

Clean Water Fee Structure And Improved Clean Water Services

Report to the General Assembly
Pursuant to House Bill 89 (2011)

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Table of Contents

A. Executive Summary	3
B. Overview of Missouri’s Clean Water Activities.....	4
Types of Permits	5
Integration of Permitting, Inspection and Enforcement Activities	5
C. Background of Clean Water Fees	6
D. Current Water Fee Stakeholder Effort	7
Clean Water Fees and Activities Survey.....	7
Stakeholder Meetings.....	8
Clean Water Budget and Budget Shortfall.....	8
Stakeholder Suggestions Related to Fees.....	9
Stakeholder Suggestions for Changes to Permitting Requirements.....	10
E. Recommendations.....	11
Fee Structure Recommendation	11
Recommendations for Clean Water Program Improvements	16
F. Conclusion	19
Appendix A – Results of Clean Water Fees and Activities Survey	20
Appendix B – Fiscal Information Presented at Large Stakeholder Meetings	32
Attachment B-1 – Revenue Sources for Operating Expenditures (FY2011)	33
Attachment B-2– Revenue Sources for All Expenditures (Operating and Pass-Through) (FY2011)	34
Attachment B-3– Annual Estimated Revenues (FY2011)	35
Attachment B-4 – Operating and Pass Through Expenditures by Activity	36
Attachment B-5 – Operating Expenditures by Activity	37
Attachment B-6 – Operating Expenditures by Service	38
Attachment B-7 – Explanation Funding Sources and Restrictions	39
Attachment B-8– Clean Water Funding Average Annual Shortfall	54
Attachment B-9– Clean Water Funding Projected Operating Costs.....	55

A. Executive Summary

House Bill 89, passed in 2011, required the Missouri Department of Natural Resources (hereinafter “the department”) to conduct a comprehensive review of its program and fee structure related to activities undertaken to implement the Missouri Clean Water Law and federal Clean Water Act. Section 644.054.4, RSMo states:

The director of the Department of Natural Resources shall conduct a comprehensive review of the fee structure in sections 644.052 and 644.053. The review shall include stakeholder meetings in order to solicit stakeholder input. The director shall submit a report to the general assembly by December 31, 2012, which shall include its findings and a recommended plan for the fee structure. The plan shall also include time lines for permit issuance, provisions for expedited permits, and recommendations for any other improved services provided by the fee funding.

The department used a series of large and small stakeholder meetings over the course of the last year to review the current clean water fee structure and identify areas for clean water activity efficiency improvements. Through this process, the department worked with stakeholders to develop an updated fee structure and identify improvements for increased permitting efficiency, expedited permits, and other improved services. This report provides a summary of the following: the department’s clean water activities; the department’s budget for these activities; the stakeholder involvement process; recommendations for an updated fee structure; and, efficiency improvements.

The following summarizes the department’s recommendations:

- Continue the use of fees to provide a portion of the financial support necessary for the state to execute its responsibilities in clean water efforts.
- Revise certain program activities to increase efficiency and streamline processes.
- Update the 12-year-old fee structure to address need for additional revenue resulting from inflation and the flat or decreasing revenue from other sources.
- Authorize the Clean Water Commission to adjust clean water fees annually through a public process, within limits to be established by the General Assembly.

The department acknowledges the extensive efforts of stakeholders throughout this process. Typical large meetings lasted most of a day, with stakeholders dedicating additional time and attention to reviewing detailed information in between meetings. We especially recognize the efforts of the following individuals who dutifully represented their sectors in the small group discussions and assisted the department in reaching a clean water fee structure that satisfies many criteria:

Robert Brundage, Newman, Comley and Ruth, PC
David Casaletto, Ozarks Clean Water Foundation
Floyd Gilzow, Missouri Public Utilities Alliance
Phil Walsac, Missouri Public Utilities Alliance

Leslie Holloway, Missouri Farm Bureau
Roger Walker, REGFORM
Kevin Perry, REGFORM
Emily Schwartz Post, Homebuilders Association of St. Louis and Eastern Missouri
Trent Stober, Geosyntec

B. Overview of Missouri’s Clean Water Activities

With the passage of the Missouri Clean Water Law in 1972 and 1973, Missouri accepted the authority to implement the federal Clean Water Act in the state from the U.S. Environmental Protection Agency. This agreement between the U.S. EPA and the department is established in a memorandum of agreement under which Missouri assumes all of the relevant responsibilities of implementing the federal clean water requirements. The most visible aspects of these duties are permitting, inspection and enforcement, as these involve direct interactions between the department and the regulated community.

The department’s responsibilities also include water quality monitoring and analysis, technical assistance and education. Additional responsibilities have been added since the original agreement due to changes and additions to federal clean water law. The most significant additions have been related to stormwater management through permitting and the nonpoint source management effort.

While not part of the delegated program itself, the department also provides financial assistance for construction of wastewater infrastructure projects at publicly-owned treatment works. This has been a popular and beneficial program and has worked well in helping communities keep up with infrastructure needs and comply with new pollution control requirements. Over the life of the construction grants and the continuing revolving loans effort, the state has made available over \$3.6 billion dollars to local communities for their wastewater infrastructure:

State and Federal Construction Grants	\$1,389,656,117
Leveraged Loans	\$1,730,092,661
ARRA Grants, 33 ARRA Loans and SRF Loans	\$220,991,727
Direct Loans	\$296,445,264
SRF Grant	\$100,000
Total (as of June 30, 2012)	\$3,638,185,769

Because the categories of activities supported by the fee revenue are generally permitting, inspection and enforcement activities, the following paragraphs explain these activities in more detail.

Types of Permits

Permitting is central to the state's obligations under the federal Clean Water Act. Therefore, it is important to understand the different types of permits issued by the department. The department issues two basic types of permits pursuant to the Missouri Clean Water Law: construction permits and operating permits.

Construction permits involve the applicant submitting engineering plans prior to construction. The department reviews these plans to ensure they comport with the state's design requirements. Construction permits are not required by the federal Clean Water Act.

The department also issues operating permits pursuant to the Missouri Clean Water Law. These permits are known as Missouri State Operating Permits. These permits are considered the equivalent of the type of permit required pursuant to the federal Clean Water Act, which is known as a National Pollutant Discharge Elimination System or NPDES permit. Therefore, the Missouri State Operating Permits fulfill the state's obligation for permits required by the federal Clean Water Act.

Operating permits are categorized as site-specific permits or general permits. Site-specific permits are crafted specifically for an individual facility. General permits, in contrast, are developed for a number of facilities in a particular business sector. The department is able to craft general permits when a particular industry sector has uniform processes and discharges across the industry sector in question. Some examples of industry sectors for which the department has general permits include: car washes, limestone quarries, and land disturbance activities.

Integration of Permitting, Inspection and Enforcement Activities

In order to maintain a viable program that meets the expectations of our delegation agreement with the U. S. EPA, the department must ensure the permits we issue are in compliance with the law, and we must have a robust program to ensure permittees comply with permits. There are numerous activities required to make sure this happens. Although not an all-inclusive list, the following are some examples of necessary activities:

Pre-permit and Permit Issuance:

- Pre-application meetings or conferences to review site specific conditions that may affect permitting;
- Negotiation and exchange of information necessary to craft appropriate permit conditions;
- Preparation of draft permit;
- Applicant pre-review of draft permit;
- Public notice and comment;
- Review and response to comments from the permit applicant and interested third parties; and,
- Issuance of final permit.

Some of these steps are not expressly required by law, such as negotiation and applicant pre-review. However, it has been the department's experience that, by engaging in these activities prior to issuance of the final permit, permit appeals can often be avoided. This saves time and money for the department and the applicant.

Post-permit activities include inspections, data review and compliance and technical assistance. Most permits include reporting requirements and the department reviews the discharge monitoring reports submitted to ensure the permittee is in compliance. The department conducts compliance assistance visits and inspections to make sure the operation is working properly or, if not, help the permittee make the necessary changes to achieve compliance. The department also must respond to concerns about any operation alleged to be causing pollution. While only a small portion of operations experience formal enforcement action, it is an essential part of the department's responsibilities and it is necessary to ensure equity for compliance among businesses and to ensure Missouri's water resources are protected.

Water quality monitoring is important to clean water efforts in a number of ways from tracking trends and identifying problems to educating Missouri's citizenry on natural resources and supporting the many essential uses of water. Monitoring allows the department to tailor permit conditions to the unique conditions of the waterbody that will receive the discharge. Water quality monitoring often benefits permit applicants by using site-specific data to determine effluent limits that would otherwise be based on protective assumptions.

C. Background of Clean Water Fees

Clean water fees were first adopted in Missouri in 1990 (SB 582). These were amended in 2000 (SB 741), and this bill established the fee structure that still exists today, with the exception of the fee specified for aquaculture facilities, which was established in 2002 (SB 984 and 985). In 2006, the fee structure was extended for two years (HB 1149 and SB 1165). House Bill 1149 also established an interim legislative committee as follows (Section 644.051.4, RSMo.):

There shall be convened a joint committee appointed by the president pro tem of the senate and the speaker of the house of representatives to consider proposals for restructuring the fees imposed in sections 644.052 and 644.053. The committee shall review stormwater programs, the state's implementation of the federal clean water program and related state clean water responsibilities and evaluate the costs to the state for maintaining the programs. The committee shall prepare and submit a report including recommendations on funding the state clean water program and stormwater programs to the governor, the house of representatives, and the senate no later than December 31, 2008.

The interim committee held three meetings across the state, heard witnesses, accepted written comments, and produced a draft report. The draft report offered several recommendations, including but not limited to:

- A 35% increase in permit fees the first year and 3.5% increase in fees per year for the four following years, which together result in an increase of approximately 50% over a five year period. Together these would increase support for clean water activities 50% after five years.
- An increase of \$3.5 million of General Revenue each year.
- All permit fees and general revenue to be adjusted for inflation.
- The department continues streamlining efforts and report on permit timeliness, with expectations that 90% of permits meet time frames after fee structure is revised, and 95% of construction permits meet time frames.

No legislation was initiated based on the report.

In 2009, the fee was extended for one year (HB 661 and 734). Legislation in the 2010 session failed to pass and as a result, the fees expired on December 31, 2010. House Bill 89 passed in the 2011 session with an emergency clause. This resulted in a period where no fees were collected from January 1, 2011 until July 11, 2011, when HB 89 was signed and re-established the existing fee structure until September 1, 2013.

D. Current Water Fee Stakeholder Effort

This section describes the department's current stakeholder effort as required by HB89. It includes a description of stakeholder interaction and an overview of stakeholder suggestions relating to fees and improved services.

The department established a web page and an e-mail list dedicated to Clean Water Fees. Stakeholders, members of the public and any other interested parties were able to sign up for the e-mail list. The department used the Clean Water Fees web page to post agendas, presentations, and handouts from the large stakeholder meetings. The web page also includes a Frequently Asked Questions section and an e-mail form that automatically submits questions regarding the web page or Clean Water fees directly to department staff. The Clean Water Fees web page can be found at: <http://www.dnr.mo.gov/env/wpp/cw-fees.htm>.

Clean Water Fees and Activities Survey

As part of initiating the stakeholder discussions, the department conducted a comprehensive survey on clean water fees and other aspects of the state's clean water efforts. The survey was distributed to several department clean water mailing lists and other people known to have an interest in the department's activities.

A total of 351 surveys were sent out with 176 surveys completed. Overall, survey results indicated a high degree of support for the department's work in clean water, and recognition that protecting water quality is essential for the state's economic vitality. Survey results were presented to the stakeholders for discussion and are, in part, reflected in the department's recommendations. The results of the survey are provided in Appendix A.

Stakeholder Meetings

The department hosted a series of seven large formal meetings that included presentations by the department, open discussions between the stakeholders and department staff, and a compilation of stakeholder desires and opportunities for improving efficiency and effectiveness. These meetings were open to the public and were streamed live over the Internet. The large meetings were conducted in three phases.

In the first phase, encompassing three meetings (October 25, 2011, January 12, 2012, and March 7, 2012), the department provided background on clean water funding sources and available uses of the funds, activities and expenditures. In the second phase, which took place over the course of two meetings (May 1, 2012, and June 26, 2012), participants discussed future clean water activities and potential funding methods. In the third phase, which included the final two meetings (October 19, 2012 and November 15, 2012), participants discussed the potential fee structure and programmatic changes.

All of the presentations from the major stakeholder meetings are included on the department's clean water fees web page, and many are incorporated in this report by reference. There was consistent, strong participation by stakeholders in these meetings, both in person and through connection on-line. In-person attendance was typically 20 to 30 people. In addition to meeting in person, these meetings were streamed live on the Internet and recordings of the meetings are posted on the department's website. About 10 people participated at each meeting through this medium.

In addition to these major meetings, the department convened several smaller, ad hoc groups to discuss sector-specific interests in clean water fees, specific policy changes, discuss permit streamlining, and solicit specific recommendations for an updated fee structure.

Clean Water Budget and Budget Shortfall

There are over 20 fund sources for clean water activities including General Revenue, multiple federal grants, water permit fees, Clean Water State Revolving Fund administrative fees and several others. To facilitate understanding of those sources, the department presented various charts during the stakeholder meetings. Fiscal documents referenced here can be found in Appendix B. Using State Fiscal Year (FY) 2011 expenditures as a basis, Attachments B-1 and B-2 display the revenue sources used for operating and pass through (such as loans and grants) activities during that year. Attachment B-3 represents annualized revenue estimates for the various funding sources. The same FY 2011 expenditure data is presented in Attachments B-4, B-5 and B-6 with the focus on the services (or activity) being provided, such as compliance assistance, permitting, inspections, and so on.

It is important to remember that the FY 2011 data represents a snapshot in time. Each year is different and anomalies can occur, such as timing of grant funds, collections and outlays throughout the year. Complexity is added by the allowable uses or restrictions of certain fund sources. To provide a better understanding of the allowable uses or special restrictions for

specific funding streams, the department provided information for each revenue source in Attachment B-7.

While many of the charts presented in the attachments reflect all clean water activities, including State Revolving Fund and non-point source activities, the fiscal focus during meetings held June through November was on the costs to conduct permitting, inspection and enforcement activities. Part of the premise of the proposed fee structure is to make up for the shortfall of clean water funding. Over recent years, funding from other sources has been used to meet immediate needs.

For example, under the Performance Partnership Grant (PPG) with the U.S. EPA, the department has been submitting flexibility requests to the U.S. EPA that allowed us to use federal funds authorized under Section 319 of the Clean Water Act (non-point source funding) for activities authorized under Section 106 of the Clean Water Act such as permitting, compliance assistance, inspections, etc. Through this flexibility, previously approved by the EPA, the department has used funds specifically designated for non-point source activities to fund core clean water program activities. The annual funding achieved through the flexibility was \$1,032,466. EPA has firmly indicated that continued approval of the flexibility request will not be given. Furthermore, the 319 program nationally is under intense scrutiny by Congress, further diminishing the chances that this flexibility could continue even if EPA were to allow it.

With these considerations in mind, the department quantified the average annual funding deficit (annual expenditures in excess of annual revenues). As shown in Attachments B-8 and B-9, the shortfall is based on a four-year average using FY 2014 through 2017 projections. While the projections do include some inflationary factors such as pay plan increases, there were no increases in the budgeted size of the clean water program or projected increases for expanded activities. The department has been holding some vacant budgeted positions, so costs to fill the vacancies were included. To fully fund the currently budgeted program without future use of flexibility under the PPG or use of SRF administrative fees, the projected average annual deficit is about \$2.9 million. This was the target amount used in discussion of funding scenarios.

Stakeholder Suggestions Related to Fees

All stakeholders voiced support for the state of Missouri retaining delegation to conduct clean water activities, as opposed to allowing the U.S. EPA to be the lead agency. In all but a handful of states, the state has delegation for these activities. All stakeholders also recognized the need for fees to be a part of the overall funding mix for the program. The consensus of stakeholders was to increase the fees, recognizing the limitations of a fee structure that is now 12 years old. Both the industrial and municipal sectors expressed interest in reducing the disparity in equity among the various sectors as reflected in permit fees.

Agriculture: The majority of agriculture sector stakeholders voiced support for a fee increase and brought forth a proposal for adjusting the fees for Concentrated Animal Feeding Operations. This proposal is reflected in the proposed fee schedule.

Industry: Industrial representatives supported a fee increase and brought forth a proposal for increasing the fees for industrial process wastewater, industrial stormwater and general industrial permits. This proposal is reflected in the proposed fee schedule.

Municipalities: Representatives from small to medium sized communities voiced support to equalize and raise the connection fee among all communities, rather than continuing the tiered approach in the current structure. In the final proposal, the connection fee was raised to \$1.08 per year across the board (to be divisible by 12 for billing purposes) from a range of 40 to 80 cents based on the size of the community (with larger communities having a lower connection fee.) Some representatives of larger communities voiced support for continuing the tiered system, but had more concern about the administrative fee on State Revolving Fund loans.

Private Wastewater Facilities: Private wastewater representatives commented that while small facilities had many categories of fees based on flow, the larger (>30,000 gallons per day) had a wide range of flows paying the same fee and recommended some differential in larger flows while fees for smaller flow categories were compressed. This group also supported a fee increase and recommendations suggested by this sector are reflected in the proposed fee structure.

Development community: The major focus for the development community was the land disturbance permit. Developers understood the need to raise the fee to account for higher costs since the fees were adopted in 2000, and that the current and proposed fees are considerably less than those in most adjacent states. This sector has traditionally been very concerned about permit timeliness. This issue was eliminated in 2012 by the department's implementation of ePermitting, an online system through which a permit applicant can receive a land disturbance general permit in a matter of minutes.

Stakeholder Suggestions for Changes to Permitting Requirements

Throughout the stakeholder involvement process, there were many suggestions for improving permitting issuance efficiency and performance. The department held multiple meetings with representatives from a variety of sectors to provide forums for candid conversations and sector-specific needs and concerns. The suggestions highlighted below reflect each sector's specific needs and concerns based on their interest in permitting, such as speed, cost or other factors:

Agriculture: Some stakeholders from the agriculture sector requested that the department look at ways to reduce the requirements for construction permits in some situations. Department staff have been and will continue to work with agriculture stakeholders to implement changes to CAFO construction permitting that meet the industry's need for faster permit issuance, while maintaining and enhancing activities necessary to ensure environmental protection.

Industry: Industrial sector representatives indicated an interest in issuing permits as quickly as possible, and recommended several options for implementing an expedited permitting process. The department continues to work with representatives from the industrial sector to examine and apply proposed changes to construction permitting and to formalize a more structured expedited permitting process. This is discussed in more detail later in this report. Industry sector

representatives also requested that the department cease requiring construction permits for their sector. If implemented, this option would allow businesses to begin construction of wastewater treatment facilities at their own discretion and risk. Construction permit reviews are largely focused on ensuring engineering designs comport with design requirements laid out in the regulations. The regulatory requirements are largely focused on domestic wastewater treatment. Furthermore, pollutants of concern vary widely among different industry sectors, and therefore, so do designs for industrial wastewater treatment. These facts lead the department to conclude that construction permit reviews for the industrial sector can be discontinued, as long as the industry sector is willing to forgo this service and take on the liability associated with it. Industry sector representatives have indicated they are willing to accept this trade off.

Municipalities: Municipal representatives requested some changes in certain construction permits issued to municipalities. The department continues to work with municipal representatives on changes to construction permitting.

Private Wastewater Facilities: Small facilities are very interested in technologies that make compliance more readily achieved, particularly with new requirements pending. Private wastewater representatives mentioned a disparity of construction permitting requirements for vastly different types of construction, all under the same fee. For example, a change in the type of disinfection provided by a small facility is treated the same as a major new facility in a large city. The department has initiated a stakeholder focus group for small facilities such as these and will work with private wastewater permittees to assist with implementing new technologies. The department is also continuing discussion on construction permitting activities.

E. Recommendations

The department took all suggestions from the large stakeholder group into consideration as well as input from other stakeholders and offers the following recommendations for the clean water fee structure and enhanced clean water services.

Fee Structure Recommendation

At the conclusion of the stakeholder meetings, it was evident that significant support exists for changes to the clean water fees, both in amount for certain permits since they are unchanged since 2000, as well as in type of activities subject to fees. Construction and operating permits have many different levels of review and have changed over time due to increased regulatory complexity. These changes can be reflected in appropriate fees commensurate with the water quality risk and work involved. For general permits, there is a wide range of potential impact and work involved in various permits. For example, a land disturbance general permit can authorize work on a 1 acre parcel of land, while that same permit could authorize work on 5000 acres. Similarly, some general permits such as land disturbance authorize one-time events while most other general permits authorize continuous operations.

The structure presented here is the department's recommendation. It shows fees for permits and similar reviews, and qualifies them by type, size or complexity of the operation involved. The

proposed fee structure reflects suggestions provided by stakeholders. This recommendation meets the financial need of \$2.9 million identified previously.

Fee Recommendations for Construction Permits

<i>Fee/Activity Type</i>	<i>Current Fee Level</i>	<i>Proposed Fee Level</i>
Sewer Extensions – less than 1,000 linear feet of pipe	\$75 per application	\$200 per application
Sewer Extensions – equal to or more than 1,000 linear feet of pipe	\$300 per application	\$500 per application
Sewage Pumping Station	\$300 per station	\$500 per application
Wastewater Treatment Plant – design flows less than 500,000 gallons per day (excludes CAFO wastewater treatment plants)	\$750 per application	\$1,000 per application
Wastewater Treatment Plant – design flows greater than or equal to 500,000 gallons per day (excludes CAFO wastewater treatment plants)	\$2,200 per application	\$3,000 per application
CAFO Construction – design flow greater less than 500,000 gallons per day	\$750 per application	\$1,000 per application
CAFO Construction – design flow greater than or equal to 500,000 gallons per day	\$2,200 per application	\$3,000 per application
Ag Chem Construction permits – design flow less than 500,000 gallons per day	\$750 per application	\$1,000 per application
Ag Chem Construction permits – design flow greater than or equal to 500,000 gallons per day	\$2,200 per application	\$3,000 per application
Anti-degradation Review	N/A	\$100 application fee; \$100 per hour

The department issues construction permits to entities building, expanding or modifying a wastewater discharge facility. Although the department will be reducing the scope of this activity, some construction permitting will still be necessary. Agriculture representatives proposed the CAFO construction permit fees presented and municipal and industrial stakeholders agreed with the other increases in construction permit fees.

An anti-degradation review is separate from the construction permitting process, but typically happens early in the permitting process, so that activity was grouped with construction permits. Anti-degradation reviews are a new activity, required after the current fee structure was passed. Stakeholders are supportive of the proposed flat fee and hourly fee combination for this activity.

Fee Recommendations for Publicly Owned Treatment Works (POTW) Permits

<i>Fee/Activity Type</i>	<i>Current Fee Level – Connection Prices Per Year</i>	<i>Proposed Fee Level – Connection Prices Per Year</i>
<i>Residential Connections</i>		
>35,000 connections	\$0.40 per connection	\$1.08 per connection
35,000 – 20,000 connections	\$0.50 per connection	\$1.08 per connection
20,000 – 7,000 connections	\$0.60 per connection	\$1.08 per connection
7,000 – 1,000 connections	\$0.70 per connection	\$1.08 per connection
<1,000 connections	\$0.80 per connection	\$1.08 per connection
<i>Industrial/Commercial Connections (excluding fire suppression systems)</i>		

<i>Fee/Activity Type</i>	<i>Current Fee Level – Connection Prices Per Year</i>	<i>Proposed Fee Level – Connection Prices Per Year</i>
1” service lines	\$3.00 per connection	\$6.00 per connection
>1” up to 4” service lines	\$10.00 per connection	\$18.00 per connection
>4” service lines	\$23.75 per connection	\$24.00 per connection

Publicly-Owned Treatment Works (POTW) Permits are held by municipalities. They are billed a yearly fee based on the number of residential and the number and size of industrial connections. The previous structure was tiered based on the number of residential connections. Representatives from small and medium sized communities voiced support to equalize and raise the connection fee. The resulting fees are all divisible by 12 for billing purposes as many cities bill residents monthly or quarterly.

Fee Recommendations for Site-Specific Industrial Permits

<i>Fee/Activity Type</i>	<i>Current Fee Level</i>	<i>Proposed Fee Level</i>
<i>Industrial Process Flows</i>		
Categorical Industries with design flow \geq 1,000,000 gallons per day	\$5,000 per year	\$6,000 per year
Categorical Industries with design flow < 1,000,000 gallons per day	\$3,500 per year	\$4,200 per year
Non-Categorical Industries with design flow \geq 1,000,000 gallons per day	\$2,500 per year	\$3,000 per year
Non-Categorical Industries with design flow < 1,000,000 gallons per day	\$1,500 per year	\$1,800 per year
<i>Industrial Stormwater</i>		
Design flow \geq 1,000,000 gallons per day	\$2,350 per year	\$2,800 per year
Design flow < 1,000,000 gallons per day	\$1,350 per year	\$1,800 per year

The proposed fee level for site-specific industrial permits reflects stakeholder proposals from industrial representatives.

Fee Recommendation for Concentrated Animal Feeding Operation Permits

<i>Fee/Activity Type</i>	<i>Current Fee Level</i>	<i>Proposed Fee Level</i>
Class IA CAFO	\$5,000 per year	\$6,000 per year
NPDES CAFO IB	\$150 per application	\$450 per year
NPDES CAFO IC/II	\$150 per application	\$350 per year
MSOP CAFO IB	\$150 per application	\$300 per year
MSOP CAFO IC/II	\$150 per application	\$150 per year

The proposed fees for CAFO permits reflect proposals from agriculture representatives.

Fee Recommendations for Domestic Sewage (Non-Municipal) Permits

<i>Fee/Activity Type</i>	<i>Current Fee Level</i>	<i>Proposed Fee Level</i>
Design flow < 5,000 gallons per day	\$100 per year	\$150 per year
Design flow 5,000 to < 6,000 gallons per day	\$150 per year	\$300 per year

<i>Fee/Activity Type</i>	<i>Current Fee Level</i>	<i>Proposed Fee Level</i>
Design flow 6,000 to < 7,000 gallons per day	\$175 per year	\$300 per year
Design flow 7,000 to < 8,000 gallons per day	\$200 per year	\$300 per year
Design flow 8,000 to < 9,000 gallons per day	\$225 per year	\$300 per year
Design flow 9,000 to < 10,000 gallons per day	\$250 per year	\$300 per year
Design flow 10,000 to < 11,000 gallons per day	\$375 per year	\$600 per year
Design flow 11,000 to < 12,000 gallons per day	\$400 per year	\$600 per year
Design flow 12,000 to < 13,000 gallons per day	\$450 per year	\$600 per year
Design flow 13,000 to < 14,000 gallons per day	\$500 per year	\$600 per year
Design flow 14,000 to < 15,000 gallons per day	\$550 per year	\$600 per year
Design flow 15,000 to < 16,000 gallons per day	\$600 per year	\$1,000 per year
Design flow 16,000 to < 17,000 gallons per day	\$650 per year	\$1,000 per year
Design flow 17,000 to < 20,000 gallons per day	\$800 per year	\$1,000 per year
Design flow 20,000 to < 23,000 gallons per day	\$1,000 per year	\$1,000 per year
Design flow 23,000 to < 25,000 gallons per day	\$2,000 per year	\$1,000 per year
Design flow 25,000 to < 30,000 gallons per day	\$2,500 per year	\$3,000 per year
Design flow 30,000 to < 100,000 gallons per day	\$3,000 per year	\$3,000 per year
Design flow 100,000 to < 250,000 gallons per day	\$3,000 per year	\$4,000 per year
Design flow 250,000 to < 500,000 gallons per day	\$3,000 per year	\$5,000 per year
Design flow 500,000 to < 1,000,000 gallons per day	\$3,000 per year	\$6,000 per year
Design flow \geq 1,000,000 gallons per day	\$3,500 per year	\$7,500 per year

Private wastewater facilities hold most of the non-POTW domestic wastewater permits. The previous fee structure had 19 separate fee amounts based on small increments in design flow of the facilities. Representatives of private wastewater facilities requested fewer categories for low design flows, but expanded categories for larger design flows. Their recommendation for a fee increase and 9 fee amounts based on design flow is reflected in the recommendation.

Fee Recommendation for General Permits

<i>Fee/Activity Type</i>	<i>Current Fee Level</i>	<i>Proposed Fee Level</i>
<i>Land Disturbance Permits</i>		
Land Disturbance < 5 acres	\$300 per application	\$500 per application
Land Disturbance 5 to < 10 acres	\$300 per application	\$600 per application
Land Disturbance 10 to < 25 acres	\$300 per application	\$750 per application
Land Disturbance 25 to < 100 acres	\$300 per application	\$1,500 per application
Land Disturbance 100 to < 500 acres	\$300 per application	\$3,000 per application
Land Disturbance > 500 acres	\$300 per application	\$5,000 per application
Land Disturbance issued to Cities/Counties	\$300 per application	\$500 per application
<i>General Permits (non- Land Disturbance)</i>		
General Permit for Pesticide Applicators	\$150 per year	\$150 per year
General Permit for Agrichemical Facilities	\$50 per year	\$100 per year
General Permit for Aquaculture Facilities	\$250 per year	\$300 per year
General Stormwater Permits	\$150 per year; \$60 per year	\$200 per year
General Stormwater MS4s	\$150 per year; \$60 per year	\$200 per year

<i>Fee/Activity Type</i>	<i>Current Fee Level</i>	<i>Proposed Fee Level</i>
General Permit – Other Permits not covered above	\$150 per year \$60 per year	\$200 per year

General permits are held by a variety of sectors. Industrial and municipal representatives were supportive of increases in non-land disturbance general permits. The department proposes a tiered fee for land disturbance permits based on the size of land to be disturbed. The development stakeholders recognized the need for a fee increase and were generally supportive of a tiered structure.

Fee Recommendations for Other Permit Fees

<i>Fee/Activity Type</i>	<i>Current Fee Level</i>	<i>Proposed Fee Level</i>
<i>401/404 Certification Fees (dredging or filling activities in waterways)</i>		
401/404 Certification – Minor	\$75 per application	\$150 per application
401/404 Certification – Major	\$75 per application	\$1,000 per application
Permit By Rule – Hydrostatic Testing	\$25 per application	\$150 per application
<i>Permit Modifications – Anyone modifying a permit, including transfer of ownership</i>		
General permits – Ownership Transfer/Name Change (Minor modification)	N/A	\$150 per modification
CAFO permits – Major modification	N/A	\$400 per modification
Municipals – Major modifications	\$200 per application	\$500 per application
Municipals – Minor modifications	\$200 per application	\$250 per application
Other Site-Specific – Major modifications	25% of annual fee	25% of annual fee
Other Site-Specific – Minor modifications	25% of annual fee	\$100 per application
Permit Variance (requests for variance from a water-quality or technology-based effluent limit in the permit)	\$250 per variance request	

The department recommends a tiered fee structure for 401/404 Certification based on the complexity of the project under review. The recommendation for permit modification fees for CAFO permits was provided by agriculture representatives. Industrial and municipal stakeholders were supportive of the additional recommendations for permit modification fees.

Fee Adjustments

In addition to the proposed fee structure increases and changes listed above, the department recommends that a new fee structure include a mechanism to administratively adjust fees. An administrative adjustment recognizes that costs change over time. Any change in fees would be made by the Clean Water Commission after careful review of the department’s clean water activities, revenues and expenditures. This model has worked well in the department’s Air Pollution Control Program, which has a per ton emission fee range, with the specific amount set yearly by the Air Conservation Commission. While the complex nature of the water fee structure may not lend itself to establishing a range, a commission-authorized fee adjustment

could be limited in a different way, for example by some “not to exceed” percentage and made subject to review by the Joint Committee on Administrative Rules.

Fee Sunset

If an automatic fee adjustment is not implemented, the department recommends the proposed fee structure be established for at least a four year period, through September 1, 2017, with report requirements similar to that in HB89 due to the General Assembly by the end of the year before the legislative session considers further clean water funding (December 31, 2016).

Additional Clean Water Funding Considerations

The funding picture for supporting Missouri clean water activities is a complex mix of numerous and tenuous funding sources. It is pieced together annually, with a variety of tools. We will continue to use our existing tools, although there are significant uncertainties that current tools will be in place over the long term. Given this uncertainty and ever-changing requirements, the department is successful in meeting its clean water mission. Much of the credit goes to the extremely high level of dedication by department staff, the regulated community and water advocates throughout the state.

Missouri is in need of sustainable long-term funding for clean water activities. Short-term, fee-based funding sources do not lend themselves to address the larger challenges facing the state, and instead divert department management’s attention from the bigger picture to the immediacy of addressing stopgap needs. Only when there is a reliable funding source will managers be able to focus on big picture clean water issues with a realistic expectation they can address them.

Recommendations for Clean Water Program Improvements

Permit Issuance Timelines

Section 644.051, RSMo requires the department to issue or deny permits within specified timelines. This section also prescribes refunds if a permit decision is not reached by the deadline. The department tracks each permit application and strives to finish work on applications before the deadline. The department reports to the Clean Water Commission on permit timeline performance as required. The Clean Water Commission adopted rules on timelines, and these reflect the statutory time frames. Most permit decisions are reached before the permit deadline. The biennial report to the Clean Water Commission in July 2012 reported 94% of permits with 60-day deadlines and 98% of permits with 180-day deadlines were issued before the deadlines. The department continues to strive to meet permit timelines. Newly implemented and future efficiencies and expedited permit processes, as described below, will help the department maintain and improve permit timeliness.

Provisions for Expedited Permits

Stakeholder interest in expedited permits centers on construction permits and initial operating permits. These are required before a new facility can begin discharging and permit applicants can greatly benefit from faster permit issuance. Stakeholders provided a variety of suggestions for an expedited permit program. The department is reviewing requirements for construction permitting (discussed earlier in report) and is committed to examining ways to expedite construction permits that will continue to be required and site-specific operating permits. Some states have established separate, parallel frameworks for processing permits in an expedited manner and the department is considering these models. The goals of an expedited permitting program would include:

- The ability of applicants to fast-track their applications without causing an appreciable delay in non-expedited applications.
- The ability of applicants to estimate the time frame and cost for an application upon entry into the process.
- Incorporating necessary additional costs into the fee structure.

The most direct way to expedite site-specific permits includes the following steps:

- Establish team of technical staff willing to work overtime to complete work on the permit.
- Meet with applicant to establish schedule and cost expectations.
- Receive a complete and well-documented application with supporting technical information.
- Maintain contact between staff and applicant as needed, and quickly evaluate issues needing resolution.
- Issuance of permit and payment of fees.

A process like this should be reflected in statute and is dependent upon staff availability. Existing staff could volunteer to work overtime (overtime cannot be required for merit system employees) or the department could re-employ retired department employees who have experience drafting permits as needed with 1000-hour appointments. Both of these options must consider the department's maximum FTE limit.

The department also considered the use of outside contractor assistance, however previous experience with contractor use showed that it saved little processing time and did not reduce staff effort on these permits significantly. As the department is responsible for the permits crafted from any source, detailed staff review remains necessary. In the past, the department ended up paying more to the contractors than it received in applicant fees.

As of the writing of this report, several steps have been completed or are underway to expedite permit issuance in general:

- ePermitting - An on-line system for general land disturbance permits was implemented in June 2012. These permits make up approximately 44% of all clean water permits. Formerly, the department used a paper application process that involved several staff and typically took several days. Using ePermitting, an applicant can obtain a general land

disturbance permit in a matter of minutes. The department is now examining other permits which can be incorporated into ePermitting.

- Permit Centralization - The issuance of site-specific permits was centralized within the department's Water Pollution Control Branch in Jefferson City. Previously, site-specific permits were issued through the department's five regional offices and the Water Pollution Control Branch. General permit issuance will be centralized as well. Not only has this led to faster permit issuance timelines, but has also improved consistency, as drafting and issuing of permits takes place under one process and under one review scheme.
- Process Review and Improvements - The department began a review of activities required to obtain permits. Some activities that may be excluded from the requirement to obtain a construction permit include: those that can be administered by local approved programs (sewer extensions); those with minor changes such as sewer replacement or addition of equipment to improve treatment of the existing flow; and private facilities willing to assume complete responsibility for design and performance. These changes will be reflected in rule amendments to Clean Water Commission rule 10 CSR 20-6.010, which are currently underway. Similarly, some permits, such as sewer extension permits, may be administered through a notification process, and this too will be considered in the rule amendments.
- Redundant Public Notice – The department can reduce the number of permits required to go through the public participation process in cases where the permit limits are not changing. Where operating permits require additional treatment and the final limits related to that treatment have already been through the public participation process, any construction permits can be processed without additional public participation. This will reduce the time needed for processing these permits by about two months.

As described above the department is also reviewing requirements for construction permits across several sectors. The department could also allow construction to begin before the issuance of a construction permit (in situations where construction permits are still required), provided the permit applicant understands and agrees that the applicant bears the entire burden of compliance, including correction of any facility that does not meet the final approved design. Stakeholder discussions on construction permitting requirements are ongoing and the department looks forward to cooperatively working with interested parties to reduce burdensome and time-intensive requirements while maintaining provisions necessary to protect public health and the environment.

Other Improved Services

The department continues to examine ways to provide better services to our permittees and the public. Two on-going endeavors focus on small facilities and implementation of electronic reporting for permittees.

The department has convened a task force to examine the challenges of small facilities in greater detail and offer recommendations for targeted technical assistance. In this forum the department is searching for ways to assist small systems as they strive to meet water quality requirements using new technology, applying new techniques to older technology, or minimizing water quality requirements by moving to no-discharge systems.

The next major information technology project for clean water permittees will be a new electronic discharge monitoring report system. This on-line system will allow permitted facilities to file required reports electronically, saving time and money while reducing errors inherent in the present paper-based system. This system is expected to be available online by spring 2013, and users will be phased in over time.

F. Conclusion

The availability of high-quality water resources for uses such as agriculture, industry, boating, fishing, and drinking water are critically important to Missouri's economy and quality of life. Supporting the efforts that achieve, improve and maintain water quality is an essential task that is best carried out by the state. The recommendations for the fee structure and efficiency improvements in this report will address the current financial shortfall and will allow Missouri to continue to provide this critical role for our citizens and industries.

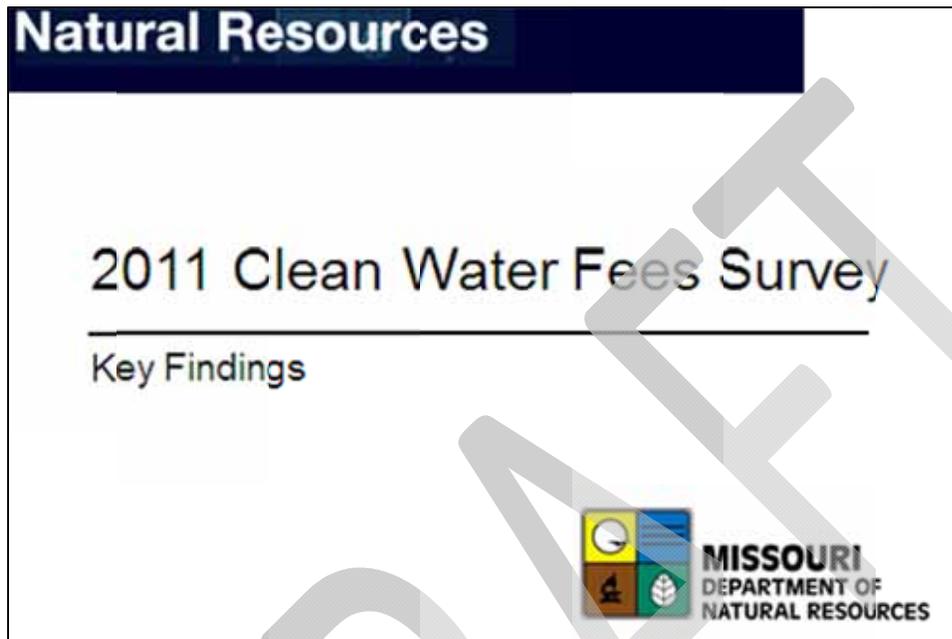
The department appreciates the opportunity to share information and analyze Missouri's clean water activities and funding structure with our stakeholders. In partnership with our stakeholders, the department examined ways to improve administration of our responsibilities under state and federal law. The department would like to thank the General Assembly for the opportunity to submit this report. We also thank everyone that participated in the stakeholder meetings or otherwise presented suggestions for improvement. The department will continue to work with interested parties to explore opportunities to improve services in the future.

This report is respectfully submitted on December 31, 2012 to the 96th Missouri General Assembly.

Appendix A – Results of Clean Water Fees and Activities Survey

The following survey results were presented to the stakeholders at the January 12, 2012 stakeholder meeting. The information presented here can also be found at:

<http://www.dnr.mo.gov/env/wpp/cwforum/01122012-cw-fee-survey-results.pdf>.



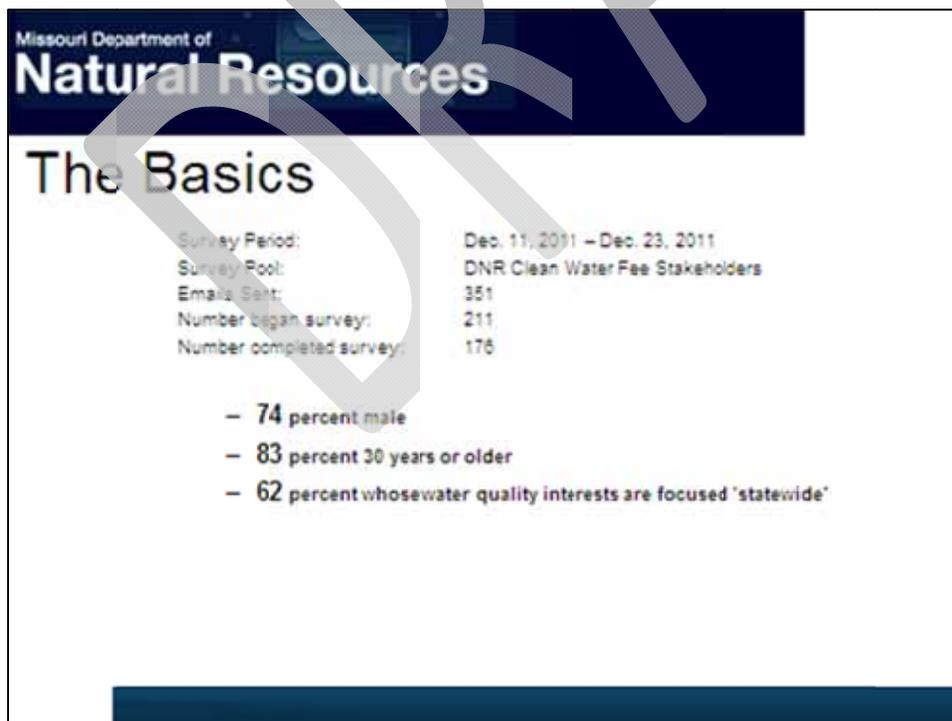
Natural Resources

2011 Clean Water Fees Survey

Key Findings



MISSOURI
DEPARTMENT OF
NATURAL RESOURCES



Missouri Department of
Natural Resources

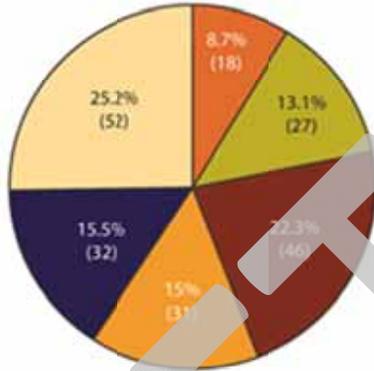
The Basics

Survey Period:	Dec. 11, 2011 – Dec. 23, 2011
Survey Pool:	DNR Clean Water Fee Stakeholders
Emails Sent:	351
Number began survey:	211
Number completed survey:	176

- 74 percent male
- 83 percent 30 years or older
- 62 percent whose water quality interests are focused "statewide"

Who participated:

Which category best describes your organization or the organizations you represent?



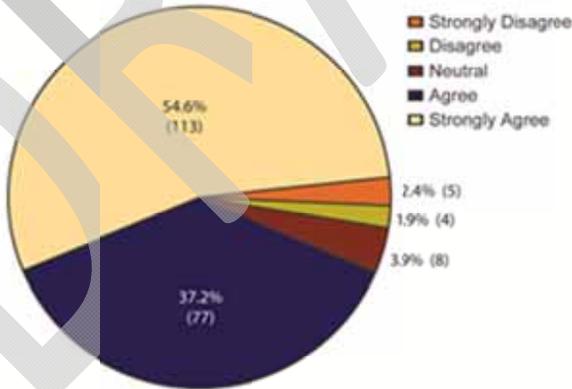
- Member of the public/not affiliated with an organization, municipality, industry or small business
- Elected state official
- State or federal government employees
- Environmental Advocacy Group
- Employee Representative of a single Municipality or community regulated by the Missouri Clean Water Law

I am concerned with water quality in Missouri.

91.8 percent of those surveyed agreed or strongly agreed they were concerned with water quality in Missouri.

Neutral responses came from public, single companies and multiple representation category respondents.

Disagree/Strongly disagree responses came from environmental advocacy respondents.



- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

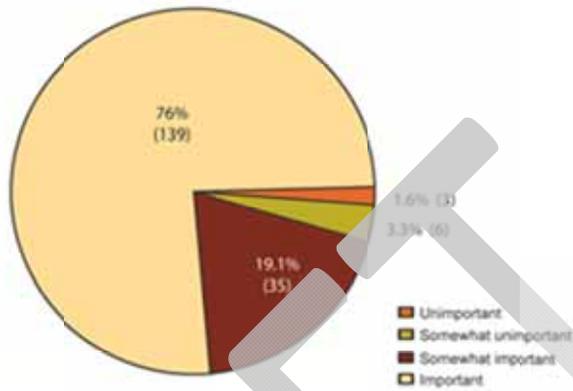
Missouri Department of
Natural Resources

85 percent surveyed said assistance or outreach was important or somewhat important to ensuring clean water in the state.

84.7 percent surveyed said assistance and outreach were important or somewhat important to themselves or their organizations.

Only 31 percent of single-company respondents said they had benefitted from assistance and outreach activities compared to a high of 73 percent of multiple-entity representatives and 67 percent of single-municipality respondents.

How important is assistance and outreach to ensuring clean water in Missouri



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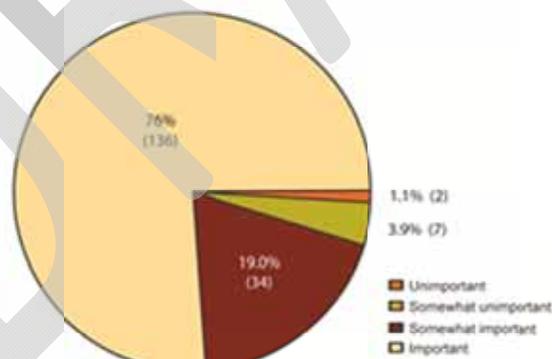
90 percent surveyed said EMM was important or somewhat important to ensuring clean water in the state.

Suburban respondents agreed EMM was important to the state (100%) and to their organization (92%), but found the least benefit (43%) among land types.

Single entities – both private (33%) and public (53%) – reported the least benefit.

Only state/federal respondents and environmental advocacy group respondents showed greater than 50 percent benefit rates among group types and only urban respondents showed greater than 50 percent benefit among land use types.

How important is environmental monitoring and modeling to ensuring clean water in Missouri?

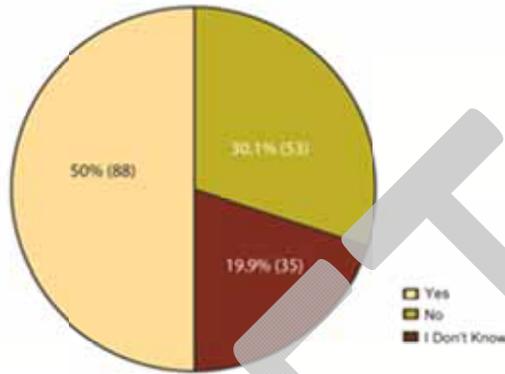


Have you, your organization or the organizations you represent benefited from Clean Water compliance assistance activities?

50 percent surveyed said they or their organizations had benefited from compliance assistance while 30 percent said they had.

93 percent of single municipality respondents said CA was important for water quality, but only 31 percent of them said their organization had benefited.

100 percent of single company respondents answered that CA was important to the state and to their organizations. 67 percent said they had benefited from it.

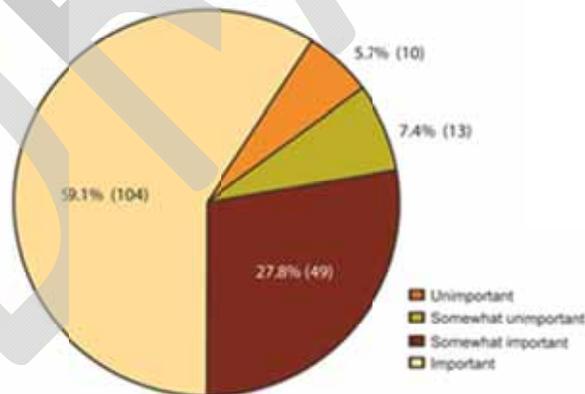


How important is permitting and certification to you, your organization or the organizations you represent?

87 percent surveyed said permitting or certification was important to them or their organizations.

More than 80 percent of every group type responded permitting and certification was important for water quality. Only urban respondents answered it benefited their organizations at a greater than 80 percent rate.

Of the group types that would receive permits (single company, single muni, multiple rep), 79 percent of single munis responded they had benefited, followed by multiple reps (72 percent) and single companies (58 percent).

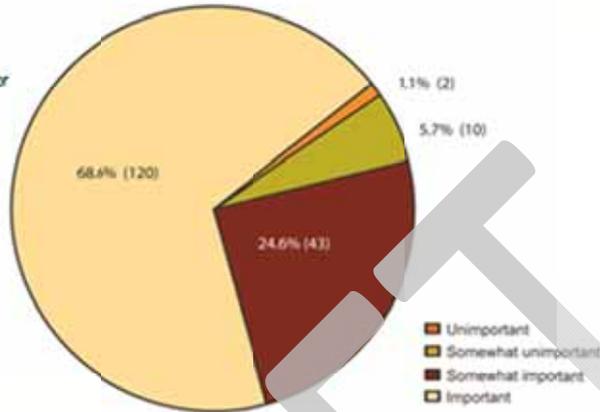


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How important are inspections to ensuring clean water in Missouri?

93 percent surveyed said inspectors were important to ensuring clean water in Missouri.

Two of our three permitted groups (single muni and single company) responded with greater than 50 percent negative to a question about having seen benefit from inspections.

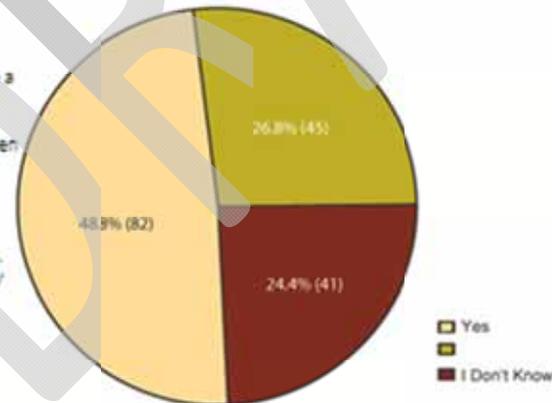


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Have you, your organization or the organizations you represent benefitted from Clean Water investigation activities?

State/federal and environmental advocacy group respondents have a considerably higher positive response rate to a question about whether their organizations had seen a benefit from investigations.

41 percent of single muni users said they or their organization had benefitted from investigations. Only 25 percent of single company respondents answered the same way.



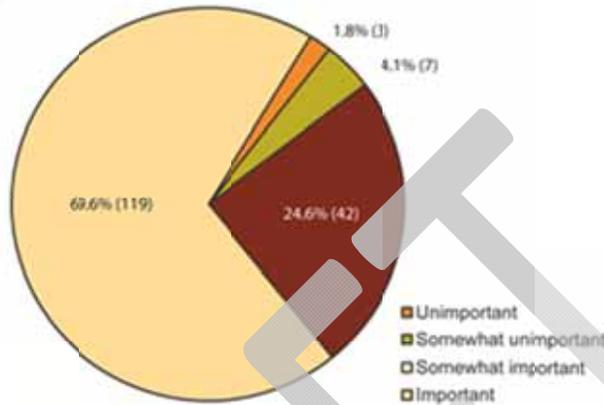
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Natural Resources

How important is enforcement to ensuring clean water in Missouri?

94 percent of respondents answered that enforcement was important or somewhat important in ensuring clean water in Missouri. Nearly 70 percent of the question's responses were "important."

10 percent of single muni users said they or their organization had benefitted from investigations. 18 percent of single company respondents answered the same way.

47 percent of multi reps said they or their organizations had seen a benefit from enforcement.

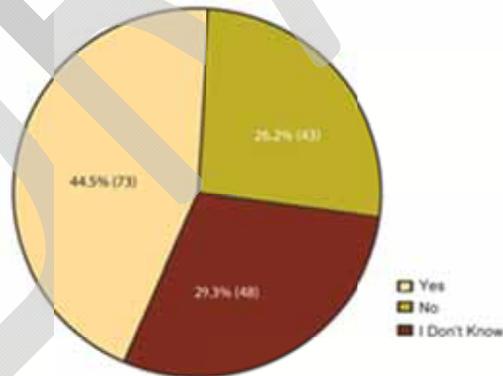


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Natural Resources

Have you, your organization or the organizations you represent benefitted from Clean Water Environmental project management and oversight activities?

Nearly 45 percent of respondents answered environmental project management had benefitted them or their organization. Nearly 70 percent of the question's responses were "important."

48 percent of multi reps felt they or their organizations had received a benefit from EPM, as opposed to 17 percent of single munis and 25 percent of single companies.

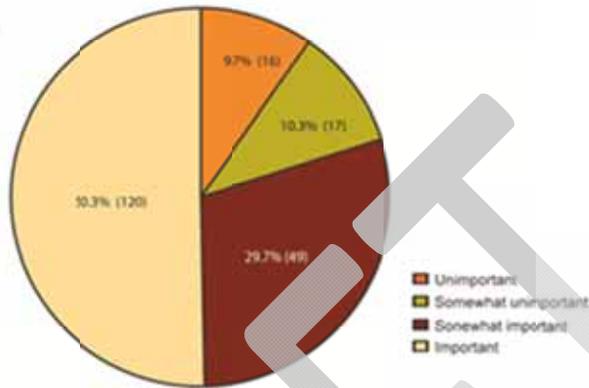


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Natural Resources

How important is environmental emergency preparedness and response to you, your organization or the organizations you represent?

Nearly 80 percent of respondents answered environmental emergency preparedness and response was 'important' or 'somewhat important' themselves.

45 percent of single company respondents and 45 percent of multiple rep respondents answered that EEP&R had benefitted themselves or their organizations they represented. Only 18 percent of single municipality respondents answered that way.

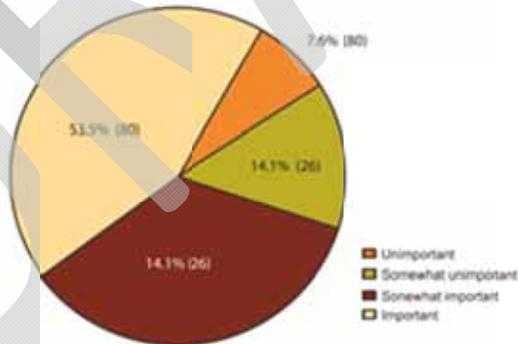


Missouri Department of
Natural Resources

How important is program administration/professional development to you, your organization or the organizations you represent?

Nearly 80 percent of respondents answered administration and professional development and response was 'important' or 'somewhat important' to them or their organizations.

More than 40 percent of single company and multiple rep respondents found a benefit to program admin/professional development activities to themselves or their organizations. Only 22 percent of single muni users found that benefit.



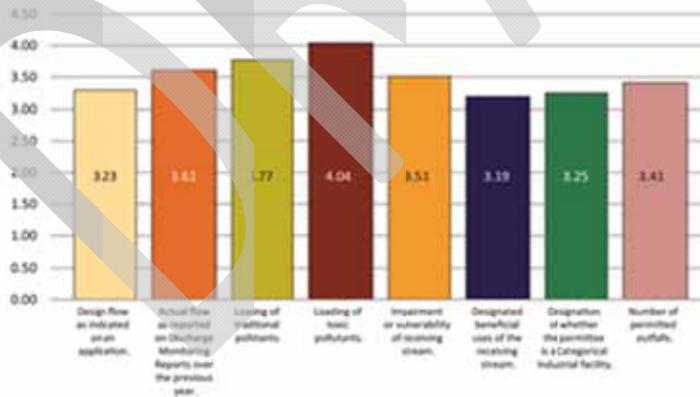
Missouri Department of Natural Resources

Clean Water Fees Survey

Missouri should:						
Answer Options	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Response Count
...charge a separate application fee in addition to an annual fee to cover the cost of evaluating the application and communicating with the applicant before the permit is issued.	9%	14.10%	19.20%	42.40%	15.30%	177
...charge violators fees to recoup enforcement costs.	4.50%	5.60%	11.30%	38.40%	40.10%	177
...bill permittees on an hourly basis for reviewing documents (e.g. mixing zone studies, site-specific criteria studies, chemical and biological translator studies).	15.40%	26.30%	33.70%	21.10%	3.40%	176
...bill permittees for expenses associated with re-inspections because of permit violations.	6.30%	13.10%	13.60%	35.10%	29.00%	176
...allow for an increase in fee structure based on a fee in the Consumer Price Index.	7.40%	6.80%	19.30%	43.70%	21.60%	176
				answered question		177
				skipped question		33

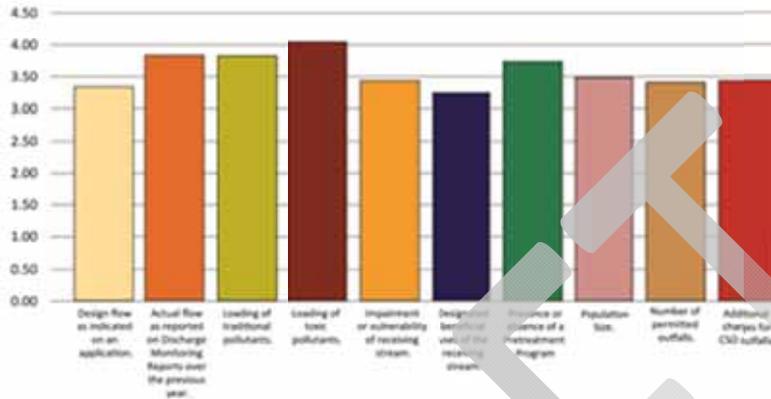
Missouri Department of Natural Resources

Indicate if the following factors should be used to determine annual permit fees for industrial site-specific permits (non-storm water).



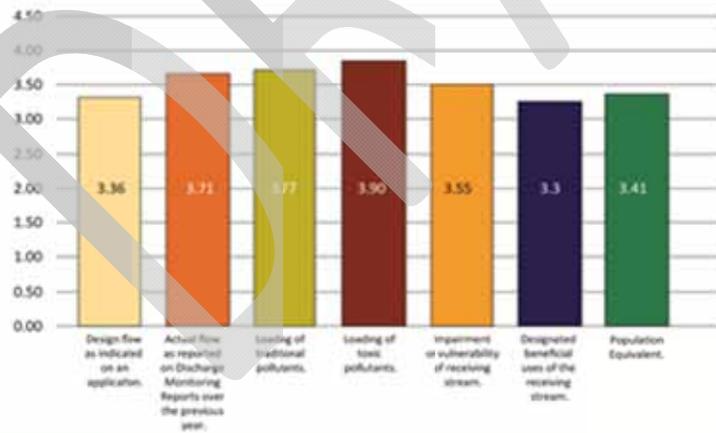
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Natural Resources

Indicate if the following factors should be used to determine annual permit fees for municipal site-specific permits (non-storm water).



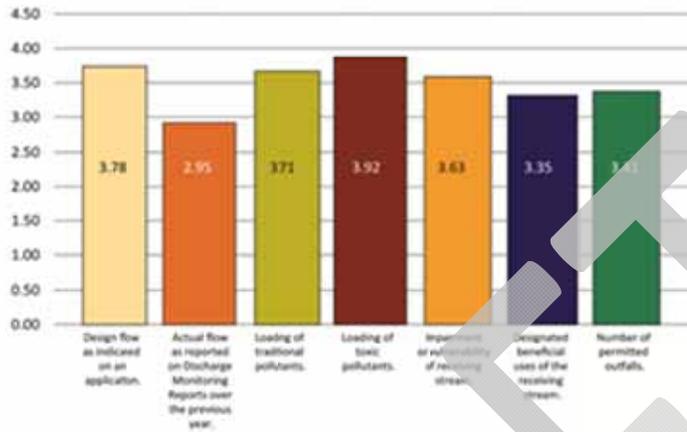
Missouri Department of
Natural Resources

Indicate if the following factors should be used to determine annual permit fees for domestic site-specific permits (non-storm water).



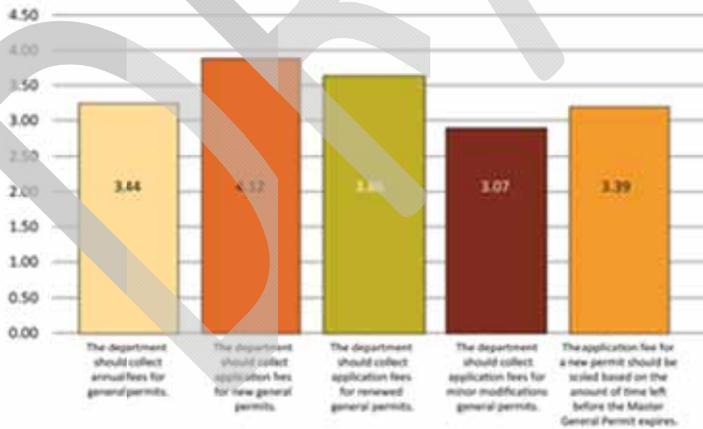
Missouri Department of
Natural Resources

Indicate if the following factors should be used to determine annual permit fees for site-specific stormwater permits (not MS4).



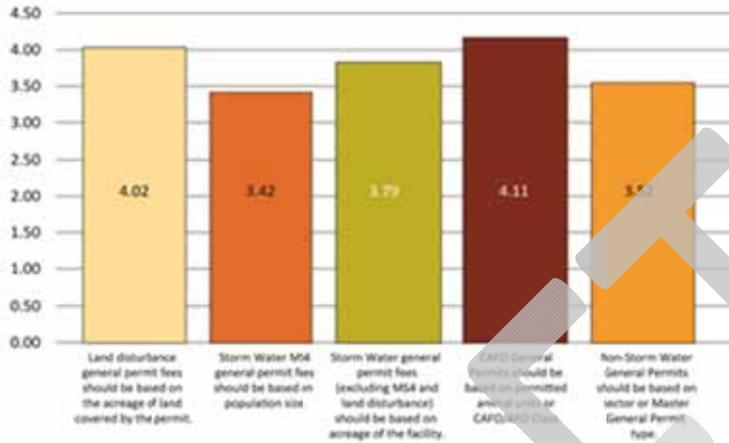
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Evaluate each statement and indicate your support for which actions should incur a fee.



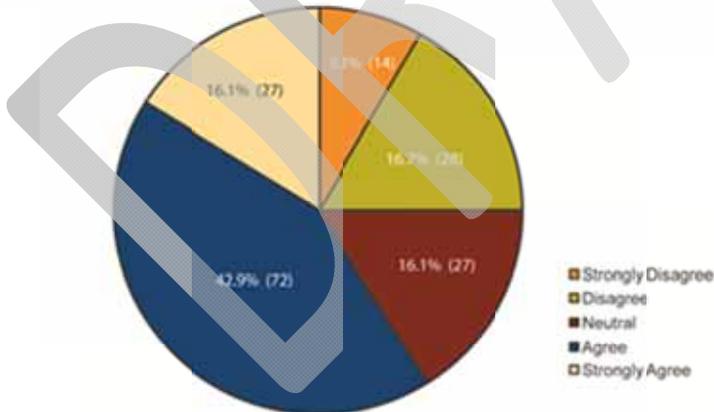
Missouri Department of
Natural Resources

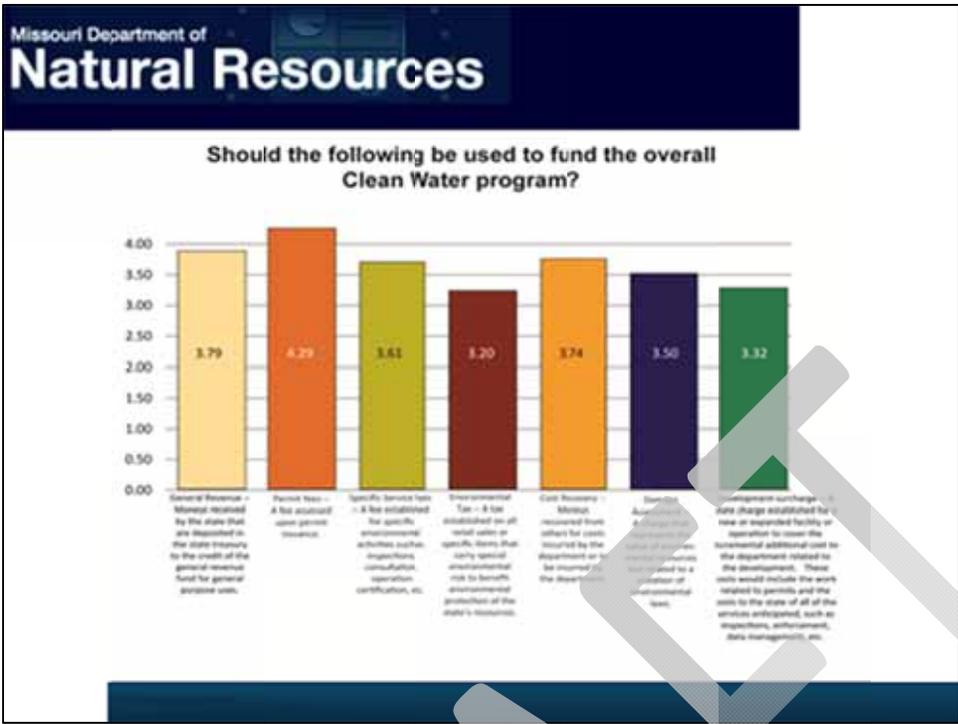
Indicate if the following factors should be used to determine permit fees for different types of general permits.



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Natural Resources

Missouri should charge additional application fees for more complex plans and specifications in a wastewater construction permit application.





More detailed survey results were also posted on the Clean Water Fees web page and are available at: <http://www.dnr.mo.gov/env/wpp/cwforum/cw-survey-master.pdf>.

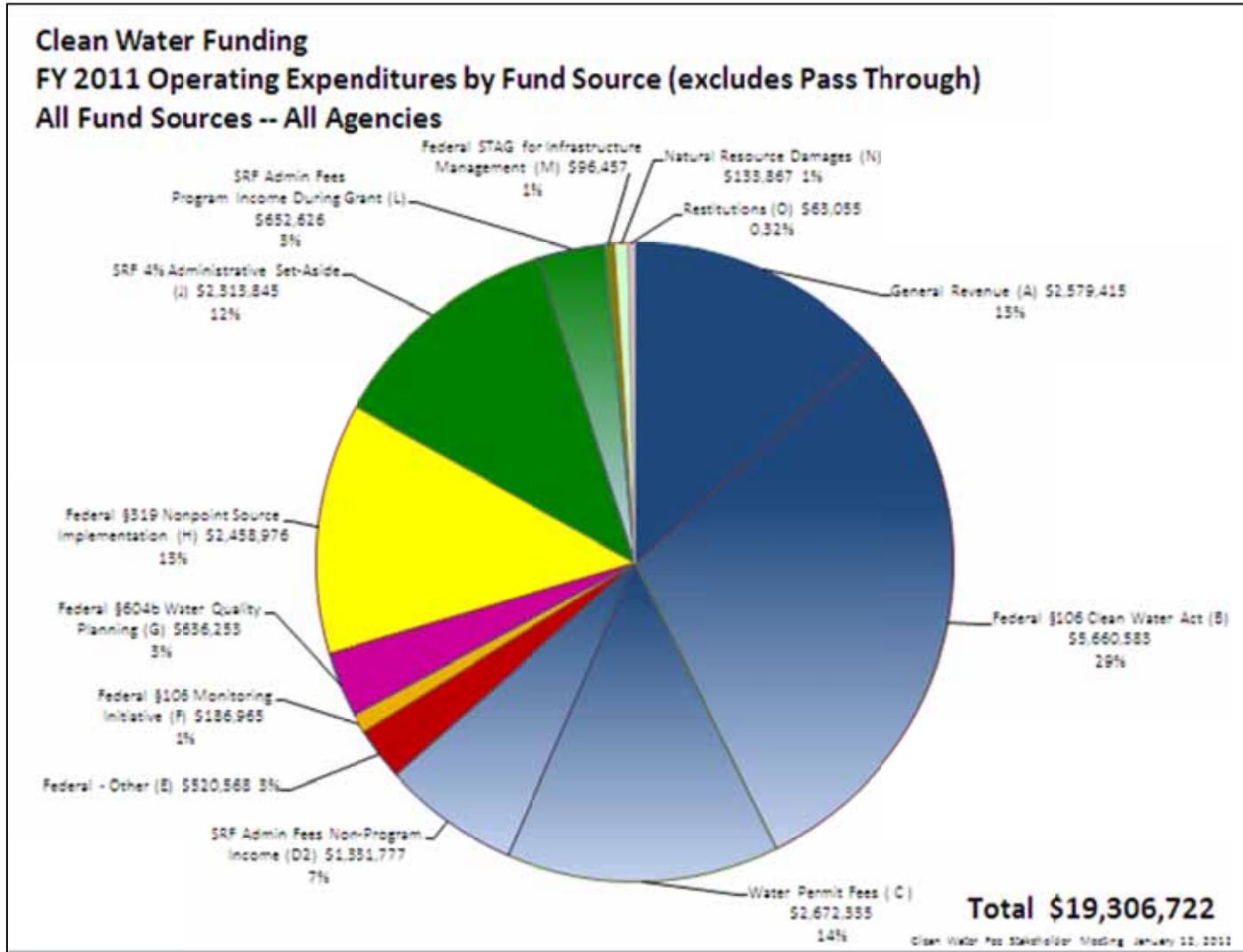
Appendix B – Fiscal Information Presented at Large Stakeholder Meetings

The attachments provided in this appendix were presented at large stakeholder meetings and are available on the Clean Water Fees web page. Web page addresses for each document are provided.

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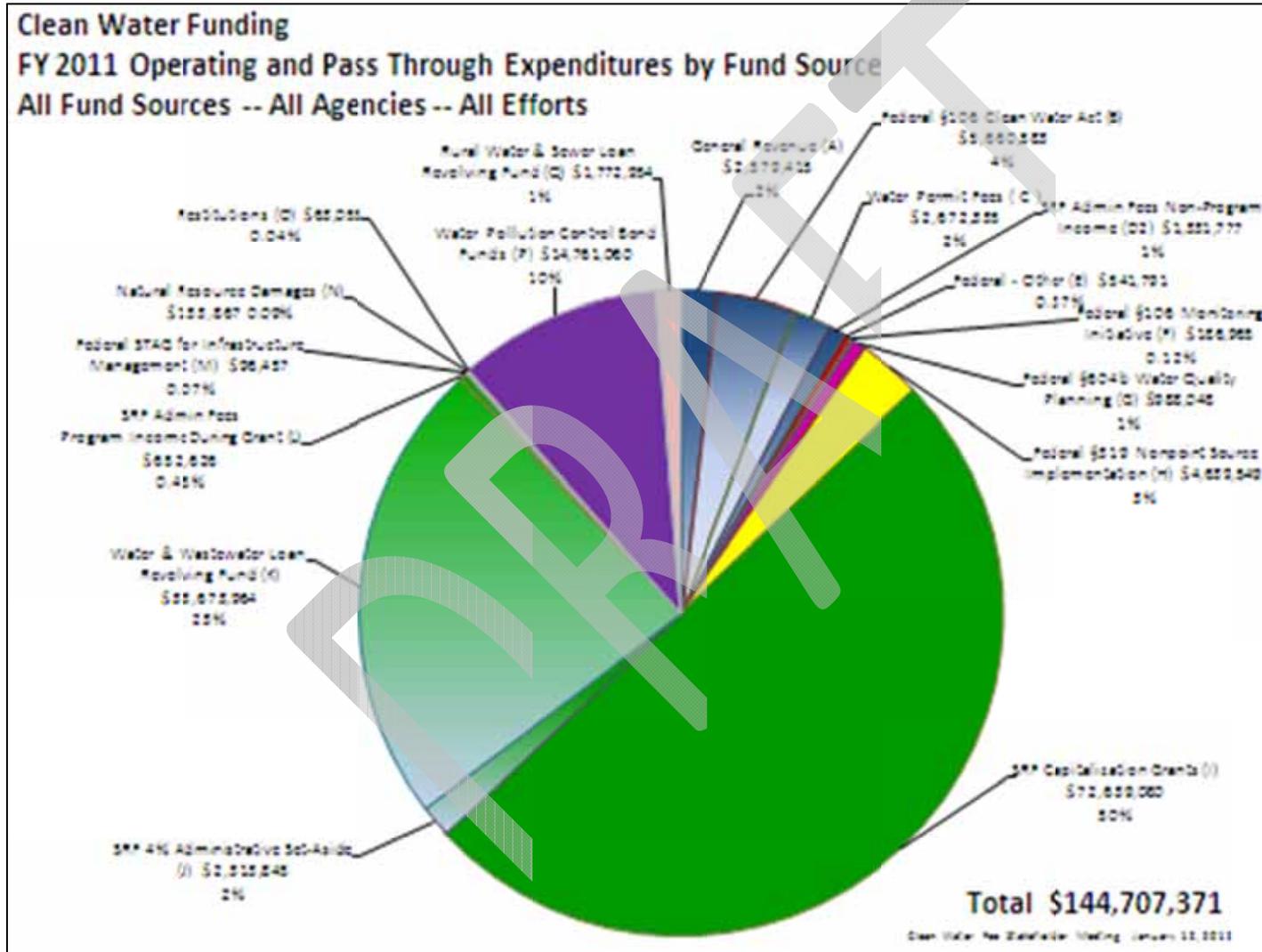
Attachment B-1 – Revenue Sources for Operating Expenditures (FY2011)

Slide 3 at: <http://www.dnr.mo.gov/env/wpp/cwforum/01122012-cw-fee-expenditures-source.pdf>



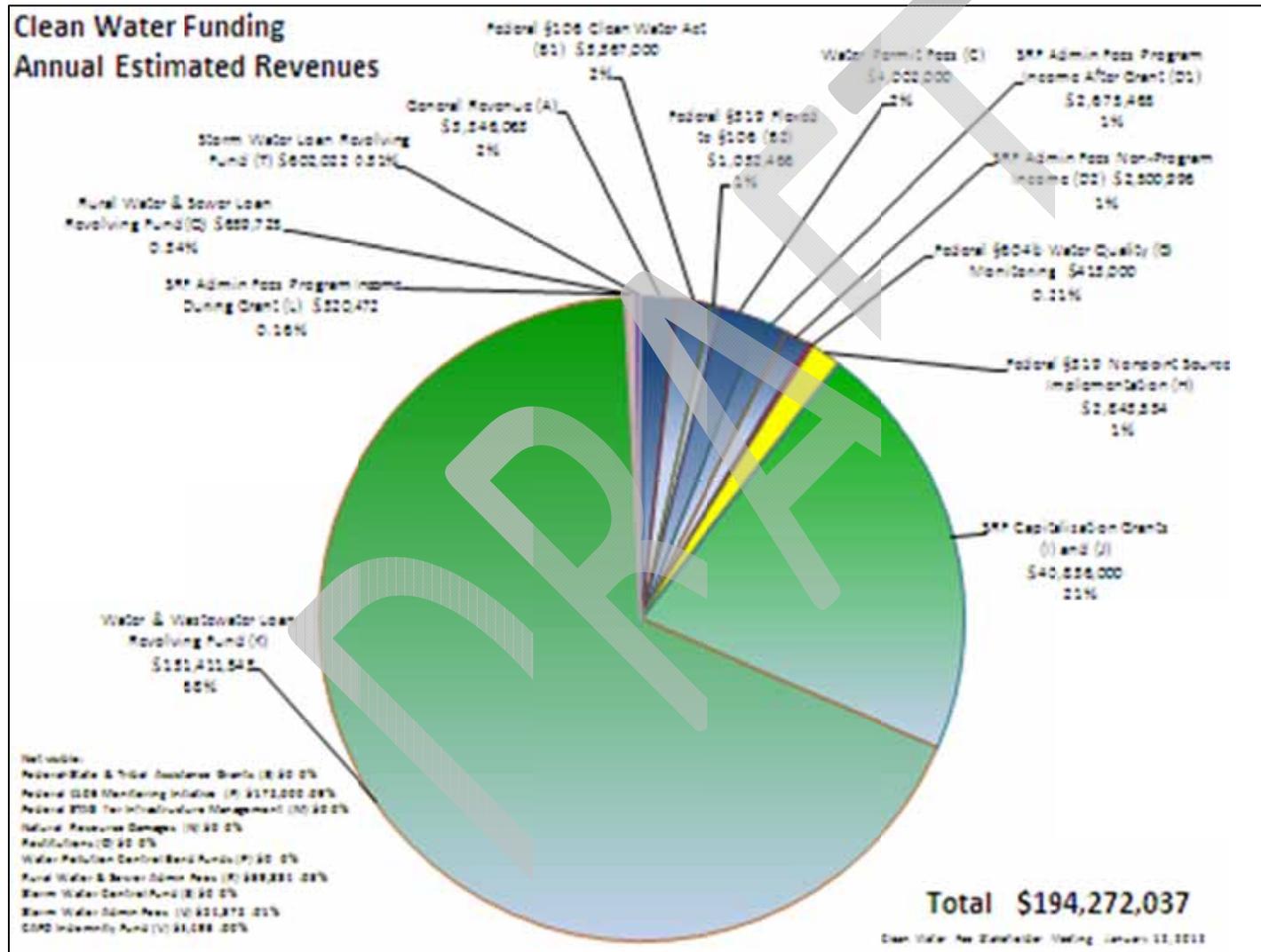
Attachment B-2– Revenue Sources for All Expenditures (Operating and Pass-Through) (FY2011)

Slide 2 at: <http://www.dnr.mo.gov/env/wpp/cwforum/01122012-cw-fee-expenditures-source.pdf>



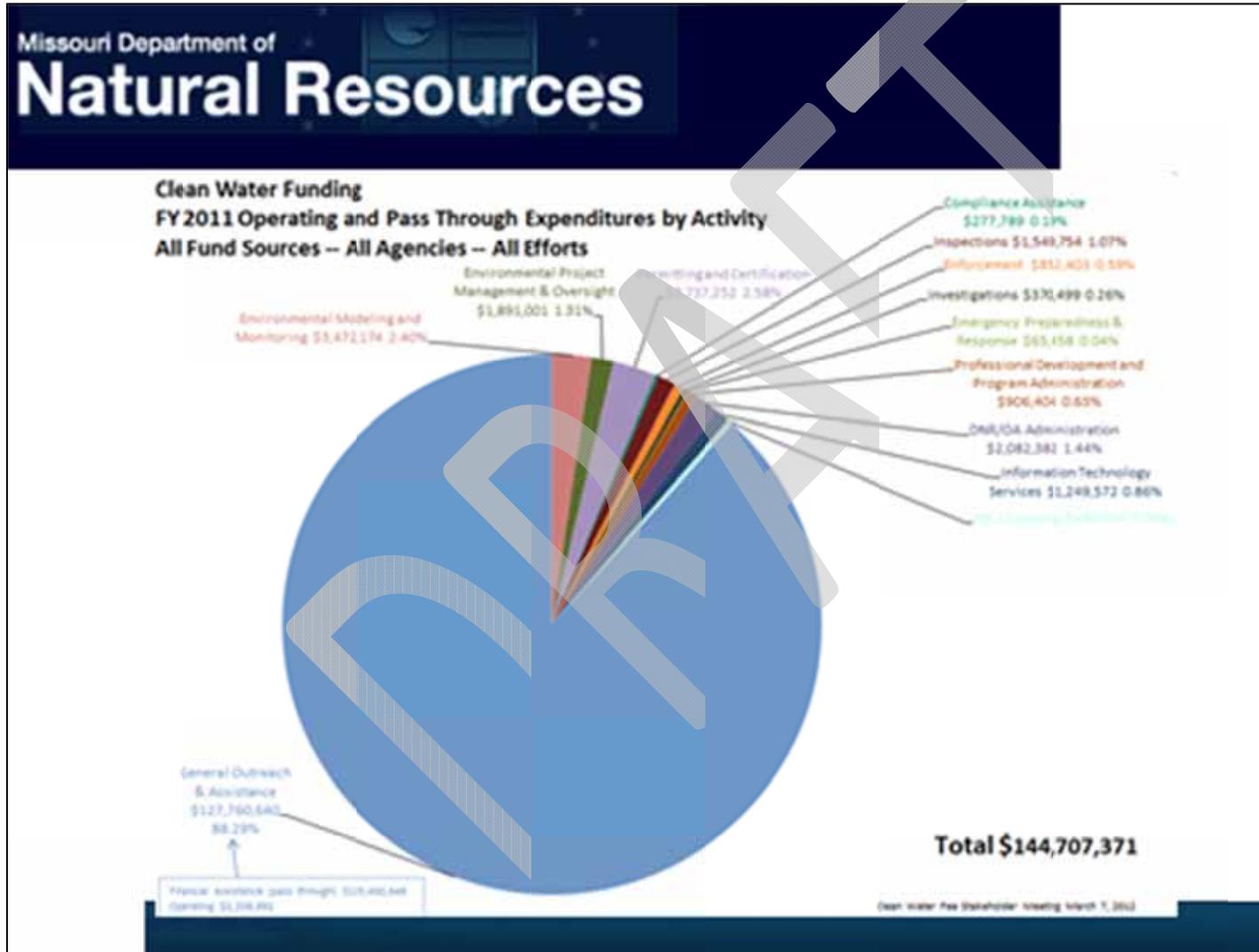
Attachment B-3– Annual Estimated Revenues (FY2011)

Slide 4 at: <http://www.dnr.mo.gov/env/wpp/cwforum/01122012-cw-fee-expenditures-source.pdf>



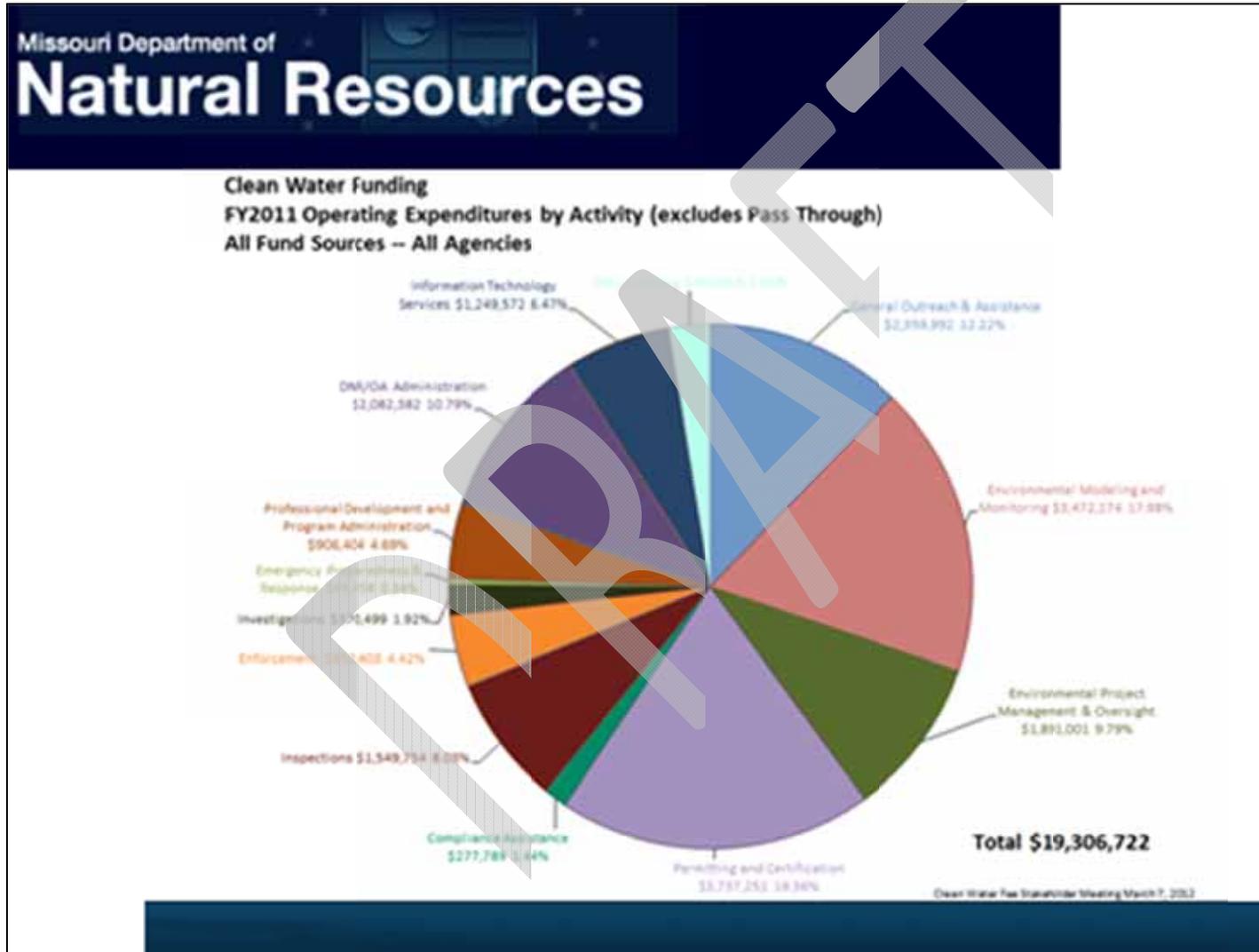
Attachment B-4 – Operating and Pass Through Expenditures by Activity

Slide 1 at http://www.dnr.mo.gov/env/wpp/docs/CW_Expenditures_By_Activity-FY2011.pdf



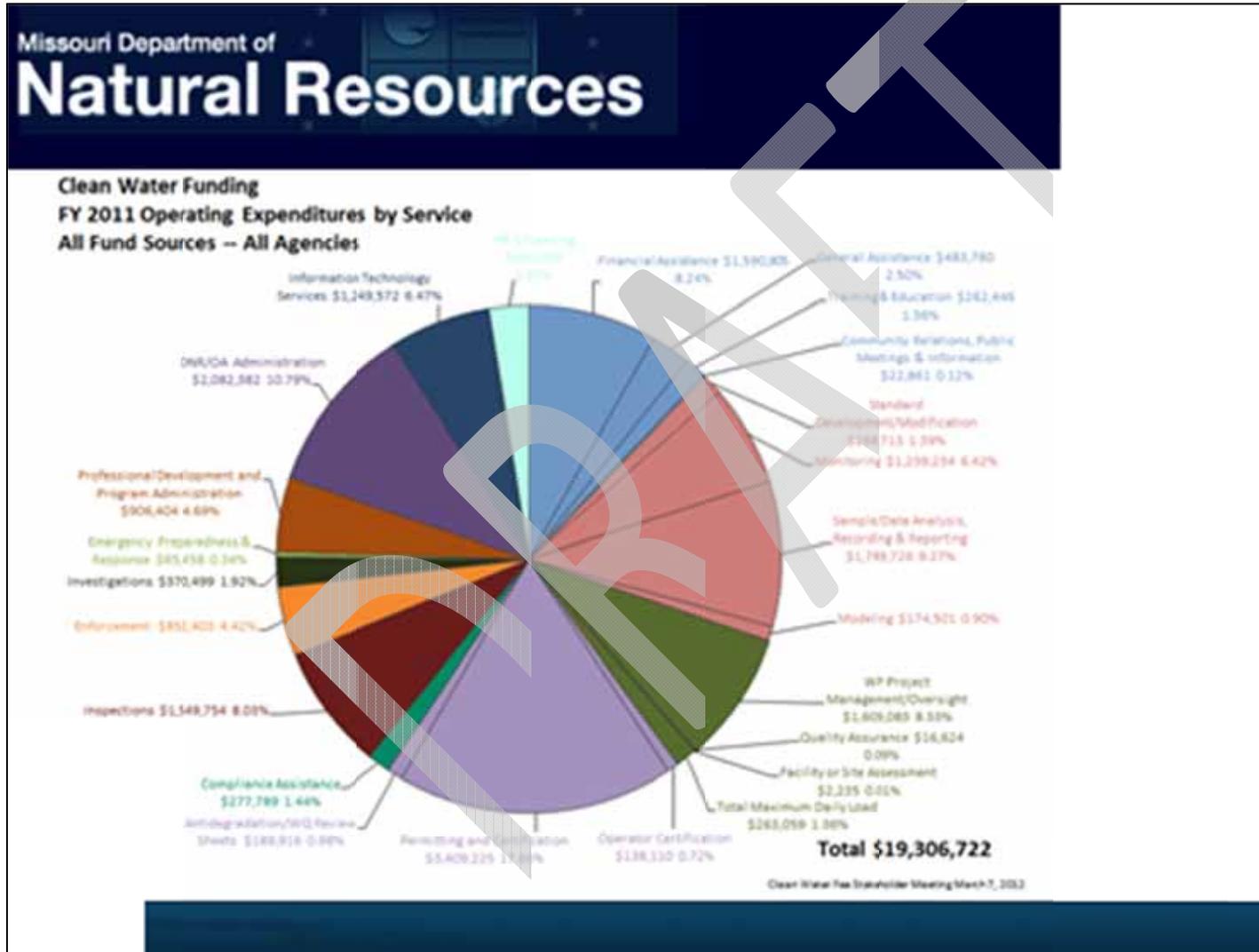
Attachment B-5 – Operating Expenditures by Activity

Slide 2 at http://www.dnr.mo.gov/env/wpp/docs/CW_Expenditures_By_Activity-FY2011.pdf



Attachment B-6 – Operating Expenditures by Service

Slide 3 at http://www.dnr.mo.gov/env/wpp/docs/CW_Expenditures_By_Activity-FY2011.pdf



Attachment B-7 – Explanation Funding Sources and Restrictions

This material is available in presentation format (slides 5 through 27) at <http://www.dnr.mo.gov/env/wpp/cwforum/01122012-cw-fee-expenditures-source.pdf>. For readability it is reproduced here in word format.

General Revenue

- Who Pays?
 - Generated primarily through state income tax and state sales tax
- Allowable Use of Funds:
 - To support core water pollution control efforts
- How Funds Are Used:
 - To support core water pollution control activities that include NPDES permit issuance, management & oversight, operator certification, compliance/enforcement, inspections, water quality standards development, development of impaired waters (303d) list, TMDL development and implementation.
- Special Considerations:
 - General Revenue can be used for any purpose as appropriated by the General Assembly. GR is budgeted to the department in a manner that it can be used where needed to address department core activities and funding priorities and shortfalls. GR to support water pollution control activities may fluctuate based on department/division priority and need.
 - Many factors throughout the year can result in the actual amount to be less than original GR appropriations.
 - Since FY 2001 the department's general revenue funding has decreased from \$25.9m to \$9m in FY 2012, nearly a 65% reduction. A portion of these reductions has been related to water quality and water quantity efforts.
 - FY2009 – GR budget expansion of \$1.2 million was appropriated for water pollution efforts due to projected fee shortfalls.

Federal - §106 Clean Water Act Funds

- Fund Source Definition:
 - Grant provided by US EPA for continuing environmental program authorized under section 106 of the federal Clean Water Act, through an established allotment formula. The allotment ratio for each state is based on six components selected to reflect the extent of the water pollution problem in that state.
- Who Pays?
 - Federal appropriations by Congress
- State Match Required?
 - State match is required for §106 funds; Missouri must sustain level of effort at least equal to expenditures during federal FY 1971 of \$600,173
- Allowable Use of Funds:

- To assist in administration of the prevention, reduction, and elimination of water pollution, including programs for the protection and implementation of ground-water protection strategies.
- How Funds Are Used:
 - To support core water pollution control activities that include NPDES permit issuance, management & oversight, operator certification, compliance/enforcement, inspections, water quality standards development, development of impaired waters (303d) list, TMDL development and implementation.
- Special Considerations:
 - The department has received indications that environmental funds for water would be targeted for reduction during the FFY2012 budget process.
 - At this time, EPA has not finalized FFY2012 funding allocations.

Federal - §319 Funds Flexed to §106 Funds

- Fund Definition:
 - Grant provided by US EPA for continuing environmental program authorized under section 319 of the federal Clean Water Act. EPA uses an allocation formula to determine the amount of funding for each state. Allocations are made in two portions – Incremental funds and Base funds.
- Who Pays?
 - Federal appropriation by Congress
- State Match Required?
 - State match of 40% is required for §319 grant funds; flexing these funds to another program does not eliminate or reduce the match requirement. The department provides this match for the §319 program implementation work and for the portion of this grant that is re-directed to core water pollution control work with state-funded core water pollution control efforts.
- Allowable Use of Funds:
 - By flexing these funds out of the §319 program the allowable use changes to provide funds to assist in core water pollution control activities. Core water pollution control activities include administration of the prevention, reduction, and elimination of water pollution, including programs for the implementation of ground-water protection strategies.
- How Funds Are Used:
 - To support core water pollution control activities that include NPDES permit issuance, management & oversight, operator certification, compliance/enforcement, inspections, water quality standards development, development of impaired waters (303d) list, TMDL development and implementation.
- Special Considerations:
 - State funding shortfalls led to initial request to flex funds in FY2009 to fund core water pollution control efforts. Flexing of funds from one environmental program to another within the Performance Partnership Grant (PPG) is allowed; however there must not be a

negative impact on the program from which the funds are flexed. The department's Soil & Water Conservation Program, through its cost-share program to landowners, addresses agricultural nonpoint source pollution; the department has committed to provide at least an equivalent level of nonpoint source funding to address agricultural nonpoint source pollution in targeted impaired watersheds.

- The department must request approval to flex these funds each year and approval must be granted by both EPA Region 7 and EPA Headquarters; in the past it has taken nearly the full fiscal year to get approval from EPA.
- Base funds in the NPS program are the most flexible 'pot' of \$319 money; the amount flexed to \$106 work is taken from Base funds.
- Congress reduced the \$319 budget from \$200m in FFY2010 down to \$175m in FFY2011. In July 2011, the department received word that the House EPA budget bill reduced \$319 budget down to \$150m for FFY2012; for Missouri, this represents a 26% reduction in NPS program funding in 2 years.
- Relying on the flex of these \$319 funds for core water work is not a sustainable solution as EPA has indicated they are hesitant to continue to support \$319 flex request. In fact, they were reluctant to do so this year, but we have discussed the fact that we are under a statutory mandate to work with our stakeholders on a new fee structure and will need the continued flexibility until we have sustainable funding in place.

Natural Resources Protection Fund Water Permit Fees

- Who Pays?
 - Fees paid by applicants for permits to construct wastewater treatment facilities; annual fees paid by holders of Missouri State Operating Permits; certification exam fees paid by operators of specific wastewater treatment plants/facilities.
- Allowable Use of Funds:
 - Fees are to be used solely for the administration of sections 644.006 to 644.141 of the Revised Statutes of Missouri
- How Are Funds Used:
 - To support core water pollution control activities that include NPDES permit issuance, management & oversight, operator certification, compliance/enforcement, inspections, water quality standards development, development of impaired waters (303d) list, TMDL development and implementation.
- Special Considerations:
 - Permit fees were established in 1990; current fee structure was authorized in 2000 in Senate Bill 741. There are no provisions for any inflationary adjustments. Current sunset of the fee is September 1, 2013; extending or adjusting the fees requires legislative action.

SRF Loan Administration Fees - Program Income Earned After the Capitalization Grant Period

- Fund Definition:
- SRF loan administration fees are the fees paid by recipients of SRF loans for the construction of wastewater infrastructure. The federal capitalization grant funds awarded to the state that originally funded these loans are typically open for not more than five years. The loan admin fees are paid throughout the life of the loan and the timing of these payments places them into one of two categories – (1) Program Income Earned During the Capitalization Grant Period or (2) Program Income Earned After the Capitalization Grant Period. Pages 61039 through 61044 of Volume 70, No. 202 of the Federal Register, dated October 20, 2005, defines After the [federal capitalization] grant period as “fees earned after grant period on CWSRF loans made with funds directly made available by capitalization grants.” These loan administration fees are paid to the department twice each year, typically in January and July, AFTER the federal grant from which these projects were originally funded has closed.
- Who Pays?
- Loan administration fees are paid by recipients of SRF loans – for loans made since June 2009, the fee is 1% of the outstanding loan balance each year. There is no fee on SRF grants.
- Allowable Use of Funds:
- Fees received under this classification may be used for a broad range of water quality-related purposes. Missouri has obtained approval from EPA by amending Missouri’s operating agreement [for the SRF program] to use Program Income Earned After the Grant Period for water-quality related purposes. The state may also use for grants and loans for planning, designing, and building water quality projects.
- How Funds Are Used:
- These funds have not been utilized prior to state fiscal year 2012; however, as outlined in the 2012 Intended Use Plan, Program Income Earned After the Grant Period will be utilized in 2012 for administration of the SRF program, abatement of water quality emergencies, board training and operator certification, contractual water quality monitoring, small community technical assistance program and state parks wastewater infrastructure.
- Special Considerations:
- Original intent of SRF loan admin fees was to continue to fund SRF-related activities, including management and oversight of the SRF program after cessation of the capitalization grant.
- These funds will be needed to fund oversight and management of the SRF program if the Clean Water SRF capitalization grants are discontinued.
- The department has a plan for the use of these funds that include funding for 40% state construction grants, on-site loan programs to be administered by eligible entities, and small systems technical assistance.
- Funds used to provide core water pollution control activities of permitting, inspections, enforcement, water quality monitoring - in addition to funding administration and management of the SRF program - are not available for SRF related projects.

SRF Loan Administration Fees - Non-Program Income

- What is the Definition of These Funds?

- SRF loan administration fees are the fees paid by recipients of SRF loans for the construction of wastewater infrastructure. Repayment of loan principle and interest is deposited into the state's Water and Wastewater Loan Revolving Fund and these funds are state funds. Administration fees paid on loans made from this state fund are Non-Program Income. Pages 61039 through 61044 of Volume 70, No. 202 of the Federal Register, dated October 20, 2005, defines Other Than Program Income (Non-Program Income) as "fees earned on CWSRF loans made with funds not directly made available by capitalization grants" (re-paid loan funds). These loan administration fees are paid twice each year, typically in January and July.
- Who Pays?
 - Loan administration fees are paid by recipients of SRF loans – for loans made since June 2009, the fee is 1% of the outstanding loan balance each year. There is no fee on SRF grants.
- Allowable Use of Funds:
 - Fees received under this classification may be used for a broad range of water quality-related purposes. Missouri has obtained approval from EPA by amending Missouri's operating agreement [for the SRF program] to use Non-Program Income for water-quality related purposes. The state may also use for grants and loans for planning, designing, and building water quality projects.
- How Funds Are Used:
 - To support core water pollution control activities that include NPDES permit issuance, management & oversight, operator certification, compliance/enforcement, inspections, water quality standards development, development of impaired waters (303d) list, TMDL development and implementation.
- Special Considerations:
 - Original intent of SRF loan admin fees was to continue to fund SRF-related activities, including management and oversight of the SRF program after cessation of the capitalization grant.
 - These funds will be needed to fund oversight and management of the SRF program if the Clean Water SRF capitalization grants are discontinued.
 - The department has a plan for the use of these funds that include funding for 40% state construction grants, on-site loan programs to be administered by eligible entities, and small systems technical assistance. The sunset of the water permit fee in FY2011, and the subsequent shortage of available funds for core water pollution control efforts, resulted in the department's need to use these funds for the continuation of core water pollution control activities (permitting, compliance, inspections, enforcement) for Missouri.
 - Funds used to provide core water pollution control activities of permitting, inspections, enforcement, water quality monitoring - in addition to funding administration and management of the SRF program - are not available for SRF related projects.

- Fund Definition:
 - Competitive grants offered by US EPA for purposes defined by EPA.
- Who Pays?
 - Federal appropriation by Congress
- Is State Match Required?
 - Varies - state match is not always required for these funds.
- Allowable Use of Funds:
 - Announcements of these available STAG opportunities will contain the intended purpose of the grants and provide specific outline as to what funds can be used for.
- How Funds Are Used:
 - Two small STAG grants remained open at the beginning of FY2012:
 - Grant to develop training materials for MS4 communities
 - Grant to develop training materials, and present training for SSOs
- Special Considerations:
 - These grants are typically small in comparison to grants for our continuing environmental programs.
 - These grants usually complement existing activities and are used to help subsidize the costs of our efforts; the amount of the grants typically do not provide sufficient funds to cover all costs for the projects.

Federal - §106 Monitoring Initiative Funds

- Fund Definition:
 - Grant provided by US EPA for continuing environmental program - this allotment of funds was 'added' in FFY 2005 to provide additional federal funds for water quality monitoring
- Who Pays?
 - Federal appropriation by Congress for water quality monitoring
- Is State Match Required?
 - No additional state match is required for these targeted funds.
- Allowable Use of Funds:
 - To increase efforts for water quality monitoring by adding new sites and new studies.
- How Funds Are Used:
 - Water quality monitoring or studies on 'new' sites; continued monitoring of sites added to fixed station network after FFY2005.
- Special Considerations:
 - Added 6 sites to the fixed station ambient water quality monitoring network where data is collected quarterly to show the health of the water in a fixed location over a long period of time.
 - Conduct special short-term studies on new sites each fiscal year (number varies based on cost for each site)

- The department has received indications that environmental funds for water would be targeted for reduction during the FFY2012 budget process.
 - At this time, EPA has not finalized FFY2012 funding allocations.
- *Federal – §604(b) Water Quality Planning Funds*
 - Fund Definition:
 - Grant provided by US EPA for continuing environmental program.
 - Who Pays?
 - Federal appropriation by Congress - Missouri's annual allotment of funds is 1% of its CWSRF allotment.
 - Is State Match Required?
 - No state match is required for these funds.
 - Allowable Use of Funds:
 - §604(b) funds are to carry out planning under §205(j) and §303(e) of the Clean Water Act. States are encouraged, through a federal guidance document, to direct grant resources to priority activities in watersheds. 40% of these funds must be offered as pass-through funds for water quality planning to regional planning organizations in the state. There are 19 of these in Missouri.
 - How Funds Are Used:
 - When passed through to regional planning organizations, these funds are used for water quality planning. When used by the department these funds are for the development and revision of water quality standards, development of the impaired waters list and TMDL's, water quality monitoring and studies.
 - Special Considerations:
 - Fluctuations in annual allotments are tied directly to the CWSRF allotments.
 - Prior to 2009, the annual allotment for these funds had decreased to less than \$200,000 per year; since ARRA, and the increase of funding for the CWSRF, these funds have increased to more than \$400,000 per year.
 - All of the §604(b) funds awarded under ARRA were passed through to regional planning organizations and contractual water quality studies. These pass-through funds account for a large portion of the FY2011 expenditures.
 - FFY2012 budget is anticipated to reflect a decrease in the CWSRF federal program which will result in a decrease in these funds as they are tied directly to the CWSRF. At this time, there is not a budget estimate available.

Federal – §319 Nonpoint Source (NPS) Implementation Funds

- Fund Definition:
 - Grant provided by US EPA for continuing environmental program authorized under section 319 of the federal Clean Water Act. EPA uses an allocation formula to determine

the amount of funding for each state. Federal allocations are made in two portions – Incremental funds and Base funds.

- Who Pays?
 - Federal appropriation by Congress
- Is State Match Required?
 - State match of 40% is required for §319 grant funds. The department provides this match for the §319 program implementation work, and for the portion of this grant that is re-directed to core water pollution control work, with state-funded core water pollution control efforts. Project recipients provide the required 40% match for their projects through local funds or qualifying in-kind activities.
- Allowable Use of Funds:
 - Development and implementation of watershed management plans with the emphasis on impaired watersheds.
- How Funds Are Used:
 - Implementation and oversight of nonpoint source management program; NPS project management to address and reduce nonpoint source pollution on a watershed basis; development of watershed management plans, water quality monitoring to assess protection and restoration.
- Special Considerations:
 - Due to the very nature of nonpoint source pollution, it is difficult to measure progress. For this reason, Congress has recently targeted NPS funding for heavy budget reductions.
 - Congress reduced the §319 budget from \$200m in FFY2010 down to \$175m in FFY2011. In July 2011, the department received word that the House EPA budget bill reduced §319 budget down to \$150m for FFY2012; for Missouri, this represents a 26% reduction in NPS program funding in 2 years.
 - Because the federal budget was not finalized until May 2011 the full reduction was applied to the pass-through funds available from this grant.
 - For FY2012, the department has planned for this anticipated reduction by reducing NPS program staff resources in addition to reductions in pass-through funds.

Capitalization Grants for Clean Water State Revolving Fund (CWSRF)

- Fund Definition:
 - Grant provided by US EPA for continuing environmental program – Missouri's allotment of funds is based on a percentage originally established in 1972 by Congress and published in the federal Clean Water Act. This percentage has been amended a couple of times and, currently, Missouri is allotted 2.77% of the annual federal appropriation available to states.
- Who Pays?
 - Federal appropriation by Congress
- Is State Match Required?
 - State match of 20% is required for these federal funds.
- Allowable Use of Funds:

- Provide financial assistance for a wide variety of water quality projects including traditional municipal wastewater treatment projects, and all types of nonpoint source, watershed protection or restoration.
- Clean Water SRF 4% Administration set-aside is allowed to fund the department's loan & grant administration and oversight activities.
- How Funds Are Used:
 - Provide financial assistance for traditional municipal wastewater treatment projects.
 - Clean Water SRF 4% Administration set-aside funds may only be expended for management of the Clean Water SRF program and for management of projects receiving financial assistance through the SRF.
- Special Considerations:
 - The 2008 Clean Water Needs Survey Report to Congress estimated Missouri's wastewater infrastructure need at \$5.75 billion. This number is now thought to be much higher, although the department has not formally updated this estimate. This need does not include needs of small communities that didn't participate in the survey and undocumented needs in metro areas.
 - The 4% Administration set-aside is optional. If not budgeted for SRF Administration, these funds would be budgeted for projects. In fact, the department had shifted to using SRF Admin Fees to fund this work in state fiscal year 2002. We shifted back to taking the 4% Set-Aside when we received the ARRA dollars in 2009 and were experiencing shortfalls in SRF Admin Program Income fees.
 - These federal grants had declined prior to ARRA in 2009 to less than \$20m; the annual capitalization grants increased somewhat in 2010 and to nearly \$40m in FFY2011; however FFY2012 budget is anticipated to reflect a decrease in this federal program. At this time, there is not a budget estimate available.

Water & Wastewater Loan Revolving Fund

- Fund Definition:
 - Principal and interest payments on loans awarded for water and wastewater infrastructure are deposited and interest is earned on the cash balance in this fund. These repaid funds are available to award for additional loans for the construction of water and wastewater infrastructure.
- Who Pays?
 - Recipients of loans under the SRF program.
- Allowable Use of Funds:
 - For providing SRF loans on a revolving basis indefinitely. These funds can be used for low-interest loans for the construction of water and wastewater infrastructure regardless of federal capitalization grant awards.
- How Funds Are Used:
 - Providing SRF loans for the construction of water and wastewater infrastructure.
- Special Considerations:

- The 2008 Clean Water Needs Survey Report to Congress estimated Missouri's wastewater infrastructure need at \$5.75 billion. This number is now thought to be much higher, although the department has not formally updated this estimate. This need does not include needs of small communities that didn't participate in the survey and undocumented needs in metro areas.
- Since 2004, interest earnings on this fund have been used to pay the SRF-related portion of water pollution control bond debt service.

SRF Loan Administration Fees - Program Income Earned During the Capitalization Grant Period

- Fund Definition:
 - SRF loan administration fees are the fees paid by recipients of SRF loans for the construction of wastewater infrastructure. The federal capitalization grant funds awarded to the state that originally funded these loans are typically open for not more than five years. The loan admin fees are paid throughout the life of the loan and the timing of these payments places them into one of two categories – (1) Program Income Earned During the Capitalization Grant Period or (2) Program Income Earned After the Capitalization Grant Period. Pages 61039 through 61044 of Volume 70, No. 202 of the Federal Register, dated October 20, 2005, defines “During the [federal capitalization] grant period” as “fees earned during grant period on CWSRF loans made with funds directly made available by capitalization grants.” These loan administration fees are paid twice each year, typically in January and July, while the capitalization grant from which the loan originated is open.
- Who Pays?
 - Loan administration fees are paid by recipients of SRF loans – for loans made since June 2009, the fee is 1% of the outstanding loan balance each year. There is no fee on SRF grants.
- Allowable Use of Funds:
 - Program Income Earned During the Grant Period may only be used for eligible Clean Water SRF activities, as defined in the Federal Clean Water Act, and Clean Water SRF program administration.
- How Funds Are Used:
 - Program Income Earned During the Grant Period is only expended for administration and management of the Clean Water SRF program and for management of projects receiving financial assistance through the SRF.
- Special Considerations:
 - Original intent of SRF loan admin fees was to continue to fund SRF-related activities, including management and oversight of the SRF program after cessation of the capitalization grant.
- These funds will be needed to fund oversight and management of the SRF program if the Clean Water SRF capitalization grants are discontinued.

Federal - State & Tribal Assistance Grant for Infrastructure Management

- Who Pays?
 - Federal grant to cover the costs of Missouri providing management and oversight of infrastructure projects funded directly by EPA to a community.
- Is State Match Required?
 - No state match is required for these federal funds.
- Allowable Use of Funds:
 - Oversight, management, inspection of infrastructure projects funded directly by EPA to a community.
- How Funds Are Used:
 - Oversight, management, inspection of infrastructure projects funded directly by EPA to a community.
- Special Considerations:
 - No funds are included for this activity in the 2012 federal budget.
 - In previous years, an amendment to the original grant award added approximately \$95,000 dollars to continue this effort.

Natural Resource Damages

- Who Pays?
 - Revenues are paid by parties as a result of court ordered settlements, administrative orders on consent, or settlement agreements resulting from environmental violations.
- Allowable Use of Funds:
 - These funds shall be used solely for the following purposes: (1) to pay for restoration or rehabilitation of the injured or destroyed natural resources; (2) to pay for the development of or restoration of a natural resource similar to that which was damaged or destroyed; (3) to provide funds for the department for reasonable costs incurred in obtaining an assessment of such injury, destruction, or loss of natural resources, including expenses.
- How Funds Are Used:
 - For damages related to water, these funds have been used to address damages caused by specific events.

Restitutions

- Who Pays?
 - Revenues are paid by parties as a result of court ordered settlements, administrative orders on consent, or settlement agreements resulting from environmental violations.
- Allowable Use of Funds:
 - Allowable uses may be specified by the court ordered settlement. If not, these funds may be used to support water quality activities such as monitoring or studies.
- How Funds Are Used:

- These funds have been used to support water quality activities such as monitoring or studies, or for the purchase of equipment to conduct these activities.

Water Pollution Control Bond Funds

- Fund Definition:
 - Bond sale proceeds authorized under Article III, Section 37(e) and (g) of the Missouri Constitution
- Who Pays?
 - Bond sale proceeds, repayment of unspent grant funds, and interest earnings.
- Allowable Use of Funds:
 - Financing construction of rural water and sewage treatment facilities by any county, municipality, sewer district, or any combination of the same.
- How Funds Are Used:
 - Rural water and sewer grants issued to eligible entities for construction of facilities.
- Special Considerations:
 - The 2008 Clean Water Needs Survey Report to Congress estimated Missouri's wastewater infrastructure need at \$5.75 billion. This number is now thought to be much higher, although the department has not formally updated this estimate. This need does not include needs of small communities that didn't participate in the survey and undocumented needs in metro areas.
 - General obligation bonds were last sold for these purposes in November, 2007.
 - The full amount of a grant is paid out upon award of the grant. If all of a community's grant funds are not expended, that community must repay the unspent portion of the grant.
 - No bond sales are anticipated prior to 2014.
 - The only funds remaining available for these state grant and loans are any unused funds returned by the original grant recipient.
 - Payment of the debt service on bonds sold under Sections 37(e) and (g) is funded by general revenue, except for the SRF-related portion of debt for bonds sold under Section 37(e) that has been paid using interest earned on the cash balance of the Water and Wastewater Loan Revolving Fund since 2004.

Rural Water and Sewer Loan Revolving Fund

- Fund Definition:
 - Principal and interest payments on loans awarded for rural water and sewer projects are deposited and interest is earned on the cash balance in this fund. These repaid funds are available to award for additional projects.
- Who Pays?
 - Recipients of loans for rural water and sewer projects.
- Allowable Use of Funds:

- Used for the financing and constructing of rural water and sewer improvements by any county, municipality sewer district, water district, or any combination of the same.
- How Funds Are Used:
 - Provided financing for construction of sewage treatment facilities.
- Special Considerations:
 - The 2008 Clean Water Needs Survey Report to Congress estimated Missouri's wastewater infrastructure need at \$5.75 billion. This number is now thought to be much higher, although the department has not formally updated this estimate. This need does not include needs of small communities that didn't participate in the survey and undocumented needs in metro areas.
 - These funds are eligible to be used as both grants and loans. Grants are not repaid reducing the amount of available funding.
 - Due to limited resources, only Small Borrower Loans are being awarded from the fund.

Rural Water & Sewer Loan Administration Fees

- What is the Definition of These Funds?
 - Rural Water & Sewer loan administration fees are the fees paid by recipients of loans for the construction of rural water and sewer projects. These loan administration fees are paid twice each year, typically in March and August.
- Who Pays?
 - Loan administration fees are paid by recipients of Rural Water & Sewer loans – for loans made since June 2009, the fee is 1% of the outstanding loan balance each year. There is no fee on Rural Water & Sewer grants.
- Allowable Use of Funds:
 - Fees are to be used for administration and oversight of Rural Water & Sewer projects.
- How Funds Are Used:
 - Partial funding of administration and oversight of rural water and sewer projects.
- Special Considerations:
 - Original intent of these loan admin fees was to fund project-related activities, including management and oversight of this financial assistance program.

Storm Water Control Fund

- Fund Definition :
 - Bond sale proceeds authorized under Article III, Section 37(h) of the Missouri Constitution.
- Who Pays?
 - Bond sale proceeds and interest earnings.
- Allowable Use of Funds:
 - Providing grants or loans for storm water control plans, studies, and projects in counties of the first classification and any city not within a county.

- How Funds Are Used:
 - Grants or loans issued to eligible communities for storm water control plans.
- Special Considerations:
 - The 2008 Clean Water Needs Survey Report to Congress estimated Missouri's wastewater infrastructure need at \$5.75 billion. This number is now thought to be much higher, although the department has not formally updated this estimate. This need does not include needs of small communities that didn't participate in the survey and undocumented needs in metro areas.
 - Bond sales that were held in November 2007 did not include bonds for this purpose.
 - There have been no bond sales for this purpose since August 2002.
 - No bond sales are anticipated prior to 2014.
 - There is a complex statutory allocation formula for these funds among all of the eligible entities.
 - Payment of the debt service on these bonds sold under Section 37(h) is funded through General Revenue.

Storm Water Loan Revolving Fund

- Fund Definition:
 - Principal and interest payments on loans awarded for storm water projects are deposited and interest is earned on the cash balance in this fund. These repaid funds are available to award for additional projects.
- Who Pays?
 - Recipients of loans for storm water projects.
- Allowable Use of Funds:
 - Providing grants or loans for use in this state for storm water control plans, studies, and projects in counties of the first classification and any city not within a county.
- How Funds Are Used:
 - Grants and loans issued to eligible communities for storm water control plans.
- Special Considerations:
 - The 2008 Clean Water Needs Survey Report to Congress estimated Missouri's wastewater infrastructure need at \$5.75 billion. This number is now thought to be much higher, although the department has not formally updated this estimate. This need does not include needs of small communities that didn't participate in the survey and undocumented needs in metro areas.
 - No funds have been issued for storm water projects since 2008.

Storm Water Loan Administration Fees

- What is the Definition of These Funds?

- Storm Water loan administration fees are the fees paid by recipients of loans for the construction of storm water projects. These loan administration fees are paid twice each year, typically in March and August.
- Who Pays?
 - Loan administration fees are paid by recipients of storm water loans. There is no fee on storm water grants.
- Allowable Use of Funds:
 - Fees are to be used for administration and oversight of storm water projects.
- How Funds Are Used:
 - Partial funding of administration and oversight of storm water projects.
- Special Considerations:
 - Original intent of these loan admin fees was to fund project-related activities, including management and oversight of this financial assistance program.

Concentrated Animal Feeding Operation (CAFO) Indemnity Fund

- Fund Definition:
 - Fund established for the purpose of closing certain CAFOs that have been placed in control of state or local government.
- Who Pays?
 - Owners or operators of each class IA concentrated animal feeding operation utilizing flush systems (there are 15 such operations) must remit a fee of ten cents per animal unit permitted beginning on the first anniversary of issuance of permit to operate such facility and for nine years thereafter on the same date.
- Allowable Use of Funds:
 - To close class IA, IB, and IC and class II concentrated animal feeding operations as defined in the department's rules, that have been placed in the control of the government due to bankruptcy, failure to pay property taxes, or abandonment, and as defined in 640.745 of the Revised Statutes of Missouri.
- How Funds Are Used:
 - There have been no closures utilizing these funds.
 - No funds have been returned as none of the CAFOs that have paid into this fund have ceased operations.
- Special Considerations:
 - 640.747 RSMo requires that these funds paid in be returned to the operation when the operation has been successfully closed by the owner or operator.
 - All facilities required to pay into this fund have completed their payments.
 - Interest earned on this fund is retained in the fund and will be utilized for the purpose of financing any closure that may occur.

Attachment B-8– Clean Water Funding Average Annual Shortfall

Slide 1 at <http://www.dnr.mo.gov/env/wpp/docs/Budget%20Shortfall%20-%2020121019.pdf>



**Clean Water Funding
Average Annual Shortfall
(based on FY14 – FY17)**

4 Yr. Average Annual Revenues (All Sources)	\$ 20,379,971	
4 Yr. Average Annual Operating Expenditures (with vacancies)	\$ 21,499,754	Average Annual Operating Expenditures
Subtotal	(\$ 1,119,783)	
Fill vacancies (fully fund current program)	(\$ 254,341)	\$ 254,341
Loss of Section 319 Flexibility	(\$ 1,032,466)	<u>\$21,754,095</u>
Discontinue Use of SRF Admin. Fees Non-Program Income	(\$ 537,446)	
4 Yr. Average Annual Shortfall	(\$ 2,944,036)	

Attachment B-9– Clean Water Funding Projected Operating Costs

Slide 2 at <http://www.dnr.mo.gov/env/wpp/docs/Budget%20Shortfall%20-%2020121019.pdf>

