

Title V Fee Committee Meeting to Review Annual Report and Update on Management Review

Date/Time/Location: The Title V Fee Committee met at the DNREC, State Street Commons Training Room, October 27, 2016, 10:00am – 12:00pm

Attendees: See attachment

Purpose: Provide an update on the management review project; allow for questions/comments on the Facility Listing to be used for the 2018-2020 fee cycle development; and provide the Title V Fee Committee with DAQ's revenue requirements for the 2018-2020 fee cycle, as well as the approach taken to determine them.

Discussion:

- Contractor provided update on management review project
 - Interviews nearly complete, interview with Ali remaining and that was going to be conducted following this meeting.
 - Interviews thus far have revealed some information previously unknown and will lead to better questions on the questionnaire.
 - To be able to compare the states on a level field, will have to “boil things down to a unit basis”.
 - Hopes to approach the states by the middle of next month to meet a January deadline for wrap up with the states.
 - Proposed meeting next week to review the questionnaire and determine a final list of states to approach for participation (and get any contact info we may have for those states)
 - It was agreed to meet at 3:30, Wednesday, November 2nd using VTC in DAQ's Dover & New Castle offices, folks could attend the location most convenient for them.
- Presented slides with basic background info; current fee tables; user fee credit program table; CY2015 program costs; 3 year history of staffing levels and billing, revenue & expenses.
 - Committee member asked if the fee table could be posted on the website
 - Another committee member reminded that it was in the Code
- Presented 2018-2020 fee cycle facility listing
 - Committee member asked about Chemours Edgemoor being on the list when it is known they are closed/closing
 - Ali indicated that permits are typically maintained by the facility closing as a selling point
- Presented slides showing how the revenue requirement was determined as well as what the revenue requirement is.
 - Committee would like to see the spreadsheet that shows what facilities have historically paid and what their Base and User categories were and are now.
 - Tony indicated he is working on that (about 75% done) and it is essentially the information provided in Tom Webster's spreadsheet.
 - Tom Webster suggested providing current and historical names on the spreadsheet
 - Tom Webster suggested that having the last 3 years on the spreadsheet would be helpful
 - Committee member asked if the revenue requirement included CPI.
 - Answer was no, we don't want to factor it in there and have a CPI not occur which would result in further increase of the carryover balance. Legislation

allows for the increase of fees to cover a previous year's CPI. So for instance, the CPI that was implemented October 1, 2016 could be recovered by fee increases for 2017.

- Committee member asked about our other funding sources
 - Ali indicated that we receive General Funds (not a lot); 105 and 103 Federal Grant money and small amount from other fees.
 - The challenges associated with the varying schedules of receipt of these funds were explained.
- Carryover balance brought up a few times.
 - Committee member asked what the projected carryover balance was, Tony & Ali indicated about \$4.7 million
 - Ali indicated that we had not planned on discussing the carryover balance due to information Bob Zimmerman would be providing regarding e-permitting initiative that would potentially impact those discussions.
 - Ali further acknowledged the committee's wish to have the management review project results for the development of fees for the 2018-2020 cycle, but noted that even if areas of improvement are found, the timing for implementing solutions may not be realized for this fee cycle.
 - Ali brought up that based on applying the latest hours and emissions information for facilities to the current fee tables resulted in \$119,000 more than what are revenue requirement is for the 2018-2020 cycle. This could be an opportunity to trim/reduce fees overall to close that gap.
 - Committee member reiterated a very strong concern that the carryover balance would be targeted either internally by the Department or by other state government as a potential fund source.
 - Ali indicated that current language protects the account and hopes that the upcoming legislation will be able to have the same language.
 - Ali agreed that the best protection would be to have that money earmarked for something.
 - Ali indicated frustration with not being able to use that money to fund salaries for positions he needs because of a hiring freeze. Even though the money is there, the hiring freeze/caps keep him from hiring staff he needs to the point of having to consider outsourcing to meet our needs.
 - Some discussion on the target carryover balance currently sitting at about 18 months of operating costs, think that's too much. Committee member indicated perhaps 9 months (3/4 year) would be sufficient. Ali indicated the Secretary's Office (CFO) would like to maintain 12 months. Ali also reminded that if we're only maintaining 12 months of Title V operating costs, that's essentially only half of our total costs.
- Ali officially requested and received approval from the committee of DAQ's \$3.2 million annual revenue requirement for the 2018-2020 fee cycle.

SPECIAL NOTE: This information wasn't provided at the meeting, but DAQ wants to provide it to the committee. The relocation of the Dover office has thus far resulted in savings of close to \$5,200 per month. The savings are related to facility expenses such as rent, cleaning, electricity and gas.

Agreement/Action Items:

- DAQ will post PowerPoint presentation for 10-27-16 Meeting on website
- DAQ will post comparison spreadsheet upon completion

- DAQ will work with Bob Zimmerman for dates for the next Title V Fee Committee meeting. Target dates are week of November 14th or December 5th.
- DAQ will coordinate meeting invitation for Management Review Project subcommittee members for review of the questionnaire, determination of states to approach and collect any contact information we may have for those states

The meeting concluded at approximately 11:00am