

TITLE V COMMITTEE MEETING

November 29th, 2022



DELAWARE DEPARTMENT OF
NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL

Agenda

- ☐ Introductions 10 min.
- ☐ 2021-2023 Title V Fees & Revenue Review 10 min.
- ☐ 2024-2026 TV Program Revenue 60 min.
- ☐ Natural Minor (Reg. 1102) Increase Update 10 min.
- ☐ Open Discussion (Q&A) 10 min.
- ☐ Action Items 10 min.
- ☐ Closing Comments 10 min.

Committee Introductions

November 29, 2022



DELAWARE DEPARTMENT OF
NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL

2021-2023 Title V Fees & Revenue Review



Background

- ❑ Current fee schedule introduced in Senate Bill No. 249
 - ❑ SPONSOR: Sen. Paradee & Rep. Heffernan
- ❑ Streamlined version of original proposal
 - ❑ Essential revisions only
 - ❑ Base and User fees remained the same
 - ❑ Rescinded Fee Credit Program
 - ❑ Established Program Fee Category
- ❑ Passed the Senate June 23, 2020
- ❑ Passed the House June 25, 2020
- ❑ Signed by the Governor Aug 6, 2020



2021-2023 Base & User Fees

Fee Type	Category	Category Description	2021-2023 Fees
Base Fee	A	> 6,000 Hours	\$277,020
Base Fee	B	5,001 – 6,000 Hours	\$108,300
Base Fee	C	4,001 – 5,000 Hours	\$93,480
Base Fee	D	3,001 – 4,000 Hours	\$80,940
Base Fee	E	2,001 – 3,000 Hours	\$57,000
Base Fee	F	1,501 – 2,000 Hours	\$42,180
Base Fee	G	1,001 – 1,500 Hours	\$28,500
Base Fee	H	667 – 1,000 Hours	\$18,240
Base Fee	I	334 – 666 Hours	\$9,120
Base Fee	J	0 – 333 Hours	\$5,700
User Fee	1	> 2,000 Tons	\$350,000
User Fee	2	1,001 – 2,000 Tons	\$100,000
User Fee	3	501 – 1,000 Tons	\$60,000
User Fee	4	201 – 500 Tons	\$28,000
User Fee	5	101 – 200 Tons	\$12,000
User Fee	6	51 – 100 Tons	\$9,000
User Fee	7	26 – 50 Tons	\$6,000
User Fee	8	6 – 25 Tons	\$4,100
User Fee	9	0 – 5 Tons	\$3,950



2021-2023 Program Fees

2021 – 2023 Program Fees		
Category	Total Base & User Fee	Program Fee Amount
PF 1	>\$125,000	\$38,250
PF 2	\$100,000 - \$124,999	\$34,425
PF 3	\$50,000 - \$99,999	\$22,950
PF 4	\$25,000 - \$49,999	\$11,475
PF 5	\$15,000 - \$24,999	\$6,120
PF 6	\$10,000 - \$14,999	\$3,825
PF 7	< \$10,000 will pay	\$3,060



2021-2023 Title V Fee Structure Summary

Projected @ 122 Facilities

☐ 49 TV

☐ 73 SM

Base Fees: **\$2,041,740.00**

User Fees: **\$1,016,600.00**

Program Fees: **\$796,365.00**

Revenue Total= **\$3,854,705.00**

2024-2026 Title V Program Revenue



Background

- ❑ Fees must be reviewed periodically (3-years)
- ❑ 2024-2026 fees & legislation must be approved by the General Assembly NLT June 30th, 2023
 - ❑ Effective January 1, 2024
- ❑ Committee established past revenue requirements based on DAQ's full time Employee (FTE) projections
- ❑ Committee sets cycle revenue target
 - ❑ Committee works with TV & SM sources to distribute fairly

TV Program Revenue Considerations

- ❑ Senate Bill 250, included pay increases for state employees which included 2% to 9% increases for all merit employees
- ❑ All non-salary categories CPI increase of 2.5%
- ❑ 30% of Actual Ombudsman Salary & OECs
 - ❑ Previous years the Small Ombudsman program at 100% of cost, was considered an additional support service, reduction to 30% was incorporated into overall program salary costs.

TV Program Revenue Estimation Data

3- Year Average 2019-2021		EOY CY 2022 60 FTE's 29.95 TV FTEs	EOY CY 2023 60 FTEs 29.95 TV FTEs	CY 2024 60 FTEs, 29.95 TV FTEs	CY 2025 60 FTEs, 29.95 TV FTEs	CY 2026 60 FTEs, 29.95 TV FTEs	2024-2026 Fee Cycle Mid-Point
Salary	\$2,341,103.98	\$2,760,591.36	\$2,829,606.14	\$2,900,346.30	\$2,972,854.96	\$3,047,176.33	\$2,972,854.96
Travel	\$1,088.36	\$8,579.48	\$8,751.06	\$8,926.09	\$9,104.61	\$9,286.70	\$9,104.61
Contractual	\$172,447.07	\$270,160.33	\$276,914.33	\$283,837.19	\$290,933.12	\$297,687.13	\$290,933.12
Supplies	\$16,505.18	\$91,976.48	\$94,275.89	\$96,632.79	\$99,048.61	\$101,524.82	\$99,048.61
Capital Outlay	\$14,033.51	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Additional Support Services	\$391,341.26	\$351,174	\$359,953.16	\$368,951.99	\$378,175.79	\$387,630.18	\$378,175.79
Ombudsman 30% of Salary	\$50,297.37	\$31,882.63	\$32,679.69	\$33,496.68	\$34,334.10	\$35,192.45	\$34,334.10
TOTAL	\$2,986,816.73	\$3,514,364.08	\$3,602,180.28	\$3,692,191.04	\$3,784,451.18	\$3,878,497.62	\$3,784,451.18

Note: Significant reductions in supplies, travel, equipment, and contractual categories contributed to FFY2020 and 2021 reduced spending during COVID operations which affects the 2019-2021 three-year average costs.

Title V Facility Changes

	Facility Changes		TV	SM
1000100002	City Of Dover - McKee Run Generating Station	TV	-1	
1000300365	Dassault Falcon Jet-Wilmington Corp (Permanently closed 2/2022)	TV	-1	
1000500194	Eastern Shore Natural Gas - Bridgeville (Changed NM 2022)	SM		-1
1000300822	First States Investors 5200 (Pemit Cancelled 2022)	SM		-1
1000300367	Heritage-Crystal Clean, LLC (Closed)	SM		-1
1000300087	IKO Production Wilmington Inc (Cancelled 2021)	SM		-1
1000500036	Milford Wellness Center (Switched to NM in 2021)	SM		-1
1000300919	New Haven Packaging, LLC (Closed)	SM		-1
1000500009	Sea Watch International, (NM permits will be issued by end of 2022)	SM		-1
		Net	-2	-7
	Projected Billing for 2023	Totals	48	68

2024-2026 TV Fee Structure Summary

Projected @ 116 Facilities

- ❑ 48 TV
- ❑ 68 SM

Base Fees: **\$1,918,620**

User Fees: **\$932,450**

Program Fees: **\$735,165**

Projected Revenue Total = **\$3,586,235**



Natural Minor (Reg. 1102) Fee Increase Update



Natural Minor (Reg. 1102) Background

- ❑ Natural Minor (Reg. 1102) air permits are issued prior to construction of air pollution sources as required by 7 DE Admin. Code 1102. These permits explain to the owner/operator of the equipment how the equipment can be operated in compliance with state and federal regulations.
- ❑ These requirements include emission limitations, operational limits, monitoring, recordkeeping, and reporting.
- ❑ Prior to issuing a permit, the DAQ reviews applicable regulations and incorporates the requirements into a document to facilitate compliance. DAQ also performs air dispersion modeling to protect the surrounding communities.

Natural Minor (Reg. 1102) Purpose

- ❑ The Natural Minor (Reg. 1102) Permitting program is severely underfunded. Current program costs are approximately \$850,000 per year.
- ❑ Current Revenue is approximately \$130,000.
- ❑ As a result of stagnant fees, first established and unchanged since 1991, the program revenue from current fees is equivalent to approximately 15% of the estimated program costs.
- ❑ The program requires significant supplemental funds from federal grants and state general funds to cover the costs of the Natural Minor program.
- ❑ DAQ has recently proposed Natural Minor fee legislation in 2020, 2021, and 2022. Those efforts were unsuccessful. Past proposed bills all recommended increasing fees in a phased approach in an attempt at successful passage. However, given the lack of success and the consistent 85% revenue shortfall, the updated drafted proposal increases the fees to meet the program needs with one increase. The drafted proposal incorporates consolidation of existing fee categories, weighting the fees toward application (rather than annual fees) and establishment of complexity fees that reflect the amount of work needed to complete a permit.

Natural Minor (Reg. 1102) Purpose

- ❑ A revised draft fee package has been submitted to the Office of the Secretary.
- ❑ The revised draft is similar in structure to what was in the legislation last year but the package has been updated to cover the total cost of the program.
- ❑ Fees for Registrations have been incorporated to the draft request.
- ❑ Some additional Complexity fees have been added including:
 - ❑ MNSR
 - ❑ EOP/PSD
 - ❑ MACT/NESHAP/NSPS
 - ❑ Distributed Generators, 1144
 - ❑ Coastal Zone Applicability
 - ❑ Federally Enforceable
 - ❑ Proximity to residence or park
 - ❑ Request for Confidentiality



Q&A Open Discussion

Action Items

DAQ Follow Up:

- 1.
- 2.
- 3.

Committee :

- 1.
- 2.
- 3.

Next Meeting?



Closing Comments

