

User Fee Study Update Results Overview



Background

- ◆ In 2014, the City contracted with the Matrix Consulting Group to conduct a Cost Allocation Plan and Citywide User Fee Study.
 - The results of these studies were presented to Council in April 2015.
- ◆ Earlier this fiscal year, the City approved MOU updates for the next three years (FY 2016-17 to FY 2018-19).
 - These updates affect the major cost drivers associated with the Citywide User Fee Study.
- ◆ The City reached out to the Matrix Consulting Group in March to update the Citywide User Fee Study.



Scope of Services

- ◆ Incorporate projected personnel cost increases to ensure that Citywide fees reflect the full cost of providing services.
- ◆ Review Building Valuation plan review and inspection time estimates.
- ◆ This update did **not** include:
 - Revisions to the Cost Allocation Plan.
 - Review of staffing or process efficiencies related to providing services.



MOU Update Methodology

- ◆ The bargaining unit for each classification with time in the User Fee Study was identified, and the corresponding percentage increase was applied.
 - The FY16 rate was applied to FY15 salary and benefit costs to develop a new fully burdened rate for FY16.
 - The FY17 percentage was applied to the new FY16 rate to develop fully burdened rates for FY17.
 - The FY18 percentage was applied to the new FY17 rate to develop fully burdened rates for FY18.
- ◆ MOU increase percentages were **not** applied to indirect costs (departmental or Citywide overhead).



Building Time Estimate Review

- ◆ Over the past year, the Building department monitored the time associated with plan review and inspection of various projects.
- ◆ This review revealed a discrepancy in the estimated plan review hours originally provided by staff in a key valuation range.
- ◆ Additionally, staff requested that two additional ranges be added to the valuation scale in order to better reflect the services being provided by the City, as well as differences in workload for higher valuations.
 - Projects valued between \$3,500,000 and \$7,500,00
 - Projects valued at over \$7,500,000



Time Estimate Update Methodology

- ◆ The Building division provided the project team with updated plan review and inspection time estimates.
- ◆ Some ranges had no changes, while others were either increased or decreased.
- ◆ Time estimates provided by staff were reviewed by the project team to ensure consistency and validity.



Revenue Projection Methodology

- ◆ The Project Team developed revenue projections based on the results of this update utilizing FY14-15 workload statistics.
- ◆ Where significant variations in workload between FY 14-15 and FY 15-16 occurred, City staff provided updated workload statistics to ensure more realistic projections.
- ◆ During FY 2016-17 through FY 2018-19 staff estimates the updated cost recovery fees will result in \$60,000 - \$550,000 per year in additional revenue.



Summary

- ◆ The City's revenue is projected to increase significantly between FY 2015-16 and FY 2016-17.
 - This is primarily due to changes in time estimates associated with valuation based Building permits.
- ◆ Updating fees annually to account for MOU increases is a Best Management Practice.

