AGENDA

Meeting Type:	WORKSHOP
Date:	09/08/1987

City of Charlotte, City Clerk's Office

City Council Workshop

September 8, 1987

A G E N D A

6·45 - 7·15 p.m. - USER FEE REPORT PRESENTATION

George Raftelis, Arthur Young

7.15 - 7:35 p.m. - HOMELESS STATUS REPORT

Julie Burch, Assistant City Manager

7:35 - 8·10 p.m. - COLISEUM/NBA STATUS

John Maxheim, Coliseum Authority

8·10 - 8:30 p.m. - SOLID WASTE PLAN/RECYCLING

Curt Walton, Budget and Evaluation

8:30 - 9 00 p.m. - UPTOWN PARKING STUDY

Don Ingold, Wilbur Smith and Associates

USER FEE TIMETABLE

September 8, 1987	Arthur Young presentation to City Council
September 11, 1987	Departments submit written response to Budget and Evaluation
September 14-18, 1987	Meetings between Budget and Evaluation and Department Heads on Recommended User Fees
September 18, 1987	Advisory Commissions submit written response to City
October 5, 1987	Manager presents recommendations to City Council/refer recommendations to Finance Committee
October, 1987	Public Hearing
November 23, 1987	Finance Committee recommendation/City Council Adopts User Fees Policy <u>Post-Approval</u> - staff develops procedures for implementation - staff to use same methodology for evaluating services in other City Departments for user fees - staff establishes computer models for calculating cost of services/user fees
July 1, 1988	Effective Date to Implement Fees

EXECUTIVE SUMMARY

An increasing number of local governments are turning to user fees to recover the cost of services. Based on U. S. Bureau of the Census data, since the mid 1970's, user fees as a percentage of local government revenues has increased by over 300%. Recent surveys have shown that user fees are generally considered equitable by public officials, as the cost of service is recovered from those benefitting from the services offered. Across the country there seems to be little negative reaction from the public concerning user fees. A recent survey by the U. S. Conference of Mayors reported less than a 5% negative impact from the public to the implementation of user fees. Government officials also look at user fees as an alternative revenue source. This is especially important to local governments as revenues from Federal and State sources continues to decrease.

The most popular fees implemented by municipalities are in the utility, building inspections, recreational and engineering areas. These areas lend themselves to easy cost determination, implementation and collection of user fees.

A. Purpose of the Study

The City of Charlotte has recognized the national trend towards user fees and has undertaken a review of the role of user fees. The City selected four (4) departments for review in order to

determine the applicability of user fees in the department. The selection of the departments was based upon the easily identifiable services provided to specific individuals or groups by these departments and also the potential for additional revenue. The four departments selected were:

- Engineering
- Parks and Recreation
- Planning Commission
- Transportation

The primary purpose of the study has been to determine the cost of certain services in the four departments listed above and to recommend user fees for these services, where applicable. To achieve this goal, the following tasks were conducted:

- Evaluated services of selected departments that lend themselves to user charges.
- Identified the total costs of each service: direct, indirect, and capital.
- Determined user charges that recover the total cost of specific services and support charges with appropriate cost justification.
- Developed a method of annually updating the fee structure.

There are also secondary benefits to be derived from a user fee study. Two benefits include:

- Data is provided for departments to emphasize on-going efficiency programs.
- By reviewing all services and programs and their associated costs, a city is provided information to prioritize services.

B. User Fee Process

The first step in the user fee setting process is to select the services which should be analyzed. Listed below is a partial listing of the factors used to identify services.

- Who Benefits
- Revenue Potential
- Number of Occurrences
- Availability of Cost Data
- Customer Constituency

After the services have been identified, the next step is to determine the total cost of providing the service. Total cost for any service is comprised of direct costs, indirect costs and capital expenditures. These costs are then allocated to service areas, based on budget or specific allocations as determined by the Management and Staff of each individual department. The total cost of each service is then used to determine the cost per occurrence.

The last phase of the user fee setting process is to determine the appropriate level of recovery for each service, and to estimate anticipated revenues. The fees calculated as described above represent a charge to recover 100% of costs.

C. Summary Results

The User Fee Study for the City of Charlotte reviewed over 50 existing fees and developed 60 new fees. As mentioned previously, the study developed the full cost of providing the services. The recommended fees reflect a reasonable first year phase-in approach, if the city were to choose a full cost recovapproach. If the proposed user fees were implemented, it would mean additional revenues to the City in the first year of $1,338,000 annually, and would recover 10% of the total cost of the four (4) departments reviewed.

If all fees were set at 100% of cost recovery and demand for the service did not decrease, the City could expect revenues of approximately $3,800,000. The following table presents a summary of the total cost of service, current revenues, proposed revenues and percent of cost recovery:

CITY OF CHARLOTTE
USER FEE STUDY
SUMMARY OF COSTS, CURRENT AND PROPOSED REVENUES

	Cost of Providing Services	Current User Fee Revenues	Proposed User Fee Revenues	Recovery at Dept.Cost
ENGINEERING	$ 3,527,000	$147,000	$ 605,000	17.1%
PARKS AND RECREATION	12,280,000	763,000	1,414,000	11.5%
PLANNING	2,328,000	36,000	132,000	5.7%
TRANSPORTATION	5,375,000	99,500	232,000	4.3%
	$23,510,000	$1,045,500	$2,383,000	10.1%

Key Observations

Certain key observations are provided below for each department.

Engineering -

- Current user fees and revenues recover approximately 4.2% of costs, while the proposed fees increase revenues by approximately $458,000 and recover 17.1% of costs.

- New User Fees Proposed for:

  - Soils Testing Lab
  - 20 + 2 Flood Plain Analysis
  - Right-of-Way Encroachment
  - Subdivision/Multi-Family Plan Review
  - Subdivision/Multi-Family Inspection
  - Drainage Plan Review
  - Commercial Site Inspection

- The Department should undertake a plan to implement a separate fee for accelerated review of subdivision/multi-family plans based on opportunity costs.

- Fees for the map room were not updated due to lack of accurate data.

Parks and Recreation -

- Current user fees account for an estimated 6% of departmental costs, while the proposed fees recover approximately 11.5% of costs and generates an additional $651,000.

- Largest revenue producer is athletic leagues. Total cost is $440,000 with current revenues producing $230,000 or 52% of costs. Proposed fees generate $413,000 or 94% of costs.

- New User Fees Include:

  - Reservations
  - Special Events Use Permits
  - Tree Ordinance Review
  - Recreation Center Room Rental
  - Youth Athletic Leagues
  - York Road Tennis Facility Rental
  - Marion Diehl Pool

- Discounts for senior citizens and low income residents should be considered.

- Outside city surcharge should be considered.

Planning Commission -

- Current User Fees generate an estimated $36,000 and recovers 1.5% of costs. Proposed fees recover 5.7% of costs and generate $132,000.

- Rezoning applications should be assessed based on type of application: By Right or Conditional.

- New fees are proposed for:

  - Floodway Permits
  - Subdivision Review
  - UMUD

- No User Fees were recommended for small area plans, as they were determined to be a merit good that benefits the public at large.

Transportation -

- Current fees generate $99,500 and recover 1.9% of costs, while the proposed user fees generate $232,000 in revenues and would recover approximately 4.3% of costs.

- Proposed User Fees Include:

  - Street Closing Permits
  - Tryon Street Mall Closing Permit
  - Zoning Petition
  - Commercial Driveway Permit
  - Building Permit
  - Subdivision Processing

- Review of the legal issues concerning parade permits is recommended.

D. Public Response

The first step towards implementing user fees is to receive input from the public. On July 8, 1987, Arthur Young held a public input session. Over 40 copies of the draft report were sent to various interested citizens and oral and written comments have been received. A summary of the input received from the public is presented below.

- Concern that the proposed charge for parade permits would cause non-profit and charitable organizations to be unable to hold annual parades.

- It was expressed that the proposed Tryon Street Mall closing fee may be at odds with the City's mall closing policy. Also, various organizations stated a concern that groups may be charged both a parade and Tryon Street Mall closing fee.

- Also expressed was the belief that many services in the Engineering, Planning and Transportation Departments are merit goods and the percentage of cost recovery should be less than 100%.

E. Conclusion

The assessment of user fees is increasingly being used by local governments to finance local services. The City of Charlotte has the opportunity to follow this trend and implement and update a significant number of user charges. With the appropriate user fee policies in place, the City will be able to update the fees annually and maintain a user fee system which equitably recovers costs from those that benefit from the service.

NOTES

HOMELESS SHELTER

This report provides Council with the status of staff review of the United Way request for support of a new homeless shelter. It also provides information about a new Federal homeless assistance act under which the City may be eligible to receive $59,000.

BACKGROUND

On August 20, the City received a request from United Way to participate in the funding of a project to acquire land and construct a shelter for the homeless. The proposed site is located at 1210 North Tryon, and acquisition and renovation costs are estimated at $1.4 million. Annual operating costs are estimated at $428,000. United Way is seeking support for the project from the City, County and private sector.

The Council discussed the homeless shelter proposal on August 24. Council approved in concept support of capital costs for the facility but did not commit to a level of funding. It directed staff to review this project according to the Council policy for out-of-sequence capital projects.

INITIAL STAFF REVIEW

The out-of-sequence Capital Project Review Committee met on September 1 to consider the homeless shelter. Committee members include Martin Cramton, Chairman; Vi Alexander; Clark Readling; and Pam Syfert.

At this time staff feels the homeless shelter is a credible project which the City could address with a one-time capital investment. It is recommended however, that no funding commitment be made until several questions are answered:

- o Who is in charge of the project?
  - Should the County be in charge since it normally provides human services and has a social planning operation or should the United Way be in charge?
- o How does need definition relate to all existing or potential service locations?
  - All local service providers need to be involved.
- o How will operational programs of the facility be handled?
  - It is inappropriate to proceed to a capital facility without the operational program being defined and funded.
- o Is it appropriate to house the "homeless" in an I-2 district?
  - Notwithstanding the ruling of the zoning administrator, a 400 bed homeless facility is essentially a "residential" use. An I-2

district, which permits chemical manufacturing, storage, and other potential obnoxious uses is not ideal for assuring a healthy and safe environment for the homeless. Also, proximity of the site to the Southern Railroad lines raises safety and noise concerns.

- o Should the community be pursuing large scale "centralized" homeless facilities or small scale "decentralized" homeless facilities?

  - Homeless facilities pose less of a "threat" (real or imagined) if the facilities are smaller in terms of actual size and the number of people served.

The United Way proposal is generating much discussion in the community, as evidenced by the large attendance at the public forum held September 1. In the weeks to come, the answers to the questions should take shape, and at that time the Council could consider a more specific level of capital support for a shelter. At that time, staff would also come back with alternatives for potential sources of funding.

FEDERAL GRANT PROCESS

A new Federal homeless assistance act was approved on July 22 and as a result, the City is eligible to receive $59,000 under the Emergency Shelter Grant Program. Although the City must apply for the funds, it may choose to make the County or local non-profit agencies the recipients of the funds Staff believes applying for the funds on behalf of the County makes sense since the County traditionally provides social services, and the problem of the homeless involves comprehensive social services, such as alcohol/drug abuse treatment, and primary and mental health services.

As part of the Federal funding process, the City must submit a Comprehensive Homeless Assistance Plan (CHAP) by September 28 Staff has drafted the CHAP, using the recent United Way Study findings to characterize the scope of the homeless problem. The plan is general in nature and does not define specific responsibilities. We will be bringing the plan forward for Council approval on the September 14 agenda. The actual application for the $59,000 grant on behalf of the County will be brought forward in a separate Council action on October 12 to meet an October 15 deadline. The County would decide how this money would be allocated based upon its social service priorities and the Federal grant requirements.

CONCLUSIONS

Based on our initial out-of-sequence review of the homeless shelter project, we recommend that Council make no capital funding commitment to the project until several key questions are answered, including the identification of a responsible operating agency and definition and funding of an operational program. Once these questions are answered satisfactorily, the level of capital support and potential sources of funds may be discussed.

Staff will proceed with bringing the Comprehensive Homeless Assistance Plan and the application for Federal grant funds of $59,000 on behalf of the County to Council in the next few weeks.

NOTES

The Coliseum Authority, George Shinn & Associates, Odell, and City staff have been refining a program for improvements to the new Coliseum which will include the following items:

1) Skyboxes
2) Video equipment
3) NBA advertising program
4) NBA offices
5) NBA team locker room
6) Additional Coliseum enhancements

The Authority and their consultant, Mr. Larry Greenberg, are prepared to present to Council at our Tuesday night workshop the details of each of the above items and how they fit into an overall program for the new Coliseum. Their presentation will include the major items which will be on Council's agenda for action on Monday, September 14.

NOTES

RECYCLING

ISSUE

The City needs to determine its responsibility in the collection of household recyclable materials as a part of the Solid Waste Plan review. The draft of the Mecklenburg County Solid Waste Plan assigns responsibility for planning, collecting, and funding the recycling program to the County.

One important consideration is the City's cost of the Recycling Collection System. Either the City will pay for recycling indirectly through the County's Disposal (tipping) Fees, or directly through the City's tax rate as a collection cost. It is also important that when City and County funding arrangements are considered, the taxpayers are synonymous because 70% of the County's taxpayers are within the City.

OPTIONS AND IMPLICATIONS

OPTION 1. No City involvement in the collection of recyclables except through the bid process.

IMPLICATIONS·

User Satisfaction - The City could not control customer satisfaction unless the City receives the bid

Efficiency - More than one collector of different types of household waste reduces efficiencies that can be achieved by a single collector

Cost - Cost of recycling would be paid by the County and recovered through tipping fees.

Collection/Disposal - County would assume control of part of household refuse collection.

OPTION 2. The County will determine recycling policy and provide funding for the program. The City can negotiate to become collector through Interlocal Agreement.

IMPLICATIONS·

User Satisfaction - City could negotiate level of service which increases control of user satisfaction.

Efficiency - City collection of household recyclables would increase efficiencies in overall collection system.

Cost - Cost of recycling would be paid by the County and recovered through tipping fees.

Collection/Disposal - Although City would collect all residential waste, the County would have control over collection policy.

OPTION 3. The County keeps responsibility for disposal; the City keeps responsibility for collection, including funding responsibility for residential recycling collection.

IMPLICATIONS·

User Satisfaction - City collection of recyclables ensures only one collector of household waste

Efficiency - City collection creates efficiencies both in collection of recyclables and of regular garbage

Costs - Funding collection of recyclables increases the City's direct costs, primarily for purchase of trucks.

Collection/Disposal - City collection maintains collection/disposal distinction

RECOMMENDATION

Option 3 is the recommended action because it provides recycling collection service with the highest user satisfaction and with the greatest efficiency We also assume that while the direct cost will increase for collection that tipping fees would be lower Also, the collection and disposal responsibilities are retained from the 1984 Solid Waste Interlocal Agreement.

NOTES

Uptown Parking Study

Attached for Council information is an executive summary of the Uptown Parking Study conducted by Wilbur Smith and Associates. At the September 8 workshop, the consultant will make a brief presentation to the Council summarizing the study's findings.

Council Action Requested

The consultant study makes no recommendation but provides updated information about uptown parking. We recommend that the study be referred to the Council Transportation Committee for review. Specifically, the committee would be charged with evaluating this data in relationship to current Council policies for uptown transportation, including goals for public transit and other rideshare strategies. The committee would also consider additional input from the Charlotte Uptown Development Corporation (CUDC) and the Central Charlotte Association (CCA) about uptown transportation needs.

The committee would determine if our policies need to be changed and if so, to develop alternatives and recommendations for full Council consideration.

EXECUTIVE SUMMARY
UPTOWN PARKING STUDY

The Uptown Parking Study was performed by Wilbur Smith and Associates of Columbia, South Carolina and was funded jointly by the City of Charlotte, Charlotte Uptown Development Corporation (CUDC), and Central Charlotte Association (CCA).

The primary purpose of the study was to supplement and extend the parking inventory and parking accumulation data developed by the Charlotte Department of Transportation (CDOT) during the early part of 1986. The inventory and associated information was confirmed and updated by the consultant in November, 1986. The study area consisted of 112 blocks bounded by the Southern Railroad tracks on the northwest and I-277 on the southeast, southwest, and northeast sides

The study included conducting interviews with parkers at selected commercial facilities (where transient activity was greatest) to determine certain parker characteristics. The interviews collected information on parker destinations, parking duration, walking distance, trip purpose, amount of payment, type of payment (monthly, daily, hourly), and responsibility for payment information. A postcard mailback questionnaire also was distributed throughout the Uptown area to supplement the information collected during the interviews. The two surveys obtained information from approximately 3,700 parkers. In addition, selected commercial daily parking facilities were designated for turnover studies to provide data on the duration and the average number of parkers per space per day.

Wilbur Smith and Associates used a parking demand model to estimate parking space demands and needs by block for two horizon years -- 1989 and 1992 Confirmed development projects were included in the 1989 forecast while both confirmed and probable development proposals were incorporated in the 1992 estimate The model considers such factors as gross building area by major land use categories (office, retail, hotel, etc.), present occupancy levels, and travel mode characteristics. It was assumed for both forecasts that transit usage would remain constant at its 1985 level of nine percent of Uptown commuters.

The study revealed some of the following about parking in Uptown Charlotte·

- A 1986 inventory of 29,900 spaces with 43 percent (12,801) reserved by private firms for their employees and clients. Less than 60 percent of the private spaces (7,596) were occupied during the peak hour (1:00 pm - 2:00 pm).

- Approximately 33 percent (9,771 spaces) of the total inventory was restricted to monthly parkers. About 73 percent of these spaces were observed in use during the peak parking hour.

- Only 25 percent (7,328 spaces) of the Uptown inventory was available to the general public. Daily public spaces (4,688) were 85 percent occupied while hourly public spaces (2,456) were 77 percent used during the peak parking hour.

- Approximately 31 percent (9,403) of the total available spaces were located in garages.

- Average cost paid by monthly parkers was $47.18 while the average cost for daily parkers was $2.20.

- Only 65 percent of workers paid for parking themselves, suggesting that a significant number of employers are subsidizing employee parking costs.

Data from the Uptown Parking Study indicated that long-term parkers (those parked greater than three hours) presently walk an average of about two blocks while short-term parkers (three hours or less) currently walk an average of one block.

As a consequence, the consultant adopted threshold walking distances of three blocks for long-term parkers and one block for short-term parkers in projecting future parking demand and need. The table shown below summarizes the parking needs for the three conditions being analyzed. Long-term needs were determined with and without special events occurring at the Convention Center and Trade Mart.

The shortfall in long-term parking is focused in the area around College and 3rd Streets. Long-term demand could be satisfied by construction of new facilities, or an increase in the number of commuters sharing rides or using Charlotte Transit. Long-term demand also could be satisfied by making available, to deficient blocks, some of the unused private restricted parking through some type of cooperative agreements.If the maximum acceptable walking distance (or the distances adopted as thresholds) for Uptown parkers should increase, projected short-term parking deficiencies would be reduced.

SUMMARY OF NEEDS AFTER BALANCING
Based on Maximum Facility Capacity
of 85 Percent
Uptown Charlotte

CONDITION	SHORT TERM After Balancing To Adjacent Block	LONG TERM After Balancing To Adjacent Block	LONG TERM After Balancing To Second Block	LONG TERM After Balancing To Third Block
Existing:				
No Special Events	191	5,415	3,216	1,270
Special Events	191	6,075	3,876	1,930
Future - Committed:				
No Special Events	159	5,769	4,116	2,549
Special Events	159	6,869	5,216	3,649
Future - Probable:				
No Special Events	159	5,009	3,555	2,435
Special Events	159	6,859	5,405	4,285

NOTES