

July 21, 2017

Ms. Alissa Powers, PWS
 Parks and Natural Resources Department
 Environmental Program Manager
 1112 Manatee Avenue West, Suite 203
 Bradenton, Florida 34205

RE: Mining fee study

Dear Ms. Powers:

This is our report on the cost of Manatee County's mining fee services.

Florida laws permit user fees in certain cases. The laws expect pricing to recover costs, but not to make an intentional profit. This study included discussion of the County's efforts for mining fees so that we could determine the break-even prices to recover costs.

In a fee study, cost is a fact reflecting the resources used to deliver a service and price is a policy choice of how much of the cost to recover from a fee.

The cost schedules we provided are technical in nature. To help the reader understand them, we summarize the schedules below.

Table	Purpose
Cover	Contact information
Customer Impact	Presents findings at the level of the individual customer transaction, including: <ul style="list-style-type: none"> • Current price, • Cost of service (actual cost) • Cost net of severance tax contribution • Department pricing recommendation, and • A blank column to record the Commissioners' decision
Budget Impact	This presents findings using the same categories as the Customer Impact schedule, but it shows the impact of all customers served on the budget. For services with more than one customer, the findings show the customer-level findings multiplied by the number of customers. For a service with only one customer, the Customer Impact and Budget Impact are the same.
Direct Staff Effort	Analysis of how staff is assigned to various activities and the time spent serving customers for each activity. We show: <ul style="list-style-type: none"> Effort per typical customer Effort to serve all customers by fee activity, and The labor cost of the direct staff effort by activity.
Staff Hour Detail	This sheet breaks the effort by fee activity into the steps involved in

Table	Purpose
	...serving a customer. The sum of these steps is linked to the Direct Staff Effort worksheet.
Indirect Expense	Certain staff support (either by supervision or clerical effort) the work of others in the department. We account for their costs here. If an activity uses 12 percent of direct staff effort, it also receives an allocation of 12 percent of the indirect expense as well.
Detail by Service	Summarizes the elements of cost in the findings, including direct labor, allocated non-labor expenses and indirect cost. The reconciliation at the bottom of the schedule proves that the sum of allocated expenses matches the source totals from County data.
Assignable Hours	Employees do not work five days per week for 52 weeks per year. They receive paid leave for such things as vacation, sick leave, holiday and training. 2 CFR Part 200 provides that in order to associate paid leave with service costs, hourly rates should be based on employee earnings divided by hours assignable to work tasks and not just on hours paid.
Appropriation	The default assumption is that items other than salary and benefits are used in proportion to labor. For example, if an activity is 2.1 percent of staff time, it uses 2.1 percent of the office supplies expense. Blue shaded rows indicate items where the facts required us to treat expenses differently, based on staff explanations of how the work is done.
Adjust for Severance	Severance taxes are one of the funding sources for this activity. It is not fair to charge a fee for an activity that is already funded by another revenue source. This schedule discounts activity costs by the amount of severance tax contribution. It applies to all activities, except for a proposed new service (Annual Progress Report – out of county), for which Manatee County’s severance taxes do not apply.
Billed Services	This table lists the activities that are the purpose of the study. Establishing a new price requires not only authorizing the new price, but also, extinguishing the existing authorization.

We have provided the files that we used to reach our findings and we have trained County staff to update these models. Should the County need to refresh the training, please call us.

It has been a pleasure to be of service.

FISCAL CHOICE CONSULTING, LLC



Bruce Cowans
Member and Manager