

*Report to the Joint Legislative Oversight Committee on Agriculture and  
Natural and Economic Resources*

**Title V Air Permit Bonus Pilot Program**  
1st Annual Report



Submitted by the  
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Division of Air Quality  
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Pursuant to Session Law 2023-134, as Amended by Session Law 2024-1

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## **I. Background/Purpose**

This Division of Air Quality (DAQ) report was prepared to meet the requirements specified in Session Law 2023-134 (HB 259), related to the Title V Permit Bonus Pilot Program (“bonus program”). Specifically, Subsection 12.17(r) of the Session Law, requires the Department of Environmental Quality (DEQ) to report to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources on the awarding of bonuses under this Section for the previous year. This report shall include, at a minimum the following items:

- How many bonuses were paid and details regarding each bonus, including amount, associated permit type, and qualifying employee.
- The change in processing time for permit application decisions after the implementation of the bonus program.
- Quality control measures and any findings resulting therefrom in accordance with Subsection 12.17(p).
- A list of contested cases where the Office of Administrative Hearings rendered a final decision or order with findings of fact and conclusion of law, or a judgement on the pleadings or summary judgement in favor of a person aggrieved by the Department, and an estimate of the resulting costs to the State from the previous year.

The following sections of this report will discuss each of these minimum requirements. It should be noted that this first evaluation and comparison to baseline data will represent the period from bonus program implementation, January 1, 2024, through the end of the third payout quarter, September 30, 2024. The final report will include all relevant information for the final three quarters under the bonus program (October 1, 2024, through June 30, 2025).

## **II. Organization of the Bonus Program**

The bonus program is found in Section 12.17, Subsections (a) through (u), and is organized as follows:

- 12.17(a)\* Establishment of Pilot Program
- 12.17(b)\* Definitions
- 12.17(c) Fund
- 12.17(d)\* Permit Bonus Structure – Bonus Amounts/Application Schedules
- 12.17(e) Permit Bonus Structure – Applicable Time Periods
- 12.17(f) Pending Permits at Time of Implementation
- 12.17(g)\* Bonus Structure for First Six-Month Period
- 12.17(h)\* Bonus Structure for Second Six-Month Period
- 12.17(i) Bonus Structure for After First Year
- 12.17(j) Bonus Structure for 30-day Period Prior to Implementation
- 12.17(k) Payment Schedule
- 12.17(l) Calculation of Processing Days for Bonuses
- 12.17(m) Deduction Applicability
- 12.17(n) Payment of Bonuses for Pending Permits
- 12.17(o) Bonuses Not Compensation
- 12.17(p) Quality Control Measures
- 12.17(q) Exemption
- 12.17(r) Reporting Requirements
- 12.17(s)\* Rulemaking
- 12.17(t) State Fiscal Recovery Reserve
- 12.17(u) Effective Date

*\*Sections modified pursuant to Session Law 2024-1.*

### **III. Bonuses Paid**

The legislation limits who is eligible to receive bonuses to permit engineers, supervisors, meteorologists, and administrative staff. Each is part of the definition of “qualified employee.” This definition defines a qualified employee a full-time equivalent position or part-time position employed on or after the date this Section becomes law by the Department or Division that does any of the following for Title V air permits:

- processes and reviews Title V air permit applications,
- provides administrative support,
- supervises the processing and reviewing of Title V air permits, and
- reviews the air quality analysis provided with the Title V air permit application.

The DAQ’s Title V Permitting Section is led by a Section Chief who oversees the work of three branch supervisors and their direct reports: one Environmental Specialist II (who also has administrative duties), three Meteorologists, five Engineer I, 11 Engineer II, and four Engineer III positions. In total, when fully staffed the Section is comprised of 28 members. For the majority of the first three quarters under the bonus program, the Section has not been fully staffed. As of November 1, 2024, there are six vacancies among the engineering staff (three Engineer I, two Engineer II, and one Engineer III).

Pursuant to the legislation, bonus eligible applications are also limited to a subset of the total amount of applications received and processed by the Title V Permitting Section. Specifically, minor modifications, major modifications, new Title V air permits, and Prevention of Significant Deterioration/New Source Review or Nonattainment Area/New Source Review (PSD/NSR or NAA/NSR) applications are those that are bonus eligible. As North Carolina currently does not have any nonattainment areas, only PSD/NSR applications are applicable. It should be noted that the May 15, 2024, amendments to the legislation (S.L. 2024-1) clarified the definition of “major modification” to read “A significant modification, as that term is defined in 15A NCAC 02Q .0516.” Further, it stipulated that “If a qualifying employee is reviewing an air application that requires a construction and operation permit under 15A NCAC 02Q .0500, the qualifying employee shall only be eligible for a bonus for the processing and reviewing of the construction and operation permit...” This modification changed those eligible applications under the bonus program. The numbers represented in this report assume the modified legislation was in effect from the implementation date of January 1, 2024.

Final bonuses earned are determined by a combination of factors including type of application, complexity of the facility (i.e., number of federal programs applicable to a facility in the issued permit), and the number of processing days, excluding, where appropriate, days on hold waiting for information or during the public and EPA comment periods. Subsection 12.17(m) includes provisions for deductions from bonuses earned in any quarter for application processing times exceeding the number of days specified in Subsections 12.17(f) through (i). Bonuses are paid out quarterly. As noted above, the information that follows pertains to the first three payout quarters since implementation of the bonus program.

**Quarter 1** – A total of 18 applications were determined to be bonus eligible for the first quarter of the bonus program (January 1 through March 31, 2024). Table III.1 below summarizes the bonus payouts for each qualified employee during the quarter. (Names of specific persons earning bonuses have been removed but are consistent among all tables, e.g. ENG 1.)

**Table III.1 – First Quarter Bonuses**

Permit Type	Permit Engineer	Engineer Bonus	Supervisor	Supervisor Bonus	Meteorologist	Meteorologist Bonus	Admin	Admin Bonus
New TV	ENG 11	\$1,750.00	SUP 5	\$500.00	MET 3	\$900.00	ADMIN 1	\$50.00
Minor Modification	ENG 7	\$750.00	SUP 5	\$225.00	NBE	NBE	ADMIN 1	\$25.00
New TV	ENG 11	\$1,750.00	SUP 5	\$500.00	MET 3	\$900.00	ADMIN 1	\$50.00
Major Modification	ENG 10	\$1,000.00	SUP 4	\$300.00	MNS	MNS	ADMIN 1	\$50.00
New TV	ENG 11	\$1,750.00	SUP 2	\$500.00	MET 3	\$900.00	ADMIN 1	\$50.00
Minor Modification	ENG 13	\$500.00	SUP 4	\$150.00	NBE	NBE	ADMIN 1	\$25.00
Minor Modification	ENG 6	\$125.00	SUP 4	\$37.50	NBE	NBE	ADMIN 1	\$12.50
New TV	ENG 11	\$1,750.00	SUP 2	\$500.00	MET 3	\$900.00	ADMIN 1	\$50.00
Minor Modification	ENG 14	\$375.00	SUP 2	\$112.50	NBE	NBE	ADMIN 1	\$12.50
Minor Modification	ENG 6	\$500.00	SUP 4	\$150.00	NBE	NBE	ADMIN 1	\$25.00
Major Modification	ENG 14	\$350.00	SUP 4	\$37.50	MET 2	\$150.00	ADMIN 1	\$25.00
Minor Modification	ENG 1	\$62.50	SUP 2	\$18.75	NBE	NBE	ADMIN 1	\$6.25
New TV	ENG 11	\$500.00	SUP 2	\$100.00	MNS	MNS	ADMIN 1	\$25.00
New TV	ENG 10	\$875.00	SUP 4	\$250.00	MNS	MNS	ADMIN 1	\$25.00
New TV	ENG 3	\$875.00	SUP 5	\$250.00	MNS	MNS	ADMIN 1	\$25.00
New TV	ENG 8	\$1,000.00	SUP 4	\$200.00	MNS	MNS	ADMIN 1	\$50.00
New TV	ENG 3	\$875.00	SUP 5	\$250.00	MNS	MNS	ADMIN 1	\$25.00
New TV	ENG 8	\$1,000.00	SUP 4	\$200.00	MNS	MNS	ADMIN 1	\$50.00
<b>Totals</b>		<b>\$15,787.50</b>		<b>\$4,281.50</b>		<b>\$3,750.00</b>		<b>\$581.25</b>
								<b>\$24,400.00</b>

NBE – Application type “Not Bonus Eligible” for Meteorologists  
 MNS – Air dispersion “Modeling Not Required to be Submitted” with application

**Quarter 2** – A total of 23 applications were determined to be bonus eligible for the second quarter of the bonus program (April 1 through June 30, 2024). Table III.2 below summarizes the bonus payouts for each qualified employee during the quarter.

**Table III.2 – Second Quarter Bonuses**

Permit Type	Permit Engineer	Engineer Bonus	Supervisor	Supervisor Bonus	Meteorologist	Meteorologist Bonus	Admin	Admin Bonus
Minor Modification	ENG 13	\$500.00	SUP 4	\$150.00	NBE	NBE	ADMIN 1	\$25.00
Minor Modification	ENG 4	\$500.00	SUP 4	\$150.00	NBE	NBE	ADMIN 1	\$25.00
New TV	ENG 4	\$437.50	SUP 4	\$125.00	MNS	NMS	ADMIN 1	\$12.50
New TV	ENG 13	\$437.50	SUP 4	\$125.00	MNS	NMS	ADMIN 1	\$12.50
New TV	ENG 3	\$437.50	SUP 2	\$125.00	MNS	NMS	ADMIN 1	\$12.50
Minor Modification	ENG 11	\$250.00	SUP 2	\$75.00	NBE	NBE	ADMIN 1	\$12.50
Major Modification	ENG 5	\$700.00	SUP 4	\$75.00	MNS	MNS	ADMIN 1	\$50.00
New TV	ENG 3	\$1,250.00	SUP 5	\$400.00	MNS	MNS	ADMIN 1	\$25.00
New TV	ENG 1	\$1,750.00	SUP 2	\$500.00	MET 2	\$900.00	ADMIN 1	\$50.00
Major Modification	ENG 17	\$0.00	SUP 4	\$0.00	MNS	MNS	ADMIN 1	\$0.00
New TV	ENG 7	\$1,750.00	SUP 2	\$500.00	MNS	MNS	ADMIN 1	\$50.00
Minor Modification	ENG 7	\$750.00	SUP 2	\$225.00	NBE	NBE	ADMIN 1	\$25.00
New TV	ENG 4	\$1,000.00	SUP 4	\$200.00	MET 2	\$600.00	ADMIN 1	\$50.00
Major Modification	ENG 10	\$700.00	SUP 4	\$75.00	MNS	MNS	ADMIN 1	\$50.00
Major Modification	ENG 4	\$0.00	SUP 4	\$0.00	MET 2	\$0.00	ADMIN 1	\$0.00
New TV	ENG 3	\$0.00	SUP 2	\$0.00	MNS	NMS	ADMIN 1	\$0.00
Minor Modification	ENG 6	\$500.00	SUP 4	\$150.00	NBE	NBE	ADMIN 1	\$25.00
Minor Modification	ENG 10	\$125.00	SUP 4	\$37.50	NBE	NBE	ADMIN 1	\$6.25
New TV	ENG 1	\$0.00	SUP 5	\$0.00	MNS	MNS	ADMIN 1	\$0.00
New TV	ENG 1	\$0.00	SUP 5	\$0.00	MET 2	\$0.00	ADMIN 1	\$0.00
Minor Modification	ENG 10	\$500.00	SUP 4	\$150.00	NBE	NBE	ADMIN 1	\$25.00
New TV	ENG 4	\$0.00	SUP 4	\$0.00	MET 2	\$0.00	ADMIN 1	\$0.00
Minor Modification	ENG 11	\$0.00	SUP 2	\$0.00	NBE	NBE	ADMIN 1	\$0.00
<b>Totals</b>		<b>\$11,587.50</b>		<b>\$3,062.50</b>		<b>\$1,500.00</b>		<b>\$456.25</b>
								<b>\$16,606.25</b>

NBE – Application type “Not Bonus Eligible” for Meteorologists  
 MNS – Air dispersion “Modeling Not Required to be Submitted” with application

**Quarter 3** – A total of 21 applications were determined to be bonus eligible for the third quarter of the bonus program (July 1 through September 30, 2024). Table III.3 below summarizes the bonus payouts for each qualified employee during the quarter.

**Table III.3 – Third Quarter Bonuses**

Permit Type	Permit Engineer	Engineer Bonus	Supervisor	Supervisor Bonus	Meteorologist	Meteorologist Bonus	Admin	Admin Bonus
New TV	ENG 3	\$0.00	SUP 2	\$0.00	MNS	MNS	ADMIN 1	\$0.00
New TV	ENG 3	\$0.00	SUP 2	\$0.00	MNS	MNS	ADMIN 1	\$0.00
New TV	ENG 1	\$0.00	SUP 2	\$0.00	MNS	MNS	ADMIN 1	\$0.00
Minor Modification	ENG 4	\$62.50	SUP 4	\$18.75	NBE	NBE	ADMIN 1	\$6.25
New TV	ENG 3	\$1,000.00	SUP 2	\$200.00	MNS	MNS	ADMIN 1	\$50.00
New TV	ENG 3	\$0.00	SUP 2	\$0.00	MNS	MNS	ADMIN 1	\$0.00
New TV	ENG 13	\$437.50	SUP 4	\$125.00	MNS	MNS	ADMIN 1	\$12.50
PSD/NSR	ENG 13	\$875.00	SUP 4	\$250.00	MET 2	\$375.00	ADMIN 1	\$25.00
Minor Modification	ENG 11	\$250.00	SUP 1	\$75.00	NBE	NBE	ADMIN 1	\$12.50
New TV	ENG 6	\$0.00	SUP 4	\$0.00	MNS	MNS	ADMIN 1	\$0.00
Minor Modification	ENG 1	\$125.00	SUP 1	\$37.50	NBE	NBE	ADMIN 1	\$6.25
New TV	ENG 13	\$1,000.00	SUP 4	\$200.00	MET 2	\$600.00	ADMIN 1	\$50.00
Minor Modification	ENG 11	\$500.00	SUP 1	\$150.00	NBE	NBE	ADMIN 1	\$25.00
New TV	ENG 8	\$1,750.00	SUP 4	\$500.00	MET 3	\$900.00	ADMIN 1	\$50.00
Minor Modification	ENG 13	\$750.00	SUP 4	\$225.00	NBE	NBE	ADMIN 1	\$25.00
New TV	ENG 5	\$0.00	SUP 4	\$0.00	MNS	MNS	ADMIN 1	\$0.00
New TV	ENG 3	\$1,750.00	SUP 4	\$500.00	MNS	MNS	ADMIN 1	\$50.00
New TV	ENG 17	\$0.00	SUP 4	\$0.00	MET 4	\$0.00	ADMIN 1	\$0.00
New TV	ENG 5	\$0.00	SUP 4	\$0.00	MNS	MNS	ADMIN 1	\$0.00
Minor Modification	ENG 4	\$750.00	SUP 4	\$225.00	NBE	NBE	ADMIN 1	\$25.00
New TV	ENG 2	\$1,000.00	SUP 4	\$200.00	MNS	MNS	ADMIN 1	\$50.00
<b>Totals</b>		<b>\$10,250</b>		<b>\$2,706.25</b>		<b>\$1,875.00</b>		<b>\$387.50</b>
								<b>\$15,218.75</b>

NBE – Application type “Not Bonus Eligible” for Meteorologists  
MNS – Air dispersion “Modeling Not Required to be Submitted” with application



**Total Bonus Earned by Qualified Employee** – Table III.4 below summarizes all bonuses earned for the first three quarters under the bonus program by qualifying employee. Total earned under the bonus program to date is also indicated.

**Table III.4 – Total Bonuses by Qualified Employee (First Three Quarters)**

Qualified Employee	Q1	Q2	Q3	Total
ENG 1	\$62.50	\$1,750.00	\$125.00	\$1,937.50
ENG 2			\$1,000.00	\$1,000.00
ENG 3	\$1,750.00	\$1,687.50	\$2,750.00	\$6,187.50
ENG 4		\$1,937.50	\$812.50	\$2,750.00
ENG 5		\$700.00	\$0.00	\$700.00
ENG 6	\$625.00	\$500.00	\$0.00	\$1,125.00
ENG 7	\$750.00	\$2,500.00		\$3,250.00
ENG 8	\$2000.00		\$1,750.00	\$3,750.00
ENG 9				
ENG 10	\$1,875.00	\$1,325.00		\$3,200.00
ENG 11	\$7,500	\$250.00	\$750.00	\$8,500.00
ENG 12				
ENG 13	\$500.00	\$937.50	\$3,062.50	\$4,500.00
ENG 14	\$725.00			\$725.00
ENG 15				
ENG 16				
ENG 17		\$0.00	\$0.00	\$0.00
ENG 18				
ENG 19				
ENG 20				
ENG 21				
ENG 22				
ENG 23				
SUP 1			\$262.50	\$262.50
SUP 2	\$1,231.25	\$1,425.00	\$200.00	\$2,856.25
SUP 3				
SUP 4	\$1,325.00	\$1,237.50	\$2,243.75	\$4,806.25
SUP 5	\$1,725.00	\$400.00		\$2,125.00
MET 1				
MET 2	\$150.00	\$1,500.00	\$975.00	\$2,625.00
MET 3	\$3,600.00		\$900.00	\$4,500.00
MET 4			\$0.00	\$0.00
ADMIN 1	\$581.25	\$456.25	\$387.50	\$1,425.00
<b>Totals</b>	<b>\$24,400</b>	<b>\$16,606.25</b>	<b>\$15,218.75</b>	<b>\$56,225.00</b>

As shown, the total bonuses paid out to all qualified employees for the first three quarters under the bonus program is \$56,225.00 (or 6.61% of the total budgeted amount of \$850,000).

#### IV. Comparison to Baseline

The bonus program restricts bonus eligible applications into four categories: minor modifications, major modifications, new Title V air permits, and PSD/NSR applications. The DAQ tracks applications based on a combination of schedules and types. These designations account for statutory timelines associated with each application. To determine the change in processing time for permit application decisions after the implementation of the bonus program, baselines for each application category must be determined. Table IV.1 below represents those baselines for each application type reviewed and determined to be in one of the bonus program’s bonus eligible categories. Baseline data is pulled from the Division’s Internet-Based Enterprise Application Management (IBEAM) system.

**Table IV.1 – Baseline Data**

Category	Baseline Period January 1, 2015 through December 31, 2023			
	DAQ App Schedule	DAQ App Type	Number of Applications	Average No. Processing Days
<b>Minor modification</b>	TV minor	Modification	323	95
<b>Major modification</b>	TV-Significant	Modification	181	322
	TV-Sign 501(b)(2) Part I	Modification	150	75
<b>New TV air permit</b>	TV-Renewal	TV-Renewal/Modification	409	450
	TV-1 <sup>st</sup> Time	Modification	54	582
	TV-Greenfield	Greenfield Facility	38	94
<b>PSD/NSR</b>	PSD/NSR	Greenfield/Modification	49	316

Tables IV.2 through IV.4 below represent the same information above for the first three quarters under the bonus program.

**Table IV.2 – Quarter 1**

Category	Quarter 1 – January 1 through March 30, 2024				
	DAQ App Schedule	DAQ App Type	Number of Applications*	Average No. Processing Days	Δ from Baseline (Days)
<b>Minor modification</b>	TV minor	Modification	8	48	-47
<b>Major modification</b>	TV-Significant	Modification	2	237	-85
	TV-Sign 501(b)(2) Part I	Modification	4	74	-1
<b>New TV air permit</b>	TV-Renewal	TV-Renewal/Modification	18	372	-78
	TV-1 <sup>st</sup> Time	Modification	1	770	+188
	TV-Greenfield	Greenfield Facility	4	129	+35
<b>PSD/NSR</b>	PSD	Greenfield/Modification	0	-	-

\*Number of applications noted may not match those paid out above in Section III of this report because they were either received prior to the implementation and shared with a Supervisor prior to the implementation of the bonus program or were withdrawn making them ineligible for bonus.

**Table IV.3 – Quarter 2**

Category	Quarter 2 – April 1 through June 30, 2024				
	DAQ App Schedule	DAQ App Type	Number of Applications*	Average No. Processing Days	Δ from Baseline (Days)
<b>Minor modification</b>	TV minor	Modification	7	51	-44
<b>Major modification</b>	TV-Significant	Modification	1	204	-118
	TV-Sign 501(b)(2) Part I	Modification	5	157	+82
<b>New TV air permit</b>	TV-Renewal	TV-Renewal/Modification	8	599	+149
	TV-1 <sup>st</sup> Time	Modification	2	414	-168
	TV-Greenfield	Greenfield Facility	3	210	+116
<b>PSD/NSR</b>	PSD	Greenfield/Modification	0	-	-

\*Number of applications noted may not match those paid out above in Section III of this report because they were either received prior to the implementation and shared with a Supervisor prior to the implementation of the bonus program or were withdrawn making them ineligible for bonus.

**Table IV.4 – Quarter 3**

Category	Quarter 3 – July 1 through September 30, 2024				
	DAQ App Schedule	DAQ App Type	Number of Applications*	Average No. Processing Days	Δ from Baseline (Days)
<b>Minor modification</b>	TV minor	Modification	7	55	-40
<b>Major modification</b>	TV-Significant	Modification	0	-	-
	TV-Sign 501(b)(2) Part I	Modification	0	-	-
<b>New TV air permit</b>	TV-Renewal	TV-Renewal/Modification	13	530	+80
	TV-1 <sup>st</sup> Time	Modification	1	317	-265
	TV-Greenfield	Greenfield Facility	1	82	-12
<b>PSD/NSR</b>	PSD	Greenfield/Modification	1	318	+2

\*Number of applications noted may not match those paid out above in Section III of this report because they were either received prior to the implementation and shared with a Supervisor prior to the implementation of the bonus program or were withdrawn making them ineligible for bonus.

Lastly, Table IV.5 below represents the full three quarters under the bonus program versus the baseline.

**Table IV.5 – First 3 Bonus Program Quarters**

Category	Quarters 1 through 3 - January 1 through September 30, 2024				
	DAQ App Schedule	DAQ App Type	Number of Applications*	Average No. Processing Days	Δ from Baseline (Days)
<b>Minor modification</b>	TV minor	Modification	22	51	-44
<b>Major modification</b>	TV-Significant	Modification	3	286	-36
	TV-Sign 501(b)(2) Part I	Modification	9	120	+45
<b>New TV air permit</b>	TV-Renewal	TV-Renewal/Modification	39	471	+21
	TV-1 <sup>st</sup> Time	Modification	4	479	-103
	TV-Greenfield	Greenfield Facility	8	153	+59
<b>PSD/NSR</b>	PSD	Greenfield/Modification	1	318	+2

\*Number of applications noted may not match those paid out above in Section III of this report because they were either received prior to the implementation and shared with a Supervisor prior to the implementation of the bonus program or were withdrawn making them ineligible for bonus.

As shown above, under the bonus program, changes in processing times have varied. It should be noted for some permit application types, there is a very small sample size in the three quarters of implementing the bonus program making it difficult to draw any solid conclusions. There are also several other important factors that impact the amount of time it takes to process permit applications. The following sections provide a discussion of these factors that may impact the results.

**1. Vacancy Rates and Loss of Institutional Knowledge.**

At no point during the implementation of the bonus program and for the months immediately preceding its implementation, has the Title V Permitting Section been fully staffed. Table IV.6 below highlights the current staffing levels of the Section and the representative number of months of education and experience (E&E) of each qualified employee for that month.

**Table IV.6 – Position Education and Experience (E&E)**

Title	10/23 E&E (Months)	11/23 E&E (Months)	12/23 E&E (Months)	1/24 E&E (Months)	2/24 E&E (Months)	3/24 E&E (Months)	4/24 E&E (Months)	5/24 E&E (Months)	6/24 E&E (Months)	7/24 E&E (Months)	8/24 E&E (Months)	9/24 E&E (Months)
Environmental Program Supervisor II	416	417	418	419	420	421	422	423	424	425	426	427
Meteorologist							80	81	82	83	84	85
Meteorologist	491	492	493	494	495	496	497	498	499	500	501	502
Meteorologist	151	152	153	154	155	156	157	158	159	160	161	162
Environmental Specialist II	455	456	457	458	459	460	461	462	463	464	465	466
Engineering Supervisor I	495	496	497	498						456	457	458
Engineer II							281	282	283	284	285	286
Engineering Supervisor I	491	492	493	494	495	496	497	498	499	500	501	502
Engineer II						129	130	131	132	133	134	135
Engineer II	450	451	452	453	454	455	456	457	458	459	460	461
Engineer II/Engineer I	451	452										
Engineer III	226	227	228	229	230	231	232	233	234	235	236	237
Engineer III	447	448	449	450	451	452	453	454	455			
Engineer II	521	522	523	524	525	526	527	528	529	530	531	532
Engineer II	403	404	405	406	407	408	409	410	411	412	413	414
Engineer II	431	432	433	434	435	436	437	438	439	440	441	442
Engineer II	537	538	539	540	541	542	543	544	545	546	547	548
Engineer II							284	285	286	287	288	289
Engineer III	599	600	601	602	603	604	605	606	607	608	609	610
Engineer II/Engineer I	98	99	100	101								
Engineer III	672	673	674	675	676	677	678	679	680	681	682	683
Engineer I									75	76	77	78
Engineer II	354	355										
Environmental Program Manager I	437	438	439	440	441	442	443	444	445	446	447	448
Engineer II	428	429	430	431	432	433						
Engineer I	124	125	126	127	128							
Engineer I	57	58	59	60	61	62	63	64	65	66	67	68
Engineer II					102	103	104	105	106	107	108	109

Of the 28 positions in the Section, 15 were staffed by the same employee for the entire time-period October 2023 through September 2024 (one of which was on extended medical leave for the entire period). The other 13 were either occupied with employees that left the Section or were vacant at the time of implementation of the bonus program and were later filled. The same time-period represents 336 total months of time (28 x 12). The monthly vacancy rate accounted for 96 of those 336 months (~29%).

Consideration should also be given to the loss of institutional knowledge. As shown above, seven employees chose to leave the Section since the bonus program became law in October 2023. Most of those seven were not retirements, but instead employees seeking a better base salary and less complex work. Some of those positions have been filled, in most cases with new employees with lesser experience than the employee that departed. In fact, from the time the bonus program passed into law (October 2023) to today (September 2024), the Section’s total months of E&E has decreased by 812 months.

Several vacant Engineer II (EEII) positions in the Section were advertised multiple times in 2024. The posting included language about the bonus program; however, most of those postings resulted in no qualified applicants. Due to difficulties in hiring EEII's, the Division and Section have had to pivot and reclass at least two positions from EEII to EEI to get employees hired and trained to do the permitting work. The EEI position classification does not require any prior experience. Those hired into the Section were either seeking first jobs out of college or were transitioning into the air quality field with only translatable skills. This high vacancy rate within this organizational unit and the loss of institutional knowledge is having an impact on the number of permit applications processed within the bonus program's schedules.

## **2. Non-Bonus Eligible Application Receipt**

As discussed above, the bonus program defines four select categories/types of applications as being bonus eligible. These categories/types of applications are only a fraction of the number of applications received during the same period. The Section is equally responsible for processing those applications which are not bonus eligible. For the three quarters under the bonus program, the Section received a total of 120 applications. Of those, 49 (~40%) were not eligible for bonus to a qualified employee. These other priorities have an impact on the number of permit applications processed within the bonus program's schedules.

## **3. Design of the Bonus Program**

While more closely related to the number of eligible bonuses earned, the design of the bonus program also has an impact on the processing days of those applications with final actions in the first three quarters of the bonus program. Subsections 12.17(f) through (j) of the bonus program define permit timelines allowed for bonus eligibility. Each of these Subsections look at those applications received in six-month periods under the bonus program, defines the number of processing day targets to receive either 100%, 50%, 25%, or 0% of the eligible bonus for that application type and complexity count, and defines the number of day targets for when 100% deductions can be taken away for that payout quarter. With each new six-month period, the bonus program ratchets down the targets, decreasing the number of days a qualified engineer would have to meet to earn the same level of bonus. This moving target is expected to have an impact on the number of permit applications processed within the bonus program's schedules as qualifying employees manage their workloads, prioritizing one type over another. This is somewhat supported by the fact that some of those application types that had improvements in time over their baseline, were those application types with shorter statutory requirements for processing.

#### **4. Other Factors**

Subsection 12.17(l) of the bonus program accounts for when the processing of the application requires the Department to conduct a public hearing OR provide the US Environmental Protection Agency (EPA) the opportunity to review the draft permit prior to any final action. Specifically, forty-five (45) days can be added to the timeframes in the schedules in Subsections 12.17(g) through (i) when determining the applicable bonus percentages. Seventy-five (75) days may be added when a public hearing AND an EPA review are required. This same time frame was not offered for any application that was in house prior to the implementation of the bonus program that also needed to complete those same activities prior to their final action; thus, increasing overall processing times.

The bonus program does not consider when calculating total processing days, situations where EPA moves their review from a parallel process to sequential. Normal processing of draft permits that are required to have both 30-day public and 45-day EPA comment periods prior to final action is for those periods to run in parallel. When comments are received from the public that need response from the agency, EPA moves their parallel process to sequential so that they can review the modified draft permit and technical review. The bonus program does not provide for this situation and those additional days would be counted; thus, increasing overall processing times.

The bonus program does not consider those applications that would otherwise not require the public process to be performed prior to any final action (i.e., minor modifications or Title V significant Part I applications) but where the Director has determined that a public comment period or hearing would be in the best interest of the public. The processing days associated with the noticing, or the comment periods themselves would need to be added; thus, increasing overall processing times.

Finally, the bonus program does not consider that facilities often have multiple applications in process at any one time that may or may not fall into one or more of the bonus program's covered schedules. Typically, in these cases one assigned engineer is responsible for processing those applications for efficiency in permitting. Often too, the applicant requests the processing of one application over another. Providing this service to the applicant could lead to an engineer having to respond to a non-bonus eligible application over one that is; thus, increasing overall processing times.

## V. Quality Control Measures

Subsection 12.17(p) requires that the Environmental Management Commission (EMC) develop quality control measures to measure the consistency and quality of Title V Air Permit processing that ensures each application is adequately reviewed and, if denied, that there is good cause to deny the Title V Air Permit. It further requires the Commission to consult with the Department and provide this information to be included in the annual report submitted by the Department to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources pursuant to Subsection 12.17(r).

To comply with this requirement, the EMC in its September 12, 2024 meeting approved a set of quality assurance measures that the Title V Permitting Section will adhere to in processing applications under the bonus program. The approved measures are included as Appendix A of this report.

## VI. Discussion of Contested Cases

The bonus program requires that the Department include a list of contested cases where the Office of Administrative Hearings rendered a final decision or order with findings of fact and conclusions of law, or a judgement on the pleadings or summary judgement in favor of a person aggrieved by the Department, and an estimate of the resulting costs to the State for the previous year pursuant to Subsection 12.17(r). Each Title V permit includes an attachment to the cover letter highlighting the rights of a permit applicant, Permittee, or other persons aggrieved to file a contested case on a permit containing the Division's decision on an air permit application. The attachment includes general filing instructions conforming to NCGS 150B-23 to be filed with the Office of Administrative Hearings. Table VI.1 below shows the final Title V permitting actions that have been challenged since 2015 and including the first three quarters under the bonus program.

<b>Period</b>	<b>Number of Permit Actions Challenged</b>	<b>Outcome</b>
January 2015-December 2023 Baseline Period	4 out of 2045 total	Voluntarily dismissed by petitioner
January 2024-September 30, 2024 Title V Air Permit Bonus Program Period	0	NA

This same information is presented in the approved QA report discussed in Section V. above and as incorporated in Appendix A of this Document.



## Appendix A



**ENVIRONMENTAL MANAGEMENT COMMISSION**

**NORTH CAROLINA  
DEPARTMENT OF ENVIRONMENTAL QUALITY**

John D. Solomon  
EMC Chair

Christopher Duggan  
Vice Chair

Roy Cooper, Governor  
Mary Penny Kelley, Secretary

Yvonne Bailey  
Tim Baumgartner  
Charles Cartor  
Marion Deerhake  
Michael Ellison  
Steve Keen  
Dr. H. Kim Lyerly

Jacqueline MacDonald Gibson  
Joe Reardon  
Robin Smith  
Kevin Tweecy  
Elizabeth Jill Weese  
Bill Yarborough

October 23, 2024

Director Abraczinskas:

Pursuant to Session Law 2023-134, Section 12.17(p), the Environmental Management Commission (EMC) approved a report on Quality Control Measures for Title V Air Quality Permits by unanimous vote on September 12, 2024. The final report is attached.

Pursuant to Session Law 2023-134, Section 12.17(r), please include this letter and final report in the Department's report to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources.

Thank you,

John D. Solomon, Chair  
North Carolina Environmental Management Commission

## Quality Control Measures – Title V Air Permit Bonus Pilot Program

Session Law 2023-134, Sections 12.17(a) through (u), establishes a Title V Air Permit Bonus Pilot Program for qualifying employees who process applications for Title V Air Permits. Qualifying employees within the Division of Air Quality (DAQ) are to receive those bonuses after a Title V Air Permit is reviewed and completed. The pilot program runs from January 1, 2024, through June 30, 2025.

Subsection 12.17(p) requires the Environmental Management Commission develop quality control measures to measure the consistency and quality of Title V Air Permit processing that ensures each application is adequately reviewed and, if denied, that there is good cause to deny the Title V Air Permit. It further requires the Commission to consult with the Department and provide this information to be included in the annual report submitted by the Department to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources pursuant to Subsection 12.17(r). This report shall be submitted by December 1, 2024.

The Division of Air Quality Title V Permitting Section employs quality control measures aimed at promoting quality and consistency in the Title V permitting process and ensures each application is adequately reviewed, and if denied, there is a good cause to deny the Title V Air Permit. Permit denials are very rare and applicants for Title V permits are unlikely to submit an application that cannot demonstrate compliance with all applicable laws and rules. Rule 15A NCAC 02Q .0518(a) addresses this infrequent occurrence already by giving the Division of Air Quality authority to deny a permit application when necessary to carry out the purposes of G.S. 143, Article 21B, and the federal Clean Air Act. In instances where permit applications are incomplete, the Division does not deny the permit, but instead works with the applicant to obtain the missing application information.

The remainder of this document outlines the quality control measures ensuring each application is adequately reviewed. The following sections focus on application statistics and measurements; resources for staff to ensure consistency; management methods; and United States Environmental Protection Agency (USEPA) Review.

### **Application Statistics and Measurements**

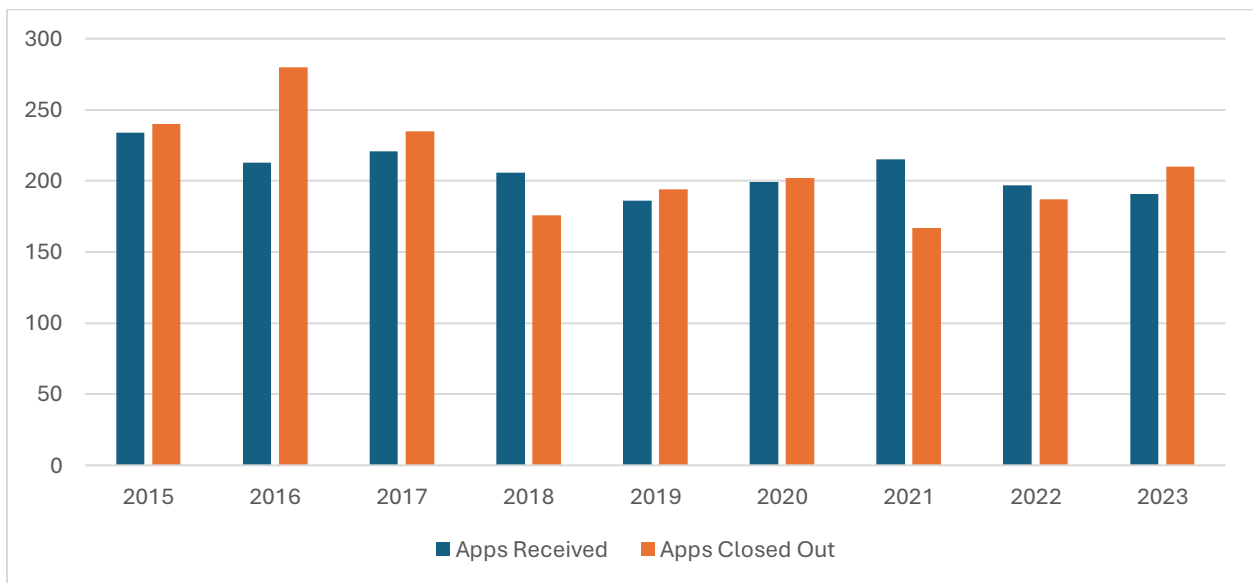
**Key Performance Indicators:** The number of facilities and 3<sup>rd</sup> parties that file contested cases challenging the terms of a Title V permit is very low. The number of draft permits that receive no comments is a very high percentage of the total draft permits that go through the public process.

**Discussion:** The bonus program reporting requirements for the Department include providing a list of contested cases where the Office of Administrative Hearings rendered a final decision or order with findings of fact and conclusions of law, or a judgement on the pleadings or summary judgement in favor of a person aggrieved by the Department, and an estimate of the resulting costs to the State for the previous year pursuant to Subsection 12.17(r). Each Title V permit includes an attachment to the cover letter highlighting the rights of a permit applicant, Permittee,

or other persons aggrieved to file a contested case on a permit containing the Division’s decision on an air permit application. The attachment includes general filing instructions conforming to NCGS 150B-23 to be filed with the Office of Administrative Hearings. As will be discussed below, this process seldom happens because of the standard operating procedures in place to reduce their occurrence. The table below shows only four of 2,045 (or 0.2%) final Title V permitting actions have been challenged since 2015.

Years	Number of Permit Actions Challenged	Outcome
2015-2024	4	Voluntarily dismissed

The Division of Air Quality’s Title V Permitting Section, when fully staffed, has 28 positions: Section Chief, three branch supervisors, four engineer III, 13 engineer II, three engineer I, one environmental specialist II, and three meteorologists. As of July 9, 2024, the Permitting Section has six vacancies (one engineer I, four engineer II, and one engineer III). This Section is responsible for the state-wide permitting of all Title V permit class facilities. The current population of facilities is 307 and can vary from month to month. The following table indicates historical application receipt and closeout trends. The nine-year annual average of incoming and outgoing applications is 206 and 210, respectively.



As of June 25, 2024, the number of open applications is 189, equating to approximately 14 projects per engineer. Open applications are sorted and tracked in DAQ’s data system (IBEAM) under multiple schedules and types. There are currently 12 categories of applications. Of those 12, only seven are bonus eligible application types. Currently 93 of the 189 applications are bonus eligible. Of those 12 categories, five are required to go through a public notice process and EPA review prior to taking final action. 79 of the 189 applications must go through that

process. The public process itself is counted towards the number of overall processing days an application is in house and consists of parallel 30-day public, and 45-day EPA, comment periods. If public comments are received, or if a public hearing is required, the EPA will modify its parallel comment period to sequential. Their review period will follow the completion of the Division’s requirements to summarize and respond to those public comments and make any modifications to the draft permit and technical review because of those comments. The following table is a historical summary of the number of Title V permit applications that have gone through the public comment/public hearing process.

<b>Year</b>	<b>Total Title V Applications going through the public process</b>	<b>Public Notice Process Only (Required by rule)</b>	<b>Straight to Public Hearing Process (Director’s discretion)</b>	<b>Public Hearing following Public Notice Period</b>
2015	82	82	0	0
2016	101	101	0	0
2017	80	80	0	1
2018	73	72	1	1
2019	75	73	2	0
2020	74	74	0	0
2021	68	61	7	0
2022	67	66	1	1
2023	77	76	1	1
<b>Total</b>	<b>697</b>	<b>685</b>	<b>12</b>	<b>4</b>

Of the 697 permit applications that went through the public process, only four were determined to need public hearings after the public comment periods concluded, or just 0.57%. Twelve applications were noticed for public hearings based on Director’s discretion which weighs, in part, known public interest in the applications/facilities; not because a public hearing was required by rule. During this 9-year period, approximately 10% of those 697 applications that went through the public process received comments from either the public or EPA during public comment period.

**Resources for Staff to Ensure Quality and Consistency**

The Title V Permitting Section management in recent years has been making permit consistency a top priority. It is recognized that certain work products can be made to read similarly if not the

same. As a result, each engineer has available to them the following tools that can be used in the drafting of a permit and its associated technical review, both of which are produced for each permit application processed.

1. Title V Permit Shell – a current version of the blank permit with cover letter, table of contents, list of acronyms. The shell includes all formatting conventions, table locations, and section headers. Use of the shell is required for each iteration of the permit. With each permit modification, the review engineer can begin with the current version of the permit and modify it with any changes associated with the shell promoting consistency.
2. General Conditions Shell – each permit includes a set of general conditions applicable to every Title V facility. When needed, these are updated and placed into service for incorporation into a modified permit at its next touch.
3. Title V Permit Condition Shell – many specific permit conditions for commonly used regulations have been developed and collected. The use of shell language for similar applicable equipment promotes consistency among all Title V permits.
4. Title V Permit Renewal Review Shell – a technical review, or statement of basis, is required to be created with each permitting action. Each Title V permit is also required to go through the renewal process every five years. The associated technical review completed at renewal is a more detailed review (similar to the one done when a Title V facility first gets its initial permit). Therefore, a uniform shell review document has been created for these activities to promote consistency among the review engineers. The shell creates a consistent format to ensure that each permit review follows a similar pattern and includes the same discussion points.

In addition to these template documents, the Division of Air Quality's document storage repositories (IBeam/Laserfiche) store a wide variety of historical documents for each facility. Those documents are also available to the review engineer as resources into past permit applicability determinations, modeling reviews, inspection reports, and prior versions of permits.

### **Management Methods**

The Title V Permitting Section has created a consistent and common procedure for application processing that includes multiple levels of review with the expectation that most discussion points/areas of disagreement/errors can be eliminated prior to permit issuance. The outcome of which is a reduced need to reopen a permit for errors or applicant fillings of contested cases with the Office of Administrative Hearings.

Each permit application is processed the same way according to the following:

1. Incoming applications are reviewed for acceptance and assigned a review engineer for processing.
2. If an application contains a modeling demonstration, that demonstration is routed to the Air Quality Analysis Branch for assignment and processing.
3. Once an application is deemed administratively complete, draft permits and technical reviews are prepared and shared with:
  - a. The engineer's immediate supervisor for review and comment,

- b. The regional office inspector/permitting coordinator where the facility operates for review and comment,
- c. The Stationary Source Compliance Branch for review and comment, and finally
- d. The applicant for review and comment.

Typically, the involvement of the applicant in the review of drafts is done once all DAQ internal persons have had the chance to review and comment. In the event of a restricted timeline for issuance, this step can be sped up by sharing drafts with all parties at the same time. It is also important to know that the applicant is involved throughout the drafting phase to respond to questions of the review engineer or provide additional information as necessary to technically review the proposed project.

4. If necessary, the draft permit is sent through the public and EPA comment periods, with an opportunity for a public hearing.

Throughout this process, all comments are collected, reviewed, and modifications to the draft documents are made, if necessary. The quality of the permit and supporting documentation benefit from this consistent approach.

In addition to these processes and tools and as discussed above, vacancies within the Section are present. Filling those positions has been a primary focus of management. In some cases, due to the difficulty in hiring engineers at the EEII level (ones designated with at least 3 years of experience), the Division and Section have converted some of those to an EEI level that does not require the same amount of initial experience. This has been met with some success as new hires have come in. To promote quality and consistency and to aid in the training of those new engineers, it is common for them to be matched up with one or more seasoned staff to review work and to provide an initial point of contact for issues related to review of applications and writing those draft materials.

### **United States Environmental Protection Agency (USEPA) Review**

Federal oversight of Title V programs across the U.S. is in response to the recommendations of a 2002 Office of the Inspector General (OIG) audit submitted to USEPA. At that time, USEPA developed an action plan for performing reviews of Title V programs for each State/Local air pollution control agency beginning in fiscal year 2003. These follow-up evaluations may target specific areas of the program, follow-up on items from previous evaluations, or overall implementation. DAQ's Title V program has been evaluated four times since the OIG audit (2005, 2010, 2014, and 2021). The 2021 evaluation consisted of a review of staffing resources, internal management support, Title V revenue and expenses, public participation, environmental justice in permitting, permit issuance rates and a detailed review of previously issued permits. The results of the 2021 USEPA evaluation speak to the effectiveness of the quality control measures in place, the quality of the staff, and the quality work products as follows:

1. DAQ has qualified, experienced staff and management resources and those were found to be very knowledgeable, professional, and dedicated to their mission.

2. DAQ was commended for its enhanced public notice permitting process, including tools and processes for meaningful engagement with the public and communities.
3. DAQ has an excellent record of timely issuance of initial permits and significant and minor permit modifications.
4. DAQ has an excellent grasp of the requirement of Title V and is continually working to find impactful ways to increase their staff's ability to meet all the varied program elements of Title V.
5. DAQ permits are generally complete and well written.

Additional USEPA oversight of NC's Title V program takes the form of the following activities designed to monitor the work of the Division.

Permitting Program Oversight Strategy meetings. This program is designed to guide USEPA Region 4's oversight of Clean Air Act (CAA) permitting programs (Title V and New Source Review) to create an effective partnership, provide permitting assistance, and to demonstrate implementation consistent with the requirements of the CAA and applicable regulations. The strategy assesses the current status of the permitting program, addresses best practices and areas for improvement in program implementation and builds on past successes to strengthen permit program implementation. The most recent review was in fall of 2023.

USEPA/DAQ Quarterly calls. The purpose of these calls is to maintain regular communication with the State regarding Title V permit actions and implementation questions. At this time, USEPA would communicate relevant information related to permitting, and to discuss concerns/issues, current and upcoming workload, permit application backlog (as applicable), permits with potential public interest and the most recent permit reviews, as applicable.

Semi-annual Title V Permit Data Report (TOPs). Each January and June, DAQ reports to USEPA Region 4 on the number of Title V facilities, those with active permits, the number of initial (TV 1<sup>st</sup> time applications), expired permits, outstanding TV permit renewal permits, and number of significant modifications. The purpose of these reports is to monitor the processing of applications in order to react to those that may be approaching statutory limits for processing clocks or to document those that may have exceeded those time limits.