

**VILLAGE OF DOWNERS GROVE  
REPORT FOR THE VILLAGE COUNCIL WORKSHOP  
FEBRUARY 16, 2010 AGENDA**

<b>SUBJECT:</b>	<b>TYPE:</b>	<b>SUBMITTED BY:</b>
User-Fee, License and Fine Umbrella Policy	Resolution Ordinance Motion ✓ Discussion Only	Dave Fieldman Village Manager

**SYNOPSIS**

A User-Fee, License and Fine Umbrella Policy has been prepared for Village Council review and discussion.

**STRATEGIC PLAN ALIGNMENT**

The 2010 Strategic Plan identifies *Fee Schedule and Related Code Revisions* as an action item for FY10.

**FISCAL IMPACT**

N/A.

**UPDATE & RECOMMENDATION**

This item was discussed at the February 9, 2010 meeting. During that meeting, The Council requested that the policy include a reference to the existing Fee Waiver Policy of the Village Council. Staff has included this reference in the policy. Additionally, as requested, staff has modified the definition of a user-fee in the policy. The modified definition of a user-fee is as follows: “User-fees are defined as monetary charges for services which benefit either a limited group or all members of the community and the individual benefit of each user can be measured or fairly approximated.”

Staff recommends approval on the February 16, 2010 active agenda.

**BACKGROUND**

Staff has drafted a User-Fee, License and Fine Umbrella Policy for Village Council consideration. The purpose of this User-Fee, License and Fine Umbrella Policy is to develop and implement a formalized method for comprehensively establishing, reviewing and regularly updating Village user-fees, licenses and fines. The User-Fee, License and Fine Umbrella Policy also sets forth the parameters within which staff will be operating when conducting its user-fee, license and fine review process in 2010. This review process shall serve as the basis for the recommended fee schedule and related code revisions which will be presented to the Village Council for consideration throughout the year.

The proposed User-Fee, License and Fine Umbrella Policy was formulated utilizing the best practices established by the Government Finance Officers Association (GFOA) and the National Advisory Council on State and Local Budgeting (NACSLB). The proposed policy identifies distinct guidelines for establishing and updating user-fees, licenses and fines and addresses each item individually. A summary of the proposed User-Fee, License and Fine Umbrella Policy is provided below:

User-Fees:

User-fees are typically charged for the following services:

- A service which provides benefits to a limited group, but provides little or no benefit to the community.

- A service which provides potential benefit to all members of the community and the individual benefit of each user can be measured or fairly approximated.

Utilizing GFOA and NACSLB guidelines, staff has drafted the following user-fee policy:

- *Cost Recovery* – Except as provided below, user-fees shall be established which recover the full costs of providing a particular service. “Full” costs are defined as the sum of all direct and indirect costs associated with providing a particular service. “Direct” costs shall include all costs associated with performing the service including staff time and employee benefits. “Indirect” costs shall include items which are administrative, supportive or attributable to municipal facilities or capital assets.
- *Simplified Rate Structure* – Fees shall be established which are uncomplicated, easy to understand and easy to calculate. Additionally, fees shall be established which are easily administered by Village staff.
- *Competitiveness with Comparable Communities* – In cases where the full costs of providing a particular service to the community are disproportionately high, the Village should consider the user-fees charged in comparable municipalities for similar services when setting user-fee rates.
- *Encouragement of Certain Behaviors* – In certain cases, user-fees shall be adjusted in an effort to encourage specific behaviors.

*Licenses:*

The Village may issue a license in an effort to regulate a specific activity based on the following guidelines:

- To protect the public from health or safety hazards
- To comply with statutory mandates to govern certain activities
- To maintain the aesthetic value of the community
- To protect consumers from undue interference from solicitors

Utilizing these guidelines, staff has drafted the following License Umbrella Policy for Village Council consideration:

- *Cost recovery* – The Village should consider the following items when establishing or updating license fees:
  - The full costs associated with issuing, administering and enforcing the license
  - The objective of the license
  - Market factors
  - Policy goals
  - Competitiveness with comparable communities

*Fines:*

A fine is a monetary penalty charged when an individual performs an act in violation of the Municipal Code. A fine may be charged in an effort to achieve the following goals:

- To correct past behavior
- To encourage compliance with Village rules and regulations
- To discourage a particular behavior or practice
- To ensure the timely payment of Village fees
- To promote the public good

Staff has drafted the following Fine Umbrella Policy for Village Council consideration

- *Setting fines and cost recovery* – In contrast to user-fees and license fees, the goal of fines is to discourage certain behaviors, such as violation of the Municipal Code or late payment of Village fees. Fines shall be proportional to the violation which they are trying to discourage (i.e. fines for more serious offenses should be higher than fines for lesser offenses).

## **ATTACHMENTS**

User-Fee, License and Fine Umbrella Policy

**VILLAGE OF DOWNERS GROVE  
COUNCIL ACTION SUMMARY**

**INITIATED:** Applicant                      **DATE:** February 16, 2010  
(Name)

**RECOMMENDATION FROM:** \_\_\_\_\_ **FILE REF:** \_\_\_\_\_  
(Board or Department)

**NATURE OF ACTION:**

**STEPS NEEDED TO IMPLEMENT ACTION:**

- Ordinance
- Resolution
- Motion
- Other

Motion to Adopt “AN ORDINANCE ESTABLISHING A VILLAGE COUNCIL POLICY REGARDING USER-FEES, LICENSES AND FINES”, as presented.

**SUMMARY OF ITEM:**

Adoption of the attached ordinance shall implement a formalized method for comprehensively establishing, reviewing and regularly updating Village user-fees, licenses and fines.

**RECORD OF ACTION TAKEN:**

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# Village of Downers Grove

## Official Village Policy Approved by Village Council

Description:	<b>User-Fee, License and Fine Umbrella Policy</b>	
Res. or Ord. #:	_____	Effective Date: _____
Category:	<b>Legislative and General Management</b>	
	<input checked="" type="checkbox"/> New Council Policy	
	_____ Amends Previous Regulation Dated: _____	
	Description of Previous Regulation (if different from above): _____	

### ORDINANCE \_\_\_\_\_

#### **AN ORDINANCE ESTABLISHING A VILLAGE COUNCIL POLICY REGARDING USER-FEES, LICENSES AND FINES**

WHEREAS, the Village of Downers Grove provides services to the public and charges user-fees to recover the costs of providing these services; and,

WHEREAS, the Village of Downers Grove issues licenses to regulate certain activities within Village boundaries and charges fees upon issuance of these licenses; and,

WHEREAS, the Village charges monetary fines to individuals for acts in violation of the Municipal Code.

NOW, THEREFORE, BE IT ORDAINED by the Village Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

#### **SECTION 1: USER-FEES**

1. User-fees are defined as monetary charges for services which benefit either a limited group or all members of the community and the individual benefit of each user can be measured or fairly approximated.
2. User-fees shall be implemented which are uncomplicated, easy to understand and easy to calculate. Additionally, fees shall be established which are easily administered by Village staff.
3. User-fees shall be established which recover the full costs of providing a particular service. "Full" costs are defined as the sum of all direct and indirect costs associated with providing a particular service. "Direct" costs shall include all costs associated with performing the service including staff time and employee benefits. "Indirect" costs shall include items which are administrative, supportive or attributable to municipal facilities or capital assets.
4. In cases where the full costs of providing a particular service to the community are disproportionately high or low, the Village shall consider the user-fees charged in comparable municipalities for similar services when establishing and updating specific user-fees.
5. In certain cases, user-fees shall be adjusted in an effort to encourage specific behaviors as determined by the Village.

6. Fee waivers shall be addressed separately in the official Village Council policy entitled “Council Policy with Regards to Fee Waivers.”

## **SECTION 2: LICENSES**

1. The Village shall issue a license in an effort to regulate a specific activity based on the following guidelines:
  - a. To protect the public from health or safety hazards
  - b. To comply with statutory mandates to govern certain activities
  - c. To maintain the aesthetic value of the community
  - d. To protect consumers from undue interference from solicitors
2. The Village shall consider the following items when establishing or updating license fees:
  - a. The full costs associated with issuing, administering and enforcing the license
  - b. The objective of the license
  - c. Market factors
  - d. Policy goals
  - e. Competitiveness with comparable communities

## **SECTION 3: FINES**

1. The Village may charge a fine for a Municipal Code violation in an effort to achieve the following:
  - a. To correct past behavior
  - b. To encourage compliance with Village rules and regulations
  - c. To discourage a particular behavior or practice
  - d. To ensure the timely payment of Village fees
  - e. To promote the public good
2. The Village shall establish fines which are proportional to the Municipal Code violation which they are trying to discourage (i.e. fines for more serious offenses shall be higher than fines for lesser offenses).