



Agenda Report

File #: 18-2306

**AGENDA REPORT
REQUEST FOR CITY COUNCIL ACTION**

DATE: 11/20/2018

TO: Honorable Mayor and City Council Members

FROM: Administrative Services Department

SUBJECT:

Public Hearing for City Council consideration of Resolution No. 2018-125 revising the Citywide Master Fee Recovery Schedule and Recovery Percentages (excluding building fees) and repealing Resolution Nos. 2014-003, 2015-068, 2016-097, 2017-020, 2017-101, and 2018-023.

RECOMMENDED ACTION:

That the City Council adopt Resolution No. 2018-125 revising the Citywide Master Fee Recovery Schedule and Recovery Percentages (excluding building fees) and repealing Resolution Nos. 2014-003, 2015-068, 2016-097, 2017-020, 2017-101, and 2018-023.

ANALYSIS:

The last comprehensive review and update of all City user fees was completed in 2015. Typically, these studies are completed every two years to reflect the impact of inflation and other cost changes and updates to the structure for providing City services. Due to the 2017 implementation of TrakIT, the City's new permitting system, the City elected to postpone the full fee update for one year. On January 8, 2018, Request for Proposals (RFP) 18-023WY Cost Allocation Plan (CAP) and Fee Study was posted on the City's website and sent to seven known firms that provide CAP and Fee Study services.

Four (4) proposals were received by the January 30, 2018 due date and subsequently reviewed by a panel of City staff. Evaluation of the proposals was based on five criteria: 1) Qualifications of Firm, 2) Qualifications of Personnel, 3) Related Experience, 4) Completeness and Timeliness of Response and 5) Competitive Cost and Price. MGT Consulting Group (MGT) scored the highest of the four firms. The following is a summary of the proposals received and scoring results:

Rank	Firm	Location
1	MGT Consulting Group	Sacramento, CA
2	Willdan	Temecula, CA
3	Revenue & Cost Specialists, LLC	Fullerton, CA
4	Matrix Consulting Group	Mountain View, CA

After vendor selection, MGT and the Administrative Services Department staff began working closely with departments to review and update department activities related to user fees. The goals of the project were as follows:

- Ensure the City is accurately accounting for the total costs to provide fee-related services by conducting a citywide cost-based user fee study;
- Analyze areas where the City may adjust fees based on the full cost of services and other economic or policy implications;
- Identify best practices for establishing user fees and maintenance of fees over time; and
- Review data from comparable agencies providing similar fee services.

The purpose of conducting a user fee study is to identify the full cost of providing fee related services and recommending recovery levels for each fee. To determine the full costs of a service, it is necessary to analyze all the costs, whether fee-related or not, to fairly distribute costs across all activities provided by City departments. The costs are calculated using the hourly rate of staff providing the service and the time spent to provide the service. MGT provided guidance on the fee study process and its calculation methodology was used to develop the full cost of each user fee. Data was collected using costs from the Fiscal Year 2018-19 Adopted Budget, as well as staff time estimates and service volume data.

The recommended fee schedule is separated into two categories for each department: market based and non-market-based fees. Market-based fees are for services and programs that the City provides in its proprietary, as opposed to a regulatory capacity. Market-based fees are not limited to the City's calculated costs and can be based on the market rate for such services or programs. Generally, market-based fees are imposed for services or programs such as use or rental of City fields and facilities. Non-market-based fees are imposed for the services and programs that the City provides in its regulatory capacity, such as building permits and other development related permits.

The attached Master Fee Recovery Schedule includes the current fees, recommended fees, difference, and percentage of recovery. The primary reasons for fee changes, as compared to the prior fee study, include: 1) Staffing level changes, 2) Time allocation updates, 3) Current costs to perform the service or program, and 4) Percentage of recovery. The Master Fee Recovery Schedule also includes new fees and fee restructures that are recommended by City staff. Those fees are identified and summarized below.

New/Restructured Fees

Fire Department

The Fire Department is recommending restructuring the Fire Prevention Division Inspection to better accommodate the various occupancy types, and to establish the following new fees: Inspection

Cancellation Fee, Expired Permit/Extension Fee, and an Expedited Plan Check Fee.

Legal and Risk Management

Legal and Risk Management staff have identified new fees relating to cell sites and the subsequent amendments, letters and supplements that follow. As such, staff recommends establishing the following new fees: Communication Site License Agreement, Communication Site License Agreement Minor Consent Letter, Small Cell Site Master License Agreement, Small Cell Site Modification / Amendment, and Small Cell Site Location Specific Supplement.

After the presentation of the proposed fees at the November 7, 2018 Finance, Legislation and Economic Development Committee, time estimates for multiple fees have been adjusted to more accurately reflect the time spent on these services. The additional review and revisions ultimately led to fee reductions as compared to the November 7, 2018 information.

Library and Recreation Services (LaRS)

There are various fee revisions recommended by the department. City staff recommends that City Council establish facility rental fees to reserve (1) the meeting room located in the HCC Gym; (2) both Splash Pads (Ridgeline and Citrus); and (3) tennis courts based upon prevailing market rates. LaRS also recommends establishing a Facility Reservation Cancellation fee for the numerous rentable facilities; and a Gallery Display fee based on placement at the Corona Library. Finally, the department is recommending revising the rental structure from a flat rate to a per hour rate for the following facilities: Historic Civic Center (HCC) Auditorium Theater, Senior Center Main Room, HCC Community Room, Auburndale South, Victoria Main & South, Senior Center R&R Room, HCC Gym Fitness, Auburndale North, Vicentia Activity Center, Brentwood Park Center, Victoria North, Senior Center Sunshine, HCC Gym Teen Room, and the City Park Fiesta Band Shell.

Maintenance Services

The Parks Maintenance Division within the Maintenance Services Department is recommending a new Tree Exchange fee. The fee will be applicable to residents requesting that an existing tree be removed and replaced with a different tree, merely due to the resident's preference.

Planning Division

The Planning Division recommends establishing a Planning Director Modification fee, in accordance with the Corona Municipal Code (CMC) 16.12.070 (B) Change in map conditions before final map, which states "When a nonsubstantive change in a map condition is sought by the subdivider, the Planning Director, following consultation with other affected city departments, may exercise reasonable discretion and approve such change without need for notice or hearing. A fee shall be charged to cover the costs of such letter modification. For purposes of this section, 'nonsubstantive' shall mean minor in scope and impact, and not a change which upon reasonable and careful examination by the Planning Director is likely to lead to a meaningful change in environmental effects or an increase in density." Additionally, the division recommends establishing a fee titled, Minor Modifications to Telecommunications Facilities, in accordance with Corona Municipal Code (CMC) 17.65.050 (C) Minor telecommunications facilities; zoning administrator approval, which states "When an application is filed under this section, a fee established by resolution of the City Council shall be paid for the purpose of defraying the costs incidental to review of the application."

Police Department and Animal Control

Police and Animal Control recommends establishing a Potentially Dangerous or Vicious Dog License

fee under Animal Regulation. Additionally, to encourage adoption, the department is seeking to establish a reduced animal adoption processing fee, solely for animals that have been in the shelter longer than 30 days. The fee for microchipping is being updated to include personnel and other costs involved in providing the service. Finally, the department is recommending establishing a DUI Incident Documentation fee to account for the subsequent documentation that follows a DUI case.

Public Works

The Public Works Departments recommends establishing the following new fees: Retaining Wall Plan Check, Prepare Disinfection Plan, Will Serve Letter, Potable Construction Meter Issuance, Reclaimed Construction Meter Issuance, Plan Check Time Extension, and Dry Utility - Private Street Inspection. Furthermore, the department recommends restructuring the Drainage Study Review, Precise Grading Plan Check, Address Issuance and Traffic Control Plan Review fees.

Additional Information

After completion of the Citywide fee study, the draft building-related fees were discussed at a meeting, where the local development community was invited to attend. Sixty-eight invitations were extended to the October 24, 2018 meeting which was held at City Hall. The meeting was attended by three people.

A full list of the proposed fees was presented at the Finance, Legislative, and Economic Development (FLED) Committee on November 7, 2018. After the FLED meeting, it was determined that the building fees will require additional time for review and discussion regarding stakeholder group concerns. The building fees are being excluded, at this time, and will be presented to the City Council at a later date. The building fees as previously established in Resolutions 2017-097 and 2018-084 will remain in effect until future action is approved.

The attached resolution repeals the following resolutions that previously established fees outside of the normal fee study process: 1) Resolution 2014-003 established fees for a license to keep chickens in a single-family residential zone, 2) Resolution 2015-068 established an application fee for permits for smoking lounges as an ancillary use to a primary business, 3) Resolution 2016-097 established fees for microchipping of dogs and cats, 4) Resolution 2017-020 established fees for applications for the honorary naming of City property, 5) 2017-101 established fees for short term residential permits, and 6) Resolution 2018-023 established specific Library and Recreation fees. Based upon the City Council's approval of Resolution 2018-125, the updated fees will go into effect 60 days after approval, or January 19, 2019. Upon approval by the City Council, the new fees will be posted on the City's website. The current fee schedule will also remain on the website until the new fees become effective.

COMMITTEE ACTION:

The Finance, Legislative and Economic Development Committee discussed the proposed fee updates at its meeting on November 7, 2018. After the November 7th presentation, several fees have been revised, as noted above under Legal and Risk Management. Additionally, the building fees are being excluded from revisions at this time. They will require additional review and discussion to address stakeholder group concerns. The building fees will be presented to the City Council at a later date.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

Both Market-Based and Non-Market Based fees shall be effective 60 days after the City Council's approval, or January 19, 2019. Overall, the fee changes are estimated to increase by \$477,000 for the remainder of Fiscal Year 2018-19. As some of the fees are new or being restructured, the volume of activity is an estimate. Revenue budget amendments for Fiscal Years 2018-19 and 2019-20 will be incorporated during the budget preparation and review process for next fiscal year.

Department / Comments	General Fund	Airport Fund	Total
City Clerk	\$1,000		\$1,000
Finance	(1,000)		(1,000)
Legal and Risk Management	8,000		8,000
Maintenance Services		1,000	1,000
Library and Recreation Services	2,000		2,000
Fire <i>Increase primarily from fee restructures and recovery percentage for EMS program</i>	180,000		180,000
Police <i>Increase primarily from animal related fees</i>	90,000		90,000
Planning <i>Changes primarily from staffing levels, time allocation, and recovery percentages</i>	(29,000)		(29,000)
Public Works <i>Increase primarily related to recovery percentage and estimated activity for new fees</i>	225,000		225,000
Totals	\$476,000	\$1,000	\$477,000

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This Resolution updates the fees for services provided by the City, and there is no

possibility that this action will have a significant effect on the environment.

PREPARED BY: LUIS NAVARRO, FINANCIAL ANALYST I

REVIEWED BY: KIM SITTON, FINANCE MANAGER III

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

SUBMITTED BY: DARRELL TALBERT, CITY MANAGER

Attachments:

1. RFP Solicitation List
2. Development Community Invitation List and Attendees
3. Resolution No. 2018-125 with Fee Recovery Schedule