

Minutes of the

REGULAR MEETING OF THE METROPOLITAN AREA WATER SUPPLY ADVISORY COMMITTEE

Wednesday, September 27, 2017

Committee Members Present:

Sandy Rummel, Chair, Jeanne Daniels, Randy Ellingboe, Glen Gerads, Todd Gerhardt, Phil Klein, Catherine Neuschler, Steve Schneider, Barry Stock

Committee Members Absent:

Patty Acomb, Jeffrey Berg, Mark Daleiden, Georg Fischer, Dean Lotter, Susan Morris, Michael Robinson, Jamie Schurbon, Lisa Volbrecht

CALL TO ORDER

A quorum being present, Committee Chair Sandy Rummel called the regular meeting of the Council's Metropolitan Area Water Supply Advisory Committee to order at 1:05 p.m. on Wednesday, September 27, 2017.

APPROVAL OF AGENDA AND MINUTES

It was moved by Phil Klein, seconded by Steve Schneider to approve the agenda. Motion carried.

It was moved by Phil Klein, seconded by Steve Schneider to approve the minutes of the July 26, 2017 regular meeting of the Metropolitan Area Water Supply Advisory Committee. Motion carried.

TAC UPDATE

Staff provided an update from the Technical Advisory Committee's September 5, 2017 meeting.

During the meeting, an introduction was provided on current funding sources for water supply. Water utilities typically rely on water rates and water access charges (WAC) to produce the revenue they need to cover their water system costs. Base charges cover administrative costs but not infrastructure, which tends to be funded by volumetric fees and/or WAC charges or property assessments. Bonding for specific projects is the most common mechanism for funding system improvements and requires payment of interest. Little money exists for collaboration or larger regional issues.

During the TAC meeting, a small group discussion took place to develop funding recommendations to the legislature according to statutory requirement. Considerations included how monitoring, modeling and resiliency are currently funded and how a sustainable regional water supply should be funded.

Regional and subregional work has relied on three sources of funding; Clean water Fund, state General Fund and Council Fund. However, State General Fund has been cut resulting in a \$450 million loss of funding while requests for assistance are increasing. MAWSAC and TAC are requested to assist Met Council in making recommendations to the legislature regarding water supply planning funding. Further discussions are anticipated during joint sessions in late 2017 and early 2018.

TAC members prepared recommendations regarding funding for MAWSAC to consider for the Twin City area. Recommendations include:

- Support a regional message about the value of the region's water supplies and sustainable planning and management, creating a shared voice that can be heard;
- Support Metropolitan Council funding requests for collaborative development and update of the long-term regional water supply plan and to support local water supply planning and decision making;

- Support funding structure for implementing regional long-term water supply planning strategies and projects:
 - Proactive long-term supply planning for the region and suppliers
 - Continued analysis of threats and opportunities in area of water supply
 - Development of information and educational tools surrounding supply planning
 - Support for increasing efforts involved in improving water efficiency and conservation in the region (e.g. grants)
 - Development of resiliency planning tools and methodologies
 - Improved intergovernmental cooperation in area of water supply
- Promote a collaborative political climate at all levels of government that supports investment in long-term maintenance, resiliency, and management of local water supply systems. Utilize and improve existing authorities and program to channel funding in a cohesive way for water supply projects in the metro area.

Comments/Questions:

Clarification was requested on verbiage in the second bullet point regarding the meaning of funding requests for collaborative development. A suggestion was made to modify the second bullet point to read “when consistent with the regional water supply plan” rather than “to support local water supply planning and decision making.”

An inquiry was made to clarify the third bullet point regarding funding structure for implementing regional long-term water supply planning strategies and projects and if it would be addressed later in the meeting. Staff stated the TAC wished to look at this topic in a comprehensive way rather than only from a utility perspective.

Group discussion occurred later in the meeting to address questions that were discussed in the Technical Advisory Committee.

BUSINESS

TAC Member Appointment:

Staff reviewed a memorandum received from the Council staff regarding two Technical Advisory Committee members who have resigned. Staff provided three options to consider in order to replace the members on the committee. At the May 24, 2017 MAWSAC meeting committee members directed the Technical Advisory Committee selection committee to provide their final recommendation based on the options provided for reappointment.

The selection committee recommends that MAWSAC appoint the following two individuals to the Technical Advisory Committee:

1. Scott Anderson, Assistant Utilities Superintendent, City of Bloomington
2. Robert Ellis, Public Works Director, City of Eden Prairie

ACTION: It was moved by Glen Gerads, seconded by Todd Gerhardt that the Metropolitan Council Water Supply Advisory Committee approve the appointment of Scott Anderson and Robert Ellis to the Metropolitan Area Water Supply Technical Advisory Committee. Motion carried.

Comments/Questions:

No comments or questions at this time.

Funding Water Supply:

Staff shared a summary of water supply funding considerations to support policy discussion by the committee.

Municipal funding issues exist from a financial and political perspective. There is a lack of funding to replace or renew infrastructure. Political issues exist for permission to conduct long-term planning. If funding is not adequate the cost to catch up on deferred work can get too large, there will not be preparation for emergencies, projects or services would be delayed, and communities would end up paying much more for the projects.

Regional funding issues include the lack of financial funding structure for regional projects and collaboration. The political issues that exist for regions to consider is the resource rather than municipal boundaries and recognize the importance of doing long-term planning.

MAWSAC and TAC coordination and support includes Master Water Supply Plan preparation which serves as the regional framework for water supply development efforts in Metro area communities, response to member requests and the subregional groups, and meetings 12 times per year. The Clean Water Fund has generally provided approximately \$975,000 annually for efforts to support water supply sustainability and \$ 250,000 for water demand efficiency grants. This support has included projects to help improve water use efficiency, assisting with subregional collaboration of 7 active workgroups containing 62-member cities, development of technical information that aides in responsible decision making such as the Metro Model, Stormwater Reuse Guide, and the Water Rates Tool. The Metropolitan Council fund has provided \$100,000 per year for local water supply planning support which includes local water supply planning, well head protection, and comprehensive plan amendment and emergency response documents. The number of plans reviewed has been increasing and has ranged from 50 plans in 2016 and is forecasted to reach 62 for 2018. Currently there is no funding for Water Efficiency Grants and loss of \$250,000 per year from state general funds, which equates to less funding for MAWSAC/TAC and planning.

Important dates are forthcoming that require preparation of responses:

October 4, 2017 – Clean Water Council (CWC) – Budget & Outcomes Committee is meeting to discuss their 10-year funding plan. Should MAWSAC prepare a memo to the Budget and Outcome Committee (BOC) for the BOC's consideration? MAWSAC representation at that meeting would be needed.

December 2017 – Interagency Coordination Team (ICT) – This is a meeting to discuss Clean Water Fund Surplus, if there is any. Should MAWSAC create a memo to ICT to request the BOC consider funding efficiency grants for \$500,000?

2018 ICT and CWC – Should MAWSAC prepare a memo to both entities suggesting that the entities consider having MAWSAC have representation at their entity's meetings?

For Consideration: What is MAWSAC's role in support of other funding requested from other sources such as bonding, State general fund, Met Council fund, etc.? Suggested discussion during a future MAWSAC meeting.

Comments/Questions:

The Minnesota Department of Health visited with water utility operators in greater Minnesota in 2016 and asked about challenges they were facing and noted similar issues. Those wishing to see a summary of the discussion can contact Committee Member Ellingboe.

A Committee member shared he had a conference call with colleagues in other states who discussed how regional systems in their locations came to be, how effective the regional systems have been and what challenges are seen currently and for the future. Funding of regional systems in other states is often addressed by the state. Wondering at a high level if that is a possibility for Minnesota as these issues come up more frequently from small municipalities and systems in Minnesota. How can MAWSAC help further the discussion and offer incentives for areas that have issues?

A Committee member said recommendations should be specific and clear on possible solutions, even if it is a tax that goes in to a pool for programs.

Rates for water related services is inexpensive in the Metropolitan area, compared to greater Minnesota. Water costs in greater Minnesota make the Metropolitan area cost seem extremely inexpensive.

Would it be helpful to have a survey of the level of investment that is occurring in communities and how the level of investment affects rates?

Seems like it would make sense to carve part of the funding out for regional supply issues as a possible mechanism. Staff shared that the DNR and Department of Health tried to increase fees in the past. There was lack of support from the legislature and these fee increases did not happen.

Thinking about a place to raise these issues. In the next couple of months, the Legislative Water Commission will hold small and large City roundtable discussions. May be focused on wastewater. Should be interesting to see what topics are discussed. It was suggested to look at this venue to bring up these issues as well. The members of the LWC will be the ones to influence the Legislature.

How is the make-up of the Clean Water Council determined? Staff stated it is appointed by the Governor. It contains representatives that address different aspects of water. Is anyone on this Council from regional supply planning? Would it make sense to get a member of MAWSAC on that Council? Staff stated this is a great idea. Sandy Rummel serves as the Metropolitan Council representative but is not a voting member.

NOTE: Chair Rummel reminded the committee the Governor's proposal recommended funding for the Water efficiency grants program. It was pulled at the last minute. We would be requesting the funding be added again to the Clean Water Fund request.

What is the mechanism MAWSAC can support requests and funding at the legislative level? Staff stated it is recommended for MAWSAC to participate in Clean Water Council and Interagency Coordination Team regarding clean water funds. Participation at committees, relationships with the entities on the committees is helpful in addition to staff who speak to present.

Would it be helpful to have a session to discuss context for messaging to the Legislature and other committees?

When does the Legislative Water Commission meet? Staff stated they meet monthly. Barb Huberty is available to determine if we would like to be added to an agenda. Discussions through the end of the calendar year pertain to wastewater. Meetings occur the third Tuesday - Upcoming schedule is October 17, November 21, and December 19.

ACTION: A recommendation was made for staff to prepare messages that could be presented to MAWSAC members for approval. Those present supported this suggestion to have staff prepare the messages to BOC and ICT. Memos will be emailed to Committee members for review and approval and may include the dollar amounts being requested.

Note from Committee Member Daniels that Clean Water Council Budget and Outcome meeting is October 4. This committee may not be able to approve a letter before that meeting.

Committee Member Neuschler, mentioned that state agencies may need to review their agency's participation at BOC and ICT meetings. If members of MAWSAC are available to attend it would be helpful. BOC meets one time per month. Next meeting is October 6 from 10:30 am to noon at the MPCA building. Staff will be in attendance.

Policy Discussion: Funding Water Supply:

Staff led the committee in a discussion of policy considerations of water supply funding.

A summary of this discussion is reflected in the appendix of this document.

UPCOMING MAWSAC MEETINGS

1. Joint meeting of MAWSAC/LUAC – November 6, 2017
 - a. Committee Member Klein, who sits on both MAWSAC and LUAC stated a joint MAWSAC/LUAC meeting is being planned because of the interrelationship between infrastructure and water planning in the metropolitan area.
2. Regional gathering of subregional water supply work groups – December 5, 2017
 - a. MAWSAC and TAC to participate in a regional gathering of the subregional water supply work groups. A planning committee is being put together to develop the agenda. The December 5 meeting will occur in Apple Valley at Valleywood Golf Course. Feedback or agenda items can be directed to David Brown at david.brown@metc.state.mn.us or Lanya Ross at Lanya.ross@metc.state.mn.us. NOTE: Because of this meeting, there will be no separate MAWSAC meeting December. TAC will forego having their November 7 meeting because they will be together at the gathering of subregional work groups.
3. Joint MAWSAC/TAC workshop – Planned for January 2018
4. Upcoming agenda items:

Direct agenda items to David Brown or Lanya Ross.

UPDATES FROM COMMITTEE MEMBERS

Upcoming Governor's 25x25 Town Hall Meetings:

Minneapolis – 9/27/17

Burnsville – 10/04/17

Stillwater – 10/05/17

The Minnesota Department of Health recently released a draft of a report on reuse for consideration by stakeholders and state agencies. Comments and suggestions on reuse projects in Minnesota are appreciated.

Staff member David Brown recognized Committee Member Steve Schneider for his award from the Minnesota Section of the American Water Works Association for receiving its highest Section award, the Leonard M Thompson Award. Congratulations.

ADJOURNMENT

Business completed, the meeting adjourned at 3:09 p.m.

Susan Taylor
Recording Secretary

Appendix

MAWSAC September 27, 2017 Meeting – Small Group Discussion

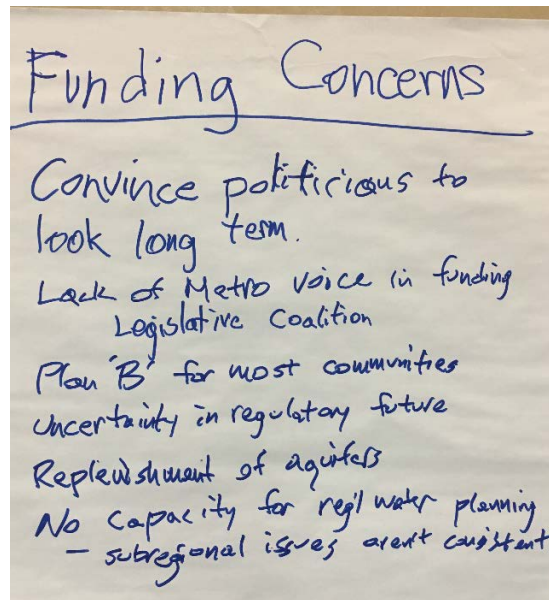
What follows is a summary of the responses provided at this meeting by the small groups to the questions.

When considering all the costs of water supply management and operation:

Where are you most concerned with funding structures?

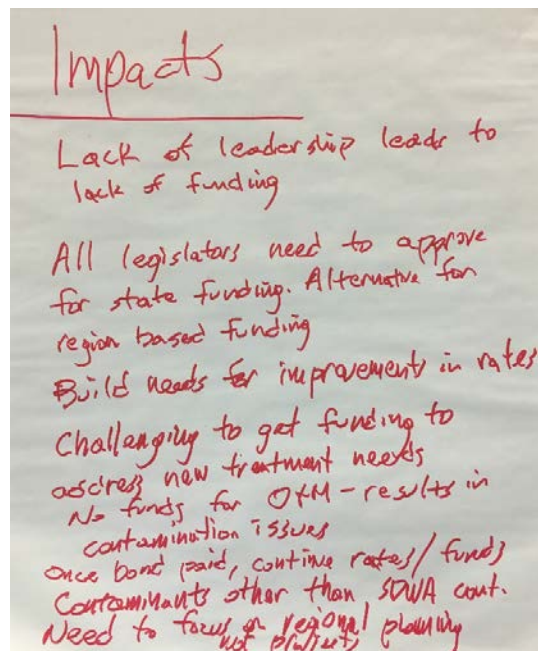
Funding sources? Where are there gaps?

- Convince politicians to look long term
- Lack of Metro voice in funding legislative coalition
- Plan "B" for most communities
- Uncertainty in regulatory future
- Replenishment of aquifers
- No capacity for regional water planning (subregional issues aren't consistent)



When funding isn't adequate, what happens – what concerns you the most?

- Lack of leadership leads to lack of funding
- All state legislators need to approve for any state funding. Alternative for region-based funding.
- Build needs for improvements in rates
- Challenging to get funding to address new treatment needs
- No funds for operation and maintenance – can result in contamination issues
- Once bond paid, continue rates/funds
- Contaminants other than those regulated in Safe Drinking Water Act (SDWA).
- Need to focus on regional planning, not projects.



Are there collaborative approaches to funding gaps? - what are the most important funding gaps to address as a region?

- Educate the politicians
- More money for Drinking Water Revolving Fund (DWRF)
- Tie plans to funding of future projects
- Metro to charge specific fees then redistributed in the metro

