



Santa Barbara County Public Works Department
User Fee Study Report: Surveyor

March 18, 2021



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EXECUTIVE SUMMARY

Introduction

MGT Consulting Group (MGT) is pleased to present the Santa Barbara County Public Works Department (County) with this summary of user fee findings for the County's Surveyor fees.

The County is interested in knowing the current full cost of its various services and exploring options to modify fees to better reflect the Board of Supervisor's priorities. The County contracted with MGT to perform this review using fiscal year 2018/19 actual personnel, indirect costs and operational information. MGT was also tasked with recommending fee adjustments based on the resulting fully burdened cost of services and industry best-practices.

This report is the culmination of the extensive work between MGT and County management and staff. MGT would like to take this opportunity to acknowledge all who participated on this project for their efforts and coordination. Their responsiveness and continued interest in the outcome of this study contributed greatly to the success of this study.

Study Scope and Objectives

This study included a review of fee-for-service activities within the following area:

- ◆◆ Public Works: Surveyor

The study was performed under the general direction of the Public Works Administration division with the participation of representatives from the Surveyor division. The primary goals of the study were to:

- ◆◆ Define what it costs the County to provide various fee-related services.
- ◆◆ Recommend fee adjustments based on full cost analysis and industry best practices.
- ◆◆ Develop revenue projections based on recommended increases (or decreases) to fees.
- ◆◆ Provide user fee models and templates to County staff enabling staff to update the study results in future years and incorporate new fees as they occur.

The information summarized in this report addresses each of these issues and provides County management with the tools necessary to make informed decisions about possible fee adjustments and the resulting impact on revenues.

MGT's scope was limited to analysis of user fees only. User fees are charges to recover staff and materials costs related to the processing of applications and permits.

Methodology

MGT's standard approach for analyzing the cost of providing development user fee-related services is commonly referred to as a "bottom up" approach. The bottom up approach was used to analyze all of the Surveyor user fees. A general description of the "bottom up" approach is as follows:

1. Identify all direct staff time spent on the fee related activity or service

MGT conducted a series of meetings with staff to identify every employee, by classification, who performs work directly in support of fee related services. Direct staff costs are incurred by employees who are "on the front line" and most visible to the customers (e.g. inspectors, plan reviewers, etc.). Once all direct staff were identified, subject matter experts for each section estimated how much time those employees spend, on average, performing each particular fee service.

Developing time estimates for fee related services can be challenging and departments should be commended for the time and effort they put into this. Although MGT provided departments with templates and other tools to assist them in developing average or "typical" time estimates, these calculations were necessarily developed by the subject matter experts within each fee area.

2. Calculate direct cost of the staff time for each fee using productive hourly rates

"Productive hours" means the time staff are in their office or in the field. A full-time County employee typically has 2,080 paid hours per year (40 hours x 52 weeks). However, cost studies reduce this number to account for non-productive hours (sick leave, vacation, holidays, training days, meetings, etc.). MGT calculates the productive hourly rate for each staff classification by dividing annual salary and benefits by annual productive hour figures. The average productive hours for the County's staff that provide these services is 1,720 per year.

3. Incorporate indirect or "overhead" costs

Staff within Surveyor receive support from the Public Works Administration division as well as departments external to Public Works (Human Resources, County Counsel, etc.). The County's Auditor-Controller's Office provided MGT with approved indirect cost rates

that, once applied against program staff costs, reflect the fully burdened cost of providing services. Indirect rates applied for each program include:

- ❖ Surveyor: indirect cost rate: 128.71%

4. Compare total costs to the current fee schedule

Once all direct and indirect costs are calculated, MGT compared the total cost for each fee-related service to the fee currently charged to the public. In most cases, we found the total cost of providing a service exceeded the fee charged. In these instances, the fee can be increased to recover these subsidies. However, there was one service for which the total calculated cost was less than the fee charged. In this case, the fee must be lowered to comply with State law.

5. Annual volume figures are incorporated

Up to this point we have calculated fee costs and revenues on a per-unit basis. By incorporating annual volume figures into the analysis, we extrapolate the per-unit results into annual cost and annual revenue information. This annualization of results gives management an estimate of the fiscal impact of proposed fee adjustments.

Because annual volume will vary from one year to the next, these figures are estimates only. Actual revenue will depend on future demand level and collection rates. Also, some of the proposed fees include a restructuring of existing fee categories. In these cases, management should be conservative with fiscal impact projections.

6. Maximum allowed fee levels

MGT identifies the maximum fee that may be charged for each fee service based on full cost information and any State or Federal limitations. County staff may present alternative fee recommendations based on their knowledge of the community and historical practices. Ultimately the County's Board of Supervisors must decide what fee levels are appropriate.

Legal, Economic & Policy Considerations

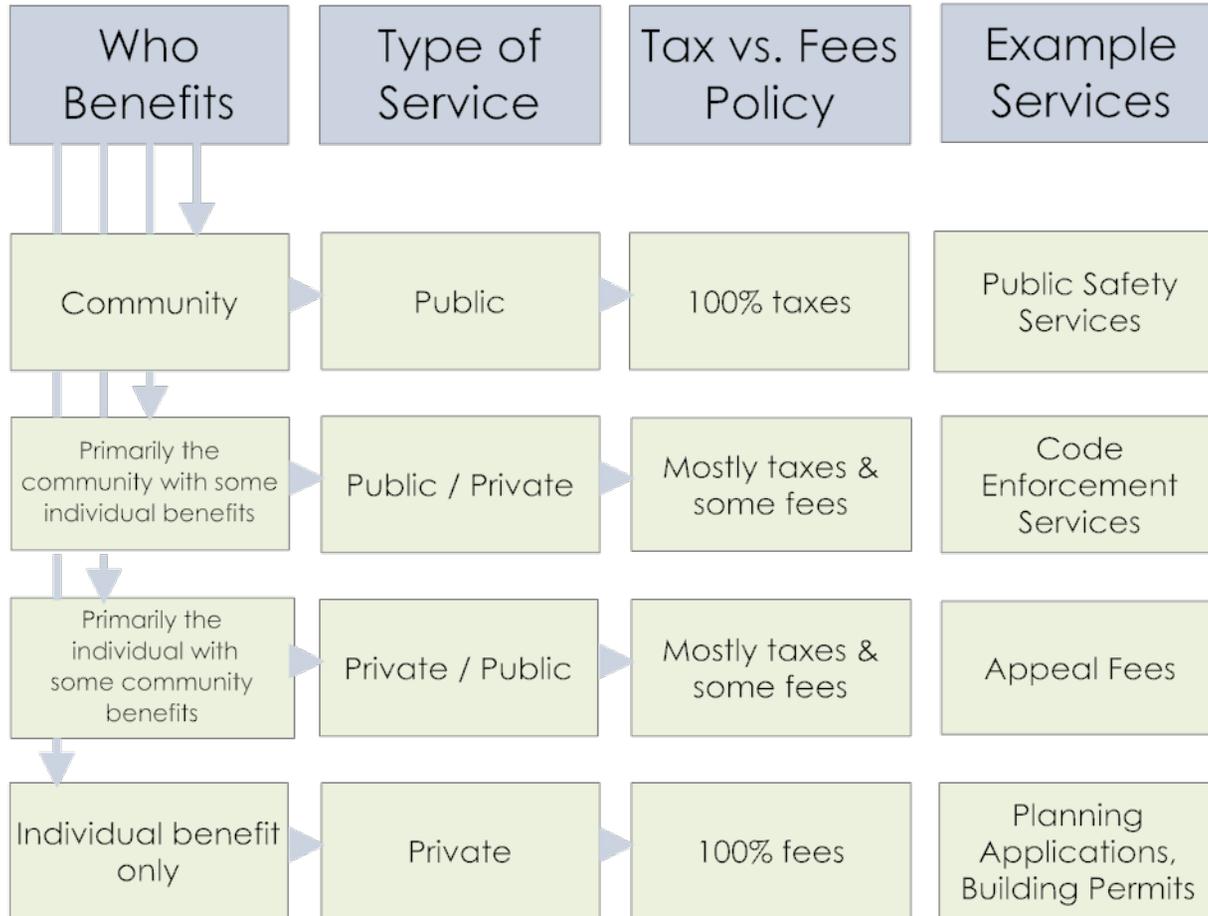
Calculating the true cost of providing County's services is a critical step in the process of establishing user fees and corresponding cost recovery levels. Although it is an important factor, other factors must also be given consideration. County decision-makers must also consider the effects that establishing fees for services will have on the individuals purchasing those services, as well as the community as a whole.

The following legal, economic and policy issues help illustrate these considerations.

- ◆◆ **State Law** - In California, user fees are limited to the estimated reasonable cost of providing a service by State law. None of the fee adjustments recommended by MGT contravene this State law.
- ◆◆ **Economic barriers** - It may be a desired policy to establish fees at a level that permits lower income groups to use services that they might not otherwise be able to afford.
- ◆◆ **Community benefit** - If a user fee service also benefits the community as a whole (at least to some extent), it may be appropriate to subsidize a portion of the fee.
- ◆◆ **Private benefit** - If a user fee primarily benefits the fee payer, the fee is typically set at, or close to 100% full cost recovery. Development related fees generally fall into this category; however, exceptions are sometimes made for services such as appeal fees or fees charged exclusively to small residential applicants.
- ◆◆ **Managing demand** - Elasticity of demand is a factor in pricing certain County services; increasing the price of some services may result in a reduction of demand for those services, and vice versa.
- ◆◆ **Competition** - Certain services may be provided by neighboring communities or the private sector, and therefore demand for these services can be somewhat dependent on what else may be available at lower prices.
- ◆◆ **Incentives** - Fees can be set low to encourage participation in a service, such as water heater permits.
- ◆◆ **Disincentives** - Penalties can be instituted to discourage undesirable behavior. Examples include fines for construction without a building permit and code enforcement penalties.

The flow chart below helps illustrate the economic and policy considerations listed above.

DECISION-MAKING FLOW CHART



Study Findings

The study's primary objective is to provide the County's decision-makers with the basic data needed to make informed pricing decisions. This report details the full cost of services within the Surveyor programs of Public Works and presents potential fee adjustments and their fiscal impact.

The results of the study identified that overall, most fee areas generate less revenue than the actual cost of providing services. It is not unusual to find that costs have outpaced revenues over a period of years.

The exhibit on the following page displays the costs and revenues of each service into the following categories:

County of Santa Barbara User Fee Revenue Analysis

<i>Department/Division</i>	Current			Forecasted	
	<i>Costs, User Fee Services (A)</i>	<i>Current Revenue (B)</i>	<i>Subsidy (C)</i>	<i>Recommended Revenue (D)</i>	<i>Potential Increased Revenue (E)</i>
Surveyor	\$514,420	\$189,839 37%	\$326,912	\$403,796 78%	\$206,905

Column A, Costs of Fee Services – The full cost of providing surveyor services to the public in FY 2018/19 was \$514,420. These figures were derived by multiplying 2018/19 annual volume against per-unit costs for each fee schedule category. Deposit charges were incorporated as well, but at fully burdened rates.

Column B, Current Revenue – Based on current individual fee schedules, the County generates user fee related revenue of \$189,839 for this program and is experiencing a 37% cost recovery level. This recovery rate means this division offset only some of its costs via fees charged to the public.

Column C, Subsidy – Current fee levels recover 37% of full cost, leaving 63% or \$326,912 to be funded by other funding sources. The County may eliminate this gap by either increasing fees, reducing costs, or subsidizing cost through the general fund.

Column D, Recommend Recovery – Since the financial data utilized in the analysis is from FY 2018-2019, a 3% CPI factor was added to the recommended fixed fees that are not limited by State statute. It is estimated that adoption of the recommended cost recovery policy with the added CPI factor would generate fee revenues of \$403,796. This would bring the overall cost recovery level up to 78%.

Column E, Increased Revenue – Increasing fees (including deposits) to the recommended levels would generate approximately \$206,905 in additional revenue.

Surveyor Summary Charts

The subsequent pages display the results of our individual fee analysis. For each section the current charge, total cost and recommended fee are listed for each fee-related service.

User Fee Study Summary Sheet

Santa Barbara County
Surveyor
FY18/19

Ord	Service Name	Fee Description	Annual Volume	Current						Recommendations						
				Current Fee	Full Cost	Current Recovery %	Annual Cost	Annual Revenue	Annual Subsidy	Per Unit	Annual	Recovery Level	Fee @ Policy Level	3% CPI Added to flat fees. No change to deposit based fees or fees set by state.	Annual Revenue ²	Increased Revenue
1	Agricultural Preserve (Cancellation)	Fee	1.0	\$ 474	\$ 333	142%	\$ 333	\$ 474	\$ (141)	100%	\$ 333	\$ 343	\$ 343	\$ 343	\$ (131)	\$ (10)
2	Agricultural Preserve (New)	Fee	3.0	\$ -	\$ 333	0%	\$ 999	\$ -	\$ 999	100%	\$ 333	\$ 343	\$ 1,029	\$ 1,029	\$ (30)	
3	Agricultural Preserve (Non-Renewal)	Delete	1.0	\$ 474	\$ -	0%	\$ -	\$ -	\$ -	100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Agricultural Preserve (Replacement)	Fee	7.0	\$ -	\$ 333	0%	\$ 2,332	\$ -	\$ 2,332	100%	\$ 333	\$ 343	\$ 2,402	\$ 2,402	\$ (70)	
5	Boundary Line Agreement (Ch. 21A only)	Change to Deposit	1.0	\$ 1,315	\$ 4,497	29%	\$ 4,497	\$ 1,315	\$ 3,182	100%	\$ 3,000	\$ 3,000	\$ 4,497	\$ 2,995	\$ -	
6	Certificate of Compliance	Deposit Fee set by Clerk Recorder Office	35.0	\$ 2,002	\$ 2,132	94%	\$ 74,624	\$ 70,070	\$ 4,554	100%	\$ 2,000	\$ 2,000	\$ 74,624	\$ 4,554	\$ -	
7	Certificate of Correction	Deposit	3.0	\$ 14	\$ 800	2%	\$ 2,399	\$ 42	\$ 2,357	2%	\$ 14	\$ 14	\$ 42	\$ -	\$ 2,357	
8	Conditional Certificate of Compliance	Deposit Fee set by Clerk Recorder Office	1.0	\$ 559	\$ 616	91%	\$ 616	\$ 559	\$ 57	100%	\$ 616	\$ 616	\$ 616	\$ 57	\$ -	
9	Corner Record	Deposit	46.0	\$ 17	\$ 833	2%	\$ 38,311	\$ 782	\$ 37,529	2%	\$ 17	\$ 17	\$ 782	\$ -	\$ 37,529	
10	Final Map 5-50 lots	Deposit	1.5	\$ 5,793	\$ 15,891	36%	\$ 23,836	\$ 8,690	\$ 15,147	100%	\$ 8,500	\$ 8,500	\$ 23,836	\$ 14,205	\$ -	
11	Final Map 50+ lots	Deposit	1.0	\$ 6,766	\$ 20,671	33%	\$ 20,671	\$ 6,766	\$ 13,905	100%	\$ 14,000	\$ 14,000	\$ 20,671	\$ 13,066	\$ -	
12	Final Map 75 and Up	Delete	1.0	\$ 11,180	\$ -	0%	\$ 11,180	\$ (11,180)	\$ -	100%	\$ -	\$ -	\$ -	\$ (11,180)	\$ -	\$ -
13	Lot Line Adjustment	Change to Deposit	5.5	\$ 1,667	\$ 4,497	37%	\$ 24,736	\$ 9,169	\$ 15,567	100%	\$ 3,000	\$ 3,000	\$ 24,736	\$ 14,597	\$ -	
14	Monument Inspection (Final Maps)	Change to Depos	1.0	\$ 427	\$ 1,749	24%	\$ 1,749	\$ 427	\$ 1,322	100%	\$ 1,000	\$ 1,000	\$ 1,749	\$ 1,322	\$ -	
15	Parcel Map	Change to Deposit	5.0	\$ 3,232	\$ 11,510	28%	\$ 57,550	\$ 16,160	\$ 41,390	100%	\$ 5,000	\$ 5,000	\$ 57,550	\$ 38,975	\$ -	
15.1	Parcel Validity Determination	Fee Subsidized	17.5	\$ 67	\$ 133	50%	\$ 2,332	\$ 1,173	\$ 1,159	100%	\$ 133	\$ 137	\$ 2,402	\$ 1,229	\$ (70)	
16	Record of Survey (reflective of County subsidy)	Deposit	22.0	\$ 530	\$ 3,931	13%	\$ 86,483	\$ 11,660	\$ 74,823	13%	\$ 530	\$ 546	\$ 12,010	\$ 350	\$ 74,474	

User Fee Study Summary Sheet

Santa Barbara County
Surveyor
FY18/19

Ord	Service Name	Fee Description	Annual Volume	Current						Recommendations					
				Current Fee	Per Unit		Annual Cost	Annual Revenue	Annual Subsidy	Recovery Level	Fee @ Policy Level	3% CPI Added to flat fees. No change to deposit based fees or fees set by state.	Annual Revenue ²	Increased Revenue	Recommended Subsidy
16.1	Record of Survey - Subsequent Review*	Subsidized Deposit	10.0	\$ 233	*	*	*	\$ 2,330	*	*	*	\$ 240	\$ 2,400	\$ 70	*
16.2	Record of Survey	New Deposit	23.0	\$ 530	\$ 3,931	13%	\$ 90,415	\$ 12,190	\$ 78,225	100%	\$ 3,400	\$ 3,400	\$ 90,415	\$ 78,225	\$ -
17	Recorded Map Modification	Fee	1.0	\$ 1,057	\$ 1,283	82%	\$ 1,283	\$ 1,057	\$ 226	100%	\$ 1,283	\$ 1,321	\$ 1,321	\$ 264	\$ (38)
18	Reversion to Acreage Map (Final Map)	Change to Deposit	1.0	\$ 1,663	\$ 11,510	14%	\$ 11,510	\$ 1,663	\$ 9,847	100%	\$ 5,000	\$ 5,000	\$ 11,510	\$ 9,318	\$ -
19	Reversion to Acreage Map (Parcel Map)	Change to Deposit	1.0	\$ 1,663	\$ 11,510	14%	\$ 11,510	\$ 1,663	\$ 9,847	100%	\$ 5,000	\$ 5,000	\$ 11,510	\$ 9,318	\$ -
20	Road name (per road)	Fee	4.0	\$ 130	\$ 316	41%	\$ 1,266	\$ 520	\$ 746	100%	\$ 316	\$ 326	\$ 1,304	\$ 784	\$ (38)
20.1	Right of Way Determination	Deposit	1.0	\$ 883	\$ 833	106%	\$ 833	\$ 883	\$ (50)	100%	\$ 800	\$ 800	\$ 833	\$ (50)	\$ -
21	Tentative Final Map 5-49 lots	Fee	3.5	\$ 1,166	\$ 3,331	35%	\$ 11,660	\$ 4,081	\$ 7,579	100%	\$ 3,331	\$ 3,431	\$ 12,010	\$ 7,929	\$ (350)
22	Tentative Final Map 50 + lots	Fee	1.0	\$ 1,304	\$ 4,547	29%	\$ 4,547	\$ 1,304	\$ 3,243	100%	\$ 4,547	\$ 4,684	\$ 4,684	\$ 3,380	\$ (136)
23	Tentative Final Map - 76+	Delete	1.0	\$ 1,498	\$ -	0%	\$ -	\$ 1,498	\$ (1,498)	100%	\$ -	\$ -	\$ -	\$ (1,498)	\$ -
24	Tentative Lot Line Adjust (PC/ZA)	Fee	4.0	\$ 1,446	\$ 2,382	61%	\$ 9,528	\$ 5,784	\$ 3,744	100%	\$ 2,382	\$ 2,453	\$ 9,814	\$ 4,030	\$ (286)
25	Tentative Parcel Map	Fee	5.0	\$ 1,150	\$ 2,049	56%	\$ 10,244	\$ 5,750	\$ 4,494	100%	\$ 2,049	\$ 2,110	\$ 10,551	\$ 4,801	\$ (307)
26	Voluntary Merger	Change to Deposit	10.0	\$ 1,265	\$ 2,016	63%	\$ 20,155	\$ 12,650	\$ 7,505	100%	\$ 1,500	\$ 1,500	\$ 20,155	\$ 6,865	\$ -
29	Condominium Map	Delete	-	\$ 2,232	\$ -	0%	\$ -	\$ -	\$ -	100%	\$ -	\$ -	\$ -	\$ -	\$ -
30	Survey Specialist	Per Hour	-	\$ 157	\$ 167	94%	\$ -	\$ -	\$ -	100%	\$ 167	\$ 172	\$ -	\$ -	\$ -

User Fee Study Summary Sheet

Santa Barbara County
Surveyor
FY18/19

Ord	Service Name	Fee Description	Annual Volume	Current							Recommendations					
				Per Unit			Annual				Per Unit			Annual		
				Current Fee	Full Cost	Current Recovery %	Annual Cost	Annual Revenue	Annual Subsidy	Recovery Level	Fee @ Policy Level	3% CPI Added to flat fees. No change to deposit based fees or fees set by state.	Annual Revenue ²	Increased Revenue	Recommended Subsidy	
32	Survey Supervisor	Per Hour	-	\$ -	\$ 188	0%	\$ -	\$ -	\$ -	100%	\$ 188	\$ 194	\$ -	\$ -	\$ -	
Total User Fees							\$514,420	\$189,839	\$326,912							
% of Full Cost								37%	64%			78%	109%	22%		

Note: For fees that require a deposit, it is difficult to determine the increase in revenue since the revenue may exceed the deposit. Therefore the projected revenue does not include the deposit fees.

* The total cost of item 16.1 'Record of Survey - Subsequent Review' is already included in the total cost for item 16. No total cost data is shown for item 16.1 to ensure the cost isn't double counted.