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Gina Eleccion
City of Benicia
250 East L Street
Benicia, CA 94510

Subject: Comprehensive Fee Study

Dear Ms. Eleccion,

NBS is finalizing the results of the Comprehensive Fee Study for the City of Benicia. NBS worked with the City to choose six comparative agencies: El Cerrito, Fairfield, Martinez, Pleasant Hill, Vallejo, and Walnut Creek.

Often policy makers request a comparison of their jurisdiction's fees to surrounding communities or similar scopes of operations. The purpose of a comparison is to provide a sense of the local market pricing for services, and to use that information to gauge the impact of recommendations for fee adjustments proposed by the consultant's report and staff recommendations.

Comparisons can be helpful in fee setting decisions for the City. However, they do not provide information about the cost recovery policies and procedures inherent in each comparison agency. A "market based" decision to price services at below the cost of service analysis results shown for the City of Benicia, is the same as making a decision to subsidize that service. Comparative agencies may or may not base their fee amounts on the estimated and reasonable cost of providing services.

Additionally, it is unknown what methodology the comparative cities used to establish the current fees being charged. The City of Benicia's fee study methodology used current government codes regulating the establishment of fees for service as the guiding principles in the development of the estimated reasonable cost for fee recovery.

Finally, how each city structures its fees for service can vary greatly. The process and staffing makeup in carrying out fee activities for the same fee in two neighboring cities can vary greatly. These differences in the structure of the fees will inevitably lead to differences in what services are included in the cost recovery amounts.

Sincerely,

Stacey Shell, NBS