

## **Notes from Air Quality Stakeholder Group Meeting #3**

**September 30, 2014**

### **Action Items/Follow-up- Catharine Fitzsimmons**

Briefly reviewed handout contents. From last meeting, Linn and Polk County local program fees were added to chart summarizing funding in other states. Other handouts included construction permitting data and template and registration data, the programmatic budget and additional funding needs chart, and a summary of the funding interests and priorities (with votes) identified at the last meeting.

**Action:** DNR will post meeting handouts on the workgroup webpage.

### **Establishing Interests and Priorities – Follow-up – Darrell Hanson**

Everybody Pays + Fee for Service: This category received the most workgroup votes.

Workgroup could recommend that legislature establish a new fund for AQ fees, similar to fund that already exists for Title V fees. If no fund is established then fees such as construction permit fees would go to the general fund and may not come back to AQ. Legislature has been receptive to dedicated funds in the past.

**Action:** DNR will provide draft language to the workgroup at the next meeting for possible legislative fee fund changes.

Discussed possibility of fee structure that would subsidize smaller businesses. Some members agreed that if a business was big enough to have regulated emissions then they should be able to pay appropriate fees.

Long Term Funding: Long term fix to AQ budget issues desirable; not looking for stop-gap measures that will cause stakeholders to have to readdress budget issues every couple of years. Ability for EPC to set fees is preferable approach (vs. legislature).

Non Fee: Non fees could be blended with fees. Funding for ambient air monitoring should consider that it benefits everyone in the state, not just industry. Non fee approaches should be considered for core program activities and additional funding requests such as the SO<sub>2</sub> data requirements rule and implementation of the revised ozone standard.

**Action:** DNR will review Part 70 to see if there are any restrictions on what Title V fees left in Title V fund can be used for.

Process Improvement: Construction permit templates have helped reduce DNR permitting workload. Interest expressed in developing similar templates for Title V renewals and modifications.

Reward for Emissions Reductions: Rewards related to emissions reductions typically realized through reductions in recordkeeping and reporting requirements.

Reduced Scope of Work: Modeling and monitoring costs make up approximately 25% of budget. Should consider ways to reduce how much modeling and monitoring are necessary. Discussed having more local programs. Cerro Gordo only county that has inquired in recent years about starting a local program. Could consider having more local involvement in paying for monitoring.

### **Title V Efficiency – Lori Hanson**

See “Title V - Increasing Efficiency” presentation.

Q: Will there be a further erosion of Title V revenues from facilities leaving Title V?

A: No. The 16 facilities identified that could exit the program have low actual emissions. Some of the 16 may choose not to exit the program.

Q: Facilities that exit the program will still require program support, they just won't be receiving it from Title V. Correct?

A: The intent is to increase the efficiency of Title V permitting but there will be efficiency gains in other areas of the program. If the facility becomes a minor source with a PTE less than 80% of the Title V threshold then there will be efficiency gains for the field offices due to less inspection frequency. A minor source will also only be inventoried once every three years, instead of annually.

### **Construction Permit Efficiency – Sarah Piziali**

See “CP Efficiency: The Path to Success” presentation.

Q: Is the process for permit amendments being looked at?

A: Yes. Better instructions should also help improve permit amendment application processing times.

Q: Is any more consideration being given to making construction permits operating permits?

A: No. A construction permit in Iowa is already considered a permit to operate. The workgroup will be looking at opportunities to streamline Title V operating permit application forms while reviewing construction permit application forms.

### **Iowa Calculator Tool – Catharine Fitzsimmons**

Presented an overview of an Excel calculator tool developed by DNR that allows users to explore alternative funding mechanisms for FY2016 through FY2019. The tool has been available for several years and is updated annually.

Q: Does the calculator account for template use?

A: Yes. Templates are included in the number of standard projects for minor source construction permitting.

Q: How does DNR verify the number of sources that could be subject to a fee?

A: The number of sources can be estimated based on surveys, information from associations, and source classification codes for sources already in our databases.

## Specific Fee Proposals – Stakeholder Group Members

See “FY14 Linn County” presentation from Jim Hodina.

Q: Can the workgroup look at a fee on tires or other transportation related fees?

A: Creation of a fee or fees related to transportation would provide some alignment given sources of emissions. One third to one half of air emissions in state come from transportation sector.

Q: Costs for ambient air monitoring are high. Can user fees from mobile sources be used to cover monitoring costs?

A: It’s a possibility the workgroup could consider.

Asbestos: IA is one of only 3 states with no fees for implementation of asbestos NESHAP (demolition and renovation notifications). Some level of fee would be beneficial. IL has a \$100 fee; WI charges by the dollar per square foot cost (\$200-\$790).

User Based Fees:

- A segregated fee to support the construction permit program costs seems appropriate.
- Conceptually, the fee needs to reflect the costs incurred, not the number of permits issued.
- Emissions fees not sustainable given decreasing emissions but should not be abandoned entirely.
- Do not desire to have a dollar per hour approach (costs too unpredictable).
- Preference is to pay user fees up front rather than after the fact.
- Fees for templates/registrations should be lower since they are set and require less time for DNR to process.
- Consider basing costs on number of permits, instead of projects.

**Action:** DNR will include both fee calculations based on number of permits and number of projects in the calculator tool.

Services Associate with Permitting: Need to look at how costs of other functions, such as modeling, stack test observations, determinations, and netting should be paid for.

Social Costs: Revenue sources to cover functions that have large social benefits, such as monitoring, need to be considered. Tire fees, transportation fees?

Expedited Permit Fee: Consider including higher fees to allow for dedicated staff for expedited permit processing. Extra fee would help cover staff overtime to expedite the application processing.

**Action:** DNR will investigate and report to workgroup on possible overtime limitations for staff.

## **Funding Goals – Identify Activities to be Funded**

Workgroup tentatively assigned funding sources to activities in the programmatic budget under Title V operating permits, major source construction permitting, PSD permits, minor source construction permitting, and core program functions. The funding sources included Title V fees, User fees, General Fund/Federal Funds, and Other. A funding source for permit application review & permit issuance, along with the associated modeling, for minor source construction permitting, will not be assigned until workgroup representatives for the minor sources have had time to further discuss this issue.

**Action:** DNR will update the programmatic budget for the next meeting to include FY16 expenses for each activity area and a redistribution of the funding sources for each activity based on the workgroup's tentative funding source allocations.

## **Wrap-up – Darrell Hanson**

The next meeting is scheduled for October 15th at 10:00 am.

The agenda for the next meeting will include completion of the review and discussion on the programmatic budget and establishment of subcommittees to begin drafting a report. DNR will provide boiler plate report language where possible to assist subcommittees in getting draft report sections started.

Jason's Deli will be used for lunch orders again.