

# Wastewater/Stormwater Permit Fees Update

## Wastewater Discharge Permit Fee Task Force Meeting

April 21, 2016



# Agenda

Introductions

Background on Permit Fee Increases

2016 Supplemental Budget Impacts



# Agenda

Approach to 17-19 Biennium

OpCert Fees

Questions / Discussions



# 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 permit categories**

- **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:

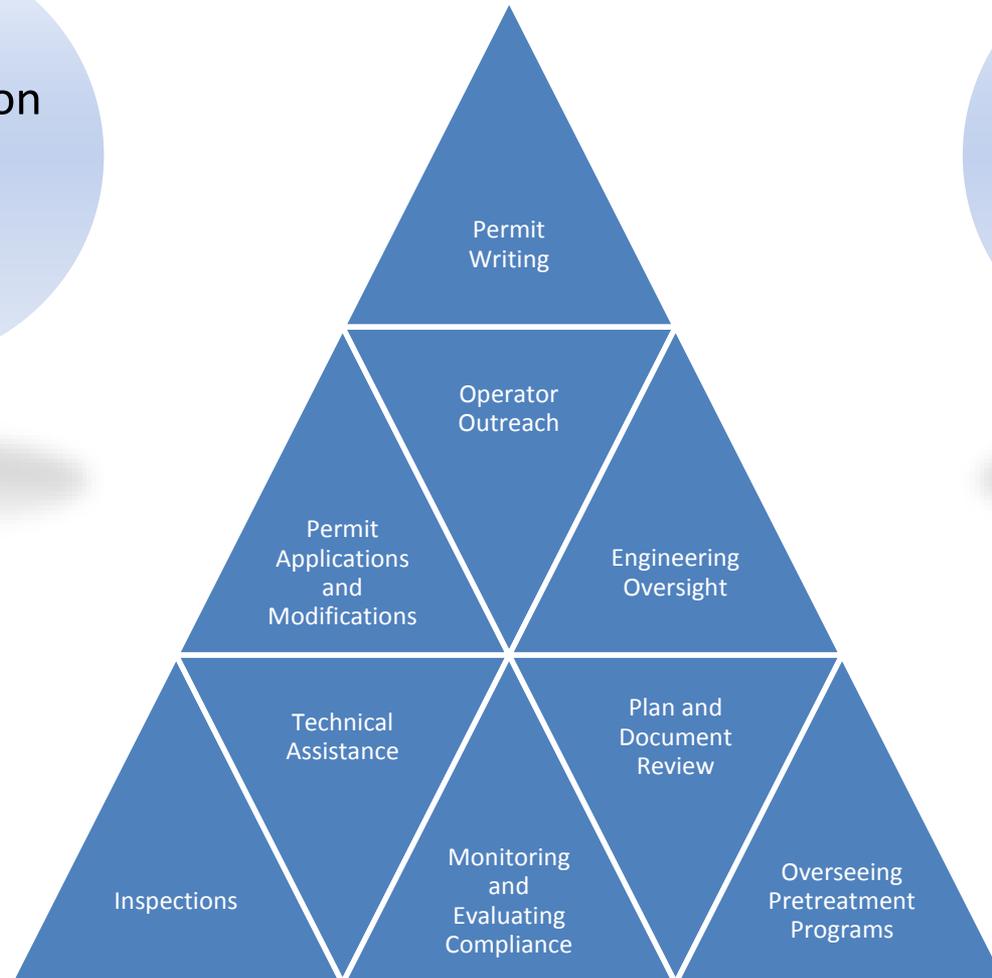
- Capping fees for municipal POTWs
- Establishing and capping fees for Dairies
- Setting base fees for certain aquatic pest control permits
- Requiring Ecology to mitigate impacts to small businesses



# What Do Permit Fees Pay For?

Administration  
of Permit  
Program

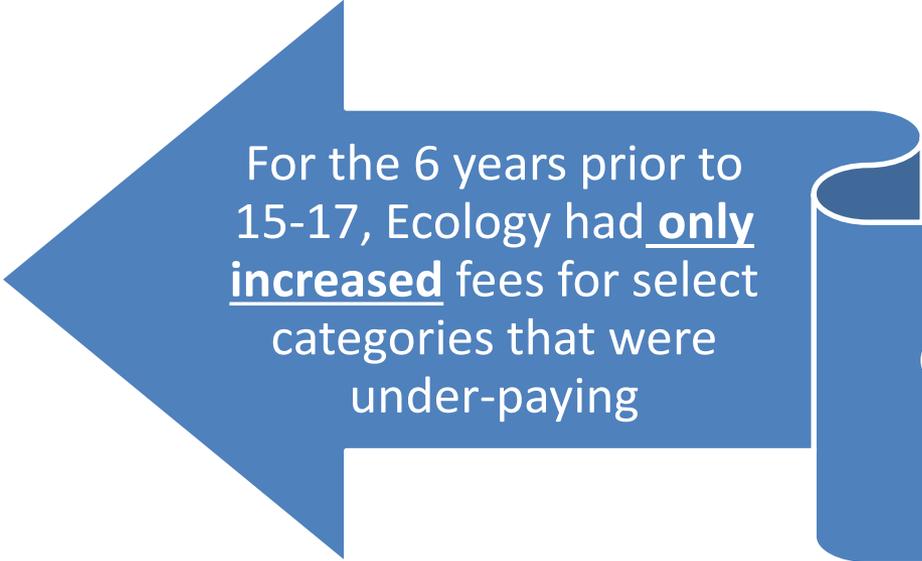
Protection  
against  
3<sup>rd</sup>-party  
lawsuits



# Permit Fee Increases



# Fee Increases Prior to 15-17



For the 6 years prior to 15-17, Ecology had only increased fees for select categories that were under-paying



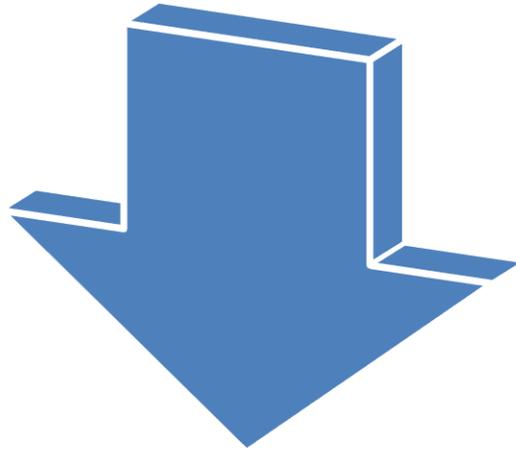
Categories that were over-paying were not increased



# Fee Increases for 15-17



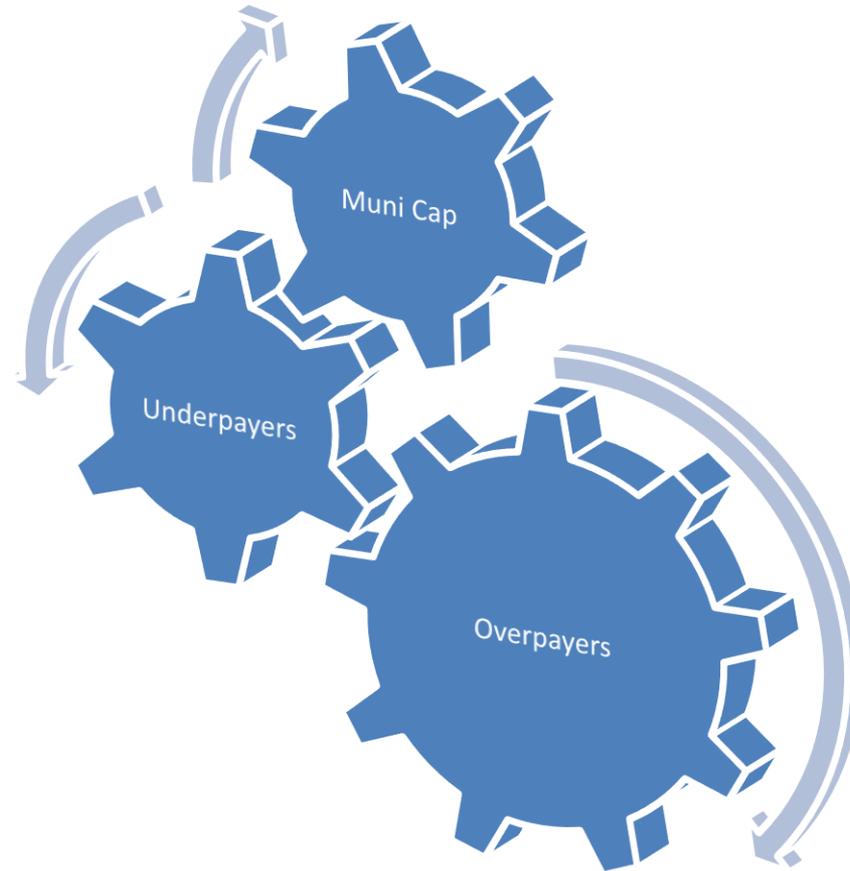
Increased underpaying categories ~1% above the state fiscal growth factor



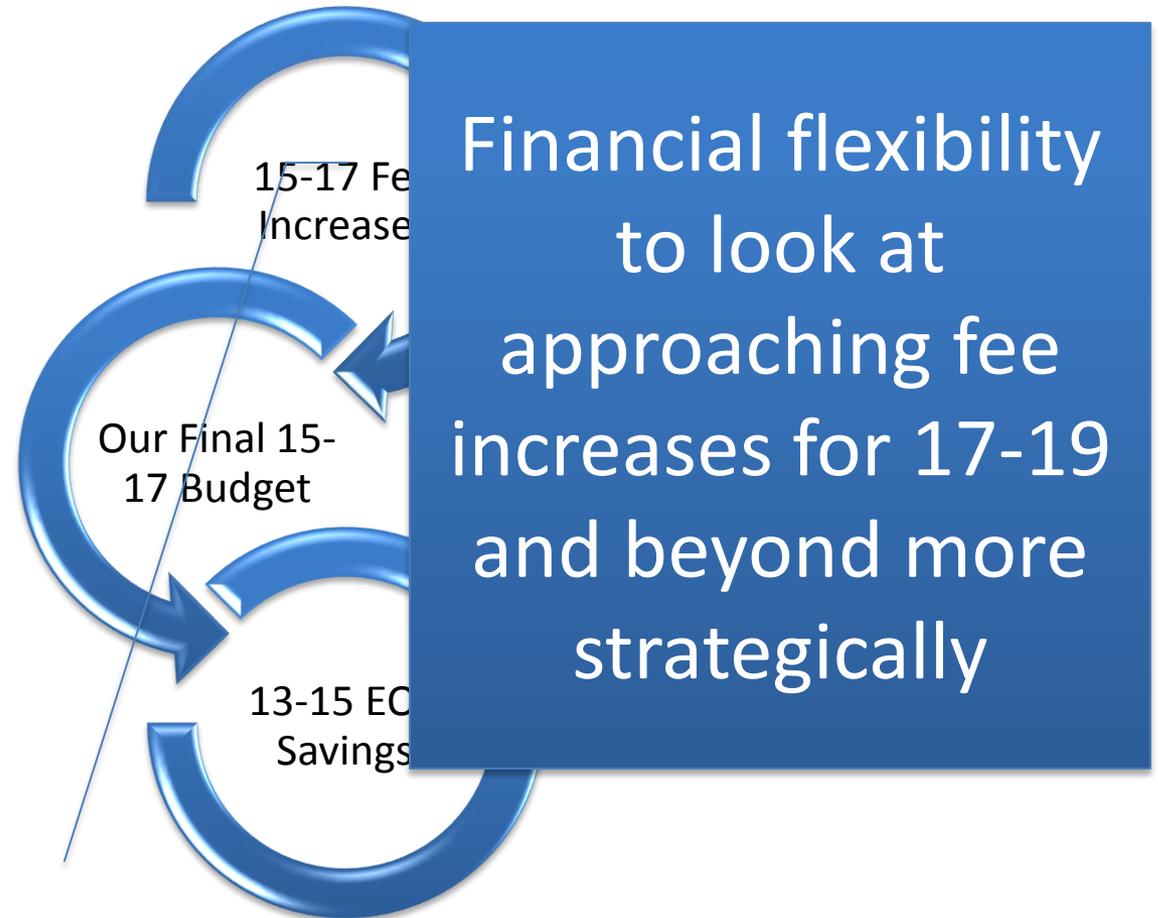
Increased overpaying categories ~1% below the state fiscal growth factor



# Last Time We Met...



# Before the Supplemental



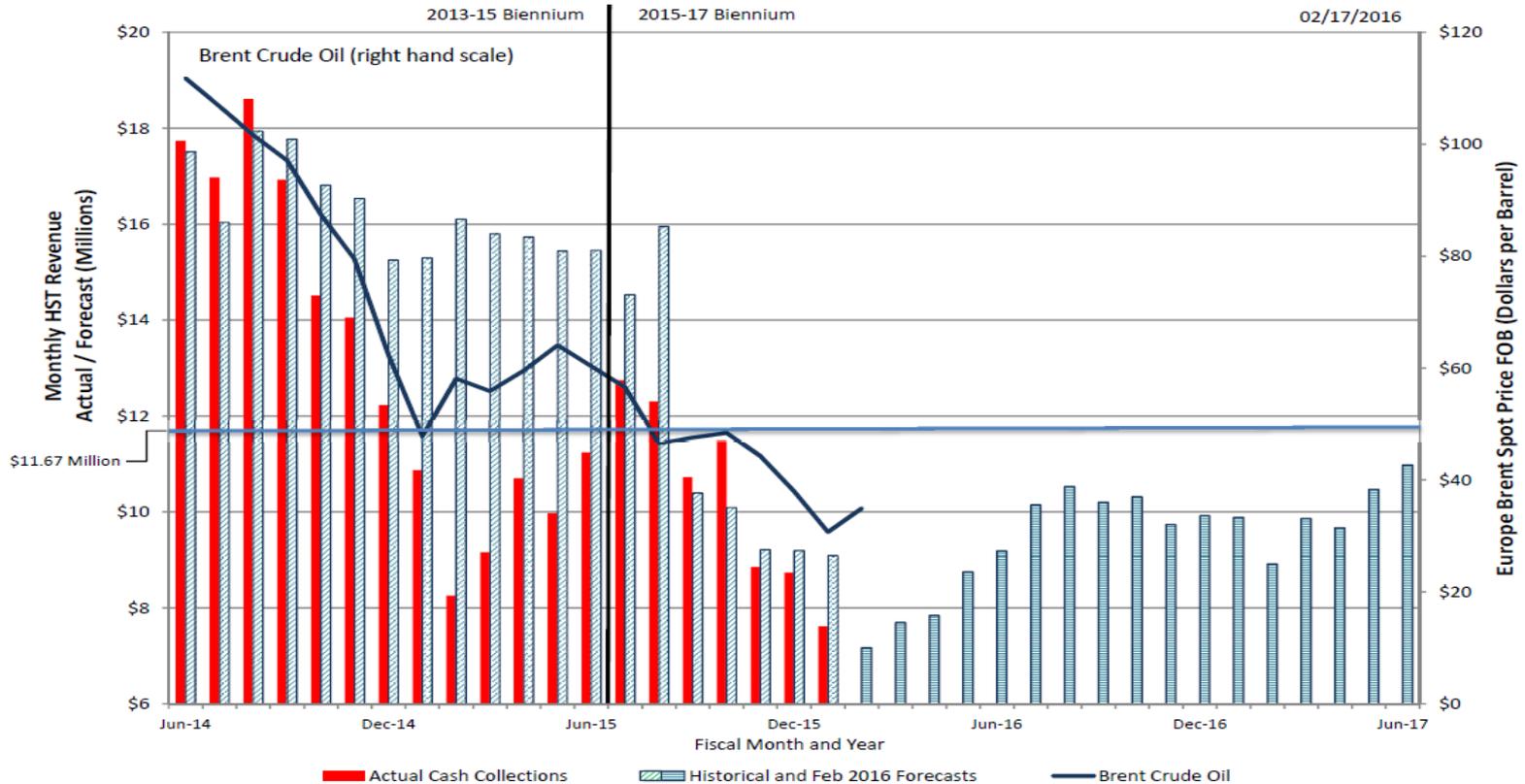
# HST Revenue Decline



## HAZARDOUS SUBSTANCE TAX

(Reflects February 2016 Forecast)

Combined Forecasts<sup>1</sup> vs. Actuals (Cash Collections) and Brent Crude Oil Price<sup>2</sup>



**Notes:**

<sup>1</sup> Historical forecasts are combined with the (latest) February 2016 forecast.

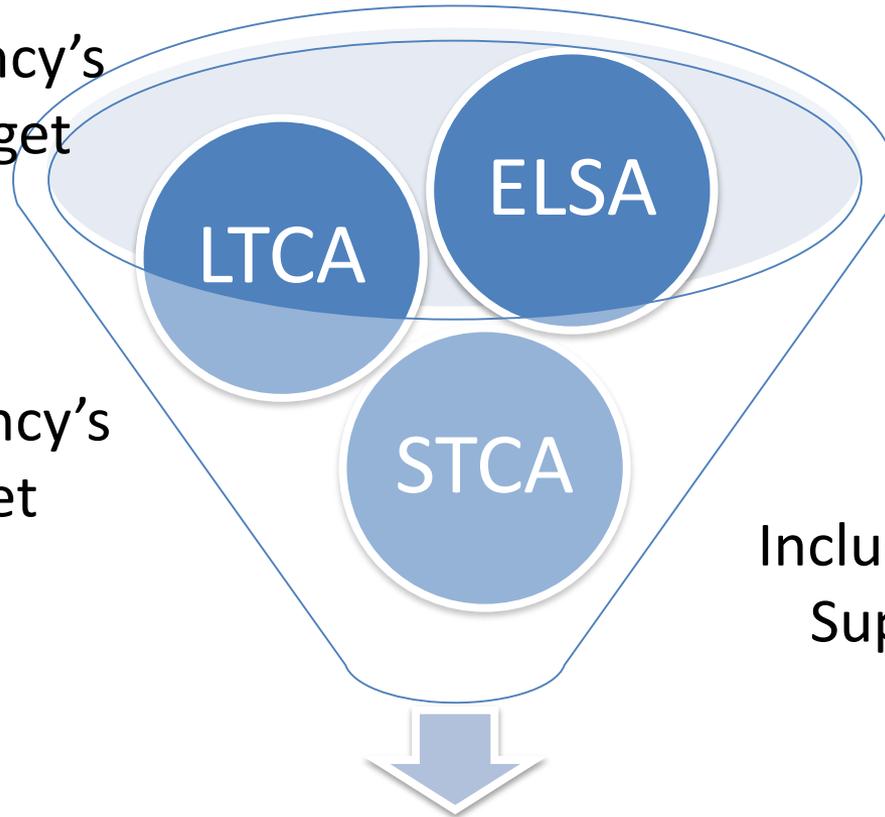
<sup>2</sup> Brent crude oil prices thru February 17, 2016.

Data Source:  
DoR Non-General Fund Forecasts and U.S. Energy Information  
Administration ([www.eia.gov](http://www.eia.gov)); Bloomberg.com



# MTCA Update

37% of the agency's  
operating budget  
(\$178M)



30% of WQ's  
operating budget  
(\$27M)

29% of the agency's  
capital budget  
(\$400M)

Including Permit Fee  
Supported Work



# Supplemental Budget Impacts

Delays in Stormwater and Cleanup Projects

PPG and Capacity Grant Reductions

Vacancy Savings Reductions



# Supplemental Budget Impacts

Delays in Stormwater and Cleanup Projects

PPG and Capacity Grant Reductions

Vacancy Savings Reductions

Shift STCA Expenditures to Permit Fees



# 15-17 Projected Fund Balance

## Beginning Fund Balance and Revenue

Beginning Fund Balance (- Cap Reserve)	\$3,459,111
Projected Revenue for 15-17	\$41,609,784
Beginning Fund Balance + Projected Revenue	\$45,068,895

## Expenditures

2015-17 Biennial Budget	\$41,819,000
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## Projected Ending Fund Balance

2015-17 Projected Ending Fund Balance	\$3,249,895
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# 15-17 Projected Fund Balance

## Beginning Fund Balance and Revenue

Beginning Fund Balance (- Cap Reserve)	\$3,459,111
Projected Revenue for 15-17	\$41,609,784
Beginning Fund Balance + Projected Revenue	\$45,068,895

## Expenditures

With 2016 Supplemental Budget: +\$3M	\$44,810,000
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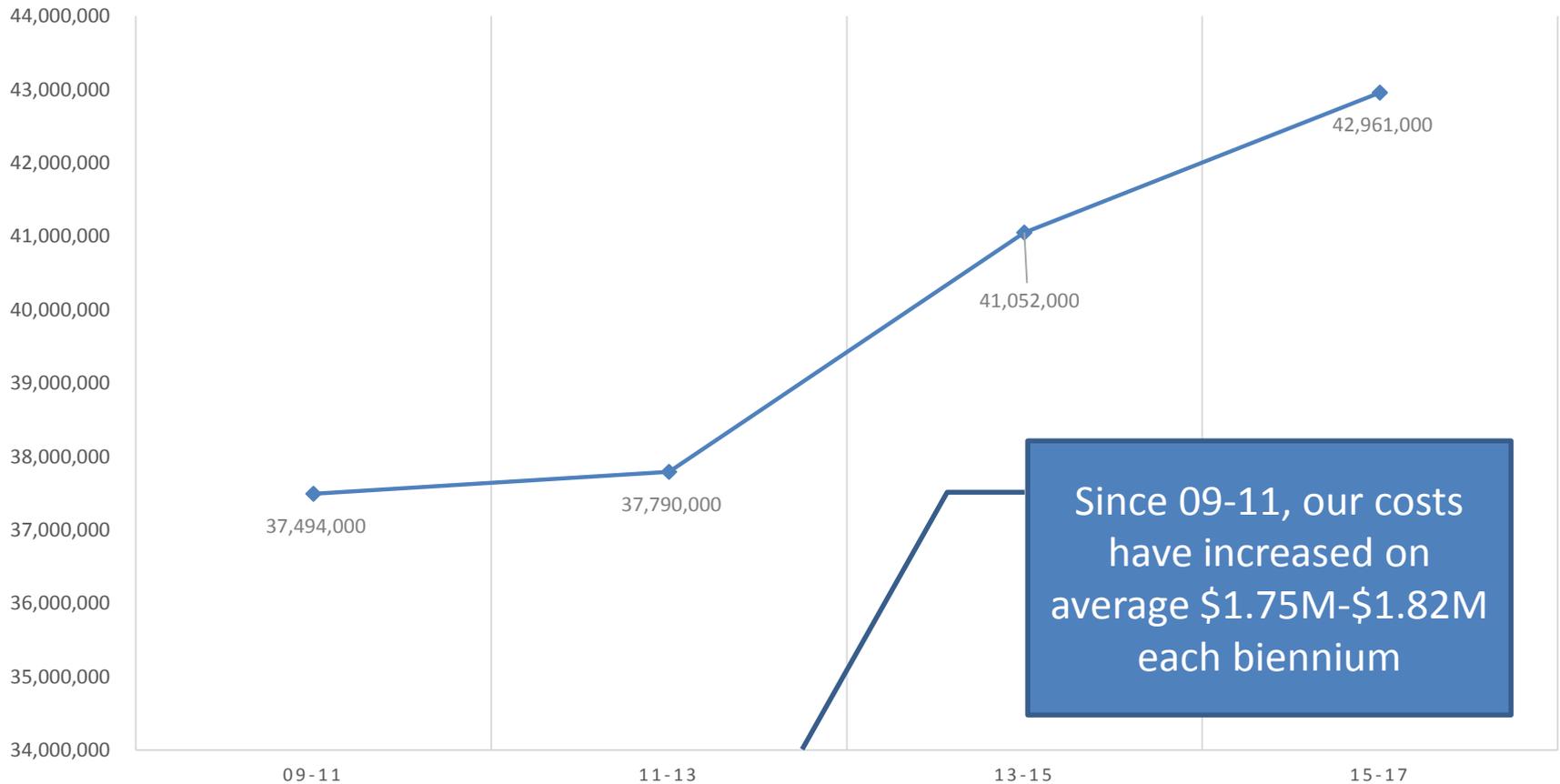
## Projected Ending Fund Balance

2015-17 Projected Ending Fund Balance	\$258,895
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# But 15-17 Still Ends Positive...

## EXPENDITURE GROWTH



# 17-19 Projected Fund Balance

## Beginning Fund Balance and Revenue

Beginning Fund Balance (- Cap Reserve)	\$258,895
Projected Revenue for 17-19 (with no fee increase)	\$41,609,784
Beginning Fund Balance + Projected Revenue	\$41,868,679

## Expenditures

2017-19 Projected Budget*	\$43,850,460
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## Projected Ending Fund Balance

2015-17 Projected Ending Fund Balance	(\$1,981,781)
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\*Assumes historical expenditure growth

# 17-19 Projected Fund Balance

## Beginning Fund Balance and Revenue

Beginning Fund Balance (- Cap Reserve)	\$258,895
Projected Revenue for 17-19 (with no fee increase)	\$41,609,784
Beginning Fund Balance + Projected Revenue	\$41,868,679

## Expenditures

2017-19 Projected Budget*	\$44,850,460
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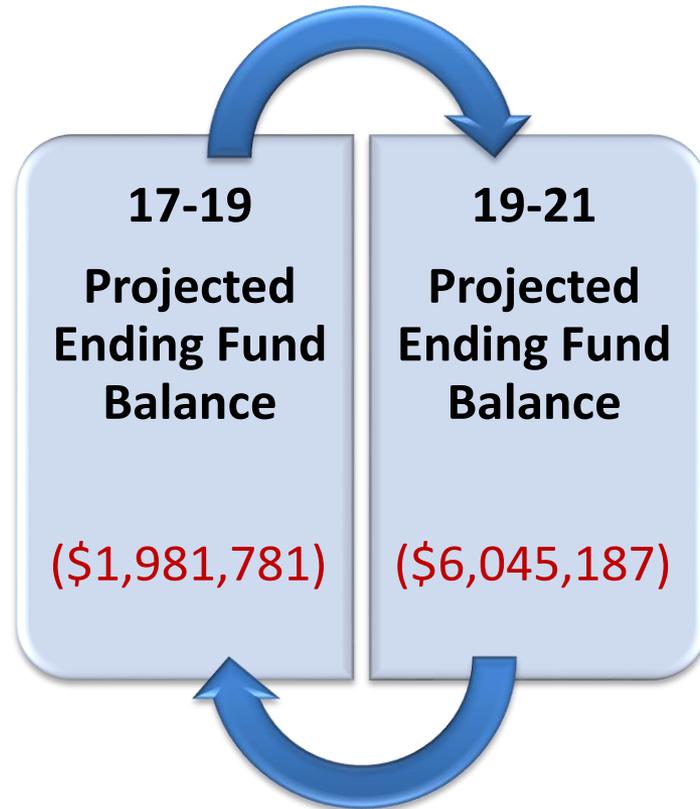
## Projected Ending Fund Balance

2015-17 Projected Ending Fund Balance	(\$2,981,781)
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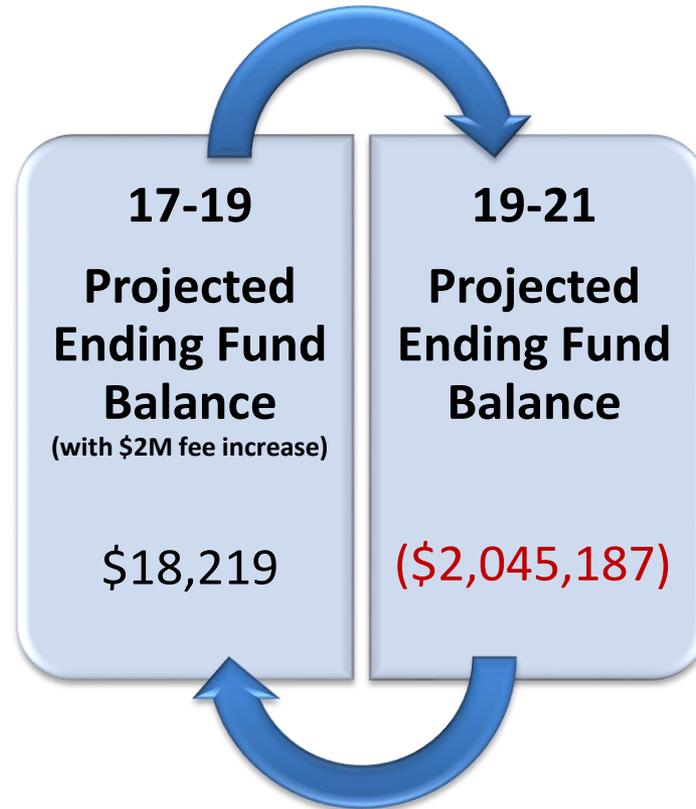


\*Assumes historical expenditure growth and a COLA similar to 15-17

# Beyond 17-19...



# Beyond 17-19...



# Where Does That Leave Us...

Ecology will not be requesting muni cap legislation next session

Increase all non-capped fee categories in 17-19

Movement toward equity will have to wait



# Timeline for Rulemaking



Internal agency process begins in October 2016

The diagram consists of three blue L-shaped boxes arranged in a horizontal sequence from left to right. Each box contains text describing a step in the rulemaking process. The boxes are connected by blue lines that form a continuous path across the top of the steps.

Comment period in early-mid spring 2017

Adoption no later than July 2017 so we can stay on billing schedule



# Questions / Discussion

