

Permitting Reserve Fund Implementation Report

Statutory Authority: Session Law 2021-180, Section 12.24.(b)

Due Date: March 15, 2022

Receiving Entities:

Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources
Fiscal Research Division

Submitting Entity:

NC Department of Environmental Quality

Permitting Reserve

Purpose

The 2021 Appropriations Act appropriated \$2.5 million to the Department of Environmental Quality (DEQ) in a reserve account to support permitting activities. This allowed the Department to create new positions to address key areas where growth in regulatory permit requests have resulted in longer processing times and backlogs. S.L. 2021-180, Section 12.4 provided guidance to DEQ, limiting any newly created positions to duties directly tied to permitting, such as permit application processing, permit issuance, and other related activities tied to permit issuance or renewal. Further, these funds were prohibited from being used for enforcement, public outreach, public education or management positions. Finally, DEQ was required to report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources by no later than March 15, 2022. The following report provides information on the use of the permitting reserve funds and the establishment of permitting positions.

Background

During the 2021 Long Session, the NC General Assembly appropriated unprecedented levels of capital spending for projects across the State – with funds from both the General Fund and the American Rescue Plan Act (ARPA). In evaluating these projects, as well as the increased level of privately funded projects due to a thriving economy, DEQ determined that additional permitting staff were needed in key areas to mitigate potential large increases in permit turnaround time. Each Division evaluated current demand, and projected demand over the next calendar year based on future public sector funding. After this analysis, DEQ identified an additional 37 positions of highest priority to address permitting needs.

The NC General Assembly responded to this request by providing a \$2.5 million recurring reserve, allowing the Department to create some of the needed positions to respond to its greatest permitting growth areas.

Permitting Reserve

Upon the passage of the Appropriations Act, DEQ reevaluated permitting needs across the Department to identify the greatest areas of need. The following 23 positions were prioritized and created from the reserve:

Division of Coastal Management (DCM) – CAMA Permitting Staff – 1 FTE

DCM issues Coastal Area Management Act (CAMA) permits for coastal construction projects such as marinas, docks, bulkheads and boat ramps. The 2021 budget includes hundreds of millions of dollars for projects that will impact the coast, including grants for coastal restoration projects, and infrastructure projects, including transportation, navigation, water, wastewater, stormwater, and wetland restoration. All of these projects require CAMA Permits. Staff estimated a 20% increase in CAMA permit applications. To assist with the anticipated growth in permit applications, 1 permitting FTE was added to the Division.

Division of Environmental Assistance & Customer Service (DEACS) – 2 FTE

Environmental Assistance Coordinators (EAC) facilitate express, scoping, and other permitting meetings and provide customized permitting assistance. They support economic recruitment and expansion efforts as requested by state and local economic development partners or directly by clients. EACs are a key resource for the Economic Development Partnership of NC and the NC Department of Commerce in recruiting new businesses as well as expansion of existing facilities.

Currently, there is an EAC assigned to 5 of the 7 Regional Offices. The reserve funded adedicated EAC for each of the remaining 2 regional offices: Mooresville and Fayetteville.

Division of Energy, Mineral and Land Resources (DEMLR) – 6 FTE

The Erosion and Sedimentation and Control (E&SC) Program reviews E&SC plans for construction and development to prevent soil degradation and loss of sediment off-site, causing water quality issues. The Division has experienced a 27% increase in the number of plans submitted for review in the last year. The 2021 Appropriations Act provided a fee increase that will allow the eventual establishment of new receipt-supported positions. However, the growth in infrastructure projects has continued to put a strain on the Division’s ability to review plans in a timely manner.

Like the E&SC Program, the Stormwater Program is experiencing tremendous development pressure, especially near the coast. The Stormwater Program implements statewide stormwater control laws and regulations to protect surface waters from the impacts of pollutants in stormwater runoff. Private sector construction growth, as well as the state funded \$3 billion of new construction projects will exert even more pressure on this Division. DEQ requested a fee increase, the first since 2007, that would have funded additional staff to address current permit response times. However, this fee increase was not granted.

DEQ added 6 FTE to DEMLR to address the increasing plan review and permitting workloads in ES&C and Stormwater in an effort to improve processing times. Five of these new positions will be located in the Regional Offices (RO) and will be cross-trained to work on both types of permits. One position will be located in the Wilmington RO and will focus solely on stormwater permits.

Division of Waste Management (DWM) – Hydrogeologists - 2 FTE

The Solid Waste Program of DWM regulates safe management of solid waste through technical assistance, regulations, permitting, environmental monitoring and compliance. Solid waste hydrogeologists are a critical component of this, currently managing 60 sites each. This workload equates to 120 groundwater reports to review and respond to in addition to assessment plans and reports and corrective action plans and reports on an annual basis. This workload limits the current hydrogeologists with their permitting responsibilities and work on site suitability reviews for new and expanding facilities. An additional hydrogeologist position was created to assist the section in being more responsive to permitting requests for landfills and other solid waste facilities across the state.

Similarly, in the Underground Storage Tank (UST) Program, hydrogeologist assist with permitting soil remediation sites across the state and addressing the increasing workload related to soil management. An additional hydrologist position was added to assist with the large number of

realtor inquiries the program gets related to home heating oil tanks. The added position will help to increase permitting capacity and responsiveness within the UST Section.

Division of Water Resources (DWR) – Water Quality Permitting – 12 FTE

The National Pollutant Discharge Elimination Systems (NPDES) section struggles to meet the current demand for wastewater permits and permit renewals. Additional staff will help reduce the existing backlog of permits, greatly improving permit processing times, efficiency, and quality. The number of water quality permit applications has increased by nearly 1,000 annually, and the complexity of these permits is increasing as well. To address the increase in permit applications and the existing backlog, DEQ added 6 FTE to the NPDES section.

Water Quality Regional Operations is at the forefront of permit reviews but also assists in emergency response and fields daily calls from NC residents. Their permit review includes NPDES wastewater, collection systems, and non-discharge systems. There is an anticipated 30% increase in workload for this section, and more staff are needed to improve permit review times. To assist with permit processing, DEQ added 6 FTE to the Water Quality Regional Operations section.

Implementation

As of March 15, 2022, all 23 positions have been created and established in the budget with unique position numbers. Job descriptions have been written and approved, and all positions are in the hiring process. The following Chart lists each of these positions, their total position cost and an indication of when the position’s job posting closes. DEQ is expeditiously working to fill these positions and has the goal is to have them all filled by the end of fiscal year 2022.

Permitting Reserve Positions

Division	Program	Position #	Classification	FTE Cost*	Closing Date
DCM	CAMA Major	65034629	Environmental Specialist II	\$94,712	03/16
DEACS	Mooreville RO	65034753	Environmental Specialist II	\$94,339	03/25
DEACS	Fayetteville RO	65034754	Environmental Specialist II	\$94,712	03/25
DEMLR	ESC, Stormwater	65034368	Engineer I	\$116,602	03/22
DEMLR	ESC, Stormwater	65034367	Engineer II	\$124,624	03/10
DEMLR	Stormwater	65034365	Engineer II	\$124,624	03/10
DEMLR	ESC, Stormwater	65034366	Engineer II	\$124,624	03/10
DEMLR	ESC, Stormwater	65034363	Engineer III	\$142,645	02/28
DEMLR	ESC, Stormwater	65034364	Engineer III	\$142,645	02/28
DWM	Solid Waste	65034472	Hydrogeologist	\$106,493	02/28
DWM	UST	65034471	Hydrogeologist	\$106,493	02/28
DWR	NPDES	65034428	Engineer III	\$153,640	03/25
DWR	NPDES	65034433	Environmental Program Consultant	\$101,595	03/17
DWR	NPDES	65034434	Environmental Specialist II	\$88,931	03/25
DWR	NPDES	65034435	Environmental Program Consultant	\$101,595	03/24
DWR	NPDES	65034436	Engineer III	\$139,145	03/09
DWR	NPDES	65034437	Environmental Program Consultant	\$104,546	03/25
DWR	Washington RO	65034426	Environmental Program Consultant	\$105,095	03/22
DWR	Raleigh RO	65034427	Environmental Program Consultant	\$105,095	03/25
DWR	Washington RO	65034429	Environmental Specialist I	\$81,574	03/25
DWR	Asheville RO	65034430	Environmental Specialist I	\$81,574	03/17
DWR	Winston-Salem RO	65034431	Environmental Technician II	\$72,266	03/25
DWR	Raleigh RO	65034432	Environmental Specialist II	\$92,431	03/25

TOTAL: \$2,500,000

**FTE Cost represents summation of total salary, retirement and healthcare contributions, and standard operating expenses.*