



COUNTY OF SAN DIEGO

LAND USE AGENDA ITEM

BOARD OF SUPERVISORS

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

VACANT
Fourth District

JIM DESMOND
Fifth District

DATE: May 3, 2023 and May 24, 2023

03

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 2023-24 AND CEQA EXEMPTION (5/3/2023 – FIRST READING; 5/24/2023 – 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, Verification of Agriculture, Apiary Certification, Apiary Registration, Hazardous Materials Inventory, Price Verification, and Weights and Measures Devices Programs.

This proposal provides the necessary resources and allows AWM to continue with outreach services that support public health and safety, a resilient food supply, continuing agricultural trade, enhanced 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 340,000 inspections annually regionwide. Fee-related programs ensure the acceptance of 10,500 agricultural export shipments at destination, the integrity of produce sold at 32 Certified Farmers Markets, and the verification of price accuracy at 4,600 different retail locations.

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. Exceptions require specific Board of Supervisors (Board) approval. The last cost recovery proposal was unanimously approved by the Board on April 27, 2022 (9). Since that time, AWM has continued to provide services at the approved rates.

The fees proposed today for Fiscal Year (FY) 2023-24 are necessary to address cost changes such as increased salary and benefit costs, and to ensure full cost recovery except where the Board has previously directed the waiver of fees, such as for the Agricultural Export and Certified Farmers Market fees. It is consistent with the Board's commitment for a resilient food supply, continuing agricultural trade, enhanced consumer confidence, and a sustainable environment, and to serve as

**SUBJECT: COST RECOVERY PROPOSAL TO ADOPT ORDINANCES
RELATED TO FEES IN THE DEPARTMENT OF AGRICULTURE,
WEIGHTS AND MEASURES EFFECTIVE FISCAL YEAR 2023-24
AND CEQA EXEMPTION (5/3/2023 – FIRST READING; 5/24/2023 –
SECOND READING UNLESS ORDINANCE IS MODIFIED ON
SECOND READING) (DISTRICTS: ALL)**

required matching funds for State supplemental funding. Due to the timing of the labor negotiations last fiscal year, the FY 2022-23 cost recovery proposal only included the standard assumptions and not all cost increases associated with the negotiated labor agreements; AWM stated that these remaining cost increases would be included in a future cost recovery proposal. Today's cost recovery proposal reflects the remaining cost increases from FY 2022-23 and the cost increases for FY 2023-24 relating to salary and benefit costs based on negotiated labor agreements and equity adjustments.

Approximately 85% of AWM's costs are fixed, such as salary and benefits, retirement, enterprise-wide services, and facilities, while 15% of AWM's costs such as services and supplies and salary savings when positions are vacant are discretionary, meaning costs are determined by AWM based on operational needs. This cost recovery proposal reflects known costs as accurately as possible and ensures full cost recovery to continue to deliver programs and services to our customers and communities, make data-driven decisions, and continue community outreach. By reviewing and updating fees on an annual basis, 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 evaluated 78 fees for this cost recovery proposal and proposes to delete one fee, increase 25 fees, decrease one fee, and leave 51 fees unchanged. Of the 51 unchanged fees, 46 are capped by the State in which 38 are related to the Weights and Measures device annual registration and eight are for pesticide regulation annual business registration, and five are related to services infrequently requested by customers for Verification of Agriculture, Agricultural Export, and Weights and Measures Programs.

The AWM fee adjustment in this cost recovery proposal will generate \$90,892 in additional revenue which is equivalent to an \$8 or 5.6% increase on average per fee. These increases include costs for salary and benefits based on the 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 this funding and savings from operational efficiencies in this proposal were applied to the programs to mitigate the cost increases. The General Purpose Revenue (GPR) support is consistent with the Board's commitment for a resilient food supply, continuing agricultural trade, enhanced consumer confidence, and a sustainable environment, and to serve as required matching funds for State supplemental funding.

In FY 2021-22, the total cost of all agricultural programs was \$19.7 million. Local growers paid a fee total of \$772,885, or 4%, and out-of-county agricultural operators a fee total of \$457,079, or 2% of the total program costs. The remaining 94% of program costs were covered by the government/taxpayer: the County provided \$5.3 million, or about 27%, while State and federal contributions of \$13.2 million covered about 67%. 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

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RELATED TO FEES IN THE DEPARTMENT OF AGRICULTURE,
WEIGHTS AND MEASURES EFFECTIVE FISCAL YEAR 2023-24
AND CEQA EXEMPTION (5/3/2023 – FIRST READING; 5/24/2023 –
SECOND READING UNLESS ORDINANCE IS MODIFIED ON
SECOND READING) (DISTRICTS: ALL)**

County funding for eligible agricultural programs. The total amount of \$416,763 in State supplemental funding is applied to contain the cost increases for the eligible agricultural programs in this cost recovery proposal.

AWM's continuing effort to leverage the use of technology and business process streamlining where possible are essential to contain cost increases, improve customer service, and promote regulatory compliance. AWM has obtained additional efficiency gains through innovation and streamlining business processes including the expedited data entry and certificate issuance in our Certified Farmers Market and Agricultural Export Programs. These business process improvements include streamlining the review process for grower and market certification and using a new mobile app for faster data input for plant shipment certificates. There also continue to be efficiency gains due to staff proficiency in previously implemented cost containment measures such as virtual video inspections and the use of mobile field inspection apps, which save time by reducing either travel or paperwork associated with completing inspections. AWM also continues to leverage efficiency gains from consolidating activities with dedicated staff to reduce training hours, combining field inspections to reduce billable time, improving compliance actions templates, and the use of resource documents, such as checklists and tutorials, to increase industry engagement in maintaining compliance. These efforts resulted in a saving of \$50,884 that is applied to reduce the cost increases in this proposal. Without these operational efficiencies, fees would have needed to increase an additional 3.4% on average.

The Board unanimously approved the last cost recovery proposal for AWM on April 27, 2022 (9). The fees proposed for FY 2023-24 are necessary to recover cost increases, such as increased salary and benefit costs, and to ensure full cost recovery, except where the Board has previously directed the waiver of fees. AWM proposes these fee adjustments to be effective July 1, 2023.

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 24, 2023, for consideration and adoption of the ordinance. The third action is to approve a waiver of Board Policy B-29 for a total of \$244,765 for operational costs of the Agricultural Export, Certified Farmers Market, and Industrial Hemp Cultivation Programs, which will be funded by existing General Purpose Revenue. This General Purpose Revenue support is consistent with the Board's commitment to a resilient food supply, continuing agricultural trade, enhanced consumer confidence, and a sustainable environment, and serves as required matching funds for State supplemental funding. 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 3, 2023. If the Board approves the four actions on May 3, 2023, after making the necessary findings, the Board on May 24, 2023, 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.

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RELATED TO FEES IN THE DEPARTMENT OF AGRICULTURE,
WEIGHTS AND MEASURES EFFECTIVE FISCAL YEAR 2023-24
AND CEQA EXEMPTION (5/3/2023 – FIRST READING; 5/24/2023 –
SECOND READING UNLESS ORDINANCE IS MODIFIED ON
SECOND READING) (DISTRICTS: ALL)**

If this cost recovery proposal is not approved, AWM would require one-time alternative County funding in the amount of \$90,892 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 and reduced ability to perform research and data analysis to support data-driven decision-making. 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 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.

**RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER**

On May 3, 2023:

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 E pursuant to CEQA Guidelines Section 15273(c).
2. Set a hearing for May 24, 2023, for consideration and adoption of an Ordinance amending Section 364.3 of 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):

**AN 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 3, 2023, the Board takes action as requested in Recommendations 1 through 4 above, then on May 24, 2023:

1. Consider and adopt the Ordinance amending Section 364.3 of the San Diego County Administrative Code, relating to fees charged by AWM (second reading).

**SUBJECT: COST RECOVERY PROPOSAL TO ADOPT ORDINANCES
RELATED TO FEES IN THE DEPARTMENT OF AGRICULTURE,
WEIGHTS AND MEASURES EFFECTIVE FISCAL YEAR 2023-24
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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 in our regulatory programs and services. AWM uses County approved methodology to ensure regulated businesses receiving AWM's services are responsible for the associated costs, rather than the general public. This proposal supports food security in underserved communities by providing access to locally grown fresh produce and promotes business continuity for the many small-scale farmers. It also supports consumer confidence and a fair and equitable marketplace by verifying customers are being charged the correct prices at retail businesses that use point-of-sale stations and to ensure fair business practices.

SUSTAINABILITY IMPACT STATEMENT

The Agriculture, Weights and Measures (AWM) Fiscal Year 23-24 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 adjustment to the fees and hourly rates is 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 pests, maintain standards at Certified Farmers Market (Direct Marketing), provide compliance monitoring of industrial hemp cultivation, and support apiary standards. They also ensure the continuity of agricultural resources that contribute to environmental sustainability and support efforts to mitigate climate impacts. This proposal aligns with County of San Diego's sustainability goals for economy, environment, climate, and resilience.

FISCAL IMPACT

The proposed increases to fees are included in the Fiscal Year (FY) 2023-24 CAO Recommended Operational Plan in Agriculture, Weights and Measures (AWM).

If approved, the fee and hourly rate adjustments for Agricultural Export, Certified Farmers Market (Direct Marketing), Industrial Hemp Cultivation, Verification of Agriculture, Apiary Certification, Hazardous Materials Inventory, Price Verification, and Weights and Measures Devices Programs will result in additional estimated costs and revenue of \$90,892 and deletion of Apiary Registration fees would result in a reduction of costs and revenue of \$570 in AWM effective FY 2023-24. The funding source is fees paid by AWM customers.

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 Programs do not cover all operating costs. The total unrecovered cost per Board Policy B-29 for FY 2023-24 is approximately \$244,765 and if approved, these programs will be funded with existing AWM

**SUBJECT: COST RECOVERY PROPOSAL TO ADOPT ORDINANCES
RELATED TO FEES IN THE DEPARTMENT OF AGRICULTURE,
WEIGHTS AND MEASURES EFFECTIVE FISCAL YEAR 2023-24
AND CEQA EXEMPTION (5/3/2023 – FIRST READING; 5/24/2023 –
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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.

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

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 agencies or individuals benefiting from the services pay for those services, rather than the general public. Exceptions require specific Board approval. AWM requested and received a Board-approved exception to Board Policy B-29 on January 26, 2022 (2) for the revenue contracts for exclusion, detection, and control of agricultural invasive pests with the California Department of Food and Agriculture.

The fees proposed today for Fiscal Year (FY) 2023-24 (Attachments A and B, Ordinances) are necessary to address cost changes such as increased salary and benefits costs, and ensure full cost recovery, except where the Board has previously directed the waiver of fees. Additionally, in FY 2023-24, we anticipate a 33% increase in facility maintenance and management cost and a 41% 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 fixed costs, which fluctuate annually and are beyond the department's direct control, such as County utilities costs and insurance premiums.

Today's proposal reflects the current standard assumptions made by the County and the cost increases based on negotiated labor agreements and enterprise-wide costs that went into effect in FY 2022-23. Approximately 85% of AWM's costs are fixed, such as salary and benefits, retirement, enterprise-wide services, and facilities, while 15% of AWM's costs such as services and supplies, and salary savings when positions are vacant are discretionary, meaning costs are

**SUBJECT: COST RECOVERY PROPOSAL TO ADOPT ORDINANCES
RELATED TO FEES IN THE DEPARTMENT OF AGRICULTURE,
WEIGHTS AND MEASURES EFFECTIVE FISCAL YEAR 2023-24
AND CEQA EXEMPTION (5/3/2023 – FIRST READING; 5/24/2023 –
SECOND READING UNLESS ORDINANCE IS MODIFIED ON
SECOND READING) (DISTRICTS: ALL)**

determined by AWM based on operational needs. This proposal reflects known cost as actually as possible and ensures full cost recovery to continue to deliver programs and services to our customers and communities, make data-driven decisions, and continue community outreach. By reviewing and updating fees on an annual basis, 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 evaluated 78 fees for this cost recovery proposal and proposes to delete one fee, increase 25 fees, decrease one fee, and leave 51 fees unchanged. Of the 51 unchanged fees, 46 are capped by the State in which 38 are related to the Weights and Measures device annual registration and eight are for pesticide regulation annual business registration, and five are related to services infrequently requested by customers for Verification of Agriculture, Agricultural Export, and Weights and Measures Programs.

AWM receives County and State funding to partially recuperate the cost of eligible agricultural programs. A portion of this funding and 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 to a resilient food supply, continuing agricultural trade, enhanced consumer confidence, and a sustainable environment, and to serve as required matching funds for State supplemental funding.

In FY 2021-22, the total cost of all agricultural programs was \$19.7 million. Local growers paid a fee total of \$772,885, or 4%, and out-of-county agricultural operators a fee total of \$457,079, or 2% of the total program costs. The remaining 94% of program costs were covered by the government/taxpayers: the County provided \$5.3 million, or about 27%, while State and federal contributions of \$13.2 million covered about 67%. Of the \$13.2 million in federal and State funding, \$4.8 million comes from the State through the Unclaimed Gas Tax trust fund. State law mandates counties to provide fiscal support 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. For this cost recovery proposal, AWM applied a total amount of \$416,763 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
Total Cost	\$19.7 million				
Industry	\$1.2 million	6%	Local	\$772,885	4%
			Out-of-County	\$457,079	2%
County	\$5.3 million	27%			
State	\$13.2 million	67%			

**SUBJECT: COST RECOVERY PROPOSAL TO ADOPT ORDINANCES
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WEIGHTS AND MEASURES EFFECTIVE FISCAL YEAR 2023-24
AND CEQA EXEMPTION (5/3/2023 – FIRST READING; 5/24/2023 –
SECOND READING UNLESS ORDINANCE IS MODIFIED ON
SECOND READING) (DISTRICTS: ALL)**

AWM also continues to contain costs where possible through efficiency gains in implemented 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 Certified Farmers Market (Direct Marketing) and Agricultural Export programs. 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 provide efficiency gains include virtual video inspections, 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 process resulted in a projected savings of \$50,884 for FY 2023-24. Without the operational efficiencies, fees would have needed to increase an additional 3.4% on average.

The last cost recovery proposal was unanimously approved by the Board on April 27, 2022 (9). The fees proposed for FY 2023-24 are necessary to address cost changes such as increased salary and benefit costs, and to ensure full cost recovery, except where the Board has previously directed the waiver of fees.

If this cost recovery proposal is not approved, AWM would require one-time alternative County funding in the amount of \$90,892 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 reduce our ability to focus on innovation, streamlining, and meeting operation goals. In addition, there will be a cumulative impact 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 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 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 new requirements. The next step consists of determining the impact of process improvements on time requirements. Time studies for each fee type were also conducted. This

**SUBJECT: COST RECOVERY PROPOSAL TO ADOPT ORDINANCES
RELATED TO FEES IN THE DEPARTMENT OF AGRICULTURE,
WEIGHTS AND MEASURES EFFECTIVE FISCAL YEAR 2023-24
AND CEQA EXEMPTION (5/3/2023 – FIRST READING; 5/24/2023 –
SECOND READING UNLESS ORDINANCE IS MODIFIED ON
SECOND READING) (DISTRICTS: ALL)**

information, as well as forecasted changes in the 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 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 policies and procedures.

Community Needs Assessments

AWM has undertaken a community needs assessment (CNA) initiative to identify service gaps and improve the equitable delivery of services in the region. This year, the AWM has expanded stakeholder engagement to include a more diverse outreach strategy on program operations as well as increasing translation services in public noticing and public meetings. For this cost recovery proposal, translation services in eight languages most commonly used in the region have been made available in all stakeholder outreach efforts. CNA efforts also include promoting access to healthy foods and increasing compliance with laws and regulations concerned with consumer confidence. Using grant funding, AWM increased outreach and provided one on one assistance to Certified Farmers Markets (CFM) and other food outlets to accept nutritional benefits. This initiative has led to the addition of three CFMs accepting Supplemental Nutrition Assistance Program (SNAP) benefits (North Park CFM, Linda Vista CFM, and San Marcos CFM), and three CFMs accepting Women, Infants, and Children benefits (North Park CFM, La Mesa Village CFM, and Poway CFM).

In addition, to increase compliance with laws and regulations that prevent price overcharges, AWM disaggregated compliance data related to price overcharges at regulated retail businesses and determined the noncompliant regulated retail businesses in these communities may require more focused outreach and education. AWM identified Rolando, City Heights, and El Cajon as the three communities that had a significant number of regulated retail businesses with compliance rates lower than the regional compliance rates and implements a focused approach to help educate the 145 businesses within these communities. A total of six public outreach events were held in each of the identified communities to enhance participation in the regulatory process and 114 educational surveys were conducted at interested regulated retail businesses. AWM is monitoring the impact of these interventions in reducing the number of overcharges in these communities.

**SUBJECT: COST RECOVERY PROPOSAL TO ADOPT ORDINANCES
RELATED TO FEES IN THE DEPARTMENT OF AGRICULTURE,
WEIGHTS AND MEASURES EFFECTIVE FISCAL YEAR 2023-24
AND CEQA EXEMPTION (5/3/2023 – FIRST READING; 5/24/2023 –
SECOND READING UNLESS ORDINANCE IS MODIFIED ON
SECOND READING) (DISTRICTS: ALL)**

Fees support the Certified Farmers Market (Direct Marketing) Program allowing for direct customer interactions with local food producers and marketing outlets and enhanced access to healthy foods. In addition, the Price Verification Program facilitates the evaluation of compliance with price accuracy laws and regulations. Continued fiscal support of these programs will allow for continued needs assessment activities that can create opportunities to increase access to healthy foods and prevent overcharges to promote a thriving economy in the region.

Cost recovery proposal

If approved, the cost recovery proposal will be effective in FY 2023-24 beginning on July 1, 2023. The proposed fees would remain in place until further adjusted by ordinance and approved by Board. After completing the annual review process, the average proposed adjustment is \$8.00 or 5.6%. 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 78 fees for this cost recovery proposal and proposes to increase 25 fees, decrease one fee, 51 fees are proposed to not change, and one deleted fee. Of the 51 unchanged fees, 46 are capped by the State in which 38 are related to the Weights and Measures device annual registration and eight are for pesticide regulation annual business registration, and five are related to services infrequently requested by customers for Verification of Agriculture, Agricultural Export, and Weights and Measures Programs.

AWM has worked to contain costs where possible through business process improvements to enhance efficiency and leverage technology to streamline operations, improve customer service, and increase compliance. Technology innovations and implemented operational efficiencies will provide a savings of \$50,884 in FY 23-24. Some of the cost containment measures include virtual video inspections and mobile field inspection apps. AWM also streamlined operational processes through consolidated activities with dedicated staff, coupled field inspections, improved compliance actions templates, and developed additional compliance resources for better industry engagement including outreach events and industry compliance toolkits. This resulted in savings that are passed on to customers.

Agricultural Export Program

The Agricultural Export Program inspects and certifies plant shipments for export, a service that is vital for the region's agricultural sector to access markets in other parts of the State, country, and world. This Program is supported by trapping, inspection, and pest exclusion activities that are funded by County and State funding to prevent the spread of invasive species, minimize pesticide use, and reduce carbon outputs. In FY 2021-22, AWM issued over 10,500 phytosanitary certificates to declare to the agricultural officials at the destination that the agricultural commodities are free of harmful pests and plant diseases. These certificates were required to accompany the agricultural shipments exported to 44 countries, 14 states, 3 U.S. territories, and 37 California counties. All these certified shipments were successfully accepted at their destinations.

**SUBJECT: COST RECOVERY PROPOSAL TO ADOPT ORDINANCES
RELATED TO FEES IN THE DEPARTMENT OF AGRICULTURE,
WEIGHTS AND MEASURES EFFECTIVE FISCAL YEAR 2023-24
AND CEQA EXEMPTION (5/3/2023 – FIRST READING; 5/24/2023 –
SECOND READING UNLESS ORDINANCE IS MODIFIED ON
SECOND READING) (DISTRICTS: ALL)**

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 7.3%. If approved, the increases will result in projected additional revenue of \$42,343 in FY 2023-24.

Proposed Agricultural Export Fee and Hourly Rate Adjustments			
Fee	Existing	Proposed	Increase
Domestic Plant Shipment Certification fee	\$44	\$47	\$3
International Plant Shipment Certification fee	\$103	\$107	\$4
Domestic Counter Service Certification fee	\$36	\$39	\$3
International Counter Service Certification fee	\$80	\$84	\$4
Missed Appointment fee	\$72	\$78	\$6
Hourly Rate	Existing	Proposed	Increase
Specialized Field Inspections hourly rate	\$143/hr	\$156/hr	\$13/hr
After Hours Inspections hourly rate	\$214/hr	\$234/hr	\$20/hr

Certified Farmers Market (Direct Marketing)

Certified Farmers Market (Direct Marketing) support food security in communities by creating access to markets where locally grown fresh produce is available, provides opportunities for community belonging and engagement, and reduce carbon footprint. 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, improved compliance actions templates, streamlining the certification approval process, 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 6.9%. If approved, the increases will result in projected additional revenue of \$6,357 in FY 2023-24.

**SUBJECT: COST RECOVERY PROPOSAL TO ADOPT ORDINANCES
RELATED TO FEES IN THE DEPARTMENT OF AGRICULTURE,
WEIGHTS AND MEASURES EFFECTIVE FISCAL YEAR 2023-24
AND CEQA EXEMPTION (5/3/2023 – FIRST READING; 5/24/2023 –
SECOND READING UNLESS ORDINANCE IS MODIFIED ON
SECOND READING) (DISTRICTS: ALL)**

Proposed Certified Farmers Market Fee and Hourly Rate Adjustments			
Fee	Existing	Proposed	Increase
Certified Farmers Market Certification fee	\$194	\$202	\$8
Certified Producer's Certification fee	\$57	\$60	\$3
Additional County Listing on a Certified Producer's Certificate fee	\$12	\$13	\$1
Certified Producer's Certificate Change or Addition fee	\$12	\$13	\$1
Hourly Rate	Existing	Proposed	Increase
Certified Producer Inspection hourly rate	\$169/hr	\$182/hr	\$13/hr
Certified Farmers Market Inspection hourly rate	\$169/hr	\$182/hr	\$13/hr

Industrial Hemp Cultivation

The California Department of Food and Agriculture established the Industrial Hemp Cultivation Program (IHCP) in April 2019, creating a statewide framework to promote a well-regulated industry. The Program supports economic opportunities for local farmers and protects the general 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.

AWM continues to see gains in operational efficiency by consolidating activities with dedicated staff, leveraging technology to automate communications with growers and the State, combining fieldwork activities to reduce staff and drive time, and video inspections of hemp 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 4.1%. If approved, the increase will result in projected additional revenue of \$794 in FY 2023-24.

Proposed Industrial Hemp Cultivation Fee and Hourly Rate Adjustments			
Fee	Existing	Proposed	Increase
Industrial Hemp Cultivation Licensing fee	\$206	\$214	\$8
Hourly Rate	Existing	Proposed	Increase
Industrial Hemp hourly rate	\$140/hr	\$146/hr	\$6/hr

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WEIGHTS AND MEASURES EFFECTIVE FISCAL YEAR 2023-24
AND CEQA EXEMPTION (5/3/2023 – FIRST READING; 5/24/2023 –
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Hazardous Materials Inventory

The Hazardous Materials Inventory Program (HMI) monitors the hazardous material inventory at farms in the region. Farmers store hazardous materials such as fertilizer and fuels as part of their operations. Farms where hazardous materials over specified thresholds are stored must participate in the HMI. HMI conducts inventory inspections and reviews business plans to ensure they are current and complete. 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. In Fiscal Year 2022-23, AWM conducted 89 inspections at farms where the hazardous materials are stored and reviewed 312 business plans. AWM has gained operational efficiencies and contained costs by reducing the number of hazardous materials stored and 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 projected decrease in revenue of \$810.

Proposed Hazardous Materials Inventory Fees Adjustments			
Fee	Existing	Proposed	Increase
Base Fee Registration	\$498	\$533	\$35
Inventory	\$106/item/year	\$96/item/year	(\$10)/item/year

Verification of Agriculture

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

AWM evaluated two fees for this cost recovery proposal in the Verification of Agriculture Program. There are proposed increases to one fee and one hourly rate shown in the table below. These proposed increases constitute an average of 4.6%. If approved, the increases will result in projected additional revenue of \$11.00 in FY 2023-24.

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Proposed Verification of Agriculture Fee and Hourly Rate Adjustments			
Fee	Existing	Proposed	Increase
Application Processing fee	\$155	\$159	\$4
Hourly Rate	Existing	Proposed	Increase
Follow-up Site Visit hourly rate	\$105/hr	\$ 112/hr	\$7/hr

Apiary Certification

The Apiary Certification Program promotes bee health in collaboration with beekeepers. Promoting bee health is one-way AWM cultivates a natural environment for residents, visitors, and future generations to enjoy. The Apiary Certification is used to assess the health of the bee colony and/or queen bees. Apiary Certification may be required if apiary owners ship bees to Canada or Florida. AWM evaluated one fee for this cost recovery proposal in the Apiary Certification Program. There is one proposed increase to the hourly rate shown in the table below. The proposed increase constitutes an average of 5.6%. If approved, the increase will result in projected additional revenue of up to \$8.00 in FY 2023-24.

Proposed Apiary Certification Hourly Rate Adjustment			
Hourly Rate	Existing	Proposed	Increase
Apiary Certification hourly rate	\$142/hr	\$150/hr	\$8/hr

Apiary Registration Fee

The California Department of Food and Agriculture (CDFA) requires all beekeepers to register their bee colonies with the County Agricultural Commissioner (CAC) annually in the county where the bee colonies are located and pay the related fee to CDFA. In 2023, the revised California Food and Agricultural Code (CFAC) Section 29044 transferred the authority to charge the Apiary Registration fee from the CACs to CDFA. Since the CACs no longer have authority to collect an Apiary Registration fee, AWM proposes to delete AWM's Apiary Registration fee from Section 364.3 of the County ordinance.

The Board approved the waiver of the Apiary Registration fee of \$10 for all beekeepers registering nine or fewer bee colonies to promote pollinator protection and public safety on February 25, 1992 (22). The revised CFAC fee is not to exceed \$250 and is anticipated to start being collected in 2024 after the adoption of the regulation. In addition, the revised state law continues to authorize the Board to waive the registration fee for hobbyist beekeepers with nine or fewer bee colonies. Currently, there are 251 hobbyist beekeepers registered in the region, and with a registration fee of \$150 per beekeeper, the anticipated revenue to the State is \$37,650. AWM plans to continue waiving the apiary registration fee for hobbyists with nine or fewer bee colonies unless otherwise directed by the Board. Waiving the apiary registration fee for hobbyists encourages annual registration, which allows beekeepers to receive notification of pesticide applications within one

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mile of their colonies and supports AWM’s effort in detecting honeybee pests and overly aggressive bee behavior to support pollinator health and public safety.

Apiary Registration Fee Change		
Fee	Existing	Proposed
Apiary Registration fee	\$10	Delete

Price Verification

The Price Verification 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 pricing overcharges. This program is full cost recovery.

AWM continues to see 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 at the business. AWM evaluated four fees for this cost recovery proposal in the Price Verification 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 4.5%. If approved, the increase will result in projected additional revenue of \$30,189 in FY 2023-24.

Proposed Price Verification Fee and Hourly Rate Adjustment			
Fee	Existing	Proposed	Increase
Tier 1 (1-3 Point-of-Sale Stations) Registration fee	\$155	\$160	\$5
Tier 2 (4-9 Point-of-Sale Stations) Registration fee	\$210	\$218	\$8
Tier 3 (10+ Point-of-Sale Stations) Registration fee	\$263	\$272	\$9
Hourly Rate	Existing	Proposed	Increase
Re-inspection hourly rate (due to regulatory non-compliance)	\$156/hr	\$168/hr	\$12/hr

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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 testing and other requested services. When utilities are charged to individual tenants of a multi-family building, the utility usage is measured for each tenant using submeters. New multifamily building developments are required to charge their water utilities using submeters, and AWM tests tens of thousands of submeters each year. AWM receives requests to test water submeters and the hourly rate is charged for requested inspections. Mandated annual inspections for submeters registered in the region are not charged the hourly rate. There is one hourly rate for this Program. The hourly rate for inspecting both non-commercial devices and commercial water submeters by customer requests would increase by \$12 (\$156 to \$168/hour). The proposed increase constitutes an average increase of 7.7%. If approved, the increase will result in projected additional revenue of \$12,000 in FY 2023-24. The other 36 fees remain unchanged, of which 35 are capped by the State and one is related to requests for inspections of devices outside of the annually mandated inspection, and is a service infrequently requested by customers.

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 partnership and 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 many outreach documents and website information in requested languages and provides translation services for customers who need language assistance. 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 in person and virtual. These notices included the proposal's details and contact information.

AWM held five outreach events, with translation services available, in March and April 2023 for representatives from the San Diego Farm Bureau, San Diego Flower and Plant Association, farmers and nursery growers, agricultural exporters, Certified Producers, Certified Farmers Market operators, industrial hemp cultivators, beekeepers, retail businesses using point of sale stations, and businesses that request inspections of commercial and non-commercial devices (Attachment E). While the agricultural customers recognized that the fee increases are reasonable, they stated that fee increases may have impacts on struggling regulated businesses in light of the current economic conditions and challenges due to supply chain and inflationary issues. They also stated their appreciation for the cost savings from AWM's operational efficiencies that mitigate the fee

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increases and would advocate for more County General Purpose Revenue for AWM to avoid fee increases. No concern was raised by the Price Verification 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, 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 2023-28 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,



SARAH E. AGHASSI
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