

# City of San Pablo

## User Fee Study



# Purpose: Current Adopted Policy & Methodology

## 1. Current City Council Adopted Policy:

- *Explore and Sustain New Revenue Enhancements* to the City's General Fund (Policy No. #405); and
- *Tier I Implementation: (Administrative – Related), Master Fee Schedule Update (with Cost Allocation Plan) (Policy No. #405.3)* adopted in FY 2025-27 Council Priority Workplan, effective April 7, 2025; and

## 2. Current Use Fee Adopted Methodology: By Resolution No. #2021-055, effective July 1 of each fiscal year, fees are increased annually based on Bureau of Labor Statistics for Building, Planning, and Public Works.

# What are User Fees

- Provide private benefit with limited to 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 provide services such as 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 promote compliance
  - Identify appropriate fee levels that:
    - ✓ Promote local policies and objectives
    - ✓ Maintain legal compliance with state law

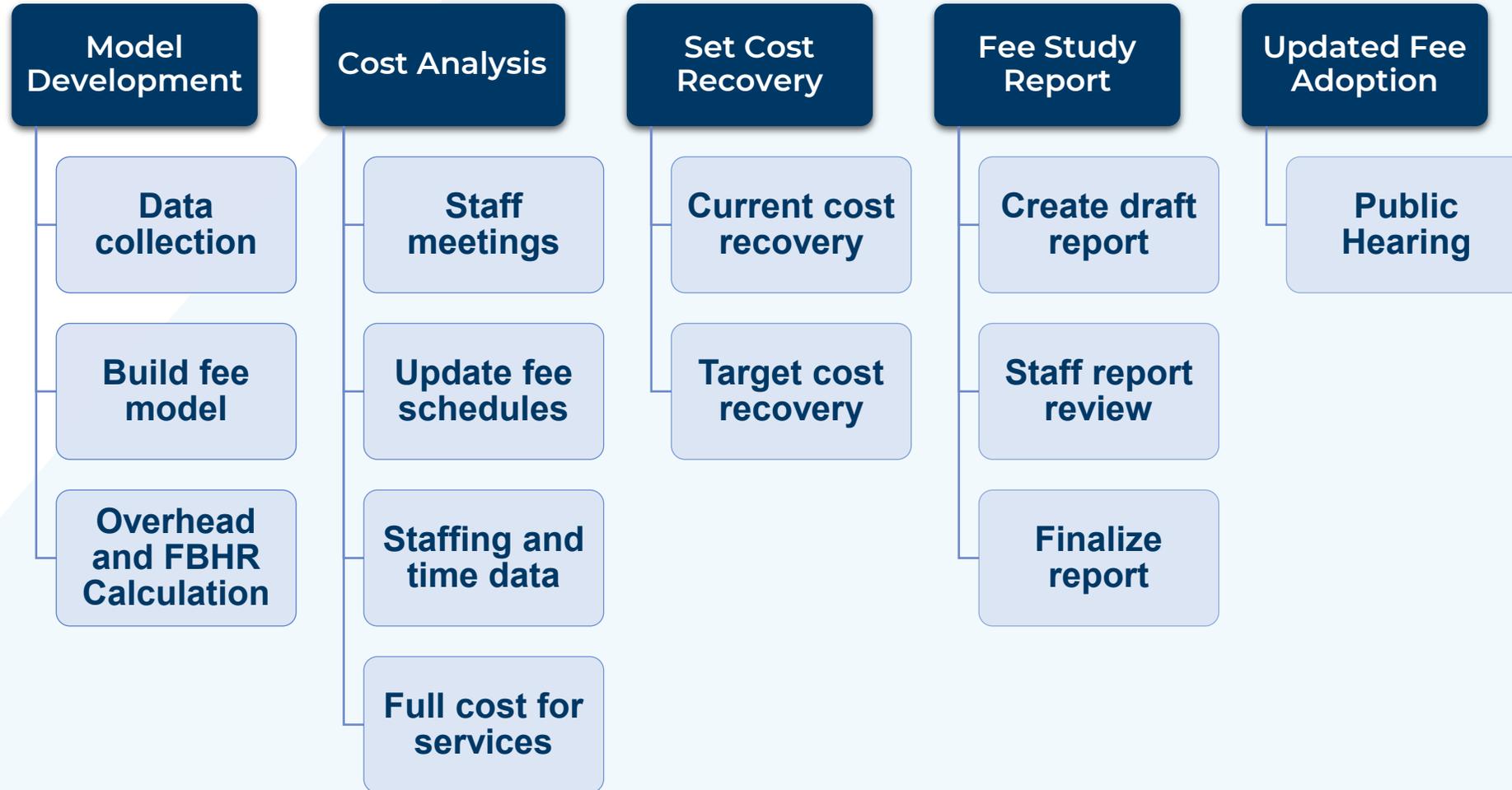
# Scope of the Study

- Review and calculate cost of providing services and related fees charged by the following departments and divisions:
  - General - Finance
  - Police and Code Enforcement
  - Public Works
  - City Manager's Office
  - Community Services
  - Planning
  - Building
  - City Attorney

# 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

# Summary Steps of the Study



# Fee Structures

## Flat Fees

- Reasonable time estimates for providing service

## Actual Cost / Deposit Based Fees

- Services are billed using Fully Burdened Hourly Rates

## Fees determined by project size

- Programmatic analysis determines the cost relationship between project size and cost of service

## Recreation Activities / Programs / Rental / Use Fees

- Fees can be set based on policy, usage characteristics, comparison, and market based

## Fines / Penalties

- Not a cost-based fee, set to deter activity, without being overburdensome

# 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



# Fee Cost Composition Example

- Fully Burdened Hourly rates predominately used to calculate full cost for fees
- Important to keep in mind all processes, personnel, cross department, and indirect support involved to calculate full cost for services



# General - Finance

- Analysis of services relied upon a time-based analysis
- Current fee amounts are subsidizing services
- Suggested fee notes:
  - An increase to 8 fees
  - 6 fees would remain as currently set
  - The average fee change would be an increase of 0.3%

# Police and Code Enforcement

- Time based analysis for flat fees
- Current fee amounts are subsidizing services
- Suggested fee notes:
  - An increase to 14 fees
  - 3 fees would decrease
  - 16 fees would remain as currently set
  - The average fee change would be an increase of 7%

# Public Works

- Time based analysis for flat fees
- Current fee amounts are subsidizing services
- Suggested fee notes:
  - An increase to 10 fees
  - 3 fees would decrease
  - 39 new fees would be added
  - 18 fees would remain as currently set
  - The average fee change would be a decrease of 2% for current fees

# Community Services

- Facility rental fees are set based on policy considerations, usage factors, and market factors
- Overall program cost analysis found that the program is currently operating at 5% cost recovery
- Suggested fee notes:
  - An increase or change to 11 fees
  - 1 Summer Camp Deposit being added. It is not an increase to the overall fee for the camp; the deposit reduces the amount owed per week for each participant/family.
  - 1 fee would decrease
  - 310 fees would remain as currently set
  - The average fee change would be an increase of 0.02%

# Community Services Fee Comparison

City of San Pablo			City of El Cerrito	City of Pinole	City of Hercules	City of Martinez	Pleasant Hill P & R District
Fee Description	Current Fee	Suggested Fee	Fee	Fee	Fee	Fee	Fee
Pre-K	\$3.63 per hr.	\$3.99 per hr.	\$13.25 per hr.	\$10 per hr.	\$7.36 per hr.	\$7.50 per hr.	\$15.44 per hr.
Extended Care 8a-9:30/4-6pm	\$1.10 per hr.	\$1.32 per hr.	\$13.25 per hr.	\$45 per hr.	N/A	N/A	\$15.44 per hr.
Youth Camp	\$2.75 per hr.	\$3.03 per hr.	\$8.22 per hr.	\$6 per hr.	\$6.84 per hr.	\$8.33 per hr.	\$8.75 per hr.
Teen Camp	\$3.30 per hr.	\$3.63 per hr.	\$9.44 per hr.	N/A	\$5.33 per hr.	\$8.33 per hr.	N/A
Summer Camp Deposit	\$25	\$25 (added)	\$49	N/A	\$26	N/A	N/A
Cancellation Fee	\$10	\$25 (if less than 2 wks.)	\$49	N/A	\$26	\$10 (14 days notice)	\$10 (10 days notice)
Security Cost per guard for rentals	\$35 per hr.	\$38 per hr.	Renter provides	\$25 per hour	Market +\$12 per hr. per guard	Renter provides	N/A
Facility Rental Maintenance Fee	\$5 per hr.	\$8 per hr.	Included in their fee	Included in their fee	Included in their fee	Included in their fee	Included in their fee
Senior Social Trips (Fee range)	\$5 - \$35 Members	\$5-\$75 Mem, + 50% Non-Member	Range based on cost of trips	Range \$8- \$40	Range \$1 - \$205	Range based on cost of trips	Range based on cost of trips
Senior Specialty Events/Lunches	\$5 - \$20 Mem	\$5-\$50 Both	Range based on cost of program				

# Planning

- Time based analysis for flat fees
- Current fee amounts are subsidizing services
- Suggested fee notes:
  - An increase to 24 fees
  - 32 fees would decrease
  - 1 new General Plan Update fee would be added
  - 10 fees would remain as currently set
  - The average fee change would be an increase of 2%

# Planning Comparisons

City of San Pablo			City of El Cerrito	City of Pinole	City of Hercules	City of Martinez	City of Pleasant Hill
Fee Description	Current Fee	Suggested Fee	Fee	Fee	Fee	Fee	Fee
<b>Planning</b>							
Tentative Subdivision Map - Major (up to 30 lots)	\$10,949.00	\$11,023.00	\$29,331.00	\$7,500 Deposit	Deposit determined by staff	\$15,000 Deposit	\$208 per hour
Conditional Use Permit	\$5,107.00	\$4,906.00	\$2,239.00	\$5,726.00	\$7,339.00	\$10,000 Deposit	\$208 per hour
Major Design Review	\$4,326.00	\$4,410.00	Variable Residential 5-10 units - \$5,763 Residential 11+ units - \$8,597 Nonresidential - 10,000+ SF - \$7,421	Small - \$4,086 Medium - \$10,977 Large - \$20,000 Deposit	\$7,468.00	\$10,000 Deposit	\$208 per hour
General Plan Amendment	\$12,773.00	\$13,219.00	\$22,131.00	\$10,000 Deposit	\$10,000 Deposit	\$10,000 Deposit	\$208 per hour

# Building

- Time based analysis for new fees
- Overall program cost analysis found that the program is currently operating at 90% cost recovery
- Current fees are subsidizing services
- Staff is recommending private benefit service fees changed to obtain 100% cost recovery
- Projects over \$1,000,000 to be based on valuation, rather than flat fee
- Suggested fee notes:
  - An Increase to 420 fees
  - 150 fees would decrease
  - 32 new fees would be added
  - 16 fees would remain as currently set
  - The suggested fee changes would result in an average increase of 10.7%

# Building Comparisons

City of San Pablo			City of El Cerrito	City of Pinole	City of Hercules	City of Martinez	City of Pleasant Hill
Fee Description	Current Fee	Suggested Fee	Fee	Fee	Fee	Fee	Fee
New Construction - R3 New ADU Up to 1,000 sq ft					Uses Contra Costa County Fee Schedule		
Plan Check	\$3,771.00	\$4,173.00	\$4,337.31	\$2,462.38	\$1,005.18	\$1,677.74	\$1,700.29
Inspection	\$1,954.00	\$2,162.00	\$6,672.79	\$3,283.17	\$1,408.59	\$4,415.09	\$2,125.36
House Remodel Up to 3,000 sq ft							
Plan Check	\$1,616.00	\$1,788.00	\$3,875.30	\$5,702.92	\$1,300.39	\$3,971.90	\$4,835.70
Inspection	\$1,047.00	\$1,158.00	\$5,962.00	\$7,603.89	\$1,751.71	\$10,452.36	\$6,044.62
New Construction - Residential Multifamily Up to 2,000 sq ft							
Plan Check	\$7,801.00	\$8,633.00	\$6,828.15	\$3,949.74	\$1,813.69	\$2,716.54	\$2,188.45
Inspection	\$3,975.00	\$4,399.00	\$10,504.85	\$5,266.32	\$2,348.30	\$7,148.79	\$2,735.56
New Construction - R3 Addition Up to 100 sq ft							
Plan Check	\$1,724.00	\$1,907.00	\$747.50	\$469.50	\$165.07	\$337.18	\$326.69
Inspection	\$1,023.00	\$1,132.00	\$1,150.00	\$626.00	\$253.52	\$887.33	\$408.36

# Policy Recommendations

- General standard: individuals or groups who receive private benefit from service should pay 100% of cost
- Suggested fee changes result in minor impact on fee users
- 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 BLS, CPI, MOU, or another factor
- Comprehensive fee study every 5 years

# Policy Recommendations, cont.

## PLANNING FEES:

- Housing Element action programs include reduction of fee for **lot mergers** (Program I-E). Proposed fee includes this reduction in line with estimated staff time (from \$2,188 to \$1,638).
- Proposed reduction in **ADU/SB 9** planning fees is consistent with FY 2025-27 Council Priority Workplan Policy 301.4, with estimated staff time reduced from \$1,275 to \$766.

## BUILDING FEES:

- Housing Element programs (I-F, I-J, 2-I) include reduced fees for affordable housing and “missing middle” housing. This opportunity for fee reductions will be added as a footnote in the fee schedule. This will involve a reduction in building permit fees for projects meeting minimum affordability criteria, to be granted on a per project basis, consistent with Housing Element goals.

# Recommendation:

## A. Receive Presentation; and

## B. City staff recommends that the City Council:

1. Adopt the updated City of San Pablo Master Fee Schedule for Planning, Building, Public Works, Community Services, Police, and other City-wide municipal services; and
2. Adopt an annual inflation factor adjustment based on the “Bureau of Labor Statistics, Employment Cost Index - total compensation for State and local government workers - all workers” to be applied effective July 1<sup>st</sup> of each fiscal year beginning July 1, 2026.

# Questions

