

2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2187 **STATUS:** Original
SUBJECT: Fee charged water suppliers for periodic sanitary survey
GOVERNMENT UNIT AFFECTED: Department of Human Services
PREPARED BY: John F. Borden
REVIEWED BY: John C. Britton
DATE: March 7, 2007

	<u>2007-2009</u>	<u>2009-2011</u>
EXPENDITURES:		
Personal Services – Other Funds	\$ 108,080	\$ 176,965
Personal Services – Federal Funds	\$ 86,287	\$ 139,677
Total Personal Services	161,314	264,126
Services and Supplies – Other Funds	\$ 37,658	\$ 32,210
Services and Supplies – Federal Funds	\$ 18,549	\$ 15,868
Total Services and Supplies	56,207	48,078
Capital Outlay – Other Funds		
Special Payments – Other Funds	\$ 134,162	\$ 164,025
Special Payments – Federal Funds	\$ 70,552	\$ 80,794
Total Special Payments	204,714	244,819
Total Other Funds	279,900	373,200
Total Federal Funds	142,335	183,823
Total	\$ 442,235	\$ 557,023
	<u>2007-2009</u>	<u>2009-2011</u>
REVENUES:		
Fee revenue (water suppliers) – Other Funds	\$ 279,900	\$ 373,200
Federal Funds (Environmental Protection Agency)	\$ 142,335	\$ 183,823
Total	\$ 442,235	\$ 557,023

POSITIONS / FTE:

2/1.50	2/2.00
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EFFECTIVE DATE: January 1, 2008

GOVERNOR’S BUDGET: This bill is anticipated by the Governor’s recommended budget. *The Legislative Fiscal Office notes, however, that the Governor’s budget associated with this measure will be re-calculated to account for revised revenue and expenditure figures detailed in this fiscal impact statement.*

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: This impact statement supersedes the statement issued on February 14, 2007 which was distributed to the House Committee on Energy and the Environment, and reflects new information received by the Legislative Fiscal Office from the Department of Human Services (DHS).

This measure allows the Department of Human Services (DHS) to impose a fee on water suppliers to recover the costs of conducting periodic sanitary surveys. A periodic sanitary survey is a comprehensive on-site evaluation of a public water system to identify and correct actual and potential sanitary public drinking water hazards. Periodic sanitary surveys are part of the state's compliance with the Federal Safe Water Drinking Act.

The Department currently conducts limited inspections using existing U.S. Environmental Protection Agency grant funds. Under this measure, DHS plans to increase the number, thoroughness, and timeliness of these inspections in an effort to bring the state into compliance with the Safe Water Drinking Act. In order to do this, DHS would add a new schedule of fees for community water systems and non-community water systems (transient and non-transient). Fees would be applied to all inspections. Fees would be adopted administratively during the 2007-09 biennium, which would then require ratification by the 2009 Legislature. Though the measure does not specify the particular fee amount(s), a tentative schedule of inspections and fees is detailed in the below table. According to DHS, the 2005 interim State Drinking Water Task Force approved the draft fees. DHS expects fee revenue to be approximately \$186,600 annually or \$373,200 per biennium.

Water System Type	Number Of Service Connections	Total System Count	Number of inspections per year	Est. Actual Cost	Proposed fee per inspection	Annual revenue statewide	Biennial revenue statewide
Transient Non-Community	Not Applicable	1,444	299	\$525	\$150	\$44,850	\$89,700
Non-transient Non-Community	Not applicable	332	68	\$1,050	\$150	\$10,200	\$20,400
Community	15-50	332	70	\$1,050	\$150	\$10,500	\$21,000
Community	51-100	153	34	\$1,050	\$150	\$5,100	\$10,200
Community	101-150	83	19	\$1,050	\$150	\$2,850	\$5,700
Community	151-250	43	10	\$1,200	\$150	\$1,500	\$3,000
Community	251-500	65	16	\$1,200	\$900	\$14,400	\$28,800
Community	501-1,000	70	19	\$1,200	\$1,200	\$22,800	\$45,600
Community	1,001-3,000	64	18	\$1,600	\$1,600	\$28,800	\$57,600
Community	3,001-20,000	56	17	\$2,400	\$2,400	\$40,800	\$81,600
Community	>20,000	6	2	\$2,400	\$2,400	\$4,800	\$9,600
TOTALS	NA	2,648	572	NA	NA	\$186,600	\$373,200

New federal matching funds from the U.S. EPA would be available to match a portion of the fees generated. Federal Funds to the program are capped and therefore matching funds are limited. Federal Funds would total \$142,335 for the 2007-09 biennium and \$183,823 for the 2009-11 biennium. This would fund approximately 33% of the cost of this measure. DHS states that existing and new Federal Funds would be used to subsidize the actual cost of Community and Non-Community water systems below 501 service connections where the actual inspection costs for these water systems is estimated to exceed proposed fee amounts.

To conduct the inspections, DHS states that it would hire two permanent full-time positions: a Natural Resource Specialist 3 that would be funded with fee revenue and an Environmental Engineer 3 that would be funded with Federal Funds. Total Positions costs would be \$161,314 for 18-months of the 2007-09 biennium and \$264,126 for 24-months of the 2009-11 biennium. The associated services and supplies costs for these two biennia would be \$56,207 and \$48,078 respectfully.

In addition, DHS would pay local health departments, through existing contracts, to increase the number of current inspections. This amount would be \$204,714 for 18-months of 2007-09 biennium and \$244,819 for 24-months of the 2009-11 biennium. Approximately 67% of these funds would be from fee revenue and 33% from Federal Funds.

The cumulative fiscal impact of the measure would be \$442,235 for the 2007-09 biennium and \$557,023 for the 2009-11 biennium. For the 2007-09 biennium, the Department would receive \$142,335 in matching Federal Funds and \$183,823 in matching funds for the 2009-11 biennium. Other Funds fee revenue would generate the balance of the required revenue and again be \$279,900 for the 2007-09 biennium and \$373,200 for the 2009-11 biennium.

The timing of the Department's receipt of fee revenue, which will be uneven during the biennium, represents a cash flow issue. DHS states that it will utilize existing Federal Funds to cover periods of short-term Other Fund cash deficits.

DHS has stated that it plans to modify its policy package amounts associated with is measure as part of its "reshoot" or re-calculation of the 2007-09 Governor's recommended budget.

This measure does not require a subsequent referral to the Joint Committee on Ways and Means. LFO will monitor this measure through the legislative process and adjust the Department's budget accordingly.