



# ASSESSOR USER FEE STUDY

## SONOMA COUNTY, CALIFORNIA

**Final Report**

January 13, 2022



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# CHAPTER 1. EXECUTIVE SUMMARY

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## Introduction

MGT Consulting Group (MGT) is pleased to present Sonoma County with this summary of findings for the recently completed Assessor cost of services (user fee) study.

The County contracted with MGT to perform a cost of service study using fiscal year 2020/2021 actual figures, staffing and operational information. The current County Assessor 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 Assessor's management and staff. MGT would like to take this opportunity to gratefully acknowledge all management and staff who participated on this project for their efforts and coordination.

## Study Scope and Objectives

This study included a review of the Assessor fees-for-service. The study was performed under the general direction of the Administrative Service Officer, the Chief Deputy Assessor and the Chief of Assessment Standards in the Clerk, Recorder, Assessor and Registrar of Voters department.

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.

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# CHAPTER 2. SUMMARY OF FINDINGS

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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, industry best practices and market comparisons. MGT, in general, recommends full cost recovery on all fees with some exceptions.

The exhibit below displays the costs and revenues for the Assessor’s office:

Sonoma County - Assessor User Fee Cost & Revenue Analysis

User Fee Department	Current				Recommended			
	(A) Costs, User Fee Services	(B) Current Revenue		(C) Current Subsidy		(D) Cost Recovery Policy		(E) Increased Revenue
Assessor	\$ 81,478	\$ 46,883	58%	\$ 34,595	42%	\$ 76,768	94%	\$ 29,885

- ◆◆ Column A, User Fee Costs –\$81,478 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 Assessor’s office.
- ◆◆ Column B, Current Revenues – Based on current individual fee levels, the County generates fee-related revenues of \$46,883 and is experiencing a 58% overall cost recovery level. Current cost recovery levels for the individual fees range from 16% to 104%.
- ◆◆ Column C, Current Subsidy – Current fee revenues recover 58% of full cost, leaving 42% or \$34,595 to be funded by other funding sources. This \$34,595 represents an opportunity for the County to adjust fees and revenues within this division.
- ◆◆ Column D, Recommended Recovery – Adjusting fees to the proposed cost recovery based on the County’s user fee recommendation would increase the specified fee revenue to \$76,768. This would allow for an overall cost recovery level of 94%.
- ◆◆ Column E, Increased Revenue – \$29,885 in potential new revenue could be generated.

## 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 Assessor’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 1,816 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 receives support from central departments whose main function is to keep the County running. Central overhead departments can include Auditor, Treasurer Tax Collector, County Administrator Office, etc. 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 level 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 Assessor 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 voter 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 Board's 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.

### 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 public health fees have very moderate cost recovery levels. Some programs are provided free of charge or for a minimal fee regardless of cost. Culture and recreation programs also tend to have the low recovery levels.

### PRIVATE BENEFIT

If a user fee primarily benefits the fee payer, the fee is typically set at, or close to, 100% full cost recovery. Development related fees generally fall into this category; however, exceptions are sometimes made for services such as appeal fees or fees charged exclusively to residential applicants.

**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. For example, code enforcement activities benefit the community as a whole, but the service is driven by the individual or business owner that violates County code.

**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 excessive false alarms within a one-year period.

## Analysis Highlights

MGT's analysis consisted of looking at 25 individual fees within the Assessor's division. Out of the 25 fees analyzed, several are new fees. There were 4 fees that are on the current fee schedule that MGT did not review. These fees are either set by state law or by another department.

- ◆◆ New Fee Proposed: CLCA Estimate \$190 flat fee
- ◆◆ New Fee Proposed: Assessor's Master List - Secured - plus per hour for custom report (minimum 1/2 hr.) \$60 per half hour
- ◆◆ New Fee Proposed: Assessor's Master List - Unsecured - plus per hour for custom report (minimum 1/2 hr.) \$60 per half hour
- ◆◆ Restructured Fee:
  - Building Records Documents – The current fee is a set flat fee of \$5. The new structure would increase the cost to \$10 which would include the first 3 pages and an additional \$0.50 per page for the fourth or subsequent pages.
  - The Assessor's Master List Secured has been broken down into several new fee categories which define what is included in that fee. Each base fee includes up to 2,000 parcels. The additional per parcel fee of \$0.10 would remain the same for all of the base fee categories:
    - Assessor's Master List - Secured - Parcel Number, Current Owner, Use Code & Mailing List (includes up to 2,000 parcels) Base Fee \$180

- Assessor's Master List - Secured -Parcel Number, Current Owner, Mailing List, Use Code & Roll Values (includes up to 2,000 parcels) Base Fee \$210
- Assessor's Master List - Secured -Parcel Number, Current Owner, Mailing List, Use Code, Roll Values, & Characteristics (includes up to 2,000 parcels) Base Fee \$240
- The Assessor's Master List Unsecured has been broken down into several new fee categories which define what is included in that fee. Each base fee includes up to 2,000 parcels. The additional per parcel fee of \$0.10 would remain the same for all of the base fee categories:
  - Assessor's Master List - Unsecured - Mailing List only (includes up to 2,000 parcels) Base Fee \$140
  - Assessor's Master List - Unsecured - Mailing List with values (includes up to 2,000 parcels) Base Fee \$180

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## CHAPTER 3. Recommendations

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MGT recommends the following:

- ◆◆ The Board should adopt staff 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 an 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).

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## CHAPTER 4. Fee Study Results

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The following pages provide the individual fee study results.



# User Fee Study Summary Sheet

Sonoma County  
Assessor 13020100  
FY 2020-2021 Actuals

Ord	Service Name	Fee Description	Annual Volume	Current						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
<b>1 Parcel Maps:</b>														
2	11 x 17 (per map page) 8 1/2 x 11 (per map page)	Per Map Page	171	\$ 10	\$ 12	84%	\$ 2,030	\$ 1,710	\$ 320	100%	\$ 10	\$ 1,710	\$ -	\$ 320
3	All Maps (single issue)	Single Issue	85	\$ 60	\$ 109	55%	\$ 9,229	\$ 5,100	\$ 4,129	100%	\$ 110	\$ 9,350	\$ 4,250	\$ (121)
4	All Maps (annual subscription with monthly updates)	Annual	-	\$ 720	\$ 1,303	55%	\$ -	\$ -	\$ -	100%	\$ 1,305	\$ -	\$ -	\$ -
<b>5 Property Information:</b>														
6	Roll Data (per parcel)	Per Parcel	-	\$ 5	\$ 30	16%	\$ -	\$ -	\$ -	33%	\$ 10	\$ -	\$ -	\$ -
7	Property Profile (per parcel)	Per Parcel	49	\$ 7	\$ 20	35%	\$ 989	\$ 343	\$ 646	75%	\$ 15	\$ 742	\$ 399	\$ 247
<b>8 Building Records:</b>														
9	Building Records Documents (Covers first 3 pages)	flat fee (covers first 3 pages) plus per \$0.50 per page after the first 3	2,345	\$ 5	\$ 12	42%	\$ 27,833	\$ 11,725	\$ 16,108	100%	\$ 10	\$ 23,450	\$ 11,725	\$ 4,383
9.1	Building Records Documents (per page after first 3 pages)	New - plus per \$0.50 per page after the first 4	-	\$ -	\$ 0.50	0%	\$ -	\$ -	\$ -	100%	\$ 0.50	\$ -	\$ -	\$ -
10	Mailing List w/Situs - Secured	Flat Fee	101	\$ 88	\$ 129	68%	\$ 13,023	\$ 8,888	\$ 4,135	100%	\$ 130	\$ 13,130	\$ 4,242	\$ (107)
11	Mailing List w/Situs - Unsecured	Flat Fee	-	\$ 46	\$ 79	58%	\$ -	\$ -	\$ -	100%	\$ 80	\$ -	\$ -	\$ -
12	Property Transfer List (Transfer Journal) (per issue)	Per issue	-	\$ 40	\$ 72	56%	\$ -	\$ -	\$ -	100%	\$ 70	\$ -	\$ -	\$ -
13	Property Transfer List (Transfer Journal Parcel Yearly)	Yearly	1	\$ 448	\$ 864	52%	\$ 864	\$ 448	\$ 416	100%	\$ 865	\$ 865	\$ 417	\$ (1)
14	Assessor's Master List - Secured - Parcel Number, Current Owner, Use Code & Mailing List (includes up to 2,000 parcels)	Base Fee plus additional per parcel fee	39	\$ 98	\$ 178	55%	\$ 6,943	\$ 3,822	\$ 3,121	100%	\$ 180	\$ 7,020	\$ 3,198	\$ (77)
14.5	Assessor's Master List - Secured -Parcel Number, Current Owner, Mailing List, Use Code & Roll Values (includes up to 2,000 parcels)	New Base Fee plus additional per parcel fee	-	\$ -	\$ 208	0%	\$ -	\$ -	\$ -	100%	\$ 210	\$ -	\$ -	\$ -
14.6	Assessor's Master List - Secured -Parcel Number, Current Owner, Mailing List , Use Code, Roll Values, & Characteristics (includes up to 2,000 parcels)	New Base Fee plus additional per parcel fee	-	\$ -	\$ 237	0%	\$ -	\$ -	\$ -	100%	\$ 240	\$ -	\$ -	\$ -

## User Fee Study Summary Sheet

Sonoma County  
Assessor 13020100  
FY 2020-2021 Actuals

Ord	Service Name	Fee Description	Annual Volume	Current						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
15	Assessor's Master List - Secured - plus per parcel after initial 2,000	Plus additional per parcel fee	100,150	\$ 0.10	\$ 0.10	101%	\$ 9,906	\$ 10,015	\$ (109)	100%	\$ 0.10	\$ 9,906	\$ (109)	\$ -
15.1	Assessor's Master List - Secured - plus per hour for custom report (minimum 1/2 hr)	New Plus additional fee for custom report to per hour (1/2 minimum)	-	\$ -	\$ 59	0%	\$ -	\$ -	\$ -	100%	\$ 60	\$ -	\$ -	\$ -
16	Assessor's Master List - Unsecured - Mailing List only (includes up to 2,000 parcels)	Base Fee plus additional per parcel fee	-	\$ 98	\$ 141	70%	\$ -	\$ -	\$ -	100%	\$ 140	\$ -	\$ -	\$ -
16.1	Assessor's Master List - Unsecured - Mailing List with values (includes up to 2,000 parcels)	New Base Fee plus additional per parcel fee	-	\$ -	\$ 178	0%	\$ -	\$ -	\$ -	100%	\$ 180	\$ -	\$ -	\$ -
17	Assessor's Master List - Unsecured - plus per parcel after initial 2,000	Plus additional per parcel fee	-	\$ 0.10	\$ 0.10	101%	\$ -	\$ -	\$ -	100%	\$ 0.10	\$ -	\$ -	\$ -
17.1	Assessor's Master List - Unsecured - plus per hour for custom report (minimum 1/2 hr)	New Plus additional fee for custom report to per hour (1/2 minimum)	-	\$ -	\$ 59	0%	\$ -	\$ -	\$ -	100%	\$ 60	\$ -	\$ -	\$ -
18	Segregation	Flat Fee	33	\$ 80	\$ 132	60%	\$ 4,366	\$ 2,640	\$ 1,726	100%	\$ 130	\$ 4,290	\$ 1,650	\$ 76
19	Voluntary Combination	Flat Fee	4	\$ 250	\$ 334	75%	\$ 1,336	\$ 1,000	\$ 336	100%	\$ 335	\$ 1,340	\$ 340	\$ (4)
20	Individual Parcel Report (Property Profile)	Per Report	-	\$ 7	\$ 24	29%	\$ -	\$ -	\$ -	100%	\$ 25	\$ -	\$ -	\$ -
21	Research (Half-Hour Rate)	Per half hour	12	\$ 62	\$ 59	104%	\$ 712	\$ 744	\$ (32)	100%	\$ 60	\$ 720	\$ (24)	\$ (8)
22	CLCA Estimate	New Fee	20	\$ -	\$ 190	0%	\$ 3,798	\$ -	\$ 3,798	100%	\$ 190	\$ 3,798	\$ 3,798	\$ -
27	<b>Fees not being reviewed</b>													
28	Assessor Certification	per certification	2	\$ 1	\$ -	0%	\$ 2	\$ 2	\$ -	100%	\$ 1	\$ 2	\$ -	\$ -
29	Historical Aircraft	Each	4	\$ 35	\$ -	0%	\$ 140	\$ 140	\$ -	100%	\$ 35	\$ 140	\$ -	\$ -
30	Assessor Inquiry Screen	Each	34	\$ 5	\$ -	0%	\$ 170	\$ 170	\$ -	100%	\$ 5	\$ 170	\$ -	\$ -
31	Fax Fee	Fee	34	\$ 4	\$ -	0%	\$ 136	\$ 136	\$ -	100%	\$ 4	\$ 136	\$ -	\$ -
Total User Fees							\$81,478	\$46,883	\$34,595		\$76,768	\$29,885	\$4,709	
% of Full Cost								58%	42%		94%	64%	6%	