

Sonoma County Dairy Operations

Department of Health Services

July 9, 2024

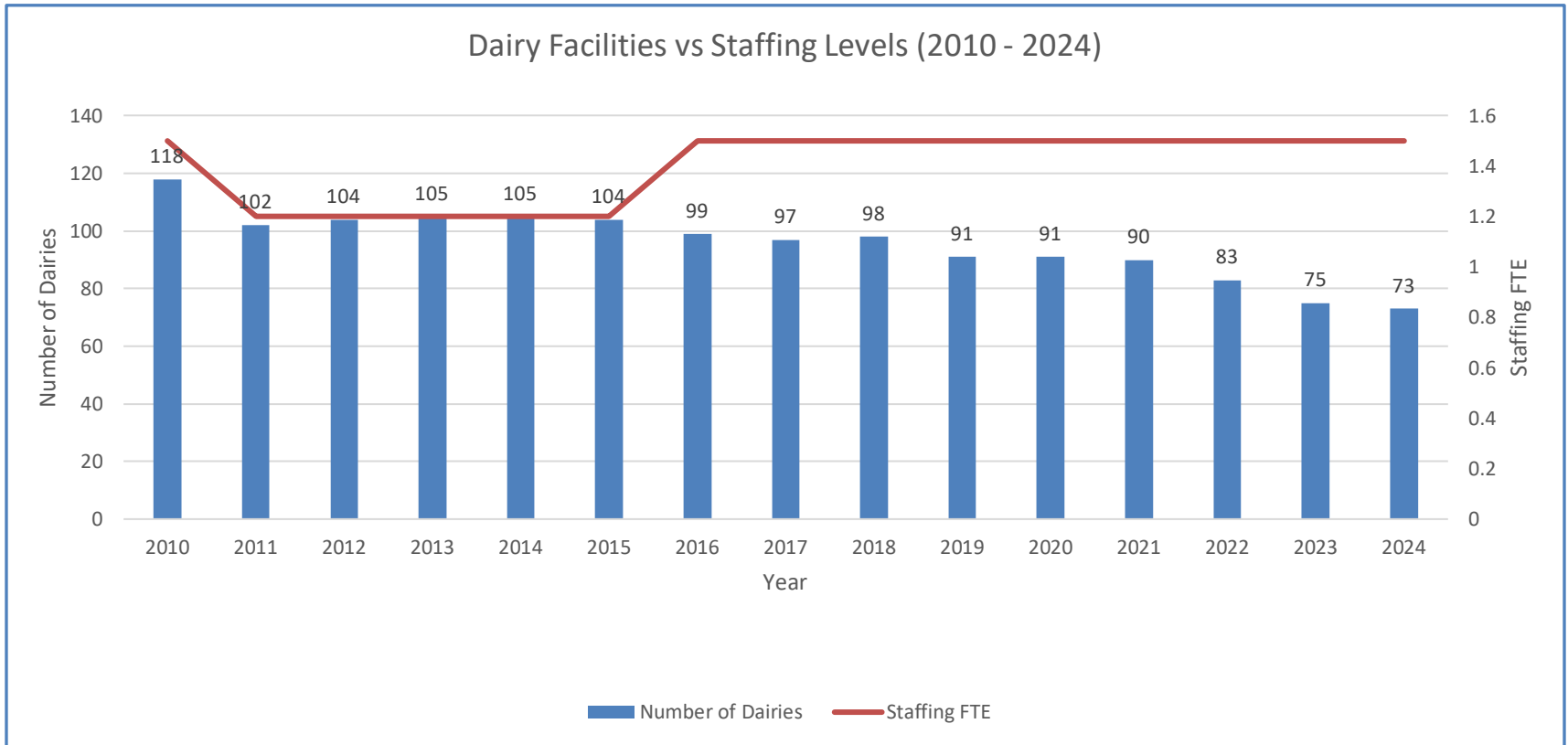


Dairy Program Overview

- Since July 1, 1987, Sonoma County Department of Health Services, Environmental Health has served as the local Approved Milk Inspection Service (AMIS) for both Sonoma and Marin.
- AMIS authority is delegated by California Department of Food and Agriculture (CDFA) according to California Food and Agriculture Code, Section 33171.
- Six counties are approved by CDFA to run local dairy inspection programs.
 - Stanislaus
 - Imperial
 - San Joaquin
 - Fresno
 - Tulare/Kings
 - Sonoma/Marin



Local Program Sustainability



Program Challenges

- Decreased programmatic revenue with increasing operational costs
- Decreased workloads necessitate a reduction of current staffing levels
- Decreased local staffing would limit program availability to farms
- Potential decline in local service response times



Fee Study Analysis

- 2024 Wohlford Consulting comprehensive analysis of user fees
 - Staff time and associated expenses determine full cost of fee
 - Full cost recovery would require \$399.18/month
 - Identified underutilization of .50 FTE staff
 - Current county dairy inspection fee is \$217.00 a month
 - CDFA maximum allowable limit for dairy is \$257/month
 - Requirement to remit 15% of program revenue to CDFA
 - Board subsidy is currently \$126,495
- Without adjustments to staffing or fees for FY 2024-2025, the dairy program is projected to face a funding shortfall of \$339,515, equivalent to 62% of the anticipated program costs.

Stakeholder Engagement

We acknowledge the importance of the dairy program and have searched for solutions to assist this industry and provide a path for them to thrive within our County.

Stakeholder Meetings with Dairy Industry, Milk Producers, Farm Bureau and CDFA

- Concerns and Feedback
 - Program efficiencies
 - Cost Control
 - Staffing Impacts/Deletion/Layoff
 - After hour response coverage
 - Operational vulnerability
 - Political risk from ballot measures



FY 2024-2025 Dairy Program Options

1. Return Program to CDFA on January 1, 2025
2. Continue Local Program with Fee Increase
3. Maintain Local Program with No Fee Increase



Option 1: Return Program to CDFA

- Transfer responsibilities to CDFA, effective January 1, 2025
- Six month of DHS operation in FY 24-25
- Local fee to remain flat at \$217/month for six months
- \$65,479 less in Sonoma and Marin Board subsidy from FY 2023-2024
- Delete 2 Dairy Inspector positions
 - .5 FTE Dairy Inspector – Currently Vacant
 - 1.0 FTE Dairy Inspector – Layoff Required
 - Vacant positions within EHS available

Option 2: Continue Local Program with Fee Increase

- Sustain local delivery of program through DHS
- Fee Increase to match State program
 - Increase monthly fee from \$217 to \$257 (\$40); Annual increase per farm from \$2,604 to \$3,084 (\$480)
- Funding gap of \$188,189, increased subsidy of \$11,096 from FY 2023-2024
- Delete 1 Dairy Inspector position
 - .5 FTE Dairy Inspector – Currently Vacant
- Program Sustainability Challenges
 - Risks of future dairy closures
 - Reduced workloads for remaining FTE
 - Increasing demand for subsidy
 - Lack of inspector back up

Option 3: Maintain Local Program with No Fee Increase

- Maintain Local Program with no fee increases
- Funding gap of \$223,229, increase in subsidy of \$46,136 from FY 2023-2024
- Delete 1 Dairy Inspector position
 - .5 FTE Dairy Inspector – Currently Vacant
- Program Sustainability Challenges
 - Risks of future dairy closures
 - Reduced workloads
 - Increasing demand for subsidy
 - Risks of inspector coverage and back up

Dairy Program Options

	Option #1 -	Option #2 -	Option #3 -
BUDGET SUMMARY - MILK AND DAIRY	0% Increase for 6 months	18.4% Increase	0% Increase
Decription			
Milk and Dairy Application Fees	\$ 104,182	\$ 243,404	\$ 208,364
<i>Monthly Dairy Permit Fees</i>	\$ 95,046	\$ 225,132	\$ 190,092
<i>Dairy Service Fees</i>	\$ 9,136	\$ 18,272	\$ 18,272
Intergovernmental Revenues - Marin General Fund Contribution	\$ 50,598	\$ 50,598	\$ 50,598
Transfer In Between Governmental Funds - Sonoma County General Fund Contribution	\$ 126,495	\$ 126,495	\$ 126,495
PROGRAM REVENUE	\$ 281,275	\$ 420,497	\$ 385,457
Regular Wages .9 FTE Dairy Inspectors (.10 FTE Soft Serve)	\$ 86,501	\$ 173,003	\$ 173,003
SALARIES AND BENEFITS	\$ 86,501	\$ 173,003	\$ 173,003
Medical Laboratory Services	\$ 48,000	\$ 95,975	\$ 95,975
TOTAL SERVICES AND SUPPLIES	\$ 70,703	\$ 141,406	\$ 141,406
State 15% Remmittance Fee	\$ 14,257	\$ 33,770	\$ 28,514
Interdepartmental Expense			
TOTAL OTHER CHARGES	\$ 58,592	\$ 117,184	\$ 117,184
TOTAL PROGRAM COSTS	\$ 215,796	\$ 431,593	\$ 431,593
BUDGET NET COSTS	\$ 65,479	\$ (11,096)	\$ (46,136)

Recommendation

Option #1: Returning the program to CDFA on January 1, 2025

- Supports local dairy industry in a sustainable manner
- Enhances program efficiency
- Ensures consistent regulatory oversight
- Ensures the long-term viability and effectiveness of inspection services
- Mitigates financial challenges currently faced by the local program.

DHS is committed to working closely with CDFA, local dairy operators, and all stakeholders to ensure a smooth transition, minimize impacts on local operations, and continue to support the dairy industry within Sonoma and Marin counties.



Recap and Questions

- Recommended Action
 - Authorize Department of Health Services to initiate the transfer of the Local Dairy Inspection Program to the State of California
- Next Steps, if approved
 - CDFA Notification – Return Approved Milk Inspection Service designation
 - Staffing Impacts: Layoff – Job Placement
- Questions?

