



CITY COUNCIL AGENDA REPORT



DEPARTMENT: Administrative Services

MEETING DATE: April 16, 2024

STAFF REFERENCE: Buffy Bullis, Administrative Services Director

AGENDA LOCATION: AR-1

GOVERNMENT CODE SECTION 84308 APPLIES: No

TITLE: Cost Recovery Adjustments Related to Development Applications and Collections Processing, Resolution No. 2024-17

OBJECTIVE: To update the Comprehensive Schedule of Fees and Charges

BACKGROUND: An important part of the budget adoption is the calculation of the cost of providing fee-based services to individuals, businesses, or groups. During each budget cycle, staff performs a review of all user fees, whereby the goal of any fee review is to analyze the extent to which costs are recovered for specific non-general services provided by the City. While fees and charges are typically established either by statute, survey results, and / or a comprehensive service delivery cost analysis, a key objective is to minimize subsidies and recover the City's costs as much as possible. The City cannot recover more than its costs of providing services and does not attempt to do so. Without these charges, the City's General Fund would continue to pay the City's costs for development-related charges, and the General Fund or applicable enterprise fund would continue to pay the costs for collecting delinquent debt.

ANALYSIS: Staff is recommending adjusting the comprehensive schedule of fees and charges to add two new charges, as shown below:

Development-Related Pass-Through Charges - This charge requires the developer to reimburse the City's actual, direct costs incurred in processing development applications that are not already calculated in the application fee. This charge does not include staff time, which is part of each fee, but may include third-party consultants' costs, legal fees, or any other cost the City is required to pay in connection with the processing of a particular development application. Typically, the City incurs these charges in the CEQA process and for larger projects. It is unlikely that small development projects would be subject to this charge.

Collections Processing Fees - When the City is owed payment for services already provided, and after multiple attempts to contact the recipient of those municipal services, the City may send delinquent and uncollectible accounts receivable to a third-party collections agency to collect the debt. The third-party collection agency always charges a fee for collection services as a percentage of the delinquent amount, which is currently borne by the City and reduces the amount of the delinquent debt the City receives. Staff is proposing to add "Collections Processing Charges" to the City's comprehensive schedule of fees and charges as a direct pass-through of the City's actual cost. This additional charge will ensure the City recovers the full cost of the billed amount of the services previously provided, *and* the fees charged by the collections agency, when permitted by applicable law.

These are the only changes to the schedule of fees and charges proposed by this resolution.

ENVIRONMENTAL IMPACT: There is no environmental impact associated with the approval of Resolution 2024-17, which is purely an administrative item.

FISCAL IMPACT: If approved, the pass-through charges collected will allow the City to recover its actual costs associated with collecting delinquent debt and processing larger development applications. Any revenue will be deposited to the home department where costs were incurred. The current fee for collections, based on the City's existing collection services contract, is 18% of the invoice amount. Development-related pass through charges will be billed based on the City's contracted rates with outside providers.

OPTIONS: The following options are presented for consideration:

1. Adopt Resolution No. 2024-17, updating the Fiscal Year 2023-24 Schedule of Fees and Charges to include development-related pass-through fees and collections processing fees.
2. Reject Resolution No. 2024-17.
3. Request additional information from staff before taking action.

RECOMMENDATION: To adopt Resolution No. 2024-17.

COUNCIL ACTION REQUIRED: If the City Council concurs, the appropriate motion would be to adopt Resolution No. 2024-17.

RESOLUTION NO. 2024-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONROVIA, CALIFORNIA, UPDATING THE SCHEDULE OF FEES AND CHARGES FOR SERVICES FOR THE FISCAL YEAR 2023-2024 TO ADD CHARGES TO RECOVER THE COSTS OF DEVELOPMENT-RELATED PASS-THROUGH CHARGES AND COLLECTIONS PROCESSING FEES

THE CITY COUNCIL OF THE CITY OF MONROVIA DOES hereby resolve as follows:

WHEREAS, the City of Monrovia has conducted an analysis of its services, the costs reasonably borne of providing those services, the beneficiaries of those services, and the revenues produced by those paying fees and charges for special services; and,

WHEREAS, the City wishes to comply with both the letter and the spirit of Article XIII B of the California Constitution and limit the growth of fees and charges for the use of regulation, products, and services; and

WHEREAS, the City desires to establish a policy of recovering the full costs reasonably borne of providing special services of a voluntary and limited nature, such that general taxes are not diverted from general services of a broad nature and thereby utilized to subsidize unfairly and inequitably such special services; and

WHEREAS, Chapter 3.46 of the Monrovia Municipal Code establishes the City's policy as to the recovery of costs reasonably borne by the City and provides the City Council the authority and methodology for determining the amounts of costs reasonably borne to be recovered from users of City regulation, products and services and directing staff as to the methodology for implementing new fees and charges; and

WHEREAS, the City incurs significant processing charges associated with the collection of delinquent debt by outside collections agencies, with the result that the City recovers less than its full cost of providing services if the cost of the collection is deducted from the delinquent amount due; and

WHEREAS, all requirements of California Government Code Section 66016 and other applicable laws are hereby found to have been complied with.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MONROVIA DOES hereby resolve, determine, and order as follows:

SECTION 1. FEE SCHEDULE CHANGE ADOPTED. Changes to the Schedule of Fees and Charges for FY 2023-2024 are attached hereto as Exhibit A and incorporated herein by this reference, and are hereby adopted and directed to be kept on file with the City Clerk's office and incorporated within the budget. Said fees and charges are hereby directed to be computed by and applied by the various City departments, and to be collected by the City's Administrative Services Department for the herein listed special regulation, products and services when provided by the City or its designated contractors.

SECTION 2. BASIS FOR CHARGES. The City Council finds and determines that the charges imposed by this resolution are necessary to cover the City's actual costs of providing the specified services, and that such charges do not and will not exceed the reasonable costs of providing said services.

SECTION 3. INTERPRETATIONS. This Resolution may be interpreted by the City Manager in consultation with the City department heads. Should there be a conflict between two charges, then the lower in dollar amount of the two shall be applied.

SECTION 4. REPEALER. Resolutions and other prior actions of the City Council in conflict with the contents of this Resolution are hereby repealed. All prior actions not specifically affected by this Resolution are unchanged.

SECTION 5. SEVERABILITY. If any portion of this Resolution is held to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions and all other portions shall remain in full force and effect. The City Council declares that it would have adopted this Resolution and each section or portion thereof irrespective of the validity of any other section or portion.

SECTION 6. EFFECTIVE DATE. The charges set pursuant to this Resolution become effective on the date permitted by applicable laws. All City fees and charges shall be subject to the terms and conditions of Chapter 3.46 of the Monrovia Municipal Code.

PASSED, APPROVED AND ADOPTED this 16th day of April, 2024.

Becky A. Shevlin, Mayor
City of Monrovia

ATTEST:

APPROVED AS TO FORM:

Alice D. Atkins, MMC, City Clerk
City of Monrovia

Craig A. Steele, City Attorney
City of Monrovia

ATTACHMENT A

**Fiscal Year 2023-24
Changes to Schedule of Fees and Charges**

Fiscal Year 2023-24
Changes to Schedule of Fees and Charges

Service Description	Old Fee	New Fee	Comments
<u>COMMUNITY DEVELOPMENT DEPARTMENT</u>			
Development-Related Pass-Through Charges (New)	\$0.00	City's Actual Cost	Charges to recover third-party consultants' costs, legal fees, or any other fee associated with major development applications.
<u>ADMINISTRATION</u>			
Collections Processing Fee (New)	\$0.00	City's Actual Cost	Charge to recover cost of collections, not to exceed 18% of amount outstanding.