

## **VDH SHIFT Stakeholder Advisory Committee Meeting**

August 29, 2013, 10:15 a.m. – 3:45 p.m.  
The Northside Library, Charlottesville, Virginia

### **Meeting #3 Summary**

Facilitated by the Institute for Environmental Negotiation

---

#### **Executive Summary**

The SHIFT Stakeholder Advisory Committee has been tasked by the Virginia Department of Health with producing a report of recommendations to advise the agency on how to maximize private sector participation in the onsite sewage program while providing adequate oversight to protect public health and the environment. The committee met for the first time in July 2013. This document is a summary of the third SHIFT Stakeholder Advisory Committee meeting, held in late August. During this meeting, participants worked in groups to generate more specific ideas for potential changes to the onsite septic program to facilitate increased privatization, and they continued to identify areas of agreement within the committee. The committee will meet again in late September to continue developing common ground. The next SHIFT Stakeholder Advisory Committee will take place on Thursday, September 26<sup>th</sup> at 10 a.m. at the English Inn in Charlottesville.

---

#### **Welcome Back & Introductions**

Thirty-four people met at the Northside Library in Charlottesville, Virginia on August 29<sup>th</sup> for a VDH Safety and Health in Facilitating a Transition (SHIFT) Stakeholder Advisory Committee meeting. Frank Dukes, Tanya Denckla Cobb, and Kelly Wilder from the Institute for Environmental Negotiation (IEN) at the University of Virginia facilitated the meeting. This meeting was the third in a series intended to lead to consensus recommendations concerning the future of the onsite septic program in Virginia, with the hopes of maximizing private sector involvement in the new program to the greatest extent possible.

After welcoming all group members back and providing time for each meeting participant to introduce themselves, Frank re-introduced the charge of the SHIFT group, which is to produce a report of recommendations to advise VDH on how to maximize private sector participation in the onsite sewage program while providing adequate oversight to protect public health and the environment. Frank then reviewed the overall process and nature of consensus, emphasizing

the idea that group members need to be working with and listening to each other in order to develop a set of consensus recommendations, rather than trying to convince the VDH and the IEN about what has or hasn't happened in the past or what actions should be taken.

Frank also reviewed the prior meeting requests/guidelines and the process "parking lot," both of which lists are included here:

Request/Guidelines (running list):

- Efficiency (respect people's time).
- E-tiquette (limit cell phone use during meetings, and take phone calls outside).
- Clarify concerns and disagreements, don't assume that people understand.
- Produce timely meeting summaries.
- Use name tents to catch facilitator attention when needed in discussion.
- Speak to others from one's own perspective.

Parking lot:

- Hold fewer meetings and work efficiently: *the IEN is trying to design meetings to be efficient, so that all work can be accomplished in 7 or fewer meetings.*
- Effective use of technology in communications: *the SHIFT can now access all documents on the VDH website.*
- Possible small group work: May be helpful for technical topics (but not too many): *we will be doing small group work today in this meeting.*
- ID comments (track specific interests): *the IEN does not produce meeting summaries that attribute comments to specific people, unless is it a formal response by an organizations that has been requested to provide this formal response.*
- 2012 VDH permit data: *VDH will report on these data.*
- Enable taking comments from public during the meeting: *the meeting agendas include time for public comment, and there is also a mechanism online for people to submit comments.*
- There are two functions of VDH – proprietary and governmental.
- Privatization of well drillers: are they excluded from this conversation? *Discussed later in the meeting.*
- Electronic submission of onsite permit work and permit requests would save time and money.

After the committee reviewed the requests/guidelines and parking lot, Dwayne Roadcap, a VDH SHIFT resource member, spoke for a few minutes in response to a specific question from a member about why the SHIFT Stakeholder Advisory Committee was assembled, rather than discussing the SHIFT issues within the already established Sewage Handling and Disposal Advisory Committee (SHADAC). Dwayne explained that the VDH chose to form a new committee, the SHIFT Stakeholder Advisory Committee, instead of using the SHADAC group for three reasons. First, the SHADAC group doesn't have as broad of a representation as was

deemed optimal for this process. He explained that the chosen members of the SHIFT committee represent a much broader constituency, both professionally and regionally. Second, the VDH believed that it needed direct representation as a stakeholder in the SHIFT group, which could not be accommodated in the SHADAC committee because it does not allow the VDH a vote. Third, the SHADAC is run by majority rule, rather than by consensus, and the VDH decided that a consensus-based approach would better allow for important stakeholder voices to be heard and discussed, thereby strengthening the group's potential for success.

After Dwayne re-affirmed the reasoning for the formation of the SHIFT Stakeholder Advisory Committee, Tanya presented the meeting agenda, which included time for:

- Welcome Back & Introductions
- Developing Specific Recommendations, Carousel Exercise, Round 1
- Developing Specific Recommendations, Carousel Exercise, Round 2
- Discussion Wrap-up
- Public Comment
- Meeting Wrap-up

### **Developing Specific Recommendations, Carousel Exercise**

For the majority of the meeting, committee members worked in small groups to generate more specific ideas for the draft proposal. A carousel type process was implemented to facilitate the small group discussions and to ensure that every committee member had an opportunity to contribute to every topic. This process was divided into two sessions, one held in the morning and one held in the afternoon. During each session, the committee was randomly divided into three groups and each group was assigned to a specific work station where they were given an initial topic of conversation. The groups spent an hour discussing their initial topic to ensure that a solid base of ideas was developed. After that hour, the groups cycled through the other two stations, spending 15 to 20 minutes at each of the other two, so that every committee member was ensured an opportunity to contribute to each of the discussions. By the end of the two session process, every member was allowed time to speak to each of the six topics and the groups had assembled a large number of specific ideas for the draft proposal. The six topics discussed included:

#### **Morning Carousel Discussion Stations**

1. Roles and Responsibilities, with attention to Access & Affordability
2. Orderly Transition
3. Fee Structure/Funding & Transition

#### **Afternoon Carousel Discussion Stations**

4. Quality Assurance/Education/Professionalism
5. Checks & Balances

## 6. Economic Impacts

Before beginning the small group work, Tanya explained that participants would be asked to review the existing ideas (provided in the meeting handout), add to these ideas, and develop their ideas more fully and specifically for transitioning to the new onsite septic program. She emphasized that this work would not end with *final* recommendations, but with a more fully developed set of *draft* ideas for recommendations. With that in mind, the committee split into groups and began discussing the topics. The ideas developed at each discussion station are provided at the end of this meeting summary in the Appendix.

### **Discussion Wrap-up**

After the carousel process ended, committee members were invited to walk around the room and read through all of the ideas recording during the discussions. They were asked to place sticky dots next to ideas that they could support or would like to see move forward, which would enable the IEN to gauge the feasibility and popularity of certain ideas. Before the next meeting, the IEN will organize all ideas that were offered during the meeting and begin the process of crafting them into formal recommendations for comment and changes by the committee.

After allowing time for members to walk around and indicate their support for certain ideas, Frank then invited committee members to share their thoughts about areas of agreement identified during the discussion process. The following areas of emerging consensus were shared:

- There seems to be general agreement that VDH should maintain a strong oversight role in the new onsite program.
  - A member requested a formal test for consensus on this point about the VDH role, and the committee did support it by strong consensus. (26 “3s” and two “2s”) Two individuals indicated their support was not at the 3-level because certain details still need to be hashed out.
- In general, some variation of “pro bono” work has high levels of support.
- There is general support for the idea that fees should go to support repairs for those who can’t afford them.
  - A VDH member reported that this idea is also gaining traction among VDH staff, based on the eight regional staff meetings held to date.
- There is strong support for all soil evaluation and design work being done under licensure.
  - A member requested a formal test for consensus on this point, and the committee did support it by strong consensus (25 “3s” and three “2s”).
  - One member noted, however, that this does not allow for the case of someone in training working under licensed person.

**Virginia Department of Health Onsite Septic Program  
Safety and Health in Facilitating a Transition (SHIFT) Stakeholder Advisory Committee**

---

- Clarification: Everybody who is doing site evaluation and design should be doing it under auspices of a licensed individual.
- There is still clarification needed on whether VDH staff *reviewing* designs also need a license. One possibility is that just those doing the design need a license; another possibility is that a designer should expect his work to be reviewed by a similarly qualified person (though that's not required by law).
- There is general agreement that resources are needed to facilitate the transition and program funding.
- There is general agreement that permits should be submitted electronically, which would make both the submission process and the review easier. Online applications might also make it easier for the applicant to know immediately if the application meets the regulations, by virtue of automatized features and parameters. More needs to be discussed about the role of technology.
- More discussion is needed about the bare application process and whether it should go through the same level of review as other applications. A member shared that people are looking for a level playing field.

Frank then asked the committee for overall feedback on the work group process. Committee members shared this feedback:

- The small group format was good.
- One member thought the small group format was productive but he had been cut off by the need to rotate to a different station. If we did this again, he hoped there would be more time.
- There was not enough time allowed for dots exercise.
- Too hot – A/C should have been cooler.

**Public Comment**

No public comments were offered.

## **Meeting Wrap-up**

Before ending the meeting, the group discussed what additional information was needed in order to continue making informed decisions and to provide feedback about the meeting space and organization so that the IEN could accommodate any requests in the future.

The committee members expressed that, if possible, they would like access to the following additional information:

- Information on the professional code of conduct and ethics.
  - 12 VAC 5-6.15.
- A map of private providers – to identify if there are low-service areas, and where.
- Privatizing permitting of wells – is this on the table too?
  - Dwayne clarified that wells are usually done in conjunction with sewage. Currently, the private sector can propose and inspect wells. The two are intricately related. The question is what to do when it's only a well application. Whether VDH should get out of wells is a fair question to ask.
  - This will be added to the next meeting's agenda.
  - Provide GMP141A on well permits.
- What information would be helpful for Larry Getzler to provide?
  - An important VDH goal is to stay “revenue-neutral” through the transition. How might this be achieved?
  - It would be helpful to understand the economic impacts of different proposals on the table – including the idea of raising VDH fees to have parity with the private sector.
  - It would be helpful to understand different mechanisms for incentivizing expansion of the private sector in areas where there is low service.
  - It would be helpful to better understand the economic impact on housing/building.

The next SHIFT Advisory Committee meeting will take place from 10 a.m. to 3:30 p.m. on Thursday, September 26, 2013 at the English Inn in Charlottesville, Virginia. The purpose of the next meeting will be to build consensus on recommendations and to develop draft recommendations.

**Virginia Department of Health Onsite Septic Program  
Safety and Health in Facilitating a Transition (SHIFT) Stakeholder Advisory Committee**

---

**Stakeholder Advisory Committee Participants:**

Tony Bible – AOSE  
Jim Bowles – VDH Office of Environmental Health Services  
Ed Dunn – Virginia Environmental Health Association  
John Ewing – Old Dominion Onsite, Inc.  
Sandra Gentry – Manager of Gentry Septic Tank Service, Secretary of VOWRA  
Jeff Gore – Legislative Liaison for Loudoun County  
Dan Holmes – Piedmont Environmental Council  
Erik Johnston – Director of Government Affairs, Virginia Association of Counties  
Dave Lentz – Regulatory Director at Infiltrator Systems Inc.  
Bob Marshall – President of the VA Association of AOSEs, practicing AOSE  
Curtis Moore – VOWRA Representative, AOSE  
John Powell – Powell’s Plumbing, VOWRA BOD  
Steve Simpson – Environmental Health Manager of the Mt. Rogers Health District  
Bill Sledjeski – CPSS and an AOSE  
Bill Timmins – Sewage Handling and Disposal Advisory Committee  
Mike Toalson – Chief Executive Officer of the Home Builders Association of Virginia  
Jeff Walker – President Elect of VAPSS  
Larry Wallace – Virginia State Program Manager of SERCAP  
Neil Williamson – Governmental Affairs Director at Charlottesville Area Assoc. of Realtors

**Resource Members:**

Mark Courtney – DPOR  
Larry Getzler – DPB  
Trisha Henshaw - DPOR  
Dwayne Roadcap – VDH

**IEN Facilitation Team:**

Tanya Denckla Cobb  
Frank Dukes  
Jason Knickmeyer  
Kelly Wilder

**Meeting Observers:**

Josh Czarda – VDH  
Tim Wood – Infiltrator Systems, Inc.  
Jack McClelland – VDH  
Eric Aschenbach – VDH

## Meeting #3 Appendix: Developing Specific Recommendations

During the VDH SHIFT Stakeholder Advisory Committee meeting on August 29<sup>th</sup>, 2013, committee members formed work groups and developed specific ideas for a new onsite septic program. Six main topics, all pertinent to the VDH SHIFT charge, were discussed. Committee members also had an opportunity during the meeting to review the many ideas that emerged and to express their support for them by placing sticky dots next to them. This document contains the ideas and recommendations shared during the work group discussions. It also identifies the level of support given to each idea by indicating how many sticky dots were placed by each idea (represented by the number inside of the brackets at the end of each idea).

---

### **Discussion 1: Roles and Responsibilities**

During this discussion participants addressed key concerns that: a) there may be too few providers in certain parts of the state, b) that access remain affordable in all parts of the state, c) that choice is critical and should be available throughout the state, and d) that VDH not assume liability for installed systems. [8]

Core recommendations include:

1. **Licensure:** All site evaluation and design work must be done under licensure, whether by private providers or state employees. [10]
2. **VDH Core Role:** VDH should a) provide regulatory oversight, which includes all duties that do not require a license; b) manage policy; c) draft and issue operating permits; d) maintain and manage records and data; and e) maintain ability to provide direct services in all regions of the state for construction and repair, but share best practices for incentivizing increased private sector delivery of these services.
3. **VDH Onsite Inspections:** The VDH may inspect any site at any time throughout the process.
4. **Level 2 Inspections (onsite inspections prior to installation):** VDH should conduct Level 2 inspections: (OPTIONS BELOW)
  - a. 100% of the time. [3]
  - b. Wherever it deems necessary, and, on a sliding scale up to 100% of the time in areas where soils present high risks. [3]
  - c. When requested by the Designer. The VDH should establish a mechanism by which Designers may request for more high-risk sites more “integration” with VDH review and guidance throughout the process. [2]
  - d. Whenever required and funded by the County. [4]

5. **Dual Final Inspection System (Post Installation): [12]**
  - a. The VDH role should be to inspect the installation to ensure that it meets the design in the following ways: a) it is located where specified in the design; b) it meets the sizing specifications; c) it complies in all ways with the regulations. The VDH final inspection should be within 48 hours of notice.
  - b. If the VDH does *not* provide 100% final inspections, then all [installers? designers?] should be required to report the installation, and VDH would have the *option* to conduct an onsite final inspection:
    - i. at random (to ensure the installer is ready for inspection any time); and [1]
    - ii. risk-based, based on history, soil, lot size, proximity to water (public water and wells) and history with the contractor. [5]
  - c. If the VDH *does* provide 100% final inspections, then:
    - i. VDH will need to ensure it is adequately staffed for this role. [7]
  - d. The Designer role should be to inspect the installation to ensure that it is installed correctly and according to the design. [2]
  - e. The VDH should issue an operating permit only after the Designer has signed-off on the inspection for correct installation. [2]
  - f. Third-party inspections should be considered an option for special circumstances when the need to protect public or environmental health is urgent, and the VDH is not able to perform the inspection. [4]
6. **Liability:** Each party in the process of developing and installing the onsite septic system should assume liability for his part.
  - a. The designer should assume liability for the design and ensuring that the system installed is per the design. [NB: This would require a legislative change by the General Assembly].
  - b. The owner (homebuilder or owner agents) should assume full liability for the system for the length of the warranty (usually one year).
  - c. The VDH should be liable only for its part of ensuring that the system meets regulations.
  - d. If the VDH performed risk-based final inspections, then different levels of liability would ensue. Sites that receive final VDH inspections would have lower liability, and those that do not receive final VDH inspections would have higher liability. The higher liability would be enforced by requiring a bond with licensure (similar to the home building licensure model). [2]

7. **Exceptions for Emergencies:** At a minimum, VDH may do site designs in case of public health emergencies (e.g., failed systems, repairs, discovery of straight discharge to surface waters). [6] Its highest priority should be repairs. Criteria for enabling this exception are:
- a. A referral service for the private sector should be established, and homeowners provided with this information.
  - b. If the homeowner meets a “means testing” (income threshold) homeowners should have access to:
    - i. a fund that will enable them to pay a private provider, or
    - ii. VDH design assistance, when a standard design is appropriate. When a standard design is not appropriate, the VDH will deny the application and refer the homeowner to a P.E. or OSE for the design of an alternative system. [1]
  - c. **OUTSTANDING QUESTIONS:** should VDH be able to design alternative systems?

If the homeowner won't allow access to the property, local building officials must force an eviction by pulling the Occupancy Permit.

### **Discussion 2: Key Transition Ideas**

During this discussion, participants addressed key concerns about how the transition into a new onsite septic program could happen smoothly while minimizing the unintended consequences of the transition.

Core recommendations from this discussion include:

1. **Begin the shift by focusing first on privatizing work in priority areas.** [6]
  - a. Onsite septic work for subdivision development.
  - b. Certification letter preparation.
  - c. Voluntary upgrades.
  - d. The VDH should never design.
2. **Find and share “best practices” for promoting a viable private sector,** from regions where the shift has occurred, to inform areas where the shift has not yet occurred. [3]
3. **Reduce VDH capacity gradually** to allow some continuity while incentivizing the private shift. [2]
4. **Shift to increased privatization on a schedule that will ensure a smooth and sustainable transition.**
  - a. Increase VDH fees gradually, on a schedule, to transition VDH out of providing those services that are to be provided by the private sector. [1]
    - i. This could involve specific targets (eg. >20%, 30%, 40%).
  - b. Transition certain services on a schedule [4]: first would be soil evaluation [1] and second design services [1].

- c. Determine schedule of the shift by region (address district and locality needs). Develop a schedule with targets, by date certain, on which VDH fees increase, then a schedule that would follow increases.
- d. Give advance notice to everyone, including especially the private sector, of phased sunset transition dates (this is to prepare the private sector to take on additional work as VDH reduces those services it provides, so as to ensure continuity in areas of the state that may currently be underserved by the private community). [5]

### **Discussion 3: Fee Structure**

During this discussion, participants addressed key concerns about how the VDH fee structure will change as a result of the shift, what funding the VDH will need for the transition, how local departments and governments will be affected by the change in fee structure, and how to minimize unintended consequences resulting from the change in fee structure.

Core recommendations from this discussion include:

#### **Recommendations for VDH fee structure (options):**

1. The VDH should raise at least some fees to maintain its budget.
  - a. This new fee structure should better reflect actual cost [5] – this would be an administratively easy re-structuring to accomplish. The new fees could be:
    - i. Design fee~\$2,000 (includes permit).
    - ii. Permit fee~\$200-\$225 (w/supported work).
    - iii. Raise fees for application with supported OSE work.
  - b. Fee structure should reflect the impact of regulations on fees – complex/heightened requirements should entail higher costs. [2]
  - c. VDH fees should rise on some schedule but not immediately.
2. The VDH should either raise VDH fees for all services to the same level as the private sector or get out of the market.
  - a. Services provided by the VDH shouldn't be subsidized – should reflect true costs. [3]
  - b. VDH fees should reflect marketplace. [1]
3. Don't raise VDH fees.
  - a. There is no need to raise VDH fees – will mean they have more \$ for other work.
  - b. VDH fees stay the same in order to maintain the VDH budget. [1]
4. Decouple fees and services – make them independent of one another so that there is one (or a few) standard fees.
  - a. Perceptions of fair value if customer pays large fee for little work, or double charging if VDH fee and private sector fee overlap?
  - b. Would it be sufficient to cover costs?
5. "A la carte" fees structure/services (charging for each individual service, permit, etc.) vs. one all inclusive fee (which is how it currently is). [1]

- a. A la carte fee structure would be more difficult to implement and administrate.
- b. Regardless of which is selected, the resulting structure should be revenue neutral for the VDH.
6. The VDH should make a fee structure that charges for regulation and enforcement roles.
  - a. (Annual?) inspections (with fee) by VDH to raise revenue. [4]
    - i. It would be important to ensure that the revenue generated would balance the cost of the VDH doing this work.
7. The VDH should find additional funding sources – need dedicated revenue source to support VDH services (for the common good). [1]
  - a. Need to maintain VDH budget by finding greater general fund support. [6]
  - b. Broad fee hikes are problematic.
  - c. VDH needs funding at current or higher levels. [3]
8. Consider MD’s flush tax model. [1]

**Recommendations for repairs:**

9. If VDH stops design work: [2]
  - a. Repair permit fees should cost less (or be frozen). [1]
  - b. Regular permit fees should be raised to better reflect cost.
10. Is there a natural carve out for undesirable work to be done by VDH, e.g. minor repairs (like Loudoun)? [1]
11. Fees should reflect costs, there should be no free services, not even for repair work. [5]
12. Distinction between repairs that require design and those that do not. [3]
  - a. Repairs that don’t require design work should be free. [1]
  - b. Repairs that do require design work should be charged a fee.
  - c. The fee system should reflect the complexity of the repair work. [1]
13. Not all repair services should be free – especially for high cost/value housing. [5]
14. Repairs cost 2-3x more than other work, so it would be worse for the VDH to offer repair services for free – “nobody expects free.” [1]
15. If it’s a real public health problem, the repair should be free/immediate.
16. The tax base should fund repairs. [1]
  - a. What if system was neglected?

**Recommendations for an “indemnification fund”:**

17. Shift/repurpose the current indemnification fund into a relief fund (which would be a needs based fund). [1]
  - a. Could design this new “relief fund” based on the general contractor model.
  - b. If VDH continues design work, some funds need to remain in the indemnification fund.
18. Would still need the indemnification fund during transition for required three year period. [1]
19. The fund can go to private sector too. [1]
20. All applicants kick into fund via a portion of their permit fee. [3]

**Assistance for low income:**

21. The state calculates assistance for school systems based on locality – would this system work for low income assistance within the new septic program? [2]
22. Could use another proxy like property value (or home value for land-rich) to determine eligibility for assistance?
  - a. Perhaps cost of septic work based on proportional amount of house value?
  - b. Sliding scale for fees based on income.
23. Increase all VDH fees to a level needed to maintain agency revenue and to include funding to support indigent/low to medium income citizens. [1]
  - a. Those with inadequate systems also need access to this fund.
  - b. Perhaps model this assistance after the SERCAP low interest fund?
24. Private sector shouldn't be subsidized unless low income. [7]
25. Accessibility to private sector should be incentivized. [1]

**Overall recommendations:**

26. Simplicity of the new fee structure is key. [2]
27. Maintenance stays w/private sector & inspection goes to VDH.

The following ideas were also mentioned during this discussion:

- SW VA – applications from low income demographic account for only less than 5% of the total applications, so the majority of applications are not from low income citizens. [2]
- Permit costs (and even total associated with septic) are a small % of cost of total home construction.
- Taxpayers are currently supporting those with ability to pay.
  - However, those people are also paying taxes.
- Unlikely we'll get back to the backlog levels of the boom referenced in the Hamm report, meaning that the backlog problem should not become a central problem. [1]
- Enough designers to pick up work from the VDH halt in most areas of the state. [5]
- Will additional duties at VDH balance lost work?
- Fees go to general VDH funding, not program specific.
- One standard of practice? Would expand VDH work and cost more. [5]
- Affordability to homeowner.
- Installation – if market can't support competition (risk of monopoly) then we're here too early. [1]
- Cost of septic fees to homeowners is a real concern. [1]
- Private sector permits should be prioritized. [3]
- Cost vs. performance – you get what you pay for.
- VDH viability important.
- Hold the program (funds) harmless. [2]
- Room for additional fees during transition.

- Maintain VDH baseline services/capacity – no layoffs. [3]
- Fear GA will take away support after shift – must prove funding still needed. [1]
- Cost of service needs to be covered (e.g., repairs).
- Cost of licensed/experienced people needs to cover costs of work.

#### **Discussion 4: Quality Assurance/Education/Professionalism**

During this discussion, participants addressed key concerns about how education can be used as a method of assuring quality, how the VDH can maintain expertise through the shift, and how elements of quality assurance, education, and professionalism can be established to minimize unintended consequences of the transition.

Core recommendations from this discussion include:

1. **Standards of Conduct:** The professional and ethical code of conduct for licensed OSEs need to be defined and/or clarified. (PROVIDE COMMITTEE WITH 615, GMP 126B.) [10]
2. **Training Needed for Transition:**
  - a. VDH inspectors should become certified or licensed. A training should be developed to provide this certification or licensure to VDH staff. North Carolina could serve as a model for this effort. Also, the VDH will need to review and update its internal Quality Assurance/Quality Control policy. [2]
  - b. VDH Staff and private sector providers need to be trained to use and gather GPS data for onsite septic sites. The standard used should be 10 feet.
  - c. If a variance is needed, the VDH and/or OSEs and/or PEs may pursue the design.
3. **Protecting Public Health:**
  - a. For all real estate transfers involving systems installed more than 5 years previously, the state should mandate an inspection by a licensed septic professional. [1]
  - b. The VDH should develop a multi-disciplinary District or Regional “Response Team” to respond to difficult situations. [5]
4. **Fees to Support New Inspection System:** To support the new inspection staff that will be needed at VDH, and the timely turn-around of inspections, the VDH should: (OPTIONS)
  - a. Charge one inspection fee at the end with the issuance of an Operating Permit.
  - b. Charge separate fees for each function used (reviews and inspections). [2]
  - c. Charge one fee up front with the issuance of a (Construction) Permit.
5. **Incentives for Increasing Privatization:** Incentives need to be created to incentivize the preferential use of the private sector, to encourage the private sector to expand its coverage, and to foster an organic change toward the private sector. [5]

- a. Private providers should be (encouraged/required) to register with counties where they are willing to provide service.
- b. The VDH should make this data on PE and OSE providers at the county level available to the private sector, to incentivize the private sector to move into that county.
- c. Where there is only one private providers (i.e., where there is no choice), or where cost for systems is above the regional average, then VDH may be allowed to do the design. [6]
- d. Thresholds should be established for when VDH is no longer able to do new construction design. [2]
- e. A homeowner that cannot afford a system should be given access to an assistance fund. [4]

### **Discussion 5: Checks and Balances**

During this discussion, participants addressed key concerns about how the new, post-shift program can create choice and competition, especially in low-income areas, and how checks and balances can be developed to minimize unintended consequences of the transition.

Core recommendations from this discussion include:

1. **Use of education as a form of checks and balances.**
  - a. Upon sale of property, require inspection and education/handout for homeowner. [11]
  - b. Periodic mailing to owners of information (e.g. property tax mailing). [2]
  - c. Develop or expand an education program for realtors (Loudoun County model). [1]
  - d. A property sale would trigger new owner education through renewable operation permits. [8]
2. **Checks and balances on the role of the VDH in the new onsite septic program.**
  - a. VDH maintains a roster of OSEs. [3]
    - i. Add an electronic bidding forum to ensure that customers get a good deal on septic work from the private sector. [3]
    - ii. In exchange for joining the VDH roster, the OSE must agree to “x” hours pro bono work. [6]
    - iii. Charge a fee for listing OSEs on the VDH roster, with income from these fees going to subsidize low-income residents. [5]
  - b. Until the shift is complete – at time of a permit application, require VDH to disclose:
    - i. Limitations on their services (length of time, number of visits, design capabilities).

- ii. Options for private provider of services.
    - iii. Other potential conflicts of interest, limitations, and options. [5]
  - c. To ensure reporting of conflict of interest – get DPOR staff together with VDH. [5]
3. Require licensed onsite professionals to report problems with onsite systems to local VDH. [5] (NOTE: this is already required, but may not always occur.) **Require periodic inspection of all systems** (not just alternative). [3] **Arrange for a public subsidy in under-serviced areas to provide services until the private sector has sufficient competition** (the provider could be public or private). [2]
4. **Arrange for small business development support** (local economic development offices, state department of small business assistance). [1] **Eliminate some formal qualifications** (e.g., a degree) for certification to lower barriers to becoming a provider.

### **Discussion 6: Economic Impacts**

During this discussion, participants considered how the transition could affect low and moderate income property owners, how supply and demand could ensure reasonable priced services, how changes in the housing market could affect the demand for services and the ability to provide timely services, and how to reduce the financial impacts from bad outcomes.

Core recommendations from this discussion include:

- Public funds should be focused on repairs because of the negative externalities associated with septic system failure.
  - There is less of an argument for the use of public funds for new construction (because small portion of overall cost of construction), and new construction should therefore be completely privatized.
- Education should be used as a means of reducing impacts of negative externalities. [2]
  - Perhaps implement a trigger system for when people are directed to education.
  - What is the additional cost to educate public?
- More standardization of rules/expectations will result from shift and will lower costs.
- Complex/big jobs should automatically go to the private sector. [3]
- Longer lead time will allow supply in market (providers) to develop. [4]
- Pro bono (or subsidized) work would fix some of concerns (and be good for public relations). [4]
- Start charging repair fees to customers from high income levels to subsidize low income. [5]
- “Indemnification fund” for private sector. [2]
- Use means testing when offering VDH-provided services (this is already possible).
- Development in addition to repairs, especially where limited development.
- How are fees reallocated as services are? Think about third party certification, time/cost of money.
  - Reduced VDH role → reduced fees? [1]
  - Reduced agency liability? [1]

- Vs. increased VDH oversight.

Discussion:

- **Supply/demand**
  - Possible spiked cost of septic system in beginning will quickly level out as more providers enter market. [3]
  - Competition will keep prices reasonable. [4]
  - Short vs. long term – need to think about both.
  - Long run → higher prices, but supply increase too.
  - Possibility that there might not be an increased amount of work for AOSEs because of depressed building rates lately (regardless of discontinued VDH involvement). [1]
  - Market drives type of development and figures in appropriate costs.
  - Market force will limit prices, likely rather quickly. [2]
  - Political acceptability for recalibration is larger question. [2]
  - Quasi engineer OSEs have niche – if goes too high, PEs will come in. [1]
  - Need enough OSEs during boomtimes to cover work. [1]
- **VDH**
  - VDH will eventually have to raise prices to make up for bare applications. [1]
  - Will the shift cause public employees to migrate to private sector? Likely.
  - Would EHS still be required to be OSE? Yes, must be if approving work. [1]
  - Training will occur in private sector, not other way around – it's not a fear that workers will train at the VDH then bail (as has been the case for years). [1]
    - Economically beneficial to VDH to shed this experience. [1]
- **Housing market**
  - Septic affects mortgage/price tag. [1]
  - Even 1% rise in housing cost (due to septic) will keep 1% more people in rental market. [2]
  - Not going to see downsizing and subdividing seen in 2000-2007.
  - Economic impacts on communities in addition to homeowners.
- **Concerns about costs to homeowners:**
  - Homeowners anticipate and concerned about rising costs. [6]
  - Will be financial impacts where have to go to private sector. [2]
  - Discontinued VDH involvement could pose an accessibility problem in certain areas in the short term. [6]
  - Owner occupied (residents more concerned) vs. rental (less concerned).
  - Impacts on LMI (low to moderate income) development? Higher impacts compared to high income? [2]
  - What about whole regions relying on VDH? – too much for pro bono to handle. [2]
  - Can we show counties relying on VDH that the numbers (of low income eligible for assistance) aren't actually as concerning as they think?
  - There is no right to sewer.
    - Yes there is. [1]

**Virginia Department of Health Onsite Septic Program  
Safety and Health in Facilitating a Transition (SHIFT) Stakeholder Advisory Committee**

---

- You don't deserve sewer just because you own lot. [1]
- But a public policy decision that repairing failing systems is in the public interest has been made. [2]
- Unknown where repair price point is since the VDH does free work. [3]

Related information needs:

- Data on # of systems, etc. needed. [2]
- Reasonable assurance based on data that there are enough providers and competition is needed. [6]