



COUNTY OF SAN DIEGO

LAND USE AGENDA ITEM

BOARD OF SUPERVISORS

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DATE: May 1, 2024 and May 22, 2024

06

TO: Board of Supervisors

SUBJECT

COST RECOVERY PROPOSAL TO ADOPT ORDINANCES RELATED TO FEES IN THE DEPARTMENT OF AGRICULTURE, WEIGHTS AND MEASURES EFFECTIVE FISCAL YEAR 2024-25 AND CEQA EXEMPTION (5/1/2024 – FIRST READING; 5/22/2024 – SECOND READING UNLESS ORDINANCE IS MODIFIED ON SECOND READING) (DISTRICTS: ALL)

OVERVIEW

This is a request for the 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 (Direct Marketing), Industrial Hemp Cultivation, Hazardous Materials Inventory, Pesticide Regulation Program Registration, Verification of Agriculture, Price Accuracy, and Weights and Measures Devices Programs.

This proposal provides the resources needed for AWM to continue with 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 of San Diego (County) balances environmental, community, and economic interests to enhance the quality of life for residents and visitors. AWM has 30 diverse programs that conduct over 350,000 inspections annually regionwide. Fee-related programs ensure the acceptance of 10,000 agricultural export shipments at destination, the integrity of produce sold at 34 Certified Farmers' Markets, and the verification of price accuracy at 4,600 different retail locations.

The Board's 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 24, 2023 (9). Since that time, AWM has continued to provide services at the approved rates.

The fees proposed today for Fiscal Year (FY) 2024-25 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 support to offset fees such as for the Agricultural Export and Certified Farmers' Market fees. It is consistent with the Board's commitment to a resilient food supply, continuing agricultural trade, enhanced consumer confidence, and a

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sustainable environment, and to serve as required matching funds for State supplemental funding. Today's cost recovery proposal reflects the cost increases for FY 2024-25 relating to salary and benefit costs based on negotiated labor agreements and equity adjustment.

Approximately 86% of AWM's costs are fixed, such as salaries and benefits, retirement contribution, enterprise-wide services, and facilities, while 14% of AWM's costs, such as services and supplies, are discretionary, meaning costs are determined by AWM's operational needs. This cost recovery proposal reflects known costs as accurately as possible and ensures full cost recovery to continue delivering 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 26 fees and leave 51 fees unchanged. Of the 51 unchanged fees, 44 are capped by the State, of which 38 are related to the Weights and Measures device annual registration, six are for pesticide regulation annual business registration. Of the remaining seven, five are related to services infrequently requested by customers, and two of the fees remain unchanged due to operational efficiencies.

The AWM fee adjustments in this proposal will generate \$66,465 in additional revenue next fiscal year equivalent to a \$5.00 or 3.8% increase on average per fee. These proposed increases include salary and benefits costs for FY24-25 based on the three-year negotiated labor agreement that went into effect in FY 2022-23. 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 the cost increases. The General Purpose Revenue (GPR) support is consistent with the Board's commitment and support for agriculture in the region as stated in Board Policy I-133: *Support and Encouragement of Farming in San Diego County* and to serve as required matching funds for State supplemental funding.

In FY 2022-23, the total cost of all agricultural programs was \$20.0 million. Local growers paid a fee total of \$415,575, or 2%, and out-of-county agricultural operators a fee total of \$652,018, or 3% of the total program costs. There was a decline in fees paid by local growers due to a reduced number of businesses participating in export certification and an increase in the number of out-of-county brokers exporting commodities at the international border. For the remaining 95% of program costs, the County provided \$6.6 million, or about 33%, while State and federal contributions of \$12.3 million covered about 62%. State law mandates counties to 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 \$408,358 in State supplemental funding is applied to limit the cost increases for the eligible agricultural programs in this cost recovery proposal.

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Recognizing that many customers are still recovering from a three-year pandemic and incurring rising costs due to inflation, 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 efficiency gains through the expedited data entry and certificate issuance in our Agricultural Export Program. These business process improvements include streamlining the review process for grower certification and a new mobile app that allows faster data input for plant shipment certificates. Efficiencies are also seen due to staff proficiency in previously implemented cost containment measures such as the use of existing 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. These efforts resulted in savings of \$88,612 that is applied in this proposal to reduce the cost increases. Without these operational efficiencies, fees would have needed to increase an additional 1.8% on average.

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 22, 2024, for consideration and adoption of the ordinance. The third action is to approve a waiver of Board Policy B-29 for a total of \$239,829 for operational costs of the Agricultural Export, Certified Farmers' Market, and Industrial Hemp Cultivation Programs, which will be funded by existing General Purpose Revenue. 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 San Diego County Administrative Code Section 364.3 relating to the fees and hourly rates on May 1, 2024. If the Board approves the four actions on May 1, 2024, after making the necessary findings, the Board, on May 22, 2024, will be requested to consider and adopt the ordinance amending Section 364.3 of the San Diego 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 \$66,465 to maintain services at their current level. If the cost recovery proposal is not approved and no alternative County funding is provided, AWM would have operational impacts including reduced ability to conduct community outreach aimed at fostering understanding of regulations and thus promoting compliance. These reductions in services would impact customers by reducing our ability to focus on innovation, streamlining, and meeting operational goals. In addition, there will be a cumulative impact to 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.

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RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER

On May 1, 2024:

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 22, 2024, 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 (Direct Marketing), and Industrial Hemp Cultivation Programs.
4. Approve the introduction of the Ordinance (first reading), read title and waive further reading of the Ordinance:

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 1, 2024, the Board takes action as requested in Recommendations 1 through 4 above, then on May 22, 2024:

1. Consider and adopt the Ordinance amending the San Diego County Administrative Code, relating to fees charged by AWM (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, diverse local economy, and environmental sustainability through our regulatory programs and services. AWM uses County-approved methodologies to ensure 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 promotes 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.

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SUSTAINABILITY IMPACT STATEMENT

The Agriculture, Weights and Measures (AWM) Fiscal Year 2024-25 cost recovery proposal provides fee and hourly rate adjustments that partially cover the cost of services provided to regulated businesses. The fee and hourly rate adjustments are the result of the cumulative increase in cost drivers such as salaries and benefits, services and supplies, and associated department costs. The adjustments to the fees and hourly rates are based on time studies, the number of services provided, cost-containment efforts, expenditure and revenue data, and available funding. These services provide consumer protection, promote the exclusion of invasive agricultural pests, maintain standards at Certified Farmers' Market (Direct Marketing), and provide compliance monitoring of industrial hemp cultivation. They also ensure continuity of agricultural resources that contribute to environmental sustainability and support efforts to mitigate climate impacts. The proposed actions support the County of San Diego's Strategic Initiative of Sustainability to align the County's available resources with services to maintain fiscal stability.

FISCAL IMPACT

The proposed fee increases are included in the Fiscal Year 2024-25 CAO Recommended Operational Plan in Agriculture, Weights and Measures (AWM). If approved, this request will result in costs and revenue of \$66,465 in Fiscal Year 2024-25 in Agricultural Export, Certified Farmers Market (Direct Marketing), 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 Policy B-29: *Fees, Grants, Revenue Contracts – Department Responsibility for Cost Recovery* (Board Policy B-29) is requested since the proposed fees for the 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 2024-25 is approximately \$239,829 and if approved, these programs will be funded with existing AWM General Purpose Revenue. AWM will return to the Board with any future necessary fee adjustments including identification of any unrecovered costs and funding sources. There will be no additional staff years. The proposed actions support the County of San Diego's Strategic Initiative of Sustainability to align the County's available resources with services to maintain fiscal stability.

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, and a sustainable environment for the region.

ADVISORY BOARD STATEMENT

N/A

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BACKGROUND

The Department of Agriculture, Weights and Measures (AWM) is committed to providing regionwide services that support public health and safety, a resilient food supply, continuing agricultural trade, enhanced consumer confidence, and a sustainable environment.

Board of Supervisors 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. Under this Board Policy, an entity or individual is responsible for all costs associated with services provided by the department to ensure those individuals benefiting from the services pay for them, rather than the public. Exceptions require specific Board approval.

Recognizing that many customers are still recovering from a three-year pandemic, and incurring rising costs due to inflation, AWM continues to focus on cost containment through innovation, efficiencies, and streamlining so that those savings can be applied where possible. The practice of continuous improvement, implementing operational efficiencies, such as online services and automation, as well as prioritizing resources in key areas, has positioned AWM to respond to evolving program and regulatory changes. AWM has continued to implement time and cost-saving improvements and initiatives for both the Department and customers, such as mobile field inspection apps, streamlining of operational processes, and developing additional resource documents, such as checklists and tutorials to increase industry engagement in maintaining compliance.

The fees proposed today for Fiscal Year (FY) 2024-25 (Attachments A and B, Ordinances) are necessary to address cost changes such as increased salaries and benefits costs, and ensure full cost recovery, except where the Board has previously allowed for County support to offset fees. Additionally, in FY 2024-25, we anticipate a 10% increase in facility maintenance and management costs and a 12% increase in costs paid to other County departments for their services, such as information technology, Auditor and Controller, and human resources, which are reflected in this cost recovery proposal. AWM also factored in other fixed costs, which fluctuate annually and are beyond the Department's direct control, such as County utilities costs and insurance premiums.

Today's cost recovery proposal reflects the salaries and benefits cost increases for FY 2024-25 based on the current negotiated labor agreements and equity adjustments that went into effect in FY 2022-23. Approximately 86% of AWM's costs are fixed, such as salary and benefits, retirement, enterprise-wide services, and facilities, while 14% of AWM's costs, such as services and supplies, are discretionary, meaning costs are determined by AWM based on operational needs. This proposal reflects known costs and ensures full cost recovery for continued delivery of program services to our customers and communities, data-driven decisions, and community outreach. By reviewing and updating fees annually, AWM can recover costs in a consistent and

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predictable manner, while also providing stakeholders an opportunity to plan for smaller, more incremental fee increases as stakeholders have requested.

AWM receives County and State funding to partially recuperate the cost of eligible agricultural programs. A portion of this funding, along with operational efficiencies, were applied to the programs in this proposal to mitigate cost increases. The General Purpose Revenue (GPR) support is consistent with the Board's commitment and support for agriculture in the region as stated in Board Policy I-133: *Support and Encouragement of Farming in San Diego County*, and to serve as required matching funds for State supplemental funding.

In FY 2022-23, the total cost of all agricultural programs was \$20.0 million. Local growers paid a fee total of \$415,575, or 2%, and out-of-county agricultural operators paid a fee total of \$652,018, or 3% of the total program costs. The remaining 95% of program costs were covered by the government/taxpayers: the County provided \$6.5 million, or about 33%, while State and federal contributions of \$12.3 million covered about 62%. Of the \$12.3 million in federal and State funding, \$4.9 million comes from the State through proportional disbursements of Unrefunded Gas Tax. State law mandates counties to provide fiscal support to receive this 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. For this cost recovery proposal, AWM applied a total amount of \$408,358 of State supplemental funding to mitigate the cost increases for the eligible agricultural programs.

Agricultural Programs	Amount	Percentage of Total Cost	Industry	Fee Amount of Total Cost	Percentage of Total Cost
Industry	\$1.1 million	5%	Local	\$415,575	2%
			Out-of-County	\$652,018	3%
County	\$6.6 million	33%			
State	\$12.3 million	62%			
Total Cost	\$20.0 million	100%			

AWM seeks opportunities to contain costs where possible through efficiency gains in business processes that leverage technology to streamline operations, improve customer service, and increase regulatory compliance. AWM has seen new efficiency gains and cost containment through improvements in business processes that have expedited data entry and certificate issuance in the Agricultural Export program. There also continues to be efficiency gains due to staff proficiency in previously implemented cost containment measures. Some of the cost containment measures that continue to improve efficiency include mobile field inspection apps, streamlining of operational processes, and developing additional resource documents, such as checklists and tutorials to increase industry engagement in maintaining compliance. Increased staff proficiency with technology innovations and newly implemented business processes is projected to yield savings of \$88,612 in FY 2024-25. Without the operational efficiencies, fees would have needed to increase an additional 1.8% on average.

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The last cost recovery proposal was approved by the Board on May 24, 2023 (9). The fees proposed for FY 2024-25 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 support to offset fees.

If this cost recovery proposal is not approved, AWM would require one-time alternative County funding in the amount of \$66,465 to maintain services at their current level. If the cost recovery proposal is not approved and alternative funding is not identified, AWM would have operational impacts including increased processing times, reduced ability to conduct community outreach, and reduced ability to perform research and data analysis to support data-driven decision-making. These reductions in services would impact customers by increasing overall costs to applicants as well as limiting our opportunities for innovation, streamlining, and meeting operational goals. In addition, there will be a cumulative impact to customers and the change in future fee updates will be compounded based on the need to cover the increases in this proposal, plus future year budget adjustments.

Fee Development Process

The methodology used to develop fees for AWM is an approach that is consistent across the County of San Diego (County) enterprise and is followed by other groups with fees, such as the Health and Human Services Agency and the Public Safety Group. AWM analyzed programs, including a review of State mandates, program operations, inspection frequencies, service levels, and how AWM's fees compare to other comparable counties. The fee development process combines a determination of the staff time required to provide specific regulatory program services and a determination of the hourly rate that will recover County costs for those services. Determining time requirements begins with an evaluation of current legal requirements for mandated service levels and any other new requirements set by the State. The next step consists of determining the impacts of process improvements on time requirements. Time studies for each fee type were also conducted. This information, as well as forecasted changes in services, was used to determine workload and associated staffing needs.

The hourly rate is the foundation of how the County enterprise recovers costs for their services. The hourly rate is comprised of many components, including the labor rate paid to staff, their benefit costs, equipment and supply costs, and a share of the administrative costs of the Department and the County, such as services provided by County Counsel and the Department of Human Resources. The hourly rate was then used to calculate each fee based on the number of actual hours of documented time required by staff to perform each service.

The Auditor and Controller has reviewed and approved the methodology and supporting documentation used to determine the proposed hourly rates and fees in this proposal. The Auditor and Controller found that the methodology used is consistent with Board Policy B-29 and in conformance with existing cost recovery policies and procedures.

Cost Recovery Proposal

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If approved, the cost recovery proposal will be effective in FY 2024-25 beginning on July 1, 2024. The proposed fees would remain in place until further adjusted by ordinance and approved by the Board. After completing the annual review process, the average proposed adjustment is \$5.00 or 3.8%. These increases include costs for salary and benefits including increases due to the negotiated labor agreement that went into effect in FY 2022-23.

AWM evaluated 77 fees for this cost recovery proposal and proposes to increase 26 fees and leave 51 fees unchanged. Of the 51 unchanged fees, 44 are capped by the State, 38 of which are related to the Weights and Measures device annual registration, and six are for pesticide regulation annual business registration. Of the remaining seven, five are infrequently requested by customers to register as agricultural enterprises and obtain permits to harvest native plants in the desert and canceling without notice scheduled Weights and Measures device inspections, and two of the fees remain unchanged due to operational efficiencies.

Agricultural Export

The Agricultural Export Program inspects and certifies agricultural shipments for export, a service that is vital for the region's agricultural sector to access markets in other California counties, and other states and countries. County and State funding support the trapping, inspections, and pest exclusion activities that prevent the spread of invasive species, minimize pesticide use, and reduce carbon outputs. In FY 2022-23, AWM issued about 9,000 phytosanitary certificates to declare to the agricultural officials at the destination that the agricultural shipments are free of harmful pests and plant diseases. These certificates were required to accompany the agricultural shipments exported to 46 countries, 18 states, two U.S. territories, and 37 California counties. All these certified shipments were successfully accepted at their destinations.

AWM continues to see cost containment and operational efficiencies in this program by streamlining the inspection assignments and the use of compliance agreements to meet the regulatory requirements of other jurisdictions when applicable. AWM evaluated 10 fees for this cost recovery proposal in the Agricultural Export Program. There are proposed increases to five fees and two hourly rates shown in the table below. These proposed increases constitute an average increase of 4.7%. If approved, the increases will result in projected additional revenue of \$40,730 in FY 24-25.

Proposed Agricultural Export Fee and Hourly Rate Adjustments			
Fee	Existing	Proposed	Increase
Domestic Plant Shipment Certification fee	\$47	\$50	\$3
International Plant Shipment Certification fee	\$107	\$111	\$4
Domestic Counter Service Certification fee	\$39	\$43	\$4
International Counter Service Certification fee	\$84	\$88	\$4

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Missed Appointment fee	\$78	\$80	\$2
Hourly Rate	Existing	Proposed	Increase
Specialized Field Inspections hourly rate	\$156/hr	\$160/hr	\$4/hr
After Hours Inspections hourly rate	\$234/hr	\$240/hr	\$6/hr

Certified Farmers Market (Direct Marketing)

The Certified Farmers Market (Direct Marketing) Program supports food security in communities by creating access to markets where locally grown fresh produce is available, provides opportunities for community belonging and engagement, and reduces carbon footprints. This program supports the availability of healthy local produce for local consumption by allowing participating small-scale growers to sell directly to customers without the added costs related to the required retail packaging and extended transportation for nonparticipating farmers.

AWM continues to see cost containment and gains in operational efficiencies in this program by combining various inspections and reducing documentation processes where applicable. AWM evaluated six fees for this cost recovery proposal in the Certified Farmers Market Program. There are proposed increases to four fees and two hourly rates shown in the table below. These proposed increases, excluding the less-used Additional County Listing and Certificate Change or Addition fees, constitute an average of 2.8%. If approved, the increases will result in projected additional revenue of \$2,042 in FY 2024-25.

Proposed Certified Farmers Market Fee and Hourly Rate Adjustments			
Fee	Existing	Proposed	Increase
Certified Farmers Market Certification fee	\$202	\$208	\$6
Certified Producer's Certification fee	\$60	\$62	\$2
Additional County Listing on a Certified Producer's Certificate fee	\$13	\$14	\$1
Certified Producer's Certificate Change or Addition fee	\$13	\$14	\$1
Hourly Rate	Existing	Proposed	Increase
Certified Producer Inspection hourly rate	\$182/hr	\$186/hr	\$4/hr
Certified Farmers Market Inspection hourly rate	\$182/hr	\$186/hr	\$4/hr

Industrial Hemp Cultivation

The Industrial Hemp Cultivation Program supports economic opportunities for local farmers and protects the public and natural resources from illegal cultivation activities. AWM promotes regulatory compliance among industrial hemp cultivators through outreach and enforcement relating to registration, inspection, sampling, testing, and approval or removal of crop harvest at the local level. Although industrial hemp remains present in the region, the number of cultivators

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has been steadily declining both locally and statewide; this decrease can be attributed to the absence of a large market for hemp products. AWM continues to see cost containment in this program by streamlining the sample approval process, reducing attendance to state advisor meetings, and video inspections of crop removal verification.

AWM evaluated two fees for this cost recovery proposal in the Industrial Hemp Cultivation Program. There are proposed increases to the license fee and the hourly rate shown in the table below. These proposed increases constitute an average increase of 4.2%. If approved, the increase will result in projected additional revenue of \$603 in FY 2024-25.

Proposed Industrial Hemp Cultivation Fee and Hourly Rate Adjustments			
Fee	Existing	Proposed	Increase
Industrial Hemp Cultivation Licensing fee	\$214	\$223	\$9
Hourly Rate	Existing	Proposed	Increase
Industrial Hemp hourly rate	\$146/hr	\$152/hr	\$6/hr

Hazardous Materials Inventory

The Hazardous Materials Inventory Program (HMI) monitors the hazardous material inventory at farms in the region. Farmers who store hazardous materials such as fertilizer and fuels, over specified thresholds, as part of their operations must participate in the HMI. HMI conducts inventory inspections and reviews business plans to ensure they are current and complete. In Fiscal Year 2022-23, AWM conducted 80 inspections at farms where the hazardous materials are stored and reviewed 337 business plans. This protects our natural and agricultural resources, first responders during emergencies, and the larger community from accidental releases and improper handling and storage of hazardous materials.

AWM evaluated two fees for this cost recovery proposal in the HMI Program. AWM is committed to implementing services that provide cost savings to agricultural operations. Since 2021 AWM has held pesticide container recycling and pesticide disposal events that allow operations to dispose of pesticide containers and stored pesticides they are no longer using safely and at no cost. To date, the amount of money these events have saved agricultural operations is an estimated \$476,000. AWM also provides cost savings through operational efficiencies and containment of costs by educating operators and reducing the number of hazardous materials stored at farms in the HMI. AWM also transferred the reviews of the farms' business plans and California Environmental Reporting Systems' submittals to an Environmental Health Technician. These tasks were historically done by an inspector at a higher cost rate. If approved, the changes will result in a projected increase in revenue of \$5,680.

Proposed Hazardous Materials Inventory Fees Adjustments			
Fee	Existing	Proposed	Increase

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Base Fee Registration	\$533	\$546	\$13
Inventory	\$96/item/year	\$100/item/year	\$4/item/year

Pesticide Regulation Program Registration

The Pesticide Regulation Program protects human health and the environment by regulating pesticide use and fostering reduced-risk pest management through permits, outreach, inspections, illness investigations, and enforcement. Structural fumigation businesses, pest control businesses, and farm labor contractors are required to register in every county they conduct work to ensure regulatory compliance. These registrations allow counties to ensure consistent statewide regulation which is intended to protect workers, the public, and the environment.

AWM evaluated all nine of the registration fees in the Pesticide Regulation Program. Although there are no proposed increases to the nine fees, the ordinance will be updated to reflect the State's most current annual registration fees for the six state-capped fees relating to Agricultural Pest Control Advisors, Agricultural Pest Control Pilots, Maintenance Gardeners, and Branch 2 and 3 Structural Pest Control Businesses. This change to the ordinance will streamline efforts for adjusting these fees in the future. The remaining three fees for Farm Laborer Contractors, Agricultural Pest Control Businesses, and Branch 1 Structural Pest Control businesses will continue to be evaluated annually for cost recovery.

Verification of Agriculture

The Verification of Agriculture Program assists the Department of Planning & Development Services in determining local farmers' eligibility in the farmworker housing permitting process. AWM verifies active commercial agricultural operations upon request by reviewing records and conducting site visits as needed to ensure these agricultural operations meet the permitting requirements. On average, AWM provides this service to one agricultural operation annually. This type of housing supports the needs of the farmworkers and the agricultural community.

AWM evaluated two fees for this cost recovery proposal. There are proposed increases to one fee and one hourly rate shown in the table below. These proposed increases constitute an average of 4.0%. If approved, the increases will result in projected additional revenue of \$11.00 in FY 2024-25.

Proposed Verification of Agriculture Fee and Hourly Rate Adjustments			
Fee	Existing	Proposed	Increase
Application Processing fee	\$159	\$166	\$7
Hourly Rate	Existing	Proposed	Increase
Follow-up Site Visit hourly rate	\$112/hr	\$ 116/hr	\$4/hr

SUBJECT: COST RECOVERY PROPOSAL TO ADOPT ORDINANCES RELATED TO FEES IN THE DEPARTMENT OF AGRICULTURE, WEIGHTS AND MEASURES EFFECTIVE FISCAL YEAR 2024-25 AND CEQA EXEMPTION (5/1/2024 – FIRST READING; 5/22/2024 – SECOND READING UNLESS ORDINANCE IS MODIFIED ON SECOND READING) (DISTRICTS: ALL)

Price Accuracy

The Price Accuracy Program supports consumer confidence and a fair marketplace by verifying customers are being charged the correct prices at retail businesses that use point-of-sale stations to scan product barcodes for pricing. By preventing pricing overcharges and unfair business practices, this program supports economic sustainability and equity, especially in underserved communities that experience disproportionate effects from price overcharges. This program is full cost recovery.

AWM continues to achieve cost containment and gains in operational efficiencies in this Program through the implementation of an innovative field inspection application that assists in scanning barcodes, saving pricing data, and generating inspection reports. The Tier Registration fees are based on the number of point-of-sale stations (cash registers with price scanners) at the business. AWM evaluated four fees for this cost recovery proposal in the Price Accuracy Program. There are proposed increases to three fees and the one hourly rate shown in the table below. These proposed increases constitute an average of 1.3%. If approved, the increase will result in projected additional revenue of \$10,034 in FY 2024-25.

Proposed Price Accuracy Fee and Hourly Rate Adjustment			
Fee	Existing	Proposed	Increase
Tier 1 (1-3 Point-of-Sale Stations) Registration fee	\$160	\$162	\$2
Tier 2 (4-9 Point-of-Sale Stations) Registration fee	\$218	\$220	\$2
Tier 3 (10 or more Point-of-Sale Stations) Registration fee	\$272	\$274	\$2
Hourly Rate	Existing	Proposed	Increase
Re-inspection hourly rate (due to regulatory non-compliance)	\$168/hr	\$172/hr	\$4 /hr

Weights & Measures Devices

The Weights & Measures Devices Program supports consumer confidence and economic equity and sustainability by verifying that commercial weighing and measuring devices are accurate. AWM evaluated 41 fees for this cost recovery proposal for the Weights & Measures Devices Program. This proposal provides funding that will allow AWM to support continued access to County water submeter inspection and other requested services. Multi-family building management bill their tenants the utility charges based on the submeters that measure each tenant's utility usage. New multi-family building developments are required to install water submeters, and AWM inspects tens of thousands of submeters each year. Mandated annual inspections for submeters registered in the region are not charged the hourly rate. AWM also receives out-of-county requests to inspect water submeters and the hourly rate is charged for these requested inspections. The hourly rate for inspecting both non-commercial devices and commercial water submeters by customer requests would increase by \$8.00 (\$168 to \$176/hour).

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The proposed increase constitutes an average increase of 4.8%. If approved, the increase will result in projected additional revenue of \$7,360 in FY 2024-25. One fee related to requests for inspections of devices outside of the annually mandated inspection, a service infrequently requested by customers, remains unchanged. The remaining 35 fees are capped by State law, which was updated effective January 1, 2024, and are not part of this fee package.

Hourly Rate	Existing	Proposed	Increase
Non-Commercial Device Inspection	\$168	\$176	\$8
Non-Registered Water Submeter	\$168	\$176	\$8

The Board's approval of these recommendations will allow AWM to provide quality customer service, comply with new mandates, and ensure that fees and hourly rates recover the County's costs where feasible in alignment with Board Policy B-29. A detailed summary of all fee adjustments is included in Attachment D.

Customer/Stakeholder Engagement

AWM continues to value its collaboration with customers and stakeholders to promote a diverse agricultural community, human health and safety, consumer confidence, and a sustainable environment. AWM is committed to transparency and ensuring access to available services. AWM currently offers various outreach documents and website information in preferred languages and provides translation services to customers who need language access. To promote stakeholder engagement, AWM sent informational workshop notices with language access options to all known impacted customers by mail, email, and website posting. Workshops were held in person and virtually. These notices included this proposal's details and contact information.

AWM held a total of six outreach events, with translation services available, in March and April 2024, for representatives from the San Diego County Farm Bureau, San Diego County Flower and Plant Association, farmers, ornamental nursery growers, agricultural exporters, Certified Producers, Certified Farmers Market operators, industrial hemp cultivators, retail businesses using point-of-sale stations, and businesses that request inspections of commercial and non-commercial weights and measures devices (Attachment E). The agricultural customers recognized that the fee increases were reasonable and appreciated the operational efficiencies that AWM implemented to mitigate cost increases. They stated that the uncertainty in economic conditions and the inclement weather have had impacts on their businesses and they appreciate that the proposed increases are manageable. They also emphasized the value of outreach in mitigating violations that could result in enforcement actions and wanted to ensure that there is continued funding to support these outreach activities. No concerns were raised by the Price Accuracy and Weights and Measures Device customers during the outreach.

ENVIRONMENTAL STATEMENT

SUBJECT: COST RECOVERY PROPOSAL TO ADOPT ORDINANCES RELATED TO FEES IN THE DEPARTMENT OF AGRICULTURE, WEIGHTS AND MEASURES EFFECTIVE FISCAL YEAR 2024-25 AND CEQA EXEMPTION (5/1/2024 – FIRST READING; 5/22/2024 – SECOND READING UNLESS ORDINANCE IS MODIFIED ON SECOND READING) (DISTRICTS: ALL)

The proposed project is exempt under California Environmental Quality Act (CEQA) Guidelines Section 15273(a) because it proposes appropriations and adjustments to fees related to agricultural and weights and measures programs for the purpose of meeting operating expenses. As stated under statutory exemption 15273(a), CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates by public agencies which the public agency finds are for the purpose of meeting operating expenses, including employee wage rates and fringe benefits as described in the Environmental Findings required under CEQA, included in Attachment C.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support Sustainability, Community, and Equity Strategic Initiatives in the County of San Diego's Fiscal Year 2024-29 Strategic Plan by allowing the Department of Agriculture, Weights and Measures to continue supporting public health and safety, a resilient food supply, continuing agricultural trade, enhanced consumer confidence, and a sustainable environment for the region. Aligning services to available resources to maintain fiscal stability is ensured through achieving full cost recovery for services provided to external customers where feasible, as directed in Board Policy B-29: *Fees, Grants, Revenue Contracts – Department Responsibility for Cost Recovery*.

Respectfully submitted,



DAHVIA LYNCH
Interim Deputy Chief Administrative Officer

ATTACHMENT(S)

- Attachment A – Ordinance Section 364.3 (Clean)
- Attachment B – Ordinance Section 364.3 (Informational)
- Attachment C – CEQA Findings
- Attachment D – Comparison of Current and Proposed Fees
- Attachment E – Stakeholder Outreach