

**RESOLUTION 2013-108**

**RESOLUTION ADOPTING BOARD OF PORT  
COMMISSIONERS (BPC) POLICY NO. 106 – COST  
RECOVERY USER FEE POLICY**

**WHEREAS**, the San Diego Unified Port District (District) is a public corporation created by the Legislature in 1962 pursuant to Harbors and Navigation Code Appendix I (Port Act); and

**WHEREAS**, Section 36 of the Port Act provides at pertinent part that “the Board of Port Commissioners shall by ordinance fix the rate of services furnished or provided by the District; and

**WHEREAS**, at its Fiscal Year 12/13 Preliminary Budget workshop the Board of Port Commissioners (BPC) directed staff to analyze services provided by the District that should be subject to cost recovery resulting in the letting of a Request for Proposals (RFP) and the selection of MGT of America, Inc. (MGT) to review the District’s existing services and create a cost recovery user fee schedule; and

**WHEREAS**, MGT prepared a Cost of Services Study which analyzed \$53 million in total costs incurred by the District and found that \$2.7 million or 5% was related to user fee services and further found that current user fee levels recover approximately \$0.1million or 5% of the full cost of services leaving 95% or \$2.6 million to be funded by the District or other sources; and

**WHEREAS**, the Cost of Services Study proposes an additional \$2.6 million in potential cost recovery; and

**WHEREAS**, the data obtained for the Cost of Services Study was received by MGT through interviews with primary departments consisting of Real Estate, Environmental and Land Use Services (ELUM), Harbor Police and Office of the District Clerk through a process identifying staff time spent on each user fee activity, the staff positions involved in the user fee services, the time spent to complete each activity and review of salary information, the Maximus Cost Allocation Plan and the Fiscal Year 12/13 budget which resulted in the overall cost analysis and cost recovery calculations; and

**WHEREAS**, staff proposes a Cost Recovery User Fee Policy be implemented as BPC Policy No. 106 (Attachment A) which sets forth a method for setting up fees and the extent to which they cover the cost of service provided as recommended by the Government Finance Officers Association (GFOA), Federal Government Office of Management and Budget (Circular A-87) which

provides that it is a best management practice for governments to calculate the full costs of the different services they provide and recommend a formal fee policy; and

**WHEREAS**, the proposed BPC Policy No. 106 will also identify factors that should be considered when setting user fees, the level of cost recovery, and the frequency of comprehensive user fee studies with a key component of BPC Policy No. 106 being to review and update user fees on an on-going basis to ensure that they keep pace with changes in the cost-of living as well as changes in methods or levels of service delivery; and

**WHEREAS**, best practices indicate the following components are essential in developing a Cost Recovery Policy:

1. Provide specific requirements for frequency of fee review.
2. Identify how fees are set and what factors are considered.
3. Develop a cost recovery rationale which will allow cost recovery through full cost accounting, thereby improving government efficiency, and maintain equity considerations in regard to provision of government services.
4. State the agency's intent to set fees to recover the full cost of services.
5. Provide rationale in cases where the agency sets a fee lower than the full cost of a service.
6. Set a frequency for undertaking cost of service user fee studies.
7. Make the policy available to the public.

BPC Policy No. 106 includes a requirement to make a schedule of all user fees available and ensure its easy access for the public.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Port Commissioners of the San Diego Unified Port District, as follows:

That BPC Policy No. 106 – Cost Recovery User Fee Policy is hereby adopted and a copy is on file in Office of the District Clerk.

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 11th day of June, 2013, by the following vote:

AYES: Castellanos, Malcolm, Merrifield, Moore, Nelson, Smith, Valderrama

NAYS: None.

EXCUSED: None.

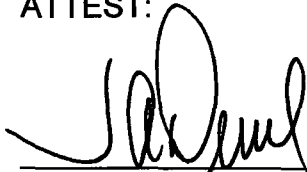
ABSENT: None.

ABSTAIN: None.



Ann Y. Moore, Chair  
Board of Port Commissioners

ATTEST:



Timothy A. Deuel  
District Clerk

(Seal)