

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

* * * * *

RESOLUTION AUTHORIZING THE DIRECTOR OF THE ENVIRONMENTAL HEALTH SERVICES DIVISION (“EHS”) OF SAN MATEO COUNTY HEALTH, OR DESIGNEE(S), TO DESIGN AND IMPLEMENT A SAN MATEO COUNTY ENVIRONMENTAL HEALTH FEE RELIEF PROGRAM AT A TOTAL COST NOT TO EXCEED \$5,800,000, INCLUDING A \$650,000 CONTRIBUTION FROM EHS, PURSUANT TO WHICH A ONE-TIME CREDIT EQUAL TO THE COST OF QUALIFYING ANNUAL EHS FEES WOULD BE ISSUED TO CERTAIN EHS-REGULATED BUSINESSES THAT HAD SALES REVENUES DIRECTLY IMPACTED BY COVID-19 HEALTH ORDERS AND THAT ARE WITHIN DESIGNATED EHS PERMIT FEE CATEGORIES OR INDUSTRY CATEGORIES

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, the COVID-19 pandemic, and the series of state and local health orders restricting certain types of economic activity as a result of the COVID-19 pandemic (collectively, “COVID-19 Health Orders”), have had a devastating impact on certain sectors of the economy in San Mateo County, with revenue losses hitting small businesses particularly hard; and

WHEREAS, Environmental Health Services (“EHS”), a division of San Mateo County Health, performs regulatory oversight to over 14,000 businesses, implementing State regulations for operations in both incorporated and unincorporated areas of the County, in the following areas: Retail Food, Public Swimming Pools and Spas, Medical Waste, Hazardous Materials/Waste Storage (CUPA), State Small Public Water Systems, Body Art, Massage (unincorporated), Retail Tobacco (unincorporated), Stormwater (unincorporated), Housing (multifamily and short-term stay), Solid Waste,

Cross Connection Control, Septage Pumpers/Haulers, and Well and Septic System construction review and permitting; and

WHEREAS, EHS operates on a fee-for-service basis, meaning that businesses must pay for the cost of the regulatory service and issuance of associated permits, and accordingly, EHS inspection programs have zero Net County Cost; and

WHEREAS, EHS fees are based on the average time it takes to oversee the business, which is influenced by the size of the business and the complexity of the operation, the risk to public health or the environment, and the associated frequency of inspection, and EHS fees are approved by Resolution of the Board of Supervisors with the most recent fee schedule approved by the Board in June 2015; and

WHEREAS, EHS issues annual invoices for operating permits or licenses to those businesses it regulates; and

WHEREAS, the proposed San Mateo County Environmental Health Fee Relief Program (“Relief Program”) would provide a one-time credit – equivalent to the full cost of an annual fee – to businesses in certain EHS permit fee categories (Program Element or PE) or industry categories as a way of offsetting revenue losses incurred when restrictive COVID-19 Health Orders were in effect; and

WHEREAS, the Relief Program would issue credits to specified permit holders for new annual EHS charges, to include their stormwater fees, beginning with the July 2021 billing cycle, for a period of 12 months, representing a one-year permit invoice cycle, and specified permit holders operating as of July 1, 2021 would be eligible for the credits; and

WHEREAS, businesses eligible for the fee credits would have the credit applied to their next annual invoice, or if there is an outstanding balance, it would be applied towards the balance due; and

WHEREAS, most impacted businesses would receive an invoice with a \$0 balance, however, some may have a balance due if there are multiple years of unpaid invoices, one of the fees is not eligible for the credit, or if there is a State Surcharge, which EHS collects on behalf of the State of California Environmental Protection Agency; and

WHEREAS, the Relief Program has three major policy goals; (1) focus on the industries and businesses whose revenues were most severely impacted by COVID-19 Health Orders, with an emphasis on small businesses where possible; (2) limit the administrative burden on the Department by streamlining criteria in a manner that can be accommodated by EHS' existing staffing and technology resources; and (3) establish an equitable process that minimizes administrative barriers for businesses with non-English speaking owners or those located in vulnerable communities; and

WHEREAS, to meet these goals, the Relief Program includes businesses within the travel, tourism and hospitality industries and other industries that were disproportionately impacted by the COVID-19 public health emergency and its negative economic impacts; and

WHEREAS, to meet these goals, the Relief Program also seeks to include, in most cases, an entire permit fee or industry category, without necessarily specifying any business size or ownership structure criteriaas including an entire permit fee or industry

category is the most efficient way to achieve the administrative and equity goals without adding an additional barrier by requiring applications to prove the need for this relief; and

WHEREAS, the retail food industry was hit hard by pandemic-related restrictions -- even during periods when indoor and outdoor dining have been allowed or where take-out was served, restaurant and other food operators have reported severe revenue losses, due to the operating restrictions in effect as well as decreased demand; and

WHEREAS, a limited number of certain convenience store/markets and their sub-facilities will also be included in the Retail Food component of the Relief Program, as follows: (1) markets occupying less than 2000 square feet; or (2) larger markets, occupying space greater than 2000 square feet, and including any co-located sub-facilities, where the market is independently owned and retains two or fewer locations in the County.; and

WHEREAS, for these larger markets, fee relief will be provided to owners who submit an attestation that they qualify and wish to be included in this Relief Program, as EHS does not verify the accuracy of ownership information submitted by applicants; and

WHEREAS, annual food service permits for large “chain” markets, large corporate campus-operated food facilities, schools, healthcare and government operations, however, are excluded from receiving fee credits for multiple reasons: they do not meet the policy goals the fee credits, and in the case of schools, reimbursement for permit fees is available from other funding sources, including USFDA; and

WHEREAS, the cost of the Retail Food component of the proposed Relief Program is estimated to be \$4,277,734; and

WHEREAS, numerous businesses – most notably gyms and fitness centers, privately operated swim schools, and short-term stay housing (hotels and motels) – require annual permits to operate pools and/or spas that are accessible to the public, and operations at these businesses were shut down entirely for months during the pandemic; and

WHEREAS, pools and spas located at apartment, condominium and townhome complexes are also obligated to pay annual EHS fees to operate, their pools and spas are considered incidental to the primary purpose of these operations and these permit holders did not have retail/service operations that were disrupted by the pandemic, and accordingly, they are not included in the Relief Program; and

WHEREAS, the cost of the Pools and Spas component of the proposed Relief Program is estimated to be \$113,766; and

WHEREAS, operations at body art facilities (e.g., tattoo and piercing operations), body art practitioners, and massage businesses were suspended or significantly restricted by COVID-19 Health Orders; and

WHEREAS, the cost of the proposed Body Art and Massage component of the Relief Program is estimated to be \$39,748; and

WHEREAS, the EHS Housing Program issues permits to hotels, motels and bed and breakfast operations, and with multiple COVID-19 Health Orders restricting travel, the “short-term stay” industry has seen a significant drop in revenue in the last

year; indeed, according to John Hutar, President and CEO of San Mateo County Visitors and Convention Bureau, hotel occupancy revenue declined 74% between March 2020 and March 2021; and

WHEREAS, some hotels and motels may also have separate annual EHS permits for retail food and/or pool operations and/or CUPA permits, which are also part of the proposed Relief Program, and accordingly, hotels and motels with multiple permits that are eligible under the proposed Relief Program would receive multiple relief credits; and

WHEREAS, the cost of the Short-Term Stay Housing component of the proposed Relief Program is estimated to be \$173,780; and

WHEREAS, EHS' CUPA (Certified Unified Program Agency) program regulates businesses that store or generate hazardous materials or hazardous waste; and

WHEREAS, some CUPA-regulated businesses were closed or had operations limited by COVID-19 Health Orders, including, metal fabricators, chemical manufacturing, golf courses, restaurants, and print shops, while other CUPA-regulated businesses, dependent on commuters or travelers, were left with few or no customers for months, including auto repair, gas stations, hotels, shuttle buses, and airline support services (ground crew vehicle and airline maintenance); and

WHEREAS, the proposed Relief Program will include a subset of CUPA-regulated businesses in the following industry categories (collectively, the "EHS Fee Relief Program Industry Categories") that were disproportionately impacted by the COVID-19 public health emergency and its negative economic impacts; and

WHEREAS, industries with CUPA permits that were either permitted to continue operating while the COVID-19 Health Orders have been in effect, or whose primary revenue was minimally affected, are excluded from receiving fee credits: Airline Operations (other than local), Biotechnology, Building Management, Cemeteries, Construction, Education, Freight Transport (UPS, FedEx), Government, Home Maintenance (hardware stores, painting contractors, flooring stores), Medical Offices, Pharmaceutical Manufacturing, Research Labs, Corporate Retail, Senior Care, Technology Companies (e.g., Google, Facebook), and Utilities (e.g., PG&E, Verizon, California Water); and

WHEREAS, the CUPA component of the proposed Relief Program is estimated to cost \$1,148,980; and

WHEREAS, EHS has \$650,000 in one-time savings that can only be used for CUPA-related expenses, and therefore, the CUPA component for the Relief Program will be partially funded by EHS.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Director of EHS, or designee(s), is hereby authorized to design and implement a San Mateo County Environmental Health Fee Relief Program at a total cost not to exceed \$5,800,000, including a \$650,000 contribution from EHS, pursuant to which a one-time credit equal to the cost of qualifying annual fees would be issued to certain EHS-regulated businesses that had sales revenues directly impacted by COVID-19 Health Orders and that are within designated EHS permit fee categories or industry categories.

* * * * *

