



**Citywide User Fee and Cost Recovery Studies**  
**City Council Meeting– April 18, 2023**

# Discussion Topics

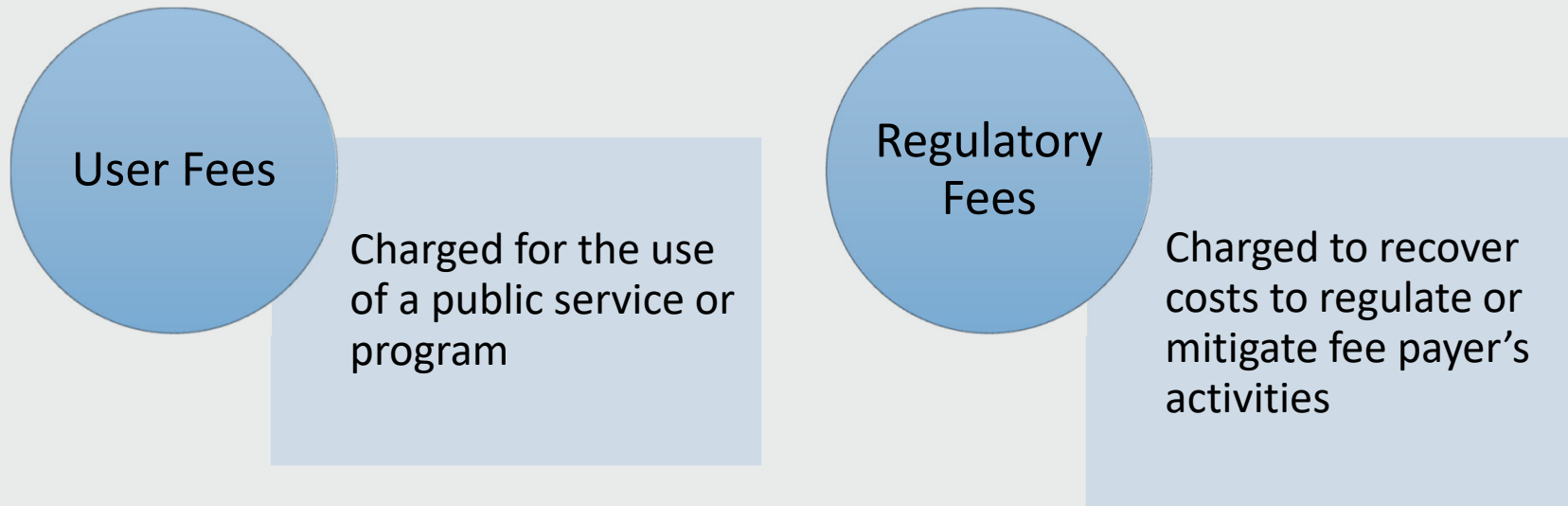
- Background Information
- Citywide User Fee and Cost Recovery Study – Methodology and Status
- Study Results by Department with Departmental Recommendations:
  - Police Department
  - Fire Department
  - Health and Human Services (Environmental Health Bureau)



# Background Information

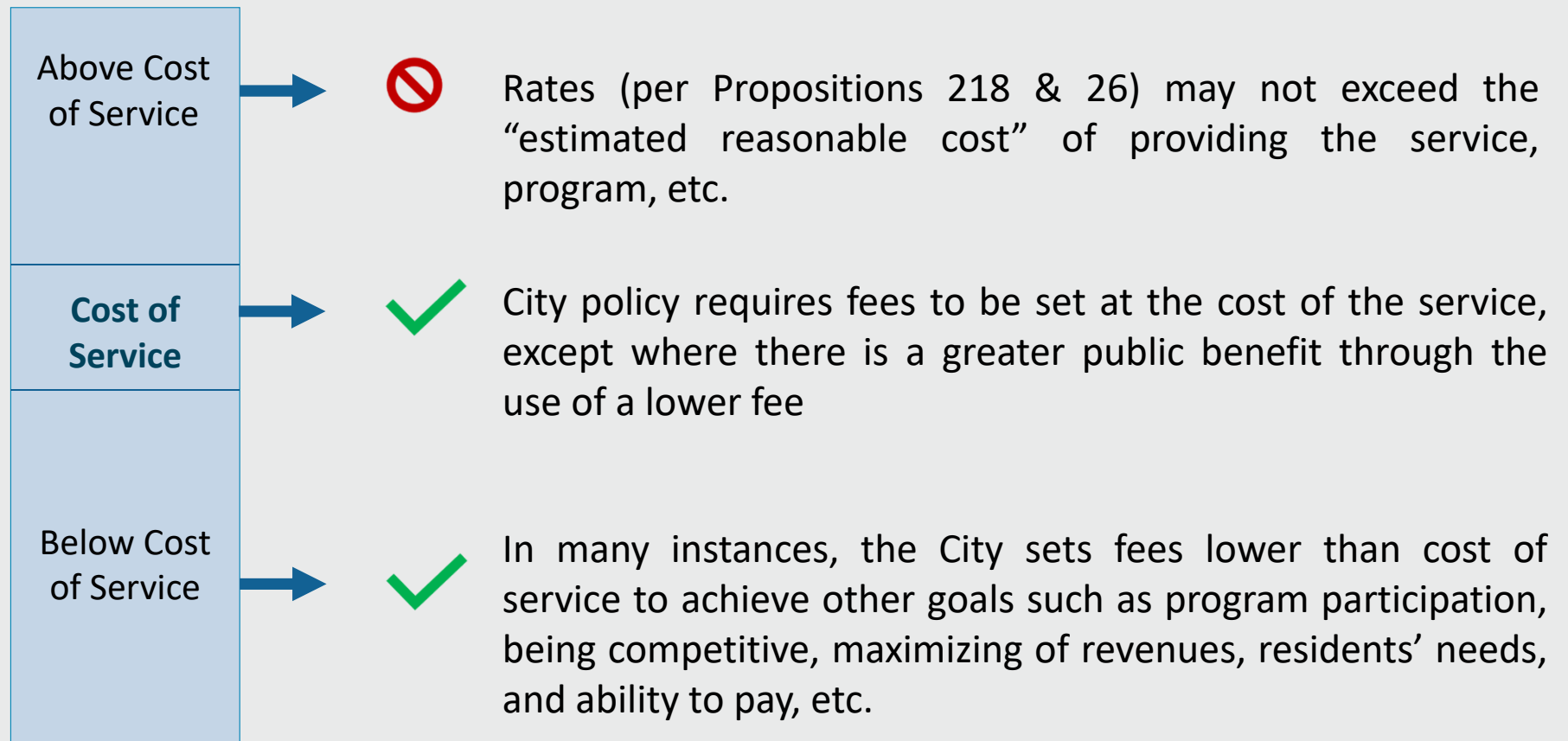
# What are the City's Fees and Charges?

- Two categories of fees and charges:



- Rent and penalties are included by convenience in the master fees and charges schedule but are not fees, and rents and penalties are set at the City's discretion

# How Rates for Fees and Charges are established

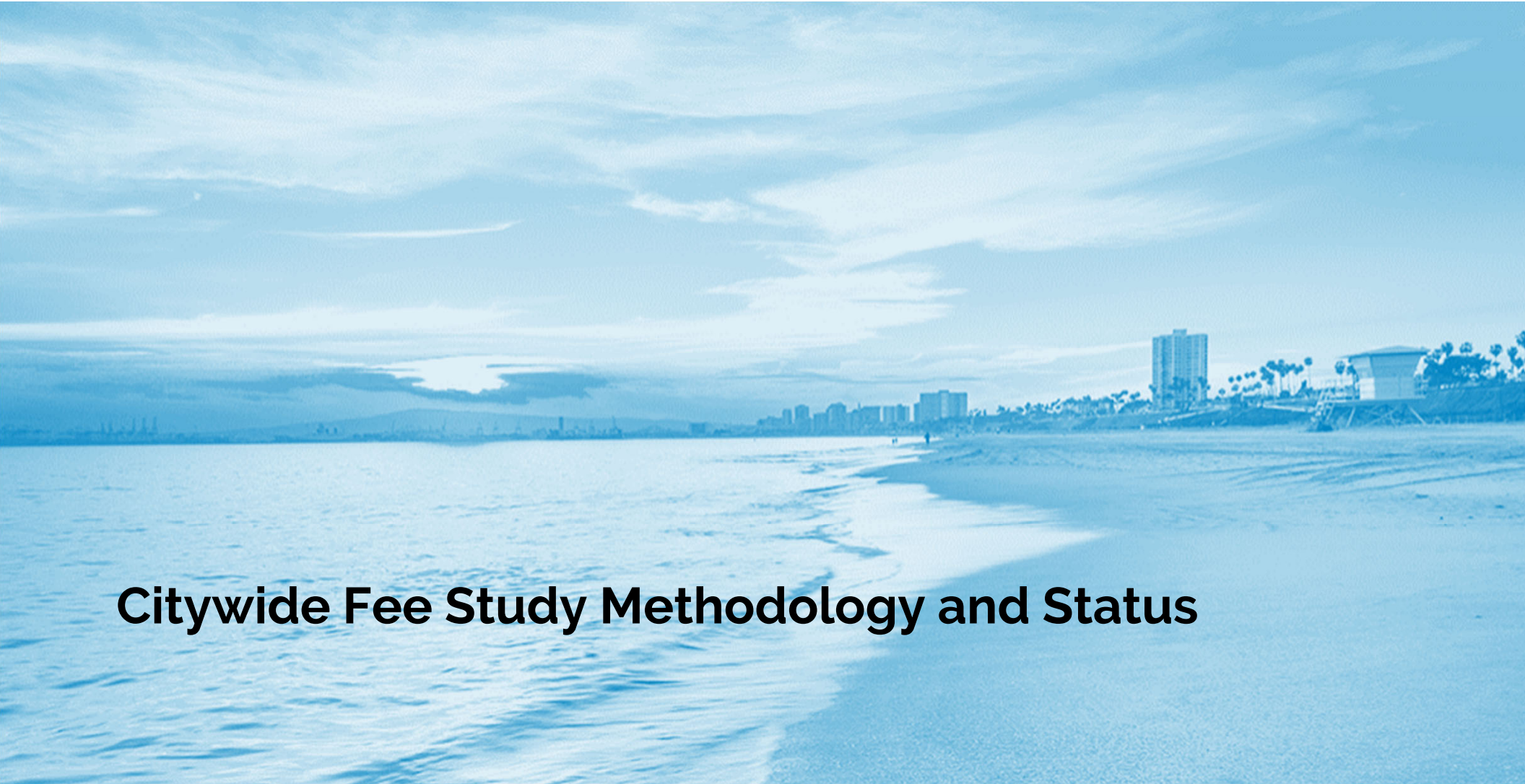


# What is the Process to Adopt and Update Fees Rates?

- To capture annual cost increases the City has implemented an annual inflation adjustment, subject to annual review for appropriateness
- Master Fees and Charges Schedule typically adopted each year with the Budget
- Mid-year minor adjustments are usually made in a periodic fee adjustment Council Letter either submitted by the Budget Office or a department
- The next citywide fee adjustment letter is anticipated for May 2023

# Fee Rate Changes Impact to Revenue Budgets

- Fee adjustment Council Letters include estimated theoretical revenue impacts of any proposed fee change
- The amounts budgeted in a year are not necessarily the same as the theoretical impact
- Changes to budgeted revenues are evaluated holistically as part of the proposed budget process and take into account a variety of factors such as the stability and certainty of revenue source and anticipated volume



# Citywide Fee Study Methodology and Status



# Citywide Fee Study Project Overview

- In FY 19, at the City Council's direction, staff initiated an updated citywide fee study to conduct a comprehensive cost of service analysis to determine the full business cost of providing each service and the subvention (subsidy) rates for services
- A multi-year project with all City fees evaluated, but there will be exceptions such as where there are separate rate studies or rates are set by external agencies
- For each department, the study will:
  - *Identify and review the fees charged by each department*
  - *Calculate the full service cost, with indirect and direct costs associated with the fees*
  - *Determine the subvention rates (subsidy level) by comparing the fee revenue to the full cost of service*
  - *Provide recommendations*

# Project Status

- The project is moving forward on a “rolling-basis” with multiple departments at any one time. The project status is as follows, and is anticipated to conclude by 2024:

Project Round	Departments	City Council Presentation
1	<ul style="list-style-type: none"> <li>Development Services</li> <li>Parks, Recreation and Marine</li> <li>Health &amp; Human Services (Physicians Services Bureau)</li> </ul>	April 6, 2021
2	<ul style="list-style-type: none"> <li>Energy Resources</li> <li>Public Works</li> </ul>	February 1, 2022
3	<ul style="list-style-type: none"> <li>Fire</li> <li>Police</li> <li>Health &amp; Human Services (Environmental Health Bureau)</li> </ul>	April 18, 2023
4	<ul style="list-style-type: none"> <li>City Manager (includes Special Events &amp; Filming)</li> <li>Financial Management</li> <li>Airport</li> <li>Library Services</li> </ul>	<i>TBD</i> Anticipated for 2024

# Methodology Overview

- Identify service centers and the cost components including:
  - **Direct Cost** – *Salaries, benefits, and operating expenses*
  - **Indirect Costs** – *General and departmental overhead, including administration and citywide indirect costs (from Indirect Cost Plan)*
- Calculate the fully burdened hourly rates (FBHR) per position that includes direct and indirect costs
- Determine positions and staff time spent supporting each service
- FBHR is then multiplied to the time spent by position to allocate costs to the service
- Identify subvention rates by comparing the fully allocated service costs to current fee revenues received

# Study Results and Department Recommendations

- Each of the studies found that departments were generally under recovering for calculated service costs.
- A summary of cost recovery and subvention rates at both current fee levels and revenue is as follows:

Cost Recovery and Subvention Rates Based on Current Fee Levels					
Department	Total Calculated Service Cost	Current Fee Revenue	Total Surplus/ (Subvention)	Cost Recovery %	Subvention %
Police Department	\$15,591,063	\$815,946	(\$14,775,117)	5%	95%
Fire Department	96,883,298	19,339,449	(77,543,849)	20%	80%
Health & Human Services (Environmental Health)	6,080,655	4,046,511	(2,034,344)	67%	33%
<b>TOTAL</b>	<b>\$118,555,016</b>	<b>\$24,201,906</b>	<b>(\$94,353,310)</b>	<b>20%</b>	<b>80%</b>

# Study Results and Department Recommendations

- Study recommends fee levels to provide full cost recovery where appropriate for services
- Each department has reviewed the Study results and has made specific recommendations for their fees that include:
  - No changes to current fees
  - Rate increases and decreases to current fees
  - New and revised fee structures to align with services
- While the majority of departments' recommendations align with the study's recommendations, the department may deviate based on various factors

# Overall Impact of Department Recommendations

**Table 1: Summary of Department Recommendations**

Department	Total Department Recommendations	No Changes	Decreased	Increased	Restructured	Deleted	New
Police	27	7	6	5	0	5	4
Fire	230	74	11	115	15	10	5
Health & Human Services	336	80	41	152	10	19	34

**Table 2: Summary of Theoretical Revenue Impact from Department Recommendations**

Fund Group	Theoretical Revenue Impact*
General	\$1,371,382
Tidelands Operating	\$9,440
CUPA	\$116,568
Health	\$675,982
<b>Total</b>	<b>\$2,173,072</b>

\* Theoretical annual impact – budget and actual revenue may vary - budgeted amount will be determined during the budget process

## Next Steps

- Departments will present an overview of their studies and proposed fee recommendations for the City Council's feedback
- On May 23, 2023, a City Council item to amend the Citywide Master Fees and Charges Schedule will include all recommended fee changes as a result of the Study and as presented to the City Council today



**POLICE DEPARTMENT**  
Cost of Services Study & Summary of  
Recommendations



# Cost of Services Study Introduction

- The Police Department has 29 fees covering the following service areas:
  - Police Records (access to police reports, clearance letters)
  - Jail
  - Police Investigations and backgrounds
- Of the department's fees, the Cost of Service Study excluded board-up fees where the actual cost is charged to requestor.
- Fees and charges related to Special Events and Filming are excluded from Police Department's recommendations, and are currently under evaluation in a separate study of the citywide program involving various departments.

# Study Findings Summary: Revenue & Cost by Service

Cost Recovery and Subvention Rates Based on Current Fee Levels					
Service	Total Calculated Service Cost	Current Fee Revenue	Total Surplus/ (Subvention)	Cost Recovery %	Subvention %
Police Records	\$2,825,300	\$644,792	(\$2,180,508)	23%	77%
Police Jail	11,360,365	70,000	(11,290,365)	1%	99%
Police Investigations	83,068	101,154	18,086	122%	-22%
Police Other*	1,322,330	-	(1,322,330)	0%	100%
<b>TOTAL</b>	<b>\$15,591,063</b>	<b>\$815,946</b>	<b>(\$14,775,117)</b>	<b>5%</b>	<b>95%</b>

\*Reported subvention for “Police Other” includes Special Events and Filming services. Special Events and Filming is under review in a separate study.

## Proposed FY 23 Mid-Year Recommended Changes Overview

- Department recommendations include a variety of changes including reducing or increasing fees to align with actual costs as calculated by a consultant, eliminating fees where services are now performed by other departments, and restructuring fees to create greater transparency and equity for the service recipient.
- The total estimated theoretical annual revenue impact from the recommended changes is as follows:

Fund Group	Theoretical Revenue Impact
General Fund	(\$18,478)

- Estimated annual revenue reduction due to rate decreases to align with the cost of service and department recommendations for no changes for certain services.

# Key Items & Considerations

- Per City of Long Beach Financial Policy #4, LBPD fee recommendations are based on full cost recovery for the services provided except where there is a greater public benefit use of a lower fee:
  - Fees related to background investigations recommended to decrease and increase to full cost recovery in accordance with cost of service recommendations.
  - The fee study included 100 percent of service costs related to PD staff operating the LBPD Jail. New fees proposed to meet cost recovery for these activities, but are not anticipated to be fully recovered by fee revenue.
  - For fees that would have had disproportionately negative impact on the low income or marginalized community, such as rummage sales, booking fees and the crime and arrest report fees, a larger subvention amount is recommended.

# Summary of Proposed FY 23 Mid-Year Recommendations

## Summary of Department Recommendations

Total Department Recommendations	No Changes	Decreased	Increased	Restructured	Deleted	New
27	7	6	5	0	5	4

Department Recommendations	Example Service Area(s)
No changes (fees and charges are currently set at cost recovery and operational need)	Paid Solicitors Fee, Electronic Extraction, Academy Facility Rental
Fee changes recommended by study but not proposed changes by department at this time to allow equitable access to Police services	Inmate Booking, Background Clearance Letter, Rummage Sale, Traffic, Crime, and Arrest Report fees

## Summary of Proposed FY 23 Mid-Year Recommendations (continued)

Department Recommendations	Example Service Area(s)
Rate Decreases to align with cost recovery	Cannabis Background Investigation, Live Scan, Tow Truck Driver, Taxi Driver & Taxi Owner biennial permits fees, Repossession
Rate Increases to align with cost recovery and operational need	Various Taxi Owner supplemental permit fees, Pedicab Operator, Charitable Solicitation
New Fee Structures (to align with Service Provision and clarify fee structure)	Police Report Request restructured into three new fees: Traffic, Crime, and Arrest report requests (no changes effective rates, will remain below cost recovery), inmate detention fees (not charged to the public, but reimbursed by other government agencies)
Fee deletions for services no longer provided by the department	Services provided by other departments: <ul style="list-style-type: none"> <li>- Special Events and Filming: Special events-related fees for exclusive event , PD processing, promoter registration certificate and bond</li> <li>- Housing Authority: Section 8 background check.</li> </ul>

# Comparisons to Other Jurisdictions & Agencies

- Long Beach PD conducted research into other regional law enforcement agency fees. Department recommendations are generally within or below the fee ranges charged by comparable jurisdictions including Los Angeles County Sheriff, Los Angeles PD, Orange County Sheriff, Beverly Hills PD, Downey PD, Bell Gardens PD, and Garden Grove PD:

Fee	Department Recommendation	Comparable Fee Range
Traffic Report Request	\$25.10	\$16 - \$30 or by page
Arrest Report Request	\$25.10	\$16 - \$75 or by page
Crime Report Request	\$25.10	\$10 - \$25 or by page
Live Scan	\$35	\$23 - \$71
Rummage Sale	\$19.60	\$20/event or \$152/year
Paid Solicitors Permit	\$35	\$34.50
Clearance Letter	\$35.95	\$5 - \$41
Repossession	\$15	\$15
Tow Truck Driver - Biennial	\$155	\$125 - \$416
Taxi Driver - Biennial	\$155	\$135 - \$250



**FIRE DEPARTMENT**  
Cost of Services Study & Summary of  
Recommendations



# Cost of Services Study Introduction

- The Fire Department has nearly 300 fees, with 264 fees assessed as part of the Cost of Service study.
- The Fire Department's fees presented in the study are categorized to the following major service areas:
  - Certified Unified Program Agency (CUPA) Services for hazardous materials storage
  - General Fire Prevention Services
  - Emergency Medical Services
  - Marine Safety Operations
  - Fire Administrative and Facility Fees
  - Fire Prevention and Fire Operations Services to support Special Events
- Special Event Fees are continuing to be evaluated as part of a citywide review of all special event and filming services. Results and recommended changes will return following completion of the study.

# Study Findings Summary: Revenue & Cost by Service

Cost Recovery and Subvention Rates Based on Current Fee Levels					
Service	Total Calculated Service Cost	Current Fee Revenue	Total Surplus/ (Subvention)	Cost Recovery %	Subvention %
Fire Prevention	\$2,727,833	\$1,553,559	(\$1,174,274)	57%	43%
Fire CUPA	1,427,090	1,157,327	(269,763)	81%	19%
Fire Operations	90,081,989	15,852,634	(74,229,355)	18%	82%
Fire Administration/Support	2,646,386	775,929	(1,870,457)	29%	71%
<b>TOTAL</b>	<b>\$96,883,298</b>	<b>\$19,339,449</b>	<b>(\$77,543,849)</b>	<b>20%</b>	<b>80%</b>

\*Reported subvention across various service areas includes Special Events and Filming services. Special Events and Filming is under review in a separate study

\*\*Subvention for Fire Operations primarily related to the City's 23 fire stations (staff, equipment, vehicles, facilities)

# Proposed FY 23 Mid-Year Recommended Changes Overview

- The Long Beach Fire Department recommends a variety of fee changes:
  - Increasing and decreasing fees to align with full service costs
  - Reclassifying fees to improve the units of measurement in the way the fees are applied
  - Deleting fees for services that are no longer being provided by the department or the City.
- The total estimated theoretical annual revenue impact from the recommended changes is as follows and represents a phased-in approach to many of the fee increases:

<b>Fund Group</b>	<b>Theoretical Revenue Impact</b>
General Fund	\$1,389,860
CUPA Fund	\$116,568
Tidelands Operating	\$9,440
<b>Total Theoretical Revenue Impact</b>	<b>\$1,515,868</b>

## Key Items & Considerations

- Department recommendations include adjusting fees to meet the cost of service associated across various fees for fire permits and plan check services
- A 3-year phase-in approach is recommended for certain services including CUPA, various annual permits and general fire inspection fees
- Emergency Ambulance rates are proposed for adjustment and will closely align to those charged by Los Angeles County Emergency Medical Services Agency:
  - Basic Life Support: Proposed increase from \$1,702 to \$1,738
  - Advanced Life Support: Proposed increase from \$2,550 to \$2,603
- Services and related Special Event fees are not being proposed for adjustments at this time and will return following a citywide cost of service study for the program

# Summary of Proposed FY 23 Mid-Year Recommendations

## Summary of Department Recommendations

Total Department Recommendations	No Changes	Decreased	Increased	Restructured	Deleted	New
230	74	11	115	15	10	5

Department Recommendations	Example Service Area(s)
No changes (fees and charges are currently set at cost recovery and operational need)	Various plan checks and inspection for under-and above ground storage tanks, reinspection fees , late payment fees, First Responder Fee (study recommendation to keep below cost recovery)
Fee changes recommended by study but not proposed changes by department at this time	Fire Training Academy Equipment/Prop Rental and Fire Training Facility Rental (recommended by the study at market rates)
Deleted Fees for services no longer managed/provided by the department	Oil/Gas Well inspections, asbestos removal, fumigation or thermal insecticidal fogging operation

## Summary of Proposed FY 23 Mid-Year Recommendations (continued)

Department Recommendations	Example Service Area(s)
Rate Decreases to align with cost recovery and operational need	Cannabis Testing Facility Permit, annual fire permits (explosives/pyrotechnic devices, tank vehicles, distilleries, natural gas plant), fire inspection fees for hotel/motel inspection fees based on size.
Rate Increases to align with cost recovery and operational need	Various Fire Plan Check and Inspection Fees, Emergency Ambulance Fees, multi-family residential fees
New Fee Structures (to Align with Service Provision)	New permit fee categories for additive manufacturing, energy storage systems, and lithium batteries (new fees set below cost recovery), penalty charges from a flat rate to a percentage of applicable permit fee

## Summary of Proposed FY 23 Mid-Year Recommendations (continued)

<b>Department Recommendations</b>	<b>Example Service Area(s)</b>
Partial rate increases phased-in over time or rates recommended by the Study to remain below cost recovery to encourage program participation and promote equitable access to services	Certain CUPA fees (maintained below full cost recovery and phase-in increases over 3-year period), fire clearance inspection fees for convalescent hospitals, nursing homes boarding & children’s homes, general annual permits charged to various types of businesses based on occupancy

## Comparisons to Other Jurisdictions & Agencies

- The comparison of General Fire Prevention Services, CUPA, and Medical Services among regional or similar sized entities varied across the State.
  - Fire fees have been updated at various published dates, with many fees not reflecting recent updates.
- Fire fees are delivered through a diversity of units across the State that differ from the City of Long Beach.
  - Other entities charge fees based on number of building floors, or number of alarm units.
  - City of Long Beach charges many of its fees based on units, lineal foot, or occupancy.
- Overall, the fee changes bring the Fire Department in line with similarly-sized cities and the fire service industry.



## Comparisons to Other Jurisdictions & Agencies (continued)

- Medical services are provided by the City and County levels through various models that differ from the City of Long Beach.
- Various entities have updated or published their ambulance and medical fees at varying dates.
- Models include cities providing their own services, to cities being covered by the county agency, to utilizing contracted ambulance service providers.
- Sample ambulance transport FY 23 fees include the following:
  - City of San Francisco BLS and ALS transports are posted as \$2,405.
  - City of Pasadena BLS and ALS transports are posted as \$2,900
  - County of Kern's fees range depending on geographic location. BLS Fees range from \$1,646 to \$3,700 in FY 23.



**HEALTH AND HUMAN SERVICES DEPARTMENT**  
Cost of Services Study & Summary of  
Recommendations

# Cost of Services Study Introduction

- The Health and Human Services Department has over 300 environmental health fees, across various programs:
  - Recreational Water Quality
  - HazMat/CUPA
  - Noise Control
  - Tobacco Retail Enforcement
  - Food
  - Vector Control
  - Commercial Cannabis
  - Miscellaneous Services (e.g., general reinspection & health materials)
- Of those fees, the cost of service study includes no changes for nine surcharges set by and collected on behalf of the State of California:
  - Eight CUPA surcharges for California Environmental Protection Agency (CalEPA)
  - One Soft Service surcharge for the California Dept of Food & Agriculture (CDFA)

# Study Findings Summary: Revenue & Cost by Service

Cost Recovery and Subvention Rates Based on Current Fee Levels					
Service	Total Calculated Service Cost	Current Fee Revenue	Total Surplus/ (Subvention)	Cost Recovery %	Subvention %
Water Program	\$686,097	\$423,500	(\$262,597)	62%	38%
Food Program	3,051,280	2,231,530	(819,750)	73%	27%
Hazardous Materials/CUPA Program	1,361,380	786,435	(574,945)	58%	42%
Vector Control Program	119,751	98,501	(21,250)	82%	18%
Noise Control Program	98,964	3,075	(95,889)	3%	97%
Commercial Cannabis Program	296,931	198,286	(98,645)	67%	33%
Tobacco Retail Enforcement Program	333,607	304,640	(28,967)	91%	9%
Miscellaneous Services	132,645	544	(132,301)	0.41%	99.59%
<b>TOTAL</b>	<b>\$6,080,655</b>	<b>\$4,046,511</b>	<b>(\$2,034,344)</b>	<b>67%</b>	<b>33%</b>

## Proposed FY 23 Mid-Year Recommended Changes Overview

- Department recommendations include a variety of changes including rate increases, rate decreases, and restructuring of fees to meet cost recovery and better align with service operations.
- Department recommendations include maintaining rates for certain services under cost recovery, including phasing-in increases over a three-to-four year period to lessen the financial burden of increased fees to operators.
- The total estimated theoretical annual revenue impact from the recommended changes is as follows:

<b>Fund Group</b>	<b>Theoretical Revenue Impact</b>
Health	\$675,682

# Key Items & Considerations

- Some recommended proposed fees are restructured to simplify and align services provided. Restructure fees include:
  - Establishing different risk categories for Restaurant and Bar/Tavern permits and plan check fees to align with the increased level of inspection required for higher risk categories
  - Simplifying the water backflow prevention device and bed & breakfast permit fees
  - Aligning seasonal temporary food stand permit fees with existing temporary food stand fees
  - Establishing plan check fees for Cannabis dispensaries, manufacturers, distributors, and cultivation facilities to align with the service provided
- Rate adjustments (increases and decreases) for shared-use cannabis facility fees, which were established at the onset of the program in FY22

## Key Items & Considerations (continued)

- No changes recommended for those CUPA fees, adjustments recently approved by City Council during FY 23 budget adoption:
  - Final study validated changes required to address fund imbalances
  - Department will continue to subsidize costs and phase in rate increases over 3 years to reduce the impact on operators
- Department recommendations include no changes or only partial increases to recognize financial barriers to operators and create more equitable ownership opportunities:
  - No rate changes include permit fees for host facility, food warehouse, and plan check fees for a mobile food facility. These rates will be maintained below cost recovery.
  - Partial and phase-in rate increases over a three-to-four-year period across various fees including food stand fees charged to non-profits, licensed healthcare facility kitchens permit fees, public school kitchen permit fees, and health permit and plan check fees for high risk restaurants and bars/taverns.

## Key Items & Considerations (continued)

- Establish a new Technology Surcharge fee of 2.3 percent applied to permit and plan check fees to support the maintenance of the Environmental Health database management system:
  - Efficiently administer program operations
  - Increase access to Environmental Health data
  - Improve customer service including application submissions, forms, and complaints
  - Improve online payment system and billing inquiries



# Summary of Proposed FY 23 Mid-Year Recommendations

## Summary of Department Recommendations

Total Department Recommendations	No Changes	Decreased	Increased	Restructured	Deleted	New
336	80	41	152	10	19	34

Department Recommendations	Example Service Area(s)
No changes (fees and charges are currently set at cost recovery and operational need)	Various fees for low risk restaurant health permits and plan check, farmer's market organizer quarterly permit, mobile food facility plan checks fees
Rate increases phased-in over time or rates recommended by the Study to remain below cost recovery to encourage program participation and promote equitable access to services	Various annual permits fees (temporary food permits for non-profits, high risk restaurants & bars/taverns, food market retail permits (food warehouse) and CUPA fees to continue phase-in over 3-year period previously approved as part of the FY23 budget

## Summary of Proposed FY 23 Mid-Year Recommendations (continued)

Department Recommendations	Example Service Area(s)
Deleted Fees for services no longer managed/provided by the department	Product market wholesale annual permits (under California Department of Public Health), vehicle food permit transfer (no longer available), mosquito and bee abatement (referred to outside vendors)
New Fee Structures to Align with Service Provision (includes proposed new fees and deletions)	Establish risk categories for restaurants and bar/taverns, new Technology Surcharge, and Food and Water inspection & plan check programs: <i>water backflow prevention device, bed &amp; breakfast, temporary food stands, restaurants, food commissary</i>

## Summary of Proposed FY 23 Mid-Year Recommendations (continued)

Department Recommendations	Example Service Area(s)
Rate Increases to full cost recovery and operational need	Establish late penalties and rates for on-field licensing services, rate increases for various annual permits (shared food facilities, tobacco retail, temporary body art), various plan check fees (shared & temporary food facilities, low-impact development system)
Rate Decreases to align with cost recovery and operational need	Annual permits for commissary mobile food facilities, unpackaged food facilities and private school kitchens, wholesale food processors, adult use cannabis cultivator (6,000+ square feet) and shared use cannabis manufacturing facilities

# Comparisons to Other Jurisdictions & Agencies

- Comparison of some fees for services can be difficult:
  - Services provided by the City may be delivered differently, or at a higher or lower level of service. Below are a few examples:
    - Restaurant inspection permit fees for other jurisdictions are based on different risk categories.
    - Licensed Healthcare Facility Kitchen permit fee for other jurisdictions is based on square footage and not on the number of beds.
    - Swimming pool/spa plan check fee for other jurisdictions is based on size while we assess one fee per body of water regardless of pool/spa size.
    - Food Warehouse Plan Check fee is based on square footage while we assess one fee regardless of the size of the warehouse.
- Differences in regulatory requirements and local policies

## Presentation Wrap-up

- The City is generally under-recovering for costs within the Police, Fire, and Health & Human Services Departments
- The recommendations proposed by departments generally align with Study recommendations for full-cost recovery, where appropriate
- Deviations from the Study recommendations include setting fees lower than cost of service to achieve other goals such as residents' needs and ability to pay, etc.
- Theoretical revenue increases resulting from proposed changes will be evaluated as part of proposed budget processes
- Proposed changes to the Master Fees and Charges Schedule, inclusive of these recommendations, is scheduled to return to the City Council on May 23, 2023