

Proposed Adjustment of Public Health Fees for FY 2011-2012

Public Meetings
May 2011

Environmental Health Division
Los Angeles County Department of Public Health



EH is a regulatory agency charged with enforcing State and local codes

FOOD

- Restaurants
- Retail food markets
- Food warehouses
- Bakeries
- Mobile food facilities
- Food borne illnesses investigations
- Food recall monitoring
- Public school cafeterias
- Food processors/manufacturers
- Wholesale produce markets
- Soft serve facilities
- Fairs and carnivals
- Swap meets

HOUSING

- Apartment buildings
- Hotels/motels
- Homeless shelters
- Complaint investigations

ENVIRONMENTAL PROTECTION

- Small water systems
- Private wells
- Landfills
- Onsite wastewater treatment systems
- Public swimming pools

OTHERS

- Garment manufacturers
- Stadiums/racetracks
- Theaters
- Laundries



How is the Division Funded?

- Division's \$87.8 M operating fund is derived from *permit and service fees* per State Health and Safety Code, and Los Angeles County Code.
- Historically, annual fee increases were based on changes in total Division operating costs. If annual costs increased 4%, a 4% increase was applied to all fees across the board.
- Fees reviewed annually; last fee increase in 2007, at which time Board directed DPH to study program costs prior to next proposed fee increase.



Study of Current Fees and Program Costs

- Fee Study completed in 2010 by independent contractor in anticipation of proposed fee adjustment for FY 2011-12. Auditor Controller concurs with study methodology.
- Costs were determined for services based on workload, e.g. (inspection hours/facility) x (total number of facilities) x (annual inspection frequency).



Findings of the Fee Study

1. Workload analysis of 165 regulatory services indicates current fees do not reflect actual costs. DPH recovers too little from some fee payers and too much from others. Overall, the Department's costs are 14% greater than fees collected. [Link](#)
2. Food facility fees are not currently based on inspection frequency, which is the real determinant of cost. [Link](#)
 - “High risk” facilities require 3 inspections annually.
 - “Moderate risk” facilities require 2 inspections annually.
 - “Low risk” facilities require 1 inspection annually.
3. There are several entities not currently assessed a fee. These entities can and should be subject to fees for the services provided. [Link](#)



Annual Fee Adjustments (by Fiscal Year)

07 – 08	08 – 09	09 – 10	10 – 11	11 – 12
4%	0%	0%	0%	14%

[Return](#)



Food Facility Risk Levels

“Low risk” restaurants and markets handle foods which are generally pre-packaged, ready to eat, or pre-cooked and require heating prior to service (e.g., theater snack bar, convenience store).

“Higher risk” restaurants handle high risk foods such as meat, poultry, seafood, sushi or oysters which are served raw, or require processing, cooling and reheating.

“Higher risk” markets handle and offer for sale high risk foods such as raw meat, poultry, or seafood.



Examples of Risk Levels

Low Risk	Moderate Risk	Higher Risk
Starbucks	McDonalds	Outback Steakhouse
Ms. Fields Cookies	Subway	Sushi Restaurant
99 Cents Only Stores	Albertsons Bakery	Albertsons Meat Dept.

Establish new fees for 37 existing services not currently billed

	Inventory
Newly permitted public pools	4,662
Inspection of recycled water providers	2,620
Inspection of private school cafeterias	807
Inspection of solid waste facilities	95
Inspection of garment manufacturing complex	107
Inspection of Small Water Systems	111
Inspection of day camps	100
Plan check – nonfood facilities	89
Inspection of senior feeding sites	103
Various consultations upon request (fee for service)	



Actions to Increase Efficiency

- Consolidated food and housing bureaus, and reduced local district offices from 21 to 16.
- Established reliable workload estimates, reallocated staff based on needs, and determined actual costs for services provided.
- Eliminated duplication of efforts in EH programs, e.g. inspection of apartment pools, specialized housing inspections.
- As a part of annual “Program Reviews”, managers evaluate business operations to increase efficiencies.



Comparison of Current Fees vs. Actual Costs

Service-Facility Type	Current Fee	Cost	Current Recovery
Inspection - Food Market Retail 25 - 1,999 ft ² high risk	\$553	\$971	57%
Inspection - Food Market Retail 25 - 1,999 ft ² , moderate risk	\$553	\$609	91%
Inspection - Restaurant 31-60 seats, high risk	\$817	\$1,209	68%
Inspection - Restaurant 31-60 seats, moderate risk	\$817	\$701	117%
Inspection - Hotel / Motel 21-50 units	\$547	\$500	109%
Inspection - Food Proc Wholesale 2,001 - 5,999 ft ²	\$1,632	\$2,279	72%
Inspection - Garment Manufacturer 1,001-4,999 ft ²	\$508	\$632	80%



Impact of Proposed Fee Adjustment for “Typical” Restaurant, Market, and Apartment Building

	Class	FY10-11	FY11-12	%Change
Restaurant (31 – 60 seats)				
546	Low Risk	\$817	\$315	- 61%
1,119	Mod Risk	\$817	\$701	- 14%
4,461	High Risk	\$817	\$1,209	+ 48%
Market (25 – 1,999 ft ²)				
6,880	Low Risk	\$553	\$243	- 56%
497	Mod Risk	\$553	\$609	+10%
1,461	High Risk	\$553	\$971	+ 76%
Apartment Building				
40,313	5-10 Units	\$203	\$292	+ 44%
12,161	11-20 Units	\$303	\$302	- 0.3%
7,461	21-50 Units	\$370	\$348	- 6%



Effect of the Fee Adjustment on the Restaurant and Food Market Industries

	% Receiving Fee Increase	% Receiving Fee Reduction	Notes
Restaurants	72%	28%	Fee increases range from \$57 - \$560 Fee reductions range from \$40 – \$1,104
Markets	29%	71%	Fee increases range from \$10 - \$738 Fee reductions range from \$14 - \$718



Comparison of Proposed Fees with Existing Fees of Other County Jurisdictions¹

Fee Category	Los Angeles	Orange	Sacramento	Alameda
Restaurants	\$291 - 1,351	\$561 - 925	\$686 - 1,616	\$561 - 1,351
Markets	\$243 - 1,128	\$197 - 1,258	\$543 - 1,057	\$550 - 1,029
Food Vehicles	\$583 - 762	\$128 - 590	\$218 - 554	\$132 - 564
Food Facility Plan Check	\$274 - 2,376	\$238 - 2,118	\$476 - 3,080	\$407 - 2,026
Hotels/Motels	\$408 - 612	\$119 - 863	n/a	\$561 - 1,351
Well Constructions	\$122 - 795	\$181 - 683	\$355 - 711	n/a
Small Water Systems	\$245 - 1,285	\$504	\$297 - 3,369	\$443



¹ Orange County fees last adjusted in 2008; Sacramento, 2010; Alameda, 2009

Summary of the Proposed Fee Adjustment

- ✓ Fees for all services are aligned with costs.
- ✓ Fees for restaurants and markets are based on both size and food safety risk.
- ✓ Fees are being established for 37 regulated entities that are currently not assessed a fee.



Discussion

