King County Industrial Waste (KCIW) Fee Improvement Project

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Pacific Northwest Pretreatment Workshop
Vancouver, WA
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King County Wastewater Treatment Division

Population served: 1.6 million residents
• 5 treatment plants serve 425 square miles
• 4 CSO satellite wet weather treatment facilities
• 2 largest WWTPs in WA state
KCIW works with businesses and charges fees for services

- Identify businesses that must follow the rules.
- Issue discharge permits and authorizations to send industrial wastewater to sewer
- Provide engineering reviews of pretreatment systems
- Inspect all SIUs annually and other facilities
- Conduct sampling of all SIUs and surcharge facilities
- Teach businesses to meet requirements
- Investigate to make sure businesses are following the rules, provide enforcement as necessary
KCIW Team 2018!
KCIW – Types of Fees

• Per K.C.C. 28.84.060
    o Issuance
    o Compliance Monitoring & Administrative
    o Surcharge
    o Post-Violation Inspection, Monitoring Program
Problem: Complex fees in Code do not fit today’s broad industrial base

Heavy metals monthly charge = \[\frac{[Q_t - Q_s][Cost_{HM}]}{12}\]

Oil and grease monthly charge = \[\frac{[Q_t - Q_s][Cost_{OG}]}{12}\]

\[Q_t\] = measured sewage flow
Process to create new fee system

- Review current code and process
- Do time studies & research other programs
- Consult with customers on guiding principles 2017
- Streamline King County Code Summer 2018
- Develop Public Rule Fall 2018
- Changes begin to appear in bills as early as Jan. 2019

We are here
Benchmarking Study: Fee practices vary across agencies.

- The surcharge fee is the most common fee that can be compared across agencies.
- Issuance and administration fees are different from one agency to another.
- It is not clear if and how much agencies recover costs. One agency’s policy: recover 50 percent of costs and include the rest in the sewer rate.
- A tiered approach is generally used for both issuance and annual fees. Tier factors include the type and size of facility and the complexity of the permit.
Five guiding principles

The new fee system should:

1. Reflect the cost of providing service to each type of facility
2. Flexibly accommodate different industries today and in the future
3. Be simple for KCIW to administer
4. Be easy to understand and consistent so businesses can plan
5. Consider business needs when implementing changes:
   - Increase fees over time
   - Reduce fees quickly
What we heard from customers in summer 2017

• Makes sense:
  o Different issuance fees for complex vs. simple permits
  o Different fees for new permit vs. reissued vs. revision
  o Fee tiers for Compliance Monitoring and Administration

• Suggestions:
  o Explain fee tiers are based on cost of providing service
  o Explain why a customer is placed in a specific tier
  o Let facilities appeal their tier placement
  o Continue to involve facilities as this issue moves to the King County Council and Public Rule
  o Look for other ways to simplify process
KCIW - Types of Control Documents

- Permits (SIUs)
- Major Discharge Authorizations (DA)
- Minor DAs
- Letter Authorizations
- Verbal Authorizations (E-mails)
- No Control Document Required (NCDR)
- Categorical Zero Discharge Authorizations
Proposal would change three types of fees:

- Issuance Fees
- Compliance Monitoring and Administration Fees
- Surcharge Fees
Issuance Fee: Current

- Different Costs for Permits vs. DAs vs. Letter Authorizations
- All permits pay the same price
- One free permit revision
- Permit renewals cost the same as new permits
Issuance Fee: Proposed Changes

- Create categories so simple permits pay less than complex ones.
- Set different Permit fees for new applications, renewals, and revisions
- Different Costs for Permits vs. DAs vs. Letter Authorizations
Compliance Monitoring and Administration Fee: Current

Fees based on water volume and 2 types of pollutants: heavy metals and fats, oils, and grease (FOG).

Water volume does not necessarily reflect KCIW’s effort.
Compliance Monitoring and Administration Fee: Proposed Changes

Set up fee tiers based on cost of service.

Use established criteria to place a facility in a fee category and tier when issuing an authorization.

Charge all facilities in the same tier the same annual fee.

Facilities keep the same fee tier for 5 years.
Tier Criteria:
- Type of facility
- Volume of flow
- Risk to the system
- Monitoring complexity (sampling events, frequency, # of locators)
- Compliance history

### Conceptual Compliance Monitoring and Administration Fees

<table>
<thead>
<tr>
<th>Type of Facility</th>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3</th>
<th>Tier 4</th>
<th>Tier 5</th>
<th>Tier 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Categorical</td>
<td>$</td>
<td>$$</td>
<td>$</td>
<td>$$</td>
<td>$$$</td>
<td>$$$$$</td>
</tr>
<tr>
<td>Surcharge</td>
<td>$</td>
<td>$$</td>
<td>$</td>
<td>$</td>
<td>$$$</td>
<td>$$$</td>
</tr>
<tr>
<td>Non Categorical</td>
<td>$</td>
<td>$$$</td>
<td>$$$$</td>
<td>$$$$$</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Construction</td>
<td>$$</td>
<td>$$$</td>
<td>$$$$</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Future: Split Surcharge into two fees – more transparency, not necessarily higher costs

Today: Surcharge Fee combines charges for two services

Future: Two fees -- one for each service

Compliance Monitoring and Administration
High-strength Waste Treatment
Breakdown of the cost of treating wastewater

1990

- Removing BOD: $31.5M
- Removing TSS: $31.5M
- Moving flow: $31.5M

2014

- Removing BOD: $127.2M
- Removing TSS: $127.2M
- Moving flow: $127.2M

A higher percent of our costs go to removing material (BOD and TSS) from wastewater than moving flow.
2016 Surcharge Fee updates being phased in

Update how much it costs to treat high-strength waste (BOD, TSS).

Use recent data to evaluate the concentration of waste sent by each business.
How we compared to our peers in 2014

<table>
<thead>
<tr>
<th></th>
<th>BOD ($/lb)</th>
</tr>
</thead>
<tbody>
<tr>
<td>King County</td>
<td>0.000</td>
</tr>
<tr>
<td>Orange County SD</td>
<td>0.600</td>
</tr>
<tr>
<td>Pierce County (WA)</td>
<td>0.400</td>
</tr>
<tr>
<td>Portland (OR)</td>
<td>0.600</td>
</tr>
<tr>
<td>Sacramento RCSD</td>
<td>0.500</td>
</tr>
<tr>
<td>San Francisco PUC</td>
<td>0.400</td>
</tr>
</tbody>
</table>
Compliance Monitoring & Admin. Fees – Surcharge Facilities

• Tiers based on:
  - Control document type
  - Loadings to WWTP
  - # of locators
Impacts of proposed changes

**Issuance Fees:**
- Small or no increase for existing facilities when permit renewed
- Higher fees for larger, complex permits

**Compliance Monitoring and Administration Fees:**
- Stable, predictable fees linked to cost of providing service
- Some fee increases/decreases: KCIW revenue neutral

**Surcharge Fees:**
2016 changes still being phased in; unit costs increasing
Customers would begin to see two line items on their bill for treatment and for compliance monitoring and administration
## General Impacts to Industry Types

<table>
<thead>
<tr>
<th>Type of IW Facility</th>
<th>Compliance Monitoring &amp; Administration Fee Increase or Decrease?</th>
<th>Notes</th>
</tr>
</thead>
</table>
| Metal Finishers, Pharmaceutical manufacturing and Electronic Components Manufacturers | Increase                                                        | • Low volume  
• Categorical  
• KCC - inspect 1x/yr and sample 2x/yr |
| Food processors – Milk/Ice Cream                         | Decrease                                                        | • Large Volume  
• Current FOG fee goes away.                                        |
| Food processors – Beverage / Soft Drinks                  | Increase                                                        | • Not currently paying FOG fee  
• Moderate Q  
• Placed in a category and tier (commensurate with the level required to inspect and sample them) that is higher than what pay based on Q. |
## Impacts to Industry Types (Cont.)

<table>
<thead>
<tr>
<th>Type of IW Facility</th>
<th>Compliance Monitoring &amp; Administration Fee Increase or Decrease?</th>
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</thead>
<tbody>
<tr>
<td>Food Processors – Misc. Types (bakeries, meats, fish, poultry)</td>
<td>Increase</td>
<td>• Variable. A majority will see an increase and some will see decrease depending on whether company is identified as a significant industrial user under the federal standards.</td>
</tr>
<tr>
<td>Industrial Laundries</td>
<td>Decrease</td>
<td>• High Q, Fees likely to decrease based on cost to inspect and monitor these types of facilities.</td>
</tr>
<tr>
<td>Breweries – large producers</td>
<td>Decrease</td>
<td>• Decrease for most of these facilities with the deletion of the flow-based formula in Code.</td>
</tr>
<tr>
<td>Construction Sites (Large Linear Projects)</td>
<td>Increase</td>
<td>• Fees will likely increase due to dynamic nature of these types of projects with ever-changing sample locations, waste streams and treatment systems requiring additional KCIW staff effort.</td>
</tr>
</tbody>
</table>
KCIW Fee - Public Rule Process

Spring
- Newsletter explain process (instead of fee estimates)

Fall
- 45-day comment period on Public Rule
- Public Hearing
- Responses to comments

Late Fall
- Letters with fee tier placement and appeal process

January 2019
- Earliest possible date for new fees
Questions?

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