



Legislation Text

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To: Board of Supervisors

Department or Agency Name(s): County Administrator's Office

Staff Name and Phone Number: Peter Bruland - 565-3086

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Fiscal Year 2022-23 Consolidated Fee Hearing Summary

Recommended Action:

- A) Receive the adjustments to department and agency user fees and charges included in this agenda, reflecting new or updated user fee and charge schedules to be effective on July 1, 2022 unless otherwise noted.
- B) Direct staff to provide General Fund in the amount of \$1,000,000 for Permit Sonoma, \$145,000 for the Department of Agriculture/Weights and Measures and \$234,000 for Animal Care and Control in order to reduce fee increases as part of the FY 2022-23 Budget.

Executive Summary:

The Constitution and laws of the State of California allows for the collection of certain fees and charges for cost recovery of government activities that provide a specific benefit or service or are in place for regulatory purposes such as issuing licenses or performing inspections. Each year the County departments and agencies adjust and/or add service delivery user fees, rates, and charges based on actual costs incurred to provide service and projected costs estimates for the coming fiscal year. This year 10 departments are submitting adjustments to fees as part of this package. Seven of these departments are submitting normal annual updates, although several of those departments did not submit updates last year. In addition, three departments are submitting updates for the first time in several years following completion of a comprehensive fee study. These departments are: Permit Sonoma, the Department of Agriculture/Weights and Measures, and the Animal Care and Control division within the Department of Health Services. In all three cases, it was determined that taken as a whole fees were significantly below cost recovery. In order to prevent excessive rate hikes and to continue to support services that benefit the public, this item recommends that the board direct staff to include additional general funds support in the amount of \$1,000,000 for Permit Sonoma, \$145,000 for the Department of Agriculture/Weights and Measures, and \$234,000 for the Animal Care and Control division.

An executive summary of the changes is attached to this item.

Discussion:

On June 18, 2021 the Board ratified the Budget and Financial Revenue Management Policy, which states "Programs financed by charges for services, fees, grants, and special revenue fund sources shall pay their full and fair share of all direct and indirect costs to the extent feasible and legally permitted, including cost

recovery towards future assets and/or system replacement.”

Annually, staff presents for the Board’s consideration ordinances and resolutions adjusting and adding user fees, rates, and charges based on operating cost estimates for the coming fiscal year. In accordance with Government Code 6062(a) public notice was given through publication of notice of the fee hearing on two successive weeks with at least five days between publications.

Most departments submitting fees either submit only a portion of fees for adjustment in a given year, or submit relatively minor adjustments related to the cost of doing business. Seven departments fall into this category in this packet, as does the Public Health Lab portion of the Department of Health Services fees. Three others (Permit Sonoma, the Department of Agriculture/Weights and Measures (AWM) and the Animal Services division of the Department of Health Services) completed a comprehensive fee study earlier this year. As such, they have submitted items that adjust most of their fees in accordance with the study. Because of the differing scope of their fee packets, these departments will be discussed separately below.

Regular Fee adjustments

Excluding the departments that completed the fee study, a total of eight departments have submitted 158 fee adjustments in this packet. The departments included in this packet are: the Auditor Controller-Treasurer-Tax Collector’s (ACTTC), the County Administrator’s Office (CAO), the Clerk-Recorder-Assessor’s Office (CRA), the Department of Health Services - Public Health Lab (DHS), Regional Parks, the Sheriff’s Office, Sonoma Water (fees for Spring Lake Park - submitted by Regional Parks as the operator of the park), and Transportation and Public Works - Airport. The details of each of these departments’ adjustments can be found in the separate board items following this one. A description of these adjustments is found in Attachment A and a summary of these adjustments is found in Attachment B.

The packet includes 17 new fees that are recommended to be put in place by departments, and one fee that is recommended for deletion. The ACTTC is proposing three fees associated with external collections of debts in coordination with the state. In order to participate in these programs, the County must put in place fees ranging from \$1 to \$25 that will be added to bills being collected. The fee will go to support the cost of collections by third parties, while the County will keep the full amount that is recovered on its debts. The CRA is proposing 10 new fees. One is a \$2 fee authorized by AB 1466, which requires identification and redaction of unlawfully restrictive covenants, such as those that discriminate on the basis of race or sex, and authorizes recorders to implement the fee to support costs of this mandate. The other new fees are meant to offset the costs of processing information requests. Transportation and Public Works is proposing 4 new fees at the airport related to parking. These include replacement fees for a parking card, new fees for street parking on Flightline and Airport Boulevards, and online reservation convenience fees. Finally, DHS is recommending one obsolete lab fee for deletion.

In addition, there are 140 fees recommended for adjustments, including 128 increases and 12 decreases. Almost 2/3 of the fee increases, or 81 are increasing by 3 percent or less, which is in line with salary and benefit increases and less than recent Consume Price Index changes. This includes all 41 changes to Public Health lab fees (lab fees recover only about 10 percent of total cost of the lab, with the remainder supported by grant funding, reimbursements from other agencies, and \$1.6 million of discretionary 1991 Realignment funding; fee adjustments are slated to keep this percentage intact), as well as 37 of 59 at the Sheriff’s office.

An additional 21 fees are recommended for increases of between 3 and 6 percent, while 26 fees are slated to increase by more than 6 percent. These include 14 fees in the Assessor's Office that are increasing following a fee study in that unit, 6 at the Sheriff's Office following time studies, and 4 at the Airport, as well as one each at Regional Parks and Spring Lake Park.

Details of all fee adjustments can be found in the respective departmental items.

Fee Studies

In 2019, to ensure compliance with California law, and as part of Budget and Fiscal improvements, County Administrator's Office (CAO) staff began best management practice implementation to periodically review fees and charges for service cost components and calculation methodology assumptions. As a result, under department head authority, the CAO engaged NBS consultants <<https://www.nbsgov.com/>> to conduct a review of three (3) departments/programs: AWM, Permit Sonoma, and Health Services Department Animal Care & Control division. The studies for these departments were delayed due to the COVID-19 epidemic, and were completed in 2021. The full study is available in Attachment C.

The results of any fee study typically show that across the hundreds of individual fees analyzed, there will be fees that are under, over and approximately recover 100% of full cost of providing services. The comprehensive fee analysis performed by NBS re-evaluates the County's basis for calculating fees and charges to ensure they are adjusted to current legal parameters and industry standards.

In the aggregate, the 2019/2020 Board approved Fees & Charges for Services for AWM, Permit Sonoma, and Animal Care & Control estimated to recover approximately 79% of the total projected costs associated with providing user and regulatory fee-related services. Fees have not been adjusted since that time, and so current percentages are likely lower. Across the three departments, this results in a cumulative shortfall of \$5.8 million in revenues compared to the cost of providing the services, with \$5.1 million of that accounted for in Permit Sonoma. These shortfalls have been filled with General Fund Revenues, including \$1.4 million in one-time and ongoing funding provided as part of the FY 2021-22 Adopted Budget, as well as ongoing General Fund contributions.

Permit Sonoma accounts for the largest share of revenue from fees and charges for services in the County, and has the largest shortfall. Based on estimates from the study, it currently collects approximately \$19.5 million with \$24.6 million in costs, for a shortfall of \$5.1 million, for a cumulative rate of recovery of 79% in FY 2019-20, although there are variations across different areas and fees. Given the importance to the community of providing these services and the potential impact of sharp increases, staff is not recommending bringing fees up to full cost recovery. Details can be found in the Permit Sonoma item. In summary, the recommendations for Permit Sonoma are:

1. Continue to utilize existing General Fund contributions to support services and subsidize fees.
2. Provide an additional \$1 million of ongoing General Fund support to mitigate increases to fees.
3. Adjust fee schedules to rationalize and modernize fees, including deletion of some categories and creation of new fees that better align with services being provided.
4. Increase most remaining fees by 9 percent, which accounts for cost of doing business increases that were not put in place in FY 2020-21 and FY 2021-22 as well as the increase in for FY 2022-23 in order to

maintain cost recovery near the 79 percent level.

AWM has a cost recovery of approximately 51% in FY 2019-20, with \$800,000 in revenues and \$1.6 million in costs. The remaining funding comes from General Fund support. As with Permit Sonoma, staff do not recommend bringing all fees up to full cost recovery at this time. Details can be found in the AWM summary. Recommendations are:

1. Provide \$145,000 an additional General Fund support as part of the FY 2022-23 budget to reduce need for fee increases.
2. Increase most fees in the Agriculture Division by between 5 and 27 percent, bringing the Division from 57 percent to 62 percent cost recovery.
3. Increase most fees in the Land Stewardship division by between 4 and 29 percent, with most increasing approximately 20 percent, bringing the cost recovery in the division from 50 percent to 57 percent. Land Stewardship Division fees are related to the Vineyard and Orchard Site Development Ordinance (VESCO) and the Frost Protection Ordinance.
4. Increase fees in the Weights and Measures division for inspection of electronic scanning devices in stores by between 4 and 25 percent, bringing cost recovery in the division from 83 percent to 92 percent.
5. Approve a three-year plan to increase bring fees in the Land Stewardship division to 73 percent and in the Weights and Measures Division to 100 percent cost recovery.

Prior to this study, Animal Care and Control fees had not been fully reviewed, and in some cases have not been updated, since the division transferred to the Department of Health Services in 2010. As such, some fees are above cost recovery due to efficiencies that have been realized, while others are well below cost recovery. As a whole, the division is at cost recovery, however when fees that are adjusted so that none exceed cost recovery, the division will be approximately \$234,000 below FY 2019-20 cost recovery. Animal Care and control fees have been set below cost recovery in part to encourage positive actions, for example the adoption of animals that have been spayed or neutered in order to reduce the population of unwanted pets, or to encourage adoption of senior animals. Because of this, and to keep the programs affordable, it is recommended that a subsidy remain for certain services. As such, recommendations are:

1. Provide \$234,000 in additional ongoing General Fund support as part of the FY 2022-23 budget to allow for subsidization of certain fees.
2. Reduce fees that are now above full cost recovery to the level of cost recovery.
3. Increase fees by an average of 13% to account for cost of service increases since fees were last increased.

Full details on all fee adjustments recommended can be found in individual departmental items.

Strategic Plan:

N/A

Prior Board Actions:

None

FISCAL SUMMARY

Expenditures	FY 21-22 Adopted	FY22-23 Projected	FY 23-24 Projected
Budgeted Expenses		\$1,379,000	\$1,379,000
Additional Appropriation Requested			
Total Expenditures		\$1,379,000	\$1,379,000
Funding Sources			
General Fund/WA GF		\$1,379,000	\$1,379,000
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources		\$1,379,000	\$1,379,000

Narrative Explanation of Fiscal Impacts:

Individual items explain the direct impacts on departmental revenues of fee adjustments. Recommendations in this item would allocate \$1,379,000 of ongoing General Fund to mitigate fee increases in Permit Sonoma, Department of Agriculture/Weights and Measures, and Animal Care and Control.

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

Attachment A: Summary of fee changes

Attachment B: Numerical Overview of Adjustments

Attachment C: Fee Study for Permit Sonoma, Animal Care and Control, and Agriculture/Weights and Measures

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

None