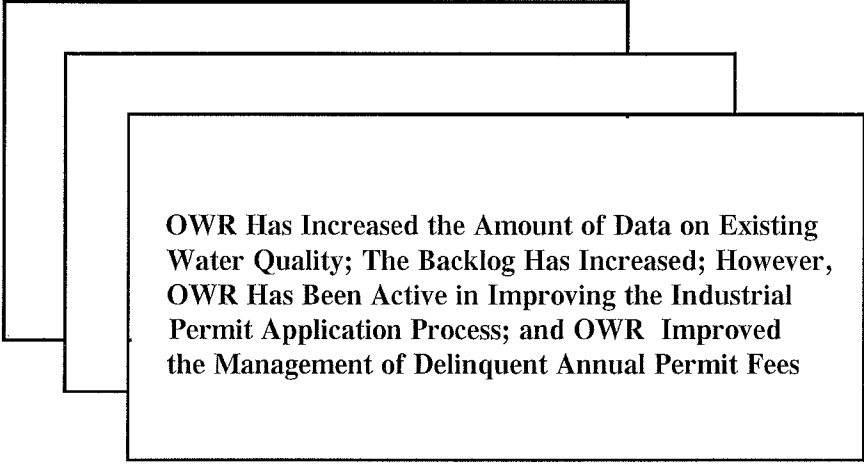


**STATE OF WEST VIRGINIA**

**UPDATE OF  
PRELIMINARY PERFORMANCE  
REVIEW OF THE**

**OFFICE OF WATER RESOURCES**



**OWR Has Increased the Amount of Data on Existing Water Quality; The Backlog Has Increased; However, OWR Has Been Active in Improving the Industrial Permit Application Process; and OWR Improved the Management of Delinquent Annual Permit Fees**

**OFFICE OF LEGISLATIVE AUDITOR  
Performance Evaluation & Research Division  
Building 5, Room 751  
State Capitol Complex  
CHARLESTON, WEST VIRGINIA 25305**

**(304) 347-4890**

PE 96-25-66

# JOINT COMMITTEE ON GOVERNMENT OPERATIONS

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Performance Evaluation and Research Division

David Ellis, Research Manager  
Brian Amentrout, Research Analyst

February, 1997

**WEST VIRGINIA LEGISLATURE**  
*Performance Evaluation and Research Division*

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1900 Kanawha Boulevard, East  
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Antonio E. Jones, Ph.D.  
Director

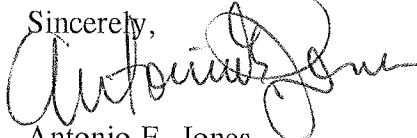
February 9, 1997

The Honorable Edwin J. Bowman  
State Senate  
Building 1, Room 231-WW  
1900 Kanawha Boulevard, East  
Charleston, West Virginia 25305

The Honorable Joe Martin  
House of Delegates  
Building 1, Room 213E  
1900 Kanawha Boulevard, East  
Charleston, West Virginia 25305

Gentlemen:

Pursuant to the West Virginia Sunset Law, we are transmitting an Update of the Office of Water Resources, which will be reported to the Joint Committee on Government Operations on Sunday, February 9, 1997. The issues covered herein are "OWR Has Increased the Amount of Data on Existing Water Quality; The Backlog Has Increased; However, OWR Has Been Active in Improving the Industrial Permit Application Process; and OWR Improved the Management of Delinquent Annual Permit Fees."

Sincerely,  
  
Antonio E. Jones

AEJ/wsc

Enclosure

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*Joint Committee on Government and Finance*

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The Office of Water Resources (OWR) within the Division of Environmental Protection was created to administer and enforce the Water Pollution Control Act, Groundwater Protection Act, Natural Streams Preservation Act and the Dam Control Act to protect, preserve and enhance water quality and public health while maximizing social and economic development. In October 1995 the Performance Evaluation and Research Division issued a preliminary performance review on OWR. Eight recommendations were made to address three issues:

1. Effectiveness of permit decisions limited by the lack of data on existing water quality.
2. OWR has a backlog and delay in processing industrial permit applications.
3. There is \$106,000 in annual permit fees past due.

The update utilizes the following definitions to evaluate the level of compliance with recommendations:

<b>Levels of Compliance</b>
In Compliance - The Division has corrected the problems identified in the final draft of the audit report.
Partial Compliance - The Division has partially corrected the problems identified in the final draft of the audit report.
Planned Compliance - The Division has not corrected the problem but has provided sufficient documentary evidence to find that the agency will do so in the future.
In Dispute - The Division does not agree with either the problem identified or the proposed solution.
Non-Compliance - The Division has not corrected the problem identified in the final draft of the audit report.

**The OWR is in compliance or plans to be in compliance with every recommendation from the original review.**



**Issue Area 1: Effectiveness of permit decisions limited by the lack of data on existing water quality**

***Recommendation 1***

*OWR should examine the data collected by its various sections and develop a plan to create a management information system that facilitates an assessment of ambient water quality in all permit decisions. In order to maximize scarce resources, the strategy might begin with those streams and watersheds most frequently impacted by permit decisions.*

**Level of Compliance: **Planned Compliance****

Since the 1995 report several changes have occurred in the information sharing. OWR reported that they were evaluating networking options that would facilitate sharing data and consistent collection and data management. Currently, OWR anticipates connecting with the Division of Environmental Protection's (DEP) wide-area network in early 1997. OWR is finalizing a partnership with Marshall University's Center for Environmental, Geotechnical, and Applied Sciences to build a comprehensive data management and electronic permitting system that will link with and greatly enhance the existing DEP data management system. This project will be initiated in early 1997 and continue as resources are made available for it.

Also, consistent collection of water quality data is now well into its first year. In 1995, OWR established a watershed assessment program to provide consistent and timely data for use in permitting and evaluation of West Virginia's water resources. In 1996, program staff assessed 7 of 32 major watersheds in the state.

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***Recommendation 2***

*OWR should develop a plan to centrally locate the major functions of the Office of Water Resources, while maintaining satellite locations where necessary. The plan may be included as a part of a plan to centrally locate all major offices of the Division of Environmental Protection*

**Level of Compliance: **In Compliance****

DEP is pursuing plans to consolidate Kanawha Valley offices. A detailed Solicitation of Offer is in the final stages of development. The next step in the process is to solicit proposals from developers.

**Issue Area 2: OWR has a backlog and delay in processing industrial permit applications.**

***Recommendation 3***

*The Office of Water Resources should establish a goal of reducing the backlog of minor and major permit applications pending.*

Level of Compliance: **In Compliance**

OWR has conducted a permit reengineering project to evaluate the current permitting processes in the Industrial Branch and assess areas for improvement. The reengineering team was led by the West Virginia University, Center for Entrepreneurial Studies and Development, Inc. The project resulted in 20 recommendations to improve the permitting process. OWR expects to implement ten of those recommendations by January 30, 1997 and will begin implementation of the remaining ten prior to the close 1997.

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***Recommendation 4***

*The Office of Water Resources should take steps to fill vacant positions in the Industrial branch of the Permit Section.*

Level of Compliance: **Planned Compliance**

OWR has not been able to located the necessary funds to fill vacant positions in the Industrial branch. However, the agency states that it will continue to explore opportunities to generate additional revenue as well as effectively collect fees that are currently in place.

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***Recommendation 5***

*The Office of Water Resources should review the permit drafting process and increase computer automation that will reduce or eliminate any unnecessary burdens created by the permit drafting, review and approval process. The strategy might be developed in conjunction with a plan to address the lack of ambient water quality data discussed in Issue Area 1.*

Level of Compliance: **Planned Compliance**

OWR's reengineering project mentioned under recommendation 3 also addresses this issue. As previously mentioned under recommendation 1, OWR is in its first year of consistent collection of water quality data.

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### ***Recommendation 6***

*OWR should conduct a Governor's Inspire session that includes the Permit Section employees and the Chief to develop a more efficient permit drafting process.*

Level of Compliance: **In Compliance**

As previously mentioned, during 1996 OWR did conduct a permit reengineering project very similar in design to the facilitated problem solving approach associated with the Governor's Inspire program. The project included input from staff who work in the permit section of OWR.

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### **Issue Area 3: Past due permit fees**

#### ***Recommendation 7***

*The Chief of the Office of Water Resources should require the Administration Section to submit monthly reports to the Permits Section. The reports should include information describing permit fee due dates, permits fees past due, the number of days past due and the amount owed.*

Level of Compliance: **In Compliance**

The database information of permit fee status is now available on the OWR local area network and all permit writers have direct access to fee information. The automatic monthly reporting component of OWR's Fee Invoicing and Collection System (FICS) is not yet working properly. However, OWR has retained a contract programmer to resolve problems. Improvement and migration of this database to a DEP super-server environment is a component of the data management partnership being developed with Marshall University.

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#### ***Recommendation 8***

*The Permits Section should immediately determine all permit holders who are past due in paying annual WV/NPDES permit fees by more than 180 days and pursue efforts to collect outstanding fees or void permits of those who fail to pay.*

Level of Compliance: **In Compliance**

This is now being done on a regular basis. After permittees exceed the 180 day period to submit appropriate fees, permits are voided by the Chief until all outstanding fees are received by OWR.

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## APPENDIX A





**DIVISION OF ENVIRONMENTAL PROTECTION**

GASTON CAPERTON  
GOVERNOR

1201 Greenbrier Street  
Charleston, WV 25311-1088

LAIDLEY ELI McCOY, Ph.D.  
DIRECTOR

December 19, 1996

Dr. Antonio Jones  
Director  
West Virginia Legislature  
Performance Evaluation  
and Research Division  
Building 5, Room 751A  
1900 Kanawha Blvd. E.  
Charleston, West Virginia 25305-0592

Dear Dr. Jones:

Thank you for the opportunity to provide an update of the Office of Water Resources' (OWR) progress in addressing recommendations you provided as a result of the 1995 Legislative audit. The following addresses each recommendation and on-going efforts of OWR to implement organizational improvements.

Recommendations-

*(1) OWR should examine the data collected by its various sections and develop a plan to create a management information system that facilitates an assessment of ambient water quality in all permit decisions. In order to maximize scarce resources, the strategy might begin with those streams and watersheds most frequently affected by permit decisions.*

In 1995, OWR reported that they were evaluating networking options that would facilitate sharing data and consistent collection and data management. Currently, OWR anticipates connecting with the Division of Environmental Protection's (DEP) wide-area network in early 1997. OWR is finalizing a partnership with Marshall University's Center for Environmental, Geotechnical, and Applied Sciences to build a comprehensive data management and electronic permitting system that will link with and greatly enhance the existing DEP data management system. Progress on the data management and permitting system will be initiated in early 1997, but will progress at the speed resources can be made available for the project.

Consistent collection of water quality data is now well into its first year. In 1995, OWR established a watershed assessment program to provide consistent and timely data for use in permitting and evaluation of West Virginia's water resources. In 1996, program staff

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staff assessed 7 of 32 major watersheds in the state. Water quality and macroinvertebrate data were collected through out the summer and into early November. Data is currently being processed and will be available to the permitting staff in several months. OWR is currently leading a work group charged with developing a watershed framework to guide implementation of a watershed approach to environmental management. The group is comprised of multiple state and federal agencies. Data collection and data sharing will be significant components of the framework. The OWR Permits' program has three staff members participating in the work group to ensure permitting issues are incorporated in watershed planning.

*(2) OWR should develop a plan to centrally locate the major functions of the Office of Water Resources, while maintaining satellite locations where necessary. The plan may be included as a part of a plan to centrally locate all major offices of the DEP.*

OWR is prepared to centrally locate with other DEP offices. DEP is pursuing plans to consolidate Kanawha Valley offices. A detailed Solicitation of Offers is in the final stages of development. The next step in the process is to solicit proposals from developers.

*(3) The Office of Water Resources should establish a goal of reducing the backlog of minor and major permit applications pending.*

As part of it's strategic plan, OWR has a goal to manage programs to maximize benefits to the Office mission. The plan identifies the establishment of performance standards for all programs as one method to manage programs consistent with the mission. Performance standards are intended to address process issues that result in problems such as the permit backlog. Additionally, DEP's strategic plan includes a goal to improve the efficiency and effectiveness of existing permitting and inspection and enforcement programs. Both strategic plans are enclosed for your review.

Consistent with both the OWR and DEP strategic plans, OWR has recently conducted a permit reengineering project to evaluate the current permitting processes in the Industrial Branch and assess areas for improvement. The reengineering team was led by the West Virginia University, Center for Entrepreneurial Studies and Development, Inc. The project resulted in 20 recommendations to improve the permitting process. OWR is in the process of implementing 10 of those recommendations by January 30, 1997, and will begin implementation of the remaining 10 prior to the close of 1996. A copy of the project report is enclosed for your review.

*(4) The Office of Water Resources should take steps to fill vacant positions in the Industrial Branch of the Permit Section.*

Downward funding trends and increased operational costs for OWR over the last five years

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have meant that the permitting program has developed a greater reliance on permit fees. This increased reliance on permit fees is, in part, due to reduced availability of general and federal revenue. The current fee structure dates back to 1989 and was never intended to fully support permitting activities. Consequently, current fees do not adequately support the program. Insufficient funding has reduced program effectiveness and resulted in the inability to fill some staff vacancies. OWR was unsuccessful in moving legislation forward during the 1996 Legislative Session which would have increased fees for National Pollutant Discharge Elimination System permits. However, OWR will continue to explore opportunities to generate additional revenue as well as effectively collect fees that are currently in place.

*(5) The Office of Water Resources should review the permit drafting process and increase computer automation that will reduce or eliminate any unnecessary burdens created by the permit drafting, review and approval process. The strategy might be developed in conjunction with a plan to address the lack of ambient water quality data discussed in Issue Area 1.*

Please refer to responses for previous recommendations and to the enclosed report entitled *The Industrial Permit Reengineering Project*.

*(6) OWR should conduct a Governor's Inspire session that includes the Permit Section employees and the Chief to develop a more efficient permit drafting process.*

As previously mentioned, during 1996 OWR did conduct a permit reengineering project very similar in design to the facilitated problem solving approach associated with the Governor's Inspire program. The project team included Industrial and Municipal branch staff and was facilitated by the Center for Entrepreneurial Studies, Inc. The project report is enclosed.

*(7) The Chief of the Office of Water Resources should require the Administrative Section to submit monthly reports to the Permit Section. The reports should include information describing permit fee due dates, permit fees past due, the number of days past due and the amount owed.*

The database information of permit fee status is now available on the OWR local area network and all permit writers have direct access to fee information. The automatic monthly reporting component of OWR's Fee Invoicing and Collection System (FICS) is not yet working properly. OWR has retained a contract programmer to resolve problems, but some problems still exist. Improvement and migration of this database to a DEP super-server environment is a component of the data management partnership being developed with Marshall University.

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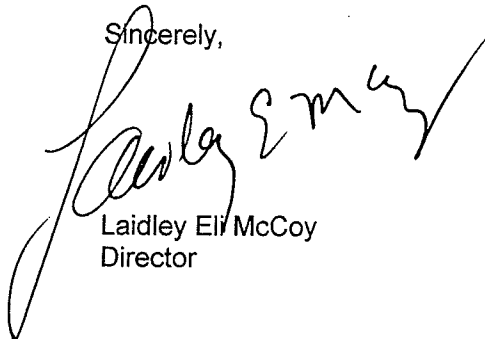
*(8) The Permits Section should immediately determine all permit holders who are past due in paying annual WV/NPDES fees by more than 180 days and pursue efforts to collect outstanding fees or void permits of those who fail to pay.*

This is now being done on a regular basis. After permittees exceed the 180 day period to submit appropriate fees, permits are voided by the Chief until appropriate fees are received by OWR.

In addition to the reengineering report, a copy of an October 25, 1995, letter provided to the Honorable Joe Martin and the Honorable Keith Wagner, co-chairs of the West Virginia Legislature's Joint Committee on Government Operations, is enclosed for your review. The letter responded to several questions received during the committee's review of the audit.

Thank you again for the opportunity to provide information relative to OWR's progress in addressing the recommendations contained in the 1995 Legislative audit. If I can be of further assistance, please do not hesitate to call me at 759-0515.

Sincerely,

A handwritten signature in black ink, appearing to read "Laidley El McCoy", written in a cursive style.

Laidley El McCoy  
Director

Enclosures

cc: Mark A. Scott, Deputy Director  
Barbara S. Taylor, Chief - Office of Water Resources