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## Is Health Inspection Fee Hike Ill-Timed?

County plan turns business owners green.

By **HOWARD FINE**

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arrive as early as September.

One local restaurant chain owner said he found out about the pending fee hikes just two weeks ago and figured they could cost him up to \$4,000 a year.

“This came from absolutely nowhere and could be an enormous hit to our bottom line with almost no time to prepare,” said Selwyn Yosslowitz, a co-founder of the L.A.-based Marmalade Restaurant chain, which has seven locations in the county.

County officials said the fee increases are necessary to wipe out a \$12 million shortfall in the health inspection budget and to make the inspection program self-supporting. They also want to force each industry sector to bear its fair share of the inspection cost burden. Currently, for example, grocery stores are paying more per inspection than restaurants, which require more frequent exams.

Many non-profits that serve food haven't had to pay inspection fees. But under the proposal, nearly 11,000 businesses or organizations, many of them non-profits, would be charged inspection fees for the first time.

About 60 percent of the 174,000 business entities that the county inspects would be hit with increases; the rest would either see their fees remain the same or decrease.

The plan was speeding through the county bureaucracy until intense business opposition arose in the past three weeks, forcing county supervisors last week to delay the plan for 60 days.

“There was almost no warning about this, and the first bills would have hit in just two months,” said Carol Schatz, chief executive of the Central City Association, which represents many downtown L.A. restaurants that could be hit with fee hikes.

Los Angeles County Supervisor Don Knabe heard the concerns of business and last week introduced the motion to delay the plan. He said that having the fee hikes take effect July 1 as originally planned would hit many businesses by surprise.

“This is not acceptable, especially during a fragile recovery from the worst economic downturn in 70 years,” he said in the motion.

Instead, the supervisor wants health officials to more thoroughly vet the plan with industry groups and come back with changes to ease the burden on the businesses experiencing the biggest fee hikes.

County Public Health Director Jonathan Fielding told the Business Journal last week that his office had not done as much outreach to business and industry groups as necessary.

“This is the first time in more than a decade that we're changing the inspection fees on such a massive scale,” Fielding said. “We should have done more on the notification end, and we're doing that now.”

He said he is also checking to see if the fee payments can be delayed for businesses and organizations facing the largest increases.

### Huge fee hikes

Tattoo parlors face one of the biggest increases in their annual inspection fees, from \$132 to \$738,

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more than a five-fold jump.

One tattoo parlor's general manager in Hollywood said he knew nothing of the pending increase.

Also hard hit would be restaurant owners because most restaurants require inspections three times a year.

Current inspection code makes no allowance for the number of inspections; it only takes into account the size of a restaurant. So a Starbucks that gets inspected once a year pays the same basic rate as a sushi restaurant that gets inspected three times annually.

Fielding said that as a result, the fees for restaurants requiring multiple inspections were not covering the costs. He said it's not just the actual time spent doing the inspection, but also more paperwork and travel time to and from a restaurant.

"We need to charge people directly related to the cost of the inspection service that we're providing," he said.

Under the new plan, a 90-seat high-risk restaurant, which serve meat and poultry dishes, and raw foods, would pay \$1,276 a year, 40 percent more than the \$915 it pays now. For a chain of 10 similar-size restaurants, that's a \$3,600 hit to the bottom line.

On the other hand, coffee shops and the like that need only one inspection may pay less.

Restaurant owners said they understand possibly having to pay more if they get inspected more frequently. But they were surprised by the new fee, which comes as other costs, such as food and utility bills, are rising. Paying the fee all at once is also burdensome.

"For most restaurant owners, the first time they are likely to hear about this is when they get their bill and see it's a whole lot higher than before," said Madelyn Alfano, president of the Maria's Italian Kitchen restaurant chain and president of the L.A. chapter of the California Restaurant Association.

Alfano said that a higher bill from the county health department won't break a restaurant, "but everything else is increasing and this could be the last straw for restaurant owners that are barely managing to hang on after the long recession."

Instead, Alfano said she would like restaurants to have the option to make quarterly payments and a discount for restaurants that consistently score well on health inspections.

Marmalade Café co-founder Yosslowitz agreed.

"The health department can't put it all on the backs of the restaurants and certainly not all at once," he said.

The county has for decades examined public places for health reasons. While restaurants may be a prime focus of inspectors, so are other places with potential health issues, such as swimming pools in condos and apartments building.

More than 10 years ago, the county started issuing the familiar letter grades that appear near the entrances of restaurants, a process that's part of the inspection system. In more recent years, the county's inspection of restaurants has grown more vigorous.

#### **Condo towers hit**

Meanwhile, condominium association managers say higher fees for inspections of pools, boilers and other equipment are hitting them at a particularly bad time. Their budgets are strained as condo owners have faced foreclosure or are delinquent on association dues.

"I've heard that our inspection fees are likely to go up 20 percent to 30 percent and that's not something we can absorb right now," said Dan Nakari, general manager of the 416-unit Century Park Place condominium complex in Century City.

Nakari said the fees for all six buildings in the complex will total several thousand dollars, which comes on top of steep hikes in utility costs.

"It's too late now to increase our annual association dues. So if I can't find the savings elsewhere, we might have to send out a special assessment notice to handle this fee increase," he said.

Basic condo inspection fees will increase from \$183 to \$257 for big complexes with more than 100 units, although some smaller complexes may see fee decreases. However, condos may face additional fees. Vending machine inspections, for example, are to increase from \$62 to \$275.

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Non-profit housing associations are also on the target list, some of them for the first time.

Take the SRO Housing Association, which operates about 2,000 units in 26 buildings as transitional housing for the homeless population around Skid Row. As a non-profit that provides free food and support services, the association has been exempt from paying for the inspection fees – until now.

“We’re looking at several hundred or even thousands of dollars in new fees for each building,” said Executive Director Anita Nelson.

“I would love for non-profits to remain exempt,” Nelson said. “Any money that goes to the inspectors is that much less that can be used to provide needed services such as housing and support services for the homeless. And that hurts everyone.”



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