

# **Idaho Pollutant Discharge Elimination System Discussion Paper #5**

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Fee Schedules



**State of Idaho  
Department of Environmental Quality**

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# 1. Introduction

## 1.1. Purpose and Scope

This discussion paper presents the Idaho Department of Environmental Quality's (DEQ) updated estimates for personnel and budget resource needs based on revised numbers for permitting, compliance, inspections, and enforcement. The paper is supplemental to the Idaho Pollutant Discharge Elimination System (IPDES) Program Analysis presented at the January 23, 2015, negotiated rulemaking meeting.

This discussion paper presents updated model outputs detailing numbers of permittees and entities covered under general permits. Additionally, this paper describes a fee schedule tool that was developed to compare various possible fee schedule structures.

## 1.2. Background

As Idaho seeks to gain delegated authority for National Pollutant Discharge Elimination System (NPDES) Program elements, overall program structure and budget must be determined. Building a program from the ground up means numerous opportunities to craft a structure that is both responsive and efficient. However, to do this, an accurate understanding of the NPDES workload in the state and the effort necessary to staff a full program is required. Several decision analysis reports written over the last 14 years were used in the final decision to seek NPDES authorization. These reports built a foundation for budgeting but are now outdated. This report evaluates the needs of the IPDES Program with regards to both staffing and cost, compares possible options for staffing, and presents a final program budget estimate based on projected workload.

The model presented in the IPDES Program Analysis was prepared as part of the Gap Analysis Effort sponsored by the US Environmental Protection Agency's (EPA's) Office of Wastewater Management. The model was designed to permit EPA to develop a national estimate of the resource needs faced by state water quality management programs and to provide states with a flexible budget and planning tool. The State Water Quality Management Resource Model version 5.1 was used for that report. Previous decision analysis reports used version 3.1.

This supplemental paper provides updated results from the national model and applies those model outputs to help evaluate possible fee schedules.

## 1.3. Updates to State Water Quality Management Resource Model

After DEQ published and presented the IPDES Program Analysis in January, comments were received that recommended DEQ update the numbers used in calculating resource needs. DEQ requested updated numbers from EPA and used these in formulating a revised budget and resource needs estimate. Generally, the number of dischargers covered under the construction and industrial stormwater permits were significantly lower in the initial estimate than the updated values showed. The annual number of dischargers covered under the construction stormwater

general permit was adjusted from 294 to 1,135 with an additional 356 covered under a low erosivity waiver (Table 1). Also, the annual number of dischargers covered under the industrial general permit (MSGP) was adjusted from 7 to 278 with an additional 70 covered under a certification of no exposure. In all there are now 1,839 dischargers covered annually under stormwater general permits.

Additional changes to the estimated number of dischargers include moving seven facilities from the Industrial individual permit category to the General Permits category. EPA is currently drafting and has requested a certification for a Drinking Water Facility Treatment General Permit. This general permit would cover those drinking water facilities that backwash or rinse their treatment works thereby causing a discharge into a surface water body. Currently seven facilities hold individual NPDES permits for this type of activity. Moving these facilities under a general permit changes the number of hours spent drafting individual permits from 2,800 hours (7 x 400) to 400 hours (the default value associated with drafting a simple general permit). The final number of permits and dischargers is shown in Table 1.

**Table 1. Number of permitted facilities and covered entities in Idaho.**

NPDES Program	Number Permits	Number NOIs
<b>Municipal</b>		
Major POTW (>10 MGD)	6	
Major POTW (5–10 MGD)	5	
Major POTW (2–5 MGD)	16	
Major POTW (1–2 MGD)	5	
Minor POTW	93	
MS4-individual	16	
Pretreatment	13	
<b>Industrial</b>		
Major	8	
Minor	42	
<b>Aquaculture</b>		
Major		25
Minor		65
Fish Processors		4
<b>Stormwater</b>		
<b>Construction (CGP total)</b>	1	1,491
<1 acre		68
1–10 acres		689
10–50 acres		325
50–100 acres		34
100–500 acres		18
>500 acres		1
Low Erosivity Waiver (CGP)		356

<b>NPDES Program</b>	<b>Number Permits</b>	<b>Number NOIs</b>
<b>Industrial (MSGP)</b>	1	278
Cert. of No Exposure (MSGP)		70
<b>MS4 (GP)</b>	1	0
<b>Other General Permits</b>		
Drinking Water Facility Treatment	1	7
Suction Dredge	1	80
Pesticide	1	100
Ground Water Remediation	1	8
Vessel	1	0

These changes to the number of dischargers in the various categories lead to an updated estimate of the annual number of hours needed in each IPDES section as shown in Table 2.

**Table 2. Number of hours allocated to each IPDES Program section.**

<b>Activity</b>	<b>Hours</b>	<b>Number of FTEs</b>
Permitting	12,728	7.1
CIE	26,023	14.6
Admin	11,596	6.5
<b>Total</b>	<b>50,768</b>	<b>28.2</b>

Based on the updated estimates for the annual number of hours and full-time equivalents (FTEs) using the new values for number of permits and dischargers, the revised budget for the IPDES Program on an annual basis is shown in Table 3. The overall cost for a fully operational IPDES Program is now estimated to be \$2.8 million.

**Table 3. Revised budget based on updated number of dischargers.**

<b>Program Item</b>	<b>Total Cost (\$)</b>
Personnel	\$2,761,785.55
Equipment	\$21,020.00
Laboratory and sampling	\$31,055.00
Licensing	\$2,698.00
<b>Total program cost</b>	<b>\$2,816,558.55</b>

DEQ identified the funding sources shown in Table 4 for the IPDES Program in the IPDES Program Analysis. These numbers remain the same for this supplemental position paper.

**Table 4. Funding sources identified.**

<b>Funding Source</b>	<b>Amount (\$)</b>	<b>% of Overall Estimated Need</b>
General Fund	771,073	27.4
Federal	168,000	6.0
<b>Total</b>	<b>939,073</b>	<b>33.4</b>

The currently identified funding sources cover roughly 33% of the program.

## 2. Fee Schedule Development

DEQ evaluated several different possible fee schedules. These proposed fee schedules were based on a direct cost method where the fee was established by multiplying the proposed hours spent on a permit and maintenance by the average cost per hour, and on a percent effort method where the overall fee burden was apportioned among the various discharger categories and then split equally amongst all dischargers within the category. However, the biggest concern was the amount of general fund dollars available to support the program as it has the largest impact on the amount necessary to be raised in fees.

DEQ evaluated several scenarios where the general fund appropriation and federal component was 50%, 60%, or 70% of the overall program cost leaving 50%, 40%, and 30% of the cost to be fee based. The draft fee schedule is based on the 50% of the overall program cost coming from the general fund and federal dollars. Having chosen the 50% scenario, DEQ then evaluated the number of hours spent in each of the various discharger categories. By far the top three discharger categories are municipal, industrial, and stormwater permits. These three categories account for 76% of the overall hours spent in permitting and compliance/enforcement.

In evaluating the scenario where 50% of the program funding comes from state and federal dollars, it was decided that DEQ would use those funds to cover items that could not easily be attributed to individual dischargers such as program administration, general permit writing, and emergency, training, and nonpermitted facility activities. Additionally, DEQ felt that these funds should also be used to cover the aquaculture notices of intent (NOIs) and other general permit NOIs. The following sections describe how the fee burdens were apportioned to the top three discharger categories and how equivalent dwelling units (EDUs) are calculated and used in determining the municipal annual fee.

### 2.1. Calculating Fee Burden

The first step in determining the fee schedule for the top three discharger categories was to evaluate the percent of time each of the three categories was allotted in comparison to each other. As shown in Table 5, municipal permits constitute roughly half of the overall hours spent in the top three categories followed by stormwater (construction and industrial) at 39% and industrial permits at 13%.



**Table 5. Calculated percent effort in the three discharger categories with the highest hours.**

Activity	Hours	% Effort
Municipal Permits	14,020	48%
Industrial Permits	3,724	13%
Stormwater NOIs	11,503	39%

Next, DEQ evaluated the various different general fund scenarios to determine what the overall fee burden would be in each case. Table 6 shows four different funding scenarios and the overall breakdown of general fund, federal fund, and fees.

**Table 6. Funding needs using 50%, 60%, and 70% state and federal funding estimates.**

% State & Federal Funds	50%	60%	70%
Discharger Fee Burden	\$1,408,279	\$1,126,623.42	\$844,968
General Fund Burden	\$1,240,280	\$1,521,935	\$1,803,591
Federal Funds	\$168,000	\$168,000	\$168,000
<b>Total</b>	<b>\$2,816,559</b>	<b>\$2,816,559</b>	<b>\$2,816,559</b>

As described previously, DEQ selected the 50% scenario to calculate the overall fee burden for the top three discharger categories. Using data from Table 5, the percent effort in each discharger category was multiplied by the overall fee burden to apportion the discharger fee burden fairly amongst the three. This produced the final numbers shown in Table 7. The values at the 50% fund appropriation were then used in an Excel spreadsheet to allocate fees within each discharger category to meet the discharger fee burden based on the current number of dischargers within the category.

**Table 7. Calculated fee burden for various discharger categories assuming 50% and 60% funding through state and federal sources.**

% General Fund	% Effort	50%	60%
Municipal	48%	\$675,080	\$540,061
Industrial	13%	\$179,315	\$143,452
Stormwater	39%	\$553,884	\$443,107
Discharger Category Fee Burden		\$1,408,279	\$1,126,623

## 2.2. Calculating Equivalent Dwelling Units

Fees for municipal dischargers were evaluated based on flow and on EDUs. DEQ felt that basing fees on flow would be less equitable to smaller communities than basing the fee on the overall number of connections. Since DEQ did not have easily accessible, accurate, and up-to-date information on the number of connections within each wastewater collection system, the method of calculating EDUs was done as follows.

Accessing information available on the US Census Bureau website, DEQ downloaded current census data for all cities identified in Idaho. The list of cities and 2013 population estimates was then compared against the list of cities in Idaho with NPDES permits. The final number of persons served by a municipality with an NPDES permit is 1,040,171 (Table 8). Based on the

Census Bureau's number of persons per household, the number of EDUs in cities with municipalities is 388,124 (population divided by persons per household).

**Table 8. Calculating total number of EDUs for Idaho NPDES permits and a final EDU rate for municipal fees.**

EDU Calculation Data	Calculations Used to Determine Final EDU Rate
2013 population estimate for municipalities with NPDES permits <sup>a</sup>	1,040,171
Persons per household <sup>a</sup>	2.68
EDU estimate for municipalities with NPDES permits	388,124
Cost for Municipal portion of Fee burden	\$675,080
<b>Rate/EDU</b>	<b>\$1.74</b>

<sup>a</sup> Data from 2010 Census accessed at <http://quickfacts.census.gov/qfd/states/16000.html> accessed April 30, 2015

Using the 50% state and federal funding estimate as discussed in section 2.1 (Table 7), the discharger fee burden for municipalities is \$675,080. Dividing the fee burden by the number of EDUs served by NPDES facilities gives an overall rate per EDU of \$1.74. Each facility's annual fee will be determined by multiplying the number of EDUs served by this rate.

### 3. Fee Administration

#### 3.1 Application versus Annual Fees

There are multiple ways of distributing fees among the various dischargers from relying solely on application fees to solely on annual fees. Depending on the discharger, one method may be preferable to another.

Over the long term for a discharger that operates over the course of multiple permit cycles, a reliance on annual fees over application fees may be preferable for budgeting reasons. DEQ also favors an annual fee in these cases to alleviate the variability that is inherent with building a budget reliant upon application fees. In some years, there may be many application fees paid whereas in other years there may be fewer. Annual fees provide stability in the funding and in budgeting.

For dischargers that operate on the short term (typically construction projects), an application fee may be preferred. A single application fee for a NOI for coverage would then free the discharger from concerns over being invoiced in successive years when the project is no longer in operation. For some facilities that operate on an intermittent basis, it might be more convenient for a single application fee to be paid that will cover the facility when it is under operation. When not operating, the owner may terminate coverage without concerns about unpaid annual fees. However, upon starting operation again, the owner would need to apply for and pay another application fee for the facility.

The proposed fee schedule tool is based on a hybrid of these two approaches. DEQ recommends the hybrid approach be used to create a fee schedule that is responsive to the dischargers within a category. That is, for municipal and industrial individual dischargers, more reliance on the annual fee is recommended, while for construction general permits more emphasis is placed on the application fee.

### **3.2 Fee Assessment**

Fee assessment is the evaluation and determination of the fee due and when that fee should be paid. Because the fees for publicly and privately owned treatment works will be based on equivalent dwelling units, the Department is requesting that each treatment works provide an estimate of the EDUs they serve as part of the annual reporting process. This report will then be used to calculate the relevant fee for the treatment works.

Application fees are anticipated to be submitted when the owner of a permitted activity needs permit coverage for that activity. Activities anticipated to last longer than the initial application year are also subject to an annual fee.

For annual fees, there are many different options available such as calendar year, state fiscal year, or federal fiscal year. Discussions about the possible format for determining the annual cycle fees included looking at when the annual reports from permittees were due, what the possible budgeting cycle for the various dischargers might be, and how best to integrate these components. It was determined that setting an October 1 fee deadline would best incorporate these various components, allowing municipalities to plan and budget for the upcoming year and stormwater permittees to finish up summer construction projects.

The Department proposes that annual fees be assessed for new dischargers beginning the first October following the application for coverage under a general permit. For example, if a discharger applies for coverage in April of 2019, they would pay the application fee. Then for projects that extend into the next application year, an annual fee will be applied to the discharger for the time the permit is active between October of 2019 and September of 2020.

### **3.3 Billing and Payment**

The Department chooses to model 58.01.25.110 after the current drinking water rules (IDAPA 58.01.08) and proposes invoicing permittees by July 1 of the year in which annual fees are due. This allows ample opportunity for the permittee to budget the cost of permit and creates continuity across programs within the agency.

In some cases it may prove advantageous for a treatment works to split payments into monthly or quarterly installments. The Department recognizes this and provides in this section the opportunity for the permittee to request such an installment plan.

### **3.4 Delinquency, Suspension of Services and Reinstatement**

In the event a permittee does not submit payment of annual fees within a timely manner, the Department will take the following steps. For the first 90 days a payment is late, the Department

will withhold technical assistance such as compliance assistance. If the permittee allows more than 180 days to elapse before paying the annual fee, the Department will consider the permittee to be in non-compliance with the conditions of the permit and will begin proceedings according to Section 500 Enforcement of IDAPA 58.01.25.

Once a permittee has paid the fee in full, the permit will be considered to be in compliance with regard to annual fee payment. Any suspended technical services will be reinstated.

## 4. Fees in Neighboring States

DEQ reviewed the fee structures of the neighboring states. No single consistent method exists for assigning fees. Some states, such as Wyoming and Utah, rely solely on application fees. Alaska, on the other hand, relies solely on annual fees with individual permits. Alaska does have an application fee for certification of dredge or fill permits (CWA Section 404) and a one-time fee for construction general permit stormwater runoff. Most states, however, use a combination of the two approaches. Wyoming has some of the lowest fees associated with their program while Washington has some of the highest and the most diverse fee structure studied. Table 9 and Table 10 detail the fee ranges for the various discharger categories among the neighboring states.

**Table 9. Application fees in neighboring states.**

Permit Type	OR	WA	NV	WY	UT	MT	AK
Municipal	\$6,905– \$34,184	\$250– \$2,745	\$1,000– \$10,000	\$500	\$500– \$3,000	\$4,000– \$11,000	
Industrial	\$10,791– \$53,622	\$250– \$37,600	\$2,000– \$10,000	\$500			
Aquaculture	\$348	\$877– \$1,253	\$750– \$1,500		\$110	\$600– \$1,200	
Construction (CGP)	\$850			\$100	\$150	\$900– \$3,500	\$490
Industrial (MSGP)	\$850			\$100	\$150	\$1,200– \$2,000	
Drinking Water GP			\$1,000– \$10,000				
Suction Dredge						\$25– \$200	
Pesticide	\$485	\$250		\$100		\$25– \$1,200	
Ground Water Remediation				\$100		\$800– \$1,400	

**Table 10. Annual fees in neighboring states.**

Permit Type	OR	WA	NV	WY	UT	MT	AK
Municipal	\$1,339– \$74,029	\$662– \$10,978	\$1,102– \$44,100			\$3,000/ MGD	\$470– \$1,680
MS4						\$1,500– \$2,000	
Industrial	\$1,755– \$18,750	\$83– \$150,400	\$2,205– \$44,100				\$1,040– 6,290
Aquaculture	\$497	\$3,511– 5,012	\$826– \$1,653			\$450	
Construction (CGP)	\$875	\$568– \$2,117				\$650– \$2,800	\$490
Industrial (MSGP)	\$875	\$134– \$2097				\$1,000– \$1,500	\$530
Drinking Water GP							
Suction Dredge	\$25					\$25– \$100	
Pesticide	\$497	\$496				\$25– \$600	
Ground Water Remediation							

While Wyoming applies the smallest amount of fees, the NPDES Program in Wyoming is nearly all funded by state and federal dollars. Table 11 shows how the other states in the fee review are funded and provides a general understanding of the funding composition; however, it is not exact. Because the different states have taken different approaches to structuring their programs and do not have exactly the same authorities (e.g., some states have a state-authorized permitting structure in addition to NPDES and some states do not implement all of the same components of the NPDES Program), a direct comparison of annual budget and number of FTEs is not easily done.

**Table 11. NPDES Program funding and structure for neighboring states.**

State	Annual Budget	Fees	Federal Funding	State Funding	FTEs	Weblink	Comments
Alaska	\$5.6 M*	20%	25%	55%	45*	<a href="#">Fee Schedule</a>	Had state required discharge program prior to NPDES (\$3.1 M/29 FTE)
Montana	\$3 M	78%	19%	2%	28–30	<a href="#">Fee Schedule</a>	
Nevada	\$1.7 M	90+%	<10%	0%	14.5	<a href="#">Fee Schedule</a>	
Oregon	~\$9.25 M*	62%	11%	27%	66*	<a href="#">Fee Schedule</a>	Includes “state” required discharge permits not just NPDES.
Utah	\$2.4 M	23%	14%	62%	18	<a href="#">Fee Schedule</a>	
Washington	~\$19.2 M	~75%	<5%	~20%*	155	<a href="#">Fee Schedule</a>	State tax on hazardous substances (State Toxics Control Account)
Wyoming	\$4–5 M	0%*	30%	70%	23	<a href="#">Fee Schedule</a>	Fees not used for program operations

In addition to annual and application fees, some states such as Montana apply fees for other components of NPDES permitting such as a significance determination, short-term activity exemptions, 401 certifications, plan and specification reviews, and administrative processing fees. These additional fees cover components of the NPDES Program that are ancillary (and may not apply to all dischargers) to the actual permit writing and compliance, inspection, and enforcement activities.

## 5. Conclusions

Based on the updated estimates for the number of dischargers currently operating in Idaho, Table 12 shows the total cost for each section of the IPDES Program.

**Table 12. Estimated cost for each section of IPDES Program.**

Program Element	Cost	% of Total Cost
Administration	\$648,706	23
Permitting	\$712,062	25
CIE	\$1,455,790	42
Add-ons <sup>a</sup>	\$268,683	9
<b>Total</b>	<b>\$2,816,559</b>	

<sup>a</sup> Add-ons are for emergency response activities, dealing with nonpermitted facilities and training costs.

Assuming 50% of the overall program costs will come from general state and federal funds, the fee burden is \$1,408,279 (Table 13). If 60% of the overall program costs come from state and federal funds, the fee burden is \$1,126,623 (Table 14). The top three categories of dischargers, over which overall hours spent are apportioned, are municipal, industrial, and stormwater. The hours spent in each category of discharger includes time spent writing permits, conducting inspections, rendering compliance assistance, enforcing permit conditions, reviewing NOIs, reviewing discharge monthly reports, and other permit maintenance activities.

Draft fee schedules were established by apportioning the overall fee burden to the municipal, industrial, and stormwater discharger categories based on the percent of time spent on each category. In the instances of municipal and industrial dischargers, an annual fee with no application fee seemed most appropriate while for stormwater dischargers there is a mix of application and annual fees. Once the fee burden for each discharger category was calculated, fees were established based on number of dischargers in each category and the need to meet the calculated fee burden within the category. In the case of municipal dischargers, an overall rate per EDU was calculated and will be applied in determining the annual fee.

Table 13 shows the draft proposed fee schedule based on the assumptions outlined in this report.

**Table 13. Draft fee schedule based on a 50% state and federal funding sources.**

<b>Permit Type</b>	<b>Application</b>	<b>Annual</b>
<b>Municipal Permits</b>		
EDU Rate	\$0	\$1.74
<b>Industrial Permits</b>		
Major	\$0	\$13,000
Minor	\$0	\$4,000
Aquaculture Permits	\$0	\$0
<b>Stormwater Permits</b>		
<b>Construction (CGP)</b>		
1-10 acres	\$200	\$0
10-50 acres	\$400	\$75
50-100 acres	\$750	\$100
100-500 acres	\$1,000	\$400
>500 acres	\$1,250	\$400
Low Erosivity Waiver (CGP)	\$125	\$0
Industrial (MSGP) Permits	\$1,500	\$1,000
Cert. of No Exposure (MSGP)	\$250	\$100
Other General Permits	\$0	\$0

Table 14: Draft fee schedule based on a 60% state and federal funding sources.

Permit Type	Application	Annual
<b>Municipal Permits</b>		
EDU Rate	\$0	\$1.39
<b>Industrial Permits</b>		
Major	\$0	\$10,400
Minor	\$0	\$3,200
<b>Aquaculture Permits</b>	<b>\$0</b>	<b>\$0</b>
<b>Stormwater Permits</b>		
Construction (CGP)	—	—
1–10 acres	\$200	\$0
10–50 acres	\$400	\$60
50–100 acres	\$600	\$80
100–500 acres	\$800	\$320
>500 acres	\$1,000	\$320
Low Erosivity Waiver (CGP)	\$100	\$0
Industrial (MSGP) Permits	\$1,200	\$1,000
Cert. of No Exposure (MSGP)	\$200	\$80
<b>Other General Permits</b>	<b>\$0</b>	<b>\$0</b>