

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: DEBORAH LAUCHNER, CHIEF FINANCIAL OFFICER
FINANCE DEPARTMENT
SUBJECT: PROPOSED NEW AND REVISED FEES

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department that the City Council, hold a Public Hearing to discuss updating City fees and by resolution, approve the proposed new and revised fees for various City departments.

EXECUTIVE SUMMARY

The City Council will hold a Public Hearing on proposed new and revised fees for Fiscal Year (FY) 2017-18. These fees are necessary to cover the operational costs of the various services and programs City departments provide to the community. The proposed fee schedules from various departments includes new and revised fees for General Fund and Enterprise Fund operations. Existing fees not revised will continue at their current rates.

This staff report combines fee proposals from the Fire; Planning and Economic Development; and Recreation and Parks Departments into one consolidated item.

BACKGROUND

Each year, departments proposing new and/or revised fees present them to Council at a Public Hearing so public input may be part of the City Council's consideration of the fees. City departments typically present their fees as separate City Council agenda items. This year City staff is presenting a consolidated report of the individual department fees. The new and revised fees for FY 2017-18 are from the Fire, Planning and Economic Development, and Recreation and Parks Departments.

The Fire Department administers several programs including the Fire Permit and Certified Unified Program Agency (CUPA) programs. These programs are funded with permit, inspection and other fees established by Council resolution.

Planning and Economic Development provides a wide range of development services to the community, developing long range plans for the growth of Santa Rosa and reviewing development proposals for consistency with those plans.

The Recreation and Parks Department offers numerous services for which fees are charged, including facility and equipment use, admissions and program fees. In addition, the Department issues permits allowing the use of streets, sidewalks, alleys, parking areas, outdoor civic sites and parks for a variety of events, including festivals, races, parades, concerts, farmers' markets, parties, film production and similar activities.

PRIOR CITY COUNCIL REVIEW

This item has not been previously reviewed by the City Council.

ANALYSIS

The proposed updates and new fees are detailed below, by department.

Fire Department

The Fire Department has evaluated several fees and identified proposed adjustments to the currently adopted fee schedule. The proposed adjustments allow the continued administration of effective fire and environmental safety programs of new emerging industries as well as existing operations currently not recovering associated costs. The proposed fee adjustments do not exceed the cost for service for these programs. Exhibit A to the resolution provides the proposed Fire Department fee increases.

The Santa Rosa Fire Department has historically utilized the Bureau of Labor Statistics (BLS), Bay Area, San Francisco/Oakland/San Jose Consumer Price Index – All Urban Consumers (CPI-U), which occurred over the prior year ending in April, as an appropriate cost escalator for annual fee increases. The use of this index is based on staffing costs, service and supply increases annually as a result of the cost of living in our geographical area.

The Fire Department's proposed fee adjustments have been calculated by the utilization of an hourly charge (currently \$136 per hour FY 2016-17) for fire inspections conducted by Fire Prevention Bureau personnel multiplied by the average hours necessary to conduct the activity. The rates are determined by a calculation of the average billable rate of the classes performing the inspection and plan reviews, the application of staff support based on the ratio of staff support to Fire Inspectors and plan review staff and the inclusion of overhead of 25%.

Detailed on Exhibit A, the Fire Department is proposing multiple new fees including eight Operation Permit fees resulting from the 2016 California Fire Code; four cannabis-related activity inspections; and new fees for Cutting and Welding, Hot Work Operations, Rooftop

Heliports and Amusement Buildings. There are also four new Construction Permit fees as part of the 2016 California Fire Code requiring new plan review and inspection.

The Fire Department is amending three Operational Permit fees to reflect a slight base fee increase and/or late-submission fees.

Finally, the department is proposing two Local Administrative Fees for Fire Marshall consultation for larger fire code-related issues and the associated paperwork processing within the Planning and Economic Development Department.

Planning and Economic Development

The Planning and Economic Development Department is proposing fee amendments to reflect appropriate staff time as follows: update Encroachment Permit Processing Fee, new Encroachment Permit Inspection Fee, update Water Efficient Landscape Review Fee, modification to Public Improvement Plan Inspection Fees language and new Cannabis Zoning Clearance Fee. Exhibit B to the resolution provides the proposed Planning and Economic Development fee increases.

The Encroachment Permit Processing fee is being updated to capture the correct amount of average staff time associated with the processing of encroachment permit applications.

The Encroachment Permit Inspection Fee for permits not involving public improvements is a new fee. Currently, encroachments permit inspection fees are calculated based on a percentage of the estimated value of the public improvements being installed or modified under the application. Permits issued to AT&T, PG&E, Comcast and Sonic often do not involve public improvements, but require inspections due to activity in the public right-of-way. The proposed new inspection fee will apply to all encroachment permits not involving the installation or modification of public infrastructure.

The Water Efficient Landscape Ordinance (WELo) is an update to an existing fee. The fee charged will be based on the estimated value of the landscape installation. This methodology is consistent with the existing plan check process within the Engineering division and captures the typical increase in plan review hours associated with larger and more complex projects.

The current Engineering Division Public Improvement Inspection Fees will be updated to change the timing of fee collection. These fees are associated with subdivision projects and are currently collected at the recordation of the final maps. The public improvements associated with the subdivision may be installed and inspected prior to recording the map. This creates a situation in which staffing resources are allocated to a process prior to collecting the applicable fees. To avoid this situation in the future, inspection fees associated with all signed public improvement plans will be collected prior to the issuance of a grading or encroachment permit, whichever occurs first.

The Cannabis Zone Clearing Fee is a new fee in which all business within the City limits must file a zoning clearance to ensure conformance with the Zoning Code. The process

of approving a zoning clearance for the cannabis industry requires additional staff time over regular work. A zoning clearance flat fee is proposed for cannabis businesses only, and will serve as an interim measure to cover the direct costs. This fee may be subject to change as the city ordinance for cannabis business tax is finalized and adopted.

Recreation & Parks

Council has previously adopted fees for Recreation and Parks facilities, admissions, and golf green fees, and delegated authority to the Recreation & Parks Director to set the necessary fees for programs, based on the City's actual costs for the programs. Fees are shown in the format "existing/proposed," with the current fee on the left side of the slash and the proposed fee on the right of the slash. New fees are indicated by a notation of "(NEW)".

Adjustments proposed for FY 2017-18 include: youth league field rental/player fees, adult league field rental, tennis court rental, public family swim passes, lap swim single admission and passes, and coffee service.

New fees include an alcohol fee for 15 primary indoor venues, a 5% surcharge for non resident facility rentals, a flat \$10 surcharge for non-resident seasonal and monthly swim passes, senior center memberships, a permit amendment fee, and a sports tournament concession permit. Exhibit C to the resolution provides the proposed FY 2017-18 Recreation and Parks Department fee increases.

For the Golf Enterprise, there is a proposed additional capital improvement fee for golf rounds. The golf capital improvement fee will be collected by the operator, remitted to the City, and deposited to the Golf Enterprise Fund to be used only for capital improvements and capital equipment purchases. Exhibit D to the resolution outlines the recommendation for revised and new golf fees.

A comprehensive fee schedule for event permits does not currently exist. Staff recommends Council approve a new fee schedule for event permits. New permit fees include fees for film production, civic sites, Courthouse Square, recurring outdoor markets, block parties, and events using parking areas. Staff researched best practices in comparable cities to assist with the development of the new proposed fees. Exhibit E outlines the recommendations for the new Event Permit Fees.

FISCAL IMPACT

The proposed new and revised fees provide the revenue necessary pay for the operating costs, either wholly or in part, associated with various programs provided throughout the community. Without the revenue associated with the fees, maintaining the programs would create an operating deficit in the fund where the program resides. With the exception of the Golf Course green fees and Golf Course capital improvement fee, the deficits would occur in the General Fund.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline Section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Recreation & Parks

Staff presented proposed fees for Event Permits at the September 28, 2016 Board of Community Services meeting and at the Downtown Subcommittee meeting on September 6, 2016 and received input.

Staff presented proposed fee changes for Recreation Fees and Golf Fees at the March 22, 2017 and April 26, 2017 Board of Community Service meeting and received input.

NOTIFICATION

Notice of Public Hearing was published May 22, 2017 and May 26, 2017

ATTACHMENTS

- Resolution/Exhibit A – Fire Department Fees
- Exhibit B – Planning and Economic Development Department Proposed Fees
- Exhibit C – Recreation and Parks Department Fees
- Exhibit D – Recreation and Parks Bennett Valley Golf Course Fees
- Exhibit E – Recreation and Parks Event Permit Fees

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