

# Municipal Wastewater Permit Fees Advisory Committee

## Meeting 8 Notes

<b>Group/Committee</b>	<b>Municipal Wastewater Permit Fees Advisory Committee</b>
Date	October 31, 2022
Time	9:00AM - 11:00AM
Location	Zoom

### Attendees:

#### Stakeholders

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

#### Ecology Team

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

### Absent:

- Travis Dutton
- John Peterson
- Carl Schroeder

### NOTES:

#### Meeting Minutes – Slide 4

- Approved by all

## Drafting a Recommendation: Problems We Encountered – Slides 5-8

### Round-Robin

- I understand the ripple effects and how there are established metrics being used. I'm willing to go forward and look at other options.
- Actual flow seemed to be the most accurate but I understand that it is creating challenges.
- There have been many things as we've gone along with this process that we didn't have good data for. For example, we didn't have data on the permit writers work, we didn't have a philosophy on rate setting across the water quality program and we didn't have a policy direction on how to deal with increasing complexity in permits. Ecology isn't providing the information to us and/or the ways that we can make a decision by the deadline. I do understand that we must move forward. I think we have to go for as little change as possible and make a list of items that we want Ecology to look into. Ecology can then report back on the progress that has been made to find the best answer.
- **ECY Response:** We do have the option to make one decision for 2023 and then leave space to explore more options in the future.
- It is concerning that the data is so inconsistent. Ecology should look into that.
- When you start to use existing data in a different way you sometimes realize there are problems. Makes me wonder who is responsible for putting the data in and making sure it is accurate. I think we should go back to design flow and use that in the interim. I still think basing things on flow has some benefits over REs.
- I am surprised the data is not more reliable. I still have concerns about the RE calculation. With REs, how you balance your rates inside your community (residential vs. industrial) skews things. I think the RE calculation requires some rethinking.
- **ECY Response:** The central question is - which is more accurate? Design flow or REs? With REs how you set your rates can create distortion. With design flow there is the concern of overbuilt facilities (especially in smaller communities) being negatively affected. We are going to have to choose one of those inaccuracies.
- We are understanding of the challenges and looking forward at the new options.
- I have some fundamental questions about the flow data. If the data is not being correctly entered, it is a permit violation and Clean Water Act compliance is questionable. Ecology needs to make sure the information in PARIS is accurate and if there are blanks, ask why blanks are there. I want to see if a path with actual flow is resolvable. CSOs and SSOs are less than 2% of a facilities' flow on an annual basis. There are good reasons why the influent might be less than effluent. Increasing flows and decreasing flows may be mismatched in time on a given day. But, on a monthly or annual basis those daily mismatches should even out. If the mismatch of flow is 10% or less then that is not a big driver on individual fees. If Ecology feels like there are flaws in the PARIS database then there are larger issues here.
- When we started, we were looking for something that was a better proxy than REs. Now we have this opportunity to figure out what it actually takes to write a permit and track Ecology's time. This could be the window to continue with the existing system (REs) and do the work to figure out how much time it actually takes to manage a permit. The gold standard for permit writing in terms of recovering cost is how much time are they spending on the complexities. Perhaps in the future we could use that data to switch to a staff effort system and bill based on that.

- **ECY Response:** We have around 300 permits. Every single one has their own intricacies of how they measure flow (e.g. whether they measure in gpd or MGD). They all have different permutation based on how the permit writer set up monitoring for that facility. When PARIS was created, we didn't have an understanding of how the data could be used in the future. We need to start at ground zero and make sure when we are inserting data, we know why we are recording what we are recording and we need to think about what our goals are with that data. We have a lot of data that may be accurate but miscoded. Until we have staff go through and verify that every data point is what we think it is, we can't rely on that data. We need to remember that there is a specific revenue number that we need to get to. With actual or design flow, that just means that the unit price is going to change. Is there a benefit to devoting a lot of work to scrub the data when we will make sure the revenue is the same regardless? We can get the same revenue using design flow without as much work.
- **Follow-up:** There are still fundamental questions here. Permittees are required to enter data into PARIS and that is the basis of if they are meeting the terms of their permits. Permit writers are supposed to be the eyes of the public. If they can't tell if permittees are violating the Clean Water Act that is a fundamental problem. If Ecology cannot tell how many permittees are meeting the permit standards then the system is not working. I know we have a deadline on the fees themselves but we have deeper questions to answer. If those errors are at smaller facilities than technical assistance should be redirected with the new FTEs we are going to fund. Hearing the flow data is unreliable is highly problematic from a Clean Water Act compliance perspective.

### Alternative Fee Structures – Slides 9-15

Comparing REs to design flow - we have scatterplots that were shown in an earlier meeting (Meeting 5) showing relatively even variability between REs and design flow. A design flow-based structure would increase the fees slightly for larger facilities and decrease fees for smaller facilities. The fees are higher for larger facilities that treat stormwater because they have a higher capacity. There are winners and losers with both scenarios.

### Decision Making – Slides 16-20

#### Pros and Cons: RE vs. design flow

- **Comment:** Should add "ease of implementation" as a pro for design flow.
- **ECY Follow-up:** Switching to design flow would require IT help to make changes to the billing database. This could be achieved by June 30, 2023. There is some work on Ecology's side to make a switch to design flow. In terms of REs, we use REs every year and collect that annually. If we switched to design flow, we would have to help biosolids with the RE calculations for multiple years.
- **Comment:** We saw with the earlier rate when it was capped that the growth component made up for some inflation over time. With the RE system, as a community grows, the rate will go up with that growth to help cover inflation. With design flow, some facilities go 10-15 years before there has been enough growth to upgrade the facility. It would be bulkier with some places getting hit with the growth factor while others don't get hit for 10-15 years.

- **ECY Follow-up:** In the RE model, because population is growing, inflation costs might be covered by population growth. REs help keep rates at a steady level. Design flow will have a much jerkier fee increase when you have one.
- **Comment:** Every biennium there are fiscal growth factors increases on the permit so there would be gradual increases regardless with design flow. There would be an additional jump if a facility increased their capacity, but that would be a small cost in comparison to the facility upgrade costs.
- **ECY Follow-up:** Hypothetically, when a facility expands from 4MGD to 5MGD there will be capital improvements needed to get to 5MGD. Their fee would go up 25% overnight but that would be nothing compared to the money spent to expand the facility's capacity.
- **Comment:** The idea that Ecology or a permittee entering the data for actual flow isn't accurate makes me wonder if the RE data is correct. Where is the oversight to figure out if that is correct?
- **ECY Follow-up:** Permittees fill out a form. The Water Quality Permit Fee Program Administrator quality controls the form in terms of calculations. If there is a big sway from one year to the next, their user fees are double checked. We do have to trust that they are giving Ecology the correct gross revenue. There is backup data they must provide as well.

#### Time to Vote

##### Voting Scale

1. Enthusiastic Support – I really like it
2. Lukewarm Support – I can live with it; it is an improvement
3. Meager Support – I have concerns, but can go along with it
4. Objection – I do not support the deal or proposal

##### Votes Casted

###### Option 1 – RE Based

- 8 votes for 2
- 1 vote for 3

###### Option 2 – Design Flow

- 3 votes for 2
- 5 votes for 3
- 1 vote for 4

###### Option 3 – RE Now, Flow Later

- 3 votes for 1
- 5 votes for 2
- 1 vote for 3

**Comment:** If we are doing RE now, it seems like we have an opportunity to collect other data over the years. We could collect data on what it is taking to write the permits. We are looking for the best proxy. If we call option 3 “RE now, Flow Later,” we are constraining what the outcome of the data analysis is and constricting it to flow. I would like to leave the options open.

Option 3 was changed from “RE Now, Flow Later” to read” RE Now, Flow (or better) Later” so that the best option found can be implemented whether that be flow based or something else. With that

change, the original vote of a 3 (meager support) casted for option 3 was changed to a 1 (enthusiastic support).

Option 3 – RE Now, Flow (or better) Later

- 4 votes for 1
- 5 votes for 2

#### Round Robin- Thoughts on Option 3

Option 3 – We will stick with REs for now with the addition of a minimum fee. Ecology will continue to work with the data to come up with the best option for the future (flow or something else). Before this process ends, we will define additional data needs. Ecology will then work to answer lingering questions and we will come back to see what improvements we can make in a couple years.

- **Committee Response:** All approved.
- **Ecology Team Response:** Approved, no concerns.

#### Communication Tools – Slides 21-22

- **Comment:** There were about 6 things we didn't have the data or philosophy/policy for. What is ecology's commitment to the committee to bring that information back? We should create a list of those items that the committee is interested in seeing 1-2 years from now.

That list could include the following:

1. Water quality rate setting philosophy
  2. Permit writer data (hours per permit)
  3. Water quality increasing complexity issue – what is Ecology's plan to get ahead of that?
  4. Progress on efficiencies identified for permit writers getting implemented
  5. Tracking inflation increases vs. growth increases – Ecology came into this only looking at inflation increases for the overall permit cost. It was a surprise when the overall revenue collected had increased quite a bit due to growth. Permittees don't want to be hit with inflation increase if it is built in with growth increase.
  6. Overall workplan - two phases, RE now, more exploration, implementation strategy and follow up items, goals/what we're trying to accomplish
- **Comment:** For the smaller facilities (10-15 households), should Ecology be looking at those facilities. Do they even need a NPDES permit?

#### Next Steps – Slides 23-24

- Communication Tools To-Do List
- Draft up final recommendations
- Document the group's next steps
- Meet again in 4 weeks

## Committee Decisions

### Fee Schedule Recommendation

- The committee recommends using the existing fee structure methodology (based on Residential Equivalents (REs)) for the 2023 fee rule update, updated to achieve the staffing level agreed to earlier. This is calculated to be an annual rate of \$3.43 per RE.
- The committee also recommends meeting in 2024 to explore in more detail other options for a fee structure.
- With 9 external members voting, the group came to a general consensus with everyone showing either enthusiastic or lukewarm support.

### Requests for Additional Information

- The group has identified a list of additional data or informational needs they request Ecology look into before reconvening in 2024. Requested items include:
  - o Water quality rate setting philosophy
  - o Workload data (how many hours it takes to write and manage each permit)
  - o Ecology's strategy to get ahead (and stay ahead) of the issue of water quality permits increasing complexity
  - o Progress update on Ecology's efficiencies identified by permit writers in an earlier process improvement workgroup
  - o Tracking how fee revenue grows vs. inflation as a result of RE growth
  - o Considering whether smaller treatment plants need NPDES or SWD permits, or whether there is a simpler tool available that still protects water quality
- The committee also identified key elements of a summary of this process to help other jurisdictions understand our recommendations. This overall workplan might include:
  - o Describing the two phases of fee changes (using REs at a higher rate now; considering other options and reducing the use of other fee sources in 2025)
  - o Describing areas for further exploration, our implementation strategy and follow up items
  - o Our overall goals/what we're trying to accomplish
  - o Reminders about what the fees cover