



**ADMINISTRATIVE SERVICES DEPARTMENT**

CITY HALL

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**FISCAL STRATEGIC PLANNING COMMITTEE STAFF REPORT**

Meeting: April 2, 2019

Subject

Fiscal Year (FY) 2019-20 Fee Schedule

Recommended Action

Review the FY 2019-20 Fee Schedule.

Description

The FY 2019-20 Fee Schedule, effective July 1, 2019, carries over the current schedule with various changes described in this report.

Discussion

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 general or 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 this year, the CPI is 3.526%, CCI is 1.0%, and the cost of labor is 4.0%. Due to timing of labor negotiations, the 4.0% factor reflects expected step increases and retiree costs. In FY 2020-21, the factor will include both a true-up for FY2019-20 as well as the normal labor inflator for FY 2020-21.

The CPI was applied to Schedule A and the estimated increase in FY 2019-20 labor costs was applied to Schedules B, C, and D to produce the City's recommendations. Schedule E was revised using staff recommendations that targeted specific fees that were no longer competitive or were

not projected to be sufficient to cover City costs. Some targeted increases made to Schedule E were needed to get the City's fees better aligned with agencies that charge similar fees for similar services.

In FY2016-17, 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 2010-11 are summarized in the table below:

<b>Fiscal Year</b>	<b>Schedule A – General Fees</b>	<b>Schedule B – Engineering Fees</b>	<b>Schedule C – Planning Fees</b>	<b>Schedule D – Building Fees</b>
<b>2019-20</b>	3.526% CPI	1.0% CCI 4.0% Estimated Labor Cost Increase	4.0% Estimated Labor Cost Increase	4.0% Estimated Labor Cost Increase
<b>2018-19</b>	3.546% CPI	3.5% CCI 4.10% Estimated Labor Cost Increase	4.10% Estimated Labor Cost Increase	4.10% Estimated Labor Cost Increase
<b>2017-18</b>	3.44% CPI	11.16% Estimated Labor Cost Increase	11.16% Estimated Labor Cost Increase	11.16% Estimated Labor Cost Increase
<b>2016-17</b>	Varied and comprehensive changes due to Fee Study.			
<b>2015-16</b>	No Changes due to anticipated Fee Study.			
<b>2014-15</b>	2.6% CPI	3.0% Estimated Labor Cost Increase	3.0% Estimated Labor Cost Increase	3.0% Estimated Labor Cost Increase
<b>2013-14</b>	2.4% CPI	2.4% CPI, plus 2.0% for increased costs	2.4% CPI, plus 2.0% for increased costs	2.4% CPI, plus 2.0% for increased costs <sup>1</sup>
<b>2012-13</b>	2.4% CPI	2.4% CPI	2.4% CPI	2.4% CPI
<b>2011-12</b>	2.0%	3.5%	3.5%	3.5%
<b>2010-11</b>	No Change	No Change	No Change	No Change

#### New Fees and Substantial Changes

**Schedule A – General:** This schedule is being updated by CPI of 3.526% across all 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 2019-20 Fee Schedule update, the following additions were made:

- *Community Festivals – Additional 10' x 10' space (includes an additional table and 2 chairs)*
- *Community Festivals – Non-profit partners*

Both fees are proposed to accurately and consistently reflect fees historically charged to customers at a rate of ten (10) dollars.

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<sup>1</sup> New construction planning and inspection fees included an additional 5.28% adjust for additional increased costs.

- *Compilation of New Records* - In accordance with the Public Records Act, staff are proposing to now include all requests, specifically including requests that require less than thirty minutes to complete.
- *Fair Political Commission Act* - In accordance with California Government Code Title 9, Chapter 1, Section 81008, staff are proposing a fee of ten (10) cents per photocopied sheet pertaining to public record requests.
- *Fair Political Commission Act* - In addition, and in accordance with California Government Code Title 9, Chapter 1, Section 81008, staff are proposing a fee of five (5) dollars per request for copies of reports and statement which are five or more years old.

**Schedule B – Engineering:** In addition to applying a 4.0% increase for anticipated labor cost increases for FY 2019-20, the following additions and/or changes were made:

- A new fee titled *Revisions to Plans and Permits* is being added to the schedule for the purpose of recuperating staff time allocated to working on revisions to existing plans and permits. Public Works' hourly staff time rate of \$196 shall be used for this fee.
- The *Certificates of Compliance* fee is now broken out between "Initial Review" and "Finalize Certificates," of which the total \$1,854 is allocated proportionately between the two phases (\$927 each). The purpose of this change is to more sufficiently recuperate City resources expended on Certificates of Compliance.
- *Small Banners on Light Poles (for 20 poles)* is proposed to be removed from the fee schedule in FY 2019-20 due to a lack of utilization of small banners on light poles within the City.

**Schedule C – Planning:** A 4.0% increase for anticipated labor cost increases for FY 2019-20 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 6 of each year) by the Consumer Price Index (CPI) for All Urban Consumers for San Francisco, CA.

**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 4.0% anticipated labor cost increases for FY 2019-20. Additionally, the following changes are being proposed for FY 2019-20:

- Plan Check – Full Cost and Inspection Fee tables includes a number of *New Type* fees. These fees were incorporated into the schedules in FY 2016-17 by the City's consultant; however, they have not been used. Staff is proposing to remove these fees for clarity purposes.

- Mechanical, Electrical & Plumbing (MEP) Fees:
  - *Residential Whole-House Re-Plumbing* – Previously, these fees were charged per fixture; however, for clarification and convenience purposes, staff are proposing including a “whole-house” rate of \$345 up to 2500 sq ft and \$173 for each additional 1000 sq ft. The per fixture rate will still be included, although the lesser of the two fees shall be charged.
  - *Water Heater (Gas or Solar) and/or Vent* – the “solar” component of the water heater fee has been moved from the Miscellaneous schedule and consolidated on the MEP schedule.
- Miscellaneous Fees:
  - *Deferred Submittal (2 hour minimum)* is revised based on work item for clarification purposes.
  - *Demolition* – “Multi-Family” was added to “Commercial” to clarify that fees charged for multi-family units are charged consistent with commercial units rather than residential units.
  - *Temporary Occupancy Permit* was corrected from a “per month” unit to a “per six months” unit.
  - *Pre-Submittal Plan Review (2 hour minimum)* – Staff are proposing the addition of a new fee for purposes of cost-recovery related to plan reviews prior to submission. This fee is proposed to be set at \$178 per hour and have a two-hour minimum.
  - *Solar Water Heating* was moved to the MEP schedule.
  - *Swimming Pool/Spa – Vinyl-lined* is proposed to remove the “up to 800 sf” condition for clarification and convenience purposes.

**Schedule E – Recreation:** City staff are proposing to include additional fees to the schedule that have been in place and published at applicable locations. For example, the City’s Sports Center offers “Drop-In Fitness” packs that provide potential cost savings for the customer through economies of scale. These fees include overtime charges for staff time, fitness packages at the Sports Center, and golf course play and rental rates.

Additionally, security staff fee has increased from \$30.00 to \$40.00 due to increased contract rates for this service.

City staff have included a new Bounce House fee at Memorial and Creekside Park (\$25 for both Resident and Non-Resident).

#### Sustainability Impact

None.

#### Fiscal Impact

General Fund revenues are estimated to increase by \$215,000 for Schedules A through D, if all proposed fee increases are adopted. 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:

<b>Fee Schedule</b>	<b>Additional Revenue</b>	<b>Factor and Basis</b>
Schedule A – General	\$9,000	3.526% CPI for Bay Area
Schedule B – Engineering	\$42,000	4.0% for labor costs, 1.0% CCI
Schedule C – Planning	\$55,000	4.0% for labor costs
Schedule D – Building	\$109,000	4.0% for labor costs
Schedule E – Recreation	No increase	Primarily market driven

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Prepared by: Zach Korach, Finance Manager  
Reviewed by: Kristina Alfaro, Director of Administrative Services  
Approved by: Timm Borden, Interim City Manager  
Attachments: A. Proposed Fee Schedule A – General  
A.1 Proposed Fee Schedule A – General Redline  
B. Proposed Fee Schedule B – Engineering  
B.1 Proposed Fee Schedule B – Engineering Redline  
C. Proposed Fee Schedule C – Planning  
D. Proposed Fee Schedule D – Building Redline  
D.1 Proposed Fee Schedule D – Building  
E. Proposed Fee Schedule E – Recreation Redline  
E.1 Proposed Fee Schedule E – Recreation  
F. Draft Resolution