



THE CITY OF SAN DIEGO

DATE: July 1, 2008

TO: Mary Lewis, Chief Financial Officer
Nader Tirandazi, Financial Management Director

FROM: Eduardo Luna, City Auditor

SUBJECT: **User Fees Study – Best Practices, Methodologies, and Guidelines**

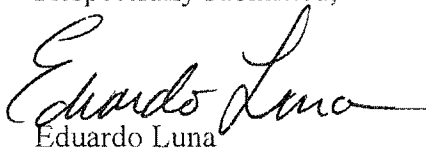
With the assistance of City Auditor Intern, Farhat Popal, we provided Financial Management staff with information regarding best practices, methodologies, and guidelines for drafting of the City of San Diego's user fee policy. In an effort to assist in the City's comprehensive user fee study, we provided Financial Management with general guidelines and best practices, as well as information regarding other jurisdictions' user fee policies.

Some of the key characteristics of a revised user fee policy should include the following attributes:

1. Requirement to review all fees and charges;
2. Identify how fees and charges will be set and what factors will be taken into account;
3. State whether government intends to set fees to recover full cost of services (recommend estimating full cost and using it when setting fees);
4. Describe instances in which the government may set a fee higher or lower than the full cost of a service and provide its rationale for doing so;
5. Set a frequency for undertaking cost-of-service studies;
6. Allow stakeholder input; and
7. Made available to the public;

Please contact me at (619) 533-3026 if you have any questions or would like to discuss additional work related to user fees.

Respectfully submitted,


Eduardo Luna

City Auditor