

Fee/Cost Recovery Fiscal Analysis Summary of MGT America Fiscal Study of Environmental Health Division of Monterey County Health Department, 2017 to Present.

A user fee study was conducted in 2017 by MGT America to determine, based on the 2017 costs, the relationship between costs to perform services and the income generated from fees for those services. That fee study indicated that a net revenue increase (combination of fee increases and decreases) of \$822,204 was recommended to have Health permit fees recover 100% of the cost of operations (circa 2017 numbers). That increase averaged out to be a 14% percent overall increase in user fees.

Based on the proposal recommendations from MGT America, Environmental Health considered the financial impact that a one-time 14% increase would have on the public and initiated a conservative approach of increasing fees incrementally beginning in 2017. The initial FY 2017-18 request was approved by the Board of Supervisors and an incremental fee increase implementation schedule as follows was designed to achieve a cumulative 14% increase:

FY 2017-18: 4%
FY 2018-19: 3%
FY 2019-20: 3%
FY 2020-21: 4%
Proposed FY 2021-22: 2%

Costs for Fiscal Year 2021-22 are estimated to be \$12,286,517 and include Salaries and Benefits and Services and Supplies, an increase of 2% of the allocated budget for FY 2020-21 (\$11,993,089) in expenditures. Discussions have been initiated to contract for a second user fee study.

The proposed increase for FY 2021-22 will bring the cumulative fee increase to 16% over the last five years. Since the user fee study was conducted in 2017, key costs have increased. These costs include additional and unincurred labor costs incorporating annual Cost of Living increases for a total 10.5% increase since FY 2017-18 and an unanticipated increase of an across the board 11% for EHS I Trainees. Overhead costs (COWCAP and Indirect Costs) have also increased 35% and 20% respectively, with a projected additional increase of 8% for FY 2021-22, while the General Fund Contribution has decreased significantly.

Additionally, in further support of the determination that the requested local fees remain reasonable, fees for the counties of Alameda, Santa Clara, Santa Cruz and San Luis Obispo are also evaluated for comparison; the current FY 2021-22 requested average fee increase of 2% results in fees that are still proportionately lower than surrounding counties except for San Luis Obispo.

<u>County:</u>	<u>Hourly Rate:</u>
San Luis Obispo	\$135 (FY 2020-21 rate)
Santa Cruz	\$240 (FY 2020-21 rate)
Santa Clara	\$219 (FY 2020-21 rate)
Alameda	\$174 (FY 2020-21 rate)
Monterey	\$168 (FY 2020-21 rate)

Copies of the full 2017 Study report are available upon request.