FISCAL NOTE
PUBLIC COST

I. Department Title: 19 – HEALTH AND SENIOR SERVICES
Division Title: 20 – Community and Public Health
Chapter Title: 3 – General Sanitation

Rule Number and Name:	19 CSR 20-3.055 Conditions and Requirements for Onsite Sewage Construction Permit Applications
Type of Rulemaking:	Proposed

II. SUMMARY OF FISCAL IMPACT

Affected Agency or Political Subdivision	Estimated Cost of Compliance in the Aggregate
Department of Health and Senior Services fee revenue	**$148,300**
Department of Health and Senior Services only costs	**($135,674 to $179,089)**
Ten Local Regulatory Agencies costs	**($10,716 to $16,245)**
Department of Health and Senior Services and ten Local Regulatory Agencies costs	**A revenue of $1,910 to a cost of $47,034**

III. WORKSHEET

Anticipated Annual Fee Revenue (MOPHS):

1. **280 paid construction permit applications x $500 = $140,000**
2. **36 paid variance applications x $150 = $5,400**
3. **14 follow-up pre-construction site visits x $150 = $2,100**
4. **4 paid tank-only construction permit applications x $200 = $800**
5. **$140,000 + $5,400 + $2,100 + $800 = $148,300 annual revenue from fees.**

Department Costs

Department Cost to Process a Permit Application:

1. **Department cost per permit application.**
   a. **$30.07 new Public Health Environmental Specialist per hour x 65.89% fringe rate = $19.81 fringe rate per hour**
   b. **$30.07 Public Health Environmental Specialist per hour x 18.2 indirect rate = $5.47 indirect rate per hour**
   c. **$4,597 network costs / 2,080 hours = $2.21 network rate per hour.**

d. **$30.07 + $19.81 + $5.47 + $2.21 = $57.56 cost per hour for a new Public Health Environmental Specialist.**
e. **$44.34 experienced Public Health Environmental Supervisor per hour x 65.89% fringe rate = $29.22 per hour**
f. **$30.07 Public Health Environmental Supervisor per hour x 18.2% indirect rate = $8.07 per hour**
g. **$4,597 network costs / 2,080 hours = $2.21 per hour.**
h. **$44.34 + $29.22 + $8.07 + $2.21 = $83.84 cost per hour for an experienced Public Health Environmental Supervisor.**
i. **Cost range calculated at $57.56 to $83.84 per hour (personal services, fringe, indirect, and network)**
j. **$57.56 to $83.84 per hour x 7 hours = $402.92 to $586.88 staff costs per application**
k. **180 miles round trip travelled per application x 0.70 = $126.00 travel cost per application**
l. **$5.00 estimated equipment and other expenses (E&E) per application**
m. **$402.92 to $586.88 staff time + $126 travel + $5.00 misc. E&E = $533.92 to $717.88**
n. **$533.92 to $717.88, or an average of $625.90 for the department to process a permit application.**

2. **Total department cost for permit application processing.**
   a. **280 permit applications + 4 tank only permit applications x 80% of non-ordinanced counties covered by the department = 227 permit applications per year**
   b. **$533.92 to $717.88 cost range x 227 permit applications = $121,199.84 to $162,958.96**
   c. **$121,200 to $162,959 for the department to process 227 permit applications per year.**

<u>Department Cost to Process a Variance Application:</u>

1. **Cost per variance application.**
   a. **Calculated at $83.84 per hour for an experienced Public Health Environmental Supervisor (personal services, fringe, indirect, and network)**
   b. **$83.84 per hour x 2.5 hours = $209.60 staff costs per variance application**
   c. **No mileage or other E&E anticipated**
   d. **$210 for the department to process a variance application.**

2. **Total department costs to process variance applications.**
   a. **36 variance applications x $210 = $7,560**
   b. **$7,560 total department cost to process 18 variance applications.**

<u>Department Cost to Conduct a Follow-Up Pre-Construction Site Visit:</u>

1. **Department cost per follow-up preconstruction site visit.**
   a. **Calculated at $57.56 to $83.84 per hour for a Public Health Environmental Specialist or Supervisor (personal services, fringe, indirect, and network)**

b. $57.56 to $83.84 per hour x 4.5 hours = $259.02 to $377.28 staff costs per follow-up preconstruction site visit
c. 180 miles travelled per application x 0.70 = $126.00 travel cost per application
d. No additional E&E anticipated.
e. $259.02 to $377.28 staff time + $126 travel = $385.02 to $503.28
f. $385.02 to $503.28, or an average of $444 for the department to conduct a follow-up pre-construction site visit.

2. Total department costs to conduct follow-up pre-construction site visits.
   a. $385.02 to $503.28 per follow-up pre-construction site visit x 14 follow up pre-construction site visits = $5,390.28 to $7,045.92
   b. $5,390 to $7,046 total department cost to conduct 7 follow-up pre-construction site visits.

Department Annual Printing Cost:

1. 400 state and local inspectors that use the rulebook as a reference.
2. 400 inspectors x $3.03 rulebook printing = $1,212
3. 100 other citizens requesting printed rulebooks.
4. 100 citizens x $3.03 = $303
5. $1,212 + $303 = $1, 524 total print costs

Department Costs:

1. $121,200 to $162,959 + $7,560 + $5,390 to $7,046 + $1, 524 = $135,674 to $179,089
2. $135,674 to $179,089 in Department costs.

Local Regulatory Agency Cost (non-ordinanced counties) to Process a Permit Application:

1. Local cost per permit application.
   a. $21.33 for a new Public Health Environmental Associate/Officer per hour x 65.89% fringe rate = $14.05 fringe costs per hour
   b. $21.33 Public Health Environmental Associate/Officer per hour x 18.2% indirect rate = $3.88 per hour
   c. $4,597 network costs / 2,080 hours = $2.21 per hour.
   d. $21.33 + $14.05 + $3.88 + $2.21 = $41.47 cost per hour for a local Public Health Environmental Associate/Officer.
   e. $34.07 Public Health Environmental Supervisor per hour x 65.89% fringe rate = $22.45 fringe rate per hour
   f. $34.07 Public Health Environmental Supervisor per hour x 18.2% indirect rate = $6.20 indirect rate per hour
   g. $4,597 network costs / 2,080 hours = $2.21 network rate per hour.
   h. $34.07 + $22.45 + $6.20 + $2.21 = $64.93 cost per hour for a local Public Health Environmental Supervisor.
   i. Cost range calculated at $41.47 to $64.93 per hour (personal services, fringe, indirect, and network)
   j. $41.47 to $64.93 x 4.15 hours = $172.10 to $269.46 local staff costs per application

k. 15 miles travelled per application x 0.70 = $10.50 travel cost per application
l. $5.00 estimated equipment and other miscellaneous expenses (E&E) per application
m. $172.10 to $269.46 local staff time + $10.50 travel + $5.00 misc. E&E = $187.60 to $284.96
n. $188 to $285, or an average of $236 for a local regulatory agency to process a permit application.

2. Total local costs for permit application processing.
a. 280 permit applications + 4 tank only permit applications x 20% of non-ordinanced counties covered by local regulatory agencies = 57 permit applications
b. $188 to $285 x 57 permit applications = $10,716 to $16,245
c. $10,716 to $16,245 for local regulatory agencies to process 28 permit applications.

IV. ASSUMPTIONS

1. **Anticipated Fee Revenue**
   a. Based on historical data, it is assumed that the department will receive 280 construction permit applications annually. The most recent five-year average is 240 permit applications per year. However, the department assumes that when there is no local regulatory agency to provide services and oversight, which is the case in 48 counties, that the number of systems installed illegally increases. The department projects that demand for permitted and exempt onsite wastewater treatment systems will remain strong in the coming years.
   b. Based on historical data, it is assumed that the department will receive 36 variance applications annually.
   c. It is assumed that the department will conduct 14 follow-up pre-construction site visits (historical data not available) annually in the future.
   d. Based on historical data, it is assumed that tank-only replacement applications will continue to be submitted at irregular frequencies in the future and that 4 paid tank-only applications will be made annually.
2. **Department Cost to Process a Permit Application**
   a. The department utilizes Public Health Environmental Specialists and Public Health Environmental Supervisors to manage applications and issue construction permits. For these calculations, the starting hourly salary for a Specialist of $30.07 per hour and the top hourly salary for a Supervisor of $44.34 per hour was used.
   b. A fringe rate of 65.89% was added to hourly calculations.
   c. An indirect rate of 18.2% was added to hourly calculations.
   d. A network rate of $2.21 per hour ($4,597 per full time employee/2080 hours) was added to hourly calculations.
   e. Tank-only replacement applications are generally less expensive to process than other applications, but due to the low number of tank-only replacement applications their costs were added to other permit application costs.
   f. The department provides permitting services in 48 of the 58 counties that operate under state authority. The remaining 57 counties have permitting

services covered by a local ordinance. As the department provides permitting services in 48 of 58 counties covered under state authority, it is estimated that the department provides permitting services for 80% of unordinanced areas.

3. **Department Cost to Process a Variance Application**
    a. The department will review and approve/deny all variance requests, regardless of whether the application is managed by a local regulatory agency or the department. Variance applications are reviewed by Public Health Environmental Supervisors. All other costs for variances are minimal and otherwise built into the cost of reviewing a permit application.
4. **Department Cost to Conduct a Follow-Up Pre-Construction Site Visit**
    a. The department will handle all fee-qualifying follow-up pre-construction site visits, either as a part of department-led permitting or as technical assistance for local regulatory agencies.
5. **Department Annual Printing Cost**
    a. Rulebooks will be available electronically for review and downloading on the Secretary of State and Department of Health and Senior Services websites. It is assumed that this will satisfy the needs of a majority of interested parties.
    b. Rulebooks will be printed for state and local inspectors and for citizens upon request.
    c. Rulebooks will also be printed for students attending the department's onsite sewage installer and inspector/evaluator courses, but those costs are factored into the registration costs of the courses and are excluded here.
    d. The department estimates up to 400 rulebooks per year will be requested by state and local inspectors.
    e. The department estimates up to 100 rulebooks per year will be requested by citizens and other interested parties.
6. **Local Regulatory Agency Cost (non-ordinanced counties) to Process a Permit Application**
    a. There are 57 counties with permitting services covered by a local ordinance. These areas were omitted from these calculations as the rule has no fiscal impact there.
    b. There are 58 counties in which permitting services are provided under state authority. The department provides permitting services directly in 48; the remaining ten counties are served by a local regulatory agency operating under state authority via a participation agreement with the department.
    c. As local regulatory authorities provide permitting services in 10 of 58 counties covered under state authority, it is estimated that local regulatory authorities provide permitting services for 20% of unordinanced areas.
    d. The ten local regulatory agencies currently affected by this rule are the Holt, Nodaway, Daviess, Carroll, Webster, Taney, Howell, Ripley, Scott, and Ste. Genevieve Local Public Health Agencies. These agencies will receive an increase in the reimbursement rate paid by the department.
    e. Local regulatory agencies also utilize the Environmental Public Health job family or a local equivalent to manage applications and issue construction permits.
    f. Recent job postings from three separate local regulatory agencies (Taney County, St. Louis County, Lawrence Count) advertised entry-level Public Health Environmental positions at an average of $21.33 per hour and was used to calculate the lower range of local regulatory agency costs.
    g. The department's fringe rate of 65.89% was added to hourly calculations.

h. The department's indirect rate of 18.2% was added to hourly calculations.
i. The department's network rate of $2.21 per hour ($4,597 per full time employee/2080 hours) was added to hourly calculations.
j. Salaries for experienced local staff are assumed to approach the department's salaries for a new Public Health Environmental Supervisor, or $34.07 per hour.

7. <u>Other Assumptions</u>

a. Total projected costs to state and local governments are $146,390 to $195,334. Permitting costs exist irrespective of the proposed emergency rule, as the process outlined in the rule is largely the process currently in place. However, a fiscal note was provided in order for the department to share its cost calculations and project impacts to the Missouri Public Health Services (MOPHS) fund.
b. The rule transfers a majority of the department's costs from General Revenue to MOPHS. For local regulatory agencies operating under state authority, it transfers the burden of these costs from local funds (sources may vary) to MOPHS.
c. Total projected costs ($146,390 to $195,334) exceed projected fee revenue ($148,300) from the rule. Proposed fees were moderated wherever possible for customer service reasons and under the assumption that existing MOPHS funds will be used to cover projected overages.
d. State and local regulatory inspectors will require notification and training on the proposed rule. Training is being provided on the emergency rule, which mirrors the proposed rule. Notification will be provided electronically. Training will be less than two hours in duration and delivered utilizing technology that allow state and local regulatory inspectors to attend remotely, i.e. WebEx or Teams. The Department of Health and Senior Services already administers the software licenses, staffing, and other tools necessary to provide electronic notification and host this style of training. As additional staffing, travel, licenses, or other supplies are not necessary, this training will be provided at no additional cost to the Department of Health and Senior Services and local government partners.
e. Licensed/registered onsite sewage professionals will require notification and will be offered training on the proposed rule. Training is being provided on the emergency rule, which mirrors the proposed rule. Notification will be provided electronically. Training will be less than two hours in duration and delivered utilizing technology that allows licensed/registered professionals to attend remotely, i.e. WebEx or Teams. As additional staffing, travel, licenses, or other supplies are not necessary, this training will be provided at no additional cost to the Department of Health and Senior Services staff and local government partners.
f. The rule provides for an appeal process. The appeals process is assumed to be absorbed by the Local Regulatory Agency and the Department as a part of the salary costs for the Local Regulatory Agency and the Department.