

ADEQ WQD Fees Rulemaking

Informal Stakeholder Review/ Comment

September 9, 2010

Why are we here?

- General Fund was eliminated from ADEQ Budget
 - General Fund derived from taxpayers statewide had historically been used to:
 - fund the entire cost of AZPDES permitting at no cost to the applicant
 - subsidize indirect costs of the APP program
 - Existing APP fees have not been adjusted since 2001

Who will be impacted?

Everyone

Our objective is to be:

- Fair – fees supported by and connected to actual program expenses; no higher than absolutely necessary
- Equitable - no single regulated entity impacted disproportionately
- Transparent - revenues derived will be used to support only Water Quality permitting programs

- One time only fee raising authority
- Future permit application volume uncertain in down economy
- How will permit volume change in response to increased/new fees?

Questions Raised

- Q: Why are we being asked to pay more in annual fees if there is no additional work on the part of the department?
- Q: Dramatic increases in fees were not anticipated in our budget. Can't these fee increases be phased in over time?

Funding & Efficiencies

ADEQ recognizes increases in
fees requires continued
permitting efficiencies and program
improvements

- Process improvements
 - Improving communication during permitting process
 - Identifying potential agency concerns early in process
 - Communicate regularly – meetings, site visits, informal comments
 - Managing timeframes
 - Overall timeframes are dependent on variables such as type of application, complexity of permit, technical review needed and response of applicant or consultant
 - WQD is working to establish internal timeframe expectations for various types of projects
 - Tracking application's progress against these predicted processing times to identify any issues

Efficiencies

- Developing training for staff and permittees to better understand program, rules, requirements
 - APP Workshops
 - Goal: better applications lead to a faster, streamlined permit process
 - To assist applicants & consultants in understanding the rules & requirements of the program
 - Have held several “APP 101” workshops to date – over 200 attendees
 - To date: APP basics, financial assurance, hydro review
 - Future sessions will focus on program specifics – e.g., Best Available Demonstrated Control Technology (BADCT), point of compliance, discharge impact area, contingency plans, monitoring, self monitoring report (SMRFs)

Efficiencies

- Expand the use of general permits – possible permits being explored include discharges from:

AZPDES

- New and renewal permits for WWTP < than 1 MGD
- Discharges of groundwater to surface water or riparian habitat development
- Potable water treatment plants (including arsenic treatment plants)
- Sporadic / “emergency” dischargers
- Biosolids treatment facilities

APP

- Dust control with industrial wastewater
- Reuse classification for WWTP < 24,000 gpd
- Graywater for other than residential irrigation (Type 2)
- Aerobic WWTP < 24,000 gpd with nit/denit + disinfection

ADEQ is granted one-time authority for regular rulemaking to:

- Raise APP program fees
- Establish fees for AZPDES program
- Collect both direct and indirect program costs
- Deposit into the Water Quality Fee Fund

Background

- Beginning in FY07, ADEQ/WQD started seeing significant reductions to the General Fund (GF)
- From FY07 when GF was 26% of total WQD program budget to FY11 when GF is 0%
- Budget reductions have resulted in loss of staff through RIFs, layoffs and retirements
- Workload has remained steady in some areas -- reassigned staff to assist from other areas

APP & AZPDES Program Costs

Program	Current Costs
AZPDES	
Individual & General Permits	\$1,435,456
Compliance & Inspections	\$1,871,444
Administration	\$670,517
Total AZPDES Program	\$3,977,417
APP	
Individual & General Permits	\$3,872,219
Compliance & Inspections	\$1,643,702
Administration	\$1,765,583
Total APP Program	\$7,281,504
GRAND TOTAL	\$11,258,921

Strategy to Fund Permitting Programs

- Establish a new hourly rate for both APP and AZPDES programs based on the number of billable hours per year for a permit writer/technical reviewer
- Adjust/establish general permit fees and annual or renewal fees based on hours to develop, implement & manage the permit
- Adjust/establish annual fees for individual permits to cover administration, inspections, data management, additional program activities

Hourly Fees

- Applied to review & processing of individual APP, Reclaimed & AZPDES permits
- Also applies to review & processing of CWA 503 pretreatment program submittals and to APP determinations of applicability (DOAs)
- Includes maximum fee caps for both APP & AZPDES

Flat Fees

- Applies to APP, Reclaimed & AZPDES General Permits
- Existing General Permits – APP & Reclaimed programs
- New GP – APP, Reclaimed & AZPDES programs

Annual/Renewal Fees

- Three types of annual or renewal fees
 - Annual registration fees – individual & areawide APP permits
 - Annual fees – certain AZPDES individual and general permits & pretreatment program
 - Renewal fees – APP & reclaimed general permits
- These fees must support
 - Administration
 - Inspections/compliance
 - Data management, dbase development, other AZPDES related activities (e.g., WET testing, QA proficiency, biosolids annual reports, pretreatment)

Draft Rule Text Review

Definitions

- Adding definitions for:
 - Courtesy review
 - Priority review
- Revising definitions for:
 - Complex modification
 - Standard modification
 - Water Quality Protection Services
- Deleting definitions for:
 - Owner/operator
 - Site visit
 - Significant Industrial User

Hourly Rate & Maximum Fees

- Proposal establishes hourly rate of all water quality protection services except those assigned a flat fee or APP minor amendment
- Establishes hourly rate of \$122/hr using ADEQ methodology
 - Based on calculating “billable time” for an FTE
 - Permit writers & technical review staff –
 - AQD \$133.50/hr
 - DWR - \$118/hr
 - WPD from \$127 – \$139/hr
- Introduces concept of annual price adjuster
 - Consumer Price Index

APP Maximum Fees

Most APP maximum fees increased in proportion to hourly rate increase

Individual or Areawide Permit	\$200,000
Complex Modification to Individual/Areawide	\$200,000
Standard Modification to Individual/Areawide	\$50,000
Clean Closure of Facility	\$70,000
Reclaimed Water Permits	\$32,000
Determination of Applicability	\$32,000

AZPDES Maximum Fees

Individual Permit for MS4 Phase I	\$40,000
Individual Permit for WWTP (based on gpd)	
3,000-99,999 gpd	\$12,500
100,000-999,999 gpd	\$15,000
1,000,000-9,999,999 gpd	\$25,000
10,000,000+ gpd	\$40,000
Individual Permit for facility/activity not an MS4 or WWTP	\$30,000
Approval of new/revised pretreatment program	\$10,000

APP Annual Registration Fees

- Set to reflect the amount of time spent to administer permits:
 - Data management
 - Program management
 - Inspections/compliance assistance
 - Billing

Discharge/Influent per day	Pre-FY11 Fees	Current FY11 Fees	Proposed FY12 Fees
3,000 - 9,999 gpd	\$25	\$50	\$500
10,000 - 99,999 gpd	\$100	\$250	\$1,000
100,000 – 999,999 gpd	\$1,000	\$2,500	\$2,500
1,000,000 – 9,999,999 gpd	\$5,000	\$7,500	\$5,000
10,000,000+ gpd	\$8,500	\$12,500	\$8,500

AZPDES Annual Fees

- Set to reflect the amount of time spent on additional AZPDES required activities:
 - Additional data management (WET data, TIE/TRE, QA-DMR proficiency testing, biosolids annual reports, pretreatment)
 - Inspections/compliance – MSGP, SWPP/SWMP review
 - Administration of permit

Facility/Activity Type	Annual Fee
MS4 Phase I	\$10,000
Municipal/domestic WWTP (based on gpd)	
1,000,000 - 9,999,999 gpd	\$2,500
10,000,000+ gpd	\$4,000
Facility/activity not an MS4 or WWTP	\$2,500
Pretreatment program	\$2,000

APP Flat Fees

- Type 1 – no change -- no fee
- APP and Reclaimed Water General Permits

Permit Type	Previous Fee	New Fee
Type 2 initial permit	\$300	\$600
Type 2 renewal	\$120	\$200
Type 3 initial permit	\$1500	\$3000
Type 3 renewal	\$500	\$1000

APP Flat Fees con't

- Type 4.01 General Permit for sewer collection systems
 - Currently based on “connections” – term undefined
 - Proposal – based on “design flow” and per component basis

Description	Permit Fee
Gravity sewer w/ manholes (MH) or force main with design flow < 10,000 gpd	\$1,000
Each additional 50,000 gpd (gravity sewer w/ MH or force main)	\$1,000
Each additional component (e.g., lift station, depressed sewer)	\$1,000
Realignment of existing sewer for contiguous project, < 300 LF, no change in pipe size or design flow	\$500
Maximum fee – assess per component & cumulative of components	\$25,000

APP Flat Fees con't

- APP GP Types 4.02-4.22
- Proposal is to simplify:
 - First Type 4 GP (e.g., septic tank, vault, composting toilet) = \$1,200
 - Each additional treatment or disposal works on same NOI (e.g., disinfection, filters, subsurface discharge) = \$ 500
- Typically application includes from 1 – 4 GPs
 - Example: septic tank, using textile filter, disinfection, pressure distribution system for subsurface disposal
- Effectively caps Type 4 GPs at \$3,200 - \$3,700

Type 4.23 General Permits

Most on-site wastewater treatment facilities (OSWTF) with design flows > 3,000 gpd but < 24,000 gpd

Description	Permit Fee
An OSWTF with up to three treatment/disposal works and up to two locations – using technologies or designs from other Type 4 general permits	\$3,600
Each additional treatment or disposal works	\$500
Each additional OSWT facility	\$1,200
Maximum Fee (cumulative)	\$7,500
Annual report fee	\$200

AZPDES Flat Fees

- Proposal: develop a fee structure for existing & future AZPDES general permits based on:
 - Factors such as population, amount of acreage, amount applied
 - Amount of time to develop general permit
 - Amount of time to process the NOI/application
 - Amount of time to administer the permit over 5 years
 - data management, inspections, reviewing reports/pollution prevention plans, developing database applications

- Costs of permit are spread over 5 years resulting in initial fees and annual fees being the same

AZPDES Flat Fees

Municipal stormwater discharges (MS4 Phase II Permits)

Fee based on <u>population</u>	Initial Fee	Annual Fee
Less than 10,000	\$2,000	\$2,000
Greater than 10,000 but \leq 100,000	\$4,500	\$4,500
Greater than 100,000	\$7,000	\$7,000
Non-traditional MS4: hospital, university, military installation	\$4,500	\$4,500

Fees cover SWMP review, audits, annual reports and compliance assistance



AZPDES Flat Fees

Non-municipal stormwater discharges (MSGP & CGP Permits)

Fee based on <u>amount of acreage</u>	Initial Fee	Annual Fee
Less than 1 acre but part of greater plan of development	\$250	\$250
> 1 acre but ≤ 10 acres	\$500	\$500
> 10 acres but ≤ 40 acres	\$750	\$750
> 40 acres but ≤ 160 acres	\$1,000	\$1,000
> 160 acres but ≤ 640 acres	\$2,000	\$2,000
> 640 acres	\$3,000	\$3,000
SWPPP review	\$1,000	
Waiver or Certificate of No Exposure (CNE)	\$750	\$350 (CNE)
Co-Permittees – each entity pays fees applicable to the amount of acreage it controls	Fee above	Fee above ₃₀

AZPDES Flat Fees

Non-stormwater discharges

Level	Permit Creation (hours)	Staff NOI Time (hours)	Insp/ Data 5 yrs (hrs)	Possible Permit Types	Initial Fee	Annual Fee
1A	< 1000	< 2	< 1	DMGP single source/ routine to eph/edw/non-DWS canal; PGP single source	\$250	\$125
1B	< 1000	< 10	< 1	DMGP – single source/routine to perennial/intermittent/DWS canal; DMGP areawide; PGP areawide	\$500	\$250
2	< 1000	< 20	< 20	Arsenic WTP; riparian restoration projects	\$1,250	\$1,250

AZPDES Flat Fees

Level	Permit Creation (hours)	Staff NOI Time (hours)	Insp/ Data 5 yrs (hrs)	Possible Permit Types	Initial Fee	Annual Fee
3	>1000	< 40	< 25	GW remediation discharges to eph, edw, canals; infrequent discharges	\$1,500	\$1,500
4A	>1000	< 60	< 30	Domestic/municipal WWTP to EDW, PBC	\$2,000	\$2,000
4B	>1000	<80	< 40	Domestic/municipal WWTP to A&Ww, A&Wc, FBC, DWS, FC	\$2,500	\$2,500

Fees cover time to develop permit, staff time on application/NOI, data management, database development, inspections, report or plan review, customer service and compliance assistance

Total cost for each “level” are divided over 5 years resulting in initial and annual fees being the same

Other proposed adjustments

- Initial fee with application increases from \$1,000 to \$2,000 (R18-14-103)
- Dry well registration raised from \$10 per well to \$100 per well (R18-14-110)
- Certificate of Approval of Sanitary Facilities for Subdivision (R18-14-110)
 - With sewer \$600 for each 150 lots (R18-14-110)
 - Without sewer (R18-14-110)
 - <10 lots \$500
 - > 10 but < 50 lots \$1,000
 - Each additional 50 lots \$1,000
 - Without water or sewer 1.5x above aka “dry lot subdivisions”
 - Condominiums \$1,000 for each 150 lots

Proposed Rulemaking Schedule

Docket Opening	7/30/2010
Draft proposed rules	June - Sept
Files proposed rules w/ Secretary of State (SOS) office	10/15/2010
Notice publishes/30 day comment period begins	11/8/2010
Public comment period ends	12/10/2010
GRRC submittal & review period begins	1/10/2011
GRRC hearing on rules	4/5/2011
SOS filing date (60 days prior to effective date)	4/8/2011
Effective date	6/8/2011