

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 18, 2005
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER
SUBJECT: BUDGET MEMO # 69 : STATUS OF ALL FEES

This memorandum responds to Councilman Macdonald's request for an update on the status of all fees.

The City has two primary sources of locally generated, non-tax revenue: permits, fees and licenses, and charges for services. In FY 2004, these two sources generated \$3.2 million and \$9.6 million, respectively. Although a number of departments charge for various services, the bulk of this revenue comes from only a few sources.

Code Enforcement and Planning and Zoning: Approximately \$3.0 million of the fee revenue comes from permits related to the planning process and for construction (building, electrical, plumbing, mechanical, etc.) and fire protection-related permits and inspections. These fees are currently being studied in conjunction with looking at development related staffing needs for FY 2007 and beyond. On May 11 for the joint work session on development issues, staff plans to present a staffing plan (Code Enforcement, Planning and Zoning, T&ES, Recreation and Parks) to address the increased volume of staff workload that development activity (Potomac Yard, Landmark, Eisenhower East, etc.) that will occur over the upcoming years. It is contemplated that costs associated with this increased development workload will be financed with higher Code fees as well as some targeted developer service payments (such as included in the Potomac Yard Memorandum of Understanding). Unfortunately this need and how to address it did not fit within the FY 2006 budget process cycle.

Transportation and Environmental Quality: Nearly half of the revenue generated from Charges for Services comes from refuse fees (\$3.2 million) and sewer charges (\$1.7 million). Both of these are reviewed annually and adjusted to achieve cost recovery policies while retaining comparability with our surrounding jurisdictions.

Recreation, Parks and Cultural Activities: Recreation fees account for approximately \$1.6 million in revenue for Charges for Services. The majority of this (\$1.0 million) comes from classes and admission charges at Chinguapin Recreation Center. Staff are in the process of reviewing all fees generated by Recreation Programs, including adult sports and facility rentals to determine

competitive rates that ensure maximum cost recovery. This review will be completed for use in the FY 2007 budget cycle.

Miscellaneous: Ambulance charges provide a significant source of revenue in this category (\$0.2 million) and are reviewed annually. A change in the contract for ambulance services is expected to provide an additional \$0.1 million in revenues due to better collection efforts, without an increase in the fee charged to riders. The need for an increase in the fee will be reviewed and proposed, if necessary, for the FY 2007 budget. Also parking ticket and parking meter rates will be looked at for FY 2007.