

Carolyn Edmonds, *Board of Health Chair*

**BOH Members:**

Richard Conlin  
Dow Constantine  
George W. Counts  
Jan Drago  
Carolyn Edmonds  
Ava Frisinger  
Larry Gossett  
David Hutchinson  
David Irons  
Kathy Lambert  
Frank T. Manning  
Bud Nicola  
Margaret Pageler  
Alonzo Plough

**BOH Staff:**

Maggie Moran

**KING COUNTY BOARD OF HEALTH  
MEETING PROCEEDINGS**

**October 18, 2002  
King County Council Chamber**

**Roll call**

- Carolyn Edmonds, Chair
- David Hutchinson
- Joseph Pizzorno

**Staff present:**

- Alonzo Plough
- Maggie Moran
- Craig Page

**Members absent:**

- Richard Conlin
- Dow Constantine
- Jan Drago
- David Irons
- Ava Frisinger
- Larry Gossett
- Kathy Lambert
- Margaret Pageler
- Kent Pullen
- Alvin Thompson
- Karen Van Dusen

**Call to order**

The meeting was called to order at 9:42 a.m. by Chair Edmonds.

**Announcement of Alternates**

No alternates in attendance.

**Approval of September 20, 2002 Minutes**

Quorum not met; approval of minutes deferred to the November 15th meeting.

## **General Public Comments**

No public comment.

## **Chair's Report – Carolyn Edmonds**

Chair Edmonds announced that the purpose of the meeting was to conduct a work session on environmental health fees. She announced that public testimony on the fees and other matters would be held at the November meeting.

## **Director's Report – Alonzo Plough**

Dr. Plough began his Director's Report, by introducing Ms. Kathy Uhlorn, Chief Financial Officer, who he indicated would give a brief update on the budget and set the context for the Department's fee proposals. Dr. Plough indicated that Mr. Greg Kipp would then follow with a detailed overview of each fee package.

Ms. Uhlorn, referred to a handout that described four public health funds. She stated that the grant fund would henceforth be incorporated into the Public Health due to a requirement that grant funds are for CX Projects and those grants were not CX. She stated that overall, that fund showed a very slight increase ---1.19% increase in budget---but the increases were due to categorical funding for specific projects, not critical Public Health projects. She also referenced the information provided to the Board in August, specifically the challenges the Department faced in developing its' budget and the top ten revenue sources. Ms. Uhlorn noted that the Department had major changes in the State Consolidated Contract, but that they remained very concerned about those projects in terms of any potential legislative action. She also highlighted the following:

- North Rehabilitation Facility (NRF) closure; one time only CX to aid in the closure;
- Shrinkage in the FQHC line;
- Decreased funding in general CX, which is the County general fund and the Seattle general fund
- CX cuts equaled \$4.4 million.
- Total general fund cuts to Public Health = \$4.8 million
- Budget assumes no backfill for the State for the second half of the year [\$4.6 million]

Ms. Uhlorn stated that the Department did not identify specific staff in the budget that would be cut. She added that if no alternatives were found in the '03 legislative session for State Public Health Funding, additional cuts would need to be made in selected program areas.

Dr. Plough added that the Department did not detail the cuts related to the loss of MVET backfill because those would involve site closures and very serious spiraling down of services. He added that that would put into play some fairly catastrophic reductions that would ripple throughout the system in ways the Department hoped would not occur. He stated that if no solution were found, the Department would need to make additional cuts, upwards of \$4.6 million dollars worth. Dr. Plough added that the Department knows how the funds are allocated and has identified the corresponding services provided.

Dr. Plough stated that if a solution was found to the MVET backfill problem, additional cuts would be avoided, but no monies would be restored. He stated that the almost \$9 million in cuts outlined in the Board handouts would remain, and another \$4.6 million of cuts would be added to that if the State did not do the MVET backfill. Dr. Plough stated that it would mean

that 50% of MVET funding and 30% of local and State funding would be gone in one year; reducing the Department from about a \$30 million funding pool to \$25 million; which represented a catastrophic reduction in the Department's basic ability to provide public health.

Discussion: Chair Edmonds asked about the amount reflected in the budget for NRF closure.

Ms. Uhlorn responded that NRF had been part of Public Health's budget and the amount reflected the anticipated costs associated with the closure of that facility.

Board Member Pizzorno commented that it seemed as if there were two pieces to the budget---- one piece he described as the general Public Health responsibilities and the other identified projects, which were typically funded separately through federal and/or state mandates and/or funding. He stated that it appeared that a lot of the cuts were out of the second category of specific programs. He inquired as to how much of the cuts came from the former category ---- fundamental public health activities.

Dr. Plough responded that there was one piece that they were not talking about and he referred to that piece as "categorical funding". He gave several examples of categorical funding such as the \$30 million dollar EMS levy, \$14 million jail health----large amounts of money that did not help the Department address such public health issues like West Nile Virus or immunizations. Dr. Plough added that another large pot of money ---Medicaid that funds clinics also did not help with basic public health problems such as a Meningococcal outbreak in a school district. Dr. Plough stated that a large percentage of the Department's budget was tied up in those kinds of activities, which were important, but didn't support the statutorily mandated Public Health services that the Department had to provide. Dr. Plough added that a huge part of the cut from the City and County, --- \$1.8 million on the City side and \$1 million on the County side--- eliminated the historical support to community health clinics. Dr. Plough stated that community health clinics were the major safety net providers.

Ms. Uhlorn added that the \$1 million dollar cut from the County ended all County financial support for community health clinics because over the last few years the County had reduced the pass-through dollars for community clinics.

Dr. Plough added that the County had ended its' support for the Department's primary care services two years ago, so the elimination of pass through dollars to community health clinics put those clinics on the same footing as the Department.

Chair Edmonds asked why the community health centers were identified to take such a big cut.

Dr. Plough responded that the community health clinic funding was a large part of the CX budget that wasn't, by definition, a critical health service. Dr. Plough stated that the Department used the definition of the Joint Executive Committee and the WAC to distinguish between "critical" versus "enhanced" and primary care services were considered enhanced. Cuts were taken in the "enhanced" area so as to avoid cuts in the "critical" services such as HIV, STD and TB services that only Public Health provided.

Dr. Plough stated that the Board's work session was designed to deal with one aspect of the Department's cuts and to move the Department toward full cost recovery for Environmental

Health services. Dr. Plough turned the presentation over to Mr. Greg Kipp, Chief Operating Officer for the Department.

Mr. Kipp identified the following objectives for the balance of the meeting:

- Review each of the proposed fee packages;
- Respond to questions from Board members and;
- Identify additional information Board members needed in order to take action on the fee proposals in November.

Mr. Kipp provided an update since the September meeting. He noted that Environmental Health staff had convened meetings with different stakeholder groups. He added that Department staff would be summarizing those discussions and providing a written summary to the Board. Mr. Kipp indicated that a number of program staff were available to respond to any technical or program questions the Board might have. He also added that staff would attempt to schedule individual meetings with Board members who were not in attendance at the Board meeting.

Mr. Kipp recapped the methodology described at the September meeting. He noted that each fee package used the same methodology and provided the following type of information: description of the legislative mandate, proposed fees for 2003, comparison to 2002 fees, and comparison to other jurisdictions. Mr. Kipp reminded Board members that one basic premise they employed in developing the 2003 fees was that they would continue to provide the same level of service in each one of the programs. He stated that the Department had not been given any policy direction to increase or decrease the service levels so the proposed fees were based on full cost recovery to continue the same level of service, which in effect eliminated all previous subsidies.

Mr. Kipp described the format and content of each of the fee proposals: On-Site Septic; Food Service Establishments; Meat; School Inspections; and Water Recreation Facilities. Mr. Kipp's presentation followed the same general outline as noted below and corresponded to the briefing books prepared for Board of Health members:

- Description of the legal mandate;
- Essential program purpose and goals
- Corresponding established service levels;
- Current and projected volume of services and how those projections were made;
- Impacts of the 2003 budget and specific challenges including labor cost increases; and
- The net budget challenge the fee is designed to address.

#### **Discussion – Fee Proposals:**

Board members asked, and staff members responded to a number of questions related to how program services were delivered. Board members also inquired about different service policy options that were either under consideration or could be considered. Department staff added that along with each policy option entertained by the Board, they would also need to discuss any corresponding risks to the public's health. Board members talked about the impact fee increases would have on certain regulated populations, such as small business owners and not-for-profits while recognizing the full cost recovery methodology that was necessary given budget cuts. There was also some discussion about stakeholder input and staff briefly summarized those discussions. [NOTE: For a copy of the transcript that details the complete discussion related to each of the fee packages, please contact Board staff at (206) 205-1143.]

**Discussion – General:** Chair Edmonds noted that the fee proposals, if passed, would represent a fundamental shift in how government operated in the County. She added that, notwithstanding the County's financial problems, the debate centered on whether or not King County should subsidize services. She stated that the Board needed to engage in just such a philosophical debate.

For the sake of discussion, Dr. Plough added that in Ms. Van Dusen's absence, he would offer her usual perspective and that was that it would be inappropriate to fund those activities solely through user fees because the community as a whole had a responsibility for maintaining a certain level of public health protection. He added that the ratio of government subsidy to user fee was subject to debate, but the Department had been directed to seek full cost recovery and thus it was deemed that the community had no responsibility--only the users had responsibility.

Board Member Pizzorno said that it did raise the question of the lack of a stable regional financing for public health in the State.

Chair Edmonds inquired about what would happen if the Board did not approve the fee packages.

Dr. Plough responded that the Department would not be able to deliver the same level of service; those mandated services would not be delivered.

Chair Edmonds asked the rhetorical question about what the State would do if the County did not perform mandated services; responding that it wasn't likely that they would do anything. However she said her primary concern was not what the State would or would not do, but the fact that by not providing the service, the health of the King County residents would be put at risk. public's health. She also stated that she would personally have a difficult time with what appeared to be a disproportionate hit to the small businesses, small grocery stores and restaurants, and 501(c)(3)s).

Dr. Plough stated that in some cases it was a disproportionate increase but that it brought those entities to a point where they were assuming a more proportionate allocation of the overall costs.

Chair Edmonds asked if the plan was to do a similar briefing and discussion with all the other members of the Board.

Mr. Kipp responded that he hoped to schedule meetings with those Board members not in attendance.

Chair Edmonds asked if the proposed fee increases were submitted as part of the Executive's budget to the Council.

Mr. Kipp responded in the affirmative.

Chair Edmonds confirmed that the process required that the Board reviews and approves fees. She stated that, assuming the Board did approve the fees, would they then be subject to full Council approval.

Ms. Uhlorn responded that the fees would only be subject to full Council approval at the appropriation level.

Chair Edmonds asked if the Board did not approve the fees, could the Council still appropriate the funding.

Ms. Uhlorn stated that the Department would have a gap to which Dr. Plough added that the Council could appropriate the funds necessary to provide the level of service, but the Department would still be left with the same fee structure. Other revenues would need to be found to bring the budget into balance and if other revenues were not acquired, i.e. in the form of a subsidy, the Department would need to reduce staff to bring expenses in line with revenues.

Board Member Pizzorno inquired about changes in overhead allocations and whether or not anything could be done to reduce overhead costs.

Dr. Plough responded that the Department's overhead costs were at or below overhead costs of other 501(c)(3)s and at least a third of what the University of Washington's indirect costs. He added that the Department was audited last year and that the indirect was appropriate. He also stated that the hourly rates that had been calculated for services were in line with other county agencies.

### **Adjournment**

The meeting was adjourned at 11:30 a.m.

KING COUNTY BOARD OF HEALTH

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Carolyn Edmonds, Chair