

TV Committee Meeting

August 19, 2020

1:00 pm – 3:00pm

Webex Meeting

Meeting called by: David Fees, DAQ Director

Type of meeting: Review of 2019 Annual Report & discuss expanded hour data reporting

Facilitator: Tony Manson

Note taker: Dawn Minor

Attendees: See sign-in sheet

Notes

Agenda item: Review Committee Contact List

Presenter: Tony Manson

Discussion: Reviewed the Committee Contact list. Bob Whetzel volunteered to contact Calpine to find a representative to replace Stu Widom.

Conclusions: No other changes recommended.

Action items	Person responsible	Deadline
Contact Calpine for a representative to replace Stu Widom.	Bob Whetzel	ASAP

Agenda item: 2019 Year in Review

Presenter: Tony Manson

Discussion: Tony presented slides summarizing key information from the 2019 TV Annual Report. Key comments and questions were:

- Alan Rogers questioned the amount for Environmental Crimes Unit (ECU) costs, specifically does TV fund the entire amount?
 - Tony indicated that currently the costs are shared between TV and Grant funds
 - ECU costs are shared by all Divisions of the Department
 - Based on volume of calls handled by ECU for each Division
 - The amount in the annual report is the TV share of the total ECU costs

Additional Post-Meeting Comments:

The Additional Support Services, specifically Environmental Crimes Unit (ECU), is a significant cost factor each year. The ECU is normally supported from internal Department funds charged to four different Divisions. Historically, total call volume determines each Division's share of the total ECU budget and the current DAQ share is equal to 41.79%. However, the ECU calls and responses are not directly connected to DAQ compliance activities.

1. Bottom of page 3, Alan's question about the number of facilities needing to pay their bill - There is a comment, but there is no answer/explanation to the specific question as was done for all the other questions/comments raised.

- Bill Harris asked why we bill on a calendar year basis instead of fiscal year
 - Currently the statute reflects calendar year billing
 - DAQ can try to determine why calendar year billing was chosen in the beginning, if that can be determined, it will be shared with the committee
 - Could have been driven by industry for tax purposes

Additional Post-Meeting Comments:

Drawing reasonable conclusions from a brief historical search, we believe that the initial TV Fee committee members, at program inception, elected to align TV Fees and billing with emissions inventory conducted on a calendar years basis. Additionally, the calendar year cycle was consistent with most facilities budgetary and fiscal programs.

- Tom Webster questioned the vast difference in the interest portion of the revenue over the last few years, very high for 2019
 - Treasurer’s Office responsible for how that is calculated and it was recently changed resulting in higher amount
 - Tracey Parker will see if the Treasurer’s Office can explain the change in calculation.

Additional Post-Meeting Comments (Feedback from Treasurer’s Office).

The School/Special Fund (SSF) rate is applied to your interest earning appropriation balances each month. At the May 23, 2018 meeting, the Cash Management Policy Board set the SSF rate for FY19 and beyond. The calculation is the lesser of the One-Year Liquidity Return or One-Year Liquidity and Reserve Return (combined), not to fall below zero. The liquidity return is the average 12 month rolling return on two accounts the State maintains for anticipated cash needs and consists of fixed income securities with maturities not to exceed two years. The Reserve return is the average 12 month rolling return on four accounts the State maintains for unanticipated cash needs and consists of fixed income securities with maturities not to exceed ten years. Below are the two monthly one year returns of these two tiers for FY2020. The liquidity return (and what is being paid on SSF’s balances) has been in tight range b/t 2.50% to 3.00% for the FY20 and changes monthly.

Current Fiscal Year SSF rates				
	One-Year	One-year		
For Month-end	Liquidity Return	Liquidity & Reserve Return		Monthly SSF Rate *
7/31/2019	2.87%	5.21%		2.87%
8/31/2019	3.01%	6.42%		3.01%
9/30/2019	3.01%	6.33%		3.01%
10/31/2019	3.01%	6.70%		3.01%
11/30/2019	3.00%	6.16%		3.00%
12/31/2019	2.91%	5.20%		2.91%
1/31/2020	2.81%	5.86%		2.81%
2/28/2020	2.90%	7.20%		2.90%
3/31/2020	2.53%	6.88%		2.53%
4/30/2020	2.83%	7.63%		2.83%
5/31/2020	2.77%	7.15%		2.77%
6/30/2020	2.52%	6.60%		2.52%
	Liquidity Portfolio One-Year Return			2.520%
	Total Fixed Income Portfolio One-Year Return			6.600%
Current Month Interest Rate for School/Special Fund Balances *				2.520%

As you indicated, the SSF rates have risen over the past two years. Primarily due to Federal Reserve Board (FRB) policy over the past three years, with treasury market rates peaking near the end of calendar 2018 and beginning a gradual decline through 2019 and then falling to near zero in March of this year and remaining at those levels since. Overall, market rates for all fixed income securities have followed a similar path and these are the underlying investments which comprise the above portfolio returns (and SSF rate). You can see above, over FY20 the SSF rate has begun a gradual decline and this has continued into FY21 (YTD). The 12-month averaging "smooths" out this process, meaning I would anticipate a continued gradual decline in the rate through FY21.

- Alan Rogers asked about the Contractual expenses, does it include the ECU costs?
 - Tracey Parker indicated it does along with additional services
 - The ECU costs are not paid in one lump sum, done in multiple payments not necessarily on a set schedule.

Additional Post-Meeting Comments:

The 2019 Additional Support Services costs were \$485,709. Of that amount, \$458,817 supported the ECU and this was the equivalent of one complete year of ECU support costs in SFY 2019. However, these costs did not account for the recoding actions that occurred in SFY 2020 mentioned in the report and during the recent committee meeting.

The recoding actions related to ECU costs (\$129,947) from the TV account to the Air Pollution Control Grant occurred in the following year (SFY 2020). As a result, the original expense transactions remain in the account summary and the actual correction is reflected as revenue in the Title V account summary at the end of CY 2019. After the recoding, the net or revised cost factors related to the ECU are approximately \$328,869.

Additionally, based on the actual date of ECU transactions and the number of SFY quarters processed in a calendar year, the annual ECU cost factors have varied from year to year. The average ECU cost for the past two fee cycles (5-years) have averaged \$342,925

- Tom Webster asked if we could number the slides in the future for ease of reference during our discussions.
 - Tony indicated DAQ would number all slides presented to the committee.
- Alan Rogers asked of the staffing level presented in the report, how many are TV funded?
 - Tony will calculate and provide that information and will include in the future.

Additional Post-Meeting Comments:

The August 1, 2020, organization structure and staffing levels briefed at the committee meeting reflect 24.9 Title V FTEs.

- With respect to staffing levels by branch/group, Andrew Kehoe incorrectly captured within E&C numbers, should be Planning
 - Tony will correct
 - Also noted that hiring activity currently on hold due to pandemic
- Alan Rogers asked whether the 10 facilities who have not paid their 2020 fees is normal, seems high
 - DAQ continues to communicate with these facilities to avoid them becoming delinquent.

- Will DAQ take extra steps with these facilities to remind them that the 2021 fees will be due June 30th and not December 31st anymore?
 - DAQ will include a letter/memo in the 2021 billing pointing this out and will be communicating with any facilities who haven't paid earlier to again, avoid those facilities becoming delinquent.

Conclusions:

Action items	Person responsible	Deadline
Research reason for calendar instead of fiscal billing	DAQ	Completed
Treasurer's Office to try to determine interest Calculation change	Tracey Parker	TBD
Number slides in the future	DAQ	Completed
For staffing level numbers, provide the portion funded by TV	DAQ	Completed
Revised group/branch staffing levels to place Andrew Kehoe in the correct group/branch	DAQ	Noted

Agenda item: Expanded Hour Data Reporting **Presenter:** Tony Manson

Discussion: Reviewed DAQ proposal for future expanded hour data reporting. Since last proposal with total hours and hours per activity per funding code per facility, have added employees coding hours to each facility. Committee approved the proposal and appreciates the additional data.

- DAQ committed to producing the expanded hour data by March 31st each year beginning in 2021 for 2020 hour data.
 - Will post on the website no later than March 31st and also include as an attachment to the TV Annual Report.
 - Tom Webster asked if it would be included with the annual bill. DAQ responded that due to billing occurring very early in January of each year, there would not be enough time to QA/QC the data, so we would be unable to include with the annual billing.
 - DAQ cautioned that the data posted on the website would be visible to all, similar to how the hour data for each facility is currently available to all to see. Asked whether industry had any issues/concerns with that, no one did.
- Tom Webster asked whether training for facilities on where to find this information should be considered, either added to the planned training (postponed due to pandemic) and/or as a separate webinar that could be posted
 - Could be added to the planned training. Angela Marconi indicated that with respect to that training, the DAQ considering a path forward to conduct it electronically as convening a large gathering of attendees doesn't seem likely anytime soon.

Conclusions: Approved, will begin with 2020 data, reported in 2021.

Action items	Person responsible	Deadline
Implement new expanded hour data reporting	DAQ	March 31, 2021
If any progress made pursuing training electronically, will inform the committee	DAQ/Angela Marconi	

Wrap Up

Miscellaneous: Additional items discussed:

- Alan Rogers asked who conducted the Greenbelt Six Sigma training as well as what projects have resulted from the training. Can we provide recurring updates?
 - DAQ agreed to identify projects being undertaken by the Greenbelt staff along with the status of those projects in future meetings and annual reports.

Additional Post-Meeting Comments:

Initially, 14 staff members trained and certified through the University of Delaware's Greenbelt / 6-Sigma program. Since the initial training, two staff members have retired or separated. The remaining staff applied their knowledge and skills supporting the following DAQ and Department formal projects or targeted rapid improvement initiatives:

- TV Billing Project (Formal Project).
- DNREctory (Electronic File Management, Formal Project).
- ePermitting (Formal Project).
- Notice of Violation streamlining (Formal Project).
- DAQ Internal Purchasing (Targeted Initiative).
- COVID Contingency operations (Targeted Initiative).
- Continuity of Operations Planning (Targeted Initiative).
- Internal Travel Procedures (Targeted Initiative).

As future staffing levels and workloads will allow, DAQ will continue to seek opportunities to improve Division and Department processes. Furthermore, DAQ will highlight and continue to provide updates in future reports and meetings.

- Alan Rogers asked about the alleged savings resulting from DAQ's receipt of multi-purpose grant funds, will it be a recurring savings
 - Tony indicated that the money was used to pay for air monitoring equipment and a new air forecasting contract, both of which, absent the multi-purpose grant money, would've been partially funded by TV
 - The multi-purpose grant is not a guaranteed annual grant, only if federal funds are available does EPA offer the grant nationwide.
 - The grant is offered to the Department as a whole, Divisions submit projects with costs and compete for a portion of the grant to fund them
 - The multi-purpose grant referenced in the 2019 TV Annual Report was \$120,000 for the entire Department. DAQ successfully competed for and received about \$80,000.
 - Another multi-purpose grant was available this year, DAQ has submitted a proposal for some of those funds, awaiting award determination.
 - DAQ will continue to compete/apply for any future multi-purpose grant funds

Next meeting: Discussions settled on the next meeting occurring approximately two weeks following posting of the 2020 expanded hour data in 2021. If the DAQ posts the data before March 31st, will schedule a meeting two weeks after that date.