



HEALTH AND HUMAN SERVICES AGENCY USER FEE STUDY COUNTY OF EL DORADO, CALIFORNIA

Final Report

June, 2024



MGTCONSULTING.COM

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CHAPTER 1. EXECUTIVE SUMMARY

Introduction

MGT is pleased to present the County of El Dorado with this summary of findings for the recently completed Health and Human Services Agency (HHS) user fee study.

The County contracted with MGT to perform a cost-of-service study using fiscal year 2023-2024 adopted expenditures, staffing costs, and operational information. The current HHS fees represent the fees being charged at the beginning of this study.

This report is the culmination of an extensive study conducted by MGT in collaboration with the County's management and staff. MGT would like to take this opportunity to gratefully acknowledge all management and staff who participated in this project for their efforts and coordination.

Study Scope and Objectives

This study included a review of the County's Health and Human Services Agency (HHS). The study was performed under the general direction of the Fiscal Manager of HHS. The study included a review of fee for service activities within the following areas:

- Senior Day Care
- Public Guardian

The primary goals of the study were to:

- Define what it costs the County to provide the various fee-related services.
- Determine whether there are any services where a fee should be collected.
- Identify service areas where the County might adjust fees based on the full cost of services and other economic or policy considerations.
- Develop revenue projections based on recommended increases (or decreases) to fees.

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

CHAPTER 2. SUMMARY OF FINDINGS

The study's primary objective was 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 and presents recommended fee adjustments and their fiscal impact. Recommendations are based on careful consideration of the

results of the cost analysis and industry best practices. MGT recommends a range of cost recovery for all fees due to the nature of the services these departments provide.

Public Guardian is changing their fee structure. Previously, the division was charging all services as an hourly rate charge of \$110. Staff is recommending implementing flat fees for a selected number of applications as opposed to charging per hour. In 2016 the Board instructed the division to charge everything per hour as opposed to a flat fee. However, staff would like to re-implement flat fees via this fee study.

Additionally, the Senior Daycare division is presenting two options from which the Board could decide. The first option increases fees all at once. The second option increases fees across a three-year implementation period. The total fiscal impact of each option for the Health and Human Services Agency are detailed below.

OPTION 1:

Exhibit 1 below displays the costs and revenues for the County's user fees using the first Senior Daycare option:

El Dorado County
Health and Human Services User Fee
FY 2022/23

	CURRENT						RECOMMENDED	
User Fee Department	(A) Costs, User Fee Services	(B) Current Revenue		(C) Current Subsidy		(D) Cost Recovery Policy		(E) Increased Revenue
Senior Daycare (Option 1)	\$ 580,685	\$ 260,474	45%	\$ 320,211	55%	\$ 463,633	80%	\$ 203,159
Public Guardian	\$ 1,820,699	\$ 85,394	5%	\$1,735,305	95%	\$ 672,906	37%	\$ 587,512
Totals:	\$ 2,401,384	\$ 345,868	14%	\$2,055,516	86%	\$ 1,136,539	47%	\$ 790,671

Exhibit 1

- **Column A, User Fee Costs** –\$2,401,384 of the County's costs are related to user fee services. It is this amount that is the focus of this study and represents the total potential for user fee-related revenues for the County.
- **Column B, Current Revenues** – Based on current individual fee levels, the County generates fee-related revenues of \$345,868 and is experiencing a 14% overall cost recovery level. Current cost recovery levels for the individual departments range from 8% to 47%.

- **Column C, Current Subsidy** – Current fee revenues recover 14% of full cost, leaving 86% or \$2,055,516 to be funded by other funding sources. This \$2,055,516 represents an opportunity for the County to adjust fees and revenues within the departments.
- **Column D, Recommended Recovery** – Adjusting fees to the proposed cost recovery based on the County’s user fee recommendations would increase the cost recovery percentage to 47%.
- **Column E, Increased Revenue** – Department fee recommendations would result in a revenue increase of \$790,761. Senior Daycare is recommending a \$203,159 revenue increase and Public Guardian is recommending a \$587,512 revenue increase.

OPTION 2:

The table below displays fee increases and revenues for each year across a three-year implementation period for Senior Daycare fees. The “fee recommendations” table takes the current subsidy for each fee and splits it evenly by three (for three-year implementation), showing how much each fee will increase across each year. The “Total Revenue Per Year” totals show the increase in revenues after each year of increasing fees (assuming volume activity stays the same):

Ord	Service Name	Fee Description	Annual Volume	Current		Recommendations		Fee Recommendations			
				Per Unit		Per Unit		3 Year Implementation			
				Current Fee	Full Cost	Recovery Level	Fee @ Policy Level	Current Subsidy	Year 1 Fee - 33% increase	Year 2 Fee - 33% increase	Year 3 Fee - 33% increase
1	Enrollment Application Fee	Fee	49	\$ 50	\$ 666	50%	\$ 333	\$ 283	\$ 94.40	\$ 94.40	\$ 94.40
2	Extended hour fees, 30 minutes	Fee	33	\$ 10	\$ 91	100%	\$ 91	\$ 81	\$ 27.03	\$ 27.03	\$ 27.03
3	Late Fee - Per Minute	Penalty	-	\$ 2	\$ 4	100%	\$ 4.45	\$ 2.45	\$ 0.82	\$ 0.82	\$ 0.82
4	Senior Day Care Fee	Fee	4,443	\$ 58	\$ 123	100%	\$ 122.67	\$ 64.67	\$ 21.56	\$ 21.56	\$ 21.56
5	Client Shower Assistance Fee	Remove	-	\$ 25	\$ -	100%	Remove Fee				
								Total Revenue Per Year	\$361,769	\$463,063	\$564,358

The exhibit below displays the total costs and revenues for the County’s user fees after three years using the second Senior Daycare option:

El Dorado County
Health and Human Services User Fee
FY 2022/23

	CURRENT				RECOMMENDED		
User Fee Department	(A) Costs, User Fee Services	(B) Current Revenue	(C) Current Subsidy	(D) Cost Recovery Policy	(E) Increased Revenue		
Senior Daycare (Option 2)	\$ 580,685	\$ 260,474 45%	\$ 320,211 55%	\$ 564,358 97%	\$ 303,884		
Public Guardian	\$ 1,820,699	\$ 85,394 5%	\$1,735,305 95%	\$ 672,906 37%	\$ 587,512		
Totals:	\$ 2,401,384	\$ 345,868 14%	\$2,055,516 86%	\$ 1,237,264 52%	\$ 891,396		

Exhibit 3

Note: The amounts under the recommended columns represent figures at the end of the three year recommendation period.

- **Column A, User Fee Costs** –\$2,401,384 of the County’s costs are related to user fee services. It is this amount that is the focus of this study and represents the total potential for user fee-related revenues for the County.
- **Column B, Current Revenues** – Based on current individual fee levels, the County generates fee-related revenues of \$345,868 and is experiencing a 14% overall cost recovery level. Current cost recovery levels for the individual departments range from 8% to 47%.
- **Column C, Current Subsidy** – Current fee revenues recover 14% of full cost, leaving 86% or \$2,055,516 to be funded by other funding sources. This \$2,055,516 represents an opportunity for the County to adjust fees and revenues within the departments.
- **Column D, Recommended Recovery** – Adjusting fees to the proposed cost recovery based on the County’s user fee recommendations would maintain the cost recovery percentage at 52%.
- **Column E, Increased Revenue** – Department fee recommendations would result in a revenue increase of \$891,396. Senior Daycare is recommending a \$303,884 revenue increase and Public Guardian is recommending a \$587,512 revenue increase.

Methodology

MGT’s standard approach for analyzing the cost of providing fee-related services is commonly referred to as a “bottom-up” approach. The bottom-up approach was used to analyze all of the County’s fees for service. 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 to identify 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. Once all direct staff were identified, subject matter experts 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 staff should be commended for the time and effort they put into this. Although MGT provided direction 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 providing services ranged was 1,800 hours per year.

3. Determine indirect or “overhead” costs

Generally, there are two types of indirect costs: department (or division)-specific and countywide overhead. These indirect costs are allocated across user fee services in order to capture the full cost of providing the service. If a department performs non-fee related services, a commensurate amount of indirect cost is segregated and not allocated to the fee related services.

Departmental overhead costs – these costs include managers, supervisors, and support staff as well as other operational costs, such as materials and supplies that are incurred for a common purpose and not readily assigned to a particular service or program.

Centralized overhead costs – each department that charges fees receive support from central departments whose main function is to keep the County running. An example of a central service department is Human Resources. These costs are distributed to each receiving department through the cost allocation plan.

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, up to the maximum allowed fee. However, there were some services for which the total calculated cost was less than the fee charged. In these cases, the fee must be lowered to comply with State law.

5. Costs and revenues are annualized by incorporating annual volume figures

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 levels and collection rates.

6. Recommend fee adjustments

MGT provides fee adjustment recommendations based on full cost information, staff recommendations and industry best practices. Of course, MGT's recommendations are advisory in nature only, ultimately the Board must decide what fee levels are appropriate.

Legal, Economic & Policy Considerations

Calculating the true cost of providing county services is a critical step in the process of establishing user fees and corresponding cost recovery levels. Although it is a principal 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:

LEGAL RESTRICTIONS

In California, user fees are limited to the "estimated reasonable cost of providing a service" by Government Code section 66014(a) and other supplementary legislation. Proposition 26 was approved by California voters in November of 2010 and clarified which charges are considered user fees and which are considered taxes. The significance of this distinction is that user fees may be raised by the County's Board action up to the limit of actual cost, whereas taxes may not be increased without a majority vote of the public. None of the fee adjustments recommended by MGT are considered taxes per Proposition 26 guidelines. Please view the Public Guardian section for specific legal restrictions in that division.

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 benefits the community as a whole to some extent, it is appropriate to subsidize a portion of the fee. Many Community and Social Services fees have very moderate cost recovery levels. Some programs are provided free of charge or for a minimal fee regardless of cost.

PRIVATE BENEFIT

If a user fee primarily benefits the fee payer, the fee is typically set at, or close to, 100% full cost recovery.

SERVICE DRIVER

In conjunction with the third point above, the issue of who is the service recipient versus the service driver should also be considered.

MANAGING DEMAND

Elasticity of demand is a factor in pricing certain County services; increasing the price of some services results in a reduction of demand for those services, and vice versa.

COMPETITION

Certain services, such as park usage or facility rentals, may be provided by neighboring communities or the private sector, and therefore demand for these services can be highly dependent on what else may be available at lower prices. Furthermore, if the County's fees are too low, demand enjoyed by private-sector competitors could be adversely affected.

INCENTIVES

Fees can be set low to encourage participation in a service, such as obtaining a water heater permit.

DISINCENTIVES

Penalties can be instituted to discourage undesirable behavior. Examples include fines for construction without a building permit and fines for excessively false alarms within a one-year period.

Analysis Highlights

Below is a brief discussion of findings for each department's analysis. Please see the user fee summary sheets in Chapter 4 of this report for the details on each fee calculation and cost analysis.

SENIOR DAYCARE

El Dorado County Older Adult Day Services operates two adult day centers - one in Placerville and one in El Dorado Hills. "The Club" adult day centers provide a warm, nurturing, and friendly setting, offering a world of activity for body, mind and spirit; helping adults remain active and involved in the world around them. Friendships blossom while participants enjoy activities designed to add meaning to their lives, improve mental and physical function, and increase their sense of worth. The Centers give families peace of mind and a break from caregiving responsibilities. The Club also provides supportive services, resources, education, and respite care for family members who are taking care of those with dementia and other chronic health issues.

New Fees

No new fees were recommended.

Result Findings

The annual cost for the county to oversee these fees is \$580,685. Of that cost, the county recovers 45% (\$260,474) from annual fee revenues collected. This leaves 55% (\$320,211) to be subsidized by other

funding sources. 4 fee categories were analyzed, of which cost recovery percentages ranged from 8% to 47%.

Staff is providing the Board of Supervisors (BOS) with two recommendation options as follows:

Option 1: If the BOS implements this option, fee recommendations will be implemented in the first year which will result in the overall cost recovery to be \$463,633 (80%), with a projected revenue increase of \$203,159.

Option 2: If the BOS implements this option, there will be a three year implementation period until the desired cost recovery levels are accomplished. This option will result in the overall cost recovery to be \$564,358 (97%), with a projected revenue increase of \$303,884 at the end of year three. More detailed information can be found on page 4-2.

It should be noted that these services are heavily subsidized due to the community benefit associated with these services.

PUBLIC GUARDIAN

The Public Guardian division provides a vital service to people unable to properly care for themselves or who are unable to manage their finances. The service is provided through a legal process known as conservatorship. Persons in need of conservatorship are physically or mentally disabled to the point where they cannot utilize community services and resources. They usually have no family or friends able or willing to help.

Legal Restrictions - Probate Code Sections 2640 and 2641 as well as case law related to these Sections prohibit Public Guardian from collecting fees from any government benefits of the conservatee or in any circumstance where the collection of the fees would result in an "economic hardship" on the conservatee. This significantly impacts the ability of Public Guardian to collect fees, even when court authorized, from a majority of Public Guardian's clients.

New Fees

Staff recommended adding the following fees to the Public Guardian schedule:

- Estate or Trust Management
- Extraordinary Compensation as defined by 2016 CA RoC, Rule 7.703, Per Hour
- New Case, One time
- Per Year

Staff would like to move away from the hourly rate that they currently use for every fee-related activity and instead use flat fees. This change has a few positive consequences. First, it will save some staff time from having to meticulously record their time spent on each project and instead allow them to focus all their time helping customers. This will also allow for more cost transparency for customers, as they will

know their fees upfront. Finally, these fees have the potential to help the Public Guardian department increase their revenues.

Result Findings

The annual cost for the county to oversee these fees is \$1,820,699. Of that cost, the county recovers 5% (\$85,394) from annual fee revenues collected. This leaves 95% (\$1,735,305) to be subsidized by other funding sources. Staff is recommending changing from current hourly rate to multiple flat fees. If staff fee recommendations are implemented, the overall cost recovery may be \$672,906 (37%), with a projected revenue increase of \$587,512.

CHAPTER 3. Recommendations

MGT recommends the following:

- CPI/COLA increase – MGT recommends increasing fees by a CPI or COLA factor. The CPI percentage increase is made available by the Bureau of Labor Statistics. COLA factors are used to keep pace with salary adjustments. Since the County has had recent updates to MOUs for their departments, MGT recommends they adopt the factor that best reflects the actual increases in their personnel costs.
- The departments look for guidance from the County’s Board on recommendations.
- MGT recommends that the County build on its investment in this cost-of-service analysis by continuing to analyze its fees and charges whether this is done by staff or outside consultants. Once the commitment is made to understand the full cost of providing services, it is important to review and update the analysis in order to keep pace with changes in service delivery, staffing changes, and demand levels.
- Most of our agencies ask us at the conclusion of the study: how often should this type of study be undertaken? Our advice is to undergo this detailed analysis at least every three but not more than five years, with minor adjustments in the non-study years (to keep pace with economic impacts).

SENIOR DAYCARE

OPTION 1:

El Dorado County - Health
Senior Day Care (531160)
2022-2023 Actual

				Current							Recommendations					
				Per Unit			Annual				Per Unit		Annual			
Ord	Service Name	Fee Description	Annual Volume	Current Fee	Full Cost	Current Recovery %	Annual Cost	Annual Revenue	Annual Subsidy	Recovery Level	Fee @ Policy Level	Annual Revenue	Increased Revenue	Recommended Subsidy	MGT Comments	
↓↑	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	
1	Enrollment Application Fee	Fee	49	\$ 50	\$ 666	8%	\$ 32,654	\$ 2,450	\$ 30,204	50%	\$ 333	\$ 16,327	\$ 13,877	\$ 16,327		
2	Extended hour fees, 30 minutes	Fee	33	\$ 10	\$ 91	11%	\$ 3,006	\$ 330	\$ 2,676	100%	\$ 91	\$ 3,006	\$ 2,676	\$ -		
3	Late Fee - Per Minute	Penalty	-	\$ 2	\$ 4	45%	\$ -	\$ -	\$ -	100%	\$ 4	\$ -	\$ -	\$ -		
4	Senior Day Care Fee	Fee	4,443	\$ 58	\$ 123	47%	\$ 545,025	\$ 257,694	\$ 287,331	82%	\$ 100	\$ 444,300	\$ 186,606	\$ 100,725	Footnote 1	
5	Client Shower Assistance Fee	Remove	-	\$ 25	\$ -	0%	\$ -	\$ -	\$ -	100%	Remove Fee					

Total User Fees	\$580,685	\$260,474	\$320,211	\$463,633	\$203,159	\$117,052
% of Full Cost		45%	55%	80%	78%	20%

Footnotes

10% monthly discount for clients who attend at least 11 days per month; 12% monthly discount for clients who attend at least eighteen days per month



OPTION 2:

El Dorado County - Health and
Senior Day Care (531160)
2022-2023 Actual

				Current							Recommendations							Fee Recommendations			
				Per Unit			Annual				Per Unit			Annual				3 Year Implementation			
Ord	Service Name	Fee Description	Annual Volume	Current Fee	Full Cost	Current Recovery %	Annual Cost	Annual Revenue	Annual Subsidy		Recovery Level	Fee @ Policy Level	Annual Revenue	Increased Revenue	Recommended Subsidy	MGT Comments		Current Subsidy	Year 1 Fee - 33% increase	Year 2 Fee - 33% increase	Year 3 Fee - 33% increase
1	Enrollment Application Fee	Fee	49	\$ 50	\$ 666	8%	\$ 32,654	\$ 2,450	\$ 30,204		50%	\$ 333	\$ 16,327	\$ 13,877	\$ 16,327		\$	283	\$ 94.40	\$ 94.40	\$ 94.40
2	Extended hour fees, 30 minutes	Fee	33	\$ 10	\$ 91	11%	\$ 3,006	\$ 330	\$ 2,676		100%	\$ 91	\$ 3,006	\$ 2,676	\$ -		\$	81	\$ 27.03	\$ 27.03	\$ 27.03
3	Late Fee - Per Minute	Penalty	-	\$ 2	\$ 4	45%	\$ -	\$ -	\$ -		100%	\$ 4.45	\$ -	\$ -	\$ -		\$	2.45	\$ 0.82	\$ 0.82	\$ 0.82
4	Senior Day Care Fee	Fee	4,443	\$ 58	\$ 123	47%	\$ 545,025	\$ 257,694	\$ 287,331		100%	\$ 122.67	\$ 545,025	\$ 287,331	\$ -	Footnote 1	\$	64.67	\$ 21.56	\$ 21.56	\$ 21.56
5	Client Shower Assistance Fee	Remove	-	\$ 25	\$ -	0%	\$ -	\$ -	\$ -		100%	Remove Fee									
Total User Fees							\$580,685	\$260,474	\$320,211				\$564,358	\$303,884	\$16,327		Total Revenue	\$361,769	\$463,063	\$564,358	
% of Full Cost								45%	55%				97%	117%	3%		Per Year				

Footnotes

10% monthly discount for clients who attend at least 11 days per month; 12% monthly discount for clients who attend at least eighteen days per month

PUBLIC GUARDIAN

El Dorado County - Health and Human Services Agency

Public Guardian (531441)

FY 2022-2023

Ord	Service Name	Fee Description	Annual Volume	Volume Billed							Recommendations				
					Per Unit			Annual			Per Unit		Annual		
					Current Fee	Full Cost	Current Recovery %	Annual Cost	Annual Revenue	Annual Subsidy	Recovery Level	Fee @ Policy Level	Annual Revenue2	Increased Revenue	Recommended Subsidy
1	Estate or Trust Management	Annually	249	249	\$ 1,751		0%	\$ 435,923	\$ -	\$ 435,923	37%	\$ 648	\$ 161,291	\$ 161,291	\$ 274,631
2	Extraordinary Compensation as defined by 2016 CA RoC, Rule 7.703, Per Hour	Per Hour	1	1	\$ 156		0%	\$ 156	\$ -	\$ 156	95%	\$ 149	\$ 149	\$ 149	\$ 7
3	New Case, One time	Fee	39	39	\$ 2,181		0%	\$ 85,042	\$ -	\$ 85,042	37%	\$ 807	\$ 31,465	\$ 31,465	\$ 53,576
4	Per Year (non-TCM clients)	Annually	320	320	\$ 4,061		0%	\$ 1,299,578	\$ -	\$ 1,299,578	37%	\$ 1,500	\$ 480,000	\$ 480,000	\$ 819,578
6	Storage of Belongings	Remove	-	-	\$ -	\$ -	0%	\$ -	\$ -	\$ -	100%	\$ -	\$ -	\$ -	\$ -
7	Public Guardian Non-Fee Activity	Fee	1	1	\$ -	\$ -	0%	\$ -	\$ -	\$ -	100%	\$ -	\$ -	\$ -	\$ -
8	Public Guardian Hourly Rate	Hourly Fee	1,411	776	\$ 110	\$ 149	74%	\$ 210,845	\$ 85,394	\$ 125,451	100%	\$ 149	\$ 115,669	\$ 30,276	\$ 95,175
Total User Fees								\$1,820,699	\$85,394	\$1,735,305			\$672,906	\$587,512	\$1,147,793
% of Full Cost									5%	95%			37%	688%	63%

Footnotes

Fee # 6 Personal Property Management is already included in the process under Per Year (Non-TCM clients)

