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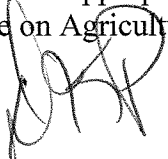
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To: The Honorable Robert F. McDonnell  
  
House Committee on Appropriations  
House Committee on Finance  
House Committee on Agriculture, Chesapeake and Natural Resources  
Senate Committee on Appropriations  
Senate Committee on Agriculture, Conservation and Natural Resources

From: David K. Paylor 

Date: January 2, 2014

Subject: Permit Fee Program Evaluation

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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 <http://www.deq.virginia.gov/LawsRegulations/ReportstotheGeneralAssembly.aspx>. If you have any questions concerning this report or if you would like a hard copy of this report, please contact Angie 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 2014**

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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.”

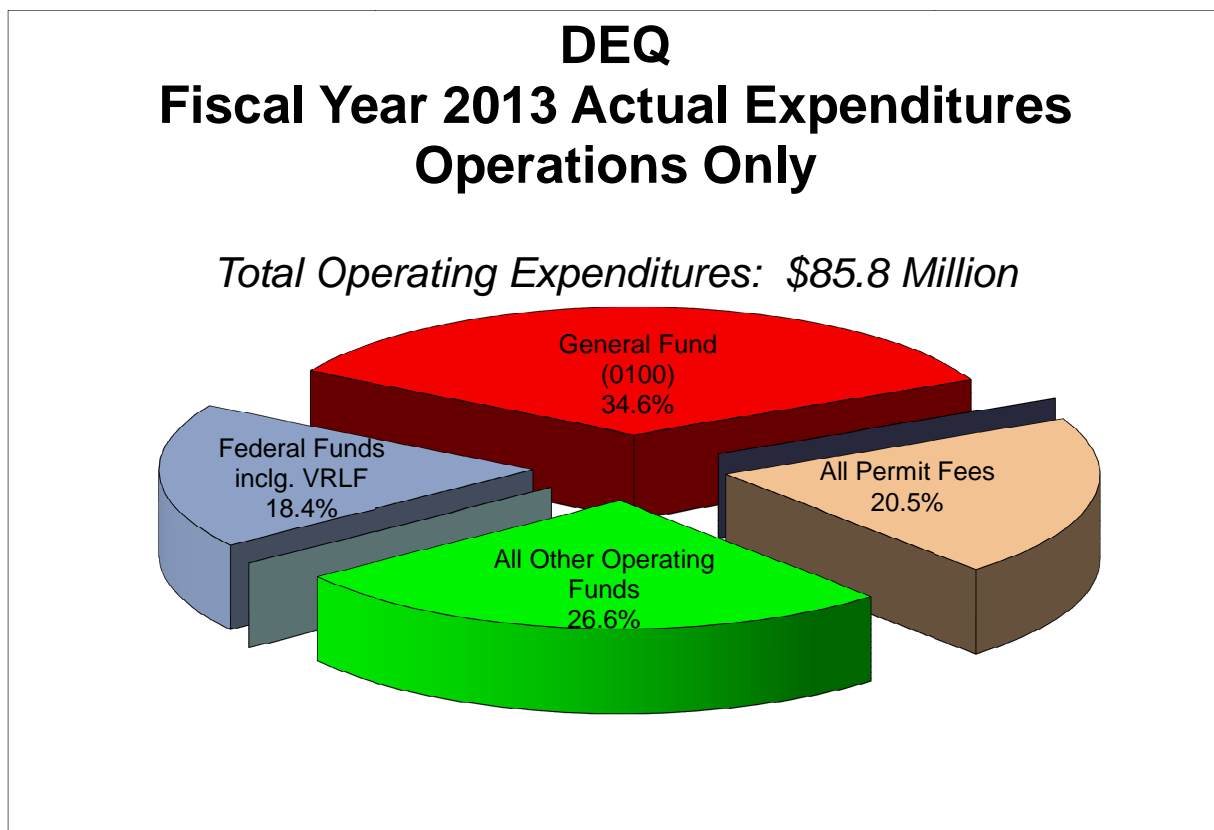
In addition to the requirements identified above, Section 62.1-44.15:6 specifies that for the water permit program, the report must include the following: (1) the total costs, both direct and indirect, including the costs of overhead, water quality planning, water quality assessment, operations coordination, 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 FY2013. 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) 2013. DEQ's permit programs are funded through a variety of mechanisms. The following table illustrates the funding source for operating expenses during FY2013.



The following is a summary of permit program activities at DEQ for FY2013.

- **Permit Fee Revenues:** In FY 2013, a total of \$18,589,883 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. This total does not include \$1.7 million in biosolids' land application fees.
- **General Fund Allocations:** In FY 2013, a total of \$10,729,048 in General Funds was allocated for the water, air, and waste permit programs.
- **Staffing:** In FY 2013, DEQ employed a total of 123 Virginia Pollutant Discharge Elimination System (VPDES), VPA, and groundwater water permit program staff, 29 Virginia Water Protection

(VWP) permit program staff, 18 biosolids permit program staff, 110 air permit program staff, 24 hazardous waste and 49 solid waste permit program staff; this includes permitting, inspection and enforcement staff for all of the permit programs listed above.

- Water and Land Program Costs: In FY 2013, DEQ expended \$2,344,034 in direct VWP water permit program costs, \$10,878,855 in direct VPDES, VPA and groundwater water permit programs, \$2,224,867 in direct and indirect hazardous waste permit program costs, \$4,253,595 in direct solid waste permit program costs and \$1,571,488 in biosolids program costs. Total program costs for these water and land protection permit programs in FY 2013 were \$21,272,838.
- Air Program Costs: Title V total program costs, including direct and indirect costs, were \$10,510,880 in FY 2013. Non-Title V air program direct costs were \$1,916,787 in FY 2013.
- Permit Program Costs: The total cost of all air, water and land permit programs in FY 2013 was \$33,700,505.
- VPDES, VPA, and Groundwater Permit Program Funding: In FY 2013, permit fee revenues covered 35.2% of water permit program direct costs, which includes the direct costs to issue and enforce permits.
- VWP Permit Program Funding: In FY 2013, permit fee revenues covered 18.7% of VWP permit program direct costs, which includes the direct costs to issue and enforce permits.
- 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 and maintenance fees and land application fee collections are all deposited into the Sludge Management Fund. In FY2013, Sludge Management Fund revenues (including biosolids' land application fees) covered 100% of the direct costs associated with the Biosolids program.
- 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 2013, permit fee revenue covered 29.5% of hazardous waste permit program direct costs. The remaining costs are covered by federal funds.
- Solid Waste Permit Program Funding: In FY 2013, permit fee revenue covered 58.6% of solid waste permit program direct costs.
- Air Permit Program Funding: In FY 2013, Title V permit fees covered 100% of the direct program costs as defined by federal rules. Title V permit fee revenues also covered all of the Title V total costs (this includes air quality monitoring and planning activities that support permit issuance and compliance as well as indirect and overhead costs). Non-Title V air permitting and compliance costs are partially funded through federal collections, and these collections covered 38.2% of the non-Title V air permitting programs' direct costs.

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 2013.<sup>1</sup>

**TABLE 1.1 – 1 PERMIT FEE ANALYSIS SUMMARY**  
**BASED ON ACTUAL COSTS AND REVENUES- FY 2013**

	VWP, VPDES, GWP WATER PERMITS	TITLE V AIR PERMITS	NON TITLE V AIR PERMITS	HAZARDOUS WASTE PERMITS	SOLID WASTE PERMITS	BIOSOLIDS
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**PROGRAM/PERMIT COSTS**

Direct Costs	13,222,889	7,822,873	1,916,787	1,920,524	4,253,595	1,489,023
Indirect Costs		2,688,007		304,343		
Pass Through and Other Costs						82,465
<b>Total Costs</b>	<b>\$13,222,889</b>	<b>\$10,510,880</b>	<b>\$1,916,787</b>	<b>\$2,224,867</b>	<b>\$4,253,595</b>	<b>\$1,571,488</b>

**PERMIT & FEDERAL  
REVENUES**

Permit Fee Collections	4,268,039	11,213,404	0	566,260	2,491,280	50,900
Sewage Sludge Land Application Fee Collections	0	0	0	0	0	1,726,072
Interest, Penalties and Prior Year Refunds	3,295	169	0	916	2,004	0
Federal Collections	1,167,747	0	731,858	1,737,059	0	0
<b>TOTAL REVENUES</b>	<b>\$5,439,080</b>	<b>\$11,213,573</b>	<b>\$731,858</b>	<b>\$2,304,235</b>	<b>\$2,493,284</b>	<b>\$1,776,972</b>

<b>Percent Permit Fee Revenue / Direct Cost<sup>2</sup></b>	32.3%	143.3%	0.0%	29.5%	58.6%	3.4%
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<b>Percent Revenue / Direct Cost<sup>3</sup></b>	41.1%	143.3%	38.2%	120.0%	58.6%	119.3%
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<b>Percent Revenue / Total Cost<sup>4</sup></b>	41.1%	106.7%	38.2%	103.6%	58.6%	113.1%
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<b>General Fund/Fund Balance Contribution</b>	<b>\$7,783,808</b>	<b>(\$702,693)</b>	<b>\$1,184,929</b>	<b>(\$79,368)</b>	<b>\$1,760,311</b>	<b>(\$205,484)</b>
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<sup>1</sup> See Attachment A: Cost Allocation Methodology

<sup>2</sup> As described in Attachment A, pursuant to Federal requirements, the total costs (direct and indirect) of the Title V program must be fully funded by permit fees. State law requires the hazardous waste program to be fully funded from non-general funds.

<sup>3</sup> As described in Attachment A, pursuant to Federal requirements, the total costs (direct and indirect) of the Title V program must be fully funded by permit fees. State law requires the hazardous waste program to be fully funded from non-general funds.

<sup>4</sup> As described in Attachment A, pursuant to Federal requirements, the total costs (direct and indirect) of the Title V program must be fully funded by permit fees. State law requires the hazardous waste program to be fully funded from non-general funds.



## 1.2 Program Efficiencies

DEQ works to achieve its vision of cleaner water, improved air quality and productive re-use of contaminated land through a culture of efficient and effective government and continuous improvement. With limited resources and increasing demands, DEQ continues to meet all of its core obligations through strategic planning and prioritization of services. This focus has enabled the agency to maintain a high level of service despite a high rate of staff vacancy. DEQ examines ways to improve services to customers while controlling costs in an environment of limited resources and increasing demands.

DEQ embraces the concept of continuous improvement, and one of the tools DEQ uses for program evaluations is Lean Six Sigma (a cost and waste elimination method that has been used successfully in public and private organizations). In addition, DEQ performs internal program reviews and audits that assess the efficiency and effectiveness of agency programs. These efforts identify potential operational changes that will improve the efficiency and effectiveness of agency operations and provide opportunities to reduce the costs of compliance.

DEQ continues to work with the U.S. Environmental Protection Agency (EPA) to incorporate more risk based inspection strategies into the waste, water and air programs, where appropriate. DEQ participated in a three year pilot study of a Risk Based Inspection Strategy in conjunction with 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. This forces DEQ to use only those resources available after satisfying federal mandates to conduct risk based inspections. At the conclusion of the pilot study, DEQ has continued to utilize a risk based inspection approach in many programs and continues to work with EPA to move toward more risk based inspections at facilities that use continuous monitoring systems.

DEQ is also committed to using technology to provide more efficient service and to reduce operational costs. DEQ's current technology-based initiatives include:

- Comprehensive Environmental Data System (CEDS): DEQ's system of record for environmental data. DEQ is converting the outdated legacy modules to an architecture that will enable integration among DEQ's enterprise applications and mobile/web deployments.
- Enterprise Content Management System (ECM): DEQ's repository for documents of record, implementing approved document retention. DEQ is upgrading the system to include single sign-on and enhanced ability to integrate seamlessly with the other enterprise applications.
- Geographic Information System (GIS): Geospatial information across DEQ used for modeling, analysis, and public information. DEQ is developing a GIS strategic plan to ensure future efforts in this area are focused, cost effective, and continue to provide staff with time and cost saving tools.
- Oracle E-Business Suite (eBiz): DEQ's transaction and reporting database for financials, human resources, purchasing, and project costing. DEQ continues to upgrade and enhance eBiz to meet technical support requirements and evolving business needs.

The dynamic nature of environmental regulation demands ever-changing environmental data for analysis and decision-making, requiring a sustained effort towards efficient capture, storage, protection, and exchange of this data. By integrating CEDS, ECM, GIS, and eBiz, DEQ is laying the foundation for

future initiatives that will benefit citizens, the regulated community and other government agencies. DEQ's plans for the future include:

- Web-based permit application process and reporting for the regulated community;
- Mobilization of inspectors, water quality assessors, and monitoring staff with tools for on-site data capture and global positioning;
- Sophisticated environmental data modeling and forecasting tools; and
- Efficient data retrieval using Business Intelligence technology and an enterprise data warehouse.

DEQ strategically addresses risks of an aging workforce, reduced staffing levels, and recruitment competition through knowledge sharing, recruitment and retention, and continuous improvement initiatives. DEQ has identified key agency roles and core skills, as well as knowledge and abilities (KSAs) for those roles in order to facilitate targeted recruitment for KSA gaps. DEQ faces workforce challenges related to workforce recruitment and retention due to an increasing number of employees who are eligible to retire; the loss of staff to the federal and local governments; and private industry firms that offer salary ranges much greater than DEQ can offer. Currently, 28% of DEQ's workforce will be eligible to retire without a reduced benefit in the next five years. DEQ has developed strategic objectives for workforce development that include a strong workforce development program described below.

- A competency-based career progression program (Career Path I & II) that develops staff technical competence and provides incentive for staff to stay with the agency by providing advancement and development opportunities within one's current job. DEQ's turnover rate is trending downwards from 5.6% in FY11 to 2.5% in FY13, while the State average is 10.2% in FY13. We believe that this program is contributing to DEQ's improved retention rate.
- A competency-based leadership development program (Career Path III) that identifies and develops high performing staff to ensure the agency has a pipeline of qualified leaders to meet future challenges. This program is helping to ensure DEQ has leadership bench strength to promote from within. DEQ's internal promotion rate is trending upwards from 6.1% in FY11 to 20% in FY13, while the State average is 12.6% in FY13.
- DEQ's leadership training program for middle management increases coaching frequency, facilitates knowledge transfer, and creates development opportunities. The program also holds managers accountable for displaying core leadership competencies through performance appraisals and requires 10 hours of leadership training every year.
- DEQ's focus on lean business processes and operational business improvement plans (BIPs) assists the agency with meeting staffing vacancy challenges by streamlining business processes, identifying inefficiencies, and reducing costs.
- DEQ is currently rolling out a new Job Partnering Program that allows employees to gain new skills and have opportunities for work diversification. The agency benefits by having more versatile staff to address resource constraints or other challenges. This program strives to develop motivated employees through cross-media and cross-program work assignments.

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 2013. 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 2013 Costs and Revenues<sup>5</sup>**

<b>Program Title</b>	<b>General Fund</b>	<b>Fee Fund</b>	<b>Federal Fund</b>	<b>Total Staffing</b>
<b>Water</b>				
<i>VPDES/VPA/Groundwater</i>	74.8	38.5	9.8	123.1
<i>VWP</i>	17.4	9.0	2.3	28.7
<i>Biosolids</i>	0.0	18.1	0.0	18.1
<b>Air</b>	15.8	83.1	10.6	109.5
<b>Waste</b>				
<i>Hazardous Waste</i>	0.0	6.3	17.3	23.6
<i>Solid Waste</i>	20.2	28.6	0.0	48.8
<b>MEDIA TOTALS</b>	<b>128.2</b>	<b>183.6</b>	<b>40.0</b>	<b>351.8</b>

<sup>5</sup> Numbers based on Actual employees as of June 30, 2013.

## 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 for the 2013 period increased from the 2011 period. This was due to the reissuance of 8 permits that had been expired more than 2 years, and 16 permits that had been expired between 1 and 2 years<sup>6</sup>. The average length of time needed to process a VPA individual permit for the 2013 period increased from the 2011 level. Again, this was due to the reissuance of 3 permits that had been expired more than 2 years, and 1 permit that had been expired between 1 and 2 years. Both the individual permit and general permit processing times are shown for both the VPDES and VPA permits. The average length of time needed to process a Virginia Water Protection (VWP) individual permit and to process a VWP General Permit authorization decreased since 2011.
- In FY 2013, DEQ issued a total of 215 VPDES and 41 VPA individual water permits, and coverage for 305 VPDES and 23 VPA general 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 2013, 28 VWP individual permits were issued, one VWP individual permit was reissued, and 97 VWP authorizations for coverage were issued for projects where impacts were more than 1/10 acre or 300 linear feet. All of these actions incurred fees. In addition to these actions, the following other permit actions that by statute did not incur fees were processed during FY 2013: 142 VWP 'reporting-only' general permit authorizations where impacts are less than 1/10 acre or 300 linear feet; 35 minor modifications to VWP individual permits; 46 changes to VWP general permit authorizations (includes both types of general permit authorizations); and two waivers for the need of a VWP individual permit from DEQ.
- On January 1, 2008 the DEQ assumed regulatory oversight of all land application of treated sewage sludge, commonly referred to as biosolids. The Biosolids Use Regulations were incorporated into the VPA and VPDES Permit Regulations. The action that moved oversight of the Biosolids Use Regulations from the Virginia Department of Health to DEQ, also established 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. Biosolids permit fees are collected and deposited to the Sludge Management Fund. In addition to permit fees, fees are assessed on tons of biosolids land applied and for training of land appliers of biosolids. All of these fees are deposited into the Sludge Management Fund and in FY2013 this fund covered expenses related to all direct costs of the Biosolids program.

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<sup>6</sup> Expired permits were administratively continued while the agency processed the application for the renewal of the permits.

**Table 2.1 – 1 Average Water Permitting Processing Times (FY 2007 – FY 2013)<sup>7</sup>**

	VPDES <sup>8</sup>	VPA <sup>9</sup>	VWP <sup>10</sup>
<b>2007</b>	194	218	537 <sup>11</sup> /130/41
<b>2009</b>	155	167	295/922 <sup>12</sup> /79
<b>2011</b>	156/107	113/75	237/210/82
<b>2013</b>	211/83	199/42	139/64/26

**Table 2.1 – 2 Water Permits Processed FY 2013  
Comparison of FY 2013 and FY 2011 Data**

	VPDES (IP/GP)		VPA (IP/GP)		VWP (IP/GP)	
	2013	2011	2013	2011	2013	2011 <sup>13</sup>
<b>Applications Received</b>	195/309	194/264	36/20	49/74	30/97	75/307
<b>Applications Deemed Complete</b>	190/325	199/241	42/23	49/75	32/98	34/224
<b>Permits Issued</b>	215/3	151/1	41/0	41/1	28/97	29/206
<b>Permits Appealed</b>	0/0	0/0	0/0	0/0	0/0	0/0
<b># Expired Permits</b>	53/0	67/0	19/0	17/0	19/23	60/429

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

<sup>7</sup> Permit Processing Times presented in “Days.” For VWP, the amount of days shown in 2007 through 2011 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. The amount of days shown in 2013 is the difference between the date the application was deemed complete and the date the permit or permit authorization was issued as final, less any periods when application processing was suspended.

<sup>8</sup> Processing time for VPDES individual permits and general permits in 2011 and 2013 are shown as (IP/GP).

<sup>9</sup> Processing time for VPA individual permits and general permits in 2011 and 2013 are shown as (IP/GP).

<sup>10</sup> VWP permit data is shown as Individual/General/General Reporting Only (those resulting in impacts less than 1/10 acre or 300 linear feet) for 2007 through 2009, but is shown as Individual Issuance/Individual Reissuance/General Authorization in 2011 and 2013. 2011 and 2013 general permit authorizations do not include Reporting Only actions (those resulting in impacts less than 1/10 acre or 300 linear feet), which do not incur fees.

<sup>11</sup> One individual permit required a longer period of time to reach the complete application stage due to the withdrawal and resubmittal of the original application.

<sup>12</sup> Three out of the four VWP individual permit re-issuances averaged took two or more years to complete.

<sup>13</sup> 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 table 2.1-1**

- A VWP permit program policy decision was made in 2008 that eliminated the need for tracking applications that resulted in no permit being issued. Therefore, the data reported in Table 2.1-1 on activities occurring prior to 2009, may include residual data.
- A VWP permit program policy decision was made in FY 2009 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 a request for a modification or planned change, a permit term extension or continuation of coverage, an application withdrawal, or a permit/authorization waiver were not calculated since no statutory or regulatory mandates apply to processing these types of case decisions.
- A VWP permit program policy decision was made in FY2013 to calculate processing days differently (as footnoted) to be consistent with other program reporting. Also, major modifications of VWP individual permits were added, as funds are generated from these actions.

## 2.2 Air Permitting

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

- In FY 2013, DEQ met its processing time goals for processing major and minor source permits requiring hearings 100% of the time. DEQ met its processing time goal for processing minor source permits not requiring hearings 95% of the time. The processing time goal for permits with Administrative Amendments was met 92% of the time. DEQ met its processing time goals for processing PSD permits 100% of the time.
- In FY 2013, DEQ issued a total of 571 air permits. The total number of permits issued in FY 2011 was 890. Effective July 1, 2012, revisions were made to the permit fee structure for the Air permitting program. Part of this change included a fee for permit determinations (application fees). As a result, fewer permit exemption determination requests were made and the number of exemptions processed decreased by approximately 200; however, the number of permits for construction and operation issued has remained consistent with the number of permits issued in previous years.

**Table 2.2 – 1 Air Permitting Processing Times (FY 2007 – FY 2013)**

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
2007	85	37	47	NA	2165	186
2009	121	38	40	185	786	252
2011	51	29	28	60	266	291
2013	85	35	23	122	229	217



**Table 2.2 - 2 Air Permits Processed FY 2013**

<b>AIR PERMITS PROCESSED FY 2013</b>												
	<b>PSD &amp; Non attainment</b>	<b>Major</b>	<b>Minor w/Hearing</b>	<b>Minor – No Hearing</b>	<b>Admin. Amendment</b>	<b>Exemptions</b>	<b>Title V</b>	<b>Title V Renewals</b>	<b>State Operating</b>	<b>Acid Rain</b>	<b>General</b>	<b>Total</b>
<b>Draft Permits in Process (07/01/2012)</b>	3	1	0	121	7	22	45	110	47	15	3	374
<b>Apps. Received <sup>14</sup></b>	9	3	0	335	28	85	16	31	52	2	26	587
<b>Apps. Withdrawn</b>	1	0	0	31	2	8	1	5	8	1	3	60
<b>Apps. Denied</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>Permits Issued</b>	10	3	1	307	26	98	15	33	52	3	23	571
<b>Draft Permits in Process (06/30/2013)</b>	2	2	0	113	6	17	46	110	38	14	1	349

<sup>14</sup> 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 2013 is presented in this section. A comparison with permitting programs for previous fiscal years also is presented in the tables that follow.

- In FY 2013, DEQ issued a total of 103 solid waste permits and 69 hazardous waste permits, compared to a total of 86 solid waste permits and 61 hazardous waste permits in FY 2011.

**Table 2.3 – 1 Solid Waste Permitting Processing Times (FY 2007 – FY 2013)**

	Part A	Part B <sup>15</sup>	Permits-by-Rule
2007	44 days	137 days	11 days
2009	85 days	91 days	16 days
2011	68 days	85 days	19 days <sup>16</sup>
2013	103 days <sup>17</sup>	100 days <sup>18</sup>	19 days

**Table 2.3 – 2 Hazardous Waste Permitting Processing Times (FY 2007 – FY 2013)**

	Storage and Treatment	Transporter	Emergency	Post-Closure
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
2013	134 days	2 days	5 days	NA

<sup>15</sup> Includes “new” Part B applications and multi-module, comprehensive permit amendments.

<sup>16</sup> 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.

<sup>17</sup> The increase in the average processing time was due to one Part A permit application requiring multiple revisions and limited staff resources.

<sup>18</sup> Two Part B amendments were excluded from this average. If included, the average processing time would be 141 days. The delays in processing the two Part B amendments were due to the complexity of a specific permit (a research and development permit), and collection of site specific information for inclusion of disposal area operated under a permit issued prior to 1988.

**Table 2.3 – 4 Solid Waste Permits Processed FY 2013**

<b>Permits Processed</b>	<b>Permit Amendments</b>	<b>Part A Applications</b>	<b>Part B Applications</b>	<b>Emergency Permits</b>	<b>Permit-by-Rule</b>	<b>Total</b>
<b>Applications Pending on July 1, 2012</b>	52	3	0	0	5	60
<b>Applications Received</b>	69	2	1	0	13	85
<b>Applications Deemed Complete</b>	60	0	1	0	8	69
<b>Permits Denied</b>	0	0	0	0	0	0
<b>Permits Withdrawn</b>	0	0	0	0	0	0
<b>Permits Issued</b>	87	2	0	0	14	103
<b>Applications Pending on June 30, 2013</b>	34	3	1	0	4	42

**Table 2.3 – 5 Hazardous Waste Permits Processed FY 2013**

<b>Permits Processed</b>	<b>Permit Amendments</b>	<b>Part B Applications</b>	<b>Emergency</b>	<b>Transporter</b>	<b>Total</b>
<b>Applications Pending on July 1, 2012</b>	4	4	0	1	9
<b>Applications Received</b>	18	6	3	35	62
<b>Applications Deemed Complete</b>	22	8	3	36	69
<b>Permits Denied</b>	0	0	0	0	0
<b>Permits Withdrawn</b>	0	0	0	0	0
<b>Permits Issued</b>	22	8	3	36	69
<b>Applications Pending on June 30, 2013</b>	0	2	0	0	2

### **3. WATER PERMIT PROGRAM-ADDITIONAL INFORMATION**

#### **3.1 Program Costs and Fees in Virginia and Other States**

The DEQ recently researched water permit costs and fees 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	\$750-24,000	\$75 - 6800	Application fees are assessed for new applications only, there is no renewal fee assessed for existing facilities, only annual fees are assessed. Annual fees adjusted annually for inflation.	35.2%	\$78,760	\$71,380	\$33,470	\$1,000	\$0
DE	No	\$40 - 9000		35%	\$90,000	\$0	\$22,500	\$1,500	\$0
KY	\$1,200- 7,000	No	Publically owned facilities exempted from fees	48%	\$14,000	\$0	\$9,000	\$0	\$0
MD	\$50 - 20,000	\$100 - 5,000	Formula derived- amounts listed may be increased if additional evaluations of a permit application are required	Not available	\$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 \$250 - 500 annual fee for facilities under an order	<20%	\$34,400	\$34,400	\$8,600	\$1,000	\$1,800
PA	\$100- 50,000	Yes	Application fee reduced 50% at renewal.	40%	\$75,000	\$45,000	\$75,000	\$5,000	\$2,250
SC	No	\$530- 2,660+	Formula derived	Not available	\$26,660	\$26,660	\$5,300	\$1,000	\$1,000
TN	\$0	\$0 – 10,380		40%	\$86,500	\$96,900	\$6,900	\$3,500	\$3,500
WVA	\$50-15,000	\$50-5,000	Formula derived	93%	\$25,000	\$21,500	\$15,000	\$4,000	\$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) and Land Protection Compliance and Enforcement (50926), as well as indirect costs on hazardous waste, 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.

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.

Consistent with Federal requirements, 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.