



Air Operating Permit Program Report

Fiscal Year 2020

(July 1, 2019 – June 30, 2020)

Air Quality Program
Washington State Department of Ecology
Olympia, Washington

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¹ www.ecology.wa.gov/contact

Department of Ecology's Regional Offices

Map of Counties Served



Southwest Region 360-407-6300	Northwest Region 425-649-7000	Central Region 509-575-2490	Eastern Region 509-329-3400
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Region	Counties served	Mailing Address	Phone
Southwest	Clallam, Clark, Cowlitz, Grays Harbor, Jefferson, Mason, Lewis, Pacific, Pierce, Skamania, Thurston, Wahkiakum	P.O. Box 47775 Olympia, WA 98504	360-407-6300
Northwest	Island, King, Kitsap, San Juan, Skagit, Snohomish, Whatcom	3190 160th Avenue SE Bellevue, WA 98008	425-649-7000
Central	Benton, Chelan, Douglas, Kittitas, Klickitat, Okanogan, Yakima	1250 West Alder St. Union Gap, WA 98903	509-575-2490
Eastern	Adams, Asotin, Columbia, Ferry, Franklin, Garfield, Grant, Lincoln, Pend Oreille, Spokane, Stevens, Walla Walla, Whitman	4601 North Monroe St. Spokane, WA 99205	509-329-3400
Headquarters	Across Washington	P.O. Box 46700 Olympia, WA 98504	360-407-6000

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DEPARTMENT OF
ECOLOGY
State of Washington

Table of Contents

List of Figures and Tables	6
Figures.....	6
Tables.....	6
Introduction.....	7
Air Operating Permit Program Summary	7
Budget Planning.....	7
Air Operating Permit Program Financial Performance	8
Total program revenue and expenditure.....	8
Fee revenue	9
Development and oversight revenue	9
Expenditures	9
Air operating permit program presumptive minimum test.....	10
Rebates and credits	10
Program Performance.....	11
Staffing levels.....	12
Emissions Inventory.....	13
Permit Management and Processing	14
Compliance and enforcement activities	14
Penalties.....	15
Outreach and Education	16
Permit writers training.....	16
Permit writers meetings	16
Public outreach	17
Oversight and Monitoring.....	17
Audits.....	17
EPA oversight	18

List of Figures and Tables

Figures

Figure 1. Air Operating Permit Program Work Activities..... 12

Tables

Table 1. Comparison of Fiscal Years 2019 and 2020 8
Table 2. Fiscal Year 2020 Expenditures..... 10
Table 3. Projected vs. Actual FTE 13
Table 4. Ecology Air Operating Permit Timeliness..... 14

Introduction

The Air Quality Program's mission is to protect and improve the air quality in Washington with a vision of clean, healthy air and climate for all of Washington.

Our strategic plan ensures our employees and other stakeholders are working toward a common goal. Work performed to meet the goals of the strategic plan is supported by funds from the Air Quality Program and the air operating permit program.

This report summarizes the air operating permit program financial details, performance, and program activities for Fiscal Year 2020 (July 1, 2019 – June 30, 2020).

Air Operating Permit Program Summary

The air operating permit program is an air pollution control program, based in federal law, designed to standardize air quality permits and the permitting process for major sources of air emissions.

Under Section 502(b) of the 1990 federal Clean Air Act amendments, all sources subject to the permitting requirements under the air operating permit must pay an annual fee. These fees must cover all reasonable direct and indirect costs required to develop and administer the permit program.

EPA establishes an annually-adjusted minimum fee (“presumptive minimum fee”) expected to pay for the air operating permit program costs. Washington must provide detailed accounting if its fee schedule is less than the presumptive minimum, or if EPA thinks the fee schedule is insufficient to cover program costs.

To ensure financial accountability, Ecology audits the air operating permit program every other year. The air operating permit program services summarized in this report are consistent with the state Clean Air Act (CAA), the Revised Code of Washington (RCW), and the Washington Administrative Code (WAC). These provide regulatory authority for the program.

Budget Planning

Before each biennium, Ecology writes the plan for the air operating permit program. Ecology must conduct a workload analysis each biennium, with a public comment period before publishing it on Ecology’s website. The analysis includes resource requirements for both the direct and indirect program costs. The legislature sets the budget based on the workload analysis.

In June 2018, Ecology completed the workload analysis for Fiscal Years 2020 and 2021 (2019-2021 biennium). Updates to the analysis are completed each fiscal year to account for changes in salaries, benefits, indirect costs, and the air operating permit fee schedule.

To sign up for emails about air operating fees and fee determination, contact Trischa Lohr Barlet at trischa.lohrbarlet@ecy.wa.gov or 360-407-7530.

Air Operating Permit Program Financial Performance

Total program revenue and expenditure

For Fiscal Year 2020 (July 1, 2019 – June 30, 2020), Ecology’s air operating permit program budget and projected revenue was \$2,292,495. The workload analysis identifies the cost of Ecology staff performing various air operating permit work and sets the revenue for the program (WAC 173-401-900(3)). The program’s opening and closing balance is a working capital reserve required to maintain a positive fund balance throughout the fiscal year (July 1 – June 30). Opening fund balances greater than nine months’ worth of estimated expenditures in the following fiscal year are eligible for rebates as described in the "rebates and credits" section of this report.

Table 1 shows the actual revenue and expenditures at the open and close of Fiscal Years 2019 and 2020. Adjustments or corrections to the previous fiscal year’s amounts are not always reflected in the balances. Corrections made within the account after the close of the fiscal year are referenced in corresponding footnotes.

Table 1. Comparison of Fiscal Years 2019 and 2020

	Fiscal Year 2019	Fiscal Year 2020
Accounting opening balance	\$1,081,005 ²	\$1,369,422
Actual revenue (fees + development and oversight)	\$2,058,251 ³	\$2,292,695 ⁴
Actual expenditures	\$1,770,896	\$1,820,587
Account closing balance	\$1,369,360 ⁵	\$1,841,468 ⁶

²At the beginning of Fiscal Year 2019, the state financial reporting system (AFRS) showed a registration fee that was deposited into the air operating permit account in error. The account balance was corrected in Fiscal Year 2019 to the amount of \$1,081,555.

³AFRS reported \$2,058,251 in revenue at the end of Fiscal Year 2019. This included the registration fee correction from the previous fiscal year and a registration permit processing fee that was deducted in error. Actual air operating permit revenue accounting for these adjustments was \$2,058,764.

⁴At the end of Fiscal Year 2020, actual revenue in AFRS showed \$2,292,695. However, this amount did not account for the reversal of a \$200 registration program fee that was incorrectly deposited into the air operating permit account. At the start of Fiscal Year 2021, the amount in the air operating permit account was corrected to reflect \$2,292,495.

⁵The air operating permit account closing balance in AFRS for Fiscal Year 2019 was \$1,369,360. Because this report reflects adjustments to the revenue as described above, it reflects the air operating permit account balance based on actual air operating permit revenue and expenditures in Fiscal Year 2019.

⁶The Fiscal Year 2020 closing balance was \$1,841,468 in AFRS. After adjustments to the actual revenue, the balance is \$1,841,330.

Fee revenue

Ecology billed and collected \$2,183,804 from 28 facilities with air operating permits during Fiscal Year 2020. Fees are assigned to each source (WAC 173-401-900(5)(b)) and are due annually by February 28 (WAC 173-401-930(1)). The amount billed included:

- Tier 1: A flat fee of \$25,997.67 per facility
- Tier 2: A complexity fee of \$89.15 per hour of oversight. Fees ranged from \$0-\$288,900.
- Tier 3: An emission fee of \$43.31 per ton. Fees ranged from \$0-\$219,563.

Development and oversight revenue

Development and oversight (D&O) costs are Ecology's costs to:

- Develop and administer the state operating permit program
- Oversee the program administration by the delegated local clean air agencies

All sources with an air operating permit pay Ecology's development and oversight costs (WAC 173-401-900(5)(a)). The costs for Ecology sources are included in the flat fee (Tier 1) of their fee. Local clean air agencies paid \$108,691 in costs during Fiscal Year 2020. Local clean air agencies' development and oversight fees are due annually by March 31 (WAC 173-401-935(2)).

Expenditures

WAC 173-401-940 lists the activities authorized to be performed using funds supported by the state air operating permit program. During Fiscal Year 2020, Ecology spent \$1,820,587 administering these activities. Activities include:

- Permit processing
- Permit management
- Program management and administration
- Delegation and regulation
- Technical assistance
- Public outreach and education
- Monitoring and oversight

Table 2. Fiscal Year 2020 Expenditures

Expenditures	Amount
Salaries	\$1,149,926
Benefits ⁷	\$404,622
Intra-agency reimbursements ⁸	\$164,017
Goods and services ⁹	\$82,175
Travel	\$16,860
Capital outlays ¹⁰	\$1,656
Professional service contracts	\$1,260
Grants, benefits, and client services ¹¹	\$70
Total	\$1,820,586

Air operating permit program presumptive minimum test

EPA establishes an annually-adjusted minimum fee called “presumptive minimum” that is expected to cover air operating permit program costs. The presumptive minimum rate for Fiscal Year 2020 (July 1, 2019 – June 30, 2020) is \$52.03 per ton of emissions. Ecology sources emitted 16,809 tons of regulated pollutants, so Ecology’s program presumptive minimum is \$874,572.

In 2020, Ecology collected \$2,292,495 in revenue. Ecology revenue is greater than the presumptive minimum for 2020, so it is presumed sufficient to cover air operating permit program costs.

Rebates and credits

In the past, the Office of Financial Management (OFM) allowed Ecology to accrue a negative cash balance until fees were received. Since 2015, OFM has required Ecology to maintain a positive monthly cash balance in each dedicated account it manages. This is a challenge in the Air Operating Permit Account because expenditures are ongoing, yet total revenue is received in annual payments nine months into each fiscal year. Fiscal years begin July 1 and end June 30; revenue is generally received at the beginning of March. In order to maintain a positive cash balance in the Air Operating Permit Account, Ecology is building a working capital reserve in this account.

Until the opening fund balance of a fiscal year is greater than nine months’ worth of estimated expenditures in the next fiscal year (determined by prorated available expenditure authority), rebates will be suspended. Available expenditure authority in the Air Operating Permit Account for Fiscal Year 2021 is \$2.9 million. When prorated for 9 months of available spending

⁷ Survivors insurance, disability insurance, retirement, etc.

⁸ Reallocation of expenditures and accruals within an agency

⁹ Materials, supplies, communications, postage, utilities, subscriptions, etc.

¹⁰ Furnishings, equipment, and software purchases with a useful life greater than one year

¹¹ Charge to permittees for using electronic payment service (E-Pay)

authority, a working capital reserve of \$2.1 million is required. Since the Fiscal Year 2020 closing balance is only \$1.8 million, no rebates or credits will be given during the 2021 billing. When rebates are applied, they are calculated at the end of each fiscal year and applied to the following fiscal year's fee.

Program Performance

Ecology performed the following activities to support the air operating permit program:

- Permit processing – application reviews, draft permits, final permits, permit renewals, permit amendments and modifications, public notices, public hearings, public comment response, operational reviews, and permit appeals
- Permit management – inspections, stack test oversight, emissions reports, enforcement, complaint investigations, monitoring and local oversight, annual compliance certification, compliance investigations
- Program Management, administration and support – budget management, data management, fee administration, emissions inventory support, permit workshops and training, technical services, regulation support, coordination, audits, permit register, public records requests
- Technical Assistance – source assistance and interagency agreements

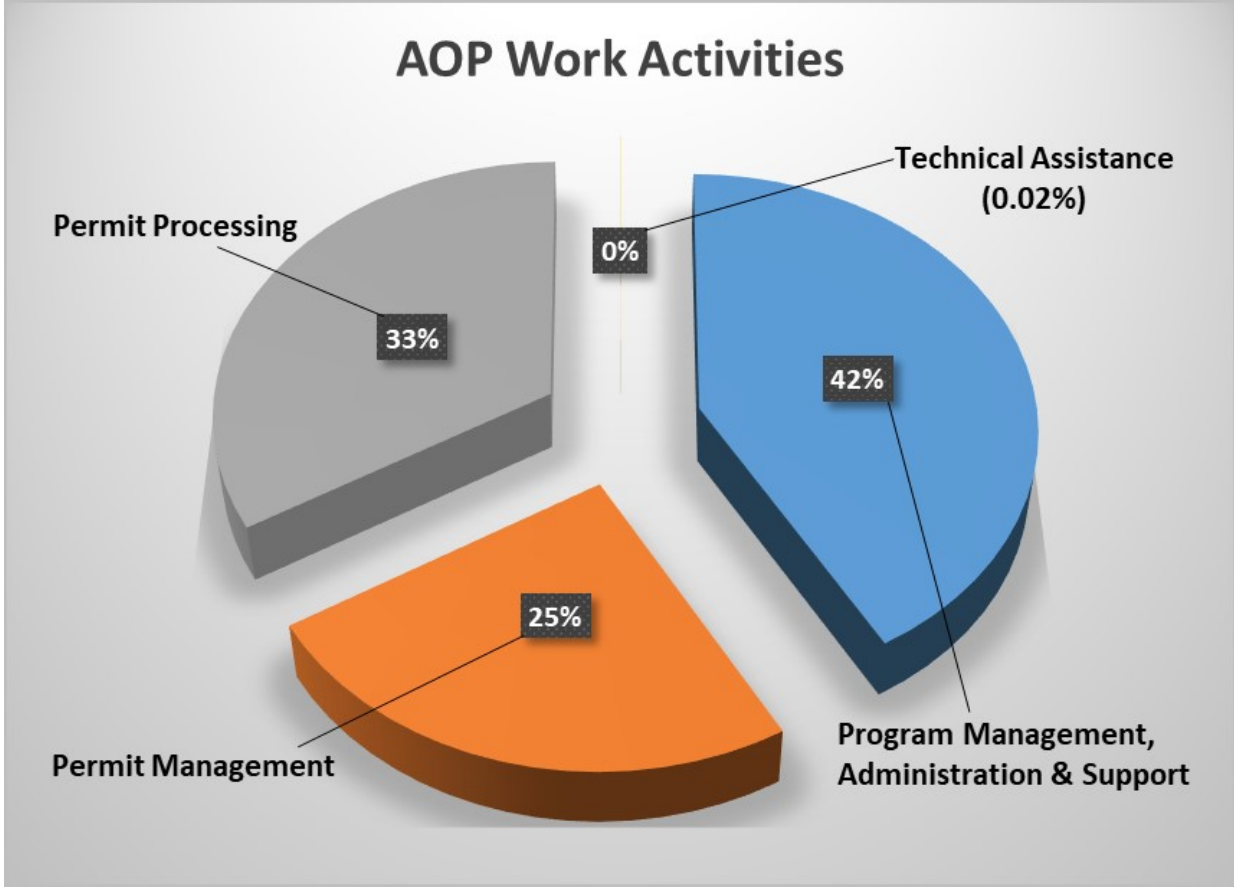


Figure 1. Air Operating Permit Program Work Activities

Staffing levels

Ecology staff are calculated as Full Time Equivalents (FTEs). This measurement helps budget analysts estimate labor costs. One FTE is a unit that indicates the workload of one full-time employee working 40 hours per week. In some instances, the actual FTE is more or less than the projected FTE by the workload analysis due to shifting of staff resources. Examples of this are when workload increases or decreases, having vacancies, or when priorities or the work environment changes. OFM assumes 2,080 work hours equal one FTE in a fiscal year. To calculate actual FTEs, the number of actual hours worked is divided by 2,080.

Table 3. Projected vs. Actual FTE

Section	Projected Direct FTEs	Actual Direct FTEs
Program Management	0.36	0.37
Science and Engineering	1.46	1.35
Policy and Planning	0.02	0
Technical Services	0.40	0.16
Industrial Section	4.61	4.66
Central Regional Office	1.15	0.98
Eastern Regional Office	3.75	2.60
Nuclear Waste Program (Hanford)	2.36	1.75
Dept. of Health (Hanford, WSU)	0.53	0.34
	14.64	12.21

Emissions Inventory

An emissions inventory is a list of pollutants discharged into the air during a specific period. Ecology collects emissions data according to federal regulations. The inventory is used to determine significant sources of air pollution, provide the public with air emissions data, and establish trends.

Air pollution sources submit their emissions data using the Washington Emissions Inventory Reporting System (WEIRS). WEIRS is an electronic data collection system that allows facilities with an air operating permit and local clean air agencies to report their emissions data.

The information in WEIRS is submitted to EPA so they can develop the National Emissions Inventory (NEI). The National Emissions Inventory is released every three years based on data submitted by state, local, and tribal clean air agencies. The inventory consists of criteria pollutants, criteria precursors, and hazardous air pollutants from air emissions sources. The data allows EPA to identify trends and establish air quality standards.

Ecology's emissions inventory group manages the database for major stationary sources of air pollution. Fee eligible emissions are calculated from the most current available data. For Fiscal Year 2020 fees, emissions data from calendar year 2018 was used. In Ecology's jurisdiction, sources with an air operating permit produced 16,809 tons of fee eligible emissions:

- 2,163 tons of particulate matter (PM₁₀)
- 1,613 tons of volatile organic compounds (VOC)
- 7,270 tons of nitrogen oxides (NO_x)
- 5,763 tons of sulfur dioxide (SO₂)

Permit Management and Processing

An air operating permit expires 5 years after it is issued. Ecology completes the initial permit issuance or renewal process in an average of 18 months. If a source has submitted a complete application to Ecology within 6-12 months of expiration, the source may continue operating under their current permit (WAC 173-401-705(2)).¹² Sources can submit an application for air operating permit modifications and revisions at any time. During Fiscal Year 2020:

- 1 permit modification issued
- 2 outstanding permit modifications (>18 months after receipt)
- 1 permit revision completed
- 2 initial permits issued within 18 months of receipt
- 3 outstanding initial applications (>18 months no action taken)
- 13 extended permits beyond the 5-year term

Table 4. Ecology Air Operating Permit Timeliness

Total Sources	Active Air Operating Permits	Initial Permits Issued	Outstanding Initial Applications	Expired Permits	Extended Permits	% Extended	% Outstanding + Extended
28	25	2	3	0	13	52%	57%

Compliance and enforcement activities

Ecology prioritizes compliance with the air operating permit program and the conditions of each source’s air operating permit. Formal and informal enforcement actions include (in increasing severity):

- Notice of correction (NOC)
- Notice of violation (NOV)
- Administrative order
- Notice of penalty (NOP)

In Fiscal Year 2020, Ecology took the following enforcement actions related to the air operating permit program (listed in increasing severity):

- 24 NOVs
- 3 administrative (compliance) orders
- 1 NOP

Most of the notices of violation were for exceeding allowable emissions limits, exceeding downtime of emissions monitoring equipment, and excess opacity during stack tests. Before being issued a notice of violation, a facility is given a verbal warning and offered technical

¹² Air operating permit application shield: <http://app.leg.wa.gov/WAC/default.aspx?cite=173-401-705>

assistance. Administrative orders were issued for violating particulate matter (PM) limits and ongoing non-compliance.

Ecology completed partial compliance evaluations (PCE), full compliance evaluations (FCE), stack tests, and annual compliance certifications. Compliance evaluations are usually completed on-site to make compliance determinations for permit monitoring and reporting requirements. During Fiscal Year 2020, the following evaluations were completed:

- 9 PCEs
- 25 PCEs at Hanford
- 8 FCEs
- 222 stack tests
- 18 annual compliance certification reviews
- 1 EPA inspection of a source

Ecology notifies a source of a high priority violation (HPV) or federally-reportable violation (FRV) if one is found during an inspection. In turn, facilities can report a violation to Ecology and can request an evaluation. A high priority violation can require EPA oversight if the violation is not addressed and resolved within 180 days. Violations can result from excess emissions, permit non-compliance, and reoccurring or unresolved issues. During Fiscal Year 2020, Ecology found:

- 8 HPVs
- 14 FRVs

Penalties

In Fiscal Year 2020, Ecology issued 1 penalty for \$5,250 for exceeding hazardous air pollutant (HAP) metal emissions limits. Money received from penalties does not become part of the air operating permit budget. Instead, the money is deposited into the Air Pollution Control Account to fund:

- Environmental restoration and enhancement projects
- Research and development
- Permitting and regulatory programs
- Education and assistance

When deciding the appropriate amount of the penalty, Ecology considers the following:

- The nature of the violation
- Prior behavior of the facility
- Actions taken by the violator to correct the problem

Ecology works with businesses to help them comply with state laws. Penalties are issued in cases where non-compliance continues after Ecology has provided technical assistance or warnings, or for particularly serious violations.

Outreach and Education

Permit writers training

The Integrated Compliance Information System (ICIS-AIR) is a federal database used by permit writers and authorized personnel. EPA offers an online training course containing six integrated modules that Ecology staff can use to learn about minimum data requirements when entering data into ICIS. Staff can attend Environmental Compliance History Online (ECHO) data verification training webinars to ensure proper verification of data is entered into ICIS-AIR. This training is always available and EPA offers webinars annually.

Air Quality staff and local clean air agencies have the opportunity to attend an EPA Title V workshop every other year. These workshops include information about EPA policy and oversight, permit writing and content, and compliance/enforcement. Staff attended and participated in the two-day workshop held in September 2019.

Ecology promotes environmental training courses offered by third party providers or other regulatory agencies. These courses are designed to improve the permit writer's and inspector's general skills and knowledge. In Fiscal Year 2020, third party training included:

- Western States Air Resources Council (WESTAR)
- EPA webinars
- APTI-Learn (through EPA)
- LinkedIn Learning

Due to the Covid-19 pandemic, Ecology began teleworking in March 2020. Online meetings became a standard way of communicating, meeting, and attending conferences.

Permit writers meetings

Permit writers have a large amount of authority and responsibility. They must stay informed about regulatory changes, so they issue effective permits that meet state air quality standards. The permitting process should be consistent and all permits should be federally-enforceable.

Over time, these meetings have expanded to include planners, rule writers, scientists, and compliance staff. Quarterly meetings include attendees from Ecology, local clean air agencies, Energy Facility Site Evaluation Council (EFSEC), EPA Region 10, Washington State Department of Health, Oregon Department of Environmental Quality, Alaska Department of Conservation, and Idaho Department of Environmental Quality.

The purpose of the meetings is to exchange information and knowledge, network about technical issues, develop work groups for implementing new federal requirements, and interpret rules and policies.

Meeting dates and locations:

- September 19, 2019 – Ecology's Northwest Regional Office, Bellevue

- December 19, 2019 – Ecology Headquarters, Lacey (conference call)
- March 19, 2020 – conference call
- June 18, 2020 – conference call

Public outreach

The public participation process provides an opportunity to comment on draft permits or draft environmental reviews, participate in stages of rulemaking, and attend public meetings or hearings.

Ecology held a public comment period on the following air operating permit activities. This list does not include public comment periods from other air agencies. The complete list is on Ecology’s website.¹³

- U.S. Dept. of Energy: July 8, 2019 – August 10, 2020; update to terms and conditions
- Packaging Corp. of America: August 9, 2019 – September 9, 2019; draft permit modification
- Boise Cascade Wood Products: October 25, 2019 – November 25, 2019; draft permit renewal
- Ponderay Newsprint: November 6, 2019 – December 6, 2019; draft permit renewal
- Georgia-Pacific, Camas: November 26, 2019 – January 3, 2020; draft permit modification
- Cosmo Specialty Fibers: December 20, 2019 – January 31, 2020; draft permit renewal
- Nippon Dynawave: January 10, 2020 – February 3, 2020; draft permit modification
- Cosmo Specialty Fibers: extended to February 24, 2020; substantial public interest
- SDS Lumber: April 24, 2020 – May 24, 2020; draft permit renewal
- WestRock Longview: May 22, 2020 – June 24, 2020; draft permit renewal

Ecology held a public comment period on the following air operating permit program activities:

- Proposed complexity level for air operating permit fees: November 12, 2019 – December 12, 2019
- Draft workload analysis and budget 2021-2023 biennium: February 28, 2020 – April 28, 2020

Oversight and Monitoring

Audits

The air operating permit program must have a fiscal audit every 2 years and a performance overview audit every three years (WAC 173-401-920(3), (4)).

The purpose of a fiscal audit is to verify that the air operating permit account funds are being used as authorized. Ecology and the State Auditor’s Office completed a fiscal audit in

¹³ <https://ecology.wa.gov/Regulations-Permits/Permits-certifications/Air-Quality-permits/Air-operating-permits/Permit-register>

March 2020 for Fiscal Years 2018 and 2019. The results of the audit found that account funds were being used as authorized. The next fiscal audit will be completed during Fiscal Year 2022. The audit report is published on the State Auditor's Office website¹⁴ and Ecology's website.¹⁵

Every three years, Ecology and local clean air agencies conduct an overview performance audit. In 2016, Ecology revised Chapter 173-401 WAC, updating performance audit requirements. The revised rule introduced requirements for a performance audit advisory committee, framework for an overview performance audit, and options for an intensive performance audit. The audit committee was formed in late 2016 and the performance audit was completed by December 2017. The next overview performance audit will be completed in December 2020 (Fiscal Year 2021).

EPA oversight

The State Review Framework assesses EPA and state enforcement of the Clean Water Act, the Clean Air Act, and Resource Conservation and Recovery Act. EPA works with Ecology and local clean air agencies to write a final State Review Framework report. The reports allow EPA to identify recommendations for improvement to ensure fair and consistent enforcement and compliance programs. EPA and Ecology underwent a third round State Review Framework in 2015. In 2017, EPA published that report on its website.¹⁶ These reviews usually occur every five years.

EPA conducts a periodic Title V program audit for state and local clean air agencies with 10 or more Title V sources. These reviews are part of EPA's oversight of delegated and approved air permitting programs. A Title V review identifies good practices that other agencies can learn from, documents areas that need improvement, and shows how EPA can help improve Title V programs and speed up permitting. Ecology's most recent Title V program review was in 2014 and was published on EPA's website.¹⁷

¹⁴ <https://sao.wa.gov/reports-data/audit-reports/>

¹⁵ <https://ecology.wa.gov/Regulations-Permits/Permits-certifications/Air-Quality-permits/Air-operating-permits>

¹⁶ <https://www.epa.gov/compliance/state-review-framework-srf-washington-final-reports>

¹⁷ <https://www.epa.gov/caa-permitting/title-v-program-reviews-washington>