



DEPARTMENT OF
ECOLOGY
State of Washington

**Air Operating Permit Report
Fiscal Year 2010**

11-02-036

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Introduction

This report summarizes Air Operating Permit (AOP) program financial details and program tasks and activities for Fiscal Year (FY) 2010. The reporting period is July 1, 2009 through June 30, 2010.

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

Financial Summary

The budget is set using a workload analysis that identifies the costs associated with Ecology staff performing various AOP program tasks, such as permit writing and inspections. The tasks are broken into two categories: AOP program administration costs, which are paid for by Ecology AOP sources (only); and costs associated with development and oversight (D&O) of the statewide AOP program, which are paid for by all AOP sources in Washington.

The annual AOP program administration fees and D&O fees are set after any rebate from the prior fiscal year is subtracted from the annual budget. Rebates are apportioned to each source or Local Clean Air Agency based on the percentage of the fee they paid the prior year compared to the total fees collected that year.

<u>FY10</u>	
Total Budget	\$1,440,839.93
Rebate from FY09	\$ 245,023.68
Prog Admin	\$1,046,304.72
D&O	\$ 149,511.53
Total to Collect	\$1,195,816.13
Collected Revenue	\$1,217,441.88

This year, there was \$21,625.75 collected in excess of the amount billed. There is a slight discrepancy between the collected revenue and sources of excess and reduced revenue noted below of a \$0.44 due to rounding in the workload model.

Extra Revenue

- Ecology found Delta Petroleum had been operating at major source levels for part of FY08 and FY09. Partial AOP fees were calculated for these periods and a bill was sent in FY10 to collect \$2,459.55 for operation of this source in FY08 and \$20,796.74 for operation of this source in FY09.
 - \$23,256.29 was received from Delta Petroleum on November 4, 2009.
- Benton Clean Air Agency was billed \$2014.46, but paid \$2034.38.
 - \$19.92 was over collected.

Reduced Revenue

- After the D&O fees had been assigned to all the AOP sources in Washington, Yakima Regional Clean Air Agency told Ecology that their AOP source count should have been four, and they only owed D&O fees for four sources, instead of five sources.
 - \$1262.79 of the invoiced amount for FY10 was not collected from Yakima Regional Clean Air Agency.
- Olympic Region Clean Air Agency requested a D&O fee rebate from FY09 in FY10 for one of their sources (Imperium).
 - \$387.68 of the invoiced amount for FY10 was not collected from Olympic Region Clean Air Agency.

Ecology spent \$1,069,983.31 performing AOP work in FY10. Ecology will be rebating \$147,458.57 (collected revenue minus expenditures) in FY11. A time accounting summary follows that shows the FTEs budgeted to perform various AOP tasks, the actual FTEs spent doing the work and the difference for FY10.

	Budgeted Total FTEs	Actual Total FTEs	Difference (Budgeted – Actual)
Industrial Section (IND)	4.28	2.74	1.54
Nuclear Waste Program (NUC)	1.39	1.07	0.32
Department of Health (DOH)	0.25	0.13	0.12
HQ – Science and Engineering Section (SES)	0.78	0.50	0.28
HQ – Technical Services Section (TSS)	1.05	0.72	0.33
HQ – Financial (FIN)	0.073	0.050	0.023
HQ – Program Manager (PM)	0.10	0.092	0.01
Eastern Regional Office (ERO)	1.80	1.27	0.53
Central Regional Office (CRO)	0.93	0.70	0.23
Totals	10.65	7.27	3.38

The table below shows some of the basic AOP activities budgeted and the actual work completed for FY10.

	Activity	Budgeted Work	Actual Work Completed
Industrial Section (IND)	1. Permit Renewal	0	6
	2. Final Permit	4	2
	3. Permit Mod.	4	1
	4. Inspections	10	9
	5. Enforcement	13	7
Nuclear Waste Program (NUC)	1. Permit Renewal	0	0
	2. Final Permit	0	0
	3. Permit Mod.	4	1
	4. Inspection	2	3
	5. Enforcement	1	0
Central Regional Office (CRO)	1. Permit Renewal	0	2

	2. Final Permit	1	2
	3. Permit Mod.	2	0
	4. Inspections	5	5
	5. Enforcement	1	0
Eastern Regional Office (ERO)	1. Permit Renewal	0	2
	2. Final Permit	1	2
	3. Permit Mod.	5	0
	4. Inspections	6	3
	5. Enforcement	4	3

Pre-billing and Billing Statements

Ecology sent pre-billing statements for D&O fees to each local air agency by October 28, 2009. Pre-billing statements for AOP fees were sent to Ecology AOP sources by October 28, 2009.

Ecology sent final billing invoices to Ecology AOP sources on January 8, 2010, with payment due by February 28, 2010. Ecology sent invoices for D&O fees to each local air agency on January 8, 2010 and April 14, 2010. Payments were due March 31, 2010 and June 30, 2010, respectively.

Explanation of Refunds and Rebates

Ecology issued one refund in FY2010. Ecology refunded \$1,262.79 to Olympic Region Clean Air Agency. ORCAA's source count in FY2009 should have been 15 instead of 16.

Rebates were credited towards FY2010 D&O fees for each local air agency based on the percentage of D&O fees collected from each agency in FY2009. Rebates were credited to each Ecology AOP source based on the percentage of AOP fees collected from that source in FY2009.

Explanation of Fee Collections/Late Payments

All AOP and D&O fees were collected by the end of the fiscal year. Seven AOP sources did not pay their fees by February 28, 2010. On March 1, 2010, calls and emails were made to follow-up on the status of the delinquent fees. All fees were reported to be in the mail except Boise Cascade Paper and ALCOA Primary Metal Intalco Works. All delinquent fees were paid in full by April 6, 2010.

Fiscal Audit FY2008/2009

The State Auditor's Office was contracted to perform a fiscal audit of Ecology's AOP program for fiscal years 2008 and 2009. There were no negative findings.

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 2009.

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). Under an interlocal agreement, April Westby evaluated the four Ecology AOP programs; Crystal Alford evaluated the seven Local Clean Air Agency programs. SRCAA was reimbursed \$5,390 for salary, benefits, travel and indirect costs associated with performing the audit of Ecology's offices.

A detailed audit report is available on Ecology's website at http://www.ecy.wa.gov/programs/air/AOP_Permits/2009_AOP_Audit_Report.pdf.