



CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council
FROM: Tori Hannah, Administrative Services Director
MEETING DATE: May 2, 2018
SUBJECT: *Receive Report on the Cost of Services (User Fee) Study*
CEQA STATUS: Does not constitute a “Project” under California Environmental Quality Act (CEQA) Guidelines

RECOMMENDATION

Receive the report.

DISCUSSION

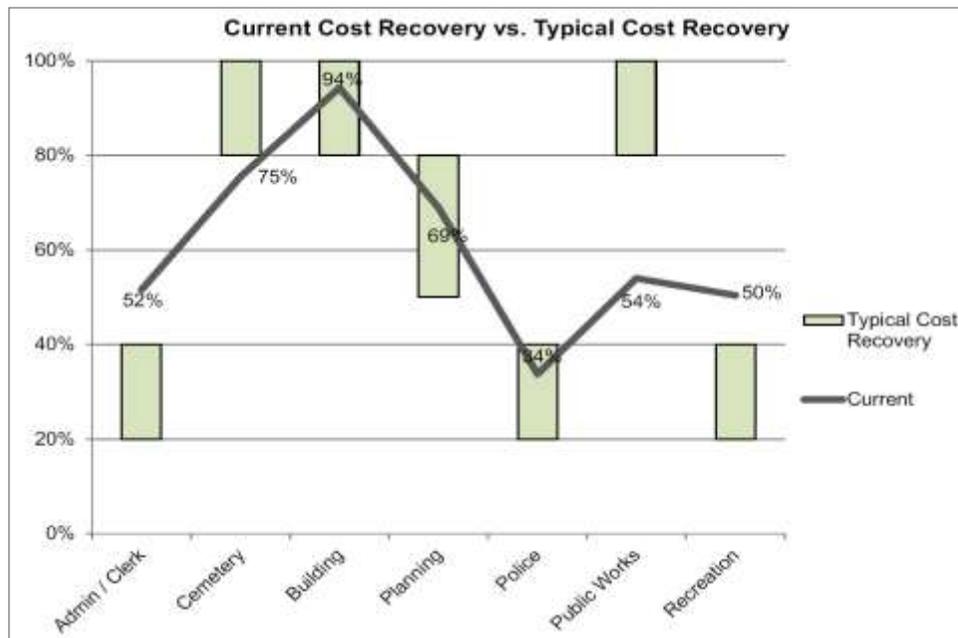
At the City Council Meeting on April 19, 2017, the Council directed staff to request proposals to evaluate the City’s Master Fee Schedule. This study was initiated to support the City’s Fiscal Sustainability goal. In August, the City awarded a contract to the Matrix Consulting Group (MCG) to develop a Cost Allocation Plan and User Fee Study. The goal of the Cost Allocation Plan (CAP) was to provide a comprehensive analysis identifying the appropriate distribution of citywide administrative and overhead costs to all City operating departments, divisions, and programs. The analysis included developing an Office of Management and Budget (OMB)-Compliant CAP to satisfy the requirements established by OMB Circular A-87 Cost Principles for State, Local, and Indian Tribe Governments, Title 2 CFR 225; and a Full Cost Allocation Plan to allocate central support departments to operating functions. The OMB-Compliant CAP can be used to support the reimbursement of indirect costs on Federal and State grants, while the Full CAP can be used to establish indirect costs between departments and overhead rates. The Full CAP served as part of the foundation for the Fee Study.

The Fee Study used a widely accepted “bottom-up” approach to cost analysis. Department representatives were asked to identify the positions and the amount of time spent on each individual fee activity. This information, along with the City’s budgeted salaries, benefits, allowable expenditures; and the indirect costs identified in the CAP were used to establish the “full cost” of providing a service. Each department reviewed the inputs prior to finalizing the attached report (Attachment 1). It should be noted that the fee study does not include rates for the rental or sale of land or property; however it does provide a formula to assist in cost recovery for land use related to filming. All land and property sales or rentals are not limited to the cost recovery principles associated with fees, as they can be sold or leased at market rate.

The report’s conclusion indicated that the City is currently under-recovering its costs by approximately \$488,000, with \$443,000 attributed to the General Fund and approximately \$45,000 associated with the Cemetery Fund. This results in an overall budgetary recovery rate of 66%. The information provided in this report is designed to serve as a basis for policy development discussions and does not include a recommendation to update fees. Staff plans to bring back a recommended Master Fee Schedule in May or June for consideration following this presentation.

To assist with policy discussions, the Matrix Group has provided a chart identifying typical rates of recovery, with recovery rates that based on their experience in analyzing local governments across the United States and California. This information could be referenced, if Council chooses to establish a specific fee recovery level by department. A copy of the charts is presented below, as well as additional details can be found on page 64 of the document.

Department	Typical Cost Recovery
Administration	20 – 40%
Building	80 – 100%
Planning	50 – 80%
Public Works	80 – 100%
Police	20 – 40%
Parks and Recreation	20 – 40%



This study also reflects the full-cost of fees needed to recover costs. Council may adopt a lower fee to encourage or acknowledge community stewardship. An example could be a dog license fee that offers a reduced rate for a neutered pet. This would be consistent with the City’s existing fee structure.

Additional information in the report includes policy considerations, referencing industry indexes for annual updates, a sample schedule for formal fee updates; and a special Filming Fee supplement.

OPTIONS

- Receive report
- Receive report and provide staff with direction regarding updating the City’s Master Fee Schedule

FISCAL IMPACT

There is no fiscal impact with this report. Based on any input received at the Council Meeting, staff will follow-up in May or June with a recommended updates to the City’s Master Fee Schedule, along with the estimated impact of any proposed revisions.

GOAL ALIGNMENT

Fiscal Sustainability

ATTACHMENTS

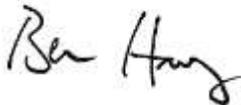
- 1. Report on the Cost of Services (User Fee) Study

RESPECTFULLY SUBMITTED:



Tori Hannah
Administrative Services Director

REVIEWED BY:



Ben Harvey
City Manager

Report on the Cost of Services (User Fee) Study

CITY OF PACIFIC GROVE, CALIFORNIA



April 2018

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1. EXECUTIVE SUMMARY

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

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: General Administration, City Clerk, Cemetery, Building, Planning, Fire, Library, Lighthouse, Police, Public Works, and Recreation. 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 Division. 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 the cost components used to establish the “full” cost of providing services included in this Study:

Table 1: Cost Components Overview

Cost Component	Description
Direct	Fiscal Year 2017/18 Budgeted salaries, benefits and allowable expenditures.
Indirect	Division and departmental administration / management and clerical support, along with Citywide overhead as calculated through the Cost Allocation Plan (provided under separate cover).

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 and volume of activity. In addition, all budgeted costs and staffing levels for Fiscal Year 17/18 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 and City management have 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 CURRENT COST RECOVERY

When comparing Fiscal Year 17/18 fee-related budgeted expenditures with fee-related revenue generated in Fiscal Year 16/17 the City is under-recovering its costs by approximately \$489,000 and recovering about 66% of its budgeted costs annually. The following table outlines these results on a departmental basis:

Table 2: Departmental Cost Recovery Based on Fee-Related Revenue & Expenditures

Department	FY18 Projected Revenue	FY18 Projected Annual Cost	Surplus / (Deficit)	Cost Recovery Percentage
General Administration	\$35,137	\$68,099	(\$32,962)	52%
Cemetery	\$138,778	\$183,841	(\$45,063)	75%
Building	\$182,925	\$193,972	(\$11,048)	94%
Planning	\$332,595	\$482,861	(\$150,266)	69%
Police	\$14,543	\$43,090	(\$28,547)	34%
Public Works	\$60,257	\$112,406	(\$52,149)	54%
Recreation	\$171,514	\$340,108	(\$168,594)	50%
TOTAL	\$935,749	\$1,424,377	(\$488,629)	66%

The detailed documentation of the Study will show an over-collection for certain fees (on a per unit basis), and an undercharge for others. Overall, the City is providing an annual subsidy to fee payers for fee-related services included in this 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 take action. 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, often 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 also to implement 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 department 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 previous studies, 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 CPI or other regional factors to update the cost calculations established in the Study on an annual basis. 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. Alternatively, the project team will provide the City with a user fee model, which can be utilized to update time estimates and costs on an annual basis. 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 • Engineering Development Review • 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 5, 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 changing a water heater in a 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 often compare the City’s fees to surrounding jurisdictions or other options for leisure 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 is in compliance 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 City 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 components of a full cost calculation are typically as follows:

Table 4: Full Cost Calculation Components

Cost Component	Description
Direct	Salaries, benefits and direct divisional expenditures.
Departmental Overhead	Division or Departmental administration / management and clerical support.
Citywide Overhead	City costs associated with central services such as payroll, human resources, budgeting, City management, etc. Calculated by the City through a separate study.

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;
- Include any actual material costs and equipment rental rates;
- Ensure that not more than 100% of a position’s time is allocated between fee & non-fee services.

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 of Pacific Grove developed these estimates.

The project team worked closely with Planning 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.

2 CROSS CHECKS ENSURE THE VALIDITY OF OUR ANALYTICAL MODEL

In addition to the collection of time estimate data for each fee or service included in the User Fee Study, annual volume of activity data assumptions are also a critical component. By collecting data on the estimated volume of activity for each fee or service, a number of analyses are performed which not only provide useful information regarding allocation of staff resources, but also provide valuable cross checks that ensure the validity of each model. This includes assurance that 100% of staff resources are accounted for and allocated to a fee for service, or “other non-fee” related categories. Since there are no objectives to make a profit in establishing user fees, it is very important to ensure that services are not estimated at a level that exceeds budgeted resource capacity. By accounting for not more than 100% of staff resources, no more than 100% of costs will be allocated through the Study.

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. GENERAL ADMINISTRATION

The City’s General Administration fees represent services provided or administered by staff in the Finance department but can also be applicable to citywide services such as credit card fees. These services include photocopies, notary services, agenda copies, Business License Administration, City Hall Facility Rentals, and Fuel sales.

1 FEE SCHEDULE MODIFICATIONS

When discussing the City’s schedule of fees for General Administration, there were several modifications proposed to the current fee schedule. These modifications included the following points:

- Combination of Flash drive PRA Requests and Commission meetings and Digital Reproduction of Council / Commission meetings into one fee item, as the digital reproductions could be done on Flash Drive, CD, or DVD depending upon the type and size of information requested.
- Elimination of the discount for early business license application payment, as this discount is no longer needed to ensure incentivization for payment.

Implementing these changes will help the City streamline its current fee schedule as well as ensure that all services are being reflected.

2 DETAILED RESULTS

The General Administration fee schedule represents costs associated with Photocopies, Business licenses, credit card fees, etc. 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 general administration Fee category

Table 5: General Administration Services – Per Unit Results

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) Per Unit
Document Photocopy and Report Fees (Soft or Hard) (per page)	\$0.25	\$0.25	\$0

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) Per Unit
Digital Production – CD, DVD, Flash drives for PRA information requests and presentations at meetings by the public (City will not allow the use of flash drives provided by the public for reasons of virus protection)	Actual Cost	Actual Cost	N / A
Notary fees (per signature) *Unless otherwise specified in Government Code 8211	\$15 per signature	\$15 per signature	\$0
Appeal Fee (Beautification, Traffic Commission, all others not listed elsewhere)	\$36.00	\$39.00	(\$3)
Annual Subscription Service: Agenda and Minutes	\$25	\$113	(\$88)
Returned check processing (per item)	\$23	\$25.00	(\$2)
Credit Card Payment Processing Fee			
\$1.00 - \$50.00	\$2	\$2.00	
\$51.00 - \$100.00	\$3	\$3.00	
\$101.00 - \$200.00	\$5	\$5.00	
\$201.00 - and up @4% of charged amount	4% of charged amount	4% of charged amount	N / A
Copy of Annual Budget or Annual Financial Report	\$0.25 per page+ \$3	Actual Cost	N / A
Business License Administration Fee, per License			
If paid by August 1 (on time payment/standard)	\$20	\$39	(\$19)
If paid after August 1 (late payment)	\$40	\$39	\$1
City Hall Facility Rental Fees:			
Security Deposit (SECURITY)	\$57	\$57	\$0
Clean-up Fee	\$58	Actual Cost	\$0
Special Audio Visual Equipment Use Deposit	\$234	\$234	\$0
Council Chambers - first four hours of use / per hour after four hours	\$118 / \$32	\$123 / \$31	(\$5) / \$1
Forest Avenue Conference Room - first four hours/ per hour after four hours	\$32 / \$10	\$49 / \$12	(\$17) / (\$2)
City Manager Conference Room - first four hours / per hour after four hours	\$80 / \$22	\$99 / \$25	(\$19) / (\$3)
Fuel sales to outside agencies			
The City may, at its discretion, choose to apply a late payment fee to outstanding amounts due to the City that remain unpaid thirty days after the due date. The penalty will be set at 10% of the amount owed, but no less than \$25.	Cost+ 10%	Cost + 10%	N / A

As the table above indicates the City is either charging the maximum allowable within state statutes, or choosing to charge actual cost for reproduction services, which is the typical norm and best management practice for those types of services. In other areas there is under-recovery such as Business Licenses, and slight over-recovery for City Hall

rentals. The city should review these fees and determine where appropriate to increase these fees.

3 ANNUAL REVENUE IMPACTS

General Administration services is currently under-recovering its fee-related costs associated with its services by approximately \$33,000. The following table shows the annual workload volume for FY 16/17, projected revenue at current fee, projected annual cost, and associated surplus / (deficit).

Table 6: General Administration Services – Annual Results

Fee Name	Annual Volume	Revenue at Current Fee - Annual	Total Cost - Annual	Surplus / (Deficit) - Annual
Appeal Fee (Beautification, Traffic Commission, all others not listed elsewhere)	3	\$108	\$118	(\$10)
Annual Subscription Service: Agenda and Minutes	28	\$700	\$3,170	(\$2,470)
Returned check processing (per item)	5	\$115	\$125	(\$10)
Credit Card Payment Processing Fee				
\$1.00 - \$50.00	250	\$500	\$500	\$0
\$51.00 - \$100.00	168	\$504	\$504	\$0
\$101.00 - \$200.00	378	\$1,890	\$1,890	\$0
Business License Administration Fee, per License	-	\$0	\$0	\$0
If paid by August 1 (on time payment/standard)	1,566	\$31,320	\$61,792	(\$30,472)
TOTAL		\$35,137	\$68,099	(\$32,962)

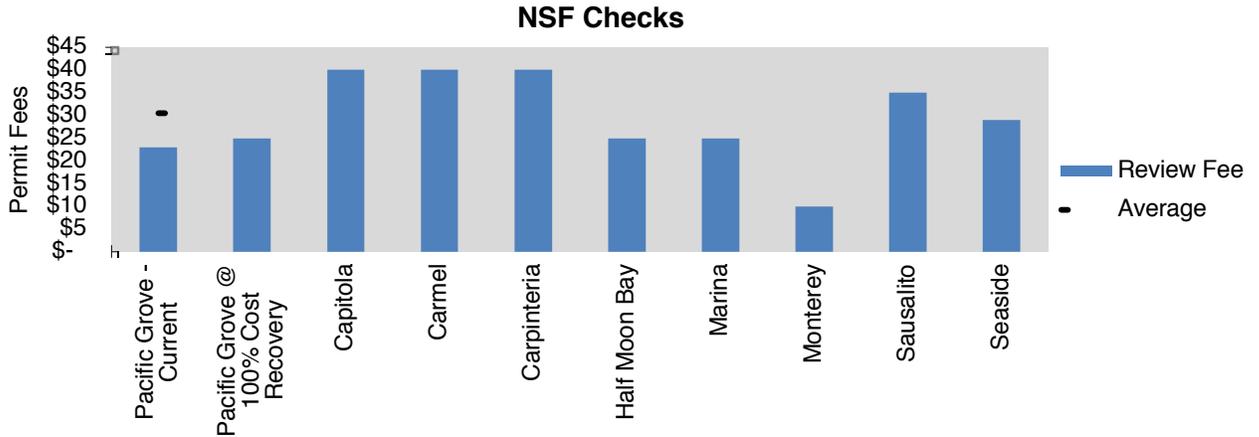
As the table above indicates, the City of Pacific Grove is recovering approximately 52% of its costs related to general and administrative services. The primary source of this subsidy is Business License Payments, which accounts for approximately 92% of this subsidy. Therefore, at a minimum the fee for Business Licenses should be evaluated to ensure that there is the ability for greater cost recovery.

4 JURISDICTIONAL COMPARISON

As part of this study, the City wished to understand how their current fees and total cost compared to other local jurisdictions. The following subsection provides a comparative look at two common General and Administrative Services.

1 NSF Check – 1st returned check

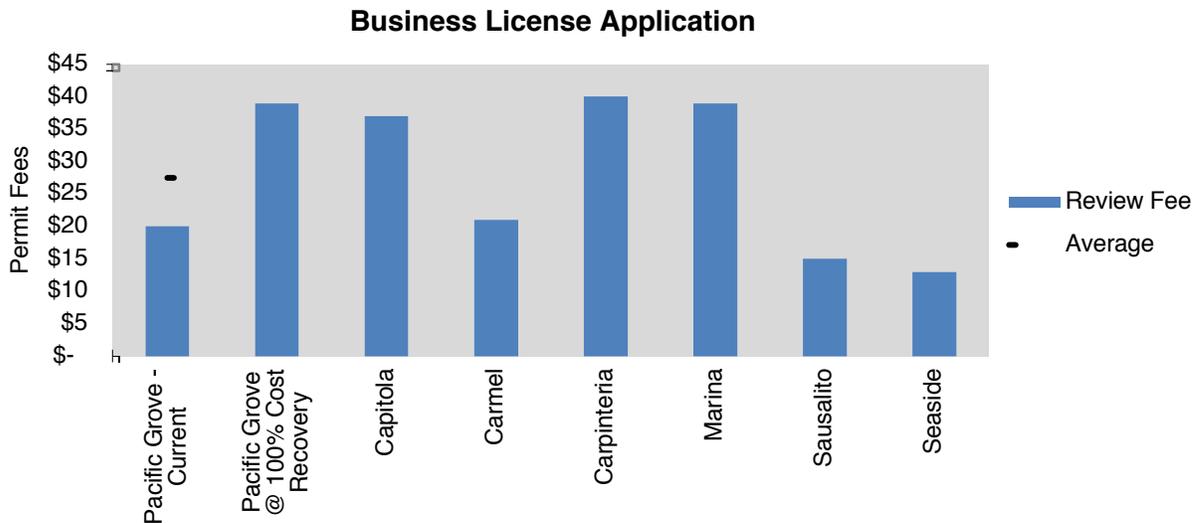
The City of Pacific Grove is currently charging \$23 for returned check processing, under the state code, it is allowable to charge \$25 for the first check returned and \$35 for the subsequent check returned. The following graph shows how the Department’s current fee and total cost compare to other local jurisdictions.



As the graph above indicates the City of Pacific Grove’s current and full cost fees are below the average of \$31 charged by other surrounding jurisdictions.

2 Business License Application Fee

The City of Pacific Grove is currently charging \$20 for a Business License Application, whereas the study calculated the cost at \$39. 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 fee of \$20 is below the average of \$28 charged by other surrounding jurisdictions. Additionally, its full cost of \$39 is in line with fees charged by Capitola, Carpinteria, and Marina.

6. CITY CLERK

The City Clerk is responsible for a wide variety of functions and services that support not only other city departments, but residents and visitors as well. Certain services provided are assessed fees, such as public records requests, candidate statement filings, and certification of documents. The following table outlines the current fees charged by the City Clerk.

Table 7: Current City Clerk Fees

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) Per Unit
CLERK CERTIFICATION			
Certification of Pacific Grove Residency and or Proof of Life, per person	\$10 per signature	\$10	\$0
Certification of Documents (Per document.)	\$10	\$15	(\$5)
PUBLIC RECORDS			
Copies standard 8.5" x 11 ", black and white (ordinances, resolutions, campaign finance and economic statements)	\$0.10 per page	\$0.10 per page	\$0
ELECTIONS			
Nomination Papers Filing Fee (EC Section 10228)	\$25	\$25	\$0
Candidates Statement Filing	Set by County	Set by County	N / A
Intent to File Initiative (EC Section 9202(b))	\$200	\$200	\$0
Late filing fee per late day (As set forth by State)	\$10	\$10	\$0
MISCELLANEOUS			
Administrative Records (Compilation/Creation)	Actual Cost	Actual Cost	N / A

All of the fees currently being charged by the City Clerk are set by outside agencies, including Monterey County, and the State of California. The following points highlight the authorities or rules regulating the above fees:

- **Clerk Certification:** All certifications provided by the Clerk are subject to California Notary laws, which currently allow a maximum fee of \$15 per signature.
- **Public Records:** Copies of public records can only be assessed fees on a per page basis and cannot include the cost of staff research time. Current fees are within the allowable range of \$0.10 to \$0.25.
- **Elections:** Filing fees for nomination and candidate statements are set by the State of California and the County of Monterey.

Services provided by the City Clerk for miscellaneous research, not related to public records requests, is currently based on actual cost, including hourly rates of City staff, as well as any outside service costs that may apply. The Matrix Consulting Group believes

that the City is in compliance with all local and state laws concerning current fees charged by the City Clerk. Should the City choose, fees for document certification could be raised to \$15 per signature in accordance with state law. As the majority of these fees are state set, a comparative survey was not conducted as these are the same fees charged by all surrounding jurisdictions.

7. CEMETERY

The El Carmelo Cemetery has been a part of the City’s history since the 1800’s, with City staff responsible for maintaining this cherished final resting place. The City is currently responsible with all services provided at the cemetery, including site sales, markers, plaques, and Mausoleum inurnment.

1 FEE SCHEDULE MODIFICATIONS

When discussing the City’s schedule of fees for the Cemetery, staff did not see a need to revise or streamline the current structure. As such, no modifications were made to the schedule of fees for the El Carmelo Cemetery.

2 DETAILED RESULTS

El Carmelo Cemetery collects fees for burial sites, markers, borders, urns, and grounds maintenance. The total cost calculated for each service includes direct staff costs, Departmental and Citywide overhead. There is no cost associated with land in the Total City Cost column. The following table details the title / name, current fee, total cost, and surplus or deficit associated with each cemetery permit.

Table 8: Total Cost Per Unit Results – Cemetery

Fee Name	Current Fee	Total City Cost	Surplus / (Deficit) per Unit
LABOR CHARGES			
Open/Close Burial Site, Adult	\$1,115	\$1,757	(\$642)
Open/Close Burial Site, Child	\$410	\$874	(\$464)
Open/Close Double Garden Crypt (1st opening)	\$1,390	\$1,634	(\$244)
Open/Close Double Garden Crypt (subsequent opening)	\$1,115	\$1,512	(\$397)
Set In-Ground Marker	\$390	\$494	(\$104)
Set In-Ground Marker with Border	\$590	\$739	(\$149)
Set In-Ground Urn and Marker	\$590	\$752	(\$162)
Set In-Ground Urn and Marker with Border	\$655	\$935	(\$280)
Set or Remove In-Ground Vase	\$72	\$149	(\$77)
Set In-Ground Vase with Border	\$150	\$332	(\$182)
Add border to marker after original placement	\$555	\$485	\$70
Add border to vase after original placement	\$300	\$363	(\$63)
Remove In-Ground Marker or In-Ground Marker with Border	\$275	\$298	(\$23)
Remove In-Ground Urn & Marker or In-Ground Urn & marker with Border	\$275	\$241	\$34
Open Mausoleum Niche Unit 1 for inurnment	\$645	\$874	(\$229)
Place/Remove plaque or vase on Unit 1 Mausoleum Niche at inurnment	\$310	\$183	\$127
Place/Remove plaque or vase on Unit 1 Mausoleum Niche after inurnment	\$360	\$485	(\$125)

Fee Name	Current Fee	Total City Cost	Surplus / (Deficit) per Unit
Replace Vase Holder (Unit 1 Niche & Columbaria) - vase holder cost plus one & one-half hour labor	\$80	\$210	(\$130)
Remove Urn - Unit 1 Niche	\$330	\$241	\$89
Open Mausoleum Niche Unit 2 for inurnment	\$560	\$691	(\$131)
Place/Remove plaque or vase on Unit 2 Mausoleum Niche at inurnment	\$235	\$214	\$21
Place/Remove plaque or vase on Unit 2 Mausoleum Niche after inurnment	\$305	\$393	(\$88)
Replace Vase Holder (Unit 2 Niche, New Columbaria) - vase holder cost plus one hour labor	\$55	\$149	(\$94)
Remove Urn - Unit 2 Niche	\$305	\$271	\$34
Open Columbarium Niche to Place Urn	\$500	\$997	(\$497)
Place Plaque or Vase on Columbarium niche at Inurnment	\$180	\$122	\$58
Place Plaque or Vase on Columbarium niche after Inurnment	\$250	\$546	(\$296)
Remove Urn - Columbarium Niche	\$165	\$241	(\$76)
Open New Columbarium Niche to Place	\$440	\$569	(\$129)
Place Plaque or Vase on New Columbarium niche	\$180	\$149	\$31
Remove plaque or urn on New Columbarium niche	\$180	\$149	\$31
Open Mausoleum Crypt for inurnment	\$590	\$813	(\$223)
Open Mausoleum Crypt for burial	\$1,100	\$1,302	(\$202)
Open Underground Unit 2 Mausoleum Crypt for Burial	\$1,320	\$1,547	(\$227)
Place Plaque or Vase on Mausoleum Unit 1 Crypt at Burial	\$310	\$183	\$127
Place Plaque or Vase on Mausoleum Unit 1 Crypt other than at Burial	\$440	\$393	\$47
Place Plaque or Vase on Mausoleum Unit 2 Crypt at Burial	\$235	\$122	\$113
Place Plaque or Vase on Mausoleum Unit 2 Crypt after Burial	\$440	\$529	(\$89)
Open Memorial Garden Site (place urn)	\$155	\$433	(\$278)
Place Plaque on memorial Garden Site	\$55	\$149	(\$94)
Remove Urn from Memorial Garden Site	\$205	\$332	(\$127)
Remove plaque from Memorial Garden Site	\$155	\$393	(\$238)
Remove Niche/Crypt Slug	\$110	\$271	(\$161)
Replace cracked mausoleum granite plate (Unit 1)	\$55	\$149	(\$94)
Place Cameos	\$55	\$149	(\$94)
Marker Rubbing	\$55	\$106	(\$51)
Disinter Casket, Double Garden Crypt (lower level)	\$5,730	\$1,180	\$4,550
Disinter Casket, Double Garden Crypt (upper level)	\$2,870	\$1,180	\$1,690
Disinter In-Ground Casket, Child	\$1,430	\$813	\$617
Disinter In-Ground Casket, Adult	\$2,870	\$1,180	\$1,690
Pallbearers - weekdays only	\$330	\$258	\$72
Saturday Service (4-hour minimum at overtime rate)	\$552	\$516	\$36
Hourly Rate (2-hour minimum)	\$55	\$312	(\$257)
Overtime Hourly Rate (2-hour Minimum)	\$69	\$346	(\$277)
DEED PROCESSING			
Deed Fee	\$175	\$213	(\$38)
Replacement Deed Fee	\$65	\$32	\$33
Deed Transfers, Document Processing	\$175	\$213	(\$38)

A slight majority of the fees relating to cemetery services are over-recovering, with roughly 53% of the permits showing an over-recovery. The greatest deficit (\$642) relates to open/close adult burial site, while the largest surplus (\$4,550) relates to double garden crypt disinter caskets. The average per unit deficit is approximately \$186, while the

average surplus is about \$498. It should be noted that the costs noted in the above table only reflect staff costs, and do not reflect the cost associated with caskets, urns, or marker or plaque materials, as these can vary widely depending on materials and preferences.

3 ANNUAL REVENUE IMPACTS

The El Carmelo Cemetery is currently under-recovering its fee-related costs associated with its services by approximately \$45,000. The following table shows the annual workload volume for FY 16/17, projected revenue at current fee, projected annual cost, and the associated annual deficit.

Table 9: Annual Results – Cemetery

Fee Name	Recoverable Volume	Revenue at Current Fee	Total Cost	Surplus / (Deficit)
LABOR CHARGES				
Open/Close Burial Site, Adult	24	\$26,760	\$42,161	(\$15,401)
Open/Close Double Garden Crypt (1st opening)	7	\$9,730	\$11,441	(\$1,711)
Open/Close Double Garden Crypt (subsequent opening)	3	\$3,345	\$4,536	(\$1,191)
Set In-Ground Marker	12	\$4,680	\$5,932	(\$1,252)
Set In-Ground Marker with Border	29	\$17,110	\$21,427	(\$4,317)
Set In-Ground Urn and Marker	22	\$12,980	\$16,546	(\$3,566)
Set In-Ground Urn and Marker with Border	26	\$17,030	\$24,323	(\$7,293)
Set or Remove In-Ground Vase	8	\$576	\$1,191	(\$615)
Set In-Ground Vase with Border	13	\$1,950	\$4,319	(\$2,369)
Add border to marker after original placement	2	\$1,110	\$970	\$140
Remove In-Ground Marker or In-Ground Marker with Border	3	\$825	\$893	(\$68)
Open Mausoleum Niche Unit 1 for inurnment	3	\$1,935	\$2,623	(\$688)
Place/Remove plaque or vase on Unit 1 Mausoleum Niche at inurnment	4	\$1,240	\$734	\$506
Open Mausoleum Niche Unit 2 for inurnment	4	\$2,240	\$2,764	(\$524)
Place/Remove plaque or vase on Unit 2 Mausoleum Niche at inurnment	7	\$1,645	\$1,498	\$147
Place/Remove plaque or vase on Unit 2 Mausoleum Niche after inurnment	2	\$610	\$787	(\$177)
Open Columbarium Niche to Place Urn	9	\$4,500	\$8,970	(\$4,470)
Place Plaque or Vase on Columbarium niche at Inurnment	11	\$1,980	\$1,345	\$635
Open New Columbarium Niche to Place	4	\$1,760	\$2,275	(\$515)
Place Plaque or Vase on New Columbarium niche	4	\$720	\$595	\$125
Open Mausoleum Crypt for inurnment	1	\$590	\$813	(\$223)
Open Underground Unit 2 Mausoleum Crypt for Burial	2	\$2,640	\$3,094	(\$454)
Place Plaque or Vase on Mausoleum Unit 1 Crypt at Burial	2	\$620	\$367	\$253
Open Memorial Garden Site (place urn)	2	\$310	\$866	(\$556)
Place Plaque on memorial Garden Site	2	\$110	\$298	(\$188)
Place Cameos	1	\$55	\$149	(\$94)
Pallbearers - weekdays only	10	\$3,300	\$2,578	\$722
Saturday Service (4-hour minimum at overtime rate)	11	\$6,072	\$5,671	\$401

Fee Name	Recoverable Volume	Revenue at Current Fee	Total Cost	Surplus / (Deficit)
DEED PROCESSING				
Deed Fee	56	\$9,800	\$11,903	(\$2,103)
Replacement Deed Fee	7	\$455	\$223	\$232
Deed Transfers, Document Processing	12	\$2,100	\$2,551	(\$451)
TOTAL		\$138,778	\$183,841	(\$45,063)

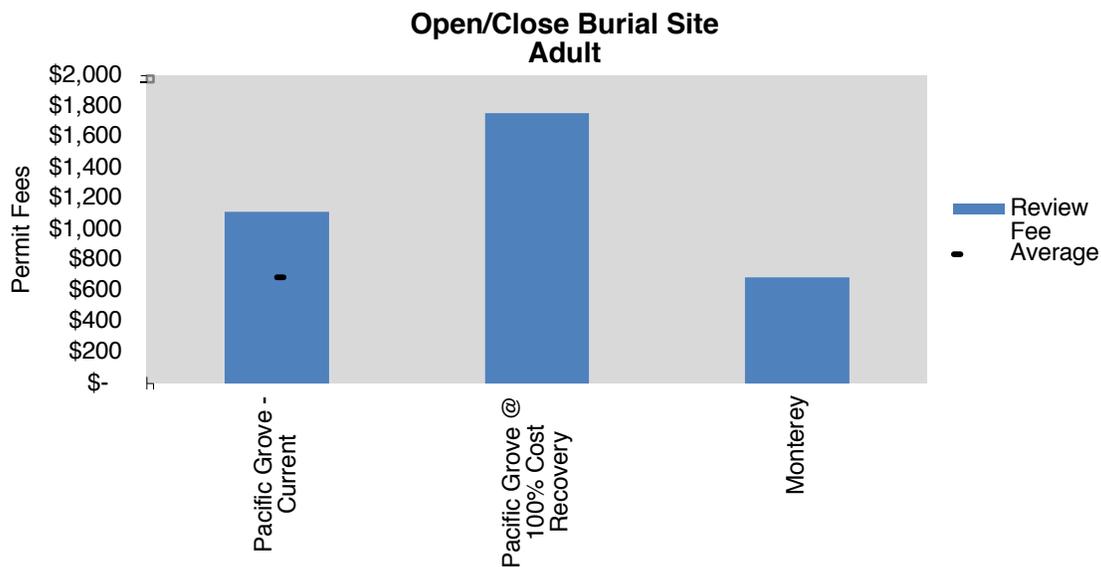
Overall, the Cemetery is recovering approximately 75% of its service related costs. The largest source of the City’s deficit relates to adult open / close burial sites (\$15,401). The largest over-recoveries relate to pallbearer services.

4 JURISDICTIONAL COMPARISON

As part of this study, the City wished to understand how their current fees and total cost compared to the City of Monterey (the only other city with a city operated cemetery). The following subsection provides a comparative look at three common Cemetery services.

1 Open/Close Burial Site - Adult

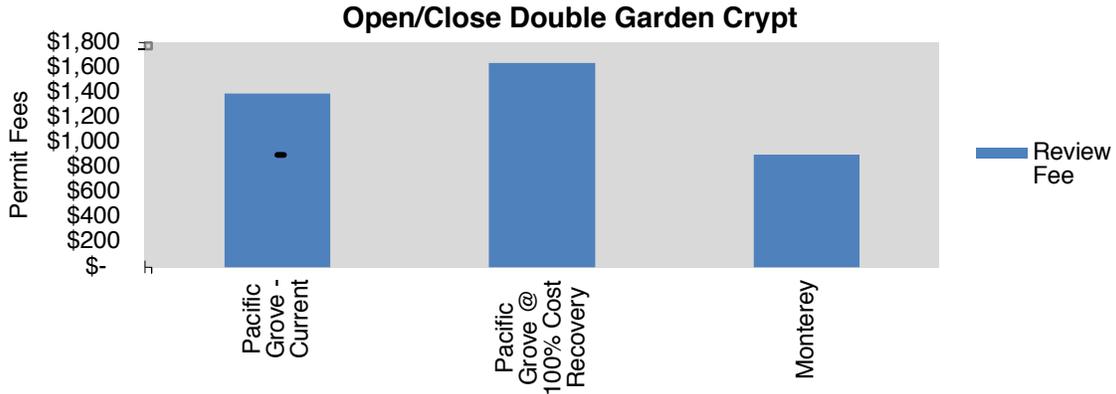
The City is currently charging \$1,115 for an Adult Burial site opening/closing. This study has assessed the full cost of providing these services at \$1,757, resulting in a \$642 deficit. The following graph shows how the Department’s current fee and total cost compare to other local jurisdictions.



As the above graph highlights, the City is currently above the average of comparable jurisdictions (\$690) for its current fee, and well above the average for the full cost of providing the service.

2 Open/Close Double Garden Crypt

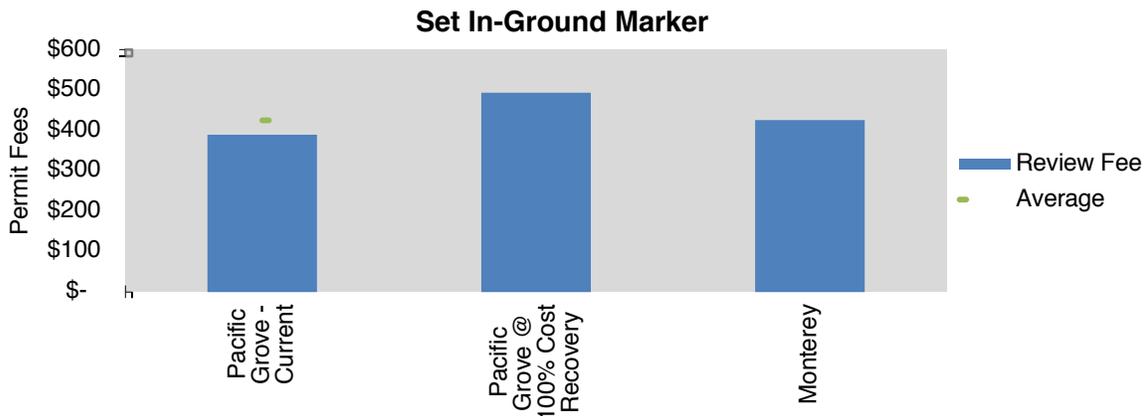
The City is currently charging \$1,390 for a double garden crypt opening/closing. This study has assessed the full cost of providing these services at \$1,634, resulting in a \$244 deficit. The following graph shows how the Department’s current fee and total cost compare to other local jurisdictions.



As the above graph highlights, the City is currently above the average of comparable jurisdictions (\$900) for its current fee, and well above the average for the full cost of providing the service.

3 Set In-Ground Marker

The City is currently charging \$390 to set an in-ground marker. This study has assessed the full cost of providing these services at \$494, resulting in a \$104 deficit. The following graph shows how the Department’s current fee and total cost compare to other local jurisdictions.



As the above graph highlights, the City is currently just below the average of comparable jurisdictions (\$425) for its current fee, and just above the average for the full cost of providing the service.

8. BUILDING

The City of Pacific Grove currently contracts its Building and Plan Check related services to the City of Monterey. Applicants wishing to obtain a permit to construct in Pacific Grove can either come to Pacific Grove city hall between the hours of 8 am and 12 pm Monday through Thursday, or at Monterey city hall between the hours of 8 am and 4 pm Monday through Friday. The City of Monterey bills for these services on a monthly basis for applications and permits processed, with 75% of fees going to the City of Monterey, and 25% remaining with the City of Pacific Grove.

While the City of Pacific Grove does not review or inspect for Building services, Community Development staff provide project oversight and guidance, and city management oversee the contract and payments. The following table outlines the Departmental and Citywide overhead associated with Building services.

Table 10: Building Services Overhead

Overhead Component	FY 18 Projected
Community Development Department	\$73,941
Citywide	\$120,031
Total Building Service Cost	\$193,972

As outlined in the table above, the City of Pacific Grove spends approximately \$194,000 per year overseeing building related services. Based on permit volume for FY 16/17, the City collected approximately \$732,000 in revenue, of which it retained approximately \$183,000 based on the current agreement with the City of Monterey. The following table outlines the City’s cost recovery based on projected costs and actual revenue.

Table 11: Annual Cost Recovery - Building

Building Services Overhead	\$193,972
FY 16/17 Retained Revenue	\$182,925
Cost Recovery	94%

The City is currently recovering 94% of its Building services related costs. The City is subsidizing Building services by approximately \$11,000 annually.

As Pacific Grove is utilizing City of Monterey staff to provide plan review and inspection services, it would be of great benefit for Pacific Grove to mirror the City of Monterey’s fee structure for Building services. This structural change would make it easier for Monterey staff to assess and issue permits. Additionally, this change will ensure that the City’s fee structure accurately reflects the services being provided to applicants.

Should the City choose to adopt the fee structure used by the City of Monterey, Pacific Grove will need to adjust the fees charged in order to ensure that both Pacific Grove and Monterey are able to recover their costs. In order to maintain Pacific Grove's current cost recovery level, the City would need to set their fees approximately 25% higher than the published fees of Monterey. Pacific Grove would then need to monitor when the City of Monterey adjusts their fees and adopt new fees accordingly.

If the City is interested in obtaining 100% cost recovery, a surcharge of 8% would need to be applied to all building permits. This surcharge would not be subject to the current contract split between Monterey and Pacific Grove. Application of the surcharge would mirror fees such as General Plan Update or Technology surcharges.

9. PLANNING

The Planning Division is responsible for managing the land use and development priorities issued by the City Council in the General Plan, zoning ordinances, and specific plans. The Division is responsible for two primary functions: Advance Planning and Current Planning. Advance planning functions including providing direction on the City’s growth and future development through updates to the General Plan, Local Costal Program, and Zoning Codes. Current Planning functions help ensure that City-adopted plans and regulations are enforced through historic preservation, land use, and architectural reviews. The fees examined within this study relate to Current Planning functions only, including Subdivisions, Use Permits, Sign Permits, Coastal Development Permits, and over the counter reviews.

1 FEE SCHEDULE MODIFICATIONS

In discussions with Planning Division staff regarding the City’s current fee structure, it was determined that the most significant changes that needed to be made related to the elimination of services that are either no longer provided, or no longer restricted by the City’s code. These permits include:

- Transient Use License – Application Review & Inspection Type B
- Transient Use License – Type B Annual
- Certificate of Use of Occupancy
- Revocable License for Encroachments
- Statement of Compliance
- Affordable Housing Monitoring – Lighthouse Avenue
- Affordable Housing Monitoring – Pine Avenue
- Housing Monitoring Fees

The above dot points highlight current fees which should be removed from the City’s Planning fee schedule as these services are either no longer required or no longer provided by the Planning Division. The final modification made by the Planning Division was to convert Tentative Parcel Maps from a base and per lot fee to a singular fee.

2 DETAILED RESULTS

The Planning Division collects fees for subdivisions, environmental review, use permits, architectural review, sign permits, historic reviews, variances, stormwater review, and housing reviews. 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 Planning permit.

Table 12: Total Cost Per Unit Results – Planning

Fee Name	Current Fee	Total City Cost	Surplus / (Deficit) per Unit
SUBDIVISIONS			
Tentative Tract Map - Base	\$6,130	\$2,195	\$3,935
Tentative Tract Map - Per Lot	\$250	\$266	(\$16)
Final Tract Map - Base + Recording Fee	\$6,130	\$2,195	\$3,935
Final Tract Map - Per Lot	\$250	\$340	(\$90)
Lot Line Adjustment	\$2,010	\$1,811	\$199
Final Parcel Map (plus recording fees)	\$3,010	\$1,919	\$1,091
Tentative Parcel Map - Base	\$3,010	\$1,919	\$1,091
Lot Mergers	\$2,010	\$1,824	\$186
Certificate of Compliance (Min. fee plus hourly fee if more than 12 hours required plus applicable attorney fees)	\$2,010	\$1,781	\$229
ENVIRONMENTAL REVIEW			
Environmental Impact Report (EIR). (60 hours) Additional time at hourly rate plus all publishing and noticing costs.	\$5,700	\$11,078	(\$5,378)
Exemption	\$50	\$266	(\$216)
Initial Studies/Mitigated Negative Declaration	\$4,215	\$5,896	(\$1,681)
Mitigation Monitoring	\$1,270	\$4,346	(\$3,076)
Negative Declaration Addendum	\$1,270	\$4,346	(\$3,076)
USE PERMITS			
Use Permit and Amendments -Single Family	\$3,000	\$1,753	\$1,247
Use Permit and Amendments -Multi-Family, Commercial, Institutional, all other uses (Actual cost -Minimum fee plus hourly fee)	\$3,385	\$2,858	\$527
Interpretations of Permitted Uses Lists	\$1,920	\$1,177	\$743
Major administrative use permits	\$1,325	\$1,133	\$192
Minor administrative use permits	\$1,085	\$1,147	(\$62)
Administrative Home Sharing use permit	\$425	\$370	\$55
ARCHITECTURAL REVIEW			
Architectural Permit -Single Family	\$3,115	\$2,921	\$194
Architectural Permit -Multi-Family four units or less	\$3,500	\$3,573	(\$73)
Architectural Permit - Multi-Family five units or more	\$3,500	\$4,031	(\$531)
Architectural Permit - Multi-Family five units, plus per unit	\$850	\$1,554	(\$704)
Architectural Permit - Commercial, Industrial, Institutional, all others. 10,000 sq. ft or less	\$3,500	\$3,020	\$480
Architectural Permit - Commercial, Industrial, Institutional, all others. 10,001-50,000 sq. ft.	\$5,000	\$4,482	\$518
Architectural Permit - Commercial, Industrial, Institutional, all others. 50,001-100,000 sq. ft.	\$10,000	\$9,053	\$947
Architectural Permit - Commercial, Industrial, Institutional, all others. Over 100,000 sq. ft.	\$15,000	\$11,525	\$3,475
Administrative Architectural Permit	\$820	\$1,406	(\$586)
Administrative Design Change	\$820	\$1,406	(\$586)
COUNTER REVIEW PERMITS			

Fee Name	Current Fee	Total City Cost	Surplus / (Deficit) per Unit
Counter Review & Determination - no new square footage (Plus hourly fee if more than 1/2 hour required)	\$60	\$212	(\$152)
Counter Review & Determination - new square footage (Plus hourly fee if more than 3 hours required)	\$350	\$856	(\$506)
Zoning Confirmation for Business License Permit	\$60	\$142	(\$82)
SIGN PERMITS			
Sign Permit Downtown	\$490	\$1,094	(\$604)
Sign Permit	\$980	\$2,241	(\$1,261)
Administrative Sign Permit	\$335	\$1,241	(\$906)
HISTORIC REVIEW			
Historic Demolition Permit	\$4,015	\$4,593	(\$578)
Off-site relocation permit	\$4,015	\$4,593	(\$578)
Historic Resources Inventory Determinations (Additions/Deletions)	\$1,600	\$1,756	(\$156)
On-site relocation permit	\$1,645	\$2,297	(\$652)
Historic Preservation Permit	\$1,270	\$1,660	(\$390)
Initial Historic Screening	\$420	\$915	(\$495)
VARIANCES			
Variances and Amendments	\$3,380	\$2,438	\$942
Administrative Variances and Amendments	\$1,325	\$1,395	(\$70)
STORMWATER			
Tier 1 - 2,500-5,000 square feet impervious surface	\$295	\$646	(\$351)
Inspection Fee	\$205	\$120	\$85
Annual Inspection and re-inspection	\$205	\$181	\$24
Each subsequent Tier 1 review	\$145	\$285	(\$140)
APPEALS			
Appeals of enforcement and zoning ordinance interpretations	\$1,800	\$2,334	(\$534)
TRANSIENT USE LICENSES			
Application Review & Inspection - 1st time	\$485	\$363	\$122
Application to Renew Licenses Annual	\$160	\$223	(\$63)
Type A License Annual	\$1,035	\$599	\$436
Home Sharing License Annual	\$260	\$167	\$93
Transient License Change or Reprint Fee	\$6	\$28	(\$22)
CODE ENFORCEMENT			
Abandoned Property Registration Fee	\$160	\$196	(\$36)
Investigation fees, Code violations (Actual Cost)	\$210	\$350	(\$140)
VACANT PROPERTIES [2]			
Inspection per property (min. or actual cost)	\$170	\$147	\$23
Registration per property	\$130	\$147	(\$17)
MISCELLANEOUS			
Animal Keeping Permit	\$185	\$656	(\$471)
Density bonus	\$2,010	\$1,993	\$17
General File Research	\$55	\$56	(\$1)
Hourly Fee	\$95	\$115	(\$20)
Inquiry Fee	\$145	\$320	(\$175)
Miscellaneous Project Review/Document Preparation	\$210	\$204	\$6
Outdoor Sidewalk Dining Permit Application		\$386	
Pre-Application Meeting / Preliminary Project Review	\$210	\$229	(\$19)
Rental Property Registration	\$125	\$210	(\$85)

Fee Name	Current Fee	Total City Cost	Surplus / (Deficit) per Unit
Accessory Dwelling Unit/Second Unit Permit application	\$1,500	\$1,706	(\$206)
Tree Permit with Development	\$275	\$260	\$15
Water Wait List	\$60	\$219	(\$159)
ABC License Review Fee	\$0	\$162	(\$162)
HOUSING FEES			
Rehabilitation & Sewer Loan Payoff Demand - Per Statement	\$72	\$112	(\$40)
Reconveyance Fee	\$72	\$169	(\$97)
HOUSING REHAB LOAN FEES (CalHOME Loan Funded Projects)			
Loan Processing	\$475	\$1,911	(\$1,436)
Underwriting	\$365	\$562	(\$197)
Property Tax Verification	\$58	\$56	\$2
Loan Document Preparation - SFD	\$230	\$337	(\$107)
Loan Document Preparation - Manufactured Housing	\$290	\$393	(\$103)
Inspection To Determine Scope of Work (Actual Cost)	\$183	\$243	(\$60)
Contractor Selection (Actual Cost)	\$117	\$243	(\$126)
Development of Work Write-up & Specifications (Actual Cost)	\$292	\$2,426	(\$2,134)
Project Bidding (Actual Cost)	\$256	\$1,213	(\$957)
Progress Inspection/Payment Authorization (Actual Cost)	\$316	\$121	\$195
AFFORDABLE HOUSING MONITORING - ANNUAL FEE PER HOUSEHOLD			
148 - 150 Lighthouse Avenue	\$70	\$112	(\$42)
Registered Units	\$145	\$112	\$33

A majority of the fees relating to Planning services are under-recovering, with roughly 65% of the permits showing a subsidy. The greatest deficit (\$5,378) relates to Environmental Impact Reports, while the largest surplus (\$3,935) relates to Tentative and Final Tract Maps. The average per unit deficit is approximately \$560, while the average surplus is about \$701.

It should be noted that several of the applications reviewed by the department require additional review or calculations by a certified Civil Engineer. Currently these services are contracted out or accomplished by internal contractors. The City should review its options relating to the need for an in-house Civil Engineer, and determine if a temporary contract, or permanent position should be secured in order to ensure accurate review of plans. In the meantime, City staff should pass along contract costs relating to Engineering reviews to applicants and ensure that applicants are aware that additional costs could apply.

3 ANNUAL REVENUE IMPACTS

The Planning Division is currently under-recovering its fee-related costs associated with its services by approximately \$150,000. The following table shows the annual workload volume for FY 16/17, projected revenue at current fee, projected annual cost, and the associated annual deficit.

Table 13: Annual Results – Planning

Fee Name	Annual Volume	Revenue at Current Fee	Total Cost	Surplus / (Deficit)
SUBDIVISIONS				
Lot Line Adjustment	1	\$2,010	\$1,811	\$199
Final Parcel Map (plus recording fees)	1	\$3,010	\$1,919	\$1,091
ENVIRONMENTAL REVIEW				
Environmental Impact Report (EIR). (60 hours) Additional time at hourly rate plus all publishing and noticing costs.	3	\$17,100	\$33,233	(\$16,133)
Initial Studies/Mitigated Negative Declaration	2	\$8,430	\$11,792	(\$3,362)
Mitigation Monitoring	1	\$1,270	\$4,346	(\$3,076)
USE PERMITS				
Use Permit and Amendments -Single Family	3	\$9,000	\$5,260	\$3,740
Use Permit and Amendments -Multi-Family, Commercial, Institutional, all other uses (Actual cost -Minimum fee plus hourly fee)	1	\$3,385	\$2,858	\$527
Major administrative use permits	5	\$6,625	\$5,667	\$958
Minor administrative use permits	2	\$2,170	\$2,294	(\$124)
ARCHITECTURAL REVIEW				
Architectural Permit -Single Family	29	\$90,335	\$84,708	\$5,627
Architectural Permit - Commercial, Industrial, Institutional, all others. 10,000 sq. ft or less	1	\$3,500	\$3,020	\$480
Administrative Architectural Permit	20	\$16,400	\$28,127	(\$11,727)
Administrative Design Change	4	\$3,280	\$5,625	(\$2,345)
COUNTER REVIEW PERMITS				
Counter Review & Determination - no new square footage (Plus hourly fee if more than 1/2 hour required)	85	\$5,100	\$18,051	(\$12,951)
Counter Review & Determination - new square footage (Plus hourly fee if more than 3 hours required)	159	\$55,650	\$136,096	(\$80,446)
SIGN PERMITS				
Sign Permit	1	\$980	\$2,241	(\$1,261)
Administrative Sign Permit	1	\$335	\$1,241	(\$906)
HISTORIC REVIEW				
Historic Preservation Permit	4	\$5,080	\$6,639	(\$1,559)
Initial Historic Screening	35	\$14,700	\$32,023	(\$17,323)
STORMWATER				
Tier 1 - 2,500-5,000 square feet impervious surface	1	\$295	\$646	(\$351)
TRANSIENT USE LICENSES				
Application Review & Inspection For a Type A License - 1st time	69	\$33,465	\$25,079	\$8,386
Application to Renew Type A and B Licenses Annual	285	\$45,600	\$63,454	(\$17,854)
MISCELLANEOUS				
Animal Keeping Permit	3	\$555	\$1,969	(\$1,414)
Hourly Fee	3	\$285	\$344	(\$59)
Pre-Application Meeting / Preliminary Project Review	1	\$210	\$229	(\$19)
Accessory Dwelling Unit/Second Unit Permit application	2	\$3,000	\$3,412	(\$412)
Tree Permit with Development	3	\$825	\$779	\$46
TOTAL		\$332,595	\$482,861	(\$150,266)

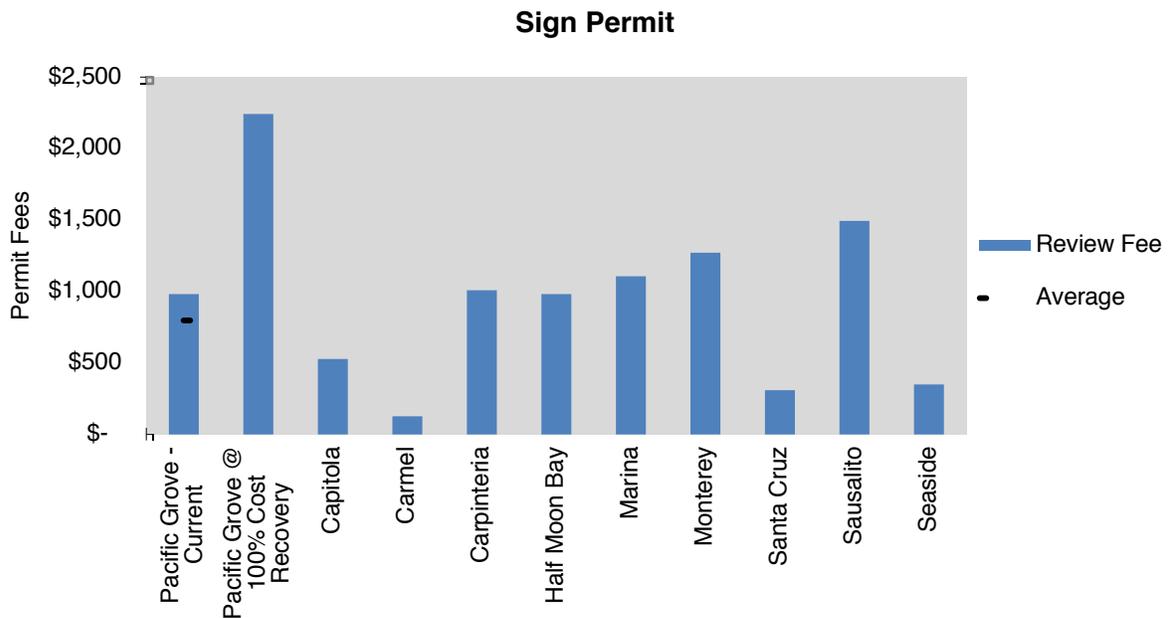
Overall, the Planning Division is recovering approximately 69% of its service related costs. The largest source of the City’s deficit relates to Counter Review & Determination – New Square Footage, which is costing the City approximately \$80,446 in the last fiscal year. This subsidy represents approximately 47% of the Division’s overall deficit. The largest over-recovery relates to Transient Use Licenses for Type A (\$8,386).

4 JURISDICTIONAL COMPARISON

As part of this study, the City wished to understand how their current fees and total cost compared to other similar sized and regionally located jurisdictions. The following subsection provides a comparative look at three common Planning reviews and services.

1 Sign Permit

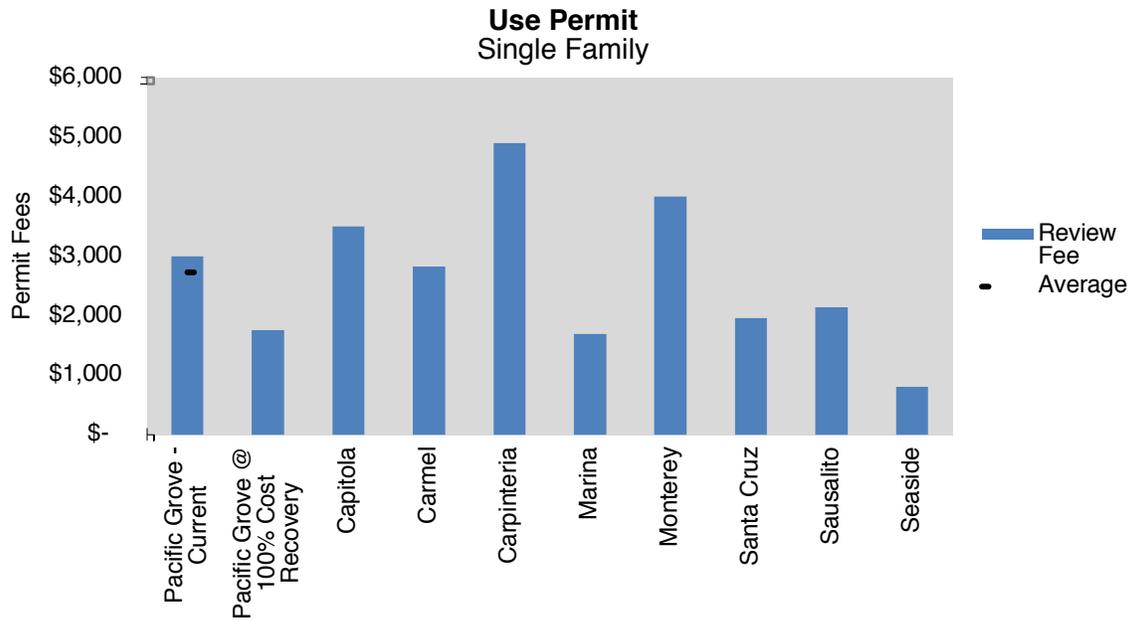
The City is currently charging \$980 for a Sign Permit. This study has assessed the full cost of providing these permits at \$2241, resulting in a \$1,261 deficit. While the City only issued one of these permits in FY 16/17, sign permits are fairly common across jurisdictions. The following graph shows how the Department’s current fee and total cost compare to other local jurisdictions.



As the above graph highlights, the City is currently just above the average of comparable jurisdictions (\$798) for its current fee, and well above the average for the full cost of providing the service. Carmel currently has the lowest permit fee at \$129, while Sausalito has the highest of surveyed jurisdictions at \$1,493.

2 Use Permit – Single Family

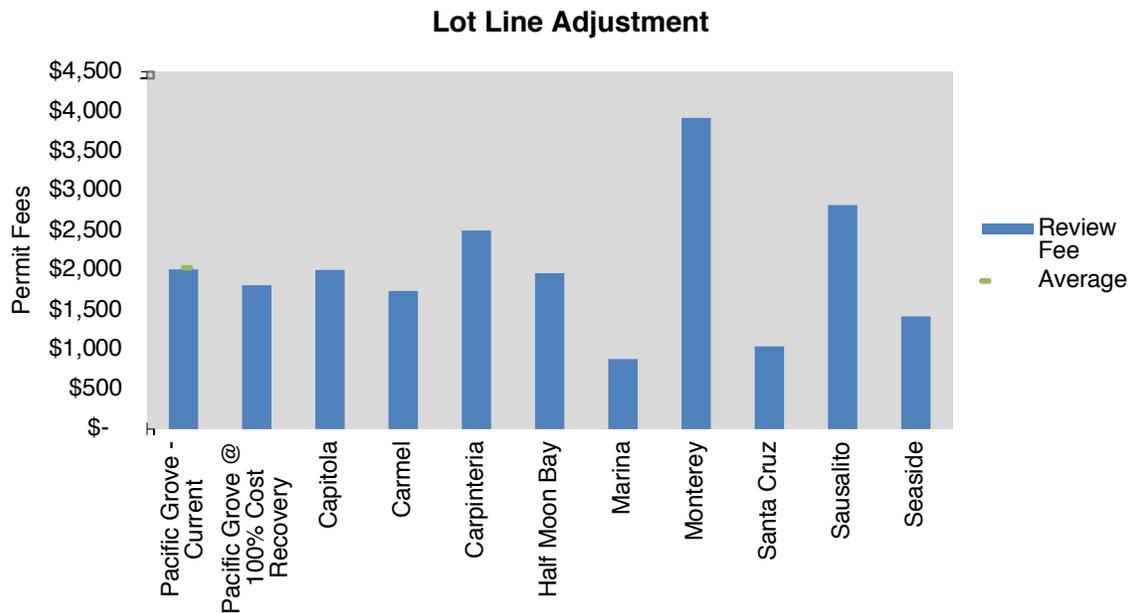
The City is currently charging \$3,000 for a Single Family - Use Permit. This study has assessed the full cost of providing these permits at \$1,753, resulting in a surplus of \$1,247. The City issued three of these permits in FY 16/17 resulting in a surplus of \$3,740. The following graph shows how the Department’s current fee and total cost compare to other local jurisdictions.



As the above graph highlights, the City is currently just above the average of comparable jurisdictions (\$2,727) for its current fee, and below the average for the full cost of providing the service. Seaside currently has the lowest permit fee at \$800, while Carpinteria has the highest of surveyed jurisdictions at \$4,900.

3 Lot Line Adjustment

The City is currently charging \$2,010 for a Lot Line Adjustment. This study has assessed the full cost of providing these permits at \$1,811, resulting in a surplus of \$199. The City only issued one of these permits in FY 16/17. The graph on the following page shows how the Department’s current fee and total cost compare to other local jurisdictions.



As the above graph highlights, the City is currently just below the average of comparable jurisdictions (\$2,031) for its current fee, as well as for the full cost of providing the service. Marina currently has the lowest permit fee at \$880, while Monterey has the highest of surveyed jurisdictions at \$3,917.

5 COASTAL DEVELOPMENT PERMITS

The City is preparing to take applications and issue permits for coastal developments. Currently, these services are projected to begin in the first or second quarter of Fiscal Year 18/19. The City’s fee schedule already has placeholders for these services and identified deposits to be taken. After applications have been taken in, and permits issued, the City should review the service levels and determine if these applications should continue on a deposit basis, or if flat fees can be developed.

10. FIRE

The City of Pacific Grove, similar to Building Services, currently contracts its Fire services from the City of Monterey. Included in these services are Occupancy Inspections and Fire Life Safety plan review and inspections. Applicants wishing to obtain Fire related permits or reviews must go to Monterey for these services. The City of Monterey bills for all services provided, both suppression and prevention, to the City on a monthly basis for services provided.

While the City of Pacific Grove does not provide suppression or prevention services, it provides contract oversight, and is the final authority on Pacific Grove related codes and issues. The FY 17/18 Cost Plan developed for the City of Pacific Grove identified approximately \$287,000 in citywide overhead associated with Fire services. Based on the FY 17/18 Departmental budget for Fire Services, an administrative overhead rate of 7% was calculated.

As Pacific Grove is utilizing City of Monterey staff to provide Fire services, it would be of great benefit for Pacific Grove to mirror the City of Monterey's fee structure for Fire prevention services. This structural change would make it easier for Monterey staff to assess and issue permits. Additionally, this change will ensure that the City's fee structure accurately reflects the services being provided to applicants. If this change were to be implemented, Pacific Grove would need to monitor when the City of Monterey adjusts their fees and adopt new fees accordingly.

If the City is interested in recovering their administrative costs associated with contract management, it should apply an administrative surcharge of 7% to the fees adopted by the City of Monterey. This surcharge would go directly to the City of Pacific Grove, and act much like surcharges for General Plan Updates or Technology updates.

11. HYPERBARIC CHAMBER FEES

The City of Pacific Grove is unique in that it operates an Ocean Rescue Hyperbaric Chamber facility. This facility is owned by the City of Pacific Grove, with equipment purchased by the City of Pacific Grove, but is run and managed by community volunteers and donations.

The City currently assesses five types of fees for the Hyperbaric Chamber Facility – Treatment Fees (3 kinds), Facility Use Fee, and Administrative Fee. Based upon discussions with City staff it was decided that as the Facility Use and Administrative fee are meant to cover the administrative overhead and facility costs associated with the operations of the Facility for providing treatments, those fees should be absorbed into the treatment fees. Therefore, the fees associated with the Facility Use Fee and the Administrative Overhead were eliminated.

1 DETAILED RESULTS

The project team worked with city staff to calculate the full cost of providing treatment services, this cost primarily relates to the cost and maintenance of the equipment, as the staff time associated with the treatment is volunteer-based. The following table shows the current fee, the total cost per unit, and the associated surplus / (deficit) for hyperbaric chamber fees.

Table 14: Hyperbaric Chamber Cost Per Unit Results

Fee Name	Current Fee	Total City Cost	Surplus / (Deficit) per Unit
Carbon Monoxide Treatment – per hour	\$920	\$995	(\$75)
Hyperbaric Chamber Treatment Fee (1 st 5 hours)	\$2,060	\$5,581	(\$3,521)
Hyperbaric Chamber Treatment (30 min extension)	\$535	\$528	\$7

As the table above indicates, the City is currently under-recovering for Carbon Monoxide Treatment and Hyperbaric Chamber Treatment (1st 5 hours) fees, but over-recovering for Hyperbaric Chamber Treatment (30 min extension) fees. On average, on a per unit basis, the cost recovery associated with hyperbaric chamber fees is approximately 77%.

2 ANNUAL RESULTS

The project team evaluated the total revenue compared to the expenses for the hyperbaric chamber fund. The table on the following page compares the total cost incurred to the City for Hyperbaric chamber on an annual basis, compared to the annual revenue collected.

Table 15: Hyperbaric Chamber Annual Results

Category	Amount
Hyperbaric Chamber Facility Annual Cost	\$20,970
Citywide Overhead	\$1,531
FY18 TOTAL EXPENSES	\$22,501
FY18 Estimated Donation Revenue	\$15,888
FY18 Estimated Chamber Revenue	\$5,883
FY18 ESTIMATED TOTAL REVENUE	\$21,771
FY18 ESTIMATED DEFICIT	(\$730)

As the table above indicates, due to the donation revenue, the City of Pacific Grove is estimated to achieve approximately 97% cost recovery for its Hyperbaric Chamber fees. However, if the donation revenue was eliminated from this calculation, for its fees-for-service only, the City has an estimated deficit of approximately \$16,000 annually, and a cost recovery level of 26%.

12. LIBRARY

The Pacific Grove Library strives to provide a welcoming place and a balanced collection while preserving the past and planning for the future. The Library has a collection of approximately 99,000 volumes which include children and young adults, audio and eBooks, magazines and newspapers, framed art prints and maps. The Library’s primary sources of funding are the General Fund and donations from friends of the Library. In addition to this funding, the Library also collects fees for library cards, rentals, and overdue materials.

In discussions with Library staff, the following modifications were discussed:

- **Eliminate Temporary Resident Borrower’s Card:** There is currently no fee for this service, and staff are considering just issuing regular library cards.
- **Create Singular Fine Category:** Staff would like to combine the fines for overdue items, and charge one fee (\$0.50) for any material type.

The above mentioned changes would allow the Library to better reflect their current services, and how they’d like to account for those services in relation to visitors and consumers. The following table outlines the current and full cost fees charged by the Library.

Table 16: Library Current Fees

Fee Name	Current Fee	Total Cost Per Unit	Surplus / (Deficit) Per Unit
Overdue fines and other penalties			
All items (per day with a \$10 maximum)	\$0.50	\$0.50	\$0
OTHER FEES AND RENTALS			
Photocopies (per black & white copy)	\$0.15	\$0.15	\$0
Photocopies (per color copy)	\$0.25	\$0.25	\$0
Microform reader / printer (per copy)	\$0.15	\$0.15	\$0
Computer printout (per page)	\$0.15	\$0.15	\$0
CARD REPLACEMENT / TEMPORARY CARD			
Replace borrower’s card	\$2.50	\$2.50	\$0
LOST / DAMAGED MATERIAL REPLACEMENT / REPAIR			
Re-cataloging charge for lost book or recording	\$2.50	\$2.50	\$0
Charges for lost or damaged items will be made at “Cost, replacement price” as listed in the item record of the Koha Library Catalog plus \$2.50 processing charge.	Variable	Actual Cost	N / A

As the previous table indicates the Library is currently in line with the fees that it is charging. As services at the Library expand it should consider expanding its current fee schedule to accommodate for those services.

13. LIGHTHOUSE

The Point Pinos Lighthouse is a Pacific Grove landmark. It provides picturesque views of the Pacific Ocean and the City of Pacific Grove. The lighthouse is the oldest operating lighthouse on the West Coast, as it has been in operation since 1855. The lighthouse is open to visitors year round for visits 5 days a week from 1-4pm. It is closed on Tuesdays / Wednesdays.

The City does not currently charge any visitor fees for the Lighthouse. However, it does suggest a donation of \$4 for adults and \$2 for kids visiting the lighthouse. The purpose of the donation is to help conserve the lighthouse as well as fund any ongoing maintenance associated with the lighthouse.

As this is a suggested donation, the project team did not evaluate the fees associated with visitors to the Lighthouse. It is recommended that the City continue charge these fees as suggested donations from visitors, enabling the visitors to make a larger than the minimum donation if they so desire.

14. POLICE

The Police Department is responsible for the day-to-day management of law enforcement services to the City of Pacific Grove. The Department is comprised of two main divisions: Patrol Operations and Administrative Services. Patrol Operations staff provide various services including school resources, training, traffic, investigations, patrol, and a citizens academy. The Administrative Services division handles police records, animal control, parking enforcement, purchasing, and property and evidence.

The fees examined within this study relate to a variety of permits and fee-related services including: Animal Regulations, Alarm Registration, Parking Permits, and Miscellaneous permits. This study did not review or assess any fines or penalties.

1 FEE SCHEDULE MODIFICATIONS

In reviewing the Police Department’s current fee schedule with Administrative Services staff, it was determined that several modifications could be made to the fee schedule in order to streamline permits, as well as provide a more accurate reflection of the services being provided. The following bullet points highlight the major eliminations, additions, or adjustments made to the Police Department’s fee schedule.

- **Additions:** Fees for Temporary Overnight Parking Permits, Drones, and Live Scan Fingerprinting were assessed and added to the fee schedule to better reflect the services being provided.
- **Eliminations:** The solicitor / peddler license application was eliminated, as these permits are no longer issued by the Department.
- **Modifications:** Fees associated with dog licenses were streamlined to singular permits for either unaltered or altered dogs per year, rather than a monthly qualifier.

While the points above do not represent a comprehensive account of the proposed changes to the Police fee schedule, they do highlight some of the changes which will allow for easier calculation of fees by applicants, as well as better reflect the services being provided by City staff.

2 DETAILED RESULTS

The Police Department collects fees for permits and licenses relating to a variety of services and licenses. The total cost calculated for each permit 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 17: Total Cost Per Unit Results – Police

Fee Name	Current Fee	Total City Cost	Surplus / (Deficit) per Unit
Correctable Vehicle Code Violation- Admin Fee	\$10	\$45	(\$35)
ANIMAL REGULATION -DOG LICENSES - PGMC § 10.04.010			
Dog License Fee (1-12 Months) Unaltered Dog	\$42	\$45	(\$3)
Dog License Fee (1-12 Months) Altered Dog	\$15	\$45	(\$30)
Dog License, Replacement Tag	\$6	\$11	(\$5)
ANIMAL REGULATION- IMPOUND FEES- PGMC § 10.04.100			
Impound Fee (Initial Impound) Licensed & Altered	\$0	\$168	(\$168)
Impound Fee (2nd & Subsequent) Licensed & Altered	\$57	\$168	(\$111)
Impound Fee (Initial Impound) Licensed & Unaltered	\$57	\$168	(\$111)
Impound Fee (2nd & Subsequent) Licensed & Unaltered	\$77	\$168	(\$91)
Impound Fee (Initial Impound) Unlicensed & Altered	\$77	\$234	(\$157)
Impound Fee (2nd & Subsequent) Unlicensed& Altered	\$100	\$234	(\$134)
Impound Fee (Initial Impound) Unlicensed & Unaltered	\$170	\$234	(\$64)
Impound Fee (2nd & Subsequent) Unlicensed & Unaltered	\$227	\$234	(\$7)
Boarding Fee, per day	\$26	\$215	(\$189)
ANIMAL REGULATION -BREEDING PERMITS - §10.16.040			
Commercial Breeding Permit, Cats	\$454	\$137	\$317
Commercial Breeding Permit, Dogs	\$568	\$137	\$431
Incidental Breeding Permit, Cats (per litter)	\$226	\$68	\$158
Incidental Breeding Permit, Dogs (per litter)	\$341	\$68	\$273
ALARM REGISTRATION & RESPONSE			
Alarm Registration	\$55	\$32	\$23
Alarm Renewal (within 30 Days of Alarm Permit Expiration Date)	\$0	\$4	(\$4)
First Response - Unpermitted Alarm	\$110	\$269	(\$159)
First Response- Permitted Alarm	\$0	\$142	(\$142)
Second Response - Permitted Alarm	\$55	\$142	(\$87)
Third Response - Permitted Alarm	\$110	\$142	(\$32)
Fourth Response- Permitted Alarm	\$220	\$142	\$78
Fifth and Subsequent Response - Permitted Alarm	\$331	\$142	\$189
Duress/Panic/Robbery Alarm Violation	\$220	\$308	(\$88)
ADMINISTRATIVE AND MISCELLANEOUS			
Abandoned Vehicle Removal	\$114	\$427	(\$313)
Accident Report, Compilation and Copying (per report)	\$10	\$32	(\$22)
Clearance Letter - No Record on File	\$23	\$32	(\$9)
Clearance Letter – Record on File	\$35	\$42	(\$7)
Crime Report, Compilation and Copying (per report)	\$10	\$59	(\$49)
Information Report, Compilation and Copying (per report)	\$5	\$32	(\$27)
Fingerprint Processing (Live Scan administration)	\$25	\$64	(\$39)
Sign-off tickets by other agencies (OJ= Tickets given outside of jurisdiction)	\$15	\$32	(\$17)
Stored Vehicle Fee	\$120	\$205	(\$85)
PARKING PERMITS & FEES			
Contractor's Parking Permit, Annual	\$330	\$60	\$270
Contractor's Parking Permit, Quarterly	\$100	\$60	\$40

Fee Name	Current Fee	Total City Cost	Surplus / (Deficit) per Unit
Contractor's Parking Permit, Monthly	\$35	\$60	(\$25)
Public Parking Lot Permit, Annual	\$330	\$107	\$223
Public Parking Lot Permit, 12-Month, TRANSFERABLE	\$420	\$107	\$313
Public Parking Lot Permit, Quarterly	\$100	\$53	\$47
Public Parking Lot Permit, Monthly	\$35	\$27	\$8
Residential Parking Permit Processing, per permit, Annual	\$10	\$27	(\$17)
MISCELLANEOUS PERMITS & DEPOSITS			
Amplified sound permit	\$31	\$113	(\$82)
Concealed Weapon Permit- Annual Renewal	\$25	\$322	(\$297)
Concealed Weapon Permit- Processing and Testing (Issuance)	\$115	\$893	(\$778)
Firearms Storage: Administrative Release Fee	\$45	\$374	(\$329)
Garage Sale Permit Processing	\$6	\$10	(\$4)
Refuse Container or Storage Container Permit	\$35	\$69	(\$34)
Refuse Container or Storage Container Permit Renewal/Extension	\$35	\$25	\$10
Transportation of Large Structure deposit - variable fee based on size/type of structure	\$0	\$188	(\$188)
Oversize Vehicle Registration	\$0	\$21	(\$21)
NEW FEES			
Live Scan - Fingerprint Processing - No Billing Code ** Does not include DOJ/FBI Fees**	New	\$80	N / A
Temporary Overnight Parking Permit Program - Initial Resident Registration	New	\$22	N / A
Temporary Overnight Parking Permit - 72 Hour Resident Permit	New	\$4	N / A
Temporary Overnight Parking Permit - Weekly - Exemption	New	\$83	N / A
Massage Permit	New	\$22	N / A
Single Drone Permit Fee	New	\$73	N / A
Annual Drone Permit Fee	New	\$73	N / A

The majority of the fees relating to Police permit and licenses are under-recovering, with roughly 78% of the permits showing an under-recovery. The greatest deficit (\$778) relates to concealed weapons permits, while the largest surplus (\$431) relates to commercial breeding permits for dogs. The average per unit deficit is approximately \$109, while the average surplus is about \$101.

3 ANNUAL REVENUE IMPACTS

The Police Department is currently under-recovering its fee-related costs associated with permits and licenses by approximately \$28,500. The following table shows the annual workload volume for FY 16/17, projected revenue at current fee, projected annual cost, and the associated annual deficit.

Table 18: Annual Results – Police

Fee Name	Recoverable Volume	Revenue at Current Fee	Total Cost	Surplus / (Deficit)
Correctable Vehicle Code Violation- Admin Fee	59	\$590	\$2,667	(\$2,077)
ANIMAL REGULATION -DOG LICENSES - PGMC § 10.04.010				
Dog License Fee (1-12 Months) Altered Dog	269	\$4,035	\$12,231	(\$8,196)
ADMINISTRATIVE AND MISCELLANEOUS				
Accident Report, Compilation and Copying (per report)	95	\$950	\$3,023	(\$2,073)
Clearance Letter - No Record on File	13	\$299	\$414	(\$115)
Crime Report, Compilation and Copying (per report)	84	\$840	\$4,930	(\$4,090)
Information Report, Compilation and Copying (per report)	11	\$55	\$350	(\$295)
Fingerprint Processing (Live Scan administration)	15	\$375	\$955	(\$580)
Stored Vehicle Fee	26	\$3,120	\$5,338	(\$2,218)
MISCELLANEOUS PERMITS & DEPOSITS				
Amplified sound permit	94	\$2,914	\$10,645	(\$7,731)
Garage Sale Permit Processing	105	\$630	\$1,069	(\$439)
Refuse Container or Storage Container Permit	21	\$735	\$1,447	(\$712)
Oversize Vehicle Registration	1	\$0	\$21	(\$21)
TOTAL		\$14,543	\$43,090	(\$28,547)

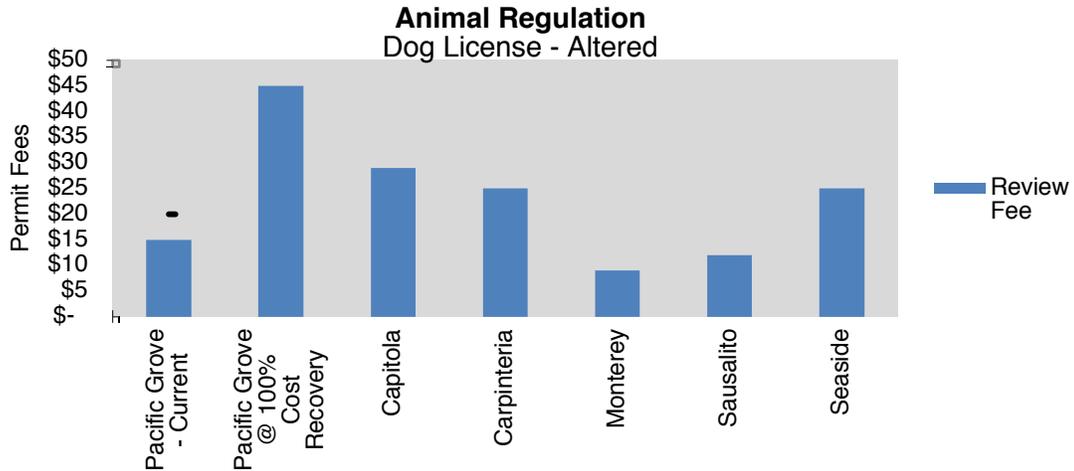
The under-recovery shown in the table above represents a 34% cost recovery level. The two largest sources of the City’s deficit relate to altered dog licenses (\$8,196) and amplified sound permits (\$7,731). These two permit types account for roughly 56% of the overall subsidy associated with Police services.

4 JURISDICTIONAL COMPARISON

As part of this study, the City wished to understand how their current fees and total cost compared to other similar sized and regionally located jurisdictions. The following subsection provides a comparative look at the wo Police fees which comprise the City’s largest deficit: dog license and amplified sound permit, as well as Citation Sign Offs and Film Permits.

1 Animal Regulation – Dog License - Altered

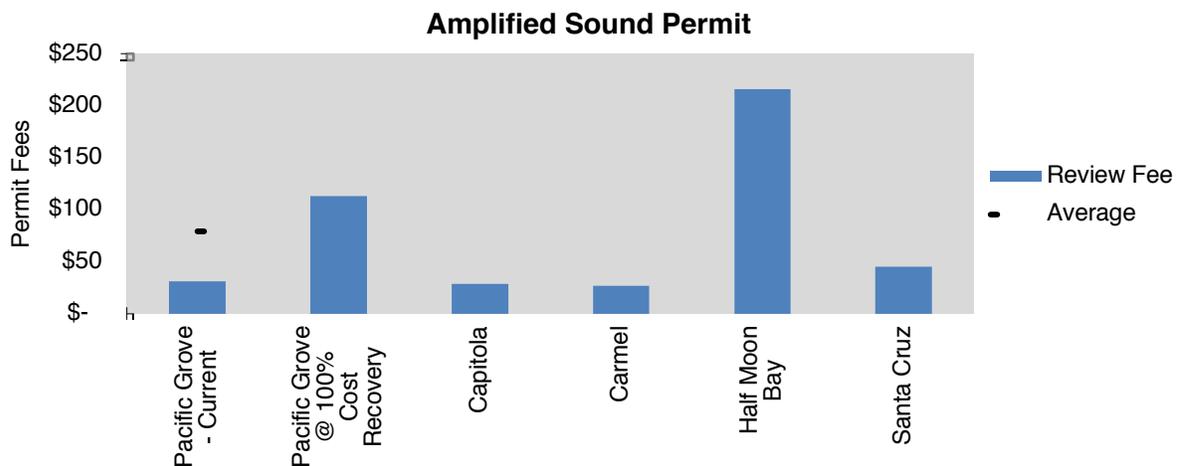
The City is currently charging \$15 for a dog license for altered dogs. This study has assessed the full cost of providing these reviews at \$45, resulting in a \$30 deficit. In FY 16/17 the Department issued approximately 269 of these licenses, which resulted in a subsidy of \$8,196. The graph on the following page shows how the Department’s current fee and total cost compare to other local jurisdictions.



As the graph highlights, the City is currently below the average of comparable jurisdictions (\$20) for its current fee, and well above the average for the full cost of providing the service. Monterey currently has the lowest license fee at \$9, while Capitola has the highest of surveyed jurisdictions at \$29. Carmel, Half Moon Bay, Marina, and Santa Cruz do not currently charge for dog licenses.

2 Amplified Sound Permit

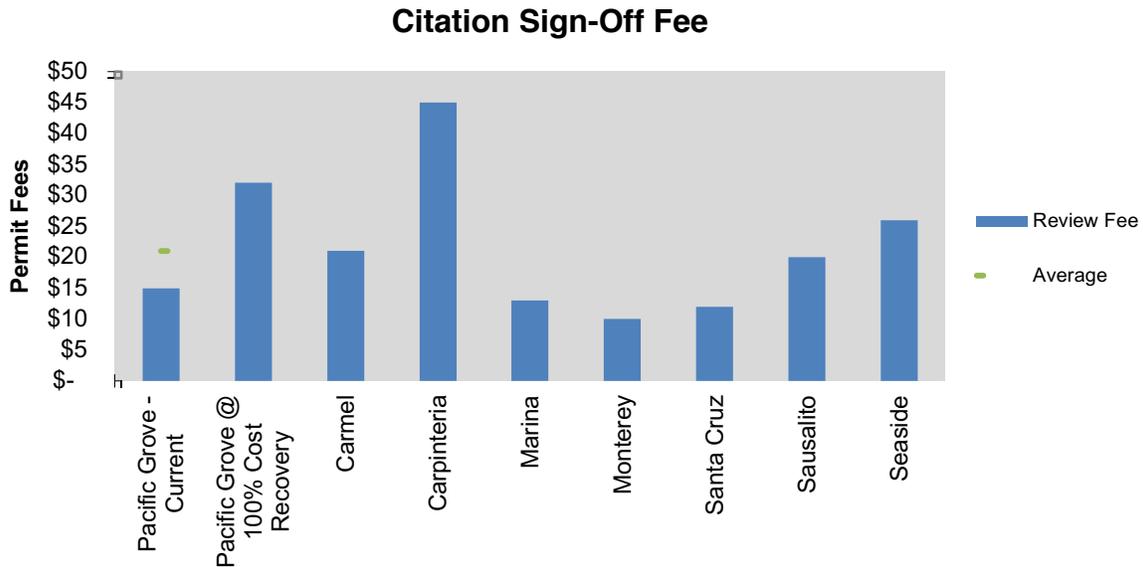
The City is currently charging \$31 for an amplified sound permit. This study has assessed the full cost of issuing these permits at \$113, resulting in a \$82 deficit. In FY 16/17 the Department issued approximately 94 of these permits, which resulted in a subsidy of \$7,731. The following graph shows how the Department’s current fee and total cost compare to other local jurisdictions.



As the graph illustrates, the City’s current fee is below the jurisdictional comparable average of \$79. Half Moon Bay has the highest permit at \$216, while Carmel has the lowest fee at \$27. Carpinteria, Marina, Monterey, Sausalito, and Seaside don’t current charge for these permit types.

3 Citation Sign-Off Fee

The City currently charges a \$15 sign-off fees for tickets. This study has assessed the full cost of issuing these permits at \$32. The following graph shows how the Department’s current fee and total cost compare to other local jurisdictions.



As the graph illustrates, the City’s current fee is below the jurisdictional comparable average of \$21. Carpinteria has the highest fee at \$45 and Monterey has the lowest fee at \$10.

15. PUBLIC WORKS

The Public Works Department oversees maintenance and operations of City owned facilities and infrastructure, as well as the design, planning, construction, or repair of the City’s Capital Improvement Projects. The Department is also responsible for maintaining all City owned vehicles, municipal roads, culverts and basins, street lighting and street signs. The majority of the services provided by Public Works staff are general functions relating to City services, as Building staff handle all Engineering related reviews and inspections. However, the Department does charge out for services relating to special traffic markings, banner installations, memorial benches and trees, and tree permits. Additionally, the Department also rents out various equipment on a per hour basis.

1 MISCELLANEOUS SERVICES – PER UNIT RESULTS

The Public Works Department collects fees for permits relating to a variety of services. The total cost calculated for each permit 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 Miscellaneous Public Works service.

Table 19: Total Cost Per Unit Results – Public Works

Fee Name	Current Fee	Total City Cost	Surplus / (Deficit) per Unit
Requested Special Traffic Marking Review (per hour with a 1-hour minimum)	\$154	\$114	\$40
Banner Instillation and Removal (Downtown Street Lights) per pole	\$16	\$49	(\$33)
Memorial Bench (Construction and installation included.)	\$368	\$376	(\$8)
Memorial Bench maintenance (5. years)	\$275	\$486	(\$211)
Memorial tree	\$550	\$491	\$59
Arborist report - City/Public Properties Only	\$234	\$159	\$75
Annual Solid Waste Exemption Application	\$200	\$80	\$120
Tree Appeal	\$89	\$198	(\$109)

The City is currently over-recovering for four of its miscellaneous services, with the largest surplus relating to the Annual Solid Waste Exemption Application. The other surplus of the Memorial Tree, also reflects only the staff cost for installing the tree, and not the actual cost of the tree. The current and full cost for the Memorial Bench does not reflect the cost of materials associated with the bench. The City should consider charging actual cost for the materials used for the Memorial Bench, to ensure that the true cost of the bench is being recovered.

2 MISCELLANEOUS SERVICES – ANNUAL REVENUE IMPACTS

The Public Works Department is currently under-recovering its fee-related costs associated with permits and services by approximately \$52,000. The following table shows the annual workload volume for FY 16/17, projected revenue at current fee, projected annual cost, and the associated annual deficit.

Table 20: Annual Results – Public Works

Fee Name	Recoverable Volume	Revenue at Current Fee	Total Cost	Surplus / (Deficit)
Banner Instillation and Removal (Downtown Street Lights) per pole	300	\$4,800	\$14,587	(\$9,787)
Memorial Bench (Construction and installation included.)	1	\$368	\$376	(\$8)
Memorial Bench maintenance (5. years)	200	\$55,000	\$97,246	(\$42,246)
Annual Solid Waste Exemption Application	1	\$89	\$198	(\$109)
TOTAL		\$60,257	\$112,406	(\$52,149)

The majority of the miscellaneous services provided by Public Works staff relate to banner instillations and maintenance of memorial benches, accounting for nearly the entire deficit shown for Public Works. As discussed in the previous section, the surplus for Memorial benches is due to the total cost not accounting for the actual cost of materials associated with the Memorial Bench.

3 EQUIPMENT USE COST RECOVERY CHARGES

The Public Works Department provides equipment for cost recovery purposes on an hourly or daily basis. The following table provides a list of the current equipment for rent, as well as the rates.

Table 21: Annual Results – Public Works

Equipment Type	Rate
One-ton dump truck per hour	\$89
Backhoe per hour	\$112
Half-ton truck per hour	\$58
Trailer, 4 ft. x 8 ft. - per day	\$23
Compressor per hour	\$52
One-ton truck per hour	\$64
Grader per hour	\$147
Loader per hour	\$147
Five-ton truck per hour	\$76
Hydro Cleaner per hour	\$94
Hydro Vac Cleaner per hour	\$128
Standard size barricade, each per day (\$100 deposit required.)	\$3
Four-foot delineator, each per day (\$100 deposit required.)	\$4
Eight-foot barricade, each per day (\$100 deposit required.)	\$11
18-inch traffic cone, each per day (\$100 deposit required.)	\$3

Equipment Type	Rate
24-inch traffic cone, each per day (\$100 deposit required.)	\$3
Temporary Directional Signage Per Day	\$3
Temporary Parking Signage Per Day	\$2

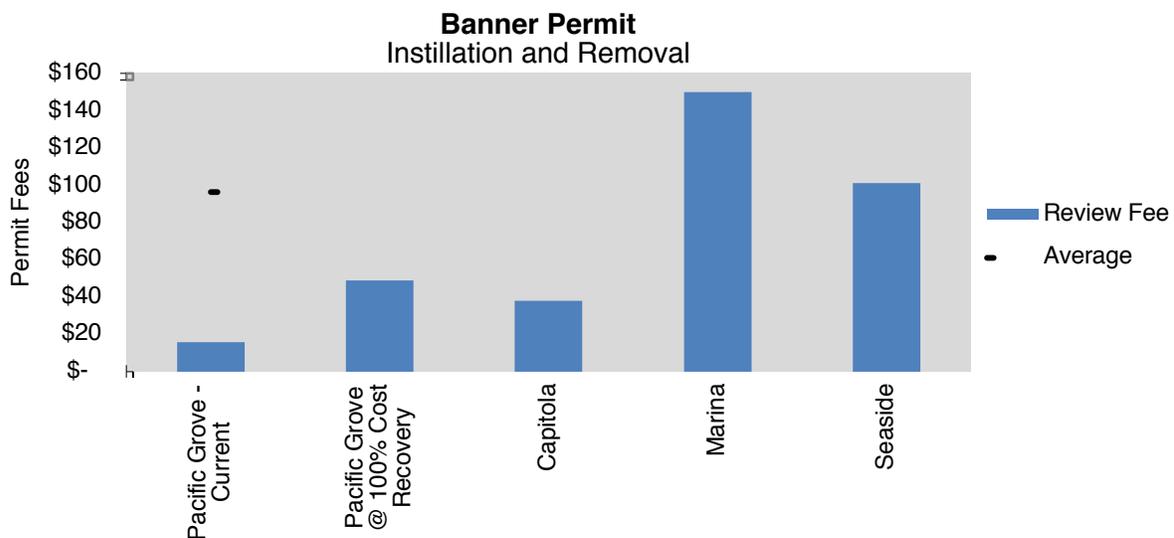
The City does not currently have sufficient vehicle or equipment data, and therefore updated rental rates could not be calculated. Once the City documents their vehicles and equipment, and can outline costs, annual life, and estimated hours, new hourly or daily rates can be developed. In the interim, it is the project team’s recommendation that the City consider either adopting the FEMA or CalTrans equipment rate schedule to ensure a more standardized use of equipment hourly rates.

4 JURISDICTIONAL COMPARISON

As part of this study, the City wished to understand how their current fees and total cost compared to other similar sized and regionally located jurisdictions. The following subsection provides a comparative look at the two most voluminous Public Works fees / permits.

1 Banner Installation and Removal

The City is currently charging \$16 for installation and removal of banners. This study has assessed the full cost of providing these services at \$49, resulting in a \$33 deficit. In FY 16/17 the Department issued approximately 300 of these licenses, which resulted in a subsidy of \$9,787. The following graph shows how the Department’s current fee and total cost compare to other local jurisdictions.



As the graph illustrates, both the City’s current fee and full cost are below the jurisdictional comparable average of \$96. Marina has the highest permit at \$150, while Capitola has the lowest fee at \$38. Carmel, Carpinteria, Half Moon Bay, Monterey, Santa Cruz, and

Sausalito don't current issue Banner permits, however, they may account for these services through other permitted means.

2 Memorial Bench

The City currently charges separate fees for the construction and installation of a memorial bench (\$368), and five year maintenance of memorial benches (\$275). This study calculated the full cost of constructing and installing memorial benches at \$376, and the maintenance at \$486. It is important to note that both the current and full cost does not reflect the cost of materials associated with memorial benches. In reviewing comparable jurisdictions, only Carmel and Capitola provide memorial benches. The City of Capitola charges a flat fee of \$1,058 for a memorial bench, which includes the cost of the bench. There is no separate fee for maintenance. The City of Carmel charges \$988 per applications, plus actual costs for the bench and plaque, as well as 20% for future maintenance. If a public hearing is required, an additional fee of \$1,028 is applied.

5 LOCAL WATER PROJECT

The City of Pacific Grove was using approximately 100 to 125 acre-feet per year (AFY) of potable water for irrigation of the Pacific Grove Municipal Golf Links and the adjacent El Carmelo Cemetery. Currently there is a shortage of potable water within the area due to limitations on existing water supplies from the Carmel River Aquifer and Seaside Groundwater Basin. In response to this issue, the City designed and constructed a water recycling facility that diverts and treats raw sewage for local reclamation and irrigation reuse, known as the Local Water Project. The Local Water Project will provide approximately 125 AFY of non-potable water for irrigation and provide toilet flushing at two public restrooms.

As part of the cost of service study, the Public Works Department asked the project team to review annual costs associated with the Local Water Project and calculate a per acre-foot per year cost. The main expenditures associated with maintaining the Local Water Project facility are daily operations and maintenance, repayment of the City's loan, indirect support provided through the Cost Allocation Plan, and repairing / replacement costs of the equipment. The following table outlines the annual costs associated with the Local Water Project.

Table 22: Local Water Project Annual Cost

Cost Component	Annual Cost
Operations & Maintenance	\$285,005
Loan Repayment	\$205,000
Citywide Overhead	\$21,496
Reserve for Equipment and Rate Stabilization	\$20,361
TOTAL COST	\$531,862

As shown in the previous table, the annual cost to the City to operate and maintain the Local Water Project facility is \$532,000. While the Local Water Project's plant capacity is 125AF, this estimate reflects a projected production level of 97AF. In order for the City to recover its annual costs, it would need to sell each acre-foot of recycled water at \$5,483.

It is important to note that the \$5,483 per acre-foot is the cost recovery based upon initial estimates for the costs associated with the Local Water Project. The \$5,483 only represents the sale of reclaimed non-potable water, and not the sale of freed potable water. As this is only the first year of the Local Water Project, as more information is gathered from the implementation of the project, including information regarding sales, the cost per acre-foot should be reevaluated. This reevaluation will ensure that the City is able to recover not only its annual operating and maintenance costs associated with the project but also the costs associated with repair and replacement of equipment.

16. RECREATION

The Recreation Department provides youth activities and manages special events and facility rentals on behalf of the City. The fees examined within this study relate to a variety of youth related activities as well as facility rentals.

1 RECREATION ACTIVITIES

The Recreation Department manages and oversees several programs related to youth and adult activities. The following table shows the current fee, the total cost per participant, and the associated surplus / (deficit) per unit for the services.

Table 23: Total Cost Per Unit Results – Recreation

Fee Category	Current Fee Per Participant	Total Cost Per Participant	Surplus / (Deficit) per Unit
Preschool 2 Day			
<i>Resident</i>	\$160	\$350	(\$190)
<i>Non-Resident</i>	\$181	\$350	(\$169)
Preschool 3 Day			
<i>Resident</i>	\$253	\$526	(\$273)
<i>Non-Resident</i>	\$273	\$526	(\$253)
Preschool 5 Day			
<i>Resident</i>	\$413	\$877	(\$464)
<i>Non-Resident</i>	\$454	\$877	(\$423)
AQUATICS			
Recreation Swim			
<i>Resident</i>	\$4	\$6	(\$2)
<i>Non-Resident</i>	\$4	\$6	(\$2)
Recreation Swim – Punch Card			
<i>Resident</i>	\$72	\$295	(\$223)
<i>Non-Resident</i>	\$83	\$295	(\$212)
Parent / Tot Swim Lessons			
<i>Resident</i>	\$67	\$181	(\$114)
<i>Non-Resident</i>	\$78	\$181	(\$103)
Family Swim			
<i>Resident</i>	\$67	\$181	(\$114)
<i>Non-Resident</i>	\$78	\$181	(\$103)
Progressive Swim			
<i>Resident</i>	\$67	\$181	(\$114)
<i>Non-Resident</i>	\$78	\$181	(\$103)
Private Swim Lessons			
<i>Resident</i>	\$31	\$72	(\$41)
<i>Non-Resident</i>	\$34	\$72	(\$38)
Semi-Private Swim Lessons			
<i>Resident</i>	\$18	\$36	(\$18)

Fee Category	Current Fee Per Participant	Total Cost Per Participant	Surplus / (Deficit) per Unit
<i>Non-Resident</i>	\$21	\$36	(\$15)
CAMPS			
Adventure Day Camp - 5 Day			
<i>Resident</i>	\$160	\$139	\$21
<i>Non-Resident</i>	\$181	\$139	\$42
Adventure Day Camp - 4 Day			
<i>Resident</i>	\$128	\$205	(\$77)
<i>Non-Resident</i>	\$145	\$205	(\$60)
Adventure Day Camp - 3 Day			
<i>Resident</i>	\$96	\$154	(\$58)
<i>Non-Resident</i>	\$109	\$154	(\$45)
Track			
Youth Track			
<i>Resident</i>	\$80	\$27	\$53
<i>Non-Resident</i>	\$90	\$27	\$53
YOUTH CENTER			
Membership Per Semester			
<i>Resident</i>	\$65	\$441	(\$376)
<i>Non-Resident</i>	\$65	\$441	(\$376)
School Year			
<i>Resident</i>	\$110	\$441	(\$331)
<i>Non-Resident</i>	\$110	\$441	(\$331)
Daily Admission			
<i>Resident</i>	\$2	\$7	(\$5)
<i>Non-Resident</i>	\$2	\$7	(\$5)
Dance Admission			
<i>Resident</i>	\$10	\$3	\$7
<i>Non-Resident</i>	\$10	\$3	\$7
SPECIAL EVENTS			
<i>Minimal Impact Event</i>	\$100	\$22	\$78
<i>Less than 1,000 Participants</i>	\$300	\$196	\$104
<i>Greater than 1,000 Participants</i>	\$600	\$719	(\$119)

As the table above indicates the Recreation Department is under-recovering for approximately 79% of its services, with the largest source of subsidy equated with Preschool 5 day at \$464 per unit. The largest source of surplus for the Department is \$104 for Special Events that have less than 1,000 participants.

Recreation services unlike other fee for services is subject to market driven rates. Therefore, these results should be carefully reviewed by departmental staff to ensure that the rates, whether an under or over-recovery reflect the rates that can be borne by the market for those services. For example, the Adventure Day Camp – 5 day weeks, if the market can bear the rate of \$160 per child, then the City should continue to assess that fee; however, if this fee level is limiting participation in this program, then the City should consider lowering the fees. The lower fees could help encourage participation, while ensuring that the City is still recovering its costs.

2 FACILITY RENTALS

The project team collected information regarding facility rentals. The following table shows the name of the facility, the current fee per hour, and the fully burdened hourly rate associated with that facility.

Table 24: Total Cost Per Unit Results – Facility Rentals

Fee Name	Current Fee / Hr - Resident	Current Fee / Hr – Non-Resident	Total Cost / Hr
Youth Center	\$100	\$207	\$288
Community Center	\$100	\$207	\$787
Little House at Jewel Park	\$0	\$0	\$43
Chautauqua Hall	\$387.50	\$647	\$294
Lovers Point Pool	\$104	\$155	\$103

Based upon the information presented in the table, the City has the ability to increase its rental rates for some of its facilities. It should start charging a rental rate for facilities such as Little House at Jewel Park and the Lovers Point Pool. Additionally, it should increase its rates for some of the other facilities for non-residents to be more in line with the total cost per hour rates for those facilities.

Facility rentals similar to other recreation services should be based on market rate for the types of facilities and level of services being offered at those facilities. Therefore, the City should review these rates and where appropriate increase the rates for facilities that are newer and / or more popular for certain types of activities.

3 ANNUAL RESULTS – RECREATION PROGRAMS

Based upon participant data collected from the Recreation Department, it is recovering approximately 50% of its costs and under-recovering by \$169,000. The following table shows by fee category, the number of participants, the annual revenue, the annual cost, and the associated surplus / (deficit).

Table 25: Annual Revenue Results – Recreation Programs

Program	# of Participants	Annual Revenue	Annual Cost	Annual Surplus / (Deficit)
Preschool - 2 days per week	132	\$21,120	\$46,203	(\$25,083)
Preschool - 3 days per week	143	\$36,179	\$75,210	(\$39,031)
Recreational Swimming	2,050	\$8,200	\$12,300	(\$4,100)
Group Swim Lessons - all	624	\$41,808	\$112,868	(\$71,060)
Private Swim lessons	6	\$186	\$431	(\$245)
Youth Track Club	30	\$2,400	\$796	\$1,604

Program	# of Participants	Annual Revenue	Annual Cost	Annual Surplus / (Deficit)
Youth Center – Membership Per Semester	35	\$2,275	\$15,451	(\$13,176)
Youth Center – Membership School Year	70	\$7,700	\$30,901	(\$23,201)
Youth Center – Daily Admission	23	\$46	\$163	(\$117)
Youth Center – Dance Admission	700	\$7,000	\$2,083	\$4,917
Adventure Day Camp - 5 day weeks	250	\$40,000	\$34,719	\$5,281
Adventure Day Camp - 4 day week	25	\$2,200	\$5,132	(\$2,932)
Adventure Day Camp - 3 day week	25	\$2,400	\$3,849	(\$1,449)
TOTAL		\$171,514	\$340,108	(\$168,594)

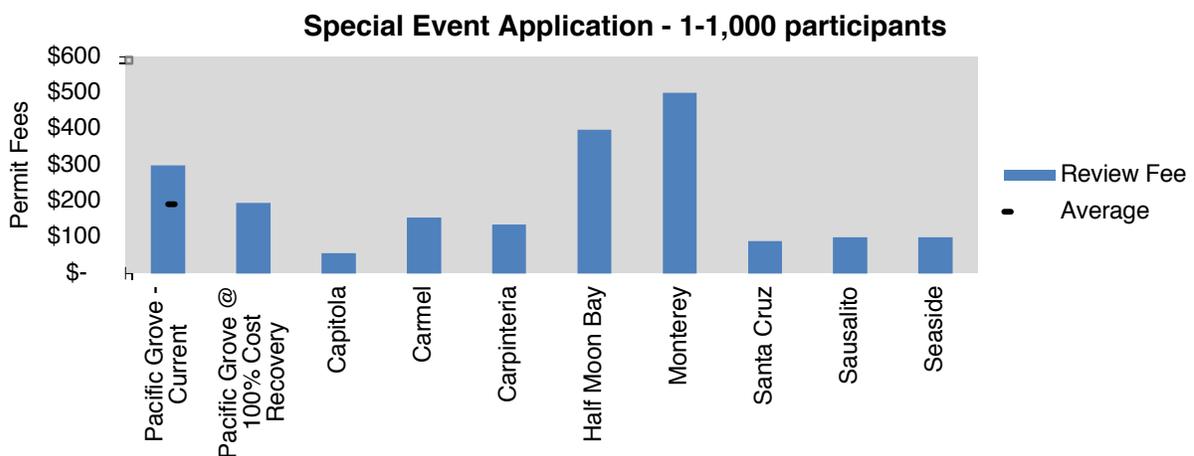
As the table indicates Parks and recreation is recovering approximately 50% of its fee-related costs. The largest source of under-recovery for the Department is associated with the variety of Group Swim Lessons at \$71,000. Therefore, at a minimum, the department should evaluate its current fees and structure for Group Swim Lessons to obtain a higher level of cost recovery.

4 JURISDICTIONAL COMPARISON

As part of this study, the City wished to understand how their current fees and total cost compared to other similar sized and regionally located jurisdictions. The following subsection provides a comparative look at three types of Parks and Recreation permits.

1 Special Events Fee: 1-1,000 participants

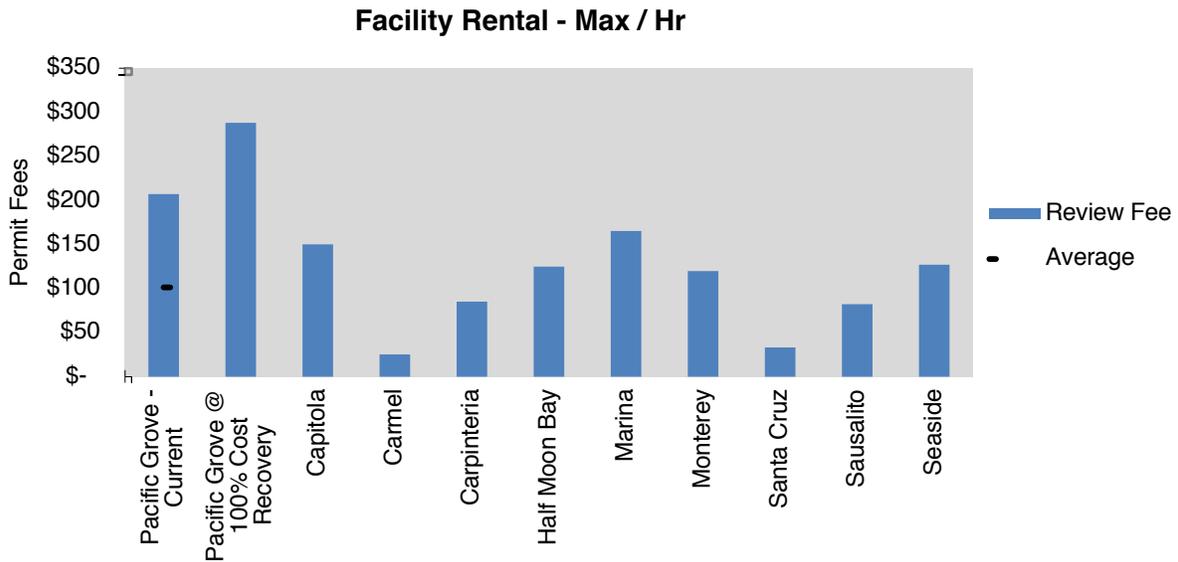
The City is currently charging \$300 Special Events Application Fee for 1-1,000 participants, while the study has assessed the full cost of providing this service at \$196, representing a surplus of \$104 per unit. The following graph shows how the Department’s current fee and total cost compare to other local jurisdictions.



As the graph indicates the City’s current fee of \$300 is above the average of \$192 charged by surrounding jurisdictions. However, the City’s full cost fee of \$196 is only slightly above the average and is much more in line with the other jurisdictions.

2 Facility Rental Fee – Maximum Fee / Hour

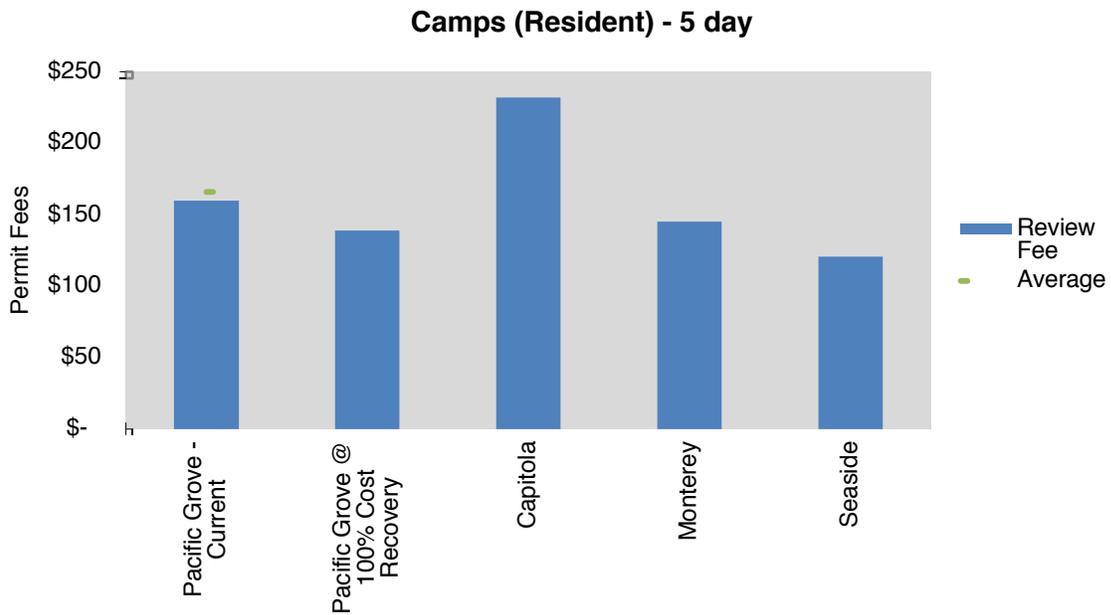
The City is currently charging \$207 per hour for use of the Community Center or Youth Hall, the study calculated the full cost of the Community Center at \$288 per hour. The following graph shows how the Department’s current fee and total cost compare to other local jurisdictions.



As the previous graph indicates the City of Pacific Grove’s current and full cost fees are above the average of \$101 charged per hour for use of facilities in surrounding jurisdictions. However, it is important to note that the range in facility rental rates can vary dramatically as they are dependent upon the quality of the facility, its amenities, and its locations. Additionally, other jurisdictions may charge a lower rental rate, but then charge additional fees such as application fee, security deposit, cleaning fee, kitchen use fee, and maintenance fees on top of the facility rental fee. Therefore, it is important to evaluate these facility rentals in the context of all fees and services.

3 Camps (Resident) – 5 day Camp

The City is currently charging \$160 per participant for the 5 day camp, while the study calculated the full cost per participant at \$139, representing a surplus of \$21. The following graph shows how the Department’s current fee and total cost compare to other local jurisdictions.



As the graph above indicates, not a lot of the surrounding jurisdictions provide camps through the City, of those cities that do provide the service, the average fee is \$166 per participant. The \$166 fee is above the current and full cost fee charged by Pacific Grove.

17. FILMING FEES

As part of this Cost of Services (User Fee) Study the City of Pacific Grove requested a review of its current filming fees. There are two major types of filming fees – fees for reviewing and processing the application to conduct commercial filming, and fees related to the usage of the property and the surrounding parking for filming. The following subsections discuss the different types of filming fees calculated by the project team.

1 FILM APPLICATION FEES

The project team worked with City staff to collect information regarding Film Permit Application Review Fees. Currently, the City does not have a separate film permit fee and assesses the same fees and fee structure as the Special Events Application Fee. It was determined through this study that a slightly different structure for Film Permit Fees should be established. The following points outline the three tiers of Film permit application fees:

- **Minor Film / Photography Permit:** This is a permit that would primarily apply to still photography and really minor filming applications such as little or no crew. This type of permit typically would only require review from Police Personnel with little to minimal involvement from other departments.
- **Mid-Level Film Permit:** This is a permit that would primarily apply to a major photoshoot or minor commercial filming application. It would require coordination between Police Personnel and Parks and Recreation staff for use of City property.
- **Major Film Permit:** This is a permit that would primarily apply to major commercial filming – Movies or Television shows. It could be productions that would require building stages, sites with unique environmental or location conditions; or crews with crews of 30 or more personnel. This type of application review would require significant review and input from a variety of City staff, including Police, Fire, Parks and Recreation, and Public Works.

Implementing this type of tiered system for film permit applications enables the City to more accurately reflect the types of film permit applications it reviews and assess fees accordingly. The total cost calculated includes the direct cost, material costs (where applicable), departmental, and Citywide Overhead. The following table shows the current fee (Special Events fee) for the Film Permit Applications, the total cost per unit, and the associated surplus / (deficit) per unit.

Table 26: Total Cost Per Unit Results – Film Permit Applications

Category	Current Fee	Total Cost Per Unit	Surplus / (Deficit) Per Unit
Minor Film Permit	\$100	\$136	(\$36)

Category	Current Fee	Total Cost Per Unit	Surplus / (Deficit) Per Unit
Mid-Level Film Permit	\$300	\$460	(\$160)
Major Film Permit	\$600	\$749	(\$149)

As the table indicates, the City is currently under-recovering for all levels of film permit application reviews. This is primarily due to the City charging the same fees as the Special Event Fees, creating a separate and distinct set of fees for filming and photography permits will better help the City recover its costs associated with Film Permit reviews.

2 FILM PERMIT USAGE FEES – SUPPLEMENTARY CALCULATION

In addition to the application fees for review of film permits, the City of Pacific Grove is interested in charging a facility or use of city property usage fee for Film and photo productions. This is a fee similar to an outdoor dining permit fee and is common to other jurisdictions with filming permits. The fee is meant to recover the opportunity cost associated with blocking off city property access to its residents, especially as it comes to parks and other resident-based resources.

The City does currently charge rental rates for its parks and facilities; however, these rental rates are not meant to recover costs associated with exclusive use of City parks, but rather are intended to be discounted to ensure that residents and visitors are able to enjoy the parks, even while events are being held. As such, the City is looking for a way to recover for the use of City parks by those who wish to profit on the use of the park rentals, including photo shoots and live filming.

The Matrix Consulting Group calculated a Park Use or Property Use Fee, which would be applied only to events that include exclusive use of City parks for the purposes of live or still photographs or filming. This fee was developed using property values and determined a per square foot rate. The following table outlines the Park Use Fee rate calculation.

Table 27: Facility / Park Use Fee – Filming Fees

Rate Type	Hourly Rate	Unit
Property Value	\$763	Per Square Foot
Size of Lover’s Point	871,200	Square Feet
Total Property Value of Lovers Point	\$664,725,600	
Availability for Rental	365	Days per Year
Per Day Value	\$1,821,166	
Average Daily Hour Availability	9	Hours per Day
Per Hour Value	\$202,352	
Size of Lovers Point	871,200	Square Feet
Park Use Fee	\$0.23	Square Foot per Hour

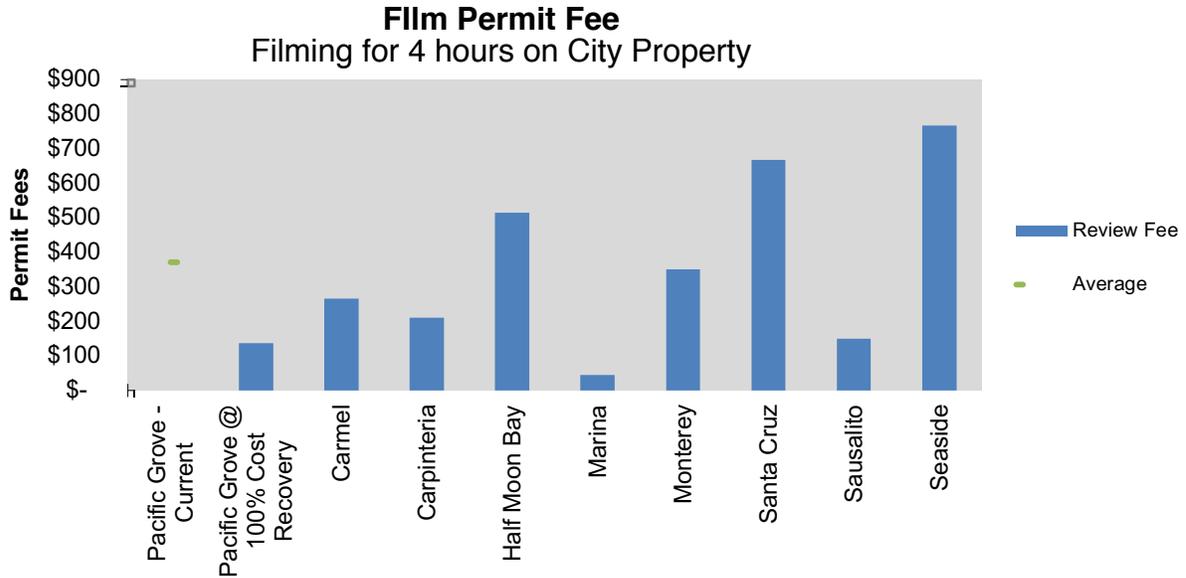
Using current property value rates in Pacific Grove, the size of Lovers Point, and the days and hours of availability, the Matrix Consulting Group has calculated a Park Use Fee of \$0.23 per square foot per hour. The purpose of this park usage fee is to account for the cost associated with encroachment on city property only, and is not meant to recover the costs associated with park or facility rentals. Therefore, for film permits, it is the project team’s recommendation that an application fee plus rental fee plus park usage fee be assessed for all filming applications. If there is parking provided with the film permits, a parking fee should be assessed based upon the metered spaces or other parking rates throughout the City. Additionally, if any city staff are required to be on-site or equipment is leased from the city, those costs should also be invoiced separately to the production company at the fully burdened rates for those services and materials.

It is important to note that the Park / Property Usage Fee calculated in this section is not subject to the same rules and regulations as user fees. These fees are meant to be market-based.

Overall, the City of Pacific Grove’s filming fees should be reviewed and assessed based upon the type of production. However, in order to recover for not only the services being provided, but for the exclusive use of City property, a facility / park use fee should also be assessed.

3 JURISDICTIONAL COMPARISON

As part of this study, the City wished to understand how their current fees and total cost compared to other similar sized and regionally located jurisdictions. The City is proposing a new minor filming permit review fee. This study has assessed the full cost of issuing these permits at \$136. The following graph shows how the Department’s current fee and total cost compare to other local jurisdictions.



As the graph illustrates, the City’s current fee is below the jurisdictional comparable average of \$371. Seaside has the highest permit at \$776, while Marina has the lowest fee at \$45. Capitola does not currently charge a fee for this permit.

18. COMPARATIVE MARKET SURVEY

As part of this Cost of Services (User Fee) Study for the City of Pacific Grove, the Matrix Consulting Group conducted a comparative survey of fees. The City identified nine jurisdictions to be included in the comparative survey: City of Capitola, City of Carmel, City of Carpinteria, City of Half Moon Bay, City of Marina, City of Monterey, City of Santa Cruz, City of Sausalito, and City of Seaside.

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, operating budget, and workforce size. The following tables provide this information regarding the jurisdictions included in the comparative survey.

Table 28: Ranking of Jurisdictions by Population

Jurisdiction	2016 Census
Carmel	3,722
Sausalito	7,125
Capitola	10,180
Half Moon Bay	12,657

Carpinteria	13,943
Pacific Grove	15,624
Marina	21,688
Monterey	28,454
Seaside	34,312
Santa Cruz	64,465

Table 29: Ranking of Jurisdictions by Operating Budget

Jurisdiction	FY 17/18 Budget
Carpinteria	\$17,508,821
Sausalito	\$22,870,435
Carmel	\$23,412,232
Capitola	\$32,511,914
Marina	\$36,774,388
Pacific Grove	\$41,025,757
Seaside	\$49,129,173
Half Moon Bay	\$56,926,954
Monterey	\$125,165,407
Santa Cruz	\$263,187,686

Table 30: Ranking of Jurisdictions by Workforce Size

Jurisdiction	FY 16 / 17 FTE
Half Moon Bay	36
Carpinteria	43
Capitola	67.4
Sausalito	73
Marina	93
Carmel	93.56
Pacific Grove	110.5
Seaside	129
Monterey	489.26
Santa Cruz	822.81

Based on the data shown in the above tables, the City of Pacific Grove ranks in the middle in terms of population size and budget but has a higher FTE count among the comparative agencies.

While the above comparative information can provide some perspective when paralleling Pacific Grove’s 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 31: Last Comprehensive Fee Analysis

Jurisdiction	Response
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Capitola	2015
Carmel	2016
Carpinteria	
Half Moon Bay	2016
Marina	2007
Monterey	More than 5 years
Santa Cruz	2017
Sausalito	2018
Seaside	

At the time of this report’s writing, seven of the 9 jurisdictions surveyed had responded to the project team discussing when their last fee analysis was concluded. Santa Cruz and Sausalito have both recently completed studies, while Capitola, Carmel, and Half Moon Bay had studies done two to three years prior. The City of Marina hasn’t had a study done in the last ten years, and Monterey has not used an outside consultant to assess their fees in over five years.

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. Survey results are shown as an attachment to this report.

19. 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 UPDATES

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.

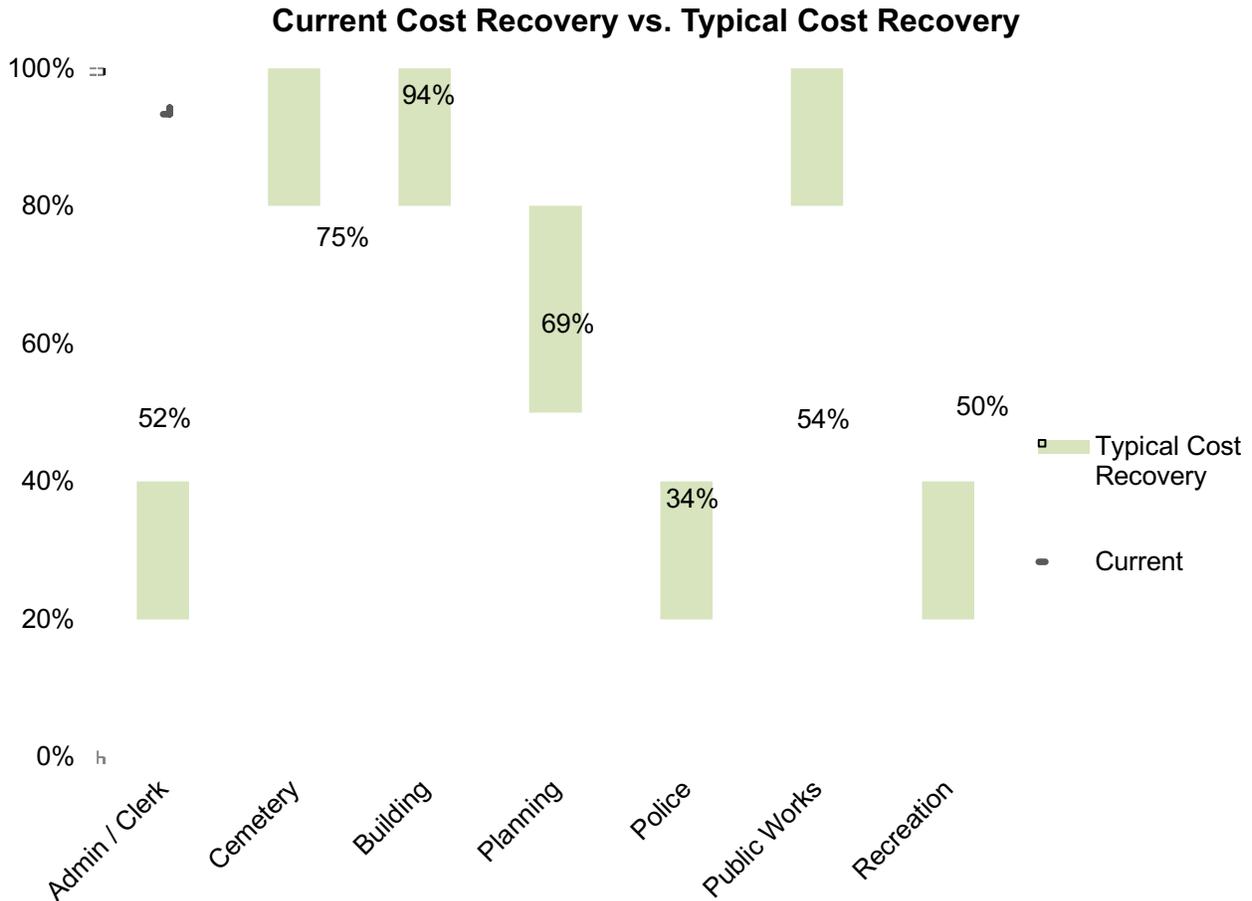
1 Typical Cost Recovery

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 32: Typical Cost Recovery Levels by Department

Department	Typical Cost Recovery
Administration	20 – 40%
Building	80 – 100%
Planning	50 – 80%
Public Works	80 – 100%
Police	20 – 40%
Parks and Recreation	20 – 40%

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 Pacific Grove compares to industry cost recovery standards.



The graph above indicates that the City is currently above typical cost recovery for General Administrative and Recreation services. Building, Planning, and Police are within the typical cost recovery range; while Cemetery and Public Works are below the average.

2 Development of Cost Recovery Policies and Procedures

The Department 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 Development Services specifically. Alternatively, the City could choose to adopt cost recovery policies by major section of the Development Services fee schedule. A fee schedule specific cost recovery policy would allow the City to better control the cost recovery associated with various stages of development projects, as well as ensure that contributing departments are receiving necessary or needing revenue funds.