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How Are Cities Paying Their Bills? With Fees on Trash, Parking, Sewers and 911 Calls.

From Chicago to Danville, Ill., why residents are paying higher fees for mundane services

Scranton, Pa. is turning to an unlikely source for fiscal strength: garbage.

The distressed city in northeastern Pennsylvania began charging residents a $300 annual fee in 2014 to collect their trash, up from $178. That 68% increase has since raised millions for Scranton, one of the many steps being taken to restore the former coal-mining hub to solid financial footing after decades of decline.

Cash-strapped American cities are increasingly asking their residents to pay higher amounts for mundane services as they struggle to pay for mounting pension obligations, cover costly infrastructure improvements and replace revenue depleted by the last recession. Bills are rising for everything from parking tickets and 911 calls to sewer service and trash pickup.

In 73 U.S. cities, fees and fines increased by a collective $182 million in 2017, according to financial reports analyzed by Merritt Research Services. That annual tally is up 11% since the last financial crisis in 2008.

Fees are expected to go even higher because of recent changes at the state and federal levels. New tax legislation passed last year by Congress caps the amount of local property and income taxes Americans can deduct from their federal tax bills, making local tax increases more costly for residents and thus politically difficult for elected officials.

Thirty four states have also placed separate limits on local government tax or spending increases, according to the National League of Cities. In California, tax increases by local governments must be approved by a vote of residents.

“What’s left? Basically what’s left are charges,” said Andrew Reschovsky, a professor emeritus of public affairs and applied economics at the University of Wisconsin-Madison. “I think the future probably holds more fee increases.”

Cities began turning to more fees and fines following the 2008 financial crisis, which eroded property and sales tax revenues due to pullbacks in housing values, employment and consumer spending. Revenue from property taxes, sales taxes and income taxes moved higher in recent years as the economy rebounded but the total collected from those categories in 2017 was still below 2008 levels, according to data from the National League of Cities.

Revenue from fees, on the other hand, was 14% higher in 2015 than in 2009, according to a study of 150 cities conducted by the Lincoln Institute of Land Policy. In 2017, 42% of city CFOs said their towns had raised fees, more than the 27% who said they had raised property tax rates and 8% who reported sales tax increases.

In California, more than a dozen city fire departments are now charging hundreds of dollars for ambulance calls and more for ambulance rides. Long Beach, Calif. began imposing a $250 fee for service calls in 2016 on top of the existing $1,300 to $1,900 for a ride. The ambulance call fee brought in $1.6 million that year and $2.2 million in 2017, the finance director said.

One small Midwestern town, Danville, Ill., is raising its fees for a specific purpose: to chip away at more than $100 million in liabilities owed to police and fire department retirees. The city of about 30,000 first attached a $2 a month "public safety pension fee" to residents' sewer bills in 2014 and in December pushed that charge to $22.25 for those in single-family homes.

Danville Mayor Scott Eisenhauer said the city took this step because it no longer had enough to make its required pension payments without devoting less to firefighting, police, parks, street repairs and code enforcement. "That's what we could no longer afford to do—diminish our services because the pension obligation had increased so dramatically," he added.

Those who pay the higher fees aren't always pleased with the new demands. In Scranton, a property owner filed lawsuits over the $300 trash-collection fee and a fee for landlords, arguing the fees were higher than needed to pay for the services. The plaintiff alleges that Scranton has collected roughly $5 million more in garbage fees the past two years than it needs to run its Bureau of Refuse.

Scranton Mayor William Courtright said the fees are meant to cover the cost of collecting trash and supervising rental properties, not to generate revenue for other purposes. "Public safety and sanitation are the two most expensive endeavors of municipal government," he said in an email.

In Chicago, a city also struggling with massive pension liabilities as well as a mountain of bond debt, officials increased penalties for parking in a disabled zone and other violations between 2012 and 2014 and increased the fee for removing a car boot in 2016. The city also increased property and water-sewer taxes as part of a larger plan to improve its finances.

A city spokeswoman said Chicago reduced its "structural budget gap" by 66% in the last four years "without raising a single parking ticket fine amount." She added: "While revenue is an outcome of parking enforcement, it is not the driver of our enforcement actions."

Some public policy experts say the Chicago increases are causing hardship for certain residents. One resident, Vincent Heard, said in court documents he had accumulated about $11,000 in debt tied to parking tickets, speeding tickets and red-light violations when he filed for chapter 13 bankruptcy in September 2015.

Mr. Heard now makes monthly payments of $225 as part of his bankruptcy repayment plan. That, he said, is a challenge given his earnings of about $600 to $700 a week as a taxi driver.

"It's like I'm just working to pay tickets," Mr. Heard said.

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