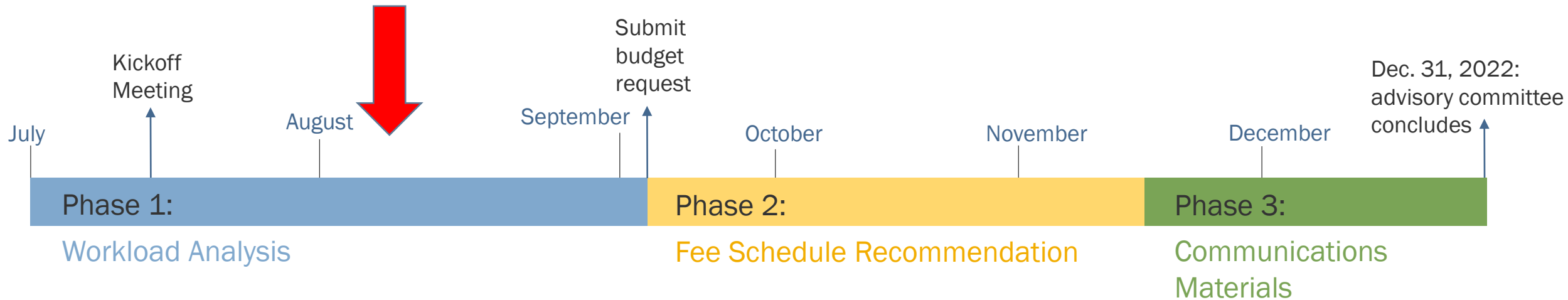


Wastewater Permit Fees Stakeholder Advisory Committee

Meeting 2

August 8th, 2022

Advisory Committee Timeline & Deliverables



Deliverable #1: Workload Analysis

- Assess the staffing level necessary in the WQ permit fee program to support adequate levels of service to permittees
- Includes: FTE level & corresponding revenue level

Deliverable #2: Fee Schedule Recommendation

Recommend a fee structure for the program to reduce municipal wastewater permit backlogs and recover the cost of administering the permits.

Deliverable #3: Communication Materials (optional)

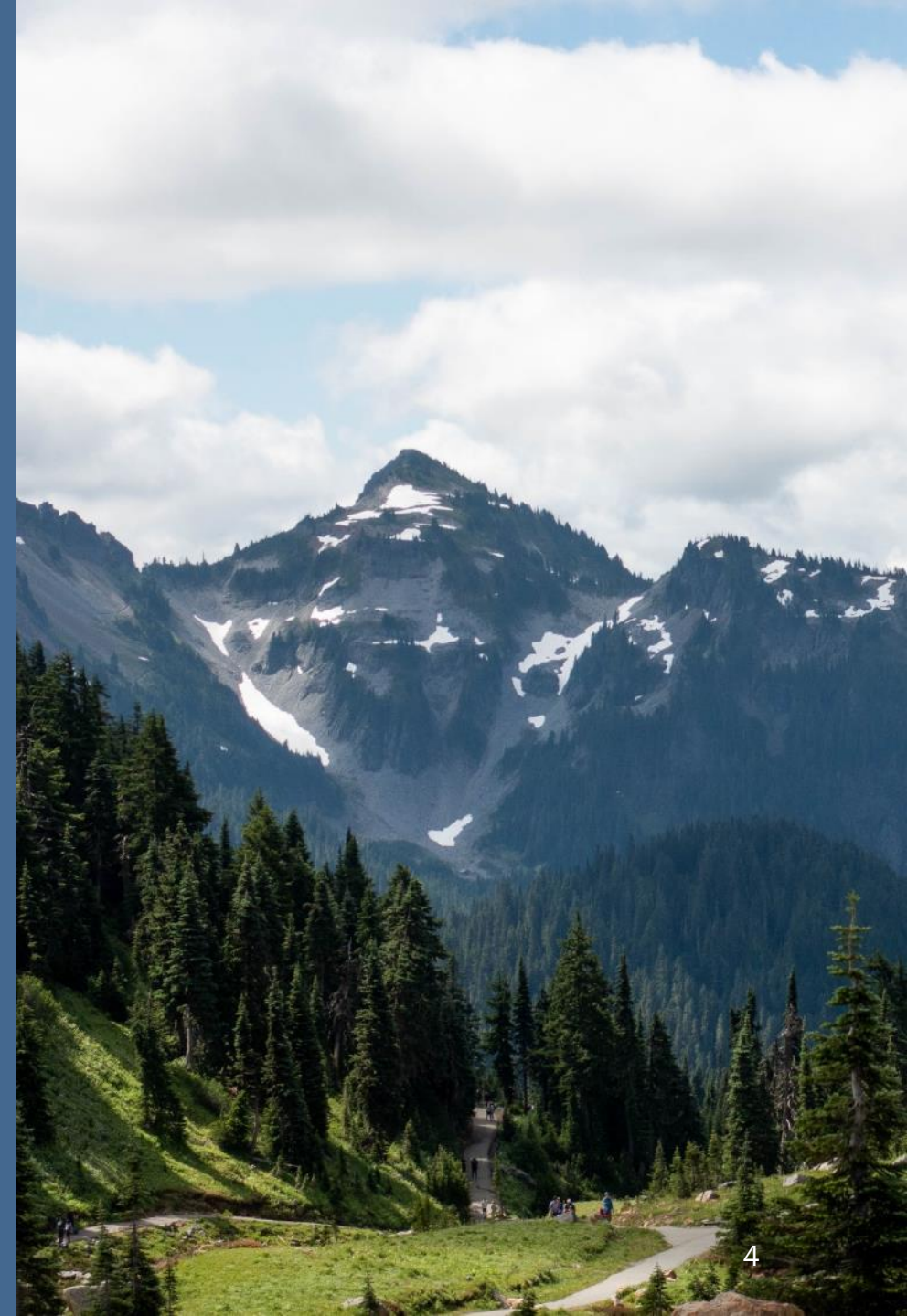
Collaboratively create materials for consistent messaging and necessary background to explain the fee increase to stakeholders.

Meeting Agenda

- Approval of Kickoff Meeting Minutes
- Follow-up on Questions Asked & Answered
- Continued Discussion about Staffing Levels



Approval of Meeting Minutes

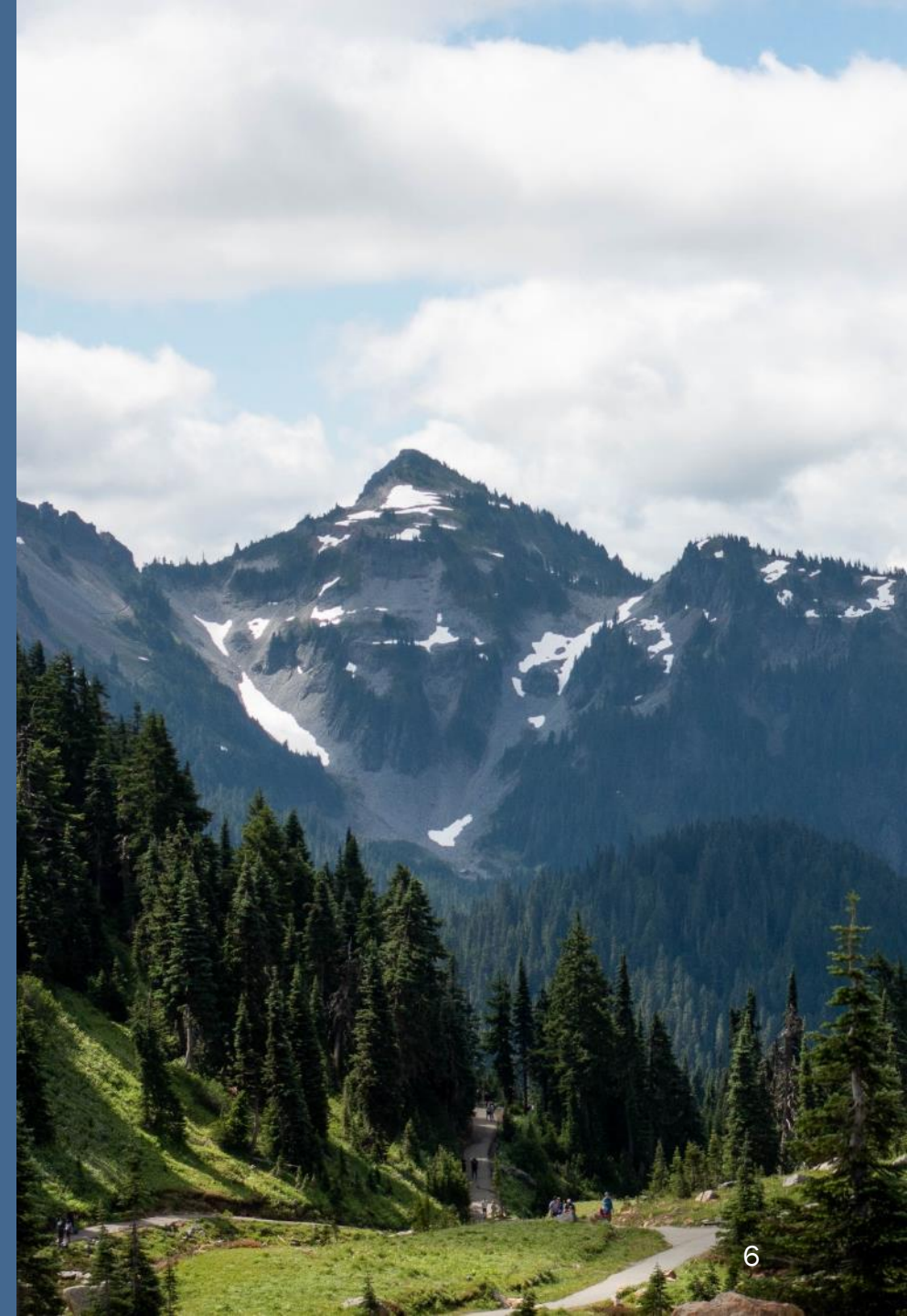


Meeting Minutes Review Process

- We'll send them out ASAP, ideally 2 days after the meeting
- If we've gotten something wrong, or missed something important, please email Sarah
- We'll track changes and update the minutes one week before the next meeting, so you can review them before approving them

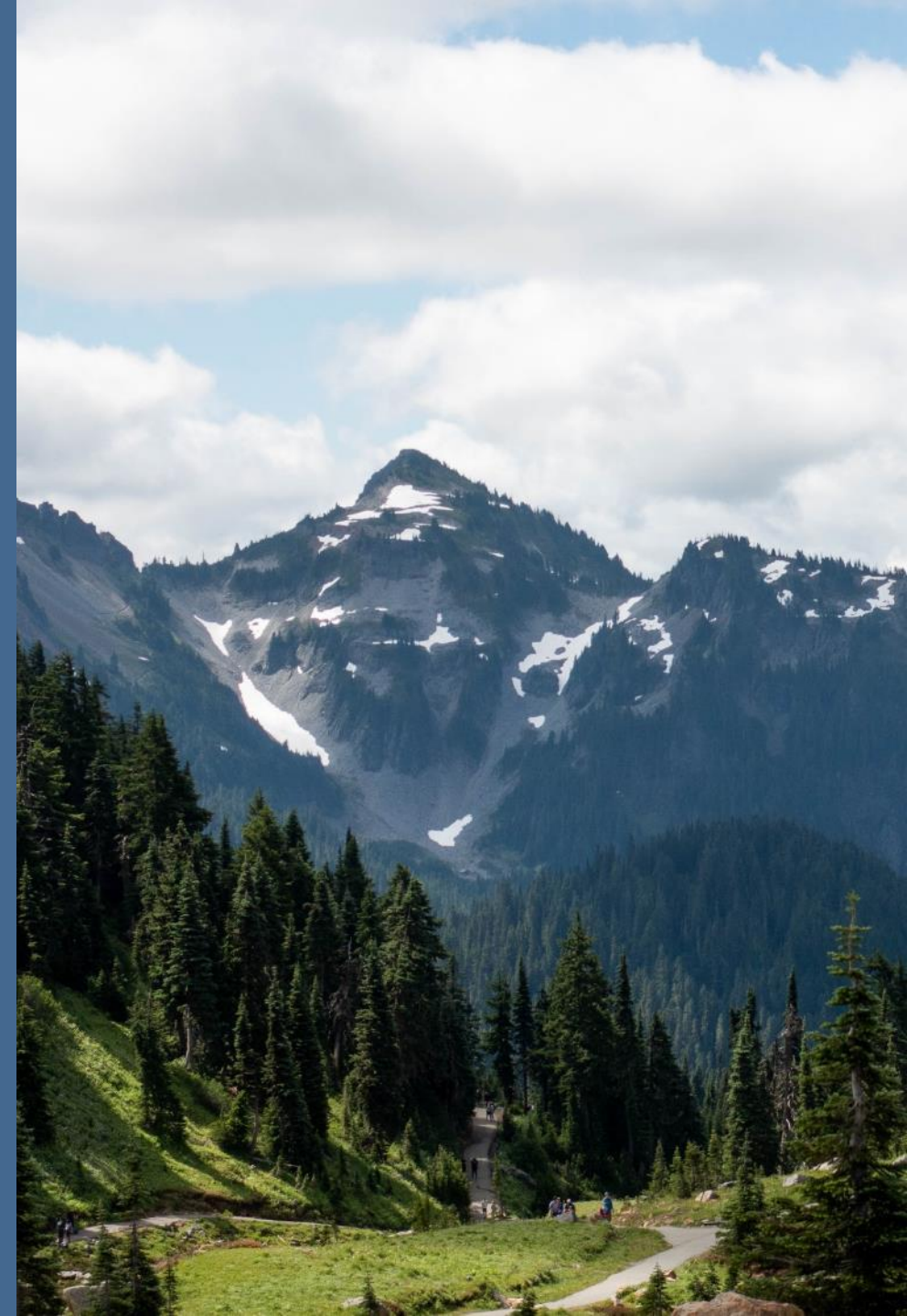


Follow-up Questions Asked & Answered



Questions and Info:

- Prioritization
- NWRO as a baseline
- Workload and productivity data
- Current vacancies
- Permit reauthorization
- Permit reopening
- Staffing up now
- Revenue

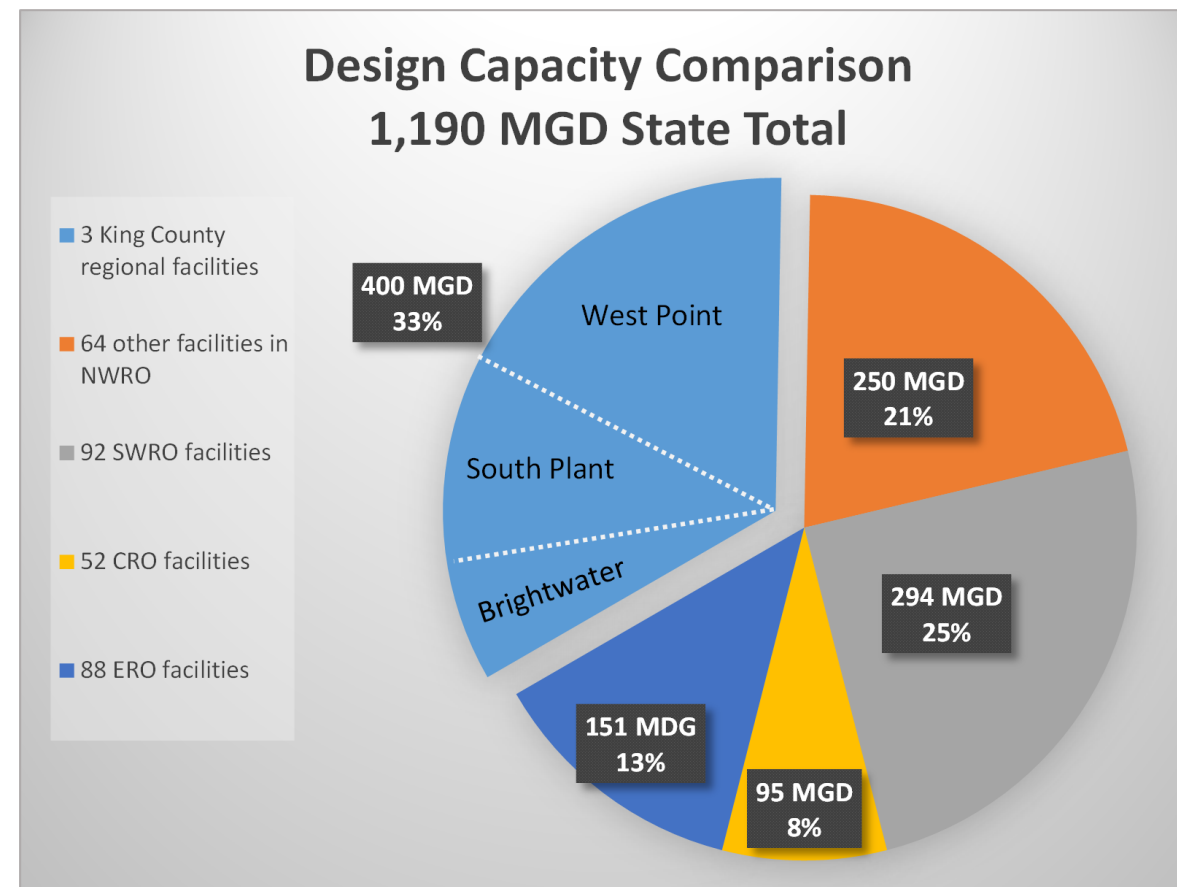


Prioritization of Permits (Currently)

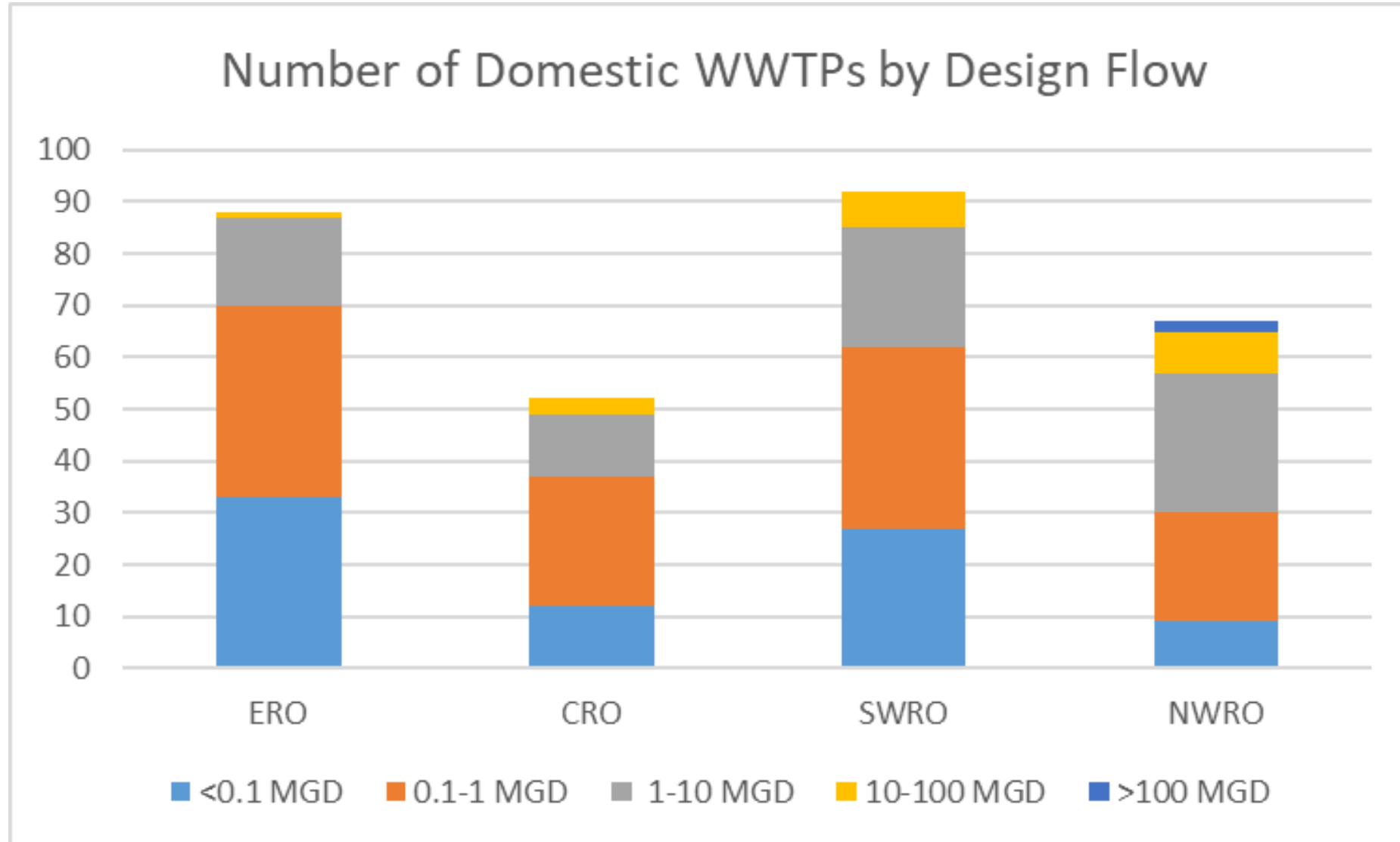
- Ecology prioritizes reissuing permits:
 - With a specific environmental driver,
 - A problem that needs to be addressed, or
 - WWTPs that need a new permit to accommodate growth and upgrades.
- Unless we're caught up on the backlog, we haven't prioritized the oldest permits or largest facilities.
- Going forward, we will discuss ideas about priorities and backlog reduction

Is Northwest Region a valid baseline?

- King County regional facilities skew perspective.
 - 33% of treatment capacity
 - 24% of population
 - Service area <1% of state
- Remainder of NWRO is similar to other regions
- Average Facility Size (non-KC)
 - Statewide: 2.7 MGD
 - NW – 3.9 MGD
 - SW – 3.2 MGD
 - CRO – 1.8 MGD
 - ERO – 1.7 MGD
 - King County – 133 MGD



Number of WWTPs by Design Flow



NWRO as a baseline

- One position dedicated to King County Regional facilities/permit – does not factor into 10:1 ratio
- All regions share trait of most facilities designed for <10 MGD
- NWRO and CRO have similar number of small (<0.1 MGD) facilities
- Facilities in SWR and non-KC NWR serve similar populations
- SWRO has highest diversity of facility sizes – also largest total number
- CRO and ERO much lower density (more travel time)
- Consensus between regions that 10:1 is appropriate starting point

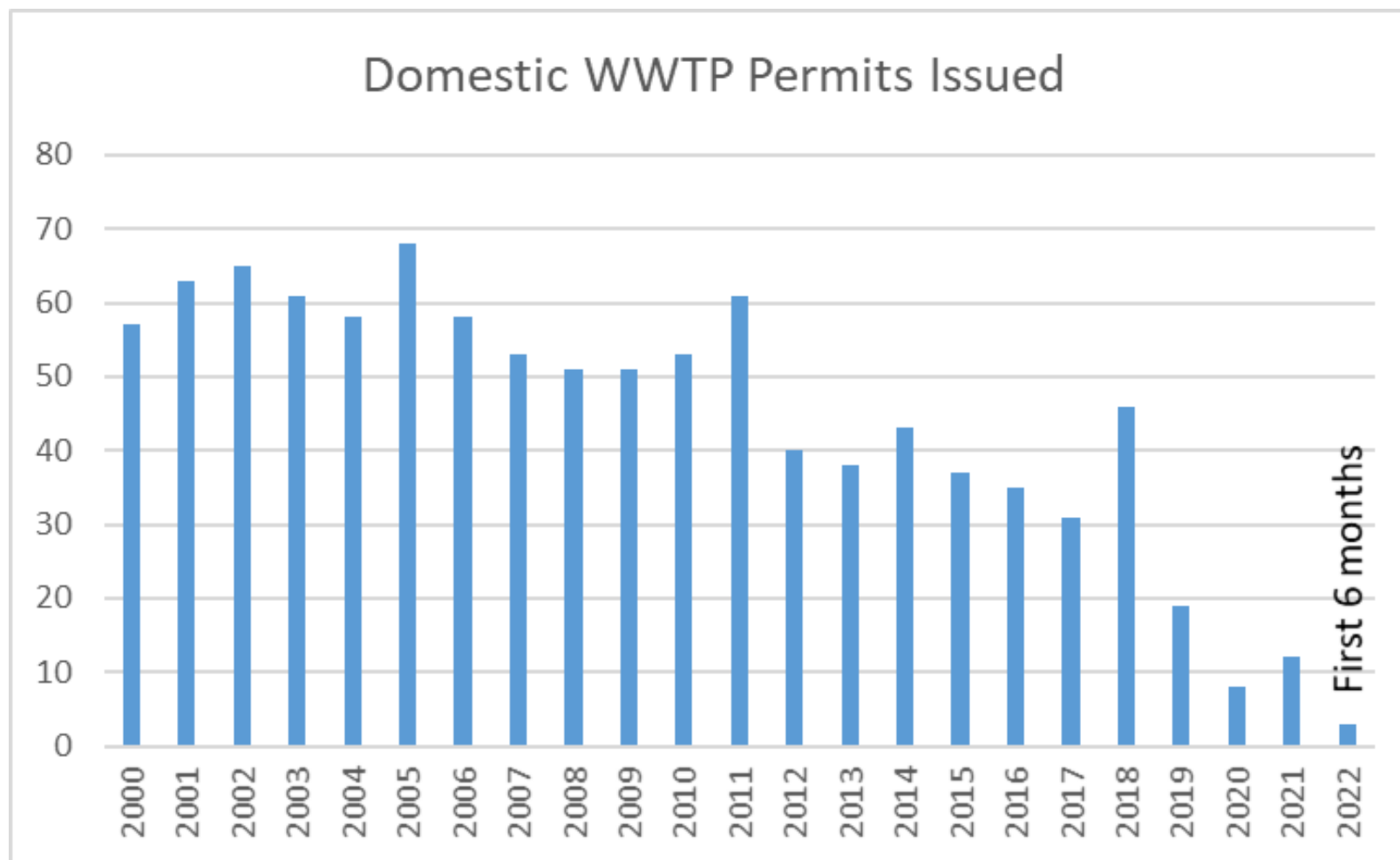
Permits Issued in the First Half of 2022

- 3 complete
- 2 small NPDES, 1 SWD
- This number does not reflect those permits that are already in the pipeline and soon to be complete

Backlog in Non-Permit Writing Areas

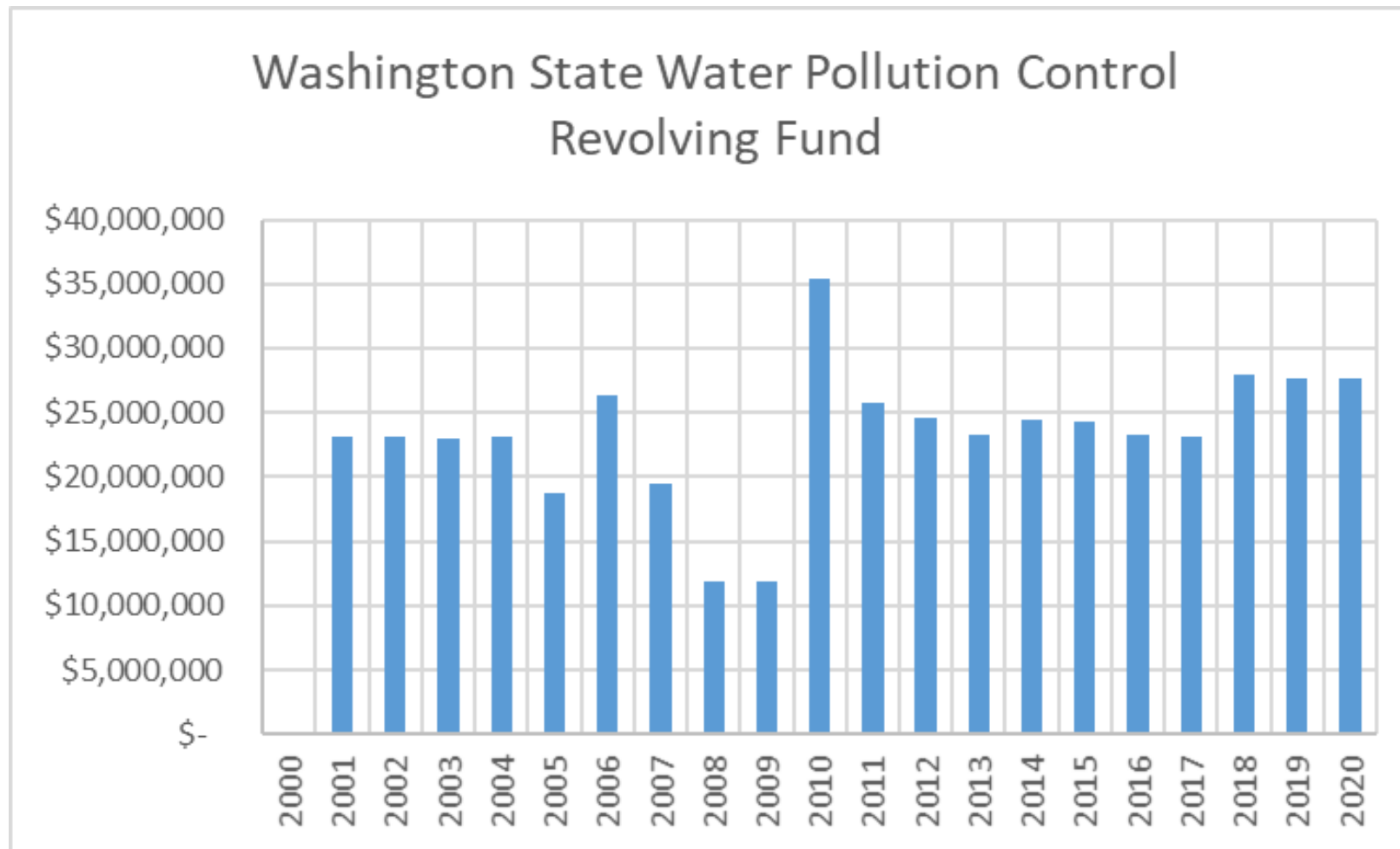
- Over the past 20 years, the complexity of our work has increased and the staffing has decreased.
- When work had to be prioritized, we focused on the most critical items. Permit writing was backlogged the most.

Domestic WWTP Permits Issued by Ecology



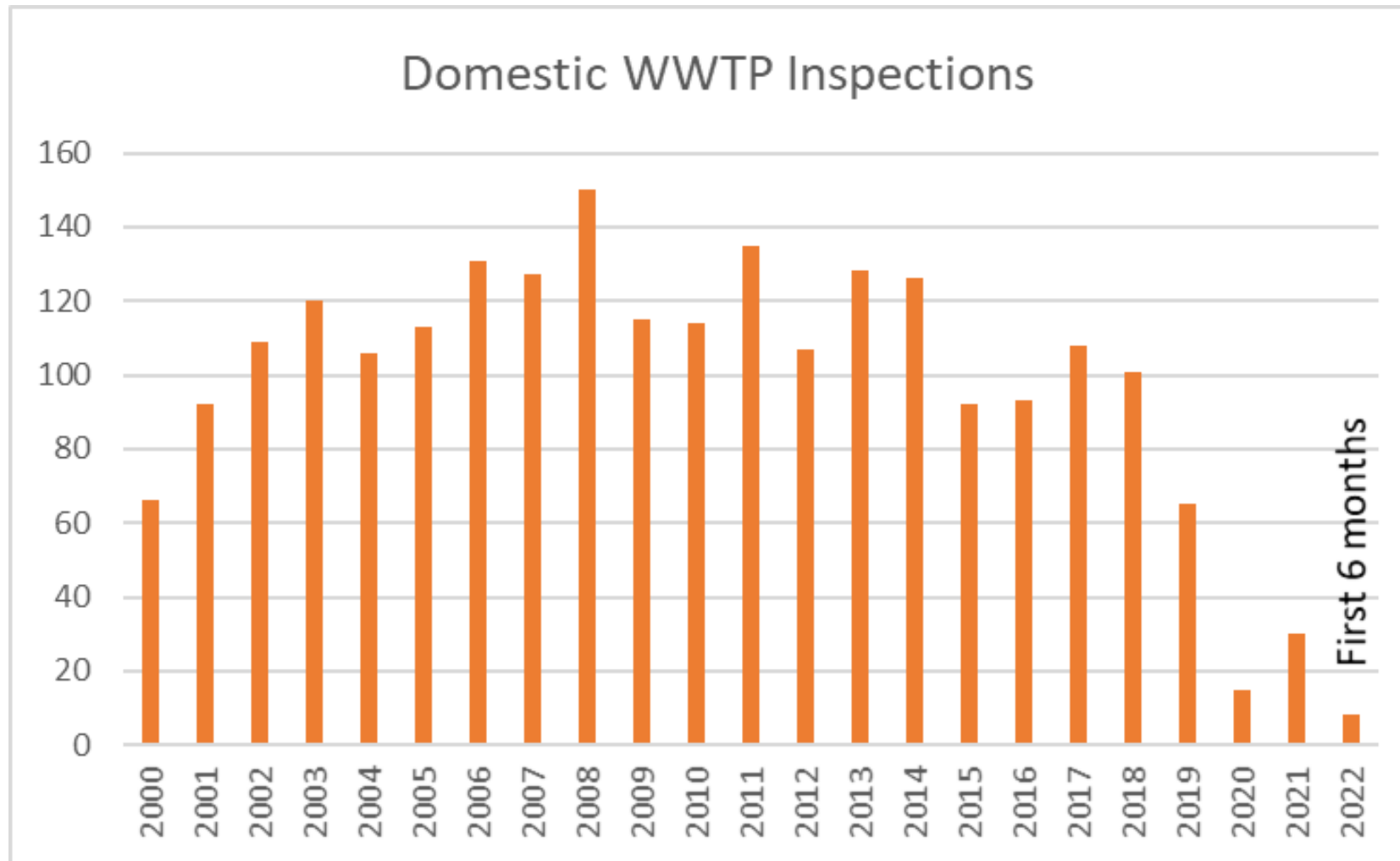
- Our recent, pre-covid (2016-2019) permit production was 34% lower than the long-term (2000-2019) average
- 2020-current is much lower

Financial Assistance Work Increased



- SRF Loans increased by 10% (over the same time periods)
- Roughly a 20% spike from 2018 on

Inspections Decreased, But Less So



- Ecology conducted 17% fewer inspections (over the same time periods)

Vacancy Slowdown

- We currently have about 5 vacancies among WWTP permit managers (not counting 2 positions starting in August)
- About 25% of staffing
- As we have prioritized technical assistance above the permit writing, this likely has an outsized effect on permits reissued

Reissuance vs. Reauthorization

- “Reauthorizing” is issuing a permit that is virtually identical to the expired permit.
 - Can be faster than a full reissuance process
 - Can only be done once
 - Only used if no significant changes
- 62 facilities have reauthorized permits
- Have likely used it everywhere it made sense
- Helped us stay more current, but at a price – permit writers now have to update the permit for 10-15 years of changes, making reissuance harder

Permit Reopening

- State and federal regulations allow modifications for specific reasons
- Permittee may request, Ecology may initiate, or PCHB may order
- We do make permit modifications routinely to:
 - correct technical errors,
 - change conditions as the result of new information,
 - resolve issues raised through appeals
 - or to address some sort of non-compliance issue
- Very targeted in their use; much less time than reissuance
- Can only modify permits that are current
- Typically not a drain on productivity

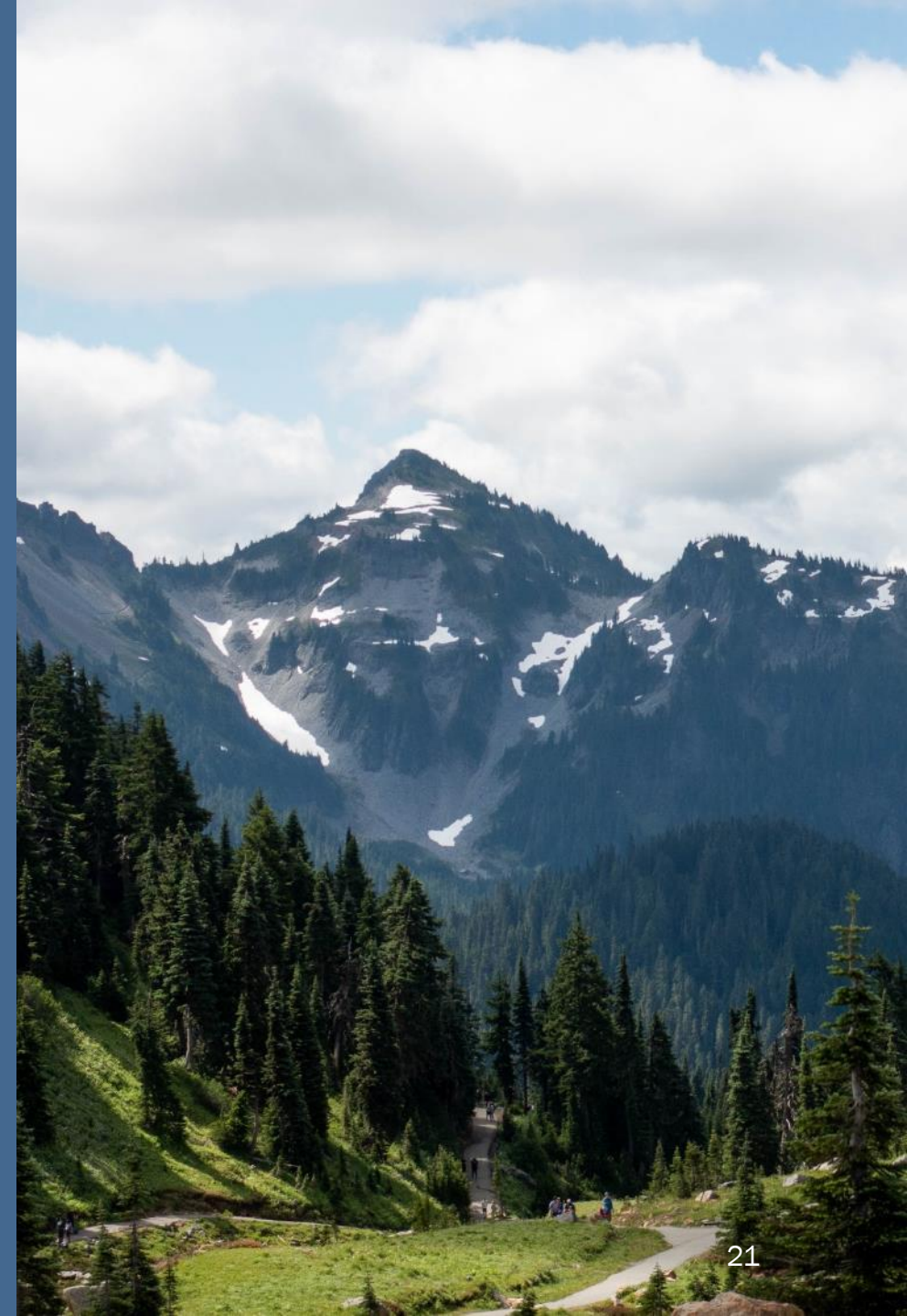
Staffing Up Now: Using Vacancy Savings



This slide is “Under Construction.”
Will be discussed post 8/8/22 Meeting.



Revenue Questions



Revenue Questions and Discoveries

Questions

- How have WWTP fees changed relative to other permit fees?
- How much has WWTP permit fee revenue increased as a result of population growth (REUs)

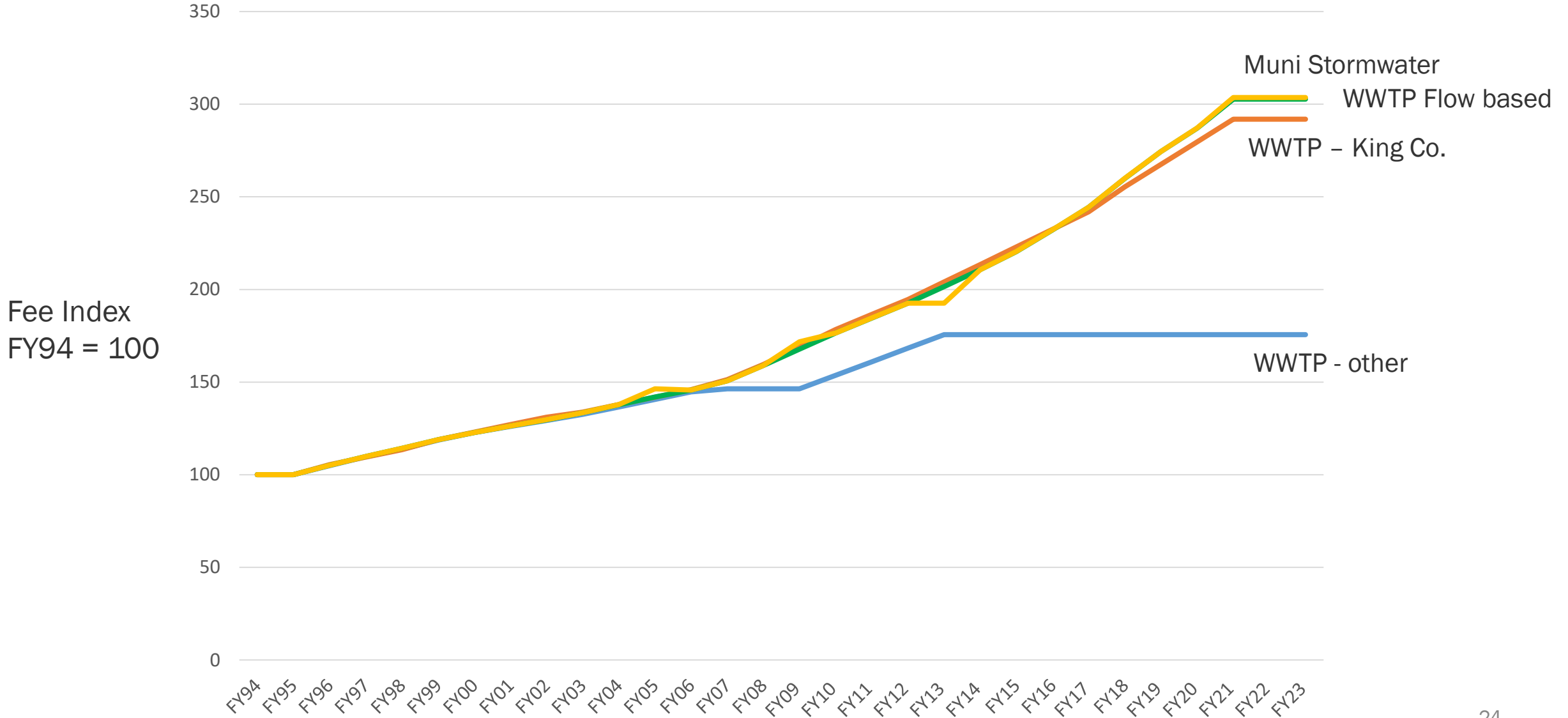
Discoveries

- Permit rates have often been below the cap, and were increased regularly
- King Co. permit fee hit the cap in the last couple of years; other municipalities hit it in 2007 and from 2013 on.

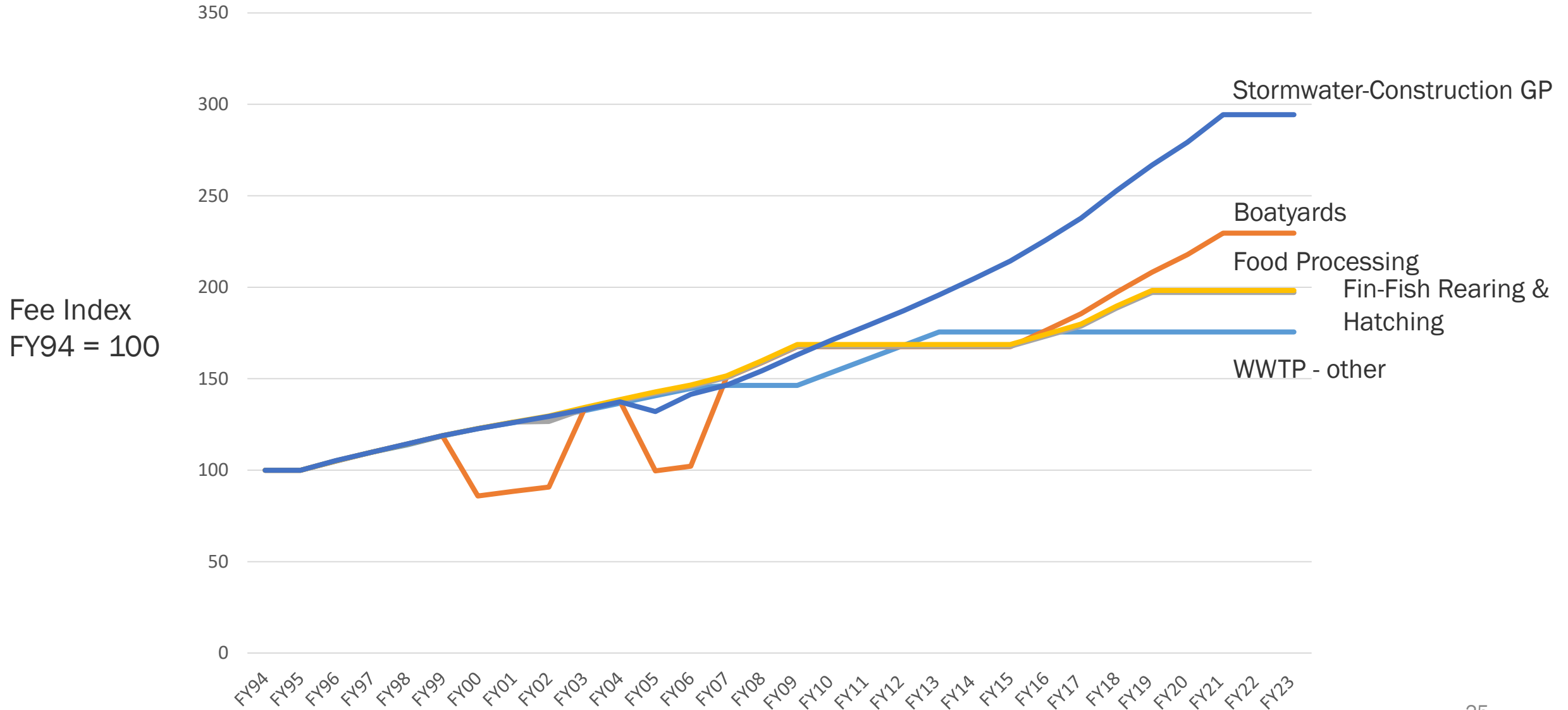
Revenue Background

- With the recent wave of retirements, we have lost a lot of institutional knowledge, and are piecing together the financial story of how the current situation developed
- Initiative 601 (recently repealed) limited permit fee increases to the Fiscal Growth Factor (imbalances couldn't be corrected rapidly)
- Water Quality managed permit fee revenue as a whole until the Great Recession
- Construction plummeted during 2008-10, and we started tracking time spent on permit categories and performing analyses of how fee revenue compared to expenditures
- Addressing permit fee inequities starts around 2008 (workgroup), probably leads to the cap increase in 2009, and since 2017 fee increases have been focused on categories where revenue was below expenditures

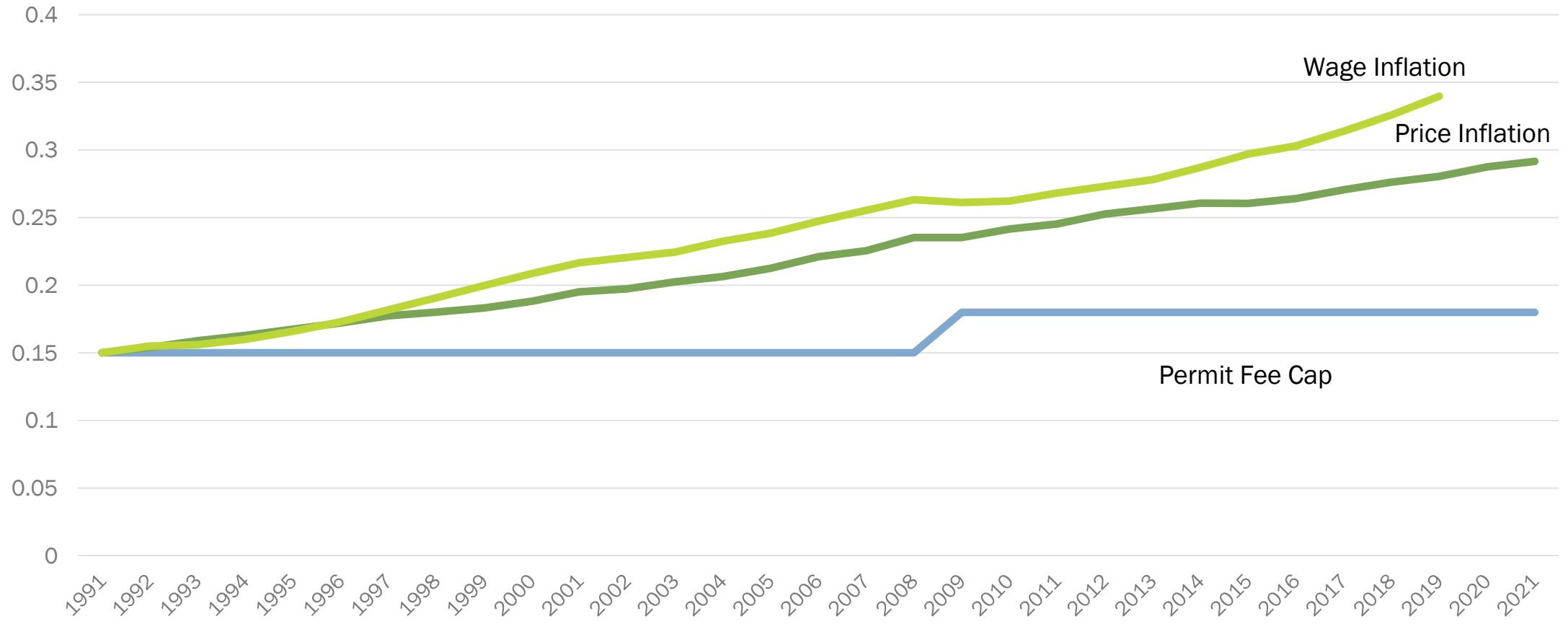
WWTP Permit Fee Rates Grew Less



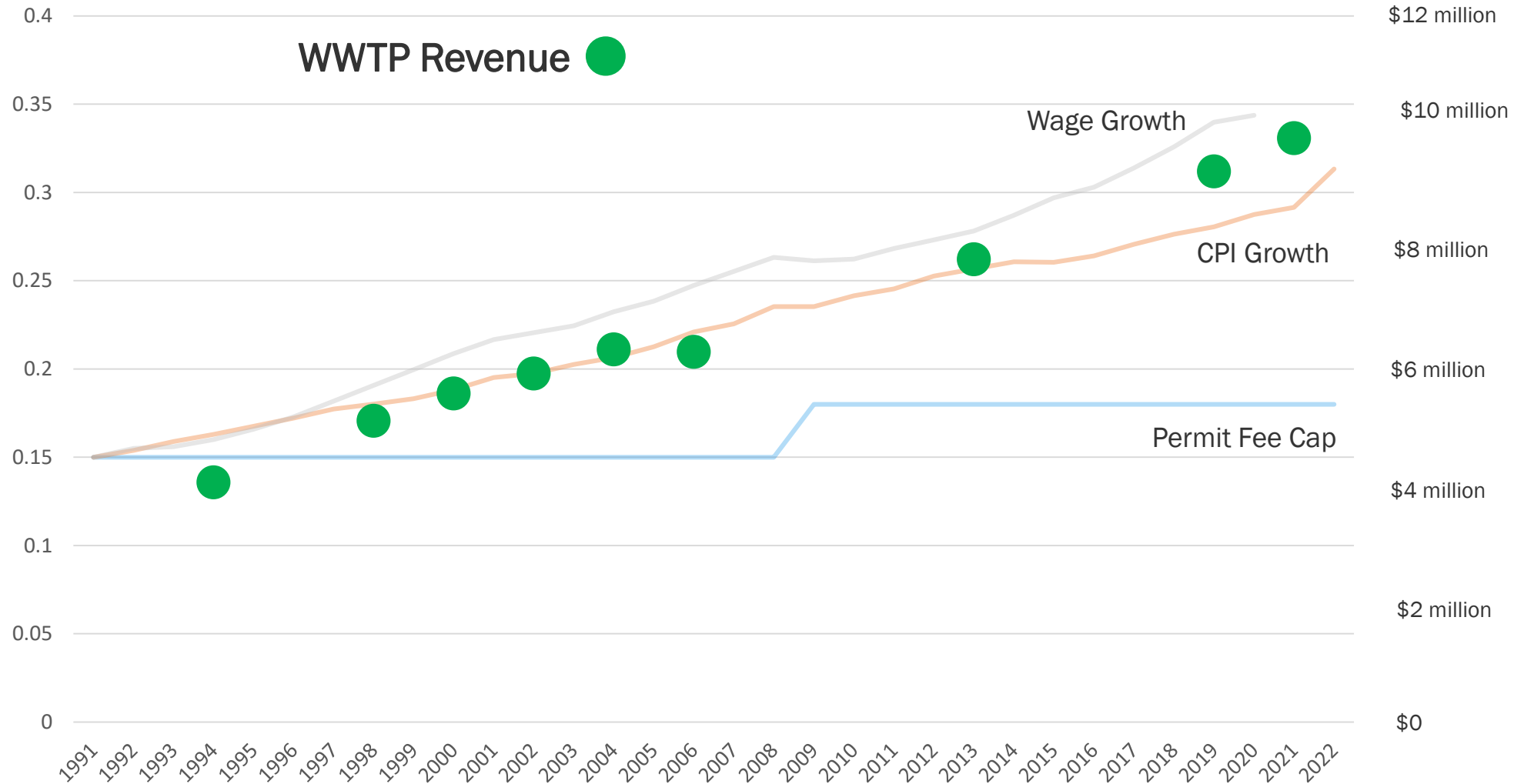
WWTP Permit Fee Rates Grew Less



Fee Cap Lags Inflation...



...But Growth in Rates & REUs Increased Revenue

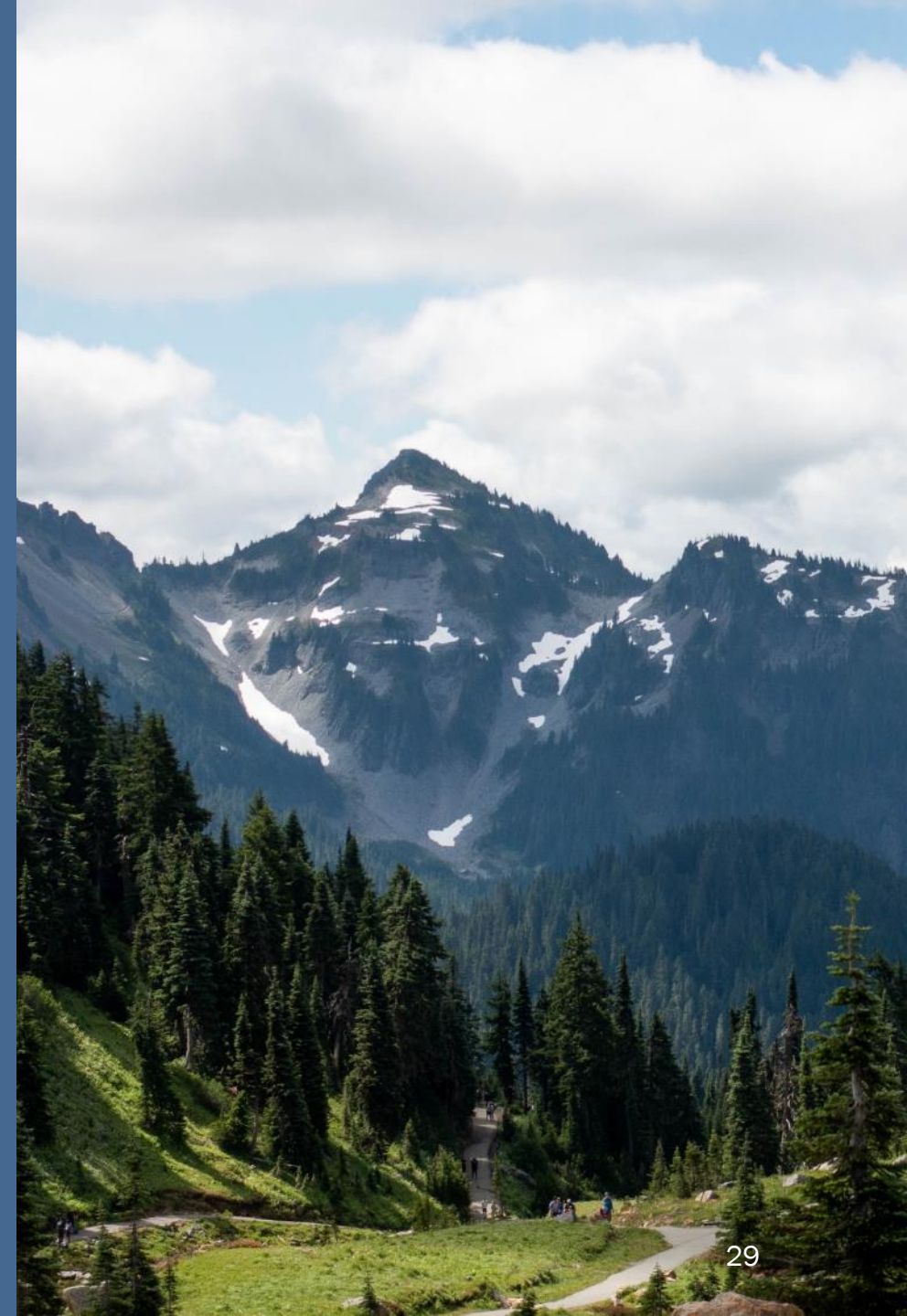


Revenue & Root Cause Conclusions

- Actual WWTP permit fee revenue kept up with inflation (though the cap would have been a limiting factor going forward)
- WWTP fees have probably always been too low to fully recover costs
- WWTP permit staff reductions have been limited and may stem from losing other funds (MTCA or GFS)
- **Root cause assessment:** The growth of the backlog comes mostly from an increase in complexity (technology, standards, impaired waters, WWTP growth, etc.). Retirements have also hurt. Reauthorizations helped limit growth of the backlog, but now make it harder to get caught up.



Discussion of Staffing Levels



Reasons for Reduced Permit Writing

Temporary

- Grant workload spike
- Hiring freeze
- Higher turnover with demographics/boomer retirements
- COVID disruptions

One Factor We Can Change

- Staffing levels

Ongoing Trends

- **Permit complexity**
- Public engagement
- New standards or pollutants like nutrients, pharmaceuticals, and CECs
- Discharges to impaired waters

The Rationale for 10:1

- We lack the micro-data on how long each task takes, for a bottom-up analysis
- Considerable variability among facilities and the permit cycle means a random sample of data has limited value
- 10:1 ratio is macro-data that incorporate all variables, and because it is based on pre-pandemic productivity level, it backs out the temporary headwinds of the hiring freeze, retirement surge, and grants workload
- 10:1 has generally worked in the NWRO over time
- If anything, it may be a conservative estimate as the 2018 team was operating under some ideal circumstances with many senior staff

Discussion of Staffing Levels

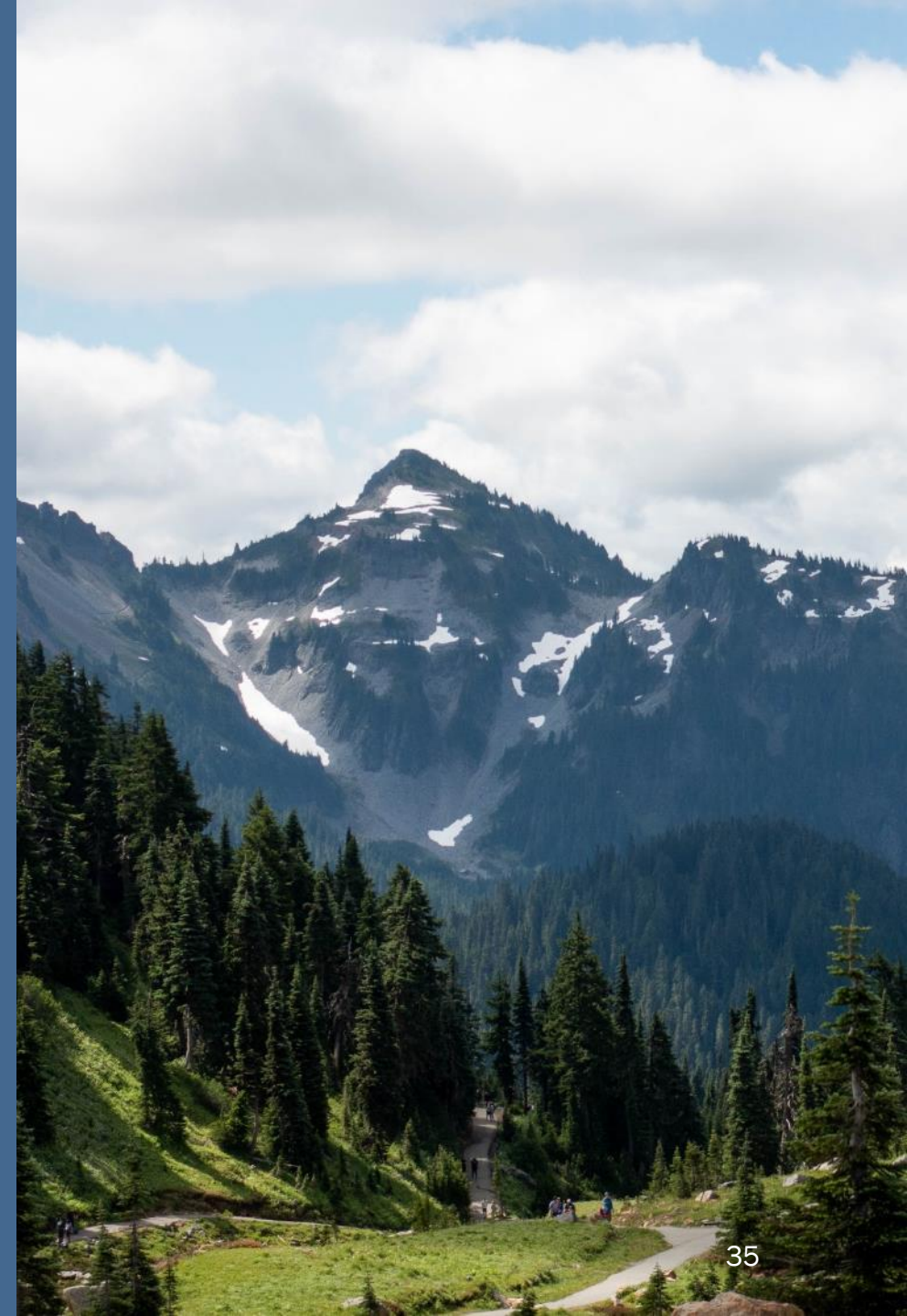
1. Concerns about the 10:1 model
2. Alternatives

Concerns about the 10:1 model

Alternative models



Next Meeting





Thank you!

David Giglio

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Advisory Committee Facilitator

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