

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office		(2) MEETING DATE 11/22/2011		(3) CONTACT/PHONE Robert D. Cone (805) 781-5024	
(4) SUBJECT Hearing to consider an ordinance amending the county fee schedule for Probation, Parks, Golf course, and Airport (parking fees only) effective January 1, 2012 for Calendar Year 2012 and for all other department fees effective July 1, 2012 for Fiscal Year 2012-13.					
(5) RECOMMENDED ACTION It is recommended that the Board approve the ordinance amending the County Fee Schedule for Probation, Parks, Golf Course and Airport (Parking Fees only) effective January 1, 2012 for Calendar Year 2012 and for all other department fees effective July 1, 2012 for Fiscal Year 2012-13.					
(6) FUNDING SOURCE(S) User Fees/Service Charges		(7) CURRENT YEAR FINANCIAL IMPACT \$0.00		(8) ANNUAL FINANCIAL IMPACT \$0.00	
(9) BUDGETED? Yes					
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input checked="" type="checkbox"/> Hearing (Time Est. ___30 mins) <input type="checkbox"/> Board Business (Time Est._____)					
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input checked="" type="checkbox"/> Ordinances <input type="checkbox"/> N/A			(12) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A		
(13) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A			(14) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
(15) LOCATION MAP N/A		(16) BUSINESS IMPACT STATEMENT? No		(17) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date November 1, 2011	
(18) ADMINISTRATIVE OFFICE REVIEW The Administrative Office prepared this report.					
(19) SUPERVISOR DISTRICT(S) All Districts -					

County of San Luis Obispo



TO: Board of Supervisors

FROM: Administrative Office / Robert D. Cone
(805) 781-5024

DATE: 11/22/2011

SUBJECT: Hearing to consider an ordinance amending the county fee schedule for Probation, Parks, Golf course, and Airport (parking fees only) effective January 1, 2012 for Calendar Year 2012 and for all other department fees effective July 1, 2012 for Fiscal Year 2012-13.

RECOMMENDATION

It is recommended that the Board approve the ordinance amending the County Fee Schedule for Probation, Parks, Golf Course and Airport (Parking Fees only) effective January 1, 2012 for Calendar Year 2012 and for all other department fees effective July 1, 2012 for Fiscal Year 2012-13.

DISCUSSION

Every year, County departments are asked to conduct a thorough analysis and justification for the fees they charge and to update their fee schedules. During the 1999 public hearing on the comprehensive fee schedule, the Board of Supervisors decided to review only proposed changes to the fee schedule each year and once every five years review all the fees charged for services by County departments. This review was done in 2009 for the FY 2010-11 fee cycle, and therefore, only fees that are changing in the FY 2012-13 cycle are before the Board today.

The majority of fee changes will go into effect on July 1, 2012. The exception to this effective date is that fees for Parks, Golf Courses, and Airports will go into effect on January 1, 2012 in order to best serve customers and effectively manage the finances of these services. The Board agreed to this exception in December 1999. It is also recommended that effective date for Probation fees is moved to January 1, 2012 to bring them into better alignment with the state statutory schedule.

Fees help offset the cost of services provided by many County departments. Examples of these services include animal adoption and registration, building permits, rental of County facilities, and passes to recreational facilities such as campgrounds and golf courses. Implementation of the fee schedule continues the Board's past practice of recovering costs from those who benefit from certain services the County provides beyond the basic, tax-supported services.

Updates to the fee schedule reflect Board of Supervisors' budget policy number 18, Cost Recovery through Fees, directing departments to recover costs through fees where reasonable and after all cost-saving options have been explored. As noted later in this staff report, not all fees are set at a level to allow for full recovery of costs (i.e. other funding sources, including the General Fund, offset some portion of these costs.)

Approach and Timing of the Fee Schedule:

At the conclusion of the hearing, a master fee schedule including adopted changes to the fees currently charged by the County will be produced and distributed to County departments and posted on the County's web site for the public.

Executive Summary

A total of 2,648 fees were reviewed by County departments. The majority of those fees, 1,418 or 54% are recommended to remain unchanged. Increases account for 13% or 347 of the fees while 98, or 4%, are decreasing. There are 34 (1%) new fees being proposed and 751 (28%) are being eliminated for a net of 1,897 fees. Planning & Building fees account for 723 (96%) of the 751 fees proposed for elimination. These fees are being eliminated either due to lack of use or the ability to expand current fees to incorporate these services.

The majority of fees (72%) are at full cost recovery. In many cases, those that are not are either kept below full cost recovery due to Board policy, or set by statute. Additionally, some fees are set lower than full recovery in order to encourage their use, such as some Library fees that are set below cost recovery to encourage the return of Library materials or the Planning Department's appeal fees, which are set to allow the appeals process to be affordable to the appellant.

This year, labor costs calculations for fees were based upon the current salary and benefit projection with no additional prevailing wage increase added. Additionally, the use of the Consumer Price Index (CPI) was an option as the April 2011 Los Angeles-Riverside Consumer Price Index for all Urban Consumers was 3.3%.

Procedures Used to Determine Fees:

Departments had the option not to make any changes to their current fee schedules if 1) the current fee was already at full cost recovery; 2) a time study or review of actual costs based on historical information did not indicate a fee change was warranted; or 3) there had been no change to statutory fees. Fee increases were determined by one of four methods depending on information available on the cost of providing the service:

1. Calculation of Actual Cost Based on Historical Information. This is the preferred method for determining fees. The actual cost of a service is usually calculated through the use of the County's cost accounting system.
2. Time-in-Motion Studies. Where large volumes of services are provided and it is impractical to determine the actual cost for each service, a time-in-motion study based on an average hourly rate is used.
3. Comparable Fee Survey. When cost accounting and time-and-motion studies are impractical, rates charged by comparable agencies for the service can also be used as cost indicators.
4. Use of Consumer Price Index (CPI): Departments had the option to use the consumer price index for fees that have a non-labor or labor component. The CPI factor was 3.3%.

The particulars regarding the fees are reported in the departmental summaries later in this staff report. Each summary contains a chart detailing the total number of fees that were reviewed for each department. The chart indicates the number of fees that are increasing, decreasing, deleted, or are new or unchanged. Briefly, some of the more significant changes proposed by departments are:

Probation Department

Probation has requested that, beginning with the Department's FY 2012-13 fees, the fee schedule go into effect January 1, 2012, rather than July 1, 2012. The fees collected by the Probation Department are governed by the state statutes, including the Penal Code, the Welfare and Institutions Code, and the State Government Code. When the state makes changes to these codes, whether increasing, decreasing, adding or deleting fees, those changes go into effect January 1. The change in timing will put the Department's fee schedule into closer alignment with the governing state codes.

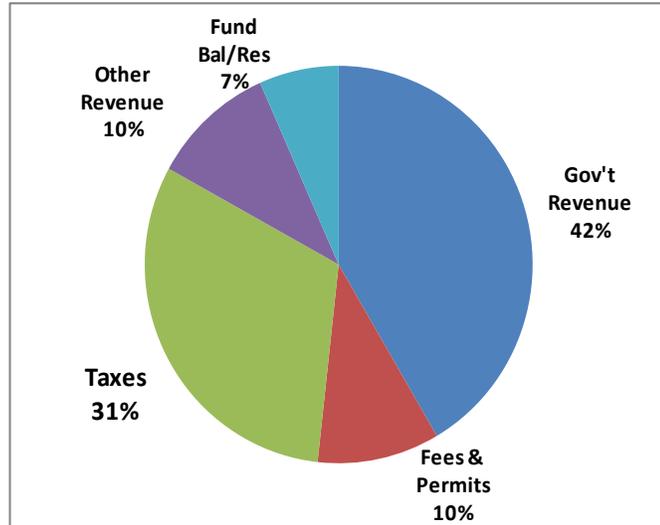
OTHER AGENCY INVOLVEMENT/IMPACT

All departments that charge fees are responsible for updating their fee schedules, supported by actual cost calculations or other methods as mentioned above. The proposed fees have been reviewed and approved by the

appropriate commissions and advisory bodies. All calculations are reviewed by the Auditor-Controller's Office who approves them prior to the recommended fees being submitted to the Administrative Office. The Administrative Office reviews all proposed changes for policy implications and to ensure the requested fee does not exceed actual costs. County Counsel has reviewed the fee authority and fee ordinance for form and legal effect.

FINANCIAL CONSIDERATIONS

Fees help to offset the cost of providing County services to those who benefit from services that exceed basic tax-supported services. Fees for services, including licenses, permits, fines and forfeitures represent approximately \$47.30 million of the County's sources of financing for Fiscal Year 2011-12. This compares to other major revenue sources including \$192.97 million of State and Federal Aid and \$224.15 million in sale, property, and other taxes and revenues as well as fund balance/reserves. For FY 2011-12 fees represent approximately 10% of revenues. Historically, fees for services, including licenses, permits, fines and forfeitures, have averaged 10% to 13% of revenues.



Please note that fees as a percentage of funding in FY 2012-13 are unknown at this time since the budget for FY 2012-13 has not yet been created. However, based on preliminary estimate by departments, fee for services revenue (excluding licenses, permits, fines and forfeitures), will decrease by approximately .89% (\$302,612) for FY 2012-13 as compared to FY 2011-12 budgeted levels of \$34.09 million. This decrease can be attributed to a combination of reduced units of service, the downturn in the economy as well as a reduction in staff time to perform many of the services. Revenue projections are preliminary and departments will refine their projections as part of their budget submittal for FY 2012-13.

RESULTS

The public hearing will provide an opportunity for the public and the Board of Supervisors to discuss cost-recovery through fees, how fees are calculated, and the difference between tax-supported services and fee-supported services. Implementation of the fee schedule will continue the Board of Supervisors' past practice of recovering costs from those who benefit from certain services the County provides beyond the basic, tax supported services.

ATTACHMENTS

- 1. Summary of Changes - Schedule A
- 2. Summary of Changes - Schedule B
- 3. Fee Ordinance
- 4. Schedule A Fees
- 5. Schedule B Fees