



Monterey County

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Board Report

Legistar File Number: RES 17-086

June 27, 2017

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Current Status: Agenda Ready

Matter Type: BoS Resolution

Conduct a public hearing to consider adoption of a Resolution Amending Article I.E. of the Monterey County Master Fee Resolution effective August 27, 2017, to adjust and restructure fees for services provided by the Monterey County Health Department's Environmental Health Bureau to review planning and construction permit applications and review and issue permits for onsite wastewater treatment systems.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Adopt a Resolution Amending Article I.E. of the Monterey County Master Fee Resolution effective August 27, 2017, to adjust and restructure fees for services provided by the Monterey County Health Department's Environmental Health Bureau to review planning and construction permit applications and review and issue permits for onsite wastewater treatment systems.

SUMMARY/DISCUSSION:

The Health Department's Environmental Health Bureau (EHB) is requesting approval of adjustments to Sanitation fees (Section 3) and Land Use Fees (Section 5) of Article I.E of the County's Master Fee Resolution. With the proposed increase to the Land Use fees, the permit application fees will more closely reflect, while still not exceeding, the actual and reasonable costs of services and benefits provided to the public by the EHB. Adoption of the proposed fees will contribute to the self-sufficiency of the indicated program; however, the fee increase will not fully cover cost of services. This is consistent with the previous practice of using a General Fund subsidized cost recover model when setting these fees.

The EHB is comprised of five distinct services that regulate and inspect a wide array of environmental health topics, including Environmental Health Review Services (EHRS). EHRS coordinates with RMA-Planning and Building Services to review planning and construction (land use) permit applications as well as review and issue permits for onsite wastewater treatment (septic) systems. Historically, EHRS has relied heavily on General Fund Contributions (GFC) to fund its program as 55% cost recovery through fees and 45% GFC. Fee adjustments are proposed to recover the costs associated with the amount of time staff requires to review a project, reducing reliance on GFC to approximately 25%. EHB's Land Use fees have not changed since 2014. The Board of Supervisors approved EHB-wide fee increases for regulated facility permits and general EHB service activities (8% in 2016 and 4% in 2017) but EHB elected to exempt Land Use fees from those increases to provide an opportunity to complete a project-specific time study and recommend appropriate fees. In 2016, EHB completed a fee study of approximately 1900 unique permit applications to determine the average amount of staff time required to process each permit type. Administrative costs of running the land use program were spread proportionately across each permit type based on the

percentage of each type of permit application that was received during the time period analyzed by the fee study. Through this analysis and evaluation, staff determined that it would be appropriate to restructure existing fee categories based on the type of review that staff completed and to provide a distinction between properties served by public water and wastewater utilities versus properties served by onsite or local water and wastewater systems. The revised fee structure includes reducing 88 separate fee categories down to five simplified, understandable fee types that ensure that a project applicant is paying for an appropriate level of staff review and will increase cost recovery. EHB proposes to adjust and simplify Section 5 of Article I.E, to reflect the following fee types:

- Type 1 - Compliance Review
- Type 2 - Minor Plan Check
- Type 3 - Major Plan or Minor Discretionary Permit
- Type 4 - Major Discretionary Permit
- Type 5 - Three tiers of deposits

These deposits in Type 5 of (minor, major and extraordinary) and would be applied to development permits applications that can vary widely in complexity and staff time necessary to conduct review, such as subdivisions. In an effort clarify the fees further, permit application and condition compliance fees have been consolidated into a single fee.

By limiting the number of fee types, EHB expects that accuracy of fee assessment will improve, reducing the frequency of refunds and improving public confidence in land use fees. Additionally, in Fiscal Year 2016-17, the EHB contracted with MGT America to conduct a fee/cost comparison analysis and establish an updated hourly rate, which was approved by the Board of Supervisors on May 23, 2017.

It is important to note that EHRS regularly provides unpaid customer service to potential applicants interested in acquiring land or developing a property, about 1.0 of an FTE annually per EHB time keeping records. EHRS has implemented various efficiencies such as digitizing paper records and consolidating site visits in remote location throughout the County, and is prepared to accommodate electronic permit application submittals.

RMA-Planning and Building Services are not currently proposing to restructure their fee schedule in this manner; however, they have indicated that they intend to pursue a similar simplification during their next fee update.

In addition to adjustments to the Land Use fees, EHB is proposing adjustments to EHB onsite wastewater system fees (Section 3 of Article I.E.). Although the Board of Supervisors approved a 4% increase to EHB onsite wastewater fees on May 23, 2017 (effective July 1, 2017), EHB is proposing additional adjustment to the onsite wastewater fees to delineate between conventional and alternative onsite wastewater system permits and to align the fees with the costs associated with the actual amount of time to process permits.

By definition, the changes to these charges are not a “tax” and are exempt from voter approval pursuant to Article XIII C section 1(e)(1)-(3) and (5) of the California Constitution (Prop. 26; charges imposed for specific benefit conferred/privilege/service or product, reasonable

regulatory costs provided or granted to the payor, and/or fines and/or penalties). As such, they reflect no more than the actual cost of the service/benefit received by the payor.

While this work is not directly in support of a Health Department strategic initiative, it is in support of one or more of the ten essential public health services, specifically to diagnose and investigate health problems and health hazards in the community and to enforce laws and regulations that protect health and ensure safety.

The proposed fee adjustments are attached as Exhibit 1 to the draft Board resolution.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed, and approved as to legal form, the proposed amendment to Article I.E. of the Monterey County Master Fee Resolution

FINANCING:

The recommended fee adjustments are intended to improve on the recapture of costs associated with the provision of the indicated services, and do not exceed actual costs for providing these services. As such, the fees represent a charge imposed for the specific regulatory service provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the County for providing the regulatory service. Anticipated revenues resulting from the proposed fee adjustments are included in the Fiscal Year (FY) 2017-18 Recommended Budget.

The proposed fee adjustments will offset actual expenditures incurred associated with the proposed fees. This action will not result in increased General Fund Contributions for these services.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

Economic Development:

- Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

Administration:

- Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency.

Health & Human Services:

- Improve health and quality of life through County supported policies, programs, and services; promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

Infrastructure:

- Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

Public Safety:

- Create a safe environment for people to achieve their potential, leading businesses and

communities to thrive and grow by reducing violent crimes as well as crimes in general.

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Approved by: Elsa Jimenez, Director of Health, x4621

Attachments:

Article I.E. Clean Copy on file with the Clerk of the Board

2017 Land Use Fee Restructure Table on file with the Clerk of the Board

Article I.E. Environmental Health Land Use Fee Resolution with proposed amendments of the
Master Fee Resolution on file with the Clerk of the Board