



DEPARTMENT OF
ECOLOGY
State of Washington

Wastewater and Stormwater Discharge Permit Fee Program

Report to the Legislature

State Fiscal Years 2012-2013

December 2013
Publication no. 13-10-055

Publication and Contact Information

This report is available on the Department of Ecology's website at <https://fortress.wa.gov/ecy/publications/SummaryPages/1310055.html>

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Wastewater and Stormwater Discharge Permit Fee Program

**Report to the Legislature
State Fiscal Years 2012-2013**

*by
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Washington State Department of Ecology
Olympia, Washington

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Executive Summary

Wastewater discharge permits are the state's primary tool to prevent water pollution. Ecology uses the permit system, authorized under the Federal Clean Water Act National Pollutant Elimination Discharge System (NPDES) program, to protect water quality. The permit holders include large and small industries such as pulp mills, fish hatcheries, and food-processing facilities. Domestic wastewater-treatment plants, which collectively treat sewage from the majority of homes and businesses in Washington State, also must have permits to discharge into state waters. Activities that can create pollution such as aquatic pesticide applications, shipyards, boatyards, and construction sites require permits. The permits set conditions to prevent discharges from harming our lakes, rivers, streams, and marine waters. Ecology recoups most of its administration costs by charging fees to all permit holders.

The state's Water Pollution Control Act and the federal Clean Water Act require entities that discharge water-based pollutants to surface, groundwaters, or municipal sewage systems to obtain permits. In Washington, the dischargers are required to pay fees to support the State's program to administer these permits. This report shows the revenues collected and spent by the Department of Ecology.

Three divisions of water discharge permits are administered and include

- Approximately 280 "municipal wastewater," public entities that treat and discharge sanitary sewage
- Over 1,900 "industrial wastewater," discharges from businesses that discharge wastewater from production
- Over 3,600 "stormwater," discharges of contaminated rain runoff from commercial and industrial facilities, land development, and public infrastructure

Permit fees are levied according to the fee category of a permittee. Fee categories are codified in Chapter 173-224 of the Washington Administrative Code (WAC). There are at least 68 fee categories and subcategories in the permit fee regulation. The fee categories are composed of different types of discharges. Fees are generally structured to reflect the complexity of permits with consideration of affordability for small businesses, small public entities, and hardship cases.

The total revenues and expenditures per biennium are summarized here:

Biennium	Permit fee revenue (AFRS) ¹	Permit Program expenditure (AFRS, Ecology only)	Working Capital Reserve ²
2011-2013	\$37,193,055 (actual)	\$36,520,719 ³ (actual)	\$4,500,000
2013-2015	\$38,765,004 (projected)	\$40,982,000 (authorized)	\$2,600,000

The Legislature allowed Ecology to raise some individual fees by the Fiscal Growth Factors to cover increases in program costs. Permit fee revenue has increased by less than 1% per year since the previous reported biennium of 2009-11. Expenditures increased about 8% from 2009-11. This increased expenditure rate coupled with the stagnant revenue rate led to a lower cash balance in the Water Quality Permit account. The Ecology FTEs⁴ funded from permit fees increased from 154 to 169 over this period.

¹ AFRS is the “Agency Financial Reporting System,” an accounting system used by Washington State agencies.

² The permit fee fund cash balance fluctuates over five million dollars in a normal fiscal year due to the fee billing cycle. In fiscal year 2009, when the cash balance was negative for three months, the cash balance at the beginning of the fiscal year was just over one million dollars. The cash balance at the end of the fiscal year was over four million dollars. Expenditures were reduced relative to revenue in subsequent years in order to build a capital reserve and avoid a repeat of the FY2009 negative cash balance.

³ Total expenditures, including those of the Department of Agriculture, were \$36,579,213.

⁴ Full Time Equivalent (FTE) is an acronym for the equivalent of a full time employee. That is, full time status for one person for the time period being considered.

Introduction

The Department of Ecology (Ecology) operates the water quality wastewater discharge permit program in the state of Washington under authority of the federal Clean Water Act and the state Water Pollution Control Act. The permits issued by Ecology satisfy both federal and state law, that discharges must be conditioned to meet the water quality and treatment requirements of each set of laws. Authority to establish fees that fully fund the administration of wastewater discharge permits stems from state law in RCW 90.48.465 (Water Pollution Control Act). The law states that all fees charged will be based on factors relating to the complexity of permit issuance and compliance, and may be based on pollutant loading and the reduction of the quantity of pollutants.

This report satisfies the requirements of

- RCW 90.48.465(8) that Ecology present a report to the Legislature on the use of funds from the Water Quality Permit account. This report contains information about fees collected and expenses paid for the state fiscal years 20012 through 2013
- RCW 90.48.565(2) that Ecology report on inspections conducted to implement industrial and construction stormwater permit administration

The Water Quality Permit account collects and spends funds from wastewater and stormwater discharge permit fees. These types of permits authorize discharges of pollutants into Washington's surface and underground waters. Ecology has required fees to cover its costs to issue and support these permits since 1988.

Fees paid by holders of wastewater and stormwater discharge permits are deposited into this dedicated account and not into the state general fund. Each biennium, the state Legislature authorizes Ecology in the operating budget to spend fee funds from the permit fee account for fee-eligible activities.

RCW 90.48.465(8) The department shall present a biennial progress report on the use of moneys from the account to the legislature. The report will be due December 31st of odd-numbered years. The report shall consist of information on fees collected, actual expenses incurred, and anticipated expenses for the current and following fiscal years.

RCW 90.48.565(2) In its biennial discharge fees progress report required by RCW [90.48.465](#), the department shall include a detailed accounting regarding the method used to establish permit fees, the amount of permit fees collected, and the expenditure of permit fees. The detailed accounting shall include data on inspections conducted and the staff hired to implement the provisions of RCW [90.48.555](#) and [90.48.560](#).

CHAPTER 249 Laws of 2009 Domestic Wastewater Facility Permit Fees, an Act Relating To Water Discharge Fees; amending RCW 90.48.465; and creating new sections.

Sec. 2. Increasing Fees by the Fiscal Growth Factor.

The department of ecology is authorized to increase fees up to the fiscal growth factor for fiscal years 2010 and 2011, except that there may be no increase in fees for fiscal years 2010 or 2011 for categories of dischargers whose fees exceed the costs of managing their permits. The department of ecology, with the advice of an advisory committee, shall evaluate the existing fee structure, including the current inequity of fees relative to permit workload, and report its findings and recommendations to the 2010 Legislature.

This report presents fee revenues and expenditures⁵ from the permit fee account for the biennium of 2011-13 (July 1, 2011, through June 30, 2013) This report also lists fee-eligible activities and gives a brief description of each Ecology program using money from the dedicated permit fee account for the biennium.

Expenditures are divided between two broad categories of permit types based on the water source that carries the pollutants, wastewater, or stormwater. Permits that authorize discharge of both wastewater and stormwater are included in the wastewater category.

⁵ Characterization of expenditures by FTE (full-time equivalent) activity has varied based on different planning strategies and time accounting procedures and detail. The expenditure presentation beginning with the 2007-09 biennium has more detail than seen in earlier reports due to the revival of detailed time accounting practices and renewed interest in moving to a fee structure based on fee category-specific workload issues.

Water Quality Permit Program Summary

National Pollutant Discharge Elimination System (NPDES), and state waste discharge permits are issued and administered by the Water Quality permit program of the Washington State Department of Ecology. Permits are required by statute to be secured in order to discharge wastewater and certain types of stormwater to waters of the state and waters of the United States (U.S.). Ecology administers the program rather than the federal Environmental Protection Agency (EPA), because Ecology has been delegated by the federal government to administer the NPDES permits in this state. Delegation is partially contingent on the force of state law in controlling pollutant discharges to waters of the U. S.

The Water Pollution Control Act, Chapter 90.48 of the Revised Code of Washington (RCW), confers the statutory authority for the permit program. The Water Pollution Control Act (WPCA) forbids activities that cause pollution of waters of the state of Washington, except as provided under authorization of Ecology. The WPCA requires that any person who conducts a commercial or industrial operation that results in disposal of wastes to waters of the state, or to sewerage systems operated by public entities, must procure a permit from Ecology. It further requires local governments and other public corporations, to procure permits for discharge of wastes to waters of the state. The WPCA requires Ecology to place conditions in the permits that retain high quality for all waters of the state. Permit conditions require self-monitoring, reporting, effluent limits, and practices that ensure retention of high quality waters of the state.

Wastewater discharge permits are the state's primary tool to prevent water pollution. Ecology uses the permit system, authorized under the federal Clean Water Act NPDES program, to protect water quality. The permit holders include large and small industries, such as pulp mills, fish hatcheries, and food-processing facilities. Domestic wastewater-treatment plants, which collectively treat sewage from the majority of homes and businesses in Washington State, also must have permits to discharge into state waters. Activities that can create pollution such as aquatic pesticide applications, shipyards, boatyards, and construction sites, require permits. The permits set conditions to prevent discharges from harming our lakes, rivers, streams, and marine waters. Ecology revises each permit every five years, with each renewal period, increasing environmental protections if necessary. Ecology recoups most of its administration costs by charging fees to all permit

**Water Pollution Control Act
RCW 90.48.010
Policy enunciated.**

It is declared to be the public policy of the state of Washington to maintain the highest possible standards to [e]nsure the purity of all waters of the state consistent with public health and public enjoyment thereof, the propagation and protection of wildlife, birds, game, fish and other aquatic life, and the industrial development of the state, and to that end require the use of all known available and reasonable methods by industries and others to prevent and control the pollution of the waters of the state of Washington. Consistent with this policy, the state of Washington will exercise its powers, as fully and as effectively as possible, to retain and secure high quality for all waters of the state.

holders. Fee categories and fee amounts are codified in Chapter 173-224 of the Washington Administrative Code (WAC). The legislative budget process sets the biennial expenditure levels from the Water Quality Permit Account.

Two separate programs within Ecology issue the permits. The Water Quality Program issues most permits to industrial dischargers and all permits to municipalities operating sanitary and stormwater systems. The Waste to Resources (W2R) Program issues the permits for many large facilities of the secondary industries⁶ and related dependent facilities.

Ecology issues permits for direct wastewater discharges to surface waters and wastewater discharges to land or ground (because those wastes may affect state groundwater) and for discharges of industrial wastewater to municipally owned sanitary systems that do not have that authority delegated by the state.

⁶ The secondary industries are manufacturing facilities that develop products from the raw materials extracted by primary industries.

2011-13 Biennium

Appropriations

In the 2011-13 biennium the appropriation level to Ecology for Water Quality Permits was \$36,832,000. The appropriation level to the Department of Agriculture (Agriculture) for Water Quality Permits was \$60,000. Agriculture was appropriated these amounts for inspection of facilities permitted for dairy wastewater. This report does not address detailed expenditure amounts associated with the appropriation to Agriculture.

Revenues

Revenues for the 2011-2013 biennium

Table A shows the amount of revenue Ecology received from routine direct billing during the 2011-13 biennium from wastewater and stormwater discharge permit holders. It also indicates the average number of permit holders within each permit fee category.

Table A. 2011-2013 Wastewater Discharge Permit Fee Revenues by Fee Category

Permit Fee Category	Revenue Received	Number of Permit Holders (average)
Total Sum	\$37,081,490	5,813
Aggregate Production - General Permit	\$2,168,957	904
Aggregate Production - Individual Permit	\$16,296	3
Aluminum & Magnesium Reduction Mills	\$517,411	5
Aluminum Alloys	\$33,426	1
Aluminum Forming	\$100,272	1
Aquaculture - General Permit	\$547,765	82
Aquaculture - Individual Permit	\$167,902	17
Aquatic Pest Control	\$163,904	188
Boatyards - General Permit	\$58,855	67
Coal Mining And Preparation	\$100,517	2
Combined Food Processing Waste Treatment	\$96,000	3
Combined Industrial Waste Treatment	\$100,515	3
Combined Sewer Overflow System	\$26,736	1
Concentrated Animal Feeding Operation	\$23,997	6
Crop Preparing - General Permit	\$1,241,896	122
Crop Preparing - Individual Permit	\$21,388	1
Dairies With General Permit Coverage	\$11,230	6
FAC NOC - Individual Permit	\$1,325,138	68
Flavor Extraction	\$1,026	3
Food Processing	\$3,430,978	76
Fuel And Chemical Storage	\$173,794	9
Hazardous Waste Clean Up Sites	\$164,590	10
Ink Formulation And Printing	\$27,424	2

Permit Fee Category	Revenue Received	Number of Permit Holders (average)
Inorganic Chemicals Manufacturing	\$437,920	11
Iron And Steel	\$167,238	3
Metal Finishing	\$153,889	19
Non Ferrous Metals Forming	\$66,852	2
Noncontact Cooling Water W/Add - General Permit	\$73,332	37
Noncontact Cooling Water W/Add - Individual Permit	\$113,620	10
Noncontact Cooling Water W/O Add - General Permit	\$56,530	20
Noncontact Cooling Water W/O Add - Ind. Permit	\$391,658	19
Ore Mining	\$80,461	5
Organic Chemicals Mfg/RCRA	\$147,252	1
Organic Chemicals Manufacturing	\$66,844	1
Petroleum Refining	\$1,202,124	5
Photofinishers	\$8,138	2
Power, And/Or Steam Plants	\$306,404	10
Private & State Owned Facilities	\$189,561	28
Pulp, Paper And Paperboard	\$2,774,073	14
Radioactive Effluents & Discharges	\$297,250	2
RCRA Corrective Action Sites	\$46,980	1
Seafood Processing	\$670,391	34
Shipyards	\$325,244	21
Solid Waste Sites	\$241,156	14
Textile Mill	\$133,692	1
Timber Products	\$814,276	19
Vegetable/Bulb Washing	\$18,024	8
Vehicle Maint. & Freight Transfer	\$33,420	5
Water Plants - General Permit	\$165,307	32
Water Plants - Individual Permit	\$29,942	4
Wineries	\$149,359	19
Municipalities < 10,000 RE's	\$1,790,856	243
Municipalities 10,000 - < 50,000 RE's	\$2,622,598	26
Municipalities 50,000 - < 250,000 RE's	\$1,485,727	5
Municipalities 250,000 RE's and Greater	\$1,966,354	4
Municipal Stormwater General Permit	\$2,851,739	150
Construction Stormwater General Permits	\$3,352,146	2378
Industrial Stormwater General Permits	\$2,997,527	1,062
Individual Storm Water Permits	\$333,592	25

The total revenue received from holders of wastewater permits and stormwater permits for the 2011-13 biennium as recorded in AFRS totaled \$37,193,055.⁷

⁷ The difference between the AFRs and the Billing and Accounts Receivable Tracking System (BARTS) revenue totals (\$111,565 in 2011-13) is due to late payments, refunds, interest on past due account balances, and other adjustments to revenue receipts. Late payments are applied to the year in which the billing occurred in BARTS, while AFRS is closed after the conclusion of the year. Refunds appear as expenditures in AFRS, but refunds are deducted from revenue in BARTS. Some receipts are not recorded to a particular fee category and appear as miscellaneous in BARTS, and therefore are not attributed to a fee category.

The chart below depicts the fee revenue generated by each of the top fee categories over the two year period from July 1, 2011 to June 30, 2013. There are seventeen fee categories represented in the chart, out of a total of 68 fee categories as tracked in BARTS.

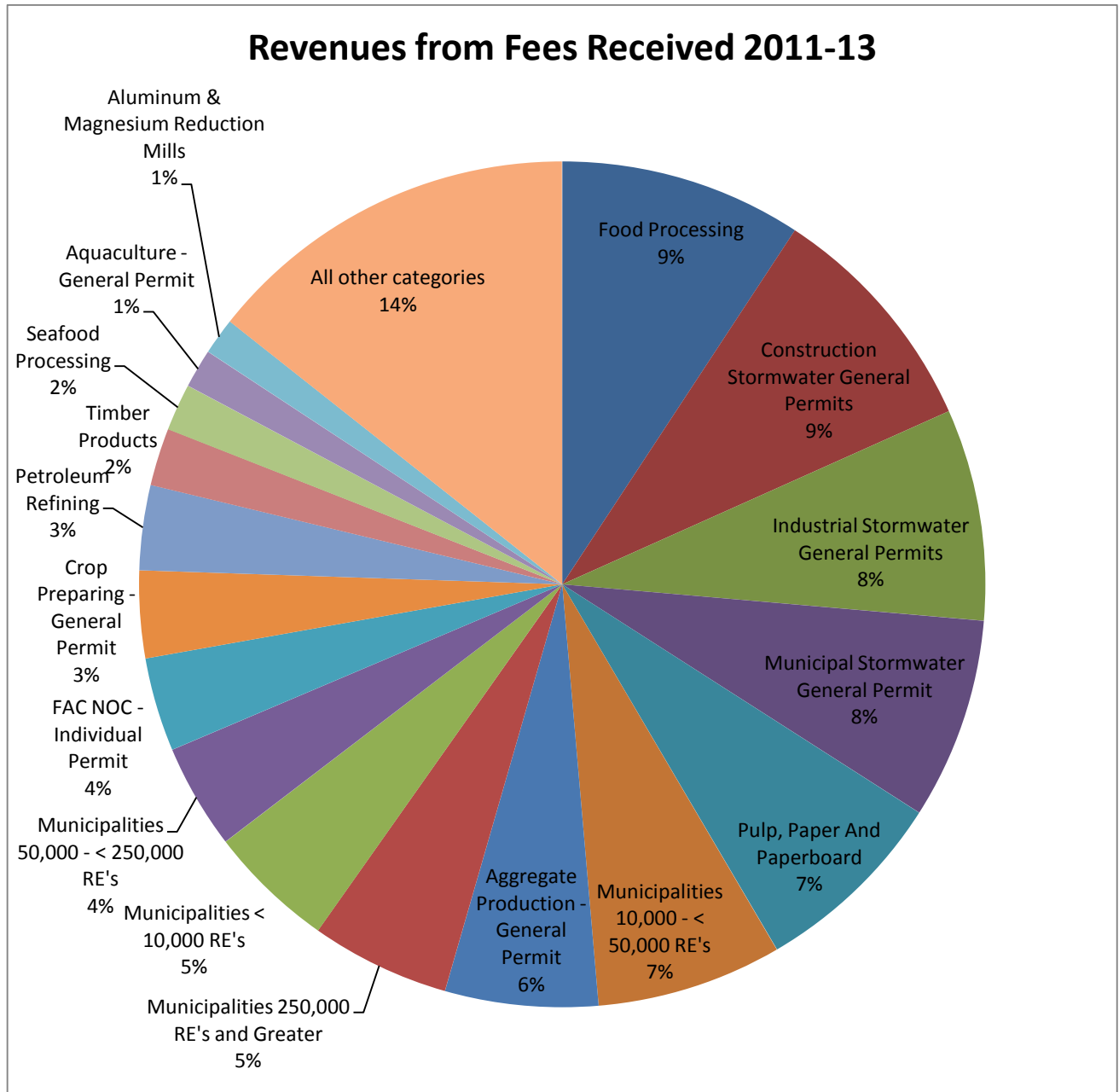


Figure 1. Permit Fee Revenue by Category 2011-2013

Table B presents the permit fee categories, with the total revenue received from fees in the category, and the average annual fees over the two year period from July 1, 2011 to June 30, 2013. This table demonstrates the wide variability in permit fee rates paid by permittees.

Table B. 2011-2013, 2 Year Fee Revenue by Category and Average Annual Fee Paid Within the Category

Permit Fee Category	Revenue Received	Average Annual Fee within the Category
Total Categories	\$37,081,490	\$3,190
Food Processing	\$3,430,978	\$22,572
Construction Stormwater General Permits	\$3,352,146	\$705
Industrial Stormwater General Permits	\$2,997,527	\$1,411
Municipal Stormwater General Permit	\$2,851,739	\$9,506
Pulp, Paper And Paperboard	\$2,774,073	\$102,743
Municipalities 10,000 - < 50,000 RE's	\$2,622,598	\$51,423
Aggregate Production - General Permit	\$2,168,957	\$1,200
Municipalities 250,000 RE's and Greater	\$1,966,354	\$245,794
Municipalities < 10,000 RE's	\$1,790,856	\$3,692
Municipalities 50,000 - < 250,000 RE's	\$1,485,727	\$148,573
FAC NOC - Individual Permit	\$1,325,138	\$9,744
Crop Preparing - General Permit	\$1,241,896	\$5,111
Petroleum Refining	\$1,202,124	\$120,212
Timber Products	\$814,276	\$21,428
Seafood Processing	\$670,391	\$10,006
Aquaculture - General Permit	\$547,765	\$3,340
Aluminum & Magnesium Reduction Mills	\$517,411	\$57,490
Inorganic Chemicals Manufacturing	\$437,920	\$19,905
Noncontact Cooling Water W/O Add - Ind. Permit	\$391,658	\$10,307
Individual Storm Water Permits	\$333,592	\$6,672
Shipyards	\$325,244	\$7,744
Power, And/Or Steam Plants	\$306,404	\$16,127
Radioactive Effluents & Discharges	\$297,250	\$74,313
Solid Waste Sites	\$241,156	\$8,932
Private & State Owned Facilities	\$189,561	\$3,385
Fuel And Chemical Storage	\$173,794	\$9,655
Aquaculture - Individual Permit	\$167,902	\$4,938
Iron And Steel	\$167,238	\$27,873
Water Plants - General Permit	\$165,307	\$2,624
Hazardous Waste Clean Up Sites	\$164,590	\$8,230
Aquatic Pest Control	\$163,904	\$437
Metal Finishing	\$153,889	\$4,050
Wineries	\$149,359	\$3,931
Organic Chem. Mfg/RCRA	\$147,252	\$73,626
Textile Mill	\$133,692	\$66,846
Noncontact Cooling Water W/Add - Individual Permit	\$113,620	\$5,980
Coal Mining And Preparation	\$100,517	\$25,129
Combined Industrial Waste Treatment	\$100,515	\$16,752
Aluminum Forming	\$100,272	\$50,136

Permit Fee Category	Revenue Received	Average Annual Fee within the Category
Combined Food Processing Waste Treatment	\$96,000	\$16,000
Ore Mining	\$80,461	\$8,046
Noncontact Cooling Water W/Add - General Permit	\$73,332	\$991
Non Ferrous Metals Forming	\$66,852	\$16,713
Organic Chemicals Manufacturing	\$66,844	\$33,422
Boatyards - General Permit	\$58,855	\$443
Noncontact Cooling Water W/O Add - General Permit	\$56,530	\$1,449
RCRA Corrective Action Sites	\$46,980	\$23,490
Aluminum Alloys	\$33,426	\$16,713
Vehicle Maint. & Freight Transfer	\$33,420	\$3,342
Water Plants - Individual Permit	\$29,942	\$3,743
Ink Formulation And Printing	\$27,424	\$6,856
Combined Sewer Overflow System	\$26,736	\$13,368
Concentrated Animal Feeding Operation	\$23,997	\$2,000
Crop Preparing - Individual Permit	\$21,388	\$10,694
Vegetable/Bulb Washing	\$18,024	\$1,127
Aggregate Production - Individual Permit	\$16,296	\$2,716
Dairies With General Permit Coverage	\$11,230	\$936
Photofinishers	\$8,138	\$2,035
Flavor Extraction	\$1,026	\$171

Small business fee reductions

The water quality permit law (RCW 90.48.465) requires Ecology to consider the economic impact of fees on small businesses, and to make appropriate adjustments. Ecology complies with this requirement by granting fee reductions for eligible small businesses, reducing their annual permit fee by half. The eligibility requirements for small businesses consist of the following:

- Be a corporation, partnership, sole proprietorship, or other legal entity formed for the purpose of making a profit.
- Be independently owned and operated from all other business.
- Have annual sales of one million dollars or less of the goods and services produced, using the processes regulated by the waste discharge permit.
- Pay an annual discharge permit fee greater than \$500.

In addition to the small business fee reduction, Ecology also allows for extreme hardship fee reductions. Businesses that qualified for the extreme hardship fee reduction were allowed to have their annual permit fee reduced to \$100 for fiscal year 2008. The extreme hardship fee reduction, increased by the state fiscal growth factor for fiscal years 2012 and 2013, to the following: fiscal year 2012 = \$122.00; fiscal year 2013= \$128.00. The eligibility requirements consist of the following:

- Have annual sales totaling \$100,000 or less of the goods and services produced using the processes regulated by the waste discharge permit.

Holders of wastewater discharge permits, stormwater construction permits, and industrial stormwater individual permits, are eligible to apply for fee reductions.

The total savings to wastewater and state waste discharge small businesses that qualified for the small business and/or extreme hardship fee reduction is as follows:

- FY 2012: Ecology reduced permit fees for 103 businesses, resulting in a savings for small business totaling \$237,205.
- FY2013: Ecology reduced permit fees for 90 businesses, resulting in a savings for small business totaling \$196,782.

Expenditures

Expenditures for the 2011-13 biennium

Table C below shows the actual expenditures by fee-eligible tasks for wastewater and state waste discharge permit holders in the Water Quality (WQ), and Waste to Resources (W2R) Programs for the 2011-2013 biennium. FTE represents the number of full-time equivalents engaged in permit related wastewater activities in the Water Quality, and Waste to Resources Programs. The WQ and W2R programs, directly and cooperatively, administer the NPDES Wastewater/State Waste Discharge permit program in Ecology.

Table C. 2011-2013 Permit Fee WLM Expenditure Summary for Wastewater Permits

Workload Model Activities	FTEs 2011-2013	Salaries & Benefits 2011-2013
Total	57.0	\$9,437,390
Permit Issuance, Modification, and Renewal	19.3	\$3,201,197
Report review	13.1	\$2,169,451
Compliance inspection	5.3	\$880,866
External technical assistance	5.1	\$834,190
Compliance Non-formal Enforcement	2.7	\$439,942
Permit Application Review Approval	2.6	\$423,631
Data Entry and Management	3.5	\$587,212
Permit Coordination	2.9	\$480,242
Operator Certification	1.4	\$225,374
Policy, Guidance, and Procedures Development	0.6	\$102,023
Appeals	0.3	\$45,083
Rule Development	0.3	\$48,180

Table D below shows the actual expenditures by fee-eligible tasks for stormwater discharge permit holders in the WQ program for the 2011-13 biennium. FTE represents the number of full-time equivalents engaged in fee-eligible tasks for stormwater discharge permits in the WQ program. Additional FTEs for stormwater were funded from STCA funds. Those FTEs and the associated expenditures are not represented here because funding was not from the permit fee fund.

Table D. 2011-2013 Permit Fee WLM Expenditure Summary for Stormwater Discharge Permits

Workload Model Activities	FTEs 2011-2013	Salary & Benefits 2011-2013
Total	22.2	\$3,663,640
Compliance Inspections	6.8	\$1,121,256
Permit Issuance, Modification, and Renewal	3.4	\$562,150
Report Review	2.8	\$468,185
Policy, Guidance, and Procedures Development	2.5	\$414,689
Compliance Non-formal Enforcement	2.1	\$344,593
External Technical Assistance	1.8	\$293,608
Permit Application Review Approval	0.6	\$96,156
Data Entry and Management	1.2	\$194,423
Rule Development	0.2	\$32,981
Permit Coordination	0.7	\$115,399
Appeals	0.1	\$20,200

Table E below shows the actual expenditures for general fee-eligible support and management tasks for discharge permits for the 2011-2013 biennium within the Water Quality and Waste to Resources Programs.

Table E. 2011-2013 Permit Fee Expenditure Summary for Permit Program Support

Activity	FTEs 2011-2013	Salaries & Benefits 2011-2013
Total	35.7	\$5,930,703
Staff Supervision	9.5	\$1,578,360
Non-Categorized Core Workload Model Activities ⁸	4.8	\$794,513
Internal Technical Assistance	2.9	\$475,490
Permit Fee Administration	1.8	\$303,335
Miscellaneous	2.4	\$403,546
Public Disclosure Requests	1.3	\$217,956
Shared Agency Staff Costs Charged Directly to Programs	4.1	\$687,452
Public Outreach and Education	1.4	\$238,317
Clerical	4.1	\$672,893
Other Program Supporting Activities	3.4	\$558,841

⁸ Activities that are normally assigned to a wastewater or stormwater permit category, but were not so assigned in time management records, are captured here. Expenditures include portions of the permit document review, policy development, technical assistance, data entry, and compliance costs that are not captured in the previous tables.

Expenditures by the Water Quality and Waste to Resources Programs for other budget costs associated with the permit program are included in the following table.

Table F. 2011-2013 Permit Fee Summary for Permit Program Non-staff Expenditures (AFRS)

Activity	WQP	W2R
	2011-2013	2011-2013
Total	\$6,456,616	
Personal Service Contracts	\$71,026	\$2,914
Goods and Services	\$2,468,346	\$69,816
Travel	\$184,563	\$16,659
Capital Outlays	\$32,023	
Grants, Benefits, & Client Services	\$2,735	
Interagency Reimbursements	(\$43,170)	
Intra-Agency Reimbursements	\$3,340,759	\$310,946

The permit fee expenditures by the Water Quality and Waste to Resources Programs expressed in the tables C through F above for the 2011-2013 biennium totals \$25,488,078.

Table G below shows the actual expenditures by Ecology services for fee-eligible tasks⁹ for discharge permits for the 2011-2013 biennium by programs other than the Water Quality and Waste to Resources Programs.

Table G. 2011-2013 Permit Fee Expenditure Summary for Agency Support of the Permit Program

Activity/Program	FTEs 2011-2013	Cost 2011-2013
Totals	54.1	\$11,032,370
Administrative Services	28.1	\$4,732,192
Environmental Assessment	19.1	\$4,934,011
Toxics Cleanup	6.1	\$1,260,984
Nuclear Waste	0.7	\$98,977
Spill Prevention, Preparedness & Response	0.1	\$6,207

Note that cost allocations are included in each program's total.

⁹ The descriptions of fee-eligible tasks are included in the section entitled "Ecology programs funded with permit fees" starting on page 17.

The permit fee expenditures by the Department of Ecology expressed in the tables C through G above for the 2011-2013 biennium total \$36,520,719.

The number of Ecology FTEs paid from permit fee revenue for the 2011-13 biennium for wastewater and stormwater total 169.0.

Workload explained for 2011-13 biennium

This section summarizes the fee-eligible components of the wastewater discharge permit program listed in the expenditure summary tables for 2011-2013. The first group includes activities that are core permit work that were established during development of a permit workload model. These activities are the core work in permitting that varies from one permit category to another. The second group includes activities that are necessary to administer the permit program and shared across all permit categories.

Permit issuance, modification, and renewal

Permit processing involves evaluating and making decisions on information and data contained in the applications, preparing fact sheets to communicate how permit decisions are made, conducting a public process on draft and final permits, and issuing individual and general permits. Issuance of a permit includes consideration of many factors such as the technology available to reduce pollutants, local water quality status, and other applicable rules and policies. For a detailed description of the permit process, consult the overview section in Chapter 2 of the Washington State wastewater permit writers' manual at <https://fortress.wa.gov/ecy/publications/SummaryPages/92109.html>.

Permit processing also includes quality assurance and quality control (QA/QC) of the content of the permit before it is issued by Ecology. This QA/QC process involves checking permits for consistency with both federal and state law.

Permit processing includes activities involved in the oversight of pretreatment-delegated municipalities (those that have received authority from Ecology to write and issue their own wastewater discharge permits) as well as the technical assistance provided to municipalities in obtaining pretreatment delegation.

Permit application, review and approval

Permit application processing involves soliciting and processing permit applications. Applications for general permits are processed differently than applications for individual permits. An individual permit is developed from the application, and the existing permit, if a renewal. General permits are available for a prospective permittee to apply for coverage under the general permit. A coverage action occurs for every permittee with a general permit when they apply or re-apply. An issuance action occurs for every permittee with an individual permit when they apply or re-apply.

Inspections

Inspections include facility and site inspections, compliance monitoring, and complaint response conducted by Ecology personnel. They also include specialized environmental investigations that might be needed to ensure permit compliance. Investigations also determine if additional conditions should be required within a given discharge area that does not meet state water quality standards. Inspections involve preparation, observations at the location of the inspection, and recording and documentation of the inspection. The off-site activities actually consume more staff time than do the actual on-site observations.

Report review

This includes reviewing discharge monitoring reports from the permittee and other permit required submittals. It also includes review of documents submitted to satisfy water quality law, and regulations that may not be directly required in the permit. Examples include the review of engineering studies for treatment and process changes and sewage system planning reviews.

Appeals

This involves responding to appeals of permits by permit holders or third parties. Appeals involve case preparation and participation by Ecology staff at the Pollution Control Hearings Board sessions. Time spent preparing for settlement agreements may be included.

Data management and entry

Data management involves data entry, the operation and maintenance of the permit program's central database, the Permit and Reporting Information System (PARIS). PARIS is the central data management system that stores permit-specific information on each of the permitted facilities. Information includes, but is not limited to, facility name, type of facility, location, effluent limits, discharge monitoring reports, and inspection and enforcement data. PARIS has enhanced reporting capabilities for external viewers.

External technical assistance

Technical assistance is provided to permit holders before, during, and after processing a permit or authorization, that is not part of the normal permit review and communication process. It involves municipal wastewater treatment plant operators and permit holders on the application of rules, policies, guidelines, and manuals. Much of this activity is carried on through various communication methods. It includes site visits to many general permit holders.

Compliance non formal enforcement

Compliance activities are actions aimed at getting and keeping permit holders in compliance with their permits. Activities include the use of such methods as warning letters and telephone calls, providing technical assistance, and other actions until such a time issues might escalate to a level where formal enforcement actions are needed. Permit fees do not fund activities related to formal enforcement.

Operator certification

This is the management of the operator certification program for municipal treatment plant operators. This service provides for continuing education and competence testing for individuals who operate the Publicly Owned Treatment Works (POTW) in the state.

Rule development

This activity includes rule development to implement statutory requirements such as the fee rule, permit rules, and other related rules of the Water Quality Program.

Policy, guidance, and procedures

Activities under this category include those that support or guide fee-related permit development updates and revisions. Policy and procedures are integral considerations in many general permit conditions. These activities involve the development of policies, procedures, guidance, and standard operating procedures, to administer the permit program efficiently and effectively.

Permit coordination

This activity includes tracking and shepherding the permit applications through the process of review, preparation, the public review process, and responding to public and applicant queries on the status of the permit.

The following actions are not direct components of the workload model, but are fee-eligible activities within the Water Quality and Waste to Resources Programs, whose costs are shared proportionally based on the core work costs, by all permittees.

Staff supervision

Activities in this category include supervision and management of permit program services. They include the provision of guidance and management in controversial situations and the administration of the program.

Other program support activities

Activities in this category include budget support of direct permit program services. They also include database application development and management of the budget, time records, and program planning.

Internal technical assistance

This category of activity is a combination of informal training and communication between permit program staff engaged in transferring the use of program tools and practices.

Clerical support

Activities in this category include clerical support of direct permit program services. These activities include permit manager support, word processing, and other clerical assistance in the course of developing permits.

Permit fee administration

This activity also includes management of the fee system, entering permit holder and financial data, and maintaining the Billing and Revenue Tracking System (BARTS) that is used to track and account for the fees for about 6,000 permit holders.

Public disclosure requests

This activity includes responding to the public disclosure office with documents and other records because of an official request for disclosure.

Outreach and education

Outreach and information sharing, with a focus on the permit program, is provided to the public or permitted industries and municipalities. It includes preparing and using educational materials and conducting outreach to permit holders on the proper use of technical manuals and guidelines.

Miscellaneous

Includes directed business closure costs due to inclement weather or power outages, complaint response, agency-wide activities, executive assistance and reporting, legislative assistance and reporting, and general coordination in water quality assessments.

Ecology programs funded with permit fees

Water Quality Program

The Water Quality Program (WQP) is the designated lead for administering the wastewater discharge permit program within the agency. It also administers 99 percent of the wastewater discharge permits managed by Ecology. The WQP manager is the designated policy lead of the permit program. The WQP has three sections at headquarters and sections in each of Ecology's four regional offices as well as personnel assigned at Ecology's Bellingham and Vancouver field offices.

The Program Development Services Section (PDS) at headquarters has the responsibility of establishing permit rules. PDS administers the industrial, construction, and municipal stormwater general permits and is involved in other types of general permit development and maintenance. It maintains central quality control. This section also provides technical support to the permit managers (e.g., permit writers' manual).

The Water Quality Program Regional and Field Offices include four regional offices located in Bellevue, Lacey, Yakima, and Spokane and two field offices located in Bellingham and Vancouver. These offices are responsible for issuing, managing, and inspecting permitted facilities and promoting permit compliance.

Waste to Resources Program

The Waste to Resources (W2R) Program includes the Industrial Section that is responsible for permit processing, management, and inspections for major NPDES industrial wastewater facilities statewide. These facilities include most pulp and paper mills, aluminum mills, and oil

refineries. The Industrial Section also has air quality and solid waste permitting responsibilities for these permits.

Environmental Assessment Program

The Environmental Assessment Program (EAP) is Ecology's in-house environmental consultant. EAP conducts environmental surveys and special studies. It also conducts the fieldwork and hydraulic modeling necessary for the development of total maximum daily loads (TMDLs), or water quality cleanup plans. Based on that work, EAP also provides waste load allocation recommendations to the permitting programs (e.g., Water Quality Program) for effluent limits in permits. Specific deliverables include:

- Quality assurance plans (QAPPs) and reports for TMDL/watershed pollution studies.
- Technical memoranda documenting work load allocation calculations, mixing zone model results, recommendations to external stormwater work group, etc.
- Data assessment reports related to point source monitoring projects.
- Standard operating procedures for point source monitoring methods.
- Literature reviews related to permits (e.g., stormwater best management practices (BMP) effectiveness).
- Technical memoranda documenting reviews of QAPPs and reports prepared by individual permittees/consultants (e.g., for mixing zone models).
- Technical memoranda documenting reviews of QAPPs and reports prepared by general permittees (e.g., for municipal stormwater grant monitoring projects).

Toxics Cleanup Program

The Toxics Cleanup Program (TCP) headquarters and regional office sections administer Washington's implementation of the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the state's Model Toxics Control Act (MTCA). Occasionally, cleanups involving leaking underground storage tanks and other non-independent actions, require wastewater discharge permits. In those cases, the TCP has the lead responsibility for permit processing, management, and inspections. The Sediments Unit is also housed in the TCP and is responsible for developing sediment quality standards and permit guidance for their implementation.

Additionally, the TCP houses the Urban Bay Action Teams. These teams coordinate cleanup activities that occasionally involve wastewater discharges as part of a treatment system for the cleanup. In those instances, the TCP has the permit processing, management, and inspection responsibilities.

Administrative Services

The Administrative Services Program supports agency-level activities that are not always directly attributable to programs and expenses that are charged to programs as a cost of doing business. Administrative Services includes financial, personnel, portions of executive-level management, and others.

The Administrative Services Program provides support activities to the Water Quality Program in an effort to help it accomplish its mission related to the Water Quality Permit Fee Account. These support activities include:

- Providing information to citizens about environmental threats.
- Providing executive policy direction.
- Promoting working relationships with members of the Legislature and tribes.
- Providing regional support services.
- Providing human resource services.
- Managing financial systems and issues.
- Providing information technology services.
- Providing safe and secure workplaces.
- Managing Ecology records and ensuring appropriate public access to those records.

Additional shared agency costs are pooled and then charged to Ecology programs through the cost allocation process. Cost allocation consists of direct monetary charges to Ecology programs that are required to pay for items such as building space and communications. These costs are included in the totals for each program listed in Table G. Cost allocation for the Water Quality Program and the Waste 2 Resources program are listed as “intra-agency reimbursements” in Table F.

Spill Prevention, Preparedness and Response Program

The Spill Prevention, Preparedness and Response program (SPPR) focuses on prevention of oil spills to Washington waters and land as well as planning for an effective response to oil and hazardous substance spills whenever they occur. Spill response planning and spill drills include coordination with wastewater permittees.

Nuclear Waste Program

The Nuclear Waste program enforces regulatory compliance and cleanup at the Hanford site and at other facilities managing nuclear waste statewide. The program administers wastewater permits at the Hanford site.

Department of Agriculture-Dairy Wastewater Discharge Permit Program

The Washington State Department of Agriculture (WSDA) administers, implements, and enforces all sections of the Dairy Nutrient Management Act, Chapter 90.64 RCW, except for the duties of enforcement and issuance of NPDES permits. WSDA also administers, implements, and enforces Chapter 90.48 RCW regarding violations by dairies. Revenue from dairies is transferred to WSDA to fund some of these activities. Ecology retains the responsibility to issue the permits and apply NPDES enforcement until USEPA delegates WSDA to take on that role.

2013-15 Biennium

The Legislature approved a selective permit fee increase for those fee categories that are not supporting the cost of administering permits within their category. Permittees within fee categories where revenue supports the total costs of the category were exempted from the increases. Most municipal wastewater treatment plants did not receive fee increases due to the limitations of the municipal fee cap. This selective fee increase results in an overall revenue increase estimated to be about one percent for each of the fiscal years of the biennium. This revenue increase estimate assumes that the permit base is stable. Expenditures are expected to be similar to the FY 2011-13 pattern of expenditures. The permit program will also receive approximately \$5 million from the State Toxics Control Account (STCA) to fund activities that address toxic discharges in stormwater. For budget allocations from the Water Quality Permit account to Ecology programs, see “Budget by Program” section of the [Budget and Program Overview for 2013-2015](https://fortress.wa.gov/ecy/publications/publications/1301007.pdf) at

<https://fortress.wa.gov/ecy/publications/publications/1301007.pdf>

Expenditures from Construction and Industrial Stormwater Inspections

This section provides additional information to meet RCW 90.48.565(2) that Ecology report on inspections conducted to implement industrial and construction stormwater permit administration. Previous sections address the other reporting requirements associated with stormwater permits.

The permit fees for industrial and construction permits were first established with the original permit fee rule in 1988, but not as separate categories. The fee assessment in the initial fee rule was based on the flow rate from a facility and did not distinguish stormwater discharges and wastewater discharges. By 1992, industrial stormwater was in a separate fee category but included both discharges from an industrial facility and from construction activities. The permit fee for industrial stormwater permittees ranged from \$1,650 to \$6,600 per year in 1992, based on the total acreage of the facility, and with a 30% reduction for permittees who held a general permit rather than an individual permit.

The first general permit for industrial and construction stormwater activities came online in 1994. In anticipation of nearly 3,000 permit holders, only \$265 per year in fees were assessed to each industrial and construction general permit holder. The fee amount was based on the estimated cost of the stormwater general permit program to be shared by at least 3,000 permit holders. Services include permit coverage administration, inspections, overhead, and permit issuance. When actual permittees were less than half of the anticipated total, revenues were not adequate to fund this part of the permit program. This initial low fee would have lasting repercussions with the limitations based on new or increased fees placed by later legislation. The limitations on fee increases were held to the fiscal growth factor until FY 2005, keeping the stormwater fees at a level that did not support adequate staff effort at inspection and service to the stormwater sector.

Some improvement in achieving inter-category equity has occurred. Legislation in 2004 allowed an adjustment to the fee in adding new subcategories based on gross revenue for the industrial stormwater general permit and based on construction site area for the construction stormwater general permit. Subsequent permit fee increases bring these fee categories closer to, but not achieving, equity. Current estimates indicate total equity will not be achieved by 2020, if Fiscal Growth Factor (FGF) increases continue at the current rate.

The chart in Figure 2 demonstrates the gap between stormwater fee revenue and the expenses incurred in the administration of the fee categories. The volatility of construction stormwater fee revenue is also evident in the downturn in fee revenue, despite the 4% annual increases in fee rates for these fee categories. The reduction in expenditures for the construction stormwater permit from FY08 through FY13 are due to fewer facilities under permit and fewer site visits during those years.

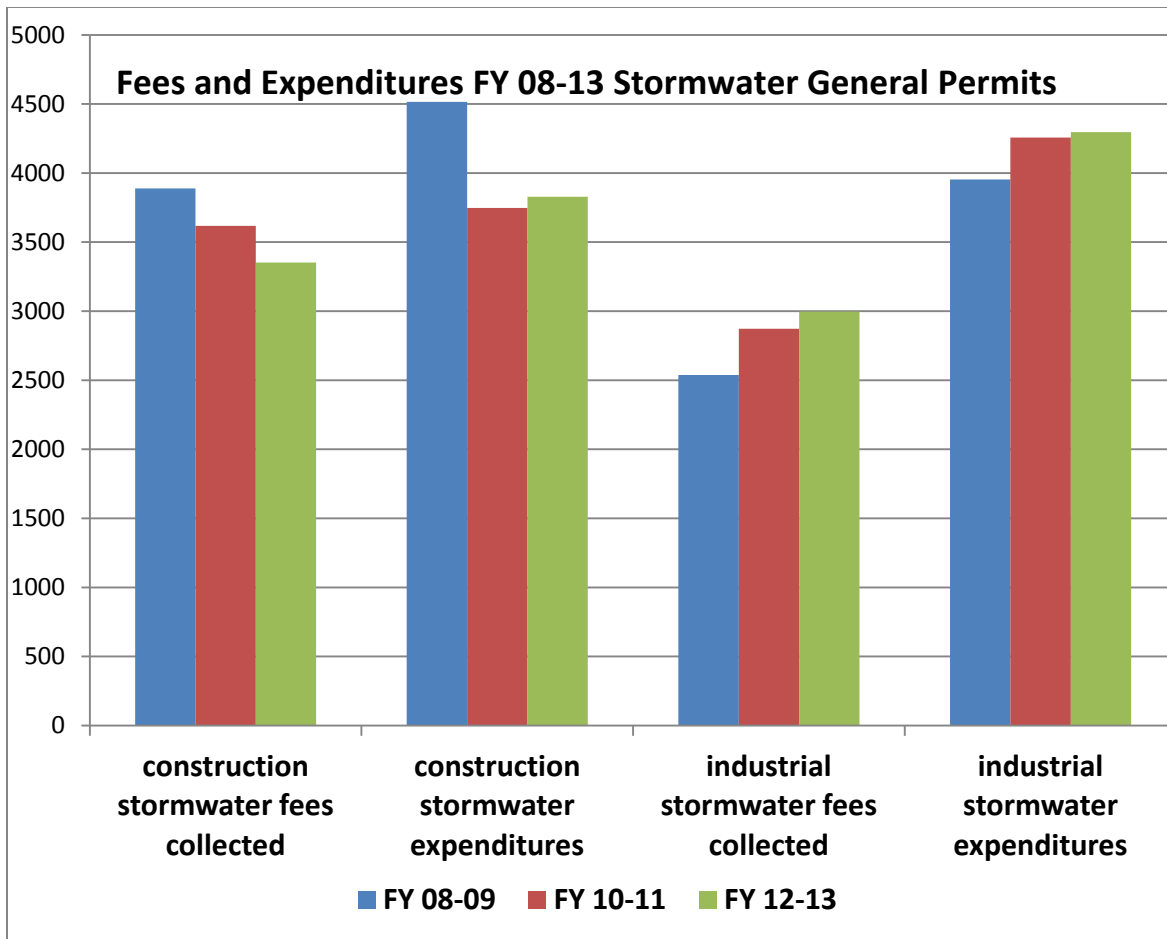


Figure 2. Industrial and Construction Stormwater General Permits 2-Year Revenue and Expenditures (dollars in thousands)¹⁰

Construction activity has a direct impact on revenue from stormwater permit fees. Expansion of construction stormwater permit coverage was anticipated to bring in more revenue from the stormwater sector to allow greater service. As new staff were being hired to conduct additional inspections and provide other permit services in the stormwater sector, a budget shortfall in the permit fee fund dictated a freeze on new hires.

The 2008 economic downturn further impacted the permit fee program. Permit fee revenue did not meet budget projections. Then, as the state’s entire budget faced a shortfall, global management steps were taken to manage the deficit. A statewide hiring freeze restricted state employment. During the 2007-09 and the 2009-11 biennia, Ecology Water Quality Permit Program staff supported by permit fee revenue decreased from 114 to 88 FTEs (actual, funded staff). Rather than increasing the number of inspectors as originally anticipated, the number of inspectors declined slightly during this time period due to the economic downturn and fewer permitted activities to inspect.

¹⁰ Source: BARTS, Table A, and extrapolations from TMS

Fees for industrial and construction stormwater permits were increased by the fiscal growth factors in 2012 and 2013. Permit fee categories were evaluated for fee increases based on staff time spent on each category and the relative share of administrative and other support services. Staff time is expended for each category based on the need to provide services and meet performance objectives such as timeliness of permit coverage and number of inspections.

The chart in figure 3 demonstrates the number and type of total site visits conducted between July 1, 2011 and June 30, 2013 ¹¹

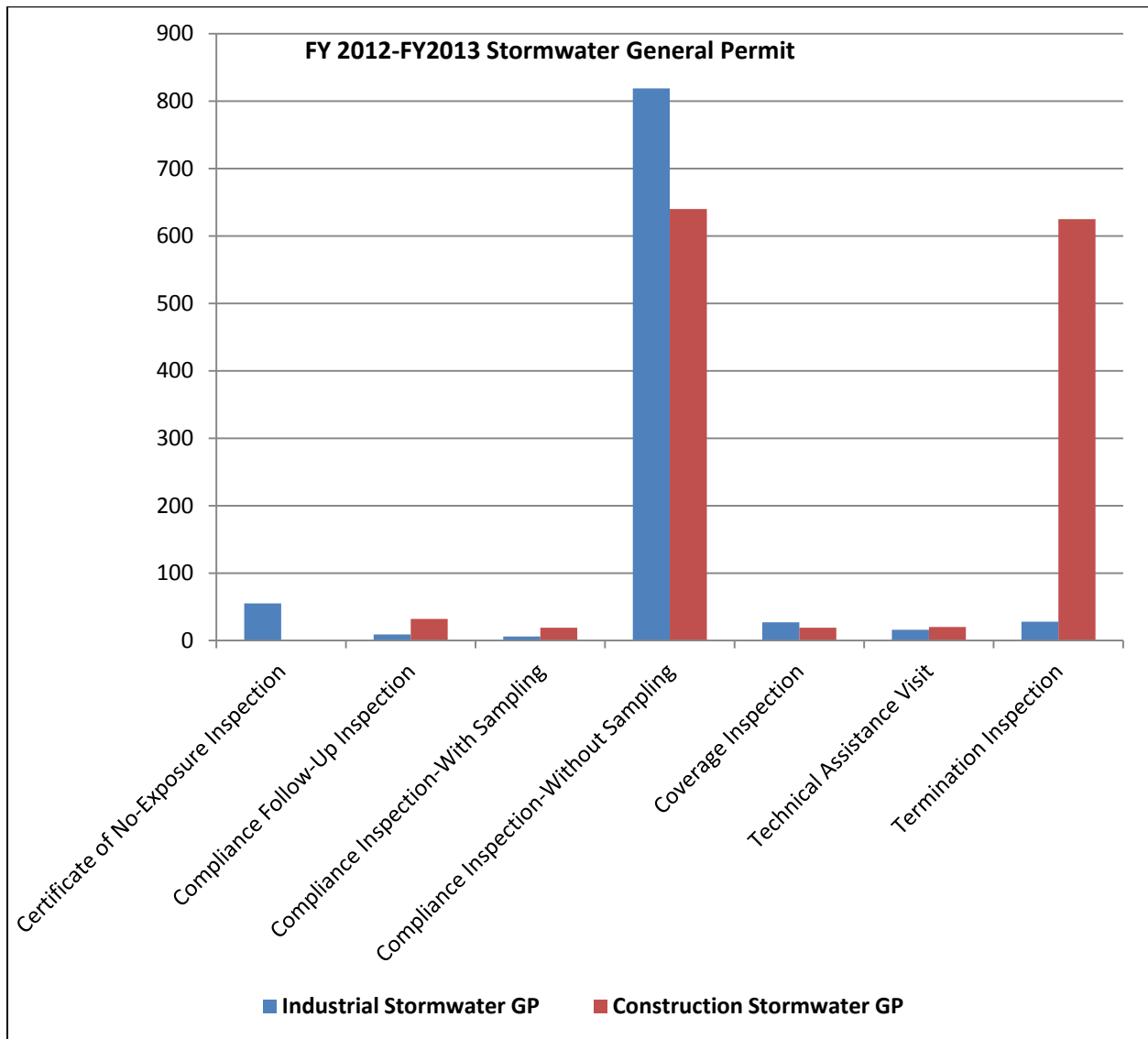


Figure 3. All Inspection and Technical Assistance Visits at Industrial and Construction Stormwater General Permit Sites, 2-Year Totals

¹¹ Data Source: Performance Progress Measures of Agency Activity (PPMAA), OFM

The chart in figure 4 presents the number of total inspections, not just compliance inspections, logged between FY08-11. Beginning in FY 2008, performance measures were established for stormwater inspections. The expectations for FY 08 and FY 09 were that 400 industrial stormwater inspections, and 1,200 construction stormwater inspections, would be conducted each year. The number of inspectors dropped for much of FY10 and FY11, creating lower expectations. The expectations for FY10 through FY13 were that 320 industrial stormwater inspections, and 800 construction stormwater inspections, would be conducted each year. The average total number of FTEs performing site visits at stormwater sites permitted under a general permit was seven in FY 12-13, down from nine in FY 10-11.

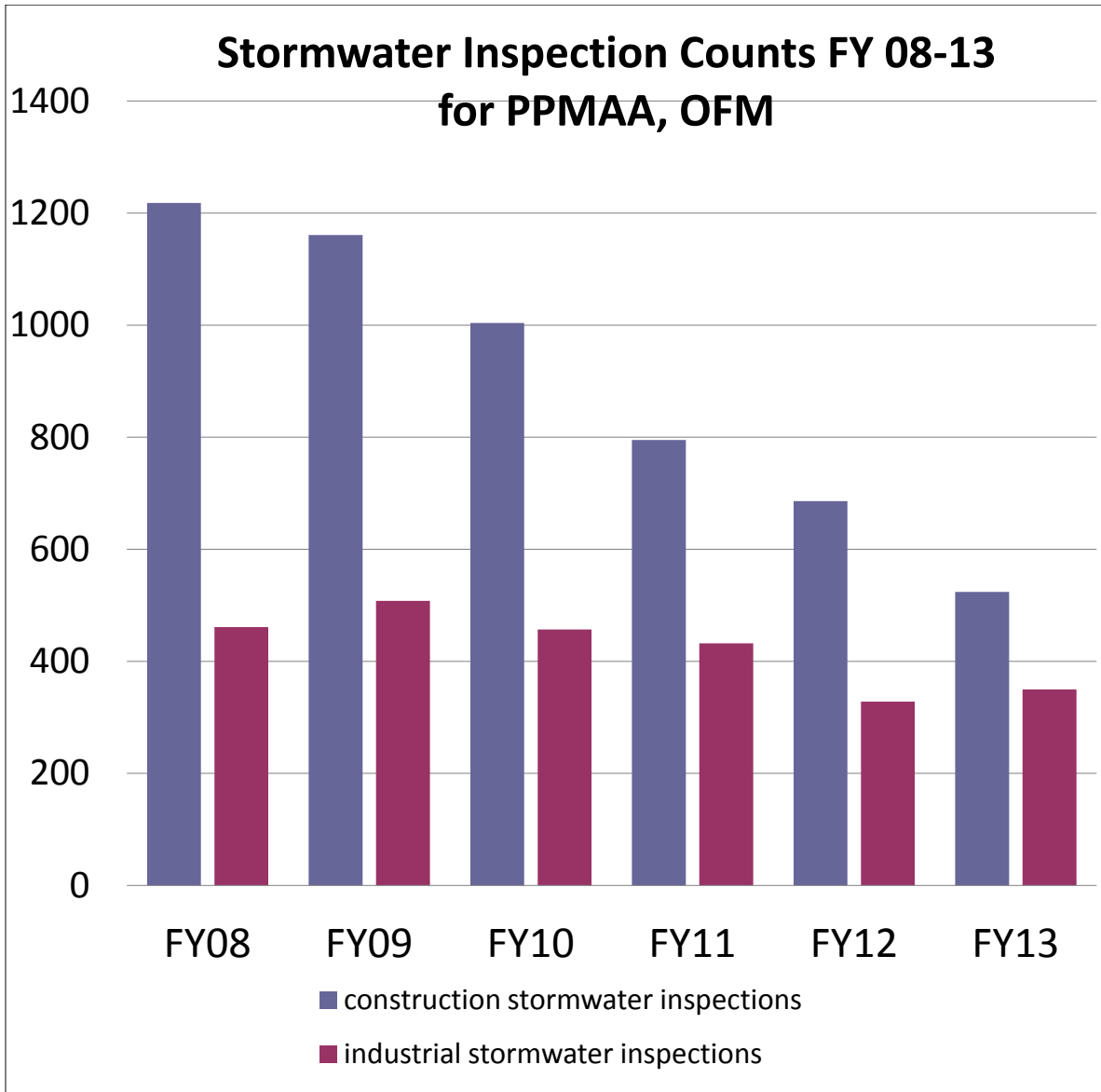


Figure 4. Stormwater Inspection Counts by Permit Type FY 08-13¹²

¹² Data source: Performance Progress Measures of Agency Activity (PPMAA), OFM