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## AGENDA

- **User Fee Purpose & Process**
- **Background**
- **Project Timeline**
- **Methodology – The Matrix Group, Inc.**
- **Staff Recommended Fees**
- **Fees at less than 100% Cost Recovery Rate**



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- **User Fee Study** is conducted to accurately, fairly, and reasonably determine the full cost of City departments to provide services to the individuals and businesses within the community.
- General cost recovery strategy – fund programs and services (thereby reducing other General Fund monies for such purposes).
- City has engaged **Matrix Consulting Group Inc.**, to complete comprehensive Cost Allocation (CAP), User Fee Study, and DIF Update.



## USER FEE PURPOSE

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## User Fee Process



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## BACKGROUND

- City incorporated **2008** adopting County's fee structure.
- Comprehensive Cost Allocation Plan (CAP) and User Fee Study completed in **2013**.
- Addition of Community Services User Fees in **2014**.
- Update to Planning, Engineering, Building & Safety and Fire Fees in **2017** (Adopted in 2018).
- Addition of Menifee Police Department fees in **2020**.



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## PROJECT TIMELINE

- **June 21, 2022:** Finance Committee
- **July 19, 2022:** Developer Stakeholder Meeting
- **July 27, 2022:** NAIOP Stakeholder Meeting
- **August 17, 2022 :** User Fees Council Workshop
- **September 21, 2022:** User Fees for Approval (City Council)
- **October 5, 2022:** Second Reading (Implementation-60 days)



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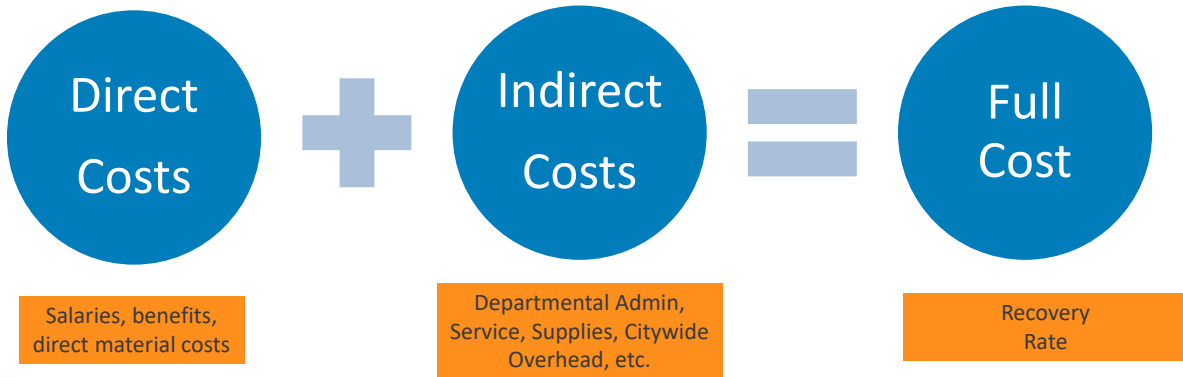


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## Methodology: Full Cost



## Analysis for proposed fees:

- Departmental Staff Interviews
- Data Collection
- Cost Analysis
- Review and Approval of Results with Staff

**User Fee Study calculated costs are in compliance with State & Federal Regulations**

## User Fee Study Results

Executive Summary Table	Revenue at Current Fee	Annual Cost	Annual Surplus / (Deficit)	Cost Recovery %
Admin/Miscellaneous	\$126,232	\$243,368	(\$117,135)	52%
Community Services	\$225,203	\$2,638,874	(\$2,413,671)	9%
Development Related	\$8,498,703	\$9,314,229	(\$815,526)	91%
<b>TOTAL</b>	<b>\$8,850,138</b>	<b>\$12,196,470</b>	<b>(\$3,346,332)</b>	<b>73%</b>

Admin/Miscellaneous: Police, City Clerk, Finance, & Code Enforcement  
 Community Services: Community Services  
 Development Related: Building, Planning, Engineering, & Fire Prevention



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## Fee Schedule Modifications

- New Fees
- Condensing of Fees
- Expansion of Fees
- Fee Name Change
- Eliminated Fees
- Restructuring of Fees
- Reclassification of Fees



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## User Fee Regulations

### Market Based Costs

(Can be over 100% cost  
recovery rate)

### Service Based Costs

(Cannot be over 100% cost  
recovery rate)



## Cost Recovery Considerations

- Current Fees
- Over-Collection
- Under-Collection
- Annual Adjustments - CPI
- User Fee Study (Every 3-5 years)





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## Staff Analysis & Recommendations

- Current Fees
- Industry Norms
- Residents vs. Non-Residents
- Economic Development Strategy
- State/Federally regulated or set fee
- Based on Director/Department review
- Parity with surrounding cities
- Development related fees recommended policy

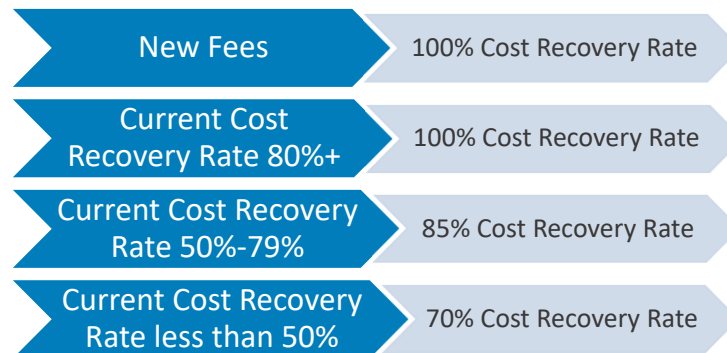


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## Development Related Fees Recommended Policy

### Building, Planning, Fire, and Engineering



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# Development Services Surcharge

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## General Plan Maintenance Fee

*Study  
calculates  
fee at  
9%*




- Existing Fee - Currently 5%
- Part of building permit process
- Consistent with other jurisdictions
- Fee accounts for updates to the general plan, zoning ordinance, housing elements, and other long-range planning activities

**Staff Recommendation is 9%**

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<h2>Technology Surcharge Fee</h2> <p><b>Study calculates fee at 5.7%</b></p>	<ul style="list-style-type: none"> <li>• Recommend as a separate fee</li> <li>• Currently part of the indirect costs and were carved out in this study</li> <li>• Provides transparency - fees will be used on Technology</li> <li>• Funds new and existing Technology needs to minimize impact on General Fund</li> <li>• Consistent with other jurisdictions</li> <li>• Can be used in the future to help fund electronic review, electronic storage of files, and other growing technology costs.</li> </ul>
	<p><b>Staff Recommendation is 5%</b></p>

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<h1>Recommended Action</h1> <p>Review and provide comments on the draft user fee study and recommend submittal for a public hearing and resolution approving the user fee update at the September 21, 2022 City Council Meeting</p>	

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