



MINUTES

Southern Nevada District Board of Health Meeting Environmental Health Fee Committee Meeting

March 25, 2019 - 10:30 a.m.

**Southern Nevada Health District, 280 S. Decatur Blvd., Las Vegas, Nevada 89107
Red Rock Conference Room**

**Members
Present**

Katherine Jacobi, Nevada Restaurant Association
Norberto Madrigal, Lunas Construction
Scott Nielson, Board of Health
Virginia Valentine, Nevada Resort Association
Brian Wursten, Board of Health

**Members
Absent**

Erica Arthur, Las Vegas Living
Nicole Brisson, Board of Health
Chris Darling, A Track Out Solution
Brooke Egan, Lennar

**ALSO PRESENT:
(In Audience)**

Paul Beckstrom, Cosmopolitan
Doug Bell, Western Elite
Dawn Christensen, Nevada Resort Association
Cara Evangelista, Impact Food Safety
Michelle Flater, Wynn
Carolyn Ivey-Mitchell, Impact Food Safety
Marilyn Kirkpatrick, Clark County
Allison Moderson, Wynn
Timothy Moulson, Term Management Consulting
Glenn Savage, Citizen
Dave Wachs, Advisory Board
Tammi Williams, MGM Resorts

LEGAL COUNSEL:

Heather Anderson-Fintak, Associate General Counsel

**EXECUTIVE
SECRETARY:**

Joseph Iser, MD, DrPH, MSc, Chief Health Officer

STAFF:

Ernest Blazzard, Annette Bradley, Heather Hanoff, Victoria Harding, Larry Rogers,
Christopher Saxton, Herb Sequera, and Karla Shoup

I. CALL TO ORDER

Dr. Iser called the Southern Nevada District Board of Health Environmental Health Fee Committee meeting to order at 10:46 a.m.

II. PUBLIC COMMENT:

Marilyn Kirkpatrick, Clark County: She thanked everyone for meeting. It's important for the Committee and general public to understand what we need to ensure that Environmental Health (EH) services are provided throughout our Valley. She wants the hard questions to be asked for accountability. Staff has an opportunity to show what EH really does for our community, which has never been done in the past. If it can pay for itself like an Enterprise Fund, that's always in the best interest of everyone. EH needs stability. She will be asking chefs to attend the next meeting and she looks forward to what the Committee recommends to the Board of Health.

Timothy Moulson, President/CEO of Term Management Consulting: He represents most of the small, independent restaurants here in Las Vegas. He would like the Committee to keep in mind that these businesses are living in the shadows of the Strip/casinos and they are struggling very hard to make money. He asked the Committee to consider this when assessing new fees.

Cara Evangelista, Impact Food Safety: Impact represents approximately 5% of all food permits in Clark County. Clients range from major facilities on the Strip to small, standalone mom and pops. She would have rather done a public comment with more information; however, due to the agenda stating that the EH Fee Schedule could be voted on and accepted today, she realized that this could be the only chance for public comment. For this meeting, she was contacted by an SNHD employee on Friday. She notified clients and colleagues and then a small email blast was sent out to approximately 60 people by SNHD late Friday. This is very short notice for such a major item.

For this presentation, the biggest issue is that there are no actual budget numbers or information. In February 2017, SNHD attempted a fee raise on EH food facilities. In the budget numbers provided at that time, SNHD stated that an average inspector made \$126K in salary and benefits and \$45K went to overhead for a total of \$171K to staff one inspector. Transparency Nevada, the website that shows salaries, showed the average inspector made approximately \$70-80K in salary and benefits. Another issue in 2017, was EH grants. EH had inspectors write grants and perform grants on regular salary work time. Many of these grants were only a few thousand dollars. These were inspectors on regular time paid for by permit fees. These are only two examples of the issues with SNHD's last fee raise attempt two years ago. Ultimately, that fee raise failed. She would like to know what has changed since then and she can't tell with this limited information.

The presentation states that Aquatic Health has seen a workload increase of 50% over three years. What is the current number of permits assigned per inspector? Does this number take into account the new Pool Regulations where HOAs and apartments will be allowed to do self-inspections because this will dramatically decrease inspector workloads? There are also proposed fees for temporary events, reinspections, and seasonal pool permits. What are these fees? What is a temporary event for pools? Why did we just complete three years of Regulation and this was not discussed or written into the Regulation. There are no Regulations for this yet, but we want a fee.

Plan Review has a wait of 13 days. Do you know that we have been repeatedly told not to request expedited fees? These are expensive fees for after-hours, faster inspections. SNHD is repeatedly turning down these unbudgeted fees that would make EH money and alleviate some of the backlog.

The presentation states that EH will hire 18 new employees. In what areas? We hear that food inspectors are carrying 380 permits each. When she worked at SNHD as an inspector, she carried 500-700 permits. Seniors are currently not carrying any permits. They used to carry one half of the load. We have heard that SNHD Management is actually threatening layoffs without these fee raises. Again, we have no real numbers.

The slide with percentage increases for other Health District fees is also lacking information. What were the original fees? What is the salary of their inspectors? How many? Property rent is much more expensive in Los Angeles and San Diego than it is in Las Vegas. Again, the information on this slide tells us nothing.

There are several slides with some of the worst photos from inspections. Please be aware that this is less than 1% of all permits.

The presentation says that EH has cut services. Where? Again, inspectors are only carrying 380 permits in Food. This is a massive decrease from 10 years ago. We are seeing no difference in services in the field.

EH has so much money that they instituted a Swing Shift. This Swing Shift is costing EH \$300-400K in salaries. Swing Shift was created to cover temporary food permits. Temporary food permits were previously covered with their own unbudgeted extra fee which paid for an inspector's overtime for an after-hours inspection and EH made money. Now they are inspected by salaried employees on this unneeded and wasteful Swing Shift when these inspectors should be doing regular annual permit inspections. She was told that SNHD Management wanted this because it would show that there was no overtime but it's costing money.

For the added services slide, most of these items have been performed for over 15 years. For the Administrative Process to avoid revocation, this is less than half a percent of all permits and are the worst operators. Why do 99% of permit holders need to pay increased fees to pay for this? How much staff time is spent on these services? How many permits? Again, we have no information.

She hopes she has showed the committee that the public doesn't have the whole story. We need more numbers, information, transparency, and public meetings for SNHD to prove that they need this large fee increase. SNHD should not be able to increase fees with such vague information or just because they haven't had an increase in a while. People are open to fees if needed; however, we need more information.

Seeing no one else, this portion of the meeting was closed.

III. **ADOPTION OF THE MARCH 25, 2019 AGENDA (for possible action)**

Dr. Iser proposed two changes to the agenda. He suggested rephrasing item 2a to Discuss the Proposed Environmental Health Fee Schedule Changes. This will allow the Committee to set forth a plan to look at fee increases over a period of the next several months before coming to a conclusion. Staff did not expect the Committee to make any decisions related to this today.

Dr. Iser also suggested adding 2c for the next scheduled meeting. At that point, the Committee can set regularly scheduled meetings.

Legal Counsel agreed that changes to the agenda can be made after it has been noticed and posted.

A motion was made by Member Nielson to adopt the agenda with the changes Dr. Iser suggested. Member Wursten seconded and the motion was unanimously carried to adopt the March 25, 2019 Agenda with the modifications above.

IV. **REPORT / DISCUSSION/ ACTION:**

1. **Nomination of Chair of the Environmental Health Fee Committee**; direct staff accordingly or take other action as deemed necessary ***(for possible action)***

A motion was made by Member Wursten to appoint Member Nielson as Chair of the Environmental Health Fee Committee. The motion was seconded by Member Valentine and unanimously approved.

2. **Receive Staff Report and Recommendations Regarding Proposed Environmental Health Fee Schedule Changes:**

- a. **Discuss the Proposed Environmental Health Fee Schedule Changes**

Christopher Saxton, Environmental Health Director, presented the Environmental Health Fee Schedule changes PowerPoint presentation. Ernest Blazzard, Financial Services Manager, was also present to discuss financial questions.

Chair Nielson asked if EH has historically been self-sufficient. Ernest Blazzard stated that after the last fee increase in 2009, EH was self-sufficient but with increased costs and levels of service required by the community, that is no longer the case. Dr. Iser said that wage increases are a factor also. Chair Nielson asked if this was a policy or a mandate. Dr. Iser said that there is no current requirement for self-sufficiency. Some programs in EH are not mandated but most are mandated by the State or current Regulations. For 5 ½ years there have been ongoing discussions about becoming an Enterprise Fund which would mean that we need to raise enough money to cover all EH costs but that has never been brought to the Board of Health for a motion.

Member Wursten asked the amount of the EH deficit for this year. Ernest Blazzard said that for the current year, EH has a \$600K deficit and that figure is projected to increase in subsequent years. Wages and the costs of the work being done will increase the figure. Dr. Iser said there has been an ongoing deficit in EH for as long as he's been with SNHD. This is the current deficit but there has been a deficit for many years in a row. That deficit comes out of the property taxes that we get through the legislative mandate of 3.5 cents per \$100 assessed valuation.

Chair Nielson asked if prior percentage increases were done annually or just the increase in the amount of fees collected. Per Christopher Saxton, these were the fee increases. Dr. Iser added that the increases were on an annual basis and he understands that they went before the Board of Health for approval, but he was not at SNHD then.

Member Madrigal asked how the percentages were decided. Dr. Iser said that, in general, we look at growth and services during those periods of time. Then staff would ask the Board of Health to approve the fee increase.

Member Madrigal asked if public workshops were held for previous fee increases. Dr. Iser was not here but as far as he knows, we have always done workshops when fee increases are proposed. Member Jacobi does remember previous workshops, but she was not sure about each year.

Chair Nielson asked if the increase was going to be an across the board increase of 19.6% and Christopher Saxton confirmed that the increase was across the board for all Environmental Health permits/programs. Ernest Blazzard added that the fee comparison slide was just a snapshot of the potential impact of the fee increase. Dr. Iser clarified that the presentation was just one proposal on how to get the 19.6% increase. The Committee may want to recommend a different way to get there. The Committee may also say that additional services are not necessary which would make the fee increase less. The proposal is what management thinks is necessary, but it's only one way to get there.

Chair Nielson said that a 19.6% increase comes to \$3.7 million, but Ernest Blazzard said that EH had a deficit of \$600k so why is 19.6% being requested. Christopher Saxton said that management identified a need for 18 new employees and the 19.6% covers the gap for that cost.

Dr. Iser said that we have tried a high-risk and disabled youth and adults' food handler program in the past. If that is reinstituted, he would try to cover that with property tax money. It's a good idea to keep youth employed and on a career path. The other thing that wasn't mentioned was that when we had the contract with PBS, they charged \$20 for training and then we charged \$20 for the food handler card. Now those are both done for just \$20. The community can take our training online and then take the test here. He doesn't think this fee needs to be increased.

Member Valentine appreciated the presentation, but she would like to start with understanding all the expenses in the EH Division. She assumes that all EH activities including mosquito abatement, underground storage, food, etc. are included but she would like to see the EH budget to know the costs of the programs.

Member Valentine commented that SNHD is on a fiscal year that runs from July 1 to June 30. A lot of restaurants use a calendar year or other fiscal year dates. She realizes that we are in the process of budgeting for our next fiscal year, but this significant fee increase would be a lot for anybody to absorb.

Member Valentine wanted to know if the proposal included a ramp for implementation. She thinks SNHD needs to consider that the Food Industry is a small margin industry, so we need to be mindful of the impact on businesses. Dr. Iser said that this was up to the Committee and the Board of Health to determine. It could be over two years if the Committee directs. Member Valentine thinks that would also be difficult for Industry to absorb.

Member Valentine did not see a Business Impact Statement (BIS) with the agenda. Dr. Iser said that, in the current budget that the Finance Committee just reviewed, there are no fee increases. His direction to Ernest Blazzard was that you can't incorporate something when you don't know what it will be. Several grants we are applying for throughout SNHD are not included in the budget and neither are negotiations. Whatever changes that the Committee recommends, and the Board of Health accepts, that's what we will then add into the budget. The BIS has been drafted but staff need direction before it can be completed. The BIS will include Committee direction and input from the public hearings that we will have. The finalized BIS would go to the Board of Health a month before approval is requested for fee schedule changes.

Dr. Iser said that another issue that staff have discussed is billing monthly instead of annually. Management has not decided on that yet but that could be another way to even out the staff workload.

Member Wursten understands that management wants more staff but \$3.7 million is a large increase. He would like to see where EH will be spending the increase.

Member Wursten does not like automatic increases because we don't know what's going to happen in the future. He doesn't want automatic increases to become the standard. Member Jacobi does not like automatic increases either. She would like justification for all increases.

Member Jacobi said that a 19.6% increase in fees would be problematic. She has previously heard several operators ask for monthly fees so she's glad that is being considered. Dr. Iser clarified that the permit fee would still be an annual fee, but some operators would be billed in June, some in July, etc.

Member Madrigal asked if SNHD had any other options to help with the inspector burden such as having third party inspections. Christopher Saxton said that a third party would still have to be paid for the work and that creates issues with training. People might end up doing inspections in different ways so that is not management's preference.

Chair Nielson would like to see what each service costs and how much money is generated from the fees for the services. He would like them defined by function. Chair Nielson doesn't want Body Art paying the costs for somebody else, but he does recognize that there are some programs that don't generate any revenue such as mosquito surveillance that will have to be paid for as a community. He would like to

understand if there are certain categories that are very expensive or require a lot of hours. He does recognize that there are small businesses that can't pay, and we don't want to put people out of business but, as much as possible, we should look at a system where the people using the system are paying for the resources. Member Valentine supports that idea. When she sees Clark County School District facilities, she sees that as more of a general public interest and doesn't think it should be mixed with private party fees. She is not opposed to a blended rate but would like more information. Dr. Iser said that he's not sure who should pay for Legionnaire's, foodborne illness, or Norovirus investigations. Should it be the facility, or should the costs be averaged in? It's part of what the indirect pays for now.

Dr. Iser said that there is a national standard for how many inspections should be done per inspector and staff will bring that information back to the Committee for a baseline. Christopher Saxton said that staff used this standard to decide how much additional staff was necessary. The FDA has a standard of how much staff is needed and we used the high end to determine the numbers.

Ernest Blazzard said the increase was based on two phases. The first phase was to bring EH to self-sufficiency. Then to meet the needs of the community in the second phase.

Public hearings/workshops will not be scheduled at this time. The Committee would like more information on the budget first, so they can generate a recommendation for staff and the Board of Health. Industry will be noticed about the Committee meetings, so they can attend with their concerns. Everyone who left a valid email address at the last fee increase meetings was sent a link to today's agenda. Workshops might be scheduled after the next Committee meeting. Member Valentine would like at least two public workshops; one to explain the proposal and another one for more comments after the public has had a chance to review the proposal.

Committee Requests:

- EH Budget that includes salaries, expenses, overhead, rent, etc. (Valentine)
- How did staff determine 19.6% and specifically how will the fee increase be used? (Wursten)
- What is the cost per service along with the amount of money generated from fees for the services? (Nielson)
- How many inspections does each inspector have now and how has the burden changed over the years? (Wursten)
- Is SNHD charging for expedited services and are we charging the appropriate amount to make sure we are paying for the cost to perform that service? (Nielson)
- What is the cost for each additional employee? (Nielson)
- Provide more time to review supporting documents before the meeting. (Valentine)

b. Discuss and Approve Recommendations to the Southern Nevada District Board of Health on March 28, 2019

Chair Nielson's recommendation for the Board of Health is that the committee has met, provided comments on the information given by staff and asked for additional information for review. We are moving forward with the process. There were no additional comments from the Committee members.

c. Discuss the Next Scheduled Meeting

Another meeting will be scheduled as quickly as the requested information can be generated, probably within the next few weeks. Five members need to attend to have a quorum for the meeting.

V. PUBLIC COMMENT:

Glenn Savage, Citizen of Las Vegas: His questions and comments are similar to what he heard from the Committee members. When he worked for the Health District, public workshops were held for fee increases and probably 300-500 invitations were sent to people in all realms of Environmental Health, so they could comment on information that they needed and wanted so decisions could be made with lots of input.

It was difficult for him to hear in the back. He did hear some comments about property taxes. Does EH receive property tax dollars currently or are their dollars coming from fees, permits, and other sources such as grants. Are they currently getting an Underground Storage Tank grant through the State of Nevada? Are they getting any kind of federal grants for their Training Program? Those are all different pots of money that should be provided to the Committee, so they can see what's there and what is needed.

He agrees with the comment that there are a lot of programs in EH that are not permit related. Foodborne illness was one that was mentioned. Communicable diseases don't have permits associated with it; however, can we take historical information to give us some sort of calculation of what it would cost? If we perform 10 Norovirus investigations a year and the average cost is \$40K per investigation, then we need to have an extra \$400K. By the way, that \$40K is a CDC figure on just an investigation of Norovirus which has nothing to do with labs, attorneys, or anything like that. He would like to know how many foodborne illness investigations, along with other communicable diseases that Dr. Iser mentioned, have been done in the last 3, 4, 5, and 10 years. That's the kind of information we need to look at.

EH has not always paid overhead but then it was decided that they should. He didn't want to get into the relevance on whether it's necessary or not. Should EH be paying between 15-20% which was the national average, or should it be 30-40%? What does that overhead include? Is it the building? Is it Administration? Is it Human Resources? Is it computers? Is it public relations? He thinks that needs to be broken down and provided to the Committee and the community.

Other comments concerning the numbers and the number of inspections per facility are very relevant. He would like to know how many inspectors Mr. Sequera has in Solid Waste and how many Underground Storage Tank investigations or complaints are received. There is a hearing process for illegal dumping and he would like to know how many of those cases are going to the hearing officer and how much money is adjudicated through fines and penalties. He knows that SNHD cannot count on that as a secure dollar amount, but it would give us an idea of what EH currently has available to them.

Is EH currently doing an after-hours program. Is that being scheduled? Is that available to the community? If so, what are the costs? Is that an overtime kind of a situation? What are the costs concerning that? Are expedited permits possible and is that handled through an overtime system or more money? Is it a fairness issue that there is no such thing as an expedited permit and you must go to the back of the line and wait for your turn?

His kids now have friends who are in Industry and that's part of who he's representing today. They are very much interested in what the business plan is for EH because they must create a business plan for the businesses they are in. When we see information on how many new businesses are in Clark County, it's wonderful that the business licenses are going up; that's good news for our community. How many of those numbers are businesses that are finding their way into EH and what is the impact to EH? He would be interested in seeing those numbers.

How many new inspectors or plan reviewers are necessary as part of this \$3.7 million dollars? How much more capital and equipment is needed and what types are being looked at for the future? He thinks that needs to be explained to the community, so they know where those dollars are actually

going. Space. Are we looking at another building or are we looking at more rooms or going out to satellite offices again?

He suggests that the Committee takes its time to do this completely, get lots of people involved, and do a business impact study to get information from all the businesses that are within EH, so the impact can be determined and presented to the community.

Cara Evangelista, Impact Food Safety: She thanked all the Committee members for all their questions in their quest for information. She agrees with all of them.

Staff stated that EH is under by \$600K. In 2017, when the last fee raise was requested, the numbers provided by SNHD showed that one inspector costs \$47K in overhead and there are about 160 inspectors. She thinks that was part of the reason that the fee raises failed two years ago because that really doesn't make any sense. Even though there might be a budget, in the past EH does cover themselves but then management takes all the extra and calls it overhead. Then EH must get tax payer money because of the overhead calculated.

There are a lot of unbudgeted fees that EH collects every year like temporary permits. What is that number because if you just look at a budget, that is not necessarily going to have the unbudgeted fees that are coming in and that can be estimated. Percentages don't always really tell you anything. An example is that, in the beginning, the presentation said that Body Art went up by 22% in the last 7 years, but if you look at the graph, that's about 200 permits. That's a third of an inspector in 7 years so that is not a dramatic increase.

She's sure everyone knows this, but Las Vegas has still not fully recovered from the economy crash. We are one of the only cities so talking about all this growth is nice, but her house is still worth \$50K less than she paid for it before the economy crashed.

She didn't have a lot of time but was able to pull up the fees in San Diego last night and found that a regular restaurant has about a \$700 permit fee and our current price, according to the presentation, is \$628. Think about how much more expensive San Diego is than here. We are probably paying a lot of fees already if you look at property values and things like that in some of these other cities compared to our fees.

Closures and after-hours inspections were put on the added values slide. Those all have fees associated with them so if you must do a closure or after-hours inspection there are large fees that go along with those that cover staff costs. Actually, with this new Swing Shift, she's not sure why we are paying after-hours fees anymore because they have regular inspectors working on regular time.

She likes the Committee members comment about prorating because there is no prorating at SNHD right now.

She thinks that the only program not bringing in money is Vector. That's the mosquito program but that's not a significant amount of money. Also, other Health Departments have Regulations on tenant/landlord inspections. She doesn't think we have strong Regulations on those, but we are doing the inspection and that's probably why staff can't charge fees. Maybe we should be looking at regulating and charging a fee for services provided so that restaurants aren't paying for an apartment inspection.

When she was with SNHD, food handler card money did not go to EH; it went to the Administration Department.

A couple of years ago, the average permits per inspector was 250-380. She has heard that they currently hold 380 permits. Most agencies do not split their restaurant permits and we do so a

normal restaurant in Los Angeles that might have three permits, has about 12 here.

The Fire and Building Department does allow for expedited fees and they are big. People pay them because they need it. She has had several clients need it, large casinos had it, but she was told not to even ask. That could be huge, unbudgeted money that people want to pay that is not being collected that could help support EH.

She thanked the Committee for their time and said that she will see them again at the next meeting.

Seeing no one else, the Chair closed this portion of the meeting.

XI. ADJOURNMENT

The Chair adjourned the meeting at 11:53 a.m.

Joseph P. Iser, MD, DrPH, MSc
Chief Health Officer/Executive Secretary

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