



Performance Audit Report Air Operating Permit Program

Review Year 2024

**Review State Fiscal Years 2020 – 2023
(July 1, 2019 – June 30, 2023)**

For the Air Quality Program

Washington State Department of Ecology
Headquarters Regional Office
Olympia, Washington

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¹ www.ecology.wa.gov/contact

Overview Performance Audit Report

Air Operating Permit Program

Review Year 2024
Review Period State Fiscal Years 2020 – 2023
(July 1, 2019 – June 30, 2023)

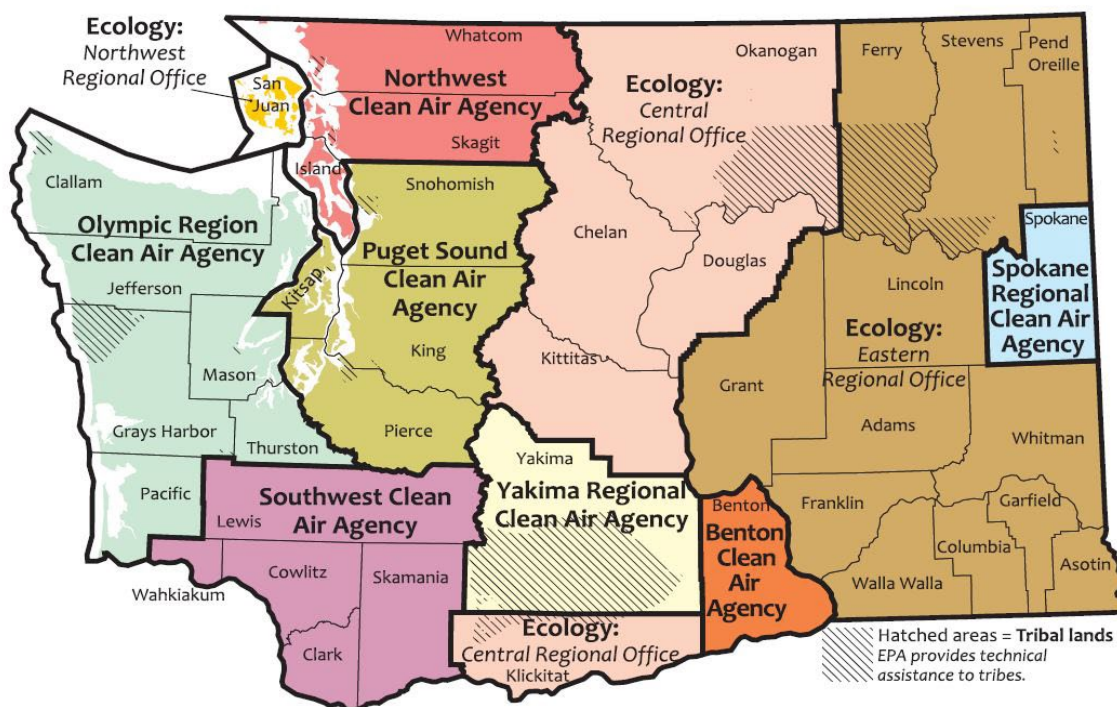
Air Quality Program
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DEPARTMENT OF
ECOLOGY
State of Washington

Washington Clean Air Agencies



Agency	Counties served	Mailing Address	Phone
Ecology Air Quality Program	Across Washington	P.O. Box 47600 Olympia, WA 98504-7600	360-407-6800
Benton Clean Air Agency	Benton	526 South Steptoe Street Kennewick, WA 99336	509-783-1304
Northwest Clean Air Agency	Island, Skagit, Whatcom	1600 South Second Street Mount Vernon, WA 98273	360-428-1617
Olympic Region Clean Air Agency	Clallam, Grays Harbor, Jefferson, Mason, Pacific, Thurston	2940 Limited Lane NW Olympia, WA 98502	360-539-7610 or 1-800-422-5623
Puget Sound Clean Air Agency	King, Kitsap, Pierce, Snohomish	1904 Third Avenue, Suite 105 Seattle, WA 98101	206-343-8800 or 1-800-552-3565
Southwest Clean Air Agency	Clark, Cowlitz, Lewis, Skamania, Wahkiakum	5101 NE 82 nd Ave, Suite 102 Vancouver, WA 98662	360-574-3058 or 1-800-633-0709
Spokane Regional Clean Air Agency	Spokane	1610 South Technology Road Spokane, WA 99207	509-477-4727
Yakima Regional Clean Air Agency	Yakima	186 Iron Horse Court, Suite 101 Yakima, WA 98901	509-834-2050

Table of Contents

Overview Performance Audit Report Air Operating Permit Program
Publication Information	2
Contact Information.....	2
ADA Accessibility.....	2
Overview Performance Audit Report	3
Air Operating Permit Program	3
Washington Clean Air Agencies	4
.....	4
Executive Summary.....	6
Methodology and Background	6
Observations and Recommendations	7
Conclusion.....	9

Executive Summary

As part of its commitment to transparency and compliance, the state of Washington conducts a triennial audit of its Air Operating Permit (AOP) Program, as mandated by Washington Administrative Code (WAC) Chapter 173-401-920(4). This process ensures that the program adheres to state and federal regulations, including the Revised Code of Washington (RCW) 70A.15 and WAC Chapter 173-401, and aligns with its goals of safeguarding air quality and public health.

The 2024 triennial audit was conducted with extensive support from the Audit Advisory Committee. This multidisciplinary committee includes representatives from the Department of Ecology, seven local air agencies, and members of the regulated community. Their collaboration was instrumental in ensuring the audit's depth and effectiveness.

The review process encompassed an examination of critical documents and data, including:

- The 2020 performance audit report.
- The U.S. Environmental Protection Agency's (EPA) State Review Framework report.
- Recent reviews of the Title V program, which regulates major sources of air pollution.
- Semi-annual data reports on Title V permits.
- Compliance and enforcement records submitted to the EPA.

This rigorous evaluation provided a comprehensive assessment of the AOP program's performance, focusing on its administration, compliance measures, and enforcement actions. The Audit Advisory Committee developed informed recommendations to enhance the program's effectiveness and operational efficiency.

While the audit recognized significant progress in certain areas, it also highlighted opportunities for improvement. These recommendations aim to optimize the program's administrative processes and ensure it effectively meets its objectives. By addressing these areas, the AOP program can further strengthen its role in maintaining air quality and ensuring compliance with environmental standards.

Methodology and Background

The Washington Air Operating Permit (AOP) program undergoes a triennial performance audit, guided by Chapter 173-401 WAC. Following updates in 2016, the audit process aligns with a mature program's needs. The Committee, comprising representatives from Ecology, local clean air agencies, and the regulated community, evaluates program data, trends, and performance to ensure compliance and recommend improvements. The latest audit covers fiscal years 2020-2023. The Committee members are:

- Shauna Abbenhaus – Department of Ecology Air Quality Program (audit coordinator)
- Matt Williams – Department of Ecology Nuclear Waste Program
- Stephanie Ogle – Department of Ecology Industrial Section

- Rob Rodger – Benton Clean Air Agency (BCAA)
- Agata McIntyre – Northwest Clean Air Agency (NWCAA)
- Jennifer DeMay – Olympic Region Clean Air Agency (ORCAA)
- John Dawson – Puget Sound Clean Air Agency (PSCAA)
- Vannessa McClelland – Southwest Clean Air Agency (SWCAA)
- April Westby – Spokane Regional Clean Air Agency (SRCAA)
- Hasan Tahat – Yakima Regional Clean Air Agency (YRCAA)
- Monica Mogg – Northwest Pipeline, Williams Companies

The Committee developed an audit schedule, reviewed reports, and submitted observations and recommendations to Ecology. Observations included any trends, program efficiencies, and concerns about agency programs. Recommendations aim to improve the AOP program performance statewide.

Observations and Recommendations

Permit Issuance

Permit issuance rates have improved for several agencies. In reviewing years 2020-2023, the percentage of total outstanding applications and extended renewal permits decreased from 57% to 24% for Ecology. The local agencies experienced drops in permit backlogs, except for a couple of agencies with a high volume of Title V Sources and some with a high volume of Notice of Construction permits. Permit backlog goals of 20% appear to be difficult to attain nationwide, although Washington shows consistent improvement. Challenges with attaining this goal include retirement and subsequent hiring and training.

Issuing timely Air Operating Permit (AOP) renewals remains challenging due to increasing permit complexity, competing projects that require permit-writer time, and permit-writer staffing challenges. These factors contribute to extended reviews and drafting time. Approximately 40% of renewals exceeded the five-year term but remained compliant under the Title V "application shield." Despite this, the program aims to issue renewals within 18 months of application receipt. Updates to permit renewal applications and streamlined agency processes have contributed to improvements. Audit reviews of Title V Operating Permit System (TOPS) data show progress in reducing backlogs and adhering to planned timelines for permit issuance. The Title V Program performance review and training workshops continue to be a successful mechanism to communicate expectations and improve program performance.

Permit Language and Content

Efforts continue to improve Air Operating Permit (AOP) processes, including evolving guidance, staff training, and workgroups. Title V Workgroups and quarterly Permit Writer's meetings

provide valuable forums for sharing experience and discussing best practices. Some of the issues are unclear wording that can lead to varied interpretations by permit holders and regulatory agencies, and lack of clarity of critical elements like emission limits, monitoring requirements, incomplete monitoring, recordkeeping, or lack of clarity in documentation. The committee maintains that continued focus on inter-agency communication, management oversight, and continued efforts to develop guidance, templates, and checklists are effective ways to foster growth. The Committee highlights the importance of maintaining proper recordkeeping and addressing deficiencies as outlined in the State Review Framework to ensure transparency and accountability. Recommendations include continued emphasis on timely permit renewals, expanded evaluation of rule applicability in permit Statements of Basis, continued staff training, and continuation of inter-agency meetings to share experiences and learn from each other.

Compliance and Enforcement

Tracking and reporting compliance data faces several ongoing challenges, including fragmented recordkeeping, inconsistent reporting, incomplete enforcement responses that did not include corrective action, and outdated data entry systems like the Integrated Compliance Information System (ICIS). ICIS is noted as difficult to use and requires modernization.

The Committee recommends enhancing clarity, defining expectations, improving training, and ensuring effective tracking to reduce reporting deficiencies and improve compliance transparency.

Guidance and Expectations

The Committee emphasizes the importance of focused and routine discussions between permitting managers to address ongoing program challenges effectively. These discussions foster collaboration, enhance communication, and provide a platform to tackle common issues.

The U.S. Environmental Protection Agency's (EPA) Title V Program reviews of individual agency programs are highlighted as a valuable source of feedback for permit writers. The Committee notes that sharing the conclusions from individual agency program reviews statewide is an effective tool for continuous improvement and growth for all programs.

Agency permitting and compliance staff are encouraged to continue attending EPA's Region 10 Title V Permitting and Enforcement Workshops. These workshops are crucial for gaining insights into new EPA concepts and addressing areas of common concern. They also provide an opportunity for professional development and the exchange of best practices.

The Committee acknowledges that developing templates or guidelines for permit issuance can be time-consuming. However, they believe such tools have significant potential to help air agencies streamline processes, improve permit issuance rates, and reduce backlogs. Agencies can work more efficiently and achieve better outcomes by creating consistent frameworks.

Intensive Audit recommendations

An intensive performance audit is not recommended for any Washington air agency from the 2024 Overview Performance Audit.

Conclusion

State permitting agencies are actively addressing the Environmental Protection Agency's (EPA) recommendations to improve Air Operating Permits (AOPs) and program performance. Efforts focus on making permits clearer, aligning with regulatory standards, and enhancing the use of Statements of Basis (SBs) that support permit decisions. Key improvements under consideration and ongoing include:

- Ongoing guidance has been implemented to provide detailed justifications for Compliance Assurance Monitoring (CAM) applicability and to clarify requirements for Air Operating Permits, Statements of Basis, Maximum Achievable Control Technology (MACT), and New Source Performance Standards (NSPS), as outlined in Ecology's action plan for their Title V Performance Standards.
- Enhance the documentation of Full Compliance Evaluations.
- Ensure ongoing permit timeliness and tracking, maintain detailed documentation, and provide guidance for consistent ICIS data entry.
- Utilize continuous improvement documents, templates, checklists, and training to verify compliance reporting and ensure thoroughness for permit writers and inspectors.

State programs continue to refine Air Operating Permits and Statements of Basis by addressing inconsistencies, streamlining processes, and responding to EPA feedback. Periodic audits of program performance and these updates aim to enhance efficiency, transparency, and compliance across all programs.