



State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of
Environmental Quality

Alan Matheson
Executive Director

DIVISION OF AIR QUALITY
Bryce C. Bird
Director

DAQ-048-15

MEMORANDUM

TO: Air Quality Board

THROUGH: Bryce C. Bird, Executive Secretary

THROUGH: Regg Olsen, Permitting Branch Manager

FROM: David Beatty, Operating Permit Section Manager

DATE: August 20, 2015

SUBJECT: Propose for Public Comment with Department Fee Schedule: Operating Permit Program Fee for Fiscal Year 2017.

Title V of the Clean Air Act Amendments of 1990 (CAAA) requires the State of Utah to develop an Operating Permit Program (OPP), to include a fee system which is to be used solely to fund all direct and indirect costs associated with administering the OPP. Section 19-2-109.1(4)(a) of the Utah Conservation Act authorizes the Utah Air Quality Board (the Board) to propose to the legislature an annual emission fee that conforms to Title V of the CAAA for each ton of chargeable pollutant. The fee is included as part of the Department's fee schedule each fall.

Utah began collecting an emission fee of \$25 per ton of air pollution emitted, during fiscal year 1993, to fund development of the program. The fee has changed in varying increments from -4.3% to +17.9%. The current fee charged to fund fiscal year 2016 is \$69.61 per ton of emissions. Most fee increases have been the result of reduced emission tonnages by sources or increasing salaries and benefits to staff as part of legislative approved cost of living increases. An additional increase beginning in fiscal year 2017 is for replacement of existing monitoring network equipment that has reached its usable life. Also, staff size has been reduced from 39 full-time employees (FTEs) in 1995 to a level of 31 FTEs for fiscal year 2017; this has assisted in keeping fee increases as low as possible.

For fiscal year 2017, Air Quality staff is basing its proposal on a projected emissions inventory of 58,500 tons, an amount equal to FY2016. The inventory appears to be stable with no foreseeable major increases or decreases for next year. The fee calculation is shown in the table below and shows a fee of \$74.37 for fiscal year 2017, an increase from fiscal year 2016 of 6.8%.

Operating Permit Emission Fee for Fiscal Year 2017

FY2017 Salary + Benefits (using FY2016 Projections)		\$3,353,370	
FY2017 Projected Cost Of Living Increase 2%		\$67,067	
FY2017 Projected Salary + Benefits with Projected Increase			\$3,420,437
FY2017 Projected Indirect Costs	12.0%	\$410,452	
FY2017 Projected Direct Costs		\$520,000	
FY2017 Projected Total Expenditures			\$4,350,889
FY2017 Projected Fee Tonnage		58,500	
Fee Rate Per Ton of Emissions			\$74.37
FY2015 Surplus		\$0	
Surplus Reduction in Fee		\$0.00	
FY2017 Proposed Fee Rate Per Ton of Emissions			\$74.37
		\$4.76	Increase

Current Fee (FY2016) is \$69.61

Staff Recommendation: Staff recommends the Board submit as part of the Department’s fee schedule, a proposed fee of \$74.37/ton for the operating permit program for fiscal year 2017.