

DEHQ Department Fee Analysis and Descriptions**Overview**

DEHQ protects public health, the environment, and the community with over 40 programs that prevent disease, promote environmental responsibility, and enforce environmental and public health laws. DEHQ operates environmental health programs that regulate restaurants, public swimming pools, body art, substandard housing, septic systems, water wells, and hazardous materials. In addition, DEHQ serves as the Certified Unified Program Agency (CUPA) for hazardous materials and hazardous waste, the Solid Waste Local Enforcement Agency (LEA), and is delegated the duties to implement and enforce the authority of a mosquito abatement and vector control district.

DEHQ works in communities across the county, conducting more than 70,000 inspections annually, including oversight of over 15,000 food facilities and 15,000 businesses with hazardous materials. Through these services, DEHQ balances environmental, community, and economic interests to enhance the quality of life for residents and visitors.

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 21, 2025 (8). Since that time, DEHQ has continued to provide services at the approved rates. The Board also approved a B-29 waiver for fee waivers and use of departmental one-time funds in certain DEHQ programs, such as discretionary projects, and the food, body art, massage, organized camp, state small water system and hazardous material programs in Fiscal Year (FY) 2025-26.

The fees proposed today for FY 2026-27 (Attachments H and I, 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 fee waivers, such as fee waivers for non-profit temporary event permits, charitable feeding permits and veteran permits, and the County's support to offset fees such as in the food, body art, massage, organized camp, state small water system, and hazardous materials programs.

Fees

Approximately 86% of the department's costs are fixed, such as salary 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 proposal reflects known costs and ensures full cost recovery for continued delivery of program services to customers and communities. By reviewing and updating fees annually, DEHQ 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.

As part of this fee proposal, DEHQ evaluated 233 fees, hourly rates, and deposits, and proposes to increase 117 fees, decrease four fees, delete one fee, add one new fee and modify four fees by adjusting the fee structure. Additionally, 112 fees are proposed not to change. The fee adjustments in this proposal will generate \$1,575,247 in additional revenue next fiscal year, equivalent to a 3.2% increase on average per fee. The increase includes additional estimated costs and revenue of \$995,193 in the food program, \$191,394 in the water program, \$172,961 in the housing program, \$215,339 in the hazardous materials program and \$360 in the radiological health program and services in the vector laboratory, effective FY 2026-27. This fee package includes the continuing of the fee waivers for Non-profit Temporary Event and Charitable Feed Organizations, as well as the state-mandated Veteran's fee waiver.

The average DEHQ fee adjustment in this cost recovery proposal for the majority of DEHQ fee programs is equivalent to an increase of 3.2% since the unanimous Board approval of the last cost recovery proposal on May 21, 2025 (8).

Food Program Fees

In the food program, which represents restaurants, mobile food facilities, temporary events, and any required plan check for permanent and mobile food facilities, the average fee increase is 0% due to the fee offset by DEHQ restricted fund balance. In the food program, there are one new fee and four modified fees, while all the remaining food fees remain same.

A new fee will be added to the food program, specifically a plan check fee, due to a new state mandate (Assembly Bill 671, 2026) for reduced plan review for plan resubmittals. Due to the mandated accelerated resubmittal review time frame, DEHQ added additional staff to the plan check program to ensure the team can meet this state-mandate. DEHQ instituted a "plan precheck" to help ensure that customer submitted plans contain the necessary key information before they are accepted for review to prevent unnecessary resubmittals due to missing information.

DEHQ modified fees to further clarification of the hourly rate charge to support the review of Integrated Pest Management and Food Safety Risk Mitigation Plans for Unenclosed Food Facilities. In addition, the language for the Temporary Event program was modified for fee exemptions for non-profit organizations to reflect two permits qualifying for fee waivers instead of two events so that the ordinance is in line with the funding provided to offset these fees. The ordinance, attachment H and I, was updated to reflect these changes.

Water Program Fees

In the water programs, which represent swimming pools, water and monitoring wells, state small water systems, recycled water and any required plan check for these programs, the average fee increase is 6.3%.

Housing & Land Use Program Fees

In the land use and housing programs, which represent rental homes, onsite wastewater treatment systems, discretionary land use projects, mobile home parks, massage, body art facilities, organized camps, the LEA, any required plan check for these programs, the average fee increase is 5.2%. There is one deleted fee in the land use and housing programs.

Two land use fees will be decreasing, the fee for Annual Operating Permits (AOP) for Supplemental Treatment Systems and the fee for Percolation Testing related to the installation of an Onsite Wastewater Treatment System (OWTS). The AOP program was reevaluated following customer feedback to determine if program services could be reduced while still ensuring compliance with local and state laws. DEHQ was able to modify the program in a way that allows for a lower cost fee while still meeting program requirements. The Percolation Testing fee was added during the last cost recovery package as a new fee needed to support projects that did not always need to perform this task. Using additional time data gathered over the past fiscal year, a reduction of this fee is reflective of the time spent by staff completing the necessary review of these projects. DEHQ is proposing to delete one fee: Septic Tank Seepage Pit Destruction Permit with Repair Permit due to this type of work being covered in existing permit fees now.

Hazardous Materials Program Fees

In the Hazardous Materials Program, which represents Hazardous Material Business Plans, California Accidental Release Prevention Program, hazardous waste and medical waste, as well as underground storage tank plan check, the average fee increase is 3%.

There is also an ordinance update to sunset the EPIC program fee reduction, which is no longer cost recovery. Previously, this permit discount was connected to a reduced inspection frequency that is no longer relevant, as the hazmat program currently conducts all these inspections at state minimum frequencies.

Radiological Health Program Fees

In the Radiological Health Program, which inspects x-ray machines and other radioactive materials to help keep the public safe from health risks associated with radiation, the average fee increase is 8.3%.

Vector Control Program Fees

DEHQ is proposing the fees associated with Vector Control laboratory services to remain the same.

Miscellaneous Department Fees

Miscellaneous department fees include the fee for duplicate permits, health-related business name changes, and various technical job classification hourly rates. Hourly rates are primarily used when a customer requests a technical service for which no fee is specifically indicated, such as an hourly rate for an Environmental Health Specialist, Vector Control Technician, Ecologist, or Disease Research Scientist. DEHQ is proposing to increase four hourly rates, decrease four hourly rates and maintain same for two hourly rates. Additionally, three fees are proposed to remain unchanged.

The proposed fee adjustments for this cost recovery proposal are shown in Attachment K.

Cost Containment

Since FY 2024-25, DEHQ has applied \$226,089 in new savings from cost containment measures such as consolidating office space; developing plan check submittal templates for mobile food facilities and for swimming pool facilities, implementing platforms allowing first responders to easily view facility data, process improvements, developing data dashboard to easily analyze large

amounts of data, creating IT solutions to streamline data tracking and reporting, consolidated IT inventories and charges, and removing underutilized technology devices.

In addition to the efforts made in current year DEHQ has \$1,163,524 in ongoing operational savings from efficiencies or streamlining measures that were implemented since FY2016-17. Combining prior year efforts, along with the efficiencies implemented this year, DEHQ has been able to apply a total of \$1,389,613 in savings from all cost containment measures to this proposal, reducing costs by 3.3%. Additionally, DEHQ is also proposing to use \$1,223,492 in one-time department funding to limit the fee increases and provide continued relief for businesses still impacted from the current economic conditions in the food, body art, massage, organized camps, state small water system, and hazardous materials programs. The \$1,223,492 one-time restricted departmental funding includes \$643,531 in restricted General Fund fund balance, \$50,600 in 1991 Health Realignment revenue, and \$529,361 from the Environmental Health Trust Fund. This use of available funding will benefit nearly 48,000 customers and help reduce costs by 2.9%. Without cost containment efforts (3.3%) and use of one-time department funding (2.9%), fees would need to increase an additional 6.2%.

DEHQ Restricted Fund Balance

Historically, the County has maintained a commitment of fund balance in the General Fund for DEHQ per Board direction (February 24, 2004 (23)) and continued this practice annually as part of the department's cost recovery proposal. In FY 2023-24, this committed fund balance was reclassified as a restricted fund balance based on Prop 26.

The restricted fund balance is allocated annually when DEHQ receives revenue exceeding the full cost amount in each program. This reserved balance is intended for use in subsequent fiscal years when costs surpass revenues within that program. DEHQ, in consultation with the Auditor and Controller and County Counsel, ensures that excess fee revenues are used for proper and legally allowable purposes. Given the potential or changes in economic conditions that influence permit volumes, future public or environmental health emergency response needs, or future regulatory program changes that could occur at the state or federal level, DEHQ will apply these funds to balance costs and minimize funding impacts. Included in this cost recovery proposal is the one-time use of restricted General Fund fund balance in the amount of \$643,531. This use of available funding will benefit nearly 25,000 customers to provide continued relief for businesses impacted by the current economic conditions that are regulated in the food, body art, massage and organized camps programs.

DEHQ's goal is to maintain its restricted fund balance to the Government Finance Officers Association recommended minimum of two months operating capital. After the proposed one-time use in this proposal, DEHQ's restricted fund balance will be 100% of the two-month operating capital goal.

Cost Recovery Proposal

If approved, the cost recovery proposal will be effective in FY 2026-27 beginning on July 1, 2026. (Attachments H and I, Ordinances) 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 3.2%.

DEHQ evaluated 233 fees, hourly rates, and deposits, and proposes to increase 117 fees, decrease 4 fees, delete 1 fee, add 1 new fee and modify 4 fees by adjusting the fee structure. Additionally, 112 fees are proposed not to change. If approved, this proposal will increase individual fees by an average of 3.2% since the unanimous Board approval of the last cost recovery proposal on May 21, 2025 (8).

A waiver of Board Policy B-29 is requested because the proposed fees do not cover all operating costs in the food, body art, massage, organized camps, state small water systems, and hazardous materials program fees. \$1,223,492 one-time department restricted funding is used to limit the fee increases.

Additionally, a waiver of Board Policy B-29 is requested to continue to implement Board direction to reduce fees for temporary event permits requested by non-profit organizations and fee waiver for charitable feeding permits, as well as the state-mandated Veteran's fee waiver. If approved, \$515,277 fee waiver will be funded with existing General Purpose Revenue in DEHQ. Inclusive of all funding sources and programs, the total unrecovered cost per Board Policy B-29 for DEHQ in FY 2026-27 is \$1,738,769.

If this cost recovery proposal is not approved, DEHQ would require one-time alternative County funding in the amount of \$1,575,247. Without approval and without alternative funding, our customers may see reduced County capacity to perform services beyond mandated service minimum levels, increased processing and complaint response timeframes, decreased community outreach or education aimed at fostering understanding of regulations and thus promoting compliance. In addition, there may 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.