



Comprehensive User Fee Study

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The Ask

That the City Council discuss and provide direction on the Citywide Master Fee Recovery Schedule.

AGENDA

01 What are User Fees?

02 Types of Fees

03 Legal, Economic, & Policy Considerations

04 User Fee Study

Background/Project History, Objectives, Methodology, Process, Results

05 Next Steps



What are User Fees?

- A "user fee" is a charge for service provided by a governmental agency to a public citizen or group
- California State Law, specifically Government Code 66014(a), stipulates that user fees charged by local agencies "...may not exceed the estimated reasonable cost of providing the service for which the fee is charged..."

Types of Fees

Non-Market / Time-Based Fees

- Level of staffing, staffing costs, time allocation, and operating costs
- Goal is to generally recover 100% of costs except as limited by law or Council direction

Market Fees

- Policy and market conditions

Legal, Economical, and Policy Considerations

- State Law
- Economic Barriers
- Community Benefit
- Private Benefit
- Managing Demand
- Competition
- Incentives

Background & Methodology



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Ruben Rivas

User Fee Study Background / Project History

- Primary goal of a User Fee Study is to determine the **"reasonable"** full cost of providing services
- User fees evaluated every 2 or 3 years
- MGT Consulting hired in mid-2018 to conduct citywide time-based fee analysis update

User Fee Study Background / Project History

Fees analyzed:

- City Clerk
- Community Services
- Finance
- Fire
- Human Resources
- Legal & Risk Management
- Police and Animal Control
- Utilities
- Planning and Development
 - Building
 - Development Services
 - Planning

Analysis conducted:

- Fee-for-service activities
- Based on FY 2024 Adopted Budget
- Does not include Water Utility Rates, Traffic Violations, or fees of that nature

User Fee Study Objectives

- Calculate true cost of providing fee-based services
- Address new fees needed to recover new costs
- Assess levels of current cost recovery and evaluate needs for adjustments
- Provide estimated revenue projections based on proposed adjustments
- Make sure fees keep pace with inflation/changes
- Ensure compliance with state law governing user fee cost recovery

User Fee Study Methodology

The analysis to determine the cost of providing fee-for-service activities is comprised of two basic elements:

1. Hourly rates of staff and/or contractors providing the service
2. Average time required to provide the service

The product of the hourly rate calculation and the time spent yields the cost of providing the service

User Fee Study Methodology

Cost Calculation

- Identify staff members involved with specific services
- Calculate direct labor & materials costs
- Calculate indirect costs
- Calculate fully burdened hourly rates times the average time to provide the service

Results & Next Steps



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User Fee Study Results

- Increases and decreases in fees vary by department, based on staffing changes and combination of fees
- Overall estimated annual revenue increase of \$1,881,835
 - Projection based on FY23 volume / revenue increase or decrease based on actual volume in future years
 - Projection based on non-market / time-based fee only

User Fee Study Results Example 1

New Application

Department	Police
Fee Number	PO-136
Fee Name	Firearms Dealer Permit - New Application
Description	Flat Fee

	<u>Current</u>	<u>Recommended</u>	<u>Dollar Change</u>
\$	424.00	\$ 353.00	\$ (71.00)

Cost Components

Labor	Time (in min)	FBH Rate*	Total
Admin Assistant	30.00	68.85	34.43
Police Detective	90.00	185.31	277.97
Police Lieutenant	5.00	265.00	22.08
Police Sergeant	5.00	225.98	18.83
Subtotal - Labor		\$	353.31

Indirect Support	Time (in min)	FBH Rate*	Total
No Indirect Support	-	-	-
Subtotal - Indirect Support		\$	-

Full Cost	353.31
Full Cost Rounded \$	353.00

*Fully Burdened Hourly rate

User Fee Study Results Example 1

Renewal

Department	Police
Fee Number	PO-136
Fee Name	Firearms Dealer Permit - Renewal
Description	Flat Fee

	<u>Current</u>	<u>Recommended</u>	<u>Dollar Change</u>
\$	115.00	\$ 137.00	\$ 22.00

Cost Components

Labor	Time (in min)	FBH Rate*	Total
Admin Assistant	30.00	68.85	34.43
Police Detective	20.00	185.31	61.77
Police Lieutenant	5.00	265.00	22.08
Police Sergeant	5.00	225.98	18.83
Subtotal - Labor		\$	137.11

Indirect Support	Time (in min)	FBH Rate*	Total
No Indirect Support	-	-	-
Subtotal - Indirect Support		\$	-

Full Cost	137.11
Full Cost Rounded \$	137.00

*Fully Burdened Hourly rate

User Fee Study Results Example 2

Department	Planning
Fee Number	PL-PC-070
Fee Name	Environmental Impact Assessment
Description	Flat Fee

	<u>Current</u>	<u>Recommended</u>	<u>Dollar Change</u>
\$	7,512.00	\$ 9,036.00	\$ 1,524.00

Cost Components

Labor	Time (in hr)	FBH Rate*	Total
Associate Planner	40.00	195.11	7,804.40
Executive Assistant	0.25	167.84	41.96
Planning & Development Director	0.50	472.52	236.26
Planning Manager	1.00	335.79	335.79
Senior Planner	2.00	255.23	510.46
Subtotal - Labor			\$ 8,928.87

Indirect Support	Time (in hr)	FBH Rate*	Total
Fire Marshal	0.50	213.94	106.97
Subtotal - Indirect Support			\$ 106.97

Full Cost	9,035.84
Full Cost Rounded \$	9,036.00

*Fully Burdened Hourly rate

User Fee Study Results Example 3

Single Family New Development Fee Comparison - Current vs. Recommended

Cost Components	Current	Recommended	\$ Change	% Change
Building Occupancy Inspection	\$ 683.00	\$ 800.00	\$ 117.00	17.13%
Electrical	392.23	541.30	149.07	38.01%
General Plan Maintenance	37.00	41.55	4.55	12.30%
Inspection	740.09	831.07	90.98	12.29%
Mechanical	333.43	460.09	126.66	37.99%
Permit Sheets	0.84	0.84	-	0.00%
Plan Check	2,082.85	2,459.82	376.97	18.10%
Plumbing	415.73	573.72	157.99	38.00%
Dwelling Development Tax ¹	960.00	960.00	-	0.00%
SB1473 ²	9.00	9.00	-	0.00%
SMIP SHIP Residential ³	27.99	27.99	-	0.00%
Total	\$ 5,682.16	\$ 6,705.38	\$ 1,023.22	18.01%

Footnote:

1. Collected per home, per CMC 3.32 for general revenue purposes.
2. Pass-through fee to Building Standards Administrations, collected by the City per State law.
3. Pass-through fee to California Department of Conservation, collected by the City per State law.

Our Timeline

User Fee Study Process

September 2023
Project Kickoff / Staff
Interviews



October 2023
Data
Collection



November 2023
Analysis / 1st Draft
Results



February 2024
Analysis / Final Draft
Results



March 2024
Development
Community Meeting



May 2024
Recommendations to
City Council



July 2024
Fees go into Effect
(if approved by Council)



The Ask

That the City Council discuss and provide direction on the Citywide Master Fee Recovery Schedule.

What's next?

If approved tonight, fees will be effective

July 15, 2024



Questions?



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