



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 22-312

Board Meeting Date: 5/3/2022

Special Notice / Hearing: Government Code §
54986

Vote Required: Majority

To: Honorable Board of Supervisors

From: Louise F. Rogers, Chief, San Mateo County Health
Heather Forshey, Director, Environmental Health Services

Subject: Revised Program Fees: Amendment to Sections of the San Mateo County Ordinance Code

RECOMMENDATION:

Recommendation to:

- A) Introduce an ordinance amending Section 5.64.070 of Chapter 5.64 of Title 5 of the San Mateo County Ordinance Code, relating to collection of fees for enforcement of state public health laws, and waive the reading of the ordinance in its entirety; and
- B) Adopt a resolution authorizing the Director of the Environmental Health Services (EHS) Division of San Mateo County Health, or designee, to continue implementing the San Mateo County Environmental Health Fee Relief Program at a total cost not to exceed \$1,500,000, pursuant to which a one-time credit equal to the difference between the cost of prior and current qualifying fees would be provided to certain EHS-regulated businesses that were directly impacted by COVID-19 health orders and that are within designated EHS permit fee categories or industry categories.

BACKGROUND:

Section 101325 of the California Health and Safety Code permits recovery of costs incurred in enforcing state public health laws and regulations. EHS fees are established by ordinance by the Board of Supervisors and are effective in both cities and unincorporated areas of the County.

EHS provides unique, primarily mandated public health protection services, community and business education, and regulatory oversight through the technical expertise and consultation of its professional staff. Less than 1% of the total revenue for EHS' operations is from General Funds. EHS program costs are covered by permits and fees for service.

Fee increases were last approved by your Board in June 2015, to cover multi-year Consumer Price Index changes, salary and benefit increases and equity adjustments through FY 2015-16. The current hourly rate for EHS staff upon which fees are based is \$198.

On June 8, 2021, this Board approved a Fee Relief Program using federal American Rescue Plan funds totaling \$5,800,000, for Certain Businesses Impacted by COVID-19 Pandemic for certain EHS-regulated businesses that had sales revenues directly negatively impacted by COVID-19 health orders. It is estimated that 6,300 fees have been or will be credited, impacting 5,400 businesses.

DISCUSSION:

Regulatory changes over time have created the need to revisit specific EHS fees and fee structures, creating new fees, and reassigning some businesses to a different fee category. A formal Fee Study was performed by NBS, a public sector financial consulting firm. EHS' Cost of Service, the full cost of providing its services and activities, was evaluated; fees were amended, added and deleted, and, in some cases restructured to be in closer alignment with current practices; and cost recovery for each service using existing fees was assessed.

The proposed fee ordinance amendment reflects an increase of cost recovery of fees from 86% to 97%, and an updated hourly rate of \$245 from \$198. Some businesses will experience an increase in fees, while others will experience no change, or a decrease in fees, to better reflect the current cost for providing the type of service for which the fee is charged.

The fees are necessary to maintain current service levels and would cover: the increased costs incurred by EHS, including multi-year salary and benefit increases and equity adjustments approved by your Board through FY 2022-23; increases in County service charges; and other operational and equipment cost increases that went into effect subsequent to FY 2015-16.

To cushion the impact of increased costs on regulated businesses that continue to recover from the pandemic's impacts, a proposed Fee Increase Offset Credit (Credit) would apply to fees for businesses targeted for the FY 2021-22 Fee Relief Program approved by the Board in June 2021 (Attachment A). This new Credit would equal the amount by which a fee increases in FY 2022-23, as outlined in the proposed fee ordinance. Only annual fees that would increase pursuant to the proposed fee ordinance would be eligible for the Credit.

All public notification requirements have been met.

The Fee Study has been reviewed and approved by the County Executive's Office and the ordinance and the resolution have been reviewed and approved by the County Attorney as to form.

The proposed fee amendment would secure funding to cover the cost of program delivery by assuring that those who use EHS services pay the cost of those services. It is anticipated that 90% of routine inspections due will be performed in FY 2022-23. These annual inspections help prevent and control illness related to the transmission of infection or contamination in food and water and help prevent disease transmission and injury.

PERFORMANCE MEASURE:

Measure	FY 2021-22 Estimated	FY 2022-23 Projected
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Percentage of routine inspections due that are performed	77%	90%
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FISCAL IMPACT:

The proposed fee ordinance takes effect 30 days after adoption. Anticipated revenue from the proposed fee ordinance is included in EHS' Recommended FY 2022-23 Budget. The total cost of the proposed Credit is estimated at \$1,500,000. Authorization to spend an amount not to exceed \$1,500,000 is being requested from the Board, with the funds for the Credit to be provided through the federal American Rescue Plan or other funds that may be made available to the County.