



# Wastewater Discharge Permit Fee Program

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*Report to the Legislature  
State Fiscal Biennium 1997-99*

*Department of Ecology  
December 1999*

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Washington Department of Ecology

**Wastewater Discharge  
Permit Fee Program**  

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**Report to the Legislature  
State Fiscal Biennium 1997-99**

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# **Wastewater Discharge Permit Fee Program**

## **Report to the Legislature**

### **Executive Summary**

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*Since 1955 the state's Water Pollution Control Act (RCW 90.48) has regulated discharges of pollutants through permits to surface and ground waters in order to protect against threats to residents' health, livelihoods, and communities. The Act is the foundation of Washington's efforts to maintain clean water in the state. Between 1955 and 1988, all citizens bore the cost of this permit program through general fund appropriations by the Washington Legislature and through federal grants. Since 1988, however, when voters passed Initiative 97 (I-97), holders of wastewater discharge permits have been required to pay fees to cover the costs of managing the permit program. Since 1994 when voters passed Initiative 601 (I-601), fees have been linked to that law's fiscal growth factor. Fees paid by holders of wastewater discharge permits are deposited in a dedicated account, the wastewater discharge permit fee account, not into the State General Fund. Each biennium, the state Legislature authorizes Ecology to spend fee funds from the permit fee account for fee-eligible activities. This report discusses fee revenues and expenditures from the permit fee account for the period July 1, 1997 through June 30, 1999. It also summarizes program outputs and significant events for that period. Finally, this report highlights planned expenditures from the dedicated permit fee account for the current biennium.*

### **1997-99 Legislative Appropriation**

*1997 Appropriation Level: \$21,096,000<sup>1</sup>*

### **Revenue Summary**

#### **Planned Revenue:**

*Municipal: \$ 4,939,441 (24.1% of planned total revenue)*  
*Industrial: \$15,440,980 (75.9% of planned total revenue)*  
*Total: \$20,480,421 (7/1/97-6/30/99)*

#### **Actual Total Revenues:**

*Municipal: \$ 5,249,160 (24.0% of actual total revenue)*  
*Industrial: \$16,654,181 (76.0 % of actual total Revenue)*  
*Total: \$21,903,341 (7/1/97-6/30/99)*

**Difference of Actual vs. Planned Revenue: \$1,422,920**  
**Actual Revenue as a Percent of Planned Revenue: 106.5%**

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<sup>1</sup> This includes the carry forward budget level of \$20,378,000 plus \$560,000 in mandatory compensation increases plus \$158,000 in Y2K contingency – OFM allocation.

**Small Business Fee Reductions:** \$294,187

1.3% reduction in permit fee revenue received

**Available Budget**

|                        |                     |
|------------------------|---------------------|
| FY95-97 Carry-over:    | \$135,652           |
| <u>Actual Revenue:</u> | <u>\$21,903,341</u> |
| Operating Budget:      | \$22,038,993        |

**Expenditure Summary**

Planned Expenditures: \$20,547,264

Actual Expenditures: \$20,960,198 (7/1/97-6/30/99)

(95.1% of Operating Budget, 99.4% of Legislative Appropriation, and 102% of Planned Expenditures)

**FY97-99 End-of-Biennium Fund Status**

Reserve/Deficit: \$1,078,796

## Expenditure Summary

| <b>FY97-99 Permit Fees Expenditure Summary</b> |                |                     |               |                     |
|--|----------------|---------------------|---------------|---------------------|
| <b>Activity</b>                                | <b>Planned</b> |                     | <b>Actual</b> |                     |
|  | <b>FTEs</b>    | <b>\$</b>           | <b>FTEs</b>   | <b>\$</b>           |
| Management and Support                         | 20.7           | \$2,461,191         | 19.5          | \$2,558,146         |
| Regional Clerical                              | 7.1            | \$662,094           | 0             | 0                   |
| Compliance                                     | 2.0            | \$240,904           | 2.3           | \$319,861           |
| Program Development                            | 5.9            | \$721,596           | 5.6           | \$802,043           |
| Permit Processing                              | 27.3           | \$3,380,392         | 25.7          | \$3,430,703         |
| Permit Management                              | 0.9            | \$160,707           | 0             | 0                   |
| Inspections                                    | 18.0           | \$2,916,390         | 16.3          | \$2,817,006         |
| Report Review                                  | 14.0           | \$1,772,764         | 12.0          | \$1,717,495         |
| Appeals  | 0.3            | \$40,151            | 0.2           | \$31,160            |
| Data Management                                | 4.6            | \$808,185           | 6.0           | \$746,667           |
| Technical Assistance                           | 13.6           | \$1,653,268         | 11.6          | \$1,578,596         |
| Outreach and Education                         | 0.3            | \$32,344            | 0.2           | \$31,160            |
| Alternative Strategies                         | 0.7            | \$97,641            | 0             | 0                   |
| Administrative Services                        | 17.5           | \$2,812,118         | 23.5          | \$3,527,451         |
| Cost Allocation                                |                | \$2,787,518         |               | \$3,340,977         |
| <b>TOTAL</b>                                   | <b>132.8</b>   | <b>\$20,547,264</b> | <b>123.3</b>  | <b>\$20,960,198</b> |

## **Output and Significant Events Summary**

### **Permit Issuance**

- Total Number of Permits: 4,393 - almost a 10% increase over last biennium.
- 400 Individual Permits Issued, Reissued or Modified: Most Ever in a Two-year Period.
- 886 Facilities or Sites Covered Under Industrial Stormwater and/or Construction Sites General Permit.
- 50% Fewer Backlogged Permits than in 1991.
- Backlog of 5.8% -- Lowest Backlog Percent Ever.
- Water Treatment Plants General Permit Issued.
- Boatyards General Permit Reissued.

### **Technical Assistance and Services**

- 2,928 Inspections and/or Site Visits Conducted – Almost Double Over FY95-97.
- 12 meetings of the Water Quality Partnership, hosting more than 300 stakeholders for all-day discussions of permit program issues.
- Exhaustive Review of Water Quality Enforcement Program.

### **Program Efficiency in Preventing Pollution from Wastewater Discharges**

- Permit program staff are now managing more than three times the number of permits than they did when the fee program began in the 1987-89 biennium.

### **FY99-01 Anticipated Expenses**

**Legislative Appropriation for FY99-01:           \$22,119,000**

- *Total fee-funded FTEs for this period amounts to about 121.9 FTEs. This is the lowest number of fee-funded FTEs since before the beginning of the FY91-93 biennium and cannot sustain current service levels.*

**Anticipated Expenditures for FY99-01:           \$23,119,000**

- *\$1,000,000 supplemental spending limit increase is needed to sustain current service levels and address high priority permit program activities, such as stormwater permitting, municipal permit writing, data management, and sand and gravel permits.*



## I. Introduction

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Clean water is an essential life-sustaining right citizens of Washington are entitled to, a right they vigorously guard and demand their governments to protect. Indeed, eight out of ten Washington voters polled in October 1999 (Evans/McDonough) agreed that protecting streams, rivers, and lakes should be a high priority for state funding. A full 71% of northwest citizens think state government should *do more* to protect the environment, including managing water pollution, according to a 1997 poll conducted by Louis Harris and Associates.

Washington has a long history of fighting water pollution to safeguard its citizens' rights to clean water. Since 1955, the state's Water Pollution Control Act has regulated discharges of pollutants to surface and ground waters in order to protect those rights against threats to residents' health, livelihoods, and communities. This Act requires dischargers of pollutants to be regulated by permits. The Act is Washington citizens' front line of defense against the loss of their clean water rights. Wastewater discharge permits are the foundation of Washington's efforts to maintain clean water. The permits are issued, managed and supported by the Washington Department of Ecology under the federal Clean Water Act and the state Water Pollution Control Act.

Between 1955 and 1988, all citizens bore the cost of this permit program through general fund appropriations by the Legislature and federal grants. Since 1988, however, when Initiative 97 (I-97) was passed by the voters, holders of wastewater discharge permits have been obliged to pay for the privilege of discharging to the state's surface and ground waters. I-97 contains what is called the "polluter pays principle." Simply put, this means that the financial responsibility for paying for the water pollution permit program belongs with those contributing to the pollution.

I-97 established a dedicated account (the wastewater discharge permit fee account) where permit fees are deposited. Each biennium, the Legislature authorizes Ecology to spend funds from the permit fee account to administer the permit program. I-97 identifies activities these funds are to be spent on (i.e., "fee-eligible activities"). To ensure that the revenue derived from permit fees are being spent efficiently and effectively, I-97 also contains a requirement that the Department of Ecology report once every two years to the Legislature on revenues and expenditures of the fee system. This report does that for the period July 1, 1997 through June 30, 1999.

## II. Revenues

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### Summary

#### **1997-99 Legislative Appropriation**

1997 Appropriation Level: \$21,096,000

#### **Revenue Summary**

##### *Planned Revenue:*

*Municipal:* \$ 4,939,441 (24.1% of planned total revenue)  
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*Total:* \$20,480,421 (7/1/97-6/30/99)

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*Municipal:* \$ 5,249,160 (24.0% of actual total revenue)  
*Industrial:* \$16,654,181 (76.0 % of actual total Revenue)  
*Total:* \$21,903,341 (7/1/97-6/30/99)

*Difference of Actual vs. Planned Revenue:* \$1,422,920  
*Actual Revenue as a Percent of Planned Revenue:* 106.5%

**Small Business Fee Reductions:** \$294,187  
*1.3% reduction in permit fee revenue received*

During the FY97-99 biennium, actual fee revenues were \$21,903,341. Combined with a \$135,652 budget balance from FY95-97, this produced an operating budget of \$22,038,993.

### ***Revenue from Specific Types of Industries and Municipalities***

Table 1 on the next two pages shows the amount of revenue Ecology received during the FY97-99 biennium for each permit fee category. It also gives the percent of total revenue received from each category and the number of permittees within each category.<sup>2</sup>

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<sup>2</sup> The total revenue and number of permits depicted in Table 1 differs slightly from the total revenue submitted in this report. This is because Table 1 is a real-time account receivable record, which does not track all application fees and doesn't reflect beginning- or end-of-biennia adjustments.

**Table 1**  
**Wastewater Permit Fee Revenues by Fee Category (FY97-99)**

| Type of Permittee                            | Revenue Received     | % of Revenue Received | # of Permittees |
|--|----------------------|-----------------------|-----------------|
| <b>Industrials</b>                           |                      |                       |                 |
| Aggregate Production                         | 1,504,278.60         | 6.88                  | 834             |
| Aluminum Alloys                              | 23,216.00            | .11                   | 1               |
| Aluminum and Magnesium Reduction Mills       | 923,470.00           | 4.22                  | 7               |
| Aluminum Forming                             | 85,690.00            | .39                   | 2               |
| Aquaculture                                  | 503,729.45           | 2.30                  | 107             |
| Boatyards                                    | 52,218.27            | .25                   | 111             |
| Coal Mining & Preparation                    | 76,138.36            | .35                   | 2               |
| Combined Industrial Waste Treatment          | 103,583.00           | .47                   | 3               |
| Combined Food Processing Waste Treatment     | 90,848.00            | .42                   | 4               |
| Combined Sewer Overflow System               | 31,093.00            | .14                   | 1               |
| Commercial Laundry                           | 468.45               | .01                   | 1               |
| Concentrated Animal Feeding Operation        | 54,452.06            | .25                   | 82              |
| Crop Preparing                               | 992,350.94           | 4.54                  | 180             |
| Facilities – NOC                             | 901,780.89           | 4.12                  | 74              |
| Flavor Extraction                            | 1,149.27             | .01                   | 5               |
| Food Processing                              | 2,563,177.55         | 11.72                 | 97              |
| Fuel & Chemical Storage                      | 111,184.95           | .51                   | 9               |
| Hazardous Waste Cleanup Sites                | 140,193.11           | .64                   | 12              |
| Ink Formulation & Printing                   | 27,078.78            | .12                   | 5               |
| Inorganic Chemicals Manufacturing            | 408,568.00           | 1.87                  | 13              |
| Iron & Steel                                 | 112,829.00           | .52                   | 2               |
| Metal Finishing                              | 217,763.38           | 1.00                  | 25              |
| Noncontact Cooling Water w/Additives         | 138,912.89           | .64                   | 11              |
| Noncontact Cooling Water w/o Additives       | 257,207.80           | 1.18                  | 48              |
| Nonferrous Metals Forming                    | 51,900.50            | .24                   | 2               |
| Ore Mining                                   | 87,131.00            | .40                   | 6               |
| ORG Chem MFG/RCRA                            | 102,280.00           | .47                   | 1               |
| Organic Chemicals                            | 46,430.00            | .21                   | 1               |
| Petroleum Refining                           | 882,221.00           | 4.03                  | 6               |
| Photofinishing                               | 27,284.52            | .12                   | 10              |
| Power and/or Steam Plants                    | 183,289.00           | .84                   | 8               |
| Pulp, Paper, & Paperboard                    | 2,743,355.25         | 12.55                 | 20              |
| Radioactive Effluents & Discharges           | 206,472.00           | .94                   | 2               |
| RCRA Corrective Action Sites                 | 32,633.00            | .15                   | 1               |
| Seafood Processing                           | 405,466.73           | 1.85                  | 40              |
| Shipyards                                    | 192,050.39           | .87                   | 15              |
| Solid Waste Sites                            | 203,140.54           | .93                   | 12              |
| Stormwater                                   | 1,191,738.69         | 5.45                  | 2,106           |
| Textile Mills                                | 92,863.00            | .42                   | 1               |
| Timber Products                              | 809,152.78           | 3.70                  | .27             |
| Vegetable/Bulb Washing                       | 5,227.97             | .02                   | 7               |
| Vehicle Maintenance & Freight Transportation | 28,907.11            | .13                   | 9               |
| Water Plants                                 | 104,548.75           | .48                   | 31              |
| Wineries                                     | 26,572.65            | .12                   | 5               |
| <b>Industrial Category Subtotal</b>          | <b>16,744,046.63</b> | <b>76.58</b>          | <b>3,946</b>    |

| Type of Permittee                           | Revenue Received     | % of Revenue Received | # of Permittees |
|---|----------------------|-----------------------|-----------------|
| <b>Municipals</b>                           |                      |                       |                 |
| Private & State-Owned Facilities            | 140,991.57           | .64                   | 35              |
| 0 - < 10K Residential Equivalent            | 956,889.14           | 4.38                  | 245             |
| 10K - < 50K Residential Equivalent          | 1,442,079.32         | 6.59                  | 25              |
| 50K - < 250K Residential Equivalent         | 1,058,946.20         | 4.84                  | 5               |
| 250K & Greater Residential Equivalent       | 1,149,812.64         | 5.26                  | 3               |
| Municipal Stormwater Permit                 | 373,282.78           | 1.71                  | 7               |
| <b>Municipal Category Subtotal</b>          | <b>5,122,001.65</b>  | <b>23.42</b>          | <b>320</b>      |
| <b>Total Revenue Received (grand total)</b> | <b>21,866,048.28</b> | <b>100.00</b>         | <b>4,266</b>    |

### ***Municipal Contributions to Total Revenues:***

*Municipal Revenues: \$5,249,160 (24.0% of total revenue)*

Of the total revenue received, municipal dischargers paid \$5,249,160 (24.0% of total revenue). This amount included fees paid from municipal sewage treatment plants, municipal stormwater permits, and from state-owned or privately-owned domestic wastewater treatment plants. 40 of the state's 320 municipal permit fee payers contributed about 18.9 percent of all revenues in FY97-99. These 40 municipal fee payers paid about 79 percent of the municipal contribution.

### ***Industry Contributions to Total Revenues:***

*Industrial Revenues: \$16,654,181 (76.0% of total revenue)*

Revenues from industrial permit holders amounted to \$16,654,181 (76.0% of total revenue) in FY97-99. The largest percent of fee revenues came from pulp, paper and paperboard (12.55 percent of total revenues); and food processors industries (11.72 percent of total revenues). Combined these two industries contributed over 23 percent of total permit fee revenues. Other significant contributors included:

- aggregate production (6.88 percent);
- industrial stormwater (5.45 percent);
- crop preparing (4.54 percent); and
- aluminum and magnesium reduction mills (4.22 percent).

### ***Small Business Fee Reductions***

The water quality permit fee law (RCW 90.48.465) requires Ecology to consider the economic impacts of fees on small businesses and to make appropriate adjustments. Ecology complies with this requirement by granting fee reductions for small businesses.

In fiscal year 1998, Ecology reduced permit fees for 131 businesses by an average of 69%. Their total savings were \$134,134. In fiscal year 1999, a total of 150 businesses had their annual fees reduced by an average of 65% or a total savings of \$160,053. Together, for July 1, 1997 through June 30, 1999, small businesses saved \$294,187 based on the projected biennial fees. This was a combined average of 67% reduction for those receiving a reduction. Overall, the total biennial fee revenue collection was reduced by 1.3% from these small business fee reductions.

### III. Expenditures

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#### **Summary**

#### **1997-99 Legislative Appropriation**

1997 Appropriation Level: \$21,096,000

#### **Available Budget**

FY95-97 Carry-over: \$135,652

Actual Revenue: \$21,903,341

Operating Budget: \$22,038,993

#### **Expenditure Summary**

Planned Expenditures: \$20,547,264

Actual Expenditures: \$20,960,197 (7/1/97-6/30/99)

*(95.1% of Operating Budget, 99.4% of Legislative Appropriation, and 102% of Planned Expenditures)*

Department of Ecology planned to spend \$20,547,264 of wastewater discharge permit fee revenues in the FY95-97 biennium. It spent \$20,960,197. When planned expenditures are compared with actual expenditures, actual expenditures are 2.0% higher than planned. Compared to the operating budget of \$22,038,993, actual expenditures were *under-spent* by 4.9%. Compared to the 1997 legislative appropriation of \$21,096,000, actual expenditures were *under-spent* by 0.6%.

Table 2 summarizes major categories of fee-eligible actions for the FY97-99 biennium.

**Table 2**  
**Wastewater Permit Fee Expenditures by Major Activity Category (FY97-99)**

| <b>Category</b>                         | <b>Total FTEs</b> | <b>Total \$</b>     | <b>% Total Fee-funded FTEs</b> |
|---|-------------------|---------------------|--------------------------------|
| <b>Management &amp; Support</b>         | <b>19.5</b>       | <b>\$2,558,146</b>  | <b>15.8%</b>                   |
| <b>Permitting and Permit Compliance</b> | <b>74.7</b>       | <b>\$10,731,582</b> | <b>60.7%</b>                   |
| Compliance                              | 2.3               | \$319,861           | 1.9%                           |
| Permit Processing                       | 25.7              | \$3,430,703         | 20.8%                          |
| Report Review                           | 12.0              | \$1,717,495         | 9.8%                           |
| Appeals                                 | 0.6               | \$90,094            | 0.5%                           |
| Data Management                         | 6.0               | \$746,667           | 4.9%                           |
| Inspections                             | 16.3              | \$2,817,006         | 13.2%                          |
| Technical Assistance                    | 11.6              | \$1,578,596         | 9.4%                           |
| Outreach & Education                    | 0.2               | \$31,160            | 0.2%                           |
| <b>Program Development</b>              | <b>5.6</b>        | <b>\$802,043</b>    | <b>4.5%</b>                    |
| <b>Administrative Services</b>          | <b>23.5</b>       | <b>\$3,527,451</b>  | <b>19.0%</b>                   |
| <b>Cost Allocation</b>                  | <b>---</b>        | <b>\$3,340,977</b>  | <b>---</b>                     |
| <b>Total Expenditures</b>               | <b>123.3</b>      | <b>\$20,960,198</b> | <b>100%</b>                    |

### ***Planned and Actual Distribution of Fee Revenues***

Tables 3 and 4 provide an organizational view of those Ecology programs funded or partly funded through wastewater discharge permit fees. Table 3 shows how much money and staff (FTEs) each program *planned to expend* in FY97-99. Table 4 shows how much money and staff was *actually expended*.

### ***Overview of the Organization***

The Department of Ecology is organized by environmental media and geography. The **Water Quality Program** is the principle implementer of the wastewater discharge permit program. This program consists of a headquarter office and sections within each of the four Department of Ecology regional offices (Spokane, Yakima, Lacey and Bellevue). Generally, permit manager support, policy development, and administrative functions are housed in headquarters. Permit coverages and compliance are regional functions.

Other programs listed on the tables and their principle permit program functions are:

- ❑ **Shorelands (Shorelands and Environmental Assistance Program):** Sediment quality management technical assistance and permit manager assistance;
- ❑ **EAP (Environmental Assessment Program):** Permittee compliance inspections, monitoring, modeling, total maximum daily loads development, laboratory services;

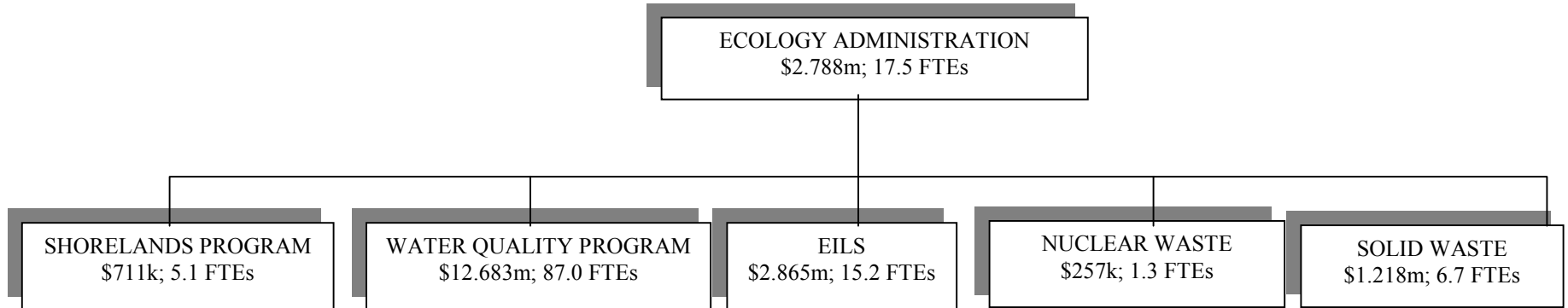
- **Nuclear Waste (Nuclear Waste Program):** Permit management of Hanford Nuclear Reservation wastewater discharges; and
- **Administration (Administration Program):** Agency executive and agency-wide support services related to the administration of the wastewater discharge permit program.

See Appendix A for more detail on the organization of the permit program within the Department of Ecology for FY97-99.

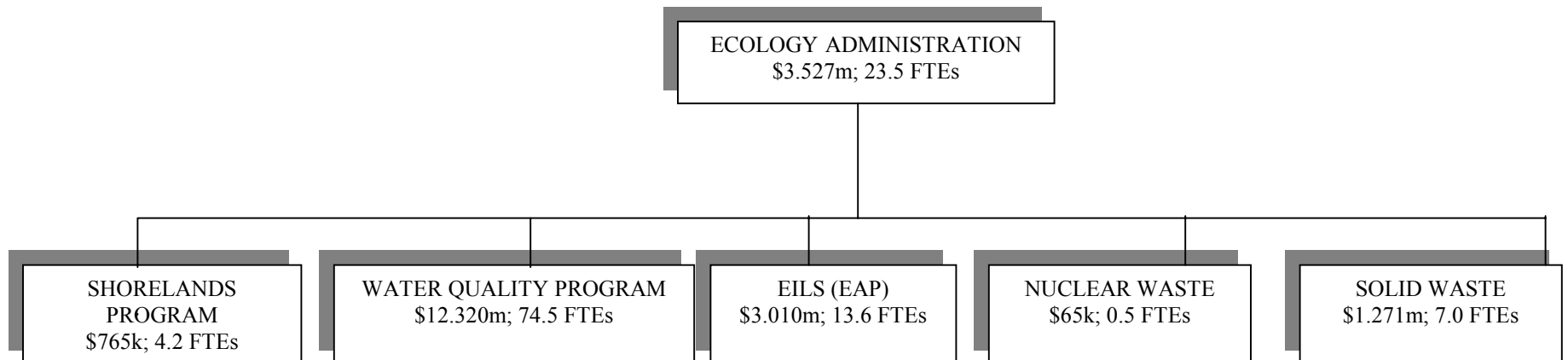


## PLANNED AND ACTUAL FEE FUND DISTRIBUTION, FY 1997-99

**Table 3: PLANNED Distribution of Fee Funds, FY 1997-99**



**Table 4: ACTUAL Distribution of Fee Funds, FY 1997-99**



## ***Planned and Actual Expenditures by Activity***

This section summarizes the major components of the wastewater discharge permit program, agency-wide. It also provides the percent of the total fee-eligible program dedicated to each component in the FY97-99 biennium.

Tables 5 and 6 show the major categories supported by fees. Table 5 shows the ***planned*** percent of full time equivalents for each category for FY97-99. Table 6 shows the ***actual expenditures*** of full time equivalents in those categories for the same period.

### ***Program Management and Support***

Activities in this category include supervision; management and clerical support of direct permit program activities. These activities include permit manager support, word processing, and other clerical assistance in the course of drafting permits. They also include providing guidance and management involvement in controversial situations, administration of the fee system and budget, and program planning. Ecology planned to expend 15.6% of fee-funded FTEs for management and support. Actual expenditures were 15.8%.

### ***Compliance<sup>3</sup>***

Compliance activities are actions other than formal enforcement aimed at getting and keeping facilities in compliance with their permits. Compliance activities include warning letters and telephone calls, notices of corrections, and others that are not formal enforcement but that could be escalated to formal enforcement if compliance is not achieved. Ecology planned to expend 1.5% of its fee-funded FTEs on compliance. Actual expenditures were 1.9%.

### ***Program Development***

Activities under program development include those that support or guide fee-related activities. These include rule development to implement statutory requirements. Rulemaking in the permit program in FY97-99 was limited to revising the permit fee rule and a portion of the triennial review of water quality standards. Other activities involve the development of policies and standard operating procedures. The department planned to expend 4.4% of fee-funded FTEs for program development. Actual expenditures were 5.6%.

### ***Permit Processing***

Permit processing involves soliciting and receiving permit applications; evaluating and making decisions on information contained in the applications; preparing fact sheets to communicate permit decisions; conducting a public process on draft and final permits; and issuing permits.

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<sup>3</sup> Not including formal enforcement. Ecology has not viewed formal enforcement to be fee-eligible.

Permit processing also involves conducting quality assurance and quality control (QA/QC) of permits. This process includes a central QA/QC staff whose responsibilities include spot checking permits for consistency. It also includes a peer review process of draft permits in each regional office.

Permit processing includes activities involved in the oversight of pretreatment-delegated municipalities as well as the assistance provided to municipalities in obtaining pretreatment delegation. Ecology planned to expend 20.6% of its fee-funded FTEs on permit processing. Actual FTE expenditures were 25.7%.

### ***Inspections***

Inspections involve facility and site inspections, compliance monitoring, and complaint response. It also includes environmental investigations and special studies.

There are several types of inspections. There are reconnaissance inspections; inspections with sampling; inspections without sampling; and, for municipal facilities, operation and maintenance inspections. Environmental investigations include the development of total maximum daily loads and determining wasteload allocations for point source dischargers. Special studies include surface water, ground water, and sediment quality investigations in proximity to discharges. Also included are project-specific scientific assistance and laboratory support. Ecology planned to expend 13.5% of fee-funded FTEs for inspections; it actually expended 13.2%.

### ***Report Review***

This involves reviewing permit-required reports, such as discharge monitoring reports and other permittee-prepared submittals. It also includes engineering studies review and sewage system planning reviews. The department planned to expend 10.5% of fee-funded FTEs for report review. Actual expenditures were 9.8%.

### ***Appeals***

This involves responding to appeals of permits by permittees and/or third parties. Appeals involve case preparation and participation at Pollution Control Hearings Board sessions. The department planned to expend 0.2% of fee-funded FTEs for report review. Actual expenditures were 0.5%.

### ***Data Management***

Principally, this involves the operation, upkeep, and maintenance of the permit program's central database – the Water Quality Permit Lifecycle System (WPLCS). WPLCS is the central data management system that stores permit-specific information on each of the permitted facilities. Some of the information includes facility name, type of facility, location, effluent limits, discharge monitoring reports, and inspection and enforcement data. This category includes developing standardized data system procedures, data definitions and priorities, and data entry and retrieval. It also includes responding to

public requests for WPLCS information. Ecology planned 3.5% of fee-funded FTEs to be expended for data management. Actual expenditures were 4.9%.

### ***Technical Assistance***

This category includes assistance to permittees before, during and after processing a permit or authorization that is not part of normal permit review and communication. It includes municipal treatment plant operator assistance and permittee assistance on how to apply rules, policies, guidelines, and manuals. It also includes site visits to many general-permitted facilities. Ecology planned to expend 10.2% of fee-funded FTEs for technical assistance. Actual expenditures were 9.4%.

### ***Outreach and Education***

This involves outreach on the permit program directed towards the general public or permitted industries and municipalities. It includes preparing and using educational materials and conducting outreach on the proper use of manuals and guidelines. The department planned 0.7% of fee-funded FTEs for outreach and education. It actually expended 0.2%.

### ***Alternative Strategies***

This activity involves supporting the Permit Program Partnership, conducting compliance incentives (e.g., pollutant-reduction trading, reduced monitoring for good performance) and permit program policy analysis and support. Planned FTE expenditures were 0.5% of fee-funded FTEs. Actual expenditures were 0%.

### ***Administrative Services***

This portion 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. It includes financial, personnel, portions of executive-level management, and others. In the 1997-99 biennium, regional offices clerical support staff were moved under the administrative services component. In the previous biennium, regional clerical was shown as a separate component and the planned FTE was 5.3%. Moving regional clerical under administrative services partly explains that components increased expenditures relative to planned expenditures. Ecology planned to expend 13.2% of fee-funded FTEs for agency indirect. Actual expenditures were 19.0%.

### ***Cost Allocation***

Cost allocation consists of direct monetary charges to programs to pay for items such as building space, communications and Assistant Attorney General services. There are no FTEs associated with cost allocation. In total, Ecology planned to spend about \$2.8m on cost allocation to support permit program. It spent about \$3.3m.

Table 5: PLANNED Distribution of Fee-Funded FTEs by Activity, FY97-99

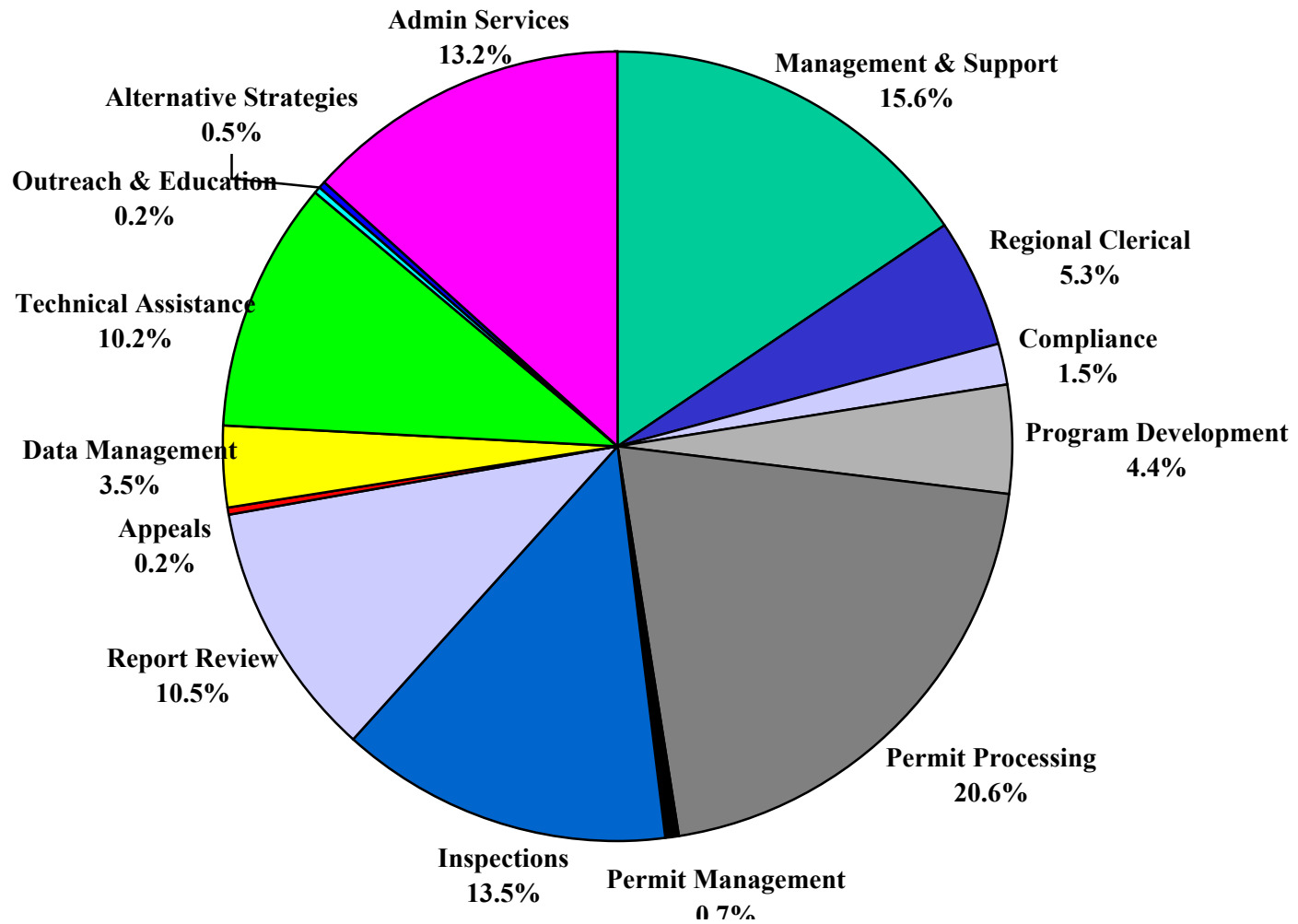
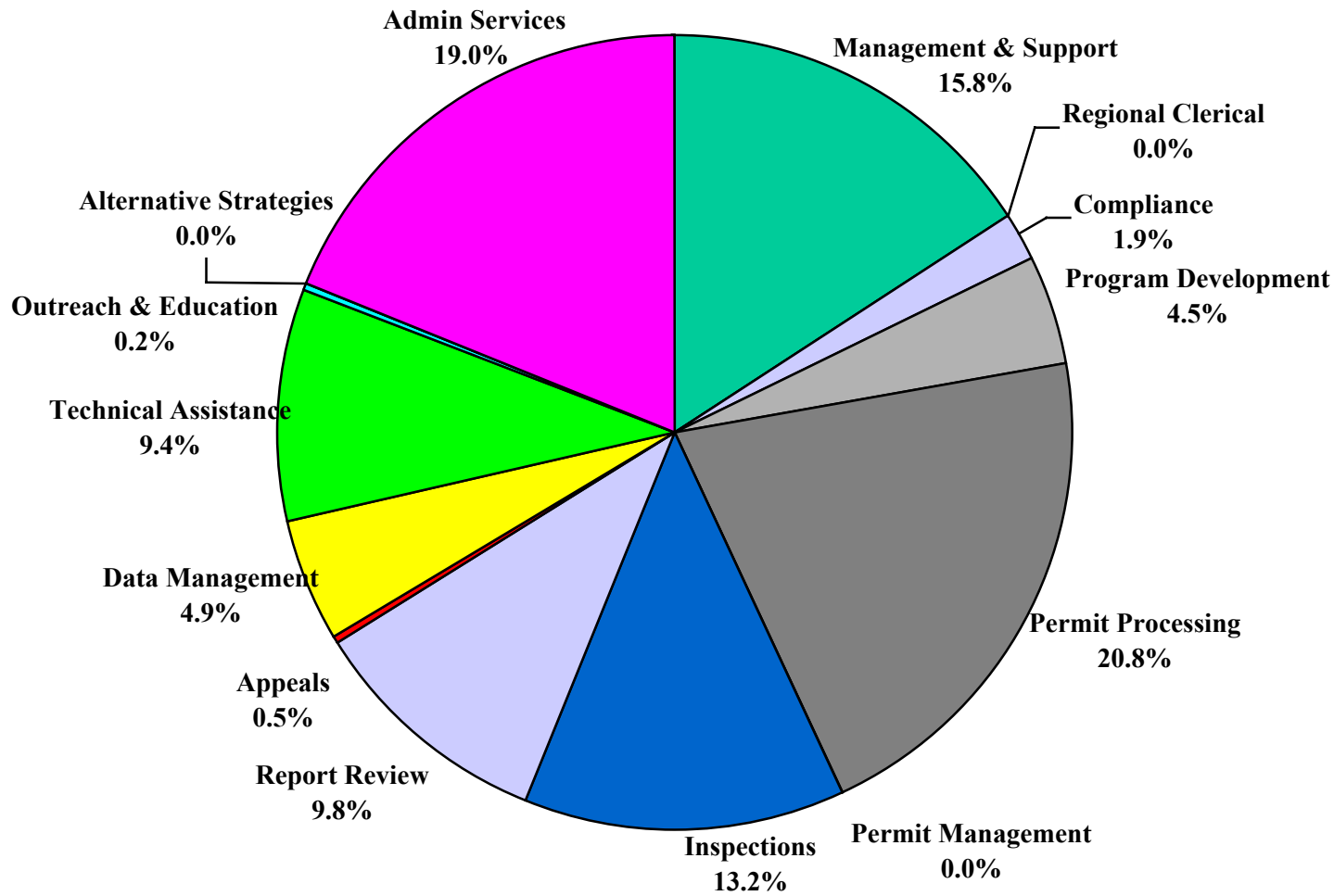


Table 6: ACTUAL Distribution of Fee-Funded FTEs by Activity, FY97-99



***Planned and Actual Expenditures of Dollars  
and FTEs by Activity and Organizational Unit***

Tables 7 and 8 show *planned* and *actual* expenditures for the FY97-99 biennium by planning category and by Ecology program.

**Table 7**  
**Wastewater Discharge Permit Fees**  
**PLANNED Expenditures for FY97-99**

| <b>WATER QUALITY PERMIT FEES</b>        |                      |             |                   |             |                  |             |                      |             |                    |             |                  |             |                   |                               |                     |
|---|----------------------|-------------|-------------------|-------------|------------------|-------------|----------------------|-------------|--------------------|-------------|------------------|-------------|-------------------|-------------------------------|---------------------|
| <b>PLANNED EXPENDITURES BY CATEGORY</b> |                      |             |                   |             |                  |             |                      |             |                    |             |                  |             |                   |                               |                     |
| 1997-99 BIENNIUM                        |                      |             |                   |             |                  |             |                      |             |                    |             |                  |             |                   |                               |                     |
| 7-Dec-97                                |                      |             |                   |             |                  |             |                      |             |                    |             |                  |             |                   |                               |                     |
| <b>CATEGORY</b>                         | <b>WATER QUALITY</b> | <b>FTEs</b> | <b>SHORELANDS</b> | <b>FTEs</b> | <b>EILS</b>      | <b>FTEs</b> | <b>NUCLEAR WASTE</b> | <b>FTEs</b> | <b>SOLID WASTE</b> | <b>FTEs</b> | <b>ADMIN</b>     | <b>FTEs</b> | <b>TOTAL FTEs</b> | <b>AGENCY TOTAL ACTUAL \$</b> | <b>% TOTAL FTEs</b> |
| MANAGEMENT & SUPPORT                    | 1,685,211            | 13.9        | 165,526           | 1.8         | 465,334          | 4.0         |                      |             | 145,120            | 1.0         |                  |             | 20.7              | 2,461,191                     | 15.6%               |
| REGIONAL CLERICAL                       | 662,094              | 7.1         |                   |             |                  |             |                      |             |                    |             |                  |             | 7.1               | 662,094                       | 5.3%                |
| COMPLIANCE                              | 240,904              | 2.0         |                   |             |                  |             |                      |             |                    |             |                  |             | 2.0               | 240,904                       | 1.5%                |
| PROGRAM DEVELOPMENT                     | 721,596              | 5.9         |                   |             |                  |             |                      |             |                    |             |                  |             | 5.9               | 721,596                       | 4.4%                |
| PERMIT PROCESSING                       | 3,033,603            | 24.9        |                   |             |                  |             | 17,850               | 0.1         | 328,939            | 2.3         |                  |             | 27.3              | 3,380,392                     | 20.6%               |
| PERMIT MANAGEMENT                       | 0                    | 0.0         |                   |             |                  |             | 160,707              | 0.9         |                    |             |                  |             | 0.9               | 160,707                       | 0.7%                |
| INSPECTIONS                             | 684,791              | 5.6         |                   |             | 1,989,732        | 10.7        |                      |             | 241,867            | 1.7         |                  |             | 18.0              | 2,916,390                     | 13.5%               |
| REPORT REVIEW                           | 1,404,157            | 11.5        |                   |             | 81,365           | 0.6         | 35,700               | 0.2         | 251,542            | 1.7         |                  |             | 14.0              | 1,772,764                     | 10.5%               |
| PRETREATMENT                            | 0                    | 0.0         |                   |             |                  |             |                      |             |                    |             |                  |             | 0.0               | 0                             | 0.0%                |
| APPEALS                                 | 40,151               | 0.3         |                   |             |                  |             |                      |             |                    |             |                  |             | 0.3               | 40,151                        | 0.2%                |
| DATA MANAGEMENT                         | 808,185              | 4.6         |                   |             |                  |             |                      |             |                    |             |                  |             | 4.6               | 808,185                       | 3.5%                |
| TECHNICAL ASSISTANCE                    | 1,245,785            | 10.2        | 389,633           | 3.3         |                  |             | 17,850               | 0.1         |                    |             |                  |             | 13.6              | 1,653,268                     | 10.2%               |
| OUTREACH & EDUCATION                    | 32,344               | 0.3         |                   |             |                  |             |                      |             |                    |             |                  |             | 0.3               | 32,344                        | 0.2%                |
| ALTERNATIVE STRATEGIES                  | 97,641               | 0.7         |                   |             |                  |             |                      |             |                    |             |                  |             | 0.7               | 97,641                        | 0.5%                |
| ADMINISTRATIVE SERVICES                 |                      |             |                   |             |                  |             |                      |             |                    |             | 2,812,118        | 17.5        | 17.5              | 2,812,118                     | 13.2%               |
|   |                      |             |                   |             |                  |             |                      |             |                    |             |                  |             | 0.0               | 0                             | 0.0%                |
| COST ALLOCATION                         | 2,026,950            |             | 155,956           |             | 328,922          |             | 25,392               |             | 250,298            | 0.0         |                  |             | 0.0               | 2,787,518                     | 0.0%                |
| <b>ESTIMATED EXPENDITURES</b>           | <b>12,683,412</b>    | <b>87.0</b> | <b>711,115</b>    | <b>5.1</b>  | <b>2,865,354</b> | <b>15.2</b> | <b>257,499</b>       | <b>1.3</b>  | <b>1,217,766</b>   | <b>6.7</b>  | <b>2,812,118</b> | <b>17.5</b> | <b>132.8</b>      | <b>20,547,264</b>             | <b>100%</b>         |

**NOTES:**

1. Data is 1997-99 allotments for funds and FTEs.
2. Data for EILS is 1997-99 total allotment distributed to categories using actual 1995-97 data by category.
3. WQP includes \$99,264 and Administration Program includes \$70,000 compensation adjustment appropriation authority.



**Table 8**  
**Wastewater Discharge Permit Fees**  
**ACTUAL Expenditures for FY97-99**

| <b>WATER QUALITY PERMIT FEES</b><br><b>ACTUAL EXPENDITURES BY CATEGORY</b><br><b>1997-99 BIENNIUM</b><br><b>November 8, 1999</b> |                   |             |                |            |                  |             |               |            |                  |            |                  |             |              |                        |              |
|--|-------------------|-------------|----------------|------------|------------------|-------------|---------------|------------|------------------|------------|------------------|-------------|--------------|------------------------|--------------|
| CATEGORY   | WATER QUALITY     | FTEs        | HOVELAND       | FTEs       | EAP              | FTEs        | NUCLEAF WASTE | FTEs       | SOLID WASTE      | FTEs       | ADMIN.           | FTEs        | TOTAL FTEs   | AGENCY TOTAL ACTUAL \$ | % TOTAL FTEs |
| MANAGEMENT & SUPPORT   | 2,096,491         | 15.9        | 6,910          | 0.1        | 374,663          | 3.0         |               |            | 80,082           | 0.5        |                  |             | 19.5         | 2,558,146              | 15.8%        |
| REGIONAL CLERICAL  | 0                 | 0.0         |                |            |                  |             |               |            |                  |            |                  |             | 0.0          | 0                      | 0.0%         |
| COMPLIANCE   | 278,578           | 2.0         |                |            |                  |             |               |            | 41,283           | 0.3        |                  |             | 2.3          | 319,861                | 1.9%         |
| PROGRAM DEVELOPMENT  | 514,936           | 3.6         | 277,430        | 1.9        |                  |             | 1,946         | 0.0        | 7,731            | 0.1        |                  |             | 5.6          | 802,043                | 4.5%         |
| PERMIT PROCESSING  | 3,036,239         | 22.9        | 851            | 0.0        |                  |             | 10,920        | 0.1        | 382,693          | 2.7        |                  |             | 25.7         | 3,430,703              | 20.8%        |
| PERMIT MANAGEMENT  |                   |             |                |            |                  |             |               |            |                  |            |                  |             | 0.0          | 0                      | 0.0%         |
| INSPECTIONS  | 687,302           | 5.2         |                |            | 1,980,566        | 10.1        |               |            | 149,138          | 1.0        |                  |             | 16.3         | 2,817,006              | 13.2%        |
| REPORT REVIEW  | 1,281,894         | 9.1         | 112,572        | 0.8        | 71,710           | 0.5         | 2,320         | 0.0        | 248,999          | 1.7        |                  |             | 12.0         | 1,717,495              | 9.8%         |
| PRETREATMENT   |                   |             |                |            |                  |             |               |            |                  |            |                  |             | 0.0          | 0                      | 0.0%         |
| APPEALS  | 66,354            | 0.5         | 722            | 0.0        |                  |             |               |            | 23,018           | 0.1        |                  |             | 0.6          | 90,094                 | 0.5%         |
| DATA MANAGEMENT  | 612,905           | 4.8         | 70,526         | 0.8        |                  |             |               |            | 63,237           | 0.5        |                  |             | 6.0          | 746,667                | 4.9%         |
| TECHNICAL ASSISTANCE   | 1,406,010         | 10.4        | 98,079         | 0.6        |                  |             | 49,509        | 0.4        | 24,997           | 0.2        |                  |             | 11.6         | 1,578,596              | 9.4%         |
| OUTREACH & EDUCATION   | 31,160            | 0.2         |                |            |                  |             |               |            |                  |            |                  |             | 0.2          | 31,160                 | 0.2%         |
| ALTERNATIVE STRATEGIES   |                   |             |                |            |                  |             |               |            |                  |            |                  |             | 0.0          | 0                      | 0.0%         |
| ADMINISTRATIVE SERVICE   | 0                 |             |                |            |                  |             |               |            |                  |            | 3,527,451        | 23.5        | 23.5         | 3,527,451              | 19.0%        |
|  |                   |             |                |            |                  |             |               |            |                  |            |                  |             | 0.0          | 0                      | 0.0%         |
| COST ALLOCATION  | 2,308,678         | 0.0         | 198,317        | 0.0        | 583,684          | 0.0         | 0             | 0.0        | 250,298          | 0.0        |                  |             | 0.0          | 3,340,977              | 0.0%         |
| <b>ESTIMATED EXPENDITURE</b>   | <b>12,320,548</b> | <b>74.5</b> | <b>765,405</b> | <b>4.2</b> | <b>3,010,623</b> | <b>13.6</b> | <b>64,695</b> | <b>0.5</b> | <b>1,271,476</b> | <b>7.0</b> | <b>3,527,451</b> | <b>23.5</b> | <b>123.3</b> | <b>20,960,198</b>      | <b>100%</b>  |

**NOTES:**

1. Training and Vacation/Sick Leave expenditures and FTEs are distributed to categories using expenditures and FTEs coded to those categories
2. Data includes \$157,313 Year 2000 Compliance funds.
3. Data includes \$552,412 compensation adjustment appropriation authority.

## IV. Outputs

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### *Summary of Program FY97-99 Outputs*

FY97-99 had the most number of individual permits issued, reissued or modified than any previous two-year period -- 400. This continues a permit issuance trend that began in the FY93-95 and FY95-97 biennia where a then-record 289 permits and 390 individual permits were issued, respectively.

Ecology also extended general permit coverage during the biennium to 886 facilities (457 in FY98 and 429 in FY99).

In addition, Ecology continued to reduce the permit backlog of expired permits from about 7.5% at the beginning of the biennium to about 5.8% at the end of the biennium. Tables 9 and 10 show the permit issuance/modification and backlog trends over recent years.

Table 9

### Permit Issuance Trend

**Number of Individual Wastewater Discharge Permits Issued, Reissued or Modified by Year**

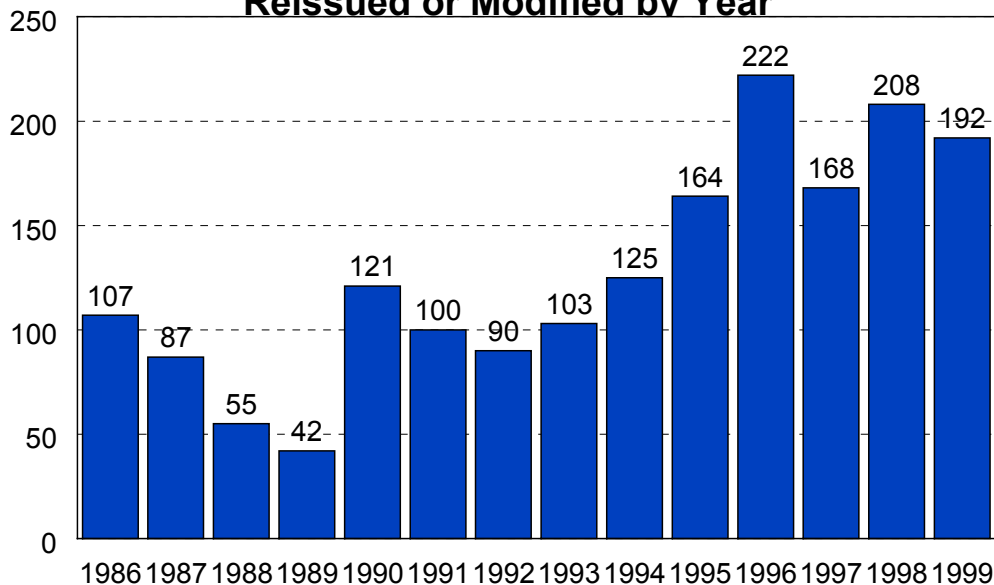
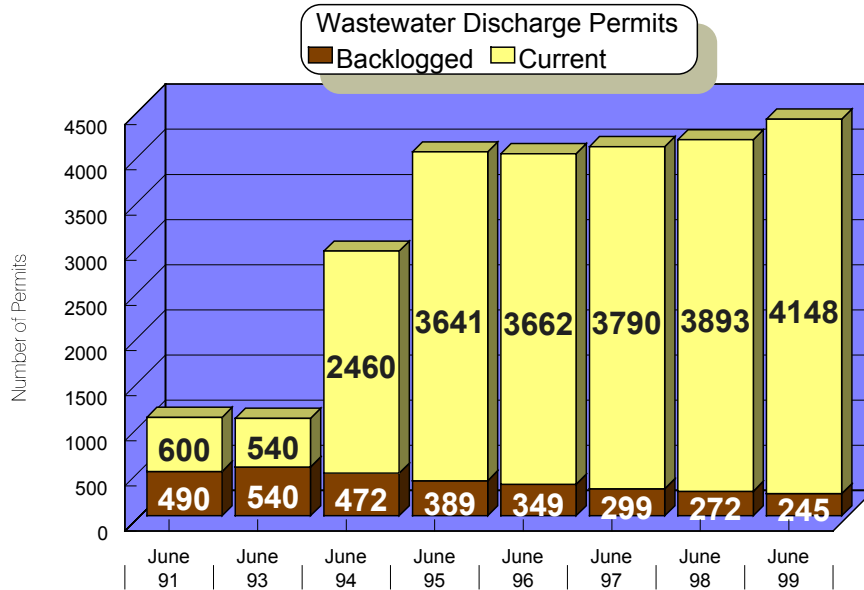


Table 10

## Permit Backlog Trend

### Current and Backlogged Wastewater Discharge Permits



Current, Backlogged, and Total

Also, 2,928 inspections and technical assistance visits were conducted in FY97-99. This is almost double the number (1,504) conducted in FY95-97, although some of the increase is explained through improved reporting and tracking. Other permit program accomplishments for the FY97-99 biennium are summarized in Tables 11 and 12.

**Table 11**  
**Wastewater Discharge Permit Program**  
**Water Quality Program FY97-99 Program Plan Accomplishments**

| <b>Planned Activity</b>  | <b>Actual Results</b>  |
|--|--|
| Issue, reissue or modify 449 individual permits                      | Issued, reissued or modified 400 individual permits —most ever in a two year period  |
| Conduct 1,022 inspections or site visits                             | Conducted 2,928 compliance inspections or site visits  |
| Issue water treatment plant general permit                           | Issued Spring 1999   |
| Reissue boat yard general permit                                     | Issued Fall 1998   |
| Revise Permit Fee Rule   | Completed  |
| Modify construction sites general permit                             | Modified 1998  |
| Upgrade Fee Database   | In process   |
| Publish Fee Report to Legislature                                    | Completed December 1997  |
| Integrate Permit Central Database into Permit Program                | Complete Winter 1998   |
| Redesign Central Database Front End                                  | Completed Spring 1999  |
| Consider seeking delegation for federal facilities permit management | Completed. Decided not to pursue   |
| Provide support to Water Quality Partnership                         | Conducted meetings on 8/21/97, 9/23/97, 12/16/97, 2/5/98, 3/24/98, 5/14/98, 7/21/98, 9/10/98, 11/4/98, 12/17/98, 2/23/99, and 4/19/99. |
| Public Effluent Limit Compliance Reports                             | 3 published: Spring 1997, Fall 1997, Spring 1998   |
| Maintain and update Permit Writers Manual                            | Updated Spring 1999  |
| Conduct Whole Effluent Toxicity testing program review               | Completed Fall 1997  |
| Staff and support permit writers workgroup                           | Ongoing  |
| Develop and maintain permit shells                                   | Ongoing  |
| Conduct quality assurance review of permits                          | In process and continuing  |

**Table 12**  
**Wastewater Discharge Permit Program**  
**Water Quality Program FY97-99 Unanticipated (non-planned) Accomplishments**

| <b>Activity/Actual Results</b>                      | <b>Comments</b>     |
|---|---------------------|
| Conduct Enforcement Program Review with Partnership | Completed July 1999 |

## V. Significant Events

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### *Achieving Zero Discharge*

Ecology continued to work toward state and federal clean water act goals, including the elimination of wastewater discharges to the state's surface waters. The following are examples of facilities getting to zero discharge of pollutants in the FY97-99 biennium:

- ❑ **PABCO Roofing Company in Tacoma.** The management of the company made a decision to institute a closed loop system for their non-contact cooling water discharge. As a result the company achieved zero discharge and its permit was terminated in 1997.
- ❑ **MidState Powder Coating.** The owner/operator had a pretty clean operation, working with the manufacturers to provide him with clean parts to finish and had a small associated discharge. Permit program staff worked with the owner so that he could reduce the amount of wash water used by going to counter current rinsing rather than dunking and evaporate the remainder using waste heat from the powder coat drying and finishing ovens. This work results in an operation with no discharge of wastewater.
- ❑ **Stonehenge West and BeaverBark Ready Mix,** small concrete products companies, are being assisted to use their wash water and eliminate all wastewater discharge and need for a permit.
- ❑ Two metal plating facilities, **Accra Fab and Novation,** were investigated by Ecology through an engineering process analysis to determine opportunities to substantially reduce or eliminate wastewater discharges. Accra Fab was able to completely eliminate industrial process water discharges to the sewer system. Novation was able to expand its facility output by two-three fold, while wastewater generation decreased by about 80%. The owners and managers of these companies worked closely with Ecology staff to understand the technical assessments and successfully implement proposed measures. Cost recovery time for implementing most of the alternatives recommended were just a few months. Facility managers were enthusiastic about the cost savings they were able to achieve do to our technical assistance.
- ❑ A **Basin Frozen Foods** facility was also evaluated. Ecology showed that with very minimal investment, and minor facility cleanup procedures modifications, wastewater could be reduced by more than 70%.

## *Permit Backlog*

Ecology continued to reduce the number and percent of permits “backlogged”<sup>4</sup> over the FY97-99 biennium to the lowest level in total numbers and percent since 1991. At the end of FY99, there were 245 individual permits backlogged — 50% of the amount in 1991. Also, the percent of backlogged permits of all permits was 5.8% at the end of FY99 — the lowest percent ever.

## *Water Quality Partnership*

In Fall 1998, the Permit Program Partnership, originally convened in 1994 with a focus on permit fees, reconvened itself as the Water Quality Partnership to reflect its growing interest in water quality management functions of the state. In doing so, it also reaffirmed its role as standing policy advisory committee to the state’s wastewater discharge permit program. Ecology continued to support the Partnership in the FY97-99 biennium. The Partnership is comprised of large and small businesses, large and small cities, environmental groups, state agencies, citizens, and tribal representatives. Additional non-permit representatives (such as agricultural interests) were invited to participate as well.

- **Water Quality Enforcement Program Review.** The major action of the Partnership in the FY97-99 biennium was an exhaustive review of Ecology’s water quality enforcement program. A subcommittee of the Partnership conducted this review with technical support of the department. The review was conducted between November 1998 and July 1999 and culminated in a report with recommendations to the whole Partnership and to the department. The Subcommittee made recommendations on:
  - Treatment of Municipal and Industrial Violators;
  - Timeliness of Enforcement Actions;
  - Use of a Penalty Matrix to Determine Penalty Amounts;
  - Use of Mandatory Penalties for Select Violations;
  - Enhancement to Use of Municipal Sewer Connection Bans;
  - Designating Priority Violators;
  - Public Reporting of the Compliance Program; and
  - Funding.
  
- **Total Maximum Daily Loads (TMDLs).** The Partnership spent time on its agenda at almost every meeting discussing the ramifications of federal court

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<sup>4</sup> Permits may be issued for up to five years. Backlogged permits are those that have not been re-issued after their time has expired. All permit requirements remain in effect even if a permit is “backlogged.”

actions and memoranda of agreement with the state and EPA on conducting requirements under Section 303(d) of the federal Clean Water Act. Included were the workload estimates, legislative matters and several policy issues of conducting that work.

- **All Known, Available and Reasonable Methods of Treatment and Prevention (AKART).** The Partnership also formed a subcommittee on the use of AKART in permits. The subcommittee met throughout 1998. While the subcommittee considered options for identifying and prioritizing categories of dischargers for AKART development, it was unable to reach consensus on how to proceed given federal and state law consistency.
- **Water Quality Standards.** The Partnership also formed a subcommittee to seek input on potential changes to the state's anti-degradation policy and on use-based standards. The subcommittee completed its recommendations on anti degradation in spring 1999; concluding changes would have marginal effect over existing practices. The subcommittee began its investigations into use-base standards in Summer 1999 and that initiative continues.

### *Treatment Plant Awards*

Since 1995, Ecology has been recognizing publicly owned wastewater treatment plants in Washington for their commitment in protecting the environment. The "Outstanding Wastewater Treatment Plant" awards are to distinguish local governments for operating their wastewater treatment plants efficiently and protecting the environment. In 1998, 28 such treatment plants were given awards for calendar year 1997 performance. In 1999, 25 plants were recognized for 1998 performance. 14 of the winners in 1998 were winners in 1997. Five of the winners in 1997 were winners in 1996.

### *Program Efficiency in Preventing Pollution from Wastewater Discharges*

Since 1988, when the wastewater discharge permit fee program began, ***the total number of wastewater discharge permits increased from about 1,081 to 4,414 in 1999. This is a 400 percent increase in the number of permits in five biennia.*** The direct result of this work is to regulate the amount of pollution entering our lakes, rivers, marine, and ground waters. At the same time, Ecology has improved its management of wastewater permits. For example, the ***percentage of permits that need to be updated or reissued dropped from 55 percent in 1991 to 6 percent in 1999.***

In the period 1987 to 1993, Ecology issued, reissued or modified on average 88 individual permits per year. In the period 1994 to 1999, Ecology issued, reissued or modified on average 180 individual permits per year. ***This is a 51 percent increase in permit issuance efficiency in the past five years.***

Additionally, the number of permits per fee funded full time equivalents (FTEs) has grown dramatically from the beginning of the fee program. *Permit program staff are now managing more than three times the number of permits than they did when the fee program began in the 1987-89 biennium.*

Tables 13 and 14 show these efficiency gains in Ecology's wastewater discharge permit program.

Table 13

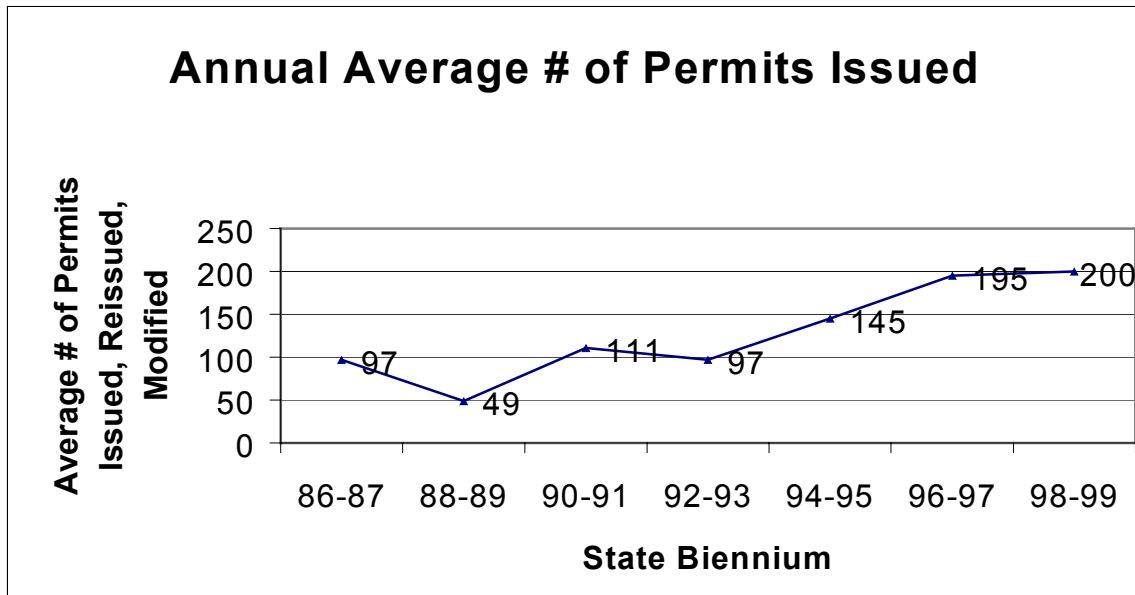
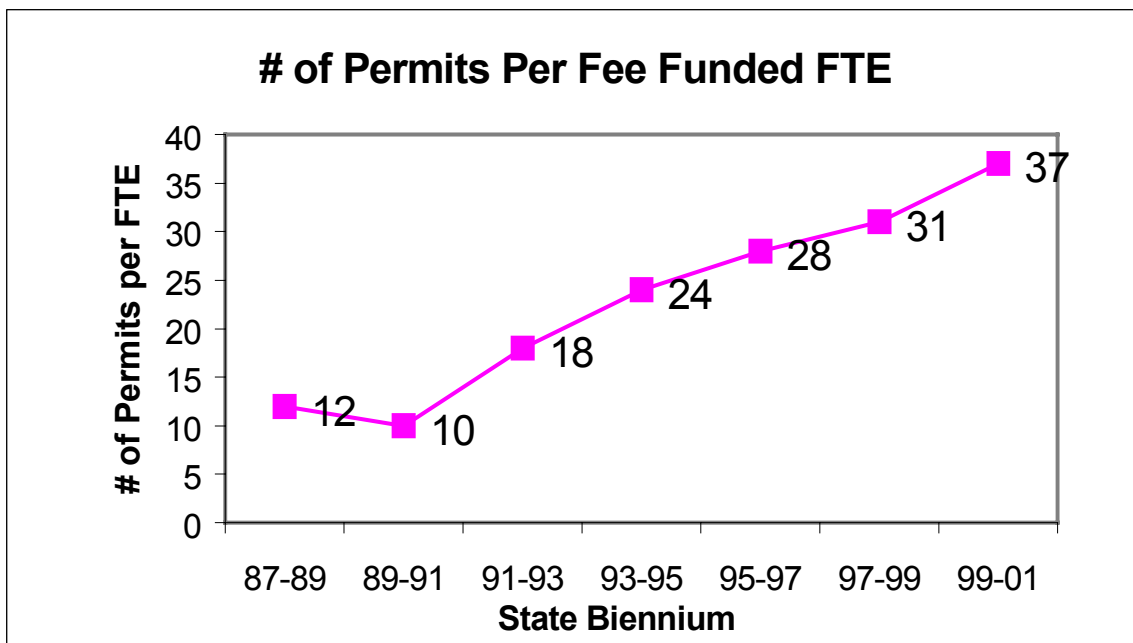


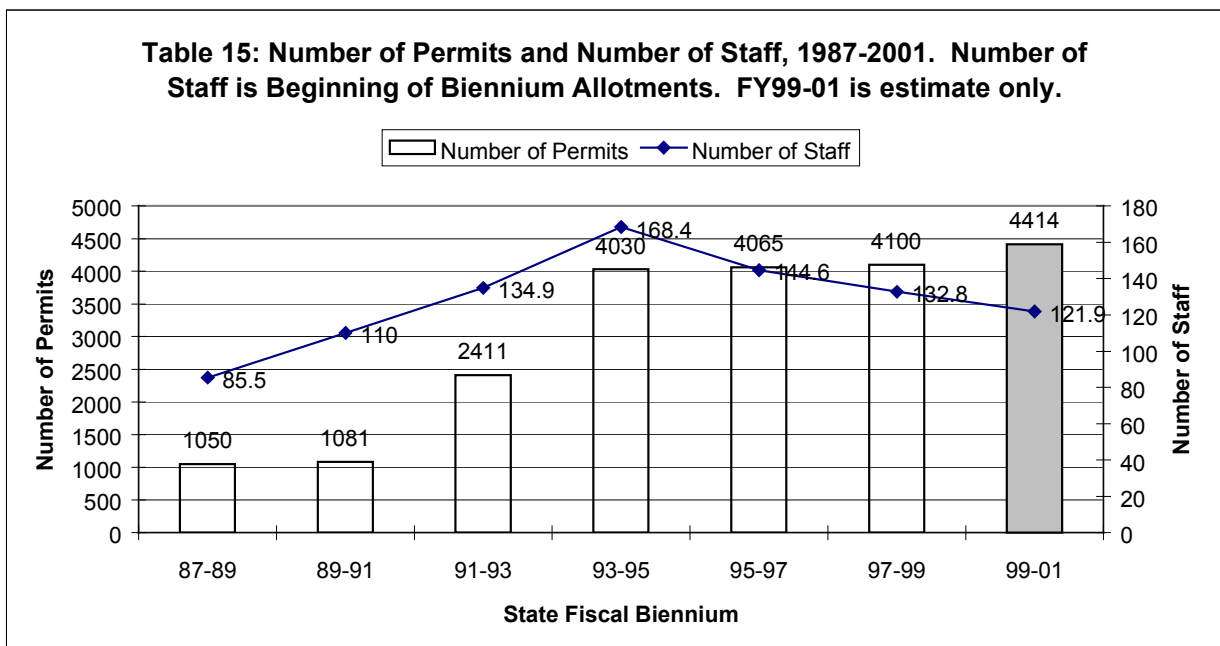
Table 14





## ***Fund Continues to Support Less Staff while Permit Universe and Permitting Complexity is Increasing***

During the FY97-99 biennium, the trend continued of the permit fee account not being able to fund the same amount of employees as in previous years. In fact, since 1994, the permit program has lost over 12 FTEs per biennium. At this rate of declining resources, inflationary pressures will seriously affect current permit program activity levels over the next six years. Additionally, the number of permits managed by the department grew almost 10% in FY97-99. As the state's economy grows, and as the Endangered Species Act puts additional federal pressure on stormwater and other permitted activities, Ecology expects the growth in the number of required permits to continue. Table 15 compares historical staffing levels with the growth in required permits.



This reduction of the number fee-funded staff in the permit program compounds the fact that the current program has been significantly under-funded. A study conducted by the Commission on Efficiency and Accountability (Efficiency Commission) in 1990 concluded that a “comprehensive service package” of permit services would cost over \$37<sup>5</sup>m and include 311 positions. At the same time, the permit program expended about \$13.5m (state general fund and permit fees). The 1996 Water Quality Partnership Zero-based Budget Subcommittee identified a 30% funding level gap compared to workload. Normalized to 1999 costs, that gap has grown to about 38% currently even without accounting for new permit program pressures, such as Endangered Species Act/Clean Water Act integration, new federal rules on stormwater, TMDLs, and the NPDES program, and others.

<sup>5</sup> See “Efficiency Commission Study, Department of Ecology’s Wastewater Discharge Permit Program; 1990.” The amount estimated included both fee eligible and non-eligible actions.

## VI. Anticipated Expenses for FY99-01

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### ***FY99-01 Biennium Fee Budget***

The 1999 Legislature authorized \$22,119,00<sup>6</sup> to be expended from wastewater discharge permit fees for the FY99-01 biennium. Total fee-funded FTEs for this period amount is projected to fund about 121.9 FTEs, down from 132.8 FTEs at the start of the FY97-99 biennium, 144.6 FTEs at the start of the FY95-97 biennium, and 168.4 FTEs at the start of the FY93-95 biennium.

Ecology's approach for use of the 1999 legislatively approved resources is outlined below. A recommendation for addressing the inability of the fund to support continuing staff levels is discussed following this section.

### ***Planned Expenditures for FY99-01 Biennium***

Table 16 summarizes Ecology's plan for permit fee revenue expenditures in the FY99-01 biennium.<sup>7,8</sup> Ecology's permit issuance plan is primarily set based on the watershed approach to water quality management. In 1993, Ecology's Water Quality Program adopted the "watershed approach to water quality management." This was done as a way to manage the permit workload through effective and efficient application of limited staff resources. Essentially, the majority of wastewater discharge permits within a basin of the state are reissued within the same year. This synchronization of permit reissuance has efficiency and effectiveness.

For the FY99-01 biennium, Ecology plans to issue, reissue or modify approximately 409 individual wastewater discharge permits. These permit decision will occur primarily within targeted water quality management areas (also referred to as watersheds or river basins) according to the rotating five-year schedule of the watershed approach. With the proposed supplemental described below, Ecology would be able to issue, reissued or modify 50 more individual permits for a total of about 460 individual permits.

Additionally, Ecology plans to conduct about 1,700 inspections and site visits in FY99-01. With the proposed supplemental described below, Ecology would be able to conduct 500 more site visits or a total of over 2,300.

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<sup>6</sup> This includes a carryforward level of \$21,003,000 plus \$858,000 of mandatory compensation increases plus \$258,000 of Y2K contingency – OFM allocation.

<sup>7</sup> Table 16 reflects Ecology organizational changes made during the FY97-99 biennium. Specifically, sediment quality permit fee FTEs from the "Shorelands Program" (depicted under Tables 7 and 8) were transferred to the Toxics Cleanup Program. "EILS Program" was renamed "EAP, or Environmental Assessment Program".

<sup>8</sup> With the proposed supplemental budget, planned expenditures are: \$23,119,008, with Water Quality Program = 84.5 FTEs; EAP = 13.7 FTEs; and Toxics Cleanup Program = 6.2 FTEs.

**Table 16**  
**Wastewater Discharge Permit Fees**  
**PLANNED Expenditures for FY99-01 (does not show supplemental budget)**

| <b>WATER QUALITY PERMIT FEES</b><br><b>PLANNED EXPENDITURES BY CATEGORY</b><br><b>1999-01 BIENNIUM</b><br><b>November 8, 1999</b> |                   |             |                |            |                  |             |                |            |                  |            |                  |             |              |                        |              |
|---|-------------------|-------------|----------------|------------|------------------|-------------|----------------|------------|------------------|------------|------------------|-------------|--------------|------------------------|--------------|
| CATEGORY  | WATER QUALITY     | FTEs        | TOXICS CLEANUP | FTEs       | EAP              | FTEs        | NUCLEAR WASTE  | FTEs       | SOLID WASTE      | FTEs       | ADMIN.           | FTEs        | TOTAL FTEs   | AGENCY TOTAL ACTUAL \$ | % TOTAL FTEs |
| MANAGEMENT & SUPPORT  | 2,172,108         | 16.0        | 28,961         | 0.2        | 435,709          | 3.4         |                |            | 92,065           | 0.5        |                  |             | 20.0         | 2,728,842              | 16.4%        |
| REGIONAL CLERICAL   |                   |             |                |            |                  |             |                |            |                  |            |                  |             | 0.0          | 0                      | 0.0%         |
| COMPLIANCE  | 288,626           | 2.1         |                |            |                  |             |                |            | 47,460           | 0.2        |                  |             | 2.3          | 336,086                | 1.9%         |
| PROGRAM DEVELOPMENT   | 533,509           | 3.6         | 205,777        | 1.4        |                  |             | 8,338          | 0.0        | 8,888            | 0.0        |                  |             | 5.1          | 756,512                | 4.2%         |
| PERMIT PROCESSING   | 3,145,750         | 23.1        |                |            |                  |             | 46,786         | 0.1        | 439,959          | 2.3        |                  |             | 25.5         | 3,632,495              | 20.9%        |
| PERMIT MANAGEMENT   |                   |             |                |            |                  |             |                |            |                  |            |                  |             | 0.0          | 0                      | 0.0%         |
| INSPECTIONS   | 712,091           | 5.2         |                |            | 1,925,722        | 9.4         |                |            | 171,455          | 0.9        |                  |             | 15.5         | 2,809,268              | 12.7%        |
| REPORT REVIEW   | 1,328,129         | 9.1         | 205,777        | 1.4        | 54,243           | 0.4         | 9,942          | 0.0        | 286,258          | 1.4        |                  |             | 12.4         | 1,884,349              | 10.2%        |
| PRETREATMENT  |                   |             |                |            |                  |             |                |            |                  |            |                  |             | 0.0          | 0                      | 0.0%         |
| APPEALS   | 68,747            | 0.5         |                |            |                  |             |                |            | 26,463           | 0.1        |                  |             | 0.6          | 95,210                 | 0.5%         |
| DATA MANAGEMENT   | 580,024           | 4.8         | 53,350         | 0.7        |                  |             |                |            | 72,699           | 0.4        |                  |             | 5.9          | 706,073                | 4.8%         |
| TECHNICAL ASSISTANCE  | 1,456,722         | 10.5        | 268,276        | 1.5        |                  |             | 212,130        | 0.4        | 28,738           | 0.2        |                  |             | 12.6         | 1,965,866              | 10.3%        |
| OUTREACH & EDUCATION  | 32,284            | 0.2         |                |            |                  |             |                |            |                  |            |                  |             | 0.2          | 32,284                 | 0.2%         |
| ALTERNATIVE STRATEGIES  |                   |             |                |            |                  |             |                |            |                  |            |                  |             | 0.0          | 0                      | 0.0%         |
| ADMINISTRATIVE SERVICES   |                   |             |                |            |                  |             |                |            |                  |            | 3,475,160        | 21.9        | 21.9         | 3,475,160              | 17.9%        |
|   |                   |             |                |            |                  |             |                |            |                  |            |                  |             | 0.0          | 0                      | 0.0%         |
| COST ALLOCATION   | 2,962,129         | 0.0         |                |            | 573,679          | 0.0         | 0              | 0.0        | 161,066          | 0.0        |                  |             | 0.0          | 3,696,874              | 0.0%         |
| <b>ESTIMATED EXPENDITURE</b>  | <b>13,280,119</b> | <b>75.0</b> | <b>762,141</b> | <b>5.2</b> | <b>2,989,353</b> | <b>13.2</b> | <b>277,197</b> | <b>0.6</b> | <b>1,335,050</b> | <b>6.0</b> | <b>3,475,160</b> | <b>21.9</b> | <b>121.9</b> | <b>22,119,020</b>      | <b>100%</b>  |

**NOTES:**

1. Data includes \$258,000 Year 2000 Compliance funds.
2. Data includes \$858,020 compensation adjustment appropriation authority.

## ***Increased Service Needs and Inability of Current Authorized Level to Support Staff Necessitate \$1,000,000 Supplemental Fund Request***

Ecology has concluded that action must be taken to prevent further erosion of the program's capacity to provide service and protect the environment. Ecology is proposing that the Governor's Office of Financial Management request an increase of the permit fee authorization of \$1,000,000 to partly offset positions in the wastewater discharge permit program that have been lost due to inflation. The request, if approved, would fund about 11 FTEs. Ecology has sought the advice and guidance on this need and the specific elements of its proposal with the Water Quality Partnership. The proposed supplemental would reduce the funding gap estimate of the Partnership's Zero-based Budget Subcommittee to about 32 – 36%, not accounting for other recent pressures on the permit program.

The funds would come from a current fund balance in the account and be augmented by fee increases not to exceed the state fiscal growth factor of Initiative 601 (currently about 3% to 4% per year).

Rather than merely using the new positions to conduct business as usual, Ecology has established the following functions, which were prioritized to fill the greatest gaps in the current, permit program. Specific functions of the additional FTEs are summarized below:

### ***Stormwater Management: 6.0 FTEs.***

This portion of the proposal would add four staff to improve stormwater management in northwest Washington and statewide. This portion of the proposal would increase field presence to improve industrial and construction sites stormwater compliance in northwest Washington where over 50% of the state's population is located and where over 1200 (more than 50%) of the state's industrial stormwater permittees are and where huge residential and commercial developments and complex industrial stormwater discharges occur. It would also add improve the administration of permit coverages and permit fee administration that has stayed at the same level while the number of permittees has quadrupled. This portion of the proposal would add a staff to conduct permit development and public process to comply with new federal stormwater regulations. Finally, this portion of the request would make available two staff to conduct an integrated sediment contamination and water quality cleanup action in the lower Duwamish River if source control is needed as part of the water quality cleanup in that area. Without an integrated approach, environmental improvements from sediment cleanup actions may be reversed by ongoing releases from uncontrolled and unidentified sources. If source control is not required there, these two staff would be redirected to high priority stormwater management in southwest and eastern Washington.

***Increased Field Presence for General Permitted Facilities: 2.0 FTEs.***

This portion of the proposal would add two staff to conduct site visits to facilities covered under several general permits in central and southwest Washington. There are about 3,000 facilities statewide covered under general permits, two-thirds of which are stormwater general permitted facilities and/or stormwater construction sites. This add would result in a minimum of 300 site visits to those facilities and construction sites. The site visits would include technical assistance or compliance inspections aimed at improving environmental protection.

***Enhanced Municipal Permit Processing: 2.0 FTEs.***

This portion of the proposal would add two staff to improve municipal permittee compliance in eastern and northwest Washington. This add would result in a minimum of 200 site visits to municipalities and industrial users discharging to municipal systems. Also, this add would result in 10 to 30 permit per year being written or modified for industrial users to municipal systems to improve environmental compliance.

***Improving Access to Permit Program Information: 1.0 FTE.***

This portion of the proposal would fund one staff develop data management queries for permit managers to better monitor facility compliance and permit status and for the public to get more accurate, up to date permit program information. Additionally, this resource would enable Ecology to respond to EPA data requests that if not timely and accurate can convey facility compliance in inappropriate ways.

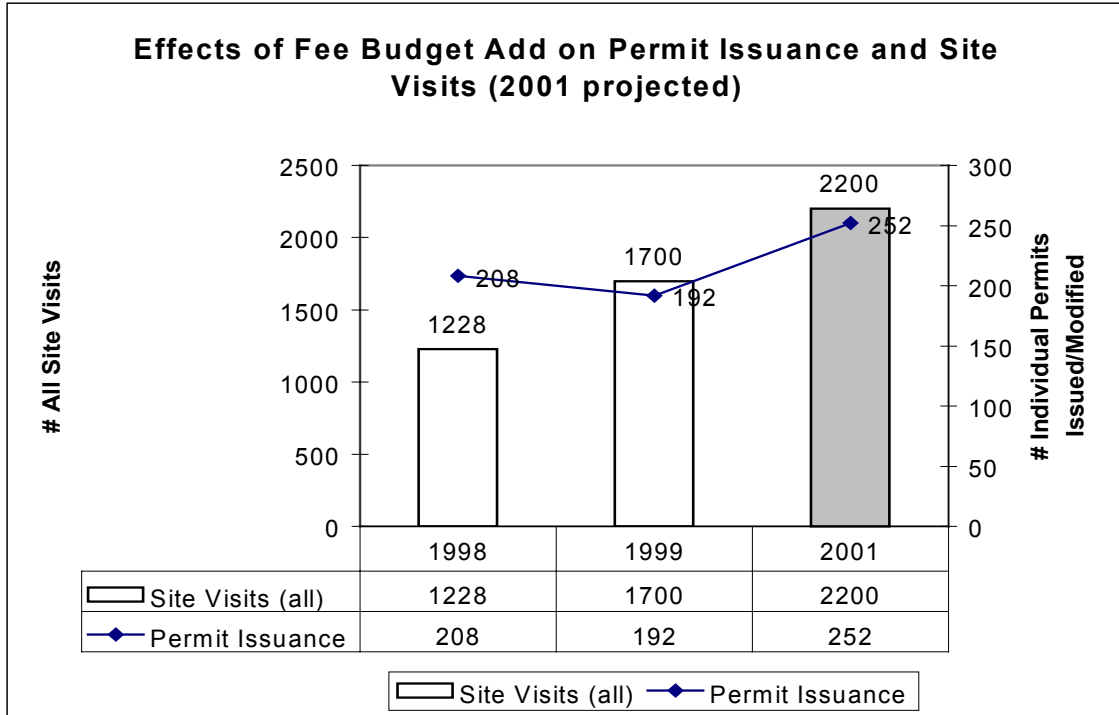
***Effects of Water Quality Permit Fee Supplemental Add<sup>9</sup>***

- *500 more site visits per year (technical assistance and compliance inspections).*
- *Up to 50 more individual permits issued or modified per year.*
- *Reduction in release of toxic contaminants from source control actions in lower Duwamish.*
- *Improved industrial stormwater general permit and permit fee administration.*
- *Ability to begin to comply with new federal stormwater regulations.*
- *Timely and accurate data management system reports.*
- *Small but sustainable fund balance (2 - 4% initially).*

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<sup>9</sup> See Table 17.

Table 17



## Appendix A: Organization of the Wastewater Discharge Permit Program within the Department of Ecology

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Overall, Washington's wastewater discharge permit program is a highly decentralized permit program. Generally, program support and development, general permit issuance, and permit fee administration occurs at the headquarters level. Individual permit issuance, inspections, report reviews, and compliance actions occur at the Ecology regional office level. Additionally, several Ecology programs provide specific permit program services.

### ***Water Quality Program***

The Water Quality Program (WQP) is the policy lead for the wastewater discharge permit program at the agency. It also administers the 99.9% of the wastewater discharge permits. The program manager is the designated policy lead of the permit program and shares policy management with the section managers of each program section and region. WQP has three sections at headquarters and sections in each of Ecology's four regional offices.

The Program Development Section at headquarters is where permit rules are developed. It also administers the industrial stormwater general permit; is involved in general permit development and maintenance; maintains central quality control; and provides permit manager support (e.g., permit writers manual).

Another headquarters section is the Watershed Management Section. Most of its duties are non-permit program functions. Its permit program responsibilities include maintenance of the water quality standards, waterbody assessments, and policies for managing impaired waterbodies.

The third section is the Financial Management Section, deals mainly with grant and loan (non-permit program) functions. It also houses permit fee administration.

WQP has water quality sections in each of the four regional offices (Bellevue, Lacey, Spokane, and Yakima). Each region issues, manages, inspects, and ensures permittee compliance within its regional borders. Water quality regional section managers report to the manager of the WQP at headquarters.

### ***Solid Waste Services***

Solid Waste Services Program at headquarters houses the Industrial Section. The Industrial Section has permit processing, management, and inspection responsibility for 35-wastewater discharge permitted facilities, all of which are major industrial facilities. 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.

Solid Waste Services also is responsible for municipal biosolids management, a related function of the wastewater discharge permit program. Biosolids (sludge) is a byproduct of municipal wastewater treatment. As municipalities have converted to secondary treatment, the volume of sludge has dramatically increased. Law requires sludge permits for disposal, composting, or other means of sludge management. Historically, biosolids funding was a part of the wastewater discharge permit fee program. However, 1997 legislation moved funding for the biosolids program out of the wastewater discharge permit fee system.

### ***Environmental Assessments Program***

The Environmental Assessments Program (EAP, the new name for the Environmental Investigations and Laboratory Support Program -- EILS) is Ecology's in-house environmental consultant. It conducts most detail inspections, environmental surveys, and special studies. It also conducts the fieldwork and hydraulic modeling necessary for the development of Total Maximum Daily Loads. Based on that work, EAP also makes waste load allocation recommendations to the permitting programs (e.g., Water Quality Program) for effluent limits in permits.

### ***Toxics Cleanup Program***

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

Additionally, Toxics Cleanup Program has "Urban Bay Action Teams" in the two Western Washington regions for Puget Sound. These teams coordinate major cleanups directly affecting Puget Sound. These cleanups occasionally involve wastewater discharges. In those instances, Toxics Cleanup Program has permit processing, management, and inspections responsibilities.

### ***Nuclear Waste Program***

The Nuclear Waste Program administers environmental programs related to the Hanford Nuclear Reservation, including the Hanford Cleanup. EPA is responsible for NPDES wastewater permitting on the Hanford Reservation. However, the Nuclear Waste Program works in concert with EPA on those permits. Additionally, the Nuclear Waste Program is responsible for permit issuance, management and inspections of Hanford facilities having a state waste discharge permit from Ecology. Staff in a Nuclear Waste Program field office in Kennewick conduct permit management.



### ***Hazardous Waste and Toxics Reduction Program***

The Hazardous Waste and Toxics Reduction Program administers federal and state permit programs related to the handling and disposal of hazardous and dangerous wastes. Similar to the Water Quality Program, the Hazardous Waste and Toxics Reduction Program has sections in each regional office as well as at headquarters.

The Hazardous Waste and Toxics Reduction Program is responsible for permit processing, management and inspections of wastewater discharge permits for facilities undergoing corrective actions under the federal Resource Conservation and Recovery Act (RCRA) and state Model Toxics Control Act (MCTA). Presently, few facilities fall under this category.

## Appendix B: Wastewater Discharge Permit Fee Financial and Administrative Accounting System

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### *Introduction*

The financial and administrative accounting system for planning, tracking, and reporting wastewater discharge permit fees is summarized here.

Budget and planning processes at Ecology are both externally and internally driven. The Office of Financial Management (OFM) develops rules and guidelines for agencies to follow throughout the two-year budget cycle. EPA, other state agencies, and the Legislature have varying levels of control over our planning and budgeting processes. Needs of stakeholders and agency management require effective systems and processes to provide timely and accurate expenditure and output information.

Prior to the first permit fee legislation, Water Quality Program costs were tracked with little distinction made between “permit” and “non-permit” related WQP activities—and no distinction made between permit “fee-eligible” or “non-fee” activities. Basic budget and planning accountability systems and related processes used by Ecology and the Water Quality Program are discussed below.

### *Biennial Program Plan*

A detailed program plan is prepared each biennium to allocate positions to activities and tasks and, where appropriate, to outputs. The plan takes into account legislative revisions, additions, and/or deletions to current law. Schedules for all tasks are included in a milestone component of the plan. The plan is coordinated to facilitate timely budget allotments.

Monthly reports on status of meeting program plan commitments are prepared at the program, section, and unit levels. These are detailed assessments of the numerical status of planned commitments by section.

Periodic meetings and quarterly reports to EPA are conducted on program plan elements included in the Performance Partnership Agreement, previously known as the State-EPA Agreement (SEA). Quarterly reports on program status are also presented to Ecology’s directors.

### *Budget*

The agency builds its budget consistent with the two-year cycle and process managed by OFM. Ecology begins building its budget about a year and one half in advance of the ensuing biennium. Using the “incremental” budgeting process, Ecology builds “add” or “cut” proposals into its current level of spending, which is adjusted for authorized compensation increases and other mandatory cost variables.

The agency's budget proposal is incorporated into the Governor's statewide budget proposal for submittal to the Legislature for consideration. Once approved, the budget is allotted to specific program activities and responsible organizational units in accordance with the detailed program plans of those programs administering permit fee supported activities.

The allotments are loaded into the statewide Agency Financial Reporting System (AFRS) per OFM rules and guidelines. Five character Super Index Codes (SICs) are established and become the mechanism used within AFRS to ensure allotments and expenditures are distributed correctly by fund source, as well as by activity and responsible organizational unit.

Permit fee-funded staff keep track of their time by entering time spent using several different codes into the Time Management System (TMS). TMS interfaces with AFRS to track salary and benefit expenditures at additional levels of detail. TMS tracks at the same level identified in AFRS through the SICs. It also is used to track at lower levels of detail utilizing job codes and task codes.

Ecology complies with OFM rules and guidelines for accounting and financial reporting. Both AFRS and TMS generate monthly and biennium-to-date expenditure information. As indicated above, TMS tracks FTE, salary and benefit expenditures by activity, and fund or appropriation and has the capability of tracking category of discharger in the fee structure.

The AFRS also includes detailed allotment information. The system provides detailed tracking of planned versus actual expenditures by activity, fund or appropriation, organizational unit, and object (e.g., salary and travel).

### ***Agency Financial Reporting and Time Management Systems***

The budget tracking system used by Ecology is described below. SIC codes are not used in the exact same way and the level of detail of tracking varies by Ecology program.

Five character Super Index Codes (SICs) were established for each of the above activities. The five-character code is used as follows:

**Character 1** Identifies the Ecology Organization Program

**Character 2** Identifies Primary Fund Source (e.g., Waste Discharge Permit Fee Funds)

**Character 3** Identifies Activity

**Characters 4 and 5** Identify the responsible Organizational Units

As mentioned previously, TMS allows for the use of job and task codes. Job codes were used to identify the permit fee category assigned to holders of wastewater discharge permits. Codes are used to track revenue from fee payers. Job codes are also used along with SICs to track time expenditures in appropriate activities. For some activities such as permit applications processing, permit issuance, and inspections, the workload model can be used to set planned outputs based on the resource level dedicated to the activity.

### ***Permit Fee Accountability***

In the 1991-93 biennium, Ecology improved its planning, budget, tracking, monitoring, and reporting systems for the wastewater permit program. Additional improvements occurred in the FY93-95 and continued into the FY95-97 biennium. Since the activities tracked have been significantly expanded and clarified, a closer relationship between the program plan and the budget has been developed. However, some of the detail tracking has been reduced in the FY97-99 biennium due to increasing costs of maintaining a high degree of scrutiny in fund management as the number of FTEs fundable has been reduced.

#### Workload Model

With the assistance of the Water Quality Partnership, Ecology developed a detailed workload model for estimating costs of the permit program. The workload model has been structured so that it is specific different categories of permits. Example of permit categories is:

- Major Municipal NPDES Permit
- Minor Municipal NPDES Permit
- Major Industrial NPDES Permit
- Minor Industrial NPDES Permit
- State Waste Discharge to Land Permit

#### Planning

Planned activities have been coordinated with the workload model and designated by the permit categories in the workload model where appropriate.

#### Budget

SICs have been assigned to the expanded planning activities.

Advantages of the system include:

- More detailed tracking and reporting for internal management needs and external communication of permit program activities.
- The workload model can be verified and adjusted using AFRS/TMS and activity output tracking.

- In addition to use for program planning, the workload model can be used for budget development. It can also be used to estimate program resource and funding needs for a fully funded adequate program for comparison to existing resources and funding level.
- The workload model estimates program resource needs and was considered in FY95-97 by the Water Quality Partnership as a basis for setting permit fees. However, after careful deliberations, the Partnership rejected the model as a means of fee setting.

Ecology continues to refine its budgeting and accounting systems to meet changing needs and produce reliable, useful, and cost-effective information.