

**COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS - LAND USE
WEDNESDAY, MAY 07, 2025**

MINUTE ORDER NO. 8

**SUBJECT: SET A HEARING FOR MAY 21, 2025:
COST RECOVERY PROPOSAL TO ADOPT ORDINANCES RELATED TO
FEES IN THE DEPARTMENT OF AGRICULTURE, WEIGHTS AND
MEASURES EFFECTIVE FISCAL YEAR 2025-26 AND CEQA EXEMPTION
(5/7/2025 - FIRST READING; 5/21/2025 - SECOND READING UNLESS
ORDINANCE IS MODIFIED ON SECOND READING) (DISTRICTS: ALL)**

OVERVIEW

This is a request for the County of San Diego (County) Board of Supervisors (Board) to adopt the cost recovery proposal for the Department of Agriculture, Weights and Measures (AWM), which includes fees and hourly rates for services related to Agricultural Export, Certified Farmers' Market, Industrial Hemp Cultivation, Hazardous Materials Inventory, Price Accuracy, and Weights and Measures Devices programs.

This proposal provides the resources needed for AWM to continue providing services that support public health and safety, a resilient food supply, agricultural trade, consumer confidence, and a sustainable environment for the region. Through these services, the County balances community, economic, and environmental interests to enhance the quality of life for residents and visitors. AWM has over 30 diverse programs that conduct over 350,000 inspections annually regionwide. Fee-related programs ensure the acceptance of about 10,000 agricultural export shipments at destination, the integrity of produce sold at 40 Certified Farmers' Markets, and the verification of price accuracy at over 4,500 different retail locations.

Board Policy B-29: *Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery* (Board Policy B-29) directs departments to recover the full cost of services provided to agencies or individuals. Exceptions require specific Board approval. The last cost recovery proposal was unanimously approved by the Board on May 22, 2024 (4). Since that time, AWM has continued to provide services at the approved rates.

The fees proposed today for Fiscal Year (FY) 2025-26 (Attachments A and B, Ordinances) are necessary to address cost changes, such as increased salaries and benefits costs and to ensure full cost recovery, except where the Board has previously directed the County's support to offset fees such as the Agricultural Export, Certified Farmers' Market, and Industrial Hemp Cultivation fees. It is consistent with the Board's commitment to a resilient food supply, continuing agricultural trade, enhanced consumer confidence, and a sustainable environment, and to serve as required matching funds for State supplemental funding. Today's cost recovery proposal considers the impacts of potential reductions in revenues that AWM receives from the State and federal funding sources by ensuring that proposed fees account for any reductions in revenues or reallocation of County funding to allow continuity of mandated programming. The cost recovery proposal also reflects standard assumptions made by the County and may not fully address cost increases based on future negotiated labor agreements, due to the timing of the fee package and the labor negotiations currently underway. Increased costs during FY 2025-26 due to approved labor negotiations will be reflected in future cost recovery packages. The

department will require alternative funding identified as part of the FY 2025-26 CAO Recommended Operational Plan to cover potential increased costs from negotiated labor agreements.

Approximately 86% of the department's costs are fixed, such as salaries and benefits, retirement contributions, enterprise-wide services, and facilities, while 14% of the department's costs are determined by the department based on operational needs, such as services and supplies. This cost recovery proposal reflects known costs as accurately as possible and ensures full cost recovery and continued delivery of programs and services to our customers and communities. By reviewing and updating fees annually, AWM can recover costs in a consistent and predictable manner, while also providing stakeholders an opportunity to plan for smaller, more incremental fee increases.

AWM evaluated 77 fees for this cost recovery proposal and proposes to increase 24 fees and leave 53 fees unchanged. Of the 53 unchanged fees, 44 are capped by the State, of which 38 are for Weights and Measures device annual registration, and six are for Pesticide Regulation annual business registration. Of the remaining nine, five are related to services infrequently requested by customers, and four of the fees remain unchanged due to operational efficiencies. A State surcharge for the Certified Unified Program Assessment will be implemented for the registrants in AWM's Hazardous Materials Inventory Program.

The AWM fee adjustments in this proposal will generate \$139,715 in additional revenue next fiscal year, equivalent to a \$7.00 or 5.2% increase on average per fee. AWM receives County and State funding to partially recuperate the cost of eligible agricultural programs, a portion of which, along with savings from operational efficiencies, was applied to these programs to mitigate cost increases. The County General Purpose Revenue (GPR) support in the amount of \$174,699 serves as required matching funds for State supplemental funding and is consistent with the Board's commitment to and support for agriculture in the region as stated in Board Policy I-133: *Support and Encouragement of Farming in San Diego County*.

In FY 2023-24, the total cost of all agricultural programs was \$22.9 million. Local growers paid a fee total of \$363,000, or 2%, and out-of-county agricultural operators a fee total of \$1.2 million, or 4% of the total cost. For the remaining 94% of the total cost, the County provided \$7.9 million, or about 35%, while State and federal contributions of \$13.5 million covered about 59%. State law mandates that counties provide fiscal support as a matching fund to receive the State supplemental funding. This State funding fluctuates annually and is a separate, dedicated revenue source to supplement, not supplant, the available County funding for eligible agricultural programs. The total amount of \$297,460 in State supplemental funding is applied to limit fee increases for State-mandated agricultural programs in this cost recovery proposal.

Recognizing that many customers are managing economic uncertainties due to possible interruptions to their business operations and rising input costs, AWM continues to leverage the essential use of technology and business process streamlining to limit cost increases, improve customer service, and promote regulatory compliance. AWM has obtained additional cost containment in the Certified Farmers' Market Program by utilizing support staff instead of technical staff and implementing a standard operating procedure for all communications with customers. Additionally, efficiencies were obtained through expedited data entry and certificate issuance in our Agricultural Export Program. These business process improvements include streamlining the customer assignment and review process for grower certification. Efficiencies are also seen due to staff proficiency in previously

implemented cost containment measures such as the use of existing mobile inspection apps, field inspection tools, consolidation of activities with dedicated staff, combining field inspections, and the use of resource documents that reduce paperwork, billable time, and training hours and increase industry engagement for improved compliance and the need for fewer re-inspections. Increased staff proficiency with technological innovations and newly implemented business processes, along with past efficiencies, has provided AWM customers with savings of \$715,000 over the past five fiscal years. New cost savings and past cost savings continue to be applied to cost proposals to reduce cost increases. Without these operational efficiencies implemented in these past five fiscal years, fees would have needed to increase an additional 5% on average each fiscal year.

Today's proposal requests four actions from the Board.

The first action is for the Board to find this proposal exempt from the California Environmental Quality Act (CEQA) as specified under Section 15273(a) of the CEQA Guidelines. The second action is to set a hearing for May 21, 2025, for consideration and adoption of the ordinance. The third action is to approve a waiver of Board Policy B-29 for a total of \$174,699 for operational costs of the Agricultural Export, Certified Farmers' Market, and Industrial Hemp Cultivation Programs, which will be funded by existing GPR in AWM. The fourth action is to approve the introduction of the ordinance for the first reading of AWM's cost recovery proposal and the amendments in the County Administrative Code Section 364.3 relating to the fees and hourly rates on May 7, 2025.

If the Board approves the four actions on May 7, 2025, after making the necessary findings, the Board, on May 21, 2025, will be requested to consider and adopt the ordinance amending Section 364.3 of the County Administrative Code, relating to fees charged by AWM. In accordance with Board Policy B-29, AWM will review fees annually and return to the Board with any changes.

If this cost recovery proposal is not approved, AWM would require one-time alternative County funding in the amount of \$139,715 to maintain services at their current level. If the cost recovery proposal is not approved and no alternative County funding is provided, AWM would experience operational impacts, including reduced effectiveness in regulatory functions, decreased community outreach aimed at fostering understanding of regulations and thus promoting compliance, and these reduced services may increase the risk of not meeting State mandates. These operational impacts would also have a reduction in services that would impact customers by reducing our ability to focus on innovation and streamlining processes that enhance efficiency in meeting operational goals. In addition, there will be a cumulative impact on customers, and the changes in future fee updates will be compounded based on the need to cover the increases in this proposal, plus future year budget adjustments.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

On May 7, 2025:

1. Find in accordance with Section 15273(a) of the California Environmental Quality Act (CEQA) Guidelines that the proposed changes to existing fees are exempt from CEQA.
Approve the findings in Attachment C pursuant to CEQA Guidelines Section 15273(c).
2. Set a hearing for May 21, 2025, for consideration and adoption of an Ordinance amending the San Diego County Administrative Code, relating to fees and hourly rates charged.

3. Waive Board Policy B-29: *Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery* for fees relating to the Agricultural Export, Certified Farmers' Market, and Industrial Hemp Cultivation Programs.
4. Approve the introduction of the Ordinance (first reading):
ORDINANCE AMENDING SECTION 364.3 OF THE SAN DIEGO COUNTY
ADMINISTRATIVE CODE, RELATING TO FEES CHARGED BY THE DEPARTMENT OF
AGRICULTURE, WEIGHTS AND MEASURES.

If on May 7, 2025, the Board takes action as requested in Recommendations 1 through 4 above, then, on May 21, 2025:

1. Consider and adopt the Ordinance amending the San Diego County Administrative Code, relating to fees charged by the Department of Agriculture, Weights and Measures (second reading).

EQUITY IMPACT STATEMENT

The Department of Agriculture, Weights and Measures (AWM) strives to preserve, enhance, and promote quality of life, health and safety, economic equity, access to healthy food, a diverse local economy, and environmental sustainability through our regulatory programs and services. AWM uses County-approved methodologies to ensure that regulated businesses receiving AWM's services are responsible for the associated costs, rather than the public. This proposal supports food security in underserved communities by providing access to locally grown fresh produce and promoting business continuity for small-scale farmers. It also supports consumer confidence and a fair and equitable marketplace by verifying customers are being charged correct prices at retail businesses that use point-of-sale stations to ensure fair business practices.

SUSTAINABILITY IMPACT STATEMENT

The proposed actions will ensure the continuity of programs and services that contribute to the County of San Diego's (County) Sustainability Goals: provide just and equitable access to County services, protect health and wellbeing; and protect ecosystems, habitats, and biodiversity. The proposed actions contribute to County Sustainability Goal No. 1 to provide just and equitable access to County services by involving and considering stakeholder feedback in the cost recovery process and using available resources to improve access to services and positive outcomes. The proposed actions also contribute to County Sustainability Goal No. 4 to protect the health and wellbeing of residents and visitors of the entire region, including underserved communities, and benefit individuals as well as the community at large by protecting the food supply, ensuring price accuracy, and ensuring that operations are handling hazardous materials safely. Ensuring the continuity of the Agricultural Export Program ensures that AWM can protect the region from agricultural pests and disease and protect local habitats and biodiversity.

FISCAL IMPACT

The proposed fee increases are included in the Fiscal Year (FY) 2025-26 CAO Recommended Operational Plan in Agriculture, Weights and Measures (AWM). If approved, this request will result in additional costs and revenue of \$139,715 in FY 2025-26 in Agricultural Export, Certified Farmers' Market, Industrial Hemp Cultivation, Hazardous Materials Inventory, Verification of Agriculture, Price Accuracy, and Weights and Measures Devices programs. The funding source is fees paid by AWM customers. There will be no change in net General Fund cost and no additional staff years.

A waiver of Board of Supervisors (Board) Policy B-29: *Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery* is requested since the proposed fees for Agricultural Export, Certified Farmers' Market, and Industrial Hemp Cultivation do not cover all operating costs. The total unrecovered cost per Board Policy B-29 for FY 2025-26 is approximately \$174,699, and if approved, these programs will be partially funded with existing General Purpose Revenue (GPR) in AWM. The County GPR support serves as required matching funds for State supplemental funding and is consistent with the Board's commitment to and support for agriculture in the region, as stated in Board Policy I-133: *Support and Encouragement of Farming in San Diego County*. AWM will return to the Board with any future necessary fee adjustments, including identification of any unrecovered costs and funding reductions. There will be no additional staff years.

BUSINESS IMPACT STATEMENT

If approved, these recommendations would enable the Department of Agriculture, Weights and Measures to continue providing the necessary services that support public health and safety, a resilient food supply, continuing agricultural trade, enhanced consumer confidence, a sustainable environment for the region, and support the region's \$1.66 billion agricultural industry.

ACTION:

ON MOTION of Supervisor Montgomery Steppe, seconded by Supervisor Desmond, the Board of Supervisors took action as recommended, set a Hearing and introduced the Ordinance for further Board consideration and adoption on May 21, 2025.

AYES: Lawson-Remer, Montgomery Steppe, Desmond

NOT PRESENT: Anderson

ABSENT: (District 1 Seat Vacant)

State of California)

County of San Diego)

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER

Clerk of the Board of Supervisors



Signed

by Andrew Potter

