



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 22-202

Board Meeting Date: 3/22/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Michael P. Callagy, County Manager

Subject: San Mateo County Environmental Health Fee Relief Program and American Rescue Plan Act Funds

RECOMMENDATION:

Adopt a resolution authorizing the County Manager to allocate to the Environmental Health Services Division \$650,000 in American Rescue Plan Act funds to contribute to the Environmental Health Fee Relief Program.

BACKGROUND:

In June of 2021, the Board of Supervisors authorized the establishment of the San Mateo County Environmental Health Fee Relief Program (Fee Relief Program) to provide a one-time credit equivalent to the full cost of an annual Environmental Health Services (EHS) Fee to approximately 5,400 businesses within certain EHS permit fee or industry categories to offset revenue losses incurred by businesses as a result of the COVID-19 pandemic and associated public health orders. These categories of impacted businesses include Retail Food, Public Pools and Spas, Body Art/Massage, Hotels/Motels & Bed and Breakfasts, and Commercial/Industrial that store hazardous materials. It was estimated that the total cost of the Fee Relief Program would be approximately \$5,800,000. Of that total, \$5,150,000 in funding would be provided through the federal American Rescue Plan Act (ARPA) and a one-time contribution in the amount of \$650,000 would be provided from EHS reserves.

DISCUSSION:

As of March 2022, the total cost of the Fee Relief Program has amounted to \$4,414,237. EHS has been operating under a structural deficit for the past several years including the current fiscal year 2021-22 as a consequence of increased costs without a corresponding increase in the statutory fees generated to pay for EHS regulatory services. EHS has used one-time savings to address this deficit. EHS has not seen a full recovery of revenues for fees for services from regulated businesses. EHS will not have one-time savings to continue to address both the adopted budget's structural deficit and ongoing realized decrease in revenues from businesses. Given this deficit, EHS is not in a position to contribute \$650,000 in reserves to the Fee Relief Program as contemplated when the Board

authorized the program. Therefore, the County Manager's Office recommends that the Board approve the use of additional ARPA funds in the amount of \$650,000 to be contributed to the Fee Relief Program.

from EHS to the Fee Relief program instead come from the ARPA funds.

FISCAL IMPACT:

The total cost to replace the EHS contribution to the Environmental Health Services Fee Relief Program is \$650,000, to be funded by ARPA.