



Health Department and Community
Health Center

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MEMORANDUM

To: Lake County Health and Community Services Committee
Lake County Financial and Administrative Committee

From: Mark Pfister, Executive Director, Lake County Health Department
Larry Mackey, Deputy Director, Prevention, Lake County Health Department

Date: August 22, 2018

Re: Proposed Revisions to Onsite Wastewater Treatment System Program Administrative
and Inspections Fees

This memorandum provides additional detail on the proposed Onsite Wastewater Treatment Systems (OWTS) program fees associated with the inspection and sampling of surface discharging systems, the inspection of wastewater holding tanks, and the fee for failure to comply with the servicing requirements for aerobic treatment units. These fee revisions are being proposed in order to achieve better compliance by incentivizing compliant actions, reduce the time and cost of billing for samples, and to better reflect the cost of the services. Where owners are in compliance, their costs will decrease. Taken as a whole, the net result of the fee revisions is intended to be close to revenue neutral, with a projected net increase in revenue of 2%, though if higher than expected numbers of owners continue to be non-compliant, additional revenue could be gained from non-compliance and/or administrative adjudication fines.

Inspection fee for surface discharging system (annual or bi-annual inspections) and associated laboratory analyses fees

Background

We currently have 105 sites in the County that are served by a surface discharging OWTS. This type of system has not been approved for use for nearly 15 years, but those that do exist treat the wastewater and then discharge the treated wastewater to a body of water. Because that is the case, we are very concerned about assuring that they are functioning properly, so they are inspected and sampled regularly. Seasonal use systems (there are 10) are inspected and sampled one time per year, and year-round use systems (95) are inspected and sampled two times per year.

Proposal

Currently, owners of a surface discharging OWTS are billed for an inspection fee in January of each year. For 2018, for a single inspection the assessed fee was **\$115**; for two inspections, a fee of **\$230** was assessed. In addition to the inspection fee, the owners are also billed for the laboratory analyses fees for samples collected throughout the year. Separate billing is done for routine samples collected during the inspections, and also for any re-samples that may be needed when the initial results are unsatisfactory. The required routine samples add **\$106** to year-round sites and **\$53** to seasonal sites.

Because the inspection fees and sample fees are billed multiple times during the year, it is bothersome to the owners (to receive multiple bills) and is time consuming and costly to the department. In fact, we analyzed the cost and determined that preparing, sending and processing payments for bills for water samples costs the department approximately **\$1100** per year.

To reduce the amount of billing activity throughout the year, we are proposing to include the cost of the routine samples, and any necessary re-samples, into the annual inspection fee. Combining these fees would greatly reduce the amount of staff time spent generating invoices, follow-up invoices, and collections activities. It would also be beneficial to the system owners because they would only receive one bill per year, and due to the savings achieved by greater efficiency, we will be able to reduce the overall cost to owners of compliant systems. In addition to savings from reduced billing costs, we also anticipate recovering the cost of collecting and analyzing re-samples by using the Administrative Adjudication process to assess fines for non-compliance.

We are proposing a combined fee, which will include the cost of samples, for year-round systems of **\$275**, and a fee of **\$135** for seasonal systems. As proposed, the fee revisions would result in a slight increase in net revenue for surface discharging systems. Since lab fees represent approximately 28% of the total revenue, to maintain lab revenue, 28% of the revenue from the surface discharging systems fees will be allocated to the lab general ledger account.

Penalty fee for failing to submit a report of required system management activities in accordance with Lake County Code, Chapter 171

Background

Owners of an OWTS that have an aerobic treatment unit as part of the system are required by code to have the unit serviced two times per year by a licensed service provider to assure they are operating properly. In the past, there was an annual fee associated with reporting the service. In late 2013, to increase compliance, we established a fee structure that only assessed fees to owners who were **not** in compliance.

Proposal

The non-compliance fee was set at for fiscal year 2014 at **\$115**, which was the same as the minimum fine assessed through Administrative Adjudication. In 2018, due to CPI increases

over the years, the fee is **\$119**. Currently, owners of systems that are non-compliant with servicing and reporting requirements for aerobic treatment units are assessed this fee. It is not uncommon for owners to call us to discuss this fee. When they do, they often inform us that the service providers who perform the treatment unit servicing are considerably more expensive than the penalty fee, and therefore say they are going to pay the penalty fee rather than the service provider because it's less expensive.

Increasing the non-compliance fee will deter owners from proceeding in this manner, and will better incentivize compliance. We surveyed the service providers concerning the costs for performing the required servicing and found that the median cost (half were higher, half were lower) was **\$180**.

We are proposing, therefore, to increase the non-compliance fee from **\$119** to **\$180**. We estimate that increasing this fee will result in a 25% increase in compliance. However, even with increased compliance, the fee change would result in an increase in annual revenue of just over **\$3,800**.

Annual fee for holding tank inspections (bi-annual inspections)

Background

Owners of an OWTS that have a holding tank for waste disposal, or have a holding tank as part of their system are required by code to have the holding tank inspected two times per year by our department to assure it is operating properly. In the past, this fee was set at a relatively high level to discourage owners from choosing to install a holding tank. Recent changes in Chapter 171 (the OWTS Code) have made holding tanks for low flow sites a much more viable option. Additionally, staff have not experienced problems with owners properly maintaining these tanks, and the inspections of the tanks are relatively short and easily conducted. Feedback from some owners has been that the fee is unreasonably high. We concur that the current fee is higher than is warranted.

Proposal

We are proposing to reduce the annual fee for required holding inspections from **\$307**, which was assessed in 2018, to **\$235**. The **\$235** fee was selected because that is the FY2018 fee for bi-annual inspections of surface discharging systems, and that fee had been analyzed and vetted in the past as appropriate to cover the cost of this service. With careful planning staff can fit these inspections into their other daily workload activities scheduled in their assigned geographical area.

Overall impact of fee revisions

The result of enacting these revised fees is an anticipated increase in overall revenue from 2018 to 2019 of **\$1,387**, or **2%** year-over-year. This increase is comparable to the 2.1% CPI increase in fees from 2017 to 2018.