



CITY COUNCIL STAFF REPORT

DATE: JANUARY 21, 2009

PUBLIC HEARING

SUBJECT: ADOPTING FEES FOR EVENT HOUSE REGISTRATION AND APPEALS, AND AMENDING THE COMPREHENSIVE FEE SCHEDULE ADOPTED BY RESOLUTION NO. 21578 AS AMENDED

FROM: David H. Ready, City Manager

BY: Department of Finance

SUMMARY

The City Council will consider a resolution amending the Comprehensive Fee Schedule for event house registration and appeals.

RECOMMENDATION:

1. Open the public hearing and receive public testimony.
2. Adopt Resolution No. _____ "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, ESTABLISHING FEES FOR EVENT HOUSE REGISTRATION AND APPEALS, AND MODIFYING THE COMPREHENSIVE FEE SCHEDULE ADOPTED BY RESOLUTION NO. 21578 AS AMENDED."

STAFF ANALYSIS:

The City Council recently enacted Ordinance No. 1745 for the registration and regulation of event houses, and staff is recommending the City Council establish fees to collect the cost to the City of providing the various public services associated with this ordinance.

As the provider to these regulatory and registration programs, cities are relying on user fees that are charged for the various public services. Generally, state law requires that fees charged by local agencies be reasonably related to the actual cost of providing the service. The City retained a consultant, Revenue and Cost Specialists, LLC, to prepare a Cost of Service Fee Study. The study is attached.

Item No. **1.A.**


FISCAL IMPACT:

The estimated annual revenue and City cost to administer the Event House Registration and Appeals is \$14,740.

The Resolution provides that a CPI increase be calculated and incorporated effective July 1, 2010, to ensure that changing economic conditions do not impair the real value of the fees and charges.



GEOFFREY KIEHL, Finance Director



DAVID H. READY, City Manager

Attachments:

- Proposed Resolution and Schedule 1
- Cost of Service Fee Study
- Notice of Public Hearing

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, ESTABLISHING FEES FOR EVENT HOUSE REGISTRATION AND APPEALS, AND MODIFYING THE COMPREHENSIVE FEE SCHEDULE ADOPTED BY RESOLUTION NO. 21578 AS AMENDED.

WHEREAS, the City, under various statutory provisions under California Government Code, may set and collect fees for the costs of providing various public services to the community; and

WHEREAS, the City Council recently enacted Ordinance No. 1745 providing for the regulation and registration of Event Houses; and

WHEREAS, a duly-noticed public hearing was held on January 21, 2009, in accordance with the provisions of the California Government Code; and

WHEREAS, the supporting data was available for public inspection and review for ten (10) days prior to the public hearing; and

WHEREAS, the City Council has considered any verbal and/or written testimony, and has reviewed and considered the information and testimony provided at the public hearing by staff and the public.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS DOES HEREBY FINDS, DETERMINES AND RESOLVES AS FOLLOWS:

SECTION 1. FINDINGS.

- a. City staff has completed an analysis of fees for the regulatory and registration programs as indicated in the recitals.
- b. There is a reasonable relationship between the amount of the fee and the estimated reasonable cost of providing the type of service for which the fee is imposed.
- c. The fees do not exceed the estimated reasonable cost of providing the service for which the fee is charged.

SECTION 2. FEES IMPOSED.

- a. The City Council adopts the Event House Registration and Event House Appeal Fees as proposed on Schedule 1 of this Resolution and incorporated by reference.

b. On July 1st of each year, effective July 1, 2010, all service fees and charges shall be automatically adjusted by an amount equal to the percentage of increase or decrease in the Consumer Price Index for this region, as last computed for the previous twelve (12) months, to reflect cost-of-living changes and to ensure that changing economic conditions do not impair the real value of the fees and charges.

SECTION 3. SEVERABILITY.

Each component of the fees and all portions of this Resolution are severable. Should any individual component of the fee or other provision of this Resolution be adjudged to invalid, the remaining provisions shall be fully effective, and the fee shall be fully effective except as to that portion that has been judged to be invalid.

SECTION 4. EFFECTIVE DATE.

a. The fees imposed by Section 2(a) of this Resolution shall be immediately effective upon adoption of this Resolution.

SECTION 5. COMPREHENSIVE FEE SCHEDULE.

The City Clerk is hereby authorized and directed to incorporate said fees, charges and modifications into the Comprehensive Fees Schedule, adopted Resolution No. 21578, as amended.

ADOPTED THIS 21st DAY OF JANUARY, 2009.

David H. Ready, City Manager

ATTEST:

James Thompson, City Clerk

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. 22387 is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on January 21, 2009, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

James Thompson, City Clerk
City of Palm Springs, California

**CITY OF PALM SPRINGS
SUMMARY OF PROPOSED FEES**

REF #	SERVICE	PROPOSED FEE
S-010	EVENT HOUSING REGISTRATION	1-100 Participants \$145 101-250 Participants \$190 251+ Participants \$350
S-011	EVENT HOUSING APPEAL	\$130 per appeal

**Cost of Service Fee Study
for the
City of Palm Springs**

NOVEMBER 2008

Prepared by:

Revenue & Cost Specialists, LLC

**1519 East Chapman Ave, Suite C
Fullerton, CA 92831**

**www.revenuecost.com
(714) 992-9020**

Copyright, 2008 by Revenue & Cost Specialists

EXECUTIVE SUMMARY

Due to demands made of the City, it is essential that the City Council and management have complete information upon which to set fees for the following programs:

- Vacant Buildings
- Downtown Newsracks
- Event Housing
- Vacation Rentals
- 911 Emergency Response Dispatch

This Report provides that information for the above programs and services.

Schedule 1, following, provides a summary of the proposed fees for these services.

Schedule 2, following that, provides a summary of the revenues, costs, and subsidies for these services.

Costs Generally Defined

The basic costs of operating any business are direct labor and employee benefits, direct materials, allied indirect costs, and overhead costs.

Determination of "Costs". These cost elements have been determined in a businesslike manner per basic business principles, and applied to these services, and accommodates the published intent and definitions of the Authors of Article XIII B of the State Constitution. Thus a logical, legal, and Constitutionally-mandated cost-consciousness can be applied to City operations. The far more explicit definitions of costs applied by the Authors were utilized, thus laying a Constitutional base under the work of this Report.

Principle Involved. A basic principle involved in this Report is the recognition of those full business costs as used **and** as defined by the Authors of the Constitutional amendment, NOT just those costs which it might decide to use in some other cost analysis methodology or that other jurisdictions not so complying might use.

City of Palm Springs Cost of Service Fee Study

Service Center Worksheets

The data shown on Schedule 2 forms the basis for preparation of two different worksheets. The first, "Revenue and Cost Summary Worksheet" is on the left hand side of Appendix A. These worksheets include a description of the service, the current fee structure, the suggested recovery rate, and other pertinent information. Also included is the revenue and cost comparison and suggestions for fee modifications.

Presented on the facing page, titled "Cost Detail Worksheet", is the worksheet which details the costs involved in each service. This page identifies those employees providing the service, the time spent, and their related costs. The time and unit information comes from interviews with City staff. Each component of the cost is described below.

TYPES OF COSTS

Salaries and Wages

City government is in fact a service industry, therefore it is natural that salaries make up the largest single element of cost in most services.

Employee Fringe Benefits

Since the annual time of an employee has been fully allocated to service centers, fringe benefit costs also must be included. The City provides the following fringe benefits for its employees:

- 1) PERS Retirement
- 2) Workers' Compensation Insurance
- 3) Disability Insurance
- 4) Medical Insurance
- 5) Medicare
- 6) Unemployment Insurance
- 7) Holiday Pay, Uniform, Car, and Tool Allowance

City of Palm Springs Cost of Service Fee Study

All of these costs are current operating expenses and included in the City's Annual Budget. Fringe Benefit costs were accumulated and reduced to a percentage of salary for the employees as a whole.

Maintenance and Operation Costs

All maintenance and operation costs, including non-personnel expenses such as professional services, insurance, operating supplies, etc., were derived from the 2008-2009 Council-approved budget and allocated via percentages or through actual allocation to each of the service centers identified in a department or division.

Overhead Costs

Although overhead is a well established and necessary expense item in business, it is only recently that governments started adopting business techniques. Government is no different than a good corporation -- that was and still is "Buy good management". RCS utilizes two types of overhead, which are discussed below.

General City Overhead would be for the general administration of the City, such as the following:

- City Council
- City Manager
- City Clerk
- City Attorney
- Finance

Each service is very important to the smooth functioning of the City. But, their primary function is to support other departments and not to provide an end-user service to the public.

Departmental Administration can be as simple as the time of the department head, the departmental secretary or the division managers. The purpose of these services is to insure the smooth functioning of the department.

Asset Replacement Cost. The cost of the 911 Emergency Dispatch System was allocated on a depreciation basis over a 15 year life. Therefore the cost included in the Report represents 1/15th of the total system cost.

GENERAL RECOMMENDATIONS

Adoption of Modifications to Current Fee Structure

It is recommended that the City Council adjust the fee schedule for the enumerated services presented in this Report. Use of the "full business costing" concept will create consistency in the establishment of fees and allow for timely adjustment in fees to reflect changes in the cost of services.

Review of Suggested Recovery Rates

The City Council should review the suggested the Suggested Recovery Rates to determine how much of each service should be recovered through fees and how much should be subsidized through the City's tax dollars. This review is very important because it gives City staff direction as to what the Council wants to subsidize and what it does not.

All Things To All People. While the City is deciding who to subsidize and what to finance, it should remember it cannot provide all things to all people. It should therefore prioritize what it hopes to accomplish. If the Council decides to provide more subsidies today, it is doing so at the expense of other services which can only be financed by tax dollars, such as Police services, Fire services, and maintenance of the City's infrastructure. Therefore the Council must decide which direction it wants to proceed in, fully aware of the consequences of either action.

SUMMARY

If the recommendations included in this Report are adopted, the costs for the programs and services included here will be paid for by the individuals using those services.

**CITY OF PALM SPRINGS
SUMMARY OF PROPOSED FEES**

REF #	SERVICE	PROPOSED FEE
S-010	EVENT HOUSING REGISTRATION	1-100 Participants \$145 101-250 Participants \$190 251+ Participants \$350
S-011	EVENT HOUSING APPEAL	\$130 per appeal

SCHEDULE 2

CITY OF PALM SPRINGS

SUMMARY OF REVENUES, COSTS, AND SUBSIDIES

FISCAL YEAR 2008-2009

REF # (1)	SERVICE CENTER (2)	TOTAL REVENUE (3)	TOTAL COST (4)	TOTAL PROFIT/ (SUBSIDY) (5)	% RECOVERY	
					ACTUAL (6)	SUGGEST (7)
S-010	EVENT HOUSING REGISTRATION	\$0	\$14,609	(\$14,609)	0.0%	100%
S-011	EVENT HOUSING APPEAL	\$0	\$131	(\$131)	0.0%	100%
	GRAND TOTAL	\$0	\$14,740	(14,740)	0.0%	100%

APPENDIX A

REVENUE AND COST
SUMMARY WORKSHEETS
Matched With
COST DETAIL WORKSHEETS

**CITY OF PALM SPRINGS
REVENUE AND COST SUMMARY WORKSHEET
FISCAL YEAR 2008-2009**

SERVICE EVENT HOUSING REGISTRATION		REFERENCE NO. S-010	
PRIMARY DEPARTMENT PLANNING	UNIT OF SERVICE APPLICATION	SERVICE RECIPIENT Resident/Business	
DESCRIPTION OF SERVICE Registration of houses which have events so as to control the impact on the neighborhood.			
CURRENT FEE STRUCTURE None			
<u>REVENUE AND COST COMPARISON</u>			
UNIT REVENUE:	\$0.00	TOTAL REVENUE:	\$0
UNIT COST:	\$182.61	TOTAL COST:	\$14,609
UNIT PROFIT (SUBSIDY):	\$(182.61)	TOTAL PROFIT (SUBSIDY):	\$(14,609)
TOTAL UNITS:	80	PCT. COST RECOVERY:	0.00%
SUGGESTED FEE FOR COST RECOVERY OF: 100% 1-100 participants - \$145 101-250 participants - \$190 251+ participants - \$350			

November 4, 2008

**CITY OF PALM SPRINGS
COST DETAIL WORKSHEET
FISCAL YEAR 2008-2009**

SERVICE EVENT HOUSING REGISTRATION				REFERENCE NO. S-010		
NOTE Unit Costs are an Average of Total Units				TOTAL UNITS 80		
<u>DEPARTMENT</u>	<u>POSITION</u>	<u>TYPE</u>	<u>UNIT TIME</u>	<u>UNIT COST</u>	<u>ANN. UNITS</u>	<u>TOTAL COST</u>
PLANNING SERVICES	ASSISTANT PLANNER	1-100 Participants	0.50	\$45.24	50	\$2,262
PLANNING SERVICES	PLANNING ADMIN. COORD.	1-100 Participants	0.50	\$42.97	50	\$2,149
PLANNING SERVICES	PRINCIPAL PLANNER	1-100 Participants	0.08	\$13.82	50	\$691
PLANNING SERVICES	PLANNING TECHNICIAN	1-100 Participants	0.50	\$43.57	50	\$2,179
		TYPE SUBTOTAL	1.58	\$145.60		\$7,280
PLANNING SERVICES	ASSISTANT PLANNER	101-250 Participants	1.00	\$90.48	20	\$1,810
PLANNING SERVICES	PLANNING ADMIN. COORD.	101-250 Participants	0.50	\$42.97	20	\$659
PLANNING SERVICES	PRINCIPAL PLANNER	101-250 Participants	0.08	\$13.82	20	\$276
PLANNING SERVICES	PLANNING TECHNICIAN	101-250 Participants	0.50	\$43.57	20	\$871
		TYPE SUBTOTAL	2.08	\$190.84		\$3,817
POLICE	POLICE LIEUTENANT	251+ Participants	0.50	\$94.81	10	\$948
FIRE	FIRE PREVENTION SPECIALIS	251+ Participants	0.50	\$42.99	10	\$430
PLANNING SERVICES	ASSISTANT PLANNER	251+ Participants	1.25	\$113.10	10	\$1,131
PLANNING SERVICES	PLANNING ADMIN. COORD.	251+ Participants	0.50	\$42.97	10	\$430
PLANNING SERVICES	PRINCIPAL PLANNER	251+ Participants	0.08	\$13.82	10	\$138
PLANNING SERVICES	PLANNING TECHNICIAN	251+ Participants	0.50	\$43.57	10	\$436
		TYPE SUBTOTAL	3.33	\$351.26		\$3,513
TOTALS			6.99	\$182.61		\$14,609

November 4, 2008

**CITY OF PALM SPRINGS
REVENUE AND COST SUMMARY WORKSHEET
FISCAL YEAR 2008-2009**

SERVICE EVENT HOUSING APPEAL		REFERENCE NO. S-011	
PRIMARY DEPARTMENT PLANNING	UNIT OF SERVICE APPEAL	SERVICE RECIPIENT Resident/Business	
DESCRIPTION OF SERVICE Processing an appeal of the decision of an Event House Registration application.			
CURRENT FEE STRUCTURE None			
REVENUE AND COST COMPARISON			
UNIT REVENUE:	\$0.00	TOTAL REVENUE:	\$0
UNIT COST:	\$131.00	TOTAL COST:	\$131
UNIT PROFIT (SUBSIDY):	<u>\$(131.00)</u>	TOTAL PROFIT (SUBSIDY):	<u>\$(131)</u>
TOTAL UNITS:	1	PCT. COST RECOVERY:	0.00%
SUGGESTED FEE FOR COST RECOVERY OF: 100% \$130 per appeal			

November 4, 2008

CITY OF PALM SPRINGS
 COST DETAIL WORKSHEET
 FISCAL YEAR 2008-2009

SERVICE EVENT HOUSING APPEAL				REFERENCE NO. S-011		
NOTE Unit Costs are an Average of Total Units				TOTAL UNITS 1		
<u>DEPARTMENT</u>	<u>POSITION</u>	<u>TYPE</u>	<u>UNIT TIME</u>	<u>UNIT COST</u>	<u>ANN. UNITS</u>	<u>TOTAL COST</u>
PLANNING SERVICES	PLANNING TECHNICIAN		1.50	\$130.70	1	\$131
		TYPE SUBTOTAL	1.50	\$130.70		\$131
TOTALS			1.50	\$131.00		\$131

November 4, 2008

**NOTICE OF PUBLIC HEARING
CITY OF PALM SPRINGS**

FEES FOR EVENT HOUSE REGISTRATION AND APPEALS

NOTICE IS HEREBY GIVEN that the City Council of the City of Palm Springs, California, will hold a public hearing on January 21, 2009, at 6:00 p.m. in the City Council Chamber at City Hall, 3200 E. Tahquitz Canyon Way, Palm Springs, CA 92262.

The purpose of this hearing is to consider the adoption of fees for event house registration and appeals.

REVIEW OF INFORMATION: The staff report and other supporting documents regarding this matter are available for public review at the City Hall between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday. Please contact the Office of the City Clerk at (760) 323-8204 if you would like to schedule an appointment to review these documents.

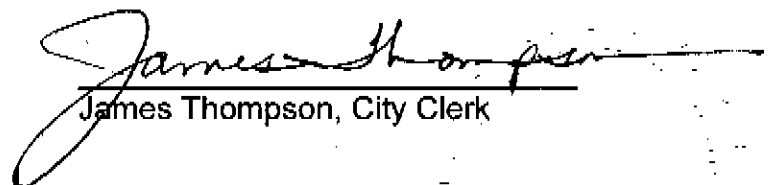
COMMENT: Response to this notice can be made verbally at the Public Hearing and/or in writing before the hearing. Written comments can be made to the City Council by letter (for mail or hand delivery) to:

James Thompson, City Clerk
3200 E. Tahquitz Canyon Way
Palm Springs, CA 92262

Any challenge of the proposed project in court may be limited to raising only those issues raised at the public hearing described in this notice, or in written correspondence delivered to the City Clerk at, or prior, to the public hearing. (Government Code Section 65009(b)(2)).

An opportunity will be given at said hearing for all interested persons to be heard. Questions regarding this case may be directed to Geoffrey S. Kiehl, City Treasurer and Director of Finance, (760) 323-8229.

Si necesita ayuda con esta carta, porfavor llame a la Ciudad de Palm Springs y puede hablar con Nadine Fieger telefono (760) 323-8245.


James Thompson, City Clerk

**CITY OF PALM SPRINGS
PUBLIC HEARING NOTIFICATION**



CITY CLERK'S DEPARTMENT
James Thompson, City Clerk

Meeting Date: January 21, 2009
Subject: ADOPTION OF FEES FOR EVENT HOUSE REGISTRATION
AND APPEALS

AFFIDAVIT OF MAILING

I, Kathie Hart, CMC, Chief Deputy City Clerk, of the City of Palm Springs, California, do hereby certify that a copy of the attached Notice of Public Hearing was mailed to each and every person on the attached list on January 8, 2008, in a sealed envelope, with postage prepaid, and depositing same in the U.S. Mail at Palm Springs, California. (5 notices)

I declare under penalty of perjury that the foregoing is true and correct.

Handwritten signature of Kathie Hart in cursive.

Kathie Hart, CMC
Chief Deputy City Clerk

AFFIDAVIT OF PUBLICATION

I, Kathie Hart, Chief Deputy City Clerk, of the City of Palm Springs, California, do hereby certify that a copy of the attached Notice of Public Hearing was published in the Desert Sun on January 10, 2009.

I declare under penalty of perjury that the foregoing is true and correct.

Handwritten signature of Kathie Hart in cursive.

Kathie Hart, CMC
Chief Deputy City Clerk

AFFIDAVIT OF POSTING

I, Dolores Strickstein, Secretary, of the City of Palm Springs, California, do hereby certify that a copy of the attached Notice of Public Hearing was posted at City Hall, 3200 E. Tahquitz Canyon Drive, on the exterior legal notice posting board and in the Office of the City Clerk on January 8, 2009.

I declare under penalty of perjury that the foregoing is true and correct.

Handwritten signature of Dolores Strickstein in cursive.

Dolores Strickstein
Secretary



City of Palm Springs


Office of the City Clerk

3200 E. Tahquitz Canyon Way • Palm Springs, California 92262
Tel: (760) 323-8204 • Fax: (760) 322-8332 • Web: www.palmsprings-ca.gov

NOTICE OF ADJOURNMENT

NOTICE IS HEREBY GIVEN that the Regular Meeting held on January 7, 2009, the City Council of the City of Palm Springs adjourned to Wednesday, January 14, 2009, at 6:00 p.m., Council Chamber, City Hall, 3200 East Tahquitz Canyon Way, preceded by Closed Session starting at 4:30 p.m. in the Small Conference Room.

I, James Thompson, City Clerk of the City of Palm Springs, California, certify this Notice of Adjournment was posted at or before 5:30 p.m., January 8, 2009, as required by established policies and procedures.


James Thompson
City Clerk