

Recommendations from the 2017 Air Quality Program Funding Work Group

Work Group Recommendations – Adopted by consensus unless otherwise noted.

1. Whereas, the Bureau’s budgeted expenses exceed revenue; and whereas, the Bureau needs to find efficiencies and/or eliminate programs.

Therefore,

- a. We support reorganization of the Air Quality Bureau with limited effect on construction permitting times, and
 - b. The permitting processes must be streamlined, eliminating additional costs for industry. Specific to this Work Group: efficiencies and “parking lot” ideas including reducing the number of permits needed, reducing indirect costs, as well as reorganization of program structuring and staff cuts should also be considered in DNR management’s reorganization of the Air Quality Bureau.
2. Whereas, the Bureau’s budgeted expenses exceed revenue; and whereas, the Bureau needs to find efficiencies and/or eliminate programs.

Therefore, DNR should investigate combining the operating permit program and construction permit program into one program. The combination could eliminate current redundancies and provide immediate efficiencies.

3. Whereas, the Bureau needs to find efficiencies and/or eliminate programs. And, according to the information provided during the stakeholder meetings, the AQB will no longer be able to fund the permit staff necessary to process the applications the bureau expects to receive in a timely manner.

Therefore, the bureau should:

- a. Follow other states’ examples and minimize the number of permits required by Air Quality, and
 - b. Review the regulations in 567 IAC Chapter 22 with a goal of reducing the number of permit applications—for both new emission units and for modifying existing sources—that must be submitted. The reduction in work load will require a reduction in permitting staff that should allow the bureau to operate within the revenues from the current fee structure.
4. Whereas, the Bureau’s budgeted expenses exceed revenue; and whereas, the Bureau needs the following: additional revenue and to find efficiencies and/or eliminate programs. And whereas, all lowans benefit from good air quality and permitted industry contributes less than 20 percent of emissions but pays for more than 70 percent of the state’s air quality program;

Therefore, any additional funding the Air Quality Bureau receives should be through general fund appropriations.

5. To support the permitting programs, we recommend revisiting the legislative cap on permit fees and more closely aligning the fees charged to actual costs. These changes are projected to stabilize the IDNR AQB budget for approximately five years.
6. As revenues for the bureau remain constant and costs increase, eliminating the “non-mandatory indirect” activities listed in the stakeholder meeting materials could be considered as a means to realign costs and revenues. However, many of the “non-mandatory indirect” activities are valued by

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stakeholders such as the permit hotline, business assistance, permitting process improvement and permitting program enhancements.

Therefore, these activities should continue to be part of the state's air quality program.

7. Whereas, the Work Group wants to ensure the standard average lead time in days to be less than 60 days, and assuming the efficiency gains included in graphic "effects on construction permitting work load from potential reduction in staff" presenting July 20:

Therefore, we recommend that the Bureau:

- a. maintain construction permit staff at status quo or status quo minus 1, and
 - b. set the fee revenue level and the fee cap to accommodate stakeholder requested staffing level.
8. Whereas, we seek fee predictability for facilities to account for permitting fees in project budgets, Therefore, we recommend that the Bureau:
 - a. Investigate changing the hourly fee for major source construction permitting to a fixed fee; or
 - b. Alternatively, set a tiered fixed fee based on key factors such as:
 - i. New equipment
 - ii. As built equipment
 - iii. PSD/synthetic minor/PAL
 - iv. Modeling review
 - v. 40 CFR Part 60, 61, or 63 applicability, etc.
 9. We recommend that the Bureau: reassess the funding cap for major source construction permitting; match revenues to expenses and set fees accordingly; and develop a 5 yr plan. To support the permitting programs, we recommend more closely aligning the fees charged to appropriate costs. These changes are projected to stabilize the IDNR Air Quality Bureau budget for approximately five years.
 10. We recommend that the bureau does not develop expedited permit fees for advancing applications to top of the application pile.
 11. We recommend that Title V modification work be billable. However, these program elements that require modifications should be streamlined, including those to incorporate construction permits.
 12. This is a minority recommendation: We believe that additional funding from minor sources seems appropriate. They too are benefiting from these services and thus their permit user fees should be reexamined and set at a level their permitting requires and is affordable to them. (A 6 to 5 majority of the work group members who voted, voted against this recommendation.)
 13. Whereas, the number of asbestos notifications has declined in the years since the 2014 program funding Work Group made recommendations to establish a notification fee sufficient to fund 3.5 full time equivalents (FTE) to provide education to asbestos contractors and to provide additional regulatory assistance; and whereas, it remains important that those activities be established at the 3.5 FTE level.

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Therefore, we recommend that:

- a. the asbestos fee be increased to \$200 per required notification to cover the costs to provide those services at the 3.5 FTE level, and
- b. one FTE should be dedicated to providing education on the asbestos National Emission Standard for Hazardous Air Pollutants (NESHAP) to cities, counties, schools, contractors, and others.

14. Major Source Construction Permit Funding Recommendations:

- a. Keep issuing Prevention of Significant Deterioration (PSD)/non-PSD by State.
- b. Non-PSD permits should be issued within 45 days.
- c. Reduce the applicability of minor New Source Review (NSR)
- d. Maintain the pre-application meeting option.
- e. Fund permit appeal work with General Fund monies.
- f. When permitting new facilities, don't assume new sources are major sources.
- g. Fund prospective business assistance from the General Fund.
- h. Find a different funding for process improvement.
- i. Pursue authority for charging for industry trainings.

15. Minor Source Construction Permit Funding – Possible Options: (For Recommendations see State and Federally Funded Activities Recommendations 18. b. below.)

- a. Increase fees for minor permits.
- b. Implement a modest increase in fees for template permits.
- c. Do not implement annual fees.
- d. Work to maintain certainty in permit turnaround/lead time.
- e. Keep flat fees.
- f. Fees should be set below \$975 per application.

16. Title V Operating Permitting Funding Recommendations:

- a. Within the next year convene a Work Group to look at combining Title V and Construction Permit programs.
- b. Fund Title V program by scenario 4, adapting it to include billable hours for modifications.
- c. Investigate an annual maintenance fee as a replacement/supplement for application fees.
- d. Fund Title V program by scenario 5, and tying it to the statutory cap and staffing level and for billable hours for modifications.
- e. Allow for billing for modifications.

17. Emissions Fee Funded Activities Recommendations:

- a. Look at ways to fund the ambient monitoring network by general fund/federal fund instead of emissions fees and examine existing contracts.
- b. No more than 20% of the ambient air monitoring costs should be funded by Title V emission fees.
- c. Look into a formal process/vehicle to improve communication and accountability between the program staff and Industry.
- d. This is a minority recommendation: Explore an annual Title V fee to supplement the Title V emissions fees to improve predictability for Industry and DNR. A 5 to 3 majority of the stakeholder members who voted did not support this recommendation.
- e. This is a minority recommendation: Reduce the amount of emissions fees used to pay for Title V and Major Source Construction Permitting non-application review and permit issuance program costs. A 5 to 4 majority of stakeholder members who voted did not support this recommendation.
- f. Identify other state practices for mobile source fees to support ambient air monitoring.
- g. Maintain current fee cap in administrative rule at \$70/ton.

18. State and Federally Funded Activities Recommendations:

- a. This is a minority recommendation: Reduce state and federal funding for minor construction application review and permit issuance to zero. Use that to reduce the emissions fees used for core program activities. A 7 - 6 majority of the stakeholder members who voted did not support this recommendation.
- b. Continue to fund minor construction application review and permit issuance by matching applicant fee payments at 40% with 60% state and federal funds. This recommendation was retained on a 7 to 6 voted to keep this recommendation. (This recommendation is complemented by suggested options: 15. a-f of the Minor Source Construction Permit Funding Options above.)
- c. If state/federal funds are reduced to the Air Quality program, the shortfall to the minor source permitting should not be made up by Title V Emission fees or major source construction fees.
- d. Title V emission fees funding the core programs should not increase in the event of a decrease in state/federal funding.

19. Additional plans for future joint DNR and Stakeholder work to improve the air quality program.

- a. Explore expanding templates.
- b. Explore the potential for the use of Plant-wide Applicability Limits (PALs) to create efficiencies.
- c. Develop a streamlined process for full-scale pilot projects.
- d. Revisit the Collection of Air Permits (CAP).
- e. Investigate the opportunity to flex permit writers between Title V permitting and Construction permitting.

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- f. If costs are shifted from one funding source to another due to the recommendations above, identify what will be cut from activities funded by the new funding source.
 - g. Review the thresholds that determine whether registrations or permits are required.
 - h. Investigate establishing a fee on mobile sources.
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