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To: Lemoore City Council Item # 6
From: John Tyler, Administrative Analyst
Date: February 28, 2007
Subject: Master Fee Schedule Annual Increase Resolution

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 2006, which was 4.1% (see Attachment). 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 a number of 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. Third, 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. Associated with that fact, some fees have been increased this year by what seems to be just over 4.1%, however, this is a result of performing the function just discussed. Last year some fees did not increase to the next \$5 increment. In those cases, this year's calculations compounded a 4.1% increase from the last two years to find the new rate. In that way, the User Fee Schedule is able to capture increases that were not made last year.

The Alcoholic Beverage Control Review fee was added to the schedule this year. This fee of \$750 was set by Resolution No. 9605 in 1996.

In a final discussion, there were some fees newly added or adjusted to meet changes in the way that the fees were being calculated. The PUD Single Lot Review fee was added to reflect actual costs incurred through staff time involved in the process (see Attachment #1). Additionally, Kings County changed the way in which we were being billed animal control related fees. Attachment #2, the "City-County Animal Control Services Agreement" dated June 2006 shows that the average annual amount paid to Kings County by the City of Lemoore over the last three years was between \$15,000 and \$16,000. Previous User Fees had been based on that amount. As of June 2006, Kings County raised the annual fee to a flat \$40,016, a 150% increase. City Staff used this Agreement to determine an appropriate fee to charge for 1) Animal Pickup/Euthanasia, 2) Animal Quarantine and 3) Deceased Animal Pickup. In short, Kings County increased their fees to the City by 150%; therefore, we had to increase the fees for the citizens by an equivalent amount. Finally Parking-in-Lieu fees were added so that development projects could pay a fee in-lieu of constructing new parking spaces. The fees collected would go towards funding future parking facilities in Lemoore. Calculations were performed by the Public Works Department with the assistance of Quad Knopf (see Attachment #3). These unique increases are reflected in the proposed User Fee Schedule.

Budget Impact:

Should an increase be approved by resolution, it is estimated that an additional \$15,000 – \$30,000 will be generated annually.

Recommendation:

That City Council hold the public hearing and approve, by motion, the attached Resolution 2007-06 to establish the 2007 Master User Fee Schedule.