

Title V Committee Meeting

September 27th, 2023



DELAWARE DEPARTMENT OF
NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL

Agenda

- Introductions 15 Min.
- 2022 A Year in Review Report 30 Min.
 - Program Costs
 - Billing & Fees
 - Delinquent Facilities
 - Revenue
 - Carryover Balance
 - Staffing Levels
- 2023 Billing Update 15 Min.
- 2024-2026 Title V Legislation 15 Min.
- Open Discussion (Q & A) & Action Items 15 Min.
- Closing Comments 15 Min.



Committee Introductions



2022 A Year In Review



2022 Overall Program Costs

| | |
|--|-----------------------|
| Salary | \$2,191,031.73 |
| Travel | \$0.00 |
| Contractual ² | \$145,720.32 |
| Supplies | \$53,318.29 |
| Capital Outlay | \$39,796.58 |
| Additional Support Services ³ | \$548,228.42 |
| Total | \$2,977,095.34 |

² Items covered under the “Contractual” category include: Fleet charges (vehicle rental), building rent, utilities, vendor payments, temp services, and the upkeep of some air monitoring equipment.

³ Items covered under “Additional Support Services” include: Information Technology (**\$23,377.00**), the Environmental Crimes Unit (**\$502,792.59**) and Office of the Secretary Support (**\$22,058.83**).



2022 Overall Program Costs Considerations

Note: While the state operates on a fiscal year basis (July 1 - June 30), the Title V fees are billed and spent on a calendar year basis. Consequently, some “Additional Support Services” costs, charged by other programs/organizations, may be expended outside of CY 2022 cost factors.

Note: 2022 Title V Account Annual/Monthly statement in upcoming slide #11.



2022 Fees Collected

☐ 118 Facilities Billed

- 70 SM
- 48 TV

☐ \$3,820,144.21 was billed

- Includes previous years' back fees

☐ \$3,749,805.62 was collected

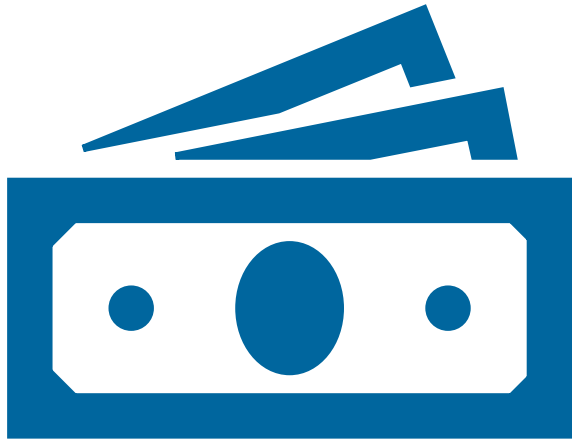
- \$70,338.59 is overdue
- Three facilities had non-payment of fees
 - These facilities received 2% late fees applied to the account for each delinquent month.



2022 Delinquent Facility Status

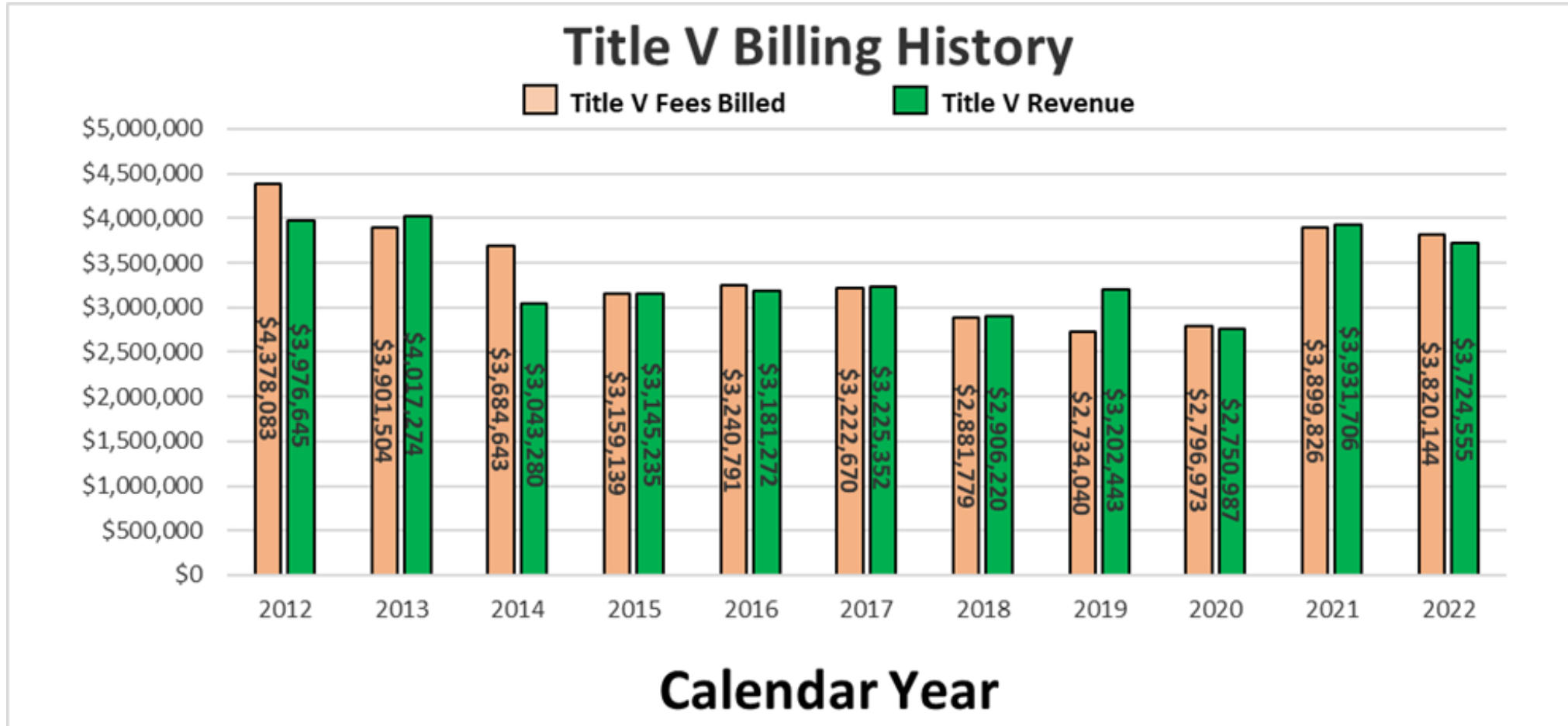
| Facility Name | Amount Due | Recovery Actions |
|-----------------------------------|--------------------|---|
| First State Investors 5200 | \$36,324.36 | Facility did not pay 2021 & 2022 fees. Permit cancelled 2022 |
| Coker Concrete | \$16,781.33 | Facility did not pay a portion of 2022 fees. Notified facility of delinquency and late fee assessed due to delinquency. Payment expected as soon as possible. |
| Prince Minerals | \$17,232.90 | Facility did not pay 2022 fees. Notified facility of delinquency and late fee assessed due to delinquency. Payment expected as soon as possible. |
| TOTAL | \$70,338.59 | |

2022 Title V Revenue



- Title V Revenue was **\$3,724,554.71**
Determined by the actual monies deposited into the account during a calendar year.
- The final revenue is impacted by
 - Interest gained
 - Quarterly payments
 - Late payments

Title V Billing History



Title V Account Activities

| 2022 Title V Account Expenses & Revenue | | | | | | | | |
|---|-----------------------|---------------|---------------|---------------------|--------------------|--------------------|---------------|-----------------------|
| MONTH | EXPENSES | | | | | | INTEREST | REVENUE |
| | Salary | Energy | Travel | Contractual | Supplies | Capital Outlay | | |
| January | \$186,978.15 | \$0.00 | \$0.00 | \$580,352.09 | \$1,246.64 | \$0.00 | \$0.00 | \$0.00 |
| February | \$168,875.47 | \$0.00 | \$0.00 | \$10,630.46 | \$11,972.67 | \$0.00 | \$0.00 | \$292,410.85 |
| March | \$162,135.17 | \$0.00 | \$137.19 | \$10,641.58 | \$20,036.03 | \$0.00 | \$0.00 | \$1,816,641.00 |
| April | \$204,415.45 | \$0.00 | \$0.00 | \$20,366.92 | \$965.61 | \$0.00 | \$0.00 | \$1,254,410.00 |
| May | \$137,340.78 | \$0.00 | -\$137.19 | \$14,955.36 | \$7,131.64 | \$0.00 | \$0.00 | \$147,165.00 |
| June | \$167,967.44 | \$0.00 | \$0.00 | -\$1,529.92 | \$1,085.94 | \$0.00 | \$0.00 | \$71,090.00 |
| July | \$198,576.39 | \$0.00 | \$132.97 | \$10,431.66 | \$642.94 | \$0.00 | \$0.00 | \$25,420.00 |
| August | \$163,267.46 | \$0.00 | \$63.03 | \$19,005.23 | \$5,995.82 | \$0.00 | \$0.00 | \$117,417.86 |
| September | \$185,604.64 | \$0.00 | \$0.00 | \$16,251.50 | \$712.37 | \$0.00 | \$0.00 | \$0.00 |
| October | \$160,122.80 | \$0.00 | \$1,716.82 | \$3,260.41 | \$399.60 | \$33,644.00 | \$0.00 | \$0.00 |
| November | \$226,589.04 | \$0.00 | -\$1,912.82 | \$7,280.61 | \$0.00 | \$6,152.58 | \$0.00 | \$0.00 |
| December | \$229,158.94 | \$0.00 | \$0.00 | \$2,302.84 | \$2,129.03 | \$0.00 | \$0.00 | \$0.00 |
| | | | | | | | | |
| 2022 Totals | \$2,191,031.73 | \$0.00 | \$0.00 | \$693,948.74 | \$52,318.29 | \$39,796.58 | \$0.00 | \$3,724,554.71 |
| 2022 Total Expenses | \$2,977,095.34 | | | | | | | |

Note: Special fund interest rate (SSF) is 0.00%. The SSF rate is set by the Cash Management Policy Board. The current rate methodology is set by calculating the 12-month rolling average return on the State's short duration liquidity portfolio. However, if the liquidity portfolio return exceeds the State's total portfolio return in any given month, the rate has a cap reflecting the 12-month rolling average return on the State's total fixed income portfolio. Additionally, the interest rate has a floor of 0.00% which is applied in any month in which the special fund rate would otherwise be negative, as was the case in 2022. This floor prevents SSF's from losing money in times when the State's total portfolio is otherwise generating negative returns.

2022 Carryover Balance

- On December 31, 2022, the Title V cash carryover balance was **\$4,311,649**

| | 2022 |
|-------------------------------------|--------------|
| 2021 Carryover Cash Balance | \$3,736,840 |
| 2022 Title V Fee Revenue | \$3,724,555 |
| Sub-Total | \$7,461,395 |
| 2021 Total Expenses | -\$2,977,095 |
| Encumbrances (Obligated) 12/31/2022 | -\$172,651 |
| 2022 Actual Carryover Balance | \$4,311,649 |



Carryover Balance History

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------------|-------------|-------------|--------------|-------------|-------------|--------------------|
| Total Title V Fee Revenue | \$3,225,352 | \$2,906,220 | \$3,202,443 | \$2,750,987 | \$3,931,707 | \$3,724,555 |
| Total Expenses | \$3,232,830 | \$3,626,944 | \$3,247,684 | \$2,885,136 | \$2,853,809 | \$2,977,095 |
| Actual Carryover Balance | \$3,559,156 | \$2,838,432 | *\$2,793,092 | \$2,658,942 | \$3,736,840 | \$4,311,649 |

*Corrected 2019 Carryover balance

EOY 2023 Carryover Balance Projection

| | 2023 Prediction |
|------------------------------------|-----------------|
| 2022 Actual Carryover Balance | \$4,311,649 |
| Estimated 2023 Title V Fee Revenue | \$3,718,630 |
| Estimated 2023 Total Expenses | \$3,602,266 |
| 2023 Projected Carryover Balance | \$4,428,013 |

Estimation Factors

- 2021 - 2023 Fee Tables
- Actual fees billed for 2023 (include overdue fees from previous year)
- Actual 2022 salary adjusted for a projected average staffing level of 98%
- 2022 expenses plus a 2% CPI adjustment.

Note: The average Division staffing level in **CY 2022** was **87%**.



2022 Staffing Levels

| Section/Group | Authorized | Occupied | Staffing Level |
|----------------------------------|------------|-----------|----------------|
| Director's Staff | 2 | 2 | 100% |
| Analytical Support Group | 2 | 2 | 100% |
| Operations Support Group (OSG) | 4 | 4 | 100% |
| Engineering & Compliance Section | 24 | 20 | 83% |
| Planning Section | 28 | 24 | 86% |
| Total | 60 | 52 | 87% |
| Temporary Positions | 2.0 | 0.0 | 0% |
| Seasonal Positions | 2.0 | 1.0 | 50% |

- 5-full-time employees retired or separated
- 5-additional full-time employees were hired



2022 Hiring Actions

| Date | Name | Source | Position | Section | Funding |
|-------------|--------------------|---------------|-------------------------------|----------------|----------------|
| 3/28/22 | Jennifer Childears | External | Administrative Specialist III | Director | Grant/TV |
| 7/5/2022 | Maraquita Jenkins | External | Administrative Specialist II | E/C | Grant/TV |
| 7/18/2022 | Joe Warrington | External | Engineer I | E/C | TV |
| 8/1/2022 | Tristan Bostock | Internal | Env. Program Manager II | Planning | Grant |
| 8/29/2022 | Jennifer Childears | Internal | Office Manager | Director | Grant/TV |
| 9/12/2022 | Lauren Higdon | External | Administrative Specialist II | Planning | Grant/TV |
| 10/9/2022 | James Roberts | Internal | Env. Scientist III | ASG | Grant |
| 12/5/2022 | Jun Xie | External | Engineer III | E/C | TV |

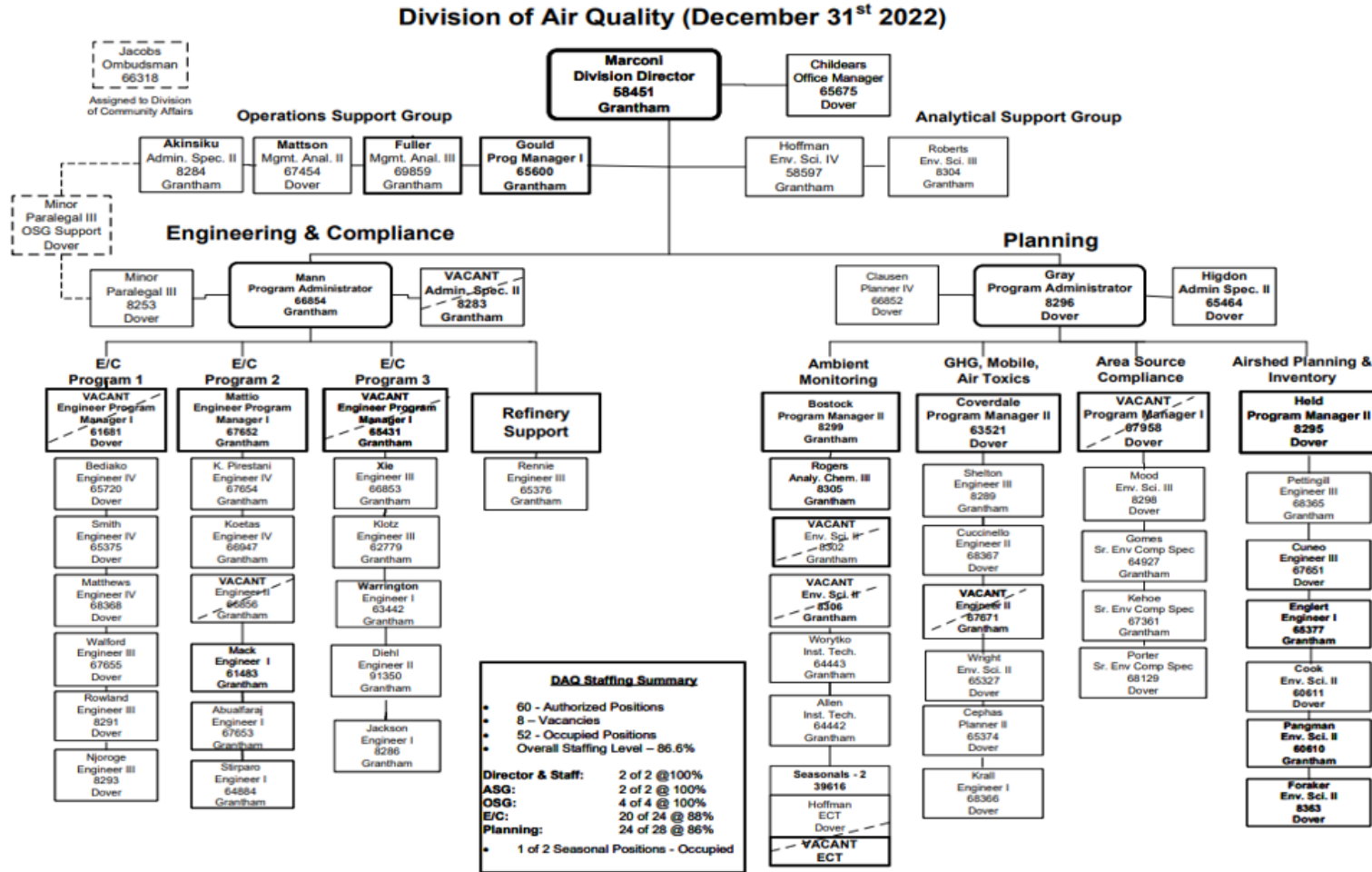
- During CY2022 positions were reclassified and redistributed across the Division.
- Above table lists hiring actions taken in calendar year 2022.
- In August of 2019, the Division's authorizations were reduced from 61 to 60 full time positions.

Staffing Summary as of 12/31/2022

- ❑ 60 - authorized positions
- ❑ 52 - occupied positions
- ❑ 8 - vacancies
 - Overall staffing level = 87%
 - Director + Staff - 2 of 2 @ 100%
 - ASG - 2 of 2 @ 100%
 - OSG - 4 of 4 @ 100%
 - E/C - 20 of 24 @ 83%
 - Planning - 24 of 28 @ 86%
- ❑ Reclassifications:
 - Administrative Specialist III – Office Manager



Division of Air Quality (December 31, 2022)



2023 Title V

Billing Update

As of September 2023



2023 Billing Update (September 2023)

115 Facilities Billed

- 68 SM
- 47 TV

□ 2023 Total Amount Billed: **\$3,763,765.61**

Status as of September 20th, 2023:

- Fully Paid: 111 of 115 (96.5%)
- No Payment: 4 of 115 (3.4%)
- Fees Collected: **\$3,674,935.25**



2024-2026

Title V Legislation



2024-2026 Title V Legislation

- ❑ Introduced House Bill No. 171
- ❑ Bill Sponsored by:
 - ❑ Representative Debra Heffernan
 - ❑ Senator Trey Paradee
 - ❑ Senator Stephanie L. Hansen
 - ❑ Representative Stephanie T. Bolden
 - ❑ Passed the House 6/15/23
 - ❑ Passed the Senate 6/27/2023
 - ❑ Signed by the Governor 7/21/23
 - ❑ 2024-2026 Fee schedule effective 1/1/2024

- ❑ 2024-2026 Title V Fee Structure:
 - ❑ User and Base Fee remain the same
 - ❑ Program Fee reduced to 5% of the user and base fee

- ❑ The primary factors for decreasing program costs include:
 - ❑ Reduce the Title V Carryover balance (\$4.3M on 12/31/22)
 - ❑ Target = six-months of operating funds (\$2,000,000)



2024-2026 Base and User Fees

| Fee Type | Category | Category Description | 2024-2026 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 Hours | \$5,700 |
| Separator | | | |
| User Fee | 1 | > 2,000 Tons | \$350,000 |
| User Fee | 2 | 1,001-2,000 Tons | \$100,000 |
| User Fee | 3 | 501-1,000 | \$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 |

2024-2026 Program Fees

| 2024-2026 Program Fees | | |
|------------------------|-----------------------|--------------------|
| Category | Total Base & User Fee | Program Fee Amount |
| PF 1 | > \$125,000 | \$6,250 |
| PF 2 | \$100,000-\$124,999 | \$5,625 |
| PF 3 | \$50,000-\$99,999 | \$3,750 |
| PF 4 | \$25,000-\$49,999 | \$1,875 |
| PF 5 | \$15,000-\$24,999 | \$1,000 |
| PF 6 | \$10,000-\$14,999 | \$625 |
| PF 7 | < \$10,000 will pay | \$500 |

Q&A Open Discussion



Closing Comments



Summary

- Introductions 15 Min.
- 2022 A Year in Review Report 30 Min.
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