



Food Service Advisory Committee (FSAC) December 3rd, 2012

Members Present: Jeff Franzoia (Chair), Aleli Hernando-Fisher, Barb Eveland, Ed Wasco & Jon Sutton (Vice-Chair)

Staff Present: Bill Emminger & JonnaVe Stokes (recorder)

- I. **CALL TO ORDER** The meeting was called to order *at 2:35 p.m.*

- II. **APPROVAL OF THE MINUTES** The June 2012 minutes, September 2012 minutes and November 2012 minutes were presented for approval.

MOTION was made to approve the June 2012 minutes, September 2012 minutes and November 2012 minutes as written; motion seconded, all in favor, so approved.

- III. **CITIZEN COMMENTS** None

- IV. **Budgeting & Fees for 2013** - *Bill Emminger, Environmental Health Division Director, Benton County Health Services (BCHS)*

Future FSAC Topics

- Rather than adjusting fees in September as has been past practice, staff is evaluating the possibility of adjusting fees to either match the County's fiscal year which runs from July 1st – June 30th or remain with the current practice of adjusting fees at the beginning of the calendar year.
- Recent changes in state rules and county budget policy have removed an artificial barrier to have the fees approved by December 31st. Also, too much uncertainty currently exists in determining salary, benefit, and medical costs if fees are set nine months ahead of when budgets are approved.
- There is merit in setting fees in concert with the budget approval process. Staff are researching both options and will make a recommendation at a future Food Service Advisory Committee meeting.

Committee Preference? Budgeting Issues or Fees? Committee requests they be gone over together.

- Today's fee adoption will go into effect *January 1st, 2013*

Have you looked at cutting expenses versus raising more revenue?

- Yes, with the downturn in the economy especially in housing starts we have eliminated 1.0 FTE in the onsite program as well as any temporary help. Also administrative secretarial support has been reduced by 1.0 FTE.
- Land & water program revenues come from fees (restaurant inspections, food safety inspections, hotel permits, onsite waste water systems, etc.)
- Solid waste program revenues come from Coffin Butte Landfill, Allied Waste of Albany & Allied Waste of Corvallis franchise fees. This covers oversight of the landfill, management of the franchise agreement, sustainability issues, property citations for clean-ups, etc.

- There is also a fund for environmental clean-up. IE: The Lewisburg Auction had turned into a junk yard and it took over ten years for that property to be cleaned up; now the county has a lien against that property.

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- A few years ago the county switched from an annual budget process to a biennium budget.
- Actual expenses from Fiscal Year (FY) 2005 through FY 2011 were provided; the current budget for the FY 2011-2012 and a draft budget based on current projections for the FY 2012-2013.
- Most expenses were calculated to increase by a Consumer Price Index (CPI) of 2.9%.
- Salary and benefits are projected to increase 10% according to the accounting office.
- 301N9 Health Department Cost Allocation is the internal cost allocation to Environmental Health D04A is projected to increase 285% (\$115,331.00/\$40,496.00) since reorganization.

Direct Expenses: most environmental health (EH) expenses are direct expenses (rent, motor pool, salaries, benefits, immediate supervisor, etc.)

Indirect expenses: include two budget lines:

301N9 Department Cost Allocation – This is where the health department charges programs for administrative cost, such as: Bill’s supervisor’s health director, deputy health director, health department accounting office, contract office, quality assurance officer and various support staff.

301H9 Cost Allocation – This is where the county charges programs for “downtown services” such as: the county attorney, human resources and the payroll office.

- Most EH expenses have gone up by minimal incremental increases except departmental cost allocation and personnel costs.
- Personnel costs (salary and benefits) are projected to increase countywide by 10%.
- In the FY 2009-10, departmental costs were \$40,496 of EH expenses and now costs have increased to \$115,331 representing a 285% increase since reorganization.
 - This overhead comes primarily from the addition of another layer of management and support staff (deputy director, program assistant, quality assurance officer, etc.).
- All EH work is mandated by the state. All services were originally performed by state employees but over time they were delegated to local health departments.
 - The state still retains ultimate authority. As a result, part of the licensing fees in the form of a remittance go to the Oregon Health Authority (OHA) to support staff who are involved in quality assurance and quality improvement activities such as updating the food rules to be consistent with current science, interpretation of food rules to assure consistency between counties and training to the local Registered Environmental Health Specialist. Each year the OHA host’s the Annual Food Conference and a series of regional meetings to help assure the licensed facility programs provide high quality services. These conferences and meetings are held at no additional cost.

- The state helps maintain consistency of their agency and all counties through their Food and Drug Administration (FDA) sponsored Food Standardization Officer (FSO) program. All food inspectors in Benton County are certified as FSOs by the state.

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***To follow county finance policy, recover all costs and not increase county general fund support to EH, fees would have to increase 35% to cover additional costs.**

OHA: rules for fee setting and budgeting OAR 333-12-0053 – DIVISION 12

EH management uses this rule to calculate the number of hours it takes to perform an inspection when setting annual fees.

- Workload indicators
- Average number of re-check inspections.
- Set staffing rations
- Limit administrative costs to be a maximum of 15% of direct costs.

Under the previous organization structure EH was able to maintain administrative cost as defined by rule at 15% or less of direct cost for more than 10 years. The entire time the current EH Division Director has been employed with the county.

As the current organizational structure stands, administrative cost is calculated at 32%.

- This number violates the Division 12 statute.
- These laws were put in place to provide services at the lowest possible cost to the businesses regulated by local environmental health programs.

Is the county attorney aware of this statute? Yes, County Counsel has been sent this rule and agrees with the limited administrative cost of 15% of direct costs.

What will it take for Benton County (BC) to come into compliance with Division 12?

- 1) Raise licensing fees by 5% to get some increase in place.
- 2) Health department administration has agreed to take another look at Department Cost Allocations especially in light of the pending move of EH to the Sunset Building scheduled for February 2013.
- 3) Under County Unrestricted Funds (CURF), aka: the general fund (each department must justify their expenses to gain any of these funds). This amount could go up or down for EH and would as a result affect the final budget and fee proposals for FY 2012-2013 or CY 2013.
- 4) In the past, EH has used an average of \$150,000 from CURF to pay for animal bite investigations to control the spread of rabies, various other requests for investigations, outbreak investigations, etc.
 - The food program is 100% fee supported except for benevolent restaurants which receive a 50% decrease on licensing fees using \$2,522 of CURF.
 - Benevolent temporary restaurant administrative fees cover enough to process the application but not the inspections of the facility. Estimated cost to CURF for doing these inspections are \$13,362 per year. Last year there were 131 of these benevolent temporary restaurant licenses issued and the number has been trending upward.

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PROPOSED OPTIONS:

OPTION A = go with the current budget, EH would have to increase fees by 35% for full cost recovery.

OPTION B = go with a partial reduction of departmental cost allocation. EH would have to increase fees by 17%.

- This option would pull out all public health indirect costs and put EH back where it was before the restructure and potentially save \$60,000.

OPTION C = remove all departmental costs, EH would have to increase fees by 2% for full cost recovery.

- This would make EH its own department.

OPTION D = no fee increase, using more CURF (general fund) for EH to break even.

- EH would need \$273,000 instead of the \$150,000 normal allowance of CURF needed to maintain the current staff now.
- CURF/general fund monies would be used to subsidize license and permit fees to cover the increase in administrative costs.

What reductions have been taken by EH?

- EH is currently operating with the smallest number of employees in twenty years.
 - Under the onsite side: If staff or services are reduced in the EH program, it will have to be turned back over to the state. All revenue from the onsite program would also be turned back over to the state.
 - Under the licensed facilities side: If FTE is cut in this program it would also have to be turned back over to the state.
 - Currently EH has no secretarial or administrative support, only a part time program assistant.

Suggestions by the committee?

- Don't cut more, we don't need any more outbreaks.
- Beware of contract budgets. School sanitary inspection fees are voluntary and if BC's costs get too high, they may start using someone else to perform inspections
 - IE: Oregon State University and other care facilities (daycares) have voluntary contract inspections with EH.
 - These businesses may turn elsewhere; EH doesn't want to price themselves out of the market.

How many food inspections are EH required to perform each year?

- Restaurants are required to be inspected twice a year and schools twice a year.

***Committee to be writing a letter of recommendation regarding the Division 12 state mandate and Benton County's violation.**

SHORT TERM: raise fees by 5% now then look at adjusting the budget over the next six months?

LONG TERM: look at departmental cost allocation, departmental structure, does it make sense?

MOTION was made to approve and increase food safety fees by 5%; motion seconded, all in favor, so approved.

***EH to meet with the Board of Commissioners and discuss proposed fees, December 18th, 2012.**

Work sessions are at 9am, public hearings begin at 12pm.

VII. Update on move to Sunset Building

- Cost per square footage is identical to the health department.
- Initial presentation was made to the Board of Commissioners 2-3 weeks ago. EH staff would like temporary hard wall offices for phone call confidentiality, if not they will get cubicles. Difference in price is between \$4,000 & 5,000 dollars.

VIII. Next Meeting

February 25th, 2013, Monday in the Siletz Rm., Benton County Health Department.

IV. Meeting Adjourned at 3:32 p.m.