

Minutes of the REGULAR MEETING OF THE METROPOLITAN AREA WATER SUPPLY TECHNICAL ADVISORY COMMITTEE (TAC) COMMITTEE

Tuesday, September 5, 2017

Committee Members Present:

Kristin Asher, Scott Anderson (for Bob Cockriel), Klayton Eckles, Dale Folen, Jennifer Levitt, Mark Maloney, G.H. Crystal Ng, Chris Petree, Lih-in-Rezania, James Stark, Bruce Westby and Ray Wuolo.

Committee Members Absent:

John Dustman, Lon Schemel (resigned – vacant position), and Jamie Wallerstedt.

Dean Lotter, MAWSAC Liaison

CALL TO ORDER

A quorum being present, Chair Mark Maloney convened the meeting of the Council's Metropolitan Area Water Supply Technical Advisory Committee (TAC) at 1:03 p.m. on Tuesday, September 5, 2017.

APPROVAL OF AGENDA AND MINUTES

The agenda was reviewed with those present and approved unanimously:

The minutes of the June 27, 2017 regular meeting of the Metropolitan Area Water Supply Technical Advisory Committee (TAC) Committee were reviewed and approved unanimously.

BUSINESS ITEMS

1. MAWSAC Update – Lanya Ross, Metropolitan Council

A brief update from MAWSAC was provided. Collaboration was the topic of their last meeting and MAWSAC expressed interest in mapping their “collaboration network” and sharing the results with the TAC. MAWSAC discussed holding a joint meeting with the TAC, as well as convening a quorum of the members of the sub-regional workgroups. Non-agency members asked agency members to be collaborators, not just regulators and discussion surrounding viewing communities as neighbors ensued.

2. Funding Introduction – Dave Brown, Metropolitan Council

Handouts were provided and discussed which contained information on current funding sources for water supply. Generally, base charges cover administrative costs but not infrastructure. Infrastructure tends to be funded by volumetric fees and/or assessments. Cost of Service rate analyses and resulting rates are not common. Bonding is the most common mechanism for infrastructure improvements, which requires payment of interest. Little money exists for collaboration or larger regional issues.

3. Funding Discussion - Staff asked members to break out into small groups and indicated that this discussion will begin work toward MAWSAC's statutory requirement to provide funding recommendations to the legislature. Members were asked to consider how monitoring, modeling and resiliency are currently funded and how a truly sustainable regional water supply should be funded. Staff provided questions to frame the discussion, as follow:

1. Where are you most concerned with funding structures? Funding sources?
Where are there gaps?

Key comments included that there is a definite gap in funding for regional long-term planning and that declining water use results in declining revenues for water suppliers.

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

Key comments included that deferred maintenance costs more and that communities often shift costs to cover emergency repairs, which puts them even further behind.

3. Are there collaborative approaches to funding gaps?

Key comments included that consistent messaging helps impart the real cost and value of water and that working together to identify better solutions and advocate for increased funding is more effective.

A full account of the answers collected at the meeting is included at the end of these Minutes, under the heading "Water Supply TAC Meeting – Small Group Discussion September 5, 2017".

4. Regional and Subregional Work – Ali Elhassan, Metropolitan Council

MCES Water Supply Planning has relied on three sources of funding, but one of those has been cut. The result is a \$450 million loss of funding while at the same time requests for assistance are on the rise. How can MCES Water Supply Planning meet the needs of the region without adequate funding? MAWSAC and TAC are the taskforce charged with making funding recommendations to the legislature.

5. Information to Provide to MAWSAC – Dave Brown, Metropolitan Council

Staff asked TAC members what they would like to share with MAWSAC, based on the contents of this meeting. Members agreed that the report out of the main topics of discussion should be shared with MAWSAC.

NEXT TAC MEETING

Staff indicated that a meeting of all of the members of the Subregional Workgroups plus all of the members of both MAWSAC and TAC is tentatively scheduled for December 5th. There will also likely be a MAWSAC and TAC joint meeting in early 2018. Staff asked members if the regular November meeting of the TAC should be canceled to allow for attendance in the two joint meetings. Due to time limitations, staff asked members to provide their responses via email.

ADJOURNMENT

Business completed, the meeting adjourned at 3:06 p.m.

Jinger Pulkrabek
Recording Secretary

Water Supply TAC Meeting – Small Group Discussion September 6, 2017

NOTE: Yellow circles (●) indicate comments repeated by multiple TAC members.

HOW TO FUND
 REQUESTS FROM MET REQUIRED MANDATES
 HOW CAN TAC/MAWSAC HELP FILL GAPS?
 - PRESENTATION TO LWC?
 - TASK FORCE RECOMMENDATION?

MAWSAC FUNDING CONCERNS

- REG PROJECTS
 - RECHARGE
 - WHERE DIST. PEOPLE BENEFIT
 - DATA FOR DECISIONS?
 - REPLAKE/RENEWAL? SUSTAINABLE?
- LONGTERM PLANNING (REG)
- Δ IN COST OF SERVICE RATES
- DECLINING USE & ↓ INFRASTRUCTURE FUNDING
- AGING EXACERBATES
- POLITICAL CLIMATE
 - VIEWED AS A TAX (DEFERRED)

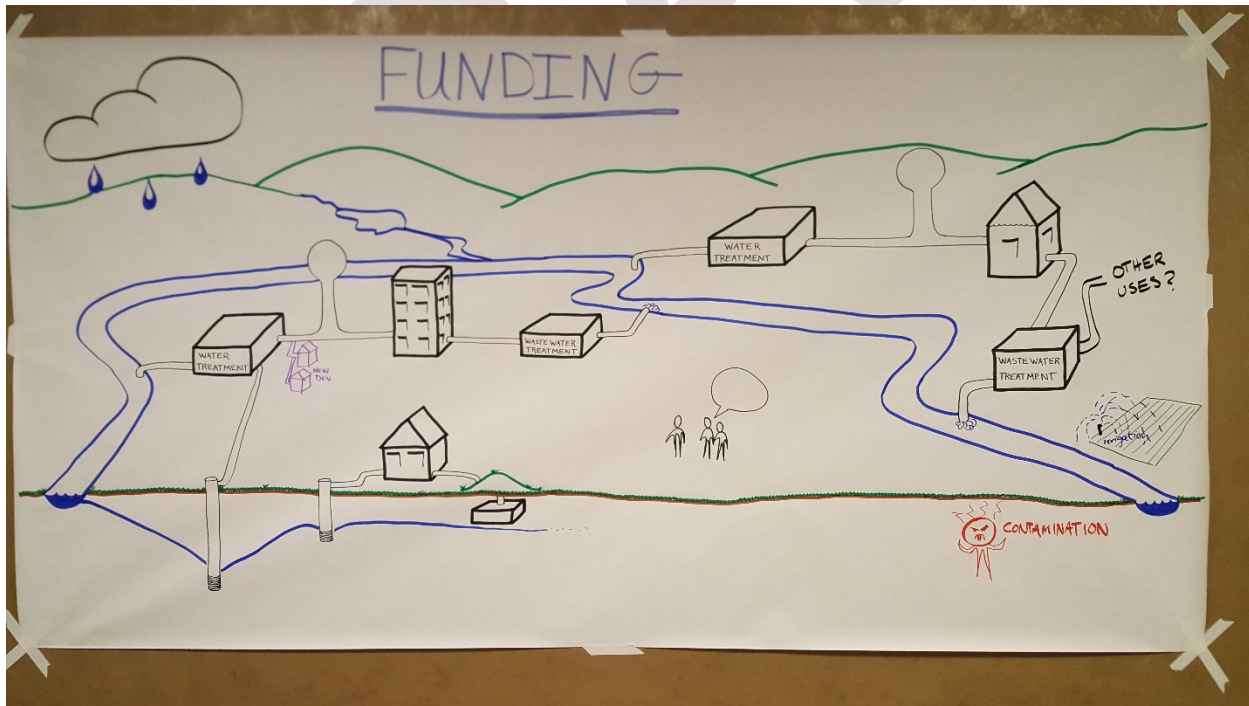
COMMUNICATING
 - COUNCILS (FROM SHARED TO THEIR TERMS)
 - RESIDENTS (PENALIZED FOR CONSERVATION)
 DATA FOR DECISIONS
 TOOLS
 SUPPORT FOR COLLAB.

IMPACT CONCERNS

- COST TO CATCH UP ON DEFERRED WORK = TOO BIG
- LOOSE PUBLIC TRUST
- EQUITY
- PAY MUCH MORE THAN NEEDED
 - LOCALS GO IT ALONE
 - FIXING = MORE THAN RECHARGING
 - SUBSIDIZING METS PAYING MORE
- NOT PREPARED FOR EMERGENCY
 - NEEDS SRF/OTHER FUNDS (SCHEDULED)
 - DELAYING OTHER PROJECT/SERVICE

COLLABORATION

- INDUSTRY COMMUNICATE VALUE TO CUSTOMERS
 - BROWSE ASSESS FOR VALUE TO ALL (NOT WATER)
 - SCHEDULED BY MANDATE/TIME
- LOBBY FOR FUNDING
 - LWC SHOULD TRY TO RECHARGE LOCALS
 - LOCALS SHOULD TRY TO RECHARGE LOCALS
- REGIONAL/STATE/LOCAL PARTNERS
 - DIALOG W/ NEIGHBORS
 - OPER RESOURCES
- REG. DATA COLLECTION
 - LWC STAFF/OTHERS (COUNCILS, OTHERS)
- REG. SOURCE OF \$/LEADERSHIP TO INCENT LOCAL ACTION, GOOD BEHAVIOR
 - WATER EFFICIENCY GRANTS, OTHER
 - REGIONAL PROGRAMS, GOALS
- RESOURCE, NOT MUNIC., BOUNDARIES
- MET COUNCIL W/WASTEWATER (REUSE?)



Where are you most concerned with funding structures? Funding sources? Where are there gaps?

●●Regional projects. Examples:

- Recharge
- Where distribution is not where people benefit
- ●Data and tools for decisions

The costs to replace/renew – are current revenue and funding structures adequate to address future costs?

●●●Long-term planning

●City Councils and Utility Boards reluctant to change to cost-of-service rates

●Declining water use reduces revenue available for new or replacement infrastructure funding. Many utilities do not collect funds and save adequately to replace aging infrastructure. Increasing amount of infrastructure at end of useful life is increasing need for funds that haven't been recovered.

Political climate

- ●●Water rates or fees to cover water supply systems may be viewed as a tax and tend to be deferred

Communicating

- Councils, who may prefer to fund short-term and visual things
- Residents, who may feel they are penalized for conservation

Support for Collaboration

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

●The cost to catch up on deferred work can get too big to fund with rates

●Lose public trust

Equity

●Communities end up paying much more than needed

- How to pay for a “forever” system?
- Locals go it alone
- The cost to fix problems is more than the cost to prevent problems
- ●Borrowing means paying more

Not prepared for emergencies

Delaying other projects/services

Are there collaborative approaches to funding gaps?

● *Industry communicates value to customers*

- Broad message regarding the value to all (One Water)
- Shaped by MAWSAC/TAC

● *Lobby for Funding*

- Loud enough to be heard through other lobbying for transportation, etc.
- Work with others, local leaders

Regional/state/local partners

- Dialog with neighbors
- Open Resources

Regional data collection

- Like the Stormwater Research Council, others

Regional source of funding, leadership to incent local action, good behavior

- Water efficiency grants, others
- Regional norms, goals

Consider boundaries of water resource, not of municipalities

Met Council with wastewater

- Reuse?
- Other funding mechanisms?