



# COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

## SUMMARY REPORT

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**Agenda Date:** 3/26/2024

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**To:** County of Sonoma Board of Supervisors  
**Department or Agency Name(s):** Department of Health Services  
**Staff Name and Phone Number:** Tina Rivera, 707-565-4774  
**Vote Requirement:** Majority  
**Supervisorial District(s):** Countywide

**Title:**

Consolidated Fee Hearing - FY 24-25 Fees for the Department Health Services

**Recommended Action:**

- A) Adopt a resolution reading the title and waiving further reading of a proposed ordinance titled “An Ordinance of the Board of Supervisors of the County of Sonoma, State of California, Adopting New Fees and Adjusting Fees Effective July 1, 2024, for the Sonoma County Department of Health Services, Sonoma County Animal Services.”
- B) Adopt a resolution establishing new and amended fees to recover the reasonable cost of providing services associated with Environmental Health and Safety for the Department of Health Services, pursuant to Health and Safety Code Section 101325, effective July 1, 2024.

**Executive Summary:**

The Department of Health Services (hereinafter, “DHS” or “the Department”) is proposing new and amended fees effective July 1, 2024, for services associated with the Sonoma County Animal Services and Environmental Health and Safety. The Board of Supervisors is authorized to establish fees to recover the reasonable cost of providing certain services. Fees are imposed for a specific benefit conferred or service provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to provide the benefit or service. Fees are also imposed for reasonable regulatory costs including enforcement inspections, investigations, and audits.

Adding or revising Sonoma County Animal Services fees requires Board adoption of an ordinance (Attachment 3). This item includes a resolution to read the title and waive further reading of the proposed ordinance. The Department will return to the Board on or after April 16, 2024 for the second reading to request adoption of the ordinance for Sonoma County Animal Services fees. Fees associated with Environmental Health and Safety may be approved by the Board via adoption of fee resolution (Attachment 4).

The total FY 24/25 revenue change associated with the proposed adjustments is \$271,148. Further, it is important to note that Animal Services includes fee subsidy of \$1,268,353 to meet full cost recovery. The Environmental Health & Safety program include local subsidies of \$161,177 from General Fund.

**Discussion:**

**Sonoma County Animal Services Fees**

Sonoma County Animal Services (SCAS) provides sheltering and field services to areas within their jurisdiction,

including unincorporated areas of the County, and the City of Santa Rosa. SCAS is also responsible for rabies control for the entire County. The SCAS service area is comprised of approximately 1,575 square miles with nearly 500,000 residents and includes an animal shelter that serves nearly 2,500 animals annually. The Department is proposing fee revisions for all fees. In addition, four new fees have been included in the recommended fees and charges schedule to recover costs and process deposits, descriptions are listed below.

In 2023 and 2024, the Department engaged Wohlford Consulting to conduct an objective analysis of the full costs incurred by SCAS and associated fees to determine proposed FY 2024-2025 fees. The studies reviewed annual volumes of each fee, the amount of time spent by staff on each fee activity and the annual costs of each staff member and the unit's overhead costs.

Fee increases are mostly changing by 6% reflecting costs of service delivery. FY 2023-2024 fees were recently adopted by the Board of Supervisors and City of Santa Rosa Council on October 1, 2023, and December 1, 2023, respectively. SCAS has created four new fees to reflect state spay/neuter laws and associated cost recovery for trapping rented equipment. Revenue estimates including proposed fee changes will result in \$1,056,810 in projected revenues, which is a decrease of \$78,027 over FY 2023-2024 fee estimates, partially due to a decrease in boarding fees. In addition, some of the decrease is due to fluctuation in annual workload updates. The updated fees still align with the Board's Financial Policy associated with charges for services which looks to achieve full cost recovery within the limits of SCAS policy goals with respect to equity and critical animal services, and includes the noted adjustments above. All fee changes comply with Proposition 26 requirements.

While the estimated revenue at full cost recovery is \$2,325,163, the proposed fees will not recover all the costs incurred by the SCAS. Based on the information from the 2023 and 2024 fee studies, cost recovery is weighed against what our constituents can afford and what our partners are charging. Maintaining market affordability and encouraging animal owner compliance with applicable laws will supersede full cost recovery in setting some of the fees. In addition, some costs are nonrecoverable, such as the time spent by Animal Control Officers in patrolling the county and checking on compliance with the code in public spaces.

The September 2023 Board established ongoing subsidy for SCAS in the amount of \$287,901. SCAS will not be requesting additional subsidy for FY 2024-2025. This helps to offset unrecoverable costs, such as:

- Animal Control Officer patrol, investigation, report-writing, and travel times;
- Animal Control Officer assistance to other agencies, such as the Sherriff's Office and Regional Parks during arrests and clearing of the Joe Rodota Trail;
- Veterinary care, vaccinations, microchipping and boarding of unclaimed animals;
- Providing care to animals owned by people that are:
  - experiencing homelessness,
  - behavioral health clients, or
  - hospitalized; and
- Losses from uncollected fees.

#### **New Fees in 2024:**

Four new fees have been added to recover costs and process deposits:

- Spay/Neuter deposit of \$40 has been added for owners picking up their unaltered cats that came to the shelter as strays. This deposit will be forfeited if proof of the spay/neuter is not provided within 30 days of the cat leaving our shelter.

- Trap rental processing fee of \$15 has been added to include checking out/in the traps, providing instruction on how to use the traps, and cleaning returned traps.
- Trap deposits for Small Traps of \$100, deposit will be forfeited if the traps are not returned within 30 days. These funds will go towards the purchase of replacing the equipment.
- Trap deposits for Large Traps of \$500, deposit will be forfeited if the traps are not returned within 30 days. These funds will go towards the purchase of replacing the equipment.

### **Environmental Health and Safety Fees**

Environmental Health and Safety programs promote health and quality of life by preventing or controlling those diseases that result from interactions between people and the places they live, work, and play. Environmental Health programs employ several strategies to prevent health hazards including education, trend surveillance and analysis, routine inspections, response to citizen tips, sampling and posting, and enforcement where necessary. Environmental Health charges fees to recover its costs to provide services to members of the public who receive permits and benefit from Environmental Health's services. By implementing reasonable fees, Environmental Health ensures the sustainability of programs, supports staff and resources, and creates healthier living environments.

For Environmental Health services, the fee schedule (Attachment 5) recommends fee adjustments intended to recover increased operational costs, which are expected to increase in general by 10.6 % from FY 2023-2024. Salaries overall increased by 12.7 % and general operational increased by 5%, averaging a 10.6 % cost increase. While most of this section's fees are increasing approximately by 10.6 %, other fees are going down, some are being restructured, and others being deleted. FY 2024-2025 budgeted fees for licenses/permits based upon the fee increase requested is \$7,776,444, which is an increase of \$270,083 over estimated fees in FY 2023-2024.

Actual revenues exceeding budgeted revenues received during the fiscal year will offset budgeted use of fund balance from the Environmental Health Fee Stabilization fund. The Environmental Health fee stabilization fund was established to shield permit holders from extreme one-time rate increases that may be detrimental to their business operations. California Health and Safety Code authorizes Environmental Health to establish fees for service that cover the cost of services and the reasonable cost to run the program. Proposition 26 requires that all fees being charged to rate payers be for specific services and not services that are considered a tax and provide a benefit for the entire community as a whole. Currently at \$1,352,444, the fund is sourced from penalties, salary savings, and operational increases. It stabilizes fees by funding program support, staffing, improvements, education, technology, emergencies, and other essential services.

### **Fee Methodology**

In FY 2023-2024 the Department engaged Wohlford Consulting to conduct a comprehensive analysis of user fees for FY 2024-2025. The study utilized a unit cost build-up methodology to establish the full cost of fee activities, considering factors like staff time and associated costs. By projecting annual service volume and revenue at full cost levels, the study ensured accuracy in fee determination. Labor agreements recently approved by the Board with County staff were taken into consideration in the development of the fee rates.

The hourly rate is the primary factor in calculating Environmental Health service costs; this rate differs from the annual or monthly billing rate for the fee on the schedule. For FY 2024-2025, the full cost recovery hourly rate increased by 10.6 % to \$261 from the previous fiscal year's rate of \$236. These adjustments, along with

the fee study results and proposed unit changes in services, are estimated to generate approximately 4 % (\$246,740) more revenue compared to FY 2023-2024.

The proposed adjustments in hourly rates and revenue will support the Department's financial sustainability while ensuring the continued delivery of high-quality Environmental Health services.

**Milk and Dairy Program**

The Department held a community meeting with dairy operators on March 7, 2024 to discuss impacts to the dairy program. Staff anticipate returning to Board in May, 2024 with an update on the Dairy program.

**Food Operator Permit Cost Recovery**

The current full-cost recovery model poses challenges for emerging entrepreneurs venturing into the food industry for the first time. The substantial fees associated with full cost recovery can be prohibitive, potentially discouraging these operators from pursuing their new businesses. Consequently, some may choose to operate without the necessary permits, thereby exposing themselves to the risk of larger fines, penalties, and enforcement consequences and potentially jeopardizing public health.

On August 1, 2023, the Board approved an equity item with reduced fees for smaller operations to reduce barriers for operators entering the market, detracting from opportunities, and hindering efforts to foster economic inclusion. The subsidy was funded with contingencies in FY 2023-2024 and with ongoing General Fund allocation in the FY 2024-2025 Budget Development process. Recognizing the limitations of the full cost recovery model, the Department is continuing to take a measured approach by proposing increases short of full cost recovery for many fees and seeking a subsidy of \$34,682 to mitigate the impact on small local operators by providing a waiver or reduced permit fees. The FY 2024-2025 subsidy request of \$34,682 is a reduction of \$12,201 from the FY 2023-2024 approved subsidy level of \$46,883.

In the first six months of this program, reduced fees were offered to 63 operators for a total of \$16,995. The first six months of this program are not inclusive of the summer event season and the compact mobile food program. The list of fees and potential reduced fees or waivers can be found on Attachment 5, Environmental Fee Chart. The proposed adjustments aim to strike a balance, ensuring fair fees while supporting the growth of small, locally owned businesses. The reduced fee structure would specifically benefit enterprises with gross revenues less than \$100,000 per year that are locally owned, providing them with opportunities for flexible payment plans.

**Strategic Plan:**

N/A

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

**Prior Board Actions:**

On August 15, 2023 the Board adopted an ordinance titled “An Ordinance of the Board of Supervisors of the County of Sonoma, State of California, Adopting New Fees and Adjusting Fees Effective October 1, 2023 for Department of Health Services, Sonoma County Animal Services.”

On August 1, 2023 the Board A) adopted a resolution reading the title and waiving further reading of a proposed ordinance titled “An Ordinance of the Board of Supervisors of the County of Sonoma, State of

California, Adopting New Fees and Adjusting Fees Effective October 1, 2023 for Department of Health Services, Sonoma County Animal Services”; B) adopted a resolution establishing new and amended fees to recover the reasonable cost of providing services associated with Environmental Health and Safety for the Department of Health Services, pursuant to Health and Safety Code Section 101325, effective August 1, 2023; C) adopted a personnel resolution adding 2.50 full-time equivalent Environmental Health Specialist II position allocations needed to accommodate Environmental Health and Safety service level requirements to meet professional standards and provide a benefit to the community, effective August 1, 2023; and D) authorized contingency set aside to the fiscal year 2023-2024 adopted budget, programming a total of \$173,862 in General Fund Contingencies including \$54,071 to support Sonoma County Animal Services, \$72,908 to support a reduction in dairy industry permitting fees, and \$46,883 to support a reduction in local food industry permitting fees (ratified by the Board on 09/12/23).

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY23-24 Adopted</b>	<b>FY24-25 Projected</b>	<b>FY25-26 Projected</b>
Budgeted Expenses		\$272,196	\$272,196
Additional Appropriation Requested			
<b>Total Expenditures</b>		<b>\$272,196</b>	<b>\$272,196</b>
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other		\$272,196	\$272,196
Use of Fund Balance			
General Fund Contingencies			
<b>Total Sources</b>		<b>\$272,196</b>	<b>\$272,196</b>

**Narrative Explanation of Fiscal Impacts:**

The fee adjustments included in this item are estimated to net to \$272,196 in additional revenue. Total forecasted revenues for SCAS of \$1,056,810 and Environmental Health of \$7,776,444 will be included in the recommended FY 2024-2025 budget.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

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**Agenda Date:** 3/26/2024

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**Attachments:**

Attachment 1 - Resolution (SCAS Fees)

Attachment 2 - SCAS Fee Chart

Attachment 3 - Ordinance (SCAS Fees)

Attachment 4 - Resolution (Environmental Health Fees)

Attachment 5 - Environmental Health Fee Chart

Attachment 6 - Pre-Adoption Ordinance Summary

**Related Items “On File” with the Clerk of the Board:**

Sonoma County Animal Services Fee Study

Environmental Health Fee Study