



AGENDA REPORT

Finance Department

DATE:	May 17, 2022
TO:	Mayor Butt and Members of the City Council
FROM:	Delmy Cuellar, Interim Director of Finance Antonio Banuelos, Accounting Manager
SUBJECT:	Approval of New Fees for the Revised Master Fee Schedule
FINANCIAL IMPACT:	<p>Fees for services provided by Community Services, Code Enforcement, and the Fire Department have been analyzed to determine the cost of providing such services by reviewing the number of hours and related expenses it takes to complete the service. In some cases, this analysis supports a fee increase; In others, fee reductions are supported.</p> <p>Based on the level of activity in the prior year, the proposed fee adjustments are estimated to generate additional annual revenue totaling \$92,000 for the City of Richmond, including \$31,800 for the Fire Department, \$11,900 for Recreation, and \$48,300 for Code Enforcement.</p>
PREVIOUS COUNCIL ACTION:	November 16, 2021 February 15, 2022 March 1, 2022 May 3, 2022

STATEMENT OF THE ISSUE:	Sections 2.34.040 (Schedule of Fees and Charges) and 13.45.020 (Approval of adjustments by City Council) of the Richmond Municipal Code authorize periodic adjustments to all City levied fees and charges, subject to approval by the City Council. City staff members are requesting adoption of an ordinance to establish new fees and charges as outlined in the proposed Master Fee Schedule.
RECOMMENDED ACTION:	ADOPT an ordinance (second reading) establishing certain fees for the proposed Master Fee Schedule and after the second reading of the ordinance, ADOPT a resolution setting the dollar amount for the new fees and adjusting the dollar amount for current fees – Finance Department (Delmy Cuellar/Antonio Banuelos 510-620-6741).

DISCUSSION:

Section 2.34.040 of the Richmond Municipal Code (RMC) (Schedule of fees and service charges) provides that, “The City Manager shall review the fees and charges based upon the review schedule set forth (herein) and shall set and adjust the fees or charges so as to recover up to the ... costs reasonably necessary to provide the listed regulations, products or services.”

Section 13.45.020 of the RMC (Approval of adjustments by City Council) further provides that, “Each quarter, the Finance Director shall submit to the City Council a report listing all proposed adjustments for approval. No proposed adjustment shall take effect until it is approved by the City Council. The City Council may reject, but may not modify, any one or more of the proposed adjustments in any report before approving the adjustments.”

At the February 15, 2022, and March 1, 2022, City Council meetings, the Master Fee Schedule was reviewed and approved for the first and second readings of the Ordinance. That included updates for various fees based on changes to the Employment Cost Index (ECI) and changes based on studies prepared by City consultants. This requested update captures changes that were not included in the previous update such as those for Recreation, Fire Department, Code Enforcement, and minor adjustments to other fees.

To allow for the City to establish new fees and charges for services, and therefore, collect increased revenue, it was imperative that the proposed Master Fee Schedule be brought back before City Council for approval. The Finance Department has worked with Willdan Financial Services and various departments to process the User Fee reports. The goal is to produce reports used in updating the Master Fee Schedule to help better capture city costs in providing city services. The updates to both the Code

Enforcement and Fire Department fees stems from Willdan's analysis and reports. The Master Fee Schedule proposed for adoption by the City Council includes the following changes and/or adjustments:

- New fees are proposed for services provided by the Fire Department.
- Code Enforcement Fees are being updated to reflect actual time spent on services provided.
- The Recreation facility and park rental fees for various sites have been updated to more clearly display the current discounts provided to governmental entities and City departments (discount of 50 percent) and non-profit organizations (discount of 25 percent). The majority of the Recreation facility and park rental fees will remain the same; however, Recreation's proposed updates to the Master Fee Schedule include reductions to refundable deposits, as well as minimal increases to a few specific fees. There is also the addition of a handful of new fees designed to accommodate the increased requests for demonstrations, marches, and film permits. New fees are listed in the Ordinance (Attachment 1).

On March 15, 2022, City Council was presented with a draft Fee Waiver Policy and a draft Partnership Policy. Once finalized and adopted, these policies will provide a formal process for eligible organizations to enter into partnerships with Richmond's Recreation Division and/or request the use of City facilities and parks at no cost (fee waiver) or reduced costs (fee reductions) based on the Master Fee Schedule approved rates.

- Community Development is listing the non-residential nexus fee and in-lieu fee for residential development projects per the City Council adopted Resolution No.115-20.
- Update corrects two fees collected by the Engineering Division within the Public Works Department. For the Encroachment Permit fee, the amount previously approved was incorrectly listed at \$488; correct amount is \$527. Additionally, the current Traffic Control Plan Review fee is listed at \$240 per hour, while the correct amount should be \$263.
- The Subregional Transportation Mitigation Program (STMP) Fees included in the Impact Fees section are set by West Contra Costa Transportation Advisory Committee ("WCCTAC"). The updated rates are effective July 1, 2022.
- Fees not included in this Master Fee Schedule update shall remain the same.

NEXT STEPS:

Additionally, City staff is working with consultants to produce a comprehensive update of the Impact Fees and will return at a subsequent meeting later this fiscal year with those proposed changes.

Moving forward, City staff will aim to adjust the fees annually in March.

DOCUMENTS ATTACHED:

Attachment 1 – Ordinance for New Fees

Attachment 2 – Updated Proposed Master Fee Schedule (New and Modified Fees)

Attachment 3 – Resolution for Modified Fees (to be adopted at Second Reading of Ordinance)