



Austin/Travis County Health and Human Services Department

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M E M O R A N D U M

TO: Mayor and Council

FROM: Carlos Rivera, Director
Austin/Travis County Health and Human Services

DATE: December 9, 2014

SUBJECT: Impact of reinstating the FY 2013-2014 temporary fees

On this Thursday's agenda, there is an Item from Council (IFC #121) requesting Council's consideration to approve an ordinance amending the fee schedule for Temporary Food Permits.

General Fund Revenue Impact

The agenda item, if approved, would decrease general fund revenues projected in the FY15 budget by \$337,000 and by \$404,000 in FY16.

The revenue projected in FY15 was to wholly offset costs of increased staffing to meet service demands for food inspections (\$0.9m). This fee reduction would put FY15 revenue below the increased staffing costs approved for FY15.

AMANDA Impact

The proposed reduced fees would also require programming changes in the AMANDA software with an estimated implementation of early calendar 2015.

FY15 Fee Development Process

Several steps were taken to develop the approved fees during the FY15 budget process. The Health and Human Services Department (HHSD), in conjunction with Corporate Budget, utilized a Cost Recovery Model in order to do the following:

- calculate the total cost of service;
- propose a new fee; and
- project the revenue associated with each of its permits.

Each Cost Recovery Worksheet described the permit, including service description, staff participation, and associated costs. The worksheet also showed the difference between the current fee and calculated costs, including revenue and cost recovery gaps for staffing.

After calculating the total cost, proposed new fee and the projected revenue associated with each of its permits and related services, HHSD submitted the following in the proposed budget during the budget process:

- Adjusting permit fees based on a cost of service model to perform inspections;
- the addition of staff to meet current demand; and
- moving from 2 inspections/year to risk-based inspections by FY 2017.

Additionally, on July 30th of this year, EHSD staff conducted a stakeholder meeting of known food organizations/associations of Austin to discuss the proposed changes. After a presentation and discussion, the organizations present understood and supported the proposed changes as outlined.

The IFC #121 requesting Council's consideration to approve an ordinance amending the fee schedule for Temporary Food Permits will not have the benefit of the same cost recovery and stakeholder process used for the currently approved fees. In summary, staff has strong concerns with this ordinance and the impact it will have overall.

FY15 Budget Process

The proposed budget containing these new environmental health fees was provided and presented to Council on July 31, 2014 and presented via a PowerPoint at the August 13, 2014 Budget Work Session.

The Proposed Budget document described the FY15 fee increases on the HHSD Highlights page as shown below:

“The [Environmental Health Services] program will continue to strive to complete 2.0 inspections per fixed food establishment annually, and as such, has added 8.0 FTEs within EHS to address the rapid growth of fixed food and temporary food establishments. These 8.0 FTEs, with a total cost of \$0.9 million, consist of sanitarians and support staffs that will help alleviate the demand for restaurant and temporary event food booths inspections. This budgeted increase will be wholly offset by new revenue generated by inspection fee increases levied upon temporary, mobile and fixed food establishments. These fee increases come at the conclusion of a yearlong cost of service study undertaken by the Department and will provide HHSD with the resources to better meet performance targets and provide enhanced services to the City.”

If you have any questions please feel free to contact me at, 512-972-5010.

cc: Marc A. Ott, City Manager
Bert Lumbreras, Assistant City Manager
Elaine Hart, Chief Financial Officer
Ed Van Eenoo, Deputy Chief Financial Officer
Kymberley Maddox, Chief Administrative Officer