



COMMONWEALTH of VIRGINIA


DEPARTMENT OF ENVIRONMENTAL QUALITY
Street address: 629 East Main Street, Richmond, Virginia 23219
Mailing address: P.O. Box 1105, Richmond, Virginia 23218
TDD (804) 698-4021
www.deq.virginia.gov

L. Preston Bryant, Jr.
Secretary of Natural Resources

David K. Paylor
Director

(804) 698-4020
1-800-592-5482

To: The Honorable Timothy M. Kaine
House Committee on Appropriations
House Committee on Finance
House Committee on Agriculture, Chesapeake and Natural Resources
Senate Committee on Appropriations
Senate Committee on Agriculture, Conservation and Natural Resources

From: David K. Paylor 

Date: January 1, 2010

Subject: Permit Fee Program Evaluation

I am pleased to provide you with a copy of the Department of Environmental Quality's (DEQ's) "Permit Fee Program Evaluation." This report has been prepared pursuant to Virginia Code §§ 10.1-1322, 10.1-1402.1 and 62.1-44.15:6 and evaluates the implementation of DEQ's permit fee programs.

This report is being made available at www.deq.virginia.gov/regulations/reports/html. If you have any questions concerning this report or if you would like a hard copy of this report, please contact Angela Jenkins, Manager, Office of Policy at (804) 698-4268.

PERMIT FEE PROGRAM EVALUATION

***A Report to the Honorable Timothy M. Kaine, Governor
and the House Committees on Appropriations, Agriculture, Chesapeake and
Natural Resources, and Finance and the Senate Committees on Appropriations
and Agriculture, Conservation and Natural Resources***

Virginia Department of Environmental Quality

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EXECUTIVE SUMMARY

This report evaluates the implementation of permit fee programs at the Department of Environmental Quality (DEQ) as required by Sections 10.1-1322, 10.1-1402.1 and 62.1-44.15:6 of the Code of Virginia. These sections require that, on January 1 of every even-numbered year, a report evaluating the implementation of the air, water and waste permit fee programs be provided to the Senate Committees on Agriculture, Conservation and Natural Resources and Finance; and the House Committees on Appropriations, Conservation and Natural Resources, and Finance. This evaluation must include “a report on the total fees collected, the amount of general funds allocated to the Department, the Department's use of the fees and the general funds, the number of permit applications received, the number of permits issued, the progress in eliminating permit backlogs, and the timeliness of permit processing.”

In addition to the general requirements identified above, Section 62.1-44.15:6 specifies that for the water permit program, the report must include the following: (1) the total costs, both direct and indirect, including the costs of overhead, water quality planning, water quality assessment, operations coordination, and surface water and ground water investigations, (2) the total fees collected by permit category, (3) the amount of general funds allocated to the Board, (4) the amount of federal funds received, (5) the Board's use of the fees, the general funds, and the federal funds, (6) the number of permit applications received by category, (7) the number of permits issued by category, (8) the progress in eliminating permit backlogs, (9) the timeliness of permit processing, and (10) the direct and indirect costs to neighboring states of administering their water permit programs, including what activities each state categorizes as direct and indirect costs, and the fees charged to the permit holders and applicants.

1 PERMIT FEE ANALYSIS

1.1 Program Funding and Expenditures

The information that follows provides a brief overview and summary of the status of the funding and expenditures for the Department of Environmental Quality's (DEQ) Permit Fee Program for Fiscal Year (FY) 2009.

- Permit Fee Revenues: In FY 2009, a total of \$15,623,894 was collected by the Department of Environmental Quality for all water, air and waste permit programs, including Biosolids.
- General Fund Allocations: In FY 2009, a total of \$12,821,915 in General Funds was allocated for the water, air, and waste permit programs.
- Staffing: In FY 2009, DEQ employed a total of 132 Virginia Pollutant Discharge Elimination System (VPDES), Virginia Pollution Abatement (VPA), and groundwater water permit program staff, 40 Virginia Water Protection (VWP) permit program staff, 121 air permit program staff, 28 hazardous waste and 55 solid waste permit staff; this includes permitting, inspection and enforcement staff for all of the permit programs listed above.
- Program Costs: In FY 2009, DEQ expended \$3,157,824 in direct VWP water permit program costs, \$11,382,013 in direct VPDES, VPA, and groundwater water permit programs \$9,486,389 in direct air permit program costs, \$2,168,672 in direct hazardous waste permit program costs and \$4,461,633 in direct solid waste permit program costs. Total direct costs for these permit programs in FY 2009 were \$30,656,530.
- VPDES, VPA, and Groundwater Permit Program Funding: In FY 2009, permit fee revenues covered 29% of water permit program direct costs, which includes the direct costs to issue and enforce permits. Permit fee revenues covered 12% of total program costs (this includes water quality monitoring and planning activities that support permit issuance and compliance, as well as indirect and overhead costs).
- VWP Permit Program Funding: In FY 2009, permit fee revenues covered 14% of VWP permit program direct costs, which includes the direct costs to issue and enforce permits. Permit fee revenues covered 6% of total program costs (this includes water quality monitoring and planning activities that support permit issuance and compliance, as well as indirect and overhead costs).
- Hazardous Waste Permit Program Funding: In FY 2009, permit fee revenue covered 25% of hazardous waste permit program direct costs. Permit fees covered 19% of total program costs (this includes indirect and overhead costs).
- Solid Waste Permit Program Funding: In FY 2009, permit fee revenue covered 36% of solid waste permit program direct costs. Permit fees covered 21% of total program costs (this includes indirect and overhead costs).
- Air Permit Program Funding: In FY 2009, permit fees covered all of the permit program costs as defined by federal rules. Permit fee revenues covered 99% of air permit program direct costs and

52% of total program costs (this includes air quality monitoring and planning activities that support permit issuance and compliance as well as indirect and overhead costs).

**TABLE 1.1 – 1 PERMIT PROGRAM REVENUE
FY 2009**

PERMIT PROGRAM REVENUE

Permit Program Revenue						
	WATER		AIR	WASTE		TOTALS
	VPDES	VWP		HW	SW	
Application fees collected	1,014,448	437,748	66,500	121,600	213,930	1,854,256
Annual Fees Collected¹	2,315,962	0	9,411,202	409,900	1,392,120	13,529,184
Federal Funds	4,301,889	1,193,515	2,537,847	1,704,723	43,829	9,781,803
Total	7,632,299	1,631,263	12,015,549	2,236,253	1,649,879	25,165,698

GENERAL FUND ALLOCATIONS

Direct Permit Programs						
	WATER		AIR	WASTE		TOTALS
	VPDES, VWP, Groundwater			HW	SW	
Budgeted	7,933,512		1,971,757	263,559	2,880,803	13,049,631
Expended	8,236,593		1,758,750	263,559	2,563,013	12,821,915

ALL DEQ GENERAL FUNDS

All DEQ General Funds	
	TOTALS
Budgeted	40,646,056
Expended	40,146,056

¹ Permit Fees Collected refers to fund revenue. In previous years, interest earned on these funds was included in the fund revenue. In FY09 however, interest revenue was not received for the funds. Interest earned on these funds was credited to the general fund, as authorized by the Appropriation Act.

1.2 Program Efficiencies

Over the past ten years, the DEQ has been required to implement additional programs including the concentrated animal feeding operations (CAFO) permitting program, the poultry waste management permitting program, the stormwater management permitting program, the Title V permitting program, the nontidal wetlands program, and the biosolids land application program. These expanded programs have increased the number of facilities requiring permits and oversight, but over that same time period staffing has decreased. With the increase in the number of regulated facilities, the DEQ has made changes in order to regulate these facilities more efficiently.

The DEQ also is sensitive to the costs incurred by the regulated community to comply with Virginia's regulations. The DEQ is taking steps to reduce the costs incurred by the regulated community to comply with regulatory requirements. This includes the use of streamlined applications for VPDES permit renewals, reduced inspections based on compliance histories of VPDES facilities, online permit applications for 7 different general permits and the implementation of a system to allow for the online submission of monitoring data. In addition to these changes, the DEQ has reviewed areas in which technology could be used to operate the agency more efficiently and continues to work toward a system to allow online payments. The DEQ will continue to explore the use of technologies that will reduce costs to the agency and the regulated community.

In 2004, through passage of SB365 and HB1350, the permit fees assessed from regulated facilities were revised. Included in these bills was a requirement for DEQ to evaluate and implement measures to improve the long term effectiveness and efficiency of its programs to ensure that maximum value is being achieved from the funding provided for environmental programs. Through working with stakeholders, a list of opportunities for improvement were identified and discussed. These opportunities covered many areas, from changes in how DEQ and facilities exchange information, to changes in how DEQ conducts inspections and changes in how DEQ structures and processes permits. The full report which includes details on each opportunity for improvement identified is available on DEQ's website at

<http://www.deq.virginia.gov/regulations/documents/FinalPeerReviewReport.pdf>.

DEQ has evaluated the opportunities identified and the steps needed to implement each of the opportunities, including any barriers that prevent the agency from implementing the changes and additional resources needed to implement the changes. For example, funding will be needed to implement an electronic document management system that will improve the efficiency of the exchange of information between the agency and the regulated community and the public, and will minimize the amount of space the agency uses to store information. Some of the opportunities identified in the report will be piloted on a small scale prior to being implemented throughout the agency to collect more information on the quantified benefits to the regulated community and the agency. The agency has incorporated tasks related to implementing these improvements into the agency's strategic planning document, Strategic Priorities 2010. Information on the agency's progress towards implementing the recommendations of the peer review study as of the end of fiscal year 2009 can found at: <http://www.deq.virginia.gov/info/permitreview.html>.

1.3 Permit Program Staffing

The following chart contains information on the program staffing levels and funding for those positions for FY 2009. In some instances, staff members are involved with and funded through multiple permit programs. For ease of presentation, staffing levels have been rounded to the nearest whole number in the chart below.

**Table 1.3 – 1 DEQ Permit Fee Analysis Summary – Permit Program Staffing
Based on Budgeted FY 2009 Costs and Revenues²**

Program Title	General Fund	Fee Fund	Federal Fund	Total Staffing
Water				
VPDES/VPA/Groundwater	78	41	13	132
VWP	26	14	0	40
Air	14	95	12	121
Waste				
Hazardous Waste	3	5	20	28
Solid Waste	32	23	0	55
PERMIT MEDIA SUBTOTALS	153	178	45	376
Water Protection Outreach	15	0	6	21
Water Protection Planning and Policy	23	0	14	37
Water Protection Monitoring and Assessment	55	1	7	63
Air Protection Outreach	2	2	0	4
Air Protection Planning and Policy	6	6	5	17
Air Protection Monitoring and Assessment	1	7	13	21
Waste Protection Outreach	3	3	2	8
Waste Protection Planning and Policy	2	0	1	3
TOTAL STAFFING	260	197	93	550

² Beginning in FY 2007, the use of service areas in strategic plans by state agencies throughout the Commonwealth required revisions to the tracking of expenditures as they relate to performance measures and the budgeting process. As a result, DEQ's expenditure structure was revised to align with the service area structure of the agency's strategic plan, incorporating performance measurement and budgeting in the Commonwealth's appropriation process. The new service area structure resulted in the reallocation of some previous budgetary program resources. Consequently, the indirect program support components have new names and are more comprehensive than in previous reporting periods. Information on Tables 1.3-1 and 1.4-1 of this report are displayed utilizing the new service areas.

1.4 Permit Program Costs

The following table, *Actual Permit Program Costs and Revenues*, provides more detailed information on the Department's use of permit fees, general funds, and federal funds for FY 2009.³

Table 1.4 – 1 Actual Permit Program Costs and Revenues (FY 2009)⁴

	Water Permits		Air Permits	Waste Permits		Total
	VPDES, VPA, Groundwater	VWP		Solid Waste	Hazardous Waste	
NET DIRECT COSTS	11,382,013	3,157,824	9,486,389	4,461,633	2,168,672	30,656,530
Indirect Costs						
Programmatic Overhead Costs						
Water Protection Outreach	1,427,021	395,913				1,822,934
Water Protection Planning and Policy	3,409,338	945,886				4,355,224
Water Protection Monitoring and Assessment	5,281,846	1,465,395				6,747,241
Air Protection Outreach			229,778			229,778
Air Protection Planning and Policy			1,976,667			1,976,667
Air Protection Monitoring and Assessment			1,974,058			1,974,058
Land Protection Outreach				1,366,603	30,178	1,396,781
Land Protection Planning and Policy				211,094	1,224	212,318
Administrative Overhead						
Statewide Costs	0	0	0	0	0	0
Equipment Use Allowance	115,944	32,168	226,760	31,020	5,168	411,060
Information Technology Services	2,104,974	584,004	1,246,686	490,853	240,514	4,667,030
General Management and Direction	3,969,245	1,101,227	3,037,552	1,051,145	383,388	9,542,556
Sub-Total	16,308,369	4,524,591	8,691,501	3,227,820	660,472	33,412,753
TOTAL COSTS	27,690,382	7,682,415	18,177,890	7,612,348	2,829,144	63,992,178
PERMIT AND FEDERAL REVENUES						
Permit Fee	3,330,864	437,748	9,477,702	1,606,050	531,530	15,383,894
Federal	4,301,889	1,193,515	2,537,847	43,829	1,704,723	9,781,803
TOTAL Revenues	7,632,753	1,631,263	12,015,549	1,649,879	2,236,253	25,165,698
Cost in Excess of NGF Revenue	20,057,629	6,051,151	6,162,340	5,962,469	592,891	38,826,481

³ See Attachment A: Cost Allocation Methodology

⁴ Beginning in FY 2007, the use of service areas in strategic plans by state agencies throughout the Commonwealth required revisions to the tracking of expenditures as they relate to performance measures and the budgeting process. As a result, DEQ's expenditure structure was revised to align with the service area structure of the agency's strategic plan, incorporating performance measurement and budgeting in the Commonwealth's appropriation process. The new service area structure resulted in the reallocation of some previous budgetary program resources. Consequently, the indirect program support components have new names and are more comprehensive than in previous reporting periods. Information on Tables 1.3-1 and 1.4-1 of this report are displayed utilizing the new service areas.

2. PERMIT PROGRAM MEDIA AREA EVALUATIONS

2.1 Water Permitting

An analysis of the status of the Water Permit Programs within DEQ is provided in this section.

- The average length of time needed to process a water permit increased during the period from 2003 to 2007, but decreased for 2009. The number of water permits issued was approximately the same in 2009 as it was in 2007.
- In FY 2009, DEQ issued a total of 255 individual water permits and coverage for 497 general permits. In FY 2007, DEQ issued a total of 258 individual water permits and coverage for 1798 general permits.
- As a result of the permit program efficiency study, the VWP program has changed the tracking of information related to projects which do not require VWP permits. Previously, projects not requiring a permit were tracked in a manner similar to those projects requiring and receiving permits. This change reduces the administrative effort on projects not required to receive a permit; thereby allowing more time to be spent evaluating technical requirements of projects. This change has been noted on Table 2.1-2.
- The agency's Comprehensive Environmental Data System (CEDDS) database was updated in 2008 to revise the VWP general permit module which tracks permit activities. This update required that new database queries be developed for reporting VWP general permit activities. To be consistent, new database queries for reporting VWP individual permit activities also were developed.
- A VWP program policy decision was made in 2008 that eliminated the need for permit actions resulting in a No Permit Required (NPR) case decision to be tracked in CEDDS. However, some of these previously-entered actions remain in CEDDS, and some additional actions were entered during the implementation period after the policy decision was made. Therefore, the data supplied herein for the VWP program may include NPR case decisions. Please refer to the footnotes for more information.
- For FY 2009, Table 2.1-1 includes the total amount of days to process applications that resulted in issuance or reissuance of a VWP permit or permit authorization, and any period of time where the application processing was suspended. The days to process an application or a request for a modification, extension, withdrawal, waiver, notice of planned change, or continuation of coverage were not calculated since no statutory or regulatory mandates apply to processing these types of case decisions. This change has been noted in Table 2.1-1.
- For FY 2009, Table 2.1-2 includes the total amount of VWP applications received during FY 2009, regardless of the final case decision. Case decisions that resulted in No Permit Required, Notice of Planned Change, or Continuation of Coverage actions, however, do not collect permit application fees. Applications Deemed Complete row in this table also reflects the number of VWP applications deemed complete in FY 2009 regardless of the final case decision. This change has been noted in Table 2.1-2.

Table 2.1 – 1 Water Permitting Processing Times (FY 1993 – FY 2009)⁵

	VPDES	VPA	VWP
1993	135	107	100
1995	164	85 ⁶	91
1997	114	75	56
1999	116	65	70
2001	141	185	65
2003	108	187 ⁷	67
2005	186	116	78 / 89 / 16 ⁸
2007	194	218	537/130/41 ⁹
2009	155	167	295/922/79 ¹⁰

⁵ Permit Processing Times presented in “Days.”

⁶ DEQ reviewed eight (8) VPA permit applications in 1995 that required an average processing time of 539 days.

⁷ During FY 2003, one VPA permit required 1,320 days to process. Without this anomaly, average processing time in FY 2003 was 140 days.

⁸ During FY 2005, 10 VWP Individual Permits, 91 VWP General Permits, and 149 VWP General Permits-Reporting Only were averaged to determine the processing times reported here, respectively.

⁹ During FY 2007, 52 VWP Individual Permits, 450 VWP General Permits, and 570 VWP General Permits-Reporting Only were averaged to determine the processing times reported here, respectively. One individual permit required 6 years to reach the complete application stage and another year to issue a permit. This permit involved the withdrawal of the original application; however, the original application-received date was used to calculate the processing time for this permit. If the reactivation date of the application is used instead of the application received date, the average processing time for individual permits changes to 506 days, an increase of 79 days over the FY 2005 average.

¹⁰ Processing times were calculated for all permits or permit authorizations issued or reissued in FY09. The values provided represent Individual Permit Issuances, Individual Permit Reissuances, and General Permit Authorization Issuances, respectively. The amount of days is the difference between the date the application was received and the date the permit or permit authorization was issued as final, less any periods when application processing was suspended. Four VWP individual permit reissuances were averaged to determine processing days; however, three out of the four case decisions took two or more years to complete and thus the average is higher than the average for 2005 and 2007.

**Table 2.1 – 2 Water Permits Processed FY 2009
Comparison of FY 2009 and FY 2007 Data**

	VPDES (IP/GP)		VPA (IP/GP)		VWP	
	2009	2007	2009	2007	2009 ¹¹ (IP/GP)	2007 (IP ¹² / GP ¹³ / GP-RO/NPR ¹⁴)
Applications Received	230/1324	246/1798	27/14	4/25	116/313	18/181/260/585
Applications Deemed Complete	222/661	223/1798	22/6	4/25	82/251	40/219/266/317
Permits Issued	255/2	258/3	13/0	6/0	48/253	52/220/296/0
Permits Appealed	0/0	2/1	0/0	0/0	0/0	0/0/0/0
# Expired Permits	17/0	33/0	0/0	2/0	61/546	18/40/44/0

Abbreviations utilized in table above :

- IP- individual permit
- GP- general permit
- GP-RO- general permit - reporting only
- NPR- no permit required

¹¹ Final VWP case decisions may result in an Issuance, Reissuance, Modification, Waiver, Notice of Planned Change, Continuation of Coverage, Extension, Withdrawal (of application), or No Permit Required. FY 2009 Applications Received and Applications Deemed Complete reflect the total amount of applications received or deemed complete during FY 2009, regardless of the final case decision. However, case decisions that resulted in No Permit Required, Notice of Planned Change, or Continuation of Coverage actions do not collect permit application fees. Applications Deemed Complete only apply to processing applications or requests that result in issuance or reissuance of a permit, as the concept of “completeness” is not tracked by the program for other types of case decisions. The number of applications deemed complete may not match the number of applications received because some applications were received in other fiscal years and not deemed complete until FY 2009.

¹² Data does not include Modifications, Waivers, Withdrawals, or “No Permit Required” actions.

¹³ Does not include Notices of Planned Change, Waivers, Withdrawals, or “No Permit Required” actions.

¹⁴ “No Permit Required” case decisions are based on information held in CEDS for FY 2005, and on information held in CEDS and at the VWP regional offices for FY 2007. The reported total includes both general and individual permits. The VWP program phased out tracking “No Permit Required” decisions in 2006. Therefore, the number of complete applications may not reflect a true number.

2.2 Air Permitting

An analysis of the DEQ Air Permit Program is presented in this section.

- In FY 2009, DEQ met its processing time goals for processing major and minor source permits requiring hearings 99% of the time. The processing time goal for permits with Administrative Amendments was met 70% of the time. DEQ met its processing time goal for processing minor source permits not requiring hearings 93% of the time. DEQ met its processing time goals for processing state operating permits 90% of the time.
- In FY 2009, DEQ issued a total of 944 air permits. The total number of permits issued in FY 2007 was 993.

Table 2.2 – 1 Air Permitting Processing Times (FY 1993 – FY 2009)

Air Permit Processing Time Comparison (Days)						
	Major or Minor Permits w/Public Hearing	Minor Permits w/No Public Hearing	Administrative Amendments	PSD Permits	Title V	Title V Renewals
1993	22	100	21	224	--	--
1995	23	58	12	42	--	--
1997	24	75	19	NA	--	--
1999	36	50	29	162	322 ¹⁵	--
2001	80	32	33	45	986	--
2003	110	40	24	199	1173	--
2005	71	34	18	212	1215	--
2007	85	37	47	NA	2165	186
2009	121	38	40	185	786	252

¹⁵ The first Title V operating permit was issued in July 1998.

Table 2.2 - 2 Air Permits Processed FY 2009

AIR PERMITS PROCESSED FY 2009												
	PSD & Non attainment	Major	Minor w/Hearing	Minor – No Hearing	Admin. Amendment	Exemptions	Title V	Title V Renewals	State Operating	Acid Rain	General	Total
Apps. Received ¹⁶	9	1	3	303	51	317	4	2	31	1	25	747
Apps. Withdrawn	0	1	0	45	35	10	7	0	14	0	2	114
Apps. Denied	0	0	0	1	0	0	0	0	0	0	0	1
Draft Permits in Process (07/01/2008)	1	0	0	15	7	8	15	47	6	2	1	102
Permits Issued	2	1	4	266	43	306	4	36	31	0	21	714
Draft Permits in Process (06/30/2009)	2	0	0	62	5	16	3	29	18	1	0	136

¹⁶ Includes both complete and incomplete applications; including applications that were exempt, denied, deferred, and withdrawn.

2.3 Waste Permitting

An analysis of the Solid and Hazardous Waste permitting programs within DEQ for FY 2009 is presented in this section. A comparison with permitting programs for previous fiscal years also is presented in the tables that follow.

- In FY 2001 the accounting of permit processing time was changed to reflect the total days involved, not the amount of hours spent on a project. Because these days include man-hours devoted to activities other than permit application processing, it is not possible to make a direct comparison of the results for FY 2001 to previous years' figures that were documented in man-hours.
- In FY 2009, DEQ issued a total of 54 solid waste permits and 72 hazardous waste permits, compared to a total of 86 solid waste permits and 57 hazardous waste permits in FY 2007.

Table 2.3 – 1 Solid Waste Permitting Processing Times (FY 1993 – FY 2009)

	Part A	Part B	Permits-by-Rule
1993	166 man-hrs.	884 man-hrs.	60 man-hrs.
1995	120 man-hrs.	658 man-hrs.	40 man-hrs.
1997	NA	330 man-hrs.	27 man-hrs.
1999	96 man-hrs.	230 man-hrs.	13 man-hrs.
2001 ¹⁷	73 days	115 days	8 days
2003	55 days	132 days	7 days
2005	75 days	135 days	8 days
2007	44 days	137 days	11 days
2009	85 days	91 days	16 days

Table 2.3 – 2 Hazardous Waste Permitting Processing Times (FY 1993 – FY 2009)

	Storage and Treatment	Transporter	Emergency	Post-Closure
1993	950 man-hrs.	9 man-hrs.	38 man-hrs.	1,616 man-hrs.
1995	680 man-hrs.	6 man-hrs.	28 man-hrs.	745 man-hrs.
1997	350 man-hrs.	8 man-hrs.	40 man-hrs.	550 man-hrs.
1999	549 man-hrs.	4 man-hrs.	NA	295 man-hrs.
2001 ¹⁷	NA	3 days	5 days	287 days
2003	NA	2 days	5 days	235 days
2005	N/A	2 days	5 days	235 days
2007	360 days	2 days	5 days	243 days
2009	134 days	2 days	5 days	NA

¹⁷ In FY 2001 the accounting of permit processing time was changed to reflect the total days involved. Because these days include man-hours devoted to activities other than permit application processing, it is not possible to make a direct comparison of the results for FY 2001 to previous years' figures that were documented in man-hours.

Table 2.3 – 3 Permit by Rule Facility Types and Total Number of Active Facilities Covered as of June 30, 2009

Permit by Rule Facility Type	No. of Facilities Covered in FY 2009
Transfer Station	58
Energy Recovery & Incineration	12
Materials Recovery	51
Yard Waste Composting	9
Vegetative Waste Composting	4
Composting (<700 tons per quarter)	2
Medical Waste	18

Table 2.3 – 4 Solid Waste Permits Processed FY 2009

Permits Processed	Permit Amendments	Part A Applications	Part B¹⁸ Applications	Emergency Permits	Permit-by-Rule	Total
Applications Received	71	3	2	1	14	91
Applications Deemed Complete	11	1	2	0		
Applications Pending on July 1, 2008	78	6	5	0	2	91
Permits Issued	36	3	1	1	13	54
Permits Denied	0	0	0	0	0	0
Permits Withdrawn	0	0	0	0	0	0
Applications Pending on June 30, 2009	93	6	2	0	4	105

Table 2.3 – 5 Hazardous Waste Permits Processed FY 2009

Permits Processed	Permit Amendments	Part B Applications	Emergency	Transporter	Total
Applications Received	31	1	5	33	70
Applications Deemed Complete	29	2	5	33	69
Applications Pending on July 1, 2008	6	8	0	2	16
Permits Issued	29	4	5	34	72
Permits Denied	0	0	0	0	0
Permits Withdrawn	0	0	0	0	0
Applications Pending on June 30, 2009	8	5	0	1	14

¹⁸ Includes “new” Part B applications and multi-module, comprehensive permit amendments.

3. WATER PERMIT PROGRAM-ADDITIONAL INFORMATION

3.1 Program Costs and Fees in Virginia and Other States

The DEQ recently contacted the environmental agencies in Delaware, Kentucky, Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee and West Virginia in an effort to provide information on permit costs and fees in other states. A summary of program costs and fees is included in Table 3.1-1.

Table 3.1-1 Summary of Water Program Costs and Permit Fees

	Application Fee	Annual Fee	Notes	Direct Program Costs (% fee funded)	10 year fees for #1	10 year fees for #2	10 year fees for #3	10 year fees for #4	10 year fees for #5
VA	\$600-24,000	\$75 - 6800	Application fees are assessed for new applications only, there is no renewal fee assessed for existing facilities, only annual fees are assessed	29%	\$48,000	\$43,500	\$20,400	\$1,000	\$0
DE	No	\$40 - 9000		35%	\$90,000	\$0	\$22,500	\$1,500	\$0
KY	\$1,000-3,200 (industrials) \$450 - 1,800 (municipals)	No		10.3%	\$6,400	\$1,800	\$4,200	\$0	\$0
MD	\$0 - 20,000	\$0 - 5,000	Formula derived	?	\$90,000	\$0	\$10,600	\$1,100	\$0
NJ	No	Yes	Formula derived	100%					
NC	\$60-3,440	\$60-3,440	Additional \$400 - 500 annual fee for facilities under an order	<20%	\$34,400	\$34,400	\$8,600	\$1,000	\$1,800
PA	\$500	No		20%	\$1,000	\$1,000	\$1,000	\$250	\$0
SC	No	\$75 - 2,600+	Formula derived	?	\$26,660	\$26,660	\$5,300	\$750	\$3,000
TN	\$250-1,500	\$500 - 7,500		40%	\$70,000	\$70,000	\$25,000	\$7,000	\$2,500
WVA	\$50-15,000	\$50-15,000	Formula derived	93%	\$25,000	\$25,000	\$25,000	\$10,700	\$0

Facility #1: A major industrial facility discharging 4MGD
 Facility #2: A major municipal facility discharging 4MGD
 Facility #3: A minor industrial facility discharging 40,000 gallons per day
 Facility #4: An industrial site covered by a stormwater general permit
 Facility #5: A confined animal feeding operation with 200 cows.

**ATTACHMENT A -- COST ALLOCATION METHODOLOGY
VIRGINIA DEPARTMENT OF ENVIRONMENTAL QUALITY
PERMIT FEE ANALYSIS**

The permit fee analysis identifies the costs associated with air, water, and waste permitting at the Department of Environmental Quality (DEQ). The composition of these costs is comprised of direct and indirect costs. The methodology used to identify permit costs was originally established in 1995 by the cost accounting firm, David M. Griffith & Associates, Ltd. The current methodology is outlined below.

Methodology

The first step in the process of identifying the cost of the permit programs at DEQ was to identify the direct costs. The Service Area structure now incorporated in the strategic planning and budgeting process of the Commonwealth of Virginia has been used to identify the direct and indirect costs for the permitting programs. Direct costs have been determined to be those associated with permitting, enforcement, and compliance.

The Land Protection Permitting (50925) and Land Protection Compliance and Enforcement (50926) service areas contain the direct costs for the Solid and Hazardous Waste permit programs. However, remediation program costs that are identified as Land Protection Compliance and Enforcement (50926) service area costs have been excluded from the direct costs of the permit programs.

The Water Protection Permitting (51225) and Water Protection Compliance and Enforcement (51226) service areas contain the direct costs for all water permit programs. However, costs associated with the Virginia Petroleum Storage Tank Fund program that have been identified as Water Protection Compliance and Enforcement (51226) service area costs have been excluded from the direct costs of the permit programs. In addition, beginning in Fiscal Year 2008 DEQ assumed responsibility of the Bio solids program. This program is fully funded by a dedicated special revenue fund. Costs associated with Bio solids program have been excluded from this permit fees analysis.

The Air Protection Permitting (51325) and Air Protection Compliance and Enforcement (51326) service areas contain the direct costs for all air permit programs. However, the costs for the mobile source inspection and maintenance program identified in the Air Protection Compliance and Enforcement (51326) service area costs have been excluded from the direct costs of the permit programs.

The next step was identifying the cost of overhead operations. These operational costs are not part of the permit maintenance function, but do provide indirect programmatic support. The Land Protection Outreach (50927) and Land Protection Planning & Policy (50928) service areas contain the indirect programmatic support costs for the Solid and Hazardous Waste permit programs. The Water Protection Outreach (51227), Water Protection Planning & Policy (51228), and Water Protection Monitoring and Assessment (51229) service areas contain the indirect programmatic support costs for the water permit programs. The Air Protection Outreach (51327), Air Protection Planning & Policy (51328), and Air Protection Monitoring and Assessment (51329) service areas contain the indirect programmatic support costs for the air permit programs.

Departmental overhead includes General Management and Direction and Information Technology Services. These costs are classified as agency administrative indirect costs and are allocated to service areas based on the most appropriate allocation basis.

General Management and Direction costs are based on number of employees in each service area excluding the compliance and enforcement staff who work in non-permit program related activities (e.g. remediation). General Management and Direction costs have been differentiated between central office costs (distributed based of number of employees in the agency), and regional office costs (distributed based of number of employees in the regions).

Information Technology costs are distributed based of number of employees unless they are directly assigned to land, water, or air protection programs. Information Technology costs have been differentiated between DEQ support costs and VITA charges for support.

Departmental overhead also includes a usage charge for equipment based on the inventory of equipment, including all equipment purchased and currently in use.

Statewide costs are the final level of overhead. This DEQ's share of state overhead from the Department of General Services, Accounts, Auditor, Budget and other central service departments. This cost when applicable is allocated based on the number of employees in each service area.

FY 2009 Permit Fee Analysis -- Summary of Allocation Basis
 Commonwealth of Virginia
 Department of Environmental Quality
 FY 2009 Permit Fee Analysis
 Summary of Allocation Basis

Component	Basis of Allocation
Statewide Indirect	Number of Employees
Equipment Use Allowance	Cost of Equipment, Depreciation Factor, Direct assigned and Number of Employees
Information Technology Services DEQ Administrative Direct DEQ Administrative Indirect VITA Support	Direct assigned Number of Employees Number of Employees
General Management and Direction Central Office Regional	Number of Employees Number of Employees