



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 3/21/2023

To: Board of Supervisors

Department or Agency Name(s): Department of Agriculture/Weights & Measures

Staff Name and Phone Number: Andrew F. Smith, (707) 565-2371

Vote Requirement: 4/5th

Supervisorial District(s): Countywide

Title:

Consolidated Fee Hearings - FY 23-24 for the Department of Agriculture/Weights & Measures

Recommended Action:

Adopt a resolution reading the title and waiving further reading of the proposed ordinance to amend Sonoma County Code Section 30-14 to update fees for automatic point of sale station registration fees and to adjust fees for the Certified Unified Program Agency Hazardous Materials program, Vineyard and Orchard Site Development (VESCO) program, Agricultural Grading and Drainage program, Cannabis Cultivation program, Certified Farmers' Market program, Pest Control Operator and Farm Labor Contractor registrations to recover the estimated reasonable costs of providing these services. The new fees will become effective on July 1, 2023.

Executive Summary:

The County of Sonoma engaged with a consultant, NBS (Consultant) to perform a User Fee Study (Study) in FY 19-20. The goal of the Study was to present findings regarding maximum allowable cost recovery amounts from the various fee analyses performed as part of the Study, and to provide the County with the information needed to update and establish user and regulatory fees for service. It was determined through that Study that a majority of the fees collected by the Department of Agriculture/Weights & Measures (Department) were significantly under the cost recovery amount. During the FY 22-23 consolidated fee hearings the Board directed staff to use a phased approach to reaching full cost recovery. The Consolidated Fee Hearings for FY 23-24 would be the second year of that phased approach.

Discussion:

California cities, counties, and special districts may impose user and regulatory fees for services and activities they provide through provisions set forth in the State Constitution, Article XIII C §1(e)(1)-(3). Under this legal framework, a fee may not exceed the reasonable cost of providing the service or performing the activity. For a fee to qualify as such, it must relate to a service or activity performed at the request of an individual or entity upon which the fee is performed, or their actions specifically cause the local government agency to perform additional activities.

The methods applied by the Consultant to develop the 100% full cost of service calculations presented in their report rely on industry standard approaches to fee analysis that are quantitative in nature. The Consultant provided the 100% full cost of service calculation, in FY 2019-20 dollars, for each fee as well as the policy making framework the County can consider when adjusting the amount of cost recovery in accordance with its broader goals as they pertain to code compliance, cost recovery, economic development, and social values.

The Department's fee increases prior to FY 22-23 were based on the San Francisco Bay Area's consumer price index or increased labor costs. Based on the Study, the Department learned that it was recovering 54% of total estimated costs associated with providing user and regulator fee-related services. There were other local policy considerations that supported adopting some fees at less than the calculated full cost recovery amount. The Department took the approach to incrementally increase fees over a three-year period where full cost recovery was desired. Where there were other considerations to maintain a fee subsidy for the benefit to the community or to encourage compliance, a modest incremental increase was planned over a three-year period. The Department is now in year two of these increases. The increase approach varied for each division and is described in the following sections below.

The Department is approximately 70% self-funded through state grant revenue and costs for services (fees) and receives approximately \$2.2 million in General Fund support to offset the balance. While the overarching goal is to implement fees for services that cover departmental costs, significant consideration was given to community impacts. There are fees that have a great community benefit and support additional funding through a maintenance of effort.

Agriculture Division

The Agricultural Division acts under the jurisdiction and direction of the California Department of Food and Agriculture (CDFA), and the California Department of Pesticide Regulation (DPR), and works in cooperation with various federal, state, regional, and local agencies. The Agricultural Commissioner enforces the laws and regulations of the California Food and Agricultural Code, the California Code of Regulations, and local ordinances while serving at the discretion of the County Board of Supervisors and the CDFA Secretary of Agriculture.

Historically, fees in the Agricultural Division have remained far below full cost recovery to help support the local agricultural community, and as a result, the General Fund is used to supplement division costs. In turn, the amount of General Fund contributed to the Agricultural Division supports the County's Maintenance of Effort (MOE) for unclaimed gas tax revenue and helps leverage additional funding from the CDFA. Fee revenues for Agricultural services (excluding Cannabis) comprise only about 2-3% of the division's total revenues.

Last year staff proposed fee increases to bring the Division up to 62% full cost recovery and then have them remain flat after that. However, the full cost recovery amount used in the NBS Fee Study was based on FY 2019-20 costs. After escalating those costs for FY 20-21, FY 21-22 and FY 22-23, the Division will need to increase its fees modestly over the next two fiscal years to maintain 62% full cost recovery. The average fee increase for FY 2023-24 is 6%, which would bring the Division to approximately 57% full cost recovery for the fiscal year. It is important to note that most of these fees are relatively small (less than \$100), so fees are often only increasing by \$1-2 for this division.

Land Stewardship Division

The Land Stewardship Division administers the Sonoma County Vineyard and Orchard Site Development Ordinance, also known as VESCO, as well as Agricultural Grading and Drainage. Growers planting new vineyards, orchards, or replanting existing vineyards or orchards are required to meet standards within the Sonoma County Code and comply with requirements including best management practices (BMP) as established in the Agricultural Commissioner's BMP Guidelines.

The VESCO fees are another example where fees have been held below full cost recovery to support the

public and local businesses. During last year's Fee Hearings, the Board of Supervisors authorized an annual \$145,000 General Fund subsidy to help offset VESCO costs and to moderate VESCO rate increases. The FY22-23 fees allowed the Division to achieve a cost recovery of approximately 57%, and had a goal of increase fees such that they reached 73% of full cost recovery. In order to continue working toward this goal, staff are proposing a 25% increase to fees in the Land Stewardship Division to help close that gap, bringing the cost recovery for the Division to approximately 59% for FY23-24. While increases were equal across all fee types, it should be noted that smaller projects are at a lower cost recovery percentage (about 33% cost recovery), while larger and more projects are closer to 70-80% cost recovery.

Weights & Measures Division

The Weights & Measures Division is committed to protecting the economic health of the community by preserving and maintaining confidence in the accuracy of weighing and measuring instruments, product standards, and business practices used in commerce. Through this balanced commitment and timely response to citizen requests, consumers and businesses are assured the means of accurate value comparison and fair competition.

The Automated Point of Sale Fees are to cover costs for point-of-sale scanners compliance. This is ensuring correct charges when a store scans the bar code on a package and the price rings up at the checkout counter. The Division's staff inspects to ensure the products sold are charged the correct listed price. Noncompliance with these regulations tend to effect underrepresented communities where small overcharges can have greater effect. In this way these fees support the County's Strategic Plan pillar of Racial Equity and Social Justice.

The fees for the 1-3 Point of Scale Scanners and 4-9 Point of Scale Scanners reached full cost recovery with the FY 22-23 increase. However, as mentioned above, the annual cost escalation of the full cost recovery calculation from the NBS Study, put these two fees at closer to 90% full cost recovery. At this time, the Department is only recommending an increase to the 10 or greater Point of Scale Scanners by 15% for FY 23-24. Staff plan to return in during the FY 24-25 Fee Hearings with a proposal to bring all three fees to 100% cost recovery.

The Department plans to conduct an evaluation of its fees and cost recovery every 3-5 years with the goal of ensuring the public is only paying for the services they receive and the County is charging the appropriate cost recovery amount. Efforts are currently underway to examine efficiencies in order to keep costs for services flat or reduce the costs where warranted.

Strategic Plan:

N/A

Prior Board Actions:

03/22/2022 - Adoption of Department of Agriculture/Weights & Measures Fees and Staff Hourly Rates
05/15/2019 - Adoption of Department of Agriculture/Weights & Measures Fees and Staff Hourly Rates
04/18/2017 - Adoption of Department of Agriculture/Weights & Measures Fees and Staff Hourly Rates
04/26/2016 - Adoption of Department of Agriculture/Weights & Measures Fees and Staff Hourly Rates

FISCAL SUMMARY

Expenditures	FY 22-23 Adopted	FY23-24 Projected	FY 24-25 Projected
Budgeted Expenses		\$62,503	
Additional Appropriation Requested			
Total Expenditures		\$62,503	
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other		\$62,503	
Use of Fund Balance			
Contingencies			
Total Sources		\$62,503	

Narrative Explanation of Fiscal Impacts:

The Department anticipates an additional \$62,503 in revenue as a result of the proposed fee increases in FY 23-24.

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

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

- FY 23-24 Fee Summary
- Resolution to Introduce and Waive Reading of Ordinance
- Ordinance
- Ordinance Exhibit A

Related Items "On File" with the Clerk of the Board:

None