

Attachment 4
Department of Health Services
Public Health Division – Healthy Communities Fees
March 24, 2020

Tobacco Retailer Licensing Fees

On April 19, 2016 the Board adopted a Tobacco Retailer License (TRL) ordinance adding Chapter 32A (Licensure of Tobacco Retailers) to the Sonoma County Code that requires the licensure of tobacco retailers within unincorporated Sonoma County.

The Board requested a robust enforcement program that would include two retailer compliance visits, one annual youth tobacco purchase survey, and one annual youth decoy operation conducted by the Sonoma County Sheriff's Office. This work necessitated the support of a 0.75 FTE Health Information Specialist II to administer the TRL program.

The full cost of the TRL for fiscal year 2016-2017 was calculated at \$1,050 per retailer. The Department estimated having 118 retailers participate (the actual number of licenses issued in fiscal year 2016-2017 was 109). Due to the financial impact on retailers, the Board voted to support augmentation of the fee, lowering the cost to the retailers, by allocating County of Sonoma Tobacco Deallocation funds. This action reduced the annual license fee for retailers to \$350 for fiscal year 2016-2017 and fiscal year 2017-2018.

In FY 2018-2019 and FY 2019-2020, after County of Sonoma Tobacco Deallocation funds were removed as a subsidy, the fee to retailers remained at \$350, and services/activities were necessarily reduced. However, fees collected for these two years do not amount to full cost recovery.

During these two years, other Tobacco grant funds from the Department have allowed us to maintain a reduced level of service and pay for certain activities, primarily the required young adult purchase survey. In addition, law-enforcement decoy operations were removed from the budget as the Sheriff did not have staffing capacity to conduct them. Additional reductions in the program included licensing database and retailer tracking system, invoicing procedures, and the development compliance procedures and forms.

Fee Methodology

Fees for the TRL are calculated by assessing the activities and the percentage of time necessary for staff to complete them. Administrative costs, including, for example, mileage and materials are also included. As noted, in FY 2018-2019 and FY 2019-2020, the fee was maintained at \$350 full cost recovery was not occurring. For FY 2020-2021 it is the intent to set fees to recover the full cost of implementing the program to cover rising costs in operating the program, 4.5% cost-of-living increase for personnel costs, and the inability to continue absorbing related costs with other grant funds.

Proposed Fee Changes

All fees are calculated to recover the reasonable costs of administration and enforcement, and do not exceed the cost of the program. Fees are imposed for the specific benefit and service provided to the retailer, which is not provided to those not charged.

Attachment 4
Department of Health Services
Public Health Division – Healthy Communities Fees
March 24, 2020

Service fees are estimated at \$46,482. With 92 licensed retailers, a fee of \$505 per retailer is needed annually to support key compliance and administrative activities as detailed below. For FY 2020-2021, the effect of the fee change is an increase in revenue of \$14,260 over FY 2019-2020 revenue.

Education, Enforcement and Administrative Plan for County of Sonoma Tobacco Retail License

- Complete at least one compliance visit annually.
- Complete check-back visits, as appropriate, to ensure compliance when issues are identified and not able to be fixed at the time of the initial visit.
- Provide retailers education and technical assistance, as needed, and in regards to new laws passed.
- Update website for retailers to provide timely information and resources.
- Conduct Young Adult Purchase Survey every-other-year.
- Explore methods for on-line payment and application renewal to provide a more efficient and retailer-friendly experience.

Summary of Expected Results

- Tobacco retailers will continue to have a positive experience with Department of Health Services' staff who conduct compliance visits and issue licenses. Compliance visits will emphasize a positive, supportive relationship in order to prevent citations, recognizing that retailers want to be respectable members of the business community, a contributing part of a neighborhood/community, and to be in good standing by following all laws.
- Tobacco retailers will not sell tobacco to people under 21 years of age.
- Youth will have less retail access to tobacco products.
- The Youth/Young Adult Purchase Survey and/or Decoy operations will yield fewer retailers who sell to investigators.

Summary of Results of Prior Year Plan and Related Work

- In December 2018/January 2019, DHS conducted a Young Adult Purchase Survey to a representative sample (randomly selected) of 164 Sonoma County tobacco retailers. The results were that 28 (17%) retailers sold to underage investigators.
- Follow-up letters were sent to all retailers informing them if they did, or did not, sell to our investigator. Per our authority, the survey was educational in nature and no citations were issued.
- DHS staff fostered positive working relationships with schools, parents and law enforcement agencies to address retailers that were suspected of selling to youth/young adults.
- Compliance visits occurred with all retailers, and, with most issues being minor, no citations were issued.

Attachment 4
Department of Health Services
Public Health Division – Healthy Communities Fees
March 24, 2020

- DHS has made over 40 presentations to groups in 2019, including to parents, school teachers and administrators, healthcare professionals, service groups, and community groups. The retail environment is always discussed in presentations, and the legal age to purchase is emphasized.
- DHS continues to support the interests and concerns of the community related to preventing tobacco use and mitigating harms. In particular, DHS provides administrative backbone support to the Tobacco-free Sonoma County Community Coalition. The retail environment is a common concern of the community.
- DHS provides technical assistance to jurisdictions on tobacco policy. In 2019, and continuing into 2020, DHS is supporting the cities of Sebastopol, Petaluma, and Healdsburg in the area of tobacco retailing. The cities of Petaluma and Sebastopol do not currently have retail policy in place, but there is community and council interest in passing policy. Healdsburg has an existing TRL policy and there is preliminary interest in updating their policy to be more comprehensive. DHS is currently providing technical assistance to the County of Sonoma per the October 8 2019 Minute Order directive to provide the Board with options for a ban on flavored tobacco products and a ban on electronic cigarettes.