



JENNIFER M. GRANHOLM
GOVERNOR

STEVEN E. CHESTER
DIRECTOR

February 17, 2005

The Honorable Shirley Johnson, Chair
Senate Appropriations Committee
State Capitol
P.O. Box 30036
Lansing, Michigan 48909-7536

The Honorable Michelle McManus, Chair
Department of Environmental Quality Subcommittee
Senate Appropriations Committee
State Capitol
P.O. Box 30036
Lansing, Michigan 48909-7536

The Honorable Scott Hummel, Chair
House Appropriations Committee
State Capitol
P.O. Box 30014
Lansing, Michigan 48909-7514

The Honorable John Pastor, Chair
Department of Environmental Quality Subcommittee
House Appropriations Committee
State Capitol
P.O. Box 30014
Lansing, Michigan 48909-7536

Dear Senators Johnson and McManus and Representatives Hummel and Pastor:

In accordance with Section 901 of Public Act 350 of 2004, enclosed is the Fiscal Year 2004 Department of Environmental Quality (DEQ) appropriation bill report to the Legislature on the use of the National Pollutant Discharge Elimination System (NPDES) fund. Public Act 91 provided the DEQ its statutory authority to collect fees, as well as the ability to hire necessary staff to conduct the duties of issuing permits, conduct compliance inspections, and track enforcement actions. The DEQ did not begin utilizing the NPDES fund until later in the fiscal year. Although low numbers are currently reported, we anticipate a much higher level of compliance and enforcement actions in Fiscal Year 2005 now that we have obtained additional staff to conduct the work.

The Honorable Shirley Johnson
The Honorable Michelle McManus
The Honorable Scott Hummel
The Honorable John Pastor

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February 17, 2005

If you should need further information, please contact Mr. Richard A. Powers, Chief, Water Bureau, at 517-335-4176, or you may contact me.

Sincerely,



Steven E. Chester
Director
517-373-7917

Enclosure

cc: Ms. Jessica Runnels, Senate Fiscal Agency
Dr. Kirk Lindquist, House Fiscal Agency
Mr. Mike Jackson, Department of Management and Budget
Mr. Stanley F. Pruss, Deputy Director, DEQ
Ms. Carol Linteau, Legislative Liaison, DEQ
Mr. James Kasprzak, DEQ
Ms. Amy Butler, DEQ
Mr. Richard A. Powers, DEQ
Mr. Frank J. Baldwin, DEQ
Mr. Bob Avery, DEQ
Ms. Karen Duling, DEQ
Ms. Ronda Wuycheck, DEQ

Senate Appropriations National Pollutant Discharge Elimination System (NPDES) Fund Report

Section 901.

(a) The number of compliance and complaint inspections completed, by category, the number of on-site compliance inspections conducted, and the number of compliance inspections that were not announced in advance to the permittee or licensee.

A total of twelve compliance inspections were conducted in Fiscal Year 2004. The following table itemizes the fee categories.

Please note the DEQ did not begin utilizing the NPDES fund until later in the fiscal year. Although low numbers are currently reported, we anticipate a much higher level of compliance and enforcement actions in Fiscal Year 2005 now that we have obtained additional staff to conduct the work.

NPDES Fee Category	Total Inspections
EPA Minor- Industrial-Commercial Individual Permit, low-flow	5
EPA Major- Industrial Commercial facilities	4
EPA Major- Municipal less than 10 MGD	2
EPA Minor- Industrial-Commercial General Permit, low-flow	1

Two compliance inspections were conducted that were initiated from a complaint.

Nine unannounced compliance inspections were completed.

(b) The number and percent of permit and license inspections that were found to be in significant noncompliance, by category.

We did not have the ability to track the number of significant noncompliance in Fiscal Year 2004, but have built in the tracking ability for Fiscal Year 2005.

(c) The number of administrative enforcement actions taken for permit or license violations and the results of the enforcement actions, including the amount of fines and penalties collected.

Five cases resolved through Administrative Consent Orders containing compliance programs with a total of \$139,861 assessed in fines and penalties:

Red Barron Express - \$2,000
Village of Suttons Bay - assessed \$24,500
Deerfield Pines – assessed \$20,500
Village of Waldron - assessed \$13,055
City of Sandusky - assessed \$79,806

Two cases, City of Charlevoix and City of Grand Rapids, initiated in 2004 for NPDES permit violations are pending resolution.

Twenty-one administrative actions were initiated through a Notice of Violation (NOV) for non-payment of the 2004 NPDES permit fees. Two actions were resolved in late 2004 and four actions were resolved in early 2005. Eight actions are no longer being pursued due to bankruptcies, etc. The amount collected as a result of the NOV's is \$2,526.03 (\$2,400 in fees and \$126.03 in late penalties).

(d) The number of judicial enforcement actions taken for permit or license violations and the results of the enforcement actions, including the amount of fines and penalties collected.

One case, Vreba Hoff Dairy, LLC, was resolved through judicial action with an assessment of \$75,000 in fines and penalties

(e) A listing of the supplemental environmental projects agreed to as a result of a consent agreement including all of the following: the case name, the monetary value of the supplemental environmental project, and a description of the project.

One case involved a Supplemental Environmental Project (SEP). The City of Grand Rapids SEP is an environmental awareness project in the amount of \$8,000. The SEP involves contracting with the West Michigan Environmental Action Council to perform educational seminars within the Grand Rapids School District for the entire school year which involves lecture, hands-on training, program evaluations and testing.