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To: Lemoore City Council Item # 9
From: JP Prichard, Administrative Analyst
Date: March 27, 2008
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* and the *California Construction Cost Index* (when applicable) are the recommended tools to determine the amount of the adjustment. 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 2007, which was 4.1%. Additionally, the Parking-in-lieu would most appropriately be modified by the CA Construction Cost Index, which was 2.3% over the same period. 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 index 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 in the previous year.

In a final discussion, there were some fees newly added. Project-Specific Building Inspection fees and a fee for the reproduction of electronic audio files on compact disk have been added this year. Project-Specific Building Inspection fees have been calculated for simple, recurring, building inspection projects. The Audio Recording CD fee is to recover costs for audio record requests made to the City.

Budget Impact:

Should an increase be approved by resolution, it is estimated that an additional \$10,000 – \$15,000 will be generated annually.

Recommendation:

That City Council hold the public hearing and approve, by motion, the attached Resolution 2008-19 to establish the 2008 Master User Fee Schedule.