Resource Alignment Proposals POTW Stakeholders

State Water Resources Control Board

June 18, 2013

Structure of POTW Stakeholder Proposals

- **Issue:** Where are there opportunities to reduce the cost of compliance while simultaneously maintaining and improving water quality?
- **Cost Savings:** What kinds of estimated costs savings could be realized if this issue were to be addressed?
- **Specific Examples:** How is this issue actually arising at the agency level?
- **Proposed Implementation Approach:** What are some of the potential approaches to address this issue?

Short-Term Proposals for Reducing the Costs of Compliance

1. Reduce Frequency of SSO Reporting Requirements When No Spills Occur
2. Establish Processes for Streamlining Monitoring Requirements
3. Eliminate Irrelevant and Unnecessary Reports
4. Eliminate Duplicative/Overlapping SSO Requirements
5. Facilitate Use of Regulatory Tools by Making Processes More Clear and Consistent

These proposals have been prioritized in numerical order (highest priority to lowest) based on considerations that include ease of implementation, significance of potential cost savings, and potential to benefit the greatest number of permittees.

Proposal 1: Reduce Frequency of SSO Reporting Requirements When No Spills Occur

Issue: Existing monitoring and reporting requirements mandate permittees file reports on a monthly basis, even when there have been no spills. There is no water quality benefit directly associated with the no-spill certifications, yet there is there is still a cost to the compliant agency.

Cost Savings: In the aggregate, we estimate that 3,000 hours are spent annually satisfying the no-spill certification requirement. Assuming a rate of $50 per hour, this equates to an annual cost of $150,000 for no-spill certifications by collection systems. If the frequency of no-spill reporting was reduced to quarterly, this would result in a cost savings of approximately $100,000 per year.

Benefits: Real cost savings with no impact on water quality. Accomplishes all of the goals of “no spill” reporting while reducing costs and focusing resources.

Proposal 2: Establish Processes for Streamlining Monitoring Requirements

There are three "focus areas" within this broader proposal:

- Duplication of Ambient Monitoring Requirements
- Unnecessary Monitoring for Entities With a Positive Compliance Record for Specific Parameters
- Failure to Utilize Surrogate Sampling Where Appropriate

Issue: Monitoring and reporting requirements are frequently added over time, however they are rarely evaluated for their efficacy, and are not often removed or reduced when appropriate. Some of these requirements are duplicative of other requirements, some are unnecessary given an agency's extended compliance with and absence of detection of certain parameters, and the availability of surrogates in certain circumstances.

Cost Savings: It has been estimated that approximately $100 million is spent annually by POTWs on gathering data specified in monitoring. Identifying efficiencies in monitoring could yield savings of thousands of dollars per year, per discharger, which could result in cost of compliance reductions of millions of dollars per year in the aggregate.

Benefits: Identifying inefficiencies in monitoring can be implemented without jeopardizing water quality or impairing the information gathering efforts of the Water Boards, at a significant savings to dischargers.

Proposal 3: Eliminate Irrelevant and Unnecessary Reports

Issue: Permits for POTWs contain an increasing numbers of required studies and reports, some of which are unnecessary or inapplicable to the entities ultimately subject to these requirements. Rather than being automatically incorporated into new permits, reports and/or studies should be more closely considered for inclusion or exclusion based on discharge-specific issues.

Cost Savings: As one representative example, even for a small, non-complex system, a Salinity Evaluation and Minimization Plan can cost a discharger approximately $25,000 including consultant fees, staff requirements, and contracting efforts. Similarly, the cost to conduct a Constituent Study is approximately $15,000. While identifying aggregate estimated cost savings would be difficult given variability in circumstances, even the individual savings for a single permittee can be significant.

Benefits: Reduce report preparation cots and potentially free Regional Water Board and POTW staff to concentrate on relevant water quality concerns, with no direct impact to water quality.

Proposal 4: Duplicative/Overlapping Sanitary Sewer System Requirements and Monitoring

Issue: The existing State Water Board General Order for Sanitary Sewer Systems, Order 2006-003 (General Order) and the accompanying State Water Board Executive Director guidance memorandum indicate individual NPDES permits should be revised to refer to the independently applicable General Order as the source of sanitary sewer overflow requirements and reporting, yet there has been significant variation in the implementation of the order among the regions. This has resulted in requirements, in some regions, for collections systems to report one spill multiple times and in multiple variations at a significant cost of both time and money.

Cost Savings:. A conservative estimate of staff time associated with additional (and duplicative) monitoring and reporting requirements imposed by some Regional Boards is 80 hours, and assuming a rate of $50/hour, the cost per POTW would be approximately $4,000 per permit cycle. Moreover, implementation of these additional requirements takes additional resources including sample collection, sample analysis, and preparation of required 30-day reports among others, which results in an additional estimated cost of $2,500 per spill.

Benefits: Utilize a relatively simple approach incorporating existing Water Board policies to achieve the State Water Board's goal of a consistent statewide program, with no direct impact to water quality as a result of eliminating duplicative monitoring and reporting requirements

Proposal 5: Facilitate Use of Regulatory Tools by Making Processes more Clear and Consistent

Issue: Several regulatory tools available to POTWs for reducing the costs of compliance, including water effect ratio (WER) studies, translator studies, and mixing zone/dilution studies, have been at times overly costly to utilize or ultimately unsuccessful because of the manner in which the studies (or the results of those studies) are viewed by the Regional Water Boards. It would be useful to have a set of consistent guidelines for how WERs, translator studies, mixing zones, and dilution credits can, and should, be used so that POTWs are provided clear direction for their pursuit of relaxed effluent limits using these study results.

Cost Savings: The costs savings are potentially significant, but difficult to quantify. For example, defining the approach that the Regional Water Boards should take in assigning dilution credits or relaxed effluent limits based on WER or translator study results could save municipalities hundreds of thousands of dollars in failed attempts at obtaining them. Perhaps more significantly, for those POTWs who benefit from the conformed directive, the costs savings are potentially in the millions of dollars due to the avoidance of unnecessary facilities.

Benefits: Better articulate how existing regulatory tools are applied to improve uniformity and transparency in implementation, while achieving cost savings from avoiding wasted efforts in undertaking these studies or avoiding facility construction identified as unnecessary by these studies.

Economic Guidance "Checklist" Document

- As another component of identifying ways to reduce the costs of compliance, we believe it is critical to take not only a retroactive look at existing policies or requirements, but also consider a forward looking a process to evaluate, in advance of adoption, the costs of compliance for pending and future regulatory actions that have cost impacts on NPDES and WDR permittees.

- Thus, the stakeholders have developed draft economic guidance document or "checklist" that contains criteria the State and Regional Water Boards could consider when adopting policies, considering permit requirements, and taking other actions that impose new burdens on permittees.

- This type of approach would increase transparency and improve decision-making as it relates to new policies, and could facilitate dialogue between the Water Boards and the regulated community regarding the cumulative financial impact of future requirements.

Long-Term Proposal: Implement a Phased Approach to TMDLs

- A "long-term" proposal as we would define it is a concept that involves more fundamental changes to the manner in which POTWs and others are currently regulated and requires additional steps before implementation.

- The TMDL strategy in California, as articulated by the State Water Board, should rely on an adaptive process that matches management capabilities with scientific understanding. Unfortunately, TMDLs often focus on permitted discharges first, requiring expensive treatment technologies or other requirements that may not result in a measureable improvement to water quality, even when pollution stems from legacy sources. In these circumstances, a more thoughtful and comprehensive process is required rather than more "standard" approaches of simply setting wasteload allocations and implementation plans.

- Some concepts to improve the way in which TMDLs are developed and implemented include: (1) TMDLs must appropriately address all discharge sources equitably; (2) all actions to control the particular constituent of concern in the watershed must be fairly and comparatively evaluated on a cost versus benefit basis to develop plans that yield the best use of all public resources; (3) public outreach and exposure reduction efforts should incorporate a proportional cost sharing methodology based on the amount of the constituent contributed by individual dischargers; (4) incentives and innovative strategies to reduce loadings should be encouraged, such as an offset program; and (5) there should be a minimum threshold for "de minimis" sources, below which point sources should not be required to implement costly monitoring/reporting programs, special studies and contributions to risk reduction efforts.

The POTW stakeholders look forward to working with State Water Board members and staff to find ways to implement these proposals in the near future.

Thank you.