

Presentation to the County of San Benito

Comprehensive User Fee Study

July 24, 2018



What are User Fees?

- User Fees fund programs and services that provide private benefit to individuals requesting them, with limited or no benefit to the community as a whole
- State Law requires that 1) individual use of the service must be voluntary, and 2) fees must reasonably relate to the services provided

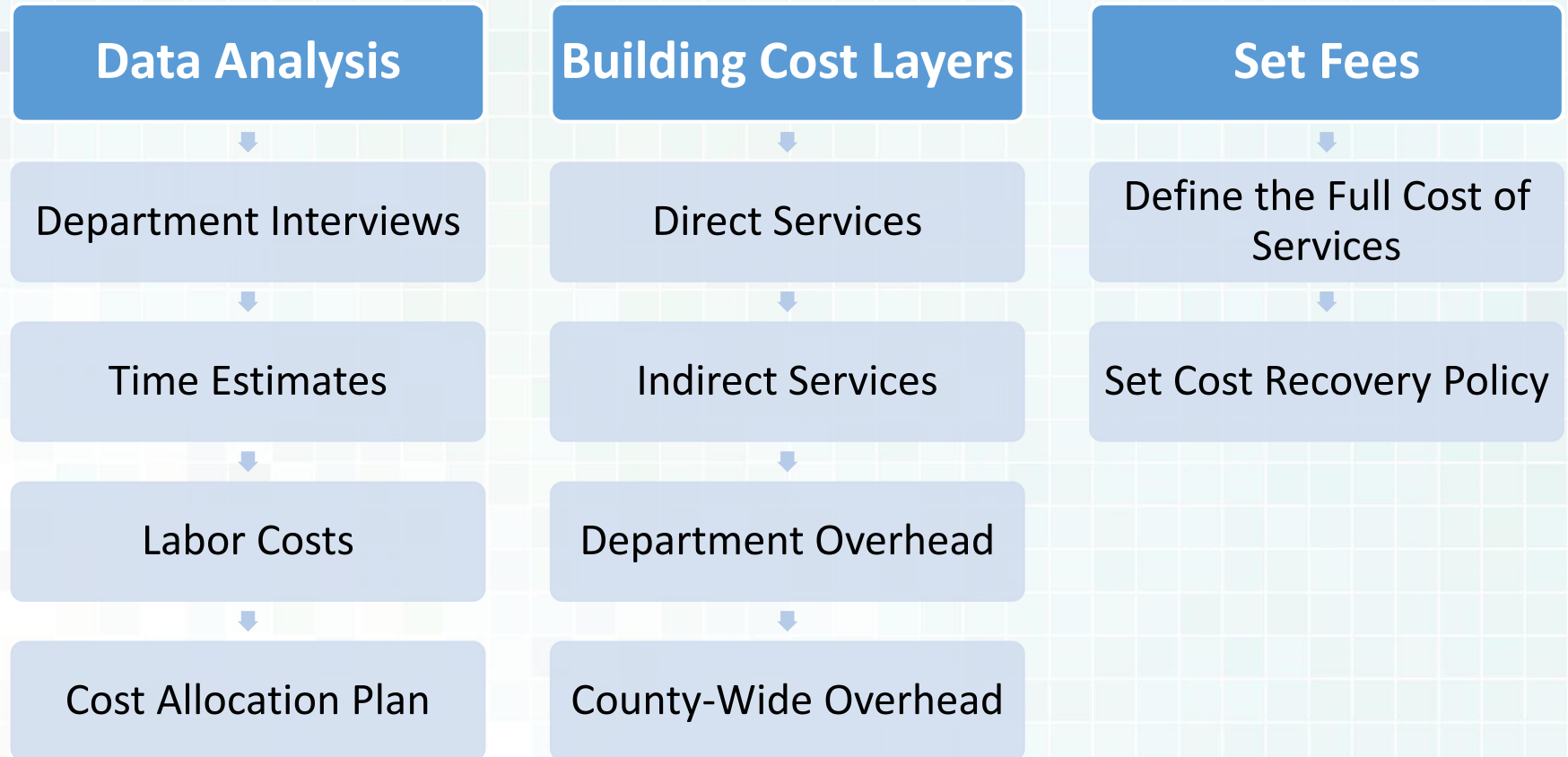
What is a User Fee Study?

- Objective of a User Fee Study is to determine the “reasonable” full cost of providing services
- Each fee or service’s cost is calculated individually
- Develop fully burdened hourly rates for personnel
 - Salary & Benefit cost divided by billable hours
 - Layer on direct and indirect overhead as applicable to the position’s department and services provided
- Up to 100% of the full cost may be recovered
- The County may decide to set fees lower than full cost

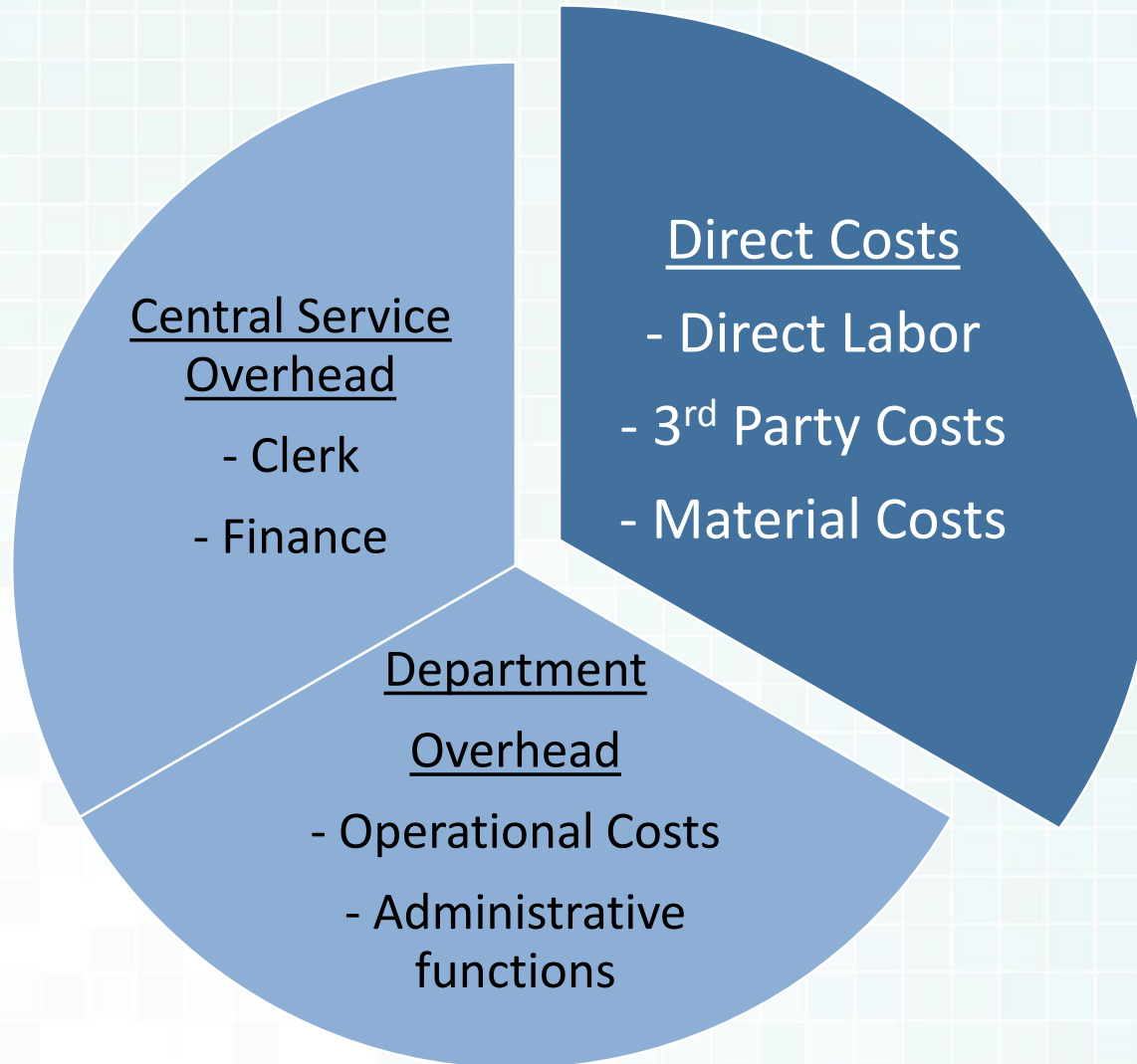
Objectives of User Fee Study

- Develop a rational basis for setting fees
- Understand total costs of providing services
- Identify subsidy amounts, if applicable
- Identify appropriate fee adjustments that enhance fairness and equity
- Maintain consistency with local policy and objectives, and compliance with state law
- Develop updatable, comprehensive list of fees

Summary Steps of the Study



Typical Fee Composition



Fee Cost Composition Example

- Fully Burdened Hourly rates predominately used to calculate full cost for fees
- Important to keep in mind all processes, personnel, and indirect support involved to calculate full cost for services



Scope of the Study

- Review and calculate cost of providing services and related fees charged by the following departments and divisions:
 - Agricultural Commissioner
 - Assessor
 - Building
 - Clerk of the Board
 - Code Enforcement
 - Emergency Medical Services
 - Environmental Health
 - Geographic Information Systems
 - Library
 - Mental Health
 - Planning
 - Probation
 - Public Health
 - Sherriff's Office
 - Tax Collector

Agricultural Commissioner

- Majority fees are set according to statutes and regulations
- Current fees are under recovering the cost of providing service
- No recommended changes to fee schedule

Assessor

- Current fees are under recovering the cost of service
- Recommendation is to set most fees at or near 100% cost recovery
 - There would be an increase to 9 fees, and 9 fees would remain as currently set
 - Average fee increase of 11%

Building

- Fees based on a time based analysis
 - Recommendation is to set most fees at or near 100% cost recovery
 - As a result, there would be an increase to 32 fees, 5 fees would remain as currently set, 1 fee would decrease, 38 new fees would be added, and 2 fees would go from flat fee to valuation based
 - Average fee increase of 55%
- Building Permit – program based analysis
 - Current cost recovery is 84%
 - Suggested fees would increase program to 100% cost recovery

Clerk of the Board

- Recommendation is to set most fees at or near 100% cost recovery
 - There would be an increase to 1 fee, 2 fees would remain as currently set, 1 fee would decrease, and 2 fees would go from flat fee to actual cost

Code Enforcement

- Current fees are primarily penalties meant to deter undesirable activities that are set based on Government codes and previously established resolutions
- No recommended changes to fee schedule

Emergency Medical Services

- Current fees largely subsidize the cost of providing service
- Recommendation is to set most fees at or near 100% cost recovery while retaining subsidies for select fees to promote access to specific services
 - There would be an increase to 17 fees, 1 fee would remain as currently set, 4 fees would decrease, and 5 new fees would be added
 - Average fee increase of 10%

Environmental Health

- Current fees are under recovering the cost of service
- Recommendation is to set most fees at or near 100% cost recovery
 - There would be an increase to 155 fees, 23 fees would remain as currently set, 5 fees would decrease, and 9 new fees would be added
 - Average fee increase of 3%

Geographic Information Systems

- Current fees are under recovering the cost of service
- Recommendation is to set most fees at or near 100% cost recovery
 - There would be an increase to 17 fees, 5 fees would remain as currently set, 1 fee would decrease, and 1 new fee would be added
 - Average fee increase of 11%

Library

- Services included in Library are a mixture of fines and user fees
 - Analysis on user fees shows that current fees largely under recover the cost of services
- There are no recommended changes to Library fees

Mental Health

- Most fees are currently set by the State and will remain at their designated levels
- One fee for records research was analyzed and is recommended to increase
 - The recommended fee would retain a 41% subsidy

Planning

- Fees include a mixture of flat and deposit based services
 - Flat fees utilized a time based analysis
 - Deposits are charged at cost of providing service and unused funds are refunded to requestor
- Current fees under recover the cost of providing service
- Recommendation is to set most fees at or near 100% cost recovery
 - There would be an increase to 39 fees, 3 fees would remain as currently set, 3 fees would decrease, and 10 new fees would be added
 - Average fee increase of 55% for flat fee services

Probation

- Current fees are primarily penalties meant to deter undesirable activities
- Current fees and fines are not recovering the cost
- It is recommended that fees and fines be increased, but not to 100% recovery
 - There would be an increase to 10 fees, and 1 new fee would be added
 - The suggested amounts would have an average fee increase of 53%, but retain a average subsidy of 30%

Public Health

- Most fees are currently set by the State and will remain at their designated levels
- 1 fee was analyzed and the recommendation is to increase that fee
 - The increase would be by 49%, but it would retain a 97% subsidy

County of San Benito Sheriff's Office

- Most fees are currently set by a penal code and are meant to deter undesirable activities
- The two current user fee analyzed are under recovering the cost of providing service
- 10 fees in total were analyzed and the recommendation is to increase the 2 current fees and 8 new fees would be added

Tax Collector

- Current fee levels mostly under recover the cost of providing service
- Recommendation is an increase to 25 fees, 42 fees would remain as currently set, and 8 fees would decrease
 - Average fee decrease of 2%
 - Subsidies would remain for many services

Data & County Staff Participation

Willdan used the following to determine full cost of providing each service:

- Department budgets, Salary & Benefit information, other cost data
- Staffing Structures
- Central Service/Indirect Cost Allocation Plan
- Productive/billable hours
- Direct & Indirect work hours
- Time estimates to complete tasks
- Activity level and revenue for programs and services
- County/Department input, feedback and policies

Policy Considerations

- General standard: individuals or groups who receive private benefit from service should pay 100% of cost
- In certain situations, subsidization is an effective public policy tool:
 - Encourage participation
 - Ensure compliance when cost is prohibitive to residents
 - Allow access to services
- It is recommended that County include an annual inflation factor which will allow Board of Supervisors by resolution to annually adjust fees based on CPI or other factor

Questions

