

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.

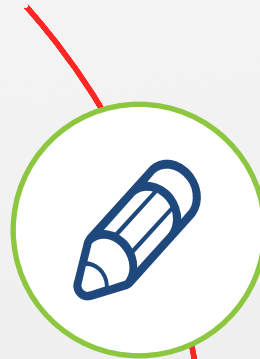
- **CA Government Code §66014(a)**

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

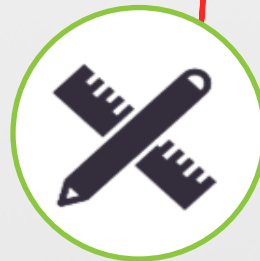


Project Scope

Fees Studied:



Planning



Building & Safety

Project Goals

Define full cost recovery potential of individually-based services

1

Understand
Full Cost of
Providing
Services

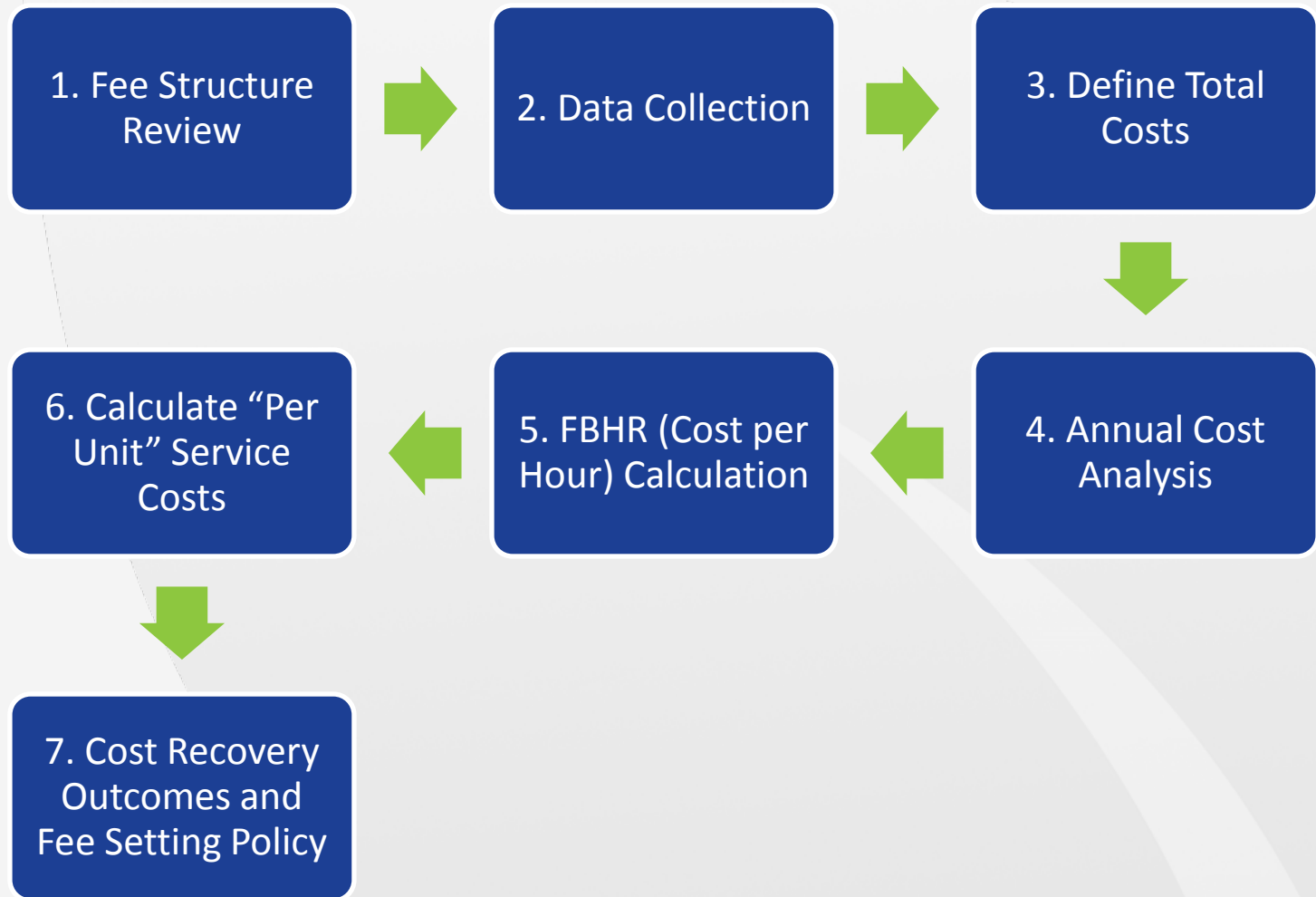
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Set
Municipal
Fees
Accordingly

Key Issues Framing This Study

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

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

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

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

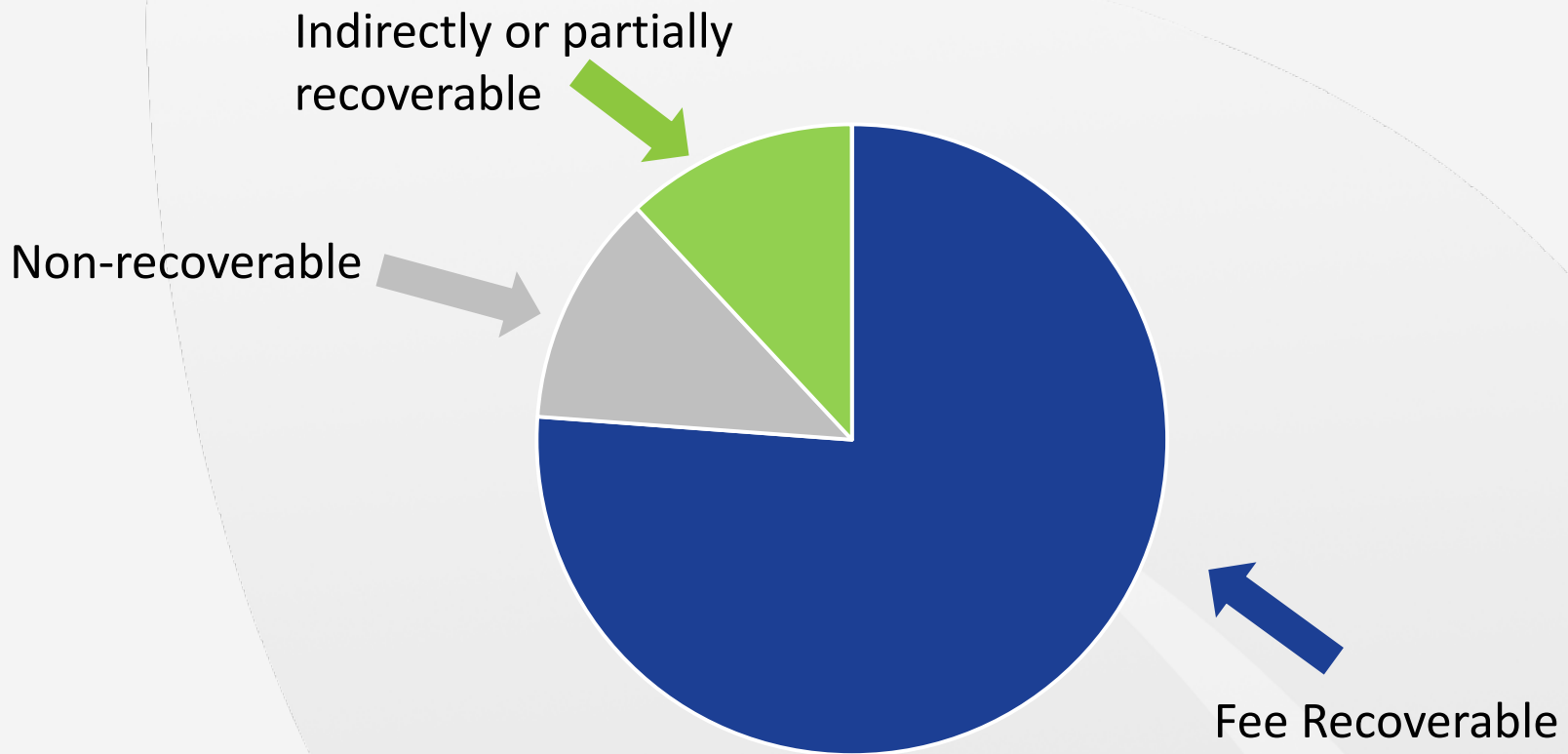
Training

Divisional Administration

Departmental
Administration

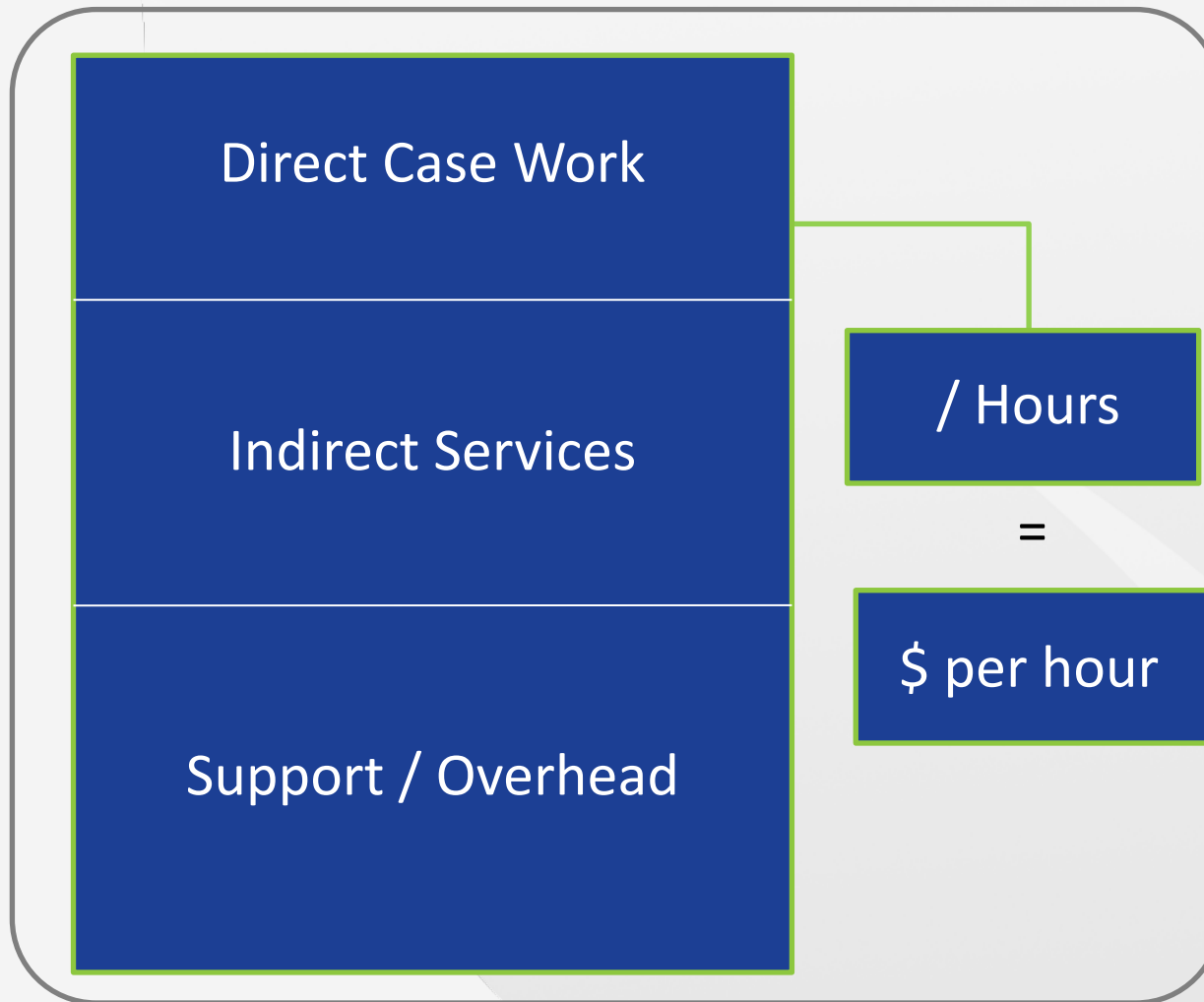
Support /
Indirect Services

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

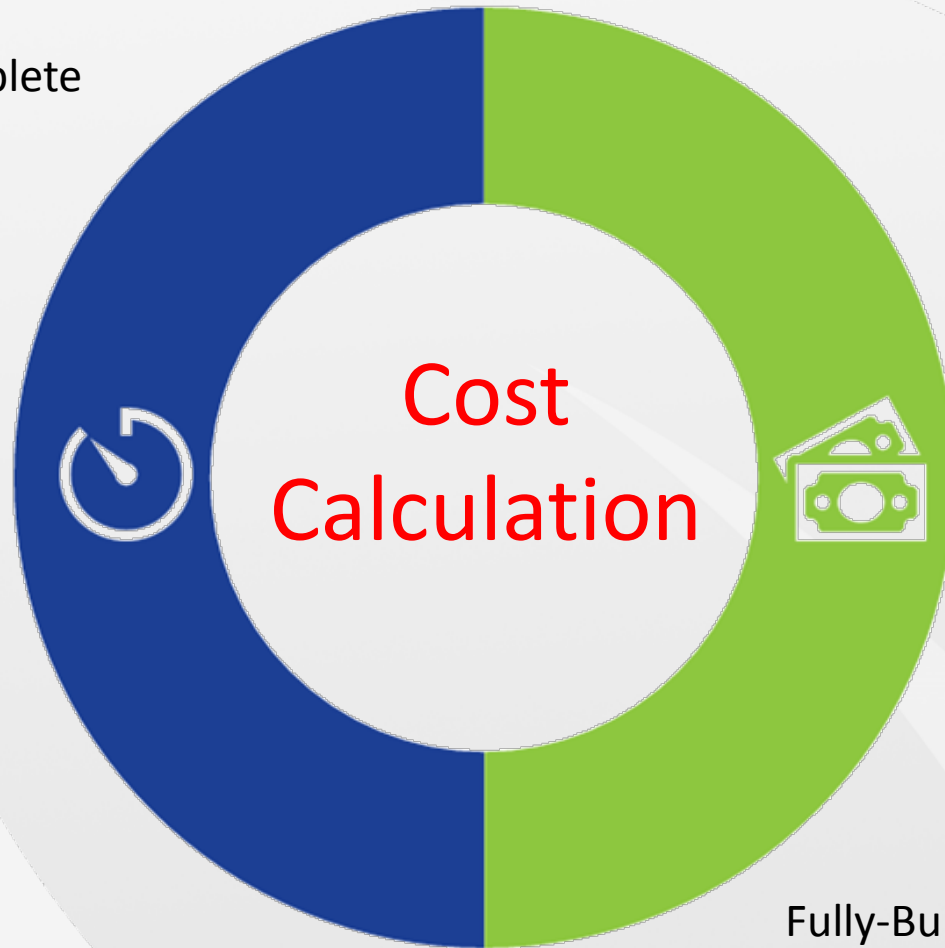


Hourly Rate Outcomes

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

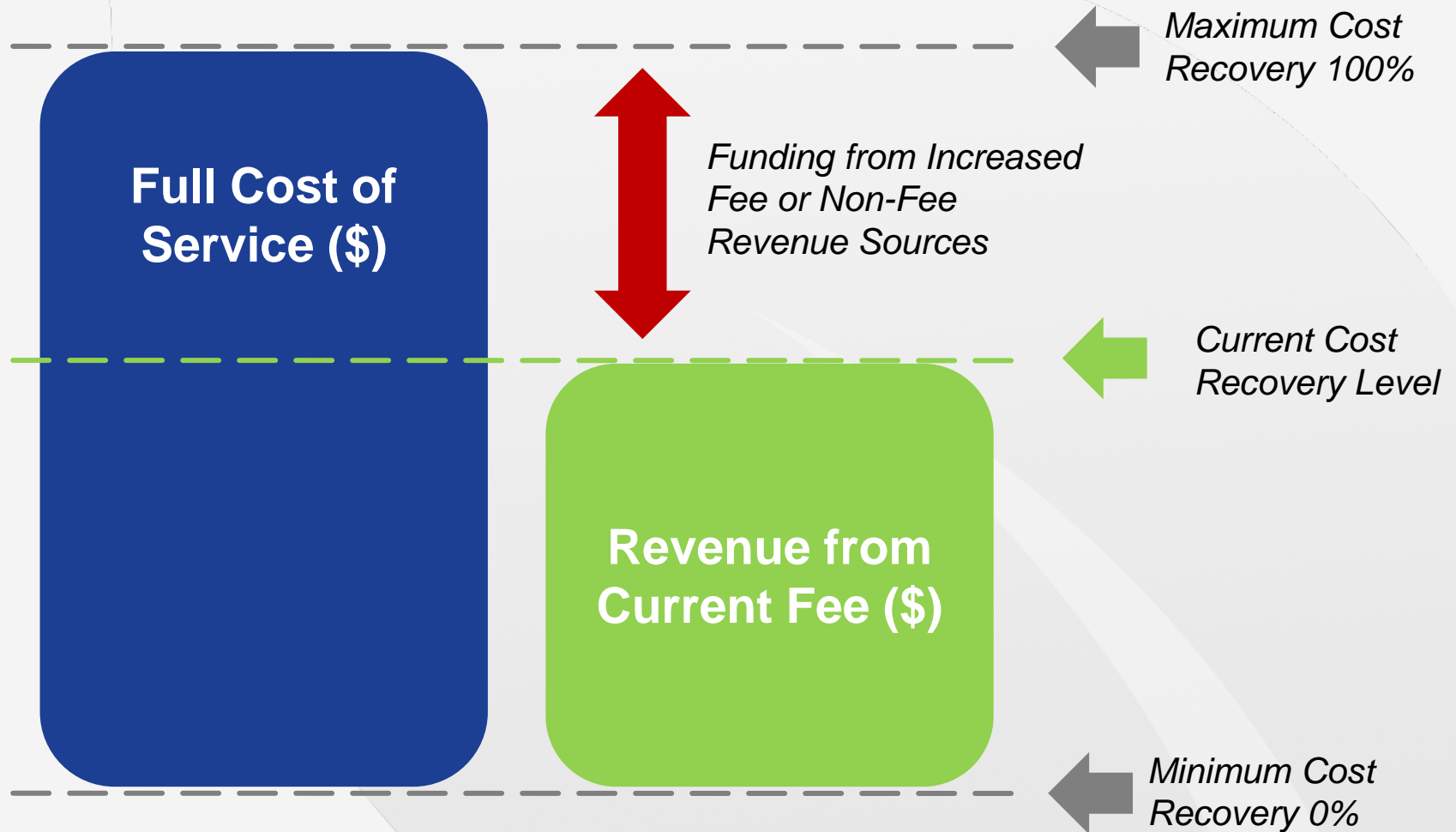
Cost of Service Calculation

Time to Complete



Fully-Burdened Hourly Rate

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%
Total	\$ 10,398,903	\$ 11,125,010	\$ (726,107)	93%	\$ 11,051,888	99%

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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