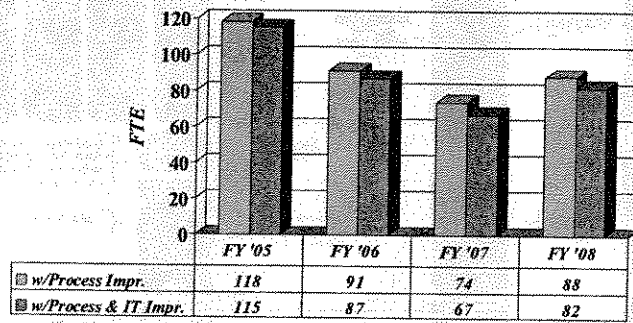
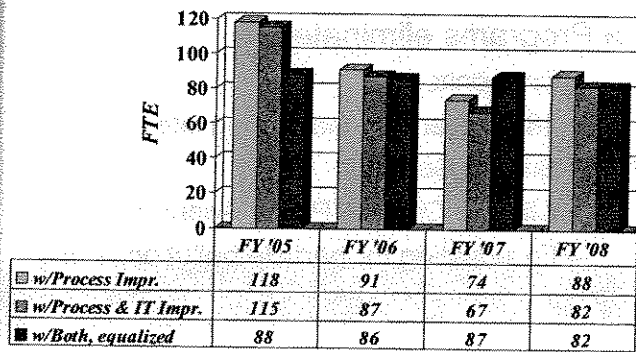


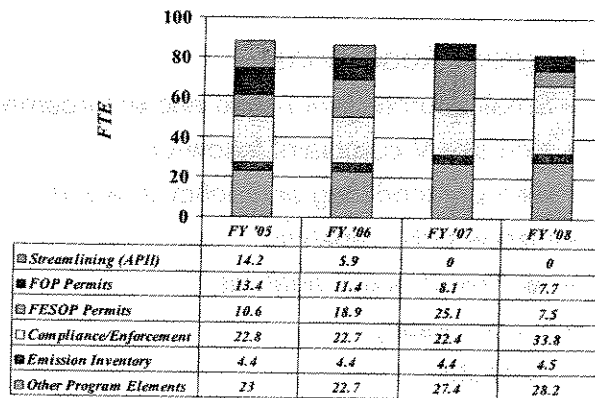
Workload Analysis (Con't)

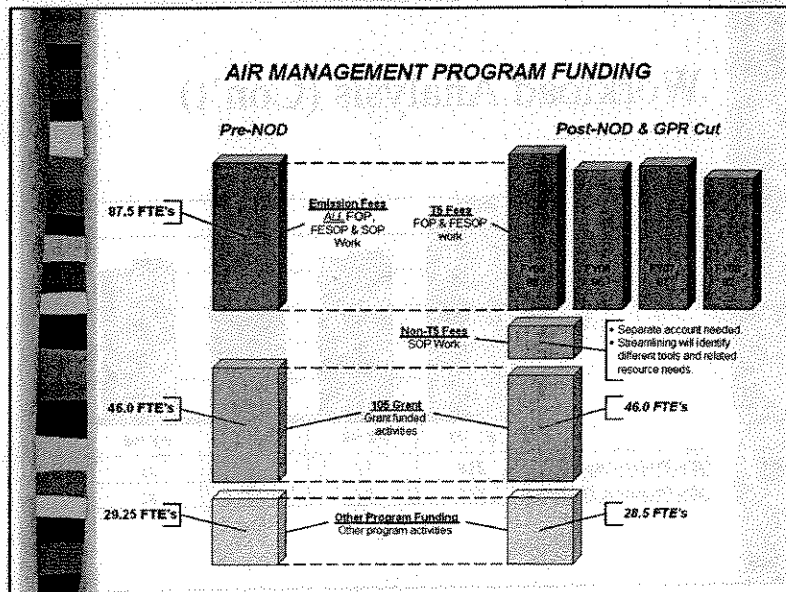


Workload Analysis (Con't)



Workload Analysis (Con't)





Redeployment

■ Programs eliminated:

- Biomonitoring
- 18 Ambient air monitoring sites
- Smoke School
- Climate Change Policy Analysis
- Forecasting for particle pollution levels

Redeployment Cont'd

■ Program Reductions

- Small source compliance and enforcement
- Non-title V complaint follow-up
- Mercury modeling and policy analysis
- Ozone policy analysis
- Air Toxics policy analysis
- Stack Testing
- Asbestos

Reorganization

- Central Office has 7 sections (vs 8):
 - Monitoring
 - Emission Inventory and Small Source
 - Permits and Stationary Source Modeling
 - Compliance and Enforcement
 - Environmental Analysis and Outreach
 - Regional Pollutants and Mobile Sources
 - Management

Grant Match

- Renegotiated match Spring 2003
 - New Source permits
 - Mobile Source
 - Asbestos
 - CFC
 - Motor Vehicle Emission & Maintenance
 - Vapor Recovery Administration
 - Non-Part 70 Stationary Source

Fee Information

Year	Emission Fee Revenue: 1996-2001						
	Billable Tons per WI Regulations			Billable Tons per 40 CFR 70.9			Difference
	Total	Dollars	Revenue	Total	Dollars	Revenue	
1996	273,506	\$31.77	\$8,669,285.62	257,569	\$31.77	\$8,182,967.13	\$506,318.49
1997	291,184	\$32.05	\$9,307,157.60	274,210	\$32.05	\$8,982,958.50	\$564,201.10
1998	280,959	\$33.19	\$9,325,029.21	265,660	\$33.19	\$8,823,561.50	\$501,467.71
1999	289,154	\$33.80	\$9,773,409.91	274,292	\$33.80	\$9,271,068.00	\$502,341.91
2000	285,620	\$35.71	\$10,199,775.88	244,790	\$34.85	\$8,530,931.50	\$1,668,844.38
2001	276,354	\$35.71	\$9,868,601.34	237,089	\$36.00	\$8,556,904.00	\$1,311,707.34
2002	275,000	\$35.71	\$9,820,250.00	250,000	\$36.57	\$9,142,500.00	\$677,750.00
2003	275,000	\$35.71	\$9,820,250.00	250,000	\$37.07	\$9,267,500.00	\$552,750.00
2004	275,000	\$35.71	\$9,820,250.00	250,000	\$37.81	\$9,452,850.00	\$367,400.00
2005	275,000	\$35.71	\$9,820,250.00	250,000	\$38.57	\$9,641,907.00	\$178,343.00

Response to Other Program Issues

- EPA identified 4 programmatic issues
- Expiration of NSR Permits
- Combined NSR/T5 Permits
- Federal Enforceability
- Insignificant Emissions Unit Requirements
- Response to identify legal mechanisms for address these

Expiration of NSR Permits

- EPA questioning whether conditions from expired NSR permits remain in effect.
- EPA questioning whether WI Title I conditions exist independently of Title V
- Statutory fix necessary to resolve
- Solution may come from merged permits

Combined NSR and Title V Permits

- Related to expiring NSR issue
- EPA having trouble identifying Title I conditions in Title V permits
- Aside from expiring permit issues, programmatic fix will resolve
- WI will reference the originating permit in Title V (e.g. NR 405.08, 00-POY-109)

Federal Enforceability

- EPA asserts that conditions included in State SIP permits are federally enforceable
- Currently WI regulations do not allow for "state-only" conditions in NSR
- WI will not identify conditions that are included in NSR permits as "state-only", even if authority originates in non SIP rule - programmatic change
- In future, WI may revise SIP to include "state-only" side to NSR permits - regulatory change

Insignificant Emissions Units

- EPA asserts that Part 70 requires the inclusion of insignificant emissions units in Title V permits
- Was also NOD issue in Ohio
- WI regulations require IEUs to be included in permit applications
- WI regulations currently silent on IEUs to be included in permit content
- Permit content regulation requires change to resolve

Your Input

- Questions?
- Comments?

APPENDIX C



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

AUG 5 2004

REPLY TO THE ATTENTION OF: Director
A-18J

Lloyd Eagan, Director
Bureau of Air Management
Wisconsin Department of Natural Resources
101 South Webster Street
P.O. Box 7921
Madison, Wisconsin 53707

Dear Ms. Eagan:

The United States Environmental Protection Agency (USEPA) has reviewed Wisconsin's June 4, 2004 letter, "Wisconsin DNR 90-Day Response to USEPA Notice of Deficiency Related to the Title V Program, dated March 4, 2004." USEPA found in the March 4, 2004 Notice of Deficiency (NOD) that the Wisconsin Department of Natural Resources (WDNR) had not demonstrated that its Title V fee schedule resulted in the collection and retention of fees sufficient to cover the program cost, had not ensured that all fees collected were used solely for Title V program costs, had not timely issued permits, and had implementation deficiencies in several other program areas.

The WDNR has begun working on addressing these deficiencies. Wisconsin has informed us that it is on schedule to issue its remaining initial Title V permits by December 31, 2004, and WDNR has been working with us to address the programmatic issues. WDNR has also redeployed staff to better align resources with funding. In addition, WDNR has committed, and has begun, to streamline its permitting process. We understand that Wisconsin's ability to fully implement its streamlining effort depends upon the Wisconsin Legislature approving funding for the information technology (IT) advancements needed for this effort. USEPA recognizes the efforts WDNR is making to issue its initial Title V permits and with its streamlining initiative, and encourages WDNR to continue its efforts to better balance all program elements, including Title V, federally enforceable state operating permit (FESOP), and renewal permit issuance, compliance efforts, and increased efficiency.

The 90-Day Response letter includes information on WDNR's Title V program workload and fees, and provides information on the actions Wisconsin intends to take to address the issues raised in the NOD. However, although WDNR has begun to address the

deficiencies in the NOD, the approach outlined in the 90-Day Response letter does not adequately address how Wisconsin will correct these deficiencies. A submittal from WDNR clearly responding to the items below is necessary.

It is unclear what improvements will result from WDNR's full streamlining efforts absent the financial investment necessary for the IT process component. WDNR's next submittal should contain a status report on its budget request for this effort. Wisconsin currently has 88 staff dedicated to Title V program activities. Should WDNR obtain funds to fully support its intended streamlining effort, we recognize that WDNR believes that this current staffing level will be adequate in the long term to fully implement its Title V program. However, WDNR's 90-Day Response letter suggests that, absent the staff reductions that may result from the streamlining efforts, 118 Air Program staff are necessary to perform all required Title V work, including issuance of Title V permits, FESOPs, and renewals. Moreover, in the interim, WDNR's current staff levels are resulting in a significant backlog in the issuance of Title V permits, FESOPs, renewals, and implementation of other areas of its Title V program.

In the 90-Day Response, WDNR states that it will issue by the end of state fiscal year 2008 all initial FESOP permits to create synthetic minor sources. It is important to note that sources without issued FESOP permits are Title V sources, and are counted in the Title V universe until the FESOP permit is issued. Further, sources that have submitted FESOP applications are not protected by application shields as they are under Title V permit applications, making them vulnerable to enforcement actions. Because of the importance of issuing these FESOP permits, Wisconsin must complete issuance of all initial FESOPs in order to resolve the NOD. This must occur prior to March 4, 2006, or 24 months after the issuance of the NOD. To achieve this, it would be reasonable for WDNR to hire more staff, at least temporarily. Alternatively, WDNR could explore other options, such as using contracting services to issue some of the backlogged permits. Other Region 5 states have had some success in that regard.

The 90-Day Response letter also discusses a Compliance Monitoring Strategy (CMS) which contains an alternative evaluation frequency. The workload model provided by WDNR indicates that the number of evaluations will increase in future years. The earlier completion of FESOP work should allow for earlier implementation of a full CMS enforcement program. This would help WDNR reach the goal for a balanced program more quickly.

On the issue of the adequacy of Title V fees, Wisconsin needs to have some means of assuring that its current revenues are, and its long term revenues will be, sufficient to support the program costs. For the reasons discussed in the NOD, WDNR cannot rely on a demonstration that the fees it collects are equal to or greater than the presumptive minimum to establish that its fees are adequate. In the next submittal, WDNR must describe in detail its Title V program costs and how the fees it currently collects cover these costs. Furthermore, WDNR must demonstrate how it will collect additional fees in the future to cover anticipated increases in costs over time. Assuming the streamlining efforts are successful, and WDNR's workload model represents a long term estimate of program needs, reinstating the Consumer Price Index based increases is one easy means by which the State can demonstrate an ability to assure sufficient revenues over time, provided WDNR has demonstrated its current fees are sufficient. In the alternative, WDNR must have another means to continually assess and provide adjustments to its fees to assure long term adequacy.

In making its demonstration of adequate fees, WDNR must bear in mind that fees collected from non-Title V sources cannot be counted towards Title V fees. WDNR currently combines FESOP and Title V fees in one account. WDNR either must separate these funds physically or use adequate accounting to segregate the Title V fees and to ensure that these fees are used only to pay for Title V costs.

USEPA still has questions regarding some of the areas listed as being funded by Title V fees. Without more detailed information, it's difficult to determine if the activities are Title V program work. In the 90-Day Response letter, WDNR states that 21 FTE have been redeployed to align resources with funding, and that 13 staff were placed in new positions, but does not state what these positions are, or if they are funded by Title V fees. Please provide more detailed information in the next submittal about which positions, programs, and sections listed under the "Redeployment" section of the 90-Day Response, are funded by Title V funds. Also, please describe what activities are included in "Other Program Elements."

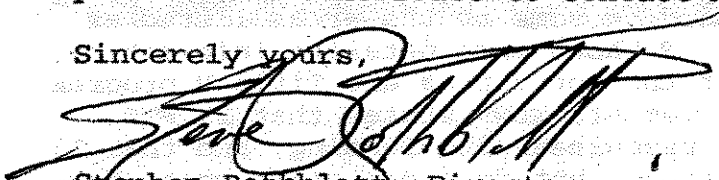
USEPA appreciates WDNR's efforts to work with us to address as expeditiously as possible the programmatic issues identified in the NOD. Regarding WDNR issuing combined Title V and construction permits, WDNR must memorialize its procedure for issuing these permits together. This would be best accomplished in a rule, but a Memorandum of Agreement is a reasonable alternative. WDNR also needs to assure USEPA that it has the

authority to issue combined permits and that nothing in its statutes or regulations prohibits this.

It's our understanding that Wisconsin may need to make changes or corrections to existing regulations in order to address the deficiencies listed in the NOD. Any such changes will need to go through the state and federal approval processes, which we understand could take a year or longer. WDNR's next submittal should include a schedule for when WDNR plans to submit any regulatory changes. It is imperative that WDNR submit any such rule or statute changes as soon as possible. These corrections should be completed by September 4, 2005, eighteen months after the issuance of the NOD, or Wisconsin will be subject to sanctions under section 502(i) of the Act. If Wisconsin has not corrected the deficiencies within 2 years, USEPA will be obligated to promulgate, administer, and enforce a whole or partial Part 71 program. It is also important that Wisconsin provide us with written information and supporting documentation to support any demonstrations it intends to make. USEPA must have a complete and documented record to make a determination that WDNR has adequately addressed the deficiencies in the NOD.

Thank you very much for your attention to these concerns. We look forward to continuing to work with you to ensure these concerns are addressed fully, and we are encouraged by the efforts that WDNR has made thus far in addressing the NOD, as well as its streamlining initiative. If you have any questions please do not hesitate to contact me.

Sincerely yours,



Stephen Rothblatt, Director
Air and Radiation Division

APPENDIX D



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

any ill...
...of...

AUG 5 2004

REPLY TO THE ATTENTION OF:

A-18J

Lloyd Eagan, Director
Bureau of Air Management
Wisconsin Department of Natural Resources
101 South Webster Street
P.O. Box 7921
Madison, Wisconsin 53707

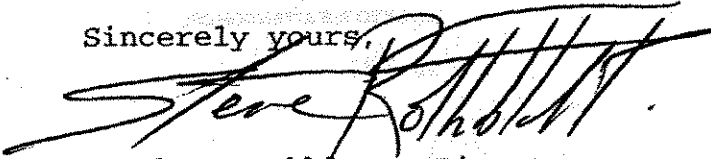
Dear Ms. Eagan *Lloyd*,

The United States Environmental Protection Agency (USEPA) has reviewed Wisconsin Act 118, published February 5, 2004, and effective February 6, 2004. This Act affects provisions of Wisconsin's Statutes, including Chapter 285, Air Pollution. Act 118 makes various changes relating to the administrative procedures for how the Wisconsin Department of Natural Resources (WDNR) will process air pollution control permits. These changes include new processing time frames and new permits types such as registration and general permits, among other changes.

It's our understanding that Wisconsin will adopt regulations or changes to existing regulations to implement some provisions of Act 118, and will immediately begin to directly implement other provisions of this Act. Therefore, USEPA is notifying WDNR of our concerns with certain provisions of Act 118. We expect Wisconsin to promulgate regulations that are consistent with the Clean Air Act where possible, or otherwise either amend Act 118 to remove the objectionable provisions, or provide us with an Attorney General opinion that these provisions do not in any way prevent WDNR from fully implementing and enforcing its Title V program. Unilateral State implementation of certain provisions could result in deficiencies in Wisconsin's Title V program as well as impact Wisconsin's authority to fully implement its approved Title V and New Source Review programs.

Thank you very much for your attention to these concerns. If you have any questions regarding these issues please do not hesitate to contact me.

Sincerely yours,



Stephen Rothblatt, Director
Air and Radiation Division

Enclosure

Issues Raised by Wisconsin's Act 118

- 1.) 285.17(2)(b) prevents WDNR from imposing monitoring requirements in a Title V permit if, upon request of the permittee, the WDNR Secretary determines that the monitoring is "unreasonable." The WDNR Secretary is required to consider, among other factors, whether similar requirements have been imposed on similar sources. However, Title V requires permitting authorities to include in a Title V permit all requirements applicable to a source, including monitoring, regardless of what requirements apply to other similar sources.
- 2.) 285.60(2g) provides for the use of "registration" permits to authorize construction, operation, or both for sources with low actual or potential emissions. It isn't clear from what we have available to review what sources might be eligible for registration permits or whether they are consistent with the requirements of New Source Review and Title V.
- 3.) 285.60(3) authorizes WDNR to issue general operation or construction permits to similar stationary sources. It isn't clear what types of sources would be eligible for general permits or whether these permits are consistent with New Source Review and Title V requirements.
- 4.) 285.60(5m) allows persons to commence construction or modification of stationary sources prior to issuance of a construction permit if the person shows that commencing construction is "necessary to avoid undue hardship." The Clean Air Act and New Source Review regulations don't provide for any waiver from the requirement to obtain a permit before commencing construction.
- 5.) Section 285.60(6) exempts minor sources from the requirement to obtain construction and operating permits if the emissions from the sources do not present "a significant hazard to public health, safety or welfare or to the environment." This is contrary to section 110(a)(2)(c) of the Clean Air Act, which requires the regulation of the construction and modification of any stationary source as necessary to assure that the NAAQS are achieved, and to Title V which can apply to minor sources if they are subject to requirements under sections 111 or 112(r) of the Act or if they belong to a source category identified under 40 C.F.R. § 70.3 by the Administrator as being subject to Title V.
- 6.) 285.60(9) provides that WDNR must respond within 30 days to a petition to determine that a type of source meets the criteria for a registration or general permit. It isn't clear whether there are ramifications if WDNR fails to meet this deadline. Also, if WDNR determines that the source is eligible for a registration or general permit, Act 118 doesn't provide WDNR any discretion to deny the registration or general permit for other reasons.
- 7.) 285.60(10) provides that WDNR must implement measures to "allow timely installation and operation of equipment and processes and the pursuit of related economic activity by lessening [permitting] obligations." This includes expanding the use of construction permit waivers and exemptions and the use of registration and general permits. This appears to be inconsistent with permitting requirements of the Clean Air Act.

8.) 285.61(3)(a) provides that the department must prepare an analysis regarding the effect of a proposed major source construction permit on ambient air quality and a preliminary determination on the approvability of the permit application within 90 days after the application is considered complete. It isn't clear whether this means that the department must complete a draft construction permit within this timeframe, or what the ramifications are for the department's failure to comply with this requirement.

9.) 285.61(7)(a) provides that requests for a hearing be granted only if the person requesting the hearing is "affected by the issuance of the permit." 40 C.F.R. 70.7(h) does not place any limitations on persons that can request a hearing. This section of Act 118 places a higher burden on a person seeking a public hearing than the person would have under Title V.

10.) 285.62(7)(b) provides that WDNR must issue an operating permit 180 days after the application is considered complete or after the applicant submits the results of all testing and monitoring required under the construction permit, whichever is later. It isn't clear what the ramifications are of WDNR's failure to meet this deadline.

11.) 285.66(2)(b) allows WDNR to include an expiration date in a general permit. If WDNR issues a general permit in place of a construction permit, this may be contrary to New Source Review requirements.

APPENDIX E

APPENDIX 1

RECOMMENDATIONS FOR ENVIRONMENT TARGET #1:

The Air Program sets data driven environmental goals and outcomes. By June 2005, demonstrate how the primary compliance document aids in meeting these goals and outcomes by fostering compliance, promoting improved environmental performance and rewarding businesses that go beyond compliance

Measure the % returns of compliance certification reports	Use WACD (Wisconsin Air Compliance Database) to measure the % returns of compliance certification reports.
Percent validity of compliance certification reports	Verify validity of compliance certification reports by performing inspections on a statistically significant sampling of facilities. Note: Coordinate with CMS policy
Track mass emission rates of a sampling of facilities before and after issuance of a primary compliance document (existing facilities only).	Use Air Permit Software and AEMS (Emission inventory system) to track emission rates of facilities before and after issuance of a primary compliance document (existing facilities only). Considerations: Look at emissions per unit throughput Look at a longer than annual time period on either side of permit issuance to account for economic fluctuations in emissions
Track facilities that have gone beyond compliance. Track the number of tools available to encourage beyond compliance behavior. Track the participation with each tool.	Using the Voluntary Emissions Reduction Registry, track facilities that have gone beyond compliance. Survey these facilities to answer yes or no, do they feel rewarded for doing so. Use responses to adjust program as necessary.
Track compliance rates for facilities vs the regulatory method used.	Use Air Permit Software and WACD to track compliance rates for facilities vs the regulatory method used.

¹ A primary compliance document means a permit or alternative regulatory structure functioning in place of a permit that is used by the regulated facility, the regulator, and the public to clarify what a facility must do or has agreed to do in order to comply with clean air regulations.

Target	APII Measure	Source
INNOVATION AND LEARNING TARGET #3: Whenever a new permit regulation or regulatory strategy is developed or updated, the Air Program actively works with partners to ensure there is effective communication, opportunity for input, and an appropriate level of education.	IN3.1 By January 31, 2005 answer yes or no, has the air program defined appropriate communication and/or education methods for different degrees of permit regulation changes. Baseline Due: N/A Check: January 31, 2005 Responsible for Collecting: Workgroup 2	
	IN3.2 On a semi-annual basis the first year, and annually thereafter, determine the percentage that communicated and/or educated partners using the appropriate method as specified above. Baseline Due: N/A Rechecks: June 30, 2005, December 31, 2005, June 30, 2006 Responsible for Collecting: Workgroup 2	Assign someone to review all new or changed regulations to determine the percentage that communicated and/or educated partners using the appropriate method as specified above.

AEMS – Air Emissions Management System

AMT – Air Management Team

APM – Air Permit Management Software

APS – Air Permit Software

APS – Air Permit Streamlining

Conop or ConOP or Con/OP – the operation permit that replaces a construction permit upon demonstration of compliance.

DHFS – Department of Health and Family Services

EPA – Environmental Protection Agency

GIS – Geographic Information System

PAL – Plant-wide applicability limit

PALs – Payroll authorization and leave system

PSC – Public Service Commission

WACD – Wisconsin Air Compliance Database

¹ A primary compliance document means a permit or alternative regulatory structure functioning in place of a permit that is used by the regulated facility, the regulator, and the public to clarify what a facility must do or has agreed to do in order to comply with clean air regulations.

Target	APII Measure	Source
	<p>IN2.4 At each facility that uses an alternative regulatory tool, track level of public satisfaction with meaningful participation.</p> <p>Baseline Due: N/A</p> <p>Check: At each facility after issuance of new tool</p> <p>Responsible for Collecting: Workgroup 8</p>	<p>At each facility that uses an alternative regulatory tool, track public satisfaction with meaningful participation by a means that should be developed as part of the implementation of the new tool (such as hits on a facility specific web site, sending out questionnaires to interested public, etc.)</p>
	<p>IN2.5 By June 30, 2006, answer yes or no, were benefit analyses completed prior to implementation for: any new alternative tools; registration permits; the increased use of general permits and exemptions; and streamlined traditional permits.</p> <p>Baseline Due: N/A</p> <p>Check: June 30, 2006</p> <p>Responsible for Collecting: Workgroups 3 & 4</p>	<p>The benefit analysis should include an estimate of the development costs, implementation costs (including staffing requirements), savings to the regulated facility, expected environmental improvements, public satisfaction, and permittee satisfaction.</p>
	<p>IN2.6 Track the annual emission rates at regulated facilities and correlate data with selected economic indicators.</p> <p>Baseline Due: September 30, 2004 (for FY04)</p> <p>Rechecks: June 30, 2005 and June 30, 2006</p> <p>Responsible for Collecting: Workgroup 5</p>	<p>Use AEMS data to track annual emissions at regulated facilities. Information gathered should meet the needs of the workgroups who will use the data. For instance, some workgroups will need emissions data for a specific facility, some will need data for specific sectors, and some workgroups will need data for a certain size range of facilities.</p>
	<p>IN2.7 Track the compliance rates at regulated facilities.</p> <p>Baseline Due: September 30, 2004 (for FY04)</p> <p>Rechecks: June 30, 2005 and June 30, 2006</p> <p>Responsible for Collecting: Workgroup 5</p>	<p>Use WACD and Compliance Certification Reports to track compliance rates: number of certifying facilities in compliance divided by the total number of certifying facilities.</p>

¹ A primary compliance document means a permit or alternative regulatory structure functioning in place of a permit that is used by the regulated facility, the regulator, and the public to clarify what a facility must do or has agreed to do in order to comply with clean air regulations.

Target	APII Measure	Source
<p>INNOVATION AND LEARNING TARGET #2: By June 2006, the Air Program will have available a registration permit program and at least two or more other regulatory alternatives to traditional permitting for qualifying sources. Such alternatives will provide equal or better environmental protection and opportunity for public input.</p>	<p>IN2.1 By June 30, 2006 answer yes or no, has a registration permit program been developed and count how many registration permits have been issued to facilities.</p> <p>Baseline Due: N/A Check: June 30, 2006 Responsible for Collecting: Workgroup 11</p>	<p>Use new IT system to track number of facilities covered under registration permits.</p>
	<p>IN2.2 By June 30, 2006 answer yes or no, at least two alternative regulatory tools have been developed and are being used by at least 1 facility. Such tools should <u>not</u> include traditional permits, consolidated construction/operation permits, expanded general permits, or registration permits.</p> <p>Baseline Due: N/A Check: June 30, 2006 Responsible for Collecting: Workgroup 8</p>	
	<p>IN2.3 At each facility where an alternative regulatory tool is used, track whether emissions have been reduced or eliminated since use of the alternative tool. Track over a 5-year period. Conduct an analysis of the cause of emissions reductions, specifically whether the reduction was due to the use of the alternative regulatory tool and would not otherwise have occurred.</p> <p>Baseline Due: For each facility prior to use of alternative tool Rechecks: June 30, 2006 Responsible for Collecting: Workgroup 8</p>	<p>At each facility where an alternative regulatory tool is used, use AEMS to establish a baseline emission inventory for the facility. Use the facility's annual consolidated reporting to track whether emissions have been reduced or eliminated since use of the alternative tool. Track over a 5-year period. Make adjustments to get desired results.</p>

¹ A primary compliance document means a permit or alternative regulatory structure functioning in place of a permit that is used by the regulated facility, the regulator, and the public to clarify what a facility must do or has agreed to do in order to comply with clean air regulations.

Target	APII Measure	Source
	<p>F3.5 Measure the backlog of uncompleted program commitments for each year. This should include commitments for issuance, renewal and revisions of primary compliance documents as well as commitments for compliance activities. Primary compliance documents should include: traditional major and minor permits; general and registration permits; ERPs, Green Tier agreements, and EMS permits; and exemption confirmation letters requested by facilities.</p> <p>Baseline Due: September 30, 2004 (for FY04) Rechecks: June 30, 2005 and June 30, 2006 Responsible for Collecting: Workgroup 5</p>	<p>Measure annually using the APS, WACD, and workplans. Commitments for permits are defined as meeting statutory or rule deadlines for responding. Commitments for Full Compliance Evaluations (FCE's) are according to the WDNR CMS Plan and annual FCE list. Commitments for other alternative tools shall be defined in the baseline.</p>
<p>INNOVATION AND LEARNING TARGET #1: By February 2005, define the skill sets and organizational culture needed for staff and managers to work effectively and consistently with permits and other regulatory strategies. By December 2005, ensure that staff and managers have and maintain the skills defined.</p>	<p>IN1.1 By February 28, 2005 answer yes or no, have the skill sets, competencies, and organizational culture been defined.</p> <p>Baseline Due: N/A Check: February 28, 2005 Responsible for Collecting: Workgroup 5</p>	
	<p>IN1.2 By December 2005, develop and administer an evaluation system to determine whether managers and staff have achieved the desired competency levels.</p> <p>Baseline Due: February 28, 2005 Rechecks: December 31, 2005; June 30, 2006 Responsible for Collecting: Workgroup 5</p>	<p>Management Workgroup 5 to develop evaluation system.</p> <p>The evaluation system may be incorporated into the established individual performance review cycle. The 360-degree evaluation may be a useful tool. Data from the agency customer feedback line may also be useful.</p>
	<p>IN1.3 Evaluate level of customer satisfaction with our culture.</p> <p>Baseline Due: December 31, 2004 Rechecks: June 30, 2006 Responsible for Collecting: Workgroup 5</p>	<p>Follow up with customers by ways of focus groups or survey. This will occur during the biennial program review.</p>

¹ A primary compliance document means a permit or alternative regulatory structure functioning in place of a permit that is used by the regulated facility, the regulator, and the public to clarify what a facility must do or has agreed to do in order to comply with clean air regulations.

Target	APII Measure	Source
<p>FINANCIAL TARGET #3: Continue allocating resources in alignment with funding constraints, to support program priorities and customer needs.</p>	<p>F3.1 Quarterly workplan v. PALs v. authorized positions report to AMT, by funding source. Goal -- PALs is within 10% of Workplan</p> <p>Baseline Due: September 30, 2004 (for FY04)</p> <p>Rechecks: December 31, 2004; March 31, 2005; June 30, 2005; September 30, 2005; December 31, 2005; March 31, 2006; June 30, 2006</p> <p>Responsible for Collecting: Workgroup 5</p>	<p>Sheri Stach to run report on automated workplanning and PALs databases.</p>
	<p>F3.2 Semi-annual Grant & Grant-Match report to AMT. Goal -- Grant is earned 100%, Grant is matched at required level.</p> <p>Baseline Due: June 30, 2004</p> <p>Rechecks: December 31, 2004; June 30, 2005; December 31, 2005; June 30, 2006</p> <p>Responsible for Collecting: Workgroup 5</p>	<p>Sheri Stach to develop report each December and June.</p>
	<p>F3.3 Semi-annual report to AMT on dollars spent by funding source v. spending authority of funding source. Goal -- spending is aligned with spending authority for each funding source, and spending within a funding source is spent on activities authorized under that funding source.</p> <p>Baseline Due: June 30, 2004</p> <p>Rechecks: December 31, 2004; June 30, 2005; December 31, 2005; June 30, 2006</p> <p>Responsible for Collecting: Workgroup 5</p>	<p>Sheri Stach to develop report each December and June.</p>
	<p>F3.4 Evaluate level of customer satisfaction with staffing levels for the services that are important to them.</p> <p>Baseline Due: December 31, 2005</p> <p>Rechecks: June 30, 2006</p> <p>Responsible for Collecting: Workgroup 5</p>	<p>Follow up with customers by ways of focus groups or survey. This will occur during the biennial program review.</p>

¹ A primary compliance document means a permit or alternative regulatory structure functioning in place of a permit that is used by the regulated facility, the regulator, and the public to clarify what a facility must do or has agreed to do in order to comply with clean air regulations.

Target	APII Measure	Source
<p>FINANCIAL TARGET #1: By June 2006, reduce the hours spent per permit review, renewal, and revision by 20-40% each, while providing equal or better environmental protection.</p>	<p>F1.1 Track number of the hours spent per individual permit action on an annual program-wide basis. Permit actions include operation permit review, operation permit renewal, operation permit revision, construction permit review, and construction permit revision.</p> <p>Baseline Due: June 30, 2004 Rechecks: June 30, 2005 and June 30, 2006 Responsible for Collecting: Workgroup 4</p>	<p>Sample equation Hrs per op permit review= (total hours spent in FY03 on operation permit review time code AMES01)/(number of operation permits issued in FY03 as reported on APS)</p>
	<p>F1.2 Track the annual emission rates at regulated facilities and correlate data with selected economic indicators.</p> <p>Baseline Due: September 30, 2004 (for FY04) Rechecks: June 30, 2005 and June 30, 2006 Responsible for Collecting: Workgroup 5</p>	<p>Use AEMS data to track annual emissions at regulated facilities. Data should be gathered in a manner that supports individual workgroup needs (See Source information fo Innov/Learning Target 2.)</p>
	<p>F1.3 Track the compliance rates at regulated facilities.</p> <p>Baseline Due: September 30, 2004 (for FY04) Rechecks: June 30, 2005 and June 30, 2006 Responsible for Collecting: Workgroup 5</p>	<p>Use WACD and Compliance Certification Reports to track compliance rates: number of certifying facilities in compliance divided by the total number of certifying facilities.</p>
<p>FINANCIAL TARGET #2: By June 2006, reduce by 40-50% the need to revise or modify permits. This could be accomplished by: sharing draft permits; incorporating flexibility; utilizing, modifying, or expanding exemptions; offering alternatives; or refining existing regulations. Evaluate the results of these strategies to ensure that they are consistent with our environmental and public input goals.</p>	<p>F2.1 From a selected subset of facilities that have requested and/or been issued a permit revision or modification, determine the percent reduction in the number of facilities required to obtain the same permit under today's rules. By September 30, 2004, define the subset of permit modifications, revisions and/or revision requests. By June 30, 2006, evaluate the subset and determine the percent reduction. The original subset will be reevaluated by June 30, 2006 to determine the need for additions and/or deletions.</p> <p>Baseline Due: September 30, 2004 Rechecks: June 30, 2006 Responsible for Collecting: Workgroups 3 & 4</p>	<p>Permit review documents.</p> <p>Use the Air Permit software to identify the subset of permit modifications, revisions and/or revision requests. To provide a meaningful baseline, the subset should be representative of the mix and type of permit actions requested under today's rules (YR 2004) and reevaluated annually (if necessary) to remain current.</p>
	<p>F2.2 Track the number of operation permit revision requests and the numbers of construction/modification permit applications submitted at each permitted (or nonexempt) facility.</p> <p>Baseline Due: September 30, 2004 Rechecks: June 30, 2005 and June 30, 2006 Responsible for Collecting: Workgroup 4</p>	<p>Use this data as an indicator. A rise in the number of permit actions should be investigated to see if it is caused by implementation of rules, procedures, breakdown in communication, inadequate training, etc. Steps should be taken to reduce permit actions if deemed appropriate.</p>

¹ A primary compliance document means a permit or alternative regulatory structure functioning in place of a permit that is used by the regulated facility, the regulator, and the public to clarify what a facility must do or has agreed to do in order to comply with clean air regulations.

Target	APII Measure	Source
ENVIRONMENT TARGET #1: The Air Program sets data driven environmental goals and outcomes. By June 2005, demonstrate how the primary compliance document aids in meeting these goals and outcomes by fostering compliance, promoting improved environmental performance and rewarding businesses that go beyond compliance.	E1.1 By January 31, 2005, answer yes or no, has the air program set data driven environmental goals. Baseline Due: N/A Check: January 31, 2005 Responsible for Collecting: Workgroup 5	Note: environmental goals and measures will be determined by the Management Workgroup (#5). Please see attached list of recommended measures in Appendix 1.
	E1.2 APII will be responsible until June 30, 2006 for measures recommended by Workgroup 5 that demonstrate how the primary compliance document aids in meeting the environmental goals. Baseline Due: June 30, 2005 Rechecks: June 30, 2006 Responsible for Collecting: Workgroup 5	
ENVIRONMENT TARGET #2: By January 2005, provide data on the web, which shows the relationship between local air pollution levels and public health. This will be continually evaluated and updated.	E2.1 By January 31, 2005, answer yes or no, is appropriate, accurate, and timely data available on the internet. Baseline Due: N/A Check: January 31, 2005 Responsible for Collecting: Workgroup 2	Suggested: a GIS display, analysis of ambient air monitoring data and public health data (hospital admissions, mortality, etc.); forecasting of air quality including predictions of ozone action days and high particulate matter emission days. Workgroup 2 will coordinate the gathering of this data in collaboration with DHFS.
	E2.2 Level of customer satisfaction with the information posted. Baseline Due: June 30, 2005 Rechecks: June 30, 2006 Responsible for Collecting: Workgroup 2	

¹ A primary compliance document means a permit or alternative regulatory structure functioning in place of a permit that is used by the regulated facility, the regulator, and the public to clarify what a facility must do or has agreed to do in order to comply with clean air regulations.

Target	APII Measure	Source
<p>CUSTOMER SERVICE TARGET #3: By February 2005, the Air Program will develop methods to ensure that businesses and interested parties have a clear understanding of the content of primary compliance documents; how facilities demonstrate compliance; and how to effectively resolve conflicts with the Air Program.</p>	<p>C3.1 By February 28, 2005 answer yes or no, were methods developed to increase understanding of compliance documents, compliance demonstration, and conflict resolution.</p> <p>Baseline Due: N/A Check: February 28, 2005 Responsible for Collecting: Workgroup 2</p>	
	<p>C3.2 By June 30, 2005 and June 30, 2006, evaluate the degree of implementation of the methods.</p> <p>Baseline Due: June 30, 2005 Rechecks: June 30, 2006 Responsible for Collecting: Workgroup 2</p>	<p>Perform a check based on the methods developed</p>
	<p>C3.3 Level of satisfaction of all businesses and interested parties, with their understanding of the compliance document and their ability to resolve conflicts.</p> <p>Baseline Due: December 31, 2004 Rechecks: June 30, 2005 and June 30, 2006 Responsible for Collecting: Workgroup 2</p>	<p>Follow up with customers by ways of focus groups or survey. This will occur during the biennial program review.</p>
	<p>C3.4 Track numbers of monitoring requirement appeals, commence construction waivers, permit challenges and other conflicts as determined by Workgroup 2.</p> <p>Baseline Due: December 31, 2004 Rechecks: June 30, 2005 and June 30, 2006 Responsible for Collecting: Workgroup 2</p>	<p>Method to track number of "other" conflicts to be developed by workgroup 2.</p>

¹ A primary compliance document means a permit or alternative regulatory structure functioning in place of a permit that is used by the regulated facility, the regulator, and the public to clarify what a facility must do or has agreed to do in order to comply with clean air regulations.

Target	APII Measure	Source
<p>CUSTOMER SERVICE TARGET #1: Track key events of permit applications in "real time". By December 2004, make event tracking and support documents available on the Department's website in a timely manner for all customers. By June 2006, the Air Program will be able to receive and process applications electronically.</p>	<p>C1.1 By December 31, 2004 answer yes or no, is a tracking system on the web for all users to view. Baseline Due: N/A Check: December 31, 2004 Responsible for Collecting: Workgroup 2</p>	
	<p>C1.2 By June 30, 2006 answer yes or no, applications can be received and processed electronically. Baseline Due: N/A Check: June 30, 2006 Responsible for Collecting: Workgroup 6</p>	
	<p>C1.3 By June 30, 2006 evaluate level of customer satisfaction with the web site. Baseline Due: June 30, 2006 Rechecks: N/A Responsible for Collecting: Workgroup 2</p>	<p>Workgroup 2 will establish the criteria. Recommend ease of use and appropriateness of content.</p>
<p>CUSTOMER SERVICE TARGET #2: By January 2005, the Air Program will develop a partnership among the public, business, EPA and internal staff related to the function of permitting and the role of the Department. All parties are aware of how to participate in the permit and permit rule-making processes in a meaningful way.</p>	<p>C2.1 By January 31, 2005, measure the level of all parties' understanding of the process including the structure and everyone's roles and responsibilities. Baseline Due: January 31, 2005 Rechecks: June 30, 2006 Responsible for Collecting: Workgroup 2</p>	<p>Method to be developed by workgroup 2</p>
	<p>C2.2 By January 31, 2005, develop the baseline level of all parties' satisfaction with the process including the structure and everyone's roles and responsibilities. Baseline Due: January 31, 2005 Rechecks: June 30, 2006 Responsible for Collecting: Workgroup 2</p>	<p>Method to be developed by workgroup 2. Baseline will need to be established so as to measure change in satisfaction level. Workgroup 2 needs to consult with Ed Nelson on how to reach public that doesn't know how to participate.</p>

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Target	API Measure	Source
	<p>P2.3 By June 30, 2006 evaluate whether processes are up to date and effectively communicated.</p> <p>Baseline Due: June 30, 2006</p> <p>Rechecks: N/A</p> <p>Responsible for Collecting: Workgroup 5</p>	<p>During each biennial program review, conduct interviews with permit drafters and managers.</p>
<p>PROCESS TARGET 3: Answer questions on permit process and permit policy quickly and accurately resulting in a consistent statewide program providing certainty to staff, permittees, and the public.</p>	<p>P3.1 Track the following:</p> <ul style="list-style-type: none"> • the number of questions received each month, • the number of questions answered, • the average response time for answered questions, • the text of all questions • the person who asked the question <p>Baseline Due: September 30, 2004</p> <p>Rechecks: December 31, 2004; March 30, 2005; June 30, 2005; September 31, 2005; December 31, 2005; March 31, 2006 and June 30, 2006</p> <p>Responsible for Collecting: Workgroup 5</p>	<p>Workgroup 5 will be responsible for establishing a short term and long term process that meets the target and can supply data for the measure.</p>
	<p>P3.2 No less frequently than on a semi-annual basis, contact persons who had questions to determine their satisfaction with the certainty provided by the answer.</p> <p>Baseline Due: None</p> <p>Rechecks: December 31, 2004; June 30, 2005; December 31, 2005; June 30, 2006</p> <p>Responsible for Collecting: Workgroup 5</p>	<p>Work group 5 will be responsible for establishing a method for measuring.</p>
<p>PROCESS TARGET 4: Make 100% of permit decisions according to deadlines specified in 2003 WI Act 118.</p>	<p>P4.1 Track the percentage of operation and construction permit decisions made according to deadlines specified in 2003 WI Act 118. These deadlines are:</p> <ul style="list-style-type: none"> • for operation permits - 180 days after receipt of a complete application. • for construction permits - 60 days after the end of the public comment period <p>Baseline Due: June 30, 2004</p> <p>Rechecks: Quarterly until June 30, 2006</p> <p>Responsible for Collecting: Workgroup 4</p>	<p>Sample Equation</p> <p>% permits issued by deadline = (number of permits issued by deadlines during the previous 6 months) / (total number issued during the previous 6 mo) x 100%</p> <p>Air Permit Software tracking is used to track number of permits issued and the number of days elapsed.</p>

¹ A primary compliance document means a permit or alternative regulatory structure functioning in place of a permit that is used by the regulated facility, the regulator, and the public to clarify what a facility must do or has agreed to do in order to comply with clean air regulations.

**Targets and Measures
 Air Permit Improvement Initiative**

Target	APII Measure	Source
<p>PROCESS TARGET 1: By December 2004, define a process which ensures that regulated facilities will be covered under just one primary compliance document.¹ By December 2005 complete development and begin implementation.</p>	<p>P1.1 By December 31, 2004, answer yes or no, was the process developed</p> <p>Baseline Due: N/A Check: December 31, 2004 Responsible for Collecting: Workgroup 4</p>	
	<p>P1.2 By December 31, 2005, count the percentage of facilities with more than one primary compliance document.</p> <p>Baseline Due: September 30, 2004 Rechecks: December 31, 2005 and June 30, 2006. Responsible for Collecting: Workgroup 4</p>	<p>Use Air Permit Software to count the number of primary compliance documents per facility.</p>
<p>PROCESS TARGET 2: By December 2005, develop, document, communicate, and manage an updated, consistent, and accurate process for issuing, renewing, and revising permits. Incorporate procedures for any new regulatory approaches into the process. Update procedures regularly.</p>	<p>P2.1 By December 31, 2005, answer yes or no, was a process developed for each type of existing permit action.</p> <p>Baseline Due: N/A Check: December 31, 2005 Responsible for Collecting: Workgroup 4</p>	
	<p>P2.2 By June 30, 2006 spot check primary compliance documents and supporting technical documents for consistency (defined per manual code) reviewing 10% which are selected based on customer input, sector, new applicable regulations, or other salient issues. This will set a baseline consistency level for the new process(es) developed to meet this target.</p> <p>Baseline Due: June 30, 2006 Rechecks: N/A Responsible for Collecting: Workgroup 5</p>	<p>Workgroups 2, 3, and 4 will need to build measurement strategies into the processes they develop. Workgroup 5 needs to come up with the overall method for continued management of consistency</p>

¹ A primary compliance document means a permit or alternative regulatory structure functioning in place of a permit that is used by the regulated facility, the regulator, and the public to clarify what a facility must do or has agreed to do in order to comply with clean air regulations.

APPENDIX F

DATE: August 16, 2004 FILE REF: 4520

TO: David Schmiedicke, Director
State Budget Office
Department of Administration

FROM: Scott Hassett, Secretary
Department of Natural Resources

SUBJECT: S.16.515 Request for Expenditure Authority for Air Permit System Development and Contractors for Permit Issuance

REQUEST

The Department requests increased expenditure authority of \$756,100 PR in fiscal year 2004-05 from the balance in appropriation s. 20.370(2)(ci). These funds include \$259,600 to begin a master lease for the contractors and computer systems for the development of an air permit processing and data system, \$225,300 for internal contracts and LTE to assist with the development, and \$271,200 for an innovative permit issuance pilot through the use of contractors.

Appropriation s.20.370(2)(ci) is funded by program revenue fees paid by air emission permittees. The proposed system improvements will benefit the fee payers by creating a more efficient system of permit authorization by the Department.

BACKGROUND and ANALYSIS OF NEED

Permit System Development and Integration:

Several recent legislative and policy actions emphasize the importance of increasing the efficiency of the state's air permit processing. The 2003 Wisconsin Act 118, known as the Job Creation Act, included a section titled "permit streamlining" that requires the Department to continually assess air permit obligations and implement appropriate measures that allow for lessening those obligations. The Legislative Audit Bureau Report, completed in February 2004, noted the slow rate of issuance of major operation permits and suggested construction permits issuance could be further streamlined. The recently issued EPA Notice of Deficiency expressed concern about the issuance rates of operation permits, and EPA is developing a response to the NOD communications which will detail the need for a permit streamlining process.

Anticipating a need to overhaul the air permitting program, in June 2003, the Department began an Air Permit Improvement Initiative. The Department believes that only through streamlining the permit system and integrating data systems will the DNR be able to accomplish the objectives of Act 118, the Audit, and the NOD over the long-term. The goals of the permit streamlining project are to:

- Decrease new source and operation permit cycle times
- Improve application completeness determinations
- Improve understanding of complex air regulations
- Improve public access to the permit process



- Increase permit staff assistance to permit customers
- Involve stakeholders in the design of the process improvements
- Explore regulatory alternatives to traditional permits
- Establish performance criteria to measure success
- Optimize use of integrated information systems, "Smart Systems", and the Internet to achieve these goals.

The last goal – optimizing use of integrated information systems – is the cornerstone to the overall business process streamlining effort. An integrated information system will provide:

- Regulated facilities with Internet based "workbooks" that allow such facilities to determine, in advance of submitting a permit application, the types of requirements that may apply to them and the types of information the Department will need in order to process a permit application.
- Permittees with the ability to submit permit application information and permit compliance information electronically.
- Permittees with electronic versions of permit/compliance related information the Department has for their facility.
- Renewal permittees with the ability to submit data only if the information has changed.
- Permittees with a consistent approach to permit processing statewide.

The Department needs to do extensive redesign of the existing Air Management permit system, and provide extensive capabilities and access to information for regulated facilities on the Internet. The Air Management program will follow the very successful approach used in the Wisconsin Pollutant Discharge Elimination System (WPDES) Wastewater Permitting System, one of the leaders in the country in getting permits issued in a timely fashion. To address the stated needs, the Department requests \$259,600 in FY04-05 for a master lease of contractor services, and hardware and software purchases. The total project costs for this portion of the request are shown in the table below:

Permit Streamlining - External Contracts and Hardware/Software	FY05	FY06	FY07	FY08	Total
IT Contractor	\$606,640	\$686,000	\$450,000	\$0	\$1,742,640
IT Development/Maintenance contracts (post development)	\$0	\$0	\$0	\$100,000	\$100,000
Hardware/software	\$135,000	\$50,000	\$0	\$0	\$185,000
Permit Streamlining External Annual Total (Rounded)	\$741,600	\$736,000	\$450,000	\$100,000	\$2,027,600

These project costs are spread over a three-year master lease in the following table.

Master Lease						
Year	FY05	FY06	FY07	FY08	FY09	FY10
Payment for FY05	\$247,213	\$247,213	\$247,213			
Payment for FY06		\$245,333	\$245,333	\$245,333		
Payment for FY07			\$150,000	\$150,000	\$150,000	
Payment for FY08				\$33,333	\$33,333	\$33,333
Total	\$247,213	\$492,546	\$642,546	\$428,666	\$183,333	\$33,333
Interest (5%)	\$12,361	\$24,627	\$32,127	\$21,433	\$9,167	\$1,667
Annual Total (Rounded)	\$259,600	\$517,200	\$674,700	\$450,100	\$192,500	\$35,000

In addition to the external contracts, hardware, and software purchases, the permit streamlining efforts call for web programming, and IT program manager and LTE staff. The Department requests \$225,300 in FY04-05 for these needs. The costs for this portion of the request are listed in the table below.

Permit Streamlining Internal Contracts and LTE	FY05	FY06	FY07	Total
Web Programmer Salary/Fringe	\$67,995	\$67,995	\$67,995	\$203,985
IT Program Manager Salary/Fringe	\$100,652	\$100,652	\$100,652	\$301,956
LTEs (1 halftime year round)	\$18,888	\$18,888	\$18,888	\$56,664
LTEs (2 full time: FY05 for 6 months)	\$37,777	\$75,554	\$75,554	\$188,885
Permit Streamlining Internal Annual Total (Rounded)	\$225,300	\$263,100	\$263,100	\$751,500

Note that the salary and fringe amounts requested do not include a request for new position authority, but rather to provide funding for two existing PR-S positions which are located in the Department's Bureau of Technology Services. Therefore, the Department is requesting that the increased supply expenditure authority be added to appropriation s. 20.370(2) (ci). These positions will be funded though a PR-S transfer to the Bureau of Technology Services.

Contractors for Permit Issuance:

2003 WI Act 118 envisioned that the Department explore "out-sourcing" the issuance of both major permitting processes for the air program (Operating and New Source Review permits) as a means to improve permit issuance time. In addition, the Legislative Audit Bureau and US EPA's NOD directed the Department to eliminate the backlog in operating permits – both federal Title V, as well as the federally enforceable State Operating Permits (FESOPS). The FESOPS backlog was identified as a particular concern to EPA in reviewing the State's 90-day response to the NOD. To address this issue, the Department is requesting spending authority of \$271,200 in FY04-05 to pilot use of contractors to issue both FESOPS and NSR permits. The specific longer-term needs associated with this portion of the request are identified in the table below.

Contractors for Permit Issuance:	FY05	FY06	FY07	Total
Engineer Contractors (2 FESOP permit writers)	\$135,600	\$135,600	\$135,600	\$406,800
Engineer Contractors (2 NSR permit writers)	\$135,600	\$135,600	\$135,600	\$406,800
Contractors for Permit Issuance Annual Total:	\$271,200	\$271,200	\$271,200	\$813,600

In addition to this request, the Department is discussing a 2005-07 budget proposal which would continue the work on the permit streamlining program and the contractors for permit issuance beyond the current fiscal year.

FUNDING

Revenues have exceeded spending authority in appropriation 20.370(2)(ci) over the last four fiscal years. This is a result of a higher volume of application submittals than were anticipated during a fee adjustment analysis completed in FY98. Higher than expected revenue is also due to a recent sharp increase in new *major source* permitting activity brought on by state energy issues and EPA enforcement activity. Prior to FY00, the New Source Permit Program had averaged five new major source permit reviews per year. From FY00 to FY02, this average has more than tripled, driving up revenue into the program (a new major source permit fee averages \$40,000 while a new minor source permit averages \$8,000). Although the recent new major source activity can be characterized as a "spike", it is anticipated that the number of new major source permits will remain at least twice that of the pre-FY00 average. New major source permits earn their higher fee by requiring significantly greater application processing time than new minor source permit review, thus limiting staff abilities to respond to the greater volume of new source permit applications as a whole.

With implementation of 2003 Wisconsin Act 118, the anticipated permit streamlining improvements, and changes to the New Source Review regulations, the Department anticipates New Source revenues will be reduced in future fiscal years. These revenue reductions have been included in projections used to develop this request.

There are sufficient revenues to be able to continuously fund the five-year master lease for the permit streamlining initiative and to fund contractors for permit issuance over a three-year period. The cash balance in appropriation 20.370(2)(ci) by the end of FY10 is expected to be \$680,288. A more detailed revenue and expenditure summary follows:

REVENUE SUMMARY:

Fiscal Year	Beginning Balance	Revenue	Expenses	Permit Streamlining & Contractor Expenses *	Ending Balance
1999	\$204,234	\$1,390,983	\$1,193,679		\$401,538
2000	\$401,538	\$1,627,506	\$1,247,861		\$781,184
2001	\$781,184	\$2,449,883	\$1,540,093		\$1,690,975
2002	\$1,690,975	\$2,589,426	\$1,518,347		\$2,762,055
2003	\$2,762,055	\$2,293,871	\$1,621,141		\$3,434,785
2004	\$3,434,785	\$2,570,900	\$1,928,701**		\$4,076,984
2005 estimate	\$4,076,984	\$2,200,000	\$1,800,000	\$756,100	\$3,720,884
2006 estimate	\$3,720,884	\$1,860,000	\$1,852,000	\$1,051,500	\$2,677,384
2007 estimate	\$2,677,384	\$1,860,000	\$1,833,158	\$1,209,000	\$1,495,226
2008 estimate	\$1,495,226	\$1,860,000	\$1,869,821	\$450,100	\$1,035,305
2009 estimate	\$1,035,305	\$1,860,000	\$1,907,217	\$192,500	\$795,588
2010 estimate	\$795,588	\$1,860,000	\$1,940,300	\$35,000	\$680,288

* As requested in this memo. **Includes cash lapse in FY04

Thank you for your consideration of this matter.

If you have any questions on this request, please contact Lance Potter, Bureau of Management and Budget (267-7418); Sheri Stach, Air Management (264-6292); or Jeffrey Hanson, Air Management (266-6876).

- cc: Al Shea – AD/5
- Mary Jo Kopecky – AD/5
- Lloyd Eagan – AM/7
- Jeff Hanson – AM/7
- Sheri Stach – AM/7
- Dan Derr – FN/1
- Joe Polasek – MB/5
- Susan Felker-Donsing – MB/5
- Lance Potter – MB/5
- Sue Steinmetz – HR/5
- Kirsten Grinde – DOA
- Doug Percy – DOA

Air Permit Streamlining IT Project (FY05 – FY08)

The Air Permit IT streamlining vision can be broken down into the following projects.

1. **Database Integration** – Quality information is central to all aspects of the permit process. Currently the Air Management program has several databases with different platforms that support various functions. Many times the same information is collected and stored in several places making it difficult for staff to get the big picture. The Air program's vision for IT is anchored by a database that is integrated and accessible. Data that is integrated will be shared and duplication of data entry or maintenance will not exist. The user will be assured of a complete view of the data.
2. **Permit Application** – The IT vision for the permit application is an electronic application that would be available on the Internet. The electronic application would give immediate feedback on errors in the application, such as missing information, and check for permit exemptions. The permit application system would track permit status. After a permit is issued, this application would track permit expiration date and generate a re-issuance application that is pre-filled with the current information we have. The facility would then need to only review the data and update or correct when necessary. The application data would be stored in the integrated database making it available for all air staff that need it.
3. **Permit Issuance and Re-Issuance** – This system would automate as much of the permit and permit related documents as possible. Permit and facility information would be pulled from the database and the system would use that information to generate the necessary documents. Internet based “workbooks” that allow regulated facilities to determine, in advance of submitting a permit application, the types of requirements that may apply to them and the types of information that the Department will need to in order to process a permit application, will be developed. Permittees will be able to electronically view the permit/compliance-related information the Department has for their facility, and for permit renewals, to only submit data where information has changed. Permit requirements and limits would also be stored in the database.
4. **Compliance** – Once a permit is issued, there are various compliance certificates and emission monitoring reports the facility is required to submit to the DNR. The compliance system would allow for the electronic submittal of these reports. This system would also give the facility immediate feedback on completeness or error.
5. **AEMS and CRS** – The Air Emission Inventory (AEMS) and Combined Reporting System (CRS) are the other two air systems that would need to be developed. The current reporting system is written in old software that is cumbersome to use and requires many manual steps. The new system would allow easier electronic transfer of emission data from the customer to the DNR. The emission inventory would then have the data needed to calculate the emission billing fees.

Work will occur concurrently for all five projects with the first four being completed by June 2006. Certain aspects of the permit application and permit issuance/re-issuance projects to regulated facilities will be completed by December 2005. The fifth project will be completed by June 2007 with general maintenance continuing into 2008.

APPENDIX G

<p>14. Improve its data system.</p> <p>Lead: Data Integration Team</p>	<p><u>Air Management Data Systems</u> Air Permitting System (APS) WI Air Compliance Database (WACD) Air Emissions Management System (AEMS)</p> <p>a. Develop a manual for its database that clearly explains staff responsibilities for entering and maintaining database information</p>
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An effort is currently underway to develop plans and cost estimates for integrating the various Air Management Program data systems. Assuming funding is approved, the data integration project in the APII will provide staff and supervisors with the tools needed to better manage compliance and enforcement responsibilities.

We wholeheartedly concur with the audit report's recommendation to improve our data systems. Our data systems were designed over a decade ago as stand-alone systems. They have been incrementally modified over time, as funding has allowed to meet Department hardware and software standards. Recent budget reductions will impact information technology staff Department-wide. This may impact our ability to implement the audit report data systems recommendation.

APS-The permit system database is accessed through the front-end software. Users do not enter data directly in the database. We are working on the user manual for APS, which explains how to use the various parts of the software. This manual is partially complete, and is being worked on as resources permit. The current manual is written for the software designed to run against an MS Access database. Since we are moving to a new version of the software designed to run against Oracle database, some of the existing manual will need to be revised once the migration to Oracle is complete.

WACD- We are in the process of producing a manual, existing documentation is being compiled and reviewed. Gaps will be identified and addressed.

AEMS-Extensive training manuals for installing, entering and querying data and producing reports have been developed and are available for staff. Individual staff responsibilities and assigned by management as part of the workplanning process.

- b. Provide training to staff who are responsible for entering information.

APS- The users of the permit software and the permit database include permit engineers, compliance engineers, program assistants and supervisors. When the Access based permit software was first rolled out in 2003, users were provided training on the software in small group setting (1-4 people). In addition, user manuals and guidance documents were created and continue to be created to address specific needs. Users were also provided training on MS Word prior to the roll out of the permit software, since MS Word is used heavily to generate various documents needed for a permit review. We are planning to move to a new Oracle based version of the software in September-October, '04 timeframe. New user manuals and guidance documents will be created to address the new features in the new version of the software. A refresher training on the software may also be provided if needed, either as a one-on-basis or in small group settings. The program assistants will be provided separate training prior to roll out of the software since theirs will be the first group to be affected by the new version.

WACD- The new Air Compliance Database Specialist has received formal training through EPA workshops, computer training centers, and one-on-one sessions with other staff. Training efforts for regional staff include training visits by central staff to regional offices. The database specialist is available to respond to questions by staff at any time.

AEMS-Staff responsible for entering data receive one-on-one training when they initially assume responsibility. Formal training program and refresher material have been developed and is available on-line for users.

APS- Security features are implemented in the permit software. It is possible to define different roles for users. Using roles, it is possible to give different levels of access to the database to different users. These security features will be improved even more once the move to the Oracle based software is complete.

It is also possible to enforce constraints on the database fields, so only data in right format may be entered in a field. Some of these have been implemented and more can be done in future, as more resources become available.

Key event tracking has been improved considerably, particularly those related to Act 118. Prerequisite events for individual key events have been defined in more detail. This improves quality of the tracking data, and limits the possibility of missing a particular milestone in the review process. As a result of these, the quality of reports will be considerably improved.

We are also cleaning up incorrect data in the database as resources permit. The quality of the data will be continue to improve in the coming months.

c. Implement procedures to improve data quality, including limiting the number of staff who have authority to enter and modify information and implementing procedures to ensure consistent data entry.

We are taking care to strictly follow all approved Department standards while we convert our existing MS Access based database to an Oracle database. The structure of the new Oracle database has been thoroughly reviewed and approved by the Departments IT staff. This will help in improving the quality of the data as well as make it easier to carry out the Air Program's database integration plans.

In the near future, we are planning to create some electronic forms for use by the applicants to submit permit application. When this work is completed, applicants will be able to submit applications in electronic format, resulting in reduced errors in entering data in the database, less work for the permit writers to enter the data and an increase in the amount of relevant permit data that is entered in the permit database.

Both AEMS and WACD have security measures that allow some to merely view data and others to view and edit data. A file manager [at central office] controls who can enter the system and what privileges they have. This is achieved through security measures implemented both at the database level and also from within the client (graphical user interface) piece.

Full Compliance Evaluation (FCE) data entry, and eventually enforcement data entry, are the responsibility of one individual. Compliance certification data entry and retrieval procedures are being updated. These data are entered for facilities by the regional inspector responsible for that facility.

From a technical point of view, accurate data entry is achieved by using properly structured database tables in concert with a graphical user interface, ensuring good data relationship and use of consistent data elements.

- d. Develop procedures for regularly reviewing information contained in the database to identify data problems.

APS- Some of the data contained in the permit database are by nature, reviewed, updated and corrected on a regular basis. This happens at least once every 5 years as operation permits are renewed. Some other data that is maintained in various lookup tables in the database, are currently being looked at and being cleaned up in the process of moving to the Oracle based system. Some of this data will be cleaned up on a more regular basis, perhaps once a year. We are also trying to use as many tables maintained by the Department as possible to reduce the work needed to maintain this information and to have more accurate information available for the permit review work. More will be possible done in future as the various databases maintained by the Air Management are integrated.

In addition to the work mentioned above, we regularly run various reports on a weekly and more frequent basis to track the performance of the air program. These reports can also be used to identify problems in the information maintained by the permit database, which are then corrected.

Procedures are now in place in WACD to review FCE data and compliance certification data quarterly. High Priority Violation (HPV) data are reviewed and discussed with regional and EPA staff monthly. Data entry procedures require the review of individual facility data as FCEs are completed.

The AEMS and WACD applications contain several reports that display common data problems. Web pages have also been created to display up-to-date information on matters that need resolution. There are also several database queries that have been created that can be run at any time, again, identifying known issues that may need resolution. Problems that are identified include data element errors or inconsistencies as well as business or procedural discrepancies.

Data dictionaries and data tables for APS, AEMS and WACD have been completed. These dictionaries define the contents of each data table by name.

As mentioned under Item d. above, we already are incorporating many of the tables maintained by the Department while we move to an Oracle based system. This will reduce the work necessary to maintain this information, as this information does not need to be maintained separately by the Air Program. This will also improve the quality of the information since the people in charge of maintaining the information update this information more frequently.

We are continually improving the data that need to be tracked to measure air program performance. Due to the regulations that took effect recently, the amount of tracking work needed has increased considerably and we are working on making it easier for the users to carry out this tracking work.

In the near future, when we work on developing a system to receive electronic permit application, the existing forms will be reviewed carefully to eliminate any duplicate or unnecessary fields.

We are currently developing the ability to batch download WACD data to the EPA air database (AIRS Facility Subsystem, AFS). This process has required the review of WACD fields and structure in order to match the needs of the EPA system. Duplicate data and fields have been identified and corrected.

Both the AEMS and WACD databases are normalized to the degree that it is appropriate. From a technical point of view, this greatly reduces data redundancy.

- e. Work toward eliminating duplicate and unnecessary fields to simplify database use.

The Air Program begin efforts to integrate its data systems in late 2002 by putting together a project group with the charge to develop a plan to guide future system development that keeps both overall integration and internal and external user needs in mind. This group also was charged with implementing an integration plan and to provide a focal point for identifying and resolving issues. Members include lead staff responsible for maintaining APS, WACD and AEMS, the air program's information and technology coordinator and representatives for technical support and program staff.

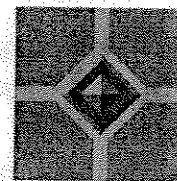
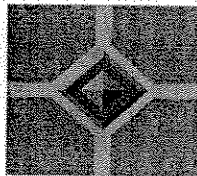
This group developed and presented a conceptual plan for system integration to program managers in August 2003. The plan identifies 36 major steps and over 100 critical tasks that needs to be completed in order to integrate the three major data systems over an estimated three years. This plan was approved by managers to serve as the framework under which integrate would occur provided resources became available.

- f. Improve integration of existing data systems.

Work on integration continued over the past 12 months with the development of comprehensive data models for APS, WACD and AEMS and detailed process maps for the permitting system. Development of corresponding process maps for WACD and AEMS is expected to occur over the next few months. Less formal progress towards integration has also occurred due to improved program communication through the project group. Example: historical redundant data entry for facility identification numbers in the three systems has resulted in errors that only become apparent with close examination. Through the project group, one individual is now the point of contact and has assumed responsibility for resolving errors across all three systems. This type of effort cleans up erroneous data in the existing databases, prevents new errors from occurring and will reduce the amount of work that will be needed to migrate the data to an integrated system in the future.

This project group has recently expanded to include the workgroup leads from the process and technology workgroup formed under the Air Permit Improvement Initiative. Cross membership will ensure that overall system integration will be a consideration in any system development that takes place under the permit initiative.

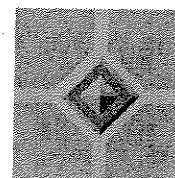
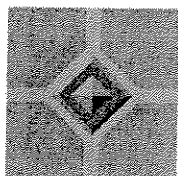
APPENDIX H



FY04 Air Performance Measures 4th Quarter Report August 12, 2004

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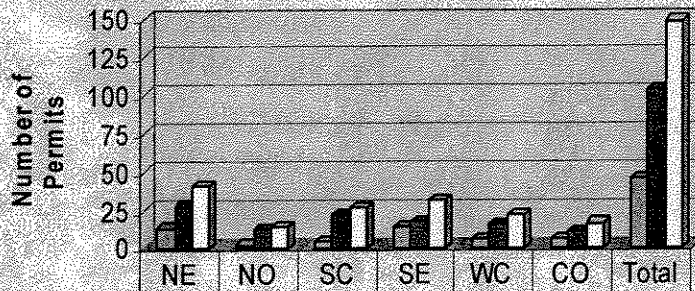
A. Part 70 Permits Backlog and Issued

AMT and AWMT Performance Measure

Bureau Director comments: We are tracking interim progress on these permits on a weekly basis. In addition, all Regions are filling in detailed spreadsheets regarding the status of each individual permit. This continues to be our top priority and we need to give it our utmost attention. The Secretary's office and Regional Directors are also watching this one closely.

AMT comments: (to be filled in)

Total Part 70 Permits Backlog and Issued, Review Location Basis Query: June 30, 2004



	NE	NO	SC	SE	WC	CO	Total
■ Issued or Closed	13	2	4	14	6	6	45
■ Backlog Remaining	27	12	22	17	15	10	103
□ Backlog goal incl. FESOPs	40	14	26	31	21	16	148

Goal: 65 issued by end of March 2004

4th Qtr Backlog: 103

113 issued by end of Oct 2004

3rd Qtr Backlog: 126

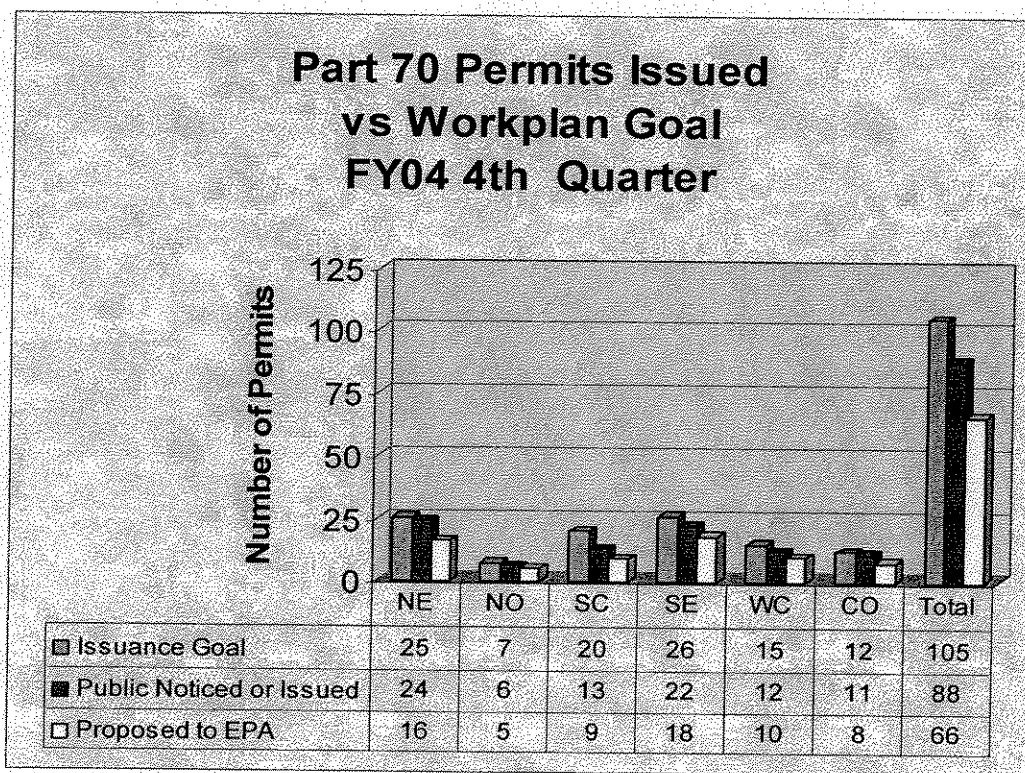
148 issued by end of Dec 2004

B. Part 70 Permits Issued vs. Workplan Goal: FY04 4th Quarter

AMT and AWMT Performance Measure

Bureau Director comments: As indicated above, we are tracking our progress on FOPs on a weekly basis. While we haven't met all the interim goals, work is progressing to get the remaining permits out.

AMT comments: (to be filled in)



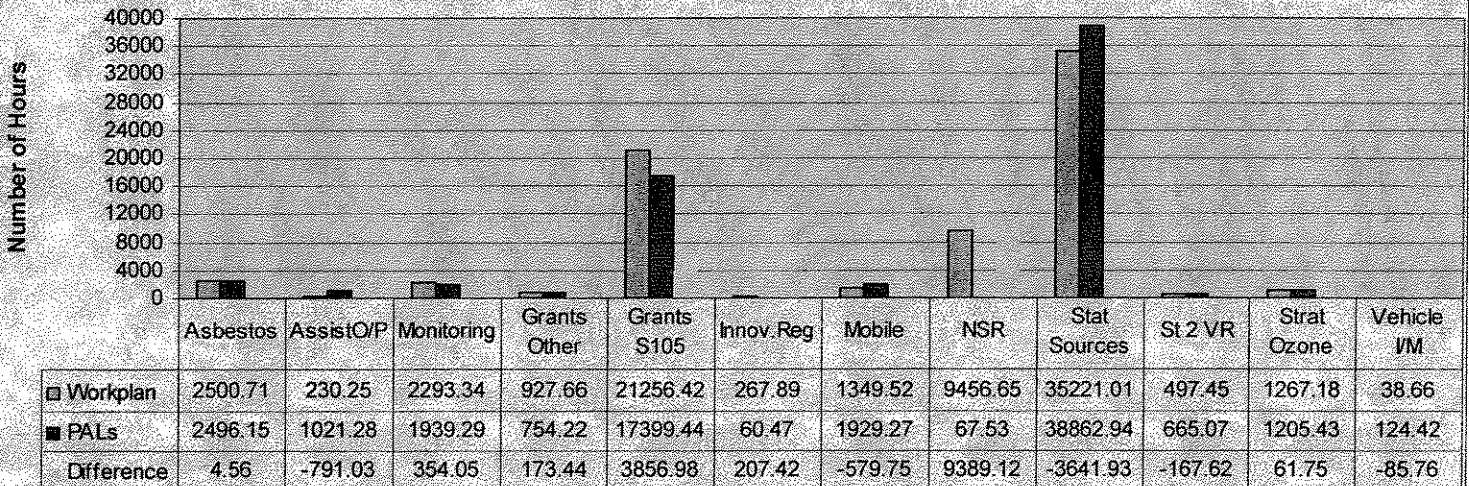
C. PALS vs Workplan Funding

AMT and AWMT Performance Measure

Bureau Director comments: It looks like the two biggest areas of discrepancy are the state grant and the stationary source account. It looks like we are doing too much grant work and not enough stationary source related work. While we're not off by a tremendous amount, this is something we should do some fine tuning on.

AMT comments: (to be filled in)

PALs vs. Workplan Funding FY04 4th Quarter



Several categories are combined:

Assist Others: Assist to Other Programs, Assistance to Others

Monitoring: BioWatch, PM 2.5, HAPs.

Other Grants: CMAQ, Colorado State, MDN/NADP, Mercury Flux, GLC RAPIDS, Milwaukee Risk Assessment

Mobile Sources: CMAQ Eco, CMAQ Gas Cap Wrench, Mobile Source.

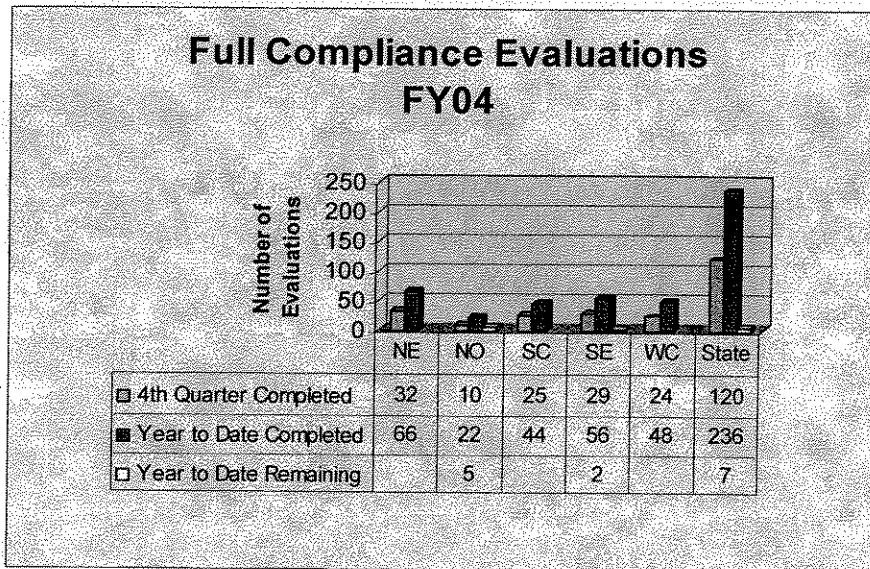
Stationary Sources: Title V Air Monitoring, Emission Inventory, Operation Permit Review, Title V Compliance and Enforcement. Excludes Grant Match.

D. Full Compliance Evaluations

AMT and AWMT Performance Measure

Bureau Director comments: Strong showing here. In addition to getting most on our FCE list done, we also completed over 50 off the list. We need to do a better job of tracking our progress as we go, so we don't have such a stressful June getting our reports finalized.

AMT comments: (to be filled in)



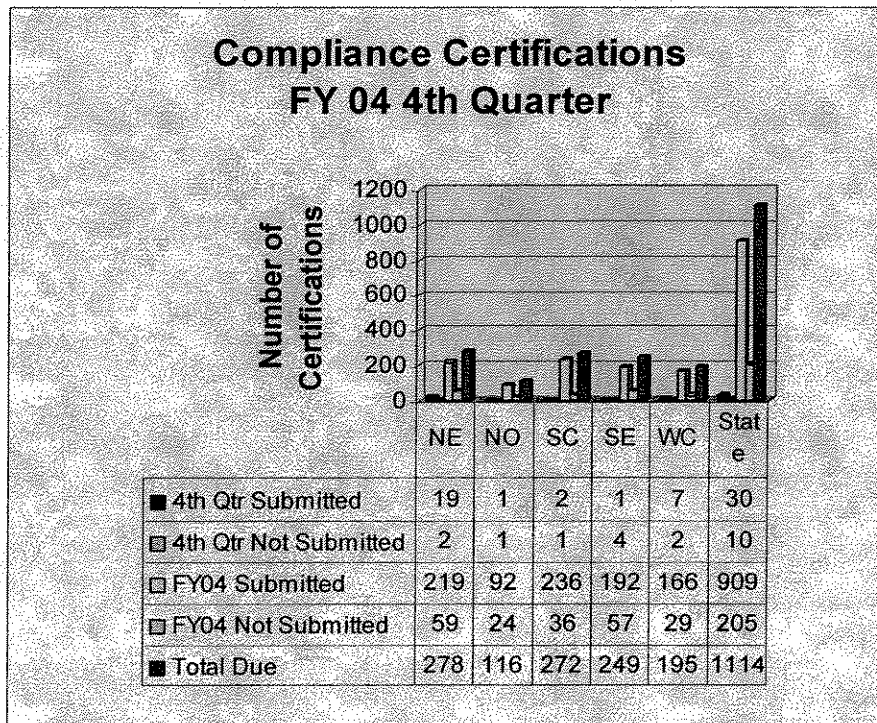
The numbers above represent our on-list commitment to EPA. Year-to-date offlist FCEs completed were 56. DNR does not count an FCE as completed until the FCE report is finished.

E. Compliance Certification Reports

Stationary Source Subteam Performance Measure

Bureau Director comments: None.

AMT comments: (to be filled in)



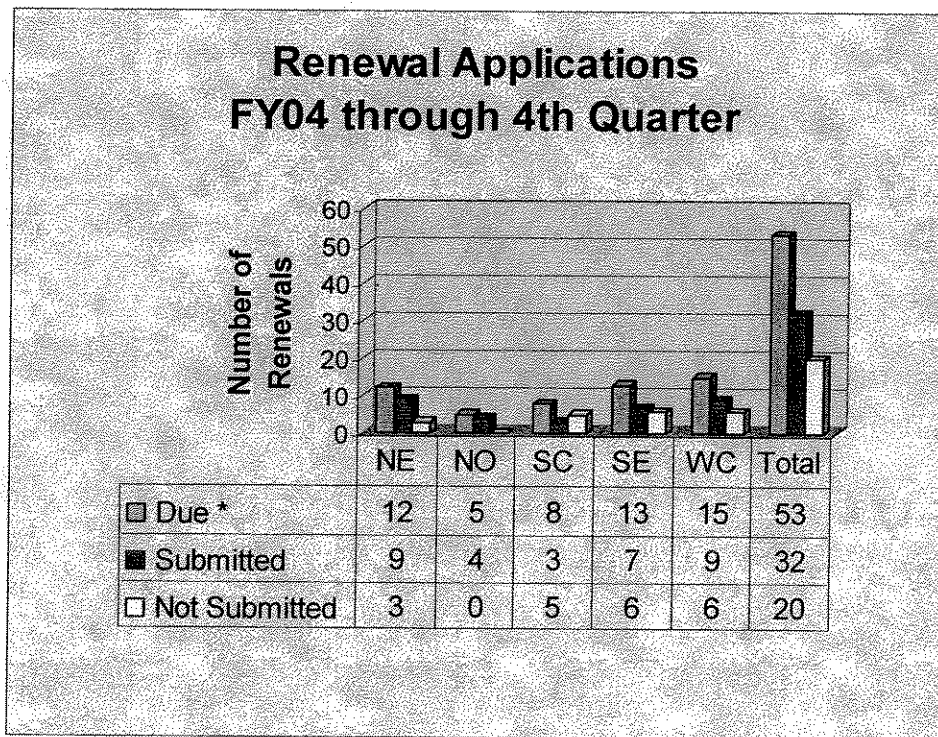
Currently the compliance certification numbers are an approximation. We are continually working to address issues of data submission, duplication and missing reports.

F. Renewal Applications Due, Submitted, Not Submitted

Stationary Source Subteam Performance Measure

Bureau Director comments: This looks like an area that could come back to haunt us. Have we communicated with the facilities that have not yet submitted their renewal applications? While this is not an area we can devote a lot of time too, we should ensure we have done some communications.

AMT comments: (to be filled in)



20 out of 53 renewal applications remain unsubmitted.

Act 118 provides facilities with an additional six months to submit renewal applications.

Due* Permits issued 7/01/99 to 2/15/2000;
excludes 2/16/2000 to 6/30/2000 due to Act 118.

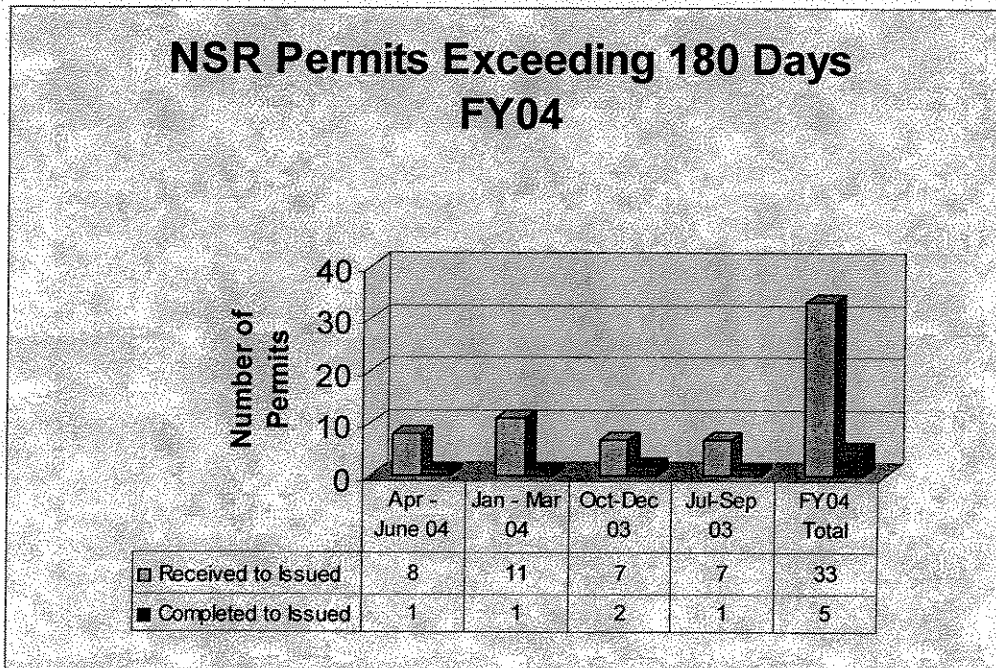
(Permits issued 2/16/2000 to 6/30/2000 were previously reported with renewal applications due in FY2004 but now are not due until after 8/16/2004 in FY05.)

G. New Source Review Permits Exceeding 180 Days: FY04

Stationary Source Subteam Performance Measure

Bureau Director comments: None

AMT comments: (to be filled in)



Does not include ATF permits.

Goal is an average of 90 days from receipt of a complete application.

The above numbers have not been screened to determine which were externally controlled or internally controlled.

The FY05 first quarter report should reflect WI Act 118 key tracking events beginning on August 15, 2004 (180 days out from start date of February 15, 2004).