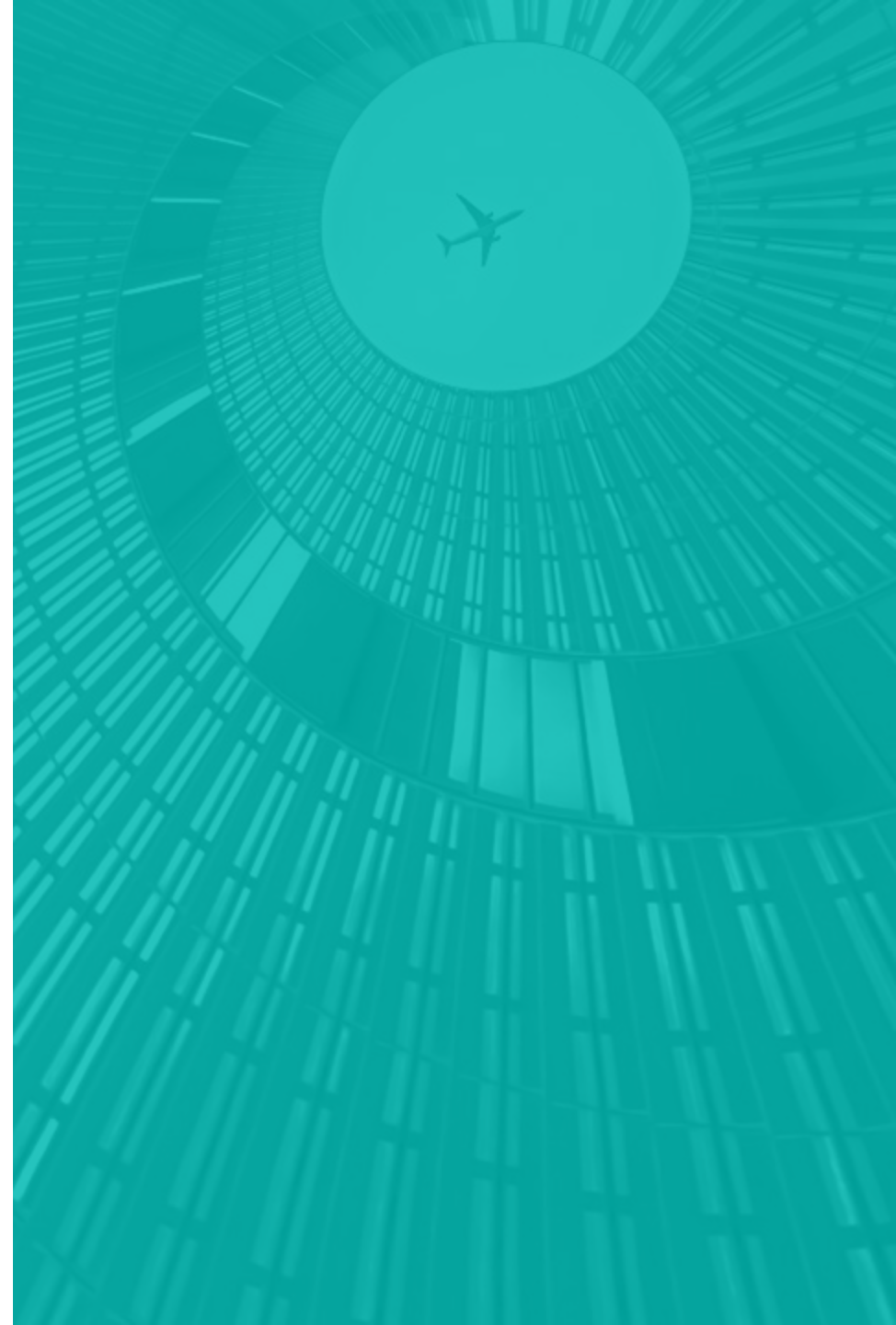




# Greater Salt Lake Municipal Services District

## Cost of Services Study Summary of Findings



# Agenda

- Project overview
- Cost components
  - Cost per hour calculations
  - Time per fee compilation
- Data collection
- Findings
- Recommendations
- Next Steps

## Project scope and objectives

- Calculate total cost of providing fee-related services.
- Identify fees with cost/revenue imbalance (surplus or deficit) and recommend adjustments.
- Review fee schedules from peer organizations and compare with current and recommended fee levels.
- Review current fee schedule and recommend formatting changes to improve ease of use.

# Cost components

- **Time**
- **Money**

# Monetary costs

- **Direct costs** – wages and benefits paid to people performing fee-related tasks
- **Indirect costs** – supplies & materials, other departmental budget expenses
- **Overhead costs** – each employee's share of “back-office” expenses (e.g. Finance, HR, Administration, etc.)
  - Also includes department-level administrative costs (supervisors, admin support, training, etc.)

## Time-related costs

- Identify each employee involved in a fee-related process
- Estimate how many minutes (or hours) are spent on an “average” fee process
  - Some routine fees have an easily defined “average” process; others require research based on recent and/or anticipated projects
- Add each employee’s cost to arrive at total cost for the process

# Data collection

- Two streams of data collected in parallel
- Department costs:
  - Worked with Finance and management to identify direct, indirect and overhead costs
  - Developed appropriate allocation formulas
  - Attempted to capture all costs without “double-dipping”
- Employee time:
  - Surveyed employees to ask for estimates of time spent on each type of fee
  - Reviewed responses and followed up with staff and supervisors to answer questions and refine time estimates

## Cost calculations

- Indirect costs added 22% to direct costs.
- Dept. administration added 5.6% to direct/indirect costs.
- District-wide overhead added 12.3% to direct/indirect costs.
- Combination of components means total costs are 43.7% higher than direct cost for wages & benefits alone.



## Fee revenues vs costs

- No pattern found:
  - Fee revenues are not consistently higher or lower than costs.

## Benchmark comparisons

- We reviewed the District's fee schedule in comparison with several peer communities:
  - Draper
  - Herriman
  - Ogden
  - South Jordan
  - West Jordan
  - West Valley City
- Again, no consistent pattern found.
  - District is higher on some fees and lower on others.

## **Fees with surplus revenue**

- Many fees with surpluses are compliance-focused (code enforcement) or reflect external costs (alcohol licenses, short-term rentals).
  - No changes recommended for these, since fee amounts aren't directly linked to District costs.
- Some fees for service should be adjusted to keep revenues in line with costs.
  - Recommend closer look to confirm total time & costs before making adjustments.

## **Fees with deficits**

- Three primary options for addressing fees where revenues do not cover costs of service:
  1. Increase fees to cover costs.
  2. Look for process improvements and efficiencies to bring costs closer to revenues.
  3. Accept that some deficits are unavoidable.



# Next Steps

- Update fee schedule to reflect 2024 costs.
- Identify high-priority fee types to examine and adjust.
  - Change processes and fee amounts as appropriate.
- Communicate changes with stakeholders.



# Thank you!

Matt Stark, Senior Analyst  
651-223-3043  
Matt.Stark@bakertilly.com

