

# City of Fresno

## *Presentation for:*

City Council  
User Fee Study



# Presentation Agenda

**1**

**Project Overview**

**2**

**Section 1: User Fee Study**

**3**

**Section 2: Outcome Examples**

**4**

**Section 3: Questions & Answers**

# User and Regulatory Fees

- **User Fees:** Charges paid voluntarily for a governmental service or product received
- **Regulatory Fees:** Charges for recovery of costs associated with regulatory activities

- ✓ Cost recovery opportunities
- ✓ Revenues which the City Council implements
- ✓ NOT: Taxes, Fines, Development Impact Fees, etc.

# Legal Framework

- **Proposition 26**

Article XIII C §1(e)(3) Inspections and Regulatory Permits are exempt...however are still limited to the local government's reasonable costs.

- **CA Government Code §66014(a)**

“Those fees may not exceed the estimated reasonable cost of providing the service for which the fee is charged”



# Project Scope

Fees Studied:



**Planning**



**Building & Safety**

# Project Goals

Define full cost recovery potential of individually-based services

1

Understand  
Full Cost of  
Providing  
Services

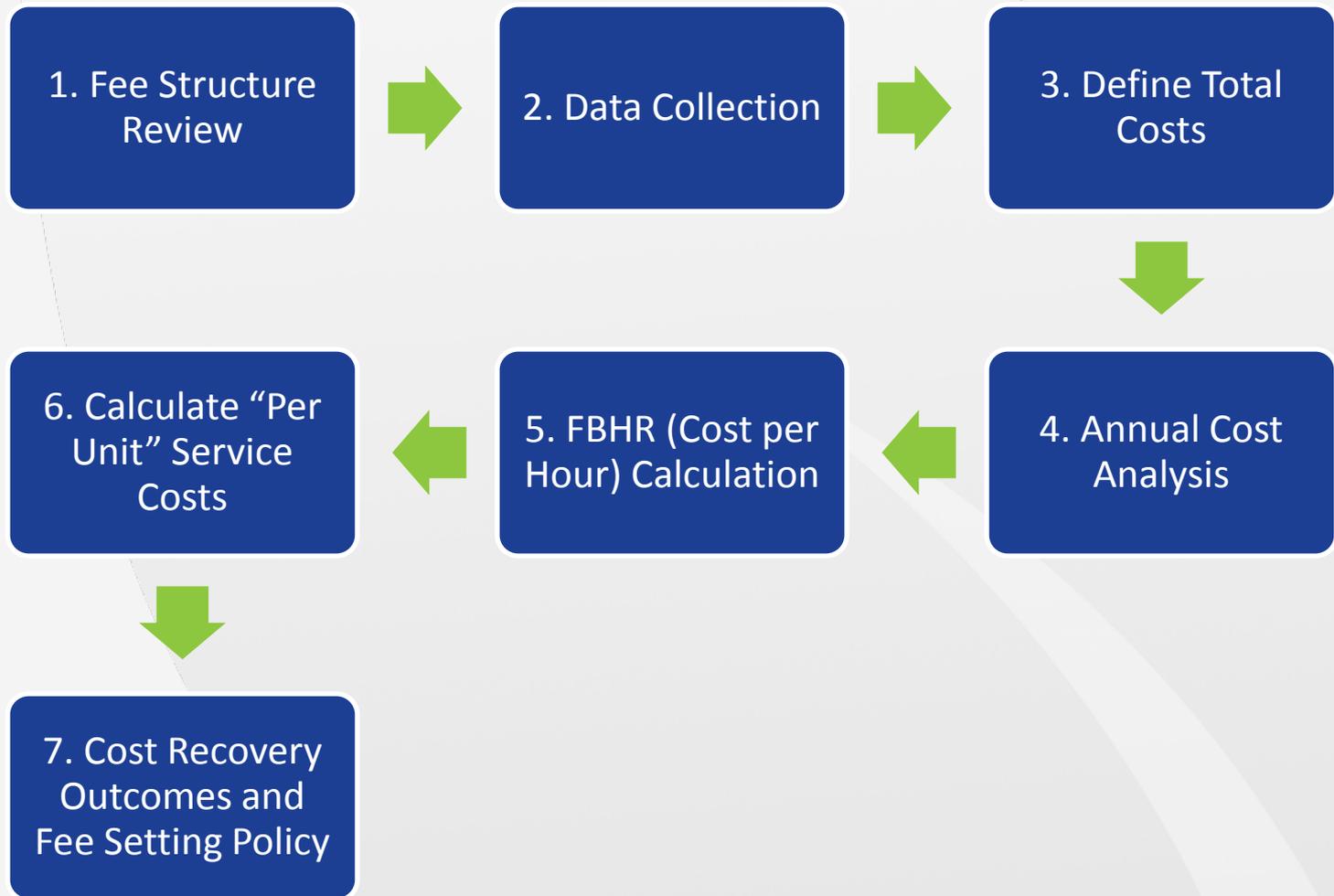
2

Set  
Municipal  
Fees  
Accordingly

# Key Issues Framing This Study

<b>1</b>	<b>Compliance with State laws</b>
<b>2</b>	<b>Total estimated and reasonable costs of providing services</b>
<b>3</b>	<b>Fees that fairly and equitably recover costs</b>
<b>4</b>	<b>Fee amounts calibrated to current costs and service levels provided</b>

# Project Approach



# Fee Structure Review

Flat Fees

Variable Fees Based on Project Characteristics

Variable Fees Based on Actual Time Tracked  
(with Deposits Managed as Needed)

# Data Collection

<b>1</b>	<b>Adopted budget and staffing</b>
<b>2</b>	<b>Workload from last complete Fiscal Year</b>
<b>3</b>	<b>Time estimates annual and per fee item</b>
<b>4</b>	<b>Current / recommended fees</b>

# Defining Total Costs

## Direct

- Salaries and benefits
- Services and supplies

## Indirect

- Program, Division, Departmental and Agency-wide

## Support

- Review required from internal departments for approval

## Systems and Maintenance

- General Plan Update/Maintenance & Information Technology Surcharge

# Annual Cost Analysis

## Estimated and/or Tracked

### Direct Services

Intake and Processing

Plan Review –  
Initial and Iterations

Inspection –  
Initial and Re-inspections

Permit Issuance

Commission Review

Project Close Out

### Indirect / Other Services

Public Information and  
Assistance

Code, Policy, and Procedure  
Improvement

Code Enforcement

### Support / Overhead

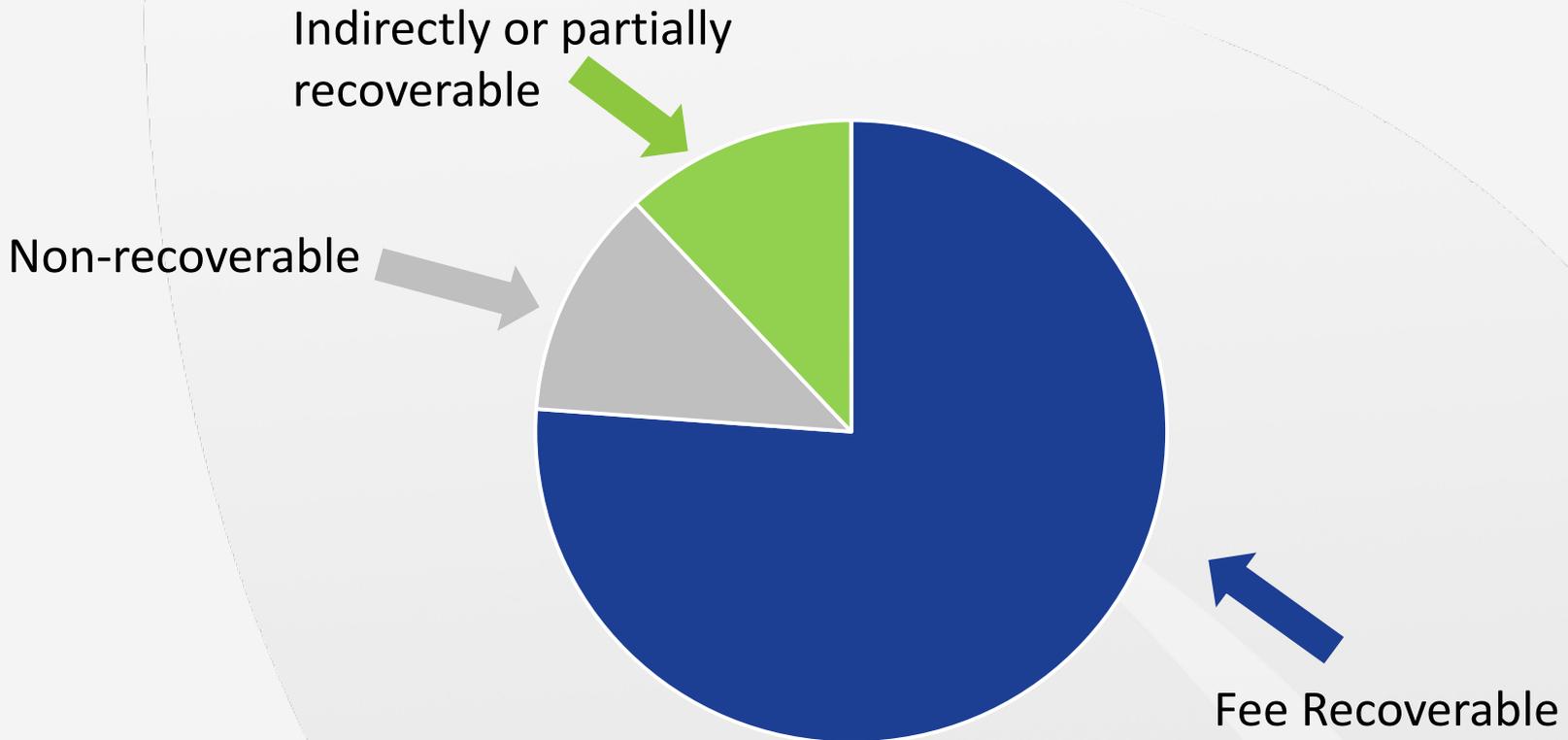
Training

Divisional Administration

Departmental  
Administration

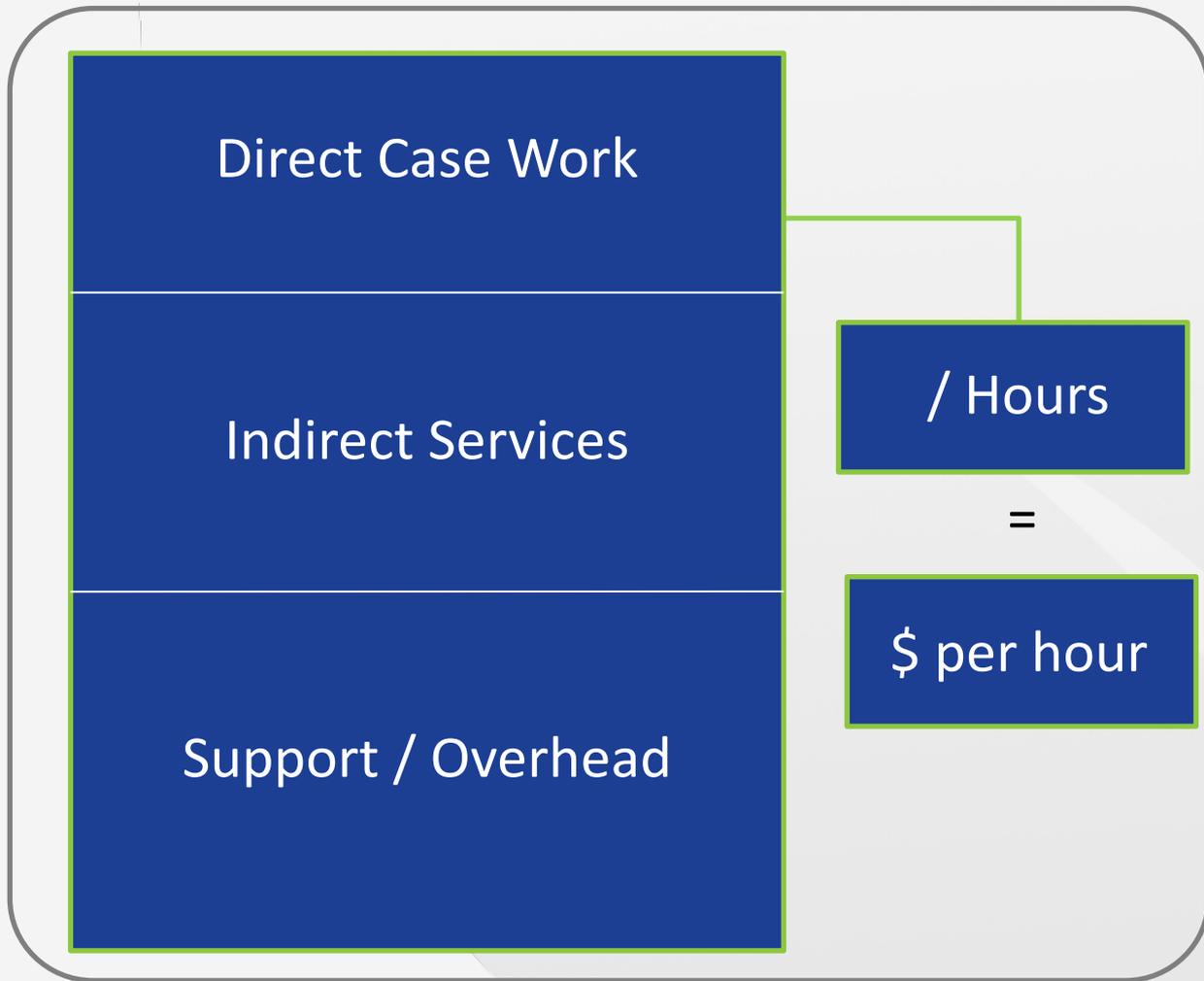
Support /  
Indirect Services

# Recoverable vs Non-Recoverable Costs



Division	Total Division Cost	Total Costs Targeted for Fee Recovery	Total Recoverable Costs %	Non-Recoverable Costs	Non-Recoverable Costs %
Planning	\$ 3,622,037	\$ 2,827,689	78.07%	\$ 794,348	21.93%
Building	\$ 6,845,362	\$ 6,812,590	99.52%	\$ 32,773	0.48%

# FBHR Rate Calculation

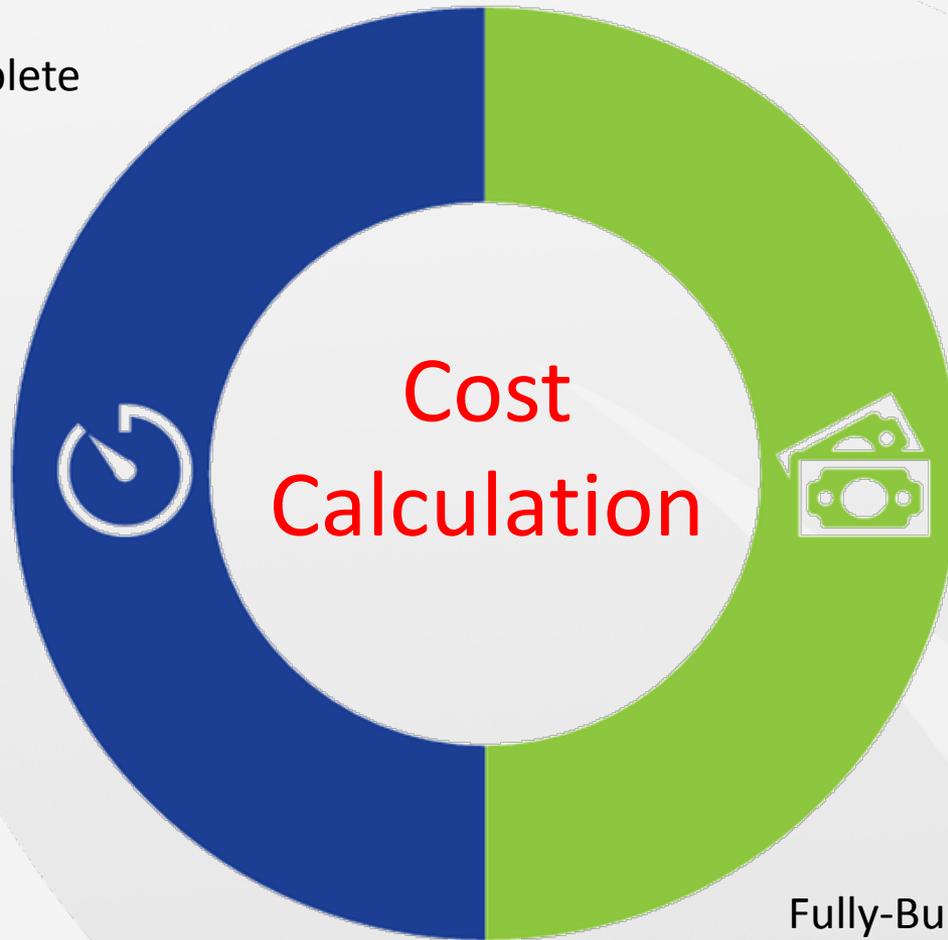


## Hourly Rate Outcomes

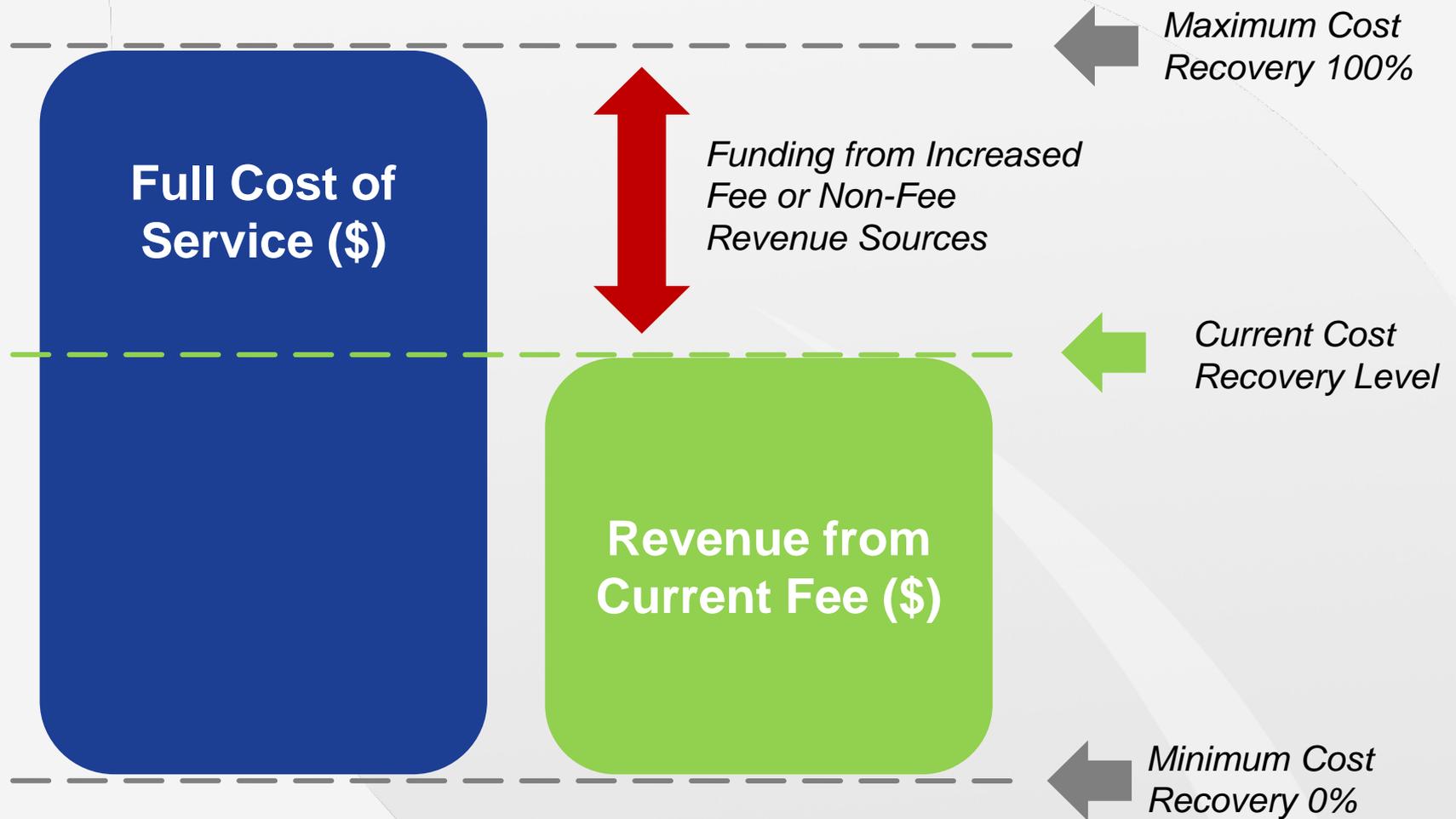
- ✓ Planning: \$187
- ✓ Building:
  - Permit Center: \$109
  - Inspection: \$119

# Cost of Service Calculation

Time to Complete



# Cost Recovery/Fee Setting



# Summary of Results

Division / Surcharge	Estimated Annual Current Fee Revenue	Estimated Annual Full Cost Recovery Fee Revenue	Annual Cost Recovery Surplus / (Deficit)	Current Cost Recovery %	Estimated Annual Recommended Fee Revenue	Recommended Cost Recovery %
Planning	\$ 2,331,784	\$ 2,863,645	\$ (531,861)	81%	\$ 2,790,523	97%
Building	\$ 7,261,024	\$ 7,204,045	\$ 56,979	101%	\$ 7,204,045	100%
Information Technology Surcharge	\$ 278,020	\$ 265,575	\$ 12,445	105%	\$ 265,575	100%
General Plan Maintenance Surcharge	\$ 528,075	\$ 791,745	\$ (263,670)	67%	\$ 791,745	100%
<b>Total</b>	<b>\$ 10,398,903</b>	<b>\$ 11,125,010</b>	<b>\$ (726,107)</b>	<b>93%</b>	<b>\$ 11,051,888</b>	<b>99%</b>

# Meetings Held & Report Modifications

**May 10** – Meeting with Building Industry Association Representative

**May 22** – Workshop with Industry Representatives

Invited: Residential, Multi-Family, Commercial, and Industrial Subcommittee Members

Five total attendees

Fee Name	Draft Final Report Outcomes		Modifications per Industry Feedback		Variance
	Time Estimate (hrs)	Fee Level/Deposit	Time Estimate (hrs)	Fee Level/Deposit	
Annexations, Inhabited	73	\$ 13,615	66	\$ 12,309	\$ (1,306)
CUP - Special, Woodward Park Height Exception	95	17,718	<i>removed</i>		(17,718)
Map - Tentative Parcel Map Filing					
5 lots or more	50	9,325	40	7,460	(1,865)
4 lots or less	40	7,460	30	5,595	(1,865)

## Section 3

# Questions & Answers

# Thank you!



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