



ADMINISTRATIVE SERVICES DEPARTMENT

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FISCAL STRATEGIC COMMITTEE STAFF REPORT

Meeting: May 04, 2021

Subject

Fiscal Year (FY) 2021-22 Fee Schedule Update.

Recommended Action

Review FY 2021-22 Fee Schedules A, B, C, D, and E.

Summary

User fees are reviewed each year in conjunction with budget preparation. City policy ensures that, to the extent possible, fees cover the cost of providing services. The majority of the fees proposed for adoption are based on the estimated actual cost to perform the service. Some fees, such as those for recreational purposes, are based on market conditions or fees charged by outside service providers and other governments. Fees that do not generate sufficient revenue to cover the cost of providing the service are subsidized by the General Fund.

Background and Recommendation

The FY 2016-17 Fee Schedule was revised after a comprehensive Fee Study was completed in conjunction with a Cost Allocation Study. Both studies relied upon the same data to determine costs that can be allocable between City departments and costs that can be recovered through fees charged to the public. These studies are conducted approximately every seven years, and in between studies, the City adjusts fees using either the Bay Area consumer price index (CPI), Bay Area construction cost index (CCI), or the estimated increase in the cost of labor derived through the City's budget process. For FY 21-22, the CPI increase is 1.6%, CCI increase is 2.5%, and the cost of labor increase is 5.7% as shown below.

CPI for All Urban Consumers (CPI-U)

February 2020	299.690
February 2021	304.387
Index Increase	4.697
% Increase	1.6%

Cost of Labor Increase

Base Salary and Benefits (FY 21 Amended Budget as of 2/26/21)	\$35,558,070
Base Salary and Benefits (FY 22 Proposed Budget as of 2/26/21)	\$33,637,669
Index Increase	\$ 1,920,401
% Increase	5.7%

Construction Cost Index (CCI)

March 2020	12,810.67
March 2021	13,137.16
Index Increase	326.49
% Increase	2.5%

The CPI was applied to Schedule A and the estimated increase in FY 2021-22 labor costs was applied to Schedules B, C, and D to produce the City's recommendations. Schedule E was revised to simplify and increase consistency.

In FY 2016-17, a comprehensive Fee Study was conducted by a City consultant, Matrix, which allowed the City Council to update the City fee schedules for FY2016-17. The changes to fees since FY 2016-17 are summarized in the table below:

Fiscal Year	Schedule A – General Fees	Schedule B – Engineering Fees	Schedule C – Planning Fees	Schedule D – Building Fees
2021-22	1.6% CPI	2.5% CCI 5.7% Estimated Labor Cost Increase	5.7% Estimated Labor Cost Increase 1.6% CPI	5.7% Estimated Labor Cost Increase
2020-21	2.906% CPI	6.3% CCI 17.31% Estimated Labor Cost increase	17.31% Estimated Labor Cost increase	17.31% Estimated Labor Cost increase
2019-20	3.526% CPI	1.0% CCI 4.0% Estimated Labor Cost Increase	4.0% Estimated Labor Cost Increase	4.0% Estimated Labor Cost Increase
2018-19	3.546% CPI	3.5% CCI 4.10% Estimated Labor Cost Increase	4.10% Estimated Labor Cost Increase	4.10% Estimated Labor Cost Increase
2017-18	3.44% CPI	11.16% Estimated Labor Cost Increase	11.16% Estimated Labor Cost Increase	11.16% Estimated Labor Cost Increase
2016-17	Varied and comprehensive changes due to Fee Study.			

New Fees and Substantial Changes

Schedule A – General: This schedule is being updated by CPI of 1.6% across all applicable fees. Increases to these fees are mostly impacted by the cost of materials or external prices that are not under the control of the City. In the process of finalizing this schedule for the FY 2021-22 Fee Schedule update, the following addition was made:

- A "Commercial Kennel Permit" fee is being proposed at a rate of \$302 (Community Development staff hourly rate). Municipal Code Section 8.05.010 requires a permit for a Commercial Kennel to establish a more effective monitoring process, however, a fee for this type of use was not included in previously adopted fee schedules.

Schedule B – Engineering: In addition to applying a 5.7% increase for anticipated labor cost increases and 2.5% CCI for FY 2021-22, the fee schedule includes the following adjustments:

- *Professional Services 3rd Party Consultant Review* – Previously, Fee Schedule B included a "geotechnical" and "structural" review fee at a "cost of review + City administrative" fee. In order to expand the scope of services for these specialized reviews, it is proposed to rename the fee to "3rd Party Consultant Review."
- *Park Land Dedication In-Lieu Fee* – The FY 20-21 Fee Schedule B included a fee for "ADU 750 SF or less" and should have been stated as "ADU 750 SF or more." No fiscal impact in FY 20-21 was noted.

Schedule C – Planning: A 5.7% increase for anticipated labor cost increases for FY 21-22 has been applied for all fees in Schedule C, except the Housing Mitigation In-lieu fees. The Housing Mitigation In-lieu fees increase annually (on July 1 of each year) by the Consumer Price Index (CPI) for All Urban Consumers for San Francisco, CA. Additionally, the following additions are being proposed:

- *Mobile Vending Permit* – This is a new fee requiring a permit for mobile vendors in the City. This fee will be charged at a rate of one-hour of Community Development staff time (\$302).

Schedule D – Building: The Building Fee Schedule contains four tables which have been numbered to facilitate reference between them. The tables are numbered as follows:

1. Table 1 – Plan Check Fees Only
2. Table 2 – Inspection Fees Only
3. Table 3 – Mechanical, Electrical and Plumbing Fees
4. Table 4 – Miscellaneous Items

All of the fees in the Schedule D tables been increased by the 5.7% anticipated labor cost increases for FY 2021-22. The following fees are proposed additions to the Schedule:

Table 3 – Mechanical, Electrical, and Plumbing Fees

- *Repair/Alter/Add heating appliance, refrigeration unit, cooling unit, absorption unit, or each heating, cooling, absorption, or evaporative cooling system, including installation of controls* – This fee is being modified to include “split system.” This will ensure Residential and Commercial units that operate on a “split system” will be charged the appropriate fee amount.
- *Building or trailer park sewer* – This fee is recommended to be modified to state “Building sewer lateral or sewer clean-out” for purposes of applicability and clarity.

Table 4 – Miscellaneous Items

- *“Board of Appeals”* – this fee is a new proposed fee to ensure cost-recovery for applicants that choose to appeal a determination made by the City. Typically, these appeal hearings require 4 hours of staff time; however, in the event a hearing require more and less time, a “per hour” rate of \$221 for Building staff time is being proposed.

Schedule E – Parks & Recreation: City staff are proposing the following modifications to the schedule:

- *Senior Center*
 - Resident and non-resident rates are increasing by \$2 to better align with membership pricing offered by neighboring agencies.
 - A \$7 Flex Pass fee is being added to the schedule as it had been omitted from the schedule in previous years.
- *Sports Center/Teen Center*
 - Various day pass and drop in packages are to be removed from the schedule as they are rarely utilized. A single “Day Pass” fee charge is recommended to simplify and shorten the process for customers.
 - Monthly and annual membership fee amounts are being revised to maintain a 20% increase for non-residents compared to residents.
 - Childcare fees are being removed from the schedule due to cost-recovery limitations.
- *Outdoor Facilities*
 - Field attendant fee amount is increasing from \$14 to \$17 per hour to align with minimum wage requirements.
 - Memorial Softball Field fees are increasing by \$5 and \$10 for residents and non-residents, respectively. This will incrementally align with the revised fees in the Joint Use Agreement for the field fees.
- *Sports Field Fees*
 - The sports fields fees were updated to incorporate an hourly fee schedule rather than the prior flat rate. This was done in an effort to bring the fees into better alignment with neighboring agencies in the County. However,

this shift to an hourly rate results in increased costs for permitted field users. To ease in this increase, the currently proposed fees are set to achieve an estimated 25% cost recovery, placing the City well below the average for the agencies surveyed (see Attachment L). It is intended that fees can be gradually increased annually until 40% cost recovery is achieved. The proposed hourly field use fees range from \$20 to \$60 based on resident or non-resident and adult or youth non-profit/for profit.

- *Community Garden*
 - With the opening of Community Gardens in the Spring of 2021, it is recommended fees be enacted at a 40% cost recovery level. Garden beds will be charged a \$110 fee with a \$55 PG&E CARES Program Discount. A refundable security deposit of \$150 with a \$75 PG&E CARES Program Discount will also be required (see Attachment K).
- *Blackberry Farm Golf Course*
 - Resident 9-hole replay rates are increasing from \$11 to \$12 to reflect a correction of an error in previous fee schedules. Additionally, club rental rates are recommended to be a flat \$10 for all age groups.

Sustainability Impact

None.

Fiscal Impact

Based on a three-year historical average (FY18 – FY20) and factoring the proposed fee schedule increases, additional revenues of \$351,022. If increases are not adopted, the cost of providing the corresponding services will be further subsidized by the General Fund and the service cost will compete with tax dollars used for City services benefitting the general public. Revenues derived from changes to Schedule E mostly increase Enterprise Funds of the City and not the General Fund.

The recommended increase in fees and estimated revenue are summarized as follows:

Fee Schedule	Additional Revenue	Factor and Basis
Schedule A – General	\$4,115	1.6% CPI for Bay Area
Schedule B – Engineering	\$72,590	5.7% for labor costs, 2.5% CCI
Schedule C – Planning	\$56,471	5.7% for labor costs, 1.6% CPI
Schedule D – Building	\$217,846	5.7% for labor costs
Schedule E – Parks & Recreation	No increase from existing fees	Primarily market driven

Reviewed by: Kristina Alfaro, Director of Administrative Services

Approved for Submission by: Dianne Thompson, Assistant City Manager

Attachments:

- A – Proposed Fee Schedule A – General (Redline)
- B – Proposed Fee Schedule B – Engineering (Redline)
- C – Proposed Fee Schedule C – Planning (Redline)
- D – Proposed Fee Schedule D – Building (Redline)
- E – Proposed Fee Schedule E – Parks & Recreation (Redline)
- F – Proposed Fee Schedule A – General (Clean)
- G – Proposed Fee Schedule B – Engineering (Clean)
- H – Proposed Fee Schedule C – Planning (Clean)
- I – Proposed Fee Schedule D – Building (Clean)
- J – Proposed Fee Schedule E – Parks & Recreation (Clean)
- K – Community Garden Fee Calculator
- L – Field Use Fees and Comparison
- M – User Fee Study 2016

Subject

Fiscal Year (FY) 2021-22 Fee Schedule Update.

Recommended Action

Adopt Resolution No. 21-XXX approving FY 2021-22 Fee Schedules A, B, C, D, and E effective July 1, 2021.

Adopt Resolution No. 21-XXX approving FY 2020-21 Fee Schedule E effective April 1, 2021.

Summary

User fees are reviewed each year in conjunction with budget preparation. City policy ensures that, to the extent possible, fees cover the cost of providing services. The majority of the fees proposed for adoption are based on the estimated actual cost to perform the service. Some fees, such as those for recreational purposes, are based on market conditions or fees charged by outside service providers and other governments. Fees that do not generate sufficient revenue to cover the cost of providing the service are subsidized by the General Fund.

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Schedule A – General: This schedule is being updated by CPI of 1.6% across all applicable fees. Increases to these fees are mostly impacted by the cost of materials or external prices that are not under the control of the City. In the process of finalizing this schedule for the FY 2021-22 Fee Schedule update, the following addition was made:

- A “Dog Kennel Permit Fee” is being proposed at a rate of \$302 (Community Development staff hourly rate). The City has received complaints about residents operating dog kennel and dog walking businesses. Requiring a permit for said services would establish a more effective monitoring process.

Schedule B – Engineering: In addition to applying a 5.7% increase for anticipated labor cost increases and 2.5% CCI for FY 2021-22, the fee schedule includes the following adjustments:

- *Professional Services 3rd Party Consultant Review* – Previously, Fee Schedule B included a “geotechnical” and “structural” review fee at a “cost of review + City administrative” fee. In order to expand the scope of services for these specialized reviews, it is proposed to rename the fee to “3rd Party Consultant Review.”
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Schedule C – Planning: A 5.7% increase for anticipated labor cost increases for FY 21-22 has been applied for all fees in Schedule C, except the Housing Mitigation In-lieu fees. The Housing Mitigation In-lieu fees increase annually (on July 1 of each year) by the Consumer Price Index (CPI) for All Urban Consumers for San Francisco, CA. Additionally, the following additions are being proposed:

- *Mobile Vending Permit* – This is a new fee requiring a permit for mobile vendors in the City. This fee will be charged at a rate of one-hour of Community Development staff time (\$302).

Schedule D – Building: The Building Fee Schedule contains four tables which have been numbered to facilitate reference between them. The tables are numbered as follows:

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 - A \$7 Flex Pass fee is being added to the schedule as it had been omitted from the schedule in previous years.
- *Sports Center/Teen Center*
 - Various day pass and drop in packages are to be removed from the schedule as they are rarely utilized. A single “Day Pass” fee charge is recommended to simplify and shorten the process for customers.
 - Monthly and annual membership fee amounts are being revised to maintain a 20% increase for non-residents compared to residents.
 - Childcare fees are being removed from the schedule due to cost-recovery limitations.
- *Outdoor Facilities*
 - Field attendant fee amount is increasing from \$14 to \$17 per hour to align with minimum wage requirements.

- Memorial Softball Field fees are increasing by \$5 and \$10 for residents and non-residents, respectively. This will incrementally align with the revised fees in the Joint Use Agreement for the field fees.
- *Sports Field Fees*
 - The sports field fees were updated to incorporate an hourly fee schedule rather than the prior flat rate. This was done in an effort to bring the fees into better alignment with neighboring agencies in the County. However, this shift to an hourly rate results in increased costs for permitted field users. To ease in this increase, the currently proposed fees are set to achieve 17% to 20% cost recovery and placing the City well below the average for the agencies surveyed (see Attachment N). It is intended that fees can be gradually increased annually until 40% cost recovery is achieved. The proposed hourly field use fees ranging from \$10 to \$60 based on resident or non-resident and adult or youth non-profit/for profit.
- *Community Garden*
 - With the opening of Community Garden in the Spring of 2021, it is recommended fees be enacted at a 40% cost recovery level. Garden beds will be charged a \$110 fee with a \$55 PG&E CARES Program Discount. A refundable security deposit of \$150 with a \$75 PG&E CARES Program Discount will also be required (see Attachment M). Because the Community Garden is opening in the Spring of 2021, the FY 2020-21 Fee Schedule E is being amended to incorporate the new fee. There are no changes in the Community Garden fee from FY 20-21 to FY 21-22.
- *Blackberry Farm Golf Course*
 - Weekdays, Resident Second 9 Holes (all players) rates are increasing from \$11 to \$12 to reflect a correction of an error in previous fee schedules. Additionally, club rental rates are recommended to be a flat \$10 for all age groups.

Sustainability Impact

None.

Fiscal Impact

Based on a three-year historical average (FY18 – FY20) and factoring the proposed fee schedule increases, additional revenues of \$351,022 in the General Fund and \$180,000 in Parks & Recreation’s Enterprise Funds. If increases are not adopted, the cost of providing the corresponding services will be further subsidized by the General Fund and the service cost will compete with tax dollars used for City services benefitting the general public. Revenues derived from changes to Schedule E mostly increase Enterprise Funds of the City and not the General Fund.

The recommended increase in fees and estimated revenue are summarized as follows:

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Schedule D – Building	\$217,846	5.7% for labor costs
Schedule E – Parks & Recreation	No increase from existing fees. \$180,000 from changes to existing fees.	Primarily market driven

Prepared by: Zach Korach, Finance Manager

Reviewed by: Kristina Alfaro, Director of Administrative Services

Approved for Submission by: Dianne Thompson, Assistant City Manager

Attachments:

- A – FY 21-22 Proposed Fee Schedule A – General (Redline)
- B – FY 21-22 Proposed Fee Schedule B – Engineering (Redline)
- C – FY 21-22 Proposed Fee Schedule C – Planning (Redline)
- D – FY 21-22 Proposed Fee Schedule D – Building (Redline)
- E – FY 21-22 Proposed Fee Schedule E – Parks & Recreation (Redline)
- F – FY 21-22 Proposed Fee Schedule A – General (Clean)
- G – FY 21-22 Proposed Fee Schedule B – Engineering (Clean)
- H – FY 21-22 Proposed Fee Schedule C – Planning (Clean)
- I – FY 21-22 Proposed Fee Schedule D – Building (Clean)
- J – FY 21-22 Proposed Fee Schedule E – Parks & Recreation (Clean)
- K – FY 20-21 Amended Fee Schedule E – Parks & Recreation (Redline)
- L – FY 20-21 Amended Fee Schedule E – Parks & Recreation (Clean)
- M – Community Garden Fee Calculator
- N – Field Use Fees and Comparison
- O – Senior Center Membership Comparison
- P – User Fee Study 2016
- Q – Draft Resolution No. 21-XXX approving FY 21-22 Fee Schedules A, B, C, D, and E
- R – Draft Resolution No. 21-XXX amending FY 20-21 Fee Schedule E