COST OF SERVICES STUDY

Presented by:
Eric S. Johnson
Vice President
Revenue & Cost Specialists, L.L.C.
Background of RCS

- Company Started in 1980 with Two Former City Managers
- 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 28 years
What have we done?

Recast the City Budget with a Business Orientation

- Identified the cost of services provided to its customers
  - E.g. there is no City Council service
- Matched Revenues to those Costs
Methodology

- Meet with Departments to establish services & time spent
- Review budget and calculate overhead rates
- Review services to categorize between Community Supported and Personal Choice services
- Review recovery percentages & make recommendations
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
TAXES/GRANTS
COMMUNITY SUPPORTED SERVICES

FEES
PERSONAL CHOICE SERVICES

REVENUES
COSTS
TAXES/GRANTS

COMMUNITY SUPPORTED SERVICES

PERSONAL CHOICE SERVICES

FEES

REVENUES

COSTS

$1,401,645
ANNUAL SUBSIDY
City Council makes final tax subsidy decision

- The Project Goal is to identify the full costs for the various services.
- RCS and City Staff have made fee recommendations for every service.
- It is now up the City Council to decide which services should be charged the full costs and which services should be subsidized with tax dollars.