2024 User Fees and Charges Study and 2024 - 25 Master Fee Schedule

May 21, 2024

City Council

ALAMEDA

What are User Fees?

Local governments adopt user fees to recover costs to fund programs and services that provide individual benefit.

Many City services benefit the broader community, and these are funded by tax related revenue sources. (Examples: Police and Fire Suppression, Infrastructure, tree maintenance)

A comprehensive Fee Study is completed every 5 years with the last Fee Study in 2018-19. Reviewed Planning, Building, Code Enforcement, Public Works, Fire Inspection and Emergency Medical Services (EMS).

Fees are then increased annually by CPI. No fees were increased during COVID-19 (2020-21 and 2021-22).

Types of Fees and Charges

Focus of this Fee Study

Cost-Based User Fees – Prop 26
Fees limited to recovering the cost of providing the service

- Example: Building Permits, Planning Entitlements

Not Studied

Use Gov't. Property: Prop 26
The City can charge a price the market will pay (must be competitive)

- Example: Facility Rentals

Fines and Penalties – Prop 26
Fines are not subject to cost recovery rules and may be set by Council

- Example: Parking tickets

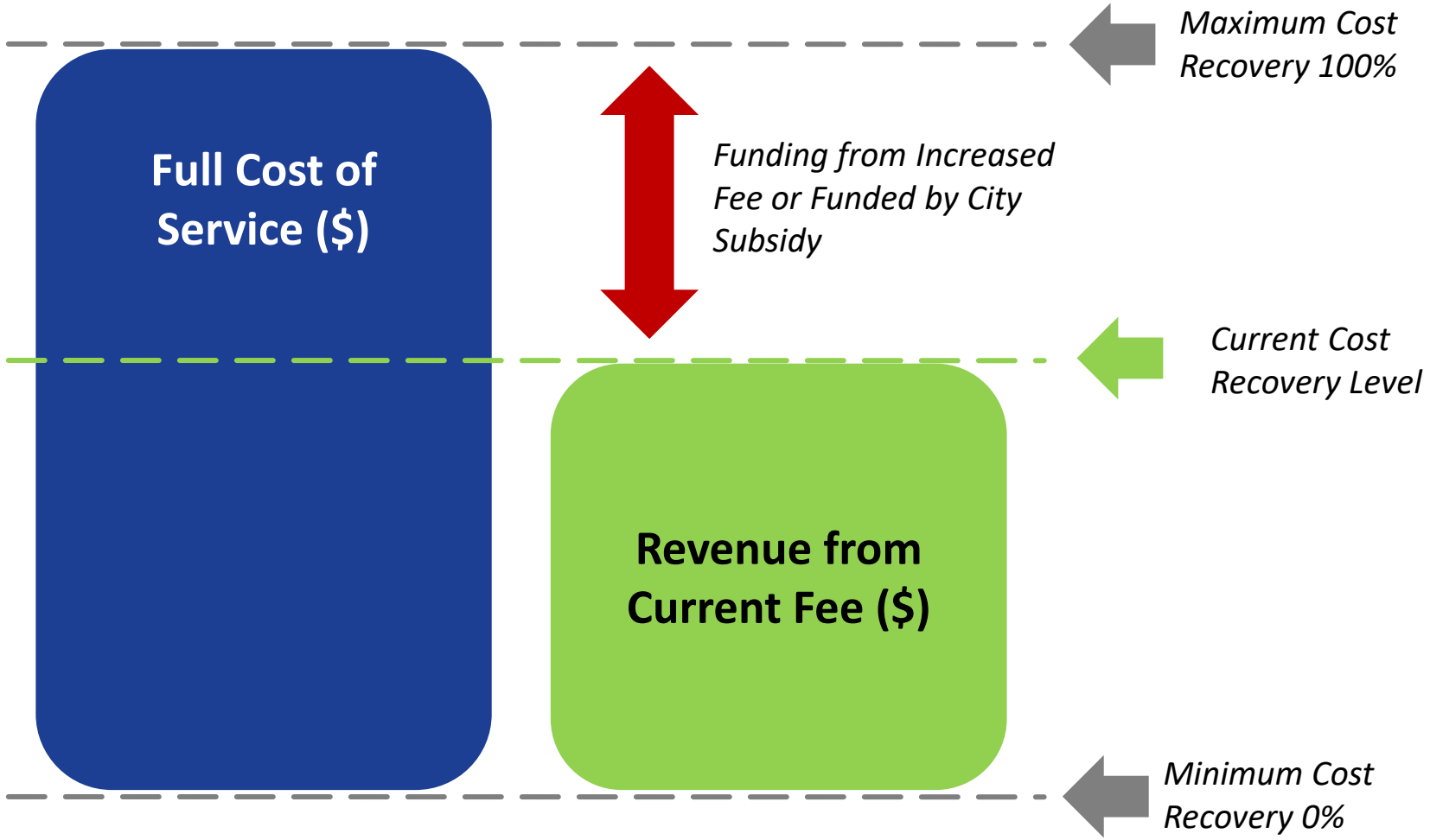
Fees Set by Law
Some fees are set by Federal or State Law

- Example: Returned Check Fee

Rates (Prop 218), Impact Fees (AB 1600)
Separate legislative authority and process

- Example: Utility Rates, Impact Fees

Cost Recovery/Fee Setting



Building Permit Fees

- Reorganized fee categories to simplify fee calculations per AB 2234
- Restructured fees to support "**Express Permits**"
- Increase cost recovery from the 79% to 100%, excepting:

Recommend 75% cost recovery for fees supporting climate goals:

1. EV charging
2. Residential electric panel upgrades
3. Heat pump water heaters
4. Heat pump air conditioners and furnaces
5. Earthquake gas shutoff valves

Planning Entitlement Fees

- Increase cost recovery from the 79% to 100%
- Tiered fees for small residential and businesses
- Continue flat fees for routine items
- Continue deposits for large projects

Code Enforcement Fees

- 75% of Code Enforcement expenses are covered by a "4x Investigative Fee" charged for permit-related violations
- 25% is funded by the General Fund for non-permit violations (e.g., leaf blower, noise, vegetation)
- **The City Attorney recommends replacing the Investigative Fee with a new fee structure for permit-related violations.**
- **NBS and staff recommend an hourly fee** based on steps involved in Code Enforcement activities.
- As Code Enforcement handles more violations unrelated to permits, additional General Fund resources may be required and would be requested as part of a future mid-year budget request, if needed.

Special Event Permits

- Current fee is $750 dollars (waived for non-profits)
- **Actual City Cost:**
  - **$300-$3,000 for permit review**
  - **Additional staff costs (traffic control, Police, Fire inspections) ~$200 - >$1,000**
- Updated Fee Schedule reflects Cost Recovery
- Updated **Fee Schedule retains Non-Profit Fee Waiver**
- $200k grant program for non-profits funds additional staffing costs for City Departments (included in FY 24-25 recommended budget)

Public Works Fees

- **Increase cost recovery from ~38% to ~100%**
- Fee increases primarily for plan/permit reviews and inspections
- Delete fees that are no longer needed, reorganized existing fees and add new fees (example: parklet fee)
- Residential encroachment permit fees and No Parking sign processing fees are recommended below cost recovery because they provide broader public benefit
- Parking fines and late payment penalties included as required by State law (parking enforcement program moved from APD)

Fire EMS Fees

- County Board of Supervisors sets EMS fees for cities within the county. By contract, City can increase its user fees to match County rates.
- Medicare, Medi-Cal, and insurance pay 95.7% of EMS bills
- Only 4.3% is billed to private payors
- AFD charges a separate $413 First Responder Fee to offset City staff costs and this fee is not increasing.
- **Hardship Waiver** is available to anyone who uses EMS services, based on federal poverty guidelines.

Fire Prevention Fees

- **Fees typically associated with new construction are recommended at 100% recovery**
- Annual inspection fees cost recovery recommended at:
  - 30% for office/small businesses and small landlords (less than 20 units)
  - 55% for all other
- **Continue phasing in increased cost recovery on fee-related work** with City Council approval required annually.

Finance Dept Fees

Combine application/renewal fees into one flat fee of $27

New $50 “Administrative Fee” for businesses or taxpayers who require a payment plan due to financial hardship

New $50 “Collection Fee” for businesses who make no effort to renew license

The new fees provide payment options for the community and help prevent uncollected debts from being lost

Recreation and Park Fees

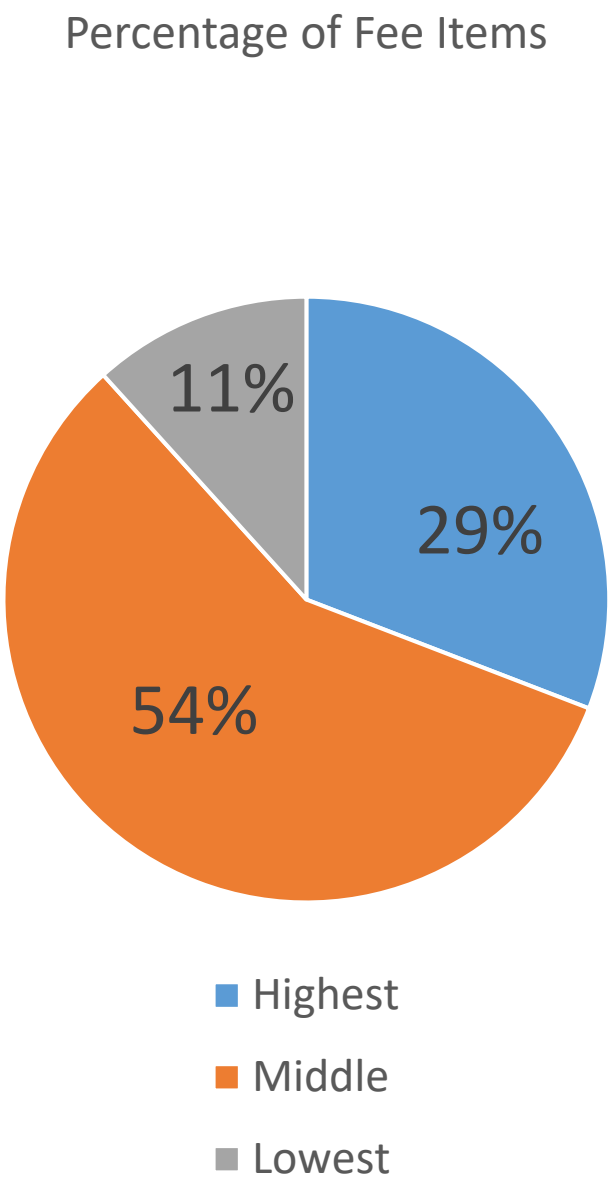
ARPD is increasing semi-private and private swim lesson fees to cover increasing costs and conducted analysis to ensure the fees are comparable within Alameda and other cities

NBS conducted a high-level review of how Recreation and Parks Fees are established and confirmed the process conforms with best practices.

Fee Comparison

Compared to Berkeley, Fremont, Hayward, San Leandro, and Walnut Creek:

- 146 of the fees were comparable to these other cities
- 54% of the fees fell in the middle range
- 29% of the fees were among the highest compared to the other cities
- 11% of the fees were the lowest compared to the other cities
- Recommendation based on Alameda cost of service

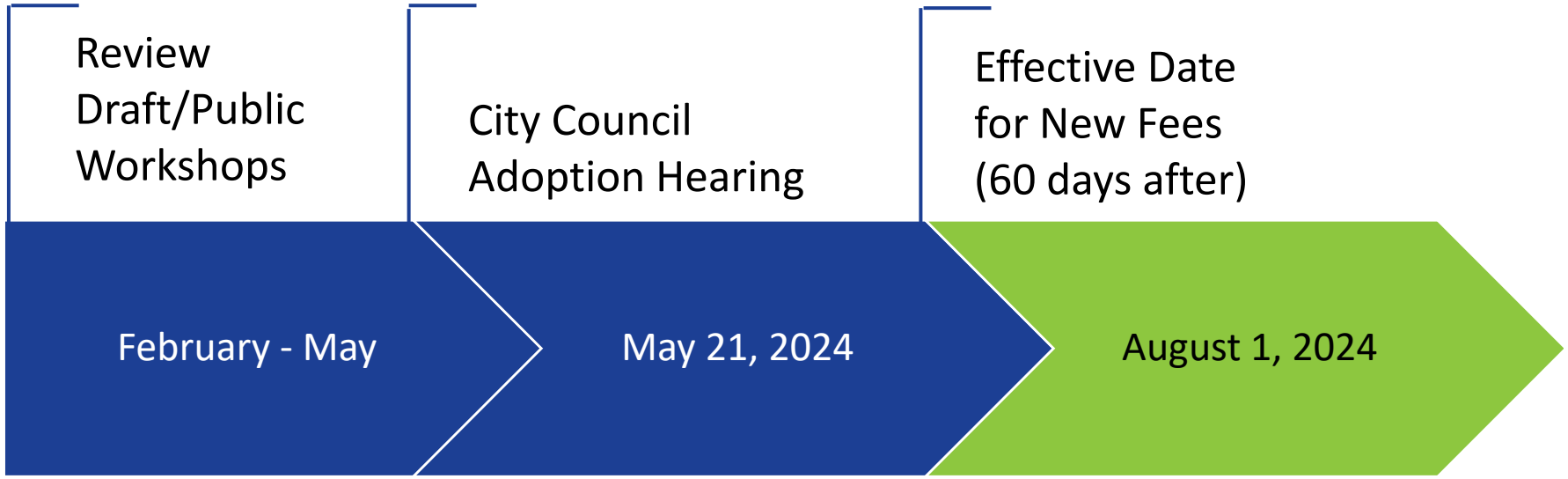


Public Outreach

- January 2024: Local realtors
- February 2024: Business Community (DABA, WABA, Chamber of Commerce)
- March – April 2024: Permit Center applicants and Developers
- May 2024: DABA Outreach Committee

Staff Recommendation

Adopt the proposed 2024-25 Master Fee Schedule



Questions

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