



Program Cost-recovery Proposal Abbreviated for PHAC

HHS: ENVIRONMENTAL HEALTH
PROGRAM

Jan. 10, 2023



Policy question

Does PHAC support the proposed fee increases and related recommendations to achieve or move toward program cost recovery in the HHS Environmental Health regulatory services?

→ Briefing objectives/overview

Review cost-recovery best practices and policies

Review program cost-recovery options

Advance fee increases and related recommendations to achieve or move toward program cost recovery for specific regulatory services if directed by the Board

Outline next steps in the FY 2023-24 fee increase/budget process





Best practices for establishing charges, fees

Government Finance Officers Association (GFOA) best practices:

- Consider applicable laws and statutes before the implementation of specific fees and charges
- Adopt formal policies regarding charges and fees
- Calculate the full cost of providing a service in order to provide a basis for setting the charge or fee
- Review and update charges and fees periodically
- Utilize long-term forecasting in ensuring that charges and fees anticipate future costs in providing the service
- Provide information on charges and fees to the public

→ Board cost-recovery policies

County is updating its strategic plan and financial policies and redesigning its budget process

Cost recovery is a long-standing strategy for funding county services that benefit specific users or geographic areas

HHS PROPOSAL

ENVIRONMENTAL HEALTH PROGRAM



HHS: Environmental Health (EH) fees

Background

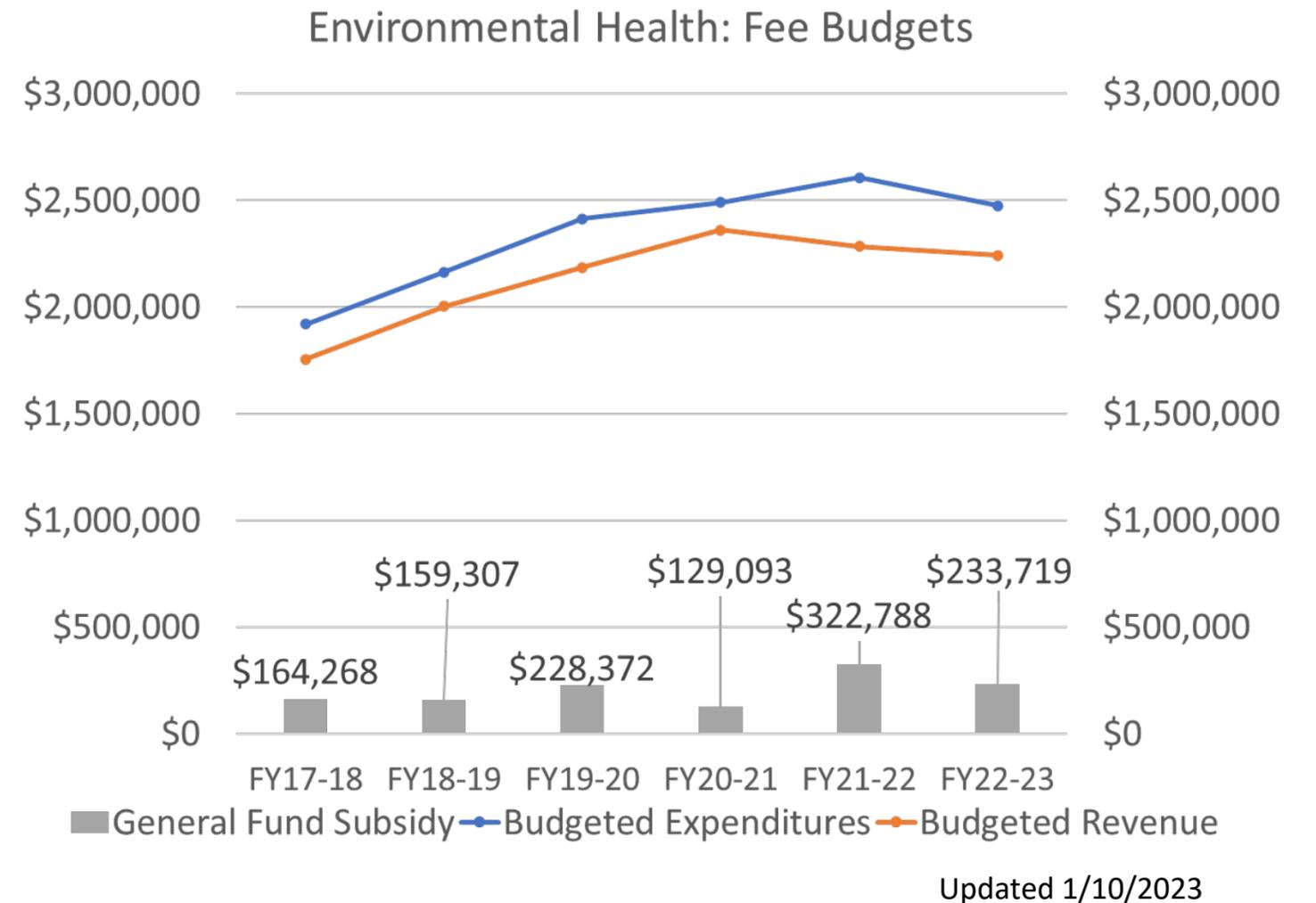
The Environmental Health program within the Public Health Division currently fulfills specific statutory responsibilities (OAR 333-014-0550) with a combination of fee revenues and General Fund subsidies.

- Each year, fees have increased incrementally by a small percentage. This increase has not been able to keep up with actual costs.
- In 2022, HHS contracted with Merina+Co to revise fee-setting methodologies and tools to assist with fiscal year revenue forecasting.
- For FY23-24, HHS staff recommend budgeting for a 100% cost recovery model which estimates a GF subsidy savings of approximately \$260,000



HHS: EH fee landscape

- There are about 200 fees that fall into the following categories:
 - Pools and Tourist
 - Restaurants
 - Other Food Licensing
- Some fees have set rates identified through OAR, ORS or the state; others are more flexible
- Each year we had incremental increases averaging 3-5%





HHS: Fee assessment process

- Determine appropriate fees that fully capture the cost of regulatory functions for future budget years.
- Develop a data dictionary to go with the tool.
- Provide recommendations on a fee setting methodology.
- Incorporate an equity lens in fee setting.

Excerpt from Merina+Co Final Report 11/22/22

Table 2 - Table of contents for fee-setting tools

Tab Name	Contents
Guide	Instructions on how to use the workbook, including a formatting legend, steps for updating the tool, and a data dictionary.
Fee Planning	Summary of fees, estimated revenues, and expenditures for varying levels of cost recovery
Cost Allocation	Calculations for the total cost of performing inspections and the total fee for each individual fee type.
Forecast	Forecasts for staffing and expected revenues, as well as comparisons to other fees.
General Inputs*	Inputs for statutory requirements and variables that do not vary between types of fees such as budgeted expenditures.
Fee Specific Inputs*	Inputs for variables that vary between types of fees such as the number of required inspections, inspection times, and estimated facility counts.
Personnel Matrix*	Inputs for allocation of full-time equivalents (FTE), salaries, and benefits.



HHS: Considerations

- County Finance is still updating personnel expenses
- Material & Supply have not been updated in alignment with the County Budget Equity tool
- Changes to the County budget could further impact fees:
 - New Internal Service Funds
 - Use of full cost County Cost Plan
 - Budget add/reduction packages



HHS: What financial impacts do we see?

Goal: 100% Cost Recovery in FY23-24

Restaurants (e.g., shelters, food carts)

- Estimated 11% average increase (\$119)

Pools & Tourist (e.g., pools/spas, hotels)

- Estimated 14% average increase (\$71)

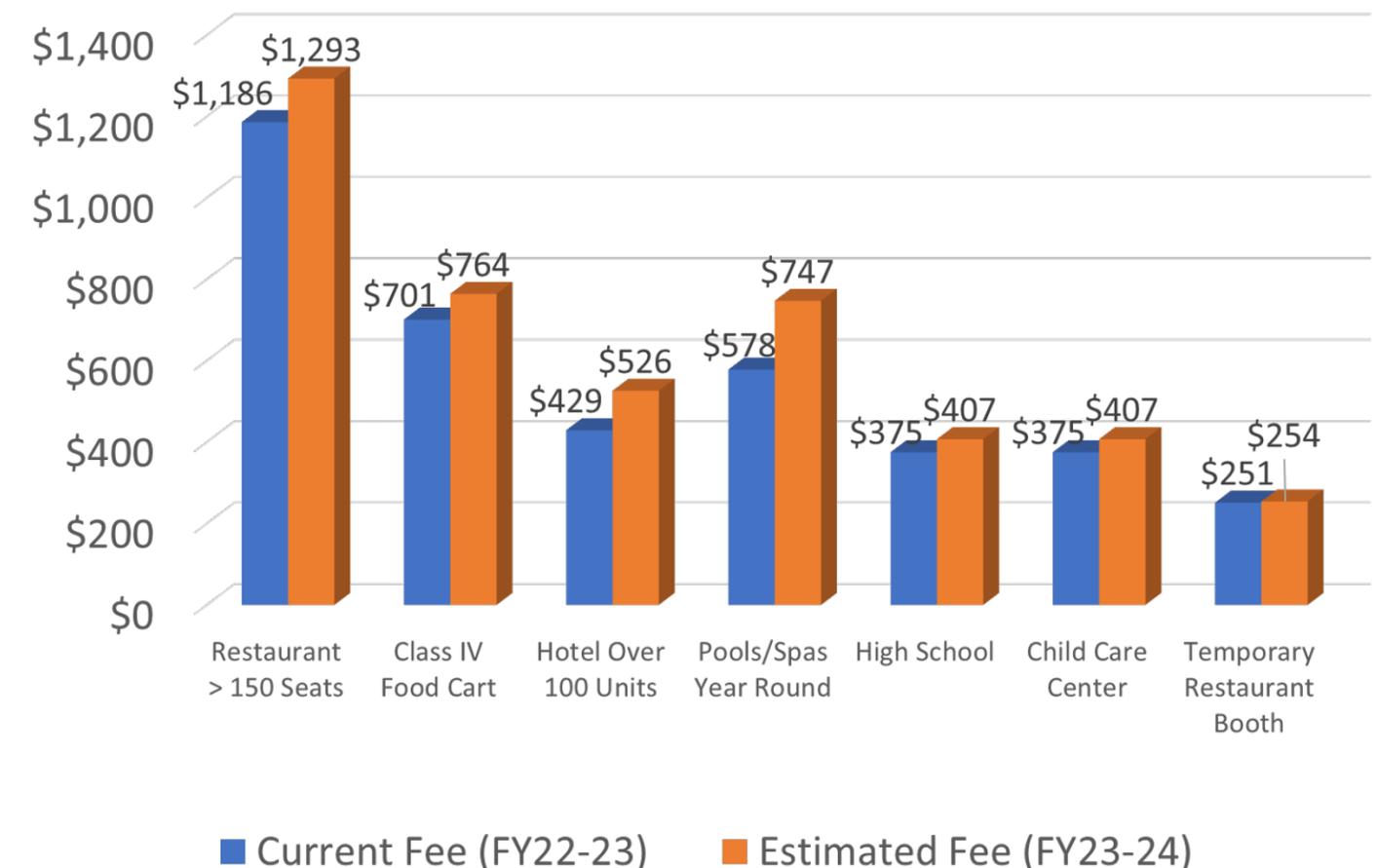
Other Food (e.g., childcare, schools)

- Estimated 5% average increase (\$19)

Equity

- Fee calculations resemble a targeted universalism approach to cost recovery
 - Some fees could remain flat

Environmental Health Current and Estimated Fees

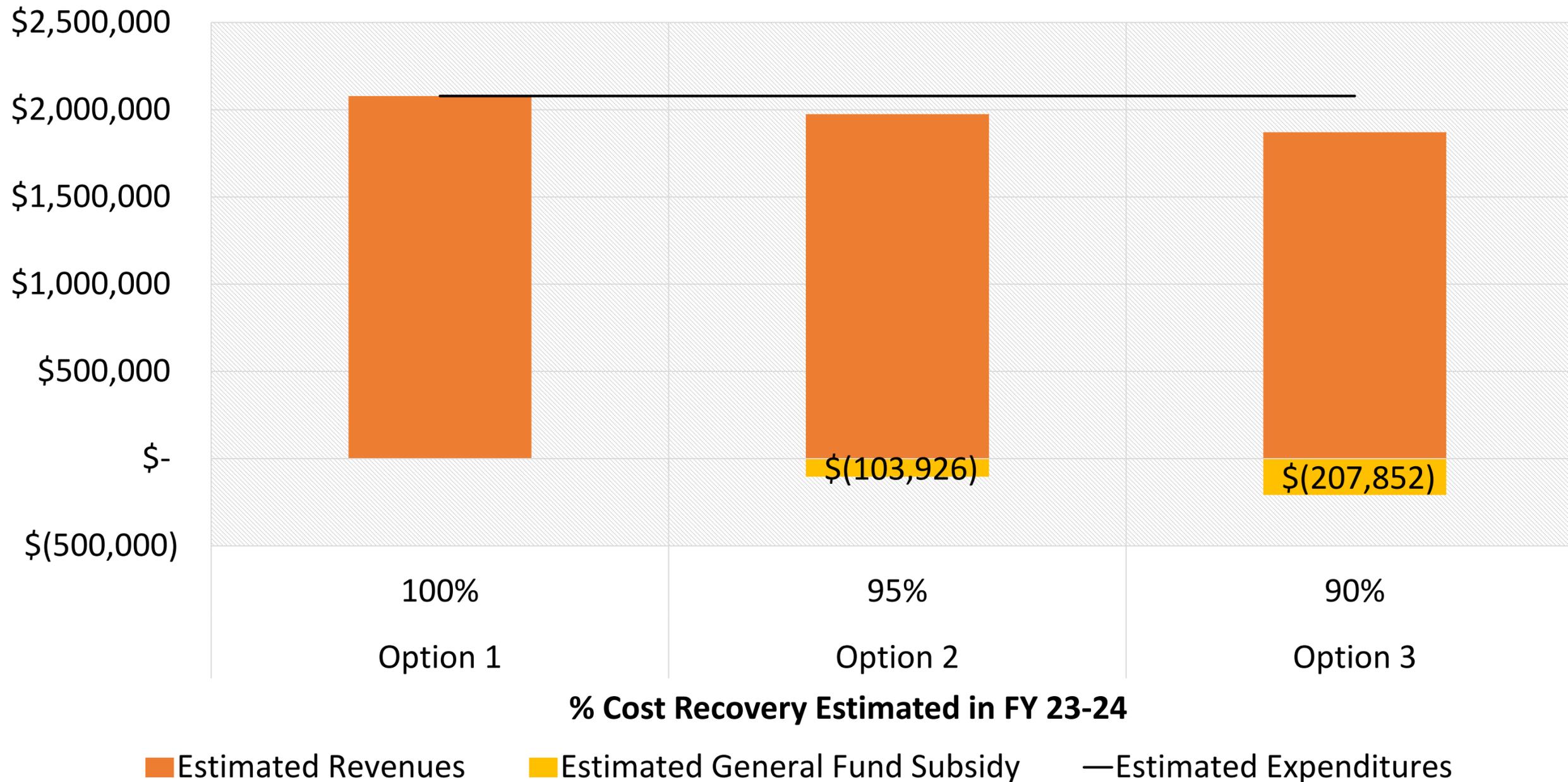


Updated 1/10/2023



HHS: Recommendations

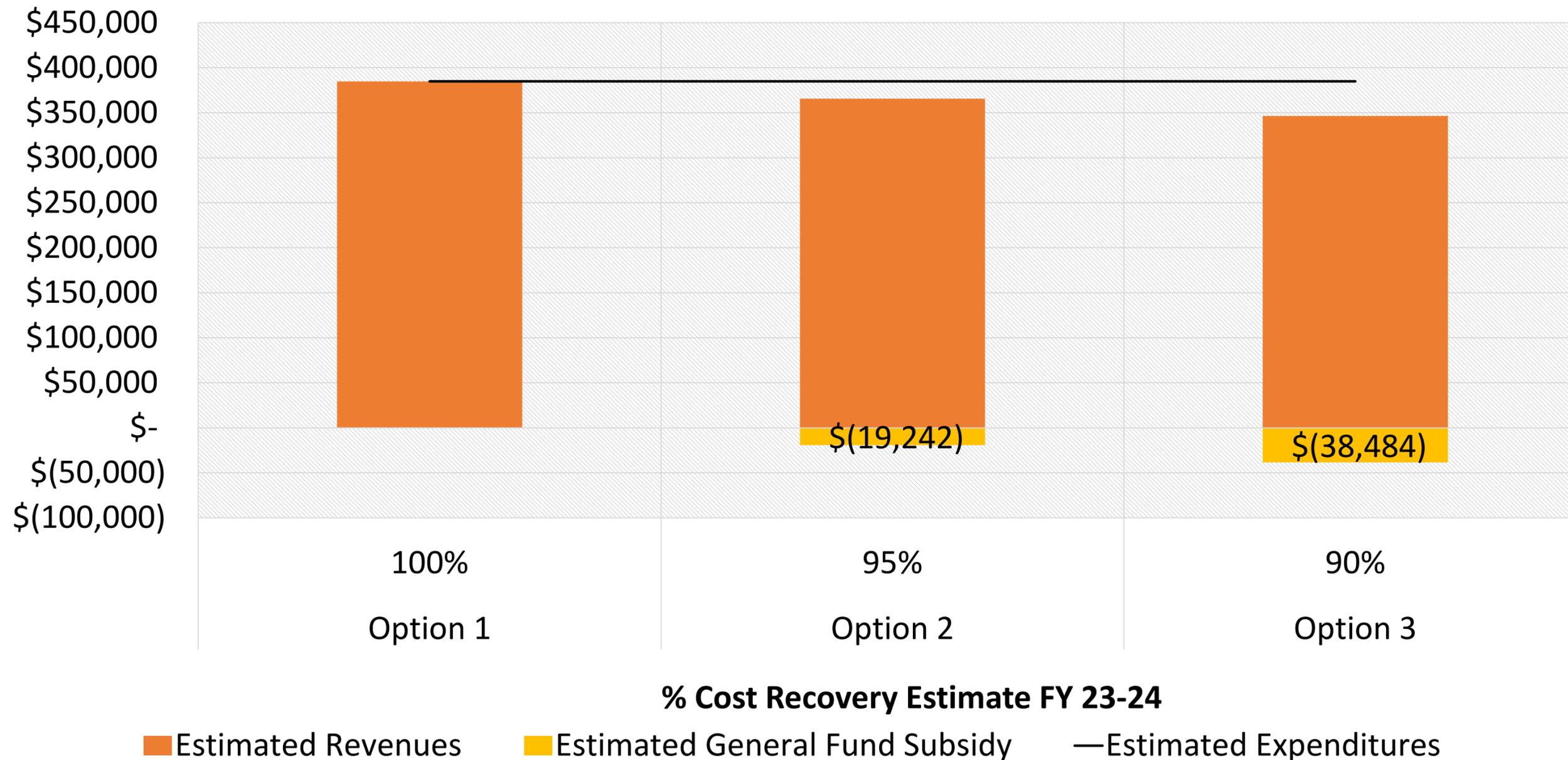
Restaurants: Estimated Cost Recovery Options





HHS: Recommendations

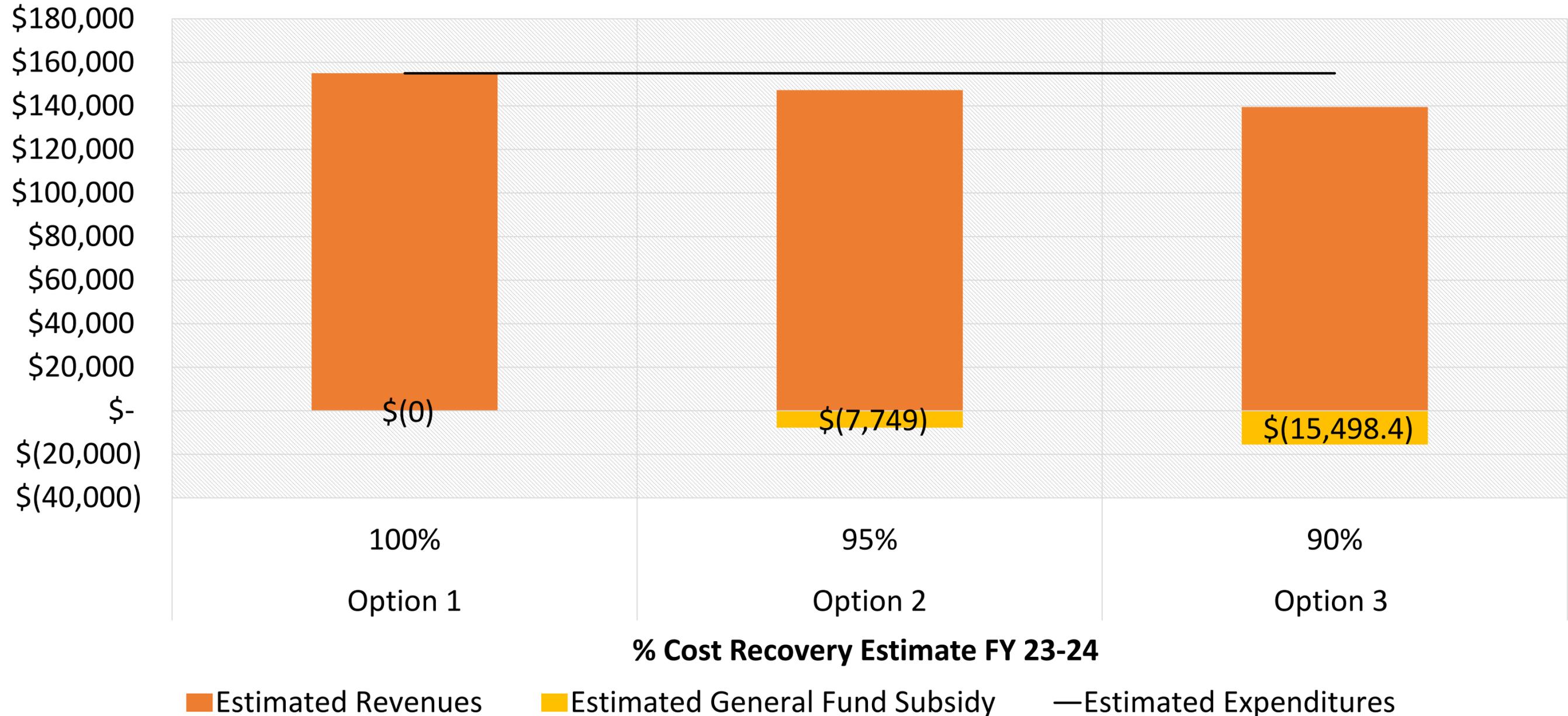
Pools & Tourist: Estimated Cost Recovery Options





HHS: Recommendations

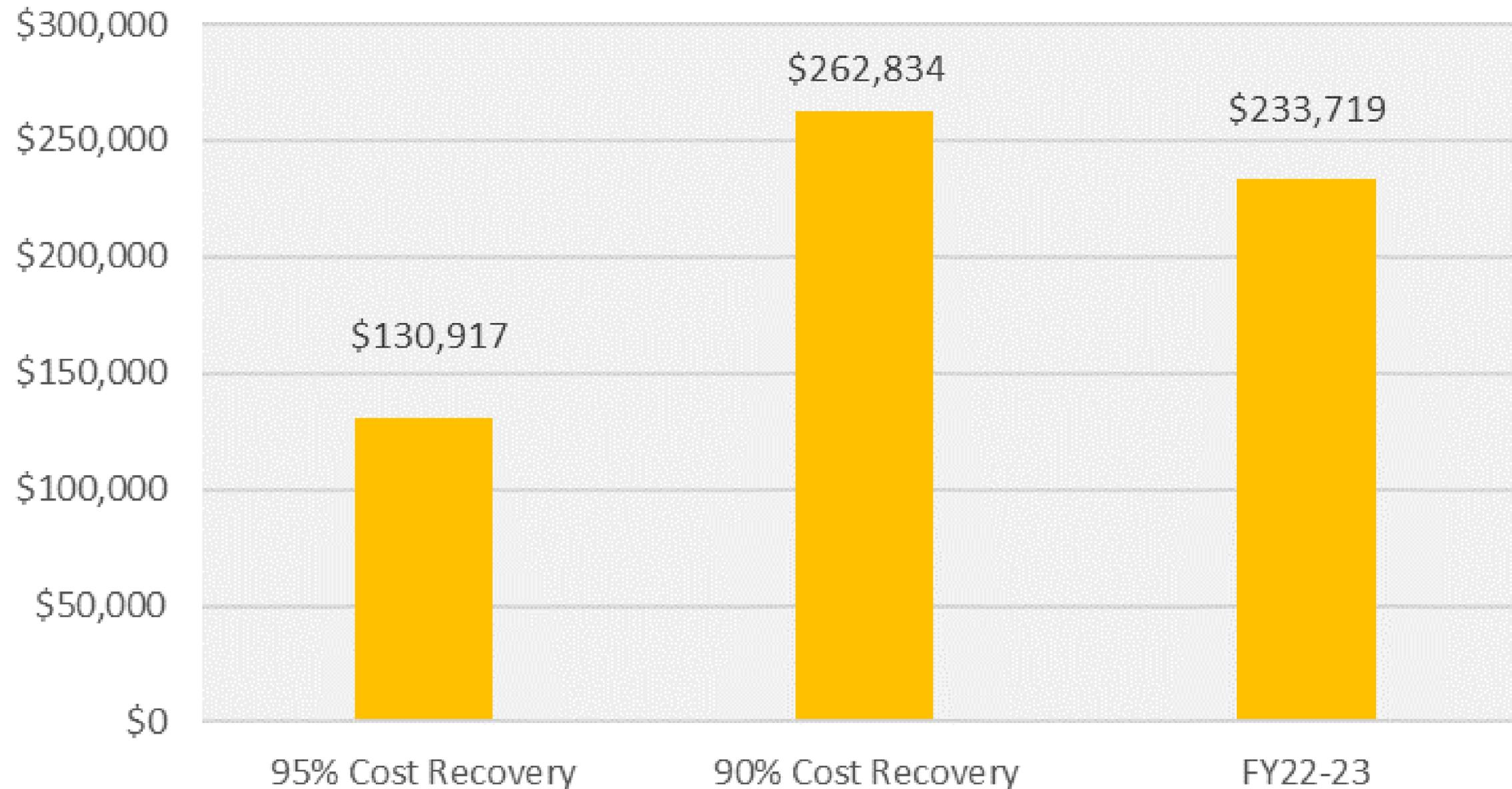
Other Food: Estimated Cost Recovery Options





HHS: General Fund Subsidy Totals

General Fund Subsidy





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