



# City Fees Cost of Services

2017 City Fees Workshop

April 6, 2017

# Primary Goals of Fees

- Identify the costs and subsidy levels for City Services
- City knowingly subsidizes some of these services (law enforcement, for example)
- Some services provide benefit to individuals or groups using specific services
- City Commission decides how much of the cost is borne by the individual user of the service and how much is subsidized by general taxpayers through property tax levies

# Primary Goals of Fees

- ☐ **Revenues from fees are an appropriate means of achieving revenue enhancement**
- ☐ **Providing certain public services at cost can have numerous benefits to the City and its citizens:**
  - All service users, including those exempt from property taxes, pay fees.
  - Non-residents, reducing the burden on City residents, pay fees.
  - Fees create a “rationing” of services and allow for the measurement of demand.
- ☐ **Allows for the shift from dependence on property and sales taxes for financing local services.**



# Principles Regarding Fees

- Categorizing services provided based on degree of community benefit received

Services that Provide General "Global" Benefit	Services that Provide Both "Global" Benefit and also a Specific Group or Individual Benefit	Services that Provide a Primary Benefit to an Individual or Group, with less "Global" Community Benefit
• Police Patrol	• Recreation/ Community Services	• Building Permits
• Park Maintenance	• Youth Sports/ Family Activities	• Planning & Zoning Approval
		• Site Plan Review
		• Engineering Development Review

# Concepts Regarding Fees

- ❑ **Commonly accepted that fees are established at a level that will recover up to, and not more than, the cost of providing services.**

- ❑ **Cost Recovery**

Level of cost recovery is based on different service levels provided throughout the community.

- ❑ **Fee Revenue is used to pay for operating expenditures within the specific fund**

Business Tax Receipts is collected specifically for Economic Development operating costs

Building permits are restricted to the Building department to provide inspection services and other related operating costs

# Conclusion

## **Motivation behind a cost of services/fee is for the City to:**

- Maintain services at a level both accepted and effective for the community
- Decrease the amount of general tax subsidization in areas where the individual user of services should pay greater proportion of full cost
- Maintain control over the policy and management of these services