



COUNTY OF SAN DIEGO

LAND USE AGENDA ITEM

BOARD OF SUPERVISORS

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First District

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Second District

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Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: May 7, 2025 and May 21, 2025

08

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 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

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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

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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

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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:

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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

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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.

ADVISORY BOARD STATEMENT

N/A

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 (Board) Policy B-29: *Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery* 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 customers have incurred rising costs, 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 programmatic 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) 2025-26 (Attachments A and B, Ordinances) are necessary to address cost changes such as projected increases in salaries and benefits costs, and

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ensure full cost recovery, except where the Board has previously allowed for County support to offset fees. Additionally, in FY 2025-26, 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 utility costs and insurance premiums.

Today's cost recovery proposal considers the impacts of potential reductions in revenues that AWM receives from the State and federal funding sources and has adjusted fees accordingly to ensure that there will be continuity in service delivery for programs that may be affected by the revenue reductions. This 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 AWM's costs are fixed, such as salary and benefits, retirement, 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 proposal reflects known costs and ensures full cost recovery for the continued delivery of program 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, 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, was applied to the programs in this proposal to mitigate cost increases. The amount of County and State funding used to mitigate cost increases was adjusted to accommodate potential reductions to State and federal revenue sources and did affect the proposed increases in this proposal. 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 paid a fee total of \$1.2 million, or 4%, of the total program costs. For the remaining 94% of program costs, the County provided \$7.9 million, or about 35%, while State and federal contributions of \$13.5 million covered about 59%. Of the \$13.5 million in federal and State funding, \$5.9 million comes from the State through disbursements of State supplemental funding. State law mandates that counties

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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 \$297,460 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	\$1.5 million	6%	Local	\$363,000	2%
			Out-of-County	\$1.2 million	4%
County	\$7.9 million	35%			
State	\$13.5 million	59%			
Total Cost	\$22.9 million	100%			

AWM continues to seek opportunities to contain costs where possible through efficiency gains that leverage technology to streamline operations, improve customer service, and increase regulatory compliance. AWM has seen new cost containment in the Certified Farmers' Market Program through strategic staffing adjustments to optimize costs by transitioning certain activities from technical staff to support staff and implementing a standard operating procedure for all communications with customers. Additionally, improvements in business processes 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 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 and prior year cost savings continue to be applied to cost proposals to reduce the cost increases. Without the operational efficiencies implemented in the past five fiscal years, fees would have needed to increase an additional 5% on average each year.

The last cost recovery proposal was approved by the Board on May 22, 2024 (4). The fees proposed for FY 2025-26 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 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 \$139,715 to maintain services at their current level. If the cost recovery proposal is not approved and alternative funding is not identified, AWM would experience operational impacts, including reduced effectiveness in regulatory functions, decreased

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community outreach aimed at fostering understanding of regulations and thus promoting compliance, and reduced services may increase the risk of not meeting State mandates. In addition, there will be a cumulative impact on 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 fee proposals, 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 its services. The hourly rate is comprised of various components, including the labor rates 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 have 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

If approved, the cost recovery proposal will be effective in FY 2025-26 beginning on July 1, 2025. 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 \$7.00 or 5.2%. These increases include standard assumptions made by the County for cost increases 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

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Recommended Operational Plan to cover potential increased costs from negotiated labor agreements.

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, 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 nine, five are infrequently requested by customers to register as agricultural enterprises, obtaining permits to harvest native plants in the desert, and canceling without notice the scheduled Weights and Measures device inspections. Four 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.

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, states, and countries. In FY 2023-24, AWM issued over 10,000 phytosanitary certificates for plants and plant products being shipped to foreign countries. AWM inspectors inspect export shipments to ensure they are free of harmful pests and plant diseases, and to conform to importing country requirements. AWM certified agricultural shipments to 38 countries, 18 states, two U.S. territories, and 26 California counties. All shipments certified by AWM were successfully accepted at destination.

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 4.6%. If approved, the increases will result in projected additional revenue of \$64,831 in FY 25-26. There is a potential decline in this fee revenue related to the possible reduced number of businesses participating in agricultural export certification due to the potential tariff impacts with San Diego’s international trading partners.

Proposed Agricultural Export Fee and Hourly Rate Adjustments			
Fee	Existing	Proposed	Increase
International Plant Shipment Certification fee	\$111	\$118	\$7
International Counter Service Certification fee	\$88	\$93	\$5
Domestic Plant Shipment Certification fee	\$50	\$53	\$3
Domestic Counter Service Certification fee	\$43	\$46	\$3

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Missed Appointment fee	\$80	\$82	\$2
Hourly Rate	Existing	Proposed	Increase
Specialized Field Inspections hourly rate	\$160/hr.	\$164/hr.	\$4/hr.
After Hours Inspections hourly rate	\$240/hr.	\$246/hr.	\$6/hr.

Certified Farmers’ Market

The Certified Farmers’ Market 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 also supports economic opportunities by allowing participating small-scale growers to sell directly to customers without the added costs related to retail packaging and extended transportation required for nonparticipating farmers. Using grant funding, expiring in March, AWM also worked to increase access to locally grown foods at the Certified Farmers’ Markets by increasing the acceptance of nutritional benefits and conducting outreach campaigns that informed community members of Certified Farmers’ Markets that accepted nutritional benefits. These efforts have been part of AWM’s community needs assessment project to help increase food security within the region.

AWM sees new cost containment through strategic staffing adjustments to optimize costs and implementing a standard operating procedure for all communications with customers. AWM also 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 constitute an average of 6.5%. If approved, the increases will result in projected additional revenue of \$5,426 in FY 2025-26.

Proposed Certified Farmers’ Market Fee and Hourly Rate Adjustments			
Fee	Existing	Proposed	Increase
Certified Farmers’ Market Certification fee	\$208	\$220	\$12
Certified Producer’s Certification fee	\$62	\$66	\$4
Additional County Listing on a Certified Producer's Certificate fee	\$14	\$15	\$1
Certified Producer's Certificate Change or Addition fee	\$14	\$15	\$1
Hourly Rate	Existing	Proposed	Increase
Certified Producer Inspection hourly rate	\$186/hr.	\$198/hr.	\$12/hr.
Certified Farmers’ Market Inspection hourly rate	\$186/hr.	\$198/hr.	\$12/hr.

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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 related 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 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 at State advisory meetings, consolidating activities with dedicated staff, coupling with other inspections when possible, 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 7.2%. If approved, the increase will result in projected additional revenue of \$562 in FY 2025-26.

Proposed Industrial Hemp Cultivation Fee and Hourly Rate Adjustments			
Fee	Existing	Proposed	Increase
Industrial Hemp Cultivation Licensing fee	\$223	\$239	\$16
Hourly Rate	Existing	Proposed	Increase
Industrial Hemp hourly rate	\$152/hr.	\$163/hr.	\$11/hr.

Hazardous Materials Inventory

The Hazardous Materials Inventory Program (HMI) 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 on farms in the region. Farmers who store hazardous materials, such as fertilizers 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 FY 2023-24, AWM conducted 72 inspections at farms where the hazardous materials are stored and reviewed 312 business plans.

AWM evaluated two fees for this cost recovery proposal in the HMI Program. There are no proposed changes to the fees for the Hazardous Materials Inventory due to efficiencies gained

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through reduction in inspection times and reduced inventory to inspect. This program is full cost recovery.

AWM continues to be committed to implementing services that provide cost savings to regulated agricultural operations. Since 2021, AWM has held unwanted pesticide disposal events and pesticide container recycling that allow operations to dispose of unwanted pesticides and empty pesticide containers safely and at no cost by leveraging external funding. To date, these events have saved agricultural operations about \$750,000. AWM also provides cost savings through operational efficiencies and containment of costs by educating operators to reduce the number of hazardous materials stored at farms. AWM also assigned the reviews of the farms' business plans and California Environmental Reporting Systems' submittals to a more cost-efficient staff.

The regulated operators in the HMI Program will need to pay a State surcharge that has been in effect since 2023. The California Environmental Protection Agency surcharge is an assessment on each facility that has hazardous materials to recover the necessary and reasonable costs for the State to provide program implementation, ongoing maintenance, and oversight. The County is responsible for collecting the surcharge from persons, owners, or operators who need to obtain facility permits and inspections and transmitting this surcharge to the State. The State surcharge is not a County fee, and the collected revenues are not retained by the County but forwarded to the State.

Proposed Hazardous Materials Inventory Fees Adjustments			
Fee	Existing	Proposed	Increase
Base Fee Registration	\$546	\$546	\$0
Inventory	\$100/item/year	\$100/item/year	\$0/item/year
State Surcharge for Certified Unified Program Agency Oversight	\$-	\$94/year	\$94/year

Price Accuracy

The Price Accuracy Program supports consumer confidence and a fair marketplace by verifying that customers are charged accurate prices at retail businesses using point-of-sale stations (cash registers with price scanners). 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 realize cost containment through past innovations in operational efficiency in this program, including the use of a unique field inspection application that assists in scanning barcodes, coupling inspection activities where appropriate, and a specialized document storage and reporting system. The Tier Registration fees are based on the number of point-of-sale stations

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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 5.5%. If approved, the increase will result in projected additional revenue of \$58,064 in FY 2025-26.

Proposed Price Accuracy Fee and Hourly Rate Adjustment			
Fee	Existing	Proposed	Increase
Tier 1 (1-3 Point-of-Sale Stations) Registration fee	\$162	\$173	\$11
Tier 2 (4-9 Point-of-Sale Stations) Registration fee	\$220	\$235	\$15
Tier 3 (10 or more Point-of-Sale Stations) Registration fee	\$274	\$293	\$19
Hourly Rate	Existing	Proposed	Increase
Re-inspection hourly rate (due to regulatory non-compliance)	\$172/hr.	\$174/hr.	\$2/hr.

Weights and Measures Devices

The Weights and Measures Devices Program supports consumer confidence, 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 and Measures Devices Program. Many of the fees are capped by State law, but the hourly rates for requested inspections of non-commercial devices and non-registered utility submeters are not capped and are part of our cost recovery proposal. Multi-family housing management may bill tenants' utility charges based on utility submeters that measure each tenant's utility usage. New multi-family building developments are required to install utility submeters, and AWM receives requests to inspect utility submeters from different places across the State, and the hourly rate is charged for these requested inspections. AWM inspects tens of thousands of submeters each year. The funding collected from these fees allows AWM to support continued access to County submeter inspection and other requested services. Mandated annual inspections for utility submeters registered in the region are not charged the hourly rate.

AWM continues to see cost containment and operational efficiencies in this program by streamlining inspections through the use of mobile applications that help reduce time spent on paperwork and tracking of devices and ensure greater accuracy and timeliness when conducting inspections. The proposed increase constitutes an average increase of 6.8%. If approved, the increase will result in projected additional revenue of \$10,812 in FY 2025-26.

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Hourly Rate	Existing	Proposed	Increase
Non-Commercial Device Inspection	\$176/hr.	\$188/hr.	\$12/hr.
Non-Registered Utility Submeter	\$176/hr.	\$188/hr.	\$12/hr.

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 human health and safety, consumer confidence, a diverse regulated community, 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 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 2025, for representatives from the San Diego County Farm Bureau, farmers, ornamental nursery growers, agricultural exporters, Certified Farmers Market operators, Certified Producers, 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 appreciated the operational efficiencies that AWM implements to mitigate cost increases and understood the need for the cost recovery proposal but expressed concerns about current economic conditions. They expressed that the economic uncertainties and cost increases for operational inputs, such as water and other supplies, are creating operational challenges and that any cost increases present impacts to their businesses. No concerns were raised by the Price Accuracy and Weights and Measures Device customers during the outreach.

ENVIRONMENTAL STATEMENT

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

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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 the Sustainability, Community, and Equity Strategic Initiatives in the County of San Diego's 2025-30 Strategic Plan by allowing the Department of Agriculture, Weights and Measures to continue providing services that support public health and safety, a resilient food supply, 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 of Supervisors Policy B-29: *Fees, Grants, Revenue Contracts – Department Responsibility for Cost Recovery*.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Dahvia Lynch', with a stylized flourish extending to the right.

DAHVIA LYNCH

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