



DEPARTMENT OF
ECOLOGY
State of Washington

Wastewater and Stormwater Discharge Permit Fee Program

*Report to the Legislature
State Fiscal Years 2014-2017*

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Water Quality Program
Washington State Department of Ecology
Olympia, Washington

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Executive Summary

Wastewater and stormwater discharge permits are the state’s primary tool to prevent water pollution. The Department of Ecology (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 permit program 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, groundwater, 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 Ecology.

Three divisions of water discharge permits are administered:

- 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 Account Total Revenue (AFRS) ¹	Permit Fee-Supported Expenditures (AFRS, all agencies)
2013-2015	\$39,107,550 (actual)	\$39,170,699 (actual)
2015-2017	\$41,169,907 (actual)	\$41,780,237 (actual)
2017-2019	\$44,671,063 (projected)	\$44,192,000 (appropriated)

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

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Introduction

The Department of Ecology (Ecology) operates the Water Quality 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 during state fiscal years 2014 through 2017.
- **RCW 90.48.565(2)** – that Ecology report on inspections conducted to implement industrial and construction stormwater permit administration. This RCW expired January 1, 2015, per chapter 225 laws of 2004, and therefore data related to this RCW will not be included in future legislative reports.

The Water Quality Permit account (Fund 176) 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.

This report presents fee revenues and expenditures from the permit fee account for 2013-15 (July 1, 2013, through June 30, 2015) and 2015-17 (July 1, 2015, through June 30, 2017). This report also lists fee-eligible activities and gives a brief description of each Ecology and Department of Agriculture (WSDA) program using money from the dedicated permit fee account for the biennium.

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.

RCW 90.48.555, 90.48.560, and 90.48.565 all expired on January 1, 2015. Therefore, this report provides data related to the requirements in RCW 90.48.56 for the 2013-15 biennium, but not the 2015-17 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.

Water Quality Permit Program Summary

The 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 (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 by 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, to 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 and reporting, as well as effluent limits, and practices that ensure retention of high quality waters of the state.

Wastewater discharge permits are one of the state's primary tools 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 waters of the state. 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 administrative costs by charging fees to all permit holders. Fee categories and fee amounts are codified in WAC 173-224. The legislative budget process sets the biennial expenditure levels from the Water Quality Permit Account.

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 ensure 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.

Two separate programs within Ecology issue the permits, the Water Quality Program (WQ) and the Waste to Resources Program (W2R). The WQ program issues most permits to industrial dischargers and all permits to municipalities operating sanitary and stormwater systems. The W2R program issues permits for air, water, and waste activities for most of Washington's largest industrial facilities, where there are multiple industrial processes requiring permits. These include refineries, smelters, pulp and paper mills, and chemical manufacturing plants. W2R's Industrial Section regulates most of the state's large industrial facilities, including air, water, waste, and cleanup activities at these locations. Permittees can apply for an individual permit or for coverage under one of Ecology's general permits.

Ecology also issues permits for direct wastewater discharges to surface waters and wastewater discharges to land or ground (because those wastes may affect groundwater), and for discharges of industrial wastewater to some municipally-owned sanitary systems.

2013-15 and 2015-17 Biennia

Appropriations

In the 2013-15 biennium, the final appropriation level to Ecology from the Water Quality Permit Account was \$41,790,000. The final appropriation level to the Department of Agriculture (Agriculture) from the Water Quality Permit Account was \$73,000. In the 2015-17 biennium, the final appropriation level to Ecology from the Water Quality Permit Account was \$44,614,000. The final appropriation level to Agriculture from the Water Quality Permit Account was \$73,000 and the appropriation level for Special Appropriations to the Governor was \$102,000.

Agriculture was appropriated these amounts for inspection of facilities permitted for dairy wastewater. Ecology funded information technology projects through the Special Appropriations to the Governor. This report does not address detailed expenditure amounts associated with these appropriations.

Ecology's appropriation level from the Water Quality Permit Account was increased \$2,400,000, on a one-time basis, in the 2016 supplemental operating budget for a directed shift of eligible expenditures from the State Toxics Control Account (STCA) to the Water Quality Permit Account to help manage the impacts of the hazardous substance tax (HST) revenue decline during the 2015-17 biennium.

Revenue

Table A shows the amount of revenue Ecology received from routine direct billing during the 2013-15 and 2015-17 biennia from wastewater and stormwater discharge permit holders. It also indicates the average number of permit holders within each permit fee category.

Table A - 2013-15 and 2015-17 Water Quality Permit Fee Revenues by Fee Category
(Source: Billing and Accounts Receivable Tracking System BARTS)

Permit Fee Category	2013-15		2015-17	
	Revenue Received	# of Permit Holders (Avg.)	Revenue Received	# of Permit Holders (Avg.)
Total Sum	\$ 39,067,238	5,988	\$ 41,214,473	5,789
Aggregate Production – General Permit	\$ 2,044,918	930	\$ 2,205,680	860
Aggregate Production – Individual Permit	\$ 13,539	3	\$ 11,398	2
Aluminum & Magnesium Reduction Mills	\$ 477,629	4	\$ 440,015	3
Aluminum Alloys	\$ 33,426	1	\$ 36,127	1
Aluminum Forming	\$ 100,272	1	\$ 108,378	1
Aquaculture – General Permit	\$ 551,804	82	\$ 587,645	82
Aquaculture – Individual Permit	\$ 164,143	17	\$ 164,292	17
Aquatic Pest Control	\$ 196,072	206	\$ 212,702	199
Boatyards – General Permit	\$ 63,698	67	\$ 68,237	64

Permit Fee Category	2013-15		2015-17	
	Revenue Received	# of Permit Holders (Avg.)	Revenue Received	# of Permit Holders (Avg.)
Coal Mining And Preparation	\$ 100,528	2	\$ 108,634	2
Combined Food Processing Waste Treatment	\$ 96,000	3	\$ 100,710	3
Combined Industrial Waste Treatment	\$ 100,526	3	\$ 105,446	3
Combined Sewer Overflow System	\$ 26,736	1	\$ 28,047	1
Concentrated Animal Feeding Operation	\$ 26,436	6	\$ 31,922	8
Crop Preparing – General Permit	\$ 1,529,244	120	\$ 1,531,359	117
Crop Preparing – Individual Permit	\$ 40,110	1	\$ 42,010	1
Dairies With General Permit Coverage	\$ 10,984	6	\$ 4,877	3
Facilities Not Otherwise Classified – Individual Permit	\$ 1,395,931	75	\$ 1,310,096	67
Flavor Extraction	\$ 1,026	3	\$ 1,080	3
Food Processing	\$ 3,328,956	76	\$ 3,212,759	68
Fuel And Chemical Storage	\$ 171,878	9	\$ 151,714	8
Hazardous Waste Clean Up Sites	\$ 172,756	12	\$ 185,793	10
Ink Formulation And Printing	\$ 27,424	2	\$ 28,770	2
Inorganic Chemicals Manufacturing	\$ 427,896	11	\$ 453,897	11
Iron And Steel	\$ 167,238	3	\$ 180,755	3
Metal Finishing	\$ 182,917	21	\$ 242,519	24
Municipalities (WWTPs) < 10,000 Residential Equivalents	\$ 1,800,524	240	\$ 1,816,417	235
Municipalities (WWTPs) 10,000 – < 50,000 Residential Equivalents	\$ 2,829,533	26	\$ 2,874,115	26
Municipalities (WWTPs) 250,000 Residential Equivalents and Greater	\$ 2,305,089	5	\$ 2,619,535	5
Municipalities (WWTPs) 50,000 – < 250,000 Residential Equivalents	\$ 1,544,512	5	\$ 1,579,705	5
Non Ferrous Metals Forming	\$ 66,852	2	\$ 72,254	2
Noncontact Cooling Water W/Add – General Permit	\$ 73,369	38	\$ 72,857	33
Noncontact Cooling Water W/Add – Individual Permit	\$ 88,380	8	\$ 132,121	7
Noncontact Cooling Water W/O Add – General Permit	\$ 52,138	24	\$ 56,546	24
Noncontact Cooling Water W/O Add – Individual Permit	\$ 333,063	16	\$ 296,989	13
Ore Mining	\$ 80,472	5	\$ 80,467	5
Organic Chemical Manufacturing/RCRA	\$ 147,252	1	\$ 154,477	1
Organic Chemicals Manufacturing	\$ 66,844	1	\$ 675,024	3
Petroleum Refining	\$ 1,202,124	5	\$ 624,158	3
Photofinishers	\$ 6,684	1	\$ 190,510	5
Power and/or Steam Plants	\$ 307,485	10	\$ 285,677	17

Permit Fee Category	2013-15		2015-17	
	Revenue Received	# of Permit Holders (Avg.)	Revenue Received	# of Permit Holders (Avg.)
Private & State Owned Facilities	\$ 195,608	26	\$ 1,377,495	19
Pulp, Paper And Paperboard	\$ 2,656,775	13	\$ 1,345,797	7
Radioactive Effluents & Discharges	\$ 297,250	2	\$ 178,488	2
RCRA Corrective Action Sites	\$ 46,980	1	\$ 382,811	16
Seafood Processing	\$ 674,703	33	\$ 504,643	25
Shipyards	\$ 302,140	21	\$ 337,442	18
Solid Waste Sites	\$ 245,686	14	\$ 237,263	9
Textile Mill	\$ 133,692	1	\$ 522,188	10
Timber Products	\$ 829,127	19	\$ 437,126	12
Vegetable/Bulb Washing	\$ 17,195	7	\$ 31,894	6
Vehicle Maintenance & Freight Transfer	\$ 52,242	7	\$ 27,772	4
Water Plants - General Permit	\$ 173,725	32	\$ 196,246	32
Water Plants - Individual Permit	\$ 26,166	3	\$ 28,713	3
Wineries	\$ 148,098	18	\$ 152,445	18
Construction Stormwater General Permit	\$ 3,947,303	2,506	\$ 4,696,001	2,496
Individual Stormwater Permit	\$ 274,698	20	\$ 213,230	14
Industrial Stormwater General Permit	\$ 3,392,141	1,038	\$ 3,739,382	989
Municipal Stormwater General Permit	\$ 3,297,302	175	\$ 3,719,829	162

The total revenue received from holders of water quality permits for the 2013-15 biennium as recorded in AFRS totaled \$39,107,550. The total revenue for holders of water quality permits for the 2015-17 biennium, as recorded in AFRS, totaled \$41,132,056. ²

² The differences between the AFRS and the Billing and Accounts Receivable Tracking System (BARTS) revenue totals (\$40,312 in 2013-15 and -\$82,417 in 2015-17) are due to late payments, refunds, and 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 fiscal year.

Figures 1 and 2 depict the fee revenue generated by each of the top 15 fee categories over the 2013-15 and 2015-17 biennia. There are 15 fee categories represented in the pie charts, out of a total of 59 categories tracked. (Source: Billing and Accounts Receivable Tracking System BARTS).

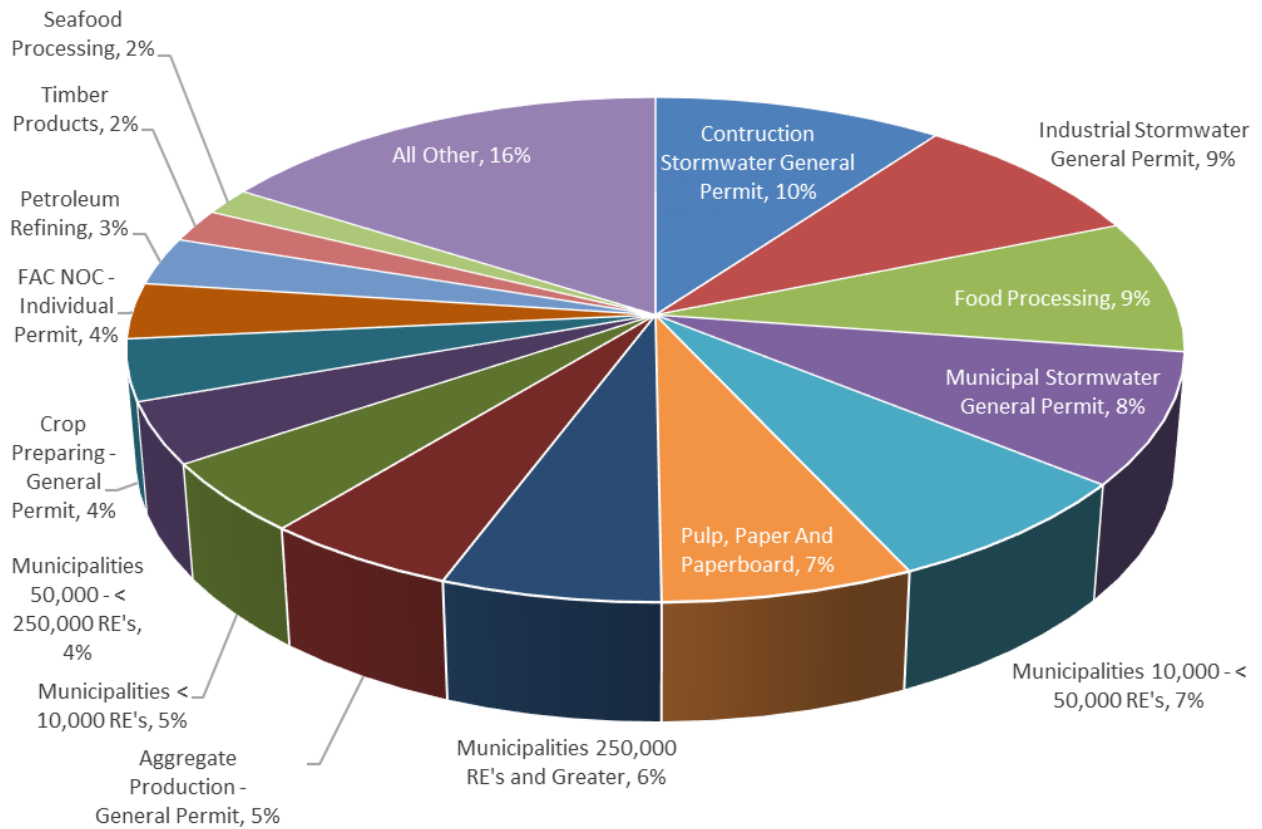


Figure 1 - Fee Revenue by Category 2013-15

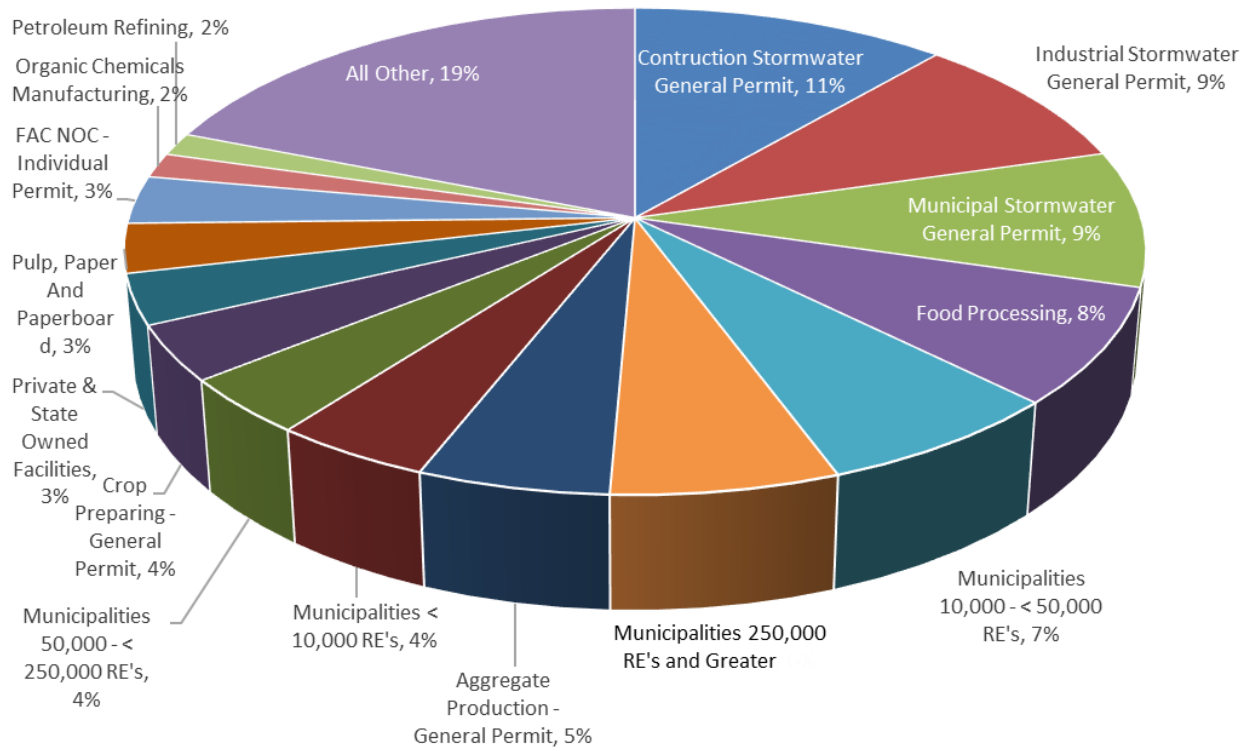


Figure 2 - Fee Revenue by Category 2015-17

Table B - Biennial Fee Revenue by Category and Average Annual Fee Paid Within Each Category (Source: Billing and Accounts Receivable Tracking System BARTS)

Table B presents the permit fee categories, with total revenue received from fees in the category, and the average annual fees paid over both the 2013-15 and 2015-17 biennia. The revenue data in this table demonstrates the wide variability in permit fee rates paid by permittees.

Permit Fee Category	2013-15		2015-17	
	Revenue Received	Avg. Annual Fee Within Category	Revenue Received	Avg. Annual Fee Within Category
Total Sum	\$ 39,067,238	\$ 3,262	\$41,214,473	\$ 3,441
Aggregate Production – General Permit	\$ 2,044,918	\$ 1,099	\$ 2,205,680	\$ 1,186
Aggregate Production – Individual Permit	\$ 13,539	\$ 2,257	\$ 11,398	\$ 1,900
Aluminum & Magnesium Reduction Mills	\$ 477,629	\$ 59,704	\$ 440,015	\$ 55,002
Aluminum Alloys	\$ 33,426	\$ 16,713	\$ 36,127	\$ 18,064
Aluminum Forming	\$ 100,272	\$ 50,136	\$ 108,378	\$ 54,189
Aquaculture – General Permit	\$ 551,804	\$ 3,365	\$ 587,645	\$ 3,583
Aquaculture – Individual Permit	\$ 164,143	\$ 4,828	\$ 164,292	\$ 4,832
Aquatic Pest Control	\$ 196,072	\$ 476	\$ 212,702	\$ 516
Boatyards – General Permit	\$ 63,698	\$ 475	\$ 68,237	\$ 509
Coal Mining And Preparation	\$ 100,528	\$ 25,132	\$ 108,634	\$ 27,159
Combined Food Processing Waste Treatment	\$ 96,000	\$ 16,000	\$ 100,710	\$ 16,785
Combined Industrial Waste Treatment	\$ 100,526	\$ 16,754	\$ 105,446	\$ 17,574
Combined Sewer Overflow System	\$ 26,736	\$ 13,368	\$ 28,047	\$ 14,024
Concentrated Animal Feeding Operation	\$ 26,436	\$ 2,203	\$ 31,922	\$ 2,660
Crop Preparing – General Permit	\$ 1,529,244	\$ 6,372	\$ 1,531,359	\$ 6,381
Crop Preparing – Individual Permit	\$ 40,110	\$ 20,055	\$ 42,010	\$ 21,005
Dairies With General Permit Coverage	\$ 10,984	\$ 915	\$ 4,877	\$ 406
Facilities Not Otherwise Classified – Individual Permit	\$ 1,395,931	\$ 9,306	\$ 1,310,096	\$ 8,734
Flavor Extraction	\$ 1,026	\$ 171	\$ 1,080	\$ 180
Food Processing	\$ 3,328,956	\$ 21,901	\$ 3,212,759	\$ 21,137
Fuel And Chemical Storage	\$ 171,878	\$ 9,549	\$ 151,714	\$ 8,429
Hazardous Waste Clean Up Sites	\$ 172,756	\$ 7,198	\$ 185,793	\$ 7,741
Ink Formulation And Printing	\$ 27,424	\$ 6,856	\$ 28,770	\$ 7,193
Inorganic Chemicals Manufacturing	\$ 427,896	\$ 19,450	\$ 453,897	\$ 20,632
Iron And Steel	\$ 167,238	\$ 27,873	\$ 180,755	\$ 30,126
Metal Finishing	\$ 182,917	\$ 4,355	\$ 242,519	\$ 5,774
Municipalities (WTTTPs) < 10,000 Residential Equivalents	\$ 1,800,524	\$ 3,751	\$ 1,816,417	\$ 3,784

Permit Fee Category	2013-15		2015-17	
	Revenue Received	Avg. Annual Fee Within Category	Revenue Received	Avg. Annual Fee Within Category
Municipalities (WTTPs) 10,000 - < 50,000 Residential Equivalents	\$ 2,829,533	\$ 54,414	\$ 2,874,115	\$ 55,271
Municipalities (WTTPs) 250,000 Residential Equivalents and Greater	\$ 2,305,089	\$ 230,509	\$ 2,619,535	\$ 261,953
Municipalities (WTTPs) 50,000 – < 250,000 Residential Equivalents	\$ 1,544,512	\$ 154,451	\$ 1,579,705	\$ 157,971
Non Ferrous Metals Forming	\$ 66,852	\$ 16,713	\$ 72,254	\$ 18,064
Noncontact Cooling Water W/Add – General Permit	\$ 73,369	\$ 965	\$ 72,857	\$ 959
Noncontact Cooling Water W/Add – Individual Permit	\$ 88,380	\$ 5,524	\$ 132,121	\$ 8,258
Noncontact Cooling Water W/O Add – General Permit	\$ 52,138	\$ 1,086	\$ 56,546	\$ 1,178
Noncontact Cooling Water W/O Add – Individual Permit	\$ 333,063	\$ 10,408	\$ 296,989	\$ 9,281
Ore Mining	\$ 80,472	\$ 8,047	\$ 80,467	\$ 8,047
Organic Chemical Manufacturing/RCRA	\$ 147,252	\$ 73,626	\$ 154,477	\$ 77,239
Organic Chemicals Manufacturing	\$ 66,844	\$ 33,422	\$ 675,024	\$ 337,512
Petroleum Refining	\$ 1,202,124	\$ 120,212	\$ 624,158	\$ 62,416
Photofinishers	\$ 6,684	\$ 3,342	\$ 190,510	\$ 95,255
Power and/or Steam Plants	\$ 307,485	\$ 15,374	\$ 285,677	\$ 14,284
Private & State Owned Facilities	\$ 195,608	\$ 3,762	\$ 1,377,495	\$ 26,490
Pulp, Paper And Paperboard	\$ 2,656,775	\$ 102,184	\$ 1,345,797	\$ 51,761
Radioactive Effluents & Discharges	\$ 297,250	\$ 74,313	\$ 178,488	\$ 44,622
RCRA Corrective Action Sites	\$ 46,980	\$ 23,490	\$ 382,811	\$ 191,406
Seafood Processing	\$ 674,703	\$ 10,223	\$ 504,643	\$ 7,646
Shipyards	\$ 302,140	\$ 7,194	\$ 337,442	\$ 8,034
Solid Waste Sites	\$ 245,686	\$ 8,774	\$ 237,263	\$ 8,474
Textile Mill	\$ 133,692	\$ 66,846	\$ 522,188	\$ 261,094
Timber Products	\$ 829,127	\$ 21,819	\$ 437,126	\$ 11,503
Vegetable/Bulb Washing	\$ 17,195	\$ 1,228	\$ 31,894	\$ 2,278
Vehicle Maintenance & Freight Transfer	\$ 52,242	\$ 3,732	\$ 27,772	\$ 1,984
Water Plants – General Permit	\$ 173,725	\$ 2,714	\$ 196,246	\$ 3,066
Water Plants – Individual Permit	\$ 26,166	\$ 4,361	\$ 28,713	\$ 4,786
Wineries	\$ 148,098	\$ 4,114	\$ 152,445	\$ 4,235
Construction Stormwater General Permit	\$ 3,947,303	\$ 98,683	\$ 4,696,001	\$ 117,400
Individual Stormwater Permit	\$ 274,698	\$ 785	\$ 213,230	\$ 609
Industrial Stormwater General Permit	\$ 3,392,141	\$ 1,634	\$ 3,739,382	\$ 1,801
Municipal Stormwater General Permit	\$ 3,297,302	\$ 658	\$ 3,719,829	\$ 742

Small Business Fee Reductions

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; fiscal year 2012 equaled \$122.00 and fiscal year 2013 equaled \$128.00. The extreme hardship fee reduction has been at \$128.00 since fiscal year 2013.

The eligibility requirements consist of the following:

- Meet the criteria for a small business reduction and have annual sales totaling \$100,000 or less of the goods and services produced using the processes regulated by the water quality 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:

- FY2014: Ecology reduced permit fees for 67 businesses, resulting in a savings for small business totaling \$155,047.
- FY2015: Ecology reduced permit fees for 65 businesses, resulting in a savings for small business totaling \$240,340.
- FY2016: Ecology reduced permit fees for 54 businesses, resulting in a savings for small business totaling \$132,737.
- FY2017: Ecology reduced permit fees for 56 businesses, resulting in a savings for small business totaling \$249,306.

Expenditures

Table C shows the actual salaries and benefits expenditures by fee-eligible tasks for wastewater and stormwater discharge permit holders in the WQ and W2R Programs for the 2013-15 and 2015-17 biennia. FTE data in the table shows the number of full-time equivalents engaged in permit related activities in the WQ and W2R Programs. The WQ and W2R programs, directly, and cooperatively administer the NPDES Wastewater/State Waste Discharge and Stormwater permit program in Ecology.

- The permit fee expenditures by WQ and W2R expressed in the tables C and D below for the 2013-15 and 2015-17 biennia total \$29,128,111 and \$32,185,425 respectively.
- The permit fee expenditures by Ecology expressed in the Tables C through E for the 2013-15 and 2015-17 biennia total \$39,098,181 and \$41,712,640 respectively.
- The number of Ecology FTEs paid from permit fee revenue for the 2013-15 and 2015-17 biennia was 169.95 and 176.17 respectively.

Table C - 2013-15 and 2015-17 Permit Fee Expenditure Summary for Wastewater and Stormwater Permits

Permit Workload Categories	2013-15		2015-17	
	FTEs	Salaries & Benefits Expenditures	FTEs	Salaries and Benefits Expenditures
	122.42	\$ 21,260,888	131.32	\$ 25,034,275
Aquaculture	1.41	\$ 244,424	0.90	\$ 171,390
Aquatic Pest Control	2.41	\$ 419,203	1.48	\$ 282,180
Boatyards	0.44	\$ 76,116	0.81	\$ 153,895
Chemical Manufacturing	0.84	\$ 146,686	1.02	\$ 194,125
Concentrated Animal Feeding Operations	0.51	\$ 88,385	1.12	\$ 214,159
Construction Stormwater	8.08	\$ 1,404,032	10.90	\$ 2,077,608
Dairies	0.02	\$ 2,736	0.01	\$ 1,002
Facilities Not Otherwise Classified	2.22	\$ 385,816	2.18	\$ 415,285
Food Processing	6.97	\$ 1,209,885	5.76	\$ 1,098,794
Forest Roads Regulatory Development	0.01	\$ 1,664	-	\$ -
Fruit Packers	0.89	\$ 154,029	1.62	\$ 309,207
Individual Construction and Industrial Stormwater	2.55	\$ 442,616	1.75	\$ 333,331
Individual Municipal Permits-Large	8.55	\$ 1,485,395	8.95	\$ 1,705,839
Individual Municipal Permits-Small	14.01	\$ 2,432,928	13.80	\$ 2,630,349
Individual Non-Contact Cooling Water	0.27	\$ 46,944	0.53	\$ 100,847
Individual, Special Listed	0.13	\$ 22,230	0.19	\$ 36,444
Industrial Stormwater	7.18	\$ 1,247,766	8.29	\$ 1,580,923
Metals	4.12	\$ 715,358	3.23	\$ 615,674
NPDES and WSDOT Stormwater	7.53	\$ 1,308,105	6.21	\$ 1,182,898
Permit Administration and Support	3.13	\$ 544,219	3.33	\$ 634,775

Permit Workload Categories	2013-15		2015-17	
	FTEs	Salaries & Benefits Expenditures	FTEs	Salaries and Benefits Expenditures
Petroleum Refining and Storage	2.29	\$ 397,827	2.50	\$ 475,820
Power Generation	0.68	\$ 118,736	0.57	\$ 108,148
Private and State-Owned Facilities	1.31	\$ 227,412	1.15	\$ 219,117
Pulp and Paper Mills	2.53	\$ 439,391	2.08	\$ 397,075
Sand and Gravel	5.68	\$ 985,963	5.43	\$ 1,034,639
Shipyards	1.12	\$ 193,764	0.75	\$ 143,469
Timber Products	0.87	\$ 151,537	0.71	\$ 135,673
Vessel Dismantling	0.20	\$ 34,485	-	\$ -
Waste Sites	0.98	\$ 170,895	1.15	\$ 218,283
Water Treatment Plants	0.31	\$ 53,303	1.24	\$ 236,214
IT Administration	4.16	\$ 722,292	5.97	\$ 1,138,228
Management & Administration	27.50	\$ 4,775,254	29.42	\$ 5,613,236
Non-Categorized Workload Activities ³	2.30	\$ 399,399	6.96	\$ 1,326,381
Public Disclosure	1.22	\$ 212,093	1.31	\$ 249,267

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 D - 2013-15 and 2015-17 Permit Fee Summary for Permit Program Non-staff Expenditures (AFRS)

Activity	2013-15		2015-17	
	\$7,867,222		\$7,151,150	
	WQ	W2R	WQ	W2R
Personal Services Contracts	\$ 311,331	\$ 612	\$ 501,309	\$ 295
Goods and Services	\$ 2,547,122	\$ 35,896	\$ 2,238,423	\$ 28,228
Travel	\$ 336,535	\$ 18,272	\$ 508,940	\$ 21,231
Capital Outlays	\$ 59,174	\$ 2,123	\$ 78,214	\$ 4,431
Grants, Benefits & Client Services	\$ 3,247	\$ -	\$ 2,574	\$ -
Intra-Agency Reimbursements	\$ 4,206,140	\$ 346,769	\$ 3,503,291	\$ 264,215
Program Totals	\$ 7,463,550	\$ 403,673	\$ 6,832,750	\$ 318,400

³ 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 elsewhere.

Table E shows the actual expenditures by Ecology and Department of Agriculture services for fee-eligible tasks⁴ for discharge permits for the 2013-15 and 2015-17 biennia by programs other than the WQ and W2R.

Table E - 2013-15 and 2015-17 Permit Fee Expenditure Summary for Agency Support of the Permit Program

Activity/Program	2013-15		2015-17	
	47.53 FTE	\$ 9,970,070 Dollars ⁵	44.85 FTE	\$ 9,527,215 Dollars
Administrative Services	20.68	\$ 3,519,698	22.28	\$ 3,908,785
Environmental Assessment	21.58	\$ 5,306,925	17.72	\$ 4,570,722
Nuclear Waste	0.53	\$ 69,816	0.44	\$ 56,759
Toxics Cleanup	4.74	\$ 1,073,631	4.41	\$ 990,949
Department of Agriculture	7.26	\$ 72,518	7.67	\$ 67,597

⁴ The descriptions of fee-eligible tasks are included in the section entitled “Ecology programs funded with permit fees” starting on page 22.

⁵ Note that cost allocation is included in each program’s total.

Workload Explained for 2013-15 and 2015-17 Biennia

This section summarizes the fee-eligible components of the Water Quality Discharge Permit program for the 2013-15 and 2015-17 biennia. These activities are the core work in permitting, which varies from one permit category to another, including those activities necessary to administer the permit program that and shared across all permit categories.

A detailed description of the permit process is available in section in Chapter 2 of the Water Quality Program Permit Writers' Manual at <https://fortress.wa.gov/ecy/publications/SummaryPages/92109.html>.

Permit Issuance, Modification, and Renewal

Permit processing involves:

- Conducting a public process on draft and final permits.
- Preparing fact sheets to communicate how permit decisions are made.
- Issuing individual and general permits.
- Evaluating and making decisions based on application information and data.

Permit processing also includes a quality assurance and quality control (QA/QC) process before it is issued by Ecology to ensure permits are consistent with both federal and state law

Issuance of a permit includes consideration of many factors:

- Technology available to reduce pollutants
- Local water quality status
- Other applicable state and federal rules and policies

Ecology's permit program also oversees and provides technical assistance to municipalities that have received authority from Ecology to write and issue their own wastewater discharge permits.

Permit Application, Review and Approval

The permit application process 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, or from the existing permit, if it is a renewal. General permits are available for a prospective permittee to apply for coverage under the general permit.

Inspections

Inspections include:

- Facility and site inspections
- Compliance monitoring
- Complaint response

Specialized environmental investigations 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, recording, and documentation of the inspection.

Report Review

This includes reviewing discharge monitoring reports from the permittee and other permit required submittals. It also includes a 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, 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 and the operation and maintenance of the permit program's central database through 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
- Inspection
- Enforcement data.

PARIS has enhanced reporting capabilities for external viewers.

Technical Assistance

In addition to providing technical assistance during the permitting process, Ecology provides technical assistance to permit holders on the application of rules, policies, guidelines, and manuals related to implementing their permit. Much of this activity is carried on through various communication methods, including 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 warning letters and telephone calls, providing technical assistance, and other actions until such a time as issues 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. Legislation passed in 2017 creating the new Wastewater Treatment Plant Operator Certification Account (Fund 21H). Revenue collected from application and certification renewal fees began being deposited into this account on July 1, 2017. Ecology currently plans to request appropriation authority from this account starting in the 2021-23 biennium.

Rule Development

This activity includes developing rules to implement statutory requirements and/or updating existing water quality rules.

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 internal tracking and shepherding of 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 permitting program, 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 include supervision and management of permit program staff, including guidance and oversight on controversial situations, as well as overall administration of the program.

Other Program Support Activities

Activities include budget and information technology support of direct permit program services, including database application development and management of the budget, time records, and program planning.

Clerical Support

Activities 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 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 fees assessed.

Public Disclosure Requests

This activity includes responding to public disclosure requests with documents and other applicable records.

Outreach and Education

Outreach and information sharing, with a focus on the permit program, is provided to the public and/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 complaint response, agency-wide activities, executive assistance and reporting, legislative assistance and reporting, and general coordination in conjunction with 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. WQP has three sections at headquarters, sections in each of Ecology's four regional offices, and personnel assigned at Ecology's Bellingham and Vancouver field offices.

The Program Development Services Section

The Program Development Services Section (PDS), located 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

There are 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 Program (W2R) 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 facilities.

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 workload 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, TCP has the lead responsibility for permit processing, management, and inspections. The Sediments Unit is also housed in TCP and is responsible for developing sediment quality standards and permit guidance for their implementation.

Additionally, 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, 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 WQ 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 Information Technology services. These costs are included in the totals for each program listed in Table E. Cost allocation for WQ and W2R are listed as “intra-agency reimbursements” in Table D.

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 appropriated 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.

2017-19 Biennium

Ecology adopted fee increases through rulemaking amendments to Chapter 173-224 WAC for the 2017-19 biennium for all fee categories not capped in statute. Fee categories that are not supporting the cost of administering permits within their category were increased by 6.37% in fiscal year 2018 and 5.58% in fiscal year 2019. Permittees within fee categories where revenue supports the total costs of the category were increased by 5.50% in fiscal year 2018 and 4.50% in fiscal year 2019. These fee increases resulted in an overall revenue increase estimated to be about 5% in fiscal year 2018 and 4.3% in fiscal year 2019. This revenue increase estimate assumes that the permit base is stable. Most municipal wastewater treatment plants did not receive fee increases due to the limitations of the municipal fee cap.

Expenditures are expected to increase next biennium due to inflationary cost increases that are experienced each year. The 2017-19 appropriation level for Fund 176 – Water Quality Permit Account is approximately \$3,209,000 higher than the funding level initially appropriated in the 2015-17 biennial operating budget. \$2,279,000 (71%) of the increases are tied to cost of living adjustments that were collectively bargained; along with higher state covered benefit costs (medical, life, insurance, etc.). \$827,000 (26%) of the increases are due to the rising costs of our facility and technology infrastructure. The remaining \$103,000 (3%) is the result of rising costs across statewide central services.

Expenditures supporting the permit program increase, on average, \$1,800,000 per biennium due to these types of inflationary costs. Ecology expects this trend to continue, if not increase, in future biennia. Subsequently, fee increases are anticipated to be needed in future biennia to ensure that sufficient revenue is collected to recover the costs of the permit program.

For budget allocations from the Water Quality Permit account to Ecology programs, see the “*Budget by Program*” section of the *Budget and Program Overview for 2017-19* at: <https://fortress.wa.gov/ecy/publications/SummaryPages/1801004.html>.

Expenditure and Inspection Data for Construction and Industrial Stormwater General Permits

RCW 90.48.565(2) required Ecology to report on inspections conducted to implement industrial and construction stormwater permit administration. RCWs 90.48.565, 90.48.555, and 90.48.560 all expired January 1, 2015, along with the requirements to report on this information after the 2013-15 biennium. Therefore, this section provides data to fulfill the requirements of RCW 90.48.565 for the 2013-15 biennium, but not the 2015-17 biennium.

The permit fees for industrial and construction permits were first established in 1988, but not as separate fee categories. The fee assessment in the initial fee rule was based on the flow rate from a facility and did not distinguish between stormwater and wastewater discharges. By 1992, industrial stormwater was in a separate fee category but included discharges from both industrial facilities and 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, along 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. The fee amount of \$265 per year was based on the estimated cost of the stormwater general permit program to be shared by an estimated 3,000 permit holders. Services include permit coverage administration, inspections, overhead, and permit issuance. When actual permittees were less than half of the anticipated target, revenue collected was not adequate to fund this part of the permit program.

Some improvements in achieving inter-category equity have occurred. Legislation in 2004 allowed an adjustment to the fee by adding new subcategories based on gross revenue for the industrial stormwater general permit and distributed acreage for the construction stormwater general permit. Subsequent permit fee increases have brought these fee categories closer to, but not yet achieving, cost-to-revenue equity.

Figure 3 demonstrates the gap between stormwater fee revenue and the expenses incurred in the administration of these fee categories during the 2013-15 biennium.



Figure 3 - 2013-15 Fees and Expenditures for Construction and Industrial Stormwater General Permits⁶

⁶ Data Source: BARTS, Table A, and extrapolations from Time Management System (TMS).

Figure 4 presents the number of total inspections, including compliance inspections, logged between FY08-11.

Beginning in FY08, performance measures were established for stormwater inspections. The estimated number of inspections for FY08 and FY09 was 400 industrial and 1,200 construction stormwater. The number of inspectors dropped for much of FY10 and FY11, thus lowering these targets. The estimated number of inspections for FY10 and FY11 were 320 industrial stormwater inspections and 800 construction stormwater inspections. From FY12 through FY15, industrial stormwater inspection targets returned to 400 per year, while the target for construction stormwater remained at 800 for FY12 and FY13, before returning to 900 per year for FY14 and FY15.

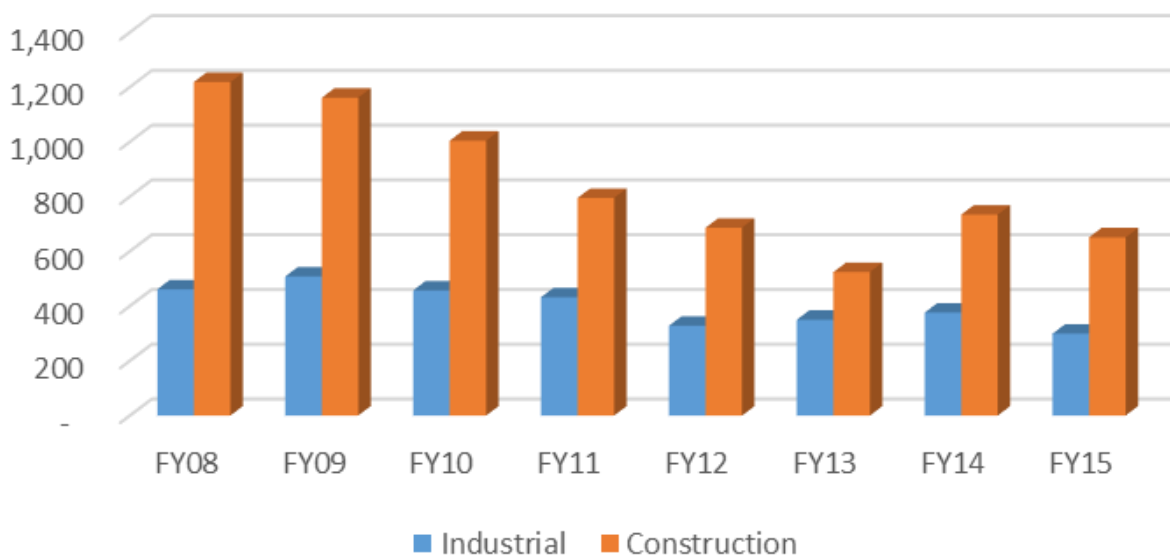


Figure 4 - Construction and Industrial Stormwater Inspections FY08-FY15⁷

⁷ Data Source: Results for Performance Management System (RPM), OFM

Conclusion

Water quality permits are the state's primary tool for preventing point source water pollution in our state, and a key tool for addressing nonpoint water pollution such as municipal stormwater. Permits are required in order to discharge wastewater and certain types of stormwater to waters of the state and waters of the United States. Ecology's authority to establish and assess permit fees under RCW 90.48.465 is critical to the success of our permitting program. Without a dedicated funding source and revenue stream to support the permitting program, Ecology would not have the financial resources needed to protect our waters from point source pollution discharges.