



Board Agenda Item 43

DATE: September 21, 2021

TO: Board of Supervisors

SUBMITTED BY: David Luchini, RN, PHN, Interim Director, Department of Public Health

SUBJECT: Amendment to Master Schedule of Fees, Charges, and Recovered Costs

RECOMMENDED ACTION(S):

Conduct second hearing to amend the Master Schedule of Fees, Charges, and Recovered Costs by amending Section 900 - Environmental Health, sections 902 through 906, 908 through 917, 919 through 934.1, 938 through 940.2, and 948 through 951; and waive reading of the Ordinance in its entirety; and adopt proposed Ordinance.

There is no additional Net County Cost associated with the recommended action. Approval of the recommended action will amend the Master Schedule of Fees, Charges, and Recovered Costs by amending Section 900 Environmental Health, sections 902 through 906, 908 through 917, 919 through 934.1, 938 through 940.2 and 948 through 951. The proposed amendment is an 8% to 13% increase and represents the third-year increase of a three-year 25% to 33% phase-in rate increase approved by the Board on July 10, 2018. This item is countywide.

ALTERNATIVE ACTION(S):

Your Board may direct Department staff to keep the current fee structure or propose alternative fees, which will impede the Department's goal of 90% cost recovery in the Environmental Health Division (EHD), thereby increasing the use of Health Realignment (Realignment) to offset permit fee-based program costs.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The proposed rates, as shown in Exhibit A of the Ordinance, will be used by the Department to recover direct and indirect costs for services under permit fee-based programs. The Department has a 90% program cost recovery goal with the 10% difference covered by Realignment to ensure the continued protection to public health. Rate increases presented are based on a cost study approved in 2018 using FY 2016-17 data. The approved cost study reflected a rate increase need of 25% to 33% in various rates that had not been adjusted since 2009. In 2019 the Board approved a three-year phased in process for said rates, with the increase presented today being the last increase based on the FY 2016-17 approved cost study.

As these rates are based on FY 2016-17 data, a new cost study will be completed at a future date to capture updated data that will inform future rate increases aimed at meeting a 90% cost recovery of all permit fee-based services.

DISCUSSION:

On September 7, 2021, your Board conducted the first hearing to amend Section 900 - Environmental

Health. On September 10, 2019, the Board approved the second of three phased-in rate increases to allow for the eventual 90% cost recovery services under Section 900 of the Master Schedule of Fees, for identified services provided by EHD. Approximately 10% of EHD program costs are not recoverable through a permit fee. These services include, but are not limited to, the cleanup of County roads or other property that pose a hazard or danger to the general population such as illegal trash dumping and homeless encampment clean up, or education and training to the public.

The third phased-in increase was set to come before your Board in September 2020; however, this action was postponed due to COVID-19 stay at home orders and business restriction impacts on permit fee-based businesses. In response and support of businesses, on December 15, 2020 your Board proposed and approved a fee credit for restaurant businesses and other businesses on a case-by-case basis.

The recommended rates in Exhibit A of the Ordinance are the third-year increase of a three-year 25% to 33% phase-in and consists of applicable direct and indirect salaries, benefits, services, and supplies, including department and countywide overhead costs. Exhibit B, Environmental Health Fiscal Year 2019-20 Program Revenues and Expenses Summary provides a summary of Fiscal Year 2019-20 costs compared to revenues at existing rates, indicating the third-year increase is still necessary to achieve close to a 90% cost recovery. Attachment A, MSF Rate Change Comparison provides detail of the changes proposed to the existing rates for comparative purposes, which include revised, and/or increased fees.

The proposed amendment to Section 900 is an estimated 8% to 13% increase with the exception of subsections 902 - Kennel License, which is based on the current hourly rate required for review of those facilities, and subsections 938 - Market Milk Dairy, 939 -Manufacturing Milk Dairy, 939.1 - Dairy Farm Follow-Up Inspection and 939.2 - Semi Frozen Soft Serve License, which are set and mandated by the California Department of Food and Agriculture (CDFA).

The Department completed its Environmental Health Permit Fee study in 2017. In March 2018, the Auditor-Controller/Treasure/Tax Collector (AC-TTC) reviewed and approved the methodology and calculation of the permit rates. Increases in various State department mandated programs and EHD costs to administer the programs have driven the need for the proposed permit fee increases. The proposed amendment would result in a decreased use of Realignment to offset permit fee-based program costs. The redirection of Public Health sales tax and vehicle license fees (1991 Realignment) through Assembly Bill 85 (AB 85) continue to significantly reduce Realignment available for programs and services. Additionally, increased costs in other Realignment funded programs including public health lab and various other public health services have reduced available funding for EHD programs.

The recommended rates, including the calculation, and the methodology applied for cost recovery, were reviewed and approved by the AC-TTC in March 2018. If adopted by your Board, the recommended rates would take effect October 21, 2021.

REFERENCE MATERIAL:

BAI #10, September 7, 2021
BAI #6, December 15, 2020
BAI #44, September 10, 2019
BAI #5, August 20, 2019
BAI #9, June 4, 2019
BAI #59, July 10, 2018
BAI #10, June 12, 2018
BBR - Update Regarding Proposal to Increase Environmental Health Permit Fees, June 7, 2018
BBR - Proposal to Increase Environmental Health Permit Fees, May 4, 2018

ATTACHMENTS INCLUDED AND/OR ON FILE:

Ordinance
Exhibit B
Attachment A

CAO ANALYST:

Ron Alexander