



AGENDA REPORT

Finance Department

DATE:	May 2, 2023
TO:	Mayor Martinez and Members of the City Council
FROM:	Nickie Mastay, Deputy City Manager – Internal Services Mubeen Qader, Deputy Director of Finance Antonio Banuelos, Accounting Manager
Subject:	Revision to Richmond Municipal Code Chapter 13.45 to Update Procedures Regarding Adoption of City of Richmond Fees
FINANCIAL IMPACT:	There is no impact on the City's General Fund as a result of this action.
PREVIOUS COUNCIL ACTION:	Click or tap here to enter text.
STATEMENT OF THE ISSUE:	City staff requests adoption of an ordinance amending Chapter 13.45 of the Richmond Municipal Code. The Tax, Fee, and Charge Adjustments Code should be adjusted per recommendation from the State Auditor and to align with current practice of yearly updates rather than quarterly updates as currently contemplated in the Richmond Municipal Code.
RECOMMENDED ACTION:	INTRODUCE an ordinance (first reading) amending Chapter 13.45 [Tax, Fee, and Charge Adjustments] of the Richmond Municipal Code to change the frequency of the fee updates from quarterly to yearly – Finance Department (Nickie Mastay/Mubeen Qadar/Antonio Banuelos 510-620-6741).

DISCUSSION:

The Finance Department updates the Master Fee Schedule on a yearly basis, like most, if not all, California cities. However, Richmond Municipal Code 13.45 entitled “Tax, Fee, and Charge Adjustments” states that fees must be updated on a quarterly basis.

However, no other California city updates their fees on a quarterly basis. This proposed update also stems from the State of California’s Audit of the City of Richmond Financial records and report published in November 2022. On page 4 of Attachment 3, the State Audit Report recommends the following:

To ensure that city fees appropriately cover the cost of providing services, by June 2023, Richmond should determine a cost - effective frequency for updating its Master Fee Schedule (fee schedule) to reflect all allowable costs, including adjusting fees for inflation as appropriate. Richmond should then revise its municipal code as necessary.

Additionally, page 32 of the State Audit Report (Attachment 3) states:

The city indicated that updating its fees on a set schedule has not been feasible because of staffing limitations and the significant amount of labor required to calculate fee increases. The city’s assessment may be reasonable given the staffing issues we identified earlier. The city must balance the time and labor of conducting more frequent updates against any potential lost revenue to determine a reasonable frequency for conducting citywide fee updates, and it should revise its municipal code to reflect its decision on the required frequency of those updates.

The proposed amendments will change sections 13.45.010 and 13.45.020 by updating the frequency of the fee updates from quarterly to yearly. Additionally, section 13.45.010 will include language regarding the need for a comprehensive fee study to be done at least every five years.

DOCUMENTS ATTACHED:

Attachment 1 – Ordinance
Attachment 2 – Redlined Version Ordinance
Attachment 3 – State Audit Report