Feb 6, 2014

Title V Fee Committee Meeting

Summary

**Date/Time/Location:** The Title V Fee Committee met at the DNREC, Lukens Drive Office, Feb 6, 2014, 1:00 - 3:00 PM.

**Attendees:** See attendee list at the [TV Committee website](http://www.dnrec.delaware.gov/Air/Pages/Title-V-Fee-Committee-Information.aspx).

**Purpose:** Industry members of the Fee Committee, led by Tom Webster (DuPont), presented their revised unified fee proposal for the 2015-2017 Title V billing cycle.

**Proposal Key Revisions:**

* Projected TV program cost requirements of $3,756,182.00 (2015-2017 average).
	+ Based on 63.0 FTEs or 93% staffing level.
	+ Included 2.5% annual COLA increase for salaries, additional support services and ombudsman program for the 2015-2017 fee periods.
* Consistent with the Dec 13, 2013, committee agreements, the proposal recommends a new carryover balance be established equivalent to 6-months of program costs (based on 2020 budget projections).
* Established a 6-year carryover drawdown plan to reach proposed carryover balance.
	+ To achieve projected carryover balance, reduced actual program revenue by $300,000.00 per year (from $3,756,182.00 to $3,456,182.00).
	+ The $300,000.00 program revenue reduction, is achieved by equitable fee credit for all current TV facilities that contributed carryover balance.

**Discussion:** The following key points capture the discussion, agreements and action items needed to finalize the proposal and reach a final fee agreement:

* On behalf of the Chamber, Tom Webster presented the new proposal and thoroughly explained the method of calculation and distribution of fees across the facilities.
	+ Ali Mirzakhalili, DAQ Director, supported the proposal concept provided the legislation and billing processes reflect the total program costs and the specific reduction in fees to achieve the new carryover balance.
	+ The proposal received a majority of support from the committee members present.
	+ However, one facility representative and committee member did not support the proposal stressing the need to use 2014 emissions data to establish the user fees. He further indicated the current method did not incentivize industry members who met mandated emission reductions or recently invested in voluntary emission reductions.
* The chamber’s response to the Dec 13, 2013, meeting agreements and actions items did include additional clarification on the proposed Management Review Study.
	+ The specific management review recommendations are reflected in the Chamber’s Reply to the Dec 13, 2013, meeting notes available on the [TV Committee website](http://www.dnrec.delaware.gov/Air/Pages/Title-V-Fee-Committee-Information.aspx).
	+ In summary the Management study recommended:
		- The need for Timeliness, Transparency, Accountability and Availability.
		- Listening to the voices of stakeholders.
		- Building upon the benefits of past Value Stream Mapping.
		- Optimizing DNREC Air Resources in all areas.
		- Reviewing training programs.
		- Conducting semi-annual (x2/year) Review Meeting.
		- Providing reports for Categorical Breakdown of hours.
		- Providing individual facility reports.
	+ Although some committee members suggested applying the cost of a management study to support additional fee reductions, the Director welcomed the suggestion for a management review.
	+ However, the director reiterated the significant efforts undertaken in the past 18-months to develop and implement a comprehensive Organizational Strategy. The Division Strategy includes many air action plans specifically targeted to improve many of the chamber’s areas of concern. The Director indicated that the strategy provides an opportunity to reinvest critical funds to improve the overall program.
	+ The Director recommended that the Division brief the chamber on our current strategic plans and then reevaluate need and/or focus areas for a follow-on management review. The chamber supported this recommendation.
	+ Furthermore, the Director suggested the Chamber provide a list of potential Management Consultants they recommended to perform the review, if required.
	+ Addressing the request for additional review meetings and reports, the Director stressed the Division’s limited staff and the potential impact on normal operations and productivity.
		- The chamber requested the requirements to conduct additional meetings and provide multiple reports be included in the 2015-2017 TV legislation language.
		- In response, the Director suggested establishing a Memorandum of Understanding (MOU) that captures the specific agreements consistent with the capacity of the DAQ staff.
		- DAQ will provide a list of reports and data they can provide with minimal impact to customer service and operations.
	+ The chamber’s previous request for DAQ to develop and implement a dynamic fee process (annual base and user fee adjustments) was retracted. The chamber agreed this type of fee process will not provide the revenue stability needed to support the program.
* In response to previous committee discussions regarding other permitting related funding sources and the potential impact on Title V funded programs, the DNREC Deputy Secretary (Dave Small) provided an update for the ongoing initiative to update Natural Minor permitting fees. Mr. Small highlighted the following:
	+ Current Natural Minor permitting fees were established in 1991.
	+ Current fees generate an annual revenue of approximately $145,000.00
	+ The initiative and proposed legislation recommends a fee schedule adjustment for inflation and the complexity of the permit type.
	+ The number of permits for each fee type was based upon the average from 2006 through 2009.
	+ The potential annual revenue increase is approximately $213,000.00.
	+ The total annual revenue projection is approximately $357,000.00.
	+ The committee discussed the potential to incorporate the Natural Minor permitting fees into the TV fee program.
	+ Given the complexity of the numbers and different types of permitting categories presented in the raw data, the chamber requested a revised summary of the data and clearly defined proposal or recommendation.

**Agreements/Action Items:**

* Pending development and validation, the committee agreed to the following general principles and proposals:
	+ The committee agreed to 2015-2017 Fee Schedules and Fee Reductions as presented by the chamber.
	+ The DAQ staff should present a Strategy Planning Briefing at a future Chamber meeting. **Date: TBD**
	+ The Chamber will provide recommended dates for the Strategic Planning Briefingto be presented at a future chamber meeting. **Date: As soon as possible.**
	+ The DAQ Staff will develop and propose a MOU outlining the specific reports and information they can provide on a quarterly, semiannual and annual basis. **Date: Feb 21, 2014.**
	+ The Chamber should provide a recommended list of Management Consultants for the proposed management review. **Date: TBD**
	+ The DAQ staff will create and coordinate the **first draft** of the 2015-2017 Fee legislation and coordinate with the Chamber. **Date: Feb 21, 2014**
	+ The DAQ staff will summarize the Natural Minor Permitting Funding initiative and provide specific recommendations to the committee. **Date: Feb 21, 2014.**
* The meeting concluded at 3:00PM. The next meeting will be scheduled when the proposed Fee Legislation is completed and ready for final review and approval.