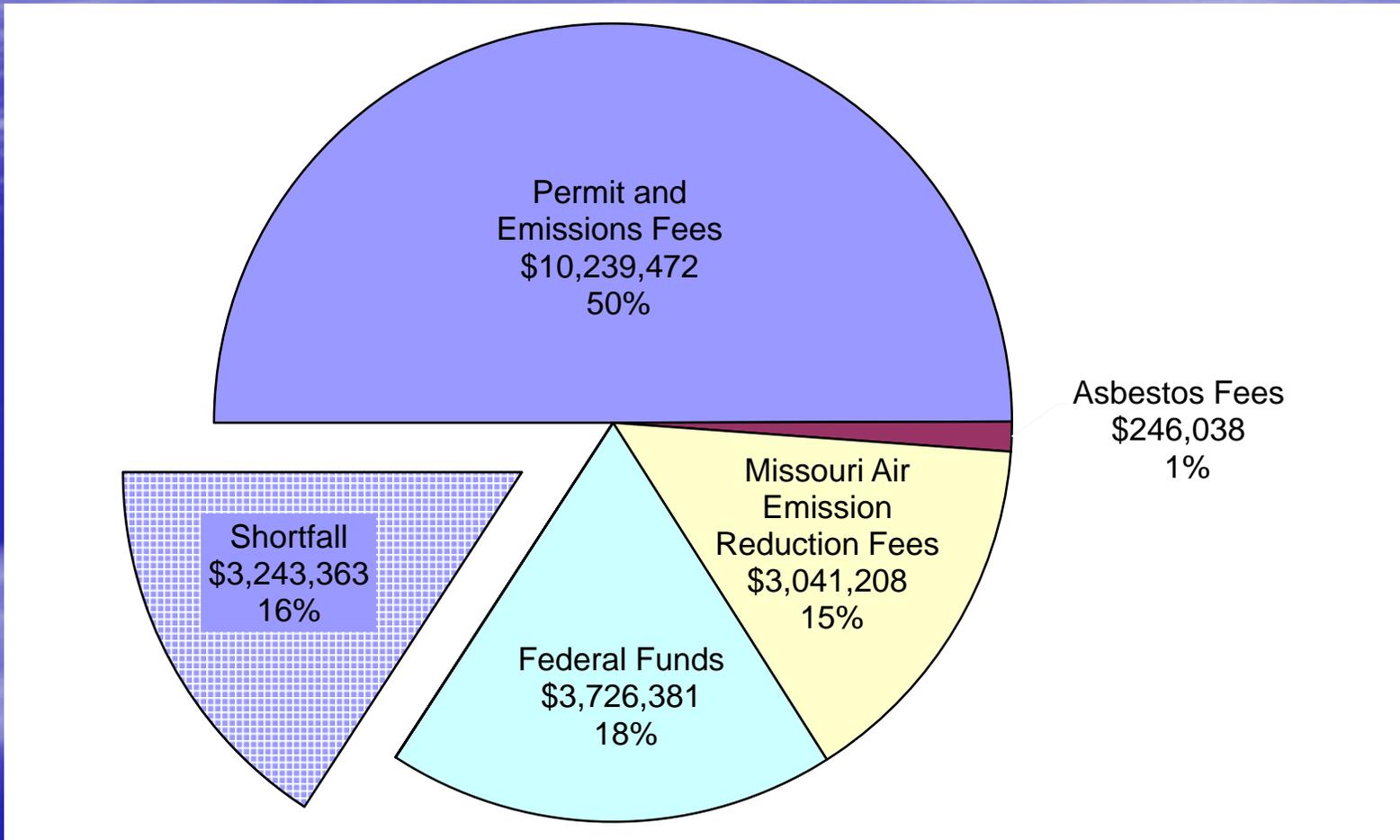


WELCOME
Air Media Fees
Stakeholder Meeting

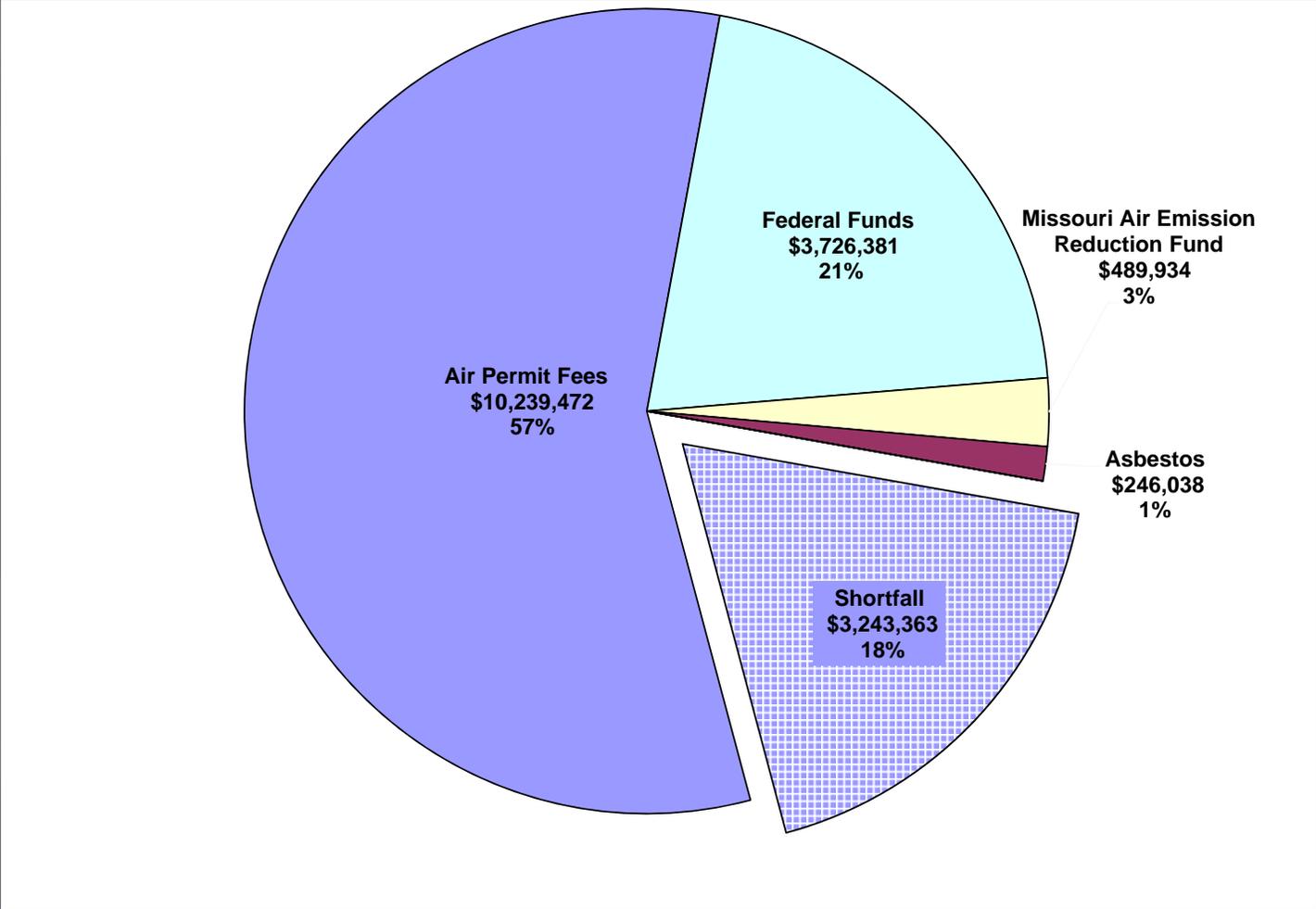
October 21, 2009

Missouri Department of Natural Resources
Operating Costs for Air Media Efforts (including GVIP)
All Fund Sources
FY 2011 Projected*
\$20,496,462



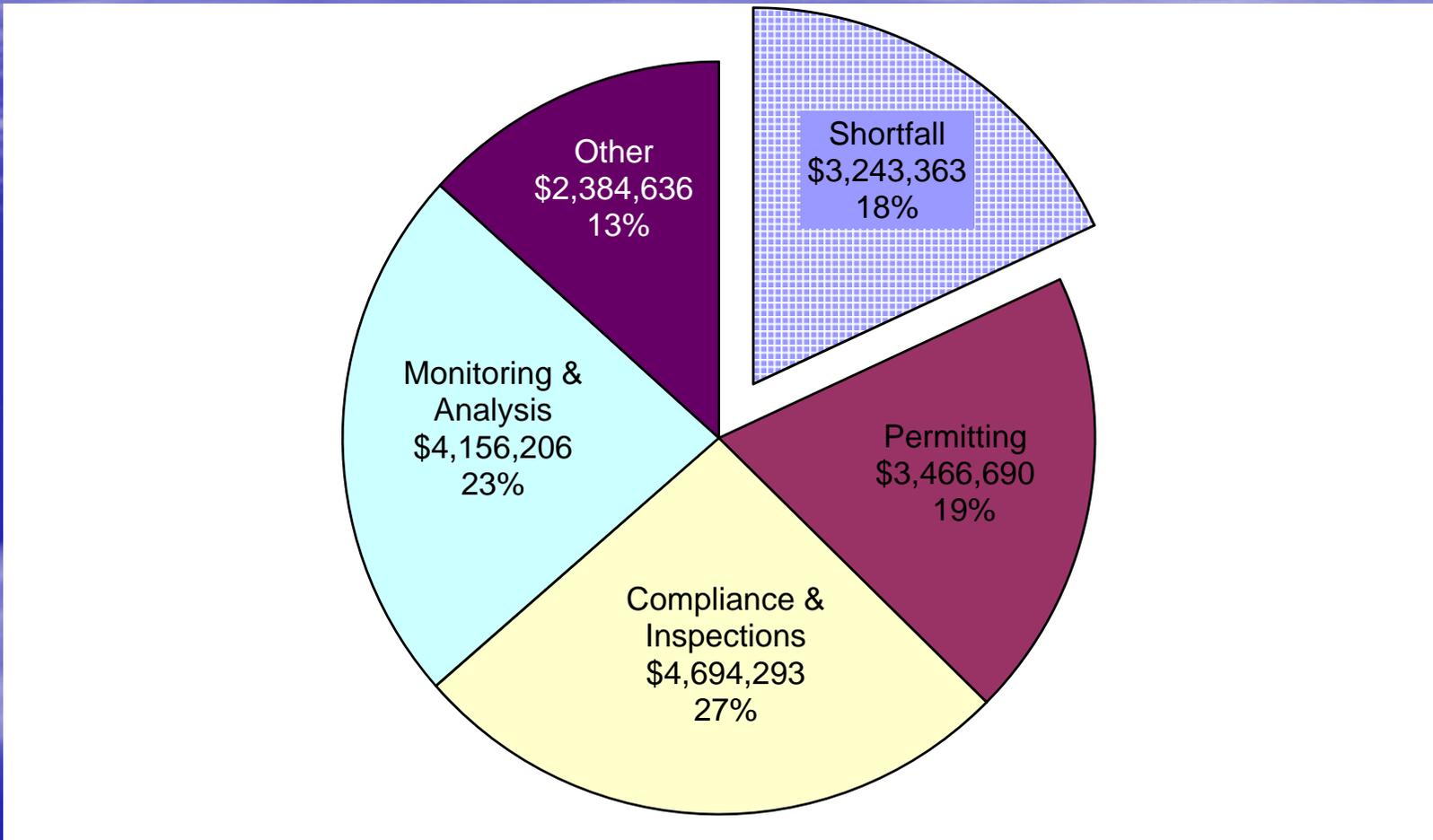
*Based on FY 2010 staffing and planned expenditures
Includes Air Pollution Control Program, Regional Offices, Environmental Services Program and Attorney General's Office
Personal Service, Fringe, E&E, Local Air Agencies and Indirect.

Missouri Department of Natural Resources
Operating Costs for Air Media Efforts (excluding GVIP)
All Fund Sources
FY 2011 Projected*
\$17,945,188



*Based on FY 2010 staffing and planned expenditures
Includes Air Pollution Control Program, Regional Offices, Environmental Services Program and Attorney General's Office
Personal Service, Fringe, E&E, Local Air Agencies and Indirect.

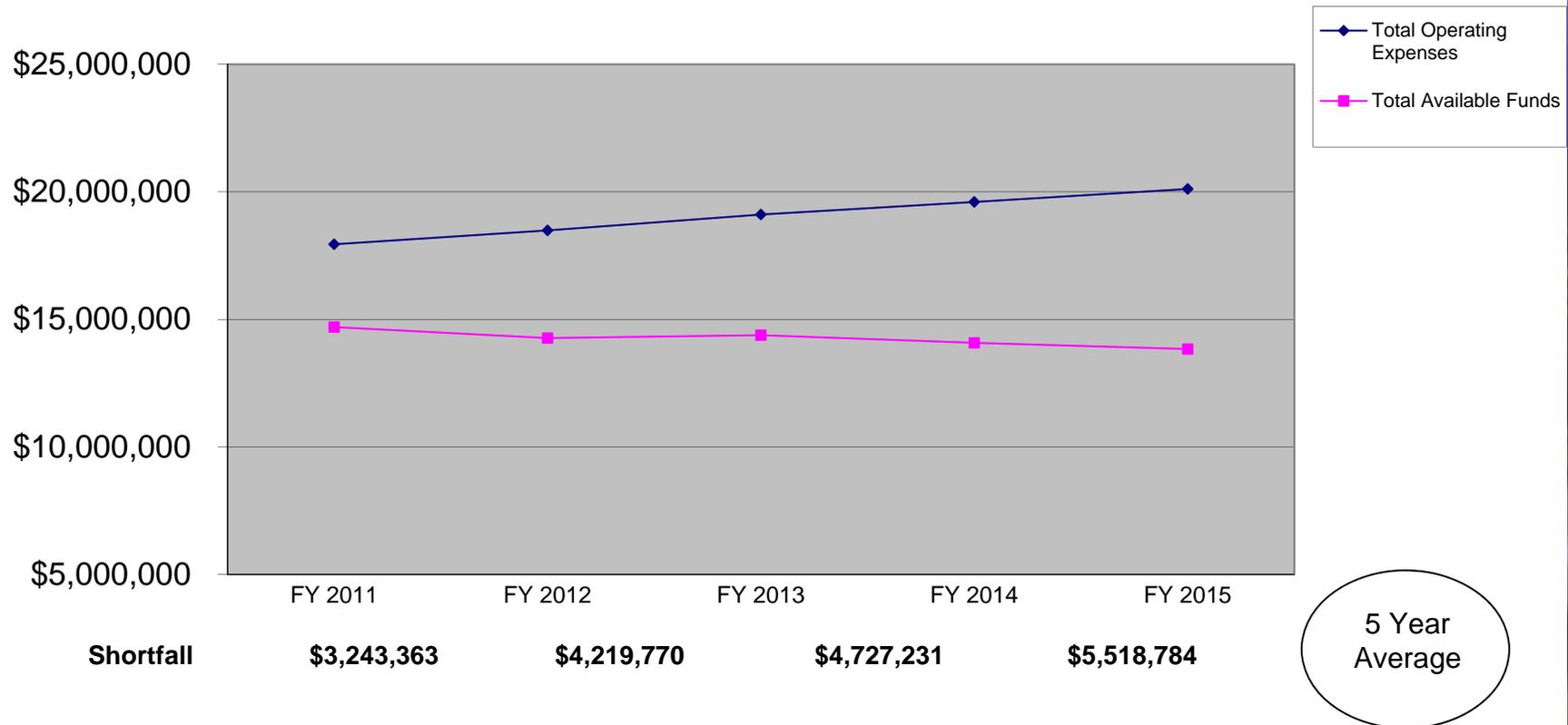
Missouri Department of Natural Resources
Operating Costs for Air Media Efforts (excluding GVIP) by Major Activity
All Fund Sources
FY 2011 Projected*
\$17,945,188



*Based on FY 2010 staffing and planned expenditures
Includes Air Pollution Control Program, Regional Offices, Environmental Services Program and Attorney General's Office
Personal Service, Fringe, E&E, Local Air Agencies and Indirect.

Five Year Projection

Air Media Related Efforts



This revenue shortfall does not include a one-time cash flow need of \$7,296,479 or \$1,459,296 annually over a 5-year period.

Assumptions

Revenue Assumptions

- No General Revenue Funds for Air Efforts
- No Change in Available Federal Funding
- Inspection Maintenance and Permit Fees Remain Constant

Expenditure Assumptions

- FY 2011 – 3.55% Pay Increase (~\$235K); 3% for out years
- 3% Increase for Fringe Benefits through FY 2013
- 3% Inflation Factor for Expense and Equipment
- Indirect Rate of 25.93%

Air Permit & Emission Fees

- The Emission Fee was capped by state statute in 1992 at \$40/Ton of Regulated Emissions
- The Emission Fee Rate remained \$25.70 from 1994 to 2002
- The Current Fee was set in 2007 at \$40/Ton of Regulated Emissions

Potential Options

Expenditure Reduction & Fund Shift Summary

Option - Cessation of Use of Outside Contractors to Review Operating Permits

Activity	Total
Estimated Yearly Contractor Cost	<u>\$ 177,000</u>
Total:	\$ 177,000

Option - Shift 60% of St. Louis Area Subgrant Costs to Missouri Air Emission Reduction Fund (GVIP)

Activity	Total
Shift 9 months of St. Louis area Subgrants to MAER Fund for the last 3 qtrs of FY11	<u>\$ 491,250</u>
Total:	\$ 491,250

Potential Options

AIR MEDIA EFFORTS REDUCED ACROSS THE BOARD

FY 2011 Projected		\$ Reduced	FTE Reduced	\$ Remaining after Reduction	FTE Remaining after Reduction
	% of total Expenditures				
APCP - Permitting	7%	\$ 180,198	2.95	\$ 899,146	19.52
APCP - Compliance/Inspections	9%	\$ 244,008	4.00	\$ 1,217,546	26.42
APCP - Air Quality Monitoring\Analysis	8%	\$ 216,039	3.54	\$ 1,160,951	25.08
APCP - Other	5%	\$ 123,953	2.03	\$ 618,497	13.42
FSD - Permitting	3%	\$ 77,688	1.27	\$ 430,082	10.29
FSD - Compliance/Inspections	4%	\$ 105,198	1.72	\$ 582,381	13.94
FSD - Air Quality Monitoring\Analysis	4%	\$ 93,140	1.53	\$ 515,625	12.33
FSD - Other	2%	\$ 53,439	0.88	\$ 295,841	7.08
AGO - Permitting	0.07%	\$ 1,879		\$ 7,054	
AGO - Compliance/Inspections	0.10%	\$ 2,544		\$ 9,553	
AGO - Air Quality Monitoring\Analysis	0.09%	\$ 2,253		\$ 8,458	
AGO - Other	0.05%	\$ 1,293		\$ 4,853	
PS, Fringe, and E&E Subtotal:		\$ 1,101,631		\$ 5,749,986	
Fringe - 50.06%	21%	\$ 551,477		\$ 2,878,443	
Expense & Equipment	7%	\$ 184,363		\$ 1,287,719	
Indirect (ITSD/Department/Division Admin)	18%	\$ 456,582		\$ 2,476,841	
PSD - Local Air Agencies	11%	\$ 281,061		\$ 2,352,115	
ITSD and PSD Subtotal:		\$ 1,473,482		\$ 8,995,118	
Total:		\$ 2,575,113	17.93	\$ 14,745,104	128.07

Potential Options

ELIMINATION OF FUNDING FOR LOCAL AIR AGENCIES

Activity	FTE Reduced	Total PSD	Estimated Additional Air Media Needs				Total Air Media Cost to Administer the Local Air Agency Duties	Total Funding Elimination	
			FTE	PS Costs	Fringe	E&E			
Elimination of Local Air Agency Funding	-	\$2,633,176	RO-ES III	8.00	\$ 320,591	\$160,488	\$ 46,752	\$ 527,831	
			RO-ES IV Additional Vehicle	3.00	\$ 134,648	\$ 67,405	\$ 17,532 \$ 20,000	\$ 219,585 20,000	
Total:	-	\$2,633,176					Total: \$ 767,416	\$ 1,865,760	

Reductions include all efforts; Federal, Emission & Permit Fees, & Inspection Maintenance Fees.

Potential Options

ELIMINATION OF SPECIFIC ACTIVITIES

Eliminate Stationary Source Emissions Testing Observations (Stack)

Activity	FTE Reduced	PS Costs	Fringe	E&E	Total
APCP - Compliance/Inspections	2.00	\$ 95,544	\$ 47,829	\$11,688	\$ 155,061
Total:	2.00	\$ 95,544	\$ 47,829	\$11,688	\$ 155,061

Eliminate Vapor Recovery Activities

Activity	FTE Reduced	PS Costs	Fringe	E&E	Total
APCP - Other	0.50	\$ 22,124	\$ 11,076	\$ 2,922	\$ 36,122
APCP - Compliance/Inspections	1.00	\$ 45,461	\$ 22,758	\$ 5,844	\$ 74,062
RO - Compliance/Inspections	2.87	\$ 115,012	\$ 57,575	\$16,772	\$ 189,359
Total:	4.37	\$ 182,597	\$ 91,408	\$25,538	\$ 299,543

Note: Out of the total 3.87 FTE, 0.50 FTE is funded by the Missouri Air Emission Reduction Fund, which is not part of this project. Therefore, the 0.50 FTE could be retained and redirected to other tasks related to air quality in non-attainment areas.

Continued

Potential Options

ELIMINATION OF SPECIFIC ACTIVITIES

Continued....

Stop Developing and Processing Rulemakings and State Plan Actions

Activity	FTE Reduced	PS Costs	Fringe	E&E	Total
APCP - Monitoring/Analysis (Rules)	6.50	\$ 290,295	\$ 145,321	\$37,986	\$ 473,602
APCP - Monitoring/Analysis (SIPs)	6.50	\$ 290,295	\$ 145,321	\$37,986	\$ 473,602
Total:	13.00	\$ 580,589	\$ 290,643	\$75,972	\$ 947,204

Note: Out of the total 13.00 FTE for FY10, 2.15 FTE are funded by the Missouri Air Emission Reduction Fund and 0.59 FTE are funded by the Stimulus Grant (ARRA), which are both not part of this fund solvency project. Therefore, the 2.74 FTE could be retained and redirected to other tasks related to air quality in non-attainment areas.

Eliminate the Asbestos Program

Activity	FTE Reduced	PS Costs	Fringe	E&E	Total	FY11 Revenue	Estimated Revenue Lost from Eliminating the Asbestos Program	Net Difference Between Expenditures and Revenue
APCP - Permitting	1.00	\$ 91,928	\$ 46,019	\$ 5,844	\$ 143,791	Asbestos Fees	\$ 245,488	
APCP - Compliance/Inspections	2.00	\$ 32,645	\$ 16,342	\$11,688	\$ 60,675	Interest	\$ 1,001	
RO - Compliance/Inspections	1.85	\$ 78,144	\$ 39,119	\$10,811	\$ 128,074			
Total:	4.85	\$ 202,717	\$ 101,480	\$28,343	\$ 332,541	Total Revenue:	\$ 246,489	\$ 86,052

Potential Options

DISCONTINUE CERTAIN PERMITTING ACTIVITIES

Cease Issuance of Basic Operating Permits

Activity	FTE Reduced	PS Costs	Fringe	E&E	Total	FY11 Revenue	Estimated Revenue Lost from Eliminating the Basic Operating Permits	Net Difference Between Expenditures and Revenue
APCP - Permitting	1.00	\$ 47,616	\$ 23,837	\$ 5,844	\$ 77,297	Operating Permit Filing Fee	\$ 18,000	
Total:	1.00	\$ 47,616	\$ 23,837	\$ 5,844	\$ 77,297	Total Revenue:	\$ 18,000	\$ 59,297

Cease Issuance of Portable Plant Construction Permits

Activity	FTE Reduced	PS Costs	Fringe	E&E	Total	FY11 Revenue	Estimated Revenue Lost from Eliminating Portable Plant Construction Permits	Net Difference Between Expenditures and Revenue
APCP - Permitting	3.00	\$ 142,849	\$ 71,510	\$ 17,532	\$ 231,892	Portable Source Filing Fee	\$ 13,300	
Total:	3.00	\$ 142,849	\$ 71,510	\$ 17,532	\$ 231,892	Total Revenue:	\$ 13,300	\$ 218,592

Eliminate Open Burning Permits

Activity	FTE Reduced	PS Costs	Fringe	E&E	Total
RO - Compliance/Inspections	0.66	\$ 26,449	\$ 13,240	\$ 3,857	\$ 43,546
Total:	0.66	\$ 26,449	\$ 13,240	\$ 3,857	\$ 43,546

Potential Options

DISCONTINUE ASSISTANCE SERVICES

Discontinue Small Business Compliance Advisory Committee Activities

Activity	FTE Reduced	PS Costs	Fringe	E&E	Total
APCP - Compliance/Inspections	2.00	\$ 100,638	\$ 50,379	\$11,688	\$ 162,706
RO - Compliance/Inspections	1.00	\$ 44,584	\$ 22,319	\$ 5,844	\$ 72,747
Total:	3.00	\$ 145,222	\$ 72,698	\$17,532	\$ 235,452

Discontinue Providing General and Compliance Assistance

Activity	FTE Reduced	PS Costs	Fringe	E&E	Total
RO - Compliance/Inspections	5.39	\$ 215,998	\$ 108,129	\$31,499	\$ 355,626
Total:	5.39	\$ 215,998	\$ 108,129	\$31,499	\$ 355,626

Potential Options

REDUCE INSPECTION EFFORTS

Reduce Part 70 and Intermediate (Title V) Inspections by 30%

Activity	FTE Reduced	PS Costs	Fringe	E&E	Total
APCP - Compliance/Inspections	1.11	\$ 44,482	\$ 22,268	\$ 6,487	\$ 73,236
RO - Compliance/Inspections	0.39	\$ 15,629	\$ 7,824	\$ 2,279	\$ 25,732
Total:	1.50	\$ 60,111	\$ 30,091	\$ 8,766	\$ 98,968

Inspect Basic, No Operating, and Unknown Sources Every 10 Years Instead of the Current 5 Year Schedule

Activity	Current FTE/5 Year	PS Costs	Fringe	E&E	Total
APCP - Compliance/Inspections	2.47	\$ 98,982	\$ 49,551	\$14,435	\$ 162,968
RO - Compliance/Inspections	0.82	\$ 32,861	\$ 16,450	\$ 4,792	\$ 54,103
Total:	3.29	\$ 131,843	\$ 66,001	\$19,227	\$ 217,070

Activity	Proposed FTE/10 Year	PS Costs	Fringe	E&E	Total
APCP - Compliance/Inspections	1.23	\$ 49,291	\$ 24,675	\$ 7,188	\$ 81,154
RO - Compliance/Inspections	0.41	\$ 16,430	\$ 8,225	\$ 2,396	\$ 27,051
Total:	1.64	\$ 65,721	\$ 32,900	\$ 9,584	\$ 108,205
Total Reduction:	1.65	\$ 66,122	\$ 33,101	\$ 9,643	\$ 108,865

Potential Options

POTENTIAL REVENUE OPTIONS FOR CONSIDERATION

- Raise the Statutory Cap on Chargeable Emission Limits
- Remove \$40 Per Ton Emission Fee Cap
Plus Add Annual Adjustment for Consumer Price Index
- Raise the Hourly Rate for Permit Review Fee
- Raise the Operating Permit Filing Fee
- Raise the Construction Permit Filing Fee

POTENTIAL REVENUE OPTIONS FOR CONSIDERATION

- Raise the Asbestos Recertification Fee
- Raise the Portable Plant Fee (Regulation Only)
- Establish Open Burning Permit Fee
- Establish Demolition Review Fee
- Establish Stationary Source Emissions Test Fee (Stack Tests)

CONCLUSION

Inadequate Funding Could Result in:

- The Department's Inability to Protect Human Health and the Environment
- EPA Withdrawing Delegation of the Program and Implementing Sanctions, Including Industry Offsets and/or Withholding Highway Funding
- EPA May Also Issue a Federal Implementation Plan

If the State could not adequately administer the Air Program, and EPA withdrew delegation, the cost to Missouri emitters would increase from approximately \$10.8M to \$25.6M.

Discussion