

AGENDA

Minnesota Pollution Control Agency Water Fee Advisory Committee

January 8, 2018

12:00 p.m. – 3:00 p.m.

MPCA Lower Level Conference Room
520 Lafayette Road
St. Paul, Minnesota 55155

Welcome / Committee Member Introductions

John Linc Stine

Box Lunch

Preview agenda

Milt Thomas

Brief context

John Linc Stine

Input from Advisory Committee Members on the following questions:

- What has been your experience as a fee payer?
 - What are your expectations for services for the fees you pay?
 - What do you view as the role of fees in environmental protection?
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Gather questions from Advisory Committee Members

What to expect next, and over time

Milt Thomas

Adjourn

Invited Participants:

Jennifer Levitt, City of Cottage Grove

Julie Anderson, Mathiowetz Construction

Blaine Hill, City of Morris

Todd Prafke, City of St. Peter

Andy Welti, City of Medford

Norm Miranda, CIRSSD

Ned Smith, MCES

Rob Baranek, Cliffs Mining

Nicole Gries, Valero

Zach Lind, Driftless Fish Company

Yan Gao, Industrial (small)

Brian Koski, Septic Check/MOWA

Anthony Ekren, Riverview, LLP

Grant Bindford, Binford Farm

Ashley Kohls, Minnesota Cattleman's Association

Adam Barka, Christensen Farms

Problem Statement:

The MPCA's current fee structure for water-related permitting is in need of refinement. The agency has not comprehensively adjusted its fees in almost 25 years, the fees charged across programs are inconsistent, and some regulated parties cover more of the program costs than others. To address this, the MPCA is considering an update to water fees. More information is available at <https://www.pca.state.mn.us/water/amendments-water-quality-fee-rules>.

Need for Advisory Committee:

The MPCA opened an initial request for comments which resulted in many questions from stakeholders and comments reflecting a variety of perspectives. To honor those comments and learn more from potentially affected stakeholders before moving forward, the MPCA has created the Water Fee Advisory Committee to provide input to the Commissioner on this important topic.

Advisory Committee Charge:

The MPCA has invited a broad range of potentially affected stakeholders (see list of participants on reverse) to provide perspective, input, and advice to the Commissioner. This input and advice will inform MPCA decisions on the approach and next steps the agency will take to address the needs associated with its water fee structure.

Water Fee Advisory Committee January 8, 2018
MPCA, St. Paul Office
Orientation Meeting Notes

Advisory Committee Attendees: Jennifer Levitt, Blaine Hill, Todd Prafke, Andy Welti, Ned Smith, Zach Lind, Yan Gao, Brian Koski, Anthony Ekren, Adam Barka, Norm Miranda, Rob Baranek

MPCA: John Linc Stine, Rebecca Flood, Shannon Lotthammer, Mark Schmitt, Doug Wetzstein, Greta Gauthier, Jean Coleman, Angela Hawkins, Paul Leegard, Mary H. Lynn

Meeting summary:

Commissioner Stine opened the meeting with introductions and the Advisory Committees charge. He said input from the Advisory Committee would assist the MPCA in determining: should the MPCA change fees or not; if so, how; and what are the highest priorities. All the Advisory Committee Members provided input on the questions below.

The goal is to have five or six meetings before August. Meeting dates were discussed. MPCA will use the GovDelivery email system to announce future meetings and provide related information as applicable.

The following items were identified for the next meeting agenda: what is in-scope and out-of-scope, fee history, range of fee payers, rest of the MPCA fees and how they work. Note: services and what fees pay for may take longer to develop.

Input requested on the following questions:

- What has been your experience as a fee payer?
- What are your expectations for services for the fees you pay?
- What do you view as the role of fees in environmental protection?

Feedback on questions:

- There is a substantial difference between those who comply and those who do not, difference between technology adopters and those who don't. How do we recognize early adopters and get others onboard? How to incentivize compliance? Only incentive seems to be a penalty.
- Small business that uses tons of water was not told about the many water-related costs including regulatory costs. Concerned about the time it takes, time and money very important for business owner. \$9000 in up-front fees for tests. At a disadvantage because competitors are grandfathered in. Budget buster.
- Citizens do not understand that state dollars pays for services. It is tough to raise fees and taxes. You never want to wait 15 years to raise fees; incremental increases work better. A small rate increase each year, and educating citizens about the what and why is advisable.
- What MPCA programs are falling short, how much? What are the customer service goals/objectives for permits? What are priorities? Are there measurable outcomes? If fees go up, what do we get? How much improvement in water quality, compliance? Appreciate the responsive feedback we have received when the MPCA audits municipalities.
- Discharge limit not viable for cold-water fish farming. Application fee is \$9300 to open additional fish farms with a six-month wait for application processing. Current incentives are for large fish farms, not viable for small fish farms. Cheaper to have multiple sites rather than a large fish farm operation. How to level the playing field for big and small construction and improve response times?
- What do we gain with increase in fees? What would we lose if fees stay the same? Federal funding is dwindling, are we looking to address gaps? Are the feds asking us to stop doing certain things?
- What is the range of kinds of situations (e.g. agriculture vs. municipal vs. business systems), and how we regulate? (MPCA stated that wastes are variable (agriculture, manufacturing/industry, municipal), not all fees

vary. Animal agriculture is regulated under the Clean Water Act and by the MPCA; however, row crop agriculture is exempt under the Clean Water Act.)

- Clarify the work done for the fee rule adjustment in 2008-2009, permit fee changes. Is it just permitting? Enforcement?
- For onsite septic in small communities, the length of time (six months) for application processing is a problem. Tiered approach (e.g. gallons); scale fees with risk level, level of regulation required. The scale jumps dramatically once the 10,000 gallon threshold is reached; make it more incremental. What can permittees do to help with cost savings, reduce costs, and processing time? Frustrated with change from old permit to new permit; very complicated, confusing, hard to follow. General permit easier to implement, maintain, and more efficient for both regulated party and MPCA.
- For some, the application fee is not a problem, but the cost to get information for an application. The more we pay, the more we expect. Want to know what the costs are up front.
- Expect the fees paid to process applications.
- Is there a percentage increase MPCA has as a goal?
- Timing of any fee increase is important; can we spread out fees? Easier to manage when fees are spread out over a number years.

Input requested on the additional following questions:

- What specific information do you want and in what form(s)?
- What kinds of permitting options would you like us to “model” (fee structure) or to project?

Feedback on additional questions:

- Is there opportunity to explore a whole new way to generate fees? A better way, methodology for fee increase?
- How did the fee structure come into existence as it is today? What is the MPCA’s fee history?
- Why is the MPCA only looking at the water related program fees?
- Yes, spreadsheets. For both government and private sector.
- There is a big difference between government payers and industry payers. The more you pay, the more you expect.
- Are we regulating things we should not be regulating? Can MPCA provide why permits are required in the first place? What are legal requirements?
- When quality service is provided it is easier to charge for the service. Can MPCA provide a list of products, services?
- Provide sector specific analysis/data; some may want to see all sector fees for comparison.