



MEMORANDUM

DATE: October 18, 2016
TO: Carolyn Lehr, City Manager
FROM: Department of Public Works
SUBJECT: Resolution Of The City Council Of The City Of Emeryville Amending the City of Emeryville Master Fee Schedule For Fiscal Year 2016-2017 Effective On October 21, 2016.

RECOMMENDATION:

Staff recommends that the City Council adopt the above stated resolution.

BACKGROUND:

The City of Emeryville charges fees for a variety of specific services offered by City departments. These fees are intended to recover the costs of services provided to the extent possible. User fee services are those performed by a governmental agency on behalf of a private citizen or group. The underlying assumption for the user fee is that costs of services benefiting individuals and not the entire community should be borne by the individuals receiving the service; therefore, setting user fees is equivalent to establishing prices for services. Unlike private organizations, making a profit in providing services to the public is not a legally allowable objective for local governments. The City may only set fees at a level to recover the full cost of providing the service. However, in certain circumstances it is reasonable to set policies in establishing fees for certain services at a level that does not recover the full cost, resulting in General Fund subsidy.

In February 2015, the City contracted with NBS to prepare a Comprehensive User Fees and Charges Study. The Study examined the structure of the existing cost recovery fees being charged by the City. The consultants compared these fees with the actual costs of providing the services. At the July 19, 2016, City Council meeting, staff presented the City Council with NBS' Narrative Report and an updated Master Fee Schedule. The Narrative Report described the scope of study, methods of analysis, and proposed fees. These findings and recommendations served as the basis for updating and establishing user and regulatory fees for services. The Master Fee Schedule presented to the City Council reflected the updated and proposed new fees. The Narrative Report did not recommend any changes to the City's practice of including a 10% charge on a fee to cover administrative costs.

On July 19, 2016, the City Council adopted a Resolution Approving The City Of Emeryville Master Fee Schedule and Updating And Adding Fees Charged By The City Of Emeryville.

Since that time, Staff has noticed a few fees that should be adjusted because they do not reflect the cost incurred by the City. Therefore, City staff recommends the following changes to ensure that the fee covers the actual cost incurred by the City. They are as follows:

In the Public Works Section on page 18.

“No Parking” signs:

The fee listed for a No Parking sign is \$31 plus the cost of the sign. Prior to providing the No Parking Sign, the applicant must apply for and receive an Encroachment Permit with the City which has an Application Fee of \$184. Given that the signs are given as part of the encroachment permit, there is no need for the \$31 fee. The revised fee for the No Parking sign should be the cost of the sign (\$4 each)

Encroachment Permit Inspection Fee (2 hr minimum)
Encroachment Permit Inspection Fee (Cost Recovery)

The above fees are based on the hourly rate paid to a consulting firm that is under contract with the City to provide Public Works Inspection. The hourly rate is marked up by 10% to account for administrative overhead by the City. The adopted fee is listed at \$122 per hour for the cost recovery amount and \$244 for the 2 hr. minimum fee. However, the current hourly rate paid by the City for Public Works inspections is \$134.50. Therefore, with the 10% administrative markup, the fee should be listed as \$148 per hour for the cost recovery fee and \$296 for the 2 hr. minimum fee.

In the Building Division section on Page 4

Sewer Lateral Permit;

The Sewer Lateral inspection fee is based on the hourly rate paid to a consulting firm that is under contract with the City to provide Public Works Inspection. The typical sewer lateral takes approximately 4 hours of inspection time. Therefore, given the hourly rate of \$148, the fee for inspection on a Sewer Lateral Permit should be revised from \$488 to \$592.

For Sewer Lateral Permit inspections on large projects on a cost recovery basis, the fee should be adjusted from \$122 per hour to \$148 per hour and to \$222 per hour for overtime rate.

FISCAL IMPACT:

If the fees for Public Works Inspections are not increased, the City will not recover all the cost incurred for Public Works inspections performed on private development projects or for Private Sewer Lateral Permits.

PREPARED BY: Maurice Kaufman, Public Works Director/City Engineer

**APPROVED AND FORWARDED TO THE
CITY COUNCIL OF THE CITY OF EMERYVILLE:**



Carolyn Lehr, City Manager

Attachments:

1. Resolution
2. Exhibit "A"