

2016 Annual TV Fee Committee Meeting



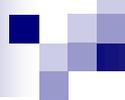
September 21, 2016

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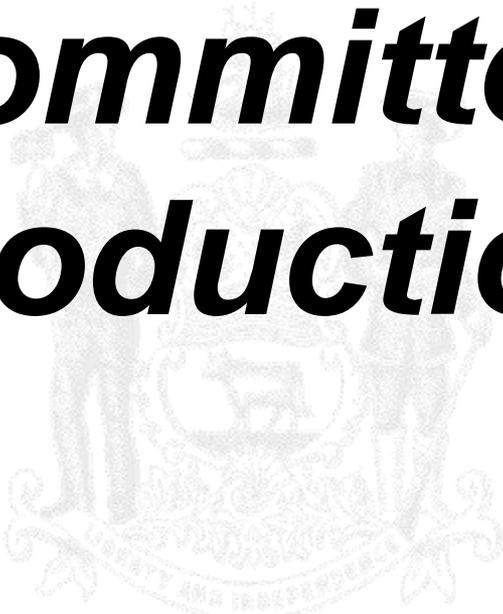
Agenda

- Introduction & Overview (10 Min)
- Review 2015 Annual Report (30 Min)
- Management Review Update (10 Min)
- Fee Negotiations Plan of Action (20 Min)
 - Proposed Schedule
 - Open Discussion
- Action Items (5 Min)
- Director's Closing Remarks (5 Min)





Committee Introductions



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2015 Annual Report Overview

- Per legislation, DAQ will prepare & present a program report at an annual meeting of the TV Operating Permit Program Advisory Committee
- Report & Presentation will include:
 - Program Costs
 - Fees
 - Billing
 - Delinquent Facilities
 - Revenue
 - Account Balance History
 - Staffing Levels
 - Program Accomplishments
 - Facility Hours & Emissions



CY 2015 TV Program Costs

Salary	\$2,033,375.06
Travel	\$9,453.95
Contractual ²	\$230,885.56
Supplies	\$96,114.77
Capital Outlay	\$0.00
Additional Support Services ³	\$510,762.26
Small Business Ombudsman Program ⁴	\$99,102.61
Total	\$2,979,694.21

²Items covered under the “Contractual” category include: Legal Assistance, Fleet charges (vehicle rental), building rent, utilities, vendor payments, temp services, and the upkeep of some air monitoring equipment.

³Items covered under “Additional Support Services” include: Information Technology (\$11,538.70), the Environmental Crimes Unit (\$471,394.68, based on actual workload), and OTS support (\$27,828.88).

⁴Items covered under the “Small Business Ombudsman Program” include the salary and expenses of 1.0 FTE.



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2015 Billing

- Billed on a calendar year basis
- Revenue = actual monies deposited into the Title V account in CY 2015
 - Impacted by interest, quarterly payments, and some early/overdue payments.
- 2015 Title V Revenue was \$3,145,235.



2015 Billing

- **72 SM and 51 TV facilities billed**
 - Two facilities not billed in CY 2015 (\$20,920.00)
 - Billed accordingly in CY 2016
 - Total Facilities = 125
- **Following user fee credit program (\$300K)**
 - Total Billed = **\$3,159,138.79**
 - Total Overdue = **\$5,704.97**
 - Total Collected = **\$3,153,433.82**



2015 Title V Monthly Expenses & Revenue

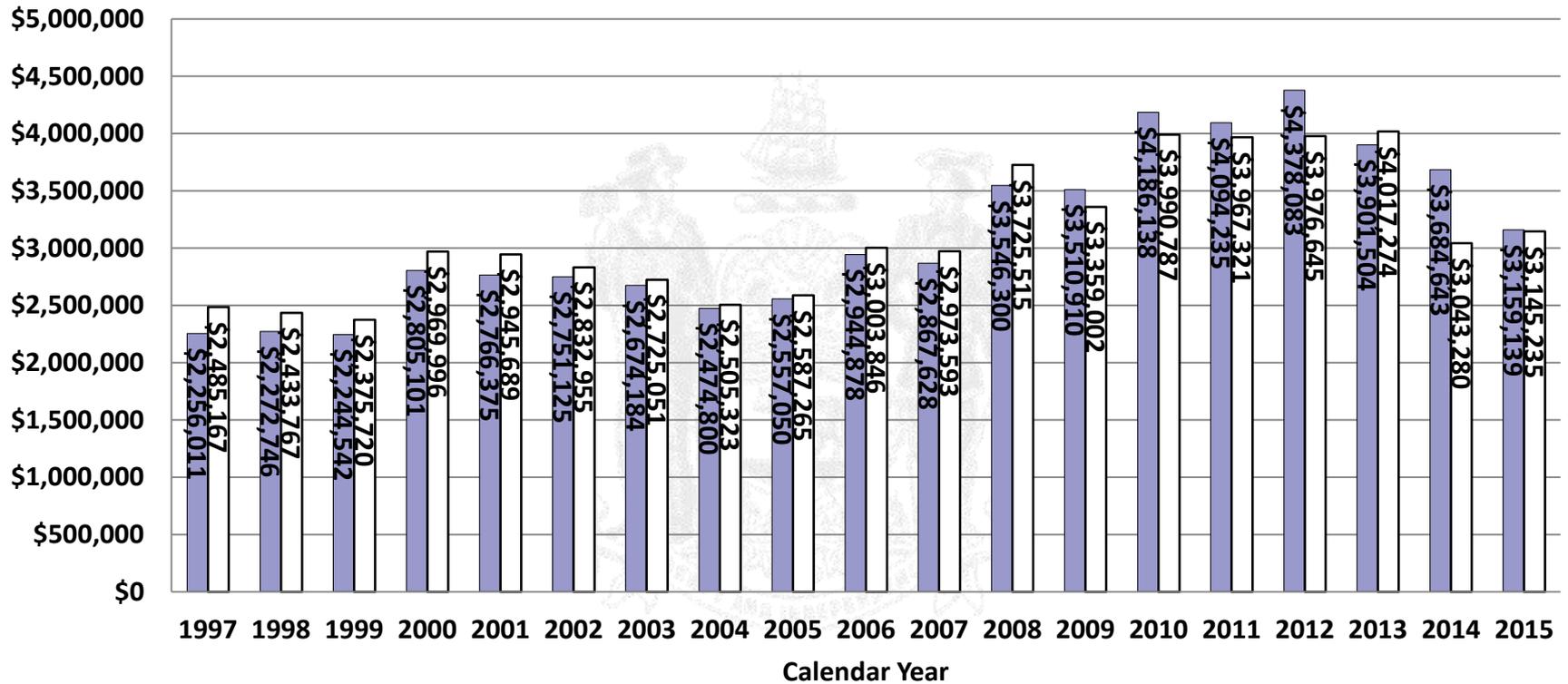
MONTH	EXPENSES						REVENUE
	Salary	Energy	Travel	Contractual	Supplies	Capital	
January	\$170,405.90	\$ -	\$885.62	\$179,809.54	\$10,187.31	\$ -	\$479,793.75
February	\$160,783.81	\$ -	\$89.36	\$12,992.80	\$3,300.36	\$ -	\$1,525,804.24
March	\$199,227.34	\$ -	\$331.33	\$10,414.64	\$757.14	\$ -	\$420,320.45
April	\$178,788.80	\$ -	\$1,149.28	\$119,064.85	\$2,595.35	\$ -	\$ 90,599.21
May	\$213,563.40	\$ -	\$1,895.89	\$43,438.08	\$16,315.45	\$ -	\$451,626.92
June	\$166,408.94	\$ -	\$666.01	\$52,136.55	\$7,204.34	\$ -	\$27,170.75
July	\$129,405.33	\$ -	\$33.89	\$8,273.56	\$ 2,248.84	\$ -	\$21,446.56
August	\$133,556.38	\$ -	\$16.74	\$10,311.33	\$209.41	\$ -	\$17,504.44
September	\$145,833.90	\$ -	\$ 205.50	\$64,451.12	\$3,582.57	\$ -	\$15,688.10
October	\$191,930.73	\$ -	\$1,787.44	\$10,540.26	\$1,180.30	\$ -	\$5,603.68
November	\$153,319.75	\$ -	\$1,582.85	\$25,051.04	\$2,152.17	\$ -	\$74,956.63
December	\$190,150.78	\$ -	\$810.04	\$304,266.66	\$46,381.53	\$ -	\$14,720.50
2015 Totals	\$ 2,033,375.06	\$ -	\$9,453.95	\$840,750.43	\$96,114.77	\$ -	\$3,145,235.23
2015 Total Expenses	\$2,979,694.21						



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Title V Billing Versus Revenue History

Title V Billing History



■ Title V Fees Billed □ Title V Revenue



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Title V Billing, Revenue & Expenses

	2013	2014	2015
Total Billing	\$3,901,504	\$3,684,643	\$3,159,139
Total Title V Fee Revenue	\$4,017,274	\$3,043,280	\$3,145,235
Total Expenses	\$3,248,203	\$3,088,668	\$2,979,694



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Facilities

History of Operating Facilities				
	2013	2014	2015	2016
TV Facilities	57	57	52	53
SM Facilities	77	78	73	75
Total	134	135	125	128
Staffing (FTEs)	60	56	56	57



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Carryover Balance

Title V Carryover Balance History

	2012	2013	2014	2015
Total Title V Fee Revenue	\$3,967,645	\$4,017,274	\$3,043,280	\$3,145,235
Total Expenses	\$3,403,998	\$3,248,203	\$3,088,668	\$2,979,694
Actual Carryover Balance	\$3,502,552	\$3,947,277	\$4,243,034	\$4,445,358

2016 Title V Carryover Projection

	2016 Projection
Total Title V Fee Revenue	\$3,243,676
Total Expenses	*\$3,039,288
Δ Revenue - Expenses	\$204,388
Carryover Balance	\$4,649,747

* Includes a 2% cost of living increase



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2014 Delinquent Facilities

Facility Name	Remaining Delinquent Balance	Recovery Actions Update
3 D Fabrications, Inc.	\$0.00	Incorrectly classified, changed to Natural Minor facility and fees paid accordingly.
Coker Concrete	\$0.00	Established a payment plan. 2014 balance paid in full.
Evraz Claymont Steel	\$257,000.00	Evraz Claymont Steel was owned by a company in Russia. Evraz closed its Delaware facility in December 2013, but was pursuing a sale of the site, and it asked to be allowed to pay month to month in 2014 while attempting to sell. No buyer to re-start the site was found, the permit has been canceled and the new owner/developer is razing the site. In addition to failing to find a new operator, Evraz made none of the monthly payments. Evraz did not have any actual operation in 2015. DNREC does not believe there are any options for recovery of the 2014 invoice.



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2014 Delinquent Facilities Cont'd.

Facility Name	Remaining Delinquent Balance	Recovery Actions Update
Fisker Automotive, Inc.	*\$0.00	Recovered \$5,891.53 in bankruptcy proceedings. Permit transferred to WX Delaware in March 2014. WX Delaware paid the normal 2014 and 2015 TV invoices.
Title V Facility (1)	\$0.00	Reported as under review in 2014. Review completed and resolved. The 2014 and 2015 fees are paid in full.
Mike Davidson Excavating LLC	\$11,707.11	Mike Davidson Excavating LLC operated a recycling operation in Delaware that has been rife with environmental violations. DNREC shut down the facility because it stockpiled waste on areas outside the permitted limits and in amounts vastly exceeding the permitted limits. Cleanup of the site is going to entail disposing of a huge amount of waste. The Solid Waste Branch revoked the site's operating permit in 2013. On March 30, 2015, Delaware Judge Whithum issued a civil order directing the LLC and Mike Davidson (a Maryland resident) to pay \$16 million in cleanup costs and \$3 million in penalties for solid waste violations. DNREC canceled the LLC's air quality permit on May 25, 2015. Both Mike Davidson and the LLC have filed bankruptcy. As the Superior Court's order is likely much more than the value of the property and Mr. Davidson's other assets, it is unlikely that DNREC can recover this fee and it is likely that efforts to try to obtain any recovery would entail wasting funds.
TOTAL	\$268,707.11	

***Note:** Net loss of fees related to Fisker Automotive Inc. = \$61,247.14. As a result, the total loss of delinquent fees = **\$329,954.25.**



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2015 Delinquent Facilities

Facility Name	Amount Due	Recovery Actions
Coker Concrete (2015)	\$5,704.97	2014 balance paid in full. 2015 payment plan continues.
TOTAL	\$5,704.97	



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2015 Staffing Levels

- Seven full-time employees separated or retired
- Six additional full-time employees were hired

Date	Name	Source	Position	Branch	Funding
2/9/2015	Christie Ray	External	Admin Spec I	Admin Group	Air Grant
5/4/2015	Angela Marconi	Internal	Engineer IV	Eng/Comp	General Funds
8/3/2015	Lindsay Rennie	External	Engineer I	Eng/Comp	Title V/Air Grant
8/10/2015	Jolyn Shelton	External	Engineer I	Planning	RGGI
12/7/2015	Jacquelyn Cuneo	External	Engineer I	Planning	Title V/Air Grant
12/14/2015	Kevin Njoroge	External	Engineer I	Eng/Comp	Title V/Air Grant



2015 Staffing Levels

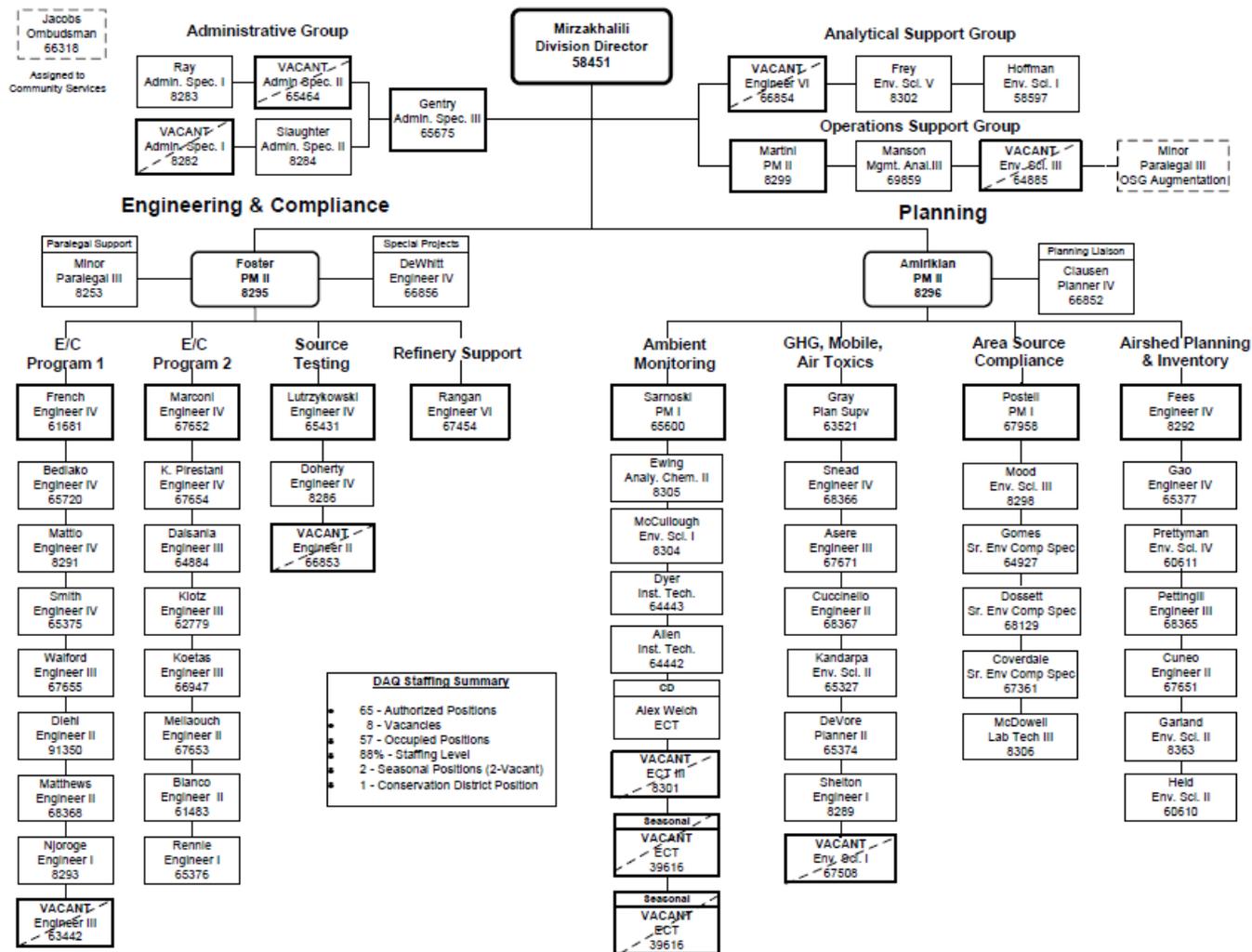
Branch	Authorized	Occupied	Level
Director	1.0	1.0	100%
Analytical Support Group	3.0	2.0	67%
Operations Support Group	3.5	2.5	71%
Administrative Group	5.0	3.0	60%
Engineering & Compliance Branch	23.5	21.5	91%
Planning Branch	29.0	26.0	90%
Total	65.0	56.0	86%
Temporary Positions	2.0	1.0	50%
Seasonal Positions	2.0	1.0	50%



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Division of Air Quality (Projected Oct 1, 2016)

Division of Air Quality (Projected October 1, 2016)



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Program Accomplishments (Relocation)

- Dec. 4th, 2015, DAQ Dover Office relocated to **State Street Commons**
 - Department effort combining multiple leases
 - Reduce real estate footprint
 - Cut energy costs
 - Provide safe & professional working environment
 - 114 Staff from 5 Groups - 21,500ft² facility

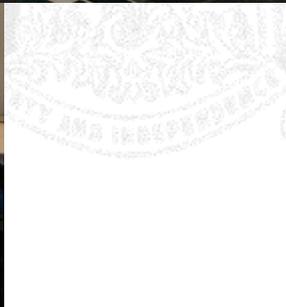
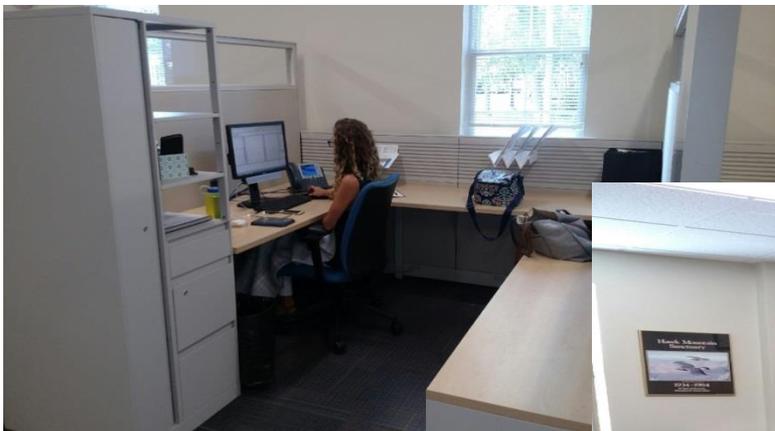


Relocation

- Led by the Office of the Secretary staff
 - Representatives from each group
 - Six months of planning and implementation
- Financed with department funds (84%) and lessor support agreements
- Direct cost to DAQ \$32,167 (Grant & TV)
- DAQ expects to see a 40% reduction in monthly expenses
 - Rent, energy and support services



State Street Commons



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State Street Commons



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2015 EPA TV Program Evaluation

- EPA evaluation of Delaware's Title V Program
 - September 29, 2015 @ DAQ's New Castle Office
 - Assess overall implementation of the Title V program
- Evaluated the following Areas
 - Title V permit preparation and content
 - Monitoring to ensure compliance
 - Public participation and outreach
 - Permit issuance
 - Compliance
 - Implementation agreement
 - Title V program fees



2015 EPA Program Evaluation

- “DNREC's Title V Program is well established”
- Highlighted several best practices:
 - Workforce development program
 - Improvements to review memos
 - Inclusion of a monitoring rationale in review memos
 - Title V fee structure;
 - Revisiting fees regularly
 - Two-pronged approach (Base and User fees)
 - Reduced the impact of diminishing emissions (nationwide trend)
 - Reducing backlog



2015 EPA Program Evaluation

- EPA suggested the following improvement areas:
 - Enhance the Division's access to external training
 - Remove the barriers to out-of-state travel
 - To provide the public with greater access to the Title V process, consider posting draft/proposed permits online
- **Conclusion:**

“No notable deficiencies were identified during the evaluation, and EPA remains highly confident in DNREC's implementation of their Title V program.”



2015 Permitting Activities

- Permitting activities at Title V and Synthetic Minor facilities.
 - 9 - Title V Permit Renewals were issued
 - 6 - Title V Permit Amendments were issued
 - No Public Hearings for Title V Permits were held
 - No Synthetic Minor Construction Permits were issued
 - 4 - Synthetic Minor Operating Permits were issued
 - No Federally Enforceable Construction Permits issued
 - No Federally Enforceable Operating Permit Amendments were issued



2015 TV Compliance Activities

- 36 on-site compliance evaluations (TV)
- 166 stack tests (TV)
- 190 report reviews (TV)
- 29 on-site compliance evaluations (SM)
- 12 stack tests (SM)
- 23 report reviews (SM)



2015 Enforcement Activities

- Notices of Violation issued
 - 6 TV, 1 SM
- Administrative Order issued
 - 1 TV, 0 SM
- Stipulated Penalty Demand Letters issued
 - 0 TV, 0 SM
- Consent Decrees issued
 - 0 TV, 0 SM



2015 Planning Activities

- **State Implementation Plans (SIPs) to EPA**
 - Submitted SIP addressing CAA 110(a) and (b) requirements for the 2012 PM_{2.5} National Ambient Air Quality Standard (NAAQS).
 - Submitted information that satisfied and completed Delaware's obligations under 40 CFR §51.1203(a) (i.e., the 2015 SO₂ Data Requirements Rule).
 - Submitted extensive comments on proposed CSAPR update rule.
 - Assisted Deputy Attorney General in developing petition for review of EPA's Startup, Shutdown & Malfunction SIP Call.
 - Developed and submitted Delaware's first year PM Advance Plan.



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2015 Planning Activities

- Emissions Inventory
 - All TV & SM facilities were required to report 2014 emissions of criteria pollutants
 - Expanded list of reporting facilities for emissions-based permit fees
 - Submitted 2014 point, area, and mobile source data to EPA's Emissions Inventory System.



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2015 Planning Activities

■ Monitoring

- Measured the ambient concentrations of the criteria air pollutants along with selected weather parameters. The monitoring network consists of 10, fixed-site monitoring locations.
- Replaced the 30-year old monitoring shelter located at MLK Jr. Blvd and Justison St. in Wilmington, DE. The new, larger shelter will accommodate new monitoring requirements.



2015 Planning Activities

- Monitoring (Cont'd)

- Deployed Moveable Air Monitoring Platform (MAMP) to conduct Special Studies



- Mallard Pointe Study: Rail activity DCRC
- Delaware City Study: Marine Vessel activity



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2015 Ombudsman Activities

- 10-Regulatory Advisory Service meetings
- Statewide Business 2 Business Expo
- Delaware Envirothon
- Delaware State Fair
- Kent County Economic Summit (Terry Campus)
- Statewide County is Open for Business (23 Events)
- DNREC's Registrar, reviewed all proposed regulations



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“Balanced Scorecard” Strategy

<p>Customer Perspective</p>	<p>Provide up-to-date collection of products and services that delight the customer</p> <p>To nourish and grow DAQ's reputation with our stakeholders</p> <p>Engage in proactive communication with stakeholders and customers</p>
<p>Internal Process Perspective</p>	<p>Ensure that major projects are planned appropriately, resourced efficiently, managed, tracked, and completed on time</p> <p>Establish a mobile source group</p> <p>Advocate for reduced emission transport from upwind states</p> <p>Establish application, permitting, and inspection processes that are transparent and efficient</p> <p>Evaluate and promote strategies to reduce GHG emissions</p> <p>Explore, Assess & Address impacts of pollution in DE with respect to transport and local contributions using a multi-pollutant approach</p>
<p>People Perspective</p>	<p>Create & implement succession planning process to ensure transfer of critical corporate knowledge and experience</p> <p>Create an environment that supports a motivated, highly skilled, and satisfied workforce</p>
<p>Resource Mgt. Perspective</p>	<p>To wisely and efficiently manage the division's financial and physical resources</p>



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Evolving DAQ Strategy

Priority Name	Description
Air Pollution Transport	Cross state air pollution is managed so that we are able to meet and maintain healthy air quality for Delaware citizens.
Climate Change	We will continue to increase public awareness of Delaware's vulnerabilities and implement proactive projects to address mitigation, resiliency and adaptation through coordinated efforts with stakeholders and other agencies.
Communities	We ensure that no communities in Delaware are subjected to disparate environmental impacts.
Improving Manufacturing Efficiencies	Existing facilities are able to operate in a manner that will reduce costs, improve air quality, and improve the overall efficiency without unnecessary regulatory burden.
Mobile Sources	Ensure that multi-modal transportation options are widely available to all Delawareans so that Vehicle Miles Travelled are reduced year after year with declining reliance on cars. The emissions from the transportation sector decline with the use of cleaner fuels and improved technologies.
Workforce Development	Our work environment supports a motivated, highly skilled, and satisfied workforce.



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2015 People Focus

- In 2015, the Division's primary strategic planning focus was Workforce Development
 - Developing and implementing an effective Performance Planning and Appraisal System
 - Implementing a web-based Learning Management System
 - Orientation training
 - Initial, Core & Advanced Technical Training
 - Leadership and Career Development Training



2015 Facility Hours and Emissions Inventory

- See 2015 Annual Report



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TV Management Study Update



September 21, 2016

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Project Update provided by

Philip Samulewicz P.E.

**Principal Consultant / Partner
Ambient Air Quality Services**



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2018-2020 Fee Cycle Plan of Action



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Determining Fees 2018-2020

- **7 Del. C. § 6097** authorizes establishment & collection of fees
 - “...sufficient to cover the permit program costs.”
 - “After December 31, 2017, no fees shall be collected pursuant to this section [current] unless authorized by a further act of the General Assembly.”
 - Committee meets to determine fees for 2018-2020 cycle
 - Obtain 2018-2020 legislative authority for fees
NLT June 30, 2017
 - The annual fee is the sum of a base fee (based on hours 2012-2016) and a user fee (based on 2014 emissions)
 - Use Projected 2016 hours and Actual 2014 Emissions



Initial Plan of Action & Schedule

- **October 2016:** Meet to review & approve revenue requirements & carryover strategy
- **December 2016:** Meet to review & approve Committee's Fee Table recommendations



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Action Items

- DAQ Follow-up

1. ?

2. ?

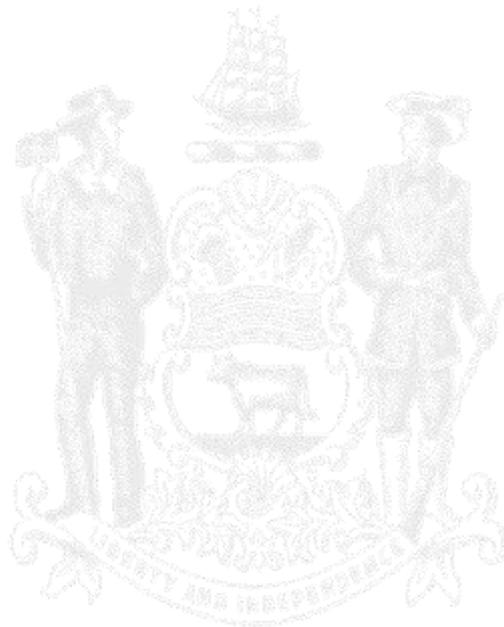
3. ?

- Committee:

1. ?

2. ?

3. ?



Summary

- Review 2015 Annual Report
- Management Review Update
- Fee Negotiations Plan of Action and Schedule
- Action Items
- Next Meeting
- Director's Closing Remarks



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Director's Comments



September 21, 2016

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