



DEPARTMENT OF  
**ECOLOGY**  
State of Washington

**Air Operating Permit Report  
Fiscal Year 2009**

10-02-019

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## Introduction

This report summarizes the Air Operating Permit (AOP) program for Fiscal Year (FY) 2009. The reporting period is July 1, 2008 through June 30, 2009.

Ecology made one significant change in FY2009:

1. Ecology solicited staff from one of Washington's local air agencies to jointly perform the audit of Washington's AOP program by WAC 173-401-920. This year, Ecology's AOP Coordinator and an AOP Permit Writer from the Spokane Regional Clean Air Agency performed the audits, instead of an outside contractor, saving the AOP sources approximately \$31,000.

If you have questions about the information in this report, contact Crystal Alford at [crya461@ecy.wa.gov](mailto:crya461@ecy.wa.gov) or at (509)329-3595.

## Financial Summary

Revenue:

Billed Revenue	\$1,485,194.13
Collected Revenue	<u>\$1,542,578.80</u>
Difference	\$57,384.67

The difference between the amount billed and the amount collected is due to the following:

- After the close of FY2008, Ecology discovered that an AOP fee was deposited into another account. Because this was discovered after the close of the fiscal year, the \$56,833.12 fee was credited to the AOP account in FY2009.
- A small credit of \$1250.53 was applied to the AOP account following receipt of a portion of a bankruptcy settlement at one of the AOP sources.
- An AOP source at a local air agency closed. The development and oversight (D&O) fees collected by the local air agency for the second half of FY2009 were prorated and reduced by \$698.96.

Expenditures:

Annual Budget	\$1,500,046.46
Annual Budget After	
Rebates from FY08	\$1,485,194.31
Actual Expenditures	<u>\$1,248,337.30</u>
Difference	\$ 236,857.01

There are several reasons why the revenue collected exceeded the actual expenditures:

- Shifting of AOP staff resources to perform other necessary air program work affected by staffing vacancies.
- Ecology’s appropriation was decreased by the Office of Financial Management (OFM) after the workload model was finalized and bills sent. In other words, Ecology did not have authority to spend the entire amount collected from AOP sources. During the next AOP fee cycle, revenue collected in excess of expenditures will be credited to the sources per the AOP Guidance.

## Time Accounting

	<b>Budgeted Total FTEs</b>	<b>Actual Total FTEs</b>	<b>Difference (Budgeted – Actual)</b>
Industrial Section (IND)	4.28	2.84	1.44
Nuclear Waste Program (NUC)	1.39	1.05	0.34
Department of Health (DOH)	0.25	0.12	0.13
HQ – Science and Engineering Section (SES)*	0.95	1.56	-0.61
HQ – Technical Services Section (TSS) *	0.79	0.38	0.41
HQ – Financial (FIN)	0.073	0.049	0.024
HQ – Program Manager (PM)	0.10	0.08	0.02
Eastern Regional Office (ERO)**	2.14	1.87	0.27
Central Regional Office (CRO)***	1.38	0.58	0.80
<b>Totals</b>	<b>11.35</b>	<b>8.53</b>	<b>2.82</b>

\*The Air Quality Program was restructured after the workload model was completed, which shifted staff that had previously performed work under the Program Development Section (PDS) and the Technical Services Section (TSS) to the newly developed Science and Engineering Section (SES). The differences in budgeted FTEs versus the actual FTEs spent on AOP work in these sections are due to the reassignment of staff to different sections within the Program.

\*\*The Eastern Regional Office had an increase in the number of new source review applications to be processed. This increased workload resulted in a shift of staff time from AOP work to new source review activities.

\*\*\*There was an increase in the number and complexity of new source review applications received by the Central Regional Office. Staff helped develop general order permits and Chapter 173-460 WAC revisions, which delayed processing of AOP submittals and renewals.

## Activities Completed

The table below shows budgeted vs. actual work done on some of the major activities from the workload model:

	<b>Activity</b>	<b>Budgeted Work</b>	<b>Actual Work Completed</b>
Industrial Section (IND)	1. Permit Renewal	0	3
	2. Final Permit	4	0
	3. Permit Mod.	6.7	2
	4. Inspections	13	9
	5. Enforcement	7	6

Nuclear Waste Program (NUC)	1. Permit Renewal	0	0
	2. Final Permit	0	0
	3. Permit Mod.	12 <sup>1</sup>	1
	4. Inspection	1	10
	5. Enforcement	1	1
Central Regional Office (CRO)	1. Permit Renewal	0	2
	2. Final Permit	3	2
	3. Permit Mod.	2	0
	4. Inspections	6	6 <sup>2</sup>
	5. Enforcement	1	1
Eastern Regional Office (ERO)	1. Permit Renewal	4	3
	2. Final Permit	1	3
	3. Permit Mod.	6	4 <sup>3</sup>
	4. Inspections	10	7
	5. Enforcement	2	1

<sup>1</sup> Modification count was 4 significant modifications and 8 minor modifications

<sup>2</sup> One facility had two inspections.

<sup>3</sup> One renewal included a modification.

## **Pre-billing and Billing Statements**

Ecology sent pre-billing statements for D&O fees to each local air agency by October 1, 2008. Pre-billing statements for AOP fees were sent to Ecology AOP sources by October 10, 2008.

Ecology sent final billing invoices to Ecology AOP sources on January 6, 2009, with payment due by February 28, 2009. Ecology sent invoices for D&O fees to each local air agency on January 6, 2009 and April 23, 2009. Payments were due March 31, 2009 and June 30, 2009, respectively.

## **Explanation of Refunds and Rebates**

Ecology issued no refunds in FY2009. Ecology rebated \$14,852 to the AOP sources. Rebates were credited towards FY2009 D&O fees for each local air agency based on the percentage of D&O fees collected from each agency in FY2008. Rebates were credited to each Ecology AOP source based on the percentage of AOP fees collected from that source in FY2008.

## **Explanation of fee collections/late payments**

All AOP and D&O fees were collected by the end of the fiscal year. Four AOP sources did not pay their AOP fees by February 28, 2009. On March 6, 2009, letters were sent notifying these companies of their delinquent AOP fees. All delinquent fees were paid in full by March 18, 2009.

## **Performance Audit Summary**

Washington's AOP program undergoes a routine performance audit and a random permit review each year. Crystal Alford, AOP Coordinator from Ecology's Air Quality Program and April Westby, AOP Permit Writer from Spokane Regional Clean Air Agency performed the audit and the review for calendar year 2008. It has been many years since staff from within the program performed the audit.

These audits measure the performance of each agency's program against a set of questions detailed in WAC 173-401-920(3)(b) and (c). April Westby evaluated the four Ecology AOP programs; Crystal Alford evaluated the seven Local Air Agency programs.

Overall, the audit revealed that Washington's AOP permits are generally well written and contain a complete listing of applicable requirements. Many permits are on, or are about to trigger, their second renewal cycle. Permits have been enforced for two full cycles. Many issues resulting from enforcement of the permit conditions during the permit term are being resolved during the renewals.

The recommendations from this year's audit included:

- improving timely processing of permit renewal applications
- improving data reporting
- improving the content of the permit and Statement of Basis
- improving full compliance evaluations
- making permit information available on all agency web-sites

A detailed audit report is available on Ecology's website at [http://www.ecy.wa.gov/programs/air/AOP\\_Permits/2008AOPaudit.pdf](http://www.ecy.wa.gov/programs/air/AOP_Permits/2008AOPaudit.pdf).

## **EPA Program Review**

EPA performed a second review of Ecology's AOP program at the end of 2008. The review focused on:

- follow-up on concerns identified during EPA's program review conducted in 2006
- permit issuance progress and resources
- compliance assurance monitoring
- new applicable requirements and rules

EPA sent an information request to Ecology in late October. Ecology responded to the request in mid-November. EPA held an on-site meeting with Ecology on December 16, 2008. Ecology replied to follow-up questions from EPA in early January 2009. A draft report has not yet been circulated to Ecology.