

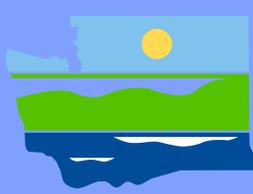
Mike Herold

**Water Quality
Program**

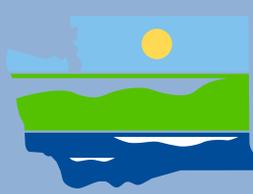
**December 11,
2012**



**Wastewater/Stormwater
Discharge Permit Fee:
Fiscal Growth Factor
& Minimum Fee Options**



Where
we have
been



Clean Water Act: 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

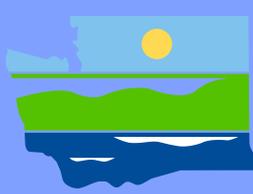
Clean Water Act amended to require water quality based limits

- **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 6000 wastewater & stormwater discharge permits**

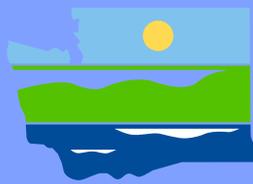


Fee Program Mandate

Initiative
97
(1988)

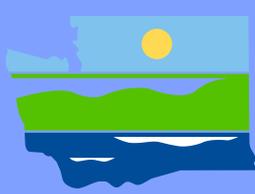
- Mandated that Ecology create a fee program for issuing & administering wastewater discharge permits

At the time, the fee program was structured around individual permits with fewer requirements than today's permits.

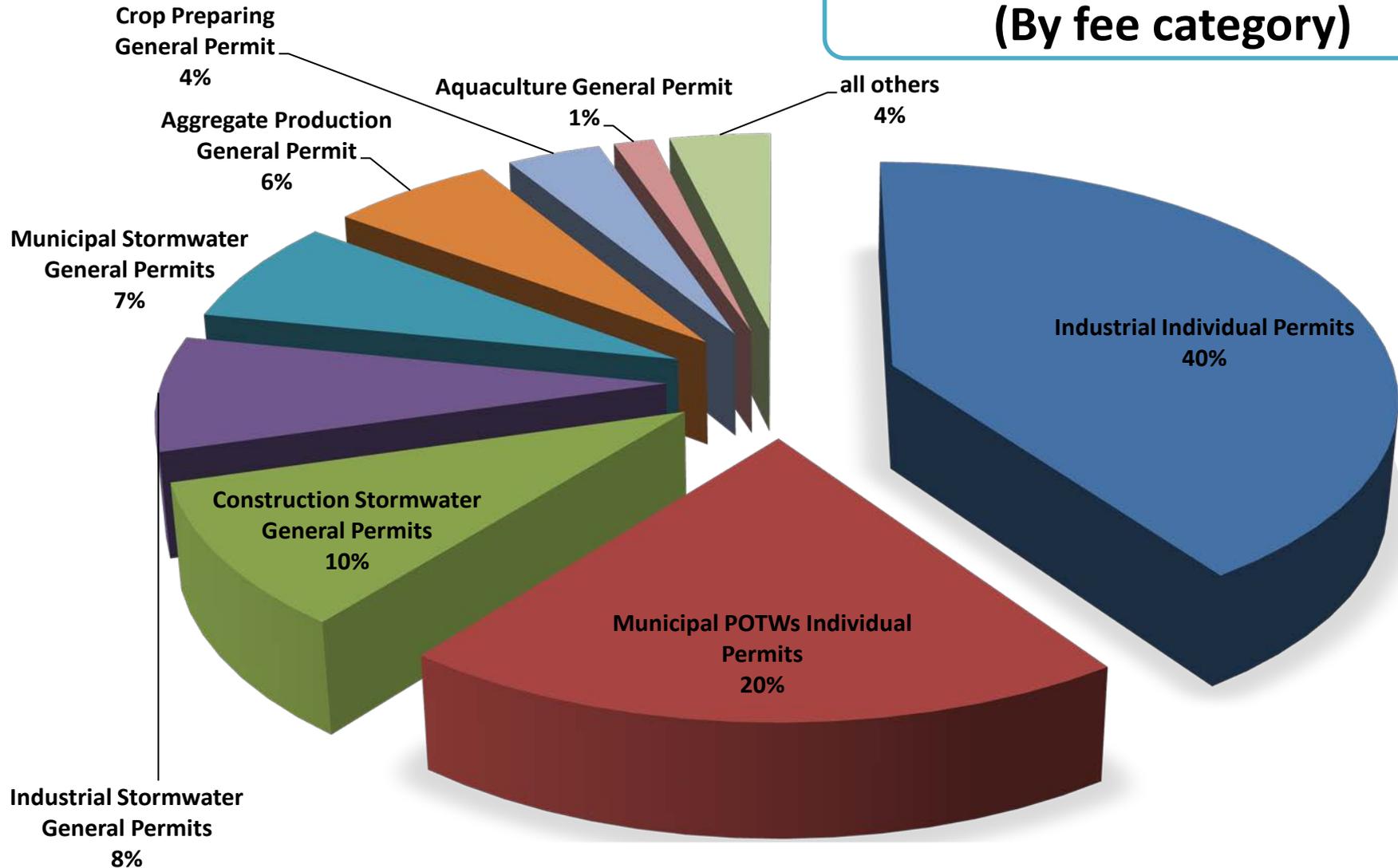


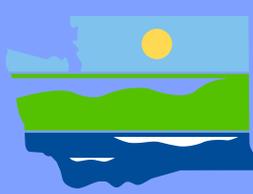
“Fees shall be established in amounts to fully recover and not to exceed expenses incurred by the Department...”

(RCW 90.48.465, Water discharge fees)

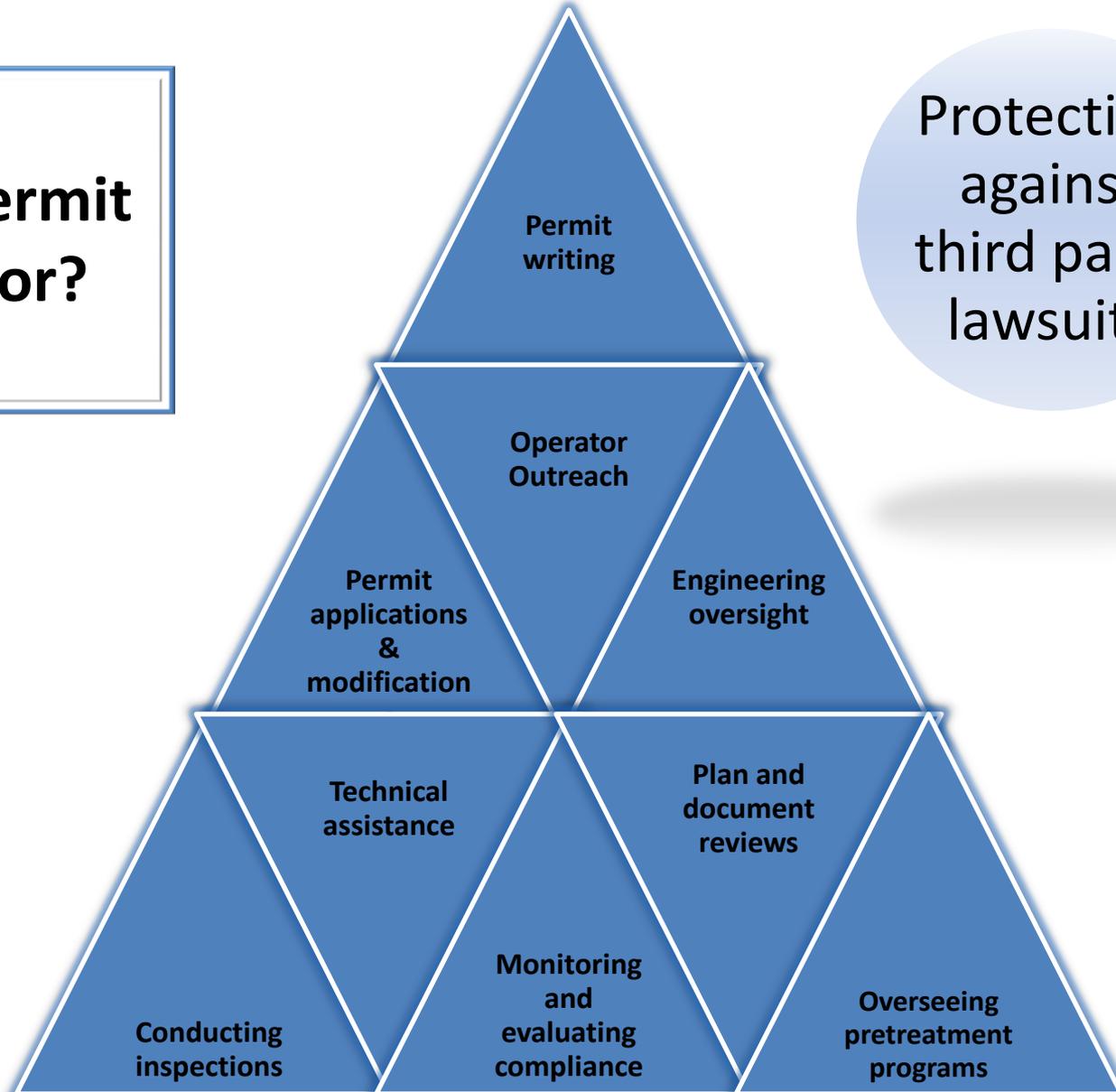


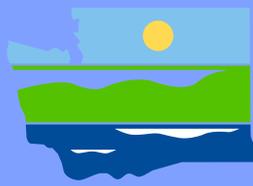
2009-11 Permit Fee Revenue (By fee category)





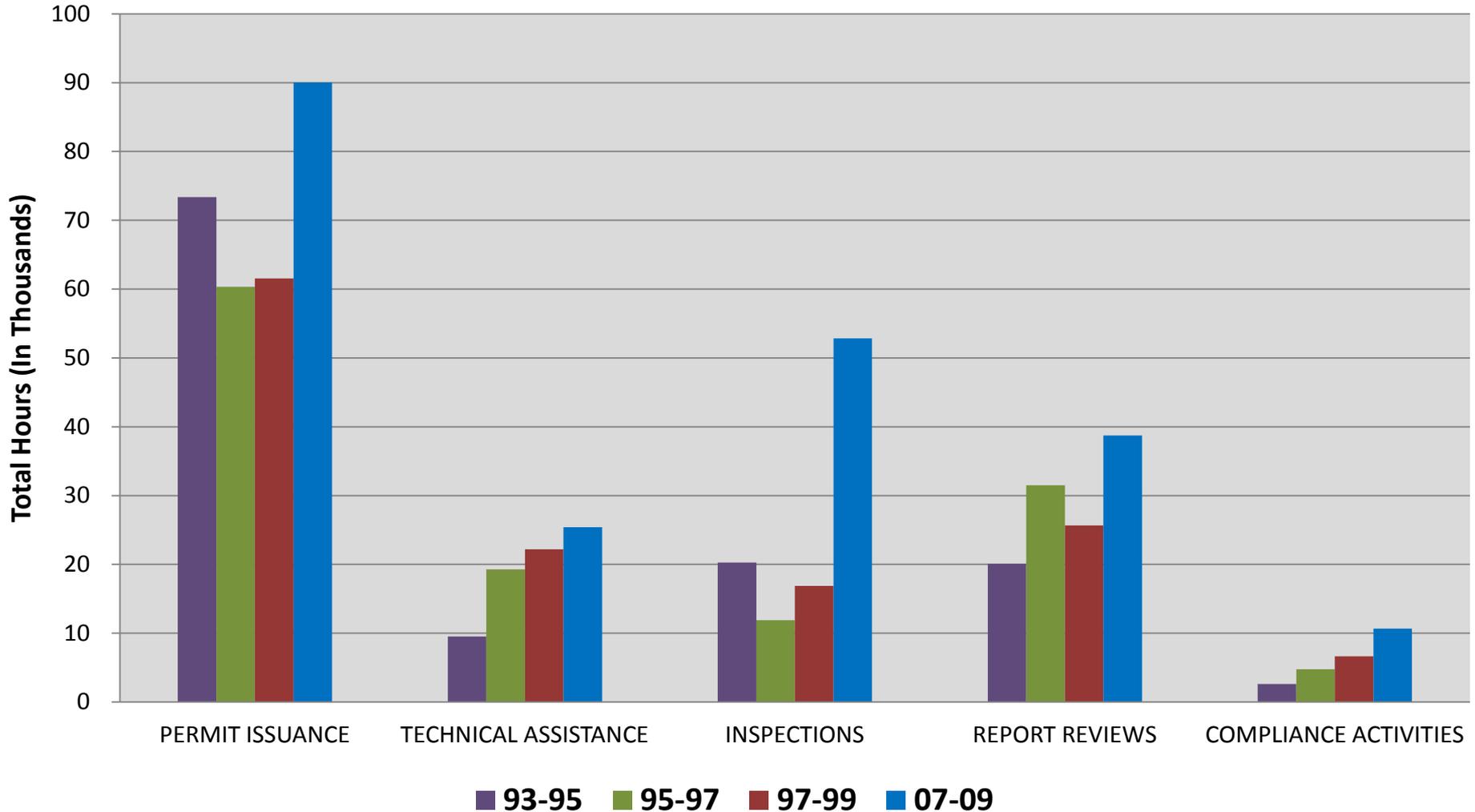
What do permit fees pay for?

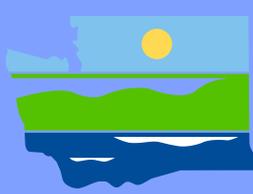




Time Spent on Permit Actions

(93-95, 95-97, 97-99, and 07-09 Biennia)





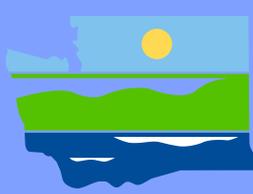
Recent History of Fee Increases

Fiscal growth factor
(FGF)

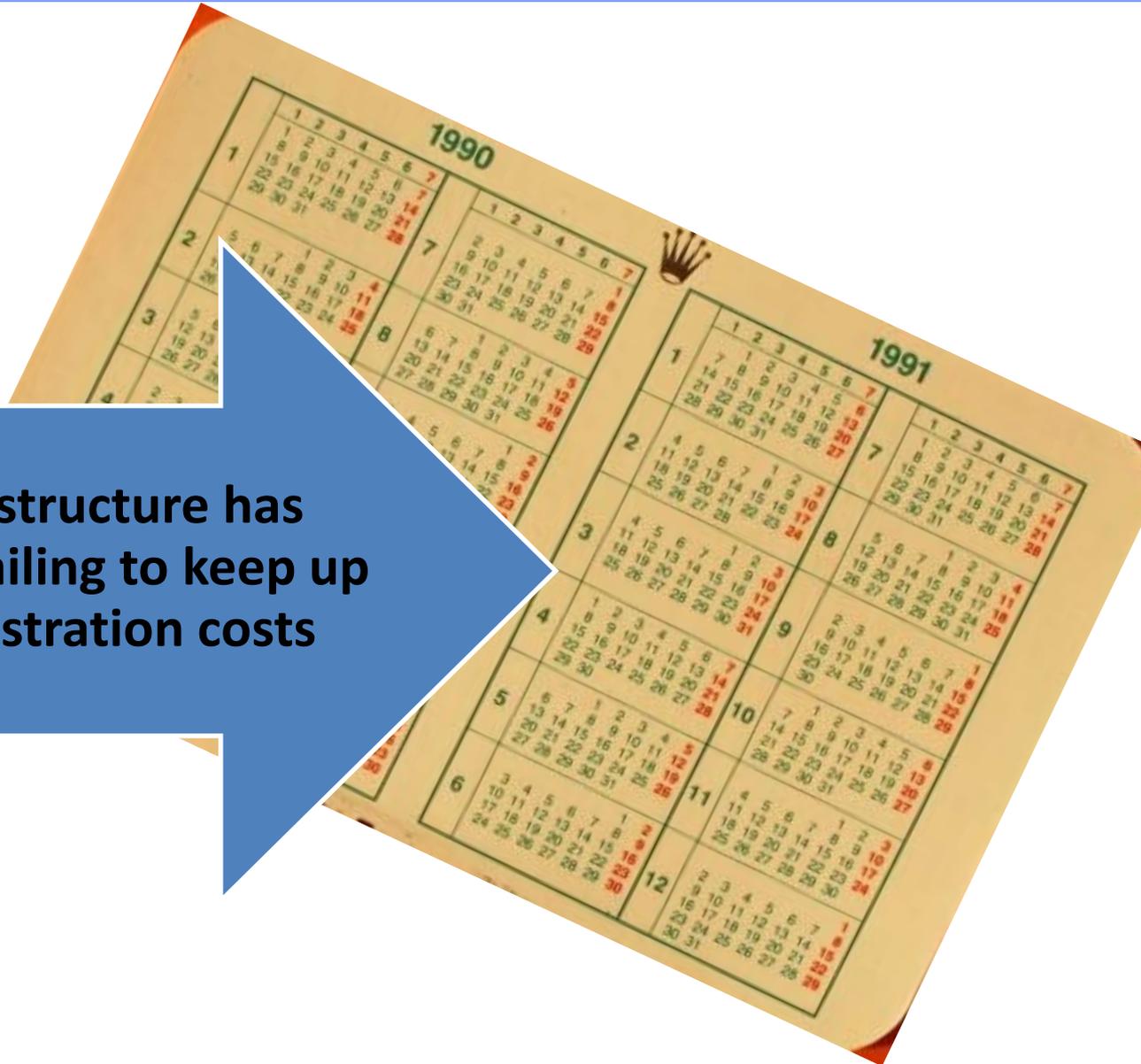
Municipal fee cap
last raised in
2008

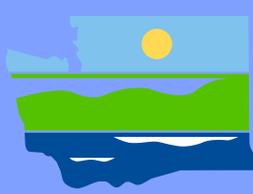


**Selectively applied:
Over-payers and
Under-payers
concept**

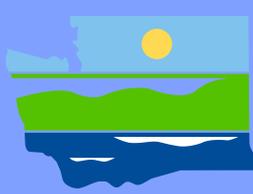


Overtime, this fee structure has become outdated—failing to keep up with permit administration costs





**Where
we are
now**

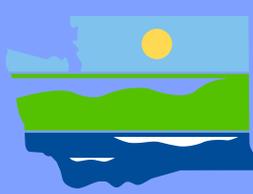


Municipal POTW Fee Cap (Under current law)

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.”



Almost all municipalities are at cap for 2013 billing



RCW 90.48.465 (Water Pollution Control)

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

...processing permit applications and modifications,

monitoring and evaluating compliance with permits,

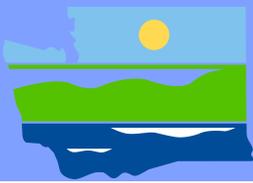
conducting inspections,

securing laboratory analysis of samples taken during inspections,

reviewing plans and documents directly related to operations of permittees,

overseeing performance of delegated pretreatment programs,

and supporting the overhead expenses that are directly related to these activities.”



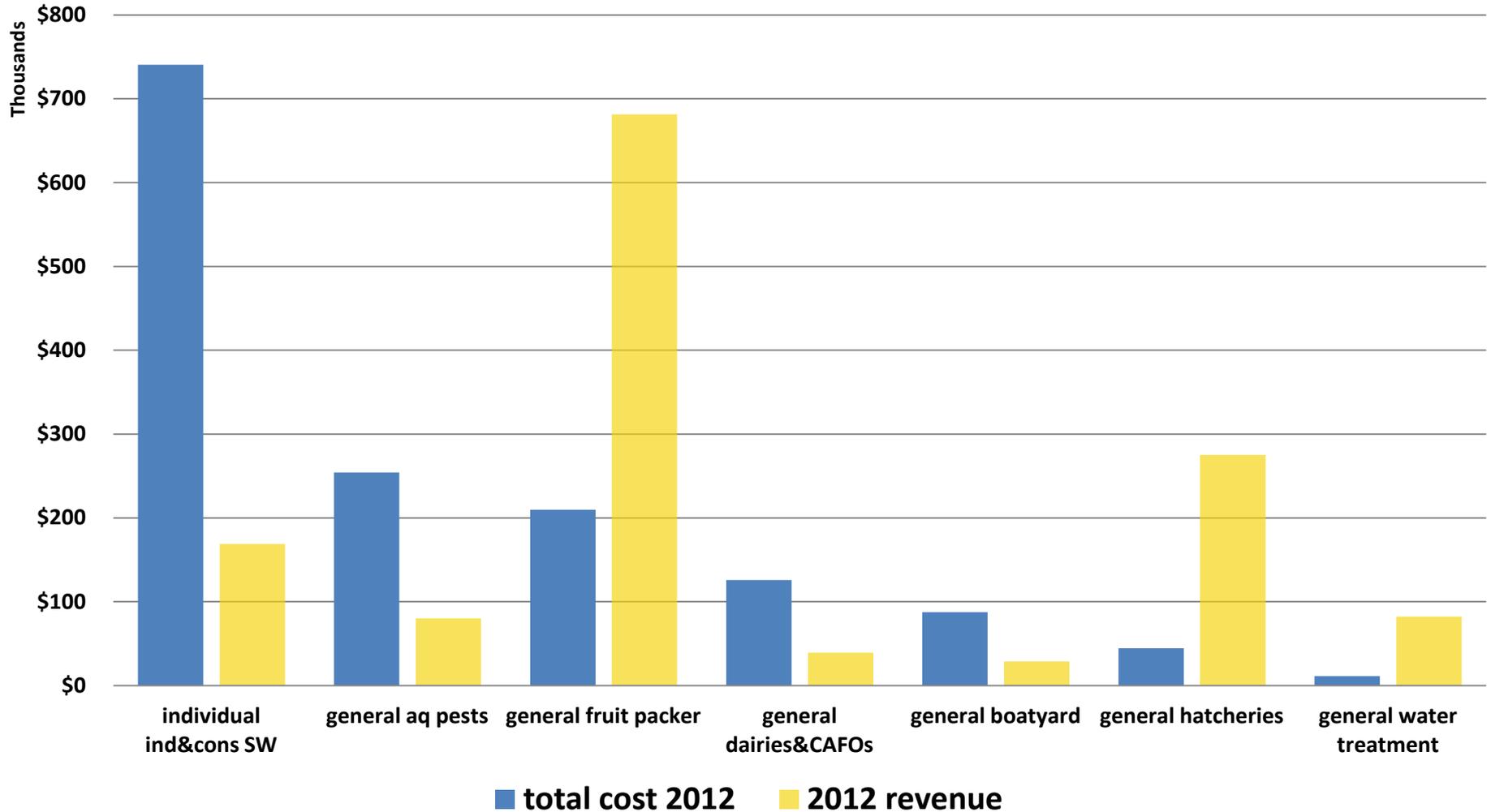
**Municipal
POTW Fee Cap
(Under current
law)**

**POTWs with less than 250,000
Residential Equivalents (RE)**

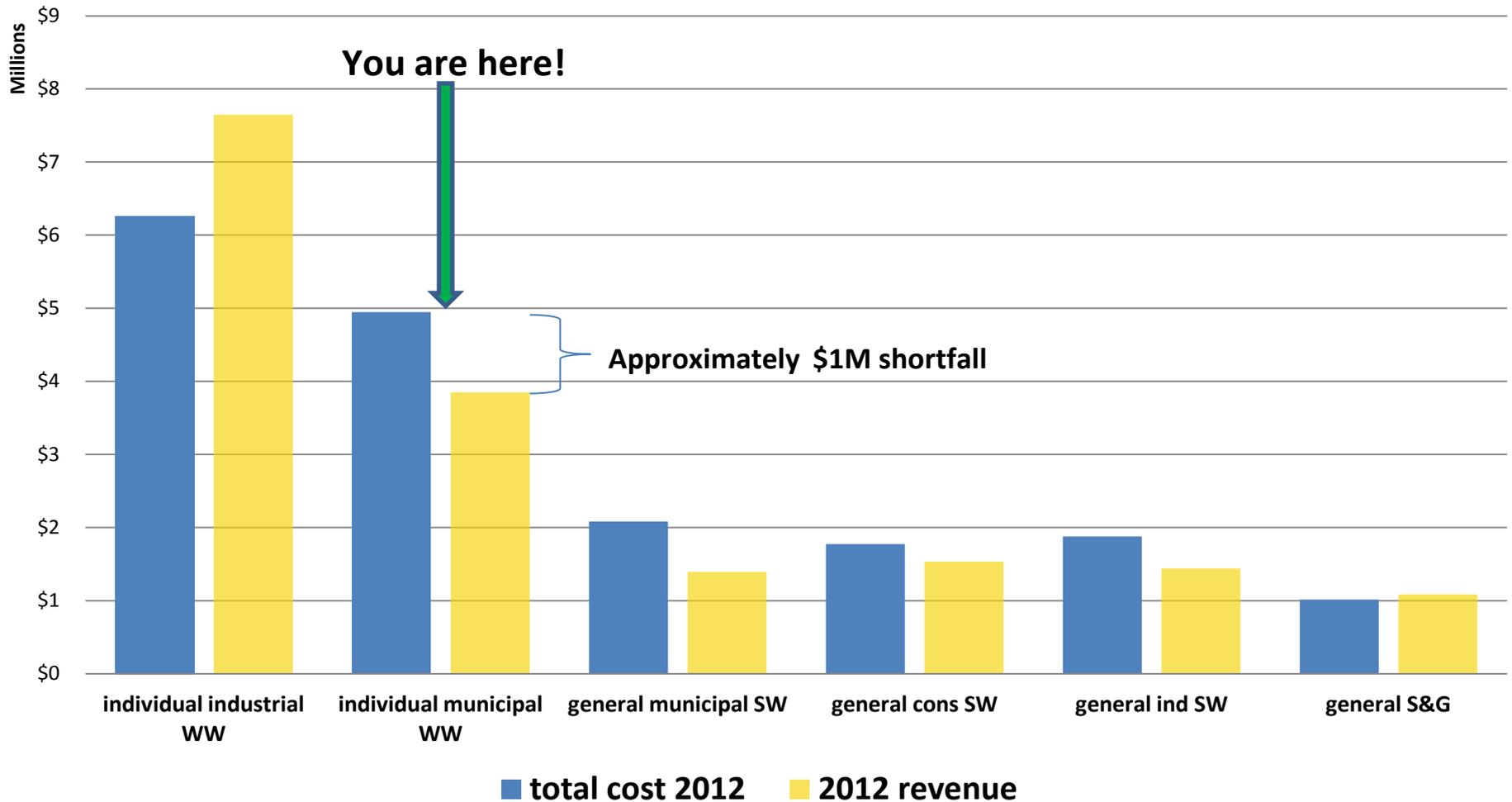
- FY 2012 annual permit fee \$2.07
(per RE)

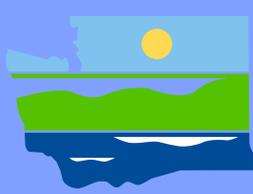
FY 2013 and beyond annual
permit fee \$2.16 (per RE)

2012 Cost & Revenue Comparison per Permit Category (Less than \$1 M revenue)



2012 Cost and Revenue Comparison per Permit Fee Category (Greater than \$1 M revenue)





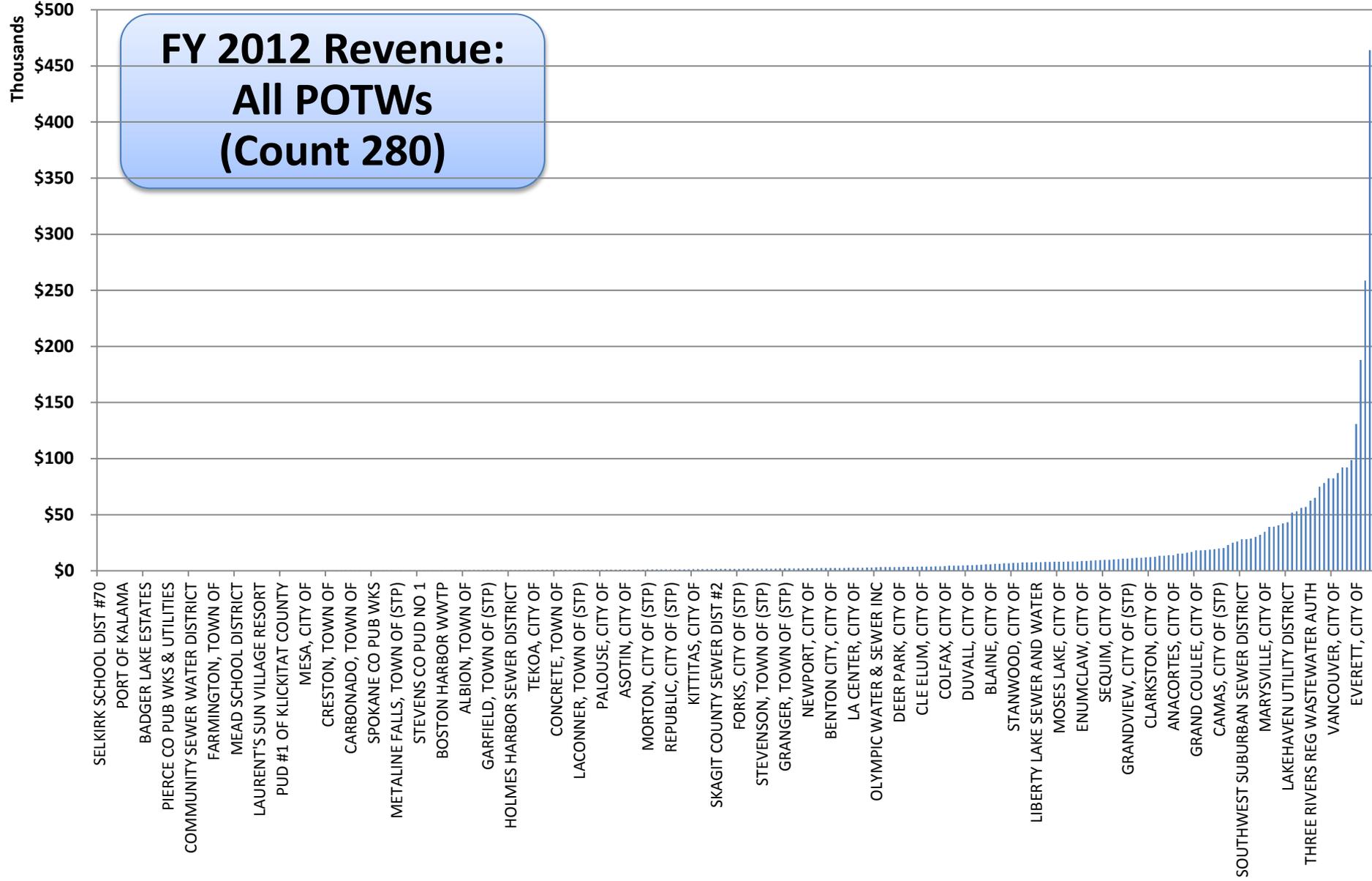
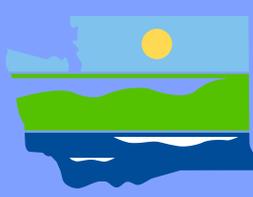
Municipal POTW Permit Fees Revenue (FY 2012)

POTWs with < 250,000 Residential Equivalents

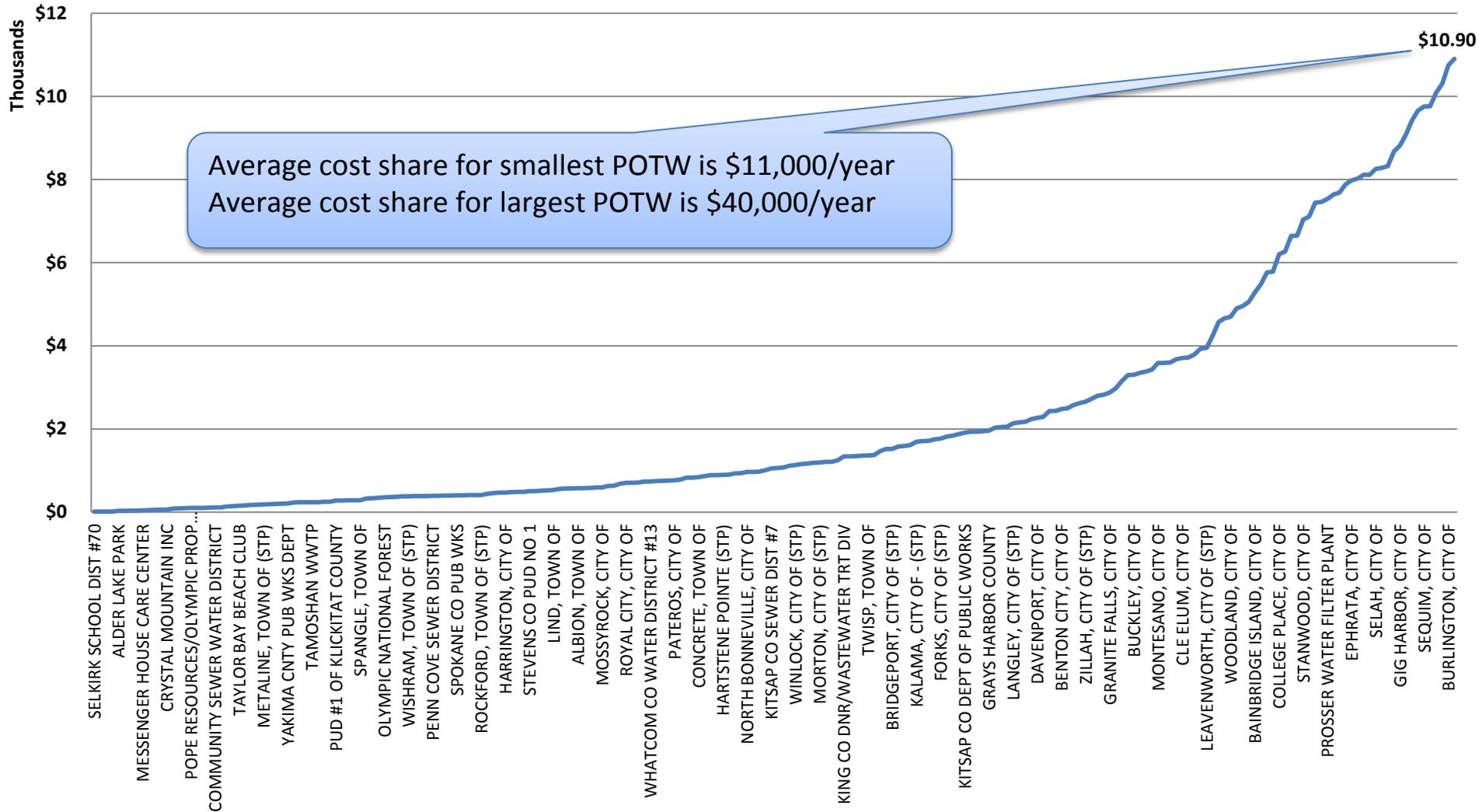
- | | |
|--------------------------------|-------------|
| • <10,000 REs (244 facilities) | \$879,000 |
| • 10,000-50,000 REs (25) | \$1,250,000 |
| • 50,000-250,000 REs (5) | \$762,000 |

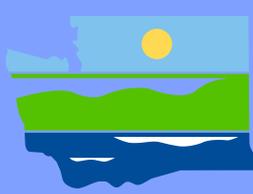
POTWs with > 250,000 Residential Equivalents

- | | |
|---------------------|-----------|
| • > 250,000 REs (4) | \$958,000 |
|---------------------|-----------|



FY 2012 Fee/Revenue - Smallest POTWs (Count 226)





Municipal Permit Costs

Permit
renewals

Report
reviews

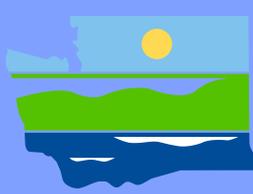
Compliance
inspections

DMR
reviews

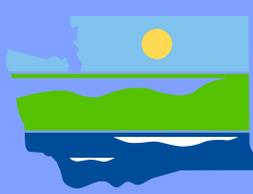
Data entry

Overhead

**Operator
outreach**



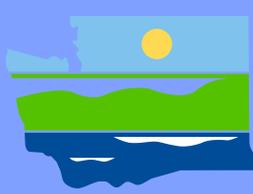
Where
we need
to go



Desired or Ideal Program

- ✓ **Renew every permit on 5 year schedule**
- ✓ **Incorporate general permit strategy**
- ✓ **Emphasize compliance**
- ✓ **Active search for unpermitted dischargers**
- ✓ **Inspect frequently**
- ✓ **Provide Technical Assistance**
- ✓ **Keep pace with new requirements**



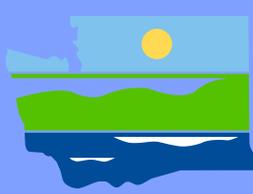


Objectives of Permit Fee Changes

Simple approach

Increase
category equity

Increase revenue
to fully fund
permit program



Agency request legislation: **Municipal Fee Cap Policy Bill**

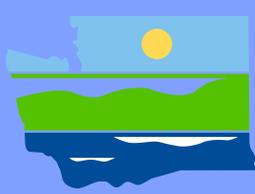


Now at 18¢ per RE/month (90.48.465)

Almost all munis are at cap at 2013 billing

Recommending allowance to increase the muni category fee cap by the FGF every year.

Minimum fee options in 2016 would exceed fee caps for the smallest POTWs



Proposed Fee Increases (FY 2014 and FY 2015)

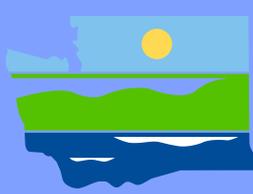
Fiscal growth
factor
(FGF)

Under-payers
only

- Underpaying status based on comparison to actual costs

**4.55% in
FY 2014**

**4.63% in
FY 2015**



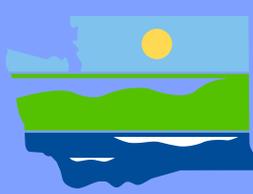
Minimum Fee Option FY 2016

Applied to all permittees in any fee category paying less than minimum

Promotes equity within categories

Individual permit minimum fee

General permit minimum fee

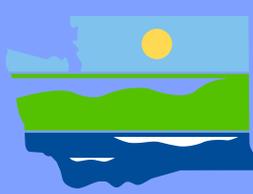


Rule Making for Minimum Fee

Begins in September 2013, after next fee setting rule for 2014-2015 is in place

Establishes fees for the 2016 biennium

Extensive public input during drafting of minimum fee rule



Issues during minimum fee rulemaking

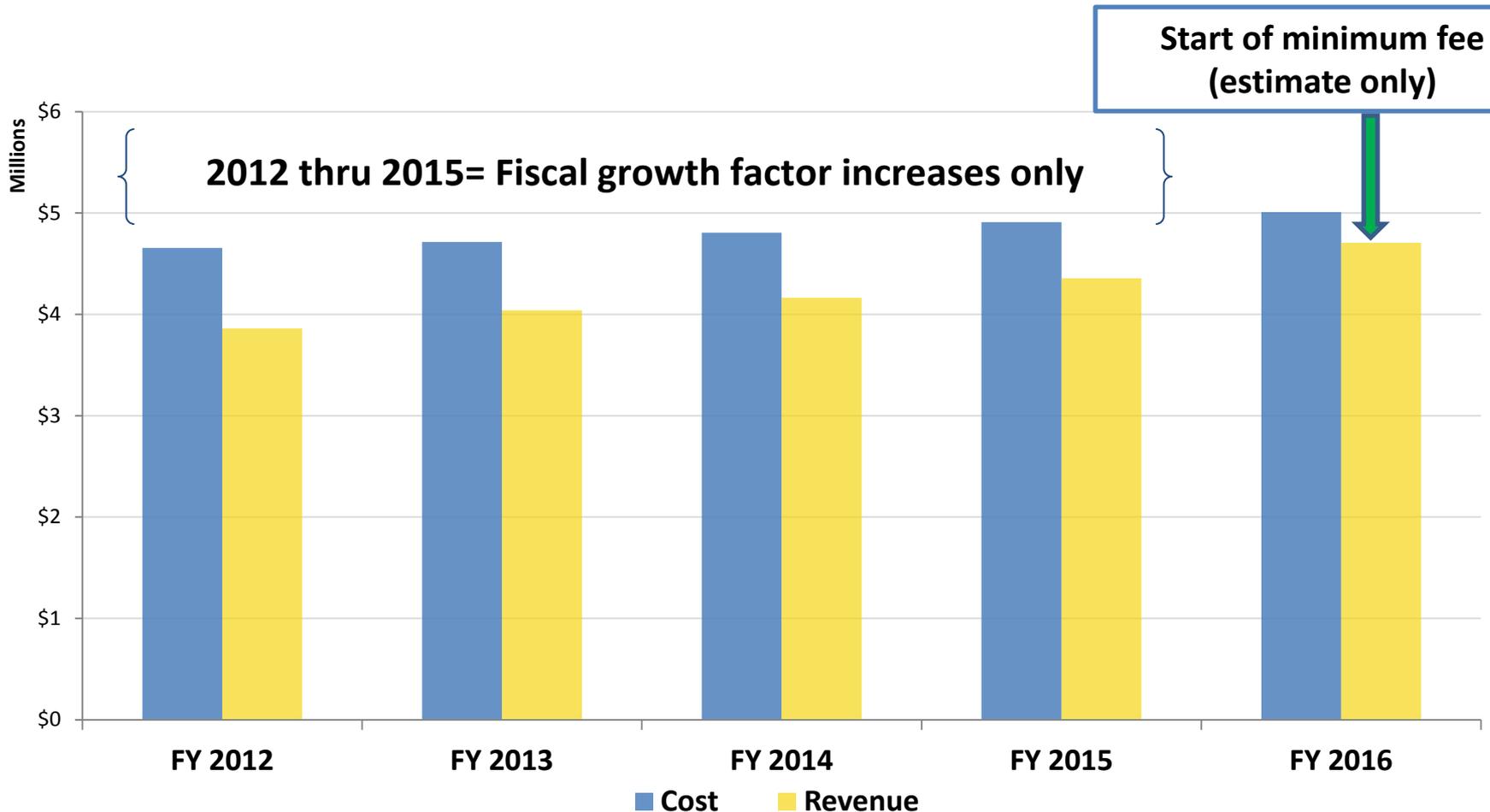
Amount of
minimum fees to
be established

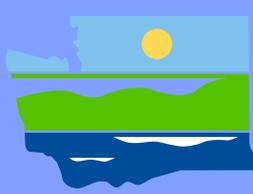
Timing &
limitations on
fee

Exceptions to
minimum fee

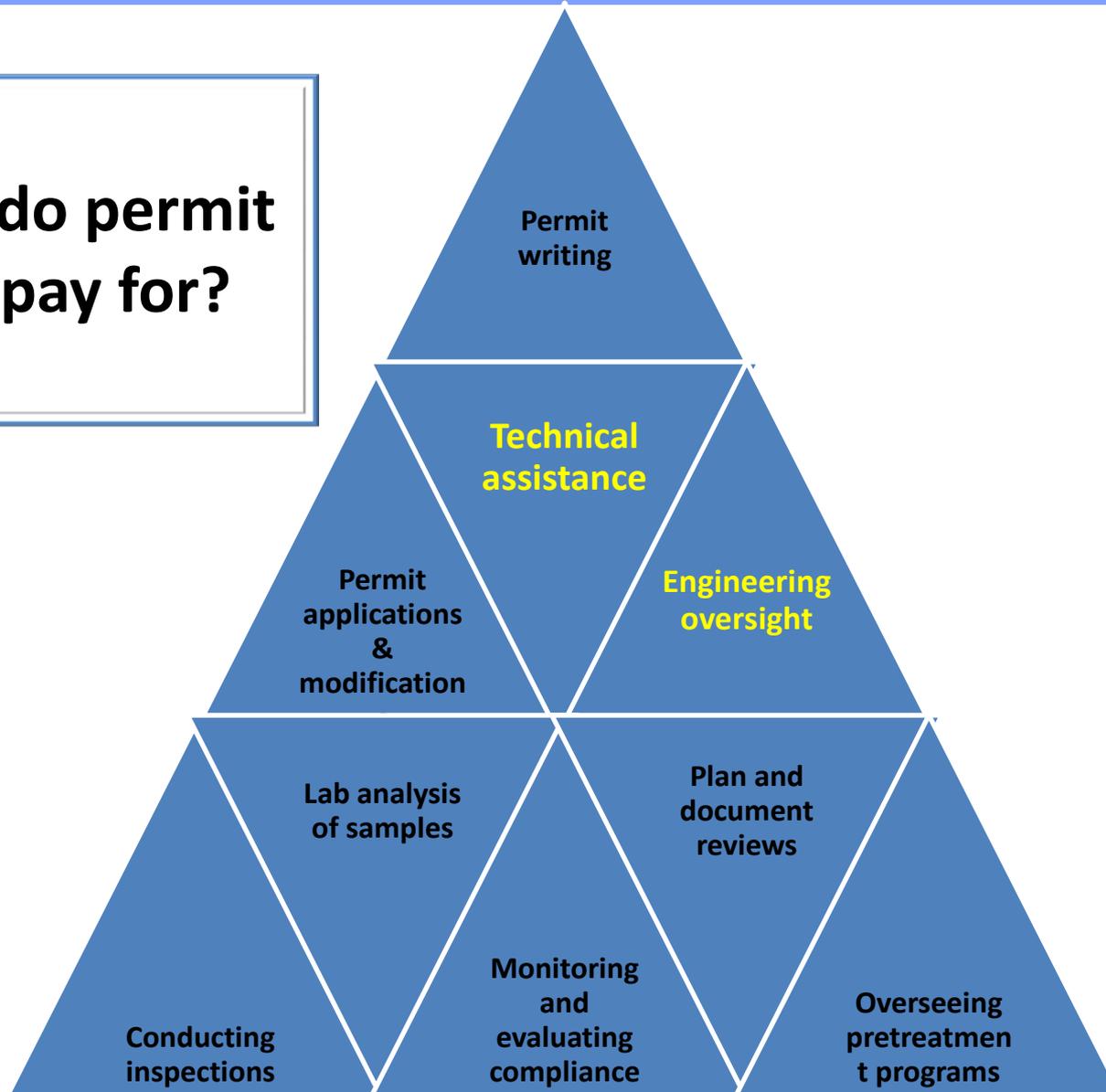
Others?

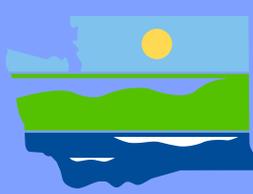
Long Range Cost & Revenue Estimates Municipal Fee Equity



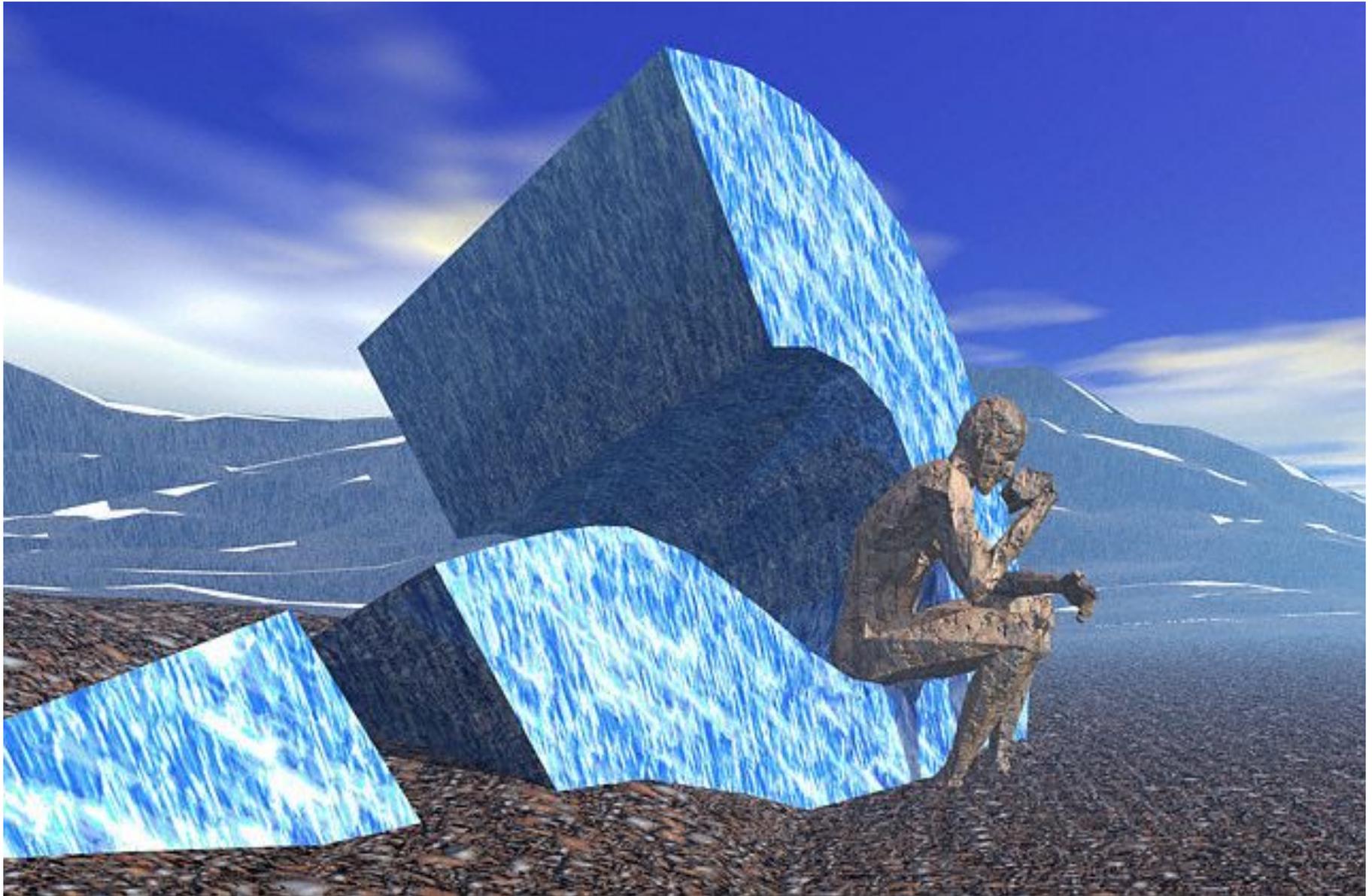


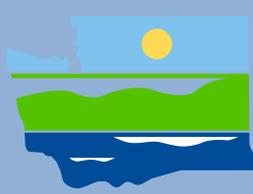
What do permit fees pay for?





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December 11, 2012



**Wastewater/Stormwater
Discharge Permit Fee:
Fiscal Growth Factor
& Minimum Fee Options**