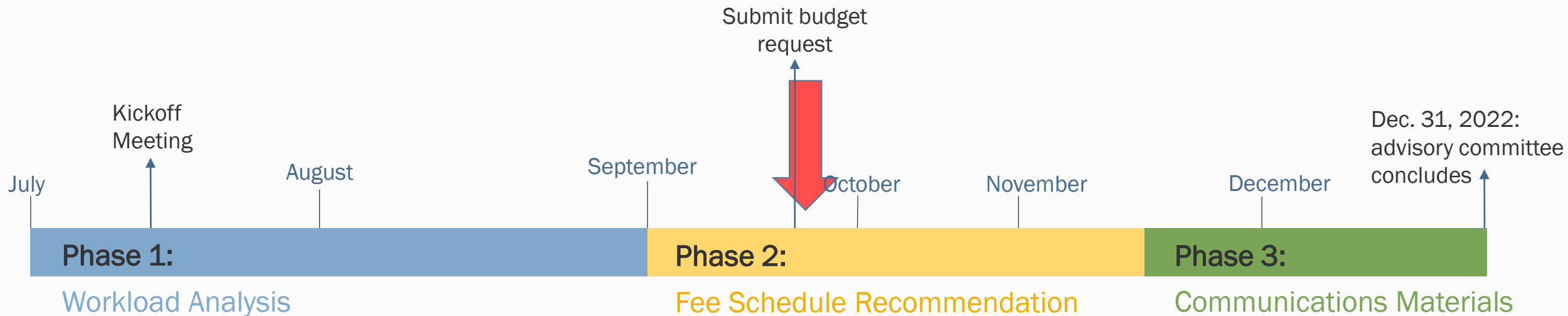


# Wastewater Permit Fees Stakeholder Advisory Committee

Meeting 5

September 19<sup>th</sup>, 2022

# Advisory Committee Timeline & Deliverables



## Deliverable #1: Workload Analysis

- Asses the staffing level necessary in the WQ permit fee program to support adequate levels of service to permittees
- Includes: FTE level & corresponding revenue level

## Deliverable #2: Fee Schedule Recommendation

Recommend a fee structure for the program to reduce municipal wastewater permit backlogs and recover the cost of administering the permits.

## Deliverable #3: Communication Materials (optional)

Collaboratively create materials for consistent messaging and necessary background to explain the fee increase to stakeholders.

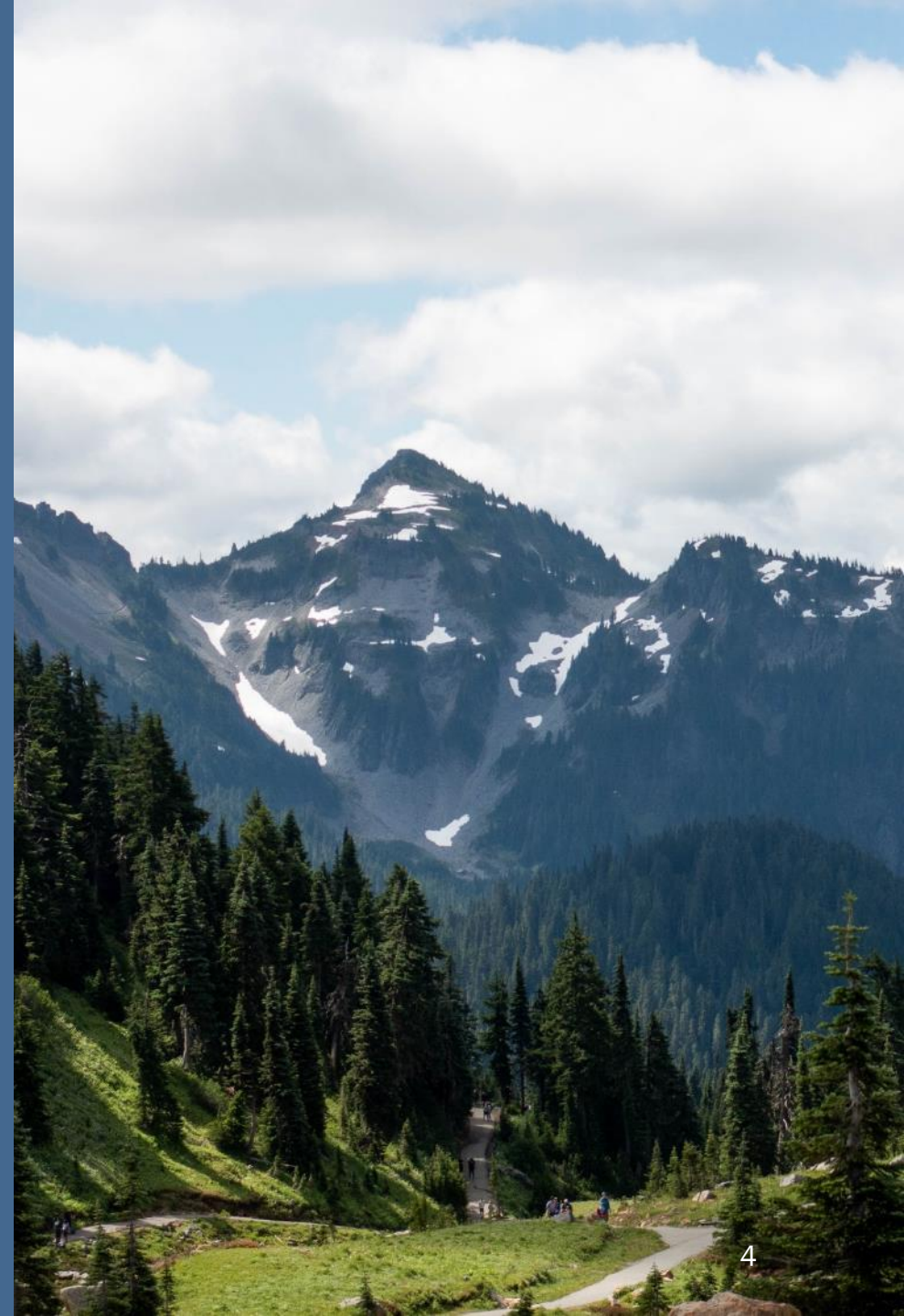
# Meeting Agenda

- 1 Approval of Meeting Minutes
- 2 REU vs Flow
- 3 Categories





# Approval of Meeting Minutes



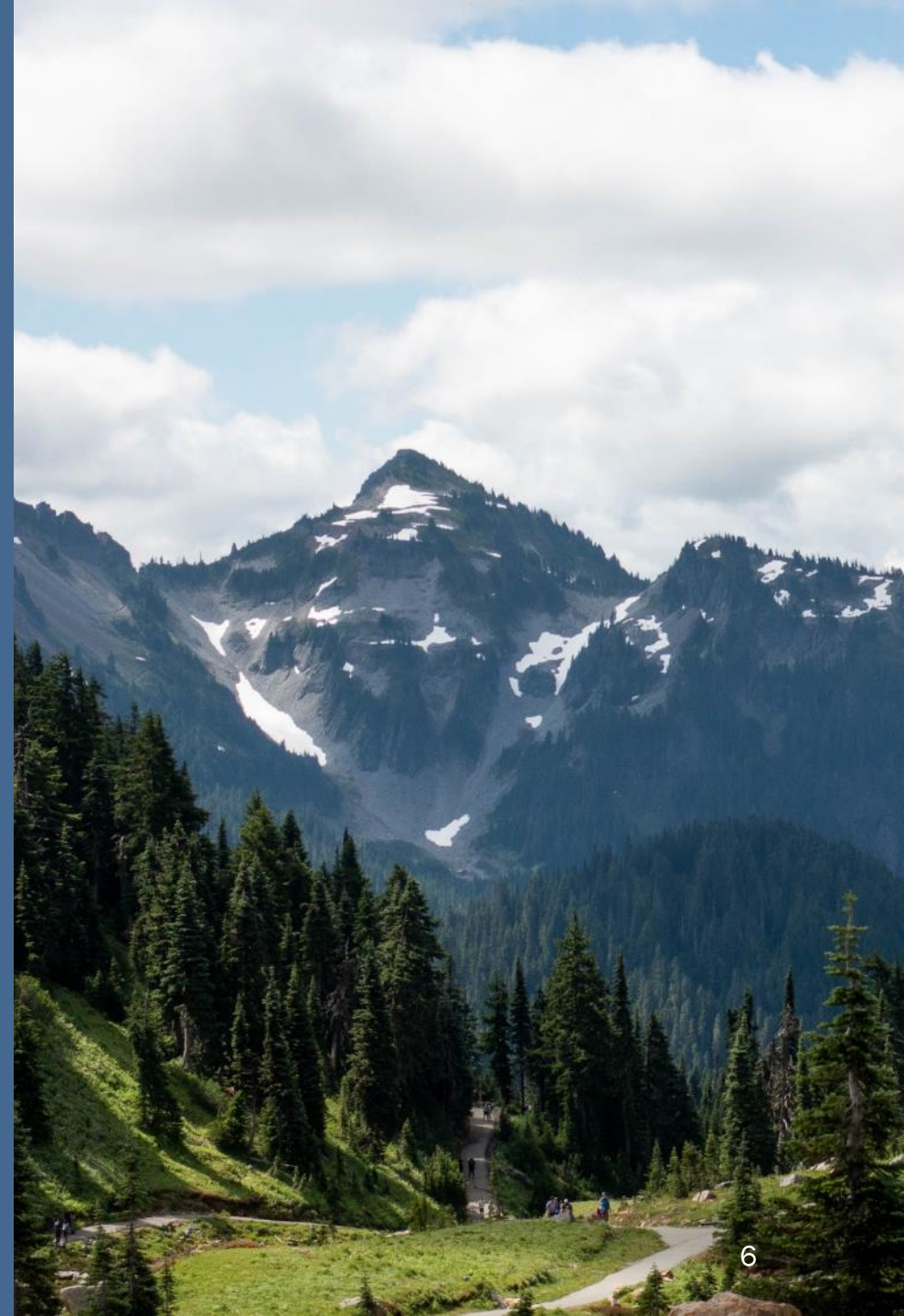
# What we said we would bring back:

- Explore both REU and Flow-based structures
- Explore categories/tiers (and without)
- Create a chart showing flow-based hypothetical
- Histogram of the data with categories drawn (small, medium, large), bring some examples based on logic of flow-based fee model
- Create spreadsheet that can take tier definitions and create fees on the spot
- Look into both proposals on flow-based: design flow and actual annual flow

**Much changed upon investigation...**



# REU vs. Flow

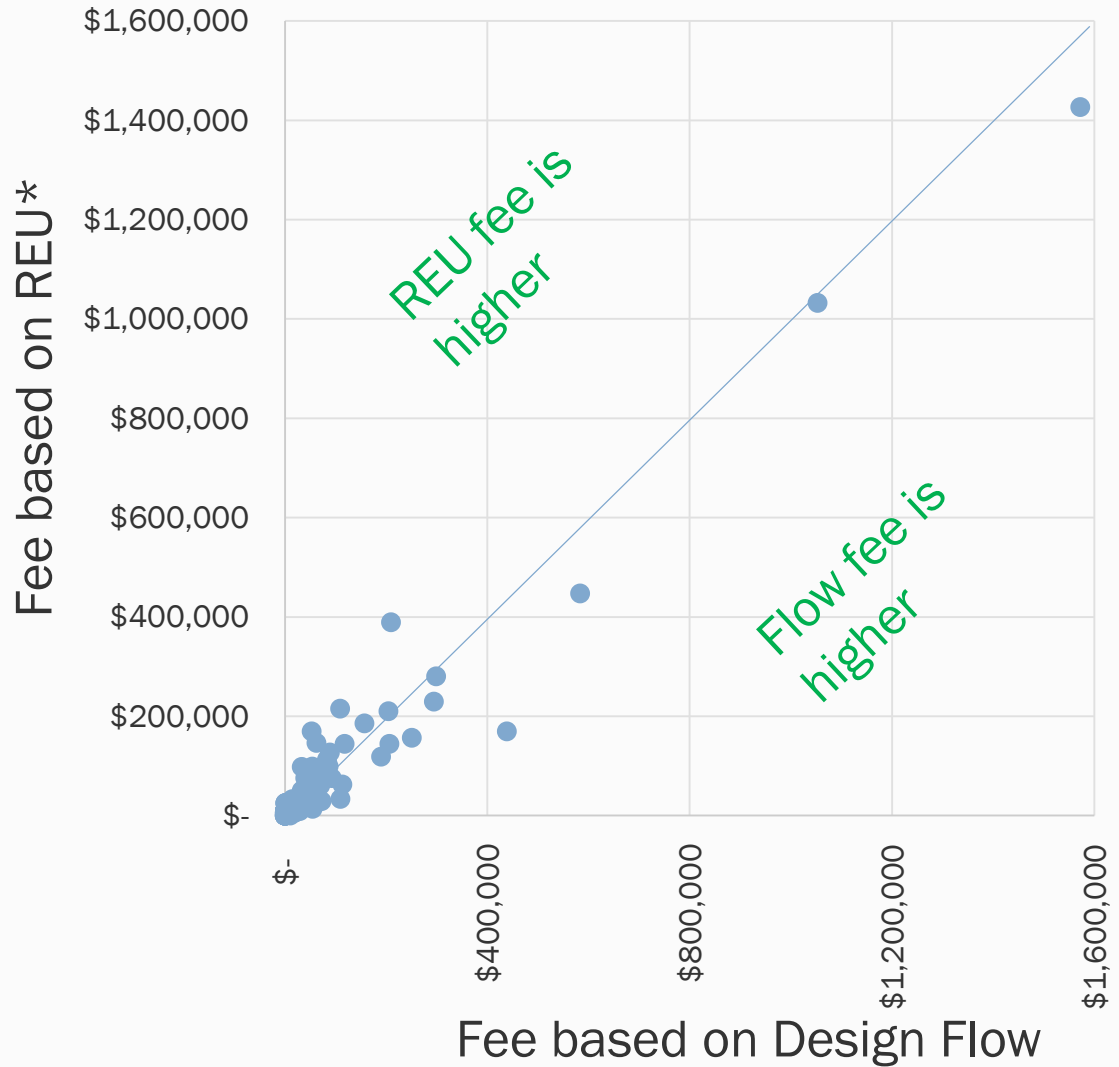


# Reflections on REU vs Flow-based Fees

- REU-based – some work to produce, good accuracy
- Design flow-based – easy to produce, accuracy aligns with complexity of facility but not actual flow
- Actual flow-based – hard to produce, accuracy aligns with flow, but maybe not facility
- If our process makes a big change to some fees, how do we manage that with permittees? What is the value or benefit relative to the cost of transition?

# Possible Annual Fee Based on Flow vs REU

(\$8.7 M Total)

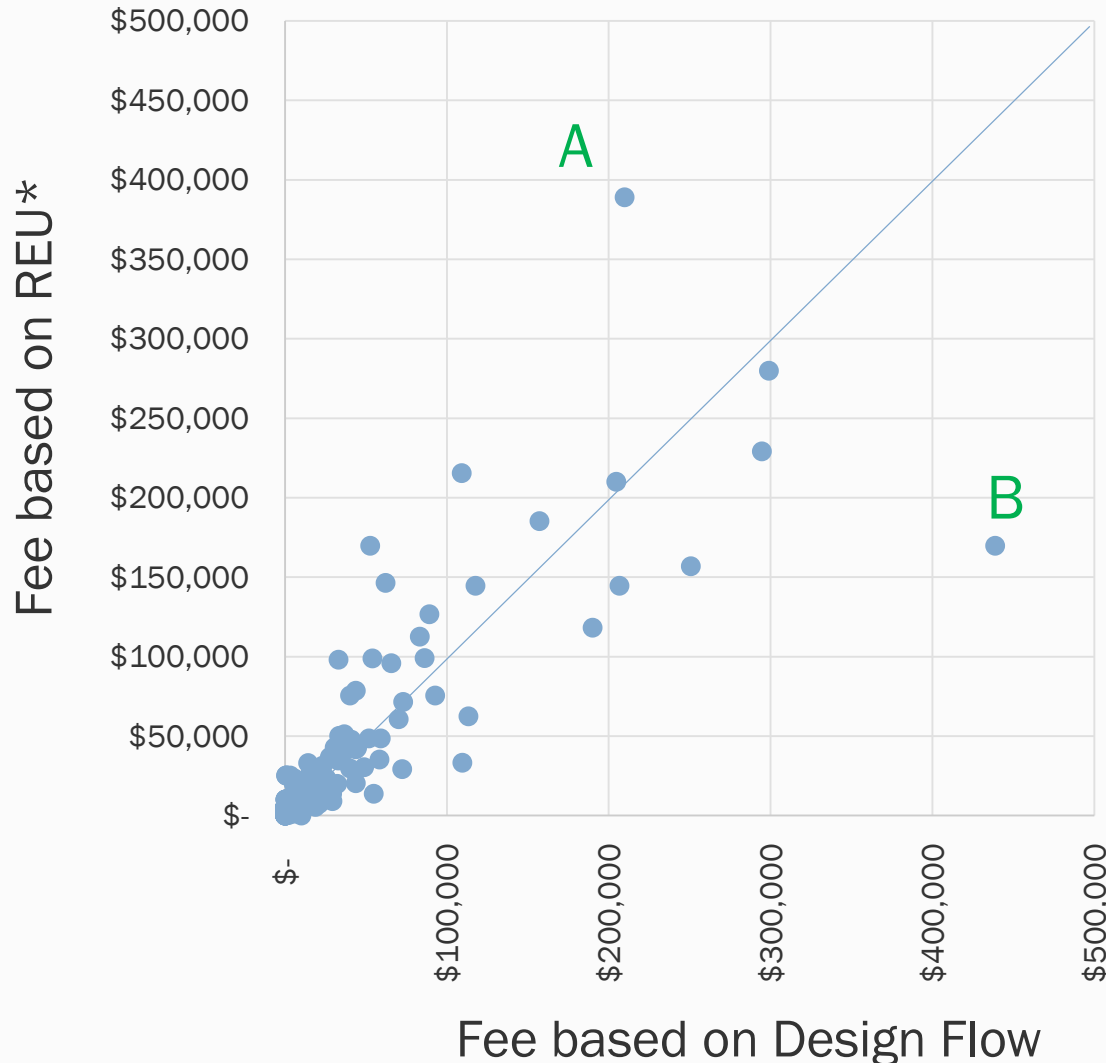


Dots represent fees under two potential scenarios. Both raise \$8.7 million to fully fund the municipal wastewater program. For some facilities, a fee based on REUs will be higher than a fee based on flow (they're above the line). For other facilities, a fee based on flow will be higher than a fee based on REU (they're below the line).



# Possible Annual Fee Based on Flow vs REU

(\$8.7 M Total)

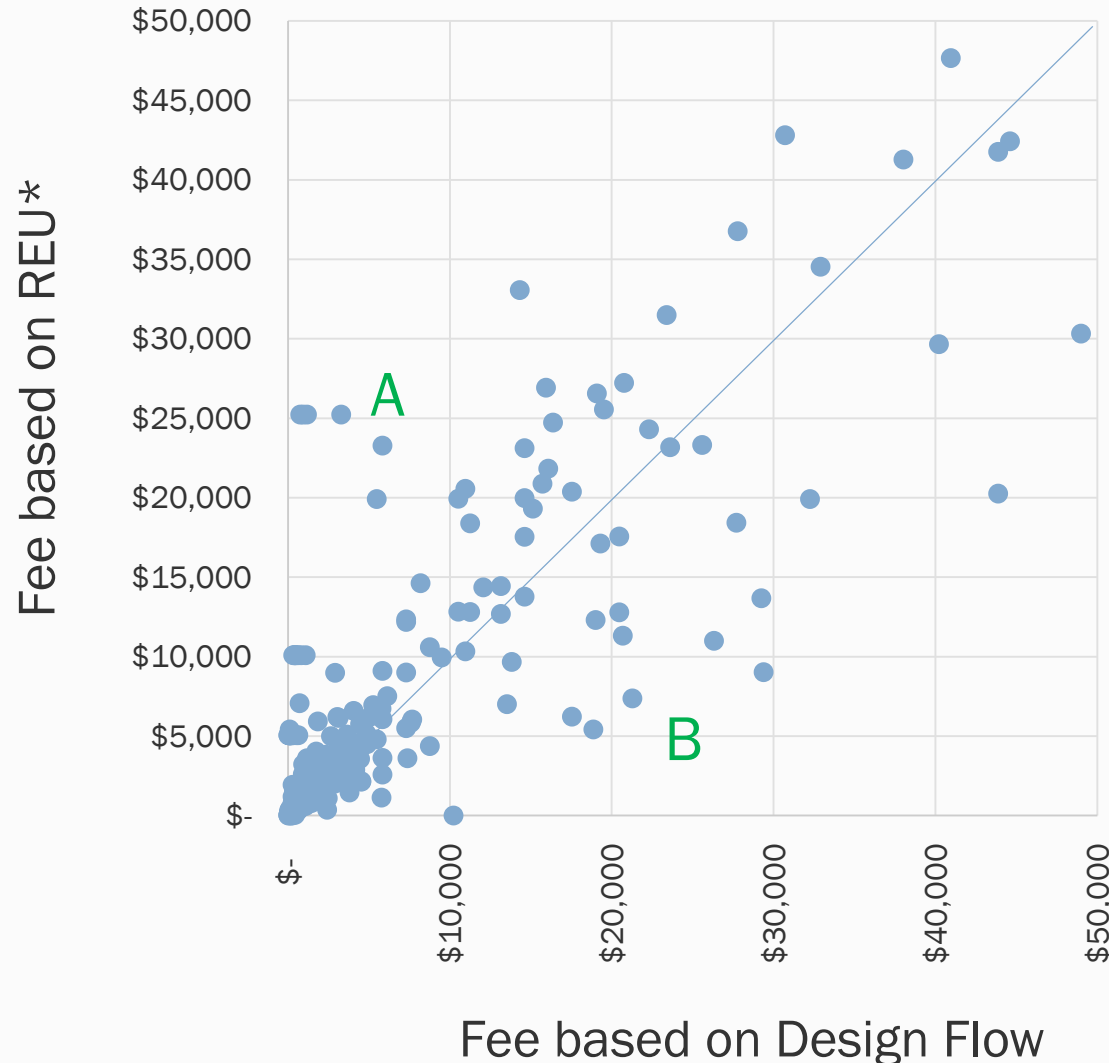


The further dots are from a 1:1 line, the greater the difference between the two scenarios (simply increasing the REU-based fee vs switching to a flow-based fee).

While some facilities are very near the line and would see minimal changes from a methodology switch, Facility A would pay twice as much under an REU-based fee than a flow-based fee. Facility B would pay half as much under an REU-based fee compared to a flow-based fee

# Possible Annual Fee Based on Flow vs REU

(\$8.7 M Total)



As we zoom in further to see the smaller facilities, we see that few facilities would be unaffected by a methodology shift.

Fees from the two scenarios could differ by a factor of 3-5 in areas A and B.

# What would the annual fees look like if we used actual flow instead of design flow

- We're looking into it!



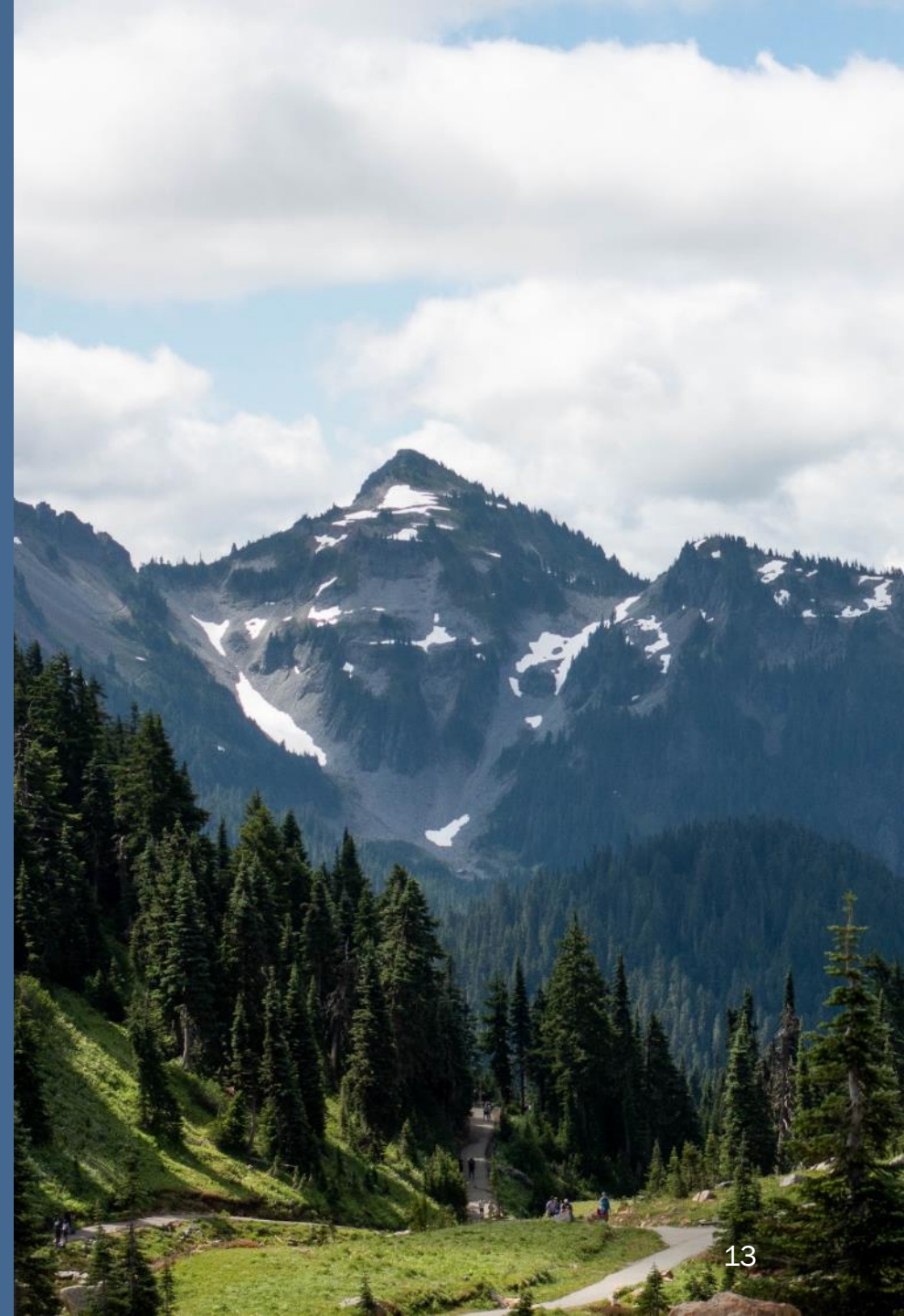
# Ecology Considerations and Recommendations

- Design flow would make significant changes to permittee fees, with significant winners and losers...
- Actual flow requires a lot of data work, and will vary over time... if it doesn't change fees much why make the change? And if does, is that OK?
- REUs provide some familiarity as fees increase and avoids confusion by making pre/post comparisons easy. (It's easier to explain how much fees are increasing.)

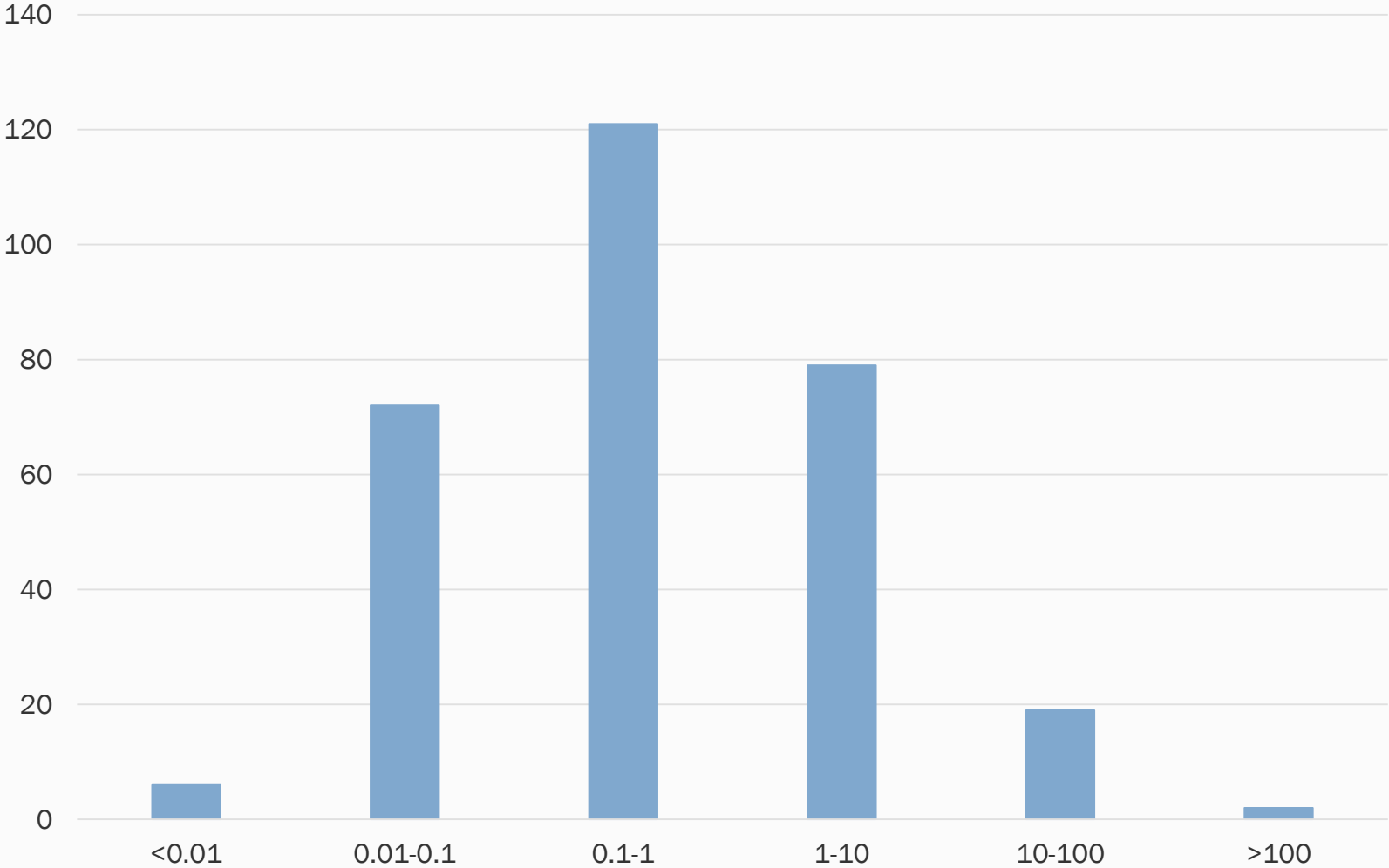




# Categories



# Count of WWTPs by Design Flow (MGD)



# Why that Histogram Alarms Us

- The histogram has 6 size categories... which is fairly complex
- It probably needs even more categories, as we have six orders of magnitude in our universe of permitted facilities
- Despite having six categories, each category has a largest facility that is 10 times the size of the smallest... and they would have the exact same fee...
- Using categories or tiers lumps together vastly different sized plants. This will raise fairness issues. If we have precise data for each plant, why not use that?

# Where a Category Might Make Sense

- Very small facilities pay very low fees. There are 6 facilities that paid under \$100 in FY22, and another 10 facilities that paid less than \$200.
- A minimum fee would reflect the administrative and permitting workloads, thereby creating a little more equity. (This would not cover the full costs of permitting.)
- There are 16 facilities that have fewer than 100 REUs. There are an additional 30 facilities with between 100 and 199 REUs.