



2008
Building and Safety Division
User Fee Study

RESULTS ORIENTATION

Presentation to the *Santa Barbara County*
Board of Supervisors by:

WOHLFORD CONSULTING

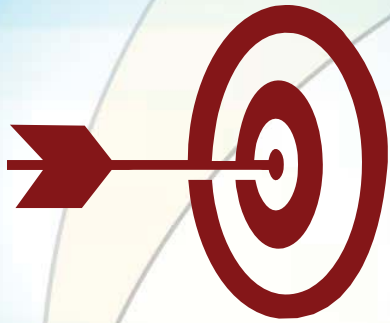
August 26, 2008

PRESENTATION GOALS



Brief Project Orientation:

- **Methodology Overview**
- **Introduce Results**
- **Answer Questions**



Project Objectives for Santa Barbara County

- ❑ Understand the *Full Cost* of Services (Direct and Indirect)
- ❑ Develop Insight and a Rational Basis for Setting Fees
- ❑ Understand Subsidies
- ❑ Increase and/or Balance Revenues
- ❑ Enhance Fairness and Equity
- ❑ Ensure Compliance with State Law
- ❑ Simplify Fee Schedules

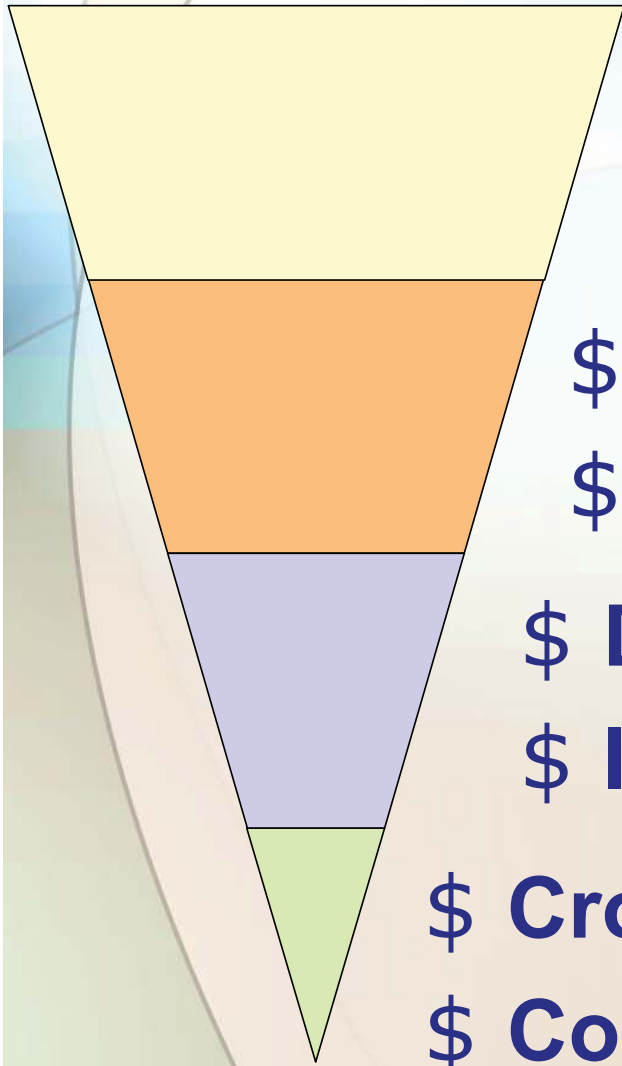
METHODOLOGY OVERVIEW

- **Change from “Valuation”-Based Fees to Cost-Based Fees**
 - Greater Defensibility & Compliance with State Law
 - “Estimated Reasonable Cost” Standard
- **Business-Case Cost Analysis**
 - Rational / Linear Process (Unit Cost Build-up)
 - Productive Hourly Rates
 - Staff Time to Complete Tasks
 - Direct Cost of Staff Applied (Salary and Benefits)
 - Equitable Distribution of Overhead & Support Costs
- **Full Cost = Maximum Potential Fee**

Simplified Conceptual Approach (single fee)

Service ("Fee" or Program) / Activity	Time to Complete 1 Activity (hours)	X	Productive Hourly Rate	=	Full Cost / Potential Unit Fee	X	Annual Volume of Activity	=	Potential Annual Revenue
FEE #1:							10		
Intake	0.5		\$ 100		\$ 50		10		\$ 500
Plan Check	1		\$ 100		\$ 100		10		\$ 1,000
Inspection	2		\$ 100		\$ 200		10		\$ 2,000
Filing	0.5		\$ 100		\$ 50		10		\$ 500
S&B Total:	4		\$ 100		\$ 400		10		\$ 4,000
Allocated O.H. Costs					\$ 50		10		\$ 500
FEE TOTAL					\$ 450		10		\$ 4,500

“Full Cost” Includes:



\$ Direct Salaries & Benefits

\$ Services and Supplies

\$ Supervision and Support

\$ Capital, Growth, & Other Costs

\$ Department Administration

\$ Indirect Activities

\$ Cross-Department Support

\$ Countywide Administration

Cost Results

FULL COST: Annual Cost of Fee-Related Services	CURRENT REVENUE: Projected @ Annual Current Fees	CURRENT SURPLUS / (SUBSIDY): Annual Difference	COST RECOVERY RATE: Current / Full Cost
\$ 3,774,000	\$ 3,675,000	\$ (99,000)	97%

- **Mix of *under-* and *over-*recovery of full cost with current fees**
- **Net current *subsidy* of \$ 99,000**
- **Recommended fees would bring \$ 94,000 in *additional revenue* each year**

Quality Control Processes



- Guidance to Division Staff
- Applied Experience
(normal range – data/results)
- Involvement of Knowledgeable Staff
- Reasonableness Tests
- Challenge and Questioning
- Consumption and Balance of FTE
- Internal County Review
- Consultant Review



QUESTIONS?

For further information, please contact:

Chad Wohlford, Project Manager

chad@wohlfordconsulting.com

SPECIAL THANKS TO:

Mark Matson

Mike Zimmer

Betsy Blaine



THANK YOU