

Meeting Minutes  
Tuesday, October 4, 2016

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

Members Present: 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.<sup>1</sup>

Application fees due in CY18 are adjusted by CPI.<sup>1</sup>

Application fees due in CY19 are increased by 10% over CY18 fees.<sup>1</sup>

Application fees due in CY20 and later are adjusted by CPI.<sup>1</sup>

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.

Decision: 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

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<sup>1</sup> 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**

9/26/16 9:26 AM

Revenues by source code	ACTUAL FY 2013	ACTUAL FY 2014	ACTUAL FY 2015	ACTUAL FY 2016	PROJECTED FY 2017	PROJECTED FY 2018	PROJECTED FY 2019	PROJECTED FY 2020	PROJECTED 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
<b>Total Revenues</b>	<b>11,213,573</b>	<b>10,548,500</b>	<b>10,813,760</b>	<b>10,623,656</b>	<b>9,412,250</b>	<b>11,536,887</b>	<b>12,498,427</b>	<b>13,163,423</b>	<b>13,870,042</b>
								87.44	93.87

Per Ton Emission Fee Projections on 93,000 tons:

60.91 \$      72.27 \$      81.45 \$      87.44 \$      93.87

% Increase in Per Ton Emission Fee:

18.6%      12.7%      7.3%      7.3%

Expenditures by type	ACTUAL FY 2013	ACTUAL FY 2014	ACTUAL FY 2015	ACTUAL FY 2016	PROJECTED FY 2017	PROJECTED FY 2018	PROJECTED FY 2019	PROJECTED FY 2020	PROJECTED 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
<b>Total Program Costs</b>	<b>10,510,880</b>	<b>10,955,326</b>	<b>10,579,956</b>	<b>11,103,873</b>	<b>10,778,574</b>	<b>11,537,079</b>	<b>12,498,214</b>	<b>13,562,136</b>	<b>13,846,779</b>

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

88.5      88.5      94.5      103.5      103.5      103.5

Projected vacancies

21.0      21.0      15.0      6.0      6.0      6.0

Projected total positions

109.5      109.5      109.5      109.5      109.5      109.5

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









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

