

REPORT TO CITY COUNCIL

DATE: JULY 12, 2006

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER

BY: NATHAN HAMBURGER, ASSISTANT TO THE CITY MANAGER

**SUBJECT: FEE STUDY RESULTS AND ADOPTION OF RESOLUTION NO. 06-1425;
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AGOURA
HILLS, CALIFORNIA, AMENDING FEES AND CHARGES FOR
SERVICES RENDERED IN RELATION TO THE PLANNING,
ENGINEERING, AND BUILDING AND SAFETY DIVISIONS**

As part of the adoption of the fiscal year 2005-06 budget, the City Council approved a study to review the City's existing fee structure to insure that the City was charging fair and reasonable fees for service while recuperating costs to perform these tasks specifically related to our planning, engineering, and building and safety fees.

At the May 10, 2006 City Council meeting, staff presented a draft copy of the results and recommendations derived from the fee study report completed by Public Resources Management Group, LLC (PRM). There was a consensus that a 100% recovery of cost to perform these services was acceptable, as long as the fees were not excessive and did not serve as a means to discourage individuals from obtaining the proper permits or inspections (when installing a new water heater in their home, for example). At this time, staff was given the direction to further review all the proposed fee increases and to identify any specific fees that could discourage consumers as discussed above. The City Council also requested that staff bring back a recommendation for a multi-year implementation plan.

Staff has reviewed the proposed fees and made adjustments where necessary. Adjustments were only made if the proposed fee for a service was an amount that would discourage someone from coming in and obtaining the proper approvals or permits for a particular job. There were several cases where staff felt that a reduction of the originally proposed fee would be appropriate (75% cost recovery rather than 100% cost recovery). In addition, staff compared the proposed new fees to those of other public agencies in our region to insure that they were comparable. The proposed fee structure, as presented to you, is comparable to the fees charged by other agencies.

In analyzing a possible implementation plan for the proposed new fees, staff looked at several different options. The option that seemed most reasonable and practical was to phase in the new fee structure over two fiscal year periods. If approved, the fee structure would be set up so that 50% of any proposed fee increase would be applied in the first fiscal year (FY 2006-07) and the remaining 50% of the increase along with a built in CPI would occur in Fiscal Year 2007-08.

For example, the fee for an Outdoor Dining Permit currently costs \$240 under our existing fee structure. The fee study recommends 100% cost recovery for this service, which would increase the cost of this service an additional \$1,237. Under the proposed implementation process, the permit cost would only increase 50% of the \$1,237 (\$619) this fiscal year, with the remaining increase to come the following fiscal year.

Staff also very carefully considered fees where a decrease was recommended. It is staff's recommendation to lower these fees to the point where 100% cost recovery is established all at one time rather than spreading this over a two year period. Staff is also recommending that any new fees not currently in our fee structure, that were a result of this study, should be implemented at the 100% cost recovery level, rather than being phased in.

When creating the Fiscal Year 2006-07 budget, staff used conservative estimates when creating its revenue projections. Thus, staff is comfortable with the revenue projections approved by the City Council at its June 28, 2006 meeting, taking into consideration that only 50% of any fee increase would take place this fiscal year. Staff will monitor incoming revenues and report back to the City Council during the mid-year budget review period.

RECOMMENDATION

Staff respectfully recommends the City Council adopt Resolution No. 06-1425.

Attachments: Resolution No. 06-1425
Executive Summary and Fee Study Findings