

# Municipal Wastewater Permit Fees Advisory Committee

## Meeting 5 Notes

<b>Group/Committee</b>	<b>Municipal Wastewater Permit Fees Advisory Committee</b>
Date	September 19, 2022
Time	1:00PM - 3:00PM
Location	Zoom

**Meeting Materials:** available on our [committee webpage](#)

### Attendees:

#### Stakeholders

- Dave Barnes
- Ben Brattebo (sitting in for Rob Lindsay)
- Travis Dutton
- Dan Eisses
- Sharman Herrin
- Dave Peeler
- Mindy Roberts
- Raul Sanchez
- Jessica Shaw
- Kristen Thomas
- Jackie White

#### Ecology Team

- Katie Bentley-McCue
- Sarah Diekroeger
- David Giglio
- Ligeia Heagy
- Shawn McKone

### Absent:

- Shane Fisher
- Rob Lindsay
- John Peterson
- Carl Schroeder
- Andrew Kolosseus

## NOTES:

### Meeting Minutes – Slides 4

- Approved by all

### REU vs. Flow – Slides 6-12

- **Question:** Does each of the dots represent a single utility?
- **Response:** Each dot represents one permit, not a permittee.
- **Question:** Looking at the chart on slide 8, does this mean someone is paying \$1,400,000?
- **Response:** These are the future fees at a rate of 28 cents per REU per month. That results in a 50 or 60% increase above current permit fees to hit the \$8.7 million total. This chart represents two future scenarios one with design flow and one with REUs. Yes, someone is projected to pay around \$1,400,000.
- **Follow-up:** So right now someone is paying \$500,000 and that would go up to \$1,000,000? Have you had any discussion with those facilities and how they feel about that increase?
- **Response:** Two of our larger permittees in the state are represented in this committee, King County and Spokane County. We intentionally have geographic diversity as well as variation in facility size among the committee. King County is paying for more than what they use and helping keep costs lower for the smaller facilities. This is where we have to consider the balance between cost of managing a large permit and the environmental impact that that facility has. There is a tradeoff between ability to pay and cost of overseeing the permit.
- **Follow-up:** To clarify, the city of Spokane has a much bigger facility than Spokane County does.
- **Question:** Are there an equal number of facilities below and above the line?
- **Response:** We haven't done a count but it appears to be fairly even and close to 50/50 on either side of the line.
- **Question:** Why is actual flow so much more difficult to get than design flow?
- **Response:** Actual flow requires us to go through monthly DMRs to get actual flow for each facility. We have to do 12 separate data pulls for over 300 facilities. The design flow only requires one query to get the yearly flow.
- **Question:** Is there anywhere in PARIS where permittees record their annual flow?
- **Response:** No. DMRs only look at monthly flow. Getting the annual flow requires a lot more data querying and consolidation.
- **Question:** If a member of the public was interested in looking at what a facility's total flow was for the year, there is no way to find that in one value?
- **Response:** No, there is no annual number. What the DMRs show is an average for the month of daily flow rates.
- **Question:** Do we have high confidence in the flow data?
- **Response:** Yes, we do have high confidence. Errors do occur. We would want to spot check any data pull.
- **Question:** If we used actual flow, how much of a difference would there be from year to year? How difficult is it for ecology to manage a system if the number changes yearly? What is the workload associated with the different methods? Of course if there is a higher workload that means greater expenses for Ecology?

- **Response:** Design flow has the least variability. Annual flow does change but the changes are probably proportional to changes in REUs from year to year.
- **Comment:** Using actual flow would result in variability in the revenue collected. Would Ecology have to make changes if the flows are lower and you don't meet the \$8.7 million revenue target? Using actual flow adds complexity to management on Ecology's side.
- **Follow-up:** We do have the funds to manage different situations. For example, if we come up 3% short one year it would be okay and it can be reconciled with a fee increase if we see it's consistent.

What are your reactions on the data we have presented and thoughts about whether you'd like data on actual flow?

- Other ECY permits use other ways of calculating REUs, for example stormwater uses number of housing units in the service areas. How did we get to the calculation we use now? How do we come to a REU that is consistent and fair?
- **Response:** How REUs are calculated varies from facility to facility because there are 4 different forms. There are different calculations based on what the facility's billing set up. It is not consistent from permittee to permittee. It is based on how they bill their customers and if they are treating for other facilities' customers. Also, smaller facilities have their own form and a different calculation.
- Calculation of REU is complicated with the billing structure. Using actual flow should mirror REU value. Using design flow seems to punish a facility that is big but is growing slowly. Flow allows a community to promote water conservation. Using flow gives facilities some control to alter the fee they pay. If the goal is to charge a per household fee so that a home in each county pays the same, actual flow or REUs accomplishes that.
- ECY uses REUs to collect fees but the facilities charge fees to the homes. Each facility has their own way of doing that. It is not a 1:1 correlation.
- REU method is status quo but that does mean that some facilities are paying more proportional for flow than others. Concerned there is confusion between a facility based REU and an ecology based REU which could cause problems. But, they are all based on flow one way or another. If actual flow is the base unit, why don't we base the fee on the base unit? Perhaps a three tier categorical approach allows the minutiae of the calculations to be secondary.
- When rate setting it is helpful to start with rate philosophy and ask ourselves, what are we trying to accomplish with the rates? Are we promoting conservation, equity, etc.? If the status quo (REUs) accomplishes our goals then there is no reason to change it but we need to establish those goals first.
- REU structure is simple, stable and similar to how we bill our customers. REUs allow for forward predictability.
- Agree with sticking with the REU structure.
- Still intrigued by categories. We have to determine our main driver. Do we want rate payers to pay for level of complexity and difficulty with issuing that permit? We are mostly concerned with reducing the backlog and the environmental protection outcomes. We would like to see phasing over time of the fee increases to keep pace. Open to finding what the best metric is to accomplish that goal. We also need a reason to explain to rate payers the increase in fee. Rate payers are looking for certainty.
- Stay with REU structure.

- From the chat: “Here is what LOTT says about flow from different customers: ‘About 90% of the costs of operating the wastewater system are not dependent on the amount of water being treated. Processes, pipes, buildings, and equipment need to be maintained and operated regardless of flow volume. The flat rate system provides a simple formula for sharing the costs across residential customers. Commercial customers are charged for LOTT services on a volume basis.’”

### Categories – Slides 13-16

Would categories make sense given the incredible range in the size of permitted facilities?

Do you have thoughts about a minimum fee?

- Some concern for the range in size within one category. Unless the smaller facilities in a category have much more complex permits that require more work the gap in size isn’t fair.
- Category size difference is problematic. Maybe this is an opportunity to push for consolidation among smaller facilities?
- **Response:** Small facilities are in rural areas that are dispersed making it impossible to consolidate.
- If we are using the definition of fairness that every household pays the same, then categories are not fair. Permit complexity is not always linked to flow. Minimum fee makes sense.
- Intrigued by the notion of the simpler system but disappointed by the actual results. Was hoping for a small, medium, and large system with potentially a 4<sup>th</sup> minimum group. Larger utilities recognize that they have to pay more fees to help subsidize smaller facilities and that is okay. Open to minimum and maximum fee.
- 6 is too many categories. Wasn’t thinking about it as each category having a flat fee. We could still have categories where unit rate would vary by facility size. Minimum fee is a good idea at least to recover cost of billing.
- Simpler to stick with REUs. Good idea to have a minimum fee of at least \$1,000. Not sure about a maximum fee because large facilities tend to keep growing.
- Agree with a minimum fee.
- Support for sticking with REUs because they are simpler.

### Next Steps – Slide 17

1. Philosophy for the permit rate structure – what are we trying to accomplish?
2. Actual flow vs REU scatterplots
3. How are REUs calculated today?
4. Potential minimum permit fee
5. Re-look at our work to consider different rates for different sized facilities (S M L)