

TO: HONORABLE CITY COUNCIL

ATTENTION: FINANCE COMMITTEE

FROM: CITY MANAGER DEPARTMENT: ADMINISTRATIVE SERVICES

DATE: MAY 27, 2003 CMR: 276:03

SUBJECT: PROPOSED AMENDMENTS TO 2003-04 MUNICIPAL FEE SCHEDULE

RECOMMENDATION

Staff recommends that the City Council approve the proposed changes to the Municipal Fee Schedule for fiscal year 2003-04.

DISCUSSION

This staff report transmits the proposed Municipal Fee Schedule for fiscal year 2003-04. Changes to the Municipal Fee Schedule are shaded and deleted text is lined through.

Several of the fee increases are related to the additional cost of providing service or due to the change in the Consumer Price Index (CPI), which in December 2002 had an annual increase of 1.4% in the Bay Area.

The major changes to the 2003-04 Municipal Fee Schedule include:

1. The Public Works Department is proposing a new street cut fee to recover the cost of repairing City streets damaged by utilities and telecom trench cuts. Street cut fees are common in other California cities. The estimated fiscal impact is approximately \$1.4 million annually, with approximately \$1.0 million paid by the City of Palo Alto Utilities.
2. The Refuse Fund is proposing an increase in disposal fees in order to align fees with other landfills. The revenue impact to this fund is approximately \$0.5 million.
3. Cost recover- related paramedic transport fees in the Fire Department would result in a revenue increase of approximately \$0.2 million.
4. Proposed golf fee increases are based on full cost recovery for Golf Course expenses,

including the repayment of the bond issuance that has financed capital work on the course. Revenues are expected to increase approximately \$0.1 million.

5. Within the Community Services Department, the Open Space and Sciences Division is proposing a day use fee for the Byxbee Park Hills and Sailing Station parking lot to partially offset the cost of maintenance and operations. The revenue impact of this fee is approximately \$18,000. Cubberley and Lucie Stern facility rental rates are increasing to cover the increased costs of staff, supplies, and utilities. The revenue impact of these fees is approximately \$41,000.
6. The Planning Department is proposing a number of cost recovery-related fee increases for development-related permits and inspection plan reviews. New fees are being proposed for previously uncompensated services, such as review of development applications by the historic resources board. The total projected revenue impact of these fee changes is approximately \$16,000. In accordance with state law, these fees cannot go into effect until sixty days after Council adoption, which is August 16, 2003.
7. Other proposed changes with nominal fiscal impact include:
 - a) Permit automation fee (new) – fee will help offset the cost of the permit tracking system and online services
 - b) Historical resource fees (new) – fee will partially recover costs for applications that require Historic Resource Board review
 - c) Cremation service of owned animals (new).

RESOURCE IMPACT

Approval of the Municipal Fee Schedule with proposed amendments will result in a net revenue increase of approximately \$2.3 million when compared to the 2002-03 Adjusted Budget. Of this amount, \$1.8 million represents General Fund revenue, and \$0.5 million represents Refuse Fund revenue. All fees in the 2003-04 Municipal Fee Schedule are intended to recover costs associated with City departments providing these services. Please note that while some budgeted revenue increases result from fee increases, other increases are the result of higher volume, not increased fees. These revenue impacts are summarized in the resource level change tables contained within each departmental section of the 2003-05 Proposed Budget.

POLICY IMPLICATIONS

These recommendations are consistent with existing City policies.

ENVIRONMENTAL ASSESSMENT

Adjustment to the Municipal Fee Schedule does not constitute a project for the purposes of the California Environmental Quality Act.

ATTACHMENTS

- Attachment A: Summary of Proposed Changes to the 2003-04 Municipal Fee Schedule
Attachment B: Proposed 2003-04 Municipal Fee Schedule

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