



**MISSOURI**  
DEPARTMENT OF  
NATURAL RESOURCES

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# Public Drinking Water Fee Structure Stakeholder Meeting

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January 31, 2020

# Meeting Agenda

- Fee Revision Process
- Current Fee Structure
- Overview of Department Drinking Water Activities
- Services Provided for Public Water Systems by the Department
- Cost Savings and Efficiencies Implemented
- Department of Health and Senior Services Overview
- Financial Overview
- Drinking Water SRF Capitalization Grant Match
- Open Discussion
- Wrap Up and Future Meeting Dates



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# Fee Revision Process



# Background

- The Primacy Fee and the Laboratory and Program Administration Fee were established by statute in 1992, and renewed in 1996, and 2002.
- The current fee amounts for the fees were later set in statute in 2006, and extended in 2012.
- Legislation in 2014, granted the Safe Drinking Water Commission the authority, until August 28, 2024, to revise the statutory fee structure through rulemaking.



# Comprehensive Review

- The Department may conduct a comprehensive review and propose changes to the fee structure established in Section 640.100 RSMo. Fees established in statute include the Primacy Fee and the Laboratory and Program Administration Fee.
- The comprehensive review must include stakeholder meetings to solicit input from public and private water systems and other interested parties.



# Comprehensive Review

- Upon completion of the comprehensive review, the Department shall submit a proposed fee structure, with stakeholder agreement, to the Commission.
- The Commission will review the recommendation at a regular or special meeting but does not vote on the proposed fee structure until a subsequent meeting.
- A 2/3rds majority vote is required to advance the rule to the formal rulemaking process.

# Rulemaking

- The Department will file the proposed rule and schedule a public hearing.
- After considering public comment, the Commission may vote to authorize the Department to file the final Order of Rulemaking.
- Filing with the Joint Committee on Administrative Rules (JCAR) must be no later than December 1<sup>st</sup> of the same year.

# JCAR Review

- During the following legislative session, that begins in January, the General Assembly may disapprove the fee structure within the first 60 calendar days or it will go in effect the following January 1<sup>st</sup>.



# Tentative Timeline for Rulemaking with a January 2022 effective date

- January – April 2020 – Stakeholder Meetings.
- July 8, 2020 – Present proposed fee structure to the Safe Drinking Water Commission.
- July 10, 2020 – Seek Commission approval of the proposed rule.
- September 2020 – Public hearing.
- November 2020 – Obtain final approval from the Commission and file the Order of Rulemaking.
- January 1, 2021 – April 1, 2021 – Legislative approval.
- January 1, 2022 – Effective date.





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# Current Fee Structure



# Primacy Fee

- Fee established in statute in 1992, revised to current structure in 2006.
- Provides approximately \$5 million in funding for implementation of the drinking water primacy program.
- Paid annually by customers of community water systems.
- Less than 1% of water systems fail to remit fees.

Number of Connections	Fee
1 to 1,000	\$3.24
1,001 to 4,000	\$3.00
4,001 to 7,000	\$2.76
7,001 to 10,000	\$2.40
10,001 to 20,000	\$2.16
20,001 to 35,000	\$1.92
35,001 to 50,000	\$1.56
50,001 to 100,000	\$1.32
More than 100,000	\$1.08
Meter Size	Fee
Greater than 1"	\$7.44
Greater than 2" but less than 4"	\$41.16
Greater than 4"	\$82.44

# Laboratory Services and Program Administration Fee

- Fee established in statute in 1992, revised to current structure in 2006.
- Provides approximately \$251,000 in funding.
- Paid annually by public water systems except where prevented by the Hancock Amendment.
- Less than 1% of water systems fail to remit fees.

System Size	Fee
Transient noncommunity system	\$100
<4,100 service connections	\$200
<7,600 service connections	\$300
7,600 or more service connections	\$500
Supplier using surface water	\$500

# Other Fees – Amount not Set in Statute

## Laboratory Certification Fees

- Fees established in 1992.
- Provides approximately \$22,500 in funding annually.
- Certification fee is paid every three years.
  - Only chemical labs pay a certification or audit fee.
- Number of labs certified – 92
  - Chemical labs – 25
  - Bacti – 67

Laboratory	Fee for 3 - Year Certificate
Organic chemicals	\$2,700
Inorganic chemicals	\$1,500
Bacti	-
Laboratory audit	\$2,500

# Other Fees – Amount not Set in Statute

## Operator Certification Fee Structure

Type of Fee	Current
Application	\$45
Retake Exam	\$20
Renewal (3 year certification)	\$45
Reciprocity Certification	\$65
Late Fee	\$10 up to \$20

Fee established in 1991, and revised in 2001.  
Provides approximately \$100,000 in annual funding.

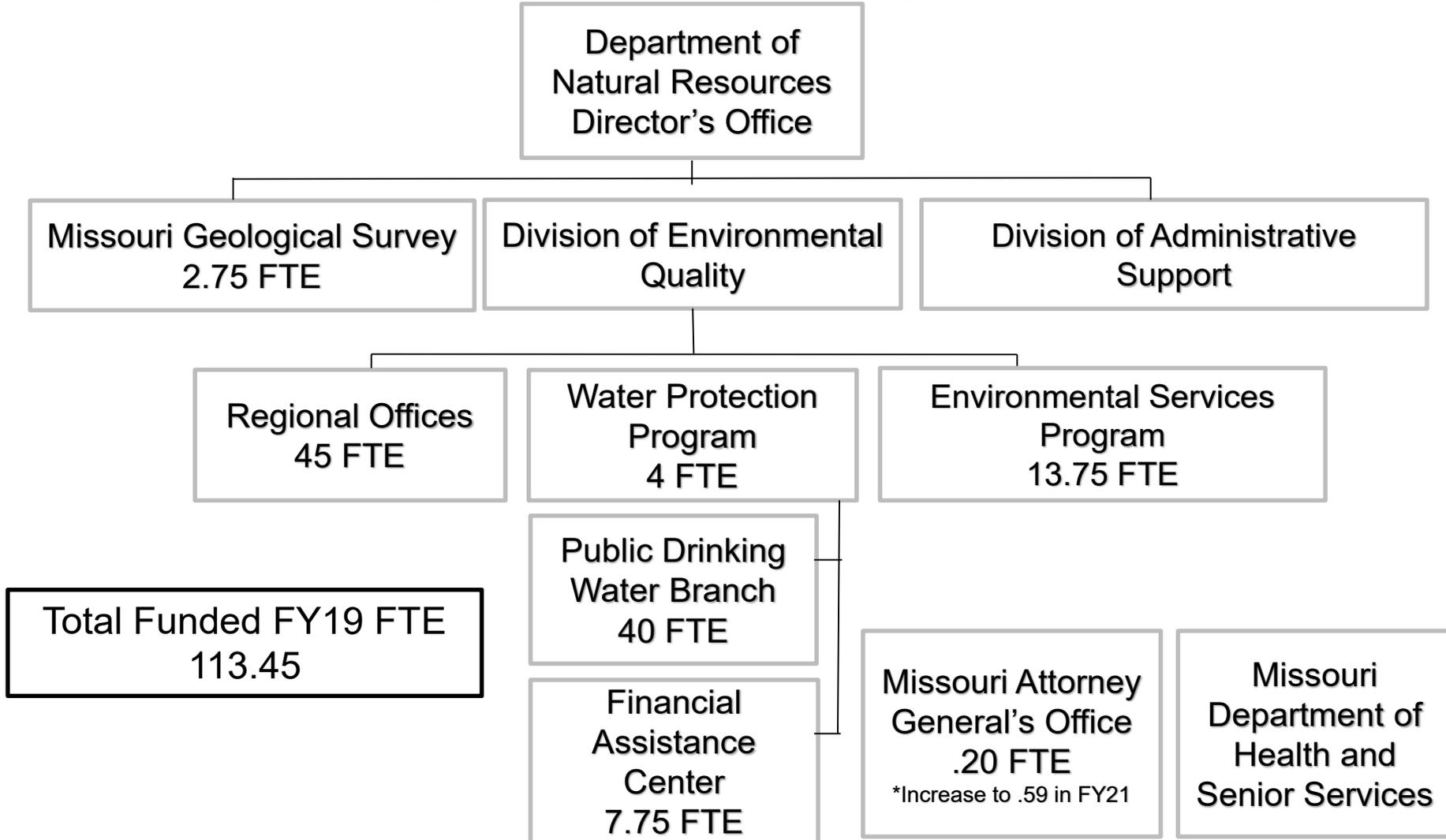
# Overview of Department Drinking Water Activities

*Safe Drinking Water Act*



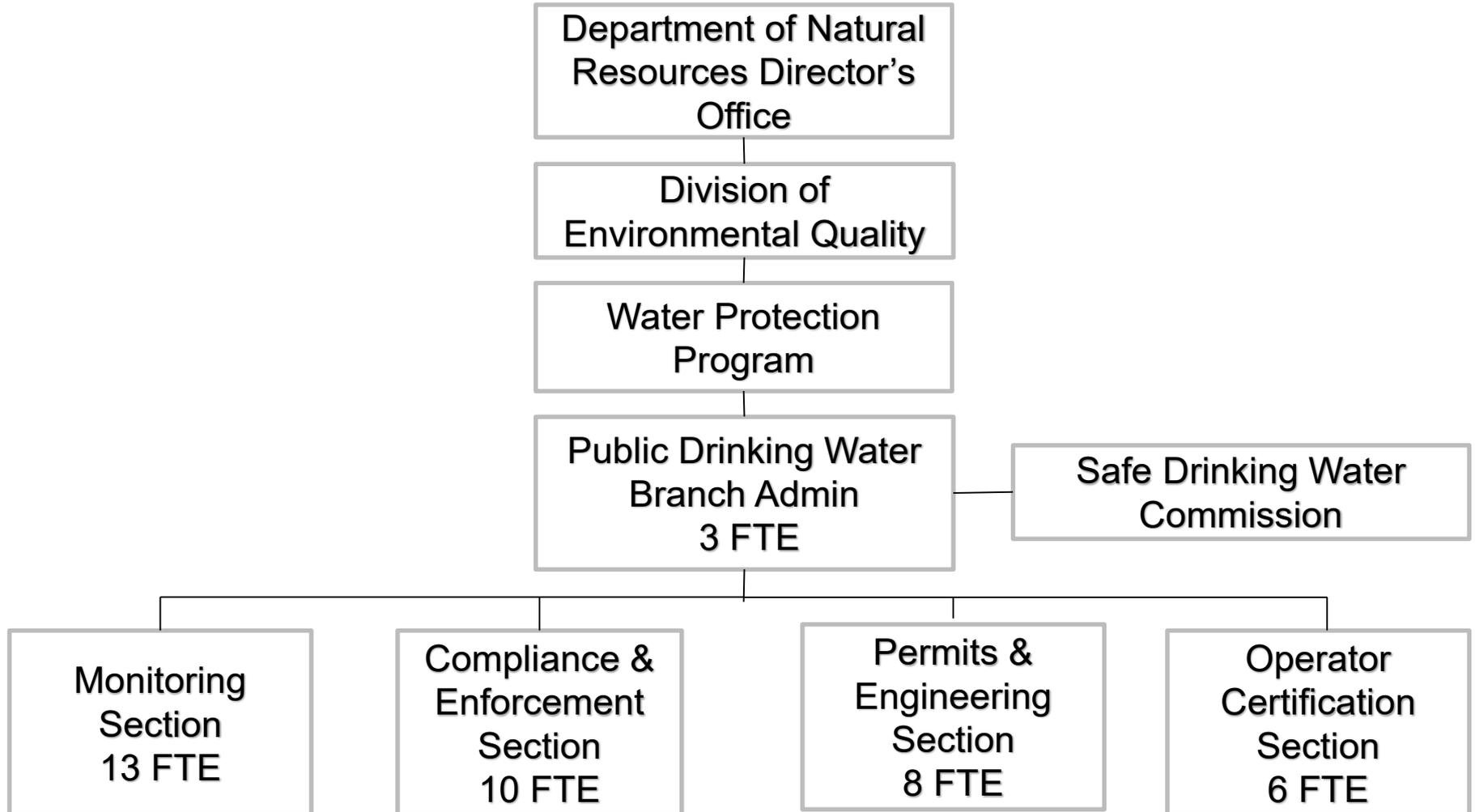


# Staff Performing Public Drinking Water Activities





# Public Drinking Water Branch



# Monitoring Section

- Coordinates sampling activities for approximately 4,000 entry points at 2,741 public water systems.
- Performs rule development and implementation activities.
- Identifies non-compliant water systems.
- Manages the Safe Drinking Water Information System (SDWIS) and associated data.
- Creates and hosts the Consumer Confidence Reports for all community water systems on the Department's website.
- Maintains the Drinking Water Watch Webpage.
- Coordinates the state laboratory certification program.



## FY19 Statistics

Number of samples reviewed for compliance	87,943
Community water systems	1,429
Nontransient noncommunity water systems	218
Transient noncommunity water systems	1,094

# Compliance & Enforcement Section

- **Compliance & Enforcement Unit**
  - Issues Notices of Violation.
  - Coordinates public notice actions.
  - Manages enforcement cases.
  - Negotiates and issues orders.
- **Capacity Development & Source Water Protection Unit**
  - Provides technical, managerial, and financial assistance.
  - Coordinates with technical assistance providers.
  - Reviews and endorses source water protection plans.
  - Manages abandoned well plugging grant program.
  - Conducts GIS data review for drinking water datasets.
  - Oversees source water protection contract with CARES.

## FY19 Statistics

Public notifications coordinated	1,574
Assistance efforts coordinated	174
Training coordinated	17
Source Water Protection Plans	90
Source Water Protection Plans endorsed	35
Abandoned Well Plugging awards	7

# Permits & Engineering Section

- Review and approve construction permit applications.
- Review and approve Permits to Dispense.
- Oversee the Backflow Prevention Program.
- Oversee the Area Wide Optimization Program.
- Coordinate Comprehensive Performance Evaluations.
- Perform Corrosion Control Evaluations.
- Oversee the Engineering Report Services Grants Program.



FY19 Statistics	
Backflow certifications	1,250
Construction permits	436
Permits to Dispense	150
Emergency waivers	14
Grant awards	16

# Operator Certification Section

- Develops certification exams.
- Determines eligibility.
- Performs reciprocity reviews.
- Issues and renews certificates.
- Approves training courses.
- Publishes the Water and Wastewater Digest.
- Implements the Voucher Program.



## FY19 Statistics

- |                     |       |
|---------------------|-------|
| • DW certificates   | 5,721 |
| • WW certificates   | 2,903 |
| • CAFO certificates | 170   |
| • Exams             | 959   |
| • Courses approved  | 1,263 |

# Regional Offices

- Perform sanitary surveys.
- Investigate complaints and unsafe samples.
- Perform construction inspections.
- Perform compliance assistance.
- Conduct operator training.

## FY19 Statistics

• Sanitary surveys	801
• Inspections	317
• SRF inspections	35
• Compliance assistance visits	143
• Training sessions	173
• Exam sessions	49
• Investigation of unsafe samples	712
• Emergency or boil orders	47
• RTCR investigations	283



For more information on the department,  
visit [dnr.mo.gov](http://dnr.mo.gov) or call 800-361-4827

# Financial Assistance Center

- Manages the Drinking Water State Revolving Loan Fund.
- Provides low interest Loans and Grants to public drinking water systems for infrastructure improvements.
- Develops the Annual Intended Use Plan.
- Markets financial services to systems.



## SFY19 Statistics

DWSRF expenditures	\$52,508,081
DWSRF applications	13
Funding workshop attendees (5 workshops)	160

# Missouri Geological Survey

## Water Resources Center

- Public Well Construction Assistance.

- Set casing points.
- Review well cuttings.
- Analyze pump tests.
- Provide technical assistance.

- Vulnerability Assessment.

- Review monitoring waivers.
- Maintain GIS datasets.

- Groundwater Under the Direct Influence of Surface Water Determinations.

## Well Installation Section

- Certification of public wells.

### FY19 Statistics

• Estimated casing depth letters	40
• Final casing depth letters	24
• GUI determinations	1
• Monitoring waivers	21
• Number of wells reviewed for Vulnerability Assessment	2600
• Public wells certified	22

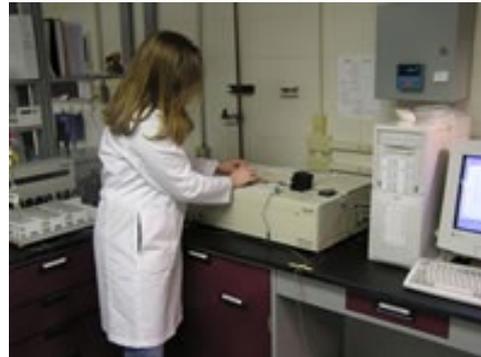


# Environmental Services Program

- Provides laboratory services for Missouri public water systems for most chemical compliance sampling.
- Prepares and mails sampling kits.
- Maintains the Laboratory Information Management System (LIMS) to track, transfer, and store laboratory results.
- Performs audits of chemical laboratories as part of the State's laboratory certification process.

## FY19 Statistics

• Samples analyzed	13,434
• Nitrates	3,480
• Lead and copper	6,184
• VOCs	822
• IOCs	819
• SOCs	633
• Chlorite	624





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# Services Provided for Public Water Systems by the Department



**Consumer  
Confidence  
Report**

# Laboratory Services

The Department is required by statute to provide laboratory services for public water systems. Benefits of this service include:

- Analysis for 91 chemical and microbiological contaminants.
- Appropriate sampling schedules for each entry point/water system.
- Chain of custody forms created to identify the correct sampling location for each sample.
- Sample kits sent to water systems and return shipping provided.
- Reporting burden reduced.
- Department reminders to get samples returned timely to ensure compliance (postcards, emails, phone calls, etc.).
- Data kept online and available to the public.
- Data reviewed to determine compliance and schedule changes based on results.

# Estimated Cost of Laboratory Services

Monitoring Services	Approximate Annual Costs
Chemical	\$1,400,000
Bacteriological	\$480,000
Radionuclides	\$280,000
Other (Unregulated Contaminant Monitoring Rule, Long-term 2 Enhanced Surface Water Treatment Rule)	\$100,000
Total	\$2,260,000

Average Annual Lab Service Fee Collected \$251,000.

Estimated cost savings to public water systems:

**\$2,009,000**

# Consumer Confidence Reports

- The Department develops and hosts Consumer Confidence Reports(CCRs) on its internet server.
- 569 Community water systems totaling 757,540 connections used the URL/server provided by the Department. Benefits of the service include:
  - No direct mailing to customers.
  - No publishing costs.
  - No staff time to stuff and mail reports to customers.

Estimated annual cost savings to public water systems:

**\$530,278**

## Federally Funded FY19 Set-aside Projects Assisting Water Systems

Engineering Report Services Grants	\$325,952
Operator Certification Voucher Program	\$282,840
Circuit Rider Providers	\$230,000
Missouri University of Science and Technology Research	\$75,029
Well Plugging Grants	\$59,960
University of Missouri – DBP Studies	\$44,760
Source Water Protection Grants	\$37,496
Center for Applied Research and Environmental Systems (CARES)	*\$30,000
<b>Total</b>	<b>\$1,086,037</b>

\*FY19 included an enhancement to the system; ongoing maintenance expected to be \$8,000.

# Cost Savings and Efficiencies Implemented



# Cost Savings – Personal Service

Department Area	Positions Reduced/On Hold*
Missouri Geological Survey	1.5 FTE reduction (One full time and one 1,000-hour position)
Water Protection Program Fiscal Management Section	1.5 FTE reduction (Full time positions)
Public Drinking Water Branch	3.0 FTE reduction (One full time position and four 1,000-hour positions)  1.7 FTE on hold (one full time position and two intern positions)
Regional Office/Environmental Services Program	.5 FTE reduction (1000-hour position) .5 FTE on hold (interns)
Total*	6.5 FTE reduction, 2.2 FTE on hold

\*Reduction in personal service with no reduction in services.

# Cost Savings – Monitoring Expenses

Operational Monitoring Rule Change	Fluoride sampling reduced to quarterly.	\$36,703 per year
Courier Service	Systems that utilize courier save shipping costs vs. UPS call tags.	\$12.61 per sample kit
Unregulated Contaminant Monitoring Rule 4	Staff reduced the number of wells needing tested by consolidating well information based on aquifer and depth.	\$66,868 over two years
Vulnerability Assessment	Allows the Department to issue waivers for synthetic organic chemicals.	Estimated to save more than a million dollars per year.



## Set Aside Spending Reductions

Set-aside	FY16	FY17	FY18	FY19	FY20	FY21
Missouri University of Science and Technology	\$155,060	\$107,904	\$110,651	\$75,029	\$ -	\$ -
University of Missouri - Columbia	\$88,298	\$87,388	\$38,196	\$44,760	\$ -	\$ -
Board & Council Training	\$65,000	\$65,000	\$65,000	\$ -	\$ -	\$ -
Source Water Protection Grants	\$37,087	\$64,848	\$42,264	\$37,496	\$ -	\$ -
Engineering Report Services Grants	\$1,099,982	\$372,462	\$451,283	\$325,952	\$300,000	\$ - *Transferred to the Financial Assistance Center
GEC Contract	\$135,562	\$71,715	\$77,366	\$ - *Transferred to ITSD through cost allocation	\$ -	\$ -

# Efficiencies

- Auto-dialer.
- Online point of contact/inventory form.
- Lead and Copper sample mailing improvements.
- Construction authorization exemptions.
- Lean review of permit to dispense and construction authorization procedures for possible inefficiencies.
- Bill pay and procurement duties transferred to the Division of Administrative Support.
- Operator Certification online payments.
- IT improvements to help staff more effectively perform routine tasks.



# Efficiencies

## Creation of the Central Field Office and Regional Office Alignment

- Field activities (inspections, investigations, compliance assistance) for nine counties in the central part of the state conducted out of the central office.
- Four other counties realigned from KCRO to NERO.

## Benefits

- Reduced drive time to perform field activities, reduces EE costs.
- No additional FTEs.
- No additional office space.



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# Department of Health and Senior Services Overview





# Missouri State Public Health Laboratory (MSPHL)



## Drinking Water Microbiology

Leon Luebbering

Laboratory Manager

Environmental Bacteriology Unit

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## Brief History of the MSPHL



- The MSPHL was established in 1906, throughout its 114 year history has provided water testing for both public and private drinking water supplies.
- The MSPHL tests approximately 60,000 public drinking water samples annually.
- The MSPHL provides EPA certification evaluations and technical support to approximately 60 DNR certified laboratories across the state.



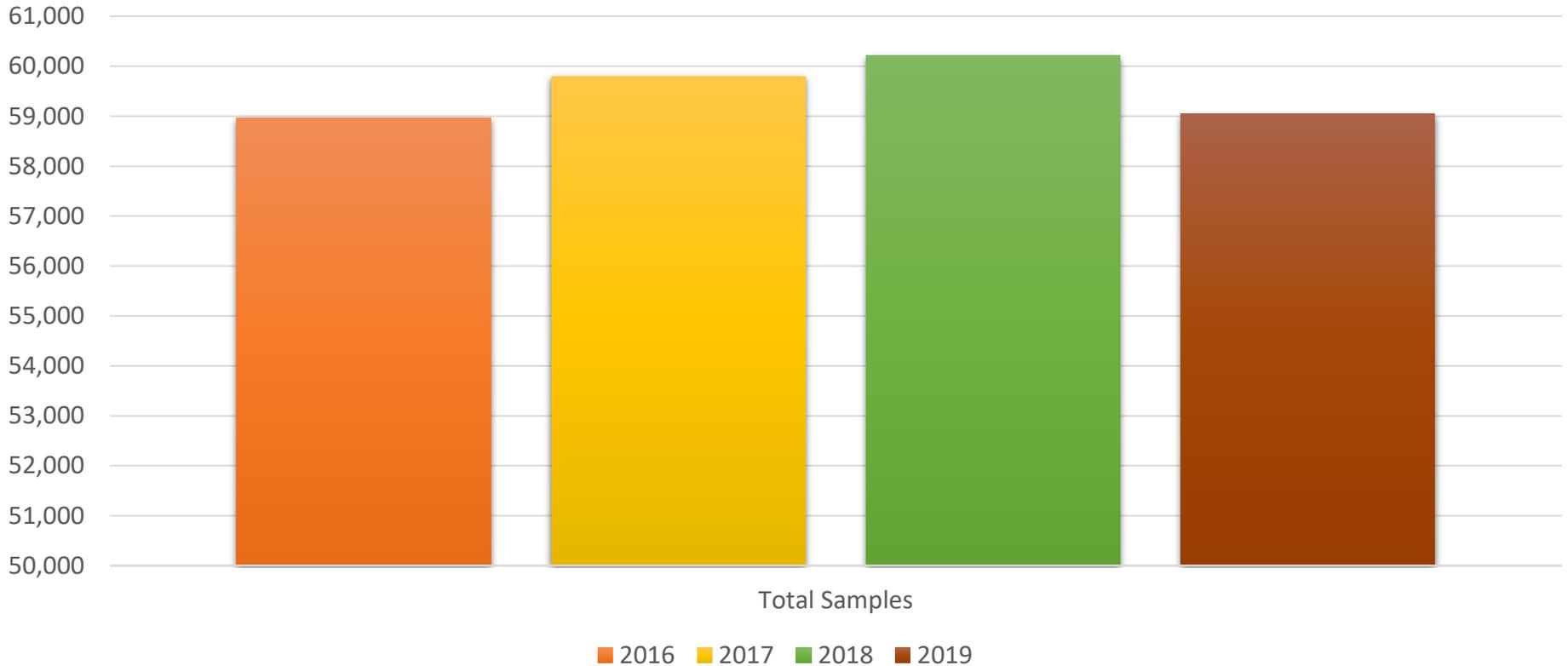
## Background of Primacy Fee Usage by the MSPHL



- In FY2010 due to reduction in General Revenue (GR) budget, the Governor recommended that MSPHL receive appropriation authority in the Safe Drinking Water Fund in the amount of \$435,197.
- The MSPHL pays for Personnel Services (Laboratory staff salaries) with general revenue funding to support public drinking water testing and laboratory certification.
- The MSPHL seeks needed support to continue drinking water testing and laboratory certification due to GR short falls.

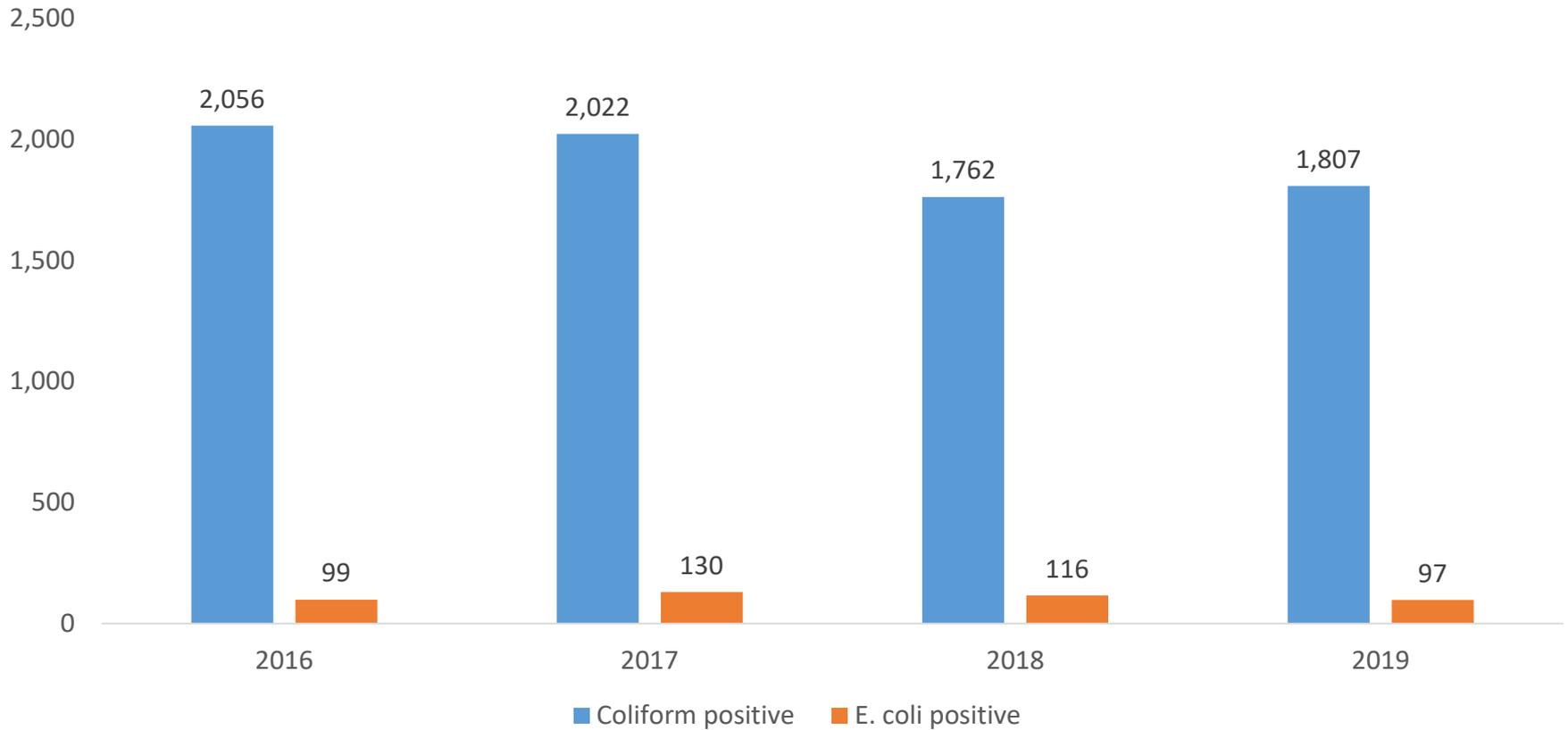


# Public Drinking Water Samples By Calendar Year





# Number of Positive Samples By Calendar Year

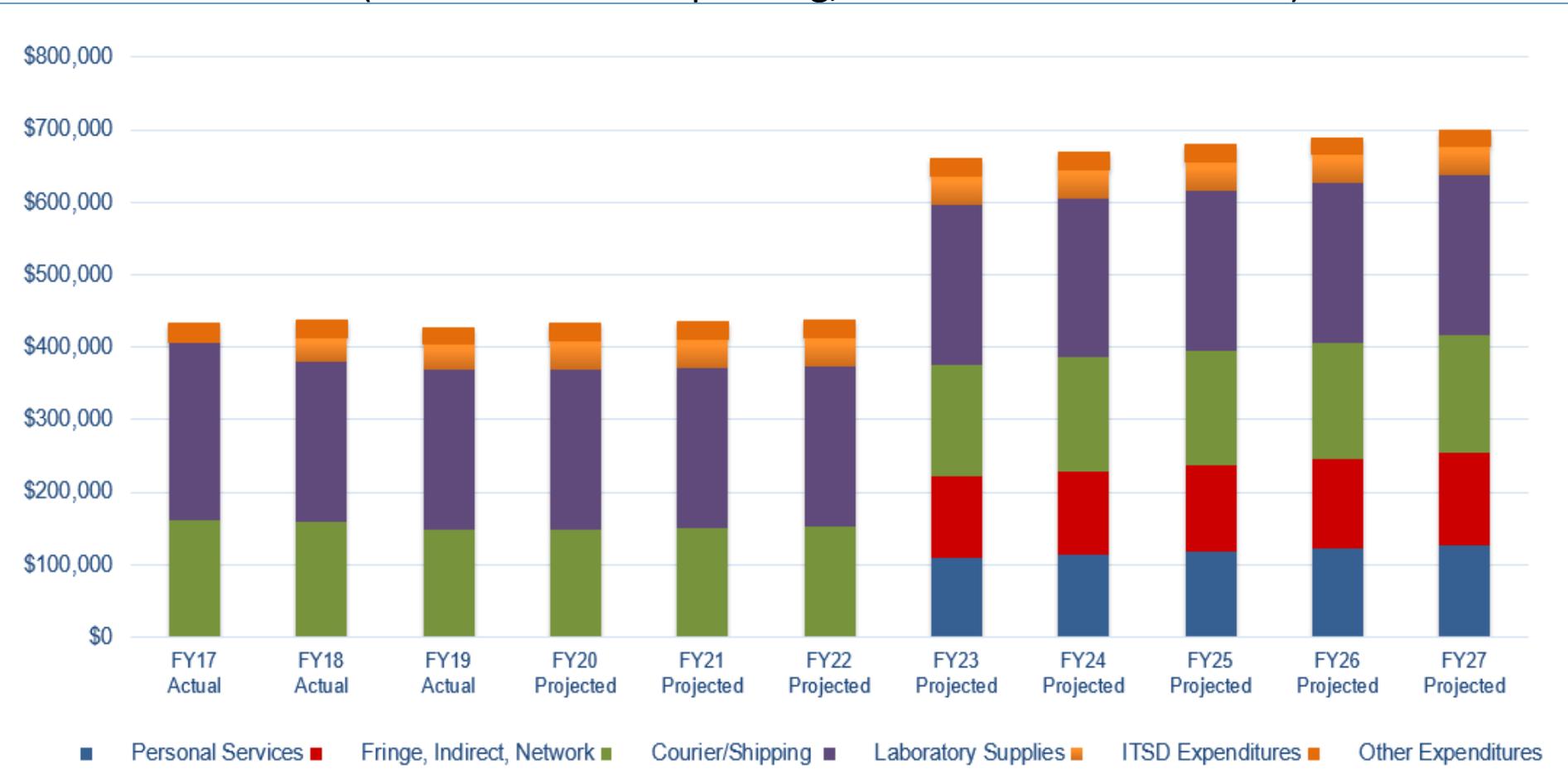




# Public Drinking Water Operating Expenditures



(Based on current spending; 2.25 FTE added in FY2023)





# Projected Five Year Shortfall



FY2023	FY2024	FY2025	FY2026	FY2027	Total
\$185,387	\$195,095	\$205,071	\$215,322	\$225,863	\$1,026,738
			Five Year Average Shortfall		\$205,348

## Assumptions:

- Expenditures based on FY2020 projected spending; funding 2.25 FTE beginning in FY2023.
- 3.5 percent pay plan (cost of living, market adjustments, Above and Beyond) included for FY2023-2027.
- 1% increase in fringe rate (capped at 61%).
- 1% annual courier increase included based on current contract terms.



# Questions??



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# Financial Overview



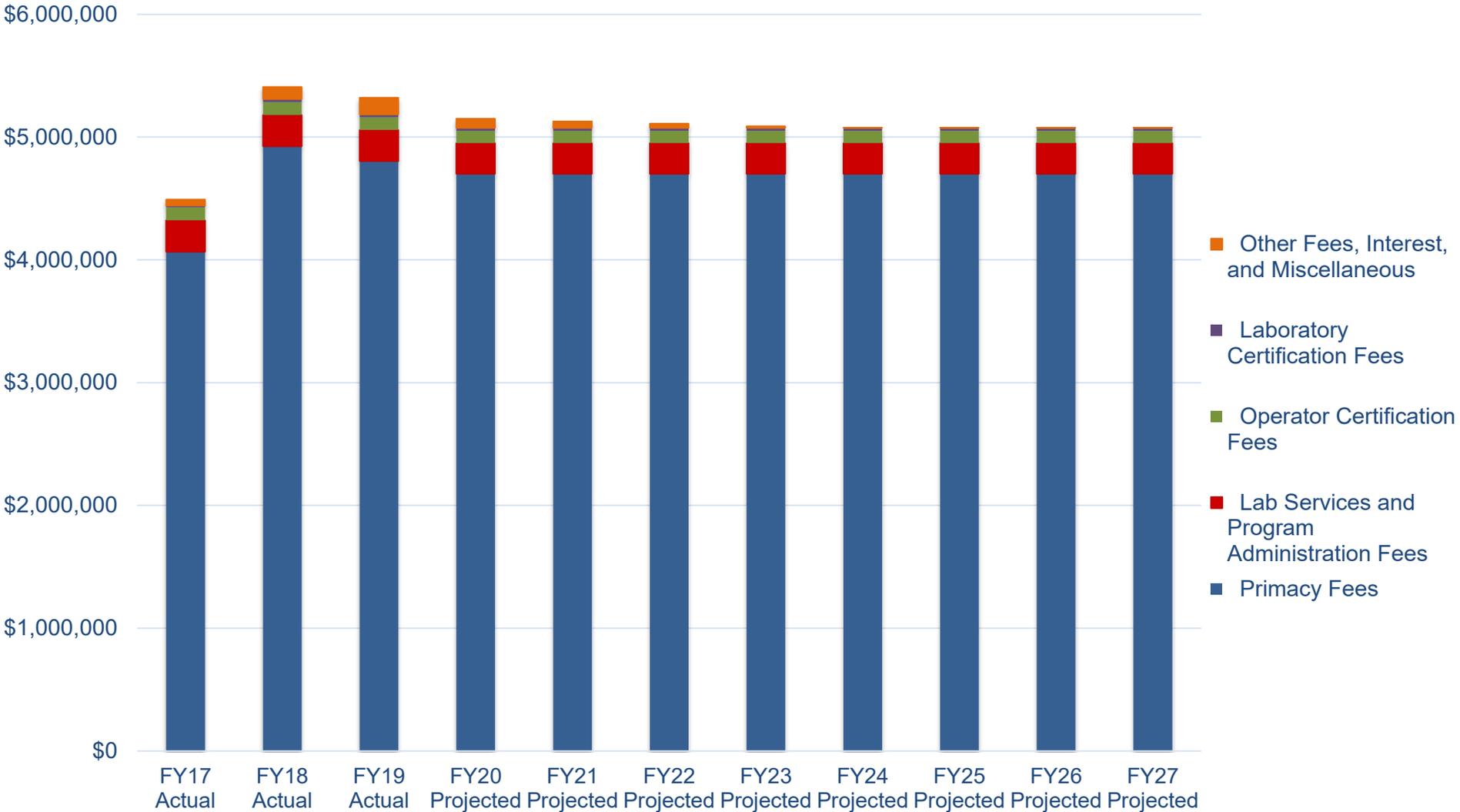
# Safe Drinking Water Fund

## Includes:

- Primacy fees.
- Laboratory Services and Program Administration fees.
- Laboratory Certification fees.
- Operator Certification fees.
- Other Miscellaneous Fees (e.g. Sunshine Law requests, settlements, witness fees, interest, refunds, etc.).



## Safe Drinking Water Fund (0679) Revenues



# Other Drinking Water Funding Sources- Federal Grants

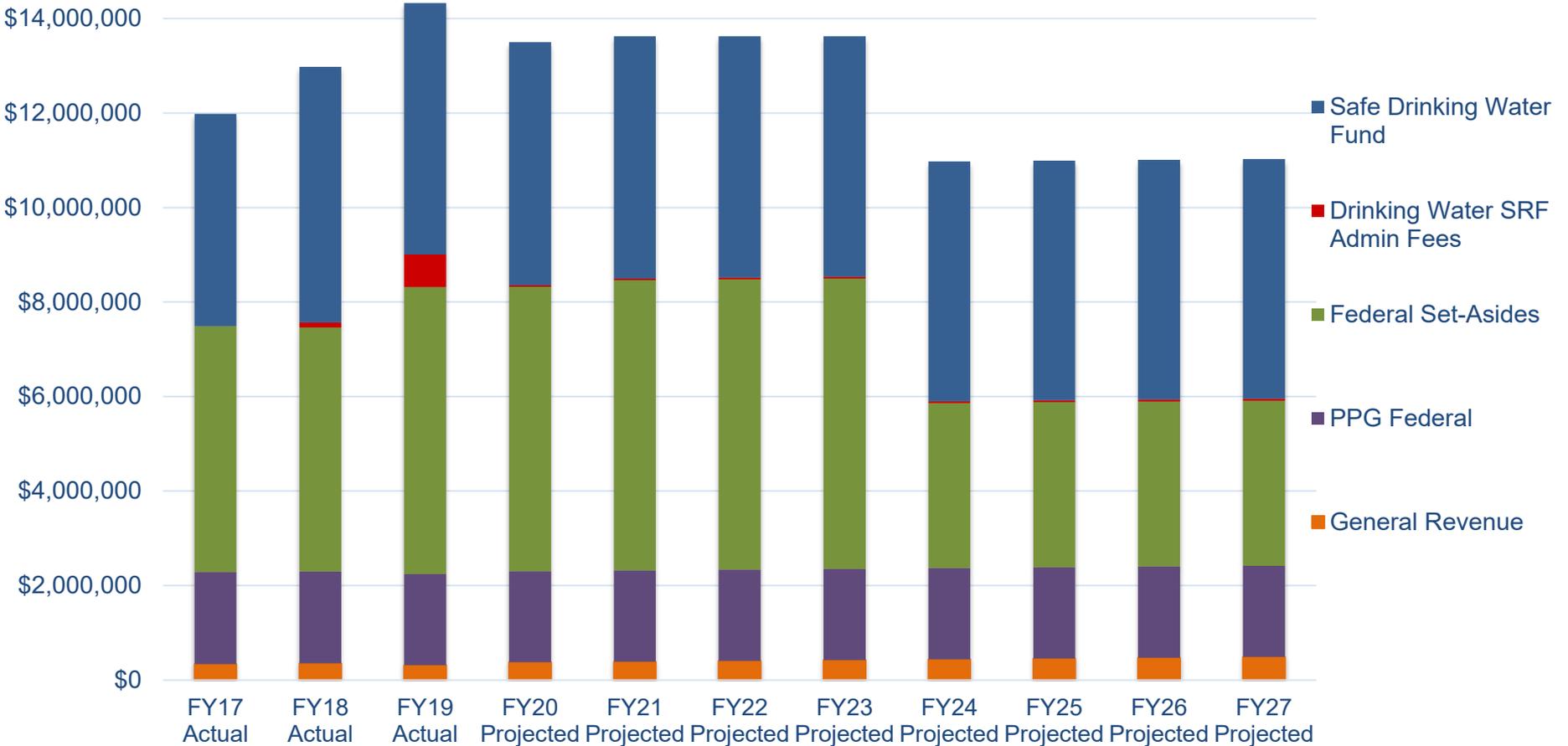
- **Public Water System Supervision Performance Partnership Grant**
  - The grant provides funding for implementation of primacy related activities.
  - Requires 25% match.
- **Drinking Water State Capitalization Grant**
  - The grant provides “set-aside” funding to enhance state public drinking water programs and assist systems with non-infrastructure needs.
  - Missouri reserves 31% of the grant for these activities.
  - Requires 20% match.

# Other Drinking Water Funding Sources- Admin Fee and General Revenue

- Drinking Water Loan Admin Fees
  - Admin fee is 0.50% of the outstanding loan balance each year and is paid by recipients of SRF loans.
  - Primary Source of match for Capitalization Grant.
  - Can be used to pay for reasonable costs of administering the SRF.
- General Revenue
  - Funding appropriated by the Legislature.



# Drinking Water Operating Revenues

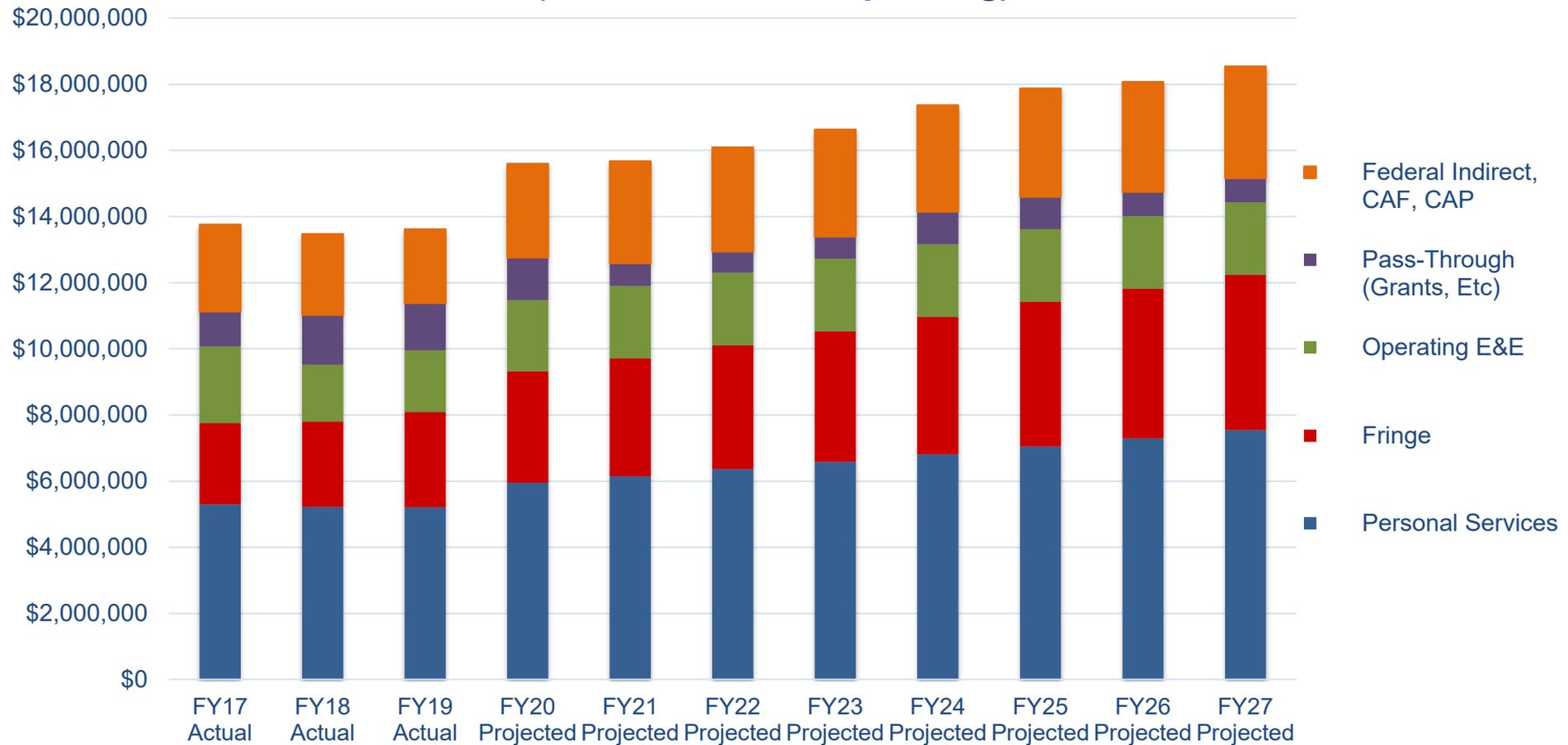


\*This excludes Drinking Water SRF revenue used for match.



# Drinking Water Operating Expenditures

(based on current spending)

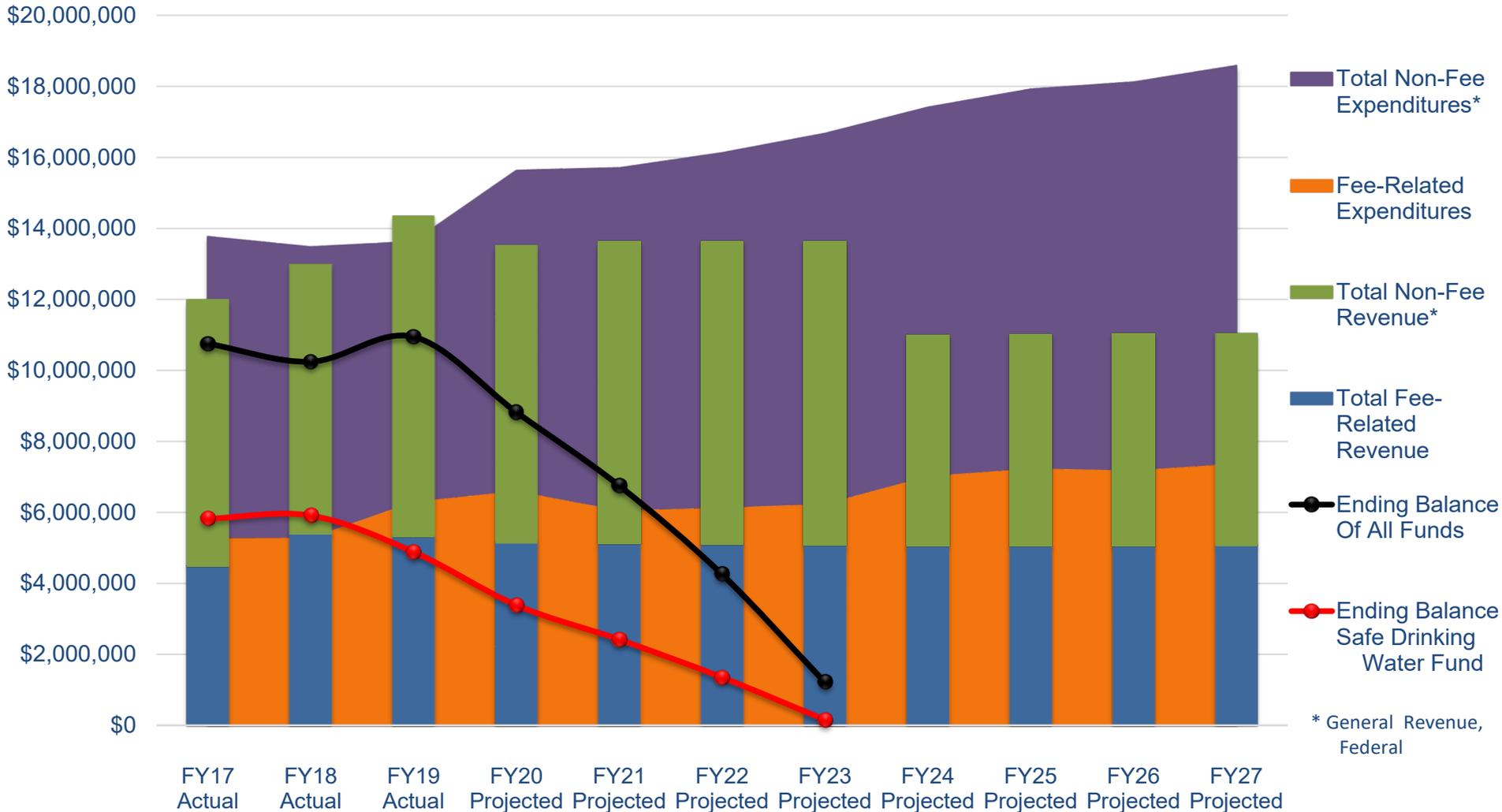


\*This excludes Drinking Water SRF loan and grant pass-through expenditures.



## Drinking Water Funding Projected Revenues, Expenditures, & Balance

(expenditures are based on current spending)



\* General Revenue, Federal

# Drinking Water Funding Five Year Shortfall (Current Spending)

FY23	FY24	FY25	FY26	FY27	Total
\$3,074,410	\$6,456,695	\$6,949,359	\$7,131,172	\$7,578,625	\$31,190,261
Five Year Average Shortfall					\$6,238,052

## Assumptions:

- Expenditures based on FY20 projected spending, not full program cost (all current positions may not be filled the full year).
- 3.5% cost of living, market adjustments, “above and beyond” included for FY23-27.
- 1% annual growth on fringe rate (capped at 62%).
- No inflationary rate for expense and equipment is included.
- Reduction in Capitalization Grant FY24-27.

# Potential Future Needs FY23 - FY27

	FY23	FY24	FY25	FY26	FY27
PFAS Monitoring	\$228,000	\$228,000	\$228,000	\$228,000	\$228,000
Lead & Copper Rule					
- Analytical Cost	\$41,837	\$41,837	\$41,837	\$41,837	\$41,837
- Lab Equipment	\$200,000				
- FTE	\$427,590	\$444,945	\$462,991	\$479,990	\$496,788
Perchlorate Monitoring	\$107,500	\$107,500	\$107,500	\$107,500	\$107,500
Asbestos Monitoring	\$31,250				
Total	\$1,036,177	\$822,282	\$840,328	\$857,327	\$874,125
Total FY23-FY27					<b>\$4,430,239</b>
Five Year Average Cost					<b>\$886,047</b>



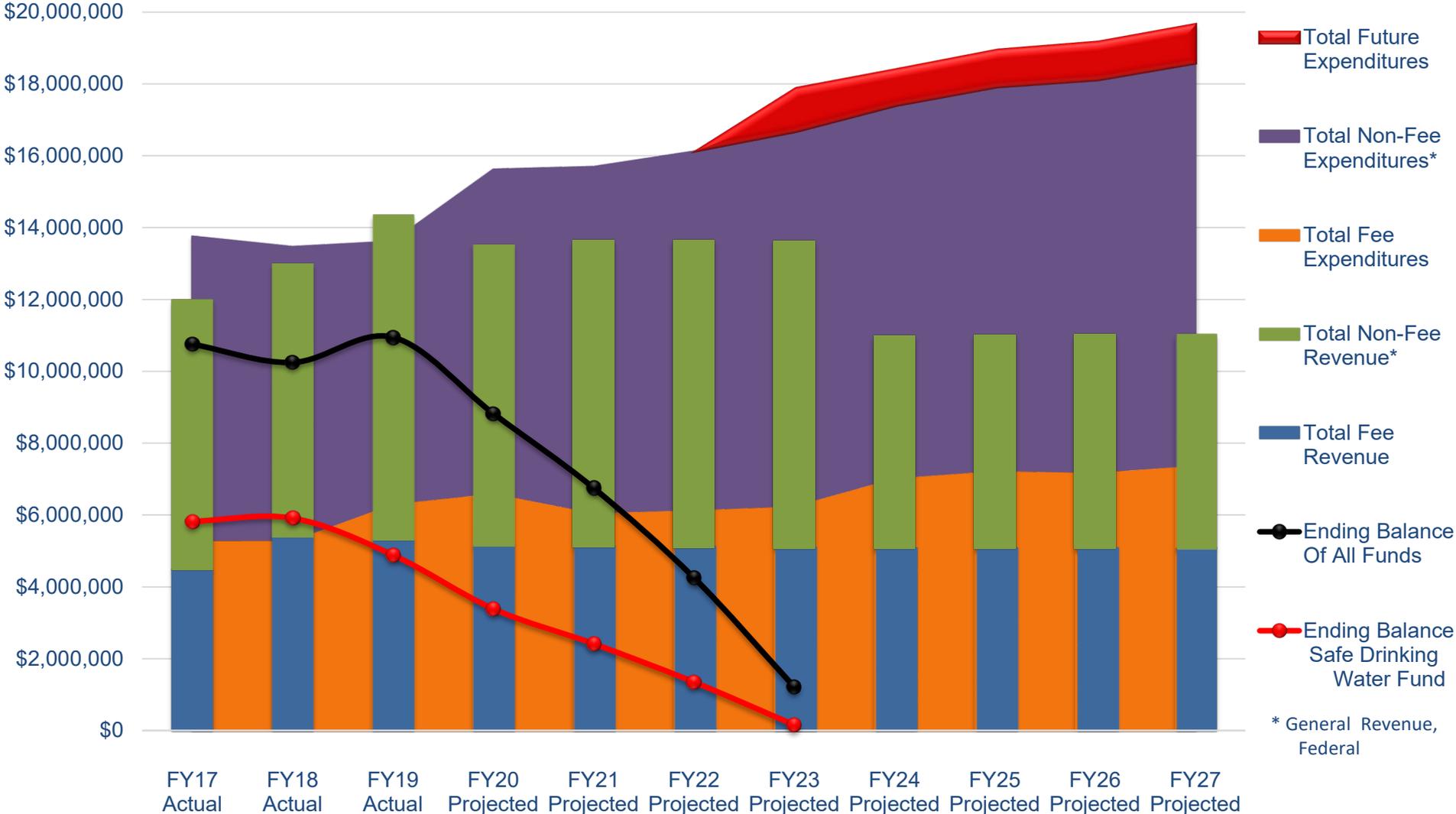
## Five Year Average Annual Shortfall (Current and Future Needs)

Shortfalls	Five Year Averages FY23-27
DNR Current Spending	\$6,238,052
DNR Future Needs	\$886,047
DHSS FTE Request	\$205,348
<b>Total</b>	<b>\$7,329,447</b>



## Drinking Water Funding Projected Revenues, Expenditures, & Balances

(expenditures are based on current and future needs)



\* General Revenue, Federal



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# Drinking Water State Revolving Fund Capitalization Grant Match



# Drinking Water State Revolving Fund (DWSRF)

The DWSRF provides a renewable financing source for low-interest loans and grants to construct infrastructure projects to improve water quality.

## Capitalization Grant

- Up to 31% may be set aside for SRF administration and capacity development activities
- At least 69% awarded as loans and grants to eligible recipients

## State Match

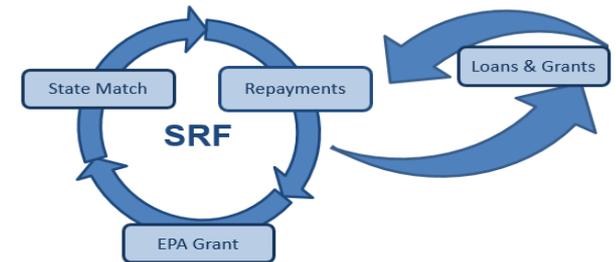
- Loans and grants to eligible recipients

## Repayments & Interest\*

- Loans and grants to eligible recipients.

## Loan administration fees (paid by recipients of SRF loans)

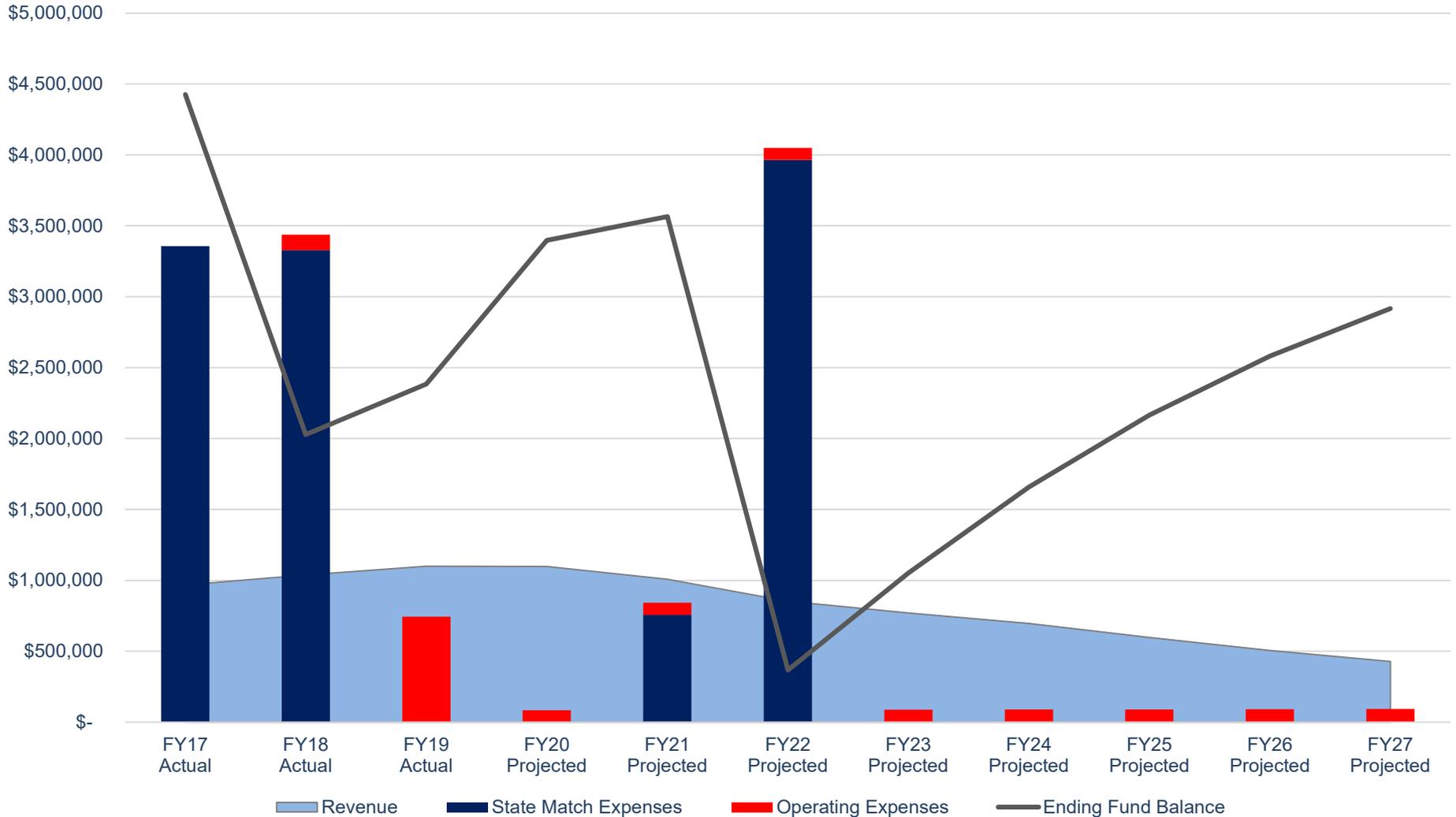
- Reasonable costs of administering the SRF including supporting operational costs and state match



\*The fund name is the Water and Wastewater Loan Revolving Fund. Water and wastewater loan repayments and interest are deposited into one fund, and tracked separately.

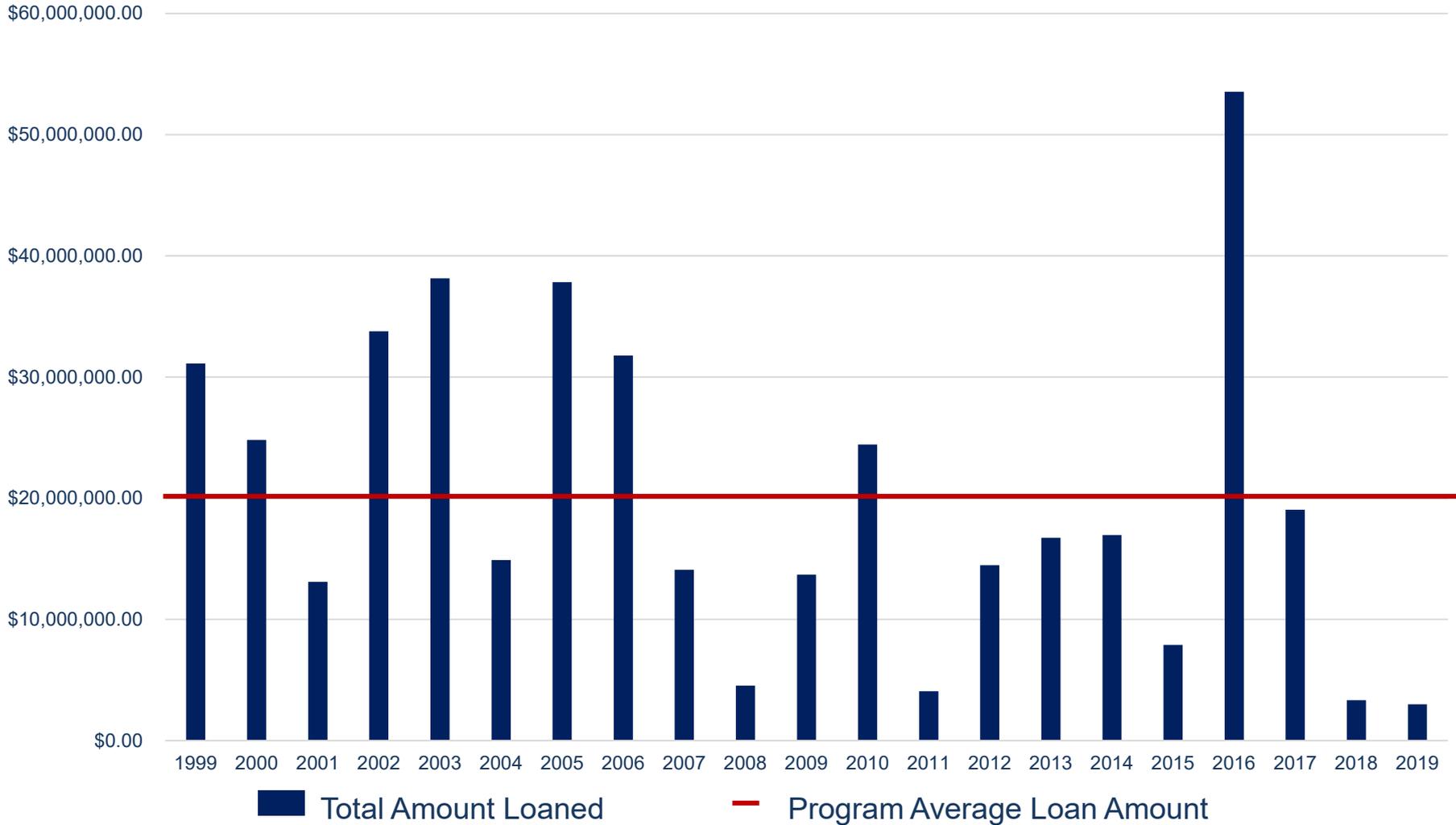


## Drinking Water State Revolving Fund Administration Fee Fund



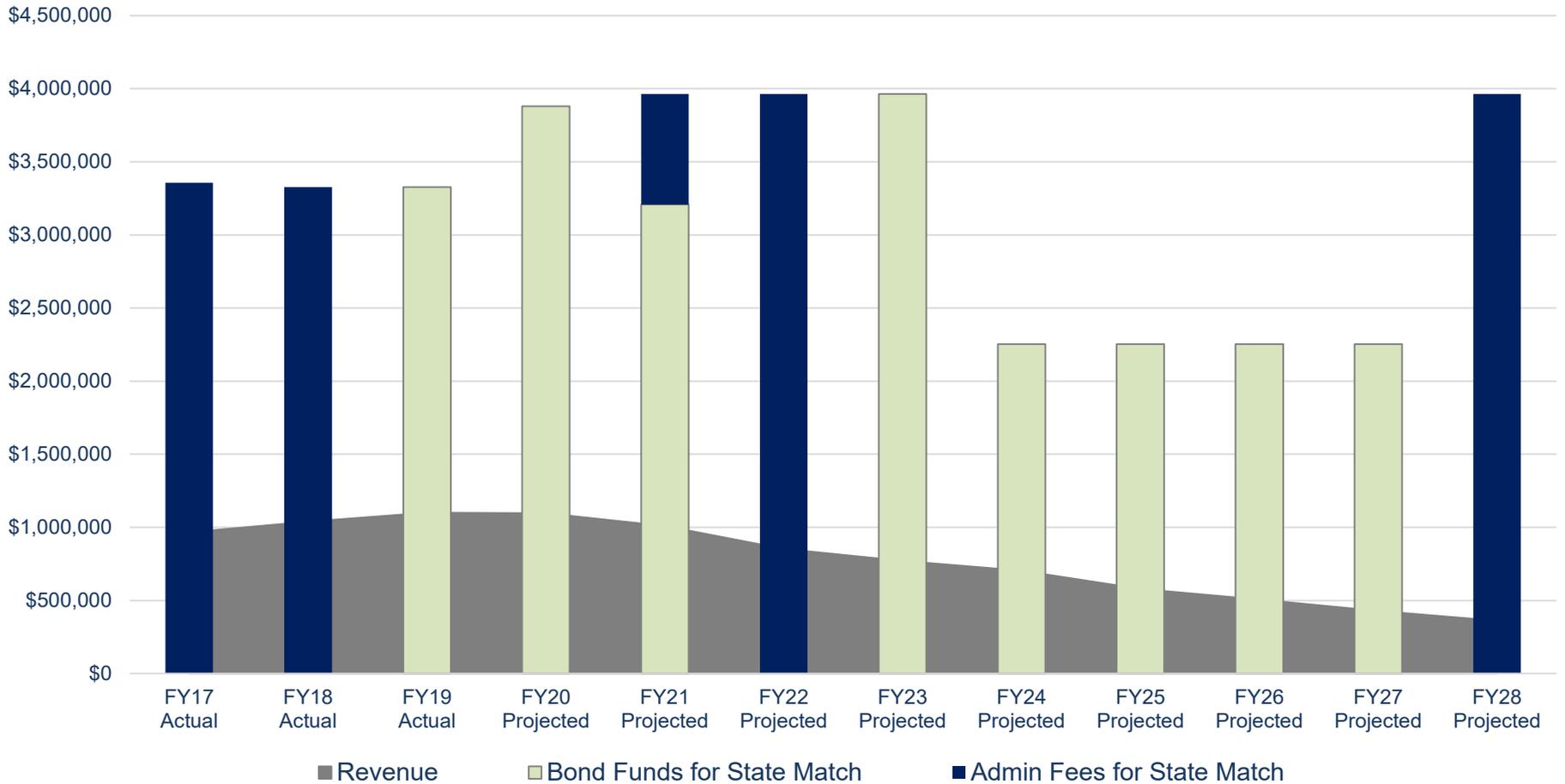


## Drinking Water State Revolving Fund Loan Total Loan Amount by Year





## Drinking Water State Revolving Fund State Match Plan





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# Discussion

# Wrap Up and Future Meeting Dates

- February 20, 2020
- March 17, 2020
- April 9, 2020

