

**Title V Fee Committee
2018-2020 Fee Negotiations
March 20, 2017**

Date/Time/Location: The Title V Fee Committee met at the DNREC, Grantham Lane Large Conference Room, March 20, 2017, 10:00am – 12:30pm

Attendees: See attachment

Purpose:

- Provide review of draft management review project report;
- Update on budget
- Provide update on carryover balance

Discussion:

- Contractor (“Philip Samulewicz”) provided an agenda (attached) for presentation of the draft management review report.
- Three states participated in the project, Maryland, New Jersey and Virginia. The final report, or some version of it, will be provided to these states as part of their agreement to participate.
- Similarities of challenges between states:
 - Approaching large increase of staff turnover rates (retirements). DE only one proactive with succession planning.
 - Rules Departments work under limit abilities re: hiring, promoting, etc., of staff. DE’s most challenging. Addressing performance is also challenging, lots of documentation required.
 - Title V Fee Committee Member (“TVFCM”) questioned whether new governor could mean a potential policy change for hiring? Ali indicated have to wait for budget to come out.
 - Industrial landscape & cleaner operations = decline in emissions = decline in fees collected. VA has projected fees collected in 2021 amounting to half what it was in 2006. Declining trends in industry, i.e. no growth, more shutting down than new coming in. Less point sources. The new major sources/industries are data centers and combined cycle power plants.
 - TVFCM asked if there is a DAQ air quality emissions target. Ali said we don’t have a new emissions target. Currently trying to maintain and project emissions for the purposes of meeting NAAQS. We want to maintain good control especially when challenging other states (CAA 126 Petitions). We’ve just been keeping pace with EPA and technology. We’ve been focusing more on consumer products emissions, mobile emissions rather than creating new stationary source limits (other than those required by EPA or new technology). Philip Samulewicz acknowledged DE and the other states, through the Ozone Transport Commission (“OTC”), are trying to have EPA require other states control their emissions that affect OTC states. This focus is not just on stationary sources, but mobile

sources as well. The I-95 traffic that includes out of state vehicles, is polluting our air as well.

- TVFCM asked why major drop in 2011 in VA's projected chart. Philip Samulewicz said VA explained it was due to the economy.
- Permitting & TV Fees Section of Report
 - TVFCM had a question regarding 2nd paragraph on pgs. 61-62 regarding the problems with comparing the number of permits processed versus the annual budget. Philip Samulewicz indicated that due to the differences in accounting and tracking of permits and permit modifications, it wasn't possible to provide a comparison and further indicated that a table originally included in the report attempting to make the comparison, was removed for this very reason. Other states count/track every modification, where DE only counts/tracks major modifications.
 - Table 6-2 on page 62 tried to compare budget per engineers by dividing the budget by number of engineers. Ali commented that he believed this number had no value, did not take into account that DE's engineers do the job that 2 or more engineers do in other states (permitting, compliance, etc.). Philip Samulewicz said that the ranking was in line with magnitude and that VA, closest to how DE is structured, is in line on this table but admits it would appear that DE is penalized in this table for having less engineers to do the work. TVFCM said this table makes DE look inefficient. Question was also asked, what do the rest of our staff do? It was explained that the 18 engineers in the table do more TV focused work, the rest of our staff such as administrative assistants; emission inventory staff, mobile sources staff, planning staff, etc. also do work that is supportive to the TV program and that we use EPA guidance on activities that can be paid for with TV fees.
 - Other states charge fees which covers the, sometimes, high costs associated with processing permits for new applicants. DE's fees, the costs for Regulation 1102 permits, is very low. TVFCM endorsed the idea of DE charging fees for applying. It avoids spreading the financial burden across established TV facilities.
 - Philip Samulewicz said our fee structure is complicated compared to other states.
- Management Systems Section of Report
 - Per Philip Samulewicz, VA's management system very good but he acknowledged that DAQ can't create an independent management system, that it is limited by what the Department or overall State plans to use. Suggests DE should still talk to VA, maybe components of the VA system could be incorporated into our system.
 - Bob Zimmerman wanted a definition of "management system" included in the report. Is it data management, document management or both?
 - Bob Zimmerman also thinks the report should reflect the Department's current projects related to ECM and possible restructuring of DEN.
 - Bob Zimmerman indicated a vendor for our system would be selected soon.
 - Philip Samulewicz indicated that the VA system tracks all documents, provides document control.

- TVFCM asked what other states are using ECM...Bob said Colorado and Massachusetts.
- Succession Planning Section of Report
 - Philip Samulewicz acknowledged Ali's efforts with respect to succession planning, a far better approach than other states
- Monitoring/Stack Testing Section of Report
 - Philip Samulewicz indicated that DE very efficient with monitoring and stack testing. Top notch data.
 - Philip Samulewicz indicated that DE's goals for state observed stack testing 100%, much higher standard than the other states. TVFCM asked whether law required such a high standard, Ali acknowledged no law requires it but it's our standard because of noticeable gain in data accuracies.
 - Ali says 67% TV funding number for monitoring not accurate. Ali will provide updated number to Philip Samulewicz for report if necessary. The data is imbedded in the prior analysis of DAQ's expenditures but will require some work to tease out. DAQ considers the effort to be not worthwhile.
- Considerations Section of the Report:
 - Permit Fees
 - Suggest higher application fees.
 - Annual fees
 - Consider how our fees are calculated, provided MD's fee structure as an example.
 - Management System
 - Acknowledged Department is working on a new system and that the DAQ is tied to that but still suggests reaching out to VA, perhaps components of VA's system could be included in DNREC's new system.
 - Periodic Inspections
 - Suggested attempting to streamline inspection reports based on input from DAQ staff that it is too cumbersome.
 - Philip Samulewicz indicated that a couple of the states had worked with EPA to settle on a more streamlined inspection report template and that DE is apparently doing the same.
 - Angela indicated that DAQ is considering ways to streamline its report to reduce redundancies and there is no timeline associated with this.
 - TVFCM asks why isn't the "checklist" developed at the time the permit? Angela says it is but it is tedious because all 3 columns (permit condition tables) are in the report.
 - Hiring Practices
 - Suggested any way to make the hiring process less stringent and cumbersome be undertaken by DAQ in communications with the rule makers.
 - Philip Samulewicz said other states have more flexibility in writing job postings but acknowledged DAQ's hands are tied with respect to that.

- TVFCM asked about interviewing requirements. It was explained that we have to interview a minimum of up to 15 qualified applicants, based on quantity of qualified applications received (i.e. if 1 qualified applicant, then we have to interview that 1 applicant, though if we don't feel person is a good candidate following interview, we would repost the position after providing HR with our reasons why not a good candidate)
 - Not only is hiring restrictive, firing is as well. Because of procedures, sometimes easier to just deal with under performance as opposed to going through the channels for reprimand.
 - Overall comments:
 - TVFCM said the report did not make it clear what is the low hanging fruit. Philip Samulewicz responded that he thinks fees are.
 - Ali said goal of report was to find areas of efficiency improvements but does not see anything in the report addressing this.
 - Philip Samulewicz said no big item jumped out where we were deficient compared to the other states.
 - In addition to fees, Philip Samulewicz also thinks the management system could be considered "low hanging fruit"/a way to gain efficiencies.
 - Ali reminded that to the DAQ is limited to what platform the department selects.
 - **TVFCM indicated an executive summary for the report is needed.**
 - TVFCM questioned whether the review and report fulfills obligation under the TV fee legislation.
 - Ali added that the DAQ is exploring process efficiencies. Looking to provide, via the University of Delaware, the opportunity to receive training to obtain green belt Six Sigma certification. Hopes as a result, DAQ can then apply process efficiencies to processes such as permitting, inspections and other areas within DAQ.
 - Philip Samulewicz asked whether an offline meeting needed to finalize report. Later discussion with TVFCM resulted in concurrence it could be handled via email, another meeting not needed. **Everyone agreed that an executive summary of this report needed.** something that sets forth specifically what low hanging fruit exists for saving money.
 - TVFCM likes one stop shopping concept for data and document management.
 - TVFCM mentioned that it's best to start fresh when coming up with a new management system.
 - Bob Zimmerman acknowledged this when explaining that decisions would need to be made on how to approach electronic document management, go back and fix everything from the start or just pick a date to begin electronic document management and address historic stuff as time allowed.
 - Tony presented slides with updated numbers related to carryover balance.
 - TV Account activity now has an "interest earned" column.
 - Budget Discussions

- 688 position cap for DNREC. With the new administration, that cap will remain and may even be reduced by 20 or so additional positions. Acknowledged that at least with a cap, there is flexibility.
- Current budget deficit, all accounts are being looked at to fill the gap. Looking to take \$4 million from DNREC's overall budget, we'll find out Thursday what accounts have been specifically targeted.
- We won't know carryover balance until budget unveiled Thursday.
- Ali brought up potential for additional reductions, up to \$300k, from the carryover balance. This would be due to leveling of engineer salaries (to match DelDOT). Note: DelDOT and DNREC engineers are considered the same job classification.
- Ali said we need to get draft legislation going soon so we can start finding a sponsor.
- Bob Zimmerman will let TVFC know results of budget discussions. He cautioned additional reductions may result when JFC convenes again.
- Miscellaneous
 - TVFCM asked for timetable for legislation.
 - Ali indicated May 1st as the absolute latest we should have the draft legislation completed, mid-April would be better. He is receiving internal pressure to get the legislation drafted.
 - After discussion, the next meeting will be scheduled for April 7th in the morning at Grantham.
 - TVFC will provide feedback and comments to Philip Samulewicz to facilitate finalization of the report. Philip Samulewicz will also have to draft an executive summary of the report.

The meeting concluded at approximately 12:30pm.