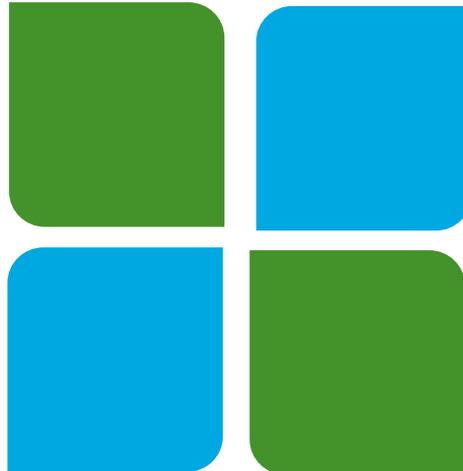


# City of San Dimas

## User Fee Study



# Why Update User Fees

- Subsidies in services impact the General Fund
  - Private & specific benefit services are subsidized by unobligated funding sources
  - Reduces ability to fund general & community benefits
- Decreased department funding typically results in understaffing and reduces service quality
- Cost recovery knowledge and planning
  - Provides clarity of pressures on City resources
  - Enables City to strategize and set fees to benefit of the City and community
  - State requirements for reasonable cost-based fees

# User Fee Objectives & Steps

- Determine full cost of providing services or programs
  - Review fee schedules based on service delivery
  - Identify potential new fees (not currently collected)
  - Reduce or remove fees
  - Using fully-burdened rates, calculate full cost recovery
- Update fees for service based on cost analysis
  - Incorporate or establish cost recovery goals
    - ✓ Subsidies allow access to services and facilitate compliance
  - Identify appropriate fee levels that:
    - ✓ Enhance reasonability and applicability
    - ✓ Maintain consistency with local policies and objectives
    - ✓ Maintain legal compliance with state law

# Scope of the Study

- Review and calculate cost of providing services and related fees charged by the following departments and divisions:
  - Administration
  - Finance – Business License
  - Parking Enforcement
  - Parks and Recreation
  - Planning
  - Building & Safety
  - Golf – Fees included without analysis or change
  - Public Works

# Data & City Staff Participation

- Primary types of data used:
  - Expenditure data
  - Staffing structures
  - Central service/Indirect overhead
  - Productive/billable hours
  - Time estimates to complete tasks
  - City/Department input, feedback and policies
- Staff support throughout process essential to ensure analysis fidelity

# Summary Steps of the Study



# Administrative

- Time based cost analysis on user fees in schedule
- Analysis found that current fees were not in line with the full cost of services
- Suggested fee notes:
  - An increase for 19 fees
  - 1 fee would decrease
  - 1 new fee, Records Request - Special Request, would be added
  - 73 fees would remain as currently set, most related to Animal Control and Waste Management services

# Finance – Business License

- Business Licenses are considered a tax and were not analyzed as part of the study
- Two related business license services are user fees and were analyzed
  - Analysis found that the two fees are subsidized
- Suggested fee notes:
  - An increase to the New Business Listing and Duplicate License fees from \$2 to \$5 each
  - Increase to the Credit Card Convenience Fee from 2.36% to 4% based on a program cost analysis
  - Remaining taxes would remain as currently set

# Parking Enforcement

- Mixture of penalties and user fees
- Time based cost analysis for user fees
- Analysis found that current fees are currently subsidizing the cost of service
- Suggested fee notes:
  - An increase to 47 fees
  - 4 new fees would be added
  - 19 fees would remain as currently set

# Parks and Recreation

- Rental fees are use of government property and should be set based on market, policy, & usage factors
- Time based cost analysis for program fees
- Suggested fee notes:
  - An increase to 162 fees, with most services to maintain large subsidies
  - 14 fees would remain as currently set
  - Overall, the average fee change would be approximately a 37% increase

# Planning

- Time based cost analysis
- Analysis found that Planning services are currently being provided well below their cost
- Suggested fee notes:
  - An increase to 39 fees
  - 5 new fees would be added
  - 6 fees would change to actual cost from a flat or deposit fee
  - 1 fee would change to flat fee from actual cost to flat
  - 2 fees would decrease
  - 10 fees would remain as currently set

# Building & Safety

- City utilizes the Los Angeles County fee schedule
  - Analysis was based on a program cost analysis
- Cost recovery is 59% with indirect support included
  - City is currently only recovering direct cost
- Suggested fee notes:
  - Recommendation is to increase fees by 20% to be at a 71% cost recovery
  - 1 new fee would be added

# Public Works

- Time based cost analysis
- Analysis found that current fee levels are subsidizing the cost for most services
- Suggested fee notes:
  - An increase for to 26 fees
  - 17 new fees would be added
  - 3 fees would change from flat to actual cost
  - 59 fees would remain as currently set

# 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
  - Promote access to services
- Recommend that City utilize inflation factor to annually adjust fees based on CPI, MOU, or another factor
- Comprehensive analysis every 5 years

# Questions

