TOWN COUNCIL STAFF REPORT

Title: Town of Mammoth Lakes FY23-24 Master Fee Schedule Update.

Meeting Date: June 21, 2023

Prepared by: Rob Patterson, Administrative Services / Finance Director

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RECOMMENDATION:

Staff is recommending that the Town Council conduct a public hearing on the proposed fees and charges. After taking public comments and consideration of the proposed fees, adopt the attached resolution establishing and updating a master schedule of fees and charges for Town services for FY23-24.

BACKGROUND:

Proposition 4 was approved by the California voters in 1979 and amended Article XIIIB of the California Constitution. Article XIIIB 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 actives 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 FY23-24:

Financial Services / Administration Fees

The Finance department has updated a number of fees based on review of both time and accounting for increased costs. Many of these fees have not been reviewed in several years. In general the focus was in Business administration fees and Short Term Rental activities. The Town also increased fees for Cannabis Business Registration Fees to cover increased costs of audit. The Town will be seeking an RFP for audit services in 2023 and expects the costs of these specialized audits to exceed the recommended fee for the business.

Community and Economic Development – Building Division

New Structures and Additions permit fee is based on the square footage construction costs from the most recent International Codes Council's Building Valuation Table and multiplied by a factor of 0.032. The Development Impacts Fees (DIF) and affordable housing fees are proposed to be increased by 9.3% in accordance with the Construction Cost Index as published by Engineer News Record for the preceding twelve months.

Public Safety Fees

The focus of updates to public safety include a complete review of Parking Citation fees to address impacts to snow removal and match rates to averages for other mountain cities. The discussion on prarking problems will come before Town Council in summer 2023.

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Airport Fees

The Airport had minor revisions to the fee schedule to address long term parking rates at the airport. This includes both Aircraft, vehicles and trailers. Fuel Flowage rates were increase from $.08 per gallon to $.12 per gallon. These rates have been static for several years.

Public Works / Engineering Fees

There are no recommended changes to the Public Works / Engineering Division Fees at this time. The cost of operations on the Town's snow storage lot is currently in negotiation and fees associated with the cost of operations will be brought before Town Council as a separate item once more information is known.

Community and Economic Development – Planning Division
There are no updates to the Planning Division Fee Schedule

Public Art
Staff is proposing that the fee be reduced $0 through June 2025 to allow staff time to evaluate the program and provide options to reinstate the program/fee.

Parks and Recreation Fees
The Parks and Recreation department brings the program fee to Town Council annually in March, ahead of the program sign up season. The fee increases were approved on March 15, 2023 and are included as highlights on Attachment A to identify those that have changed.

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.

OPTIONS ANALYSIS

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.

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.