



# County of San Mateo

## Inter-Departmental Correspondence

**Department:** HEALTH

**File #:** 22-782

Board Meeting Date: 10/18/2022

**Special Notice / Hearing:** Gov. 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 ordinance amending Section 5.64.070 (collection of fees) of Chapter 5.64 (fees for enforcement of state public health laws) of Title 5 (business regulations) of the San Mateo County Ordinance Code, relating to imposition 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 division of San Mateo County Health, or designee(s), to implement a program to pay for a one-time credit equal to the difference between the cost of the current annual fee and the cost of the new annual fees, if increased pursuant to the ordinance passed herein, at a total cost not to exceed \$2,100,000, for certain Environmental Health Services-regulated businesses which qualify as small businesses under the American Rescue Plan Act (ARPA).

### **BACKGROUND:**

Section 101325 of the California Health and Safety Code permits recovery of costs incurred in enforcing state public health laws and regulations. Environmental Health Services (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 and enforcement through the technical expertise and

consultation of its professional staff. Less than one percent of the total revenue for EHS's operations is from General Funds. EHS program costs are covered by permits and fees for service.

Fee increases were last approved by this Board in June 2015, to cover multi-year Consumer Price Index changes, salary and benefit increases and equity adjustments through FY 2015-16.

EHS' current hourly rate is \$198. At this rate, the cost recovery for EHS from fees at their current rates is 86% of its cost.

#### **DISCUSSION:**

EHS engaged a public sector financial consulting firm, NBS, to complete a formal Fee Study that evaluated the costs of providing each EHS service, incorporating regulatory changes since 2015. The Fee Study recommends amending certain fees and, in some cases, restructured other fees to reflect current practices, in order to achieve accurate cost recovery for each service and to ensure alignment with Proposition 26. If passed, the fee structure and fees outlined in the Fee Ordinance Amendment would go into effect July 1, 2023.

Most changes to EHS' fee structure involve breaking apart fee categories to create lower fees for some businesses and to better reflect the average cost for the service. These changes also provide for dedicated fees to correspond to new business models more accurately. Most new fees are in response to federal and state regulatory mandates that require EHS to perform service work.

The proposed Fee Ordinance Amendment reflects an updated hourly rate of \$249 and an increase in fee cost recovery from 86% to 97%. 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 updated fees are necessary to maintain current service levels and would cover the increased costs of performing the work, including multi-year salary and benefit increases and equity adjustments approved by this Board through FY 2022-23, increases in County service charges, and other operational and equipment cost increases that have gone into effect after FY 2015-16, when fees were last increased.

To lessen the impact of increased costs on regulated businesses that have suffered from the pandemic's impacts, a proposed Fee Increase Offset Credit (Credit) would apply to annual fees to businesses for FY 2023-24. This new Credit would equal the amount of a fee's increase for FY 2023-24, outlined in the proposed Fee Ordinance. Only annual fees that would increase pursuant to the proposed Fee Ordinance would be eligible for the Credit. The Credits would be paid for using the American Rescue Plan Act (ARPA) funds, for those small businesses eligible for assistance under ARPA's criteria. This fee credit program is presented to the Board through a resolution accompanying the Fee Ordinance Amendment.

All public notification requirements have been met.

The Fee Study has been reviewed and approved by County Executive's Office and the Fee 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 the public health protection activities carried out by EHS. It is anticipated that 90% of routine inspections due will be performed in FY 2023-24. 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 2022-23 Estimated	FY 2023-24 Projected
Percentage of routine inspections due that are performed	77%	90%

**FISCAL IMPACT:**

The proposed Fee Ordinance takes effect July 1, 2023. The total cost of the proposed Fee Increase Offset Credit is estimated at \$2,100,000. Authorization to spend an amount not to exceed \$2,100,000 is being requested from the Board, with up to \$2,100,000 to be provided through ARPA.