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**Agenda Item
Regular Meeting of the
Board of Supervisors
Tuesday, November 18, 2025**

Item Number: 2.1

MEETING DATE: 11/18/2025

DEPARTMENT: HEALTH AND HUMAN SERVICES AGENCY

AGENDA ITEM PREPARER: Amanda Geipe

DEPT HEAD/DIRECTOR: Tracey Belton

SUBJECT:

HEALTH AND HUMAN SERVICES AGENCY - T. BELTON

(To Be Heard at 9:30 a.m. or soon thereafter as the matter may be heard)

1. Receive informational presentation regarding Establishing Revised Fees for Environmental Health Services and Replacing Ordinance No. 915; and
2. Introduce and Waive the first reading on "An Ordinance of the Board of Supervisors of the County of San Benito Establishing Revised Fees for Environmental Health Services and Replacing Ordinance No. 915" to better align program costs with cost recovery goals and ensure sustainable services; and
3. Continue Ordinance to be adopted during its second reading on Consent Agenda on December 16, 2025.

SBC FILE NUMBER: 142.9

ORDINANCE NO.:1087

AGENDA SECTION:

PUBLIC HEARING

BACKGROUND/SUMMARY:

PURPOSE

The Agency recommends the adoption of a revised fee schedule and ordinance for the Environmental Health Division within the Health & Human Services Agency (HHS). This update is necessary to ensure the division can recover the actual cost of its operations, maintain regulatory compliance with state health mandates, and secure long-term fiscal sustainability for the vital public health services it provides.

EXECUTIVE SUMMARY

San Benito County's Environmental Health Division Fee Schedule has remained largely unchanged since 2014, despite increasing operational costs. The proposed ordinance seeks to address this longstanding revenue gap by repealing Ordinance #915 (Attachment A) and implementing a revised fee schedule aligned with cost recovery principles. The revised structure includes a provision for an annual Consumer Price Index (CPI) adjustment, capped at 3%, to maintain fiscal alignment with inflation and evolving service delivery costs.

To correct the current funding deficit and bring the County in line with surrounding jurisdictions, the Agency has developed a proposal for the Board of Supervisor's (Board) consideration. The proposal consists of a one-time, right-size fee adjustment that would immediately align charges with actual program costs and surrounding jurisdictions fees for the same services. This option would enable the County to stabilize funding, preserve essential services, and reduce reliance on strained Public Health Realignment funds.

BACKGROUND

The Environmental Health Division was established in the late 1950s to support the County's responsibility in regulating food safety, hazardous materials, wastewater systems, and land use impacts on public health. In 2005, recognizing the need for financial sustainability, the Board of Supervisors engaged Muni-Financial to develop a User Fee Report. The resulting analysis, delivered in May 2006, recommended fee increases ranging from 55% to 200% to ensure full cost recovery.

While the report provided a comprehensive fee model, the Board of Supervisors elected not to adopt its methodology in full. Instead, in 2006, HHSA was directed to develop an alternative approach that accounted for budget constraints and staffing limitations. This led to the creation of a revised model with phased fee increases, tied to the San Francisco Bay Area CPI, over five years. The model was enacted through Ordinance #814 (Attachment A) in 2007.

From 2008 through 2012, fee increases were implemented incrementally under Ordinance #814. In 2013, the Board of Supervisors repealed this ordinance and replaced it with Ordinance #915, which introduced a fee structure based on a cost recovery methodology. As a result, in 2014, a one-time fee adjustment was applied. However, due to change in leadership and poor administrative tracking the subsequent annual increases anticipated under Ordinance #915 were never implemented, leaving fees effectively frozen for over a decade.

ANALYSIS

The absence of regular fee adjustments has resulted in a significant structural funding imbalance within the Environmental Health Division. While the division's operational costs including salaries, benefits, indirect overhead, and supervision have steadily increased, fee revenue has remained static. This mismatch led to an approximate \$340,865 (36%) shortfall in Fiscal Year 2024–2025, which had to be backfilled using Public Health Realignment funds. Without corrective action, this structural deficit will continue to increase.

Reliance on Public Health Realignment funds to subsidize regulatory functions is unsustainable and diverts resources from core public health services such as disease prevention, emergency preparedness, and community health initiatives. Continued dependence on these limited funds compromises the County's ability to meet its statutory obligations and support the broader public health system. Combined with the unknown fiscal impacts of HR1 to Public Health realignment, it is imperative to quickly right size the Environmental Health budget. Furthermore, the Environmental Health Division plays a critical role in protecting the health and safety of residents, businesses, and visitors. From food safety inspections and hazardous waste oversight to water system evaluations and swimming pool compliance, these services safeguard public well-being and environmental integrity. Underfunding these programs places the community at increased risk and weakens regulatory enforcement.

To evaluate the proposed fee schedule, the Agency conducted a comparative review using surrounding county's Merced, Monterey, Santa Clara, and Santa Cruz. These jurisdictions were selected based on geographic proximity, shared regulatory mandates under the California Health and Safety Code, and similar business activity across food service, hazardous materials, and land use sectors. Many regulated entities operate across county lines, and if a business were to open in a neighboring county, it would likely face significantly higher fees for the same services. Aligning San Benito County's fees with these jurisdictions promotes regional consistency, ensures fairness for regulated entities, and supports equitable cost recovery. Additionally, each of the comparison counties has recently updated its environmental health fee schedule, providing a current and relevant benchmark for evaluating San Benito County's position.

A comparative review of fees across neighboring counties illustrates the extent to which San Benito County has fallen behind. For example, a standard restaurant with 0–50 seats pay \$397 annually in San Benito County, compared to \$896 in Santa Clara County and \$1,581 in Santa Cruz County. Retail facilities over 6,000 square feet, such as large grocery stores, pay \$541 locally but are charged \$3,239 in Santa Clara and \$2,058 in Monterey. Even mobile food vendors pay significantly less, \$397 in San Benito County versus \$1,060 in Monterey and \$863 in Santa Clara.

To determine the appropriate percentage increase necessary to cover actual costs of services

delivered the methodology used is based on calculating the full cost of providing permit services, including both personnel and non-personnel program expenses. Total personnel costs for fiscal year 2025-26, inclusive of salary and benefits for one Environmental Health Manager, three Environmental Health Specialists, and one Office Assistant III, total \$871,911, resulting in an hourly fully loaded labor cost of \$83.84. Non-personnel operating costs from the prior year total \$240,866.52, and when spread across 10,400 annual program hours, yield an hourly non-personal cost rate of \$23.16. To determine the estimated cost of a typical permit, the model assumes the number of permits issued annually, with each permit requiring a number of processing hours. There are some caveats to this methodology as an average time was used per permit, and some take significantly longer than others depending on the complexity of the project. However, this methodology demonstrated a 52% increase across all permits would bring Environmental Health closer to recovery of actual costs of services rendered and some public health realignment funds would likely still be needed to support operations.

This trend is consistent across a wide range of permit types. Whether for body art studios, food carts, or public pools, San Benito County's fees are often the lowest among the five-county comparison group (Santa Clara, Santa Cruz, Monterey, Merced, and San Benito). These disparities reflect not only a lost opportunity for equitable cost recovery, but also an imbalance where local taxpayers and public health realignment funds are indirectly subsidizing private enterprises that would otherwise be expected to pay more in neighboring jurisdictions.

The data demonstrates a clear need to update the fee schedule, which will help San Benito County achieve financial stability, restore equity for regulated entities, and ensure the Environmental Health Division is adequately resourced to fulfill its vital public health mandates.

PROPOSED FEE ADJUSTMENT

To correct the fiscal imbalance and ensure long-term sustainability, the Agency has developed a proposal for revising the Environmental Health Division Fee Schedule. A one-time, right-size adjustment, which would increase fees by an average of 52% across all categories. This approach provides an immediate solution to the structural funding gap and aligns fee revenues with actual operational costs. It would restore the division's financial stability in the near term and eliminate the need for continued subsidies from limited Public Health funds. While the impact on regulated entities may be more immediate, the adjustment brings fees into alignment with peer counties and actual cost of services.

CONCLUSION

San Benito County's Environmental Health Division fees have not been adequately monitored and adjusted for over a decade. This has resulted in a widening gap between the cost of services and the revenue generated to support them. The County's continued reliance on

Public Health Realignment funds to fill that gap is both financially unsustainable and detrimental to other essential community health programs. The proposed fee schedule represents timely and necessary course correction. It will ensure that Environmental Health Division services are funded equitably, sustainably, and transparently. Most importantly, it will help safeguard public health by maintaining the County's ability to provide core environmental regulatory services without interruption or degradation.

ATTACHMENTS

The following documents provide further details and supporting analysis for the proposed fee adjustments:

- A. Current Section 5.01.091
- B. Redlined Amendment to Section 5.01.091
- C. Proposed Section 5.01.091
- D. Proposed Fee Schedule
- E. Multi County Fee Comparison

FISCAL IMPACT:

The Environmental Health Division's continued reliance on Public Health Realignment funds poses a significant risk to the County's overall public health infrastructure. These funds are already strained and are critical for services such as outbreak investigations, maternal and child health programs, chronic disease prevention, and emergency response coordination. With the implementation of HR1, additional budgetary strain is anticipated with Public Health Realignment.

Implementing the proposed fee adjustments will eliminate the structural deficit; without the fee adjustment the Environmental Health Division will remain underfunded, resulting in ongoing budget shortfalls. These shortfalls threaten the division's ability to maintain staffing levels, perform mandated inspections, process permits, and enforce state and local regulations. Over time, service reductions and delays in Environmental Health Division operations could increase public health risks and reduce regulatory compliance.

There will be no impact on the County General Fund.

STAFF RECOMMENDATION:

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2. Introduce and Waive the first reading on "An Ordinance of the Board of Supervisors of the County of

San Benito Establishing Revised Fees for Environmental Health Services and Replacing Ordinance No. 915" to better align program costs with cost recovery goals and ensure sustainable services; and;
3. Continue Ordinance to be adopted during its second reading on Consent Agenda on December 16, 2025.

ATTACHMENTS:

[Agenda Fact Sheet - Environmental Health Services Revised Fees](#)

[Aligning Environmental Health Division Permit Fees Presentation](#)

[Attachment A- Current Section 5.01.091](#)

[Attachment B- Redlined Amendment to Section 5.01.091](#)

[Attachment C- Proposed Section 5.01.091](#)

[Attachment D-Proposed Fee Schedule](#)

[Attachment E- Multi County Fee Comparison](#)