CITY OF LONG BEACH

Memorandum

Date: August 25, 2026

To: Thomas B. Modica, City Manager

From: Alison King, Director of Health and Human Services

For: Mayor and Members of the City Council

Subject: **Processes and Fees for Food Safety Program**

On June 10, 2025 the City Council directed the City Manager to work with the Environmental Health Bureau, the Business Licensing Division, and other City departments to conduct a comprehensive review of the City's health and food-related permitting processes and fees. Additionally, Council also requested staff identify opportunities to streamline processes and explore potential fee reductions to improve accessibility and efficiency.

On November 21, 2025, a status update memo was provided to the Council describing the Bureau of Environmental Health's (EH) regulatory framework, core focus areas, and program administration. The memo detailed EH's fee study and its implementation, and highlighting how the bureau balances these fees with mandated activities. Additionally, it addressed several major city initiatives that require significant staffing capacity, financial resources, and additional review of the processes and fees for the Food Safety Program in the bureau.

This memo provides the results of that review. It outlines the scope of Environmental Health's mandated food safety responsibilities, explains the current fee structure and cost recovery challenges, and summarizes the operational pressures and process improvements undertaken to streamline permitting and support food operators. The memo also details the public health risks associated with continued underfunding and presents the proposed FY 27 fee adjustments designed to restore fiscal sustainability while maintaining targeted subsidies for community serving operations.

Program Overview

Responsibilities and Structure

The Environmental Health (EH) Bureau administers multiple food safety regulatory programs required under the California Health and Safety Code (HSC), and local ordinances. These programs include, but are not limited to:

- Retail Food Facilities (restaurants, bars, grocery stores, donut shops, etc.)
- Mobile Food Facilities (MFFs)
- Compact Mobile Food Operations (CMFOs)
- Temporary Food Facilities (TFFs)
- Cottage Food Operations
- School Cafeterias

- Catering
- Summer Food Programs
- Dairy/Soft Serve
- Shared Kitchens and Commissaries
- Microenterprise Home Kitchen Operations (MEHKOs)
- Foodborne Illness Investigations
- Complaint Response Investigations
- Plan Review and Construction Evaluations
- Community Outreach and Education

The Food Safety Program regulates and inspects retail food facilities, wholesale operations, and mobile food vendors to ensure compliance with the California Health and Safety Code and prevent foodborne illness. The Food Safety Program oversees approximately 2,907 permitted food facilities and over 1,500 temporary food facilities (TFF) at community events throughout the city with a team of three supervisors, ten district inspectors, three program specialists, two plan reviewers, two part-time non-career inspectors, and one clerk. Supervisors provide operational oversight, support on complex issues, and staff training. District inspectors conduct routine and follow-up inspections, investigate complaints and foodborne illness reports, educate food operators, and enforce food safety regulations. Program specialists oversee Community and Special Events, Cannabis, and Tobacco Enforcement. Plan reviewers evaluate plans for new and remodeled food facilities, mobile food facilities, construction inspections and change-of-ownership permitting. Part-time inspectors provide coverage for vacant districts and change-of-ownership permitting, while the program clerk manages customer service, accounts, billing, scheduling, and administrative support.

Operational Initiatives and Process Improvements

Environmental Health (EH) continues to advance several major initiatives that strengthen the City's food safety, permitting, and regulatory systems. These efforts support broader City priorities and modernize core EH operations, and they require sustained staff attention alongside EHs mandated inspection and enforcement responsibilities. Current initiatives include:

- Sidewalk to Success Program implementation and outreach;
- Enforcement coordination through the Complaint Response Team;
- Development of the MEHKO ordinance, MEHKO program and implementation of the MEHKO Program;
- Planning efforts for a new Mobile Food Facility Ordinance;
- Participation in the Enterprise Land Management (ELM) Project and Environmental Health database modernization; and

- Recruitment and training of newly hired Environmental Health Specialists.

In parallel with these initiatives, EH has implemented targeted process improvements to streamline permitting and enhance customer service:

- Reviewing Temporary Food Facility permitting processes to identify inefficiencies;
- Conducting outreach and coordination with Business Improvement Districts and community organizations to streamline Community Events with Temporary Food Facilities into annual permits for site specific events;
- Temporarily waived Health Permit consultation and plan check fees associated with sidewalk vending efforts;
- Streamlining permit issuance for Mobile Food Facilities already permitted by Los Angeles County by temporarily waiving consultation fees which decreases the need for plan reviews and sets a faster path to permit approvals;
- Allowing Mobile Food Facilities with valid City of Long Beach Health Permit to operate at community events without being subject to additional Health Department permit fees; and
- Improving interdepartmental communication and coordination efforts.

Together, these initiatives reflect EH's commitment to modernizing operations, improving efficiency, and reducing barriers for food operators. They also illustrate the breadth of work carried out by Environmental Health, which must be balanced with the ongoing delivery of mandated food safety services.

Current Fee Structure

Cost Recovery Context

EH operates through more than 300 regulatory fees authorized under State law to recover the reasonable costs of inspections, permitting, enforcement, administration, and other public health protection activities. More than **47 percent** of these fees support the Food Safety Program.

As part of the Citywide fee study initiated in Fiscal Year 2019, EH participated in a comprehensive cost-of-service analysis presented to the City Council on April 18, 2023. The study evaluated the full cost of providing services, including direct and indirect operational expenses, staffing, enforcement, administrative support, and subsidy levels. The study found that EH was not recovering full cost recovery and presented a report detailing the labor hours required for each fee as well as associated costs for those hours.

Historically, fee subsidies were narrowly targeted to protect vital smaller businesses and services specifically providing reduced rates or exemptions for TFFs, public schools, and senior feeding sites. However, following a 2022 Council directive that capped overall program cost recovery at 60 percent, a cap that was designed to assist struggling businesses recover from the pandemic, the Health Fund was required to absorb the remaining 40 percent shortfall

across all fee categories. Over time, absorbing these rising operational cost gaps has placed an unsustainable burden on the Health Fund, underscoring the necessity to update commercial fees to full cost recovery while preserving targeted subsidies for key community partners.

EH is proposing an updated fee schedule for FY 27 to achieve full cost recovery for legally mandated public health and safety services. While these adjustments ensure EH's fiscal stability without relying on the City's unrestricted funds, the fee structure has been carefully designed with strict guardrails to minimize the impact on local businesses and completely shield vulnerable community operations.

Public Health Risks of Continued Underfunding

Without adequate cost recovery, the City faces significant public health and compliance risks:

- **Compromised Mandated Services**: Structural underfunding will force a reduction in state-mandated regulatory programs, exposing the City to severe compliance audits, potential state intervention, and increased legal liability.
- **Reduced Restaurant and Special Event Inspection Frequencies**: A drop in routine inspection frequencies directly correlates with a rise in food safety critical violations. Without maintaining current inspection frequencies, the preventative shield that keeps our local food industry safe is significantly weakened, directly risking public health and safety. Maintaining appropriate inspection frequencies helps ensure that Long Beach is prepared to protect the health and safety of residents and visitors during large-scale special events. Strong food safety practices and timely inspections are important in helping prevent foodborne illness and ensuring a safe and positive experience for everyone. Highlighting this risk, environmental health jurisdictions across California are seeing that a reduction in inspections due to COVID impacts, directly correlates with a rise in vermin infestations—the primary cause of food facility closures trend that is seen statewide.
- **Surge in Unpermitted Food Vending**: Restricting enforcement resources due to budget shortfalls will lead to an unchecked rise in unpermitted food operations. This not only creates an uneven playing field for tax-paying brick-and-mortar businesses, but it also exposes consumers to unregulated food prepared without basic temperature controls or sanitary safeguards.
- **Delayed Foodborne Illness Investigations:** Slower response times to potential outbreaks mean contaminated food remains in circulation longer. A delay of even 24–48 hours in tracing a pathogen source can turn a localized issue into a widespread community health crisis.
- **Delayed Complaint Investigations:** The public relies on our team to address immediate restaurant hazards, such as vermin infestations, sewage backups, or lack of hot water in food facilities. Underfunding will force us to triage these reports, leaving active public health hazards unaddressed in the community for longer periods.
- **Direct Erosion of Public Health**: The Food Safety Program does not just react to public health and concerns; it actively prevents them. Decreasing the frequency and depth of

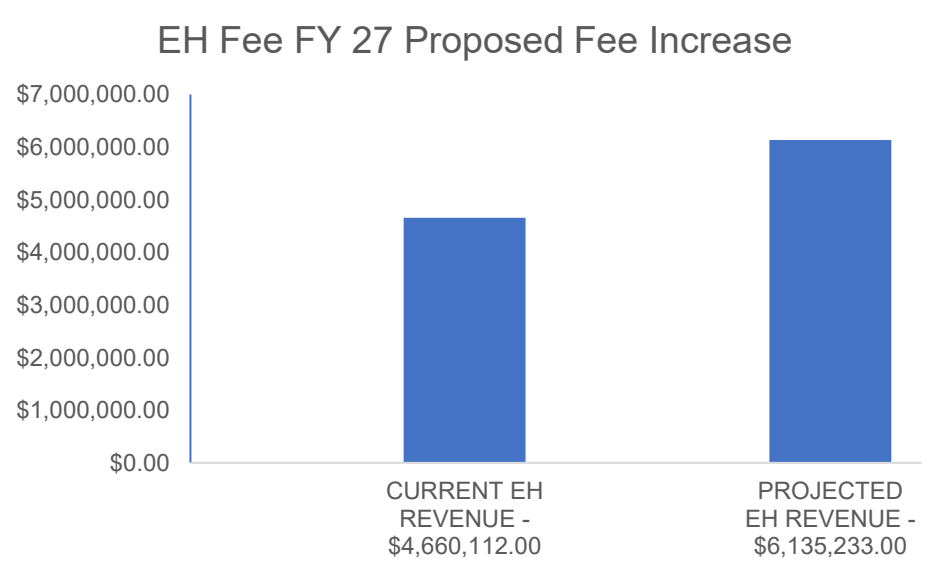
these services directly impacts the day-to-day health and safety of the city's residents, workers, and visitors.

Recommended Fee Adjustment and Cost Impact

The proposed restructuring of the EH fee schedule is designed to transition EH's regulatory services toward a sustainable, cost-recovery model while minimizing the impact on our local economy. Without this necessary adjustment, EH faces an acute funding shortfall that negatively impacts staff's capacity to deliver mandated public health and safety.

As shown in Figure 1 (EH Fee FY 27 Proposed Fee Increase) maintaining our current, outdated fee structure is projected to generate $4,660,112 in revenue, leaving the program at an average of only 57 percent cost recovery per fee as operational costs continue to rise. This deficit hinders the EH's ability to address complaints, conduct foodborne illness investigations, conduct routine enforcement activities, provide adequate customer service, and conduct routine restaurant inspections in a timely manner. Currently, the food program has been subsidizing the deficit with the Health Fund, but given the recent budget outlook, fee increases are necessary as subsidies from the Health Fund across the board are no longer a viable option. Subsidies will still be provided for certain fees, such as Temporary Food Facilities, Schools, and Senior Feeding facilities in an effort to protect the more vulnerable populations within the city.

The proposed fee adjustments are projected to recover an additional $1,475,121 in program-specific costs. If approved, this restructuring will bring total projected revenue to $6,135,233, bridging the funding gap and ensuring that EH can maintain the mandated inspection and enforcement frequencies necessary to protect the community.

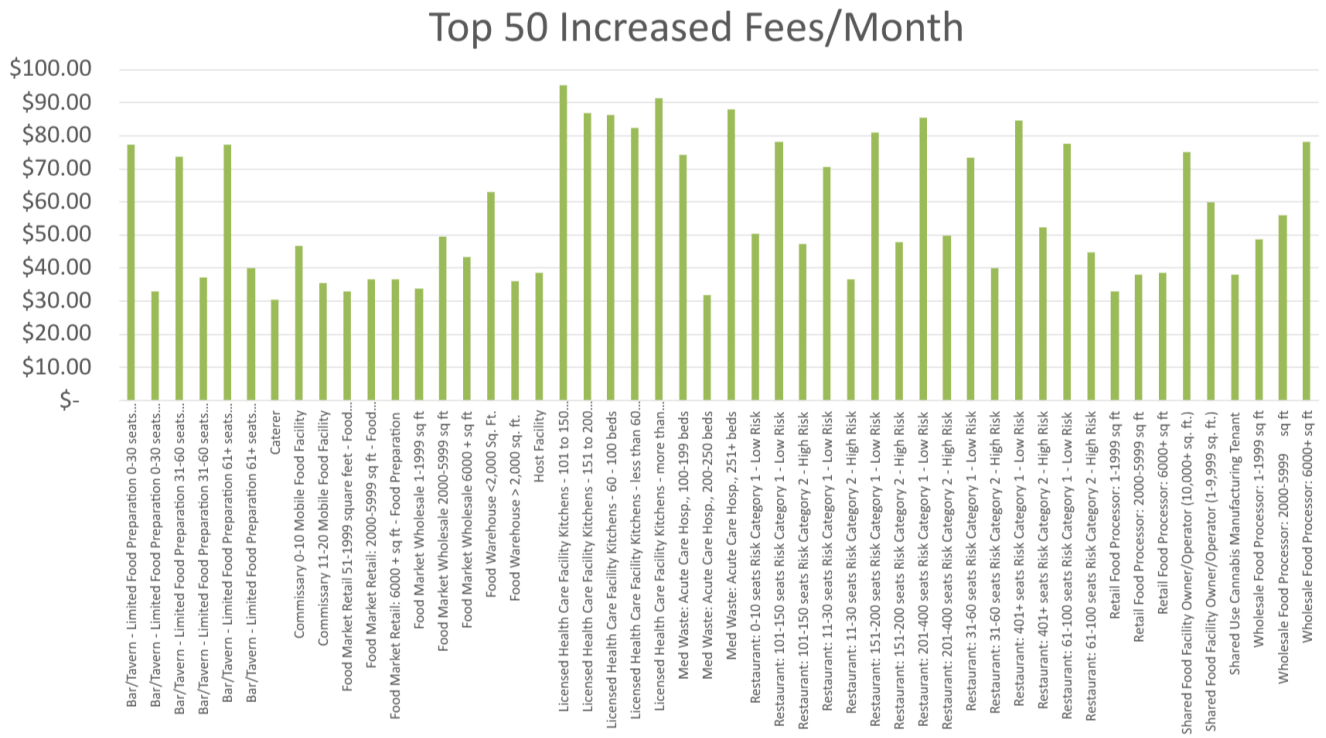


EH has designed this restructuring with guardrails to prevent undue hardships on small or vulnerable operations while still securing the revenue needed to maintain mandated service levels. Under this proposal, no individual fee is increasing to over $100 per month, and the

average increase across all adjusted fees is kept to 39 percent. This increase reflects the growth in labor and operational costs since 2022, as the EH fees were not included in Consumer Price Index (CPI) increase until FY 26, and thus have been outpaced by rising costs.

Furthermore, EH proposes to subsidize and exempt from any increase's fees for temporary food facilities, non-profit organizations, public schools, and senior feeding sites. This model is in line with previous approaches to these fee categories that acknowledge the need to mitigate the impacts of fee increases on certain types of operators that provide critical community benefits and services. This targeted approach ensures that community-focused operations remain unburdened, while commercial operations bear their proportionate share of the legally mandated inspection and compliance costs.

To further mitigate the impact on commercial businesses, EH has structured these adjustments so they do not present an overwhelming upfront obstacle for local operators. Figure 2 (Increase in Fee/Month) breaks down the fee schedule on a monthly basis, demonstrating the practical, day-to-day impact of the update. By amortizing these changes, EH ensures that commercial operators can more easily absorb the updated regulatory costs into their monthly operating budgets while the city successfully recovers the resources required to protect public health.



Next Steps

Details of the proposed Environmental Health cost-recovery fee adjustments will be posted as part of the FY 27 Budget adoption package in early September. Transitioning to this self-sustaining funding model is critical to securing the dedicated resources necessary to keep our

food safety and regulatory oversight resilient, consistent, and independent of the General Fund.

In summary, the original Council motion asked staff to explore opportunities to reduce fees; however, current operational demands, state-mandated inspection requirements, and the continued structural funding gap make the reductions no longer feasible. Instead, sustaining the Food Safety Program at required service levels will depend on restoring full cost recovery. To prevent loss of mandated services, avoid reductions in inspection frequencies, and protect the health and safety of residents, the FY 27 budget would require an additional $1.47 million in ongoing resources beyond the current fee structure. Full cost recovery is necessary to maintain compliance, protect public health, and prevent the significant risks associated with continued underfunding.

For more information, please contact Judeth Luong, Environmental Health Bureau Manager at Judeth.Luong@longbeach.gov at 562.570.4104.

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