

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%
Proposed FY 2020-21: 4%

The proposed increase for FY 2020-21 will bring the accumulative fee increase to 14% based on recommendations from the fee analysis conducted in 2017. Since the user fee study was conducted in 2017, key costs have increased though. These costs include additional and unincluded 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 in this fiscal year. Overhead costs (COWCAP and Indirect Costs) have also increased 35% and 22% respectively, while the General Fund Contribution has only slightly increased (5%). It is important to note that fees charged will only partially capture the costs as calculated circa 2017, but will not have any appreciable impact on the increase in costs to perform services as indicated above that have accrued since that date.

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 2020-21 requested average fee increase of 4% 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	\$128
Santa Cruz	\$240
Santa Clara	\$219
Alameda	\$174
Monterey	\$162 (FY 2019-20 rate)

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