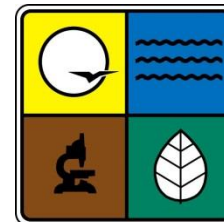


Air Stakeholder Fee Meeting

May 19, 2014

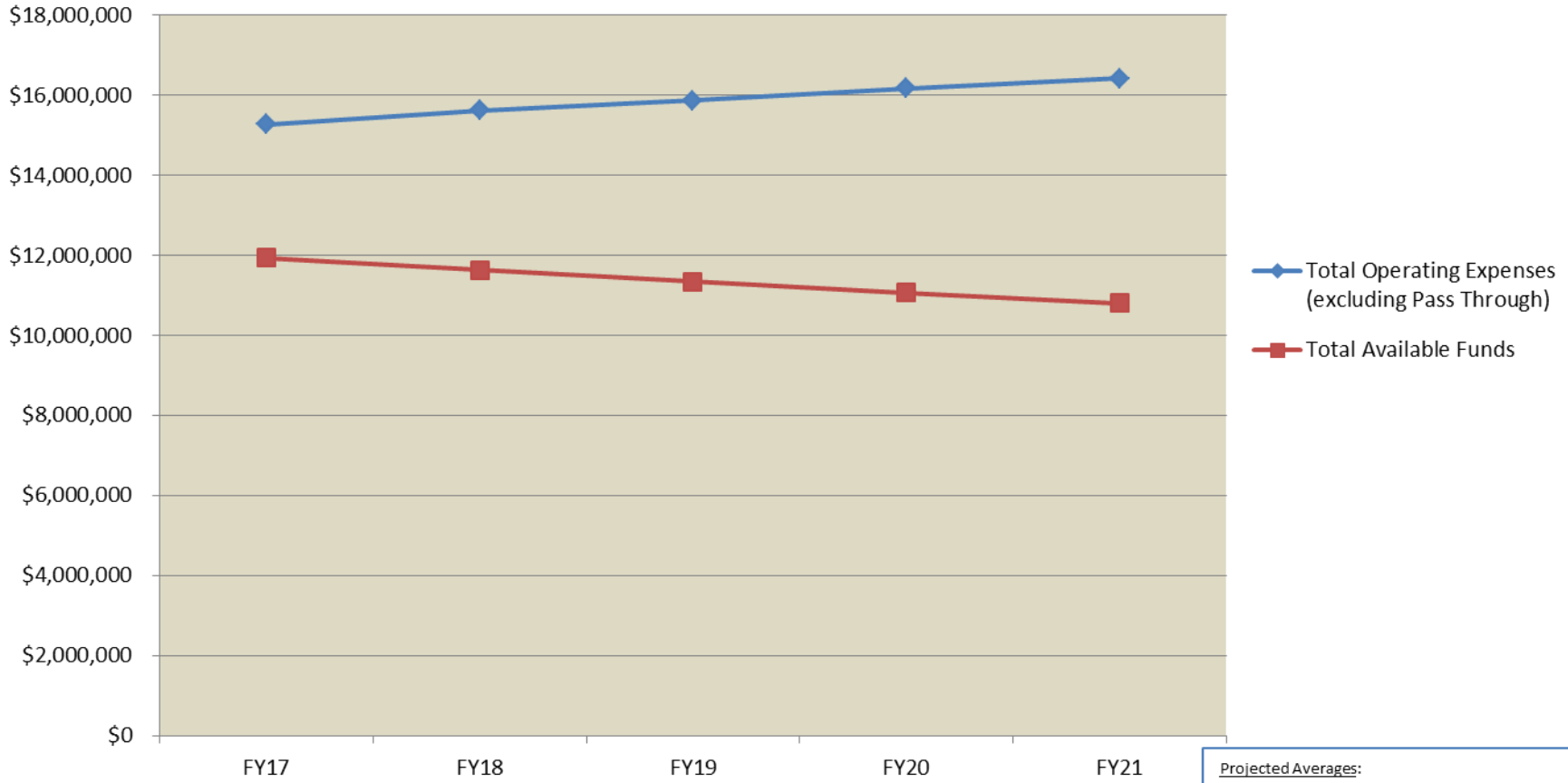


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NATURAL RESOURCES

Discussion Items

- Overview of shortfall – 2 yr average
 - Provided 5 yr average
- Example of other state's fees
- Estimated cost accounting and workload analysis
 - Permitting and Asbestos
- Options for Discussion
- Fee Calculator

Air Pollution Control Funding
Projected Operating Costs (excludes Pass Through) compared to Available Funds
2 and 5 Year Average Shortfalls
All Fund Sources



Shortfall	FY17	FY18	FY19	FY20	FY21
	\$3,340,406	\$3,987,933	\$4,523,831	\$5,099,139	\$5,617,794

Projected Averages:
 Projected 2 Year Shortfall FY17-18 (\$3,664,170)
 Projected 5 Year Shortfall FY17-21 (\$4,513,821)

Assumptions:
 Full Program (all current positions filled, does not assume new positions)
 3% pay plan increase each year
 3% inflationary rate for expense and equipment each year

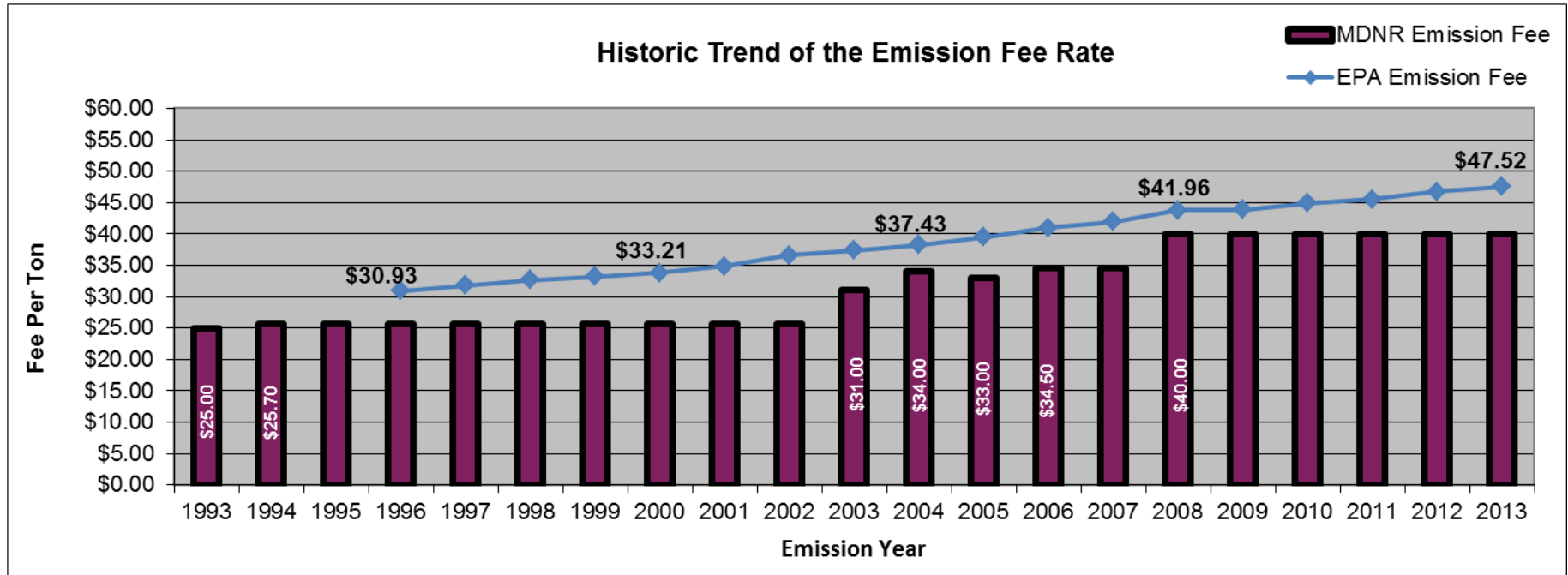
Projected Shortfall Averages

Projected 2 Year Shortfall FY17-18 (\$3,664,170)

Projected 5 Year Shortfall FY17-21 (\$4,513,821)

*Projections include the Air Emission Reduction Fund Shortfall (GVIP). That shortfall is not included in the fee calculator.
2 Year Shortfall (\$136,287) and 5 Year Shortfall (\$197,543).

Historical Emission Fee Rate



RSMO Section 643.079

- Emission Fee is capped at \$40.00 per ton of each regulated air contaminant emitted.
- 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.

Examples of State Annual Emission Fees

State	Emission Fee	Chargeable Emission Limits
Missouri	\$40 per ton	Single pollutant max of 4,000 tons/12,000 tons of all pollutants combined
Arkansas	\$23.42 per ton	Single pollutant max of 4,000 tons
Illinois	Varies	
Kansas	\$37 per ton	Single pollutant max of 4,000 tons
Iowa	\$56 per ton	Single pollutant max of 4,000 tons
Nebraska	\$65 per ton	Single pollutant max of 400/4,000 tons

Title V Source Permit & Emission Fee Examples

Facility Type	Illinois	Arkansas	Missouri	Iowa	Kansas	Nebraska
One Coal Boiler	\$54,112	\$374,720	\$480,020	\$896,000	\$592,200	\$1,040,000
Cement Kiln	\$25,712	\$140,988	\$240,020	\$336,000	\$222,200	\$390,000
Large VOC Source	\$5,912	\$11,710	\$4,020	\$5,600	\$3,900	\$6,500
Intermediate Facility	\$2,510	\$2,782	\$2,420			

Assumptions:

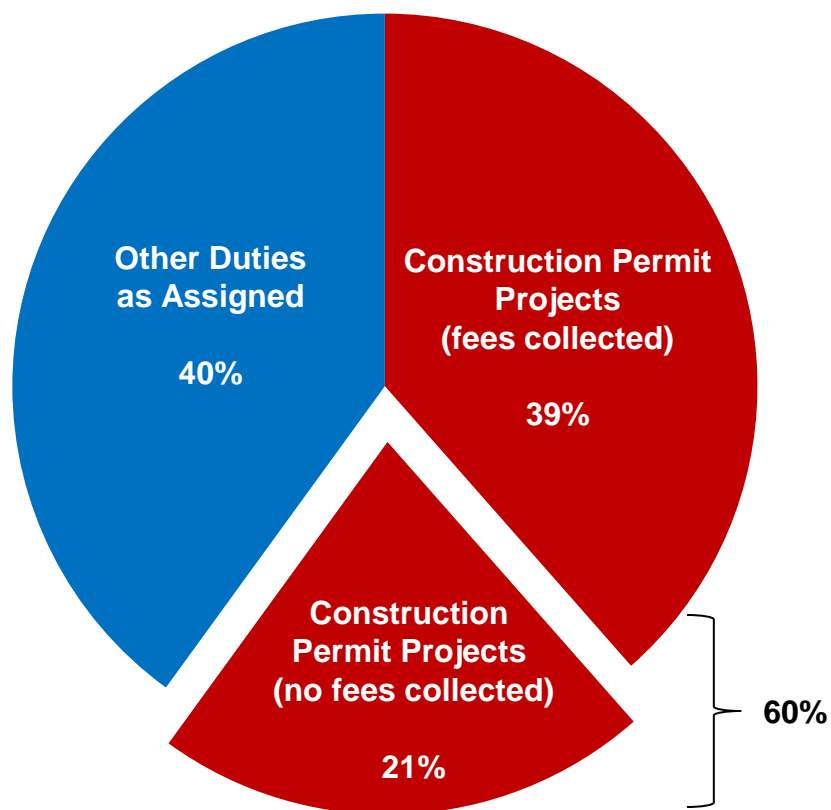
- Same scenario used for each state (equalized tons of emissions)
- Annualized over 5 years
- Does not include Construction Permits or Modifications
- Estimates only

Cost Accounting and Workload Analysis

Construction Permits

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

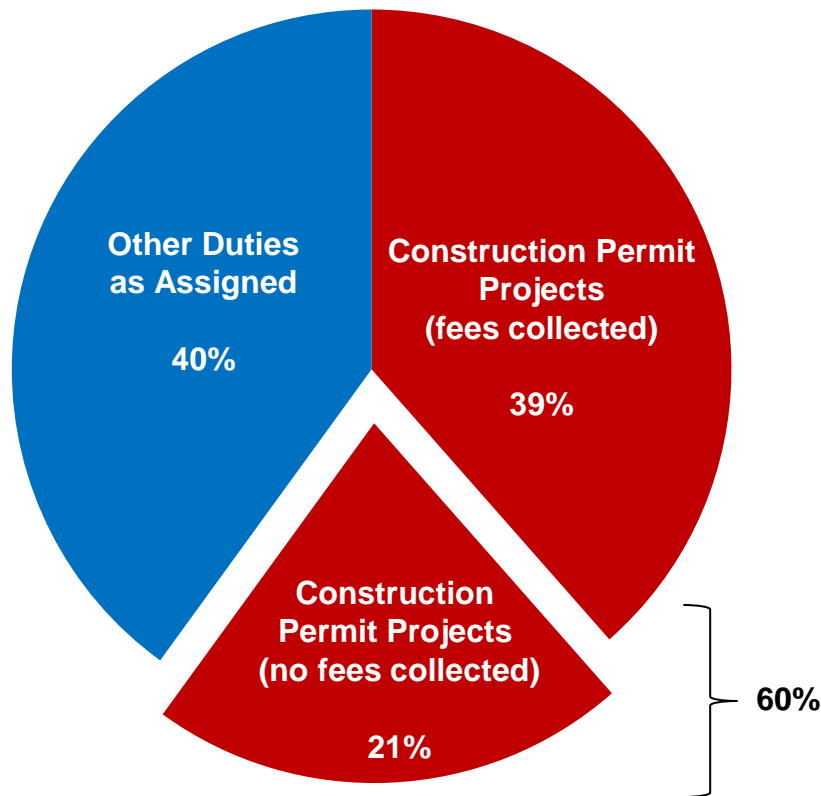
Construction Permit Unit Activity Breakdown



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.

*2 Year Average Construction Permit Cost	\$1,759,027
60% Construction Permit Activity	\$1,055,416
Average Construction Permit Fee Revenue	<u>\$229,080</u>
Goal Needed to Cover Activity	\$826,336

Goal - 60% of the Construction Permit Costs funded by Construction Permit fees.

Construction Permit Unit 12.50 FTE
Modeling Unit 3.00 FTE
Administration 1.82 FTE

*5 Year Average Construction Permit Cost - \$1,840,179 (Goal \$875,027)

Cost Accounting and Workload Analysis

Operating Permits

- Utilizing CY2013 average number of permits by permit type. Approximately 80% of Operating Permit staff time is spent on Title V sources.
- Permit fees would not cover 100% of the Operating “Permit” activities.
- Goal – cover 20% of staff time with permit fees.
- Emission fees in place to cover the cost of administering the overall program and intended to cover some of the permit activity.

*2 Year Average Operating Permit Cost	\$1,427,876
20% Operating Permit Activity	\$285,575
Average Operating Permit Revenue	<u>\$27,200</u>
Goal Needed to Cover Activity	\$258,375

Goal - 20% of the Operating Permit Costs funded by Operating Permit fees.

Approximately 80% of the Operating Permit projects are for Title V sources and should be funded by the Title V Emission Fee.

Operating Permit Unit 11.73 FTE
 Administration 1.43 FTE

*5 Year Average Operating Permit Cost - \$1,493,751 (Goal \$271,550)

Cost Accounting and Workload Analysis

Asbestos – No Workload Analysis

- A workload analysis of asbestos costs was not necessary since these expenses are tracked in the state accounting system as strictly “Asbestos” activities.
- Goal – Asbestos fees support 100% of asbestos activities.

*2 Year Average Asbestos Cost	\$643,327
Average Asbestos Fee Revenue	<u>\$257,419</u>
Goal Needed to Cover Activity	\$385,908

Goal - 100% of the Asbestos Costs funded by Asbestos fees.

*5 Year Average Asbestos Cost - \$659,237 (Goal \$401,819)

Options for Discussion

- ✓ Construction Permit Fees
- ✓ Operating Permit Fees
- ✓ Emission Fee
- ✓ Asbestos Fees



Fee Calculator

Discussion

Future Meetings - if needed

- **June 16, 2014**
- **Roaring River/Bennett Springs Conference Room**
- **10:00 a.m.**



Questions?

Missouri Department of
Natural Resources

*Celebrating 40 years of taking care of
Missouri's natural
resources.*

 **40
years**

Missouri Department of Natural Resources