City of Sacramento
City Council

915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: **5/31/2011** **Report Type:** Public Hearing

Title: Citywide Fees and Charges Update (Noticed on 5/3/10 and 5/10/11)

Report ID: 2011-00430

Continued from 5-31-11

Location: Citywide

Recommendation: Conduct a public hearing and upon conclusion adopt a Resolution approving proposed new fees and fee increases.

Contact: Jason Bader, Senior Management Analyst (916) 808-5817, Finance Department

Presenter: Leyne Milstein, Finance Director, (916) 808-849, Finance Department

Department: Finance
Division: Budget Office
Dept ID: 06001411

Attachments:

1-Description/Analysis
2-Attachment 1
3- Attachment 2
4-Resolution
5- Exhibit A

City Attorney Review
Approved as to Form
Larry Duran
5/24/2011 1:57:46 PM

City Treasurer Review
Prior Council Financial Policy Approval or Outside City Treasurer Scope
Russell Fehr
5/6/2011 9:54:16 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 5/19/2011 2:38:45 PM

Assistant City Manager: Patti Bisharat - 5/24/2011 12:50:22 PM

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Description/Analysis

Issue: With the fiscal year (FY)2005/06 Midyear Report (Resolution 2006-106), the City Council formally adopted a citywide Fees and Charges Policy (Attachment 1). This policy provides the mechanism to ensure that City fees and charges reflect the Council's direction regarding recovery of costs related to providing programs and services.

Consistent with the Fees and Charges Policy, proposed new fees and fee adjustments requiring Council approval are included in Exhibit A of the Resolution. The following departments have identified changes to the current fee schedule: Community Development, Finance, Transportation and Utilities.

The adopted policy requires a necessary mechanism to ensure that the City's fees and charges reflect the City's current costs and that those fees and charges are reviewed on an annual basis by City Council. The policy also recommends that inflation adjustments for fees and charges occur on a biennial basis. This year fees and charges were scheduled to be adjusted by the Consumer Price Index (CPI) for the 2009 and 2010 two-year period. During this timeframe the two-year adjustment totaled 1%. However, given the current economic conditions and the relative cost associated with updating citywide materials for such a minimal increase, we will not be increasing rates for the most recent two-year period.

An online database and website has been developed to provide a single place to store information for all City fees and charges and provides City residents with easy access to information about departmental fees and charges. The database may be found on the City of Sacramento Finance Department website: http://www.cityofsacramento.org/finance/fees/index.cfm

Policy Considerations: Maintaining the objectives outlined in the citywide Fees and Charges Policy is consistent with the Council's adopted budget principle to maintain a fiscally sustainable, balanced budget.

Committee/Commission Action: Not applicable.

Environmental Considerations: Approval of fees and the maintenance of a website does not constitute a "project" and is therefore exempt from the California Environmental Quality Act (CEQA) according to Section 15601(b)(3) of the CEQA guidelines.

Rationale for Recommendation: The annual review of citywide fees and charges helps to ensure that the City's fees and charges keep pace with changes in the cost-of-living index, as well as changes in methods or levels of service delivery. However, given the current economic conditions and the relative cost associated with updating citywide materials for such a minimal increase, we will not be increasing rates for the most recent two-year period.

Financial Considerations: While the review and adjustment of and addition to citywide cost recovery through fees and charges is an appropriate mechanism to offset General Fund expenditures, it is important to note that the proposed fees and charges in this report are necessary to sustain existing revenue budgets and do not provide any additional resources. Staff is recommending approval of the fees and charges as outlined in Exhibit A.

Proposition 26 was passed by the voters on November 2, 2010, to amend Article XIII C of the state Constitution. According to the ballot measure, the intent of the measure is to ensure the effectiveness of Propositions 13 and 218 by providing a definition of a "tax" for state and local purposes "so that neither the Legislature nor local governments can circumvent these restrictions on increasing taxes by simply defining new or expanded taxes as 'fees'." Thus, under Proposition 26 a tax has been defined very broadly to include any levy, charge, or exaction of any kind imposed by a local government, except for seven specified categories of charges. Moreover, the City bears the burden of proving that a fee or charge is not a tax. Toward this end, the report contains summary information, as appropriate, explaining why each proposed fee or fee increase is not a tax under Proposition 26.

Emerging Small Business Development (ESBD): There are no ESBD considerations with this report.

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Attachment 1

CITY OF SACRAMENTO FEES AND CHARGES POLICY

The City of Sacramento has the ability to determine the extent to which fees should be used to fund City facilities, infrastructure and services.

There are five main categories of fees that the City currently implements[1]:

- ✓ **Impact/development fees** are typically one-time charges levied by the City against new development to generate revenue for the construction of infrastructure and capital facilities needed to offset the impacts of the new development.
- ✓ **Service fees** are charges imposed on persons or property that are designed to offset the cost of providing a government service. Sometimes these services are elective, such as fees for processing voluntary development permit applications, or providing service/recreation programs, while other service fees are not, such as mandatory service fees for trash or utility services. Such fees are typically reasonably related to the cost of providing the service for which the fee is imposed. Otherwise, the fee may constitute a special tax for which voter approval is required by Propositions 13, 62, and 218.
- ✓ **Regulatory fees** are imposed to offset the cost of a regulatory program, such as business regulatory fees, or to mitigate the past, present or future adverse impact of a fee payer's operations. While payment of a regulatory fee does not necessarily provide any direct benefit from payment of the fee, there must be a "nexus" between the activity and the adverse consequences addressed by the fee. Common examples of regulatory fees include inspection fees and business license fees designed to reimburse a local agency for the cost of monitoring the business and enforcing compliance with City code.
- ✓ **Rental fees** are charged for the rental of public property and include the rental of real property, parking spaces in a public parking lot, or the rental of community facilities such as a recreation or community room or picnic area. Rental fees are not subject to the general rule that the fee must bear a direct relationship to the reasonable cost of providing the service for which the fee is charged, however, rental fees must be fair and reasonable.
- ✓ **Penalties/Fines** are payment required for non-compliance or failure to adhere to specific rules and/or requirements.

This document sets forth guidelines for:

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1 League of California Cities Website: Spring Meeting May 13-15, 1998Laurence S. Wiener, Esq.City Attorney of Beverly Hills and Westlake Village ***THE CITY ATTORNEY'S ROLE IN EVALUATING FEE STUDIES.***

- Establishing cost recovery goals;
- Determining the categories of cost recovery levels in which to categorize/organize fees;
- Methods for determining which category a fee falls under; and
- Establishment and modification of fees and charges.

A. Cost Recovery Goals

In setting user fees and cost recovery levels, the following factors will be considered[2]:

1) The amount of a fee should not exceed the overall cost of providing the facility, infrastructure or service for which the fee is imposed. In calculating that cost, direct and indirect costs may be included. That is:
   - Costs which are directly related to the provision of the service; and,
   - Support costs which are more general in nature but provide support for the provision of the service. For example, service fees can include reimbursement for the administrative costs of providing the service. Development fees can include the cost of administering the program to construct public facilities that are necessary to serve new development.
2) The method of assessing and collecting fees should be as simple as possible in order to reduce the administrative cost of collection.
3) Fees should be sensitive to the "market" for similar services.

   In addition, in setting enterprise fund fees and cost recovery levels, the following factors will be considered:
4) The City will set fees and rates at levels which fully cover the total direct and indirect costs, including operations, capital outlay and debt service of the enterprise programs.
5) The City will review and adjust enterprise fees and rate structures as required to ensure that they remain appropriate and equitable.

B. Categories of Cost Recovery Levels in Which to Categorize/Organize Fees

There are five categories of cost recovery levels in which to classify fees:

1. **Enterprise**: Full direct and indirect cost recovery (100% of total costs) for enterprise services such as water, sewer and solid waste, as well as impact/development fees.
2. **High**: Full direct cost recovery (81-100% of total costs).

2 Government Finance Officers Association Website, Best Practices in Public Budgeting, City of San Luis Obispo: User Fee Cost Recovery Goals, 2005.

3. **Medium**: Recovery between 41-80% of direct costs.
4. **Low**: Recovery between 0-40% of direct costs.
5. **Other**: Fees based on market, geography, assessment, project specific, legal limits or specific Council policy.

The City may choose, for policy reasons, to set fees at less than full recovery. For example, fees based on market, geography, assessment, project specific, statutory/legal limits or specific Council policy. In some cases, the City will acknowledge that a subsidy is acceptable, or even necessary to ensure program access and viability.

C. Methods for Determining Which Category a Fee Falls Under

Implementation of higher cost recovery levels is appropriate under the following conditions (up to 100% of the cost of the service or program):

- The service is regulatory in nature (i.e. building permits, plan check fees);
- The service is similar to services provided through the private sector;
- Other private or public sector alternatives could or do exist for the delivery of the service;
- The use of the service is specifically discouraged (i.e., police responses to disturbances or false alarms might fall into this category).
- The service or facility is a specialized use that could be provided at a lower cost if not for specific nature or service (i.e. lighted fields).

Lower cost recovery levels are appropriate under the following conditions:

- There is no intended relationship between the amount paid and the benefit received. (It is likely that some recreation and human service programs fall into this category as it is expected that these programs will be subsidized by funds);
- Collecting fees is not cost-effective or will significantly impact the accessibility to the service;
- The service is non-recurring, generally delivered on a peak demand or emergency basis, cannot be planned for and is not readily available from a private sector source (i.e. public safety services);
- Collecting fees would discourage compliance with regulatory requirements and adherence is primarily self-identified, and as such, failure to comply would not be readily detected by the City.

Other:

- Market pricing requires that there be a direct relationship between the amount paid and the level and cost of the service received or a direct relationship to actual prices being charged for the service in the current market.
- Legal specifications and/or limitations to the amount that is charged.

- Adopted Council Policy setting specific fee.

Factors to Consider
The extent to which the total cost of service should be recovered through fees depends upon the following factors:

- ✓ The nature of the facilities, infrastructure or services;
- ✓ The nature and extent of the benefit to the fee payer;
- ✓ The effect of pricing on the demand for services; and
- ✓ The feasibility of collection and recovery.

The chart below reflects these factors and the potential options for higher or lower cost recovery[3]:

3 Government Finance Officers Association Website, Best Practices in Public Budgeting, City of Fort Collins, CO: User Fee Policies, 2005.

	The Nature of the Facilities, Infrastructure or Services	The Nature and Extent of the Benefit to The Fee Payers	Effect of Pricing on the Demand for Services	Feasibility of Collection and Recovery
Higher Cost Recovery	In the case of fees for facilities, infrastructure and proprietary services[4], total cost recovery may be warranted.	When a particular facility or service results in substantial, immediate and direct benefit to fee payers, a higher percentage of the cost of providing the facility or service should be recovered by the fee.	Because the pricing of services can significantly affect demand, full cost recovery for services is more appropriate when the market for the services is strong and will support a high level of cost recovery.	In the case of impact fees, which can be collected at the time of issuance of a building permit, ease of collection is generally not a factor.
Lower Cost Recovery	In the case of governmental services[5], it may be appropriate for a substantial portion of the cost of such services to be borne by the City's taxpayers, rather than the individual users of such services.	When a particular facility or service benefits not only the fee payer but also a substantial segment of the community, lower cost recovery is warranted.	If high levels of cost recovery affect accessibility to or negatively impact the delivery of services to lower income groups, this should be considered based on the overall goals of the program being implemented.	Some fees may prove to be impractical for the City to utilize if they are too costly to administer.

D. Establishment and Modification of Fees and Charges

Fees will be reviewed and updated on an ongoing basis as part of the annual budget process to ensure that they keep pace with changes in the cost-of-living as well as changes in methods or levels of service delivery. At the beginning of the budget process each department will submit a list of proposed adjustments to their section of the master fee schedule. Each service must be assigned a target cost recovery level as defined above.

Maintaining competitive status and comparability with other cities should be considered when determining new fee levels. Those fees that are proposed for adjustment should be benchmarked against neighboring jurisdiction fee schedules or

4 Proprietary services are those which are provided for the benefit and enjoyment of the residents of the City

5 Governmental services are those which are provided by the City for the public good such as regulating land use, maintaining streets, and providing police and fire protection.

appropriate service markets. The benchmark analysis should be taken into consideration when making final pricing decisions.

However, the City may choose, for policy reasons, to set fees at less than full recovery. (for example, fees based on market, geography, assessment, project specific, statutory/legal limits or specific Council policy). As stated above, in some cases, the City will acknowledge that a subsidy is acceptable, or even necessary to ensure program access and viability. Where appropriate, fees that have not been increased in some time should have increases phased in over several years to avoid 'sticker shock' increases.

If a particular fee is not adjusted in the budget process, to the extent feasible and/or appropriate, it should be increased bi-annually by a CPI factor to keep pace with inflation. For CPI adjustments the City will use the *Employee Cost Index for State and Local Government Employees, Total Compensation* as published by the Bureau of Labor Statistics. Bi-annually, the Finance Department shall determine the percentage change in this index and apply the increase or decrease to the master fee schedule, rounding up to the nearest whole dollar. Certain fees are exempt from an index adjustment, such as fees set by the State of California, percentage-based fees or those that have been identified as inappropriate for indexed fee increases (e.g. feasibility or fees that are based on market for services). Exempt fees are noted in the master fee schedule. Council may consider fee issues outside of the annual budget process on a case by case basis.

The City should conduct a comprehensive cost of service analysis every five to seven years to ensure fees and charges are set appropriately. Generally, fees may be adjusted based on supplemental analysis whenever there have been significant changes in the method, level or cost of service delivery. For example, changes in processes and technology change the staff time required to provide services to the public. A cost of service study will identify and quantify these changes.

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Attachment 2

Proposition 26

Proposition 26, the "Stop Hidden Taxes Initiative" was passed by the voters on November 2, 2010, to amend Article XIII C of the state Constitution. According to the ballot measure, the intent of the measure is to ensure the effectiveness of Propositions 13 and 218 by providing a definition of a "tax" for state and local purposes "so that neither the Legislature nor local governments can circumvent these restrictions on increasing taxes by simply defining new or expanded taxes as 'fees'" Accordingly, under Proposition 26 a tax has been very broadly defined.

Tax Defined:
"Tax" now means "any levy, charge, or exaction of any kind imposed by a local government, except for the following seven categories of charges:

Exception 1 – Benefit Conferred or Privilege Granted
A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege
Examples:

- Residential parking permit fees
- Professional licenses
- Business improvement assessments

Exception 2 – Government Service or Product
A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product
Examples:

- User fees for park and recreation programs
- Weed abatement fees
- Sidewalk curb repairs

Exception 3 – Licenses and Permits
A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof
Examples:

- Building inspections
- Cardroom license
- Business licenses

Exception 4 – Use of City property
A charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property

Examples:

- City-owned parking lots
- Swimming pools
- Convention Center rentals
- Golf green fees

Exception 5 – Fines and Penalties
A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law
Examples:

- City Code fines and penalties (e.g., 1.28.020)
- Parking fines

Exception 6 – Property Development Charges
A charge imposed as a condition of property development
Examples:

- Development impact fees

Exception 7 – Proposition 218 Fees
Assessments and property related fees imposed in accordance with the provisions of Proposition 218, Article XIII D
Examples:

- Utility fees for water, sewer, drainage, and solid waste
- Street lighting assessments

Burden of Proof:
The paragraph following the seven enumerated exceptions states:
"The <u>local government bears the burden of proving</u> by a preponderance of the evidence [1] that a levy, charge, or other exaction is not a tax, [2] that the amount is no more than necessary to cover the reasonable costs of the government activity, and [3] that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity." The latter two requirements only apply to the first three exceptions.

Thus, with the burden of proof now shifted to the City, that requires each department to take into consideration how it aims to prove that a proposed fee or fee increase is not a tax. The following analytical framework can assist in this regard.

Burden of Proof: A 3-step Analysis

1. The City must make a threshold determination whether one of the exceptions apply
   - If none apply, it is a tax subject to voter approval

2. If Exceptions 1, 2, or 3 apply, the City must also show that the fee revenue will not exceed the reasonable costs of providing the related governmental activity (at the aggregate level).

3. Finally, the City must show that the costs are fairly allocated to the individual payors.

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RESOLUTION NO. 2011-XXX

Adopted by the Sacramento City Council

May 31, 2011

APPROVING NEW CITYWIDE FEES AND FEE ADJUSTMENTS

BACKGROUND:

A. On February 7, 2006, the City Council adopted the Citywide Fees and Charges policy (Resolution No. 2006-106).

B. Implementation of the policy requires a necessary mechanism to ensure that the City's fees and charges reflect the City's current costs and that those fees and charges are reviewed on an annual basis by City Council. Staff has conducted the required annual review and recommends certain new fees and fee adjustments.

C. Proposed new fees and fee adjustments are set forth in Exhibit A.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The proposed new fees and fee adjustments as set forth in Exhibit A are hereby approved.

Section 2. Exhibit A is part of this resolution.

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Exhibit A - New Fees and Fee Adjustments

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EXHIBIT A

NEW FEES AND FEE ADJUSTMENTS

COMMUNITY DEVELOPMENT DEPARTMENT

Fee Name: Streamlined Permit for Residential Solar PV and SWHS Permit Fee
Current Fee: $724 based on an average cost of construction valuation
Proposed Fee: $280 flat fee for a PV System, including, and up to, 4kW or a standard 50 gallon Solar Water Heating Systems (SWHS); this flat fee applies to each system separately.
Justification: Recover 100% of estimated costs for a streamlined permit process, including plan review and inspection of new residential solar photovoltaic (PV) panels and solar water heating systems (SWHS), based on staff estimate of one hour for processing/plan review combined and one hour for inspection, at the department's hourly rate of $140 hr. This flat fee rate only applies for pre-approved standard plans and specifications that are prescribed by the City. Additional inspections beyond the first inspection shall incur a re-inspection fee.
A flat fee based on actual inspection and review costs was widely supported by round table discussions in the green building task force and Clean Tech CEO stakeholder meetings, rather than a project valuation-based fee, because solar equipment costs are much higher than with other projects of similar scope such as HVAC equipment. Therefore, solar permit fees based on project valuation often result in higher fees than typically required for the similar scope of work. The higher cost and uncertainty of fees and permit requirements represents a barrier to advancing local adoption of solar PV and water heating systems.
Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 2, a fee for government services. The proposed fee of $140/hour x 2 hours recoups 100% of the Department's actual cost of providing the service. No fee waivers are provided, and costs are allocated equally to anyone receiving the service.

Fee Name: Entertainment Permit – Special Event
Current Fee: $702.00 (plus annual CPI adjustments for future years)
Proposed Fee: $1,405.00 (plus annual CPI adjustments for future years)
Justification: Recover cost to issue a special event entertainment permit. Review and coordination is necessary before issuing a permit to ensure the health and safety of the public at a special event. The actual cost to issue a special entertainment permit has been calculated at $2,809.00.
Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 3, a regulatory fee. The proposed fee of $1,405.00 recovers 50% of the Department's actual cost of administering this regulatory program. No fee waivers are provided, and costs are allocated equally to anyone receiving a permit.

Fee Name: Entertainment Permit (2 year) – New
Current Fee: $1,428.00 (plus annual CPI adjustments for future years)
Proposed Fee: $1,722.00 (plus annual CPI adjustments for future years)

Justification: Recover cost to issue a new two-year entertainment permit. Review and coordination is necessary before issuing a permit to ensure the health and safety of the public at an establishment. The actual cost to issue a new entertainment permit has been calculated at $3,445.00.
Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 3, a regulatory fee. The proposed fee of $1,722.00 recovers 50% of the Department's actual cost of administering this regulatory program. No fee waivers are provided, and costs are allocated equally to anyone receiving a permit.

Fee Name: Entertainment Permit (2 Year) – Renewal
Current Fee: $743.00 (plus annual CPI adjustments for future years)
Proposed Fee: $1,331.00 (plus annual CPI adjustments for future years)
Justification: Recover cost to issue a renewal for a two-year entertainment permit. Review and coordination is necessary before issuing a permit to ensure the health and safety of the public at an establishment. The actual cost to issue a renewal for a two-year entertainment permit has been calculated at $2,662.00.
Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 3, a regulatory fee. The proposed fee of $1,331.00 recovers 50% of the Department's actual cost of administering this regulatory program. No fee waivers are provided, and costs are allocated equally to anyone receiving a permit.

FINANCE DEPARTMENT (Public Improvement Finance)

Fee Name: Special Districts Application Fee
Current Fee: $7,500 for non-bonded Districts; $12,500 for bond Districts
Proposed Fee: PBIDs and BIAs: $7,500 for District Formations; $12,500 for Reformations. All other district Formations and Reformations without bond authorizations: $12,500. Districts with Bond authorizations: $15,000. Fees are due three weeks prior to the adoption of Resolutions of Intention. Fees collected that exceed costs incurred will be credited to future year administrative costs of the respective district. Costs incurred in excess of fees collected will be charged to future year administrative fees of the respective district. These fees do not include districts where the unanimous consent process is authorized and used.
Justification: Actual costs typically exceed these fees.
Proposition 26: This charge is not a tax under Proposition 26, as it is a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the City of providing the service or product to the payor (Exception 2).

Fee Name: Unanimous Approval Annexation Application Fee
Current Fee: $50 per single family residential lot or multi-family/condo/townhouse unit, not to exceed $7,500 for each annexation application. The current fee is called "Neighborhood Park Maintenance Community Facilities District (CFD) No. 2002-02 Annexation Application Fee." The current name has been changed due to a change in the process of annexation.
Proposed Fee: $1,275 for first two (2) family residential lots or multi-family/condo/townhouse units, $15 for each additional single family residential lot or

multi-family/condo/townhouse unit.
Justification: One of the City's final map conditions requires all new residential projects to be annexed to the Neighborhood Park Maintenance CFD No. 2002-02. Since most of these new residential projects are typically small and the annexation process involves multiple projects, the annexation fee was updated in FY2008/09 to the current fee of $50 per single family residential lot or multi-family/condo/townhouse unit, not to exceed $7,500 for each annexation application. An annexation follows a process identical to an original District formation, with four Council meetings, one of which is a public hearing—a process that takes approximately three months. The lengthy timeframe would often hold up the final map process.
City of Sacramento Resolution Numbers 2010-679 and 2011-023 authorize a unanimous approval process per California Government Code sections 53311 to 53368.3 for annexation to the Neighborhood Park Maintenance Community Facilities District (CFD) No. 2002-02. The new process greatly shortens the annexation timeframe for each application from three months to less than one month after receipt of application and payment of fee. With the new process, a change in fee calculation is required to recover costs of providing the service.
Proposition 26: This charge is not a tax under Proposition 26, as it is a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the City of providing the service or product to the payor (Exception 2).

DEPARTMENT OF TRANSPORTATION

Fee Name: Right-of-Way Abandonments
Current Fee: Actual Cost Recovery, $500 Deposit
Proposed Fee: Actual Cost Recovery, $2,500 Deposit
Justification: The fee is based on actual cost recovery for each individual application. Processing of abandonments includes preparation for approval by City Council, resulting in $2,500 in costs for 80% of project applications. Increasing the deposit to typical project costs will make fees more predictable to customers and reduce the need for follow up invoices.
Proposition 26: This charge is not a tax under Proposition 26 as it falls under Exception 2, a fee for government services. The fees collected constitute the Department's actual cost to provide the service, as tracked by individual project. No fee waivers are provided, and costs are allocated equally to anyone receiving the service.

Fee Name: Substantial Conformance Review - Subdivisions
Current Fee: None
Proposed Fee: $250
Justification: Payment for these reviews are currently collected under the authority of the current fee for "Miscellaneous activities, Private Development Review", based on a cost of $140 an hour. Creating a separate item for this activity will make the costs more predictable for customers and allow for improved tracking of this activity. Based on experience, $250 fee will cover the costs of providing this service.
Proposition 26: This charge is not a tax under Proposition 26 as it falls under Exception 2, a fee for government services. The fee of $250 recoups 90% of the

Department's actual cost of providing this service. No fee waivers are provided, and costs are allocated equally to anyone receiving the service.

UTILITIES – DRAINAGE FUND

Fee Name: Planning Pre-Application
Current Fee: None
Proposed Fee: $280
Justification: This fee covers cost of services. This fee is for research and preliminary feasibility review of projects that have not yet been formally submitted for planning entitlements.
Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 6, a charge imposed as a condition of property development.

Fee Name: Other Development Related Services
Current Fee: None
Proposed Fee: Full cost recovery (initial deposit of $700 up to 50% of estimated service cost)
Justification: This fee is for development related services such as pre-project infrastructure planning, studies and infrastructure modeling for large projects by developers or other agencies, processing request for water services outside of City Limits. This fee covers cost of services.
Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 6, a charge imposed as a condition of property development.

Fee Name: Review of Building Permit Applications for Flood Zone Regulation
Current Fee: None
Proposed Fee: $140/hour
Justification: This fee is to recover costs of providing oversight of FEMA regulation related to building permit applications for new construction and substantial improvement.
Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 6, a charge imposed as a condition of property development.

Fee Name: Hourly Rate for Building Plan Review and Miscellaneous Development Review
Current Fee: Varies by individual staff rate
Proposed Fee: $140/hour
Justification: The proposed fee reflects fees currently charged and also reflects the current average hourly rate of staff. The rate will be adjusted annually.
Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 2, a fee for government services. Our fee of $140/hour recoups 100% of the Department's actual cost of providing the service. No fee waivers are provided, and costs are allocated equally to anyone receiving the service.

Fee Name: Review of Special Permits and all other Miscellaneous Planning Entitlements

Current Fee: Full cost recovery (no deposit)
Proposed Fee: Full cost recovery ($280 deposit)
Justification: The proposal is to require an initial deposit. This fee is based on actual cost recovery. Requiring an initial deposit to typical project costs will make the fees more predictable to customers and reduce the need for follow-up invoices.
Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 6, a charge imposed as a condition of property development.

UTILITIES – SOLID WASTE FUND

Fee Name: Garbage and Recycling Vacancy Fee (currently Dormant Service (one-time))
Current Fee: $69.72
Proposed Fee: $69.00
Justification: Full cost recovery based on recent cost analysis; this is a reclassification from rate schedule to fee schedule
Proposition 26: Proposition 26 does not apply to this fee change because this is a fee decrease. This service fee of $69 recoups 100% of the Department's actual cost of providing the service. No fee waivers are provided, and costs are allocated equally to anyone receiving the service.

UTILITIES – SEWER FUND

Fee Name: Sewer Vacancy Fee: Residential Water Metered Service
Current Fee: $0
Proposed Fee: $24.00
Justification: Full cost recovery based on recent cost analysis
Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 2, a fee for government services. Our fee of $24 recoups 100% of the Department's actual cost of providing the service. No fee waivers are provided, and costs are allocated equally to anyone receiving the service.

UTILITIES – WATER FUND

Fee Name: Water Supply Test
Current Fee: $753
Proposed Fee: $953
Justification: Full cost recovery based on recent cost analysis. This fee is to recover cost of service associated with providing water supply test.
Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 2, a fee for government services. Our fee of $953 recoups 100% of the Department's actual cost of providing the service. No fee waivers are provided, and costs are allocated equally to anyone receiving the service.

Fee Name: Tap and Meter Sale
Current Fee: None
Proposed Fee: $140/hour
Justification: This fee is to recover cost of service associated with tap and meter sale activity.
Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 2, a fee for government services. Our fee of $140/hour recoups 100% of the Department's actual cost of providing the service. No fee waivers are provided, and costs are allocated equally to anyone receiving the service.

Fee Name: Monthly Metered Water Use in section IV(A) of the Water Service Fees and Charges schedule as specified in Resolution No. 2009-445: Per 100 Cubic Feet for irrigation of landscaping on parks and medians which are owned and operated by the City of Sacramento and are open to the general public, provided that a turf audit is submitted to the Department of Utilities once every three (3) years, or at such time sooner as may be required by any individual user's case by the Department of Utilities.
Current Fee: $0.1521 per 100 cubic feet
Proposed Fee: $0.2994 per 100 cubic feet
Proposed Adjustment: Amend water service rate schedule specified in Resolution No. 2009-445 to eliminate the reference to medians
Justification: The June 23, 2010 Settlement Agreement in Howard *Jarvis Taxpayers Association, et al. v. City of Sacramento* requires this increase of the volumetric metered water service rate in FY11/12 for parks owned and operated by the City, as part of a phased schedule that will increase the volumetric metered water service rate for City parks to the City's standard volumetric rate over a three year period. The proposed rate is 40% of the current standard volumetric metered water service rate specified in City Council Resolution No. 2009-445. This Settlement Agreement also requires all City medians be charged the standard volumetric metered water service rate specified in City Council Resolution No. 2009-445 and no longer pay a lower rate.
Proposition 26: This charge is not a tax under Proposition 26, as it falls under Exception 7, Proposition 218 fees.