



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Debra Figone  
City Manager

**SUBJECT: 2013-2014 PROPOSED FEES AND  
CHARGES REPORT**

**DATE:** May 3, 2013

The 2013-2014 Proposed Fees and Charges Report documents the majority of the fees and charges accruing to the City's General Fund and selected fees within other funds. This report does not, however, include a number of fees assessed by the City's enterprise operations (e.g., Airport, Downtown Parking, and Convention Center Facilities), as they are brought separately to the City Council for consideration.

The fees proposed in this document are assumed in the revenue estimates contained in the 2013-2014 Proposed Operating Budget. Cumulative departmental fees and charges for 2013-2014 are projected to generate revenue of approximately \$82.8 million, of which \$73.8 million would accrue to the General Fund. It should be noted that this figure does not include \$1.9 million in Animal Care and Services – Category II fees as discussed later in this message. This overall collection level is approximately \$3.9 million above the 2012-2013 Adopted Budget estimate level of \$78.8 million.

This increase from 2012-2013 is primarily the result of growth in projected revenues for the Development Fee Programs (Building, Planning, Fire, and Public Works), which are above the 2012-2013 Adopted Budget levels, reflecting the continued strength in development activity. Parks, Recreation, and Neighborhood Services (PRNS) projected revenues are also higher, primarily as a result of increased activity. Recommended fee changes to maintain or improve cost recovery levels, as well as a limited number of new fees that are proposed in several departments, are described throughout this document.

For all Council-directed cost recovery fee programs (excluding penalties, fines, and non-cost recovery activities), 2013-2014 Proposed Fees and Charges are projected to recover 93.1% of fee program costs which is slightly below the 2012-2013 budgeted cost recovery level of 96.0%. This slight drop in the cost recovery rate is primarily due to lower cost recovery rates for the development-related fees in the Planning, Building and Code Enforcement and Public Works Departments as well as the impact of excluding the Animal Care and Services – Category II fees. However, when the

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use of the development fee program reserves (primarily works-in-progress funding) is factored in as a source of revenue, all of these fee programs are actually at the 100% cost recovery level in 2013-2014.

The body of this report contains details, by responsible department, of proposed fees and estimated costs for the services for which the fees are assessed. In developing the 2013-2014 fee structure, staff was guided primarily by the City Council's policy direction to strive for 100% cost recovery for most fee-related programs. During the budget development process, all fee programs were reviewed to ensure that the amounts being assessed would remain competitive in the market, would not be too prohibitive, and would at least maintain current levels of cost recovery.

Additional City Council direction was also followed, so that where appropriate, fees take into consideration approved exceptions to the City Council's full cost recovery policy, as well as applicable State laws. The departments with an overall cost recovery level below 100% typically administer fee programs that the City Council has previously directed remain at less than cost recovery, generally in order to assure public access to services. Examples include fees for public records and youth recreation programs.

Highlights of the 2013-2014 Proposed Fees and Charges Report include the following:

***DEVELOPMENT FEE PROGRAMS***

Development activity, including planning permit applications, building permits, plan reviews, and inspection activity, has experienced strong performance through 2012-2013 that is expected to continue in 2013-2014.

Development activity in San José has clearly rebounded over the past two years. Residential activity has seen a strong resurgence and several high-profile development projects are underway, including Samsung, American Center II, and Coleman Highline. The result of this increased activity has led to steady increases in revenue and to the addition of positions in order to support the development community by meeting established performance measures. In 2012-2013, all of the development fee programs are projected to outperform the budgeted expectations. In response to the higher than anticipated activity levels, additional resources were added to each of the development fee programs, except the Planning Development Fee Program, as presented in the Development Services Staffing Needs memorandum that was approved by the City Council on January 29, 2013. ([http://www.sanjoseca.gov/clerk/Agenda/20120131/20120131\\_0403.pdf](http://www.sanjoseca.gov/clerk/Agenda/20120131/20120131_0403.pdf))

In 2013-2014, budget actions are recommended in all of the development fee programs to add resources to address the anticipated workload demands and meet service delivery goals. These additions can be supported by the existing revenues generated by the fee programs as well as the use of portions of the Development Fee Program Reserves. While

***DEVELOPMENT FEE PROGRAMS***

minor fee revisions are proposed to clarify fees or more accurately charge for particular services, there are no general fee increases proposed in 2013-2014. However, a new Technology Fee (2% fee on development permits) is proposed to support technology initiatives for the Development Fee Programs. It is anticipated that \$717,000 will be collected from this fee in 2013-2014, which will be set aside in a new Development Fee Program Technology Earmarked Reserve. This Reserve will fund technology initiatives for Development Services, such as the FileNet upgrade, AMANDA upgrade, GIS Web Viewer/WebMap replacement, Online Data Sharing implementation, and mobile inspections.

**Planning, Building and Code Enforcement Department (Development Fees)** – The Planning, Building and Code Enforcement (PBCE) Department administers a variety of fees and charges related to processing development permit applications and ensuring that construction in San José is safe and conforms to applicable building codes and regulations.

It is estimated that the 2013-2014 PBCE development-related fee program will collect revenues of \$24.5 million, reflecting a cost recovery rate of approximately 82%. To maintain a cost recovery rate of 100%, the use of the Development Fee Program Reserves in the Planning and Building Development Fee Programs is recommended. The individual Planning and Building Fee Program actions are

described in the following sections of this document and summarized below.

*Building Development Fee Program* – The Building Development Fee Program is projected to be at 82.6% cost recovery in 2013-2014 with a projected revenue estimate of \$21.4 million, which is \$4.2 million below the 2012-2013 estimated collection level of \$25.6 million. In 2012-2013, however, there were some large residential projects that contributed to the high collection level. The 2013-2014 revenue estimate assumes continued strong development performance. This collection level, along with the use of a portion of the Building Development Fee Program Reserve is sufficient to support recommended program additions in 2013-2014. In addition to the 10.0 positions approved by the City Council on January 29, 2013, a number of expenditure proposals are included in the 2013-2014 Proposed Operating Budget: the addition of 10.0 positions to augment the Building Inspection, Plan Review, and Permit Center in order to meet ongoing demand; the addition of 5.75 positions for clerical and administrative support as a result of increased activity in the Call Center, Imaging, and Administrative Divisions; the net addition of 1.44 positions as a result of the reorganization of the Information Technology team to focus on the implementation of new technology initiatives; additional non-personal/equipment funding for contractual services and technology training; and the use of Building Development Fee Program funds to add one position in the Finance Department to prepare Request for Proposals for technology professional services and other development-related initiatives. In addition, the new

***DEVELOPMENT FEE PROGRAMS***

***Planning, Building and Code Enforcement Department  
(Development Fees)*** (Cont'd.)

Technology Fee is expected to generate \$420,000 in this program, which will be used to fund technology initiatives. The use of \$4.5 million from the Building Development Fee Reserve is recommended to balance this fee program (estimated remaining reserve of \$10.5 million primarily for works-in-progress projects). With these actions, the Building Development Fee Program is expected to remain at 100% cost recovery.

*Planning Development Fee Program* – The Planning Development Fee Program administers a variety of fees and charges that are related to the processing of development permit applications. This Program is projected to be 82.0% cost recovery in 2013-2014 with estimated revenues of \$3.1 million. Although activity has remained low when compared to 2008-2009 and years prior, steady revenues are continuing to meet projections.

To improve service delivery and adequately allocate costs, the following budget actions are included in the 2013-2014 Proposed Operating Budget: addition of one position to provide application intake and initial processing of Planning permits; extension of one position through the end of 2013-2014 to complete environmental review work on the iStar development project and update the Edenvale area development policy; and the addition of one clerical position

(funded one-third by the Planning Development Fee Program, one-third by Code Enforcement Fees, and one-third by the Public Works Development Fee Program) to improve customer service. In addition, the Planning Development Fee Program will recognize \$60,000 in revenues as a result of a new Technology Fee, which will be used to fund technology initiatives. The use of \$672,000 from the Planning Development Fee Reserve is recommended to balance this fee program (estimated remaining reserve of \$848,000 is primarily for works-in-progress projects). With these actions, the Planning Development Fee Program is expected to remain at 100% cost recovery.

Although there are no general fee increases in Planning and Building, minor increases to the photocopy fees are recommended to align fees with costs.

***Fire Department (Development Fees)*** – The Fire Development Fee Program provides fire safety plan reviews and conducts inspections for construction projects submitted to the Planning, Building and Code Enforcement Department. The Development Fee Program activities also include issuance of fire system permits (sprinklers, fixed extinguishing systems, and fire alarm systems). The Fire Development Fee Program has experienced strong activity levels in 2012-2013 that are expected to continue in 2013-2014. In 2013-2014, the revenue estimate of \$6.4 million reflects a 1.5% increase from the 2012-2013 year-end estimate of \$6.3 million based on the recommended establishment of a new Technology Fee of 2% on all fire permits. This fee is estimated to generate an additional

***DEVELOPMENT FEE PROGRAMS***

***Fire Department (Development Fees) (Cont'd.)***

\$126,000, which will be placed in a Development Fee Program Technology Reserve.

The 2013-2014 projected revenues are sufficient to fund a number of recommended program additions without a general fee increase and without the use of the Fire Development Fee Reserve. Major budget actions include the realignment of staffing resulting in a net addition of 2.0 positions (eliminates 2.0 vacant Senior Engineering Technicians, adds 1.0 Fire Prevention Inspector, 2.0 Associate Engineers, and 1.0 Senior Permit Specialist positions) which will address increased activity levels and improve performance and customer support. The Fire Development Fee Reserve is expected to total \$4.3 million in 2013-2014.

Although there are no general fee increases in the Fire Development Fee Program, minor increases to the photocopy fees are recommended to align fees with costs.

***Public Works Department*** – The Public Works Department has two fee programs, the Development Fee Program and Utility Fee Program. The Development Fee Program is responsible for the collection of various fees for private development-related activities, such as planning application review, plan review and inspection of public improvements, review of subdivision maps, grading permits, and revocable

encroachment permits. The Utility Fee Program issues utility excavation permits and encroachment permits to utility companies and other agencies. Both programs are operated on a 100% cost recovery basis.

The strong activity in 2011-2012 and 2012-2013 is expected to continue in 2013-2014. In 2013-2014, Public Works fees are expected to generate \$7.9 million (\$5.7 million from the Development Fee Program and \$2.2 million from the Utility Fee Program). In the Development Fee Program, a proposed increase in the 2013-2014 revenue estimate from \$5.6 million to \$5.7 million reflects the recommended establishment of a new Technology Fee of 2% on all public works development permits. This fee is estimated to generate an additional \$111,000, which will be placed in a Development Fee Program Technology Reserve. The 2013-2014 projected revenues, along with the use of a portion of the Public Works Development Fee Program Reserve, are sufficient to support a number of recommended program additions in 2013-2014 without any general fee increases. In the Development Fee Program, the addition of 3.5 positions and the reallocation of 2.12 positions to the fee program will increase service delivery from 78% to 85% completion rate within specified time frames. In the Utility Fee Program, the addition of 1.0 Engineering Technician position and the reallocation of 0.25 Senior Engineer position are recommended to assist in meeting the service delivery target of 85% completion rates within specified time frames. A decrease to the Public Works Development Fee Program Reserve of \$318,000 is recommended to offset a portion of the recommended actions. This Fee Reserve will decrease

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***DEVELOPMENT FEE PROGRAMS***

***Public Works Department (Cont'd.)***

from its anticipated level of \$3.9 million to \$3.6 million in 2013-2014. With these actions, these programs are projected to be 100% cost recovery in 2013-2014.

While no major development fee increases are proposed, seven new fees are recommended primarily to align fees with services delivered.

In addition to the two major fee programs, the Public Works Department also collects fees for utility undergrounding, sanitary and storm sewer connections, Inter-Agency Encroachment Permits, and Geographic Information Systems (GIS) data extraction services.

***Transportation Department (Development Fees)*** – The development fees administered by the Transportation Department are expected to generate approximately \$253,000 in 2013-2014. The Transportation Department is responsible for the collection of fees for various development-related activities such as: Geometric Plan Design; Tree Planting and Young Tree Trimming; Sale of Street Name Signs; Signal Design/Review; and New Subdivision Traffic Control Signs and Pavement Markings. Fee adjustments for General Plan Amendment (GPA) Model Analysis and Signal/Design Review are recommended in this report to keep pace with projected costs and/or maintain full cost recovery. Development fees will remain at 100% cost

recovery in 2013-2014 as a result of recommended fee adjustments.

***OTHER FEE PROGRAMS***

***City Clerk*** – One of the City Clerk’s responsibilities is to make all official City Council records and documents accessible to the public. The Office of the City Clerk also performs special research and notary services, and provides duplication of taped materials on a fee basis. In 2013-2014, a review of fees and charges was completed and adjustments are recommended to maintain cost recovery levels to the extent possible. An increase to the Document Copying fee is recommended as a result of reviewing the time and resources necessary to complete this service.

***Office of Economic Development*** – The Office of Economic Development (OED) is responsible for the collection of fees related to Office of Cultural Affairs (OCA) activities, including various event and use permit fees. OED is also responsible for administering the City’s Enterprise Zone Program and the Foreign Trade Zone, Subzones, and Alternative Site Framework including processing applications, boundary modifications, and contract negotiations and extensions.

While there are no fee increases recommended, there are a number of fees included in this document that were approved during 2012-2013. On August 21, 2012, the City Council approved fees for outdoor event use of the newly constructed Parque de los Pobladores (also known as Gore Park) to spur

***OTHER FEE PROGRAMS***

***Office of Economic Development*** (Cont'd.)

downtown vibrancy and cultural development. On November 27, 2012, the City Council approved the addition of the Foreign Trade Zone Alternative Site Framework fees for businesses who want to take advantage of this new expedited review process by the Foreign Trade Zone Board.

On April 6, 2010, the City Council approved a set of strategies to encourage events and activities in the City of San José. The Gated Event on Public Property Fee continues to be suspended through June 30, 2014 (5% of gross gate receipts reduced to 0%) per City Council approval on May 1, 2012 to provide continued opportunity for event producers to increase revenues.

***Environmental Services Department*** – The Environmental Services Department (ESD) administers two fee programs as part of the Integrated Waste Management Program: Source Reduction and Recycling Fees, and Franchise Application Fees. There are several fees in the Source Reduction and Recycling category: two Commercial Solid Waste fees, a Landfill Waste Disposal fee, a Disposal Facility Operator Integrated Waste Management Fee, and a Waste Diversion Compliance Review fee. The Commercial Solid Waste Fees and Landfill Waste Disposal Fee are also commonly referred to as AB 939 fees. In addition to Integrated Waste Management Program fees, the Environmental Services Department receives revenue from two fees administered by

the Library Department for the Silicon Valley Energy Watch Tool Lending Library Program. These fees recover the cost of damaged or lost power meters rented out to the public by libraries.

The exclusive franchise with Allied Waste Services of Santa Clara County (now known by the name of its parent company, Republic Services) replaced the non-exclusive franchise system for most types of commercial garbage hauling, effective July 1, 2012. The fee is reevaluated annually and modified as needed to fund the oversight, administration, and enforcement of the City's commercial solid waste system, residue disposal, and to cover the cost of programs targeted at waste diversion for the commercial sector. This fee is proposed to decrease from \$3.8 million in 2012-2013 to \$3.2 million in 2013-2014 to reflect reduced residue disposal costs, reduced costs for franchise and contract administration, and a reduced need to purchase public litter cans.

The Waste Diversion Compliance Initial Review fee and Waste Diversion Compliance Additional Review fee are recommended to be deleted and replaced with the Waste Diversion Review fee of \$100 per hour to more accurately reflect the time and resources required to process the program's applications.

***Finance Department*** – The Finance Department is responsible for collecting, accounting for, and monitoring the license and permit fees for Christmas tree and pumpkin patch lots, circuses, carnivals and parades, and other miscellaneous

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***OTHER FEE PROGRAMS***

***Finance Department (Cont'd.)***

fees, along with Integrated Waste Management-related late charges. The Finance Department would also be responsible for collecting any Medical Marijuana regulatory fees. These fees, however, have been suspended.

For 2013-2014, upward adjustments to various fees are recommended based on the projected staff resources to administer the fees and 2013-2014 costs. In 2013-2014, these cost-recovery fees are projected to generate \$193,000 in the General Fund. The Integrated Waste Management-related late charges and fees are projected to generate approximately \$4.0 million in the Integrated Waste Management Fund. This figure incorporates upward adjustments to the Solid Waste Delinquency fees proposed for 2013-2014 based on updated cost projections.

Medical Marijuana Fees, which were adopted in the 2011-2012 Budget, will continue to be suspended due to the suspension of the Regulatory Ordinance and pending cases in the California Supreme Court.

***Fire Department (Non-Development Fees)*** – The Non-Development Program administers fire safety and hazardous materials permits and conducts inspections for permitted occupancies in the City of San José. The 2013-2014 revenue estimate of \$4.1 million is consistent with the 2012-2013 estimate. Base costs of \$4.3 million, however, exceed this

revenue estimate. Several actions are recommended in the 2013-2014 Proposed Operating Budget to balance this fee program. These actions include: the elimination of one of five Hazardous Materials Inspector positions, a reduction in overtime funding, and a reduction in non-personal/equipment funding. With these proposed actions, the 2013-2014 Fire Department Non-Development Fee Program is projected to remain at 100% cost recovery.

***Housing Department*** – The Housing Department administers the Rental Rights and Referrals Program, and is responsible for the collection of Inclusionary Fees, Rental Mediation Penalty Fees, Homebuyer Subordination Fees, and Multi-Family Fees. There are no proposed changes to the existing Inclusionary in-lieu fees, the Homebuyer Subordination Fee, or the Single-Family Loan Payoff Fees. However, in order to maintain cost recovery levels for the Rental Rights and Referrals Program, a one-time use of \$93,000 from the Reserve for Rental Rights and Referrals generated from prior year fee program savings and fee increases for rent-controlled apartments (from \$6.50 to \$7.50) and mobile home units (from \$16.00 to \$17.00) are included.

Proposed new fees and recommended changes to existing fees pertaining to the management of the City's Multi-Family Affordable Housing Loan Portfolio are included to more accurately align the cost recovery level of the fees with staffing needs and activity levels. Additionally, in prior years, these services were primarily funded by loan payments and low and moderate income housing funds. However, as a

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***OTHER FEE PROGRAMS***

***Housing Department*** (Cont'd.)

result of the dissolution of the former San Jose Redevelopment Agency and the loss of the low and moderate income housing funds, the proposed new fees and fee increases will fully recover the costs of providing these services to its loan portfolio.

Fee increases are recommended to the hourly rate for both Housing and City Attorney staff time, the Multi-Family Project Owner Transfer Fee, and the Multi-Family Loan Refinance Fee (formerly named the Multi-Family Loan Payoff Fee).

New fees are recommended for the following: Multi-Family Affordability Restriction Monitoring Fee; Multi-Family Loan Conversion Fee; Multi-Family Loan Origination Fee; Multi-Family Loan Recapitalization Fee; Multi-Family Loan Servicing Fee; Multi-Family Project Restructuring Fee; and a Supplemental Document Processing Fee.

***Library Department*** – The Library Department levies fines for overdue, lost, and damaged materials, and collects fees for various services such as community room rentals and providing materials through other library systems. No changes to the existing fines or fees are recommended for 2013-2014 and these revenues are projected to total \$1.0 million in 2013-2014.

***Parks, Recreation and Neighborhood Services Department*** – The Parks, Recreation and Neighborhood Services Department (PRNS) collects a variety of fees and charges related to sports, sports fields and facilities, recreational lessons and facilities, and admission charges for Happy Hollow Park and Zoo.

The Pricing and Revenue Policy that was first approved and implemented in 2009-2010 allows the City Manager, or his or her designee, to set PRNS user fees and pricing strategies in accordance with annual City Council approved cost recovery percentage goals; thereby increasing PRNS' ability to achieve cost recovery goals, ensure affordable access, and preserve existing services by decreasing PRNS' dependence on the General Fund.

As part of the development of the 2013-2014 Proposed Operating Budget, every revenue category was thoroughly examined and adjusted based on activity levels and anticipated fee increases, as necessary. PRNS cost recovery goals for 2013-2014 as outlined in the attachment to the PRNS section of this document remain unchanged from 2012-2013 approved levels.

For 2013-2014, \$15.6 million in General Fund fee revenue is anticipated, reflecting an increase of \$254,000 from the 2013-2014 base revenue estimate of \$15.4 million. Additional revenue is anticipated as a result of the newly expanded Happy Hollow Park and Zoo catering services (\$100,000), the addition of reservable park picnic sites (\$34,000), the increase in community center rentals

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***OTHER FEE PROGRAMS***

***Parks, Recreation and Neighborhood Services Department (Cont'd.)***

(\$92,000), and a newly completed sports field coming online in 2013-2014 (\$28,000).

Increased activity levels are anticipated in several categories including fee classes/activities, rentals and reservations, parking, and skate park. The PRNS Department's continued concerted efforts to market programs, including the skate park and fee activity classes, are contributing to the increased activity levels.

***Planning, Building and Code Enforcement Department (Non-Development Fees)*** – The Code Enforcement Division of the Planning, Building and Code Enforcement Department collects fees for multiple housing permits, solid waste enforcement, neglected/vacant building registration, landfill closure and post closure activities, auto body repair shop permits, auto dismantler permits, abandoned shopping cart program, and off-sale alcohol enforcement. The Code Enforcement Fee Program is projected to be at 100% cost recovery in 2013-2014 with a projected revenue estimate of \$9.1 million.

For 2013-2014, upward adjustments to a number of miscellaneous Code fees are proposed to recover the net increase in personnel costs, as well as increased costs for technology associated with the Code program. No fee

increases are recommended for the Abandoned Cart Program, Landfill Closure and Post Closure Fees, and the Multiple Housing Occupancy Permit Fee. The following fees are recommended to be decreased based on a reevaluation of staff time and costs for this activity: Multiple Housing Permit Transfer Fee, Off-Sale Alcohol Enforcement Transfer Fee, and the Tobacco Retail Program (Reinspection, Permit Reinstatement, and Transfer Fees).

***Police Department*** – In this fee program, fees are collected from the public and from other police agencies for services such as fingerprinting, computer searches, copying of public records, and releasing impounded vehicles. Certain businesses and activities are subject to regulation, and fees are charged to offset the costs for processing permits and licenses that accompany the regulatory process and to partially offset costs for related investigative work.

Police Department fees are expected to generate \$3.3 million in 2013-2014. Activity is anticipated to remain steady, but most of the fees will decrease from their current levels to maintain the Council-approved cost recovery level. The decrease is due mainly to civilianization in the Department's Permits and Gaming Units. The Gaming Unit was civilianized in the 2012-2013 Adopted Budget, but due to the delay in the recruitment process, Cardroom Work Permits continue to be processed by sworn officers. As a result of this delay, retroactive to July 1, 2012, the 2012-2013 adopted Cardroom Work Permit New and Renewal fees have been rolled back to the 2011-2012 adopted levels. As part of the 2013-2014 Proposed Fees and Charges document, a Sworn

***OTHER FEE PROGRAMS***

***Police Department (Cont'd.)***

Administration fee for New and Renewal Cardroom Work Permits will be established, until the civilian positions are hired, and at that time, the Civilian Administration fee for New and Renewal Cardroom Work Permits will be charged.

There are a few exceptions to the general decrease in the Police Department fees, as a few of the Department's fees are increasing to meet cost recovery levels based on time analysis studies. A complete list of proposed fee revisions by service is located in the Summary of Proposed Fee Changes section of this document. One fee that is increasing significantly is the Outside Agency Recruit Fee which allows for the Department to collect revenue from other local jurisdictions that send their Police Recruits to attend San José's Police Recruit Academy at the South Bay Regional Public Safety Training Consortium (South Bay). This fee is increasing from \$3,100 per recruit per academy to \$10,720 per recruit per academy to align the fee with actual costs based on a 60 recruit academy. When South Bay holds an academy and cannot fill it with the maximum number of recruits (60), other local jurisdictions can send their recruits to South Bay to fill in the additional spots and pay a fee to cover the costs of the training.

The majority of Department fees are in the 100% cost recovery category; however, the fees for Traffic Accident Reports and Repossessed Vehicles are limited by State Law,

and are at 88.0% and 62.5% cost recovery respectively. In addition, for consistency, the Public Records Duplication fee, currently at a cost recovery rate of 88.0% in the Police Department, is standardized across the City to match the department with the lowest cost recovery fee for this service.

One fee will be deleted, the Subpoenaed Officer Court Appearance fee, because it is set by the State and any updates to this fee by the State are captured in the City's Police and Firefighters Subpoena Guidelines.

***Public Works Department (Non-Development Fees)*** – In 2012-2013, Public Works conducted a thorough cost analysis of the Category I fees for Animal Care and Services (ACS). Based on this analysis, five new fees are recommended, all existing fees are recommended to be adjusted, and one fee is recommended to be deleted to better align actual costs with revenues in order to achieve 100% cost recovery. However, due to the impact of these fee changes and additions, some fee adjustments are recommended to be phased in over three years to minimize the impact on residents and small businesses.

The Department is currently in process of conducting a two-year in depth time analysis study for the ACS - Category II fee program to differentiate services provided which are part of the fee structure, services provided as public service (e.g. investigating complaints, removal of deceased animals, and picking up feral cats), and contractual services provided for local agencies. Revenues and expenditures associated with these activities are excluded from this report. A total of \$1.9

***OTHER FEE PROGRAMS***

***Public Works Department (Non-Development Fees)***  
*(Cont'd.)*

million in revenue collections; however, is included in the 2013-2014 Proposed Budget document. The Department will continue its review of the costs associated with these fees and will bring forward an updated cost recovery rate and any appropriate fee adjustments as part of the 2014-2015 budget process.

During the review conducted in 2012-2013, some fees are recommended to be adjusted. The Adoption Fees have been re-evaluated to reflect a more flexible approach to adoptions. The specified adoption fees per animal are recommended to be individually set by the Director of Public Works or Designee to better align fees with current demand. The fees may be reduced to encourage the adoption of a specific animal where there has been difficulty adopting out the animal or increased where an animal has been determined to be highly adoptable. The determination of highly adoptable will be made by reviewing factors such as breed, popularity, age, physical condition, and behavior conditions. Also included are six new fees, some minor fee adjustments, and one fee recommended for deletion.

The Mexican Heritage Plaza (MHP) facility is currently operated by a private operator and the revenue for these fees is not currently assumed in the General Fund budget. The

fees associated with this facility are not displayed in this document; however, they are reflected in the Fee Resolution.

***Transportation Department (Non-Development Fees)*** –The non-development fees administered by the Transportation Department are expected to generate approximately \$574,000 in 2013-2014. Proposed non-development fees are not recommended to change except for an increase to the Document Copying fee as a result of reviewing the time and resources necessary to complete this service. Non-development fees are expected to keep pace with projected costs and/or maintain full cost recovery. The Residential Permit Parking program will maintain full cost recovery in 2013-2014 by aligning personnel and material costs to projected revenue after maintaining fees implemented in 2012-2013.

***OTHER FEE REVISIONS***

As mentioned earlier, there are a number of fees that are not included in this document as they are brought forward separately to the City Council. As described in the 2013-2014 Proposed Operating Budget, Municipal Water System rates are anticipated to increase by approximately 8% (but no more than 9%) due to the higher cost for wholesale water. There are no fee increases proposed for Recycle Plus rates, the Sewer Service and Use Charge Fee, the Storm Sewer Service Fee.

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***SUMMARY***

Proposed fees and fee structure revisions are presented in the following summaries and detailed in the departmental sections that form the body of this Report. The revenues that will result from the proposed fee adjustments are reflected in the 2013-2014 Proposed Operating Budget.

Notification to the public and interested parties of the proposed fee program changes was provided through various means, including meetings with interested stakeholders, and through distribution of this document to the City Clerk's Office and to Library branches. Specific notification efforts are described in each of the Departmental Impact Analysis Reports contained in this document.

This Proposed Fees and Charges Report was released on May 3, 2013, allowing for a minimum of 10 days for public review. Public input on fee proposals will be heard by the City Council at public hearings held on Tuesday, May 14, 2013, at 1:30 p.m. and Monday, June 10, 2013, at 7:00 p.m. in the Council Chambers.



Debra Figone  
City Manager