

Report on the Cost of Services (User Fee) Study

CITY OF MANHATTAN BEACH,
CALIFORNIA

FINAL REPORT



February 2020

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1. Introduction and Executive Summary

The report, which follows, presents the results of the Cost of Services (User Fee) Study conducted by the Matrix Consulting Group for the City of Manhattan Beach.

1 PROJECT BACKGROUND AND SCOPE OF WORK

The Matrix Consulting Group worked with the City of Manhattan Beach to analyze the cost of service relationships that exist between fees for service activities in the following departments: Building, City Clerk, Finance, Fire, Parks and Recreation, Planning, Police, Public Works, ROW, Traffic Engineering, and Utilities.

The City of Manhattan Beach in compliance with best management practices conducts a comprehensive fee analysis every 4-5 years. The City last conducted a comprehensive analysis in 2014, with an interim update in 2016. The purpose of a fee study is to understand the gap between the City's current fee amount and the cost of service. The results of this Study provide a tool for understanding current service levels, the cost and demand for those services, and what fees for service can and should be charged.

2 GENERAL PROJECT APPROACH AND METHODOLOGY

The methodology employed by the Matrix Consulting Group is a widely accepted "bottom up" approach to cost analysis, where time spent per unit of fee activity is determined for each position within a Department or Division. Once time spent for a fee activity is determined, all applicable City costs are then considered in the calculation of the "full" cost of providing each service. The following table provides an overview of the cost components used to establish the "full" cost of providing services included in this Study:

Table 1: Cost Components Overview

Cost Component	Description
Direct	Fiscal Year 2019/20 Budgeted salaries, benefits and allowable expenditures.
Indirect	Division, departmental administration / management and clerical support. Citywide overhead costs were also included from the City's most recent version of the Cost Allocation Plan.

Together, the cost components in the table above comprise the calculation of the total "full" cost of providing any particular service, regardless of whether a fee for that service is charged.

The work accomplished by the Matrix Consulting Group in the analysis of the proposed fees for service involved the following steps:

- **Staff Interviews:** The project team interviewed City staff from the different departments regarding their need for clarification to the structure of existing fee items, for addition of new fee items, or removal of outdated items.
- **Data Collection:** Data was collected for each permit / service, including time estimates. In addition, all budgeted costs and staffing levels for Fiscal Year 19/20 were entered into the Matrix Consulting Group's analytical software model.
- **Cost Analysis:** The full cost of providing each service included in the analysis was established.
- **Review and Approval of Results with City Staff:** Department and City management have reviewed and approved these documented results.

A more detailed description of user fee methodology, as well as legal and policy considerations are provided in subsequent chapters of this report.

3 SUMMARY OF RESULTS

When comparing FY20 fee-related budgeted expenditures with fee-related revenue generated the City is under-recovering its costs by approximately \$904,000 and recovering about 89% of its fee-related costs annually. The following table outlines these results on a departmental basis:

Table 2: Departmental / Divisional Cost Recovery Based on Fee-Related Revenue & Expenditures

Department	Revenue at Current Fee	Total Annual Cost	Annual Surplus / (Deficit)
Building	\$5,844,963	\$6,248,099	(\$403,136)
City Clerk	\$709	\$9,415	(\$8,706)
Finance	\$66,645	\$67,269	(\$624)
Fire	\$300,141	\$600,701	(\$300,560)
Parks & Recreation	\$30,865	\$48,379	(\$17,514)
Planning	\$434,889	\$553,743	(\$118,854)
Police	\$199,874	\$230,680	(\$30,806)
PW	\$21,136	\$34,908	(\$13,772)
Right-of-Way	\$366,080	\$336,948	\$29,132
Traffic Engineering	\$45,266	\$55,376	(\$10,110)
Utilities	\$166,225	\$194,932	(\$28,707)
TOTAL	\$7,476,793	\$8,380,450	(\$903,657)

If the City were able to charge full cost for all of its services it would be able to recover approximately \$903,000 in additional revenue. However, there are certain State set fees and council policies that limit the City's ability to recover the \$903,000. The following table shows the projected cost recovery based upon those state mandated fees, and policies.

Table 3: Departmental / Divisional Cost Recovery Based on Fee-Related Revenue & Expenditures including Council Policies and State set fees

Department	Revenue at Current Fee	Total Annual Cost	Annual Surplus / (Deficit)
Building	\$5,844,963	\$6,184,349	(\$339,386)
City Clerk	\$709	\$764	(\$55)
Finance	\$66,645	\$67,269	(\$624)
Fire	\$300,141	\$381,685	(\$81,544)
Parks & Recreation	\$30,865	\$35,676	(\$4,811)
Planning	\$434,889	\$538,507	(\$103,618)
Police	\$199,874	\$228,629	(\$28,755)
PW	\$21,136	\$34,908	(\$13,772)
Right-of-Way	\$366,080	\$326,152	\$39,928
Traffic Engineering	\$45,266	\$44,579	\$687
Utilities	\$166,225	\$194,932	(\$28,707)
TOTAL	\$7,476,793	\$8,037,450	(\$560,657)

Based upon the results of this table, the City has the potential to generate additional revenue of \$561,000 if all fees were raised to full cost recovery and there were similar levels of workload from the previous year to the current year. The largest proportion of this deficit is still related to building fees at approximately \$339,000. This deficit is primarily due to fees related to residential room additions and remodels that are being charged on valuation and fixture count, rather than a flat fee.

The detailed documentation of the Study will show an over-collection for certain fees (on a per unit basis), and an undercharge for others. Overall, the City is providing an annual subsidy to fee payers for fee-related services included in this analysis.

The display of the cost recovery figures shown in this report are meant to provide a basis for policy development discussions among Council members and City staff, and do not represent a recommendation for where or how the Council should act. The setting of the "rate" or "price" for services, whether at 100 percent full cost recovery or lower, is a policy decision to be made only by the Council, often with input from City staff and the community.

4 CONSIDERATIONS FOR COST RECOVERY POLICY AND UPDATES

The Matrix Consulting Group recommends that the City use the information contained in this report to discuss, adopt, and implement a formal Cost Recovery Policy, and a mechanism for the annual update of fees for service.

1 Adopt a Formal Cost Recovery Policy

The Matrix Consulting Group strongly recommends that the Council adopt a formalized, individual cost recovery policy for each department included in this Study. Whenever a cost recovery policy is established at less than 100% of the full cost of providing services, a known gap in funding is recognized and may then potentially be recovered through other revenue sources. The Matrix Consulting Group considers a formalized cost recovery policy for various fees for service an industry Best Management Practice.

2 Adopt an Annual Fee Update / Increase Mechanism

The purpose of a comprehensive update is to completely revisit the analytical structure, service level estimates and assumptions applied in previous studies, and to account for any major shifts in cost components or organizational structures. The Matrix Consulting Group believes it is a best management practice to perform a complete update of a Fee Assessment every 3 to 5 years. As discussed in the introduction, the City last conducted a fee study 5 years ago, and keeping in line with best practices is updating the study to be reflective of current practices.

In between comprehensive updates, the City could utilize published industry economic factors such as CPI or other regional factors to update the cost calculations established in the Study on an annual basis. The City could also consider the use of its own anticipated labor cost increases such as step increases, benefit enhancements, or cost of living raises. Utilizing an annual increase mechanism would ensure that the City receives appropriate fee and revenue increases that reflect growth in costs. The City of Manhattan Beach currently utilizes annual labor increases as the basis for annual fee increases, and it should continue to follow that practice.

2. Legal Framework and Policy Considerations

A “user fee” is a charge for service provided by a governmental agency to a public citizen or group. In California, several constitutional laws such as Propositions 13, 4, and 218, State Government Codes 66014 and 66016, and more recently Prop 26 and the Attorney General’s Opinion 92-506 set the parameters under which the user fees typically administered by local government are established and administered. Specifically, California State Law, Government Code 66014(a), stipulates that user fees charged by local agencies “...may not exceed the estimated reasonable cost of providing the service for which the fee is charged”.

1 GENERAL PRINCIPLES AND PHILOSOPHIES REGARDING USER FEES

Local governments are providers of many types of general services to their communities. While all services provided by local government are beneficial to constituents, some services can be classified as globally beneficial to all citizens, while others provide more of a direct benefit to a specific group or individual. The following table provides examples of services provided by local government within a continuum of the degree of community benefit received:

Table 4: Services in Relation to Benefit Received

“Global” Community Benefit	“Global” Benefit and an Individual or Group Benefit	Individual or Group Benefit
<ul style="list-style-type: none"> • Police • Park Maintenance 	<ul style="list-style-type: none"> • Recreation / Community Services • Fire Suppression / Prevention 	<ul style="list-style-type: none"> • Building Permits • Planning and Zoning Approval • Site Plan Review • CUPA • Facility Rentals

Funding for local government is obtained from a myriad of revenue sources such as taxes, fines, grants, special charges, user fees, etc. In recent years, alternative tax revenues, which typically offset subsidies for services provided to the community, have become increasingly limited. These limitations have caused increased attention on user fee activities as a revenue source that can offset costs otherwise subsidized (usually) by the general fund. In Table 4, services in the “global benefit” section tend to be funded primarily through voter approved tax revenues. In the middle of the table, one typically finds a mixture of taxes, user fee, and other funding sources. Finally, in the “individual / group benefit” section of the table, lie the services provided by local government that are typically funded almost entirely by user fee revenue.

The following are two central concepts regarding the establishment of user fees:

- **Fees should be assessed according to the degree of individual or private benefit gained from services.** For example, the processing and approval of a land use or building permit will generally result in monetary gain to the applicant, whereas Police services and Fire Suppression are examples of services that are essential to the safety of the community at large.
- **A profit-making objective should not be included in the assessment of user fees.** In fact, California laws require that the charges for service be in direct proportion to the costs associated with providing those services. Once a charge for service is assessed at a level higher than the actual cost of providing a service, the term “user fee” no longer applies. The charge then becomes a tax subject to voter approval.

Therefore, it is commonly accepted that user fees are established at a level that will recover up to, and not more than, the cost of providing a particular service.

2 GENERAL POLICY CONSIDERATIONS REGARDING USER FEES

Undoubtedly, there are programs, circumstances, and services that justify a subsidy from a tax based or alternative revenue source. However, it is essential that jurisdictions prioritize the use of revenue sources for the provision of services based on the continuum of benefit received.

Within the services that are typically funded by user fees, the Matrix Consulting Group recognizes several reasons why City staff may not advocate the full cost recovery of services. The following factors are key policy considerations in setting fees at less than 100 percent of cost recovery:

- **Limitations posed by an external agency.** The State or an outside agency will occasionally set a maximum, minimum, or limit the jurisdiction’s ability to charge a fee at all. Examples include State Public Records Requests for charging for time spent copying and retrieving public documents in the City’s Administrative office.
- **Encouragement of desired behaviors.** Keeping fees for certain services below full cost recovery may provide better compliance from the community. For example, if the cost of a permit for water heater permits is higher than the actual cost of purchasing a water heater, it might discourage residents from pulling permits.

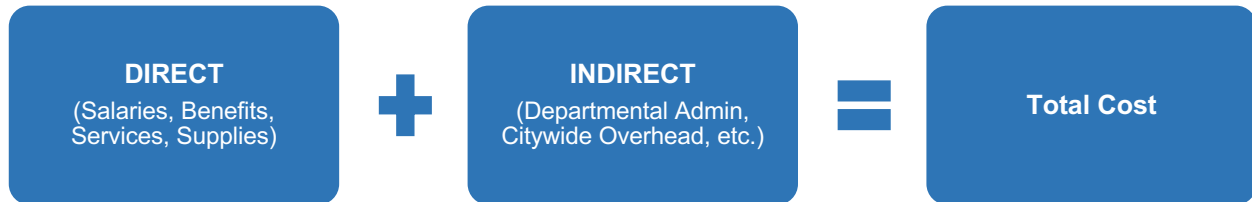
- **Effect on demand for a particular service.** Sometimes raising the “price” charged for services might reduce the number of participants in a program. This is largely the case in relation to Parks and Recreation programs, and does not typically impact the fees included in this analysis.
- **Benefit received by user of the service and the community at large is mutual.** Many services that directly benefit a group or individual equally benefit the community as a whole. Examples include block party permits.

The Matrix Consulting Group recognizes the need for policies that intentionally subsidize certain activities. The primary goals of a User Fee Study are to provide a fair and equitable basis for determining the costs of providing services, and assure that the City complies with State law.

Once the full cost of providing services is known, the next step is to determine the “rate” or “price” for services at a level which is up to, and not more than the full cost amount. The Board is responsible for this decision, which often becomes a question of balancing service levels and funding sources. The placement of a service or activity within the continuum of benefit received may require extensive discussion and at times fall into a “grey area”. However, with the resulting cost of services information from a User Fee Study, the Board can be assured that the adopted fee for service is reasonable, fair, and legal.

3. User Fee Study Methodology

The Matrix Consulting Group utilizes a cost allocation methodology commonly known and accepted as the “bottom-up” approach to establishing User Fees. The term means that several cost components are calculated for each fee or service. These components then build upon each other to comprise the total cost for providing the service. The following chart describes the components of a full cost calculation:



The general steps utilized by the project team to determine allocations of cost components to a particular fee or service are:

- Calculate fully burdened hourly rates by position, including direct & indirect costs;
- Develop time estimates for each service included in the study;
- Distribute the appropriate amount of other cost components to each fee or service based on the staff time allocation basis, or another reasonable basis.

The results of these allocations provide detailed documentation for the reasonable estimate of the actual cost of providing each service. The following sections highlight critical points about the use of time estimates and the validity of the analytical model.

1 TIME ESTIMATES ARE A MEASURE OF SERVICE LEVELS REQUIRED TO PERFORM A PARTICULAR SERVICE

One of the key study assumptions utilized in the “bottom up” approach is the use of time estimates for the provision of each fee related service. Utilization of time estimates is a reasonable and defensible approach, especially since experienced staff members who understand service levels and processes unique to the City developed these estimates.

The project team worked closely with City staff in developing time estimates with the following criteria:

- Estimates are representative of average times for providing services. Estimates for extremely difficult or abnormally simple projects are not factored into this analysis.

- Estimates reflect the time associated with the position or positions that typically perform a service.
- Estimates provided by staff are reviewed and approved by the division / department, and often involve multiple iterations before a Study is finalized.
- Estimates are reviewed by the project team for “reasonableness” against their experience with other agencies.
- Estimates were not based on time in motion studies, as they are not practical for the scope of services and time frame for this project.

The Matrix Consulting Group agrees that while the use of time estimates is not perfect, it is the best alternative available for setting a standard level of service for which to base a jurisdiction’s fees for service, and meets the requirements of California law.

The alternative to time estimating is actual time tracking, often referred to billing on a “time and materials” basis. Except in the case of anomalous or sometimes very large and complex projects, the Matrix Consulting Group believes this approach to not be cost effective or reasonable for the following reasons:

- Accuracy in time tracking is compromised by the additional administrative burden required to track, bill, and collect for services in this manner.
- Additional costs are associated with administrative staff’s billing, refunding, and monitoring deposit accounts.
- Customers often prefer to know the fees for services in advance of applying for permits or participating in programs.
- Applicants may request assignment of less expensive personnel to their project.
- Departments can better predict revenue streams and staff needs using standardized time estimates and anticipated permit volumes.

Situations arise where the size and complexity of a given project warrants time tracking and billing on a “time and materials” basis. The Matrix Consulting Group has recommended taking a deposit and charging Actual Costs for such fees as appropriate and these will be discussed further in the Deposit-Based fees chapter.

2 CROSS CHECKS ENSURE THE VALIDITY OF OUR ANALYTICAL MODEL

In addition to the collection of time estimate data for each fee or service included in the User Fee Study, annual volume of activity data assumptions are also a critical component.

By collecting data on the estimated volume of activity for each fee or service, a number of analyses are performed which not only provide useful information regarding allocation of staff resources, but also provide valuable cross checks that ensure the validity of each model. This includes assurance that 100% of staff resources are accounted for and allocated to a fee for service, or “other non-fee” related categories. Since there are no objectives to make a profit in establishing user fees, it is very important to ensure that services are not estimated at a level that exceeds budgeted resource capacity. By accounting for not more than 100% of staff resources, no more than 100% of costs will be allocated through the Study.

4. Results Overview

The motivation behind a cost of services (User Fee) analysis is for the City Council and Departmental staff to maintain services at a level that is both accepted and effective for the community, and also to maintain control over the policy and management of these services.

It should be noted that the results presented in this report are not a precise measurement. In general, a cost of service analysis takes a “snapshot in time”, where a fiscal year of adopted budgeted cost information is compared to the same fiscal year of revenue, and workload data available. Changes to the structure of fee names, along with the use of time estimates allow only for a reasonable projection of subsidies and revenue. Consequently, the Council and Department staff should rely conservatively upon these estimates to gauge the impact of implementation going forward.

Discussion of results in the following chapters is intended as a summary of extensive and voluminous cost allocation documentation produced during the Study. Each chapter will include detailed cost calculation results for each major permit category including the following:

- **Modifications or Issues:** discussions regarding any revisions to the current fee schedule, including elimination or addition of fees.
- **“Per Unit” Results:** comparison of the full cost of providing each unit of service to the current fee for each unit of service (where applicable).
- **Annualized Results:** utilizing volume of activity estimates annual subsidies and revenue impacts were projected.
- **Jurisdictional Comparison:** a brief comparison of current permits and services with other local jurisdictions.

The full analytical results were provided to City staff under separate cover from this summary report.

5. Building

The City of Manhattan Beach provides plan check and inspection services in-house and supplements it with contractor plan checkers and inspectors. The purpose of the building division is to review all construction projects in compliance with the California Building Code and its rules and regulations. The following subsections discuss modifications made to the Building fee schedules, the detailed per unit analysis results, the potential annual revenue impacts, and a comparison of certain fees to other jurisdictions.

1 FEE SCHEDULE MODIFICATIONS

The Building fee schedule consists of both flat fees and valuation based fees. Both sets of fees were studied. The project team worked with the Building Division to streamline the current fee schedule by altering names and removing outdated fees. The following points highlight some of these changes:

- Mechanical, Electrical, and Plumbing fees were streamlined to identify key specific permits and all other fees were grouped into miscellaneous permits. These categories included both permit processing and inspection services.
- Combo permits for Kitchen and Bathroom Remodels and New Pools and Spas were added.
- Fees for Special Request Inspections, Sewer Caps, Water Service Determination, Restamping of Approved Plans, and Garage Sale Permits were removed as the division no longer assesses fees for these services.
- Plan Check and Inspection fees for Construction Projects that were previously calculated based on valuation have been changed to a per square footage schedule.
- All new construction and tenant improvement fees were set up as combo permits to include Mechanical, Electrical, and Plumbing, streamlining the fees for the developers and the City, as there is one total fee that needs to be paid for plan check and for inspection services.
- New fees were added to account for new services the division provides. These fees include: Residential Room Addition / Remodel, Windows / Doors, Tent Permit, Decks / Patios / Porches / Pergolas / Gazebos, Fences, Retaining Walls, and Re-Roofs.
- Solar Permits were moved from the Fire Prevention fee schedule to the Building fee schedule.

Identifying and implementing these changes to the Building fee schedule have helped to clarify the fee schedule as well as ensure all services being provided by the Building Division are reflected on the fee schedule.

2 DETAILED RESULTS – MISCELLANEOUS BUILDING PER UNIT

The Building Division currently assesses a variety of permits for plan check and inspection. The following table details the current fees associated with Miscellaneous Building Permits, the full cost associated with Building to provide these services, and the surplus / deficit. It is important to note that a variety of fees that have no current fee are because those fees are currently assessed based upon project valuation.

Table 5: Miscellaneous Building Flat Fees – Per Unit

Category	Description	Range	Current Fee	Building Cost Per Unit	Surplus / (Deficit) per Unit
Building / Trade Permit Extension	Extension of building, mechanical, electrical, or plumbing permit prior to building permit expiration	Permit Extension	\$108	\$76	\$32
Building / Trade Permit Reinstatement	Reinstatement of an expired building, mechanical, electrical, or plumbing permit.	Permit Reinstatement	\$0	\$148	(\$148)
Building / Trade Plan Check Extension	Extension of building, mechanical, electrical, or plumbing plan check prior to plan check expiration	Plan Check Extension	\$108	\$76	\$32
Building / Trade Plan Check Reinstatement	Reinstatement of building, mechanical, electrical, or plumbing plan check of expired plans.	Plan Check Reinstatement	\$0	\$114	(\$114)
Extra Plan Check	Plan checks over the standard number of plan checks or for non-standard applications.	Processing Fee	\$53	\$65	(\$12)
		Hourly Rate	\$149	\$161	(\$12)
Re-Inspection / Extra Inspection	Request for a reinspection or extra inspection over the standard number of inspections (3) of a building site. (1-hr minimum)	Processing Fee	\$35	\$65	(\$30)
		Hourly Rate	\$125	\$138	(\$13)
Custom Building Inspection	Inspection requested on a non-inspector working day. (4-hr min.)	Base Fee	\$535	\$582	(\$47)
		Each Addl. Hour	\$125	\$138	(\$13)
Construction Operation After Hours Application	Reviewing an application for construction operation for work done after hours.	Request for Interior Commercial	\$186	\$149	\$37
		Request for Exterior Commercial	\$186	\$733	(\$547)
		Partial	\$544	\$620	(\$76)

Category	Description	Range	Current Fee	Building Cost Per Unit	Surplus / (Deficit) per Unit
Building Demolition	Review and inspection of a building demolition to ensure compliance with City Codes.	Full	\$544	\$423	\$121
Moving a Building	Review an application for moving a building within the City.		\$3,353	Actual Cost	
Construction Site Sign Production	Processing and production of contractor information signs for construction sites.	Base Fee	\$26	\$32	(\$6)
		Per Sign	\$30	\$30	\$0
Building Permit Transfer	Transfer the ownership of a permit.		\$53	\$65	(\$12)
Residential Bldg Records Report	Provide a building records report on an address.	Per Application	\$309	\$294	\$15
		Duplicate	\$53	\$43	\$10
Staging Residential	Review request for staging for residential properties.		\$761	\$295	\$466
Temporary Certificate of Occupancy	Review request for a temporary Certificate of Occupancy to allow for occupancy before the final certificate is issued.	Certificate	\$1,760	\$666	\$1,094
		Extension	\$237	\$302	(\$65)
Board of Building Appeals	Processing an appeal of a Building Administrative Decision to the Board of Building Appeals.		\$488	\$938	(\$450)
Comm Dev Refund Processing	Processing a refund of a Community Development fee due to the actions of the applicant.		\$92	\$112	(\$20)
Comm Dev Record Retention	Retaining a permanent copy of records in Community Development.	Base Fee	\$35	\$43	(\$8)
		Digital Copy	\$53	\$65	(\$12)
		Data Extraction:	\$67	\$83	(\$16)
Garage Sale Permit	Review an application for a garage and yard sale permit. The municipal code allows 3 permits per household per year.		\$8	\$11	(\$3)
Combo Permits					
		Up to 500 sq. ft.		\$825	
Kitchen / Bathroom Remodel	Review and inspection of residential kitchen / bathroom remodels	501-1,000 sq. ft.		\$1,100	
		1,000+ sq. ft		\$1,375	
		Each addl 500 sq. ft.		\$287	
New Pool / Spa	Review and inspection of new pool or spa being installed.	Residential	\$259	\$978	(\$719)
		Commercial	\$259	\$1,423	(\$1,164)
New Pool / Spa with Vault	Review and inspection of new pool or spa with a vault	Residential	\$259	\$1,560	(\$1,301)
		Commercial	\$259	\$2,037	(\$1,778)
Miscellaneous Fees					
		51-1,000 CY	\$220	\$1,002	(\$782)
Grading Fees – Plan Check	Review of application associated with reviewing different grading categories.	1,001-10,000 CY	\$220	\$1,245	(\$1,025)
		10,001-100,000 CY	\$343	\$1,487	(\$1,144)
		500 sq. ft.	\$780	\$1,189	(\$409)

Category	Description	Range	Current Fee	Building Cost Per Unit	Surplus / (Deficit) per Unit
Shoring Plan Check and Inspection	Reviewing and inspecting shoring requirements	1,000 sq. ft.	\$1,201	\$1,622	(\$420)
		3,000 sq. ft.	\$3,713	\$1,812	\$1,902
		5,000 sq. ft.	\$4,501	\$2,330	\$2,171
Solar Permit Plan Check and Inspection	Review and inspect Solar / PV permits for building and fire codes	Residential	\$100	\$703	(\$603)
		Commercial up to 50 kw	\$100	\$1,577	(\$1,477)
		Commercial 51-250 kw	\$100	\$1,835	(\$1,735)
Summary of Accessibility Upgrades for Commercial Projects	Review of accessibility upgrade hardship application.	Existing Buildings Valued less than LA County Accessibility Code	\$286	\$1,132	(\$846)
		Existing Buildings Valued more than LA County Accessibility Code	\$286	\$1,512	(\$1,226)
Remodel Residential Pool / Spa	Review and inspection of residential pool and spa remodels for each discipline reviewed (electrical, plumbing, mechanical)	Remodel - per discipline	\$259	\$655	(\$396)
TI Commercial Pool / Spa	Review and inspection of commercial pool and spa remodels for each discipline reviewed (electrical, plumbing, mechanical)	TI - per discipline	\$259	\$1,043	(\$784)
Residential Room Addition / Remodel	Review and inspection of residential room addition and / or remodel.	Up to 500 sq. ft.		\$954	
		501-1,000 sq. ft.		\$1,553	
		1,000+ sq. ft.		\$1,877	
Windows / Doors	Review and inspection of window / door permits per City standard form.	Each addl 500 sq. ft. above 1,000 sq. ft.		\$287	
		Up to 5		\$550	
		Greater than 5		\$687	
Tent Permit (Building)	Review and inspection of temporary tents	Up to 400 sq. ft.		\$1,208	
		401-1,500 sq. ft.		\$1,831	
		1,500+ sq. ft.		\$3,009	
Decks / Porches / Patios / Pergolas / Gazebos	Review and inspection of standalone decks / porches / patios / pergolas / gazebos	Up to 500 sq. ft.		\$2,312	
		Greater than 500 sq. ft.		\$3,243	
		Addl 500 sq. ft.		\$368	
Fences (greater than 6')	Review and inspection of standalone fences greater than 6'.	All Others		\$768	
		ROW Adjacent		\$946	

Category	Description	Range	Current Fee	Building Cost Per Unit	Surplus / (Deficit) per Unit
Retaining Wall Block Walls	Review and inspection of retaining walls and block walls.	Retaining Wall Block Wall		\$1,362 \$917	
		Residential		\$542	
		Commercial - Up to 1,500 sq. ft.		\$542	
Re-Roof	Review and inspection of re-roofing projects for residential and commercial projects	Commercial - 1,501-5,000 sq. ft.		\$610	
	Note: Does not include reroof with solar. Separate permit required for solar panels.	Commercial - Greater than 5,000 sq. ft		\$679	
		Commercial - Each Addl. 1,000 sq.ft. above 5,000 sq. ft.		\$103	
Re-Stuccoing / Siding / Façade	Review and inspection of standalone re-stucco / siding / façade permits.			\$687	
MEP's					
Electrical					
Miscellaneous Electrical Permit	Review and inspection of standard and standalone over the counter electrical permits.		\$68	\$315	(\$247)
Temporary Power Pole	Review and inspection for each temporary power pole or piggy-back pole.		\$112	\$315	(\$203)
EV Charging Station	Review and inspection of EV Charging Stations	Residential Commercial		\$422 \$529	
Battery Backup	Review and inspect for battery backups.			\$422	
Residential Addition / Remodel	Electrical upgrades to residential additions or remodel projects	per sq. ft.		\$0.74	
Commercial Tenant Improvement	Electrical upgrades, additions, or improvement to commercial / non-residential projects	per sq. ft.		\$0.58	
Mechanical					
Miscellaneous Mechanical Permit	Review and inspection of standard and standalone over the counter mechanical permits.		\$68	\$283	(\$215)
		New / Relocate	\$68	\$670	(\$602)
HVAC Permit	Review and inspection of HVAC permits	Replacement / Change-Out	\$68	\$464	(\$396)
Residential Addition / Remodel	Mechanical upgrades to residential additions or remodel projects	per sq. ft.		\$0.65	
Commercial Tenant Improvement	Mechanical upgrades, additions, or improvement to commercial / non-residential projects	per sq. ft.		\$0.56	
Plumbing					

Category	Description	Range	Current Fee	Building Cost Per Unit	Surplus / (Deficit) per Unit
Miscellaneous Plumbing Permit	Review and inspection of standard and standalone over the counter plumbing permits.		\$68	\$315	(\$247)
Water Heater Permit	Review and inspection of water heater permit		\$92	\$283	(\$191)
Cesspool Removal Fee	Review and inspection for cesspool removal			\$335	
Residential Addition / Remodel	Plumbing upgrades to residential additions or remodel projects	per sq. ft.		\$0.65	
Commercial Tenant Improvement	Plumbing upgrades, additions, or improvement to commercial / non-residential projects	per sq. ft.		\$0.56	
Code Enforcement Fees					
Violation Inspection Fee	Per hour violation inspection fee for code enforcement violations (2-hr min.)			\$232	
Non-Compliance Fee	Per hour fee for non-compliance related inspections (6-hr min)			\$697	

When comparing the current fees for Miscellaneous Building Permits with the total cost associated with Building services, the City of Manhattan Beach is showing a per unit cost recovery level of 71%. This indicates that for the majority of its flat fee services it is showing an under-recovery.

3 DETAILED RESULTS – BUILDING SQUARE FOOTAGE PER UNIT

The City of Manhattan Beach currently uses a valuation table to establish permit and plan check fees for all Construction Projects that is based on the value of construction costs. In discussion with Building staff it was determined that in order to calculate the valuation, the City collects the square footage and valuation information. As such, instead of taking the additional step of calculating valuation, staff would be able to calculate the fee based upon the square footage and occupancy directly. Additionally, during discussion it was determined that the size and type of project was a better indicator of the level of effort provided as more expensive materials does not require additional time to plan check or inspect. The following table shows, by square footage and type of project, the full cost associated with plan check and inspection.

Table 6: Total Cost Per Unit Results – Plan Check and Inspection

Occupancy Type	Sq. Ft	Total Plan Check Cost		Total Inspection Cost		Total Cost Per Unit	
		Base Fee	Per 100 Sq. Ft	Base Fee	Per 100 Sq. Ft	Base Fee	Per 100 Sq. Ft ¹
A - New (Other than A2)	500	\$3,957.79	\$106.78	\$3,603.90	\$97.23	\$7,561.68	\$204.01
	5,000	\$8,762.73	\$41.87	\$7,979.20	\$38.12	\$16,741.92	\$79.99
	50,000	\$27,602.59	\$55.21	\$25,134.47	\$50.27	\$52,737.06	\$105.47
A2 - New	500	\$4,816.83	\$129.95	\$4,557.58	\$122.96	\$9,374.41	\$252.91
	5,000	\$10,664.69	\$50.95	\$10,090.71	\$48.21	\$20,755.40	\$99.16
	50,000	\$33,593.78	\$67.19	\$31,785.74	\$63.57	\$65,379.52	\$130.76
B or M - New	1,500	\$6,238.73	\$83.42	\$8,272.27	\$187.07	\$14,511.01	\$270.49
	5,000	\$9,158.57	\$196.91	\$14,819.56	\$318.62	\$23,978.13	\$515.53
	15,000	\$28,849.49	\$192.33	\$46,681.62	\$311.21	\$75,531.11	\$503.54
E - New	500	\$3,647.99	\$98.42	\$5,091.09	\$137.35	\$8,739.08	\$235.77
	5,000	\$8,076.83	\$38.59	\$11,271.92	\$53.85	\$19,348.75	\$92.44
	50,000	\$25,442.01	\$50.88	\$35,506.56	\$71.01	\$60,948.57	\$121.90
F-1, F-2 - New	500	\$2,995.85	\$80.82	\$7,935.62	\$214.09	\$10,931.47	\$294.92
	5,000	\$6,632.95	\$31.69	\$17,569.84	\$83.94	\$24,202.79	\$115.64
	50,000	\$20,893.79	\$41.79	\$55,345.00	\$110.69	\$76,238.79	\$152.48
H - New	500	\$3,326.11	\$89.73	\$7,853.26	\$211.87	\$11,179.37	\$301.61
	5,000	\$7,364.16	\$35.18	\$17,387.49	\$83.07	\$24,751.65	\$118.26
	50,000	\$23,197.11	\$46.39	\$54,770.59	\$109.54	\$77,967.70	\$155.94
I - New	500	\$4,133.71	\$111.52	\$5,091.09	\$137.35	\$9,224.80	\$248.87
	5,000	\$9,152.23	\$43.73	\$11,271.92	\$53.85	\$20,424.16	\$97.58
	50,000	\$28,829.54	\$57.66	\$35,506.56	\$71.01	\$64,336.10	\$128.67
L - New	500	\$3,387.45	\$91.39	\$6,643.84	\$179.24	\$10,031.29	\$270.63
	5,000	\$7,499.98	\$35.83	\$14,709.77	\$70.28	\$22,209.75	\$106.11
	50,000	\$23,624.94	\$47.25	\$46,335.78	\$92.67	\$69,960.72	\$139.92
R-1 - New	1,000	\$6,259.23	\$56.22	\$19,319.72	\$173.54	\$25,578.94	\$229.76
	10,000	\$11,319.28	\$3.94	\$34,938.07	\$12.16	\$46,257.35	\$16.10
	100,000	\$14,865.31	\$14.87	\$45,883.22	\$45.88	\$60,748.53	\$60.75
R-2 - New	1,000	\$4,259.42	\$38.26	\$17,738.18	\$159.33	\$21,997.61	\$197.59
	10,000	\$7,702.81	\$2.68	\$32,078.00	\$11.17	\$39,780.81	\$13.85
	100,000	\$10,115.89	\$10.12	\$42,127.17	\$42.13	\$52,243.06	\$52.24
R-3 - New	1,000	\$3,983.21	\$133.99	\$6,081.68	\$272.84	\$10,064.89	\$406.83
	3,000	\$6,663.01	\$77.00	\$11,538.49	\$113.07	\$18,201.50	\$190.07
	6,000	\$8,972.97	\$149.55	\$14,930.57	\$248.84	\$23,903.53	\$398.39
S-1 - New	500	\$2,402.78	\$64.82	\$4,722.98	\$127.42	\$7,125.75	\$192.24
	5,000	\$5,319.86	\$25.42	\$10,456.90	\$49.96	\$15,776.76	\$75.38
	50,000	\$16,757.57	\$33.52	\$32,939.23	\$65.88	\$49,696.80	\$99.39
S-2 - New	500	\$2,267.75	\$61.18	\$5,535.03	\$149.33	\$7,802.78	\$210.51
	5,000	\$5,020.91	\$23.99	\$12,254.83	\$58.55	\$17,275.73	\$82.54
	50,000	\$15,815.86	\$31.63	\$38,602.70	\$77.21	\$54,418.56	\$108.84
U - New	50	\$435.06	\$117.37	\$301.28	\$81.28	\$736.33	\$198.65
	500	\$963.24	\$64.22	\$667.04	\$44.47	\$1,630.27	\$108.68
	5,000	\$3,852.94	\$77.06	\$2,668.15	\$53.36	\$6,521.09	\$130.42
Shell (Cold) - New	500	\$3,188.31	\$86.02	\$4,461.30	\$120.36	\$7,649.60	\$206.38
	5,000	\$7,059.07	\$33.73	\$9,877.52	\$47.19	\$16,936.59	\$80.92
	50,000	\$22,236.06	\$44.47	\$31,114.20	\$62.23	\$53,350.26	\$106.70

¹ The per 100 sq. ft. is per 100 sq. ft. or fraction thereof; i.e. 1 sq. ft. would be charged the per 100 sq. ft. divided by 100 to calculate the per additional sq. ft. fee.

Occupancy Type	Sq. Ft	Total Plan Check Cost		Total Inspection Cost		Total Cost Per Unit	
		Base Fee	Per 100 Sq. Ft	Base Fee	Per 100 Sq. Ft	Base Fee	Per 100 Sq. Ft ¹
A (Other than A-2) - TI	300	\$3,560.38	\$160.09	\$1,912.45	\$85.99	\$5,472.83	\$246.08
	3,000	\$7,882.86	\$62.77	\$4,234.25	\$33.72	\$12,117.10	\$96.49
	30,000	\$24,830.99	\$82.77	\$13,337.88	\$44.46	\$38,168.88	\$127.23
A-2 - TI	150	\$2,733.22	\$245.80	\$1,347.66	\$121.19	\$4,080.88	\$366.99
	1,500	\$6,051.49	\$96.38	\$2,983.78	\$47.52	\$9,035.26	\$143.89
	15,000	\$19,062.19	\$127.08	\$9,398.89	\$62.66	\$28,461.08	\$189.74
TI - All Others	150	\$3,031.23	\$272.60	\$1,070.09	\$96.23	\$4,101.32	\$368.83
	1,500	\$6,711.29	\$106.88	\$2,369.23	\$37.73	\$9,080.53	\$144.62
	15,000	\$21,140.58	\$140.94	\$7,463.09	\$49.75	\$28,603.66	\$190.69

Due to the conversion from valuation-based fees to square-footage based fees, it is difficult to conduct a comparison between current and proposed fees. The proposed fees based on square footage have a stronger nexus to the services being provided. Converting from a valuation-based fee schedule to a square-footage based fee schedule provides the Division with a stable, more defensible methodology for calculation fees and is much more reflective of actual staff services and costs.

The proposed fees would be applied based upon the size of the project. For example, a new theater (A-new) sized at 501 sq. ft., would be charged a base plan check fee of \$3,957.79 and \$10.68 (\$106.78 / 100 sq. ft = \$10.68 per sq. ft.) to arrive at a total plan check fee of \$3,968.27. If this new theater was 600 sq. ft., the plan check fee would be \$3,957.79 and \$106.78 or a total fee of 4,064.57. This application ensures that as the size increases there is a proportionate increase in cost. It is important to note that this plan check fee is inclusive of all plan review (structural, mechanical, plumbing, electrical, etc.) and as such there is no need to add additional plan check fees for any new projects.

It is important to note that while some of the costs may seem steep in the previous table they are reflective of total city staff time associated with processing plan check and permit and as such include more than just building division staff. Including all city staff time in a singular fee is a streamlined way of depicting the full cost to the city for a building plan check and permit, rather than including it as separate fees on different fee schedules throughout the City. This ensures consistent capturing of those services, as well as consistent application of fees.

Lastly, the plan check and permit fees calculated through this study are in relation to requirements imposed by the California Building Code (CBC). The CBC dictates the types of development projects and applications, which require different permits. The plan check and inspection fees are to review those projects and applications to ensure conformance with those building code requirements.

4 ANNUAL RESULTS

The Building Division has two main categories of fees that were evaluated by the project team: Flat Fees and Square Footage Based Construction Projects. Due to the major modifications made to the Building Division fee schedule, the project team conducted an analysis of the overall revenue and expenses associated with the Building Division. The following table shows the Division's revenue at current fees, the total annual cost calculated through this study, and the resulting surplus / (deficit).

Table 7: Annual Revenue Analysis – Building

<u>Revenue at Current Fee</u>	<u>Total Annual Cost</u>	<u>Annual Surplus / (Deficit)</u>
\$5,844,963	\$6,274,432	(\$429,469)

As the table indicates, the Division is under-recovering its costs by approximately \$429,000. This under-recovery represents a cost recovery level of 94%.

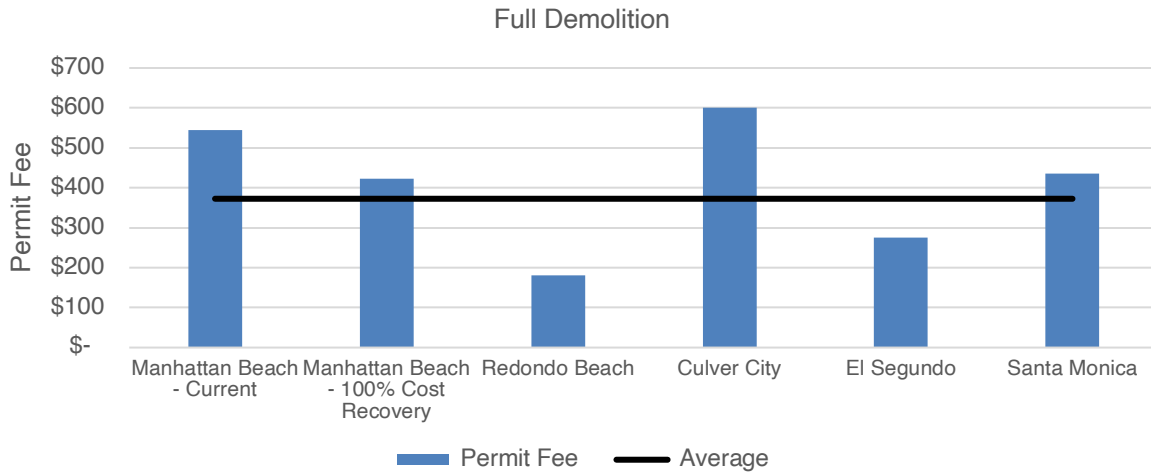
5 COMPARATIVE SURVEY

As part of this study, the City wished to understand how their current fees and total cost compared to other similar sized and regionally located jurisdictions. It is important to note that the project team surveyed approximately eight local jurisdictions; if the jurisdiction did not assess a fee for the service, it was left off of the comparative graph. This allows the City to clearly review the graph without the cluttering of additional information that is not relevant to the comparative analysis being conducted.

Due to the nature of comparative surveys and the inability to always provide the most comparable information, the project team worked with City staff to develop building fee scenarios. Where appropriate, information was captured regarding other types of fees and services that would be captured in the plan check and permit phase such as Mechanical, Electrical, and Plumbing permits, Fire Plan Check and Inspection Support, Planning Plan Check and Inspection, and Public Works Plan Check and Inspection support. The following subsections provide a comparative look at four Building Flat Fees and seven Building Construction Scenarios.

1 Full Building Demolition

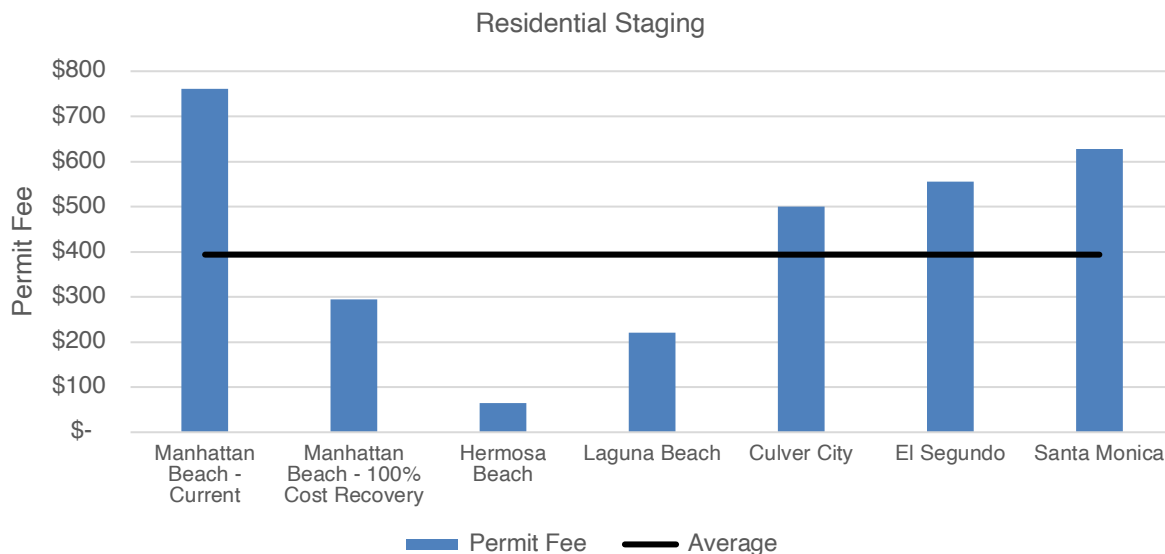
The City of Manhattan Beach currently assesses a fee for a Full Building Demolition at \$544 and the project team calculated the full cost of providing this service at \$423. The following graph shows how the Division's current fee and total cost compare to other local jurisdictions.



As the chart above indicates, both Manhattan Beach's current fee and full cost are above the jurisdictional average of \$373. The full cost calculated falls in line with the City of Santa Monica's fee of \$435.

2 Residential Staging

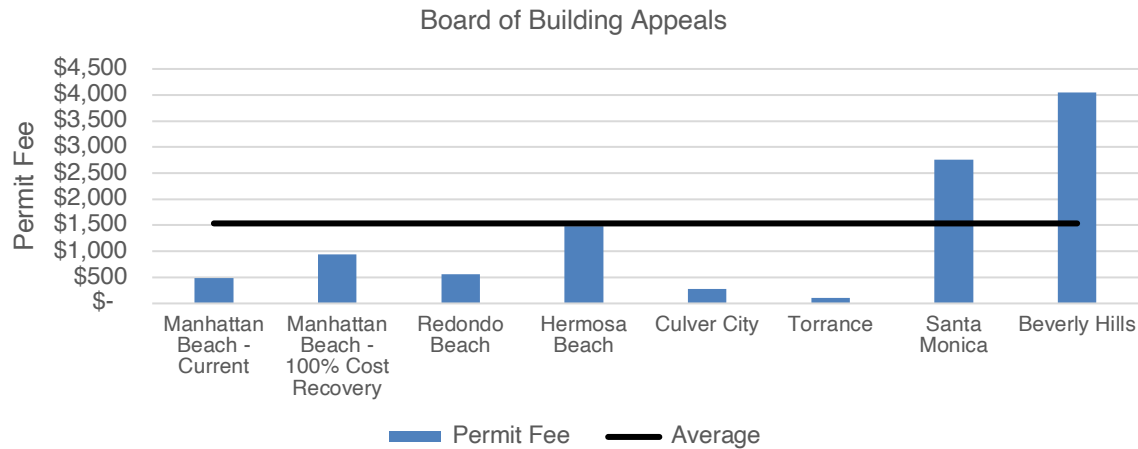
The City of Manhattan Beach currently charges a fee for Residential Staging of \$761 and the project team calculated the full cost of providing this service at \$295. The following graph shows how the Division's current fee and total cost compare to other local jurisdictions.



As the chart shows, Manhattan Beach's current fee is significantly higher than other local jurisdictions and the average of \$394. The full cost calculated with lower than the average charged by other local jurisdictions and only Hermosa Beach and Laguna Beach charge less.

3 Board of Building Appeals

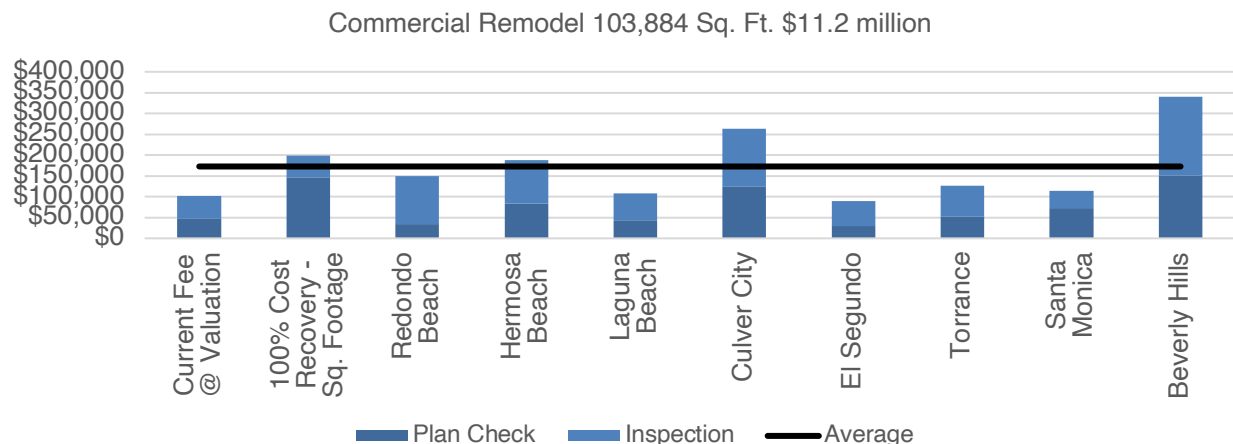
The City of Manhattan Beach currently assesses a fee for an Appeal to the Board of Building Appeals at \$488 and the project team calculated the full cost of providing this service at \$938. The following graph shows how the Division's current fee and total cost compare to other local jurisdictions.



Both Manhattan Beach's current fee and full cost are well below the jurisdictional average of \$1,536. Santa Monica and Beverly Hills charge significantly higher fees for the same service.

4 Remodeling of Guestrooms in a Hotel – 103,884 sq. ft. - \$11,185,720 Valuation

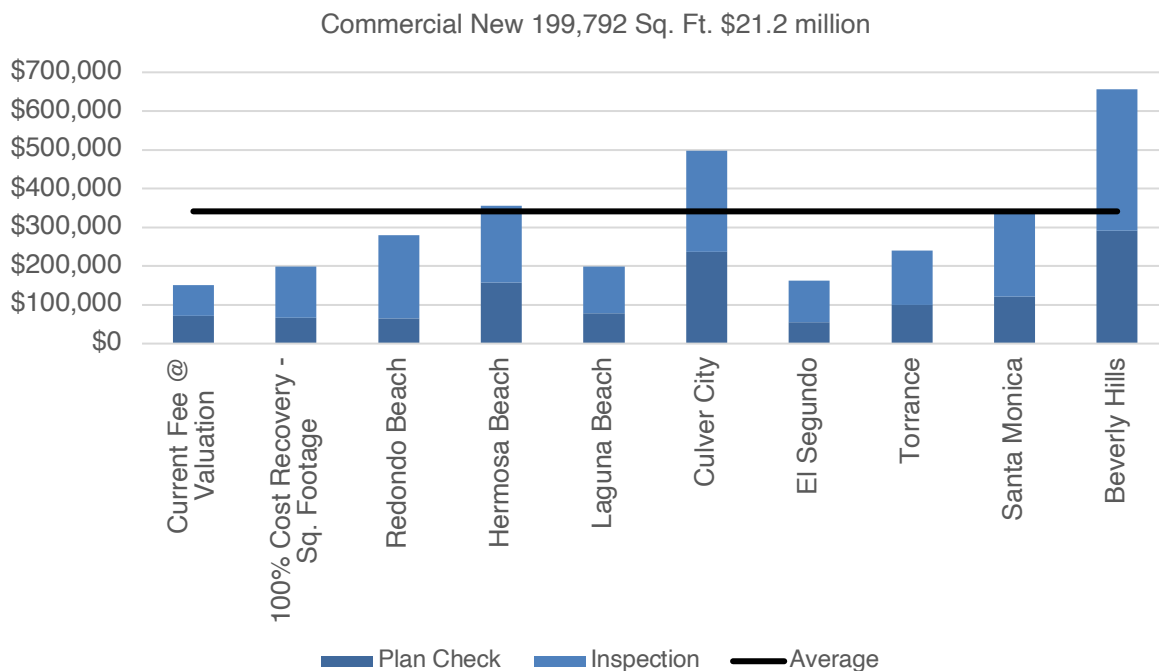
The City currently assess fees for Commercial Remodels based upon project valuation. The current fee for plan check and inspection for a \$11,185,720 project is \$102,467. The project team calculated the full cost based on the square footage at \$198,098. The following graph shows how the Division's current fee and total cost compare to other local jurisdictions.



Manhattan Beach's current fee is below the jurisdictional average of \$172,563, while the full cost is just above the average. Hermosa Beach, Culver City, and Beverly Hills are above the average fee.

5 New Parking Garage – 199,792 sq. ft - \$21,221,906 Valuation

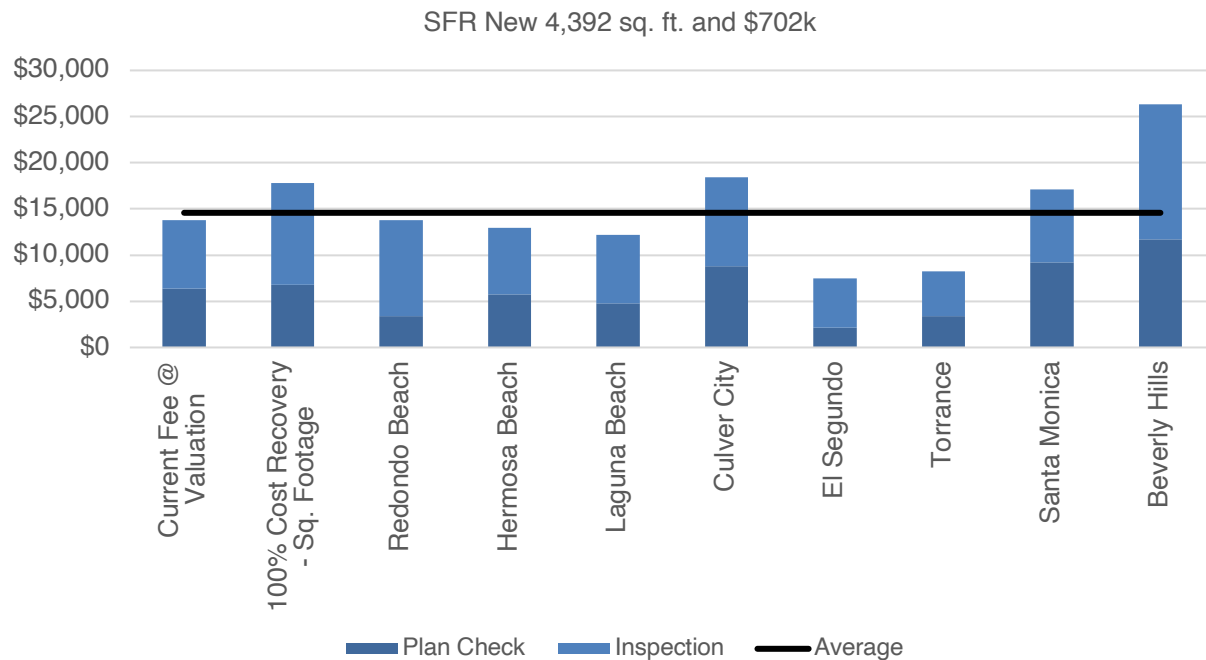
The City currently assess fees for New Commercial projects based upon project valuation. The current fee for plan check and inspection for a \$21,221,906 valuation project is \$151,343. The project team calculated the full cost based on the square footage at \$198,590. The full cost calculated, unlike the current fee accounts for not only structural plan check and inspection services, but includes all other fees associated with mechanical, electrical, and plumbing support; as well as other citywide services (planning, engineering, and fire). The following graph shows how the Division's current fee and total cost compare to other local jurisdictions.



As the graph above shows, both Manhattan Beach's current fee and full cost are below the average fee that other local jurisdictions charge of \$341,192. The full cost calculated falls in line with the fees charged by Laguna Beach, El Segundo, and Torrance.

6 New Single-Family Residence – 4,392 sq. ft - \$702,720 Valuation

The City currently assesses fees for New Residential projects based upon project valuation. The current fee for plan check and inspection for a \$702,720 home is \$13,798. The project team calculated the full cost based on the square footage at \$17,825. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.

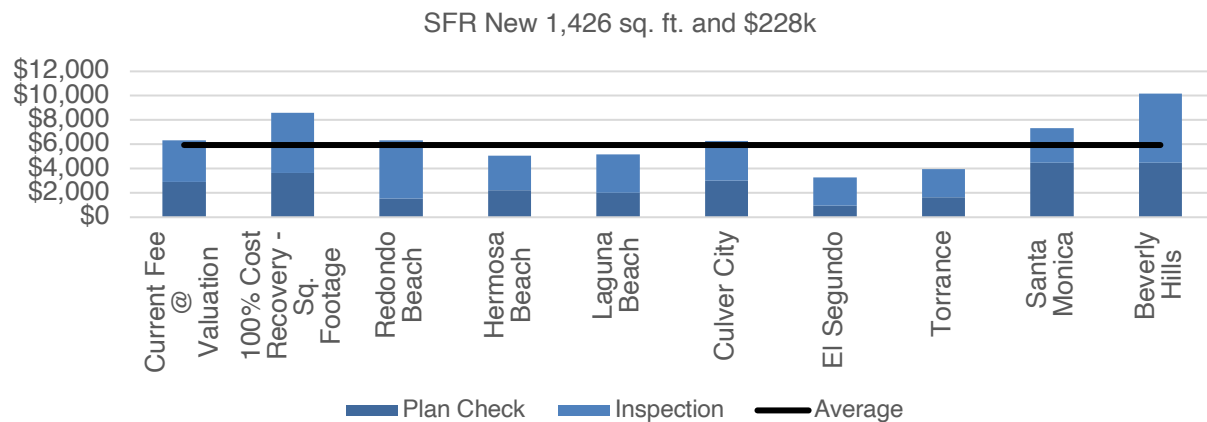


The current fee charged by Manhattan Beach for New Single Family Homes is only slightly lower than the jurisdictional average of \$14,581. Beverly Hills is the only jurisdiction that charges similar to Manhattan Beach's full cost for the same sized project. It is important to note that the City's current fee of less than \$14,000 is only reflective of structural plan check and inspection and does not include mechanical, electrical, and plumbing permits, which would increase the City's current fee between \$6,000-\$8,000, bringing it much closer in line to the full cost fee.

Additionally, the City's current fee and the fees for other jurisdictions, which are valuation-based, are calculated based upon the City's current methodology of calculating cost per square foot. The City utilizes the International Code Council (ICC) cost per square foot table, which is a national average, to calculate the cost per square foot of construction. For a new single-family home, the cost per square foot used by the City is \$160 per square foot. Other jurisdictions who utilize valuation-based fee schedules, may add some sort of regional modifier or have other methods of utilizing a market rate for calculating the valuation-based fee. The current average market rate for a new single-family home is much closer to \$280-\$300 per square foot in Los Angeles County and in Manhattan Beach area, which would significantly increase the valuation being used by other jurisdictions. If the project team were to increase the valuation being used by Manhattan Beach and other jurisdictions to the market rate, the City's current fee and full cost fee would be much closer in cost, as well as the fees charged by the other jurisdictions. For these types of reasons, where there is greater ambiguity and inability to utilize a specific regional modifier or factor, utilizing square footage can be a simpler, more streamlined methodology, with less variability.

7 New Single-Family Residence – 1,426 Sq. ft - \$228,160 Valuation

The City currently assess fees for New Residential projects based upon project valuation. The current fee for plan check and inspection for a 1,426 sq. ft. home is \$6,355. The project team calculated the full cost based on the square footage at \$8,581. The following graph shows how the Division's current fee and total cost compare to other local jurisdictions.

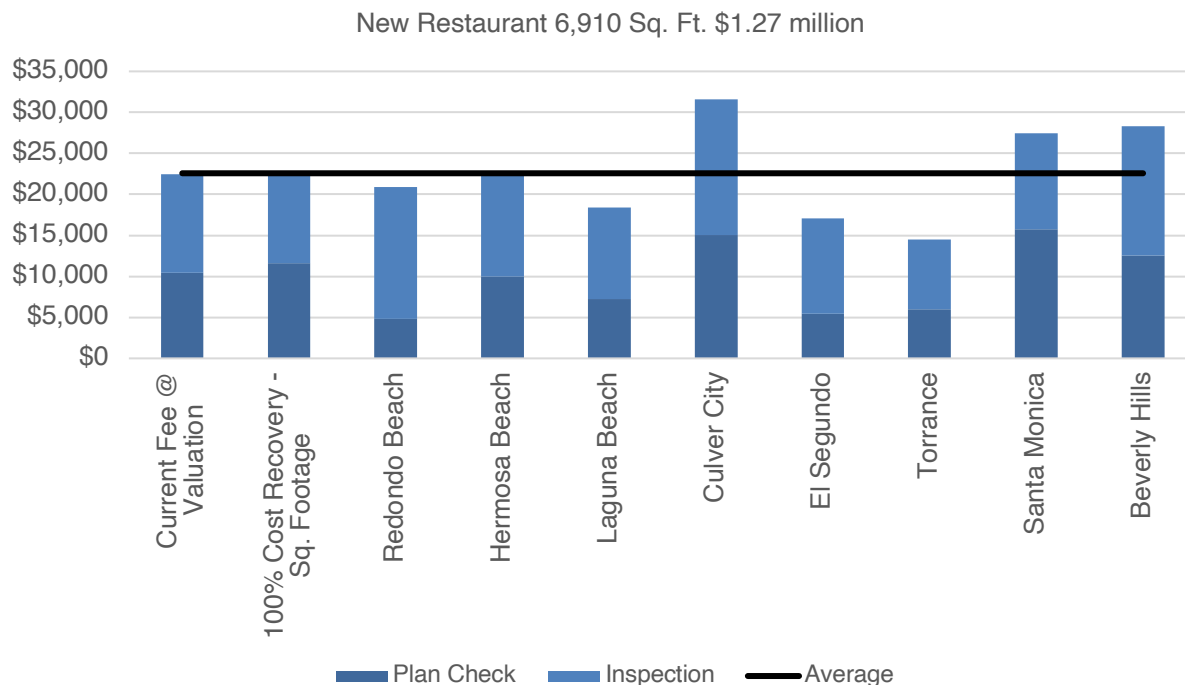


As the chart indicates, while both the current and full cost fee are higher than the average, the current fee of \$6,355 is only barely above the average fee of \$5,879 charged by surrounding jurisdictions. The full cost calculated for Manhattan Beach is higher than all other jurisdictions with Beverly Hills being the closest in cost at a fee of \$10,150. However, as discussed in the previous section, the current fee is only accounting for structural plan check and inspection costs, it is not accounting for the trade permits (mechanical, electrical, and plumbing), which are accounted for in the full cost fee. Similarly, for other jurisdictions, who charge those items on a fixture basis such as Hermosa Beach or Laguna Beach, those fees were not included in the comparative survey. Typically, these fees can add several additional \$1,000s of dollars to a plan check and permit fee, which would bring the other jurisdictions and the City's current fee in line with its full cost.

Additionally, the City is currently calculating its valuation, upon which the current fee is calculated by utilizing the International Code Council (ICC) table cost per square foot. This cost per square foot is a national average and does not take into account the current market rate for cost per square foot in a city like Manhattan Beach. Due to a lack of standardized and defensible regional modifier, the City is unable to calculate the valuation based upon the more typical cost of this type of region of \$280-\$300 per square foot. If the valuation for purposes of fee calculation for the current fee and other jurisdictions was modified to match this cost per square foot, the full cost fee would be similar to the fees being currently charged and by other jurisdictions. By converting to a square footage model, the City is eliminating the need for ensuring that the cost per square foot must be in alignment with the market, as the level of plan check and inspection is primarily dependent upon the size and type of the project.

8 New Restaurant – 6,910 sq. ft - \$1,265,705 Valuation

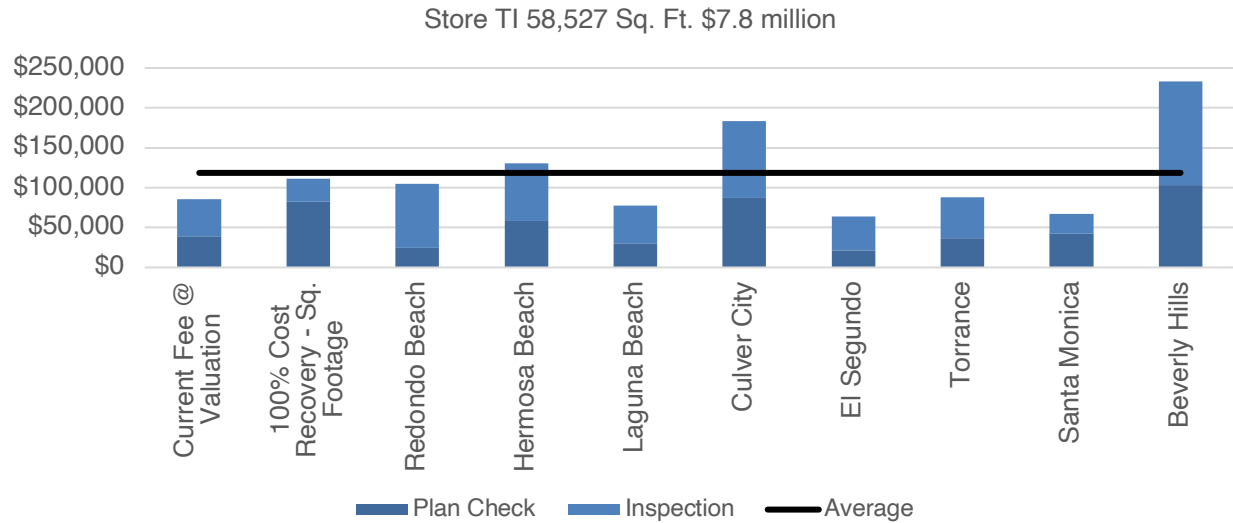
The City currently assess fees for New Commercial projects based upon project valuation. The current fee for plan check and inspection for a \$1,265,705 restaurant is \$22,485. The project team calculated the full cost based on the square footage at \$22,649. The following graph shows how the Division's current fee and total cost compare to other local jurisdictions.



Both the current fee and full cost fall right below with the jurisdictional average of \$22,573 with the current fee being just slightly below the average and the full cost being just slightly higher than the average. Culver City, Santa Monica, and Beverly Hills rates are much higher than the average. It is important to note that the full cost in this example, includes the trade permits, mechanical, electrical, and plumbing, and as such, the full cost fee would actually represent a reduction from the current fee for the City.

9 Retail Tenant Improvement – 58,527 sq. ft - \$9,819,153 Valuation

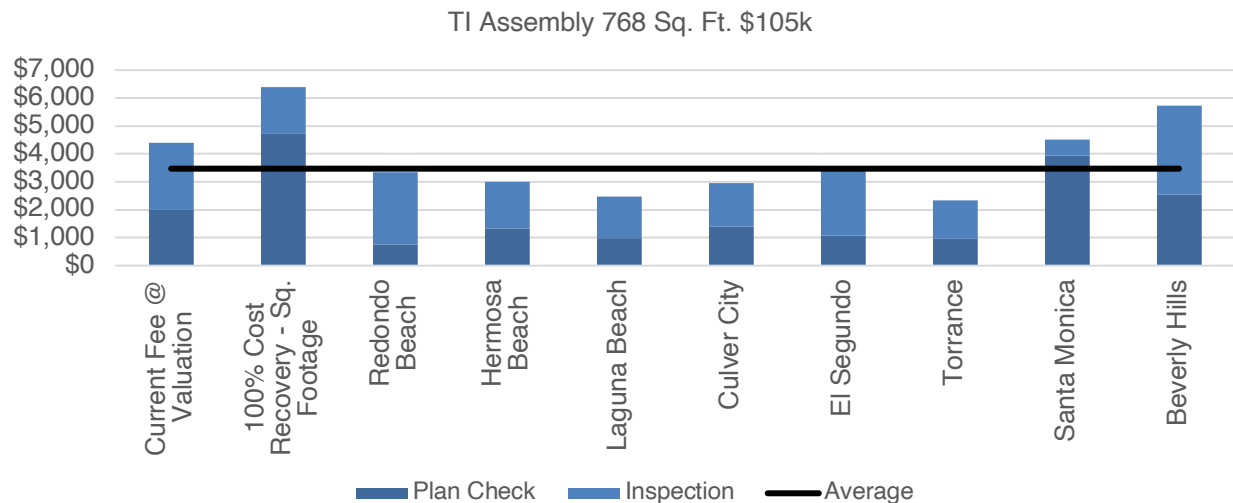
The City currently assess fees for Commercial Tenant Improvements based upon project valuation. The current fee for plan check and inspection for a \$7,757,754 store TI is \$85,773. The project team calculated the full cost based on the square footage at \$111,605. The following graph shows how the Division's current fee and total cost compare to other local jurisdictions.



Manhattan Beach's full cost calculated falls just slightly higher than the jurisdictional average of \$118,540 and is very close to the fee charged by Redondo Beach. Manhattan Beach's current fee falls in line with Laguna Beach, El Segundo, and Torrance's rates.

10 Fitness Center Tenant Improvement – 768 sq. ft - \$105,285 Valuation

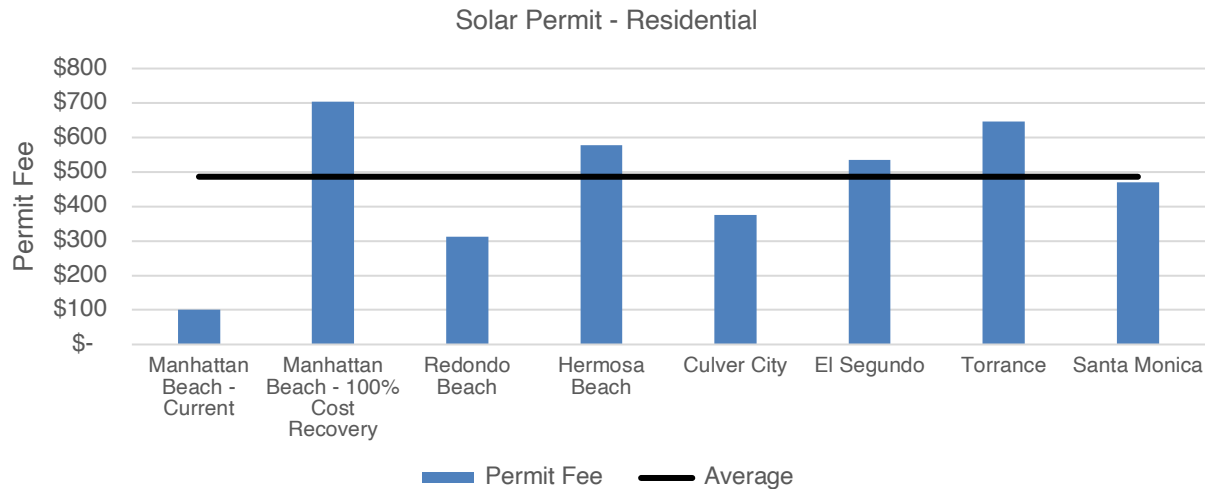
The City currently assesses fees for Commercial Tenant Improvements based upon project valuation. The current fee for plan check and inspection for a \$105,285 fitness center TI is \$4,405. The project team calculated the full cost based on the square footage at \$6,381. The following graph shows how the Division's current fee and total cost compare to other local jurisdictions.



Both the current fee charged by Manhattan Beach and the full cost calculated are higher than the jurisdictional average of \$3,472 charged by other local jurisdictions. The full cost calculated is higher than all other jurisdictions rates with Beverly Hills being the closest rate at \$5,727.

11 Solar Permit – Residential

The City currently assesses fees for Residential Solar Permits based upon a council policy of \$100. The full cost calculated through the study is \$703. The following graph shows how the Division's current fee and total cost compare to other local jurisdictions.



As the graph indicates, the City's current fee is significantly below the average fee of \$486 charged by surrounding jurisdiction. Additionally, the state currently regulates the Solar Permit fees at \$500 for residential projects to ensure incentivization for solar permits in communities; however, a higher fee can be charged if it can be justified. The city should review its current policy on solar permit fees and where appropriate consider implementing amounts closer to the state set subsidy.

6. City Clerk

The City Clerk primarily serves as the Clerk of the Council and provides support to City Council through Legislative Services, administering elections on behalf of the City, and maintaining all public records. The fees examined within the study relate to typical City Clerk services such as initiative processing, reproduction services, and lobbying registration. The following subsections provide an overview of modifications made to the City Clerk's fee schedules, the detailed per unit analysis results, the potential annual revenue impacts, and a comparison of certain fees to other jurisdictions.

1 FEE SCHEDULE MODIFICATIONS

In discussion with the City Clerk staff there was several modification made to the current fee schedule. The following points discuss these modifications:

- Removal of the new electronic file fee calculation for copies of records, as this service is no longer provided by the Clerk's office.
- Recategorization of the reproduction fees from election documents and certified copies to election documents and regular copies. The city is already charging all regular copies the same as certified copies, and this is just a renaming of the fee.
- Creation of a Candidate Statement fee for processing a candidate statement for publication either electronically or in the local voter guide.

These modifications help to ensure that all services being provided by City Clerk's staff are reflected on the current fee schedule.

2 PER UNIT ANALYSIS

The City Clerk collects fees related to Copy services and Elections Filings. The total cost calculated for each service includes direct staff costs, Departmental and Citywide overhead. The following table details the fee name, current fee, total cost, and surplus or deficit associated with each time-based City Clerk fee.

Table 8: Per Unit Results – City Clerk

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Initiative Petition Processing	A formal notice of intent to circulate an initiative petition for a municipal measure. [California Election Code Section - 9202(b)]		\$200	\$388	(\$188)

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Candidate Processing	Process a candidate for office in the City not to exceed \$25. [California Election Code Section - 10228]		\$25	\$167	(\$142)
Candidate Statement	Process a candidate statement for publication electronically or in voter guide per California Election Code Section 13307.			Actual Cost	
Reproduction Service	Making a copy of a City document upon request. [Per City Resolution]	Election Documents	\$0.10	\$1.03	(\$0.93)
		Regular Copies	\$0.10	\$3.03	(\$2.93)
Archive Retrieval	Based upon request, retrieve an archived document per box pickup, delivery, and re-file in storage. Direct cost to cover contractor costs		Actual Cost	\$68	
Copy Service	Making a copy of an audiotape, CD, DVD, or PDF file.	Tape / CD / DVD / PDF	\$7	\$8	(\$1)
Lobbyist Registration	Process registration for lobbyist.		\$14	\$30	(\$16)

The City Clerk is under-recovering on all of its fees, with the largest deficit (\$188) relating to Initiative Petition Processing Fees. It is important to note that both the filing fees for Candidate Nominations and Initiative Petitions are set by the State, per California Election Code Section 10228 for the Candidate Filing Fee and 9202b for the Initiative Petition Filing Fee. Therefore, even if it costs the City more to process these filing fees, the City is limited per State Guidelines to not charge more than \$25 for Candidate Nominations and \$200 for Initiative Petition Fees.

3 ANNUAL RESULTS

The City Clerk's Department is currently under-recovering its time-based fees by approximately \$3,322. The following table shows the annual workload volume, projected revenue at current fee, total annual cost, and the associated surplus or deficit.

Table 9: Annual Results – City Clerk

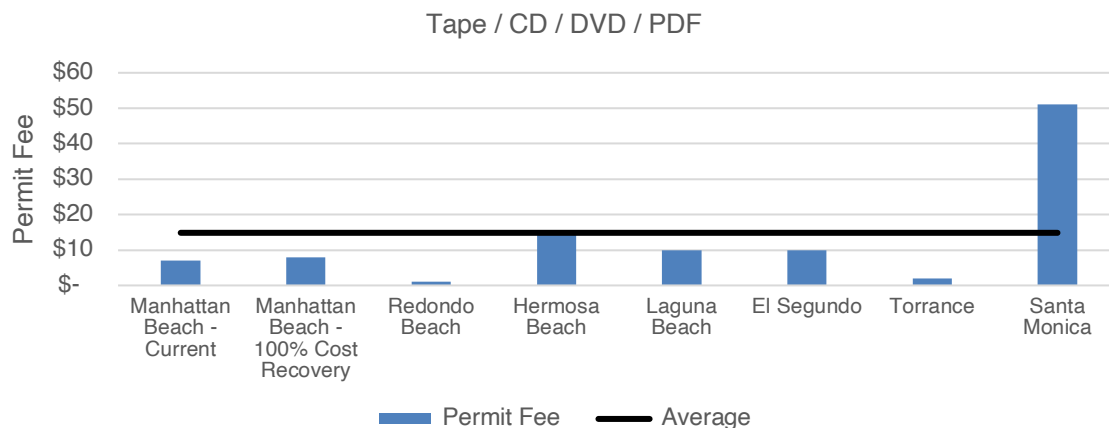
Fee Name	Range	Annual Volume	Revenue at Current Fee	Annual Cost	Annual Surplus / (Deficit)
Initiative Petition Processing		1	\$200	\$388	(\$188)
Candidate Processing		4	\$100	\$669	(\$569)
Reproduction Service	Regular Copies	2692	\$269	\$8,163	(\$7,894)
Copy Service	Tape / CD / DVD / PDF	14	\$98	\$106	(\$8)
Lobbyist Registration		3	\$42	\$89	(\$47)
		TOTAL	\$709	\$9,415	(\$8,705)

Overall, the City Clerk's Department is recovering approximately 8% of its fee-related costs. The deficit is related primarily to making copies of record requests. While Initiative Petition Processing and Candidate Processing are under-recovering, the state sets these fees at \$200 for Initiative Petitions and \$25 for Candidate Processing.

4 COMPARATIVE SURVEY

As part of this study, the City wished to understand how their current fees and total cost compared to other similar sized and regionally located jurisdictions. It is important to note that the project team surveyed approximately 8 local jurisdictions; if the jurisdiction did not assess a fee for the service, it was left off of the comparative graph. This allows the City to clearly review the graph without the cluttering of additional information that is not relevant to the comparative analysis being conducted. As the majority of the fees are set by the state, the project team only ended up comparing one of the fees – Copy Service for Tape / CD / DVD.

The City of Manhattan Beach currently assesses Copy Services at \$7 per tape, cd, DVD, or pdf; through this study the project team calculated the full cost at \$8. The following graph shows how the Department's current fee and total cost compare to other local jurisdictions.



As the chart above indicates, the City of Manhattan Beach's current and full cost are below the average of \$15 charges by other local jurisdictions. Redondo Beach and Torrance are the only jurisdictions that charge less than Manhattan Beach.

7. Finance

The Finance Department administers the Business Licensing program and Dog Licenses. The following subsections provide an overview of modifications made to the Finance Department's fee schedule, the detailed per unit analysis results, the potential annual revenue impacts, and a comparison of certain fees to other jurisdictions.

1 FEE SCHEDULE MODIFICATIONS

In discussion with staff in the Finance Department, there were only minor modifications made to the fee schedule. These modifications included the relocation of Film Permit fees from Finance to Parks and Recreation and the addition of Dog Licensing fees, which were moved from Police services. The dog license fees are processed by Finance staff and as such should be on the Finance fee schedule.

2 PER UNIT ANALYSIS

The Finance Department collects fees related to Returned Checks, Business Licenses, and Dog Licenses. The total cost calculated for each service includes direct staff costs, direct material costs (where applicable), facility and improvement costs, Departmental and Citywide overhead. The following table details the fee name, current fee, total cost, and surplus or deficit associated with each time-based Finance Department fee.

Table 10: Per Unit Results – Finance

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Return Check & Insufficient Funds Fee	Re-processing of checks or other payments due to insufficient funds. Set Per California Civil Code Section 1719.	First Check	\$53	\$25	\$28
		Subsequent Check	\$53	\$35	\$18
Business License Identification Decal	Issue a decal when a business license requires the use of a vehicle on request.		\$4	\$5	(\$1)
Custom License Listing Request	Providing a unique listing of customized business and animal licensing information.	Custom	\$40	\$40	(\$0)
		Existing	\$20	\$25	(\$5)

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Dog Licenses	Control and licensing of animals within the City Limits.	Spayed / Neutered	\$20	\$21	(\$1)
		All Others	\$52	\$48	\$4
	- 50% discount for seniors 62+ with income under \$10,000.				
	- No Charge for handicapped, disabled or seeing eye dogs.	Duplicate Tag			
	- Late Penalty of 20% per month not to exceed 100%.		\$4	\$4	\$0

A majority of the Finance Department fees evaluated through this study are shown to be under-recovering, with the largest deficit related to existing Business License listing at \$5. There are three fees showing a surplus – the Returned Checks and Insufficient Funds Fee and the All Others types of licenses. This over-recovery is due to the state set fee of \$25 and Returned Checks and \$32 for Insufficient Funds Fee, per California Civil Code Section 1719. For all other types of animal licenses, the process has been streamlined resulting in the reduction of time associated with processing those types of licenses. The average per unit cost recovery for the Finance Department is approximately 117%.

3 ANNUAL RESULTS

The Finance Department is currently under-recovering its costs by approximately \$20,000. The following table shows the annual workload volume, projected revenue at current fee, total annual cost, and the associated surplus or deficit.

Table 11: Annual Results – Finance

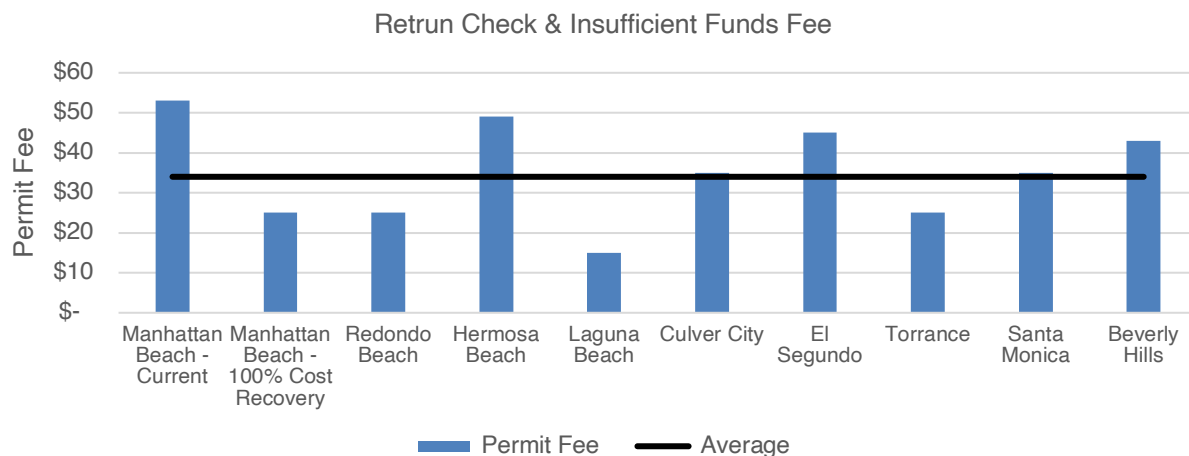
Category	Range	Annual Volume	Revenue at Current Fee	Annual Cost	Annual Surplus / (Deficit)
Return Check & Insufficient Funds Fee	First Check	77	\$4,081	\$1,925	\$2,156
	Subsequent Check		\$0	\$0	\$0
Business License Identification Decal		1,425	\$5,700	\$6,604	(\$904)
Custom License Listing Request	Existing	12	\$240	\$300	(\$60)
Dog Licenses	Spayed / Neutered	2,428	\$48,560	\$50,988	(\$2,428)
	All Others	154	\$8,008	\$7,396	(\$612)
	Duplicate Tag	14	\$56	\$56	\$0
TOTAL			\$66,645	\$67,269	(\$624)

Overall, the Finance Department is recovering approximately 99% of the cost associated with its time-based services. The largest source of deficit for the Department relates to the spayed / neutered licenses, which while only a \$1 deficit on a per unit basis is magnified due to the sheer volume of dog licenses issued.

4 COMPARATIVE SURVEY

As part of this study, the City wished to understand how their current fees and total cost compared to other similar sized and regionally located jurisdictions. It is important to note that the project team surveyed approximately 8 local jurisdictions; if the jurisdiction did not assess a fee for the service, it was left off of the comparative graph. This allows the City to clearly review the graph without the cluttering of additional information that is not relevant to the comparative analysis being conducted. Due to jurisdictions charging different fees for different services, the project team was only able to compare one fee for the finance department – returned check.

The City of Manhattan Beach currently assesses a fee of \$53 for Returned Check and the state set fee for this service is \$25. The following graph shows how the Department's current fee and total cost compare to other local jurisdictions.



As the chart above indicates, the City of Manhattan Beach is not the only jurisdiction that currently charges above the state set fee of \$25. However, the current fee of \$53 is the highest charged among local jurisdictions and is much higher than the \$34 average.

8. Fire

The Fire Department is responsible for preventing or minimizing risk of fire and medical emergencies. The fees examined within this study include Plan Checks, Inspections, Permits, Reports, and other Fire related fees. The following subsections provide an overview of modifications made to the Fire Department's fee schedule, the detailed per unit analysis results, the potential annual revenue impacts, and a comparison of certain fees to other jurisdictions.

1 FEE SCHEDULE MODIFICATIONS

In discussions with staff in the Fire Department, there were only minor modifications made to the fee schedule. These modifications included the removal of the Fire Inspection Special fee as this service is covered by other fees and the Solar System permits as this service is now provided by Building.

The Annual Fire Code Permit has been expanded from a single category to one based upon the square footage of the businesses, to better reflect the level of effort spent by fire prevention inspectors. Staff highlighted the area of annual business inspections as one in which the City could potentially improve recovery by billing for the 1,000+ business inspections conducted by the Fire Department. Additionally, through this study, the project team worked with City staff to identify new fees to recover the costs associated with state mandated inspections of multi-family units complexes (more than 3 residential units).

The descriptions of certain fees were revised and restructured to be grouped with other similar permits and categories.

2 UNIT ANALYSIS

The Fire Department collects fees related to plan checks, inspections, permits, and other Fire related fees. The total cost calculated for each service includes direct staff costs, direct material costs (where applicable), facility and improvement costs, Departmental and Citywide overhead. The following table details the fee name, current fee, total cost, and surplus or deficit associated with each time-based Fire Department fee.

Table 12: Per Unit Results – Fire

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Fire Code Annual Permit / State Mandated Fire Inspections		Businesses			
		0-2,000 SF	\$223	\$232	(\$9)
		2,000-10,000 SF	\$223	\$349	(\$126)
		10,000+ SF	\$223	\$465	(\$242)
	Review, inspect and issue an annual permit based on the business operation as defined by the California Fire Code, Section 105.6, and occupancy classifications as determined by the California State Fire Marshal.	Complex Building	Actual Cost		
		Multi-Family Units			
		3-10 units	\$0	\$232	(\$232)
		11-20 units	\$0	\$349	(\$349)
		20+ units	\$0	\$465	(\$465)
		High-Rise Inspections	\$782	\$813	(\$31)
Fire Temporary Permit	Issue a fire code permit for a soundstage involving a major review and inspection. (Per soundstage) **Current fees collected by agreement.	Soundstage Permit	\$6,667	\$16,110	(\$9,443)
	Review, inspect, and issue a permit for an event that will have one or more operational permits as defined by the California Fire Code, Section 105.6 and / or review, inspect and issue a permit for an individual operation under the California Fire Code, Section 105.6 with specific start and end times	Minor Event	\$279	\$290	(\$11)
	Review, inspect and issue a permit for an event that consumes the time and resources of the fire department, based on the judgement of the Fire Marshal	Major Event	Actual Cost	\$560	
	Review, inspect and issue a permit for an individual operation under the California Fire Code, Section 105.6 with specific start and end times	One-Time Permit	\$279	\$290	(\$11)
	A temporary permit may require a Fire Safety Officer to stand by during the course of the permit, as determined by the Fire Marshal. Staffing by the Fire Department for a major event	Fully Burdened Hourly Rate	Actual Cost		
Fire Code Permit Re-Inspection	Issuing a fire code permit, which requires a re-inspection. **Per hour		\$223	\$232	(\$9)
Fire Annual Business Inspection	Providing an annual fire and life safety inspection of a business with the City.	0-2,000 SF	\$276	\$347	(\$71)
		2,000-10,000 SF	\$404	\$511	(\$107)
		10,000+ SF	\$828	\$1,041	(\$213)
		Complex Building	Actual Cost		
Fire Sprinkler - Residential	Review a plan and inspect a residential fire sprinkler system for conformity with fire code requirements.	Plan Check	\$164	\$482	(\$318)
		Inspection	\$220	\$307	(\$87)

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Fire Sprinkler – Commercial	Review a plan and inspect a commercial fire sprinkler system for conformity with fire code requirements.	Plan Check	\$288	\$482	(\$194)
		Inspection:			
		1-50 heads	\$276	\$365	(\$89)
		51-100 heads	\$499	\$597	(\$98)
		101+ heads	\$723	\$829	(\$106)
Fire Alarm System	Review a plan and inspect a fire alarm system for conformity with fire code requirements.	Plan Check	\$220	\$482	(\$262)
		Inspection:			
		0-2,000 SF	\$220	\$307	(\$87)
		2,000-10,000 SF	\$332	\$423	(\$91)
		10,000+ SF	\$555	\$655	(\$100)
Fire Protection System	Review a plan and inspect a fire protection system for conformity with fire code requirements, including items such as Hood / Suppression, Medical Gas System, Underground Fire Service Line, Underground Storage Tank, Above Ground Storage Tank, Private Fire Hydrant, etc.	Plan Check	\$276	\$504	(\$228)
		Inspection			
			\$443	\$539	(\$96)
Fire Solar System - Variance Review	Review for variance from fire code regarding solar permits. Variance may not be granted. Cost applies regardless of outcome.	Per review request		\$140	
Fire Expedited Review	Request to process plan check in an expedited manner (includes 2 rechecks).	Per Request	\$0	\$687	(\$687)
Fire Revision	Revision after a permit has been issued.	Revision - per revision		Actual Cost	
Ambulance Transport	Ambulance transport with basic life support.	ALS ²		Per LA County	
	Ambulance transport with advanced life support.	BLS		Per LA County	

All of the Fire Department fees evaluated by the study are shown to be under-recovering, with the largest deficit (\$9,443) relating to Annual Fire Code Permit Soundstage and (\$318) Residential Fire Sprinkler Plan Check. The average per unit cost recovery for the department is 73%.

3 ANNUAL RESULTS

The Fire Department is annually under-recovering its fees by approximately \$298,000. The following table shows the annual workload volume, projected revenue at current fee, total annual cost, and the associated surplus or deficit.

² Current and future rates are based off of LA County Ambulance Rates per Council policy direction.

Table 13: Annual Results – Fire

Category	Range	Annual Volume	Revenue at Current Fee	Annual Cost	Annual Surplus / (Deficit)
Fire Code Annual Permit / State Mandated Fire Inspections	0-2,000 SF	84	\$18,732	\$19,517	(\$785)
	2,000-10,000 SF	29	\$6,467	\$10,107	(\$3,640)
	10,000+ SF	2	\$446	\$929	(\$483)
	Multi-Family Units:				
	3-10 units	240	\$0	\$55,764	(\$55,764)
	11-20 units	54	\$0	\$18,820	(\$18,820)
	20+ units	6	\$0	\$2,788	(\$2,788)
	High Rise	3	\$2,346	\$2,440	(\$94)
	Soundstage Permit	15	\$100,000	\$241,644	(\$141,644)
Fire Temporary Permit	Minor Event	87	\$24,273	\$25,268	(\$995)
	Major Event	6	\$3,539	\$3,539	\$0
	One-Time Permit	87	\$24,273	\$25,268	(\$995)
Fire Re-Inspection		10	\$2,230	\$2,323	(\$93)
Fire Annual Business Inspection	0-2,000 SF	50	\$13,800	\$17,344	(\$3,544)
	2,000-10,000 SF	6	\$2,424	\$3,054	(\$640)
	10,000+ SF	3	\$2,484	\$3,122	(\$638)
Fire Sprinkler – Residential	Plan Check	106	\$17,384	\$51,121	(\$33,737)
	Inspection	147	\$32,340	\$45,060	(\$12,720)
	Plan Check	28	\$8,064	\$13,504	(\$5,440)
Fire Sprinkler – Commercial	Inspection:				
	1-50 heads	13	\$3,588	\$4,740	(\$1,152)
	51-100 heads	6	\$2,994	\$3,582	(\$588)
	101+ heads	11	\$7,953	\$9,123	(\$1,170)
	Plan Check	20	\$4,400	\$9,645	(\$5,245)
Fire Alarm System	Inspection:				
	0-2,000 SF	44	\$9,680	\$13,487	(\$3,807)
	2,000-10,000 SF	11	\$3,652	\$4,650	(\$998)
	10,000+ SF	7	\$3,885	\$4,585	(\$700)
Fire Protection System	Plan Check	5	\$1,380	\$2,521	(\$1,141)
	Inspection	5	\$3,987	\$4,850	(\$863)
Fire Solar System Variance Review		5		\$700	
Fire Expedited Review		2		\$1,375	
TOTAL			\$300,141	\$600,701	(\$298,485)

Overall, the Fire Department is recovering approximately 49% of its fee-related costs. The largest source of the deficit (\$142,000 of the \$298,000), is related to the Annual Fire Sound Stage Permits, which is limited due to an existing contract with the studios. Following that, the next highest source of the deficit is residential sprinklers at \$47,000.

4 COMPARATIVE SURVEY

As part of this study, the City wished to understand how their current fees and total cost compared to other jurisdictions. The following subsections provide a comparative look at three time-based services evaluated by the project team related to Fire fees.

1 Residential Fire Sprinklers Plan Check

The City of Manhattan Beach Fire Department charges a \$164 fee for Plan Checks for Residential Fire Sprinkler Systems and the project team calculated the full cost of providing the service at \$482. The following points outline how the Department's current fee and total cost compare to other local jurisdictions.

- Torrance is the only jurisdictions that, like Manhattan Beach, has a flat fee for Residential Fire Sprinkler Plan Checks. This fee is \$601.
- Redondo Beach charges based on valuation.
- Laguna Beach does not have a fee for Sprinklers and requires all Fire Sprinkler Plan Checks to go through a third party. Hermosa Beach also does not have a fee for this service because they contract with LA County.
- Culver City charge 65% of the permit fee based on the number of heads.
- El Segundo charges 10% of the Building Plan Check fee that is based on valuation.
- Santa Monica and Beverly Hills charge a fee per head; however, their fees are for plan check and inspection combined. Santa Monica charges \$586 for the first 25 heads and \$5.38 for each head thereafter. Beverly Hills charges \$471 for up to 20 heads and \$407 for over 20 heads plus \$20 for each head over 20.

Because of the differing methods of charging for this service, it is difficult to compare Manhattan Beach's current and full cost with surrounding jurisdictions.

2 Commercial Fire Sprinkler Inspection 1 – 50 heads

The City of Manhattan Beach Fire Department charges a \$276 fee for Inspections for Commercial Fire Sprinkler Systems with 1 to 50 heads and the project team calculated the full cost of providing the service at \$365. The following points outline how the Department's current fee and total cost compare to other local jurisdictions.

- Laguna Beach requires all Fire Sprinkler Inspections to go through a third party and Hermosa Beach contract with LA County for this service.

- Redondo Beach and Torrance charge based on valuation.
- Culver City charges \$94 for 1 – 10 heads, \$119 for 11 - 25 heads, and \$200 for 26 – 50 heads.
- El Segundo charges 10% of the Building Inspection fee that is based on valuation.
- Santa Monica charges in square foot ranges for commercial fire sprinklers. The fee is for both plan check and inspection combined. Santa Monica charges \$667 for up to 10,000 sq. ft and \$829 for over 10,000 sq. ft.
- Beverly Hills charges a fee per head; however, their fees are for plan check and inspection combined. Beverly Hills charges \$471 for up to 20 heads and \$407 for greater than 20 heads plus \$20 for each head over 20.

Due to the differing methods of charging for this service, it is difficult to compare Manhattan Beach's current and full cost with surrounding jurisdictions.

3 Fire Alarm System Inspection 1 – 2,000 square feet

The City of Manhattan Beach Fire Department charges a \$220 fee for Inspections for Fire Alarm Systems under 2,000 square feet and the project team calculated the full cost of providing the service at \$307. The following points outline how the Department's current fee and total cost compare to other local jurisdictions.

- Laguna Beach does requires all Fire Alarm Inspections to go through a third party and Hermosa Beach contract with LA County.
- Redondo Beach and Torrance charge based on valuation.
- Culver City charges a flat fee for all Fire Alarm Inspections of \$166.
- El Segundo charges 25% of the Building Inspection fee that is based on valuation.
- Santa Monica and Beverly Hills charge a fee based on the number of devices, however, their fees are for plan check and inspection combined. Santa Monica charges \$1,293 for the first 24 devices and \$10.78 for each device thereafter. Beverly Hills charges \$341 for up to 24 devices and \$16 for each device thereafter.

Again, Because of the differing methods of charging for this service, it is difficult to compare Manhattan Beach's current and full cost with surrounding jurisdictions.

9. Parks and Recreation

The Parks and Recreation Department provides a variety of fee-related services including classes, camps, sports, and art programs; however the fees examined in this study relate to Banner Installations, Special Events, and Film Permits. The following subsections provide an overview of modifications made to the Parks and Recreation fee schedule, the detailed per unit analysis results, the potential annual revenue impacts, and a comparison of certain fees to other jurisdictions.

1 FEE SCHEDULE MODIFICATIONS

The Parks and Recreation Department collects fees for both city parks and recreation programs and permit related services. The City already has a process in place to reevaluate program related fees annually. The only fees examined in this study were permit related fees.

In discussion with staff from the Parks and Recreation Department, there were only two modifications made to the permit related fee schedule. Special Event Permits were previously one category and were split out into pass through events, repeat events with no changes, and new events or repeat events with major changes. The purpose of this modification was to capture the support associated . The only other modification made to the schedule was the addition of Film Permits. Film permits were moved from Finance to Parks and Recreation.

2 PER UNIT ANALYSIS

The Parks and Recreation Department collects fees related to Banner Installation, Special Events, and Film Permits. The total cost calculated for each service includes direct staff costs, Departmental and Citywide overhead. The following table details the fee name, current fee, total cost, and surplus or deficit associated with each Parks and Recreation Department fee.

Table 14: Per Unit Results – Parks and Recreation

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Banner Installation	Hanging a banner across the public right-of-way at the request of a private party.	Sepulveda Blvd.	\$300	\$372	(\$72)
		All Other	\$277	\$325	(\$48)

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Special Events Application	Processing a request for a special event within the City.	Pass Through Events	\$809	\$662	\$147
		Repeat Events with No Major Changes	\$809	\$977	(\$168)
		New Events / Events with Major Changes	\$809	\$1,417	(\$608)
Film Permits - Application	Review an application for a motion picture or still photography, which takes place in the City.	Motion Picture	\$489	\$528	(\$39)
		Still Photography	\$178	\$208	(\$30)

The majority of the Parks and Recreation Department fees evaluated by the study are shown to be under-recovering, with the largest deficit of a current fee (\$608) relating to Special Events – New Events. The average per unit cost recovery for the Division is 87%.

3 ANNUAL RESULTS

The Parks and Recreation Department is annually under-recovering its permit related fees by approximately \$18,000. The following table shows the annual workload volume, projected revenue at current fee, total annual cost, and the associated surplus or deficit.

Table 15: Annual Results – Parks and Recreation

Category	Range	Annual Volume	Revenue at Current Fee	Annual Cost	Annual Surplus / (Deficit)
Banner Installation	All Other	15	\$4,155	\$4,878	(\$723)
Special Events Application	Pass Through	3	\$2,427	\$1,987	\$440
	Repeat Events	15	\$1,618	\$14,658	(\$13,040)
	New Events	4	\$3,236	\$5,667	(\$2,431)
Film Permits - Application	Motion Picture	35	\$17,115	\$18,481	(\$1,366)
	Still Photography	13	\$2,314	\$2,710	(\$396)
		TOTAL	\$30,865	\$48,379	(\$17,514)

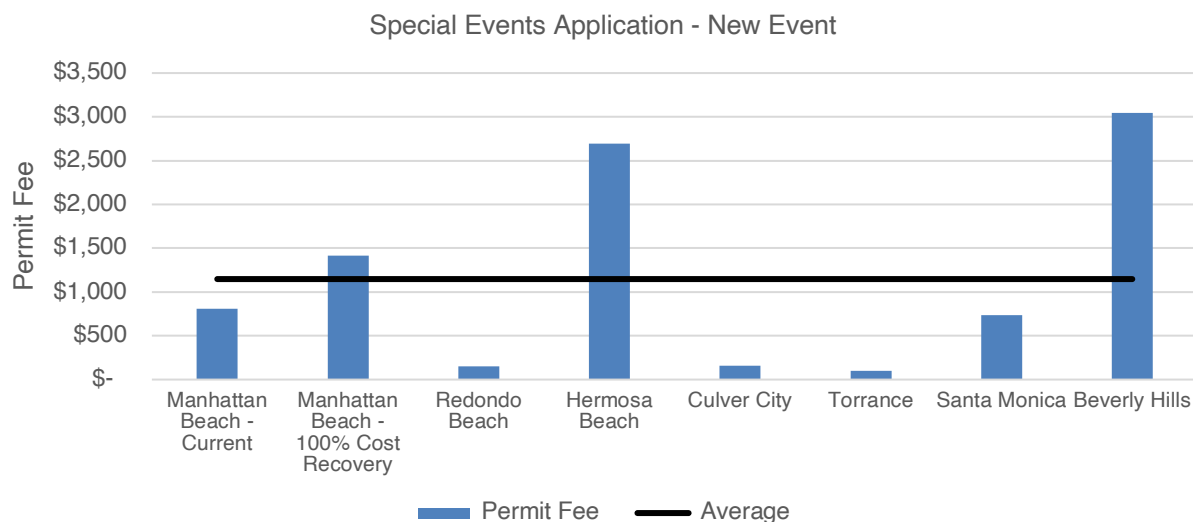
Overall, the Parks and Recreation Department is recovering approximately 64% of its fee-related costs. It is important to note that while the department shows a minor deficit on a per unit basis for repeat events, because 13 out of the 15 event fees were waived, the City is actually incurring a deficit of approximately \$13,000 on an annual basis. This is the largest source of deficit for the department.

4 COMPARATIVE SURVEY

As part of this study, the City wished to understand how their current fees and total cost compared to other similar sized and regionally located jurisdictions. It is important to note that the project team surveyed approximately 8 local jurisdictions; if the jurisdiction did not assess a fee for the service, it was left off of the comparative graph. This allows the City to clearly review the graph without the cluttering of additional information that is not relevant to the comparative analysis being conducted. The following subsections provide a comparative look at the services evaluated by the project team related to Parks and Recreation fees.

1 Special Event Applications – New Event

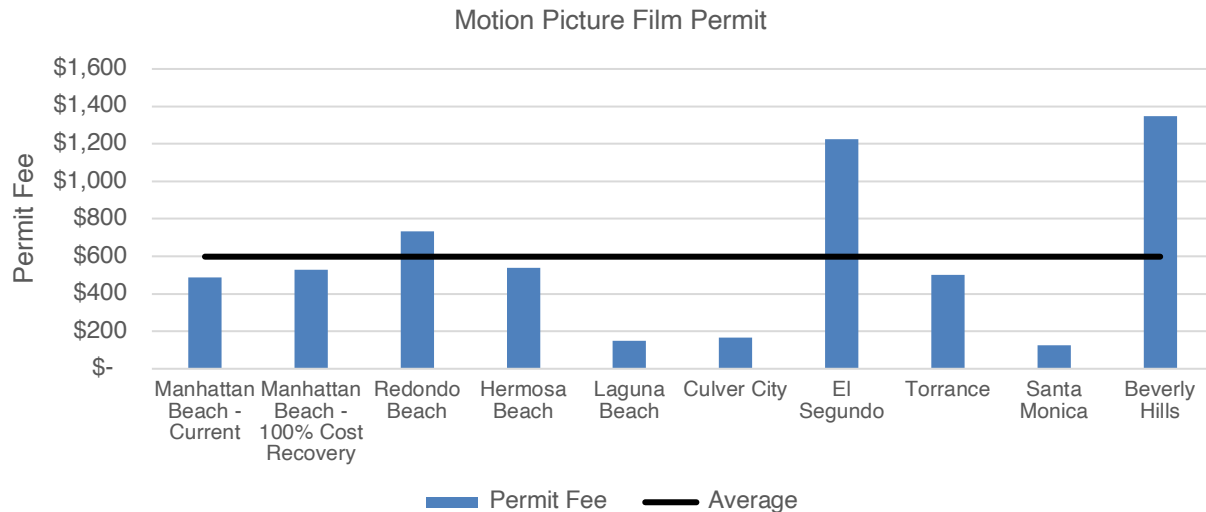
The City currently charges \$809 for all Special Event Permit Applications and the project team calculated the full cost of providing the service at \$1,417. The following graph shows how the Department's current fee and total cost compare to other local jurisdictions.



As the chart indicates, the City of Manhattan Beach's current fee is just below the average of \$1,148, while the full cost is just above the average charged by other local jurisdictions. Hermosa Beach and Beverly Hills costs are for an event and do not pull out the application fee separately. None of the fees in the chart above include Police or Fire time to staff events.

2 Motion Picture Film Application

The City currently charges a fee of \$489 for motion picture film permit application and the project team calculated the full cost of providing the service at \$528. The following graph shows how the Department's current fee and total cost compare to other local jurisdictions.



As the chart above indicates, the City of Manhattan Beach at both its currently fee and the full cost calculated is charging below the average of \$598 based on comparable jurisdictions. However, the full cost falls in line with Hermosa Beach and Torrance.

10. Planning

The Planning Division is responsible for managing the land use and development priorities in the General Plan, zoning ordinances, and coastal programs. The fees examined within this study relate to Planning functions, including: Use Permits, Maps, Environmental, Historical Preservation procedures, Appeals, and other Planning applications and fees. The following subsections provide an overview of modifications made to the Planning Department's fee schedule, the detailed per unit analysis results, the potential annual revenue impacts, and a comparison of certain fees to other jurisdictions.

1 FEE SCHEDULE MODIFICATIONS

In discussion with Planning Division staff, there were several modifications to be made to the fee schedule. These modifications are outlined in the points below:

- Temporary Use Permit was split into two categories: Standard and Major.
- Plan Check / Inspection – Landscape & Irrigation was moved to Planning from Building.
- New fees were added for Reasonable Accommodation Process, Precise Development Plan – Affordable Housing, Site Development Plan, Emergency Shelters, and Historic Preservation related fees.
- Wireless Telecommunication Permits were recategorized and renamed to reflect changing processes within the City in relation to issuance and processing of these types of permits.
- The environmental assessment / negative declaration fee was converted to a deposit-based fee to ensure consistency with other environmental fees.
- Material costs associated with noticing were broken out by types of noticing requirements.

The addition of these new fees will help ensure all services that are being provided to the community by the Planning Division are reflected in the fee schedule.

2 PER UNIT ANALYSIS

The Planning Division collects fees related to Use Permits, Maps, Environmental Review, Appeals, and other Planning Applications. The total cost calculated for each service

includes direct staff costs, direct material costs (where applicable), Departmental and Citywide overhead. The following table details the fee name, current fee, total cost, and surplus or deficit associated with each time-based Planning Division fee.

Table 16: Per Unit Results – Planning

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Use Permit	Use Permits: Review an application for use permit for conformity with code requirements.	Use Permit	\$6,396	\$8,393	(\$1,997)
	Master Use Permits: Review an application for a master use permit for conformity with code requirements.	Master	\$9,875	\$10,908	(\$1,033)
	Review an application to amend a master use permit for conformity with code requirements	Amendment	\$5,126	\$7,414	(\$2,288)
	Review an application for a conversion to a master use permit from a use permit for conformity with code requirements.	Conversion	\$4,704	\$5,035	(\$331)
	Review an application for a Commercial Planned Development for conformity with code requirements.	Commercial	\$9,342	\$7,864	\$1,478
Planned Development	Review an application for a Residential Planned Development for conformity with code requirements.	Residential	\$6,244	\$8,393	(\$2,149)
	Review an application for a Sr. Citizen Residential Planned Development for conformity with code requirements.	Sr. Citizen Residential	\$6,244	\$8,393	(\$2,194)
	Review an application for a coastal development that involves a public hearing in an appealable area or an administrative permit, or a request to transfer an ownership of a coastal development permit.	Administrative Hearing	\$1,324	\$1,509	(\$185)
Coastal Development Permit		Hearing w / another discretionary application	\$4,871	\$3,948	\$923
			\$2,142	\$1,940	\$202
Variance		Transfer	\$165	\$155	\$10
	Review an application for a variance from the terms of the Zoning Code.		\$6,184	\$8,421	(\$2,237)

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Minor Exception	Review a proposed minor exception from the terms of the Zoning Code.	Without Notice or Small Project or Revision	\$1,477	\$353	\$1,124
		Larger Project or W / Notice or 3,000+ sq. ft.	\$1,985	\$1,575	\$410
Sign Exception	Review a proposed sign exception from the terms of the Zoning Code.		\$4,082	\$3,125	\$957
Tentative Parcel Map Review	Reviewing a tentative parcel (4 or fewer lots / units) map to identify any special conditions and determine extent to which it complies with appropriate code and State Subdivision Map Act Requirements.	Administrative	\$1,333	\$1,397	(\$64)
		Hearing	\$3,622	\$3,546	\$76
		Hearing w / another discretionary application	\$1,402	\$1,301	\$101
Tentative Tract Map Review	Reviewing a tentative tract map (more than 4 lots or units) to identify any special conditions and determine extent to which it complies with appropriate code and State Subdivision Map Act Requirements.	Hearing	\$4,134	\$4,074	\$60
		Hearing w / another discretionary application	\$1,338	\$1,493	(\$155)
Lot Line Adjustment	Reviewing the proposed change to the property boundary into the same or fewer lots and issuing a certificate of compliance.		\$1,153	\$1,184	(\$31)
Certificate of Compliance	Review of records in order to determine compliance with the Subdivision Map Act.		\$1,653	\$1,652	\$1
Development Permit Amendment	Review an application for amending a Use Permit, Variance, Development Agreement, and Residential, Commercial, or Senior Citizen Residential Planned Development.		\$4,949	\$5,035	(\$86)

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Telecomm. Antenna Permit	Review an application for a Telecommunications Antenna Permit in order to ensure that it conforms to code requirements.	New – Private Property (Macro Tower or other that is NOT a Small Cell or eligible facility).	\$2,746	\$2,428	\$318
		New - Public R-O-W (Tower or Similar)	\$3,118	\$2,951	\$167
		Amendment – Private Property – (Macro, Tower or other that is NOT a Small Cell or eligible facility)	\$1,172	\$1,706	(\$534)
		New or Amendment - Public / Private R-O-W (Small Cell or Eligible Facility only) or Amendment Public ROW – (Tower or similar only)	\$1,358	\$2,307	(\$949)
		New or Amendment - Any Antenna on City Property		\$4,120	
		Appeal of Director's Decision for Public ROW to Hearing Officer		Hearing Officer	
		Add On Fee for All Telecomm Permits		Actual Consultant Costs	
Small Day Care Center Permit	Review of a small day care center to ensure that it complies with code requirements		\$329	\$334	(\$5)
Large Family Day Care Home Permit	Review an application for a permit for a large family day care home to ensure that it complies with code requirements, as well as inspecting the site.		\$1,225	\$1,224	\$1

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Group Entertainment Permit	Review an initial application for Class I (on-going) permit or a Class II (one-occasion) which allows for entertainment either incidental with the business being conducted or for which admission is being charged.	Class I	\$607	\$612	(\$5)
		Class II	\$662	\$670	(\$8)
	Review an application for renewing an ongoing Class I Group Entertainment Permit.	Renewal	\$424	\$418	\$6
Alcohol License Public Determination	Review of a public determination of convenience and necessity of a proposed alcohol license		\$1,828	\$950	\$878
Alcohol / Live Music	Add-on to specific development permits with alcohol or live music.		\$110	\$108	\$2
Bodywork (Massage)	Review an application for an owner of bodywork (massage) business for compliance with City codes and standards.	Application - Owner	\$399	\$411	(\$12)
	Review an application to change a business location for a bodywork operation.	Business Location Change	\$346	\$358	(\$12)
	Review documentation of a bodywork (massage) application which is associated with another special type of business and meets certain criteria.	Exemption	\$346	\$199	\$147
Sign Permit	Review an application for a permanent sign for conformity with code requirements.	Single Tenant	\$325	\$361	(\$36)
		Multi-Tenant	\$489	\$510	(\$21)
		Face Change	\$129	\$139	(\$10)
	Review an application for a temporary sign for conformity with code requirements. **Performance Bond also required.	Temporary	\$227	\$247	(\$20)
Sign Program	Administrative review of an application for a sign program for conformity with code requirements.		\$797	\$830	(\$33)
Temporary Use Permit	Review an application for an administrative permit for a temporary use permit.	Standard	\$787	\$816	(\$29)
		Major	\$787	\$1,193	(\$406)
Home Occupation Permit	Review an application for a home occupation business use for conformity with zoning regulations.		\$65	\$68	(\$3)

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Appeals (Set by Council Policy)	Process an appeal to the Planning Commission of an administrative decision.	Appeal to PC - Admin	\$500	\$3,039	(\$2,539)
	Appeal an administrative decision to the City Council.	Appeal to CC - Admin	\$500	\$3,039	(\$2,539)
	Process an appeal to the City Council of the PPIC - related to traffic	Appeal to CC - PPIC (Traffic)	\$500	\$1,578	(\$1,078)
	Process an appeal to the City Council of the PPIC - related to encroachment.	Appeal to CC - PPIC (Encroachment)	\$500	\$1,947	(\$1,447)
	Process an appeal to the City Council of a Planning Commission Decision.	Appeal to CC - PC	\$500	\$1,993	(\$1,493)
Continuance	Review of a request by the applicant to continue the review of a development application to a future meeting prior to the meeting.	Standard	\$460	\$455	\$5
		Extra Meeting	\$2,892	\$1,482	\$1,410
Time Extension Plan Review	Review administratively a request for an extension of time to complete a planning entitlement.	Administrative	\$327	\$334	(\$7)
	Review an application for a time extension for completing a planning entitlement based upon the discretion of the Planning Commission.	Discretionary	\$2,334	\$2,332	\$2
	Review a permit for a right-of-way (permanent) private encroachment.	R-O-W Development	\$1,624	\$1,770	(\$146)
Encroachment Permit - Private	Review a permit for transfer, revision, or minor permanent encroachment.	Transfer / Revision / Minor	\$758	\$767	(\$9)
City Fence Agreement	Review of a proposed non-standard fence which abuts the public right-of-way		\$319	\$353	(\$34)
New / Change Building Address Process	Processing a request to number or re-number a building lot.	Minor	\$339	\$348	(\$9)
		Major	\$899	\$954	(\$55)
Planning Extra Plan Check	An hourly fee for plan checks over the standard number of plan checks within the Planning Dept.		\$151	\$136	\$15
Zoning Business Review	Review of a new business for conformance with Zoning Codes.		\$68	\$68	\$0
Outdoor Display Permit	Review an application to issue a permit for an outdoor display of merchandise in order to ensure conformity with code requirement.		\$160	\$159	\$1

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Temporary Encroachment Permit (Sidewalk Dining Permit)	Review an application to issue a permit for a sidewalk dining permit in order to ensure conformity with code requirements.		\$283	\$192	\$91
Zoning Report	Providing written report on the zoning regulations for a particular property.		\$535	\$553	(\$18)
Zoning Code Interpretation	Reviewing a request for an interpretation of the Municipal Code regarding zoning and issuing a report on it.		\$463	\$466	(\$3)
Final Parcel Map Review	Reviewing final parcel map to determine extent to which it complies with appropriate code requirements. **Map Copy Deposit of \$500		\$539	\$601	(\$62)
Plan Check / Inspection - Landscape & Irrigation	Review an application for landscape and irrigation to conform to code requirements.	SFR 0 - 7,500 Sq. Ft.	\$595	\$503	\$92
		MFR / Comm. / SFR > 7,500 Sq. Ft.	\$1,122	\$916	\$206
Reasonable Accommodation Process	Review a request to receive a reasonable accommodation for disabled persons.			\$343	
Precise Development Plan - Affordable Housing	Reviewing a precise development plan specific to affordable housing requirements.			\$4,077	
Site Development Plan	Review a site development plan for Multi-Family Housing developments of 6 or more units.			\$6,388	
Emergency Shelters - PS and IP zones only	Review of emergency shelters for conformance with Zoning Code.			\$2,583	
Mills Act Contract	Contract Maintenance is an ongoing Annual Fee, starting one year after final approval of the Contract and annually thereafter for the life of the Mills Act contract. If done separately from Landmark Designation, then the following fees shall apply. If done the same time as designation, then add on fee of \$1,000.			\$7,455	
		Landmark	\$2,661	\$8,015	(\$5,354)
Historic Preservation Designation	Review of applications for historic preservation designation.	Historic District		\$8,015	
		Conservation District		\$4,160	
		Amendment or Recession		\$6,681	

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Historic Preservation Certificate of Appropriateness	Review of Historic Preservation Certificate of appropriateness.	Administrative		\$2,146	
		Commission		\$8,633	
		Economic Hardship		\$4,838	
Noticing Fees	Support associated with conducting noticing on planning applications.	Coastal Permit - 100ft radius	\$72	\$182	(\$110)
		Large Family Day Care - 100 ft radius	\$72	\$56	\$16
		Minor Exception - 300 ft radius	\$72	\$224	(\$152)
		Other Permits - 300-500 ft radius	\$72	\$405	(\$333)
		Code, General Plan, or Zoning Amendments	\$72	\$588	(\$516)

A majority of the Planning Division fees evaluated through this study are shown to be under-recovering, with the largest deficit of \$5,354 relating to Landmark Designation. The largest surplus is \$4,307 and relates to Commercial Planned Developments. The average per unit cost recovery for Planning services is 98%.

3 ANNUAL RESULTS

The Planning Division is currently under-recovering its fees by approximately \$119,000. The following table shows the annual workload volume, projected revenue at current fee, total annual cost, and the associated surplus or deficit.

Table 17: Annual Results – Planning

Category	Range	Annual Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
Use Permit	Use Permits:				
	Use Permit	3	\$19,188	\$25,180	(\$5,992)
	Master Use Permits:				
	Master	1	\$9,875	\$10,908	(\$1,033)
	Amendment	1	\$5,126	\$7,414	(\$2,288)
	Conversion	3	\$14,112	\$15,104	(\$992)
Planned Development	Commercial	1	\$9,342	\$5,035	\$4,307
Coastal Development	Administrative	28	\$37,072	\$42,245	(\$5,173)
	Hearing	3	\$14,613	\$11,844	\$2,769

Category	Range	Annual Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
Permit	Hearing w / another discretionary application	8	\$17,136	\$15,521	\$1,615
Variance		1	\$6,184	\$8,421	(\$2,237)
Minor Exception	Without Notice - Small Project or Revision	12	\$17,724	\$4,238	\$13,486
	W / Notice or 3,000+ sq. ft.	27	\$53,595	\$42,524	\$11,071
	Administrative	5	\$6,665	\$6,984	(\$319)
	Hearing	1	\$3,622	\$3,546	\$76
Tentative Parcel Map Review	Hearing w / another discretionary application	3	\$4,206	\$3,903	\$303
Lot Line Adjustment		5	\$5,765	\$5,922	(\$157)
Certificate of Compliance		1	\$1,653	\$1,652	\$1
Development Permit Amendment		2	\$9,898	\$10,070	(\$172)

Category	Range	Annual Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
Telecomm. Antenna Permit	New – Private Property (Macro Tower or other that is NOT a Small Cell or eligible facility).	1	\$2,746	\$2,428	\$318
	New - Public R-O-W (Tower or Similar)	2	\$6,236	\$5,902	\$334
	Amendment – Private Property – (Macro, Tower or other that is NOT a Small Cell or eligible facility)	12	\$14,064	\$20,470	(\$6,406)
	New or Amendment - Public R-O-W (Small Cell or Eligible Facility only) or Amendment Public ROW – (Tower or similar only)	10	\$13,580	\$23,072	(\$9,942)
	New or Amendment -Any Antenna on City Property	2		\$8,240	(\$8,240)
Alcohol / Live Music		5	\$550	\$542	\$8
Sign Permit	Single Tenant	15	\$4,875	\$5,422	(\$547)
	Multi-Tenant	19	\$9,291	\$9,690	(\$399)
	Face Change	8	\$1,032	\$1,110	(\$78)
	Temporary	9	\$2,043	\$2,224	(\$181)
Sign Program		2	\$1,594	\$1,660	(\$66)
Temporary Use Permit	Standard	2	\$1,574	\$1,632	(\$58)
Home Occupation Permit		63	\$4,095	\$4,278	(\$183)
Appeals (Set by Council Policy)	Appeal to PC - Admin	6	\$3,000	\$18,236	(\$15,236)
	Appeal to CC – Admin	1	\$500	\$3,039	(\$2,539)
	Appeal to CC – PPIC (Traffic)	2	\$1,000	\$3,157	(\$2,157)
	Appeal to CC – PPIC (Encroachment)	2	\$1,000	\$3,894	(\$2,894)
	Appeal to CC - PC	1	\$500	\$1,993	(\$1,493)

Category	Range	Annual Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
Continuance	Standard	4	\$1,840	\$1,821	\$19
	Extra Meeting	1	\$2,892	\$1,482	\$1,410
Encroachment Permit	R-O-W Development	33	\$53,592	\$58,410	(\$4,818)
	Transfer / Revision / Minor	36	\$27,288	\$27,604	(\$316)
City Fence Agreement		1	\$319	\$353	(\$34)
New / Change Building Address Process	Minor	15	\$5,085	\$5,214	(\$129)
	Major	15	\$13,485	\$14,310	(\$825)
Zoning Business Review		104	\$7,072	\$7,062	\$10
Outdoor Display Permit		2	\$320	\$319	\$1
Temporary Encroachment Permit (Sidewalk Dining Permit)		2	\$566	\$383	\$183
Zoning Report		2	\$1,070	\$1,106	(\$36)
Zoning Code Interpretation		2	\$926	\$932	(\$6)
Final Parcel Map Review		7	\$3,773	\$4,205	(\$432)
Plan Check / Inspection - Landscape & Irrigation	SFR 0 - 7,500 Sq. Ft.	3	\$1,785	\$1,508	\$277
	MFR / Comm. / SFR > 7,500 Sq. Ft.	2	\$2,244	\$1,833	\$411
Reasonable Accommodation Process		3		\$1,029	(\$1,029)
Precise Development Plan - Affordable Housing		1		\$4,077	(\$4,077)
Site Development Plan		1		\$6,388	(\$6,388)
Emergency Shelters - PS and IP zones only		1		\$2,583	(\$2,583)
Mills Act Contract		1		\$7,455	(\$7,455)
Historic Preservation Designation	Landmark	1	\$2,661	\$8,015	(\$5,354)
	Historic District	1		\$8,015	(\$8,015)
	Conservation District	1		\$4,160	(\$4,160)
	Amendment or Recession	1		\$6,681	(\$6,681)

Category	Range	Annual Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
Historic Preservation Certificate of Appropriateness	Administrative	1		\$2,146	(\$2,146)
	Commission	1		\$8,633	(\$8,633)
	Economic Hardship	1		\$4,838	(\$4,838)
Noticing Fees	Coastal Permit - 100ft radius	30	\$2,160	\$5,453	(\$3,293)
	Large Family Day Care - 100 ft radius	1	\$72	\$56	\$16
	Minor Exception - 300 ft radius	3	\$216	\$671	(\$455)
	Other Permits - 300-500 ft radius	45	\$3,240	\$18,236	(\$14,996)
	Code, General Plan, or Zoning Amendments	1	\$72	\$558	(\$516)
	TOTAL		\$434,889	\$553,743	(\$118,854)

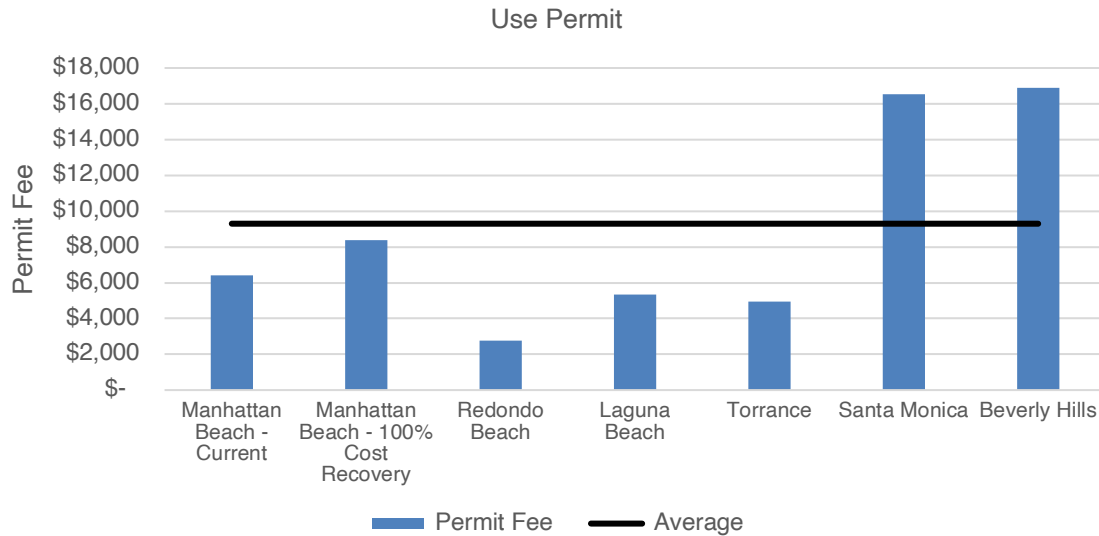
Overall, the Planning Division is recovering approximately 79% of its annual total cost associated with fee related services. The largest deficit relates to historic preservation fees at \$61,000; whereas the largest surplus is associated with minor exceptions.

5 COMPARATIVE SURVEY

As part of this study, the City wished to understand how their current fees and total cost compared to other similar sized and regionally located jurisdictions. It is important to note that the project team surveyed approximately 8 local jurisdictions; if the jurisdiction did not assess a fee for the service, it was left off of the comparative graph. This allows the City to clearly review the graph without the cluttering of additional information that is not relevant to the comparative analysis being conducted. The following subsections provide a comparative look at services evaluated by the project team related to Planning fees.

1 Use Permit

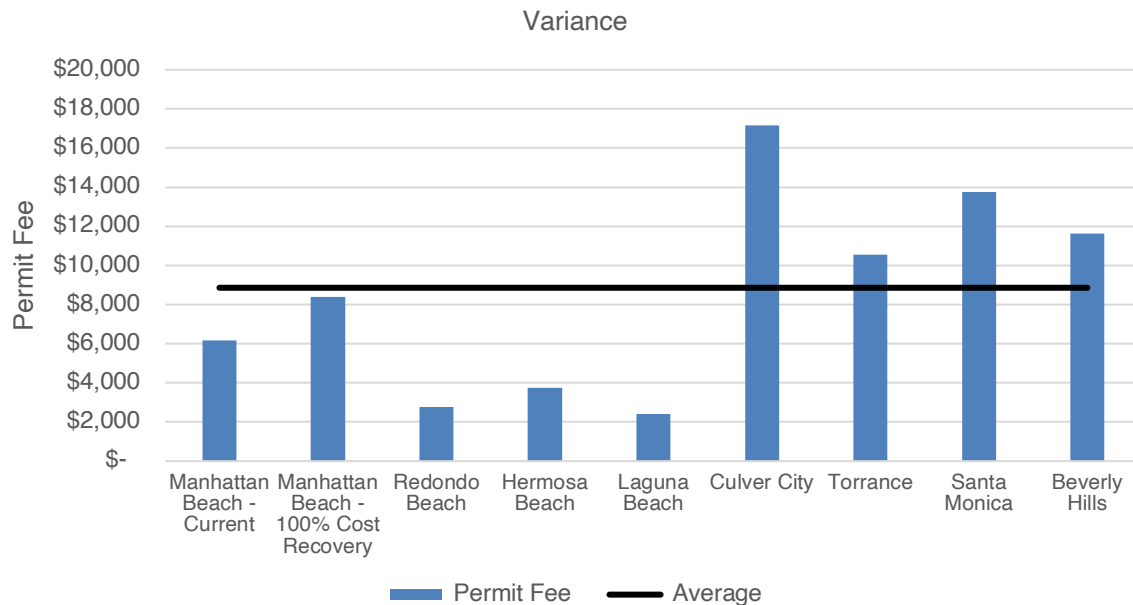
The City charges \$6,396 for a Use Permit and the project team calculated the full cost of providing the service at \$8,393. The following graph shows how the City's current fee and total cost compare to other local jurisdictions.



As the chart above indicates, the City of Manhattan Beach's current fee and full cost are both below the average of \$9,298 based on the fee from surrounding jurisdictions. However, the current and full cost are just slightly higher and are more in line with Redondo Beach, Laguna Beach, and Torrance.

2 Variance

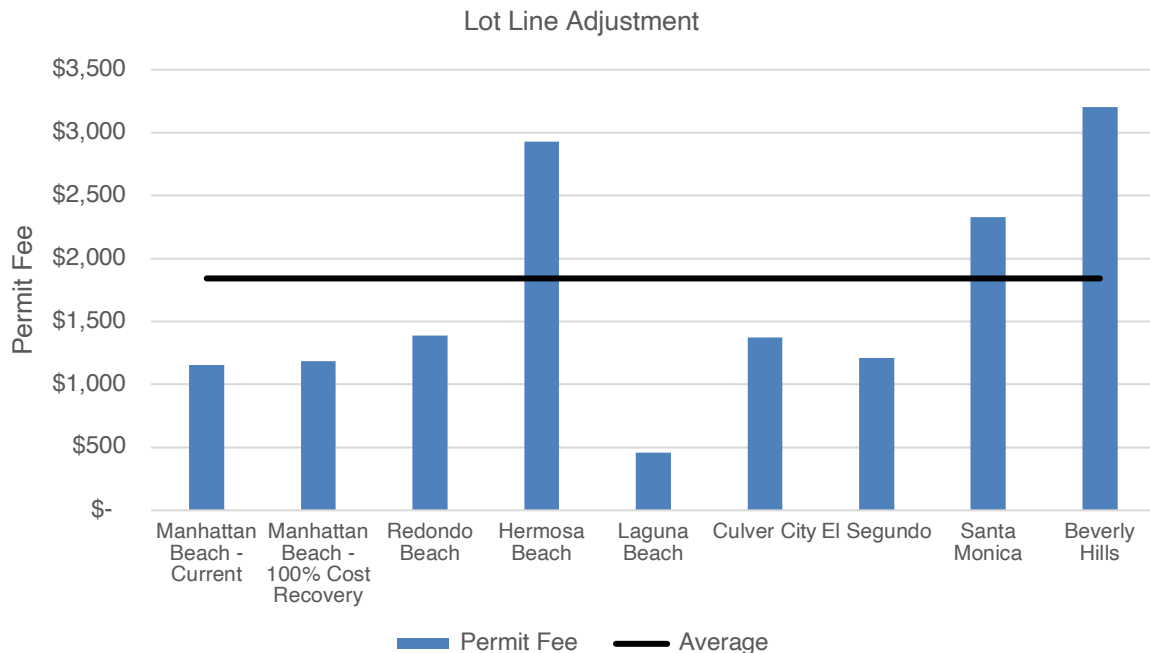
The City currently charges \$6,184 for Variance's and the project team calculated the full cost of providing the service at \$8,399. The following graph shows how the City's current fee and total cost compare to other local jurisdictions.



As the chart indicates, the City of Manhattan Beach's current fee and full cost for a Variance are less than the average fee of \$8,861 based on fees from surrounding jurisdictions. While still lower, the full cost falls in line with Torrance and Beverly Hills.

3 Lot Line Adjustment

The City currently charges \$1,153 for Lot Line Adjustments. The project team calculated the full cost of providing the service at \$1,184. The following graph shows how the City's current fee and total cost compare to other local jurisdictions.



As the chart indicates, the City of Manhattan Beach's current fee and full cost are below the jurisdictional average of \$1,842. The only jurisdiction that charges less than Manhattan Beach is Laguna Beach. While Manhattan Beach's costs are lower than most jurisdictions, their cost falls in line with Redondo Beach, Culver City, and El Segundo.

11. Police

The Police Department is responsible for law enforcement and to ensure safety within the Manhattan Beach community. The fees examined within this study relate to Event Permits, Firearm Permits, Alarm Permits, Fingerprinting, Police Reports, Parking Violations, Animal Services and other Police related fees. The following subsections provide an overview of modifications made to the Police Department's fee schedule, the detailed per unit analysis results, the potential annual revenue impacts, and a comparison of certain fees to other jurisdictions.

1 FEE SCHEDULE MODIFICATIONS

After discussion with Police Department staff, there were only a few minor modifications to the fee schedule. These modifications include the removal of two fees: Bingo Permits and Animal Pickup. Bingo Permit fees are typically waived or not charged and Animal Pickup service is no longer provided. Additionally, fees related to dog licensing were transferred to the Finance Department as it administers the licensing program.

2 PER UNIT ANALYSIS

The Police Department collects fees related to Events, Firearms, Alarms, Fingerprinting, Police Reports, Parking Violations, and Animal Services. The total cost calculated for each service includes direct staff costs, Departmental and Citywide overhead. The following table details the fee name, current fee, total cost, and surplus or deficit associated with each time-based Police Department fee.

Table 18: Per Unit Results – Police

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Amplified Sound Permit	Reviewing a Request to use amplified sound in a non-commercial area.		\$227	\$183	\$44
Retail Firearm Permit	Review of a request to sell firearms within the City	New	\$1,012	\$944	\$68
	Renewal of a request to sell firearms within the City.	Renewal	\$234	\$242	(\$8)
Block Party Permit	Review an application for a block party. This fee is set by Council Policy.		\$50	\$159	(\$109)
Weapons Discharge Permit	Review an application for a weapons discharge permit within the City.		\$601	\$603	(\$2)

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
COMMUNITY AFFAIRS					
Alarm System Permit	Registration of new property alarms within the City.	New	\$55	\$57	(\$2)
	Annual renewal of Alarm System Permits already registered within the City.	Renewal	\$25	\$29	(\$4)
Alarm School	An as-needed class providing education and information associated with registration of alarm permits within the City.		\$64	\$91	(\$27)
TECHNICAL SUPPORT SERVICES					
Fingerprint Card / Live Scan	Fingerprint a person on a card or process a live scan fingerprint. This is the City's charge in addition to any DOJ fees.		\$19	\$23	(\$4)
Digital Reproduction	Providing a Police audio recording upon request.	Audio	\$58	\$96	(\$38)
	Providing a police video recording upon request.	Video	\$131	\$213	(\$82)
Police Record Clearance Letter	Research and prepare clearance letter for individuals requesting the service.		\$43	\$56	(\$13)
Police Photos - Film & Digital	Providing copies of police photographs on request.	Per Photo / Page	\$5	\$6	(\$1)
	Providing copies of police photographs on a CD upon request.	Per CD	\$9	\$13	(\$4)
Data Research and Release	Research and compilation of data in police records upon request.		\$105	\$119	(\$14)
Special Business - DOJ Check	Processing an individual who is involved in the operation of certain special businesses, which involves checking that individual against the DOJ's records.		\$913	\$1,159	(\$246)
Police Reports	Producing a copy of a police report upon request.	Per Page	\$0.10	\$0.10	\$0
JAIL OPERATIONS					
Booking Fee	Process an individual under arrest for booking. *Plus additional County Fees		\$259	\$266	(\$7)
PARKING					
Impound Vehicle Release	Collection and release of vehicles impounded by the City.	Lot Release	\$118	\$137	(\$19)
	Collection and field release of vehicles impounded by the City.	Field Release	\$47	\$54	(\$7)
Vehicle Inspection / Correction	Inspect and sign-off correction required citations.		\$26	\$27	(\$1)
Boot Removal	Installation and removal of a parking boot, due to non-payment of 5 or more parking citations.		\$109	\$183	(\$74)
Handicap Violation Waiver – Admin Fee	Processing of repeated handicap violation waivers for citations issued to individuals with a handicapped placard. No charge for the first waiver. Set per California Vehicle Code Section 40226.		\$25	\$32	(\$7)
ANIMAL SERVICES					
Animal Relinquishment	Pick up of dead animals for relinquishment on request.	Dead	\$107	\$118	(\$11)
	Pick up of live animals for relinquishment on request.	Live Animal	\$213	\$236	(\$23)

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Animal Quarantine Inspection	Inspection of a home and re-checks when an animal is required to be quarantined.		\$267	\$295	(\$28)

A majority of the Police Department fees evaluated by the study are shown to be under-recovering, with the largest deficit associated with block party permit at \$109. The largest over-recovery is \$44 related to Amplified Sound Permits. The average per unit cost recovery for the Police Department is 84%.

3 ANNUAL RESULTS

The Police Department is currently under-recovering its fees by approximately \$31,000. The following table shows the annual workload volume, projected revenue at current fee, total annual cost, and the associated surplus or deficit.

Table 19: Annual Results – Police

Category	Range	Annual Volume	Revenue at Current Fee – Annual	Total Cost – Annual	Surplus / (Deficit) – Annual
POLICE					
Amplified Sound Permit		46	\$10,442	\$8,405	\$2,037
Retail Firearm Permit	Renewal	1	\$234	\$242	(\$8)
Block Party Permit		37	\$1,850	\$5,888	(\$4,038)
COMMUNITY AFFAIRS					
Alarm System Permit	New	318	\$17,490	\$18,269	(\$779)
	Renewal	2,491	\$62,275	\$71,554	(\$9,279)
Alarm School		21	\$1,344	\$1,909	(\$565)
TECHNICAL SUPPORT SERVICES					
Fingerprint Card / Live Scan		140	\$2,660	\$3,220	(\$560)
Digital Reproduction	Audio	1	\$58	\$96	(\$38)
	Video	1	\$131	\$213	(\$82)
Police Record Clearance Letter		16	\$688	\$900	(\$212)
Police Photos – Film & Digital	Per Photo / Page	30	\$158	\$178	(\$20)
	Per CD	4	\$36	\$52	(\$16)
Data Research and Release		2	\$210	\$238	(\$28)
Police Reports	Per Page	50	\$5	\$5	\$0
JAIL OPERATIONS					
Booking Fee		68	\$17,612	\$18,088	(\$476)

Category	Range	Annual Volume	Revenue at Current Fee – Annual	Total Cost – Annual	Surplus / (Deficit) – Annual
PARKING					
Impound Vehicle Release	Lot Release	650	\$76,700	\$89,101	(\$12,401)
	Field Release	17	\$799	\$916	(\$117)
Vehicle Inspection / Correction		19	\$494	\$512	(\$18)
Boot Removal		56	\$6,104	\$10,242	(\$4,136)
Handicap Violation Waiver – Admin Fee		2	\$50	\$63	(\$13)
ANIMAL SERVICES					
Animal Relinquishment	Dead	3	\$321	\$354	(\$33)
	Live Animal	1	\$213	\$236	(\$23)
TOTAL			\$199,874	\$230,680	(\$30,806)

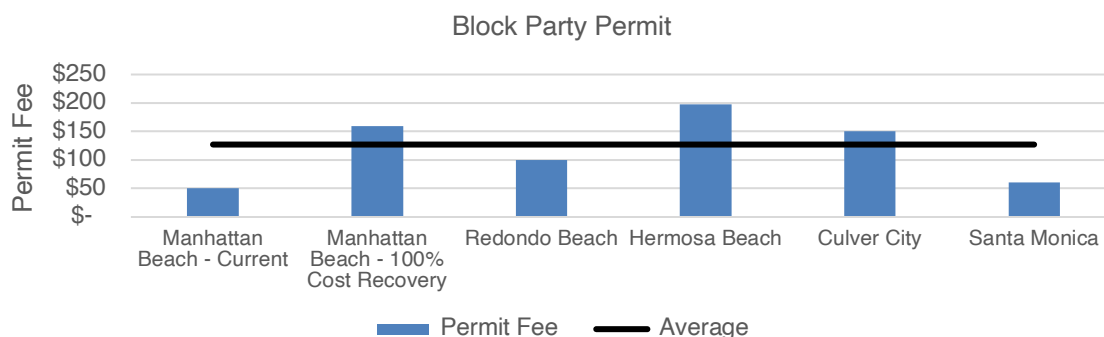
Overall, the Police Department is recovering approximately 87% of its annual cost for user fee services. The largest deficit is related to vehicle lot releases at \$12,000.

4 COMPARATIVE SURVEY

As part of this study, the City wished to understand how their current fees and total cost compared to other similar sized and regionally located jurisdictions. It is important to note that the project team surveyed approximately 8 local jurisdictions; if the jurisdiction did not assess a fee for the service, it was left off of the comparative graph. This allows the City to clearly review the graph without the cluttering of additional information that is not relevant to the comparative analysis being conducted. The following subsections provide a comparative look at the services evaluated by the project team related to Police fees.

1 Block Party Permit

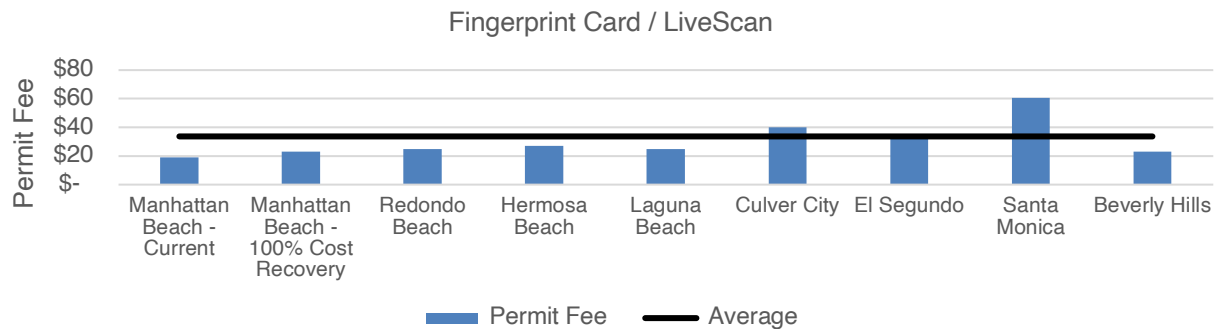
The City's Police Department currently charges a Block Party Permit Fee at \$50. The project team calculated the full cost of providing booking services at \$159. The following graph shows how the Department's full cost compares to other local jurisdictions who charge for this service.



As the chart indicates, the current fee is well below the average but the full cost is slightly higher than the \$127 average based on the fee from comparable jurisdictions. However, the \$154 fee is similar to Culver City that charges \$150 for Block Party Permits.

2 Fingerprinting Card / Livescan

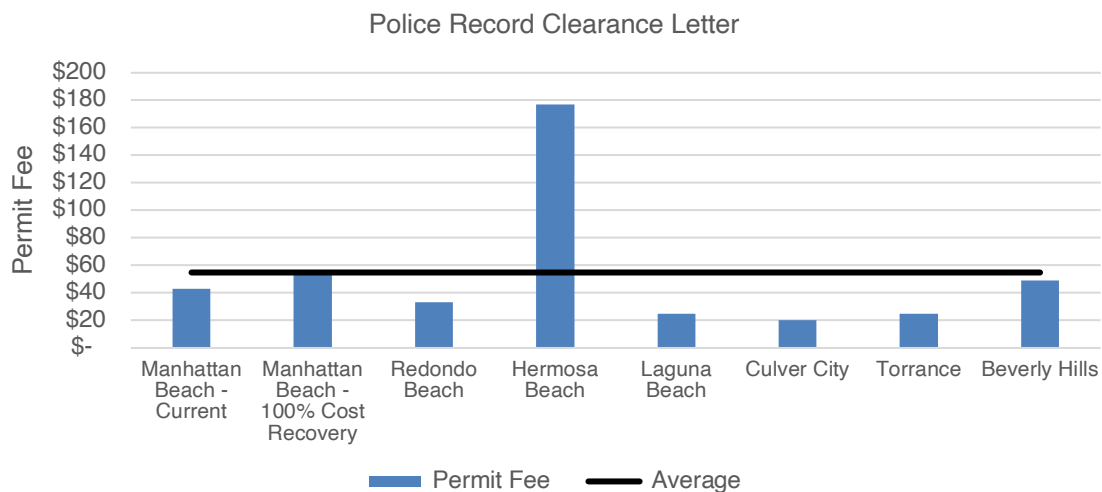
The City Police Department currently charges \$19 for a Fingerprinting Card or Livescan fingerprinting in addition to the DOJ fees and the project team calculated the full cost of providing the service at \$23. The following graph shows how the Department's current fee and total cost compare to other local jurisdictions who provide fingerprinting services.



As the chart above indicates, the City of Manhattan Beach at its current fee and full cost rate for fingerprinting services is below the \$34 average fee from comparable jurisdictions. Both the current fee and full cost are the lowest charged among other local comparable jurisdictions.

3 Police Records Clearance Letter

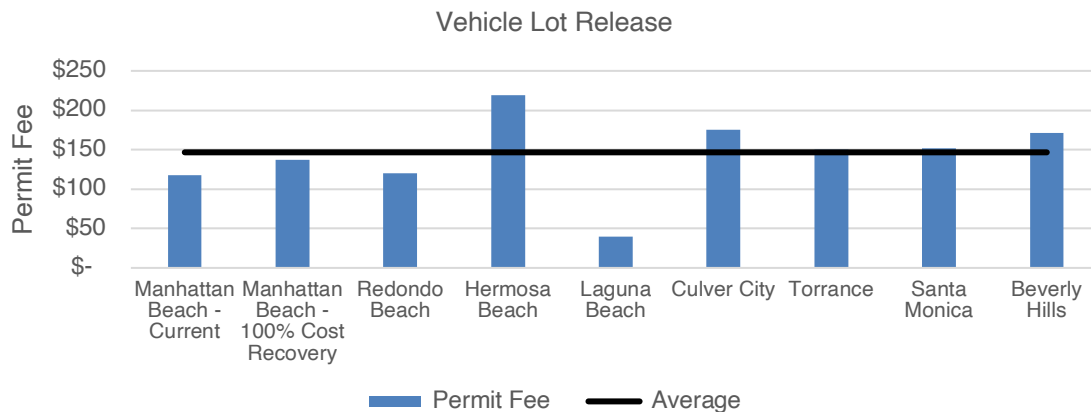
The City Police Department currently charges \$43 for Records Clearance Letters. Through this study, a full cost was calculated at \$56. The following graph shows how the Department's current fee and total cost compare to other local jurisdictions.



As the chart indicates, the City's current fee is below the average fee of \$55 charged by local jurisdictions; while its full cost fee at \$56 is only \$1 above the average fee. However, there only two jurisdictions that charge more than Manhattan Beach: Hermosa Beach (\$177) and Beverly Hills (\$49).

4 Vehicle Lot Release

The City Police Department currently charges \$118 for Vehicle Lot Releases. Through this study, a full cost was calculated at \$137. The following graph shows how the Department's current fee and total cost compare to other local jurisdictions.



As the chart indicates, both the City's current fee and full cost are below the average fee of \$147 charged by local jurisdictions. Manhattan Beach's full cost falls in line with the fees charged by Redondo Beach, Torrance, and Santa Monica.

12. Public Works

The Public Works Department is responsible for the design, construction, operation, and maintenance in the public right-of-way. The fees examined within this section of the study relate to Barricade Rentals, Civil Engineering Reviews, and Tree Permits provided by Public Works. The following subsections provide an overview of modifications made to the Public Works Department's fee schedule, the detailed per unit analysis results, the potential annual revenue impacts, and a comparison of certain fees to other jurisdictions.

1 FEE SCHEDULE MODIFICATIONS

In discussion with Public Works Department staff, it was determined that there were no modifications to the Public Works Administrative section.

For the Civil Engineering section, the fees associated with right-of-way were broken out from Civil Engineering and a separate right-of-way (ROW) fees section was created. This separate section was developed as there are multiple departments involved in the ROW process and it is better reflected as a separate category on the fee schedule.

In addition to these items, the Civil Engineering section identified four new fees related to online bidding of construction projects. These fees are in relation to provision of staff time and cost associated with online provision of bidding information to allow for an easier and more efficient submission process for contractors.

The tree-related fees were consolidated from Planning and Maintenance into a singular tree fees category to ensure that all fees were represented in one section of the fee schedule.

2 PER UNIT ANALYSIS

The Public Works Department collects fees related to Barricade Rentals, Civil Engineering Reviews, and Trees. The total cost calculated for each service includes direct staff costs, Departmental and Citywide overhead, as well as any material costs (if applicable). The following table details the fee name, current fee, total cost, and surplus or deficit associated with each Public Works Fee.

Table 20: Per Unit Results – Public Works

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
ADMINISTRATIVE					
Barricade Rental	Assist residents with the daily rental of barricades without and with flasher, 8ft. In length, delineators, 18 inch cones and temporary no parking cardboard signs for block parties. This permit includes two 8' Street Closure Barricades.	Block Party Package	\$26	\$36	(\$10)
	Assist residents with the daily rental of delineators, 18 inch cones and temporary no parking cardboard signs for moving purposes. *Includes price of the delineators and signs.	Moving Package - Standard	\$30	\$40	(\$10)
		Moving Package - Deluxe	\$45	\$51	(\$6)
CIVIL ENGINEERING					
Final Tract Map Review	Reviewing the final tract map to determine extent to which it complies with appropriate code requirements. **Map Copy Deposit of \$500	Application	\$748	\$852	(\$104)
New / Relocate Utility Pole	Review a request for a new or relocated utility pole.	Standard	\$2,091	\$2,397	(\$306)
	Review a request for a new or relocated utility pole requiring PPIC review.	PPIC Review	\$2,614	\$3,001	(\$387)
Online Bid and Proposal Service Fee	Service fee associated with setting up, loading digital plans, specifications and other bidding documents on-line to facilitate bid submittal online by contractors.	Simple Projects (Under \$100k)		\$60	
		Moderately Complex Projects (\$100k-\$500k)		\$81	
		Complex Projects (\$500k+)		\$100	
	Service fee associated with uploading the electronic RFP and Vendor Quotation sheets to enable submission of informal quotes online.			\$20	
TREES					
Tree Permit - Private Property	Remove, replace, or protect a tree on private property under the terms of the Tree Ordinance.	Dead / Dying Tree Removal /	\$322	\$420	(\$98)
		Replacement	\$481	\$664	(\$183)
		Protection	\$352	\$790	(\$438)
		Public ROW	\$210	\$285	(\$75)
Tree Trimming Permit	Review and inspect tree trimming request.	Private Property	\$65	\$83	(\$18)
		In Public ROW	\$65	\$138	(\$73)

All of the Public Works Department fees evaluated through this study are shown to be under-recovering, with the largest deficit (\$438) relating to Tree Permits for the Protection of the tree. The average per unit cost recovery for the Public Works Department is 74%.

3 ANNUAL RESULTS

The Public Works Department is currently under-recovering its fee-related costs by approximately \$14,000. The following table shows the annual workload volume, projected revenue at current fee, total annual cost, and the associated surplus or deficit.

Table 21: Per Unit Results – Public Works

Category	Range	Annual Volume	Revenue at Current Fee – Annual	Total Cost – Annual	Surplus / (Deficit) - Annual
ADMINISTRATIVE					
Barricade Rental	Block Party Package	37	\$962	\$1,335	(\$373)
	Moving Package - Standard	126	\$3,780	\$5,034	(\$1,254)
	Moving Package - Deluxe	51	\$2,295	\$2,599	(\$304)
CIVIL ENGINEERING					
	Final Tract Map Review	1	\$748	\$852	(\$104)
TREES					
Tree Permit – Private Property	Removal / Replacement	9	\$2,439	\$4,494	(\$2,055)
	Protection	6	\$2,112	\$4,737	(\$2,625)
	Removal in Public ROW	37	\$7,770	\$10,563	(\$2,793)
Tree Trimming Permit	Private Property	1	\$65	\$83	(\$18)
	In Public ROW	1	\$65	\$138	(\$73)
TOTAL			\$21,136	\$34,908	(\$13,772)

Overall, the Public Works Department is recovering approximately 61% of its annual total cost in fees. The largest deficit of \$11,000 relates to tree permits.

4 COMPARATIVE SURVEY

As part of this study, the City wished to understand how their current fees and total cost compared to other similar sized and regionally located jurisdictions. It is important to note that the project team surveyed approximately 8 local jurisdictions; if the jurisdiction did not assess a fee for the service, it was left out of the comparison. This allows the City to clearly review the information without the cluttering of additional information that is not

relevant to the comparative analysis being conducted. The following subsections provide a comparative look at services evaluated by the project team related to Public Works fees.

1 Barricade Rentals

The City Public Works Department charges \$26 for Block Party Barricade Rentals, \$30 for Standard Rentals, and \$45 for Deluxe Rentals. The project team calculated the full cost of providing these services at \$36 for Block Parties, \$40 for Standard Rentals, and \$51 for Deluxe Rentals. The following points outline how other jurisdictions charge for Barricade Rentals.

- The Cities of Redondo Beach and Santa Monica have a fee for block parties that include costs for street closure instead of listing out the Barricade Rental separately. Redondo Beach charges \$100 for Block Party Barbeque Use Fee and Santa Monica charges \$60.42 for Block Parties/Events/Street Closure.
- The City of Redondo Beach charges \$2 per hour for each standard barricade and \$3 per hour for each deluxe barricade.
- Culver City charges \$100 for each unreturned barricade but does not have a fee listed for the rental of a barricade.
- Beverly Hills has a fee of \$5 for each barricade.

As the points above indicate, each jurisdiction that charges a fee for Barricade rentals charges in a different manner than Manhattan Beach.

2 Final Tract Map Application

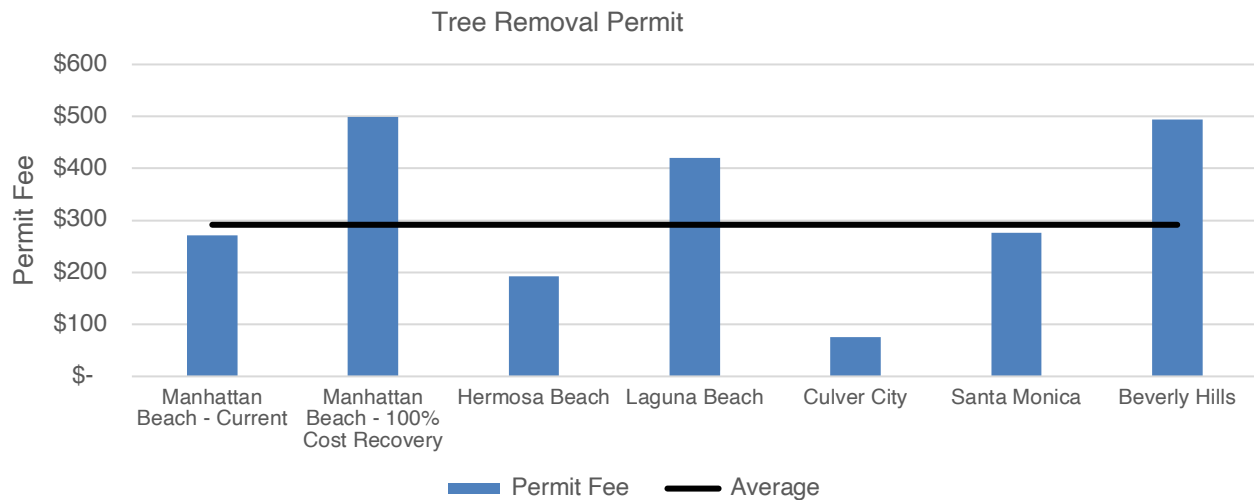
The City Public Works Department currently charges a \$748 fee for a Final Tract Map Review and the full cost for this service was calculated at \$852. The following points outline how other local jurisdictions charge for Final Tract Maps.

- Redondo Beach charges an application fee of \$714 plus an additional \$5,000 deposit for Final Tract Map Reviews.
- Culver City charges fees for Final Tract Maps based on the number of lots with the lowest fee at \$2,560 for 1-5 lots and the highest at \$9,761 for greater than 150 lots.
- Torrance charges \$1,173 per sheet for Final Tract Maps.
- Beverly Hills charges a flat fee of \$6,620 for 0-4 lots and \$324 for each additional lot.

As the points above indicate, each jurisdiction charges differently for the Final Tract Maps, however, Manhattan Beach seems to be charging the least among other local jurisdictions.

3 Tree Removal Permit

Based upon the City's current fee structure a tree removal permit would be \$271 and the full cost calculated through this study is \$499. The following graph shows how the city's current fee and full cost fee compares to the other surrounding jurisdictions.



As the graph indicates, the City's current fee of \$271 is below the average fee of \$292 charged by surrounding jurisdictions. While the full cost fee of \$499 is high it is in line with fees of \$420 charged by Laguna Beach and \$494 in Beverly Hills.

13. Right-of-Way

The City of Manhattan Beach is responsible for conducting reviews and inspections related to public and private improvements in the public right-of-way. These fees span multiple Departments and Divisions such as Building, Engineering, Planning, and Traffic Engineering. The fees examined within this section of the study relate to Encroachments, Street Use, Excavations and other miscellaneous services provided by Public Works and Community Development Departments. The following subsections provide an overview of modifications made to the Public Works Right-Of-Way fee schedule, the detailed per unit analysis results, the potential annual revenue impacts, and a comparison of certain fees to other jurisdictions.

1 FEE SCHEDULE MODIFICATIONS

In discussion with staff, the current right-of-way fees were eliminated and replaced with an updated Right-Of-Way fee schedule. The following points outline the modifications that were made to right-of-way fees:

- Temporary Encroachment Permits were broken out into multiple categories: Pedestrian Canopy, Temp Fencing, and Scaffolding. Additional fees were also added to extend and reinstate a Temporary Encroachment Permit.
- A new category called Street Use Permits was added and broken out into ranges for POD, Crane, Concrete Pour, Delivery/Hauling of Materials, Equipment / Material Staging, and Deposit for PODs. Additional fees were also added to Add-On to a permit or Extend a permit.
- Sandblasting, Vehicle on Strand or Walk Street, and Over Quantitative Discharge Permits were combined into a Public Works Permits category. Additional fees were added to this category for Well Monitoring, Add-Ons, and Extensions.
- Non-Utility Excavation Permits were broken out into categories for Curb and Gutter, Sidewalk, and Driveway Approach. New fees were added for Add-Ons and Extensions.
- Utility Excavation Permits were broken out into categories for Sewer Line, Water Line, Under-grounding, and Sewer/Water Line Combo. Add-Ons and Extensions were also added as new fees to this category.
- In addition to the Utility Excavation Permits, a category was added for Utility Company Excavations and is charged by ranges of linear feet. Additional fees were added for Extra Inspections and Extensions.

- Lane closure permits were reclassified as a secondary permit and additional fees for extra inspections, add-ons, and extensions were created.

Adjusting the fee schedule in the ways noted above will allow the City's schedule to be reflective of the services they provide. There are three new types of services also being included in the Right-of-Way Fee analysis – Add-Ons, Extensions, and Reinstatements. The following points provide a brief definition of those services:

- **Add-Ons:** An additional event added onto an issued permit, each event equals one add-on. Where it is allowed, there is a maximum of two add-ons.
- **Extensions:** A written request submitted prior to the permit expiration date for an extension to the permit expiration.
- **Reinstatements:** A written request to reinstate an expired right-of-way permit.

The creation of these new fees in the structure allows for greater transparency regarding the actual services being provided.

2 PER UNIT ANALYSIS

The City collects fees related to Encroachments, Street Use, Excavations and other services. The total cost calculated for each service includes direct staff costs, Departmental and Citywide overhead. The following table details the fee name, current fee, total cost, and surplus or deficit associated with each Public Works ROW Fee.

Table 22: Per Unit Results – Public Works Right-of-Way

Category	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Temporary Encroachment Permit - In ROW for Extended Period of Time	Pedestrian Canopy	\$247	\$310	(\$63)
	Temp Fencing	\$247	\$310	(\$63)
	Scaffolding	\$247	\$310	(\$63)
	Extend	\$0	\$60	(\$60)
	Reinstate	\$0	\$60	(\$60)
Street Use Permit - Temporary Use of Street Affecting Traffic	POD/ Roll-Off Bin or Lowboy	\$130	\$398	(\$268)
	Crane	\$247	\$290	(\$43)
	Concrete Pour	\$247	\$290	(\$43)
	Delivery/Hauling of Materials	\$247	\$290	(\$43)
	Storage of Materials	\$247	\$290	(\$43)
	Equipment / Material Staging	\$247	\$290	(\$43)

Category	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Public Works Permit - Generally Requires Special Rules or Review	Deposit for POD / Roll-Off Bin	\$465	\$465	\$0
	Add-Ons	\$0	\$53	(\$53)
	Extend	\$0	\$53	(\$53)
	Sandblasting	\$247	\$227	\$20
	Vehicle on Strand or Walk Street	\$340	\$447	(\$107)
	Over Quantitative Discharge	\$240	\$227	\$13
	Well Monitoring	\$0	\$227	(\$227)
	Add-Ons	\$0	\$60	(\$60)
	Extend	\$0	\$60	(\$60)
	Non-Utility Excavation			
Excavation Permit - Involves Breaking Ground/Infrastructure	Curb & Gutter	\$231	\$337	(\$106)
	Sidewalk	\$231	\$337	(\$106)
	Driveway Approach	\$231	\$337	(\$106)
	Add-Ons	\$0	\$60	(\$60)
	Extend	\$0	\$60	(\$60)
	Utility Excavation			
	Sewer Line	\$393	\$474	(\$81)
	Water Line	\$393	\$474	(\$81)
	Undergrounding	\$393	\$474	(\$81)
	Sewer/Water Line Combo	\$393	\$474	(\$81)
	Add-Ons	\$0	\$60	(\$60)
	Extend	\$0	\$60	(\$60)
	Utility Company Excavation			
	0-200 l.f.	\$393	\$641	(\$248)
	200+ l.f.	\$1,038	\$1,128	(\$90)
	100+ l.f. - per l.f.	\$2	\$2	\$0
	Extra Inspections - per hr	\$0	\$110	(\$110)
Lane Closure - Secondary Permit Only	Extend	\$0	\$60	(\$60)
	Simple	\$247	\$106	\$141
	Complex / Custom (incl. 1-hr of inspection)	\$931	\$453	\$478
	Extra Inspections - per hr	\$0	\$110	(\$110)
	Add-Ons	\$0	\$25	(\$25)
Oversize Permit	Extend	\$0	\$25	(\$25)
	Individual	\$16	\$106	(\$90)
	Annual	\$90	\$85	\$5

The majority of the Right-Of-Way fees evaluated through this study are shown to be under-recovering, with the largest deficit of \$268 relating to POD / Roll Off Bin. It should be noted that while Individual Oversize Permits shows an under-recovery and cost the department \$106, this fee is state set at \$16. The average per unit cost recovery for the ROW Fees is 90%.

It is important to note that even though for purposes of clarity, the project team has compared the current fee to the full cost fee, the current fee is not always apples to apples, as the structure has been altered dramatically. For example, the simple lane closure current fee of \$247 is reflective of any type of traffic plan review, and as such is not necessarily equated to the \$106 simple traffic lane closure review. Additionally, the current calculations take into account work being performed by the Traffic Engineering Technician compared to the Traffic Engineer, as a simple review would not require the Traffic Engineer. Therefore, the full cost fees have been calculated based upon process improvements and efficiencies implemented by the City.

3 ANNUAL RESULTS

The City is currently over-recovering for its fee-related costs for ROW permits by approximately \$28,765. The following table shows the annual workload volume, projected revenue at current fee, total annual cost, and the associated surplus or deficit.

Table 23: Annual Results – Public Works Right-Of-Way

Fee Name	Range	Annual Volume	Revenue at Current Fee	Annual Cost	Annual Surplus / (Deficit)
Temporary Encroachment Permit - In ROW for Extended Period of Time	Pedestrian Canopy	1	\$247	\$310	(\$63)
	Temp Fencing	1	\$247	\$310	(\$63)
	Scaffolding	2	\$494	\$619	(\$125)
Street Use Permit - Temporary Use of Street Affecting Traffic	POD/ Roll-Off Bin or Lowboy	16	\$2,080	\$6,367	(\$4,287)
	Crane	18	\$4,446	\$5,219	(\$773)
	Concrete Pour	4	\$988	\$1,160	(\$172)
	Delivery/Hauling of Materials	8	\$1,976	\$2,320	(\$344)
	Storage of Materials	1	\$247	\$290	(\$43)
Public Works Permit - Generally Requires Special Rules or Review	Sandblasting	1	\$247	\$227	\$20
	Vehicle on Strand or Walk Street	60	\$20,400	\$26,808	(\$6,408)
Excavation Permit - Involves Breaking Ground/Infrastructure	Non-Utility Excavation				
	Curb & Gutter	140	\$32,340	\$47,181	(\$14,841)
	Sidewalk	9	\$2,079	\$3,033	(\$954)
	Driveway Approach	11	\$2,541	\$3,707	(\$1,166)
	Utility Excavation				
	Sewer Line	8	\$3,144	\$3,794	(\$650)
	Water Line	6	\$2,358	\$2,845	(\$487)
	Undergrounding	3	\$1,179	\$1,423	(\$244)
	Sewer/Water Line Combo	46	\$18,078	\$21,815	(\$3,737)

Fee Name	Range	Annual Volume	Revenue at Current Fee	Annual Cost	Annual Surplus / (Deficit)
Utility Company Excavation					
	0-200 l.f.	152	\$59,736	\$97,421	(\$37,685)
Lane Closure - Secondary Permit Only	Simple	239	\$59,033	\$25,286	\$33,747
	Complex / Custom (incl. 1 hr of inspection)	163	\$151,753	\$73,917	\$77,836
Oversize Permit	Individual	120	\$1,920	\$12,726	(\$10,826)
	Annual	2	\$180	\$170	\$10
TOTAL			\$365,713	\$336,948	\$28,765

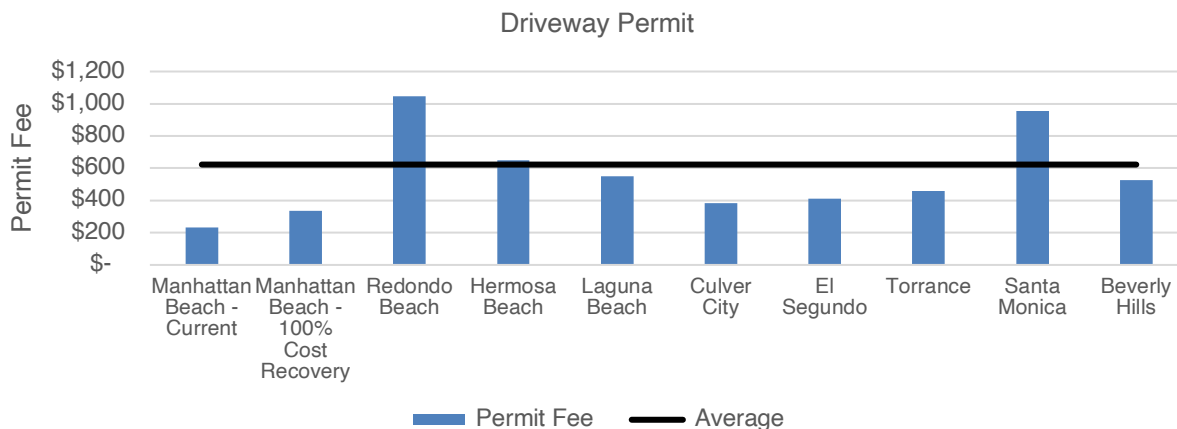
Overall, ROW is recovering approximately 109% of its annual total cost in fees. The largest source of deficit for ROW fees is in relation to utility excavation companies at \$38,000. The restructuring of the ROW fees will help mitigate the over-recovery.

4 COMPARATIVE SURVEY

As part of this study, the City wished to understand how their current fees and total cost compared to other similar sized and regionally located jurisdictions. It is important to note that the project team surveyed approximately 8 local jurisdictions; if the jurisdiction did not assess a fee for the service, it was left off of the comparative graph. This allows the City to clearly review the graph without the cluttering of additional information that is not relevant to the comparative analysis being conducted. The following subsections provide a comparative look at services evaluated by the project team related to ROW fees.

1 Driveway Permit

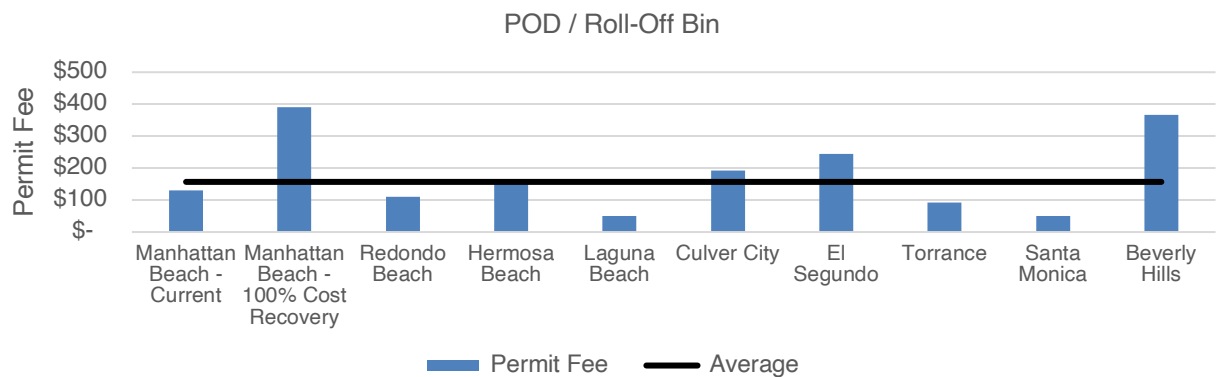
Based upon the City's current fee structure a driveway permit gets charged a \$231 flat fee, and through this study, the project team calculated the full cost fee at \$337. The following graph shows how the city's current fee and full cost fee compares to the other surrounding jurisdictions.



As the graph indicates, the City's current and full cost fee is below the average fee of \$623 being charged by surrounding jurisdictions. The City's full cost fee is in close to half of the average charged by surrounding jurisdictions and would be the lowest.

2 POD / Roll-Off Bin

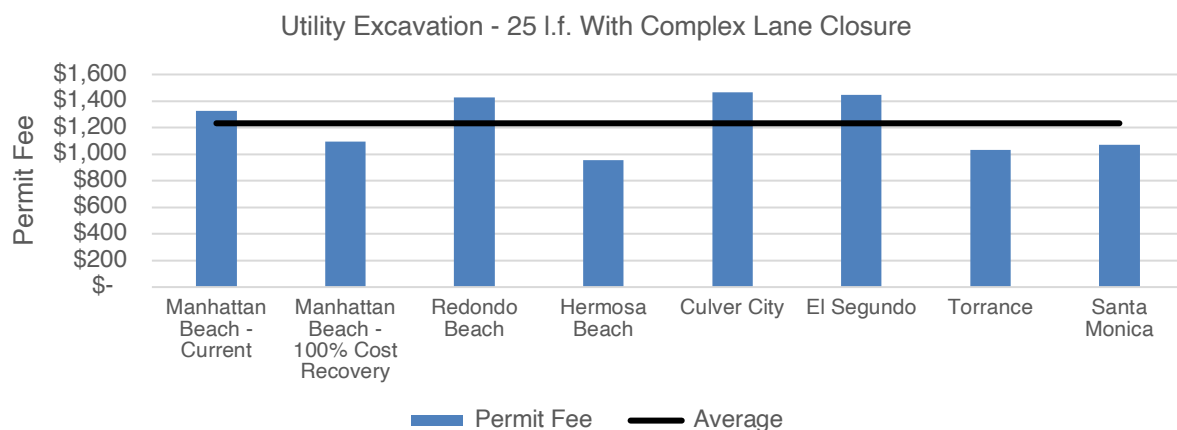
Based upon the City's current fee structure a Pod / Roll-Off be charged a flat fee of \$130 (excluding deposit), and the full cost calculated through this study is \$390. The following graph shows how the city's current fee and full cost fee compares to the other surrounding jurisdictions.



As the graph above indicates, the City's current fee is below the average fee of \$157 charged by surrounding jurisdictions. Some jurisdictions such as Laguna Beach and Santa Monica have fees set based upon council direction at a lower level than the full cost fee.

3 Utility Excavation 25 l.f. with Complex Lane Closure

Based upon the City's current fee structure a utility excavation of 25 l.f. with complex lane closure would be charged \$1,324. The full cost calculated through this study is \$1,094. The following graph shows how the city's current fee and full cost fee compares to the other surrounding jurisdictions.



As the graph indicates, the City's current fee of \$1,324 is above the average fee of \$1,233 charged by surrounding jurisdictions. It's full cost fee of \$1,094 is slightly below the average and more in line with the surrounding jurisdictions. Jurisdictions such as Laguna Beach and Beverly Hills charge time and materials for utility excavation permits.

14. Technology Fees

As part of the Cost of Services Analysis, the project team evaluated two different technology fees for the City – Permitting Technology Fee and Fire Permit Technology Fee. The purpose of the technology fee for both of these systems is to not only recover the costs associated with purchasing a system and replacing a system, but to also pay for annual maintenance of the system. The following subsection discuss the two different technology fees.

1 PERMITTING TECHNOLOGY FEE

The City of Manhattan Beach is currently undergoing the process of implementing a new permitting software system – Tyler EnerGov. The primary purpose of a permitting software system is to log and record information regarding all development-related activities in a singular location. This system would enable the City to record all planning, building, fire prevention (development-related), Civil Engineering, and Right-Of-Way fees in one location. Additionally, the proposed system would allow developers to access their permit information online, utilize GIS capabilities, conduct electronic reviews, and allow for electronic routing of plans internally within the City.

The purpose of the technology fee associated with permitting activities is to recover the cost associated with replacement of existing system, upgrades to the existing and new system, and maintenance costs associated with the system. Additionally, if there are any staff or contractor costs associated specifically with the permitting system those can be captured through this fee calculation, as well. The following table shows the proposed five year costs for the permitting system, and the annual cost calculation:

Table 24: Permitting System – Annual Cost

Category	Total Cost	# of Years	Annual Cost
Total Tyler Services	\$181,875	5	\$36,375
Initial System Implementation and Maintenance	\$187,090	5	\$37,418
Building Services Analyst	\$101,981 ³	1	\$101,981
Total Annual Cost			\$175,774

As the table indicates, it costs the city approximately \$176,000 annually to implement and maintain the EnerGov system. These costs are based upon five year timeframe for technology implementation, and the Building Services Analyst position being dedicated part-time to maintenance and management of the permitting software system.

³ Represents at 50% the fully burdened cost of the position including citywide overhead, departmental overhead, and productive hours calculation.

Based upon the \$278,000 annual cost, the project team calculated the technology fee. The typical trend for technology fees is to apply it as a percentage of the permit fee on all of the permits that would be logged and recorded into the permitting system. Therefore this fee would be applicable to Planning, Building, Engineering, Traffic Engineering, Right-of-Way, Tree Permits, and Fire Development-related permits. The following table shows the calculation of the technology fee based upon the total permitting revenue:

Table 25: Permitting System – Technology Fee Calculation

Category	Amount
Annual Cost	\$175,774
Total Permitting Revenue	\$6.8 million
Permit Technology Fee - % of Permit Fee	3% of Permit Fee

As the table indicates, based upon the fee-related revenue generated by the city for all of the different components that would be covered under the permitting system the technology fee would be charged as 3% of the permit fee. This 3% would be applicable to all permits being logged into the system including permits such as HVAC changeouts, re-roofs, solar permits, as well as new construction or tenant improvement projects.

The following table shows the technology fee being charged by other surrounding jurisdictions:

Table 26: Technology Fee – Comparative Survey

Jurisdiction	Fee Amount
Hermosa Beach	7% of Building, Planning, and Engineering Fees
Laguna Beach	0.0006% of Project Valuation
Culver City	4% of Building, Planning, Engineering, and Fire Prevention
Beverly Hills	5.5% of Permit Fee
Santa Monica	13% of Building Permit Fees

As the table indicates, the proposed calculated fee for the City of Manhattan Beach at 3% of the permit fee is below the fee being charged by surrounding jurisdictions, but similar to jurisdictions such as Culver City and Beverly Hills.

The technology fee when implemented should be accounted for in a separate subaccount or fund from the general fund. This separate accounting not only ensures a clear auditing trail for funds, it also mitigates the danger of co-mingling these funds for use of operations rather than specifically for permitting software needs. The funds from this fee can be used towards annual maintenance, implementation, and the reacquisition or replacement of new permitting software needed.

2 FIRE RMS TECHNOLOGY FEE

The Fire Department currently utilizes a 15 year old technology system to track and record the annual fire permit inspection information. This system logs all permitting information that is not related to development activities (i.e. fire alarms, fire sprinklers, fire protection systems, etc.) as those are logged into the community development permit software system. Similar to the technology fee discussed for the Permitting software, the project team worked with City staff to develop a technology fee for the Fire Records Management System. The following table shows the cost calculation and assumptions for annual costs associated with Fire RMS.

Table 27: Fire RMS – Annual Cost

Category	Total Cost	# of Years	Annual Cost
Initial System Implementation	\$45,000	3	\$15,000

The \$45,000 cost in the table above is based on estimated quote related to not only the acquisition of the system, but annual maintenance costs, as well as the cost associated with any contracted support for system implementation.

Typically, a technology fee is applied as a percentage of the permit fee, rather than a flat rate per permit. The percentage calculation ensures that applicants are not paying more in technology fee than the permit fee itself. The project team utilized the annual cost of the Fire RMS and total fire prevention revenue (excluding development-related activities) to calculate the technology fee. The following table shows this calculation:

Table 28: Fire RMS – Technology Fee Calculation

Category	Amount
Annual Cost	\$15,000
Total Fire Revenue (Excl. Development Fees)	\$290,115
Fire RMS Technology Fee - % of Permit Fee	5%

As the table indicates, the Fire RMS fee is calculated as 5% of the permit fee. This indicates that whenever any annual fire code permit is issued, along with the flat fee, the Fire Department should charge a 5% surcharge for Fire RMS recovery. This 5% surcharge should not be stored in the same revenue account as fire inspection fees, it should be stored in a separate subaccount. The purpose of storing it in a separate subaccount is to ensure that the revenue from this account is not used to augment fee-related services, but rather is only used towards the acquisition, maintenance, and upgrades to the Fire RMS.

15. Traffic Engineering

Within the Community Development Department, the Traffic Engineering Division is responsible for managing traffic control measures for traffic safety and parking related issues. The fees examined within this section of the study relate to Traffic Reviews, Parking, Stop Signs and other miscellaneous services provided by the Traffic Division. The following subsections provide an overview of modifications made to the Traffic Engineering fee schedule, the detailed per unit analysis results, the potential annual revenue impacts, and a comparison of certain fees to other jurisdictions.

1 FEE SCHEDULE MODIFICATIONS

In discussion with Traffic Engineering Division staff, there were only minor modifications made to the Traffic Engineering fee schedule: Parking – Temporary Construction was renamed to Reserved Parking and a new fee was added for Construction Management and Parking Plan Review for standalone review of building permits.

2 PER UNIT ANALYSIS

The Traffic Engineering Division collects fees related to Traffic Reviews, Parking, and Stop Signs. The total cost calculated for each service includes direct staff costs, Departmental and Citywide overhead. The following table details the fee name, current fee, total cost, and surplus or deficit associated with each Traffic Engineering Fee.

Table 29: Per Unit Results – Traffic Engineering

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Development (Parking) Traffic Review	Review of parking / traffic conditions for development permits, including environmental assessment and amendment to development permits.	Development Permits	\$1,149	\$879	\$270
		Env. Assessment / Amendment to Dev. Permits	\$711	\$1,516	(\$805)
Reserved Parking	Reserve parking per vehicle or moving van permit.	Per Parking Space	\$80	\$76	\$4
Parking Request	Administrative Review of a parking-related issue, such as a request for a red zone or disabled parking space.		\$100	\$460	(\$360)

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Traffic Request	Administrative Review of a limited scale traffic-related issue, such as a request for installation of a crosswalk or traffic calming measure.		\$100	\$460	(\$360)
Stop Sign Request (2nd Request)	Processing a request to install a stop sign following initial denial / approval.		\$500	\$2,128	(\$1,628)
Appeal to PPIC	Appeal an administrative decision to the Parking & Public Improvement Commission.	Traffic	\$500	\$3,098	(\$2,598)
		Encroachment	\$500	\$3,778	(\$3,278)
Construction Management and Parking Plan Review Fee	Supplemental traffic and parking review of remodels or minor projects.	Per Location		\$102	

The majority of the Traffic Engineering fees evaluated through this study are shown to be under-recovering. The largest deficit relates to Appeal to the PPIC relating to encroachments at a deficit of \$3,278. The average per unit cost recovery for the Traffic Engineering Fees is 47%.

3 ANNUAL RESULTS

The Traffic Engineering Division is currently under-recovering its fee-related costs by approximately \$10,000. The following table shows the annual workload volume, projected revenue at current fee, total annual cost, and the associated surplus or deficit.

Table 30: Annual Results – Traffic Engineering

Category	Range	Annual Volume	Revenue at Current Fee	Annual Cost	Annual Surplus / (Deficit)
Development (Parking) Traffic Review	Development Permits	15	\$17,235	\$13,186	\$4,049
	Env Assessment / Amendment to Dev. Permits	1	\$711	\$1,516	(\$805)
Reserved Parking	Per Parking Space	304	\$24,320	\$23,213	\$1,107
Parking Request		25	\$2,500	\$11,497	(\$8,997)
Traffic Request		5	\$500	\$2,299	(\$1,799)
Management and Parking Plan Review		36		\$3,665	(\$3,665)
TOTAL			\$45,266	\$55,376	(\$10,110)

The Traffic Engineering Division is recovering approximately 81% of its annual total cost in fees. The largest deficit of \$8,997 relates to Parking Requests while the largest surplus of \$4,049 relates to Development Traffic Reviews.

4 COMPARATIVE SURVEY

As part of this study, the City wished to understand how their current fees and total cost compared to other similar sized and regionally located jurisdictions. It is important to note that the project team surveyed approximately 8 local jurisdictions; if the jurisdiction did not assess a fee for the service, it was left off of the comparative graph. This allows the City to clearly review the graph without the cluttering of additional information that is not relevant to the comparative analysis being conducted.

Due to the specific nature of fees charged by traffic engineering, it is difficult to find comparable. The City currently charged \$100 for Parking or Traffic Requests and the project team calculated the full cost of providing the service at \$460. Culver City charges a \$4,000 deposit for Traffic Impact Analysis Report Reviews El Segundo charges \$995 for Parking Demand – Shared Parking Study

16. Utilities

Within the Public Works Department, the Utilities Division is responsible for providing water, sewer, and storm drain services to the City. The fees examined within this section of the study relate to Stormwater Reviews, Water Meters, Annual Stormwater Inspections, Waste Management Plans and other miscellaneous services provided by the Utilities Division. The following subsections provide an overview of modifications made to the Utilities fee schedule, the detailed per unit analysis results, the potential annual revenue impacts, and a comparison of certain fees to other jurisdictions.

1 FEE SCHEDULE MODIFICATIONS

In discussion with the Utilities Division staff, there were only minor title changes to the current fee schedule. No major modifications were deemed necessary to the current schedule.

2 PER UNIT ANALYSIS

The Utilities Division collects fees related to Stormwater Reviews, Water Meters, Annual Stormwater Inspections, and Waste Management Plans. The total cost calculated for each service includes direct staff costs, Departmental and Citywide overhead. The following table details the fee name, current fee, total cost, and surplus or deficit associated with each Utility Fee.

Table 31: Per Unit Results – Utilities

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Commercial SUSMP Review	Review of a commercial stormwater mitigation plan for compliance with national and local stormwater standards.		\$776	\$846	(\$70)
	Install or move a	Installation	\$97	\$241	(\$144)
Temporary Water Meter Rental	temporary 3" fire hydrant meter at a construction site. **Meter deposit of \$1,500 required.	Move	\$77	\$145	(\$68)
	Field or bench calibration of a water meter upon a request by a resident or business. **Charges are refundable if meter is running fast.	5/8' - 1" meter	\$250	\$355	(\$105)
Water Meter Test		1.5"+ meter	\$327	\$433	(\$106)

Category	Description	Range	Current Fee	Total Cost Per Unit	Surplus / (Deficit) per Unit
Water Service Turn-On	Turning on water service after water service has been turned off to a residence or business for contractor to work on water system or for non-payment of water bill. **\$15 collection for payment in the field. ***5% Penalty on unpaid water bills (per Resolution 5726).	Monday - Thursday 8 am - 4:30 pm	\$47	\$154	(\$107)
		Afterhours, weekends, or holidays	\$218	\$369	(\$151)
Water Meter Installation Inspection	Installation of new water meter upon request **Material costs not included	3/4" - 1" meter	\$71	\$96	(\$25)
		1" - 2" meter	\$122	\$164	(\$42)
		Greater than 2" meter	Actual Cost	Actual Cost	
F.O.G. & Clean Bay Restaurant Inspections	Annual inspection of kitchen equipment/fixtures and Best Management Practices for compliance with stormwater and wastewater regulation compliance.	Initial Inspection	\$200	\$193	\$15
		Follow-up Inspection	\$109	\$139	(\$30)
Clean Bay Restaurant Inspection for Stormwater Permit Compliance	Annual inspection of kitchen equipment / fixtures and best management practices for compliance with stormwater regulation compliance. **Plus additional County Fees		\$204	\$221	(\$17)
Waste Management Plan	Review & processing of the plan and weight tickets for any demolition or remodel over \$100,000 in value for its waste management impact.		\$252	\$280	(\$28)

The majority of the Utility fees evaluated through this study are shown to be under-recovering. Afterhours, weekends, or holidays Water Turn On Services shows the largest deficit of \$151. The average per unit cost recovery for the Utility Fees is 72%.

3 ANNUAL RESULTS

The Utilities Division is currently under-recovering its fee-related costs by approximately \$29,000. The following table shows the annual workload volume, projected revenue at current fee, total annual cost, and the associated surplus or deficit.

Table 32: Annual Results – Utilities

Category	Range	Annual Volume	Revenue at Current Fee	Annual Cost	Annual Surplus / (Deficit)
Commercial SUSMP Review		5	\$3,880	\$4,230	(\$350)
Temporary Water Meter	Installation	10	\$970	\$2,411	(\$1,441)
Rental	Move	5	\$385	\$723	(\$338)
	Monday - Thursday 8 am - 4:30 pm	80	\$3,760	\$12,318	(\$8,558)
Water Service Turn-On	Afterhours, weekends, or holidays	30	\$6,540	\$11,075	(\$4,535)
Water Meter Installation	¾" – 1" meter	60	\$4,260	\$5,790	(\$1,530)
Inspection	Initial Inspection	107	\$21,400	\$20,653	\$747
F.O.G. & Clean Bay	Follow-up Inspection	2	\$218	\$277	(\$59)
Restaurant Inspections					
Clean Bay Restaurant Inspection for		177	\$36,108	\$39,038	(\$2,930)
Stormwater Permit Compliance		352	\$88,704	\$98,418	(\$9,714)
Waste Management Plan					
	TOTAL		\$166,225	\$194,932	(\$28,707)

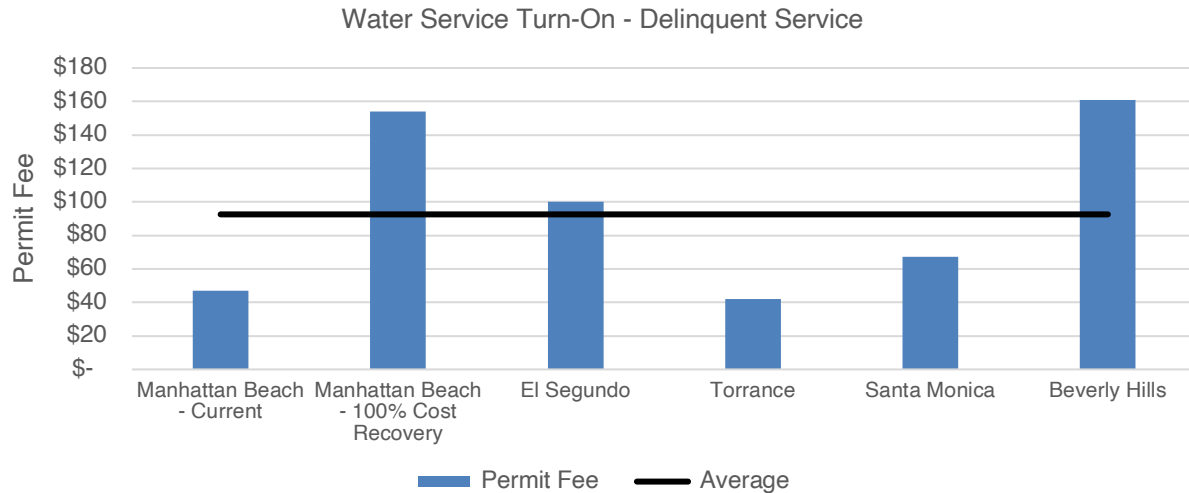
The Utilities Division is recovering approximately 85% of its annual total cost in fees. The largest area of deficit relates to Waste Management Plan at \$9,700. The largest surplus relates to FOG Initial Inspections with a \$747 over recovery.

4 COMPARATIVE SURVEY

As part of this study, the City wished to understand how their current fees and total cost compared to other similar sized and regionally located jurisdictions. It is important to note that the project team surveyed approximately 8 local jurisdictions; if the jurisdiction did not assess a fee for the service, it was left off of the comparative graph. This allows the City to clearly review the graph without the cluttering of additional information that is not relevant to the comparative analysis being conducted. The following subsections provide a comparative look at services evaluated by the project team related to Utility fees.

1 Water Service – Delinquent Service Reconnection

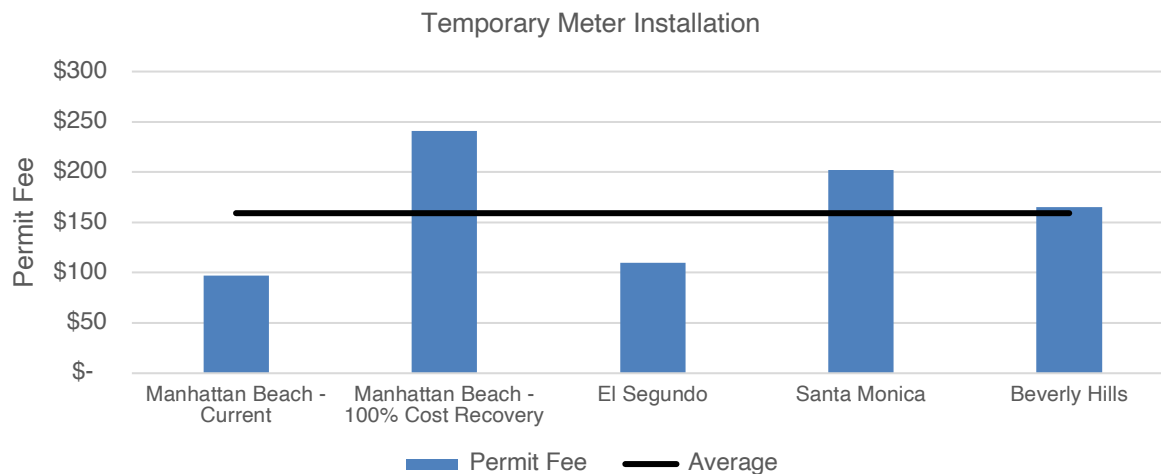
The City currently charges a fee for water service turn-on or reconnection to service at \$47. The project team calculated the full cost of providing this service at \$154. The following graph shows how the Division's full cost compares to other local jurisdictions who charge for this service.



As the chart above indicates, the current fee is below the average fee of \$93 charged by other jurisdictions. The full cost fee at \$154 is close to the \$161 fee charged by Beverly Hills.

2 Temporary Meter - Installation

The City currently charges a fee for temporary meter installation at \$97, and through this study the full cost was calculated at \$241. The following graph shows how the Division's full cost compares to other local jurisdictions who charge for this service.



As the graph indicates, the City's current fee is below the \$159 charged by surrounding jurisdictions, while its full cost fee at \$241 is close to \$202 charged by Santa Monica.

17. Comparative Survey

As part of the Cost of Services (User Fee) study for the City of Manhattan Beach, the Matrix Consulting Group conducted a comparative survey of fees. The City identified eight jurisdictions to be included in the comparative survey: Redondo Beach, Hermosa Beach, Laguna Beach, Culver City, El Segundo, Torrance, Santa Monica, and Beverly Hills.

While this report will provide the City with a reasonable estimate and understanding of the true costs of providing services, many jurisdictions also wish to consider the local “market rates” for services as a means for assessing what types of changes in fee levels their community can bear. However, a comparative survey does not provide adequate information regarding the relationship of a jurisdiction’s cost to its fees. Three important factors to consider when comparing fees across multiple jurisdictions are: population, budget and workforce size. The following tables provide this information regarding the jurisdictions included in the comparative survey.

Table 33: Ranking of Jurisdictions by Population

Jurisdiction	2017 Census
El Segundo	16,500.00
Hermosa Beach	19,616.00
Laguna Beach	23,365.00
Beverly Hills	34,484.00
Manhattan Beach	35,924.00
Culver City	39,283.00
Redondo Beach	67,908.00
Santa Monica	92,306.00
Torrance	149,245.00

Table 34: Ranking of Jurisdictions by City Budget

Jurisdiction	FY 18/19 Budget
Hermosa Beach	\$ 39,340,829.00
Laguna Beach	\$ 64,234,100.00
El Segundo	\$ 75,932,784.00
Manhattan Beach	\$ 115,517,408.00
Culver City	\$ 120,774,105.00
Redondo Beach	\$ 127,530,291.00
Torrance	\$ 204,246,000.00
Santa Monica	\$ 359,202,341.00
Beverly Hills	\$ 425,676,104.00

Table 35: Ranking of Jurisdictions by City Workforce Size

Jurisdiction	FY 18 / 19 FTE
Hermosa Beach	150.71
Laguna Beach	272.23
Manhattan Beach	316.00
El Segundo	361.11
Redondo Beach	439.00
Culver City	692.94
Beverly Hills	995.85
Torrance	1,371.00
Santa Monica	2,323.10

Based on the data shown in the above tables, the City of Manhattan Beach ranks in the middle in terms of population and budget, but on the lower end as it relates to workforce.

While the above comparative information can provide some perspective when paralleling Manhattan Beach's fees with other jurisdictions, another key factor to consider is when a comprehensive analysis was last undertaken. The following table outlines when the last fee analysis was conducted by each surveyed jurisdiction.

Table 36: Last Comprehensive Fee Analysis

Jurisdiction	Response
Beverly Hills	2018
Culver City	2013
El Segundo	2018
Hermosa Beach	2016
Laguna Beach	2016
Redondo Beach	n/a
Santa Monica	2013
Torrance	2017

As the table above indicates, the only comparable jurisdictions that have not done a comprehensive fee study in the last 5 years are Culver City and Santa Monica.

Along with keeping these statistics in mind, the following issues should also be noted regarding the use of market surveys in the setting of fees for service:

- Each jurisdiction and its fees are different, and many are not based on actual cost of providing services.
- The same "fee" with the same name may include more or less steps or sub-activities. In addition, jurisdictions provide varying levels of service and have varying levels of costs associated with providing services such as staffing levels, salary levels, indirect overhead costs, etc.

In addition to the issues noted above, market surveys can also run the risk of creating a confusing excess of data that will obscure rather than clarify policy issues. Because each jurisdiction is different, the Matrix Consulting Group recommends that the information contained in the market comparison of fees be used as a secondary decision-making tool, rather than a tool for establishing an acceptable price point for services.

On average, the survey showed that the City's fees are in line with the jurisdictions surveyed, with some fees higher than other jurisdictions and other fees significantly lower.

18. Cost Recovery

The following sections provide guidance regarding how and where to increase fees, determining annual update factors, and developing cost recovery policies and procedures.

1 FEE ADJUSTMENTS

This study has documented and outlined on a fee-by-fee basis where the City is under and over collecting for its fee-related services. City and Department management will now need to review the results of the study and adjust fees in accordance with Departmental and City philosophies and policies. The following dot points outline the major options the City has in adjusting its fees.

- **Over-Collection:** Upon review of the fees that were shown to be over-collecting for costs of services provided, the City should reduce the current fee to be in line with the full cost of providing the service.
- **Full Cost Recovery:** For fees that show an under-collection for costs of services provided, the City may decide to increase the fee to full cost recovery immediately.
- **Phased Increase:** For fees with significantly low cost recovery levels, or which would have a significant impact on the community, the City could choose to increase fees gradually over a set period of time.

The City will need to review the results of the fee study and associated cost recovery levels and determine how best to adjust fees. While decisions regarding fees that currently show an over-recovery are fairly straight forward, the following subsections, provide further detail on why and how the City should consider either implementing Full Cost Recovery or a Phased Increase approach to adjusting its fees.

1 Full Cost Recovery

Based on the permit or review type, the City may wish to increase the fee to cover the full cost of providing services. Certain permits may be close to cost recovery already, and an increase to full cost may not be significant. Other permits may have a more significant increase associated with full cost recovery.

Increasing fees associated with permits and services that are already close to full cost recovery can potentially bring a Department's overall cost recovery level higher. Often, these minimal increases can provide necessary revenue to counterbalance fees which are unable to be increased.

The City should consider increasing fees for permits for which services are rarely engaged to full cost recovery. These services often require specific expertise and can involve more complex research and review due to their infrequent nature. As such, setting these fees at full cost recovery will ensure that when the permit or review is requested, the City is recovering the full cost of its services.

2 Phased Increases

Depending on current cost recovery levels some current fees may need to be increased significantly in order to comply with established or proposed cost recovery policies. Due to the type of permit or review, or the amount by which a fee needs to be increased, it may be best for the City to use a phased approach to reaching their cost recovery goals.

As an example, you may have a current fee of \$200 with a full cost of \$1,000, representing 20% cost recovery. If the current policy is 80% cost recovery, the current fee would need to increase by \$600, bringing the fee to \$800, in order to be in compliance. Assuming this particular service is something the City provides quite often, and affects various members of the community, an instant increase of \$600 may not be feasible. Therefore, the City could take a phased approach, whereby it increases the fee annually over a set period until cost recovery is achieved.

Raising fees over a set period of time not only allows the City to monitor and control the impact to applicants, but also ensure that applicants have time to adjust to significant increases. Continuing with the example laid out above, the City could increase the fee by \$150 for the next four years, spreading out the increase. Depending on the desired overall increase, and the impact to applicants, the City could choose to vary the number of years by which it chooses to increase fees. However, the project team recommends that the City not phase increases for periods greater than five years, as that is the maximum window for which a comprehensive fee assessment should be completed.

2 ANNUAL UPDATES

Conducting a comprehensive analysis of fee-related services and costs annually would be quite cumbersome and costly. The general rule of thumb for comprehensive fee analyses is between three and five years. This allows for jurisdictions to ensure they account for organizational changes such as staffing levels and merit increases, as well as process efficiencies, code or rule changes, or technology improvements.

Developing annual update mechanisms allow jurisdictions to maintain current levels of cost recovery, while accounting for increases in staffing or expenditures related to permit services. The two most common types of update mechanisms are Consumer Price Index

(CPI) and Cost of Living Adjustment (COLA) factors. The following points provide further detail on each of these mechanisms.

- **COLA / Personnel Cost Factor:** Jurisdictions often provide their staff with annual salary adjustments to account for increases in local cost of living. These increases are not tied to merit or seniority, but rather meant to offset rising costs associated with housing, gas, and other livability factors. Sometimes these factors vary depending on the bargaining group of a specific employee. Generally speaking these factors are around two or three percent annually.
- **CPI Factor:** A common method of increasing fees or cost is to look at regional cost indicators, such as the Consumer Price Index. These factors are calculated by the Bureau of Labor Statistics, put out at various intervals within a year, and are specific to states and regions.

The City should review its current options internally (COLA) as well as externally (CPI) to determine which option better reflects the goals of departments and the City. If choosing a CPI factor, the City should outline which particular CPI should be used, including specific region, and adoption date. If choosing an internal factor, again, the City should be sure to specify which factor if multiple exist.

3 POLICIES AND PROCEDURES

This study has identified the permit areas where the City is under-collecting the cost associated with providing services. This known funding gap is therefore being subsidized by other City revenue sources. Based on the information provided in this report, at a global or per unit level, the City may not have any issues with using non-fee related revenue to account for the current deficit.

Development of cost recovery policies and procedures will serve to ensure that current and future decision makers understand how and why fees were determined and set, as well as provide a road map for ensuring consistency when moving forward. The following subsections outline typical cost recovery levels and discuss the benefits associated with developing target cost recovery goals and procedures for achieving and increasing cost recovery.

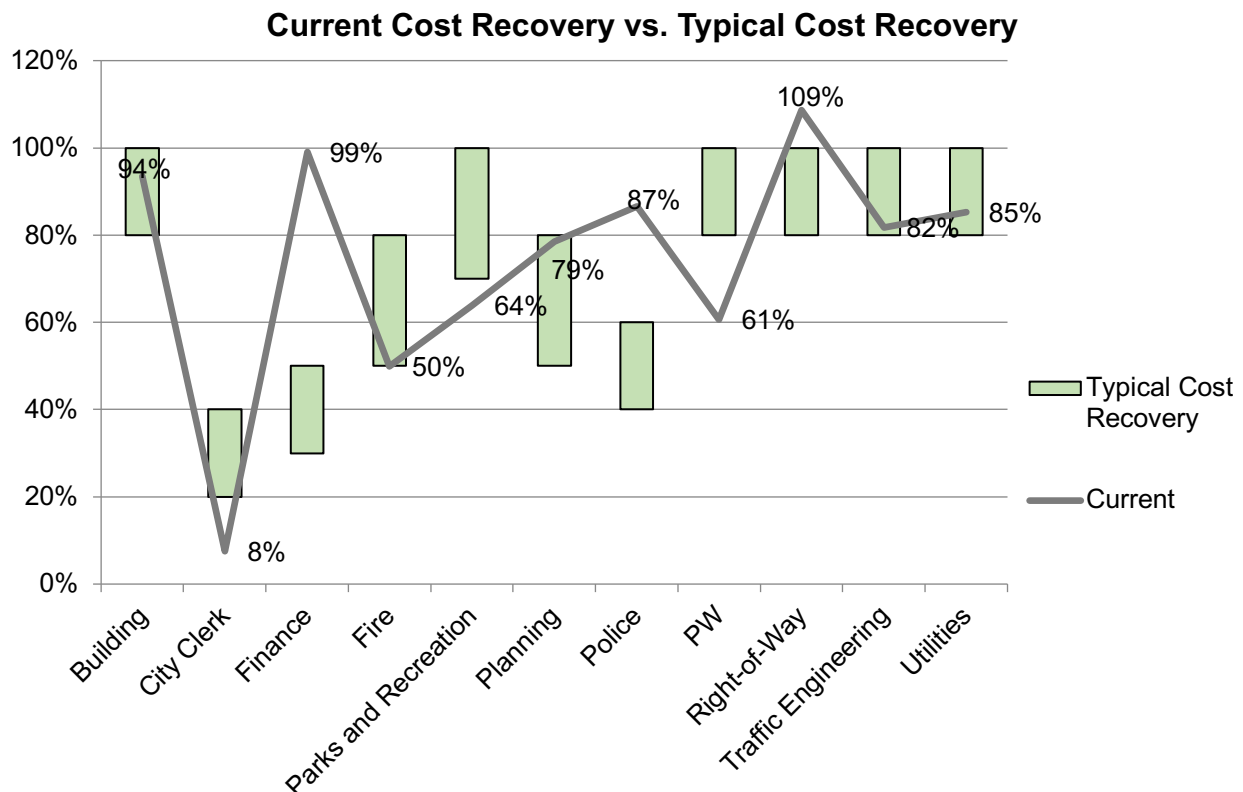
1 Typical Cost Recovery

The Matrix Consulting Group has extensive experience in analyzing local government operations across the United States and has calculated typical cost recovery levels. The table on the following page outlines these cost recovery levels by department.

Table 37: Typical Cost Recovery Levels by Department

Department	Typical Cost Recovery
Building	80-100%
City Clerk	20-40%
Finance	30-50%
Fire	50-80%
Parks and Rec ⁴	70-100%
Planning	50-80%
Police	40-60%
Public Works	80-100%
Right-of-Way	80-100%
Traffic Engineering	80-100%
Utilities	80-100%

Information presented in the table above is based on the Matrix Consulting Group's experience in analyzing local government's operations across the United States and in California and reflects the *typical* cost recovery levels observed by local adopting authorities. The following graph depicts how Manhattan Beach compares to industry cost recovery standards.



The graph indicates that the City is currently above typical cost recovery levels for

⁴ For purposes of this analysis Parks and Recreation fees are in relation to special event permits and filming permits, which generally have a higher cost recovery than youth sports or program-based activities.

Finance, Police, and Right-of-Way Fees. The City is within the range of cost recovery for Building, Fire, Parks and Recreation, Planning, Traffic Engineering, and Utilities. The City is below the typical cost recovery seen for City Clerk and Public Works fees.

2 Development of Cost Recovery Policies and Procedures

The City should review the current cost recovery levels and adopt a formal policy regarding cost recovery. This policy can be general in nature and can apply broadly to the City as a whole, or to each department and division specifically. A department specific cost recovery policy would allow the City to better control the cost recovery associated with the different types of services being provided and the benefit being received by the community.