

DATE ISSUED: May 18, 2005

REPORT NO. 05-121

ATTENTION: Honorable Mayor and City Council
Docket of June 7, 2005

SUBJECT: Establishment of New Rates and Fees and Adjustments to Existing Rates
and Fees

SUMMARY

Issue(s) – Should the City Council approve the establishment of new rates and fees and adjustments to existing rates and fees, and acknowledge the annualization of existing rates of and fees, which would generate an estimated \$3.68 million in net new revenue to the General Fund?

Manager's Recommendation(s) – Approve the following:

1. Establishment of New Rates and Fees
 - A. Non-City Resident Fee for Seasonal Beach/Bay Parking
 - B. Athletic Program Fees (new and revised)
 - C. Balboa Park Botanical Building Entrance Fees
 - D. American Red Cross Courses and Specialized Swim Instruction
 - E. Tecolote Canyon Nature Center Room Rentals
 - F. Determination of Public Convenience or Necessity Fee
2. Acknowledge new revenue generated through the annualization of previously approved rates and fees.
3. Rates and fees adjusted by Managerial Authority in accordance with Administrative Regulation 95.25.
4. Direct the City Manager to return to the City Council with all ordinances and resolutions necessary to implement the approved actions.

5. Authorize the City Manager or his designee to review rate revisions annually and make adjustments as needed in accordance with Administrative Regulation 95.25.

Fiscal Impact – \$2.77 million in net new cost recoverable revenue to the General Fund. Additionally, the annualization of rates and fees approved in the FY05 budget and fully implemented in FY06 will generate \$915,000 in previously unbudgeted revenue for a total of \$3.68 million in net new revenue to the General Fund. A total of \$3.2 million in new and increased cost recoverable revenue was included in the FY06 Proposed Budget presented to the City Council on May 2, 2005.

BACKGROUND

As part of the FY06 budget process and consistent with the City's policy on budgetary cost recovery principles, the City Manager directed staff to conduct a full evaluation of the costs and revenues associated with providing City services. This effort is in accordance with the California Constitution as well as the State Government Code, which authorize local jurisdictions to impose fees, charges and rates in order to recover costs associated with providing services and the use of facilities. Similar to the FY04 and FY05 efforts to identify new and revised fees, the City Manager's Office appointed an internal Task Force made up of representatives from all City departments to review a broad range of activities that receive operational support or involve the use of public-owned property and/or City facilities.

This effort resulted in the identification of net new revenue sources from three key areas:

1. Existing services provided by the City of San Diego that currently have no fees associated with them and for which recipients of the service do not provide any direct level of reimbursement to the City through permit fees or other cost recovery mechanisms. Proposed fees and rates in this category require City Council action.
2. Previously unbudgeted revenue from the annualization of rates and fees approved in the FY05 budget and fully implemented in FY06. Fees and rates in this category have received prior City Council approval and do not require City Council action.
3. Revenue derived from the adjustments to rates and fees that have previously received City Council approval and, in cases, where the City Manager has been granted authority by the City Council to adjust rates and fees through a public notice process, the City Manager has approved departmental recommended rate and fee adjustments. Fee and rate changes in this category do not require City Council action; however, the City Council may choose to take action on any of recommendations in this category.

In accordance with Council Policy 100-05 regarding public notification of proposed fees, a concerted effort will be made to notify interested parties of the proposed recommendations through

the public hearing notice process. The public hearing notice will be distributed to stakeholder groups, posted in City facilities and published in the Daily Transcript. Pending City Council approval, the effective implementation date for most of the proposed recommendations will be July 1, 2005.

DISCUSSION

The purpose of this report is to provide the Mayor and City Council with a comprehensive document that outlines the recommended new fees and cost recovery rates for City programs and services. Additionally, the report includes a description of the increased revenue that is anticipated from the full implementation of previously approved rates and fees along with a list of fee adjustments for which the City Manager has authority to approve. Should the City Council adopt all of the recommendations, the estimated net new revenue to the General Fund would be \$3.68 million. A total of \$3.2 million new and increased cost recoverable revenue was included in the FY06 Proposed Budget presented to the City Council on May 2, 2005. The use of any revenue approved beyond \$3.2 million has not been identified and would be at the City Council's discretion to reallocate in the budget process.

1. ESTABLISHMENT OF NEW RATES AND FEES

The following section includes a description, recommendation and revenue projection for the establishment of rates and fees for existing services provided by the City of San Diego that currently have no fees associated with them and for which recipients of the service do not provide any direct level of reimbursement to the City through permit fees or other cost recovery mechanisms.

A. Non-City Resident Fee For Seasonal Beach/Bay Parking

Background

There are currently 63 parking lots (approximately 8,880 parking spaces) within the beach and bay area stretching from Mission Bay Park to La Jolla Shores. Within this inventory, City staff has identified 44 lots representing approximately 8,000 spaces that are highly utilized during the peak season of Memorial Day through Labor Day as well as weekends and holidays in March, April, May, and September. (Attachment A.) Implementation of a Non-City Resident Fee for use of these lots would help to recover costs associated with the maintenance of facilities throughout the beach and bay area. Additionally, paid parking programs typically encourage a more efficient use of limited parking spaces, which in the case of heavily utilized beach and bay lots, should result in increased access to the beach area through parking turnover much similar to what is seen in a business district that uses paid parking strategies.

In an effort to balance the needs of the community; the various uses of the lots; and the seasonality of parking usage while limiting start-up and on-going staffing costs, staff recommends that a Request for Proposal (RFP) be issued to identify a parking management company that would manage the program for a percentage of the overall gross revenue. Implementation of a fee for paid parking would require approval by the California Coastal Commission.

Following is a summary of the basic parameters of the proposed fee:

- Excludes City of San Diego residents. Proof of residency would be shown with a valid driver's license.
- Fee to be charged only from 8:00 a.m. until 7:00 p.m. Use of the parking lots would be free before and after these times.
- Fee to be charged daily from Memorial Day through Labor Day as well as weekends and holidays in March, April, May and September.
- Fee structure to be comparable to other rates charged by public agencies for beach/bay parking.
- Fee collection to be managed by a private sector parking management company to limit City start-up and ongoing costs.
- Limited to 44 lots in the beach and bay region.
- Requires Coastal Commission approval.
- Implementation would begin in May 2006.

Summary

Current Non-City Resident Fee For Seasonal Beach/Bay Parking	• None
Proposed Fee Structure Automobile	
• Up to 4 hours	•\$6.00
• Each hour following the first 4 hours	•\$2.00
• Maximum per day	•\$10.00
Vehicle with Trailer/Recreational Vehicle	
• Daily Fee	•\$12.00
Net New Revenue to the General Fund in FY06*	• \$373,000
FY07 Anticipated Revenue	• \$1,150,000

*It is anticipated that the fee would be implemented in May 2006.

B. Athletic Program Fees

Background

The Park and Recreation Department operates and maintains more than 300 athletic fields, courts and gymnasiums in the City of San Diego. These facilities support numerous adult and youth athletic programs and activities each day. Currently most adult athletic programs are charged facility use fees while most youth athletic programs enjoy free use of the same facilities. Fees for other youth activities (dance, swimming, day camps, craft programs, gymnastics, karate, etc.) are charged. In recent years, many agencies have begun to charge fees for youth athletic activities. Moreover, with little opportunity to expand the park system in many communities, a fee schedule that accurately reflects cost recovery rates may encourage the more efficient use of the existing

facilities. The proposed youth league rates represent approximately \$3 per child per season and would not be assessed for Park and Recreation Department-staffed leagues.

Recommendation

Approve the following fee schedules. (See pages 1 through 4 of the Park and Recreation Department Fee Schedule, Attachment B, for complete details.)

Activity	Current Fee	Proposed Fee*
Athletic Field-Youth, Lighted Field	None	\$7.00 per hour
Athletic Field-Youth, League Reservation Fee Youth Pop Warner All Other Youth Field Leagues <i>(P&R Department-Staffed Leagues will continue with no charge.)</i>	None None	\$60 per team per season \$30 per team per season
Athletic Field-Youth, Games, Sports Clinics, Camps, Commercial Activities and Tournaments Youth Games, Practices (Non-Department Staffed) Other Athletic Use-Unlighted <i>(P&R Department-Staffed games/practices will continue with no charge.)</i>	None \$9.75	\$12.00 per hour \$12.00 per hour
Athletic Field-Adult, League Reservation Fee, Leagues under Department or Recreation Council Direction Unlighted Lighted	\$78.75 \$103.75	\$110 per team per season \$140 per team per season
Athletic Field-Adult, League Reservation Fee, Leagues NOT under Department or Recreation Council Direction Unlighted Lighted	\$78.75 \$103.75	\$120 per team per season \$150 per team per season
Athletic Field-Adult, Games Unlighted Lighted	\$10.25 \$12.50	\$20.00 per hour \$27.00 per hour
Gymnasium-Youth, League Reservation Fee Athletic Use <i>(P&R Department-Staffed Leagues will continue with no charge.)</i>	None	\$30 per team per season
Gymnasium-Youth, Games, Sports Clinics, Camps, Commercial Activities and Tournaments Youth Games, Practices (Non-Department Staffed) <i>(P&R Department-Staffed games/practices will continue with no charge.)</i>	None	\$16.75 per hour
Gymnasium-Adult, League Reservation Fee, Resident, Leagues under Department or Rec. Council Direction	\$56.00	\$90 per team per season
Gymnasium-Adult, League Reservation Fee, Resident, Leagues NOT under Department or Rec. Council Direction	\$56.00	\$100 per team per season
Gymnasium-Adult, Games, Basketball, Volleyball Badminton, Table Tennis	\$17.25 \$6.00	\$21.75 per court per hour \$8.75 per court per hour

Activity	Current Fee	Proposed Fee*
Outdoor Court-Youth, League Reservation Fee Athletic Use <i>(P&R Department-Staffed Leagues will continue with no charge.)</i>	None	\$30 per team per season
Outdoor Court-Youth, Games, Sports Clinics, Camps, Commercial Activities and Tournaments, Public School Districts & Community Colleges Youth Games, Practices (Non-Department Staffed) Other Athletic Use <i>(P&R Department-Staffed games/practices will continue with no charge.)</i>	None \$9.25	\$10.50 per court per hour \$10.50 per court per hour
Outdoor Court-Adult, Games	\$9.75	\$11.25 per court per hour
Volleyball Leagues, Beaches and Bay Areas, Season Reservations <i>(Page 13 of the P&R Fee Schedule)</i>	None	\$30 per team per season
*The non-resident rate for any athletic program is double the resident rate. For adult fees listed above, seniors and persons with disabilities receive a 40% discount. Low income fee waivers are available (see page 19 of the Park and Recreation Fee Schedule).		

Summary

Current Youth Athletic Program Fees	• See above
Current Adult Athletic Program Fees	• See above
Proposed Youth Athletic Program Fees	• See above
Proposed Adult Athletic Program Fees	• See above
Net New Revenue to the General Fund	
Youth	• \$326,000
Adult	• \$71,600

C. Balboa Park Botanical Building Entrance Fee

Background

The Botanical Building located in the central core of Balboa Park was built for the 1915 Panama-California Exposition and is operated and maintained by the City of San Diego. Park and Recreation Department staff grows and cares for most of the botanical displays at the nearby Kate Sessions Balboa Park Nursery. With more than 2,500 permanent plants along with seasonal color displays, the Botanical Garden is a popular destination. Historically, the General Fund has absorbed the cost of operating and maintaining this unique civic asset.

Recommendation

Establish a Botanical Building Entrance Fee of \$2.00 per adult and \$1.00 for youth, seniors, and persons with disabilities. Also, include the Botanical Building in the Balboa Park Free Tuesday Program whereby Balboa Park Museums that charge an admission fee are open free of charge to the public each Tuesday on a rotating basis so that each institution participates monthly.

Summary

Current Botanical Building Entrance Fees	<ul style="list-style-type: none"> • None
Proposed Botanical Building Entrance Fees <ul style="list-style-type: none"> • Adult • Youth, Senior, Persons with disabilities 	<ul style="list-style-type: none"> • \$2.00 • \$1.00 • Participate in the Balboa Park Free Tuesday Program
Net New Revenue to the General Fund	<ul style="list-style-type: none"> • \$210,000

D. American Red Cross Courses and Specialized Swim Instruction

Background

The Park and Recreation Department provides a variety of swim programs and instruction at thirteen permanent pool facilities. There are several different instructional programs available, including swim lessons and a variety of American Red Cross courses. More than 20,000 people learn to swim each year through these programs. American Red Cross courses change periodically. There are two new American Red Cross courses which will be offered in FY 2006 and for which no current fees exist: Water Safety Today and Basic Water Safety. In addition, the Park and Recreation Department has received requests to provide specialized instruction to private individuals. These requests have included one-on-one instruction in diving, turning techniques, stroke improvement, etc. By creating a new fee for private specialized instruction, pool managers would have the ability to respond to these requests as staffing permits.

Recommendation

Establish three new aquatic fees in order to provide additional American Red Cross courses and specialized instruction as follows:

Activity	Current Fee	Proposed Fee*
Water Safety Today	None	\$18.00 per person
Basic Water Safety	None	\$36.00 per person
Specialized Instruction	None	\$40.00 per half hour per person
*The non-resident rate for any athletic program is double the resident rate.		

Summary

Current Water Safety Today, Basic Water Safety, and Specialized Instruction fees	<ul style="list-style-type: none"> • None
Proposed Fees <ul style="list-style-type: none"> • Water Safety Today • Basic Water Safety • Specialized Instruction 	<ul style="list-style-type: none"> • \$18.00 per person • \$36.00 per person • \$40.00 per half hour per person
Net New Revenue to the General Fund	<ul style="list-style-type: none"> • \$2,500

E. Tecolote Canyon Nature Center Room Rentals

Background

Tecolote Canyon Natural Park offers a variety of educational and recreational opportunities. The Canyon has approximately 6.5 miles of trails that can be used for jogging walking and mountain biking. The Nature Center offers a host of exhibits on the animal and plant life of the Canyon. With the recent expansion of the Nature Center, additional space is available for room rentals and a revised fee schedule is proposed. The previous rental rate was \$44.50 for a meeting hall located in the center. The revised rates are similar to recreation center room rentals and provide advisory groups with better access.

Recommendation

Establish the following rates:

Rental	Current Fee	Proposed Fee*
Advisory Groups, Resident	None	None
Groups Providing a Recreation or Community Service Activity All Rooms Patio Kitchen <i>(Use period shall not exceed four hours in length for one meeting. More than four hours will be considered two meetings.)</i>	None None None	\$10.00 per meeting \$10.00 per meeting \$5.00 per meeting
Private groups and private schools, including churches, synagogues, and other religious organizations and commercial and fundraising or promotional activities that do not qualify under community or recreation guidelines. Two Hour minimum. Conference Room Class Room/Main Room/Exhibits Patio/Kitchen <i>(Commercial, fundraising and promotional activities must pay an additional \$10.00 per hour per room or a minimum of 10% of the gross, whichever is greater, to the Recreation Council.)</i>	None \$44.50 None	\$40.00 per hour \$45.00 per hour \$20.00 per hour
Non-Hours of Operation	None	\$47.50 per hour

Summary

Current Tecolote Canyon Nature Center Room Rentals	<ul style="list-style-type: none"> None
Proposed Tecolote Canyon Nature Center Room Rentals	<ul style="list-style-type: none"> See above
Net New Revenue to the General Fund	<ul style="list-style-type: none"> \$1,500

F. Determination of Public Convenience or Necessity Fee

Background

On November 14, 2000, the City Council adopted Resolution Number R-294124, delegating the authority to determine public convenience or necessity for alcoholic beverage licensing to the San Diego Police Department and establishing a review process. Since the adoption of this resolution, the Police Department has continued to fulfill its responsibility of determining public convenience or necessity. However, no cost recovery fee was ever established to offset or recover the costs associated with these investigations.

On November 22, 2004, this item was placed on the City Council's Consent Agenda (Item S-410) but was pulled at the request of Councilmember Atkins. The Councilmember subsequently requested this proposal be reviewed by the City of San Diego's Small Business Advisory Board. On January 26, 2005, this proposal was presented to the City of San Diego's Small Business Advisory Board. The Board voted unanimously to accept the proposed fee.

Recommendation

Establish a cost recovery fee of \$220 to offset the cost of determining public convenience or necessity. This amount was derived by calculating the personnel and nonpersonnel costs associated with making these determinations.

Summary

Current Determination of Public Convenience or Necessity Fee	• None
Proposed Determination of Public Convenience or Necessity Fee	• \$220
Net New Revenue to the General Fund	• \$11,000

2. ANNUALIZATION OF PREVIOUSLY APPROVED RATES AND FEES

Due to the procedures and time-frames required to implement previously approved rates and fees along with a review of operational procedures to determine the consistent application of approved rates and fees to all users, an additional \$915,000 in previously unbudgeted revenue to the General Fund will be generated from the annualization of some rates and fees. The amount includes \$775,000 from the implementation of the Alarm Revocation Fee; \$100,000 from the implementation of Traffic and Police Rates for Commercial Events; \$20,000 for the application of the Employee Background Investigative Fee to employees of firearm dealers just as the fee is applied to all other employees of police regulated businesses requiring background investigations; and \$20,000 in increased Library Reserve Fees due to the elimination of on-line library material transfer requests.

3. CITY MANAGER REVIEW OF EXISTING FEES

Administrative Regulation 95.25 outlines the City's procedures required to establish fees to recover the cost of providing City services. Once established by the Mayor and City Council, the City Manager is authorized to conduct annual reviews of the fees and charges to ensure that all reasonable costs incurred in providing these services are being recouped.

As part of the budget development process, a comprehensive review of all departmental rates and fees that have previously received City Council approval were reviewed and, in cases, where the City Manager had been granted authority by the City Council to adjust rates, the City Manager approved departmental recommended rate adjustments for a total of \$1.77 million in net new revenue to the General Fund as shown on Attachment C.

Administrative Regulation 95.25 also directs staff to move specific fee schedules listed in the Municipal Code and Council Resolutions to the standardized Rate Book maintained by the City Clerk. The intent of the transference of these references to the Rate Book is to provide a more comprehensive and accessible means of providing rate and fee information to the public. While reference to most fees have been transferred to the Rate Book, some references to specific fee schedules still exist in a variety of documents including the Municipal Code and various Council Resolutions.

The approved adjustments to existing rates are included in this report in order to provide the City Council with the informational item regarding the managerial action as well as to inform the City Council that staff will return with those amendments necessary to standardize the reference of fees from various documents to the Rate Book in accordance with the Administrative Regulation. The standardization process will take place at the same time all of the necessary ordinances and resolutions required to implement the fees approved by City Council described in this report are submitted for City Council approval.

CONCLUSION

Should the City Council adopt all of the recommendations made in this City Manager's Report, the anticipated net new cost recoverable revenue to the General Fund would be \$2.77 million. This amount is in addition to the \$915,000 in net new revenue to the General Fund that will be received as a result of the full implementation in FY06 of previously approved new rates and fees for a total of \$3.68 million. A total of \$3.2 million in new and increased cost recoverable revenues was included in the FY06 Proposed Budget presented to the City Council on May 2, 2005.

Following is a summary of the items outlined in this City Manager's Report, along with a summary of the increased cost recoverable revenue that would be generated by the recommended actions:

City Manager's Recommendation	FY 06 Projected Net New Revenue
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1. ESTABLISHMENT OF NEW RATES AND FEES	
A. Non-City Resident Fee for Season Beach/Bay Parking	\$373,000
B. Athletic Program Fees	\$397,600
Youth (\$326,000)	
Adult (\$71,600)	
C. Balboa Park Botanical Building Entrance Fees	\$210,000
D. American Red Cross Courses and Specialized Swim Instruction	\$2,500
E. Tecolote Canyon Nature Center Room Rentals	\$1,500
F. Determination of Public Convenience or Necessity Fee	\$11,000
2. ANNUALIZATION OF PREVIOUSLY APPROVED RATES AND FEES	\$915,000
3. CITY MANAGER REVIEW OF EXISTING FEES	\$1,770,201
GRAND TOTAL	\$3,680,801

ALTERNATIVE(S)

1. Do not adopt any or all of the recommended new rates and fees or adjustments to existing rates and fees.
2. Amend any or all of the recommended new rates and fees or adjustments to existing rates and fees.

Respectfully submitted,

Bruce A. Herring
Deputy City Manager

Carolyn E. Wormser
Special Events Director

Patty Jencks
Supervising Management Analyst
Park and Recreation Department

Herring / CW: PJ

Attachments: [A. Beach/Bay Parking Lots](#)
[B. Park and Recreation Department Fee Schedule](#)
[C. Listing of Existing Rates and Fees Adjusted by Managerial Authority](#)
[D. Mt. Hope Fee Schedule](#)