

# COST OF SERVICES STUDY

Presented by:

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President

Revenue & Cost Specialists, L.L.C.

# BACKGROUND OF RCS

- ▶ - Company Started in 1980 with Former City Manager and Finance Director
- ▶ - Pioneered the Concept of Matching Fee Revenue with the Cost of the Service
- ▶ - Have Studied Over 250 agencies in 5 states
- ▶ - Eric Johnson has provided services to over 100 agencies over 29 years

# WHY SERVICE COSTS SHOULD BE REVIEWED

- ▶ **Awareness & Education of Managers & Public**

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- ▶ Awareness & Education of Managers & Public
- ▶ Eliminates Unintended Diversion of Taxes
- ▶ **First Step Toward Increased Efficiency & Effectiveness**
  - ▶ **Business orientation of providing services**

# SERVICE COSTING METHODOLOGY

- ▶ **Identify Services**
  - ▶ **Internal Support Services versus Public Services**

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- ▶ **Allocate staff time and costs to services**

## Demonstration Copy Time Detail by Position

**Position:** A90 ACCOUNTING MANAGER

**# of Employees:** 1.000

**Memo:**

**SubOrg:** 001-21000-21000 Finance Administration

				<u>TOTAL</u>			
				UNIT TIME	UNITS	TIME	PERCENT
CAP-050	BUDGET PREP/COORDINATION	1%		16.53	1	16.53	1.00%
CAP-051	GENERAL ACCOUNTING	Remainder Of Time		662.84	1	662.84	40.10%
CAP-054	PURCHASING SERVICES	3%		49.59	1	49.59	3.00%
CAP-055	ACCOUNTS PAYABLES	15%		247.95	1	247.95	15.00%
CAP-056	PAYROLL SERVICES	4%		66.12	1	66.12	4.00%
CAP-059	CDBG SUPPORT	3%		49.59	1	49.59	3.00%
CAP-060	REDEVELOPMENT SUPPORT	25%		413.25	1	413.25	25.00%
CAP-061	FINANCE DEPT SUPPORT	5%		82.65	1	82.65	5.00%
CAP-062	GRANT ADMINISTRATION	3%		49.59	1	49.59	3.00%
S-088	ANIMAL CONTROL	1/4 Hr/Month		0.00	7,000	2.98	0.18%
S-124	HYDRANT METER RENTAL SERVICE	1/4 Hr/Mo - Rental		0.07	43	2.98	0.18%
S-138	RETURNED CHECK PROCESSING	1/2 Hr/Month		0.02	370	5.95	0.36%
TAX-48	POLICE FALSE ALARM RESPONSE	15 Min/Mo - Billing		0.01	520	2.98	0.18%
						1,653.00	100.00%



# SERVICE COSTING METHODOLOGY

- ▶ Identify Services
  - ▶ Internal Support Services versus Public Services
- ▶ Allocate staff time and costs to services
- ▶ **Calculate Fully Allocated Hourly Rates**

# AVAILABLE WORK HOURS

	<u>DAYS</u>	<u>HOURS</u>
TOTAL TIME	231	2,080
LESS:		
HOLIDAY	11	99
VACATION	14.33	129
SICK LEAVE (50%)	<u>5.33</u>	<u>48</u>
SUBTOTAL	200	1,804
LESS:		
START UP/DOWN		50
BREAKS		100
TOTAL		<u>1,654</u>

POSITION TITLE: COMBO PLANNER  
 POSITION CODE: COMBO  
 SUBORG UNIT: Planning  
 SUBORG UNIT CODE: 285-60000-61050  
 NO. OF FTE'S: 6.000  
 POSITION STATUS: FT  
 FRINGE GROUP: 2

	<u>Total Avail-Wk-Hrs</u>	<u>% of Salary</u>	<u>Hourly Rate</u>
DIRECT COSTS:			
Avail. Work Hours/Salary	9,918		\$48.16
Fringe Benefits		35.18%	\$16.94
Maintenance & Operation Costs		8.33%	\$4.01
Building Occupancy Costs		0.00%	\$0.00
Debt Service Costs		0.00%	\$0.00
INDIRECT COSTS:			
Overhead Costs		103.28%	\$49.74
Fixed Asset Replacement Costs		0.00%	\$0.00
			<hr/>
TOTAL - All Costs			\$118.85
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# SERVICE COSTING METHODOLOGY

- ▶ Identify Services
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- ▶ Calculate Fully Allocated Hourly Rates
- ▶ **Split Public Services between Community-Supported and Personal Choice Services**

# COMMUNITY SUPPORTED VS. PERSONAL CHOICE PUBLIC SERVICES

- ▶ Community Supported (Tax Services)
  - ▶ Typically benefits community as a whole
  - ▶ 100% supported by tax dollars
    - ▶ E.g. Police, Fire, and Street Maintenance Services
- ▶ Personal Choice (Fee Services)
  - ▶ The Customer is identifiable and the Service is measurable
  - ▶ Benefits an individual or group
  - ▶ Subsidy levels may be based on social, safety or welfare reasons
    - ▶ E.g. Development Services

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- ▶ Split Public Services between Community-Supported and Personal Choice Services
- ▶ **Match Revenues and develop Fees for Personal Choice Services**

**Demonstration Copy  
COST DETAIL WORKSHEET**

<b>SERVICE</b>					<b>REFERENCE NO.</b>	
<b>VARIANCE REVIEW</b>					<b>S-021</b>	
<b>NOTE</b>					<b>TOTAL UNITS</b>	
Unit Costs are an Average of Total Units					<b>6</b>	
<u>DEPARTMENT</u>	<u>POSITION</u>	<u>TYPE</u>	<u>UNIT TIME</u>	<u>UNIT COST</u>	<u>ANN. UNITS</u>	<u>TOTAL COST</u>
Engineering	CIVIL ENGINEER ASSOC.	Plan Comm.	1.00	\$148.35	2	\$297
Engineering	CIVIL ENG PRINCIPAL	Plan Comm.	1.00	\$164.45	2	\$329
Com. Dev. Admin.	COMM. DEV. DIRECTOR	Plan Comm.	1.50	\$227.97	2	\$456
Planning	PLANNING MANAGER	Plan Comm.	2.50	\$464.70	2	\$929
Planning	COMBO PLANNER	Plan Comm.	11.50	\$1,366.78	2	\$2,734
Planning	ADMIN ASSISTANT	Plan Comm	4.00	\$274.84	2	\$550
<b>TYPE SUBTOTAL</b>			<b>21.50</b>	<b>\$2,647.09</b>		<b>\$5,294</b>
Com. Dev. Admin.	COMM. DEV. DIRECTOR	RV Permit	0.50	\$75.99	1	\$76
Planning	PLANNING MANAGER	RV Permit	0.50	\$92.94	1	\$93
Planning	COMBO PLANNER	RV Permit	2.33	\$276.92	1	\$277
Planning	ADMIN ASSISTANT	RV Permit	0.25	\$17.18	1	\$17
<b>TYPE SUBTOTAL</b>			<b>3.58</b>	<b>\$463.03</b>		<b>\$463</b>
Engineering	CIVIL ENGINEER ASSOC.	Admin Adjustment	0.17	\$25.22	3	\$76
Com. Dev. Admin.	COMM. DEV. DIRECTOR	Admin Adjustment	0.25	\$38.00	3	\$114
Planning	PLANNING MANAGER	Admin Adjustment	1.00	\$185.88	3	\$558
Planning	COMBO PLANNER	Admin Adjustment	2.83	\$336.35	3	\$1,009
Planning	ADMIN ASSISTANT	Admin Adjustment	0.50	\$34.36	3	\$103
<b>TYPE SUBTOTAL</b>			<b>4.75</b>	<b>\$619.81</b>		<b>\$1,859</b>
<b>TOTALS</b>			<b>29.83</b>	<b>\$1,269.50</b>		<b>\$7,617</b>

**Demonstration Copy  
REVENUE AND COST SUMMARY WORKSHEET**

<b>SERVICE</b> <b>VARIANCE REVIEW</b>		<b>REFERENCE NO.</b> <b>S-021</b>	
<b>PRIMARY DEPARTMENT</b> PLANNING	<b>UNIT OF SERVICE</b> APPLICATION	<b>SERVICE RECIPIENT</b> Developer/Resident/Business	
<b>DESCRIPTION OF SERVICE</b>  Review proposed variance from terms of zoning code and prepare staff report for the Planning Commission			
<b>CURRENT FEE STRUCTURE</b>  Planning Commission Variance - \$1,630 per application Area Variance Committee - \$1,280 per application RV Permit - \$250 per application, plus \$250 if an area variance committee hearing is required. Admin. Adjustment - \$965 per application			
<b><u>REVENUE AND COST COMPARISON</u></b>			
<b>UNIT REVENUE:</b>	\$1,067.50	<b>TOTAL REVENUE:</b>	\$6,405
<b>UNIT COST:</b>	\$1,269.50	<b>TOTAL COST:</b>	\$7,617
<b>UNIT PROFIT (SUBSIDY):</b>	\$(202.00)	<b>TOTAL PROFIT (SUBSIDY):</b>	\$(1,212)
<b>TOTAL UNITS:</b>	6	<b>PCT. COST RECOVERY:</b>	84.09%
<b>SUGGESTED FEE FOR COST RECOVERY OF: 100%</b>  Planning Commission Variance - \$2,645 per application plus 30% of the application fee for each additional item after the first item subject to Variance Planning Commission Variance (SFR Owner-occupied) - \$1,325 RV Permit - \$465 per application, plus \$465 if an Administrative Adjustment is required. Admin. Adjustment - \$620 per application plus 30% of the application fee for each additional item after the first item subject to Administrative Adjustment			



REVENUES

TAXES/  
GRANTS

FEES

COSTS

COMMUNITY  
SUPPORTED  
SERVICES

PERSONAL  
CHOICE  
SERVICES

REVENUES

TAXES/  
GRANTS

FEES

\$22,777,297  
ANNUAL  
SUBSIDY

COSTS

COMMUNITY  
SUPPORTED  
SERVICES

PERSONAL  
CHOICE  
SERVICES



# Subsidies vs. New Revenues

SERVICE	TOTAL FEE REVENUE	TOTAL SERVICE COST	TOTAL PROFIT/ (SUBSIDY)	PCT. RECOVERY FROM FEES		POSSIBLE NEW REVENUE
				ACTUAL	SUGGEST	
ADMINISTRATION	\$4,840	\$4,615	\$225	104.9%	VAR.	\$200
BUILDING STANDARDS	\$2,027,443	\$2,545,911	(\$518,468)	79.6%	VAR.	\$230,900
COMMUNITY EVENTS	\$2,381,737	\$5,766,861	(\$3,385,124)	41.3%	VAR.	\$31,100
COURT SERVICES	\$353,053	\$509,918	(\$156,865)	69.2%	VAR.	\$8,000
ENGINEERING	\$590,469	\$527,176	\$63,293	112.0%	VAR.	\$1,700
CEMETERY/PARKS	\$32,354	\$436,369	(\$404,015)	7.4%	VAR.	\$11,800
PLANNING	\$392,024	\$1,203,506	(\$811,482)	32.6%	VAR.	\$21,100
POLICE	\$2,036,400	\$3,309,596	(\$1,273,196)	61.5%	VAR.	\$0
PUBLIC WORKS	\$6,181,944	\$14,928,284	(\$8,746,340)	41.4%	VAR.	\$67,700
RECREATION	\$4,321,649	\$11,866,974	(\$7,545,325)	36.4%	VAR.	\$0

**CITY OF DUBLIN**  
**DETAIL OF RECREATION SERVICES**  
**FISCAL YEAR 2018**

RC#	SERVICE	DIRECT COSTS			REVENUES	DIRECT COST RECOVERY
		PROGRAM COST	FULL TIME COST	TOTAL		
RC-01	Youth & Adult Sports Programs	\$162,055	\$39,393	\$201,448	\$169,571	84.2%
RC-02	Adult Recreation Classes	\$61,074	\$123,443	\$184,517	\$47,839	25.9%
RC-03	Teen Recreation Classes	\$126,792	\$34,113	\$160,905	\$89,353	55.5%
RC-04	Pre-School & Youth Recreation	\$220,175	\$95,419	\$315,594	\$135,180	42.8%
RC-05	Pre-School Camps	\$167,500	\$50,757	\$218,257	\$28,550	13.1%
RC-06	Youth Camps	\$499,304	\$77,603	\$576,907	\$654,665	113.5%
RC-07	Teen Camps	\$191,766	\$41,177	\$232,943	\$171,013	73.4%
RC-08	Special Needs Programs	\$11,275	\$75,718	\$86,993	\$7,934	9.1%
RC-09	Fitness/Wellness Classes	\$450,833	\$102,655	\$553,488	\$342,467	61.9%
RC-10	Theater Classes & Camps	\$52,593	\$42,822	\$95,415	\$21,315	22.3%
RC-11	Pool Recreation Classes	\$126,935	\$37,557	\$164,492	\$22,349	13.6%
RC-12	Recreational Swimming-Outdoor Pool	\$533,828	\$81,876	\$615,704	\$396,786	64.4%
RC-13	Swimming Lessons	\$287,709	\$61,191	\$348,900	\$333,242	95.5%
RC-14	Swim Team	\$246,804	\$11,665	\$258,469	\$0	0.0%
RC-15	Concession Services	\$65,760	\$10,011	\$75,771	\$72,752	96.0%
RC-16	Senior Citizen Recreation Programs	\$145,738	\$128,196	\$273,934	\$74,841	27.3%
RC-19	Community Recreation Center Passes	\$539,460	\$497,450	\$1,036,910	\$2,385,072	230.0%
RC-19A	DCRC Passes - Flexpass	\$0	\$10,972	\$10,972	\$4,500	41.0%
RC-20	DCRC-Babysitting Service	\$247,558	\$45,476	\$293,034	\$54,021	18.4%
RC-22	DCRC Indoor Reservation Service	\$65,331	\$52,406	\$117,737	\$230,395	195.7%
RC-23	Theater Rental	\$107,902	\$80,267	\$188,169	\$55,833	29.7%
RC-24	Healthy By Choice	\$0	\$43,888	\$43,888	\$0	0.0%
RC-26	Neighborhood Park Programming	\$8,350	\$10,663	\$19,013	\$8,215	43.2%
RC-27	Corporate Wellness	\$149,532	\$44,810	\$194,342	\$3,825	2.0%
		\$4,468,274	\$1,799,528	\$6,267,802	\$5,309,718	84.7%

**RENTALS**

RC#	SERVICE	DIRECT COSTS			FACILITY FIELD COST	TOTAL COST	REVENUES	COST RECOVERY
		PROGRAM COST	FULL TIME COST	TOTAL				
RC-21	DCRC-Rental	\$48,573	\$35,253	\$83,826	\$86,664	\$170,490	\$22,566	13.2%
		\$48,573	\$35,253	\$83,826	\$86,664	\$170,490	\$22,566	13.2%

**INDIRECT COSTS**

RC#	SERVICE	COST	
		COST	RECOVERY
RC-25	Non-Rental Facility Usage	\$2,082,366	63.22%
	Outdoor Pool Maintenance	\$331,852	60.23%
	City/Department Overhead Costs	\$5,621,198	36.84%

PROGRAM COSTS ARE PART TIME COSTS (INCLUDING BENEFITS) AND DIRECT OPERATING EXPENSES  
 FULL TIME COSTS ARE SALARIES, BENEFITS, AND OTHER OPERATING EXPENSES

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