

# Town of Paradise Valley

## User Fee Study



# What are User Fees

- Provide private benefit with limited or no community benefit
- State law requires that individual use of the service must be voluntary, and fees must reasonably relate to the services provided
- Fee levels & cost recovery determined through Town Council fee adoption
- Does not include development impact fees, utility rates, taxes, etc.

# Why Update User Fees

- Subsidies in services impact the General Fund
  - Private & specific benefit services are subsidized by unobligated funding sources
  - Reduces ability to fund general & community benefits
- Decreased department funding typically results in understaffing and reduces service quality
- Cost recovery knowledge and planning
  - Provides clarity of pressures on Town resources
  - Enables Town to strategize and set fees to benefit of the Town and community
  - State requirements for reasonable cost-based fees

# User Fee Objectives & Steps

- Determine full cost of providing services or programs
  - Review fee schedules based on service delivery
  - Identify potential new fees (not currently collected)
  - Reduce or remove fees
  - Using fully-burdened rates, calculate full cost recovery
- Update fees for services based on cost analysis
  - Incorporate or establish cost recovery goals
    - ✓ Subsidies allow access to services and facilitate compliance
  - Identify appropriate fee levels that:
    - ✓ Enhance reasonability and applicability
    - ✓ Maintain consistency with local policies and objectives
    - ✓ Maintain legal compliance with state law

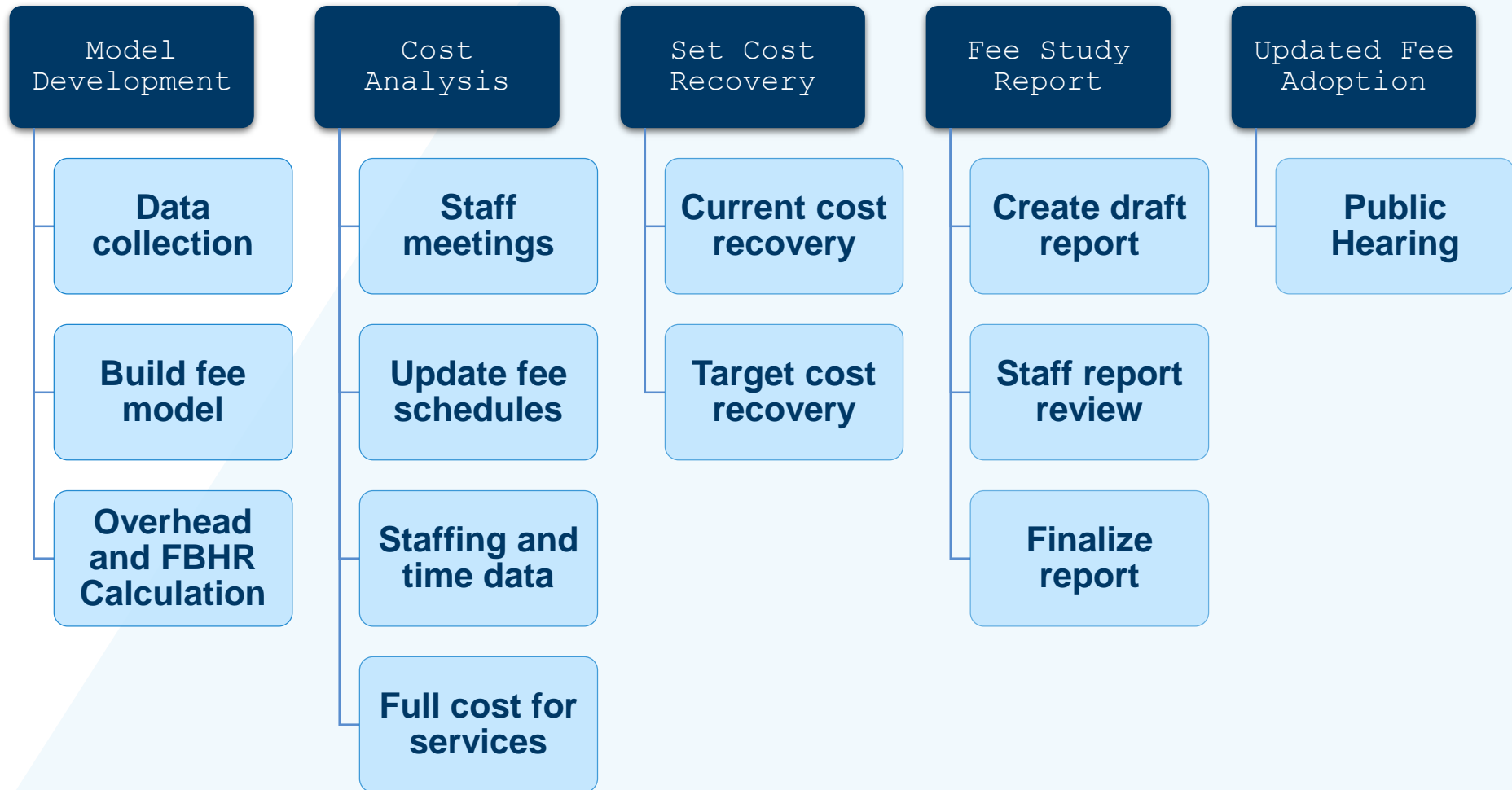
# Scope of the Study

- Review and calculate cost of providing services and related fees charged by the following departments and divisions:
  - Police
  - Building
  - Planning
  - Engineering
  - Fire Prevention Fees
  - Administrative
  - Town Court

# Data & Town Staff Participation

- Primary types of data used:
  - Expenditure data
  - Staffing structures
  - Central service/Indirect overhead
  - Productive/billable hours
  - Time estimates to complete tasks
  - Town/Department input, feedback and policies
- Staff support throughout process essential to ensure analysis fidelity

# Summary Steps of the Study



# Police

- Time based cost analysis
- Analysis found that flat fees were mostly set below the full cost of providing the service
- Suggested fee notes:
  - An increase to 4 fees
  - 3 new fees would be added
  - 16 fees would remain as currently set
  - Average fee increase of 15%



# Building

- Time based cost analysis
- Analysis found that flat fees were mostly set below the full cost of providing the service
- Suggested fee notes for flat fees:
  - An increase for 19 fees
  - 1 fee would decrease
  - 1 new fee would be added
  - 1 fee would change to flat fee from a percentage based
  - 6 fees would remain as currently set
  - Average fee increase of 16%
- Building Permit fee program was a program cost analysis
  - Calculated with suggested cost recovery percentage of 75% instead of current 55%.

# Planning

- Time based cost analysis
- Analysis found that flat fees were mostly set below the full cost of providing the service
- Suggested fee notes:
  - An increase to 39 fees
  - 3 new fees would be added
  - A decrease to 2 fees
  - 8 fees would remain as currently set
  - Average fee increase of 29%

# Engineering

- Time based cost analysis
- Current fees are heavily subsidizing the cost of providing services
- Suggested fee notes:
  - An increase to 20 fees
  - 17 new fees would be added
  - 6 fees would remain as currently set
  - Average fee increase of 31%

# Fire Prevention Permit Fees

- Time based cost analysis
- Analysis found that flat fees were mostly set below the full cost of providing the service
- Suggested fee notes:
  - An increase for 9 fees
  - 4 fees would remain as currently set
  - Average fee increase of 150%

# Administrative

- Time based cost analysis
- Analysis found that flat fees were mostly set below the full cost of providing the service
- Suggested fee notes:
  - An increase for 1 fee
  - 1 new fee would be added
  - 1 fee would decrease
  - 15 fees would remain as currently set
  - Average fee increase of 0.3%

# Comparisons

Department	Fee Description	Paradise Valley Current Fee	Paradise Valley Suggested Fee	City of Phoenix	City of Scottsdale
Building	Building Permit - Single Family 3,000 sq ft (model)	\$3,623	\$4,981	\$4,926	\$3,834
Building	Building Permit - Commercial/mercantile for 5,000 sq ft	\$4,651	\$9,250	\$7,701	\$5,105.00
Planning	Application for Variance	\$1,765.00	\$1,775.00	\$1,050.00	Residential \$205/All other variances \$1,600
Engineering	Grading Plan Check	\$48/flat fee	\$105/flat fee	Single Residential Lot Field Review \$180 per lot/ All Other Field Reviews \$270 per project	No fee in schedule
Engineering	Driveway/Driveway Modification	New	\$125/each	Right of way concrete permit \$44 per 100 Linear Feet or fraction thereof	\$0.62 square yard

# Policy Considerations

- General standard: individuals or groups who receive private benefit from service should pay 100% of cost
- In certain situations, subsidization is an effective public policy tool:
  - Encourage participation
  - Ensure compliance when cost is prohibitive to residents
  - Promote access to services
- Recommend that Town use an inflation factor to annually adjust fees (CPI, MOU, etc.)
- Comprehensive analysis every 3-5 years

# Questions

