

# 15-17 Wastewater/Stormwater Permit Fee Rulemaking

May 19, 2015

## The Meeting Will Begin Soon

### Helpful Hints

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## Wastewater Discharge Permit Fee Task Force Meeting

May 19, 2015



# Introductions

Don Seeberger

- Deputy Program Manager, Water Quality Program

Garret Ward

- Budget Manager, Water Quality Program

Bev Poston

- Permit Fee Administrator, Water Quality Program



# Agenda

Introductions

Purpose of Meeting

Background on Permit Fee Increases



# Agenda

Impacts of Planned Rulemaking

Future Plans

Questions / Discussions



# Purpose of Meeting

Share Ecology's proposed approach to fee increases

- Need for change
- Options considered

Discuss the impacts to fee categories

Review timeline for rulemaking and billing

Continue progress toward equity between categories



# Background



# Background

1972

Clean Water act establishes NPDES program.

- **Municipal sanitary sewer discharge permits required**
- **Construction Grant Program helps build POTWs**

1977

EPA establishes BCT for POTWs

- **Municipal sanitary sewer secondary standards are established in federal and state laws**

1987

Clean Water Act amended to require water quality based limits

- **Ecology administers 250 municipal POTW permits**
- **State Revolving Fund established to help upgrade POTWs**

Today

Ecology has **over 40 categories** of waste water discharge permits

- **Approximately 6,000 wastewater & stormwater discharge permits**



# Background

## Fee Program Mandate

Initiative  
97  
(1988)

- Mandated that Ecology create a fee program for issuing & administering wastewater discharge permits

At the time, the fee program was structured around individual major industrial and municipal wastewater permits



# Background



**“Fees shall be established in amounts to fully recover and not to exceed expenses incurred by the Department...”**

***(RCW 90.48.465, Water discharge fees)***



# Background

90.48.465 creates inequities by:

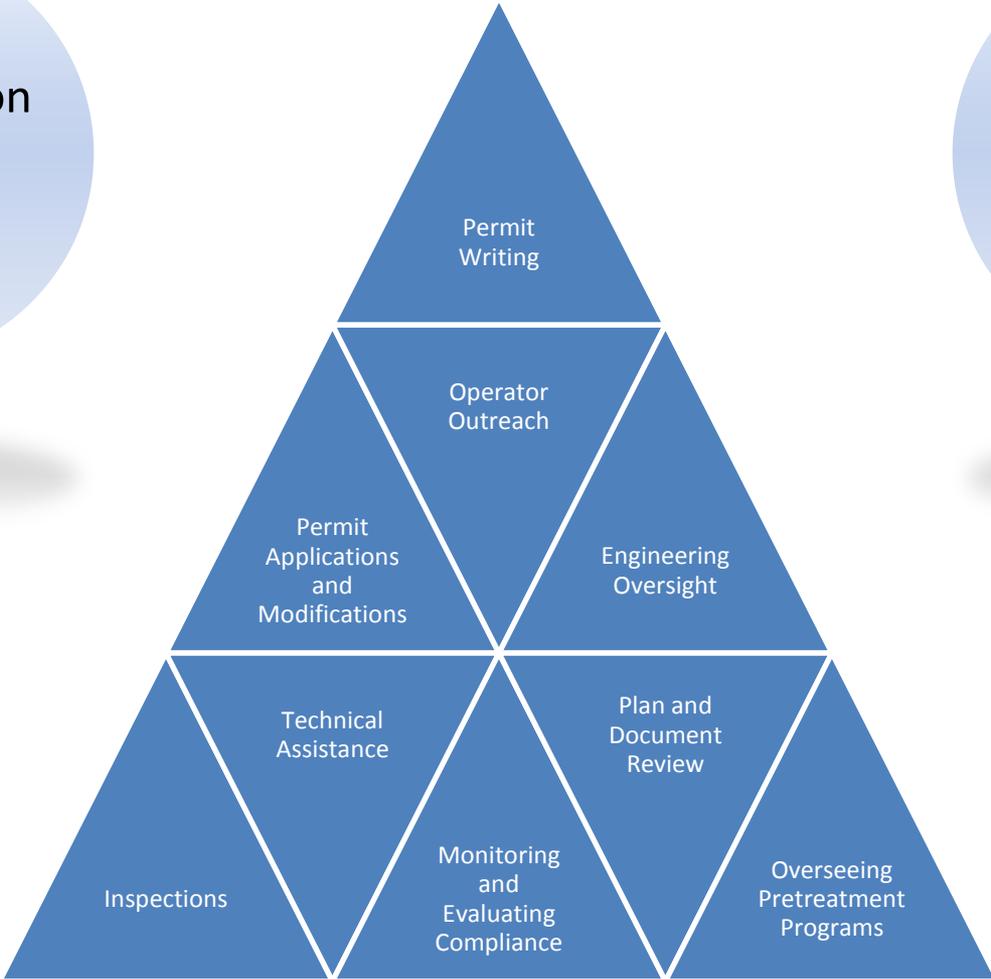
- Capping fees for municipal POTWs
- Establishing and capping fees for Dairies
- Setting base fees for certain aquatic pest control permits
- Requiring Ecology to mitigate impacts to small businesses



# What Do Permit Fees Pay For?

Administration  
of Permit  
Program

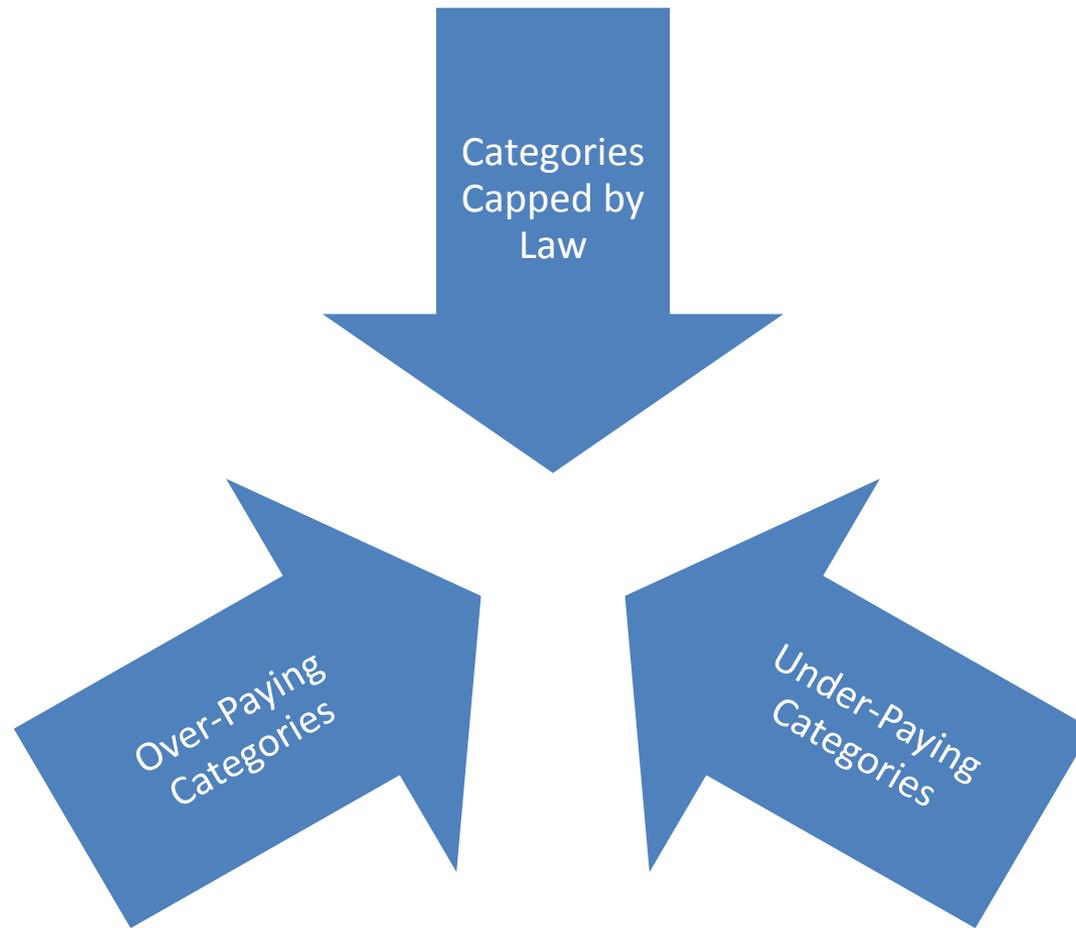
Protection  
against  
3<sup>rd</sup>-party  
lawsuits



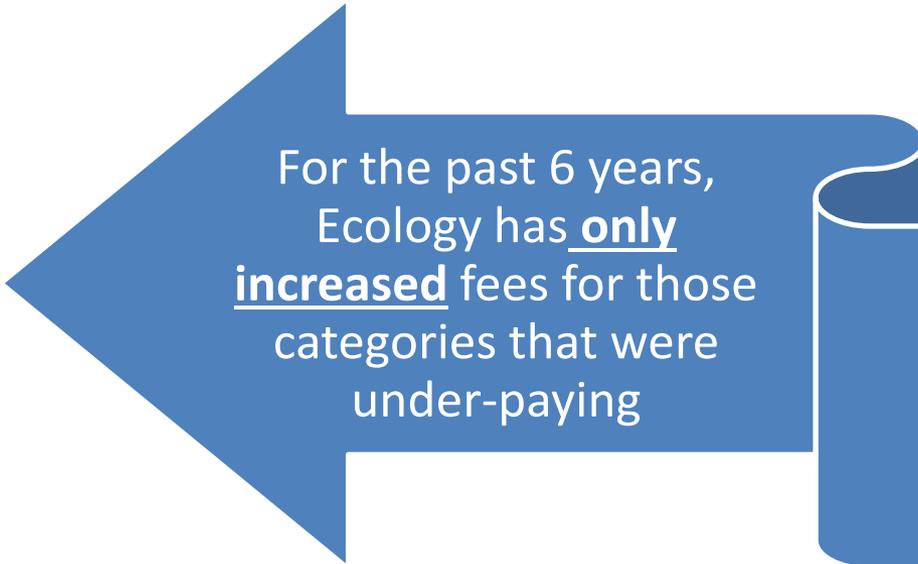
# Permit Fee Increases



# History of Fee Increases



# History of Fee Increases



For the past 6 years,  
Ecology has only  
increased fees for those  
categories that were  
under-paying

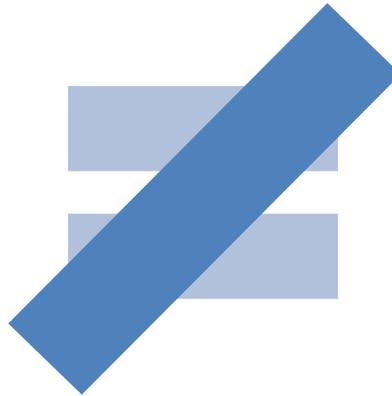


Categories that were over-  
paying were not increased



# Issue Facing Us Now

While this approach helped move us toward equity...



...Ecology was not meeting its legislative mandate to fully recover its costs



# 15-17 Projected Fund Balance

Revenue	
Projected Revenue for 15-17 (if we don't increase fees)	\$39,009,566
Projected Carry-Forward	\$1,462,263
Projected Fund Balance + Projected Revenue	\$40,471,829

Expenditures	
2015-17 Biennial Budget	\$42,529,000

Fund Balance	
2015-17 Projected Ending Fund Balance	<b>(\$2,057,171)</b>



# So...What Do We Do???

Continue to increase the under-paying categories only, but by enough to maintain fund balance

- 8.96% increase in FY16
- 8.51% increase in FY17



# So...What Do We Do???

Increase all categories by the state's fiscal growth factor (FGF)

- 4.22% increase in FY16
- 4.19% increase in FY17



# So...What Do We Do???

Increase over-paying categories below the FGF and under-paying categories above the FGF

- OP:      FY16: 3.25%      FY17: 3.21%
- UP:      FY16: 5.31%      FY17: 5.27%



# Impacts of Approach

FEE CATEGORY	SUBCATEGORY (1&2)	FY14 ANNUAL FEE	FY15 ANNUAL FEE	FY16 ANNUAL FEE	FY17 ANNUAL FEE
Concentrated Animal Feeding Ops (CAFO)	a. < 200 Animal Units	\$ 214.00	\$ 224.00	\$ 236.00	\$ 248.00
	b. 200 - < 400 Animal Units	\$ 537.00	\$ 562.00	\$ 592.00	\$ 623.00
	c. 400 - < 600 Animal Units	\$ 1,076.00	\$ 1,126.00	\$ 1,186.00	\$ 1,248.00
	d. 600 - < 800 Animal Units	\$ 1,612.00	\$ 1,687.00	\$ 1,777.00	\$ 1,871.00
	e. 800 Animal Units and greater	\$ 2,153.00	\$ 2,253.00	\$ 2,373.00	\$ 2,498.00



# Impacts of Approach

FEE CATEGORY	SUBCATEGORY (1&2)	FY14 ANNUAL FEE	FY15 ANNUAL FEE	FY16 ANNUAL FEE	FY17 ANNUAL FEE
Power and/or Steam Plants	a. Steam Generation - nonelectric	\$ 16,711.00	\$ 16,711.00	\$ 17,254.00	\$ 17,808.00
	b. Paper Mills	\$ 33,422.00	\$ 33,422.00	\$ 34,508.00	\$ 35,616.00
	c. Groundwood Pulp Mills < 300 tons/day	\$ 50,136.00	\$ 50,136.00	\$ 51,765.00	\$ 53,427.00
	d. Groundwood Pulp Mills > 300 tons/day	\$ 100,270.00	\$ 100,280.00	\$ 103,539.00	\$ 106,863.00
	e. Chemical Pulp Mills w/o Chlorine Bleaching	\$ 133,692.00	\$ 133,692.00	\$ 138,037.00	\$ 142,468.00
	f. Chemical Pulp Mills w/Chlorine Bleaching	\$ 150,400.00	\$ 150,400.00	\$ 155,288.00	\$ 160,273.00



# Rulemaking and Billing



# Rule Making Timeline/Process

June 3, 2015

File CR101

- Formal announcement that Ecology is beginning rule-making
- Mail rule-making announcement to permit holders, stakeholders, and other interested parties

July 22, 2015

File CR012

- Proposed rule amendments
- Begins public comment period

August 31, 2015

Hold Public Hearing

- 1 hearing held via video conference in Lacey, Bellevue, Yakima, and Spokane

September 9, 2015

- Close Public Comment Period



# Rule Making Timeline/Process

October 7, 2015

- Concise Explanatory Statement Complete

November 2015

- Finalize SBEIS, Cost Benefit Analysis
- File the CR103
- Rule Adoption

December 2015

- New rule goes into effect 31 days after adoption

January 2016

- Billing occurs for state fiscal year 2016
- There will only be one billing for FY16 (July 1, 2015-June 30, 2016)



# Continue Move Toward Equity

Simple approach

Increase category equity

Increase revenue to fully fund permit program



# Future Plans



## Municipal POTW Fee Cap (Under current law)

RCW 90.48.465(2) “The annual fee paid by a municipality ... shall not exceed the total of a maximum of eighteen cents per month per residence or residential equivalent contributing to the municipality's wastewater system.”



All municipalities, except for King County, are at the cap



# Agency Request Legislation: Municipal Fee Cap Policy Bill



**Now at 18¢ per RE/month (90.48.465)**

**All Municipals, except King County, are at cap**

**Recommending increase of municipal cap in statute to 25¢ per RE/month**



# Lost Revenue Due to Muni Cap

By not being able to increase the municipal POTWs cap in FY14-15 by the fiscal growth factor, the agency was unable to collect \$431K in fee revenue this biennium.



# Questions



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