



AGENDA REPORT

Meeting Date: July 24, 2012

Item Number: D-3

To: Honorable Mayor & City Council

From: Scott G. Miller, Administrative Services Director and Chief Financial Officer
Don Harrison, Budget & Revenue Officer
Carolyn Johnson, Budget & Financial Analyst

Subject: RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS AMENDING THE COMPREHENSIVE SCHEDULE OF TAXES, FEES & CHARGES FOR THE FISCAL YEAR 2012/2013

Attachments:

1. Redlined Schedule of Taxes, Fees & Charges - Showing Revisions
2. Fee summary report from Capital Accounting Partners, LLC
3. Legend of Fee Setting Explanation Codes
4. Resolution with Exhibit A

RECOMMENDATION

It is recommended that the City Council conduct a public hearing and adopt the resolution amending the schedule of taxes, fees and charges for Fiscal Year 2012/13.

INTRODUCTION

The City levies a range of permit fees, charges, rental and use fees, taxes and other fees or payments, which are listed in a comprehensive schedule called "Schedule of Taxes, Fees & Charges" (hereinafter "Schedule of Fees & Charges" or "Schedule"). The Schedule contains the following sections:

- Section 1 – Ambulance & Alarm Fees
- Section 2 – Appeals & Hearings
- Section 3 – Business Permits
- Section 4 – Copies, Reports, etc.

Meeting Date: July 24, 2012

- Section 5 – Facilities Use Fees
- Section 6 – Inspections, Permits & Reviews
- Section 7 – Library Services
- Section 8 – Parking Citations
- Section 9 – Parking Permits
- Section 10 – Recreation Fees & Animal Licenses
- Section 11 – Special Events & Filming
- Section 12 – Taxes
- Section 13 – Utility Rates & Fees

Maintaining a comprehensive book with all the various fees, charges and taxes ensures that the City provides the public with one document that contains all city fees rather than providing the information in several documents or in piecemeal form. In addition, the Schedule is available on the City's website. Although the City reviews the Schedule yearly, there are times when revisions are made to certain fees during the year. When that occurs, the comprehensive book is updated.

The State Constitution generally requires the fees for services cannot exceed the "costs reasonable borne" by the City in delivery of such services. In compliance with the Constitution, the City periodically performs, a full cost study to confirm current costs of services and to recommend cost recovery levels for these fee based programs. Over the past several months, departments throughout the City have been working with the Capital Accounting Partners, LLC consulting group, to complete the current fee study. The last cost study was performed in 2007 by the Revenue & Cost Specialists, LLC consulting group.

In accordance with section 3-1.1001 of the Beverly Hills Municipal code and Ordinance No. 79-0-1749, City fees and charges are adjusted annually, based upon the increase in the Consumer Price Index (CPI) for the preceding twelve months.

The following proposed adjustments to the Schedule of Taxes, Fees and Charges for fiscal year 2012/13 are to reflect the above mentioned justifications:

1. Fee and Cost Allocation Study.- As a result of the information obtained through the Fee and Cost Allocation study, Capital Accounting Partners, LLC evaluated the City's fee-for-service activities and determined whether or not the City currently achieves full cost recovery from fees charged for its services. Subsequently, Capital Accounting Partners, LLC has developed recommendations to modify specific fees to achieve full cost recovery.
2. Consumer Price Index (CPI) adjustments- In many instances staff recommends the CPI adjustment increase to Fees and Charges not subject to full cost restrictions, or where full cost recovery would have a detrimental impact on a City program or in areas of City Council priority.
3. Special Circumstances – In some instances staff recommends a fee for other than either of the previous two reasons. Attached is a list of the various reasons for such a recommendation.

Meeting Date: July 24, 2012

Attachment 3 is a numbered Legend of fee setting options for the proposed adjustments. The fees in the fee schedule have a reference to a number on the list.

At this time, the only sections under consideration by the City Council are Ambulance & Alarm Fees, Business Permits, Copies, Reports, Etc., Facilities Use Fees, certain Inspections, Permits & Reviews fees, Library Services, Parking Citations, Parking Permits, Recreation Fees & Animal Licenses, Special Events & Filming, Taxes and certain water service connection charges.

In June 2012, water and solid waste utility rates as set forth in Section 13 were adopted by Ordinance No. 12-O-2624. As such, these rates are not changing and are not part of the proposed Resolution before the City Council.

Due to the reorganization of the Community Development Department, Development related fees and Appeals & Hearing fees will be reviewed later this summer, or fall. Therefore these rates are not part of the proposed Resolution before the City Council, nor are there any changes in these fees at this time.

Exhibit A to the Resolution (Attachment 4) contains the taxes, fees and charges for Fiscal Year 2012/2013 that are to be adopted. Attachment 1 contains a redline document of fees that have been revised. Strikeouts indicate deletion of text that is no longer relevant and/or clean up. Except as otherwise indicated, all fees are scheduled to become effective September 1, 2012. The Vegetation Management Program fees, managed by the Fire Department, will become effective on January 1, 2013 so that fee increases do not take place in the middle of the inspection process.

DISCUSSION

The following is a discussion of the proposed changes for each section of Attachment 1 – Redlined Schedule of Taxes, Fees & Charges.

Ambulance & Alarm Fees (Section 1)

- Ambulance fees are being set at 90% of the full cost recovery rate for residents and 100% of the full cost recovery rate for non-residents.
- Medical Supplies and mileage fees were not included in the cost study. These fees are set at the rate set by the Los Angeles County Department of Health Services, Emergency Medical Services Agency, which reasonably reflects the cost to the city.
- The false alarm late charge is being rounded for ease of collection.
- The false alarm appeal fee is a contracted rate we pay to the vendor, and therefore not increasing.

Appeals & Hearings (Section 2)

- All fees under Appeals & Hearings will be reviewed at a later date. Therefore these rates are not part of the proposed Resolution before the City Council, nor are there any changes in these fees at this time.

Business Permits (Section 3)

- Most Business Permit fees are being set at the full cost of recovery rate.
- New fees (indicated in blue) include; ID Card Replacement, a background check fee for the Adult Entertainer permit, and a different fee for new permits vs. renewal of permits for the Adult Entertainer permit.
- The police background investigation fee is standard among all the permits, except the Adult Entertainer, which requires a more extensive background investigation.
- The Tobacco Retailer Permit has been increased by the CPI, as it was originally adopted in the fall of 2010 and was based on the calculated costs of permit issuance and program enforcement.
- The Fire Personnel permit is set at average cost of salary and benefits of a Battalion Chief. The 30 day permit is obsolete and has been deleted.
- The Escort Bureau and Introductory Services Bureau permit fees are being combined into one line item, as they are similar and require the same amount of staff time.
- The Vacant Lot Business permit is being eliminated, as we no longer issue this permit.
- The Transient Merchant Sales permit is being eliminated, as this service is covered by the Peddler Permit.
- The Commercial Solicitors/Canvassers permit is increasing by the CPI. These permits are rarely issued and were not included in the fee study. However current fees reflect an estimate of actual staff time involved.
- Bingo Permit fees are set by State law and are not changing.
- Valet and Taxi permits are not included in this fee study. They are currently undergoing a program review and will be presented to the City Council in the future.
- The Moving Truck Parking permit fee has been eliminated. The moving van permits have benefitted from Community Development's streamlining efforts. As a result, the time it takes to process these permits and the number of people involved has been reduced dramatically. There is still a fee for No Parking Signs, located in the Inspections, Permits & Reviews section of the document.
- The Tour Bus Loading permit fee is being eliminated as it is obsolete.

Copies, Reports, etc. (Section 4)

- Photocopy fees are being made consistent throughout the City.
- Many fees are simply set at "actual cost". These fees will vary based on the size and/or frequency of the document being requested.
- The daily storage fee for impounded vehicles and motorcycles has been increased by 5.0%. This increase is in accordance with the City Council's previous direction to ensure the fee is not excessive and remains close to the market rate for the region.
- There is a new Impound Hearing Fee. This fee is being set at a rate that will be competitive with other similar services offered by other vendors and will not discourage potential new revenue.
- The Vehicle Auction Purchase Deposit fee is being set at ten times the daily storage fee.

Facility Use Fees (Section 5)

- Most Facility Use Fees are increasing by the CPI. These fees are not subject to full cost restrictions.
- Some Facility Use fees are being rounded for ease of collection.
- Security Deposit fees are being set at double the room rental rate.
- Day Use Field Preparation fees are being set at the same rate as Night Use Field Preparation, as the process is the same.
- New fees are being added for parking at Greystone due to interest from local businesses.
- A new fee is being added for Beverly Canon Gardens. In the past the City has only had a fee for weddings/ commitment ceremonies and staff is suggesting adding a fee for events/receptions based on interest.
- The Pay-to-Stay fees and Bail Bond Advertising fees are remaining the same. These are fees that should stay competitive in order to not drive away business.
- The guided trolley tour fees are being rounded for ease of collection, but not increasing substantially in order to promote the City to private and corporate interests.

Inspections, Permits & Reviews (Section 6)

- The majority of the fees in this section are development related fees, which will be reviewed later this summer or fall of 2012 and are not included in this Resolution.
- NPDES fees are a county pass through fee and will not be changing. They are not listed in the attached redlined schedule.
- Most Inspection, Permit, and Review fees are being set at full cost recovery.
- The Monument Inspection Fee is a pass through cost from the vendor.
- "Subsequent submittal of Plans", and "Public Works Inspection/Reinspect" are being changed to the actual cost for staff to perform the work.
- A new fee called "Sidewalk Replacement Inspection" is being added.
- Motor Coach Load/Unload Street Use permit is being deleted, and combined with the more generic Loading/Unloading Street Use permit.
- The Moving Truck Street Use Permit is being eliminated. The moving van permits have benefitted from Community Development's streamlining efforts. As a result, the time it takes to process these permits and the number of people involved has been reduced dramatically. Additionally, with automation, we are able track the permits by using a unique receipt number generated by the cashiering system. The net result is a point of sale transaction for the no parking signs which the City already charges for.
- Penalty fees for "subsurface lateral support encroachment permits" are not part of the fee study and are increasing by the CPI. The deposit will remain the same.
- Deposit fees for Oil, Gas & Minerals will remain the same, and are not part of the fee study.
- The fee for Residential Street Address Number painting is being deleted, as this is not a service that the City offers.
- The Fire Department fees are being re-organized to better capture Fire Department services. The old formatted fees are crossed off, to be deleted and the newly formatted fees are below in blue.

- Special Inspection outside of regular work hour fee is based on actual cost of staff time, including “call back”, “overtime”, and materials.
- The Vegetation Management Program initial inspection fee is staying at “No Charge”.
- The Correctable Sign-off Citation fee is remaining at \$15.00 to stay competitive with surrounding communities.
- “Waste Water Sampling” and “Inspection, Closure, Industrial Waste” fees require staff in the field and will be billed at actual cost of staff time and materials.

Library Services (Section 7)

- The Library fees were not included in the fee study, as these fees are generally very small and intended more as deterrents rather than to recover costs.
- Most library fees are being increased at the CPI rate.
- Some Library fees are being rounded for ease of collection.
- The fees for patrons to purchase supplies are not increasing as these are set at cost and offered as a service to our patrons.
- Passport Processing Service fees are set by Federal Law and are not increasing.
- The postage fee is not increasing.

Parking Citations (Section 8)

- Most Parking Citation fees are not changing. Only the fees that are changing are listed on the attached, redlined, fee schedule.
- The “Unlawful use of Invalid Disabled placard” fee is increasing, as set by Judicial Council.
- Changes to the CVC violations are to establish parity with the Uniform Bail and Penalty schedule as established by the Judicial Council.
- One new fee was added called “violation of any other law regarding the parking or standing of vehicles”. This was added to capture any violation that may not be listed.
- The “additional charge” column that has been added is the charge that is listed at the top of the page. \$3.00 DMV fee plus \$26.00 flat fee. This column will be added to the entire list of citations.

Parking Rates (Section 9)

- Most parking rates will remain unchanged. Only the fees that are changing are listed on the attached, redlined, fee schedule.
- Preferential parking permit, resident overnight parking, and nurse/caregiver parking permit rates are recommended to increase by the CPI, not to increase to the full cost recovery. These are fees paid by residents and the fees for preferential have already increased twice in recent years.
- Fees for preferential and resident overnight parking renewal and replacement have been eliminated to streamline the process. Only one fee will be charged.
- Residential guest permits have been eliminated.
- Valet permits are not included in this fee study. They are currently undergoing a program review and will be presented to the City Council in the future.
- A new \$5.00 fee was added for refunds of parking fees or payments. Refunding of overpayment of parking fees is a service we offer our customers that is not offered by surrounding jurisdictions.

Recreation Fees & Animal Licenses (Section 10)

- Most of the Recreation Fees will remain the same and therefore are not included in the attached, redlined, fee schedule.
- Fees for the Tennis Courts are recommended to increase by \$1.00. Newly resurfaced courts, ample parking, and added Beverly Hills Tennis vendor's amenities in seating, shading, and renovated pro shop, the hourly fee increase will not dissuade patrons from renewing their card and will increase revenue.
- Adding "hotel guests" to the group rates. The City receives approximately 3-4 calls per week from local hotel concierges requesting booking a tennis court for a hotel guest. The group rate fee was added in FY 2010/11 and no additional increase is recommended at this time. Staff will monitor the requests to evaluate the number of reservations and staff time involved and determine if an increase is recommended for FY 2013/14.
- Fees for Bowling Greens are increasing by the CPI, but are rounded for ease of collection.

Special Events and Filming (Section 11)

- City Parks, City Buildings, Street Closures, Greystone Mansion and Cable Television fees are not limited to cost of service, as they are a fee for the use of City property. These fees were mostly increased by the CPI.
- The small scale film production fee was broken into two fees. One fee for interior usage only and an additional fee for the use of the public right of way.
- The Permit Rider fee was consolidated into one standard fee and is now listed only one time under the heading "additional film of event fees".
- The non-refunded amount if cancelled fee was standardized into a cost of 50% of the permit fee and is now listed only one time, before the small scale film fees.

Taxes (Section 12)

- All taxes except Classification A, C, and I are effective September 1, 2012. Classification A, C, and I are effective January 1, 2013
- Classification A, C, & I, and New Business Tax processing are the only taxes that are increasing. They are increasing by the CPI.

Utility Rates & Fees (Section 13)

- Water Rates for service connection charges, service installation deposits, fire protection service installation deposits, fire hydrant installation deposits, temporary service connections, temporary supply from fire hydrant, groundwater replenishment, water rates, and fire protection service charges were approved by City Council in June 2012 and are not included in this Resolution.
- Water Service Restoration fees, Fire Flow Testing fees, and Water Meter Testing fees are increasing to the full cost recovery.
- Wastewater, storm water and solid waste fees are not increasing and are not included in the attached, redlined, fee schedule.
- One new solid waste fee was identified for FY 2012/13. A nominal new administration fee is meant to offset expenses related to an organic compost pilot program expected to be implemented in FY 2012/13.
- Refuse collection rates are staying the same and are not included in the

Meeting Date: July 24, 2012

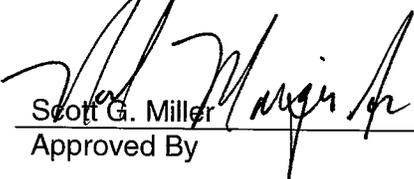
attached, redlined, fee schedule.

FISCAL IMPACT

Based on the CPI and revenue analysis, it is estimated that the total adjustments to the comprehensive Schedule of Taxes, Fees, & Charges will achieve approximately \$400,000 in additional cost recovery to the General Fund. This additional revenue has not been included in the FY2012/13 budget.



Don Harrison
Budget and Management Approval



Scott G. Miller
Approved By