

# Comprehensive User Fee Study City of Carson



Presented By:  
Eric Johnson, President &  
Chu Thai, Vice President  
Revenue & Cost Specialists, L.L.C.





# ABOUT RCS



- **Revenue & Cost Specialists founded in 1980**  
Pioneered Matching Fee Revenues with Cost of the Services  
Studied over 250 agencies in 5 states

## Eric Johnson, President

31 years with RCS. Served over 100 agencies

- **Chu Thai, Vice President**

26 years governmental experience as Budget Manager and Finance Director





# COMPREHENSIVE STUDY



## User Fees

Identifiable user and cost for service

Development & construction fees

Finance/Utility services

Recreation

## Rent/Use

Identifiable user and rent/use fee set by market

Facility rental

Park entry

Use of city property for filming

## Fines

Identifiable user and fine/citation to change behavior

Parking citation

Unpermitted construction

Code violations

 ~~Impact Fees, Utility Rates, Transit Rates, Grants, Taxes~~



# CARSON FEE UPDATE TIMELINE

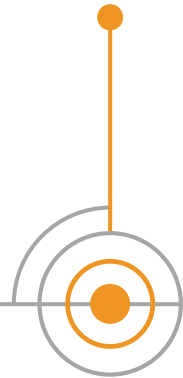


**1980s**



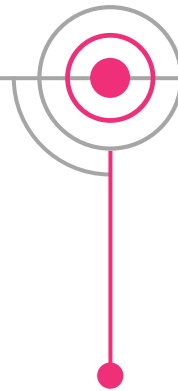
**First Fee Study  
Adopted User Fees**

**Carson issues RFP, conducts  
interviews and select RCS**



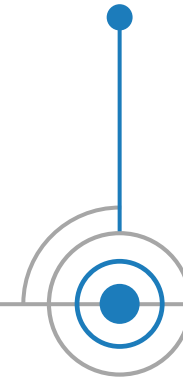
**Sept  
2019**

**Feb  
2020**



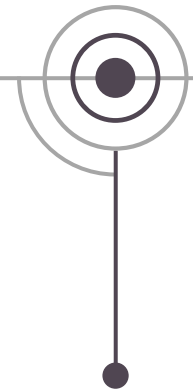
**Fee update Kick-Off. COVID-19  
delay for several months**

**Final Fee Study report finished.**



**Aug  
2021**

**Jan  
2022**



**Public presentation at  
City Council meeting**



# THOROUGH PROCESS





# WHAT HAVE WE DONE?



Finance Department

Public Safety

City Manager's Office

## City Budget

Planning Department

Public Works Department



Community Services Department

## Business Orientation

Payroll Services    Carson Circuit    Recreation    Facility Rental  
Conditional Use Permit    Building Permit    Lot Line Adjustment

**(2) Identified Cost of Services to Customers**

**(3) Matched Revenues to Costs**



# METHODOLOGY



Establish service  
& time spent



Review budget  
and calculate  
overhead



Determine  
Community vs  
Personal Choice



Cost recovery &  
Recommendations





# PURPOSE OF STUDY



➤ **Analysis was last performed in 2008...  
updated analysis was needed**



➤ **Align fees with the cost of  
providing the service**

➤ **Determine inter-fund  
overhead allocations and  
develop internal policies**





# VOTER-ENACTED PROPOSITIONS

RCS

## Proposition 4 (1979)

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

## Proposition 218 (1996)

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

## Proposition 26 (2010)

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





# TAX vs FEE



## Community Support (Tax) Services

- Typically benefits community as a whole
- 100% supported by tax dollars
  - ✓ E.g. Street maintenance, tree maintenance and code enforcement

## Personal Choice (Fee) Services

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



# FEES (REGULATORY vs VOLUNTARY)



## Regulatory Fees

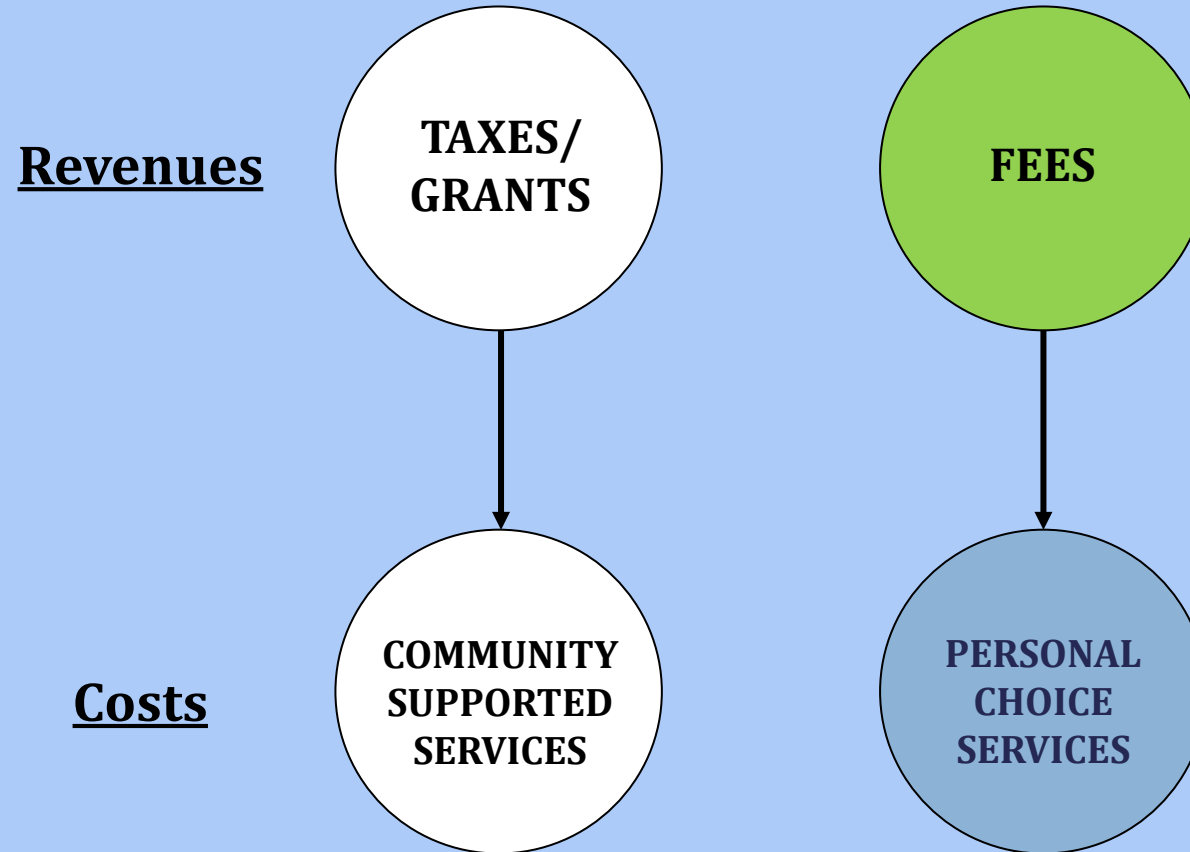
- The customer is required to use the service due to the choice of developing property.
- Fees are often determined by the full cost of the service.
- E.g. Planning, Building & Safety, and Engineering fees

## Voluntary Fees

- The Customer is not required to use the service
- Fees are often determined by market forces and may need to be subsidized.
- E.g. Community Services fees

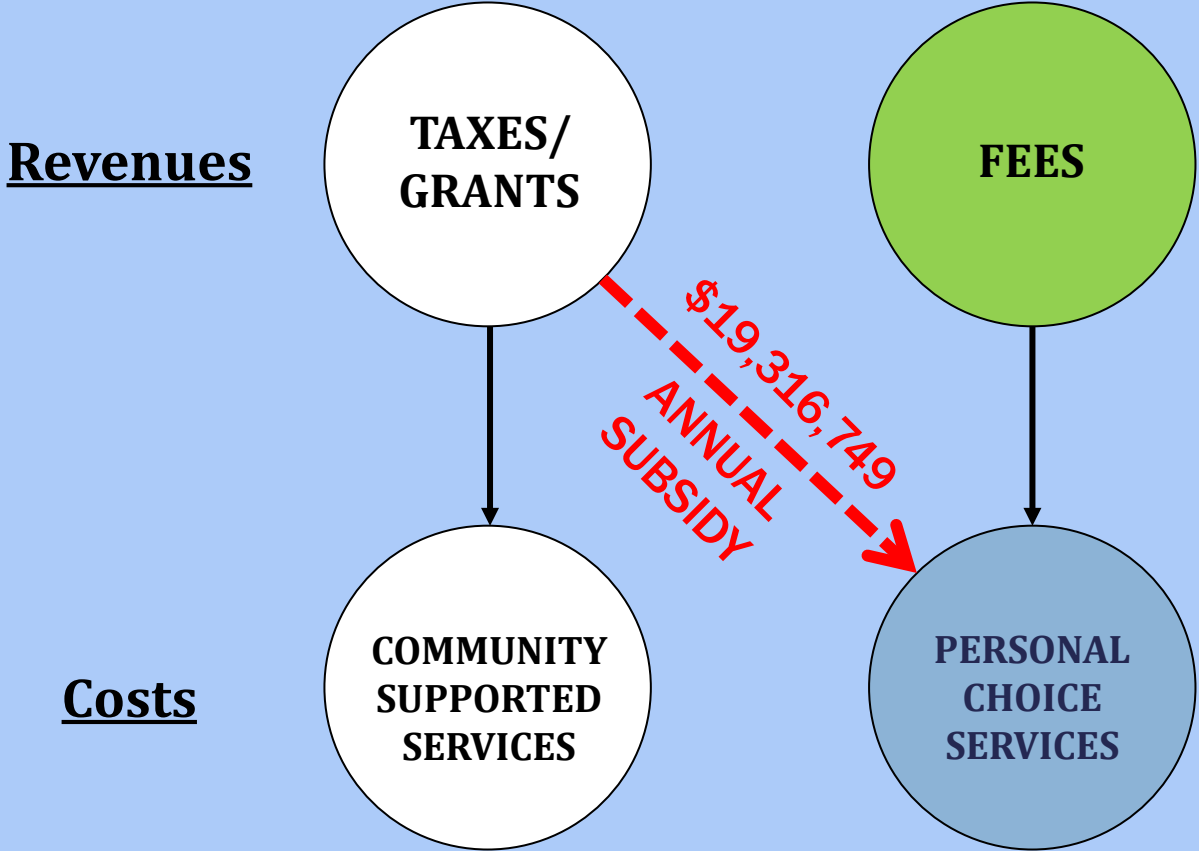


# MATCHING REVENUES TO COSTS





# ANNUAL SUBSIDY





# SUBSIDIES vs NEW REVENUES



SERVICE	TOTAL FEE REVENUE	TOTAL SERVICE COST	TOTAL PROFIT/ (SUBSIDY)	PCT. RECOVERY FROM FEES		POSSIBLE NEW REVENUE
				ACTUAL	SUGGEST	
[S-001 to S-076] COMMUNITY DEVELOPMENT	\$5,858,782	\$5,566,800	\$291,982	105.2%	VAR.	\$116,900
[S-077 to S-084] PUBLIC SAFETY	\$1,057,000	\$813,220	\$243,780	130.0%	VAR.	\$56,400
[S-085 to S-103] LEISURE & CULTURAL	\$3,331,360	\$21,612,457	(\$18,281,097)	15.4%	VAR.	\$0
[S-104 to S-107] TRANSPORTATION	\$2,722,710	\$3,539,566	(\$816,856)	76.9%	VAR.	\$17,000
[S-108 to S-142] ADMINISTRATIVE	\$953,386	\$1,707,944	(\$754,558)	55.8%	VAR.	\$713,600
	<b>\$13,923,238</b>	<b>\$33,239,987</b>	<b>(\$19,316,749)</b>	<b>41.9%</b>		<b>\$903,900</b>



# Why have the costs of some services increased so much?



➤ **Analysis was last performed in 2008... updated analysis was needed.**

➤ **Existing fee schedule only included direct salaries and benefits. Overhead support costs were not included.**

➤ **Some services are changing from deposits to flat fees.**





# FINAL TAX SUBSIDY DECISION



The Project Goal is to identify the full costs for the various services

RCS and City Staff have made fee recommendations for every service

**City Council** decides which services should be charged the full costs and which services are subsidized with tax dollars





# Questions?

revenuecost.com

RCS

Home Consulting Software Team Clients Project Highlights Blog

## Specialists in Municipal Revenues and Costs

**ABOUT**

**Celebrating 40 Year in Business**

RCS was founded by two former City Managers (Doug Ayres & Lee Weber) and a former Finance Director (Rick Kermer), to address the fiscal challenges from the adoption of Propositions 13 & 4. Our founding partners knew that reduced tax revenues would reduce or eliminate tax subsidies to fee services. Therefore, the financial health of cities required that they know the cost of their services. Forty years later, Revenue & Cost Specialists continue to focus on cost allocation and service cost calculations.

**OUR SERVICES**

It is near impossible to make credible decisions about an agency's financial future without credible information. We can help you balance your budget by

[www.revenuecost.com](http://www.revenuecost.com)





# THE REPORT

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# CHAPTER IV (page 29-40)

**Table 1  
Community Development Services**

REF # (1)	SERVICE (2)	TOTAL FEE REVENUE (3)	TOTAL SERVICE COST (4)	TOTAL PROFIT/ (SUBSIDY) (5)	PCT. RECOVERY FROM FEES		POSSIBLE NEW REVENUE (8)
					ACTUAL (6)	SUGGEST (7)	
S-001	CONDITIONAL USE PERMIT	\$72,000	\$167,188	(\$95,188)	43.1%	100%	\$95,200
S-002	CUP - SHARED PARKING	\$2,500	\$7,354	(\$4,854)	34.0%	100%	\$0
S-003	CUP - LEGAL NONCONF - VEH SVC & REP	\$750	\$10,277	(\$9,527)	7.3%	100%	\$0
S-004	CUP - OIL WELLS	N/A	N/A	N/A	N/A	100%	\$0
S-005	SITE PL & DES OVER REV - ADMIN ONLY	\$8,400	\$43,129	(\$34,729)	19.5%	100%	\$34,700
S-006	SITE PL & DES OVER REV-PUB HEAR/PC	\$240,000	\$432,160	(\$192,160)	55.5%	100%	\$192,200
S-007	SITE PL & DES OVER REV-PUB HEAR/RES	\$1,000	\$31,481	(\$30,481)	3.2%	100%	\$30,500
S-008	VARIANCE	\$4,000	\$9,991	(\$5,991)	40.0%	100%	\$6,000
S-009	GENERAL PLAN AMENDMENT	\$14,000	\$36,072	(\$22,072)	38.8%	100%	\$0
S-010	ZONE CHANGE (MAP AND/OR TEXT)	\$28,000	\$62,272	(\$34,272)	45.0%	100%	\$0
S-011	SPECIFIC PLAN	N/A	N/A	N/A	N/A	100%	\$0
S-012	DEVELOPMENT AGREEMENT	N/A	N/A	N/A	N/A	100%	\$0
S-013	ENVIRONMENTAL REVIEW	N/A	N/A	N/A	N/A	100%	\$0
S-014	TENTATIVE PARCEL MAP	\$60,000	\$65,262	(\$5,262)	91.9%	100%	\$0
S-015	TENTATIVE TRACT MAP	\$60,000	\$65,262	(\$5,262)	91.9%	100%	\$0
S-016	LOT LINE ADJUSTMENT	\$4,000	\$13,576	(\$9,576)	29.5%	100%	\$9,600

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a  
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b  
b  
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b

**Schedule of fiscal impact by each fee**



# APPENDIX A – FEE COMPARISON



**CITY OF CARSON, CALIFORNIA  
FEE COMPARISON REPORT  
FY 2020/2021**

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**REF #: S-001                      TITLE: CONDITIONAL USE PERMIT**

<u>CURRENT FEE</u>	<u>RECOMMENDED FEE</u>
Legal Nonconforming Second Dwelling Unit - \$750 per application	\$13,930 per application
Residential Uses - \$6,000 deposit	
Other Commercial Uses - \$6,000 deposit	
Industrial Uses - \$6,000 deposit	
Other Uses - \$6,000 deposit	

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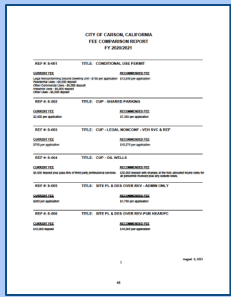
**REF #: S-002                      TITLE: CUP - SHARED PARKING**

<u>CURRENT FEE</u>	<u>RECOMMENDED FEE</u>
\$2,500 per application	\$7,355 per application

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**REF #: S-003                      TITLE: CUP - LEGAL NONCONF - VEH SVC & REP**

<u>CURRENT FEE</u>	<u>RECOMMENDED FEE</u>
\$750 per application	\$10,275 per application





# APPENDIX B – FEE DETAILS



CITY OF CARSON, CALIFORNIA REVENUE AND COST SUMMARY WORKSHEET FY 2020/2021																						
SERVICE <b>CONDITIONAL USE PERMIT</b>		REFERENCE NO. <b>S-001</b>																				
PRIMARY DEPARTMENT PLANNING	UNIT OF SERVICE APPLICATION	SERVICE RECIPIENT																				
DESCRIPTION OF SERVICE Process and review of Conditional Use Permit.																						
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SUGGESTED FEE FOR COST RECOVERY OF: 100% \$13,930 per application																						

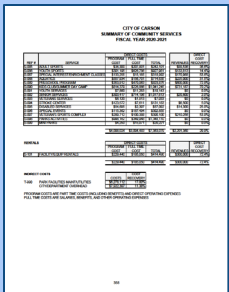
CITY OF CARSON, CALIFORNIA COST DETAIL WORKSHEET FY 2020/2021						
SERVICE <b>CONDITIONAL USE PERMIT</b>					REFERENCE NO. <b>S-001</b>	
NOTE Unit Costs are an Average of Total Units					TOTAL UNITS <b>12</b>	
DEPARTMENT	POSITION	TYPE	UNIT TIME	UNIT COST	ANN. UNITS	TOTAL COST
PLANNING COMM	PLANNING SECRETARY		6.50	\$1,187.42	12	\$14,249
CURRENT PLANNING	COMM DEV DIRECTOR		4.00	\$1,661.72	12	\$19,941
CURRENT PLANNING	PLANNING MGR		6.75	\$2,035.87	12	\$24,430
CURRENT PLANNING	PROJECT PLANNER		29.25	\$5,289.28	12	\$63,471
CURRENT PLANNING	SENIOR PLANNER		6.50	\$1,290.19	12	\$15,482
ENGINEERING	ASSOC CIVIL ENGINEER		10.00	\$1,631.80	12	\$19,582
ENGINEERING	PRIN CIVIL ENG/CITY ENG		1.00	\$294.68	12	\$3,536
ROADWAY MAINT.	SR CIVIL ENGINEER		2.00	\$541.38	12	\$6,497
TYPE SUBTOTAL			66.00	\$13,932.34		\$167,188
TOTALS			66.00	\$13,932.33		\$167,188

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# APPENDIX C – RECREATION

REF #	SERVICE	DIRECT COSTS			REVENUES	DIRECT COST RECOVERY
		PROGRAM COST	FULL TIME COST	TOTAL		
S-085	ADULT SPORTS	\$34,300	\$207,801	\$242,101	\$88,536	36.6%
S-086	YOUTH SPORTS	\$301,195	\$626,786	\$927,981	\$133,813	14.4%
S-087	SPECIAL INTEREST/ENRICHMENT CLASSES	\$133,255	\$15,165	\$318,992	\$170,968	53.6%
S-088	AQUATICS	\$557,934	\$156,701	\$714,635	\$225,000	31.5%
S-089	PRESCHOOL PROGRAM	\$353,812	\$470,063	\$823,875	\$600,000	72.8%
S-090	KIDS CLUB/SUMMER DAY CAMP	\$814,379	\$226,866	\$1,041,245	\$731,187	70.2%
S-091	YOUTH SERVICES	\$7,860	\$11,283	\$19,143	\$0	0.0%
S-092	SENIOR SERVICES	\$303,417	\$714,196	\$1,017,613	\$20,800	2.0%
S-093	VETERANS SERVICES	\$6,120	\$1,813	\$7,933	\$0	0.0%
S-094	STROKE CENTER	\$123,572	\$7,611	\$131,183	\$6,500	5.0%
S-095	DISABLED SERVICES	\$54,695	\$2,397	\$57,092	\$14,300	25.0%
S-096	SPECIAL EVENTS	\$115,362	\$187,494	\$302,855	\$0	0.0%
S-097	VETERAN'S SPORTS COMPLEX	\$289,712	\$100,388	\$390,100	\$210,256	53.9%
S-098	PARKS ACTIVITIES	\$998,162	\$349,948	\$1,348,110	\$0	0.0%
S-099	MINI PARKS	\$4,250	\$15,971	\$20,221	\$0	0.0%
		<b>\$4,098,024</b>	<b>\$3,094,483</b>	<b>\$7,363,079</b>	<b>\$2,201,360</b>	<b>29.9%</b>
<b>RENTALS</b>		<b>DIRECT COSTS</b>			<b>REVENUES</b>	<b>DIRECT COST RECOVERY</b>
		PROGRAM COST	FULL TIME COST	TOTAL		
S-101	FACILITY/EQUIP RENTALS	\$229,440	\$185,050	\$414,490	\$300,000	72.4%
		<b>\$229,440</b>	<b>\$185,050</b>	<b>\$414,490</b>	<b>\$300,000</b>	<b>72.4%</b>



**Direct Costs** exclude citywide overhead and department overhead costs

**Program Costs** are part time costs (including benefits) and direct operating expenses. **Full Time Costs** are salaries, benefits, and other operating expenses.