

Funding Minnesota's water protection work

Adjusting fees for water-related services will help

The Minnesota Pollution Control Agency has a funding problem. The fees the agency charges for water-related services only cover 17% of the cost of delivering the water quality programs associated with those fees. The agency has not comprehensively increased its fees in almost 25 years. In addition, the fees charged across programs are inconsistent, and some regulated parties cover more of their program's costs than others.

The program costs pay for the staff and resources the MPCA needs to:

- Write permits
- Determine discharge limits or other relevant permit data
- Evaluate variance requests
- Inspect facilities for compliance; enforce against non-compliant entities
- Provide technical assistance to facilities
- Do some compliance-related monitoring
- Provide training and licensure to industry professionals; certify laboratories
- Follow up on complaints
- Maintain relationships (including joint committees, task forces, professional groups) with local governments and industry associations



The MPCA water permitting programs are instrumental in protecting water quality in the state. And under the law, the MPCA must deliver these programs to comply with state and federal requirements. If the fee schedule is not changed, the programs will continue with insufficient funding, and the likely result is certain groups will be unserved or underserved.

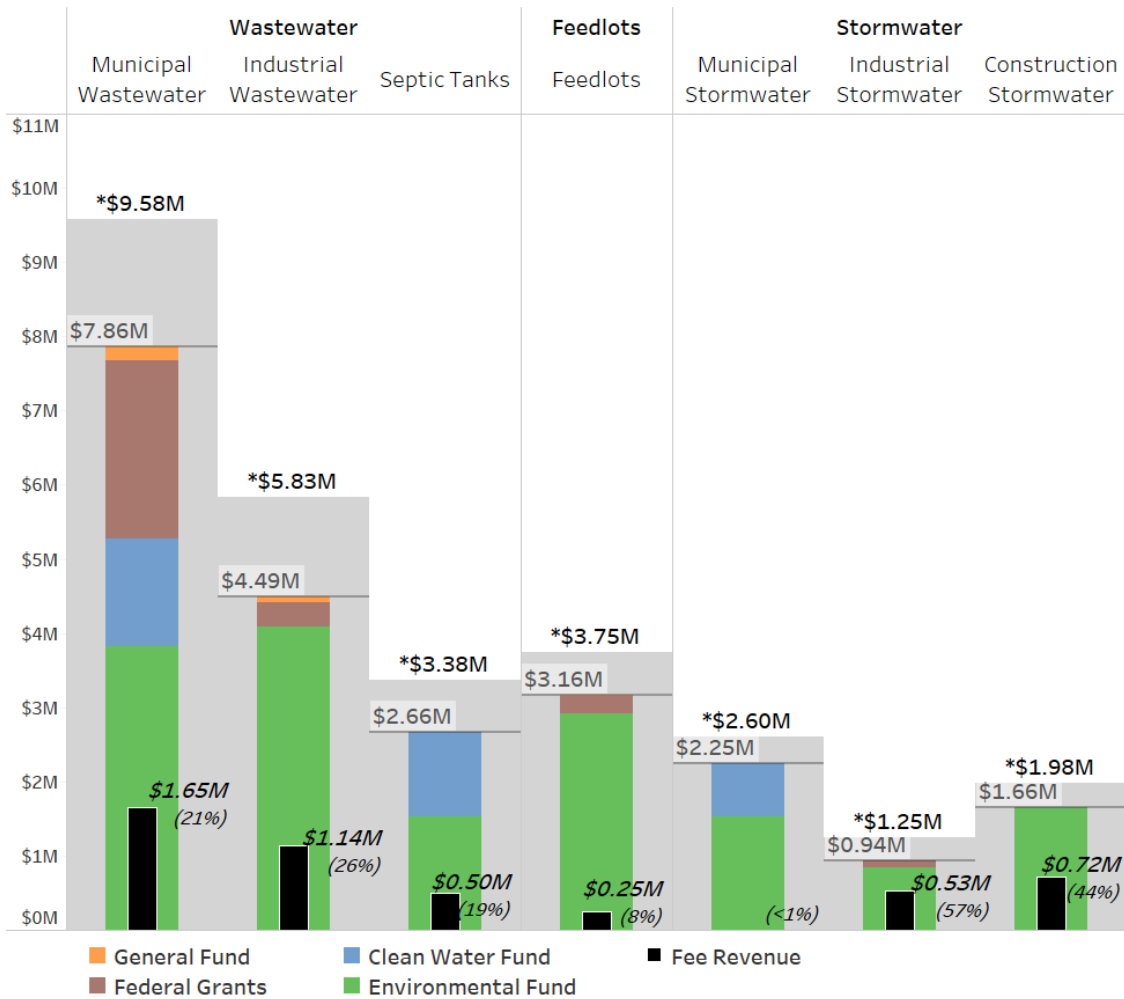
Where we're at

Up until now, the agency has managed to cover its costs by:

- Shifting funding from other areas, particularly to cover urgent projects
- Receiving grants from the U.S. Environmental Protection Agency and Minnesota's Public Facilities Authority
- Creating efficiencies in our processes to reduce our expenses

But the sources of funding we've relied on may not be available in the future, and expense reductions only get us so far. This patchwork approach has covered our costs, but our water permitting work is not fully funded. For example, we currently have a 57% backlog our municipal wastewater permitting program. Some programs are only able to do the bare minimum of the required permitting work.

2016 Water program revenues and expenditures
(overlaid with fee revenues)



*Estimated funding need: \$28.37M Total expenditures from included funding sources: \$23.02M *Total fee revenue added to Environmental Fund:* \$4.79M

We have a few options:

- Amend water fee rule and alter our fee structure
- Raise application fees (rulemaking is not required)
- Apply for more federal dollars

The plan

The MPCA is considering rule amendments that could alter fees, including those for:

- Municipal and industrial wastewater permits
- Noncontact cooling water permits
- Stormwater permits
- Feedlot permits
- Septic systems
- Variances
- Environmental review

The agency is looking for input on the best way to adjust fees and make them more equitable. (See second sheet with example questions.) Our goal is to substantially increase the percentage of program costs that fees cover. The Office of the Legislative Auditor has directed the MPCA to collect fees that cover the costs of our programs. We need your ideas and assistance in developing a sustainable and equitable fee structure.