



Water Quality Fee Increase Rulemaking 2020

Environmental Quality Commission meeting

Item D

July 16-17, 2020

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Outline

1. Permitting Program improvements and workload analysis
2. Legislative background and 2019-21 budget development
3. Fee implementation to support new investments
4. DEQ recommendation

WQ Permitting Program

the Path Forward

- Multiple WQ sub-program areas have been affected by increasingly complex permits that challenge permit development and renewal
- The WQ program has successfully implemented initial recommendations identified by independent consultants, and requires additional resources to sustain progress.
- New resources will improve a range of services that provide benefits to the regulated community, public health, and the environment.
- 2018 workload analysis identified resource deficiencies for a wide range of permitting program activity areas.
- To achieve and sustain objectives of reducing backlogs, full implementation of all recommendations is necessary.

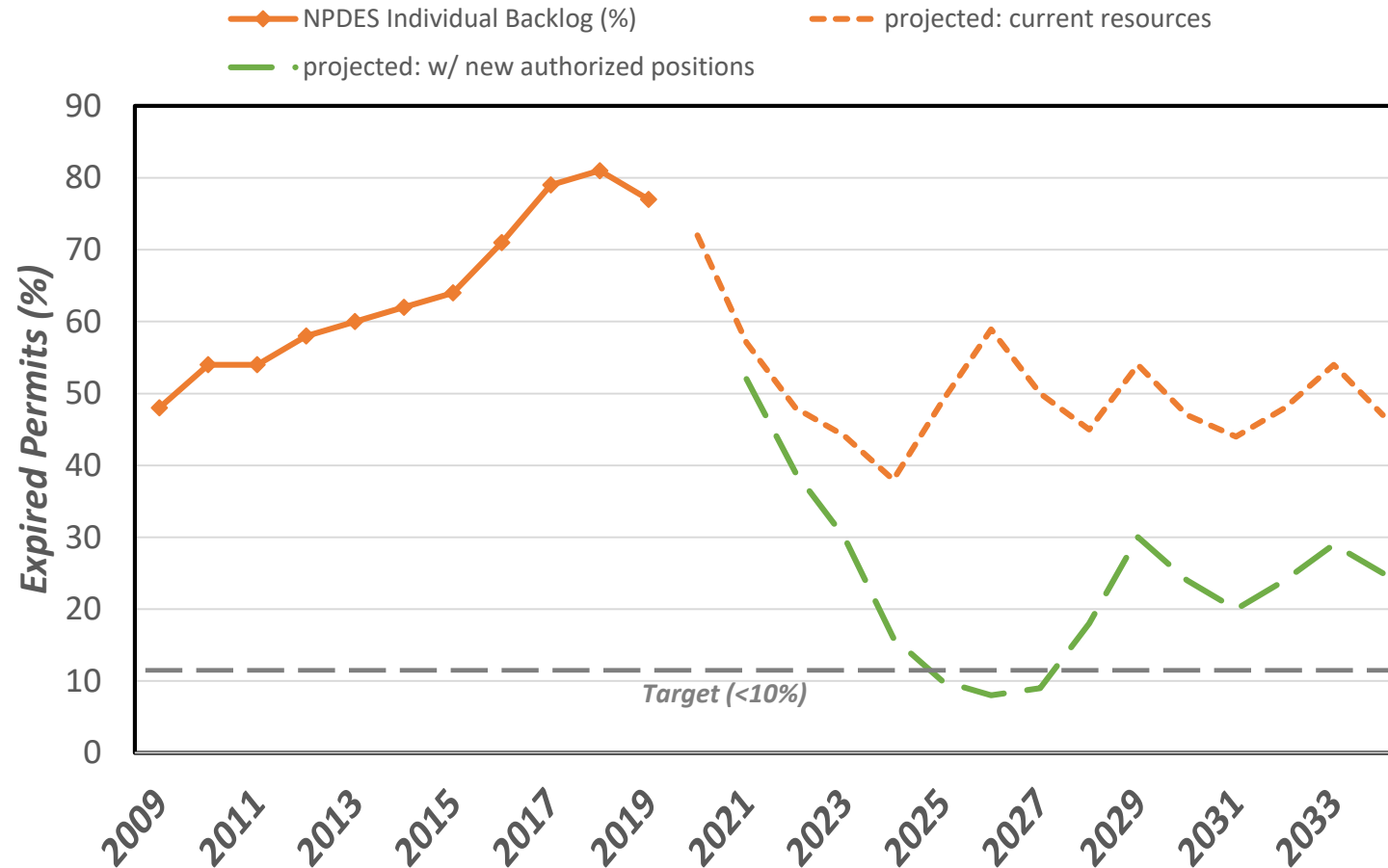
WQ Permitting Program Benefits

- Updated environmental standards
 - Permittees will have more protective regulatory standards
- Ability for permittees to update facilities
 - An administratively continued permit does not allow facilities to upgrade its operations and treatment
- Level playing field
 - Similar facilities in the same geographical area will have comparable monitoring and permitting requirements
- Importance of TMDLs
 - Permits cannot be renewed and new dischargers cannot be permitted in impaired water bodies that do not have a TMDL

WQ Permitting Program

the Path Forward

Individual NPDES Permits



2019-21 Budget Development

Agency Request Budget

- 59 new WQ positions (12 Policy Option Packages)

Governors Recommended Budget

- 27 new permitting positions (POP 127)

2019 Legislative Outcomes

- Collaborative development of modified Policy Option Packages
- 23 new positions across multiple POPs/ subprogram areas

2019-21 Legislatively Approved Budget

Policy Option Packages 122 and 127

– *11 new split-funded positions that will support enhanced:*

- Individual Permit Development
- General Permit Development
- Standards Variance Development
- Alternative Compliance Strategies Coordination
- Compliance Assurance and Facility Inspections
- Data Management, IT Support and Systems Improvements

WQ Permitting - Fees

Permitting program

Permit Categories:

- Individual permits (NPDES and WPCF)
- General permits (NPDES and WPCF)

Permitted Types:

- Domestic wastewater (NPDES and WPCF)
- Domestic onsite (WPCF)
- Industrial wastewater (NPDES and WPCF)
- Stormwater (NPDES and WPCF)

WQ Permitting - Budget

Budget Scenario Comparison (Base vs. 3% increase)

July 1, 2020

Effective date of last fee increase: Oct. 2019

EQC adopted fee changes: Sept. 2019

Funding Source	2017-2019 Legislatively Adopted Budget		2019-2021 Legislatively Adopted Budget (excluding POPs ¹)	
Program costs covered by fees	\$12,782,995	58%	\$14,254,336	59%
Program costs covered by General and Lottery Funds	\$7,671,236	35%	\$8,229,707	34%
Program costs covered by Federal Funding	\$1,609,781	7%	\$1,716,369	7%

These numbers have passed Department of Administrative Services' audit, and include packages 000 through 070, and adjustments made by the legislature in DEQ's budget bill (package 801) and the end-of-session bill (package 810).



WQ Permitting - Budget

Proposed Budget Scenario, July 1, 2020 (Includes 3% and 18% increases)

Effective date of last fee increase: Oct. 2019

EQC adopted fee changes: Sept. 2019

Funding Source	2019-2021 Legislatively Adopted Budget (excluding POPs ¹)	2019-2021 Legislatively Adopted Budget (POPs only)	Total 2019-21 Legislatively Adopted Budget	
Program costs covered by fees	\$14,254,336	\$1,329,378	\$15,583,714	58%
Program costs covered by General and Lottery Funds	\$8,229,707	\$1,334,828	\$9,564,535	36%
Program costs covered by Federal Funding	\$1,716,369	\$0	\$1,716,369	6%

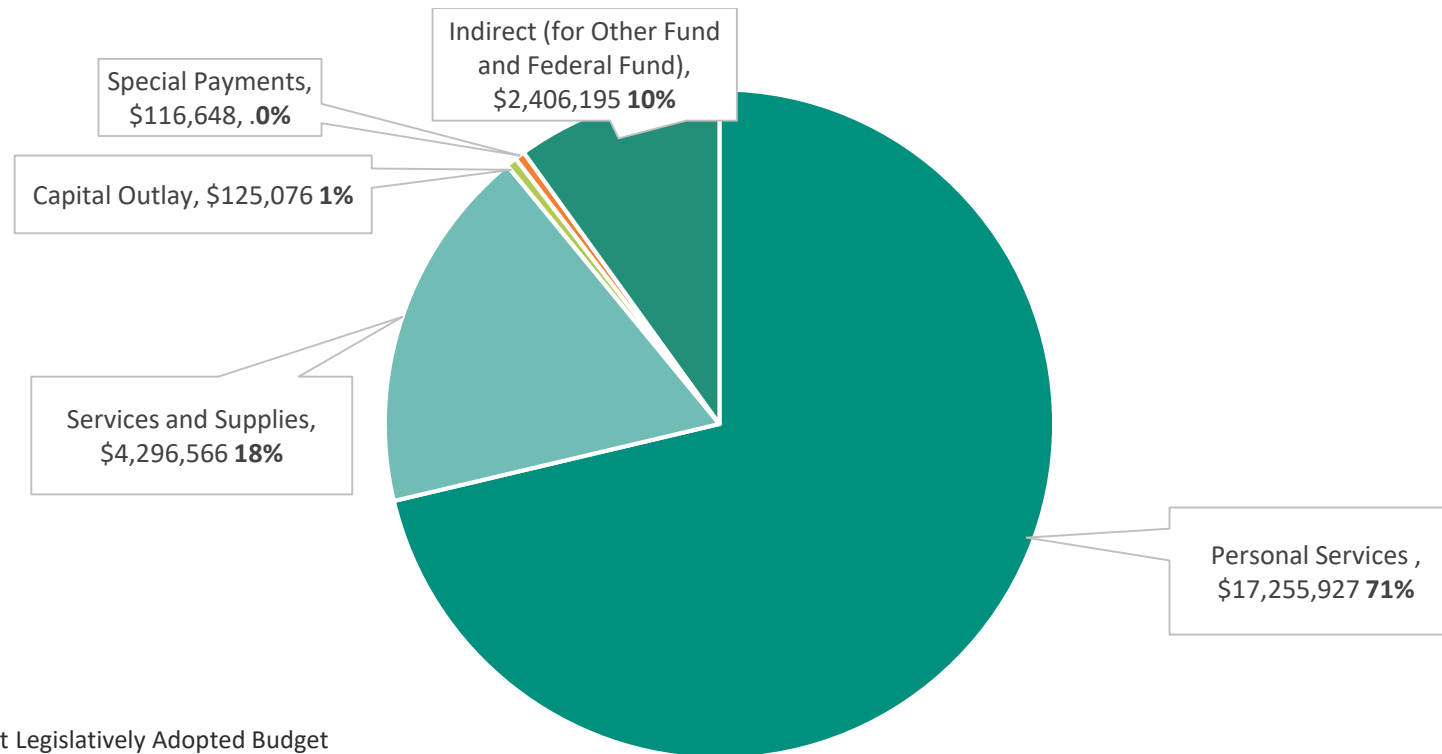
These numbers have passed Department of Administrative Services' audit, and include packages 000 through 070, and adjustments the legislature made in DEQ's budget bill (package 801) and the end-of-session bill (package 810).



WQ Permitting - Budget

Budget by major cost category

Wastewater Permitting Budget*
Legislatively Adopted Budget for 2019-21 excluding program enhancements



*Updated April 10, 2020, to reflect Legislatively Adopted Budget

WQ Fee Implementation

Overview of Option One

- 21% increase, effective August 2020, on most water quality permit fees. Comprised of:
 - 3% increase for annual service cost increases (ORS 468B.051).
 - 18% increase to support program enhancements authorized in 2019-21 Legislatively Approved Budget.
- The annual MS4 permit fees are excluded from the 18% increase, but not the 3% fee increase

WQ Fee Implementation

Overview of Option Two (modification of draft rule)

- Step 1
 - 13% increase effective August 2020, on most water quality permit fees. Comprised of:
 - 3% increase for annual service cost increases (ORS 468B.051)
 - 10% increase to support a portion of program enhancements authorized in 2019-21 Legislative Approved Budget
- Step 2
 - Effective July 2021, reminder of fee increase (~8%) necessary to support program enhancements authorized in 2019-21 Legislatively Approved Budget
- The annual MS4 fees are excluded from all increases except the 3% fee increase

WQ Annual Permits

Fee Relief for Economic Hardships

Regulations Pertaining to NPDES and WPCF Permit Annual Fees

- Director authority to modify payment due date (deferral)
 - Installment Plans
- EQC authority to reduce or suspend payments

Rule: OAR 340-045-0070(c)

Fee Implementation Options – Summary

	Impact to Permittees	Impact to DEQ
Option 1	<ul style="list-style-type: none"> • Fee increase of up to 21% effective upon adoption August 2020 • Full implementation of WQ permitting program improvements authorized by the 2019-21 Legislatively Approved Budget. 	<ul style="list-style-type: none"> • 3% reduction of fee revenue to support program in FY 2021– commensurate budget reductions will be required. • DEQ hires all 11 newly authorized positions within 2019-21 biennium – with minor delay to LAB hiring plan.
Option 2	<ul style="list-style-type: none"> • Initial fee increase of up to 13% effective upon adoption August 2020 • Second phase of fee increase (~8%) effective July 2021 • Partial implementation of anticipated improvements within 2019-21 biennium. • DEQ capacity for some technical assistance and other customer services may be reduced. 	<ul style="list-style-type: none"> • 10% reduction of fee revenue to support program in FY 2021 – commensurate budget reductions will be required. • DEQ hires 7 of 11 newly authorized positions; 4 positions delayed by at least one year.

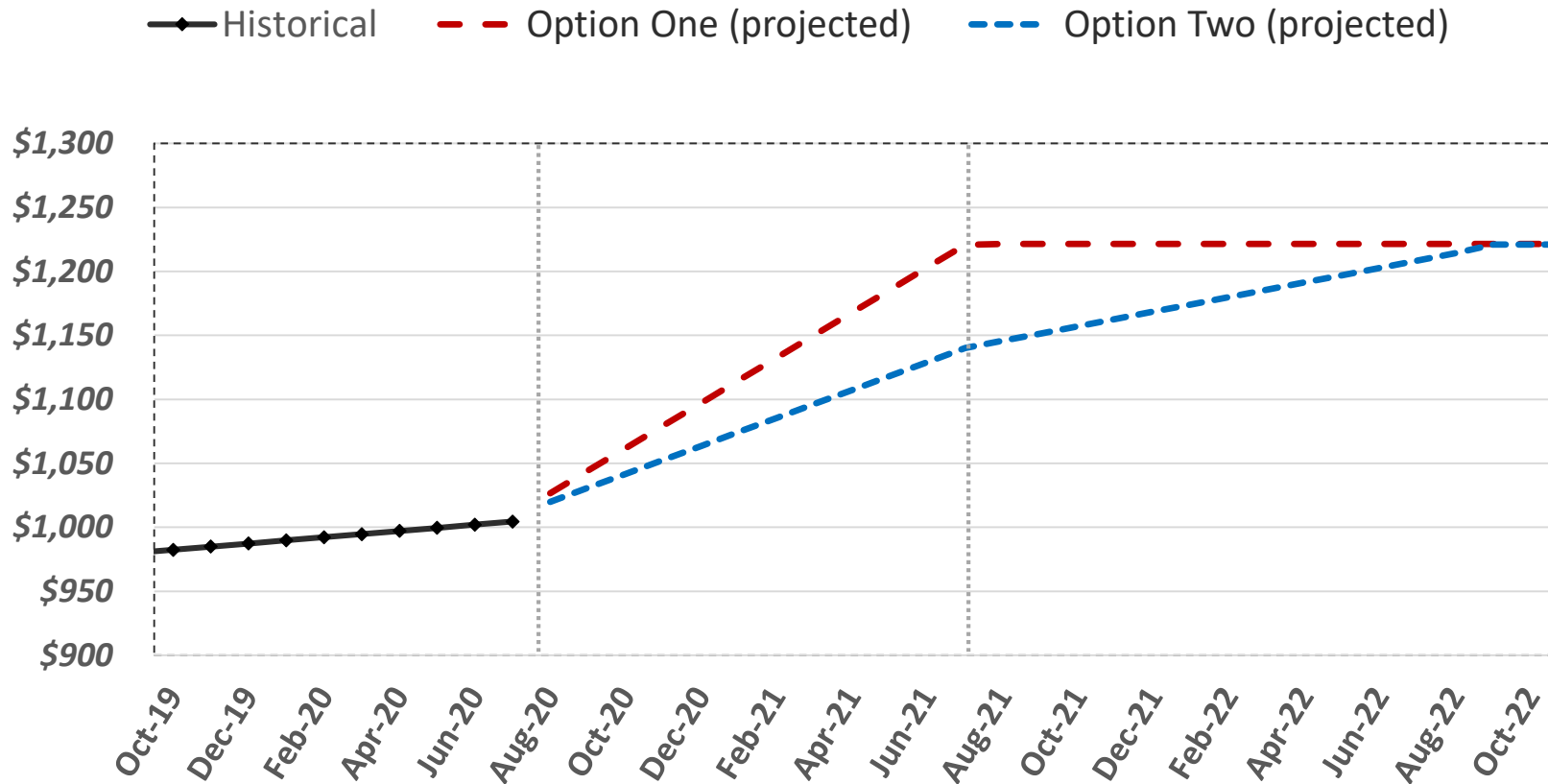
WQ Fee Implementation - Examples

WQ Fee Type Examples (Annual):	Current Amt.	Post 21% increase Amt.	\$ Increase
Domestic NPDES Individual - Ba 5 mgd ≤ Flow < 10 mgd	\$16,712	\$20,222	\$3,510
Domestic NPDES Individual - Da Flow < 1 mgd	\$2,415	\$2,922	\$507
Large Onsite Septic WPCF; 2,501 – 20,000 gpd	\$940	\$1,137	\$197
Underground Injection Control – Individual WPCF	\$2,904	\$3,514	\$610
Sawmill, Log Storage - NPDES Individual Tier II B19	\$3,793	\$4,590	\$797
Construction Stormwater - GP 1200C	\$1,112	\$1,346	\$234
Seafood Processor - GP 900J	\$632	\$765	\$133



WQ Fee Implementation - Options

Median Annual WQ Permit Fee Invoice:



Water Quality Fee Rulemaking

Overview of proposed changes:

Clarification

DEQ proposes the following clarification to the fee language OAR 340-045-0075 fee table 70B, permit type B17, for permits that DEQ covers under this fee type.

Current: “Dairies, fish hatcheries and other confined feeding operations on individual permits”

Proposed clarification: ~~Dairies, fish~~ **Fish** hatcheries and other confined feeding operations on individual permits **except permits the Oregon Department of Agriculture administers.**

Water Quality Fee Rulemaking

Overview of proposed changes:

If Option 1 is adopted (Appendix A)

Rule text unchanged

If Option 2 is adopted (Appendix B) include the following new language:

OAR 340-045-0075(2): Two sets of fee tables are provided. The first identifies fees effective August 1, 2020, through June 30, 2021. The second establishes the fee amounts effective starting July 1, 2021.

Water Quality Fee Rulemaking

DEQ recommends:

Option Two: The Environmental Quality Commission adopt the proposed rules as seen in **Attachment B and fee tables C and D** of the staff report for this item as part of Chapter 340 of the Oregon Administrative Rules Divisions 45 and 71