

AGENDA

Minnesota Pollution Control Agency Water Fee Advisory Committee

June 8, 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

Overview of today's meeting

Shannon Lotthammer

What we've heard you say, survey results & summary

Mark Schmitt / MPCA staff

Closing comments and thanks!

Mark Schmitt / Shannon
Lotthammer/John Linc Stine

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



Verifying Your Recommendations:

Questions and Scenarios

As you have heard over the last several months, the Minnesota Pollution Control Agency (MPCA) is growing increasingly concerned about its ability to continue to provide products and services supporting its Water Quality regulatory programs.

We are concerned about our ability to meet customer needs and program expectations due to the effects of inflation; recent and projected reductions in some revenue sources; and the overall complexity, instability, and vulnerability inherent in the current funding structure. Further, we have heard from you, the Water Fee Advisory Committee, that there is not an obvious area of effort that could be reduced to shift resources to an area of need -- our level of service needs to increase to meet needs and expectations. To address this, we need to identify sustainable, reliable funding to support our Water Quality regulatory programs.

In the interest of accurately characterizing the opinions of the Water Fees Advisory Committee members on matters relating to MPCA Water Quality fees, please answer the following questions and provide additional comments in the associated dialogue boxes if you wish.

To help inform your responses, the following links connect to graphs showing the amount and sources of funding for the MPCA Water Quality programs averaged over a period of five years.

Five Year average operational expenditures by program:

FY 17 Water Quality funding sources by program:

To what extent do you agree/disagree with the following statements?

All comment boxes hold 5000 characters.

1. The MPCA has demonstrated the basis for its concerns about the revenue it collects to operate its Water Quality regulatory programs.

- 4 (36.4%) Strongly agree
- 6 (54.5%) Agree
- (0.0%) Neither agree nor disagree
- (9.1%) Disagree
- (0.0%) Strongly disagree

Comments:

- 3 (100.0%)

2. A higher percentage of the MPCA Water Quality regulatory program revenue should be generated through fees.

- (9.1%) Strongly agree
- 6 (54.5%) Agree
- (18.2%) Neither agree nor disagree
- 2 (18.2%) Disagree
- 0 (0.0%) Strongly disagree

Comments:

- 4 (100.0%)

3. What overall (not program specific) percentage of MPCA Water Quality regulatory program costs that should be paid through fees? For reference, we have included a graph showing the percentages of revenue collected through fees in other states:

- 1 (9.1%) 0
- 3 (27.3%) 1-20%
- 4 (36.4%) 21-40%
- 3 (27.3%) 41-60%
- 0 (0.0%) 61-80%
- 0 (0.0%) 81-100%

Comments:

- 4 (100.0%)

4. The MPCA should use its existing authority under Minn. Rules 7002.0251 to immediately adjust permit fees to account for water quality permit fee revenue lost due to inflation.

- 2 (18.2%) Strongly agree
- 4 (36.4%) Agree
- (18.2%) Neither agree nor disagree
- (27.3%) Disagree
- 0 (0.0%) Strongly disagree

Comments:

- 6 (100.0%)

5. **Any increase in application fees to support the MPCA Water Quality regulatory programs should be phased in over a period of years.**
- 6 (54.5%) Strongly agree
 - 3 (27.3%) Agree
 - 1 (9.1%) Neither agree nor disagree
 - (0.0%) Disagree
 - (9.1%) Strongly disagree
- Comments:*
- 3 (100.0%)
6. **If MPCA Water Quality regulatory program fees were phased in over a period of years, what would be the preferred period?**
- 1 (9.1%) 1-2 years
 - 4 (36.4%) 3-4 years
 - 4 (36.4%) 5-6 years
 - 1 (9.1%) 7-8 years
 - 1 (9.1%) 9-10 years
- Comments:*
- 3 (100.0%)
7. **The same percentage of program costs should be paid in fees by all MPCA Water Quality regulatory programs.**
- 0 (0.0%) Strongly agree
 - 1 (9.1%) Agree
 - (18.2%) Neither agree nor disagree
 - 5 (45.5%) Disagree
 - 3 (27.3%) Strongly disagree
- Comments:*
- 6 (100.0%)
8. **Please tell us which programs should have lower or high fees and why.**
- 4 (100.0%)
9. **The MPCA should continue to charge both application fees and annual fees in its Water Quality regulatory programs**
- 2 (18.2%) Strongly agree
 - 6 (54.5%) Agree
 - 2 (18.2%) Neither agree nor disagree
 - 1 (9.1%) Disagree
 - 0 (0.0%) Strongly disagree
10. **Please tell us why you disagree.**
- 1 (100.0%)

11. Please characterize the quality of service the MPCA currently provides in the following Water Quality regulatory areas:

	Excellent	Good	Adequate	Fair	Poor
Permitting	2 (18.2%)	3 (27.3%)	3 (27.3%)	2 (18.2%)	1 (9.1%)
Compliance and enforcement	1 (9.1%)	4 (36.4%)	4 (36.4%)	0 (0.0%)	2 (18.2%)
Technical assistance	1 (9.1%)	4 (36.4%)	4 (36.4%)	2 (18.2%)	0 (0.0%)
Communication/Outreach	1 (10.0%)	2 (20.0%)	3 (30.0%)	4 (40.0%)	0 (0.0%)

If you wish, you can specify which program you are rating or that you are rating all programs overall.

8 (100.0%)

12. Funding scenarios:

The individual documents below show program specific impacts of all scenarios. For example, the feedlot document shows all 7 scenarios and how each would impact feedlots. To see how the scenarios impact individual programs click on the links below:

Feedlots:

Stormwater Construction:

Stormwater Industrial:

Stormwater Municipal:

Wastewater Industrial:

Wastewater Municipal:

Wastewater SSTs:

Please see the following scenarios **across all programs** and rank them in order of preference.

	Additional Revenue
Scenario 1: 20% or Fixed	+\$570K
Scenario 2: All 30%	+\$1.45M
Scenario 3: 30% or Fixed	+\$2.08M
Scenario 4: All 40%	+\$3.89M
Scenario 5: 40% or Fixed	+\$4.25M
Scenario 6: 25% or 40%	+\$1.32M
Scenario 7: 25%, 40%, or Fixed	+\$1.69M

Fixed: If the percentage of expenditure covered by fee revenue is greater than the scenario percentage, the program specific fee would be maintained at the current level.

Please rank the following Water Quality fee revenue scenarios in order of your preference from 1 to 7, with 1 indicating the most highly preferred fee revenue structure through 7, which is your least preferred option.

	1 Most highly preferred	2	3	4	5	6	7 Least preferred
Scenario 1: 20% or fixed	4 (36.4%)	1 (9.1%)	1 (9.1%)	0 (0.0%)	2 (18.2%)	0 (0.0%)	3 (27.3%)
Scenario 2: All 30%	0 (0.0%)	3 (27.3%)	1 (9.1%)	4 (36.4%)	2 (18.2%)	1 (9.1%)	0 (0.0%)
Scenario 3: 30% or fixed	3 (27.3%)	2 (18.2%)	3 (27.3%)	1 (9.1%)	1 (9.1%)	1 (9.1%)	0(0.0%)
Scenario 4: All 40%	0 (0.0%)	1 (10.0%)	0 (0.0%)	1 (10.0%)	1 (10.0%)	2 (20.0%)	5 (50.0%)
Scenario 5: All 40% or fixed	2 (18.2%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6 (54.5%)	3 (27.3%)
Scenario 6: 25% or 40%	0 (0.0%)	1 (9.1%)	4 (36.4%)	0 (0.0%)	5 (45.5%)	1 (9.1%)	0 (0.0%)
Scenario 7: 25%, 40% or fixed	2 (18.2%)	3 (27.3%)	1 (9.1%)	5 (45.5%)	0 (0.0%)	0 (0.0%)	0 (0.0%)

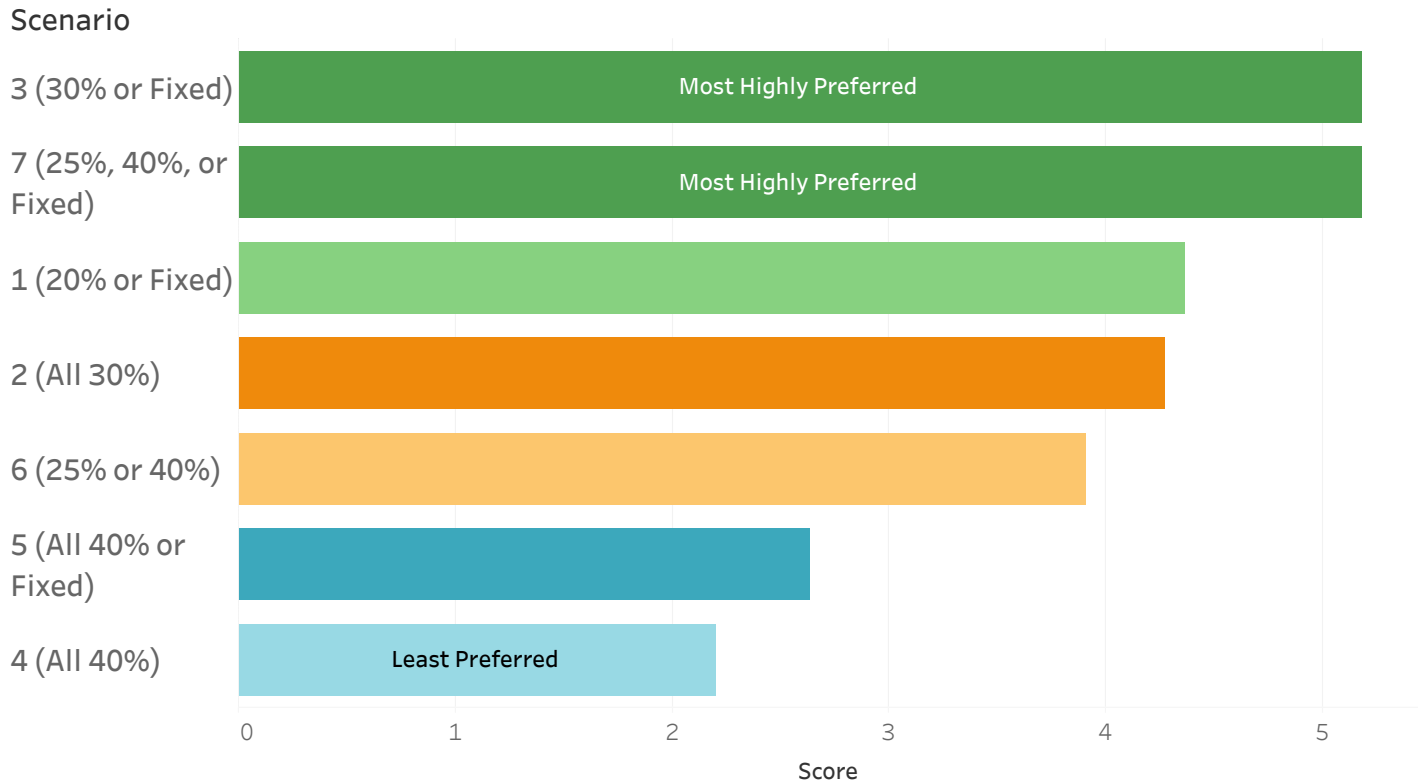
If you have any questions about the scenarios, please feel free to call Angela Hawkins at 651-757-2546

13. Please use the space below for any additional overall comments you would like to make:

5 (100.0%)

Thank you for your help!

Scenario Ranking



Scenario	1 - Most Highly Preferred	2	3	4	5	6	7 - Least Preferred	Total Responses	Score
1 (20% or Fixed)	4	1	1	0	2	0	3	11	4.36
2 (All 30%)	0	3	1	4	2	1	0	11	4.27
3 (30% or Fixed)	3	2	3	1	1	1	0	11	5.18
4 (All 40%)	0	1	0	1	1	2	5	10	2.20
5 (All 40% or Fixed)	2	0	0	0	0	6	3	11	2.64
6 (25% or 40%)	0	1	4	0	5	1	0	11	3.91
7 (25%, 40%, or Fixed)	2	3	1	5	0	0	0	11	5.18

Note: Average Ranking used to determine which scenario is most preferred overall.

The #1 choice (most preferred) has a weight of 7
 The #2 choice has a weight of 6
 The #3 choice has a weight of 5
 The #4 choice has a weight of 4
 The #5 choice has a weight of 3
 The #6 choice has a weight of 2
 The #7 choice (least preferred) has a weight of 1

These weights are multiplied times the number of responses, then summed for each scenario. This sum is then divided by total responses to give an overall score.

Question 1 comments: The MPCA has demonstrated the basis for its concerns about the revenue it collects to operate its Water Quality regulatory programs.

1. Current or enhanced program not sustainable over time being funded by a mix of annually unpredictable funding sources. Cost of the program will continue to increase with increased staffing needs to support the program.
2. I feel that the MPCA did a great job of establishing the basis for its concerns
3. I believe I heard that the bulk of the funding is coming from a fund that is dependent on solid waste fees and there is a belief the solid waste fees may be diminishing over time. I don't know if that will be the case or not. I also understand the concern about relying on diminishing federal funding.

Question 2 comments: A higher percentage of the MPCA Water Quality regulatory program revenue should be generated through fees.

1. However, MPCA needs to wean away from unpredictable revenue sources to achieve fiscal stability. Increased fees are only a small part of the revenue picture. One solution may be through the Legislature to return to a 50% funding level through the General or Environmental & Natural Resources Trust Funds. Current proposals for funding the Bonding Bill may indicate a desire to expand the use of the E&NRT fund. Some elements of the Environmental Fund such as Solid Waste revenues should be used for their intended purpose.
2. Revenue could also come from the State's General Fund, or other sources of more stable revenue, through legislative appropriations.
3. If funding is diminishing, fees should be adjusted to gap fill in addition to examining ways to more efficiently provide services - such as increased management of existing staff.
4. Raising fees may not result in increased revenue for programs serving the business community. This could result in business leaving the state or deciding to expand in other areas. This would reduce the amount of economic opportunity especially in rural areas. Consideration has to be given to the costs in other states. Furthermore increased costs and regulatory burdens drives consolidation in industries again focusing on agriculture this drives out the medium to small farmers. To avoid this situation in the past exempting operations based on size does not ensure the overall goal of protecting the environment.

Question 3 comments: What overall (not program specific) percentage of MPCA Water Quality regulatory program costs that should be paid through fees? For reference, we have included a graph showing the percentages of revenue collected through fees in other states.

1. I lean to 20% minimum in all program areas but phased in over 5 years on the big under payers...
2. Nice to see the fee generation from other states, but can't correlate with the quality of their program. Arguably, Minnesota's program is far more extensive than others that have minimal cost of implementing a marginal program. Thus, not hard to cover large percentage of cost through fee structure.
3. Fees will likely increase for all programs. However, I don't think implementing the same percentage of revenue generated from fees upon all programs is a good idea. For example, an increase from 1% to 20% of revenue generated from Storm Water Municipal fees would be too burdensome on Cities. I also don't think that establishing an overall percentage is necessary. The overall percentage could be established after determining the individual program fees.
4. I think there should be a floor at 20%, but where programs are currently above 20% they could remain fixed or experience a slight increase.

Question 4 comments: The MPCA should use its existing authority under Minn. Rules 7002.0251 to immediately adjust permit fees to account for water quality permit fee revenue lost due to inflation.

1. We don't need new authority, but it should be gradually phased in.
2. With that said, I do not agree with the CPI adjustment approach to adjusting the biennium "Fee Target" going forward. First of all, the adjustment as I understand it is for Application Fees only. Also, the adjustment is made in the subsequent biennium for a shortfall realized in a current biennium. I believe MPCA should have a method to increase fees based upon cost history. But it appears this is the only tool MPCA has at its discretion to increase revenue immediately. Inflation is only one component of a shortfall. One could argue that some level of additional funding is needed to "catch-up" with work backlog such as permit renewals and staff vacancies. Also, I am not familiar with the MPCA pay and benefits package but perhaps increasing those to be more competitive with the private sector may solve staff retention issues. Perhaps a one-time Legislative funding package to remedy these measurable issues and to right size the organization and programs is a possible solution.
3. The MPCA should use this authority to increase fees but should not do so immediately rather the MPCA should do this over the course of time
4. "Immediately" with the caveat that the increases are announced with enough time for entities to adjust budget forecasts.
5. Slow steady increases over the last 15 years would have meant we didn't need to have this advisory committee(!) But it should not make it all up in one year (see below)
6. As the agency has discussed increasing fees by the amount authorized by law would have a negative effect on the regulated community resulting in lower fees being collected. Efforts need to be made to adjust the rule to address this issue.

Question 5 comments: Any increase in application fees to support the MPCA Water Quality regulatory programs should be phased in over a period of years.

1. Hard to say without knowing the proposed fee scenario and whether or not a change in overall revenue sources is acceptable.
2. The increases should be well understood and communicated so various entities can budget for them.
3. Phasing in is critical to our ability to increase. We are clearly underpaying - but increases will be passed directly onto our customers. We need gradual phasing so the increases are not materially felt.

Question 6 comments: If MPCA Water Quality regulatory program fees were phased in over a period of years, what would be the preferred period?

1. Revenues need to cover 100% of MPCA's implementation of the program. Therefore, if other funding sources can initially pick up a larger percentage of costs then fees can be phased in over a longer term.
2. Slight increases should be phased in over 2-3 years. Moderate increases should be phased in over 4+ years.
3. At LEAST 9-10 years. Another thought would be to increase x% per year until MPCA reaches the target. May take more than 10 years if the x% increase is modest (e.g., 1-3% per year)

Question 7 comments: The same percentage of program costs should be paid in fees by all MPCA Water Quality regulatory programs.

1. Since there really isn't much commonality across programs a standard percentage is not appropriate.
2. segments with low percent contribution should be brought up, not necessarily equal percentages, but some programs are drastically different in the amount of payments
3. I think there should be a floor of at least 20%, but where programs are currently above 20% they could remain fixed or experience a slight increase.
4. Depends on criteria for fee implementation
5. The economic impact on each category and the state as a whole should be considered. If a category can move elsewhere, MPCA should consider neighboring rates (and strive for parity). If a category can more easily absorb an increase, it should do so.
6. For other programs the benefits to the public good should be weighed in determining if the regulated party is charged for the costs. For feedlots as non discharging facilities there much of the regulatory activity is focused on items for the public good and not directly for the regulated community.

Question 8 comments: Please tell us which programs should have lower or high fees and why.

1. Preference for lower fees should be given to industries that generate revenue and create jobs.
2. Those that can easily move to Iowa, Wisconsin, or the Dakotas should be in parity. Those that have a large customer base should also be considered for higher increases.
3. For programs already covering a high percentage of fees should be maintained. For feedlots currently the staff spends approximately 56% of their time on all permitting and compliance tasks for all feedlots over 1000 AU and any feedlots in non delegated counties. Currently there are approximately 43% of counties that are not delegated, in addition any feedlot under 1,000 animal units pays no fees to the state. Therefore it is not right to charge fees to cover costs of permitting or compliance on farms less than 1000 animal units to farms that are over 1000 animal units. The fact that large feedlots are covering the costs for smaller feedlots both in permitting and compliance should not be made worse.
4. Feedlot. Industry does not have the ability to pass on extra cost to its product we sell. Feedlots also are not allowed to discharge but are bound to have to purchase a permit they cannot use so paying more would be seem unfair to that industry.

Question 9 comments: The MPCA should continue to charge both application fees and annual fees in its Water Quality regulatory programs

No comments

Question 10 comment: If you disagree, please tell us why you disagree.

1. I believe it is much easier for regulated parties and the MPCA to budget for one annual fee and annual revenues respectively. Being assessed an annual and permit fee the same year can be somewhat overwhelming for a community.

Question 11 comments: Please characterize the quality of service the MPCA currently provides in the following Water Quality regulatory areas. (Grid) If you wish, you can specify which program you are rating or that you are rating all programs overall.

1. Compliance has very little uniformity and does not use a partnering to achieve success very often. The "club" is often the preferred method. Not helpful to the end result.
2. I have had excellent experience with Permit Writers and the process. Compliance and enforcement staff seem to be stretched too thin thus do not have time to spend at facilities and followup visits. Many of the seasoned staff are retiring or leaving the agency so experienced technical staff hard to find. The agency has made a concerted effort toward improving Communication/Outreach. I think your efforts would be better received if you engaged stakeholders earlier in the process if possible. Once draft rules or WQSs are written most in the regulated community feel that MPCA has already made up their mind as to what direction they will go.
3. Feedlot
4. Permitting backlog, Not allowing facilities to file under general permit(requiring individual NPDES, due to additional requirements/interpretations)
5. The majority of my experience is with industrial sector focused services.
6. Rating Municipal Water, Wastewater and Stormwater
7. Large Municipal Wastewater service is very good.
8. Feedlot

Question 12 comment: Scenarios:

Question 13 comment: Please use the space below for any additional overall comments you would like to make:

1. Thanks for the opportunity to contribute!
2. I wanted to say thank you for creating this advisory group and for all the effort that was put forth to make it successful.
3. Thank you for the opportunity to provide input.
4. Should still be looking at level of service and what opportunities are there to reduce expenditure.
5. MN rewrites EPA standards. Should it?
6. For regulated businesses the cost for permitting is a factor in deciding where to locate new or expanded facilities. In addition raising fees will increase the cost of Environmental Assessment Worksheets which will further depress economic activity consider even at the 25% level the application cost for an EAW would be \$1245 more than the current fee. Since the EAW has become more a standard document this is a significant burden for an operation without benefit to the environment.

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

Advisory Committee Attendees: Jennifer Levitt, Andy Welti, Norm Miranda, Adam Barka, Ned Smith, Grant Binford, Anthony Ekren, Rob Baranek, Nicole Greis, Julie Anderson

MPCA: John Linc Stine, Shannon Lotthammer, Mark Schmitt, Doug Wetzstein, Jean Coleman, Greta Gauthier, Joshua Bunker, Katie Smith, Milt Thomas, Angela Hawkins, Mary H. Lynn

Visitors: James Robins, Tony Kwilas, Shane Zahrt

Meeting summary: Commissioner Stine opened the meeting and summarized what we would cover in the last meeting of the Water Fee Advisory Committee – a review of the survey results, member reaction and feedback on the results, and any questions on the comments submitted with the survey. Is there anything the MPCA did not ask that we should have? Commissioner Stine noted that in addition to the survey, the earlier conversations are part of this process. The survey will be open another week if you did not get a chance to take it and would like to do so.

Advisory Committee survey results

Members responded (for each survey question):

1. No additional comment from Advisory Committee.
2. Does the MPCA have any response to the survey comments or additional comments on the comments made? The MPCA responded no, not to this question.
3. No additional comment from Advisory Committee.
4. Some confusion in reviewing the regulations about the authorized increase in fees for inflation – is the authorization for the application or annual fees? The MPCA responded application fees only.
5. No additional comment from Advisory Committee.
6. The key is how big is the fee increase? Depends on size of increase should determine phasing, e.g. 4% fee increase (shorter phasing) versus 20% fee increase (10 years).
7. May have ended up with same percent across the board if the fee percentages were already closer, e.g. large versus small municipal stormwater programs. Need some increase in fee but has to be affordable for everyone.
8. No additional comment from Advisory Committee.
9. Can I just pay a little more each year, and keep my “tab” running? The MPCA responded for this question in particular, were you thinking your program or holistically? Member response - I was thinking strictly of my program only, at a business looking to expand versus maintenance mode. Member response - I was thinking either expanding operations or annual and seeing it as change in service or operation. An annual fee is a better revenue stream that applicants can understand and plan.
10. No additional comment from Advisory Committee.
11. The MPCA asked are there areas where funding for other activities would be useful? Members responded: 1) Regional offices need more consistency, see inconsistency in interaction in different offices. Significant opportunity to have consistent implementation across the state (acknowledge this is something fees will not fix, more of a management issue). 2) Has MPCA thought of doing a survey (done by a third party is key, more objective). The MPCA responded this is something we are going thru now based on results of a recent Baldrige Assessment (a top to bottom assessment of the MPCA organization). A management team was developed to address outreach, customer engagement, and how to be more consistent across the Agency. 3) Tremendous backlog on getting CSW permits closed, local units of government carry a huge burden for CSW compliance and inspections.
12. Funding scenarios: 1) Amount of fee increase for municipal stormwater should reflect the length of phasing. 2) Not much information on different scenarios, historical fee amount related to General Fund dollars. Difficult to manage fees in considerable excess adjusted for inflation. The MPCA responded we tried to address this in fixed scenarios; what else would you have liked to see? Member response - not to look at things in a linear way, fee increase over a few years, e.g. do a scenario where you look at 3% above inflation rate. The MPCA noted we talked about the concept of fee percent and for those programs not there (at fee percent), how do you get there, increase over time? Is the group willing to look at different percent for different categories? 3) Acknowledge that there are similarities in

municipality and industry and that both face the same budgeting issues but have different mechanisms to address.

4) Another way to think about fees is directional, look at each category and consider impact to each. Do not want "peanut butter" approach; is it really 30% or something more?

13. No additional comment from Advisory Committee.

Are there any additional questions the Advisory Committee would like to ask?

Members responded:

- What is the service the MPCA is providing, and not providing? Are there services the MPCA can peel back? The MPCA is rewriting EPA regulations. The MPCA responded that those staff are not in these scenarios; fees are permitting and C&E only.
- Looking for cost savings, not here looking for more service. Duplication, we do work and then MPCA does again, e.g. MDA uses outside certification program.
- Consider fee level to pay, look at how much time is permitting, C&E, assistance - what is permit fee paying for? Are fees covering the work done and not supplementing other programs? EAW application fee not in other states, cost prohibitive to expand. Increased fees does not equal increased revenue. Look again at authority to increase fees so properly used.
- Unadjusted fee target is millions, so percent talked about here is percent of fee target - should fee target be raised and then increase the percent to meet new fee target? The MPCA responded would need to raise fee target to end up with scenario numbers. Based on not keeping the fee target the same and then what would it look like programmatically and overall.
 - Commissioner Stine asked the following: How do you define the fee target? How do you explain how you built the number to the Legislature? What is basis for the starting number? If we recommend a change, we need to define it in a way that both programs and accountants will understand.
- For MPCA costs going forward, if raise percent or fee target, how much is gobbled up over a 5-year planning period; inflation, employee costs, etc., it's hard to look at just the fee part, look at revenue and other funds.
 - Commissioner Stine responded the cost we are talking about is allocation of our time. What are the costs the Agency is allocating, current and future condition?
- Larger sites paying for smaller sites, balance where time is spent. Significant amount of work is for the public good. Important to break out where time is spent, though it may not be realistic to do so. Opportunity to allocate costs to align with population; though would not want to push burden out to greater MN.
- Fee is increased cost cities pay to have qualified wastewater operators, e.g. community recently lost operator, went from \$27 to \$35 per hour to hire someone who is certified; experienced operators hired away. Vacancies where applicants do not meet qualifications. Larger communities are now seeing the same problem; cannot fill entry-level positions with experienced applicants. Would MPCA consider tuition reimbursement? This issue is at a critical point because programs are turning out students with basic knowledge; however, cities need staff with 5-10 years of experience to mentor entry-level operators. If possible, can MPCA look at age of wastewater operators with b, c, and d licenses and figure out if we will be reaching a critical point in future years? Huge void in the middle of the operator range. Cultural issue, programs are shutting down (e.g. Iowa) due to lack of students. How to get people interested and involved?
 - Commissioner Stine talked about the need to match people with community for a multitude of reasons (e.g. family, recreation, hunting/fishing...) and with work, which is technical and more computerized, and then incentivize them to stay. Partner with schools/programs - e.g. St. Cloud State has guaranteed school paid, internship, and job placement. Communities, schools/colleges, and agencies need to agree on the goal to have trained operators. We could do this together, look to the Legislature for support.

Final questions for the Advisory Committee

Is there anything that you want to emphasize, to make sure we walk away with?

Are there things that you would like to see/want to see as next steps for the MPCA?

Members responded:

- Phasing - spread out overall; think of impacts to individual program/category.
- Look at whole picture, comprehensively and holistically. What is the appropriate fee target at this time? Do not know about catching up with fee increases - go to the Legislature for funding to get at the proper benchmark and then go from there with fee increase. Legislative bail out to get MPCA where it needs to be.

- Streamlined process in CSW, online; cookie cutter - not a lot of variance. Acknowledge manual labor difficult to find due to automation. The MPCA looks like the rest of industry in trying to find efficiencies and people. Would there be a willingness by the Legislature to help get MPCA up to speed?
- Will there be a summary, draft report? Does the MPCA plan to make firm recommendations? Will MPCA consider all fee options? This issue will expand in many other areas where problems in the physical labor market are occurring.

Next steps:

Commissioner Stine stated the Agency is not tied to any fee scenario; the fee scenarios were developed for conversation with the Advisory Committee. The Agency does not have a proposal. We will pull out the key ideas we heard from you - if we had to increase fees, how would we do that and what information is needed to do that? The Agency is not ready to change or adjust fees. We need to be ready to ask the Legislature for what we need. Our job is now to build a proposal of actions, which includes fee adjustments, but also the MPCAs work. Commissioner Stine stated he would like to build a package, though not just for fee adjustments, as fee adjustments only will not work. We must consider how to provide for a sustainable work force. We will not do a report to cover everything but multiple reports. The MPCA will need a package by fall that identifies what we want to address.

Commissioner Stine also stated that he wants to work with the Advisory Committee on this effort to prepare for the next Legislature. He noted that the ideas we heard are more important than the numbers so, though numbers are important, he does not want to get into great depth on numbers in the report. The Agency will need to develop the report within the next 60 days. The Agency will share the draft report with Advisory Committee members for feedback in August. The MPCA will consider asking the Legislature at the next bi-annual budget session.

Lastly, Commissioner Stine thanked the Advisory Committee members for their commitment to clean water and clean water action. He acknowledged however that most valuable to the Agency is the candid feedback Advisory Committee members provided.

(Request to send Advisory Committee members a message when information added to the Water Quality Fee Rulemaking webpage.)