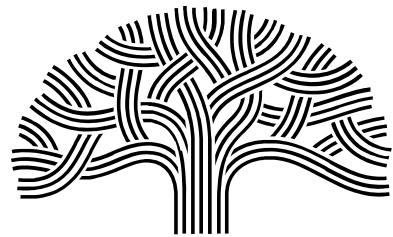


# Master Fee Schedule FY2024-25

Presented By:

Finance Department, Planning & Building Department, Oakland Police  
Department, Oakland Fire Department and Oakland Department of  
Transportation

June 4, 2024 – City Council Meeting



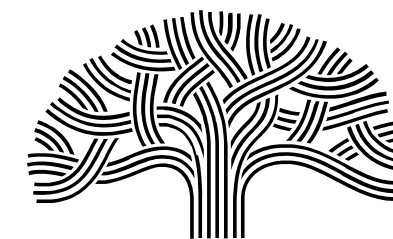
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# Executive Summary

**The Proposed FY2024-25 Master Fee Schedule (MFS) documents the fees and charges imposed by the City of Oakland. The fees proposed in this document are assumed in the revenue estimates contained in the FY2024-25 Proposed Midcycle Budget.**

**Fees were reviewed to ensure that the amounts being assessed would remain comparable in the market where appropriate, maintain current levels of cost recovery, and would not be cost prohibitive.**

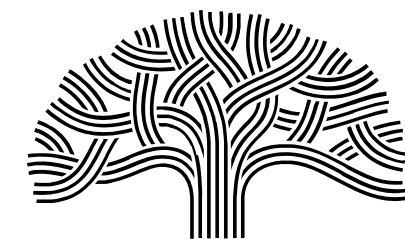


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# *An a l y s i s & P o l i c y A l t e r n a t i v e s*

**The proposed Ordinance amends the Revised FY2023-24 MFS and includes:**

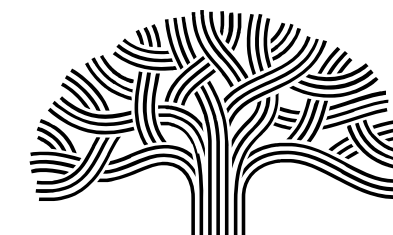
- 1) A 3% increase to most fees that are based on City staff time, tied to MOUs**
- 2) New fees and deleted fees (Exhibit A)**
- 3) Fee increases (Exhibit A)**



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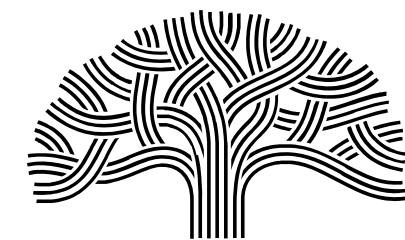
# Analysis & Policy Alternatives

Departments With an Increase Up to the 3% COLA	Departments Containing Increases in Addition to the 3% COLA	Departments With No Change	New Fees in Addition to 3% COLA Increase	Deleted Fees in Addition to 3% COLA Increase
A-2: City Attorney	A-4: Finance Department (Collections Court Approved Legal Fees Per Court Order)	A-1: Animal Services	A-4: Finance Department (ACH Check Fee)	A-3: City Clerk (Production Services Fees No Longer Available)
A-6: Fire Department (OFD)	A-8: Parks and Recreation and Youth Development (OPYRD) (Golf Fees based on market rate)	A-7: Oakland Public Library	A-8: Parks and Recreation and Youth Development (OPYRD) (New Fees for Use of Newly Acquired Professional Industry Standard Lighting Console)	A-4: Finance Department (Access Fee For Warrants in Private Storage, and ATM Encroachment Fee)
A-12: Housing and Community Development (HCD)	A-10: Public Works (OPW) (Const. & Demo Non-Exclusive Franchise Admin Fee, and Private Sewer Lateral Inspection Fees)	A-9: Human Services	A-11: Economic Workforce Development (Dev. Agreement Negotiation and Preparation Fee)	A-5: Police Department (OPD) (Bicycle License Fees)
A-14: Information Technology (ITD)	A-13: Planning and Building (PBD) (Fee Study - presentation included)	A-16: Public Ethics	A-17: Workplace Employment Standards (Consolidated the LCP Tracker Usage Fees)	A-17: Workplace Employment Standards (Consolidated the LCP Tracker Usage Fees)
	A-15: Department of Transportation (DOT) (Parking Fees -presentation included)			



# Action Requested Of The City Council

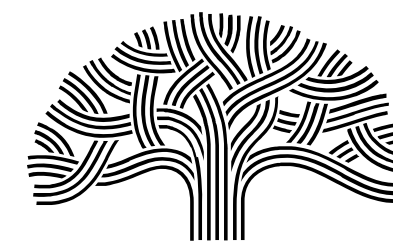
- Staff Recommends That The City Council Conduct A Public Hearing And Upon Conclusion Adopt An Ordinance Amending Ordinance No. 13747 C.M.S. (Which Adopted The Fiscal Year 2023-24 Master Fee Schedule), As Amended, To Establish, Modify And Delete Fees And Penalties Assessed By The City Of Oakland For Fiscal Year 2024-2025.



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# Oakland Police Department

## Presentation



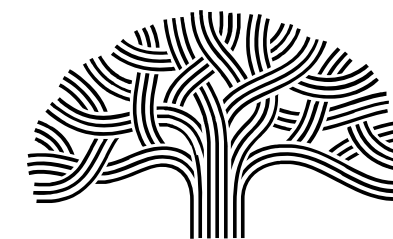
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# False Alarm Program

In accordance with the recently adopted Ordinance (13788), the Oakland Police Department (OPD) is collaborating with PMAM, the contractor responsible for managing the billing for the False Alarm Program. This effort ensures that fee structures are appropriately aligned with the ordinance's directives, following a recommendation from the City Attorney's office.

## Current Operations with PMAM:

PMAM is responsible for soft collection which include issuing invoices and managing the billing system. Payments and correspondence received from clients are sent to our U.S. Bank lockbox. These entries are electronically forwarded to PMAM, which then appropriately credits them to the correct client accounts.



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# False Alarm Program

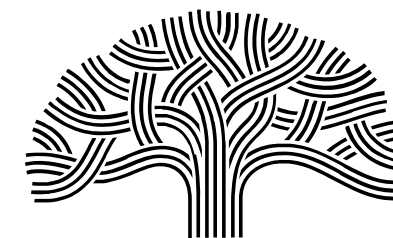
## **Proposal and Cost Recovery Adjustments:**

**PMAM is in the process of developing a proposal that will outline the costs for enhancing the collection services to include hard collections. This proposal is designed to adjust the cost recovery strategies, promoting full collections and ensuring compliance with city regulations.**

## **Future Steps:**

**Once the fees are approved, they will be incorporated into the second contract amendment with PMAM under Resolution 88606. Additionally, OPD will collaborate with the Finance Department to devise a plan to address and resolve the negative balance in the fund.**

**This approach ensures that our False Alarm Program aligns with legal and fiscal responsibilities while maintaining effective services to the community.**



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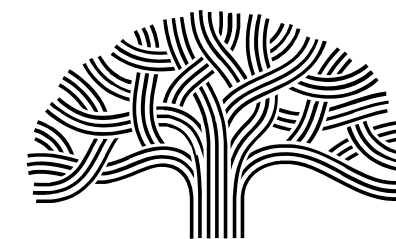


# Oakland Fire Department Presentation

## Fire Prevention Bureau

Amendments to FY 2024-2025 Master Fee Schedule

June 4, 2024

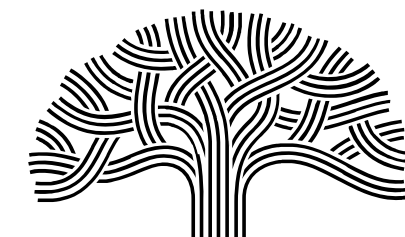


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# FY 2024-25 Master Fee Schedule

The Oakland Fire Department (OFD) proposed a 3% Cost of Living Adjustment (COLA) increase to all relevant fees as authorized by the City Council.

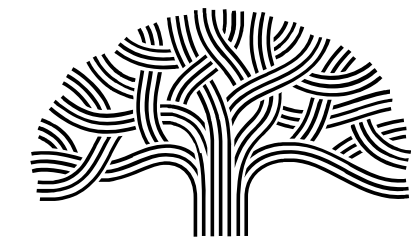


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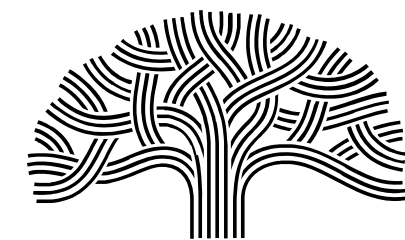
# Questions

- How are fees for OFD false alarm program recovered?
  - ❖ The Oakland Fire Department recovers false alarm fees based on the number of transmission within specific properties. For commercial, property of fee is assessed after the second false alarm transmission within six months. For residential properties, the fee is assessed after the third false alarm transmission within six months. A late penalty is applied to false alarm invoices that are paid within 30 days. The money collected from false alarms is allocated to the 2415 budget.
- How are fees for OFD vegetation management program recovered?
  - ❖ The general fund (1010 budget) covers only the initial vegetation management inspection. All subsequent inspection fees follow the master fee schedule. Fees for similar work are consistent throughout the city regardless of location. There is no exemption of fees.



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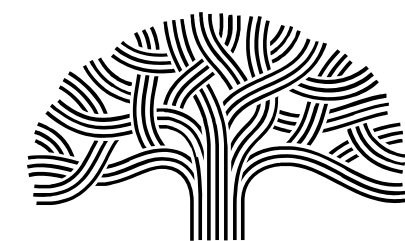
Oakland Department of  
Transportation  
Presentation



CITY OF  
**OAKLAND**

# Proposed Parking Meter Rate Change

- 1) Increase from \$2.00 per hour to \$3.00 per hour**
- 2) No proposed change to hours of operations or citation fees**

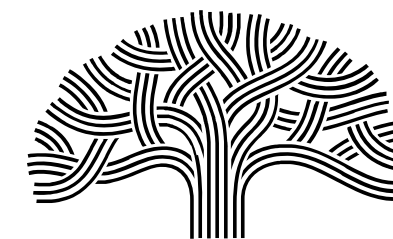
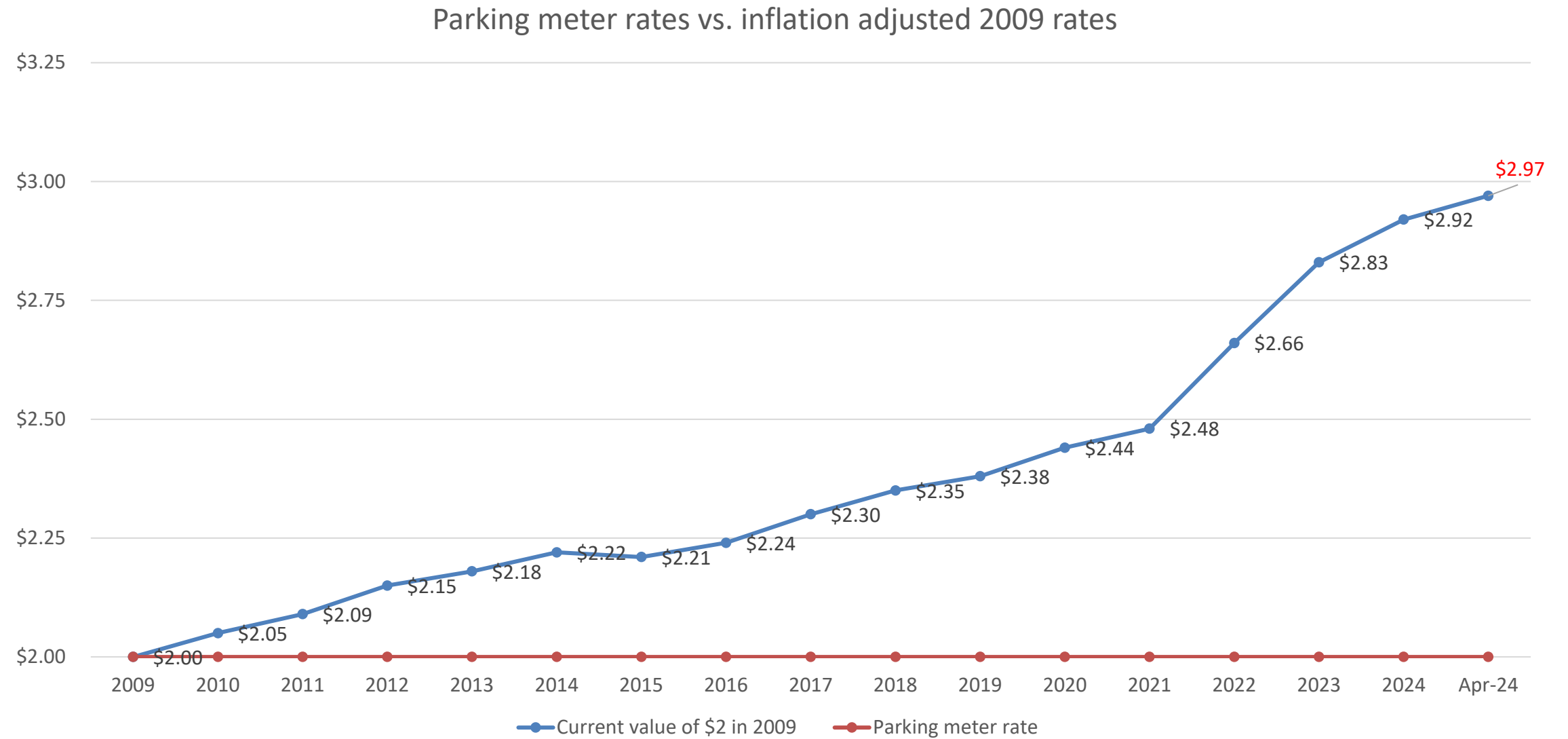


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# Inflation Adjustment is Overdue

- 1) Parking meter rates last adjusted in 2009
- 2) \$2 in 2009 = \$2.97 in April '24 dollars\*

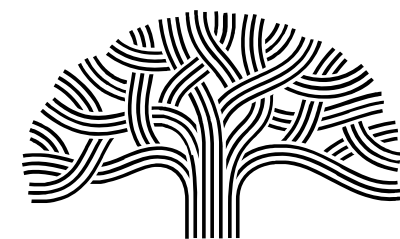
\*Source: Bureau of Labor Statistics



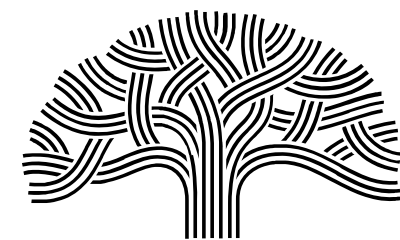
**CITY OF OAKLAND**

# An a l y s i s

- **Nearby cities charge higher meter rates than Oakland**
  - **Berkeley: up to \$4.00 per hour**
  - **San Francisco: up to \$10.00 per hour**
- **The cost of collecting coins still exceeds the revenue**
  - **The City spends \$2,942,000 annually to collect \$1,340,000 in coins**
  - **Increasing the hourly rate to \$3 would reduce annual net losses from coin collection from \$1,602,000 to \$932,000**



# Planning & Building Department Presentation



CITY OF  
**OAKLAND**



 MGT



# PLANNING AND BUILDING DEPARTMENT USER FEE STUDY

CITY OF OAKLAND, CA

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*JUNE 4, 2024*

# Project Background & Introduction

The City contracted with MGT to perform a PBD user fee study using fiscal year 2024 budgeted figures, staffing and operational information. The current fees listed in this study represent the fees being charged at the beginning of this study.

The department had not conducted a fee study since 2012-2013.

The study was performed under the general direction of the Assistant Director of Planning and Building and reviewed by the City Attorney's Office.

The goal for this study was to present a well-documented and defensible cost of service plan that would identify rates that would be used to recover billable costs for services and to develop user fees that comply with Proposition 26 and Proposition 218.



# Project Background & Introduction

## MGT Consulting Experience

MGT is a nationwide firm with over 800 employees dedicated to serving our government partners. One of MGT's specialties is user fee studies with over 15 consultants offering user fee services for government agencies across the country. MGT's roster is unmatched by any other firm offering user fee services.

Mr. Ruben Rivas conducted this study for the City of Oakland. He has conducted over 50 user fee studies in his 10 years as a user fee consultant. In the past two weeks we successfully implemented new fees for the City of San Diego and City of Corona. In the next couple of months, we will be implementing new fees for City of San Luis Obispo, City of Santa Cruz, Napa County, Howard County, MD, Fayetteville, AR, and Vancouver, WA.



# Project Background & Introduction

## Prop 26

**State Law** – In California, user fees are limited to the “estimated reasonable cost of providing a service” by Government Code section 66014(a) and other supplementary legislation. California voters approved Proposition 26 in November of 2010, which defined “taxes” as “any levy, charge, or exaction of any kind imposed by a local government” subject to seven exceptions. Most of the exceptions require that the City charge a fee which does not exceed the reasonable cost to the City to provide the service for which the fee is charged. Thus, if the fee exceeds the reasonable cost of service, it may be considered a “tax” which must be approved by the voters. We have calculated each fee to recover no more than the reasonable cost of each service so that none of the fee adjustments recommended herein will be considered taxes under Proposition 26. Additionally, it should be noted that some fees may be capped by state law and may not change, regardless of any cost analysis performed.



# Study Scope and Objectives

The study included a review of development related fee for service activities within the following areas:

- Building
- Planning
- Records Management and Technology Surcharge
- General Plan Maintenance Surcharge

Study Objectives:

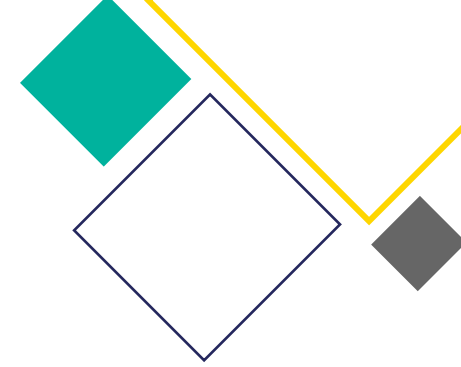
- Make the fee structure easier for all parties to understand.
- Define what it costs the City to provide the various fee-related services.
- Determine whether there are any services where a fee should be collected.
- Identify service areas where the City might adjust fees based on the full cost of services and other economic or policy considerations.
- Develop revenue projections based on recommended increases (or decreases) to fees.

The information summarized in this report addresses each of these objectives and provides the City with the tools necessary to make informed decisions about any proposed adjustments

# Project Approach and Methodology

1. Develop a singular hourly labor rate
2. Interviews to determine good faith estimated times
3. Identify fees to be added, restructured, or eliminated
4. Analyze permit volume
5. Analyze costs by type of construction
  - a. Streamline building construction permits fee structure
  - b. Construction permits restructured to reflect a single rate per \$1,000 of construction valuation for plan review and inspection for each construction category

# Project Approach and Methodology



## Project Methodology

The analysis to determine the cost of providing fee-for-service activities is comprised of two basic elements:

1. Hourly rate of staff providing the service
2. Time spent to provide the services

The product of the hourly rate calculation times the time spent yields the cost of providing the service.

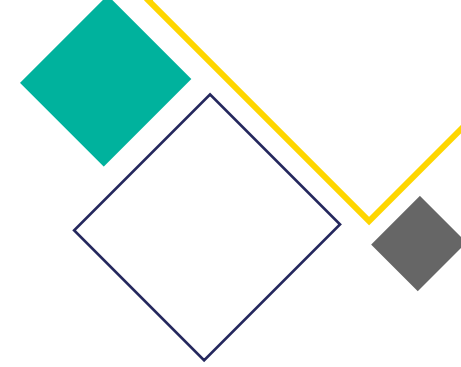
# Average Hourly Rate Calculation

Identify direct servicing positions and average direct hours available

- Direct service positions: 133
- Available Direct Hours: 1,574
- Total Annual Direct Hours: 209,342
- Total cost to be recovered (23/24 budgeted expenditures): \$54,600,809
- FY24 projected cost \$54,600,809 divided by the annual direct hours 209,342 equals **\$260.82 per hour**



# Average Hourly Rate Calculation



ANNUAL CHARGEABLE (DIRECT) HOURS CALCULATION	HOURS
<b>Total Hours per year</b> (1,950 hours x # of employees)	1,950
<b>Less Paid Holiday, Sick, Vacation</b>	
Less: Paid Leave - Holidays (11 days x 8 hours / day x # of employees)	88
Less: Floating Holiday (2 days x 8 hours / day x # of employees)	16
Less: Sick Leave (9 days x 8 hours x # of employees)	72
Less: Vacation (13 days x 8 hours x # of employees)	104
<b>Less: Training, Breaks, Meetings (12 Days)</b>	96
<b>Total Chargeable Hours</b> (Total hours recovered by activity rates - for PBD)	1,574

HOURLY RATE CALCULATION SUMMARY	
<b>Total costs to be recovered</b> 2023/24 Budgeted Expenditures	\$ 54,600,809
<b>Direct Staff FTE's (those not included in overhead)</b>	133.00
<b>Cost per direct staff:</b>	\$410,532
<b>Divided by workable hours / FTE</b> 1,574	<u>260.82</u>



# SUMMARY OF FINDINGS AND RECOMMENDATIONS

CITY OF OAKLAND, CA

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*JUNE 4, 2024*

# Study Findings – Financial Overview

The study’s primary objective is to provide the City’s decision-makers with the basic data needed to make informed pricing decisions. This report details the full cost of each service for which a fee is charged and presents proposed fees at 100% cost recovery levels. At 100% cost recovery, the fees would cover all labor and indirect costs associated with each service that PBD provides. Any reduction in the fee would not eliminate the cost to provide the service but would reduce the price to the consumer. The difference between the full cost recovery and any reduction in price would need to be covered through other funding sources.

The table below displays the costs and revenues for the City’s user fees:

USER FEE DEPARTMENT	CURRENT				RECOMMENDED			
	(A) FULL COST USER FEE SERVICES	(B) CURRENT REVENUE	(C) CURRENT SUBSIDY	(D) COST RECOVERY POLICY	(E) INCREASED REVENUE			
<b>BUILDING</b>	\$ 41,831,012	\$ 35,152,049	84%	\$ 6,678,963	16%	\$ 41,748,769	100%	\$ 6,596,720
<b>PLANNING</b>	\$ 4,233,268	\$ 2,542,185	60%	\$ 1,691,083	40%	\$ 4,233,268	100%	\$ 1,834,770
<b>TOTALS:</b>	\$ 46,064,280	\$ 37,694,234	82%	\$ 8,370,046	18%	\$ 45,982,037	100%	\$ 8,431,490

# Study Recommendations

The analysis results show that PBD is currently 82% cost recoverable based on current fee rate structure. To be cost recoverable, PBD needs to increase overall revenues by 18%.

- 18% is the high-level revenue increase necessary to accomplish 100% cost recovery. However, the percentages increase varies at the individual fee level. Some fees are going up by more than 18% others by less. There are also fees being reduced to only recover 100% of cost to ensure compliance with user fee state law

## The following represent additional recommendations:

- MGT recommends that the City continue to build on its investment for this cost-of-service analysis by continuing to analyze its fees and charges every three to five years whether this is done by staff or an outside consultants. If the department goes through a significant organizational change prior to the next fee study, it is recommended that the analysis be pushed forward to reflect the changes in the organization.
- To keep up with inflation, the City should continue its practice of increasing fees with a CPI factor in between fee studies.
- The City may want to consider setting a cost recovery policy for PBD.
- To better align all development related fees, the City should consider performing a fee study on other development related services not located in PBD. This may involve Fire, Transportation and other City departments.



# Additional Study Items

CITY OF OAKLAND, CA

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*JUNE 4, 2024*



# Stakeholder Outreach

MGT conducted two outreach sessions with external stakeholders at the beginning of the user fee study. The goal of each outreach was to obtain feedback from customers on the current fee schedule.

- **Development Services Advisory Group (DSAG) Virtual Meeting held on August 8, 2022**

The goal of this meeting was to obtain feedback from members of the DSAG group on the current fee schedule.

- **Qualtrics Online Survey**

The intent of the survey was to gather stakeholder feedback on the City's Planning and Building fees, to determine if there are areas where subsidies should be considered and if there is a need to restructure how fees are being charged.

- **Oakland Builders Alliance**

On November 9, 2023, the Oakland Builders Alliance hosted a special event with all the City of Oakland's permitting departments to learn about recent progress and ongoing efforts to improve customer experience as it relates to permitting.

- **Additional outreach was conducted through an equity impact study**

PBD partnered with MGT to study the impact fees can have on perpetuating racial inequities in the City of Oakland. The main goal of the study was to lay the foundation for future areas of focus that the department can explore to create more equitable processes, procedures, and service for residents.

# Peer Comparison Survey

The purpose of a peer comparison survey is to provide the City a sense of the local market pricing for services, and to use that information to gauge the impact of recommendations for fee adjustments.

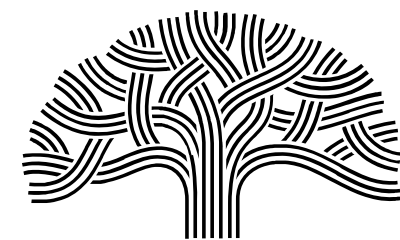
MGT worked with the City of Oakland's staff to identify the list of fees that would be part of the peer comparison survey. The following peer jurisdictions were included as part of the comparison survey for Building fees: City of Berkeley, Long Beach, Sacramento, San Francisco, San Leandro and San Jose and for Planning fees and the records maintenance and technology and general plan maintenance surcharge: City of Berkeley, Long Beach, Belmont and San Jose. The fee amounts were determined by the jurisdictions published fee schedules at the time of the survey.

Please keep in mind that comparison surveys don't always provide an "apples to apples" comparison of the fee. When comparing fees there are several key factors to keep in mind:

- When was the last time that agency updated their fees?
- We don't know if the agency has set their fees below full cost recovery.
- Salaries and benefits can vary from agency to agency and can impact the cost of services.

In general, a comparison survey paints only part of the picture and can only provide a high-level comparison.

# Questions



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