

IOWA DEPARTMENT OF NATURAL RESOURCES

LEADING IOWANS IN CARING FOR OUR NATURAL RESOURCES

CHUCK GIPP, DIRECTOR | BRUCE TRAUTMAN, DEPUTY DIRECTOR

Air Quality Highlights – August 2013

Goal: To Collaborate with Businesses, Environmental Stakeholders, and the Public to focus scarce resources to achieve efficient provision of government services and effective environmental protection.

Air Quality Accomplishments

Permitted critical new industry sites and existing industry expansions in Iowa.

- Permits for a major new Nitrogen Fertilizer Plant, planning a \$1.3 billion capital investment and 254 new permanent jobs, were turned around in 5.5 months.
- Permits for a major expansion of existing Nitrogen Fertilizer Plant, planning a \$1.7 billion capital investment and 100 new permanent jobs, were turned around in 5.4 months.
- Permits for a major expansion of existing Data Center, allowing an expansion to a total investment of \$1.1 billion, and 130 jobs, were turned around in 4 months.
- Permits for a new Cellulosic Ethanol Plant, planning a \$235 million capital investment and 60 new jobs were turned around in 5 months.
- This year to date, issued 830 permits, and made 71 additional regulatory determinations, for businesses to upgrade or expand their industrial processes.

Meeting new/revised National Ambient Air Quality Standards.

- State plan submitted and permitting initiated to address Federal Notice of Deficiency to Implement fine particulate (PM_{2.5}) permitting in Iowa.
- Plan jointly drafted and being implemented by industry to remedy Federal Notice of Failure to Maintain the National Ambient Air Quality Standard for PM_{2.5} in Muscatine.
- Completing attainment plan to address Lead sources contributing to recent violations.
- Successfully argued to EPA to limit the extent of the Sulfur Dioxide Nonattainment area.
- State plan submitting and permitting initiated to meet new Nitrogen Dioxide (NO₂), and Sulfur Dioxide (SO₂) standards for ambient air quality protections in Iowa.



healthiest
— state —
initiative

Regulatory Relief.

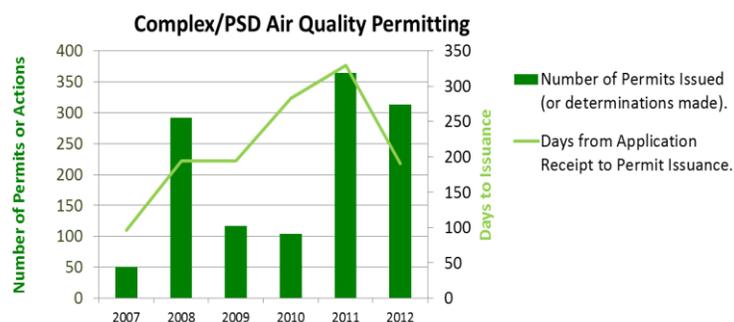
- Reduced unnecessary air dispersion modeling reviews by ~ 50% while still protecting public health.
- With ABI successfully petitioned EPA for better explanation of the flexibility that may be employed in new federal PM_{2.5} testing procedures.
- Assisting facilities with “RICE” engines by adoption of the revised EPA rule that provides a broader definition of emergency use allowing utility companies to use these important back-up engines during winter storms or power outages, without necessarily having to retrofit the engines with the expensive new components.

Air Quality Challenges for 2013

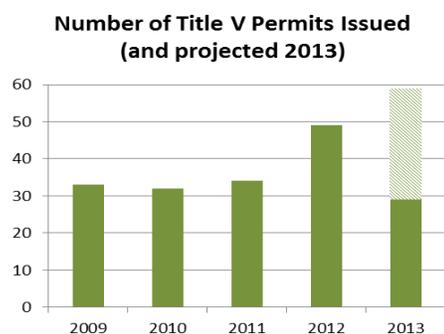
Improve Air Construction Permit Consistency and Issuance Rates.

Sarah Piziali is providing new leadership in Air Construction Permitting by pursuing streamlining and customer service improvements:

- The application completeness review process is being modified to speed-up application review and permit issuance.
- Permit applicant survey data is being collected and analyzed to provide input into 2014 process improvement plans.
- Filling staff vacancies has been prioritized. One position vacated by a resignation was recently filled, and a second position vacated by a promotion will be advertised shortly.
- One of the three engineers assigned to work solely on resolution of ambient air quality violations is being re-tasked back to permit issuance.
- Two engineering staff will continue to focus on areas where attainment plans must still be developed. Council Bluffs Lead Nonattainment, Muscatine Sulfur Dioxide Nonattainment, and "Round 2" Sulfur Dioxide Attainment evaluations will require ongoing investment of significant engineering, dispersion modeling, and management resources.



Streamline Operating Permit Rules and Programs to address 2-year application backlog:



In Operating Permits, new supervisor Lori Hanson is implementing two new initiatives and continuing to pursue the improvements obtained from the 2012 Kaizen event. In 2012, operating permit staff issued 44% more permits than in prior years. This year the section is on track to issue permits at an even higher rate. The two new initiatives will assist Voluntary Operating Permit and Title V Operating Permit holders by evaluating opportunities for exiting those programs if their business plans would not conflict with these changes. The

purpose of these efforts is to help reduce the regulatory burden on industry and to help the agency meet federal permitting requirements timely.

Improving Application Tools for Title V Applicants:

- Seeking grant funds to help replace antiquated State Permitting and Reporting (SPARS) system with federally funded multi-state consortium developed program with oversight from SPARS Advisory users group.
- Implementing 2012 Kaizen process improvement steps to make completion of applications, and incorporation of regulatory requirements from Applications (Part 2) into Permits, more seamless.

Air Quality Bureau Draft SFY 2015 Budget

Item	Cost Center & Expenditure Category	Activity	SFY 2013 Actual	SFY 2014 Budget	Draft SFY 2015 Budget (Status Quo)
1	<u>Legal Services (Title V) 12.5% (1430)</u>				
2	<i>FTE</i>				
3	Personnel	101	144,022	146,129	149,052
4	Total		144,022	146,129	149,052
5					
6	<u>Air Title V - IT (3520)</u>				
7	<i>FTE</i>		2.00	2.00	2.00
8	Personnel		201,941	200,000	204,000
9	Travel in state	202		100	100
10	Travel out of state	205		500	500
11	Communications	401	850	1,500	1,500
12	Outside Services	406	231	500	500
13	Reimbursement to other agencies	414	46	100	100
14	ITS reimbursement	416	225	250	250
15	Indirect charges	999	26,858	26,600	25,153
16	Total		230,151	229,550	232,103
17					
18	<u>Asbestos SWAP (7210)</u>				
19	<i>FTE</i>		1.00	1.00	1.00
20	Personnel	101	90,357	93,050	94,911
21	Other expenses	602	127		
22	Indirect charges	999	12,017	12,376	11,703
23	Total		102,501	105,426	107,534
24					
25	<u>Air Quality Program (7220)</u>				
26	<i>FTE</i>		10.25	10.25	10.25
27	Personnel	101	1,040,689	1,164,558	1,147,528
28	Travel in state	202	1,015	1,000	1,000
29	State vehicle	203	1,918	1,500	1,500
30	Depreciation	204	4,000	4,000	4,000
31	Travel out of state	205	209	750	750
32	Office supplies	301	2,148	1,500	1,500
33	Facility maintenance supplies	302	58	100	100
34	Equipment maintenance	303	2,599	2,400	2,400
35	Other supplies	308		1,000	250
36	Printing and binding	309	395	500	500
37	Uniforms	312		500	500
38	Postage	313	151	150	150
39	Communications	401	9,729	9,200	9,200
40	Rental	402	53,363	51,000	58,000
41	Monitoring utilities	403	0	0	0
42	Professional Services	405	0	0	0
43	Filter replacement and misc	406	5,673		
44	Interagency delivery	406	1,478	1,000	1,000
45	Temporary services/other	406	38,250	0	0

Air Quality Bureau Draft SFY 2015 Budget

Item	Cost Center & Expenditure Category	Activity	SFY 2013 Actual	SFY 2014 Budget	Draft SFY 2015 Budget (Status Quo)
46	Image scanning	406	61,090	15,000	15,000
47	Outside Services (Total)	406	106,490	16,000	16,000
48	Advertisement in publications	408		0	0
49	Reimbursement to other agencies	414	969	500	500
50	ITS reimbursement	416		100	100
51	Air monitoring equipment	501	59,800	65,000	65,000
52	Equipment (Total)	501	59,800	65,000	65,000
53	Equipment non-inventory	503		100	100
54	IT Equipment & software	510	14,928	11,000	11,000
55	Linn County Local Program Agreement	801	123,893	126,652	126,652
56	Polk County Local Program Agreement	801	172,100	171,038	171,038
57	Polk County - NO2 monitor	801	39,604		
58	State Aid (Total)	801	335,597	297,691	297,691
59	Indirect charges	999	138,412	128,049	141,490
60	Total		1,772,470	1,756,597	1,759,259
61					
62	<u>Air Title V Program (7230)</u>				
63	FTE		49.25	48.75	48.75
64	Personnel	101	4,239,507	4,485,546	4,575,257
65	Travel in state	202	4,393	5,000	5,000
66	State vehicle	203	10,598	7,700	7,700
67	Depreciation	204	16,900	16,900	16,900
68	Travel out of state	205	9,141	10,000	10,000
69	Office supplies	301	2,533	5,500	2,500
70	Facility maintenance supplies	302	339	50	50
71	Equipment maintenance	303	7,798	6,000	6,000
72	Other supplies	308	509	1,000	1,000
73	Printing and binding	309	628	500	500
74	Uniforms	312	925	1,000	1,000
75	Postage	313	603	100	100
76	Communications	401	50,553	55,000	51,000
77	Rental	402	157,060	155,400	173,000
78	Monitoring utilities	403	24,407	35,000	25,000
79	UNI Small Business Assistance agreement	405	275,986	295,131	301,034
80	SHL agreement	405	1,342,813	1,368,000	1,412,307
81	Professional Services (Total)	405	1,618,800	1,663,131	1,713,341
82	Misc	406	7,605	1,000	1,000
83	Filter replacement and misc	406	1,260	3,000	3,000
84	Interagency delivery	406	2,941	3,000	3,000
85	Temporary services/other	406	18,965	18,000	0
86	Image scanning	406	32,706	25,000	25,000
87	Outside Services (Total)	406	63,478	50,000	32,000
88	Advertisement in publications	408	4,096	3,000	3,000
89	Reimbursement to other agencies	414	4,316	10,000	5,000
90	ITS reimbursement	416	80	500	500

Air Quality Bureau Draft SFY 2015 Budget

Item	Cost Center & Expenditure Category	Activity	SFY 2013 Actual	SFY 2014 Budget	Draft SFY 2015 Budget (Status Quo)
91	Govt/Transfer Attorney General	432	30,000	30,000	30,000
92	Air monitoring equipment	501	105,805	50,000	100,000
93	Equipment (Total)	501	105,805	50,000	100,000
94	Equipment non-inventory	503		100	100
95	IT Equipment & software	510	118,899	100,000	100,000
96	Other expenses	602	7,335	8,000	8,000
97	Linn County Local Program Agreement	801	681,482	681,482	706,590
98	Polk County Local Program Agreement	801	645,105	645,105	706,128
99	State Aid (Total)	801	1,326,587	1,326,587	1,412,717
100	Indirect charges	999	563,854	596,578	564,129
101	Total		8,369,144	8,622,592	8,843,794
102					
103	<u>PM2.5 Monitoring (7240)</u>				
104	SHL agreement	405	388,229	387,814	387,814
105	Professional Services (Total)	405	388,229	387,814	387,814
106	Outside services	406	10,000	10,000	10,000
107	Equipment	501	73,667	37,289	37,289
108	Linn County Local Program Agreement	801	17,500	17,500	17,500
109	Polk County Local Program Agreement	801	20,000	20,000	20,000
110	State Aid (Total)	801	37,500	37,500	37,500
111	Total		509,396	472,603	472,603
112					
113	<u>Ambient Air Quality Support (7250) Env First Funds</u>				
114	FTE		1.00	1.00	1.00
115	Personnel	101	67,094	104,621	106,713
116	Other expenses	602	127		
117	Indirect charges	999	8,924	13,915	13,158
118	Total		76,145	118,536	119,871
119					
120	<u>Ambient Monitoring (17HA) - Env First</u>				
121	FTE				
122	SHL agreement	405	314,002	312,944	312,944
123	Professional Services (Total)	405	314,002	312,944	312,944
124	Outside services	406	52,000	52,000	52,000
125	Equipment	501	10,022	10,056	10,056
126	Total		376,024	375,000	375,000
127					

Air Quality Bureau Draft SFY 2015 Budget

Item	Cost Center & Expenditure Category	Activity	SFY 2013 Actual	SFY 2014 Budget	Draft SFY 2015 Budget (Status Quo)
128	<u>Air Quality Field Program (7419)</u>				
129	<i>FTE</i>		3.00	3.00	3.00
130	Personnel	101	270,554	307,347	313,494
131	Travel in state	202	2,895	750	750
132	Travel out of state	205	267	200	200
133	Office supplies	301		50	50
134	Other supplies	308		50	50
135	Printing and binding	309		50	50
136	Uniforms	312	265	50	50
137	Communications	401		500	1,500
138	Professional services	405		500	500
139	Reimbursement to other agencies	414	72	100	100
140	Equipment non-inventory	503		100	100
141	IT Equipment & software	510	305	1,000	1,000
142	Indirect charges	999	35,984	40,877	38,654
143	Total		310,341	351,574	356,498
144					
145	<u>Air Title V Field Program (7421)</u>				
146	<i>FTE</i>		6.50	6.50	6.50
147	Personnel	101	635,388	630,000	642,600
148	Travel in state	202	3,865	2,000	2,000
149	State vehicle	203	9,787	8,000	8,000
150	Depreciation	204	13,000	14,000	14,000
151	Travel out of state	205		500	500
152	Office supplies	301	20	100	100
153	Other supplies	308	8	100	100
154	Printing and binding	309	47	50	50
155	Uniforms	312		500	500
156	Communications	401	3,137	2,254	2,000
157	Outside services	406	11	500	500
158	Reimbursement to other agencies	414	965	500	500
159	Equipment non-inventory	503	97	1,000	1,000
160	IT Equipment & software	510		2,000	2,000
161	Indirect charges	999	84,507	83,790	79,233
162	Total		750,831	745,294	753,083

Air Quality Bureau Draft SFY 2015 Budget

Item	Cost Center & Expenditure Category	Activity	SFY 2013 Actual	SFY 2014 Budget	Draft SFY 2015 Budget (Status Quo)
164					
165	<u>Title V Revenue</u>				
166	Balance forward		1,033,666	888,723	0
167	Fund interest		20,965	25,000	25,000
168	Under and over payments		40,482		32,599
169	Title V fees		9,313,903	8,603,004	8,336,664
170	<i>annual tons (est)</i>		<i>167,005</i>	<i>153,917</i>	<i>148,869</i>
171	<i>\$/ton</i>		<i>56.00</i>	<i>56.00</i>	<i>56.00</i>
172	Total Revenue		10,409,016	9,516,727	8,394,263
173					
174	Legal Services (1430)		144,022	146,129	149,052
175	Air Title V - IT (3520)		230,151	229,550	232,103
176	Air Title V Program (7230)		8,369,144	8,622,592	8,843,794
177	TV portion of 7250		26,145	68,536	70,906
178	Air Title V Field Program (7421)		750,831	745,294	753,083
179	Total Expenditure		9,520,293	9,812,100	10,048,938
180					
181	Title V Shortfall		888,723	-295,373	-1,654,675
183					
184	<u>State & Federal Funding</u>				
185	General Fund		704,325	704,325	704,325
186	Environment First		426,024	425,000	425,000
187	Asbestos - SWAP		102,501	105,426	107,534
188	PPG - CAA 105 Grant (state match required)		1,400,672	1,403,846	1,193,675
189	CAA 103 Grant (no match required)		509,396	472,603	472,603
190	Total Revenue		3,142,918	3,111,200	2,903,137
191					
192	Asbestos SWAP (7210)		102,501	105,426	107,534
193	Air Quality Program (7220)		1,772,470	1,756,597	1,759,259
194	PM2.5 Monitoring (7240)		509,396	472,603	472,603
195	Ambient Air Quality Support (7250) Env First Funds		50,000	50,000	50,000
196	Ambient Monitoring (17HA) - Env First		376,024	375,000	375,000
197	Air Quality Field Program (7419)		310,341	351,574	356,498
198	Total Expenditure		3,120,731	3,111,200	3,120,894
199					
200	State & Federal Shortfall		22,187	0	-217,757
201					
202					
203	Combined Revenue		13,551,934	12,627,927	11,297,400
204	Combined Expenses		12,641,024	12,923,300	13,169,832
205					
206	Shortfall		888,723	-295,373	-1,872,432
207					
208	State & Federal Funded FTEs		14.25	14.25	14.25
209	Title V Funded FTEs		58.75	58.25	58.25
210	Total AQ FTEs		73.00	72.50	72.50

Draft SFY 2015 Title V Budget

	SFY 2013 Actual	SFY 2014 Budget	Draft SFY 2015 Budget	Difference Draft 2015- 2014
FTE	57.75	57.25	57.25	
Personnel	5,247,003	5,530,211	5,641,815	111,604
Travel in state	8,258	7,100	7,100	0
State vehicle	20,386	15,700	15,700	0
Depreciation	29,900	30,900	30,900	0
Travel out of state	9,141	11,000	11,000	0
Office supplies	2,553	5,600	2,600	-3,000
Facility maintenance supplies	339	50	50	0
Equipment maintenance	7,798	6,000	6,000	0
Other supplies	516	1,100	1,100	0
Printing and binding	675	550	550	0
Uniforms	925	1,500	1,500	0
Postage	603	100	100	0
Communications	54,540	58,754	54,500	-4,254
Outside Services	242	1,000	1,000	0
Rental	157,060	155,400	173,000	17,600
Monitoring utilities	24,407	35,000	25,000	-10,000
Professional Services	1,618,800	1,663,131	1,713,341	50,210
Outside Services	63,478	50,000	32,000	-18,000
Advertisement in publications	4,096	3,000	3,000	0
Reimbursement to other agencies	5,327	10,600	5,600	-5,000
ITS reimbursement	305	750	750	0
Govt/Transfer Attorney General	30,000	30,000	30,000	0
Air monitoring equipment	105,805	50,000	100,000	50,000
Equipment non-inventory	97	1,100	1,100	0
IT Equipment & software	118,899	102,000	102,000	0
Other expenses	7,335	8,000	8,000	0
State Aid	1,326,587	1,326,587	1,412,717	86,130
Indirect charges	675,219	706,968	668,515	-38,453
Total Expenditure	9,520,293	9,812,100	10,048,938	236,838
Title V Revenue				
Balance forward	1,033,666	888,723		
Fund interest	20,965	25,000	25,000	
Under and over payments	40,482	0	32,599	
Title V fees	9,313,903	8,603,004	8,336,664	
<i>annual tons (est)</i>	<i>167,005</i>	<i>153,917</i>	<i>148,869</i>	
<i>\$/ton</i>	<i>56.00</i>	<i>56.00</i>	<i>56.00</i>	
Total Revenue	10,409,016	9,516,727	8,394,263	
Title V Balance/Shortfall	888,723	-295,373	-1,654,675	

Draft SFY 2015 State Federal Budget

	SFY 2013 Actual	SFY 2014 Budget	Draft SFY 2015 Budget Status Quo	Difference Draft 2015- 2014
FTE	14.25	14.25	14.25	
Personnel	1,451,473	1,614,955	1,606,855	-8,100
Travel in state	3,909	1,750	1,750	0
State vehicle	1,918	1,500	1,500	0
Depreciation	4,000	4,000	4,000	0
Travel out of state	476	950	950	0
Office supplies	2,148	1,550	1,550	0
Facility maintenance supplies	58	100	100	0
Equipment maintenance	2,599	2,400	2,400	0
Other supplies		1,050	300	-750
Printing and binding	395	550	550	0
Uniforms	265	550	550	0
Postage	151	150	150	0
Communications	9,729	9,700	10,700	1,000
Rental	53,363	51,000	58,000	7,000
Monitoring utilities	0	0	0	0
Outside Services	168,490	78,000	78,000	0
Professional Services	702,231	701,258	701,258	0
Advertisement in publications		0	0	0
Reimbursement to other agencies	1,041	600	600	0
ITS reimbursement		100	100	0
Equipment	143,489	112,545	112,545	0
IT Equipment & software	15,233	12,000	12,000	0
State Aid	373,097	335,191	335,191	0
Other expenses	254			0
Indirect charges	186,413	181,302	191,847	10,545
Total	3,120,731	3,111,200	3,120,895	9,695
State & Federal Funding				
General Fund	704,325	704,325	704,325	
Environment First	426,024	425,000	425,000	
Asbestos - SWAP	102,501	105,426	107,534	
PPG - CAA 105 Grant (state match required)	1,400,672	1,403,846	1,193,675	
CAA 103 Grant (no match required)	509,396	472,603	472,603	
Total Revenue	3,142,918	3,111,200	2,903,137	
State & Federal Balance/Shortfall	22,187	0	-217,758	

Draft SFY 2015 Title V Budget Reduction Scenarios

	SFY 2013 Actual	SFY 2014 Budget	Draft SFY 2015 Budget - Status Quo	Draft SFY 2015 Budget - reduction	Difference Draft 2015 Reduction - Status Quo
FTE	57.75	57.25	57.25		
Personnel	5,247,003	5,530,211	5,641,815	4,739,266	-902,549
Travel in state	8,258	7,100	7,100	7,100	0
State vehicle	20,386	15,700	15,700	15,700	0
Depreciation	29,900	30,900	30,900	30,900	0
Travel out of state	9,141	11,000	11,000	11,000	0
Office supplies	2,553	5,600	2,600	2,600	0
Facility maintenance supplies	339	50	50	50	0
Equipment maintenance	7,798	6,000	6,000	6,000	0
Other supplies	516	1,100	1,100	1,100	0
Printing and binding	675	550	550	550	0
Uniforms	925	1,500	1,500	1,500	0
Postage	603	100	100	100	0
Communications	54,540	58,754	54,500	54,500	0
Outside Services	242	1,000	1,000	1,000	0
Rental	157,060	155,400	173,000	173,000	0
Monitoring utilities	24,407	35,000	25,000	25,000	0
Professional Services	1,618,800	1,663,131	1,713,341	1,362,106	-351,235
Outside Services	63,478	50,000	32,000	32,000	0
Advertisement in publications	4,096	3,000	3,000	3,000	0
Reimbursement to other agencies	5,327	10,600	5,600	5,600	0
ITS reimbursement	305	750	750	750	0
Govt/Transfer Attorney General	30,000	30,000	30,000	30,000	0
Air monitoring equipment	105,805	50,000	100,000	100,000	0
Equipment non-inventory	97	1,100	1,100	1,100	0
IT Equipment & software	118,899	102,000	102,000	102,000	0
Other expenses	7,335	8,000	8,000	8,000	0
State Aid	1,326,587	1,326,587	1,412,717	1,123,110	-289,607
Indirect charges	675,219	706,968	668,515	557,231	-111,284
Total Expenditure	9,520,293	9,812,100	10,048,938	8,394,263	-1,654,676
Title V Revenue					
Balance forward	1,033,666	888,723	0	0	
Fund interest	20,965	25,000	25,000	25,000	
Under and over payments	40,482	0	32,599	32,599	
Title V fees	9,313,903	8,603,004	8,336,664	8,336,664	
<i>annual tons (est)</i>	<i>167,005</i>	<i>153,917</i>	<i>148,869</i>	<i>148,869</i>	
<i>\$/ton</i>	<i>56.00</i>	<i>56.00</i>	<i>56.00</i>	<i>56.00</i>	
Total Revenue	10,409,016	9,516,727	8,394,263	8,394,263	
Title V Balance/Shortfall	888,723	-295,373	-1,654,675	0	

Draft SFY 2015 State Federal Budget Reduction Scenarios

	SFY 2013 Actual	SFY 2014 Budget	Draft SFY 2015 Budget (Status Quo)	Draft SFY 2015 Budget (Reduction)	Difference Draft 2015- 2014
FTE	14.25	14.25	14.25		
Personnel	1,451,473	1,614,955	1,606,854	1,449,307	-165,648
Travel in state	3,909	1,750	1,750	1,750	0
State vehicle	1,918	1,500	1,500	1,500	0
Depreciation	4,000	4,000	4,000	4,000	0
Travel out of state	476	950	950	950	0
Office supplies	2,148	1,550	1,550	1,550	0
Facility maintenance supplies	58	100	100	100	0
Equipment maintenance	2,599	2,400	2,400	2,400	0
Other supplies		1,050	300	300	-750
Printing and binding	395	550	550	550	0
Uniforms	265	550	550	550	0
Postage	151	150	150	150	0
Communications	9,729	9,700	10,700	10,700	1,000
Rental	53,363	51,000	58,000	58,000	7,000
Monitoring utilities	0	0	0	0	0
Outside Services	168,490	78,000	78,000	78,000	0
Professional Services	702,231	701,258	701,258	701,258	0
Advertisement in publications		0	0	0	0
Reimbursement to other agencies	1,041	600	600	600	0
ITS reimbursement		100	100	100	0
Equipment	143,489	112,545	112,545	112,545	0
IT Equipment & software	15,233	12,000	12,000	12,000	0
State Aid	373,097	335,191	335,191	294,407	-40,784
Other expenses	254				0
Indirect charges	186,413	181,302	191,847	172,421	-8,881
Total	3,120,731	3,111,200	3,120,895	2,903,137	-208,063
State & Federal Funding					
General Fund	704,325	704,325	704,325	704,325	
Environment First	426,024	425,000	425,000	425,000	
Asbestos - SWAP	102,501	105,426	107,534	107,534	
PPG - CAA 105 Grant (state match required)	1,400,672	1,403,846	1,193,675	1,193,675	
CAA 103 Grant (no match required)	509,396	472,603	472,603	472,603	
Total Revenue	3,142,918	3,111,200	2,903,137	2,903,137	
State & Federal Balance/Shortfall	22,187	0	-217,758	0	

Air Quality Bureau
Draft SFY 2015 Budget Scenarios

	Bureau Draft SFY 2015 Budget: Status Quo	Bureau Draft SFY 2015 Budget: Reduction	Difference SFY 2015 Reduction: Status Quo
FTE	72.50		
Personnel	7,235,511	6,175,414	-1,060,098
Travel in state	8,850	8,850	0
State vehicle	17,200	17,200	0
Depreciation	34,900	34,900	0
Travel out of state	11,950	11,950	0
Office supplies	4,150	4,150	0
Facility maintenance supplies	150	150	0
Equipment maintenance	8,400	8,400	0
Other supplies	1,400	1,400	0
Printing and binding	1,100	1,100	0
Uniforms	2,050	2,050	0
Postage	250	250	0
Communications	65,200	65,200	0
Rental	231,000	231,000	0
Monitoring utilities	25,000	25,000	0
Professional Services	2,414,599	2,063,364	-351,235
Outside Services	111,000	111,000	0
Advertisement in publications	3,000	3,000	0
Reimbursement to other agencies	6,200	6,200	0
ITS reimbursement	850	850	0
Govt/Transfer Attorney General	30,000	30,000	0
Air monitoring equipment	212,345	212,345	0
Equipment non-inventory	1,300	1,300	0
IT Equipment & software	114,000	114,000	0
Other expenses	8,000	8,000	0
State Aid	1,747,908	1,417,517	-330,391
Indirect charges	873,519	742,809	-130,710
Total Expenses	13,169,833	11,297,000	-1,872,833
Revenue			
Title V Fee	8,394,263	8,394,263	
Federal Funds	1,666,278	1,666,278	
State Funds	1,236,859	1,236,859	
Total Revenue	11,297,400	11,297,400	
Total Shortfall (rounded)	-1,872,000	0	

IOWA DEPARTMENT OF NATURAL RESOURCES

LEADING IOWANS IN CARING FOR OUR NATURAL RESOURCES

CHUCK GIPP, DIRECTOR | BRUCE TRAUTMAN, DEPUTY DIRECTOR

Title V Air Emissions Fee FY 2015 Budget drafts for discussion

Annually the Air Quality Bureau meets with a select group of Title V fee payers who represent the facilities that pay the largest portion of the fees, and those who represent a broad range of industrial activities. The purpose of the meeting is for the bureau to present a draft budget for activities funded by Title V fees (for the upcoming fiscal year) for open discussion.

This year (as in previous years) the discussion includes the Bureau's presentation of a "Status Quo" draft budget for the upcoming state fiscal year. The Status Quo budget represents the costs for providing the same services in the future year as the current fiscal year, but adds anticipated cost increases. Cost increases typically occur in the following categories: personnel (salary, benefits, and indirect charges), computer hardware and software, monitoring and office equipment, and service contracts. The Status Quo budget is arranged by the cost centers (state accounting fund number) used to appropriately allocate the different funding streams and include:

Budget Fund	Cost Center	Funding Source
Legal Services	1430	Title V Fees
Asbestos NESHAP	3520	Solid Waste Alternatives Program Funds
Air Quality Program	7220	Federal §105 Grant and State General Fund Match
Air Title V Program	7230	Title V Fees
PM2.5 Monitoring	7240	Federal §103 Grant
Ambient Air Quality Support	7250	Environment First Funds
Ambient Monitoring	17HA	Environment First Funds
Air Quality Field Program	7419	Federal §105 grant and State General Fund Match
Air Title V Field Program	7421	Title V Fees

This presentation of the budget is a "line-by-line" listing of budget expenses and is marked as the "Air Quality Bureau Draft SFY 2015 Budget" in your materials. The last page of this document reports on the revenues, the budgets by cost center, and any differences in the two. A summary of the "FTE" (number of full time equivalent staff) is also included.

The "Condensed" budgets pull together budget cost centers that are all funded by like type sources: either Title V funded (page 1-Condensed), or state and federally funded (page 2-Condensed). These documents are titled "Draft SFY 2015 Title V Budget" and "Draft SFY 2015 State Federal Budget" respectively. This is the format generally provided to the Environmental Protection Commission at the March and April or May meetings.

Draft SFY 2015 Title V and Federal & State Budget Reductions Scenarios are presented to outline an approach to making the budget cuts that would be necessary to accommodate the projected funding shortfall. A summary of the entire bureau budget (Title V and State & Federally funded activities) is summarized to show the differences between the status quo budget and the reduced budget.

Summary

Because of increasing costs, reductions in emissions subject to fees, and a depletion of the “carry-forward” of Title V fees from prior years, the following shortfall in the draft Status-Quo budgets for FY 2015 have been identified.

Title V Budget FY 2015

Source of Shortfall	Shortfall Amount
FY 2014 shortfall	- \$ 295,373
Reduction in fees	- \$ 231,741
Reduction in carry-forward	- \$ 888,723
Increased costs	- \$ 236,838
Total Shortfall	- \$ 1,654,675

Federal & State Budget FY 2015

Source of Shortfall	Shortfall Amount
Federal grants	- \$ 210,172
Increased costs	- \$ 7,586
Total Shortfall	- \$ 217,758

Total Air Quality Budget FY 2015

Combined Shortfall	- \$ 1,872,833
---------------------------	-----------------------

The “FY 2014 shortfall” was planned into this year’s budget in anticipation of the regular over-estimate of personnel costs projected by the state salary formula in an effort to reduce the annual carry forward of Title V funds. (The carry forward is funds not expended in the prior fiscal year and used to reduce fees in the next fiscal year). The formula allows for the highest utilization of employee benefits allowable and does not anticipate normal vacancy rates and therefore typically over-predicts salaries. This year’s estimates do not appear to be an overestimate, and therefore will result in a deficit.

The reduction in fees continues to reflect the trend of reduced emissions primarily due to changes in fuel use from coal to natural gas.

The bureau has refined its budgeting to match prior year’s costs and can no longer rely on a carry forward. Since the fee has been at the cap of \$56/ton for the past 4 years, cost increases and lower revenues have resulted in the elimination of the carry forward.

Annually costs within the budget increase on average 1.9%. The projected budget has a projected increase of 1.9%.

The shortfall in Federal & State funding is the result of the loss of one-year non-air quality federal funds from the Performance Partnership Grant (PPG) with EPA, and cost increases. The PPG funds were used to fund staff working on the PM2.5 deficiency notices. No alternative funding is available for those and on-going nonattainment work.

By projecting forward a Status Quo budget and impact on fees of emissions reductions due to federal boiler and transport rules, the shortfall is projected to continue to grow through FY 2018.

Funding Alternatives

To maintain the current level of service by the Bureau alternative funding will be needed. An increase in the Title V fee by about \$12.50/ton would be one approach. Additional federal funds will not be available. Other states have been working to address the same issue by increasing Title V fees, supplementing funds with construction permit fees, or increasing state appropriations.

Current and Projected Expenses & Revenues

