

STATE OF CALIFORNIA
Spring Finance Letter - Cover Sheet
 DF-46 (REV 02/15)

Fiscal Year 2016-17	Business Unit 3960	Department Toxic Substances Control	Priority No.
Budget Request Name 3960-107-BCP-BR-2016-XX		Program 3265 - Hazardous Waste Management 9900100 Administration 9900200 Distributed Administration	Subprogram

Budget Request Description
 Enhanced Permitting Capacity and Support

Budget Request Summary

The Department of Toxic Substances Control (DTSC) requests an augmentation of \$2,403,000 to the Hazardous Waste Control Account and 15.0 permanent positions for the Permitting Division to fully implement the process improvements developed under the Permit Enhancement Work Plan, which will sustain timely permitting actions; mitigate the incidence of facilities operating for extended periods of time on expired permits; and improve the clarity, consistency, protectiveness and enforceability of the permits issued.

DTSC also proposes to eliminate the option to pay a flat fee for permit applications in lieu of a fee for service so that permit applicants pay the full costs associated with permitting efforts.

Requires Legislation <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed Health & Safety Code Section(s) 25189.3, 25205.7, 25205.18, 25205.19, and 25247, and Rev & Tax Code Sections 43053 and 43152.10
---	---

Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
---	----------------	------

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By <i>Ellen Moratff</i>	Date 4/7/2016	Reviewed By <i>Ellen Moratff</i>	Date 4-7-16
Department Director <i>Ellen Moratff</i>	Date 4-7-16	Agency Secretary <i>Ellen Moratff</i>	Date 4/8/16

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA	Original Signed By: Ellen Moratff	Date submitted to the Legislature 4-8-16
------	--------------------------------------	---

Spring Finance Letter - Cover Sheet

DF-46 (REV 02/15)

A. Budget Request Summary

The Department of Toxic Substances Control (DTSC) requests an augmentation of \$2,403,000 (Hazardous Waste Control Account and 15.0 permanent positions for the Permitting Division to fully implement the process improvements developed under the Permit Enhancement Work Plan, which will sustain timely permitting actions; mitigate the incidence of facilities operating for extended periods of time on expired permits; and improve the clarity, consistency, protectiveness and enforceability of the permits issued.

DTSC also proposes to eliminate the option to pay a flat fee for permit applications in lieu of a fee for service to ensure permit applicants pay the full costs associated with permitting efforts.

B. Background/History

DTSC is responsible for regulating hazardous waste pursuant to California's Hazardous Waste Control Law (HWCL). DTSC is the federally delegated agency for the Resource Conservation and Recovery Act (RCRA), Subtitle C, and implements the HWCL permitting and enforcement program in lieu of the United States Environmental Protection Agency (U.S. EPA).

DTSC issues hazardous waste facility permits to establish operation controls at facilities that manage waste that is toxic, corrosive, reactive, and ignitable. A hazardous waste permit is a set of detailed site-specific requirements that is the result of evaluation of all aspects of a facility such as the hazardous waste management systems and related operations, physical plant, personnel, types of waste, chemical processes employed, the facility's compliance history, and its financial assurance.

Each permit establishes conditions that a facility must meet in addition to requirements in the applicable laws and regulations for the management of hazardous waste. If the facility fails to comply with the permit conditions or laws or regulations, DTSC can take criminal, civil, and administrative enforcement actions that can include assessing fines and penalties, suspension of operations, or permit revocation.

DTSC issues hazardous waste permits with a 10 year term. Six months prior to expiration, a facility is required to apply for renewal. If the application is submitted on time, existing law allows the facility to continue operation under the conditions of the expired permit; these permits are referred to as "continued" permits. Although the facility is required to comply with the conditions of the expired permit, and all applicable laws and regulations, the continued permit would not include the improved safeguards, technologies, and practices that have been developed since the original permit was issued and that could better protect human health and the environment from hazardous waste releases. In addition, changes may have also occurred in the area around the facility. For example, new residences may have been built near the facility or other changes made to nearby land uses. Demographics of the surrounding community may also have changed. The permit renewal process considers the effect of these changes and allows the surrounding community to interact and voice its concerns about the facility. Public feedback improves the quality and responsiveness of a permit. A continued permit with a significant decision delay will not have had the benefit of more recent community input and feedback.

Currently, California has 118 facilities permitted that manage hazardous waste in California, with a total of 127 permits. Of the 118 facilities, 89 are operating facilities that handle hazardous waste. The other 29 are considered post-closure facilities. These facilities primarily have monitoring activities that ensure previously disposed waste are not migrating from the hazardous waste unit. DTSC currently has more than 30 permitted facilities operating under "continued permits" with pending permit renewal applications. The Legislature has supported DTSC's efforts to reduce the existing backlog of continued permits, as well as improve and enhance permitting process, in recent years.

DTSC developed a substantial backlog of permits that were continued for more than 5 years. Permitting actions did not keep pace with applications and the Department was unable to maintain a consistent quality of review. The Department has been unable to update its program consistent with changes in U.S. EPA regulations and associated RCRA authorizations requested for California. In addition, Permitting did not maintain adequate training, update and maintain the EnviroStor database of permitted facilities, or develop/update policies and guidance.

Spring Finance Letter - Cover Sheet
DF-46 (REV 02/15)

Despite these limitations, DTSC has undertaken a sustained effort to better manage the number of "continued" hazardous waste facility permits by performing a more timely review of permit applications and making a permitting decision (renewal or denial).

In FY14-15, 8.0 limited term positions were approved, providing additional permit writers and support staff; these positions -- including 5 permit writers, 1 supervisor, and 2 support service positions -- are now in the Governor's budget to become permanent in FY16-17 pending Legislative approval. In FY15-16, 16 positions were authorized in various support programs (e.g., enforcement, legal, CEQA) that contribute to the permit review process, but do not directly evaluate permits. There were no permit writers.

The process for reviewing, approving or denying a permit is a highly technical and complex process, requiring the knowledge and skills of a variety of disciplines. At DTSC, permit writers are typically engineers or engineering geologists, with the technical background to understand hazardous waste management treatment and operational processes. The permit writers perform an exhaustive review of the permit application for conformance with regulatory requirements, and for proper application of technology and procedures required to manage hazardous waste in a protective manner. The permit writer analyzes the permit application content, including engineering drawings, process and instrumentation diagrams, and operation plans. The permit writer manages the permitting process, working with other programs areas within DTSC to ensure the permit decisions address conditions necessary for safe and protective facility operation, waste characterization, inspections, closure, and training. Even at optimum efficiency, the process takes years.

In addition to processing new and renewal permit applications to result in permit decisions, the permitting staff routinely performs additional activities that include:

1. Class 1 and 2 Permit Modifications -- Technical reviews, drafting of modifications, public participation, response to public comments, finalization of modifications, dealing with permit modification appeals, modification tracking and other procedural items.
2. Class 3 Permit Modifications -- Technical reviews, drafting of modifications, public participation, public hearing, response to public comments, finalization of modifications, responding to appeals, tracking and other procedural items. Class 3 modifications are the most complex and involved permit modifications, with a level of effort similar to that required for processing full permit applications, to add of new hazardous waste units, substantial increases of storage capacity or changes to groundwater monitoring program.
3. Emergency Permits -- Review of Emergency Permit applications, public notice, and CEQA document coordination with other offices.
4. Closure oversight projects -- Review of closure plan and report submittals and related data; site visits to observe closure activities; related meetings; and review/ approval of closure certification report.
5. Other support activities such as:
 - o Permit Oversight and Maintenance Activities: Addressing questions posed by agency management, responding to citizen/media calls, compliance inquiries, facility management planning, data management, responding to internal inquiries, file review requests, permit billing (cost recovery) activities, review of routine facility reports (e.g., non-corrective action progress/ monitoring reports), meetings, phone calls and site visits.
 - o Regulatory Analysis of Federal HW Rules: Analysis of proposed federal rules and implementation of new standards.
 - o U.S. EPA Grant/Annual Work Plan Activities: Includes Grant/Work Plan development, negotiations with U.S. EPA, quarterly meetings with U.S. EPA, quarterly, semi-annual and annual report development, and program reviews.
 - o State Outreach/Guidance/Policy Development/Implementation Activities: Includes public notices, public meetings/hearings, presentations to State environmental boards, development of guidance, development of policies, development of outreach and training materials, compliance assistance activities, training sessions, and ongoing rule interpretation.

Spring Finance Letter - Cover Sheet
 DF-46 (REV 02/15)

- o State Legislative Activities: Analysis of legislative bills, development of legislative concepts, analysis of impacts to State hazardous waste program, and identification of needed State rule changes.
- o Training: Includes health and safety training and recertification, personal protection and medical monitoring, and other technical training.

**Permitting
 Resource History**
 (Dollars in thousands)

Program Budget	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16*
Authorized Expenditures	3,823	2,526	3,586	5,180	5,343
Actual Expenditures	3,096	3,387	3,586	5,413	2,609
Revenues (Permit Application Fee)	402	356	293	628	523
Revenues (Federal Grant)	858	1,182	1,863	1,413	\$703
Authorized Positions	32.9	30.9	27.5	39.4	49.5
Filled Positions	28.0	27.9	27.5	34.5	47.5
Exide Corrective Action Positions	-	-	-	-	4.0**
Permitting Vacancies	4.9	3.0	0.0	4.9	2.0

*Actual Expenditures projected by DTSC budget office. Actual expenditures and revenues through 1-28-2016. Positions as of 12-31-2015.

**The Exide Corrective Action positions were filled starting in November 2015 to oversee the Residential Cleanup around Exide.

Permitting Workload History *

Workload Measure	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16**
Permit Issuance (or denial)	8	3	4	8	12
Permit modifications (Class 2)	4	5	5	5	4
Permit modifications (Class 1)	10	10	10	17	14
Emergency Permits/Variations	4	7	7	48	50
Closure Verifications	4	4	5	1	4

*Numbers of permits do not always reflect the complexity of permits processed

**Projected by Permitting Division

The Department currently has 49.5¹ authorized positions in the Permitting Division, of which 25.5 are permit writers. The 49.5 positions include 6.0 positions² from other program areas; these positions will return to their original program assignments on July 1, 2016. Also included are the 6 two-year limited-term positions authorized in FY14-15 to complete 17 of 24 backlogged permits. These positions contributed to the Department's progress toward reducing the number of continued permits that have been in process for several years. The Department made decisions on 8³ permits in FY14-15, and plans to complete 12 decisions in FY15-16. In addition to the 12 temporary positions described above, the Permitting Division has: 8 supervisors and managers, 7 administrative support positions, and 4 positions dedicated to the Exide closure and corrective measures study. There are 2 additional positions dedicated to closure cost estimate reviews. This means that Permitting Division will have only 16.5 authorized permit writers as of July 2016 available to work on permits. With the anticipated authorization of the Governor's Budget which proposes to convert 5.0 limited term permit writer positions – authorized in FY14-15 – to permanent in FY16-17, the total number of permit writers will be 21.5.

¹ As of December 2015.

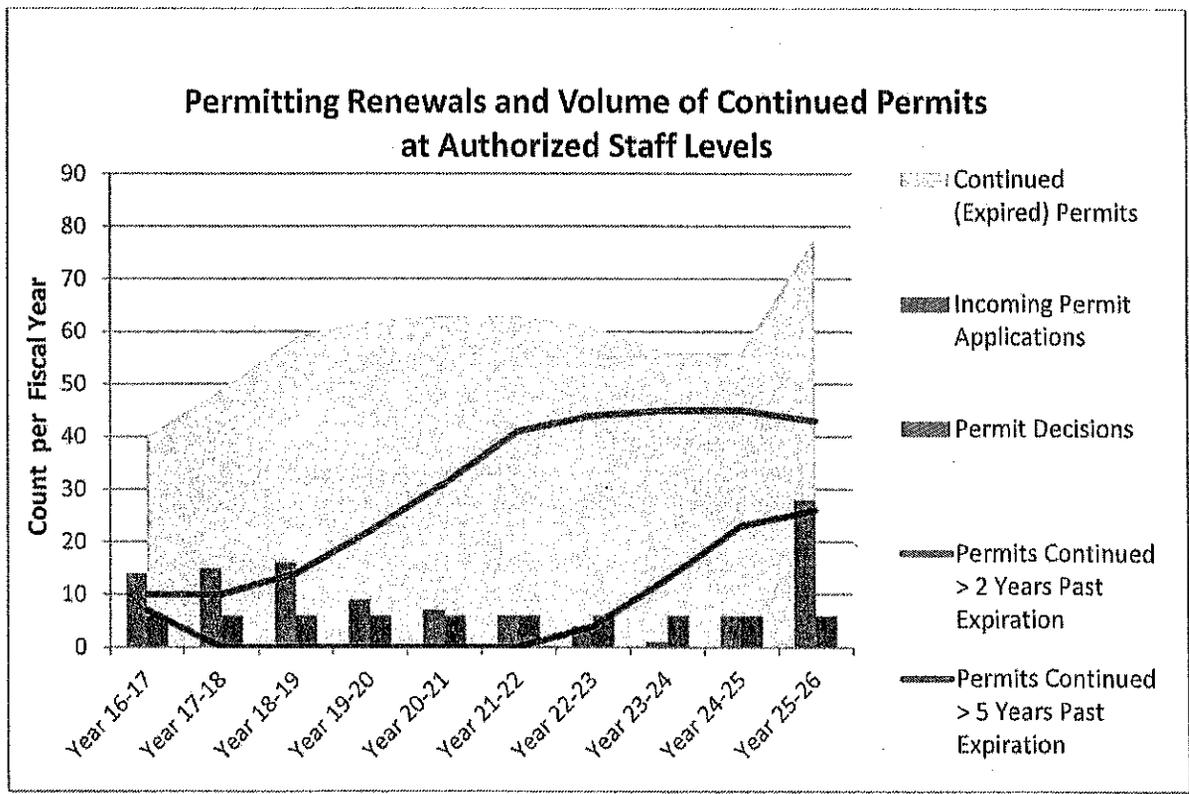
² The 6 positions were temporarily redirected from the Brownfields and Environmental Restoration Program and the Policy and Program Support Division to the Permitting Division in 2014

³ *In addition, in February 2015 DTSC informed Exide that their permit application would be denied, and the facility entered closure.

To prevent a backlog of permits from developing, DTSC must process 127 permit renewals every 10 years, or an average of 12.7 permit renewal decisions each year. The Department also receives an average of 2.5 applications for new permits each year, as well as 0.7 applications for Class 3 permit modifications. Class 3 modifications can be as difficult to process as a full permit. When the new permits and Class 3 modifications are factored in, DTSC must make an average of 15.9 permit decisions each year. Permit writers have other responsibilities as well, as described above.

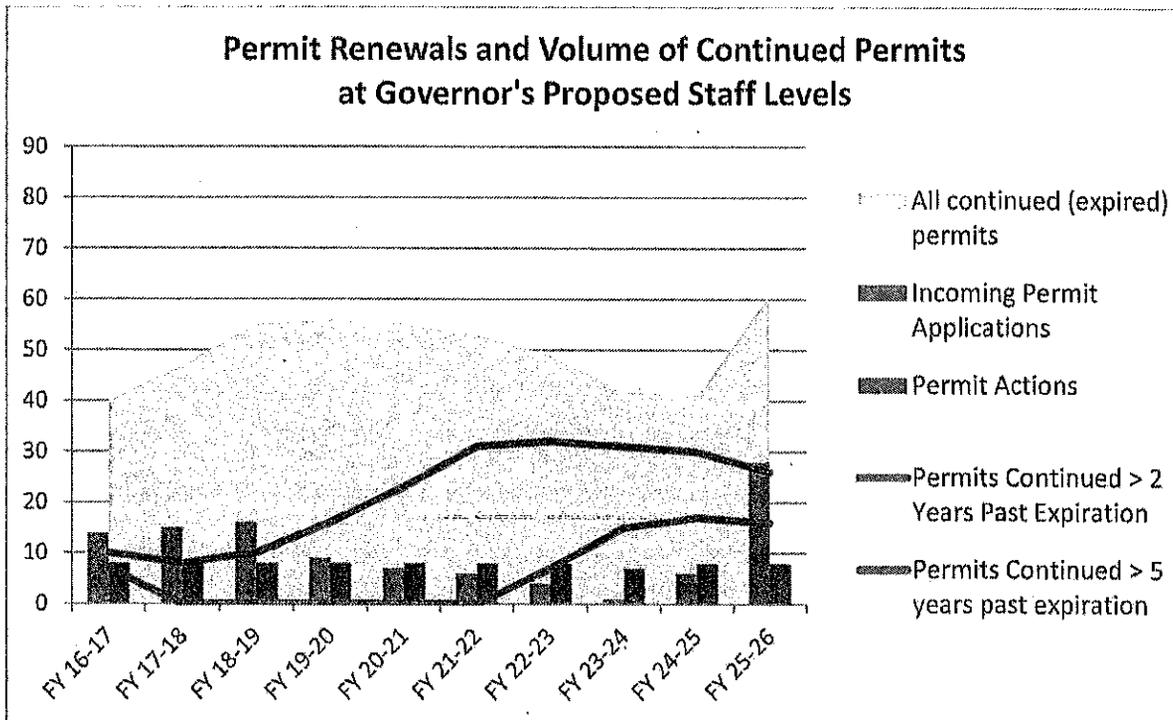
As a result of historical efforts to address the backlog, permit renewals are not evenly distributed over the 10-year cycle. The Department expects to receive 57 applications for renewals for expiring permits in the four-year period beginning with the current fiscal year. This includes 10 applications in FY15-16, 15 in FY16-17, 16 in FY17-18, and 16 in FY18-19. This represents additional workload beyond the capacity of the existing staff, which will result in increased number of continued permits.

The following chart illustrates the permitting actions and resulting volume of continued permits at the current permanent staffing levels without any additional permanent positions.



*Table illustrates status quo (without Fall BCP)

The Governor's proposed budget for FY16-17 includes 8.0 positions for DTSC, of which 5.0 are permit writers. The following chart illustrates the permitting actions and resulting volume of continued permits at the current permanent staffing levels and additional permanent positions proposed in the Governor's FY16-17 budget.



In 1997, SB 660 (Sher, Ch. 870, Statutes of 1997) established the requirement that any person who applies for, or requests, a new hazardous waste facilities permit, hazardous waste facilities permit for post-closure, permit modification, or a permit renewal must either enter into a fee-for-service agreement to reimburse the department for its full costs in processing the application or responding to the request, or pay a flat fee prescribed in statute. The flat fee rates were thought to be sufficient to pay for DTSC's review costs. Experience has since shown that DTSC's costs exceed the revenues collected through the permit application fees. In addition, without the cost signal that the fee for service provides, the applicant has no incentive to work efficiently with the Department. Incomplete and inadequate application submittals are frequently encountered, requiring labor-intensive rounds of review by DTSC permit writers of the resulting repeated submittals, further extending the deficit between the fee revenue and actual costs.

C. State Level Considerations

This proposal is consistent with the following elements of DTSC's 2014-18 Strategic Plan:

Goal 2: Effectively, efficiently and fairly administer and enforce the California hazardous waste management laws.

Objective 2.1: Identify and implement policies and procedures to ensure hazardous waste permits are protective, timely, legally defensible, and enforceable, and to improve transparency and public confidence in permit decisions.

Objective 2.2: Identify and implement a process to ensure that all permitted hazardous waste facilities have accurate estimates for the costs of facility closure and post-closure work, and develop and apply criteria for prioritizing closure cost reviews.

Objective 2.3: Improve effectiveness, efficiency, and consistency in enforcing California's hazardous waste laws; and make DTSC's enforcement program's information and processes more accessible to the public.

Spring Finance Letter - Cover Sheet

DF-46 (REV 02/15)

Objective 2.4: Improve public confidence in DTSC's enforcement decisions by establishing clear guidelines for decision points that ensure enforcement actions result in timely resolution with appropriate penalties and corrective actions.

Objective 2.5: Develop and apply criteria and processes to prioritize work within the hazardous waste enforcement and permitting programs, including the use of tools such as new environmental screening methods and Geographic Information System (GIS) technology.

This proposal also directly relates to several of the goals established in DTSC's Fixing the Foundation Fundamentals Work Plan, including the following elements:

- (4.a) Improve the efficiency and consistency in enforcing state hazardous waste laws and make the enforcement program's information and processes more accessible to the public.
- (4.b) Improve efforts to ensure hazardous waste permits are protective, timely, legally defensible and enforceable.
- (4.d) Improve public confidence in permit decisions.
- (4.h) Ensure groundwater monitoring at local disposal facilities is protective of human health and the environment.
- (4.i) Maintain a strong Financial Assurance program at all permitted facilities that reflect the actual cost of closure and post-closure work, and update the estimates every five years.
- (4.j) Fully integrate the new Hazardous Waste Management Program.

The Legislature has shown ongoing specific interest in DTSC's permitting actions, as demonstrated by Legislative Oversight hearings, confirmation hearing for DTSC Director Barbara Lee, and the creation of the Independent Review Panel (SB 83).

D. Justification

In order to reduce the number of continued permits and the length of time permits continue post-expiration, DTSC implemented a Permitting Enhancement Work Plan and three Lean Six Sigma projects. These efforts resulted in a goal for permit application review time of an average of two years for 90 percent of the permit renewal applications⁴.

The resources requested in this BCP will support completing approximately 16 permits annually, with additional effort to perform the activities listed above. The requirement for 16 annual permit actions is based on workload in the following table, which shows applications for permits, permit renewals, and complex Class 3 modifications.

⁴ The Permitting Enhancement Work Plan had a preliminary goal of all permit reviews in an average of 2 years. Further analysis in data-driven Lean Six Sigma projects adjusted that goal to an average of 2 years for 90% of permits. The analysis accounted for the small number of very controversial permits that require substantially more resources to process.

Spring Finance Letter - Cover Sheet

DF-46 (REV 02/15)

Existing and Projected Hazardous Waste Permit Applications	Quantity
Existing hazardous waste permits <i>Each expires after 10 years, requiring renewal application processing</i>	127
Class 3 permit mod applications <i>Requires effort similar to permit application processing.</i>	7*
New permits processed in past 10 years based <i>New permit applications that require processing.</i>	25*
Total permit applications in 10 year period <i>Projected new, renewal, and Class 3 permit modification applications</i>	159
Average number of permit applications per year	16

*Based on quantity received in past 10 years.

The table above does not include Class 1 or 2 modifications. The Department received 20 Class 2 permit modifications in the past 10 years, however DTSC expects to process more Class 2 modifications in future years. The review of closure plans, cost estimates, and related financial assurance mechanisms is resulting in the need for permit modifications. Increased enforcement will require changes for the facility to come into compliance. A recent EPA report addressing changes in business needs indicates that 56% of permitted facilities will require a Class 2 permit modification during the life of the permit⁵. These modifications are anticipated to respond to changes in types and quantities of waste, technological changes, and regulatory changes. As a result, DTSC projects the need to process an average of 8 Class 2 permit modifications per year.

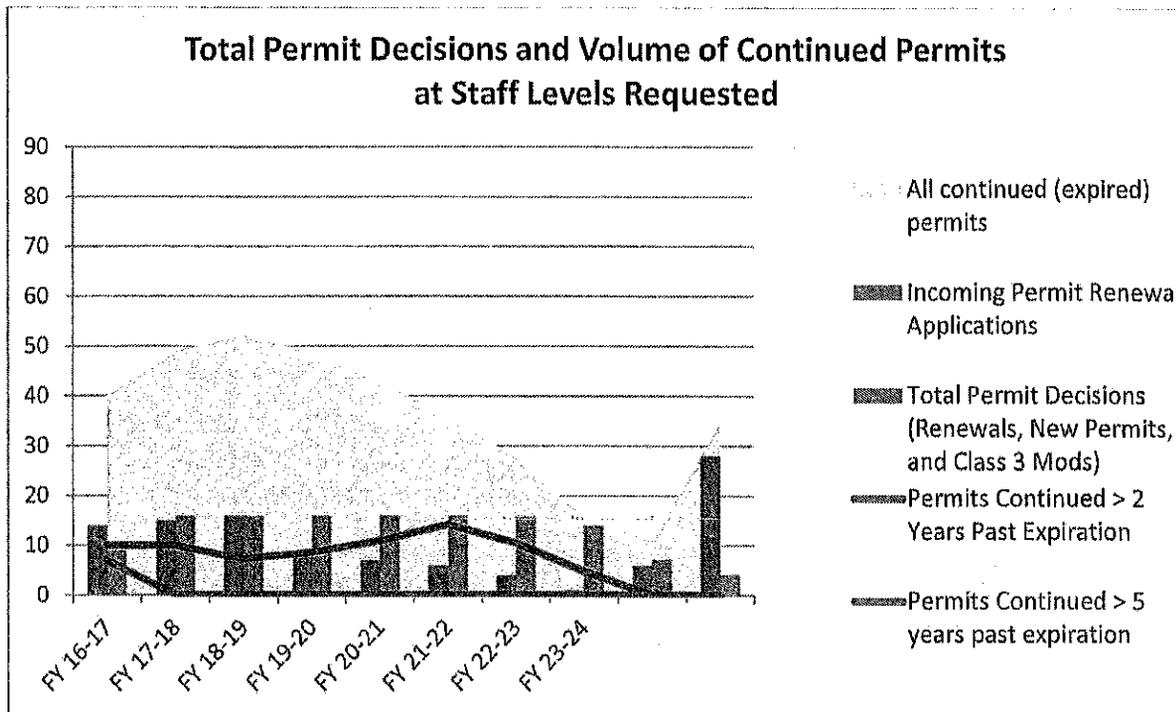
To produce 16 permit decisions each year, DTSC requires 35.5 permit writers. Each permit writer produces approximately 0.5 permits per year for 90% of the applications. The remaining 10% of applications are more complex and can require 4 to 6 person-years to complete, at a rate of ~0.2 permits per permit writer per year. To reduce the total time needed to complete these very difficult permits, the Department will increase the number of permit writers assigned to the permit. The needed resources requested in this BCP are 14 permit writers and 1 supervisor.

Presently DTSC has 16.5 permanent positions and anticipates an additional 5.0 permanent permit-writer positions as reflected in the Governor's Proposed FY16-17 budget, and supporting BCP for Enhanced Permitting Capacity and Continued Permit Backlog Support. DTSC is therefore requesting 14 permanent positions for permit writing and 1 supervisory position as follows:

- 10.0 HSE permanent positions
- 4.0 Senior HSE permanent positions.
- 1.0 Supervising HSE I position

At the requested staffing level, DTSC will address the volume of continued permits and be staffed to achieve goals for permit processing as shown in the following chart.

⁵ Permit Modification Report: Safeguarding the Environment in the Face of Changing Business Needs. EPA. January 2016. EPA 530-R-15-001.



This chart illustrates the volume of permit renewals processed. As the volume of permit renewal applications declines, DTSC will apply these resources toward processing of new applications and Class 3 permit modification applications, which will in sum, require an average of 16 permit decisions per year, as described earlier.

The requested resources will enable DTSC to eliminate the backlog and to avoid developing another backlog in the future, and will enable DTSC to process an average of 16 permit decisions a year and achieve the goal of processing 90% of permit applications within 2 years.

The existing hazardous waste fee structure allows a permit applicant to choose one of two options: 1) to pay a flat fee established in statute to pay for DTSC's review and evaluation of its application; or 2) to enter a reimbursement agreement with DTSC to pay for DTSC's actual costs in reviewing and evaluating its application.

DTSC proposes to eliminate the option to pay a flat fee for permit applications in lieu of a fee for service so that permit applicants pay the full costs associated with permitting efforts and have an incentive to submit timely and complete applications and follow-up information.

By eliminating the flat fee option, and requiring all permit applicants to enter a reimbursement agreement with DTSC to pay DTSC's actual costs, DTSC will be able to recover costs through reimbursements from by the applicant.

Historically DTSC has not processed permits in a timely manner. Substantial improvements to the permitting process have been made to make the process more efficient. In doing this, DTSC has reduced the overall cost of permit review. Notwithstanding, many permit applications are submitted with missing, incomplete or inaccurate information, resulting in challenges to processing a permit in a timely fashion. This creates additional workload for DTSC permitting staff to track down missing information from the permit application, increasing the cost and the time to process a permit. If a permit applicant is responsible for the costs of processing a permit, the applicant is more likely to improve the permit application, providing a more complete and accurate information submittal, and a more efficient review and permitting process within the Department.

E. Outcomes and Accountability

Workload Measure	CY	BY	BY+1	BY+2	BY+3	BY+4
Permit Decisions	12	9	16	16	16	16
Permit Mods - Class 2	4	8	8	8	8	8
Permit Mods - Class 1	14	25	25	25	25	25
Emergency Permits	50	50	50	50	50	50
Closure Verifications	4	10	10	10	10	10
RCRA Authorization Package	1	1	1	1	1	1

With the above proposed staff increases, DTSC anticipates completing the following annually as needed:

- 16 permit/ renewal decisions
- 8 Class 2 Permit Modifications
- 25 Class 1/1* Permit Modifications
- 50 Emergency Permits
- 10 closure oversight projects
- 1 RCRA Authorization package

With these staff increases, permits that have been continued more than 5 years (i.e., those considered backlogged) will be eliminated on an ongoing basis.

Performance metrics for the permitting program include: the average permit processing time for permits issued, number of permits continued more than 2 years, and number of permits continued more than 5 years. Below is a comprehensive table that shows historical and projected staffing and outcomes with the approval of the proposed resources.

HISTORICAL AND PROJECTED STAFFING LEVELS AND OUTCOMES						
	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20
Number of Permit Writers	25.5*	25.5*	35.5	35.5	35.5	35.5
Number of Total Program staff	39.5	49.5	53.5	53.5	53.5	53.5
Number of Permit Decisions	8 **	12	9	16	16	16
Years from receipt of application to permit decision, for decisions made in this year (average)	6.6	4.7	6.6	3.8	2.6	2.7
Number of Permits Expired More than 2 Years ***	27	18	10	7	9	11
Number of Permits Expired More than 5 Years***	24	12	7	0	0	0

Reporting and communication will be in the form of the following:

Operation Plans - a document revised annually that clearly identifies the Office of Permitting's permit issuance record for the prior year and the projected goals for the upcoming year.

Government Performance and Result Act (GPRA) - The United States Environmental Protection Agency (U.S. EPA) closely monitors permits issued by DTSC. DTSC continues to meet with U.S.EPA on a quarterly basis to discuss progress. Results are posted on U.S.EPA's database.

Work Plan – DTSC reports regularly to the Legislature its progress in meeting its commitments to improve aspect of its permitting processes.

DTSC will prepare a work plan, and staff will provide regular status reports and updates to the Permitting Branch Chiefs and the Hazardous Waste Management Program Deputy Director so that the pending permit applications each have a cost reimbursement agreement in place.

In addition, DTSC's Fiscal and Accounting Offices will monitor payments of invoices required under the cost reimbursement agreements, and, along with the Permitting Branch Chiefs and the Hazardous Waste Management Program Deputy Director, will monitor hours spent on the work for each permit application to so that cost estimates and actual work hours are consistent, and payment is collected.

F. Analysis of All Feasible Alternatives

Alternative 1: Add 15.0 permanent positions to reduce the volume of continued permits, make timely permitting decisions, continue the permitting process improvement initiatives, and modify the permit fee structure from a flat fee to a fee for service

Pros:

- Mitigates the incidence of long delays in issuing hazardous waste permitting decisions, and, for each permit decision completed, provides for meeting all standards, implementing best management practices, and addressing compliance concerns.
- Demonstrates DTSC's commitment to protecting vulnerable communities and other communities around hazardous waste facilities.
- Reduces the risk to public health and safety and the environment, particularly in areas impacted by multiple environmental exposures.
- Provides support needed to maintain pace with the anticipated volume of permit renewals, and reduce the current number of facilities operating with expired permits.
- Allows DTSC to be reimbursed for its full costs of permit application reviews.
- Creates increased accountability and efficiency in performing permit reviews through fee-for-service cost signals.
- Provides for the collection of workload data to allow DTSC to implement further improvements to the permitting process.

Cons:

- Increases position authority.
- Creates additional cost.
- Requires training of new staff for this work.
- Increases hazardous waste permit fees.

Alternative 2: Redirect staff, and make no changes to the permit fee structure.

Pros:

- Requires no additional funding.
- Mitigates the risk of long delays in issuing hazardous waste facility permits, provides for permits meeting all standards, supports implementation of best management practices, and addresses compliance concerns for each facility.

Spring Finance Letter - Cover Sheet

DF-46 (REV 02/15)

- o Demonstrates DTSC's commitment to protecting vulnerable communities and other communities around hazardous waste facilities.
- o Reduces the risk to public health and safety and the environment, particularly in areas impacted by multiple environmental exposures.

Cons:

- o Would impair DTSC's ability to meet other mission-critical mandates and commitments such as conducting inspections, cleaning up contaminated properties, and recovering response costs. It is unclear where these staff could be redirected from, and still accomplish the core mission of DTSC.
- o Businesses will continue to pay the flat fee and hazardous waste industry fees will continue to subsidize permit activities.

Alternative 3: Maintain status quo/do nothing.

Pros:

- o Requires no additional position authority or funding.

Cons:

- o Fails to mitigate the anticipated growth in expired permits.
- o Permit decisions will be delayed significantly.
- o Impairs ability to meet the critical environmental review and public noticing requirements of CEQA and may increase DTSC's vulnerability to legal challenges on its permit determinations.
- o Businesses will continue to pay the flat fee and hazardous waste industry fees will continue to subsidize permit activities.

G. Implementation Plan

- a) Once approval is received, DTSC will begin the recruitment process to fill positions.
- b) Hire new staff.
- c) Begin necessary technical training classes, including hazardous waste laws and regulations, inspection and enforcement processes, permitting process, and required health and safety training, including 40-hour Hazwoper and medical monitoring for new hires.
- d) Begin on-the-job training of new hires with experienced staff.
- e) Begin independent permit work and related support activities.

Fall 2016

Implement new permit writer bootcamp training program.

H. Supplemental Information

Trailer bill language to eliminate the flat fee option will be provided when available.

I. Recommendation

Adopt Alternative I: Add 15.0 permanent positions to reduce the volume of continued permits, make timely permitting decisions, and continue the permitting process improvement initiatives, and modify the permit fee structure from a flat fee to a fee for service – This option would accomplish the following:

Spring Finance Letter - Cover Sheet
DF-46 (REV 02/15)

- o Mitigates the incidence of long delays in issuing hazardous waste permitting decisions, provides for meeting all standards, implementing best management practices, and addressing compliance concerns.
- o Ensure that hazardous waste facility permit determinations are completed in a timely manner, meet all standards, reflect best management practices and address compliance concerns for each facility.
- o Demonstrate DTSC's commitment to protecting vulnerable communities and other communities around hazardous waste facilities.
- o Reduce the risk to public health and safety and the environment, particularly in areas impacted by multiple environmental exposures.
- o Allows DTSC to be reimbursed for its full costs of permit application reviews.

BCP Fiscal Detail Sheet

BCP Title: Enhanced Permitting Capacity & Support

DP Name: 3960-007-BCP-DP-2016-A1

Budget Request Summary

FY16

CY	BY	BY+1	BY+2	BY+3	BY+4
0.0	15.0	15.0	15.0	15.0	15.0
0.0	15.0	15.0	15.0	15.0	15.0
Salaries and Wages	1,354	1,354	1,354	1,354	1,354
Earnings - Permanent	1,354	1,354	1,354	1,354	1,354
Total Salaries and Wages	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354
Total Staff Benefits	644	644	644	644	644
Total Personal Services	\$1,998	\$1,998	\$1,998	\$1,998	\$1,998

Operating Expenses and Equipment

5301 - General Expense	105	105	105	105	105
5302 - Printing	15	15	15	15	15
5304 - Communications	30	30	30	30	30
5306 - Postage	15	15	15	15	15
5320 - Travel: In-State	30	30	30	30	30
5322 - Training	30	30	30	30	30
5324 - Facilities Operation	120	120	120	120	120
5326 - Utilities	15	15	15	15	15
5346 - Information Technology	45	0	0	0	0
Total Operating Expenses and Equipment	\$405	\$360	\$360	\$360	\$360

Total Budget Request

Total Budget Request	\$0	\$2,403	\$2,358	\$2,358	\$2,358
-----------------------------	------------	----------------	----------------	----------------	----------------

Fund Summary

Fund Source - State Operations	0	2,403	2,358	2,358	2,358
0014 - Hazardous Waste Control Account	0	0	0	0	0
Total State Operations Expenditures	\$0	\$2,403	\$2,358	\$2,358	\$2,358
Total All Funds	\$0	\$2,403	\$2,358	\$2,358	\$2,358

Program Summary

Program Funding	0	2,403	2,358	2,358	2,358
3625 - Hazardous Waste Management	0	165	165	165	165
9900100 - Administration	0	-165	-165	-165	-165
9900200 - Administration - Distributed	0	0	0	0	0
Total All Programs	\$0	\$2,403	\$2,358	\$2,358	\$2,358



