

# Welcome to CAAAC



# **Air Quality Operating Fees FY 2019**



**Presented to:  
Clean Air Act Advisory Council  
March 22, 2018**



# Agenda



- **DEQ Objectives and Actions**
- **Air Fee Funded Program Activities**
- **Air Fee Appropriation FY 2019**
- **Air Quality Fee Setting Process**
- **FY 2019 Air Quality Fee Estimate**

# DEQ Objectives

- Fully Fund Core Air Quality Program Activities
- Minimize Impact of Increased Fee on Fee Payers
- Improve Equity Among Fee Payers
- Avoid Negative Fund Balance
- Lean Operations

# Improve Fee Equity

- Existing vs. New

- Action - Increased Application Fee for New or Modified Sources
- Outcome - Reduced Existing Facilities Subsidization of New Applicants

- Large vs. Small

- Action - Increased Base Fee
- Outcome - Reduced Large Facilities Subsidization of Small Facilities

# Reduce Negative Fund Balance

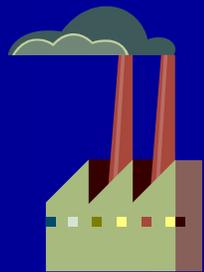
- Negative Air Fee Fund balances had occurred frequently
  - \$402,764 – FY2004
  - \$291,973 – FY2005
  - \$517,405 – FY2006
  - \$313,806 – FY2007
  - \$484,420 – FY2008
  - \$88,275 – FY2018

# Streamline Air Quality Operations

- Incorporate Process Improvement into Air Quality Culture
  - Personnel/Vacancies
    - Hold Open
    - Redirect
    - Eliminate
  - Air Quality Processes
    - Registration-type Programs
    - “Right-size Analyses”

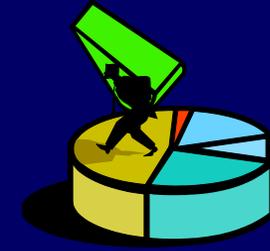
# Air Fee Funded Program Activities

- Air Quality Permit Program Implementation
  - Montana Air Quality Permits
  - Title V Operating Permits
- Compliance / Assistance / Enforcement
- Data Management / Emission Inventory
- Emissions & Ambient Air Quality Monitoring
- Source Impact Modeling
- Small Business Assistance





# Air Quality Fee Appropriation



	FY 2018	FY 2019	FY 2020
Appropriation	\$4,416,947	\$4,576,817	\$4,576,817*
Projected Expenditure		\$4,354,863	\$4,354,863*
Projected Revenue	\$3,440,000*	\$3,360,911	\$3,360,911*
<b>Revenue Shortfall</b>		<b>\$993,951</b>	<b>TBD</b>

# Air Quality Operating Fee Development Process

## ■ Factors in Determining Air Fees:

### – Target Revenue

- Legislative Appropriation FY19 (\$4,576,817)
- Amount of Carryover - \$0
- Permit Application Fees – changed fees in 2014

### – Operating Fees

- Flat Fee Facilities – Oil & Gas, Portables
- Administrative Fees
- \$ per ton of emissions



# Air Quality Operating Fee Development Process

- Factors in Determining Air Fees
  - Meet DEQ Objectives - Equity
  - Reflect Current/Future Program Focus Areas
  - Ability to Offset Air Fees with Other Funds
    - General Fund – no longer possible?
    - EPA Grant – unreliable?
- Federal Presumptive Fee - \$49.85/ton
  - Goal to stay below?

# Scenario #1 – 100%

Fee Type	# Facilities	Fee/Emissions	Revenue
Portables	350	\$800	\$280,000
Oil & Gas Reg.	1234	\$1000	\$1,234,000
Administrative	275	\$800	\$220,000
@\$53.50/ton		48,980	\$2,620,430
		Total	\$4,354,430

# Scenario #2 – ~50%

Fee Type	# Facilities	Fee/Emissions	Revenue
Portables	350	\$800	\$280,000
Oil & Gas Reg.	1234	\$900	\$1,110,600
Administrative	275	\$800	\$220,000
@\$45.93/ton		48,980	\$2,249,651
		Total	\$3,860,251

# Update:

# Source Test Protocol Workshop

Hosted: February 27, 2018



**Julie Ackerlund, MSE**  
Analysis and Planning Services Section



# Invitations went to:

☀ CAAAC



☀ Industrial Sources and Consultants that have source tested in the past 5 years.



# Industry Attendees

- ☀ Asphalt
- ☀ Coal-Fired Power Plant
- ☀ Crushing and Screening
- ☀ Landfill
- ☀ Oil and Gas
- ☀ Refineries



# Topics Discussed

DEQ Protocol Review

Protocol Content

Protocol Schedule



# Questions?



# Thank You