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• Update outdated references to Chapter 70.94 RCW throughout the rule to Chapter 70A.15 RCW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

<table>
<thead>
<tr>
<th>Most Common Job Class:</th>
<th>NSR Direct Hours</th>
<th>NSR Admin. Support</th>
<th>NSR Management</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Environmental</td>
<td>Administrative</td>
<td>WMS Band 2</td>
</tr>
<tr>
<td></td>
<td>Engineer 5</td>
<td>Assistant 3</td>
<td></td>
</tr>
<tr>
<td>A Salaries and Wages</td>
<td>105,384</td>
<td>48,996</td>
<td>99,024</td>
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<tr>
<td>B Employee Benefits</td>
<td>38,676</td>
<td>17,982</td>
<td>36,342</td>
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<tr>
<td>E Goods and Services</td>
<td>4,144</td>
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<tr>
<td>G Travel</td>
<td>2,182</td>
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<tr>
<td>J Capital Outlays</td>
<td>1,201</td>
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<td>1,201</td>
</tr>
<tr>
<td>T Intra-Agency Reimbursements</td>
<td>40,769</td>
<td>18,955</td>
<td>38,309</td>
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<tr>
<td>Total Objects</td>
<td>192,356</td>
<td>93,460</td>
<td>181,202</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>Cost Per Hour</th>
<th>NSR Management &amp; Support Proration</th>
<th>Prorated Cost Per Hour</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>113</td>
<td>none</td>
<td>113</td>
</tr>
<tr>
<td></td>
<td>55</td>
<td>1.89%</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>106</td>
<td>5.11%</td>
<td>5</td>
</tr>
</tbody>
</table>

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:

• Rulemaking Lead
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