

Dear Members of the Legislative Water Commission:

As a stakeholder, the Minnesota Center for Environmental Advocacy looks forward to the Legislative Water Commission's discussions of Minnesota's water quality problems and wastewater treatment needs and costs.

Given the estimate of \$2.5 billion over twenty years as a total cost of needed wastewater treatment infrastructure upgrades in Minnesota, taking a creative approach to those needs is important. We are pleased that meeting these needs is a key issue for the Commission, and wanted to provide some additional background information on two approaches used in other states to effectively and affordably meet the pollution reduction responsibilities of wastewater treatment facilities. We suggest that the Commission evaluate these approaches in identifying its recommendations for the future and recommend further study.

## **Maryland**

The Chesapeake Bay faces similar phosphorus, nitrogen, and sediment pollution problems as Minnesota's surface waters. The states surrounding the Bay, and Washington D.C., agreed as far back as 1987 to reduce nutrient pollution by 40%. Numerous missed deadlines and marginal improvement led to The Chesapeake Clean Water Blueprint, released in 2010. The Blueprint outlines steps to remove the Chesapeake Bay from the Impaired Waters List by 2025 (reductions of nitrogen by 44%, phosphorus by 44%, and sediment by 32% from 1985 levels.)

Each state has taken different approaches, but Maryland has been the most successful thus far. Their approach should be considered as a potential model for efforts in Minnesota. At the center of Maryland's pollution reduction work is the Bay Restoration Fund. Originally passed in 2004, the purpose is to create a dedicated fund, financed by wastewater treatment plant users, to upgrade Maryland's wastewater treatment plants with enhanced nutrient removal technology. The original fee was \$2.50 per household/month (or a rate scaled to equivalent household use for commercial and industrial users). A separate fund was also created based upon a similar fee on septic system users to upgrade septic systems and implement cover crops to reduce nitrogen.

The State of Maryland doubled both of these fees in 2012 to \$5.00/household/month for wastewater plant users or \$60/household/year for septic system users. The wastewater fee brings in about \$100 million per year that is largely used to service state issued bonds for wastewater system projects. The septic fee generates about \$27 million per year. Sixty percent is used to upgrade septic systems while the remainder is used for cover crops.

As of September 2017, 53 of the 67 targeted wastewater treatment plants have operational enhanced nutrient removal systems. An additional 11 are in construction while the remainder are in design/planning. Together they will reduce nitrogen discharges by nearly 10 million lbs/year and phosphorus emissions by over 1 million lbs/year. As the wastewater plan projects are completed they plan to shift more money to address non-point sources including agriculture.

A similar fee in Minnesota should generate a comparable annual revenue as in Maryland since the states have similar populations. An additional \$100 million per year to address wastewater system upgrades would be nearly enough address the \$2.5 billion wastewater infrastructure need over the next 20 years identified by the EPA . This includes improvements and updates to

address aging systems and the additional advanced treatment systems needed to meet water quality standards. It can also be particularly beneficial to small systems.

Further information on Maryland's program can be found here and in the attached materials:

- <http://mde.maryland.gov/programs/Water/BayRestorationFund/Pages/index.aspx>
- <http://www.cbf.org/how-we-save-the-bay/chesapeake-clean-water-blueprint/pollution-limits/blueprint-progress-tracking.html>

## **New York**

The State of New York recently took a much different approach to address water infrastructure and water quality concerns. Governor Cuomo signed the Clean Water Infrastructure Act in April 2017 that provides \$2.5 billion for wastewater and drinking water infrastructure and other water quality projects.

The bulk of the money (\$1.5 billion) will be used as grants to local communities to improve their water infrastructure. The remainder will be used for septic system upgrades and other clean water projects including funding to protect drinking water sources.

Further information on New York's approach can be found here:

- <https://www.governor.ny.gov/news/governor-cuomo-signs-legislation-investing-25-billion-clean-water-infrastructure-and-water>
- <http://nyassembly.gov/Press/20170407/>

We look forward to the opportunity to explore further with you the options available to increase the funding available to address Minnesota's water infrastructure needs. Please get in touch with either of us with questions.

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