Meeting Minutes Tuesday, October 4, 2016

Title V Fees Stakeholder Advisory Group (SAG) DEQ Central Office 629 E. Main Street, Richmond, VA 2nd Floor Conference Rooms

<u>Members Present</u>: Jim Taylor, Laura Rose, Lenny Dupuis, Keith Martin, Mike Stoneberger, Jay Willis, Ronald Jefferson, Michael Dowd, and Valerie Thomson.

Members Absent: Philip Lockard, Michael Town, and Walton Shepherd.

Other Participants: Angie Jenkins (facilitator), Tom Ballou, Tamera Thompson, Chris Moore, and Gary Graham.

Meeting convened: 9:33 a.m. Meeting adjourned: 1:50 p.m.

- 1. Welcome and Introductions [Angie Jenkins, DEQ]. Angie Jenkins welcomed the SAG members to the meeting and reviewed logistics of the facilities. The agenda for the meeting had been emailed to members and had been posted on the Virginia Regulatory Town Hall. Meeting materials (the published agenda and Attachment 1) had been emailed to the members earlier and were available in the meeting room for public attendees. Attachment 1 was the response the single action item from the September 21, 2016 SAG meeting.
- 2. Group Discussion [Angie Jenkins, DEQ]:

Concerns were raised about how high the emissions fees would have to be to fully fund the Title V program under the application and maintenance fee scenario approved by consensus at the last meeting. Several proposals for additional adjustments to application fees and maintenance fees were discussed, along with ideas for reducing funding for hiring additional personnel and using a stabilization factor to ensure that revenues would cover costs. Attachment 2 was created during a meeting break to assist the ongoing discussions.

Consensus was tested with the group with respect to the proposal, with the level of interest defined as follows:

- 3 Strongly support the proposal.
- 2 Some reservations with the proposal, but can live with it and will not oppose it.
- 1 Serious concerns make it impossible to support the proposal and may actively oppose it.

Consensus would be achieved so long as all members present indicated a level of interest of "2" or "3". No consensus would be reached if any one member expressed a level of interest of "1."

Proposal:

Emissions fees billed in FY18 (2016 emissions) are increased by 18.6% over FY17 fee rates.

Emissions fees billed in FY19 (2017 emissions) are increased by 15.0% over FY18 fee rates.

Emissions fees billed in FY20 and later (2018 and later emissions) are adjusted by CPI.

Maintenance fees billed in FY18 are increased as agreed at the 9/21/16 meeting.

Maintenance fees for Title V by Rule sources and SM-80 sources billed after FY18 are increased incrementally to a 100% increase by FY21 as agreed at the 9/21/16 meeting.

Other categories of maintenance fees billed in FY19 are adjusted by CPI.

Other categories of maintenance fees billed in FY20 are increased by 10% over FY19 fee rates.

Other categories of maintenance fees billed in FY21 are adjusted by CPI.

Maintenance fees billed after FY21 are adjusted by CPI.

Application fees due in CY17 (beginning in July 2017) are increased as agreed at the 9/21/16 meeting.¹

Application fees due in CY18 are adjusted by CPI.¹

Application fees due in CY19 are increased by 10% over CY18 fees.¹

Application fees due in CY20 and later are adjusted by CPI.¹

If additional adjustments are needed, a new Title V Fee SAG will be convened in CY20 to review Title V program fees, including review of the need for a stabilization factor.

<u>Decision</u>: Approved by consensus.

3. Future Meetings [Angie Jenkins, DEQ]: The Title V Fee SAG is adjourned. There will be no future meetings unless the SAG is reestablished by the DEQ Director.

Attachments:

1. Title V Projections from Stakeholder Group on 9/21/16.

- 2. Title V Projections for Scenarios proposed during the meeting.
- 3. Title V Projections for Scenario 5 CONSENSUS- 99.5 positions with 10% Application and Maintenance Fee Increase

¹ Application fee rates are effective between January 1 and December 31 of the calendar year.

Attachment 1: "Title V Projections from Stakeholder Group on 9/21/16" follows:

DEQ TITLE V PROJECTIONS Stakeholder Group on 9/21/2016

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7/20/10 7:20 I III									
Davianius his saumas as da	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Revenues by source code	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Emissions fees rounded to nearest 1000	9,163,061	8,033,902	8,599,221	8,382,086	7,181,997	6,721,000	7,575,000	8,131,763	8,729,447
Maintenance fees at 100%/50% increases									
with COLA at 1.2%	1,274,500	1,323,725	1,300,084	1,326,144	1,330,253	2,462,887	2,492,442	2,522,351	2,552,619
Maint. TV by rule and SM80 gradually up									
to 100% increase, from 50% incr.						0	49,749	99,498	149,247
Maint. SM NSRs at \$500, with COLA						542,000	548,504	555,086	561,747
Application fees per consensus	775,843	1,190,753	914,453	885,046	900,000	1,811,000	1,832,732	1,854,725	1,876,982
Interest	162	120	0	30,380	0	0	0	0	0
Other + Past Due AR	7	0	2	0	0	0	0	0	0
Total Revenues	11,213,573	10,548,500	10,813,760	10,623,656	9,412,250	11,536,887	12,498,427	13,163,423	13,870,042
-	0	0	0	0				87.44	93.87

Per Ton Emission Fee Projections on

93,000 tons:

% Increase in Per Ton Emission Fee:

60.91 \$ 72.27 \$ 81.45 \$ 87.44 \$ 93.87 18.6% 12.7% 7.3% 7.3%

	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Expenditures by type									
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Salaries, classified	5,460,390	5,735,020	5,500,763	5,672,919	5,658,050	5,897,509	6,401,555	6,923,403	7,061,871
Wages	76,060	68,965	64,146	69,094	83,639	84,666	86,359	88,086	89,848
Benefits	2,032,117	2,122,066	2,256,638	2,412,314	2,411,070	2,601,381	2,823,291	3,122,270	3,184,715
Non-personnel expenditures	2,942,313	3,029,275	2,758,409	2,949,546	2,625,815	2,953,523	3,187,009	3,428,377	3,510,345
Total Program Costs	10,510,880	10,955,326	10,579,956	11,103,873	10,778,574	11,537,079	12,498,214	13,562,136	13,846,779

Cash Transfer In/Out/Other	813	301,160		3,832					
Yearly Surplus/(Deficit)	703,506	(105,666)	233,804	(476,385)	(1,366,324)	(192)	213	(398,714)	23,263
End of Year Cash Balance	2,699,291	2,593,625	2,827,429	2,351,044	984,720	984,528	984,741	586,028	609,291
Projected filled positions Projected vacancies Projected total positions				88.5 21.0 109.5	88.5 21.0 109.5	94.5 15.0 109.5	103.5 6.0 109.5	103.5 6.0 109.5	103.5 6.0 109.5

Attachment 2: "Title V Projections for Scenarios proposed during the meeting" follows.

DEQ TITLE V PROJECTIONS Stakeholder Group on 9/21/2016

Scenario 1: Filled Positions to 103.5; Emissions fees only increase with COLA in FY 2020 and 2021

92,750 93,863

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Revenues by source code	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
•	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Emissions fees rounded to nearest 1000	9,163,061	8,033,902	8,599,221	8,382,086	7,181,997	6,721,000	7,729,150	7,821,900	7,915,763
Maintenance fees at 100%/50% increases									
with COLA at 1.2%	1,274,500	1,323,725	1,300,084	1,326,144	1,330,253	2,462,887	2,492,442	2,522,351	2,552,619
Maint. TV by rule and SM80 gradually up									
to 100% increase, from 50% incr.						0	49,749	99,498	149,247
Maint. SM NSRs at \$500, with COLA						542,000	548,504	555,086	561,747
Application fees per consensus	775,843	1,190,753	914,453	885,046	900,000	1,811,000	1,832,732	1,854,725	1,876,982
Interest	162	120	0	30,380	0	0	0	0	0
Other + Past Due AR	7	0	2	0	0	0	0	0	0
Total Revenues	11,213,573	10,548,500	10,813,760	10,623,656	9,412,250	11,536,887	12,652,577	12,853,560	13,056,358
	0	0	0	0			83.11	84.11	85.12
Per Ton Emission Fee Projections on									
93,000 tons:					60.91	\$ 72.27	\$ 83.11	\$ 84.11	\$ 85.12
% Increase in Per Ton Emission Fee:						18.6%	15.0%	1.2%	1.2%
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Expenditures by type	TT 2012	F77.201.4	TT 2015	EV 2016	FT1 2015	FT 2010	FT. 2010	F71 2020	F77 2021
C-1:::	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Salaries, classified Wages	5,460,390 76,060	5,735,020 68,965	5,500,763 64,146	5,672,919 69,094	5,658,050 83,639	5,897,509 84,666	6,401,555 86,359	6,923,403 88,086	7,061,871 89,848
Benefits	2,032,117	2,122,066	2,256,638	2,412,314	2,411,070	2,601,381	2,823,291	3,122,270	3,184,715
Non-personnel expenditures	2,942,313	3,029,275	2,758,409	2,949,546	2,625,815	2,953,523	3,187,009	3,428,377	3,510,345
Total Program Costs	10,510,880	10,955,326	10,579,956	11,103,873	, ,		, ,	13,562,136	13,846,779
Total Program Costs	10,510,660								
		10,755,520	10,577,750	11,105,875	10,778,574	11,537,079	12,498,214	13,302,130	13,640,779
		10,755,520	10,379,930	11,105,875	10,778,574	11,537,079	12,498,214	13,302,130	13,840,779
Cash Transfer In/Out/Other	813		10,377,730		10,778,574	11,537,079	12,498,214	13,362,136	13,640,779
Cash Transfer In/Out/Other	813	301,160	10,377,730	3,832	10,778,574	11,537,079	12,498,214	13,302,130	13,040,777
		301,160	, ,	3,832	, ,	, ,	, ,	, ,	
Cash Transfer In/Out/Other Yearly Surplus/(Deficit)	813 703,506		233,804		(1,366,324)	(192)	154,363	(708,576)	(790,421)
		301,160	, ,	3,832	, ,	, ,	, ,	, ,	(790,421)
Yearly Surplus/(Deficit)	703,506	301,160 (105,666)	233,804	3,832 (476,385)	(1,366,324)	(192)	154,363	(708,576)	
Yearly Surplus/(Deficit) End of Year Cash Balance	703,506	301,160 (105,666)	233,804	3,832 (476,385) 2,351,044	(1,366,324) 984,720	(192) 984,528	154,363 1,138,891	(708,576) 430,315	(790,421) (360,107)
Yearly Surplus/(Deficit) End of Year Cash Balance Projected filled positions	703,506	301,160 (105,666)	233,804	3,832 (476,385) 2,351,044 88.5	(1,366,324) 984,720 88.5	(192) 984,528 94.5	154,363 1,138,891 103.5	(708,576) 430,315	(790,421) (360,107)
Yearly Surplus/(Deficit) End of Year Cash Balance	703,506	301,160 (105,666)	233,804	3,832 (476,385) 2,351,044	(1,366,324) 984,720	(192) 984,528	154,363 1,138,891	(708,576) 430,315	(790,421) (360,107)

DEQ TITLE V PROJECTIONS Stakeholder Group on 9/21/2016

Scenario 2: Filled positions to 94.5 positions

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Revenues by source code	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Revenues by source code	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Emissions fees rounded to nearest 1000	9,163,061	8,033,902	8,599,221	8,382,086	7,181,997	6,721,000	7,729,150	7,821,900	7,915,763
Maintenance fees at 100%/50% increases									
vith COLA at 1.2%	1,274,500	1,323,725	1,300,084	1,326,144	1,330,253	2,462,887	2,492,442	2,522,351	2,552,619
Maint. TV by rule and SM80 gradually up									
o 100% increase, from 50% incr.						0	49,749	99,498	149,247
Maint. SM NSRs at \$500, with COLA						542,000	548,504	555,086	561,747
Application fees per consensus	775,843	1,190,753	914,453	885,046	900,000	1,811,000	1,832,732	1,854,725	1,876,982
nterest	162	120	0	30,380	0	0	0	0	0
Other + Past Due AR	7	0	2	0	0	0	0	0	0
Total Revenues	11,213,573	10,548,500	10,813,760	10,623,656	9,412,250	11,536,887	12,652,577	12,853,560	13,056,358
	0	0	0	0	· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·	83.11	84.11	85.12
Per Ton Emission Fee Projections on									
93,000 tons:					60.91	\$ 72.27	\$ 83.11	\$ 84.11	\$ 85.12
6 Increase in Per Ton Emission Fee:						18.6%	15.0%	1.2%	1.2%
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Expenditures by type				F77 201 5					
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Salaries, classified	5,460,390	5,735,020	5,500,763	5,672,919	5,658,050	5,897,509	6,220,326	6,344,732	6,471,627
Wages	76,060 2,032,117	68,965	64,146	69,094 2,412,314	83,639	84,666	86,359	88,086	89,848
Benefits Non-personnel expenditures	2,942,313	2,122,066 3,029,275	2,256,638 2,758,409	2,412,314	2,411,070 2,625,815	2,601,381 2,953,523	2,743,550 3,106,924	2,861,868 3,172,662	2,919,106 3,249,516
Fotal Program Costs	10,510,880	10,955,326	10,579,956	11,103,873	10,778,574	11,537,079	12,157,159	12,467,348	12,730,097
Total Hogram Costs	10,510,660	10,933,320	10,579,930	11,103,873	10,776,374	11,337,079	12,137,139	12,407,348	12,730,097
Cash Transfer In/Out/Other	813	301,160		3,832					
Yearly Surplus/(Deficit)	703,506	(105,666)	233,804	(476,385)	(1,366,324)	(192)	495,418	386,212	326,261
End of Year Cash Balance	2,699,291	2,593,625	2,827,429	2,351,044	984,720	984,528	1,479,946	1,866,157	2,192,418
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Duningtod filled monitions				00 5	90 5	04.5	04.5	04.5	04.5
Projected filled positions				88.5	88.5	94.5	94.5	94.5	94.5
Projected vacancies			=	21.0	21.0	15.0	15.0	15.0	15.0 109.5
Projected total positions			_	109.5	109.5	109.5	109.5	109.5	109.5

DEQ TITLE V PROJECTIONS Stakeholder Group on 9/21/2016

Scenario 3: Filled positions to 99.5 positions

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Revenues by source code	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Revenues by source code	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
nissions fees rounded to nearest 1000	9,163,061	8,033,902	8,599,221	8,382,086	7,181,997	6,721,000	7,729,150	7,821,900	7,915,763
laintenance fees at 100%/50% increases									
rith COLA at 1.2%	1,274,500	1,323,725	1,300,084	1,326,144	1,330,253	2,462,887	2,492,442	2,522,351	2,552,619
laint. TV by rule and SM80 gradually up									
100% increase, from 50% incr.						0	49,749	99,498	149,247
faint. SM NSRs at \$500, with COLA						542,000	548,504	555,086	561,747
pplication fees per consensus	775,843	1,190,753	914,453	885,046	900,000	1,811,000	1,832,732	1,854,725	1,876,982
nterest	162	120	0	30,380	0	0	0	0	0
Other + Past Due AR	7	0	2	0	0	0	0	0	0
Cotal Revenues	11,213,573	10,548,500	10,813,760	10,623,656	9,412,250	11,536,887	12,652,577	12,853,560	13,056,358
	0	0	0	0			83.11	84.11	85.12
er Ton Emission Fee Projections on									
3,000 tons:					60.91	\$ 72.27	\$ 83.11	\$ 84.11	\$ 85.12
Increase in Per Ton Emission Fee:						18.6%	15.0%	1.2%	1.2%
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Expenditures by type	EV 2012	EX. 2014	EW 2015	FY 2016	EV 2017	EW 2010	EV 2010	EW 2020	EX. 2021
alaries, classified	FY 2013 5,460,390	FY 2014 5,735,020	FY 2015 5,500,763	5,672,919	FY 2017 5,658,050	FY 2018 5,897,509	FY 2019 6,391,049	FY 2020 6,666,216	FY 2021 6,799,540
Vages	76.060	68,965	64,146	69,094	83,639	84,666	86,359	88,086	89,848
senefits	2,032,117	2,122,066	2,256,638	2,412,314	2,411,070	2,601,381	2,818,668	3,006,536	3,066,666
on-personnel expenditures	2,942,313	3,029,275	2,758,409	2,949,546	2,625,815	2,953,523	3,182,367	3,314,726	3,394,421
Cotal Program Costs	10,510,880	10,955,326	10,579,956	11,103,873	10,778,574	11,537,079	12,478,443	13,075,564	13,350,475
otar i Togram Costs	10,510,660	10,755,520	10,377,730	11,103,073	10,770,574	11,337,077	12,470,443	13,073,304	13,330,473
Cash Transfer In/Out/Other	813	301,160		3,832					
Yearly Surplus/(Deficit)	703,506	(105,666)	233,804	(476,385)	(1,366,324)	(192)	174,134	(222,004)	(294,117)
and of Year Cash Balance	2,699,291	2,593,625	2,827,429	2,351,044	984,720	984,528	1,158,662	936,658	642,541
Projected filled positions				88.5	88.5	94.5	99.5	99.5	99.5
Projected vacancies			-	21.0	21.0	15.0	10.0	10.0	10.0
Projected total positions			-	109.5	109.5	109.5	109.5	109.5	109.5

Attachment 3: "Title V Projections for Scenario 5 – CONSENSUS- 99.5 positions with 10% Application and Maintenance Fe	e Increase" follows.

DEQ TITLE V PROJECTIONS Stakeholder Group Meetings

Scenario #5: Filled positions to 99.5 positions; 10% incr. in maint. and app. fees in FY 2020

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Davianuas bu saumas anda	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Revenues by source code	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Emissions fees rounded to nearest 1000	9,163,061	8,033,902	8,599,221	8,382,086	7,181,997	6,721,000	7,729,230	7,821,981	7,915,845
Maintenance fees at 100%/50% increases									
with COLA at 1.2%	1,274,500	1,323,725	1,300,084	1,326,144	1,330,253	2,462,887	2,492,442	2,741,686	2,774,586
Maint. TV by rule and SM80 gradually up									
to 100% increase, from 50% incr.						0	49,749	99,498	149,247
Maint. SMs at \$500, with COLA						542,000	548,504	603,354	610,594
Application fees per consensus	775,843	1,190,753	914,453	885,046	900,000	1,811,000	1,832,732	2,016,005	2,040,197
Interest	162	120	0	30,380	0	0	0	0	0
Other + Past Due AR	7	0	2	0	0	0	0	0	0
Total Revenues	11,213,573	10,548,500	10,813,760	10,623,656	9,412,250	11,536,887	12,652,657	13,282,524	13,490,469
Total Revenues	11,213,373	10,540,500	10,013,700	10,023,030		11,550,007	83.11	84.11	85.12
Per Ton Emission Fee Projections on	•		•	0			05.11	04.11	05.12
93,000 tons:					60.91	\$ 72.27	\$ 83.11	\$ 84.11	\$ 85.12
% Increase in Per Ton Emission Fee:					00.71	18.6%	15.0%	1.2%	1.2%
70 Increase in 101 Ton Emission 100.						10.070	15.070	11270	1.270
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Expenditures by type									
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Salaries, classified	5,460,390	5,735,020	5,500,763	5,672,919	5,658,050	5,897,509	6,391,049	6,666,216	6,799,540
Wages	76,060	68,965	64,146	69,094	83,639	84,666	86,359	88,086	89,848
Benefits	2,032,117	2,122,066	2,256,638	2,412,314	2,411,070	2,601,381	2,818,668	3,006,536	3,066,666
Non-personnel expenditures	2,942,313	3,029,275	2,758,409	2,949,546	2,625,815	2,953,523	3,182,367	3,314,726	3,394,421
Total Program Costs	10,510,880	10,955,326	10,579,956	11,103,873	10,778,574	11,537,079	12,478,443	13,075,564	13,350,475
Cash Transfer In/Out/Other	813	301,160		3,832					
Yearly Surplus/(Deficit)	703,506	(105,666)	233,804	(476,385)	(1,366,324)	(192)	174,214	206,960	139,994
rearry Surplus/(Deficit)	703,300	(105,000)	233,804	(470,383)	(1,300,324)	(192)	174,214	200,900	139,994
End of Year Cash Balance	2,699,291	2,593,625	2,827,429	2,351,044	984,720	984,528	1,158,742	1,365,702	1,505,696
•									
Projected filled positions				88.5	88.5	94.5	99.5	99.5	99.5
Projected vacancies			_	21.0 109.5	21.0 109.5	15.0 109.5	10.0 109.5	10.0 109.5	10.0 109.5
Projected total positions									