

**Title V Cost Analysis Based Upon Option 3
2010 Workload Analysis Update – Outsourcing
Draft 10/28/10**

There have been some changes in the Division of Air Quality's (DAQ) revenue sources since the 2007 Workload Analysis was conducted. The DAQ is now collecting revenue from the Regional Greenhouse Gas Initiative (RGGI), a significant reduction in General Funds has occurred, and the DAQ plans to introduce legislation to increase revenue for the natural minor (Non-Title V) permitting program. With these changes in revenue sources, the DAQ believed it was important to introduce a third option for determining Title V Cost. This third option is based upon the total need of 78.9 full time employees (FTEs) and projected revenue. See Table 1 for the projected revenue from other sources.

Table 1: Projected Revenue from Other Sources

Projected Non-Title V Revenue				
	Base	2011	2012	2013
Non-Title V Fees Revenue ¹	\$141,775.00	\$141,775.00	\$316,300.00	\$316,300.00
103 Grant Revenue	\$223,539.31	\$223,539.31	\$223,539.31	\$223,539.31
General Fund Revenue	\$1,131,800.00	\$1,109,164.00	\$1,086,980.72	\$1,065,241.11
105 Grant Revenue ²	\$1,130,359.23	\$1,113,450.63	\$1,113,450.63	\$1,113,450.63
RGGI Revenue	\$175,193.70	\$108,376.00	\$108,376.00	\$108,376.00
DelDOT (I&M) ³	\$87,600.00	\$87,600.00	\$87,600.00	\$87,600.00
Total Other Revenue	\$2,890,267.24	\$2,785,915.94	\$2,938,258.66	\$2,916,520.05

¹The Non-Title V Fee Revenue was increased in 2012 and 2013 based upon our projected Non-Title V Fee Package

²The 105 Grant Revenue Includes \$16,908.60 of other Federal Funding for the baseline (2010) year only

³ The DelDOT (I&M) Revenue is an estimated annual fund transfer from DelDOT to DAQ from Inspection & Maintenance Fees

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)
- Process improvement initiatives (LEAN/VSM)

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- 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 combining the outsourced activities and a reduction in effort, the DAQ was able to bring their workload down to the current allocation of 69 FTEs.

The projected revenue from other sources was then used to calculate the balance of Title V revenue that would be needed to balance the DAQ's budget with 69 FTEs and 4.5 FTEs outsourced. See Table 3 for the required Title V revenue based upon Option 3.

Table 3: Required Title V Revenue Based Upon Option 3

Title V Total Cost			
	2011	2012	2013
DAQ Need with Outsourcing Option	\$7,850,887.02	\$7,951,208.95	\$8,044,091.13
Greenhouse Gas Activities Credit	(\$227,328.36)	(\$231,560.82)	(\$235,372.09)
Adjusted DAQ Need with Outsourcing	\$7,623,558.66	\$7,719,648.13	\$7,808,764.04
Projected Other Revenue	\$2,785,915.94	\$2,938,258.66	\$2,916,520.05
Outsourcing Option Title V Revenue	\$4,837,642.72	\$4,781,389.47	\$4,892,243.99
Title V % of Outsourcing Option Revenue	61.6%	60.1%	60.8%