

1999 Michigan Permit Process Review Summary

I. Introduction

On March 30 and 31, 1999, employees of the United States Environmental Protection Agency (USEPA) visited the Michigan Department of Environmental Quality's (MDEQ's) offices in Livonia and Lansing, and the Wayne County Department of Environment's (WCDOE's) office in Detroit. USEPA staff reviewed Michigan's air permit programs, and focused on the following program elements:

- permit development and review procedures
- integration of the construction and operating permit programs
- coordination between the various State implementing agencies
- operating permit fee structure

Section II, Process Review Highlights, summarizes the main presentations and discussions of the process review.

Section III, Conclusions and Recommendations, outlines USEPA's findings regarding the positive aspects of Michigan's air permit programs, and also identifies areas where improvement is needed. In addition, more detailed information regarding Michigan's operating permit program, construction permit program, and operating permit fee structure is included in the respective **attachments**.

II. Process Review Highlights

Wayne County Department of Environment (WCDOE)

USEPA met with WCDOE management and permitting staff for half a day. The discussions included WCDOE's role in issuing State construction and operating permits, its organizational structure, impediments to operating permit issuance, and staff and training issues. MDEQ's management also participated in the meeting.

Michigan Department of Environmental Quality, Livonia District

USEPA met with Livonia District management and permitting staff for half a day. The discussions included a presentation of MDEQ's automated operating permit drafting and tracking system, MDEQ's and the District's internal operating permit processing procedures, MDEQ's staff training program, and a discussion regarding operating permit issuance impediments. MDEQ Central Office management participated in the meeting. The District Office also provided documentation regarding small opt-out sources (pursuant to rule 208a), construction permit opt-out sources, and permit processing and filing procedures. Overall,

USEPA was impressed with the Livonia office's procedures and attention to detail.

MDEQ, Lansing Central Office

USEPA met with Central Office management and staff for one day. The discussions included a presentation of MDEQ's automated construction permit drafting and tracking system, operating permit program issues (including permit issuance impediments, periodic monitoring, and program oversight), construction and operating permit program interface, and operating permit program fee structure. USEPA also met with Dennis Drake, MDEQ Air Quality Division Director, to provide a preliminary summary of USEPA's permit process review findings.

III. Conclusions and Recommendations

Overall, USEPA is satisfied with Michigan's progress in developing comprehensive construction and operating permit program infrastructures, including procedural protocols and policies. However, Michigan needs to maintain a consistent level of communication with USEPA regarding programmatic issues, including construction/operating permit program interface issues and technical policy issues such as periodic monitoring. Michigan also needs to continue to increase operating permit issuance rates in order to reduce the permit backlog.

In the highlights below, a "★" indicates areas where the State has successfully addressed a specific program issue or is on track to do so. A "✓" indicates areas where there is a need for improvement or further development regarding the specific issue.

Construction/Operating Permit Integration

- ★ Many permitting authorities have realized that integrating the construction and operating permit formats can greatly improve permitting efficiencies and avoid duplicative activities, such as recreating applicability determinations and reformatting applicable requirements. MDEQ has begun addressing the integration between the two programs by citing the origin of applicable requirements in construction permits. MDEQ also has long term goals of further coordinating the construction and operating permit formats. In addition, MDEQ plans to integrate its automated permitting systems (see Computer Systems, below).
- ✓ MDEQ needs to address the interface between construction and operating permit revisions, and ensure that revisions to

construction permit terms are appropriately revised through the construction permit process, and not the operating permit process. MDEQ should also work with USEPA to develop a streamlined process for revising construction and operating permit terms to avoid duplicative permit revisions.

- ✓ MDEQ needs to work with USEPA to reconcile its process of voiding construction permit terms and conditions upon incorporation into operating permits. This process is inconsistent with federal requirements that NSR permit terms and conditions remain independently enforceable and non-expiring.

Operating Permits: District Office/WCDOE Coordination with Central Office

- ★ MDEQ's operating permit program is decentralized. The State district offices and WCDOE are responsible for drafting individual operating permits. One advantage of a decentralized operating permit program is that the District staff are more familiar with the individual sources and are thus better able to address source specific issues. A potential disadvantage of decentralized permit drafting is that it is more difficult to ensure consistency. One way MDEQ addresses this issue is by providing Central Office review of all draft permits before they are issued for public comment.
- ★ MDEQ also has established implementation workgroups and expert lists to develop State-wide procedures and guidance and to help ensure consistency. The operating permit implementation workgroup has recently been disbanded, and monthly statewide supervisory meetings will be used instead to address operating permit issues. Although the supervisory meetings include all air program issues, USEPA hopes that this group will continue to provide a sufficient forum for addressing operating permit program implementation issues.
- ✓ WCDOE intends to seek delegation of the State's construction and operating permit programs in a few years. Currently, WCDOE does not have the resources or the quality assurance measures in place to run State-delegated permit programs¹.
- ★ However, WCDOE intends to continue to improve its permit

¹Also note that USEPA would also have to approve any State permit program delegation to WCDOE before the County could issue federally enforceable permits.

programs, and its goal is to function similar to a District Office by coordinating its activities with MDEQ and participating in MDEQ management meetings.

- ✓ Upper level management in WCDOE does not appear to have much involvement in the operating permit program and relies on limited staff and the first level supervisor to implement and direct the program.

Construction Permits: Central Office Coordination with District Office

- ★ Unlike MDEQ's operating permit program, MDEQ's construction permit program is centralized. All construction permits are issued by the Central Office. The Central Office coordinates its construction permit activities with the Districts to ensure that they are aware of the construction permitting. This coordination is essential because the Districts are responsible for inspections and for issuing operating permits. In addition, both offices perform joint site visits when necessary.

Coordination Between MDEQ and USEPA

- ★ MDEQ has kept USEPA well informed of individual construction permit issues and most general permit program implementation issues, and has involved USEPA up-front in some projects, including MDEQ's operating permit compliance certification forms and changes to standard operating permit conditions. These up-front negotiations have fostered positive working relations between MDEQ and USEPA, and have resulted in quality work products.
- ✓ However, MDEQ has been reluctant to seek up-front USEPA assistance in other matters, such as certain periodic monitoring issues and permit revision/construction permit interface issues. MDEQ needs to build on the successes of early issue negotiation with USEPA.
- ✓ MDEQ is reluctant to provide USEPA additional technical information regarding the development of individual operating permits. For example, even though staff usually develop source-specific technical support documentation, this information is not provided to USEPA nor is it usually summarized in the staff report MDEQ provides to USEPA. In addition, MDEQ does not address the development of source specific periodic monitoring determinations in the permit record, as addressed by USEPA's periodic monitoring guidance.

Operating Permit Program Interim Approval Issues

MDEQ discussed the status of correcting the State's remaining interim approval issues. USEPA also provided MDEQ with historical information regarding the basis for the interim approval conditions. One issue requires a statutory change, and the remaining issues will likely be addressed through rulemaking. USEPA recommended that MDEQ work towards obtaining full approval as soon as possible, and not wait to coordinate the effort with the pending part 70 operating permit program revisions.

Construction Permit Program Issues

- ✓ USEPA discussed the status of MDEQ's construction NSR permit program State Implementation Plan (SIP) revision. The USEPA informed MDEQ that the NSR SIP revision was not approvable as submitted, and that the USEPA would be moving forward to come to resolution.
- ✓ MDEQ needs to better inform USEPA of construction permit program rule revisions and comment periods so that MDEQ and USEPA can address any program issues prior to the official SIP submittal. Also, MDEQ should work with USEPA during the development stages of the permit program rule revisions to allow USEPA to provide comments before the State rule is finalized.
- ★ MDEQ has developed an efficient NSR tracking and permit processing system. This system allows MDEQ staff to issue NSR permits quickly to successfully meet their internal goals.

Mechanisms for Limiting Potential to Emit (Synthetic Minors)

MDEQ has several different mechanisms for establishing synthetic minor limits for avoiding otherwise applicable requirements such as the operating permit program, major new source review, and Maximum Achievable Control Technology (MACT) requirements.

- ★ USEPA reviewed several files from the Livonia office for sources that limited their potential to emit below 50% via MDEQ's registration rule (rule 208a). The files included the initial registration requests and the annual recertifications. In addition, the files included activity reports verifying that MDEQ reviewed the requests, inspected the facilities, and ensured that the sources were eligible to be covered under rule 208a.
- ✓ USEPA has expressed concern that MDEQ does not provide for

public or USEPA review on construction permits that limit a source below 90% of the applicable threshold. This is also a concern with MDEQ's construction permit SIP (see above). As part of the program review, USEPA requested several synthetic minor permits from Livonia and WCDOE. USEPA briefly reviewed these permits, and had some general concerns regarding certain recordkeeping requirements. USEPA remains concerned about the public availability and the enforceability of potential to emit limits in construction permits.

Operating Permit Issuance Impediments

- ✓ USEPA has a goal of getting all remaining operating permits issued within 2 years. USEPA and MDEQ discussed this goal, and the State noted the following impediments to permit issuance.

WCDOE staff felt that one of the biggest impediments was limited operating permit program resources in the county (2 staff and 1 supervisor, with one vacancy). There are about 80 title V sources in Wayne County.

The Livonia staff were concerned that the quality of applications is lacking, which results in a long, drawn out process to obtain sufficient additional information from sources before the operating permits can be drafted. Sources are especially unwilling to propose periodic monitoring requirements. Sources are also slowing down the process by requesting changes to applicable requirements.

The district staff also noted the following permit issuance impediments: competing resources between operating permits, opt-out construction permits, inspections, enforcement, and citizen complaints; cumbersome permit table format slows down permit drafting; USEPA guidance is late and complex.

Operating Permit Program Fees

- ★ Michigan reauthorized its operating permit fees in 1998, and also increased its fees (see attached fee information). MDEQ's accounting system separates title V operating permit fees and the corresponding fee-eligible activities. In addition, MDEQ manages the operating permit fee revenue from Wayne County, and allocates it to WCDOE based on the county's documented operating permit program activities. MDEQ holds any surplus Wayne County fees for WCDOE in the event of any future fee shortfall.

Periodic Monitoring

- ★ MDEQ has developed its own periodic monitoring guidance, which predates USEPA's guidance but is generally consistent. MDEQ also stated their commitment to developing adequate periodic monitoring for large emissions units.
- ✓ MDEQ is reluctant to pursue periodic monitoring for smaller emissions units which it does not consider to be significant, and is also reluctant to develop adequate technical support documents to justify its position when little or no additional monitoring is necessary. MDEQ also stated that it does not always follow its own periodic monitoring guidance.

Staff Training

- ★ MDEQ has developed a comprehensive and thorough staff training process, which includes "Rule School" (review of State requirements), "Tuesday School" (review of MDEQ operations and procedures), USEPA APTI satellite and on site courses, forms training, source inspections (including "coached inspections"), monitoring training, etc. MDEQ's Environmental Assistance Division provides many structured training opportunities. New staff are required to complete a specific training regimen. MDEQ also has developed a "desk manual" that contains permitting procedures and policies. All staff have a copy of the desk manual (it is also available electronically) and receive periodic updates.
- ✓ However, WCDOE has no formal training process in place, and would greatly benefit from MDEQ's structured training system and training resources.

Computer Systems

- ★ MDEQ is developing a comprehensive computer system that will coordinate construction permitting, operation permitting, the State emissions inventory, and ultimately, enforcement. This system is being developed in-house, on a program-module basis. The construction and operating permit modules include (in various stages of development) electronic permit application and automated completeness checks, partially automated permit drafting, and permit process milestone tracking. In addition, the emissions inventory system tracks emissions by the same emission unit id's that are used in the operating permit program system.
- ✓ However, MDEQ has limited resources to continue developing the

system and to address program glitches and necessary improvements to completed modules.² For example, the current operating permit milestone tracking system is unable to adequately track permit revisions.

²Currently, the initial versions of the operating permit module and the emissions inventory module have been completed; the construction permit module is under development.

Attachment A: Operation Permits

GENERAL	
1. Organization	
How are permits assigned?	The Lansing office works on NSR permits while the district offices work on operating permits. Normally, supervisors assign permits based on permit workload and experience. For example, PSD permit applications are given to more experienced staff.
How is enforcement involved in the permit process?	For operating permits, the permit writers are also the field staff responsible for inspections of the sources in their district. Therefore, they are familiar with the source and its compliance history. If there is an enforcement action being pursued by the enforcement staff, the permit writers will work with the enforcement staff in the central office to make sure a compliance schedule is included in the operating permit if necessary.
How are staff organized?	<p>In Lansing, the permits section is comprised of four different units: Thermal Process Unit, General Manufacturing Unit, Chemical Process Unit, and the Operating Program Unit. The first three units consist of staff who work on all NSR permits. The Operating Program Unit works on rules and overall program issues for both the NSR and operating permit program. Lansing also has a Compliance and Enforcement Section and an Air Quality Evaluation Section. The director of the Field Operations section is also located in Lansing and oversees the districts. MDEQ consists of eight districts. The districts are responsible for operating permits and performing inspections.</p> <p>Currently Wayne County is acting as MDEQ's agent in issuing permits. Wayne County consists of the Permits to Install Section, the Technical Services and Support Section, the Compliance and Enforcement Section, and the Public Outreach Section. The Permits to Install Section works on NSR permits. The Compliance and Enforcement section is broken down into Field Operations and Operating Permits.</p>
TITLE V	

1. Efficiency of Permit Issuance	
What are the steps in permit issuance?	MDEQ receives the permit application and the district supervisor assigns it to a field staff person. If the application is submitted electronically, it will be on MDEQ's Toolkit program; otherwise someone will have to put it on toolkit. A draft permit is generated electronically. A technical review is done to check if all applicable requirements are correctly placed in the permit. The reviewer pulls NSR permits for each unit to double check applicability. The drafting process also includes a site visit. The permit is then sent for internal review. All permits are reviewed by the district permits supervisor and the Field Operations Manager in the central office.
How are permits prioritized?	MDEQ addressed the CAA's requirement to issue all permits within 3 years of program approval in the state regulations. MDEQ requested 4 years and their regulations set forth requirements for certain source categories to be issued by specific dates.
What is available for standard language?	MDEQ has created a shell document consisting of general conditions, optional conditions, tables for specific emission units and grouped emission units, and appendices for certain detailed information such as monitoring and recordkeeping. The staff report also has a template with general language. Templates also exist for public notices, cover letters, etc.
What resources are being used to issue permits?	About 70 people in the district offices are working on writing operating permits (in addition to other duties including inspections). Wayne County has 3 people to work on the operating permits in Wayne County's jurisdiction. There is an electronic permit tracking program and model permits on the LAN. Also some districts have additional tracking systems.
Does the permitting authority have a strategy to issue the permits? Are they following it?	MDEQ has developed internal goals for permit issuance. However, competing resources and other factors have impeded permit issuance rates.
2. Processing of Title V modifications	

<p>General</p>	<p>MDEQ is in the process of developing permit revision procedures for all revision tracks. Only a few administrative amendments have been necessary to date. Toolkit has limited ability to track permit revisions, and MDEQ is working to address this. Some districts, such as Livonia, have additional tracking systems.</p>
<p>How are administrative amendments processed?</p>	<p>MDEQ has drafted straightforward procedures for administrative amendments, pursuant to their rule requirements. MDEQ is also working on administrative amendment procedures for their "enhanced NSR" process.</p>
<p>Is the permitting authority taking steps to minimize the reopenings? What are the steps?</p>	<p>MDEQ is continuously striving toward clear, complete and concise permits that contain all applicable requirements as to reach the goal of quality permit issuance. This involves anticipation of difficulties and quality control of existing permits.</p>
<p>How are the modifications tracked?</p>	<p>Toolkit has limited capabilities. Working on expanding toolkit.</p>
<p>How are permits designed to incorporate modifications?</p>	<p>Standardized process under development.</p>
<p>3. Inclusion of all applicable requirements in permits</p>	
<p>What process is used to check the applicable requirements?</p>	<p>First, the permit writer will identify all the applicable requirements in the permit application. Each district has complete files on each source, including all NSR permits, inspection reports, enforcement documents, citizen complaints, etc. The permit writer will then check the file to make sure nothing has been left out of the permit application. Also, since the districts write the permits and inspect the sources, the permit writers are more familiar with the sources. The permit writer also visits the facility within 30 days of receiving the permit application to do a quick inspection, and if necessary, the permit writer inspects the facility in more detail farther along in the permit process. MDEQ also maintains a computerized list of emission units and applicable requirements that is used for reference.</p>

<p>What process is used to incorporate State Implementation Plans (SIPs)? Source specific SIPs? NSR requirements?</p>	<p>See above. Some MI regulations are split up by pollutant which help identify applicable SIP requirements. Previously issued NSR permits are filed together for reference to facilitate the incorporation of the requirements into the title V permit.</p>
<p>What flexibility options are given to sources wanting to change limits from NSR?</p>	<p>Currently, title V and NSR are processed separately so any change to an NSR condition must go through NSR. MDEQ wishes to make small NSR changes through operating permits, but MDEQ must meet the legal requirements of title V and NSR. Region 5 is eager to work with MDEQ to help expedite the process and explore ways of consolidating the two programs in order to fit MDEQ's needs. In addition, MDEQ has "enhanced NSR" rule provisions that will help expedite the permit issuance process. MDEQ is currently developing enhanced NSR procedures.</p>
<p>How are sources which never received NSR permits handled?</p>	<p>Sources which have never received NSR permits are required to go through the NSR process. The source can either hold up the title V permit until the NSR process is complete, or receive a title V permit with a compliance schedule outlining the NSR procedural requirements. In most cases the title V permit is held up because sources do not want their operating permits to contain compliance schedules.</p>
<p>How are permits designed to ensure that applicable requirements are addressed?</p>	<p>All standard conditions are part of the permit template. The template includes prompts for adding or expanding certain applicable requirements, such as acid rain. The permit format also includes unit-specific tables which provide places for associated monitoring, recordkeeping, and reporting. The permit format also accommodates source-wide applicable requirements, such as facility potential to emit limits, and emission unit flexible groupings, where numerous, similar units are subject to the same applicable requirements.</p>

<p>What information is provided in a statement of basis? Is it complete?</p>	<p>The staff report is separated into different sections: Facility information, Purpose of the permit (standard language), general processing information, source description, total facility emissions, regulatory analysis, equivalent requirements, non-applicable requirements, processes in application not identified in draft permit, terms/conditions not agreed to by the applicant, facility compliance status, and preliminary findings. The regulatory analysis is the most descriptive section which discusses which rules apply, which rules don't apply, and why. The equivalent requirements section discusses any streamlining scenarios. The non-applicable requirements explains the reasoning behind the permit shield for any specific requirements. USEPA has suggested that the staff report should contain additional information, especially regarding applicability determinations and periodic monitoring. This information would help USEPA to review the permits and help to reduce the number of USEPA comments.</p>
<p>What criteria are used in placement for conditions in the Federal/State side of permits?</p>	<p>All SIP approved requirements and permit conditions are marked as Federally enforceable in the permit except for permit conditions based on MDEQ's toxic rule (Rule 230) which isn't SIP approved. In addition, MDEQ recently removed its nuisance provisions from the SIP.</p>
<p>4. Process of integrating NSR</p>	
<p>What modifications are eligible for an integrated NSR permit?</p>	<p>MDEQ has not yet developed this process. USEPA would like to work with MDEQ to address the NSR/title V interface issues and appropriately streamline the issuance process.</p>
<p>How are the integrated NSR permits processed? Public noticed? Filed?</p>	<p>see above</p>
<p>When is the NSR portion issued with respect to the title v portion?</p>	<p>Generally, a source goes through the NSR process first, and the title V revision application is due 12 months after the source commences operation. Interface issues regarding minor modifications and enhanced NSR are under development.</p>

<p>How are existing NSR limits incorporated into the title v permits?</p>	<p>The permit writer consults the facility's file to ensure that all NSR provisions are addressed. A source can identify obsolete NSR conditions in its title V application, and the permit writer determines if the request is valid.</p>
<p>5. Internal review procedures</p>	
<p>Describe the internal review process?</p>	<p>In the district, after the draft permit is ready, the permit "Working Draft", draft staff report, technical review notes, permit files and plant files are reviewed by the permit supervisor. Then the district supervisor reviews the same information except for the plant files. After the district supervisor's comments have been incorporated, the field operations manager in the central office reviews the permit "Working Draft" and draft staff report.</p> <p>In Wayne County, the operating permit supervisor reviews the permit "Working Draft" and staff report. Then it goes to the field operations manager in the central office for review. Every permit is reviewed by the central office supervisor, which aids in maintaining consistency throughout the districts and Wayne County.</p>
<p>How is information shared within the Agency?</p>	<p>MDEQ used to have implementation team meetings to share information among the districts and central office. This group has recently been disbanded. The title V issues will now be addressed through the monthly district supervisory meetings. Other information is shared on a common computer server, such as MDEQ district contact teams for various source categories, emission unit lists, memos on implementing and issuing permits, etc. MDEQ has also developed a comprehensive "desk manual" for all staff that includes issuance procedures and policies.</p> <p>The Livonia district also has technical review meetings to discuss current issues and updates on permit review.</p>

<p>How are new USEPA policies incorporated into permits?</p>	<p>MDEQ may issue state guidance incorporating USEPA policies. In some instances, if state guidance already exists, MDEQ may update or ensure USEPA policy has been incorporated properly. MDEQ also has assigned "experts" in specific technical areas. These experts keep track of recent policy decisions in their area and inform permit staff as needed. Broad program policy issues are presented to the statewide implementation team (now the supervisor team), and the supervisors inform their respective staff.</p>
<p>6. Training</p>	
<p>How are new permit staff trained?</p>	<p>New staff is trained primarily by the central office's environmental assistance division, and by district training. Within the first six months, new staff must attend "Rules School". Also, new staff is trained on how to inspect a source, "Tuesday school" which familiarizes staff with the department, and technical training. Most districts also have access to USEPA teleconferences, and also attend APTI classes directly.</p> <p>Training for new Wayne County staff is more hands on experience. Also APTI courses and meetings with MDEQ train new staff.</p>
<p>How is policy distributed?</p>	<p>MDEQ distributes Federal policy at monthly implementation meetings which include supervisors from each district. Then these supervisors share the information within their districts. These meetings no longer exist and have been replaced with a District manager meeting. MDEQ plans to continue disseminating the policy through these meetings. MDEQ also has set up a shared computer drive with a lot of technical information, including policy memos. The "desk manual" reference is updated on the server, and hard copy updates are also distributed to all staff.</p> <p>Wayne County staff receive hard copies of some new policies, but the operating permit supervisor is generally responsible for keeping track of them and informing staff. Wayne County also has access to MDEQ's computer drive.</p>
<p>How are the USEPA/staff concerns disseminated/handled?</p>	<p>The implementation team was the primary method, to be replaced with the supervisory meetings.</p>

<p>What computers/resources are available to permit staff?</p>	<p>Each permit writer has a computer connected to the LAN system. Toolkit tracks the permitting milestones of each facility. These milestones include a listing of the permits issued to the source and where a permit is in the process of being issued through the end of the public comment period. The Livonia district had one computer that is hooked up to the Internet. The Wayne County office has Internet access for staff.</p>
<p>7. Electronic permitting</p>	
<p>What is the process for storing documents electronically?</p>	<p>The applications are eventually all on toolkit. Within toolkit, the permit writer/inspector can add requirements and notes to the file. Most permit documents are available electronically, but the official file is hard copy.</p>
<p>How is the information available to others in the office? Public?</p>	<p>Others in MDEQ have access to toolkit and can look at other applications and status. The permits and staff reports are saved on the computer drive by the district. Model permits and conditions are also kept on the server. For the public, the MDEQ website has a query page for permits. A person can query by name of source or by source registration number to find out the status of the permit and which MDEQ staff is assigned to the permit. Also, once the public comment period begins, the draft permit, staff report, and public notice document are on the Internet. Likewise, the proposed permit and staff report addendum are available on the Internet once the 45 day EPA review period begins. After the permit is issued, the final permit is kept on the Internet. Region 5 also provides Internet access to updated information supplied weekly by MDEQ, including tracking information, permits, staff reports, addendums, and public notice documents.</p>
<p>How is the permit process tracked?</p>	<p>Toolkit tracks the permit status for MDEQ. Some districts may also have their own tracking system. For example, the Livonia District tracks permit status, permit certification status report, permit modification status, opt out permits (synthetic minors), and 208a registered sources (prohibitory rule).</p>

<p>What are the limitations of the permitting system? Tracking system?</p>	<p>Toolkit must be updated to be able to track modifications and renewals. Also, MDEQ plans to add certain abilities which Toolkit can't do currently such as broader searching capabilities.</p>
<p>8. Public Participation</p>	
<p>How are public comments handled? Maintained?</p>	<p>All public comments received are kept in the file. The permit writer develops an addendum summarizing the significant public comments and discussing any changes to the permit. Also, staff can respond to those who commented by phone or letter depending on the significance of the comment.</p>
<p>What are the time frames involved in responding to comments?</p>	<p>No time frame is specified for creating the addendum. After this is done and the draft permit incorporates those changes, the permit is sent to the company for 7 to 15 days to review and provide comments. This may be extended but may not exceed 30 days.</p>
<p>How are permits public noticed? Hearings?</p>	<p>Permits are public noticed in the MDEQ biweekly calendar, and the information is available on the Internet. If the permit is expected to be controversial, a notice is also published in a local newspaper. The notices contain information on how to request a public hearing and if one is requested, where and when it will be held.</p>
<p>How does the public obtain information about the permit? Source?</p>	<p>The staff report and Draft ROP are on the Internet and accessible at all times through MDEQ's homepage or through Region 5's homepage. Or a written request can be sent to the district for more information. Mailings of notices are also sent to those on the interested parties list.</p>
<p>How and when is USEPA notified of permit issuance? Public concern?</p>	<p>Region 5 is informed of permit issuance through the electronic permitting system database which is updated by MDEQ every week. This database also updates Region 5's homepage. MDEQ also notifies USEPA of specific permit actions by e-mail notifications. Public comments would be noted in the staff report. MDEQ has agreed to inform USEPA of any controversial permits.</p>
<p>Are cultural or language barriers considered in the notices?</p>	<p>None are considered to date for operating permits, but this has been addressed in NSR on a permit specific basis.</p>
<p>9. FESOPs, Prohibitory Rules</p>	

<p>What is the process for applying for a synthetic minor permit?</p>	<p>MDEQ does not have a FESOP program. The only sources to receive operating permits are title V sources. Otherwise, all permit limits and changes are handled through the NSR program. To limit PTE below title V thresholds, a source can apply for a title V opt out permit under MDEQ's NSR program. Therefore, the title V opt out permit is processed in the same manner as the NSR permits.</p> <p>MDEQ also has prohibitory rules for sources that limit their potential to emit below 50% of the applicable threshold. This is a registration process.</p>
<p>How does the issuance of synthetic minor permits affect title v permit issuance?</p>	<p>During the initial stages of the operating permit program, the districts were issuing title V opt out permits. Since the districts had never written permits before, the process was slow and diverted resources away from title V permits. Currently, the districts are only issuing title V permits. The title V opt out NSR permits have now been shifted to Lansing for issuance.</p> <p>In addition, title V district resources were diverted for reviewing the initial registration requests pursuant to the state prohibitory rule.</p>
<p>Are both title v and FESOPs issued to sources?</p>	<p>MDEQ has an operating permit program only for title V sources. If a source is not subject to title V, then the source is allowed to operate in accordance with all NSR permits and other SIP and state requirements.</p>

Attachment B: Operating Permit Fees

FEES	
1. Title V Revenue	
What are the fee rates specified?	Currently the emissions charge is \$34 per ton of actual emissions of Nox, PM-10, SO ₂ , VOC, Ozone, Lead, pollutants regulated under NSPS and MACT. A facility charge is added based on the source category (the smallest category does not pay an emissions fee). The fee structure is attached.
Does the Permitting Authority (PA) anticipate changes to its fee structure?	The legislature did pass an increase in fees recently. The attached discussed the fee structure. The fee structure is up for review again by the State legislature in 2001.
Are appropriate emission records used for \$/ton based fees? How are actual emissions determined?	Sources submit emission inventory reports which state their annual actual emissions by March 15. Fees are assessed using a dollar per ton of emissions charge plus a flat fee based on the facility category. The smallest category does not pay an emissions fee. Emissions are determined by source's monitoring, engineering calculations, emission factors, etc., as reported to the State's emissions inventory.
Are records kept (and used) for any hourly based fees?	No hourly fees.
How is the PA notifying sources of the fees owed and due dates for payments?	Sources submit their emissions data by March 15 of the following year. The state then sends fee billing invoices to the sources, and the sources have the opportunity to provide additional data to justify any discrepancies. In January, two years after the emissions occurred, bills are mailed to the sources. Payment is due within 90 days.
Discuss recording of incoming payments.	The Lansing office accepts and processes all checks for Title V fees.
Are the sources paying the total fees charged each year?	Yes. A few sources have discrepancies with the bill and work with MDEQ during the fee reconciliation period.
Are they paying on time?	Yes. Few sources have to be referred to the state attorney general. The reasons for non payment are usually bankruptcy or shutdown.

<p>If there's a collection problem, how does the PA address it?</p>	<p>Fees not paid by May are notified of a 5% late payment fee. A 5% charge is added each month payment is not received. If the late payment fee reaches 25% the unpaid invoices are referred to the MI Department of Treasury.</p>
<p>Are late fees being assessed? Are they credited to title V accounts?</p>	<p>See above</p>
<p>2. Title V Expenditures</p>	
<p>What matrix is the PA using to differentiate title V activities from non-title V?</p>	<p>There is a set list of activities which are attributed to title V and non-title V based on USEPA guidance. This distinction is also addressed in MDEQ's section 105 grant.</p>
<p>How are time sheets used?</p>	<p>Each employee must complete a biweekly time sheet. The time is accounted based on the percentage of the employee's title V and non-title V activities for that pay period.</p>
<p>How does the allocation system for title V and non-title V travel and equipment costs function?</p>	<p>All travel and equipment is charged to the appropriate account from the given list of projects.</p>
<p>How are indirect costs apportioned?</p>	<p>MDEQ did a study and found that the percentage of indirect costs attributed to title V equals the percentage of title V direct labor charges relative to the total labor charge for the air program. For example, if title V labor charges comprise 60% of the total air program labor charges, then 60% of the indirect costs are attributed to title V.</p>
<p>3. Accounting system</p>	
<p>Describe the accounting structure.</p>	<p>Incoming fees are credited to a separate title V account. Title V activities are tracked and paid for separately from that account. Non-title V activities and funding are grouped and tracked separately. A third account includes fees from dry cleaners, and the fees are used solely for activities pertaining to that industry.</p> <p>Title V fees from Wayne County are also tracked separately, and payments are authorized for Wayne County based on the county's verification of title V activities performed. Any surplus Wayne County fees are held in the event of a future shortfall of county fees.</p>

<p>Does the accounting system have separate categorization for title V and non-title V funding and expenses?</p>	<p>Funding is differentiated, with separate categories for title V and non-title V. Wayne County title V fees and dry cleaner fees also have separate accounts.</p> <p>Expenses are funded from the accounts based on the activity. Individual time sheets track title V and non-title V activities. Enforcement cases have a project number associated with them. If the case is for a title V facility, funds used in the development of the case can be followed using the project number. Indirect costs attributed to title V equals the percentage of title V direct labor charges relative to the total labor charge for the air program. Section 105 grant money is placed in the non-title V fund, and the grant commitments do not include title V activities.</p>
--	--

Attachment C: Construction Permitting

NSR	
1. Organization	
Coordination between Wayne County Department of Environment (WCDOE) and Michigan Department of Environmental Quality (MDEQ).	All NSR permit applications for sources located in the State of Michigan are reviewed in the central MDEQ offices in Lansing. If the source is located in Wayne County, staff in the central MDEQ offices in Lansing as well as staff in Wayne County are assigned to coordinate review of the permit application. All NSR permit applications are issued by MDEQ from the central offices in Lansing.
Wayne County Organization	All NSR permit applications for sources in Wayne County are reviewed in the Permits to Install Section of the WCDOE Air Quality Management Division (AQMD). Permits to Install applications are reviewed by one of eight engineers in the WCDOE AQMD Permit to Install Section (two positions are vacant-see attached). Applications are assigned based on expertise and current workload.
MDEQ Organization	All NSR permit applications for sources in the State of Michigan are reviewed by an engineer in one of three Units in the Permit to Install Section. The three Units are: 1) the Chemical Process Unit, 2) Thermal Process Unit, and 3) the General Manufacturing Unit. Each Unit has approximately eight engineers. (See attached). Applications are assigned based on expertise and current workload.
2. Internal Review Procedures	
WCDOE	Applications are assigned based on expertise, experience and current workload. All permits are reviewed by the inspector, Permits to Install section manager, and the MDEQ.
MDEQ - Pre-application	The pre-application meetings with the source applicant consist of a discussions of the permitting process, project overview, applicable requirements, review of modeling requirements, and identification of any site-specific concerns.

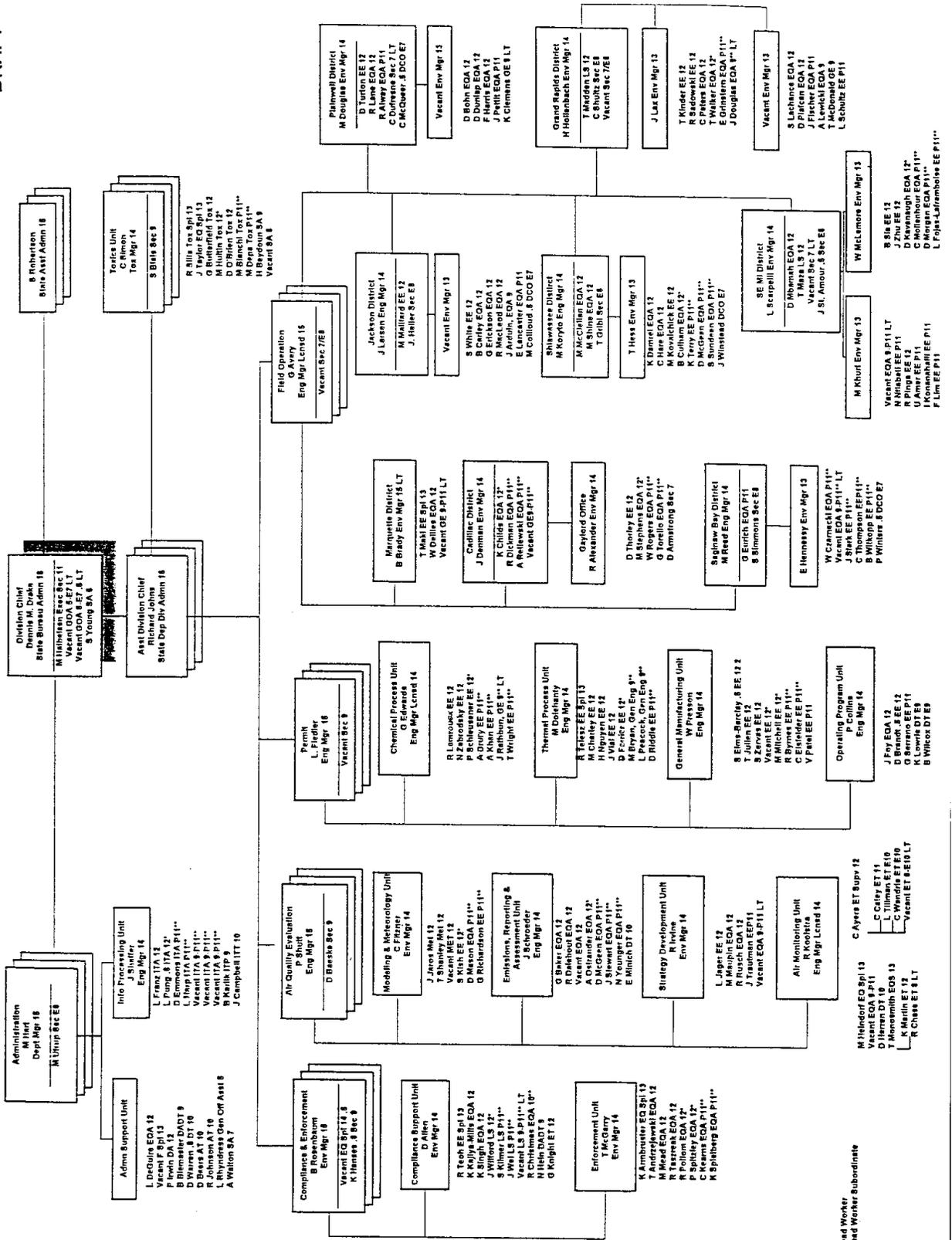
MDEQ - Application Screening and Assignment.	Within 10 days of receipt of the application, it is logged in to the computer system, and reviewed for administrative completeness. Applications are assigned based on expertise, experience and current workload. A copy application is sent to the district office where the source is located.
MDEQ - Technical Review	The permit application is then reviewed for technical completeness. By State Law, MDEQ is required to issue the permit within 60 or 120 days of the date of a technically complete application (60 days for sources not requiring public comment, 120 days for sources requiring public comment). The date of technical completeness can be anywhere between the time the permit application is received, up to the time the permit is issued. The technical review includes calculation of amounts and types of emissions, applicable requirements review, technology review (BACT, T-BACT), and ambient impact analysis (modeling).
3. Public Participation	
MDEQ - Public Participation	Public notice and comment requirements exist only for sources that are major sources, or major modifications, where there is a known public controversy, or where the source takes PTE limits that are within 90 percent of the major source major modification threshold. If public notice and comment is required, a staff report is developed, a 30 day minimum notice is given for comment and notice of public hearing. Notification is given through newspapers, MDEQ website, and direct mailing (MDEQ newsletter).
4. Electronic Permitting	
Electronic permitting tools	Permit application information is recorded and stored in MDEQ's Evaluation Form database. The Evaluation Form database is a searchable database that contains a comprehensive log of all essential permit application information. The MDEQ also maintains an electronic library of standard permit terms and conditions (and sets of permit terms and conditions) that the permit engineer can utilize to generate the appropriate terms and conditions for any particular permit.

5. Permit Efficiency	
Active permit applications, permits issued, time required for permit issuance	At any given time in 1998, the MDEQ had between approximately 270 to 400 active permit applications. In 1998 MDEQ issued approximately 600 permits to install. Of these permits more than 90 percent were issued within 60/120 days of the date the application was determined technically complete (60 days for permits not requiring public comment, 120 days for permits requiring public comment).

Attachment D: MDEQ Organizational Chart

DRAFT

AIR QUALITY DIVISION
March 7, 1998





MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY
Description of Annual Air Quality Fee Calculations

The owner or operator of each fee-subject facility shall pay air quality fees as required by Article II, Chapter I, Part 55 (Air Pollution Control) of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (Act 451). Fee-subject facilities include all sources as defined in Section 5501 of Act 451. The general equation for the fee calculation is:

$$\text{Annual Air Quality Fee} = \text{Facility Charge} + \text{Emission Charge}$$

Facility Charge

The facility charge is an annual flat fee based on the facility category. Facility categories are described as follows:

Category I Facility

This is a major source as defined under Section 302 of the Federal Clean Air Act (CAA). A source that has the potential to emit 100 tons per year of any regulated air pollutant, including NO_x, PM-10, SO₂, VOCs, CO, Pb and hazardous air pollutants (HAPs), is a Category I facility. The annual air quality fee for a Category I facility is \$3,375 plus the emission charge.

Category II Facility

This is a major source as defined under Section 112 of the CAA. A Category II facility has the potential to emit 10 tons per year of any single hazardous air pollutant (HAP), or 25 tons per year of any combination of HAPs. The annual air quality fee for a Category II facility is \$1,350 plus the emission charge.

A Category II facility is also any facility subject to the requirements of Section 111 of the CAA, even if it is not a major source. These are facilities that are subject to the Federal New Source Performance Standards (NSPS).

A CATEGORY II FACILITY THAT ALSO MEETS THE DEFINITION OF A CATEGORY I FACILITY IS A CATEGORY I FACILITY.

Category III Facility

This is a fee-subject facility, as defined under Section 5501 of Act 451, that is not a Category I or Category II facility. The annual air quality fee for a Category III facility is \$200. There is no emissions charge for Category III facilities. Currently, degreasing and chrome plating operations, that are not classified as Category I or Category II, and dry cleaning operations are classified as Category III facilities.

Emissions Charge

The emissions charge is \$34 per ton of billable emissions. The emissions tonnage is calculated for the calendar year 2 years preceding the year of the billing. The 1999 invoice is based on actual emissions for the 1997 calendar year.

Billable emissions are actual emissions of fee-subject air pollutants with the following limitations:

A facility will not be charged for total actual emissions of fee-subject air pollutants above 4000 tons. At \$34 per ton that means that the maximum emissions charge is \$136,000.

When the total actual emissions of fee-subject air pollutants are less than 4000 tons, there is a maximum of 1,000 tons per pollutant for which a facility will be charged.

Fee-subject air pollutants are NOx, PM-10, SO2, VOCs, ozone, lead (Pb), and any pollutant regulated under section 111 (Standards of Performance for New Stationary Sources) or 112 (Hazardous Air Pollutants) of part A of Title I of the Clean Air Act, or Title III (Hazardous Air Pollutants) of the Clean Air Act. Carbon monoxide is not a fee-subject air pollutant.

For municipal electric generating facilities subject to Category I which emit less than 18,000 tons, but more than 450 tons of fee-subject air pollutants, the annual air quality fee is \$18,675.

