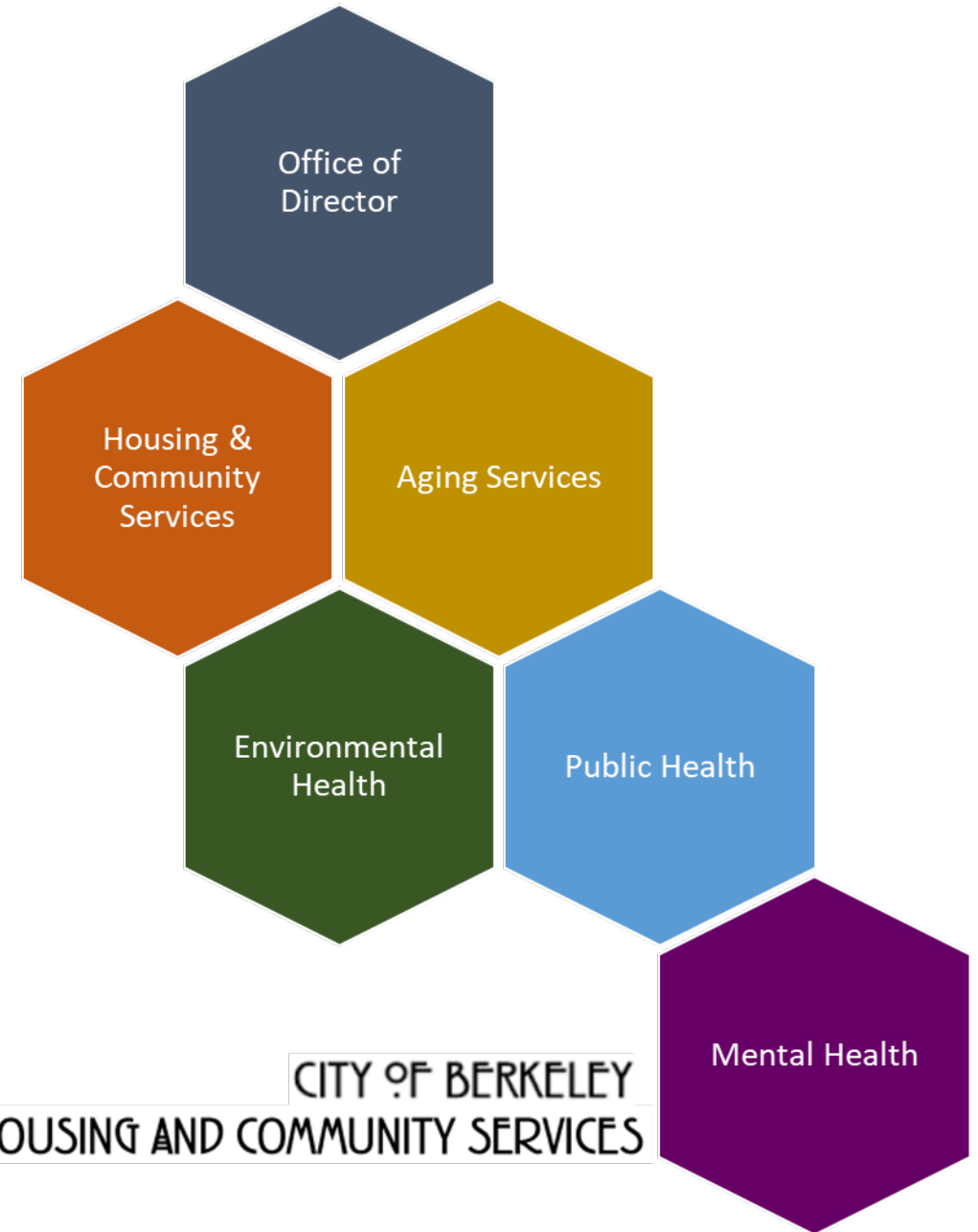




# Environmental Health Division Permit Fee Increases

Health, Housing, & Community Services Department



CITY OF BERKELEY  
HEALTH, HOUSING AND COMMUNITY SERVICES

# Agenda

- Background of Environmental Health food safety program
- Rationale for fee increase
- Bay Area comparison
- Fee increase impacts





# Background of Food Safety & Inspection Program

- The Division is responsible for permitting and inspecting all retail and non-retail food establishments in Berkeley
- Mandated by both the State Health and Safety Code and the Berkeley Municipal Code (BMC) Title 11
- Approach focuses on prevention of foodborne and food-related illness
- Additionally, food facility operations are regularly inspected for stormwater program compliance



## Rationale for Environmental Health Division Fees

- Current fees have remained unchanged since 2011
- Current fee study recommends fee increases
- Inflation affects City & Environmental operations, and has increased approximately 40%
- Increase in salary & benefits costs for staff
- Structural deficit has resulted in increased General Fund needs over time

# Definition of Risk Categories

**The City of Berkeley inspects approximately 958 food facilities:**

- 168 low-risk (R1) facilities
- 247 moderate-risk (R2) facilities
- 543 high-risk (R3/R4) facilities

**The City of Berkeley inspects 100+ non-food facilities:**

- Pools and spas
- Body art
- Cannabis and tobacco

## **Routine Inspections by Risk Category**

Minimum number of annual routine inspections required per FDA standard:

- High-risk (R3/R4):  $\geq 3$  inspections per year
- Moderate-risk (R2):  $\geq 2$  inspections per year
- Low-risk (R1):  $\geq 1$  inspection per year

# Bay Area Comparison of Annual Health Permit Fees

Facility Type	Berkeley Current	Berkeley Proposed	Alameda Effective 7/1/21	San Francisco Effective 7/1/25-6/30/26	Contra Costa Effective 6/24/25	Santa Clara Effective 1/15/2026	San Mateo Effective 1/1/25
Full-Service Restaurant (0-1,000 sq ft)	\$704	\$1,004	\$998	\$1,103	\$2,132	\$2,281	\$2,460
Retail Grocery Store (15,000 sq ft)	\$1,409	\$1,780	\$589	\$1,358	\$2,249	\$1,001	\$1,524
Fast-Food Franchise (standardized practices)	\$1,171	\$1,325	\$1,194	\$1,664	\$1,823	\$1,549	\$1,938
High-Risk Pool/Spa	\$704	\$1,155	\$891	\$842	\$1,581	\$1,292	\$1,244
Body Art Facility	\$366	\$810	\$435	\$1,773	\$871	\$845	\$778

# Fee Increase Impacts

## **The recommended increases, and the creation of a new fee structure will:**

- Increase EHD's revenue to more appropriately cover the costs of delivering mandated (state and local) and non-mandated services to the community and adequately inspect the 1100+ permitted facilities city-wide
- Defray the costs of EHD's software transition to a new platform
- Expand capacity of EHD to perform required inspections
- Fund placarding program costs, which the EHD hopes to implement in 2027

Thank you!

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# Addtl Slides



# Fee Study Methodology

## User Fee Definition

- **User Fee:** A fee or rate charged to an individual or group that receives a *private benefit* from services provided by the City
- **Not a Tax:** The service is usually a discretionary activity requested by the fee payer. If a User Fee *does not* cover the City's full cost for the service, taxes (General Fund) pay for the remainder.

# Fee Study Methodology Overview

## Calculation Factors

- Staff time to complete activities and services
- Productive hourly rates specific to each individual staff position
- Line-item expenditure review and adjustment
- Rational & fair distribution of overhead to fee and non-fee services

## Key Quality Control Factors

- Quality Control processes integrated throughout
- All data from city sources, with validation
- Utilization and allocation cross-checks

# Fee Study Methodology Summary

## Hourly Rate Calculation:

- $\text{Cost of Position} / \# \text{ of Billable Hours} =$   
 $\$ \text{ per hour}$

## Full Cost Calculation:

- $\$ \text{ per hour} \times \text{Time to complete task} =$   
 $\text{Cost of Service}$

## Other Factors:

- “Cost of Position” is the average salary and benefits, plus applicable direct and indirect (Citywide overhead, department, division, & program administration, training) costs.

# Staffing Needs

## EH Personnel Budget

Current		GF		Sewer Fund		Non-GF	
	Admin	1.05	\$214,802	0	\$0	1.18	\$220,641
	Food Inspections	3.22	\$700,105	1.25	\$253,033	0	\$0
	Other/F.Review	3.07	\$513,935	0.93	\$177,207	2.31	\$392,570
	<b>Total FTE</b>	<b>7.34</b>	<b>\$1,428,842</b>	<b>2.18</b>	<b>\$430,240</b>	<b>3.49</b>	<b>\$613,211</b>

Proposed		GF		Sewer Fund		Non-GF	
	Admin	1.05	\$214,802	0.56	\$688,363	1.18	\$397,848
	Food	6.22	\$1,349,910	1.25	\$223,049	0	\$0
	Other/F.Review	3.07	\$513,935	0.59	\$68,021	2.31	\$645,603
	<b>Total</b>	<b>10.34</b>	<b>\$2,078,647</b>	<b>2.4</b>	<b>\$979,433</b>	<b>3.49</b>	<b>\$1,043,451</b>