

WASHINGTON STATE DEPARTMENT OF HEALTH

Economic Impact Analysis Fee Adjustment Report

Office of Drinking Water

SEPTEMBER 2025



**Economic Impact Analysis Fee Adjustment Report
Office of Drinking Water
September 2025**

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WAC 246-290-990, Water System Evaluation and Project Review and Approval Fees

Overview

The Department of Health (Department), Office of Drinking Water protects the health of the people of Washington by working with others to ensure safe and reliable drinking water. The Office of Drinking Water conducts water system inspections, oversees the testing and evaluation of the water quality of public water systems, reviews construction plans, provides training and technical assistance, assists water systems and local municipalities, responds to emergencies, and develops guidance materials and educational resources. [Chapter 70A.125 RCW](#) mandates the Department to administer the state's drinking water program. The Office of Drinking Water regulates Group A public water systems under state law and has a formal agreement with the U.S. Environmental Protection Agency (EPA) for carrying out the federal Safe Drinking Water Act, which establishes minimum standards for drinking water quality. [Chapter 70A.120 RCW](#) requires the Department to certify public water system operators and monitor public water systems to ensure that such systems comply with federal and state laws.

More than 7.0 million Washington residents get their drinking water from a Group A or Group B public water system. That's 88 percent of the state's population. About 960,000 Washington residents get their drinking water from individual private wells.

Group A public drinking water systems are required to have a routine sanitary survey once every three to five years. The Office of Drinking Water typically conducts sanitary surveys; however, in some counties, the office contracts with local health jurisdiction staff or an independent consultant to conduct the survey. A sanitary survey is a periodic inspection of water system facilities, operations, and records. This is used to identify conditions that present or may present a sanitary or public health risk.

[RCW 43.70.250](#) authorizes the Secretary of Health to establish various fees associated with licensing and regulation of professions, occupations, or businesses. These fees must be set at a level that covers the costs of administering each program or license. [RCW 43.20B.020](#) also permits the Department to charge fees for services.

The Department has completed a financial assessment, which included performing a time study as part of this analysis, and determined the current fees are not generating sufficient revenue to cover the operating costs over the biennium. Considering the program's financial forecast, the Department proposes a fee adjustment to address existing program deficits, increased program expenses, and reductions in funding from General Fund State (GFS) account, and cost-of-living adjustments made in the 2025-2027 state budget (ESSB 5167).

This document summarizes data on revenue, expenditures, fee reserve, cost drivers, financial forecast, and the changes to existing fees.

Current Financial Status

The Department's Submittal Review and Sanitary Survey program currently, fiscal year (FY) 2025, has a fee balance of -\$543,807. The fee balance is currently operating at a deficit and falls short of the recommended reserve balance \$381,015. The program is projected to continue increasing the deficit each year through FY 2027.

Revenue

The Department currently requires water system plans, project reports, and construction documents to be submitted for approval in Part 2 of chapter 246-290 WAC and requires sanitary surveys under WAC 246-290-416. Fees for these services are in [WAC 246-290-990](#). The Department receives around 220 new projects or plans for review a year. The number of submittals decreased 22 percent in FY 2022 and FY 2023.

Community water systems are required to submit to a sanitary survey every three years unless the system qualifies to be surveyed every five years according to regulations. Noncommunity water systems are required to submit to sanitary surveys every five years. The program surveys on average 25 percent of water systems each year due to the 3-to-5-year cycle, resulting in an average five percent growth rate in surveys over the past five years. The Department receives federal funding to provide partial subsidy to water systems.

Fees

The fees charged for project and plan submittals and sanitary surveys generate revenue for this program in [WAC 246-290-990](#). The last fee changes occurred in 2012, removing monitoring waiver fees which are now covering in the water system operating permit fee.

For the past six years, revenue increased an average of one percent annually for the entire program, with a three percent annual increase for evaluations and a three percent annual decrease for project reviews.

Expenditures

Costs for the Department's Submittal Review and Sanitary Survey program are classified into two primary categories: Operations and Indirect.

Program Spending by Operation						
Fiscal Year	FY19	FY20	FY21	FY22	FY23	FY24
Operations	527,788	551,980	483,474	592,235	535,437	794,525
Indirect	319,014	145,517	109,729	136,890	115,241	181,432
Total	846,802	697,497	593,202	729,125	650,678	975,957

Financial Forecast

Revenue

The Department does not anticipate any significant growth in water system program activities over the next five years. Operations are projected to maintain a 3-to-5 year survey cycle, with an overall one percent revenue increase. The Department expects these trends to continue.

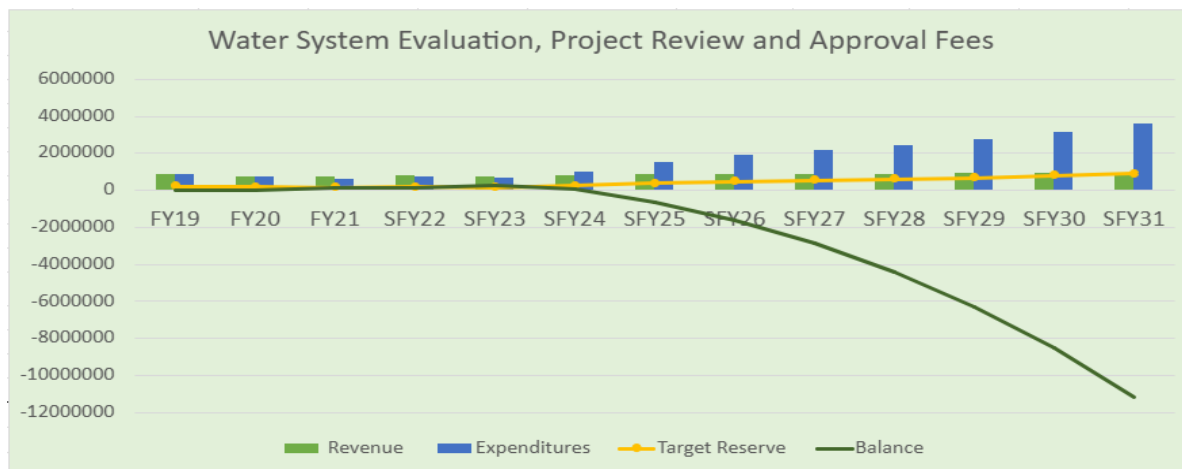
Expenditures

The Department anticipates costs to complete project and plan reviews and sanitary survey personnel to increase by three percent annually. Cost increases are primarily due to inflation for travel and personnel-related costs. The Department's drinking water program needs a fee adjustment to address existing program deficits, increased program expenses, and reductions in funding from the General Fund State (GFS) account, and cost-of-living adjustments made in the 2025-2027 state budget (ESSB 5167).

Fee Reserve

The Department drinking water program is not expected to generate enough revenue to cover costs for this work over the next six years, which will continue to increase the reserve fee deficit balance.

The chart below shows actual revenue and expenditures from FY 2019 through FY 2024, and projected revenue and expenditures from FY 2025 through FY 2031.



Fee Proposal

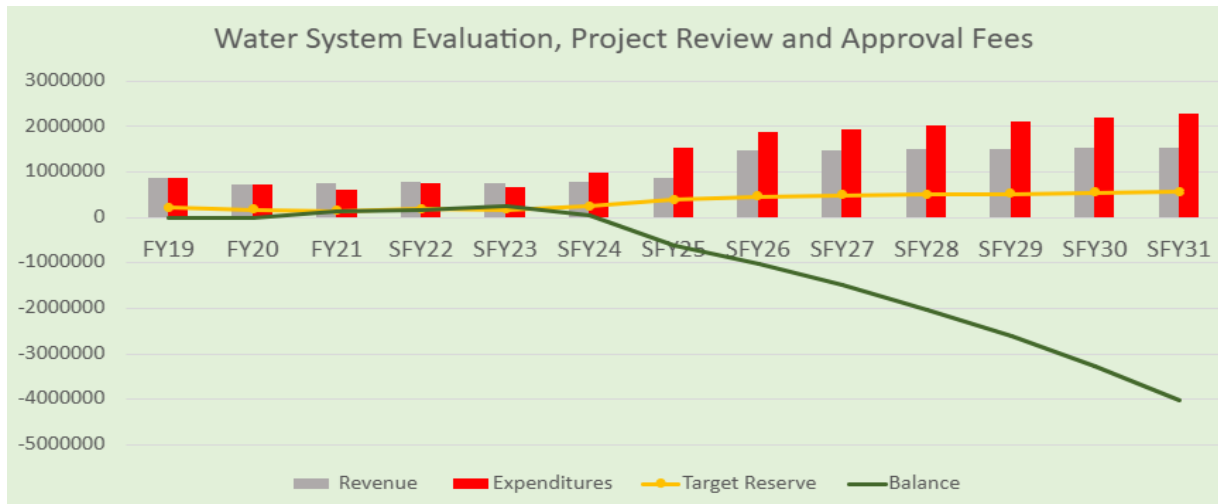
To address existing program deficits, increased program expenses, reductions in funding from the General Fund State (GFS) account, and cost-of-living adjustments made in the 2025-2027 state budget (ESSB 5167), and bring the Submittal Review and Sanitary Survey program fee balance into alignment with requirements, the following fees are proposed:

Fee Proposal

Type	Title of Fee	Proposed Fee
Submittal Reviews	Group B workbooks, small water system management programs, water system plan amendments, new groundwater sources, chemical addition only, water line installation, booster pump stations, source modifications, surface or groundwater treatment modifications, new reservoirs, and existing system reviews (up to 4 hours)	\$880
	Hourly rate: over 4 hours	\$220
	New or updated water system plans, satellite management agency plans, surface water treatment, groundwater treatment, and complete new water systems (up to 8 hours)	\$1,760
	Hourly rate: over 8 hours	\$220
Sanitary Survey Transient Noncommunity Systems	Survey up to 3 hours	\$750
	Hourly rate: over 3 hours	\$250
Sanitary Survey Nontransient noncommunity and community systems	Survey <499 connections (up to 5 hours)	\$1,250
	Survey 500-9999 connections (up to 9 hours)	\$2,250
	Survey 10000 connections < (up to 17 hours)	\$4,250
	Hourly rate: Over above hourly amounts	\$250
Other	Site Visit	\$500
	Other services provided	\$220

This proposal allows the Department to cover an increased amount of the Department’s Submittal Review and Sanitary Survey program expenditures but will require continued subsidy for technical assistance from federal funding sources. This proposal restructures and simplifies the Water System Evaluation and Project Review and Approval program fees to bring greater clarity and transparency to all parties.

The chart below shows actual and projected revenue and expenditures for current and proposed fees from FY 2019 through FY 2031.



The Department will continue to monitor the financial health of the program over a six-year outlook and propose fee adjustments as needed to comply with statutory requirements.

WAC 246-292-995, Certified Operator and Public Water System Certification Fees

Overview

The Department of Health (Department), Office of Drinking Water protects the health of the people of Washington by working with others to ensure safe and reliable drinking water. The Office of Drinking Water conducts water system inspections, oversees the testing and evaluation of the water quality of public water systems, reviews construction plans, provides training and technical assistance, assists water systems and local municipalities, responds to emergencies, and develops guidance materials and educational resources. [Chapter 70A.125 RCW](#) mandates the Department to administer the state's drinking water program. The Office of Drinking Water regulates Group A public water systems under state law and has a formal agreement with the U.S. Environmental Protection Agency (EPA) for carrying out the federal Safe Drinking Water Act, which establishes minimum standards for drinking water quality. [Chapter 70A.120 RCW](#) requires the Department to certify public water system operators and monitor public water systems to ensure that such systems comply with federal and state laws.

More than 7.0 million Washington residents get their drinking water from a Group A or Group B public water system. That's 88 percent of the state's population. About 960,000 Washington residents get their drinking water from individual private wells.

[RCW 43.70.250](#) authorizes the Secretary of Health to establish various fees associated with licensing and regulation of professions, occupations, or businesses. These fees must be set at a level that covers the costs of administering each program or license. [RCW 43.20B.020](#) also permits the Department to charge fees for services.

The Department has completed a financial assessment and determined the current fees are not generating sufficient revenue to cover the operating costs over the biennium. Considering the program's financial forecast, the Department proposes a fee adjustment to address existing program deficits, increased program expenses, and reductions in funding from General Fund State (GFS) account, and cost-of-living adjustments made in the 2025-2027 state budget (ESSB 5167).

This document summarizes data on revenue, expenditures, fee reserve, cost drivers, financial forecast, and the changes to existing fees.

Current Financial Status

The Department's Certified Operator and Public Water System Certification Fees program currently, fiscal year (FY) 2025, has a fee balance of \$599,228. The fee balance is currently operating at a surplus of the recommended reserve amount of \$329,117. The program is projected to deplete the reserve balance and operate at a deficit due to GFS reductions each year through FY 2031.

Revenue

The Department currently certifies operators with a 3-year professional growth cycle and annual certification for water systems. The Certified Operator and Public Water System Certification Fees program receives applications and renewals from around 4,600 operators and around 2,550 water systems each year.

Fees

Initial operator applications and renewal fees for operators and water system annual certification fees generate revenue for the Certified Operator program ([WAC 246-292-995](#)). The last fee change occurred in 2014, creating the current fee structure and section.

Expenditures

Costs for the Certified Operator and Public Water System Certification Fees program are classified into three primary categories: Operations, Health Technology Services (HTS), and Indirect. Fluctuations in operating costs are due to varying staffing levels.

Program Spending by Operation						
Fiscal Year	FY19	FY20	FY21	FY22	FY23	FY24
Operations	713,020	537,640	553,433	376,315	933,612	1,175,629
HTS	12,349.20	20,733	25,605	26,384	32,913	31,969
Indirect	145,079	78,813	44,683	64,451	74,164	126,319
Total	870,448	637,186	623,722	467,150	1,040,689	1,333,917

Financial Forecast

Revenue

The Department does not anticipate any significant growth in Certified Operator and Public Water System Certification Fees activities over the next five years. Operations are projected to maintain an annual renewal cycle for water systems and a 3-year growth cycle for operator certification. The Department expects these trends to continue.

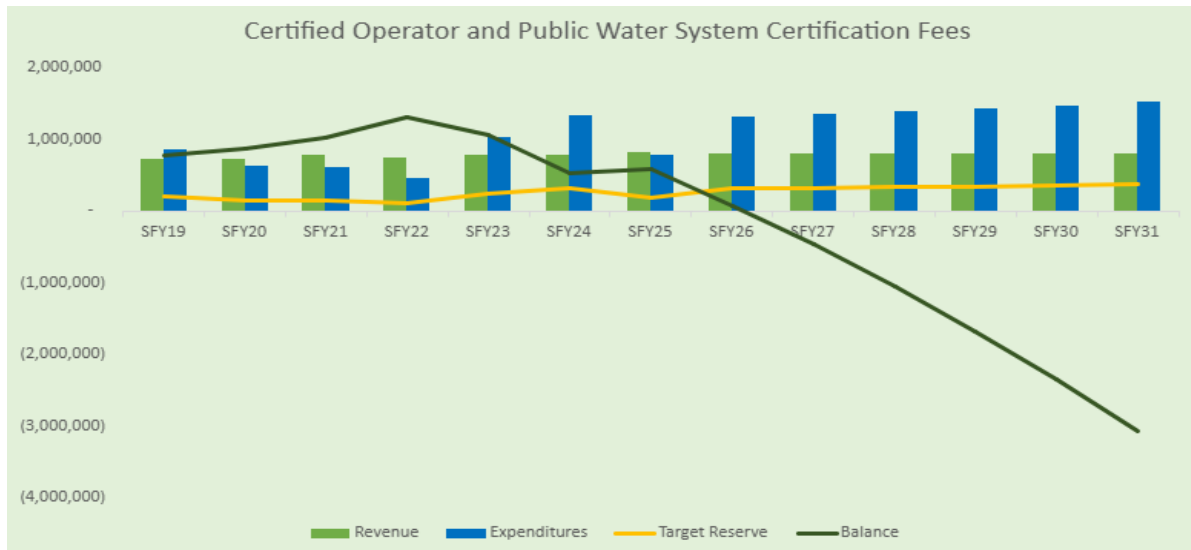
Expenditures

The Department anticipates costs for the Certified Operator and Public Water System Certification Fees program personnel to increase by three percent annually. Cost increases are primarily due to inflation for personnel-related costs. The Certified Operator and Public Water System Certification Fees program needs a fee adjustment to address existing program deficits, increased program expenses, and reductions in funding from the General Fund State (GFS) account, and cost-of-living adjustments made in the 2025-2027 state budget (ESSB 5167).

Fee Reserve

The Certified Operator and Public Water System Certification Fees program is not expected to generate enough revenue to cover costs over the next six years, which includes the necessary drawdown of the reserve fee balance.

The chart below shows actual revenue and expenditures from FY 2019 through FY 2024, and projected revenue and expenditures from FY 2025 through FY 2031.



Fee Proposal

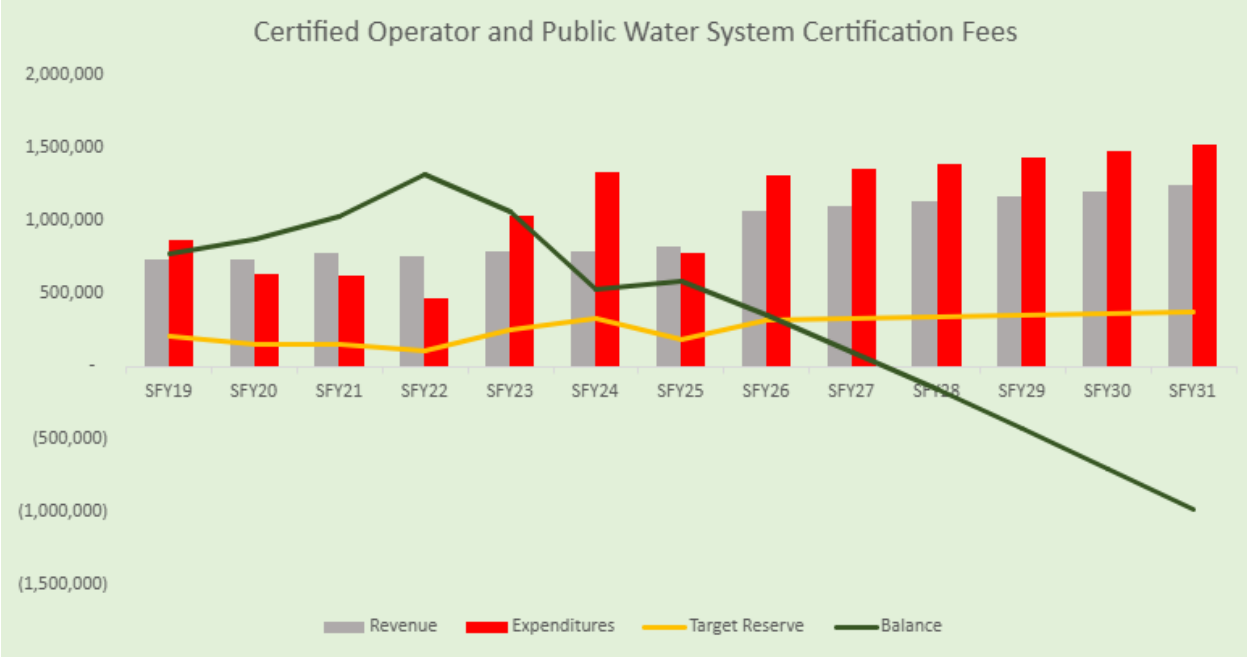
To address existing program deficits, increased program expenses, reductions in funding from the General Fund State (GFS) account, and cost-of-living adjustments made in the 2025-2027 state budget (ESSB 5167), and bring the Certified Operator and Public Water System Certification fee balance into alignment with requirements, the following fees are proposed:

Fee Proposal			
Type	Operator Classification	Current Fee	Proposed Fee
Certified Operator Fees			
Application Fee By Examination	WTPO	\$87.00	\$141.00
	WDM	\$87.00	\$141.00
	WDS	\$87.00	\$141.00
	CCS	\$51.00	\$83.00
	BAT	\$51.00	\$83.00
	BTO	N/A	N/A
Application Fee By Reciprocity	WTPO	\$177.00	\$287.00
	WDM	\$177.00	\$287.00
	WDS	\$177.00	\$287.00
	CCS	N/A	N/A
	BAT	N/A	N/A
	BTO	N/A	N/A
Annual Renewal Fee	WTPO	\$42.00	\$68.00
	WDM	\$42.00	\$68.00

	WDS	\$42.00	\$68.00
	CCS	\$42.00	\$68.00
	BAT	\$42.00	\$68.00
	BTO	\$42.00	\$68.00
Late Fee (Assessed for failure to submit the fee within the time period specified on the renewal form)	WTPO	\$35.00	\$57.00
	WDM	\$35.00	\$57.00
	WDS	\$35.00	\$57.00
	CCS	\$35.00	\$57.00
	BAT	\$35.00	\$57.00
	BTO	\$35.00	\$57.00
Public Water System Annual Certification Fees			
Public Water System Certification Fee	Public Water System Size (Number of Service Connections on WFI form)	Current Fee	Proposed Fee
	Less than 601	\$132.00	\$214.00
	601 through 6,000	\$403.00	\$653.00
	6,001 through 20,000	\$536.00	\$868.00
	More than 20,000	\$809.00	\$1,311.00
	Temporary Certification fee	\$87.00	\$141.00
Late Fee	Less than 601	\$35.00	\$57.00
	601 through 6,000	\$40.30	\$65.00
	6,001 through 20,000	\$53.60	\$87.00
	More than 20,000	\$80.90	\$131.00
	Temporary Certification fee	N/A	N/A

This proposal allows the Department to increase coverage of the Certified Operator and Public Water System Certification Fees program expenditures and sustain the program’s fee balance for longer.

The chart below shows actual and projected revenue and expenditures for current and proposed fees from FY 2019 through FY 2031.



The Department will continue to monitor the financial health of the Certified Operator and Public Water System Certification Fees program over a six-year outlook and propose fee adjustments as needed to comply with statutory requirements.

WAC 246-294-070, Operating Permit Fees

Overview

The Department of Health (Department), Office of Drinking Water protects the health of the people of Washington by working with others to ensure safe and reliable drinking water. The Office of Drinking Water conducts water system inspections, oversees the testing and evaluation of the water quality of public water systems, reviews construction plans, provides training and technical assistance, assists water systems and local municipalities, responds to emergencies, and develops guidance materials and educational resources. [Chapter 70A.125 RCW](#) mandates the Department to administer the state's drinking water program. The Office of Drinking Water regulates Group A public water systems under state law and has a formal agreement with the U.S. Environmental Protection Agency (EPA) for carrying out the federal Safe Drinking Water Act, which establishes minimum standards for drinking water quality. [Chapter 70A.120 RCW](#) requires the Department to certify public water system operators and monitor public water systems to ensure that such systems comply with federal and state laws.

More than 7.0 million Washington residents get their drinking water from a Group A or Group B public water system. That's 88 percent of the state's population. About 960,000 Washington residents get their drinking water from individual private wells.

State law requires all Group A public water systems to apply for an annual operating permit, which includes an annual fee. The Office of Drinking Water processes and issues operating permits throughout the year, based on system size and type.

[RCW 43.70.250](#) authorizes the Secretary of Health to establish various fees associated with licensing and regulation of professions, occupations, or businesses. These fees must be set at a level that covers the costs of administering each program or license. [RCW 43.20B.020](#) also permits the Department to charge fees for services. [RCW 70A.125.100\(9\)](#) requires the per-connection fee cannot exceed \$1.50 and the Department must phase-in increases greater than ten percent.

The Department has completed a financial assessment and determined the current fees are not generating sufficient revenue to cover the operating costs over the biennium. Considering the program's financial forecast, the Department proposes a fee adjustment to address existing program deficits, increased program expenses, and reductions in funding from General Fund State (GFS) account and cost-of-living adjustments made in the 2025-2027 state budget (ESSB 5167).

This document summarizes data on revenue, expenditures, fee reserve, cost drivers, financial forecast, and the changes to existing fees.

Current Financial Status

The Department's Operating Permit Fees program currently, fiscal year (FY) 2025, has a fee balance of \$6,176,371. The fee balance was accrued to support the Department's database transition; however

now this surplus will cover the required state match and legal costs previously covered by GFS for federal funding the program receives, increasing costs by approximately 45% for the program. The program is projected to deplete the reserve balance and operate at a deficit due to GFS reductions each year through FY 2031.

Revenue

The Department currently permits water system operations annually. The Operating Permit Fees program permits around 3,580 water systems each year. Water system permit fees support the monitoring waiver program among other drinking water program activities. The number of renewals has stayed consistent over the past 4 years.

Fees

Annual operator permit fees charged generate revenue for the Operating Permit Fees program ([WAC 246-294-070](#)). The last fee change occurred in 2012, which updated the fee table to distribute costs to all water systems based on standard charges and number of connections.

Expenditures

Costs for the Operating Permit Fees program are classified into three primary categories: Operations, Health Technology Services (HTS), and Indirect.

Program Spending by Operation						
Fiscal Year	FY19	FY20	FY21	FY22	FY23	FY24
Operations	2,215,427	1,936,810	1,440,633	1,060,400	783,385	1,949,766
HTS	0	9,143	375,587	396,142	365,442	411,149
Indirect	575,853	501,325	478,222	421,046	311,188	556,336
Total	2,791,280	2,447,278	2,294,443	1,877,588	1,460,015	2,917,252

Financial Forecast

Revenue

The Department does not anticipate any significant growth in Operating Permit Fees program activities over the next five years. Operations are projected to maintain an annual recertification cycle. The Department expects these trends to continue.

Expenditures

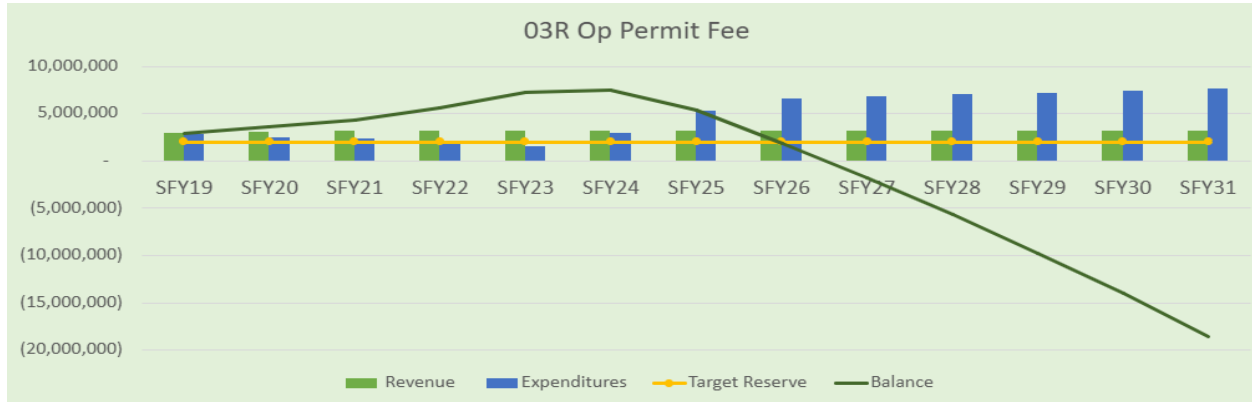
The Department anticipates costs for the Operating Permit Fees program personnel to increase by three percent annually. Cost increases are primarily due to inflation for personnel-related costs. The Operating Permit Fees program needs a fee adjustment to address existing program deficits, increased program expenses, and reductions in funding from the General Fund State (GFS) account and cost-of-living adjustments made in the 2025-2027 state budget (ESSB 5167).

Fee Reserve

The Operating Permit Fees program is not expected to generate enough revenue to cover costs over the

next six years, which includes the necessary drawdown of the reserve fee balance, projected to be depleted by FY 2026 - FY 2027.

The chart below shows actual revenue and expenditures from FY 2019 through FY 2024, and projected revenue and expenditures from FY 2025 through FY 2031.



Fee Proposal

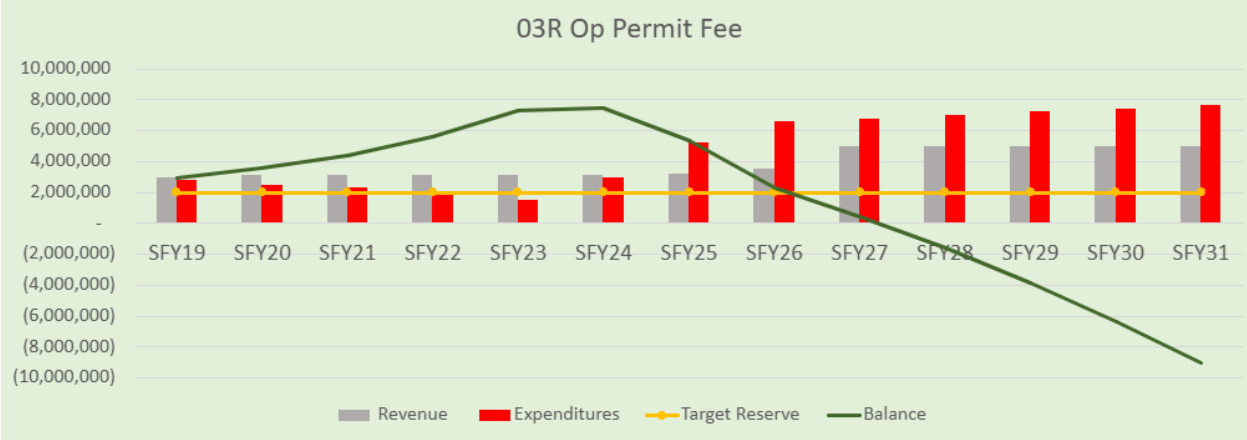
To address existing program deficits, increased program expenses, reductions in funding from the General Fund State (GFS) account, and cost-of-living adjustments made in the 2025-2027 state budget (ESSB 5167), and bring the Operating Permit fee balance into alignment with requirements, the following fees are proposed:

Fee Proposal			
Classification	Current Fee	2026 Proposed Fee	2027 Proposed Fee
Base fee for all water systems	\$100.00	\$110.00	\$200.00
Per connection fee:			
14 or fewer services	\$1.30	\$1.43	\$1.50
15 - 99 services	\$1.25	\$1.38	\$1.50
100 - 499 services	\$1.20	\$1.32	\$1.50
500 - 999 services	\$1.15	\$1.27	\$1.50
1,000 - 9,999 services	\$1.10	\$1.21	\$1.50
10,000 - 95,000 services	\$1.05	\$1.16	\$1.50
95,001 or more services	\$100,000.00 per year	\$110,000.00 per year	\$1.50

SMA	Use the per connection fee amount above to calculate the fee based on the total number of all service connections owned plus a \$100 base fee	Use the per connection fee amount above to calculate the fee based on the total number of all service connections owned plus a \$110 base fee	Use the per connection fee amount above to calculate the fee based on the total number of all service connections owned plus a \$200 base fee
Late fee (late fee is charged seventy days after the department mails the renewal application)	Add 10% to applicable fee or \$25.00, whichever is greater	Add 10% to applicable fee or \$27.50, whichever is greater	Add 10% to the applicable fee or \$50.00, whichever is greater

This proposal allows the Department to increase the coverage amount of the Operating Permit Fees program expenditures but will require GFS subsidy to meet the federal funding match requirements by FY 2028.

The chart below shows actual and projected revenue and expenditures for current and proposed fees from FY 2019 through FY 2031.



The Department will continue to monitor the financial health of the Operating Permit Fees program over a six-year outlook and propose fee adjustments as needed to comply with statutory requirements.