level of 94.6%. This slight drop in the cost recovery rate is primarily due to lower cost recovery rates for the development-related fees only in the Planning, Building and Code Enforcement, Fire, and Public Works Departments. However, when the use of the development fee program reserves (primarily works-in-progress funding) is factored in as a source of revenue, all of these fee

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programs are actually at the 100% cost recovery level in 2012-2013.

The body of this report contains details, by responsible department, of proposed fees and estimated costs for the services for which the fees are assessed. In developing the 2012-2013 fee structure, staff was guided primarily by the City Council's policy direction to strive for 100% cost recovery for most fee-related programs. During the budget development process, all fee programs were reviewed to ensure that the amounts being assessed would remain competitive in the market, would not be too prohibitive, and would at least maintain current levels of cost recovery.

Additional City Council direction was also followed, so that where appropriate, fees take into consideration approved exceptions to the City Council's full cost recovery policy, as well as applicable State laws. The departments with an overall cost recovery level below 100% typically administer fee programs that the City Council has previously directed remain at less than cost recovery, generally in order to assure public access to services. Examples include fees for public records and youth recreation programs.

Highlights of the 2012-2013 Proposed Fees and Charges Report include the following:

DEVELOPMENT FEE PROGRAMS

Development activity, including planning permit applications, building permits, plan reviews, and inspection

activity, has experienced relatively strong performance through 2011-2012 that is expected to continue in 2012-2013.

Prior to 2009, development activity was extremely strong, amounting to an average of approximately \$1.0 billion per year in construction valuation from 2002-2008, and an astonishing \$1.8 billion in the preceding five-year time period (1997-2001). In 2009-2010, however, the City experienced one of the lowest levels of development activity in recent history, with valuation of only \$529 million. In 2010-2011, activity started to pick up, specifically in the residential (both new construction and remodels) and non-residential tenant-improvement categories. In 2011-2012, all of the development fee programs have outperformed the budgeted expectations, with the exception of the Planning Fee Program, which is meeting expectations. In response to the higher than anticipated activity levels, additional resources were added to each of the development fee programs as presented in the Development Services Staffing Needs memorandum that was approved by the City Council on January 31, 2012.

(http://www.sanjoseca.gov/clerk/Agenda/20120131/20120131_0403.pdf)

In 2012-2013, budget actions are recommended in all of the development fee programs to add resources to address the anticipated workload demands and meet service delivery goals. These additions can be supported by the existing revenues generated by the fee programs as well as the use of portions of the Development Fee Program Reserves.

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While minor fee revisions are proposed to clarify fees or more accurately charge for particular services, there are no general fee increases proposed in 2012-2013.

Planning, Building and Code Enforcement Department (Development Fees) – The Planning, Building and Code Enforcement (PBCE) Department administers a variety of fees and charges related to processing development permit applications and ensuring that construction in San José is safe and conforms to applicable building codes and regulations.

It is estimated that the 2012-2013 PBCE development-related fee program will collect revenues of \$22.3 million, reflecting a cost recovery rate of 91.6%. To maintain a cost recovery rate of 100%, the use of the Development Fee Program Reserves in the Planning and Building Fee Programs is recommended. The individual Planning and Building Fee Program actions are described in the following sections of this document and summarized below.

Building Fee Program – The Building Fee Program is projected to be at 92.9% cost recovery in 2012-2013 with a projected revenue estimate of \$19.7 million, \$2.4 million below the 2011-2012 estimated collection level of \$22.1 million. In 2011-2012, however, there were some large projects in North San José that contributed to the high collection level. The 2012-2013 revenue estimate assumes continued strong development performance. This collection level, along with the use of a portion of the

Building Fee Reserve is sufficient to support recommended program additions in 2012-2013. In addition to the 16 positions approved by the City Council on January 31, 2012, a number of expenditure proposals totaling \$1.8 million are included in the 2012-2013 Proposed Operating Budget: the addition of six positions to create a second priority project coordinated review team; funding for the electronic content management system phase III; web consulting contractual services; funding for consultant services for inspections and plan reviews to address peak workload demands; replacement of building inspection vehicles; the addition of administrative staffing (50% Building Fee Program and 50% Planning Fee Program); and additional funding for City Hall rent costs to align lease costs with current downtown rates. The use of \$1.5 million from the Building Fee Reserve is recommended to balance this fee program (estimated remaining reserve of \$11.5 million primarily for works-in-progress projects). With these actions, the Building Fee Program is expected to remain at 100% cost recovery.

The Building Fixed Time Assessments and Fixtures Fee Schedule, as reflected in Exhibit G in the Department Fees and Charges section, was added and adjusted to reflect actual staff costs for these permits. Five proposed fee changes that will result in fee reductions are: New and Replacement Windows and Doors; New and Replacement Commercial HVAC; New and Replacement Light Poles; Re-pipes; and Minimum Permit Processing for Water Heater Replacement. Based on efficiencies made within the Department, these adjustments are being made to better

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reflect the actual cost of staff work required for these permits. In addition, the Photocopies Fee is recommended to be increased from \$0.22 to \$0.24 per page to align with current costs.

Planning Fee Program – The Planning Fee Program administers a variety of fees and charges that are related to the processing of development permit applications. This Program is projected to be 83.1% cost recovery in 2012-2013 with estimated revenues of \$2.6 million. Although activity has remained low when compared to 2008-2009 and years prior, steady revenues are continuing to meet projections.

To improve service delivery and adequately allocate costs, the following budget actions are included in the 2012-2013 Proposed Operating Budget: addition of one position for the Expedited Coordinated Review process for Planning Permits; addition of one position (50% Building Fee Program and 50% Planning Fee Program) to assist in general office duties; and an increase in City Hall rent costs, bringing the lease costs for City Hall in line with current downtown lease costs. These actions are partially offset by a reduction in analytical support being shifted to the Fire Fee Program and the reorganization of staffing resources that ultimately reduce staff by a net 0.75 position to more accurately align job classifications with current work. The use of \$527,000 from the Planning Fee Reserve is recommended to balance this fee program (estimated remaining reserve of \$315,000 is primarily for works-in-

progress projects). With these actions, the Planning Fee Program is expected to remain at 100% cost recovery.

A change in State Law requires regular inspections of Historic properties to ensure conditions required to receive a Historic designation are met. The Historic Property Contract Application (Mills Act) Fee has been adjusted to include an inspection fee in order to recover costs associated with inspections. In addition, the Mitigation Monitoring Fee for Negative Declarations has been adjusted to reflect the time necessary for all mitigation monitoring work prior to Planning permit issuance for projects needing a negative declaration. However, downward adjustments to the Conditional Use Permit, as reflected in Exhibit A in the Department Fees and Charges section, are recommended to reflect actual staff costs for these permits.

The following fees are added to appropriately recover staff costs for the following activities: Historic Landmark Designation Fee, Mitigation Monitoring Review – Prior to Construction Activity, and Mitigation Monitoring Review – Prior to Issuance of Certificate of Occupancy. In addition, the Photocopies Fee is recommended to be increased from \$0.22 to \$0.24 per page to align with current costs.

Fire Department (Development Fees) – The Fire Department’s Development Fee Program has experienced strong activity levels in 2011-2012 that are expected to continue in 2012-2013. The 2012-2013 Base Budget revenue for the Fire Department Development Fee

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Program, projected at \$5.2 million, was approximately \$424,000 above the Base Budget cost of \$4.78 million.

Several actions are recommended in the 2012-2013 Proposed Operating Budget to balance this fee program and address service delivery needs. These actions include the addition of 1.0 Associate Engineer, 1.0 Permit Technician, 1.0 Senior Engineer, and 2.0 Senior Engineering Technician positions to improve cycle time, performance, and customer service for plan check and inspection activities for architectural, fire alarms, and sprinkler systems. Additional funding for City Hall rent costs is recommended to align lease costs with current downtown rates. The 2012-2013 Proposed Operating Budget also includes the elimination of a Senior Hazardous Materials Inspector (0.8 in Development and 0.2 in Non-Development). With these proposed actions, 2012-2013 Development Program costs are projected at \$5.6 million, while revenues are projected at \$5.2 million. The proposed use of a portion of the \$3.4 million Fire Fee Reserve (\$401,000) will allow the program to reach 100% cost recovery for 2012-2013.

Public Works Department – The Public Works Department has two fee programs, the Development Fee Program and Utility Fee Program. The Development Fee Program is responsible for the collection of various fees for private development-related activities, such as planning application review, plan review and inspection of public improvements, review of subdivision maps, grading permits, and revocable encroachment permits. Both these programs are operated

on a 100% cost recovery basis. Development Fee revenue is anticipated to end 2011-2012 above the adopted estimate of \$2.9 million at \$3.65 million. The 2012-2013 Base revenue projected at \$3.65 million was approximately \$629,000 above the Base Budget cost of \$3.02 million. To adequately align staffing with increased project activity and realign program costs, several actions are recommended, including the addition of 5.6 new positions (1.0 Associate Construction Inspector, 1.6 Associate Engineer, 1.0 Engineer II, 1.0 Principal Engineering Technician, and 1.0 Senior Engineering Technician) and reallocations of 2.61 positions from capital funds to the fee program to increase service delivery from 75% to the target of 85% completion rate within the specified time frame. Also, additional funding for City Hall rent costs is recommended to align lease costs with current downtown rates. While no major fee adjustments are proposed, there are some minor fee revisions to ensure equity across fee ranges. With these proposed actions, 2012-2013 Development Program costs are projected at \$4.12 million, while revenues are projected at \$3.65 million. The proposed use of a portion of the \$3.4 million Public Works Fee Reserve (\$474,000) will allow the program to reach 100% cost recovery for 2012-2013.

The Utility Fee Program issues utility excavation permits and encroachment permits to utility companies and other agencies. For 2012-2013, the Utility Fee Program Base revenue is projected to increase slightly to \$2.0 million, resulting in a base budget surplus of approximately \$276,000. To adequately align staffing with increased project activity, the addition of 1.4 positions (1.0

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Engineering Technician, and 0.4 Associate Engineer) and the reallocation of 0.53 positions from capital funds are recommended to help ensure that staff will be able to meet current performance goals. With these proposed actions, 2012-2013 Utility Fee Program costs are projected to remain at 100% cost recovery.

In addition to the two major fee programs, the Public Works Department also collects fees for utility undergrounding, Inter-Agency Encroachment Permits, and Geographic Information Systems (GIS) data extraction services.

Transportation Department (Development Fees) – The development fees administered by the Transportation Department are expected to generate approximately \$380,000 in 2012-2013. The Transportation Department is responsible for the collection of fees for various development-related activities such as: Geometric Plan Design; Tree Planting and Young Tree Trimming; Sale of Street Name Signs; Signal Design/Review; and New Subdivision Traffic Control Signs and Pavement Markings. These fee categories will remain at 100% cost recovery in 2012-2013 as a result of increased activity levels and recommended fee adjustments.

OTHER FEE PROGRAMS

City Clerk – One of the City Clerk’s responsibilities is to make all official City Council records and documents

accessible to the public. The Office of the City Clerk also performs special research and notary services, and provides duplication of taped materials on a fee basis. In 2012-2013, an increase to the Document Copying fee is recommended as a result of reviewing the time and resources necessary to complete this service. Also included in this document is a recommendation to eliminate the Redevelopment Agency Agenda Subscription fee due to the dissolution of the San Jose Redevelopment Agency. Effective February 1, 2012, all redevelopment agencies in the State of California were dissolved pursuant to AB X1 26.

Office of Economic Development – The Office of Economic Development (OED) is responsible for the collection of fees related to Office of Cultural Affairs (OCA) activities, including various event and use permit fees. OED is also responsible for administering the City’s Enterprise Zone Program and the Foreign Trade Zone and Subzones, including processing applications, boundary modification, and contract negotiations and extensions. In 2011-2012, OED assumed responsibility for the Enterprise Zone Program, which had previously been supported by the San Jose Redevelopment Agency. This program, which included staff to administer the program offset by revenues generated by a Enterprise Zone Voucher Application Fee of \$109, was added on a one-time basis. In the 2012-2013 Proposed Operating Budget, this program is recommended to be continued on an ongoing basis, including the continuation of the Enterprise Zone Voucher Application Fee.

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As a result of the economic downturn, on April 6, 2010, the City Council approved a set of strategies to encourage events and activities in the City of San José. The Gated Event on Public Property Fee was suspended through June 30, 2012 (5% of gross gate receipts reduced to 0%). Extension of the fee suspension through June 30, 2014 was approved by the City Council on May 1, 2012 to provide continued opportunity for event producers to increase revenues. No fee increases are recommended for OED fees.

It should be noted on April 23, 2012, the City Council approved the recommendation for staff to assess the feasibility of eliminating the private property permit fee for commercially zoned parking facilities in the downtown and return to Council with a recommendation during the Fees and Charges process. OED will provide an update on this City Council direction through the release of a Manager's Budget Addendum in late May.

Environmental Services Department – The Environmental Services Department (ESD) administers two fee programs as part of the Integrated Waste Management Program: Source Reduction and Recycling Fees, and Franchise Application Fees. There are several fees in the Source Reduction and Recycling category: two Commercial Solid Waste fees, a Landfill Waste Disposal fee, a Disposal Facility Operator Integrated Waste Management Fee, and two Waste Diversion Compliance Review fees. The Commercial Solid Waste Fees and Landfill Waste Disposal Fee are also commonly referred to as AB 939 fees. In

addition to Integrated Waste Management Program fees, the Environmental Services Department receives revenue from two fees administered by the Library Department for the Silicon Valley Energy Watch Tool Lending Library Program. These fees recover the cost of damaged or lost power- meters rented out to the public by libraries.

A new Commercial Solid Waste Fee for commercial solid waste collected by exclusive franchisees is established for 2012-2013. This fee is set at \$3.8 million per fiscal year, to be paid by an exclusive franchisee. Previously, the Department administered only one Commercial Solid Waste Fee, which applies to non-exclusive franchisees. Higher revenues generated by the new Commercial Solid Waste fee for exclusive franchisees will bring the Commercial Solid Waste program to cost recovery. An increase of \$15 per review in the Waste Diversion Compliance Initial Review will allow the Department to recover 100% of the costs associated with these initial reviews. The Waste Diversion Compliance Additional Review fee is revised from \$100 per hour to \$62.53 per hour, to more accurately reflect the staff costs required for one hour of review. A new Disposal Facility Operator fee is included in this report to reflect fees collected through the County for solid waste programming.

Finance Department – The Finance Department is responsible for collecting, accounting for, and monitoring the license and permit fees for Christmas tree and pumpkin patch lots, circuses, carnivals and parades, and other miscellaneous fees, along with Integrated Waste

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Management-related late charges. The Finance Department would also be responsible for collecting any Medical Marijuana regulatory fees. These fees, however, have been suspended.

For 2012-2013, upward and downward adjustments to various fees are recommended based on the projected staff resources to administer the fees and 2012-2013 costs. In 2012-2013, these cost-recovery fees are projected to generate \$454,000 in the General Fund. The Integrated Waste Management-related late charges and fees are projected to generate approximately \$4.0 million in the Integrated Waste Management Fund. This figure incorporates downward adjustments to the Administrative Charges for Collection Procedure and the Notice of Intent to Lien proposed for 2012-2013 based on updated cost projections.

The 2011-2012 Adopted Budget included Medical Marijuana regulatory fees. 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.

Fire Department (Non-Development Fees) – The Non-Development Program administers fire safety and hazardous materials permits and conducts inspections for

permitted occupancies in the City of San José. The 2012-2013 Base Budget revenue for the Fire Department Non-Development Fee Program, projected at \$4.1 million, was approximately \$278,000 above the Base Budget cost of \$3.8 million. Several actions are recommended in the 2012-2013 Proposed Operating Budget to balance this fee program and address service delivery needs. These actions include: the addition of 1.0 Fire Prevention Inspector to improve inspection performance; an increase in overtime funding to allow for inspections on weekends and after normal business hours; and a net increase in support staffing of 0.8 positions (accounting, analytical, and clerical) to enable more effective service delivery. With these proposed actions, the 2012-2013 Fire Department Non-Development Fee Program is projected to remain at 100% cost recovery.

Housing Department – The Housing Department administers the Rental Rights and Referrals Program, and is responsible for the collection of Inclusionary Fees, Rental Mediation Penalty Fees, Homebuyer Subordination Fees, and Multi-Family Project Owner Transfer Fees. There are no proposed changes to the existing Inclusionary in-lieu fees, the Homebuyer Subordination Fee, or the Multi-Family Project Owner Transfer Fee. However, in order to maintain cost recovery levels for the Rental Rights and Referrals Program, a one-time use of \$145,069 from the Reserve for Rental Rights and Referrals generated from prior year fee program savings and fee increases for rent-controlled apartments (from \$5.00 to \$6.50) and mobile home units (from \$13.82 to \$16.00) are included.

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Two new proposed fees are included in this document to recover staff costs for processing loan transactions. The Multi-Family Loan Payoff Fee will cover the costs for processing requests from multi-family housing project owners who are refinancing the loan on the property and requesting the City to subordinate its loan to the new loan. The fee structure is \$368 per standard transaction with an additional \$92 per hour for transactions that take more than four hours for Housing staff and an additional \$83 per hour for transactions that take more than two hours for City Attorney's Office staff. The second new proposed fee is the Single-Family Loan Payoff Fee, which will reimburse the City for the cost of processing early payoff for single-family loans. The fee is set at \$144 per regular transaction and \$287 per short sale transaction.

Library Department – The Library Department levies fines for overdue, lost, and damaged materials, and collects fees for various services such as community room rentals and providing materials through other library systems. The revenue collected by the Library Department is primarily generated by fines, which were not changed in 2011-2012. No changes to fees are recommended for 2012-2013. The 2012-2013 revenue estimate of \$1.3 million, including both fines and fees, reflects an increase from 2011-2012 partially due to the staggered openings of four new branch libraries throughout the year.

Parks, Recreation and Neighborhood Services Department – The Parks, Recreation and Neighborhood Services Department (PRNS) collects a variety of fees and

charges related to sports, sports fields and facilities, recreational lessons and facilities, and admission charges for Happy Hollow Park and Zoo.

The Pricing and Revenue Policy that was first approved and implemented in 2009-2010 allows the City Manager, or his or her designee, to set PRNS user fees and pricing strategies in accordance with annual City Council-approved cost-recovery percentage goals; thereby increasing PRNS' ability to achieve cost recovery goals, ensure affordable access, and preserve existing services by decreasing PRNS' dependence on the General Fund.

As part of the 2012-2013 Proposed Operating Budget, every revenue category was thoroughly examined and adjusted based on anticipated fee increases or proposed service augmentations, as necessary. As a result, the revenue estimates for 2012-2013 have been adjusted from levels assumed in the 2011-2012 budget. With the exception of Fitness and Drop-In Programs and Lake Cunningham Parking, all PRNS cost recovery goals as outlined in the attachment to the PRNS section of this document are recommended at 2011-2012 approved levels. The Fitness and Drop-In Programs cost recovery goal is recommended to be increased from 50% to 65% based on estimated activity levels. The Lake Cunningham Parking cost recovery goal is recommended to increase from 202% to 375% based on a new parking fee structure.

For 2012-2013, \$14.8 million in fee revenue is anticipated, reflecting an increase of \$1.4 million from the 2012-2013

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base revenue estimate. Additional revenue is anticipated as a result of increased activity, fee increases and new fees, and the operation of the Bascom Community Center and the Lake Cunningham Skate Park.

Increased activity levels are anticipated in almost all of the categories, including aquatics, fee classes/activities, fitness and drop-in programs, skate park, rentals and reservations, and park permits. The PRNS Department's concerted efforts to market programs, fee activity classes and fitness and drop-in programs are contributing to the increased activity levels.

There are several changes included in 2012-2013 for park permits. A new special park use (SPU) trail fee will be implemented that will recover City costs associated with the set up and clean up of events held on trails. A new SPU event multi-use fee will also begin in 2012-2013 and covers those instances when the use of a park is requested for a series of events greater than one and less than ten. Other actions include moderate increases to the Happy Hollow Park and Zoo admission fees, the air jump, and film permit fees. In addition, the price to reserve a neighborhood park picnic site will increase slightly and ten additional reservation sites will be added.

Revenues are also expected to be generated from the Bascom Community Center and the Lake Cunningham Skate Park, which is budgeted as a 100% cost recovery program in 2012-2013 with the addition of donations to support this program.

Planning, Building and Code Enforcement Department (Non-Development Fees) – The Code Enforcement Division of the Planning, Building and Code Enforcement Department collects fees for multiple housing permits, solid waste enforcement, neglected/vacant building registration, landfill closure and post closure activities, auto body repair shop permits, auto dismantler permits, abandoned shopping cart program, and off-sale alcohol enforcement. The Code Enforcement Fee Program is projected to be at 100% cost recovery in 2012-2013 with a projected revenue estimate of \$8.3 million.

For 2012-2013, upward adjustments to a number of miscellaneous Code fees are proposed to recover the net increase in personnel costs, as well as increased costs for technology associated with the Code program. No fee increases are recommended for the Solid Waste Enforcement Fee, the Multiple Housing Occupancy Permit Fee, the Landfill Closure and Post Closure Fee, and the Off-Sale Alcohol Enforcement Permit Fee. The Building Code Compliance fee is recommended to be decreased.

Police Department – In this department's fee program, fees are collected from the public and from other police agencies for services such as fingerprinting, computer searches, copying of public records, and releasing impounded vehicles. Certain businesses and activities are subject to regulation, and fees are charged to offset the costs for processing permits and licenses that accompany the regulatory process and to partially offset costs for related investigative work.

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Police Department fees are expected to generate \$3.7 million in 2012-2013. Activity is anticipated to remain steady, and most of the fees will remain at their current levels or increase slightly to maintain the Council-approved cost recovery level; however, a time analysis study for some fees and civilianization within the Permits Unit have impacted certain fees more significantly. Fees that will be reduced include the Massage Business Permit fee, the Peddler Approved Location – New Permit fee, the Temporary Street Closing Permit fee, and the Private Property Tow Permit fee. A time analysis study for the remaining permits and fees administered by the Police Department is currently being conducted to evaluate the appropriate amount of time allocated to each fee category. Any appropriate fee revisions resulting from that study will be incorporated into the 2013-2014 Fees and Charges document.

The majority of Department fees are in the 100% cost recovery category; however, the Peddler Mobile New Permit fee was determined to be lower than cost recovery. To mitigate the impact of the full fee increase which would be required to achieve 100% cost recovery, this fee increase is being phased in over several years, and will increase by 20% in 2012-2013. In addition to the Peddler Mobile New Permit fee, the other fees in this category which are not at full cost recovery include the Traffic Accident Report fee, the Repossessed Vehicle fee, and the Public Records Duplication fee due to legal limitations on the amount of the fees.

The 2012-2013 Proposed Operating Budget restructures the Gaming Unit to address cardroom regulation activities in a more cost effective manner and decrease the time it takes to process various cardroom permits. This restructuring results in the proposed lowering of the Cardroom Fees. The Taxi Driver’s Permit fee is recommended to be split into two separate fees. As a result of a time analysis study, it was determined that the costs associated with renewing a Taxi Driver’s Permit were less than administering a new Taxi Driver’s Permit.

Three new fees are being added to the Police Department’s Fees and Charges: a Repossessed Vehicle fee, a Tow Service Dispatch fee, and a Visa Clearance Letters fee. The Repossessed Vehicle fee is charged to a registered vehicle owner who reports a missing or stolen vehicle that was actually repossessed. When the Department receives a request to tow a vehicle from either a private property or a public right of way, the Tow Service Dispatch fee recovers the cost to prepare dispatch bills for the six tow companies contracted with the Police Department. The Visa Clearance Letters fee is charged to individuals who require a criminal history check to obtain a travel visa.

Public Works Department (Non-Development Fees) – The Public Works Department is responsible for the collection of various fees for events at City Hall. Event spaces rented for which a fee is charged include the Rotunda, the Plaza, the Council Chambers, and the Committee Meeting Rooms. In addition, the Department collects fees related to animal permits and licenses, animal adoption, and other animal

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shelter services fees. There are no fee revisions recommended for City Hall or Animal Care and Services for 2012-2013. These fees are expected to generate \$2.3 million in 2012-2013.

In this document, fees are also displayed for the Mexican Heritage Plaza; however, these fees are not being assessed as this facility is being operated by a third party operator, 1st ACT Silicon Valley. Current fees and the corresponding revenues from events at this facility are directly managed by this operator though continue to be displayed in this document should the City resume management of operations at a future time.

Transportation Department (Non-Development Fees) –

The non-development fees administered by the Transportation Department are expected to generate approximately \$540,000 in 2012-2013. Fee adjustments are recommended in this report for several of the Transportation Department non-development-related fees to keep pace with projected costs and/or maintain full cost recovery. Revisions to the following fee categories are proposed: the Side Sewer Installation, Freight Loading Zone Permit, Transportation Escorts, Banner Installation, Double Banner Installation, Miscellaneous Reports, New Banner Installation, New Double Banner Installation, Signal Central Monitoring, Tow Away Signs, Valet Parking Zone Annual fee, New Subdivision Pavement Markings and Traffic Control Signs, Sale of Street name Signs, and Taxi Stand Rental categories. An increase to the Residential Parking Permit fees, which have not been

adjusted since 2004-2005, will improve the cost recovery percentage for that program from 80.3% to 89.8%. An additional increase to this program may be brought forward for 2013-2014 to complete the phase-in towards 100% cost-recovery status; however, efficiencies are being pursued to decrease costs for this program which may mitigate the need for future fee increases.

OTHER FEE REVISIONS

As mentioned earlier, there are a number of fees that are not included in this document as they are brought forward separately to the City Council. As described in the Proposed Operating Budget, Municipal Water System rates are anticipated to increase by approximately 9.5% due to the higher cost for wholesale water. There are no fee increases proposed for Recycle Plus rates, the Sewer Service and Use Charge Fee, the Storm Sewer Service Fee, or parking garage rates.

SUMMARY

Proposed fees and fee structure revisions are presented in the following summaries and detailed in the departmental sections that form the body of this Report. The revenues that will result from the proposed fee adjustments are reflected in the 2012-2013 Proposed Operating Budget.

Notification to the public and interested parties of the proposed fee program changes was provided through various means, including meetings with interested

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stakeholders, and through distribution of this document to the City Clerk's Office and to Library branches. Specific notification efforts are described in each of the Departmental Impact Analysis Reports contained in this document.

This 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.



Debra Figone
City Manager