



Staff Report

File #: 21-0517

REQUEST FOR CITY COUNCIL ACTION

DATE: 07/07/2021

TO: Honorable Mayor and City Council Members

FROM: Community Services Department

SUBJECT:

Resolution Adopting the Updated Citywide Master Fee Recovery Schedule to Create a Simplified Convenience Fee Surcharge for Recreation Customer Transactions.

EXECUTIVE SUMMARY:

Adoption of the recommended resolution will update the Citywide Master Fee Recovery Schedule for Recreation fees. The proposed fees reflect the total cost of recreation activities including the processing fees, rounded to the nearest whole dollar amount. This change will replace the unpopular "convenience fee," which is a third-party transaction fee that is charged in addition to the advertised program costs and set fees, with a simplified, all-inclusive advertised cost. This aligns with the Community Services Department objective to keep resident fees for activities, programs, and services at a minimum, while providing an optimal customer service experience.

RECOMMENDED ACTION:

That the City Council:

- a. Adopt Resolution No. 2021-055 to update the Citywide Master Fee Recovery Schedule.
- b. Incorporate the third-party software transaction fee into the advertised cost for all recreation programs rounded to the nearest whole dollar so no additional "convenience fees" are charged to program users effective August 1, 2021.
- c. Incorporate the third party-software transaction fee into the advertised cost for all facility use and rentals at total cost, effective August 1, 2021.

- d. Authorize an increase in General Fund estimated revenue in the amount of \$15,000, as a result of the amended fees.

BACKGROUND & HISTORY:

In January of 2019, as a cost savings to the City, a pass-through charge or "transaction fee" for the City's use of third-party merchant processing and fees for its Active Network service as its primary recreation software, was introduced. These fees are applied in addition to the City's advertised rates for programs and services. In 2020, the City switched from the Active Network to CivicRec to reduce costs and provide better service to the community following an extensive search for a better software solution. With the introduction of CivicRec, the City dropped a confusing "transaction fee" model that varied from 1.74% to 4.34% in favor of a simplified 3% flat rate percentage "convenience fee." This was intended to provide better customer services while opening more online, self-service, and phone-based operations. Based upon customer feedback, many have expressed frustrations with the unanticipated "convenience fee" being added to recreations fees at the end of the transaction, and customers would prefer that all costs be provided upfront prior to any transaction.

ANALYSIS:

As part of the Fiscal Year 2022 budget process, the Community Services Department saw an opportunity to reassess its fees as part of the City-Wide Master Fee Recovery Schedule. This is an opportune time to reestablish fees as part of the fiscal year and integrate the unpopular "convenience fee" to create an all-inclusive charge for advertised costs. Coming out of the pandemic, this is especially important for recreational programs and services when families have been faced with many challenges. Understanding that this has been a sore spot amongst many users, the Community Services Department seeks to lower barriers to programs and services. By doing away with overly complicated processes and the perception of hidden fees, it is anticipated that residents will have a more positive and engaging experience with the City.

COMMITTEE ACTION:

The Parks and Recreation Commission received this item at its regular meeting on May 11, 2021. The Commission was in favor of incorporating the convenience and recreation fees as part of the fee schedule, with the exception of any fee increases for athletic facilities used by youth leagues, which will be reassessed at a later time. The recommendation passed 4:1. Based upon this feedback, the Community Services Department determined it would be best to separate program fees from facility use until they could be reviewed by a consultant. The recommendation being brought forth to the Council reflects the recommendation of the Parks and Recreation Commission.

FINANCIAL IMPACT:

Staff have reviewed the City's recreation service fees and have made multiple recommendations to incorporate the 3% "convenience fee," where appropriate. These proposed fees are outlined in the Resolution No. 2021-055 updating the Citywide Master Fee Recovery Schedule (Exhibit 1). Any difference between the 3% rate and the rounding of the dollar goes to offset the operation of these programs. All facility use rates are only increased by 3% and are not rounded to a whole dollar amount. This will be evaluated through the use of a consultant and brought back to the Parks and

Recreation Commission and Council at a later time.

Approval of the recommended action may result in an estimated revenue increase of \$15,000 in the General Fund. The increased amount will vary depending on the third-party transaction cost and quantity of transactions. These increased funds that are generated will go back to the City's General Fund to pay the costs of the merchant fees and transaction fees associated with maintaining the service for the CivicRec software.

GENERAL FUND	
Adopted Budget - FY 2022 Estimated Revenue Over Expenditures	\$ 14,593,660
Less Measure X Reserves	(13,144,418)
Previously Approved/Revised Budget Adjustments (Net)*	(38,983)
Community Services Market-Based Fees - Revenue	15,000
Revised Estimated Revenue Over Expenditures	\$ 1,425,259
Budget Balancing Measures Reserve - Estimated 06/30/2021	27,665,595
Estimated FY 2022 Change in Budget Balancing Measures Reserve	1,425,259
Estimated Budget Balancing Measures Reserve - 06/30/22	\$ 29,090,854

* Approved through Council Action or other operational process.

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 common-sense exemption 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 action is for City Council to approve a Recreation fee schedule, which is already occurring in the City of Corona, and there is no possibility that approving this plan will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: JASON LASS, COMMUNITY SERVICES MANAGER

REVIEWED BY: ANNE K. TURNER, COMMUNITY SERVICES DIRECTOR

Attachment:

1. Exhibit 1- Resolution No. 2021-055