



DEPARTMENT OF
ECOLOGY
State of Washington

Air Quality Fee Rule Chapter 173-455 WAC

June 8, 2022 stakeholder meeting

Start Recording

We will begin recording at this time.



Ecology Staff

- Eman Jabali – Technical Host
- Laura Westfall – Technical Host
- Joanna Ekrem – Acting Rules and Planning Unit Supervisor
- Pete Siefer – Air Quality Program Budget Manager
- Gary Huitsing – Permit and Policy Engineer
- Phil Gent – Senior Engineer
- Andrew Kruse – Environmental Engineer
- Ryan Vicente – Environmental Engineer
- Mengchiu Lim – Lead PSD Engineer
- Caitlin Cannon – Rulemaking Lead

Agenda

- Welcome and logistics
- Rulemaking scope and review of changes
- Workload analysis and budgeting questions
- Open floor

Rulemaking Scope

Ecology is considering an update to the permitting fee structure to:

- Achieve full cost recovery for permit issuance
- Establish a process to revise future New Source Review (NSR) fees

Specifically, this rulemaking will consider the following changes:

- Update the hourly fee rate to reflect the new rate:
 - Section -050 – Carbon dioxide mitigation fee
 - Section -100 – Fee related to reasonably available control technology (RACT)
 - Section -120 – New source review fee
 - Section -130 – Air pollution standards variance fee
 - Section -140 – Nonroad engine permit fee
- Section -038: Update to add greenhouse gas reporting fee, found in Chapter 173-441 WAC, Reporting of emissions of greenhouse gases
- Section -100:
 - Relocate fee established by RCW 70A.15.2220 for replacement or substantial alteration of control technology to the permit fee section to improve usability
 - Evaluate whether a flat fee or an updated hourly rate is the appropriate fee for these reviews
- Update rule language to improve readability and clarity
- Update outdated references to Chapter 70.94 RCW throughout the rule to Chapter 70A.15 RCW

Rulemaking Goals

- Achieve near full cost recovery for air quality permit fees
- Create a process for regular fee adjustments

Draft Rule Changes

Why the Rule Is Being Changed

- Current fees do not cover the increased cost of labor since the last fee adjustment in 2012.
- The use of a fee table allows fee adjustments to be made more quickly and easily to reflect current conditions.
- Regular fee updates allow customers to anticipate incremental adjustments on a regular schedule.

Changes in the Draft Rule Language

- Fee adjustment to match current costs
- Specific dollar amounts are being removed from rule language and placed in a fee schedule.
- A regular process for updating the fee amount is being added to rule language.

NEW since the last meeting:

- Process for updating fee amount language changed to remove “previous year” language

WAC 173-455-031

Process to Update Fees

- New source review fees for year 2024 and beyond
Fee schedule:
 - Starting in 2023, Ecology must prepare an annual budget that reflects the cost of the program.
 - ~~Ecology must base the budget on the program costs for the previous 12-month period~~ **will base the budget on program costs** consistent with RCW 70A.15.2210(2), 70A.15.2230(7), and 70A.15.6270(3).
 - Ecology may choose to establish fees to cover new source review program costs for a two-year period.
- ~~Ecology must compare the revenue from the previous year, or the previous two-year period if appropriate, to the upcoming draft budget.~~ If increases of new source review fees are necessary, Ecology must evenly distribute the increased program cost as a percentage of the increased costs across all sources subject to the program.

WAC 173-455-031 (continued)

Public notice

Ecology must:

- Post the draft budget and draft new source review fee schedule on Ecology's web site by August 1 of the year before the fee schedule goes into effect.
- Provide a 30-day public comment period on the draft budget and draft fee schedule.
- Post the final budget and fee schedule on Ecology's web site by December 1 of the year before the fee schedule goes into effect.

Budget and Workload Analysis

Analysis of Fees Hourly Rate – November 2021

	NSR Direct Hours	NSR Admin. Support	NSR Management
	Environmental Engineer 5	Administrative Assistant 3	WMS Band 2
Most Common Job Class:			
Annual Cost by Object:			
A Salaries and Wages	105,384	48,996	99,024
B Employee Benefits	38,676	17,982	36,342
E Goods and Services	4,144	4,144	4,144
G Travel	2,182	2,182	2,182
J Capital Outlays	1,201	1,201	1,201
T Intra-Agency Reimbursements	40,769	18,955	38,309
Total Objects	192,356	93,460	181,202
	Cost Per Hour	55	106
NSR Management & Support Proration ¹	none	1.89%	5.11%
Prorated Cost Per Hour ²	113	1	5
Total estimated NSR Cost Per Hour:	\$ 119.36		

Notes on the Hourly Rate Analysis

- Cost estimates are based on Ecology's 2021 standard costs (same cost assumptions used for the 2022 supplemental budget requests)
- Most common job class, NSR management, and support proration are based on actual NSR fee eligible hours charged Fiscal Year 2017 through Fiscal Year 2021.
- NSR management and support proration calculated by dividing total hours of AA3 and WMS Band 2 by total hours of EE5.
- For every hour of an EE5, add 0.019 of an AA3 and 0.051 of a WMS2.

The Bottom Line

- The current NSR hourly rate (\$95) was calculated in 2012.
- This amount does not cover current program costs.
- The hourly rate will be increased to \$119 (25.26% increase) to match Ecology's current cost.
- Flat fees will be increased by 25% to match the increased hourly rate.

Questions and Feedback

Next Steps

- Proposal date: September 7, 2022
- Public comment period: September 7, 2022 – October 18, 2022
- Public hearing date: October 11, 2022
- Ecology reviews public comments: October 2022 – December 2022
- Rule adoption date: February 2023

More Information

- Rulemaking web page:
<https://ecology.wa.gov/Regulations-Permits/Laws-rules-rulemaking/Rulemaking/WAC-173-455>
- Rulemaking Lead
Caitlin Cannon
caitlin.cannon@ecy.wa.gov
360-489-4046