

AGENDA

Minnesota Pollution Control Agency Water Fee Advisory Committee

May 4, 2018

9:00 a.m. – 12:00 p.m.

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

Continental Breakfast/Welcome

John Linc Stine

Reminder of Purpose/Scope/Product

John Linc Stine

Overview of today's agenda

Milt Thomas

What we've heard you say, build a survey, fee scenarios

Mark Schmitt / MPCA staff

Closing note: Questions / final meeting in June

Mark Schmitt / Shannon Lotthammer

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

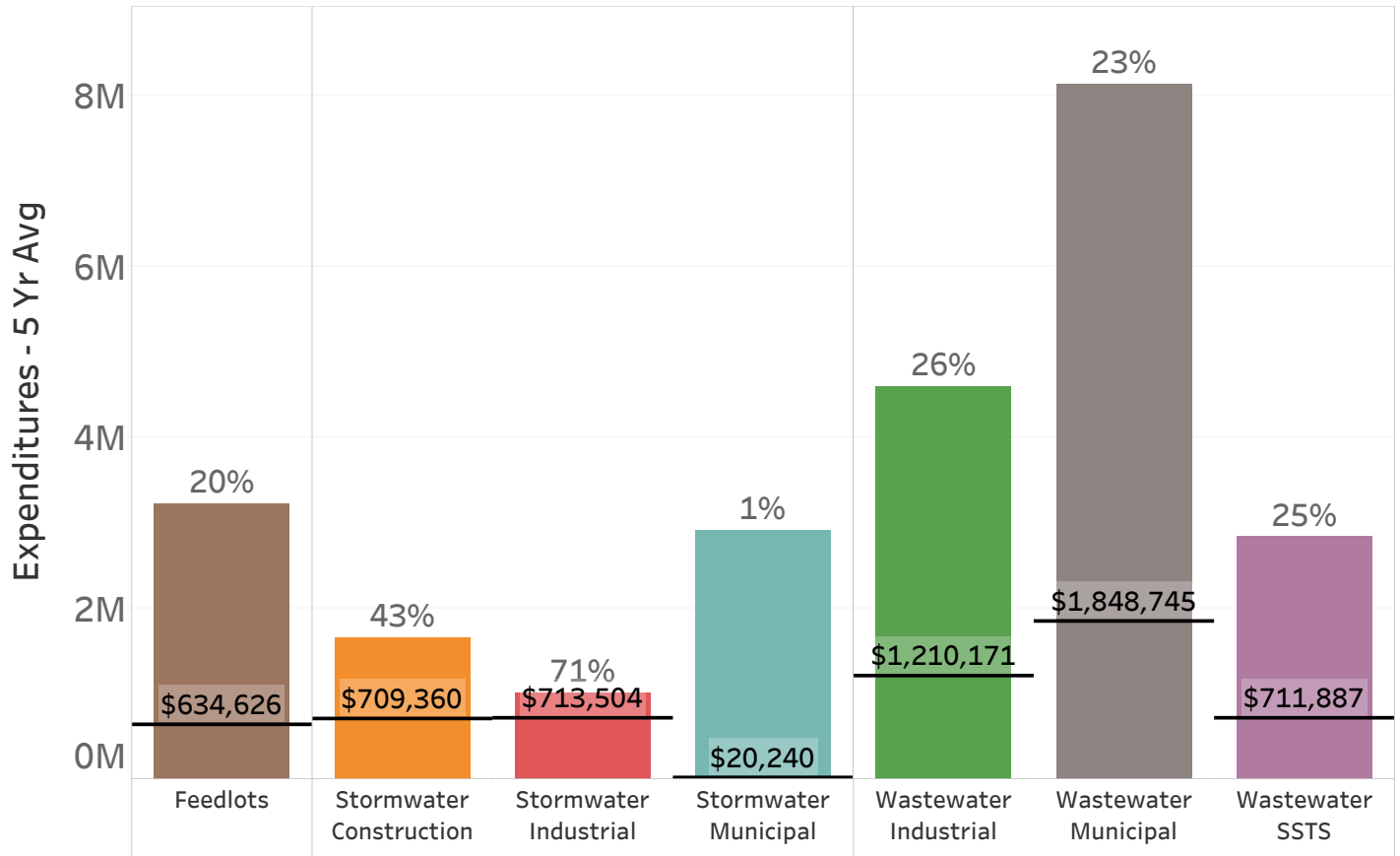
Anthony Ekren, Riverview, LLP

Grant Binford, Binford Farm

Adam Barka, Christensen Farms

5YR Average Expenditures (Adjusted for Grants/Loans)

Fee Revenue



Program	Expenditures (Adjusted for Grants/Loans) - 5Yr Avg	Fee Revenue - 5Yr Avg	Percent Collected from Fees (Adjusted for Grants/Loans) - 5 Yr Avg
Feedlots	\$3,217,592	\$634,626	20%
Stormwater Construction	\$1,650,396	\$709,360	43%
Stormwater Industrial	\$1,003,490	\$713,504	71%
Stormwater Municipal	\$2,909,391	\$20,240	1%
Wastewater Industrial	\$4,596,398	\$1,210,171	26%
Wastewater Municipal	\$8,133,448	\$1,848,745	23%
Wastewater SSTS	\$2,832,763	\$711,887	25%

Fee Scenario: Based on Percent of Expenditure Covered (5 YR Average)

Program	Fee Type	Permit Type	Design Flow	Current Fee	(25% or 40%)			
					20%	30%	40%	Mixed
Feedlots	Application	General	-	\$620	\$629	\$943	\$1,257	\$786
		Individual	-	\$1,860	\$1,886	\$2,829	\$3,772	\$2,358
	Annual	General	-	\$345	\$350	\$525	\$700	\$437
		Individual	-	\$1,230	\$1,247	\$1,871	\$2,494	\$1,559
Stormwater Construction	Application	-	-	\$400	\$186	\$279	\$372	\$372
Stormwater Industrial	Application	-	-	\$400	\$113	\$169	\$225	\$225
	Annual	-	-	\$400	\$113	\$169	\$225	\$225
Stormwater Municipal	5-year	-	-	\$400	\$11,500	\$17,249	\$22,999	\$14,374
Wastewater Industrial	Application	Per Point	-	\$310	\$235	\$353	\$471	\$471
	Annual	General	-	\$345	\$262	\$393	\$524	\$524
		Major Industrial	20-49 MGD	\$44,200	\$33,576	\$50,363	\$67,151	\$67,151
		Major Industrial	5-19 MGD	\$18,250	\$13,863	\$20,795	\$27,726	\$27,726
		Major Industrial	<5 MGD	\$8,450	\$6,419	\$9,628	\$12,838	\$12,838
		Major Industrial - Cooling/ Mine Pit Dewatering	Any Flow	\$16,900	\$12,838	\$19,257	\$25,675	\$25,675
		Nonmajor Industrial	-	\$1,230	\$934	\$1,402	\$1,869	\$1,869
Wastewater Municipal	Application	Per Point	-	\$310	\$273	\$409	\$546	\$341
	Annual	General	-	\$345	\$304	\$455	\$607	\$379
		Major Municipal	50+ MGD	\$175,500	\$154,420	\$231,631	\$308,841	\$193,026
		Major Municipal	20-49 MGD	\$40,350	\$35,504	\$53,255	\$71,007	\$44,379
		Major Municipal	5-19 MGD	\$14,350	\$12,626	\$18,940	\$25,253	\$15,783
		Major Municipal	<5 MGD	\$5,900	\$5,191	\$7,787	\$10,383	\$6,489
		Nonmajor Municipal	>100K GD	\$1,450	\$1,276	\$1,914	\$2,552	\$1,595
		Nonmajor Municipal	0-100K GD	\$505	\$444	\$667	\$889	\$555
Nonmajor Municipal-Sewage sludge/ Landspread	-	\$500	\$440	\$660	\$880	\$550		
Wastewater SSTS	Per Tank	-	-	\$25	\$20	\$30	\$40	\$25
	Per License Specialty	-	-	\$200	\$159	\$239	\$318	\$199
	License Specialty Max	-	-	\$400	\$318	\$478	\$637	\$398

(May 4, 2018, Advisory Committee Meeting handout - presentation slide #15 expanded)



Water Fee Rule Advisory Committee Meeting

May 4, 2018

Journey / Status

January	February	March	April	May
<ul style="list-style-type: none">• Getting organized• Need for an advisory committee• Scope• Charge	<ul style="list-style-type: none">• Info on MPCA fees• “The problem”• Principles to apply	Scenarios/ practical applications of principles	Implications of various options for permittees	Verifying your recommendations

Process/Path to Understanding Your Views

- We provided data and information to you.
- You asked us questions, and we responded - often by providing additional data and information.
- Then we asked you questions, and you responded from your various perspectives.
- Then we asked each other clarifying questions.
- Let's try to confirm what we think we have come to understand from each other

“Build-A-Survey”

- Together, let's design some questions and scenarios for a survey that we will send to you next week, and that you will return to us prior to the last meeting in June.
- The idea is to develop these questions and scenarios in a way that will allow you to clearly express your opinion and for us to quantify the results for future audiences.
- We'll go over the results together at our final meeting.

*The MPCA has demonstrated
its need for additional fee
revenue*

*The MPCA should exercise its
existing authority to raise
permit fees*

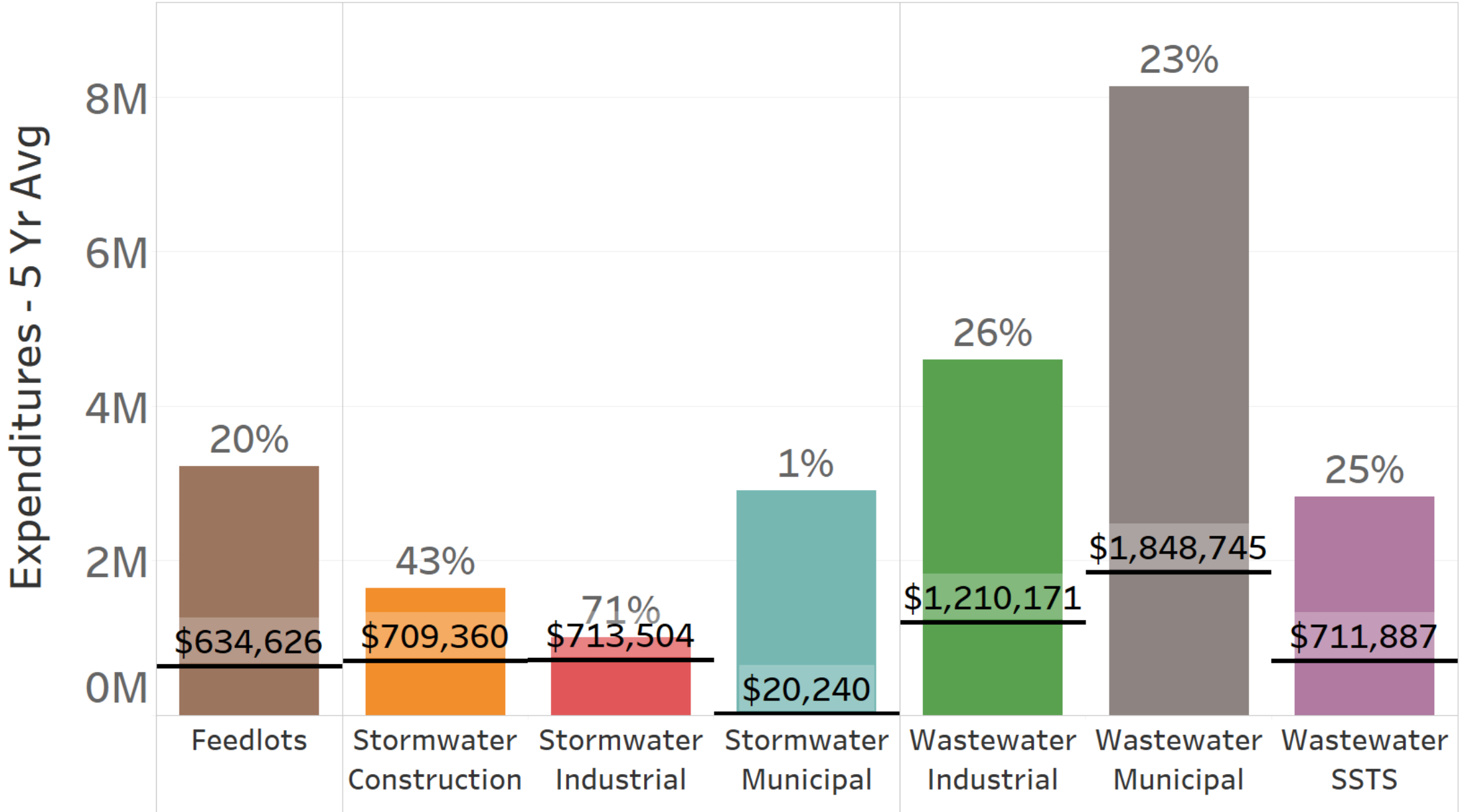
*20-40% of program costs
should be paid through fees*

Any fee increase should be phased in over 2-5 of years

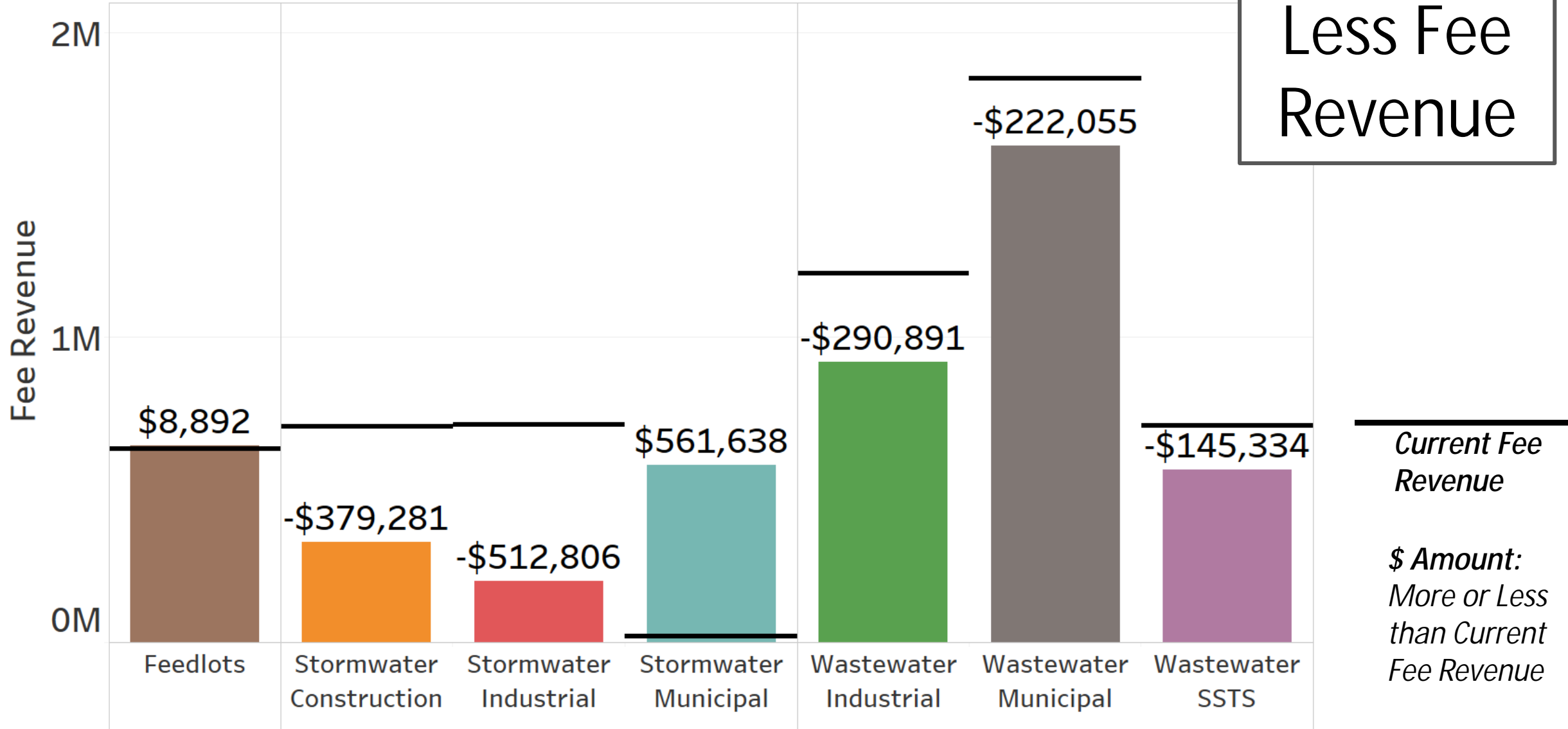
Permittees in all MPCA water programs should pay the same percentage of program costs through fees

5YR Average Expenditures (Adjusted for Grants/Loans)

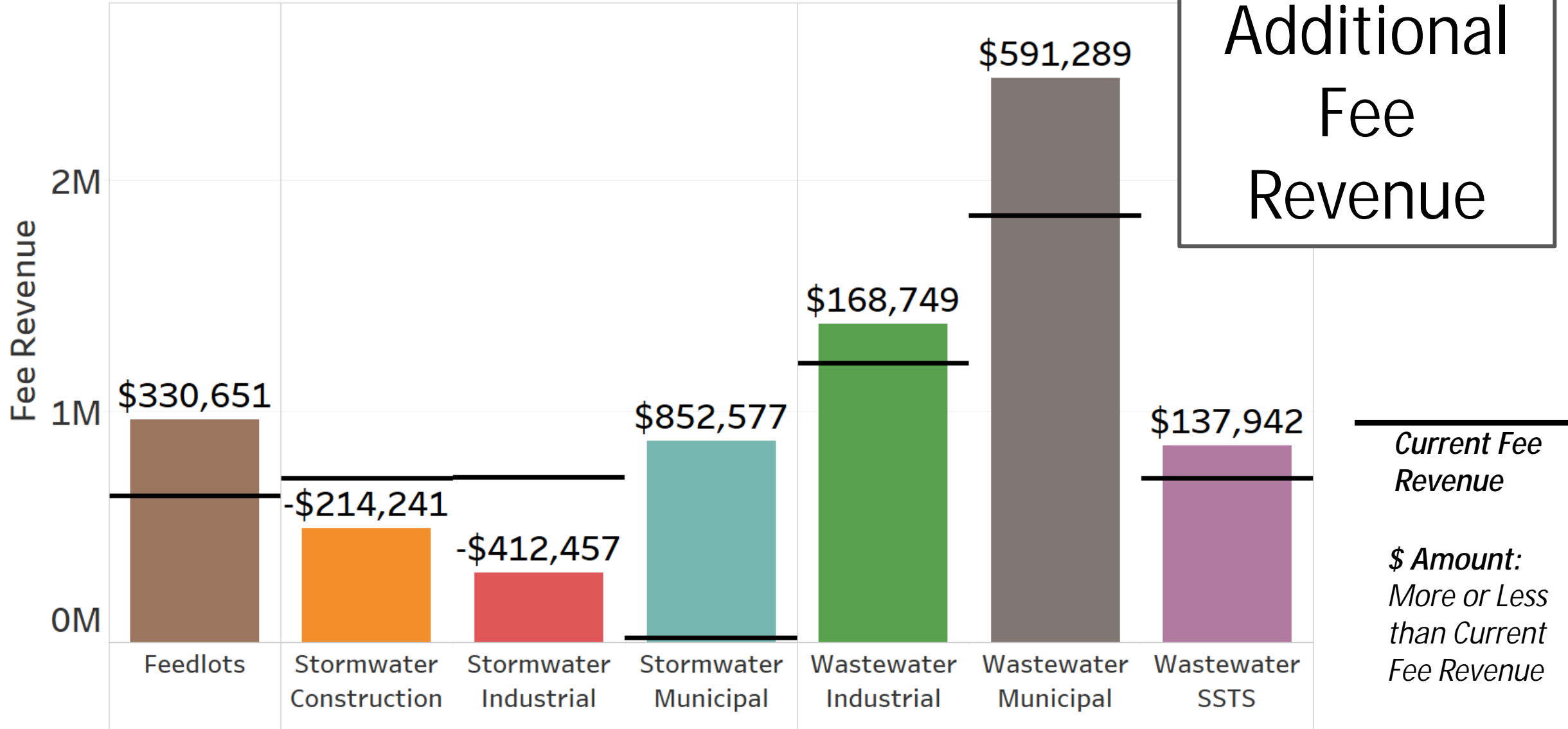
Current Fee Revenue



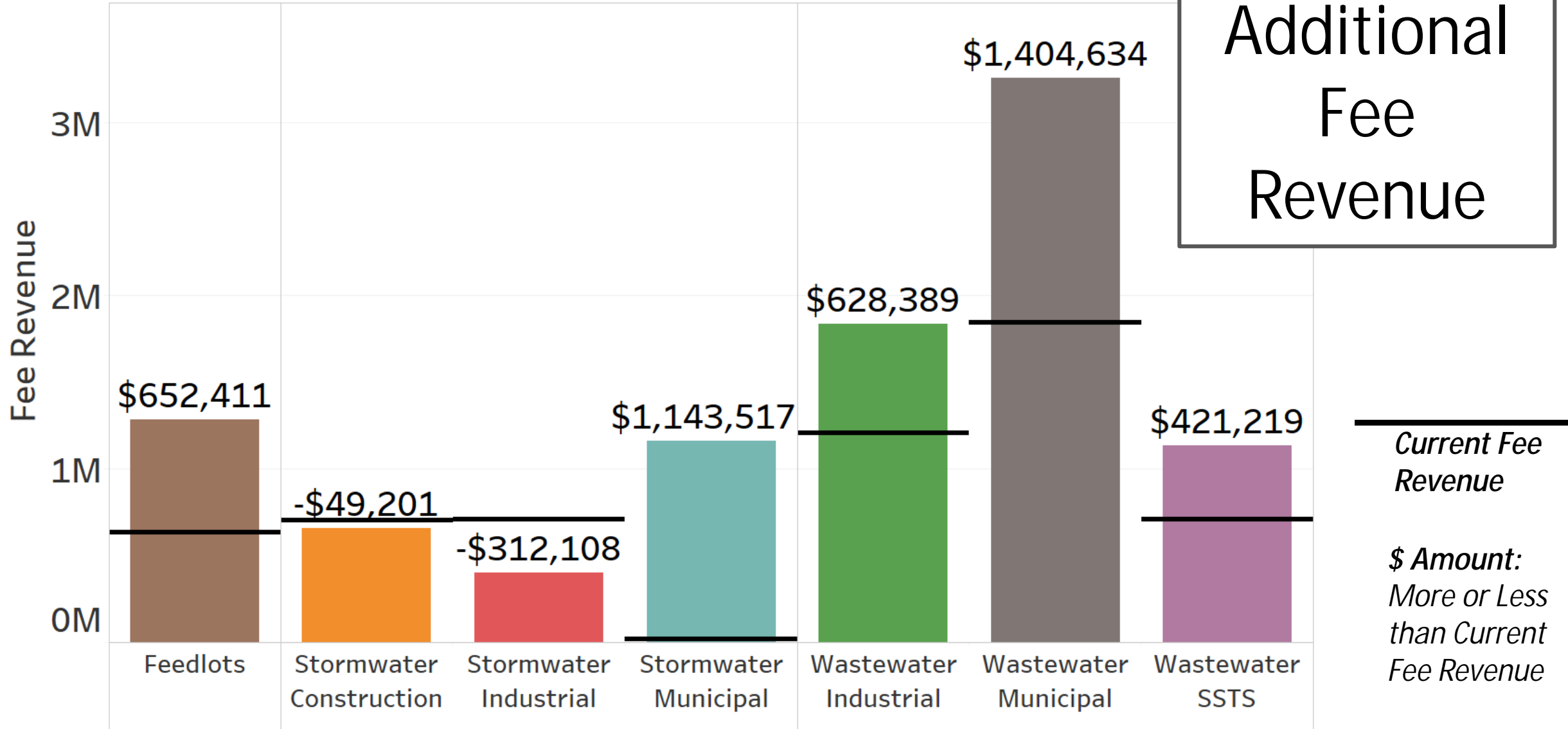
Fee Scenario: 20% Expenditure Covered



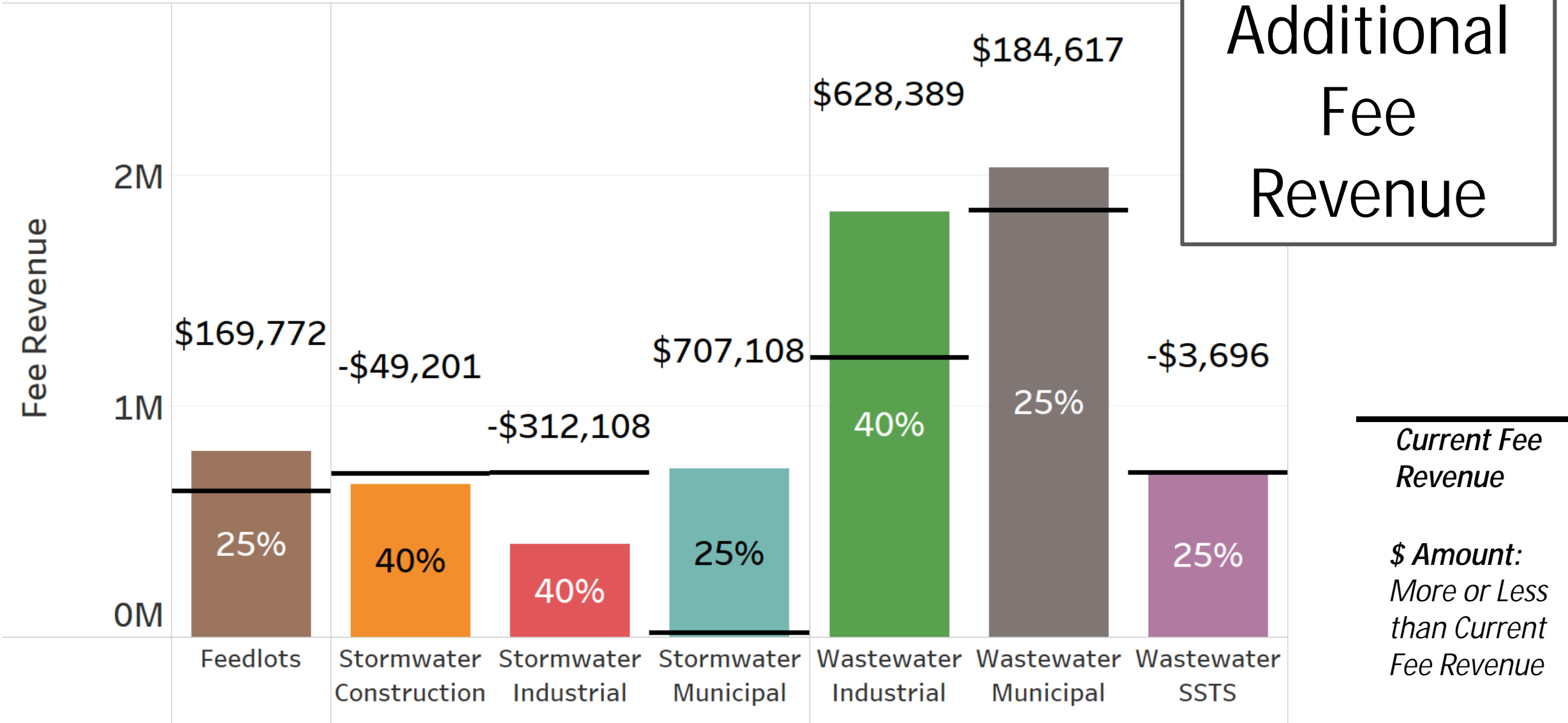
Fee Scenario: 30% Expenditure Covered



Fee Scenario: 40% Expenditure Covered



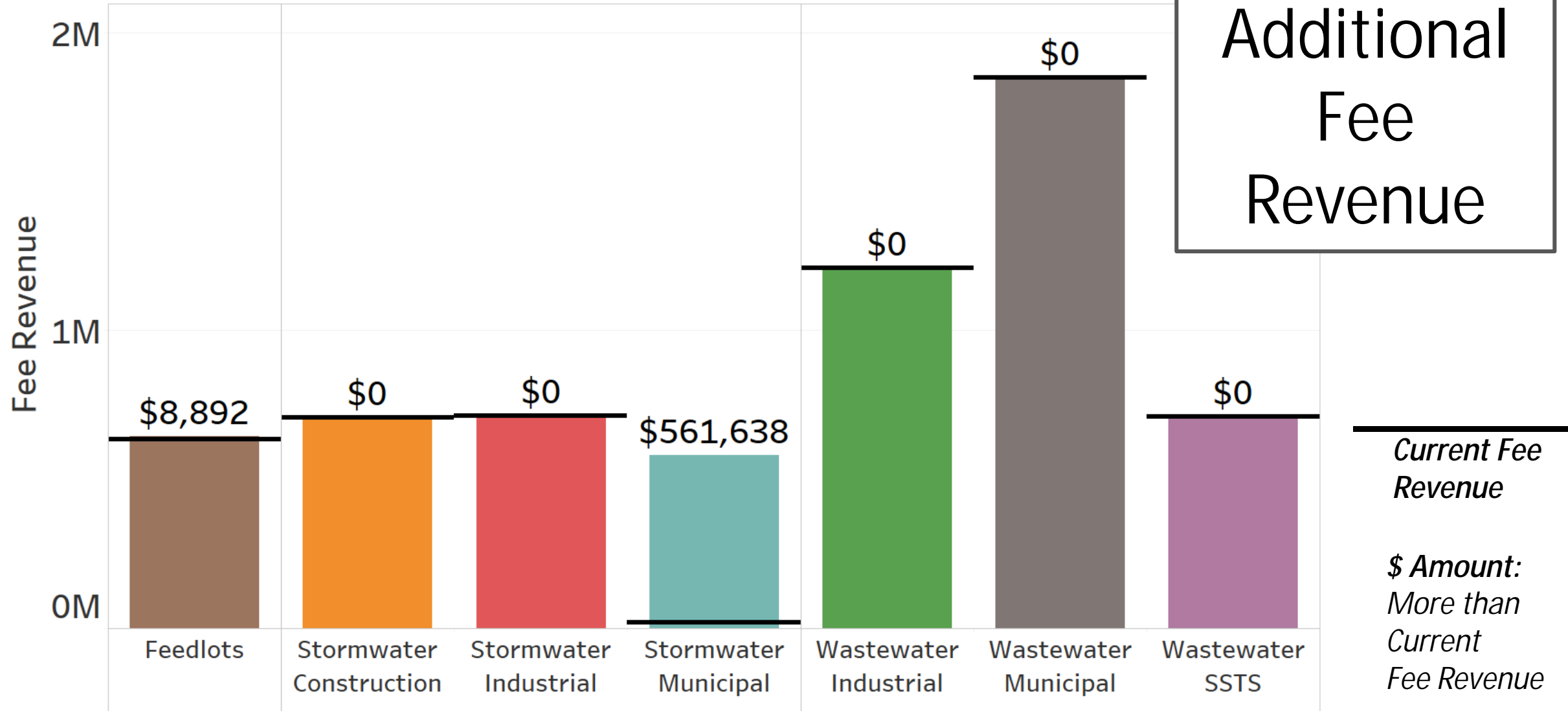
Fee Scenario: 25-40% Expenditure Covered



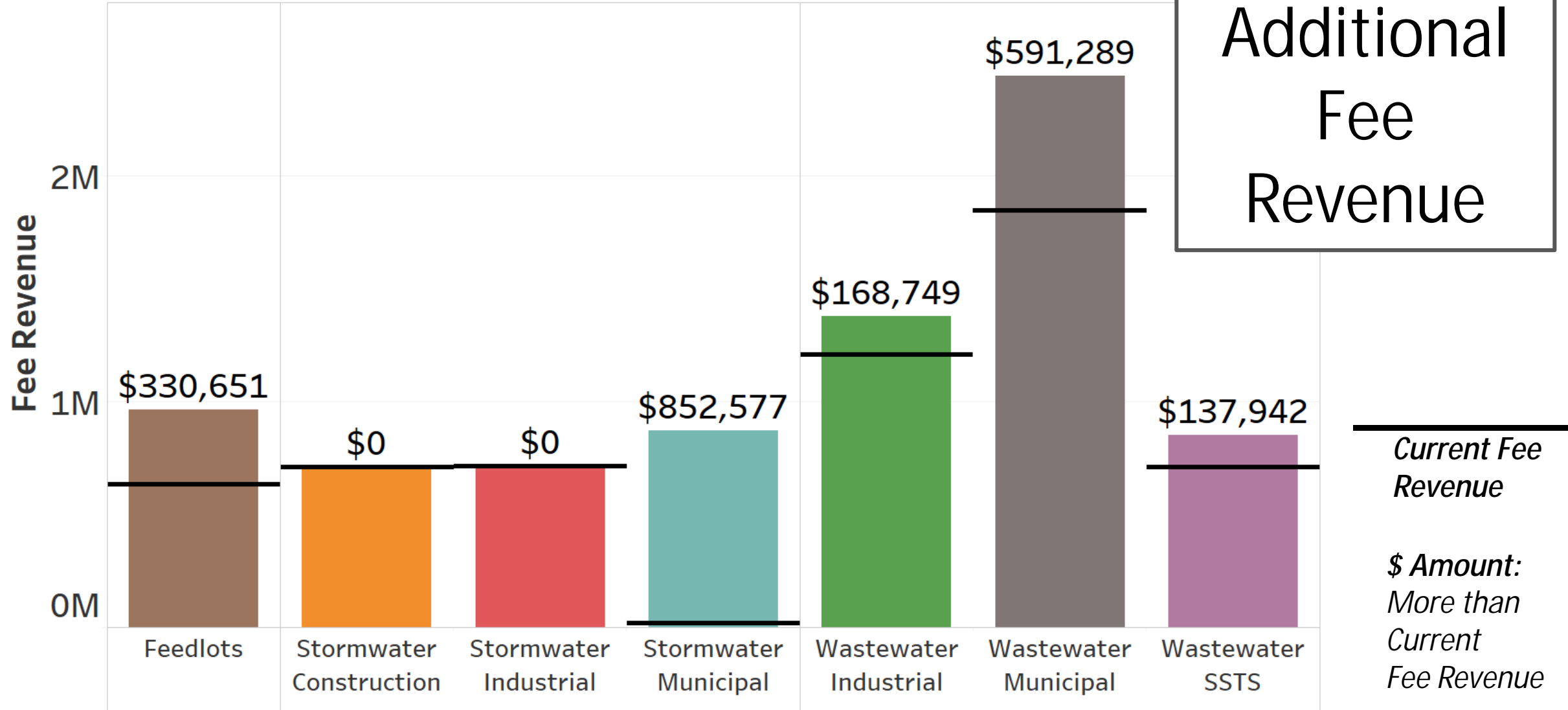
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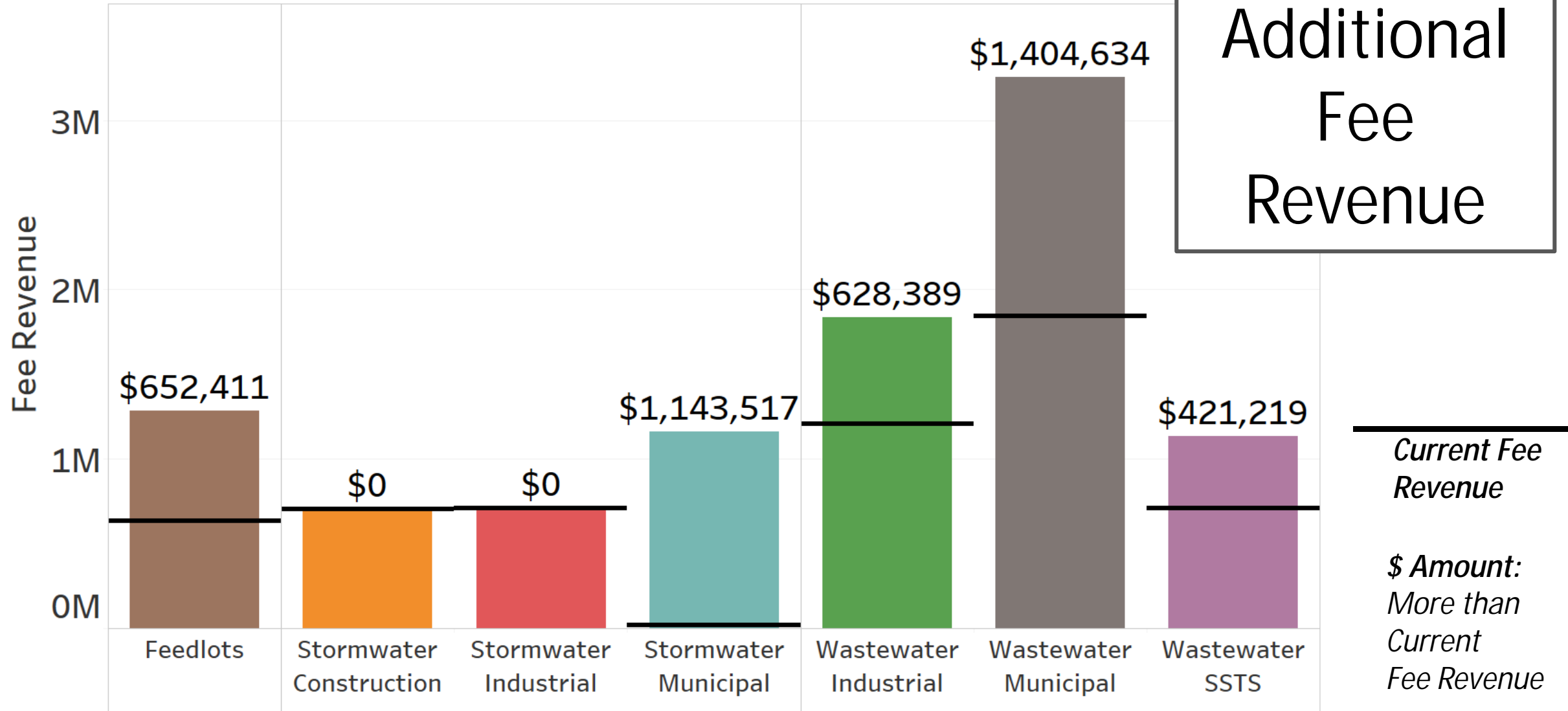
Fee Scenario: 20% Expenditure Covered or Fixed



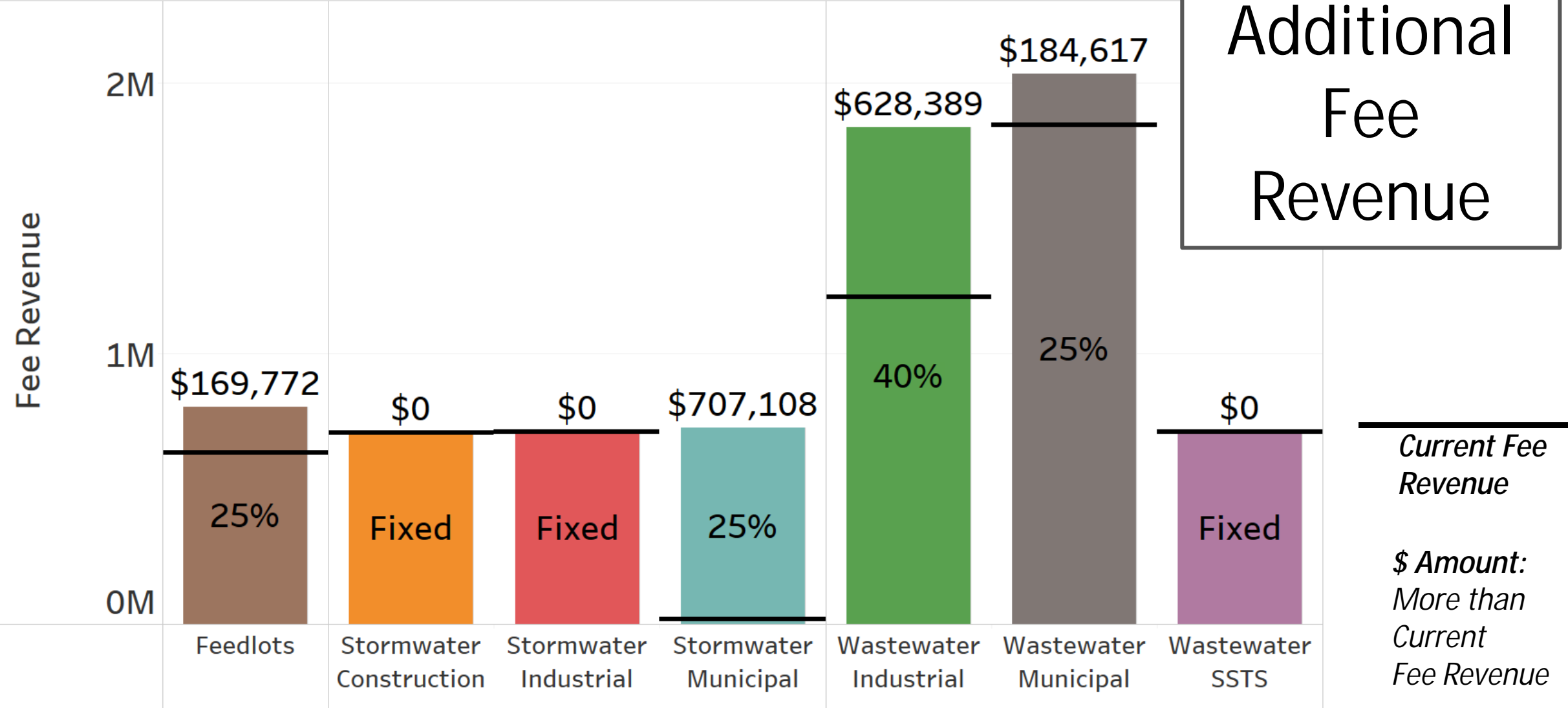
Fee Scenario: 30% Expenditure Covered or Fixed



Fee Scenario: 40% Expenditure Covered or Fixed



Fee Scenario: 25-40% Expenditure Covered or Fixed



End

Water Fee Advisory Committee May 4, 2018
MPCA, St. Paul Office
Meeting Notes

Advisory Committee Attendees: Ned Smith, Adam Barka, Norm Miranda, Rob Baranek, Jennifer Levitt, Anthony Ekert, Blaine Hill, Julie Anderson, Nicole Gries, Andy Welti

MPCA: Shannon Lotthammer, Mark Schmitt, Doug Wetzstein, Joshua Bunker, Milt Thomas, Angela Hawkins, Paul Leegard, Mary H. Lynn

Visitors: Tony Kwilas, Jim Robins, Brian Martinson, Jim Bodensteiner, Gary Kay

Meeting summary: Assistant Commissioner Shannon Lotthammer opened the meeting with introductions and a re-cap of the purpose of the Advisory Committee meetings – to provide input to the MPCA as we think of the water fee structure. First, we gathered information from members, provided feedback on what we thought we heard, and then provided scenarios and practical applications. We are now at the point of verifying recommendations and confirming what we heard and understand. At today's meeting, we will talk more about what we heard and how to gather additional information. We will then put together and document that information into a set of recommendations for Commissioner Stine and the next administration as well.

Advisory Committee feedback on “build-a-survey”:

The MPCA asked for input to “build-a-survey” that will go out to all Advisory Committee members to help ensure that all members are heard. The survey will use the Likert scale (varying levels of agreement). Members agreed the survey was a great idea, in part so that members are all taking the same message back to their respective audiences. Suggestion to start the survey with a problem statement (i.e. the why).

The MPCA asked for input on the following draft survey questions (*in italics*):

- 1) *The MPCA has demonstrated its need for additional fee revenue.* Need accompanying problem statement or information that demonstrates need. Could use the information on the Water Fee Rule webpage, factsheet.
- 2) *The MPCA should exercise its existing authority to raise permit fees.* One is cost of living and one is adjustment; break out into two separate questions.
- 3) *20-40 percent of program costs should be paid through fees.* Provide context for each question. There are very different starting points for fees collected based on program type; more discussion would be helpful in this area. Reword to provide a range of fees with multiple choice.
- 4) *Any fee increase should be phased in over 1-5 years.* This should be two separate questions with multiple choice and add scale. Yes or no on phasing? Over what time-period?
- 5) *Permittees in all water programs should pay same percentage of program costs through fees.* Is the MPCA looking for equity in this question or something deeper? This question is leading; use phrasing that provides ability to look at different rates. Include a feedback/narrative box.
 - Should there be a question – should MPCA pursue other revenue opportunities (e.g. appropriations, grants...)?
 - Provide number of scenarios and you decide which you like?
 - The MPCA has not focused on the whole revenue package for the Agency – important that we figure out how to come up with a solid revenue stream that will take Agency forward for many years to come.
 - The MPCA should not focus too strongly on fees and look at entire funding package.
 - Should there be a question – what is your current of level of service provided today? Indicate level of service and expectations.
 - Should there be a question – are there areas that could benefit from greater investment? List-out (e.g. compliance assistance).
 - Adding dialog boxes to survey questions is very important.

Advisory Committee feedback on presentation on additional fee scenario options:

Slide: 5-YR average expenditures

- What is the total budget number the MPCA is trying to get? The MPCA responded this scenario based on how fees contribute to Agency program costs/expenditures. Handout identifying 20% increase - the total is \$24,343,478.00.
- Where did the 25-40% come from? This percentage range came from management's discussions with Commissioner Stine on fee scenarios.
- Show what shortfall is in each program fund. The MPCA asked – should we provide scenarios in the survey? Multiple members agree; yes to scenarios in survey. What is the most informative way for the MPCA to present that information? Suggestion to use the 5-YR average expenditure slide with a dotted line for proposed scenarios. For example – show total expenditures and fee revenue. Do one page per program.
- Would the EAW permit application fee change as well? EAW fee increases could limit revenue. The MPCA responded that we really have not discussed the EAW fee, but as a point system fee, it would change. Include in the survey not just application and annual fees.
- Need additional information to explain the unusual funding pattern in municipal stormwater. The MPCA responded it would add more information. The MPCA also notes this does not account for any phasing (i.e. the handout showing the fee scenario chart based on percent of expenditure covered 5-YR average).
- What is total expenditure for every funding source? The MPCA responded the scenarios are program based.
- Regarding wastewater municipal – what is baseline on application to show revenue increase or decrease? Application fees are not linear. The MPCA responded these are 5-YR average of revenue stream, not based on individual application fee. The 5-YR average levels out the application fee, the annual fee remains the same. The MPCA will provide for you in next meeting a variety of views with fees split out that will show fluctuation of fees. The MPCA asked should there be an additional question – should we change from application fee to annual fee (to remove fluctuation in revenue stream)? We could add the question depending on program area, interest in application and/or annual fee.
- Do any of the fee scenarios presented come close to MPCA meeting revenue goal? The MPCA responded we did not set a revenue goal. We looked at program cost/expenditure and revenue. We have not solidified any approach, we are more interested in reliable funding, not achieving a specific number.
- Should the MPCA be looking at broader strategic goals (e.g. by year xxxx, decrease dependence/reliance on Environmental Fund by xxxx)? The MPCA responded if there are broader questions about funding you want to weigh in on in the survey, let us know. What question(s) could we ask, with choices?
- It seems like the MPCA has goals but has not articulated them for us to comment on. It would be helpful to include as part of the problem statement, and as a question – what should those goals be?
- When we look at permit fees, look at what the costs are. Minnesota likely has more regulations for water than neighboring states.
- The cost of preparing EAWs is significant.
- The MPCA asked for requests for scenarios for the survey; however, the MPCA will need to be careful in selecting scenarios so the survey is not too long and overwhelming. What do you think is most important that we include?
- As part of the problem statement, identify there really is no trade-off for level of service. This is not a level of service choice.
- Breakdown funds since we all have specific interests and knowledge areas; doing so will provide better feedback.
- Regarding NPDES permit timeframes – in Ohio four months to obtain, in Minnesota would plan for two years and at a much higher cost. Perhaps not level of service, but the “right” service.
- The MPCA, regulated parties, and legislature are a combined toxic environment. The MPCA needs to repair relationships with regulated parties and the legislature.
- Do not think MPCA needs our feedback on programs other than our own particularly at a micro scale (e.g., a 5% increase is greater for a small wastewater facility vs. Met Council).

- What is the MPCA process going forward? Improvement in level of service could be made in some areas (e.g. field support). The MPCA has permit backlog; the Legislature needs to understand this to get closer to 50% funding mix.
- There has to be some for consideration of economics for those businesses who can move out of state.
- The MPCA provides a service, what is the price for that service?
- The MPCA has provided a lot of good information.
- Keep a partnering relationship, balance is important.
- The WebEx capability is appreciated, good meeting structure and information has helped in better understanding of the fee issues.
- Whom will the survey go to? The MPCA responded to Advisory Committee members. The MPCA will then summarize the survey information and make it public. The survey results will establish a strong foundation for moving forward and it is critical that we correctly interpret what you have told us.
- It would help to explain the pros/cons, the rationale of each scenario. The MPCA responded each survey question would have an accompanying statement.
- The MPCA asked should there be an additional question – as this effort moves forward, whom else do you want providing input on the fee issue?
- Has MPCA talked to counterparts at DNR, recognizing their fee approach is likely different? The MPCA responded we have not talked with them on this process, though may be a possible benchmarking opportunity.
- The MPCA asked for any thoughts on how we could summarize what we heard and recommendations, as we are not necessarily envisioning a report type document.
- Many members thanked the MPCA for the opportunity to be a part of this Advisory Committee, to be able to provide their input, and the work the Agency put into providing information, preparing scenarios, and planning these meetings.

Next - final meeting June 8.

Discuss survey results.