



Legislation Text

File #: 2023-0309, Version: 1

Report to Mayor and City Council

Tuesday, June 06, 2023

Special Orders of the Day

SUBJECT:

PUBLIC HEARING TO CONSIDER RESOLUTION NO. 23-091, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON TO APPROVE AND ADOPT THE AMENDED 2023 UNIFORM COMPREHENSIVE SCHEDULE OF FEES

I. SUMMARY

Cities charge fees for various services, such as issuing permits, conducting plan reviews, and providing recreational activities like Zumba classes. These fees help recover the costs of providing these services and ensure that the costs are borne by those who benefit from them rather than being spread across the entire tax base. Cities adopt fee schedules to establish fees for services and to ensure that the fees charged are fair, reasonable, and consistent. Fee schedules are updated periodically to reflect changes in the cost of providing services, changes in demand for services, and changes in state and federal regulations. Simply stated, setting user fees is equivalent to developing prices for established services. Unlike private organizations or businesses, making a profit in providing services to the public is not a legally allowable practice for local government. The City may set fees at a level to recover the full cost of providing the service. However, there are circumstances where the City Council can set policies in establishing fees for certain services at a level that does not recover the full costs, resulting in a General Fund subsidy.

On February 4, 2020, the City Council approved a professional services agreement with Revenue & Cost Specialists, LLC, ("RCS"), an independent financial consulting firm that specializes in government cost allocation, cost recovery, user fee study and overhead cost analysis. RCS spent numerous hours working with City staff to identify services offered by each department and calculating the full cost of identified services including labor, benefits, material, supplies, overhead expenditures, and determining subvention levels for each service. The Cost of Services Study (Exhibit 3) clearly outlines the current fees, the time allocated for each service and the methodology in calculating the actual cost for each City service, along with recommended fees. The cost study was an important element in determining the full costs of programs the community enjoys and at the level of service the community expects. The calculation of the full costs of service can then be used as a guideline for the City Council to determine the appropriate level of cost recovery. The last

professional comprehensive fee study conducted by the City of Carson was approximately 30 years ago. It is the City's intent to have a well-documented and defensible analysis that identifies labor, material and overhead costs to be used in calculation of fees, including plan checking, permits, and City facility usage and rentals.

City staff recently conducted two fee study workshops for the City Council, which provided an in-depth look into the analysis and fee recommendations by RCS. Each workshop gave the Council members an opportunity to discuss the report and the findings but also provide direction to City staff on implementation and approval of the fees. Tonight's public hearing is the chance for the community to address the City Council, and staff is requesting the City Council to approve the 2023 Uniform Comprehensive Schedule of Fees.

II. RECOMMENDATION

1. OPEN the public hearing.
2. TAKE public testimony and accept any written and/or oral communications.
3. CLOSE the public hearing.
4. WAIVE further reading and ADOPT Resolution No. 23-091, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, TO AMEND THE 2023 UNIFORM COMPREHENSIVE SCHEDULE OF FEES."

III. ALTERNATIVES

TAKE another action deemed appropriate by the City Council.

IV. BACKGROUND

Staff released a Request for Proposals (RFP 19-016) on September 12, 2019 and received six proposals from firms specializing in local government financial analysis. A selection committee comprised of staff from Public Works, Community Services, Community Development, and the Finance Department who reviewed the proposals and rated each firm based on a set number of criteria: demonstrated knowledge and capabilities, experience, proposed approach, project rates and fees. Of the six firms, four met the selection committee's minimum criteria and those four were invited to participate in an interview. The interviews were conducted on December 3, 2019, the selection committee ranked Revenue & Cost Specialists, LLC, ("RCS") as the top firm. At the February 20, 2020, City Council meeting, staff recommended approval of a professional services agreement with RCS for development of a Comprehensive User Fee Study. The City Council approved the agreement and directed staff to begin working with RCS in establishing study sessions with applicable departments. Though the COVID-19 pandemic paused the staff meetings, RCS and staff resumed discussions and concluded the evaluation and analysis. Through RCS's meetings with staff, identified services and costs

were discussed, the labor costs with processing/approving applications and permits, costs of providing community classes, as well as a variety of miscellaneous City services. The drafted report also identified the beneficiaries of these services and if the service is paid at the full cost or subsidized by the General Fund.

RCS's analysis is designed to provide the City with a systematic and documented approach to understand, control, and capture the costs that are incurred by normal service demands, growth, and economic inflation. This study also recognizes any costs that are capped by the State but remaining fees are identified and calculated, including labor and overhead costs.

Staff conducted two fee study workshops for the City Council to review the recommended fees and to provide feedback to RCS and staff. The first workshop conducted at a special City Council meeting on March 9, 2023, specifically targeted Community Development, Public Safety, and Administrative Services costs.

COMMUNITY DEVELOPMENT SERVICES

The basic Community Development services are supported by general taxes. However, personal choice services such as building permits and Planning applications, are those that benefit a developer and those fees are paid by the developer/applicant. However, if no development occurred, most of the costs/fees could be eliminated or significantly reduced. It is also recommended that many Planning fees be moved to a flat fee rather than deposit based; however, more complex applications/permits will remain as deposits.

PUBLIC SAFETY SERVICES

These services are those provided by the City Public Safety/Code Enforcement Division. The study identified eight services: reinspection, Code Enforcement warrant, lien processing, abatement, private property vehicle abatement, vehicle release, sign removal, and parking enforcement. Four identified services (reinspection, warrant, abatement, and lien processing) did not have an established fee but through this study, each of those four services will now have an associated cost.

ADMINISTRATIVE SERVICES

All miscellaneous administrative services are identified in this section. For example, Business License applications processing fee, Fireworks permit fees, City Treasurer fees which include check processing, and the City Clerk's Office such as candidate filing fees. It should be noted that any increase in Business License fees is separate from the established Business License tax.

Based on the two fee study workshops and the City Council's direction, various fees were adjusted, and the 2023 Uniform Comprehensive Schedule of Fees (Exhibit 2) reflects fees for the above departments. Various fees will be implemented to full cost recovery (noted FULL in column F on the schedule of fees), some fees will be phased over a two-year period to full cost recovery (noted PHASE in column F), and four fees are subsidized (noted SUBSIDY in column F) by the General Fund. The fees that will be subsidized are Sign Permit, Block Party Permit, Business License (new) - Home Occupation, and

Fireworks Sales Permit Application.

The second fee study workshop occurred on April 20, 2023, which specifically discussed Community Services (Leisure & Cultural Services) and Transportation. The Community Services and Transportation fees are not included in tonight's public hearing due to those City program fees can change based on several variables, such as inflation, the demand for the service/class, attendance, etc. At the City Council's direction, fees for these City services and programs will be determined by staff.

The projected revenue detailed in the Uniform Comprehensive Schedule of Fees lists \$886,900 and the total revenue is possible once full cost recovery on fees occurs after implementation of year two. Since there are four subsidized fees, the overall revenue could be reduced by \$104,700; therefore, the final annual anticipated revenue to the City is \$782,200.

At the conclusion of tonight's public hearing, all fees are subject to implementation after a required a 60-day waiting period. If the recommended fees are adopted at tonight's City Council meeting, all fees will be adjusted and implemented on August 7, 2023. The fees that are noted PHASE, the best practice is that the second year of the fee increase commences July 1, 2024. Though July 1 is not 12-months after the initial implementation, July 1 correlates to the beginning of the 2024/25 fiscal year and it will aid staff in calculating revenue when developing the budget.

Staff is recommending that the City Council adopt Resolution 23-019, which will approve the 2023 Uniform Comprehensive Schedule of Fees as documented in Exhibit 2. Staff received valuable feedback and direction at the two City Council fee workshops. Based on those workshops, the Cost of Services Study report and direction received by the City Council, RCS developed the final schedule of fees and implementation schedule.

V. FISCAL IMPACT

The cost of RCS's services is budgeted through the Finance Department's budget for fiscal year 2022/23. The possible revenue derived from this study is dependent on the City Council's adoption of the recommended fees.

VI. EXHIBITS

1. Resolution No. 23-091 (pgs. 5-9)
2. 2023 Uniform Comprehensive Schedule of Fees - Exhibit A (pgs. 10-13)
3. Cost of Services Study - RCS Report (pgs. 14-372)

Prepared by: Cristine Gaiennie, Revenue Manager and Tarik Rahmani, Deputy City

Manager