



## ADMINISTRATIVE SERVICES DEPARTMENT

Council Meeting Date: April 7, 2015  
Staff Report #: 15-053

**PUBLIC HEARING:**                    **Adopt a Resolution Amending the City's Master Fee Schedule to Incorporate Proposed Changes in Fees to Become Effective Immediately, July 1, 2015, or as Required by Statute for the Following Departments: City Administration, Community Services, and the Menlo Park Municipal Water District**

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### RECOMMENDATION

Staff recommends City Council adopt a resolution amending the City's Master Fee Schedule to incorporate proposed changes in fees to become effective immediately, July 1, 2015, or as required by statute for the following departments: City Administration, Community Services and the Menlo Park Municipal Water District.

### BACKGROUND

The Master Fee Schedule reflects fees charged by all City departments. It is amended annually so that fees reflect current costs to provide services, to bring fees closer to full cost recovery targets, to add new fees when applicable for new City services, and/or to eliminate fees for discontinued services.

The City imposes different categories of fees with different requirements regarding how fees are set or changed:

- Fees and charges for the use of facilities, services, and access to property: these fees are elective on the part of the customer/user. The purpose of these fees and charges is to generate revenues for access or use of the service or facility. There is no legal restriction on the amount of such fees or charges, and they can be effective immediately.
- Property development processing fees: these include fees for building and use permits, variances, building inspections, map applications, and planning services. These fees cannot exceed the reasonable cost of providing the service. Any new fee or increase to existing fees in this category can be effective no sooner than sixty days after approval by City Council.

- Fees relating to public records act requests and copies of documents and reports: these fees are limited to the actual cost of copying (not including personnel time to copy) or the statutory amount, whichever is less. There are no changes recommended for any fees in this category at the present time.

## ANALYSIS

Identifying the cost components of providing services is integral to the establishment of the fees and cost recovery rates. Accordingly, a detailed cost study was identified as a priority project for the 2006-07 budget and completed in 2008-09. Staff has prepared the following recommendations using analyses provided by the Cost Allocation and Overhead Rate Study, the Fully Burdened Hourly Staff Labor Rate Study, the Comprehensive Fee and Service Charge Study, using updated cost information. In addition, the citywide Cost Recovery Fee Policy/Strategy (Attachment B) was referenced as a guide in determining appropriate cost recovery rates for services.

The recommendations presented by staff in this report ensure not only that charges keep pace with the costs of providing services, but are also competitive with comparable programs (where applicable), aligned with cost recovery levels defined in the Cost Recovery Fee Policy, and are responsive to demands for these services within the community. The proposed fee changes are summarized below, by department. Fees for which there are no recommended changes are not listed.

### City Administration

**Council Chambers Rental:** Staff recommends adding a new fee for the use of recently installed technology upgrades. These upgrades include the addition of two 71 inch screens, touch screen monitors at each dais position, and the utilization of the screen above the City Council dais. The new equipment requires staff to be present during the rental if the renter chooses to use the AV equipment. Staff recommends the new AV Service Fee be established at \$35 per hour. This new fee includes equipment costs and staff time. In addition, staff recommends elimination of the facility attendant fee of \$17.50 per hour and the elimination of the “Piano” rental fee since the piano is no longer available for use. Annual revenue is estimated to increase by \$350.

Fee Title	Current Fee	Proposed Fee	Change %
<b><i>Council Chambers Rental</i></b>			
AV Service Fee – per hour	\$ -0-	\$ 35.00	New
Facility Attendant – per hour	17.50	-0-	Eliminate
Piano – per use per meeting	50.00	-0-	Eliminate

## **Community Services**

Several fee increases for recreation programs are suggested in order to continue progress toward the Department’s long-term cost recovery goals. The Cost Allocation Plan and User Fee Study and Policy provide further direction for making fee changes in order to align fees more appropriately to the costs of recreation services and some social service programs.

In accordance with the Cost Recovery Policy, staff has suggested the greatest fee increases for programs that are of special benefit to individuals or groups, where the goal is to set fees to a level sufficient to support direct program costs, plus up to 100% of City overhead associated with the activity. These programs provide individual benefit foremost, and minimal community benefit. Activities promoting the full utilization of parks and recreation facilities are also included in those recommended for the greatest fee increases.

Several programs delineated in the policy are included in the medium cost recovery category, with recovery of a majority of direct (budgeted) costs incurred in the delivery of the service. However, administrative and other overhead costs of the Community Services Department are not being recovered. Both the community and individuals benefit from these services.

The schedule below summarizes the current fees, proposed fees, and percentage change in certain Community Services fees. If approved, it is estimated that increases and new fees will generate an additional \$183,434 annually at current and estimated participation levels.

Fee Title	Current Fee	Proposed Fee	Change %
<b>MENLO CHILDREN’S CENTER – RESIDENT</b>			
<i><b>Preschool – Toddler Room</b></i> (per month)			
Full-time 5 days per week	\$ 1,805.00	\$ 1,841.00	2%
Part-time 3 days per week	1,317.00	1,343.00	2%
Part-time 2 days per week	1,028.00	1,049.00	2%
<i><b>Early pre-school and Pre-school</b></i> (per month)			
Full-time 5 days per week	1,419.00	1,447.00	2%
Part-time 3 days per week	1,036.00	1,057.00	2%
Part-time 2 days per week	809.00	825.00	2%
<i><b>Morning Birds Preschool</b></i> (per month)			
Morning Birds 5 days per week	538.00	549.00	2%
Morning Birds 3 days per week	341.00	348.00	2%
Morning Birds 2 days per week	239.00	244.00	2%

Fee Title	Current Fee	Proposed Fee	Change %
<b>MENLO PARK SENIOR CENTER</b>			
<b><i>Grand Ballroom and Kitchen - Rental Fee</i></b>			
Resident – per hour	\$ 120.00	\$ 135.00	13%
Non-resident – per hour	150.00	182.00	21%
<b><i>Kitchen Only – Rental Fee</i></b>			
Resident – per hour	30.00	45.00	50%
Non-resident – per hour	40.00	61.00	53%
<b><i>Imagination Room- Rental Fee</i></b>			
Resident – per hour	40.00	55.00	38%
Non-resident – per hour	50.00	74.00	48%
<b><i>Community Room – Rental Fee</i></b>			
Resident – per hour	40.00	55.00	38%
Non-resident – per hour	50.00	74.00	48%
<b><i>Poolside Patio – Rental Fee</i></b>			
Resident – per hour	100.00	115.00	15%
Non-resident – per hour	135.00	155.00	15%
<b><i>Discounts on Rental Fees</i></b>			
Multi-room – entire facility	30%	0%	Eliminate
Long-term – 20 or more hours in a year	25%	0%	Eliminate
<b>ONETTA HARRIS COMMUNITY CENTER</b>			
<b><i>Gymnasium – Rental Fee</i></b>			
Resident – per hour	40.00	50.00	25%
Non-resident – per hour	54.00	68.00	26%
<b><i>Activity Room – Rental Fee</i></b>			
Resident – per hour	70.00	70.00	No Change
Non-resident – per hour	85.00	95.00	12%
<b><i>Classroom – Rental Fee</i></b>			
Resident – per hour	32.00	32.00	No Change
Non-resident – per hour	40.00	44.00	10%
<b><i>Kitchen – Rental Fee</i></b>			
Resident – per hour	20.00	20.00	No Change
Non-resident – per hour	26.00	27.00	4%
<b><i>Conference Room – Rental Fee</i></b>			
Resident – per hour	29.00	29.00	No Change
Non-resident – per hour	38.00	39.00	3%

Fee Title	Current Fee	Proposed Fee	Change %
<b>BELLE HAVEN CDC PRESCHOOL</b>			
<i><b>CDC Preschool (non-certified)</b></i> (per month)			
Resident – Full-day	\$ 854.00	\$ 899.00	5%
Resident – Part-day	-0-	449.00	New
Non-resident – Full-day	1,153.00	1,214.00	5%
Non-resident – Part-day	-0-	606.00	New
<b>ARRILLAGA FAMILY RECREATION CENTER</b>			
<i><b>Menlo Madness – Camps</b></i>			
Sliding Scale – per week	150.00 to 380.00	150.00 to 386.00	0% to 2%
<i><b>Large Patio – Weekend – Rental Fee</b></i>			
Resident – per hour	170.00	200.00	18%
Non-resident – per hour	230.00	270.00	17%
<i><b>Large Patio – Weekday – Rental Fee</b></i>			
Resident – per hour	125.00	150.00	20%
Non-resident – per hour	170.00	203.00	19%
<i><b>Sequoia Room – Weekend – Rental Fee</b></i>			
Resident – per hour	150.00	150.00	No Change
Non-resident – per hour	260.00	270.00	4%
<i><b>Sequoia Room – Weekday – Rental Fee</b></i>			
Resident – per hour	150.00	150.00	No Change
Non-resident – per hour	195.00	203.00	4%
<i><b>Kitchen – Rental Fee</b></i>			
Resident – per hour	25.00	25.00	0%
Non-resident – per hour	50.00	34.00	(32%)
<i><b>Cleaning Fee</b></i>			
	75.00	115.00	53%
<b>ARRILLAGA FAMILY GYMNASIUM</b>			
<i><b>Court – Rental Fee</b></i>			
Resident – per hour	70.00	80.00	14%
Non-Resident – per hour	95.00	108.00	14%
<i><b>Locker Rental Fee – 6 Months</b></i>			
Resident	41.00	-0-	Eliminate
Non-Resident	55.00	-0-	Eliminate
<i><b>Shower Fee</b></i>			
Single Usage	3.00	-0-	Eliminate
Unlimited Usage – per month	30.00	-0-	Eliminate

Fee Title	Current Fee	Proposed Fee	Change %
<b>ARRILLAGA FAMILY GYMNASTICS CENTER</b>			
<b><i>Gymnastics – Per hour fee</i></b>			
1– 2 hours per week	\$ 14.10	\$ 15.00	6%
3 hours per week	11.00	12.00	9%
6 hours per week	9.35	10.00	7%
9 hours per week	8.90	9.00	1%
12 hours per week	8.25	8.00	(3%)
15 hours per week	7.35	7.00	(5%)
<b><i>Private Lessons</i></b>			
1 hour – resident – up to two children	60.00	57.00	5%
- each additional child	25.00	25.00	No Change
<b><i>Birthday Party Package Cancellation Fee</i></b>			
	-0-	50.00	New
<b><i>Gymnastics Non-Resident Surcharge</i></b>			
	125%	135%	8%
<b>TENNIS COURTS</b>			
<b>yearly fee – calendar year</b>			
January through June – Residents	50.00	60.00	20%
January through June – Non-residents	100.00	120.00	20%
July through December – Residents	30.00	40.00	33%
July through December – Non-residents	60.00	80.00	33%
<b>SPECIAL EVENTS – PARK RENTALS</b>			
<b><i>Non-Athletic Field Parks</i></b>			
Resident – per hour	-0-	16.00	New
Non-resident – per hour	-0-	22.00	New
<b>PICNIC AREAS</b>			
Resident – per hour – per area	7.00	10.00	43%
Non-resident – per hour – per area	12.00	15.00	25%
<b>(All non-resident fees are 135% of resident fees unless a specific non-resident fee is listed)</b>			

**Child Care Programs**

**Menlo Children’s Center (MCC) Preschool Programs:** The tuition increase proposal for the MCC Preschool programs is 2%. The fee increase is necessary to keep up with increased program costs which include maintaining staffing levels and program ratios. The tuition, with the recommended increase, continues to be comparable to similar preschool programs in the area. Annual revenue is estimated to increase by \$19,969.

For Seasonal Programs, staff recommends increasing the monthly fees for the Morning Birds program by 2%. Annual revenue is estimated to increase by \$1,584.

**Menlo Park Senior Center:** Staff recommendations include the elimination of some discounts that have not been needed or are obsolete. The remainder of the proposed changes include fee adjustments for room rentals that now incorporate the staffing charge of \$17.50 to \$26.75. These fees were previously charged separately and were in addition to the room rental fee.

**Onetta Harris Community Center:** Staff recommends an increase in the Gymnasium Rental Fee, which has not been increased in over 5 years. The increase will help to maintain the facility's cost-recovery goals while generating the necessary revenue to offset increased facility operation costs. Due to the increased use of the Gymnasium, additional custodial and maintenance is required. In addition, the non-resident fee for the Activity Center is being modified to be consistent with the department's non-resident surcharge of 35%. Annual revenue is estimated to increase by \$3,120.

**Belle Haven Child Development Center:** Staff recommends increases in Preschool non-certified full-day and part-day fees to be consistent with the increases to the reimbursement rate from the State of California, which will increase from \$37.12 per-child per-day to \$38.98 per-child per-day. The increases are necessary to insure that the City receives the same amount for non-certified families as those that are subsidized by the State. Annual revenue is estimated to increase by \$1,620.

**Arrillaga Family Recreation Center:** The Menlo Madness Summer Camp fees are currently set within a sliding scale range of \$150 to \$380 per week. Staff recommends increasing the maximum weekly rate to \$386. However, in some instances rates could increase up to 12% over current rates within the sliding scale. Annual revenue is estimated to increase by \$11,676.

Staff is proposing a 4% increase in per hour rental fees for the Sequoia Room for non-residents on weekdays (\$195 to \$203) and weekends (\$260 to \$270). Even though individual rates have been established for the Sequoia Room and adjacent Large Patio, these areas are rented as one space not individually. To avoid any confusion, staff is proposing aligning the rental rates for these locations. This coordination of rental rates was inadvertently missed last year when Council approved new rates for the Sequoia Room. For Kitchen rentals staff is recommending a \$10 reduction in the hourly rate for non-resident use. Finally, staff proposes increasing the Cleaning Fee from \$75 to \$115 to assure cost recovery. These changes are estimated to increase annual revenue by \$4,110.

**Arrillaga Family Gymnasium:** Currently the City collects \$70 per hour for court rental by residents. The court rental rate has not been increased since the gym opened in 2010. Demand for all prime time rentals (7pm-10pm Monday-Friday) is at 100% capacity. A rate comparison of five surrounding cities puts our current rental rate in the middle. Staff recommends the hourly Court Rental Fee for residents be increased to \$80 (14%) for residents and \$108 (14%) for non-residents. The estimated annual increase in revenue is \$11,000.

Staff recommends that Council eliminate the fees for Locker Room Rental and Showers. The Community Services Department changed its model for providing and charging for these services approximately two years ago. All participants of City sponsored programs and rentals have use of the lockers on a daily basis and shower access when participating in a program. In the first two years of operations less than \$150 in revenue has been collected for these specific fees. Additionally, our new model of service reduces interactions between citizens who had been treating the lockers and showers as a permanent space.

**Arrillaga Gymnastics Center:** The recommended changes will help improve the program's overall cost-recovery and are consistent with the Gymnastics Business Plan pricing strategy that move the program's fees more in line with other gymnastics programs in the area. Staff is recommending a Birthday Party Package Cancellation Fee of \$50 be established to recover some of the revenue lost when a birthday party is cancelled. The increase to the Gymnastics Non-Resident Fee Surcharge from 25% to 35% will bring the non-resident fees in line with other Community Services Department classes and programs. This was a recommendation of the Parks and Recreation Commission to staff at their meeting on October 22, 2014. The estimated annual increase in revenue is \$122,255.

**Tennis Courts:** Staff recommends increasing yearly tennis court key fees by \$10 for residents and by \$20 for non-residents. Court key fees were last changed in 2010. These increases are necessary to offset increased maintenance costs. The estimated annual increase in revenue is \$6,000.

**Special Events – Park Rental:** After the City's Special Event Permit process was launched two years ago, a gap emerged in how we charge for park rentals. There is a rental schedule for athletic fields and both Sharon Park and Bedwell-Bayfront Park, but no such rental schedule exists for non-athletic field parks such as Fremont Park, Hamilton Park, Sharon Hills Park or Marketplace Park when special events are conducted by outside organizations. The recommended new fee will allow the City to collect appropriate fees to support the maintenance to public park areas including turf, sidewalks, park furniture and landscaping. The estimated annual increase in revenue is \$100.

**Picnic Areas:** Staff recommends increasing rental fees by \$3.00 per area per hour. These increases are necessary to offset increased maintenance costs. Also, the recommended fees are consistent with fees charged in neighboring cities. The estimated annual increase in revenue is \$2,000.

**Non-resident surcharge:** On October 22, 2014 the Parks and Recreation Commission discussed the non-resident surcharge. The Commission elected to not further address this issue, indicating their satisfaction with the current 35% surcharge for non-residents. For example, if a resident fee is \$100, the non-resident fee is \$135, which includes the \$35 surcharge. This surcharge percentage applies when an alternate percentage or dollar amount for non-resident use has not been approved.



**Menlo Park Municipal Water District (MPMWD)**

The schedule below summarizes the current fees, proposed fees, and percentage change in certain MPMWD. If approved, it is estimated that increases will generate an additional \$1,060 annually for the Water Fund.

Fee Title	Current Fee	Proposed Fee	Change %
Fire Flow Testing (report included)	\$ 250.00	\$ 270.00	8%
Additional copies of Flow Test Reports	25.00	45.00	80%
Backflow Prevention Device Tag – 3 year tag	30.00	-0-	No Change
Backflow Prevention Device Tag – 1 year tag	-0-	10.00	

**Fire Flow Fees:** Currently the District collects \$250 for each Fire Flow Test performed. The increase of the fee to \$270 more accurately covers the cost of the test. Test costs include staff hourly wages, vehicle and flushing equipment, and water used for the test. In 2014, staff conducted 33 fire flow tests. With each test one copy of the test report is provided. Additional copies are provided for \$25. Staff recommends increasing the fee for an additional copy of the test report to \$45 to cover administration costs associated with preparation of the copy. Annually, there are approximately 20 requests for additional copies. If approved these changes are estimated increase annual revenue by \$1,060.

**Backflow Prevention Fees:** The District now issues new, weather-resistant, annual, colored metal tags to companies providing backflow testing services to replace the old, plastic three year tags previously used. The revised pricing reflects annual fees for the new annual tags. This change is revenue neutral.

**IMPACT ON CITY RESOURCES**

The estimated annual net increase in General Fund revenue from the revisions discussed in this report is \$183,784.

User fees provide a significant source of cost recovery for the City. The recommended revisions to the Master Fee Schedule will be built into the 2015-16 budget recommendations and will help in maintaining service levels in the current fiscal year.

**POLICY ISSUES**

The fee changes proposed in this report are in compliance with the Cost Recovery / Subsidization Policy adopted by Council on March 9, 2010.

**ENVIRONMENTAL REVIEW**

Adoption of a Master Fee Schedule is categorically exempt under current California Environmental Quality Act guidelines.

## **PUBLIC NOTICE**

Published legal notice on March 20, 2015 in the local newspaper.

Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

## **ATTACHMENTS**

- A. Resolution Amending City Fees and Charges
- B. User Fee Cost Recovery – Fiscal Policy

Report prepared by:

*John McGirr*

*Revenue & Claims Manager*

*Starla Jerome-Robinson*

*Assistant City Manager*

*Drew Corbett*

*Finance Director*

*Cherise Brandell*

*Community Services Director*

*Jesse Quirion*

*Public Works Director*

**RESOLUTION NO.**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK  
AMENDING CITY FEES AND CITY CHARGES**

WHEREAS, under the provisions of the City of Menlo Park Municipal Code Section 1.25.010, fees and charges assessed by the City of Menlo Park may be amended or modified upon the adoption of a Resolution by the City Council; and

WHEREAS, the City Council of the City of Menlo Park considers that said amended fees, as per Staff Report #15-053 dated April 7, 2015 are appropriate and should be adopted.

The City Council of the City of Menlo Park makes the following findings:

1. User fee services are those performed by the City on behalf of a private citizen or group with the assumption that the costs of services benefiting individuals, and not society as a whole, should be borne by the individual receiving the benefit. However, in some circumstances, it is reasonable to set fees at a level that does not reflect the full cost of providing service but to subsidize the service.
2. A listing of the fee changes proposed for City services was available to the public for at least ten days preceding the Public Hearing on April 7, 2015, at which time the fees were adopted.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED that the Master Fee Schedule last amended April 7, 2015, is hereby amended to take effect on the date this resolution is passed and adopted; and

BE IT FURTHER RESOLVED that the City Manager is authorized to waive, modify or amend fees on any matter in his/her reasonable discretion, provided that said fees may not be increased and if he/she does so, he/she shall so advise the City Council.

PASSED AND ADOPTED at a regular meeting of the Menlo Park City Council on the seventh day of April, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of the City of Menlo Park this seventh day of April, 2015.

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Pamela Aguilar, City Clerk

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# City of Menlo Park

## Fiscal Policy

<b>Department</b> City Council	<b>Page 1 of 11</b>	<b>Effective Date</b> 03/09/10
<b>Subject</b> User Fee Cost Recovery	<b>Approved by</b> Minute Order March 9, 2010	<b>Procedure #</b> CC-10-0001

**Purpose:**

A clear User Fee Cost Recovery Policy will allow the City of Menlo Park to provide an ongoing, sound basis for setting fees that allows charges and fees to be periodically reviewed and updated based on predetermined, researched and supportable criteria that can be made available to the public.

**Background:**

In 2005 the *Your City/Your Decision* community driven budget process provided community direction and initial information on approaches to cost recovery of services. In 2007, the Cost Allocation Plan provided further basis for development of a standardized allocation system by providing a methodology for data-based distribution of administrative and other overhead charges to programs and services. The Cost of Services Study completed in 2008 allowed the determination of the full cost of providing each service for which a fee is charged and laid the final groundwork needed for development of a values-based and data-driven User Fee Cost Recovery Policy. A draft User Fee Cost Recovery Policy was presented for consideration by the Council at a Study Session on February 10, 2009. Comments and direction from the Study Session were used to prepare this Fiscal Policy.

**Policy:**

The policy has three main components:

- Provision for ongoing review
- Process of establishing cost recovery levels
  - Factors to be Considered
- Target Cost Recovery Levels
  - Social Services and Recreation Programs
  - Development Review Programs
  - Public Works
  - Police
  - Library
  - Administrative Services

***Provision for ongoing review***

Fees will be reviewed at least annually in order to keep pace with changes in the cost of living and methods or levels of service delivery. In order to facilitate a fact-based approach to this review, a comprehensive analysis of the city's costs and fees should be made at least every five years. In the interim, fees will be adjusted by annual cost factors reflected in the appropriate program's operating budget.

***Process of establishing service fee cost recovery levels***

The following factors will be considered when setting service fees and cost recovery levels:

1. Community-wide vs. special benefit
  - The use of general purpose revenue is appropriate for community-wide services while user fees are appropriate for services that are of special benefit to individuals or groups. Full cost recovery is not always appropriate.
2. Service Recipient Versus Service Driver
  - Particularly for services associated with regulated activities (development review, code enforcement), from which the community primarily benefits, cost recovery from the "driver" of the need for the service (applicant, violator) is appropriate.
3. Consistency with City public policies and objectives
  - City policies and Council goals focused on long term improvements to community quality of life may also impact desired fee levels as fees can be used to change community behaviors, promote certain activities or provide funding for pursuit of specific community goals, for example: health and wellness, environmental stewardship.

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## Fiscal Policy

<b>Department</b> City Council	<b>Page 2 of 11</b>	<b>Effective Date</b> 03/09/10
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4. Impact on demand (elasticity)
  - Pricing of services can significantly impact demand. At full cost recovery, for example, the City is providing services for which there is a genuine market not over-stimulated by artificially low prices. Conversely, high cost recovery may negatively impact lower income groups and this can work against public policy outcomes if the services are specifically designed to serve particular groups.
5. Discounted Rates and Surcharges
  - Rates may be discounted to accommodate lower income groups or groups who are the target of the service, such as senior citizens or residents.
  - Higher rates are considered appropriate for non-residents to further reduce general fund subsidization of services.
6. Feasibility of Collection
  - It may be impractical or too costly to establish a system to appropriately identify and charge each user for the specific services received. The method of assessing and collecting fees should be as simple as possible in order to reduce the administrative cost of collection.

### *Target cost recovery levels*

1. Low cost recovery levels (0% – 30%) are appropriate if:
  - There is no intended relationship between the amount paid and the benefit received
  - Collecting fees is not cost-effective
  - There is no intent to limit use of the service
  - The service is non-recurring
  - Collecting fees would discourage compliance with regulatory requirements
  - The public at large benefits even if they are not the direct users of the service
2. High cost recovery levels (70% – 100%) are appropriate if:
  - The individual user or participant receives the benefit of the service
  - Other private or public sector alternatives could or do provide the service
  - For equity or demand management purposes, it is intended that there be a direct relationship between the amount paid and the level and cost of the service received
  - The use of the service is specifically discouraged
  - The service is regulatory in nature
3. Services having factors associated with both cost recovery levels would be subsidized at a mid-level of cost recovery (30% - 70%).

General categories of services tend to fall logically into the three levels of cost recovery above and can be classified according to the factors favoring those classifications for consistent and appropriate fees. Primary categories of services include:

- Social Services and Recreation Programs
- Development Review Programs – Planning, and Building
- Public Works Department – Engineering, Transportation, and Maintenance
- Public Safety

# City of Menlo Park

## Fiscal Policy

<b>Department</b> City Council	<b>Page 3 of 11</b>	<b>Effective Date</b> 03/09/10
<b>Subject</b> User Fee Cost Recovery	<b>Approved by</b> Minute Order March 9, 2010	<b>Procedure #</b> CC-10-0001

### Social Services and Recreation Programs

Master Fee Schedule Page #'s	General categorization of programs, Services, Activity, and facilities	Low cost recovery (0-30%)	Mid cost recovery (30-70%)	High cost recovery (70-100%)
9	<u>Parks</u>			
	Dog Park	X		
	Skate Parks	X		
	Open Space/Parks Playgrounds	X X		
7 11 10 11 11 7 7 11	<u>Social Services</u>			
	Senior Transportation	X		
	Senior Classes/Events	X		
	Belle Haven School Age – Title 22		X	
	Menlo Children’s Center – Title 22			X
	Preschool - Title 22			X
	Preschool – Title 5		X	
	Second Harvest	X		
Congregate Nutrition		X		
Belle Haven Community School		X		
	<u>Events/Celebrations</u>			
	City Sponsored	X		
	City-Wide	X		
	Youth & Teen Targeted	X		
	Cultural	X		
	Concerts	X		
5, 6, 7 9 9 9 10 5,6,7 9 5,6,7,8,9,10	<u>Facility Usage</u>			
	City Functions (e.g. commissions)	X		
	Co-Sponsored Organizations	X		
	Non-Profit	X		
	Fields - Youth (non-profit)		X	
	Fields - Adult (non-profit)		X	
	Tennis Courts		X	
	Picnic Rentals - Private Party			X
	Private Rentals			X
	Fields - For-profit			X
Contracted Venues – for profit			X	
8 8 8 7 11	<u>Fee Assisted Programs</u>			
	Recreational Swim	X		
	Swimming Classes	X		
	Lap Swimming	X		
	Recreation Classes	X		
Open Gym Activities	X			

# City of Menlo Park

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**Social Services and Recreation Programs** - continued

Master Fee Schedule Page #'s	General categorization of programs, Services, Activity, and facilities	Low cost recovery (0-30%)	Mid cost recovery (30-70%)	High cost recovery (70-100%)
	<u>Recreation Programs</u>			
11	Drop-In Activities		X	
10,11	Camps & Clinics			X
9	Youth Leagues			X
10	Youth Special Interest			X
10	Adult Special Interest			X
12	Gymnastics			X
6,12	Birthday Parties			X
11	Adult League			X

**Low Recovery Expectations:** Low to zero recovery is expected for programs in this category as the community benefits from the service. Non-resident fees if allowed may provide medium cost recovery.

In general, low cost programs or activities in this group provide a community wide benefit. These programs and activities are generally youth programs or activities enhancing the health, safety and livability of the community and therefore require the removal of a cost barrier for optimum participation. Recreation programming geared toward the needs of teens, youth, seniors, persons with disabilities, and/or those with limited opportunities for recreation are included. For example:

- Parks – As long as collecting fees at City parks is not cost-effective, there should be no fees collected for general use of parks and playgrounds. Costs associated with maintaining the City’s parks represent a large cost for which there is no significant opportunity for recovery – these facilities are public domains and are an essential service of City government.
- Social Services – There is no intended relationship between the amount paid and the benefit received for social service programs. Some programs are designed and delivered in coordination/partnership with other providers in Menlo Park.
- Senior Transportation – Transportation is classified as a low cost recovery program because there is no fee charged for the program and the majority of the seniors served cannot afford the actual cost of the service. Donations are solicited, but they are minimal. No fee should be established for this service, as it would threaten ridership and County reimbursements would be withdrawn.
- Senior Classes/Events – The primary purpose of senior classes and events is to encourage participation. The seniors served in these classes do not have the means of paying for the classes and are classified as “scholarship” recipients due to their low income levels. The classes should continue to be offered in collaboration with outside agencies which can offer them for free through state subsidies.
- Second Harvest – Monthly food distributions provide free food to needy families and so contribute a broad community benefit. The coordination and operation of the program is through the Onetta Harris Center staff with volunteers assisting with the distribution of food, to keep costs as low as possible.
- Events/Celebrations – Community Services events provide opportunities for neighborhoods to come together as a community and integrate people of various ages, economic and cultural backgrounds. Events also foster pride in the community and provide opportunities for volunteers to give back. As such, the benefits are community-wide. In addition, collection of fees are not always cost effective.



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- Facility Usage – Safe and secure facilities for neighborhood problem-solving and provision of other general services support an engaged community and should be encouraged with low or no fees.
- Fee Assisted Recreation Programs – Activities with fee assistance or sliding scales make the programs affordable to all economic levels in the community. Organized activities, classes, and drop-in programs are designed to encourage active living, teach essential life and safety skills and promote life-long learning for broad community benefit.

**Medium Recovery Expectation** – recovery of most program costs incurred in the delivery of the service, but without recovery of any of the costs which would have been incurred by the department without the service. Both community and individuals benefit from these services. Non-resident fees if allowed may provide high cost recovery.

- Belle Haven School Age – Title 22 - Licensed Child Care Program – Services to participants in this program are not readily available elsewhere in the community at low cost. The program provides broad community benefit in the form of a safety net for children in the community. Organized activities and programs teach basic skills, constructive use of time, boundaries and expectations, commitment to learning and social competency. Resident fees charged based on San Mateo County Pilot program for full day care that sets fees at no more than 10% of the family’s gross income.
- Preschool Title 5 – The Preschool Program is supported primarily by reimbursement of federal and state grants for low income children. Tuition and reimbursement rates are regulatory.
- Senior Lunches – Congregate Nutrition is classified as a medium cost recovery fee as it asks a donation coupled with a per meal reimbursement from OAA & State funds.
- Belle Haven School Community School – The Community School partners with various non-profit and community-based agencies to provide much needed services to the community – high quality instruction, youth enrichment services, after-school programs, early learning and a family center. Services are open to Belle Haven students, their families and residents of the surrounding neighborhood.
- Field Rentals and Tennis Courts – Costs should be kept low for local non-profit organizations providing sports leagues open to residents and children in the Menlo Park Schools that encourage healthy lifestyles and lifelong fitness. Opportunities exist to collect a reasonable fee for use to defray citywide expenses for tennis facilities and fields.
- Programs – Drop-in programs can be accessed by the widest cross section of the population and therefore have the potential for broad-base participation. Recreation drop-in programs have minimal supervision while providing healthy outlets for youth, teens and adults

**High Recovery Expectations** – present when user fees charged are sufficient to support direct program costs plus up to 100% of department administration and city overhead associated with the activity. Individual benefit foremost and minimal community benefit exists. Activities promote the full utilization of parks and recreation facilities.

- Menlo Children’s Center School Age and Pre-school – Title 22 – Participation benefits the individual user.
- Picnic Areas – Picnic rental reservations benefit the individual but help defray the cost of maintaining parks benefiting the entire community.
- Facility Usage – Facility use is set at a higher rate for the private use of the public facility for meetings, parties, and programs charging fees for services and celebrations.

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- Programs – Activities in this area benefit the individual user. Programs, classes, and sports leagues are often offered to keep pace with current recreational trends and provide the opportunity to learn new skills, improve health, and develop social competency. The services are made available to maximize the use of the facilities, increase the variety of offerings to the community as a whole and spread department administration and city-wide overhead costs to many activities. In some instances offering these activities helps defray expenses of services with no viable means of collecting revenue e.g. parks, playgrounds, etc.
- Contracted Venues – (for profit) – Long term arrangements where a facility is rented or contracted out to reduce general funding expense in order to provide specialized services to residents.

### Development Review Services

1. Planning (planned development permits, tentative tract and parcel maps, re-zonings, general plan amendments, variances, use permits)
2. Building and safety (building permits, structural plan checks, inspections)

Master Fee Schedule Page #'s	General categorization of programs, Services, Activity, and facilities	Low cost recovery (0-30%)	Mid cost recovery (30-70%)	High cost recovery (70-100%)
	<b>1. Planning</b>			
24	Appeals of Staff Decisions	X		
24	Appeals of Planning Commission Decisions by Residents	X		
	Subsequent Appeals			X
24	Temporary Sign Permits	X		
23	Use Permits – Non-Profits	X		
24	Administrative Reviews – Fences		X	
	Appeals of Planning Commission Decisions by			X
24	Non-Residents			X
23	Administrative Reviews – Other			X
23	Architectural Control			X
23	Development Permits			X
23	Environmental Reviews			X
23	General Plan Amendments			X
24	Tentative Maps			X
24	Miscellaneous – not listed elsewhere			X
	Reviews by Community Development			X
24	Director or Planning Commission			X
23	Special Events Permitting			X
23	Study Sessions			X
24	Zoning Compliance Letters			X
23	Signs and Awnings			X
23	Use Permits – other			X
23	Variances			X
23	Zoning Map			X
	Ordinance Amendments			X

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Master Fee Schedule Page #'s	General categorization of programs, Services, Activity, and facilities	Low cost recovery (0-30%)	Mid cost recovery (30-70%)	High cost recovery (70-100%)
28-48	<u>2. Building and safety</u> Solar installations Building Permits Mechanical Permits Electrical Permits Plumbing Permit Consultant Review	X		X X X X X

**Low Recovery Expectations:** Low to zero recovery is expected for services in this category to maintain open and accessible government processes for the public, encourage environmental sustainability and encourage compliance with regulatory requirements. Example of Low Recovery items:

- Planning – The fees for applicants who wish to appeal a Staff Decision or for a Menlo Park resident or neighbor from an immediately adjacent jurisdiction who wishes to appeal a decision of the Planning Commission is purposefully low to allow for accessibility to government processes.
- Planning – Temporary sign permit fees are low so as to encourage compliance.
- Building – The elimination or reduction of building permits for solar array installations is consistent with California Government Code Section 65850.5, which calls on local agencies to encourage the installation of solar energy systems by removing obstacles to, and minimizing costs of, permitting for such systems.

**Mid-level Recovery Expectations:** Recovery in the range of 30% to 70% of the costs incurred in the delivery of the service reflects the private benefit that is received while not discouraging compliance with the regulation requirements.

- Planning – Administrative permits for fences that exceed the height requirements along Santa Cruz Avenue are set at mid-level to encourage compliance.

**High Recovery Expectations:** Cost recovery for most development review services should generally be high. In most instances, the City's cost recovery goal should be 100%.

- Planning – Subsequent Appeals - The fees for applicants who are dissatisfied with the results of a previous appeal of an administrative permit or a decision of the Planning Commission should be at 100% cost recovery.
- Planning – Most of the Planning fees charged are based on a "time and materials" basis, with the applicant/customer being billed for staff time (at a rate that includes overhead cost allocations) and the cost of actual materials or external services utilized in the delivery of the service.
- Building – Building fees use a cost-basis, not a valuation basis, and are flat fees based on the size and quantities of the project.

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**Public Works Department - Engineering, Transportation, and Maintenance**

1. Engineering and Transportation (public improvement plan checks, inspections, subdivision requirements, encroachments)
2. Transportation (red curb installation, truck route permits, traffic signal repairs from accidents)
3. Maintenance (street barricades, banners, trees, special event set-up, damaged city property)

Master Fee Schedule Page #'s	General categorization of programs, Services, Activity, and facilities	Low cost recovery (0-30%)	Mid cost recovery (30-70%)	High cost recovery (70-100%)
	<u>1. Engineering</u>			
25	Heritage Tree	X		
25	Appeals to Environmental Quality Commission and City Council	X		
	Bid Packages	X		
19	Plotter Prints		X	
19	Encroachment Permits for			
19	City-mandated repair work (non-temporary)		X	
25	Heritage Tree		X	
	Tree Removal Permits			
	1 - 3 trees			
19	City Standard Details		X	
20	Improvement Plan Review			X
20	Plan revisions			X
21	Construction Inspection			X
20	Maps / Subdivisions			X
	Real Property			X
19	Abandonments			X
19	Annexations			X
21	Certificates of Compliance			X
20	Easement Dedications			X
20	Lot Line Adjust/Merger			X
19	Encroachment Permits			X
19	Completion Bond			X
	Processing Fee			X
25	Heritage Tree Permits			X
	After first 3 trees			X
16	Downtown Parking Permits			X
	<u>2. Transportation</u>			
22	Red Curb Installation	X		
22	Truck Route Permits	X		
22	Traffic Signal Accident			X
22	Aerial Photos			X

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Master Fee Schedule Page #'s	General categorization of programs, Services, Activity, and facilities	Low cost recovery (0-30%)	Mid cost recovery (30-70%)	High cost recovery (70-100%)
	<u>3. Maintenance</u>			
22	Tree Planting	X		
22	Banners – Santa Cruz Ave			X
22	Barricade replacement			X
22	Weed Abatement			X
22	Special Event set-up – for profit use			X
22	Special Event set-up- for non-profits use		X	
22	Damaged City property			X

**Low Recovery Expectations:** Low to zero recovery is expected for services in this category as the community benefits from the service. In general, low cost services in this group provide a community-wide benefit. These services generally are intended to enhance or maintain the livability of the community and therefore require the removal of a cost barrier to encourage use. However, in some instances the maximum fee that can be charged is regulated at the State or Federal level and therefore the City fee is not determined by City costs (truck route permits, copies of documents). Examples of Low Recovery items:

- Maintenance – Tree Plantings is classified as a low cost recovery fee to replacement of trees removed due to poor health and to encourage new tree plantings.
- Transportation – Red Curb Installation is classified as a low cost recovery fee for support traffic/parking mitigation requests to address safety concerns of residents and businesses.
- Transportation – Truck Route Permits Fees – maximum fee set by State Law.
- Engineering – Heritage Tree Appeals is classified as a low cost recovery fee to insure that legitimate grievances are not suppressed by high fees.
- Engineering – Bid Packages are provided at a low cost to encourage bid submissions thereby insuring that the City receives sufficient bids to obtain the best value for the project to be undertaken.

**Medium Recovery Expectations:** Recovery in the range of 30% to 70% of the costs incurred in the delivery of the service. Typically both the community and individuals benefit from these services.

- Engineering – Encroachment Permits for City-mandated repairs are classified as a medium cost recovery. Since the property owner is paying for the cost of construction but is required by ordinance to perform it promptly, a discounted fee for the permit is appropriate.

**High Recovery Expectations:** Recovery in the range of 70% to 100% when user fees charged are sufficient to fully recover costs of providing the service. Individual benefit is foremost and minimal community benefit exists. Most services provided by the Public Works Department fall in this area.

- Engineering – Encroachment Permits where the public right of way is used or impacted on a temporary or permanent basis for the benefit of the permittee. Debris Boxes are such an example.
- Transportation – Traffic Signal Accident repair cost is the responsibility of the driver/insurer.
- Maintenance – Weed Abatement performed by Public Works staff to address ongoing code violation.
- Maintenance – Banners on Santa Cruz Avenue and El Camino Real.

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**Public Safety – Police Services** (Case Copies, False Alarms, Parking Permits, Abatements, Emergency Response, Background Investigations, Tow Contract)

Master Fee Schedule Page #'s	General categorization of programs, Services, Activity, and facilities	Low cost recovery (0-30%)	Mid cost recovery (30-70%)	High cost recovery (70-100%)
14	Case Copies	X		
15	Citation Sign Off - Residents	X		
1, 15	Document Copies	X		
14	Bicycle Licenses	X		
16	Overnight Parking Permits			X
16	Residential Parking Permits	X		
15	Property Inspection – Code Enforcement	X		
15	Real Estate Sign Retrieval	X		
14	False Alarm – Low Risk		X	
15	Rotation Tow Service Contract		X	
15	Repossession Fee		X	
14	False Alarm – High Risk			X
14	Good Conduct Letter			X
14	Preparation Fees			X
14	Research Fee			X
14	Civil Subpoena Appearance			X
14	Finger Printing Documents			X
15	Background Investigations			X
14	Notary Services			X
14	Vehicle Releases			X
14	DUI - Emergency Response			X
15	Intoximeter Rental			X
15	Street Closure			X
15	Unruly Gatherings			X
18	Abatements			X

**Low Recovery Expectations:** Low to zero recovery is expected for services in this category as the community generally benefits from the regulation of the activity. The regulation of these activities is intended to enhance or maintain the livability of the community. However, in some instances the maximum fee that can be charged is regulated at the State or Federal level and therefore the City fee is not determined by City costs (copies of documents).

**Medium Recovery Expectation:** Recovery in the range of 30% to 70% of the costs of providing the service. Both community and individuals benefit from these services.

- False Alarm – primarily residential and low cash volume retail. Alarm response provide a disincentive to crime activity. However excessive false alarms negatively impact the ability of prompt police response to legitimate alarms.

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### Public Safety – Police Services - continued

**High Recovery Expectations:** Recovery in the range of 70% to 100% when user fees charged are sufficient to recover costs of the service provided. Individual benefit is foremost and minimal community benefit exists. Items such as False Alarm, DUI Emergency Response, Vehicle Releases, Unruly Gathering, and Abatements are punitive in nature and the costs should not be funded by the community. Items such as Good Conduct Letter, Preparation Fees, Research Fee, Finger Printing, Background Investigations, and Notary Service primarily benefit the individual. 100% of the cost for services in these areas is typical.

- Overnight Parking Permits – the fee charged for One Night Parking Permits fall into Low Cost Recovery, however when combined with the fees collected from the issuance of Annual Permits the result is the program should achieve High Cost Recovery.
- Street Closure – primarily residential for activities within a defined area. This service is provide for public safety and therefore is provided at a rate below 100% cost recovery.

Library (Library Cards, Overdue Fines, etc.) – fees are primarily established by the Peninsula Library Service.

Administrative Services (Copying Charges, Postage, etc.) – fees are primarily set by regulations and are generally high cost recovery of pass-thru charges.

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