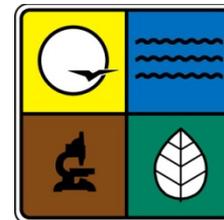


# Affordability

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Ad Hoc Meeting, August 2014

Lacey Hirschvogel



**MISSOURI**  
**DEPARTMENT OF**  
**NATURAL RESOURCES**

## **The Nature of Affordability (Cost Analysis for Compliance)**

- Consistent with Section 644.145, RSMo (revised in 2012 and 2014)
- Any new requirements within the permit or enforcement action
- The cost analysis will influence derivation of the schedule of compliance
- The cost analysis does not determine whether or not an upgrade will be required
- The cost analysis does not take place of a Factor 6 UAA

# Senate Bill NO. 642 (2014)

- Department is working on changes to the analysis.
- New treatment options
- **Addition of a new criteria** - Inclusion of ongoing costs of operating and maintaining the existing wastewater collection and treatment system, including payments on outstanding debts for wastewater collection and treatment systems when calculating projected rates (also in SB 664)

# New Treatment Options

- Land Application – could be appropriate for communities up to 150,000 gallons per day
- Has the potential to be a more affordable option
- The best option for **THE BIG PICTURE!**

# New Treatment Options

- Extended Aeration Package Plants – Facilities up to 50,000 gallons per day
- More Practical Treatment Option for smaller communities
- May still result in a high burden for very small communities

# New Treatment Options

- Addition of a new criteria
  - Drafting a “Financial Questionnaire Form”
  - Will be available on the website with the applications
  - An application without the supplemental form will be deemed as incomplete



# Financial Questionnaire Form



MISSOURI DEPARTMENT OF NATURAL RESOURCES  
 WATER PROTECTION PROGRAM, WATER POLLUTION BRANCH  
**FINANCIAL QUESTIONNAIRE**

**NOTE ► AN ATTEMPT WILL BE MADE BY THE DEPARTMENT TO FIND FINANCIAL INFORMATION THAT IS NOT PROVIDED THROUGH THIS FORM FROM READILY AVAILABLE SOURCES.**

**1. GENERAL INFORMATION**

FACILITY NAME	PERMIT NUMBER #MO-
CITY	COUNTY

**2. GENERAL FINANCIAL INFORMATION (ALL FACILITIES)**

2.1	Number of connections to the facility: Residential _____ Commercial _____ Industrial _____
2.2	Current sewer user rate: Based on a 5,000 gallon per day usage \$ _____
	The sewer user rate is (check one): <input type="checkbox"/> Rate Capacity (set rate) <input type="checkbox"/> Pay as You Go
2.3	Current operating costs for the facility (excludes depreciation):
2.4	Bond Rating (if applicable):
2.5	Bonding Capacity: <i>General Obligation Bond capacity allowed by Constitution: cities=up to 20% of taxable tangible property; sewer districts=up to 5% of taxable tangible property</i>
2.6	Current outstanding debt relating to wastewater collection and treatment: <i>Debt information is typically available from your community's annual financial statements</i>

# Financial Questionnaire Form

- Includes the how, when and where to find information to complete the form
- Affordability Assessment Tool for Federal Water Mandates was used as the reference
  - Prepared for: the US Conference of Mayors, American Water Works Association, and Water Environment Federation
  - By: Stratus Consulting

# Senate Bill NO. 642 (2014)

- Annual Report
  - Total number of findings of affordability
    - Affordable
    - Not meeting the definition of affordable
    - Those implemented as a Federal Mandate
  - Average Increase in sewer rates
    - Various forms and percentages
  - Also in SB 664

# Senate Bill NO. 664 (2014)

- "Affordability", with respect to payment of a utility bill, a measure of whether an individual customer or household **with an income equal to the lower of the median household income for their community or the state of Missouri** can pay the bill without undue hardship or unreasonable sacrifice in the essential lifestyle or spending patterns of the individual or household...

# State MHI

- \$47,333 as stated in the 2012 ACS median household income (dollars)
- Inflation factor updated once per month
- Ensures the low and fixed income population is taken into consideration in a higher income area.

# What the changes mean....

- No more range of estimated costs associated with mechanical treatment
- The addition of socioeconomic indicators into the Financial Capability Table
  - % Households in Poverty
  - % Households relying on Food Stamps

# No more ranges

- Most practical treatment option
- More appropriate technology for design flow
- More accurate depiction of what the financial situation could look like

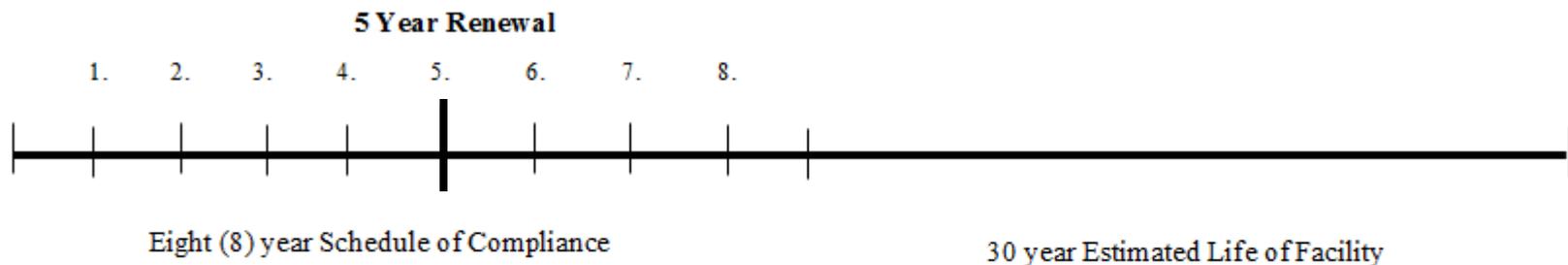
# What the changes mean....

- Schedules of Compliance will look different
  - Longer schedules to include education, assistance, integrated planning?
- Department Community Services Initiative
- Integrated Planning is Important
  - Other environmental obligations and requirements (Drinking water, MS4, I&I, etc...)

# What the changes mean....

- Schedule of Compliance timelines:

Timeline 1: (not drawn to scale)



Year 1. Hire an engineer

Year 2. Evaluation of Rate Structure and Treatment Plant

Year 3. Hold bond election

Year 4. Apply for State Revolving Fund loans and/or grants, submit facility plan

Year 5. Apply for Construction permit and submit an application for renewal of the existing operating permit with new financial and socio-economic data, close on loan.

Year 6. Construction

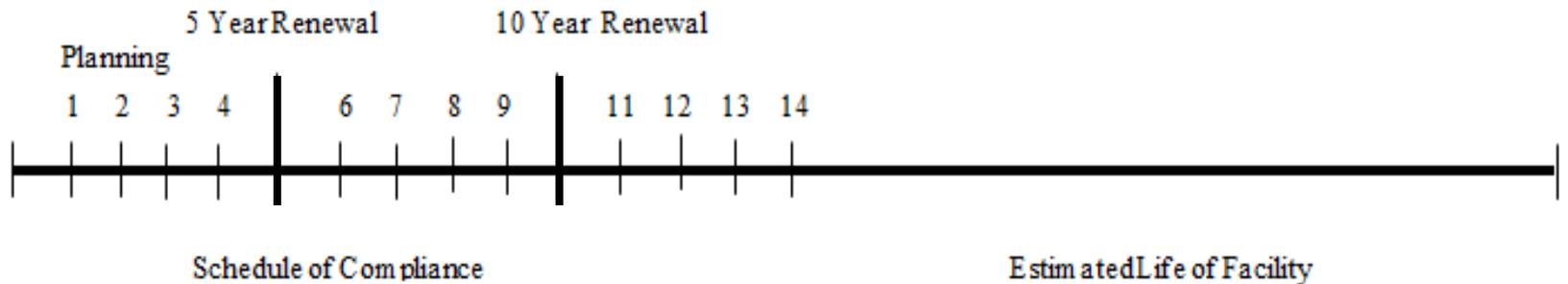
Year 7. Construction

Year 8. Complete Construction

# What the changes mean....

- Schedule of Compliance timelines:

Timeline 1: (not drawn to scale)



**UNAFFORDABLE: OVER 2% OF MHI (20 YEARS)**

**AFFORDABLE: 2% AND UNDER OF MHI (29 YEARS)**

# What the changes mean....

- Schedule of Compliance timelines: All years include Inflow and Infiltration maintenance
  1. Seek Community Assistance from MDNR
  2. Complete Education Assistance Program
  3. Hire an Engineer
  4. Evaluation of Rate Structure and Treatment Plant
  5. Raise user costs to appropriate level, MDNR will reassess analysis at renewal

# What the changes mean....

- Schedule of Compliance timelines: All years include Inflow and Infiltration maintenance
  6. Evaluate Flow and Treatment Options
  7. Evaluate Flow and Treatment Options
  8. Public meetings and hearings
  9. Bond Election, Apply for permit renewal
  10. Permit Renewal, Apply for SRF Funding, Submit Facility Plan and Antidegradation Review, MDNR will reassess analysis at renewal
  11. Apply for Construction and Operating Permit Modification
  12. Construction
  13. Construction
  14. Complete Construction

# What the changes mean....

- Community Services Initiative
  - Hannah Humphrey
  - Communities serving 500 to 5,000 people
  - Regional Office Staff
    - NERO – Denise Haberl
    - KCRO – Stephen Krabbe
    - SLRO – Tracy Haag
    - SERO – Travis Abernathy
    - SWRO – Fred Schlegel
  - Communities will need to seek out assistance

## Integrated Planning

- Communities facing multiple environmental requirements with conflicting deadlines and limited resources should request approval of an integrated plan.
- The plan does not have legal authority to change compliance deadlines, additional actions must be taken.
- If EPA approves an integrated plan, it can only set alternative schedules for items under the CWA.
- If MDNR approves an integrated plan, we intend to consider all environmental requirements (example: solid waste or air pollution)

Questions????!!!!?????

- Please contact Phil Walsack



**Phil Walsack**  
Manager of Environmental Services

Questions???



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