



King County

King County Board of Health

Staff Report

Agenda item No: 12

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Rule and Regulation No: BOH24-04

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Subject

Environmental Health Services Division 2024 Rate Study

Summary

The Environmental Health Services Division (EHS) of Public Health – Seattle & King County (Public Health) focuses on disease prevention through sanitation, safe food and water, proper disposal of waste and toxic substances, and promoting safe and healthy environmental conditions throughout King County. EHS charges customers permit fees to cover the full cost of permit operations. The permit fee amount is based on multiplying the hourly rate by the amount of time (service hours).

EHS recently completed the 2024 EHS rate study and is bringing proposed rate changes, effective January 1, 2025, to the King County Board of Health (BOH). EHS is proposing, based on financial analysis results, to increase rates by 5.7% for the Food & Facilities Section and 5.9% for the Solid Waste, On-Site Sewage System, and Pet Business Programs, which are lower than the cumulative inflationary increases over the past five years. EHS is also proposing to round service hours for all programs and increase service hours for two pet business program permits. These changes should allow rate-based EHS programs to maintain sufficient funding to cover the cost of services and continue providing effective programs to ensure the protection of public health.

The proposed rate changes aim to balance limiting fee increases that impact customers with sufficiently supporting EHS services. The changes translate into average permit fee increases of \$39, \$38, and \$29, for the Food & Facilities Section, On-Site Sewage System Program, and Pet Business Program respectively. Overall, permit fees will increase on average by \$37, with a range of \$(-20) to \$121. Please refer to page 5-6 for examples of proposed permit fee changes for our highest volume permits.

Background

Per King County policy, EHS must operate on a full cost recovery mandate, meaning that the division must cover all the costs of its rate-based programs through permit fees. Costs include labor, office space, equipment, software licenses, supplies, and all other business costs, including departmental and King County overhead costs. The King County Board of Health (BOH) directed the full cost recovery policy through a resolution, which requested that the department propose for the Board's consideration reasonable fees and fee increases that fully pay for the cost of services they support.¹ BOH code requires that fee schedules shall not exceed the actual cost of providing any such services.² This is supported by a Revised Code of Washington (RCW) stating that fees shall not exceed the actual cost of providing the service. Because state law prohibits Public Health from collecting more than the actual cost of providing services, costs cannot be shifted from some categories of permittees to benefit other categories of permittees.³

The BOH sets the EHS rates and requires EHS to conduct a rate study for an in-depth financial analysis of the accuracy of the fee schedules, efficiency, and effectiveness of service delivery, and opportunities for fee reductions, at least every five years.⁴ The last EHS rate study was conducted in 2019 and did not have recommended changes except a minimal increase in the Food & Facilities Section hourly rate.

In non-rate study years, EHS can make limited adjustments to the hourly rates.⁵ Since the last rate study, EHS has used these interim year adjustments each year for On-Site Sewage System (OSS), Solid Waste, and Pet Business Program hourly rates, but has kept the annual increase well below inflation. The Food & Facilities Section rate has not increased since the last rate study in 2019.

¹ King County BOH Resolution 08-07 (paragraph H), August 8, 2008, "The Board of Health requests that the department consider possible revenue enhancements and propose for the board's consideration reasonable fees and fee increases that fully pay for the cost of services they support, in lieu of reductions in services."

² King County BOH 2.06.008(A), "The board shall, in accordance with RCW 70.05.060, establish fee schedules for issuing or renewing licenses or permits or for such other services as are authorized by the law and the rules of the state Board of Health. The fee schedules shall not exceed the actual cost of providing any such services, which may include the cost of building fund reserves in accordance with any applicable county fund reserve policies."

³ Revised Code of Washington (RCW) 70.05.060(7) (Powers and Duties of Local Board of Health), "Establish fee schedules for issuing or renewing licenses or permits or for such other services as are authorized by the law and the rules of the state board of health: PROVIDED, That such fees for services shall not exceed the actual cost of providing any such services."

⁴ King County BOH 2.06.008(F), "The director shall conduct an in-depth analysis of the accuracy of the fee schedules, efficiency and effectiveness of service delivery, and opportunities for fee schedule reductions at least every five years, with the analysis occurring during a mid-biennium year. The director shall report on findings from the analysis to the board."

⁵ King County BOH 2.06.008(C), "The director may annually adjust any or all fees up or down to reflect actual costs up to an amount that represents the most recently adopted Seattle-Tacoma-Bremerton Area Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) inflation forecast prepared by the Office of Economic and Financial Analysis (OEFA) plus one percentage point, up to a maximum of five percent, plus the cost of building rate reserves in accordance with any applicable county fund reserve policies."

The 2024 rate study focused on the rate-based programs in three EHS sections: Food & Facilities, Community Toxics, Science & Policy, and Community Environmental Health. Annual permit and related activity information for these rate-based programs is shown in Table 1.

Table 1: Rate-based Program Activities

Section	Rate-based Programs	Annual Activity Stats at a Glance
Food & Facilities	<ul style="list-style-type: none"> ▪ Permanent and Temporary Food Establishments ▪ Water Recreation 	<ul style="list-style-type: none"> ▪ Manages permits for 12,000+ permanent food establishments, 2,500+ temporary events, 350+ farmer's market vendors, and 1,900+ water recreation facilities. ▪ Reviews and approves 900+ new food business permits. ▪ Conducts 20,000+ routine/educational inspections. ▪ Responds to over 1,000 complaints.
Community Toxics, Science & Policy	<ul style="list-style-type: none"> ▪ Solid Waste Handling Facilities ▪ Pet Businesses 	<ul style="list-style-type: none"> ▪ Manages 82 solid waste handling facilities and vehicle fleet permits. ▪ Performs compliance reviews of 122 solid waste handling facilities and unpermitted facilities with other regulatory agencies. ▪ Manages permits for approximately 550 pet businesses. ▪ Coordinates with the KC Department of Local Services and suburban cities on unpermitted pet facility issues.
Community Environmental Health	<ul style="list-style-type: none"> ▪ On-Site Sewage System (OSS) Permitting ▪ OSS Operation & Maintenance 	<ul style="list-style-type: none"> ▪ Reviews 1,200+ new OSS design and installation permits. ▪ Reviews 2,500+ time of sale OSS inspections. ▪ Certifies 150+ OSS industry professionals in King County. ▪ Responds to 150+ complaints each year and works with owners to correct failing systems.

Analysis

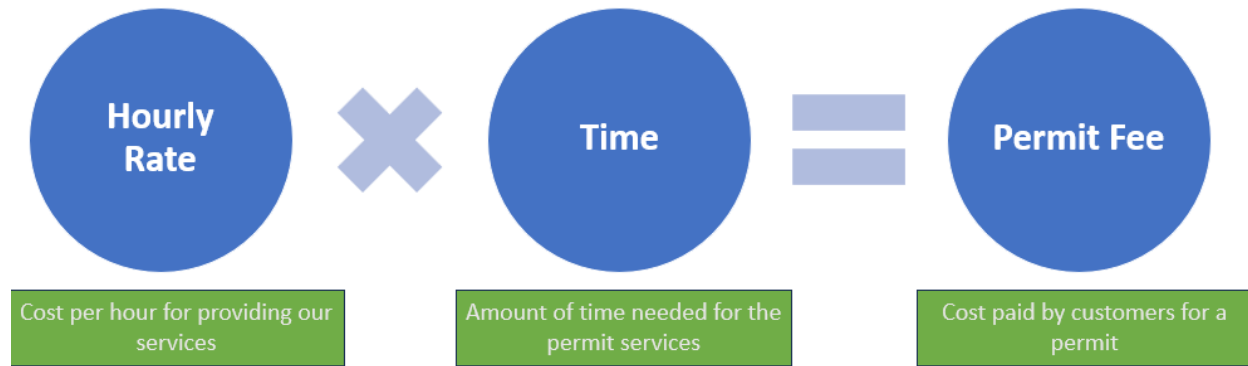
Proposed Rate Changes

The 2024 rate study included an analysis of the fee schedules and the efficiency and effectiveness of service delivery and looked for opportunities for fee schedule reductions.

Based on the analysis, EHS proposes:

- 1) Increased hourly rates for all programs.
- 2) Rounding of service hours across all programs.
- 3) Increased service hours for two Pet Business Program permits.

Figure 1: Permit Fee Calculation



As shown in Figure 1, permit fee amounts are based on multiplying the hourly rate by the time (service hours). The changes EHS is proposing to hourly rates and service hours (time) will result in changes to permit fees, as discussed in the following sections.

1) Increased hourly rates for all programs.

The proposed hourly rate changes are a 5.7% increase for the Food & Facilities Section rate and a 5.9% increase for the OSS, Solid Waste, and Pet Business Programs rates (Table 2).

The hourly rates and fees are set at the program level. This means that rather than a single hourly rate for EHS, each program has an hourly rate based on its specific needs, structure, and data. The hourly rate is calculated based on the total program budget⁶ divided by the number of direct service hours.

Table 2: Hourly Rate Changes

Program	2024 Rate	Proposed 2025 Rate	\$ Change	% Change
Food & Facilities	\$229.80	\$243.00	\$13.20	5.7%
On-Site Sewage	\$204.00	\$216.00	\$12.00	5.9%
Solid Waste	\$204.00	\$216.00	\$12.00	5.9%
Pet Business	\$204.00	\$216.00	\$12.00	5.9%

2) Rounding of service hours to complete permit services across all programs.

The current fee structure has too many permit fee amounts, which can be confusing to customers and lead to errors. EHS is proposing to round service hours to the ¼ hour, which will reduce the number of permit fee amounts and errors. While some permit fees will increase and other

⁶ The budget calculation is based on the 2025 proposed budget (including necessary increases in staffing, labor and operational costs), which is before Council for approval.

decrease due to this change, the overall impact on customers is minimal while supporting the goal of a smooth, quick permit processing experience for customers.

3) Increased service hours for two Pet Business Program permits.

The proposed service hour increase for Pet Daycares and Commercial Kennels is based on substantial increases in the time needed to address these types of facilities due to the increasing scale and complexity of these business types (Table 3).

Table 3: Pet Business Permit Service Hour Changes

Permit	Est. Time	New Time	Time Change	2024 Price	Proposed 2025 Price	\$ Change	% Change
Pet Daycare	1.84	2.25	22.1%	\$376	\$486	\$110	29.3%
Commercial	1.84	2.25	22.1%	\$376	\$486	\$110	29.3%

Customer Cost Impact

The proposed changes translate into average permit fee increases of \$39, \$38, and \$29, for Food & Facilities, OSS, and Pet Business Programs respectively, with changes ranging from \$(-20) to \$121. The percent change in permit costs is variable due to the rounding adjustment. Table 4 provides illustrations of these changes for EHS customers. The Solid Waste Program operates in a slightly different manner than other EHS rate-based programs. The permits are structured to have the permit holder pay a base fee for a set number of hours and then be billed for any hours spent at the facility more than the base.

Table 4: Top Permits by Volume

Program	Permit	2024 Price	Proposed 2025 Price	\$ Change	% Change
Food	Permanent Food- Seating 13-50 - Risk III	\$927	\$972	\$45.00	4.9%
Food	Permanent Food- Seating 51-150 - Risk III	\$1,012	\$1,094	\$82.00	8.1%
Food	Permanent Food- Seating 0-12 - Risk III	\$875	\$911	\$36.00	4.1%
Food	Grocery Store-no seating - Risk I	\$396	\$425	\$29.00	7.3%
Food	Seasonal Outdoor Pool	\$633	\$668	\$35.00	5.5%
OSS	OSS Maintainer report for Title transfer	\$204	\$216	\$12.00	5.9%

Program	Permit	2024 Price	Proposed 2025 Price	\$ Change	% Change
OSS	Single Family - New Pressurized (New OSS Install)	\$1,063	\$1,134	\$71.00	6.7%
OSS	Pressurized Sys. Design, Group A (Design Review)	\$1,052	\$1,134	\$82.00	7.8%
OSS	Building Remodeling Review	\$709	\$756	\$47.00	6.6%
OSS	Liquid Waste Hauler Vehicle Tab	\$122	\$140	\$18.00	14.8%
Pet	Pet Grooming Service	\$266	\$266	\$0.00	-
Pet	Pet Daycare	\$376	\$479	\$103.00	27.4%
Pet	Pet Food Retailer	\$244	\$266	\$22.00	9.0%
Pet	Pet Mobile Grooming Service	\$266	\$266	\$0.00	-
Pet	Pet Shop - Standard	\$462	\$479	\$17.00	3.7%

Fiscal Impact

Though budget authority for the department is under the control of the King County Council, the BOH decisions on the proposed changes will grant EHS the ability to continue covering the cost of providing essential public health services. The BOH sets the amounts that EHS charges to collect sufficient revenue to cover the expenditures authorized by the King County Council.

The rate and fee increases proposed in this rate study make EHS rate-based programs more sustainable. The exception is the Pet Business Program, which has significant constraints and will receive additional review over the next one to two years, with the intent of proposing code and structural changes to align rates and services. Additionally, due to the dynamic state legislative landscape, uncertainty in the construction industry, and changes in the workforce, additional review will be needed to ensure that the OSS Program continues to align rates with necessary services.

Additional Information

EHS looks forward to the BOH briefing on the rate study and proposed changes on October 17, 2024. The Rule and Regulation (R&R) with the complete list of EHS fee amendments is included in the meeting packet. Ongoing customer engagement and a rate study survey aided in

identifying customer needs, and a more detailed summary of this input and related EHS activities is included in Attachment 1.

Attachment

1. Customer Feedback and Related EHS Activities