

## Staff Report

DATE: May 1, 2011  
TO: City Council  
FROM: Gail Buller, Financial Services Manager  
SUBJECT: FY2011/12 Proposed Changes to Fees and Charges

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### **Recommendation**

Hold Public Hearing, and adopt the attached resolutions approving the changes to selected City fees and charges:

- 1) A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DAVIS APPROVING CHANGES TO CERTAIN FEES AND CHARGES FOR THE PROVISION OF SERVICES BY CITY DEPARTMENTS
  
- 2) A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DAVIS APPROVING CHANGES TO CERTAIN FEES AND CHARGES FOR THE PROVISION OF SERVICES BY THE DEPARTMENT OF COMMUNITY DEVELOPMENT AND SUSTAINABILITY PLANNING DIVISION AND PUBLIC WORKS DEVELOPER FEES

### **Summary**

A major element of the City Manager's FY2011/12 Proposed Budget is the review and update of fees. While the revenues anticipated by proposed increases to various fees have been reflected in the FY2011/12 Proposed Budget, a separate action by the City Council is required to implement any new fee or changes to existing fees. A Public Hearing is scheduled to review specific fee proposals and consider public input prior to adoption by the City Council.

### **Council Goals**

Achieve long-term financial stability

### **Fiscal Impact**

The fee recommendations contained in this report for help generate \$6,911,639 in departmental revenues that are included in the revenue estimates used to develop the FY2011/12 Proposed Budget. This level of departmental revenue represents an increase of 13% above the departmental revenues estimated for FY2010/11. It should be noted that these revenues reflect not only the proposed fee increases, but also changes in underlying level of program activity, and the establishment of new fees.

The following table summarizes the changes in departmental revenues included in the FY2011/12 budget over all funds:

<b>Departmental Fee Revenues-All Funds</b>					
<b>Department</b>	<b>FY 09-10 Actual</b>	<b>FY 10-11 Adjusted Budget</b>	<b>FY 10-11 Estimate</b>	<b>FY 11-12 Preliminary Budget</b>	<b>% Change</b>
Community Services	\$ 2,446,074	2,411,459	2,444,502	2,604,791	7%
Comm Dev & Sustnbilty	1,773,332	1,971,734	1,924,350	2,623,230	36%
City Manager's Office	431,051	46,510	51,682	47,942	-7%
Public Works	490,133	469,050	479,066	455,768	-5%
Fire	871,086	813,775	852,536	847,361	-1%
Police	350,300	335,476	343,664	332,547	-3%
<b>Total</b>	<b>\$ 6,361,976</b>	<b>\$ 6,048,004</b>	<b>\$ 6,095,800</b>	<b>\$ 6,911,639</b>	<b>13%</b>

### **Background and Analysis**

Departmental fees are reviewed each year in conjunction with development of the annual budget. The goal of this review is ensuring that fees are adjusted regularly, as appropriate, in relation to program costs and goals related to level of cost recovery.

The following recaps efforts undertaken to date related to fee proposals included in the FY2011/12 Proposed Budget:

- The Finance Department established baseline revenue projections for FY2011/12, to include a 2.85% across-the-board increase in service fees charged by departments, based on estimates of increases in fee-funded program expenditures.
- The budget instructions provided to departments to guide development of the FY2011/12 Proposed Budget included a requirement that all departments review fees, consider specific increases required in support of the target 2.85% increase in fee revenues, and provided a process/framework for justification of possible fee increases.
- Subsequently, individual departments in conjunction with their FY2011/12 budget submittals submitted proposed various and specific fee increases. Fee increases proposed by departments were requested to be supported by a fee analysis worksheet which summarized program costs, extent of current fee-based cost recovery, and –where available – comparisons of like fees with other jurisdictions.
- Finance Department staff reviewed and consulted with departments to ensure revenue estimates were consistent with proposed fees, and that fees were covering all possible costs.

A set of draft cost recovery goals was applied to each of the proposed fees presented for adoption in this report. The goals are broadly defined as follows:

<b>Recovery Category</b>	<b>Description</b>
Low	<i>Should recover no less than 0% to 40% of cost</i> Provide Community-wide benefit Enhance the health, safety, and livability of the Community
Medium	<i>Should recover no less than 40% to 80% of cost</i> More specialized activity Fulfill a specific interest or need
High	<i>Should recover no less than 80% to 100% of cost</i> Programs or activities offered to generate revenue Offered as individual convenience

Included fees, and proposed changes recommended for FY2011/12 were reviewed in context of underlying program costs and implied cost recovery levels. A determination was made as to whether each proposed fee meets its stated goal, and is expressed either as a percentage or as a judgment by staff as to where the level of cost recovery falls. Both the goal and the cost recovery level achieved are presented with each fee change proposal.

**Attachments**

- A - Proposed Changes to Fees and Charges
- B - Proposed Changes to Development Fees and Charges
- Resolution – City Department Fees
- Resolution – Development-related Fees