

Memorandum



Date October 4, 2013

To Honorable Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Jennifer Staubach Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

Subject Fee Study Results- Code Compliance Department

On Monday, October 7, 2013, the Budget, Finance & Audit Committee will be briefed on the Department of Code Compliance Services Fee Study Results. The briefing materials are attached for your review.

Please contact me if you have questions or need additional information.

for 
Charles M. Cato
Interim Assistant City Manager

Attachment

c: Honorable Mayor and Members of the City Council
 A.C. Gonzalez, Interim City Manager
 Warren M. S. Ernst, City Attorney
 Judge Daniel F. Solis, Administrative Judge
 Rosa A. Rios, City Secretary
 Craig D. Kinton, City Auditor
 Ryan S. Evans, Interim First Assistant City Manager
 Jill A. Jordan, P. E., Assistant City Manager
 Forest E. Turner, Assistant City Manager
 Joey Zapata, Assistant City Manager
 Theresa O'Donnell, Interim Assistant City Manager
 Frank Libro, Public Information Office
 James Martin, Director, Code Compliance Services
 Elsa Cantu, Assistant to the City Manager

Fee Study Results

Code Compliance Department

Briefing to the Budget, Finance &
Audit Committee

October 7, 2013



Purpose

- Overview of fee study
- Review Food Protection & Education services and proposed fees
- Next steps

Overview of Fee Study

- The City's Financial Management Performance Criteria (FMPC) requires fees and charges be reviewed every four years to determine the extent of cost recovery
- The review of fees and charges (fee study) has been conducted by an outside consultant
 - The City's current consultant is MGT of America, Inc.
 - The Office of Financial Services coordinates the fee study as the lead department
 - The service delivery department provides all data and confirms consultant's findings

Overview of Fee Study

- The primary goal of the fee study is to define what it costs the City to provide various fee-related services and make recommendations for the appropriate cost recovery

Overview of Fee Study

- Detailed analysis prepared to determine per unit cost for each service, including:
 - Hourly rates of staff providing the service
 - Staff time spent to provide each service
 - Other services/supplies/materials used to provide the service
 - Allocated department and citywide indirect cost (internal services that benefit the service delivery department but are not directly billed such as attorney's time and building usage)

Overview of Fee Study

- Generally, fees should be adequate to recover the full cost associated with providing a service; however, there are exceptions such as:
 - Rates that are set by state law
 - Rates that are market driven since the services are optional such as golf green fees, room rentals, and cost-plus garbage pick-up

Food Protection & Education

- Services provided
 - Inspections at fixed, temporary and mobile food establishments twice a year
 - Food borne illness investigation/food sample collection analysis
 - Enforce City Ordinances/State Laws that relate to the sale and service of food and beverages

Food Protection & Education

- Services provided
 - Emergency response – manmade/natural disasters
 - Consumer complaints
 - Food safety training & education
 - Food service manager certification program

Food Protection & Education

- Services provided by other entities
 - The State, County and Federal governments play a role in food safety inspections
 - State & County
 - County acts as local health authority and takes lead role in response to food borne illness outbreaks
 - Inspects hospitals, nursing homes, daycares, etc.
 - Provides restaurant inspections for unincorporated areas and municipalities
 - Federal
 - Inspects large scale food processing centers

Food Protection & Education

- Fee Study for FY14 Budget
 - 29.5 FTE
 - Supervisor III (2)
 - Manager III (0.5)
 - Administrative/Office (5)
 - Sanitarians (22)

Food Protection & Education

- Fee Study for FY14 Budget
 - \$2,624,636 total costs
 - \$2,398,232 direct department costs (personnel, supplies, professional services, etc.)
 - \$226,404 indirect costs (department support and citywide administrative)
 - 39 fees studied

Food Protection & Education

Service Item	Annual Volume	Revenue at Current Rate	Projected Annual Revenue at Recommended Fee	Variance
Change of Ownership	1,100	\$330,000	\$144,313	(\$185,687)
Food Service Manager Registration	3,702	\$370,200	\$74,025	(\$296,175)
Food Handler Class / Registration	850	\$39,250	\$39,250	\$0
Temporary Food Service Permit	1,259	\$239,210	\$196,693	(\$42,517)
Annual Inspection – prim (1-,2,000 sq. ft.)	2,439	\$951,210	\$693,110	(\$258,100)
Annual Inspection – prim (2,001 + sq. ft.)	2,101	\$892,925	\$656,594	(\$236,331)
Annual Inspection – sec (1-,2,000 sq. ft.)	552	\$215,280	\$156,866	(\$58,414)
Annual Inspection – sec (2,001 + sq. ft.)	153	\$61,200	\$47,815	(\$13,385)
Schools (Public, Private & Charter)	315	\$94,500	\$84,257	(\$10,243)
Reinstatement Fee After Lapsed Permit	900	\$99,000	\$212,223	\$113,233
Limited Service (Lunch Trucks, Ice Cream, etc.)	300	\$39,000	\$41,065	\$2,065
General Service Pushcarts (Hot Dogs, etc.)	200	\$30,000	\$47,213	\$17,213
Other	824	\$152,770	\$98,731	(\$54,039)
TOTAL	14,695	\$3,514,545	\$2,492,155	(\$1,022,390)

Food Protection & Education

- Recommendation
 - Adjust Fees to reflect 100% cost recovery
 - Exceptions:
 - Food Handler Class / Food Handler Registration Fee – Market Driven – No change recommended
- Recommended changes were anticipated and included in the FY14 budget based on preliminary analysis by consultant

Next Steps

- Fee ordinance will be included on October 23rd City Council agenda to approve the fee changes for Food Protection & Education
- Transportation Regulation services and proposed fees will be discussed at a future committee meeting

Appendix – Fee Schedule

Food Protection & Education

Service Name		Annual Volume	Current			Recommendation		
			Current Fee Per Unit	Revenue at Current Fee	Annual Cost	Recommended Fee Per Unit	Revenue at Recommended Fee	Change in Annual Revenue
1	Cessation of Operation of Existing Facility - 12 mo.*		\$300			\$70		
2	Change of Ownership - Existing Facility, Newly Constructed or Extensively Remodeled	1,100	\$300	\$330,000	\$144,313	\$131	\$144,313	(\$185,687)
3	Pre-Inspection - Fixed Facility*		\$200					
4	New Construction or Extensive Remodel*		\$300			\$120		
5	Plan Review - Fixed Facility*		\$250					

* Service items with no volume in FY 2013-14

Food Protection & Education

Service Name		Annual Volume	Current			Recommendation		
			Current Fee Per Unit	Revenue at Current Fee	Annual Cost	Recommended Fee Per Unit	Revenue at Recommended Fee	Change in Annual Revenue
6	Food Prep Truck/Hot Truck	88	\$315	\$27,720	\$7,531	\$86	\$7,531	(\$20,189)
7	Fixed Facility Name Change (Same Ownership)	70	\$65	\$4,550	\$3,370	\$48	\$3,370	(\$1,180)
8	Fixed Facility Re-inspection	100	\$380	\$38,000	\$11,045	\$110	\$11,045	(\$26,955)
9	Food Service Manager Registration Fee	3,702	\$100	\$370,200	\$74,025	\$20	\$74,025	(\$296,175)
10	Food Handler Class (Includes Registration Fee) - MARKET	600	\$55	\$33,000	\$161,659	\$55	\$33,000	
11	Food Handler Registration Fee - MARKET	250	\$25	\$6,250	\$4,589	\$25	\$6,250	
12	Duplicate Registered Food Service Manager / Food Handler Certificate*		\$5			\$11		

Service Items 10 & 11: Market Driven

* Service items with no volume in FY 2013-14

Food Protection & Education

		Current			Recommendation			
		Current Fee Per Unit	Revenue at Current Fee	Annual Cost	Recommended Fee Per Unit	Revenue at Recommended Fee	Change in Annual Revenue	
Service Name	Annual Volume							
13	Food Establishment (Primary) 1 - 2,000 sq. ft.	2,439	\$390	\$951,210	\$693,110	\$284	\$693,110	(\$258,100)
14	2,001 sq. Ft. or more	2,101	\$425	\$892,925	\$656,594	\$313	\$656,594	(\$236,331)
15	Food Establishment (Secondary) 1 - 2,000 sq. ft.	552	\$390	\$215,280	\$156,866	\$284	\$156,866	(\$58,414)
16	2,001 sq. Ft. or more	153	\$400	\$61,200	\$47,815	\$313	\$47,815	(\$13,385)
17	Schools (Public, Private, Charter)	315	\$300	\$94,500	\$84,257	\$267	\$84,257	(\$10,243)
18	Reinstatement Fee After Lapsed Permit (Fixed Facility / Mobile Food Prep Vehicle)	900	\$110	\$99,000	\$212,223	\$236	\$212,223	\$113,223

* Service items with no volume in FY 2013-14

Food Protection & Education

Service Name		Annual Volume	Current			Recommendation		
			Current Fee Per Unit	Revenue at Current Fee	Annual Cost	Recommended Fee Per Unit	Revenue at Recommended Fee	Change in Annual Revenue
19	Temporary Food Service Permit Fee	1,259	\$190	\$239,210	\$196,693	\$156	\$196,693	(\$42,517)
20	Daily Fee for Each Facility (Per Day / Per Booth)*		\$5			\$7		
21	City Park & Recreation Concessionaires / Dallas Farmers Market	28	\$100	\$2,800	\$3,476	\$124	\$3,476	\$676
22	Neighborhood Farmers Market (First Market)	77	\$100	\$7,700	\$9,484	\$123	\$9,484	\$1,784
23	Additional Market Locations	10	\$50	\$500	\$1,199	\$120	\$1,199	\$699
24	School Stadium	35	\$200	\$7,000	\$4,626	\$132	\$4,626	(\$2,374)

* Service items with no volume in FY 2013-14

Food Protection & Education

		Current			Recommendation			
		Current Fee Per Unit	Revenue at Current Fee	Annual Cost	Recommended Fee Per Unit	Revenue at Recommended Fee	Change in Annual Revenue	
Service Name	Annual Volume							
25	Out of Town Caterer Registration*		\$40		\$10			
26	Catering Vehicle	150	\$130	\$19,500	\$17,984	\$120	\$17,984	(\$1,516)
27	Food Preparation Vehicle (Inspection Fee)	88	\$150	\$13,200	\$19,151	\$218	\$19,151	\$5,951
28	Plan Review	25	\$250	\$6,250	\$1,640	\$66	\$1,640	(\$4,610)
29	General Service Pushcart (Hot Dogs, Snow Cones, etc.)	200	\$150	\$30,000	\$47,213	\$236	\$47,213	\$17,213
30	Limited Service (Lunch Trucks, Ice Cream Pushcarts, Grocery Truck, etc.)	300	\$130	\$39,000	\$41,065	\$137	\$41,065	\$2,065
31	Vegetable or Fruit Vendor (Produce Truck / Trailer)	40	\$130	\$5,200	\$4,342	\$109	\$4,342	(\$858)

* Service items with no volume in FY 2013-14

Food Protection & Education

		Current			Recommendation			
Service Name	Annual Volume	Current Fee Per Unit	Revenue at Current Fee	Annual Cost	Recommended Fee Per Unit	Revenue at Recommended Fee	Change in Annual Revenue	
32	On-site Inspection Fee (Per Vehicle)	10	\$100	\$1,000	\$1,383	\$138	\$1,383	\$383
33	Kiosks Fee - Inspection Fee (Same as General Svc)	11	\$150	\$1,650	\$2,202	\$200	\$2,202	\$552
34	Plan Review*		\$25			\$62		
35	Expresso / Cappuccino Cart Fee(Same as Limited Service)*		\$100			\$96		
36	On-site Inspection Fee (Per Vehicle)*		\$100			\$138		
37	Estab Operating from Outside City Limits - Ann Reg*		\$40			\$10		

* Service items with no volume in FY 2013-14

Food Protection & Education

		Current				Recommendation		
		Current Fee Per Unit	Revenue at Current Fee	Annual Cost	Recommended Fee Per Unit	Revenue at Recommended Fee	Change in Annual Revenue	
Service Name	Annual Volume							
38	Dog Variance	25	\$100	\$2,500	\$3,186	\$127	\$3,186	\$686
39	Mobile Food Prep Vehicle Variance	5	\$100	\$500	\$477	\$95	\$477	(\$23)
40	CBD - Concession License Public	12	\$600	\$7,200	\$1,478	\$123	\$1,478	(\$5,722)
41	CBD - Concession License Private	50	\$150	\$7,500	\$6,158	\$123	\$6,158	(\$1,342)

* Service items with no volume in FY 2013-14