



SUMMARY REPORT

Agenda Date: 3/24/2020

To: Board of Supervisors of Sonoma County
Department or Agency Name(s): Department of Health Services
Staff Name and Phone Number: Barbie Robinson, 565-7876
Vote Requirement: Majority
Supervisory District(s): Countywide

Title:

Consolidated Fee Hearing - Health Services Fees

Recommended Action:

Adopt a resolution establishing new and amended fees to recover the reasonable cost of providing services including fees associated with Environmental Health and Safety, Public Health Laboratory, and Tobacco Retailer Licensing for the Department of Health Services effective July 1, 2020.

Executive Summary:

The Department of Health Services is proposing new and amended fees effective July 1, 2020 for services associated with Environmental Health and Safety, Public Health Laboratory, and Tobacco Retailer Licensing. 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 payer that is not provided to those not charged, and which do not exceed the reasonable costs to provide the benefit or service. Fees are also imposed for reasonable regulatory costs including enforcement inspections, investigations, and audits. It is the Department's practice to conduct outreach and communicate with those impacted by a proposed fee increase.

Discussion:

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 and Safety 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 and Safety charges fees to recover its costs to provide these services to members of the public who receive permits and benefit from Environmental Health and Safety's services.

Fee Methodology - Hourly Rate: The hourly rate is the primary factor used in computing the cost of providing Environmental Health and Safety services to the members of the public who receive these services. Annually, Environmental Health and Safety conducts an hourly rate cost analysis in order to determine full cost recovery necessary to fund the delivery of services for all programs. In fiscal year 2020-2021, the full cost recovery hourly rate is \$218. Environmental Health and Safety is proposing to increase the hourly rate by 10.7% from \$197 to \$218, mainly due to increased labor and administrative costs. A few fees, including dairy fees, are

controlled by the state and increase at differing rates in accordance with state regulations. These fees generally do not achieve full cost recovery. For fiscal year 2020-2021, the effect of the hourly rate change is an increase in revenue of \$667,243 (approximately 11%) over fiscal year 2019-2020 revenue.

The total cost of fee based programs is covered entirely by fees. Detailed Environmental Health and Safety services fee information is provided in Attachment 2.

Public Health Laboratory Services Fees

The Public Health Laboratory provides clinical, environmental, and rabies testing services as mandated by Health and Safety Code 101150. These fee-based testing services aid doctors, hospitals, acute care facilities, environmental health agencies, and Sonoma County Animal Services in diagnosing and performing enforcement duties. The Laboratory also serves a regional role, providing the same services to Mendocino County through a flat-fee contract that is adjusted annually to recover the cost to provide this service.

Public Health Laboratory fees are set at below full-cost recovery amounts and subsidized with 1991 Realignment funding. Providing market-rate subsidized services to the public and non-government organizations allows the Department to recover a portion of the cost of operating the laboratory by performing tests that meet a public benefit or would otherwise be taken to private labs.

The 1991 Realignment funding was established in 1991 when state and county program realignment transferred from the state to the counties responsibility for specific mental health, social services, and health programs, and provided counties with dedicated revenues from sales tax and vehicle license fees to fund the realigned programs. Counties determine the local health programs and service levels to be funded with 1991 Realignment funding.

In recent years, the Department has subsidized the Public Health Lab fees with 1991 Health Realignment funding of between \$800,000 and \$1.1 million annually. While maintaining this level of subsidy in recent years, the Public Health Division had to make spending reductions in Health programs to fund the on-going cost of doing business in an environment of no revenue growth in 1991 Realignment, primarily due to the In-Home Support Services redirection.

The Public Health Laboratory 1991 Health Realignment subsidy could continue to fund the Public Health Laboratory or be redirected to other health programs such as homelessness, communicable disease control, and public health disaster preparedness, which are all Board priorities. Further analysis is needed to determine the impact of Public Health Laboratory fees based on rates set at full-cost recovery amounts.

Until the further analysis can be completed, the Department is proposing a 4.25 percent increases to all Public Health Laboratory fees to recover increased labor costs. The overall increase in revenue for fiscal year 2020-2021 Public Health Laboratory services is estimated at \$31,858. Detailed Public Health Laboratory services fees information is provided in Attachment 3.

Tobacco Retailer Licensing Fees

On April 19, 2016 the Board adopted a Tobacco Retailer License 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 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 subsidize 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 fiscal year 2018-2019 and fiscal year 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. Grant funding from the California Department of Public Health Tobacco Control Grant covered program costs not covered by the retailer licensing fee during this period, but is no longer available.

For fiscal year 2020-2021, the Tobacco Retailer Licensing fee has been calculated to recover the reasonable costs of administration and enforcement, and does not exceed the cost of the program. The program cost is estimated at \$46,482 for fiscal year 2020-2021. With 92 licensed retailers, a fee of \$505 per retailer is needed annually to support key compliance and administrative activities. The requested fee increase is necessary to recover increased labor and administrative costs, and reduced funding available to subsidize the fee. The effect of the fee change is an increase in revenue of \$14,260 over fiscal year 2019-2020 revenue. Detailed Tobacco Retailer Licensing fee information is provided in Attachment 4.

Prior Board Actions:

On May 14, 2019 the Board adopted a resolution establishing new and amended fees to recover the reasonable cost of providing services including fees associated with Environmental Health and Safety, Public Health Laboratory, and Sonoma County Animal Services for the Department of Health Services effective July 1, 2019.

FISCAL SUMMARY

Expenditures	FY 19-20 Adopted	FY 20-21 Projected	FY 21-22 Projected
Budgeted Expenses		713,361	
Additional Appropriation Requested			
Total Expenditures		713,361	
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other		713,361	
Use of Fund Balance			
Contingencies			
Total Sources		713,361	

Narrative Explanation of Fiscal Impacts:

Revenue increase estimates for fiscal year 2020-2021 are as follows: Environmental Health and Safety - \$667,243; Public Health Laboratory - \$31,858; and Tobacco Retailer Licensing - \$14,260. The Department-wide revenue increase estimate is \$713,361.

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

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Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

1) Resolution; 2) Environmental Health and Safety Fees Narrative; 2b) Environmental Health and Safety Fee Chart; 3) Public Health Laboratory Fees Narrative; 3b) Public Health Laboratory Fee Chart; 4) Tobacco Retailer Licensing Fees Narrative; 4b) Tobacco Retailer Licensing Fee Chart

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

None