

Agenda Report

TO: CITY COUNCIL

DATE: January 26, 2009

FROM: CITY MANAGER
THROUGH: FINANCE COMMITTEE

SUBJECT: ADOPT A RESOLUTION AMENDING FISCAL YEAR 2009 GENERAL FEE SCHEDULE FOR PUBLIC HEALTH DEPARTMENT SERVICES

RECOMMENDATION:

It is recommended that the City Council adopt a resolution amending the FY 09 General Fee Schedule for the Public Health Department to increase food establishment inspection and plan check fees; establish three new fees for market-competitive services (Imogam Rabies Vaccine, Private Sector Drug Screening Tests, Nine-Month DUI Classes); and increase the Market-competitive Urine Analysis (Substance Abuse Program) fee.

BACKGROUND:

The Public Health Department FY 2009 budget was negatively impacted by reductions in State, Federal and county funding. The Department suffered \$1.6 million in funding cuts for a 13% total reduction across 35 programmatic areas. The cuts are compounded by increases in operating costs. Further mid-year reductions in State funding are anticipated and the Department has undertaken significant cost control actions. The quality and continuity of essential public health services is being threatened by the current economic crisis and the Department must take additional measures to minimize the threat to the community's health and safety.

In addition to implementing cost control measures, the department has carefully reviewed fees to ensure that they are fully recovering the cost of service and/or are market competitive. Approximately 20 percent of the Public Health Department's revenues are generated by fees paid directly by individual customers or through Medi-Cal fee-for-service reimbursements. Based on this review, staff found that specific Environmental Health program fees were not recovering full costs and were significantly below those charged by surrounding local health departments. In certain programmatic areas where the department is able to provide services also available through other providers, staff identified additional cost recovery and revenue generation opportunities through the adoption of new fees for a limited number of other services.

Environmental Health Fees

The full cost of providing Environmental Health services was analyzed to ensure cost recovery of all expenses, utilizing the MAXIMUS cost study (FY 2004-2005) model. Appropriate indirect costs and updated staffing allocations were included to accurately capture all allowable costs. In addition, staff conducted a comparative analysis of Environmental Health fees between Pasadena Public Health Department (PPHD), Los Angeles County and the City of Long Beach. This analysis indicated that on average, PPHD is charging 42.5% less than the other two Southern California public health departments. Plan Check fees compared with the other jurisdictions have the largest difference in costs. Staff recommends that the selected Environmental Health inspection and plan check fees detailed in Attachment A be increased.

Impacts to the Business Operators and Architects: PPHD is only targeting increasing fees for services to ensure cost recovery so that the Department can continue to protect the public's health and safety and prevent food borne illnesses. Additionally, these increases serve to maintain the same number and frequency of food facility inspections. For a number of years, the Pasadena facilities monitored by the Environmental Health Division have enjoyed a lower Public Health License rate when compared to other health jurisdictions. In order for the Division to operate without a budget deficit, fees must be raised. The fee categories with the widest percentage gaps have been selected for an increase. This includes increases in Plan Check fees due to the high number of hours and detailed reviews required to complete this process.

Market-Competitive Fees

PPHD is also requesting adoption of new fees for Imogam Rabies Vaccine, Drug Screening from Private Sector and Nine-Month Alcohol and Drug Education Program Classes and a fee increase for urine analysis drug testing. The Travel and Adult Immunization Clinic, the Public Health Laboratory and the Substance Abuse Recovery Center offer services that the general public can access and obtain from other providers in the community. The fees charged by these programs are therefore set to be market-competitive, with the goal of attracting a volume of customers that will generate net revenues, which can be utilized for under-funded programs.

Imogam – Rabies Vaccine: This vaccine is administered post-exposure to clients who have been possibly exposed to Rabies through an animal bite. Clients usually get the initial dose from a hospital emergency room and are advised to get the subsequent doses from the Public Health Department. The cost of the vaccine is \$199.88 per shot and the recommended fee of \$230 incorporates the State-approved administration fee of \$30. The full cost of providing this vaccine is greater than \$230; however, the recommended fee is based upon assessment of the market and protection of the public's health. The estimated annual revenue is \$904. The potential for greater revenue from this particular vaccine is low since only 30 shots are projected to be administered annually. Due to the extremely low number of facilities that maintain this capacity anywhere in the county, PPHD believes that it is necessary to provide this service to protect the public's health.

Drug Screening Requests from Private Sector: There is an increasing demand from the private sector calling for drug screening of their employees. The Pasadena Public Health Department Laboratory has the capacity to accommodate this growing need in the community while establishing a new source of revenue for the Department. An analysis of fees charged by private and public laboratories indicates the average cost for this service is \$42. Setting the fee at this market competitive level of \$42 is sufficient to recover all costs, including test kits and staff administration and test processing. Staff estimates that simple outreach and notification will result in 150 tests annually resulting in an additional \$6,300.

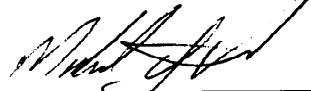
Alcohol and Drug Testing: The Substance Abuse Recovery Center performs drug testing on all clients enrolled in DUI classes to ensure that they are in full compliance with court mandates. In order to cover supply costs, test administration and test processing, staff recommends: 1) an increase to the urine analysis drug testing fee from \$20 to \$25; and 2) addition of Oral Alcohol Swab Test fee at \$15.

Nine-Month DUI Class: Current law requires a person convicted of an alcohol-related reckless driving violation to complete an alcohol and drug education program. Effective January 1, 2009, Assembly Bill (AB) 2802 requires a person convicted of an alcohol-related reckless driving violation (Section 23103), with a prior conviction of driving under the influence within 10 years, to complete a nine month or longer alcohol and drug education program. The Substance Abuse Recovery Center currently provides three-month and six-month DUI classes and is prepared to implement the nine-month class. A survey of the charge for this program provided by various vendors in Los Angeles County averages \$1,200. Staff recommends a new fee of \$1,200 be added to establish the nine-month DUI class. Setting the fee at this competitive level will attract clients who need this service and generate an estimated \$42,000 from 35 clients annually. The six-month DUI class will be phased out, resulting in a loss of \$9,610 annually. The net increase in revenue from the new nine-month DUI class will be approximately \$33,000.

FISCAL IMPACT:

The net annual impact projected by implementing these fee amendments is a total of \$286,500 for the following programs and services: \$237,296 for the Environmental Health Division; \$904 for the Travel and Adult Immunization Clinic; \$6,300 for the Public Health Laboratory; and, \$42,000 for the Substance Abuse Recovery Center. The increased revenues for the remainder of FY 2009 are estimated at \$71,625.

Respectfully submitted by:



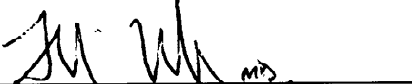
MICHAEL J. BECK
City Manager

Prepared by:



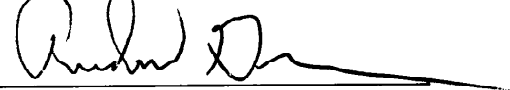
Hanan Obeidi, MPH CHES
Public Health Administrator

Approved by:



Takashi M. Wada
Director of Public Health/ Health Officer

Concurrence:



Andrew Green
Director of Finance

EXHIBIT A

PUBLIC HEALTH DEPARTMENT			
Fee #	Description	Adopted FY09	Proposed
	Environmental Health Plan Check & Inspection Fees		
	Food Market Retail		
634	Less Than 6,000 Square Feet	\$ 300.50	\$ 638.00
635	6,000 or More Square Feet	\$ 300.50	\$ 799.00
	Food Processor		
636	1 - 1,999 Square Feet	\$ 300.00	\$ 502.00
637	2,000 - 5,999 Square Feet	\$ 300.00	\$ 799.00
638	Greater Than 6,000 Square Feet	\$ 446.00	\$ 1,173.00
639	Food Warehouse	\$ 155.50	\$ 365.00
641	Food Vehicle	\$ 155.50	\$ 340.00
	Restaurant		
642	0 - 60 Seats	\$ 300.50	\$ 757.00
643	61 Seats or Larger	\$ 373.00	\$ 1,136.00
	Food Sanitation Inspections and Permits		
	Restaurants		
651	0-10 Seats	\$ 492.50	\$ 553.00
652	11-30 Seats	\$ 562.00	\$ 707.00
653	31-60 Seats	\$ 703.90	\$ 817.00
654	61-100 Seats	\$ 703.90	\$ 915.00
655	101-150 Seats	\$ 703.90	\$ 1,160.00
656	151-200 Seats	\$ 669.00	\$ 1,180.00
657	201-400 Seats	\$ 741.50	\$ 1,294.00
658	More Than 400 Seats	\$ 741.00	\$ 1,468.00
	Food Market, Wholesale		
659	1-1,999 Square Feet	\$ 316.00	\$ 553.00
660	2,000 - 5,999 Square Feet	\$ 335.90	\$ 553.00
661	More Than 5,999 Square Feet	\$ 391.00	\$ 553.00
662	Food Warehouse	\$ 226.50	\$ 487.00
664	Fruit and Vegetable Market	\$ 191.40	\$ 553.00
	Food Market, Retail		
665	11-50 Square Feet	\$ 191.90	\$ 223.00
666	51-1,999 Square Feet	\$ 333.80	\$ 553.00
667	2,000-5,999 Square Feet	\$ 346.90	\$ 710.00
668	6,000 or More Square Feet	\$ 347.10	\$ 1,044.00
	Food Processing, Retail & Wholesale		
669	1-1,999 Square Feet	\$ 316.40	\$ 944.00
670	2,000-5,999 Square Feet	\$ 317.00	\$ 1,632.00
671	More Than 5,999 Square Feet	\$ 318.30	\$ 2,456.00
	Food Service Cart		
679	Food Vehicles - Retail	\$ 149.60	\$ 297.00
680	Food Salvager	\$ 42.70	\$ 464.00
682	Mobile Restaurant Vehicles	\$ 184.30	\$ 695.00
684	Special Event Food Stand	\$ 160.00	\$ 419.00
	Immunizations, Flu/Pneumonia		
New	Imogam Post-Exposure Rabies Vaccine		\$ 230.00
	Health Promotion		
	Alcohol and Drug Recovery Program		
785	Urine Analysis Test - Random	\$ 20.00	\$ 25.00
New	DUI 9 Month Program		\$ 1,200.00
New	Alcohol Swab Test		\$ 15.00
	Public Health Laboratory		
New	Drug Screening Private Sector		\$ 42.00

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA
AMENDING THE GENERAL FEE SCHEDULE TO INCREASE FOOD
ESTABLISHMENT INSPECTION FEES AND PLAN CHECK FEES, TO
ESTABLISH NEW FEES FOR CERTAIN MARKET-COMPETITIVE SERVICES
IN THE PUBLIC HEALTH DEPARTMENT, AND TO INCREASE THE MARKET-
COMPETITIVE FEE FOR URINE ANALYSIS IN THE SUBSTANCE ABUSE
RECOVERY PROGRAM

WHEREAS, the Pasadena Public Health Department's FY 2009 budget has been negatively impacted by reductions in state, federal and county funding, as well as increases in operating costs; and,

WHEREAS, the Department has reviewed its overall fees to ensure that the City is recovering the cost of environmental health services, and that services available from other providers in the community are priced at a market-competitive rate; and,

WHEREAS, the Department's purpose in increasing any environmental health fees is to protect the health and safety of the public, and to prevent food borne illnesses; and,

WHEREAS, the Department's goal in establishing new fees for services available from other providers in the community is to generate increased funding to operate public health department programs and to be market-competitive with other providers of those services; and,

WHEREAS, staff analyzed the full cost of providing environmental health services using the model MAXIMUS Cost Study for FY 2004-2005, and conducted an analysis of comparative fees in the County of Los Angeles and the City of Long Beach; and,

WHEREAS, staff has proposed market-competitive fees for new services based on the prices charged by other providers, and with the goal of attracting a volume of customers to generate revenues to be utilized for underfunded public health programs;

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Pasadena that the General Fee Schedule for FY 2008-2009 is hereby amended to:

1. Increase environmental health fees as shown on the attached Exhibit A;
2. Increase the fee for Urine Analysis Drug Testing from \$20 to \$25;
3. Establish new fees for the following services:
 - a. Imogam – Rabies Vaccine - \$230
 - b. Drug Screening Request from Private Sector - \$42
 - c. Nine-Month DUI Class - \$1200
 - d. Oral Alcohol Swab Test - \$15

Adopted at the special meeting of the City Council on the _____ day of January, 2009, by the following vote:

AYES:

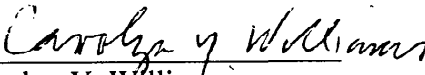
NOES:

ABSENT:

ABSTAIN:

Mark Jomsky, CMC
City Clerk

APPROVED AS TO FORM:



Carolyn Y. Williams
Assistant City Attorney