

Environmental Quality Commission meeting

2020 ACDP Fee Structure

Item E
Sept. 17, 2020

Agenda Topics

- Background and Purpose of ACDP Program
- Program Challenges: 2018 Audit
- Progress and Recent Work
- Need for New Resources
- Fee Options and Details

- DEQ Recommendation on EQC action

Permit Types and Regulated Businesses



Basic Air Contaminant Discharge Permits (194 +3 new)

Simplest permits, smallest emitters

Rock Crushers, Auto body Shops, Crematories



General Air Contaminant Discharge Permits (1,976)

Simpler permits, smaller emitters

Gasoline stations, Dry Cleaners, Coffee Roasters, Grain Elevators



Simple Air Contaminant Discharge Permits (145 +16 new)

Simple and moderately complex permits, small-medium emitters

Data Centers, Metal Foundries, Wastewater Treatment Plants, Printers, Publishers



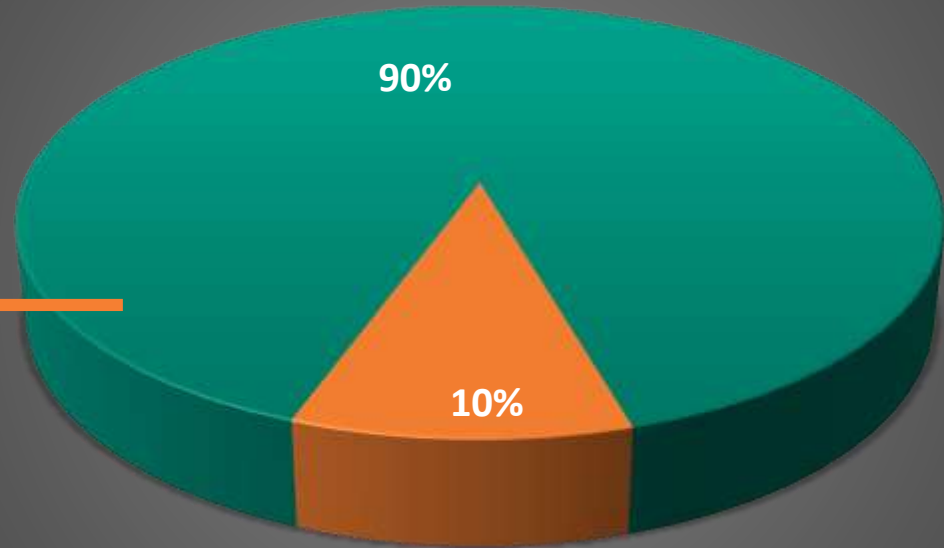
Standard Air Contaminant Discharge Permits (140 +5 new)

Complex permits, medium emitters

Particleboard, Plywood, Fuel Terminals, Semiconductor, Bakeries

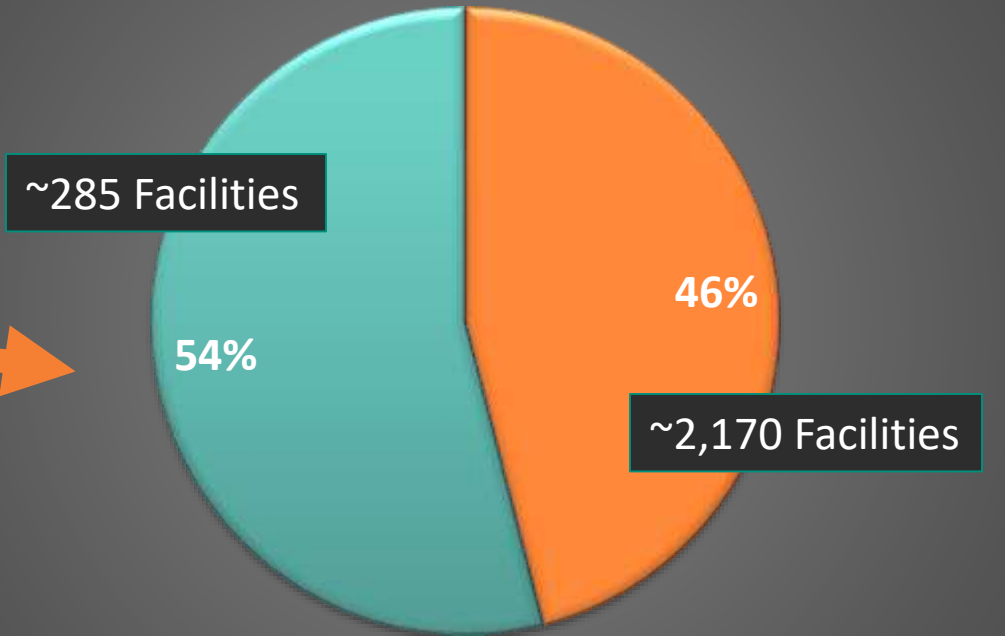
ACDP Fees

ACDP Program Revenue



■ ACDP Fees ■ General Funds & Federal Funds

Percent of Annual Fee Revenue



■ Basic & General Permits ■ Simple & Standard Permits

ACDP Fees =
91% annual + 9% Specific Activity Fee & Initial Permitting

Permit Renewals
incur no fee

Background and Purpose of ACDP

- Relationship to Title V and Cleaner Air Oregon
- National Ambient Air Quality Standards (NAAQS)
- Environmental and Public Health Benefit

ACDP Program Implementation Work

Review &
issue new
permits

Review &
issue permit
renewals

Review &
issue permit
modifications

Review
reports &
emissions
calculations

Compliance
inspections &
enforcement

Follow up &
response to
complaints

Secretary of State Audit 2018

- SOS Audit: DEQ is not renewing complex air quality permits on time and does not consistently meet inspection targets.

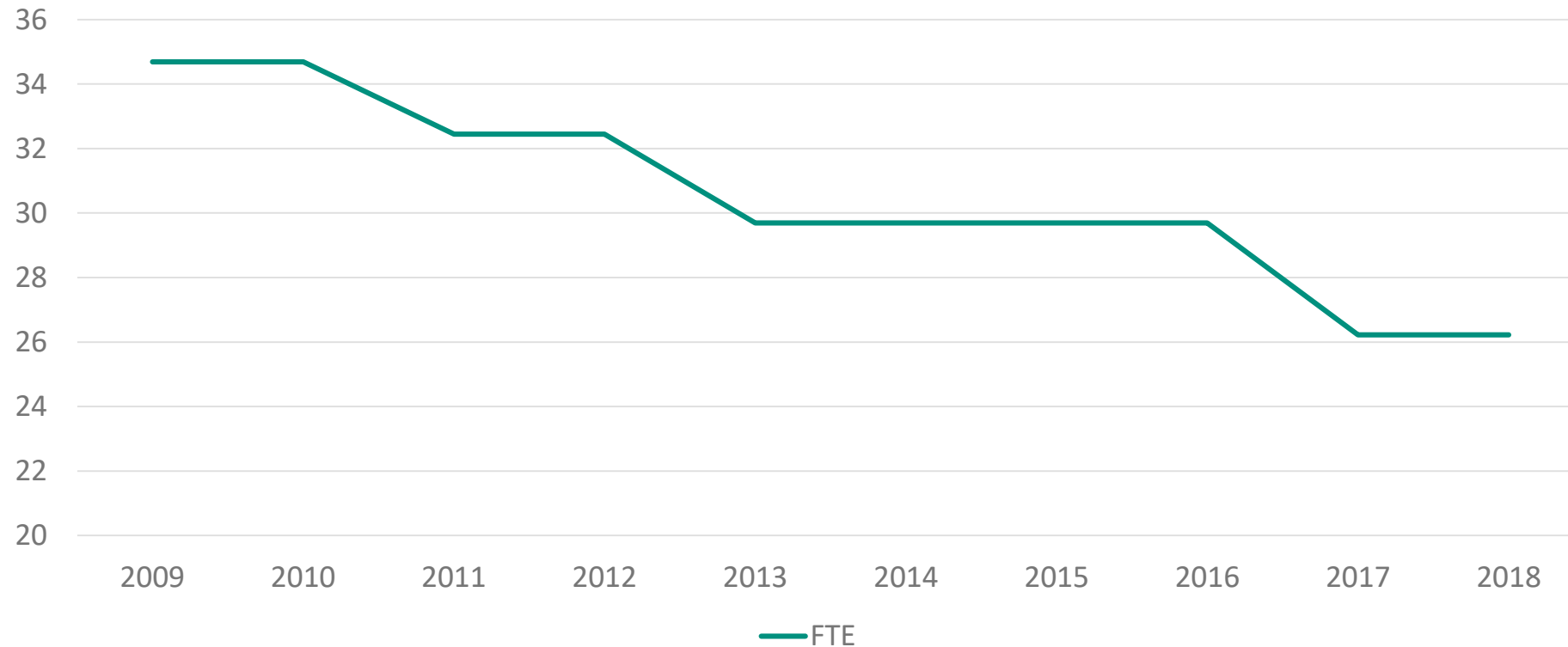
As of Sept. 2020	Backlogged Permit Renewals	Total Permits	Percentage of Permits Backlogged
Standard ACDP	47	143	33%
Simple ACDP	45	149	30%
General ACDP	0	2,095	0%
Basic ACDP	0	195	0%

Audit's findings cite several issues:

- Competing priorities, vacancies, and position cuts that have created unmanageable workloads.
- Also: inconsistent/inaccessible support and guidance for staff and applicants, and increased time for the public engagement process.

Program Challenges: Funding and FTE

ACDP Staffing Levels



**New Sources
August 2020:**

Basic: 3
Simple: 16
Standard: 5

Rule Lifecycle

Meetings, Outreach, Communications

Fall 2017: Stakeholder engagement on ACDP fees

Spring 2018: EQC approves 2019-21 Agency Request Budget, including this rulemaking

Fall 2018: DEQ holds three stakeholder meetings

Spring 2019: Legislative session, no testimony in opposition (POP 116)

Fall 2019: Stakeholder workshop ahead of rulemaking

Fall 2019: Notification to all fee payers of expected increase

Winter 2019: Rules and Fiscal advisory committee meetings

Early 2020: Public comment and hearing

Spring 2020: Significant modification to draft rules in response to COVID-19

Expectations of the Permitting Program

Technical Assistance

- Sources ask questions
- Requests for compliance determinations

Quality Permits

- Accurate/quality permits take significant regulatory review and analysis
- Sufficient explanation of requirements

Regulatory Certainty

- All applicable requirements in the permit
- Rule changes (DEQ or EPA) results in notification to the source/modification of the permit

Efficient Processes

- Permits and modifications issued timely
- Clear communication surrounding application submittals

Purpose of investment in ACDP program

Both Fee Options



Basic ACDP overall fee increase reduction



Specific activity fee increases (no increase to most common Basic/General-paid fee)



New Construction Notification fee (not applicable to Basic or General ACDPs)



New Basic ACDP for fee relief for smaller/less complex permittees



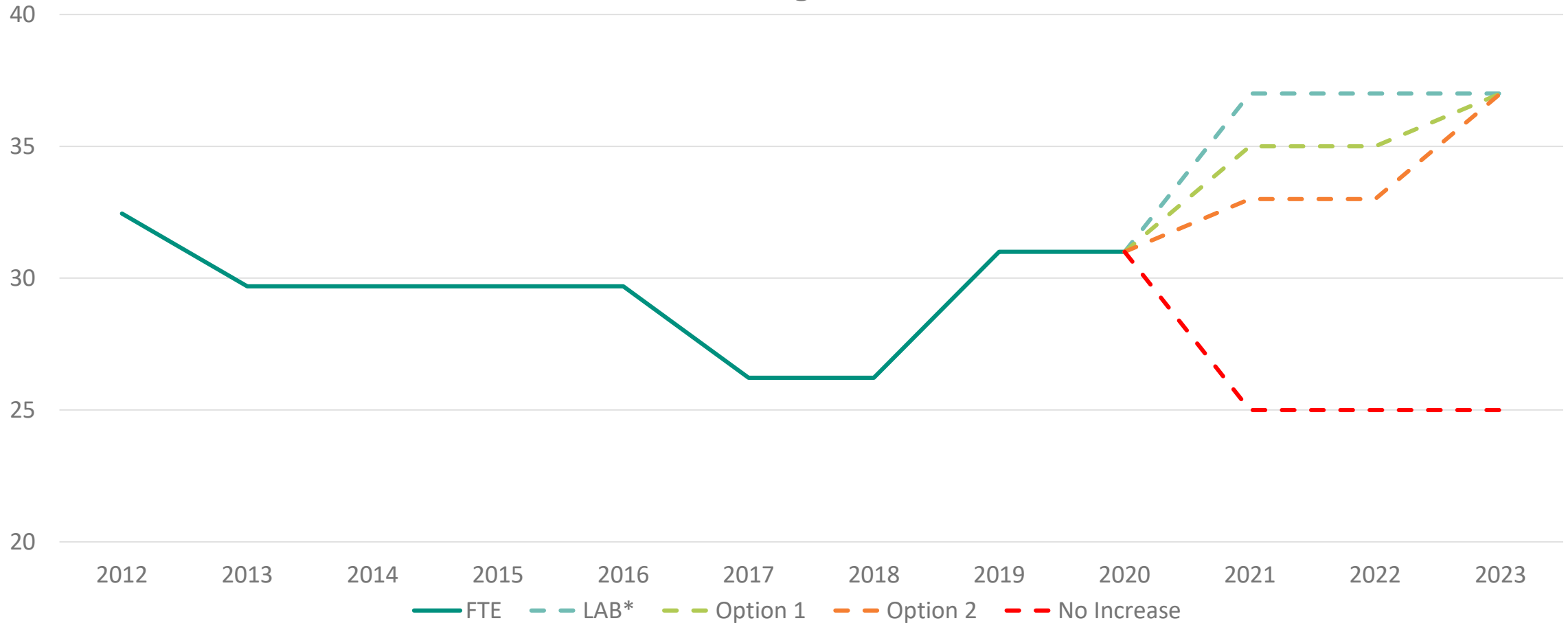
Payment plans available and further communicated



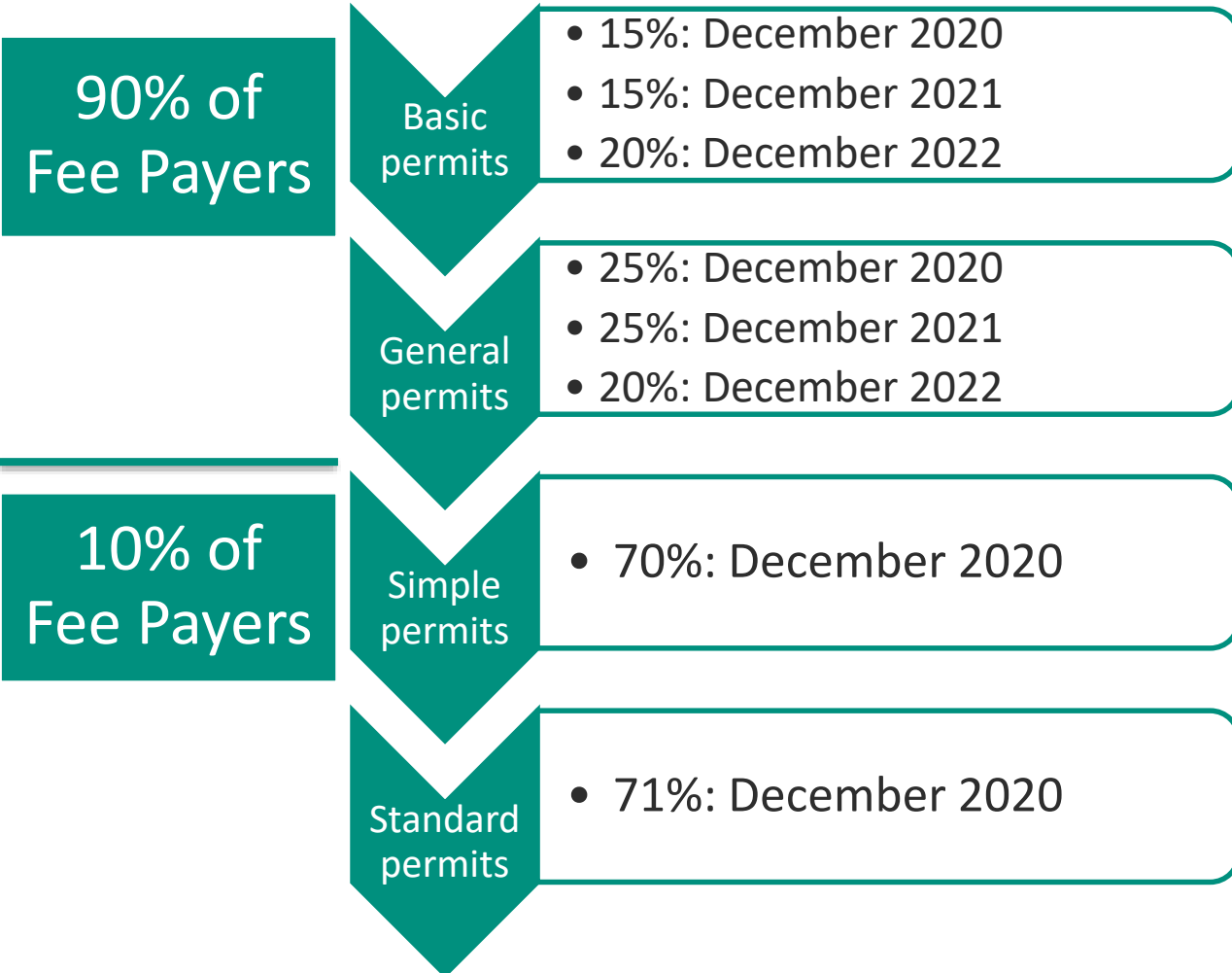
Director fee waiver option included

Fee Increase Options

ACDP Program FTE



Option 1: Phase-in for 90% of Fee Payers



Option 1 results in DEQ obtaining **51%** of the legislatively approved fees in 2019-21 biennium.

- Impacts to Sources**
- No fee increase needed until after 2025
 - Reduced impact via phase-in for most permittees
 - Increase for more complex permittees December 2020
 - Four key areas improve

- Impacts to DEQ**
- Hire 4 FTE; Delay 2 FTE until next biennium (Winter 2021)
 - Permit backlog on track without reduction to other deliverables/services
 - Stable funding through 2025

Option 2: Delay for 90% of Fee Payers; Phase-in for all Fee Payers

90% of
Fee Payers

Basic
permits

- 0%: December 2020
- 20%: December 2021
- 30%: December 2022

General
permits

- 0%: December 2020
- 30%: December 2022
- 40%: December 2022

10% of
Fee Payers

Simple
permits

- 45%: December 2020
- 25%: December 2021

Standard
permits

- 45%: December 2020
- 25%: December 2021

Option 2 results in DEQ obtaining **30%** of the legislatively approved fees in 2019-21 biennium.

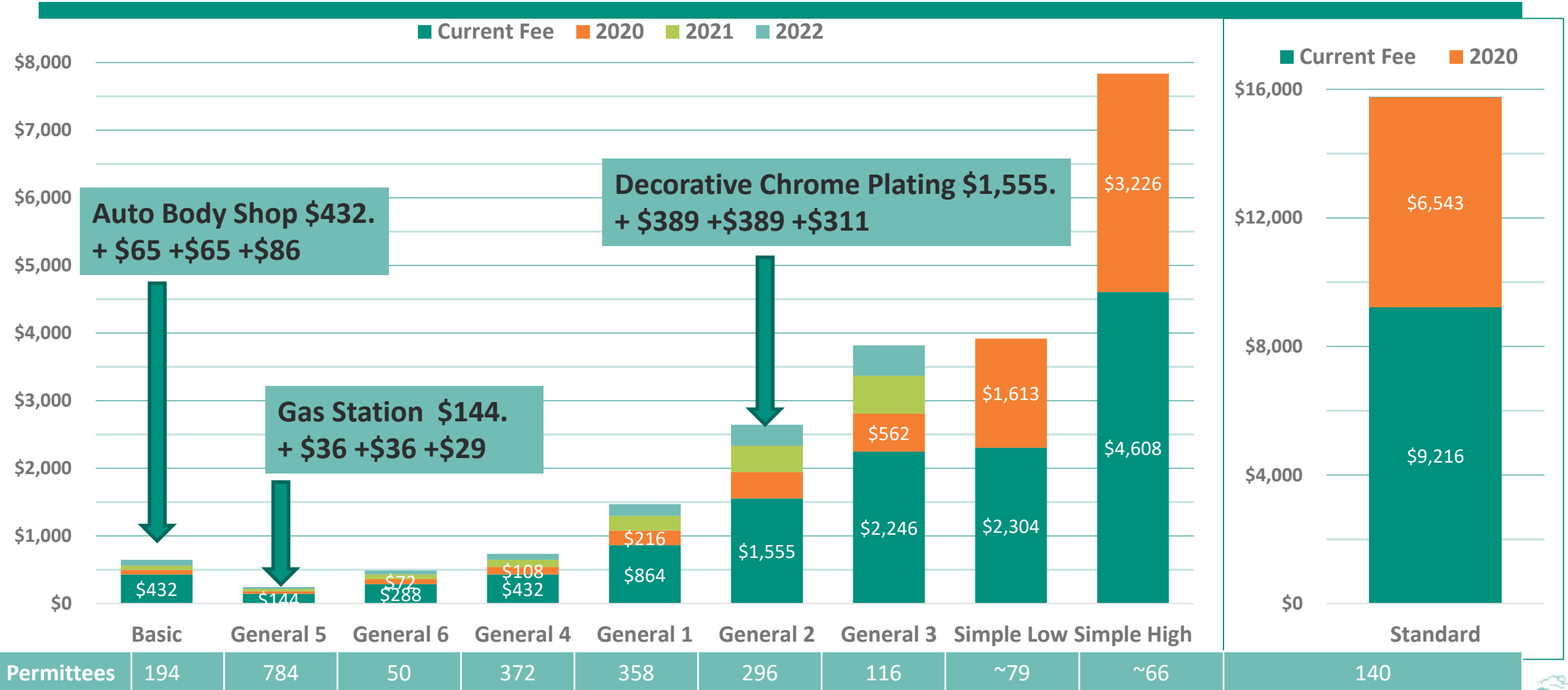
Impacts to Sources

- Four key areas delayed improvement
- Reduced impact via one-year delay then phase-in for most permittees
- Increase for more complex permittees phase-in December 2020
- Possible fee increase before 2025

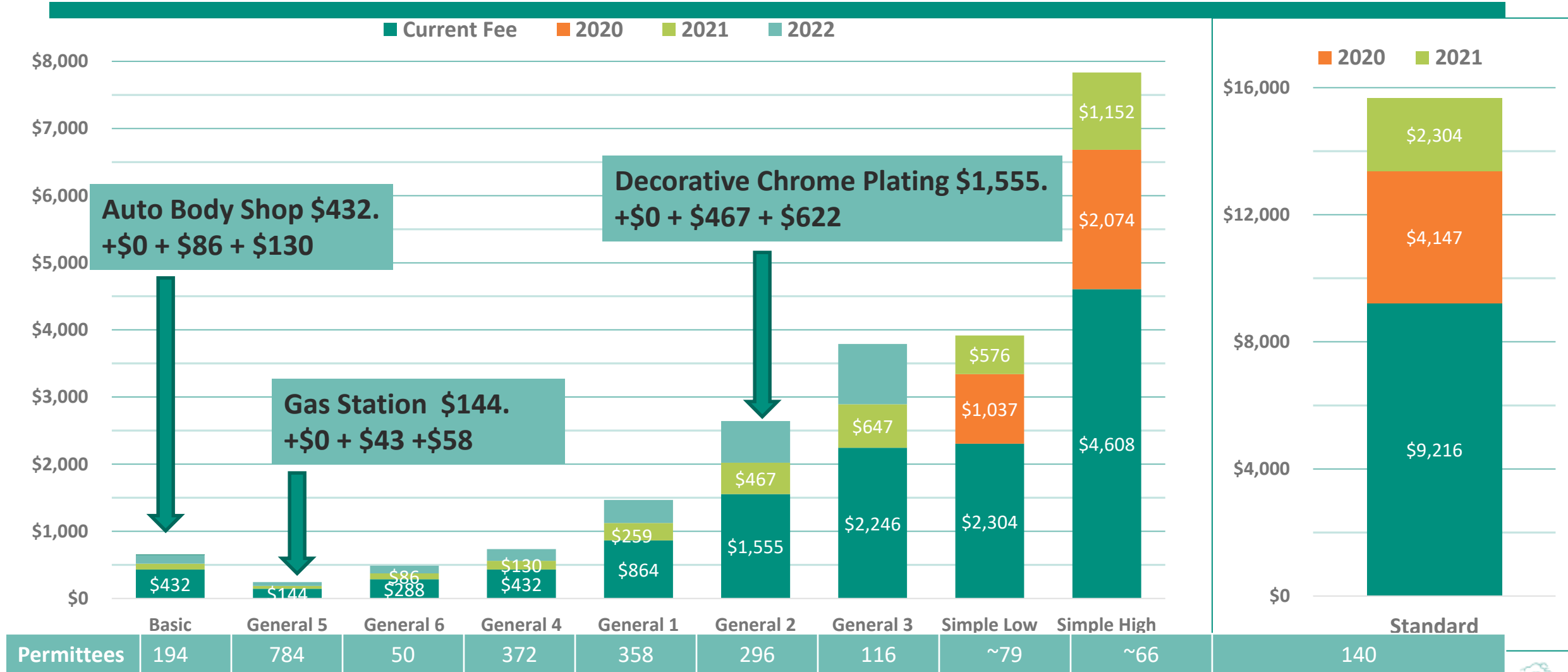
Impacts to DEQ

- Hire 2 FTE; delay 4 until at least next biennium
- No new significant backlog resources until late 2021
- May need fee increase sooner than previously anticipated
- Evaluate program for reductions in services to address backlog

Fee Option 1: Annual Fees



Fee Option 2: Annual Fees



DEQ Recommendation

Attachment A: Option 1

- Reduces legislatively-approved fee impact by 50%
- Phases the increase for 90% of fee payers
- Provides sufficient funding to address backlog
- Balances impact to fee payers with fulfilling DEQ's mission

Proposed Motion Language

- *I move that the Environmental Quality Commission adopt the proposed rules as seen in Attachment A of the staff report for this item as part of chapter 340 of the Oregon Administrative Rules; and*
- *Approve incorporating these rule amendments into the Oregon Clean Air Act State Implementation Plan under OAR 340-200-0040; and*
- *Direct DEQ to submit the SIP revision to the U.S. Environmental Protection Agency for approval.*