

ENVIRONMENTAL MANAGEMENT DEPARTMENT

FY 2019-20 Proposed Fee Increase Staff Report

The Environmental Management Department (Environmental Management) currently has a combination of flat fees and fees plus time and materials. Prior to Fiscal Year (FY) 2015-16, these fees were updated annually based on the CPI in accordance with the last resolution passed by the Board of Supervisors (Board). During the FY 2018-19 fee study, Environmental Management worked with the Chief Administrative Office, Finance and Administration staff to evaluate additional options for fee increases. Details for the FY 2015-16 fee study and proposed methodology changes for FY 2019-20 are provided below.

FY 2015-16 Fee Study and Adopted Fees

The FY 2015-16 fee study consisted of analyzing the labor hours used for each fee as well as calculating an average labor rate for Environmental Management. The labor hour data was collected per program element code (PE Code) using Environmental Management's time tracking software program EnvisionConnect. The initial data proved to be inconclusive. The department director, managers, and supervisors conducted a detailed examination of each fee and compared it to the actual data. For 92% of the fees, there were some mitigating factors that included non-billable time for complaints, research, phone consultations, increased turnover, and training. These mitigating factors determined that the data was inadequate and not used to increase or decrease fees in 92% of the fee categories. Staff interviews were conducted in order to solidify adjustments to labor hours for use in the fee calculations; however, those results were also inconclusive.

Therefore, it was recommended that Environmental Management's fees be calculated based on the current year billing rate multiplied by the current hourly time in which it takes to complete the work. For the remaining 8% of the fees, the data and interviews were considered adequate and adjustments were applied to the labor hours. The approved hourly rate for FY 2015-16 was \$163.93, and was multiplied by the labor hours and rounded to the nearest dollar for determining flat fees as well as time and materials fees. The Board approved this fee study methodology and the FY 2016-17 fee schedule on May 3, 2016, Resolution 079-2016.

FY 2018-19 Fee Study and FY 2019-20 Proposed Fees – Option A

During the review of the adopted fees in Resolution 076-2016 (adopted May 03, 2016), Chief Administrative Office, Community Development Finance and Administration provided Environmental Management with current Auditor approved hourly rates, which approximately increases 4.6% in comparison to the approved FY 2015-16 rates. Environmental Management and Finance and Administration also prepared a comparison of hourly rates with previously approved regional comparator counties, including Placer County, Butte County, Sacramento County, Yolo County, and Nevada County. Based on this comparison, the approved FY 2018-19 hourly rate of \$171.40 is slightly less than the average hourly rate of \$173.80.

FY 2018-19 Fee Study and FY 2019-20 Proposed Fees – Option B

Upon further review and analysis of the FY 2019-20 proposed fee increase and methodology, Environmental Management is recommending the Board consider an additional option in determining an appropriate fee increase. As stated above, during the FY 2015-16 fee study, it was determined that the data compiled from EnvisionConnect was inadequate at the time. Since that time, Environmental Management has been diligent in ensuring that all staff time directly

attributable to conducting billable activities for each PE Code is correctly accounted for; therefore, feel that the average number of labor hours per PE Code represent an accurate amount of time needed to complete the work necessary for the issuance of permits or other respective services. This labor time includes staff activities such as time spent conducting initial and follow-up inspections, re-inspections when required, and time spent in consultations with business owners (either in person, over the phone, or by email) in excess of 15 minutes. This does not include time spent by support staff answering general questions or assisting with permit issuance, which is considered to be routine and a non-billable overhead cost.

As with Option A and the previously approved methodology, the approved FY 2018-19 hourly rate would be set at \$171.40, and would be multiplied by the average number of hours in the FY 2018-19 fee study, then rounded to the nearest dollar, for the purposes of calculating flat fees as well as time and materials fees. The individual flat fees would be calculated based on the hourly rate multiplied by an updated amount of labor hours for each PE Code, where appropriate. It should be noted that the labor hours used for previous fee studies and increases has not been updated since FY 2015-16. Several of the flat fees proposed in the new fee schedule will increase beyond the approximate 4.4% increase under Option A based on updated labor hours; however, there are some flat fees that will decrease.

The majority of the fee increases beyond the approximate 4.6% increase under Option A apply to food facility-related permits. Environmental Management has numerous PE Codes based on categories in which a facility would fall into using predetermined criteria, and as the facility size and/or criteria increase above the base level, additional direct staff time is required. The FY 2018-19 fee study analysis completed, indicated additional labor hours are being devoted to these facilities. The additional labor hours are primarily attributable to staff having completed Food and Drug Administration (FDA) food safety standardization training since the prior fee study was conducted. The FDA training and standardization included the performance of risk-based food facility inspections, which requires additional staff time be spent conducting inspections to identify food safety risks, employee observations, and operator feedback and training, all of which result in greater protection of public health. As an example, one of the PE Code categories under the Environmental Health program that this applies to is for restaurants, including annual permits for Restaurant/Bars, Restaurants < 650 Sq. Ft., and Restaurants > 650 Sq. Ft. A breakdown of this example, including the previous and updated time values (average time spent per facility), and the proposed fees are as follows:

PE Code	Category Description	FY 15-16 Time Value	FY 18-19 Time Value	Proposed Fee	Fee Difference
1621	Restaurant/Bar – Annual Permit	3	4.5	\$771	\$279
1622	Restaurant <650 Sq. Ft. – Annual Permit	2.5	3.5	\$600	\$190
1623	Restaurant >650 Sq. Ft. – Annual Permit	3	4.5	\$771	\$279

Hazardous Materials Fee Exceptions:

One of the main PE Codes in which Environmental Management’s Hazardous Materials program spends a higher number of hours per facility is for the annual inspections required for Underground Storage Tanks (USTs). These facilities require inspections on an annual basis, whereas all other hazardous materials facilities require inspections once every three years. The majority of these facilities are gas stations, though school districts, airports, and the County’s Sheriff’s Office and Department of Transportation are also permitted UST facilities. The higher frequency of inspections is required by the State and requires more staff time spent completing activities including, but not limited to, inspections, re-inspections when necessary, follow-up

consultations with facility owners, and assistance submitting/completing State-required reporting through the California Environmental Reporting System (CERS), which are direct-billable costs.

Unlike the majority of the other proposed fees, which are calculated based on the hourly rate multiplied by the current hourly time in which it takes to complete the work, the proposed UST fee also includes a time and materials component for instances where staff time significantly exceeds the average time spent per facility. Generally, facilities that have more tanks require additional staff time; however, the facilities themselves vary too significantly to conclude that a predetermined amount of time could be calculated on a per tank basis. Therefore, and in an effort to keep the annual permit fee for UST facilities as minimal as possible, Environmental Management is proposing an annual permit fee of \$548 per tank plus time and materials billed at the hourly rate of \$171.40 for instances where staff time exceeds the average labor hours required per facility. This will allow Environmental Management to partially recover costs for larger and/or more complex facilities that require more time without excessively raising fees for smaller and/or less complex facilities by implementing a flat fee per facility or a flat fee per UST.

Environmental Health Fee Exceptions:

Consistent with the methodology detailed above for USTs, Environmental Management's Environmental Health Program spends a higher number of hours per facility for various classifications of small water systems. There are currently a total of 135 of these facility classifications which include systems such as Community Water Systems, Food Facility Water Systems, and Non-Community Water Systems. As with USTs, these facilities vary too significantly based on size, number of inspections and re-inspections, and other complicating factors that require additional staff time beyond the average number of hours per facility used to calculate the annual permit fee. As such, and in an effort to keep all the annual permit fees for small water systems as minimal as possible, Environmental Management is proposing all annual permit fees remain defined by the FY 2015-16 labor hours required to complete the permitting and inspections, multiplied by the FY 2018-19 hourly rate, rounded to the nearest dollar, plus a time and materials component for instances where staff time exceeds the average labor hours required per facility. Again, this will allow Environmental Management to better recover costs associated with the actual costs of performing these services for more complex facilities that require more time without excessively raising the fees for less complex facilities by implementing a flat fee per facility.

The fee for new water well construction permits established in FY 2016-17 was \$163.93, then T&M (Time and Materials), and was based upon staff time to review, process and approve the permit application. Well drillers were allowed to self-certify that the well was constructed in accordance with County Ordinance Code. Time and Materials was not charged unless there was an unusual circumstance requiring an onsite inspection by staff. The proposed fee of \$514.00 will include review, processing and approval of the permit application, as well as an onsite inspection by staff for all water wells constructed. The onsite inspection will ensure that the proposed well location meets all required setbacks from the onsite wastewater treatment system, property lines and other requirements. Time and Materials will be charged in the event that additional onsite inspections are required.

Liquid Waste Fees:

The Union Mine Wastewater Treatment Plant has been open for over 20 years. The septage disposal fee per pound was increased in FY 2016-17 from \$.0102 to \$.01176. A proposed increase is not included in neither Option A nor Option B.

Fee Decreases:

Based upon the review of EnvisionConnect FY 2018-19 labor data hours, there are several fees that will decrease even after applying the approved 4.6% hourly rate increase. These fees are in categories such as Environmental Health, Certified Unified Program agency (CUPA), Medical Waste Fee, and Domestic Drinking Water Wells.

New Fees:

Based on recent developments in the types of businesses/facilities throughout the County since the last in-depth fee study, several new annual permit fees or service fees have been added to the proposed FY 2019-20 fee schedule and are included in Option A and Option B. New fees include, but are not limited, to the following for each program and are based on either a flat fee of one or more labor hours in most cases. Should the number of labor hours required for these permits and/or fees significantly increase over the next year, Environmental Management will return to the Board with updated fees during the next fee study.

PE Code	Category Description	Proposed Fee
1642	Catering Operation Add-On for Permitted Food Facilities – Annual Permit	\$171
TBD	Continental Breakfast (Limited Food Service Facility) – Annual Permit	\$171
TBD	Host Facility – Annual Permit	\$171
TBD	Satellite Food Service (SFS) – Annual Permit	\$343
1519 *	Temporary Foods – Limited Food Preparation (low risk) – Annual Permit	\$171
1520 *	Temporary Foods – Open Food Preparation (high risk) – Annual Permit	\$343
1512	Event Coordinator – Temporary/Occasional Event	\$171
1518	Event Coordinator – Temporary/Occasional Event – Within 14 Days of Event	\$223
1711 *	Plan Check – Remodel	\$171
4642 *	Surface Water Community Water System – Annual Permit	\$617 + T&M
4643 *	Surface Water Non-Community Water System – Annual Permit	\$514 + T&M
TBD	California Accidental Release Prevention (CalARP)	\$171 + T&M
2112 **	Certified Unified Program Agency (CUPA) State Oversight Fee (pass thru)	\$49/facility
2301 **	CUPA State UST Fee (pass thru)	\$20/tank
2113 **	CUPA State CalARP Fee (pass thru)	\$270/facility
APSA **	CUPA State Aboveground Storage Tank (AST) Fee (pass thru)	\$26/tank
TBD	Building Permits – Improvement Plans	\$86
TBD	Revision Fee	\$171
TBD	Temporary Use Permit	\$86

**These fees were evaluated during the FY 2015-16 fee study; however, they were inadvertently excluded from the adopted resolution.*

***The CUPA State Surcharges are not new fees and have been collected by Environmental Management for all required facilities. These fees are a direct pass through to the State of California, but are now included on the proposed fee schedule on both Options A and B.*

Other Notable Changes to the Recommended Fee Schedules – Options A and B:

- All permit/service fees have been rounded to the nearest dollar consistent with other Planning and Building Department and Department of Transportation fixed fees;
- “Annual Permit” was added to various fees to clarify that the fee will be charged annually;
- All permit/service fees under each fee category were reordered alphabetically;

- Renamed various fees to be consistent with the Program Element description;
- Removed several fees that were no longer utilized or were consolidated, including:
 - Temporary Foods – Open Food Preparation within 5 Days of Event;
 - Parcel Research (Per Parcel);
 - Five Medical Waste Fees;
 - Well Re-Construction Permit;
 - Five Land Use Fees;
- Fee reductions for various fees that have been determined not to require as much staff time as previously indicated; and
- Updated Land Use Fees to be consistent with Department of Transportation and Planning and Building Department fees for projects that cross multiple departments.

Conclusion:

Environmental Management finds that by applying this approximately 4.6% increase to the base hourly rate as detailed in Option A, in addition to adjusting flat fees based on the updated average hours spent as detailed in Option B, it will allow the department to better recover costs related to performing these services to the public and reduce the potential need for General Fund contributions. Additional calculations and fee comparisons across previously used comparator counties for both Options A and B are provided in Attachment W to this Staff Report. A breakdown of a sample of the evaluated permit and/or service fees is provided in pages six through eight (6 – 8) of this attachment, and shows fees that increased or decreased based on the Option B methodology, as well as fees that increased based on only the Option A methodology. Based on the additional analysis completed as part of the FY 2018-19 fee study, as well as the reduced potential need for General Fund contributions, Environmental Management recommends the Board consider and approve the fee increases as detailed in the Option B fee schedule.

Environmental Management Department Fiscal Year 2018/19 Fee Study

RED = Decrease
 GREEN = Increase based on new rate only
 BLUE = Increase due to time study

PE Code	Category	Current Fee	Inventory	Time Value 15/16 (\$163.93)	Time Value 18/19 (\$171.40)	Proposed Fee	Fee Diff	% Change
Environmental Health - 18/19 Time values based on avg inspection activity time and frequency								
1650	BAKERY - ANNUAL PERMIT	\$492	13	3.0	3.1	\$531	\$39	7.9%
1620	BAR - ANNUAL PERMIT	\$328	23	2.0	1.9	\$326	(\$2)	-0.6%
1681	BED & BREAKFAST (FOOD FACILITY) - ANNUAL PERMIT	\$410	21	2.5	2.3	\$394	(\$16)	-3.9%
1510	BODY ART FACILITY - ANNUAL PERMIT	\$328	22	2.0	1.5	\$257	(\$71)	-21.6%
1515	BODY ART PRACTITIONER REGISTRATION - ANNUAL PERMIT	\$82	27	0.5	0.5	\$86	\$4	4.9%
1640	CATERING OPERATION - ANNUAL PERMIT	\$328	31	2.0	2.0	\$343	\$15	4.6%
1642	CATERING OPERATION ADD-ON FOR PERMITTED FOOD FACILITIES - ANNUAL PERMIT	\$0	87	0.0	1.0	\$171	\$171	N/A
1680	COMMISSARY - ANNUAL PERMIT	\$328	21	2.0	2.2	\$377	\$49	14.9%
1630	COTTAGE FOOD OPERATION CLASS "A" - ANNUAL REGISTRATION FEE	\$82	35	0.5	0.5	\$86	\$4	4.9%
1631	COTTAGE FOOD OPERATION CLASS "B" - ANNUAL PERMIT	\$246	22	1.5	1.9	\$326	\$80	32.5%
1516	EAR PIERCING FACILITY NOTIFICATION - ONE-TIME REGISTRATION FEE	\$49	1	0.3	0.3	\$51	\$2	4.1%
1512	EVENT COORDINATOR - TEMPORARY/OCCASIONAL EVENT	\$0	15	0.0	1.0	\$171	\$171	N/A
1518	EVENT COORDINATOR - TEMPORARY/OCCASIONAL EVENT - WITHIN 14 DAYS OF EVENT	\$0	0	0.0	1.3	\$223	\$223	N/A
1613	MARKET/RETAIL - PRE-PACKAGED ONLY - ANNUAL PERMIT	\$164	47	1.0	1.8	\$309	\$145	88.4%
1611	MARKET/RETAIL<2000 SQ. FT. - ANNUAL PERMIT	\$328	74	2.0	3.0	\$514	\$186	56.7%
1612	MARKET/RETAIL >2000 SQ. FT. - ANNUAL PERMIT	\$410	30	2.5	3.5	\$600	\$190	46.3%
1614	MARKET+1 (MEAT, DELI, BAKERY, RESTAURANT) - ANNUAL PERMIT	\$574	35	3.5	4.3	\$737	\$163	28.4%
1616	MARKET+2 (MEAT, DELI, BAKERY, RESTAURANT) - ANNUAL PERMIT	\$738	4	4.5	5.3	\$908	\$170	23.0%
1617	MARKET+3 (MEAT, DELI, BAKERY, RESTAURANT) - ANNUAL PERMIT	\$902	7	5.5	6.3	\$1,080	\$178	19.7%
1615	MARKET+4 (MEAT, DELI, BAKERY RESTAURANT) - ANNUAL PERMIT	\$1,066	11	6.5	7.3	\$1,251	\$185	17.4%
1635	MOBILE FOOD/PRE-PACKAGED - ANNUAL PERMIT	\$164	8	1.0	1.0	\$171	\$7	4.3%

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PE Code	Category	Current Fee	Inventory	Time Value 15/16 (\$163.93)	Time Value 18/19 (\$171.40)	Proposed Fee	Fee Diff	% Change
1633	MOBILE FOOD/ROADSIDE - ANNUAL PERMIT	\$328	69	2.0	1.8	\$309	(\$19)	-5.8%
1690	ORGANIZED CAMPS (FEE IN ADDITION TO FEES COLLECTED FOR OTHER PERMITS) - ANNUAL PERMIT	\$656	11	4.0	2.9	\$497	(\$159)	-24.2%
1622	RESTAURANT<650 SQ. FT. - ANNUAL PERMIT	\$410	74	2.5	3.5	\$600	\$190	46.3%
1623	RESTAURANT>650 SQ FT. - ANNUAL PERMIT	\$492	331	3.0	4.5	\$771	\$279	56.7%
1621	RESTAURANT/BAR - ANNUAL PERMIT	\$492	113	3.0	4.5	\$771	\$279	56.7%
1540	RIVER RAFTING/FOOD - ANNUAL PERMIT	\$328	18	2.0	2.3	\$394	\$66	20.1%
1632	SCHOOLS/PUBLIC AGENCIES (FOOD FACILITY) - ANNUAL PERMIT	\$492	79	3.0	3.3	\$566	\$74	15.0%
1511	SEASONAL FIXED FOOD FACILITY (CLOSED FOR ONE OR MORE CONSECUTIVE QUARTERS) - ANNUAL PERMIT	\$328	65	2.0	2.4	\$411	\$83	25.3%
1519	TEMPORARY FOODS - LIMITED FOOD PREPARATION (LOW RISK) - ANNUAL PERMIT	\$0	51	1.0	1.0	\$171	\$171	N/A
1513	TEMPORARY FOODS - PREPACKAGED (WITH LIMITED SAMPLING/DISPENSING) - SINGLE EVENT	\$82	0	0.5	0.5	\$86	\$4	4.9%
1520	TEMPORARY FOODS OPEN FOOD PREPARATION (HIGH RISK) - ANNUAL PERMIT	\$0	36	0.0	2.0	\$343	\$343	N/A
1625	WINERY - COMMERCIAL KITCHEN - ANNUAL PERMIT	\$328	12	2.0	2.3	\$394	\$66	20.1%
1627	WINERY - PRE-PACKAGED FOOD - ANNUAL PERMIT	\$164	1	1.0	1.0	\$171	\$7	4.3%
1626	WINERY - SEASONAL FOOD SERVICE - ANNUAL PERMIT	\$328	19	2.0	2.0	\$343	\$15	4.6%
Recreational Health - 18/19 Time values based on average activity time and frequency								
3612	SPA - ANNUAL PERMIT	\$328	103	2.0	2.0	\$343	\$15	4.6%
3611	SWIMMING POOL - ANNUAL PERMIT	\$492	151	3.0	3.0	\$514	\$22	4.5%
3615	WADING POOL - ANNUAL PERMIT	\$328	10	2.0	1.6	\$274	(\$54)	-16.5%
Small Water Systems - FY 15/16 study time value, adding T & M								
4624	FOOD FACILITY WATER SYSTEM - OPERATING PERMIT	\$246	38	1.5	1.5	\$257	\$11	4.5%
4634	NON-COMMUNITY WATER SYSTEM (NON-TRANSIENT) - ANNUAL PERMIT	\$656	10	4.0	4.0	\$686	\$30	4.6%
4633	NON-COMMUNITY WATER SYSTEM (TRANSIENT) - ANNUAL PERMIT	\$492	91	3.0	3.0	\$514	\$22	4.5%

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PE Code	Category	Current Fee	Inventory	Time Value 15/16 (\$163.93)	Time Value 18/19 (\$171.40)	Proposed Fee	Fee Diff	% Change
4622	SMALL COMMUNITY WATER SYSTEM - ANNUAL PERMIT	\$656	6	4.0	4.0	\$686	\$30	4.6%
4644	STATE SMALL WATER SYSTEM - ANNUAL PERMIT	\$246	13	1.5	1.5	\$257	\$11	4.5%
4642	SURFACE WATER COMMUNITY WATER SYSTEM - ANNUAL PERMIT	\$0	1	0.0	3.6	\$617	\$617	N/A
4643	SURFACE WATER NON-COMMUNITY WATER SYSTEM - ANNUAL PERMIT	\$0	6	0.0	3.0	\$514	\$514	N/A
<u>Medical Waste - 18/19 time value adjusted with data from 2016-2019</u>								
2241	MED WST-ACUTE CARE HOSP.	\$820	3	5.0	3.0	\$514	(\$306)	-37.3%
2265	MED WST-MEDICAL/DENTAL/VETERINARY OFFICES - ANNUAL PERMIT	\$328	1	2.0	2.0	\$343	\$15	4.6%
2240	MED WST-SM QTY WITHOUT ONSITE/INITIAL FILING FEE	\$82	48	0.5	0.5	\$86	\$4	4.9%
2243	MED WST-SM QTY WITH ONSITE - ANNUAL PERMIT	\$164	1	1.0	1.0	\$171	\$7	4.3%
2242	MED WST-SPECIALTY CLINICS - ANNUAL PERMIT	\$492	2	3.0	2.0	\$343	(\$149)	-30.3%
<u>Underground Storage Tanks - 2016-18 Time values based on avg inspection activity time and adding T & M</u>								
2311	UNDERGROUND STORAGE TANK - ANNUAL OPERATING PERMIT (PER TANK/COMPARTMENT)	\$492	210	3.0	3.2	\$548	\$56	11.4%