

Citywide Fee Study Overview

Project History

- **2013-15 budget meetings**, City Council directed staff to work on several **key initiatives** to help guide the City in developing a **fiscally sustainable course for the long-term**. The Fee Study is one of those initiatives that is part of creating more **fiscal stability for the City**.
 - This was not an initiative to balance the budget.
- The **2015 Organization Scan** identified **critical unmet needs** and ways to **recover costs and increase revenue**. A comprehensive analysis of fees and appropriate increases is one way to recover costs and increase revenue.
- City Staff and NBS Consulting analyzed all Citywide User Fees.
- Project Webpage - www.ci.benicia.ca.us/userfeestudy

Public Meetings

April 25th (City Council)

- Reviewed Process, Methodology and Status.
- Discussed time it takes to process permits, fully burdened hourly rates, and citywide overhead - all factors in cost to provide services.

May 15th (Public Meeting)

- Reviewed Process, Methodology and Status
- Examples of Potential New Fees
- Open Q&A Session

May 23rd (City Council)

- Provided Full Cost of Service.
- Illustrated that the City has been significantly under-recovering the full cost of service.
- Council directed staff to work on fee recommendations.

June 6th (City Council)

- Staff's fee recommendations presented for review, discussion, and feedback. Recommendations based on the following criteria:
 - Type of permit and service provided
 - Current fees
 - Sensitivity to public/customers
 - Reasonableness of fees/increases
 - Comparisons to neighboring jurisdictions, though fees charged by other cities are not necessarily based on the same methodology or cost recovery principles
 - City's desire to better balance subsidizing the cost of services
- Highlighted significant changes by Department/Division.
- Challenges with providing accurate volume and level of activity for all the permits, which does not make it possible to project the increase in revenue with absolute certainty.
- Comparison of Current Building Fees vs. Proposed Fees for a sample of permits, demonstrating the range in recommended fees realize an increase between 35%-85% based on the specific parameters for individual permits.

June 20th (City Council)

- Final Fee Recommendations presented based on feedback from June 6th. Various fees were adjusted in the final recommendations.
- Benicia Chamber of Commerce requested delay of adoption of fees
 - Additional time to review
 - Fee Study Review Task Force
- City Council supported additional time, but did not form a task force
- Fee adoption continued to August 15th

FULLY BURDENED HOURLY RATE

A cost of service analysis compiles the full cost of providing governmental services and activities. There are two primary types of costs considered: direct and indirect costs. Direct costs are those that specifically relate to the activity in question, including the real-time provision of the service. Indirect costs are those that support provision of services in general, but cannot be directly assigned to the fee for service in questions.

Direct Labor costs – Salary, wages and benefits expenses for City personnel specifically involved in the provision of services and activities to the public.

Indirect labor costs – Personnel expenses supporting the provision of services and activities. This can include line supervision and departmental management, administrative support within a department, and staff involved in technical activities related to the direct services provided to the public.

Specific direct non-labor costs – Discrete expenses incurred by the City due to a specific service or activity performed, such as contractor costs, third-party charges, and very specific materials used in the service or activity. (In most fee types, this component is not used, as it is very difficult to directly assign most non-labor costs at the activity level.)

Allocated indirect non-labor costs – Expenses other than labor for the departments involved in the provision of services. In most cases, these costs are allocated across all services provided by a department, rather than directly assigned to fee categories.

Allocated indirect organization-wide overhead – Both labor and non-labor expenses, related to agency-wide support services. Support services include general administrative services such as City Council, City Manager, City Clerk, City Attorney, Human Resources, Administrative Services, Building Maintenance, etc. An agency's support services departments assist the direct providers of public service. The amount of costs attributable to each department or program included in this Study were sourced from a separate Cost Allocation Plan, prepared by NBS for the City's Administrative Services Department in a prior Fiscal Year.

Deriving the fully burdened labor rate for each department, and various functional divisions within a department, requires two figures: the full costs of service and the number of hours available to perform those services. NBS derives the hours available from a complete listing of all personnel employed by the City. A full-time employee equates to 2,080 hours per year of regular time. Using this as an initial benchmark of labor time, the Study removes the average employee's eligible annual leave from the total number of regular paid hours to generate the total number of available labor hours for each City department or program. These available hours represent the amount of productive time available for providing both fee-recoverable and non-fee recoverable services and activities. The productive labor hours divided into the annual full costs of service equals the composite fully burdened labor rate.

Fire Department Permit Fees
(current vs. proposed fees – actual businesses)

Benicia Cleaners – 81 Solano Square

Total Annual Increase = \$78

<u>Permit</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
Dry Cleaning Class I	\$100	\$178	+\$78
Total:	\$100	\$178	+\$78

VCA Benicia Animal Hospital – 335 Military West

Total Annual Increase = \$78

<u>Permit</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
Dry Cleaning Class I	\$100	\$178	+\$78
Total:	\$100	\$178	+\$78

SUBA Manufacturing, Inc. – 921 Bayshore Road

Total Annual Increase = \$11

<u>Permit</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
LPG Storage	\$100	\$145	+\$45
Cutting and Welding	\$50	\$33	-\$17
Dust Producing	\$50	\$33	-\$17
Total:	\$200	\$211	+\$11

Ponder Environmental Services – 4563 East 2nd

Total Annual Increase = \$25

<u>Permit</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
Hazardous Materials	\$100	\$244	+\$144
High-Piled Combustible Storage	\$50	\$33	-\$17
Flammable Liquid Storage	\$50	\$33	-\$17
LPG Storage, Use	\$50	\$33	-\$17
Compressed Gases	\$50	\$33	-\$17
Repair Garages	\$50	\$33	-\$17
Cutting and Welding	\$50	\$33	-\$17
Waste Oil Tanks	\$50	\$33	-\$17
Total:	\$450	\$475	+\$25

Building Division Permit Fees
(current vs. proposed fees – actual businesses)

CONCO – 4735 Industrial Way (Tenant Improvement – change 2,932 sq ft from warehouse to office)

Total Increase = \$2,550.89

<u>Permit</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
Plan Review	\$1,010.59	\$1,506.10	+\$495.51
Inspection Fees	\$1,480.75	\$2,008.13	+\$527.38
Plan Retention	\$6.50	\$10.00	+\$3.50
Electrical Fee (Comm/Ind)	\$429.50	\$730.00	+\$300.50
Electrical Permit	\$0 (included in above)	\$75.00	+\$75.00
Mechanical Fee (Comm/Ind)	\$310.50	\$492.00	+\$181.50
Mechanical Permit	\$0 (included in above)	\$75.00	+\$75.00
Plumbing Fee (Comm/Ind)	\$256.50	\$384.00	+\$127.50
Plumbing Permit	\$0 (included in above)	\$75.00	+\$75.00
CASp Plan Check Fee	\$0	\$450.00	+\$450.00
Application Fee	\$0	\$75.00	+\$75.00
Outsource Plan Review Processing Fee	\$0	\$165.00	+\$165.00
Total:	\$3,494.34	+\$6,045.23	+\$2,550.89

New 10,000 square foot F1/VB construction warehouse with electrical, plumbing, and mechanical

Valuation of \$667,500.00 (no regulatory or other divisions included)

Total Increase = \$5,571.68

<u>Permit</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
Inspections	\$5,736.50	\$7,745.95	+\$2,009.45
Plan Check	\$3,728.73	\$5,809.46	+\$2,080.73
Electrical Issuance Fee	\$64.50	\$75.00	+\$10.5
Electrical Fee (based on \$25,000 cost of labor & materials)	\$250.00	\$500.00	+\$250.00
Mechanical Issuance Fee	\$64.50	\$75.00	+\$10.5
Mechanical Fee (based on \$25,000 cost of labor & materials)	\$250.00	\$500.00	+\$250.00
Plumbing Issuance Fee	\$64.50	\$75.00	+\$10.5
Plumbing Fee (based on \$25,000 cost of labor & materials)	\$250.00	\$500.00	+\$250.00
CASp Plan Check Fee	\$0	\$450.00	+\$450.00
Outsourced Plan Review Process Fee	\$0	\$165.00	+\$165.00
Application Fee	\$0	\$75.00	+\$75.00
Plan Retention	\$.25 per small sheet \$2.25 per large sheet	\$10.00	Varies
Total:	\$10,408.73	\$15,980.41	+\$5,571.68