

City of Temecula
User Fee Study Fact Sheet
February 2024

The City of Temecula has recently completed a User Fee Study, prepared by Wohlford Consulting. The Study calculates the full cost of services provided for nearly 900 individual fees, projected volume and revenue for each fee as well as the City's current percentage of cost recovery. City Staff has reviewed the Study and made recommendations for all fees reflected in the Study.

1. The User Fee Study analyzes development-related fees for the following departments:
 - a. Building & Safety
 - b. Planning
 - c. Land Development
 - d. Fire Prevention
 - e. Police
2. The City's existing fees are based on a Fee Study adopted September 24, 2005, with annual inflationary adjustments applied each year.
 - a. A User Fee Study was conducted in 2010, however it was not implemented due to the Great Recession.
3. The Study includes the results of an Indirect Cost Allocation Plan used to determine overhead rates reflected in the Study.
4. The Study calculates the full cost of services using the Fiscal Year 2022-23 Annual Operating Budget, using the following formula:
 - a. $\text{Staff Hours} \times \text{Personnel Costs} = \text{Direct Costs} + \text{Overhead} + \text{Support Costs} = \text{Full Cost}$
5. The Potential Revenue from each fee is calculated using the following formula:
 - a. $\text{Full Cost} \times \text{Annual Volume of Fees} = \text{Potential Annual Revenue}$
6. The Potential Revenue is compared to the Current Revenue to determine the percentage of cost recovery the City is obtaining from each fee. Below is a consolidated table showing the results of the Study.

Department / Division	FULL COST Annual Cost of Fee-Related Services	CURRENT REVENUE @ Current Fees	SURPLUS / (SUBSIDY) (Current Revenue - Full Cost)	CURRENT COST RECOVERY RATE (Current / Full Cost)	PROJECTED REVENUE @ Recommended Fees	SURPLUS / (SUBSIDY) (Projected Revenue - Full Cost)	RECOMMENDED COST RECOVERY RATE (Recomm / Full Cost)	PROJECTED REVENUE INCREASE/ (DECREASE)
Building	\$ 3,910,837	\$ 2,800,582	\$ (1,110,255)	71.6%	\$ 2,996,728	\$ (914,110)	76.6%	\$ 196,146
Planning	\$ 3,385,731	\$ 1,192,002	\$ (2,193,729)	35.2%	\$ 1,999,531	\$ (1,386,200)	59.1%	\$ 807,529
Land Development	\$ 2,811,552	\$ 1,633,863	\$ (1,177,688)	58.1%	\$ 2,367,672	\$ (443,880)	84.2%	\$ 733,808
Fire Prevention	\$ 5,160,831	\$ 1,780,213	\$ (3,380,618)	34.5%	\$ 3,006,645	\$ (2,154,186)	58.3%	\$ 1,226,432
Police	\$ 554,248	\$ 234,000	\$ (320,248)	42.2%	\$ 343,856	\$ (210,392)	62.0%	\$ 109,856
TOTALS:	\$ 15,823,200	\$ 7,640,661	\$ (8,182,539)	48.3%	\$ 10,714,432	\$ (5,108,768)	67.7%	\$ 3,073,771

7. Currently, the City is recovering 48.3% of its costs. The Recommended Fee Schedule would recover 67.7% of its cost, in aggregate.
 - a. Target cost recovery rate was set at 75% with individual fees modified if the target exceeded the cost of providing the service.
 - b. In no case does the fee exceed the cost of providing the service.

8. Building and Safety Fees have been restructured and are more simplified than the previous Fee Schedule.
9. Many new fee categories were added:
 - a. Annual Fire Inspection Program (Fire Prevention)
 - b. Annual NPDES Inspection Program (Land Development)
 - c. Weed Abatement Administration (Building)
 - d. Wireless Antenna Facilities (Planning)
 - e. Drainage Tributary (Land Development)
10. City Council will hold a Public Hearing to consider the adoption of the new Fee Schedule at their February 27, 2024 meeting.
 - a. If approved, Fees would be effective in Fiscal Year 2024-25
 - b. Fee implementation may be phased-in by department, due to system re-programming.
 - c. Fees Schedule Resolution will continue to include annual inflationary adjustments