



**STAFF REPORT**  
**3/27/2024**

**TO:** Honorable Mayor and City Council Members

**FROM:** Ruben Ramirez, Controller

**SUBJECT:** Authorize the City Manager to execute a contract to Conduct a Comprehensive User Fee Study and Cost Allocation Plan and appropriate \$38,210 from General Fund Unreserved fund balance.

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**STAFF RECOMMENDATION:**

Authorize the City Manager to execute a contract to Conduct a Comprehensive User Fee Study and Cost Allocation Plan with Willdan Financial Services in the amount of \$38,210

**BACKGROUND:**

The City of Coachella continues to experience operational changes that generate a variety of challenges. These challenges include: the adequate provision of facilities and services; managing growth and development in progressive ways; and ensuring that revenues sources keep up with new demands for services. In order to ensure that revenues sources keep up with service demands it is necessary to periodically complete a comprehensive cost allocation program and to up-date the calculation for establishing a user fee and rate schedule. The last time the City completed these studies was in 2010 and the method of cost allocation and most of the amount of user fees charged have remained constant ever since.

**DISCUSSION/ANALYSIS:**

Willdan Financial Services has submitted a proposal that will provide a Comprehensive User Fee Study and Cost Allocation Plan that will enhance fiscal sustainability and equitable distribution of financial resources within the community, align fees and charges with the cost of providing the services, while promoting transparency, fairness, and responsible financial management.

***Key City issues and objectives that are addressed within the scope of services include the following:***

- Meeting with City Staff to review existing fee schedules, conduct interviews and gather information necessary to understand the processes, operations, structure and staffing necessary for the City to provide services for which fees are charged;

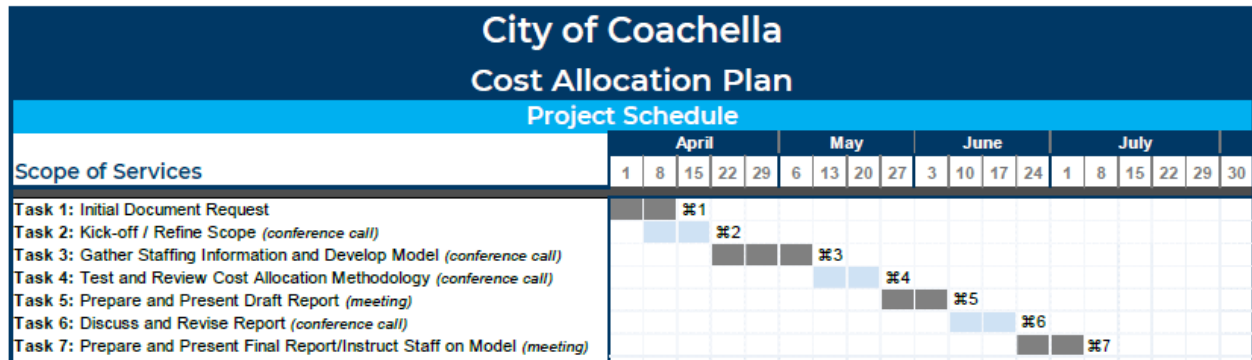
- Conducting analysis that clearly identifies the full (100%) cost of providing services for which fees are charged, and ensuring that there is a reasonable relationship between these costs, the services being provided, and the recipients of these services – all to support compliance with Prop 26 and Prop 218;
- Developing a well-documented Cost Allocation Plan for both full and OMB compliant purposes, which is flexible and able to accommodate changes in City structure, staffing and processes going forward, and which allows for inflation adjustments;
- Comparing costs of providing services with current cost recovery levels and evaluating and adjusting fees and charges to ensure they align with the cost of the services being provided by the City;
- Identifying and evaluating opportunities to develop and implement fees for services being provided for which fees don't currently exist;
- Identifying the amount of revenue being recovered based on current fee levels and activity levels, and projecting future estimates so that recommended fees recover appropriate amounts of revenue;
- Working with City Staff to develop meaningful recommendations for fee setting and subsidies where charging fees that represent full cost recovery may not be reasonable for policy or political reasons;
- Providing meaningful 'apples to apples' comparisons of key fees charged by the City of Coachella to other similar, and/or nearby cities chosen in discussions between Willdan and City Staff. The comparisons will involve applicable fees for sample representative projects which the City could anticipate encountering;
- Providing the City with models that incorporate data and information used in developing updated fees, and allows for updates for CPI, new added personnel, updated time estimates and volumes, or other factors as necessary; and
- Preparing a report that clearly identifies services for which fees are charged, the cost of those services, current and recommended cost recovery levels, and fee amounts, and presenting the results in a way that is readily understood by decision makers.

The end products will include user-friendly Excel-based models, which City staff will retain, and which can be easily updated to add or remove services and/or costs, update budgets in future years, determine the proper allocation of expenditures, and on-going full cost of services provided by the

City. Most importantly, we will ensure that the results and recommendations are clear and understandable, defensible, and easily implementable.

## Project Schedules

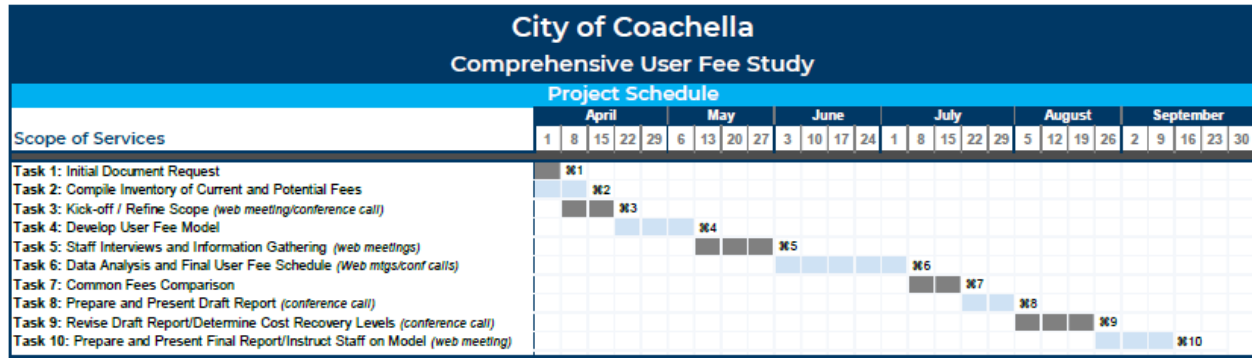
### Cost Allocation Plan



**Deliverables:**

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|--|---|
| ☞1: Information Request                            | ☞5: Draft Report                              |
| ☞2: Revised Project Scope and Schedule (if needed) | ☞6: Revised Draft Report/Final Report         |
| ☞3: User-friendly Model in Microsoft Excel         | ☞7: Final Report – Hard and Electronic Copies |
| ☞4: Draft Cost Allocation Plan Model Review        |   |

### Comprehensive User Fee Study



**Deliverables:**

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|--|--|
| ☞1: Information Request                            | ☞6: Draft Fee and Rate Model Review            |
| ☞2: Draft List of Current Fees                     | ☞7: Common Fee Comparison                      |
| ☞3: Revised Project Scope and Schedule (if needed) | ☞8: Draft Report                               |
| ☞4: User-friendly Model in Microsoft Excel         | ☞9: Revised Draft Report/Final Report          |
| ☞5: Time Surveys and Draft Full Cost Recovery Fees | ☞10: Final Report – Hard and Electronic Copies |

**ALTERNATIVES:**

1. Authorize the User Fee Study and Cost Allocation Plan to update the current User Fee and Cost allocation.

2. Do not authorize the User Fee Study and Cost Allocation Plan and keep using the current User fee and Cost Allocation. This decision will have a negative impact in the revenues collected to recover the cost of the City of Coachella to provide services resulting in a loss for the City and using other revenues to complement the cost of services provided.

**FISCAL IMPACT:**

The User Fee Study and Cost Allocation Plan is not included in the approved budget 2023-24 and it will need funding from the General Fund unassigned fund balance (101) in the amount of \$38,210 to increase the budget in account E - 101-11-160-10-334-000.

Attachment 1:

Willdan Financial Services Proposal