



City Council Report

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Sacramento, CA 95814

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September 4, 2018

Consent Item 18

Title: Fee Waivers and Reductions for Community Center and Clubhouse Rentals

Location: Citywide

Recommendation: Pass a Resolution authorizing the City Manager, or City Manager's designee, to approve: 1) community center and clubhouse room rental fee waivers for City sponsored community benefit programs and City employee events; and 2) a 50% fee reduction for community benefit programs offered for free of charge by other government agencies and non-profit organizations.

Contact: Camille Wise, Recreation Superintendent, (916) 808-8830, Department of Youth, Parks, & Community Enrichment

Presenter: None

Attachments:

1-Description/Analysis

2-Proposition 26

3-Resolution

Description/Analysis

Issue Detail: The Department desires to establish a policy for community center and clubhouse room rental fees. Rental fees are set under the Fees and Charges Report. City Council approval is required to establish fee waiver and fee reduction policies.

Policy Considerations: The changes proposed have been requested to allow for more community benefit programs to be provided at the City's community centers and clubhouses. Proposition 26, which requires fees to be imposed uniformly, does not apply to rental of City property (Attachment 1).

Economic Impacts: None.

Environmental Considerations:

California Environmental Quality Act (CEQA): The recommended action is a government fiscal activity which is exempt from environmental review under the CEQA Guidelines section 15378 (b)(4).

Sustainability: Not Applicable.

Commission/Committee Action: None.

Rationale for Recommendation: Community benefit programs enrich the offerings and services provided to and for the community. However, some rental fees for community centers and clubhouses are prohibitive for agencies and service providers who want to offer free programs that benefit the community. Such programs are supplemental to Department offerings, address a diverse array of recreational, social, and educational needs, and are critical to a sense of ownership and accessibility of community centers and clubhouses by the community at large. Establishing a fee reduction policy would eliminate the financial barriers for service providers and increase access to and utilization of community centers and clubhouses.

Councilmembers and other City departments hold public information events and other community benefit programs at community centers for which fees should be waived. In addition, City departments and employee groups host events for City employees that celebrate different cultures and recognize employees for outstanding work. Without a fee waiver, some public information, community benefit programs, and employee events may not be financially feasible.

Financial Considerations: There are no adverse financial impacts to the Department of Youth, Parks, & Community Enrichment as fee reductions and waivers are being recommended only for rentals that take place during regular business hours and not at the displacement of an existing paid rental, so no additional costs are anticipated to be incurred as a result of this fee policy.

Local Business Enterprise (LBE): Not applicable.

Background: The City owns 17 community centers and clubhouses, of which five are leased to non-profit organizations to provide community enrichment programs and manage room rentals. The City operates the following community centers and clubhouses: Belle Coledge, Coloma, East Portal, Evelyn Moore, George Sim, Hagginwood, Hart, Oak Park, Sam and Bonnie Pannell, South Natomas, Southside, and Woodlake. The City leases the following community centers and clubhouses to these non-profit organizations: Clunie (Friends of East Sacramento), Elmo Slider (Bridge Network Corporation), Johnston and Robertson (Mutual Assistance Network), and Shepard Garden & Arts (Shepard Garden & Arts Center). At the community centers which the City operates, the Department of Youth, Parks, & Community Enrichment (Department) uses the Hart Center for senior programs and the following community centers as locations for the City's Access Leisure, Leisure Enrichment and Teen Services programs: Coloma, George Sim, Hagginwood, Oak Park, Sam and Bonnie Pannell, South Natomas and Woodlake, and Belle Coledge. A portion of the fees for these recreational programs help offset the building operation costs. At all of the 12 community centers and clubhouses that the City operates, rooms can be rented for private events. The room rental fees help offset the building operation costs. These rental fees are set under the City Council-approved Fees and Charges Report.

Proposition 26

Proposition 26, the “Stop Hidden Taxes Initiative,” was passed by the voters on November 2, 2010, to amend Article XIII C of the State Constitution. According to the ballot measure, the intent of the measure is to ensure the effectiveness of Propositions 13 and 218 by providing a definition of a “tax” for state and local purposes “so that neither the Legislature nor local governments can circumvent these restrictions on increasing taxes by simply defining new or expanded taxes as ‘fees.’” Accordingly, under Proposition 26 a tax has been very broadly defined.

Tax Defined:

“Tax” now means “any levy, charge, or exaction of any kind imposed by a local government, except for the following seven categories of charges:

Exception 1 – Benefit Conferred or Privilege Granted

A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege

Examples:

- Residential parking permit fees
- Professional licenses
- Business improvement assessments

Exception 2 – Government Service or Product

A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product

Examples:

- User fees for park and recreation programs
- Weed abatement fees
- Sidewalk curb repairs

Exception 3 – Licenses and Permits

A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof

Examples:

- Building inspections
- Cardroom license
- Business licenses

Exception 4 – Use of City property

A charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property

Examples:

- City-owned parking lots
- Swimming pools
- Convention Center rentals
- Golf green fees

Exception 5 – Fines and Penalties

A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law

Examples:

- City Code fines and penalties (e.g., 1.28.020)
- Parking fines

Exception 6 – Property Development Charges

A charge imposed as a condition of property development

Examples:

- Development impact fees

Exception 7 – Proposition 218 Fees

Assessments and property related fees imposed in accordance with the provisions of Proposition 218, Article XIII D

Examples:

- Utility fees for water, sewer, drainage, and solid waste
- Street lighting assessments

Burden of Proof:

The paragraph following the seven enumerated exceptions states:

“The local government bears the burden of proving by a preponderance of the evidence [1] that a levy, charge, or other exaction is not a tax, [2] that the amount is no more than necessary to cover the reasonable costs of the government activity, and [3] that the manner in which those costs are allocated to a payor bears a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.” The latter two requirements only apply to the first three exceptions.

Thus, with the burden of proof now shifted to the City, that requires each department to take into consideration how it aims to prove that a proposed fee or fee increase is not a tax. The following analytical framework can assist in this regard.

Burden of Proof: A 3-step Analysis

1. The City must make a threshold determination whether one of the exceptions applies.
 - If none apply, it is a tax subject to voter approval.
2. If Exceptions 1, 2, or 3 apply, the City must also show that the fee revenue will not exceed the reasonable costs of providing the related governmental activity (at the aggregate level).
3. Finally, the City must show that the costs are fairly allocated to the individual payors.

RESOLUTION NO. 2018-XXX

Adopted by the Sacramento City Council

May 15, 2018

APPROVING CITYWIDE FEE AND CHARGE ADJUSTMENTS

BACKGROUND:

- A. On February 7, 2006, the City Council adopted the Citywide Fees and Charges policy (Resolution No. 2006-106).
- B. On May 8, 2014, the City Council amended the Fee and Charge Policy (Resolution No 2014-111). As a result effective in FY2014/15 the City is using the State of California Department of Industrial Relations Consumer Price Index (CPI) which is the same index used by the Sacramento County Assessor to adjust the annual property tax roll for inflation. This aligns adjustments for inflation affecting the City's largest revenue source, property taxes, with the fees that are also indexed against inflation.
- C. On May 1, 2018, this report was reviewed by the Budget and Audit Committee and the committee recommended approving all new fees and fee increases.
- D. Implementation of the policy provides the necessary mechanism to ensure that the City's fees and charges reflect the City's current costs and that those fees and charges are reviewed on an annual basis by City Council. Staff has conducted the required annual review and recommends certain new fees and fee adjustments.
- E. On June 10, 2003, the City Council delegated certain authority to the City's Animal Care Services Manager. (Resolution 2003-374) It is unclear whether such authority is currently in effect. The Animal Care Services Manager requires such authority to perform its services. Staff recommends such authority be restored as provided herein.
- F. Proposed new fees, deleted fees, and fee adjustments are set forth in Exhibit A.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The fee and charge adjustments as set forth in Exhibit A are hereby approved.

RESOLUTION NO. 2018-

Adopted by the Sacramento City Council

AUTHORIZING FEE WAIVERS AND FEE REDUCTIONS FOR COMMUNITY CENTER AND CLUBHOUSE RENTALS

BACKGROUND

- A. The City owns 17 community centers and clubhouses, of which five are leased to non-profit organizations to provide community enrichment programs and manage room rentals. The Department of Youth, Parks, & Community Enrichment (Department) manages these facilities.
- B. The Department operates the following 12 community centers and clubhouses: Belle Cooledege, Coloma, East Portal, Evelyn Moore, George Sim, Hagginwood, Hart, Oak Park, Sam and Bonnie Pannell, South Natomas, Southside, and Woodlake.
- C. At the community centers and clubhouses which the City operates, the Department uses the facilities for recreation and enrichment programs (i.e., senior programs, Access Leisure, Leisure Enrichment and Teen Services). A portion of the fees for these recreational programs help offset the building operation costs.
- D. At all of the 12 community centers and clubhouses that the City operates, rooms can be rented for private events. The room rental fees help offset the building operation costs. These rental fees are set under the City Council-approved Fees and Charges Report.
- E. The Department desires to establish a policy for room rental fee waivers for City sponsored events and fee reductions for community benefit programs offered for free by other government agencies and non-profit organizations.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City Manager, or the Director of the Department of Youth, Parks, & Community Enrichment as the City Manager's designee, is authorized to exempt the following activities from payment of the community center or clubhouse room rental fee if they do not displace a paid room reservation and occur during regular business hours:

- A. Events, programs, classes, meetings, and similar functions that provide a community benefit and are sponsored by a City department.
- B. City employee recognition events and City employee-sponsored cultural events.

Section 2. The City Manager, or the Director of the Department of Youth, Parks, & Community Enrichment as the City Manager's designee, is authorized to provide a 50% reduction of the community center or clubhouse room rental fee for the following activities if they do not displace a paid room reservation and occur during regular business hours:

- A. Events, programs, classes, meetings, and similar functions that are: (1) sponsored by a government agency or a non-profit organization in good standing, (2) provide a community benefit, and (3) offered free of charge.