

TOWN COUNCIL STAFF REPORT

Subject: Town of Mammoth Lakes FY21-22 Master Fee Schedule Update

Meeting Date: June 16, 2021

From: Rob Patterson, Administrative Services/Finance Director

RECOMMENDATION:

Staff is recommending that the Town Council conduct a public hearing on the proposed fees and charges, including the continued suspension of the Public Art Fee. After taking public comments and consideration of the proposed fees, adopt the attached resolutions establishing and updating a master schedule of fees and charges for Town services, and continue the suspended public art fee through June 30, 2022.

BACKGROUND:

Proposition 4 was approved by the California voters in 1979 and amended Article XIII B of the California Constitution. Article XIII B limits government appropriations and defines proceeds of taxes as all tax revenue and the proceeds to an entity of government, from regulatory licenses, user charges, and user fees to the extent that those proceeds exceed the costs reasonably borne by that entity in providing the regulation, product, or service. In 2006 the voters adopted Proposition 218 which further limited local government's ability to set fees and charges and required specific types of fees and charges to go through more involved public process. In line with the California Constitution and subsequent court rulings, the Town of Mammoth Lakes Municipal Code Chapter 3.39 Fee and Service Charge Revenue/Cost Comparison System details Town services provided that are to receive a subsidy from the General Fund and defines "costs reasonably borne".

The cost recovery for eligible fee supported services range from 0% to 100% of the "costs reasonably borne" to provide the service. The Town has established a policy of a range of cost recover to encourage certain activities and compliance with Town codes. For example, there is only partial cost recovery for recreation services. The cost of a film permit is also partially recovered as the use of the area for this purpose is desired and Town costs should not be a hindrance for compliance or to conducting business. The vast majority of development related services are designed for full cost recovery. The "costs reasonably borne" include but are not limited to; direct costs such as wages and benefits, indirect costs such as computer costs, communication expenses, services and supplies, insurance, and both department and general overhead costs. The proposed fees and charges have been reviewed by staff and meet the statutory requirements.

The fees that the Town collects for services provided can be categorized into two broad areas. The first is variable fees. For variable fees a deposit is collected, and staff time and costs are tracked against the deposit (cost accounting.). This method is especially useful for large or complicated projects. The fees listed on the updated fee schedule with the designation of "Cost Accounted" are the variable fees. Cost accounting includes charging for direct pass-through costs such as consultant charges, hourly salary and benefit rate for employees plus an overhead charge. The second category is fixed fees. A fixed fee simplifies the collection process and saves the customer the cost that is generated from the time involved doing the "cost accounting". The general method

that is used to determine a fixed fee is to first identify each service by service type. Second, staff time is tracked for the majority of fees and an average amount of time is calculated then multiplied by the staff billable rate. Some fixed rates are also set more based on the market and the desire to provide community services such as those provided through the recreation department and are not necessarily designed for full cost recovery.

The list below includes a summary of changes made to the Town of Mammoth Lakes fee schedule proposed for FY21-22:

Financial Services / Administration Fees

The Finance department has updated the cost for a Cannabis Business Certificate increasing the cost from \$4,000 to \$6,000 annually. This fee covers the cost of performing that annual compliance and financial audit for each cannabis business. The Town had a contract with HdL to perform these audits that expired in December 2020. HdL quoted a 65% increase in the cost of these audits (\$5,000 to \$8,275 annually) per business. The Town has determined this level of increase to be unacceptable and is pursuing an RFP for the services. The Town does recognize the cost of these audits will increase and has updated fees as such.

Community and Economic Development – Building Division

New Structures and Additions permit fee is based on the square footage construction costs from the International Codes Council's Building Valuation Table as adopted by the Town and multiplied by a factor of 0.032. The Development Impacts Fees (DIF) were increased by 2.8% in accordance with the Construction Cost Index as published by Engineer News Record for the preceding twelve months. The fee schedule includes a new fee component for large projects (Item 3 in the fee schedule) and requires a deposit with cost accounting for the project costs. This is similar to the way the Planning Division processes planning applications and allows the applicant to pay the actual costs for the plan check, inspection, and administration time for the project.

Public Safety

Recently the Police Department has implemented DocuPet – a software system that issues dog licenses on the Town's behalf. Implementation of the new system shifts the Town's current practice of issuing licenses for a period from July-June to an annual license that is valid for a year from the date of issuance. This change requires several technical revisions to the "Dogs" chapter of the Animal Control Ordinance to be consistent with the new practices moving forward. The Police Department also updated the fee schedule to align with these new ordinances and practices.

Airport Fees

The Airport had minor revisions to the fee schedule designed to reduce complexity removing separate price schedules for Part 91 and Part 135 aircraft certification. Staff also provided an update for Medium and Heavy Helicopters, vehicle and trailer storage, and airline landing fees.

Public Works / Engineering Fees

Public Works and Engineering updated the snow pit charges in November 2020 for the FY20-21 snow season. The structure introduced at that time was a stepped approach to bring the fees closer to the actual cost of operations for the snow storage facility. There are three load charges based on the capacity of the delivery vehicle. For FY21-22 all fees have increased \$20 per load type ranging

from \$65 - \$85 per load. An additional element of the fee structure was the inclusion of fees for a land lease to store snow on Town owned properties. These fees are designed to be comparable to trucking and snow storage fees for businesses that are required to remove materials via truck. The cost per square foot had doubled from the prior year, \$.12 per SF for seasons under 200” and \$.24 per SF for seasons over 200”.

Community and Economic Development – Planning Division

There are no recommended changes to the Community and Economic Development Planning Division Fees.

Public Art

Staff recommends that the Public Art Fee be temporarily reduced for two years to allow the program to be reviewed and revised to ensure that the fees are appropriate, and the goals of the program are being achieved. Staff has included a draft resolution temporarily reducing the public art fees through June 2023.

Other Fees and Charges

The Master Fee Schedule includes the majority of the service-related fees and charges for the Town but is not all-inclusive. There are some fees and charges specifically enumerated by ordinance and tied to a specific permits or licenses. It does not include taxes, fines or penalties.

FINANCIAL CONSIDERATIONS

The proposed modifications to the Town’s fees and charges are designed to achieve proper cost recovery for the services provided and to enhance efficiencies in the process. The lack of proper fees and charges will mean a redirection of other revenue from Town General Fund to support Town services that should be fee supported. The proposed fees and charges provide a balance between full and partial cost recovery based on the type of fee and services provided.

RECOMMENDED OPTIONS

Option #1

Approve the attached resolutions establishing and updating a schedule of fees and charges for Town services

Option #2

Provide alternative direction on proposed fees.