

**CITY OF FERNDALE  
REQUEST FOR COUNCIL ACTION**

**FROM:** Jay Singh, Assessor / Treasurer

**SUBJECT:** Fee Schedule

**SUMMARY & BACKGROUND:**

With a significant reduction in tax base looming for 2008 and onwards, prohibition on increases of the tax rates without additional millage authorization through voters action and the limitations on the reduction of city services that can be accomplished without reducing the quality of life, there has been a general movement to link the costs of city services to the benefits accruing out of those services. The way to assess costs to the persons using the services is to accurately estimate the costs for rendering the service and determine a fee for those services so that the person using the services is billed with the result other members of the community are not left to pay for those services in total. Determining the fees for services also helps the user to make an intelligent decision after doing their own cost benefit analysis whether they want to use that service at the cost of fee that is determined. Breaking down the waste collection in two parts one as a solid waste collection fee that is assessed based on the volume of waste generated for pick up and the other (ad valorem) part based on millage rate and property value, is one of the examples of that movement started in early 1990's. It is in the same vein that we have estimated the costs of some of the services that we render in Treasury and we recommend that we make these services fee based so that all property owners are not left to pay for those services that only a minority of the total population of property owners uses. The following two Treasury services cost the City significantly in terms stated against each:

- 1) Summer Property Taxes Payable in 8 Monthly Installments cost the city in lost interest income, increased receipt transactions involving staff time and renders a corresponding benefit of increased interest income for the persons who use the services. All property owners are not allowed to avail themselves of these services. Property owners who have an escrow account with their mortgage company and personal property owners are not allowed to use 8 monthly payments plan. We believe that the costs of this service should be paid only by the people using this service. We believe that if we determine an installment payment option fee of \$10 for a season, that should on the average cover the increased transaction costs in terms of supplies, staff time and to some extent on an average basis for loss of interest income.
- 2) We provide taxpayers with pre-printed tax statement stubs and installment coupons with the amount required to be paid. Web access to outstanding taxes is also free. That should come in handy for anyone attempting to find out the amount of outstanding taxes. Alternatively, taxpayers can call Treasurer's to find out the accurate amounts. However, some taxpayers overpay and force the City

to incur substantial costs to issue a refund. Apart from the bank fees, refund processing paper work and staff time for each check that the city has to pay, we have to keep paper copies of the over paying check/instrument, payable amount invoice/statement, earlier payments received, for our use as well as a copy to be supplied to accounts payable for audit trail. Then quite often we get phone calls questioning the calculation of refund etc. for which we should be able to retrieve all the paper work to answer questions. We believe the City could save expense and staff time if taxpayers avoided overpayment and the need to generate refunds. The cost on a conservative basis for processing such refunds is \$10. We also have a current accounting policy to apply over payments up to \$10 and not cut a check unless the amount of refund is over \$10. For the sake of equity and fairness, we believe, a person making a \$10 mistake vs. a person making an \$11 mistake should be treated equitably. Therefore, we recommend that the fee for processing refunds should be set at \$10 for each refund. We shall use all available means to eliminate the need for refunds by applying the overpayments either to the current account – for example to their water billing account – where the subsequent billing can show the net result of that over payment or where we can carry the credit in the constituents' account.

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**COUNCIL AGENDA DATE:** 7/14/08  
**CITY ATTORNEY REVIEW:** N/A  
**FINANCE DIRECTOR REVIEW:** JCHubanks, 7/7/08  
**CITY MANAGER APPROVAL:** Robert J. Bruner, Jr.

**COMMENTS:**

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**RECOMMENDED ACTION:**

Moved by Council Member \_\_\_\_\_, seconded by Council Member \_\_\_\_\_ to amend the City fee schedule Effective July 1, 2008 to include:

- 1) \$10 annually for 8 Payment Plan fee
- 2) \$10 per refund check for refund processing fee