

DNR's DVRP Comments - Chapter 173-224 WAC – Water Quality Permit Fees

In regards to the proposed WAC 173-224 changes, the Derelict Vessel Removal Program (DVRP) would like to provide the following comments for your review.

The DVRP would like to reduce the overall time and costs associated with this permit so we might use those savings to remove more vessels. A ten-percent increase in the cost for a vessel deconstruction permit is harmful to not only DNR's DVRP, by reducing limited resources for vessel removals, but to Ecology's goal of protecting and minimizing the effects of vessel removals on the environment. We understand that Ecology is looking to recoup its employee-hour costs required to manage this permit. However, for every dollar Ecology charges for a permit, it costs the Derelict Vessel Removal Program an additional 15% by our contractors. Because State contracts allow a surcharge on permit fees, under the proposed permit cost of \$19,157, the full cost of the permit to the DVRP would be \$22,030. The permit funds saved by DVRP would benefit the whole State by:

- removing approximately four more Vessel Turn-in Program (VTIP) vessels;
- preventing potential Ecology emergency spill responses from non-removed vessels saving valuable employee-hours and resources;
- removing more vessels from the environment with the savings from a reduced permit fee;
- A large permit fee could be a barrier to Ecology's goal of removing or preventing damaging contaminants from entering the State's ecosystem by preventing vessel removals.

The current permit fees were calculated from the costs associated with a 2011 very large vessel removal of the *Davy Crockett*, a 431-foot WWII Liberty Ship. Another vessel removal of that caliber has not occurred since. A more relevant comparison would be a three-day vessel deconstruction of a 70-foot wooden fishing trawler on a barge, which does not compare in permit costs to the 11-month in water deconstruction of the *Davy Crockett*.

In accordance with WAC 173-224-015, "...Fee amounts contained in this chapter represent the department's true estimate of fee eligible permit program costs and reflect the department's commitment to fully recover all eligible expenses..." It seems that the permit fees are based on a one time, worst-case scenario, and that Ecology is not taking in to account all of the potential cost savings from a lower permit fee. The high fees for the vessel deconstruction permit present a barrier to achieving the purpose for Ecology's site engineering and inspection permit requirements - the prevention of unmitigated environmental damage. WAC 173-224 primarily applies to permits that respond to projects that present a risk to the environment, like Aluminum Forming, whereas the vessel deconstruction permits directly mitigate damages to the environment.

Ecology has the discretion to charge fees based on its estimation of permit program costs in accordance with the WAC. We are asking Ecology to take into account the benefit that a lower vessel deconstruction permit fee could have on the environment, rather than designing the fee to recoup the employee-hour expenditures that it has historically taken to manage this permit.

Suggested scheme if a fee is required: (Recognizing that a free permit would provide the fewest barriers to vessel removal.)

1. Base the fee on the vessel's location, whether the vessel is in the water, on a barge, or near shore; and how the vessel will be removed.
 - Example: If a vessel is being deconstructed on a barge, it requires a different set and amount of engineered safe guards than a vessel deconstructed in the water. The engineered safe guards and testing on a barge deconstruction will be the same for a 35' fiberglass hulled vessel as it would be for a 65' wooden hulled vessel. The same would apply to in water deconstructions.
 - Adding a time component may be of use as well. Ecology's employee-hours and engineering commitment would vary based on the amount of time it would take to deconstruct a vessel. For example: a barge deconstruction typically take less than a month regardless of vessel size, while in water deconstructions take varying amounts of time depending on the size.
 - Pricing scheme: Ecology's vessel deconstruction permit costs are based on the costs associated with the *Davy Crockett*, which cost \$22 million, or at least four times the cost of any vessel deconstruction in Washington history. These costs do not compare with nor represent any of the costs for permits issued since. Therefore, the permit costs should be based on the actual costs of the most recent permits issued and for the different types of deconstruction.

Other suggested improvements to the vessel deconstruction permit:

2. Regarding S2.A.1.b., *at least 60 days prior to work starting*, reduce to 15 days or less.
 - Reasoning: There is a high cost associated with waiting to deconstruct a vessel.
 - Example: In one case, the cost of the delay in starting work was over \$17,000 just for a barge rental. To put that in perspective, it costs the DVRP, an average of \$5,000 to \$6,000 to remove a recreational abandoned or derelict vessel. For \$17,000, the DVRP could have removed an additional three vessels.
3. Regarding G6, *Reporting a cause for modification 60 days prior to making a change*, reduce to three to four days.
 - Reasoning: Our vessel deconstructions usually do not take more than a few weeks unless they are being cut up in a shipyard. A 60-day delay to modify a permit would be make our timelines difficult to achieve. A delay in deconstruction would not only be more costly, but it may not be feasible for an in-water deconstruction. Stopping work mid-project would place people and the environment at risk.
 - Example: If a vessel deconstruction behind a weir dam were delayed for two months for a permit change, personnel and equipment be needed to maintain the dam's structural integrity and dewatering efforts. Maintaining a deconstruction site's status quo for over 120 tidal cycles in a river has too many variables to maintain a safe working environment, not to mention the added costs of staffing the site 24-7 for 2 months (e.g. the *Hero* in the Palix River). It would be safer and more efficient to have a permit engineer on call to issue permit changes mid project allowing for a safer and more efficient process.

In the DVRP's most recent experience with the Vessel Deconstruction Permit, the six-week public comment period and its associated cost presented the largest barriers to achieving both DNR and Ecology's goals to safe guarding Washington waters.

Thank you for the opportunity to give suggestions. I look forward to reviewing the draft.