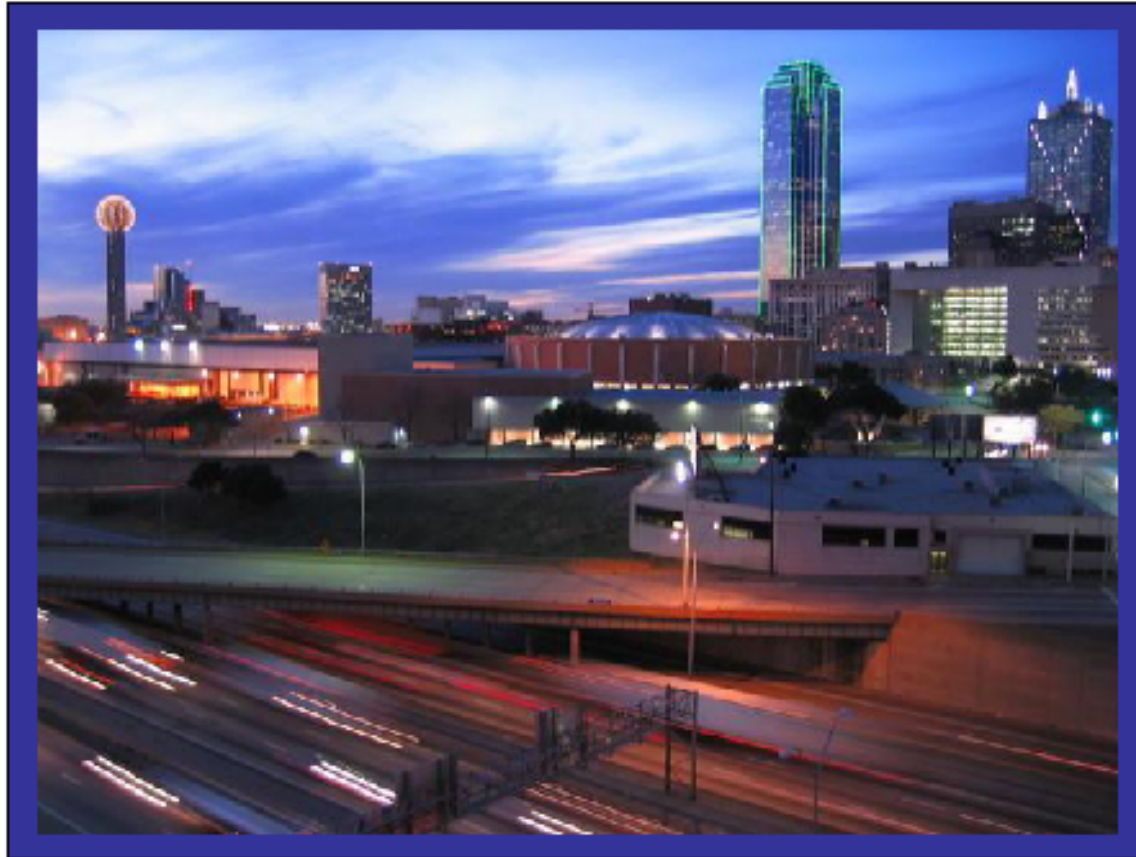


City of Dallas, Texas

Cost Study and Review of Fees



Purpose

- Present overview of the fee study conducted by the PFM Group (the Consultant)
- Review recommended fee adjustments and potential new fees identified by the PFM Group

Scope of Study

- The scope of the study covered the majority of the General Fund fees and charges and one Enterprise Fund fees
- The scope did not cover any other revenues received by the City
- The scope also did not cover (with the exception of one enterprise fund) any of the other enterprise funds and in some cases fees set by the State

Revenues/Fees not Included in Study



- Some revenues were not included in the Study because:
 - Not fees
 - Sales Tax
 - Ad Valorem
 - Franchise
 - Fees set by the State at allowable amount
 - Fines and Forfeitures (Court Fines, Auto Pound Fees)
 - Fees set by departments after conducting their own analysis
 - Aviation
 - Convention Center
 - DWU - Water & Wastewater Fees
 - Sanitation Commercial Fees
 - Storm Water Fees

Departments Included in the Study



- Study performed to comply with the Financial Management Performance Criteria Requirement
- Economic benefit of having one consultant study all the fees

	FY 05-06 Revenues	Number of Fees
Code Compliance	\$1.6m	31
Development Services – Building Inspections	\$20.0m	132
Development Services – General Fund	\$1.8m	4
Economic Development		1
Environmental and Health Services	\$5.2m	58
Fire-Rescue	\$15.3m	38
Library	\$0.4m	107
Park and Recreation	\$7.8m	206
Police	\$7.1m	37
Public Works and Transportation	\$7.4m	67
Sanitation	\$71.7m	8
Total	\$138.3m	689

City's Total Fees/Charges for Services



FY 05-06 Budgeted Revenues from Fees/Charges: \$618.2m

- General Fund \$118.3m
- Enterprise Funds \$499.9m
(i.e. Aviation, Convention Center,
DWU, Building Inspection,
and Storm Water)

Methodology



- Consistent with generally accepted accounting principles (GAAP)
- Acceptable variables were used to determine the cost of service:
 - Costs and rates
 - Direct labor costs
 - Employee fringe rate
 - “Other” (non-personnel costs) rate
 - Internal and external indirect costs
 - Depreciation
 - Number of Units
- **Actual FY 2004-05 costs were included**
 - **Adjusted for pension and merit increases**

Fees Categorized by Consultant



- Consultant recommended fees be classified into different categories
- Each fee was classified into one of five categories based on:
 - Type of service
 - Level of collectibility
 - Recipient of the service
 - Market for same services
 - City regulations

Category 1: Service is provided to individuals on an exclusive basis – for exclusive benefit – fee should be set to achieve full cost recovery

- Development Services
 - Building Inspection
- Police
 - Records
- Sanitation
 - Residential Collection

Category 2: Service is primarily a regulatory function of the City – cost recovery is appropriate, but fee should not be so high as to discourage citizens from compliance with regulations.

- Development Services – General Fund
- Code Compliance
- Environmental and Health Services
- Fire (Inspection)
- Police (Vice)
- Public Works and Transportation

Category 3: Fees should take into account market rates for similar amenities. At the same time, fees should reflect community policies regarding citizen access to public assets.

- Library
 - Color Copies
 - Lost Borrower Cards

- Park and Recreation
 - Golf
 - Exercise class

Category 4: EMS Fees should attempt to come as close to full cost recovery as possible.

- Cost recovery should occur as provided by insurers or Medicaid payment

Category 5: The City would provide these functions regardless of whether there was a fee charged.

- Economic Development
 - Public Improvement District Applications

Process and Results of the Fee Study



- The PFM Group gathered the cost information
- The PFM Group met with each department to gather other information for each of the services
- The Consultant calculated the cost for each service
- Results of the study indicated:
 - some fees are “**at**” cost
 - others are “**below**” cost
 - others are “**above**” cost

Decision Points and Recommendations



- 689 fees were studied:
 - 535 fees – Consultant recommended no changes
 - 141 fees are “**below**” cost – Consultant recommended changes
 - 13 fees are “**above**” cost – Consultant recommended changes
- Staff proposes the following strategy:
 - Adjust the fee if the revenue impact is greater than \$5k (increase or decrease)
- Action Item for Council approval to be scheduled for February 2007
- Changes to take effect April 2007

Department Schedules



- The following schedules provide a list of the fees recommended for adjustment

Department Schedule: Code Compliance



	Fee Title	Current Fee / Unit	Current Cost / Unit	Units	PFM Recommended Fee	Change In Fee	Potential Revenue Projection	Potential Incremental Revenue
1	Motor Vehicle Repair - First location	\$ 175	\$ 205	950	\$ 200	\$ 25	\$ 190,000	\$ 23,750
2	Motor Vehicle Repair - Each duplicate license for additional locations	\$ 40	\$ 205	250	\$ 200	\$ 160	\$ 50,000	\$ 40,000
3	Multi - Family Inspection Fees	Varies	Varies	16,680	*See comment	*See comment	\$ 462,769	\$ 101,231
4	Multi-Tenant Registration Fees	\$ 2	\$ 13	68,150	\$ 3	\$ 1	\$ 204,449	\$ 68,150
5	STEP (Scrap Tire Enforcement Program) - Registration; Registration Annual Renewal; Decal - original	Varies	Varies	1,150	**See comment	**See comment	\$ 251,400	\$ 51,400
*The PFM Group recommends an increase in Administrative failure from \$10 to \$15; increase in Low Score from \$20 to \$25; Re-inspection increase from \$30 to \$40.								
** The PFM Group recommends a structuring change in the STEP Tire Program: a STEP Registration only (\$310), STEP Registration with Decal (\$340), and a STEP Decal only (\$75).								
	TOTAL							\$ 284,531

Department Schedule: Development Services (General Fund)



Fee Title		Current Fee / Unit	Current Cost / Unit	Units	PFM Recommended Fee	Change In Fee	Potential Revenue Projection	Potential Incremental Revenue
1	Abandonment / Processing	\$ 5,000	\$ 5,781	50	\$ 5,400	\$ 400	\$ 270,000	\$ 20,000
	TOTAL							\$ 20,000

Department Schedule: Environmental & Health Services



	Fee Title	Current Fee / Unit	Current Cost / Unit	Units	PFM Recommended Fee	Change In Fee	Potential Revenue Projection	Potential Incremental Revenue
1	Air Quality, Facility Annual Registration Fee, Class 3 facility	\$ 1,000	\$ 1,860	76	\$ 1,200	\$ 200	\$ 91,200	\$ 15,200
2	Air Quality, Facility Annual Registration Fee, Class 4 facility	\$ 350	\$ 1,860	158	\$ 400	\$ 50	\$ 63,200	\$ 7,900
3	Food Protection and Education, Annual Inspection Fee, Food establishment (primary) 1-2000 sq ft	\$ 300	\$ 406	2,064	\$ 325	\$ 25	\$ 670,800	\$ 51,600
4	Food Protection and Education, Annual Inspection Fee, Food establishment (secondary) 1-2000 sq ft	\$ 250	\$ 403	430	\$ 275	\$ 25	\$ 118,250	\$ 10,750
5	Food Protection and Education, Annual Inspection Fee, Re-Inspection Fee, Inspections	\$ 75	\$ 396	600	\$ 100	\$ 25	\$ 60,000	\$ 15,000
6	Food Protection and Education, Fixed Food Facilities, Permit Application for Existing, Change of Ownership, & New Facility	\$ 350	\$ 297	1,050	\$ 300	\$ (50)	\$ 315,000	\$ (52,500)

Department Schedule: Environmental & Health Services (cont.)



	Fee Title	Current Fee / Unit	Current Cost / Unit	Units	PFM Recommended Fee	Change In Fee	Potential Revenue Projection	Potential Incremental Revenue
7	Food Protection and Education, Fixed Food Facilities, Plan Review	\$ 150	\$ 267	313	\$ 200	\$ 50	\$ 62,600	\$ 15,650
8	Food Protection and Education, Mobile Food Units, General Service Pushcarts	\$ 250	\$ 102	165	\$ 125	\$ (125)	\$ 20,625	\$ (20,625)
9	Food Protection and Education, Mobile Food Units, Limited Service Vehicles	\$ 110	\$ 75	300	\$ 75	\$ (35)	\$ 22,500	\$ (10,500)
10	Food Protection and Education, Mobile Food Units, Temporary Food Service Fee (plus \$5 / day)	\$ 100	\$ 195	1,086	\$ 150	\$ 50	\$ 162,900	\$ 54,300
11	Food Protection and Education, Registered Food Service Manager Training and Mail Handling Fee	\$ 56	\$ 81	2,443	\$ 65	\$ 9	\$ 158,795	\$ 21,987
12	Food Protection and Education, Food Handlers Registration	\$ 16	\$ 58	1,500	\$ 25	\$ 9	\$ 37,500	\$ 13,500
13	Food Protection and Education, Re-Instatement Fee	\$ 50	\$ 90	800	\$ 75	\$ 25	\$ 60,000	\$ 20,000
	TOTAL							\$ 142,262

Department Schedule: Fire-Rescue



	Fee Title	Current Fee / Unit	Current Cost / Unit	Units	PFM Recommended Fee	Change In Fee	Potential Revenue Projection	Potential Incremental Revenue
1	Overtime Reimbursement Fee	\$ 50	\$ 303	1,395	\$ 60	\$ 10	\$ 421,848	\$ 72,231
2	Re-inspection (Gen. Business/Small Assemblies/Single-Family/Duplex Res.)	\$ 75	\$ 251	1,431	\$ 80	\$ 5	\$ 114,480	\$ 36,909
3	Stand by Personnel / Fire Watch Fee	\$ 50	\$ 65	133	\$ 60	\$ 10	\$ 264,377	\$ 37,449
	TOTAL							\$ 146,589

Department Schedule: Library



	Fee Title	Current Fee / Unit	Current Cost / Unit	Units	PFM Recommended Fee	Change In Fee	Potential Revenue Projection	Potential Incremental Revenue
1	Lost Borrowers Cards	\$ 2.50	\$ 9.82	32,727	\$ 3.00	\$ 0.50	\$ 98,181	\$ 16,364
2	Lost Materials Charge	\$ 10.00	\$ 42.74	3,300	\$ 20.00	\$ 10.00	\$ 66,000	\$ 33,000
3	Non resident library card fee, 12 mo. unlimited	\$ 175.00	\$ 196.44	220	\$200.00	\$ 25.00	\$ 44,000	\$ 5,500
	TOTAL							\$ 54,864

Department Schedule: Park and Recreation



	Fee Title	Current Fee / Unit	Current Cost / Unit	Units	PFM Recommended Fee	Change In Fee	Potential Revenue Projection	Potential Incremental Revenue
1	Athletic Fields	Varies	Varies	90,424	Varies	Varies	\$ 403,210	\$ 98,210
	TOTAL							\$ 98,210

Department Schedule: Public Works and Transportation



	Fee Title	Current Fee / Unit	Current Cost / Unit	Units	PFM Recommended Fee	Change in Fee	Potential Revenue Projection	Potential Incremental Revenue
1	Limousines Authorization Fee (each vehicle)	\$ 25	\$ 99	1,281	\$ 30	\$ 5	\$ 38,430	\$ 6,405
2	Limousines, Driver Application Fee	\$ 10	\$ 79	748	\$ 20	\$ 10	\$ 14,960	\$ 7,480
3	Limousines, Operating Authority/Inspection (Company permit)	\$ 500	\$ 796	171	\$ 550	\$ 50	\$ 94,050	\$ 8,508
4	Taxicab, DF/W Inspection Fee	\$ 13	\$ 33	930	\$ 20	\$ 7	\$ 18,600	\$ 6,510
5	Taxicab, Driver Application Fee	\$ 24	\$ 100	1,468	\$ 30	\$ 6	\$ 44,040	\$ 8,808
6	Taxicab, Operating Authority-Old Authorization Fee (Each Vehicle)	\$ 250	\$ 523	2,078	\$ 350	\$ 100	\$ 727,300	\$ 207,800
	TOTAL							\$ 245,511

Potential Net Revenue from Fee Adjustments

Department	<u>Potential Revenue</u> Annual Basis	<u>Potential Revenue</u> Mid-Year Implementation
Code Compliance	\$ 284,531	\$ 142,266
Development Services – General Fund	\$ 20,000	\$ 10,000
Environmental and Health Services	\$ 142,262	\$ 71,131
Fire-Rescue	\$ 146,589	\$ 73,295
Library	\$ 54,864	\$ 27,432
Park and Recreation	\$ 98,210	\$ 49,105
Police	\$ 51,877	\$ 25,939
Public Works and Transportation	\$ 245,511	\$ 122,756
TOTAL	\$ 1,043,844	\$ 521,924

Potential New Fees Recommended by The PFM Group



- The Consultant identified potential new fees they have seen in other cities
 - Code Compliance
 - Inspection fee for Single Family/Duplex Rental Property
 - Complaint/Response Inspection Fee
 - Development Services – Building Inspection
 - Plan Review Consultations
 - Public Works & Transportation
 - Taxicab Inspection to Dissolve a Record of Counseling (ROC)
 - Re-Inspection Fee for all For-Hire Vehicles (currently only charged for Taxicabs)
- The Consultant did not determine the cost of service for the potential new fees
- Cost of service could be determined and rates can be set in future studies

Future Cost Studies and Review of Fees



- Schedule annual fee studies
- Approximately a quarter of the fees will be studied annually
- Fees will be stratified using the consultant recommendation

Questions

Appendix

Description of Fees

Code Compliance



Fee Title		Description
1	Motor Vehicle Repair - First location	Means mechanical repair, alteration, or addition, or equipment or parts, which includes but is not limited to, tune-up, brake work, transmission work, engine repair, body work, painting, and upholstery.
2	Motor Vehicle Repair - Each duplicate license for additional locations	Fee for issuing a duplicate license for additional establishments or for a lost, destroyed or mutilated license.
3	Multi - Family Inspection Fees	All multi-tenant properties must receive a graded inspection at least once every three years. Properties passing will not be charged an inspection fee; however, properties failing inspection will be charged a fee.
4	Multi-Tenant Registration Fees	A person who owns or operates or controls a multi-tenant property is required to submit a completed registrations application along with the required fees, a certificate of registration is issued for the property if the applicant has met all requirements.
5	STEP (Scrap Tire Enforcement Program) – Registration; Registration Annual Renewal; Decal – original	Annually inspect, identify, and register all tire businesses that operate within the City of Dallas, which include operating generators, mobile tire repair shops, tire transporters.

Development Services – General Fund



Fee Title		Description
1	Abandonment / Processing	This is the minimum processing fee allowed in the Dallas City Code for processing abandonment requests. It is the processing fee for easement abandonments or the fee charged for other abandonments when the appraised value does not meet or equal the minimum \$5,000 processing fee.

Environmental & Health Services



Fee Title		Description
1	Air Quality, Facility Annual Registration Fee, Class 3 facility	Annual Registration for a Class "3" facility: a stationary source of air contaminants whose uncontrolled emissions at design capacity are less than 100 tons per year, but greater than or equal to five tons per year. (\$1,000)
2	Air Quality, Facility Annual Registration Fee, Class 4 facility	Annual Registration for a Class "4" facility: a facility whose uncontrolled emissions at design capacity are less than five tons per year but whose emissions are significant, or have the potential to be significant, or have a potential to be a nuisance. (\$350)
3	Food Protection and Education, Annual Inspection Fee, Food establishment (primary) 1-2000 sq ft	Food Establishment being operated from no more than one separate location and distinct facility in the same building. \$300 fee pays for two regular inspections per calendar year.
4	Food Protection and Education, Annual Inspection Fee, Food establishment (secondary) 1-2000 sq ft	Second distinct food establishment facility in the same building and ownership, such as found in hotels. Fee \$250.
5	Food Protection and Education, Annual Inspection Fee, Re-Inspection Fee, Inspections	Food establishments are inspected twice annually and any necessary re-inspections are \$75.
6	Food Protection and Education, Fixed Food Facilities, Permit Application for Existing, Change of Ownership, & New Facility	Permit application for newly constructed or existing facilities, or change of ownership is \$350.
7	Food Protection and Education, Fixed Food Facilities, Plan Review	Plan Review – approving the blue prints of the fixed food facility to assess food preparation areas and compliance with food sanitation codes.
8	Food Protection and Education, Mobile Food Units, General Service Pushcarts	Mobile food vendor selling hot dogs, sausage, nacho, chips etc. from a push cart, fee is \$250.
9	Food Protection and Education, Mobile Food Units, Limited Service Vehicles	Mobile food vendor selling food that is pre-wrapped, bottled, or otherwise packaged in individual servings. Beverages that are not potentially hazardous and are dispensed from covered urns or other protected equipment.

Environmental & Health Services (cont.)



Fee Title		Description
10	Food Protection and Education, Mobile Food Units, Temporary Food Service Fee (plus \$5 / day)	A mobile food unit is a vehicle-mounted food establishment that is designed to be readily moveable and from which food is distributed, sold, or served to an ultimate consumer. The temporary food permit fee is \$100.00 plus \$5/service fee for each day of operation not to exceed 14 days.
11	Food Protection and Education, Registered Food Service Manager Training and Mail Handling Fee	Attend a 16-hour Registered Food Service Manager Class and pass the exam. There is \$1.00 Mail Handling Fee for mailing the certificate.
12	Food Protection and Education, Food Handlers Registration	A food handler is a worker that handles food, utensils, or food service equipment. Food establishments rated poorly in regular inspections are required to send workers to this food handler class.
13	Food Protection and Education, Re-Instatement Fee	Re-instatement of expired permit for failure to pay annual inspection fee by due date.

FIRE



Fee Title		Description
1	Overtime Reimbursement Fee	Fee paid by requestor for after hours fire inspection for special events or systems tests
2	Re-inspection (Gen. Business/Small Assemblies/Single-Family/Duplex Res.)	Fee paid by business operator or owner when more than 1 re-inspection is needed to verify fire code compliance. Fee is \$75 for 2 nd re-inspection and \$105 thereafter.
3	Stand by Personnel / Fire Watch Fee	Fee paid by owner or operator of a business with an inoperable, required fire alarm or fire sprinkler system to have fire inspector patrol site during business hours in order for the business to remain open until the system can be repaired. (Owner or operator does have the option to close the business until repairs are complete.)

Library



Fee Title		Description
1	Lost Borrowers Cards	A fee is charged to replace a lost borrower's card. A charge is also imposed when a patron fails to bring the borrower's card when checking out materials. Fee to replace borrower's card is \$2.50 and fee for failing to bring borrower's card when checking out materials is \$1.00.
2	Lost Materials Charge	Patrons losing or destroying library materials must reimburse the library for the full value of the material plus a \$10.00 processing fee for cataloged items and \$10.00 for un-cataloged items.
3	Non resident library card fee, 12 mo. unlimited	A fee is charged to individuals who live outside the city limits and desire to borrow library material (books, cassettes, etc). Fee for 12 months unlimited items borrowed is \$175.

Park and Recreation



	Fee Title	Description
1	Athletic Fields	The rate is charged in 1 ½ hour increments to rent athletic fields. The rate varies depending on the size and type of field.

Police



Fee Title		Description
1	Offense Report	Report filed by an Officer responding to any Criminal Activity – i.e. Theft / Assault etc.
2	Misc. Incident Report (MIR)	Report filed by any Officer responding to any non criminal incident – i.e. Loud Noise Disturbance

Public Works and Transportation



Fee Title		Description
1	Limousines Authorization Fee (each vehicle)	Fee charged to have vehicle inspected by staff
2	Limousines, Driver Application Fee	Fee charged to apply for a driver's permit
3	Limousines, Operating Authority/Inspection (Company permit)	Annual fee for City of Dallas operating authority
4	Taxicab, DF/W Inspection Fee	Fee charged to have vehicle inspected by staff for D/FW authorized vehicles
5	Taxicab, Driver Application Fee	Fee charged to apply for a driver's permit
6	Taxicab, Operating Authority-Old Authorization Fee (Each Vehicle)	Annual fee for City of Dallas operating authority, collected on a monthly basis