

Andrew Klein

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	SUBJECT	City Council Bill # 11-0664 –Health Department Fee Updates

CITY of
BALTIMORE
MEMO



TO The Honorable President and
Members of the City Council
C/O Karen Randle
Room 409, City Hall

DATE: March 16, 2011

Attention: Karen Randle

Synopsis of Proposed City Council Bill

CCB 11-0664 authorizes changes to Health Department fees in accordance with the City's new fee policy.

Analysis

On January 26, 2011, the Baltimore City Board of Estimates passed a fee policy. Included in that fee policy were several changes to City fees. These bills are being introduced to the Baltimore City Council for fee changes that are encompassed within the new fee policy that require City Council approval.

BACKGROUND/EXPLANATION:

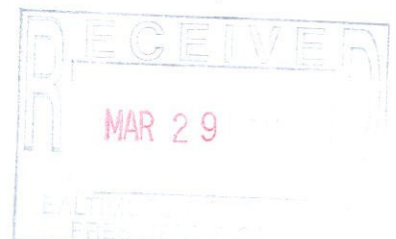
In an effort to implement a transparent fee policy, the City contracted with Public Financial Management (PFM) in 2008 to perform a cost analysis of City fees. PFM developed a fee inventory of over 2,000 fees utilized by the City. They examined in depth 300 fees in the areas of development, public safety, health and environmental protection. The analysis utilized Activity Based Costing (ABC) to determine the cost of fees in eight City agencies. ABC is a costing technique that identifies both the direct and indirect costs of a specific task or activity. For example, a Fire Department inspection of a sprinkler protection system includes not only the cost associated with the inspector performing the inspection, but also costs associated with travel, equipment, supervision, clerical support and other overhead, and employee fringe benefits. ABC identifies these costs and allocates them to the specific performance of a given task, resulting in a per unit cost for the task or activity.

Additionally, PFM collected data on comparable fees in the jurisdictions of Anne Arundel, Baltimore and Howard counties and the cities of Austin, Indianapolis, Memphis, Minneapolis and Portland. A steering committee of senior City officials reviewed the data and made final recommendations.

The steering committee's recommendations include the following changes proposed for Board approval:

- 5 of the 55 fees are recommended new fees

FAV Comments



- 43 of the 55 fees are recommended to be increased
- 7 of the 55 fees are recommended to be decreased
- Establish the *City of Baltimore User Fee Policy*.

It is important to have a transparent approach to fees for the City. In reviewing these fees, we have found instances where fees have not been changed since 1985, while others were changed just recently. Failing to regularly adjust all fees for changes in cost creates inconsistency in the manner in which fees are administered. Under the proposed fee policy, all fee rates will be kept current and tied to the cost of providing the service.

Fee Change Summary

Health Department

The Health Department has six fees related to food merchants included in this recommendation that require City Council approval. Two new fees are being recommended. The first is to cover new health plan reviews. Food vendors must submit health plans both before they sell food and then periodically thereafter. Plans that are resubmitted are less costly to review than the initial plan; however we are currently charging the same price for both situations. It is recommended that new vendors pay an additional \$75 to cover the City's cost. The second new fee recommended is for hazard analysis critical control point plans (HACCP). HACCP is a USDA approved process that looks at the critical components and critical points that contribute to food hazards. Currently the City performs this service free for food vendors, while consultants in the area are charging for the same services. Food dealer permits are also recommended for adjustment, with the high risk category permits increasing and the moderate and low risk category permit fees decreasing. In addition to the above fees, inspection and re-inspection fees require City Council approval.

Fiscal Impact

It is estimated that the City will lose \$10,340 with the establishment of the new fees.

Department	Fee Title	Current Fee (\$)	Cost/Unit (\$)	Steering Committee Proposed Fee (\$)	Units	Current Calculated Revenue (\$)	Steering Committee Proposed Revenue (\$)	Steering Committee Recommended Increase/ (Decrease) in Revenue (\$)
Health Department	New Health Plan Review	N/A		75	285		\$21,375	\$21,375
Health Department	High Risk Food Dealer Permits	450	517.51	520	2,155	\$969,750	\$1,120,600	\$150,850
Health Department	Low Risk Food Dealer Permit	185	63.98	65	1,504	\$278,240	\$97,760	-\$180,480
Health Department	Moderate Risk Food Dealer Permits	350	282.96	285	1,169	\$409,150	\$333,165	-\$75,985
Health Department	Reinspection Fee**	100	144.95	150	638	\$63,800	\$95,700	\$31,900
Health Department	Hazard Analysis Critical Control Point Plan	0	240.83	100	420	\$0	\$42,000	\$42,000
<i>Subtotal - Health Department</i>						<i>\$1,720,940</i>	<i>\$1,710,600</i>	<i>-\$10,340</i>

Recommendation

The Finance Department urges passage of this bill.

Cc: Edward J. Gallagher
 Angela Gibson
 William Voorhees

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