

City of Tulare

Presentation for the Comprehensive User Fee Study



January 21, 2020

What are User Fees?

- User Fees fund programs and services that provide private benefit to individuals requesting them, with limited or no benefit to the community as a whole
- State Law requires that 1) individual use of the service must be voluntary, and 2) fees must reasonably relate to the services provided

What is a User Fee Study?

- Primary goal of a User Fee Study is to determine the “reasonable” full cost of providing services
- Each fee or service’s cost is calculated individually
- Develop fully burdened hourly rates for personnel
 - Salary & Benefit cost divided by billable hours
 - Layer on direct and indirect overhead as applicable to the position’s department and services provided
- Up to 100% of the full cost may be recovered
- The City may decide to set fees lower than full cost

Objectives of User Fee Study

- Develop a rational basis for setting fees
- Understand total costs of providing services
- Identify subsidy amounts, if applicable
- Identify appropriate fee adjustments that enhance fairness and equity
- Maintain consistency with local policy and objectives, and compliance with state law
- Develop updatable, comprehensive list of fees

Scope of the Study

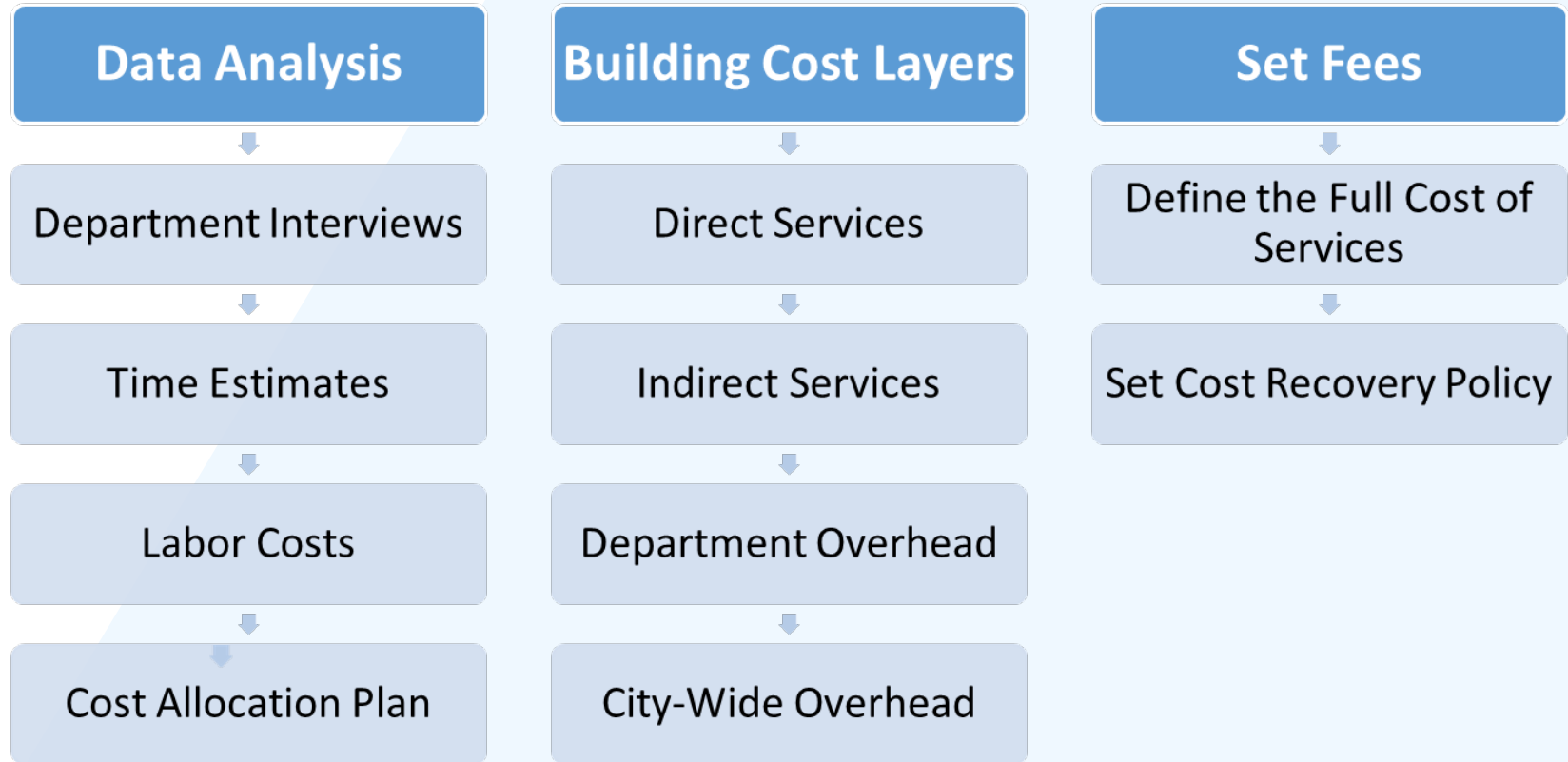
- Review and calculate cost of providing services and related fees charged by the following departments and divisions:
 - Building
 - Planning
 - Engineering
 - Fire
 - Police
 - Library
 - Utilities
 - Administration/Finance
 - Parks & Recreation

Data & City Staff Participation

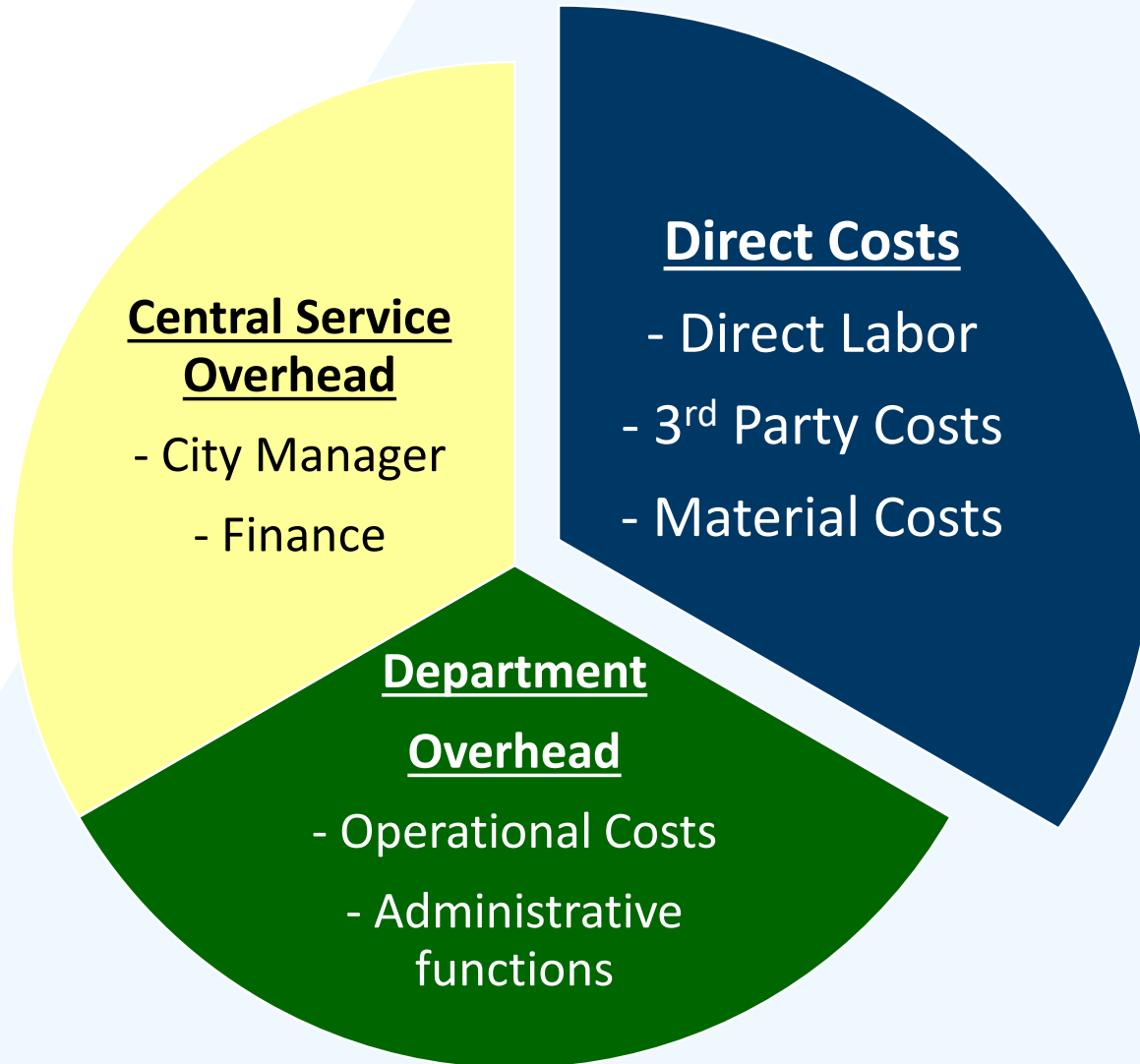
Willdan used the following to determine full cost of providing each service:

- Department budgets, Salary & Benefit information, other cost data
- Staffing Structures
- Central Service/Indirect Cost Allocation Plan
- Productive/billable hours
- Direct & Indirect work hours
- Time estimates to complete tasks
- City/Department input, feedback and policies

Summary Steps of the Study

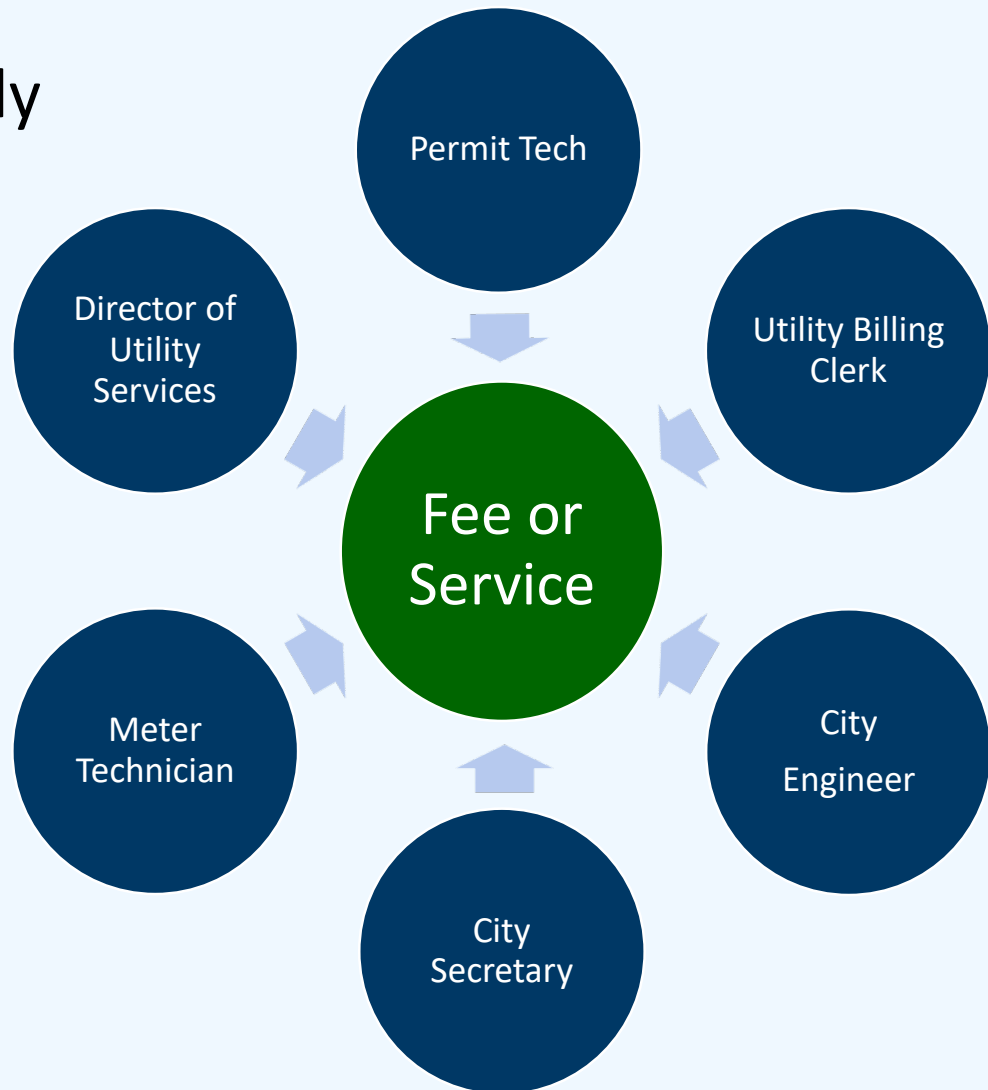


Typical Fee Composition



Fee Cost Composition Example

- Fully Burdened Hourly rates predominately used to calculate full cost for fees
- Important to keep in mind all processes, personnel, and indirect support involved to calculate full cost for services



Building

- Analysis consists of using the fully burdened hourly rates of staff and the time it reasonably takes to provide service.
- For fees based on a time based analysis
 - As a result, there would be an increase to the Building Permit Fees and 148 flat rate fees, and 1 fee would decrease.
 - Average fee increase of 8% for flat rate fees and 7% for Building Permit Fees.

Planning

- The department utilizes deposit based services as well as flat fees
 - Hourly rates will be used to bill against deposits to recover cost
- Suggested fees notes:
 - There would be an increase to 18 fees, 20 fees would remain as currently set, and 1 new fee would be added.
 - Average fee increase of 34% for existing services

Engineering

- Analysis consists of using the fully burdened hourly rates of staff and the time it reasonably takes to provide service.
- Suggested fees notes:
 - There would be an increase to 27 fees, 9 fees would remain as currently set, a decrease to 2 fees, and 11 new fees would be added.
 - Average fee increase of 30%

Fire

- Analysis consists of using the fully burdened hourly rates of staff and the time it reasonably takes to provide service.
- Suggested fees notes:
 - There would be an increase to 18 fees, decrease to 14 fees, and 5 new fees would be added.
 - Average fee increase of 9%

Police

- Analysis consists of using the fully burdened hourly rates of staff and the time it reasonably takes to provide service.
- Suggested fees notes:
 - There would be an increase to 43 fees, 18 fees would stay at their current levels, a decrease to 5 fees, and 2 new fees would be added.
 - Average fee increase of 56%

Library

- The services included are a mixture of fines and user fees.
- Suggested fees notes:
 - Most fees are proposed to stay at their current levels.
 - There would be an minor increase to 3 fees and 2 new fees would be added.

Utilities

- No analysis was done on most of the fees.
- 2 new fees were added and full cost determined.
 - Analysis consisted of using the fully burdened hourly rates of staff and the time it reasonably takes to provide service.

Administration/Finance

- Analysis consists of using the fully burdened hourly rates of staff and the time it reasonably takes to provide service.
- Transit fees were not analyzed as part of the study.
- Suggested fees notes:
 - There would be an increase to 8 fees, 24 fees would remain as currently set (including all transit fees), and 1 new fee will be added.

Parks and Recreation

- Parks and Recreation consists of primarily rental fees, membership fees, and deposits.
 - Such fees can be set at City discretion based on policy and market forces.
- Suggested fees notes:
 - All fees are to remain unchanged except for \$5 reductions in the deposit amounts for Tulare Youth Center Gymnasium.

Policy Considerations

- General standard: individuals or groups who receive private benefit from service should pay 100% of cost
- In certain situations, subsidization is an effective public policy tool:
 - Encourage participation
 - Ensure compliance when cost is prohibitive to residents
 - Allow access to services
- Recommended that City include an annual inflation factor which will allow City Council by resolution to annually adjust fees based on CPI or other factor

Questions

