

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

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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.”

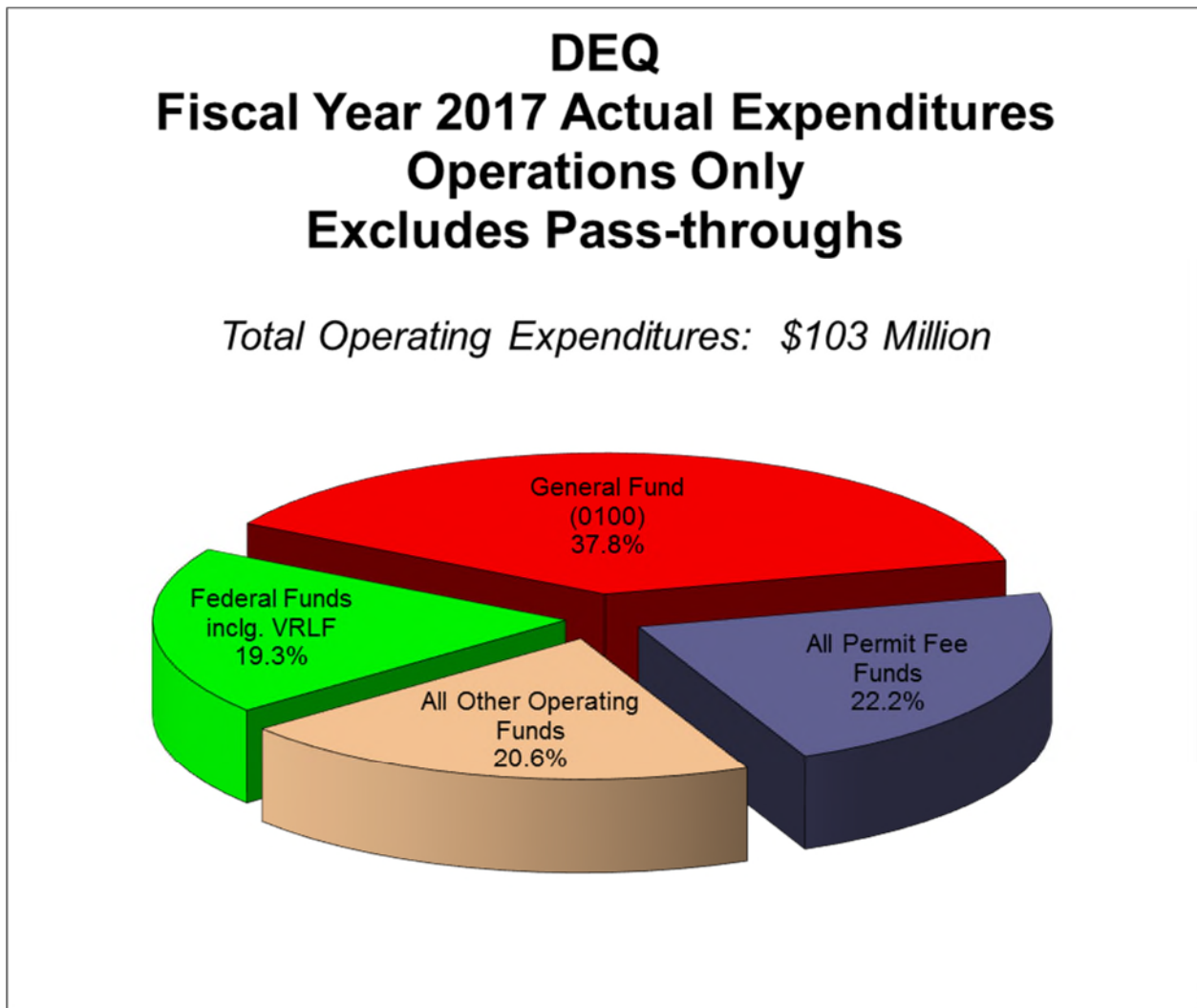
In addition to the requirements identified above, Section 62.1-44.15:6 specifies that for the water permit program, the report must include the following: (1) the total costs, both direct and indirect, including the costs of overhead, water quality planning, water quality assessment, operations coordination, 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 FY 2017. 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) 2017. DEQ's permit programs are funded through a variety of mechanisms. The following table illustrates the funding source for operating expenses during FY 2017.



The following is a summary of permit program activities at DEQ for FY 2017.

- **Permit Fee Revenues:** In FY 2017, a total of \$21,382,021 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 2017, a total of \$14,107,876 in General Funds was allocated for the water (including stormwater), air, and waste permit programs.
- Staffing: In FY 2017, DEQ employed a total of 119 Virginia Pollutant Discharge Elimination System (VPDES), VPA, and groundwater water permit program staff, 30 Virginia Water Protection (VWP) permit program staff, 8 biosolids permit program staff, 56 stormwater staff, 98 air permit program staff, 23 hazardous waste and 46 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 2017, DEQ expended \$2,634,164 in direct VWP water permit program costs, \$11,539,412 in direct VPDES, VPA and groundwater water permit programs, \$2,552,760 in direct and indirect hazardous waste permit program costs, \$4,909,489 in direct solid waste permit program costs, \$785,392 in biosolids program costs, and \$5,580,661 in stormwater program costs. Total program costs for these water and land protection permit programs in FY 2017 were \$28,001,879.
- Air Program Costs: Title V total program costs, including direct and indirect costs, were \$10,477,196 in FY 2017. Non-Title V air program direct costs were \$1,739,313 in FY 2017.
- Permit Program Costs: The total cost of all air, water and land permit programs in FY 2017 was \$40,218,388.
- VPDES, VPA, and Groundwater Permit Program Funding: In FY 2017, permit fee revenues covered 31.1% of water permit program direct costs, which includes the direct costs to issue and enforce permits.
- VWP Permit Program Funding: In FY 2017, permit fee revenues covered 17.1% 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 2017, Sludge Management Fund revenues (including biosolids' land application fees) covered 100% 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 2017, Virginia Stormwater Management Fund revenues along with stormwater training and certification fees covered 86.9% 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 2017, permit fee revenue covered 51.9% of hazardous waste permit program direct costs. The remaining costs are covered by federal funds.

- Solid Waste Permit Program Funding: In FY 2017, permit fee revenue covered 49.4% of solid waste permit program direct costs.
- Air Permit Program Funding: In FY 2017, 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 43.3% 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 2017.¹

TABLE 1.1 – 1 PERMIT FEE ANALYSIS SUMMARY

BASED ON ACTUAL COSTS AND REVENUES- FY 2017

FY 2017 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	\$14,173,576	\$8,142,542	\$1,739,313	\$2,150,969	\$4,909,489	\$781,161	\$5,580,661
Indirect Costs on Title V and HW only		\$2,334,654		\$401,791			
Reimbursement to localities						\$4,231	
Total Costs	\$14,173,576	\$10,477,196	\$1,739,313	\$2,552,760	\$4,909,489	\$785,392	\$5,580,661
<u>PERMIT & FEDERAL REVENUES</u>							
Permit Fee Collections	\$4,035,476	\$9,434,868	\$0	\$1,116,865	\$2,426,668	\$21,450	\$3,573,182
Training and Certification fees							\$805,184
Sewage Sludge Land Application Fee Collections	\$0	\$0	\$0	\$0	\$0	\$773,513	
Interest, Penalties and Prior Year Refunds	\$50,745	\$37,126	\$0	\$4,396	\$20,078	\$0	\$184,192
Federal Collections	\$1,133,529	\$0	\$753,780	\$2,137,410	\$31,250	\$0	\$286,281
TOTAL REVENUES	\$5,219,751	\$9,471,994	\$753,780	\$3,258,671	\$2,477,996	\$794,963	\$4,848,839
Percent Permit Fee Revenue / Direct Cost	28.5%	115.9%	0.0%	51.9%	49.4%	2.7%	64.0%
Percent Revenue / Direct Cost	36.8%	116.3%	43.3%	151.5%	50.5%	101.8%	86.9%
Percent Revenue / Total Cost	36.8%	90.4%	43.3%	127.7%	50.5%	101.2%	86.9%
General Fund/Fund Balance Contribution	\$8,953,825	\$1,005,202	\$985,533	(\$705,911)	\$2,431,493	(\$9,570)	\$731,823

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 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 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.

Since the last biennial permit fee report, changes have occurred to DEQ's regional office structure. During FY2017, the DEQ Regional Office located in Lynchburg closed. The localities in this former region are now part of either the Piedmont Regional Office or the Blue Ridge Regional Office. This consolidation has increased the efficiency of management staff in the Blue Ridge Regional Offices. Previously managers were overseeing staff in both the Blue Ridge and Lynchburg Regional Offices and were traveling to the Lynchburg Office two days a week as part of their management duties. Closure of the Lynchburg Office has increased the efficiency of managers in the Blue Ridge Regional Office and allowed them to refocus their time on other program related tasks.

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 also 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 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, 34.5% 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 (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. For 2016, DEQ's turnover rate was 8.2% compared to the state turnover rate of 14.1%. 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. 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 2017. 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 2017 ²**

Program Title	General Fund	Fee Funds	Federal Fund	Total Staffing
Water				
<i>VPDES/VPA/Groundwater</i>	76	33	11	119
<i>VWP</i>	19	8	3	30
<i>Biosolids</i>	0	8	0	8
<i>Stormwater</i>	16	36	4	56
Air	11	78	9	98
Waste				
<i>Hazardous Waste</i>	0	6	17	23
<i>Solid Waste</i>	20	26	0	46
MEDIA TOTALS	141	195	44	380

² Numbers based on actual employees as of June 30, 2017.

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 FY 2017 decreased compared to FY 2015, despite several recent federal regulatory rulemakings that significantly added to the complexity and sensitivity of processing renewal applications for several manufacturing and electric power generating facilities, particularly those operating cooling water intake structures and/or managing coal combustion residuals (CCRs). DEQ administrative challenges also included the restructuring and consolidation of regional field office and jurisdictional boundaries, and permit writer position vacancies. 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 FY 2017 rose significantly compared to FY 2015 turnaround times. The increase is attributed to increased workload, delays experienced in securing information from the applicants to deem the application submittals complete, and staff reductions. DEQ's VPA permit workload has been higher in recent years because DEQ has been modifying all VPA biosolids permits to comply with new regulations that became effective in 2013. The three VPA permits that DEQ issued in FY 2017 were permits issued by the Virginia Department of Health (VDH) that needed to be converted and issued as new DEQ VPA permits. The technical requirements of the VPA permit application are significantly more detailed than the previous VDH permit applications, and permit applicants were slow to provide the additional information necessary. Workload challenges have been compounded by staffing reductions in the biosolids program, which DEQ implemented in response to a decline in program revenues.
- The average length of time needed to process a Virginia Water Protection (VWP) individual permit and to process a VWP General Permit coverage has decreased since FY 2015. Individual permit, and general permit coverage processing times are shown for VWP permits.
- During FY 2017, DEQ issued and reissued a total of 163 VPDES and five VPA individual permits (IPs), and certified general permit (GP) coverage for 4,255 VPDES and 28 VPA facilities. This compares to a total of 158 VPDES and 20 VPA IPs processed to completion in FY 2015, and GP coverage certified for 6,305 VPDES and 139 VPA facilities. Permit productivity for a given fiscal year is generally dependent on the permit reissuance cycle (every five years for VPDES permits; and every 10 years for VPA permits). During FY 2017, three VPDES GP regulations were renewed: Virginia Pollutant Discharge Elimination System General Permit for Sewage Discharges Less Than or Equal to 1,000 Gallons Per Day (9VAC25-110); General Virginia Pollutant Discharge Elimination System (VPDES) Permit for Seafood Processing Facilities (9VAC25-115); and General Virginia Pollutant Discharge Elimination System (VPDES) Watershed Permit Regulation for Total Nitrogen and Total Phosphorus Discharges and Nutrient Trading in the Chesapeake Bay Watershed in Virginia (9VAC25-820). No VPA GP regulations were subject to renewal during FY 2017. Of the total number of GP Registration Statements processed, coverage under the Virginia Pollutant Discharge Elimination System General Permit for Sewage Discharges Less Than or Equal to 1,000 Gallons Per Day and General Permit for Discharges of Stormwater from Construction Activities

collectively represented a dominant proportion (94%) of the total FY 2017 Water Division GPs processed.

- In FY 2017, VWP actions incurring fees included the issuance of 20 VWP individual permits and 97 general permit coverages (where impacts totaled *more than* 1/10 acre or 300 linear feet). Also in FY 2017, the following permit actions were completed that by statute *do not* incur fees: 20 minor modifications to VWP individual permits; issuance of 134 VWP authorizations for general permit coverages where impacts are *less than* 1/10 acre or 300 linear feet; and 65 changes to VWP general permit coverages. These actions do not require permit application fees according to current regulations.
- In July 2013, Stormwater Management Programs were transferred from the Department of Conservation and Recreation (DCR) to DEQ. This is the second 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 2011 – FY 2017)³

	VPDES ⁴	VPA ⁵	VWP ⁶
2011	156/107	113/75	237/210/82
2013	211/83	199/42	139/64/26
2015	339/93 ⁷	429/56	120/NA ⁸ /35
2017	298/77 ⁹	2114/50	92/0/27

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 No VWP individual permits were reissued during FY 2015.

⁹ Includes Stormwater related permits.

**Table 2.1 – 2 Water Permits Processed FY 2017
Comparison of FY 2017 and FY 2015 Data**

	VPDES ¹⁰ (IP/GP)		VPA (IP/GP)		VWP ¹¹ (IP/GP)	
	2017	2015	2017	2015	2017	2015
Applications Received	163/1,720	51/1,294	0/32	10/146	32/125	36/123
Applications Deemed Complete	156/1,781	66/1,417	1/30	22/143	30/123	30/123
Permits Issued	163/4,255 ¹²	158/6305 ¹³	5/28 ¹⁴	20/139 ¹⁵	20/97	29/123
Permits Appealed¹⁶	0/0	0/0	0/0	0/0	NA	0/0
# Expired Permits	54/0	57/0	4/0	10/0	51/85	23/191

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

¹⁰ Includes Stormwater related permits.

¹¹ "Permits Issued", "# Expired Permits", "Applications Deemed Complete", and "Applications Received" include VWP individual permits, major modifications to individual permits, and general permit coverage for projects resulting in impacts *greater than* 1/10 acre or 300 linear feet, where the date effective occurred during the fiscal year, because these actions incur fees at the time of this report. Minor modifications to VWP individual permits, issuance of general permit coverage for projects resulting in impacts *less than* 1/10 acre or 300 linear feet, and changes to any VWP general permit coverage are not included, as these actions do not generate permit application fees. The number of applications received and the number of applications deemed complete may not match in cases where these actions occur in different fiscal years.

¹² 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.

¹³ Three VPDES General Permit regulations were issued in FY 2015. This number reflects the number of facilities issued coverage under a general permit during FY 2015.

¹⁴ This number reflects the number of facilities issued coverage under a general permit during FY 2017.

¹⁵ One VPA General Permit regulation was issued in FY 2015. This number reflects the number of facilities issued coverage under a general permit during FY 2015.

¹⁶ Permit appeals filed by permittee during FY.

Additional information about data table 2.1-1

- A VWP permit program policy decision was made in FY 2016 to calculate processing days differently (as footnoted) to capture periods of suspended activity.
- The database used for this report and the reporting tool used to extract the data were significantly modified in 2016.
- 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 2017, DEQ met its processing time goals for processing major and minor source permits requiring hearings 80% of the time. DEQ met its processing time goal for processing minor source permits not requiring hearings 94% of the time. The processing time goal for permits with Administrative Amendments was met 91% of the time. DEQ met its processing time goals for processing PSD permits 100% of the time.
- In FY 2017, DEQ issued a total of 422 air permits. The total number of permits issued in FY 2015 was 558.

Table 2.2 – 1 Air Permitting Processing Times (FY 2011 – FY 2017)

Air Permit Processing Time Comparison (Average number of days)						
	Major or Minor Permits w/Public Hearing	Minor Permits w/No Public Hearing	Administrative Amendments	PSD Permits	Title V	Title V Renewals
2011	51	29	28	60	266	291
2013	85	35	23	122	229	217
2015	81	35	21	129	267	217
2017	98	32	23	13	45 ¹⁷	188

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 2017

AIR PERMITS PROCESSED FY 2017												
	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 (07/01/2016)	10	4	1	81	3	9	10	91	27	10	2	248
Apps. Received ¹⁸	9	1	4	248	23	44	3	62	41	3	76	514
Apps. Withdrawn	2	0	1	11	1	1	0	2	1	0	1	20
Apps. Denied	0	0	0	0	0	0	0	0	0	0	0	0
Permits Issued	4	2	0	212	24	41	1	39	26	1	72	422
Draft Permits in Process (06/30/2017)	13	3	4	106	1	11	12	112	41	12	5	320

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 2017 is presented in this section. A comparison with permitting programs for previous fiscal years also is presented in the tables that follow.

- In FY 2017, DEQ issued a total of 51 solid waste permits and 15 hazardous waste permits, compared to a total of 61 solid waste permits and 24 hazardous waste permits in FY 2015.

Table 2.3 – 1 Average Solid Waste Permitting Processing Times (FY 2011 – FY 2017)

	Part A	Part B ¹⁹	Permits-by-Rule
2011	68 days	85 days	19 days ²⁰
2013	103 days ²¹	100 days ²²	19 days
2015	0 days ²³	0 days ²⁴	18 days
2017	107 days	145 days ²⁵	14 days

Table 2.3 – 2 Average Hazardous Waste Permitting Processing Times (FY 2011 – FY 2017)

	Storage and Treatment	Emergency	Post-Closure
2011	70 days	5 days	245 days
2013	134 days	5 days	NA
2015	172 days	7 days	352 days
2017	NA	6 days	247 days

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

²⁰ 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.

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

²² 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.

²³ 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.

²⁴ 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.

²⁵ 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.

Table 2.3 – 3 Solid Waste Permits Processed FY 2017

Permits Processed	Permit Amendments	Part A Applications	Part B Applications	Emergency Permits	Permit-by-Rule	Total
Applications Pending on July 1, 2016	93	2	6	0	6	107
Applications Received	44	4	0	0	4	52
Applications Deemed Complete	18	0	3	0	1	22
Permits Denied	0	0	0	0	0	0
Permits Withdrawn	5	0	0	0	0	5
Permits Issued	44	2	1	0	4	51
Applications Pending on June 30, 2017	88	4	5	0	6	103

Table 2.3 – 4 Hazardous Waste Permits Processed FY 2017

Permits Processed	Permit Amendments	Part B Applications	Emergency	Total
Applications Pending on July 1, 2016	0	9	0	9
Applications Received	11	4	5	20
Applications Deemed Complete	8	2	5	15
Permits Denied	0	0	0	0
Permits Withdrawn	0	0	0	0
Permits Issued	8	2	5	15
Applications Pending on June 30, 2017	3	11	0	14

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.	31.1 %	\$78,760	\$71,380	\$33,470	\$1,000	\$0
DE	\$1,125-\$6,000	\$40 - 9000	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* currently waiving CAFO fees
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	\$14,000	\$16,500	\$11,000	\$0
SC	No	\$100- 2,660+	Formula derived	Not available	\$21,300	\$21,300	\$5,300	\$1,000	\$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.