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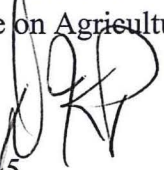
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To: The Honorable Terence R. McAuliffe  
  
House Committee on Appropriations  
House Committee on Finance  
House Committee on Agriculture, Chesapeake and Natural Resources  
Senate Committee on Finance  
Senate Committee on Agriculture, Conservation and Natural Resources

From: David K. Paylor 

Date: December 18, 2015

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 also 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 Terence R. McAuliffe, 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 2016**

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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.

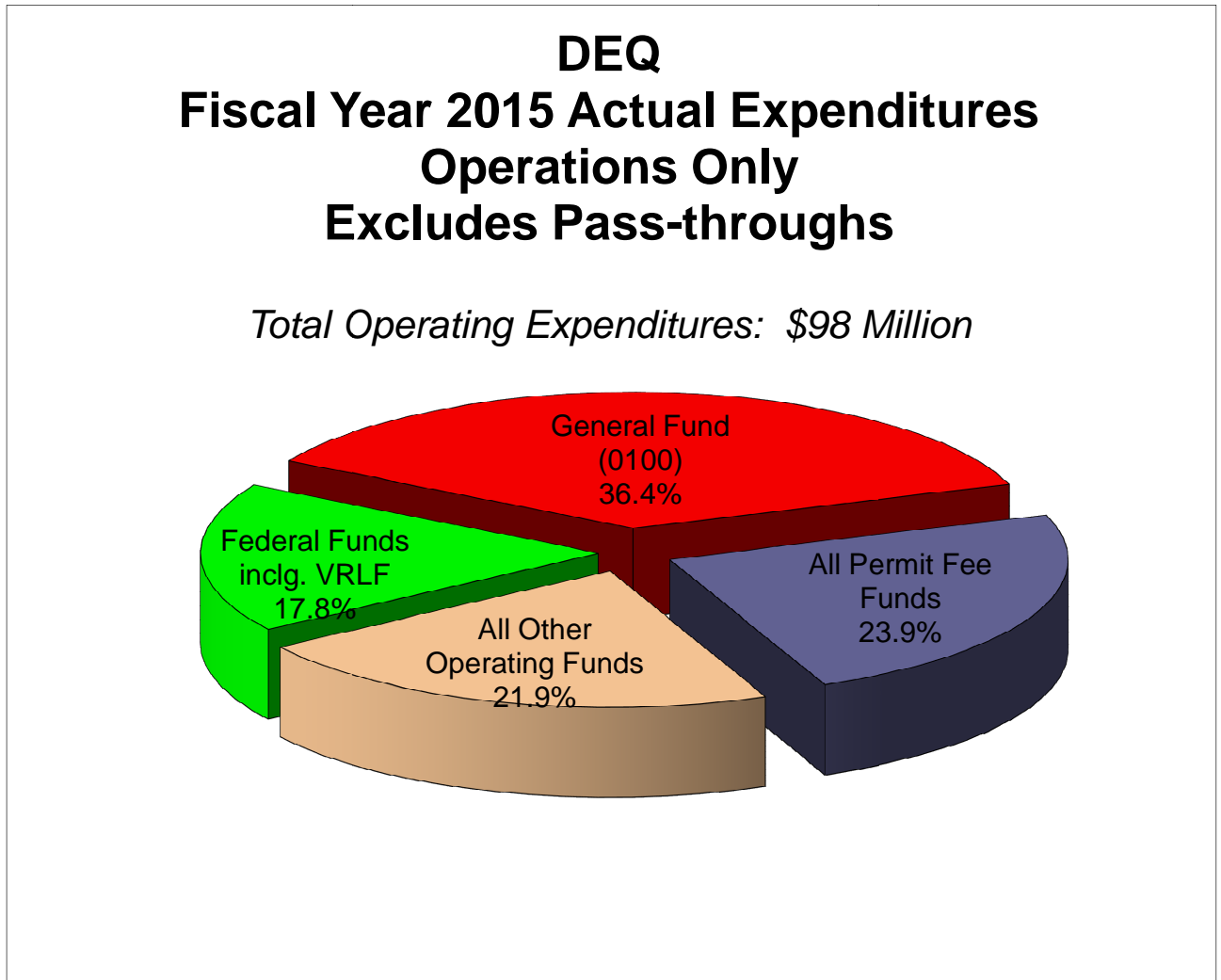
This report focuses on activities related to the Department's permit fee programs in FY2015. This year's report includes data concerning stormwater permit programs transferred from the Department of Conservation and Recreation to the Department of Environmental Quality. Archived versions of previous 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) 2015. DEQ's permit programs are funded through a variety of mechanisms. The following table illustrates the funding source for operating expenses during FY2015.



The following is a summary of permit program activities at DEQ for FY2015.

- Permit Fee Revenues: In FY 2015, a total of \$23,239,656 was collected by DEQ for all water (including Stormwater), air and waste permit programs. This includes biosolids' land application fees and Virginia Pollution Abatement (VPA) permits for projects related to application of biosolids.

- General Fund Allocations: In FY 2015, a total of \$12,794,724 in General Funds was allocated for the water (including Stormwater), air, and waste permit programs.
- Staffing: In FY 2015, DEQ employed a total of 124 Virginia Pollutant Discharge Elimination System (VPDES), VPA, and groundwater water permit program staff, 31 Virginia Water Protection (VWP) permit program staff, 15 biosolids permit program staff, 54 Stormwater staff, 103 air permit program staff, 23 hazardous waste and 50 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 2015, DEQ expended \$2,602,994 in direct VWP water permit program costs, \$11,318,065 in direct VPDES, VPA and groundwater water permit programs, \$2,416,606 in direct and indirect hazardous waste permit program costs, \$4,761,345 in direct solid waste permit program costs, \$1,547,679 in biosolids program costs, and \$5,015,733 in Stormwater program costs. Total program costs for these water and land protection permit programs in FY 2015 were \$27,662,422.
- Air Program Costs: Title V total program costs, including direct and indirect costs, were \$10,579,956 in FY 2015. Non-Title V air program direct costs were \$1,951,479 in FY 2015.
- Permit Program Costs: The total cost of all air, water and land permit programs in FY 2015 was \$40,193,857.
- VPDES, VPA, and Groundwater Permit Program Funding: In FY 2015, permit fee revenues covered 33.5 % of water permit program direct costs, which includes the direct costs to issue and enforce permits.
- VWP Permit Program Funding: In FY 2015, permit fee revenues covered 18.3 % 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 FY2015, Sludge Management Fund revenues (including biosolids' land application fees) covered 91.1 % of the direct costs associated with the Biosolids program.
- Stormwater Program Funding: Funds deposited into the Virginia Stormwater Management Fund are used to pay a portion of the expenses related to the operation and oversight of the Stormwater Permitting Program. In FY 2015, Virginia Stormwater Management Fund revenues along with stormwater training and certification fees covered 83.7% of the direct costs associated with the stormwater permitting 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 2015, permit fee revenue covered 54.8% of hazardous waste permit program direct costs. The remaining costs are covered by federal funds.

- Solid Waste Permit Program Funding: In FY 2015, permit fee revenue covered 49.7% of solid waste permit program direct costs.
- Air Permit Program Funding: In FY 2015, 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 31.9% 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 2015.<sup>1</sup>

**TABLE 1.1 – 1 PERMIT FEE ANALYSIS SUMMARY**  
**BASED ON ACTUAL COSTS AND REVENUES- FY 2015**

<b>FY 2015 Summary</b>	<b>VWP, VPDES, GWP WATER PERMITS</b>	<b>TITLE V AIR PERMITS</b>	<b>NON TITLE V AIR PERMITS</b>	<b>HAZARDOUS WASTE PERMITS</b>	<b>SOLID WASTE PERMITS</b>	<b>BIOSOLIDS</b>	<b>STORM WATER</b>
<b><u>PROGRAM/PERMIT COSTS</u></b>							
Direct Costs	13,921,059	8,144,288	1,951,479	2,015,805	4,761,345	1,492,812	5,015,733
Indirect Costs on Title V and HW only		2,435,668		400,801			
Reimbursement to localities						54,867	
<b>Total Costs</b>	<b>\$13,921,059</b>	<b>\$10,579,956</b>	<b>\$1,951,479</b>	<b>\$2,416,606</b>	<b>\$4,761,345</b>	<b>\$1,547,679</b>	<b>\$5,015,733</b>

<b><u>PERMIT &amp; FEDERAL REVENUES</u></b>							
Permit Fee Collections	4,270,872	10,813,470	0	1,105,280	2,364,830	30,500	3,325,117
Training and Certification fees							874,991
Sewage Sludge Land Application Fee Collections	0	0	0	0	0	1,329,588	
Interest, Penalties and Prior Year Refunds	403	289	0	(5)	0	0	0
Federal Collections	1,584,164	0	622,107	1,845,027	0	0	0
<b>TOTAL REVENUES</b>	<b>\$5,855,439</b>	<b>\$10,813,760</b>	<b>\$622,107</b>	<b>\$2,950,302</b>	<b>\$2,364,830</b>	<b>\$1,360,088</b>	<b>\$4,200,108</b>

<b>Percent Permit Fee Revenue / Direct Cost</b>	30.7%	132.8%	0.0%	54.8%	49.7%	2.0%	66.3%
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<b>Percent Revenue / Direct Cost</b>	42.1%	132.8%	31.9%	146.4%	49.7%	91.1%	83.7%
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<b>Percent Revenue / Total Cost</b>	42.1%	102.2%	31.9%	122.1%	49.7%	87.9%	83.7%
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<b>General Fund/Fund Balance Contribution</b>	<b>\$8,065,620</b>	<b>(\$233,803)</b>	<b>\$1,329,372</b>	<b>(\$533,696)</b>	<b>\$2,396,515</b>	<b>\$187,592</b>	<b>\$815,625</b>
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<sup>1</sup> See Attachment A: Cost Allocation Methodology

## 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.

Since the last biennial permit fee report, some changes have been made concerning this oversight of water permitting programs in Virginia. At the recommendation of the Commission on Government Reform and Restructuring, an assessment of the organization of Virginia's water quality programs was conducted. That assessment found that the water quality permitting process in Virginia was made more difficult due to the fact that two agencies were overseeing water permit related activities. The assessment found that consolidation of the permitting functions would enable consistent planning, policies and procedures for all water permit programs. A single point of contact for the regulated community, citizens and federal agencies would also streamline the permit process, improve customer service, and streamline Virginia's reporting obligations to the Environmental Protection Agency. Following the assessment of the organization of Virginia's water quality programs, HB 2048/SB 1279, was adopted by the General Assembly during its 2013 Session. This legislation became effective on July 1, 2013 and moved the stormwater permitting, erosion and sediment control and Chesapeake Bay Preservation area programs from the purview of the Virginia Soil and Water Conservation Board staffed by the Department of Conservation and Recreation to the State Water Control Board and the Department of Environmental Quality.

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.
- Increasing use of electronic devices: Twenty-four inspectors have been equipped with iPads to capture technical and GPS data while inspecting underground petroleum storage tanks sites.

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 31.1 % 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 in FY2015 was 5.7% while the State average was 13.2% in FY2015. We believe that this program is contributing to DEQ's retention rate being lower than the state average.
- 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 trended upwards from 6.1% in FY2011 to 20% in FY2013;

however, in FY2014, DEQ's promotion rate dropped to 6.3% due to a slow-down in higher payband positions within our agency. In FY2014, DEQ's lateral transfer rate was 43.8% compared to the state average of 26.3%. Lateral transfers within DEQ provide employees with new opportunities to acquire new/additional competencies to help them better compete for future leadership roles.

- DEQ's leadership training program for middle management integrates succession planning into operational areas and 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's Job Partnering Program allows employees to gain new skills and experience greater job satisfaction offered by increased 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 2015. 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 2015<sup>2</sup>**

<b>Program Title</b>	<b>General Fund</b>	<b>Fee Funds</b>	<b>Federal Fund</b>	<b>Total Staffing</b>
<b>Water</b>				
<i>VPDES/VPA/Groundwater</i>	74.9	39.45	9.5	123.85
<i>VWP</i>	18.6	9.8	2.3	30.7
<i>Biosolids</i>	0.0	15.0	0.0	15.0
<i>Stormwater</i>	19.0	34.75	0.0	53.75
<b>Air</b>	15.3	78.25	9.45	103.0
<b>Waste</b>				
<i>Hazardous Waste</i>	0.0	6.0	16.7	22.7
<i>Solid Waste</i>	17.8	32.5	0.0	50.3
<b>MEDIA TOTALS</b>	<b>145.6</b>	<b>215.75</b>	<b>37.95</b>	<b>399.3</b>

<sup>2</sup> Numbers based on actual employees as of June 30, 2015.

## 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 2015 period increased from the 2013 period. Factors contributing to this increase include the reissuance of 4 storm water permits transferred to DEQ that had been expired since 2008, and the processing of nearly 5,000 general permits for discharges of storm water from construction activities, also transferred to DEQ (see further discussion, below). In addition, seven other permits were reissued that had been expired between 1 and 4 years. The total VPDES general permit workload during the 2015 period was more than 20 times greater compared to the 2013 period. The average length of time needed to process a VPA individual permit for the 2015 period also increased from the 2013 level. Factors contributing to this increase include the reissuance of one permit that had been expired since 2010, and challenges in seven of the 20 completed cases in securing timely application information needed to deem a package complete.<sup>3</sup> 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 has decreased since 2011. Individual permit, general permit, and general reporting only processing times are shown for VWP permits.
- In FY 2015, DEQ issued a total of 158 VPDES and 20 VPA individual water permits and coverage for 6,305 VPDES and 139 VPA general permits. In FY 2015, 29 VWP individual permits were issued; no VWP individual permits were reissued; and four major modifications of VWP individual permits were issued. Additionally, 123 VWP authorizations for general permit coverage were issued for projects where impacts totaled *more than* 1/10 acre or 300 linear feet. All of these actions incurred fees. Also in FY 2015, the following permit actions were completed that by statute *do not* incur fees: 26 minor modifications to VWP individual permits; seven waivers for the need of a VWP individual permit; 140 VWP authorizations for general permit coverage where impacts are *less than* 1/10 acre or 300 linear feet; and 70 changes to VWP authorizations for general permit coverage (all projects).
- In July 2013, Stormwater Management Programs were transferred from the Department of Conservation and Recreation (DCR) to DEQ. As a result, information on stormwater permits issued through DEQ's VPDES program is now included in this report. As a result of this change, the number of permits overseen by DEQ has increased. As of June 30, 2015 there are 11 individual municipal separate storm sewer system (MS4) permits overseen by DEQ. During FY2015, DEQ issued or reissued four MS4 individual permits. In some cases, a discharge may be covered under a MS4 general permit. As of June 30, 2015 there are 106 discharges occurring under the coverage of the General Permit for the Discharge of Stormwater from Small Municipal Separate Storm Sewer Systems, 4,890 discharges occurring under the coverage of the General Permit for discharges of Stormwater from Construction Activities, and 1,230 discharges occurring under the VPDES General Permit regulation for stormwater discharges associated with industrial activity. The data

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<sup>3</sup> Expired permits were administratively continued while the agency processed the application for the renewal of the permits.

provided in this report for years prior to 2015 only includes stormwater data for permits overseen by DEQ.

**Table 2.1 – 1 Average Water Permitting Processing Times (FY 2009 – FY 2015)<sup>4</sup>**

	VPDES <sup>5</sup>	VPA <sup>6</sup>	VWP <sup>7</sup>
<b>2009</b>	155	167	295/922 <sup>8</sup> /79
<b>2011</b>	156/107	113/75	237/210/82
<b>2013</b>	211/83	199/42	139/64/26
<b>2015</b>	339/93 <sup>9</sup>	429/56	120/NA <sup>10</sup> /35

**Table 2.1 – 2 Water Permits Processed FY 2015  
Comparison of FY 2015 and FY 2013<sup>11</sup> Data**

	VPDES <sup>12</sup> (IP/GP)		VPA (IP/GP)		VWP <sup>13</sup> (IP/GP)	
	2015	2013	2015	2013	2015	2013
<b>Applications Received</b>	51/1,294	195/309	10/146	36/20	36/123	30/97
<b>Applications Deemed Complete</b>	66/1,417	190/325	22/143	42/23	30/123	32/98
<b>Permits Issued</b>	158/6305 <sup>14</sup>	215/305 <sup>15</sup>	20/139 <sup>16</sup>	41/23 <sup>17</sup>	29/123	28/97
<b>Permits Appealed</b>	0/0	0/0	0/0	0/0	0/0	0/0
<b># Expired Permits</b>	57/0	53/0	10/0	19/0	23/191	19/23

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

<sup>4</sup> Beginning in 2013, the amount of days shown is the difference between the date the application was deemed complete and the date the permit or permit authorization was issued as final.

<sup>5</sup> Processing time for VPDES individual permits and general permits in 2011, 2013 and 2015 are shown as (IP/GP).

<sup>6</sup> Processing time for VPA individual permits and general permits in 2011, 2013 and 2015 are shown as (IP/GP).

<sup>7</sup> Beginning in 2011, VWP permit data is shown as Individual Issuance/Individual Reissuance/General Authorization. VWP general permit authorizations issued do not include projects resulting in impacts less than 1/10 acre or 300 linear feet because these authorizations do not generate permit application fees.

<sup>8</sup> Three out of the four VWP individual permit re-issuances averaged took two or more years to complete.

<sup>9</sup> Includes Stormwater related permits.

<sup>10</sup> No VWP individual permits were reissued during FY2015.

<sup>11</sup> 2013 data does not include information on stormwater permit processing conducted at DCR, only processing of stormwater permits conducted by DEQ.

<sup>12</sup> Includes Stormwater related permits.

<sup>13</sup> “Permits Issued” and “# Expired Permits” do not include VWP general permit authorizations for coverage for projects resulting in impacts *less than* 1/10 acre or 300 linear feet because these authorizations do not generate permit application fees. Likewise, “Applications Received” and “Applications Deemed Complete” reflect the total amount of applications received or deemed complete during the reporting fiscal year, regardless of when a final case decision was made, excepting those general permit authorizations for coverage for projects impacting *less than* 1/10 acre or 300 linear feet. The number of applications received and the number of applications deemed complete may not match in cases where the two actions occur in different fiscal years.

<sup>14</sup> Three VPDES General Permit regulations were issued in FY2015. This number reflects the number of facilities issued coverage under a general permit during FY2015.

<sup>15</sup> Three VPDES General Permit regulations were issued in FY2013. This number reflects the number of facilities issued coverage under a general permit during FY2013.

<sup>16</sup> One VPA General Permit regulation was issued in FY2015. This number reflects the number of facilities issued coverage under a general permit during FY2015.

<sup>17</sup> This number reflects the number of facilities issued coverage under a general permit during FY2013.

### **Additional information about data table 2.1-1**

- 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.
- Due to the transition of stormwater permitting programs from DCR to DEQ, the number of permits managed by DEQ increased between 2013 and 2015.



## 2.2 Air Permitting

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

- In FY 2015, 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 96% 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 2015, DEQ issued a total of 558 air permits. The total number of permits issued in FY 2013 was 571.

**Table 2.2 – 1 Air Permitting Processing Times (FY 2009 – FY 2015)**

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
<b>2009</b>	121	38	40	185	786	252
<b>2011</b>	51	29	28	60	266	291
<b>2013</b>	85	35	23	122	229	217
<b>2015</b>	81	35	21	129	267	217

**Table 2.2 - 2 Air Permits Processed FY 2015**

<b>AIR PERMITS PROCESSED FY 2015</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 (07/01/2014)</b>	27	6	0	95	9	9	45	113	26	10	2	342
<b>Apps. Received <sup>18</sup></b>	12	4	0	354	31	90	32	29	51	3	25	631
<b>Apps. Withdrawn</b>	1	1	0	32	2	3	5	2	6	0	1	53
<b>Apps. Denied</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>Permits Issued</b>	15	1	0	290	26	73	30	53	45	5	20	558
<b>Draft Permits in Process (06/30/2015)</b>	8	5	0	71	4	2	42	80	30	8	3	253

<sup>18</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 2015 is presented in this section. A comparison with permitting programs for previous fiscal years also is presented in the tables that follow.

- In FY 2015, DEQ issued a total of 61 solid waste permits and 24 hazardous waste permits, compared to a total of 103 solid waste permits and 69 hazardous waste permits in FY 2013.
- As of July 1, 2014, hazardous waste transporters are no longer required to obtain a permit for the transportation of hazardous waste and references to hazardous waste transporter permits have been removed from this report since these permits are no longer required.

**Table 2.3 – 1 Solid Waste Permitting Processing Times (FY 2009 – FY 2015)**

	Part A	Part B <sup>19</sup>	Permits-by-Rule
2009	85 days	91 days	16 days
2011	68 days	85 days	19 days <sup>20</sup>
2013	103 days <sup>21</sup>	100 days <sup>22</sup>	19 days
2015	0 days <sup>23</sup>	0 days <sup>24</sup>	18 days

**Table 2.3 – 2 Hazardous Waste Permitting Processing Times (FY 2009 – FY 2015)**

	Storage and Treatment	Emergency	Post-Closure
2009	134 days	5 days	NA
2011	70 days	5 days	245 days
2013	134 days	5 days	NA
2015	172 days	7 days	352 days

<sup>19</sup> Includes “new” Part B applications and multi-module, comprehensive permit amendments.

<sup>20</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>21</sup> The increase in the average processing time was due to one Part A permit application requiring multiple revisions and limited staff resources.

<sup>22</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.

<sup>23</sup> No Part A applications or amendments were issued during FY 2015; however staff worked on processing a Part A application during FY2015 and other permit amendments during FY2015.

<sup>24</sup> No “new” Part B applications or multi-module, comprehensive permit amendments were issued during FY2015; however staff worked on processing a Part B permit application and other permit amendments during FY2015.

**Table 2.3 – 4 Solid Waste Permits Processed FY 2015**

<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, 2014</b>	64	1	1	0	10	76
<b>Applications Received</b>	59	0	0	2	11	72
<b>Applications Deemed Complete</b>	6	0	1	0	0	7
<b>Permits Denied</b>	0	0	0	0	0	0
<b>Permits Withdrawn</b>	4	0	0	0	0	4
<b>Permits Issued</b>	47	0	0	0	14	61
<b>Applications Pending on June 30, 2015</b>	76	1	1	2	7	87

**Table 2.3 – 5 Hazardous Waste Permits Processed FY 2015**

<b>Permits Processed</b>	<b>Permit Amendments</b>	<b>Part B Applications</b>	<b>Emergency</b>	<b>Total</b>
<b>Applications Pending on July 1, 2014</b>	5	5	0	10
<b>Applications Received</b>	14	7	4	25
<b>Applications Deemed Complete</b>	18	2	4	24
<b>Permits Denied</b>	0	0	0	0
<b>Permits Withdrawn</b>	0	0	0	0
<b>Permits Issued</b>	18	2	4	24
<b>Applications Pending on June 30, 2015</b>	1	10	0	11

### **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.	33.5 %	\$78,760	\$71,380	\$33,470	\$1,000	\$0
DE	\$825	\$40 - 9000	Application fees are assessed for wastewater treatment plant construction permits.	24%	\$90,000	\$0	\$22,500	\$1,500	\$0
KY	\$1,200- 7,000	No	Publically owned facilities exempted from fees	43%	\$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	\$600
PA	\$100- 50,000	\$0-25,000	Annual fees due on anniversary of permit issuance.	53%	\$55,000	\$14,000	\$55,000	\$7,000	\$2,250
SC	No	\$530- 2,660+	Formula derived	Not available	\$21,300	\$21,300	\$8,000	\$1,000	\$1,000
TN	\$250-1,500	\$140 – 10,380		40%	\$71,200	\$79,525	\$42,020	*formula derived based on acreage	\$3,500
WVA	\$85-15,000	\$25-5,000	Formula derived	93%	\$50,000	* formula derived	\$5,000		

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, Title V air, air non Title V, hazardous waste and solid waste. In addition, indirect costs are reported for 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 200.

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), Water Protection Compliance and Enforcement (51226) service areas contain the direct costs for the VWP, VPDES and Groundwater permit programs. Indirect costs for the water programs are not paid from permit fees.

Beginning in Fiscal Year 2014, DEQ assumed responsibility of the stormwater program. The costs associated with this program are analyzed separately from other water programs. This program is partially funded by permit fee collections and training/certification fees. The Stormwater Management service area (51230) contains the direct costs for the stormwater program.

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 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.