



Date: November 15, 2023

To: Board of County Commissioners

CC: Ryan Barrett, County Manager
Becky Butler, Budget Administrator

From: Meja Handlen, Public Health & Social Services Director

RE: Public Health and Social Services 2024 Budget

Introduction

The purpose of this memo is to explain the Environmental Health portion of the Public Health & Social Services (PHSS) budget and the 2024 fee increase request. The Environmental Health division includes the Drinking Water, Food Safety, Onsite/Septic, and Water Lab Programs. The Onsite/Septic Program is currently fully funded by the fees collected, and no proposed fee increases are proposed at this time for the Drinking Water Program.

A copy of the current adopted Schedule of Fees can be found [here](#). Please note that the full fee schedule includes PHSS as well as Public Works and Community Development; however, this memo is only about PHSS.

Revenue Sources

The Environmental Health budget includes three primary revenue sources:

1. Foundational Public Health Services (FPHS) – The Department receives FPHS funding to support environmental health leadership and policy development, and the Environmental Health Services Manager position costs are fully covered with FPHS funding. While FPHS funding cannot be used to support the fee-based services that make up the majority of program costs, FPHS funds are used to cover allowable expenses.
2. Fee Schedule – Public Health and Social Services charges fees for permits and those fees help cover program costs. It should be noted that thirty percent (30%) of all fees received through the Permit Center are paid to the Community Development Department for permit processing services.
3. General Fund Transfer – General Fund is transferred in to pay for expenses not covered by other revenue.



Public Health and Social Services Fee Increase Request

The 2024 projected total program cost for the Food Safety Program is \$317,435.50. The projected revenue is \$197,441.59, which will cover 62.20% of the program costs, as detailed in Attachment 1. An explanation of how these calculations were completed is included in Attachment 2.

The 2024 projected total program cost for the Water Lab is \$175,857. The projected revenue is \$95,000 which will cover 54% of program costs.

The primary expense increases to these program budgets are related to the BOCC-approved employee benefits and COLAs as well as preliminary Interfund Service Rate increases, and increases in the costs of laboratory supplies.

To offset expenditure increases and reduce the 2024 General Fund transfer, PHSS seeks BOCC support of a proposal to increase the Food Safety Program's 2024 fees by 22.5% and to increase water testing fees by 54%.

Expected Outcome

The additional revenue from the proposed fee increases would partially offset the General Fund transfer needed in 2024 and reduce the need for General Fund.

Drinking Water Program Deficit Projections

Water Program 3 year budget fix	Starting Average	2023	2024	2025	2026
% Fee Increase		30%	14.60%	14.60%	14.60%
% Deficit	76.92%	20.62%	14.76%	8.83%	-0.03%
Average Revenue	97,931.14	137,539.12	152,505.89	169,657.81	189,313.91
Average Revenue From Fees	78,855.48	102,512.12	117,478.89	134,630.81	154,286.91
% Revenue from Fees	82.43%	74.53%	77.03%	79.35%	81.50%
Average Expenditures	157,245.70	165,895.93	175,020.20	184,641.72	189,262.45
Average Expenditures from Salaries (includes COLAs and Step Increases)	102,682.50	108,330.04	114,288.19	120,571.04	123,588.39
calculated average % Expenditures from Salaries	65.30%	65.30%	65.30%	65.30%	65.30%

Water Program 5 year budget fix	Starting Average	2023	2024	2025	2026
% Fee Increase		30.00%	10.00%	10.00%	10.00%
% Deficit	76.92%	20.62%	18.42%	16.08%	10.38%
Average Revenue	97,931.14	137,539.12	147,790.33	159,066.67	171,470.63
Average Revenue From Fees	78,855.48	102,512.12	112,763.33	124,039.67	136,443.63
% Revenue from Fees	82.43%	74.53%	76.30%	77.98%	79.57%
Average Expenditures	157,245.70	165,895.93	175,020.20	184,641.72	189,262.45
Average Expenditures from Salaries (includes COLAs and Step Increases)	102,682.50	108,330.04	114,288.19	120,571.04	123,588.39
calculated average % Expenditures from Salaries	65.30%	65.30%	65.30%	65.30%	65.30%

Water Program 7 year budget fix	Starting Average	2023	2024	2025	2026
% Fee Increase		30.00%	8.00%	8.00%	8.00%
% Deficit	76.92%	20.62%	20.09%	19.43%	15.29%
Average Revenue	97,931.14	137,539.12	145,740.09	154,597.14	164,162.75
Average Revenue From Fees	78,855.48	102,512.12	110,713.09	119,570.14	129,135.75
% Revenue from Fees	82.43%	74.53%	75.97%	77.34%	78.66%
Average Expenditures	157,245.70	165,895.93	175,020.20	184,641.72	189,262.45
Average Expenditures from Salaries (includes COLAs and Step Increases)	102,682.50	108,330.04	114,288.19	120,571.04	123,588.39
calculated average % Expenditures from Salaries	65.30%	65.30%	65.30%	65.30%	65.30%

Water Program 10 year budget fix	Starting Average	2023	2024	2025	2026
% Fee Increase		30.00%	6.50%	6.50%	6.50%
% Deficit	76.92%	20.62%	21.37%	22.04%	19.14%
Average Revenue	97,931.14	137,539.12	144,202.41	151,298.81	158,856.48
Average Revenue From Fees	78,855.48	102,512.12	109,175.41	116,271.81	123,829.48
% Revenue from Fees	82.43%	74.53%	75.71%	76.85%	77.95%
Average Expenditures	157,245.70	165,895.93	175,020.20	184,641.72	189,262.45
Average Expenditures from Salaries (includes COLAs and Step Increases)	102,682.50	108,330.04	114,288.19	120,571.04	123,588.39
calculated average % Expenditures from Salaries	65.30%	65.30%	65.30%	65.30%	65.30%

Food Program 3 year budget fix	Starting Average	2023	2024	2025	2026
% Fee Increase		5%	22.50%	22.50%	22.50%
% Deficit	52.96%	60.77%	38.46%	19.25%	-0.22%
Average Revenue (100% of revenue is from fees)	188,039.61	197,441.59	241,865.95	296,285.79	362,950.09
Average Expenditures	300,889.63	317,435.50	334,894.45	353,313.65	362,146.49
Average Expenditures from Salaries (includes COLAs and Step Increases)	183,420.55	193,508.68	204,151.66	215,380.00	220,764.50
calculated average % Expenditures from Salaries	60.96%	60.96%	60.96%	60.96%	60.96%

Food Program 5 year budget fix	Starting Average	2023	2024	2025	2026
% Fee Increase		5%	14.25%	14.25%	14.25%
% Deficit	52.96%	60.77%	48.46%	37.09%	22.99%
Average Revenue (100% of revenue is from fees)	188,039.61	197,441.59	225,577.02	257,721.74	294,447.09
Average Expenditures	300,889.63	317,435.50	334,894.45	353,313.65	362,146.49
Average Expenditures from Salaries (includes COLAs and Step Increases)	183,420.55	193,508.68	204,151.66	215,380.00	220,764.50
calculated average % Expenditures from Salaries	60.96%	60.96%	60.96%	60.96%	60.96%

Food Program 7 year budget fix	Starting Average	2023	2024	2025	2026
% Fee Increase		5%	10.75%	10.75%	10.75%
% Deficit	52.96%	60.77%	53.15%	45.89%	35.03%
Average Revenue (100% of revenue is from fees)	188,039.61	197,441.59	218,666.56	242,173.22	268,206.84
Average Expenditures	300,889.63	317,435.50	334,894.45	353,313.65	362,146.49
Average Expenditures from Salaries (includes COLAs and Step Increases)	183,420.55	193,508.68	204,151.66	215,380.00	220,764.50
calculated average % Expenditures from Salaries	60.96%	60.96%	60.96%	60.96%	60.96%

Food Program 10 year budget fix	Starting Average	2023	2024	2025	2026
% Fee Increase		5%	8.25%	8.25%	8.25%
% Deficit	52.96%	60.77%	56.69%	52.71%	44.60%
Average Revenue (100% of revenue is from fees)	188,039.61	197,441.59	213,730.52	231,363.29	250,450.76
Average Expenditures	300,889.63	317,435.50	334,894.45	353,313.65	362,146.49
Average Expenditures from Salaries (includes COLAs and Step Increases)	183,420.55	193,508.68	204,151.66	215,380.00	220,764.50
calculated average % Expenditures from Salaries	60.96%	60.96%	60.96%	60.96%	60.96%

How Budget Deficit Corrections Were Calculated (starting values using data from 2020-2022):

- An indirect rate of 22.71% was added to all expenses to account for indirect costs that were not already included in this calculation or in the data provided.
- Each year's total expenditures were averaged to create the **Average Expenditure**.
- Total salaries for each year were calculated, including salaries, extra help, and overtime. These numbers were then averaged to get an **average expenditure from salaries**
- Each year's total salaries (including extra help and overtime) was divided by that year's total expenditures so that I had a total average percentage expenditure from salaries for year. This number was then averaged for the three years providing me the **Calculated Average Percentage Expenditure from Salaries**
- Each year's total revenue was averaged to create the **Average Revenue**.
- Each year's revenue was divided into different funding sources. Those associated with fees were added together for each year to create the total revenue from fees. This number was averaged to create the **Average Revenue from Fees**.
- The Average Revenue from Fees was divided by the Average Revenue to create the **Percent Revenue from Fees**.
- Each year's total revenue was subtracted from that year's total expenditures to provide that year's deficit. The deficit was then divided by the original year's revenue to provide the year's **Percent Deficit**.

How Budget Deficit Corrections Were Calculated (Projections):

- **Average expenditure from salaries:** The starting average expenditure from salaries (or each previous year's average expenditure from salaries) was multiplied by either 1.055 (2024-2025: to represent the 2.5% step increases for staff and the 3% COLAs) or by 1.025 (2026 onward: to represent the step increases for staff) for each year on the table, showing the incremental increase to salaries each year from the previous.
- **Average expenditures:** The number created for the Average expenditure from salaries divided by the calculated average percentage expenditures from salaries (this percentage was calculated in the previous section and will account for other related programmatic expenditures other than salaries).
- **Average revenue from fees:** The starting average revenue from fees (or each year's average revenue from fees) was multiplied by the percent fee increase to provide for each year on the table, showing the incremental increase to revenue to fees each year from the previous to try and "close the gap" on the deficit.
- **Average Revenue:** Each's year's calculated average revenue from fees (above calculation step) was added to \$35,027 the average amount of non-salary related revenue calculated previously. This number represents funding provided to Lewis County by State Department of Health.
- **Percent Revenue from Fees:** Each year's Average Revenue from fees divided by each year's revenue
- **Percent Deficit:** Each year's Average Revenue subtracted from each year's Average Expenditures, then divided by each year's Average Revenue

Important assumptions in order to make the calculations work:

- **No cost of living adjustments were included after 2025. If there are any additional cost of living adjustments after 2025 none of the deficit projections will meet their objectives and the deficit will continue to grow.**
- The proportion of money spent on salaries and other expenses remains at constant. This was the only way to estimate the average total yearly expenditures for the programs while increasing the salaries. It also shows the increasing costs of fuel and products.
- These estimations do not show the staffing changes that have occurred. The retirement and resignation of two tenured staff will have some cost saving effect on the budget that could not be worked into these tables.
- The \$35,027 estimated to come yearly from the State Department of Health for the Drinking Water Program is estimated to be a stagnant amount yearly. In truth, the amount does vary slightly year-to-year depending on the number of sanitary surveys done each year, technical assistance we provide, and Group B funds from State DOH. However, the accounting for it was not completely broken down in Munis and was unable to be fully untangled. Additionally, only one year in Munis accounted for the Group B funds. Bryan is now aware of this and we will be working to sort this out. Thus this number is likely underestimated.