



MEMORANDUM

To: Mayor and City Council

Through: Mike Land, City Manager

From: Traci E. Leach, Deputy City Manager

Date: May 18-19, 2020

Reference: Discussion on Fee Structure

2030: Goal 5 under Sustainable Government states “Financial Resources to Support City Services”

Introduction:

The purpose of this agenda item is to provide an opportunity for staff to update the Council on changes to existing fees and discuss proposed new fees. The new revenue environment created by the passage of SB 2 during the most recent legislative session and publishing of Rule 3.334 by the Comptroller’s Office on January 3, 2020, has prompted many changes in the development and approach to the current and future budgets. The City is taking a three-pronged approach to evaluating ways to bridge the revenue gap created by these two new changes- exploring revenue opportunities (either new or updated fees), evaluation of all capital expenditures, and evaluating service levels.

At the Retreat, the Council began staff received direction regarding the Council’s philosophy on fees-establishing fees within the median of the market. Additionally, staff began the discussion regarding proposed fees at the February 25, 2020 meeting. Unfortunately, there was not time to complete the presentation at that time. Tonight, staff will be presenting the remaining information regarding the proposed new fees. The attached memos outline the details of both the amendments to existing fees and information regarding proposed new fees. There is only one change from the memo and fees that were originally outlined back in February. That change is highlighted in red in the backup information.

Background:

With the introduction of the proposed Rule from the Comptroller’s Office, the City is estimating that the revenue loss could be up to \$24 million across all sales tax supported funds. In the General Fund, the impact could be approximately \$12 million beginning in fiscal year 2021 and extending beyond. In anticipation of the impact of Rule 3.334, the City instituted a hiring freeze on vacant positions and has evaluated re-hiring of new vacancies that have occurred since we were informed in December

2019 that the rule would be published in January 2020. Additionally, staff is working to identify the true impact of the rule on Coppell businesses in terms of whether the sales tax generated would stay in Coppell (origination) or be re-directed to other communities (destination).

Legal: None.

Fiscal Impact: There are many caveats to place on the estimated additional revenues for both the amendments to existing fees and the proposals for new fees. For example, estimates are based on current utilization, which may or may not represent what utilization would be post-implementation. There may be proposals where the Council provides direction to not move forward with further investigation and potential implementation. The estimate identified here is a conservative estimate for the aggregate changes to all fees (amendment to existing plus new fees) included in this packet-approximately \$1,000,000. Staff will be providing more detailed information regarding revenue projections during the work session presentation.

Recommendation: Staff is seeking direction regarding the proposed new fees.



MEMORANDUM

To: Mayor and City Council

From: Kent Collins, P.E., Director of Public Works

Date: February 25, 2020

Reference: Discussion regarding engineering plan review and inspection fees

General Information:

- The City charges a fee of 2% of the cost to construct improvements that will not be dedicated to the city, and 4% of the cost to construct improvements that will be dedicated to the city.
- The inspection fees were originally adopted to cover the cost of plan review and inspection.
- Based on benchmark information, it is not common to charge a separate fee for engineering plan review.
- Based on benchmark information, the 4% engineering inspection fee for public improvements is appropriate, but the 2% fee for private improvements is low.
- Staff recommends adjusting the 2% fee for private improvements to 3%.



MEMORANDUM

To: Mayor and City Council

From: Kent Collins, P.E., Director of Public Works

Date: February 25, 2020

Reference: Discussion regarding fees for after-hours courtesy requests for service

General Information:

- Staff regularly answers after-hours calls for service from residents
- Some after-hours calls are urgent or emergencies and are on public systems and should be covered by City resources
- Some after-hours calls are not urgent, not emergencies, and are often private property concerns
- Staff is also called out to reconnect water service after hours and does not charge a fee for that service
- Staff recommends continuation of the current no-fee policy for after-hours service requests for urgent or emergency situations
- Staff recommends a 6-month evaluation period related to after-hours calls for non-emergency or courtesy items. Benchmark data indicates other cities do not charge for these requests now.
- Staff recommends a charge of \$50 for after-hours water service reconnect after non-payment. Benchmark information indicates that it is common to charge for this service if the reconnection occurs after normal work hours.



MEMORANDUM

To: Mayor and City Council

From: Kent Collins, P.E., Director of Public Works

Date: February 25, 2020

Reference: Discussion regarding shared cost of residential sidewalk replacement

General Information:

- The City of Coppel has a policy of replacing or repairing all sidewalks
- This is an area that will be directly impacted by the sales tax rule
- Benchmark information indicates Flower Mound and Farmers Branch require residents to maintain residential sidewalks
- Consideration could be given to a shared cost policy if a resident wants to raise the priority level of their sidewalk on the replacement list
- Other options may exist to extend the public funding for sidewalk replacement through shared cost
- Staff recommends no change to this policy currently



MEMORANDUM

To: Mayor and City Council

From: Brad Reid, Director of Parks and Recreation

Date: February 25, 2020

Reference: Discussion on Fee Structure

2030: Goal 5 under Sustainable Government states “Financial Resources to Support City Services”

Executive Summary:

The Parks and Recreation Department applies numerous fees in the provision of recreation services to the community. In most cases, the City Council has authorized the department director to establish fees for facility access and programs dependent upon market influences and cost recovery goals. To continue to serve in the most responsible manner possible, staff has examined our current fees with respect to the market and cost recovery philosophy, identifying multiple fees that need to be revised at the current time. These have been identified below. Also under consideration are possible fees that do not exist today, which should be considered.

- Existing fees to be increased:
 - Expand the charges for hourly support of events in the parks created by outside entities (expand the type of activities where charges are added): for instance 5k runs, pavilion rentals, tournament support, etc. These charges will be assessed only for activities which are above and beyond the normal duties of the park staff. The more individualized service provided by our team members will result in the additional charge, for instance, cleaning of restrooms and pulling of trash related to the event. These charges are expected to partially offset planned reductions in overtime funding based on pending changes to revenues from sales tax sourcing.
 - Fees for rentals of spaces at all facilities are being reviewed and increases as needed. The Parks and Recreation Department offers rental of spaces at the CORE, the Senior and Community Center and pavilions in the parks. Reviews of the existing fees associated with these rentals show that some are in need of adjustment. In particular, the Community Center rentals are below the market in price and becoming increasingly popular as a result. Added revenue can be realized as a result of bringing these fees to within market ranges.
 - Classes/program fees are being reviewed and adjusted to align with cost recovery goals.



- Proposed additional fee:
 - Fee to Food truck/vendor operators/per event. To date the food trucks serving at city events have not paid a fee to be there. A small fee of between \$50-\$300 is proposed to be assessed based on the size of the event and anticipated food truck/vendor revenue at the event.
 - Charges for individualized services at events - Bounce House access, face-painting, food (popcorn, cotton candy, etc.). Many people expect to pay a small fee when getting services such as these as they are usual and customary at events and festivals. The actual revenue potential cannot be adequately estimated because the utilization has never been counted and is likely to reduce when a fee is instilled.
 - Reviewing how fields are scheduled and utilized for possible additional city use and revenue potential. This potential revenue stream has far reaching implications and the department is not yet prepared to bring forth a recommended course of action. The city has invested millions in the youth sports facilities in town and gets very little financial return on that investment. Currently, the city has verbal agreements with the various youth sports associations to utilize the fields during their licensed usage times, with the caveat that this usage should be before or after their scheduled usage times during the day. The city currently schedules these times for a few adult athletic programs but does not go beyond that scope of use. There are many other entities that will gladly pay a fee to schedule use of the city facilities but use has been restricted for these organizations for the most part.
 - Added fee for group exercise classes at the CORE – based on level of usage/Pass type. Group exercise classes are extremely popular at the CORE and have historically been included in the cost of the pass or membership. A new fee is being recommended that will help to offset the direct cost of providing this service to a select group of pass holders. If one chooses to participate in group exercise classes, they would be able to add a rider to their pass, allowing unlimited access to this activity. The cost is proposed to be between \$15 a month to \$50 annually for an individual.
 - Implement a Season Pass to the outdoor pool. A Pass type that has not yet been offered, but has been suggested by patrons from time to time, is a seasonal Pass allowing unlimited access to the outdoor pool during specific times of the day. It is proposed that the fee for this Pass-type would be \$35 per person, per season.
 - Additional fee for weddings at the Community Center. The Senior and Community Center has become a very popular destination for weddings. The cost of renting the space is a big draw for future brides, who can utilize the multi-purpose room for less than \$1000 for an eight-hour rental, which is below most wedding venues in the area. The proposal is to add a flat fee of \$500 to the regular rental rate for weddings. In addition, many weddings spill out onto the outdoor patio, causing the Park Operations team to get involved in supporting the activity, increasing the cost of holding the event. These additional expenses to the city have historically not been recaptured. An added fee of another \$500 is proposed when the party wishes to utilize the outdoor space.



- Other Considerations:
 - The Arts Center will have a number of new fees that will be based on cost to provide service, market influences and cost recovery efforts.
 - The Rolling Oaks Memorial Center will be bringing a complete business plan to Council in the coming months, outlining fees for new products and services, as well as proposed policy changes to more align with locally accepted business practices.

Detailed estimates for increases**Total Estimated Revenue Increase**

Charges for additional event support:	\$8,000
Senior Center rental increases	\$40,000
CORE Rental increases	\$17,000
Program fees at the BEC	\$15,000
Program fees at the CORE	\$12,000

Detailed estimates for new fees

Food truck/vendor fees	\$4,000
Individualized special event services	\$5,000
Fee for Group Exercise at the CORE	\$40,000
Season Pass to outdoor pool	\$7,000
Wedding Fee @ Community Center	\$35,000

Total Estimated Increases***\$193,000**

*Added revenue estimates are based on participation levels holding steady with past levels. Participation will vary based on increases in fees alone, and when combined with potential reductions in service level, lower participation is expected to ensue. Estimated reduction in participation is not included in these revenue projections.



MEMORANDUM

To: Mayor and City Council

From: Kevin Richardson, Fire Chief

Date: February 25, 2020

Reference: Discussion on Fee Structure

2030: Goal 5 under Sustainable Government states “Financial Resources to Support City Services”

The Fire Department will be discussing two primary fee additions- consideration of adding emergency medical transport service to Cypress Waters and consideration of charging the insurance companies for automobile accidents that have Fire/EMS response. Both of these are new fees and staff is seeking direction regarding whether to continue moving forward with due diligence.

Emergency Medical Services Transports in Cypress Waters: The Coppell Fire Department has been approached by the City of Dallas to discuss the possibility of Coppell providing some services related to transports initiated in the Cypress Waters development during non-peak times. Call volume is estimated to be approximately 1-3 per day and each transport would represent a maximum of \$1,800 in revenue. Note that not all calls will result in transport. The Coppell Fire Department has capacity to accommodate this service. Should the Council desire to move forward, staff would continue discussions with the City of Dallas to develop an Interlocal Agreement that would outline the roles, responsibilities, and fee structure for that service.

Direct Billing of Insurance Carriers for Accident Response: This proposed fee addition is included as a philosophical discussion for the City Council. A few cities north of the Metroplex and throughout the country have considered direct billing of insurance carriers for accidents response. The Fire Department would assess fees to the various specialized services rendered during accident response calls and bill the insurance carriers direct for those services. The Fire Chief will be presenting more detailed information regarding this concept during work session.

It is also important to note that the City Council approved amended emergency medical services fees this past summer/fall. The additional revenue resulting from that fee change was not included in the adopted FY20 budget. The estimated additional billable amount was \$1.2 million. The Fire Department estimates that approximately \$600,000 would be collected as additional revenue.



MEMORANDUM

To: Mayor and City Council

From: Jennifer Miller, Director of Finance

Date: February 25, 2020

Reference: Credit Card Service Fees

2030: Sustainable City Government

Introduction:

The purpose of this item is to discuss the charging of service fees for use of a credit card.

Analysis:

Currently the City pays all costs associated with processing credit card payments, regardless of whether it is at the counter or online. The City-wide annual cost of providing this service is approximately \$200,000.

Governments and educational merchants are allowed to charge service fees. This fee can either be fixed or variable and can be assessed over all channels of payment.

The fee paid by the City averages 3% per transaction processed.

Legal Review:

This agenda item has been reviewed by legal as part of the agenda review process.

Fiscal Impact:

Approximately \$200,000 savings in expenditures.

Recommendation:

The Finance Department would recommend charging the service fees on credit card transactions.

CREDIT CARD FEES
BY DEPARTMENT / DIVISION
FY 2014 - FY 2019

	FY14	FY15	FY16	FY17	FY18	FY19
COURT	20,716.62	29,435.57	28,418.45	10,393.46	10,202.61	10,182.03
LIBRARY	92.59	455.55	259.61	900.12	1,424.91	1,614.75
POLICE					264.94	298.78
SHELTER	447.13	780.24	744.84	854.19	511.63	775.18
PARKS	71,596.58	90,670.86	54,063.44	58,688.86	61,798.94	68,419.33
INPECTIONS	15,089.04	20,639.18	18,406.51	12,902.80	13,653.99	20,894.00
ENVIRONMENTAL HEALTH	50.32	388.09	298.55	285.25	329.62	329.40
TAX		11.90				
PLANNING	350.61	347.91	506.24	390.64	329.40	329.40
ULILITY OPS	692.07	461.86	918.51	2,010.47	472.08	476.08
WATER BILLING	38,736.32	82,708.70	154,835.30	141,029.54	93,272.08	110,591.17
CEMETERY	15,721.17	17,114.65	14,173.58	9,843.99	7,574.58	8,466.60
Red Light	21,234.98	22,787.32	17,176.67	17,997.92	16,678.32	3,684.18
TOTAL CREDIT CARD FEES	<u>184,727.43</u>	<u>265,801.83</u>	<u>289,801.70</u>	<u>255,297.24</u>	<u>206,513.10</u>	<u>226,060.90</u>
General Fund	108,342.89	142,729.30	102,697.64	84,415.32	88,516.04	102,842.87
Water Fund	39,428.39	83,170.56	155,753.81	143,040.01	93,744.16	111,067.25
Cemetery	15,721.17	17,114.65	14,173.58	9,843.99	7,574.58	8,466.60
Red Light	<u>21,234.98</u>	<u>22,787.32</u>	<u>17,176.67</u>	<u>17,997.92</u>	<u>16,678.32</u>	<u>3,684.18</u>
	<u>184,727.43</u>	<u>265,801.83</u>	<u>289,801.70</u>	<u>255,297.24</u>	<u>206,513.10</u>	<u>226,060.90</u>



Memorandum

To: Mayor and City Council
From: Danny Barton, Chief of Police
Date: February 25, 2020
Reference: Police Department Fee Proposal

The Coppell Police Department provides services in which fees are required such as solicitor permits and police reports. A review of many of these fees has been conducted and compared with cities in the Dallas Fort Worth area. Although the fees proposed in this memorandum are increases, fees that are proposed to stay the same are not included.

Police Department

<u>Item</u>	<u>Current Fee</u>	<u>Proposed Fee</u>
Solicitor Permit	\$25 each	\$75 for first/\$20 additional
Police Reports	\$3 each	\$6 each
Accident Reports	\$3 each	\$6 each
Michael Morten CD's	\$1 each	\$10 each
Letters of Good Conduct	Free	\$40 total (usually 2 copies needed)



Memorandum

To: Mayor and City Council

From: Danny Barton, Chief of Police

Date: February 25, 2020

Reference: **Animal Services Fee Proposal**

The below proposals concerning fees at the Coppell Animal Shelter have been determined by comparing related fees to several cities in the Dallas/Fort Worth area. Below are the proposed future fees. Current fees are attached on a separate document.

Adoptions

Adult cat (over 6 months)- \$50

Kitten (under 6 months)- \$75

Adult Dog (over 6 months)- \$85

Puppy (under 6 months)- \$100

Animal Surrender fees

Cat: \$20 if already altered (documentation required)

\$30 if unaltered

Dog: \$30 if altered (documentation required)

\$50 if unaltered

Animal License Fees

No proposed change

Animal Quarantine/Rabies testing

No proposed change

Impound and related fees

1st Impound: \$30 *no price difference based on if the animal is spayed or neutered

2nd Impound: \$50

3rd Impound: \$80

4th Impound \$ 120 (same as current)

Disposition of Animals

Euthanasia

Any animal: \$50

Disposal:

No proposed change

Rental of Live Animal Trap

Any size trap for 10 days: \$20 non-refundable

*Many cities charge a “deposit” which later must be refunded to the customer. In order to make it easier from a finance standpoint as well as recoup potential loss due to damage of the traps (which is common), this would be a fee rather than a deposit.

Animal Services Fees

Adoptions

Cat: \$50

Dog: \$75

Animal Surrender Fees

Cat: \$20

Dog: \$30

Animal License Fees

Dog/Cat 3-6 months old: \$5

Dog/Cat Altered, 12 month: \$10

Dog/Cat Altered, 36 month: \$25

Dog/Cat Unaltered, 12 month: \$20

Dog/Cat Unaltered, 36 month: \$50

Dangerous Dog: \$100 yearly

Miniature Swine: \$5

Senior (Age 65+)=Dog/Cat Altered-5.00/10.00

Unaltered-1yr-20.00—3yr-50.00

Animal Quarantine/Rabies testing

Shelter Quarantine: \$18 per day

Rabies testing: \$55 (in addition to application
Euthanasia fees)

Home Quarantine: \$30 to be paid up front

Impound and related fees

(Impoundment is calculated per 12 month
period)

First Impound, Altered: \$15

First Impound, Unaltered: \$20

Second Impound, Altered: \$30

Second Impound, Unaltered: \$40

Third Impound, Altered: \$60

Third Impound, Unaltered: \$80

Fourth Impound, Altered: \$120

Fourth Impound, Unaltered: \$160

Daily Boarding/Handling fee: \$12 per day/night

Disposition of Animals

Euthanasia:

Cats: \$20

Dogs under 25lbs: \$25

Dogs over 25lbs: \$30

Disposal:

Cats: \$20

Dogs under 25lbs: \$25

Dogs over 25lbs: \$30

Removal of deceased animal from private
property: same as disposal



MEMORANDUM

To: Mayor and City Council

From: Luay Rahil, Assistant Director of Community Development
Suzanne Arnold, Chief Building Official

Date: March 10, 2020

Reference: Consider a revision to building permit and rental registration fees

2030: Special Place to Live

Executive Summary:

The Community Development Department maintains the health, safety, and integrity of our community. To continue to serve our community better, staff examined our fee schedule and staff identified multiple fees that need to be revised. The majority of the building permitting / inspection fees have not been revised for more than 10 years. The rental registration / inspections fees were initiated last year without an actual cost to benefit analysis or cost recovery study.

Changes Include:

Single Family Rental Permit Fee
Single Family Rental Inspection Fee
Single Family Home Construction
Commercial New Construction
Commercial Alterations
Commercial Shell Buildings
Hotels/R-1 Construction
Commercial Demolition
Certificate of Occupancy
Spa or Above-Ground Pool
Irrigation

Retaining Walls
Water Heaters
Plan Review
Reinspection Fee (footnote)
Board of Adjustment Application Fee

Introduction:

Single-Family Rental Permit Fee and Inspection Fee

There is an increase in the demand for single-family rental homes around the country and the City of Coppell. There are two reasons for the increase in demand. Young adults are not buying homes as early as the generation that proceeded them, and home prices are increasing rapidly where most people cannot afford to buy homes.

The City of Coppell house count for December 2019 was 11,826 homes, and of these 1,248 homes were rental properties. This number is predicted to rise higher for the reasons mentioned above.

The City of Coppell requires that all rental properties located in the city be registered. Rental properties must be registered on or before January 31 of each year or upon becoming a rental property and must be inspected before a tenant move in or tenant change.

The current single-family rental permit fee and inspection fee is \$25 each. After a cost recovery study and trend analysis. Staff is proposing to raise the fee to \$50 for the permit fee, and \$40 for the inspection fee.

Building Inspection Fees

Except for a few residential building permit fees that were revised in 2019 in response to House Bill 852, the Building Inspections Division has not revised its schedule of fees since September of 2010.

Our goals in revising our permit fees are to receive justified compensation for the level of services that we provide, and to formulate fees that approximate the average of our neighboring cities.

For this study, our comparison cities are Lewisville, Carrollton, Grapevine, Irving, Flower Mound, and Southlake. For comparison, we took a sample pool of 14 commercial alteration permits and 19 commercial new construction permits from 2019, plus three recent hotels, and calculated what the permit fees would have been for each of the comparison cities. We used a pool of 21 single-family residential permits to make the same line-item comparison.

Our goal was to devise new fees that came close to the average of our neighbors. We found that our total commercial fees from the sample permits were about 26.5% below the average of the comparison cities. Our fees for new homes were about 13% below average.

Our current fee structure for commercial projects is cumbersome. None of the cities studied had a fee structure as complicated as Coppell's. There is currently a different fee structure for different work classes. They involve a scaled base permit fee, plus a scaled fee for each of the three trades, plus a plan review fee. Community Development is proposing to apply a uniform fee structure based on project valuation for all commercial permits. We believe that the valuation is sufficient to indicate the scale and the scope of our services that will be required. This new fee structure is a scaled system with fee calculations for ranges of valuations, using a starting number plus cost per additional \$1000. The plan review fee would be a percentage of the permit fee and will be due at the time of submittal. Unlike our current system, the proposed plan review fee will be a portion of the permit fee (40%), as opposed to being in addition to the fee. We found that most of the comparison cities used a similar system.

We believe that the simplified fees will make future market adjustments much easier so that we can be more agile in cost recovery going forward.

Analysis:

Commercial

The new commercial fees resulted in a 29% increase in the total fees of the permits that we studied. The proposed change puts our bottom line about 2% above the average of our comparison cities. The new fees for commercial alterations, additions, demolition, new construction, finish-outs, shell buildings, and hotels are as follows:

New Construction, Additions, Alterations, Repairs and Demolition for Non-Residential*

<u>Value of Construction</u>	<u>Permit Fee</u>
\$1-\$10,000	\$100 + \$15.78 for every \$1000 over \$1000 (was \$105)
\$10,001-\$25,000	\$242 + \$18.76 for every \$1000 over \$10,000
\$25,001-\$50,000	\$522 + \$13.52 for every \$1000 over \$25,000
\$50,001-\$100,000	\$860 + \$9.34 for every \$1000 over \$50,000
\$100,001-\$500,000	\$1327 + \$7.47 for every \$1000 over \$100,000
\$500,001-\$1,000,000	\$4317 + \$6.43 for every \$1000 over \$500,000
\$1,000,001 or more	\$7532 + \$4.20 for every \$1000 over \$1,000,000

Residential

The new single-family residential fees resulted in a 10% increase in total fees for the permits that we studied. This change would make Coppell about 2.5% below the average of the comparison cities. The revised new single-family permit fees are as follows:

New Single-Family Residential

<u>Square Footage</u>	<u>Permit Fee</u>
1,500 or less	\$1,487
1,501 to 2,000	\$1,607
2,001 to 2,500	\$1,727
2,501 to 3,000	\$1,800
3,001 to 3,500	\$1,935
3,501 to 4,000	\$2,039
4,001 to 4,500	\$2,143
4,501 or more	\$2,247

Miscellaneous

Additional revised fees are as follows:

- Certificate of Occupancy fee increases from \$50 to \$75 to be more in line with neighboring cities
- Spa or Above Ground Pool fee increases from \$110 to \$200 to be more in line with neighboring cities
- Lawn Sprinkler fee increases from \$60 to \$80 to match the miscellaneous plumbing fee established in 2019
- Water Heater fee increases from \$50 to \$80 to match the miscellaneous plumbing fee established in 2019
- Existing Retaining Wall fee is \$25 per 100 feet; we are keeping that rate and establishing a minimum of \$50 for the fee
- For Reinspection Fees, we corrected the building code reference in the footnote and added language indicating that a reinspection fee will be charged for excessive trips for partial inspections (automatically assessed for inspections in excess of three per inspection type)
- Plan Review fee for non-residential submittals is 40% of the total commercial permit fee

The remainder of the building permit and registration fees shall remain the same.

Legal Review:

The documents were reviewed by Bob Hager at NJDHS.

Fiscal Impact:

N/A

Recommendation:

Community Development recommends approval of these revised permit fees with immediate effect.