Wastewater Permit Fees Stakeholder Advisory Committee
Meeting 5
September 19th, 2022
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.

Advisory Committee Timeline & Deliverables

- **July**: Kickoff Meeting
- **August**: Workload Analysis
- **September**: Phase 2: Fee Schedule Recommendation
- **October**: Submit budget request
- **November**: Communications Materials
- **December**: Advisory committee concludes

- **December 31, 2022**: Advisory committee concludes
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?
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.
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.