



INFORMATION PACKET MEMORANDUM

To: Mayor Osborne and City Council

From: Jane S. Brautigam, City Manager
Paul J. Fetherston, Deputy City Manager
Maureen Rait, Executive Director for Public Works
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Date: August 16, 2011

Subject: Information Item: Proposed Fee Changes for 2012

EXECUTIVE SUMMARY

This memorandum clarifies the City of Boulder's (the "city") policy regarding debt coverage, describes the city's current practice of codifying updates to fees, and summarizes changes to city fees, including most of the city's user charges and utility rates, proposed as part of the 2012 Budget process.

The summary on changes to city fees addresses impacts on both the average consumer of the service (individuals, families, and businesses receiving city services) and on the department administering the services. Staff will be prepared to answer questions from City Council at the September 13 study session on the City Manager's 2012 Recommended Budget.

FISCAL IMPACT

Based on current estimates of services to be delivered in 2012, the aggregate changes to city revenues noted in this memorandum are projected to generate an additional \$1.4 million or 3.3 percent of 2011 budgeted revenues. These additional revenues will generally keep pace with increases in costs that will be incurred by the city in providing services to residents and businesses in 2012.

COMMUNITY SUSTAINABILITY ASSESSMENTS AND IMPACTS

- **Economic:** While some changes to fees will increase costs to businesses and households in Boulder, the updated fees will better reflect the city's costs of providing the service. Setting prices closer to costs will maintain an optimal allocation of city and private resources in 2012 and future years.

- Environmental: Changes to some of the city's fees and fee policies are necessary for service providers to invest in new equipment and materials as they become available instead of continuing use of aging equipment and cheaper materials that may have higher carbon content, higher pollution factors, or other negative sustainability impacts.
- Social: Many of the changes to fees described here have been discussed with designated city boards, advisory committees, and other representatives of affected communities. Other changes have significant public education efforts that will accompany the proposed action.

BACKGROUND

The continued enhancements to transparency in the city's budget remains a priority. Starting in 2010, the city produced operating and capital budget documents designed to communicate priorities in a user friendly format, with decisions linked to those priorities. The city also increased transparency by using the Priority Based Budgeting process during the creation of the 2011 Budget. This year, the 2012 Recommended Budget is being developed with many of the same features.

Additionally, various questions and budget-related issues have also been identified by the City Council in recent years and were discussed during its January 2011 retreat, including:

1. The need to update the 1994 Comprehensive Fee Study, including an evaluation of cost recovery policies and subsidies;
2. Questions raised about city fees (including Public Infrastructure Fees or PIFs) paid by city projects;
3. Annexation-related fees and waivers;
4. Fee waivers for affordable housing;
5. Practices for codifying city fees; and
6. Policies related to debt-coverage.

In response to feedback from City Council, the 2012 Budget process will address the items 5 and 6 in the list above, including policies on debt coverage and the practice of codifying most city fees. Fee waivers, annexation-related fees, the obligation of city projects to pay city fees, and a full examination of city cost recovery are issues that require more extensive analysis. Those issues will be addressed in 2012 as part of the 2013 Budget process.

While the 1994 Comprehensive Fee Study has not been updated, fees have been analyzed in specific areas as part of program evaluations. Examples include fee reviews undertaken in Parks & Recreation and in the Planning & Development Services area/Fund. A selective fee review strategy will continue during 2012 and 2013. A citywide comprehensive update to the 1994 study is anticipated to follow the replacement of the Boulder Finance System (BFS) in 2014.

This memorandum provides information related to the city's debt coverage policy and changes to fee schedules for the following five departments / divisions:

- Downtown and University Hill Management Division / Parking Services (DUHMD/PS)
- Parks & Recreation
- Public Works / Development & Support Services
- Public Works / Transportation
- Public Works / Utilities

CITYWIDE REVENUE AND FEE ISSUES

Rate Covenants and Revenue/Expenditure Coverage Tests for Bonds

When the city issues bonds, certain conditions or agreements are included in the bond ordinance that is passed by the City Council. These agreements are called bond covenants and are conditions that the city agrees to follow while the bonds are outstanding.

One covenant defines how principal and interest are paid. Another covenant defines a coverage ratio that measures the revenue available for debt payments. The coverage ratio will vary depending on the risk associated with the bonds.

As an example, bonds issued with a general obligation pledge may have a lower coverage ratio, because the Council has the authority to raise the property tax mill levy and generate additional revenue to make debt payments without holding a vote of the electorate. Such authority is given to the Council in voter approval of the bond measure at the ballot. For revenue bonds, covenants obligate the city to raise fees if the ratio falls below the defined coverage amount.

The coverage ratio for the city is often set at 125 percent. Each year, the city's operating revenues less operating and maintenance expenses must exceed the annual debt obligations (principal and interest amounts for all of a fund's outstanding bonds) by at least 25 percent and must remain that way over a five year horizon. The same coverage calculation is also used by the city in evaluating whether to issue any new bonds, because rating agencies want to see the ratio with and without the principal and interest payments of the new bonds. The 125 percent coverage level is the minimum required.

To maintain the high AA+ rating or AAA rating that the city currently holds, the coverage ratio is preferably greater than 200 percent. The higher ratio indicates that the fund which is the source of repayment of the bonds is a financially stronger fund. The higher 200 percent ratio also indicates that the fund can absorb impacts of lower revenues than projected without jeopardizing debt payments.

A city with a higher bond rating will benefit from a lower interest rate on the bonds. Similarly, if the debt is a revenue bond, the fees charged to city customers can be lower.

The reserve dollars held by a fund are not used in the ratio calculations. Reserves are not considered operating revenues but are considered separately (along with other criteria) by the rating agencies in evaluating the city's financial condition and assigning a bond rating.

Current Practice for Codifying Fees and Council Options

For many years, the city has integrated the annual budget process with an annual update of most of the city's fees, including utility rates, development review fees, building safety fees, and recreation user charges. Fee administration is important to the budget, because budget assumptions rely on projections of future year fee revenues to help the city recover the costs of providing certain services.

In the budget process, the Council receives information about new fees and changes to existing fees during the first reading of the budget ordinance, with a few notable exceptions. In recent years, changes to utility and recreation fees have come before the Council in separate, earlier study sessions.

Action by Council on revised fees takes the form of a vote on an ordinance containing amendments to Chapter 4-20, Boulder Revised Code 1981, and other sections of the code referencing the fee schedules in Section 4-20. A public hearing may be conducted for each reading of the proposed amendments. Coordinated by the Budget Division of the Finance Department at the direction of the City Manager, each department prepares amendments of different sections of the code in consultation with the City Attorney's Office.

When fee updates for all departments can be addressed concurrently, the process can be represented by the following steps:

1. **IP Stage.** Information packet for Council on fee changes in advance of Recommended Budget study session(s);
2. **Study Session Stage.** After distribution of the City Manager's Recommended Budget, a study session that includes discussion of fee updates;
3. **First Reading Stage.** A first reading of an ordinance amending Chapter 4-20, Boulder Revised Code 1981 concurrent with the budget ordinance; and
4. **Additional Readings Stage.** A second (and third, if required) reading of the Section 4-20 ordinance followed by adoption, also concurrent with the budget ordinance.

There are other options for Colorado cities to update their fee schedules (see **Table 1**, below). With a few exceptions, the City of Boulder adopts new fees or updates existing fees through an ordinance and public hearing process.

A survey of Boulder's neighboring municipalities shows that many cities have fees set using more abbreviated legislative processes such as Council-approved resolutions or ordinances without public hearings. Other neighbors provide for an administrative process to update or adopt new fees. In a solely administrative process, the best practices ask the City Manager to provide the same analysis of service costs that must be the basis of a fee, notify the community of the changes in fees, and provide access to easily understood fee schedules so that the calculated fee for any customer is clear and fair.

Table 1

Comparison of Boulder to Neighboring Cities, Fee Updates

City	Fee Update or New Fee Adoption Processes ¹			
	Administratively Set by Staff	Resolution Approved by Council	Ordinance Approved by Council	Public Hearing Held by Council
BOULDER			■	■
Arvada	■		■	
Broomfield	■		■	
Denver	■ ²			
Erie	■		■	
Fort Collins	■ ³		■	
Lafayette	■	■		
Longmont	■	■	■	■ ⁵
Louisville		■		
Superior	■	■		■ ⁶
Westminster	■	■	■ ⁴	

Notes:

¹Fee adoption and update processes shown are the major processes for the largest sets of fees in each city. A different process may apply for adopting or updating particular fees.

²Council addresses larger fee proposals only.

³Most fees set administratively.

⁴City makes an effort to avoid ordinances in setting fees.

⁵Council addresses larger fee proposals only.

⁶Public hearings on fees concurrent with budget hearings.

There are advantages and disadvantages to each use of a city’s administrative and legislative authority. Council may wish to consider how different pathways to updating fees supports or detracts from three critical public values:

1. **Transparency.** The public is best served by an open, fully documented discussion of new and updated fees. The public desires easy access to fee schedules with enough detail to have confidence in the basis of the fee and the way it is calculated for different customers. Easy access for some members of the public may suggest the placement of fees in the city code; for others, easy access and comment may involve an outreach program and smart use of city webpages to provide current fee information.
2. **Flexibility.** A city can best manage public resources by pricing some of its services dynamically, that is, in response to volatile market pricing such as construction materials (steel, petroleum products, etc.) or real estate values. Annual updates or fixed schedules of certain fees may place the city at a disadvantage in cost recovery, causing the city to incur excess revenues or excess expenditures. Real estate pricing for assets leased or sold by the city is an example of a process that is not confined to a rigid fee schedule, but allowed to happen through negotiation between facility users and the city. One reason for this process is that real estate prices may change significantly between the any two quarters of given calendar year.
3. **Efficiency.** The public is best served by an organization that does not expend several tens of thousands of dollars on staff time updating its fees when an effort one half or one quarter the size could accomplish largely the same objectives. Important variables include the number of staff that are assigned to update fees, the number of meetings required to finalize the fees, and the length of the process in weeks or months to produce an updated fee schedule.

If desired by Council, a more thorough evaluation of policy options, and impacts on transparency, flexibility, and efficiency can follow the adoption of the 2012 Budget or coincide with the preparation of the 2013 Budget.

CHANGES TO FEES BY DEPARTMENT

Downtown University Hill Management District (DUHMD/PS)

Scheduled Biennial Rate Increase for Long-Term Parking and Mall Permits

The DUHMD/PS has included a scheduled biennial rate increase for long-term parking permits in Downtown garages, Downtown lots, and University Hill lots in its 2012 budget.

As shown in **Table 2**, this change is recommended to keep the city's permit rates competitive with Downtown and University Hill parking. The city's rates are compared to current market rates for private parking. A guiding principle for setting DUHMD/PS rates is to set rates below those of private parking facilities. Proposed rate changes also help the two infrastructure districts, CAGID and UHGID, keep pace with rising costs of personnel, utilities and maintenance required to provide district services.

Table 2

**Downtown and University Hill Management Division/Parking Services
Changes Proposed to City Fees, Rates, and Charges**

Name of Fee, Charge, or Rate	Current Level	Proposed 2012 Level	Units	Absolute Change
Parking Permits				
Downtown Garage Long Term Parking Permit	\$ 265.00	\$ 275.00	per permit/er quarter	4%
Downtown Lot Long Term Parking Permit	163.00	170.00	per permit/er quarter	4%
University Hill Lot Long Term Parking Permit	155.00	161.00	per permit/er quarter	4%
Mall Permits/Fees				
Mobile Vending Carts	\$ 1917.00	\$ 1970.00	annual fee	3%
Ambulatory/Personal Service Permit	96.00	98.50	monthly fee	3%
Electricity Event Fee	16.50	17.00	per day	3%
Entertaining Vending Permit	13.25	13.50	per month	2%
Newsbox on mall	62.00	63.50	annual per box fee	2%
Newsbox off mall	89.00	91.50	annual per box fee	3%

Rate increases are also balanced with demand. As of April 2011, all garages and lots have wait lists for long-term parking permits except for 14th/Walnut (Regional Transit District). DUHMD/PS anticipates that as the commercial real estate outlook improves, the wait lists will grow and demand for permits will increase.

Public Process

Notifications of any rate changes will be distributed to all permit holders with fourth quarter renewals (which are mailed in September), a notice of fee increase will be posted in the garages, and cars in the parking lots will receive a flyer announcing the increase. The goal is to provide customers plenty of time to budget for 2012 expenses.

Impact of Proposed Fees on Department

Table 3 estimates the changes to each fee’s annual revenues, which will be used to cover higher costs incurred by the department in providing district services.

Table 3

Downtown and University Hill Management Division/Parking Services Department Revenue Impacts

Name of Fee, Charge, or Rate	2011 Budgeted Revenues	2012 Budgeted Revenues	Absolute Change
Parking Permits			
Downtown Garage Long Term Parking Permit	\$2,179,360	\$2,277,000	4%
Downtown Lot Long Term Parking Permit	172,920	177,480	3%
University Hill Lot Long Term Parking Permit	36,580	37,996	4%
Subtotal, Parking Permits	\$2,388,860	\$2,492,476	4%
Mall Permits/Fees			
Mobile Vending Carts	\$23,004	\$25,610	11%
Ambulatory/Personal Service Permit	3,500	3,500	0%
Electricity Event Fee	150	150	0%
Entertaining Vending Permit	200	200	0%
Newsbox on mall	5,429	5,116	-6%
Newsbox off mall	3,774	3,734	-1%
Subtotal, Mall Permits/Fees	\$36,057	\$38,310	6%
TOTAL	\$2,424,917	\$2,530,786	4%

Parks & Recreation

Recreation and Facility Fee Changes (Rental, Membership, and Daily Admission Fees)

The Parks and Recreation Department administers a schedule of user fees to recover a share of the cost of providing park and recreation facilities and programs. Parks and Recreation intends to establish fees using the following approaches:

- A. Guiding Principles outlined in the 2010 Recreation Program and Facilities Plan (RPFPP);
- B. Membership fee calculations outlined in the department's 2011 budget submission; and
- C. Market rates for comparable facilities.

To implement the RPFPP, the department reviews all rental, membership and daily admission fees. The fee review has the following objectives:

1. Achieve cost recovery goals outlined in the RPFPP by setting rental, membership, and daily fees in the following categories:
 - a. Daily admission and membership fees for the three recreation centers
 - b. Daily admission and membership fees for the outdoor pools
 - c. Daily admission, membership, and boat permit fees for Boulder Reservoir

- d. Golf round fees
 - e. Rental fees for recreation center rooms, indoor and outdoor pools, picnic areas and mooring spaces at the reservoir, and sports fields
 - f. Park and shelter rentals
2. Increase revenue to further stabilize the Recreation Activity Fund (RAF); and
 3. Offset park land maintenance costs.

Some of the existing Parks and Recreation rental fees have not been changed for over 10 years. When fees are increased, some user groups will be impacted, including regular patrons of the recreation centers. The department has carefully monitored how higher fees can impact usage of city facilities.

In 2011, the department implemented Council- and PRAB-approved increases to daily entry and membership fees for the three recreation centers and daily admission fees for the outdoor pools and the Boulder Reservoir. As of June 2011, annual pass revenues are down 13% from last year, yet the number of patron visits across the three centers is only down 5%. It is difficult to determine the specific cause of the decrease in revenue, as certainly some decline is expected due to a spike in sales during December of 2010.

Near the end of 2010, the department advertised the upcoming fee changes to allow patrons the opportunity to pre-purchase passes at 2010 prices, and a large number of annual passes were sold in December 2010. The department received very little negative feedback, probably as a result of proactive outreach efforts. Revenues will continue to be monitored and analyzed to determine the effect of the 2011 fee increases.

Table 4 lists the changes to each fee proposed as part of the 2012 Recommend Budget.

Table 4

PARKS & RECREATION Proposed Fee Changes

Name of Fee	Current Level	Proposed 2012 Level	Units	Absolute Change
Rec Center Daily Admission: Adult	\$ 6.75	\$ 7.00	Per day	4%
Rec Center Daily Admission: Senior	5.00	5.25	Per day	5%
Rec Center Daily Admission: Youth	4.25	4.50	Per day	6%
Rec Center Annual Pass: Adult Resident	532.00	552.00	Per year	4%
Rec Center Annual Pass: Adult Non-Resident	645.00	645.00	Per year	0%
Rec Center Annual Pass: Senior Resident	336.00	353.00	Per year	5%
Rec Center Annual Pass: Senior Non-Resident	424.00	445.00	Per year	5%
Rec Center Annual Pass: Youth Resident	248.00	260.00	Per year	5%
Rec Center Annual Pass: Youth Non-Resident	314.00	330.00	Per year	5%
Youth Basketball Pass	20.00	25.00	Per school year	25%
Rec Center 40 Punch: Adult Resident	216.00	224.00	Per day	4%
Rec Center 40 Punch: Adult Non-Resident	238.00	247.00	Per day	4%
Rec Center 40 Punch: Senior Resident	160.00	168.00	Per day	5%
Rec Center 40 Punch: Senior Non-Resident	176.00	185.00	Per day	5%
Rec Center 40 Punch: Youth Resident	136.00	144.00	Per day	6%
Rec Center 40 Punch: Youth Non-Resident	150.00	159.00	Per day	6%
Rec Center 20 Punch: Adult Resident	115.00	119.00	Per day	3%
Rec Center 20 Punch: Adult Non-Resident	126.00	131.00	Per day	4%
Rec Center 20 Punch: Senior Resident	85.00	89.00	Per day	5%
Rec Center 20 Punch: Senior Non-Resident	94.00	99.00	Per day	5%
Rec Center 20 Punch: Youth Resident	72.00	76.00	Per day	6%
Rec Center 20 Punch: Youth Non-Resident	79.00	84.00	Per day	6%
Rec Center 10 Punch: Adult Resident	61.00	63.00	Per day	3%
Rec Center 10 Punch: Adult Non-Resident	67.00	69.00	Per day	3%
Rec Center 10 Punch: Senior Resident	45.00	47.00	Per day	4%
Rec Center 10 Punch: Senior Non-Resident	49.00	51.00	Per day	4%
Rec Center 10 Punch: Youth Resident	38.00	40.00	Per day	5%
Rec Center 10 Punch: Youth Non-Resident	42.00	45.00	Per day	7%
Outdoor Pool Daily Admission: Adult	6.00	6.25	Per day	4%
Outdoor Pool Daily Admission: Senior	4.00	4.25	Per day	6%
Outdoor Pool Daily Admission: Youth	3.50	3.75	Per day	7%
Splash Pass: Adult Resident	120.00	132.00		10%
Splash Pass: Adult Non-Resident	150.00	150.00	Memorial Day to Labor	0%
Splash Pass: Senior Resident	80.00	90.00	Day	13%
Splash Pass: Senior Non-Resident	100.00	100.00		0%
Splash Pass: Youth Resident	80.00	88.00		10%
Splash Pass: Youth Non-Resident	100.00	100.00	Memorial Day to Labor	0%
Splash Pass: Family Resident	240.00	264.00	Day	10%
Splash Pass: Family Non-Resident	300.00	300.00		0%
Golf Course Mon-Thu Round: Adult 9 Holes	19.00	22.00	Per 9 Holes	16%

Proposed Fee Changes, cont.

Name of Fee	Current Level	Proposed 2012 Level	Units	Absolute Change
Golf Course Mon-Thu Round: Adult 18 Holes	\$ 29.00	\$ 34.00	Per 18 Holes	17%
Golf Course Fri-Sun/Hol Round: Adult 9 Holes	21.00	24.00	Per 9 Holes	14%
Golf Course Fri-Sun/Hol Round: Adult 18 Holes	34.00	39.00	Per 18 Holes	15%
Rec Center Half Gym Rental: Resident	25.00	40.00	Per Hour	60%
Rec Center Half Gym Rental: Non-Resident	31.00	50.00	Per Hour	61%
Rec Center Full Gym Rental: Resident	50.00	80.00	Per Hour	60%
Rec Center Full Gym Rental: Non-Resident	63.00	100.00	Per Hour	59%
Rec Center Room Rental: Resident	25.00	30.00	Per Hour	20%
Rec Center Room Rental: Non-Resident	31.00	37.00	Per Hour	19%
Rec Center Lap Lane Rental: Resident	20.00	22.00	Per Hour	10%
Rec Center Lap Lane Rental: Non-Resident	24.00	28.00	Per Hour	17%
Rec. Center Tennis Court Rental	6.25	7.00	Per 90 Minutes	12%
Rec. Center Platform Tennis Court Rental	6.25	7.00	Per 90 Minutes	12%
Rec. Center Tennis Court Lights	N	1.00	Per 30 Minutes	N
Rec. Center Volleyball Courts	25.00	30.00	Per Hour	20%
Eben G. Fine Park Shelter: Resident	50.00	100.00	Per 3 Hours	100%
Eben G. Fine Park Shelter: Non-Resident	65.00	125.00	Per 3 Hours	92%
Foothills Park Shelter Rental: Resident	50.00	100.00	Per 3 Hours	100%
Foothills Park Shelter Rental: Non-Resident	65.00	125.00	Per 3 Hours	92%
Martin Park Shelter Rental: Resident	50.00	100.00	Per 3 Hours	100%
Martin Park Shelter Rental: Non-Resident	65.00	125.00	Per 3 Hours	92%
North Boulder Park Rental: Resident	50.00	100.00	Per 3 Hours	100%
North Boulder Park Rental: Non-Resident	65.00	125.00	Per 3 Hours	92%
Tom Watson Park 100 Max: Resident	100.00	200.00	Per 3 Hours	100%
Tom Watson Park 100 Max: Non-Resident	130.00	250.00	Per 3 Hours	92%
Tom Watson Park 250 Max: Resident	200.00	400.00	Per 3 Hours	100%
Tom Watson Park 250 Max: Non-Resident	260.00	500.00	Per 3 Hours	92%
Bandshell Special Event: 50-350 People	200.00	300.00	Per day	50%
Bandshell Special Event: 351-3k People	200.00	900.00	Per day	350%
Park Special Event 50-350 People	100.00	300.00	Per day	200%
Park Special Event 351-3K People	100.00	900.00	Per day	800%
Park Special Event 3k-10k People	100.00	1,050.00	Per day	950%
Park Special Event 10k-25k People	100.00	2,000.00	Per day	1900%
Park Special Event 25k+ People	100.00	3,800.00	Per day	3700%

LEGEND:

N = no current City of Boulder fee

Public Process

As displayed in **Table 5**, the department updates its fees through two regulatory pathways: codified and non-codified.

Table 5

Fee Update Mechanisms for Parks & Recreation

Fee Type	Examples	Review Body 1	Public Comment Period?	Review Body 2	Public Comment Period?
Codified	Recreation center, pool, reservoir, and golf entry fees	Parks and Recreation Advisory Board	Yes	City Council	Yes
Non-Codified	Park and recreation facility rental charges; other fees for rec center, pool, reservoir, and golf facilities	Parks and Recreation Advisory Board	Yes	None	

For the non-codified parks and recreation fees, the department reports that the following steps in the 2011 review and update of its user fees have been completed:

1. Conduct additional research of fees that other municipalities are assessing for similar amenities;
2. Discuss fee changes with PRAB;
3. Host administrative hearing seeking comments on proposed fees;
4. Receive a recommendation from PRAB on the proposed fees; and
5. Complete revenue projections for the department’s 2012 Recreation Activity Fund budget submittal.

Impact of Proposed Fees on Department

Table 6 estimates the changes to each fee’s annual revenues, which will be used to cover higher costs incurred by the department to provide recreation services.

Table 6

PARKS & RECREATION Department Revenue Impacts

Name of Fee	2011 Budgeted Revenues	2012 Budgeted Revenues	Absolute Change
Rec Center Daily Admission: Adult	\$ 242,407	\$ 251,385	4%
Rec Center Daily Admission: Senior	22,604	23,734	5%
Rec Center Daily Admission: Youth	113,728	120,418	6%
Rec Center Annual Pass: Adult Resident	224,289	232,721	4%
Rec Center Annual Pass: Adult Non-Resident		E	
Rec Center Annual Pass: Senior Resident	128,135	134,618	5%
Rec Center Annual Pass: Senior Non-Resident	23,601	24,770	5%
Rec Center Annual Pass: Youth Resident	17,681	18,537	5%
Rec Center Annual Pass: Youth Non-Resident	3,196	3,359	5%
Youth Basketball Pass	1,540	1,925	25%
Rec Center 40 Punch: Adult Resident	127,392	132,110	4%
Rec Center 40 Punch: Adult Non-Resident	20,677	21,459	4%
Rec Center 40 Punch: Senior Resident	45,890	48,185	5%
Rec Center 40 Punch: Senior Non-Resident	13,690	14,390	5%
Rec Center 40 Punch: Youth Resident	22,110	23,411	6%
Rec Center 40 Punch: Youth Non-Resident	3,694	3,916	6%
Rec Center 20 Punch: Adult Resident	155,081	160,475	3%
Rec Center 20 Punch: Adult Non-Resident	38,974	40,521	4%
Rec Center 20 Punch: Senior Resident	28,829	30,186	5%
Rec Center 20 Punch: Senior Non-Resident	8,221	8,658	5%
Rec Center 20 Punch: Youth Resident	29,670	31,318	6%
Rec Center 20 Punch: Youth Non-Resident	6,019	6,400	6%
Rec Center 10 Punch: Adult Resident	120,264	124,207	3%
Rec Center 10 Punch: Adult Non-Resident	31,398	32,335	3%
Rec Center 10 Punch: Senior Resident	12,752	13,319	4%
Rec Center 10 Punch: Senior Non-Resident	4,693	4,885	4%
Rec Center 10 Punch: Youth Resident	21,375	22,500	5%
Rec Center 10 Punch: Youth Non-Resident	4,751	5,090	7%
Outdoor Pool Daily Admission: Adult	72,540	75,563	4%
Outdoor Pool Daily Admission: Senior	2,952	3,137	6%
Outdoor Pool Daily Admission: Youth	33,396	35,781	7%
Splash Pass: Adult Resident	11,482	12,630	10%
Splash Pass: Adult Non-Resident	2,115	2,115	0%
Splash Pass: Senior Resident	200	225	13%
Splash Pass: Senior Non-Resident	0	0	
Splash Pass: Youth Resident	1,421	1,563	10%
Splash Pass: Youth Non-Resident	60	60	0%
Splash Pass: Family Resident	16,147	17,762	10%
Splash Pass: Family Non-Resident	2,490	2,490	0%
Golf Course Mon-Thu Round: Adult 9 Holes	53,424	61,859	16%

Impact of Proposed Fees on Department, cont.

Name of Fee	2011 Budgeted Revenues	2012 Budgeted Revenues	Absolute Change
Golf Course Mon-Thu Round: Adult 18 Holes	\$ 39,475	\$ 46,281	17%
Golf Course Fri-Sun/Hol Round: Adult 9 Holes	35,275	40,314	14%
Golf Course Fri-Sun/Hol Round: Adult 18 Holes	88,042	100,989	15%
Rec Center Half Gym Rental: Resident	9,169	14,670	60%
Rec Center Half Gym Rental: Non-Resident	1,371	2,211	61%
Rec Center Full Gym Rental: Resident	4,413	7,061	60%
Rec Center Full Gym Rental: Non-Resident	100	159	59%
Rec Center Room Rental: Resident	4,056	4,867	20%
Rec Center Room Rental: Non-Resident	310	370	19%
Rec Center Lap Lane Rental: Resident	500	550	10%
Rec Center Lap Lane Rental: Non-Resident	200	233	17%
Rec. Center Tennis Court Rental	N	E	
Rec. Center Platform Tennis Court Rental	N	E	
Rec. Center Tennis Court Lights	N	E	
Rec. Center Volleyball Courts	200	240	20%
Eben G. Fine Park Shelter: Resident	3,800	7,600	100%
Eben G. Fine Park Shelter: Non-Resident	635	1,221	92%
Foothills Park Shelter Rental: Resident	6,200	12,400	100%
Foothills Park Shelter Rental: Non-Resident	1,170	2,250	92%
Martin Park Shelter Rental: Resident	3,500	7,000	100%
Martin Park Shelter Rental: Non-Resident	0	0	
North Boulder Park Rental: Resident	4,700	9,400	100%
North Boulder Park Rental: Non-Resident	390	750	92%
Tom Watson Park 100 Max: Resident	2,350	4,700	100%
Tom Watson Park 100 Max: Non-Resident	260	500	92%
Tom Watson Park 250 Max: Resident	600	1,200	100%
Tom Watson Park 250 Max: Non-Resident	260	500	92%
Bandshell Special Event: 50-350 People	2,250	3,375	50%
Bandshell Special Event: 351-3k People	N	E	
Park Special Event 50-350 People	N	E	
Park Special Event 351-3K People	N	E	
Park Special Event 3k-10k People	N	E	
Park Special Event 10k-25k People	N	E	
Park Special Event 25k+ People	N	E	
TOTAL	\$1,878,114	\$2,016,858	7%

LEGEND:

N = no current City of Boulder fee

E = no data exists to provide a forward looking estimate

Commercial Use Permit Fee Implementation

Over the past several years, the department has seen an increase in requests by businesses operating outdoor fitness classes, training programs and summer camps that wish to conduct their business on city park land. Examples include fitness boot camps, yoga classes and summer camps not run by the department.

While the commercial programs are similar to indoor programs and services provided by the department (offering classes at several different times on various days of the week; offering all-day camps throughout the summer months), revenue from these programs is realized exclusively by the business owner.

The Parks and Recreation Department is proposing to implement a pilot program to charge a park use or facility fee (and associated permit process) to all businesses that charge a fee for their service(s) and desire to use the city's park and recreation facilities as a location for their service. No fee is currently being charged to businesses that provide fee-for-service programs on city park land.

The pilot program, endorsed by the Parks and Recreation Advisory Board (PRAB) at its July 25 meeting, would not achieve cost recovery of maintenance costs but would provide an opportunity to gather information to develop a sustainable program in the future.

The fee charged user groups in the pilot program would be based on the number of user visits per year (see **Table 7** below) and includes the following elements:

- A. Park sites/times/days to be used would be identified;
- B. Refundable security/damage deposit of \$100;
- C. Reporting and payment to be quarterly;
- D. Required reporting includes participation and programs/class types offered; and
- E. Voluntary reporting of pricing and revenues earned.

Table 7

PARKS & RECREATION Proposed Commercial Use Fee

Fee Tier	Minimum User Visits	Maximum User Visits	Current Fee	Proposed 2012 Flat Fee
Tier 1	50	250	N	\$50
Tier 2	251	500	N	250
Tier 3	501	1,000	N	500
Tier 4	1,001	2,000 & over	N	750

LEGEND:

N = no current City of Boulder fee

For the future, the department desires to achieve the following budget efficiencies with revenues from a commercial use fee program:

- A. Increase maintenance cost recovery on a number of facilities based on business impacts to city park land and ensure equitable access to park land by the greater public;
- B. Understand and manage competition for similar services, and adjust city service offerings accordingly; and
- C. Increase outsourced recreation services in park settings and implement cost recovery measures to offset public maintenance costs.

The department will initiate a comprehensive fee study to identify industry best practices and market trends for comparison. Information from the fee study, along with data gathered from the pilot program, will be discussed with the community and PRAB during the 2013 Budget process. The intent of this study will be to develop a comprehensive fee approach for a three to five year period based on best management practices and community values.

Public Process

The following tentative 2012 timeline has been established to develop and consider new commercial park land use fees and permits:

1. Conduct focus group meetings with representatives of impacted users to communicate proposed fee implementation and schedules (**April/May**).
2. Research what other municipalities are assessing for like fees (**April/May**).
3. Discuss proposed 2013 fees with PRAB (**late April**).
4. Hold an administrative hearing to get comments on proposed fees (**May**).
5. PRAB conducts a public hearing and makes a recommendation to staff on accepting proposed fees (**May**).
6. Project revenues for incorporation into 2012 General Fund budget submittal (**June**).

7. Conduct further discussions with representatives of impacted users (**June/July**).
8. PRAB conducts a second public hearing and makes a further recommendation to staff on new commercial parkland use fees (**July**).

Impact of Proposed Fees on Department

Revenue collected could range from \$10,000 to \$12,000 annually, as presented in **Table 8**. The department will perform additional outreach to make sure businesses are aware of the permitting and fee process. For enforcement, the department would use an honor system for compliance, much like it does for its current park shelter rentals. Additionally, the department is often notified of non-compliance issues by field staff, citizens and other users of the facilities.

Table 8

**PARKS & RECREATION
Department Revenue Impacts**

Name of Fee, Charge, or Rate	Department	2011 Budgeted Revenues	2012 Budgeted Revenues	Absolute Change
Commerical Use of City Parkland	Parks and Recreation	N	\$10,000	N

LEGEND:
N = no current City of Boulder fee

Public Works – Development & Support Services

Floodplain Charges

Applicants for floodplain development permits are currently charged fees for review and processing. Fees vary based on project scope and are intended to achieve 100 percent cost recovery for the services provided. These fees are evaluated periodically to ensure that cost recovery objectives are being met and that costs are being distributed equitably across customers.

Table 9 displays the proposed changes to the fee schedule for 2012.

Table 9

**PUBLIC WORKS / DEVELOPMENT & SAFETY SERVICES
Changes Proposed to City Fees, Rates, and Charges**

Name of Fee	Current Level	Proposed 2012 Level	Units	Absolute Change*
For Development Not Located within the High Hazard or				
Construction of a fence	\$ 33	\$ 35	per application	6%
Construction of a shed, garage, or deck, or for interior rehabilitation of an existing structure	82	85	per application	4%
Exterior rehabilitation of an existing structure, or for improvements to an existing structure not meeting the thresholds of substantial improvements or modifications	542	350	per application	-35%
Work on an existing residential structure exceeding the threshold of substantial improvements or modifications; or any commercial or nonresidential addition; or any new single family detached residential, attached residential, commercial, or mixed use str	1,082	700	per application	-35%
Addition to an existing structure or construction of a new structure with floodproofing	5,207	3,675	per application	-29%
For Development Located within the High Hazard or Conveyance Zone				
Floodplain analysis is not required	\$ 2603	\$ 700	per application	-73%
Floodplain analysis is required	5,207	3,600	per application	-31%
Map revision that is not located within the floodway or conveyance zone	1,629	700	per application	-57%
Map revision located within the floodway or conveyance zone and includes a floodplain analysis	5,207	3,600	per application	-31%
Floodplain Variance Request	1,629	1,400	per application	-14%

Public Process

An evaluation of the current fee structure is needed to ensure the fees are equitable and in line with the cost of delivering the services. The department is proposing to conduct a fee analysis that will include an evaluation of detailed staff timekeeping information in order to establish the full cost of providing floodplain development review services, determine if the fee schedule meets the current cost recovery policy and determine how to distribute the fees in an equitable manner.

Implementation of any recommended changes will occur as part of the 2012 Budget process and become effective January 1, 2012.

The department followed these steps to implement a revision in these fees:

1. Detailed floodplain development permit fee analysis (**April/May**);
2. Recommendation of fee changes as part of the 2012 budget submittal (**June**);
3. Presentation of proposed fee changes to the P&DS Advisors Group (**June**);
4. Administrative hearing to obtain feedback on proposed fees (**July**); and
5. New fee schedule effective on **January 1, 2012**.

Impact of Proposed Fees on Department

Table 10 estimates the changes to each fee’s annual revenues, which will be used to cover higher costs incurred by the department in provide recreation services.

Table 10

PUBLIC WORKS / DEVELOPMENT & SAFETY SERVICES

Name of Fee	2011 Budgeted Revenues	2012 Budgeted Revenues	Absolute Change
All Floodplain Development Review Fees	\$71,000	\$63,000	-11%

Public Works / Transportation

Implementation of a Transportation Maintenance Fee (TMF)

The Transportation Division's street maintenance work program includes the implementation of a pavement management system involving the assessment of city streets. The assessment results have shown that the city’s streets have an Overall Condition Index (OCI) rating of 78. However, at current funding levels, pavement condition is likely to deteriorate to an approximate overall rating of 72 during the next five years.

It is cost efficient to keep streets maintained at an OCI level greater than 60. It is also critical to maintain streets at such a level that they do not degrade to the point of needing much more costly reconstruction.

A recent pavement management consultant's report recommends that it would take an additional \$1.6 million annually to keep the streets at a 78 OCI rating. Maintaining a lower OCI rating of 75 would cost \$800,000 more per year.

Although maintenance of the existing system is the highest priority, inflation has reduced the city's buying power by 33% since 2000. When operating and maintenance budgets are held constant, the city is unable to keep pace with street maintenance needs.

Public Process

In June 2009, the Transportation Advisory Board (TAB) presented the Transportation Funding Report to City Council. The purpose of this report was to explore different funding options and recommend the most viable options. Among the recommendations from TAB was the implementation of a Transportation Maintenance Fee (TMF).

The TMF would be a fee collected from residential and commercial properties within the city limits based on use of the transportation infrastructure. TAB suggested that a task force be assembled to more fully vet a TMF and develop more detailed implementation strategies for staff and council consideration.

Council will be provided with an update at a study session on transportation funding tentatively scheduled for the fourth quarter of 2011.

Public Works / Utilities

Utility Rate, Specific Service Charge, and Fee Changes

The city owns and operates three utilities: water, wastewater, and stormwater/flood management. Each utility assesses a variety of rates, charges, and fees to ensure that revenues are sufficient to meet operating and maintenance costs and to maintain the financial integrity of each utility. Revenues generated from customers' monthly utility bills are the largest revenue source for each utility, accounting for 80-95 percent of total revenues.

The utilities also assess charges for specific utility related services such as water meter and tap fees. These charges are reviewed annually as part of the budget process and any changes are submitted as part of the update to Section 4-20 Fines and Fees of the B.R.C. The charges are set at a level that fully recovers direct costs of providing services as well as indirect overhead costs.

Table 11 itemizes the rates that average water, wastewater and stormwater utility customers pay in the current year compared to 2012.

Table 11

**PUBLIC WORKS - UTILITIES
Proposed Fee Changes**

Utility Rate Schedule / Customer Type	Current Level	Proposed 2012 Level	Units	Absolute Change
Water Utility Rates				
Residential Use	\$ 383	\$ 394	per year	3%
Commercial Use - Restaurant	1,084	1,116	per year	3%
Commercial Use - Hotel	10,244	10,547	per year	3%
Wastewater Utility Rates				
Residential Use	\$ 247	\$ 255	per year	3%
Commercial Use - Restaurant	1,636	1,685	per year	3%
Commercial Use - Hotel	12,734	13,116	per year	3%
Stormwater/ Flood Management Utility Rates				
Residential Use	\$ 85	\$ 88	per year	3%
Commercial Use - Restaurant	178	184	per year	3%
Commercial Use - Hotel	3,905	4,022	per year	3%
Utility Specific Service Charges				
	\$ 506	\$ 519	per occurrence	3%
Meter Installation - 3/4 inch meter			per occurrence	-4%
Meter Installation - 2 inch meter	2,372	2,278	per occurrence	0%
Water Tap Fee - 3/4 inch tap	113	113	per occurrence	-4%
Water Tap Fee - 2 inch tap	475	454	per occurrence	1%
Wastewater Tap Fee - 4 inch tap	126	127		
	\$ 1.58	\$ 1.78	per sqft impervious area	13%
Stormwater / Flood Management Plant Investment Fee (PIF)				

Table 12 shows the approved revenue increase for 2011 and proposed increases for 2012 – 2017. There are possible revenue increases for the final two years as projected during development of the 2011 budget. There were no changes to specific utility charges for 2010 or 2011.

Table 12

PUBLIC WORKS - UTILITIES
Projected Revenue Increase by Year

Utility	2011	2012	2013	2014	2015	2016	2017
Water	3%	3%	3%	6%	6%	6%	4%
Wastewater	3%	3%	4%	6%	6%	6%	6%
Stormwater/ Flood Management	0%	3%	3%	3%	3%	3%	3%

Proposed 2012 monthly user fees will generate 3 percent additional revenue for the water, wastewater, and stormwater utility funds. A recommendation for 3 percent revenue increases for water, wastewater, and stormwater/flood management would increase a typical residential customer’s annual utility bill by approximately \$22. On a monthly basis, the increase is \$1.85.

In March 2011, the department conducted a survey of Front Range communities to compare annual water and sewer bills. The survey calculated water and sewer charges assuming a single-family, inside-city residential customer with average winter consumption of 5,000 gallons, total annual water consumption of 120,000 gallons, a lot size of 9,000 square feet, and irrigable area of 5,200 square feet.

Table 13 (below) summarizes Boulder’s placement in the survey’s comparison of annual water, wastewater and combined water and wastewater bills. The city’s placement was based on 2012 recommended rates for Boulder and 2011 rates for all other communities.

Table 13

Utility Bill Survey

Typical Residential Account	Boulder Position in 15 Community Ranking
Annual Water Bill	Fourth Lowest
Annual Wastewater Bill	Fourth Highest
Annual Combined Water and Wastewater Bill	Sixth Lowest (mid-point)

Public Process

The process to implement revised fees for water, wastewater, and stormwater/flood management monthly services includes the following steps:

1. Water Resources Advisory Board (WRAB) meetings to discuss 2012 Recommended Budget and 2012 – 2017 CIP (**April/May**);
2. Submission of proposed budget to city manager including proposed revenue increases (**June**);
3. WRAB meeting to make recommendation on 2012 Recommended Budget and rates (**June**);
4. Submission of 2012 utility rates to budget office as part of BRC 4-20 update (**August**);
5. Recommended budget to council including projected rates (**August**);
6. Public opportunity to comment on proposed rate increases at WRAB and City Council meetings; and
7. Projected rate increases communicated through a **September 2011** utility bill message, website, and utility bill insert in **January 2012**.

For utility specific service charges, proposed increases result from salary and equipment inflation. Specific service charges are set each year to fully recover direct costs of providing services as well as indirect overhead costs. When fees do not increase with inflation, the department begins to subsidize the services from other areas.

Specific service fees impact a small percentage of the total number of customers served by the department. Revenues from specific services are approximately \$160,000 per year. Examples of these services include the following common requests displayed in **Table 14**.

Table 14

Fees for Specific Utility Services

Specific Service	2011 Fee Schedule
Fire line permit	\$169
3/4" water line installation	506
3/4" tap fee	113
Terminating water service	29

The process to implement revised charges for utility specific services includes the following steps:

1. Calculation of salary and equipment costs impact on specific service charge fees (**June**);
2. Submission of revised fees to budget office as part of BRC 4-20 update (**August**); and
3. Administrative review to gather feedback on changes.

Impact of Proposed Fees on Department

Table 15 estimates the changes to each fee's annual revenues, which will be used to cover higher costs incurred by the department in delivering utility services to its customers.

Table 15

PUBLIC WORKS - UTILITIES Department Revenue Impacts

Utility Rate Schedule / Customer Type	2011 Budgeted Revenues	2012 Budgeted Revenues	Absolute Change
Water Utility Rates	\$ 20,000,606	\$ 20,605,064	3%
Wastewater Utility Rates	12,769,757	13,153,616	3%
Stormwater/ Flood Management Utility Rates	4,976,883	5,136,442	3%
Water Utility Specific Service Charges	150,000	150,000	0%
Wastewater Utility Specific Service Charges	10,000	10,000	0%
TOTAL	\$17,906,640	\$18,450,058	3%

SUMMARY OF PROPOSED CHANGES

These departments propose an increase in some fees for 2012:

- Parks & Recreation
- DUHMD / Parking Services
- Public Works – Development & Safety Services
- Public Works – Utilities

These departments propose a decrease in some fees for 2012:

- Public Works – Development & Safety Services
- Public Works – Utilities

In total, the proposed changes in fees, charges, and rates would equal an additional \$1.4 million in revenue in 2012, based on the best available information. The additional revenue represents a 3.3 percent increase over 2011 budgeted revenues and implements the city’s commitment to cost recovery involving fee- and rate-based services.

These departments anticipate proposing a new type of fee for Council consideration in 2012:

- Public Works – Transportation
- Parks & Recreation

Table 16 (below) provides the revenue generation estimates at the department and program level.

Table 16

ALL DEPARTMENTS Department Revenue Impacts

Department / Program	2011 Budgeted Revenues	2012 Budgeted Revenues	Absolute Change
DUHMD / PARKING SERVICES			
Parking Permits	\$ 2,388,860	\$ 2,492,476	4.3%
Mall Permits/Fees	36,057	38,310	6.2%
PARKS & RECREATION			
Recreation Fees	1,878,114	2,016,858	7.4%
Commercial Use Permit Fees	N	10,000	N/A
PUBLIC WORKS / DEVELOPMENT & SAFETY SERVICES			
All Floodplain Development Review Fees	71,000	63,000	-11.3%
PUBLIC WORKS / UTILITIES			
Water Utility Rates	20,000,606	20,605,064	3.0%
Wastewater Utility Rates	12,769,757	13,153,616	3.0%
Stormwater/ Flood Management Utility Rates	4,976,883	5,136,442	3.2%
Water Utility Specific Service Charges	150,000	150,000	0.0%
Wastewater Utility Specific Service Charges	10,000	10,000	0.0%
ALL DEPARTMENTS	\$ 42,281,277	\$ 43,675,766	3.3%

LEGEND:

N = no current City of Boulder fee

NEXT STEPS

Revised fee schedules, current practice for updating fees, and debt coverage policies will be discussed during the September 13 study session on the 2012 Recommended Budget.

The Transportation Maintenance Fee will be discussed during a study session tentatively scheduled for the fourth quarter of 2011.