



DEPARTMENT OF
ECOLOGY
State of Washington

Air Operating Permit Program Report

Fiscal Year 2016

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Fiscal Year 2016

by
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Air Quality Program
Washington State Department of Ecology
Olympia, Washington

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Introduction

Mission

The Air Quality Program's mission is to enhance and protect air quality in Washington State.

Vision

Clean, healthy air for all of Washington.

Air Quality Program (AQP) Strategic Plan

Our strategic plan ensures our employees and other stakeholders are working toward a common goal. Work performed to meet the goals of the strategic plan are supported with funds from the AQP and the Air Operating Permit (AOP) program.

Air Operating Permit Program Summary

The AOP program is an air pollution control program, based in federal law, designed to standardize air quality permits and the permitting process for major sources of air emissions.

Section 502(b) of the 1990 Clean Air Act amendments requires all sources subject to the permitting requirements under Title V of the Clean Air Act amendments to pay an annual fee, sufficient to cover all reasonable direct and indirect costs required to develop and administer the permit program.

This annual report summarizes AOP program financial details and program tasks performed during the period of July 1, 2015 through June 30, 2016 (Fiscal Year 2016). Program revenue provides a level of support to accomplish the complex activities undertaken by Ecology's AOP program.

To assure financial accountability, Ecology's AOP program undergoes a fiscal audit every other year. Services provided by the program are summarized in this report and are consistent with the Clean Air Act (CAA), the Revised Code of Washington (RCW), and the Washington Administrative Code (WAC). The CAA, RCW and WAC provide regulatory authority for the AOP program.

If you have questions regarding the information in this report, contact Gail Spencer at gail.spencer@ecy.wa.gov or (360) 407-7530.

Revenue and Expenditures

Fees

For Fiscal Year 2016 (FY16), Washington State Department of Ecology's (Ecology) AOP budget was \$1,680,450.56. The budget is set using a workload analysis that identifies the costs associated with Ecology staff performing various AOP tasks [see [WAC 173-401-900\(3\)](#)].

Twenty seven Title V facilities were billed a total of \$1,556,044.17, all of which was collected by Ecology. The methodology for how AOP fees are allocated to each source is defined in WAC 173-401-900(5)(b). The amount billed included:

- An emission fee of \$23.39 per ton of emissions emitted
- A \$8,365.83 complexity fee for each complexity point
- A \$19,210.42 flat fee

On October 22, 2015, a preliminary billing statement was sent to each facility and a final invoice was sent on December 22, 2015. Fees were due no later than February 29, 2016. Payments, totaling \$436,968.72, from four facilities were received after the February 29th due date.

Expenditures

During FY16, Ecology spent \$1,419,315.23 administering the state operating permit program at a cost of \$52,567.23 per facility. Some of the activities involved in administering the program include permit processing, permit management, public outreach and education, program management, enforcement, technical assistance, and monitoring and oversight. Review [WAC 173-401-940](#) for a list of activities authorized to be performed using funds supported by the AOP program.

Salaries	\$ 919,156.05
Benefits ¹	306,346.14
Travel	20,747.27
Goods & Services ²	58,536.02
Capital Outlays ³	1,687.75
Intra-Agency Reimbursements ⁴	112,212.00
Grants, Benefits & Client Services ⁵	-
Professional Contract Services ⁶	630.00
Total	\$1,419,315.23

¹ Survivors insurance, disability insurance, retirement, etc.

² Materials, supplies, communications, postage, utilities, subscriptions, etc.

³ Furnishings, equipment and software purchases with a useful life greater than one year

⁴ The reallocation of expenditures and accruals within an agency

⁵ Special employment compensation (i.e., Ecology Youth Corps, taxable employee recognition)

⁶ Consulting or technical expertise provided to accomplish a specific study, project, task, or other work statement

Development and Oversight (D&O) Costs

D&O costs are those incurred by the department in developing and administering the state operating permit program, and in overseeing the administration of the program by the seven delegated local air authorities (LAA). D&O costs are paid by sources under the jurisdiction of Ecology and the LAA [[WAC 173-401-900\(5\)\(a\)](#)].

For FY16, since there were 127 sources and the D&O cost totaled \$157,995.92, each source was required to pay \$1,244.06. However, at the end of calendar year 2015, one AOP source ceased operations which required Ecology to absorb \$891.24 of that source's D&O fees. The air authority which manages that source absorbed the remaining \$352.82.

Rebates and Credits

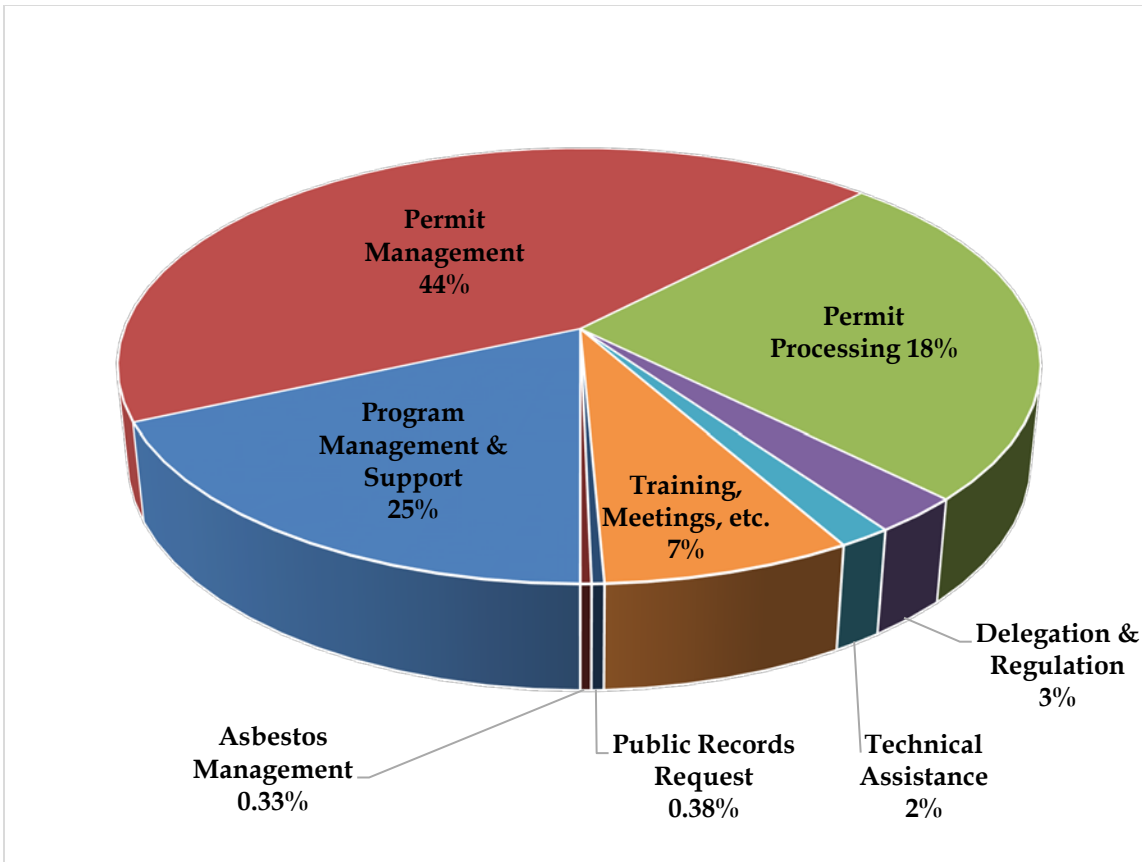
The Office of Financial Management requires Ecology to maintain a monthly positive cash balance in each account. In order to maintain a positive cash balance in the AOP account, Ecology is slowly accumulating a \$700,000 working capital reserve over several biennia. Until this amount has been accrued, all rebates have been suspended.

Performance

Ecology performed the below listed tasks in support of the AOP program.

- Asbestos management – Review notifications for asbestos removal, provide technical assistance in completing documentation
- Public records request – Providing documents or information to citizens who have submitted a written request for such information
- Technical assistance - Ombudsman support, small business assistance
- Program development – Audits, assessment of development and oversight fees
- Training/meetings
- Delegation and regulation – Rulemaking, program policy and guidance
- Permit processing – Application processing, attending public hearings, placing public notices, posting the permit register
- Program management and support – Management and supervision, clerical support, fee administration, emission inventory support
- Permit management – Performing inspections, conducting complaint investigations, reviewing reports, reporting data to the EPA

The chart on the following page depicts the percentage of labor hours consumed for each of the above tasks.



Workload Analysis

Ecology is required to conduct a workload analysis which is a projected budget for AOP work to be performed in the next biennium. During FY16, the Washington State Legislature provided state workers' with a 3% pay increase after the Air Operating Permit (AOP) budget had been finalized. Since the workload analysis is formulated using employees' wages and benefits, Ecology was required to revise the workload analysis to include the cost increase.

In June 2016, Ecology updated the analysis for fiscal years 2018 and 2019, and made it available to the public by posting it on its website. Copies of the analysis were also sent to individuals on Ecology's distribution list who requested to receive notices of opportunity for participation relating to fee determination. If you wish to be added to the distribution list to receive information regarding fees relating to the AOP program, contact Gail Spencer at gail.spencer@ecy.wa.gov or 360-407-7530.

Management & Support

Staffing Levels

Ecology's staff are calculated as Full Time Equivalents (FTE). One FTE is a unit that indicates the workload of one full time employee working 40 hours per week. In some instances the actual FTE exceeded the budgeted FTE due to shifting of staff resources when workloads increased or during staffing vacancies.

Section	Office	Budgeted FTE	Actual FTE
Program Management	Ecology HQ, Lacey	0.17	0.25
Science & Eng. Section	Ecology HQ, Lacey	0.41	1.01
Policy & Planning Section	Ecology HQ, Lacey	0.88	0.29
Technical Services Section	Ecology HQ, Lacey	0.63	0.48
Industrial Section	Ecology HQ, Lacey	4.61	4.24
Central Regional Office	Ecology, Union Gap	1.43	1.29
Eastern Regional Office	Ecology, Spokane	2.37	2.25
Nuclear Waste Program (Hanford)	Richland, WA	1.17	0.70
Dept. of Health (Hanford & WSU)	Richland, WA	0.28	0.26
Total		11.95	10.77

In FY16, three Ecology environmental engineers retired. And, one permit writer, and one section manager accepted positions at other agencies. The vacant positions are expected to be filled in FY17.

Emission Inventory

Ecology collects actual emissions data in accordance with federal regulations. Once reviewed, the information is uploaded into EPA's database to be used in determining significant sources of air pollution, provide the public with air emissions data and establish trends.

The Emission Inventory Group is assigned to the Science and Engineering Section in the AQP. The group is charged with tracking emission inventories from major stationary sources of air pollution in the state. During calendar year 2015, Title V sources in Ecology's jurisdiction, emitted 22,180 tons of emissions that included particulate matter (PM₁₀), volatile organic compounds (VOC), nitrous oxide (NO_x) and sulfur dioxide (SO₂). Emissions data from sources is transmitted to the Emission Inventory Group through the Washington Emissions Inventory Reporting System (WEIRS). WEIRS is an electronic reporting system that allows Title V sources and LAA to report their emission data electronically.

The information in WEIRS is submitted to EPA for the development of the National Emissions Inventory (NEI). The NEI, based on data submitted by State, local and Tribal air agencies, is released every three years (release date, 2017). The NEI consists of criteria pollutants, criteria precursors, and hazardous air pollutants from air emissions point, nonpoint, mobile sources and event sources such as wildfires. Amongst other things, the data allows the EPA to identify trends and establish air quality standards.

Actual Emissions vs Allowable Emissions

Ecology is collecting allowable emissions data from each Title V source. Allowable emissions are the level of emissions allowed under the terms of a permit. This level is typically enforceable and therefore becomes the source's potential to emit. Actual emissions are the level of emissions actually emitted to the air from a source.

Washington State has been using actual emissions for permitting new sources and for the State Implementation Plan (SIP) to reduce sulfur dioxide (SO₂). However, EPA requires the use of allowable emissions in both instances. Collection of the data will be time consuming and costly. So, Ecology will collect the data from each source during their permit renewal.

Delegation & Regulation

Rulemaking

For Chapter 173-401 WAC rulemaking, Ecology completed the final step, of a three step process, which is the official adoption of the rule.

The purpose of the rulemaking was to amend [Chapter 173-401 WAC](#), Operating Permit Regulation. The amendments:

- Updated language for the complexity portion of Ecology's AOP fees to allow for fair fee distribution to Ecology AOP sources.
- Revised audit provisions
- Clarified applicability requirements
- Clarified rule provisions, update language to be consistent with state and federal rules, and correct errors

The EPA approved this revised rule on February 3, 2016 and the rule became effective March 5, 2016.

Permit Processing

An AOP expires five years from issuance. It takes Ecology an average of 18 months to complete the renewal process. If the source has submitted a completed application to Ecology, they may continue operating under their current (expired) permit [[WAC 173-401-705\(2\)](#)]. The following permits were renewed during FY16:

Facility	Renewal Date
SDS Lumber Company	July 28, 2015
Boise Cascade Wood Products, LLC – Arden Lumber	May 4, 2016
Boise Cascade Wood Products, LLC – Kettle Falls Lumber	June 20, 2016

In April 2016, a new source was permitted under Washington's AOP program. Lab Washington, located in Central Washington offers ash recycling programs to recover ferrous metals, nonferrous metals and precious metals from waste to energy ash streams.

Permit Management

Compliance and Enforcement Activities

Ecology follows through on its commitment to provide the citizens of Washington with clean air. Ecology's goal is to ensure compliance by offering technical assistance and education. Formal and informal enforcement actions include a notice of correction (NOC); notice of violation (NOV); administrative compliance order; and notice of penalty (NOP). Civil penalties are issued for serious violations or when non-compliance continues after Ecology has provided technical assistance or warnings. During this reporting period, the agency undertook the following air quality related compliance and enforcement actions:

- Ecology's Industrial section investigated/responded to 362 complaints relating to air quality of which the chief complaints involved odors. Resolving these complaints frequently resulted in Ecology staff visiting the facility to perform an inspection verification or inspect odor monitoring equipment and performing follow up inquiries.
- Ecology issued 66 NOV. The violations were largely due to exceedances of permitted emission limits for hazardous air pollutants or opacity. Before being issued a NOV, a facility is given a verbal warning and offered technical assistance.
- Ecology issued five Administrative Compliance Orders imposing enforceable obligations to the recipient to ensure compliance with air quality laws.
- Ecology completed 11 partial compliance evaluations (PCE). A PCE is an onsite compliance evaluation conducted to make a compliance determination focusing on processes, regulatory requirements, emission units and regulated pollutants. Examples of specific activities include, but are not limited, to the following: visible emission observations; consent decree follow-up; semi-annual deviation reports; and, review of facility records.
- Ecology completed 8 full compliance evaluations (FCE). A FCE is a comprehensive onsite evaluation to assess compliance of a facility as a whole and results in a compliance determination. A FCE addresses regulated pollutants from regulated emission units and its continuing ability of the facility to maintain compliance at each of those units.
- Ecology oversaw the performance of 238 stack tests at various facilities to determine emission limits and demonstrate compliance with applicable AOP regulations. A stack test is a procedure for sampling a gas stream from a single sampling location at a facility, unit, or pollution control equipment at operating conditions approved by the regulatory authority.

Penalties

In FY16, Ecology issued 20 civil penalties for violation of air quality standards. While some penalties are paid in full, some are reduced upon appeal or by ruling from the Pollution Control Hearings Board (PCHB). And, since Ecology often sets up payment plans for penalties, not all of the money is received in the year in which the penalty was issued.

Penalties issued in FY16 totaled \$117,399.34 of which \$48,899.34 was paid. The remaining \$68,500 is currently under appeal. Monies received from penalties does not become part of the AOP budget. The money is deposited into special accounts that fund:

- Environmental restoration and enhancement projects
- Research and development
- Permitting and regulatory programs
- Education and assistance

When deciding the appropriate amount of the penalty, Ecology considers the following:

- The nature of the violation
- Prior behavior of the individual
- Actions taken by the violator to correct the problem

Ecology works with businesses to help them comply with state laws. [Penalties](#) are issued in cases where non-compliance continues after Ecology has provided technical assistance or warnings, or for particularly serious violations.

Technical Assistance

Ecology provides technical assistance and advice to local air agencies, industry, and other affected groups relating to permitting of major sources.

WEIRS Training

On January 26, 2016, the Emission Inventory Group provided training on the use of WEIRS. The training was provided to Title V Permit holders under the jurisdiction of Northwest Clean Air Agency (NWCAA). Thirty one individuals attended the training.

Small Business Assistance Program

The Small Business Assistance Program (SBAP) within the AQP is a free service available to all new and existing small businesses located in the State of Washington. In accordance with Section 507 under the federal Clean Air Act, the SBAP is supported with funds from the AOP program.

The Small Business Ombudsman (SBO) is part of the SBAP and advocates for small businesses. The SBO:

- Develops, or reviews and comments on pertinent environmental materials and guidance for small businesses
- Disseminates pertinent environmental materials and guidance to small businesses
- Makes recommendations to regulators about regulations impacting small businesses
- Facilitates and promotes discussion of issues between small businesses and Ecology

The SBO together with the SBAP will provide information, guidance and assistance on environmental requirements in conjunction with the following services:

- Explain the air quality rules and recommend ways to comply

- Provide free on-site technical assistance visits
- Help businesses understand permit and registration processes
- Assist businesses with estimating their air pollution emissions
- Provide training on air quality regulations, pollution prevention, and control technologies
- Assure business concerns are considered during development of air quality regulations
- Provide information on potential sources of financing for compliance requirements

For more information, read [Small Business Assistance Facts](#)⁷ on Ecology’s website.

Outreach & Education

Public Involvement

A public participation event includes a hearing, meeting, comment period or webinar where citizens are invited to listen and provide comments on air quality developments that would affect the public. Ecology provides the public an opportunity to comment or attend a public meeting/hearing when permits are being renewed or revised and during various stages of rulemaking.

Ecology invited the public to comment on the issuance of the following draft permits:

- Boise Pulp and Paper Mill, Wallula
Comment period: October 30, 2015 - November 30, 2015
- Boise Cascade Wood Products, LLC - Arden Lumber
Comment period: January 25, 2016 - February 23, 2016
- Weyerhaeuser, Longview
Comment period: February 25, 2016 - March 31, 2016
Public meeting/hearing: March 28, 2016, Longview, WA
- Boise Cascade Wood Products LLC, Kettle Falls Lumber
Comment period May 11, 2016 – June 10, 2016

View Ecology’s [Public Involvement Calendar](#)⁸ for information on upcoming events.

Ambient Monitoring & Oversight

Audits/Reviews

In June 2016, Ecology received a fiscal audit from the Washington State Auditor’s Office (SAO). The audit covered fiscal years 2014 and 2015. Per WAC 173-401-920(3)(a), Ecology must undergo a fiscal audit every two years. The purpose of a fiscal audit is to assure stakeholders that AOP account funds are being used as authorized per the Revised Code of Washington and the Washington Administrative Code. The auditor did not note any findings.

⁷ Air quality requirements and regulations for small businesses in Washington State:
http://www.ecy.wa.gov/programs/air/small_business/small_business_facts.htm

⁸ Public Hearings, Meetings, Workshops, Open Houses: <https://fortress.wa.gov/ecy/publiccalendar/>

The cost of the audit was \$19,580 plus travel expenses for the auditor. For a copy of the auditor's final report, contact Gail Spencer at gail.spencer@ecy.wa.gov.

Other Activities

Permit Writers Meetings

Permit writers have a large amount of authority and responsibility. To ensure they have the continued ability to issue effective permits that meet state air quality standards, permit writers must remain abreast of regulatory changes. It's important that inconsistency doesn't manifest itself during the permitting process and that all permits issued are federally enforceable.

Permit writers from Ecology, the seven LAA, the EPA and the Department of Health meet quarterly, if workloads allow. The purpose of the meetings is to exchange information and knowledge, network on technical issues, develop implementation plans for new federal requirements and interpret new policies.

Meeting dates and locations in FY16:

- September 17, 2015 - Ecology's Northwest Regional Office, Bellevue, WA
- December 17, 2015 - Ecology Headquarters, Lacey, WA via video conference
- March 17, 2016 - Ecology Headquarters, Lacey, WA via video conference
- June 16, 2016 - Ecology's Northwest Regional Office, Bellevue, WA

Boiler MACT Educational Clearinghouse Workshop

On December 3, 2015, the Northwest Pulp and Paper Association held a workshop at Weyerhaeuser Headquarters in Federal Way, WA. The purpose of the workshop was to provide education and clarification of the national emission standards for hazardous air pollutants that apply to commercial and industrial boilers. Keeping up with the rapidly shifting regulation that governs boilers has posed a problem for regulatory agencies and the industries that operate them. Three individuals from Ecology attended the workshop.

Pacific Northwest International Section (PNWIS) Annual Conference

The PNWIS which is a branch of the Air & Waste Management Association held their 55th annual conference November 3rd – 6th, 2015 in Stevenson, WA. The conference consisted of panels and some topics of discussion were air quality modeling, reasonably available control technology (RACT), particulate matter, atmospheric impacts, climate change, greenhouse gases, and the manufacture of zero emission vehicles. At the time the conference took place, Ecology was revising [Chapter 173-401 WAC](#) and presented information on the rulemaking.

There was a professional development tract for young professionals and students desiring to enter into the environmental sector. It included a networking event to connect them with PNWIS members in different environmental jobs.

Operational Efficiency & Cost Reduction

Invoices for the second portion of D&O fees were submitted to LAA in an electronic format. All future preliminary billing statements and final invoices will be submitted to AOP sources and LAA, electronically. This will reduce time, materials and cost associated with mailing invoices via the U.S. Postal service.

Permit agencies must notify the public when a source has submitted an application to obtain an air operating permit or make changes to an existing one. The current notification process involves the placement of a newspaper ad. In December 2015, the EPA proposed the use of electronic notification (e-notices) for public notice requirements. E-notices will produce cost savings benefits, reach a broader audience, provide more information, and allow the information to be available for an extended period of time. Information regarding this proposal was published in the Federal Register⁹ and EPA accepted comments December 21, 2015 – February 29, 2016. If EPA revises their rule to allow for e-notices, Ecology will need to revise WAC 173-401-800¹⁰ to make the e-notification effective in Washington State.

⁹ Federal Register notification for E-notices is located at: <https://www.federalregister.gov/articles/2015/12/29/2015-32639/revisions-to-the-public-notice-provisions-in-clean-air-act-permitting-programs>

¹⁰ Public notification process for Air Operating Permits: <http://apps.leg.wa.gov/wac/default.aspx?cite=173-401-800>