



CITY OF FORT BRAGG

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FINANCE AND ADMINISTRATION COMMITTEE ITEM SUMMARY REPORT

MEETING DATE: November 7, 2018
TO: Finance and Administration Committee
AGENDA ITEM TITLE: **Receive Report and Consider Recommendation Changes to Annual Fee Schedule Adjustments**

SUMMARY:

The City has traditionally, on an annual basis, performed a full analysis of the City's fee schedule in order to update fees at the start of each calendar year. The annual analysis has included a review of each of the fees, updated calculations based on the amount of staff time require to perform each task laid out in the fee schedule as well as the cost for that staff time. Other fees, such as drainage fees, are calculated using the annual increase based on Engineering News-Record's Construction Cost Index (ENR-CCI).

During this year's analysis, Staff had internal discussions regarding the purpose and necessity of doing an annual analysis and whether this methodology best served the public. Survey of other cities, indicated that a full analysis every year is the exception. Most cities perform the full labor intensive work only every 5-7 years and annual updates are based on a CPI or other inflationary adjustment. Staff is asking for feedback from the Committee as to whether this annual full analysis is preferred or whether a cost inflator is a more efficient use of resources in determining the fees for services charged to the public.

ISSUE:

The City of Fort Bragg charges fees to offset the cost of providing various services to specific individuals and/or businesses. Those fees have historically been reviewed each year to assure that cost-recovery is consistent with established City Council/Improvement District Board policies.

During this year's review of fee schedule, Staff researched and discussed the historical context of changing fees on an annual basis based on the time each activity described in the fee schedule took to complete. The conversation evolved to asking the question why the City does a full analysis of fees charged every year and whether this best served the public. The City's fees generate a relatively small portion of the overall forecast revenue; less than 2% or \$166 thousand. The amount of staff time required for a full annual analysis on the other hand is fairly significant including time spent by staff throughout the organization. The time expenditure is concentrated in the Finance and Administrative Services departments but also includes time spent by each of the City's department heads as well as input from staff at all levels.

To help gain a better understanding of how other municipalities handle their annual fee schedules, Staff did an informal survey of other Cities throughout California. Fourteen responses were

received a majority who perform a full analysis and review of their fee schedule every 3-5 years. Increases, in many cases, did occur each year based on the regional CPI (Consumer Price Index) relevant to that specific city.

If the committee concurs with less frequent full reviews, staff recommends utilizing the annual San Francisco CPI-U as of June to determine annual increases for fees outlined in the City's fee schedule. As a result, attached to this report is a proposed fee schedule for 2019 which includes an increase of 3.9% for all fees effective 60 days from the date of the Council's public hearing (expected to be November 26, 2018). Small fees would be rounded to the nearest whole dollar or cent to make them easier to collect.

Parking In-Lieu Fees:

Council, for the past several years, has waived the parking in-lieu fees to encourage more businesses to open in the Central Business District. According to Municipal Code Chapter 18.36.080 (C.3b), these fees "*shall be deposited with the City in a special fund and shall be used and expended for the purpose of acquiring and developing off-street parking facilities located insofar as reasonable in the general vicinity of the structures for which in lieu payments were made as well as for meeting parking needs through strategies to reduce parking demand or to improve access to parking*". Recently, the fees have been used to pay for the lease with Mendocino Railway for the Skunk Train parking lot.

With the Council's recent discussion and recommendation to enter into a lease agreement with Mendocino Railway for a month-to-month lease of their parking lot, Staff requests the committee to discuss and provide a recommendation to Council as to whether these fees should be reinstated beginning in 2019. The remaining balance in the parking fund is \$32 thousand. By way of contrast, the balance was \$71 thousand in 2013. With the current moratorium on parking fees, the fund has no revenue source and will eventually be spent down completely.

Public Records Request:

The City has charged copy fees for making copies of documents and the cost of flash drives if documents are provided electronically but has never charged for the cost to assemble, review or redact information from documents. However, there is an State of California Attorney General opinion that provides authorization for jurisdictions to charge a reasonable fee to recover the cost of providing the copy, such as staff time involved.

Staff requests the committee to discuss and provide a recommendation to Council as to whether such a fee should be adopted beginning in 2019.

RECOMMENDED ACTION:

Make recommendation to Council changing the City's methodology in setting the annual fee schedule from a full annual analysis to a full analysis every five years. Additionally, utilize the San Francisco CPI-U June annual percentage change from the prior fiscal year in setting fees for the following calendar year. The increase for 2019 would be 3.9%.

ATTACHMENTS:

1. 2019 Fee Schedule – Proposed
2. CSMFO Survey

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