

CITY OF LOS ANGELES

CALIFORNIA

KAREN E. KALFAYAN
City Clerk

HOLLY WOLCOTT
Executive Officer



ANTONIO R. VILLARAIGOSA
MAYOR

Office of the
CITY CLERK

Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
General Information - (213) 978-1133
Fax: (213) 978-1040

KONRAD CARTER
Acting Chief, Council and Public Services
Division

www.cityclerk.lacity.org

April 23, 2009

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council file
No. 09-0533, at its meeting held April 22, 2009.

A handwritten signature in cursive script, appearing to read 'Karen E. Kalfayan'.

City Clerk
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TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your **BUDGET AND FINANCE Committee**

reports as follows:

BUDGET AND FINANCE COMMITTEE REPORT relative to the proposed Newsrack Permit Fee increase.

Recommendations for Council action, as initiated by Motion (Parks-Smith):

1. REQUEST that the Board of Public Works (Board) approve the Newsrack Permit Fee of \$21.69 per Newsrack for Fiscal Year (FY) 2008-09, retroactive to July 1, 2008.
2. INSTRUCT the Bureau of Street Services, upon approval of the Newsrack Permit Fee for FY 2008-09 by the Board, to initiate billing of the Fee.
3. REQUEST that the Board not increase the Newsrack Permit Fee until the Council has made a final determination in the matter.
4. REQUEST that Board representatives meet with the Newsrack industry to resolve the issue of the permit fee and report to the Council in 30 days with recommendations.

Fiscal Impact Statement: The Bureau of Street Services reports that increasing the Newsrack Permit Fee to \$39.49 would provide full cost recovery. Implementation of the permit fee increase over a three year period (effective July 1, 2009) would require continued funding from the city in the approximate amount of \$273,000 and \$136,500 in the first and second year, respectively, until the permit fee increase to \$39.49 is implemented in the last year.

Community Impact Statement: None submitted

(Public Works Committee waived consideration of the above matter.)

SUMMARY

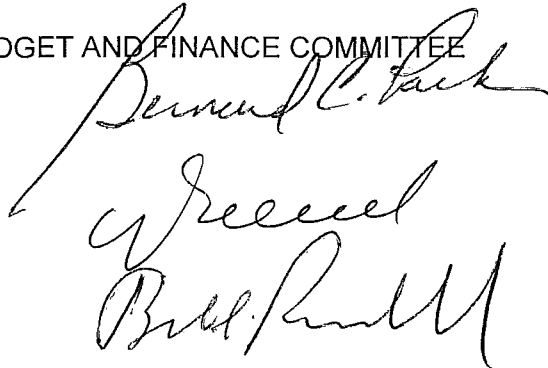
At its meetings of March 23rd and April 13, 2009, the Budget and Finance Committee considered Motion (Parks-Smith) and Bureau of Street Services reports relative to a proposed Newsrack Permit Fee increase. Motion (Parks-Smith) states that the Adopted 2008-09 Budget included an instruction for the Board to take the necessary actions to increase the annual Newsrack Permit Fee from approximately \$22 to \$40 to more closely reflect the actual program cost of inspecting a newsrack. Annual permit fees were due in August 2008 for the 2008-09 fiscal year, however, the Bureau of Street Services has not collected the annual fees in anticipation of the Board's institution of the increased fee. The Motion instructed the Department of Public Works, Bureau of Street Services and the City Attorney to report to the Committee to discuss the proposed fee increase and the process required to approve the fee increase.

At the Committee's March 23rd meeting, Department of Public Works personnel reported that the current \$21.69 Newsrack Permit Fee was based on the number of newsracks the Department believed were on City streets when the enforcement program was created. However, upon applying the \$21.69 fee, the Department found that there were 23,000 newsracks for which publishers requested permits. Based on the more accurate accounting of the number of newsracks, the application of the Cost Allocation Plan (CAP) rate, and additional program expenses, the proposed Newsrack Permit Fee was proposed at \$39.49. In its' report dated March 23, 2009, the Department reports that the projected permit fee calculation includes personnel costs of \$356,628, CAP rate costs (including fringe benefits, and other overhead costs) of \$521,640, and additional expenses (i.e., printing and binding, field equipment, office and administrative expenses) of \$29,900, for a total program cost of \$908,168. The Committee questioned that the calculated program costs are almost triple the actual personnel cost to administer the program. Additionally, the Committee questioned the application of a CAP rate which is intended for federal grants and not necessarily for services performed by City personnel.

Following a lengthy discussion on March 23, 2009, which included public comment from members of the newsrack industry requesting that the fee not be increased, the Budget and Finance Committee again considered the matter at its meeting on April 13, 2009. The Committee recommended: (1) that the Board of Public Works approve the Newsrack Permit Fee of \$21.69 per newsrack for FY 2008-09, retroactive to July 1, 2008; (2) that upon approval by the Board of the fee, that the Bureau of Street Services initiate billing of the fee so that at least a portion of the anticipated revenue from the Newsrack Permit Fee is collected; (3) that the Board not increase the Newsrack Permit Fee until the Council has made a final determination in the matter; and, (4) that Board representatives meet with the newsrack industry to resolve the issue of the permit fee and report to the Council in 30 days with recommendations. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

BUDGET AND FINANCE COMMITTEE

The block contains three handwritten signatures in black ink. The top signature is the most prominent and appears to be 'Bernard C. Park'. Below it are two other signatures, one of which is partially obscured by the first signature's tail.

<u>MEMBER</u>	<u>VOTE</u>
PARKS:	YES
GREUEL:	YES
SMITH:	ABSENT
ROSENDAHL:	YES
HUIZAR:	ABSENT

LB
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ADOPTED

APR 22 2009

LOS ANGELES CITY COUNCIL

-NOT OFFICIAL UNTIL COUNCIL ACTS-