



Air Quality Fee Rule, Chapter 173-455 WAC June 8, 2022 Stakeholder Meeting Summary

Overview of Ecology presentation

The presentation slides are available at:

<https://ecology.wa.gov/Regulations-Permits/Laws-rules-rulemaking/Rulemaking/WAC-173-455>

Rulemaking process

Ecology proposes to update Chapter 173-455 WAC, Air Quality Fee Rule¹ that combines most of the air quality-related fees. This rulemaking will update sections -038, -050, -100, -120, -130, and -140. Ecology may add other sections, to support these revisions, if necessary.

Ecology proposes to update the permitting fee structure to:

- Achieve full cost recovery for issuing permits.
- Establish a process to revise future new source review (NSR) fees.

Ecology began this rulemaking process in 2021 and plans to complete it in 2023.

- Rulemaking announced – September 23, 2021
- Rulemaking proposal – September 7, 2022
- Public comment period – September 7, 2022 – October 18, 2022
- Public hearing – October 18, 2022
- Adoption – February 2023

Changes to draft rule language

- A workload analysis calculated a fee adjustment from \$95/hr to \$119/hr (25.26% increase) to match current costs. We adjusted flat fees by 25% to match the hourly rate adjustment.
- We removed specific dollar amounts from the rule language and placed them in a fee table.
- We added a process for regularly updating the fee amount to the rule language.
- The process for regularly updating fee amounts was changed after the first stakeholder meeting to remove the requirement that the updated rate be based on the previous year. This will allow us to use a wider time range to calculate future fees more accurately.

Process to calculate new Ecology hourly rate

- Ecology completed a workload analysis on air permitting hours billed for a five-year period.
- Ecology follows a standard process to simplify complex activities into a workload analysis that accurately reflects program costs. For this analysis, each of the different job classes that billed hours on air quality permitting activities between 2017 and 2021 was combined and the job classes that billed the most hours were broken out to

¹<https://apps.leg.wa.gov/wac/default.aspx?cite=173-455>

represent the different activities. There is variation between different permitting activities and job classes, so all the hours are averaged in order to create an hourly rate that represents the entire program and is distributed evenly between all types of permits. This hourly rate was then compared to the rate of inflation that has occurred since the last time these fees were adjusted as well as the estimated Ecology cost change per biennium (4.7%), each of which estimates the current Ecology rate between \$119 and \$120 per hour.

- The workload analysis concluded that the current Ecology cost is \$119.36/hour. We rounded this number down to \$119/hour.

Stakeholder questions and feedback

- How is the workload analysis split out between Engineer 3 hours and Engineer 5 hours?
 - **Ecology Response:** Ecology follows a standard process to simplify complex activities into a workload analysis that accurately reflects program costs. For this analysis, each of the different job classes that billed hours on air quality permitting activities between 2017 and 2021 was combined and the job classes that billed the most hours were broken out to represent the different activities. There is variation between different permitting activities and job classes, so all the hours are averaged in order to create an hourly rate that represents the entire program and is distributed evenly between all types of permits. This hourly rate was then compared to the rate of inflation that has occurred since the last time these fees were adjusted as well as the estimated Ecology cost change per biennium (4.7%), each of which estimates the current Ecology rate between \$119 and \$120 per hour. For this reason, Ecology rounded the rate down to \$119 per hour to recover costs as accurately as possible without exceeding costs.
- Did the last fee increase in 2012 achieve full permit cost recovery or are there other sources of funding for the Air Quality Permitting Program?
 - **Ecology Response:** The Washington Clean Air act (Chapter 17A.15 RCW) directs Ecology to charge permitting fees that cover program costs. We don't have other sources of funding for air quality permitting.
- Is Ecology required by statute to charge fees that cover the program costs for air quality permits?
 - **Ecology Response:** Yes. The specific sections of the Washington Clean Air Act pertaining to these fees are RCW 70A.15.2210, -2230, and -6270.
- What efficiencies can Ecology implement to decrease the number of hours needed for permitting activities? Could categorical exemptions for emissions units be expanded to reduce modelling and analysis costs for very small sources?
 - **Ecology Response:** Specific permitting process changes are out of scope for this rulemaking. Ecology uses principles of lean management to continuously improve our practices, some of which were addressed during a process improvement overhaul in 2012. We have recorded these comments and passed them on to the correct parties for future consideration.

Public input and feedback

The public comment period for this rule will open when Ecology proposes the rule on September 7, 2022. Check back for a link to the online comment system.