



CITY OF
FOLSOM
DISTINCTIVE BY NATURE



POLICE SERVICES USER FEE STUDY

April 2025



GOVERNMENT CONSULTING PARTNERS, INC.

TABLE OF CONTENTS

<u>REPORT SECTION</u>	<u>PAGE</u>
Background	1
Study Methodology	3
Fully Burdened Hourly Rates	3
Time Requirement Interviews	4
Per-unit Case Study Analysis	4
Projecting Annual Costs and Revenue	5
Fiscal Impact: Cost vs Revenue Matchup	6
 <u>APPENDIX:</u>	
1. Police Fee Analysis and Recommendations	7

Government Consulting Partners, Inc (GCP) is a Sacramento-based consulting firm specializing in cost and revenue studies for state and local government.

Background

The City of Folsom engaged GCP to conduct a comprehensive analysis of the City's Police-related user fees. A majority Police services are not fee-related and are funded with general tax dollars. However, the department does provide special services which benefit private individuals or businesses and where a user fee charge is appropriate. Police user fees were last reviewed comprehensively in 2005. Since that time minor adjustments have taken place, including adjusting fees annually for inflation.

The Government Finance Officers Association (GFOA) recommends that cities periodically study their fee schedules to ensure profits are not being generated and costs are recovered at levels reflective of Council's policies and values. As more fiscal limitations are imposed on local government, user fees have become an important source of revenue. A user fee is a payment made by an individual for a service that primarily benefits the individual. Public agencies can impose a user fee for a service when 1) the individual's decision to use the service is voluntary, and 2) the fee charged to an individual user is reasonably related to the level of service rendered and the cost of providing that service.

User fees in California are required to conform to the statutory requirements of the California Constitution, Proposition 218 and the California Code of Regulations, including Government Code 66000 et seq. By law, user fees may not exceed the estimated reasonable cost of providing the services for which they were levied, unless approved by a two-thirds vote of the electorate.

This report presents GCP's comprehensive review of Folsom's Police Department user fees with the goal of aligning fees with current fiscal policy and Council priorities.

The City's scope for this project includes the following components:

1. Calculate the full cost of each Police fee service in accordance with the legal requirements of Proposition 218 and California Government Code 66000 et seq.
2. Ensure proposed fees are reasonable, fair and equitable in nature.
3. Ensure specific state and federal fee limitations are observed.
4. Prepare a schedule of fully-burdened hourly rates (FBHR's) for use in hourly billings.
5. Report on other matters identified throughout the study.
6. Provide the City with an Excel-based updatable fee model.

Folsom Police Department's Fee Schedule Priorities

GCP initially met with Folsom Police staff to better understand the Department's and the City's priorities for the fee schedule. The following priorities were established from this process:

- Accurately reflects and recovers the City's cost of providing services, where feasible;
- Streamlines the manner in which fees for permits and data requests are calculated and assessed to the public.
- Is easily updated for future costs and other changes.

Existing Council Policy on User Fees

In addition to the priorities spelled out in the City's RFP, GCP also referred to the City's policy direction on user fees general. The following excerpt is from the Finance Department's *Fees and Purchasing* webpage.

CITY USER FEES

The city collects user fees for a variety of services provided to its constituents. Charges or fees are imposed on the user for a specific service rendered based on the rationale that the benefiting party should bear the cost of the service rather than the general public.

This statement encapsulates a growing trend among City management...that subsidy provided to the public should be scrutinized and eliminated unless it furthers an established City priority. That there should be a transparent logical framework for deciding which fees receive subsidy. In adherence with established City policy, proposed fees have been set at 100% cost recovery levels, with the exception of fees with specific State imposed limits.

The overall goal of this report is to provide the study's findings in a relevant yet concise format that allows City decision-makers to make informed user fee pricing decisions.

STUDY METHODOLOGY

GCP uses a per-unit or case study methodology of analysis whereby one individual unit of service is analyzed in detail and the results extrapolated for a year's worth of activity. This is the prevalent method of analyzing user fee schedules throughout California because it ensures that one fee or group of fees doesn't subsidize another group. To calculate the estimated reasonable cost of providing each Police fee-related service, GCP requested staffing reports, departmental budgets and internal overhead documents.

A description of the various cost elements incorporated into GCP's user fee calculations is provided below. Incorporating all of these cost elements ensures that the full business-cost of providing each service is identified.

Cost Element	Description
Direct Labor Costs	Salary and benefit costs of staff directly involved with service provision. Direct contractor costs.
Direct Materials Costs	Material costs that benefit a particular fee service. Example: public noticing costs for planning entitlements.
Department/Division Indirect Costs	Administrative staff (managers, clerical, analysts) within a department/division and line-item expenditures not specific to one fee service.
Citywide Overhead	Central support department budgets (HR, Attorney, Finance, etc.) are divided by direct public-facing City budgets. The resulting 10.8% markup is added to direct-labor costs.

Fully Burdened Hourly Rates

GCP's methodology recasted the above cost elements into Fully burdened hourly rates (FBHR's) that were then applied to staff time using a simple three-step process:

1. Establish cost pools representing staff providing services.

LABOR	BUDGETED POSITIONS	SALARY & BENEFITS	Police Officer	Police Sergeant	Records Tech
	Police Officer	\$207,912	207,912		
	Police Sergeant	248,617		248,617	
	Police Records Technician	116,992			116,992
	Police Sr Records Technician	231,376			
	Police Records Supervisor	376,089			
	Dispatcher II	175,810			
	Communications Supervisor	202,912			
	Admin Division Staff	1,200,000			
	Other Police Staff	22,986,578			
	SUBTOTAL LABOR	\$25,746,286	\$207,912	\$248,617	\$116,992
	RE-ALLOCATION OF ADMIN STAFF		\$ 10,164	\$ 12,154	\$ 5,719
	COST-POOL TOTAL: LABOR		\$218,076	\$260,771	\$122,711

2. Determine the average annual work hours for City staff. GCP worked with Police staff to identify average compensated absence hours and the resulting standard annual productive hours per employee.

STUDY METHODOLOGY

STANDARD ANNUAL AVAILABLE HOURS CALCS	Weeks per year	52	
	Work hours per week	40	
		2,080	
	LESS:		
	Holiday	80	
	Sick	96	
	Vacation	112	
	Misc		
	TOTAL	288	-288
	STANDARD PRODUCTIVE HOURS PER FTE		1,792

3. Divide the full cost of each staff position cost pool by standard productive work hours.

FULLY BURDENED HOURLY RATE	Police Officer	Police Sergeant	Records Tech	Corporal	Lieutenant	Dispatcher II	Disp. Supervisor	Patrol Vehicle
	\$266,323	\$318,463	\$149,860	\$296,379	\$481,747	\$225,202	\$259,318	\$50,000
	1,792	1,792	1,881	1,792	1,792	1,722	1,672	2,080
FB HR	\$149	\$178	\$80	\$165	\$263	\$131	\$155	\$24
FB Min	\$2.48	\$2.36	\$1.33	\$2.76	\$4.48	\$2.18	\$2.53	\$0.40

Time requirement interviews

Once all fee structure decisions were finalized, GCP and the City's subject matter experts undertook the next phase of the project: developing reasonable time estimates for each proposed fee category.

California law states that user fees must not exceed the estimated reasonable cost of providing a particular service. For example, to ensure legal defensibility, proposed fees must not exceed the average time required for Police staff to issue permits or process records requests.

Per-Unit Case Study Analysis

GCP conducted a series of focus meetings with subject matter experts to identify the tasks necessary to perform each permit and application, and the associated time requirements broken-down by task. A sample of final time-requirement data is provided below.

Fee Category	TASK	Police Officer		Records Tech		Dispatcher II	
		Min.	Cost	Min	Cost	Min	Cost
Vehicle Release		50	\$124	30	\$40	20	\$44
	Officer calls/waits for tow	30		10			
	Dispatch runs the plate					5	
	Dispatch calls Tow company					5	
	Inventory search & records	10					
	Double check registered owner/s					10	
	Check that dispatch entered vehicle into SVS stored vehicle system			10			
	at DMV						
	Records staff enters into system			10			
	Officer signs off form	10					

STUDY METHODOLOGY

After several rounds of reasonableness checks and revisions, GCP entered final time figures into the fee model along with associated cost data. The table below illustrates several examples of reasonableness-checks.

These checks were used to focus GCP and staff’s internal quality control reviews on anomalous or outlier fees.

REASONABLENESS CHECKS
- Compare the cost of one service against others
- Percentage increase from existing fee
- Percentage of staff positions devoted to fees
- Comparison to other fees charged in the region

Projecting Annual Cost and Revenue Information

In addition to 100% full cost calculations, GCP projected annual revenue for each fee-service based on demand estimates. Demand estimates were based on the set of assumptions in the table to the right.

Demand figures were adjusted in several cases to approximate actual 2024/25 revenue figures.

ANNUAL DEMAND FOR SERVICES
FY 2024 demand is the best predictor of short-term demand for each service.
Estimates are used for new or restructured fee categories.

FISCAL IMPACT: COST VS REVENUE MATCHUP

In collaboration with Police Department staff, GCP developed cost and revenue projections for each existing and proposed service studied. Costs and revenues were projected by extrapolating individual per-unit results for an entire year of demand/activity. **Table 1** summarizes the fiscal impact of our analysis and our recommended adjustments.

Table 1: Fiscal Impact of Proposed Fee Adjustments

FEE AREA	COST OF FEE RELATED SERVICES	CURRENT USER FEE REVENUE ¹	COST RECOVERY RATE	GENERAL FUND SUBSIDY	PROJECTED REVENUE FROM PROPOSED FEES	COST RECOVERY RATE AT PROPOSED FEES	PROJECTED REVENUE INCREASE
Alarm-related Fees	\$107,225	\$44,370	41%	\$62,855	\$65,675	61%	\$21,305
Records/Data Requests	\$27,580	\$3,000	11%	\$24,580	\$26,699	97%	\$23,699
Hourly Officer Charges	\$74,547	\$68,170	91%	\$6,377	\$74,547	100%	\$6,377
General Fees	\$34,252	\$28,542	83%	\$5,710	\$32,100	94%	\$3,558
TOTAL	\$243,604	\$144,082	59%	\$99,522	\$199,021	82%	\$54,939

The table above presents the Police Department’s fee services organized into four major sections: Alarm permits and response fees, requests of records or media, hourly charges for DUI response and other cost-recovery purposes, and general fees.

Projected revenue from fee services under review totaled \$144,082 in Fiscal Year 2024/25. The fully burdened cost to perform these services is \$243,604 creating a \$99,522 General Fund subsidy. If all proposed fee adjustments are adopted, the City should anticipate a revenue increase of \$54,939 in annual fee revenue.

The proposed fee schedule adds new fee categories, eliminates others and modifies certain categories to better reflect Council’s priorities for the Police fee schedule.

CITY OF FOLSOM POLICE DEPARTMENT							ANNUALIZED PROJECTIONS					
		PER UNIT ANALYSIS										Notes
Fee Code	Fee Category	# PER YEAR	Current Fee	Cost Per Unit	Cost Recovery	Proposed Fee	Current Fee Revenue	Annual Cost	Subsidy/ Surplus	Proposed Revenue	Revenue Increase/ Decrease	
1	P-3 Alarm Permit		\$47	\$0	100%	\$47 flat	\$0	\$0	\$0	\$0	\$0	
2	P-3b Alarm Permit (Renewal - Commercial)	240	\$18	\$24	100%	\$20 flat	\$4,320	\$5,706	\$1,386	\$4,800	\$480	
3	P-4 False Alarm (2nd false alarm)	300	\$0	\$153	100%	\$0 flat	\$0	\$45,798	\$45,798	\$0	\$0	2nd false alarm fee is allowed by City code, but not enforced
4	P-4b False Alarm (3rd false alarm)	120	\$101	\$153	100%	\$150 flat	\$12,120	\$18,319	\$6,199	\$18,000	\$5,880	Proposed false alarm fees escalate as a deterrent as per the industry best practice
5	P-4c False Alarm (4th false alarm)	245	\$114	\$153	100%	\$175 flat	\$27,930	\$37,402	\$9,472	\$42,875	\$14,945	
6	P-4d False Alarm (5th false alarm)		\$174	\$153	100%	\$200 flat	\$0	\$0	\$0	\$0	\$0	
7	new Alarm Permit: Late Filing Fee			\$24	100%	\$20 flat	n/a	n/a	n/a	n/a	n/a	
8	new Fee waiver request of false alarm fee			\$13	100%	\$10 flat	\$0	\$0	\$0	\$0	\$0	
9	new Alarm Permit: Failure to Register	31		\$24	100%	\$20 flat	n/a	n/a	n/a	n/a	n/a	Folsom recovers these via False alarm fee.
Subtotal Alarm-Related Fees							\$44,370	\$107,225	\$62,855	\$65,675	\$21,305	
10	P-18 Police Report Copy	600	\$5	\$27	100%	\$25 flat	\$3,000	\$15,934	\$12,934	\$15,000	\$12,000	
11	new Digital Media Storage	145		\$12	100%	\$12 flat	\$0	\$1,688	\$1,688	\$1,740	\$1,740	
12	new Audio/Video/Media reprod. (per 15 minutes)	500		\$20	100%	\$20 15 min	\$0	\$9,959	\$9,959	\$9,959	\$9,959	
Subtotal Records/Data Requests							\$3,000	\$27,580	\$24,580	\$26,699	\$23,699	
13	DUI Cost Recovery		Hourly	Hourly	100%	Hourly Rates	n/a	n/a	n/a	n/a	n/a	Not on City's fee schedule
14	Law Enforcement Svcs: Officer (per hour)	428	\$135	\$149	100%	\$149 per hr	\$57,729	\$63,608	\$5,880	\$63,608	\$5,880	
15	Law Enforcement Svcs: Corporal (per hour)	36	\$155	\$165	100%	\$165 per hr	\$5,564	\$5,954	\$390	\$5,954	\$390	
16	Law Enforcement Svcs: Sergeant (per hour)	22	\$178	\$178	100%	\$178 per hr	\$3,917	\$3,910	(\$8)	\$3,910	(\$8)	
17	Law Enforcement Svcs: Lieutenant (per hour)	4	\$240	\$269	100%	\$269 per hr	\$960	\$1,075	\$115	\$1,075	\$115	
Subtotal Hourly Staff Charges							\$68,170	\$74,547	\$6,377	\$74,547	\$6,377	
18	P-1 Vehicle Release	126	\$183	\$207	100%	\$200 flat	\$23,058	\$26,117	\$3,059	\$25,200	\$2,142	
19	P-2 Livescan	60	\$27	\$60	100%	\$50 flat	\$1,620	\$3,593	\$1,973	\$3,000	\$1,380	includes \$32 DOJ fee
20	P-6 Repossessions	57	\$15	\$16	100%	\$15 flat	\$855	\$908	\$53	\$855	\$0	Limited to \$15 by Cal Government Code 41612
21	P-7 VIN Verification	6	\$46	\$73	100%	\$70 flat	\$276	\$435	\$159	\$420	\$144	Make non-refundable?
22	P-8 Clearance Letter	33	\$41	\$40	100%	\$25 flat	\$1,353	\$1,315	(\$38)	\$825	(\$528)	Limited to \$25 per Penal Code 13322
23	P-9 Vehicle Sign-off	30	\$46	\$63	100%	\$60 flat	\$1,380	\$1,885	\$505	\$1,800	\$420	
24	P-15 Adult Businesses		\$149	\$361	100%	\$360 flat	\$0	\$0	\$0	\$0	\$0	
25	Subpoena Duces Tecum		\$15	\$15	100%	\$15 flat	\$0	\$0	\$0	\$0	\$0	Not on City's fee schedule. \$15 State limit.
26	Civil Subpoena		\$275	\$275	100%	\$275 flat	\$0	\$0	\$0	\$0	\$0	Not on City's fee schedule. \$275 State limit.
27	new Factual Innocence Petition			\$103	100%	\$100 flat	\$0	\$0	\$0	\$0	\$0	Set at Sacramento's Fee of \$103. Refunded if found innocent
28	P-10 Firearms Permit (CCW)		\$492	n/a	100%	Remove	n/a	n/a	n/a	n/a	n/a	Done by Sheriff. Remove from fee schedule.
29	P-17 HS-11590 Registration		\$27	n/a	100%	Remove	n/a	n/a	n/a	n/a	n/a	Remove from fee schedule. Obsolete.
Subtotal General Police Fees							\$28,542	\$34,252	\$5,710	\$32,100	\$3,558	
Grand Total Police Services							\$144,082	\$243,606	\$99,524	\$199,021	\$54,939	