

COUNTY OF SAN DIEGO, CALIFORNIA
BOARD OF SUPERVISORS POLICY

Subject

Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery

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Purpose

To establish department responsibilities to:

1. Recover full cost, to the extent legally possible for services provided to agencies or individuals outside the County of San Diego organization under grants, contracts, or for which fees may be charged. Exceptions require specific Board approval for the non-reimbursed costs.
2. Inform the Board of Supervisors of the proposed services, their full costs and anticipated revenues, and the reasons for any difference between full cost and anticipated revenue.

Background

The County can better fulfill its mission to provide county residents with superior services by pursuing external funding opportunities that do not compromise the County's fiscal integrity and operational discipline, set false expectations, or make imprudent resource commitments. Such judicious pursuit of external funding is consistent with the principles and procedures set forth in the County's General Management System (GMS) and also supports goals and disciplines detailed in the County's Strategic Plan. In addition, the County provides a number of services on a fee basis and these fees must be periodically reviewed. This policy establishes the guidelines which departments must follow in pursuing these external funding opportunities or in setting fees for services.

Policy

It is the policy of the Board of Supervisors that:

General

1. Departments will seek to recover the full cost of all services they provide to agencies or individuals outside the County of San Diego organization on a contractual or fee basis or when obtaining grant funding.

1.a. In the case of the County providing contract services to cities pursuant to Government Code 51350, the County will recover all those costs incurred in providing the services so contracted or authorized Costs that are attributable to services made available to all portions of the County (where the Board determines by resolution that such services are made available to all portions of the County), shall not be charged to cities as direct or indirect overhead charges. Costs of general

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County overhead, as defined in the Federal Budget Circular A-87, will not be charged to cities.

2. Funding sources that will require a revenue match from the County General Fund shall be limited to the designated match level mandated as a condition of funding.

3. Board of Supervisors approval is required for initiation or revision of fees and charges (except for fees whose amounts are fixed by statute with no Board discretion as to amount), initiation and renewal of revenue contracts, and to apply for and accept grants except as noted in 3.a. below.

3.a. Administrative Code Section 123 authorizes the Chief Administrative Officer (CAO) to approve the initiation and renewal of revenue contracts and the application for and acceptance of grants that (1) are under \$250,000 annually, (2) do not require the appropriation of unbudgeted amounts as specified in Government Code Section 29130 (including unanticipated or over realized revenue and any available fund balances), (3) do not require the addition of positions or staff years, and (4) do not specifically require Board approval as a condition of the contract or grant. Upon direction from the CAO, the Clerk of the Board shall execute these types of revenue contracts and accept these types of grants on the Board's behalf. The CAO will report annually to the Board on the nature, number and value of these agreements.

4. Full cost is defined as the sum of direct costs plus departmental overhead costs plus external indirect costs as calculated pursuant to the federal Office of Management and Budget Circular A-87 cost plan (the "A-87 Cost Plan") for the County.

5. The CAO shall review all proposed new or changed fee schedules, grant applications and revenue contracts from an overall policy perspective. The County Counsel shall review all revenue contracts to ensure that the County's interests are protected.

Fees

With regard to fees, the department shall:

1. Establish all fees, and subsequent changes to fees, by ordinance. There is a minimum 30 days waiting period between adoption of a fee or fee increase, and its effective date. During this time, the Clerk of the Board will issue the appropriate public notice pursuant to Government Code Section 54986.

2. Provide for fees to be deposited or paid in advance. Delivery or completion of service, if applicable, is not to be made unless full payment has been deposited.

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Penalty provisions are to be established for delinquent payments of regulatory type licenses or permits.

3. Maintain a documented record of all fees established and collected by each department including a brief description of each type of fee, authority establishing the fee, revenue account code, amount of fee, date of last revision and other data as required by the Auditor and Controller.

4. Review all fee schedules annually, or more frequently if warranted, and make recommendations to the Board for changes to recover full cost.

Grants

1. The Department shall docket requests to apply for grant funding (unless exempt under paragraph 3.a. of the General section above) so that the Board of Supervisors may act upon the request at least fifteen (15) days in advance of the date on which the grant request must be received by the granting agency.

2. All proposed grant funding requests must be certified by the Department head as being worthy of funding with County resources if external financing were unavailable.

3. Upon request, the Board may authorize a department broad authority to apply for grants. The requesting Board letter must identify the programs or projects for which grants will be sought and the overall value to the County and its residents if the grant funds were to be received. This authority shall not extend beyond one fiscal year unless otherwise requested and approved by the Board.

Revenue Contracts

1. Service cannot begin until the Board or CAO and the contracting agency have approved the contract.

2. The Department shall docket contracts with the Board of Supervisors or file with the CAO at least 60 days prior to the effective date of the contract.

3. Prior to performing election services for agencies or entities outside the County of San Diego organization, except for services as are mandated by law to be performed by the Registrar of Voters, the Registrar shall notify the requesting agency or entity that the estimated costs of such services must be deposited in the County Treasury, and the Registrar shall not perform the requested services unless and until such

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deposit has been made. Such deposit shall be maintained in a special fund account, and the excess, if any, of the amount of the deposit over and above the cost of providing the election services shall be refunded to the requesting agency or entity after all election services for which the deposit was made have been completed. If the requesting agency or entity has not made this deposit of estimated costs prior to the date upon which the Registrar must commence action to conduct the requested election in an orderly manner, the Registrar shall report the matter to the Board of Supervisors.

4. In the area of public liability exposure and cost recovery, the County Counsel and the Auditor and Controller shall be consulted to assist the department in assessing the additional exposure and costs to be recovered for public liability. The County and the public agency may cover the cost of additional exposure through appropriate insurance coverage, hold harmless agreements or contributions to self-insurance coverage, hold harmless agreements or contributions to self-insurance programs as agreed upon in the agreement. (Reference - Board of Supervisors Policy B-28, Limitation of Liability on Service Agreements).

Procedure

The department providing the service, after meeting the policy or other review requirements of the CAO, DCAO, and Chief Financial Officer, shall:

1. For grant acceptance and revenue contracts, complete an Award Initiation Form in accordance with the procedures of the Auditor and Controller.
2. For fees, complete and submit an Auditor and Controller Rate/Fee Packet including sufficient documentation to support the calculation of all costs to the Auditor and Controller at least two weeks prior to the anticipated docketing date.
3. Write a Board letter (or CAO letter for revenue contracts or grants covered by General Section 3.a. of this Policy) requesting approval of the fees, grant application and/or acceptance, or revenue contract. The letter will include:
 - a. A description of the services to be funded by the fees, grant or revenue contract.
 - b. A discussion of possible alternatives, and of the implications of Board or CAO approval or denial of the recommendation.
 - c. A fiscal impact statement which includes the full cost of the service, matching fund requirements, the estimated reimbursement, and the net County cost,

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implications for future staffing and operations and maintenance costs extending beyond the grant period.

d. A justification for less than full cost recovery, if less than full cost recovery is recommended.

e. For grant applications, a statement by the department head certifying that the activity would be worthy of County funding if external financing were unavailable.

f. For grant acceptance and revenue contracts, the Award number as assigned by the Auditor and Controller (see Procedure Paragraph 1 above).

g. In the case of contract services to cities, if the Board has adopted a resolution determining that such services are made available to all portions of the County, set forth in detail any costs not to be recovered that are related to such services provided to all portions of the County.

4. Follow procedures to docket the Board letter or submit the CAO letter. To facilitate reviewer sign-off on fee proposal Board letters, include the Auditor and Controller approval form in the Board letter packet.

5. When appropriate, Board or CAO letters related to services reimbursed through fees, contracts and grants must also be submitted to the appropriate Advisory Board.

6. Pursue the prompt collection of all revenues. Fees should be paid in full in advance. When possible, provisions should be made in grants and contracts for advance or concurrent payments.

7. Claim, collect and report revenue within the guidelines established by law and the revenue management policies set by the Board, and in accordance with the standards and procedures established by the Auditor and Controller.

Sunset Date

This policy will be reviewed for continuance by 12-31-12

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Previous Board Action

10-11-77 (8)

10-7-80 (5)

5-12-81 (88)

8-3-82 (26)

5-8-84 (7)

5-3-88 (52)

4-25-89 (34)

7-23-96 (11)

06-12-07 (14)

12-09-08 (33)

11-08-11 (24)

CAO Reference

1. Chief Financial Officer/Auditor and Controller