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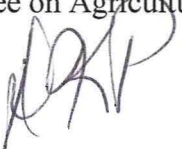
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To: The Honorable Robert F. McDonnell

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 3, 2012

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, Policy Director at (804) 698-4268.

PERMIT FEE PROGRAM EVALUATION

***A Report to the Honorable Robert F. McDonnell, Governor
and the House Committees on Appropriations, Agriculture, Chesapeake and
Natural Resources, and Finance and the Senate Committees on Agriculture,
Conservation and Natural Resources and Finance***

Virginia Department of Environmental Quality

January 2012

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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, Agriculture, Chesapeake 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.”

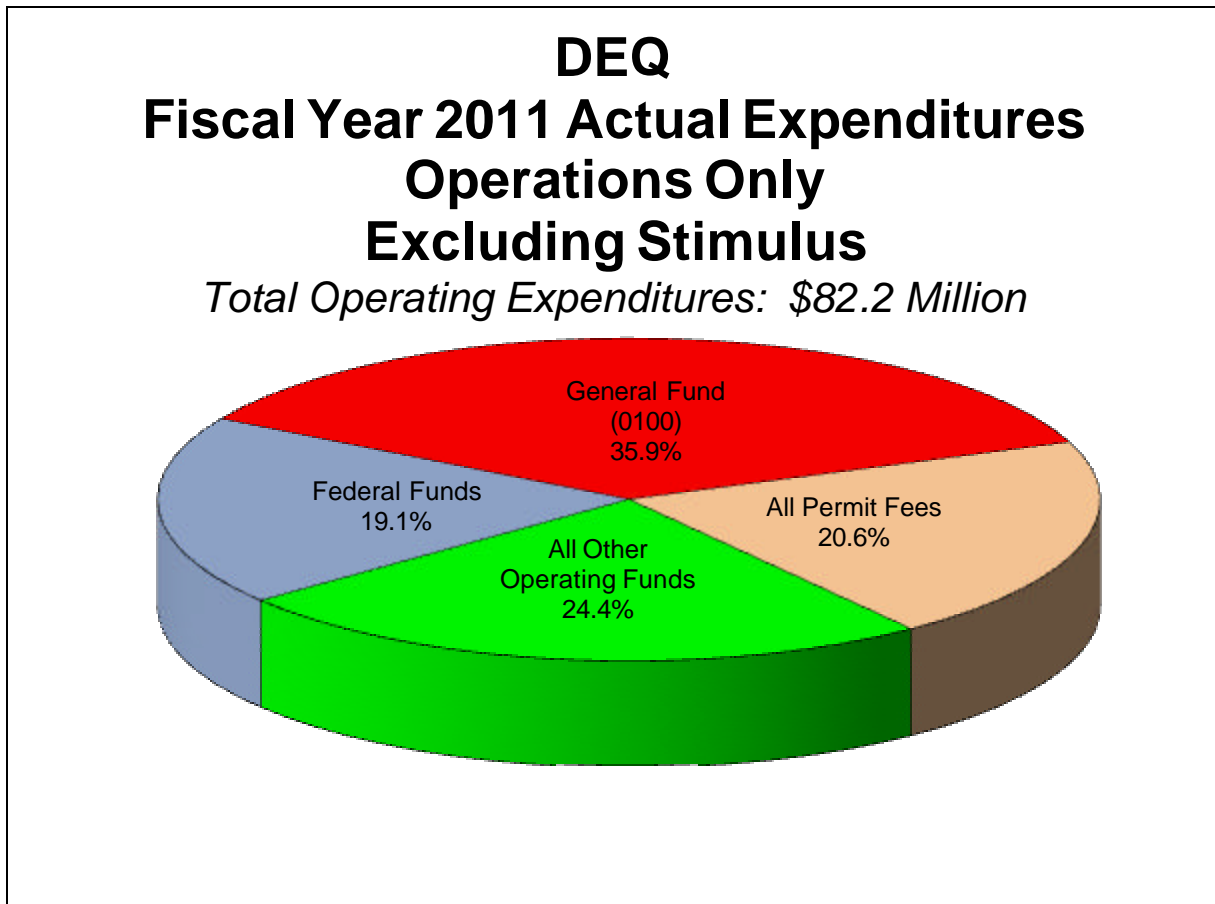
In addition to the general requirements identified above, Section 62.1-44.15:6 specifies that for the water permit program, the report must include the following: (1) the total costs, both direct and indirect, including the costs of overhead, water quality planning, water quality assessment, operations 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.

This report focuses on activities related to the Department's permit fee programs in FY2011. Archived versions of previous year's reports are available from the following webpage:
<http://leg2.state.va.us/dls/h&sdocs.nsf/Published%20by%20Year?OpenForm>

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 Programs for Fiscal Year (FY) 2011. DEQ's permit programs are funded through a variety of mechanisms. The following table illustrates the funding source for operating expenses during FY2011.



The following is a summary of permit program activities at DEQ for FY2011.

- **Permit Fee Revenues:** In FY 2011, a total of \$14,939,957 was collected by DEQ for all water, air and waste permit programs, including Virginia Pollution Abatement (VPA) permits for projects related to application of biosolids.
- **General Fund Allocations:** In FY 2011, a total of \$16,604,265 in General Funds was allocated for the water, air, and waste permit programs.
- **Staffing:** In FY 2011 DEQ employed a total of 141 Virginia Pollutant Discharge Elimination System (VPDES), VPA, and groundwater water permit program staff, 30 Virginia Water Protection (VWP) permit program staff, 18 biosolids permit program staff, 112 air permit program staff, 24

hazardous waste and 47 solid waste permit program staff; this includes permitting, inspection and enforcement staff for all of the permit programs listed above.

- Program Costs: In FY 2011, DEQ expended \$ 2,374,974 in direct VWP water permit program costs, \$ 10,592,399 in direct VPDES, VPA and groundwater water permit programs \$ 9,483,746 in direct air permit program costs, \$ 2,152,290 in direct hazardous waste permit program costs and \$ 3,940,520 in direct solid waste permit program costs. Total direct costs for these permit programs in FY 2011 were \$ 28,543,928.
- VPDES, VPA, and Groundwater Permit Program Funding: In FY 2011, permit fee revenues covered 36.3% of water permit program direct costs, which includes the direct costs to issue and enforce permits. Permit fee revenues covered 24.3% 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 2011, permit fee revenues covered 19.3% of VWP permit program direct costs, which includes the direct costs to issue and enforce permits. Permit fee revenues covered 12.9% 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).
- Biosolids Program Funding: Funds deposited into the Sludge Management Fund are used to pay expenses related to the oversight of the Biosolids program. Permit application fees, land applicator training fees and land application fees collections are all fees deposited into the Sludge Management Fund. In FY2011, Sludge Management Fund revenues covered all of the direct costs associated with the Biosolids program. Funds deposited into the Sludge Management Fund are only used for DEQ's direct and indirect costs associated with the processing of an application to issue, reissue, amend, or modify any permit to land apply, distribute, or market sewage sludge (or biosolids), the administration and management of DEQ's biosolids land application program, including but not limited to, monitoring and inspecting, the Department of Conservation and Recreation's costs for implementation of the biosolids application program, and to reimburse localities with duly adopted ordinances providing for the testing and monitoring of the land application of biosolids.
- Hazardous Waste Permit Program Funding: The Waste Management Board adopted regulations pursuant to § 10.1-1402 of the Code of Virginia to ensure that general funds would not be required to cover the direct costs related to the issuance of all permits for the hazardous waste management program. In FY 2011, permit fee revenue covered 26.2% of hazardous waste permit program direct costs. Permit fee revenue covered 22.6% of total program costs (this includes indirect and overhead costs). The remaining program costs were funded by federal funds.
- Solid Waste Permit Program Funding: In June 2010, the Waste Management Board adopted regulations pursuant to Item 354 of Chapter 874 (2010 Acts of Assembly) (2010-2012 Biennium Budget) to ensure that the total fees collected are sufficient to cover not more than 60 % of the direct costs of (i) processing an application to issue, reissue, amend or modify permits, and (ii) performing inspections and enforcement actions necessary to assure the compliance with permits issued for any sanitary landfill and other facility for the disposal, treatment or storage of nonhazardous solid waste. In FY 2011, permit fee revenue covered 60% of solid waste permit program direct costs.

- Air Permit Program Funding: In FY 2011, permit fees covered all of the permit program costs as defined by federal rules. Permit fee revenues covered 71.1% of the total air permit program costs (this includes air quality monitoring and planning activities that support permit issuance and compliance as well as indirect and overhead costs for both the Title V and non-Title V air programs).

The following table, *Permit Fee Analysis Summary*, provides more detailed information on DEQ's use of permit fees, general funds, and federal funds for FY 2011.¹

TABLE 1.1 – 1 PERMIT FEE ANALYSIS SUMMARY

BASED ON ACTUAL COSTS AND REVENUES - FY 2011

	VWP, VPDES, GWP WATER PERMITS	TITLE V AIR PERMITS	NON TITLE V AIR PERMITS	HAZARDOUS WASTE PERMITS	SOLID WASTE PERMITS
<u>PROGRAM/PERMIT COSTS</u>					
Direct Costs	12,967,372	7,587,225	1,896,521	2,152,290	3,940,520
Indirect Costs	6,400,655	2,286,042	611,695	350,393	
Total Costs	\$19,368,027	\$9,873,266	\$2,508,217	\$2,502,683	\$3,940,520
<u>PERMIT & FEDERAL REVENUES</u>					
Permit Fee Collections	4,298,080	7,634,383	10,900	564,656	2,363,937
Interest, Penalties and Prior Year Refunds	8,830	15	0	3,129	919
Federal Collections	1,369,087		1,160,746	2,062,556	0
TOTAL REVENUES	\$5,675,997	\$7,634,398	\$1,171,646	\$2,630,341	\$2,364,856
Percent Permit Fee Revenue / Direct Cost	33.1%	100.6%	0.6%	26.2%	60.0%
Percent Revenue / Direct Cost	43.8%	100.6%	61.8%	122.2%	60.0%
Percent Revenue / Total Cost	29.3%	77.3%	46.7%	105.1%	60.0%
General Fund/Fund Balance Contribution	\$13,692,030	\$2,238,868	\$1,336,571	(\$127,659)	\$1,575,664

¹ See Attachment A: Cost Allocation Methodology

1.2 Program Efficiencies

DEQ's management team works to identify and implement best practices that will allow the agency to more effectively use the funds appropriated to accomplish its mission. DEQ has implemented a strategic planning process that outlines a number of initiatives that evaluate the cost-benefit of services and products it provides and the means by which they are provided. These resource management initiatives have focused on regulatory mandates, environmental outcomes, and enhancements to the efficiency of service delivery. Significant budget reductions, growing vacancy rates, and increasing workloads necessitate an even greater review of agency efficiency and the need for prioritization of DEQ's services. DEQ's Leadership Team, through its strategic planning process, prioritizes those programs and products that are most critical to the agency's mission. This prioritization activity is a continuous process that meets ever changing demands and resources and is an effective means to allocate staff resources with appropriate risk management and benefit.

One way DEQ has prioritized use of resources is through the implementation of a risk based inspection strategy into the waste, water and air programs, where appropriate. This is being conducted as a three year pilot study of a Risk Based Inspection Strategy in conjunction with the U.S. Environmental Protection Agency (EPA). Implementation of this strategy has allowed DEQ to focus inspection resources on activities that pose the greatest potential threat to the environment and on sectors where non-compliance with regulatory requirements tends to occur. This risk based inspection strategy currently is limited by EPA's requirement that DEQ continue to meet all federal mandates for existing inspection frequencies and facility types during the period of the pilot study. This forces DEQ to use only those resources available after satisfying federal mandates to conduct risk based inspections. The long-term objective of the pilot study is to alleviate EPA concerns to allow for a complete transition to a risk based inspection approach.

Another way DEQ uses resources efficiently is through the use of technology. After a comprehensive return on investment analysis, DEQ implemented Enterprise Content Management (ECM) in 2009 for the agency's core permitting, compliance and enforcement programs. ECM is a means by which information can be stored electronically, either by scanning hard copies of paper documents or by managing documents created electronically. Since the implementation of this system, it has proven to provide an effective and efficient means of storing, accessing and managing documents. The realized benefits have been quick, reliable, electronic access to DEQ's documents by our staff. Once documents are in electronic format, these documents are accessible throughout the agency, promoting telecommuting, reducing file storage space, and eliminating the need for copies. It also provides an efficient mechanism to share documents between geographically dispersed regional offices and the central office. This system provides efficiencies through knowledge sharing, promoting consistency within the agency, and eliminating document transmission time, effort, and cost between offices. Additional efficiencies have been realized by significantly decreasing the amount of staff time and effort required to fulfill Freedom of Information Act (FOIA) requests for documents. ECM allows DEQ staff to more quickly compile the requested documents and email electronic copies of the documents from within the system compared to compiling, copying, and physically mailing documents. This is beneficial to both the agency and the customer.

Development of technology to allow for the use of online reporting has also assisted DEQ with improving efficiency. DEQ has implemented online reporting for submission of water monitoring data (EDMR) as well as online reporting of Solid Waste Information and Assessment tables. By allowing facilities to report this information electronically, it has benefits to both the regulated community and the agency. The possibility of data entry errors occurring when agency staff re-enter submitted information are eliminated and resources are

able to be devoted to technical issues instead of administrative tasks. The regulated community receives electronic confirmation that information has been received and also benefits from reduced administrative costs associated with submitting information in paper form.

The agency continues to identify ways to use resources efficiently and implement changes to business practices to become more efficient while carrying out the agency’s mission to protect human health and the environment.

1.3 Permit Program Staffing

The following chart contains information on the program staffing levels and funding for permit program positions for FY 2011. In some instances, staff members are involved with and funded through multiple permit programs.

**Table 1.3 – 1 DEQ Permit Fee Analysis Summary – Permit Program Staffing
Based on Actual FY 2011 Costs and Revenues²**

Program Title	General Fund	Fee Fund	Federal Fund	Total Staffing
Water				
<i>VPDES/VPA/Groundwater</i>	77.4	41.3	22.2	140.8
<i>VWP</i>	16.6	8.8	4.7	30.1
<i>Biosolids</i>	0	17.9	0	17.9
Air	15.2	85	11.3	111.5
Waste				
<i>Hazardous Waste</i>	0	6.4	17.7	24.1
<i>Solid Waste</i>	17.7	29.1	0	46.8
MEDIA TOTALS	126.9	188.5	55.9	371.2

² Numbers based on Actual employees as of June 30, 2011.

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 VPDES individual permit was essentially the same for both the 2009 and 2011 periods. The average length of time needed to process a VPA individual permit for the 2011 period decreased from the 2009 level. For this report, both the individual permit and general permit processing times are shown for both the VPDES and VPA permits.
- In FY 2011, DEQ issued a total of 151 VPDES and 41 VPA individual water permits and coverage for 266 VPDES and 67 VPA general permits. In FY 2009, DEQ issued a total of 255 individual water permits and coverage for 497 general permits.
- On January 1, 2008 the DEQ assumed regulatory oversight of all land application of treated sewage sludge, commonly referred to as biosolids. This action, which moved oversight of the Biosolids Use Regulations from the Virginia Department of Health to DEQ, was at the direction of the 2007 General Assembly, which voted to consolidate the regulatory programs so that all persons land applying biosolids would be subject to uniform requirements, and to take advantage of the existing compliance and enforcement structure at DEQ. DEQ has established an Office of Land Application Programs within the Water Division to manage the biosolids program, as well as land application of industrial sludges, septage, livestock and poultry waste, and water reclamation and reuse. The Virginia Department of Health continues to consult with DEQ and advise the public on health issues related to biosolids applications. Information on the Biosolids program is being mentioned in this report since some VPA permits are issued for biosolid projects and permit fees are collected. In FY2011, \$68,000 in permit fees were collected for biosolids-related VPA permits. These permit fees were deposited into the Sludge Management Fund. Funds deposited into the Sludge Management Fund are only used for DEQ's direct and indirect costs associated with the processing of an application to issue, reissue, amend, or modify any permit to land apply, distribute, or market biosolids, the administration and management of DEQ's biosolids land application program, including but not limited to, monitoring and inspecting, the Department of Conservation and Recreation's costs for implementation of the biosolids application program, and to reimburse localities with duly adopted ordinances providing for the testing and monitoring of the land application of biosolids. In addition to permit fees, fees are assessed on tons of biosolids land applied and for training of land applicators of biosolids. All of these fees are deposited into the Sludge Management Fund and in FY2011 this fund covered expenses related to all direct costs of the Biosolids program.

Table 2.1 – 1 Water Permitting Processing Times (FY 2005 – FY 2011)³

	VPDES	VPA	VWP
2005	186	116	78 / 89 / 16 ⁴
2007	194	218	537/130/41 ⁵
2009	155	167	295/922/79 ⁶
2011	156/107 ⁷	113/75 ⁸	237/210/82 ⁹

**Table 2.1 – 2 Water Permits Processed FY 2011
Comparison of FY 2011 and FY 2009 Data**

	VPDES (IP/GP)		VPA (IP/GP)		VWP	
	2011	2009	2011	2009	2011 (IP/GP)	2009 ¹⁰ (IP/GP)
Applications Received	194/264	230/1324	49/74	27/14	75/307	116/313
Applications Deemed Complete	199/241	222/661	49/75	22/6	34/224	82/251
Permits Issued	151/1	255/2	41/1	13/0	29/206	48/253
Permits Appealed	0/0	0/0	0/0	0/0	0/0	0/0
# Expired Permits	67/0	17/0	17/0	0/0	60/429	61/546

Abbreviations utilized in table above: IP- individual permit, GP- general permit

³ Permit Processing Times presented in “Days.”

⁴ 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.

⁵ 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 permitting time included a period during which the applicant had withdrawn 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.

⁶ 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.

⁷ Processing time for VPDES and VPA individual permits and general permits (IP/GP).

⁸ Processing time for VPDES and VPA individual permits and general permits (IP/GP).

⁹ Processing times were calculated for all permits or permit authorizations issued or reissued in FY11. 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.

¹⁰ 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.

Additional information about data tables 2.1-1 and 2.1-2

- 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 CEDS. However, some of these previously-entered actions remain in CEDS, and some additional actions were entered during the implementation period after the policy decision was made. Therefore, the data reported in Table 2.1-1 on activities occurring prior to 2009, may include NPR case decisions. . Previously, projects not requiring a permit were tracked in a manner similar to those projects requiring and receiving permits.
- In FY 2009, a change was made to Table 2.1-1 to include 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.
- In FY 2009, a change was made to Table 2.1.1-2 to include the total amount of VWP applications received during FY 2009, regardless of the type of permit action. Permit actions that resulted in No Permit Required, Notice of Planned Change, or Continuation of Coverage actions, however, do not require permit application fees. The Applications Deemed Complete row in this table also reflects the number of VWP applications deemed complete in FY 2011 or FY 2009 regardless of the type of permit action. This change has been noted in Table 2.1-2.

2.2 Air Permitting

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

- In FY 2011, DEQ met its processing time goals for processing major and minor source permits requiring hearings 100% of the time. The processing time goal for permits with Administrative Amendments was met 94% of the time. DEQ met its processing time goal for processing minor source permits not requiring hearings 98% of the time. DEQ met its processing time goals for processing state operating permits 92% of the time.
- In FY 2011, DEQ issued a total of 890 air permits. The total number of permits issued in FY 2009 was 944.

Table 2.2 – 1 Air Permitting Processing Times (FY 2005 – FY 2011)

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
2005	71	34	18	212	1215	--
2007	85	37	47	NA	2165	186
2009	121	38	40	185	786	252
2011	51	29	28	60	266	291

Table 2.2 - 2 Air Permits Processed FY 2011

AIR PERMITS PROCESSED FY 2011												
	PSD & Non attainment	Major	Minor w/Hearing	Minor – No Hearing	Admin. Amendment	Exemptions	Title V	Title V Renewals	State Operating	Acid Rain	General	Total
Draft Permits in Process (07/01/2010)	3	2	0	101	5	35	74	79	44	8	1	352
Apps. Received ¹¹	6	3	0	451	58	327	20	46	77	2	28	1018
Apps. Withdrawn	1	0	0	36	7	8	3	0	4	0	1	60
Apps. Denied	0	0	0	0	0	0	0	0	0	0	0	0
Permits Issued	7	1	0	371	47	321	15	28	75	2	23	890
Draft Permits in Process (06/30/2011)	1	3	0	116	5	36	79	96	38	8	4	386

¹¹ 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 2011 is presented in this section. A comparison with permitting programs for previous fiscal years also is presented in the tables that follow.

- In FY 2011, DEQ issued a total of 86 solid waste permits and 61 hazardous waste permits, compared to a total of 54 solid waste permits and 72 hazardous waste permits in FY 2009.

Table 2.3 – 1 Solid Waste Permitting Processing Times (FY 2005 – FY 2011)

	Part A	Part B	Permits-by-Rule
2005	75 days	135 days	8 days
2007	44 days	137 days	11 days
2009	85 days	91 days	16 days
2011	68 days	85 days	19 days ¹²

Table 2.3 – 2 Hazardous Waste Permitting Processing Times (FY 2005 – FY 2011)

	Storage and Treatment	Transporter	Emergency	Post-Closure
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
2011	70 days	2 days	5 days	245 days

¹² Two PBRs that took more than 30 days to process were excluded from this average. If included, the average processing time would be 28 days. The delays in processing these two PBRs were caused by delays on the part of the facilities in providing information requested by the department.

Table 2.3 – 4 Solid Waste Permits Processed FY 2011

Permits Processed	Permit Amendments	Part A Applications	Part B ¹³ Applications	Emergency Permits	Permit-by-Rule	Total
Applications Pending on July 1, 2010	41	1	2	2	2	48
Applications Received	55	4	0	2	9	70
Applications Deemed Complete	4	3	2	2	9	20
Permits Denied	0	0	0	0	0	0
Permits Withdrawn	0	0	0	0	0	0
Permits Issued	66	3	2	4	11	86
Applications Pending on June 30, 2011	30	2	0	0	1	33

Table 2.3 – 5 Hazardous Waste Permits Processed FY 2011

Permits Processed	Permit Amendments	Part B Applications	Emergency	Transporter	Total
Applications Pending on July 1, 2010	7	4	0	3	14
Applications Received	16	1	7	39	63
Applications Deemed Complete	18	3	7	33	61
Permits Denied	0	0	0	0	0
Permits Withdrawn	0	0	0	1	1
Permits Issued	18	3	7	33	61
Applications Pending on June 30, 2011	5	2	0	8	15

¹³ 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 Facility#1	10 year fees for Facility #2	10 year fees for Facility #3	10 year fees for Facility #4	10 year fees for Facility #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	33%	\$78,760	\$71,380	\$33,470	\$1,000	\$0
DE	No	\$40 - 9000		35%	\$90,000	\$0	\$22,500	\$1,500	\$0
KY	\$2,200- 7,000 (industrials) \$2,200 – 3,7000 (municipals)	No		48%	\$14,000	\$7,400	\$9,000	\$0	\$0
MD	\$0 - 20,000	\$0 - 5,000	Formula derived- amounts listed may be increased if additional evaluations of a permit application are required	?	\$70,000+	\$0	\$11,500+	\$1,100	\$1,200
NJ	No	Yes	Formula derived- annual fees are revised annually to cover program costs	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	\$100- 50,000	Yes		40%	\$70,000	\$30,000	\$21,000	\$10,500	\$3000
SC	No	\$75 - 2,600+	Formula derived	?	\$26,660	\$26,660	\$5,300	\$750	\$3,000
TN	\$250-1,500	\$500 - 7,500		40%	\$96,500	\$98,900	\$74,000	\$0-970 (based on acreage)	\$3,500
WVA	\$50-15,000	\$50-5,000	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**

This permit fee report identifies the direct costs for DEQ's permitting, compliance and enforcement programs that include water, biosolids, Air Title V, Air non Title V, and hazardous waste and solid waste. In addition, indirect costs are reported for water, Title V air, non-Title V air and hazardous waste programs. Indirect costs are chargeable to non general fund sources as allowable by federal regulation or state law .

The service area structure now incorporated in the 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 activities for most programs. Indirect costs are apportioned based on an annual rate established by applying allowable costs to direct program salary and wage personnel costs in accordance with the requirements of 2 CFR Part 225 (OMB Circular A-87).

The Land Protection program consists of the solid and hazardous waste permit programs. In the solid waste program, Land Protection Permitting (50925) and Land Protection Compliance and Enforcement (50926) service areas contain the direct costs. The hazardous waste program is fully funded by federal funds and permit fee collections. Direct costs contained in Land Protection Permitting (50925), Land Protection Compliance and Enforcement (50926), and Land Protection Outreach (50927), as well as indirect costs based on an annual established rate are included in the report.

The Water Protection Permitting (51225) and Water Protection Compliance and Enforcement (51226) service areas contain the direct costs for all water permit programs. Indirect costs for the water programs are not paid from permit fees. Indirect costs are shown for information purposes only in this analysis.

Beginning in Fiscal Year 2008, DEQ assumed responsibility of the biosolids program. The costs associated with this program are analyzed separately from other water programs in this permit fee analysis. The program is fully funded by a dedicated special revenue fund. Water Protection Permitting (51225), Water Protection Compliance and Enforcement (51226), and Water Protection Outreach (51227) service areas contain the direct costs for the biosolids program.

The Air Protection program is comprised of Title V and non Title V air programs. Air Protection Permitting (51325) and Air Protection Compliance and Enforcement (51326) service areas contain the direct costs for air non Title V permit programs. The costs for 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 Title V air program is intended to be fully funded by a special revenue fund. Direct costs of the Air Protection Permitting (51325), Air Protection Compliance and Enforcement (51326), Air Protection Outreach (51327), Air Protection Planning and Policy (51328), and Air Protection Monitoring and Assessment (51329) service areas are included in this analysis. In addition, a full cost method of apportioning indirect costs is used for Title V. This rate is expressed as the ratio of total allowable indirect costs to total direct salary and wage costs.