EPA

United States Environmental Protection Agency
Washington, DC 20460

Work Assignment

Work Assignment Number: 1-04

[ ] Other [X] Amendment Number: 000001

Contract Number: EP-D-14-031

Contract Period: 10/01/2014 To 09/30/2016
Base Option Period Number 1

Title of Work Assignment/SF Site Name: TITLE V OPERATING PERMITS PROG

Contractor: INDUSTRIAL ECONOMICS, INCORPORATED

Specify Section and paragraph of Contract SOW

Purpose:
- [ ] Work Assignment
- [X] Work Assignment Amendment
- [ ] Work Plan Approval
- [ ] Work Assignment Close-Out
- [ ] Incremental Funding

Period of Performance: From 10/01/2015 To 09/30/2016

Comments:
THE PURPOSE OF THIS ACTION IS TO REVISE THE WA FORM TO CORRECT THE CONTRACT PERIOD TO REFLECT OPTION PERIOD I. ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED. THIS WORK DOES NOT DUPLICATE ANY WORK PREVIOUSLY PERFORMED UNDER MY AUTHORITIY.

[ ] Superfund — Accounting and Appropriations Data — [X] Non-Superfund

SFO (Max 2) [ ]

Note: To report additional accounting and appropriations date use EPA Form 1900-69A.

Line	DCN (Max 6)	Budget/FY (Max 4)	Appropriation Code (Max 6)	Budget Org/Code (Max 7)	Program Element (Max 9)	Object Class (Max 4)	Amount (Dollars)	(Cents)	Site/Project (Max 8)	Cost Org/Code (Max 7)
1										
2										
3										
4										
5										

Authorized Work Assignment Ceiling

Contract Period: 10/01/2014 To 09/30/2016 Cost/Fee: LOE:

This Action:

Total:

Work Plan / Cost Estimate Approvals

Contractor WP Dated: Cost/Fee: LOE:

Cumulative Approved: Cost/Fee: LOE:

Work Assignment Manager Name Joanna Gmyr
(Signature) (Date)
Branch/Mail Code:
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DN: c=US, o=U.S. Government, ou=USEPA, ou=Staff, cn=OTELIA NEWSOME, dnQualifier=0000009295
Date: 2015.10.08 17:48:08 -04'00'
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STATEMENT OF WORK

Title: Title V Operating Permits Program Oversight Guidance Development

Contractor: Industrial Economics, Inc.

Contract Number: EP-D-14-031

Work Assignment (WA): 1-04

Period of Performance: 10/01/2015 – 09/30/2016;
Continuation of work under WA-04 that started in the previous performance period (07/22/2015-09/30/2015).

WA Contracting Officer's Representative (WACOR): Joanna Gmyr
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I. Background

In 1990, Congress established the operating permit program under title V of the Clean Air Act (CAA) Amendments. The operating permit program streamlines the way federal, state, tribal, and local authorities regulate air pollution by consolidating all of a source's air pollution control requirements into a single, comprehensive "operating permit." The program is designed to make it easier for sources to understand and comply with control requirements, and to improve air quality. Consistent with the CAA, many states, tribes, and local areas have approved title V operating permits programs where states, tribes, and local areas have their own approved rules that they use to implement the operating permits program for major stationary sources within their jurisdictions. A key aspect of title V is that state, tribal, and local programs are required to collect permit fees to cover the reasonable costs of the permit program. In its oversight capacity, the EPA conducts program evaluations of state, tribal, and local title V operating permit programs, including the assessments of fees to confirm that the program is in compliance with the CAA. In the project described below, the EPA is updating its oversight program to ensure a nationally consistent and comprehensive approach to title V program oversight, including title V fee evaluations.

The projects described in the following pages shall be covered under this work assignment (WA).

II. Deliverables

TASK 1. Work Plan

The contractor shall prepare a work plan in accordance with the terms and conditions of the contract. The contractor's workplan should ensure that all deliverables in the statement of work (SOW) are completed and approved no later than November 6, 2016.

TASK 2. Draft Documents and Assist with Revisions to those Documents (Tasks 1, 2, and 3).

The contractor, upon receiving policy and technical direction from the WACOR, shall gather additional supporting data and perform the analyses necessary to address technical and policy issues and comments raised in connection with the guidance documents below.

The contractor shall prepare up to 40 preliminary and final draft documents for the WACOR's review. The contractor shall assume that a report or briefing for EPA management will occur every two weeks during the duration of this WA. The WACOR will identify and describe the analysis/issues to be provided and will include a proposed schedule in each written technical direction. Among the preliminary and draft documents that we expect the contractor to prepare for the WACOR are the following:

(1) Title V Program Evaluation Strategy and Guidance

Title V Program Evaluation Strategy and Guidance Memorandum – This memorandum will provide a national strategy for title V program oversight by the EPA of state, tribal, and local title V permit programs.

This memorandum will cover, at a minimum, the following topics:

- Scope and timing of regional evaluations of state and local title V permit programs.
- Key principles from the Health and Integrity Workgroup, including comments from ECOS and NACAA, as well as relevant material from the Office of Inspector General's (OIG) title V Fee Report. The report can be accessed at http://www.epa.gov/oig/reports/2014/20141020-15-P-0006.pdf.
- Next steps for the EPA regional offices following program reviews, including development of the evaluation report; next steps in communications with the permitting authority that was reviewed; and public posting of the report on an EPA website established for that purpose. The EPA will provide the contractor with information on the next steps and the timing of the steps.
- Next steps associated with formal or informal action if deficiencies are identified in the report. The EPA will provide the contractor with information on the actions to take if deficiencies are identified.
- Overview of how to locate EPA policies and guidance on issues identified in the Program evaluation questionnaire. The information will be used by the EPA regions as background information and to assist them in interpreting a state's response to the Program evaluation questionnaire. The EPA will

provide the contractor with information on the EPA databases and websites where guidance can be located on issues that may be raised in a program evaluation.

Program Evaluation Questionnaire – The questionnaire will include specific questions that regional EPA offices would use in seeking information from state, tribal, and local permitting authorities to evaluate title V permit content or program implementation. The questions included will be based on information contained in the Title V Program Evaluation Strategy and Guidance Memorandum and will incorporate key principles from the Health and Integrity Workgroup material. The EPA will provide the contractor with questionnaires used by the EPA for various programs reviews in the past. If any areas listed below have not been addressed in the past, the EPA will provide the contractor with specific questions to be included in the checklist to address those issues. The EPA may also ask the contractor to research several of these issues and provide draft questions, if needed. The guidance will address, at a minimum, the following areas:

i. Potential to emit limitations
ii. Greenhouse gas (GHG) permitting requirements
iii. Permit issuance procedures and timeliness
iv. Permit record and statement of basis (SOB)
v. Periodic monitoring and monitoring sufficient to assure compliance
vi. Delegation of federal emission standards
vii. Inclusion of Prevention of Significant Deterioration (PSD) requirements into permits
viii. Compliance and Deviation Reporting
ix. Timeliness and effectiveness of permit renewals
x. Permit modifications procedures and timeliness
xi. Response to specific issues raised in EPA Orders
xii. Fee sufficiency and administrations, with the scope and format to be determined later as described below.

Program Evaluation Checklist – The checklist will be a document that an EPA regional office will use to plan for a particular program evaluation they schedule to perform, whether for one state or for multiple states, in the region. The checklist will include information from the Program Evaluation Strategy and Guidance Memorandum concerning steps and deadlines from project initiation to posting of the final evaluation report and a list of specific questions from the Program Evaluation Questionnaire that the EPA regions will use in the program evaluation that they plan to undertake. One key element of a program evaluation will be ensuring that the state, tribal, and local permitting authority is collecting sufficient fees to cover the title V permit program. The program evaluation documents may include elements to address fee evaluations, which will be responsive to the OIG Title V Fee Report, as described below, or the fee evaluations may be addressed in a separate document. The exact format of the documents is to be based on input from an EPA workgroup organized to consult on these program and fee evaluations. If addressed separately, the above-described documents shall briefly discuss fees and refer to the documents below for more details.

(2) Fee Oversight Strategy and Guidance

Fee Oversight Strategy and Guidance Memorandum – This memorandum will provide a national strategy for EPA regions for conducting fee oversight activities, which may be part of a program evaluation or separate from a program evaluation. One purpose of this memorandum is to identify the scope of a fee evaluation, steps in the process, and deadlines for each step. Another purpose is to assist regional staff, who do not have specific financial training, with understanding how fee programs may be structured and implemented consistent with the EPA and other guidance on governmental accounting practices as well as with the requirements of the permitting regulations and EPA fee guidance. The contractor will also be asked to include in this document any new or revised information developed in the context of the task to revise the 1993 fee schedule guidance as described below.

The EPA will provide the contractor with information on the scope, steps, and timing of fee oversight activities. The EPA will provide the contractor with information on the statutory and regulatory requirements for fee programs, guidance on accounting principles, and information on the structure and implementation of fee programs. The EPA will also provide the contractor with information from an EPA workgroup described below.

This guidance will address, at a minimum, the following areas:

- Scope and timing of the fee evaluation.
- Incorporate key principles from the Health and Integrity Workgroup.
- Include next steps when regions identify areas of concern or find a fee related deficiency that warrants formal or informal action.
- Next steps, following fee assessments, for EPA regions, including development of the assessment report; next steps in communications with the permitting authority that was reviewed, and public posting of the report on an EPA website established for that purpose.
- Overview of key EPA policies and guidance on each specific issue identified in the Fee Evaluation Questionnaire as listed below. The overview shall include relevant material from the Office of Inspector General's (OIG) title V Fee Report, where appropriate. The fee policy overview will be used by the EPA regions as background information and to assist them in interpreting a state's response to the Fee Evaluation Questionnaire.
- The memorandum will include information from an EPA workgroup on financial and accounting expertise within regional offices and provide best practices on leveraging the use of those resources if available.

Fee Oversight Questionnaire - The questionnaire will include specific questions that regional EPA offices would use in seeking information from state, tribal, and local permitting authorities to evaluate title V fee programs and their implementation. The questions included will be based on information contained in the Fee Oversight and Guidance Memorandum and will incorporate key principles from the Health and Integrity Workgroup material, if appropriate. The EPA will provide the contractor with questionnaires used by the EPA for various fee reviews in the past. If any areas listed below have not been addressed in the past, the EPA will provide the contractor with specific questions to be included in the checklist to address those areas. The EPA may

ask the contractor to research several of these issues and provide draft questions, if needed. Areas for discussion on the questionnaire will include, at a minimum, the following:

- Fee structure and history of fee changes.
- Fee collection practices (billing practices and fee tracking).
- Accounting practices (accounting systems, tracking of FTE and expenses, segregation of title V/non-title V revenues and expenditures).
- Financial management practices (management reports and periodic reviews).
- State procedures for modifying fees (legislature authority/governor signature).
- Are indirect administrative costs (prorated rents, heating, and travel) and overhead (prorated administrative and managerial support) included in title V costs, along with all direct costs (including full time equivalent or FTE)?
- Does the program include related air program activities (implementation and enforcement of preconstruction permits, emissions monitoring, modeling, and emission inventories) in costs, as specified in CAA 502(b)(3)(A)(ii), (iii), (v) and (vi)?
- Is all title V revenue coming solely from title V sources?
- Is any title V revenue being used for any non-title V purposes?
- Appropriate use of surplus funds and loaned monies.

Fee Oversight Checklist - The checklist will be a document that an EPA regional office will use to plan for a particular fee evaluation they schedule to perform, whether for one state or for multiple states, in the region. The checklist will include information from the Fee Oversight Strategy and Guidance Memorandum concerning steps and deadlines for a particular oversight activity and a list of specific questions from the Fee Oversight Questionnaire that the EPA region will use in the particular oversight activity.
One key element of a program evaluation will be ensuring that the state, tribal, and local permitting authority is collecting adequate fees to cover the title V permit program. These documents will be responsive to the OIG title V Fee Report, and the contractor may be directed by an EPA workgroup to include this information as part of the program evaluation tasks described above, rather than as separate documents.

(3) Revision of 1993 Fee Schedule Guidance

In response to the OIG's title V Fee Evaluation Report, the EPA committed to review, revise and reissue an August 4, 1993 document titled, "Reissuance of Guidance on Agency Review of State Fee Schedules for Operating Permits Programs Under Title V," (accessible at http://www.epa.gov/region7/air/title5/t5memos/fees.pdf). The contractor will update this document with an emphasis on portions not otherwise covered by the above-described work products that focus on EPA's oversight of state/local permit programs. The EPA will identify what needs to be updated in the existing guidance and will provide revisions to the contractor. The EPA may also ask the contractor to research several of these issues and draft proposed guidance.

TASK 3. Assist with Internal and External Stakeholder Meetings

The contractor may be asked to attend internal workgroup calls and briefings (mostly by telephone or videoconference). We anticipate it may be necessary to travel to Research Triangle Park, NC at least once, but no more than 5 times, to meet with staff at EPA regarding this assignment. Specific protocols for contractor participation at EPA meetings will be discussed prior to those meetings. At a minimum, the contractor must take thorough notes and, when requested, provide a post-meeting report to the WACOR within 3 business days following the meeting. The report shall include action items with names of the persons responsible for completion of each item, resolved issues, and unresolved issues. The WACOR will review the draft and provide written comments within 5 days, which the contractor shall incorporate into the final summary report within 5 working days after receipt of the WACOR's comments.

TASK 4. Develop Outreach/Training Materials

Upon written technical direction from the WACOR, the Contractor shall develop outreach or training materials, to be reviewed and approved by the WACOR, that incorporate information about the provisions of the work produced in task 1 as appropriate.

The Contractor shall provide the WACOR with a schedule for finalizing outreach/training deliverable documents as needed. The Contractor shall prepare up to 4 drafts after the WACOR's initial request and a final draft of the outreach/training document for the WACOR's review and comment. The WACOR will provide written comments to the Contractor on the revised drafts within 14 working days of receipt. The Contractor shall prepare the final materials to reflect comments received from the WACOR within 5 working days after the WACOR provides comments.

III. Reporting Requirements

Reports shall be in accordance with the reporting requirements of the contract as well as the following:

1. The contractor may be required to present, at the EPA's Campus in Research Triangle Park, NC, an informal briefing and review of all work performed under this WA.

2. The contractor shall provide computer files in Microsoft Office compatible formats for all written draft or final reports deliverable under this WA to the WACOR.

3. Each document shall follow a traditional outline format with established headings and subheadings. The documents must be consistent with Plain Writing Act of 2010 (http://www.plainlanguage.gov/index.cfm) and citations must be consistent with *The Bluebook: A Uniform System of Citation* (https://www.legalbluebook.com/).