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**To: Lemoore City Council** Item #  
**From: John Tyler, Administrative Analyst**  
**Date: March 9, 2006**  
**Subject: Master Fee Schedule Annual Increase Resolution**

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**Discussion:**

Council will recall that annually, the City's User Fee Schedule can be adjusted to keep pace with inflationary movements of the economy. The *Employee Cost Index for State and Local Government Employees* is the recommended tool to determine the amount of the adjustment. Only those user fees that are directly related to employee costs can be adjusted. As our report on User Fees from MuniFinancial points out:

"The City of Lemoore wishes to apply an annual adjustment factor to its fee schedules to ensure fees keep pace with inflation. We recommend the Employee Cost Index for State and Local Government Employees, Total Compensation as published by the Bureau of Labor Statistics. Each year, the City shall determine the percentage change in this index and apply the increase or decrease to the master fee schedule by act of City ordinance or resolution. Certain fees are exempt from an index adjustment, such as fees set by the State of California and percentage based fees, and these fees are noted in the master fee schedule. Every five years the City should conduct a comprehensive cost of service analysis to ensure fees are set appropriately."

Council then, by resolution, may raise certain fees for service (those directly related to City costs) in the Master Fee Schedule by the amount stated in the ECI for the year ending December 2005, which was 4.1% (see Attachment A). The Master User Fee Schedule has been adjusted and the proposed fees have been made available to the public, as per posting requirements. Council may notice that not all fees have been increased; this can be for three reasons. First, some fees are set at the State level and cannot be adjusted (i.e. DOJ fees). Secondly, some fees, such as facility rentals, are not based on costs and are, therefore, not adjusted. Finally, some fees in the schedule did not increase this year because the 4.1% associated with costs did not have enough impact to raise the fee to the next level. In other words, most of the fees are rounded to the nearest \$5 increment and the 4.1% may have only called for a \$2 increase, therefore no increase was recommended this year. In these cases, the fee may increase next year, as an additional increase will be added to the base cost.

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**Budget Impact:**

Should an increase be approved by resolution, it is estimated that an additional \$11,000 – \$14,000 will be generated annually.

**Recommendation:**

That City Council hold the public hearing and approve, by motion, the attached Resolution to increase certain fees in the Master Fee Schedule.