

2021-2023 Title V Revenue Estimate Requirements

Purpose: Provide background material and data to support the 2021-2023 TV Program Revenue estimates for the upcoming fee renewal process.

Background:

- The current Title V Fee Schedule for 2018-2020, was presented to the Delaware General Assembly through Senate Bill 103. It was passed by the Senate on June 8, 2017, passed by the House on June 30, 2017, and was signed by the Governor on July 17, 2017.
 - These fees must be reviewed periodically (currently every three years) before the authorization expires to consider adjustments.
- Over the past few fee cycles the Committee established revenue requirements based on DAQ's Full Time Employee (FTE) restrictions established by personnel hiring caps.
 - These personnel restrictions then set the basis for the total Title V Revenue needed annually for the subsequent three year fee cycle.
 - Once the revenue target is set, the Title V Fee Committee works with the Major and Synthetic Minor Sources to determine how the fees will be distributed fairly.
- During the 2015-2017 Title V Fee Schedule development, a user fee credit program was established to reduce the Title V Carryover balance (\$4.2M on 12/31/14) to approximately six-months of operating funds (\$2,000,000). The fee credit program was implemented as a six-year plan designated for CY 2015-2020. Per legislation, the fee credit program will terminate in 2020.
- The 2015-2017 initial TV Program revenue requirement was established at approximately \$3,750,000 per year. A \$300,000 annual fee credit program would reduce the planned annual revenue to \$3,450,000. However, prior to implementation, a reduction in facilities (135 to 123) limited the actual program revenue to approximately \$3,145,235, after the fee credit program.
- The carryover balance, slow to reduce in the first cycle, warranted accelerated reduction efforts. As a result, the 2018-2020 revenue requirement was established at approximately \$3,200,000 per year and the fee credit program was increased to \$385,000 per year.
 - The method used to estimate the revenue was based on the three-year cost factor averages (2015 -2018) adjusted for planned additional hiring actions (\$84,000).
 - The actual program revenue in 2018 was \$2,906,220, after the fee credit program. This revenue included back fees and interest on the account.
 - Inflation and other revenue adjustments were not factored into the 2018 -2020 cycle as they were considered counter to continuing efforts to reduce the carryover balance.
- The primary factors for increased program costs include two engineer salary leveling increases, annual pay increases and significant staffing increases (rescinded personnel cap).
- The new proposed fees and supporting legislation for the 2021-2023 fee cycle must be approved by the General Assembly NLT June 30, 2020, to be effective January 1, 2021.

Recommendation: The proposed revenue target for the 2021-2023 Fee Schedule is **\$3,950,000**. The following tables support the revenue estimate (see reverse):

3 - Year Average 2016-2018		EOY CY 2019 53 FTEs 27.65 TV FTEs	EOY CY 2020 58 FTEs 29.95 TV FTEs	CY 2021 58 FTEs, 29.95 TV FTEs	CY 2022 58 FTEs, 29.95 TV FTEs	CY 2023 58 FTEs, 29.95 TV FTEs	2021-2023 Fee Cycle Mid-Point
Salary	\$2,342,984.74	\$2,710,708.99	\$2,932,563.36	\$2,962,563.36	\$2,992,563.36	\$3,022,563.36	\$2,992,563.36
Travel	\$12,562.64	\$12,813.90	\$13,070.17	\$13,331.58	\$13,598.21	\$13,870.17	\$13,598.21
Contractual	\$446,667.97	\$455,601.33	\$464,713.35	\$474,007.62	\$483,487.77	\$493,157.53	\$483,487.77
Supplies	\$96,698.46	\$98,632.43	\$100,605.08	\$102,617.18	\$104,669.53	\$106,762.92	\$104,669.53
Capital Outlay ³	\$11,846.00	\$12,082.92	\$12,324.58	\$12,571.07	\$12,822.49	\$13,078.94	\$12,822.49
Additional Support Services ⁴	\$301,488.15	\$307,517.91	\$313,668.27	\$319,941.63	\$326,340.47	\$332,867.28	\$326,340.47
Ombudsman 30% of 2019 EOY Salary	\$88,331.50	\$30,803.60	\$30,803.60	\$31,103.60	\$31,403.60	\$31,703.60	\$31,403.60
Total	\$3,300,579.46	\$3,628,161.06	\$3,867,748.41	\$3,916,136.04	\$3,964,885.42	\$4,014,003.79	\$3,964,885.42

Title V Revenue Estimate Considerations	
Considered	Excluded
2019	Position #67454, Engineer VI (Vacant)
2019 EOY Projected Staffing Level @ 53 of 60 (87%)	Position #08302, Scientist V (Vacant 4/1/2020)
2019 Engineer Salary Leveling @ \$108K	No Potential Rent and/or Utilities (Ft. DuPont, \$100K+)
EOY 2019 Salary with 2020 pay increase @ \$1,000.00 per employee (effective July 1, 2019)	No Engineer or Scientist salary leveling in 2020-2023.
Career Ladder Increases for 11 Staff (9-Engineers, 2-Scientists) @ \$38.2K	No additional career ladder promotions 2020-2023.
SFY 2020 Salary Increases @ \$1,000 per person included in EOY 2019 data.	IT Modernization (ECM & ePermitting)
30% of Actual Ombudsman Salary & OECs.	
*All non-salary categories estimate = 3-year averages (2016-2018) + 2%	
2020	
Hire 5-Positions = 2.3 TV FTEs @ \$221,854.37 (Staffing level 58 of 60 @ 97%)	
2% CPI increase on all non-salary categories.	
2021-2023	
\$1,000.00 per person, per year, salary increase 2021-2023	
2% CPI increase per year on all non-salary categories.	

*Will update to last three years (2017-2019) when EOY 2019 data is available.

2016-2018 Revenue Vs Expenses			
	2016	2017	2018
Total Title V Fee Revenue	\$3,181,272	\$3,225,352	\$2,906,220
Total Expenses	\$3,141,964	\$3,232,830	\$3,626,944