Workshop Agenda

1. Welcome/Introductions
2. Cost Recovery Background
3. Draft Fee Amendments
4. Rule Development Schedule
5. Comments
Revenue Sources - FYE 2013

FYE 2013

- Fees: 51%
- Property Taxes: 35%
- Other Revenues: 1%
- Penalties: 3%
- Grants: 8%
- State Subvention: 3%
- Property Taxes: 35%
- Other Revenues: 1%
- Penalties: 3%
- Grants: 8%
- State Subvention: 3%
Cost Recovery Background

- District has authority to assess fees to recover the reasonable costs of regulating stationary sources.

- Fee revenue falls well short of overall full cost recovery.
  - FYE 2010: Cost recovery = 64%
  - FYE 2011: Cost recovery = 67%
  - FYE 2012: Cost recovery = 76%
  - FYE 2013: Cost recovery = 80%

- Cost recovery gap is filled by county tax revenue.
Cost Recovery Policy

- Sets goal of increasing cost recovery to 85% by FYE 2016
- An average 6.4% *overall* annual increase in fee revenue needed to meet cost recovery goal
- Fee amendments will be made in consideration of cost recovery analyses conducted at the fee schedule-level
- District will implement feasible cost containment measures
Trends in Cost Cutting

Audited General Fund Expenditures (millions)

<table>
<thead>
<tr>
<th>FYE</th>
<th>Personnel</th>
<th>Services &amp; Supplies</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$44.0</td>
<td>$16.2</td>
<td>$4.5</td>
</tr>
<tr>
<td>2011</td>
<td>$44.7</td>
<td>$14.1</td>
<td>$5.0</td>
</tr>
<tr>
<td>2012</td>
<td>$43.7</td>
<td>$12.3</td>
<td>$3.4</td>
</tr>
<tr>
<td>2013</td>
<td>$45.5</td>
<td>$12.3</td>
<td>$2.6</td>
</tr>
</tbody>
</table>
## Proposed Changes to Fee Schedules

<table>
<thead>
<tr>
<th>Revenue from Fee Schedule</th>
<th>Change in Fees</th>
<th>Fee Schedules</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceeds 95% of costs</td>
<td>2% increase (CPI)</td>
<td>C, G-5, M, N, Q, T,U,V</td>
</tr>
<tr>
<td>85 – 95% of costs</td>
<td>7% increase</td>
<td>B, D, I</td>
</tr>
<tr>
<td>75 – 84% of costs</td>
<td>8% increase</td>
<td>F, G-4</td>
</tr>
<tr>
<td>Less than 75% of costs</td>
<td>9% increase</td>
<td>A, E, G-1, G-2, G-3, H, K, L, P, R, S</td>
</tr>
</tbody>
</table>

Fees that are administrative in nature (e.g., filing fees, processing fees) are proposed to increase by 3%. 
Proposed Changes to Fee Schedules

Fee Schedules with 2% increase

- Schedule C: Stationary Containers for the Storage of Organic Liquids
- Schedule G-5: Petroleum Refinery Flares
- Schedule M: Major Stationary Source Fees
- Schedule N: Toxic Inventory Fees
- Schedule Q: Contaminated Soil & Removal of Underground Storage Tanks
- Schedule T: Greenhouse Gas Fees
- Schedule U: Indirect Source Fees
- Schedule V: Open Burning Fees
Proposed Changes to Fee Schedules

Fee Schedules with 7% increase

- Schedule B: Combustion of Fuel
- Schedule D: Gasoline Transfer at Gasoline Dispensing Facilities, Bulk Plants & Terminals
- Schedule I: Dry Cleaners

Fee Schedules with 8% increase

- Schedule F: Misc. Sources (storage silos, abrasive blasting)
- Schedule G-4: Misc. Sources (cement kilns, sulfur removal & coking units, acid manufacturing)
Proposed Changes to Fee Schedules

Fee Schedules with 9% increase

- Schedule A: Hearing Board Fees
- Schedule E: Solvent Evaporating Sources
- Schedule G-1: Misc. Sources (glass manufacturing, soil remediation)
- Schedule G-2: Misc. Sources (asphaltic concrete, furnaces)
- Schedule G-3: Misc. Sources (metal melting, cracking units)
- Schedule H: Semiconductor and Related Operations
- Schedule K: Solid Waste Disposal Sites
- Schedule L: Asbestos Operations
- Schedule P: Major Facility Review Fees
- Schedule R: Equipment Registration Fees
- Schedule S: Naturally Occurring Asbestos Operations
## Impact on Small Businesses

- Proposed FYE 2015 fee increases:

<table>
<thead>
<tr>
<th>Facility Type</th>
<th>Facility Description</th>
<th>Fee Increase</th>
<th>Total Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas Station</td>
<td>10 multi-product gasoline nozzles</td>
<td>$186</td>
<td>$2,932</td>
</tr>
<tr>
<td>Dry Cleaner (permitted)</td>
<td>One machine: 1,400 lb/yr Perc emissions</td>
<td>$31</td>
<td>$556</td>
</tr>
<tr>
<td>Dry Cleaner (registered)</td>
<td>One machine: 800 lb/yr VOC emissions</td>
<td>$14</td>
<td>$173</td>
</tr>
<tr>
<td>Auto Body Shop</td>
<td>One spray booth: 400 gal/yr paint</td>
<td>$37</td>
<td>$495</td>
</tr>
<tr>
<td>Back-up Generator</td>
<td>One 300 hp engine</td>
<td>$15</td>
<td>$262</td>
</tr>
</tbody>
</table>
## Bay Area/South Coast AQMD Fee Comparison - FYE 2014

<table>
<thead>
<tr>
<th>Category</th>
<th>BAAQMD</th>
<th>South Coast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drycleaning Machine (permitted)</td>
<td>$525</td>
<td>$629</td>
</tr>
<tr>
<td>Paint Booth</td>
<td>$459</td>
<td>$629</td>
</tr>
<tr>
<td>Degreaser</td>
<td>$458</td>
<td>$435</td>
</tr>
<tr>
<td>365 Hp Diesel Engine</td>
<td>$247</td>
<td>$554</td>
</tr>
<tr>
<td>Gasoline Dispensing Nozzle</td>
<td>$176</td>
<td>$405</td>
</tr>
<tr>
<td>Boiler (10.5 MM Btu/hr)</td>
<td>$378</td>
<td>$1,253</td>
</tr>
<tr>
<td>5,200 gal Org. Liquid Storage Tank</td>
<td>$221</td>
<td>$435</td>
</tr>
</tbody>
</table>
Minor Language Changes

Section 3-405, Fees Not Paid
- Language added to clarify that late fees are not additive

Schedule P, Major Facility Review (MFR) Fees
- Language added to clarify MFR fee calculation
Rule Development Schedule

- **February 18, 2014**
  - Public workshop

- **February 28, 2014**
  - Written comments due

- **March 26, 2014**
  - Budget & Finance Committee briefing

- **April 16, 2014**
  - Board of Directors first public hearing to receive testimony only

- **June 4, 2014**
  - Board of Directors second public hearing to consider adoption

- **July 1, 2014**
  - Proposed effective date of fee amendments
Comments

- Please provide comments by **Friday, February 28th** to:

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  Bay Area Air Quality Management District  
  939 Ellis Street  
  San Francisco, CA  94109

  jslamovich@baaqmd.gov  
  (415) 749-4681