



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JUNE 11, 2024

FROM: FINANCE DEPARTMENT WARDS: ALL

SUBJECT: PROPOSED FISCAL YEAR 2024/25 CITYWIDE USER FEES AND CHARGES ADJUSTMENTS

ISSUE:

Receive and provide input on the proposed Fiscal Year 2024/25 Citywide User Fees and Charges adjustments.

RECOMMENDATIONS:

That the City Council:

1. Receive and provide input on the Fees and Charges Study findings report from MGT of America Consulting, LLC; and
2. Receive and provide input on the proposed Fiscal Year 2024/25 Citywide User Fees and Charges adjustments.

BOARD AND COMMISSION RECOMMENDATIONS:

On April 8, 2024, the Board of Library Trustees reviewed and discussed the Library Department's proposed Fiscal Year (FY) 2024-2026 biennial budget, including the proposed FY 2024/25 fees and charges adjustments. Following discussion, there was no formal action taken by the Board on this item.

On May 13, 2024, the Board of Public Utilities reviewed and discussed the Riverside Public Utilities (RPU) Department's proposed FY 2024/25 user fees and charges. Following discussion, there was no formal action taken by the Board on this item.

On May 20, 2024, the Park and Recreation Commission reviewed and discussed the Parks, Recreation, and Community Services Department's proposed FY 2024/25 user fees and charges. Following discussion, there was no formal action taken by the Board on this item.

LEGISLATIVE HISTORY:

Riverside Municipal Code Chapter 3.30.040 establishes the requirements for the annual Schedule of Fees and Charges:

“The City Council shall, at least annually in conjunction with the City annual budget process, receive at a regularly scheduled meeting oral and written presentations concerning fees and charges proposed to be decreased, increased, or deleted. At least ten days prior to such public meeting, the City Manager shall make available to the public appropriate data indicating the cost, or estimated cost, required to support the fees and charge for which changes are proposed to be made or fees or charges imposed. The City Manager also shall provide a summary of the present fee and charge schedules and those proposed at such annual public meeting.”

BACKGROUND:

On May 21, 2024, the City Council continued the discussion on the proposed adjustments to the City’s user fees and charges to June 11, 2024, and approved setting a public hearing for the adoption of the proposed user fees and charges.

The State Constitution provides the authority for cities to impose user fees and regulatory fees for services and activities; however, the fees may not exceed the estimated reasonable cost of providing the service or performing the activity.

In a growing city, maintaining a fair and efficient system for funding essential services requires a strategic approach. As part of a general cost recovery strategy, local governments utilize user fees and charges to recover the cost of programs and services that directly benefit individuals or businesses requesting a specific service. This approach reduces reliance on subsidies from the General Fund, which is primarily funded by taxpayers and often stretched thin due to service demands and funding variability. Ideally, general purpose taxpayer dollars should fund public benefits rather than subsidize individuals and organizations that require individualized services from the City. User fees and charges allow cities greater control over cost recovery, ensuring that community funds are used efficiently.

A comprehensive user fees and charges study is typically performed by local governments every three to five years, offering several benefits:

- **Cost Recovery and Equity:** Over time, service delivery costs can fluctuate due to inflation, changes in resource needs, regulatory changes, shifts in demand, or other factors. Conducting a fee study ensures user fees accurately reflect the current cost of providing the service, thereby promoting fairness and responsible fiscal management by reducing subsidization from general purpose revenue sources. From an equity perspective, this user-pays principle ensures that those requesting and benefiting from the service contribute directly to its cost. While the study aims to optimize City revenue, it also considers broader City goals and values, ensuring that fee adjustments also align with those objectives.
- **Efficiency and Streamlining:** Fee structures can become complex over time. A fee study allows for an objective review and identification of opportunities to streamline the system for both users and City administration. This can involve consolidating fees, simplifying billing processes, or eliminating outdated charges.
- **Transparency and Public Trust:** Regular fee studies demonstrate transparency and responsible fiscal management to the public. The fee study process includes opportunities for public input, fostering trust and understanding of how user fees are determined.

The last comprehensive update to the City's user fees and charges was approved by the City Council in September 2015. In January 2021, the Finance Department issued a Request for Proposal (RFP) to solicit qualified firms to prepare the City's fee study. In May 2021, the City engaged MGT of America Consulting, LLC (MGT) to conduct a comprehensive user fees and charges study (excluding Development Impact Fees).

The study's primary goal was to determine the actual cost of providing City services and serve as a basis for making informed policy decisions regarding the most appropriate fees. The study also involved several objectives, including:

- Developing a rational basis for setting fees
- Identifying the subsidy amount, if applicable, of each fee in the model
- Ensuring compliance with State law
- Developing an updatable and comprehensive list of fees
- Aligning fees with City policies and goals

The study performed by MGT, utilizing pre-pandemic data (FY 2019-2020) and FY 2020-2021 budget information, was paused in March 2022 due to a change in City leadership. Since then, service costs have increased due to the rising cost of personnel, materials, and supplies required to provide fee-based services. With the delay of the fee study, the City continued to undercharge for services provided to individuals, subsidizing the cost of services with other general purpose revenue sources.

In June 2023, the City Council adopted the FY 2023/24 Master Fees and Charges schedule, which included a 7.5% CPI increase to account for inflation. This increase was in line with the Consumer Price Index (CPI) for the Riverside-San Bernardino-Ontario region in November 2022 (12 month). The goal of implementing a CPI adjustment was to mitigate sharper increases to fees and charges that would result from waiting for the formal study.

In September 2023, the Finance department refreshed the study using data from the FY 2023-2024 adopted budget, reflecting current operating and personnel costs, and worked with departments to update volume and time study data. This updated information will form the basis for informed policy decisions regarding user fees for FY 2024/25.

In addition to the input received from the various Boards and Commissions, on April 29, 2024, City staff presented an overview of the proposed fee changes to the Riverside Chamber of Commerce Economic Development Council (RCC). The City received positive feedback from the meeting regarding most of the fees and charges; however, RCC had a few questions related to RPU Water and Electric proposed fee increases. As it relates to RPU Water, the Chamber provide recommendations pertaining to two fees:

- Inspection Fees (Base and Lineal Foot): The RCC recommended truing up the fee in relation to the size of the line/project. They recommended that staff could look at either 1) reducing the base fee and adjusting the lineal feet fee to represent the size of the project more accurately or 2) allowing the base fee to cover a minimum of a certain number of feet.

Staff has confirmed that the inspection fee accounts for the minimum project size, not the average project size as initially indicated. It captures the standard labor costs associated with material submittal review, survey cut-sheet review, preconstruction meeting, pothole

data review, inspection of material review delivery, as-built drawing review, etc., regardless of project length. The per-foot charge will be calculated based on the size of the project.

- Water Service Connection Charges for ¾ and 1-inch meters: The RCC recommended that staff consider 1) converting from a flat fee to actual cost or 2) identifying a lineal foot fee or some other incremental fee.

Staff has updated the recommended Water Service Connection fee to include the minimum standard water service connection fee based on connection size with an estimated paving component based on project size.

The final items of interest noted by RCC sought clarity related to RPU Electric Meter Disconnect-Reconnect and Midspan fees. To clarify, the basis of existing electric Meter/Service Disconnect-Reconnect fees are needed when a service needs to be disconnected for work on the customer side of the meter (for example electrician working on a panel upgrade, breaker upgrade, or a planned outage for any other reason). This is a highly skilled, labor-intensive request. The electrical service needs to be reconnected once the work has been completed. This is for work where there is no change in service size, service conductors, reroute, and meter quantity. This fee includes hours for a standard 3-man Electric Utility Service Crew to disconnect the electric service requested by customers and in coordination with the Building and Safety Division. In most instances, the crew must make the trip at least two times, once in the beginning of the day to disconnect the power and allow the customer's electrician to work on the panel safely while de-energized. The electrical crew must then be on standby and return the same afternoon if the work has been completed and the Building and Safety Inspector has approved the installation, for the Utility Service Crew to restore power to the electrical panel at the home or property.

Electric Service Midspan fee is applied to remove overhead electric service conductors crossing over someone else's property and don't meet overhead clearance requirements when requests for panel upgrades are submitted. Customers that have these pre-existing conditions must bring their electric service to RPU's current standards to relocate the electric service going over some else's property before making any panel and electric service replacements/upgrades. Also, if property improvements create overhead electrical clearance issues, the customer must fix issues by bringing their electric service to current standards. This fee includes hours for a standard 3-person Electric Utility Service Crew to fix overhead electric service infractions and bring it to safe utility practices in accordance with Utility requirements.

Additionally, the Parks, Recreation & Community Services Department (PRCSD) held several community meetings and sought input on PRCSD proposed user fees and charges modifications. Community feedback is attached to this report (Attachment 3). The City Manager and staff met separately with each council member to discuss the community's feedback on fee adjustments. In response to community and council member input, staff recommend maintaining current fee levels for Senior Luncheons, Senior Breakfasts, and the Youth and Adult Boxing Club.

Finally, Arts & Cultural Affairs held recent meetings for input on proposed user fees and charges adjustments. Overall, both meetings went well with no concern expressed about the proposed adjustments. However, there was a concern related to the cost of the Community Development Planning fee for Temporary Use Permits when adding the cost of other required permits for holding special events on site, such as Fire Inspection. Participants believed the cumulative cost of fees can be prohibitive and potentially reduce compliance.

DISCUSSION:

FY 2024/25 User Fees & Charges Study Overview

The FY 2024/25 User Fees and Charges study (Attachment 2) was completed by the Finance Department in collaboration with City departmental staff. The study was updated utilizing MGT's original analysis and costing models with FY 2023-2024 budgeted expenditures and salaries/benefits, and calendar year 2023 volume statistics. The study included a review of fee-for-service activities within the following departments:

- Community Development:
 - Building & Safety*
 - Code Enforcement
 - Planning*
 - Arts and Cultural Affairs
- Public Works:
 - Engineering*
 - Public Parking
 - Animal Services
- Police
- Fire
- Parks, Recreation and Community Services
- City Clerk
- Finance
- Library
- Riverside Public Utilities
 - RPU Electric
 - RPU Water

*Note that the following Development Services departments' cost analysis results are not included in this report and will be presented at a later date:

- Community Development Building & Safety
- Community Development Planning
- Public Works Engineering

This comprehensive citywide review of user fees and charges resulted in a cost-based fee study. This study equips City decision-makers with the necessary data to make informed pricing decisions. The study calculated the full 100% cost of providing certain City services and provides a recommended fee to be charged as determined through discussions with City staff. The complete study can be reviewed in its entirety in Attachment 2 of this report.

Study Findings

The following table summarizes key findings from the user fees and charges study, including the full cost of user fee-related services, current revenue, and recommended recovery levels.

City of Riverside
User Fee Cost & Revenue Analysis
FY 2024-2025

User Fee Department	Current				Recommended			
	(A) Full Cost User Fee Services	(B) Current Revenue	(C) Current Subsidy	(D) Cost Recovery Policy	(E) Increased Revenue			
Community Development								
Code Enforcement	\$ 1,447,978	\$ 181,011 13%	\$ 1,266,967 87%	\$ 1,447,978 100%	\$ 1,266,967			
Arts & Cultural Affairs	\$ 467,497	\$ 19,104 4%	\$ 448,393 96%	\$ 33,525 7%	\$ 14,421			
Public Works								
Public Parking	\$ 29,297	\$ 18,584 63%	\$ 10,713 37%	\$ 29,297 100%	\$ 10,713			
Animal Services	\$ 2,048,540	\$ 775,823 38%	\$ 1,272,717 62%	\$ 1,013,760 49%	\$ 237,937			
Police	\$ 1,081,158	\$ 478,866 44%	\$ 602,292 56%	\$ 913,344 84%	\$ 434,478			
Parks, Recreation, & Comm Svcs	\$ 7,268,654	\$ 2,898,945 40%	\$ 4,369,709 60%	\$ 3,367,500 46%	\$ 468,555			
City Clerk	\$ 35,355	\$ 48,000 136%	\$ (12,645) -36%	\$ 35,355 100%	\$ (12,645)			
Finance	\$ 42,112	\$ 19,557 46%	\$ 22,555 54%	\$ 26,702 63%	\$ 7,145			
Fire	\$ 2,305,836	\$ 1,751,248 76%	\$ 554,588 24%	\$ 2,305,836 100%	\$ 554,588			
Library	\$ 41,345	\$ 5,792 14%	\$ 35,553 86%	\$ 6,184 15%	\$ 392			
RPU Electric	\$ 7,343,651	\$ 3,883,940 53%	\$ 3,459,711 47%	\$ 7,343,651 100%	\$ 3,459,711			
RPU Water	\$ 2,462,656	\$ 906,791 37%	\$ 1,555,866 63%	\$ 2,462,656 100%	\$ 1,555,866			
Totals:	\$ 24,574,079	\$ 10,987,660 45%	\$ 13,586,418 55%	\$ 18,985,788 77%	\$ 7,998,127			

The table highlights a gap between the City's current cost recovery for individualized services and their full cost.

- Estimated Full Cost (Column A): \$24.6 million (potential user fee revenue)
- Current Recovery (Column B): \$11.0 million (45% cost recovery)
- Subsidy from Other Sources (Column C): \$13.6 million (55%)

Assuming activity levels remain relatively static, approximately \$8.0 million (Column E) in additional revenue could be recovered by the City if the City Council approves staff recommendations, achieving a 77% cost recovery rate (Column D). This would represent a 73% increase over the amounts currently being collected for these activities by the City on an annualized basis.

The proposed FY 2024/25 Fees and Charges Schedule (Attachment 1) recommends fee adjustments to increase some fees, while maintaining alignment with the City's broader goals and values. All recommended fee adjustments shall be rounded as follows:

- Fees under \$100: Round to the nearest quarter dollar (\$0.25).
- Fees of \$100 and over: Round to the nearest dollar (\$1.00).

Note, due to rounding, the projected revenue impact amounts in the FY 2024/25 Fees and Charges Schedule (Attachment 1) may not reconcile with the projected additional revenue amounts in the FY 2024/25 User Fees and Charges study (Attachment 2).

Reasons for Fee Adjustments

The gaps identified by the fee study between the full cost of user fee-related services and current fee levels can be attributed to several factors, including:

- **Cost Increases:** Since the last fee study in 2015, the cost of providing services has primarily increased due to factors such as inflation impacting operating costs and rising personnel costs. Additionally, for some services, additional costs were identified for

materials and equipment that were not incorporated in the cost of services in the previous study.

- **Fee Recovery Policy:** The recommended fee recovery policy has changed since the last fee study, aiming for an overall higher cost recovery to mitigate the subsidy from general purpose revenue sources.
- **Changes in Staffing Levels or Positions:** For certain services, staffing levels or changes in staff positions required to complete the service activities have changed since the last study.
- **Changes in Service Delivery:** For some services, delivery methods have become more streamlined or require less staff time, resulting in reduced fees to reflect these efficiencies.

Recommended Fee Adjustments

For the fee-related services provided by the following departments, the Department staff recommends – with some exceptions – to generally set fees at full cost recovery:

- **Community Development – Code Enforcement Fees:** Code enforcement fees recover the cost of enforcing city codes and regulations. This promotes compliance by residents and businesses, ultimately achieving the City's goal of a safe and attractive community for all. Current user fees are recovering 13% of the full cost of service. Implementing full cost recovery would ensure the program covers its entire cost, reducing the general purpose revenue subsidy by \$1.3 million.
- **Public Works – Public Parking:** Public parking regulations manage the use of on-street parking to assist residents with valid permits and their guests in finding parking near their homes. This is a direct benefit to the individual users and the recommended policy is full cost recovery. Current fees only cover 63% of the program's full cost. Implementing full cost recovery would ensure the program becomes self-sufficient.
- **Police Fees:** Police records and permit services benefit individuals or businesses specifically requesting or utilizing the services. As a direct benefit to these individual users, the recommended policy is 100% cost recovery. However, some fees will remain subsidized due to State law which caps the fee that can be charged. Additionally, fourteen (14) fees will need to decrease since the full cost is less than the current fee, to remain compliant with California laws regarding user fees. Currently, user fees are recovering 44% of the full cost of service. Recommended fee adjustments would increase cost recovery to 84% and reduce the general purpose revenue subsidy by approximately \$434,000.
- **City Clerk Fees:** City Clerk fees benefit those individuals or businesses specifically requesting or utilizing the services. These fees, except those mandated by the state, are eligible for full cost recovery. The passport photo fee, currently at \$8.00, recovers 136% of the actual service cost of \$6.00, which has declined due to lower material costs. California law prohibits exceeding service delivery costs through fees. To comply with the law, lowering the fee to \$6.00 is recommended.
- **Finance Fees:** The Finance Department administers user fees primarily collected by the Business Tax and Accounts Receivable units. These fees are charged to individuals or businesses for various services, including processing returned checks, tax-free certificates, street vendor permits, and transit permits.

While most fees aim for full cost recovery, some exceptions exist. Fees associated with processing returned checks or tax-free certificates are recommended to be set below full cost recovery to avoid being punitive, encourage compliance, and promote social equity. Overall, current user fees are recovering 46% of the full cost of service.

Seven fees were identified as exceeding full cost recovery. Since the last study, processes have been streamlined requiring less staff time, resulting in a lower cost of service. As such, these fees are recommended for reduction to comply with California law.

Recommended fee adjustments in the Finance Department would result in a total cost recovery rate of 63%.

- **Fire Fees:** Fire prevention, development, and other miscellaneous fire services benefit those individuals or businesses specifically requesting or utilizing the services. As a direct benefit to the individual and businesses, the recommended policy is 100% cost recovery. Current fees are recovering 76% of the program's full cost. Implementing full cost recovery would ensure the program is self-sufficient and reduce the general purpose revenue subsidy by approximately \$555,000.
- **Riverside Public Utilities Fees:** The Riverside Public Utilities (RPU) department provides electric and water service to the city's residents and businesses. Aside from charging rates for electric and water service, which are governed by the public utility commission, the Electric and Water divisions also provide fee related services, such as turning service on and off, meter installation, and development-related services. As a direct benefit to individuals and businesses, the City's policy is – with some exceptions – to set fees to recover 100% of all costs associated with providing fee-for-service activities.
 - **Electric:** Current fees are recovering 53% of total costs to provide the services for which fees are charged. Assuming stable demand, implementing full cost recovery would increase annual revenue by \$3.5 million.
 - **Water:** Current fees are recovering 37% of total costs to provide the services for which fees are charged. Assuming stable demand, implementing full cost recovery would increase annual revenue by \$1.6 million.

While full cost recovery may be desirable financially, for certain programs, the City prioritizes promoting accessibility, community development, and long-term well-being. Therefore, fees for services provided by the following departments have historically been largely subsidized by the General Fund's general purpose revenue sources:

- **Community Development – Arts & Cultural Affairs Fees:** Arts and Cultural Affairs programs offer significant economic and community benefits within the City. By keeping film permit fees below cost recovery, the City can attract film productions, boosting the local economy and enriching the community with cultural experiences. Additionally, subsidizing special event permits for non-profits allows them to host enriching events that promote social good, cultural experiences, and economic activity.

For these reasons, program fees are heavily subsidized by general purpose revenues, which is in line with industry standards and with comparable surrounding agencies. Current fees recover 4% of related fee-for-service costs. Assuming stable demand, staff recommend a modest fee increase that would raise annual revenue by approximately \$14,400, bringing the cost recovery rate to 7%.

Note, at the time of preparation of the fee study, the Arts & Cultural Affairs division was under the Community and Economic Development Department. With the Fiscal Year 2024-2026 Biennial Budget, the division is proposed to move to the Parks, Recreation, and Community Services Department (PRCSD). The FY 2024/25 Fees and Charges Schedule presented to City Council for adoption in June 2024 will reflect the Arts and Cultural Affairs division under PRCSD.

- **Public Works – Animal Services Fees:** The City of Riverside contracts with the County of Riverside to provide shelter and field services through the Riverside County Department of Animal Services (RCDAS). Dog licensing and kennel permit services are provided by City staff within the Public Works department. Most public agencies subsidize animal control services with the idea that licensing compliance and responsible pet ownership are more important than additional revenue collection. Current fees recover 38% of related fee-for-service costs. Assuming stable demand, staff recommends a moderate fee increase that would raise annual revenue by an estimated \$238,000, recovering 49% of total cost.
- **Parks, Recreation, & Community Service Fees:** Generally, parks and recreation programs promote active healthy lifestyles and social enrichment opportunities for all community members. Prioritizing accessibility and the overall well-being of the community, parks and recreation programs do not typically recover the full cost of services. Currently, these fees recover \$2.9 million or 40% of the full cost for providing services.

Recommended cost recovery for programs serving youth, seniors, and low-income residents remains low (around 25% or less). This contrasts with programs like park facility rentals and adult programs, where higher recovery rates are recommended. Assuming stable demand, staff recommend increases to some fees that would raise annual revenue by an estimated \$469,000, raising the cost recovery rate to 46%.

- **Library Fees:** The Riverside Public Library fee schedule includes service fees, room rentals, and fines. The study excludes analysis of the following:
 - **Meeting Room Rental Rates:** These can be set at market rate, rather than cost-of-service.
 - **Library Fines for Overdue Items:** The Library, like many others nationwide, has eliminated overdue fines. Not only can the cost of processing and collecting fines outweigh the revenue received, but there are also concerns that overdue fines disproportionately impact lower-income residents and children who might struggle to meet arbitrary due dates. Eliminating fines aims to encourage broader and more equitable access to library resources.

To promote equity and accessibility, most library fees are recommended to remain free or heavily subsidized. However, full cost recovery fees are recommended for room rental reservation processing and cleaning. Implementing the recommended fee adjustments will increase the Library's user fee cost recovery rate from 14% to 15%, and assuming stable demand, will generate an additional \$392 in revenue on an annual basis.

As illustrated in the following table summarizing the study by fund, including current revenue, current subsidy, and recommended recovery levels, the General Fund would experience an estimated increase in revenue of \$2.7 million (51% increase over current revenue); the Electric Fund would experience an estimated increase in revenue of \$3.5 million (89% increase over current revenue); the Water Fund would experience an estimated increase in revenue of \$1.6 million (172% increase over current revenue); and the Public Parking Fund would experience an estimated increase in revenue of \$249,000 (31% increase over current revenue). The

recommended adjustments will improve and promote equity in the allocation of general purpose revenue sources by reducing the subsidy for fee-based services that benefit individuals.

City of Riverside
User Fee Cost & Revenue Analysis
FY 2024-2025

User Fee Fund	Current				Recommended			
	(A) Full Cost User Fee Services	(B) Current Revenue	(C) Current Subsidy	(D) Cost Recovery Policy	(E) Increased Revenue			
101 - General Fund	\$ 12,689,935	\$ 5,402,523 43%	\$ 7,287,412 57%	\$ 8,136,424 64%	\$ 2,733,901			
510 - Electric Fund	\$ 7,343,651	\$ 3,883,940 53%	\$ 3,459,711 47%	\$ 7,343,651 100%	\$ 3,459,711			
520 - Water	\$ 2,462,656	\$ 906,791 37%	\$ 1,555,866 63%	\$ 2,462,656 100%	\$ 1,555,866			
570 - Public Parking	\$ 2,077,837	\$ 794,407 38%	\$ 1,283,430 62%	\$ 1,043,057 50%	\$ 248,650			
Totals:	\$ 24,574,079	\$ 10,987,660 45%	\$ 13,586,418 55%	\$ 18,985,788 77%	\$ 7,998,127			

Removal of Fees

Department staff recommends removing several fees from the user fee and charges schedule.

- **Police Department:** Two (2) massage therapist permit fees, for new applications and renewals, are recommended for removal as permitting is now handled by the State.
- **Fire Department:** Nine (9) Plan Check & Inspection fees are recommended for removal as they are redundant or duplicate of other fees, which include:
 - Two (2) Fire Sprinkler System Plan Check/Inspection fees
 - Four (4) Industrial Plan Check/Inspection fees
 - Three (3) Petroleum Tank Inspection – Above Ground (APSA) fees
- **Riverside Public Utilities:** Three (3) electric fees and seven (7) water fees are recommended for removal, as the services are no longer provided:

Electric

- Special Appointment Turn-on Charge added to applicable fee
- Fund Verification Fee
- Monthly Rental of Remote Metering to Resolve Access Issue

Water

- Special Appointment Turn-on Charge added to applicable fee (Does not apply to the normal 4-hour window appointment)
- Fund Verification Fee
- Rental of Backflow Prevention Assembly Per Assembly Processing Fee
- Rental of Backflow Prevention Assembly Per Assembly Deposit
- Daily Rental Charge - Two-Inch Backflow Preventer
- Set or move Backflow Prevention Assembly from location to location

- Request for larger meter upon lateral replacement - 5/8 inch to 3/4 inch (in addition to any other applicable charges)

New Fees

The fee study analyzed new user fees and charges recommended by departments for the following:

- Existing services currently provided without a charge.
- Entirely new services not previously offered.

The table below identifies the proposed new fees for each Department.

**City of Riverside
New User Fee and Charges
FY 2024/25**

Department\Service Fee	Fee Description	Proposed Fee	Recovery Level
Community Development			
Arts & Cultural Affairs			
Non-Profit Film Permit	Fixed Fee	\$100.00	8%
Cancellation Fee - Student/Non-Profit	Penalty	\$75.00	N/A
Cancellation Fee - Large Production	Penalty	\$300.00	N/A
Public Works			
Animal Services			
Kennel/Cattery License Late Fee	Penalty	\$50.00	N/A
Parks, Recreation, & Community Services			
After School Program - Reduced Fee for Additional Children	Fixed Fee	\$30.00	10%
Experiment Tuesday's	Fixed Fee	\$65.00	5%
Introduction to Tinkercad	Fixed Fee	\$83.00	4%
Chemistry for Kids	Fixed Fee	\$77.00	6%
Space Club	Fixed Fee	\$75.00	10%
STEAM Club	Fixed Fee	\$75.00	10%
Homeschool Adventures	Fixed Fee	\$102.00	11%
Introduction to Sewing	Fixed Fee	\$75.00	10%
Robotics for Kids	Fixed Fee	\$75.00	10%
Beginning Music Production	Fixed Fee	\$75.00	10%
Introduction to Open Broadcast	Fixed Fee	\$75.00	10%
Web Design	Fixed Fee	\$75.00	10%
Fire			
Plan Check & Inspection Fees			
Third and Subsequent Plan Review Submittal	Hourly Fee	\$153.00	100%
Final As-Built (Revision) Plan Check	Hourly Fee	\$153.00	100%
Fire Protection Plan (FPP) Review	Fixed Fee	\$602.00	100%
Hazardous Material Analysis Report	Fixed Fee	\$740.00	100%
High Pile - 0-20,000 square feet	Fixed Fee	\$329.00	100%
High Pile - 20,000+ square feet	Fixed Fee	\$668.00	100%
Defensible Space Review/Inspection	Fixed Fee	\$167.00	100%
Performance Based Review	Fixed Fee	\$637.00	100%

**City of Riverside
New User Fee and Charges
FY 2024/25**

Department\Service Fee	Fee Description	Proposed Fee	Recovery Level
Alternative Means and Method Review	Fixed Fee	\$661.00	100%
Rocket Launch	Fixed Fee	\$76.75	100%
Burn Permit	Fixed Fee	\$148.00	100%
Blasting Permit	Fixed Fee	\$415.00	100%
Fire Alarm Control Panel/Communicator - change out only	Fixed Fee	\$236.00	100%
Fire and Life Safety Self-Certification Inspection	Fixed Fee	\$64.00	100%
Parking Structures: 500 square feet	Fixed Fee	\$144.00	100%
Parking Structures: 5,000 square feet	Fixed Fee	\$211.00	100%
Parking Structures: 10,000 square feet	Fixed Fee	\$329.00	100%
Parking Structures: 100,000+ square feet	Fixed Fee	\$514.00	100%
Residential Remodels and Additions	Fixed Fee	\$228.00	100%
Single Family Dwellings and Duplexes	Fixed Fee	\$177.00	100%
Accessory Dwelling Unit	Fixed Fee	\$144.00	100%
Riverside Public Utilities			
Electric - Plan Check Fees			
Plan Check for Building and Public Works	Fixed Fee	\$519.00	100%
Cancellation Fee	Fixed Fee	\$819.00	100%
CEQA Review (new for Electric)	Fixed Fee	\$1,650.00	100%
Electric - New Construction /Improvements			
Meter Spot Initial Inspection	Fixed Fee	\$92.75	100%
Electric - Customer Charges for a new utility account			
Service Turn-On Charge for accounts with Advanced Metering Infrastructure	Fixed Fee	\$6.00	100%
Electric Customer Charges for an existing utility account			
Temporary meter removal for main breaker repair	Fixed Fee	\$177.50	100%
Service Reconnection for Customers with AMI	Fixed Fee	\$6.00	100%
Water - Plan Check Fees			
Plan Checking for Building and Public Works	Fixed Fee	\$45.50	100%
Water - New Construction			
Water Service Connection Charges - 3/4-inch meter (non-residential/4 lane street) Plus Estimated Cost of Paving	Base Fee Plus Estimated Paving Cost	\$5,265.00	100%
Water Service Connection Charges - 1 inch meter (non-residential/4 lane street) Plus Estimated Cost of Paving	Base Fee Plus Estimated Paving Cost	\$5,277.00	100%
Water Permits/Tests			
Water Supply Assessment	Fixed Fee	\$5,670.00	100%
Fire Flow Test	Fixed Fee	\$191.00	100%

Summary of Fee Changes by Department

The proposed user fee schedule includes a mix of increases, decreases, and no changes for existing fees. Additionally, new fees are proposed for some services, while others will be removed. A summary of these changes for each department/division is presented in the following table.

**City of Riverside
Changes in User Fees
FY 2024-2025**

User Fee Department	No. of Fees Increased	No. of Fees Decreased	No. of Fees with No Change	No. of Fees Added	No. of Fees Removed
Community Development					
<i>Code Enforcement</i>	18	2	4	0	0
<i>Arts & Cultural Affairs</i>	7	0	5	3	0
Public Works					
<i>Public Parking</i>	4	0	0	0	0
<i>Animal Services</i>	14	2	3	1	0
Police	30	14	57	0	2
Parks, Recreation, & Comm Svcs	75	0	0	12	0
City Clerk	4	1	4	0	0
Finance	3	7	7	0	0
Fire	71	27	57	21	9
Library	3	0	48	0	0
RPU Electric	28	5	0	7	3
RPU Water	47	7	19	5	7
Totals:	304	65	207	49	21

* Excludes deposits

Comparison Study to Other Agencies

The user fee study included a comparative analysis of fees charged by five neighboring cities. The City’s Executive Steering Committee for the fees and charges study project selected six agencies from the Council-adopted market basket of cities, including neighboring agencies and the County of Riverside, that would provide the best comparison. The fees to compare were selected by the departments with guidance from MGT. The results of the comparative survey may be found for each department within their respective summary sections in Attachment 2. Overall, the City’s fees were within range of its peers.

Credit Card Processing Fees

Section 6159 of the State of California Government Code grants cities the authority to assess a fee, termed a “convenience fee”, for the use of a credit or debit card, not to exceed the transactional costs incurred by the City, to customers paying by credit or with debit card. The City’s expenditures related to accepting credit and debit card payments are approximately \$2.3 million annually, including an estimated \$442,000 in the General Fund.

Currently, the Parks and Recreation department charges the following convenience fees to offset the processing costs within their dedicated payment software:

- Parks and Recreation Online Payments: 4.5% for amounts under \$150 and 3.5% for amounts between \$150 to \$4,499

- Parks and Recreation In-Person Payments: 3.25% for credit card payments

To cover the costs for most other transactions, the City recommends implementing a convenience fee of 2.41% for online and in-person payments, which was computed on a cost recovery basis.

Riverside Public Utilities (RPU) is currently evaluating a convenience fee structure to cover their credit and debit card processing costs. RPU currently absorbs these costs, totaling approximately \$1.9 million annually. RPU will present a convenience fee recommendation to Council at a later date to cover these costs.

While processing fees can vary, all convenience fees are set at or below the City's actual costs. To minimize any burden on customers from these fees, a free alternative for electronic check payments (ACH) will be available.

STRATEGIC PLAN ALIGNMENT:

The reporting and presentation of financial results support **Strategic Priority 5 – High Performing Government** and **Goal 5.4** - Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

Financial reporting aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The development of the FY 2024/25 Schedule of Fees and Charges is a transparent process that incorporates community engagement, involvement of City Boards & Commissions, and timely and reliable information.
2. **Equity** – User fees are charged to the user for a service provided when the cost of providing that service, and the benefits that service provides, are mainly attributed to that specific person or user. The fee is typically based upon the cost the agency incurs in providing the service but may be set at less than the full cost of providing the service for practical or policy reasons.
3. **Fiscal Responsibility** – The thoughtful and deliberate preparation of a user fee study to analyze service costs demonstrates the City's commitment to responsible management of the City's financial resources while providing quality public services to all by ensuring that the use of general purpose revenues, such as taxes, to pay for services that mainly provide private benefit to individuals is minimized.
4. **Innovation** – User fees guided by a comprehensive study ensure cost recovery for specific services, freeing up general purpose revenues to address broader citywide needs and avoid subsidizing private benefits for individuals.
5. **Sustainability & Resiliency** – Charging users for services that provide private benefit to recover the cost of providing such service ensures general purpose revenues remain available for community-wide needs.

FISCAL IMPACT:

Fees and charges are intended to offset the cost of providing the services rendered; however, the actual recovery of costs varies per fee. Depending on the level of service activity, the anticipated fiscal impact of increasing fees as detailed in Attachment 1 is a projected revenue increase in FY 2024/25 of approximately \$2.7 million in the General Fund; \$249,000 in the Public Parking Fund, \$3.5 million in the Electric Fund, and \$1.6 million in the Water Fund, for a citywide total of \$8.0 million.

Department	FY 2024/25 Projected Revenue
	\$
28 - Code Enforcement	1,266,967
28 - Arts & Cultural Affairs	14,421
41 - Public Parking	10,713
41 - Animal Services	237,937
31 - Police	434,478
52 - Parks, Recreation, & Comm Svcs	468,555
12 - City Clerk	(12,645)
23 - Finance	7,145
35 - Fire	554,588
51 - Library	392
61 - RPU Electric	3,459,711
62 - RPU Water	1,555,866
Projected Revenue Impact Total	\$ 7,998,127

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 Approved by: Edward Enriquez, Assistant City Manager/Chief Financial Officer/Treasurer
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- Attachments:
1. FY 24/25 Proposed Master Fees & Charges Schedule
 2. Comprehensive Fees and Charges Study
 3. PRCSD Community Feedback
 4. Presentation

