

CITY OF MADISON
CITY ATTORNEY'S OFFICE
Room 401, CCB
266-4511

MEMORANDUM

TO: City of Madison Common Council

FROM: Kate Smith, Assistant City Attorney

DATE: April 5, 2020

RE: Resolution to temporarily reduce fees, waive late fees and offer renewal fee deferment for the Public Health Madison Dane County licensed establishment program (Legistar File # 60109)

In her updated Emergency Order dated March 26, 2020, the Mayor temporarily authorized Public Health Madison Dane County ("PHMDC") to reduce the fees associated with food and drink establishments, temporary food establishments, tattoo and body piercing, hotels and tourist rooming houses, campgrounds and recreational campgrounds to the 2019 rate and waive late fees and offer renewal fee deferment if not contrary to Wisconsin Department of Agriculture, Trade and Consumer Protection ("DATCP") guidelines.

BACKGROUND

Wis. Stat. § 97.615(2)(d) allows local health departments to set the fees for their licensed establishment program based on their budget. In October 2019, the Common Council passed an ordinance raising the fees in MGO Chapter 7 by an average of 17% for 2020 and beyond. At the time, Madison was experiencing rapid growth and adding new licenses each year and PHMDC anticipated a need to increase staff in order to administer the program.

Governor Ever's Safer at Home Order closed tattoo and body piercing establishments and restricted restaurants from operating beyond take-out and delivery. While the Order allows hotels and motels to stay open, their business is dramatically reduced by event cancellations and a global decline in travel. PHMDC's budget and staffing levels is dependent on license revenue generated by industries hardest hit by the COVID crisis.

WHY THIS ORDER IS NECESSARY

COVID-19 has dramatically altered the finances of the types of businesses PHMDC licenses under MGO Chapter 7. PHMDC expects to lose a number of establishments that are unable to survive the current crisis. The hospitality industry depends on people leaving their homes. Returning fees to the 2019 level will provide much-needed financial relief to our business community and allow operators to prepare for recovery once the COVID crisis ends. Because PHMDC depends on the licensed establishment program revenue, the Department is being proactive to retain its current work force by not adding the additional staff the fee increase generated.

PHMDC is the local agent of the State Department of Agriculture, Trade and Consumer Protection (“DATCP”), which also licenses restaurants and lodging establishments. Out of consideration for widespread COVID-19 related business closures and decreases in revenues, DATCP is extending the late renewal period for licenses and waiving late fees. While local agents are able to determine whether or not to follow suit in their own jurisdictions, DATCP recommends every Agent follow their guidance. PHMDC wants to align with DATCP to provide consistency for operators throughout the state.

ACTIONS TAKEN THUS FAR PURSUANT TO THIS ORDER

As of March 9, 2020, PHMDC set aside all the charged re-inspection fees. The invoices for the chargeable re-inspections were not sent and instead put into a folder for waiving at a later date. In May, renewals will go out to all licensed establishments (due the first week of July) and will reflect the 2019 rates. PHMDC will waive all late fees in 2020.

FISCAL IMPACT

The 2020 Adopted Operating Budget increased these fees by 17%, the increase was projected to generate \$329,600 annually. Funding from the fee increase was intended to fund the creation of two positions (Sanitarian and Sanitarian Supervisor). Neither of these positions will be filled for the remainder of 2020. Public Health anticipates the loss in late fees to be \$17,000. Deferment of renewal fees will result in a delay in receiving the revenue until 2021. At this time the fiscal impact is not quantifiable. Public Health estimates that the number of establishments seeking renewal will decrease by 10%, or 345. The Dane County Board of Supervisors has approved these measures as of April 2, 2020. A budget amendment is not proposed at this time. The Finance Department is closely monitoring the 2020 budget and subsequent budget amendment resolutions to fully fund the response efforts are anticipated in the future.