

“Defining the Costs of Public Services through Design”

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July 23, 2009

Draft

The purpose of this short paper is to help shape the debate if the Northern Area Plan [for Beaufort County, City of Beaufort, and the Town of Port Royal] regarding the provision of public services, their cost, and their ultimate governance. The intergovernmental agreement signed by all of those noted above, sets forth an ambitious schedule to work out the issues regarding development and public services within the growth boundaries of northern Beaufort County. While land-use and its governance will be the first issue to tackle, the issue of the “structural design” of this physical place and its relationship with the delivery of and the cost of public services must be mutually understood.

“The “cost” of a public service (local government) is not set by a national or industry standard but rather by that organizations [sic] needs, wants, and political economy. While there are those special interest groups that would insist on templates or standards it is still a “local” decision as to its [sic] acceptance, level of funding, management, and service level.

In calculating the cost of a public services, Beaufort staff uses historical data as outlined by the South Carolina Office of Research and Statistics of the State of South Carolina Budget and Control Board (<http://www.ors.state.sc.us/economics/economics.asp>) to help us show the “per resident cost” in the City of Beaufort. The organization of the data collected, which mirrors to great degree standards followed in our Comprehensive Annual Finance Report ([www.cityofbeaufort.org/finance](http://www.cityofbeaufort.org/finance)), allows us to cost our services in such a way so that the City leaders can make better decisions about services.

The City organizes its cost in this manner (Appendix A of this report), which not only allows for “apple to apple” comparisons with its peers in the region but with its peers nationwide. The State of South Carolina pulls our data and others from the standard accounting audits of City’s, which is based upon standards developed for same. As such, the City Finance Team of the City of Beaufort developed a cost of service per resident model (Found in Appendix B, of this report).

The City’s organization of this data also allows us to measure our service delivery standards in way in which we can compare data with other like jurisdictions as well as help develop our own “metrics” for service level delivery. The City staff is currently working on the goals and metrics of public service delivery for our own comprehensive plan. The City also uses this same structure when developing our yearly Operational Plans (Budgets) and five year CIP and Operational and Revenue Plans for the City

The organization of this data is important but is only the first step. In prioritizing the services, in costing the services and defining the who, what, where, and when, there are “five (5) important questions” in the strategic learning process that must be kept in mind:

1. What results are we trying to achieve?
2. How would we know if we were achieving them?
3. What Strategies are we using to achieve the results?
4. Are these strategies working?
5. What do we need to do differently to achieve our results?<sup>1</sup>

In addition and specific to costing services, there are four issues to consider for each service deliverable; “variables, management of the service, the politics, and the denominator.”

A Service Delivery Costing Exercise:

1. Using the Outline, not the detail of Appendix A groupings, list those services relevant to your organizations.
2. Then try thinking through the value added to your organization of these services, how you would rank them, how you might consider other ways of providing the same service, how you might find ways of improving this level of services, and if you need to deliver the service at all.
3. When considering the cost of services, I believe it necessary to consider the following:
  - a. The Variables. Those issues such as level of service, delivery method, prioritization of services, need v. want of services, and the resources available for such, the likes of capital, labor, and land.
  - b. Management of the Services. This includes tangible and intangible things such as costs (tangible) and the cost of not doing (intangible). Also, issues such as overlap, integration, work systems, liabilities, results, and the customers and investors perspectives in the management of these services. The numerator in the equation
  - c. Policy Direction or more specific, the Politics. Where do the elected officials wish to take the organization? The answers to this are as varied, many, and eclectic as your mind is now thinking.
  - d. The Denominator in the equation is the number of units served. The number of units that your fixed costs are spread over. This also includes the type of units served, their location, and most importantly, the structural design of the community that the unit is located in.
4. This leads to the last and most important tie-in, the “definition of” and the design of “...a coherent and supportive physical framework” (CNU, Charter) regarding land uses and services in the growth boundaries of the Northern Area Plan.

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<sup>1</sup> “We don’t Make Widgets; Overcoming the Myths that keep government from radically improving,” Ken Miller, 2006, Governing Books

## Appendix A:

### Core Services-

- 1 General Government
  - City Council (to include committees)
  - Admin and Finance ( CM, Finance, Planning, Bus Lisc)
  - Support Services (HR, IT)
  - Court and Legal
- 2 Public Services
  - Development Services
  - Administration
  - Streets/Open Space/Traffic Control
  - Solid Waste
  - Cemeteries
  - Street Lighting
  - Stormwater
  - Central Garage
  - Building Maintenance
- 3 Public Safety
  - Police
  - Fire
  - Codes
- 4 Recreation and Cultural
  - Parks and Trees
  - Marina
  - Non-Dept
- 5 Debt Service/Interest on Debt
  - Rolling Stock for Core Services
- 6 Purchase of Land and Facility
  - Municipal Complex
  - Fire Station
  - Southside Park
  - Open Space Land Acquisition
- 7 All Other

Investment Services-

Investment Services

- 1 General Government
  - Redevelopment Commission
  - Beaufort Housing Authority
  - Low Country Economic Development
  - Main Street Beaufort
  - Chamber of Commerce
- 2 Public Services
  - Boundary Street Road Project
  - Third Crossing
  - Bladen Street Plan
- 3 Public Safety
- 4 Recreation and Cultural
- 5 Debt Service/Interest on Debt
- 6 Purchase of Land and Facility
- 7 All Other
  - TIFF I
  - TIFF II

