



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 03/17/2020

ITEM NO: 10

DATE: February 27, 2020
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Fee and Fine Schedules for Fiscal Year 2020/21
a. Adopt a resolution approving the Comprehensive Fee Schedule for FY 2020/21 to continue certain department fees, rates, and charges, and amending certain fees, rates, and charges for FY 2020/21.
b. Adopt a resolution approving the Comprehensive Fine Schedule for FY 2020/21 to continue certain department fines.

RECOMMENDATION:

Fee and Fine Schedules for Fiscal Year 2020/21

- a. Adopt a resolution approving the Comprehensive Fee Schedule for FY 2020/21 to continue certain department fees, rates, and charges, and amending certain fees, rates, and charges for FY 2020/21.
- b. Adopt a resolution approving the Comprehensive Fine Schedule for FY 2020/21 to continue certain department fines.

BACKGROUND:

The Town's financial policies require that certain fees, rates, and charges for services be maintained to allow for cost recovery based on the actual cost to provide Town services. "Fee" activities are services and functions provided by the Town to individuals who receive some direct material benefit above and beyond services offered to residents at general taxpayer expense. "Fines" are the amounts of the penalties for code violations imposed pursuant to Section 1.30.025 of the Los Gatos Town Code.

PREPARED BY: Stephen Conway
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney

BACKGROUND (continued):

Staff periodically reviews the cost of providing such services and recommends appropriate increases in fees when supported by actual cost data. The Town's last comprehensive cost allocation and user fee study concluded last fiscal year and the recommendations were incorporated in the FY 19/20 Fee Schedule.

DISCUSSION:

The Comprehensive Fee Schedule allows for an annual adjustment of fees by the average increase in the Consumer Price Index (CPI) for the previous calendar year. The average increase in the CPI for 2019 was 3.2%. Attached for Council reference is an updated FY 2020/21 Comprehensive Fee Schedule (Exhibit A to Attachment 1) reflecting all Town fees (including proposed changes) and an itemized list of recommended FY 2020/21 fee adjustments, reclassifications, and deletions, including those to be adjusted by the average CPI (Attachment 3). The proposed FY 2020/21 Comprehensive Fee Schedule accounts for modifications to fees as explained below:

Administrative Services

1. Credit Card Processing Fee – Proposing 2.2% fee on all transactions to reflect actual costs to the Town.

Development Services

1. Community Benefit – The Town no longer has a Community Benefit Policy so it should be removed from the Fee Schedule.
2. Street Improvement in-lieu fees – Proposing to increase these two fees to reflect current costs as determined by bids for recent CIP projects.

Library Services

1. Overdue Fees – Revenues from overdue fines have dropped to the point where the administration of collecting those fines now outweighs the revenue it generates. This is due primarily to utilization of auto-renewals for items on library patron accounts which now allows up to nine weeks of item use before fines start accruing. Administratively, it now makes more sense for us to invoice an item as lost by the patron if it is not returned after this time period, rather than hold the item record open to accrue fines.

Parks and Public Works Services

1. Tree Removal Permit Application – Proposing to add a note to this fee indicating that the fee will be waived when the tree removal is done to implement or maintain Defensible Space.

DISCUSSION (continued):

Police Services

1. Massage Permit Fees – State law has created a statewide permitting system administered by the California Massage Therapy Council for issuing massage worker permits. Therefore, the Police Department no longer incurs the costs that the fees in items 10 and 11 were imposed to cover.

The Comprehensive Fine Schedule sets forth the administrative penalty amounts for code violations. Attached for Council reference is an updated FY 2020/21 Comprehensive Fine Schedule (Exhibit A to Attachment 2) reflecting all Town fines.

CONCLUSION:

It is recommended that Town Council approve the proposed adjustments to the Comprehensive Fee Schedule and the Comprehensive Fine Schedule effective July 1, 2020.

FISCAL IMPACT:

The Town's financial polices require that fees be maintained to provide for the recovery of costs associated with Town services. The proposed fee adjustments reflect an increase in the CPI, and, therefore, better represent the cost to deliver services. If approved by the Town Council, staff will incorporate the fee changes into the Town's FY 2020/21 Operating and Capital Budget using conservative activity projections.

COORDINATION:

The preparation of the Fee and Fine Schedules was coordinated with all Town Departments and Offices.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Resolution approving Comprehensive Fee Schedule FY 2020/21, including Exhibit A Proposed FY 2020/21 Comprehensive Fee Schedule (Redline)
2. Resolution approving Comprehensive Fine Schedule FY 2020/21, including Exhibit A Proposed FY 2020/21 Comprehensive Fine Schedule
3. Proposed FY 2020/21 Fee Adjustment, Reclassification, and Deletions