Annual Report

to the Colorado Legislature & Water Quality Control Commission

2013 - 2014

COLORADO
Department of Public Health & Environment

Submitted by the Water Quality Control Division
October 2014

FOREWORD

I am pleased to submit the Water Quality Control Division's Annual Report to the Water Quality Control Commission for the period of July 1, 2013 through June 30, 2014 (SFY2014). Pursuant to CRS Section 25-8-305, the division is to file with the commission, on an annual basis, a report on the effectiveness of its efforts under the state Water Quality Control Act. In particular, the division is to:

> Include in such report such recommendations as it may have with respect to any regulatory or legislative changes that may be needed or desired. Such report shall include the then current information that has been obtained pursuant to Section 25-8-303 [monitoring] and information concerning the status of the division's implementation of the discharge permit program established in part 5 of this article.

Further, in accordance with the requirements of section 25-8-305 of the Colorado Water Quality Control Act, this report is also filed with the House Agriculture, Livestock and Natural Resources Committee and the Senate Agriculture, Natural Resources and Energy Committee.

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I. EXECUTIVE SUMMARY

The mission of the Water Quality Control Division (division) is to protect and restore water quality for public health and the environment in Colorado. The vision of the division is to be a top performing organization that implements its programs in such a way that Colorado's drinking water and natural waters are of the highest attainable quality. The division will achieve its mission by pursuing the following Clean Water Program goals:

- Protect all designated uses by fully attaining water quality standards through improved implementation of the federal Clean Water Act and Colorado Water Quality Control Act and their associated regulations;
- Restore impaired water quality to attainable standards through improved implementation of the federal Clean Water Act and Colorado Water Quality Control Act and their associated regulations; and
- Deploy resources to achieve the greatest benefit for public health and the environment while pursuing a strategy of organizational improvement that includes increasing efficiency.

II. LEGISLATIVE AND REGULATORY UPDATE

A. Budget Update

For many years, there has been a significant gap in the demand placed on the division and the resources available to address that demand. Since 2006 the division has been required to submit an annual report to the Joint Budget Committee (JBC). The report summarizes the division's current and anticipated workload levels, including the impact of existing and proposed federal and state program requirements, as well as the associated funding and staffing needs based on those workload levels. During the 2012-2013 legislative session, the JBC acknowledged the division's resources gap and appropriated an additional 16.0 general funded FTE. Fifteen (15.0) FTE were appropriated to the Clean Water Program to assist with permitting, compliance and enforcement, water quality assessment and protection, pesticide compliance, data management and communications.

Federal funds provided to the division continue to be in jeopardy. The division experienced a five percent cut in federal funds in 2013 due to sequestration. Although yet unknown, additional cuts in FFY15 are likely and could be substantial. If additional federal funds are cut, the division will evaluate its program activities to set new priorities and will deploy resources to meet the most pressing water quality problems/needs. Water quality issues that are not deemed to be priorities will likely not be addressed.

B. Legislative Changes

During the 2013 session of the general assembly, three bills were passed that impact the

division: HB 13-1191 providing for nutrient grants, SB 13-73 requiring the division to consider public comment and cost benefit analysis on general permits and HB13-1044 enabling the Water Quality Control Commission (commission) to authorize the use of graywater through a control regulation.

HB13-1191 was signed into law on May 10, 2013, and created a Nutrient Grant Fund in the state treasury. A total of fifteen million dollars was allocated to this fund to assist Phase I domestic wastewater treatment facilities with the costs associated with planning, design, construction and/or improvements to comply with Control Regulation #85, Nutrients Management Control Regulation. The division conducted multiple stakeholder meetings to seek input and feedback for an equitable and transparent way to distribute the funds. On May 13, 2013, the commission promulgated revisions to Regulation No. 55, Water Quality Improvement Fund, in order to administer the program. On June 1, 2013, the division submitted a request for application to seek eligible applications for funding. The division received $19.3 million in requests and funded a total of 21 projects for $14.7 million. For SFY15 the division received an additional $2 million to further support Phase I domestic wastewater treatment facilities through the long bill. A portion of these funds backfilled a previously funded project and provided funding for two additional projects. The division was authorized through the legislation to retain $300K and 1.0 FTE for administering the fund over a three year period. Nutrient Grant applicants and awards are shown in section VI.

When proposing new or amended general permits, Senate Bill 13-73 requires the division to consider public comment and upon request consider cost benefit analysis submitted by an approved third party. These tasks are consistent with the division's current process for issuing and renewing general permits and as such the bill simply clarifies and affirms that process.

On May 15, 2013, Governor Hickenlooper signed House Bill 13-1044 regarding the authorization of the use of graywater in Colorado. House Bill 13-1044 grants the commission the regulatory authority to promulgate control regulations "to describe requirements, prohibitions and standards for the use of graywater for nondrinking purposes, to encourage the use of graywater, and to protect public health and water quality." In June 2013, the division initiated outreach to groups that had possible interest in participating in the graywater regulation stakeholder process. The first round of stakeholder meetings took place mid July 2013 at locations throughout the state. Following the July 2013 stakeholder meetings, the division created two topical stakeholder work groups to develop content: an implementation group and a treatment group. This content was compiled into a single draft regulation for review by all stakeholders. A final draft will be developed by division staff in fall of 2014 and presented to the commission. The division will request a hearing in April 2015 for consideration of Regulation 86.

The general assembly created a new Natural Disaster Grant program (HB 14-1002) to assist communities with water/wastewater infrastructure projects as a result of any natural disasters. Further, the General Assembly appropriated $17 million to assist

water and wastewater entities with rebuilding as a result of the September 2013 floods.

In 2009, Senate Bill 09-165 amended section 25-1.5-208, C.R.S. (grant program for drinking water and water treatment systems) by providing a continuous source of revenue from the severance tax trust fund. The legislation directed an annual transfer of up to $10 million to the drinking water grant program after revenues from the fund exceeded $201.5 million. However, this bill only amended the drinking water statute and did not provide the same continuous source of revenue for wastewater, which made it unclear that funds could be used for both drinking water and wastewater. As a result, SB 14-025 was introduced and signed into law on February 27, 2014 to clarify that drinking water and wastewater projects are eligible under the small community grant program. Further, the legislation repealed section 25-8-703, C.R.S. (state contracts for construction of domestic wastewater treatment works) since wastewater is now combined in the drinking water grant statute.

C. Regulatory Changes

With reference to regulatory changes that are required or desired, the commission is fully aware of the ongoing efforts of the division to address a variety of issues through collaborative work group processes, including those formed under the auspices of the Water Quality Forum. The stakeholder community is advancing many work group proposals. A current list of new and ongoing work groups is provided in Appendix A.

The division provided staff support to the commission for several rulemaking and administrative action hearings in SFY14. The regulations and topics discussed were as follows:

<u>August 2013</u>

- Administrative action hearing that considered revisions to the Colorado Water Quality Management and Drinking Water Protection Handbook, WQCC Policy 98-2.

<u>October 2013</u>

- Administrative action hearing that considered the 2014 Water Pollution Control and Drinking Water Revolving Loan funds intended use plans.
- Rulemaking hearing that considered revisions to the Animal Feeding Operations Control Regulation, Regulation #81 (5 CCR 1002-81).
- Administrative action hearing that considered a new commission policy regarding discharger specific variances, WQCC Policy 13-1.

<u>November 2013</u>

- Rulemaking hearing that considered repealing the Colorado Primary Drinking Water Regulations (5 CCR 1003-1) and re-adoption of the Colorado Primary Drinking Water Regulations, with revisions to improve clarity, as Regulation #11 (5 CCR 1002-11).

December 2013

- Rulemaking hearing that considered revisions to temporary modifications of water quality standards set to expire on or before December 31, 2015 in multiple segments in basins throughout the state (Regulations #33-#38).
- Administrative action hearing that considered the 2013 update to the water quality management plan (section 208 plan) for the North Front Range Water Quality Planning Association.

March 2014

- Administrative action hearing that considered the list of FY 14 projects for Section 319 nonpoint source funds.
- Rulemaking hearing that considered repealing the Cheraw Lake Control Regulation, Regulation #75 (5 CCR 1002-75).
- Rulemaking hearing that considered permanent adoption of revisions to Upper South Platte Segment 22 in the Classifications and Numeric Standards for South Platte River Basin, Laramie River Basin, Republican River Basin, Smoky Hill River Basin, Regulation #38 (5 CCR 1002-38).
- Rulemaking hearing that considered revisions to Fountain Creek Segment 11 in the Classifications and Numeric Standards for Arkansas River Basin, Regulation #32 (5 CCR 1002-32).

April 2014

- Rulemaking hearing that considered revisions to the Drinking Water Revolving Fund, Regulation #53 (5 CCR 1002-52).

May 2014

- Rulemaking hearing that considered revisions to the Biosolids Regulation, Regulation #64 (5 CCR 1002-64).
- Rulemaking hearing that considered revisions to the Site Specific Water Quality Classifications and Standards for Ground Water, Regulation #42 (5 CCR 1002-42).
- Rulemaking hearing that considered revisions to the Water Quality Improvement Fund, Regulation #55 (5 CCR 1002-55).

June 2014

- Rulemaking hearing that considered revisions to water quality classifications, standards and designations for multiple segments in the Upper and Lower Colorado River Basins, Regulations #33 (5 CCR 1002-33) and #37 (5 CCR 1002-37).

D. New Drinking Water Contaminant Standards

According to CRS section 25-1.5-202(3), the division is required annually to establish and revise a priority list of contaminants or substances for which new standards may be considered and shall submit the list to the commission for review and approval. This topic was discussed at the June 2011 Safe Drinking Water Program workshop with the commission. It was agreed that this requirement would be covered via inclusion in the annual report. As has been the case for at least the past fourteen years, the division is

not considering developing new standards for any contaminants or substances independent of the process established in the Safe Drinking Water Act whereby EPA develops and establishes national standards. Promulgating new standards is a time consuming, resources intensive and very expensive process. The Colorado Department of Public Health and Environment (CDPHE) does not have the resources either in number or type of personnel to undertake such activities at this time. EPA is in the process of evaluating numerous contaminants for drinking water standards development.

E. Cross Connection Control Technician Certification Process Evaluation

Section 11.37(4)(b) of the Colorado Primary Drinking Water Regulations requires the division to conduct an evaluation of the cross connection control technician certification process of the American Society of Sanitary Engineering (ASSE) and the American Backflow Prevention Association (ABPA) and report the results to the Water Quality Control Commission. The evaluation is to be conducted no less often than once every two years. If the division were to find that the certification process employed by one or more of these organizations is deficient in some way, then the division may request that the commission hold a rulemaking hearing to remove that organization from the list of approved certification bodies. To the best of the division's knowledge, no such formal evaluations or reporting have taken place in at least the last ten years. Through informal means and ongoing interactions with stakeholders, the division believes that the certification processes utilized by ASSE and ABPA remain satisfactory.

F. Regulation 85

Regulation 85 (Nutrients Management Control Regulation) became effective September 30, 2012. This control regulation establishes numerical effluent limitations for many domestic wastewater treatment plants and industrial wastewater dischargers that are likely to have significant levels of nutrients in their discharges. It also describes requirements for other point source dischargers and voluntary steps for nonpoint sources to address nutrients. The control regulation also establishes monitoring requirements for point source dischargers and a program aimed at monitoring surface waters for nutrients and related parameters. This effort is geared toward better characterizing nutrient sources and current nutrient conditions, to help inform future regulatory decisions regarding nutrients.

The sampling and analysis certifications for the monitoring of surface waters and related parameters were due to the division on March 31, 2013. To date, approximately 390 sampling and analysis plan certifications have been received. The first data submittals of 2013 data were due to the division on April 15, 2014. To date, approximately 230 reports have been received. Since May 31, 2012, the division has developed preliminary effluent limitations based on Regulation 85. Since that time four domestic wastewater treatment works have been provided preliminary effluent limits according to Regulation 85. Of the 42 domestic wastewater treatment works required to address nutrient limits based on the requirements of the regulation, 24 have submitted applications to the division for review or completed the review and approval process. The nutrient grant funding

available through HB 13-1191 seems to have helped stimulate nutrient improvements projects. The division provided nutrient grant funding to 21 entities with domestic wastewater treatment works. Fifteen have submitted applications to the division for review or completed the review and approval process. Outside of the 42 domestic wastewater treatment works currently required to implement Regulation 85 nutrient limits, at least 7 other domestic wastewater treatment works have improved their treatment facilities to meet the minimum requirements of Regulation 85. As of July 2014 nutrient effluent limits had been included in one discharge permit. Several more permits are in development for the Arkansas River Basin which are expected to include nutrient effluent limits. The municipal separate storm sewer system report jointly prepared by all but one of the MS4s was received early and is currently under review by division staff. The final MS4 report is due late October 2014.

III. MONITORING ACTIVITIES

The division's surface water monitoring activities for SFY14 were grouped into four general types: (1) routine sampling; (2) special studies; (3) lake and reservoir monitoring; and (4) aquatic life and habitat studies.

A. Routine Sampling

The division uses a rotating basin approach for primary stream monitoring. The entire state is sampled on a five year cycle that matches the commission's schedule for triennial reviews of basin standards and classifications. For the purposes of conducting the triennial reviews, the state has been divided into four major river basins. Each of the four major river basins is sampled intensively once every five years. This allows the division to concentrate its limited resources on one basin in order to provide data for the triennial review scheduled for that basin and for other data objectives such as impairment determination and source control investment targeting and evaluation. Sampling is more evenly allocated among the long term trend sites in the four basins, special studies are conducted, and specific data gaps may be filled.

In every fifth year of the cycle, Regulation No. 31 (Basic Standards and Methodologies for Surface Water) is reviewed by the commission, and there is no need to intensively sample one of the major basins.

The number of sites and the number of times a specific site is sampled each year is controlled by the division's monitoring budget for laboratory analyses, which in SFY14 was $531,295. The samples collected are analyzed by the Department's Laboratory Services Division. Depending upon the amount of data sought for a particular site and the accessibility of the site, sites are visited on a regular schedule, such as monthly or bimonthly, or when weather and road conditions allow access. In SFY14, the specific river basin focus targeted Regulation #31 or statewide standards.

Routine water chemistry samples were collected from a network of 351 sampling sites located across the state. Of the 209 total sites, 29 sites are classified as trend sites,

sites to be maintained annually and independent of the sites selected for the focus basin in a particular fiscal year. Of the trend sites, 7 are within the South Platte River Basin, 10 are within the Colorado River Basin, 6 within the Arkansas/Rio Grande River Basins, and 6 within the San Juan/Gunnison River Basins. Of the total number of sites, 13 percent are within the Platte River Basins, 28 percent within the Colorado River Basin, 42 percent within the Arkansas/Rio Grande River Basins, and 17 percent within the San Juan/Gunnison River Basins. This sampling resulted in the collection of 1,043 sample sets. Samples were analyzed for a suite of constituents including metals, inorganics, and nutrients, including low level total nitrogen in some instances. Field parameters such as dissolved oxygen, pH, conductance and temperature were also collected.

Sampling needs of other parts of the division as well as citizen and performance partner demands for water quality sampling services exceed the fiscal and staff resources currently available to the division. Increasing analytical costs and a relatively fixed monitoring budget have caused fewer water body locations to be sampled on an annual basis in past years which results in less information for future water quality management decisions. The small increases in sampling sites are currently supported by additional funding from EPA and may not be permanent.

B. Special Studies

Special studies monitoring includes synoptic sampling events for total maximum daily load determinations, fish tissue sampling and other water quality investigations. One study focused on the variability of macroinvertebrate data collected via kick net sampling to be used in future revisions to the WQCC Aquatic Life Use Policy 10-1 and/or biennial 303(d) listing methodologies. The goal of this precision and accuracy study is to identify the variability in multi-metric index (MMI) scores of semi-quantitative kick-net samples collected within the same day and across three consecutive months within each of three different MMI biotypes. In 2013, the division visited three sites in MMI biotype 1. The division visited each site once per month from July to September to collect three replicate samples each day within the same habitat type, typically a riffle. This resulted in 9 samples per site (3 samples per day x 3 months). Streams sampled were West Fork Clear Creek, Fall River and South Chicago Creek.

An additional study was conducted to study reservoir tailwater water quality characteristics and aquatic life response. The goal of the tailwaters study is to identify a distance downstream from the reservoir where the benthic macroinvertebrate community is not impacted. Recovery is measured collectively by the attainment/impairment status of Policy 10-1 biological thresholds and a suite of applicable aquatic community metrics. The tailwaters study is to determine whether or not a water quality standards attainment Category 4c designation may be more appropriate for observed impacts below reservoirs. In 2013, the division studied water bodies below reservoirs that utilize bottom release structures in order to eliminate exceedances of the temperature standard as a possible stressor. These water bodies were South Platte River below Elevenmile Reservoir and Middle Fork Boulder below Barker Reservoir. The results of these studies will be used to develop or inform guidance

in the 2016 303(d) Listing Methodology Work Group in the spring/summer of 2014. The division may also summarize the results in the 2016 Integrated Report to EPA.

Twenty seven reservoir and river sites across the state were sampled for fish tissue mercury from July 1, 2013 through June 30, 2014. No new fish consumption advisories (FCAs) were issued on the basis of results from these 27 water bodies. However some changes were made to existing FCAs to include or exclude certain species or size classes of fish based on the fish tissue levels from the most recent data. FCAs for Carter Lake, Elkhead Reservoir, Horsetooth Reservoir, Puett Reservoir and Vallecito Reservoir were modified. As of July 1, 2014 there are 23 FCAs for lakes and reservoirs in Colorado; the same number of advisories as last year.

The division also monitored selenium levels of Colorado fish in anticipation of EPA's new selenium criterion. For selenium, fish tissue concentrations are generally not a concern for human consumption. Instead, the criterion protect the fish themselves from toxic effects including mortality, decreased growth rates and reproductive effects such as increased rate of mortality and deformities in offspring. The EPA draft criterion consists of both fish tissue based and water column based elements. Data collected may help answer questions whether Colorado fish, which may be naturally exposed to relatively high levels of selenium due to the geology, are as sensitive to the fish with which the criterion were developed. These data may also help answer questions regarding reproductive and hatching success of Colorado fish with relatively high selenium tissue levels. The division may continue to monitor fish tissue levels in water bodies which have been previously listed for exceedances of water column standards.

A nonpoint source funded project sponsored by Colorado State University continued in 2013 and 2014 on two mercury impaired reservoirs on Colorado's 303(d) list (Horsetooth and Elkhead Reservoirs). Extensive biological and water quality data are being collected in a collaborative effort with the Colorado Division of Parks and Wildlife, the City of Fort Collins, and the Northern Colorado Water Conservancy District. This project is to support TMDL development and evaluate ways to reduce mercury bioaccumulation through food web manipulation. Project results are expected in 2015.

C. Lake and Reservoir Monitoring

The division continued its lake and reservoir sampling in FY 2014. The division focused sampling efforts on the San Juan and Gunnison River Basins in order to provide data for the upcoming triennial review. Ten lakes from the San Juan and Gunnison Basins were sampled three times each during the growing season. At each lake, depth profiles of dissolved oxygen, pH, conductivity, and temperature were collected at one-meter intervals. Water quality samples were taken from near the surface and near the bottom. Samples were analyzed for a suite of chemical parameters including nutrients, metals, and inorganics. In addition, the surface sample was analyzed for the chlorophyll a content as a measure of trophic status and for the phytoplankton population to determine the algal species composition.

As part of an effort to expand the lake monitoring program in Colorado, the division established a partnership with Colorado Parks and Wildlife (CPW). This two year pilot lake sampling partnership CPW began in the summer of 2013 and will result in data to be collected at over 100 lakes and reservoirs. The field work will be completed by the CPW field staff while the analytical funds have been set aside from the 106 Monitoring Initiative grant. A limited suite of lake monitoring parameters were tested from each lake. Through this partnership, Colorado can increase the percentage of assessed acres in Colorado for the Integrated Report. The division will also be examining these results and developing a strategy for the future of this partnership. The division plans on summarizing results from this work in the 2016 Integrated Report.

D. Aquatic Life and Habitat Studies

The division collected macroinvertebrate and habitat samples at multiple locations in the state. At each of the habitat sites, water quality samples were taken and analyzed for a specific suite of chemical constituents. These data, plus habitat scores, periphyton samples, and occasional substrate measurements, will be used in assessment of aquatic life use and 303(d) or Monitoring and Evaluation (M&E) listing decisions.

The aquatic life studies included targeted sampling of a 303(d) and M&E listed stream segment (Cripple Creek above Squaw Gulch); characterizing the benthic macroinvertebrate communities at sites with naturally occurring high concentrations of total phosphorus; two tailwaters studies (South Platte River below Elevenmile Reservoir and Middle Boulder Creek below Barker Reservoir); year two of a precision and accuracy study to investigate variability in MMI scores within day and across months at the same site; investigating aquatic life use upgrades; and visiting tributaries hydrologically connected to the Moffat Tunnel.

The division worked collaboratively with and provided the necessary sampling equipment and training for the Town of Carbondale Utilities, Owl Mountain Partnership, Upper Gunnison Water Conservancy District, Coalition for the Upper South Platte and the Clear Creek Watershed Foundation in order to collect macroinvertebrates samples at monitoring stations of particular importance to these watershed groups or utilities.

E. Nonpoint Source Monitoring Requirements

The division's nonpoint source workgroup (NPS workgroup) is required to report to EPA measurable results from implementation projects funded through Clean Water Act Section 319. To facilitate the reporting of these results, the NPS workgroup, in cooperation with the Colorado Water Conservation Board's Healthy Rivers Program, created the Measurable Results Project (MRP) in 2010. The goal of the MRP is to provide sufficient data to evaluate whether and to what extent NPS funded implementation projects are improving water quality. To accomplish this goal, the MRP provides NPS project sponsors technical assistance and tools. Specifically, the MRP provides assistance with sampling and analysis plan development, pre and post contract monitoring and data analysis and a toolbox of potential methodologies for monitoring NPS funded

implementation projects.

While the MRP continued supporting numerous projects with sampling and analysis plan development and pre and post contract monitoring during FY14, priority was also given to identifying a long-term plan for sustaining the MRP. Part of the plan focused on compiling overall MRP results as MRP contractor support came to an end. This work is still underway and final results will be provided in next year's annual report. The second part of the plan was the utilization of a partnership with the division's environmental data unit (EDU) for the collection of NPS monitoring data rather than relying on contractor support. Implementation of this new approach during FY14 was successful, and the NPS workgroup plans to continue working with EDU as the MRP moves forward and is targeting NPS funds to support EDU participation in the MRP.

The NPS workgroup is also encouraged through the Clean Water Act Section 319 grant to monitor effectiveness of conservation practices funded by the Natural Resources Conservation Service's (NRCS) National Water Quality Initiative (NWQI). During FY14, the NPS workgroup collaborated with NRCS to develop a monitoring approach for the Grape Creek/DeWeese Reservoir priority watershed. This particular watershed had a number of local farmers and ranchers participate in NWQI projects and monitoring was planned to evaluate results of project implementation. The NPS workgroup, in partnership with NRCS, EDU and local landowners, will collect water quality samples in FY15.

F. Cooperative Monitoring Activities

To ensure that the maximum amount of relevant data are assessed each year, the division issues a call for data to numerous cooperators, including federal and state entities, basin authorities, dischargers, watershed groups, as well as River Watch and nonpoint source management project sponsors. Through this mechanism, the division accumulates a considerable amount of data beyond what it can directly sample and analyze.

As a member of the Colorado Water Quality Monitoring Council (council), the division has discussed cooperative monitoring efforts with other stakeholders. To facilitate data sharing, the council works with the Data Sharing Network. The Data Sharing Network is a statewide, web-based water quality database and interactive map. The water quality database and interactive map are housed on the council's website at www.coloradowaterquality.org. Version 1.0 of the new water quality data map utility, powered by Google Earth technology, allows users to find and download data. A Clean Water Act Section 319 grant from the division supported this project.

G. Augmented Monitoring Funds

In order to upgrade state monitoring efforts and implementation of the Monitoring and Assessment Strategies for States, Colorado applies for Clean Water Act Section 106 monitoring initiative grant money every year. Colorado received $374,000 of these monitoring initiative funds for a two year period to facilitate the implementation of

EPA's 10 elements document and to conduct a statewide probabilistic survey of water quality as part of a national project. Additional monitoring projects completed in SFY14 utilized year two funds of $374,000 in grant money. The division has designated these funds for additional monitoring of rivers and lakes, a high alpine lake and stream monitoring study, a new standards database and cooperative monitoring efforts with the Colorado Division of Parks and Wildlife. This program continues to fund Colorado's effort to expand its monitoring and assessment capabilities.

In 2010, a position was created to: 1) monitor surface water quality above and below point and nonpoint source control projects, and 2) monitor surface water quality prior to and after the construction of wastewater infrastructure projects that are funded using state revolving funds. The resulting data assessments will be used to evaluate the effectiveness of new and existing point and nonpoint source control projects. The information will also be used to prioritize areas for future point and nonpoint source control infrastructure investment.

In SFY 2014, data were collected for four projects to measure the water quality changes in receiving streams as a result of completion of wastewater infrastructure projects funded through the Water Pollution Control Revolving Fund. These studies included Boxelder Sanitation District's Wastewater Treatment Facility, City of Pueblo's Dilorio Water Reclamation Facility, Glenwood Springs' Regional Wastewater Treatment Facility, and the Town of Red Cliff's Wastewater Treatment Facility. Also in SFY 2014, five studies were continued to evaluate water quality impacts and source identification in abandoned hard rock mines that contribute to impaired rivers and streams. These studies are done in coordination with the Division of Reclamation Mining and Safety (DRMS). DRMS contributes significantly through sampling, report generation, and restoration expertise. Projects include the Daisy Mine in the Redwell Basin, Illinois Gulch, the Uncompahgre drainage and the Waldorf Mine in the Leavenworth Creek Basin. Each of these assessments is at different points of completion.

IV. PERMIT PROGRAM

A. Permitting

<u>Permitting Performance Measures: Permit Backlog and High Priority Permits</u>

A backlog is defined as a permit that has not been renewed prior to its expiration date or a new permit that is not issued within 180 days of receipt of the permit application. In May of 2000 as part of a national backlog reduction initiative, the EPA required a permit backlog reduction plan for the division due to its inability to keep up with permit renewals and requests. EPA first approved the division's backlog reduction plan shortly thereafter and backlog maintenance expectations have been included in the annual state EPA agreement ever since.

Approximately 1,500 permits are included in the backlog measure. Since 2000, EPA's backlog reduction program has expanded to include individual process water and

stormwater permits and general process water permits. Of these, approximately 350 are for facilities covered by individual permits and approximately 1,150 are general permit covered facilities. The Performance Partnership Agreement (PPA) between the department and EPA for FFY13 (October 2012 – September 2013) included a goal that 79 percent of the permits included in EPA's backlog reduction program would be current (21 percent backlogged). The division's best estimate of backlog as of October 1, 2013 using EPA methodology was 75 percent current (25 percent backlogged) which was short of the 80 percent target. The PPA commitment for FFY 2014 (October 2013 – September 2014) is 80 percent current (20 percent backlogged), and the division anticipates that by the end of September 2014, 62 percent of permits will be current (38 percent backlogged). The division expects to fall short of meeting the backlog commitment primarily due to the extended amount of time it has taken to complete some general permit renewals, including the MS4 renewal which as impacted the ability to develop a hydrostatic testing renewal permit, and the sand and gravel renewal which counts heavily in the backlog count.

Another important element of EPA's backlog reduction efforts is priority permits. Priority permit issuance has been used as a performance measure in the PPA between the department and EPA since FFY 2005. The measure and procedures have changed over time; however, EPA has always considered any expired permit for which a renewal application has been submitted and which has been administratively extended for two years or more, or any application for a new permit that has not been acted upon for two years or more, to be a priority permit. Since Federal FY 2013, EPA states are required to select 20 percent of candidate permits. Candidate permits includes renewal permits that have been expired for two years or more and new permits that have not been acted upon for two years or more, plus permits eligible for environmental significance or state/national program priority reasons. Of the selected candidate permits, the states must commit to issue approximately 80 percent of these selected priorities. For FFY13, the division committed to issuing 14 of 17 high priority permits and was able to issue 12 by September 30, 2013. For FFY14, the division has 27 high priority permits and committed to issue 22. The division expects to issue 12 of those permits by September 30, 2014.

Program Areas Not Included in the Permitting Performance Measures

Stormwater. The major elements of stormwater permitting include industrial stormwater, municipal stormwater or MS4, and construction stormwater. These programs continue to evolve primarily as permit requirements are refined.

Groundwater. The Colorado Discharge Permit System Regulations require any domestic sewage system that discharges to groundwater to obtain a permit. This is a state only permit program. The division estimates that there are approximately 200 facilities that should be permitted; however, many of these facilities do not have current permits. The division has been implementing a process to ensure that the owners of these facilities do obtain the appropriate permits. This process is resource intensive because many facilities without appropriate permit coverage need to upgrade their level of treatment.

To assist these owners, the division is working with them to upgrade their systems prior to issuing new permits. Progress has been slow due to the lack of adequate compliance assistance resources to spend working with these small businesses (e.g., campgrounds, lodges) and towns. In addition, the engineering work to review and approve the required facility treatment upgrades was not anticipated and will exceed the division's capacity to complete reviews within a reasonable time. The division continues to make incremental progress in permitting these facilities.

Pesticides. A 2009 federal appeals court decision resulted in a requirement for entities applying pesticides in or near waterways to obtain discharge permit coverage for their discharges by an October 31, 2011 court ordered deadline. Since the division has exclusive authority to issue National Pollutant Discharge Elimination System (NPDES) permits for non-federal activities in Colorado, the EPA permit does not apply to the vast majority of applications in Colorado, and the division is required to issue a permit for the use of pesticides in the state.

In November 2011, the division issued a short-term (two year) general permit based on the final EPA permit. This allowed the department time to seek permitting and compliance oversight resources to issue permits that require more robust applicant information for larger applicators and to conduct a reasonable level of compliance oversight. Those resources were secured, and the permit was extended in 2013. The general permit provides automatic authorization of pesticide applications statewide without the need to submit a permit application. Submittal of a compliance certification to the division identifying the entity and the location (county) where pesticides are intended to be applied will be required. The division continues to work with the Department of Agriculture to coordinate activities since that department is responsible for licensing many of the larger applicators under the Federal Insecticide, Fungicide, and Rodenticide Act. The division began a general permit renewal process for the Colorado pesticide general permit in November 2013 and issued a renewal permit in September 2014. This renewal permit will provide coverage for a full five year term.

Biosolids. The division implements a state biosolids program consistent with the direction provided in Regulation 64. Both the federal and the Colorado regulations governing beneficial use of biosolids identify allowable levels of heavy metals and pathogens in the biosolids, siting restrictions, and management requirements. The regulations require that application rates be based upon the nutrient requirements of the crops under cultivation. In 2012, approximately 93 percent of the biosolids generated by municipal wastewater treatment facilities in Colorado was beneficially reused and is regulated under the program. Because Colorado has not been formally delegated authority to implement the federal biosolids program, EPA retains ultimate authority over the program.

Pretreatment. The division implements a state pretreatment program consistent with the direction provided in Regulation 63. In permitting, the division's administration of the program focuses on issuing permits or control mechanisms to categorical industries that are located in areas where no approved local pretreatment program exists. This

tool is a strong complement to the federal pretreatment framework. Because Colorado has not been formally delegated authority to implement the federal pretreatment program, EPA retains ultimate authority over the program.

Reclaimed Water. The division implements a state reclaimed water program consistent with the direction provided in Regulation 84. Regulation No. 84 requires permitting by the entity that treats the domestic wastewater (treaters) as well as each entity that uses the reclaimed water (users) for landscaped irrigation and other approved uses.

B. Environmental Agriculture Program

The Environmental Agriculture Program (program) administers regulatory, permitting, compliance assistance and compliance assurance activities for animal feeding operations (AFOs), concentrated animal feeding operations (CAFOs - i.e., large dairies, feedlots, poultry facilities) and housed commercial swine feeding operations (HCSFOs). The Ag Program utilizes a sector based approach that takes into account the interaction and environmental impact of air, water and soil resources when making regulatory and policy decisions.

The program oversees 12 individual HCSFO permits, 72 CAFO permits, 117 registered CAFOs and hundreds of AFOs. The program administers the Water Quality Control Commission Regulation No. 61, the Colorado Discharge Permit System Regulations; Regulation No. 81, the Animal Feeding Operations Control Regulation; Regulation No. 66, the Financial Assurance Criteria Regulation for Colorado Housed Commercial Swine Feeding Operations; and Air Quality Control Commission Regulation No. 2, Part B, Odor Emissions regulation for HCSFOs.

During SFY14, the program completed a total of 400 inspections at animal feeding operations. Of these inspections, 47 were conducted at CAFOs and 353 at HCSFOs. CAFO inspections covered 11 permitted CAFOs, 26 non-permitted CAFOs, three medium AFOs and seven other permitted and non-permitted CAFOs to verify compliance with corrective actions identified during the previous inspection year. The Ag Program conducted 188 water quality protection inspections at HCSFOs. Overall compliance rates at CAFO facilities were noted to have remained consistent or slightly improved in FY14. Approximately 80 percent of inspected non-permitted (registered) CAFOs and approximately 91 percent of inspected permitted CAFOs were in compliance with applicable regulatory requirements. In addition, approximately 95 percent of HCSFO facilities were in full compliance with applicable air and water regulatory requirements.

The program completed the renewal of 17 certifications and issued three new certifications under the CAFO general permit in SFY14. An additional three new CAFO permit applications have been received and are pending approval upon receipt and review of additional information from the facilities. The program will continue to process new CAFO permit applications as they are received throughout SFY15. In addition, the program completed the renewal of nine HCSFO individual permits in SFY14. Three remaining applications have been reviewed and will be issued once complete

information is received from the facility.

Additional program goals in FY15 include a rulemaking for Regulation No. 61 in December 2014; improving the CAFO inspection processes to improve overall compliance and to reduce the number of days facilities are out of compliance; development of guidance and template documents for development and implementation of Nutrient Management Plans; and continued implementation of program improvements to maintain an efficient and effective program that meets stakeholder expectations and supports the department's strategic plan.

C. Water Quality Information Systems

The division currently utilizes a Microsoft 2010 SharePoint (Aquifer) platform to share information and track workflows.

The division has successfully implemented a pilot program for electronic submittal of discharge permit monitoring data. This information is submitted through EPA's NetDMR system. The current permitted universe requiring a DMR is 2,123. There are currently 207 permits submitting DMR's through NetDMR.

On July 2, 2014, the Safe Drinking Water Program obtained Cross-Media Electronic Reporting Regulation (CROMERR) approval from the EPA for its Colorado Drinking Water System (CDWS) electronic document receiving system. This CROMERR approval provides the Safe Drinking Water Program with the much needed authorization to receive compliance data and reports electronically. The Safe Drinking Water Program has been conducting a limited pilot of the CDWS system with a small group of drinking water stakeholders and labs over the past few months and is currently working with department environmental programs and the state Office of Information Technology to obtain necessary approvals and to purchase the necessary cloud server space to bring the pilot into full production. Implementation of the CDWS system will provide significant improvements in efficiency and effectiveness in the Safe Drinking Water Program's receipt of required compliance data and other reports. There are currently approximately 2000 public water systems that are required to submit compliance data. Stakeholders have been requesting that the program provide a reliable, easy to use electronic submittal mechanism for several years now. Feedback from stakeholders and labs on the CDWS system to date has been overwhelmingly positive. It is planned that CDWS will ultimately become incorporated into the Customer Interface Modernization Project for a Lean Environment (CIMPLE) system that is discussed below.

The EPA has released for comment a proposal requiring electronic reporting for current paper based NPDES reports. This action will save time and resources for permittees, the State of Colorado, and EPA while improving compliance and providing better protection of the nation's waters. The proposed Clean Water Act regulation would require permittees and regulators to use information technology to electronically report information and data related to the NPDES permit program in lieu of filing written reports.

CDPHE environmental programs will be embarking on a new five year project called CIMPLE (Customer Interface Modernization Project for a Lean Environment). This initiative is designed to create an umbrella system for customers to interface with all of CDPHE's environmental programs. This umbrella system will provide a single point of entry for customers to provide and obtain electronic information related to the Department's environmental programs.

For the fiscal year 2014, the division will implement a new standards database for the commission that will manage and organize all of the water quality standards, designations, classified uses and temporary modifications. This database will include over 30,000 data records across 900 plus water body segments.

V. STATE FUNDED GRANT PROGRAMS

During the 2006 legislative session, the general assembly created the Water Quality Improvement Fund (WQIF) (CRS 25-8-608[1.5], and the commission adopted Regulation #55. The WQIF was created to provide grants to local communities/entities to improve water quality, health and safety. The source of revenue to the fund is penalties assessed on polluters who have committed water quality violations.

During the 2012 legislative session, the general assembly authorized an additional $600,000 for capital construction funding. Historically, $167,000 was appropriated annually with a requirement that the funds be expended within the fiscal year. The 2012 changes provided additional funding, required grants be issued for stormwater management training, and provided the flexibility to expend the funds over multiple years.

During the 2013 legislative session, the general assembly created a new Nutrients Management Grant Fund (HB-13-1191) within the WQIF. The general assembly authorized $15 million in general funds to provide grants to domestic wastewater treatment works owned and operated by local governments and subject to the first phase implementation of Regulation #85. State general funds were provided for projects to plan, design, construct or improve a wastewater treatment works in order to comply with the effluent limits of Regulation #85.

During the 2014 legislative session, the general assembly created a new Natural Disaster Grant Program to assist communities with water/wastewater infrastructure projects as a result of any natural disasters. Further, the general assembly appropriated $17 million to assist water and wastewater entities with rebuilding as a result of the September 2013 floods.

The following tables illustrate the state grants awarded in SY13 through SFY 14 to assist with these efforts.

TABLE I NUTRIENT GRANTS SFY14-15

County	Facility	Owner	Planning Amount	Design Construction Amount
Adams	Williams Monaco WWTF	South Adams County Water and Sanitation District	-	$1,000,000
Boulder	75 St WWTF	City of Boulder	$80,000	$1,000,000
Broomfield	City and County of Broomfield WWTF	City and County of Broomfield	-	$1,000,000
Eagle	Avon WWTF	Eagle River Water and Sanitation District	$26,667	$292,400
Eagle	Edwards WWTF	Eagle River Water and Sanitation District	$26,667	$1,000,000
Eagle	Vail WWTF	Eagle River Water and Sanitation District	$26,667	-
El Paso	Las Vegas WWTF	Colorado Springs Utilities	-	$1,000,000
El Paso	Lower Fountain Metro Sewage District WWTF	Fountain SD (75%, Colorado Centre MD (25%)	$80,000	$1,000,000
El Paso	Security Sanitation District WWTF	Security Sanitation District	$80,000	-
El Paso	Tri-Lakes WWTF	Monument SD (33%), Palmer Lake SD (33%), Woodmoor WSD (33%)	$80,000	$1,000,000
El Paso	Widefield Water and Sanitation District WWTF	Widefield Water and Sanitation District	$80,000	-
Fremont	Rainbow Park WWTF	Fremont Sanitation District	$80,000	-
Weld	Greeley WWTF	City of Greeley	$80,000	$1,000,000
LaPlata	Durango WWTF	City of Durango	$80,000	$1,000,000
Larimer	Drake Water Reclamation Facility	City of Fort Collins	$80,000	$1,000,000
Larimer	Loveland City of WWTF	City of Loveland	$80,000	$1,000,000
Mesa	Persigo WWTF	City of Grand Junction	$80,000	-
Pitkin	Snowmass Water and Sanitation District WWTF	Snowmass Water and Sanitation District	$80,000	-
Pueblo	Pueblo WWTF	City of Pueblo	$80,000	$1,000,000
Summit	Blue River WWTF	Silverthorne-Dillon Joint Authority		$1,000,000
Weld	Windsor WWTF	Town of Windsor	$57,600	$230,000
			$1,177,600	**$13,522,400**
			Total	**$14,700,000**
Projects Funded with $2 million from SFY15 Long Bill				
Weld	Windsor WWTF	Town of Windsor	-	$607,000
El Paso	Security Sanitation District WWTF	Security Sanitation District	-	$1,000,000
Boulder	Superior WWTF	Superior Metropolitan District	-	$393,000
			Total	**$2,000,000**

TABLE II FLOOD GRANTS SFY15

Entity	County	Award Amount
Town of Berthoud	Larimer	$310,000
Larimer County on behalf of Big Elk Meadows Water Association	Larimer	$780,000
City of Boulder	Boulder	$1,595,000
Colorado Springs Utilities	El Paso	$188,000
Estes Valley Recreation and Park District	Larimer	$360,500
City of Evans	Weld	$1,000,000
Evergreen Metro District	Jefferson	$114,487
Town of Jamestown	Boulder	$1,000,000
Jeffco Schools Mt. Evans Lab	Jefferson	$835,000
City of Loveland	Larimer	$264,750
Town of Lyons	Boulder	$518,216
Town of Milliken	Weld	$324,715
Town of Morrison	Jefferson	$165,922
Pine Brook Water District	Larimer	$320,375
Pinewood Springs Water District	Larimer	$206,250
Red Rock Valley Water District	El Paso	$874,523
Grants to Counties for On-Site Wastewater Treatment		
Boulder County		$1,311,806
Jefferson County		$250,000
Larimer County		$1,322,300
Weld County		$405,000
GRAND TOTAL		**$12,146,844**

TABLE IIIa WATER QUALITY IMPROVEMENT FUND SFY15 GRANT

Entity	Description	Award Amount
Association of General Contractors	Provide Unified Stormwater Management System Basic and Advanced Stormwater trainings as identified by the contractor which includes content of online resources.	$25,000
Urban Drainage and Flood Control District	Development of a "pocket" field guide for BMP inspection and maintenance, rain garden training module, and BMP construction inspection module.	$25,000

TABLE IIIb WATER QUALITY IMPROVEMENT FUND SFY14 GRANT

Entity	**Project Description**	**Award Amount**
Urban Drainage and Flood Control District	Development of training module content in partnership with steering committee members and partners which ultimately reduces the cost of training to the participants.	$28,333
AGC	AGC Colorado's project will improve stormwater management in Colorado by educating the stormwater management community on best management practices (BMPs) to meet stormwater management regulations.	$21,667
Central, City of	The project will consist of developing a stormwater master plan for the city, improve existing infrastructure to maintain current stormwater capacity, reduce stormwater velocity to mitigate erosion and sediment transport, reduce flooding through redirection and collection of stormwater, design appropriate drainages and ditches to convey to customer.	$67,884 (Cat 2) $32,116 (Cat 3)
Cedaredge, Town of	The project will consist of engineering services related to wastewater treatment system planning.The existing facility has exceeded 80 percent of the hydraulic and organic loading capacity and requires expansion. Additionally, the town received a May 2011 Draft Total Maximum Daily Load (TMDL), requiring extremely stringent future effluent limitations in the receiving stream which will need to be addressed.	$100,000
Florissant Water & Sanitation District	The project will improve the water quality in the South Platte Basin which has been impacted by a water quality violation. The district will complete a Preliminary Engineering Report (PER) that will evaluate and analyze the existing Florissant discharge permit system for deficiencies and assess environmental impacts.	$100,000
Merino, Town of	The project will consist of performing an engineering evaluation and design of the existing wastewater treatment facilities to document facility shortcomings, identify needs and alternatives, and select the alternative that will best result in a fully compliant wastewater system.	$100,000

Mesa Water & Sanitation District	The project consists of removal and disposal of biosolids from the polishing pond and rock filter unit treatment processes of the aerated lagoon WWTF. Effluent water quality is anticipated to be improved upon completion of the project to the extent of meeting future effluent ammonia limits as well as continuing to meet current secondary effluent CBOD and TSS limits.	$45,000
Mansfield Heights Water & Sanitation District	The project consists of the renovation of an aging lift station including replacement of pumps and controls and renovation of the interior of the lift station chamber.	$30,185
Uncompahgre Watershed Partnership	This project will expand and enhance tasks proposed in the NPS project: "Upper Uncompahgre Watershed Mine Remediation." The project comprises design and implementation of Best Management Practices (BMPs) at three legacy sites in the Upper Uncompahgre Watershed: Michael Breen Mine, Vernon Mine, and Atlas Mill; water quality monitoring at remediated sites; and water quality and impairments assessment at other legacy mine sites in the watershed to identify future remediation sites.	$78,836
Animas River Stakeholders Group	Nearly all streams in the upper Animas River Basin above Silverton, San Juan County, were listed "high priority" on the State's 303(d) list of impaired waters in 2000 due to heavy metal contamination. Numerous miles of streams were devoid or severely reduced of aquatic life and habitat. WQIF funding will help finance remediation of the last identified mine waste site in Mineral Creek, an impaired stream segment with completed TMDLs. The Bullion King remediation project is anticipated to bring Mineral Creek into attainment of the Water Quality Control Commission adopted numerical standards for WQCD segments COSJAF08 and 09. Reductions of all TMDL metals and acidity in Mineral Creek including Al, Cd, Cu, Mn and Zn are now in compliance with numeric standards or nearly so. Only iron and pH will possibly remain out of compliance after this project's completion.	$78,836

VI. CLEAN WATER PROGRAM FEE STRUCTURE PROCESS

A. Background

The general assembly created a permit fee structure to supplement federal and state general funding for the WQCD clean water program. Fees that the division can assess have been listed in statute (both fee category and amount) since 1983. The ability to make changes to the fee structure has been very limited with only five fee adjustments in more than 30 years. The current structure does not accurately reflect the nature of the program and services provided today because services have evolved since 1983. There is a need for flexibility to address fees that reflect the current regulatory climate and program today.

Fees are out of proportion with the workload and permit structure. Small projects pay the same fee as a much larger construction project in the industry. For instance, in oil

and gas construction field permitting, one operation would pay the same to disturb 600,000 acres of land that they would pay for a small one acre of development. If fees were based on level of construction activity and disturbance, the construction sector would pay a proportionate amount to what it costs for the division to administer the permitting program. Some construction permits are short term projects and complete their project activity in a matter of weeks. These short term permittees pay the same annual fee for the permit as someone that takes a full 12 months of activity. New types of facilities requiring a permit cannot be charged a fee without statutory change. For example, there are no categories for the new pesticide permitting requirements.

B. Current Funding Information

For the 2015 state fiscal year, the clean water program will operate from a budget total of $14,503,440 that includes personal services, operating, contracts, and overhead. This total can be broken down into federal funds received from EPA through the Performance Partnership Grant, cash funds collected from current permitting based fees, and general funds received from the general assembly on an annual basis. The amounts are as follows:

Source	**Amount**	**Percent**
Federal funds	$5,890,664	40%
Cash funds	$5,331,014	37%
General funds	$3,281,761	23%
Total	$14,503,440	100%

In sum, revenue from state sources total 60%.

C. Proposed Fee Category Structure Changes

The Joint Budget Committee of the Colorado General Assembly introduced Senate Bill 14-134 in January 2014 that proposed to take the current clean water program fee structure out of statute and give the Water Quality Control Commission authority to set fees. The primary purpose of moving the fee structure is to update, streamline and improve the overall program's fiscal system. Removing the structure out of statute would have enabled the system to evolve and better reflect the needs of stakeholders and level of service provided by the division. No changes to fees were proposed at that time. The commission was to work with stakeholders in the coming years to update and streamline the system. This was the second year that JBC staff had proposed to remove fees from statute. Concerns were raised by stakeholders requesting a stakeholder process to more thoroughly discuss proposed changes. The department recommended that the bill be postponed indefinitely. The JBC accepted the recommendation and acted in that manner. In June 2014, the department initiated an in-depth stakeholder process to modernize the fee structure.

The current structure includes 26 categories and 102 subcategories. Several of the subcategories are not currently used or have only one permitted discharge. Creating

categories that align with the economic climate and sector based activities is more effective. Suggested sector based categories that align with Colorado's economy are commerce and industry, construction, pesticides, public/private utilities, water quality certification, animal feeding operations and biosolids. The following sectors were identified for discussion:

Commerce and Industry. This category would include fees for permit and compliance obligations associated with commercial and industrial operations resulting in a permitted discharge to waters of the state. Entities include primarily private business enterprises with operations in areas such as mining, oil and gas extraction, electrical power generation, food processing, automobile salvage and timber harvesting. A small portion of entities are public and have a permitted discharge from services such as airports or fish rearing operations.

Construction. This category would contain fees collected from construction project owners and operators whose activities are subject to Colorado Water Quality Control Act permit and compliance obligations associated with their projects. This category would include home builders, transportation and utility project owners and contractors, and industries such as oil and gas operators who need to construct access roads and utilities as part of their business enterprise.

Pesticides. This category would contain fees collected from entities with permit and compliance obligations associated with pesticide applications, including those with control over a decision to perform a pesticide application, and those who perform the applications. Entities in this category include state agencies, municipalities, special districts and private enterprises such as irrigation companies and commercial pesticide applicators.

Public and Private Utilities. This category would contain fees collected from entities with permit and compliance obligations associated with the operation of domestic waste water treatment works, municipal separate storm sewer systems (MS4s), water treatment facilities, reclaimed water systems and industrial operations that discharge to a domestic waste water treatment works. Entities in this category are primarily municipalities and special districts. Others in this category include public and private entities providing waste water services to support public or commercial operations such as highway rest areas, private housing (mobile home parks) and recreation (lodges, hotels and campgrounds).

Water Quality Certifications. Certifications assess impacts to water quality from various types of federally permitted actions related to water supply, distribution and other construction projects that may require mitigation and post-construction monitoring. There are four known large water development projects (Moffat Collection System Project, Windy Gap Firming Project, Northern Integrated Supply Project, Halligan Seaman Water Management Project) that will require certification from the division in the next few years. Other smaller but equally important federally permitted projects

including water development and habitat restoration projects will need to certified in the near future.

Biosolids. This existing fund contains fees collected from entities with permit and compliance obligations associated with the land application and composting of biosolids. Entities in this category are primarily municipalities and special districts who generate biosolids associated with the operation of a domestic waste water treatment works. The division would like to engage in dialogue regarding a proposal to consolidate this fund with the public and private utilities fund.

Animal Feeding Operations. This existing fund contains fees collected from entities with permit and compliance obligations associated with animal feeding operations. Entities in this category are private enterprises.

D. Revenue and Cost Information

The sector, cash fund revenue, cost of services and difference by the proposed category structure has been estimated as follows:

Sector	Cash Fund Revenue	Full Time Equivalent Staff	Cost of Services	Difference
Commerce & Industry	$990,000	13.7	$1,700,000	($710,000)
Construction	$1,200,000	7.8	$990,000	$210,000
Pesticides	$0	1.1	$160,000	($160,000)
Public & Private Utilities including Biosolids	$2,400,000	23.6	$3,000,000	($600,000)
Water Quality Certifications	$0	1.5	$220,000	(220,000)
Animal Feeding Operations	$430,000	4.25	$376,000	$54,000

E. Stakeholder Engagement Process

The division engaged the many varied permittees on June 5 to begin the conversation first on how to agree on the stakeholder process to modernize the fee structure. The next meeting on June 23 focused on how to share, discuss and come to agreement on appropriate fee categories. The rationale behind the identification of the six sectors and the services, activities and challenges for the division were presented and discussed. These two meetings set the stage for the individual sector meetings by stating that the desired outcome was to inform stakeholders and decision makers on the service requests of the clean water program and funding source mix to identify recommendations for a sustainable funding framework.

F. Sector-based Meeting Process Summary

Each of the six sectors engaged in at least five division led meetings to identify the

current fee categories (if any) and division current services and challenges regarding permit issuance and subsequent compliance oversight. This information was then used to discuss sector related service options and a potential clean water program fee structure. The division took this feedback and developed a proposed packaged service and a la carte service fee structure for each sector. The packaged services were broken out by individual and general permit as applicable, while the a la carte services were categorized from a high to low permitting or compliance service requests. Other types of service requests ranging from permit administrative actions to new permits to compliance consultation were also identified. One noted comment from the construction sector was the idea of providing increased compliance assistance service to reduce the potential of EPA oversight and future division enforcement actions.

The meetings of sectors with no current fee structure (pesticides and water quality certifications) were based on identify the service levels currently provided and cost estimates to provide this into the future.

G. Stakeholder Feedback

Four themes have emerged based on the extensive stakeholder engagement and feedback through this process:

1) General assembly role.
2) Division process controls.
3) Requested additional services.
4) Fee structure modernization.

This stakeholder engagement process has proven to be a good forum for presenting the current fiscal situation, the services and associated level of effort provided by staff and for robust dialogue regarding current and desired levels of service. The division and stakeholders are identifying potential paths forward and will provide them to the governor and legislature for consideration.

VII. CONCLUSION

The division continues to plan and implement improvements to its monitoring and permitting programs in the effort to maximize efficiencies and focus on those areas where there is the greatest potential for substantive water quality improvement. The division will continue these efforts by identifying work processes (e.g., permitting and facility design) to be evaluated through the Lean process, a process designed to make systems more efficient by reducing or eliminating waste. This may be done with the involvement of stakeholders where appropriate.

APPENDIX A

Colorado Water Quality Forum Work Groups

Work Group Name	Commission Contact(s)
• Basic Standards	David Baumgarten, Barbara Biggs, Lauren Evans, Mary Fabisiak, Mark Pifher, Jim Rada, Jon Slutsky, Andrew Todd, Chuck Wanner
• Drinking Water Regulations	Mary Fabisiak, Jon Slutsky, Jim Rada
• Graywater - Local Implementation	Jim Rada, Jon Slutsky, Mary Fabisiak
- Technical	Jim Rada, Jon Slutsky, Mary Fabisiak, Lauren Evans
• MS4 Issues Forum	Mark Pifher, Lauren Evans
• Permit Issues Forum	Mary Fabisiak, Barbara Biggs
• SDWA and CWA Nexus	Mary Fabisiak, Barbara Biggs, Mark Pifher
• Section 303(d) Listing Methodology	Andrew Todd, Barbara Biggs, Mary Fabisiak, Jon Slutsky, Mark Pifher
• Sediment	Andrew Todd, Barbara Biggs, Mary Fabisiak, Jon Slutsky, Mark Pifher, Chuck Wanner

Note: For the latest work group status, please visit the Colorado Water Quality Forum website.
http://colowqforum.org