



Agenda Bill

City Council Regular Business Meeting - 02 Mar 2020

Department

Finance

Staff Contact

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Agenda Bill Title

FCS Group Fee Study for the Community Development, Parks, Recreation, and Cultural Services (PaRCS), and Public Works Departments

Summary

With the recognition of the City's fiscal challenges and with staff continuing to identify potential efficiencies, cost reductions, new or enhanced revenue options, this is an opportune time for the City to explore certain fee schedules. The proposal is to conduct a comprehensive study for development fees assessed by the Community Development and Public Works Departments and program and facility rental fees assessed by PaRCS. The study will identify development fees that potentially need to be adjusted to improve the level of cost recovery and evaluate cost recovery policies of comparative cities. For PaRCS, the study will evaluate existing fee policies and recommend revisions to balance revenue maximization, program affordability, and access. The FCS Group completed a cost of service study and fee policy analysis for PaRCS in 2009. A study of the current development fees has not been conducted to date. The proposed scope of services is attached for review.

Options

1. Direct the City Manager to enter into an agreement with FCS Group, for \$77,440 for the purpose of conducting a comprehensive cost of service study for fees assessed by the Community Development, Parks, Recreation, and Cultural Services (PaRCS), and Public Works Departments.
 2. Do not direct the City Manager to enter into contract with FCS Group.
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Administrative Recommendation

Direct the City Manager to enter into an agreement with FCS Group, for \$77,440 for the purpose of conducting a comprehensive cost of service study for fees assessed by the Community Development, Parks, Recreation, and Cultural Services (PaRCS), and Public Works Departments.

Suggested Motion

I move to direct the City Manager to enter into an agreement with FCS Group, for \$77,440 for the purpose of conducting a comprehensive cost of service study for fees assessed by the Community Development, Parks, Recreation, and Cultural Services (PaRCS), and Public Works Departments.

Fiscal Impact

The proposed budget for this study is an amount not to exceed \$77,440, including two additional council meetings if needed. Unspent funds allocated to professional services in 2019 will cover the cost in 2020 as a carryover.

Attachments

[Development and PaRCS Fee Study](#)

CITY OF BURIEN

DRAFT 2020 DEVELOPMENT AND PARCS FEE COST OF SERVICE STUDY

The City of Burien (City) is exploring a comprehensive cost of service study for development fees assessed by the Community Development Department and program and facility rental fees assessed by the Park, Recreation, and Cultural Services (PaRCS) Department. FCS GROUP completed a cost of service study and fee policy analysis for PaRCS fees in 2009. The City has requested a project approach for this study and FCS GROUP is pleased to submit this proposed scope of services and budget to complete the consulting services being requested. The proposed scope of services is based on discussions with Casey Stanley, Eric Christensen, Maiya Andrews, and Susan McClain.

Study Objectives

Development Fees

1. Conduct a cost of service study for the permit and plan review fee services provided by the City's Community Development Department (CDD), which include land use planning, building, public works, and fire fee services.
2. Identify the current cost recovery levels for the individual land use planning, building, public works, and fire fees.
3. Conduct a survey of fees and cost recovery policies of comparative cities.

PaRCS Program and Facility Rental Fees

1. Update the cost of service toolkit for PaRCS fees. As part of the update, the Excel-based toolkit will be modernized with a new dashboard and graph features to support financial and strategic decision analysis.
2. Conduct a demographic and affordability analysis of PaRCS participants and City residents.
3. Conduct a market study of similar fee services in neighboring jurisdictions (e.g., SeaTac, Tukwila, and White Center).
4. Evaluate existing fee policies and recommend revisions to balance revenue maximization, program affordability, and access.
5. Evaluate and recommend improvements to long-term bartering agreements between City and tenants.

Our study includes up to nine (9) staff meetings (three on-site and six remote); a detailed analysis of data to determine the cost of service for development and PaRCS fee services; one (1) on-site presentation of study results to City Council; and a detailed written report summarizing the study methodology, calculations, and assumptions. The proposed budget for this study is \$73,720 and the project would be completed by July 2020.

Task Plan

Task 1: Conduct kick-off meeting

A common understanding of the study's objectives and expectations is critical to a successful study process. At the beginning of the study, FCS GROUP will facilitate an on-site initial kick-off meeting with the City project team to introduce the project team members, discuss the study goals, methodology, scope, expectations, schedule, and any specific concerns and issues the City wishes to investigate further.

Prior to the kick-off meeting, we will coordinate with City staff to confirm the services and fees to be included in the fee study. We will also work with staff to:

- Identify any new services to be included in the study,
- Determine existing cost recovery goals for CDD and PaRCS fee services,
- Review data needs (e.g., staffing time records).

Task 2: Data collection and validation

Prior to the kick-off meeting, we will provide the City project team with an initial data request identifying financial performance data, historical permit volumes, PaRCS program participation levels, an inventory of recreation programs, rental facilities, and rental agreements; billing information for consulting services that support plan review and inspections, as well as staffing time data. Staffing time records play a critical role in fee studies and form the basis for determining the hourly rates for City staff to provide fee services. Additionally, labor costs typically comprise the largest share of costs to provide fee services. If staffing time records are unavailable or accurate data is limited, we will work with the City project team to develop time estimates using an Excel-based timesheet tool and follow-up interviews with City staff.

Data will be reviewed, analyzed, and validated for use in the technical analysis of the fee study. Follow up will occur with the City project team for additional items as needed.

Tasks 3 to 6 are specific to the development fee cost of service study

Task 3: Identify the cost of service for development fees

The fee study will provide the City with a comprehensive cost of service for land use planning, building, public works, and fire permit and plan review fee services. Two (2) on-site interview sessions with City staff are budgeted for this task.

As part of the analysis, costs will be itemized into direct, indirect, and overhead components to provide a transparent evaluation of the costs and cost drivers for each individual fee service as follows:

- Direct Service Costs – those costs that directly support a project, permit application, or specific activity and that are often tied to a specific fee.
- Indirect Service Costs – those costs that support direct services, such as customer service, employee training, and program administration.
- Overhead Costs – Department/City management and administrative costs that are allocated to the programs and related fees.

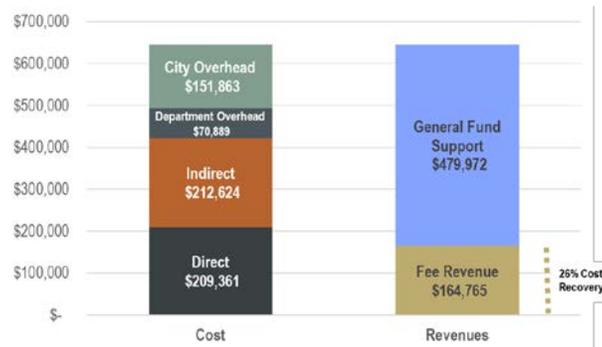
The technical analysis will also identify the cost of service for individual fee services (e.g., boundary line adjustment, building inspection). The study includes a series of interview sessions with City staff over a two-day period to discuss and estimate the amount of time required to process permits. Based on these interviews and the detailed time keeping data provided as part of Task 2, we will calculate a fully loaded hourly rate and apply the rate to the amount of time needed to process a permit to determine the cost of service. Based on direction from the City project team, the analysis will also

evaluate direct services provided by the Department for which no fee is assessed, such as comprehensive long-range planning.

Task 4: Compare the cost of service to existing fee revenue

Once the cost of service analysis is completed, a cost recovery analysis will be performed by comparing the costs to provide each service with either the budgeted or actual revenues supporting the service. The figure below provides an example of the cost recovery summary for a land use planning division.

Figure 1: Cost Recovery Summary (Example)



The cost of service for individual fee services will also be compared to the current fees charged. The results of the cost recovery analysis can help the Department identify the fees that need to be adjusted to improve the level of cost recovery. The results can also identify fees that may require additional evaluation. We will also evaluate the fee structure for the public works fees and, if needed, recommend improvements to align the fee structure with how costs are incurred by the City for these services.

Task 5: Survey of fees and cost recovery policies

FCS GROUP will prepare a survey of fee services from five (5) neighboring and comparable jurisdictions to provide the City with a benchmark for potential fee adjustments. FCS GROUP will work with the City project team to identify up to twenty (20) fee services to include in the fee survey. The survey will also identify and summarize cost recovery policies from five (5) neighboring cities. Because some cities do not have formal cost recovery policies related to development services, it is likely that some of the cities in the fee survey will not be included in the survey of cost recovery policies.

Task 6: Financial Forecast Toolkit

FCS GROUP will prepare a financial forecast toolkit to assist the Department to proactively plan and manage the financial sustainability of development services and related financial reserve policies. The Excel-based toolkit forecasts annual program fee revenues based on anticipated permit volumes and existing fee levels. Annual expenditures are forecasted based on anticipated personnel and non-personnel inflation estimates, staffing additions, program revisions, and financial reserve policies. Fee revenues at existing levels are then compared to program expenditures to identify annual adjustments to fees.

Tasks 7 to 10 are specific to the PaRCS cost of service study

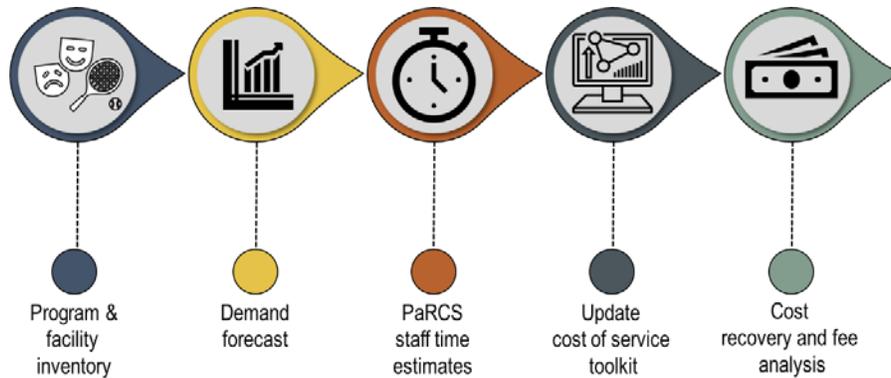
Task 7: Update PaRCS Cost of Service Toolkit

The financial toolkit establishes the analytical framework for the PaRCS fee study. As part of this task, we will work with the City project team to understand how the original toolkit has been used and identify improved features and tools that would optimize usability. An example of an updated feature that we can include is a financial dashboard that would allow City staff to measure the impact

of changes to assumptions (e.g., participation, capital investment, fee discount policy) on program fee revenues.

The cost of service analysis allocates PaRCS fee revenues and expenses to the recreation programs and facilities. The analysis provides context for setting fees and allows the City to understand the financial impacts of setting fees below, at, or above the cost of service. Staffing expenses are allocated based on time estimates provided by staff. Other expenses such as instructor costs, facility maintenance, and supplies are directly assigned to programs. Two (2) two-hour remote meetings are budgeted for this task.

The following graphic illustrates the key steps in the process for updating the cost of service analysis.



The results of the cost of service analysis can also be integrated into the City’s General Fund Financial Forecast toolkit to estimate future fee revenues and program expenses. This feature would assist the City to determine the impact to PaRCS revenues from changes to program fees and participation.

Task 8: Demographic and Affordability Analysis

To assist the City identify demand and service levels for PaRCS programs throughout the City, FCS GROUP will gather and analyze customer and demographic data from several sources identified by PaRCS staff. The analysis may include a time series of analysis of metrics such as population and households, age cohorts, family size, race, income, and measures of economically distressed population groups.

Task 9: Comparative Fee Survey

A survey of recreation fee services from five (5) neighboring and comparable jurisdictions will be developed to provide the City with a benchmark of fees. FCS GROUP will work with the City project team to identify up to ten (10) fee services to include in the survey.

Task 10: Evaluate Existing Cost Recovery Policies

The previous two tasks will provide useful criteria by which to gauge the effectiveness of the City’s existing cost recovery policies. Understanding the costs to provide PaRCS services (Task 7), the relative affordability of these services for specific population groups (Task 8), and comparable fees in other cities (Task 9) can help the City establish strategic cost recovery targets. FCS GROUP will provide a matrix comparing each facility/program fee with the cost of service and the range of fees from comparable jurisdictions. Additionally, the matrix will include an estimate of the percentage of program participants that meet key affordability and demographic criteria.

Task 11: Review results with the City project team

Once we have completed the cost of service and cost recovery analyses, we will review the preliminary results with the City project team. The proposed scope includes four (4) remote video conference meetings to discuss the results, answer any questions about the methodology, and identify

the cost recovery levels. If necessary, we will suggest changes to existing city policies that would be required to implement recommendations from this study.

Task 12: Documentation and Presentations

FCS GROUP will prepare and submit study deliverables, including:

- A draft report for review and comment. The report will detail the assumptions, methodology, results, and recommendations of the fee study.
- Documentation and recommendations for improvements to existing PaRCS bartering agreements for rental space.
- Electronic copy of final report.
- A Power Point presentation to review the study methodology and results with City Council at one (1) on-site work session.

Task 13: Project Administration

This task includes the various administrative efforts that will take place during the study such as administrative support and the development of monthly progress reports and billings. Other project administration costs are also associated with the following:

- Providing monthly progress reports to allow for regular tracking of project deliverables to budget allowing for budget issues to be identified and resolved early,
- Providing summaries or e-mails outlining follow up items, assigned tasks, and schedule milestones,
- Preparing a monthly invoice with a progress report on the activities performed during the billing period.

Budget Estimate

The following table summarizes our estimated cost to perform the task plan. The cost of completing the project tasks is an amount not to exceed \$73,520, which includes an on-site work session with City Council. We invite the opportunity to negotiate the appropriate level of effort for this project if we have scaled our approach out-of-line with the City’s needs and expectations.

Task Detail	Sanchez						Total Hours	Budget Estimate	
	Virnoche Principal	Hobson Manager	Wood Consultant	Wilson Tech Advisor	Analyst	Admin Support			
<i>Hourly Billing Rates</i>									
	\$270	\$175	\$165	\$205	\$135	\$85			
Task Plan									
Task 1	Conduct kick-off meeting	0	6	0	0	6	0	12	\$1,860
Task 2	Data collection and validation	0	16	0	0	48	0	64	\$9,280
Development Fee Tasks (3 to 6)									
Task 3	Identify the cost of service for development fees								
	Planning	0	12	0	0	24	0	36	\$5,340
	Building	0	12	0	0	24	0	36	\$5,340
	Public Works	0	2	0	0	6	0	8	\$1,160
	Fire	0	2	0	0	6	0	8	\$1,160
Task 4	Compare cost of service to existing fee revenue	2	10	0	0	20	0	32	\$4,990
Task 5	Survey of fees and cost recovery policies	0	2	0	0	8	0	10	\$1,430
Task 6	Financial forecast toolkit	0	8	0	0	22	0	30	\$4,370
PaRCS Fee Tasks (7 to 10)									
Task 7	Update PaRCS cost of service toolkit	0	20	0	0	40	0	60	\$8,900
Task 8	Demographic and affordability analysis	0	8	32	0	0	0	40	\$6,680
Task 9	Comparative fee survey	0	2	0	0	6	0	8	\$1,160
Task 10	Evaluate existing cost recovery policies	1	4	0	0	8	0	13	\$2,050
Task 11	Review results with the City project team	2	10	0	0	12	0	24	\$3,910
Task 12	Documentation and presentations	4	24	0	16	40	0	84	\$13,960
Task 13	Project administration	1	6	0	0	2	4	13	\$1,930
Total Tasks		10	144	32	16	272	4	478	\$73,520
Expenses									\$200
Total Budget Estimate									\$73,720

Optional Tasks									
	Each additional meeting to present study results	0	6	0	0	6	0	12	\$1,860

Project Schedule

The study will be completed over an approximate six-month period starting February 2020 and would conclude by July 2020. Completion of the analysis is dependent on timely coordination between FCS GROUP and the City project team for receipt of requested data/information, quality of data, and City staff availability for interviews and review meetings. A final study schedule will be developed in collaboration with the City project team as part of the initial kick-off meeting.