



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: March 21, 2017

TO: Carolyn Lehr, City Manager

FROM: Maurice Kaufman, Public Works Director/City Engineer
Susan Hsieh, Finance Director
Charles Bryant, Community Development Director

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 March 24, 2017

RECOMMENDATION

Staff recommends that the City Council adopt the attached resolution amending the City of Emeryville Master Fee Schedule for Fiscal Year 2016-2017, effective March 24, 2017.

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 ("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 (Resolution No. 16-110).

On October 18, 2016, the Public Works Department proposed to revise certain fees to reflect costs incurred by the City, and the proposed revisions were approved by the City Council (Resolution No. 16-149).

Since that time, Staff has noticed several fees that should be added/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:

New Fees

Short-Term Rental Permits:

On March 21, 2016, at the same meeting as this item, the City Council is expected to consider a second reading of an ordinance requiring permits for short-term rentals (such as those advertised on Airbnb, HomeAway, FlipKey, and VRBO). The fees for those permits include an application fee of \$250, an annual renewal fee of \$200, and fees to appeal to the Planning Commission or City Council of \$100.

In the Fire Section on Page 14

Plan Review Fee:

The \$123 minimum fee for Fire Plan Review that existed in the previous Master Fee Schedule was deleted in error; it is being restored.

In the Public Works Section on Page 18

Encroachment Permits:

For projects that have an encroachment permit to discharge groundwater into the City's sanitary sewer system, the adopted fee is listed as \$246 plus \$1.25 per hundred cubic feet (ccf) of discharge based on City Ordinance. The City Council approved a sewer rate increase on November 15, 2016, which increased the \$1.25/ccf fee to \$1.36/ccf, effective January 1, 2017. Therefore, the fee should be listed as \$246 plus \$1.36 per ccf of discharge based on City Ordinance.

Private Development Projects:

Public Works Inspection fees for Site Improvements of Private Development Projects 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 Site Improvement Inspection amount, 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 Site Improvement Inspection 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 verification test of a typical sewer lateral takes approximately one hour of inspection time, therefore, given the hourly rate of \$148, the fee for Verification Test (only) should be revised from \$122 to \$148 per test.

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. If the fee for discharging groundwater to the sanitary sewer system is not increased, the City may not be able to fund sewer improvement projects or accumulate sufficient reserves to address emergency repairs.

PREPARED BY: Maurice Kaufman, Public Works Director/City Engineer
Diana Keena, Associate Planner

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



Carolyn Lehr, City Manager

Attachments:

1. Resolution
2. Exhibit "A"