



# IOWA DEPARTMENT OF NATURAL RESOURCES

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LEADING IOWANS IN CARING FOR OUR NATURAL RESOURCES

## Need for Workgroup

Catharine Fitzsimmons

Air Quality Bureau Chief

July 17, 2014

# Budget and Revenue Projections

- Workgroup Charter
- Iowa Department of Natural Resources & Air Quality Bureau
- Air Quality Bureau State Fiscal Years 2015-2019
  - FY 2015 Revenues
  - FY 2015 Budget
  - Fee History & Emissions Projections
  - Budget and Revenue Projections
  - Summary of Cost Savings

# Workgroup Charter

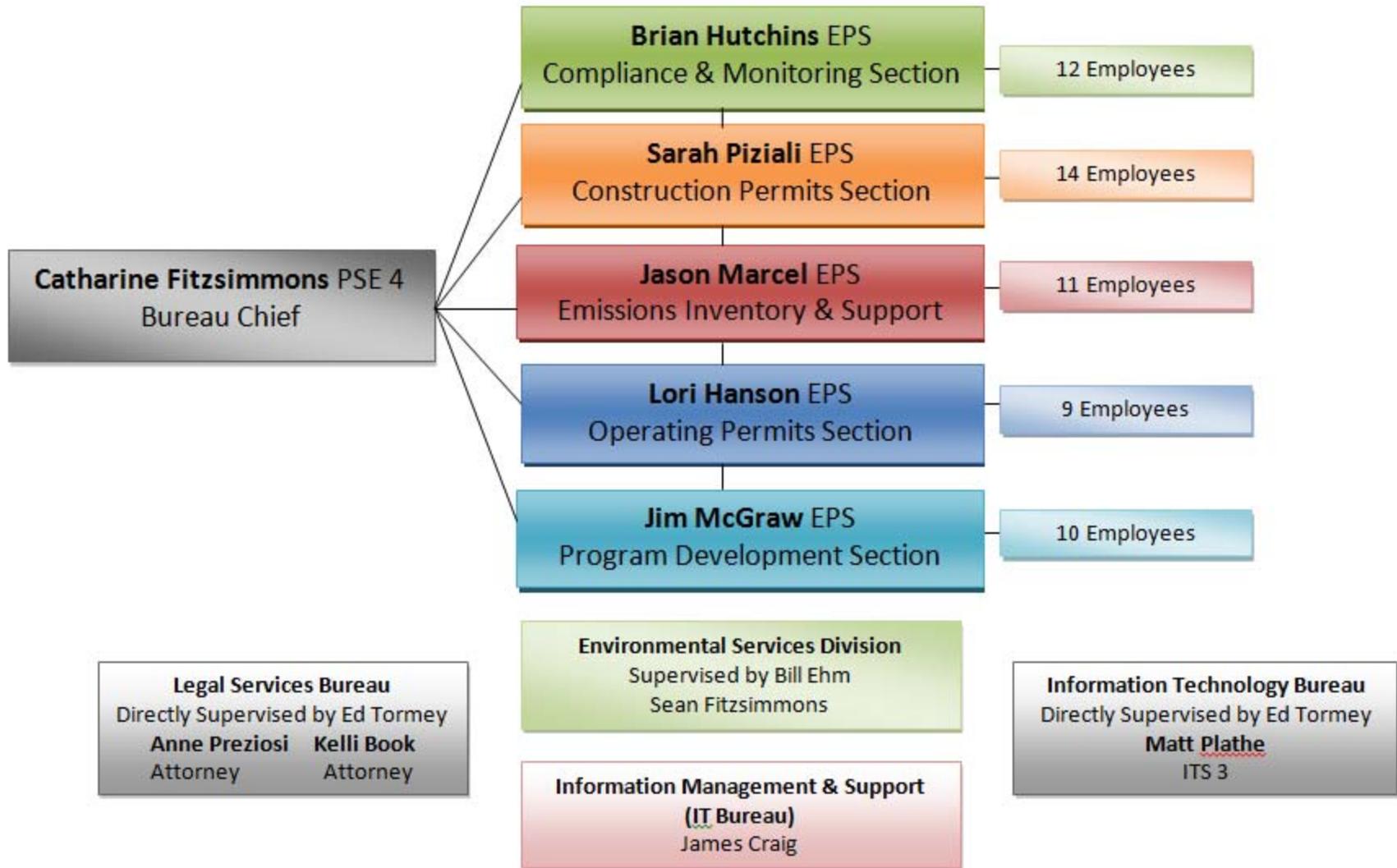
- Study the funding of the air quality program
- Developing recommendations for future funding of the program
- Submit a report on you findings and recommendations to the Iowa General Assembly

DNR's role is to help facilitate this process and provide information as needed.

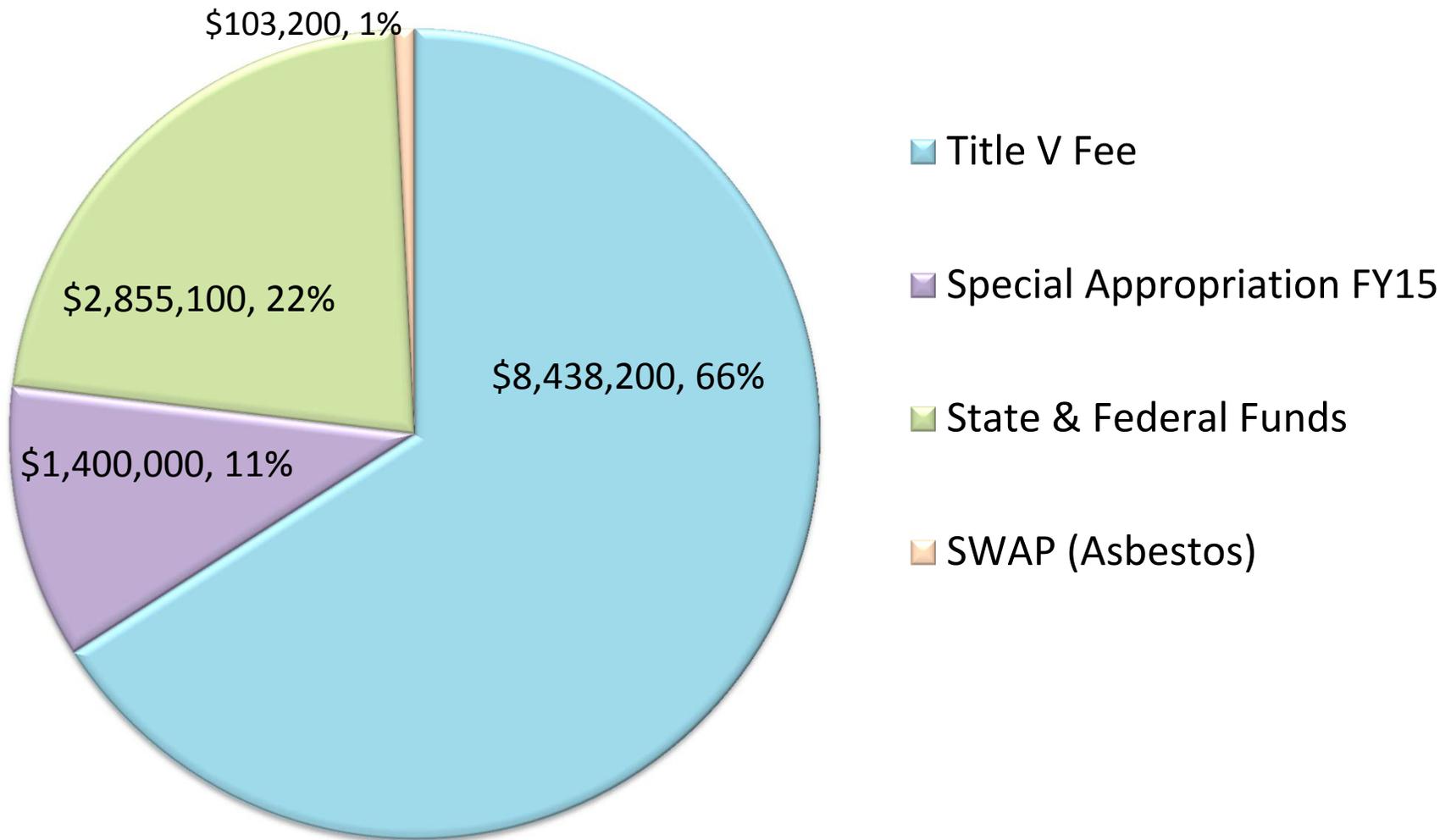
# Iowa Department of Natural Resources



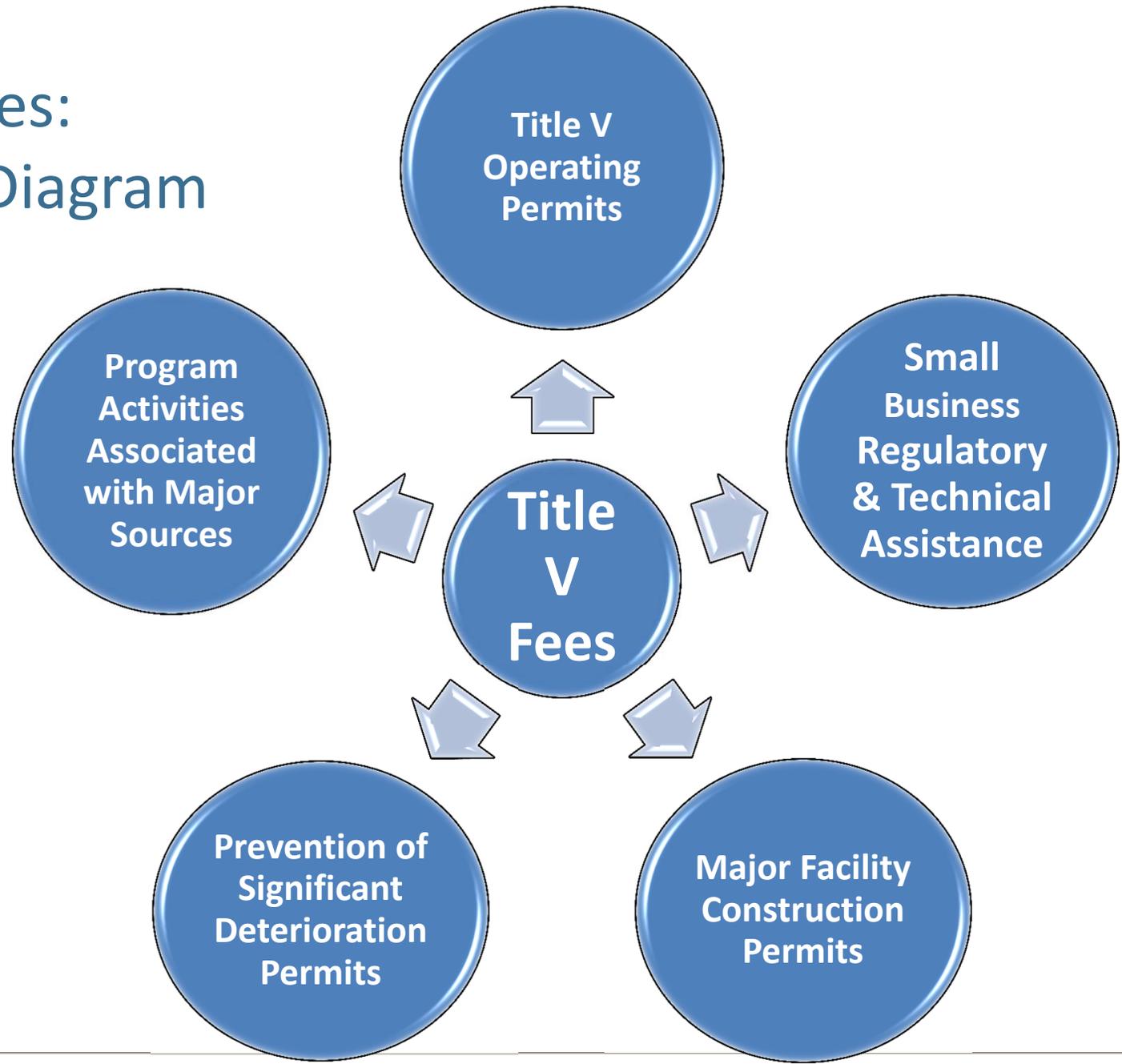
# Air Quality Bureau



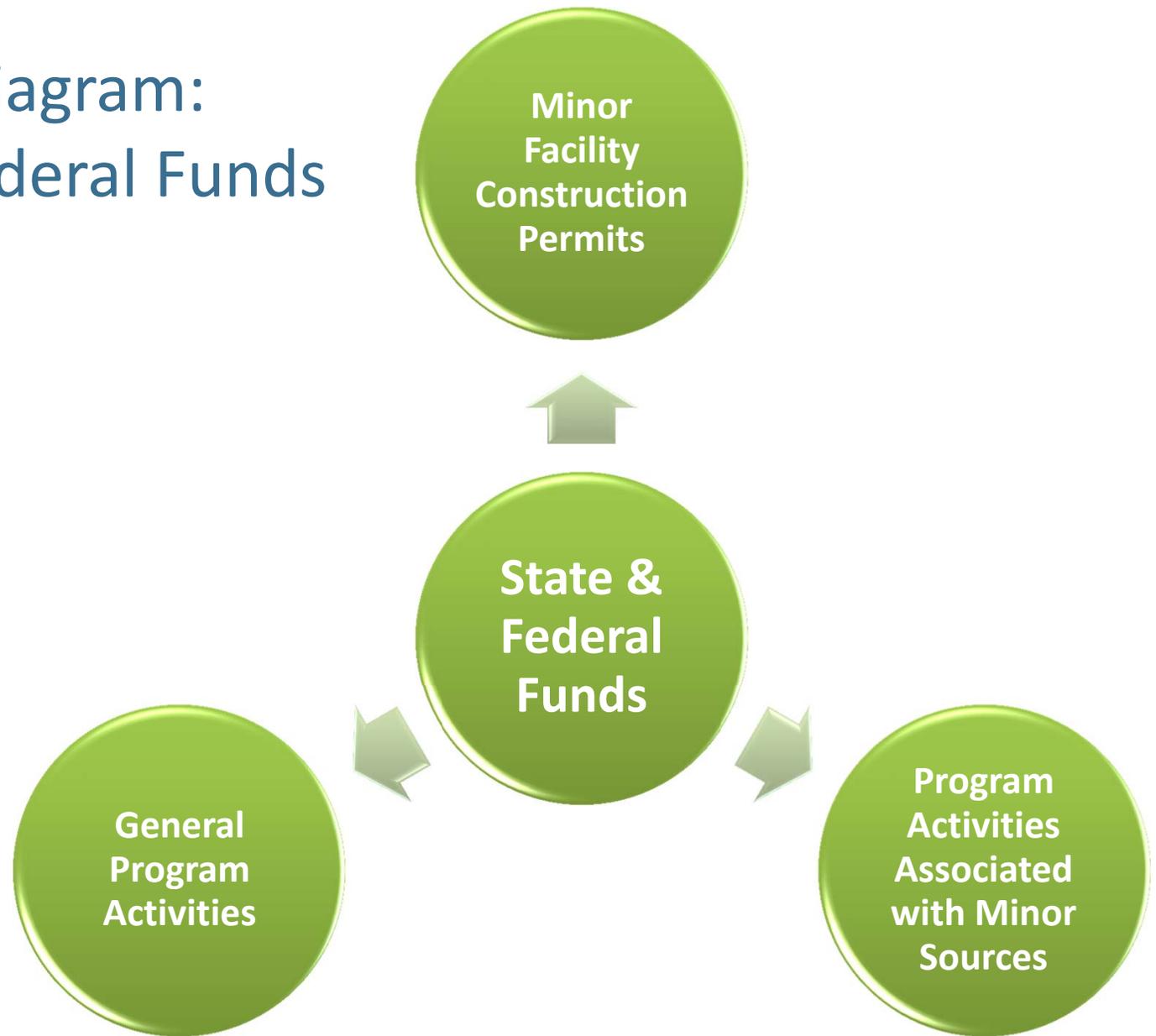
# FY 2015 Air Quality Bureau Revenues



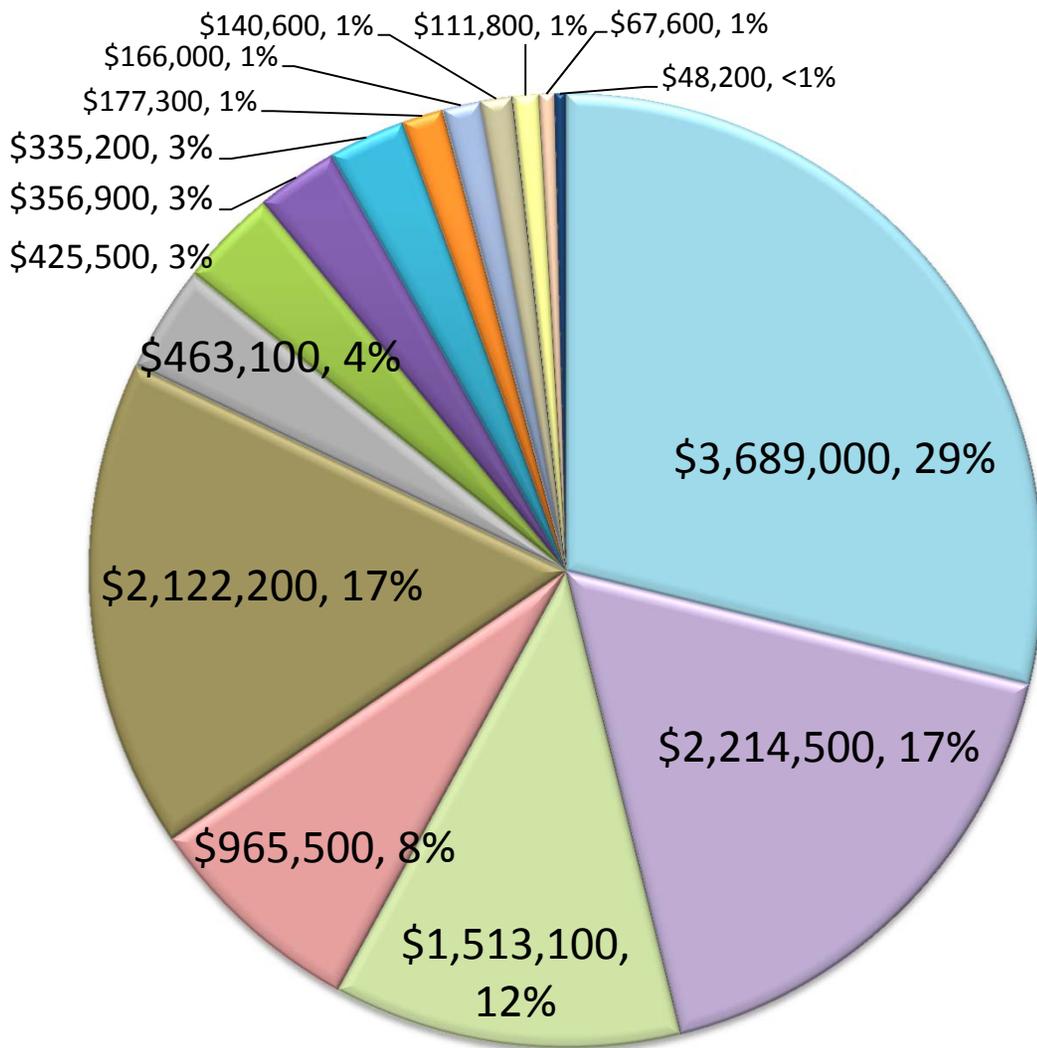
# Title V Fees: Funding Diagram



# Funding Diagram: State & Federal Funds



# FY 2015 Air Quality Bureau Programs: \$12,796,500



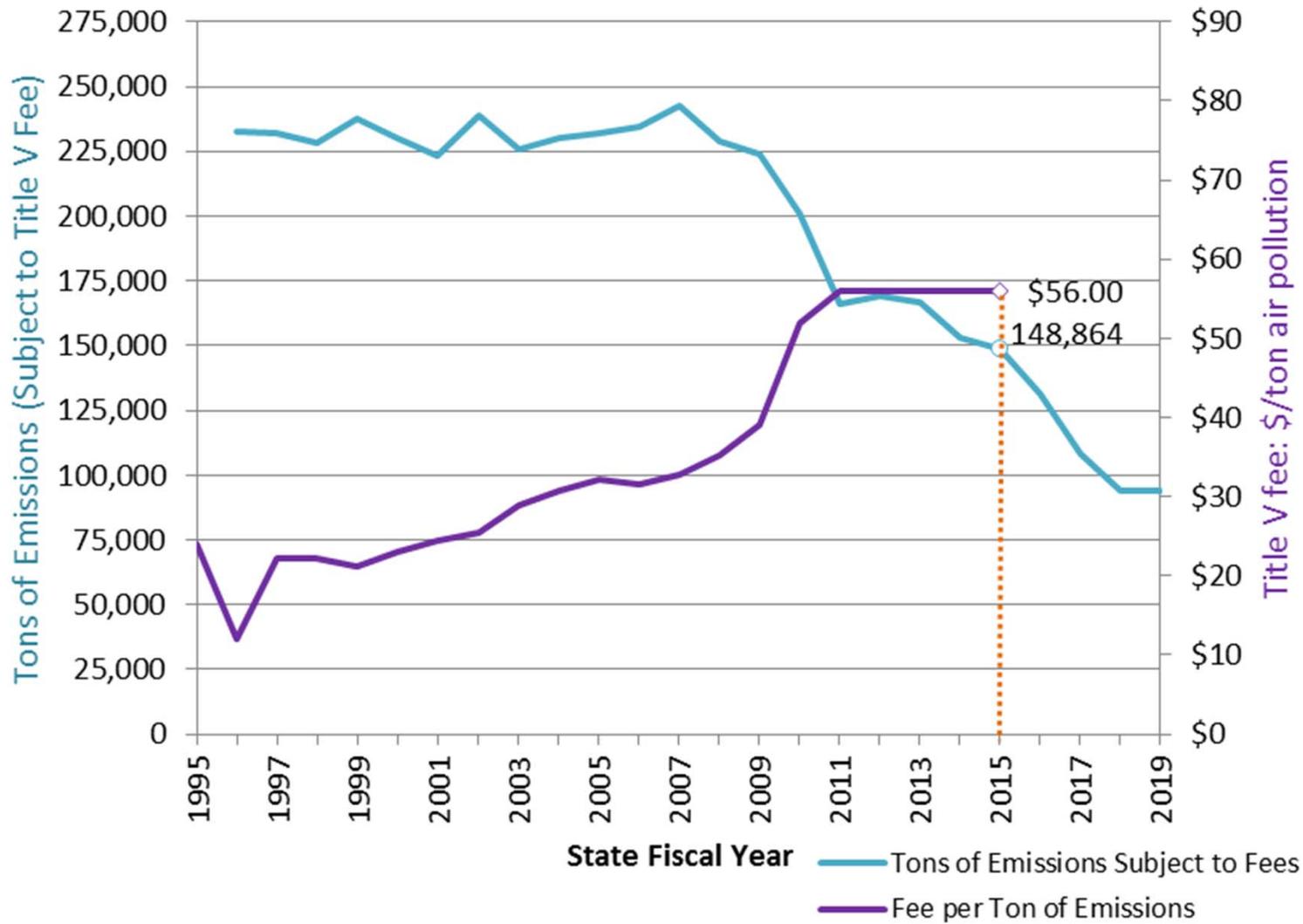
## Permit Related Expenses:

- Title V Operating Permits
- Major Source Construction Permitting
- PSD Permits
- Minor Source Construction Permitting

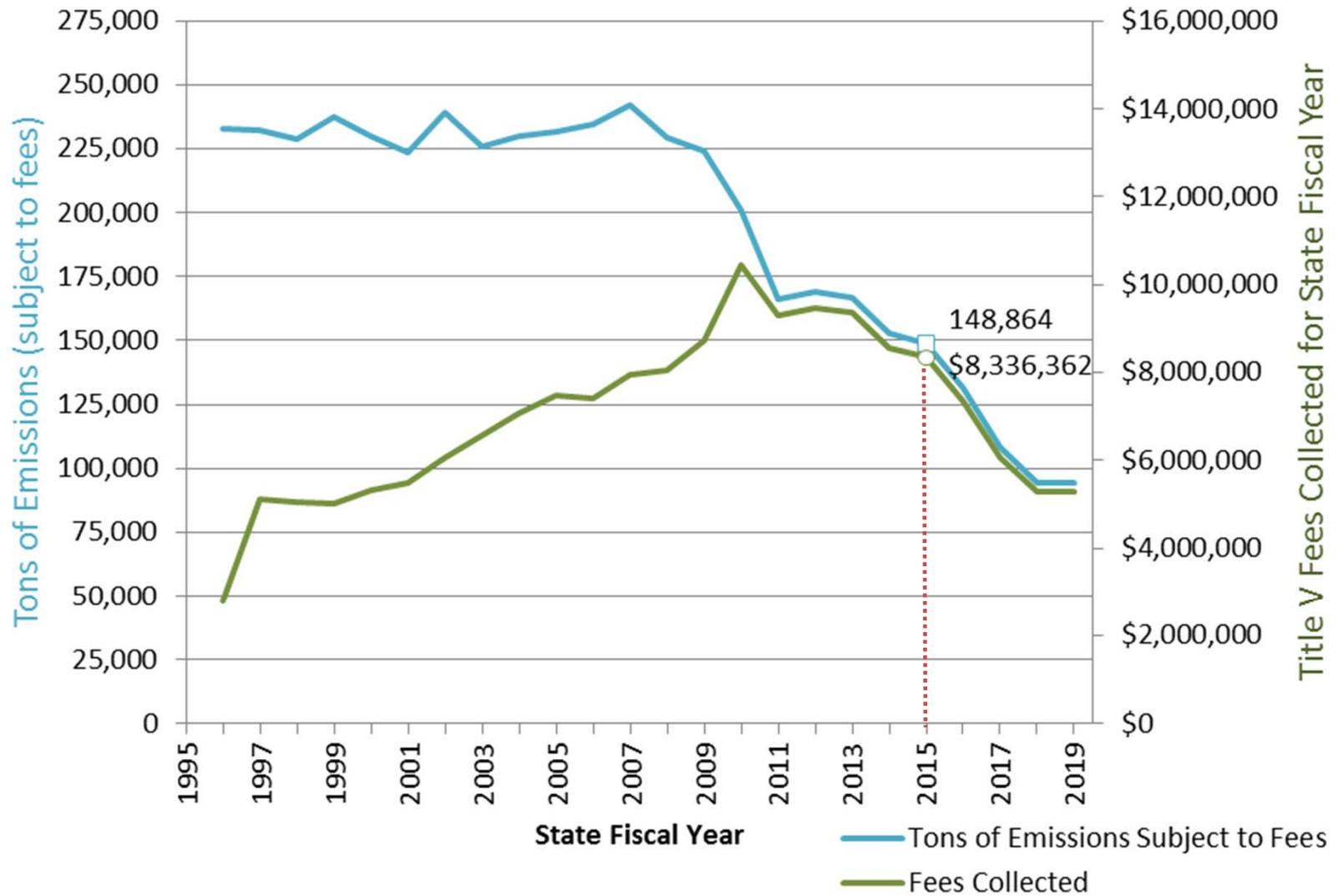
## Core Program Expenses:

- Ambient Monitoring - Population Ctrs
- Attainment/nonattainment
- Emission Inventory
- Small Business Assistance
- Linn & Polk County CAA
- Complaint Response
- Contract, program oversight
- Mngmnt, data support
- Asbestos
- Compliance Assistance
- Legal Services Activities

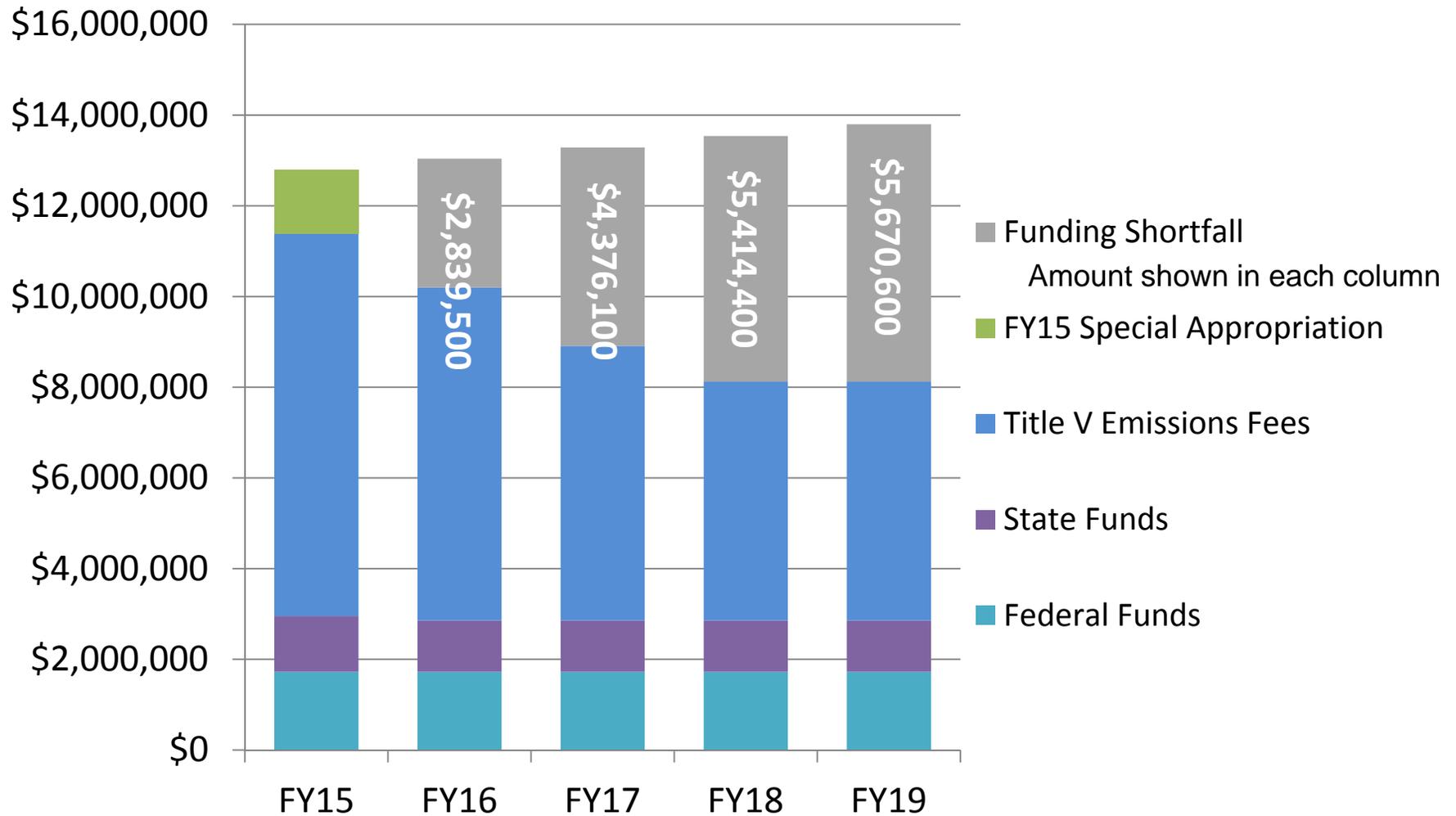
# Historical Title V Fee rate and Projected Emissions



# Historical and Projected Title V Fee Revenue and Emissions



# Current and Projected Expenses and Revenues\*



\* See page 13 for additional information

# Current and Projected<sup>1</sup> Revenues

Funding Sources	FY15	FY16	FY17	FY18	FY19
FY15 Special Appropriation	<b>\$1,400,000</b>				
Funding Shortfall <sup>2</sup>	<b>\$0</b>	<b>\$2,839,500</b>	<b>\$4,376,100</b>	<b>\$5,414,400</b>	<b>\$5,670,600</b>
Title V Emissions Fees	<b>\$8,441,400</b>	\$7,348,200	\$6,059,400	\$5,273,500	\$5,274,500
State Funds	<b>\$1,232,500</b>	\$1,129,300	\$1,129,300	\$1,129,300	\$1,129,300
Federal Funds	<b>\$1,722,600</b>	\$1,722,600	\$1,722,600	\$1,722,600	\$1,722,600
<b>Total Revenue</b>	<b>\$12,796,500</b>	\$13,039,600	\$13,287,400	\$13,539,800	\$13,797,000

<sup>1</sup> Assumption for projections:

- Annual Expense increase for overall budget = 1.9% to maintain current services.
- Title V Emission Fees remain at current rate (\$56/ton), 2013 tonnage estimates.

<sup>2</sup> Funding Shortfall equals amount of additional funding needed to maintain status quo level of services.

- FY15 Funding shortfall projected at \$1,872,000 met with \$1.4M special appropriation plus \$500 carry-forward by holding vacancies.

## Amount of Work for AQ increasing

### New Federal Requirements:

- 2 Nonattainment areas,
- +20% Increase in construction permitting,
- Carbon pollution standards,
- More stringent National Ambient Air Quality Standards > more application review time,
- Additional New Source Performance Standards and National Emissions Standards for Hazardous Air Pollutants.

# Cost Containment & Reduction

Expenditure Category	Cost Containment and Reductions	Amount
Staffing & Contract Reductions	Brought small business regulatory assistance role in-house from IEDA.	-\$119,000
Staffing & Contract Reductions	Reduced UNI small business technical assistance contract services.	-\$155,000
Staffing & Contract Reductions	Eliminated 10 vacant FTE position by selectively retaining vacancies to meet reduced revenues.	-\$1,711,000
Information Technology	Streamlined software licenses & needs for remote computer access in 2009 saved \$5,000.	-\$25,000
Information Technology	Eliminated an Oracle license in 2012 for SPARS.	-\$9,000
Information Technology	Consolidated server & licensing needs within the DNR.	-\$20,000
Office Management	Leasing a copier saved \$3,000 due to lower impression rates.	-\$3,000
Office Management	Reusing office supplies from scanned records.	-\$7,000

## Cost Containment & Reduction Cont.

Expenditure Category	Cost Containment and Reductions	Amount
Office Management	A phone audit in 2009 resulted in an annual savings of up to \$1,200.	-\$6,000
Office Management	In 2013 DAS renegotiated a courier contract at double the prior rate. DNR identified cost increase. DAS reduced the rate.	-\$3,500
Public Records	DNR requested changes that resulted in a change in records retention schedules from permanent files to a defined periods. Reduced microfilming costs.	-\$30,000
In-state Travel	In-state travel reduced. Relying on conference calls or asking clients to travel.	-\$50,000
Equipment	Obtained monitoring equipment cost reductions.	-\$3,000
Training	Utilizing webinar training more extensively.	-\$10,000
Vehicles	Reduced bureau cars from 7 to 4 vehicles saving replacement cost of 2 vehicles.	-\$60,000
<b>Total Cost Reductions</b>		<b>-\$2,211,500</b>

## Summary

- Fee revenue is declining due to reductions in air pollution emissions that are the foundation of the current funding mechanism for the bureau.
- Demand for services from the bureau continue to grow.
- The bureau continues to look for cost savings and methods to reduce our expenditures on non-value added activities.
- To continue to provide the same level of service additional funds will be needed.

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## Air Quality Bureau Chief

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