



Cost of Services Study

City of Lompoc

December 5, 2023

The logo for RCS consists of the letters "RCS" in a bold, sans-serif font. The "R" and "C" are white, and the "S" is yellow. The logo is set against a dark blue, trapezoidal background.

RCS



PROJECT OVERVIEW



- a. Last Comprehensive User Fee Study – 2018
- b. Project Kick-Off – July 2022
- c. Data Used – FY 2021-22
- d. Scope of work – Comprehensive User Fee Update

Eric Johnson
President



Revenue & Cost Specialists founded in 1980

- Cost Allocation Plans
- User Fee Studies
- Impact Fee Studies
- Long-Term Financial Plan

Chu Thai
Partner



LOMPOC FEE STUDY ILLUSTRATED





CALCULATING FULL COST OF SERVICES



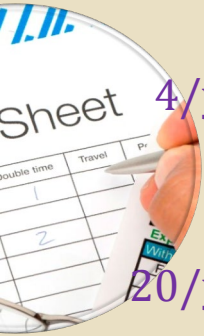
LOMPOC SERVICES & USER FEES | Minor Use Permit | Adult Business Minor Use Permit | Conditional Use Permit | Mining Conditional Use Permit | Design Review | Architectural Review | Density Bonus | Pre-Application/Conceptual Review | Amendment To Existing Permit | Zone Change Review | General Plan Amendment | Specific Plan Review | Specific Plan Amendment Review | Sphere Of Influence Amendment | Development Agreement Review | Annexation Request | Special District Annexation Request | Mining Application | Mining Reclamation Plan | Wireless Master Deployment Plan | Variance Review | Reasonable Accommodation | Environmental Categorical Exemption | Environmental Negative Declaration | Environmental Impact Report Review | Tentative Parcel Map Review | Tentative Tract Map Review | Reversion To Acreage | Lot Line Adjustment | Lot Merger | Certificate Of Compliance | Certificate Of Appropriateness | Parking Plan Review | Minor Time Extension | Major Time Extension | Deposit Based Development Services | Large Home Day Care Permit | Designation Of Landmark | Land Use Clearance - Ministerial | Land Use Clearance - Minor TI | Land Use Clearance - Large Non-Bill | Landscape Plan Review | Sign Program Review | Planning Sign Permit | Temporary Sign Permit | Temporary Use Permit | AUP - Home Use/Cottage Food Permit | AUP - Outdoor Display | AUP - Nonconforming Status | New Cannabis Business Review | Renewal Cannabis Business Review | Mobile Vendor Permit | Minor Modification | Planning Permit Modification/Revocation | Animal Permit | Zoning Verification/Rebuild Letter | Street Name Change | Address Change | Business License Review | Appeal to the Planning Commission | Appeal to the City Council | Estimate of Development Fees | General Plan Maintenance | Community Development Technology | Document Imaging | Grading Plan Review | Grading Inspection | Building Plan Review/Inspection | Appeal Of Building Decision | Stormwater Building Plan Review | Stormwater Grading Plan Review | Stormwater Pollution Prevention Plan Review | Stormwater Business Inspection | Stormwater Stop Work Order | Stormwater Additional Services | Stormwater Development Inspection | Cult. Resources Overlay Exemption | Cult. Resources Overlay Review | Concrete Encroachment Permit | Trench Encroachment Permit | Water Utility Connection Permit | Sewer Connection Permit | Gas Company Inspection Permit | Lane Closure Encroachment Permit | Permanent Encroachment Permit | Temporary Encroachment Permit | Overwide/Long Load Permit | Flood Hazard Waiver Letter | New Loan Credit Report | Title Report | Housing Environmental Processing | Home Inspection | Lead Based Paint Inspection | Housing Tax Services | Loan Processing | Demand Notice | Reconveyance | Subordination Review | Termite Inspection | Housing Recording | Print Statement - Housing | Loan Servicing | Housing Monitoring | Housing Income Certification | Public Disturbance Response | Police False Alarm Response | Police Alarm Permit | DUI Accident Response | Vehicle Impound Release | Vehicle Repossession Processing | Misdemeanor Booking Processing | Vin Verification | Citation Sign-Off | Bicycle License | Concealed Weapons Permit | Police Document Copy | Clearance Letter | Fingerprinting | Tow Business Permit | Taxi Business Permit | Taxi Driver Permit | Massage Business Review | Non-Certified Massage Therapist Permit | Cabaret Permit | Fortune Teller Permit | Secondhand Dealer Permit | Firearms Dealer Permit | Private Security Guard Permit | Solicitor Permit | Miscellaneous Police Permit | Appeal of Police Issue to Council | Fire Permits/Inspections | City Operated Youth Sports Programs | City Operated Adult Sports Programs | Youth & Teen Programs | Adult Contract Recreation Classes | Adaptive Programs | Recreation Swim/Lap Swim | Swim Lessons | Water Exercise Class | Lifeguard/Water Safety Classes | Pool Special Events | Pool Rental | School District Pool Use | Private Special Event Support | City Special Events | Swap Meet | Facility/Park Rentals | Passport Processing | Block Party Permit | River Park Campground | Damaged Library Materials Process | Library Card Replacement | Self-Serve Library Copier/Printer | Permanent Electric Meter Install | Temporary Electric Meter Install | Permanent Electric Service Install | Temporary Electric Service Install | Electric Panel Upgrade | Electric Line Extension/Upgrade | Electric Pole Cut/Reconnect | Delinquent Electric Turn-Off/On | Requested Electric Turn-Off/On | Delinquent Utility Turn-Off/On | New Utility Account | Utility Meter Test | Temporary Water Meter Rental | Water Meter Installation | Recycled Water Construct Use Admin | Backflow Device Testing | Grease Trap/Interceptor Inspection | Wastewater Discharge Permit - Class II Bmp | Wastewater Discharge Permit - Zero Cat User | Wastewater Discharge Permit - Class II User | Wastewater Discharge Permit - Class I User | Wastewater Discharge Permit - Enforcement | Wastewater Discharge Permit - Category Zero | Wastewater Additional Services/Insp | Solid Waste Management Plan | Roll-Off Provider Permit | Public Property Clean Up | Asphalt Paving | New Business License Application | Business License Renewal | Public Gathering Permit | Carnival & Dance Permit | Document Copy | Electronic File Copy | Candidate Filing | Initiative Filing | Credit Card Processing | Garage Sale Permit | NSF Check Processing | [Recreation Facility Management](#) | [Recreation Facility Maintenance](#) | [Pool Maintenance](#) | [Police/Jail Services](#) | [Abandoned Vehicle Abatement](#) | [Animal Control Services](#) | [Medical Response/Fire Services](#) | [Code Enforcement Services](#) | [Right-Of-Way Maintenance](#) | [Traffic Safety Services](#) | [Downtown R-O-W Maintenance](#) | [Stormwater Services](#) | [Parks Maintenance](#) | [Urban Forestry](#) | [Cip Project Management](#) | [Infrastructure GIS Services](#) | [Advanced Planning Services](#) | [Planning Customer Service](#) | [Housing Services](#) | [Economic Development](#) | [CSBG Services](#) | [Successor Agency Services](#) | [Assessment Redemption Debt Service](#) | [Water Services](#) | [Wastewater Services](#) | [Solid Waste Services](#) | [Electric Services](#) | [Broadband Services](#) | [Recreation Services](#) | [Senior Programs](#) | [Youth Commission Support](#) | [Special Olympics](#) | [School District Facility Use](#) | [Human Services](#) | [Beautification](#) | [Library Services](#) | [Fixed Route Transit Services](#) | [Dial-A-Ride Transit Services](#) | [Airport Services](#) | [PEG Tv Access Services](#)

ALLOCTING PEOPLE AND TIME



12/yr Conditional Use Permit ✓

- Project Planner (20 hrs), CD Director (2 hrs)



4/yr Home Occupation Permit ✓

- Project Planner (.5 hrs)

20/yr New Business Application ✓

- Accounting Tech (.25 hrs)

Service &

Spent 1/yr Wireless Telecom ADD

A

- Contract Engineer (2.0 hrs)

l fee services

staff times 28/yr Payroll Processing ✓

- Accounting Tech (6.0 hrs/PY Batch)

umber of units

% of City Services

365 days Police Patrol ✓

- Police Officer (6 FTE)



ne
vices

to 100%
& FBHR to
es
costs
of Services

B



Establish Service & Time Spent

- Identify all fee services
- Allocate staff times
- Estimate number of units
- *Allocate 100% of City Services*

A

DISCUSS FINDINGS



Calculate the Full Cost of Services

- Balance positions to 100%
- Apply overheads & FBHR to service times
 - Allocate direct costs
- **Calculate Full Cost of Services**

D

C

B

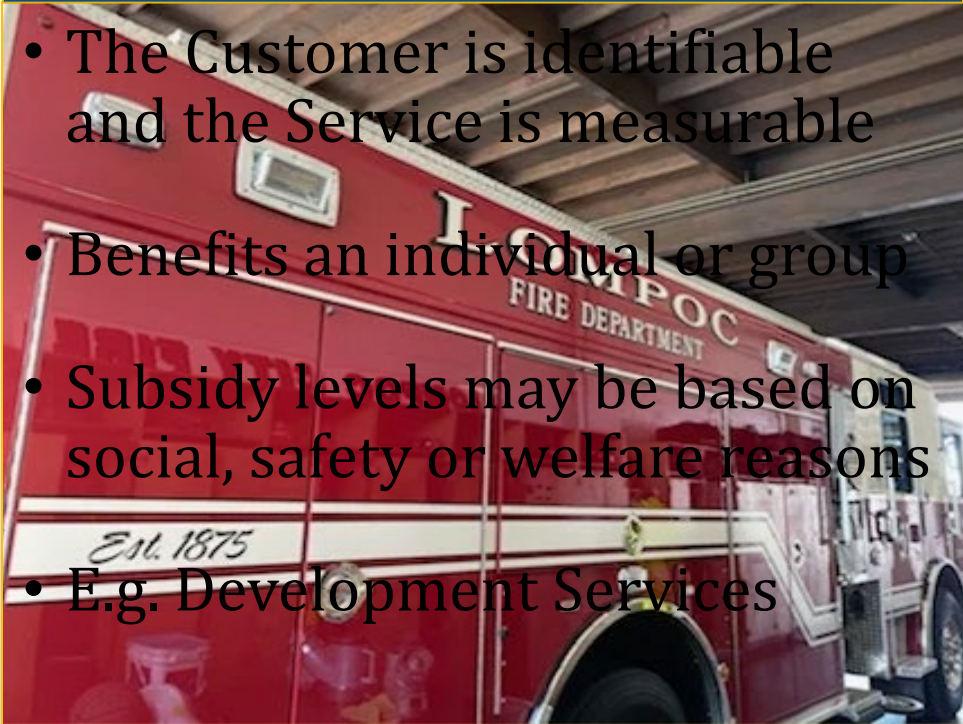
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TAX vs FEE

Community Support (Tax) Services

- Typically benefits community as a whole
- 100% supported by tax dollars
 - ✓ E.g. Public safety, street maintenance, park maintenance and code enforcement

Personal Choice (Fee) Services



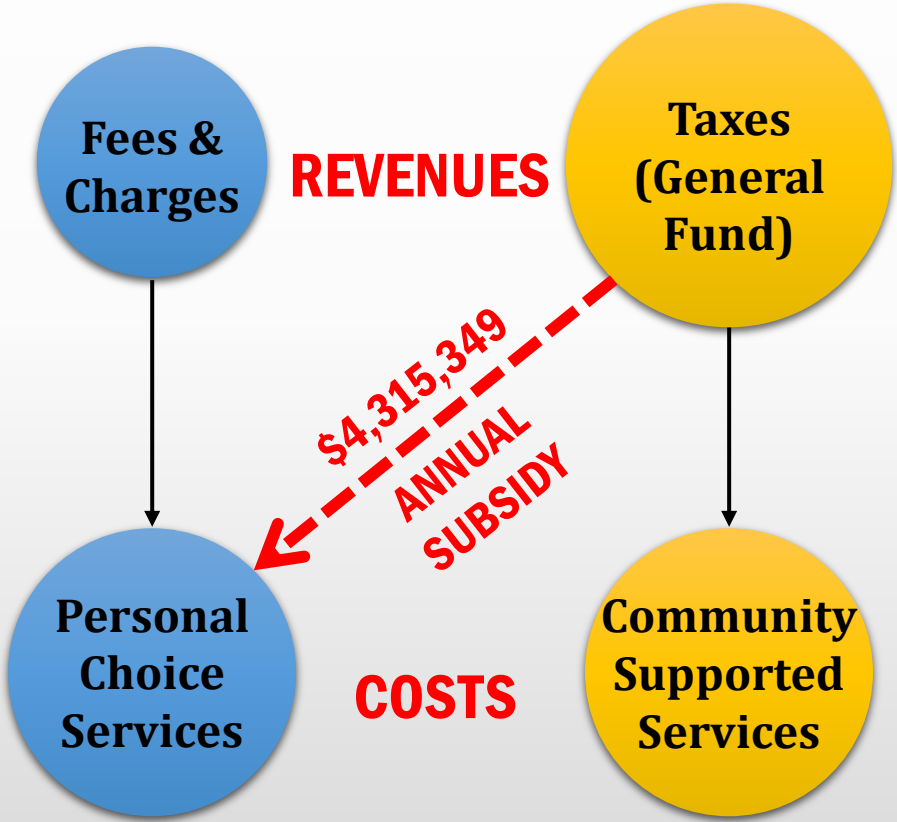
- The Customer is identifiable and the Service is measurable
- Benefits an individual or group
- Subsidy levels may be based on social, safety or welfare reasons
- E.g. Development Services

FULL COST OF FEE SERVICES



Fees pay for Personal Choice Services

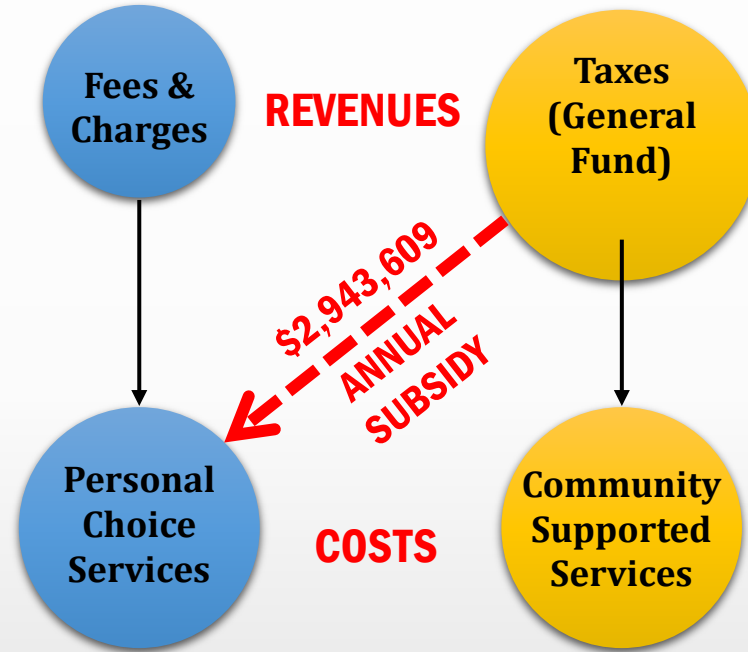
- User is identifiable
- Service is measurable
- Benefits an individual or group
- E.g. Development permit/inspection, water service, facility rental



Taxes pay for Community Support Services

- User cannot select the service
- Service benefits community as a whole
- 100% supported by tax dollars
 - ✓ E.g. Patrol, street maintenance, tree maintenance, City special events

REDUCED SUBSIDY/ IMPROVED COST RECOVERY



SERVICE	TOTAL FEE REVENUE	TOTAL SERVICE COST	TOTAL PROFIT/ (SUBSIDY)	PCT. RECOVERY FROM FEES		POSSIBLE NEW REVENUE
				ACTUAL	SUGGEST	
COMMUNITY DEVELOPMENT	\$210,241	\$1,185,157	(\$974,916)	17.7%	VAR.	\$219,600
PUBLIC WORKS	\$577,724	\$995,970	(\$418,246)	58.0%	VAR.	\$415,800
HOUSING	\$27,830	\$39,931	(\$12,101)	69.7%	VAR.	\$6,400
PUBLIC SAFETY	\$442,416	\$1,090,392	(\$647,976)	40.6%	VAR.	\$91,400
LEISURE & CULTURAL	\$1,245,197	\$2,823,472	(\$1,578,275)	44.1%	VAR.	\$0
UTILITIES	\$799,980	\$1,111,803	(\$311,823)	72.0%	VAR.	\$253,200
ADMINISTRATION	\$46,278	\$418,290	(\$372,012)	11.1%	VAR.	\$385,340
ALL FEE SERVICES	\$3,349,666	\$7,665,015	(\$4,315,349)	43.7%		\$1,371,740



Proposition 4 (1979)

- Defined service fees as being limited to the full costs of providing the service.
- Rents and fines are exempted from cost recovery limitations.

Proposition 218 (1996)

- Placed limits on the creation and updates of property-related fees.

Proposition 26 (2010)

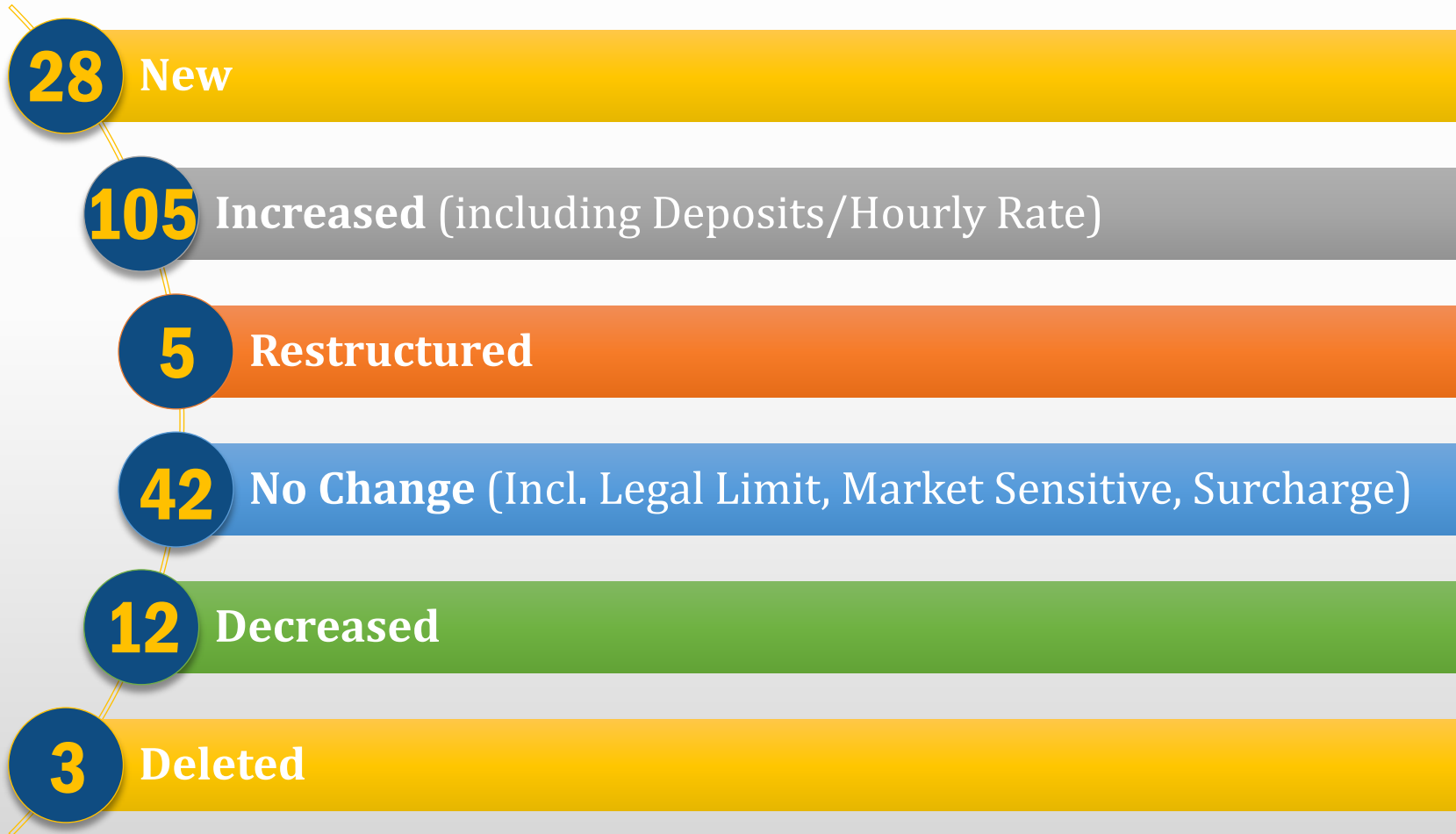
- Codified existing fee-setting practices as Article XIIC of the State Constitution.
- Fees must be for a service directly benefitting the fee payor.



COMPREHENSIVE UPDATE



REPORT SUMMARY – 195 FEE SERVICES





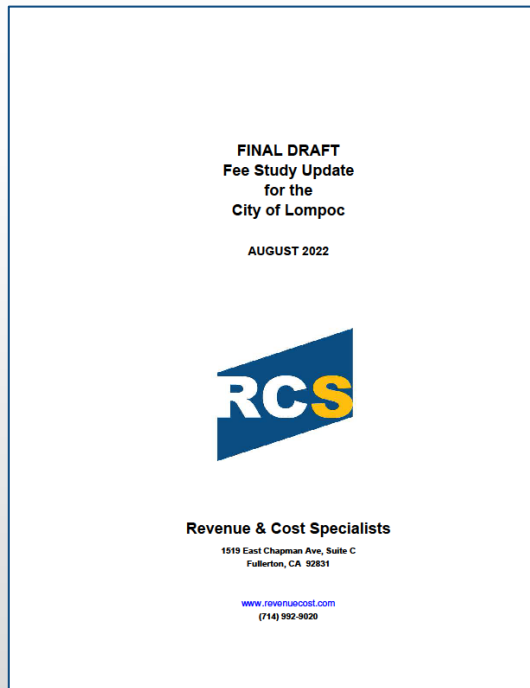
FISCAL IMPACT



SERVICE	TOTAL FEE REVENUE	TOTAL SERVICE COST	TOTAL PROFIT/ (SUBSIDY)	PCT. RECOVERY FROM FEES		POSSIBLE NEW REVENUE
				ACTUAL	SUGGEST	
COMMUNITY DEVELOPMENT	\$238,041	\$1,216,962	(\$978,921)	19.6%	VAR.	\$223,600
PUBLIC WORKS	\$577,724	\$995,970	(\$418,246)	58.0%	VAR.	\$415,800
HOUSING	\$27,830	\$39,931	(\$12,101)	69.7%	VAR.	\$6,400
PUBLIC SAFETY	\$442,416	\$1,090,392	(\$647,976)	40.6%	VAR.	\$91,400
LEISURE & CULTURAL	\$1,245,197	\$2,823,472	(\$1,578,275)	44.1%	VAR.	\$0
UTILITIES	\$799,980	\$1,111,803	(\$311,823)	72.0%	VAR.	\$253,200
ADMINISTRATION	\$46,278	\$418,342	(\$372,064)	11.1%	VAR.	\$385,440
ALL FEE SERVICES	\$3,377,466	\$7,696,872	(\$4,319,406)	43.9%		\$1,375,840



- DISCUSS METHODOLOGY
- IDENTIFY ALLOWABLE COSTS
- SUMMARIZE FISCAL IMPACT



APPENDIX A – RECOMMENDED FEES FOR ADOPTION

REF #: S-001		TITLE: MINOR USE PERMIT	
<u>CURRENT FEE</u>		<u>RECOMMENDED FEE</u>	
\$360 plus \$1,000 deposit with charges at the fully allocated hourly rates for project planners and engineers and outside costs.		\$565 plus \$2,000 deposit with charges at the fully allocated hourly rates for project planners and engineers and outside costs.	
REF #: S-001A		TITLE: ADULT BUSINESS MINOR USE PERMIT	
<u>CURRENT FEE</u>		<u>RECOMMENDED FEE</u>	
\$360 plus \$1,000 deposit with charges at the fully allocated hourly rates for project planners and engineers and outside costs.		\$285 plus \$2,000 deposit with charges at the fully allocated hourly rates for project planners and engineers and outside costs.	
REF #: S-002		TITLE: CONDITIONAL USE PERMIT	
<u>CURRENT FEE</u>		<u>RECOMMENDED FEE</u>	
\$495 plus \$2,000 deposit with charges at the fully allocated hourly rates for project planners and engineers and outside costs.		\$1,865 plus \$4,000 deposit with charges at the fully allocated hourly rates for project planners and engineers and outside costs.	
REF #: S-002A		TITLE: MINOR CONDITIONAL USE PERMIT	
<u>CURRENT FEE</u>		<u>RECOMMENDED FEE</u>	
\$1,890 plus \$2,000 deposit with charges at the fully allocated hourly rates for project planners and engineers and outside costs.		\$1,935 plus \$5,000 deposit with charges at the fully allocated hourly rates for project planners and engineers and outside costs.	

COST OF SERVICES STUDY



APPENDIX B – SUPPORTING CALCULATION WORKSHEETS

SERVICE MINOR USE PERMIT		REFERENCE NO. S-001	
PRIMARY DEPARTMENT PLANNING	UNIT OF SERVICE APPLICATION	SERVICE RECIPIENT Developer/Resident/Business	
DESCRIPTION OF SERVICE Review of a proposed minor use to determine conformance with City codes and standards.			
CURRENT FEE STRUCTURE \$360 plus \$1,000 deposit with charges at the fully allocated hourly rates for project planners and engineers and outside costs.			
REVENUE AND COST COMPARISON			
UNIT REVENUE:	\$1,910.00	TOTAL REVENUE:	\$3,820
UNIT COST:	\$2,464.50	TOTAL COST:	\$4,929
UNIT PROFIT (SUBSIDY):	\$(554.50)	TOTAL PROFIT (SUBSIDY):	\$(1,109)
TOTAL UNITS:	2	PCT. COST RECOVERY:	77.50%
SUGGESTED FEE FOR COST RECOVERY OF: 100%			
\$565 plus \$2,000 deposit with charges at the fully allocated hourly rates for project planners and engineers and outside costs.			

SERVICE MINOR USE PERMIT		REFERENCE NO. S-001				
NOTE Unit Costs are an Average of Total Units		TOTAL UNITS 2				
<u>DEPARTMENT</u>	<u>POSITION</u>	<u>TYPE</u>	<u>UNIT TIME</u>	<u>UNIT COST</u>	<u>ANN. UNITS</u>	<u>TOTAL COST</u>
POLICE SERVICES	PD SERGEANT		0.50	\$79.11	2	\$158
PLANNING	DEV SVCS ASST I		2.00	\$204.68	2	\$409
PLANNING	PLANNING MANAGER		2.00	\$506.14	2	\$1,012
PLANNING	ASSOC/PRIN PLANNER		7.75	\$1,394.46	2	\$2,789
BUILDING INSPECTION	BLDG & SAFETY SVCS MGR		0.75	\$220.30	2	\$441
ENGINEERING		Contract 30 Min	0.00	\$60.00	2	\$120
		TYPE SUBTOTAL	13.00	\$2,464.69		\$4,929
		TOTALS	13.00	\$2,464.50		\$4,929

CITY COUNCIL DECIDES FINAL TAX SUBSIDY



- Fee studies should be performed every 4-5 years to identify full cost of city services. Last Fee Study was 2018
- This study identified the full costs of services using FY 2021-22 data.
- RCS and City Staff have made fee recommendations based on best practice.
- It is now up to the City Council to decide if fee-based services should be charged the full cost, or should they be subsidized with tax dollars.



Questions?

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RCS

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