



**STUDY SESSION**  
**AGENDA ITEM #1**

**AGENDA REPORT SUMMARY**

**Meeting Date:** September 10, 2019

**Subject:** Cost Allocation Plan and User Fee Study

**Prepared by:** Sharif Etman, Administrative Services Director

**Approved by:** Chris Jordan, City Manager

**Attachment(s):**

1. Cost Allocation Plan
2. User Fee Study Report
3. Comprehensive User Fee Study Presentation Slides

**Initiated by:**

Staff

**Previous Council Consideration:**

N/A

**Fiscal Impact:**

The purpose of the study session is to discuss and accept the updated Cost Allocation Plan (CAP) and User Fee Study and has no fiscal impact.

**Environmental Review:**

Not applicable

**Policy Question(s) for Council Consideration:**

- Does the Council wish to move forward with the Cost Allocation Plan (CAP) and User Fee Study as outlined?

**Summary:**

- The Cost Allocation Plan (CAP) and User Fee Study are necessary to set current fees charged by the City for services rendered
- It has been five fiscal years since the last study and report was presented and adopted by Council
- Multiple discussions will occur with Council to understand the current fee structure and proposed changes. Once the proposed changes are approved, the new User Fee Schedule will be adopted
- The updated fee schedule may have a positive revenue impact to the budget of the City across multiple departments



**Subject:** Cost Allocation Plan and User Fee Study

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**Staff Recommendation:**

Discuss and accept the Cost Allocation Plan and User Fee Study prepared by Willdan and provide direction as desired by City Council

# CITY OF LOS ALTOS



## Cost Allocation Plan

March 2019





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## Executive Summary

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This cost allocation plan ("CAP") summarizes a comprehensive analysis that has been completed for the City of Los Altos, California (the "City") to determine the appropriate allocation of costs from central service departments to the operating departments. The primary objective is to allocate costs from departments that provide services internally to operating departments that conduct the day-to-day operations necessary to serve the community. The internal service costs typically represent (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the central service departments.

To ensure central service department costs are appropriately allocated to the operating departments, Willdan analyzed the City's cost code structure to determine which types costs are allowable versus unallowable in accordance with standard and accepted cost allocation principles. The term "allocable costs" as used herein, applies to costs that are allowable for allocation.

The study is comprised of two separate allocation plans. Table 1 is the summary results of the allocation in compliance with the Office of Management and Budget Super Circular (the OMB Super Circular) and CFR Part 200 (Cost Principles). Table 2 that follows is the summary results of the full plan. The report below includes descriptions of the differences between the two plans, their separate purposes, and specific details of when the plans deviate from each other.



**Table 1: Allocated Costs to Recipient Departments  
(OMB Compliant CAP)**

**Allocated Cost Summary**

**Fiscal Year 2018-2019**

Operating Department / Division / Fund	Total Allocation	Direct Cost Base	Indirect Cost Rate
		Modified Total Direct Cost	
	<b>\$7,266,526</b>	<b>\$36,989,107</b>	<b>20%</b>
Operating Department			
COMMUNITY DEVELOPMENT	\$799,519	\$3,079,823	26%
PUBLIC SAFETY	\$2,180,653	\$18,666,248	12%
PUBLIC WORKS	\$1,555,371	\$6,050,113	26%
RECREATION & COMMUNITY SERVICES	\$1,630,393	\$2,773,792	59%
00014: GAS TAX - 2103 & 2105 FUND	\$1,596	\$0	
00023: COMMUNITY DEV BLOCK GRANT FUND	\$0	\$0	
00026: TRAFFIC IMPACT FEE FUND	\$0	\$0	
00027: IN-LIEU PARK LAND FUND	\$14,364	\$0	
00030: SEWER SERVICE FUND	\$648,716	\$5,146,567	13%
00035: SOLID WASTE FUND	\$31,250	\$487,194	6%
00050: NORTH COUNTY LIBRARY AUTH FUND	\$328,060	\$785,370	42%
00062: CAPITAL PROJECTS FUND	\$76,606	\$0	



**Table 2: Allocated Costs to Recipient Departments (Full CAP)**

**Allocated Cost Summary**

**Fiscal Year 2018-2019**

Operating Department / Division / Fund	Total Allocation	Direct Cost Base	Indirect Cost Rate
		Modified Total Direct Cost	
	<b>\$7,896,299</b>	<b>\$36,989,107</b>	<b>21%</b>
Operating Department			
COMMUNITY DEVELOPMENT	\$887,139	\$3,079,823	29%
PUBLIC SAFETY	\$2,412,290	\$18,666,248	13%
PUBLIC WORKS	\$1,694,825	\$6,050,113	28%
RECREATION & COMMUNITY SERVICES	\$1,711,426	\$2,773,792	62%
00014: GAS TAX - 2103 & 2105 FUND	\$1,627	\$0	
00023: COMMUNITY DEV BLOCK GRANT FUND	\$0	\$0	
00026: TRAFFIC IMPACT FEE FUND	\$0	\$0	
00027: IN-LIEU PARK LAND FUND	\$14,644	\$0	
00030: SEWER SERVICE FUND	\$721,924	\$5,146,567	14%
00035: SOLID WASTE FUND	\$36,038	\$487,194	7%
00050: NORTH COUNTY LIBRARY AUTH FUND	\$338,286	\$785,370	43%
00062: CAPITAL PROJECTS FUND	\$78,100	\$0	





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## Introduction

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In the early 1970s, the cost allocation plan concept was introduced to many government agencies. The purpose of a typical cost allocation plan is to identify costs related to rendering internal central support services and allocate those costs to operating departments or programs that utilize and benefit from them, in a fair and equitable manner.

Before indirect costs and central support service charges may be claimed for reimbursement by an operating department, there must be some formal means of identifying, accumulating and distributing these types of costs to all benefiting departments. Regardless of whether an agency has a formal comprehensive cost accounting system, the best method of accumulating, identifying, and determining a distribution of indirect costs is a cost allocation plan.

A City is made up of many departments, each with their own specific purposes or functions. Departments whose primary function is to provide support internally to other City departments are called central services. Examples of central services are the Administration, City Attorney, Finance, and City Council. Within these groups there are numerous functions performed that provides support to the direct cost centers. The direct cost centers, or departments and funds, that require support from Central Services and provide services directly to the community through their day-to-day operations, are called operating departments. Examples of operating departments are Fire, Police, Public Works, Planning, and the Water. The Cost Allocation Plan allocates the costs of the central services to the operating departments based on the nature of the functions of each central service, upon which the operating departments depend. This is done to determine the total cost associated with providing direct services. The overall goal of the cost allocation plan process is to allow cities to allocate a portion of the central service costs to the operating departments, thus 1) accounting for “all” costs, direct and indirect, for each operating department, and 2) facilitating the calculation of a fully burdened cost estimate of providing services to the public.

The purpose of this study is to:

- Identify the central support and operating departments in the City;
- Identify the functions and services provided by the central departments;
- Identify allocable and non-allocable costs associated with the City’s central service departments; and
- Distribute those costs to operating entities in a fair and equitable manner.

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# Approach

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## Methodology

The way in which each Indirect Service provides support to the operating departments is determined in order to perform allocations in a manner consistent with the nature of that Indirect Service. This ensures that the costs can be allocated to each operating department in a fair and equitable way. The Cost Allocation Plan identifies the functions of each central service department, and then determines a methodology to allocate or spread the central service costs in a manner that best represents the nature of those functions. The mathematical representations of central service functions used to allocate indirect costs are commonly called distribution bases. A distribution basis is a set of data displayed as the level of measure of each department's participation in a specific activity or City function. This basis is then used to distribute costs that reasonably relate to the activity or City function that the basis represents. Some examples of distribution bases are salary and benefits costs, number of full-time equivalent employees, frequencies of city council agenda items, and number of processed transactions. The data sets associated with these distribution bases for each department is collected to facilitate the allocation of indirect costs.

The methodology used for this Cost Allocation Plan is the iterative method, which is one of the most equitable methods for allocating costs from central services to operating departments. While not used as prevalently as simpler allocation methods, it is widely considered to be the most accurate. The iterative method utilizes a recursive application of central service cost distribution to allocate indirect costs. In the first step, the allocable costs of central service departments are identified and distributed to *all* departments including the central service departments themselves, based on the appropriate allocation bases that were selected to represent the manner in which central services are utilized. This is repeated ad infinitum until all costs have been distributed to the operating departments, and none remain with the central service departments.

As an example, consider the allocation of central service costs associated with Human Resources. The function of the Human Resources is identified, and the appropriate distribution basis is determined to be the total salary and benefits and total full-time equivalent positions per department and fund. The allowable costs are then distributed to all City departments and funds based on their proportional share of the salary and benefits and the number of positions, including other central services. The costs allocated from central service to central service in the initial allocation are then allocated out using the same distribution methodology. This function is performed as many times as necessary until all costs for Human Resources have been allocated.

All central service departments are treated equally. That is to say, this method is performed concurrently for the allowable costs in each of the central service departments for each iteration until all costs associated with the central service departments have been allocated to each direct service department. The method is complete when the total amount of allocable costs remaining in the central service departments is equal to zero.



## Applications

Public agencies use cost allocation plans for many purposes such as internal accounting, the justification of user fees, application for reimbursement from federal programs or the determination of administrative effort associated with special districts and/or municipal service activities. In many of these cases, the agency will be required to certify that the costs identified are “reasonable”. Per the *Code of Federal Regulations*, a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when determining the amount that a public agency should be reimbursed for central service overhead activities associated with a federally funded program. Additionally, public agencies should consider special care to only identify the portion of central service costs that have not been reimbursed through other means (such as grants, user fee revenues, transfers from other departments or internal service funds) to avoid double-counting. These cost reductions are done before the allocation methodologies are used and are detailed within the model itself.

## OMB Super Circular and 2 CFR Part 200

This report details the allocations for two separate cost allocation plans. The primary model, presented in text and tables in the below sections and in Appendix A, provides a plan that complies with the Office of Management and Budget Super Circular (the OMB Super Circular) and CFR Part 200 (Cost Principles) that are used to determine central overhead costs incurred while carrying out activities associated with Federal awards, cost reimbursement contracts and some other intergovernmental agreements (as required). The secondary model presented in Appendix B of this report is the full cost allocation plan, which the City should use for standard City operations and budgeting. Unless otherwise indicated, the details of this report and Appendix A contain the OMB compliant allocation plan. The Appendix B tables contain the full cost plan, and utilize the same distribution methodology as the OMB Compliant plan. While the overall methodology used for both plans is the same, there are specific guidelines that require additional cost exemptions for OMB Super Circular compliance outside of what was done for the full cost plan. Where such exemptions are done in the methodology has been explained below. Some commonly encountered examples that are usually exempt under OMB Super Circular guidelines are:

- General Advertising
- Bad Debt
- Contingencies
- Litigation
- Debt Service
- Entertainment
- Capital
- Lobbying
- Legislative Body (City Council)
- Promotional Items



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## Central Service Departments

Eleven (11) central service functions were identified for the purposes of this cost allocation plan:

- City Attorney
- City Clerk
- Executive
- Facility Maintenance
- Finance
- Human Resources
- Information Technology
- Legislative
- Maintenance Auto & Equipment Services
- Maintenance Services Admin
- Non-Departmental



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## Distribution Bases

Distribution bases are the allocation factors that may be used to distribute the allocable costs to all departments and funds. As discussed previously, distribution bases are measurable and readily available data that are utilized to represent activities or functions, and which are then used to distribute costs matching that activity or function. Below are the bases that were analyzed in this study and used to allocate Central Services costs to operating departments.

- City Council Agenda Frequency – City Council agendas spanning a 12-month period were used to determine the number of times each department and fund had matters brought before the City Council.
- Number of FTE Employees – The number of full-time equivalent personnel for each department and fund.
- Modified Total Direct Cost – The total allowable expenditure budgeted for each department and funds for FY18-19 which excludes capital, debt, non-operational transfers, and any other costs non-representative of the level of support received.
- Total Purchase Orders – The number of purchase orders processed for each department and fund in a year.
- Total Salary & Benefits – The total salary & benefit expenditures for each department and fund for FY18/19.
- Total Building Square Footage – The total building square footage for each department and fund that is maintained by the Building Maintenance.
- IT Distribution – The total number of computers, printers, phones, and tablets for each department and fund that is maintained by IT/Technology.
- Total Vehicles – The total number of vehicles for each department and fund that is maintained by Maintenance-Auto and Equipment Services



# Allocable Costs and Distribution Bases

## Allocable Costs

Table 3 identifies the allocable cost of each central service department for the OMB compliant allocation plan, with the total allocable costs for this study being \$7,266,527. The total expenditures from the central service departments were \$7,896,300. However, \$629,773 of the expenditures identified as unallowable by the 200 CFR Part 200 and have been excluded from allocation. The primary exclusions were related to City Council, election expenses, and litigation services. The remaining amount was distributed to the operating departments and the central services departments by distribution factor(s) that best represents the functions of each central service department and the demand placed on that central service by all City departments, as previously described in the Methodology section of this report. The allocation methodology for each central service is detailed in the following section of this report.

**Table 3: Allocable Cost Summary**

Allocable Cost Summary - Central Services		Fiscal Year 2018-2019	
Summary	Total Cost	Unallocable Cost	Allocable Cost
	\$ 7,896,300	\$ 629,773	\$ 7,266,527
Central Service			
CITY ATTORNEY	362,000	50,000	312,000
CITY CLERK	710,711	125,000	585,711
EXECUTIVE	1,104,238	-	1,104,238
FACILITY MAINTENANCE	1,239,943	-	1,239,943
FINANCE	1,249,787	-	1,249,787
HUMAN RESOURCES	875,746	-	875,746
INFORMATION TECHNOLOGY	1,006,944	-	1,006,944
LEGISLATIVE	254,773	254,773	-
MAINT-AUTO & EQUIPMENT SVCS	265,405	-	265,405
MAINTENANCE SVCS ADMIN	536,753	-	536,753
NON-DEPARTMENTAL	290,000	200,000	90,000



## Allocation Percentages

The first step of the iterative allocation method is to distribute the allocable costs of the central service departments to other central service departments and operating departments based on the distribution methodology and bases that best represent the activity of the central service, and the functions it serves. The sections below describe each central service and the methodology used to allocate their costs. Corresponding tables detailing each distribution are attached in the Appendices as tables A-1 through A-3 for the OMB compliant plan and B-1 for the full cost plan.

### Section 1: City Attorney

The City Attorney is appointed by the City Council as chief legal advisor to the City Council, City Manager, operating departments, and all appointed boards and commissions. The Attorney provides a full range of legal services to the City and manages outside special counsel. The City Attorney focuses on the legal options and risks associated with City actions. The City Attorney drafts necessary legal documents, ordinances, resolutions, contracts, and other documents pertaining to the City's business. The City Attorney defends and prosecutes or retains counsel to defend and prosecute all civil actions and proceedings to which the City is a party and prosecutes all criminal actions involving the Los Altos Municipal Code.

#### Allocation Method

Based on the assessment of duties of the City Attorney, it is reasonable to distribute the allocable cost by using the method(s) described below.

- Due to the many general City functions, duties, and responsibilities of the City Attorney, multiple distribution bases were used to allocate the costs to represent the pull on their resources and were given equal weight.
- The distribution factors used for the City Attorney include the total number of FTE's, the total modified direct cost, and the total number of Council agendas per department and fund.

#### CITY ATTORNEY

Total FTE's	33%
Modified Total Direct Cost	33%
Total Agendas	33%

### Section 2: City Clerk

The City Clerk is responsible for facilitating the conduct of business by the City Council, and fulfilling legal requirements as set forth in the City Code and State law. The Clerk participates in regular City Council meetings by recording official actions and legislation of the Council, documenting the proceedings of meetings and retaining other legal and historical records. The Clerk conducts all City elections and acts as compliance officer for campaign and financial disclosure filings as part of the Political Reform Act. The Clerk conducts all City elections and acts as compliance officer for campaign and financial disclosure filings as part of the Political Reform Act. The City Clerk is the Official Custodian of all City records and is responsible for



records management for the City, managing the maintenance and disposition of City records and information according to statute and the City's Records Retention Schedule and Policy.

## Allocation Method

Based on the assessment of duties of the City Clerk, it is reasonable to distribute the allocable cost by using the method(s) described below.

- Due to the many general City functions, duties, and responsibilities of the City Clerk, multiple distribution bases were used to allocate the costs to represent the pull on their resources and were given equal weight.
- The distribution factors used for the City Clerk include the total number of FTE's, the total modified direct cost, and the total number of Council agendas per department and fund.

### CITY CLERK

Total FTE's	33%
Modified Total Direct Cost	33%
Total Agendas	33%

## Section 3: Executive

The Executive function of the City includes six program areas: City Manager, City Attorney, City Clerk, Public Information, Economic Development, and Risk Management. The City Manager also ensures the delivery of City services in an efficient and effective manner.

## Allocation Method

Based on the assessment of duties of the City Council, it is reasonable to distribute the allocable cost by using the method(s) described below.

- Due to the many general City functions, duties, and responsibilities of the Executive Department, multiple distribution bases were used to allocate the costs to represent the pull on their resources and were given equal weight.
- The distribution factors used for the Executive Department include the total number of FTE's, the total modified direct cost and the total number of Council agendas per department and fund.

### EXECUTIVE

Total FTE's	33%
Modified Total Direct Cost	33%
Total Agendas	33%

## Section 4: Facility Maintenance

Facility Maintenance maintains 136,000 square feet of buildings/facilities for all City buildings. It provides all preventative maintenance services on schedule and corrective maintenance on a priority basis and





ensures buildings meet Fire Department and Health Department requirements.

## Allocation Method

Based on the assessment of the duties of the Finance Department, it is reasonable to distribute the allocable cost by using the method(s) described below.

- The distribution factor used for the Facility Maintenance Department is the total building square footage per department and fund.

### FACILITY MAINTENANCE

Total Building Sq. Footage	100%
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## Section 5: Finance

The Finance department provides fiscal information to all City departments and manages the development and analysis of the budget. It also prepares year-end financial statements, annual audits, accounts payable, revenue collection, payroll reporting, business licensing and other day-to-day financial transactions. The Division also oversees the investment of City funds and provides the strategic planning necessary to preserve the City's superior credit rating and safeguard City assets

## Allocation Method

Based on the assessment of the duties of the Finance Department, it is reasonable to distribute the allocable cost by using the method(s) described below.

- Based on the operation of the Finance Department and the primary functions they perform distribution bases were chosen to simulate the manner support is provided to the City's departments and funds.
- The distribution factors used for the Finance Department includes the total modified direct cost, the total number of FTE's, and the total number of purchase orders per department and fund.

### FINANCE

Modified Total Direct Cost	50%
Total FTE's	20%
Total PO's	30%

## Section 6: Human Resources

The Human Resources Department provides strategic, skillful and energetic administration of Human Resources (HR) programs that demonstrate responsive, professional and empathetic customer service to employees, the community and the organization. Human Resources provides guidance and assistance to 130 full-time staff as well as part-time staff and volunteers. Human Resources is responsible for monitoring, reviewing and updating Personnel Regulations, Administrative Instructions, HR Ordinances and labor agreements. The Department provides proactive and flexible services to address the needs of the City workforce with relevant and timely information, communication and skillful assistance in support of City



employees and the public. Human Resources is responsible for: recruitment and selection, compensation and classification, City of Los Altos Wellness Program, labor and employee relations, employee development and training, employee recognition, benefits administration and workers' compensation.

## Allocation Method

Based on the assessment of the duties of the Human Resources Department, it is reasonable to distribute the allocable cost by using the method(s) described below.

- Due to the personnel related functions, duties, and responsibilities of the Human Resources Department, multiple personnel related distribution bases were used to allocate the costs to represent the pull on their resources and were given equal weight.
- The distribution factors used for the Human Resources Department include the total number of FTE's and the total salaries and benefits per department and fund.

### HUMAN RESOURCES

Total FTE's	50%
Total Salaries and Benefits	50%

## Section 7: Information Technology

Information Technology is responsible for providing cost effective and innovative technology leadership, supporting City departments and crafting a long term technology plan. It supports all City functions and remains ready to analyze and address emerging needs and enhancements. Information Technology also promotes the maintenance of citywide security and standards as well as the integration of data flow critical in developing an effective management information system. IT support services include: 24/7 monitoring of network infrastructure and mission critical systems, providing for adequate safeguards and security of the City's digital information, management of data center, help desk, telephone, voicemail servers, and City website, conducting end-user training and technical support for installed software applications, applying technology where appropriate to automate processes and services, supporting the Emergency Operations Center, providing guidance for future technology projects through the development and execution of a long-term Information Technology Strategic Plan, and Disaster Recovery and Business Continuity planning for rapid resumption of City services.

## Allocation Method

Based on the assessment of duties of Information Technology, it is reasonable to distribute the allocable cost by using the method(s) described below.

- The distribution factor used for IT/Technology Division is the total number of IT units maintained for each department and fund.

### INFORMATION TECHNOLOGY

Total IT Equipment	100%
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## Section 8: Legislative

The City Council serves as the elected body representing the residents of Los Altos. The City Council is responsible for determining City policies and service standards. Adoption of the two-year Financial Plan by Council allocates the City's financial and human resources to support its goals and objectives for the two-year cycle. The City's Municipal Code and General Plan are also adopted and amended by Council action.

### Allocation Method

Based on the assessment of duties of the Legislative Branch it is reasonable to distribute the allocable cost by using the method(s) described below.

- Due to the many functions, duties, and responsibilities of the Legislative Branch, multiple distribution bases were used to allocate the costs to represent the pull on their resources and were given equal weight.
- The distribution factors used for the Legislative Branch include the total number of FTE's, the total modified direct cost and the total number of Council agendas per department and fund.
- For the OMB plan, the costs of the City Council are not allocated to ensure OMB compliance.

### LEGISLATIVE

Total FTE's	33%
Modified Total Direct Cost	33%
Total Agendas	33%

## Section 9: Maintenance-Auto & Equipment Services

Fleet provides automotive/equipment maintenance and repairs for 71 vehicles for all divisions.

### Allocation Method

Based on the assessment of duties of the Maintenance-Auto & Equipment Services Department, it is reasonable to distribute the allocable cost by using the method(s) described below.

- The distribution factor used for the Maintenance-Auto & Equipment Services Department is the total number of vehicles maintained for each department and fund.

### MAINT-AUTO & EQUIPMENT SVCS

Vehicles	100%
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## Section 10: Maintenance Services Admin

The Maintenance Services Division provides for the maintenance of streets, parks, wastewater collection/storm drainage collection systems, building facilities, fleet and equipment.

### Allocation Method

Based on the assessment of the costs of Revenue Services, it is reasonable to distribute the allocable cost by using the method(s) described below.



- The departments and funds Maintenance Services Admin Department supports received an equal share of their allocation (Public Works contains two supported divisions).

## MAINTENANCE SVCS ADMIN

Maintenance Svcs Admin	100%
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## Section 11: Non-Departmental

The Non-Departmental account includes contingencies for contractual salary and benefit obligations and expenditures not directly chargeable to other accounts.

### Allocation Method

Based on the assessment of costs of Non-Departmental, it is reasonable to distribute the allocable cost by using the method(s) described below.

- The distribution factor used for Non-Departmental is the total modified direct cost per department and fund.

## NON-DEPARTMENTAL

Modified Total Direct Cost	100%
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## Iterative Allocation

The total allocable expenditures of each central service department were allocated to other departments (including both operating departments and other central service departments) based on the individual methodologies outlined above in Sections 1 through 11 of the Allocation Percentages chapter. Any cost allocated from central service to central service is then reallocated out using the same methodology. This operation is done iteratively until all allocable cost is received by the operating departments and funds, and none remain with the central services. After completion of the iterative allocation method, a total combined allocable cost of \$7,266,527 was distributed to all departments and funds until the allocable cost remained only in the operating departments and funds, and the amount of allocable costs remaining in central service departments was equal to zero.

The full cost plan follows the same methodology with the exception that all costs that were excluded solely for OMB compliance, but were reasonable for the full plan, were made allowable and included in the allocation. See Table B-1 for additional details for the full cost plan.

After implementing the iterative allocation methodology, all allocable central service costs have been distributed to the operating departments and funds. Table 1 in the Executive Summary of this report summarized the distribution of the total allocable cost of \$7,266,527 to each recipient department for the OMB compliant CAP. Table 2 summarized the distribution of the total allocable cost of \$7,896,299 to each recipient department for the full cost CAP.



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## Appendix A

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Appendix A lists the tables detailing the allocation methodology performed in allocating central service costs for the OMB Compliant cost allocation plan.



**Table A-1: Initial Allocation Percentages (OMB Compliant CAP)**

Central Service/Operating Departments	Central Service Departments										
	CITY ATTORNEY	CITY CLERK	EXECUTIVE	FACILITY MAINTENAN CE	FINANCE	HUMAN RESOURCES	INFORMATION TECHNOLOGY	LEGISLATIVE	MAINT-AUTO & EQUIPMENT SVCS	MAINTENANCE SVCS ADMIN	NON- DEPARTMENTAL
CITY ATTORNEY	0.7%	0.7%	0.7%	0.0%	0.8%	0.0%	0.0%	0.7%	0.0%	0.0%	0.8%
CITY CLERK	7.0%	7.0%	7.0%	0.0%	1.1%	1.3%	1.9%	7.0%	0.0%	0.0%	1.6%
EXECUTIVE	4.5%	4.5%	4.5%	0.6%	2.0%	3.4%	6.1%	4.5%	0.0%	0.0%	2.5%
FACILITY MAINTENANCE	1.5%	1.5%	1.5%	0.0%	4.1%	2.0%	0.7%	1.5%	5.4%	20.0%	2.8%
FINANCE	4.2%	4.2%	4.2%	1.1%	3.8%	4.2%	7.2%	4.2%	0.0%	0.0%	2.8%
HUMAN RESOURCES	0.9%	0.9%	0.9%	0.0%	1.3%	1.0%	1.3%	0.9%	0.0%	0.0%	2.0%
INFORMATION TECHNOLOGY	1.5%	1.5%	1.5%	0.5%	3.1%	2.2%	4.1%	1.5%	0.0%	0.0%	2.2%
LEGISLATIVE	3.3%	3.3%	3.3%	0.0%	0.9%	0.1%	0.4%	3.3%	0.0%	0.0%	0.6%
MAINT-AUTO & EQUIPMENT SVCS	0.4%	0.4%	0.4%	0.0%	0.5%	0.7%	0.0%	0.4%	2.7%	20.0%	0.6%
MAINTENANCE SVCS ADMIN	1.0%	1.0%	1.0%	9.0%	2.1%	1.3%	6.0%	1.0%	2.7%	0.0%	1.2%
NON-DEPARTMENTAL	0.2%	0.2%	0.2%	0.0%	0.8%	0.0%	0.0%	0.2%	0.0%	0.0%	0.6%
COMMUNITY DEVELOPMENT	12.9%	12.9%	12.9%	2.1%	7.1%	9.6%	14.1%	12.9%	10.8%	0.0%	6.9%
PUBLIC SAFETY	24.1%	24.1%	24.1%	13.4%	29.2%	34.7%	24.8%	24.1%	44.6%	0.0%	41.6%
PUBLIC WORKS	18.6%	18.6%	18.6%	1.5%	16.6%	18.9%	12.0%	18.6%	24.3%	40.0%	13.5%
RECREATION & COMMUNITY SERVICES	9.9%	9.9%	9.9%	53.9%	9.1%	14.2%	19.9%	9.9%	1.4%	0.0%	6.2%
00014: GAS TAX - 2103 & 2105 FUND	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
00023: COMMUNITY DEV BLOCK GRANT FUND	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
00026: TRAFFIC IMPACT FEE FUND	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
00027: IN-LIEU PARK LAND FUND	0.0%	0.0%	0.0%	0.0%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
00030: SEWER SERVICE FUND	8.3%	8.3%	8.3%	0.0%	9.4%	4.6%	1.7%	8.3%	8.1%	20.0%	11.5%
00035: SOLID WASTE FUND	0.4%	0.4%	0.4%	0.0%	1.0%	0.3%	0.0%	0.4%	0.0%	0.0%	1.1%
00050: NORTH COUNTY LIBRARY AUTH FUND	0.6%	0.6%	0.6%	17.9%	1.1%	1.5%	0.0%	0.6%	0.0%	0.0%	1.7%
00062: CAPITAL PROJECTS FUND	0.0%	0.0%	0.0%	0.0%	4.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



**Table A-2: Final Allocation Percentages (OMB Compliant CAP)**

Central Service/Operating Departments	Central Service Departments										
	CITY ATTORNEY	CITY CLERK	EXECUTIVE	FACILITY MAINTENAN CE	FINANCE	HUMAN RESOURCES	INFORMATION TECHNOLOGY	LEGISLATIVE	MAINT-AUTO & EQUIPMENT SVCS	MAINTENANCE SVCS ADMIN	NON- DEPARTMENTAL
CITY ATTORNEY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CITY CLERK	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EXECUTIVE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FACILITY MAINTENANCE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FINANCE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
HUMAN RESOURCES	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
INFORMATION TECHNOLOGY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
LEGISLATIVE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
MAINT-AUTO & EQUIPMENT SVCS	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
MAINTENANCE SVCS ADMIN	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NON-DEPARTMENTAL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
COMMUNITY DEVELOPMENT	16.3%	16.3%	16.3%	2.6%	9.2%	11.4%	17.2%	16.3%	11.3%	2.8%	8.8%
PUBLIC SAFETY	32.0%	32.0%	32.0%	15.3%	35.2%	39.6%	32.7%	32.0%	47.0%	12.5%	47.0%
PUBLIC WORKS	24.4%	24.4%	24.4%	6.1%	20.9%	22.5%	19.4%	24.4%	26.6%	46.6%	17.3%
RECREATION & COMMUNITY SERVICES	14.2%	14.2%	14.2%	55.4%	14.0%	17.5%	24.4%	14.2%	4.8%	12.0%	10.0%
00014: GAS TAX - 2103 & 2105 FUND	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
00023: COMMUNITY DEV BLOCK GRANT FUND	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
00026: TRAFFIC IMPACT FEE FUND	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
00027: IN-LIEU PARK LAND FUND	0.0%	0.0%	0.0%	0.0%	1.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
00030: SEWER SERVICE FUND	10.9%	10.9%	10.9%	2.2%	11.3%	6.2%	5.0%	10.9%	9.1%	22.3%	13.1%
00035: SOLID WASTE FUND	0.6%	0.6%	0.6%	0.0%	1.1%	0.4%	0.1%	0.6%	0.0%	0.0%	1.2%
00050: NORTH COUNTY LIBRARY AUTH FUND	1.2%	1.2%	1.2%	18.3%	2.1%	2.1%	0.7%	1.2%	1.1%	3.9%	2.5%
00062: CAPITAL PROJECTS FUND	0.3%	0.3%	0.3%	0.1%	5.1%	0.2%	0.4%	0.3%	0.0%	0.0%	0.2%



**Table A-3: Final Allocation Amounts (OMB Compliant CAP)**

Department Classification	Department	Central Service Departments											Total Allocation
		CITY ATTORNEY	CITY CLERK	EXECUTIVE	FACILITY MAINTENANCE	FINANCE	HUMAN RESOURCES	INFORMATION TECHNOLOGY	LEGISLATIVE	MAINT-AUTO & EQUIPMENT SVCS	MAINTENANCE SVCS ADMIN	NON-DEPARTMENTAL	
		312,000	585,711	1,104,238	1,239,943	1,249,787	875,746	1,006,944	0	265,405	536,753	90,000	7,266,527
Central Service	CITY ATTORNEY	0	0	0	0	0	0	0	-	0	0	0	0
Central Service	CITY CLERK	0	0	0	0	0	0	0	-	0	0	0	0
Central Service	EXECUTIVE	0	0	0	0	0	0	0	-	0	0	0	0
Central Service	FACILITY MAINTENANCE	0	0	0	0	0	0	0	-	0	0	0	0
Central Service	FINANCE	0	0	0	0	0	0	0	-	0	0	0	0
Central Service	HUMAN RESOURCES	0	0	0	0	0	0	0	-	0	0	0	0
Central Service	INFORMATION TECHNOLOGY	0	0	0	0	0	0	0	-	0	0	0	0
Central Service	LEGISLATIVE	0	0	0	0	0	0	0	-	0	0	0	0
Central Service	MAINT-AUTO & EQUIPMENT SVCS	0	0	0	0	0	0	0	-	0	0	0	0
Central Service	MAINTENANCE SVCS ADMIN	0	0	0	0	0	0	0	-	0	0	0	0
Central Service	NON-DEPARTMENTAL	0	0	0	0	0	0	0	-	0	0	0	0
Operating Department	COMMUNITY DEVELOPMENT	50,779	95,326	179,718	32,600	114,996	100,153	172,920	-	30,083	14,990	7,953	799,519
Operating Department	PUBLIC SAFETY	99,975	187,680	353,833	189,821	439,378	346,963	328,995	-	124,820	66,921	42,266	2,180,653
Operating Department	PUBLIC WORKS	76,186	143,023	269,641	76,142	261,725	196,964	195,586	-	70,689	249,886	15,529	1,555,371
Operating Department	RECREATION & COMMUNITY SERVICES	44,321	83,204	156,863	686,399	174,606	153,127	245,567	-	12,735	64,578	8,992	1,630,393
Operating Department	00014: GAS TAX - 2103 & 2105 FUND	17	33	61	16	1,334	44	86	-	0	1	3	1,596
Operating Department	00023: COMMUNITY DEV BLOCK GRANT FUND	-	-	-	-	-	-	-	-	-	-	-	-
Operating Department	00026: TRAFFIC IMPACT FEE FUND	-	-	-	-	-	-	-	-	-	-	-	-
Operating Department	00027: IN-LIEU PARK LAND FUND	156	293	552	141	12,008	393	776	-	2	13	29	14,364
Operating Department	00030: SEWER SERVICE FUND	34,162	64,131	120,906	27,520	141,714	54,216	50,738	-	24,085	119,475	11,768	648,716
Operating Department	00035: SOLID WASTE FUND	1,783	3,348	6,311	205	13,496	3,659	1,377	-	3	19	1,049	31,250
Operating Department	00050: NORTH COUNTY LIBRARY AUTH FUND	3,788	7,112	13,408	226,345	26,489	18,130	6,758	-	2,977	20,801	2,253	328,060
Operating Department	00062: CAPITAL PROJECTS FUND	832	1,562	2,944	754	64,042	2,096	4,140	-	10	69	157	76,606





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## Appendix B

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Appendix B provides the table detailing the allocation performed in allocating central service costs for the full cost allocation plan. The methodology for the full plan is the same as for the OMB compliant plan, as it is the most reasonable and represents how indirect support is provided in the City. The difference between the two plans, as has been described in this report, is in the costs that can be allocated.



**Table B-1: Final Allocation Amounts (Full CAP)**

Department Classification	Department	Central Service Departments							Central Service Departments				Total Allocation
		CITY ATTORNEY	CITY CLERK	EXECUTIVE	FACILITY MAINTENANCE	FINANCE	HUMAN RESOURCES	INFORMATION TECHNOLOGY	LEGISLATIVE	MAINT-AUTO & EQUIPMENT SVCS	MAINTENANCE SVCS ADMIN	NON-DEPARTMENTAL	
		362,000	710,711	1,104,238	1,239,943	1,249,787	875,746	1,006,944	254,773	265,405	536,753	290,000	7,896,300
Central Service	CITY ATTORNEY	0	0	0	0	0	0	0	0	0	0	0	0
Central Service	CITY CLERK	0	0	0	0	0	0	0	0	0	0	0	0
Central Service	EXECUTIVE	0	0	0	0	0	0	0	0	0	0	0	0
Central Service	FACILITY MAINTENANCE	0	0	0	0	0	0	0	0	0	0	0	0
Central Service	FINANCE	0	0	0	0	0	0	0	0	0	0	0	0
Central Service	HUMAN RESOURCES	0	0	0	0	0	0	0	0	0	0	0	0
Central Service	INFORMATION TECHNOLOGY	0	0	0	0	0	0	0	0	0	0	0	0
Central Service	LEGISLATIVE	0	0	0	0	0	0	0	0	0	0	0	0
Central Service	MAINT-AUTO & EQUIPMENT SVCS	0	0	0	0	0	0	0	0	0	0	0	0
Central Service	MAINTENANCE SVCS ADMIN	0	0	0	0	0	0	0	0	0	0	0	0
Central Service	NON-DEPARTMENTAL	0	0	0	0	0	0	0	0	0	0	0	0
Operating Department	COMMUNITY DEVELOPMENT	58,917	115,670	179,718	32,600	114,996	100,153	172,920	41,465	30,083	14,990	25,627	887,139
Operating Department	PUBLIC SAFETY	115,996	227,734	353,833	189,821	439,378	346,963	328,995	81,637	124,820	66,921	136,191	2,412,290
Operating Department	PUBLIC WORKS	88,396	173,546	269,641	76,142	261,725	196,964	195,586	62,212	70,689	249,886	50,039	1,694,825
Operating Department	RECREATION & COMMUNITY SERVICES	51,424	100,961	156,863	686,399	174,606	153,127	245,567	36,192	12,735	64,578	28,974	1,711,426
Operating Department	00014: GAS TAX - 2103 & 2105 FUND	20	39	61	16	1,334	44	86	14	0	1	11	1,627
Operating Department	00023: COMMUNITY DEV BLOCK GRANT FUND	-	-	-	-	-	-	-	-	-	-	-	-
Operating Department	00026: TRAFFIC IMPACT FEE FUND	-	-	-	-	-	-	-	-	-	-	-	-
Operating Department	00027: IN-LIEU PARK LAND FUND	181	355	552	141	12,008	393	776	127	2	13	95	14,644
Operating Department	00030: SEWER SERVICE FUND	39,636	77,818	120,906	27,520	141,714	54,216	50,738	27,896	24,085	119,475	37,918	721,924
Operating Department	00035: SOLID WASTE FUND	2,069	4,062	6,311	205	13,496	3,659	1,377	1,456	3	19	3,381	36,038
Operating Department	00050: NORTH COUNTY LIBRARY AUTH FUND	4,395	8,630	13,408	226,345	26,489	18,130	6,758	3,094	2,977	20,801	7,260	338,286
Operating Department	00062: CAPITAL PROJECTS FUND	965	1,895	2,944	754	64,042	2,096	4,140	679	10	69	505	78,100



**WILLDAN**

27368 Via Industria, Suite 200  
Temecula, California 92590-4856  
800.755.6864 | 951.587.3500 | Fax: 951.587.3510  
[www.willdan.com](http://www.willdan.com)

# CITY OF LOS ALTOS



## User Fee Study Report

June 2019





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## Executive Summary

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The City of Los Altos engaged Willdan Financial Services (Willdan) to determine the full costs incurred by the City to support the various activities for which the City charges user fees. Due to the complexity and the breadth of performing a comprehensive review of fees, Willdan employed a variety of fee methodologies to identify the full costs of individual fee and program activities. This report and the appendices herein identifies 100% full cost recovery for City services and the recommended level of recovery as determined through discussion with departmental staff.

The reality of the local government fee environment is that significant increases to achieve 100% cost recovery can often not be feasible, desirable, or appropriate depending on policy direction —particularly in a single year. The recommended fees identified herein are either at or less than full cost recovery.



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# User Fee Background

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## Background

As part of a general cost recovery strategy, local governments adopt user fees to fund programs and services that provide limited or no direct benefit to the community as a whole. As cities struggle to maintain levels of service and variability of demand, they have become increasingly aware of subsidies provided by the General Fund and have implemented cost-recovery targets. To the extent that governments use general tax monies to provide individuals with private benefits, and not require them to pay the full cost of the service (and, therefore, receive a subsidy), the government is limiting funds that may be available to provide other community-wide benefits. In effect, the government is using community funds to pay for private benefit. Unlike most revenue sources, cities have more control over the level of user fees they charge to recover costs, or the subsidies they can institute.

Fees in California are required to conform to the statutory requirements of the California Constitution, Proposition 218, and the California Code of Regulations. The Code also requires that the City Council adopt fees by either ordinance or resolution, and that any fees in excess of the estimated total cost of rendering the related services must be approved by a popular vote of two-thirds of those electors voting because the charge would be considered a tax and not a fee.

## California User Fee History

Before Proposition 13, California cities were less concerned with potential subsidies and recovering the cost of their services from individual fee payers. In times of fiscal shortages, cities simply raised property taxes, which funded everything from police and recreation to development-related services. However, this situation changed with the passage of Proposition 13 in 1978.

Proposition 13 established the era of revenue limitation in California local government. In subsequent years, the state saw a series of additional limitations to local government revenues. Proposition 4 (1979) defined the difference between a tax and a fee: a fee can be no greater than the cost of providing the service; and Proposition 218 (1996) further limited the imposition of taxes for certain classes of fees. As a result, cities were required to secure a supermajority vote in order to enact or increase taxes. Since the public continues to resist efforts to raise local government taxes, cities have little control and very few successful options for new revenues. Compounding this limitation, the State of California took a series of actions in the 1990's and 2000's to improve the State's fiscal situation—at the expense of local governments. As an example, in 2004-05, the Educational Revenue Augmentation Funds (“ERAF”) take-away of property taxes and the reduction of Vehicle License Fees have severely reduced local tax revenues.

In addition, on November 2, 2010, California voters approved Proposition 26, the “Stop Hidden Taxes Initiative”, which is aimed at defining “regulatory fees” as a special tax rather than a fee, thus requiring approval by two-thirds vote of local voters. These regulatory fees are typically intended to mitigate the societal and environmental impacts of a business or person's activities. Proposition 26 contains seven categories of exceptions. The vast majority of fees that cities would seek to adopt will most likely fall into one or more of these exemptions.



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## Additional Policy Considerations

The recent trend for municipalities is to update their fee schedules to reflect the actual costs of certain public services primarily benefitting users. User Fees recover costs associated with the provision of specific services benefiting the user, thereby reducing the use of General Fund monies for such purposes.

In addition to collecting the direct cost of labor and materials associated with processing and administering user services, it is common for local governments to recover support costs. Support costs are those costs relating to a local government's central service departments that are properly allocable to the local government's operating departments. Central services support cost allocations were incorporated using the resulting indirect overhead percentages determined through the Cost Allocation Plan. This plan was developed prior to the User Fee study to determine the burden placed upon central services by the operating departments in order to allocate a proportionate share of central service cost.

As labor effort and costs associated with the provision of services fluctuate over time, a significant element in the development of any fee schedule is that it has the flexibility to remain current. Therefore, it is recommended that the City include an inflationary factor in the resolution adopting the fee schedule to allow the City Council, by resolution, to annually increase or decrease the fees.

The City may employ many different inflationary factors. The most commonly used inflator is some form of the Consumer Price Index (CPI) as it is widely well known and accepted. A similar inflator is the implicit price deflator for GDP, which is much like the CPI except that while the CPI is based on the same "basket" of goods and services every year, the price deflators' "basket" can change year to year. Since the primary factor for the cost of a City's services is usually the costs of the personnel involved, tying an inflationary factor that connects more directly to the personnel costs can be suitable if there is a clear method, or current practice of obtaining said factor.

Each City should use an inflator that they believe works the best for their specific situation and needs. It is also recommended that the City perform this internal review annually with a comprehensive review of services and fees performed every three to five years, which would include adding or removing fees for any new or eliminated programs/services.

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## Study Objective

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As the City of Los Altos seeks to efficiently manage limited resources and adequately respond to increased service demands, it needs a variety of tools. These tools provide assurance that the City has the best information and the best resources available to make sound decisions, fairly and legitimately set fees, maintain compliance with state law and local policies, and meet the needs of the City administration and its constituency. Given the limitations on raising revenue in local government, the City recognizes that a User Fee Study is a very cost-effective way to understand the total cost of services and identify potential fee deficiencies. Essentially, a User Fee is a payment for a requested service provided by a local government that primarily benefits an individual or group.

The total cost of each service included in this analysis is based on the full cost of providing City services, including direct salaries and benefits of City staff, direct departmental costs, and indirect costs from central service support. This study determines the full cost recovery fee for the City to provide each service; however, each fee is set at the City's discretion, up to 100% of the total cost, as specified in this report.

The principle goal of the study was to help the City determine the full cost of the services that the City provides. In addition, Willdan established a series of additional objectives including:

- Developing a rational basis for setting fees
- Identifying subsidy amount, if applicable, of each fee in the model
- Enhancing fairness and equity
- Ensuring compliance with State law
- Developing an updatable and comprehensive list of fees
- Maintaining accordance with City policies and goals

The study results will help the City better understand its true costs of providing services and may serve as a basis for making informed policy decisions regarding the most appropriate fees, if any, to collect from individuals and organizations that require individualized services from the City.

## Scope of the Study

The scope of this study encompasses a review and calculation of the user fees charged by the following Los Altos departments and fee groups:

- Engineering
- Maintenance Services
- Building
- Planning
- Recreation
- Police
- Miscellaneous City Fees



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The study involved the identification of existing and potential new fees, fee schedule restructuring, data collection and analysis, orientation and consultation, quality control, communication and presentations, and calculation of individual service costs (fees) or program cost recovery levels.

## Aim of the Report

The User Fee Study focused on the cost of City services, as City staff currently provides them at existing, known, or reasonably anticipated service and staff levels. This report provides a summary of the study results, and a general description of the approach and methods Willdan and City staff used to determine the recommended fee schedule. The report is not intended to document all of the numerous discussions throughout the process, nor is it intended to provide influential dissertation on the qualities of the utilized tools, techniques, or other approaches.

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# Project Approach and Methodology

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## Conceptual Approach

The basic concept of a User Fee Study is to determine the “reasonable cost” of each service provided by the City for which it charges a user fee. The full cost of providing a service may not necessarily become the City’s fee, but it serves as the objective basis as to the maximum amount that may be collected.

The standard fee limitation established in California law for property-related (non-discretionary) fees is the “estimated, reasonable cost” principle. In order to maintain compliance with the letter and spirit of this standard, every component of the fee study process included a related review. The use of budget figures, time estimates, and improvement valuation clearly indicates reliance upon estimates for some data.

## Fully Burdened Hourly Rates

The total cost of each service included in this analysis is primarily based on the Fully Burdened Hourly Rates (FBHRs) that were determined for City personnel directly involved in providing services. The FBHRs include not only personnel salary and benefits, but also any costs that are reasonably ascribable to personnel. The cost elements that are included in the calculation of fully burdened rates are:

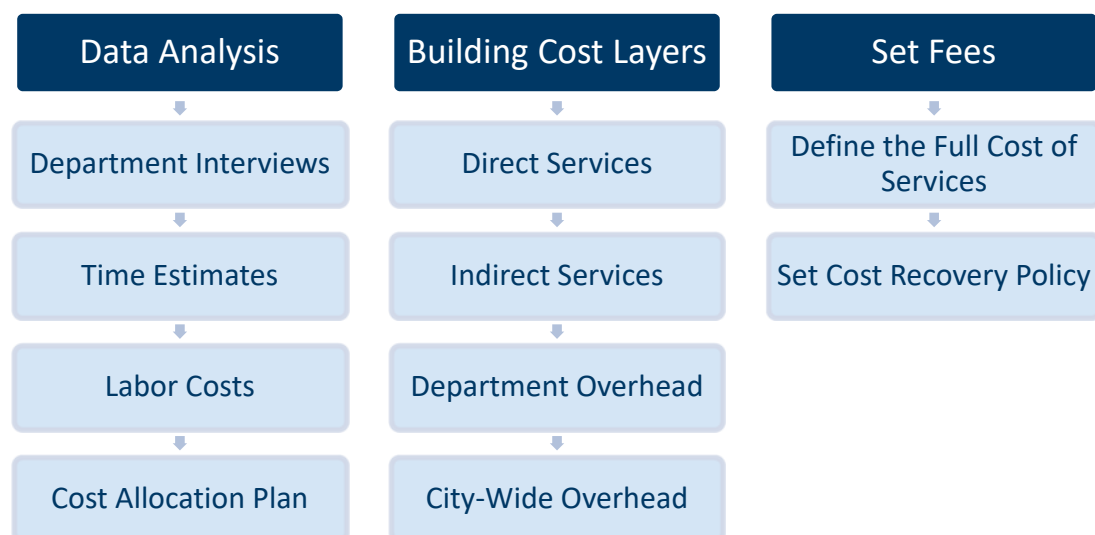
- Salaries & benefits of personnel involved
- Operating costs applicable to fee operations
- Departmental support, supervision, and administration overhead
- Internal Service Costs charged to each department
- Indirect City-wide overhead costs calculated through the Cost Allocation Plan

An important factor in determining the fully burdened rate is in the calculation of productive hours for personnel. This calculation takes the available workable hours in a year of 2,080 and adjusts this figure to account for calculated or anticipated hours’ employees are involved in non-billable activities such as paid vacation, sick leave, emergency leave, holidays, and other considerations as necessary. Dividing the full cost by the number of productive hours provides the FBHR.

The FBHRs are then used in conjunction with time estimates, when appropriate, to calculate a fees' cost based on the personnel and the amount of their time that is involved in providing each service.

## Summary Steps of the Study

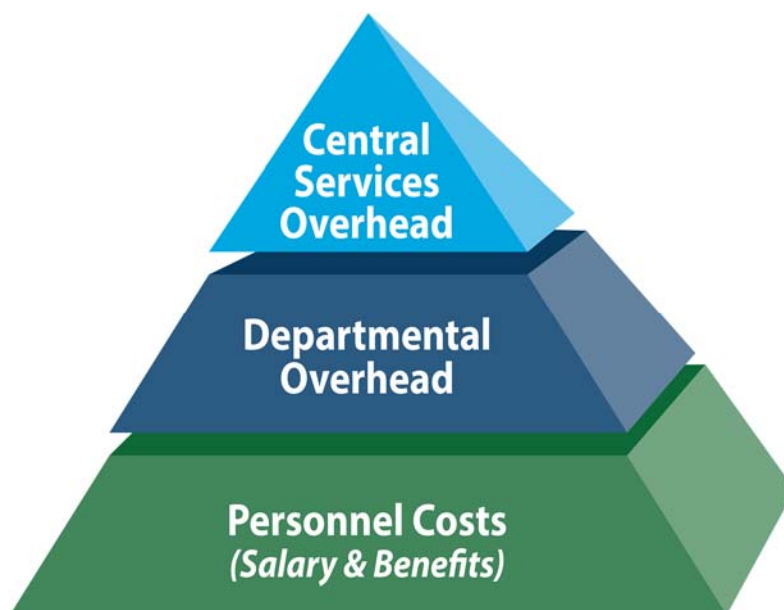
The methodology to evaluate most User Fee levels is straightforward and simple in concept. The following list provides a summary of the study process steps:



## Allowable Costs

This report identifies three types of costs that, when combined, constitute the fully burdened cost of a service (**Appendix A**). Costs are defined as direct labor, including salary and benefits, departmental overhead costs, and the City's central services overhead, where departmental and central service overhead costs constitute support costs. These cost types are defined as follows:

- **Direct Labor (Personnel Costs):** The costs related to staff salaries for time spent directly on fee-related services.
- **Departmental Overhead:** A proportional allocation of departmental overhead costs, including operation costs such as supplies and materials that are necessary for the department to function.
- **Central Services Overhead:** These costs, detailed in the City's Cost Allocation Plan, represent services provided by those Central Services Departments whose primary function is to support other City departments.



## Methodology

The three methods of analysis for calculating fees used in this report are the:

**Case Study Method (Standard Unit Cost Build-Up Approach):** This approach estimates the actual labor and material costs associated with providing a unit of service to a single user. This analysis is suitable when City staff time requirements do not vary dramatically for a service, or for special projects where the time and cost requirements are easy to identify at the project's outset. Further, the method is effective in instances when a staff member from one department assists on an application, service or permit for another department on an as-needed basis. Costs are estimated based upon interviews with City staff regarding the time typically spent on tasks, a review of available records, and a time and materials analysis.

**Programmatic Approach:** In some instances, the underlying data is not available or varies widely, leaving a standard unit cost build-up approach impractical. In addition, market factors and policy concerns (as opposed to actual costs) tend to influence fee levels more than other types of services. Willdan employed a different methodology where appropriate to fit the programs' needs and goals. Typical programmatic approach cases are facility use fees, penalties, and instances where a program cost is divided over the user base to obtain a per applicant cost for shared cost services.

**Valuation Based Fees:** This manner of collection is used when the valuation of the improvement can be used as a proxy for the amount of effort it would take for City staff to complete the service provided. More specifically, this approach is commonly used for certain User Fees in the Building Division. It is generally accepted that as a project's size scales up, the cost of the project increases, and the amount of effort needed to review and inspect also increases. Using a valuation-based fees provides for a system that can adjust as project sizes scale. Land is not included in the valuation calculation.

## Quality Control/Quality Assurance

All study components are interrelated, thus flawed data at any step in the process will cause the ultimate results to be inconsistent and unsound. The elements of our Quality Control process for User Fee calculations include:

- Involvement of knowledgeable City staff
- Clear instructions and guidance to City staff
- Reasonableness tests and validation
- Normalcy/expectation ranges
- Internal and external reviews
- Cross-checking

## Reasons for cost increases/decreases over current fees

Within the fee tables in **Appendix C**, the differences identified between the full costs calculated through the study and the fee levels currently in effect. The reasons for differences between the two can arise from a number of possible factors including:

- Previous fee levels may have been set at levels less than full cost intentionally, based on policy decisions
- Staffing levels and the positions that complete fee and service activity may vary from when the previous costs were calculated
- Personnel and materials costs could have increased at levels that differed from any inflationary factors used to increase fees since the last study
- Costs that this study has identified as part of the full cost of services may not have been accounted for in a previous study
  - Departmental overhead and administration costs
  - Indirect overhead from the Cost Allocation Plan
- Changes in processes and procedures within a department, or the City as a whole

## City Staff Contributions

As part of the study process, Willdan received tremendous support and cooperation from City staff, which contributed and reviewed a variety of components to the study, including:

- Budget and other cost data
- Staffing structures
- Fee and service structures, organization, and descriptions
- Direct and indirect work hours (billable/non-billable)
- Time estimates to complete work tasks
- Frequency and current fee levels
- Review of draft results and other documentation

A User Fee Study requires significant involvement of the managers and line staff from the departments—on top of their existing workloads and competing priorities. The contributions from City staff were critical to this study. We would like to express our appreciation to the City and its staff for their assistance, professionalism, positive attitudes, helpful suggestions, responsiveness, and overall cooperation.

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# Los Altos User Fees

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## Cost Recovery

The cost recovery models, by department/division fee type, are presented in detail in [Appendix C](#). Full cost recovery is determined by summing the estimated amount of time each position (in increments of minutes or hours) spends to render a service. Time estimates for each service rendered were predominately determined by Willdan and City Staff through a time and materials survey conducted for each department/division fee included in the study. The resulting cost recovery amount represents the total cost of providing each service. The City's current fee being charged for each service, if applicable, is provided in this section, as well, for reference.

It is important to note that the time and materials survey used to determine the amount of time each employee spends assisting in the provision of the services listed on the fee schedule is essential in identifying the total cost of providing each service. Specifically, in providing services, a number of employees are often involved in various aspects of the process, spending anywhere from a few minutes to several hours on the service.

The principle goal of this study was to identify the cost of City services, to provide information to help the City make informed decisions regarding the actual fee levels and charges. The responsibility to determine the final fee levels is a complicated task. City staff must consider many issues in formulating recommendations, and the City Council must consider those same issues and more in making the final decisions.

City staff assumes the responsibility to develop specific fee level recommendations to present to the City Council. Unfortunately, there are no hard and fast rules to guide the City, since many of the considerations are based on the unique characteristics of the City of Los Altos, and administrative and political discretion. However, in setting the level of full cost recovery for each fee, one should consider whether the service solely benefits one end user or the general community.

## Subsidization

Recalling the definition of a user fee helps guide decisions regarding subsidization. The general standard is that individuals (or groups) whom receive a wholly private benefit should pay 100% of the full cost of the services. In contrast, services that are simply public benefit should be funded entirely by the general fund's tax dollars. Unfortunately, for the decision makers, many services fall into the range between these two extremes. The graphic on the following page illustrates the potential decision basis.

Further complicating the decision, opponents of fees often assert that the activities subject to the fees provide economic, cultural, "quality of life," or other community benefits that exceed the costs to the City.

It is recommended the City consider such factors during its deliberations regarding appropriate fee levels.

Of course, subsidization can be an effective public policy tool, since it can be used to reduce fees to encourage certain activities (such as compliance inspections to ensure public safety) or allow some people to be able to afford to receive services they otherwise could not at the full cost. In addition, subsidies can



be an appropriate and justifiable action, such as to allow citizens to rightfully access services, without burdensome costs.

Despite the intent, it is important for the City and public to understand that subsidies must be covered by another revenue source, such as the General Fund. Therefore, the general taxpayer will potentially help to fund private benefits, and/or other City services will not receive funds that are otherwise directed to cover subsidies.

## Impact on Demand (Elasticity)

Economic principles of elasticity suggest that increased costs for services (higher fees) will eventually curtail the demand for the services; whereas lower fees may spark an incentive to utilize the services and encourage certain actions. Either of these conditions may be a desirable effect to the City. However, the level of the fees that would cause demand changes is largely unknown. The Cost of Service Study did not attempt to evaluate the economic or behavioral impacts of higher or lower fees; nevertheless, the City should consider the potential impacts of these issues when deciding on fee levels.

## Summary

If the City's principal goal of this study were to maximize revenues from user fees, Willdan would recommend setting user fees at 100% of the full cost identified in this study. However, we understand that revenue enhancement is not the only goal of a cost of service study, and sometimes full-cost recovery is not needed, desired, or appropriate. Other City and departmental goals, City Council priorities, policy initiatives, past experience, implementation issues, and other internal and external factors may influence staff recommendations and City Council decisions. In this case, the proper identification of additional services (new or existing services) and creation of a consistent and comprehensive fee schedule was the primary objective of this study. City staff has reviewed the full costs and identified the "recommended fee levels" for consideration by City Council. The attached appendices exhibit these unit fees individually.

The preceding sections provide background for each department or division and the results of this study's analysis of their fees. For the full list of each fee's analysis, refer to **Appendix C** of this report.

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## Engineering

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The Engineering Department strives to provide excellence in serving the public. Typical responsibilities include: Implementation of the City Capital Improvement Program, planning and designing quality public infrastructure (Sanitary Sewer and Storm Water Protection), management of special assessment districts, reviewing and issuing encroachment permits and excavation permits (for utility work) for various types of work in the public right-of-way, provision of flood zone information, provision of City's bench mark information, overseeing City's transportation network and preparing plans & specifications, bids, contracts, and providing inspection services for all City projects.

### Analysis

Willdan individually reviewed the services and programs associated with the Engineering Department. The review also consisted of an evaluation of existing services in an effort to update the fee schedule.

The analysis of Engineering services relied primarily upon a standard unit cost build-up approach, whereby we determined the reasonable cost of each fee occurrence using staff time to recover the direct cost of staff and pro-rata share of departmental costs, including indirect costs for City Central Services. Willdan then compared the calculated full cost against the current fee amount to determine whether the current fee is recovering the costs associated with the requested service. The analysis showed that current services are being provided well below the cost of providing them. Suggested fee levels were determined to increase cost recovery while mitigating fee increase impact on demand. As a result of the suggested fee levels in **Appendix C**, the average fee level increase would be 8%. There would be an increase to 12 fees, 4 fees would remain as currently set, and 1 new fee would also be added.



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## Maintenance Services

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The Maintenance Services department is responsible for maintenance throughout the City, as well as overseeing contracts for street sweeping. Specific responsibilities include: street maintenance, sewer maintenance, tree maintenance, park maintenance, and facility & fleet maintenance.

### Analysis

Willdan individually reviewed the services and programs associated with the Maintenance Services Department. The review also consisted of an evaluation of existing services in an effort to update the fee schedule.

The analysis of Maintenance Services relied primarily upon a standard unit cost build-up approach, whereby we determined the reasonable cost of each fee occurrence using staff time to recover the direct cost of staff and pro-rata share of departmental costs, including indirect costs for City Central Services. Willdan then compared the calculated full cost against the current fee amount to determine whether the current fee is recovering the costs associated with the requested service. The analysis showed that current services are being provided well below the cost of providing them. Suggested fee levels were determined to increase cost recovery while mitigating fee increase impact on demand. Due to the suggested fee levels in [Appendix C](#), the average fee level increase would be 40%. There would be an increase to 6 fees, and 1 new fee would also be added.

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## Building

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The Building Department is responsible for performing architectural and structural plan checks, scheduling and performing building inspections and providing general customer information services. Regulating the construction and/or renovation of both residential and commercial buildings is an important aspect of consumer protection that benefits both the residents and visitors of the City.

### Analysis

Willdan individually reviewed the services and programs associated with the Building Department. The review also consisted of an evaluation of existing services in an effort to update the fee schedule.

The analysis of Building relied primarily upon a standard unit cost build-up approach (except for fees related to the Building Permit), whereby we determined the reasonable cost of each fee occurrence using staff time to recover the direct cost of staff and pro-rata share of departmental costs, including indirect costs for City Central Services. The analysis found that most of the current fees are set below the full cost of providing service, and one new fee was identified. The results are detailed in Appendix C.

In addition to the fees listed under Building, the Building Permit fees are also provided by this department. For these fees, valuation is used as a proxy for measuring the amount of effort needed to provide services. This method is an industry standard, widely used by other jurisdictions, to evaluate the cost of providing service on a per service need that scales with the size and scope of the project involved. It is generally understood that the larger and more complex a project is, more time and effort that is required to provide the service. Project valuation also follows that trend, and so by using a combination of either project valuation or historical revenue figures along with a multiplier or cost recovery analysis for historical and anticipated future trends, current cost recovery along with variability in charges due to project type and scale is determined. Historical revenue from 2008 through 2018 was evaluated against the current cost of providing service to determine what the current and past cost recovery is for these services. Future cost and personnel needs were also evaluated and included in the analysis to ensure timely and accurate review and inspection goals are maintained. As a result, it was determined that the current cost recovery was 74%, and it is recommended that the fees be increased by 28% to achieve 95% cost recovery and that the department implement the most up to date valuation tables to ensure proper valuation determination. The department should track and evaluate the cost recovery of the program annually.

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## Planning

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The Planning Department is responsible for the development and administration of programs to guide the physical development of Los Altos. The City's General Plan, Neighborhood Specific Plans, Design Guidelines and the City's Zoning Ordinance are utilized to guide policy. The Planning Division manages design and environmental review of development proposals and general public information services. Planning staff also works with the Code Enforcement Officer when necessary to document and correct building violations.

## Analysis

Willdan individually reviewed the services and programs associated with the Planning Department. The review also consisted of an evaluation of existing services in an effort to update the fee schedule.

The analysis of Planning Services relied primarily upon a standard unit cost build-up approach, whereby we determined the reasonable cost of each fee occurrence using staff time to recover the direct cost of staff and the pro-rata share of departmental costs, including indirect costs for City Central Services. Willdan then compared the calculated full cost against the current fee amount to determine, if charged, whether the current fee is recovering the costs associated with the requested service. Some fees also contain a deposit aspect to allow for more precise accounting of costs on a project by project basis. This fee format allows for the establishment of flat fee amounts for aspects of services that do not vary greatly and utilizes deposits for service aspects that do vary. The analysis also found that there are some services whose current fees are currently set above and below the full cost of providing service. Due to the suggested fee levels in **Appendix C**, the average fee level increase would be 10%. There would be an increase to 32 fees, a decrease to 17 fees, 10 fees would remain as currently set, and 2 new fees would also be added.

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## Recreation

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The Recreation department provides a broad spectrum of high-quality special interest classes and workshops for all ages, fosters health and well-being through physical activity for all ages and abilities, celebrates Los Altos history and community traditions through annual special events, and provides opportunities for participation in and enjoyment of the performing and visual arts.

### Analysis

Willdan individually reviewed the services and programs associated with the Recreation Department. The review also consisted of an evaluation of existing services in an effort to update the fee schedule.

The analysis of most Recreation programs encompassed facility rentals and other recreation services. The fees for use of government owned facilities and property can be set discretionally by the City. The cost of acquisition, maintenance, repair, and upgrade to the City and subsequently the community is offset through rental or use fees. As such these fees should be set using the knowledge of activity use for the facilities, policy desires of the City, and market factors when desirable. It is generally accepted that some Recreation programs provide a measure of public benefit to the residents and City as a whole. In addition, cities generally want to ensure that their programs and services remain affordable to the community at large, and that the programs remain competitive with surrounding jurisdictions. There would be an increase to 52 of the existing fees, a decrease to 5 fees, 21 fees would remain the same, and 1 new fee would be added for an average fee change of 9% as detailed in [Appendix C](#).

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## Police

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The Police department is responsible for the safety and well-being of Los Altos Residents. Fees charged for services rendered by employees of the Los Altos Police Department. Fees could include the cost of printing police reports, false alarm response fees, parking permits, and use permits issued by the department.

### Analysis

Willdan individually reviewed the services and programs associated with the Police Department. The review also consisted of an evaluation of existing services in an effort to update the fee schedule.

The services included in Police are a mixture of fines and user fees. The fines are set to deter the listed activities, and the analysis of the user fees relied primarily upon a standard unit cost build-up approach, whereby we determined the reasonable cost of each fee occurrence using staff time to recover the direct cost of staff and the pro-rata share of departmental costs, including indirect costs for City Central Services. Willdan then compared the calculated full cost against the current fee amount to determine, if charged, whether the current fee is recovering the costs associated with the requested service. 12 fees are proposed to increase, 7 fees to decrease, 11 fees to stay at their current levels as detailed in [Appendix C](#), and the average fee level decrease would be 17%. Remaining subsidy levels for user fee services are shown as well.

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## Miscellaneous City Fees

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Miscellaneous City Fees consist of various fees not specific to one single department. These fees consist of business license fees, a document reproduction fee, a DVD copy fee, a notary fee, etc.

### Analysis

Willdan individually reviewed the services associated with the Miscellaneous fees. The review also consisted of an evaluation of existing services in an effort to update the fee schedule.

The analysis of the Miscellaneous services relied primarily upon a standard unit cost build-up approach, whereby we determined the reasonable cost of each fee occurrence using staff time to recover the direct cost of staff and the pro-rata share of departmental costs, including indirect costs for City Central Services. Willdan then compared the calculated full cost against the current fee amount to determine, if charged, whether the current fee is recovering the costs associated with the requested service. Due to the suggested fee levels in [Appendix C](#), the average fee level increase would be 15%. There would be an increase to 2 fees, a decrease to 1 fee, 5 fees would remain as currently set, and 1 new fee would also be added.





## Appendix A – Total Allowable Cost to be Recovered

Below are the total allowable costs that may be recovered through User Fees; however, only a percentage of the total cost is realized as staff doesn't just work on services related to User Fees, but also works on an array of other City functions during the operational hours of the City. The amounts listed below will not reconcile to City budgets as costs that should not be included in overhead for personnel in the application of determining fully burdened hourly rates were excluded. Examples of these costs are capital, debt, monetary transfers, passthrough contract costs, and any other costs that is charged directly to the service requestor.

### City of Los Altos - User Fee Overhead Rate Calculations

Department	Salaries & Benefits	Maintenance & Operations	Direct Overhead %	Indirect Allocation %
CITY CLERK	358,461	17,250	5%	0%
EXECUTIVE	1,019,118	82,620	8%	0%
FACILITY MAINTENANCE	547,089	55,384	10%	0%
FINANCE	887,060	60,105	7%	0%
HUMAN RESOURCES	452,769	156,468	35%	0%
INFORMATION TECHNOLOGY	520,844	119,100	23%	0%
LEGISLATIVE	41,273	5,500	13%	0%
MAINT-AUTO & EQUIPMENT SVCS	214,660	50,295	23%	0%
MAINTENANCE SVCS ADMIN	321,893	48,860	15%	0%
BUILDING INSPECTION	1,087,875	44,960	4%	29%
PLANNING	1,300,829	43,510	3%	29%
ECONOMIC DEVELOPMENT	111,059	7,130	6%	29%
PUBLIC SAFETY	9,880,925	967,323	10%	13%
ENGINEERING	4,490,625	1,311,188	29%	28%
RECREATION & COMMUNITY SERVICES	1,551,632	604,360	39%	62%



## Appendix B – Fully Burdened Hourly Rates

Below are fully burdened hourly rates of staff positions that provide for the services detailed in [Appendix C](#). The FBHRs were used to determine the full cost of each service. They include the salary and benefit costs for each position as well as all applicable overhead amounts for each position. For positions in central service departments, such as the City Clerk and Finance, what is shown is the salary and benefit rate only, as the overhead of central service departments is recovered through the cost allocation plan. When a central service department position works on a fee or project in the purview of an operating department, the overhead rates of the operating department (shown in [Appendix A](#)) will be applied to that central service positions' salary and benefit rate for full cost recovery. For any user fee service request that is outside the scope of the fees detailed in [Appendix C](#), or for services for which there is no fee currently set, the City can charge up to the full cost of the FBHR for personnel involved.

### City of Los Altos - User Fee

#### Fully Burdened Hourly Rate Calculation

Department	Position	Fully Burdened Hourly Rate
<b>Position Rates</b>		
BUILDING INSPECTION	Building - Building Inspector	123.12
BUILDING INSPECTION	Building - Building Official	175.17
BUILDING INSPECTION	Building - Building Technician	113.17
BUILDING INSPECTION	Building - Executive Assistant	108.35
BUILDING INSPECTION	Building - Sr. Building Inspector	133.81
CITY CLERK	Clerk - Deputy City Clerk	78.14
CITY CLERK	Clerk - Deputy CM	146.24
ECONOMIC DEVELOPMENT	Econ. Dev. - Econ Development Coordinator	124.19
ENGINEERING	Eng. - Assistant Civil Engineer	149.15
ENGINEERING	Eng. - Associate Civil Engineer	206.05
ENGINEERING	Eng. - Construction Inspector	131.03
ENGINEERING	Eng. - Engineering Svcs Manager	105.97
ENGINEERING	Eng. - Engineering Technician	144.10
ENGINEERING	Eng. - Executive Assistant	102.01
ENGINEERING	Eng. - Junior Civil Engineer	131.03
ENGINEERING	Eng. - Junior Engineer / Assistant Engineer	136.27
ENGINEERING	Eng. - Maintenance Leadworker	134.08
ENGINEERING	Eng. - Maintenance Supervisor	165.54
ENGINEERING	Eng. - Maintenance Worker I	89.02
ENGINEERING	Eng. - Maintenance Worker II	115.30
ENGINEERING	Eng. - Project Manager	178.07
ENGINEERING	Eng. - PW Director	132.81
ENGINEERING	Eng. - Special Projects Manager	256.31
ENGINEERING	Eng. - Transportation Services Manager	172.42



## City of Los Altos - User Fee

### Fully Burdened Hourly Rate Calculation

Department	Position	Fully Burdened Hourly Rate
<b>Position Rates</b>		
EXECUTIVE	Executive - Assistant City Manager	171.03
EXECUTIVE	Executive - City Manager	196.15
EXECUTIVE	Executive - Executive Assistant	88.95
EXECUTIVE	Executive - Public Information Coordinator	100.66
FACILITY MAINTENANCE	Fac. Maint - Maintenance Supervisor	97.46
FACILITY MAINTENANCE	Fac. Maint - Maintenance Technician	84.50
FACILITY MAINTENANCE	Fac. Maint - Maintenance Worker I	75.64
FACILITY MAINTENANCE	Fac. Maint - Maintenance Worker II	82.63
FACILITY MAINTENANCE	Fac. Maint - MWII	82.63
FINANCE	Finance - Accounting Technican I/II	78.84
FINANCE	Finance - Accounting Technician I/II	69.63
FINANCE	Finance - Admin Services Director	146.67
FINANCE	Finance - Financial Services Manager	130.43
FINANCE	Finance - Senior Accountant	104.35
HUMAN RESOURCES	HR - Admin Services Director	193.05
HUMAN RESOURCES	HR - HR Analyst	97.98
HUMAN RESOURCES	HR - HR Manager	164.77
INFORMATION TECHNOLOGY	IT - Admin Services Director	173.04
INFORMATION TECHNOLOGY	IT - Information Technology Analyst	107.93
INFORMATION TECHNOLOGY	IT - Information Technology Technician	88.73
INFORMATION TECHNOLOGY	IT - IT Manager	145.38
LEGISLATIVE	Legislative - City Council	28.09
MAINT-AUTO & EQUIPMENT SVCS	Maint - Auto - Equipment Mechanic	103.33
MAINT-AUTO & EQUIPMENT SVCS	Maint - Auto - Maintenance Supervisor	109.24
MAINTENANCE SVCS ADMIN	MSC - Executive Assistant	90.76
MAINTENANCE SVCS ADMIN	MSC - Maintenance Services Manager	130.21
PLANNING	Planning - Assistant Planner	98.28
PLANNING	Planning - Associate Planner	127.13
PLANNING	Planning - Community Development Director	225.10
PLANNING	Planning - Executive Assistant	107.05
PLANNING	Planning - Planning Services Manager	173.45
PLANNING	Planning - Senior Planner	130.96
PUBLIC SAFETY	Police - Communications Officer	120.40
PUBLIC SAFETY	Police - Community Service Officer	103.60
PUBLIC SAFETY	Police - Executive Assistant	101.63
PUBLIC SAFETY	Police - Lead Communications Officer	131.62
PUBLIC SAFETY	Police - Lead Records Specialist	84.93
PUBLIC SAFETY	Police - Police Agent	164.64
PUBLIC SAFETY	Police - Police Captain	205.10
PUBLIC SAFETY	Police - Police Chief	252.41



## City of Los Altos - User Fee

### Fully Burdened Hourly Rate Calculation

Department	Position	Fully Burdened Hourly Rate
<b>Position Rates</b>		
PUBLIC SAFETY	Police - Police Officer	156.95
PUBLIC SAFETY	Police - Police Officer Trainee	152.49
PUBLIC SAFETY	Police - Police Officer Trainer	121.08
PUBLIC SAFETY	Police - Police Sergeant	182.78
PUBLIC SAFETY	Police - Police Services Manager	145.51
PUBLIC SAFETY	Police - Records Specialist	81.74
RECREATION & COMMUNITY SERVICES	Rec - Facilities Coordinator	161.99
RECREATION & COMMUNITY SERVICES	Rec - Office Assistant II	137.63
RECREATION & COMMUNITY SERVICES	Rec - Recreation Coordinator	160.37
RECREATION & COMMUNITY SERVICES	Rec - Recreation Director	335.54
RECREATION & COMMUNITY SERVICES	Rec - Recreation Manager	225.09
<i>Contract Positions / Part Time</i>		
	City Attorney	304.00
EXECUTIVE	Community Emergency Preparedness Coordinator	43.24
FINANCE	Office Assistant II	27.13
INFORMATION TECHNOLOGY	Network Engineer	92.15
PUBLIC SAFETY	Public Safety Specialist - Dispatch	77.36
PUBLIC SAFETY	Public Safety Specialist	77.36
PUBLIC SAFETY	Public Safety Specialist - Records	49.89
PUBLIC SAFETY	Police Officer (Reserve) - Level I	58.78
PUBLIC SAFETY	Police Officer (Reserve) - Level II	57.22
ENGINEERING	Maintenance Worker I	33.08
ENGINEERING	Facility Attendant	28.45
RECREATION & COMMUNITY SERVICES	Facility Attendant	38.65
RECREATION & COMMUNITY SERVICES	Clerical Assistant I	37.88
RECREATION & COMMUNITY SERVICES	Project Specialist	95.49
RECREATION & COMMUNITY SERVICES	Recreation Leader I	34.51
RECREATION & COMMUNITY SERVICES	Recreation Leader II	38.92
RECREATION & COMMUNITY SERVICES	Recreation Leader III	45.27
RECREATION & COMMUNITY SERVICES	Recreation Specialist	58.98
RECREATION & COMMUNITY SERVICES	Preschool Teacher I	35.67
RECREATION & COMMUNITY SERVICES	Preschool Teacher II	46.62
RECREATION & COMMUNITY SERVICES	Preschool Teacher III	51.82



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## Appendix C – Cost Recovery Analysis

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The following tables provide the results of the analysis, resulting full cost recovery amount, and recommended fees. For fees in which the full cost, existing fee, or suggested fee is listed as “NA”, the amount or percentage was not calculable based on cost data or variable fee structure. This is most common when either the current or the suggested fee includes a variable component that is not comparable on a one to one basis, a full cost was not calculated (for penalties and fines), or when there is not a current fee amount to compare against.

## Engineering

#	Description	Current Fee/Charge	Unit	Notes
1	County Sewer Plan Check	560.00	per plan	
2	<b>Encroachment Permit</b>			
3	Parking Stall	72.00	per permit plus \$31.00 per stall per day	
4	Special	390.00	per permit plus actual outside costs	
5	Miscellaneous (driveway approach, walkway approach, driveway modification, etc.)	196.00	per permit	Includes up to 2 inspection visits.
	Additional Inspection Visit (for existing permit)	New		
6	Final Subdivision Map Check	1,155.00	per map plus actual outside costs	Plus actual outside costs
7	Flood Hazard Letter	52.00	per letter	
8	Heavy Haul Permit	605.00	per permit	
9	Engineering Services Department Inspection	6% of the Estimated Cost of Construction		
10	Lot-Line Adjustment	520.00	plus actual outside costs	
11	Stormwater Management Plan Check	365.00	per application	
12	Temporary Lane Closure Permit	505.00	per permit plus \$62.00 per day after first day	
13	Excavation Permit	2% of Construction Cost (\$200.00 Minimum)		
14	Sewer Permit (City)	95.00	per permit	
15	Sewer Permit (County)	190.00	per permit	
16	Sewer Tap-in	50.00	per permit	
17	Transportation Permit	25.00	per trip	This is a state fee

### Note:

For any user fee service request that is outside the scope, or for services for which there is no fee currently set, the City can charge up to the full cost of the FBHR for personnel involved.

City Attorney Services, if applicable, shall be recovered from applicant.

Full Cost	Subsidy %	Suggested Fee	Fee Δ
\$717.89	16%	\$600.00	\$40
\$199.16	37%	\$125.00	\$53
\$585.60	27%	\$425.00	\$35
\$449.33	44%	\$250.00	\$54
\$262.05	39%	\$160.00	NA
\$1,367.64	14%	\$1,170.00	\$15
\$119.14	41%	\$70.00	\$18
\$616.50	1%	\$610.00	\$5
NA	NA	6% of the Estimated Cost of Construction	\$0
\$854.16	36%	\$550.00	\$30
\$478.59	16%	\$400.00	\$35
\$588.23	11%	\$525.00	\$20
NA	NA	2% of Construction Cost (\$200.00 Minimum)	\$0
\$199.16	40%	\$120.00	\$25
\$318.81	29%	\$225.00	\$35
\$66.82	25%	\$50.00	\$0
NA	NA	\$25.00	\$0

## Maintenance Services

#	Description	Current Fee/Charge	Unit
1	<b>Banner Hanging</b>		
2	San Antonio/ECR	377.00	per two weeks
3	Downtown	377.00	per week
4	Fremont/Grant	317.00	per two weeks
5	<b>Lincoln Park</b>		
6	9-foot	158.00	per week
7	18-foot	317.00	per week
8	Sewer Dye Test	98.00	per test
9	Special Event Fee	New	

Note:

For any user fee service request that is outside the scope, or for services for which there is no fee currently set, the City can charge up to the full cost of the FBHR for personnel involved.

Full Cost	Subsidy %	Suggested Fee	Fee Δ
\$529.12	1%	\$525.00	\$148
\$529.12	1%	\$525.00	\$148
\$529.12	10%	\$475.00	\$158
\$404.43	42%	\$235.00	\$77
\$404.43	1%	\$400.00	\$83
\$377.53	62%	\$145.00	\$47
NA	NA	Actual Cost	NA

Community Development - Building

#	Description	Current Fee/Charge	Unit	Notes	Sec
1	Electrical, Fire Department Inspection, Mechanical or Plumbing Permit				
2	Total Valuation				
3	\$1.00 - \$3,000.00	82.00			
4	\$3,001.00 - \$25,000.00	82.00	for first \$3,000.00	plus \$23.00 for each additional \$1,000.00 or fraction thereof	
5	\$25,001.00 - \$50,000.00	580.00	for first \$25,000.00	plus \$16.50 for each additional \$1,000.00 or fraction thereof	
6	\$50,001.00 - \$100,000.00	995.00	for first \$50,000.00	plus \$11.50 for each additional \$1,000.00 or fraction thereof	
7	\$100,001.00 and up	1.58%	of the valuation		
8	Solar / Photovoltaic Permit			California Government Code Section 66015 allows for fees of \$450 plus \$15 per kilowatt for each kilowatt above 15kW for residential rooftop solar energy systems; and \$1,000 plus \$7 per kilowatt for each kilowatt between 51kW and 250kW plus \$5 for every kilowatt above 250kW, for commercial rooftop solar energy systems.	
9	Residential	450.00			
10	Commercial	1000.00			
11	Building Plan Check	65% of Building Permit Fee			
12	Fire Department Plan Check	20% of Total Building Permit Fee (if applicable)			
13	Energy Plan Check (Title 24)	25% of Total Building Permit Fee			
14	Blueprint for a Clean Bay	10.00		Fee is to recover printing charge	
15	Building Code Compliance Review	525.00			
16	Building Moving Permit	Time/Material			
17	California Green Building Fund	Assessed at the rate of \$4.00 per \$100,000 in valuation, with appropriate fractions thereof, but not less than \$1.00 per every \$25,000 in valuation			

Full Cost	Subsidy %	Suggested Fee	Fee Δ
\$110.38	5%	\$104.86	\$23
\$110 plus \$31.00 for each additional \$1,000.00 or fraction thereof	5%	\$105 plus \$29.00 for each additional \$1,000.00 or fraction thereof	28%
\$781 plus \$22.21 for each additional \$1,000.00 or fraction thereof	5%	\$742 plus \$21.10 for each additional \$1,000.00 or fraction thereof	28%
\$1,339 plus \$15.48 for each additional \$1,000.00 or fraction thereof	5%	\$1,272 plus \$14.71 for each additional \$1,000.00 or fraction thereof	28%
NA	NA	1.60%	0.02%
NA	NA	\$450.00	\$0
NA	NA	\$1,000.00	\$0
NA	NA	65% of Building Permit Fee	\$0
NA	NA	20% of Total Building Permit Fee (if applicable)	\$0
NA	NA	25% of Total Building Permit Fee	\$0
\$10.00	0%	\$10.00	\$0
\$503.58	0%	\$503.58	-\$21
\$638.39	0%	\$638.00	NA
NA	NA	Assessed at the rate of \$4.00 per \$100,000 in valuation, with appropriate fractions thereof, but not less than \$1.00 per every \$25,000 in valuation	NA



Community Development - Building

#	Description	Current Fee/Charge	Unit	Notes	Sec
18	Construction Tax			Established per LAMC Chapter 3.24	
19	Residential	0.41	per square foot		
20	Commerical	0.68	per square foot		
21	Demolition Permit				
22	Single Family	300.00			
23	Commercial / Multiple-Family	600.00			
24	Duplicate Permit Request	55.00			
28	Re-Inspection Request	85.00			
29	Street Address Change	600.00			
30	Strong Motion and Seismic Hazard Mapping				
31	Strong Motion Instrumentation & Sesimic Hazard Mapping Fees - SMIP (1-3 Story Residential)	Valuation Amount x 0.00013 (Minimum Fee \$0.50)	for any Valuation up to \$3,850.00	(Valuation Amount x 0.00013 = Fee Amount)	
32	Strong Motion Instrumentaion & Seismic Hazard Mapping Fees - SMIP (Over 3-story residential & all commercial)	Valuation Amount x 0.00028 (Minimum Fee \$0.50)	for any Valuation up to \$1,786.000	(Valuation Amount x 0.00028 = Fee Amount)	
33	Temporary Certificate of Occupancy	380.00			
34	Inspections outside of normal business hours (minimum charge -2hrs)	New	Overtime Wage	Two hour minimum at overtime wage, travel time and mileage; actual costs if outside consultants are used	
35	Stop Work Penalties	2 - 4 times all associated plan-review and permit fees	Stop Work Notice	Based on toal construction valuations involved	per LAMC 12.08.030
36	In House Review - Additional plan review required by changes, additions, or revisions to approved plans	75.00	per hour		
37	Consultant Review - Additional plan review required by changes, additions, or revisions to approved plans	Consultant Cost	Plan Revision Set	Full Consultant and City Administrative Costs - Consultant Fee/65% = Full Cost to Applicant. Of the full cost 65% is Consultant Share, 35% is City Share for Administrative Expenses.	
38	Expired Permit fees	Based on original permit fees incurred	per expired permit		per LAMC 12.10.030
39	Current project plan duplication requests	Printing service charge		Printing service cost plus staff time	
40	Past project plan duplication requests	Staff Time		Hourly executive assitant rate (minimum 1hr)	
41	Certificate of Occupancy	New			
42	Alternative Means and Methods Request	New		Building Official Time (2hr minimum)	

Note:

For any user fee service request that is outside the scope, or for services for which there is no fee currently set, the City can charge up to the full cost of the FBHR for personnel involved.

City Attorney Services, if applicable, shall be recovered from applicant.

Full Cost	Subsidy %	Suggested Fee	Fee Δ
NA	NA	\$0.41	\$0
NA	NA	\$0.68	\$0
\$610.33	26%	\$450.00	\$150
\$743.97	1%	\$740.00	\$140
\$174.73	52%	\$83.00	\$28
\$179.71	29%	\$128.00	\$43
\$500.21	0%	\$500.00	-\$100
NA	NA	Valuation Amount x 0.00013 (Minimum Fee \$0.50)	NA
NA	NA	Valuation Amount x 0.00028 (Minimum Fee \$0.50)	NA
\$418.71	0%	\$418.71	\$39
\$369.37	0%	\$369.37	NA
NA	NA	2 - 4 times all associated plan-review and permit fees	\$0
\$179.71	37%	\$112.50	\$38
NA	NA	Consultant Cost	NA
NA	NA	Based on original permit fees incurred	NA
\$354.60	0%	\$354.00	NA
\$108.35	0%	\$108.00	NA
\$141.76	1%	\$141.00	NA
\$350.34	0%	\$350.00	NA

## Building Valuation Table (All New Construction)

Minimum Value	Maximum Value	Current Base Rate	Suggested Base Rate	Current Plus \$\$	Suggested Plus \$\$	For every
0.00	0.00	0.00	<b>0.00</b>	0.00	<b>0.00</b>	0.00
1.00	3,000.00	82.00	<b>104.86</b>	0.00	<b>0.00</b>	0.00
3,001.00	25,000.00	82.00	<b>104.86</b>	16.50	<b>21.10</b>	100.00
25,001.00	50,000.00	450.00	<b>575.46</b>	12.50	<b>15.99</b>	1,000.00
50,001.00	100,000.00	750.00	<b>959.10</b>	8.25	<b>10.55</b>	1,000.00
100,001.00	500,000.00	1,170.00	<b>1,496.20</b>	7.25	<b>9.27</b>	1,000.00
500,001.00	1,000,000.00	3,845.00	<b>4,917.00</b>	6.25	<b>7.99</b>	1,000.00
1,000,001.00	9,999,999,999.00	8,755.00	<b>11,195.92</b>	5.80	<b>7.42</b>	1,000.00

**Percent Change = 28%**

**Cost Recovery Level = 95%**

Community Development - Planning

#	Description	Current Fee/Charge	Unit	Notes
1	Annexation	210.00	Deposit/per parcel	With a \$500.00 Minimum and Fully Allocated Hourly Staff Rates
2	<b>Appeal</b>			
3	Within Notification Boundary	595.00		
4	Outside Notification Boundary	1,785.00		
5	<b>Application Extension</b>			
6	Single-Family	295.00		
7	Commercial/Multiple-Family	595.00		
8	<b>Application Modification</b>			
9	Single-Family	595.00		
10	Commercial/Multiple-Family	1,785.00		
11	Certificate of Compliance	1,785.00	+ Time/Material	
12	<b>Conditional Use Permit</b>			
13	Business Use Only Planning Commission	1,785.00		
14	Business Use Only Planning Commission/City Council	2,975.00		
15	New Construction (>500 sq. ft.) PC & CC	5,350.00		
16	Modification	890.00		
17	Wireless Facility (Renewal/Mod) Staff Level	890.00		
18	<b>Design Review</b>			
19	<i>Single-Family</i>			
20	Administrative (≤ 100 sq. ft.)	295.00		
21	Administrative (≤ 500 sq. ft.)	295.00		
22	Administrative (> 500 sq. ft.)	890.00		
23	Design Review Commission	1,785.00		
24	<i>Commercial/Multiple-Family</i>			
25	Administrative (≤ 500 sq. ft.)	890.00		
26	PC & CC (>500 sq. ft.)	5,350.00		
27	PC Only	5,350.00		
28	Architectural Peer Review	New	Deposit	
29	<b>Accessory Dwelling Unit Review</b>			
30	Over-the-counter (≤ 500 sq. ft.)	595.00		
31	Administrative (> 500 sq. ft.)	595.00		

Full Cost	Subsidy %	Suggested Fee	Fee Δ
NA	NA	\$500.00	\$290
\$1,155.85	48%	\$600.00	\$5
\$1,155.85	1%	\$1,150.00	-\$635
\$323.66	1%	\$320.00	\$25
\$601.44	0%	\$600.00	\$5
\$601.08	0%	\$600.00	\$5
\$1,833.77	2%	\$1,800.00	\$15
\$1,545.09	3%	\$1,500.00	-\$285
\$3,057.49	18%	\$2,500.00	\$715
\$4,793.30	17%	\$4,000.00	\$1,025
\$5,173.14	3%	\$5,000.00	-\$350
\$1,421.76	0%	\$1,420.00	\$530
\$1,099.58	1%	\$1,090.00	\$200
\$75.90	100%	\$0.00	-\$295
\$192.97	9%	\$175.00	-\$120
\$1,024.73	2%	\$1,000.00	\$110
\$2,026.35	1%	\$2,000.00	\$215
\$1,433.70	8%	\$1,325.00	\$435
\$9,819.92	3%	\$9,495.00	\$4,145
\$3,742.90	4%	\$3,600.00	-\$1,750
NA	NA	\$3,500.00	NA
\$168.40	11%	\$150.00	-\$445
\$533.37	6%	\$500.00	-\$95

Community Development - Planning

#	Description	Current Fee/Charge	Unit	Notes	Fee Type
32	Development Agreement Fee	5,000.00	Deposit	+ Time/Material	deposit
33	Environmental Initial Study	1,785.00	Deposit	+ Time/Material	deposit
34	Environmental Impact Report	5,350.00	Deposit	+ Time/Material	deposit
35	Electric Vehicle Charging	0.33	per kWh		
36	General Plan/Map Amendment	5,350.00	Deposit	+ Time/Material	flat
37	Lot-Line Adjustment	1,785.00	Deposit	+ Time/Material	flat
38	<b>Park In-Lieu Fee</b>			Established per LAMC Chapter 13.24	
39	Single-Family Residential Unit	56,500.00			not part of user fee study
40	Multiple-Family Residential Unit	35,500.00			not part of user fee study
41	Planned Unit Development	5,350.00	Deposit	+ Time/Material	deposit
42	Planning Commission Study Session	595.00			flat
43	Preliminary Project Review	295.00			flat
44	Public Notification - Single-Family	26.00			flat
45	Public Notification - All Other	1.00	per mailed post card		flat
46	Public Sidewalk Display Permit (Dining tables/Chairs)	55.00			flat
46	Public Sidewalk Display Permit (A-frames/Non-dining objects)	55.00			flat
47	<b>Sign Review</b>				
48	Modification of Existing Sign	145.00			flat
49	Sign Per a Sign Program	145.00			flat
50	New Sign (no Sign Program)	295.00			flat
51	Sign Program	595.00			flat
52	<b>Single-Story Overlay Rezoning</b>				
53	Neighborhood Approval and Election	2,435.00			Currently one fee of \$4,870 for both phases
54	Zoning Map Amendment	2,435.00			Currently one fee of \$4,870 for both phases
55	Tentative Subdivision Map Review	5,350.00			flat
56	<b>Tentative Subdivision Map Extension/Modification</b>				
57	Administrative	1,785.00			flat
58	PC/CC	1,785.00			flat

Full Cost	Subsidy %	Suggested Fee	Fee Δ
NA	NA	\$5,000.00	\$0
NA	NA	\$5,000.00	\$3,215
NA	NA	\$10,000.00	\$4,650
NA	NA	\$0.33	\$0
\$5,560.46	1%	\$5,500.00	\$150
\$1,227.37	35%	\$800.00	-\$985
NA	NA	\$56,500.00	\$0
NA	NA	\$35,500.00	\$0
NA	NA	\$7,500.00	\$2,150
\$1,571.85	5%	\$1,500.00	\$905
\$1,118.67	2%	\$1,100.00	\$805
\$53.52	7%	\$50.00	\$24
\$1.00	0%	\$1.00	\$0
\$213.04	6%	\$200.00	\$145
\$213.04	88%	\$25.00	-\$30
\$256.40	61%	\$100.00	-\$45
\$318.50	69%	\$100.00	-\$45
\$442.69	55%	\$200.00	-\$95
\$858.61	7%	\$800.00	\$205
\$2,950.57	8%	\$2,700.00	\$265
\$3,201.41	0%	\$3,200.00	\$765
\$5,217.00	4%	\$5,000.00	-\$350
\$807.09	1%	\$800.00	-\$985
\$2,756.16	0%	\$2,750.00	\$965

Community Development - Planning

#	Description	Current Fee/Charge	Unit	Notes
59	<b>Traffic Impact Fee</b>			Established per LAMC Chapter 3.48
60	Single-Family Residential Unit	6,774.20	per new unit	
61	Multiple-Family Residential Unit	4,159.00	per new unit	
62	Senior Residential Unit	1,744.20	per new unit	
63	Commercial	12,408.73	per 1,000 sq. ft.	
64	Office	9,993.93	per 1,000 sq. ft.	
65	Tree Removal	55.00		
66	Vacating Easement / Right-of-way	Time/Material	Deposit	
67	<b>Variance Review</b>			
68	Single-Family - Accessory Struct.	595.00		
69	Single-Family - Main Structure	1,785.00		
70	Commercial/Multiple-Family PC Only	1,785.00		
71	Commercial/Multiple-Family PC & CC	5,350.00		
72	Zoning Ordinance / Map Amendment	5,350.00	+ Time/Material	
73	Zoning Use Compliance	110.00		
74	Zoning Verification Letter	295.00		

Note:

For any user fee service request that is outside the scope, or for services for which there is no fee currently set, the City can charge up to the full cost of the FBHR for personnel involved.

City Attorney Services, if applicable, shall be recovered from applicant.

Full Cost	Subsidy %	Suggested Fee	Fee Δ
NA	NA	\$6,774.20	\$0
NA	NA	\$4,159.00	\$0
NA	NA	\$1,744.20	\$0
NA	NA	\$12,408.73	\$0
NA	NA	\$9,993.93	\$0
\$349.72	79%	\$75.00	\$20
NA	NA	\$5,000.00	NA
\$1,516.05	1%	\$1,500.00	\$905
\$2,082.62	4%	\$2,000.00	\$215
\$2,900.85	3%	\$2,800.00	\$1,015
\$4,169.26	4%	\$4,000.00	-\$1,350
\$5,560.46	1%	\$5,500.00	\$150
\$70.12	0%	\$70.00	-\$40
\$521.65	4%	\$500.00	\$205

Recreation

Facility Rental Fees				
#	Description	Current Fee/Charge	Unit	Notes
1	<b>Muti-Purpose Rom</b>			Garden Huouse, Grant MP, Hillview Hal/Social Hall, LAYC
2	Resident	110.00	per hour	
3	Non-Resident	138.00	per hour	
4	Non-Profit Resident	54.00	per hour	
5	Non-Profit Non-Resident	6.00	per hour	
6	Commercial	220.00	per hour	
7	<b>Classroom</b>			Hillview, Grant
8	Resident	45.00	per hour	
9	Non-Resident	56.00	per hour	
10	Non-Profit Resident	39.00	per hour	
11	Non-Profit Non-Resident	49.00	per hour	
12	Commercial	90.00	per hour	
13	<b>San Antonio Club/The Underground</b>			
14	Resident	175.00	per hour	
15	Non-Resident	219.00	per hour	
16	Non-Profit Resident	75.00	per hour	
17	Non-Profit Non-Resident	94.00	per hour	
18	Commercial	350.00	per hour	
19	<b>Tennis &amp; Bocce Ball Courts</b>			Tennis: MacKenzie, Marymeade, Montclaire, Rosita: Bocce: Hillview
20	Resident	8.00	per hour	
21	Non-Resident	NA	per hour	
22	Non-Profit Resident	6.00	per hour	
23	Non-Profit Non-Resident	NA	per hour	
24	Commercial	NA	per hour	
25	<b>Athletic Fields</b>			Tennis: MacKenzie, Marymeade, Montclaire, Rosita: Bocce: Hillview
26	Resident	45.00	per hour	
27	Non-Resident	56.00	per hour	
28	Non-Profit Resident	25.00	per hour	
29	Non-Profit Non-Resident	NA	per hour	
30	Commercial	NA	per hour	

Full Cost	Subsidy %	Suggested Fee	Fee Δ
NA	NA	\$121.00	\$11
NA	NA	\$152.00	\$14
NA	NA	\$60.00	\$6
NA	NA	\$75.00	\$69
NA	NA	\$242.00	\$22
NA	NA	\$50.00	\$5
NA	NA	\$62.00	\$6
NA	NA	\$43.00	\$4
NA	NA	\$54.00	\$5
NA	NA	\$99.00	\$9
NA	NA	\$121.00	-\$54
NA	NA	\$152.00	-\$67
NA	NA	\$60.00	-\$15
NA	NA	\$75.00	-\$19
NA	NA	\$242.00	-\$108
NA	NA	\$9.00	\$1
NA	NA	NA	\$0
NA	NA	\$7.00	\$1
NA	NA	NA	\$0
NA	NA	NA	\$0
NA	NA	\$50.00	\$5
NA	NA	\$62.00	\$6
NA	NA	\$25.00	\$0
NA	NA	NA	\$0
NA	NA	NA	\$0

Recreation

Facility Rental Fees				
#	Description	Current Fee/Charge	Unit	Notes
31	Gymnasiums			Blach Junior High, Egan Junior High
32	<i>Half Gym</i>			
33	Resident	67.00	per hour	
34	Non-Resident	84.00	per hour	
35	Non-Profit Resident	37.00	per hour	
36	Non-Profit Non-Resident	46.00	per hour	
37	Commercial	134.00	per hour	
38	<i>Full Gym</i>			
39	Resident	134.00	per hour	
40	Non-Resident	168.00	per hour	
41	Non-Profit Resident	74.00	per hour	
42	Non-Profit Non-Resident	93.00	per hour	
43	Commercial	268.00	per hour	
44	Community Plaza			
45	<i>Half Day</i>			
46	Resident	135.00		
47	Non-Resident	169.00		
48	Non-Profit Resident	44.00		
49	Non-Profit Non-Resident	55.00		
50	Commercial	NA		
51	<i>Full Day</i>			
52	Resident	199.00		
53	Non-Resident	249.00		
54	Non-Profit Resident	79.00		
55	Non-Profit Non-Resident	99.00		
56	Commercial	NA		
57	Patriot Corner Picnic Area			
58	<i>Half Day</i>			
59	Resident	135.00		
60	Non-Resident	169.00		
61	Non-Profit Resident	NA		
62	Non-Profit Non-Resident	NA		
63	Commercial	270.00		
64	<i>Full Day</i>			
65	Resident	199.00		
66	Non-Resident	249.00		
67	Non-Profit Resident	NA		
68	Non-Profit Non-Resident	NA		
69	Commercial	398.00		

Full Cost	Subsidy %	Suggested Fee	Fee Δ
NA	NA	\$85.00	\$18
NA	NA	\$107.00	\$23
NA	NA	\$47.00	\$10
NA	NA	\$59.00	\$13
NA	NA	\$161.00	\$27
NA	NA	\$141.00	\$7
NA	NA	\$177.00	\$9
NA	NA	\$78.00	\$4
NA	NA	\$98.00	\$5
NA	NA	\$282.00	\$14
NA	NA	\$149.00	\$14
NA	NA	\$186.00	\$17
NA	NA	\$49.00	\$5
NA	NA	\$61.00	\$6
NA	NA	NA	\$0
NA	NA	\$219.00	\$20
NA	NA	\$274.00	\$25
NA	NA	\$87.00	\$8
NA	NA	\$109.00	\$10
NA	NA	NA	\$0
NA	NA	\$149.00	\$14
NA	NA	\$186.00	\$17
NA	NA	NA	\$0
NA	NA	NA	\$0
NA	NA	\$297.00	\$27
NA	NA	\$219.00	\$20
NA	NA	\$274.00	\$25
NA	NA	NA	\$0
NA	NA	NA	\$0
NA	NA	\$438.00	\$40

Recreation

Facility Rental Fees				
#	Description	Current Fee/Charge	Unit	Notes
70	Grant Picnic Area			
71	<b>Half Day</b>			
72	Resident	80.00		
73	Non-Resident	99.00		
74	Non-Profit Resident	NA		
75	Non-Profit Non-Resident	NA		
76	Commercial	160.00		
77	<b>Full Day</b>			
78	Resident	110.00		
79	Non-Resident	130.00		
80	Non-Profit Resident	NA		
81	Non-Profit Non-Resident	NA		
82	Commercial	220.00		
88	<b>Security Deposits</b>			
89	Classroom	250.00		
90	All Others	500.00		
91	Alcohol Permit	72.00	per permit	
92	<b>Contract Classes</b>	market rate		
93	Admin fee added to contract classes	12.00		
94	Senior admin fee added to contract classes	5.00		
95	Non-resident fee	20% of resident rate		
96	Cancellation fee	20.00	per class	
97	<b>Senior membership</b>			
98	Resident	26.00	per year	
99	Non-Resident	40.00	per year	
100	Archery Party	200.00	per party	Resident
101	Archery Party	238.00	per party	Non-Resident
102	Party at San Antonio Club	285.00	per party	Resident
103	Party at San Antonio Club	340.00	per party	Non-Resident
104	Key Replacement	New	per key	

Full Cost	Subsidy %	Suggested Fee	Fee Δ
NA	NA	\$88.00	\$8
NA	NA	\$109.00	\$10
NA	NA	NA	\$0
NA	NA	NA	\$0
NA	NA	\$176.00	\$16
NA	NA	\$121.00	\$11
NA	NA	\$143.00	\$13
NA	NA	NA	\$0
NA	NA	NA	\$0
NA	NA	\$242.00	\$22
NA	NA	\$250.00	\$0
NA	NA	\$500.00	\$0
NA	NA	\$72.00	\$0
\$332.41	95%	\$15.00	\$3
\$332.41	98%	\$7.00	\$2
NA	NA	20% of resident rate	\$0
NA	NA	\$20.00	\$0
NA	NA	\$28.00	\$2
NA	NA	\$42.00	\$2
NA	NA	\$240.00	\$40
NA	NA	\$288.00	\$50
NA	NA	\$400.00	\$115
NA	NA	\$480.00	\$140
NA	NA	\$100.00	NA



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## PARKS AND RECREATION DEPARTMENT

**Recreation fees are charged based on the following formula:**

$$\begin{array}{l} \text{Actual Costs} \\ (\text{Actual Costs} \times \text{Subsidy \%}) = \text{Fee} \end{array}$$

Targeted Department Cost Recovery

75% - 85%

Recreation Program Fees will not exceed the cost of the individual program.

Senior staff has the authority to charge actual cost incurred including time, material, and overhead if a fee does not approximate actual cost incurred.

Senior staff may establish procedures for evaluation of hardship requests for certain fees, where identified.

Police				
#	Description	Current Fee/Charge	Unit	Notes
1	Alarm Permit	38.00	per permit	
2	Renewal	38.00	per permit	
3	Late Renewal / Unpermitted Alarm response	76.00		
4	<b>False Alarm Response</b>			
5	First Two Responses in a Permit Year	No Charge		
6	Third and Subsequent Responses	227.00	per response	
7	Alcohol Permit	72.00	per application	
8	<b>DUI Accident Response</b>			
9	Police Response	1,225.00		
10	Fire Response	1,435.00		
11	Fatal Accident	Fully Allocated Hourly Rate for All Emergency Personnel Responding, Not to Exceed \$12,000.00 Per Incident		
12	Jail Booking Fees	Actual County Cost		
13	<b>Massage Establishment Permit</b>			
14	New	283.00		
15	Annual Renewal	67.00		
19	Massage Appeal Hearing	2,030.00	per appeal	Includes One Hour of City Attorney Time
20	Miscellaneous Police Permit	283.00	per application	Mobile Food Vendor
21	<b>Parking Permit</b>			
22	Quarterly	12.00		
23	Annual	37.00		
24	<b>Second Response Call-Back</b>			
25	Standard Response	602.00	per Response after an Initial Warning	
26	Juvenile Alcohol Party Response	602.00		
27	<b>Secondhand Dealer / Pawn Shop Permit</b>			
28	New	252.00		Set by DOJ (BP section 21625-21647)
29	Annual Renewal	88.00		
30	Solicitor Permit	103.00	per application	
31	<b>Special Event Permit Application</b>			
32	New	2,100.00		
33	On-going	900.00		
34	Special Event Police Service	Salaries/Benefits/Overhead at Overtime Rate		varies by event and staff needed
35	Vehicle Impound Release	237.00	per vehicle	
36	Vehicle Repossession	15.00	per vehicle	
37	Verification/Clearance Letter	34.00	per letter	
38	Subpoena	275.00	GC 68096.1	
39	Subpoena Duces Tecum	15.00		
40	Police Report Copies	0.00	per page	.20/page and NO CHARGE for victims of crimes

Full Cost	Subsidy %	Suggested Fee	Fee Δ
\$51.27	26%	\$38.00	\$0
\$51.27	26%	\$38.00	\$0
\$102.55	26%	\$76.00	\$0
\$0.00	NA	\$0.00	\$0
\$248.34	9%	\$227.00	\$0
\$108.94	8%	\$100.00	\$28
\$1,162.72	1%	\$1,150.00	-\$75
\$1,476.63	5%	\$1,400.00	-\$35
NA	NA	Fully Allocated Hourly Rate for All Emergency Personnel Responding, Not to Exceed \$12,000.00 Per Incident	\$0
NA	NA	Actual County Cost	\$0
\$164.74	9%	\$150.00	-\$133
\$88.51	15%	\$75.00	\$8
\$910.45	0%	\$910.00	-\$1,120
\$164.74	9%	\$150.00	-\$133
NA	NA	\$40.00	\$28
NA	NA	\$100.00	\$63
\$187.05	1%	\$185.00	-\$417
\$814.90	2%	\$800.00	\$198
\$268.71	3%	\$260.00	\$8
\$154.79	3%	\$150.00	\$62
\$164.74	9%	\$150.00	\$47
\$1,509.07	1%	\$1,500.00	-\$600
\$1,326.29	25%	\$1,000.00	\$100
NA	NA	ACTUAL COST	\$0
\$303.72	1%	\$300.00	\$63
\$30.10	50%	\$15.00	\$0
\$40.87	2%	\$40.00	\$6
NA	NA	\$275.00	\$0
NA	NA	\$15.00	\$0
NA	NA	\$0.20	\$0.20

## Miscellaneous

#	Description	Current Fee/Charge	Unit	Notes
1	Business License Listing	15.00	per request	
2	Business License Duplicate	15.00	per request	
3	City Initiative Filing	200.00	per initiative	refunded if within one year of filing the Notice of Intent, the Elections Official certifies the sufficiency of the petition
4	Damage to City Property	Time/Material		
5	Document Reproduction	0.25	per page	
6	Fair Political Practices Commission Related	0.10	per page	
7	DVD Copy	2.00	per disk	
8	Non-Sufficient Funds Check Processing	40.00	per NSF check	
9	Notary Fee	New	per signature	

Note:

For any user fee service request that is outside the scope, or for services for which there is no fee currently set, the City can charge up to the full cost of the FBHR for personnel involved.

Full Cost	Subsidy %	Suggested Fee	Fee Δ
\$78.84	49%	\$40.00	\$25
\$19.71	49%	\$10.00	-\$5
NA	NA	\$200.00	\$0
NA	NA	Time/Material	\$0
NA	NA	\$0.25	\$0
NA	NA	\$0.10	\$0
\$2.00	0%	\$2.00	\$0
\$78.84	24%	\$60.00	\$20
NA	NA	\$10.00	NA

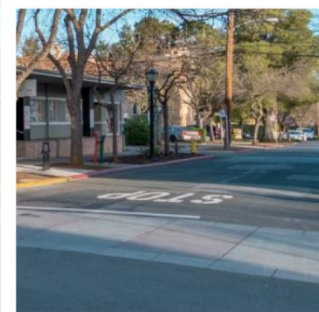
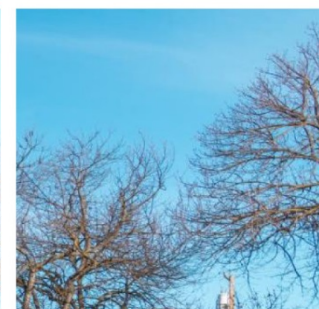


27368 Via Industria, Suite 200  
Temecula, California 92590-4856  
800.755.6864 | Fax: 888.326.6864  
951.587.3500 | Fax: 951.587.3510  
[www.willdan.com](http://www.willdan.com)

City of Los Altos, California

# Comprehensive User Fee Study

September 2019



# What are User Fees?

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- User Fees fund programs and services that provide private benefit to individuals requesting them, with limited or no benefit to the community as a whole
- State Law requires that 1) individual use of the service must be voluntary, and 2) fees must reasonably relate to the services provided



# What is a User Fee Study?

- Primary goal of a User Fee Study is to determine the “reasonable” full cost of providing services
- Each fee or service’s cost is calculated individually
- Develop fully burdened hourly rates for personnel
  - Salary & Benefit cost divided by billable hours
  - Layer on direct and indirect overhead as applicable to the position’s department and services provided
- Up to 100% of the full cost may be recovered
- The City may decide to set fees lower than full cost

# Objectives of User Fee Study

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- Develop a rational basis for setting fees
- Understand total costs of providing services
- Identify subsidy amounts, if applicable
- Identify appropriate fee adjustments that enhance fairness and equity
- Maintain consistency with local policy and objectives, and compliance with state law
- Develop updatable, comprehensive list of fees



# Scope of the Study

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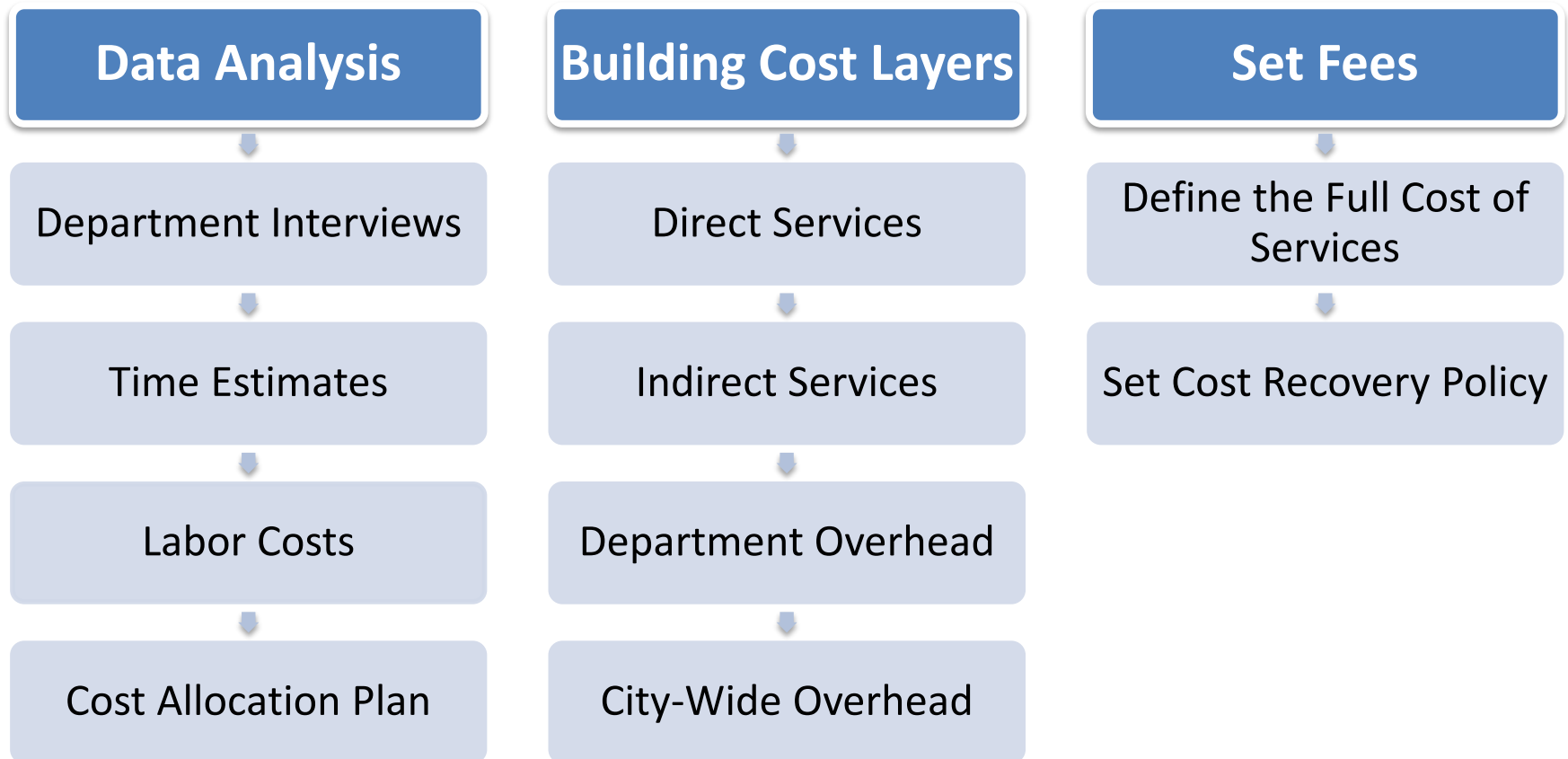
- Review and calculate cost of providing services and related fees charged by the following departments and divisions:
  - Engineering
  - Planning
  - Building
  - Maintenance Services
  - Recreational
  - Police
  - Miscellaneous

# Data & City Staff Participation

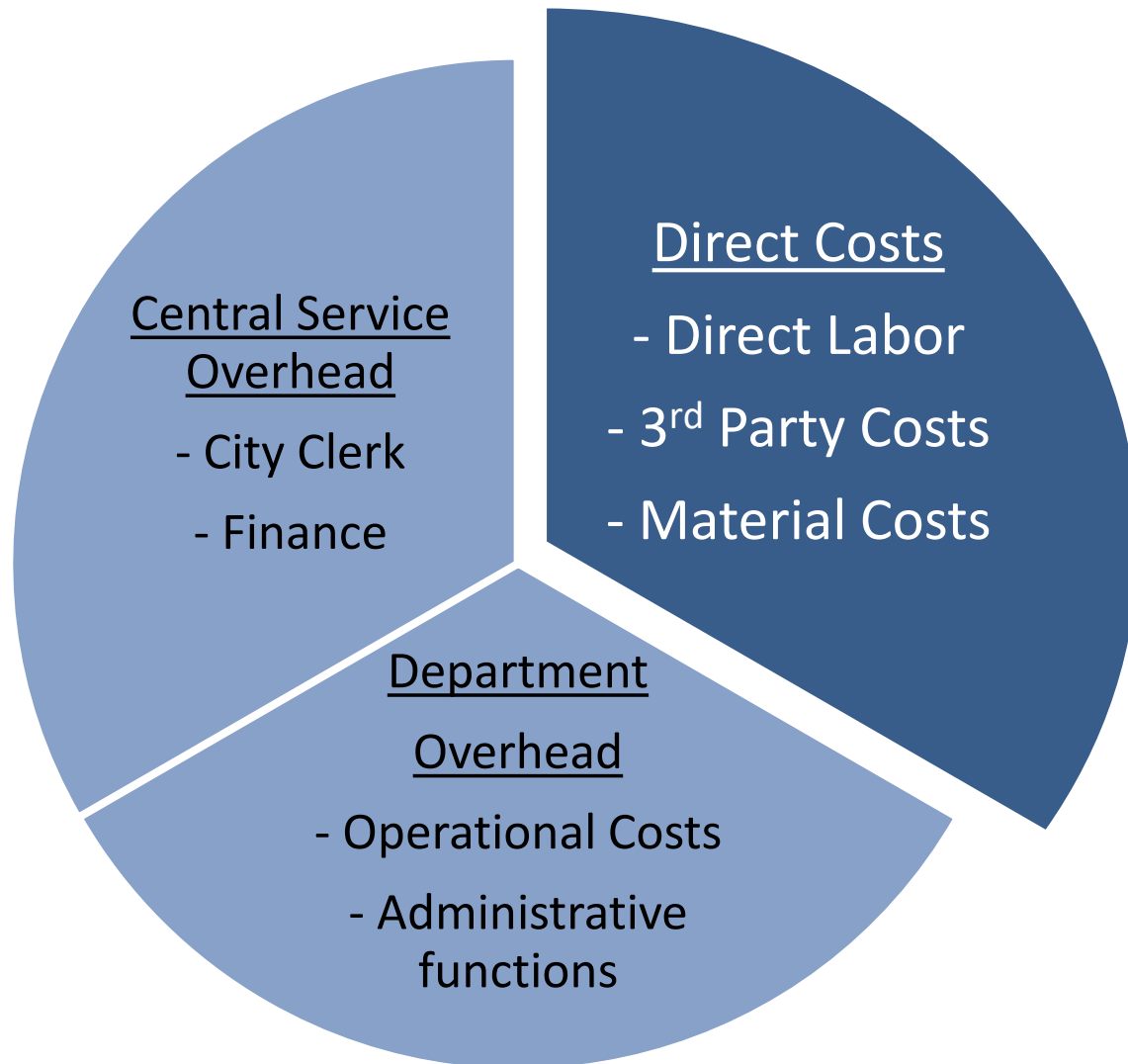
Willdan used the following to determine full cost of providing each service:

- Department budgets, Salary & Benefit information, other cost data
- Staffing Structures
- Central Service/Indirect Cost Allocation Plan
- Productive/billable hours
- Direct & Indirect work hours
- Time estimates to complete tasks
- Activity level and revenue for programs and services
- City/Department input, feedback and policies

# Summary Steps of the Study

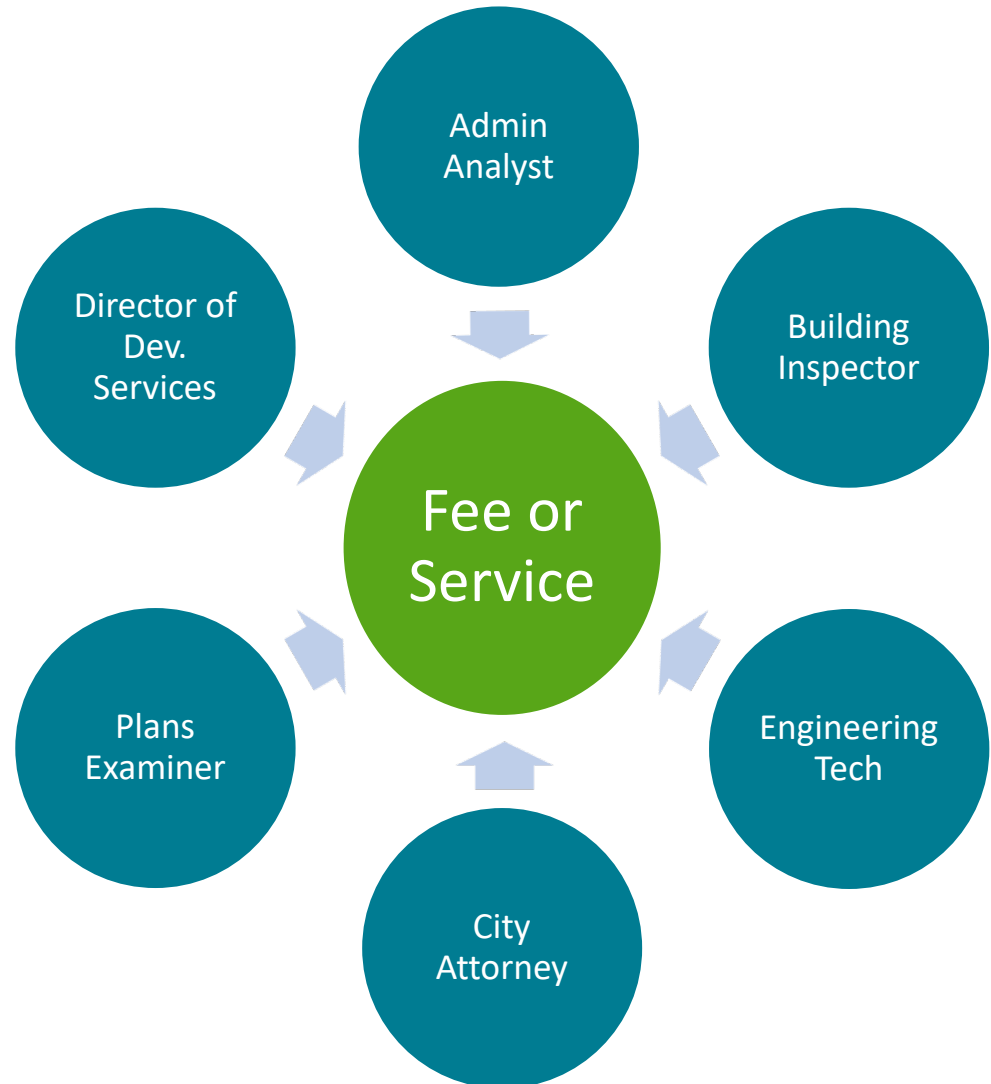


# Typical Fee Composition



# Fee Cost Composition Example

- Fully Burdened Hourly rates predominately used to calculate full cost for fees
- Important to keep in mind all processes, personnel, and indirect support involved to calculate full cost for services



# Engineering

- Many current fees are subsidizing the cost of providing services
- The department utilizes flat, time based, fees as well as those that are scaled based on project size
- The suggested fees are set to increase cost recovery for Department services
  - There would be an increase to 12 fees, 4 fees would remain as currently set, and 1 new fee would be added
  - Average fee increase of 8%

# Maintenance Services

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- Analysis consisted of using the fully burdened hourly rates of staff and the time it reasonably takes to provide service.
- The suggested fees are to increase cost recovery
  - There would be an increase to 6 fees and 1 new fee would be added
  - Average fee increase of 40%

# Building

- For fees based on a personnel time analysis
  - Suggested fees were set to increase cost recovery
  - As a result, there would be an increase to 11 fees, 11 fees would remain as currently set, 2 fees would decrease, 9 new fees would be added
- Building Permit Fee Program – valuation based
  - Current cost recovery is 71%
  - Suggested fees include an increase of 28%
  - Proposed cost recovery would be 95%



# Planning

- The department utilizes deposit based services as well as flat fees
  - Hourly rates will be used to bill against deposits to recover cost
- The suggested fees are to improve Department cost recovery for each individual service
  - There would be an increase to 32 fees, 10 fees would remain as currently set, a decrease to 17 fees and 2 new fees would be added
  - Average fee increase of 10%
  - Some fees have been tiered to account for varied service needs based on project size

# Recreation

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- Recreation consists of primarily rental fees – market and policy based
  - There would be an increase to 52 fees, 21 fees would remain as currently set, a decrease to 5 fees and 1 new fee would be added
  - The average fee increase would be 9%.
- Programs providing services to the residents would be set based on a cost recovery program with fees determined for each
  - Targeted department cost recovery would be 75% - 85% for programs

# Police

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- The department utilizes penalties, regulated fees, as well as flat, time based, fees.
- The suggested fees would increase cost recovery where reasonable
  - There would be an increase to 12 fees, 11 fees would remain as currently set, and a decrease to 7 fees.
  - Net revenue effect is anticipated to be a small increase

# Miscellaneous

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- Analysis consisted of using the fully burdened hourly rates of staff and the time it reasonably takes to provide service.
- Based on the analysis:
  - There would be an increase to 2 fees, a decrease to 1 fee, 5 fees would remain as currently set, and 1 new fee would be added
  - Average fee increase of 8%

# Policy Considerations

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- 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
  - Allow access to services
- Recommended that City include an annual inflation factor which will allow City Council by resolution to annually adjust fees based on CPI or other factor



Questions?