

Title V Cost Analysis Based Upon Option 2
2010 Workload Analysis Update – Outsourcing Option
Draft 10/28/10

Option 2 of the “Menu of Options for Determining Title V Percentage of Total AQMS Costs” from the 2007 Workload Analysis calculated the Title V percentage of the total Air Quality Management Section (AQMS) costs based upon EPA guidance on activities that can be billed to Title V. See Appendix A for a list of Title V eligible activities. Each activity in the Workload Analysis dated October 26, 2007 was assigned a value of “Yes”, “No”, or “Title V Partial” regarding whether it could be billed to Title V. The activities that were designated “Title V Partial” were either not mentioned in the guidance document or related to both natural minor and major sources. Once all of the activities received a designation, the “Title V Partial” costs were divided into “Yes” and “No” costs based upon the ratio of “Yes” and “No” activities for each Branch. See Table 1 for a summary of these percentages.

Table 1: 2008 Title V Personnel Percentages Based Upon Option 2

Branch	% of Labor Costs
Administrator's Office	36.86%
Air Surveillance	86.78%
Engineering & Compliance	98.50%
Planning	25.99%

Although there have been some changes to the workload since the 2007 Workload Analysis, the Division of Air Quality (DAQ) believes that they are still valid and can be used to determine the Title V Percentage of the updated 2010 Workload Analysis.

In addition, considering current personnel hiring restrictions and continuing budgetary challenges across all of state government, the likelihood of personnel growth above the current maximum authorized personnel level (69 FTEs) is unlikely. Based on the total Division need (78.9 FTEs), the current personnel hiring restrictions create a shortfall of 9.9 FTEs. In order to address this shortfall, the DAQ reviewed activities across each Office and Branch for their suitability to outsource to private contractors. A general survey of contractors was then conducted to determine a minimum, maximum, and average cost for outsourcing these activities. See Table 2 for the list of activities that were determined suitable for outsourcing and the resulting cost.

Table 2: Activities Suitable to Outsourcing

Activity Description	Outsourced Hours	Outsourced FTEs	Minimum Cost	Maximum Costs	Average Cost
Modeling	1,465	0.89	\$139,175.00	\$175,800.00	\$157,487.50
Data Analysis	1,485	0.90	\$141,075.00	\$178,200.00	\$159,637.50
Emission Inventory	825	0.50	\$78,375.00	\$82,500.00	\$80,437.50
Refinery Support	2,310	1.40	\$219,450.00	\$277,200.00	\$248,325.00
Scanning	858	0.52	\$13,221.78	\$17,202.90	\$15,212.34
Lab Computer Support	494	0.30	\$17,285.06	\$23,860.20	\$20,572.63
Total	7,437	4.51	\$608,581.84	\$754,763.10	\$681,672.47

As Table 2 demonstrates, the DAQ determined that 4.51 FTEs are suitable for outsourcing. This results in 5.4 FTEs worth of activities above our current allocation of 69 FTEs that will be subject to a reduction in work effort. A review of remaining activities was conducted and the DAQ determined that the following types of activities would have a reduction in effort to bridge the needed gap:

- Frequency of facility compliance evaluations
- Supporting Climate Change and Regional Greenhouse Gas Initiatives (RGGI)

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- Process improvement initiatives (LEAN/VSM)
- Special projects
- Workforce Development and Staffing analysis
- Capital improvement project activities
- Timekeeping system improvements
- Grant support activities
- Education & outreach
- Data analysis activities
- Policy analysis
- Title V Fee management activities
- Participation with EPA Region III
- Laboratory management activities
- 10% reduction in permitting hours (resulting in longer permit issuance timeframes)
- Workshop for regulated community on permitting issues

By combing the outsourced activities and a reduction in effort, the DAQ was able to bring their workload down to the current allocation of 69 FTEs. See Table 3 for the Title V Personnel Costs associated with the current allocation of 69 FTEs.

Table 3: Title V Personnel Costs using Option 2

Office or Branch	Labor Costs	Title V % of Labor Costs	Title V Personnel Costs
Directors	\$660,900.47	36.86%	\$243,607.911
Air Surveillance	\$938,333.86	86.78%	\$814,286.12
Engineering & Compliance	\$2,019,793.06	98.5%	\$1,989,496.16
Planning	\$1,755,519.44	25.99%	\$456,259.50
Total	\$5,374,546.83		\$3,503,649.69

The results of this analysis indicate that 65.2% of all labor costs are Title V Billable.

Similarly, associated program support costs, withdrawals for Support Services, Secretary's office support and future relocation and transition related costs were tallied. These costs were determined by assigning 65.2% of each of the costs (excluding the Small Business Technical Assistance Costs which are 100% Title V Billable) to Title V. See Table 3 for a complete summary of Title V billable activities based upon Option 2.

Table 3: Title V Costs Based Upon Option 2

Expense Category	Total Cost	Title V Cost
Total Employee Costs	\$5,374,546.83	\$3,503,649.69
Program Support Costs	\$1,239,777.50	\$808,334.93
Additional Support Services	\$400,000	\$260,800
Small Business Technical Assistance Program*	\$96,406.90	\$96,406.90
Ancillary Costs	\$58,483.32	\$38,131.12
Average Outsourcing Costs	\$681,672.47	\$444,450.45
Total	\$7,850,887.02	\$5,151,773.09

*Note that this represents the total cost of the Small Business Technical Assistance Program as required by legislation

Appendix A: EPA Guidance Document Summary

Title V Eligible Activities

1. Design / Development of the Title V operating Program
2. Training of staff for Title V program implementation
3. Title V regulatory development
4. Development and support of data base systems for tracking Title V sources
5. Determination of source applicability
6. Revisions to the SIPs to the extent they are necessary for the issuance and implementation of Title V permits
7. Review of Title V permit applications
8. Public notices, hearings, preparation of responses to challenges on Title V permit
9. Renewal of Title V permits
10. Case-by-Case RACT determinations
11. Enforcement of permits issued to Part 70 sources
12. Implementation and enforcement of state/local NSR permit for a Part 70 source that is a minor source review that such a state/local program is approved under section 110(a)(2)(C)
13. Implementation of NSPS in Title V permits
14. Section 112 NESHAPs
15. Section 112 equivalent MACT determinations
16. Section 112 air toxics as part of Title V
17. Section 112 risk management plans as part of Title V
18. Observe Phase II CEMS
19. Conduct Phase II CEM certification
20. Compliance and enforcement activities to the extent that they are related to Title V sources
 - a. Administration
 - b. Certification of compliance plans
 - c. Inspections
 - d. Review and observation of CEM monitoring plan
 - e. Requesting information from Title V source
 - f. Preparation of notices
 - g. Development of cases and referrals
21. Design and modification of Title V fee structure
22. Collection of Title V fees
23. Provide technical assistance to small business through Small Business Assistance Program
24. General air program activities to the extent that they are necessary to the issuance of the Title V permits.
 - a. Installation, operation, and maintenance of emissions and ambient monitoring instrumentation.
 - b. Performance of ambient monitoring
 - c. Emission testing
 - d. Modeling
 - e. Development of emission inventories
 - f. Overhead and administrative costs
25. Preparation, planning, development, and adoption of source-specific SIPs necessary for the issuance of a Title V permit and implementation of the permit provisions.
26. Public education and outreach concerning implementation of the Title V program

Grant Eligible Activities

1. Development/revision of operating permit programs for other than Title V sources
2. Identification of those sources subject to any state permitting requirements other than Title V
3. Preparation, adoption, and revision of SIPs other than Title V
4. Review of applications and issuance of non-Title V permits
5. Public participation activities associated with permit issuance for non-Title V permits
6. Post-permit issuance activity for non-Title V permits

7. Development of emission inventory and any necessary equivalency end case-by-case RACT determination as part of construction and non-Title V permitting process
8. Development, implementation, and enforcement of state/local minor NSR permit programs not approved under 110(a)(2)(C)
9. Implementation of section 111 NSPS that are not part of Title V
10. Asbestos NESHAP demolition and renovation activities (if not part of Title V)
11. Development and implementation of specific 112 requirements affecting sources of hazardous air pollutants
12. State/local toxics activities not part of Title V
13. Risk management plans or elements not developed under Title V
14. Assist in implementing Phase I Acid Rain Program activities:
 - a. Development of infrastructure for implementation (hiring, training, organizing staff, etc)
 - b. Observe Phase I CEMS
 - c. Conduct Phase I CEM certification reviews
 - d. Initiate Phase I CEM compliance activities
 - e. Participate in NOX permitting process @ Phase I sources
 - f. Review, evaluate, and act on Phase I NOX averaging compliance plans
 - g. Assist in Phase I compliance activities through field presence, oversight, and support to EPA enforcement actions including NOX
15. Compliance and enforcement activities for non-Title V sources
16. Fee collections for non-Title V sources, including implementation.
17. Provide technical assistance to small business through Small Business Assistance Program
18. General air program activities to the extent that they are necessary to the issuance of the non-Title V permits.
 - a. Installation, operation, and maintenance of emissions and ambient monitoring instrumentation.
 - b. Performance of ambient monitoring
 - c. Emission testing
 - d. Modeling
 - e. Development of emission inventories
 - f. Overhead and administrative costs
19. Preparation, planning, development, and adoption of SIPs, including those for attainment and maintenance of NAAQS, enactment of state or local area-wide source regulations, and enactment of mobile or area source controls
20. Establish, operation, and maintenance of multiple site ambient monitoring networks designed to assess overall levels and trends within the ambient air including the EPA required networks.
21. Planning, establishment, and implementation of programs for the development of training of state/local staff to carry out the CAA not related to the Title V program
22. Operation of a mobile source program
23. Environmental impact review
24. Land use and air quality analyses
25. State/local review of assurances by federal entities as to the general conformity of their activities with an approved SIP
26. Planning and implementation of emerging programs and initiatives required by the CAA
27. Public education and outreach concerning overall provisions of the CAA for non-Title V provisions
28. Pollution prevention
29. Promotion of public/private partnerships
30. Development and implementation of voluntary programs for reducing air pollution
31. Programmatic and technical information exchange
32. Control of ozone depleting substances
33. Participation in international studies, programs, and agreements