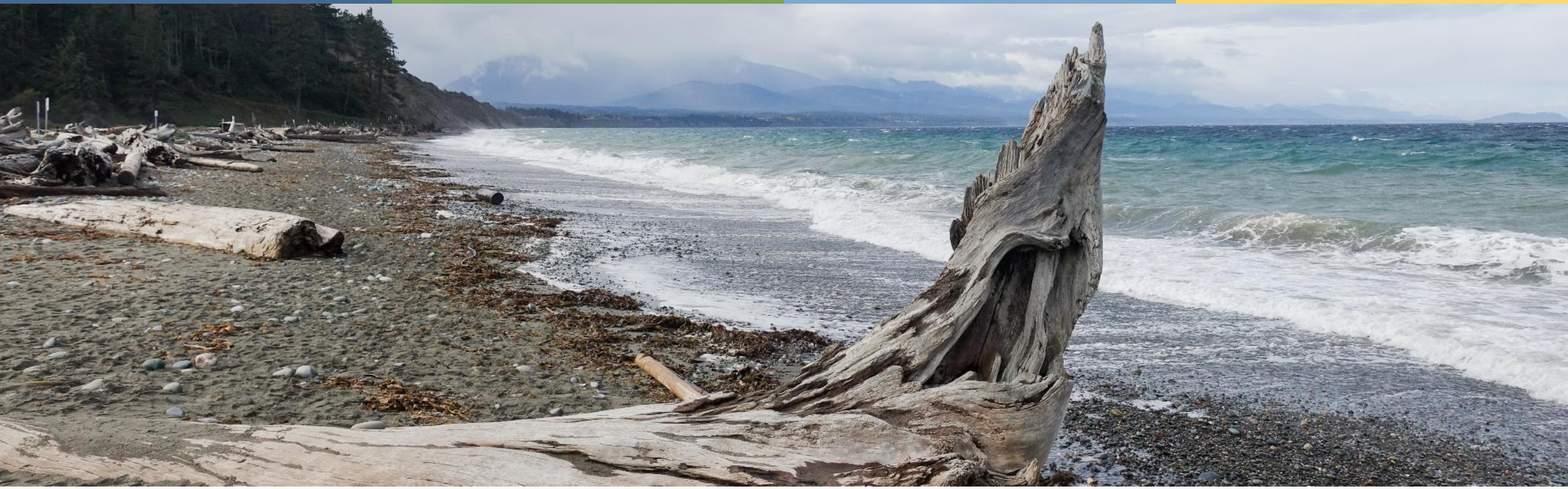


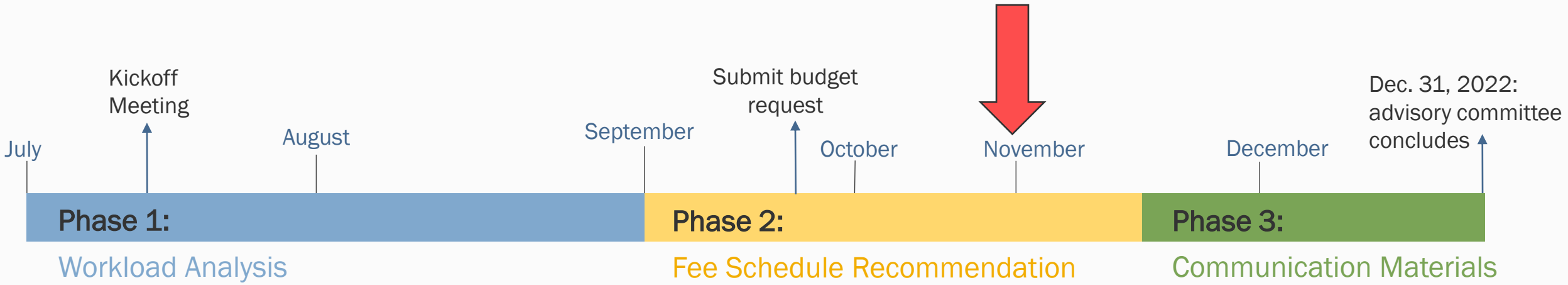
DEPARTMENT OF ECOLOGY
State of Washington

Wastewater Permit Fees Stakeholder Advisory Committee

Meeting 8

October 31, 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.

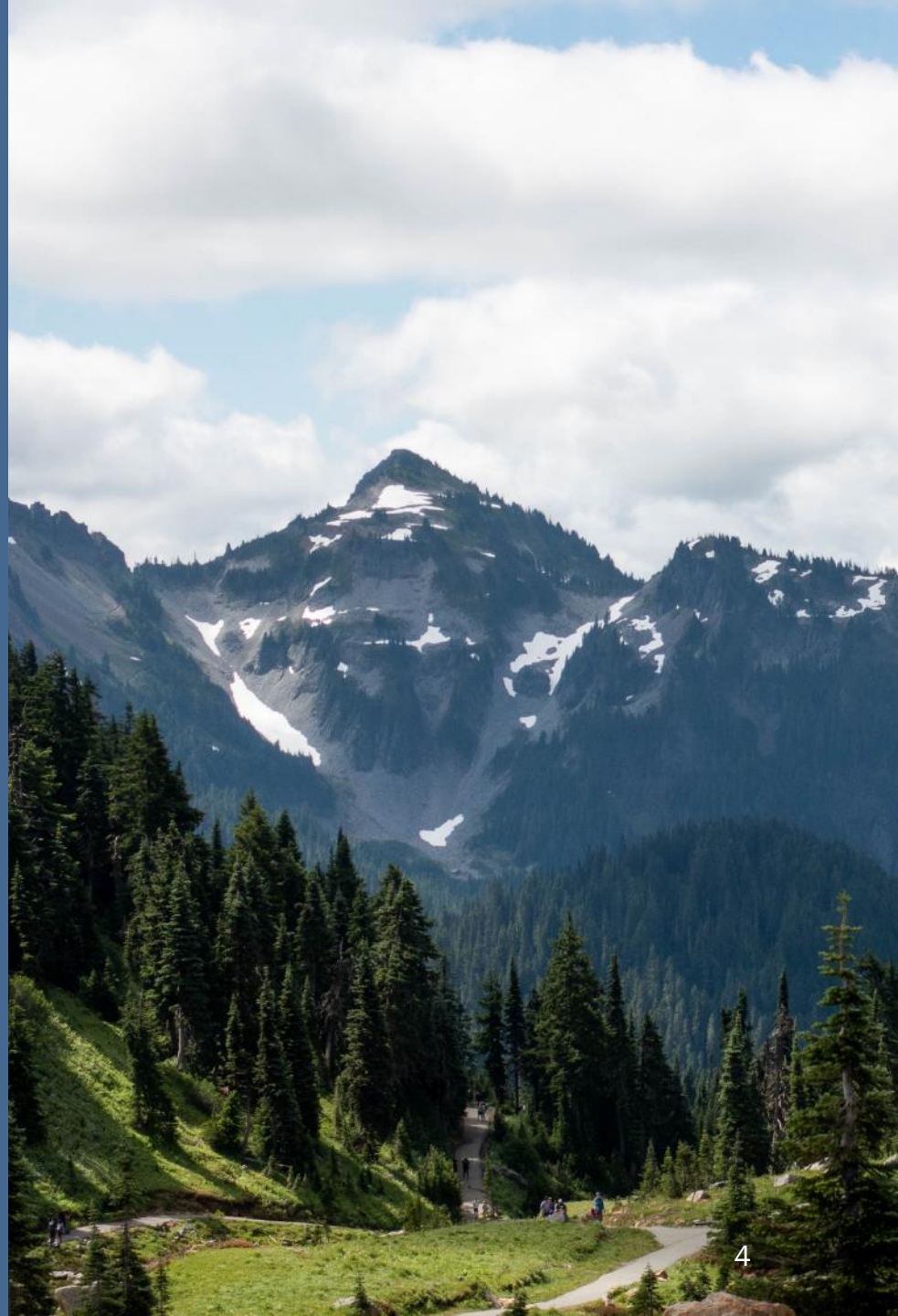
Deliverable #3: Communication Materials (optional)

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

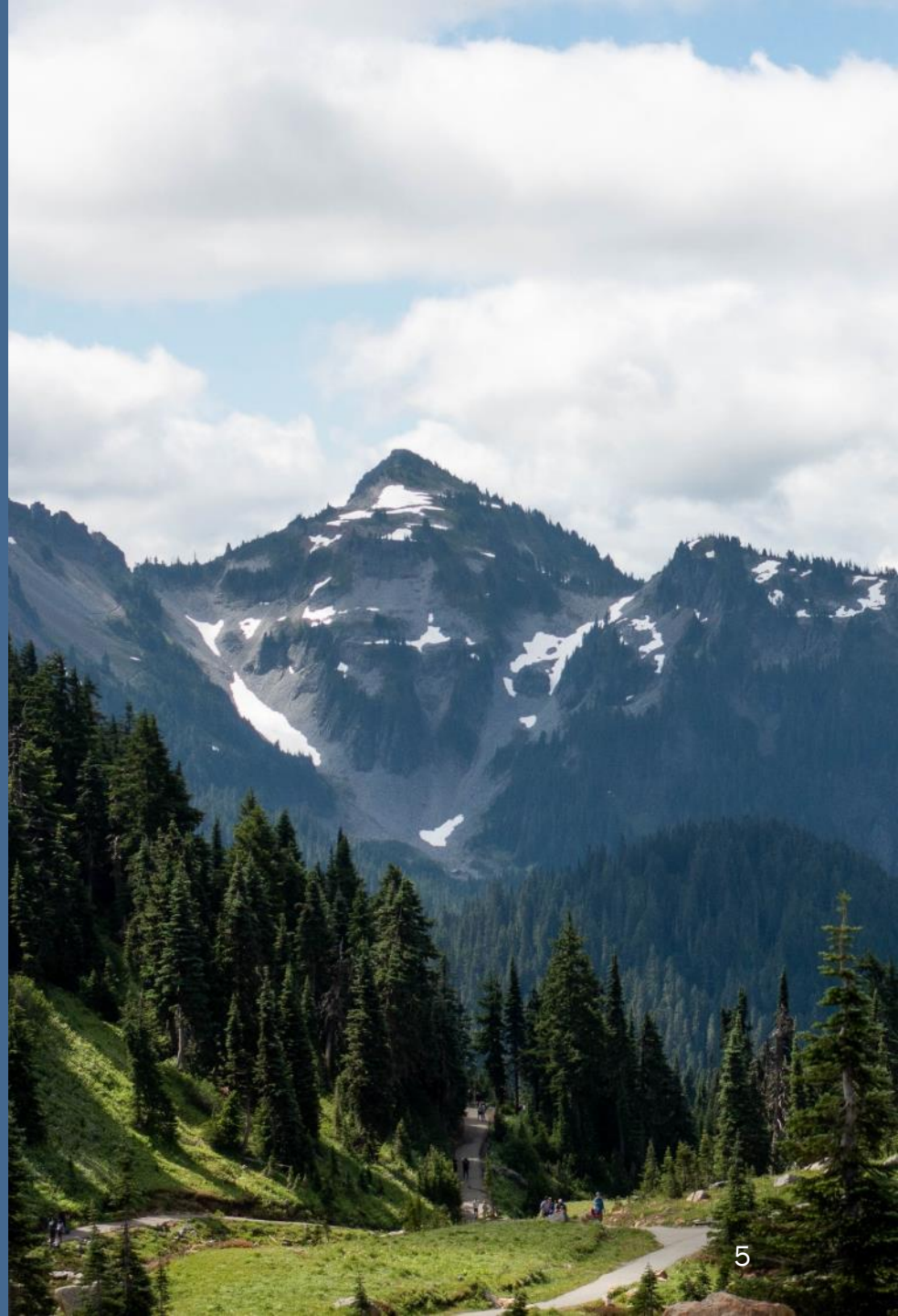
Meeting Agenda

1. Approval of Meeting Minutes
2. Drafting a Recommendation: Problems We Encountered
3. Alternative Fee Structures
4. Decision Making
5. Communication Tools
6. Next Steps

Approval of Meeting Minutes



Drafting a Recommendation: Problems We Encountered



Solvable Issues We Found

As we started pulling data for a fee based on actual flow, we identified several questions to resolve:

- How many years of data underlie the fee model and the fee invoices?
- Which data are used? Influent or effluent? What if one or both are blank?
- How do we incorporate overflows, wastewater that does not go through the facility? (SSOs can be more common than CSOs. Both are a lot of work for permit managers.)

More Issues We Found

As we got deeper into the data, we found:

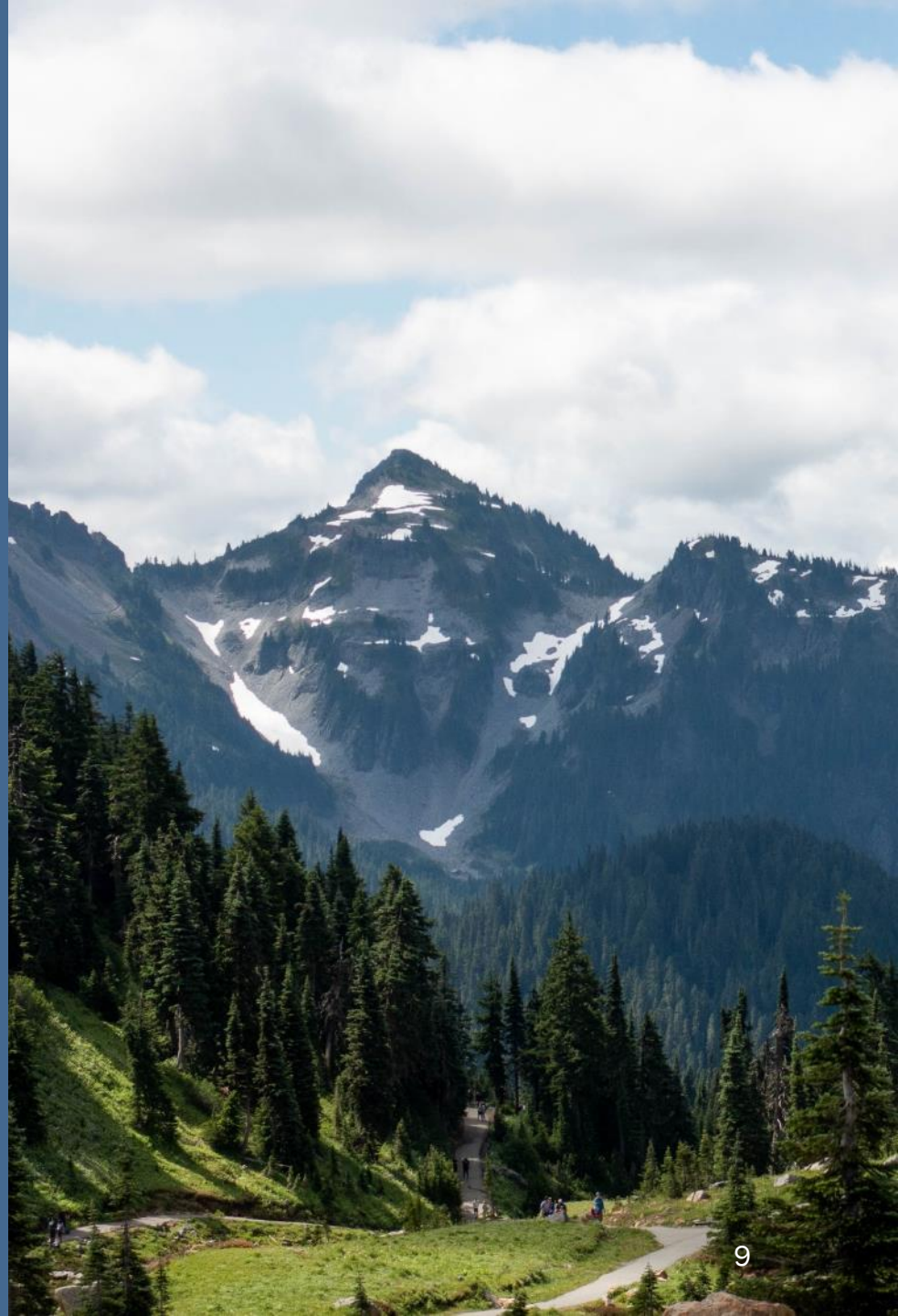
- Data issues
  - Variable data – will affect revenue collection
  - 58% of facilities with effluent greater than influent… Infiltration and leaking? Irregular use of fields in PARIS (influent, effluent, wastewater)? Poor calibration on the equipment? Data entry error?
- The Solid Waste Program uses our REs to calculate their Biosolids permit fees
- Other permit categories that use flow-based fees use design flow.

Using Actual Flow Data for 2023

Ecology no longer views this option as viable, at least for the 2023 fee rule update:

- Without confidence in our flow data, we could create an inaccurate or unfair fee schedule
- The Solid Waste Program relies on our REs to calculate their Biosolids permit fees
- Potential ripple effect on other permit categories that use design flow as their basis.
- Additionally, the permitting work is a function of the facility, not the actual flow (design flow is more appropriate).

Alternative Fee Structures



Minimum Fee

- We will incorporate a minimum fee with any scenario
- This would impact approximately 32 facilities, most of which are currently using flow because they are small and irregular.
- With a design flow-based structure, the smallest facility is projected to have a $24 total fee. The proposed $250 minimum fee would be a 10x increase for this facility.

Revenue Target(s)

- We initially calculated an eventual revenue target of $8.7 M to cover the costs of a staffing level that eliminates the permit backlog and removes the use of other fund sources.

Revenue Target	Covered Costs
$7.5 M	Staffing to eliminate backlog.
$8.3 M	Staffing AND inflation
$8.7 M	Staffing AND other fund sources.

- We've agreed to phase in that third cost (other funds).
- When we add inflation to the original $7.5 M target, we get a new target for 2023 of $8.3 M.

RE Based

RE Based Structure – Flat Rate, Phased

Every facility has the same rate:

$3.43 per RE per year

This is a little less than shown in some earlier work, due to refined calculations.

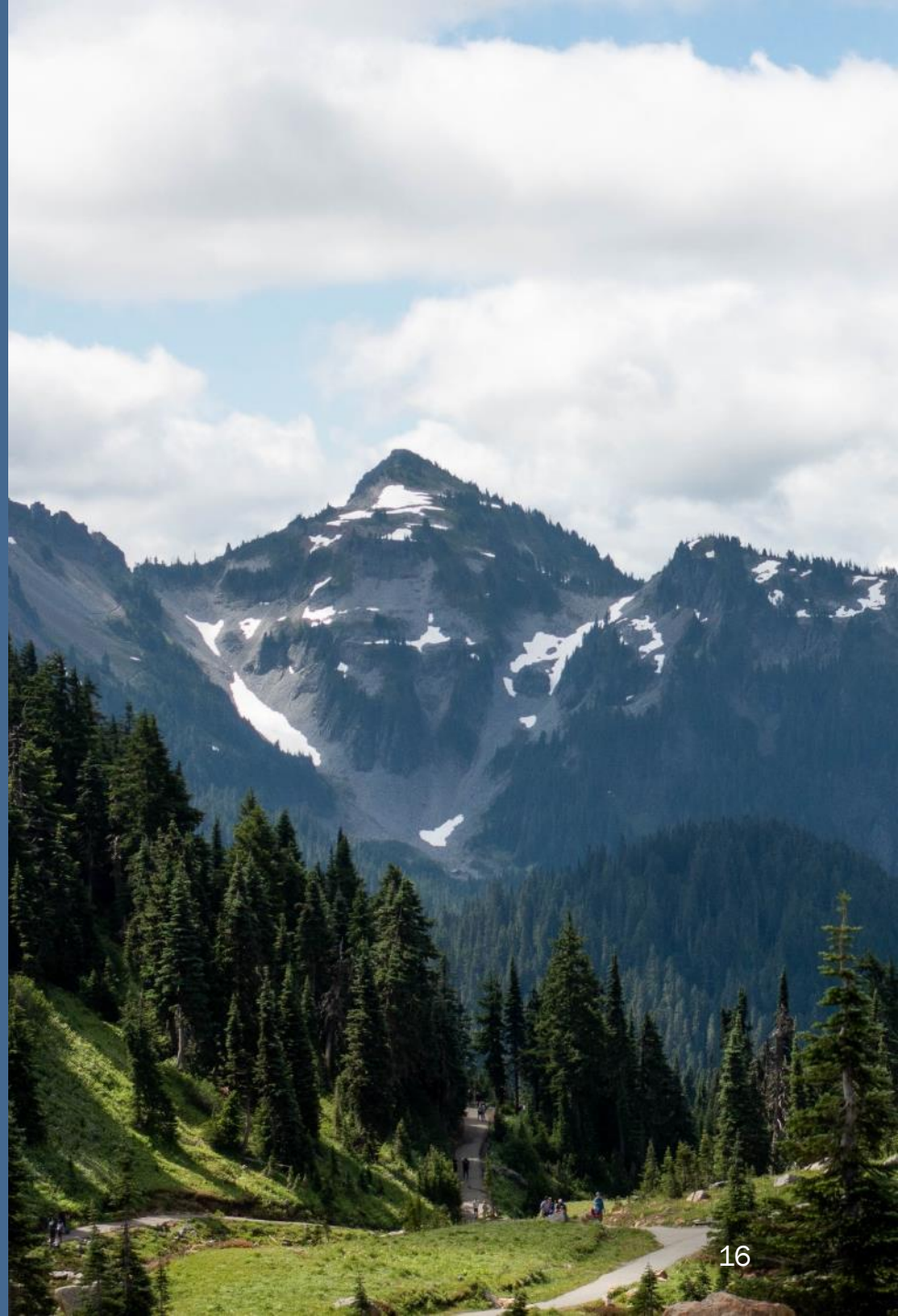
Design Flow Based

Flow Based Structure – Flat Rate

Every facility has the same rate:

$6,977 per million gallons per day (MGD)

Decision Making



Pros & Cons: RE vs. Design Flow

	RE	Design Flow
Pros	• Familiar • Based on households • Consistent with Biosolids permit fees • Probably best reflection of actual flow and pollution abatement	• Intuitive • Data already in database
Cons	• Additional work for Ecology and permittees to calculate • Local utility rate structures affect the RE calculations	• It will be an adjustment for most facilities • An imprecise proxy for water volume treated, especially small communities – could be less accurate than REs • Execution risk
+/-	• How does complexity tie into these variables? • Methodology can be adjusted in rule	• Combined sewer systems pay more • Ties in the complexity variable and population growth • Data rarely changes

Choosing a Structure

RE

- REs as the basis for the fee
- Flat rate
- Minimum fee
- Estimated Rate:
  $3.43* per RE per year

or

Design Flow

- Design flow as the basis for the fee
- Flat rate
- Minimum fee
- Estimated Rate:
  $6,977* per MGD per year

*Rates include projected inflation

Variation: RE Now, Flow Later

If the committee prefers flow but has concerns about making the switch now:

- Keep the current RE system for now, increasing the rate to raise revenue
- Switch to a design flow-based system starting in 2025

(Pro: more time to ensure the change goes smoothly; Con: makes two large changes instead of one)

Time to Vote

Fee Structure Options

Option 1 – RE-based structure

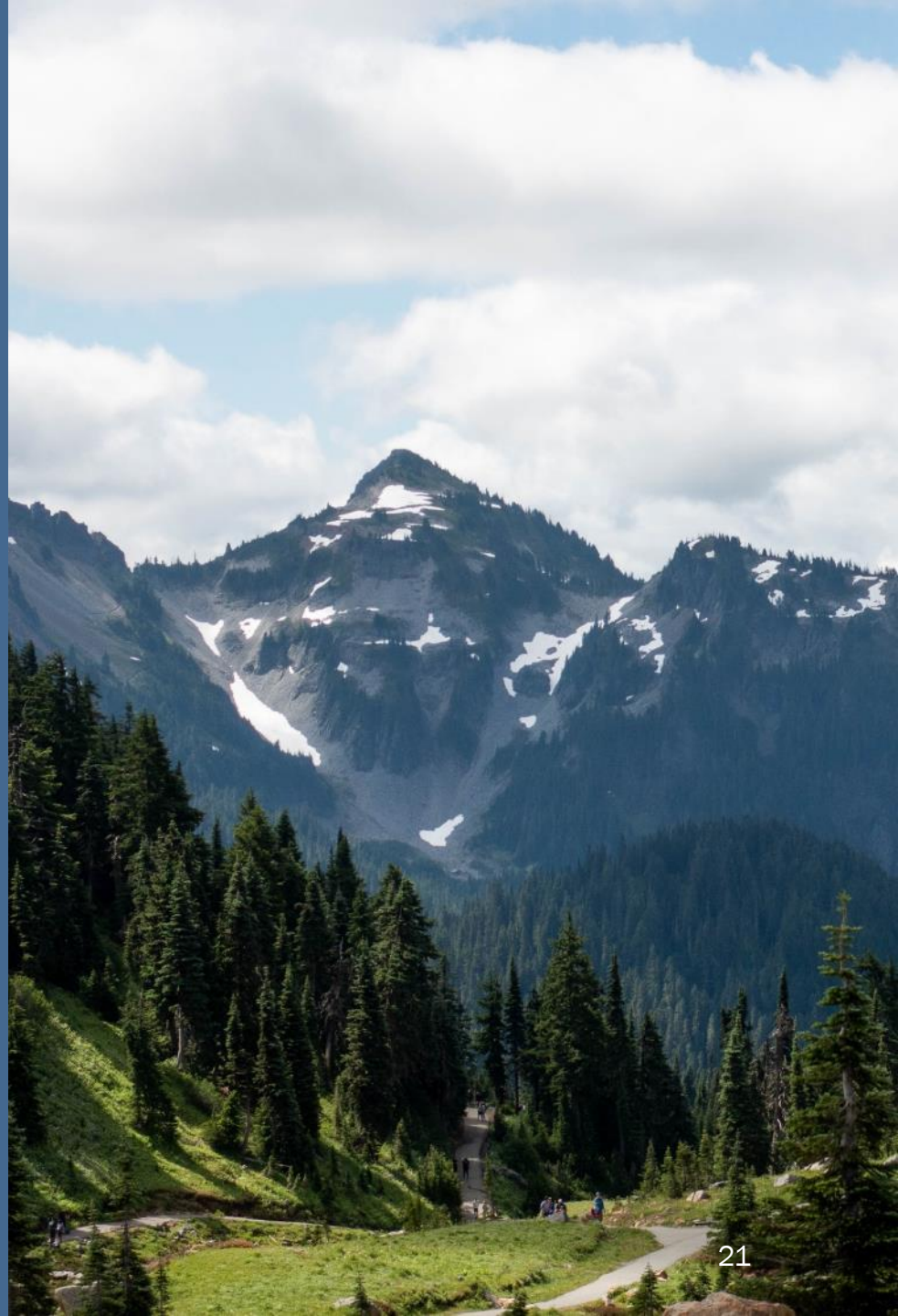
Option 2 – Design flow-based structure

Option 3 - RE Now, Flow Later

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

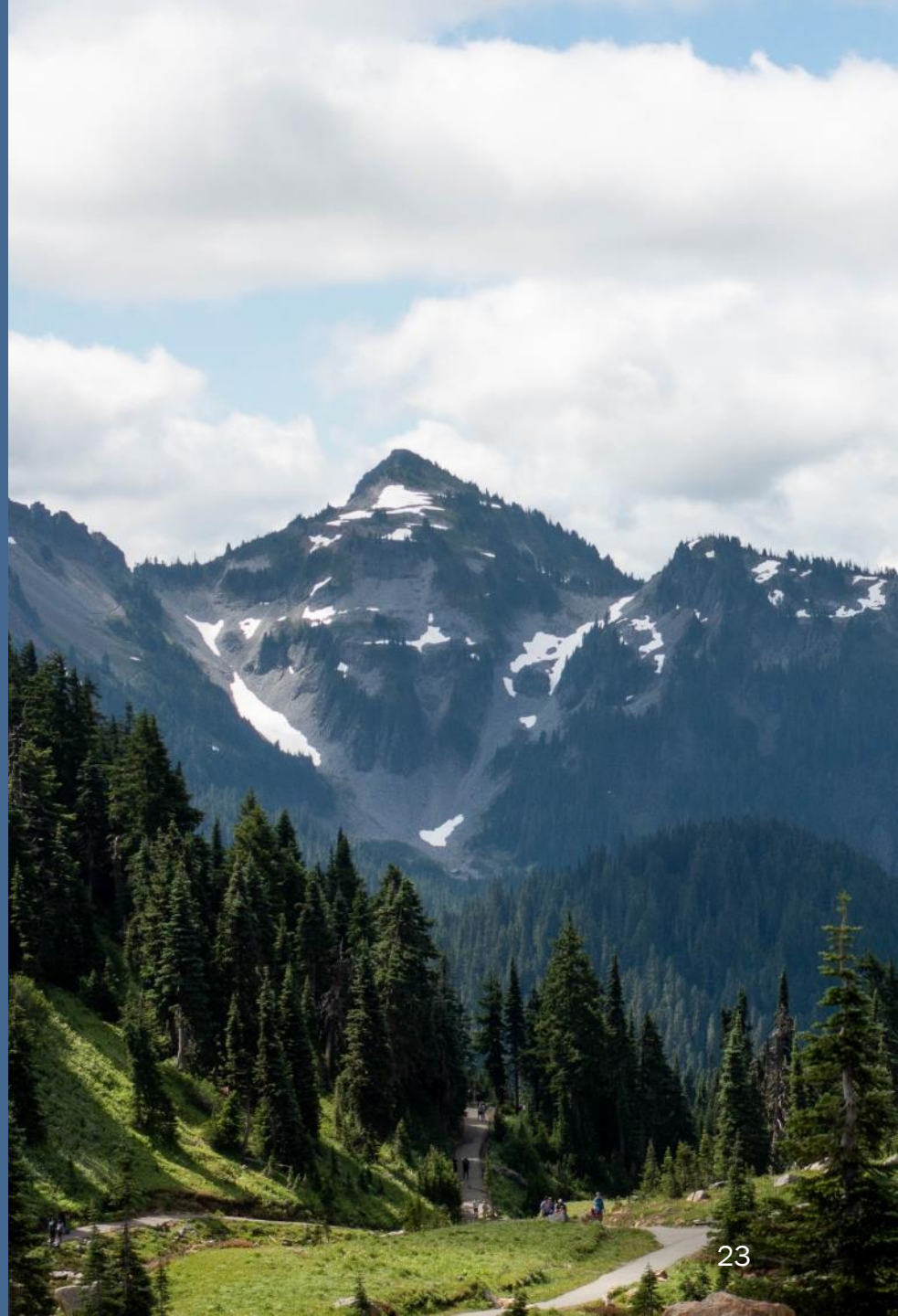
Communication Tools



Potential Communication Tools

- What do we need to share the new system with other permittees?
- What do utilities need to share the rate increase with local communities?

Next Steps



Next Steps

Thank you!

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