

STAFF REPORT

To: Mayor and Council Members Date: March 22, 2016
From: Barbara Whitehorn, CFO, Finance and Management Services Director
Via: Gary Jackson, City Manager
Subject: Adoption of Fiscal Year 2016-17 Fees

Summary Statement: The consideration of an ordinance adopting proposed fee adjustments for Fiscal Year (FY) 2016-17.

Review: The proposed FY 2016-17 fee adjustments were reviewed by the Council Finance Committee on February 23, 2016. A full list of the proposed fees and charges is attached along with the staff report that was presented to the Finance Committee. A summary of Finance Committee recommendations is shown below. As staff continues preparation of the FY 2016-17 Manager's Recommended Budget, there may be additional fee adjustments that are brought forward as part of the budget process in May.

Fee Change Summary:

Parks & Recreation

- Aston Park increases according to schedule; \$22k
- Adjustment to WNC Nature Center fees (no change to admissions)

Solid Waste

- Fee Increase from \$10.50 to \$14/mo.; \$1.1 million

Stormwater Fee

- 5% overall increase; \$252k

Water Rate Increases

- 1.5% single family, multi-family and small commercial
- 3.5% large commercial and manufacturing
- \$473k

US Cellular Center

- Various fees and charges changes; \$28k

Transit

- To be discussed in worksessions

Motor Vehicle Fee

- Recommend \$30/year fee, increase of \$20
- \$1.4 million in additional restricted revenue

Parking Fund fees

- Parking study currently underway

Development Services Department fees

- Fees to be evaluated
- Cost recovery
- Benchmarking

ORDINANCE NO. _____

ORDINANCE ADOPTING THE FISCAL YEAR 2016-17 FEES & CHARGES

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE:

That the attached Fiscal Year 2016-17 fees and charges, attached to and made a part of this ordinance, be adopted.

That this ordinance shall be in full force and effect upon July 1, 2016.

Read, approved and adopted this 22nd day of March, 2016.

CITY CLERK

MAYOR

Approved as to form:

CITY ATTORNEY

STAFF REPORT

To: Mayor and City Council

Date: February 23, 2016

Via: Gary Jackson, City Manager

From: Barbara Whitehorn, CFO, Finance and Management Services Director

Subject: Proposed Fee Adjustments for FY 2016-17

Summary Statement: Available Revenue and Fees. The major types of revenue available to North Carolina counties and municipalities are local taxes (including property taxes); local fees, charges and assessments; and intergovernmental and miscellaneous revenue. Local governments have increasingly looked for appropriate opportunities to implement local fees and charges because they have the advantage of aligning service provision directly with payment; therefore, the person or entity receiving the benefit of a service pays for the service. In Asheville, these fees make up about 10% of the City's General Fund revenue and 36% of city-wide revenue. These fees generally fall into three major categories: general user fees and charges; regulatory fees, and; public enterprise fees and charges.

Review: The City's Fee Management Model. The City's fee management model begins by asking: Is the service universal or user-driven? For example, police patrol is a universal service, while plan review is a service specifically triggered by a user. General police patrol would not have an associated fee, while plan reviews are logically provided on a fee for service basis. Using a fee for service model allows the City to shift costs from the taxpayers to the actual users of the service so that the costs of City services are fairly distributed between taxpayers and service users.

Once services are identified as user-driven, they become part of an ongoing fee evaluation process. Annually, fees and charges that have been identified as requiring adjustment are brought to Finance Committee for review in February as part of the budget process. However, staff evaluates the fees and charges throughout the year, taking into consideration changes in service levels, demand for the service and related costs of providing it. The City uses in-house expertise as well as outside consultants to evaluate fees. The process includes benchmarking other municipalities in North Carolina and nationwide, and considering the cost recovery potential of each service. The fee adjustments for FY 2016-17 that you see fall out of this ongoing process.

Proposed FY 2016-17 Fee Changes:

Parks & Recreation:

Parks & Recreation underwent a study evaluating services in FY 2014-15. As a result, staff is working on a new model for parks and recreation fees that directly links the use of a particular service to the fees. As an example, the Aston Park Tennis Center, with a small user group and a high associated cost, should have higher fees to offset to high cost of maintaining clay courts for a small, seasonal user group. Currently, both the Aston Parks Tennis Center and the WNC Nature Center are in the first year of multi-year fee adjustment plans.

Aston Park changes, FY 2015-16 to 2016-17:

Item or Service	Current Fee FY 2015-16	Proposed Fee FY 2016-17	Additional Revenue
Aston Park Passholder Fees			\$20,000.00
Resident - Individual	\$250.00	\$375.00	
Resident - Senior	\$220.00	\$310.00	
Resident - Family	\$400.00	\$600.00	
Resident - Senior Family	\$300.00	\$450.00	
Non-resident - Individual	\$325.00	\$475.00	
Non-resident - Family	\$500.00	\$750.00	
Aston Park Court Rental Tournament Fees			\$2,125.00
1/2 Day Use - 6 Courts	N/A	\$125.00	
Full Day Use - 6 Courts	N/A	\$250.00	
Full Day Use - 12 Courts	N/A	\$600.00	
Light Use Fee - 6 Courts	N/A	\$100.00	
Light Use Fee - 12 Courts	N/A	\$200.00	

The Aston Park fee changes are part of the plan presented to the Finance Committee in FY 2014-15 as part of a cost recovery model. The full multi-year plan is attached.

WNC Nature Center changes, FY 2015-16 to FY 2016-17:

**WNC Nature Center Proposed Fee Structure Changes for 2016
Friends of the WNC Nature Center Membership and Non-Membership rates**

Friend's Membership Fees	2015 Prices \$	2016 Prices \$	Notes:
Wild Weeks Camps	150.00	175.00	Grades 1-3
Early Childhood Camp	70.00	85.00	Pre-K Families
Critter Time Pre-K	10.00	13.00	
Rising "K" Camp	N/A	175.00	New program 2016
ATBI Camp	N/A	175.00	New camp 2016
Pre-Camp Care	-	25.00	Per week fee
Post-Camp Care	50.00	50.00	Per week fee
Elk Exploration	18.00	20.00	
Wolf Howl	8.00	12.00	
Overnight Delight Cataloochee Valley	N/A	30.00	New program 2016
Birthday Room Reservations/Rental	175.00	200.00	2-hour room rental, no programs
Birthday Party Educational Program	50.00	60.00	30-minute wildlife presentation
Offsite EE Programs in Buncombe County	\$ 200.00	\$ 300.00	1-hour presentations with Q&A, biofacts, and live animals
Non-Membership Fees	2015 Prices \$	2016 Prices \$	Notes:
Wild Weeks Camps	175.00	200.00	Grades 1-3
Early Childhood Camp	75.00	100.00	Pre-K Families
Critter Time Pre-K	12.00	18.00	
Rising "K" Camp	N/A	200.00	New program 2016
ATBI Camp	N/A	200.00	New camp 2016
Pre-Camp Care	-	25.00	Per week fee
Post-Camp Care	50.00	50.00	Per week fee
Elk Exploration	20.00	22.00	

Wolf Howl	10.00	15.00	
Overnight Delight Cataloochee Valley	N/A	35.00	New program 2016
Birthday Room Reservations/Rental	200.00	225.00	2-hour room rental, no programs
Birthday Party Educational Program	50.00	60.00	30-minute presentation
Offsite EE Programs outside Buncombe County	\$ 300.00	\$ 400.00	1-hour presentations with Q&A, biofacts, and live animals

The Nature Center is also working toward an improved cost recover model, one based on the City of Asheville taxpayers subsidizing the center only to the extent that it is used by City of Asheville residents. The full three-year plan includes increased commitments from the Friends of the Nature Center in addition to the increased service offerings and fees (attached).

Water Resources:

The Water Resources Utility Fund underwent a rate study by Raftelis Financial Consultants, out of which a multi-year plan was developed with the goal of more equitably applying water rates to residential and commercial customers and ensuring that capital improvements could be planned and undertaken. Most significant to the water customer, the rate plan includes stepped increases annually to avoid there being a large increase every few years when a new rate study is completed. The study is being updated this spring to ensure that rates will continue to cover operating and capital costs associated with the utility.

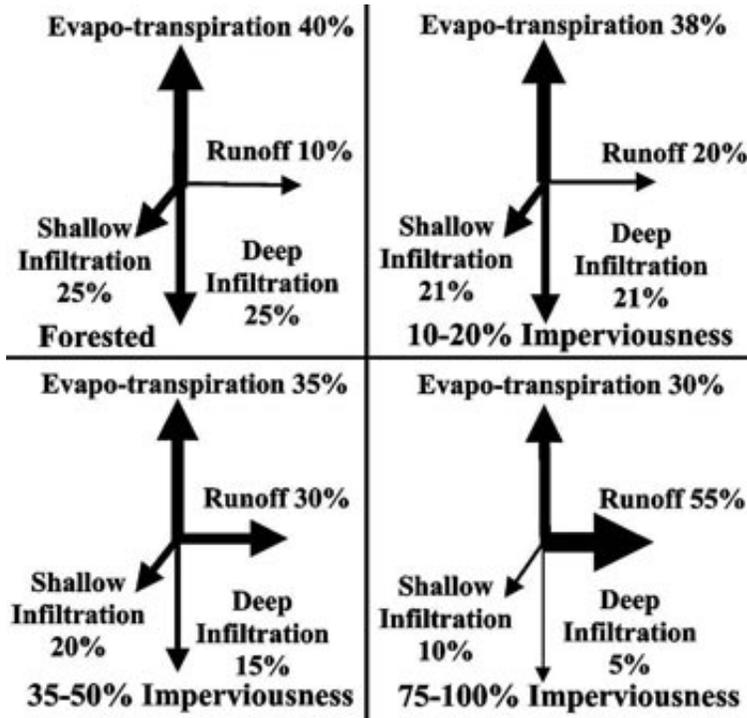
Water rate changes from 2015-16 to 2016-17 are as follows:

Item or Service	Current Rate FY 2015-16	Proposed Rate FY 2016-17	Additional Revenue
Utility Charges (per Ccf)			\$373,962.00
Single Family Residential	\$3.93	\$3.99	
Irrigation	\$4.28	\$4.49	
Multi-Family Residential	\$3.32	\$3.37	
Commercial (<= 1,000 CCF monthly)	\$3.32	\$3.37	
Commercial (> 1,000 CCF monthly)	\$1.86	\$1.93	
Commercial (<= 2,000 CCF bimonthly)	\$3.32	\$3.37	
Commercial (> 2,000 CCF bimonthly)	\$1.86	\$1.93	
Manufacturer (<= 1,000 CCF monthly)	\$3.32	\$3.37	
Manufacturer (> 1,000 CCF monthly)	\$1.81	\$1.87	
Manufacturer (<= 2,000 CCF bimonthly)	\$3.32	\$3.37	
Manufacturer (> 2,000 CCF bimonthly)	\$1.81	\$1.87	
Wholesale	\$1.08	\$1.13	
Capital Improvement Fee (per meter size monthly)			\$99,244.00
5/8 inch	\$3.97	\$4.03	
3/4 inch	\$4.55	\$4.62	
1 inch	\$54.54	\$55.36	
1 1/2 inch	\$90.90	\$92.26	
2 inch	\$159.08	\$161.46	
3 inch	\$499.95	\$507.45	
4 inch	\$874.92	\$888.04	
6 inch	\$1,124.89	\$1,141.77	
8 inch	\$1,374.87	\$1,395.49	
10 inch	\$1,624.85	\$1,649.22	

The above represents a 1.5% increase to single family, multi-family and small commercial and manufacturing operations; a 3.5% increase to large commercial and manufacturing operations; a 5% increase to wholesale and irrigation; and an increase of 1.5% in the capital improvement fee for all meter sizes.

Stormwater Utility:

The Stormwater Utility Fund is in the second year of a multi-year strategy developed with the help of McGill Associates in March, 2014. The stormwater fee is intended to help the City mitigate the effects of storm runoff from the impervious surfaces associated with an urban environment. Common impervious surfaces are roads, sidewalks, parking lots, rooftops and driveways. A surface can be impervious, i.e. unable to infiltrate excess water, even if the surface is gravel or compacted soil.



As imperviousness increases, the ability of the land to infiltrate excess water decreases, creating runoff and pressure on storm drainage systems. The figure (left), from the Environmental Protection Agency’s (EPA) website, shows how runoff increases with imperviousness.

The City of Asheville’s stormwater fee is based on square feet of impervious service for single family homes and Equivalent Residential Unit (ERU) for non-single family properties.

Stormwater fee changes from FY 2015-16 to FY 2016-17 are as follows:

Item or Service	Current Fee FY 2015-16	Proposed Fee FY 2016-17	Additional Revenue
Stormwater Monthly Utility Fee			\$252,898.00
Single Family Properties	225-2000 Sq Ft: \$2.63/mo.	225-2000 Sq Ft: \$2.76/mo.	
	2001-4000 Sq. Ft: \$4.20/mo.	2001-4000 Sq. Ft: \$4.41/mo.	
	>4001 Sq. Ft: \$5.78/mo.	>4001 Sq. Ft: \$6.07/mo.	
Non-Single Family Properties	\$4.20 per ERU/mo.	\$4.41 per ERU/mo.	

The above represents a 5% increase across all account types. The McGill report is attached for your review.

Parking Fund:

The City of Asheville is currently undergoing a comprehensive parking study. When the study is completed, the results of the study and a mid-year recommendation of changes to services and fees will be brought to the Finance Committee and full City Council.

Transit Fund:

Changes to Transit fees and charges will be discussed at a later date in the context of Council goals, services and subsidies.

US Cellular Center (USCC) Fund:

Staff is proposing a number of fee changes for USCC services and equipment rental. For FY 2015-16, the General Fund is subsidizing 34% of the cost of operations. Fee adjustments are not anticipated to have a significant impact on the subsidy. The most significant changes are below, details are attached.

Item or Service	Current Fee FY 2015-16	Proposed Fee FY 2016-17
Arena Reset Fees		
Remove bleachers	\$1,000 for shows grossing <\$35k	-0-
Remove ADA section	\$2,500for shows grossing <\$35k	-0-
Novelty Sales	25% of gross	35% of gross or as negotiated
Facility Rental		
Arena, ticketed events	\$2,750 v. 10% of gross less taxes	\$3,500 v. 10% less taxes
Arena, other	\$2,750/day	\$3,500/day
Thomas Wolfe, ticketed	\$1,350 v. 10% of gross less taxes	\$1,500 v. 10% of gross less taxes
Thomas Wolfe, other	\$1,350/day	\$1,500/day
Exhibit Hall, unapproved outside food/beverage		\$500
Banquet Hall	\$500/event	\$1,500/event
Banquet Hall, internal City	\$250/event	\$500/event
Lobby Rental	\$500/event	\$1,500/event
Meeting Rooms	\$100/ 8 hours	\$1,000/ 8 hours
Equipment Rentals	VARIES, see attachment	VARIES, see attachment
Staff Cost Recovery	VARIES, see attachment	VARIES, see attachment
Phone Ticket Purchase	\$1.50	\$5.00

During the 2015 session, the North Carolina General Assembly granted municipalities the authority to increase the annual motor vehicle license fee up to a maximum rate of \$30. The City of Asheville currently charges its residents a \$10 annual fee, with half of the revenue from the fee going to support transit operations and the other half going to support general fund departmental operations.

The legislation adopted by the General Assembly stipulated that the additional revenue from any increases above the current \$10 fee must be used for street maintenance.

Fee Amount	Total Revenue	Increase to GF Revenue
\$10, current fee	\$700,000	n/a
\$15	\$1,050,000	\$350,000
\$20	\$1,400,000	\$700,000
\$25	\$1,750,000	\$1,050,000
\$30	\$2,100,000	\$1,400,000

Staff recommends increasing the fee to the maximum annual rate of \$30, providing an additional \$1.4 million in revenue would be available to offset street maintenance costs in the General Fund. Below

Included in the fee recommendations from staff is a recommendation to continue the solid waste plan initiated in FY 2012-13. A separate staff report and analysis is included in the Finance Committee materials for February 23, 2016.

This action complies with the City Council Strategic Operating Plan goal of “Operate the City of Asheville to the highest levels of fiscal responsibility.”

Pros:

- Provides additional revenue to help balance the FY 2016-17 budget.
- Provides staff with time to begin communicating fee changes to citizens, customers and stakeholders so they are aware of changes that will be implemented on July 1.

Con:

- A slight increase in the annual costs to Asheville citizens and customers. The chart below shows the impact for the average household at approximately \$68.84, excluding the motor vehicle license (an annual fee) the average household will see an impact of \$4.07 per month.

Fees	FY 2016 annual cost/household	FY 2017 annual cost/household	Annual Increase	Monthly Impact
Water - Single Family (5 CCF avg. monthly usage)	\$319.44	\$323.76	\$4.32	\$.36
Stormwater – Single Family (2,001-4,000 Sq. Ft.)	\$50.40	\$52.92	\$2.52	\$.21
Solid Waste	\$126.00	\$168.00	\$42.00	\$3.50
Motor Vehicle License	\$10.00	\$30.00	\$20.00	n/a
Total Annual Average Cost	\$505.84	\$574.68	\$68.84	\$4.07

Fiscal Impact: The chart below summarizes by fund the additional revenue that will be generated by the proposed FY 2016-17 fee changes:

Fund	Additional Revenue
General Fund	\$2,531,425
Stormwater Utility Fund	\$252,898
Water Resources Fund	\$473,206
US Cellular Center Fund	\$28,000

Attachment: Fees & Charges Detail Packet