



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Submitted on:
(COB Stamp)

Department Name: County Health Department
Department No.: 041
Agenda Date: August 26, 2025
Placement: Departmental Agenda
Estimated Time: 45 Minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Mouhanad Hammami, Director, County Health Department
Contact: Jason Johnston, Environmental Health Services Director
SUBJECT: Environmental Health Services – Retail Food Facility Fees

Signed by:

Mouhanad Hammami
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County Counsel Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: N/A

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Adopt a Resolution amending fees for Environmental Health Services (EHS) relating to Retail Food Facilities (Attachment A);
- b) Approve, ratify, and authorize the County Health Director, or designee, to extend the term of and make certifications for the grant funding allocation award of \$44,548.47 in Assembly Bill (AB) 178 Local Government Microenterprise Home Kitchen Operation Assistance Program funding through the California Conference of Directors of Environmental Health for the extended deadline period of May 31, 2025 through November 30, 2025 with no change to the total grant amount; and
- c) Determine that the recommended actions are not a "Project" within the meaning of the California Environmental Quality Act ("CEQA") and are exempt pursuant to CEQA Guideline section 15378(b)(4), since the recommended actions are the creation of governmental funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, and direct staff to file a Notice of Exemption on that basis.

Summary Text:

This item is on the agenda to consider the adoption of an EHS' fee resolution for Retail Food Facilities that adjust fee levels to achieve full cost recovery, and to set fees that are consistent with the public purpose served by the fee and the cost incurred to provide the service, as authorized by County Code and applicable State laws and regulations. The revised fee schedule for Retail Food Facilities will take effect at least 30 days following their adoption, and payable upon the next renewal date for annual health permits. Additionally, the County Health Department is requesting that the Board approve the Director of County Health to accept an extension of the previously awarded grant funding in support of the Microenterprise Home Kitchen Operation (MEHKO) program for the period of May 31, 2025 through November 30, 2025.

Discussion:

County policy (Fees, Board Minute Order 03/08/82) states that where allowed or mandated, departments will charge a fee for service that is determined by the costs incurred by the County to provide the service. Departments are responsible for ensuring that all legally allowed fees and charges are presented to the Board for adoption and for reviewing/adjusting as appropriate.

EHS administers various programs primarily supported by user permit and service fees. The fee schedule revision through the included fee resolution (Attachment A) will update EHS food facility program fees to align permitting and inspection fees with the cost of providing those services. This resolution is based on the specific mandates and authority to set fees in California law and County Code.

If the Board approves the recommended actions, the new fee schedules adopted by resolution will take effect at least 30 days following their adoption (on September 27, 2025), and payable upon the next renewal date for annual health permits. This would also provide the opportunity to continue the use of one-time grant funding allocation previously approved by the Board on May 14, 2024 into FY 2025-26 to support regulatory oversight of the local MEHKO program.

On May 14, 2024, the Board approved and authorized the Director of Public Health, or designee to make certifications and to accept a grant funding allocation award of \$44,548.47 in Assembly Bill (AB) 178 Local Government Microenterprise Home Kitchen Operation Assistance Program funding through the California Conference of Directors of Environmental Health for the period of June 30, 2024 through May 31, 2025.

EHS has since been apprised that the California Conference of Directors of Environmental Health has extended the grant deadline from May 31, 2025 to November 30, 2025. Therefore, EHS wants the prior certification authorization for the Director of Public Health (now County Health) to be extended to the new deadline of November 30, 2025 so that the additional time afforded can be used.

Background:

On December 10, 2024, EHS filed with the Board the results of Wohlford Consulting's *Environmental Health Services Cost of Services (User Fee) Study*, dated August 11, 2024, and the department is returning as directed with proposed recommendations to achieve full cost recovery. The study provided an objective analysis of the full costs incurred by the County for various State and locally-mandated permitting and inspection activities for which EHS charges user fees to protect public health and the environment. The fee study used a combination of permit volumes, staff time, and current cost allocations to determine a reasonable rate for cost recovery for all services. Cost allocations are composed of the reasonable costs, including salary and benefits, services and supplies, and support costs. The results of the study identified that many of the individual fees reviewed—99

of 122 (81%) of the current unit fees—no longer recover the actual cost of providing services since they were last considered by your Board on April 2, 2019.

With the exception of Retail Food Facilities Fees, adjusted EHS program fees were recently considered by your Board on May 13, 2025 and June 3, 2025, where revised fee schedules were adopted by resolution or ordinance based on the authorizing County Code and applicable State laws and regulations.

The action today considers 36 fees in the retail food program area of EHS. A total of 20 fees are proposed to increase, 12 fees are decreasing, and one (1) fee will remain unchanged. Three (3) new fees are also being added (addressed below). EHS considered feedback provided by health permit holders and recognizes that for practical and customer service reasons, and to encourage overall compliance with State regulations, there are fees or service areas that can be streamlined, restructured, or reduced to increase user friendliness and to ensure fees fairly and equitably reflect the cost of services being requested.

Three (3) new fees have also been added to ensure a fair and accurate fee is assessed for State-mandated regulatory permitting services for compact mobile food operations, cottage food registrations (Class A), and fisherman's markets. Cottage food registrations (Class A) are currently not charged a fee, whereas compact mobile food operations and fisherman's markets are currently charged a fee under a related, but non-specific fee category. Additionally, Temporary Food Facilities Event Coordinator for one-time events are being restructured to two fee categories: Non-Profit Organization (2-6 Booths) (no change to existing fee); and Non-Profit Organization (>6 Booths) / For-Profit Organizations (All Events) with increased fee based on time and cost analysis in *User Fee* study. A summary EHS fee schedule listing all current and proposed fees included in the attached fee resolution is provided in Attachment B.

The fee resolution being considered today also includes authorization for the EHS Director to annually review and adjust fees adopted herein pursuant to the changes to the Consumer Price Index (CPI). Adjustments shall be rounded to the nearest dollar and become effective no earlier than July 1 of each year and after appropriate notice to the public has been made at least 60 days prior to the adjustment effective date. CPI adjustments will reflect the percent change from January to December of the year prior to the effective date for the All Urban Consumer, Los Angeles-Anaheim-Riverside area.

Stakeholder Meetings:

In an effort to solicit feedback from potentially impacted stakeholders, EHS directly contacted approximately 3,000 retail food businesses, consultants, and individual stakeholders via email and conducted seven outreach meetings since December 10, 2024. In addition to overall food facilities, focused meetings were conducted for cottage food operators, temporary food facilities, and non-profit temporary food event organizers. These meetings were designed to discuss the basis and structure of the fees, to receive feedback on current fee structures, and to consider streamlining fees, where possible, for consumers and permit holders. At each stakeholder meeting, EHS also presented a comparison of existing and proposed fees with other applicable counties, to ensure that proposed fees were aligned with best practices and fee levels set in comparable counties. A summary table of fee benchmarking results for the commonly requested permits and services is included in Attachment C.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Funding Source	FY 2025-2026	Total
General Fund		
State		
Federal		
Fees	\$327,000	\$327,000
Total	\$327,000	\$327,000

As directed by your Board, EHS is returning today with proposed user fees reviewed by the Auditor-Controller and consistent with Board policy. Based on existing fee levels charged by EHS, the current annual revenue is approximately \$2.3 million, which represents a current cost-recovery ratio of 87% and an annual fund deficit (subsidy) of \$327,000. These proposed user fees support implementation of EHS' retail food program countywide.

Adopting the recommended EHS fee resolution will realign fees to more accurately reflect the costs and resources of providing services. These estimates are calculated based on assumptions about the actual number of permit applications received. The actual increase will also depend on the number of health permit applications processed and the number of businesses requesting an annual operating permit renewal during the fiscal year, when required by State laws or County ordinance. The recommended action does not include a request for General Fund allocation.

Approving and authorizing the continued acceptance of the MEHKO grant funding will allow the Department to continue directed outreach to unpermitted home food operators. The California Conference of Directors of Environmental Health advanced the grant allocation and EHS has it in reserves for use. Use of these funds was not budgeted in FY 2025-2026 due to the original grant award period terminating on May 31, 2025. It is the intention of the department to prepare a budget revision for the actual costs incurred and return any unused portion to the grantor.

Staffing Impacts:

There are no anticipated staffing impacts as the recommended actions do not propose any changes to existing service levels.

Special Instructions:

1. EHS will fulfill all legal noticing requirements.
2. Request the Clerk of the Board to provide a copy of the signed resolutions and a copy of the minute order to the County Health Department, PHDGROUPContractsUnit@sbcphd.org

Attachments:

Attachment A – EHS Fee Resolution for Retail Food Facilities

Attachment B – EHS Fee Schedule (Current and Proposed)

Attachment C – Sample County Fee Comparison

Attachment D – Notice of Public Hearing

Attachment E – Presentation

Contact Information:

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