



# AGENDA REPORT

Finance Department

<b>DATE:</b>	March 1, 2022
<b>TO:</b>	Mayor Butt and Members of the City Council
<b>FROM:</b>	Anil Comelo, Interim Deputy City Manager Belinda Brown, Director of Finance Antonio Banuelos, Accounting Manager LaShonda White, Interim Director of Library and Community Services Lina Velasco, Director of Community Development Joe Leach, Director of Public Works
<b>Subject:</b>	Approval of New Fees for the Revised Master Fee Schedule
<b>FINANCIAL IMPACT:</b>	<p>This update of the Master Fee Schedule adjusts User Fees by the Employment Cost Index (ECI). The ECI adjusts for wage rate inflation in local governments. For those fees adjusted in 2020, the inflation factor is 2.3 percent. For fees previously adjusted in 2019, the ECI adjustment is 5.2 percent.</p> <p>Fees for services provided by the Finance, Information Technology, Police, Parking Management Services, and Community Development City departments have been analyzed to determine the cost of providing service by reviewing the number of hours and related expenses it takes to complete the service. In some cases, this resulted in a fee increase; In others, the fees were reduced.</p> <p>Based on the level of activity in the prior year, the proposed fee adjustments would generate additional annual revenue totaling \$509,000 for the City of Richmond across various funds.</p>

<b>PREVIOUS COUNCIL ACTION:</b>	November 16, 2021  February 15, 2022
<b>STATEMENT OF THE ISSUE:</b>	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. Staff is requesting adoption of an ordinance to establish new fees and charges as outlined in the proposed Master Fee Schedule.
<b>RECOMMENDED ACTION:</b>	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 (Belinda Brown 510-620-6740/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 November 16, 2021, City Council meeting, the proposed action on the Master Fee Schedule Update was not approved. City Council requested the item be brought back after expressing concerns regarding rates for the Library Community Room and Recreation facilities. To address this request, the Master Fee Schedule maintains the original fees for the Library Community Room and includes existing fee reductions for City facilities. At a subsequent meeting, Staff will bring forth additional information

regarding possible fee reductions/waivers and program partnerships for Council consideration.

To allow for the City to establish new fees and charges 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 to process the City of Richmond's Impact Fee and User Fee reports. The scope of services provided under this program are designed to produce reports used in the updating of the Master Fee Schedule to help better capture city costs in providing city services and to offset the impacts of new development. The Master Fee Schedule proposed for adoption by the City Council includes the following changes and/or adjustments:

- The fee schedule is adjusted to reflect the change in the Employment Cost Index (ECI), as provided in Section 13.45.010 of the RMC. To conform to legal requirements, the effective date for fees adjusted by the ECI is 30 days after City Council final approval of the ordinance amendment and adoption of the resolution.
- Impact fees are adjusted based on changes in the ECI, as provided in Section 13.45.010 of the RMC. To conform to legal requirements, the effective date for fees adjusted by the ECI is 60 days after City Council final approval of the ordinance amendment and adoption of the Master Fee Schedule resolution.
- The Community Development Department worked with NBS to process the Fee Analysis for the Housing Administration Division. Staff performed initial research to compile a list of fees charged for similar services by other agencies. This list served as a baseline for establishing a comprehensive list of fees for evaluation. NBS and Division staff prioritized an analysis of fees for the most routine services provided by the Division. Once these fees are implemented, the Division plans to continue with analysis of additional fees that could be added during the next Master Fee Schedule Update. These new fees are listed in the Ordinance (Attachment 1).
- The fees for Commercial Solar Energy Systems are being adjusted to match the fees as listed in Assembly Bill Number 1414. This bill revised and reduced the maximum permit fees, as specified, for photovoltaic and thermal systems.
- Library staff is proposing eliminating daily overdue fines and processing fees as an important step forward in promoting equity and removing barriers for all residents. The charging of daily overdue fines and processing fees were initially intended to act as an incentive to return materials on time; however, the imposition of fines and fees on overdue materials has created an unintended barrier for library use, especially for lower income community members (Attachment 3). Additionally, no change to the current rental rate of the Library

Community Room (Madeline F. Whittlesey Room) is being recommended. The current rental rate will remain at \$12.50 per hour.

- The Recreation facility rental fees for the various sites have been updated to more clearly display the current discounts given to both rentals to other City departments (discount of 50 percent) and non-profit rentals (discount of 25 percent). City Council will have the opportunity at upcoming meetings to discuss and provide direction to staff regarding potential fee waiver and fee reduction policies for use of City facilities and parks. These policies will provide a formal process for specific organizations to 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. City staff is also researching the development and implementation of program partnership agreements between the City and outside entities which would facilitate the provision of important services and/or resources to the Richmond community.
- RMC Chapter 7.04.300 Certificates, as adopted through the approval of Measure U, includes a New Business Registration Fee. Staff is submitting a new fee to be charged to every person applying for a first business tax certificate for a newly established business.
- Per RMC Chapter 14.46 Parking Regulations, the transportation fees submitted reflect slight increases to the existing parking programs and new curb management permitting fees for emerging mobility services to improve program management cost recovery. The new mobility services that require transportation issued permits include curbside electric vehicle charging, car share, shuttle, bike share, and other micro mobility operations. These fees are an integral part of transportation demand management for parking and traffic congestion control.
- Staff is currently working with Willdan Financial in updating both Impact Fees and User Fees for various departments. The scope of services provided under this program is designed to produce reports used in the updating of the Master Fee Schedule to help better capture city costs in providing city services and to offset the impacts of new development. The main departments to thoroughly review and update are Fire and Public Works.

## **NEXT STEPS:**

Finance Staff will return in the next few months with updated fees that are currently being developed that will more accurately capture the cost of City services for the departments not included in this round. Additionally, staff will propose a Fee Waiver policy.

In addition, City Council will have the opportunity at upcoming meetings to discuss and provide direction to staff regarding program partnership agreements and potential fee waiver/ reduction policies for use of City facilities and parks.

**DOCUMENTS ATTACHED:**

Attachment 1 – Ordinance

Attachment 2 – Revised Proposed Master Fee Schedule

Attachment 3 – Housing Fee Memo

Attachment 4 – Resolution