

Meeting Summary
Registration Program Fees and Process Workgroup
March 21, 2017
Moses Lake, WA

The following is a summary of the key concepts and concerns shared at the meeting:

At the beginning of the meeting, Margo asked attendees what they hoped to get out of today's meeting. Responses included:

1. The desire to learn about this rulemaking process and the impacts.
2. Understanding the registration program fee structure.
3. Learning specifics about Ecology's intent during this rulemaking.
4. Making sure that changes to the rules are fair and equitable to those impacted.
5. Making sure that the rulemaking also addresses improving fee and permitting efficiencies.
6. That Ecology develop a functional and efficient permitting database.
7. That workgroup members feel involved and listened to.

Margo Thompson (Ecology) gave an overview of the rulemaking process and commonly used acronyms.



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Margo provided a list of questions that Ecology's economist would like answered during the rulemaking process:

- What would make it difficult to pay the new fee?
- What suggestions do you have to make it easier to comply?
- How important is predictability of the fee from year to year?

Brenda Smits (Ecology) gave a presentation on the background of the current registration program fees and process, rulemaking objectives and concepts.



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After the presentation, the workgroup participants had the following questions, concerns, and recommendations for Ecology:

- **What do current fees fund?** Current fees fund approximately 45 percent of fee-eligible operating costs. Current costs are approximately \$640,000 per year. Fees fund the equivalent of about eight Ecology staff, including administrative support, supervisors, and inspectors.

- **How is Ecology covering the current 55 percent budget shortfall for the registration program and why can't Ecology continue to do so?** Ecology has supplemented the registration program with other fund accounts. These funds are no longer available. In addition, the intent of the Washington Clean Air Act is that fees will cover the costs of the registration program. Ecology is doing this rulemaking to align their fees to cover the cost of their registration program.
- **Is the intent to get to 100 percent cost recovery right away, or can we phase in a set of incremental fee increases over a set number of years?** The intent is to reach 100% allowable cost recovery. Ecology would like feedback from the workgroup on the best way to approach this goal.
- **What are Ecology's current staff costs? What activities are the fees for and how does that break down?** Based on an October 2016 registration program workload model, Ecology's registration program is currently recovering about 45 percent of fee eligible costs. The registration program fee eligible activities are identified in [RCW 70.94.151](#), Washington Clean Air Act and [WAC 173-400-099\(2\)](#). Also see today's PowerPoint presentation, slides 4 and 9.
- **Request that Ecology create a simplified version of the workload model being used for this rulemaking and make it available to workgroup members.** Ecology will provide this at the next meeting.
- **What do you think you want to do? What's Ecology's start point?** Ecology wants to align fees with fee-eligible costs of the registration program. An October 2016 registration program workload model shows that we need to adjust fees in order to do this. Ecology will look at moving away from determining registration fees based solely on actual emissions. Instead we will look at a base fee for all registration sources and add fees to incorporate complexity of a source and staff time spent on a source. Ecology will introduce draft language in the coming workgroup meetings for workgroup feedback. This first meeting was to provide a foundation, give background, and answer initial questions regarding this rulemaking.
- **Workgroup members would like to see an example of what a fee schedule might look like.** Ecology is working on a draft fee schedule. We will show it to the workgroup at the next meeting.
- **Will Ecology apply a base fee to all sources or only a certain number of sources? Will the fee be the same or based on source type?** Ecology will look at applying a base fee to all registered sources. The base fee could be different based on source type, but we have not determined this.
- **Do Benton County sources have to pay fees to both BCAA and Ecology?** No, Benton County sources do not have to pay registration fees to both BCAA and Ecology.
- **Are local air agencies (LAAs) currently recovering 100 percent of their costs or is Ecology subsidizing them in any way?** Most LAAs are near 100 percent registration program cost recovery for fee eligible costs of the program. Ecology does not subsidize LAA registration programs.
- **Does categorizing sources as "small", "medium", and "large" make sense? Is there a better method?** Ecology is looking at this. The current way of categorizing sources does not account for actual staff time and creates inequity in how Ecology distributes fees across the sources. Categorizing sources into small, medium and large is usually based off of actual emissions from the source. Basing the category on actual emissions does not account for the actual staff time a source may require. One example of this is a source placed in the small category that is a fairly complex source and requires source testing. This requires more staff time than the current fee for small sources. Another example is a source placed in the medium category that requires minimal staff and has lower potential emissions than a small source. At times, staff spend more time at smaller sources with compliance issues and responding to complaints.
- **The workgroup would like to get some examples of what Ecology considers a source test fee.** Ecology will look at adding a source test fee to a base fee for sources that require a source test in a given year. Ecology would only charge this additional fee in the year the source test is performed and would cover the cost of source test plan review, source test observation, and source test report review. Ecology

will not add a new source test requirement to sources not currently required to do so. For examples of LAA fees for source tests, see the PowerPoint presentation from this meeting, slide 24.

- **Please clarify what we mean when we say “source test fee”.** This would be an additional fee to recover costs of staff time spent on source test plans review, source test observations, and source test results review. This rulemaking will not add a requirement to perform a source test for sources not currently required to do so in their Notice of Construction order.
- **Will Ecology require mint growers to do a source test?** See answer about source tests above. Ecology will not add new source test requirements as a result of this rulemaking.
- **The workgroup would like to see an overview of the different industrial facilities.** Facilities required to register with Ecology are listed in [WAC 173-400-100](#).
- **Will requirements for operating change? Are changes going to mean more inspections?** Changes to WAC 173-400 and WAC 173-455 will not mean more inspections and requirements for operating will not change.
- **How will changes effect sources under a general order?** Fees for sources under a general order will change.
- **From an Ecology staff-time perspective, does it make sense using a general order for inspectors?** It may, but that is outside the scope of this rulemaking. As staff time allows, Ecology can write and implement general orders for specific industries. Examples of when this has been done are for crushing equipment and auto body surface coating operations.
- **Why are we registering exempt sources? What’s the benefit?** As part of this rulemaking, Ecology will look at the benefits from having some source categories register.
- **What’s the plan regarding marijuana growers?** Ecology does not have any plans to change the registration source categories listed in [WAC 173-400-100](#), except for clarifying that a source that has received a Notice of Construction order is a registered source.
- **How many sources are there in NWRO?** We are not aware of any registered source in Ecology’s Northwest Regional Office. Generally, Ecology’s registration program covers only those areas that are not covered by a local air agency or Indian tribal lands.
- **A questionnaire recently went out to sources about miles traveled. It was especially challenging for mobile sources.** The questionnaire was created to help calculate fugitive emissions from unpaved roads. Brian Prisock (Ecology) responded at the meeting that the questionnaire was not working well and he would no longer use it.
- **There are a lot of different forms for sources. These forms don’t allow for consistent data, create additional cost for sources and Ecology, and are very inefficient.** Ecology is aware of these challenges and hopes to address them as time and resources allow.
- **The workgroup needs a spreadsheet showing the current annual fee structure to see what falls into which category, such as small, medium, and large.** The current annual fee structure is found on the PowerPoint attached in this document, slide 8. The number of sources in each fee category is found on slide 6. The current fee structure is based on actual emissions from most sources. Emissions and fees can change from year to year for some sources. Because of these changes, a specific source does not always fall into the same source fee category. For example, a mint distillery can be an exempt source one year and a small periodic source a different year based on their actual emissions.
- **More sophisticated emission control processes are not economically feasible for small mint growers.** Thank you for your comment. This rulemaking will not require changes to emission control processes.

- **The more open-minded everyone is about changing the registration categories, the better off we will be.** Ecology agrees. Our intent is to move towards aligning registration fees with the costs of the registration program.
- **Most businesses just want the bottom line. How much do they have to pay? Time is money.** Ecology has not yet determined how much each business will pay. Ecology is asking for feedback during the rulemaking from the workgroup members on how to better align fees with the cost of the registration program.
- **We should look at other state models; particularly Oregon and Montana.** Ecology has looked at Washington local air agency registration program fees. In addition, we will gather available information from Oregon and Montana as suggested.
- **How much time do we spend on each type of source category?** Ecology does not track time spent by specific source categories listed in [WAC 173-400-100](#).
- **Be sure Ecology has done a careful budget and time allocation analysis of each category type prior to the next meeting.** Ecology does not track time for the different types of source category listed in [WAC 173-400-100](#). We will, however, provide a workload model for workgroup review.
- **Workgroup members support and appreciate Ecology's openness to look at how to re-work the fee process.** Ecology staff appreciate the workgroup member's time, thoughtfulness, and questions.
- **Request to keep it simple.**

Next Steps: The meeting concluded with those in attendance agreeing to meet on **April 26, 2017** and **May 24, 2017 in Moses Lake**. Participants agreed that morning meetings worked best for them.

In-Person Attendees:

- Bill Wagoner, National Frozen Foods
- Gary L. Christensen, WA Mint Growers
- Shane Johnson, WA Mint Growers
- Garry Kneedler, North Central Construction
- Robert D. Cox, Pomeroy Grain Growers
- Jana McDonald, Central Pre-Mix
- Jason Alberich, Ecology
- Nancy Pritchett, Ecology
- Brenda Smits, Ecology
- Brian Prisock, Ecology
- Margo Thompson, Ecology
- Karen Wood, Ecology
- Shawn Nolph, Ecology
- Lisa Kean, Ecology

Call-in Attendees:

- Krista Kinsey, Simplot
- Stephanie M. Kranz, Tidewater Terminal Co.

Absent Workgroup Members:

- Tim Clark, Cascade Auto Center
- Jack Field, WA Cattle Feeders Association
- Lisa Karstetter, Yahoo
- Sean Lunsford, Helena Chemical Company
- Adam Hyde, Trout Lake Farms