



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

Public Workshop

Draft Amendments to Regulation 3, Fees



*Bay Area Air Quality Management District
Public Workshop*

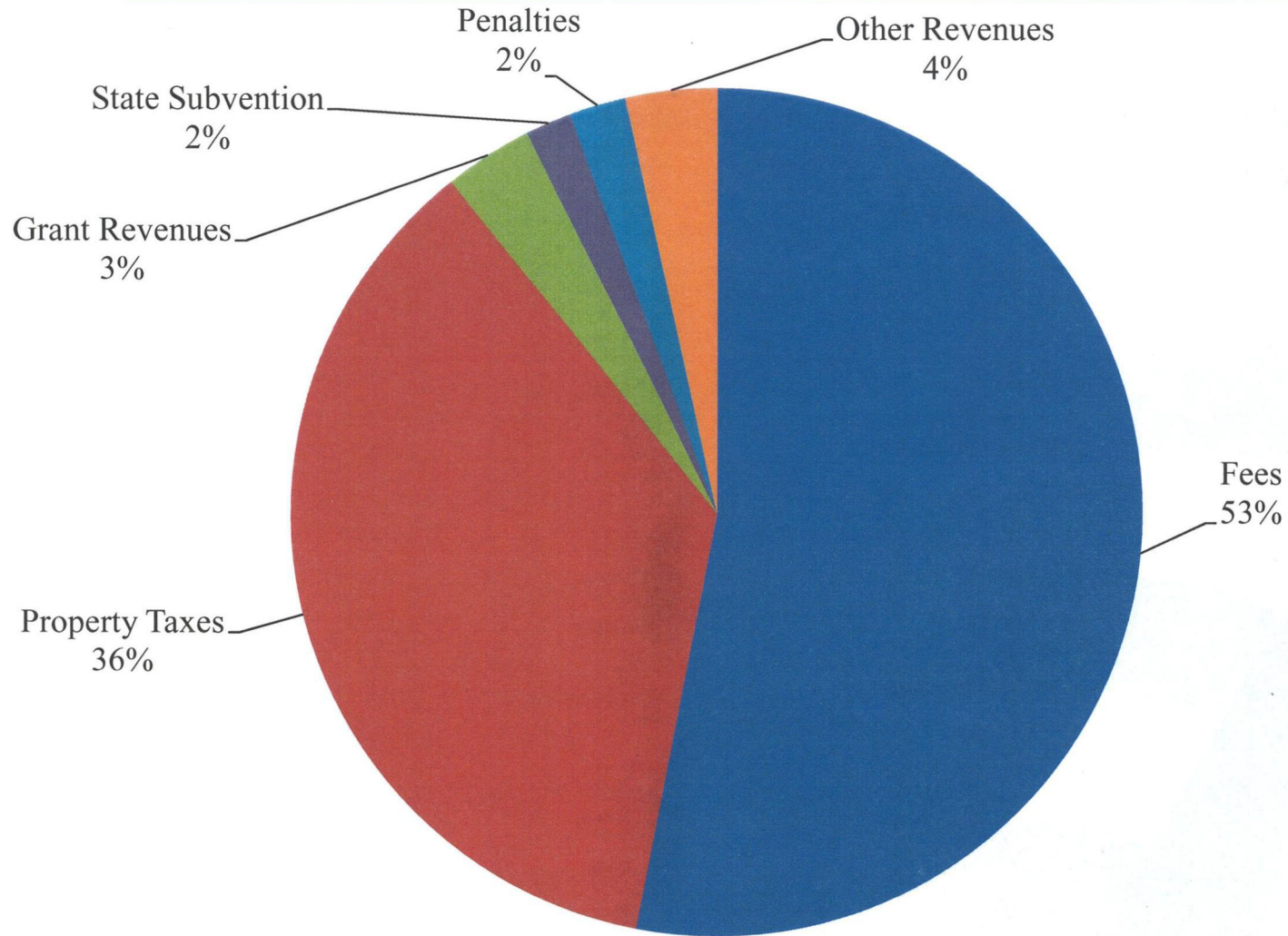
*February 18, 2020
Slide 1*

Workshop Agenda

1. Welcome / Introductions
2. Cost Recovery Background
3. Draft Fee Amendments
4. Rule Development Schedule



Revenue Sources - FYE 2019



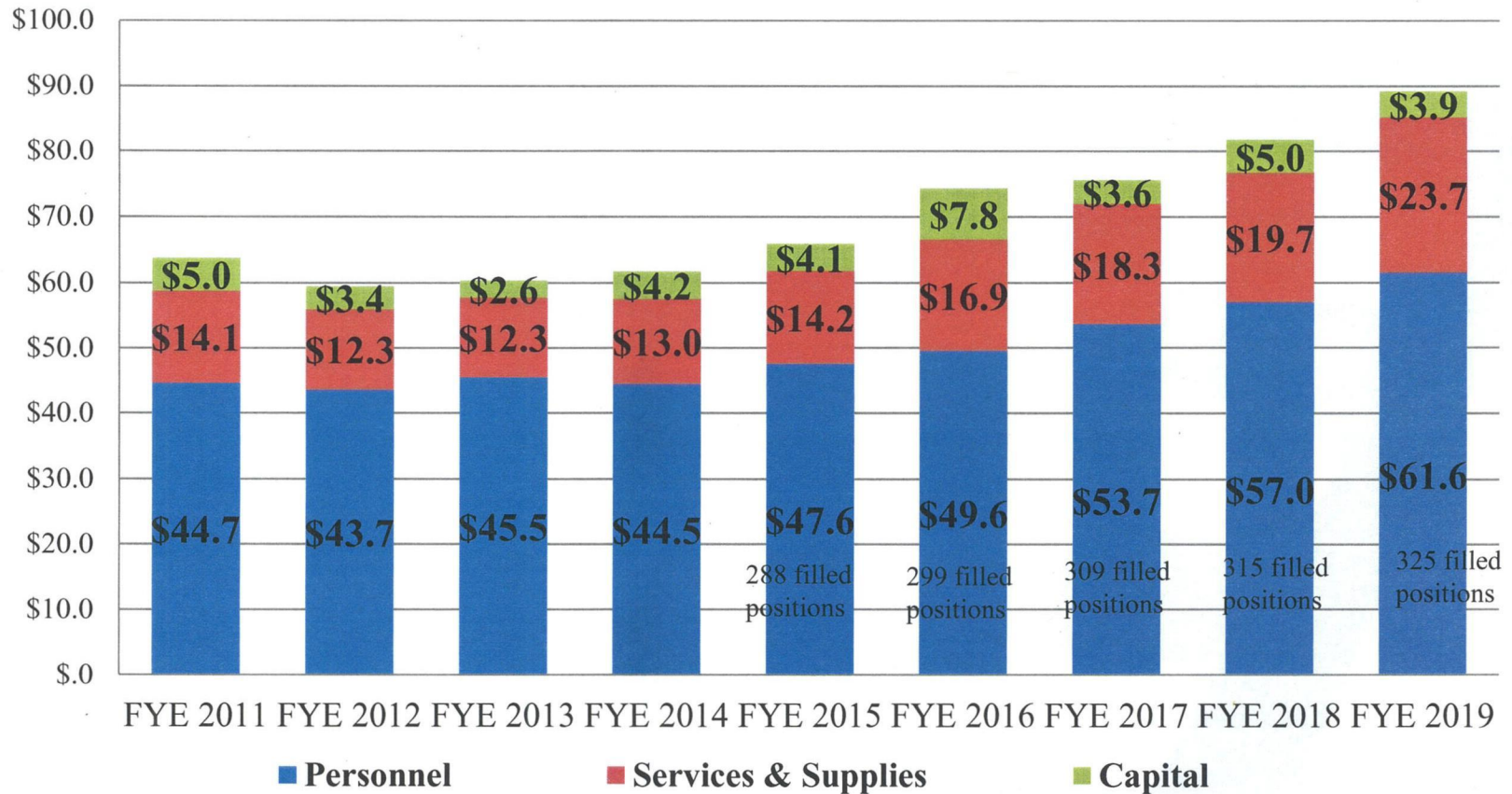
Cost Recovery Background

- Air District has authority to assess fees to recover the reasonable costs of regulating stationary sources
- Board of Directors set goals of increasing cost recovery to a minimum of 85%
- Fee amendments will be made in consideration of cost recovery analyses conducted at the fee schedule-level
- New and enhanced programs reduce cost recovery



Trends in Annual Costs

Audited General Fund Expenditures (millions)

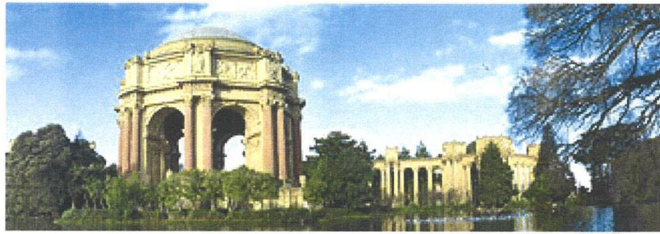


Trends in Cost Recovery (by Fiscal Year)

- Fee revenue falls short of overall full cost recovery
 - FYE 2011: Cost recovery = 65%
 - FYE 2012: Cost recovery = 75%
 - FYE 2013: Cost recovery = 80%
 - FYE 2014: Cost recovery = 80%
 - FYE 2015: Cost recovery = 83%
 - FYE 2016: Cost recovery = 82%
 - FYE 2017: Cost recovery = 83%
 - FYE 2018: Cost recovery = 84%
 - FYE 2019: Cost recovery = 86%

- Fee Schedule changes are based on 3-year average (84%)





Proposed Changes to Fee Schedules

Revenue from Fee Schedule	Change in Fees	Fee Schedules
95 – 110% of costs	3.1% increase* (CPI-W*)	B, D, E, F, M
85 – 94% of costs	7% increase	G3, P
75 – 84% of costs	8% increase	T
50 - 74% of costs	9% increase	G2, H, I, N
Less than 50% of costs	15% increase**	A, G1, G4, K, S, W

• The annual CPI-W increase from 2018 to 2019.

** 2018 Matrix Consulting Group Cost Recovery & Containment Study recommendation.

Note: For Schedules D and E, 3.1% increase is proposed, although cost recovery would have allowed a 7-9% increase. Schedule D covers gas stations and Schedule E covers autobody shops.



Proposed Changes to Fee Schedules

➤ Fee Schedules with 3.1% increase

- Schedule B: Combustion of Fuels
- Schedule D: Gasoline Transfer at Gasoline Dispensing Facilities, Bulk Plants & Terminals
- Schedule E: Solvent Evaporating Sources
- Schedule F: Misc. Sources (storage silos, abrasive blasting)
- Schedule M: Major Stationary Source Fees

➤ Fee Schedules with 7% increase

- Schedule G-3: Misc. Sources (metal melting, cracking units)
- Schedule P: Major Facility Review Fees

➤ Fee Schedules with 8% increase

- Schedule T: Greenhouse Gas Fees



Proposed Changes to Fee Schedules

➤ Fee Schedules with 9% increase

- Schedule G-2: Misc. Sources (asphaltic concrete, furnaces)
- Schedule H: Semiconductor and Related Operations
- Schedule I: Dry Cleaners
- Schedule N: Toxic Inventory Fees

➤ Fee Schedules with 15% increase

- Schedule A: Hearing Board Fees
- Schedule G-1: Misc. Sources (glass manufacturing, soil remediation)
- Schedule G-4: Misc. Sources (cement kilns, sulfur removal & coking units, acid manufacturing)
- Schedule K: Solid Waste Disposal Sites
- Schedule S: Naturally Occurring Asbestos Operations
- Schedule W: Petroleum Refining Emissions Tracking Fees



Other Proposed Amendments

Schedule N: Toxic Inventory Fees

- Amend the language to clarify the methodology used by the Air District to calculate the facility's weighted toxic inventory

Schedule V: Open Burning

- Amend the language to reflect recent Regulation 5 amendments



Other Proposed Amendments (cont'd)

- Specific fees in Regulation 3 proposed to be increased 3.1% based on the CPI-W (filing fees, banking fees, exemption fee, permit renewal processing fees, etc.)
- Amend Section 3-330 to add a minimum A/C renewal fee for gasoline dispensing facility alteration A/C renewals
- Amend Section 3-330.1 to add a fee for not requesting A/C renewal prior to expiration, to discourage late A/C renewals
- Amend Section 3-405 to add a fee for failing to notify the Air District of start-up of a source under an A/C within a year from the start-up date, to discourage late source start-up notifications.



CTR Regulation Fee

- As part of AB 617, CARB recently adopted a new regulation for the reporting of criteria air pollutants and toxic air contaminants for stationary sources.
- We are tasked with implementing the new regulation in the Bay Area and \$1.4 million per year is needed.
- To distribute these costs, we are basing this fee on the number of sources at each facility, since the costs are commensurate with the number of sources at each facility.



CTR Regulation Draft Fee Proposal

- Fees based on the number of sources at each facility.
- In addition to these renewal fees, each facility subject to the CTR Regulation shall pay a fee of:

Number of Permitted Sources per Facility	\$ per Permitted Source
1 to 4	25
5 to 9	75
10 to 14	150
15 to 19	200
20 to 24	250
25 and greater	300



AB 617 Community Health Impact Fee

- We are tasked with implementing CARB's AB 617 "Community Air Protection Program" in the Bay Area.
- \$2.4 million per year is needed.
- To distribute these costs, we first looked at weighted toxic emissions and unadjusted prioritization scores.
- A more equitable way to distribute these costs is by percentage of annual permit/registration renewal fees, which are largely emissions based.



AB 617 Community Health Impact Fee Draft Fee Proposal

- Fees based on percentage of annual total permit/registration renewal fees.
- Current fee proposal:
- Each permitted and registered facility shall pay an AB617 Community Health Impact Fee equal to 5.7% of the facility's annual total renewal fee, up to a maximum of \$70,000 per year.



Accelerated Permitting

- The Air District is exploring options for an Accelerated Permitting Process that would require amendments to Regulation 3: Fees.
- We are looking at other existing processes including:
 - Texas Commission on Environmental Quality
 - South Coast AQMD, San Joaquin Valley APCD, and San Diego County APCD.
 - Looking for input on which models work best.



Rule Development Schedule

- **February 18, 2020**
 - Public workshop
- **March 20, 2020**
 - Written workshop comments due
- **March 25, 2020**
 - Budget & Finance Committee briefing
- **April 15, 2020**
 - Board of Directors first public hearing to receive testimony only
- **May 8, 2020**
 - Written public hearing comments due
- **June 3, 2020**
 - Board of Directors second public hearing to consider adoption
- **July 1, 2020**
 - Proposed effective date of fee amendments



Comments

➤ Please provide comments by **Friday, March 20, 2020** to:

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