

Municipal Wastewater Permit Fees Advisory Committee

Meeting 6 Notes

Group/Committee	Municipal Wastewater Permit Fees Advisory Committee
Date	October 3, 2022
Time	1:00PM - 3:00PM
Location	Zoom

Attendees:

Stakeholders

- Dave Barnes
- Dan Eisses
- Sharman Herrin
- Rob Lindsay
- Dave Peeler
- Mindy Roberts
- Raul Sanchez
- Kristen Thomas
- Jackie White

Ecology Team

- Katie Bentley-McCue
- Sarah Diekroeger
- David Giglio
- Ligeia Heagy
- Andrew Kolosseus

Absent:

- Travis Dutton
- Shane Fisher
- Shawn McKone
- John Peterson
- Carl Schroeder
- Jessica Shaw

NOTES:

Meeting Minutes – Slide 4

- Approved by all

Rate Philosophy – Slides 5-8

Your Feedback

- **Comment:** Ability to deliver clean water should be included in values. Should be made explicit, not just implied.
- **Response:** Protection of the water is the main focus, we can make that explicit in the first bullet. (First bullet on the slide was edited during meeting to include “to provide clean water in Washington”)
- **Comment:** It feels like addressing this issue with staffing and rates is only addressing half the issue. We need to look at efficiencies. The complexity of permits is growing. For example, there have been cases where water quality criteria was met and yet Ecology spent a lot of time evaluating the data. Additionally, the incorporation of forever chemicals, such as PCBs, will create very complex permits that will slow things down. Why do we keep making permits more complex if we are already meeting water quality requirements? This creates more work for both the agency and the permittees. We should of course not sacrifice water quality but perhaps what we have is already doing an efficient job.
- **Comment:** When there is a situation where the limit had previously been exceeded and now has been met, that should all be explained in the fact sheet and should not make the permit itself more complex. In terms of forever chemicals, maybe we should talk to the chemical industry and stop the production of new chemicals. As long as more toxic chemicals are made there will be more chemicals to monitor and limit.
- **Follow-up:** From experience with ongoing talks with EPA and the Toxics Substance Control Act, reducing new chemicals is easier said than done from both the industry and government side.
- **Comment:** Nutrients is the complex issues here. Right now, everything is being put on treatment plants and on us as users to figure out the regulatory process. It is in everyone’s best interest to figure out an overall strategy for these forever chemicals and nutrients. How do we get the state general fund that hits everyone in Washington State to figure out the complexities such that when the rules get to the customers they are figured out and we don’t have to appeal these permits? More work on the front end would ideally be state wide funding source. Gets back into the philosophy conversation – how do we want to fund this? Should it be per Washington state citizen were we are all responsible for X dollars and then the state divvies that up? Going back to the equity statement, some concern here. King County might have one Ecology employee taking care of their entire permit. It is a hard argument to say that King County’s costs are equitable.
- **Response:** For clarification, the equity bullet is not intended to suggest that King County should pay a lot less. We are focused on ability to pay because smaller jurisdictions can’t pay for the total actual cost of their services.
- **Comment:** Reaffirming the second bullet – “Role of state general fund and broad citizenry to deal with some of the larger issues (like CECs).” There are broader issues that should be addressed on a state wide basis. State did recover a \$60 million settlement from Monsanto related to this. There is an opportunity to use some of that money to support regulatory

programs that would have state wide impacts. There also may be other funding mechanisms available.

- **Comment:** From the chat: “State general funds going to Ecology have generally been reduced over time by the Legislature especially during lean times and not restored later. In particular, SGF for water quality grants are very low compared to the amount of SRF loans that are now available.”

How are REs calculated? – Slides 9-13

Pros and Cons

- **Comment:** Industrial and commercial dischargers are likely to cause more complex permits. So that permit will cost more for Ecology to maintain and develop.
- **Response:** True. Our point was more that RE based permit fees could go up or down significantly for any given facility based on the local rate structure. For example, a facility is 50% household and 50% industrial. If you have high household fees and low industrial fees you might have an RE count of 50,000. If you have high industrial fees and low household fees you might have an RE count of 200,000 and a much larger fee for the same facility. There is potential inaccuracy or unfairness based on how we use the local rate structure. We do need some way of incorporating the mixture of household and non-household wastewater. One way would be to use a flow based structure.

RE vs. Actual Flow – Slides 14 – 18

Combined sewer systems have rain flow in addition to household and industrial. Facilities with combined sewer systems will pay more due to that additional flow source.

If we make the switch to a structure based on actual flow, smaller facilities will see their fees go up less. Large facilities will, in general, see their fees go up more.

- **Comment:** I agree with the pro that a flow structure incentivizes reduced infiltration. The challenge that it creates for this group as well as water providers, is the effect on revenue. A flow based system will motivate permittees to reduce their fee but then Ecology will get less revenue.
- **Response:** I don't think the reductions will be so big that they won't be able to be worked into Ecology's biannual rate adjustments.
- **Comment:** With more water efficient facilities, flows remain constant but loads are going up. Effluent is becoming more potent because we are using less water. We are conserving water which is a good thing but we have done our wastewater long range planning based on flows and loads but we are actually seeing larger loads than anticipated.
- **Response:** I'm hearing you say that volume of the influent is staying constant despite population growth. But, the load of that influent is becoming more concentration. Creates a challenge to adjust the system to handle a more concentrated influent. Are there any pros or cons that need to be added to the list from a fee revenue lens?
- **Follow-up:** I would caution us to not make the assumption that increasing loads come with increasing flow. Effluent is getting stronger.
- **Comment:** When the nutrient TMDL was developed for the Spokane River, part of the thinking was that if you encourage water conservation it will increase the level of contaminate in the

water that the treatment plant receives making it easier for the facility to remove the contaminants. A flow-based structure might also incentivizes water reuse as well. Amount of money saved on reducing your fee would be less than updating a facility or doing I&I. It is a slight incentive but probably won't pay for itself that way.

- **Question:** On the scatterplot, do you know what the order of magnitude is?
- **Response:** We do not have the percentages but we can bring that information back next meeting.

Minimum Fee – Slide 19-20

What are your thoughts on a having a minimum fee? What are your thoughts on the fee being \$250?

- Support the \$250 minimum fee.
- \$250 seems too low if it only covers a couple hours of time.
- From chat: "support minimum fees, and you may need to reevaluate all the permit types for a reasonable minimum."
- \$250 is extremely low. If RCW requires the program to be self-funded, not charging the full rate or close to it doesn't seem to make sense.
- **Response:** Ecology's approach is holistic because it would be too much for small facilities to pay the full rate of their services.
- Maybe we could add on additional fees for different types of discharges. But, maybe not worth it to make it more complicated.
- \$250 seems low. Looking at municipal vs private. Not comparing apples to apples. Is there a minimum fee on private entities?
- **Response:** Only minimum fee we have is municipal stormwater. After revenue analysis for current rule making we will reevaluate. We agree it should come up from there but at what pace.
- Minimum fee is good idea. \$250 feels low.
- Support having a minimum fee that is more than \$250. Would there be a way to apply the minimum fee to facilities and not have to do all the calculations for RE?
- Support the minimum fee. Defer to the ecology department on how much that should be.
- **Question:** How many permittees would the minimum fee impact?
- **Response:** 16 at first and then potentially 30 more. 46 total. \$250 would be a big jump for the smallest facilities so we want to make sure that the jump is not too big.

Next Steps – Slides 21-22

What are your thoughts on a RE vs. Flow Structure?

- Need to talk more with my internal finance folks. Intrigued by the progressive nature of the flow based structure and the availability of the flow information.
- **Question:** How does design flow work with CSO facilities?
- **Response:** Design flow includes all flow for the treatment plant. So design flow would be higher for any facility (CSO or not) than actual flow. Whether using design flow or actual flow, the scatterplots were built to total \$8.7 million in revenue. So, price/gallon based on design flow

would be much lower than price/gallon based on actual flow. Could look at dollar per treatment plant to compare the two flow options.

- Actual flow with a progressive rate is intriguing.
- Differential. Leaning towards flow based. Needs to go into the entirety of state water quality policies. Ecology could take a look at this at the meeting a year from now.
- Open to either RE or flow based. Like the predictability of a RE structure.
- Leaning towards flow based.
- Open to both options. Would like to discuss more with others in the community.
- It is always hard to change from the status quo. Flow seems like an easier way, reduces administrative work and incentives good work to get to cleaner water.
- Hard to tell which structure is fairer. Could look at 5 years of data to determine a permit fee instead of 1 year to get a more accurate average that is not skewed by a couple large flow days or months.

Categories/Tiers

Option 1: Break up facilities into categories of small, medium, and large at natural breaks. Each group would have a different rate based on facility size. As facility size increases, rate increase.

Option 2: Two groups based on area median income with facilities above median income paying higher rate and those below median income paying lower rate. (Similar to municipal stormwater)

- **Comment:** The stormwater structure incorporating median income started because there were grants made available for the lower income communities. Additionally, the term progressive is in the eye of the beholder. Need to explicitly define progressive.

What are your thoughts on categories?

- Intrigued by the economic indicator format used for municipal stormwater permits.
- Interested in seeing options. Leaning toward median income between the two category options.
- Categories seem to make things more complicated.
- Majority of the group is interested in seeing examples of small, medium, and large tiers based on actual flow as well as two categories based on median income.

Next Steps

- Updated minimum fee proposal
- Multiple scenarios – 6 rate tables
 - o RE with no categories
 - o RE with tiers based on size
 - o RE with categories based on median income
 - o Actual flow with no categories
 - o Actual flow with tiers based on size
 - o Actual flow with categories based on median income