

PERMIT FEE PROGRAM EVALUATION

*A Report to the Honorable Ralph S. Northam, 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 2020

TABLE OF CONTENTS

TABLE OF CONTENTS	I
TABLES	II
EXECUTIVE SUMMARY	III
1. PERMIT FEE ANALYSIS	4
1.1 PROGRAM FUNDING AND EXPENDITURES.....	4
1.2 PROGRAM EFFICIENCIES.....	8
1.3 PERMIT PROGRAM STAFFING	11
1.4 EXECUTIVE ORDER NUMBER 6.....	12
2. PERMIT PROGRAM MEDIA AREA EVALUATIONS	13
2.1 WATER PERMITTING	13
2.3 WASTE PERMITTING.....	18
3. WATER PERMIT PROGRAM-ADDITIONAL INFORMATION	20
3.1 PROGRAM COSTS AND FEES IN VIRGINIA AND OTHER STATES.....	20
ATTACHMENT A -- COST ALLOCATION METHODOLOGY	22

TABLES

TABLE 1.1 – 1 PERMIT FEE ANALYSIS SUMMARY.....	7
TABLE 1.3 – 1 DEQ PERMIT FEE ANALYSIS SUMMARY – PERMIT PROGRAM STAFFING	11
TABLE 2.1 – 1 AVERAGE WATER PERMITTING PROCESSING TIMES (FY 2013 – FY 2019).....	14
TABLE 2.1 – 2 WATER PERMITS PROCESSED FY 2019	15
TABLE 2.2 – 1 AIR PERMITTING PROCESSING TIMES (FY 2013 – FY 2019)	16
TABLE 2.2 - 2 AIR PERMITS PROCESSED FY 2019.....	17
TABLE 2.3 – 1 AVERAGE SOLID WASTE PERMITTING PROCESSING TIMES (FY 2013 – FY 2019)	18
TABLE 2.3 – 2 AVERAGE HAZARDOUS WASTE PERMITTING PROCESSING TIMES (FY 2013 – FY 2019)	18
TABLE 2.3 – 3 SOLID WASTE PERMITS PROCESSED FY 2019.....	19
TABLE 2.3 – 4 HAZARDOUS WASTE PERMITS PROCESSED FY 2019.....	19
TABLE 3.1 - 1 SUMMARY OF WATER PROGRAM COSTS AND PERMIT FEES.....	21

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.”

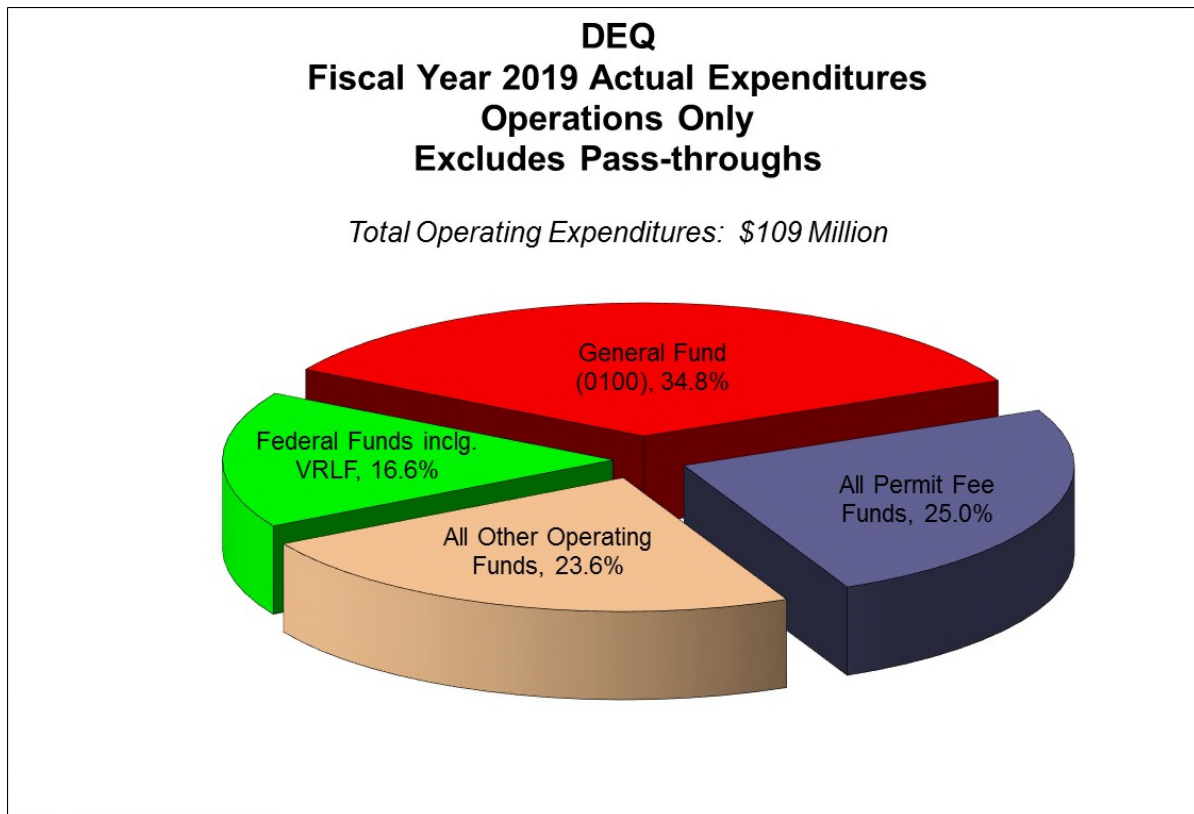
In addition to the requirements identified above, Section 62.1-44.15:6 specifies that for the water permit program, the report must include the following: (1) the total costs, both direct and indirect, including the costs of overhead, water quality planning, water quality assessment, operations coordination, 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 FY 2019. Archived versions of previous year's reports are available from the following webpage:
<https://rga.lis.virginia.gov/?OpenForm&StartKey=2018&ExpandView>

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) 2019. DEQ's permit programs are funded through a variety of mechanisms. The following table illustrates the funding source for operating expenses during FY 2019.



As a delegated state, DEQ implements many federal permit programs in Virginia. DEQ issues permits in lieu of EPA and is challenged with revising state regulations to maintain consistency with requirements found in federal regulations. In recent years, federal environmental permitting programs have become more complex, and have required the issuance of more guidance and outreach to the regulated community. Federal funding to support DEQ implementing federally delegated permitting programs has not increased in conjunction with the increased complexity of the permitting programs.

The following is a summary of permit program activities at DEQ for FY 2019.

- **Permit Fee Revenues:** In FY 2019, a total of \$24,276,706 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 2019, a total of \$11,605,963 in General Funds was allocated for the water, air, and waste permit programs.
- Staffing: In FY 2019, DEQ employed a total of 113 Virginia Pollutant Discharge Elimination System (VPDES), VPA, and groundwater water permit program staff, 28 Virginia Water Protection (VWP) permit program staff, 7 biosolids permit program staff, 62 stormwater staff, 94 air permit program staff, 21 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 2019, DEQ expended \$2,788,153 in direct VWP water permit program costs, \$11,777,261 in direct VPDES, VPA and groundwater water permit programs, \$2,765,199 in direct and indirect hazardous waste permit program costs, \$4,826,279 in direct solid waste permit program costs, \$810,042 in biosolids program costs, and \$7,189,841 in stormwater program costs. Total program costs for these water and land protection permit programs in FY 2019 were \$30,156,776.
- Air Program Costs: Title V total program costs, including direct and indirect costs, were \$10,695,270 in FY 2019. Non-Title V air program direct costs were \$1,270,433 in FY 2019.
- Permit Program Costs: The total cost of all air, water and land permit programs in FY 2019 was \$42,122,479.
- VPDES, VPA, and Groundwater Permit Program Funding: In FY 2019, permit fee revenues covered 38.1% of water permit program direct costs, which includes the direct costs to issue and enforce permits.
- VWP Permit Program Funding: In FY 2019, permit fee revenues covered 8.7% 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 FY 2019, Sludge Management Fund revenues (including biosolids' land application fees) covered 55.5% 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 2019, Virginia Stormwater Management Fund revenues along with stormwater training and certification fees covered 71.1% 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 2019, permit fee revenue covered 38.3% of hazardous waste permit program direct costs. The remaining costs are covered by federal funds.

- Solid Waste Permit Program Funding: In FY 2019, permit fee revenue covered 54.4% of solid waste permit program direct costs.
- Air Permit Program Funding: In FY 2019, 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 45.2% 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 2019.¹

TABLE 1.1 – 1 PERMIT FEE ANALYSIS SUMMARY

BASED ON ACTUAL COSTS AND REVENUES- FY 2019

FY 2019 Summary	VWP, VPDES, GWP WATER PERMITS	TITLE V AIR PERMITS	NON TITLE V AIR PERMITS	HAZARDOUS WASTE PERMITS	SOLID WASTE PERMITS	BIOSOLIDS	STORM WATER
<u>PROGRAM/PERMIT COSTS</u>	-	-	-	-	-	-	-
Direct Costs	\$14,565,414	\$8,068,153	\$1,270,433	\$2,478,990	\$4,826,279	\$799,322	\$7,189,841
Indirect Costs on Title V and HW only	\$0	\$2,627,117	\$0	\$286,209	\$0	\$0	\$0
Reimbursement to localities	\$0	\$0	\$0	\$0	\$0	\$10,720	\$0
Total Costs	\$14,565,414	\$10,695,270	\$1,270,433	\$2,765,199	\$4,826,279	\$810,042	\$7,189,841
<u>PERMIT & FEDERAL REVENUES</u>	-	-	-	-	-	-	-
Permit Fee Collections	\$4,732,439	\$11,870,349	\$0	\$949,980	\$2,624,648	\$16,600	\$3,656,052
Training and Certification fees	\$0	\$0	\$0	\$0	\$0	\$0	\$903,268
Sewage Sludge Land Application Fee Collections	\$0	\$0	\$0	\$0	\$0	\$426,637	\$0
Interest, Penalties and Prior Year Refunds	\$95,356	\$107,385	\$0	\$1,428	\$35,722	\$0	\$261,526
Federal Collections	\$993,860	\$0	\$574,138	\$1,880,860	\$0	\$0	\$291,315
TOTAL REVENUES	\$5,821,655	\$11,977,734	\$574,138	\$2,832,268	\$2,660,370	\$443,237	\$5,112,161
Percent Permit Fee Revenue / Direct Cost	32.5%	147.1%	0.0%	38.3%	54.4%	2.1%	50.9%
Percent Revenue / Direct Cost	40.0%	148.5%	45.2%	114.3%	55.1%	55.5%	71.1%
Percent Revenue / Total Cost	40.0%	112.0%	45.2%	102.4%	55.1%	54.7%	71.1%
General Fund/Fund Balance Contribution	\$8,743,759	(\$1,282,464)	\$696,295	(\$67,069)	\$2,165,909	\$366,805	\$2,077,680

¹ 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 increasingly complex regulatory permit programs, it is challenging for DEQ to meet all of its core obligations. DEQ is currently addressing this challenge through strategic planning and prioritization of services with current resources. 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 while controlling costs in an environment of limited resources and increasing demands.

DEQ embraces the concept of continuous improvement and allocates resources to process and program improvements. DEQ uses Lean Six Sigma (a proven cost and waste elimination method that has been used successfully in public and private organizations). In addition, DEQ actively aligns operational and strategic plans and develops business improvement plans which target operational process improvements. DEQ also 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. 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. DEQ 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. The agency has constructed and implemented a governance structure to manage technology project development across the agency, including compliance with current Commonwealth IT security directives and policies. DEQ's current technology-based initiatives include:

- Comprehensive Environmental Data System (CEDS): DEQ's system of record for environmental data. DEQ has converted the outdated legacy modules to an architecture that will enable integration among DEQ's enterprise applications and mobile/web deployments. Additionally, the agency has converted to a new reporting tool to extract data from CEDS.
- 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 updating its GIS strategic plan to ensure future efforts in this area continue to be focused, cost effective and meet the agency's evolving needs.
- 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;
- Efficient data retrieval using Business Intelligence technology and an enterprise data warehouse; and
- Conversion of paper forms to online forms for use by the regulated community.

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, 31.5% 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 (Senior I & Senior 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. For 2019, DEQ's turnover rate was 8% compared to the state turnover rate of 15.3%. We believe that this program is contributing to DEQ's retention rate being lower than the state average.
- DEQ seeks to build future leaders through the Emerging Leaders Program (ELP). The ELP is a competency-based leadership development program that identifies and develops high performing staff to ensure the agency has a pipeline of qualified leaders to meet future challenges and bench strength to promote from within. Participants in this program gain practical leadership experience by working on real time business issues, and strengthen leadership skills through training and mentoring.
- 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.

1.3 Permit Program Staffing

The following chart contains information on the program staffing levels and funding for permit program positions for FY 2019. 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 2019 ²**

Program Title	General Fund	Fee Fund	Federal Fund	Total Staffing
<i>VPDES/VPA/Groundwater</i>	71	31	11	113
<i>VWP</i>	17	8	3	28
<i>Biosolids</i>	0	7	0	7
<i>Stormwater</i>	8	52	2	62
Water Total	96	98	16	210
<i>Air</i>	11	76	7	94
Air Total	11	76	7	94
<i>Hazardous Waste</i>	0	2	19	21
<i>Solid Waste</i>	18	30	2	50
Waste Total	18	32	21	71
MEDIA TOTALS	125	206	44	375

² Numbers based on actual employees as of June 30, 2019.

1.4 Executive Order Number 6

Governor Northam signed Executive Order Number 6 (EO6): *Supporting the Critical Role of the Virginia Department of Environmental Quality in the Protection of Virginia's Air, Water, and Public Health* in April 2018. DEQ's funding and staffing has decreased significantly since it was formed in 1993 and have impacted DEQ services and programs. Due to the reductions in general fund appropriations, DEQ is now more reliant on limited permit fee revenue and federal funds.

In response to EO6, the Department of Environmental Quality's ability to carry out its mission of protecting and enhancing Virginia's environment, and promoting the health and well-being of the citizens of the Commonwealth was assessed. Areas in which additional funding or authorities necessary to protect Virginia's environment were also examined. This was achieved through DEQ holding a series of roundtable meetings with stakeholders to gather feedback concerning agency operations as well as DEQ conducting an internal review with staff. Findings and recommendations related to EO6 were reported to Governor Northam by the Secretary of Natural Resources in August 2019. The EO6 report included activities and initiatives to support Governor Northam's long-term vision for environmental protection in the Commonwealth. The report recognizes the need for DEQ to be fully restored to protect environmental resources and support the economy through the timely and consistent review of permit applications and recommends additional resources and other initiatives to improve efficiency and responsiveness in DEQ's permitting programs. The full report submitted by the Secretary of Natural Resources to Governor Northam pertaining to EO6 is available at: <https://www.governor.virginia.gov/media/governorvirginiagov/media/EO-6-Final-Report-from-SNR.pdf>. Changes implemented in response to the EO6 report that impact the water, air, and waste permitting programs will be reflected in future reports.

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 2019 fiscal year period increased compared to the 2017 period, reflecting a trend of increased complexity in processing renewal applications. Of particular note is the increased volume and complexity of application information that must be reviewed and processed for facilities that withdraw water for cooling purposes in response to recent EPA regulations addressing Clean Water Act §316(b) requirements. Four (4) VPDES individual permits were reissued that had been previously administratively continued for more than two years.
- The average length of time needed to process a VPA individual permit for the 2019 fiscal year period dropped substantially compared to FY 2017 turnaround times to a range more in line with previous years. FY 2017 turnaround times reflected unique circumstances in converting permits previously issued by the Virginia Department of Health.
- During FY 2019, DEQ issued and reissued a total of 190 VPDES and five (5) VPA individual permits (IPs), and certified general permit (GP) coverage for 1,907 VPDES and 24 VPA facilities. This compares to a total of 163 VPDES and five (5) VPA IPs processed to completion in FY 2017, and GP coverage certified for 4,255 VPDES and 28 VPA facilities. Permit productivity for a given fiscal year is generally dependent on the permit reissuance cycle (every 5 years for VPDES permits; and every 10 years for VPA permits). During FY 2019, three (3) VPDES GP regulations were renewed: 1) 9VAC25-193, Concrete Products Facilities (VAG11); 2) 9VAC25-860, Potable Water Treatment Plants (VAG64); and 3) 9VAC25-800, Pesticide Discharges (VAG87). No VPA GP regulations were subject to renewal. Of the total number of GP Registration Statements processed to completion, coverage under the VAG11 GP and the VAR10 VPDES GP for Discharges of Stormwater from Construction Activities (VAR10) collectively represented a dominant proportion (83%) of the total FY 2019 Water Division GPs processed.
- The average length of time needed to process a Virginia Water Protection (VWP) individual permit has increased slightly since 2017, while the average length of time needed to process a VWP General Permit coverage has remained constant since FY 2017. Individual permit and general permit coverage processing times are shown for VWP permits in Table 2.1-1.
- In FY 2019, VWP actions incurring fees included the issuance of 31 VWP individual permits and 138 general permit coverages (where impacts totaled *more than* 1/10 acre or 300 linear feet). Also in FY 2019, the following permit actions were completed that by statute *do not* incur fees, even though these types of actions are processed by staff in a similar manner: 29 minor modifications to VWP individual permits; issuance of 55 VWP general permit coverages where impacts are *less than* 1/10 acre or 300 linear feet; and 56 changes to VWP general permit coverages.
- In July 2013, Stormwater Management Programs were transferred from the Department of Conservation and Recreation (DCR) to DEQ. This is the third Permit Fee Evaluation Report issued since the transfer of the Stormwater Management Programs from DCR to DEQ. The number of permits overseen by DEQ has increased since 2013 in response to the transfer of the Stormwater

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

Table 2.1 – 1 Average Water Permitting Processing Times (FY 2013 – FY 2019)³

Year	VPDES⁴	VPA⁵	VWP⁶
2013	211/83	199/42	139/64/26
2015	339/93 ⁷	429/56	120/0/35
2017	298/77 ⁸	2114/50	92/0/27
2019	329/83 ⁹	287/86	128/0/26

³ The amount of days shown is the difference between the date the application was deemed complete and the date the individual permit or general permit coverage was issued. The records used for this calculation have an issuance or major modification data date within the fiscal year. In 2016, VWP determined that periods of inactivity (suspension) would be factored into these calculations.

⁴ Processing time for VPDES individual permits and general permits are shown as (IP/GP).

⁵ Processing time for VPA individual permits and general permits are shown as (IP/GP).

⁶ VWP permit data is shown as Individual Issuance/Individual Reissuance/General Permit Coverage Issuance. Only those actions having associated permit application fees are included.

⁷ Includes Stormwater related permits.

⁸ Includes Stormwater related permits.

⁹ Includes Stormwater related permits.

**Table 2.1 – 2 Water Permits Processed FY 2019
Comparison of FY 2019 and FY 2017 Data**

Permit type	VPDES ¹⁰ (IP/GP)		VPA (IP/GP)		VWP ¹¹ (IP/GP)	
	2019	2017	2019	2017	2019	2017
Applications Received	127/5,398	163/1,720	26/22	0/32	39 / 170	32/125
Applications Deemed Complete	101/4,752	156/1,781	9/20	1/30	32 / 147	30/123
Permits Issued	190/1,907 ¹²	163/4,255 ¹³	5/24 ¹⁴	5/28 ¹⁵	31 / 138	20/97
Permits Appealed¹⁶	0/0	0/0	0/0	0/0	NA	NA
# Expired Permits	54/0	54/0	14/0	4/0	51 / 119	51/85

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

Additional information about data table 2.1 - 1

- The data provided for the Virginia Water Protection Permit Program does not include issuance and modification actions taken where no fee was incurred, even though a similar level of effort is necessary for VWP staff to process the application and make a permitting decision. In fiscal year 2019, approximately 140 actions were processed where no fee was received by the Commonwealth, either because impacts were below 1/10 acre of wetlands or 300 linear feet of streams or because minor modifications were made to VWP individual permits or general permit coverages.
- Due to the transition of stormwater permitting programs from DCR to DEQ, the number of permits managed by DEQ increased between 2013 and 2015.

¹⁰ Includes Stormwater related permits.

¹¹ “Permits Issued”, “# Expired Permits”, "Applications Deemed Complete", and "Applications Received" apply to VWP individual permits and general permit coverage for projects incurring impacts *greater than* 1/10 acre or 300 linear feet. Issuance of general permit coverage for projects incurring impacts that are less than these limits are not included in these values, since no fees are assessed per the current fee regulations. Likewise, modifications to VWP individual permits and general permit coverage, where no fees are incurred for the modification, are not included.

¹² Three VPDES General Permit regulations were issued in FY 2019. This number reflects the number of facilities issued coverage under a general permit during FY 2019.

¹³ Three VPDES General Permit regulations were issued in FY 2017. This number reflects the number of facilities issued coverage under a general permit during FY 2017.

¹⁴ This number reflects the number of facilities issued coverage under a general permit during FY 2019.

¹⁵ This number reflects the number of facilities issued coverage under a general permit during FY 2017.

¹⁶ Permit appeals filed by permittee during FY.

2.2 Air Permitting

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

- In FY 2019, DEQ met its processing time goals for processing major and minor source permits requiring hearings 62.5% of the time. DEQ met its processing time goal for processing minor source permits not requiring hearings 92% of the time. The processing time goal for permits with administrative amendments was met 100% of the time. DEQ met its processing time goals for processing PSD permits 100% of the time.
- In FY 2019, DEQ issued a total of 363 air permits. The total number of permits issued in FY 2017 was 422.

Table 2.2 – 1 Air Permitting Processing Times (FY 2013 – FY 2019)

Air Permit Processing Time Comparison (Average number of days)						
Year	Major or Minor Permits w/Public Hearing	Minor Permits w/No Public Hearing	Administrative Amendments	PSD Permits	Title V	Title V Renewals
2013	85	35	23	122	229	217
2015	81	35	21	129	267	217
2017	98	32	23	13	45 ¹⁷	188
2019	156	41	19	146	205	259

¹⁷ Only one Title V permit was issued in FY 2017. The original application for this permit was submitted during FY 2014 and a draft permit was submitted to EPA for review. In response to EPA’s comments, a revised permit application was submitted by the applicant and deemed complete in FY 2016. For purposes of this report, the calculation for average number of days was based on the “deemed technically complete” date from the revised permit application and the final “permit issuance date”. Processing of a Title V permit generally takes up to 548 days, but was significantly lower in this specific case due to submission of a revised permit application after drafting of the permit had occurred.

Table 2.2 - 2 Air Permits Processed FY 2019

AIR PERMITS PROCESSED FY 2019												
	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 (07/01/2018)	17	1	2	102	7	6	15	107	39	20	1	317
Apps. Received ¹⁸	5	3	4	232	23	20	2	82	26	6	32	435
Apps. Withdrawn	1	0	0	14	1	1		3	5		1	26
Apps. Denied	0	0	0	0	0	0	0	0	0	0	0	0
Permits Issued	11	0	1	212	20	20	4	34	27	3	31	363
Draft Permits in Process (06/30/2019)	10	4	5	108	9	5	13	152	33	23	1	363

¹⁸ 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 2019 is presented in this section. A comparison with permitting programs for previous fiscal years also is presented in the tables that follow.

- In FY 2019, DEQ issued a total of 58 solid waste permits and 21 hazardous waste permits, compared to a total of 51 solid waste permits and 15 hazardous waste permits in FY 2017.

Table 2.3 – 1 Average Solid Waste Permitting Processing Times (FY 2013 – FY 2019)

Year	Part A	Part B ¹⁹	Permits-by-Rule
2013	103 days ²⁰	100 days ²¹	19 days
2015	0 days ²²	0 days ²³	18 days
2017	107 days	145 days ²⁴	14 days
2019	203 days ²⁵	239 days ²⁶	29 days ²⁷

Table 2.3 – 2 Average Hazardous Waste Permitting Processing Times (FY 2013 – FY 2019)

Year	Storage and Treatment	Emergency	Post-Closure
2013	134 days	5 days	NA
2015	172 days	7 days	352 days
2017	NA	6 days	247 days
2019	266 days	5 days	137 days

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

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

²¹ 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.

²² No Part A applications or amendments were issued during FY 2015; however, staff worked on processing a Part A application during FY 2015 and other permit amendments during FY 2015.

²³ No “new” Part B applications or multi-module, comprehensive permit amendments were issued during FY 2015; however, staff worked on processing a Part B permit application and other permit amendments during FY 2015.

²⁴ Only one Part B permit was issued during FY 2017. This permit was related to a coal combustion residuals surface impoundment. The increase in time required to process this permit was related to the increased public interest in this permit.

²⁵ The increase in the average processing time was due to one Part A permit application requiring multiple revisions and limited staff resources.

²⁶ The increase in the average processing time can be attributed to the issuance of permits for the closure of Coal Combustion Residual surface impoundments.

²⁷ The increase in the average processing time was higher due to delays related to facilities providing financial assurance documentation.

Table 2.3 – 3 Solid Waste Permits Processed FY 2019

Permits Processed	Permit Amendments	Part A Applications	Part B Applications	Emergency Permits	Permit-by-Rule	Total
Applications Pending on July 1, 2018	73	5	6	4	6	94
Applications Received	44	2	1	1	2	50
Applications Deemed Complete	8	0	2	0	0	10
Permits Denied	0	0	0	0	0	0
Permits Withdrawn	6	0	0	0	2	8
Permits Issued	47	3	4	1	3	58
Applications Pending on June 30, 2019	64	4	3	4	3	78

Table 2.3 – 4 Hazardous Waste Permits Processed FY 2019

Permits Processed	Permit Amendments	Part B Applications	Emergency	Total
Applications Pending on July 1, 2018	1	12	0	13
Applications Received	14	3	2	19
Applications Deemed Complete	14	4	2	20
Permits Denied	0	0	0	0
Permits Withdrawn	0	0	0	0
Permits Issued	14	5	2	21
Applications Pending on June 30, 2019	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

State	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	\$100-9,041	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.	38.1%	\$90,226	\$81,773	\$38,342	\$1,000	\$0
DE	\$1,125-\$6,000	\$40 - 9,000	Application fees are assessed for wastewater treatment plant construction permits.	24%	\$90,000	\$0	\$22,500	\$2,000	\$0
KY	\$1,200- 7,000	No	Publically owned facilities exempted from fees	35%	\$14,000	\$0	\$9,000	\$0	\$0
MD	\$50 - 20,000	\$100 - 5,000	Formula derived based on numerous variable- fees calculated by state and billed to applicant or permit holder- amounts listed may be increased if additional evaluations of a permit application are required	Not available	Application fee formula derived plus annual fees \$50,000+	\$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.	18%	\$55,000	\$16,250	\$16,500	\$11,000	\$0
SC	No	\$100- 2,660+	Formula derived	Not available	\$21,300	\$21,300	\$5,300	\$1,250	\$1,000
TN	\$250-1,500	\$140 – 10,380	Charges plan review fees for applications	40%	\$73,200	\$81,520	\$6,520	*formula derived based on acreage	\$3,500
WVA	\$50-15,000	\$50-5,000	Formula derived	100%					

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 (509025) and Land Protection Compliance and Enforcement (509026) 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 (509025) and Land Protection Compliance and Enforcement (509026), as well as indirect costs on hazardous waste, based on an annual established rate, are included in the report.

The Water Protection Permitting (512025), Water Protection Compliance and Enforcement (512026) 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 (512030) 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 (512025), Water Protection Compliance and Enforcement (512026), and Water Protection Outreach (512027) 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 (513025) and Air Protection Compliance and Enforcement (513026) 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 (513026) 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 (513025), Air Protection Compliance and Enforcement (513026), Air Protection Outreach (513027), Air Protection Planning and Policy (513028), and Air Protection Monitoring and Assessment (513029) 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.