COUNTY

GOVERNMENT OF

BOMET

TARIFFS AND

PRICING POLICY,

2026

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ACRONYMS AND ABBREVIATIONS

CCO	County Chief Officer
CEC	County Executive Committee
CECM	County Executive Committee Member
CGA	County Government Act
CIMEs	County Integrated Monitoring and Evaluation System
KenInvest	Kenya Investment Authority
KIPPRA	Kenya Institute of Public Policy Research and Analysis
NGO	Non-Governmental Organizations
OSR	Own Source Revenue
PFM	Public Finance Management
PFMR	Public Finance Management Reforms
PWD	Persons with Disability
UACA	Urban Areas and Cities Act

DEFINITIONS

"Charges" means a payment for the use of a product or service and applies per use of the good or service or for the bulk or time-limited use of the good or service

"Commission" means the Commission on Revenue Allocation

"County Treasury" means the County Executive Committee Member for Finance, the Chief Officer, and the department or departments of the County Treasury responsible for financial and fiscal matters

"County Executive Committee" means a Committee comprising the Governor, the Deputy Governor, the County Secretary, and all the County Executive Committee Members

"County Government" means the county government of Bomet.

"Fees" includes parking fee, market fee, health facility fee, a license fee or any other user fee charged or imposed by a county government as a necessary condition for using a county public facility or conducting a business

"Fixed cost" means the costs that do not change as the volume of consumption of goods or services changes

"House" means commercial or residential premises owned by the county

"Households" means all persons older than 18 years that occupy a property within the jurisdiction of the county whether the person rents or owns the property,

"National OSR Policy" means the National Policy to Support Enhancement of County Governments' Own Source Revenue

"Tariffs" means the scale of fees and charges that may be imposed in respect of services provided by the county government or any agency delivering services in the county.

"Technical Committee" means a Committee comprising county Chief Officers, the Directors, technical staff from County Departments, or any other member co-opted by the Committee

"Variable Cost" means the costs that change as the volume of consumption of goods or services changes

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FOREWORD

The County Government of Bomet is committed to strengthening public financial management through transparent, equitable, and sustainable revenue frameworks. This Tariff and Pricing Policy provides a structured approach to determining fees and charges for county services in line with the provisions of the Finance Act and the Public Finance Management framework.

The policy establishes a clear methodology for setting tariffs that balances cost recovery with affordability, while ensuring that service delivery remains efficient and responsive to the needs of our citizens. It reflects our commitment to fiscal discipline, accountability, and prudent utilization of public resources.

Through this framework, the County seeks to enhance revenue predictability, improve service delivery, and promote fairness in the application of fees across all sectors. The policy will also guide departments in aligning their service costs with legally established revenue streams.

I wish to commend all departments and stakeholders who contributed to the development of this policy. Their dedication and technical input have been instrumental in ensuring that the County adopts a robust and practical tariff framework.

The County Government of Bomet remains committed to continuous improvement of its revenue systems in order to support sustainable development and improved service delivery.

Hon. Rosa Chepngetich
County Executive Committee Member,
Finance and Economic Planning

PREFACE

This Tariff and Pricing Policy has been developed to provide a coherent and standardized framework for determining fees and charges for services offered by the County Government of Bomet. The policy responds to the need for consistency, transparency, and alignment between revenue generation and service delivery.

The development process involved a review of existing revenue streams as provided in the Finance Act, alongside an assessment of cost components associated with service provision. The approach adopted ensures that tariffs are informed by administrative and operational realities while remaining within the legal framework governing county revenues.

This policy will serve as a key reference for departments in setting and reviewing tariffs, ensuring that charges are justified, predictable, and aligned with the principles of efficiency and equity. It also provides a basis for enhancing revenue performance while safeguarding the interests of residents and businesses.

The successful formulation of this policy was made possible through the collaboration of various departments and technical teams within the County. Their contributions ensured that the policy reflects both practical experience and institutional priorities.

The County Treasury will continue to provide guidance and oversight to ensure effective implementation and periodic review of this policy.

CPA Jonah Mutai
Chief Officer – Finance

ACKNOWLEDGMENT

The development of this Tariff and Pricing Policy was a collaborative effort involving various departments, technical officers, and stakeholders within the County Government of Bomet.

The County Treasury acknowledges the leadership and guidance provided during the policy development process, as well as the technical input and coordination from various departments and officers who contributed to this framework.

Special appreciation is extended to all individuals whose expertise, commitment, and support made the development of this policy possible.

CPA Thomas Korir - Director Revenue / Receiver of Revenue

Contributors

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6. Technical Officers from the County Treasury and relevant departments

EXECUTIVE SUMMARY

Article 209(4) of the Constitution empowers the national and county governments to impose charges for services provided. In giving effect to this provision, section 120 of the County Governments Act, 2012 requires each county government to develop a Tariffs and Pricing Policy to guide the imposition of user fees and service charges. This requirement is further emphasized in the National Policy to Support Enhancement of County Governments' Own-Source Revenue.

In setting county fees and charges, the primary principle is that such fees should be reasonably commensurate with the cost and level of services provided. Other guiding principles include affordability, equity, financial sustainability, consideration for vulnerable persons, transparency, environmental sustainability, consistency, and the promotion of local economic development.

The purpose of a Tariffs and Pricing Policy is to provide a clear framework for determining the cost of delivering county public services and for aligning revenue streams with service delivery obligations.

The Policy establishes an economic, efficient, transparent, and sustainable approach to setting tariffs, fees, and charges at the county level. It also enhances accountability by enabling members of the public to understand the basis of the fees and charges levied and the services expected in return.

POLICY STATEMENT

The County Government, including any agency delivering services on its behalf, hereby adopts and commits to the implementation of this Tariffs and Pricing Policy in the provision of public services. All tariffs, fees, and charges shall be determined and applied in accordance with the provisions of this Policy.

CHAPTER 1 INTRODUCTION

1.1 Background

The Constitution of Kenya, 2010 establishes a two-tier system of government comprising the national and county governments, which are distinct yet interdependent. The Fourth Schedule to the Constitution allocates functions between the two levels of government, with Part II specifically setting out the functions assigned to county governments. The discharge of these functions entails the provision of various public services for which fees and charges may be levied.

Article 209(4) of the Constitution authorises both the national and county governments to impose fees and charges in respect of services rendered. Nevertheless, Article 209(5) provides that the exercise of taxation and revenue-raising powers by a county government shall not be undertaken in a manner that undermines national economic policies, restricts economic activities across county boundaries, or limits the national mobility of goods, services, capital, or labour.

Further, section 120 of the County Governments Act, 2012 obligates county governments to formulate and adopt a Tariffs and Pricing Policy to guide the imposition of user fees and service charges. Such fees and charges are required to correspond to the services provided and to be aligned, as far as practicable, with the cost of service delivery. It is pursuant to this constitutional and statutory framework that the County Government of Bomet has developed this Tariffs and Pricing Policy.

1.2 Policy Objectives

The general objective of this policy is to provide a basis for levying tariffs, fees, and charges in the county. The specific objectives of the policy include: -

i. To determine the cost of providing public services.

ii. To map and match the revenue streams with expected services

iii. To determine the tariffs, fees, and charges payable for each category of citizens

iv. To promote local economic development

v. To provide for the economic, efficient, and sustainable setting of tariffs, fees, and charges

vi. To inform users of county services based on tariffs, fees, and charges.

1.3 Scope of Application

This policy shall apply to the County Government of Bomet and any of its agencies delivering services in the county when levying tariffs, fees, and charges for the delivery of public services as required by section 120 of the County Governments Act.

1.4 Policy Rationale

This Policy is guided by section 120 of the County Governments Act which requires county governments to adopt and implement a Tariffs and Pricing Policy for the provision of public services.

The development of this policy that sets tariffs of own source revenue streams will result in fees and charges being generally proportional to the cost of providing the respective services. Additionally, the main purpose of a tariff is to generate sufficient revenue to ensure that a service can be provided sustainably.

1.5 Policy Framework

The following policies informed the development of this policy as follows-

1.5.1 National Policy to Support Enhancement of County Governments' Own Source Revenue

The National OSR Policy underscores the need for counties to develop a Tariffs and Pricing Policy to provide a basis for setting fees and charges for public services offered by the county government. It also stipulates that a Tariffs and Pricing Policy should provide citizens with information to understand and interpret the fees and charges they pay and the services that they should expect from the county in return.

1.5.2 National Trade Policy, 2017

The National Trade Policy, 2017 gives direction on certain matters such as domestic trade development, which is one of the county functions and a key revenue stream for counties.

1.5.3 County Policies

The existing county policies on various revenue streams informed the development of this Policy.

1.6 Legislative Framework

In developing this Policy, the following national and county laws informed the basis for levying tariffs, fees, and charges in the county-

1.6.1 Constitution of Kenya, 2010

Article 209 (4) provides that the national and county governments may impose fees and charges for the services they provide. However, Article 209 (5) stipulates that such taxation and other revenue-raising powers of a county shall not be exercised in a way that prejudices national economic policies, economic activities across county boundaries, or the national mobility of goods, services, capital, or labour.

1.6.2 County Governments Act, 2012

Section 120 provides in part as follows-

(1) A county government or any agency delivering services in the county shall adopt and implement a tariffs and pricing policy for the provision of public services.

(1A) Notwithstanding subsection (1), a county government or any agency delivering services in the county shall adopt and implement tariffs and pricing policy subject to the existing National Government laws and policies.

This provision compels the County Government of Bomet to formulate a Tariffs and Pricing Policy for all its tariffs, fees, and charges. Additionally, the tariffs, fees, and charges should be incidental to the cost of the respective public service.

1.6.3 Urban Areas and Cities Act, 2011

An area within a county government may be classified as an urban area or city under section 4 of this Act. The management of a city and municipality is vested in the county government and administered on its behalf by a board, a manager, and such other staff or officers as the county public service may determine.

The Boards under section 20 (1) (b) (m) and (n) are mandated among others to:

b) Develop and adopt policies, plans, strategies, and programmes, and may set targets for delivery of services;

(m) As may be delegated by the county government, collect rates, taxes, levies, duties, fees, and surcharges on fees; and

(n) Set and implement tariff, rates, and tax and debt collection policies as delegated by the county government

The Board management functions will entail service delivery and also include collection of county fees which are grounded on this county Tariffs and Pricing Policy. Further, the Boards will be involved in setting and implementing tariffs which are enshrined in this

Policy. Section 21(1)(c) also empowers Boards to impose such fees, levies, and charges as may be authorized by the county government for the delivery of services by the municipality or the city.

1.6.4 Public Finance Management Act, 2012

The County Treasury is mandated under Section 104 (1)(a-d) to monitor, evaluate, and oversee the management of public finances and economic affairs of the county government including—

(a) Developing and implementing financial and economic policies in the county;

(b) Preparing the annual budget for the county and coordinating the preparation of estimates of revenue and expenditure of the county government;

(c) Coordinating the implementation of the budget of the county government;

(d) Mobilizing resources for funding the budgetary requirements of the county government and putting in place mechanisms to raise revenue and resources;

This Policy falls under the purview of the County Treasury as per section 104(1)(a) above.

1.6.5 Physical and Land Use Planning Act, 2019

This Act provides for zoning, a parameter for setting some of the fees and charges in the county such as building plan approval fees.

1.6.6 County Legislation

Various county legislations guiding fees and charges were considered in formulating this Policy.

1.7 General Principles Guiding the Determination of Tariffs

This policy was formulated in line with the following principles as espoused in section 120 of the County Governments Act-

1.7.1. Affordability

Tariffs, fees, and charges should be reasonably priced and reflect costs associated with the services rendered.

1.7.2. Equity

Tariffs, fees, and charges must be fair and impartial and should be applied to all users equitably.

1.7.3. Sustainability

Financial sustainability

The tariffs, fees, and charges should be set to generate sufficient resources for the county to render the services in the long run.

Promote Local Economic Development

Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users. The tariffs, fees, and charges should generate revenue, and promote economic efficiency and growth of the business environment in the county.

Environmental Sustainability

Tariffs, fees, and charges must promote the economic, efficient, effective, and sustainable use of resources, the recycling of waste, and other appropriate environmental objectives.

Destitution

The county may impose tariffs, fees, and charges at cost or subsidize. Poor households shall have access to at least basic services through; (a) tariffs that cover only operating and maintenance costs; (b) special tariffs or lifeline tariffs for low levels of use or consumption of services or basic levels of service; or (c) any other direct or indirect method of subsidies of tariffs for poor households.

Transparency

Full disclosure shall be observed when setting tariffs, fees, and charges.

1.8 Policy Development Process

The policy development process commenced with the County Executive Committee Member of Finance designating the Chief Officer in charge of revenue to spearhead the process supported by a Technical Committee.

This Policy was developed through the following stages-

i. *Situational Analysis*- this stage entailed county assessment of the existing tariffs, fees, and charges. This was aimed at establishing the cost of service delivery, the current economic situation, the rationale and basis of existing tariffs, fees, and charges, and the priorities of the county government.

ii. *Request for Submissions* -The County Treasury requested input from the county departments on the existing tariffs, fees, and charges through the budget circular. In addition, the County Treasury requested input on the same from stakeholders. The Technical Committee compiled the input received.

iii. *Formulation of a Draft Tariffs and Pricing Policy*- the Technical Committee formulated the draft Tariffs and Pricing Policy taking into consideration the submissions received and in line with the county priorities. The tariffs, fees, and charges by the county government were mapped to the public services that the county offers.

iv. *Public Participation on the Draft Tariffs and Pricing Policy*- The County conducted public participation to inform and consult stakeholders on the draft Policy. The views were subsequently considered, validated, and incorporated into the draft Policy by the Technical Committee.

v. *Adoption and Approval of the Tariffs and Pricing Policy by the County Executive Committee* – the County Executive Committee considered and approved the draft Tariffs and Pricing Policy.

vi. Submission of the Tariffs and Pricing Policy by the County Executive Committee Member for Finance – The Policy was submitted to the County Assembly for information.

CHAPTER 2 SITUATIONAL ANALYSIS

2.1. Introduction

This section outlines policy gaps identified as per the situational analysis in all the county revenue streams. The gaps are a result of the county's non-compliance with section 120 of the County Governments Act.

2.2. Policy Gaps in Setting User Fees and Charges

The County Government of Bomet lacked a Tariffs and Pricing Policy to form a basis for the determination of various county user fees and charges. The county has been using legislation, and defunct local authority by-laws as discussed under each revenue stream below.

2.2.1 Trade Licensing Fees

The County Government of Bomet uses the Trade Licensing Act to determine the trade licensing fees which are reviewed in the Finance Act annually. Additionally, fees that were charged by the defunct local authority(s) significantly informed the current determination of trade licensing fees charged by the county government. Currently, trade licensing fees and charges are channeled towards public health services, cleaning and garbage collection, sanitation, fire services, water, lighting, and security surveillance, inspectorate services, and access roads.

2.2.2 Building Plan Approval Fees

The County Government of Bomet has a spatial plan in place that guides the setting of building plan approval fees within the county. In the setting of building plan approval fees and charges, the county has not been offering subsidies and waivers to users. Currently, building plan approval fees and charges are channeled toward inspection and approval to ensure the safety of buildings within the county.

2.2.3 Parking Fees

The county uses the annual Finance Act, to set parking fees which are based on the defunct local authority by-laws. In as much as the county has been collecting parking fees, users have limited information on services offered.

2.2.4 Market Access Fees

The County Government of Bomet uses the annual Finance Act to set market access fees. There is inadequate service provision in the county markets for instance provision of security lights, sanitation, loading bays, weighing services, and relevant infrastructure is generally not proportional to the market access fees levied by the county.

2.2.5 County Housing Rents

The annual Finance Act is used in setting rent charges in the county where the location and size of the county housing premises are the key factors considered. Other factors include social amenities, revenue target, type of house, and historical rates set through the defunct local authority's by-laws. This is contrary to the legal requirement that such housing rent should be based on a Tariffs and Pricing policy which will subsequently inform a law on housing rent.

The fixed and the variable costs are not taken into consideration when setting up the rental charges. In as much as the county has been collecting housing rent, users have limited information on whether the resources are used for the improvement and maintenance of the premises.

CHAPTER 3 TARIFF DETERMINATION

3.1 Introduction

This Chapter sets out the framework for determining tariffs applicable to revenue streams administered by the County Government. The Policy applies to five key revenue streams, namely: trade licensing fees, building plan approval fees, parking fees, market access fees, and housing rent.

In determining tariffs, the primary consideration shall be the cost of providing the respective service. However, the County Government may review and adjust the applicable tariffs taking into account relevant factors, including categories of users and businesses, geographical location, the type and nature of the service rendered, as well as the County's broader economic and development priorities.

3.2 Trade Licensing Fees Tariff

A trade licensing fee is a charge imposed by the County Government on persons carrying out business within its jurisdiction as a condition for operating such businesses. Upon payment of the prescribed fee, the trader is issued with a valid trade license.

The specific objectives of trade licensing are to:

i. Regulate and oversee business operations within the county;

ii. Facilitate the collection and maintenance of reliable business data to support county planning and policy formulation; and

iii. Generate revenue to support the provision of services necessary to maintain a safe, orderly, and hygienic business environment.

iv. The following factors have been considered in setting the county trade licensing tariff: -

Type of Business

There are several types of businesses in the county such as transport, processing and manufacturing firms, hospitality businesses, professional service and education institutions.

Size of Business

The size of the business is informed by the number of employees and the plinth area of the business premises.

Table 1 Business size factors

Business Category	Annual Turnover (KES)	BSF
Micro	≤ 500,000	0.5
Small	500,001 – 5,000,000	1.0
Medium	5,000,001 – 50,000,000	1.5
Large	> 50,000,000	2.0

Cost of Providing the Services

The cost of providing county services varies between urbanand rural areas. Services firefighting concerning trade licensing include, street lighting, road access, storm water management, and waste collection. Such costs for service provision may be fixed or variable as tabulated below

Table 2 Services and Costs for Trade Licensing

Service	Fixed Costs	Variable Costs
Firefighting Services	- Fire station construction cost (cost recovery spread within 20 years) - Fire truck purchase cost (cost recovery spread within 10 years) - Firefighters' salaries - Fire truck drivers' salaries - Ambulance purchase cost (cost recovery spread within 10 years) - Ambulance staff salaries - Fire inspector salaries - Firefighting uniforms and equipment	- Water cost - Administrative costs - Fuel cost - Fire truck maintenance cost - Ambulance fuel and maintenance cost - Electricity costs
Street Lighting	- Street lighting installation cost (cost recovery spread within 10 years) - County electrician salaries - Street lighting equipment cost	- Electricity cost - Repairs and maintenance of street lighting - Administrative costs

Road Access	- Road construction cost (cost recovery spread within 20 years) - Road maintenance staff salaries - Cost of land for road construction (cost recovery spread within 10 years)	- Road maintenance cost - Administrative costs
Stormwater Management	- Drainage system construction cost (cost recovery spread within 10 years) - Stormwater management staff salaries	- Drainage system maintenance cost - Administrative costs
Waste Collection	- Garbage trucks purchase cost (cost recovery spread within 10 years) - Garbage collection staff salaries - Garbage equipment cost	- Garbage truck fuel and maintenance cost - Disposal fees - Administrative costs

NB: Parameters used in determining cost of services in the above stream may not be the only factors

Setting a Trade Licensing Fee

In setting a trade licensing fee, the average annual cost of service provision in the past three years was considered as a base. Table 2 shows how the county determined the cost of providing services relating to trade licensing. For this policy, the county assumed that the businesses licensed are of the same size and type.

Table 3 Costing of Trade Licensing Fees

Services	Urban Fixed Costs (A)	Rural Fixed Costs (B)	Urban Variable Costs (C)	Rural Variable Costs (D)	Urban Total (A+C)	Rural Total (B+D)
Firefighting Services	900,000	600,000	700,000	400,000	1,600,000	1,000,000
Street Lighting	600,000	400,000	300,000	200,000	900,000	600,000
Stormwater Management	500,000	350,000	400,000	250,000	900,000	600,000
Road Access	700,000	500,000	500,000	300,000	1,200,000	800,000
Waste Collection	800,000	600,000	600,000	400,000	1,400,000	1,000,000
Total Cost	**3,500,000**	**2,450,000**	**2,500,000**	**1,550,000**	**6,000,000**	**4,000,000**

The average number of annual licenses issued in the preceding 3 years

Cost of service per license ≈ T_i	$(OC_j + MC_j + CC_j + AR_j + AM_j) \cdot NB_j \cdot CR_j \cdot BSE$
	Meaning
i	category i in geographical zone j
OC_j	trade licensing in zone j
MC_j	systems, equipment in
CC_j	depreciation allocated to licensing in zone j
AR_j	inspection, enforcement in zone j
NB_j	Number of businesses expected in zone j
CR_j	Cost Recovery Factor for zone j (e.g., 1.0 = 100%, 0.9 = 90%)
BSE_j	Business Size Factor for category i (e.g., micro = 0.5, small = 1.0, medium = 1.5)

The annual trade licensing fee shall be determined to reflect the full cost of administering and regulating businesses in each geographical zone. The County Government shall update cost components annually, apply the coast recovery policy, and publish the resulting fees in the County Finance Act.

3.3 Building Plan Approval Fees Tariff

This is a fee charged for approval of building plans for construction of permanent structures within the county.

The objectives for charging a fee for approval of building plans are to:

i. Uphold building codes and physical planning requirements as well as conditions imposed by any approving authority

ii. Ensure safety and compliance for occupants of the building

iii. Enforce the spatial plan.

iv. Assist in planning for the provision of services such as drainage, sewerage, and power.

v. Mobilizing resources for service delivery

The county considered the following factors in setting up a building plan approval tariff;

i. Cost of Construction

This includes the cost as stipulated in the bill of quantities as approved by the county.

ii. Type of Building

Buildings in the county are categorized as either commercial, residential, or industrial.

Table 4 Costing of Trade Licensing Fees

Differentiation by Building type, Size & Geographical zone

Building Type/Size Category Description	SF
Low-rise residential Up to 2 storeys	
High-rise residential 3+ storeys	
Commercial (small) Floor area ≤ 500 m²	
Commercial (large) Floor area > 500 m²	
Industrial / institutional Special use iii. Cost of Provision of Service	

The county government services provided with respect to the building plan approval fees include the development of a spatial plan, road access maintenance, and inspection. Such costs for service provision may be fixed or variable as tabulated below: -

Table 5 Services and Costs for Building Approval

Service	FixedCost	Variable Cost
Development of a Spatial Plan	- Cost of implementing Spatial Plan (*cost recovery spread within 10 years*)	- Cost of building plan approvals
Road maintenance costs		- Road maintenance cost - Administrative costs

Inspection	- Inspectorate staff salaries - Inspectorate equipment	- Administrative costs

NB: Parameters used in determining cost of services in the above stream may not be the only factors

Setting a Building Plan Approval Fee

In setting a building plan approval fee the average annual cost of service provision in the past three years was considered as a base. Table 4 shows how the county determined the cost of providing services relating to building plan approval fees.

Table 6 Services and Costs for Building Approval

Services	Urban Fixed Costs (A)	Rural Fixed Costs (B)	Urban Variable Costs (C)	Rural Variable Costs (D)	Urban Total (A+C)	Rural Total (B+D)
Cost of Developing Spatial Plan	500,000	400,000	200,000	150,000	700,000	550,000
Road Maintenance Costs	400,000	300,000	300,000	200,000	700,000	500,000
Inspection	300,000	250,000	400,000	300,000	700,000	550,000
Total Cost	**1,200,000**	**950,000**	**900,000**	**650,000**	**2,100,000**	**1,600,000**

Note:
No. of approvals in the year (not specified in the image).

Table 7 Costing of Building Plan Approval Fee

Cost per building permit ≈ T_i	**= (OC_j MC_j CC_j AR_j AM_j) NB_j CR_j SF_i** **Where:**
Symbol	Meaning
Approval fee payable for	

building	
T_i	type/size category i in geographical zone
j	
Annual operational costs of the Building	
OC_j	Plan Approval process in zone j (e.g., planning staff salaries, utilities)
MC_j	Annual maintenance costs (software systems, GIS, equipment) in zone j
Annual capital costs (including)	
CC_j	depreciation of assets supporting the approval process) in zone j
Annual asset renewal reserve for	
AR_j	upgrading systems/equipment
Annual administrative & compliance	
AM_j	costs (site visits, enforcement, document management) in zone j
NB_j	Expected number of building plan applications in zone j
CR_j	Cost–100Recovery%, 0.9 = 90Factor% for zone j (e.g., 1.0)
SF_i	Size/Type Factor reflecting the complexity, risk, and regulatory effort by building category i

In costing the above fees, the County Government of Bomet shall compute fees each year in line with the official CPI published by the Kenya National Bureau of Statistics.

3.4 Parking Fees Tariff

This is a fee charged on vehicles for the use of parking spaces in public parking facilities provided by the county government. For the purposes of this policy, vehicles include carts, *tuk tuk*, motorbikes, private vehicles, public service vehicles, and lorries.

The objectives of parking fees are to:

i. Manage traffic and decongest urban centres and localities

ii. Control and regulate the conduct of motorists

iii. Mobilise resources for providing services in the parking spaces

The county will consider the following factors in setting up a parking fee tariff:

i. ***Parking Zones and Location***

The county has designated parking places along roads, within its area of jurisdiction for vehicles or vehicles of any particular class or description. The location of such parking places determines the parking fee cost E.g

Table 8

Zone	Cost Recovery Factor (CR)	
Urban CBD	1.0 Peri-Urban	0.9
Rural / Market center	0.8	

ii. ***Cost of Providing the Service***

The county government will provide the following services for the parking tariff including street lighting, cleaning services, security, paving and tarmacking, and demarcation of parking areas. The cost of providing the services varies between urban and rural areas

Table 9 Services and Costs for Parking Fees

Service	FixedCost	Variable Costs

Land Purchase Cost	**Land Purchase cost (cost recovery spread within 10 years)**	
Infrastructure	Paving and tarmacking cost (cost recovery spread within 20 years) Salaries for parking attendants	- **Demarcation of parking areas** - **Maintenance of paved roads** - **Administrative costs**
Cleaning services	Cleaning equipment - Cleaning staff salaries	- **Water cost** - **Administrative costs**
Sanitation and ablution	Ablution block infrastructure cost (*cost recovery spread within 20 years*) Staff maintaining ablution block Electricity cost	- **Water Services** - **Supplies cost** - **Administrative costs**
Firefighting	Fire truck purchase cost (cost recovery spread within 10 years) Firefighters salaries Fire truck drivers' salaries Ambulance Purchase cost (cost recovery spread within 10 years) Ambulance staff salaries Fire inspector salaries Firefighting uniform and equipment	**Water cost** **Fuel cost** **Truck maintenance cost** **Ambulance fuel and maintenance cost** **Administrative costs**

Street Lighting	Street lighting installation cost (*cost recovery spread within 10 years*) County Electrician salaries	- **Electricity cost** - **Repairs and maintenance of the street lighting** - **Staff administration costs**
Security	Perimeter fence construction cost (*cost recovery spread within 20 years*) Security staff salaries Bus Park office construction cost (*cost recovery spread within 20 years*)	**- Maintenance costs - Staff administration costs**
Stormwater management	Drainage system construction cost (*cost recovery spread within 20 years*) Stormwater management staff Stormwater management equipment	- **Drainage system maintenance costs** - **Staff administration costs**
Road access	**Road construction cost (costrecoveryspread within 20 years)** **Road maintenance staff salaries**	**Cost of maintenance cost - Staff administration costs**

NB: Parameters used in determining cost of services in the above stream may not be the only factors

iii. ***Vehicle type***

The County Government in setting parking fees will adopt the principle of equity and proportionality i.e. “user pays according to impact”. Those who use more or impose greater costs on public infrastructure should pay more. For example, in the context of parking, small private vehicles, like salon cars, occupy less space and cause less wear and tear on surfaces while larger vehicles occupy more space, contribute congestion and cause more surface stress.

Table 10 Vehicle Factors applied to parking fees

Vehicle Category	VF (Vehicle Factor)	Justification
Private car / saloon	1.0	Baseline user
Pick-up / van	1.2	Slightly more space and weight
Minibus	1.5	More space + moderate wear
Lorry / bus	2.0	Large space + high impact

Setting of Parking Fees

In setting parking fees, the average annual cost of service provision in the past three years was considered as a base. Tables 6(A) and 6(B) below show how the county determined the cost of providing services relating to parking fees. For this policy, the county assumed that the parking slots are of the same size and are not metered.

Table 11 Costing of Parking Fees

Services	Urban Fixed Costs (A)	Rural Fixed Costs (B)	Urban Variable Costs (C)	Rural Variable Costs (D)	Urban Total (A+C)	Rural Total (B+D)
Land Purchase Cost	600,000	400,000	N/A	N/A	600,000	400,000
Infrastructure	800,000	500,000	300,000	200,000	1,100,000	700,000
Cleaning services	200,000	150,000	250,000	200,000	450,000	350,000

Sanitation and ablution	250,000	200,000	300,000	250,000	550,000	450,000
Firefighting	300,000	200,000	200,000	150,000	500,000	350,000
Street Lighting	250,000	150,000	150,000	100,000	400,000	250,000
Security	350,000	250,000	300,000	200,000	650,000	450,000
Stormwater management	200,000	150,000	200,000	150,000	400,000	300,000
Road access	300,000	200,000	150,000	100,000	450,000	300,000
Total Cost	**3,250000**	**2,200,000**	**1,850,000**	**1,350,000**	**5,100,000**	**3,550,000**
Cost per Day = Total / 365 days	**8,904**	**8,904**	**8,904**	**8,904**	**8,904**	**8,904**

Number of parking slots

Cost of service per parking slot ≈ T_{ijk}	$((OC_j\ MC_j\ CC_j\ AR_j\ AM_j)\ NP_j)\ CR_j\ VF_i\ DF_k$
Symbol	**Meaning**
Where:	
Symbol	Meaning
T_{ijk}	Parking fee per day/hour for vehicle category i, in zone j, and duration category k
OC_j	Annual operational costs in zone j (e.g., parking attendants, security, utilities)
MC_j	Annual maintenance costs (e.g., repairs, cleaning, landscaping) in zone j
CC_j	Annual capital costs (including depreciation of parking infrastructure and ICT systems) in zone j
AR_j	Annual asset renewal reserve (e.g., resurfacing,

	repainting) in zone j
AM_j	Annual administrative & compliance costs (enforcement, billing, signage) in zone j
NP_j	Number of chargeable parking bays in zone j
CR_j	Cost Recovery Factor for zone j (e.g., 1.0 urban, 0.9 peri-urban, 0.8 rural)
VF_i	Vehicle Factor based on vehicle size/type (e.g., car = 1.0, minibus = 1.5, lorry = 2.0)
DF_k	Duration Factor based on parking time (e.g., hourly = 1.0, daily = 4.0, monthly permit = 20.0)

In costing the above fees, the County Government of Bomet only considered the geographical categorization of users to compute the fees. However, other categorizations will be considered and provided for in the County Transport Act.

3.5 Market Access Fees Tariff

This is a fee charged to traders of goods, animals, or any other products to enable them to transact their business within county markets.

The specific objectives of levying market access fees are to:

1. mobilize resources for providing services at the market
2. develop and maintain market infrastructure.

The following factors are considered in setting up a market access tariff-

(i) Space Occupied in the Market

This is the area occupied by a trader within a market that varies in size.

(ii) Cost of Providing the Service

The county government will provide the following services for the market access tariff including sanitation and ablution, firefighting, market lighting, security, storm water management, road access, and waste collection. Some services provided for market access are similar to those provided for trade licensing fees. Therefore, the county has apportioned the cost of similar services between these two tariffs

(iii) Types of Markets and Products

Different types of products are traded in the different types of county markets.

Table 12 Services and Costs for Market Access Fees

Services	Fixed Costs	Variable Costs
Sanitation and ablution	- Ablution block infrastructure cost (*costrecovery spread within 20 years*) - Staff maintaining ablution block - Electricity cost	- Water Services - Consumables cost - Fumigation cost Staff administration costs
Firefighting	- Fire truck purchase cost (costrecovery spread within 10 years) - Firefighters salaries - Fire truck drivers' salaries - Ambulance purchase cost (costrecovery spread within 10 years) - Ambulance staff salaries - Fire inspector salaries - Firefighting uniform and equipment	- Water costs - Powder costs - Fuel cost - Truck maintenance cost - Ambulance fuel and maintenance cost - Staff administration costs
Market lighting	- Market lighting installation costs (*costrecovery spread within 20 years*) - Salaries of County staff in charge of market lighting	- Electricity cost - Repairs and maintenance of the market lighting - Staff administration costs

Security	- Perimeter fence construction cost (*costrecovery spread within 20 years*) - Security staff salaries - Market office construction cost (costrecovery spread within 20 years)	Staff administration costs
Stormwater management	- Drainage system construction cost (*costrecovery spread within 20 years*) - Stormwater management staff - Stormwater management equipment	- Drainage system maintenance cost - Administration costs
Road access	- Road construction cost (costrecovery spread within 20 years) - Road maintenance staff salaries	- Road maintenance cost - Staff administration costs
Waste collection	- Garbage collection equipment - Garbage trucks purchase cost (costrecovery spread within 10 years) - Garbage collection staff salaries	- Garbage truck fuel and maintenance cost - Staff administration costs
Infrastructure	- Land purchase cost (costrecovery spread within 10 years) - Market infrastructure cost (costrecovery spread within 20 years)	

NB: Parameters used in determining cost of services in the above stream may not be the only factors

The Setting of Market Access Fees

In setting market access fees, the average annual cost of service provision in the past three years which are apportioned between market access and trade licensing fees was considered as a base. The cost of providing the services varies between urban and rural areas. Tables 8(A) and 8(B) show how the county determined the cost of providing services relating to market access fees. For this policy, traders will be levied a minimum charge for a defined space in square metres for accessing the market. Where the trader exceeds the set space in square metres, the tariff will be charged for the additional square metres occupied in the market.

Table 13 Costing for Open Air Market Access Fees

Services	Urban Fixed Costs (A)	Rural Fixed Costs (B)	Urban Variable Costs (C)	Rural Variable Costs (D)	Urban Total (A+C)	Rural Total (B+D)
Sanitation and ablution	300,000	250,000	300,000	250,000	600,000	500,000
Firefighting	250,000	200,000	200,000	150,000	450,000	350,000
Market lighting	200,000	150,000	150,000	100,000	350,000	250,000
Security	250,000	200,000	200,000	150,000	450,000	350,000
Stormwater management	200,000	150,000	200,000	150,000	400,000	300,000
Road access	300,000	200,000	150,000	100,000	450,000	300,000
Waste collection	250,000	200,000	250,000	200,000	500,000	400,000
Market Infrastructure costs	500,000	400,000	N/A	N/A	500,000	400,000
Total Cost	2,250,000	1,750,000	1,450,000	1,100,000	3,700,000	2,850,000

The surface area of markets (meters sq.)	Cost of service per surface area in year (meters sq.)≈ $T_{i,j}=(OC_j+MC_j+CC_j+AR_j+AM_j)XCR_j$___X $S_I NS_j$

Symbol	**Meaning**
Where:	
$\mathbf{T_{ij}}$	Annual Market Access Fee per user of category i in geographical zone j
$\mathbf{OC_j}$	Annual Operational Costs for geographical zone j
$\mathbf{MC_j}$	Annual Maintenance Costs for zone j
$\mathbf{CC_j}$	Annual Capital Costs (including depreciation) for zone j
$\mathbf{AR_j}$	Annual Asset Renewal Reserve for zone j
$\mathbf{AM_j}$	Annual Administrative & Compliance Costs for zone j
$\mathbf{CR_j}$	Cost Recovery Factor applicable for zone j (e.g., 80–120%)
$\mathbf{NS_j}$	Total number of market units/stalls in zone j
$\mathbf{S_i}$	Service area factor for user category i (e.g., standard stall = 1.0, large stall = 1.5, open space = 0.75)
Geographical Zone	Denotes the type of zone: urban, peri-urban, rural
User Category / Stall Type	Denotes type of user or stall: standard stall, large stall, open space, etc.
Service Area Factor Setting	S_i shall be set by the responsible Department based on average area occupied and infrastructure level

In costing the above fees, the County Government of Bomet shall consider the actual cost of service provision in each zone, ensure affordability by setting lower cost recovery targets in economically disadvantaged zones and promote fairness through proportional pricing by service area size.

3.6 Housing Rent

Housing rent is charged for occupancy of county government-owned facilities both residential and commercial.

The objectives of housing rent are to:

i. Maintain building facilities and the grounds of the area of occupancy.

ii. Provide services to the occupants

iii. Provide revenue for the county

The following factors were considered in setting the housing rent tariff-

i. ***Location of the Building***

The cost of housing rent varies between urban and rural areas. Rental housing located in high-demand or urban locations may attract additional zone-based surcharges (ZFs), for example:

Table 14

Zone Type	ZF (Zone Factor)	Rationale
Rural	1.0	Baseline
Peri-urban	1.1	Higher demand
Urban/CBD	1.2 – 1.5	Premium location

ii. ***Type of the House***

The county has categorized its houses into residential, commercial, or industrial. Tariff adjustments may be applied based on income category or policy target as shown below:

Table 15 Category Factor (CF) by Tenant Category

Tenant Category	Category Factor (CF)	Rationale
Vulnerable groups (elderly, indigent, informal sector)	0.4 – 0.6	Social housing subsidy
Low-income households	0.7 – 0.9	Affordable housing goal
County employees	1.0	Full cost recovery

Commercial tenants	1.2 – 1.5	Cross-subsidization / Market rate

*iii. **Size of the House***

For residential county houses, they vary in size by the number of rooms or by plinth area. Housing rent will vary by unit size to reflect service level and occupancy capacity. Larger units cost more to maintain, attract higher utility usage and provide higher occupancy value.

Table 16

Unit Type	Typical Floor Area (m^2)	SF (Size Factor)	Notes
Bedsitter	15 – 25	0.6	**Minimal space, single-room**
1 Bedroom (1BR)	30 – 40	1.0	**Standard baseline**
2 Bedroom (2BR)	50 – 70	1.4	**Moderate family housing**
3 Bedroom (3BR)	75 – 90	1.8	**Larger family unit**
4 Bedroom+ or Maisonette	**100+**	**2.2**	**Executive or upper-income category**

*iv. **Cost of Services***

The cost of providing the services varies between urban and rural areas. The county government provides the following services for the housing rent including lighting, cleaning services, security, and garbage collection.

Table 17 Services and Costs for Housing Rent

Service	FixedCosts	Variable Costs
Cleaning services	-Cleaning equipment -Cleaning staff salaries	- **Water costs** - **Staff administration costs**

Lighting	- Street lighting Installation cost (*cost recovery spread within 10 years*) - County Electrician salaries	- **Electricity cost** - **Repairs and maintenance of the streetlighting** - **Staff administration costs**
Security	- **Perimeter fence construction cost (*cost recovery spread within 20 years*)**	
Garbage collection	- Garbage trucks purchase cost (cost recovery spread within 10 years - Garbage collection staff salaries - Garbage bins	- **Garbage truck fuel and maintenance cost** - **Disposal fees** - **Staff administration costs**
Infrastructure	- **Land purchase cost (cost recovery spread within 10 years)** - **House construction cost**	

NB: Parameters used in determining cost of services in the above stream may not be the only factors

The Setting of Housing Rent

The average annual cost of service provision in the preceding three years formed the base. Table 10 shows how the county determined the cost of providing services relating to housing rent. For this policy, the county assumed that the houses were of the same size and type.

Table 18 Costing for House Rent fees

Services	Urban Fixed Costs (A)	Rural Fixed Costs (B)	Urban Variable Costs (C)	Rural Variable Costs (D)	Urban Total (A+C)	Rural Total (B+D)
Infrastructure	500,000	400,000	N/A	N/A	500,000	400,000
Cleaning services	100,000	80,000	120,000	100,000	220,000	180,000
Street	120,000	100,000	80,000	60,000	200,000	160,000

Lighting						
Security	150,000	120,000	100,000	80,000	250,000	200,000
Garbage Collection	100,000	80,000	120,000	100,000	220,000	180,000
Total	970,000	780,000	420,000	340,000	1,390,000	1,120,000

Number of rooms in all housing units

	Cost of service per room in a housing unit in a month ≈ T ((OC MC CC AR AM) NU) CR SF
OC	Annual Operational Costs (e.g., cleaning, security, utilities paid by county)
MC	Annual Maintenance Costs (routine & preventive)
CC	Capital Cost Recovery (depreciation, Variable, CC loan repayment if any), CC loan repayment if any) upgrades and replacement)
AR	Administrative
AM	Management Costs (staffing, billing, tenancy)
NU	Number of Rentable Units
CF	Category Factor based on tenant type (e.g., low-income, civil servants, market rate)
SF	Size Factor based on floor area (e.g., bedsitter, 1BR, 2BR, etc.)

In costing the above fees, the County Government of Bomet only considered geographical categorization and the sizes of units occupied by users to compute the fees, however, other categorizations will be considered and provided for in the County Housing Act.

3.7 Health Facility Fee Tariff

To ensure universal access while maintaining fiscal sustainability and equity, the County

Government of Bomet shall adopt a Health Facility Fee Tariff aligned with the tariffs established under the Social Health Insurance Act (SHIA), as gazetted in Legal Notice 146 of 2024.

The objectives of housing rent are to:

i. Maintain consistency and compatibility with National Social Health Insurance (SHIF) reimbursement rates.

ii. Provide quality and affordable health services to patients visiting health facilities.

iii. Provide revenue for the county.

The following factors were considered in setting the health facility tariff-

i. Alignment with SHIA Base Tariffs

Core services such as outpatient consultation (KES 900 annually), screening procedures (e.g., HPV at KES 3,600), inpatient bed-day charges (e.g., KES 2,240 for Level 3), and specialty services (e.g., hemodialysis at KES 10,650 per session) are adopted as the **base rates** in County fee schedules.

ii. Facility Level

The county recognizes that the cost of delivering healthcare services is not uniform across facility levels. Larger and more specialized facilities incur higher operational costs due to advanced equipment, specialized staff and extended service hours while lower tier facilities have comparatively lower overheads but still require adequate cost recovery to remain functional.

The Facility Level Factor (FLF) will reflect the varying operational complexity, service capacity, and quality standards associated with different categories of health facilities as illustrated in the table below:

Table 19

Type	Level	FLF Multiplier	Rationale
Health Post	Dispensary / Level 2	0.80	Low complexity, basic

			services
Health Centre	Level 3	0.90	Moderate complexity, outpatient + limited inpatient
Sub-County Hospital	Level 4	1.00	Standard cost benchmark
County Referral Hospital	Level 5	1.20	Higher complexity, specialist staff
Teaching / Specialized Hospital	Level 6	1.40	Advanced infrastructure, specialized care, training & research

iii. *Patient Category*

In accordance with the Social Health Insurance Act, the Universal Health Coverage (UHC) and county health policies, the county government shall align charges with the socioeconomic profile, vulberability status, and insurance coverage of patients as illustrated in the table below:

Table 20

Patient Category	Multiplier	Rationale
Social Health Insurance Beneficiary	1.00	Cost recovered via insurance reimbursement
Private Insurance Beneficiary	1.10	Administrative and claim processing overhead

Uninsured Adult (Standard)	0.90	Affordability adjustment
Low-Income Household / Vulnerable Groups (PWD, Elderly, Under-5, Pregnant Mothers)	0.70	Poverty targeting and equity
Targeted Subsidy	0.50	Targeted subsidy under UHC principles
Special Program Beneficiary	0.00	Fully subsidized by program funding

iv. *Cost of Services*

The cost of providing the services varies between urban and rural areas.

Table 21 Services and Costs for Health Facility Fees

Service	Fixed Costs	Variable Costs
Diagnostic Services	- Purchase of equipment - Staff salaries	- **Reagents costs** - **Staff administration costs** - **Maintenance costs** - **Electricity costs** -
Nursing Services	- Beds & Beddings - Purchasing nursing equipment - Construction Wards - Salaries	- **Electricity cost** - **Repairs and maintenance** - **Food costs** - **Water costs** - **Staff administration costs**
Security	- Perimeter fence construction cost (*cost recovery spread within 20 years*)	**-**

	- Security personel salaries	
Procedures	- Equipmentandmachinespurchase cost (*cost recovery spread within* 10 years - Infrastructure - Salaries and wages	- Consumables cost - Electricity costs - Water costs - Staff administration costs
Infrastructure	- Land purchase cost (costrecovery spread within 10 years) - Facility construction cost	-Repair and Maintenance costs
Ambulatory services	- Purchasing of ambulances - Purchasing of ambulatory equipment - Dispatch centre costs - Salaries and Wages	- Fuel costs - Consumables costs

NB: Parameters used in determining cost of services in the above stream may not be the only factors

v. Service complexity

The cost of providing the services shall reflect the varying levels of technical difficulty, resource intensity and professional expertise required in delivering different outpatient and inpatient healthcare services as illustrated in the table below:

Table 22

Service Type	SCF	

Outpatient Consultation		**1.0**
Laboratory Test (Basic)		**1.1**
Radiology (X-Ray, Ultrasound)		**1.3**
Minor Surgery (e.g., sutures, I&D)		**1.5**
Major Surgery (e.g., C-Section)		**2.0 – 2.5**
Emergency Services		**1.6**
Inpatient Bed Day		**1.2 – 1.6**

Table 23 Costing for Health Facility fees E.g Outpatient services

Services	UrbanFixed Costs	Rural Fixed Costs	Urban Variable Costs	Rural Variable Costs	Urban Total	Rural Total
	A	B	C	D	A+C	B+D
Consultation Services						
Diagnostic and Laboratory Services						
Procedures						
Security						
Preventive and Public Health						
Total						

Total cost per month	
Number of patients	

Table 24 Cost of service per patient

Cost of service per patient ≈ T BT SCF PCF FLF ZF Where:

Component	Description
Base Tariff (BT)	Cost-based base price derived from personnel, medical supplies, utilities, and infrastructure.
Service Complexity Factor (SCF)	Adjusts for whether service is basic outpatient, specialized diagnostic, or surgical intervention.
Patient Category Factor (PCF)	Differentiates tariffs by patient type (e.g., children, indigents, SHIF-covered, private).
Facility Level Factor (FLF)	Adjusts for level of care (dispensary vs county referral). Reflects infrastructure, personnel, and tech.
Zone Factor (ZF)	Reflects urban vs remote settings, mobile clinics, or hardship delivery zones.

3.8 Liquor Licensing Fees Tariff

A liquor licensing fee is a levy charged pursuant to Section 12 of the Alcoholic Drinks Control Act, 2010, Section 161 of the Public Finance Management Act, 2012, relevant provisions of the County Governments Act, 2012 and county policies related to the manufacture, distribution and sale of alcoholic beverages within the county. On payment of the fees, a manufacturer, distributor or trader is issued with a liquor license.

The specific objectives of trade licensing are to:

i. Control and regulate business practices

ii. Promoting responsible alcohol trade while discouraging illegal operations

iii. Mobilise resources for providing services that ensure a safe and clean environment for traders

The following factors have been considered in setting the county trade licensing tariff: -

i. Type of Establishment

The county government shall classify outlets according to their operational model. For example, bars, night clubs, restaurants, hotels, off-license retail outlets, distributors, manufacturers, and wholesalers. Each category carries a distinct regulatory and monitoring requirement.

ii. Scale of Operation

In levying of fees, the county government shall consider the size of the establishment, measured by seating capacity, retail floor area, or production volume. Larger operations often attract higher fees due to increased regulatory complexity and the potential for greater public health impact.

iii. Risk Profile and Social Impact

The potential risks posed by the type of license varies across all categories e.g. outlets serving alcohol for on-premises consumption, particularly late at night, are generally associated with higher enforcement and public safety costs compared to outlets that sell sealed liquor for home consumption.

Table 25

License Category	Base Fee (KES)	Category Factor	Zone Factor (Urban/Rural)	Risk Factor (Low/High)

Manufacturer	150,000	3.0	1.2 / 1.0	1.0 / 1.3
Wholesaler/Distributor	80,000	2.0	1.2 / 1.0	1.0 / 1.2
Bar/Restaurant	50,000	1.5	1.2 / 1.0	1.0 / 1.3
Nightclub	70,000	2.0	1.2 / 1.0	1.2 / 1.5
Retail Liquor Shop	40,000	1.0	1.2 / 1.0	1.0 / 1.2
Temporary/Seasonal Permit	15,000	0.5	1.2 / 1.0	1.0 / 1.1

Table 26 Costing of Liquor Licensing Fees

Services	**Urban Fixed Costs**	**Rural Fixed Costs**	**Urban Variable Costs**	**Rural Variable Costs**	**Urban Total**	**Rural Total**
Compliance and Inspection services	A	B	C	D	A + C	B + D
Regulatory and Enforcement services						
Advisory and Capacity Building services						
Administrative services						
Total Cost						

The average number of annual licenses issued in the preceding 3 years

Cost of service per license ≈

Fee payable = Base Fee × Category Factor × Zone Factor × Risk Factor

CHAPTER 4 POLICY IMPLEMENTATION AND REVIEW

This Policy will be implemented through an inter-departmental approach spearheaded by the County Treasury. The County Treasury will also commission a midterm evaluation of the implementation progress.

4.1 Policy Implementers

The actors responsible for the implementation of this Policy are the County Treasury, the Technical Committee, the County Executive Committee, and the County Assembly whose roles are as follows:

4.1.1 County Treasury

The County Treasury is in charge of coordinating the implementation and review of the Policy. Specifically, they shall be responsible for:

i) Requesting and compiling submissions in the review;

ii) Ensuring adequate public participation in the proposed changes to the policy; and iii) Preparing a monitoring and evaluation report on the implementation.

4.1.2 Technical Committee

The Technical Committee will be chaired by the Chief Officer Executive. It will comprise technical officers from departments where revenue streams are domiciled to a maximum of eleven (11) members. The technical committee shall –

i. Conduct stakeholder engagement on the Policy; and

ii. Review and incorporate submissions from the County Treasury and issues raised by stakeholders on the Policy.

4.1.3 County Executive Committee

This Committee shall: -

i. Discuss and approve the Policy;

ii. Lead and oversee the implementation of the Policy and any incidental legislation

iii. Developing legislative proposals to implement the policy iv) Make policy decisions on emerging issues concerning the Policy

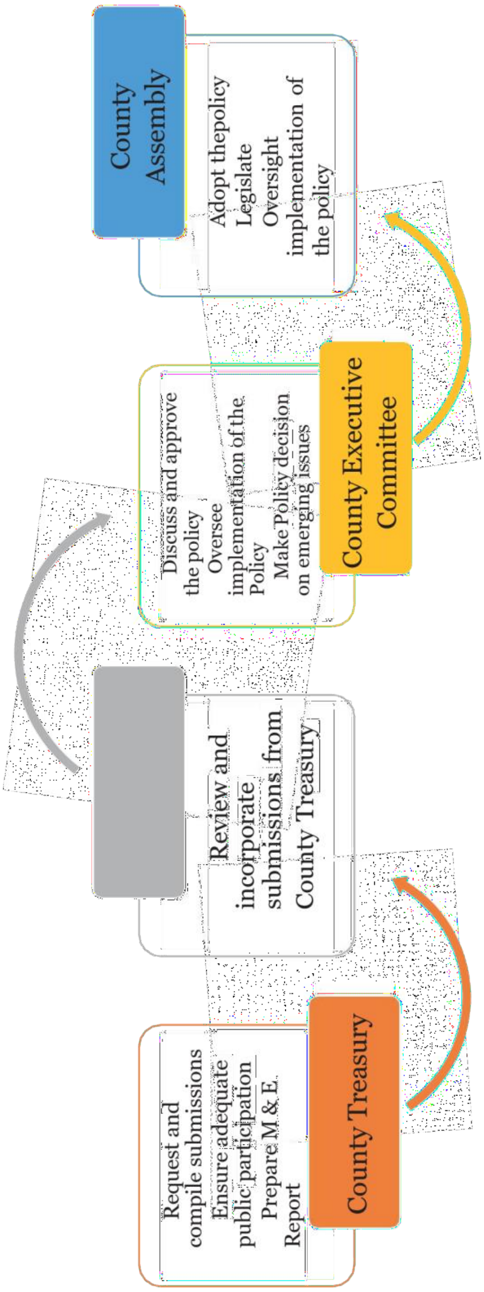
4.1.4 County Assembly

The Assembly shall:

i. Approve the Policy submitted by the County Executive Committee Enact any relevant laws to give effect to the Tariffs and Pricing Policy;

ii. Play the oversight role to the county executive committee in the implementation of the Tariffs and Pricing Policy.

The diagram below summarizes the roles of these county organs in developing and implementing this Policy.



4.2 Compliance and Enforcement

To ensure compliance, the county shall develop and conspicuously display a schedule of tariffs. The tariff schedules shall outline the services provided, the cost for the provision of such services, the duration of the service, and user requirements. The schedules shall inform the public of the payable county fees and charges for services offered.

Compliance with the policy shall be enforced by the County Treasury. The county government shall develop legislation on sanctions for non-compliance where necessary.

4.3 Monitoring and Evaluation

Monitoring and evaluation of this policy will be conducted annually by the County Treasury to assess the progress of implementation. The Policy's broader impact on the overall county economy will be monitored using the existing county monitoring framework.

4.4 Policy Review

This Policy will be reviewed after every five years or on a need basis.

CHAPTER 5 DEVELOPING A TARIFFS &PRICING POLICY

A GUIDE FOR COUNTY GOVERNMENTS IN KENYA

INTRODUCTIONS TO THE USER GUIDE

This Guide should be used alongside the model Tariff and Pricing Policy

This Guide is intended to assist county governments in developing a Tariffs and Pricing Policy which is a requirement under section 120 of the County Governments Act. This mandates that tariffs, fees and charges imposed by the county government be mapped and matched to the services provided and aligned with their cost.

Furthermore, this Guide serves as a reference material to counties on how to formulate their Tariffs and Pricing Policies. It provides a step-by-step process to follow when setting tariffs for all county government user fees and charges.

PROCESS OF DEVELOPING A TARIFFS AND PRICING POLICY

When developing a Tariffs and Pricing Policy, certain actions should be followed. These actions are as follows:

Step One: Initiate

The CECM Finance will be responsible for initiating the development process of the Tariffs and Pricing Policy. They will establish a technical committee and appoint the Chief Officer in charge of revenue to lead the development process. The technical committee should have a maximum of eleven (11) members. It is recommended that the committee includes officers from departments where revenues are collected, and they should have expertise in revenue administration, legal, planning, statistical analysis, and public participation.

The Technical Committee's responsibilities will include:

i. Developing a roadmap for the draft policy
ii. Formulating the draft Policy
iii. Coordinating public participation on the draft Policy
iv. Submitting the draft Policy to CECM Finance for review.

Although counties are expected to set tariffs for all revenue streams, priority should be given to revenue streams that generate at least 80 percent of the county's revenue. To elaborate on this, the model policy provides tariffs for five revenue streams which are trade licensing, building plan approval, parking fees, market access fees and housing rent.

The County Treasury will provide secretarial services to the Technical Committee.

Step Two: Review and Situational Analysis

In this step, the Technical Committee will assess the prevailing situation of the county to identify the:

1. Existing fees, charges and tariffs or lack thereof.
2. Rationale and basis of existing county tariffs, fees and charges
3. Cost of service delivery
4. Prevailing economic situation
5. Priorities of the County Government.

The Technical Committee needs to undertake the following steps:

- Review relevant national and county policies and laws.
- Examine County Expenditure reports for the previous three years.
- Review County planning and budget documents.
- Gather and review information on revenue streams as requested through the Budget circular.
- Gather information from the stakeholders on existing fees and charges.

The committee shall also identify and review any national and county legislation and policies that impact county tariffs, fees and charges.

Table 27 guides on some of the key legislation and policies that shall be considered in the formulation of a county tariff structure. Counties shall remain informed of possible changes in the policy and legislative environment.

Table 27 Policies and Laws

Documents	Tick
1. National Policy to Support Enhancement of County Governments' Own Source Revenue	
2. National Trade Policy, 2017	

3. County Integrated Development Plan	
4. Other relevant legislation and policies on matters own source revenue at the county and national level	
5. Constitution of Kenya 2010	
6. County Governments Act, 2012	
7. Public Finance Management Act, 2012 and Regulations	
8. Other relevant legislation and policies on matters own source revenue at the county and national level	

The Technical Committee will then compile a situational analysis report which will inform the determination of various county tariffs.

Step Three: Determine

Tariffs should be determined based on the cost of services provided and anchored on the following goals:

i. Revenue adequacy and certainty;
ii. Sustainability (*Financial and Environmental*);
iii. Effective and efficient resource use; and
iv. Development and investment.

The Technical Committee is responsible for interpreting these goals in the county context by answering the following questions:

i. What does each goal mean for tariffs?
ii. What priority do you place on each goal, concerning the other goals?
iii. How do you plan to achieve these goals through the tariffs?
iv. How can you measure progress towards achieving your tariff goals?
v. How will tariff goals be monitored?

In addition to these goals, tariff determination should be based on the following principles:

i. Affordability

ii. Equity

iii. Sustainability

iv. Destitution Principle

v. Transparency

The Technical Committee should answer the following questions when interpreting these principles:

i. How do the principles align with the tariffs?

ii. What priority do you place on each principle, relative to other tariff principles?

How do you aim to adhere to the principles through your tariffs?

For example, in adhering to the affordability and destitution principle, the county is required to categorize users of county services based on income. The county can be guided by information from the Kenya National Bureau of Statistics among others. The Technical Committee needs to answer the following questions when categorizing the users:

i. What categories of domestic consumers are important when assessing the affordability of tariffs?

ii. What targeting method is the county going to use to distinguish between households in the different categories?

When determining the basis of tariffs, the Technical Committee should:

i. Define the tariffs

ii. Specify the objectives of the tariffs

iii. Provide the scope of application for the tariffs

iv. Identify the factors to consider when setting the tariffs

v. Match the tariffs to the services provided

vi. Determine the cost of providing different services. The cost per unit will be determined for both rural and urban among other categories. The cost shall be classified into fixed and variable costs.

Concerning tariff setting:

Fixed cost is defined as expenditure which does not change with changes in consumption of service while variable costs are those that change with consumption of the service.

The county can opt to charge the services offered at cost or subsidize.

i. For fixed asset costs shall be spread over 10 or 20 years depending on the nature of the asset.

ii. The initial cost of services when developing a Tariffs and Pricing Policy for the first time will be the average of the three preceding financial years' cost.

iii. Where services are shared between various revenue streams, the cost should be apportioned across the streams. In apportioning the costs, the county may consider factors such as utilization of services, concentration of users and many more.

Table 28 Revenue Streams and Assumptions for Setting the Baseline

Revenue Stream	Tariff Base	Assumptions
Trade Licensing	Total Cost/Number of trade licenses issued	All businesses are of the same size and type
Building Plan Approval	Total Cost/No. of approved licenses	The cost of services for sewerage, water and electricity not factored
Parking Fees	Total Cost/Number of parking slots	• Recovery of land purchase cost is 10 years • The county services are provided daily hence 365 days used
Market Access Fees	Total Cost/Market Surface Area	• Lowest unit occupancy meters sq. • Recovery of land purchase cost is 10 years
County Housing Rent	Total Cost/Number of rooms.	• Recovery of land purchase cost is 10 years • Recovery of construction cost is 20 years

When setting their various tariffs, counties may classify different users by type of business, size of business, space occupied, zones and location, durations of use, cost of construction, type of building and size of house/building.

Step Four: Engage

This step guides the County Government on stakeholder mapping and engagement in developing the policy as envisaged in Article 10 of the Constitution. Public participation is one of the principles of national values and governance. This process will include the following steps:

i. *Stakeholder Mapping*

To conduct a comprehensive public participation exercise, the County Government shall identify and map out all its stakeholders including users of the county services and any other relevant stakeholders but not limited to the following:

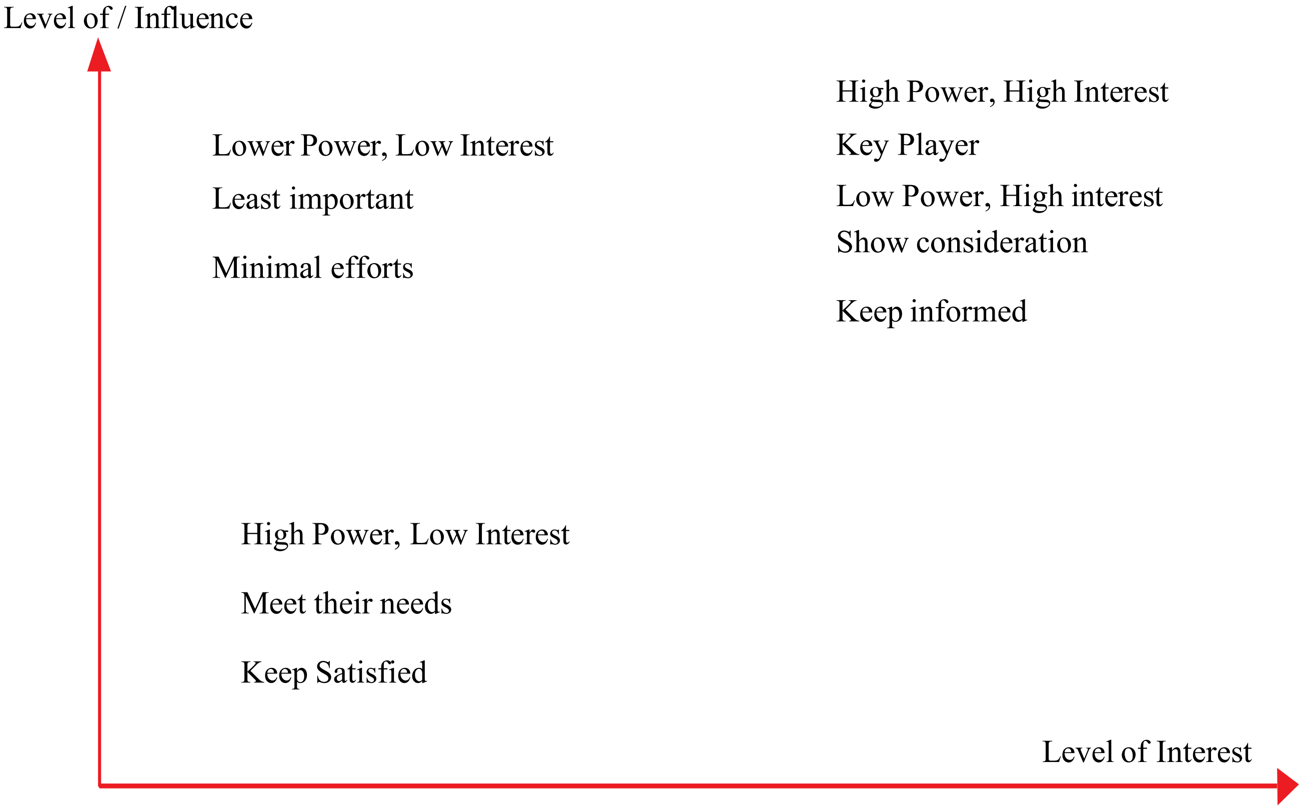
i. Members of the public
ii. Ministries, Departments and Agencies (National Government)
iii. County Government Agencies
iv. Municipal, city and town managers
v. Sub-County Administration
vi. County Assembly
vii. Other County Governments
viii. Development Partners
ix. Non-Governmental Organizations
x. County clients and Business Communities
xi. Professional bodies
xii. Senate
xiii. Special Interest Groups including PWDs, Youth and Women
xiv. Kenya National Chamber of Commerce and Industry
xv. Kenya Association of Manufacturers
xvi. Kenya Private Sector Alliance

ii. *Stakeholder Analysis Matrix*

Mapping of stakeholders shall be done according to two levels: the level of influence;

and the level of interest as shown in the matrix below.

Figure 1 Stakeholder Analysis Matrix



iii. Stakeholder Engagement

This step guides County Governments on stakeholder engagement when developing the policy. Stakeholder engagement is a critical exercise geared towards informing and consulting users of county public services.

The goal of the consultation is to obtain public feedback on the draft policy. Therefore, the Technical Committee must acknowledge concerns raised on the draft and provide feedback on how public input has influenced the policy. There may be a need to go back and revisit some of the earlier steps in the process of developing the policy, depending on the input received during the consultation process.

When conducting public participation, the Technical Committee should categorize the issues in the policy into those that require informing the users and those that require consultation. Table 13 outlines how to categorize issues.

Table 29 Categorization of Policy Issues for Stakeholder Engagement

TARIFF POLICY DECISION	POSSIBLE ISSUES	CONSULT OR INFORM?
Tariff goals and principles	The relative importance of the different tariff principles to the county, and how these impact tariff levels are of interest to the users of county services. If public participation around the overall county strategy has been properly conducted, then public participation around tariff principles should largely inform the community on how the county strategy has been translated into these goals and principles.	**Inform**
Services provided	Services provided by the counties are likely to have far-reaching impacts.	**Consult**
TARIFF POLICY DECISION	POSSIBLEISSUES	**CONSULT OR INFORM?**
Consumer types considered	The categories of consumers considered, and particularly how low-income domestic consumers are defined and are of interest.	**Consult**
Costs of service provision considered	Likely to be of great interest.	**Consult**
Types of tariffs	How different types of tariffs translate into monthly bills for different categories of consumers will be of interest to citizens.	**Consult**
Communicating Tariffs	This is to publish and publicize the tariffs.	**Inform**
Monitoring and review of tariffs	**This is to track the progress and implementation of the tariffs and pricing**	**Inform**

	policy.	

Step Five: Approve

This step outlines the process of approving the Tariffs and Pricing Policy after the Technical Committee finalizes the draft. Once the draft policy is ready, it will be sent to the County Executive Member of Finance for submission to the County Executive Committee for approval. After the CEC approves the policy, the CECM Finance will submit the approved policy to the county assembly within 14 days for noting.

This step guides the County Government on the implementation of the Policy. The following activities shall be conducted:

- The approved Policy shall be published and publicized;
- Develop and conspicuously display a schedule of tariffs for all services offered from the revenue streams;
- County legislation shall be aligned with the Policy through the enactment of new laws and amendment of existing ones in the initial year;
- In subsequent years, the county shall amend any changes in fees as grounded on the Policy through the Finance Bill;
- Monitor and evaluate the progress of implementation of the Policy annually, with a view to identifying gaps that should guide the policy review; and
- Review the Policy after every five years or on a need basis as determined by the County Executive Committee.

Table 30 summarizes the process of developing a county government Tariffs and Pricing policy and the responsible actors

KEY STEPS	INITIATE	REVIEW	DETERMINE	ENGAGE	APPROVE	IMPLEMENT& REVIEW
TASKS	Appoint head of technical committee Nominate technical committee members Develop RoadMap	- Identify existing fees and charges - Determine the cost of service delivery - Consider the prevailing economic situation - Prioritizethe objectives of the County Government.	Define the tariffs Match the tariffs to these services provided Specify the objectives of the tariffs Identify the factors to consider whensetting the tariffs	Conduct stakeholder mapping and analysis Inform stakeholders Consult stakeholders	Obtain County Executive Committee approval	- **Publish andpublicize the approved Policy** - **Align county legislation with the Policy through the enactment of new laws and amendment of existing ones in the initial year** - **Monitor and evaluate implementation progress annually to identify gaps thatshould guide the policy review** - **Review the Policy after every five years or on a need basis**
ACTORS	**County Treasury**	**Technical Committee**	**Technical Committee**	**Technical Committee**	**County Executive Committee**	**County Departments**

POLICY DEVELOPMENT AND IMPLEMENTATION PROCESS

Table 15 summarizes the policy development process outlining the progress indicators, lead actors and timelines in line with the county budget calendar. The relevant county departments will be required to issue periodic progress reports to the County Treasury for evaluation purposes.

Table 31 Policy Development and Implementation Timeline

Activity	Output Indicator	Timelines	Responsible
Research on county revenue streams charges to inform the situational analysis	Report	xxxx	Technical Committee

Request and consider input on the Tariff and Pricing Policy from County departments through the budget circular	Report on submissions	xxxx	CECM Finance
Formulation of draft Tariffs and Pricing Policy	Draft tariffs and Pricing Policy	xxxx	Technical Committee
Public participation on the draft Tariffs and Pricing Policy	Public participation report	xxxx	Technical Committee
Validation of the tariffs and pricing policy by the Technical Committee	Validation report	xxxx	Technical Committee
Adoption and approval of the tariffs and pricing policy by the County Executive Committee	approved Tariffs and Pricing Policy	xxxxx	CEC
Submission of the tariffs and pricing policy to the county assembly	Forwarding letter	xxxxx	CECM Finance
Approval of the Tariffs and Pricing Policy	Approved Tariffs and Pricing Policy	xxxxx	/County Executive Committee
Enactment and review of the affected principal laws	Bills	xxxxx	County Assembly/ Executive
Enactment of the Finance Act	Finance Act	xxxxx	County Assembly/ Executive
Preparation of monitoring and evaluation report on the Tariffs and Pricing Policy (Situational Analysis)	Monitoring and Evaluation Report (Situational Analysis Report)	xxxxxx	County Treasury

Table 32 Checklist When setting Tariffs:

Activity	When ☑ Completed	Date Completed	Comments
Tariffs are determined based on the fixed costs, variable overheads and capital financing costs as incurred in the provision of the services.			
The demand for services needed in the county plays a role in setting tariffs.			
To allocate the tariff, the costs are divided by the number of units that benefit from the service.			
A Tariffs Schedule, that specifies approved tariffs should be attached to the Tariffs and Pricing Policy.			
County Governments may also determine and approve special tariff arrangements for specific local economic developments, as outlined in the Waivers and Exemption Policy.			
When determining fees, levies, or charges, County Governments should consider Persons with Disabilities (PWDs) as outlined in the Waivers and Exemption Policy.			
In addition, County Governments are to provide a subsidy catering to the poor economic households as outlined in their respective Waivers and Exemption framework.			