

**City of Long Beach
User Fee Study
Phase II**

[Redacted]

Presentation to the Budget
Oversight Committee
February 21, 2006

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City of Long Beach User Fee Study

[Redacted]

- Background
- Costing Methodology
- Proposed City Council Fee Policy
- Public Resource Management's Fee Study Results
- Suggested Next Steps

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City of Long Beach User Fee Study

Costing Methodology:

- Key to Building a Best-Practice Fee Structure
- Provide for Accurate Costing of City Services
- Should be Cost Effective and Produce Consistent Results
- Should Encourage Public Policy Discussions

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Costing Methodology (continued):

- Two Components of Full-Cost:
 - Direct Costs: personnel costs for time spent directly on delivering a service, contracts, materials/supplies and equipment, and direct supervision. *Costs that would not be incurred absent providing the service.*
 - Indirect Costs:
 - Department Indirect Costs: administrative overhead and costs associated with supervising the operation and contracts. *Costs that may not be incurred absent providing the service.*
 - Citywide Indirect Costs: costs allocated to all services for central management (e.g. Accounting, HR, Legal, Audit, etc.). *Costs that would be incurred absent providing the service.*

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City of Long Beach User Fee Study

Public Resource Management's Fee Study Results:

- Executive Summary
 - Study Findings
 - Methodology
 - Economic & Policy Considerations
- Department Chapters
 - Findings
 - Cost per Unit of Service
 - Total Cost of Service

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Public Resource Management's Fee Study Results:

- Total Cost by User Fee Area Studied*

Department	Costs Studied*	Costs, User Fee Services		Costs, Non-Fee Services	
Planning	\$ 4,378,233	\$ 3,597,422	82%	\$ 780,811	18%
Building	7,008,588	7,008,588	100%	-	0%
PW-Engineering	17,885,027	752,913	4%	17,132,114	96%
Code Enforcement	4,950,913	61,067	1%	4,889,846	99%
Health	7,941,325	3,956,619	50%	3,984,706	50%
Fire*	57,296,410	2,692,371	5%	54,604,039	95%
Police	35,209,816	571,468	2%	34,638,348	98%
Parks & Rec*	47,411,522	10,433,570	22%	36,977,952	78%
Grand Total	\$ 182,081,834	\$ 29,074,018	16%	\$ 153,007,816	84%

*"Costs Studied" shown here is the full cost for the organizational division or function delivering services that to some extent may be recouped, except for Fire which reflects that Department's General Fund budget, and Parks & Rec that incorporates their General Fund and some of their Tidelands Fund budgets.

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Public Resource Management's Fee Study Results:

- Building Bureau
 - Over 140 Services Reviewed
 - Current Cost Recovery Rate 100 Percent (includes revenue from large projects to be utilized over several years)
 - Revenue Generated is Restricted for Building Services
 - Staff is Evaluating Creation of an Enterprise Fund to Better Account for these Services
 - Fee Schedule Should be Transitioned from Construction Valuation to Best-Practice Occupancy-Based Methodology
 - New Hansen System will Facilitate the New Fee Schedule

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Public Resource Management's Fee Study Results:

- Public Works Engineering Bureau
 - Over 70 Services Reviewed
 - Current Cost Recovery Rate 53 Percent
 - Current Subsidy is \$350k
 - Current Cost Recovery is Comparable to Other Cities

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Public Resource Management's Fee Study Results:

- Fire Department
 - Over 140 Services Reviewed
 - Current Cost Recovery Rate 94 Percent
 - Current Subsidy is \$168,000
 - Fee Study Recommended Fee Adjustments Implemented Summer 2005
 - Cost Recovery Rate Considered Among the Best

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Public Resource Management's Fee Study Results:

- Police Department
 - Over 75 Services Reviewed, Including Business License/Entertainment Services Performed by Multiple Departments
 - Current Cost Recovery Rate 25 Percent
 - Current Subsidy is \$430,000
 - Department Staff Identified Some New Fees

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