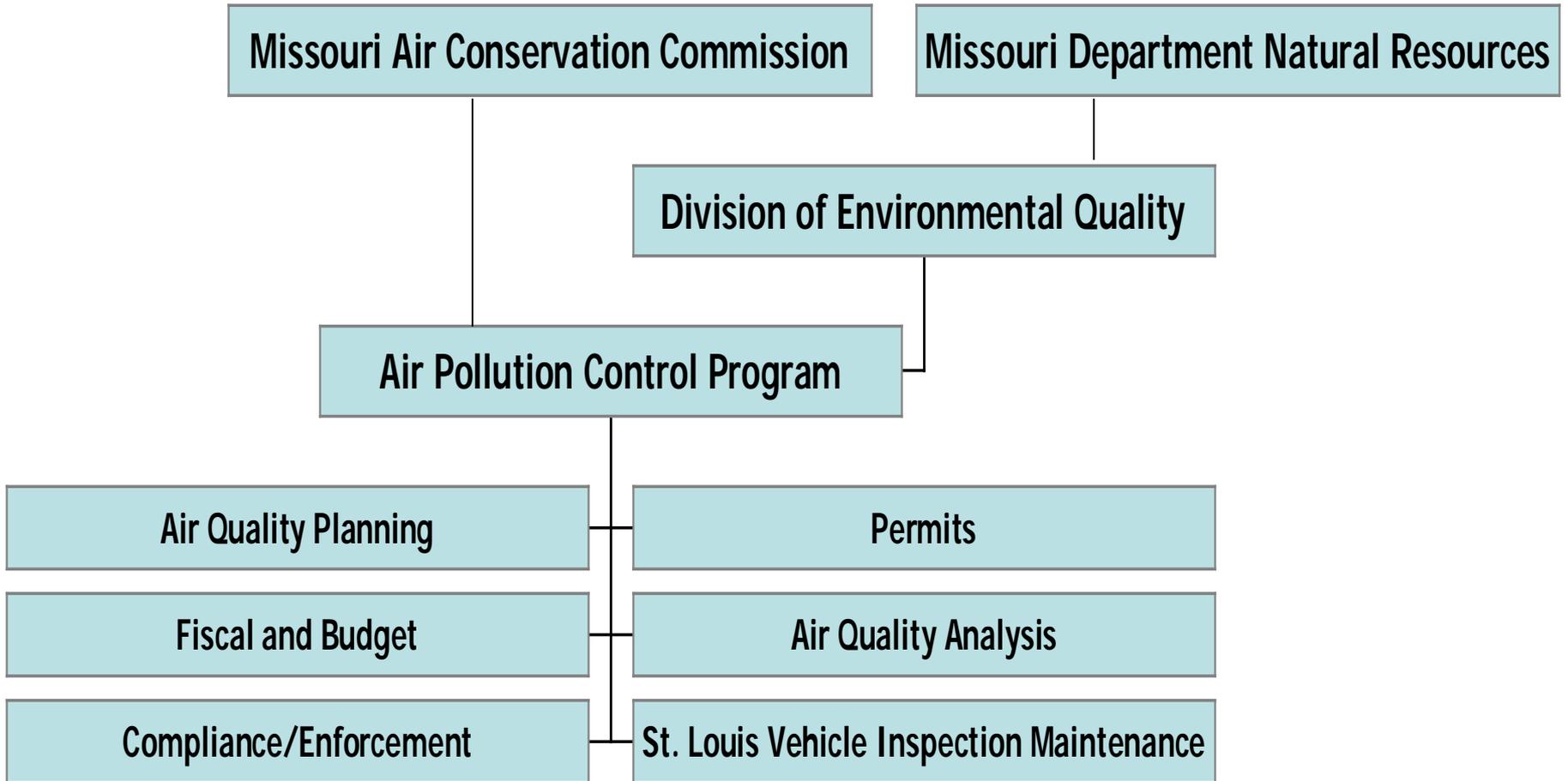
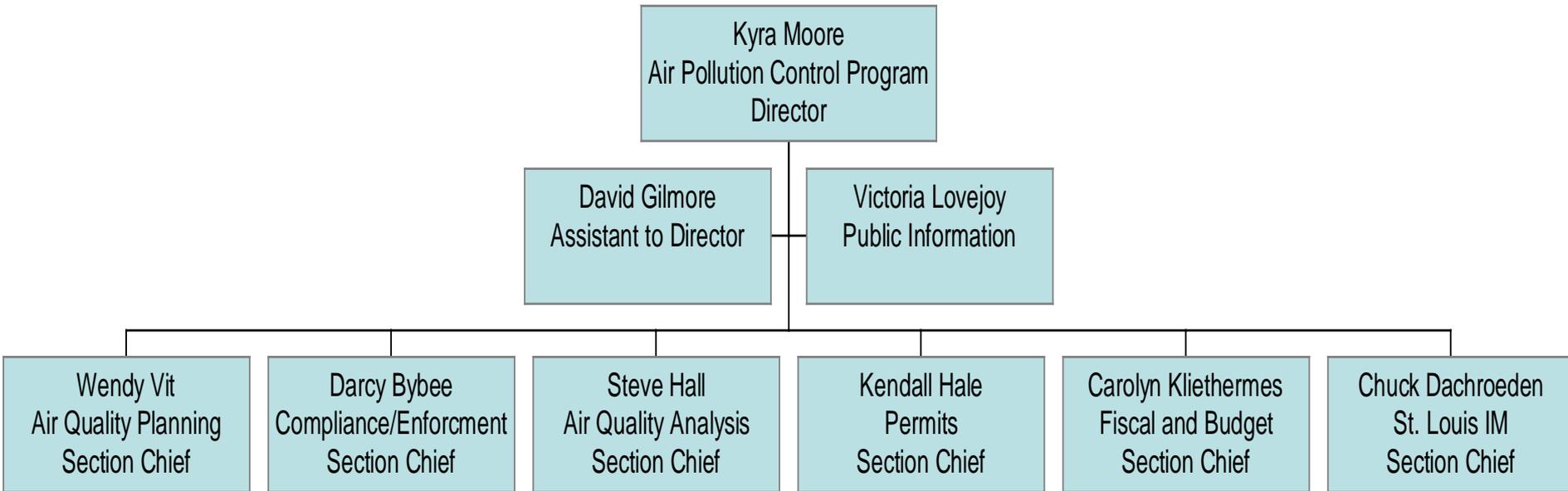


Air Pollution Control Program Fee Stakeholder Meeting

January 29, 2015



Air Pollution Control Program



January 2015

Air Program Statistics - 2015

Staff positions allocated to Air Work

- Air Pollution Control Program – 108 (some part-time)
- Environmental Services Program ~20
- Regional Offices ~29
- Local Agencies ~9 (no funding from state)

Total ~ 157 (does not include locals)

Air Program Overview

- Program's web site:

<http://www.dnr.mo.gov/env/apcp/index.html>

- Overview of Air Pollution Control Program staffing and work duties:

<http://www.dnr.mo.gov/env/apcp/docs/1apcpoverviewandissues.pdf>

History of Fee Stakeholder Process

- House Bill 28 (2013)
- Senate Bill 968 (2014)
- Revised Statute of Missouri 643.079.10

Outcome:

- Review of Fee Structure with stakeholders
- Submit Proposed Fee Structure to Commission
- Start rulemaking process after commission approval

2014 Stakeholder Process

- <http://www.dnr.mo.gov/env/apcp/docs/feestakeholderpastmtgs.pdf>
- Initial Discussion included:
 - Emission Fee
 - Permit Fees
 - Asbestos Fees
- Final Proposal to Commission:
 - Emission Fee Only

Status of Emission Fee – 10 CSR 10-6.110

- Missouri Air Conservation Commission:
 - 9/2/14: Approved department to initiate rulemaking
 - 10/30/14: Held Public Hearing
 - 11/20/14: Adopted revised \$48 per ton emission fee
- Department
 - Submitted emission fee rule to JCAR and filed order with Secretary of State
 - Proposed Emission Fee Effective January 2016

2015 Fee Stakeholder Process

- Continue the discussion of fees that support the activities of the program:
 - Permit fees
 - Asbestos Fees
 - *Emission Fees?*
- Goal – submit revised fee structure to Missouri Air Conservation Commission mid-year



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Financial Overview



Expenditures FY13 & FY14

FY2013 Actual Operating Expenditures	FY2014 Actual Operating Expenditures
\$14,311,000	\$13,391,016
FY13 to FY14 reduction in spending \$919,984	

- ✓ Continued to hold vacancies
- ✓ Continued to restrict training
- ✓ Reduced office supply purchases
- ✓ Reduced unnecessary travel
- ✓ Reduced monitoring equipment purchases
- ✓ Indirect (overhead) costs decreased

Factors Used to Determine Future Tonnage Decreases

Reviewed a list of the top 50 fee payers and looked at each facility individually and projected their emissions based on one or more of the following factors:

- Emission trends over last 5 years
- Permit projects pending for increase/decrease emissions
- Verbal conversations with facilities to predict trends
- Future federal regulations that will impact emissions

As one facility stated "It is all based on the economy and how much we run a plant."

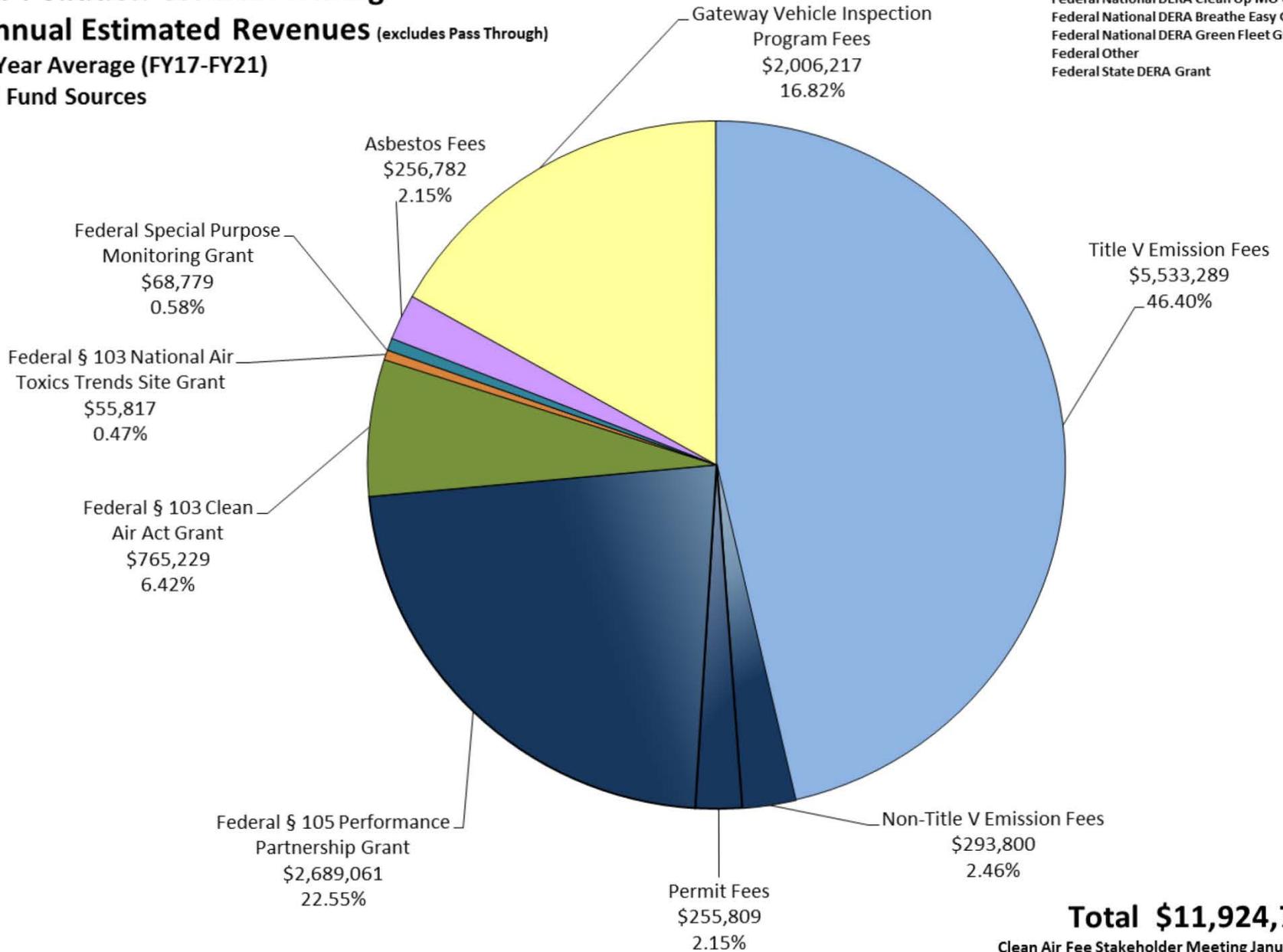
Annualized Revenue Assumptions

- Reflects 5 Year (FY2017-2021) average revenue for all funds
- Federal, Permit, Asbestos, and GVIP revenue expected to remain constant
- Includes the proposed Emission Fee Rate increase to \$48 per ton for Emission Year 2016 (fees collected June 2017)
- Includes revised anticipated tonnage decreases for Emission Fees:
 - FY2015 - 9% reduction from FY2014 actuals
 - FY2016 – 10% reduction from FY2015 projection
 - FY2017 – 13% reduction from FY2016 projection
 - FY2018-2021 – 7% reduction from previous year projection

This is our best estimate of future revenue trends.

Air Pollution Control Funding
Annual Estimated Revenues (excludes Pass Through)
5-Year Average (FY17-FY21)
All Fund Sources

Grants Not Anticipated In Future Years:
 Federal S103 Kansas City Near Roadway Grant
 Federal National DERA Clean Up MO Grant
 Federal National DERA Breathe Easy Grant
 Federal National DERA Green Fleet Grant
 Federal Other
 Federal State DERA Grant



Total \$11,924,783

Clean Air Fee Stakeholder Meeting January 29, 2015

Update on Gateway Vehicle Emission Inspection Fees

As we experienced in FY2010 and 2011, the Emission Inspection Fees that are deposited into our Gateway Vehicle Inspection Program Fee Fund (officially known as the Missouri Air Emission Reduction Fund) will be redirected to General Revenue starting January 1, 2015, as allowed under RSMO 643.350. The state's General Revenue for the immediate previous fiscal year did not increase by two percent or more, which is what triggers this redirect of revenue. The redirection of revenue will continue through June 30, 2015.

Updated 5 year Shortfall Projection

	5 Year Shortfall Presented to Stakeholders April 2014	Updated 5 Year Shortfall Presented to Stakeholders January 2015
Permit & Emission Fees	(\$3,914,460)	(\$2,985,112)
Asbestos Fees	(\$401,819)	(\$349,916)
	(\$4,316,279)	(\$3,335,028)
	\$981,251 Difference	

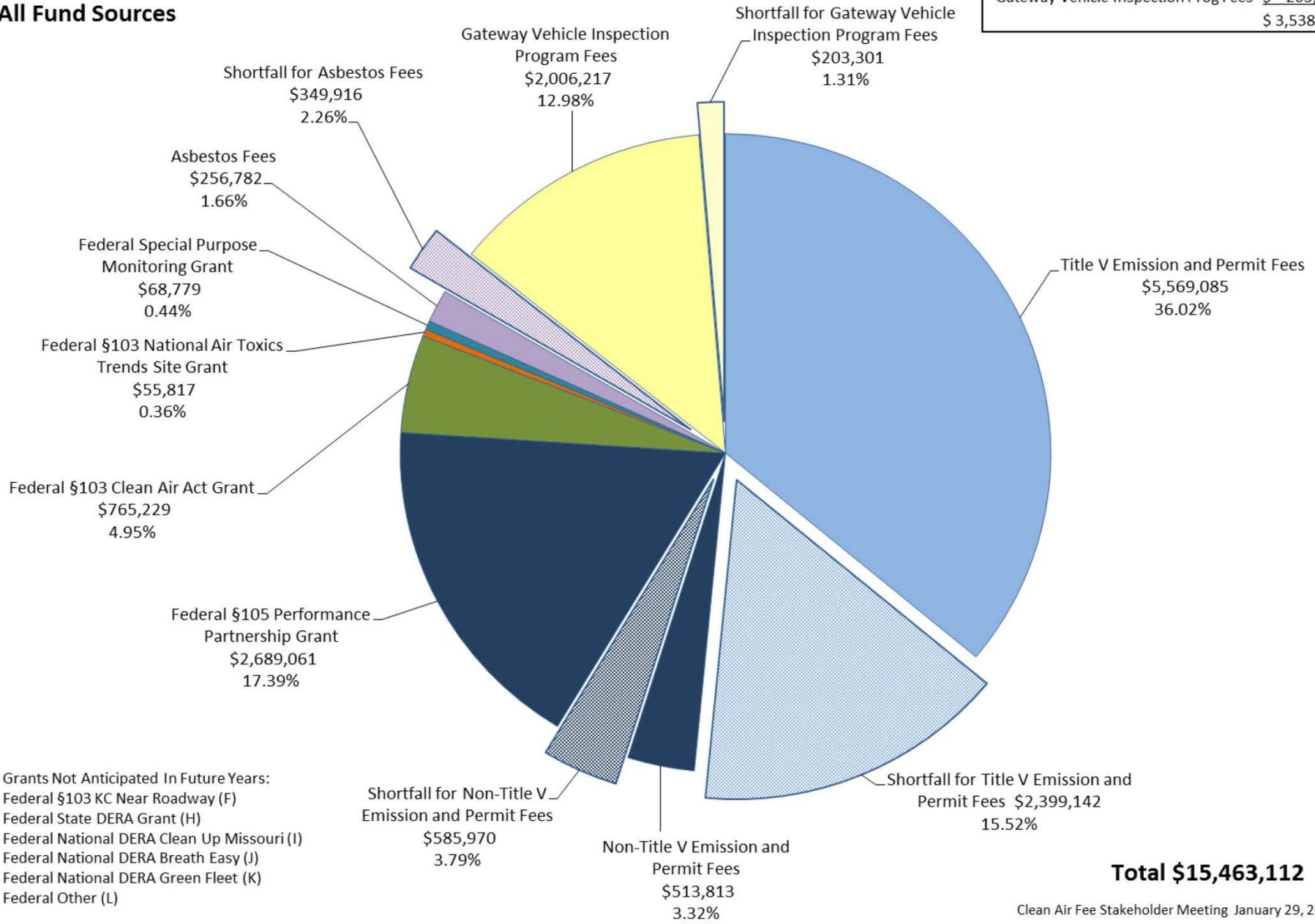
Factors:

- Updated FY2014 actuals
- Updated FY2015 and FY2016 planned spending
- Updated Emission Fee revenue projections

*Will need to discuss changing shortfalls in fee calculator.

**Air Pollution Control Funding
 Projected Operating Costs (excludes Pass Through)
 5-Year Average (FY17-FY21)
 All Fund Sources**

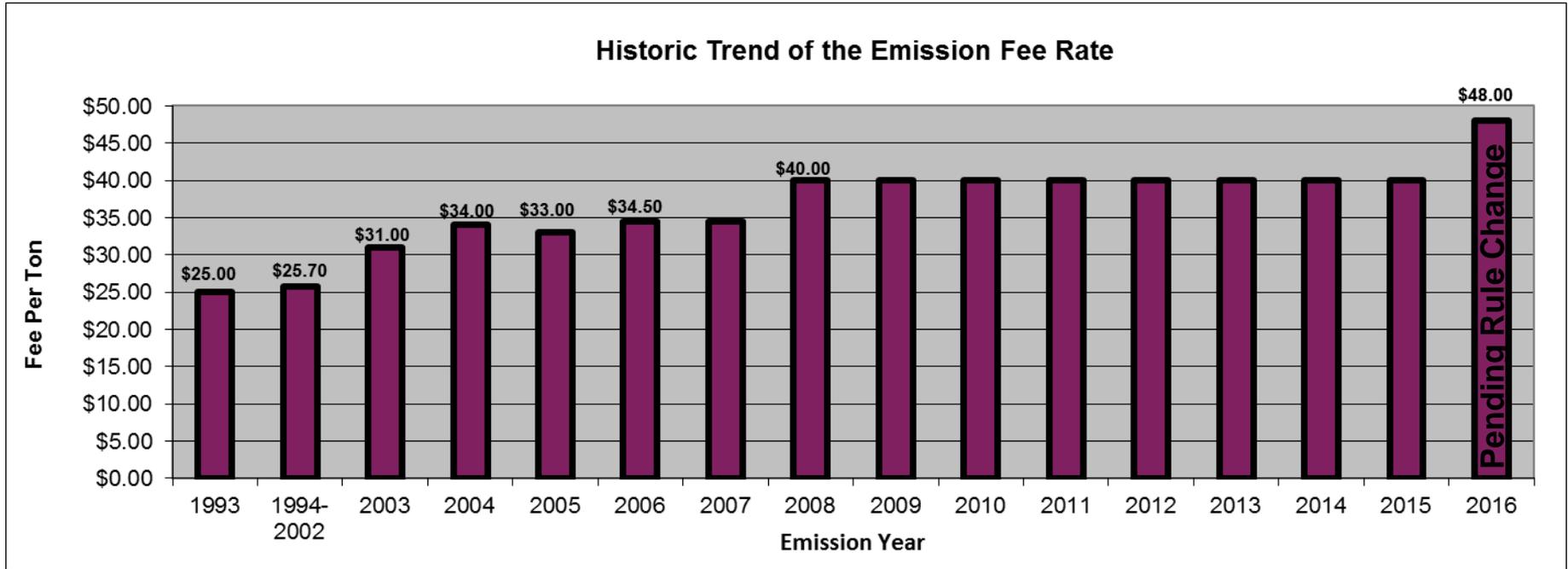
Shortfall:	
Title V Emission and Permit Fees	\$ 2,399,142
Non-Title V Emission and Permit Fees	\$ 585,970
Asbestos Fees	\$ 349,916
Gateway Vehicle Inspection Prog Fees	\$ 203,301
Total	\$ 3,538,329



Total \$15,463,112



Historical Emission Fee Rate



RSMO Section 643.079

- Emission Fee is proposed at \$48.00 per ton of each regulated air contaminant emitted starting in Emission Year 2016.
- Tonnage is capped at the first 4,000 tons of each regulated air contaminant emitted and no more than 12,000 tons in any calendar year.

EPA's Fee Rate for Emission Year 2014 is \$48.27 per ton, which is the original \$25 fee from 1990 and adjusted yearly for changes in the Consumer Price Index. This would be the emission fee rate if the federal government administered this program.

Fee Calculator

**Fee Adjustment Proposal Based on Fee Stakeholder Meetings
April 24, 2014, May 19, 2014 and June 16, 2014**

CALCULATOR FOR INPUT - Average Revenue

Calculator will be updated and used at future meetings

Fee Type & Current Fee Level	Average Current Revenue	Average # of Applications/Permits/Tons	Potential Fee Level Adjustment	Projected Additional Revenue at Adjusted Fee Level	Projected Total Revenue
CONSTRUCTION PERMITS					
** Portable Source Filing Fee - \$200 per Application	\$70,000	69	\$300	\$7,000	\$20,700
Construction Permit Review Fee - \$50 per Review Hour	\$181,080	3622	\$100	\$181,120	\$362,200
Construction Permit Filing Fee (Deminimis & Minor) - \$100 per Application	\$26,800	268	\$250	\$40,200	\$67,000
Construction Permit Filing Fee (Major) - \$100 per Application	\$400	4	\$5,000	\$19,600	\$20,000
Vapor Recovery Permit Filing Fee - \$100 per Application	\$14,400	144	\$0	\$0	\$14,400
OPERATING PERMITS					
Operating Permit Filing Fee (Basic) - \$100 per Application	\$9,000	19	\$500	\$76,000	\$95,000
Operating Permit Filing Fee (Intermediate & P70) - \$300 per Application	\$8,100	12	\$6,000	\$483,800	\$492,000
EMISSION FEE					
Emission Fee - Capped at \$40 per Ton (propose to remove CAP)	\$5,403,929	135,098	\$44.00	\$540,393	\$5,944,322
CHARGEABLE EMISSION LIMITS ADJUSTMENT					
4,000 tons of any one pollutant and 12,000 tons of all pollutants combined			\$0	\$0	\$0
Additional Permits & Emission Fees				\$1,348,113	\$5,944,322
Goal				(\$3,141,975)	
Remaining Shortfall				(\$1,793,862)	
ASBESTOS PROGRAM					
Asbestos Demolition Fee (allowed in statute 643.237/currently not collected)	\$0	533	\$100	\$53,300	\$53,300
Asbestos Certification Fee					
Worker Asbestos Certification - \$25 for Workers	\$1,800	472	\$50	\$11,796	\$23,600
Other Disciplines Asbestos Certification - \$75 for All Other Disciplines	\$2,140	349	\$100	\$8,760	\$34,900
Asbestos Recertification Fee					
Worker Asbestos Recertification - \$5 for All Workers	\$10,545	2129	\$25	\$42,579	\$53,224
Other Disciplines Asbestos Recertification - \$5 for Other Disciplines	\$560	112	\$75	\$7,844	\$8,404
Asbestos Registration Fee - \$1,000 per Registration	\$115,759	116	\$2,650	\$191,641	\$307,400
Asbestos Exam Fee - \$25 per Exam	\$16,490	660	\$50	\$16,502	\$33,000
Asbestos Accreditation Fee - \$1,000 per Course/\$3,000 cap (propose to remove \$3,000 cap = 8 addtl courses)	\$8,000	8	\$1,000	\$8,000	\$34,400
Asbestos Inspection Fee - \$100/\$300 Max	\$19,338	193	\$200/\$400	\$9,738	\$19,400
Asbestos Exemption Fee - \$250 per Exemption	\$25,000	100	\$0	\$0	\$25,000
Asbestos Abatement Notification Fee - \$100 per Notification	\$37,376	187	\$200	\$37,376	\$74,800
Additional Asbestos Fees				\$387,536	\$642,678
Goal				(\$385,908)	
Remaining Shortfall				\$1,628	
Total Additional Revenue with Potential Adjustments:				\$1,735,648	
Target to Meet Projected 2 Year Shortfall				(\$3,527,883)	Enter Shortfall Here
DIFFERENCE:				(\$1,792,235)	Remaining Shortfall

Note: Decimal points will result in rounding differences.

Asbestos Fees – 2014 discussion

- Workload analysis –asbestos expenses are tracked in state accounting system as “Asbestos” Activities
- Goal – Asbestos fees support 100% of asbestos activities
- Shortfall in asbestos fees for FY17-FY21 was ~\$385,908 (updated ~\$349,916)



2014 Asbestos Fee Proposal

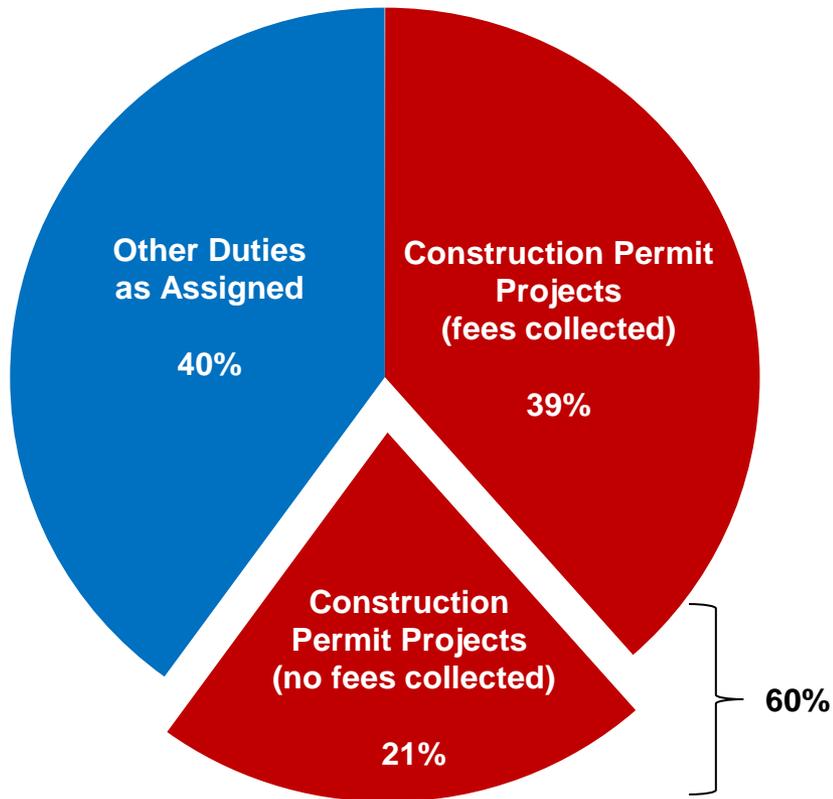
ASBESTOS PROGRAM		
Asbestos Demolition Fee (allowed in RsMO 643.237/currently not collected)	\$100/Demolition Project	No fee adjustment / propose start collecting
Asbestos Certification Fee		
Worker Asbestos Certification	\$25 for Workers	\$50
Other Disciplines Asbestos Certification	\$75 for All Other Disciplines	\$100
Asbestos Recertification Fee		
Worker Asbestos Recertification	\$5 for All Workers	\$25
Other Disciplines Asbestos Recertification	\$5 for Other Disciplines	\$75
Asbestos Registration Fee	\$1,000/Registration	\$2,650
Asbestos Exam Fee	\$25/Exam	\$50
Asbestos Accreditation Fee (propose to remove \$3,000 cap = 8 addt'l courses)	\$1,000 per Course/ \$3,000 cap	\$1,000 per Course/No cap
Asbestos Inspection Fee	\$100/\$300 Max	\$200/\$400
Asbestos Exemption Fee	\$250/Exemption	No fee adjustment
Asbestos Abatement Notification Fee	\$100/Notification	\$200

Construction Permits

Cost Accounting and Workload Analysis

- Utilizing CY2013 Construction Permit hours and permit actions, ~ 60% of Construction Permit staff time is spent on “Permit” related activities:
 - Approximately 39% of those activities charged a fee.
 - Other 21% is permitting performed with no fee charged.
- 40% of Construction Permit staff time - “Other” activities
- Permit fees do not cover 100% of the Construction “Permit” activities.

Construction Permit Unit Activity Breakdown

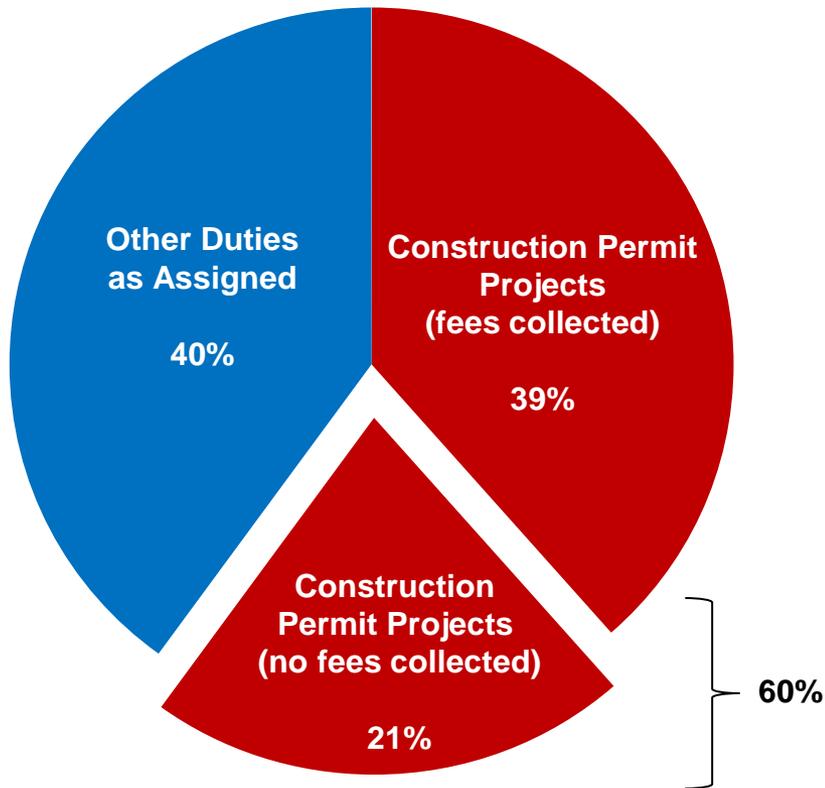


60% Construction Permit Projects

- **Fees Collected – 39%**
 - ✓ Permit Amendments
 - ✓ Extensions
 - ✓ Section 5 & 6 Permits
 - ✓ Temporary Permits
 - ✓ Permit-by-Rule
 - ✓ Relocation/21-day
- **No Fees Collected – 21%**
 - ✓ Guidance & Efficiency Improvements
 - ✓ *Applicability Determinations*
 - ✓ Relocation to Approved Site
 - ✓ Local Permit Review
 - ✓ Permit Corrections



Construction Permit Unit Activity Breakdown



40% Other Engineering Duties

- ✓ Phone inquiries
- ✓ Correspondence
- ✓ Meetings with company representatives
- ✓ Assist & Coordinate with Enforcement/Rules/EIQ Staff
- ✓ Attend conferences, workshops, & training
- ✓ On-site facility visits
- ✓ Reading and reviewing technical correspondence and documentation
- ✓ Preparing papers
- ✓ Preparing presentations on air pollution control issues
- ✓ Etc.

Operating Permits

Cost Accounting and Workload Analysis

- Utilizing CY2013 average number of permits by permit type. ~80% of Operating Permit staff time is spent on Title V sources.
- Permit fees do not cover 100% of the Operating “Permit” activities.
 - Title V fees support portion of activity
- Emission fees in place to cover the cost of administering the overall program and intended to cover some of the permit activity.

Permits Activities Affected by Shortfall

- Guidance & Efficiency Improvements
 - Improved applications, guidance documents, streamlining of procedures
- Timeliness of permits
- Meeting obligations to EPA
- Applicability Determinations
- Phone inquiries
- Staff training
- On-site facility visits
- General assistance



Construction Permit Fees Proposed in 2014

Fee Type	Current Fee	Fee Adjustment Proposal
CONSTRUCTION PERMITS		
Portable Source Filing/Review Fee	\$200/Application	\$300
Construction Permit Review Fee	\$50/Review Hour	\$100
Construction Permit Filing Fee (Deminimis & Minor)	\$100/Application	\$250
Construction Permit Filing Fee (Major)	\$100/Application	\$5,000

What do these fees cover?

- **Portable Source Filing Fee**
 - Staff time to review application and write permit
- **Construction Permit Review Fee**
 - Staff time to review application and write permit
- **Construction Permit Filing Fee – Minor**
 - Pre-construction meetings/activities
 - Phone calls/assistance with permit application
 - Extra time spent prior to receipt of application

What do fees cover? Cont.

Construction Permit Filing Fee – Major

(Prevention of Significant Deterioration Permits)

- Receive 1-5 a year
- A lot of time spent prior to application receipt - review fees cannot be charged

Filing Fee addresses pre-application activity:

- Pre-application meeting(s)
- Modeling Inventory Collection
- Monitoring site assistance and plan development



Operating Permit Fees Proposed in 2014

OPERATING PERMITS		
Operating Permit Filing Fee (Basic)	\$100/Application	\$500
Operating Permit Filing Fee (Intermediate & P70)	\$100/Application	To be discussed

Part 70 & Intermediate Operating Permit Fees

- Flat Fee = Inequity
 - Some permits take 6 hours, some 200 hours
- Hourly Rate – allowed by statute?
- Charge by complexity of permit?
 - # of Applicable Standards
 - # of emission points

Operating Permit Fees

- How to proceed?
- Discussion

Timeline for Rulemaking - tentative

- Jan – Mar 2015 : Fee Stakeholder Discussions
- April - May 2015: Present proposed fee structure to Missouri Air Conservation Commission (MACC) and obtain MACC approval to begin rulemaking.
- Summer 2015: File proposed rulemaking

Timeline for Rulemaking-continued

- Sept – Dec 2015:
 - Public hearing(s)
 - Rule adoption(s)
 - File order of rulemaking(s)
- January 2017
 - Rulemaking(s) effective.
 - Fee(s) take effect

Future Meetings - Discussion

- February/March?
- Meeting or conference calls?
- Draft proposal and send out via list serve and emails?



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The End

Division of Environmental Quality Director: Leanne Tippett Mosby

Date: January 29, 2015

Nothing in this document may be used to implement any enforcement action or levy any penalty unless promulgated by rule under chapter 536 or authorized by statute.