



City of San Diego

FY 2013 User Fees Analysis

Budget & Finance Committee

April 25, 2012



User Fee Policy

- **Adopted March 10, 2009**
- **Requires fee levels be in line with service costs**
- **Established categories**
 - **I – 100% cost recovery**
 - **II – less than 100% cost recovery**
 - **III – penalties & fines**
- **Requires comprehensive user fee analysis every 3 years**



Proposition 26

What is Proposition 26?

- **Amends Article XIII C of the California Constitution so that all levies, charges, and other exactions imposed by the state or local government are taxes unless an exception applies**
- **Triggered if a local agency imposes a new fee, or extends or increases an existing fee on or after 11/3/2010**
- **Charges in effect before 11/3/2010 are fine**



Proposition 26

In a nutshell, a fee is a tax unless it is for:

- **A benefit or privilege conveyed (aka user fee)**
- **A government service or product (aka user/service fee)**
- **Certain costs of regulation**
- **Entrance fees and fees for use of state/local property**
- **Fines imposed by a court or government**
- **Property development impact fees**
- **Assessment and property-related fees governed by Prop 218**



Proposition 26

Calculating the Fee

- **The amount of the user fee must generally relate to the actual goods or services provided**
 - **Must be fair and equitable**
 - **Must be proportionately representative of the costs incurred by the local agency (i.e., reasonable)**
 - **Can include direct and incidental costs**
- **An exact accounting for each product or service is not necessary; reasonably estimated costs are sufficient**



Fee Cost Methodology

Illustration

A. Direct Hourly Rate	\$20.00
B. Fringe Costs (pension, health, dental, etc.)	<u>12.00</u>
Total Direct Cost Per Hour	\$32.00
C. Non-Productive Time (training, leave, etc.)	6.00
D. Overhead (department, fleet, IT, etc.)	<u>8.00</u>
Total Cost Per Hour	\$46.00
E. Number of Hours Spent	0.75
Service Cost	\$34.50
Fee Amount – 100% Cost Recovery	\$34.50



Comprehensive User Fee Analysis

- **General Fund Departments only**
- **585 Total Fees**
 - 350 Park & Recreation fees will be studied separately
- **163 Recommended fee adjustments**
 - 49 recommended fee decreases
 - 114 recommended fee increases
- **Budget Reduction Impact**
- **Estimated Net Fiscal Impact: \$1.1 million additional General Fund revenue**
 - Included in FY 2013 Proposed Budget



Comprehensive User Fee Analysis

Department Presentations

- **Police**
- **Fire-Rescue**
- **Library**
- **Development Services**
- **Transportation & Stormwater**
- **Real Estate Assets**
- **Public Utilities**
- **City Clerk**
- **City Treasurer**
- **Financial Management**



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