

# City of Petaluma

## User Fee Study



# What are User Fees

- Provide private benefit with limited or no community benefit
- State law requires that 1) individual use of the service must be voluntary, and 2) fees must reasonably relate to the services provided
- Fee levels & cost recovery determined through City Council fee adoption
- Does not include development impact fees, utility rates, taxes, etc.

# Why Update User Fees

- Subsidies in services impact the General Fund
  - Private & specific benefit services are subsidized by general fund
  - Reduces ability to fund general benefit activities like public safety & community events/programs
- Decreased department funding can impact service quality/delivery
- 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)
  - Remove or restructure obsolete fees
  - Using fully-burdened rates, calculate full cost recovery
- Update fees for services based on cost analysis
  - Incorporate or establish cost recovery goals
    - ✓ Subsidies allow access to services and can 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 fee groups:
  - Administrative
  - Airport
  - Building
  - Planning
  - Housing
  - Recreation
  - Fire
  - Police
  - Public Works
  - Marina

# Data & City Staff Participation

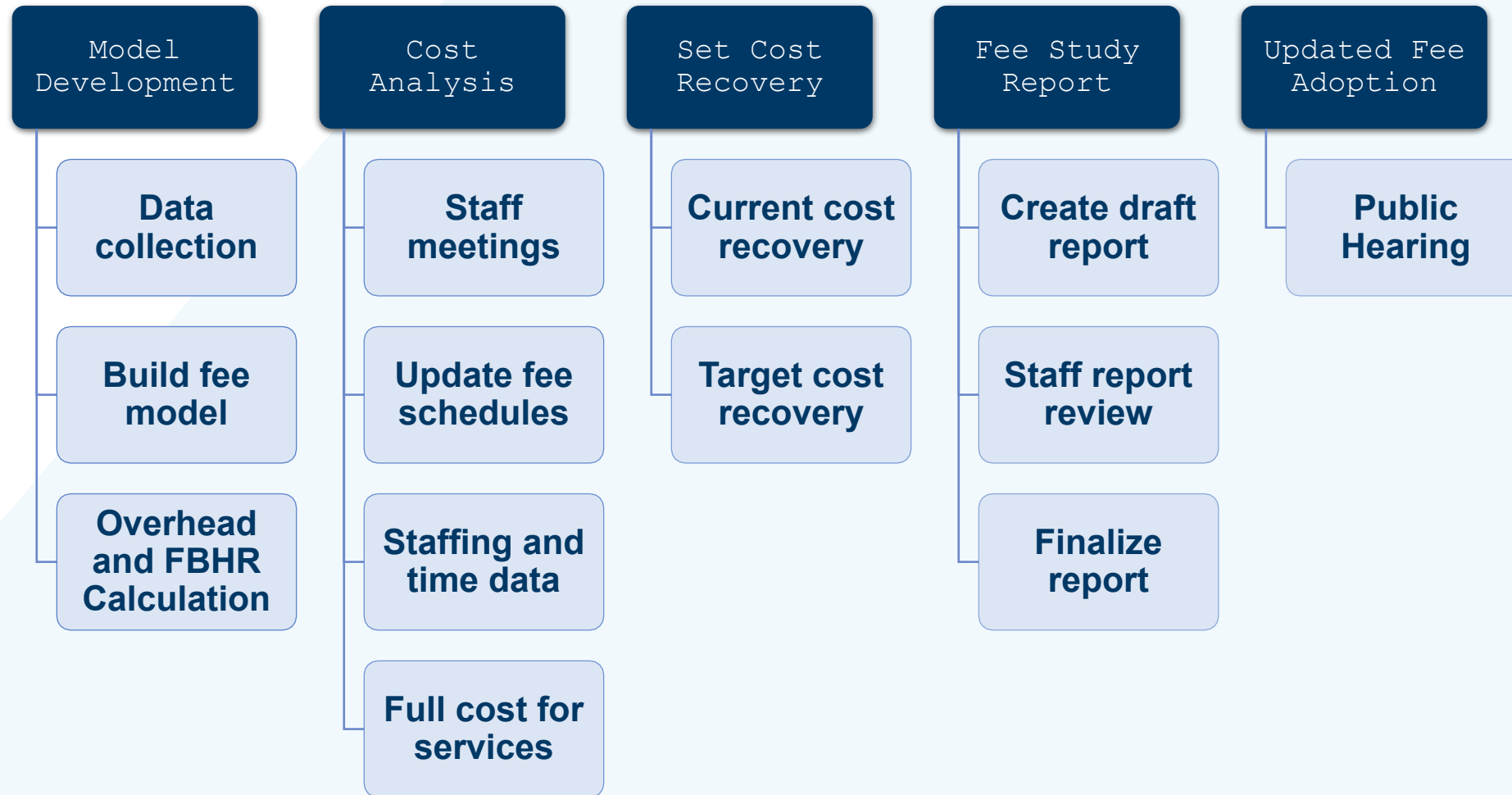
- Primary types of data used:
  - Expenditure data
  - Staffing structures
  - Central service/Indirect overhead
  - Productive/billable hours
  - Time estimates to complete tasks
  - City/Department input, feedback and policies
- Staff support throughout process essential to ensure analysis fidelity

# Cost of Service Calculation

- Primary types of data used:
  - Salary & Benefits
  - Services and supply costs
  - Indirect support costs
  - System and maintenance costs
- Hourly rates structured to account for direct work hours



# Summary Steps of the Study





# Administration

- Time based analysis using fully burdened hourly rates and the time it reasonably takes to provide service
- Suggested fee notes:
  - An increase to 10 fees
  - 21 fees would remain as currently set
  - Average fee increase of 20%

# Airport

- Program cost analysis performed along with time based fees for select City staff provided services
  - Operations found to be at around 98% cost recovery
- Suggested fee notes:
  - An increase to 1 fee
  - 12 new fees would be added
  - 34 fees would remain as currently set with hanger fees changing from per sq ft to a flat rate by category

# Airport

New Fee	Fee Information	FY 2025 Fee Amount
Hanger Fee: Executive Hanger Commercial Use	Per SF per month	1.5 times Non-Commercial Rate
Hanger Fee: Tie Down – Multi-Engine (piston)*	Per Month	\$90.00
Hanger Fee: Tie Down – Multi-Engine (piston)*	Daily	\$15.00
Hanger Fee: Tie Down – Turbine Engine (propjet/jet)*	Per Month	\$135.00
Hanger Fee: Tie Down – Turbine Engine (propjet/jet)*	Daily	\$45.00
Fuel Flowage Fee	Per Gallon	\$0.14
Rental Car Fee	Each	10% of Contract
Airfield Access Fee	Per Day	\$7.00
Temporary Commercial Use Fee – General	Daily	\$50.00
Temporary Commercial Use Fee – Aircraft Services	Daily	\$74.00
Airport Staff Support	Per Hour	FBHR
Ground Lease Non-Aeronautical	Per SF per month	\$0.75

\*Replacing existing fees: realigning fee structure

# Building

- Time based analysis for flat fee services.
- Building fees have not been adjusted since the 2015 fee study adoption
- Suggested fee notes:
  - An increase to 27 fees
  - 2 fees would decrease
  - 6 new fees would be added
  - 28 fees would remain as currently set
  - Average fee increase of 78%
- Program analysis for Building Permits
  - Analysis determined current cost recovery is at 60%
  - Recommendation is to set program at full cost recovery

# Building

New Fee	Fee Information	FY 2025 Fee Amount
<b>Other Inspections and Fees</b>		
Code Enforcement Re-Inspection Fee		\$227
Alternate Method and Materials Request (AMMR)		\$1,079
Permit Extension		\$247
Temporary Certificate of Occupancy		\$495 plus possible bond
Board of Appeals Meeting Fee		\$1,704
CASP Consultant		Actual Cost plus \$228

# Planning

- Time based analysis using fully burdened hourly rates and the time it reasonably takes to provide service
- Some services are deposits based to recover full cost
- Suggested fee notes:
  - An increase to 10 fees
  - 44 fees would remain as currently set
  - Average fee increase of 1%

# Housing

- Time based analysis using fully burdened hourly rates and the time it reasonably takes to provide service
- Suggested fee notes:
  - 7 new fees would be added to recover costs associated with monitoring/administering housing projects/programs

# Housing

New Fee	Fee Information	FY 2025 Fee Amount
<b>Base Monitoring Fees</b>		
Monitoring by City	Assumes clean monitoring process with no major findings	\$308
HCD/HOME and Other Programs; Program Monitored by City		\$679
Loan Origination Fee	1% of Total Loan, Staff time for loans of \$500k and under	\$17,957
Regulatory Agreement Modifications w/Council Approval		\$6,733
Per Unit Compliance for Density Bonus and IH Program Rental		\$168
City Owned Homes		\$673
Homeownership - Single Family	Loan Payoff, Subordination, deed of trust reconveyance	\$448



# Recreation

- Time based analysis using fully burdened hourly rates and the time it reasonably takes to provide service
- Services typically bear large subsidization
- Suggested fee notes:
  - An increase to 74 fees
  - 9 new fees would be added
  - 20 fees would remain as currently set
  - Average fee increase of 10%, subsidy of 81%

# Recreation

New Fee	Fee Information	FY 2025 Fee Amount
<b>Ball Field Rentals</b>		
Baseball Fields Rental Long-Term (PCSF): Synthetic Turf; Baseball Field (Short Term, Resident)	Per Hour	\$103
Baseball Fields Rental Long-Term (PCSF): Synthetic Turf; Baseball Field (Short Term, Non-Resident)	Per Hour	\$156
Baseball Fields Rental Long-Term (PCSF): Synthetic Turf; Baseball Field (Daily, Resident)	Per 12 Hours	\$604
Baseball Fields Rental Long-Term (PCSF): Synthetic Turf; Baseball Field (Daily, Non-Resident)	Per 12 Hours	\$1,209
Food Vendor / Food Truck		\$25-150 depending on event
Pickleball – per Team		\$560-\$921
Non-Profit Park Rents		25% off private event rate
Inflatable Fee		\$30
Compost Contamination Fee		\$125

# Fire

- Time based analysis using fully burdened hourly rates and the time it reasonably takes to provide service
- Suggested fee notes:
  - An increase to 74 fees
  - 53 fees would decrease
  - 3 new fees would be added
  - 9 fees would change in charge methodology
  - 14 fee would remain as currently set

# Fire

New Fee	Fee Information	FY 2025 Fee Amount
<b>Fire &amp; Life Safety Plan Review and Inspection Fees</b>		
Minor Re-Review Fee for as-built plans		\$81
Expedited Plan Review	4 hour minimum, OT after normal hours	\$1,185
<b>Fire Permit Inspections Annual Permit Fees</b>		
Large Tents, air supported structures and canopies	4 hour minimum	\$655

# Police

- Time based analysis using fully burdened hourly rates and the time it reasonably takes to provide service
- Suggested fee notes:
  - An increase to 16 fees
  - 9 fees would decrease
  - 3 new fees would be added
  - 13 fees would remain as currently set
  - Average fee increase of 16%

# Police

New Fee	Fee Information	FY 2025 Fee Amount
<b>Digital Media &amp; Photos</b>		
Flash Drive (128-256 GB)		\$22
Flash Drive (257-512 GB)		\$107
Flash Drive (1 TB)		\$153

# Public Works

- Time based analysis using fully burdened hourly rates and the time it reasonably takes to provide service
- Suggested fee notes:
  - An increase to 11 fees
  - 1 fee would decrease
  - 1 new fee would be added
  - 5 fees would remain as currently set
  - Average fee increase of 29%

# Public Works

New Fee	Fee Information	FY 2025 Fee Amount
Encroachment - Tree Removal Permit		\$1,185



# Marina

- Program cost analysis comparing the cost of services against the revenue received
  - Analysis found cost recovery to be about 81% currently
  - There are no recommended fee changes

# Utilities – AMI Opt-Out Fee

## Advanced Metering Infrastructure (AMI) Opt-Out Fee

- Award of contract to Professional Meters to upgrade City's meter technology from Automated Meter Reading (AMR) to AMI
- AMI water meters leverage existing radio or cellular networks to transmit data directly to the City, eliminating need for staff drive-bys
- Customers with concerns about wireless technology can opt-out of upgrade to AMI
- Monthly fee of \$20 if opting-out of upgrade; partially covers costs to manually read water meter plus maintain/service these older meters
- This fee was not part of the Willdan fee study, but was calculated using same methodology

# 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

