

Report on the Cost of Services (User Fee) Study

CITY OF CITRUS HEIGHTS, CALIFORNIA

matrix 
consulting group

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1. Introduction and Executive Summary

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

1 PROJECT BACKGROUND AND SCOPE OF WORK

The Matrix Consulting Group analyzed the cost of service relationships that exist between fees for service activities in the following departments: Building, City Clerk, Facilities, Finance, Planning, Police, and Public Works. 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 Program. 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 types of costs applied in establishing the “full” cost of services provided by the City:

Table 1: Cost Components Overview

Cost Component	Description
Direct	Fiscal Year 2018/19 Budgeted salaries, benefits and allowable expenditures.
Indirect	Division, departmental and citywide administration / management and clerical support.

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:

- **Departmental Staff Interviews:** The project team interviewed Departmental staff regarding their needs for clarification to the structure of existing fee items, or for addition of new fee items.

- **Data Collection:** Data was collected for each permit / service, including time estimates. In addition, all budgeted costs and staffing levels for Fiscal Year 18/19 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. Cross-checks including allocation of not more than 100% of staff resources to both fee and non-fee related activities assured the validity of the data used in the Study.
- **Review and Approval of Results with City Staff:** Department management has 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 Fiscal Year 18/19 fee-related budgeted expenditures with fee-related revenue generated in Fiscal Year 17/18 the City is under-recovering its costs by approximately \$1.7 million and recovering about 54% of its budgeted costs annually. The following table outlines these results on a departmental basis:

Table 2: Annual Cost Recovery Analysis

Department	Revenue at Current Fee	Total Annual Cost	Annual Surplus / (Deficit)	Cost Recovery %
Building	\$1,109,684	\$2,272,219	(\$1,162,535)	49%
Planning	\$393,257	\$583,863	(\$190,606)	67%
Police	\$275,383	\$577,697	(\$302,314)	48%
Engineering	\$199,717	\$202,139	(\$2,422)	99%
TOTAL	\$1,978,041	\$3,635,918	(\$1,657,877)	54%

As the table indicates, approximately \$1.2 million of the \$1.7 million subsidy is related to building services and Police has the next highest subsidy at \$302,000. Based upon this analysis, the primary focus of the City's increase towards cost recovery should be the fees charged for building services.

While the detailed documentation of the Study will show an over-collection for some fees (on a per unit basis), and an undercharge for others, overall, the City is providing an annual subsidy to fee payers for all services included in the 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, 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 service area 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 the previous study, 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.

In between comprehensive updates, the City could utilize published industry economic factors such as Consumer Price Index (CPI) or other regional factors to update the cost calculations established in the Study on an annual basis. Alternatively, 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.

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 3: 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 3, 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 or the Council 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. An example includes time spent copying and retrieving public documents.
- **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 charging a water heater in residential home is higher than the cost of the water heater itself, many citizens will avoid pulling the permit.
- **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 Recreation programs such as camps or enrichment classes, where participants may compare the City's fees to surrounding jurisdictions or other options for support activities.

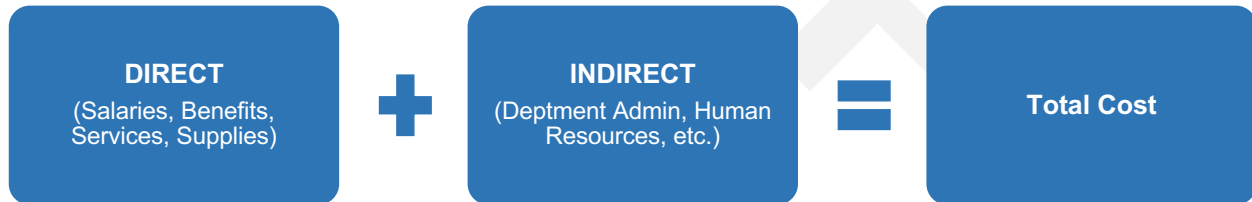
- **Benefit received by user of the service and the community at large is mutual.** Many services that directly benefit a group or individual equally benefit the community as a whole. Examples include Recreation programs, Planning Design Review, historical dedications and certain types of special events.

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 Council 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 Council 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 the 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 itemized within the current fee schedule.

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 Department staff under separate cover from this summary report.

5. City Clerk

The City Clerk's office is responsible for a wide variety of functions that support internal City Departments, as well as residents and visitors. The City Clerk charges fees for two services: Initiative Petition and Candidate Filing. The following subsections provide an overview of modifications made to the City Clerk fee schedule, and a detailed per unit analysis. An annual analysis and comparison to other jurisdictions was not performed.

1 FEE SCHEDULE MODIFICATIONS

The only modification made to the City Clerk fee schedule was to combine the Initiative Petition and Petition Filing Fees, as they are both covered under the same state statute.

2 DETAILED RESULTS

The two fees currently charged by the City Clerk, are all set by state statute, and were only assessed to ensure compliance with current codes. The following table details the title / name, and current fee being charged for City Clerk services.

Table 4: Current City Clerk Fees

Fee Name	Current Fee
Initiative Petition / Petition Filing Fee	\$200
Candidate Filing Fee	\$25

The Candidate filing fee is set per the California Election Code, Section 10228, with a limit of \$25. The Initiative Petition filing fee is set under Section 9202b of the California Election Code, with a limit of \$200. Currently all fees being charged by the City Clerk are in compliance with state guidelines, and do not need to be adjusted.

3 ANNUAL RESULTS

Due to the state set fee limitations, and the limited number of filings processed by the City Clerk, annual revenue was not determined.

4 JURISDICTIONAL COMPARISON

A jurisdictional comparison was not conducted, as all California municipalities are required to adhere to the California Election Code, and fee limitations.

6. Finance

The primary role of the Finance division is to maintain and report the City's accounting systems, complete required financial reporting, manage the City's financial investments, and facilitate the preparation and implementation of the City's budget. Currently the division provides four services for which fees are assessed: Returned Check, Copies, Notary, and Documentation (per media type). The following subsections provide an overview of the modifications made to the Finance fee schedule, and the detailed per unit analysis. Annual impacts and comparison to other jurisdictions was not performed.

1 FEE SCHEDULE MODIFICATIONS

In discussions with City staff, it was determined that the only modification needed was to add a fee for Returned Check – Each subsequent check, for the occasions where someone's check is returned more than one time.

2 DETAILED RESULTS

Three of the four fees charged by Finance are set by state statutes, and were only assessed to ensure compliance with current codes. The Documentation (per media type) fee is a materials based fee meant to account for supplies costs associated with CD's, USB's or other electronic media devices used for providing document requests. The following table details the title / name, and current fee being charged by Finance.

Table 5: Current Finance Fees

Fee Name	Current Fee
Returned Check – First Check	\$25
Returned Check – Each Subsequent Check	\$32
Copies – Per Page	\$0.20
Notary	\$15
Documentation (per media type)	\$3

The current Returned Check fee, along with the proposed Subsequent Check fee are governed by the California Civil Code Section 1719, which limits fees for the first returned check to \$25, and each subsequent check to \$35. The current fee, and proposed subsequent check fee, are in compliance with current regulations.

The Public Records Act limits the per page copy cost to \$0.25. The City's current fee of \$0.20 is in compliance, and does not need to be adjusted.

Notary fees are set by the Secretary of State under California Government Code section 12195(e), which limits fees at \$20 per signature. The City's current Notary fee of \$15 is lower than the posted limit, and could be increased.

The Documentation fee was developed by looking at the average cost associated with a USB, CD, DVD, or other media device. This fee should only be used when the City provides requested documentation on a media device, rather than printing the materials. Per Public Records Act, this fee is limited only to the cost of the materials.

3 ANNUAL REVENUE IMPACTS

Due to the state set fee limitations, and the limited number of returned checks, copies, and notarized forms processed by the Finance division, annual revenue was not determined.

4 JURISDICTIONAL COMPARISON

A jurisdictional comparison was not conducted, as the majority of these fees similar to the City Clerk are governed by state set regulations.

7. Facilities

The City of Citrus Heights currently operates two community centers with meeting and event space available for rent. The Citrus Heights Community Center is the largest facility, which can accommodate multiple events or meetings simultaneously, while the Sylvan Community Center is available for small gathers of around 50 people. Facility rentals are different from service based user fees in that they are governed by market rates rather than the total cost of the service. This exception exists as there is an intangible component to Facility Rentals which is the cost associated with the use of the space / land. This cost cannot be accurately captured without considering the private market rate for that space. Additionally, there are items such as the types of facility and the amenities available to consider.

The project team worked with City staff to identify the staff and overhead cost associated with facility rentals. IT is important to note that the cost calculated through this study is only representative of the staff time it takes to process these facility rentals and overhead associated with City facility maintenance. The cost per unit does not consider the market rate for facility cost per square foot or the cost for acquisition or land rental.

1 FEE SCHEDULE MODIFICATIONS

The current fee schedule developed by Facilities staff breaks out rental rates between Citrus Heights Residents and Non-Residents, and is a good reflection of the rooms and amenities available. Therefore, no major modifications were made to the current fee schedule.

2 DETAILED RESULTS

As aforementioned, the City currently assesses different rental rates depending on the status of the applicant, be they a resident of Citrus Heights, or a non-resident. Non-residents are assessed a higher fee than residents, which for purposes of this study, was assumed to be full cost. Residents, and local non-profit businesses that are headquartered in the City, have rates that range from between 67% and 92% cost recovery. The following subsections provide a comparison of non-resident rates to the costs calculated through this study, as well as a discussion regarding residential cost recovery and subsidies.

1 Non-Residential Per Unit Results

The cost calculated by the project team primarily focused on the direct and indirect costs associated with City staff processing facility rentals, as well as the citywide overhead

associated with facility maintenance. The following table shows by facility, the current non-resident rate, the total cost per unit, and the surplus / (deficit) per unit.

Table 6: Facility Rental Results – Per Unit

Fee Name	Current Non-Resident Fee	Total Cost Per Unit	Surplus / (Deficit)
COMMUNITY CENTER			
Event Packages			
Small Event (8 Hours Min) - South Flex Rooms or 1/3 Hall w/ Kitchen A or B	\$200	\$248	(\$48)
Medium Event (8 Hours Min) - 2/3 Hall w/ Kitchen A or B	\$275	\$811	(\$536)
Large Event (8 Hours Min) - Full Community Hall w/ Full Kitchen Use	\$300	\$1,457	(\$1,157)
Fundraising Large Package (10 Hours Min) - Full Hall, South Flex Rooms, East Flex Rooms, w/ Full Kitchen Use	\$425	\$1,656	(\$1,231)
Fundraising Small Package (10 Hours Min) - 2/3 Hall, South Flex Rooms, w/ Kitchen A or B	\$250	\$828	(\$578)
Room Rentals			
South Flex Rooms (4 Hour Min)			
Room A, B, and C	\$125	\$284	(\$159)
Room A or B and C	\$100	\$142	(\$42)
Room B or C	\$80	\$71	\$9
North Flex Rooms (2 Hour Min)			
Rooms A and B	\$100	\$310	(\$210)
Room A or B	\$60	\$155	(\$95)
East Flex Rooms (2 Hour Min)			
Rooms A, B, C, and D	\$150	\$361	(\$211)
Room A, B, C, or D	\$45	\$90	(\$45)
Community Senior Center (2 Hour Min) * Available Mon-Fri aver 5pm and Weekends - Center, Lounge, w/ Patio	\$125	\$103	\$22
Community Hall (8 Hour Min)			
Full Hall	\$275	\$1,324	(\$1,049)
2/3 Hall	\$200	\$590	(\$390)
1/3 Hall	\$150	\$295	(\$145)
Catering Kitchen (2 Hour Min)			
Full Kitchen	\$115	\$75	\$40
Kitchen A or B	\$100	\$37	\$63
SYLVAN CENTER			
One-Time Use (8 Hour Min)	\$5	\$120	(\$115)

Based on the staff and City costs identified, as well as the available rental hours for each facility, the City is showing a subsidy for the majority of its hourly rental rates. The rates which show a surplus, range from a low of \$9 an hour for Room B or C in the South Flex Rooms, to a high of \$63 for Kitchen A or B in the Catering Kitchen. Subsidies range from a low \$45 for Room A, B, C, or D in the East Flex Rooms, to a high of \$1,231 for the Fundraising Large Package.

The current fee of \$5 for the Sylvan Center accounts for the daily rental rate only. While an applicant will pay \$85 for the daily rate, \$80 of this is for insurance processing. As the

City is only keeping the \$5, we used this amount to compare with the total cost hourly rate of \$120. If the City were to charge full cost for rental of the Sylvan Center, it would need to collect \$200 (\$120 + \$80 insurance processing).

It is important to note that for those rooms or areas where the City is showing an “over-recovery” for facility rentals, there is no requirement for the fees to be reduced to the staff time for processing. The over-recovery indicates that at a minimum the City is at least recovering for its staff, administrative, and maintenance costs for that type of facility or space.

2 Residential Cost Recovery

The City is currently recovering an average of 79% of its residential rentals of its facilities. The following table shows for each rental type the current cost recovery level.

Table 7: Facility Rental Results – Residential Cost Recovery

Fee Name	Current Cost Recovery
COMMUNITY CENTER	
Event Packages	
Small Event (8 Hours Min) - South Flex Rooms or 1/3 Hall w/ Kitchen A or B	88%
Medium Event (8 Hours Min) - 2/3 Hall w/ Kitchen A or B	82%
Large Event (8 Hours Min) - Full Community Hall w/ Full Kitchen Use	83%
Fundraising Large Package (10 Hours Min) - Full Hall, South Flex Rooms, East Flex Rooms, w/ Full Kitchen Use	76%
Fundraising Small Package (10 Hours Min) - 2/3 Hall, South Flex Rooms, w/ Kitchen A or B	78%
Room Rentals	
<u>South Flex Rooms (4 Hour Min)</u>	
Room A, B, and C	80%
Room A or B and C	80%
Room B or C	75%
<u>North Flex Rooms (2 Hour Min)</u>	
Rooms A and B	80%
Room A or B	67%
<u>East Flex Rooms (2 Hour Min)</u>	
Rooms A, B, C, and D	80%
Room A, B, C, or D	78%
Community Senior Center (2 Hour Min) * Available Mon-Fri aver 5pm and Weekends - Center, Lounge, w/ Patio	92%
<u>Community Hall (8 Hour Min)</u>	
Full Hall	80%
2/3 Hall	75%
1/3 Hall	83%
<u>Catering Kitchen (2 Hour Min)</u>	
Full Kitchen	74%
Kitchen A or B	70%

The City should review the current cost recovery percentages identified above, and determine if individual cost recovery percentages are in line with the City's goals. Furthermore, the City should also determine if the current policy of individual cost recovery percentages is still appropriate, or if a singular cost recovery percentage should be developed for all rental types.

3 ANNUAL REVENUE IMPACTS

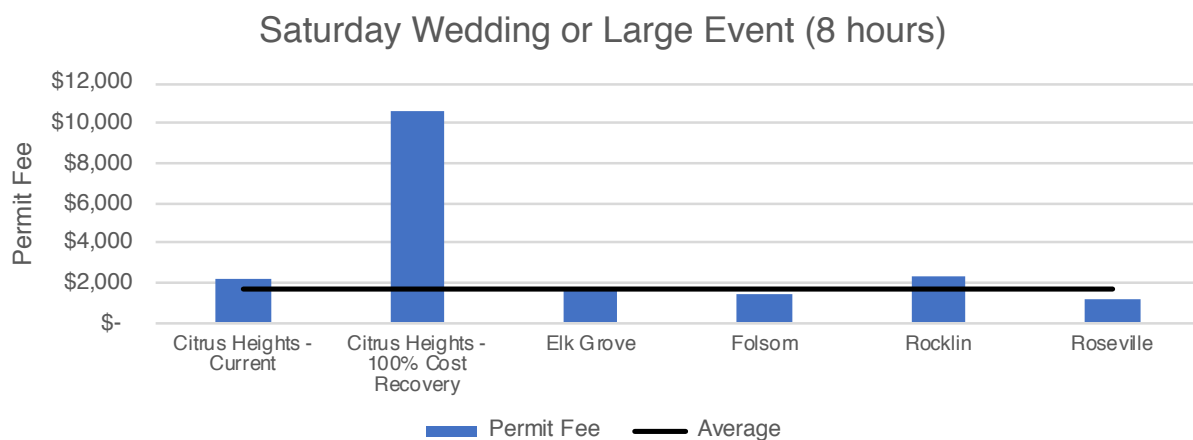
Annual results were not developed for Facilities, as the number and type of rentals can vary significantly, along with the category of renter (Resident vs Non-Resident).

4 JURISDICTIONAL COMPARISON

As part of this study, the City requested a comparison of how their current fees and total cost related to other similar sized and regionally located jurisdictions. To help compare the City's current room rental fees for the Community Center to other jurisdictions, the project team created scenarios. The following subsections provide a comparative look at two common Facility rental scenarios.

1 Saturday Wedding/Large Event

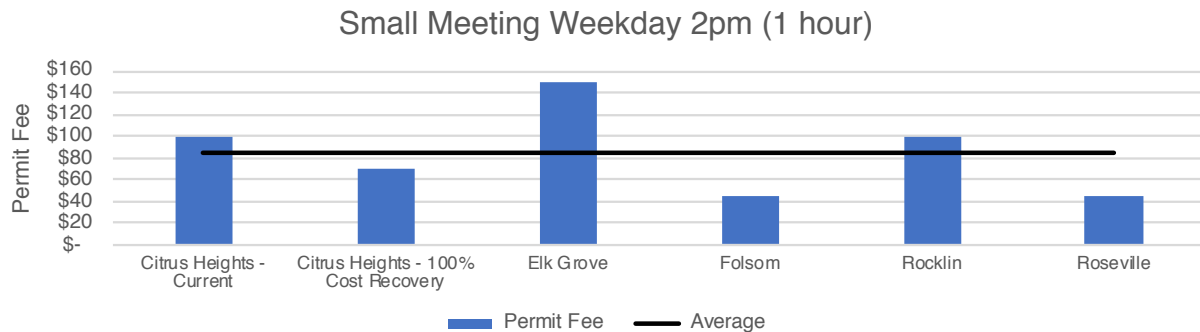
One popular scenario that would occur at Citrus Heights' Community Center is a large wedding or large corporate event booked for 8 hours on a Saturday reserving the entire Community Hall. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As the graph above indicates, the City's current rate is very close to the average of \$1,695 (or \$212 per hour), while the full cost is significantly higher at \$10,592. Folsom, Rocklin, and Roseville charge on a per hour basis whereas Elk Grove charges per event.

2 Small Meeting – 2pm Weekday (1 hour rental)

Another popular scenario that would occur at the Community Center is a small meeting during the week booked for an hour. For comparison purposes, the rate used for Citrus Heights was for the South Flex Room A. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As the graph shows, Citrus Heights' current fee is slightly above the average of \$85, while the full cost is just below. Elk Grove has the highest hourly rate of \$150, while Folsom and Roseville charge \$45 per hour.

8. Building

The Building and Safety Division is responsible for reviewing plans, issuing building permits, and doing field inspections of buildings to ensure compliance with local and state mandated regulations related to building construction, maintenance, rehabilitation, and accessibility. The fees examined within this study relate to Building Plan Check, Inspection, Mechanical, Electrical, Plumbing, and other Miscellaneous Building Permit Fees. The following subsections discuss modifications to the current fee, the total cost per unit results, the annual implications of the results, and a jurisdictional comparison.

1 FEE SCHEDULE MODIFICATIONS

During discussions with staff there were several areas where modifications were proposed to the current fee structure. The City's current building fees have not been comprehensively evaluated in over 10 years, and as such it was critical to not only evaluate the cost of service, but also ensure that the current fee schedule is still relevant and reflective of the types of services being provided by the Division. The following points summarize the types of modifications made to the Building Fee Schedule:

- **Removal of Permits:** Through discussions with division staff it was determined that fee categories associated with Power Apparatus, Sprinkler System, and Absorption Systems are no longer needed. The Sprinkler System and Absorption permits are now handled by Fire staff, and are no longer permitted by Building staff.
- **Expansion of Valuation Ranges:** The City's current valuation based plan check and inspection fees are capped at \$1 million valuation. Beyond \$1 million, the plan check and inspection fees increased exponentially, which does not necessarily correlate to the level of staff / contracted effort for those services. As such, the project team worked with staff to create additional valuation ranges, more reflective of the types of projects occurring in Citrus Heights and in the greater Sacramento Area. The recommended expansion is until \$10 million, and beyond \$10 million there is an exponential increase.

These proposed modifications to the Building Division fee schedule will help the City more accurately account for its support to the community.

2 DETAILED RESULTS – FLAT FEES

The Building division charges standalone and flat fees for Mechanical, Electrical, Plumbing services. 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 title / name, current fee, total cost, and surplus or deficit associated with each application.

Table 8: Total Cost Per Unit Results – Building Flat Fees

Fee Name	Current Fee / Deposit	Total Cost Per Unit	Surplus / (Deficit) per Unit
Building Permit Fees			
Permit Issuance Fee	\$68	\$313	(\$244)
Electrical Permits			
Service Panel			
60-200 amp	\$29	\$75	(\$46)
201-1,000 amp	\$58	\$150	(\$92)
Over 1,000 amps	\$117	\$300	(\$183)
Replacement of equipment panel	\$17	\$75	(\$58)
Sign Circuits	\$23	\$75	(\$52)
Temporary Power	\$23	\$75	(\$52)
Receptacles, Switches, Fixtures	\$1	\$12	(\$11)
Misc electrical supplemental to a separate trade	\$7	\$25	(\$18)
Plumbing Permits			
Water Heaters	\$19	\$37	(\$18)
Sewer Replacements	\$26	\$50	(\$24)
Water Piping Systems	\$5	\$12	(\$8)
Gas Piping Systems			
1-4 Outlets	\$6	\$50	(\$43)
Each additional outlet over 4 outlets	\$1	\$12	(\$11)
Backflow Devices			
1-5 Devices	\$13	\$25	(\$12)
Each additional device over 5 devices	\$2	\$12	(\$10)
Interceptors	\$21	\$75	(\$54)
Fixtures	\$10	\$12	(\$2)
Misc plumbing supplemental to a separate trade	\$8	\$25	(\$17)
Mechanical Permits			
Furnace, forced air			
Up to 100,000 BTU	\$16	\$75	(\$59)
Over 100,000 BTU	\$19	\$100	(\$81)
Furnaces, other than forced air	\$16	\$150	(\$134)
Air Handlers			
Up to 10 cfm	\$11	\$25	(\$14)
Above 10 cfm	\$19	\$37	(\$18)
Evaporative Coolers	\$11	\$37	(\$26)
Boilers			
1 to 100 HP	\$15	\$25	(\$10)
101 to 1,750 BTU	\$58	\$75	(\$17)
Above 1,750 BTU	\$97	\$150	(\$53)
Exhaust Hoods	\$11	\$75	(\$64)
Vent Fans	\$8	\$25	(\$17)
Duct Piping	\$11	\$37	(\$26)
Fuel Piping	\$11	\$50	(\$39)

Fee Name	Current Fee / Deposit	Total Cost Per Unit	Surplus / (Deficit) per Unit
Other Fees			
Inspections outside of normal business hours	\$125	\$150	(\$25)
Reinspection fees assessed under the provisions of the UBC	\$125	\$150	(\$25)
Inspections for which no fee is specifically indicated	\$65	\$150	(\$85)
Additional plan review required by changes, additions, or revisions to plans	\$65	\$150	(\$85)
Use of outside consult for plan checking and/or inspections	Actual Costs		
Investigation Fee	Double Permit Fee		
Renewal	50% of Original Permit Fee		

The Building Division is currently under-recovering for all current flat fee and stand-alone services provided. The subsidy ranges from a low of \$2 per plumbing fixture, to a high of \$244 for permit issuance.

There is no proposed changes to the use of actual cost for outside plan review or inspection, nor the 50% fee for permit renewals. Investigation fees are set by municipal code, as they are penalties for work done without a permit.

3 DETAILED RESULTS – VALUATION BASED FEES

In order to derive a stronger correlation between the valuation and complexity of the project to the permit fee being charged, the project team reviewed the time it takes for each valuation range. Additionally, the project team also worked with staff to expand the current threshold of the valuation fee schedule from \$1 million to \$10 million, to better reflect the level of development activity within Citrus Heights and the greater Sacramento Area. The following subsections look at the current Plan Check and Permit (Inspection) fees as compared to the total cost per unit calculated through this study.

1 Plan Check

Currently the City assesses plan check fees as 65% of the permit fee. The table on the following page outlines the valuation range, current fee, total cost per unit, and the associated surplus / deficit for valuation based plan check fees.

Table 9: Total Cost Per Unit Results – Building Valuation Plan Check Fees

Project Valuation Sliding Scale Category	Current Permit Fee	Total Cost Permit Fee	Surplus / (Deficit)
Project Valuation: \$1 to \$500	\$44.36	\$136	(\$91.25)
Project Valuation: \$501 to \$2,000			
First \$500	\$44.36	\$135.61	(\$91.25)
Each Additional \$100 or fraction thereof	\$2.08	\$0.00	\$2.08
Project Valuation: \$2,001 to \$25,000			
First \$2,001	\$47.26	\$135.61	(\$88.35)
Each Additional \$1,000 or fraction thereof	\$9.56	\$11.79	(\$2.24)
Project Valuation: \$25,001 to \$50,000			
First \$25,001	\$267.02	\$406.82	(\$139.80)
Each Additional \$1,000 or fraction thereof	\$6.89	\$5.42	\$1.47
Project Valuation: \$50,001 to \$100,000			
First \$50,001	\$439.34	\$542.43	(\$103.10)
Each Additional \$1,000 or fraction thereof	\$4.78	\$6.78	(\$2.00)
Project Valuation: \$100,001 to \$500,000			
First \$100,001	\$678.21	\$881.45	(\$203.24)
Each Additional \$1,000 or fraction thereof	\$3.80	\$4.58	(\$0.77)
Project Valuation: \$500,001 to \$1,000,000			
First \$500,001	\$2,207.01	\$2,712.15	(\$505.14)
Each Additional \$1,000 or fraction thereof	\$3.22	\$4.07	(\$0.85)
Project Valuation: \$1,000,001 to \$5,000,000			
First \$1,000,001	\$3,827.95	\$4,746.27	(\$918.32)
Each Additional \$1,000 or fraction thereof	\$2.15	\$2.54	(\$0.40)
Project Valuation: \$5,000,001 to \$10,000,000			
First \$5,000,001	\$12,407.95	\$14,916.85	(\$2,508.90)
Each Additional \$1,000 or fraction thereof	\$2.15	\$2.58	(\$0.43)
Project Valuation: \$10,000,001 and above			
First \$10,000,001	\$23,132.95	\$27,799.59	(\$4,666.64)
Each Additional \$1,000 or fraction thereof	\$2.15	\$1.29	\$0.86

The proposed fee structure has 10 valuation range categories, of which the City is currently showing a subsidy for all categories. The lower valuation ranges have subsidies between \$88 and \$140, while the valuation ranges above \$1 million show subsidies that range from \$918 to \$4,667.

When comparing plan check costs to permit costs, the percentage ranges between a low of 34% to a high of 73%, with the average being 53%. Due to the large variance in the relationship between plan review and permit costs, the project team recommends that the City adopt a scaled fee structure for plan review, in order to better reflect the services being provided to applicants.

2 Permit

The table on the following page outlines the valuation range, current fee, total cost per unit, and the associated surplus / deficit for valuation based permit fees.

Table 10: Total Cost Per Unit Results – Building Valuation Permit Fees

Project Valuation Sliding Scale Category	Current Permit Fee	Total Cost Permit Fee	Surplus / (Deficit)
Project Valuation: \$1 to \$500	\$68.25	\$193.89	(\$125.64)
Project Valuation: \$501 to \$2,000			
First \$500	\$68.25	\$193.89	(\$125.64)
Each Additional \$100 or fraction thereof	\$3.20	\$12.93	(\$9.73)
Project Valuation: \$2,001 to \$25,000			
First \$2,001	\$72.70	\$387.77	(\$315.07)
Each Additional \$1,000 or fraction thereof	\$14.70	\$16.33	(\$1.63)
Project Valuation: \$25,001 to \$50,000			
First \$25,001	\$410.80	\$763.43	(\$352.63)
Each Additional \$1,000 or fraction thereof	\$10.60	\$33.45	(\$22.85)
Project Valuation: \$50,001 to \$100,000			
First \$50,001	\$675.90	\$1,599.56	(\$923.66)
Each Additional \$1,000 or fraction thereof	\$7.35	\$10.66	(\$3.31)
Project Valuation: \$100,001 to \$500,000			
First \$100,001	\$1,043.40	\$2,132.75	(\$1,089.35)
Each Additional \$1,000 or fraction thereof	\$5.85	\$5.70	\$0.15
Project Valuation: \$500,001 to \$1,000,000			
First \$500,001	\$3,395.40	\$4,410.91	(\$1,015.51)
Each Additional \$1,000 or fraction thereof	\$4.95	\$8.14	(\$3.19)
Project Valuation: \$1,000,001 to \$5,000,000			
First \$1,000,001	\$5,889.15	\$8,482.51	(\$2,593.36)
Each Additional \$1,000 or fraction thereof	\$3.30	\$4.45	(\$1.15)
Project Valuation: \$5,000,001 to \$10,000,000			
First \$5,000,001	\$19,089.15	\$26,295.79	(\$7,206.64)
Each Additional \$1,000 or fraction thereof	\$3.30	\$2.38	\$0.92
Project Valuation: \$10,000,001 and above			
First \$10,000,001	\$35,589.15	\$38,171.31	(\$2,582.16)
Each Additional \$1,000 or fraction thereof	\$3.30	\$1.19	\$2.11

Similar to the plan review fees, all categories are showing an under-recovery, with the first two ranges showing minimal subsidies of \$125, and the next two ranges with subsidies of approximately \$330. Permits valued at \$50,000 or greater show a subsidy of \$923, and projects valued between \$5 million and \$10 million show a subsidy of approximately \$7,200.

4 ANNUAL REVENUE IMPACTS

There are two fee categories that were evaluated under the Building Division by the project team – Standalone permits (Mechanical, Electrical, Plumbing), and Valuation-Based Projects. The following table compares by major fee category, the annual revenue at current fee, the total annual cost, and the resulting annual surplus / (deficit):

Table 11: Annual Revenue Impacts - Building

Permit Category	Revenue at Current Fee	Total Annual Cost	Annual Surplus / (Deficit)
Standalone	\$73,918	\$301,940	(\$228,022)
Valuation	\$1,035,766	\$1,970,279	(\$934,513)
TOTAL	\$1,109,684	\$2,272,219	(\$1,162,535)

As the table above indicates, the Building Division is under-recovering annually by approximately \$1,200,000, which represents a cost recovery level of 49%. The majority of the Division's under-recovery relates to valuation based permits and services.

4 JURISDICTIONAL COMPARISON

As part of this study, the City requested a comparison of how their current fees and total cost related to other similar sized and regionally located jurisdictions. The following subsections provide a comparative look at four common Building flat fee permits and four common Valuation-based scenarios.

1 Mechanical, Electrical, and Plumbing (MEP) Permit Issuance

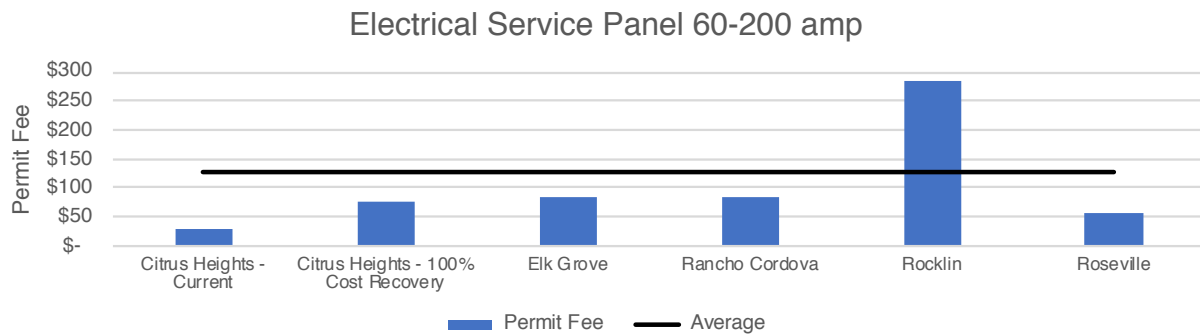
The Building Division currently charges a flat fee of \$68 for the issuance of Mechanical, Electrical, and Plumbing permits. As part of this study, the project team calculated the full cost of this service to be \$313. The following points outline how the department's current fee and total cost compare to other local jurisdictions:

- The City of Rocklin is the only other comparable jurisdiction that charges a permit issuance fee for MEP permits. Their fee is \$24 and all MEP permits fees are calculated based on square footage.
- The City of Elk Grove has flat fees for MEP permits with the permit issuance already built in to the fee. They have a minimum permit fee of \$85.
- The cities of Rancho Cordova and Roseville charge MEP permits based on valuation and do not have a separate permit issuance fee.

As noted in the points above, some jurisdictions do not charge a separate fee for permit Issuance, rather including those costs into the actual permit fee.

2 Electrical Service Panel 60-200 amp

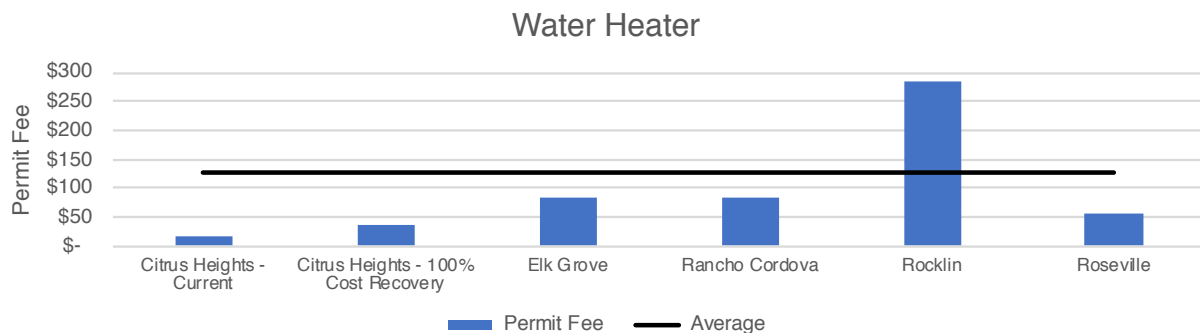
The Building Division currently charges a flat fee of \$29 for Electrical Service Panels between 60 and 200 amps. As part of this study, the project team calculated the full cost of this service to be \$75. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As the graph indicates, Citrus Heights' current fee and full cost are well below the average fee of \$127 for jurisdictions who charge a fee for Electrical Service Panels. Rocklin charges a much higher fee than the other jurisdictions and Citrus Heights' full cost is in line with Elk Grove, Rancho Cordova, and Roseville's current fee.

3 Water Heaters

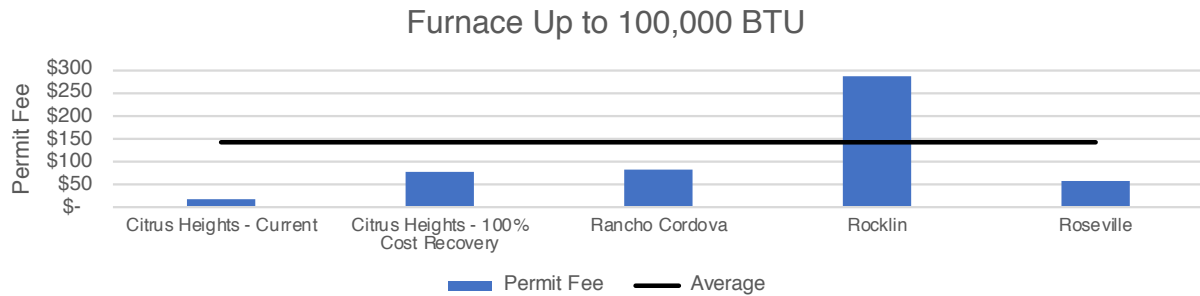
The Building Division currently charges a flat fee of \$19 for a Water Heater. As part of this study, the project team calculated the full cost of this service to be \$37. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As the graph indicates, Citrus Heights' current fee and full cost are well below the average charged by other local jurisdictions of \$127 and are also both the lowest cost compared to the other Cities.

4 Furnace Up to 100,000 BTU

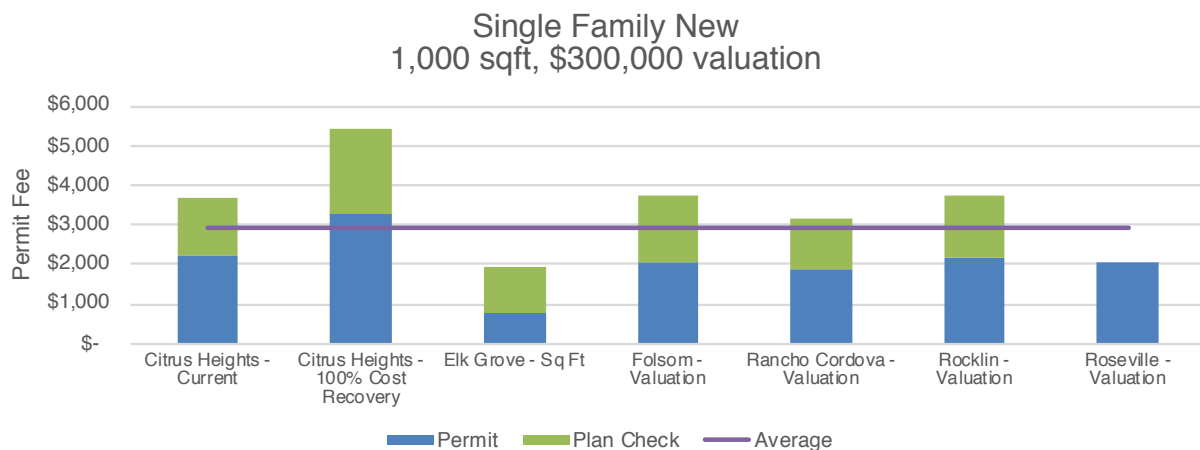
The Building Division currently charges a flat fee of \$16 for Furnaces under 100,000 BTU. As part of this study, the project team calculated the full cost of this service to be \$75. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As the graph indicates, Citrus Heights' current fee and full cost are well below the average charged by other local jurisdictions of \$141. The full cost calculated falls in line with the current fees charged by Rancho Cordova and Roseville for the same service.

5 Single Family – New – 1,000 Sq Ft (\$300,000 Valuation)

The City of Citrus Heights currently assesses fees for New Single-Family homes based upon the project valuation. The City currently charges a fee of \$3,652 for plan check and inspection of a 1,000 sq. ft. Single Family home valued at \$300,000. The project team calculated the cost to be at \$5,399 for plan check and inspection. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.

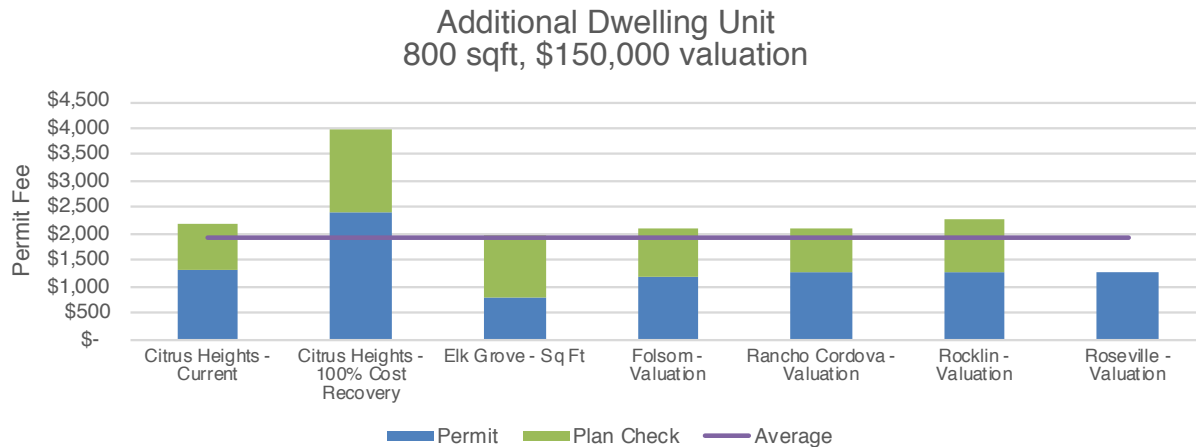


As shown in the graph above, both the current fee and full cost for Citrus Heights are above the jurisdictional average of \$2,937. Elk Grove charges based on square footage while all other jurisdictions charge based on valuation like Citrus Heights. The full cost calculated is higher than all other jurisdictions current fee.

6 Additional Dwelling Unit – 800 Sq Ft (\$150,000 Valuation)

The City of Citrus Heights currently charges \$2,204 for plan check and inspection of an 800 square foot Additional Dwelling Unit valued at \$150,000. The project team calculated

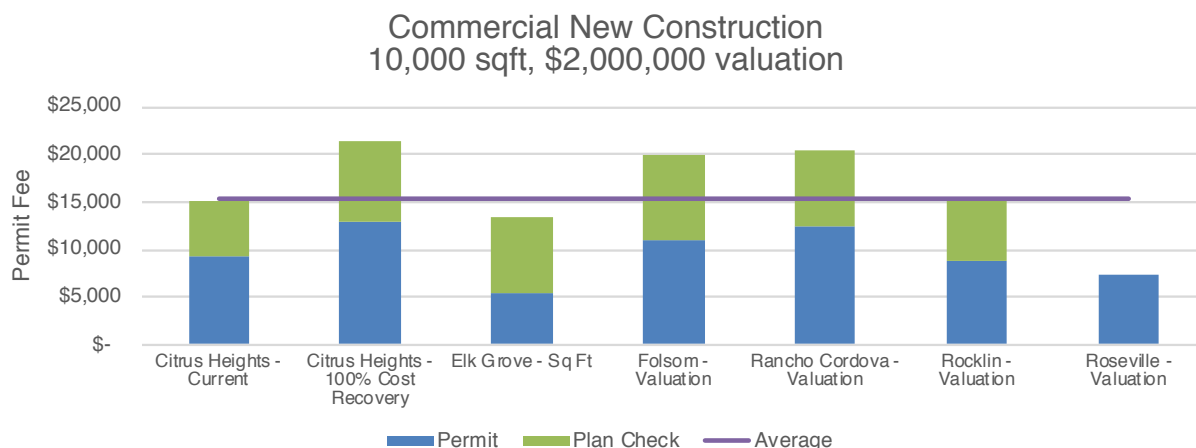
the cost to be at \$3,989 for plan check and inspection. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As shown in the graph above, both the current fee and full cost for Citrus Heights are above the jurisdictional average of \$1,943. Rocklin is the only jurisdiction higher than Citrus Heights current fee and Citrus Heights' full cost is much higher than all other jurisdictions.

7 New Commercial Construction – 10,000 Sq Ft (\$2,000,000 Valuation)

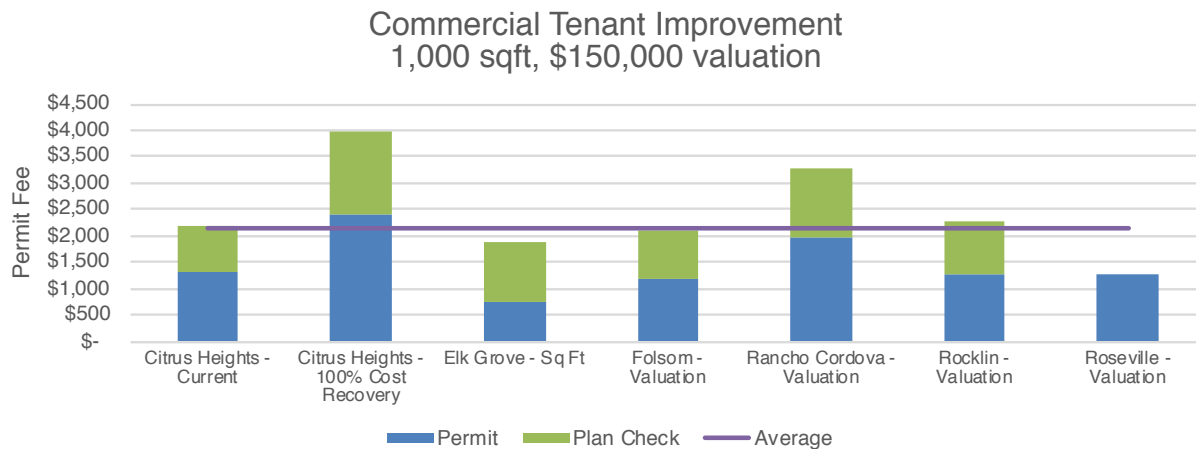
The City of Citrus Heights currently charges \$15,162 for plan check and inspection of a New Commercial Building valued at \$2,000,000. The project team calculated the cost to be at \$21,344 for plan check and inspection. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



The current fee for Citrus Heights is just below the jurisdictional average of \$15,326. The full cost is higher than all other jurisdictions, however, is close in cost to Folsom's and Rancho Cordova's rates.

8 Commercial Tenant Improvement – 1,000 Sq Ft (\$150,000 Valuation)

The City of Citrus Heights currently charges \$2,204 for plan check and inspection of a Commercial TI valued at \$150,000. The project team calculated the cost to be at \$3,989 for plan check and inspection. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



The current fee for Citrus Heights is just above the jurisdictional average of \$2,160. The full cost calculated for a project valued at \$150,000 is much higher than all other local jurisdictions surveyed.

9. Planning

The Planning Division is part of the Community Development Department, and is responsible for ensuring that citizens and the development community understand and apply Citrus Heights development policies in accordance with the City's adopted General Plan and Zoning Code, as well as other applicable property development standards. The Planning Division has oversight over development processes, land use guidelines, zoning regulations, and urban design standards. The following subsections provide an overview of modifications made to the Planning Division'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 City staff, it was determined that the following extension fees should be added:

- Parcel Map Extension (PC)
- Subdivision Map Extension (PC)
- Vesting Map Extension (PC)

While the City currently has extension permits for Parcel Map, Subdivision, and Vesting Maps, additional fees were developed to account for projects that require Planning Commission (PC) approval, as the extension process associated with them would require significantly more time than an application that does not require planning commission approval.

Several permits relating to Massage Business and Business License were created, to reflect the services provided by both Planning and Police staff in order to issue licenses and renewals.

The Itinerant Vendor Permit was eliminated, as this process is covered under the Temporary Use Permit.

2 DETAILED RESULTS

The Planning Division collects fees related to Use Permits, Maps, Design Review, Environmental Review, and other Business Licenses. 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 title / name, current fee, total cost, and surplus or deficit associated with each Planning Division fee.

Table 12: Total Cost Per Unit Results – Planning

Fee Name	Current Fee / Deposit	Total Cost Per Unit	Surplus / (Deficit) per Unit
General Plan Amendment	\$11,133	\$18,360	(\$7,227)
Specific Plan Amendment	\$8,835	\$15,443	(\$6,608)
Rezone			
Less than 2 acres	\$7,069	\$14,686	(\$7,617)
Greater than 2 acres	\$8,835	\$15,983	(\$7,148)
Minor Variance	\$3,396	\$4,140	(\$744)
Variance	\$4,287	\$8,376	(\$4,089)
Zoning Ordinance Amendment	\$5,732	\$8,512	(\$2,780)
Zoning Confirmation Letter	\$250	\$362	(\$112)
Zoning Interpretation	\$1,036	\$4,097	(\$3,061)
Minor Use Permit	\$3,396	\$4,707	(\$1,311)
Minor Use Permit Modification	\$2,547	\$3,410	(\$863)
Use Permit	\$5,329	\$8,909	(\$3,580)
Modification of Use Permit	\$3,996	\$6,328	(\$2,332)
Temporary Use Permit	\$150	\$767	(\$617)
Temporary Sign Permit	\$0	\$222	(\$222)
Condo Conversion CUP	\$9,617	\$9,950	(\$333)
Condo Conversion CUP Mod	\$3,630	\$5,324	(\$1,694)
Design Review Permit - Staff Level	\$2,685	\$6,969	(\$4,284)
DRP Mod - Staff	\$1,078	\$5,255	(\$4,177)
DRP - PC	\$5,238	\$10,715	(\$5,477)
DRP mod - PC	\$2,901	\$10,566	(\$7,665)
Tentative Parcel Map	\$5,748	\$10,473	(\$4,725)
Parcel Map Extension	\$0	\$443	(\$443)
Parcel Map Extension (PC)	\$3,289	\$6,444	(\$3,155)
Tentative Subdivision Map	\$9,790	\$15,204	(\$5,414)
Subdivision Map Extension	\$0	\$162	(\$162)
Subdivision Map Extension (PC)	\$3,427	\$7,139	(\$3,712)
Vesting Tent. Subdivision Map	\$10,116	\$16,825	(\$6,709)
Vesting Map Extension	\$0	\$324	(\$324)
Vesting Map Extension (PC)	\$3,427	\$7,139	(\$3,712)
Developer Agreement Annual Review	\$0	\$2,431	(\$2,431)
Categorical Exemption + NOE	\$250	\$526	(\$276)
Tree Removal Permit	\$30	\$111	(\$81)
Comprehensive Sign Plan	\$288	\$405	(\$117)
Bingo - Elig. Certificate	\$50	\$486	(\$436)
Letter of Public Convenience & Necessity	\$800	\$4,894	(\$4,094)
Sign Exception Process	\$1,817	\$5,000	(\$3,183)
Appeals	\$250	\$9,042	(\$8,792)
General Business License	\$79	\$90	(\$11)
General Business License Renewal	\$54	\$69	(\$15)
Special Business License	\$125	\$232	(\$107)
Special Business License Renewal	\$125	\$161	(\$36)
Massage License Renewal	\$125	\$201	(\$76)
Massage Business License	\$79	\$201	(\$122)
Massage Establishment License	\$125	\$407	(\$282)
Massage Establishment Renewal	\$125	\$236	(\$111)

All fees for Planning applications and services currently show an under-recovery. The subsidies range from a low of \$11 for a General Business License, to a high of \$8,792 for Appeals.

3 DEPOSIT-BASED FEES

The nature of Planning services is such that it requires multiple departments involvement for approval. Additionally, certain projects can span several months or even a year and can be very complex in nature, requiring environmental reviews and other external agency approvals. For these types of applications, a deposit is generally recommended to ensure that the full cost of the service is recovered. The following table shows the current and proposed deposit-based fees for Planning, and the proposed deposit amount for these fees:

Table 13: Deposit-Based Fees – Planning

Fee Name	Current Deposit	Proposed Deposit
Current Deposit-Based Fees		
Dev. Agreement (Planning Staff)	\$0	\$10,000
Amend. To Dev. Agreement	\$0	\$5,000
EIR Review and Admin (Hourly)	\$0	\$15,000
Mitigation Monitoring (Hourly)	\$0	\$15,000
Proposed Deposit-Based Fees		
Negative Declaration (In-House)	\$2,764	\$3,000
Mitigated ND (In-House)	\$4,635	\$6,000

The City currently charges hourly for Development Agreements, Amendments to Development Agreements, EIR Review and Administration, and Mitigation Monitoring. The project team recommends that the City continue the practice of charging hourly for these services, but implement a standard initial deposit to be paid at application submittal, to which City staff can then bill time. This will help applicants better understand the potential cost of the requested services.

The project team is proposing two fees be transitioned to deposit-based fees: Negative Declaration (In-House) and Mitigated ND (In-House). These processes can require significant staff effort, multiple agencies, and vary widely in nature. Therefore, conversion to deposit-based fees will allow the City to better account for the services being provided.

4 ANNUAL REVENUE IMPACTS

The Planning Division is currently under-recovering for its fee-related costs annually by approximately \$205,480. The following table shows the annual workload for FY17/18, projected revenue at current fee, projected annual cost, and the associated annual deficit.

Table 14: Annual Results - Planning

Fee Name	Annual Recoverable Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
General Plan Amendment	1	\$11,133	\$18,360	(\$7,227)
Use Permit	3	\$15,987	\$26,726	(\$10,739)
Modification of Use Permit	2	\$7,992	\$12,657	(\$4,665)
Temporary Use Permit	6	\$900	\$4,604	(\$3,704)
Design Review Permit - Staff Level	4	\$10,740	\$27,874	(\$17,134)
DRP Mod - Staff	6	\$6,468	\$31,530	(\$25,062)
DRP - PC	6	\$31,428	\$64,291	(\$32,863)
DRP mod - PC	1	\$2,901	\$10,566	(\$7,665)
Tentative Parcel Map	5	\$28,740	\$52,365	(\$23,625)
Tree Removal Permit	77	\$2,310	\$8,532	(\$6,222)
Letter of Public Convenience & Necessity	2	\$1,600	\$9,787	(\$8,187)
General Business License	1,000	\$79,000	\$90,152	(\$11,152)
General Business License Renewal	3,373	\$182,142	\$234,328	(\$52,186)
Special Business License Renewal	317	\$39,625	\$34,534	\$5,091
Massage License Renewal	10	\$1,250	\$1,389	(\$139)
TOTAL		\$422,216	\$627,696	(\$205,480)

Based upon the workload data, the largest source of deficit relates to General Business License Renewal at \$52,186, which represents roughly a quarter of the Division's deficit. The next largest deficits relate to Design Review Permit – Planning Commission (\$32,863), DRP Mod – Staff (\$25,062), and Tentative Parcel Map (\$23,625), which together represent approximately 40% of the Division's deficit.

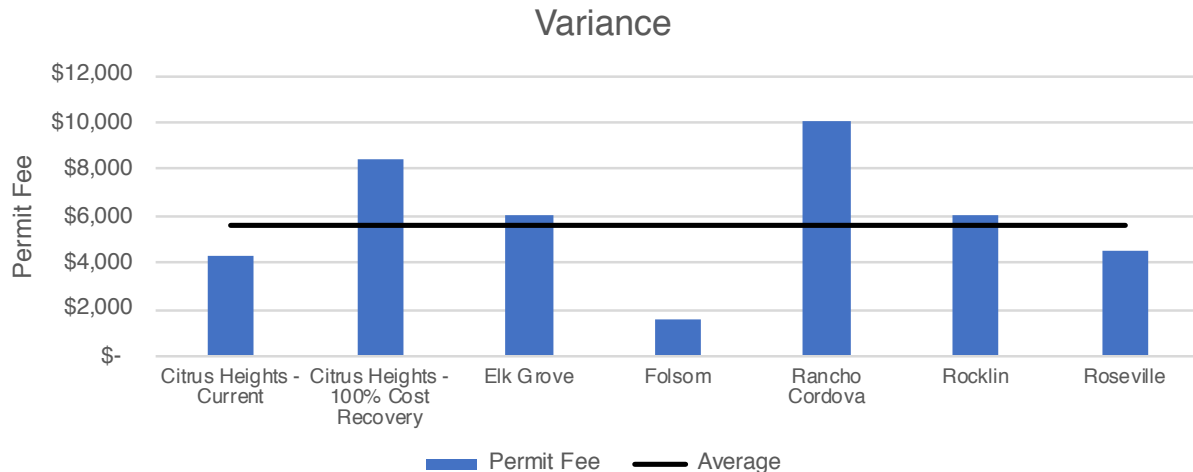
Overall, the Planning Division is recovering approximately 67% of its fee-related costs.

5 JURISDICTIONAL COMPARISON

As part of this study, the City requested a comparison of how their current fees and total cost related to other similar sized and regionally located jurisdictions. The following subsections provide a comparative look at four common Planning fees.

1 Variance

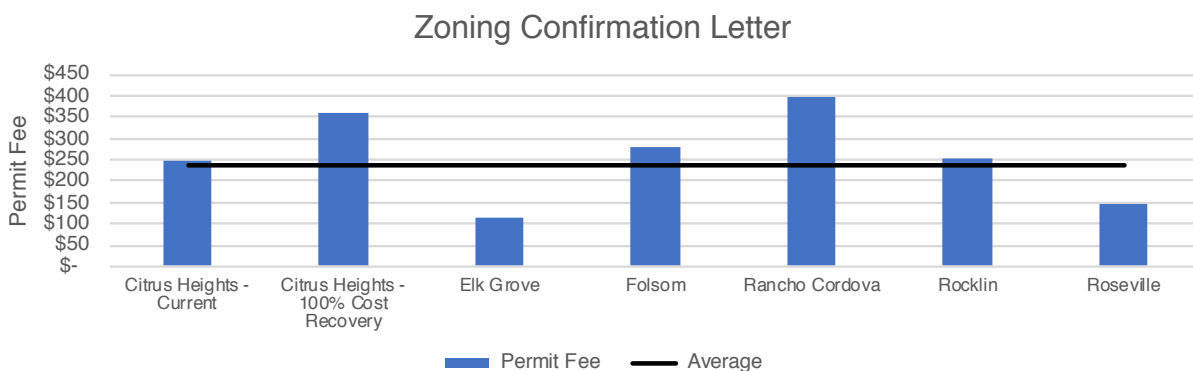
The Planning Department currently charges a flat fee of \$4,287 for Variances. As part of this study, the project team calculated the full cost of this service to be \$8,376. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As the graph indicates, Citrus Heights' current fee is below the average of \$5,614 of other local jurisdictions. Elk Grove, Folsom, and Rancho Cordova's rates are deposits and charged on a time and materials basis. While Citrus Heights' full cost is well above the average, Rancho Cordova is charging the highest rate as a deposit.

2 Zoning Confirmation Letter

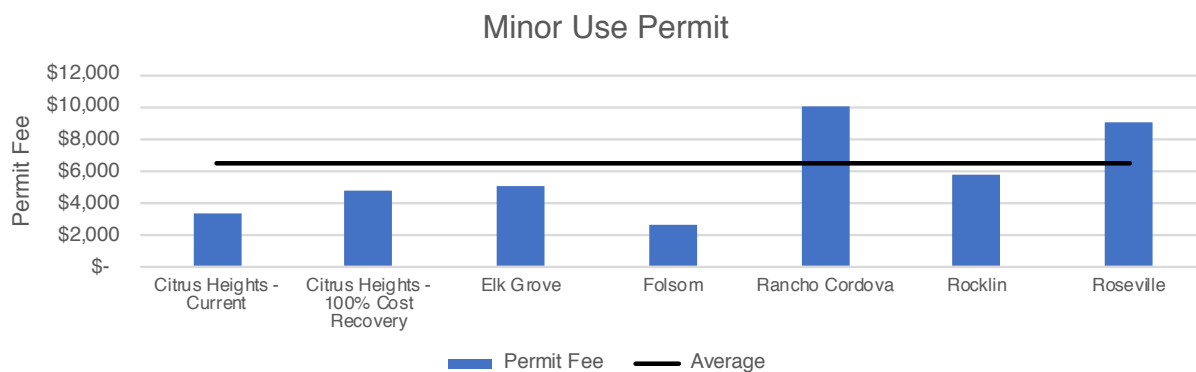
The Planning Department currently charges a flat fee of \$250 for Zoning Confirmation Letters. As part of this study, the project team calculated the full cost of this service to be \$362. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As the graph above indicates, Citrus Heights' current and full cost fee are above the average fee of \$239 for jurisdictions who charge a fee for Zoning Confirmation Letters. Elk Grove charges the lowest and Rancho Cordova charges the highest. Folsom's rate is considered a deposit.

3 Minor Use Permit

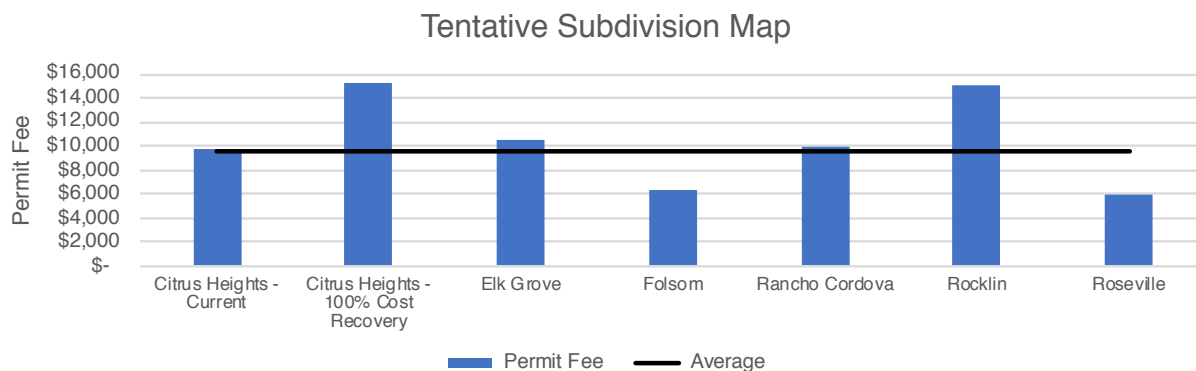
The Department currently charges a flat fee of \$3,396 for Minor Use Permits. As part of this study, the project team calculated the full cost of this service to be \$4,707. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



Both Citrus Heights' current and full cost are below the average fee of \$6,487 charged by other local jurisdictions. Elk Grove, Folsom, Rancho Cordova, and Roseville all charge their fee as a deposit. The only jurisdiction with a fee lower than Citrus Heights is Folsom.

4 Tentative Subdivision Map

The Department currently charges a flat fee of \$9,790 for Tentative Subdivision Maps. As part of this study, the project team calculated the full cost of this service to be \$15,204. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



Citrus Heights' current and full cost are above the average fee of \$9,576 charged by other local jurisdictions. Elk Grove, Folsom, Rancho Cordova, and Roseville's rates are deposits. Elk Grove's rate is for less than 25 lots, Rancho Cordova's rate is for less than 20 lots, and Roseville's rate is for less than 4 lots. Folsom charges a base plus \$31 per lot.

5 Design Review

The Department has two main types of Design Review fees – Staff Level and Planning Commission. The Staff Level permits are those which can be approved by staff or the Director, while Planning Commission applications must be presented to, and approved by, the Planning Commission. The Department has separate fees for applications which relate to modifications, both for Staff Level and Planning Commission. Of the jurisdictions surveyed, the structure of fees, as well as how fees are assessed varied widely, therefore, the project team has provided the following points to provide a contextual comparison.

- **Rancho Cordova:** Design Review fees are deposit based, and broken out into three categories: Major (\$10,000), Minor (\$5,000), and Amendment (\$5,000).
- **Folsom:** Similar to Rancho Cordova, Folsom uses deposit-based fees to assess Design Review: Architectural Review – Single Family Resident (\$57), Architectural Review – Multi-Family / Commercial (\$2,005), and Site Design Review – Planning Commission (\$4,348). Site Design Review is charged a flat fee of \$273.
- **Elk Grove:** Design Review has been broken out into five categories, all of which have an associated deposit: Single Family Master Home (\$3,000), Outdoor Activity Design Review (\$3,000), Minor Design Review (\$5,200), Major Design Review (\$12,000), and District Development Plan Design Review (\$18,000). If Design Review is for projects within the Old Town area, a deposit of \$500 is taken.
- **Rocklin:** There are three Design Review categories, and contrary to the previous jurisdictions, flat fees are assessed: Commercial (\$12,424), Residential (\$8,931), and Signs (\$3,565).
- **Roseville:** Of the eight Design Review categories, two are assessed based on a deposit: Design Review Permit (\$8,000), and Design Review Modification (\$5,000). The remaining applications are charged a flat fee: Extension (\$5,207), Minor (\$219), Additions or New Construction (\$219), Façade Improvements (\$219), Predesign (\$219), and Residential Subdivision with Other Permit (\$5,773).

The majority of jurisdictions surveyed take a deposit for Design Review services, and charge time and materials for staff time to complete. Rocklin is the only jurisdiction that does not charge on a deposit basis. Folsom and Roseville use a mixture of deposit and flat fees to recover for Design Review services.

10. Development Fee Surcharges

There are two typical surcharges assessed as part of the development review process and fee structure – General Plan fee and Technology fee. The City of Citrus Heights does not currently charge for these services. The following subsections discuss the proposed fees calculated.

1 GENERAL PLAN MAINTENANCE FEE

The City of Citrus Heights does not currently assesses a general plan maintenance fee as part of its building permit process. A general plan maintenance fee is meant to account for updates to the general plan, zoning ordinance, specific plan, and other long-range planning activities, which are all part of the General Planning effort. This is a fairly typical fee assessed by many jurisdictions, and applied to Building permits, as the primary impact to the City's general plan typically does not occur until a building has been constructed, remodeled, or demolished.

Through this study the project team looked at calculating a General Plan Maintenance Fee, which would be charged as a percentage of the building permit fee. In discussions with City staff, costs associated with updating the General Plan were determined, along with a time determination for how long the plan would be valid for. The following table shows the calculation of the annual General Plan cost:

Table 15: Annual General Plan Fee Costs

Category	Annual Cost
General Plan Update Projected Cost	\$600,000
Length of Plan Validity	10 years
Average Annual General Plan Cost	\$60,000

Based on previous plans developed for the City, a projected update cost of \$600,000 was assumed. The components of this projected plan would be valid for approximately 10 years, providing an annual General Plan cost of \$60,000.

As discussed, the General Plan Fee is typically charged as a percentage of the building permit fee. Therefore, in order to calculate the General Plan maintenance fee as a percentage of the building permit, the project team collected information regarding the total building permit revenue. The following table shows the calculation of the General Plan maintenance fee based upon the annual cost of General Plan Fee updates and the last fiscal year's total building permit revenue.

Table 16: General Plan Maintenance Fee Calculation - % of Building Permit

Category	Amount
Annual General Plan Cost	\$60,000
FY18-19 Total Building Permit Revenue	\$964,419
General Plan Maintenance Fee - % of Building Permit Valuation	6.22%

The recommended fee for General Plan Maintenance is 6.22% of the Building Permit. This surcharge is meant to be applied to construction projects only, not standalone permits such as Plumbing, Mechanical, or Electrical.

Should the City implement a General Plan Maintenance Fee, the funds collected should be kept separate from the General Fund for audit purposes, as these funds can only be used to offset expenses (contract or in-house staff) related to updating the City's General Plan.

2 TECHNOLOGY FEE

Similar to the General Plan Maintenance Fee the City of Citrus Heights does not currently assesses a technology fee as part of its permit process. A technology fee is meant to account for specific technology costs associated with plan review and permitting of development services, such as permitting software and portals. This is a typical fee assessed by many jurisdictions, and applied to Building, Planning, and Engineering permits, as these departments are the primary users of the permitting software and portal.

Through this study the project team looked at calculating a Technology Fee, which would be charged as a percentage of the Planning, Building, and Engineering permit fees. In discussions with City staff, costs associated with the current permitting system were determined, along with the timeframe for each service or cost. The following table shows the calculation of the annual technology cost:

Table 17: Annual Technology Fee Costs

Category	Base Cost	Timeframe	Annual Cost
Average Software Costs	\$200,000	20	\$10,000
Citizen Access Portal	\$21,050	1	\$21,050
Annual Maintenance	\$11,000	1	\$11,000
Azteca (Cityworks)	\$12,045	1	\$12,045
Latitude Geographics	\$5,000	1	\$5,000
Civos	\$11,000	1	\$11,000
Average Annual Technology Cost			\$70,095

The City's current permitting software cost approximately \$200,000, and is expected to last for approximately 20 years. All other costs relating to permit technologies are charged

paid for on an annual basis. Overall, the City's annual cost associated with permitting technologies is \$70,095.

As discussed, the Technology Fee is typically charged as a percentage of permit fee, which are housed in the permitting system (Building, Planning, Engineering). Therefore, in order to calculate the technology fee as a percentage of development services permits, the project team collected information regarding the total permit revenue for Building, Planning, and Engineering. The following table shows the calculation of the technology fee based upon the annual cost of permit related technologies and the last fiscal year's total Building, Planning, and Engineering permit revenue.

Table 18: Technology Fee Calculation - % of Development Services Permit

Category	Amount
Annual Technology Cost	\$70,095
FY18-19 Total Building, Planning, & Engineering Permit Revenue	\$1,213,863
Technology Fee - % of Building Permit Valuation	5.77%

The recommended fee for Technology is 5.77%. This surcharge is meant to be applied to all Building, Planning, and Engineering permits.

Should the City implement a Technology Fee, the funds collected should be kept separate from the General Fund for audit purposes, as these funds can only be used to offset expenses (contract or in-house staff) related to developing or maintaining the City's permitting software and portal.

11. Police

The Police Department is responsible for law enforcement to ensure safety within the City of Citrus Heights' community, including providing Animal Services and Code Enforcement. The fees examined within this study relate to administrative charges for permits, including copies of reports, fingerprinting, and animal services.

1 FEE SCHEDULE MODIFICATIONS

During discussions with Police Department staff, minor modifications were made to the Department's fee schedule to help streamline the current structure. The modifications made are outlined below:

- **Removal of Fees:** The Bicycle Licensing fees were removed as these services are no longer provided by the Department.
- **Addition of New Fees:** Ticket Sign-Off and Gaming Permits (Dealer and Other) were added to the fee schedule to reflect services being provided for which a current fee does not exist.

Removing outdated fees, and adding in the new fees, enables the Department to most accurately and transparently reflect all of the services it provides.

2 DETAILED RESULTS

The Police Department collects fees for Police Reports, Subpoenas, Towing Services, Impounded Vehicle Releases, and so forth. 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 title / name, current fee, total cost, and surplus or deficit associated with each Police permit.

Table 19: Total Cost Per Unit Results – Police

Fee Name	Current Fee / Deposit	Total Cost Per Unit	Surplus / (Deficit) per Unit
Police Reports			
Per Page	\$0.10	\$0.25	(\$0.15)
Research and Data Compilation (multiple CAD events)	\$30	\$119	(\$89)
Processing Photographs			
Handling Fee	\$10	\$74	(\$64)
Copy of digital photo media (each media device)	\$3	\$3	\$0

Fee Name	Current Fee / Deposit	Total Cost Per Unit	Surplus / (Deficit) per Unit
Subpoenas			
Administrative (Subpoena Deuces Tecum)	\$15	\$119	(\$104)
Civil Case Witness Fee	\$275	\$275	Deposit, T&M
Towing Services			
Application & Administrative Fees (Plus fingerprinting fees)			
Initial Application Fee (including ID Card)	\$50	\$280	(\$230)
Escort Services			
Administrative Fee	\$78	\$180	(\$102)
Per Officer, Per Hour	\$0	Actual Cost	
Gun Safekeeping			
Administrative Fee	\$25	\$139	(\$114)
Storage	\$1	\$1	\$0
Unruly Gatherings			
1st Written Warning	\$0	Penalty	
2nd & Subsequent Warnings (same event or address)	\$100	Penalty	
Officer Called to Scene	\$0	\$97	(\$97)
Damage to City Property		Actual Cost	
Vehicle Identification Numbers			
VIN Verification Charge (Individuals only)	\$10	\$97	(\$87)
Stored or Impounded Vehicles			
Vehicle Release	\$150	\$261	(\$111)
Vehicle Abatement	\$150	Actual Cost	
Vehicle Repossession			
Vehicle Repossession Fee	\$15	\$20	(\$5)
Alarm Systems			
Alarm System Use Permit Fee	\$50	\$115	(\$65)
Annual Alarm Permit Renewal Fee	\$15	\$77	(\$62)
3 Year Alarm Permit Renewal Fee	\$35	\$77	(\$42)
Failure to register alarm	\$250	Penalty	
Late Fee	\$25	Penalty	
Audio & Video			
Handling Fee	\$0	\$167	(\$167)
Audio Recording - Per 15 minutes of Audio	\$25	\$90	(\$65)
Video Recording - Per 15 minutes of Video	\$40	\$53	(\$13)
Clearance Letters - Residents Only			
Police Clearance/Letter of good conduct	\$15	\$38	(\$23)
Emergency Response Cost Recovery			
Emergency Response		Actual Cost	
Fingerprint Services/LiveScan (Non-Criminal)			
Rolling Fee (LiveScan / Per Card)	\$21	\$43	(\$22)
FBI processing fee		Set By State	
DOJ processing fee		Set By State	
CACI (Child Abuse Index Fee)		Set By State	
Firearms Fee		Set By State	
NEW Fees			
Ticket Sign Off	\$0	\$16	(\$16)
Gaming Permit			
Dealer - New	\$110	\$136	(\$26)
Dealer - Renewal	\$110	\$38	\$72
Other - New	\$100	\$154	(\$54)

Fee Name	Current Fee / Deposit	Total Cost Per Unit	Surplus / (Deficit) per Unit
Other - Renewal	\$100	\$47	\$53
Animal Services			
Licensing			
Altered			
1 yr	\$15	\$39	(\$24)
2 yr	\$30	\$39	(\$9)
3 yr	\$40	\$39	\$1
1 yr Senior Citizen Discount Rate (62 years and older)	\$10	\$39	(\$29)
2 yr Senior Citizen Discount Rate (62 years and older)	\$20	\$39	(\$19)
3 yr Senior Citizen Discount Rate (62 years and older)	\$25	\$39	(\$14)
Lifetime Registration for Altered, Micro-Chipped Cats	\$60	\$39	\$21
Lifetime Registration for Altered, Micro-Chipped Cats - Senior Citizen Discounted Rate	\$50	\$39	\$11
Unaltered			
1 yr	\$30	\$39	(\$9)
2 yr	\$60	\$39	\$21
3 yr	\$90	\$39	\$51
Replacement Tags	\$5	\$14	(\$9)
Late Fee	\$15	Set By PetData	
Impounds			
First Impound if licensed, altered and Returned to Owner (RTO) if the Field	\$0	\$267	(\$267)
First (unlicensed)	\$40	\$267	(\$227)
Second	\$80	\$267	(\$187)
Third	\$160	\$267	(\$107)
RTO Field of unaltered Animal - First	\$35	\$267	(\$232)
RTO Field of unaltered Animal - Second	\$50	\$267	(\$217)
RTO Field of unaltered Animal - Third	\$100	\$267	(\$167)
Livestock - First	\$50	\$267	(\$217)
Livestock - Second	\$100	\$267	(\$167)
Livestock - Third	\$200	\$267	(\$67)
Livestock Hauling	\$0	\$400	(\$400)
Boarding			
Dog/Cat - Sacramento Animal Care and Regulation (SACR)	\$10	Set by SACR	
Dog and Cat - Non-SACR	\$0	Set by SACR	
Large Livestock - SACR	\$25	\$400	(\$375)
Quarantine - SACR	\$15	Set by SACR	
Quarantine - Other	\$0	Set by SACR	
Owner Surrender	\$50	\$178	(\$128)
Owner Surrender Litter	\$65	\$178	(\$113)
Owner Euthanasia - SACR	\$50	Set by SACR	
Owned Animal Surrender Field	\$70	\$178	(\$108)
Owned Animal Disposal - Field	\$60	\$178	(\$118)
Home Quarantine	\$50	\$178	(\$128)
Rabies Specimen Testing	\$0	\$233	(\$233)

The majority of fees being charged by the Police Department show an under-recovery. The two exceptions to this include Gaming Renewal permits for Dealer (\$72), and Other

(\$53). Current deficits run from a low of \$5 for Vehicle Repossession, to a high of \$400 for Livestock Hauling / Boarding.

Many of the Animal Services licenses and fees show the same total cost per unit, as an example, all licensing services have a total cost of \$39. The numerous ranges developed by the City allow for subsidies or discounts to be provided depending on the length of license request, as well as if an animal is altered or unaltered.

Similar to the City Clerk and Finance, the Police Department also has several fees that are governed by State guidelines, or outside agencies. The following details these fees, and the associated codes and regulations, if applicable:

- **Police Reports:** The per page fee must comply with the Public Records Act, which limits fees to between \$0.10 and \$0.25 per page. While the Department is currently charging \$0.10, an increase to \$0.25 is being proposed.
- **Subpoenas:** The Administrative (Deuces Tecum) fee of \$15 is in compliance with the Evidence Code 1563(b) which limits the fee to \$15. While actual costs are shown at \$119, the City is limited to only the \$15 charge. The Civil Case Witness deposit of \$275 is in compliance with Government Code 68097.2(b) which limits fees to \$275 per day.
- **Fingerprint Services / Livescan (Non-Criminal):** FBI and DOJ processing, as well as CACI and Firearms fees are set by the State of California, but not regulated by specific codes. These fee amounts are communicated to municipal organizations as fee amounts are increased. The Department updates fee materials upon receiving notice of any fee changes from the state.
- **Animal Services:** The Department contracts with PetData to provide animal licensing services. Late fee amounts are set by the contractor, and updated on the Departmental fee schedule as needed.

The City is currently in compliance with all noted state guidelines and regulations. Fee items listed above such as Unruly Gatherings and Failure to Register Alarm must be in compliance with City codes and regulations, and can only be amended through resolution adoption.

3 ANNUAL REVENUE IMPACTS

The Police Department is currently under-recovering for its fee-related costs annually by approximately \$302,000. The following table shows the annual workload for FY17/18, projected revenue at current fee, projected annual cost, and the associated annual deficit.

Table 20: Annual Results - Police

Fee Name	Annual Recoverable Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
Police Reports				
Per Page	20	\$2	\$5	(\$3)
Processing Photographs				
Handling Fee	50	\$500	\$3,679	(\$3,179)
Copy of digital photo media (each device)	50	\$150	\$150	\$0
Subpoenas				
Administrative (Subpoena Deuces Tecum)	25	\$375	\$2,983	(\$2,608)
Civil Case Witness Fee	5	\$1,375	\$0	\$1,375
Towing Services				
Initial Application Fee (including ID Card)	12	\$600	\$3,356	(\$2,756)
Gun Safekeeping				
Storage	115	\$115	\$115	\$0
Vehicle Identification Numbers				
VIN Verification Charge (Individuals only)	10	\$100	\$966	(\$866)
Stored or Impounded Vehicles				
Vehicle Release	250	\$37,500	\$65,245	(\$27,745)
Vehicle Repossession				
Vehicle Repossession Fee	180	\$2,700	\$3,580	(\$880)
Alarm Systems				
Alarm System Use Permit Fee	320	\$16,000	\$36,866	(\$20,866)
Annual Alarm Permit Renewal Fee	1,200	\$18,000	\$92,166	(\$74,166)
3 Year Alarm Permit Renewal Fee	1,300	\$45,500	\$99,846	(\$54,346)
Failure to register alarm	40	\$10,000	\$10,000	\$0
Audio & Video				
Audio Recording - Per 15 minutes of Audio	25	\$625	\$2,249	(\$1,624)
Video Recording - Per 15 minutes of Video	25	\$1,000	\$1,332	(\$332)
Clearance Letters - Residents Only				
Police Clearance/Letter of good conduct	22	\$330	\$845	(\$515)
Fingerprint Services/LiveScan (Non-Criminal)				
Rolling Fee (LiveScan / Per Card)	1,011	\$21,231	\$43,880	(\$22,649)
NEW Fees				
Ticket Sign Off	20	\$0	\$322	(\$322)
Gaming Permit				
Dealer - New	504	\$55,440	\$68,397	(\$12,957)
Animal Services				
Licensing				
<u>Altered</u>				
1 yr	2,382	\$35,730	\$92,250	(\$56,520)
2 yr	161	\$4,830	\$6,235	(\$1,405)
3 yr	322	\$12,880	\$12,470	\$410
Lifetime Registration for Altered, Micro-Chipped Cats	25	\$1,500	\$968	\$532
Replacement Tags	12	\$60	\$167	(\$107)

Fee Name	Annual Recoverable Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
Late Fee	176	\$2,640	\$2,640	\$0
Impounds				
First (unlicensed)	30	\$1,200	\$8,012	(\$6,812)
Owner Surrender	64	\$3,200	\$11,395	(\$8,195)
Home Quarantine	36	\$1,800	\$6,410	(\$4,610)
Rabies Specimen Testing	5	\$0	\$1,165	(\$1,165)
TOTAL		\$275,383	\$577,697	(\$302,314)

Based on workload data, around 26% of the deficit associated with Police services relates to Animal Services which cumulatively shows an annual subsidy of \$77,873. The City does not currently track data by subcategory, therefore, the project team assumed permit counts in the mid-range categories to determine current and total annual revenue.

The next largest deficit relates to Annual Alarm Permit Renewals (\$74,166), and 3 Year Alarm Permit Renewals (\$54,346). On a per unit basis, these fees shown moderate subsidies of \$62 and \$42 respectively. However, the significant number of alarm renewals results in nearly a third of the Department's deficit.

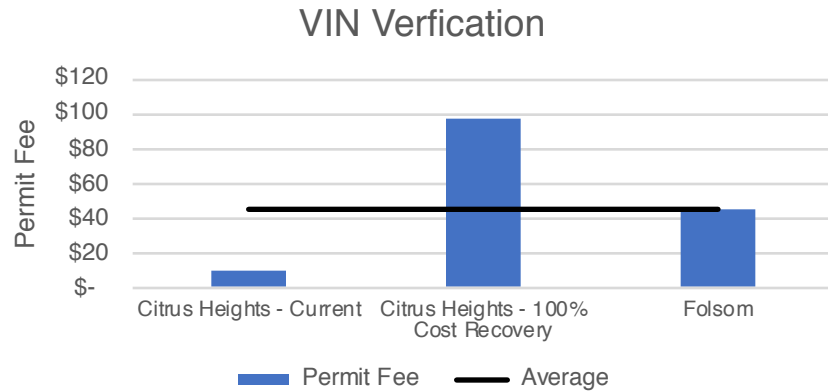
Overall, the Police Department is recovering approximately 48% of its fee-related costs.

4 JURISDICTIONAL COMPARISON

As part of this study, the City requested a comparison of how their current fees and total cost related to other similar sized and regionally located jurisdictions. The following subsections provide a comparative look at four common Police fees.

1 VIN Verification

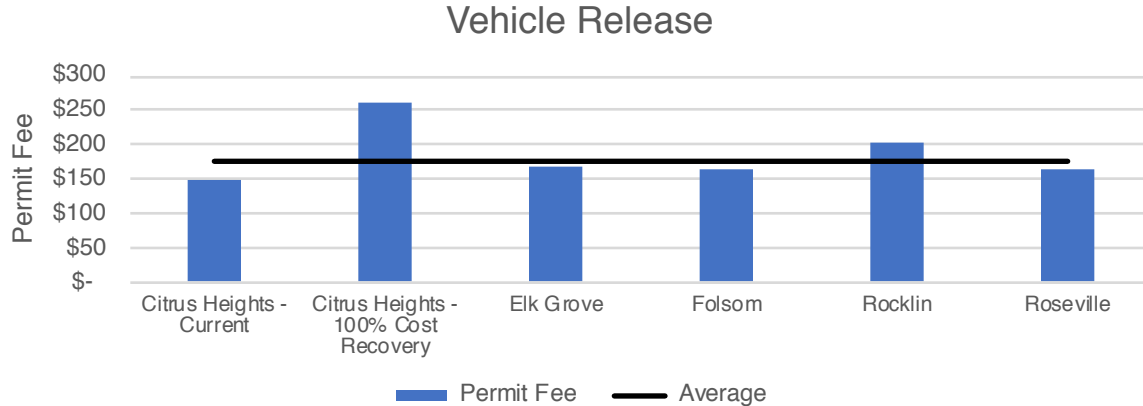
The Police Department currently charges a flat fee of \$10 for VIN Verifications. As part of this study, the project team calculated the full cost of this service to be \$97. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



Folsom is the only other comparable jurisdiction that provides VIN Verification services. The City's current fee is well below that of Folsom, however the full cost is nearly double.

2 Vehicle Release

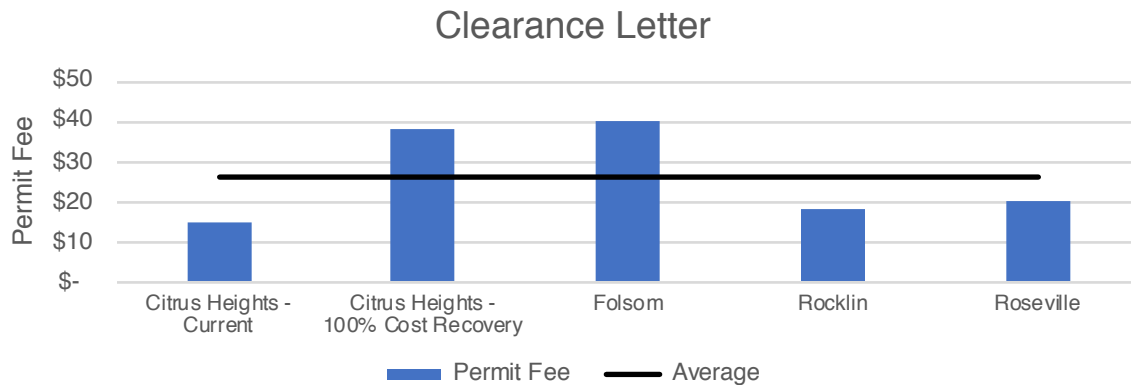
The Police Department currently charges a flat fee of \$150 for the release of a stored or impounded vehicle. As part of this study, the project team calculated the full cost of this service to be \$261. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



As the graph above indicates, Citrus Heights' current fee is below the average fee charged by comparable jurisdictions (\$176). The full cost calculated is higher than all other comparable jurisdictions current rate.

3 Clearance Letter

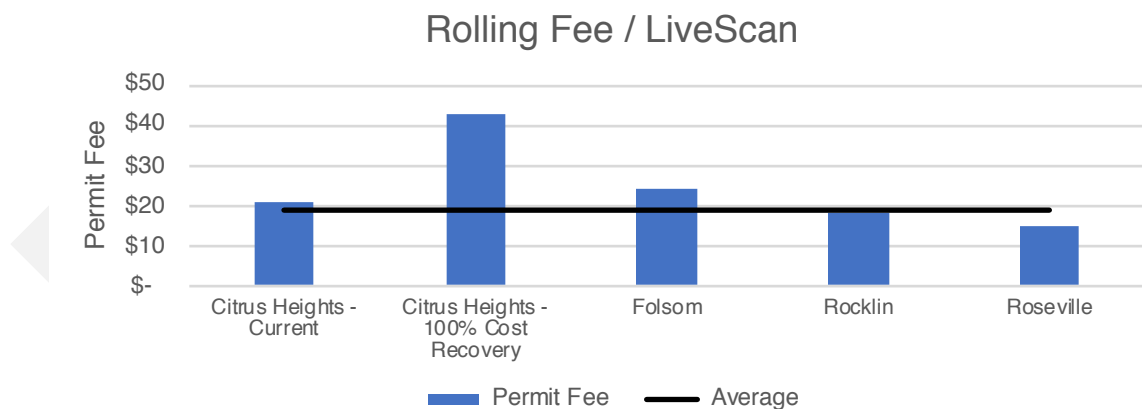
The Department currently charges a flat fee of \$15 for Clearance Letters. As part of this study, the project team calculated the full cost of this service to be \$38. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



Citrus Heights' current fee is the lowest charge among other local jurisdictions who provide this service. The full cost calculated is above the average fee of \$26 but still below the fee charged by Folsom.

4 Rolling Fee / LiveScan

The Department currently charges a flat fee of \$21 for fingerprinting. As part of this study, the project team calculated the full cost of this service to be \$43. The following graph shows how the department's current fee and total cost compare to other local jurisdictions.



Citrus Heights' current and full cost are above the average fee of \$19 charged by other local jurisdictions. The full cost calculated is well above what the other local jurisdictions charge.

12. Engineering

The Engineering Division is part of the General Services Department, and is responsible for maintaining public infrastructure and facilities, including oversight of development review, transportation programs, street lighting, construction inspection, and assessment district administration. The fees examined within this study relate to encroachment permits, grading, mapping, and support provided to Planning.

1 FEE SCHEDULE MODIFICATIONS

In discussions with Engineering staff, it was determined that several changes could be made to streamline the current fee structure, including following:

- **Combination of Permit Types:** Various encroachment permits were combined into a singular category to streamline the fee schedule. While accounting for different services, the level of effort from staff is similar, and therefore a singular category makes the most sense.
- **Conversion of Deposit to Flat Fee:** Various encroachment permits were currently being assessed fees based on time and materials with an initial deposit collected at application submittal. In discussions with staff, the processes associated with these permits are fairly standard, and could be convert to a flat fee. This conversion lessens the administrative time associated with these permits, allowing for staff to focus on other activities.
- **Conversion of Flat Fees to Deposit:** In contrast to the encroachment permits identified above, Engineering staff identified several fees for which services range widely enough to warrant converting the flat fee to a deposit. These services include grading and mapping.
- **Expansion of Categories:** Certain fee categories were expanded to account for subcategories, including Monitoring Wells and Blanket Permits. This expansion allows the City to better set fees to account for the varying levels of service needed to issues these permits.

The proposed fee structure changes outlined above will enable Engineering to most accurately and transparently reflect all of the services it provides.

2 DETAILED RESULTS

The following subsections look at the detailed results associated with current and proposed Encroachment flat fees, Public Improvements, and support on planning applications.

1 Engineering Flat Fees

The fees that are currently or are being proposed as flat fees, primarily relate to specific encroachments and transportation permits. The following table details the title / name, current fee, total cost, and surplus or deficit associated with each permit.

Table 21: Total Cost Per Unit Results – Engineering

Fee Name	Current Fee / Deposit	Total Cost Per Unit	Surplus / (Deficit) per Unit
Encroachment Permits			
Residential Frontage (Driveway/ C, G & SW)	\$250	\$509	(\$259)
Multi-Family/ Commercial Frontage (Driveway, C, G, SW Replacement, and ADA Ramp Replacement)	\$1,000	\$1,205	(\$205)
Minor	\$250	\$270	(\$20)
Monitoring Wells, Initial and release			
Initial	\$1,000	\$1,109	(\$109)
Monitoring	\$1,000	\$164	\$836
Destruction	\$1,000	\$517	\$483
Transportation Permit			
Annual	\$90	\$90	\$0
Single Trip	\$16	\$16	\$0

The first three encroachment permit categories show a subsidy, ranging from a low of \$20 for a Minor permit, to a high of \$259 for a Residential Frontage (driveway, curb, gutter, & sidewalk).

The Monitoring Wells were converted from a deposit of \$1,000 to flat fees ranging from \$517 for the destruction of a well, to \$1,109 for the an Initial permit. While the Monitoring and Destruction permits show an over-recovery, as these were previously deposits, all unused funds would have been returned to the applicant.

The annual and single trip Transportation Permits are set by the state at \$90 and \$16. The City's current fees are in compliance with these guidelines.

2 On / Off Site Public Improvements

The City of Citrus Heights currently charges for on and off-site improvements based upon the value of the improvements. This is a fairly standardized methodology for calculating

these types of services. The current fee structure for the City, was established in 2009 and has not been updated in the last ten years. The project team reviewed the current structure, compared it to other jurisdictions, as well as the value of current improvements to develop a modified structure. The following table compares the current structure to the proposed structure:

Table 22: Comparison of On / Off-Site Improvement Fee Structure

Current Structure	Modified / Proposed Structure
Plan Check: \$0-\$150,000	Plan Check: \$0-\$100,000
Inspection: \$0-\$150,000	Inspection: \$0-\$100,000
Plan Check: \$150,000+	Plan Check: \$100,000-\$1,000,000
Inspection: \$150,000+	Inspection: \$100,000-\$1,000,000
	Plan Check: \$1,000,000-\$5,000,000
	Inspection: \$1,000,000-\$5,000,000
	Plan Check: \$5,000,000+
	Inspection: \$5,000,000+

As the table indicates, the proposed / modified structure expands the current structure from two ranges (Less than \$150k or greater than \$150k) to four ranges. This expansion allows to better capture the marginal increases in effort, rather than calculating the fee based upon exponential increases. Additionally, this structure is more reflective of typical improvement projects, which cost between \$500k to \$5m.

The following table identifies the base fee and percentage calculated for each of the proposed off/on-site improvements.

Table 23: Total Cost Per Unit Results – Off/On-Site Improvements

Improvement Valuation Range	Plan Check Full Cost	Inspection Full Cost
\$0-\$100,000	\$5,685 + 8.01% of improvement costs	\$2,997 + 6.33% of improvement costs
\$100,000-\$1,000,000	\$14,213 + 0.79% of improvement costs	\$9,740 + 0.44% of improvement costs
\$1,000,000-\$5,000,000	\$47,375 + 0.66% of improvement costs	\$28,471 + 0.37% of improvement costs
\$5,000,000+	\$83,381 + 0.56% of improvement costs	\$52,446 + 0.31% of improvement costs

The modified structure is developed utilizing a base fee, an initial fee amount, and a percentage of improvement costs to account for the increased level of effort associated with a higher dollar value project.

3 Engineering Support to Planning

In discussions with Engineering staff, there were several applications types administered by Planning for which Engineering must review and or provide comments. The following

table identifies the Planning applications for which Engineering staff provide support, as well as the total cost as calculated through this study.

Table 24: Total Cost Per Unit Results – Engineering Support to Planning

Planning Application	Total Cost Per Unit
General Plan Amendment	\$168
Specific Plan Amendment	\$1,046
Rezone	
Less than 2 acres	\$84
Greater than 2 acres	\$84
Minor CUP	\$679
Minor CUP Modification	\$679
CUP	\$679
Modification of CUP	\$679
Design Review Permit - Staff Level	\$335
DRP Mod - Staff	\$335
DRP - PC	\$503
DRP mod - PC	\$503
Tentative Parcel Map	\$1,190
Tentative Subdivision Map	\$1,525
Vesting Tent. Subdivision Map	\$1,525

Approximately 15 Planning application types were identified as potentially requiring review or comments by Engineering staff. The costs of Engineering services ranges from a low of \$84 for a Rezone, to a high of \$1,525 for either a Tentative Subdivision Map or a Vesting Tentative Subdivision Map.

The cost for Engineering services is not currently accounted for in Planning fees. When considering cost recovery goals, and where to set fees, the City should look at if and how it would like to recover for Engineering costs associated with Planning applications.

3 DEPOSIT-BASED FEES

While the previous section identified services for which a flat fee could be assessed, there are various permits issued by the Engineering division, for which services can vary widely, due to project size, or length of the project. For permits where service levels can vary significantly a deposit is generally recommended to ensure the full cost of service is recovered. The following table shows the current deposit (or fee amount if being converted), and the proposed deposit amount for these fees:

Table 25: Deposit-Based Fees – Engineering

Fee Name	Current Fee / Deposit	Proposed Deposit
Agreements		
Deferral, Stormwater Vault/Access, Right of Way/Easement Abandonment, Reimbursement	Various	\$1,500
Encroachment Permit		
Utility Standard	\$1,500	\$1,500
Blanket Permit		
Tier 1	\$5,000	\$5,000
Tier 2	\$5,000	\$15,000
Tier 3	\$5,000	\$40,000
Grading		
P/C and Inspection	Various	\$1,000
Mapping		
Cert of Compliance	\$925	\$1,000
Lot Line Adjustment (LLA)	\$1,310	\$1,500
Parcel Map Check, <4 Lots	\$5,000	\$5,000
Subdivision Map Check, 5-25 Lots	\$5,000	\$5,000
Subdivision Map Check, 26+ Lots	\$10,000	\$10,000
Miscellaneous		
Maintenance Assessment District Set Up	\$5,575	\$6,000

Through discussions with Engineering staff, agreements for deferral, Stormwater, vault / access, right of way / easement abandonment, and reimbursement were combined into a single category. Each of these agreements had a current fee that ranged between \$1,105 to \$1,290, therefore the proposed deposit is \$1,500.

Current the City has two Encroachment permits for which they would like to keep on a time and materials basis: Utility Standard and Blanket permits. There is no change being proposed to the current deposit for Utility Standard permits. For Blanket permits, however, Engineering staff believe that a tiered deposit would work best to ensure adequate initial funds for large projects, without overly burdening smaller projects. Therefore, Tier 1 projects are proposed to have a \$5,000 deposit, which is in line with the current deposit. Tier 2 projects will have a \$15,000 deposit, and Tier 3 projects will have a \$40,000 deposit.

Grading plan review and inspection is being converted from flat fees based on cubic yards to a time and materials deposit. The current fees ranged from \$750 to \$1,700. In discussions with Engineering staff, a deposit of \$1,000 is being proposed.

Currently the Engineering division charges flat fees for certificate of compliance and lot line adjustments, while taking deposits for map checks. Through this analysis staff are proposing to convert certificate of compliance and lot line adjustment to be time and materials, with deposits of \$1,000 and \$1,500 respectively. There is no proposed change for deposits relating to parcel or subdivision map checks.

4 ANNUAL REVENUE IMPACTS

The following table shows for engineering fees, the total revenue at current fee, the total annual cost, and the resulting annual surplus / (deficit).

Table 26: Annual Results – Engineering

Category	Revenue at Current Fee	Total Annual Cost	Annual Surplus / (Deficit)
Engineering Fees	\$199,717	\$202,139	(\$2,422)

Overall, the Engineering Division is recovering approximately 99% of its costs and only has a deficit of \$2,400. The minimal deficit in engineering is due to the majority of engineering's fees and services being done on time and material or deposits. Deposits, while administratively time consuming, are also the best mechanism to ensure that each project is paying their fair share.

5 JURISDICTIONAL COMPARISON

As part of this study, the City requested a comparison of how their current fees and total cost related to other similar sized and regionally located jurisdictions. The following provides a comparative look at common Engineering fees.

The most common type of Public Works fee charged by jurisdictions are Encroachment Permits. Since fees for these types of permits vary in regards to the fee associated with them, the following points outline how other local jurisdictions charge for this service:

- Elk Grove charges \$250 for minor encroachment permits and a \$2,000 deposit for any other type.
- Folsom charges by square foot. They have a base fee of \$129 plus \$1.86 per square foot.
- Rancho Cordova has a minor encroachment deposit of \$350 and a \$2,000 deposit for all other types.
- Rocklin charges \$343 for residential driveway or sidewalk encroachments, \$405 for commercial driveways or sidewalks, and all other types would be charged at actual cost.
- Roseville charges 5% of the project cost for residential and commercial driveway and sidewalk encroachment permits with a minimum fee of \$66. For any other type of encroachment they charge actual cost.

Comparing each jurisdictions' methodology for Minor Encroachment Permits shows that Citrus Heights' current fee of \$250 and full cost calculated fee of \$270 fall into the lower range of what others charge for the same service. Citrus Heights' also charges a flat fee for driveway and sidewalk encroachment whereas most other local comparable jurisdictions charge a deposit for the service.

13. Comparative Survey

As part of the Cost of Services (User Fee) study for the City of Citrus Heights, the Matrix Consulting Group conducted a comparative survey of fees. The City identified five jurisdictions to be included in the comparative survey: Elk Grove, Folsom, Rancho Cordova, Rocklin, and Roseville.

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 27: Ranking of Jurisdictions by Population

Jurisdiction	2018 Census
Elk Grove	17,288
Rocklin	67,221
Rancho Cordova	74,585
Folsom	79,022
Citrus Heights	87,910
Roseville	139,117

Table 28: Ranking of Jurisdictions by Budget

Jurisdiction	FY 19 / 20 Budget
Citrus Heights	\$ 62,214,883
Rocklin	\$ 90,146,200
Rancho Cordova	\$ 158,777,775
Folsom	\$ 209,441,221
Elk Grove	\$ 291,113,174
Roseville	\$ 533,900,000

Table 29: Ranking of Jurisdictions by Workforce Size

Jurisdiction	FY 19 / 20 FTE
Rancho Cordova	193.25
Citrus Heights	210.25
Rocklin	263
Elk Grove	393
Folsom	452.5
Roseville	1191

Based on the data shown in the above tables, the City of Citrus Heights ranks in the lowest range in terms of budget and workforce size, but in the highest range as it relates to population.

While the above comparative information can provide some perspective when paralleling Citrus Heights' 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 30: Last Comprehensive Fee Analysis

Jurisdiction	Response
Elk Grove	2011
Folsom	2006
Rancho Cordova	2010
Rocklin	2018
Roseville	2018

As the table above indicates, the only comparable jurisdictions that have done a comprehensive fee study in the last 5 years are Rocklin and Roseville. Folsom has not done a study but updates their fees based on a CPI. Elk Grove is currently undergoing a fee study.

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.

14. 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 ADJUSTMENTS

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.

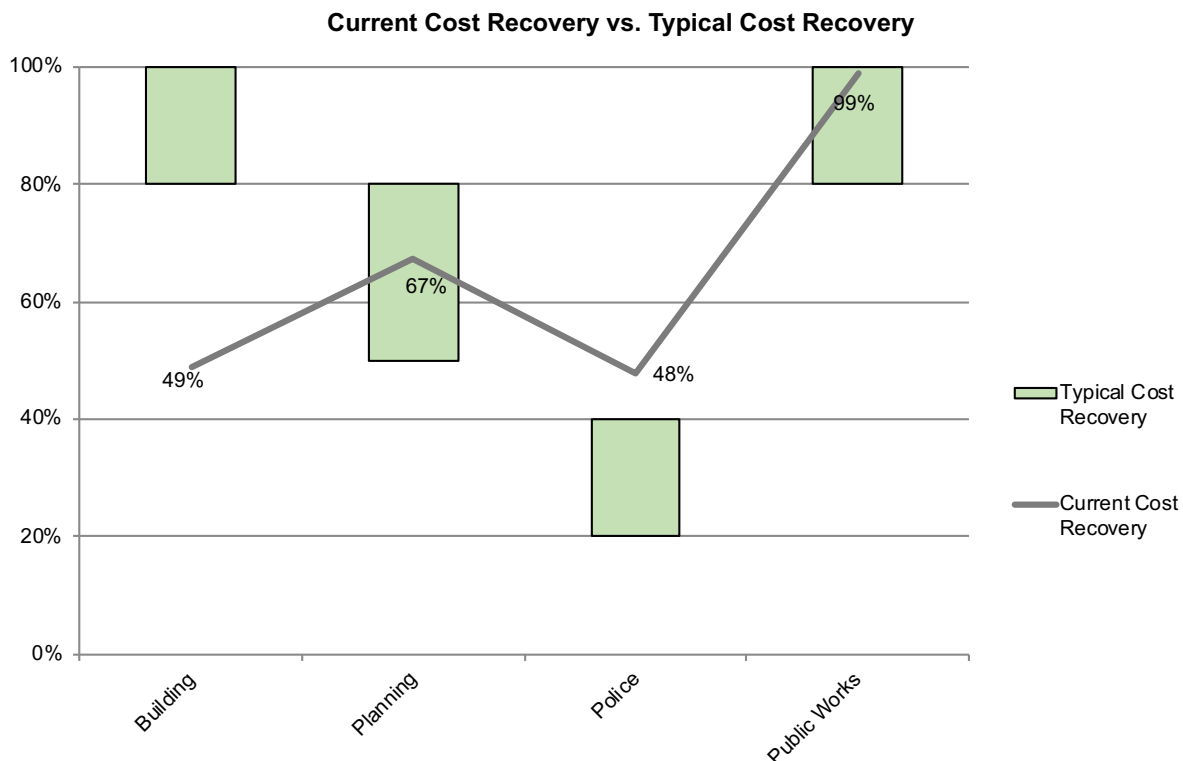
1 Typical Cost Recovery

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 major department.

Table 31: Typical Cost Recovery Levels by Department

Department	Typical Cost Recovery
Building	80 – 100%
Planning	50 – 80%
Police	20 – 40%
Public Works	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 Citrus Heights compares to industry cost recovery standards.



The graph above indicates that the City is currently within the typical cost recovery range for Planning, Police, and Public Works; however, it is significantly below the typical . The City is below the typical cost recovery for Building services.

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.