Workshop Agenda

1. Welcome/Introductions
2. Cost Recovery Background
3. Draft Fee Amendments
4. Rule Development Schedule
5. Comments
Revenue Sources - FYE 2014

- Fees 51%
- Other Revenue 2%
- Grants 6%
- State Subvention 3%
- Penalties 4%
- Property Taxes 35%
- Other Revenue 2%
Cost Recovery Background

- District has authority to assess fees to recover the reasonable costs of regulating stationary sources.
- General policy to fully recover costs of regulatory program activities.
- Sets goal of increasing cost recovery to 85% over four years FYE 2013 through FYE 2016.
- 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 Recovery

- Fee revenue falls well short of overall full cost recovery
  - FYE 2010: Cost recovery = 64%
  - FYE 2011: Cost recovery = 65%
  - FYE 2012: Cost recovery = 75%
  - FYE 2013: Cost recovery = 80%
  - FYE 2014: Cost recovery = 80%
  - FYE 2015: Cost recovery = 82% Projected

- Cost recovery gap is filled by county tax revenue
Trends in Cost Cutting

Audited General Fund Expenditures (millions)

- **FYE 2010**: $44.0 (340 filled positions)
- **FYE 2011**: $44.7 (314 filled positions)
- **FYE 2012**: $43.7 (314 filled positions)
- **FYE 2013**: $45.5 (314 filled positions)
- **FYE 2014**: $44.5 (314 filled positions)

- Personnel
- Services & Supplies
- Capital
### 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>2.6% increase (CPI-W)*</td>
<td>C, G-5, M, N, Q, U</td>
</tr>
<tr>
<td>85 – 95% of costs</td>
<td>7% increase</td>
<td>B, D, I, L</td>
</tr>
<tr>
<td>75 – 84% of costs</td>
<td>8% increase</td>
<td>F, G-3</td>
</tr>
<tr>
<td>Less than 75% of costs</td>
<td>9% increase</td>
<td>A, E, G-1, G-2, G-4, H, K, P, R, S, V</td>
</tr>
</tbody>
</table>

* The annual Consumer Price Index for Bay Area Urban Wage Earners and Clerical Workers (CPI-W) increased 2.6% from 2013 to 2014
Proposed Changes to Fee Schedules

Fee Schedules with 2.6% 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 U: Indirect Source 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
  - Schedule L: Asbestos Operations

- **Fee Schedules with 8% increase**
  - Schedule F: Misc. Sources (storage silos, abrasive blasting)
  - Schedule G-3: Misc. Sources (metal melting, cracking units)
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-4: Misc. Sources (cement kilns, sulfur removal & coking units, acid manufacturing)
- Schedule H: Semiconductor and Related Operations
- Schedule K: Solid Waste Disposal Sites
- Schedule P: Major Facility Review Fees
- Schedule R: Equipment Registration Fees
- Schedule S: Naturally Occurring Asbestos Operations
- Schedule V: Open Burning
Other Proposed Amendments

Schedule R: Equipment Registration Fees

- The facility registration fee would be deleted and replaced by a registration fee per device of $100

Section 3-304: Alteration

- An applicant to alter a source would pay the applicable modification fee pursuant to Section 3-302
Greenhouse Gas Fees

Schedule T: Greenhouse Gas Fees

- Increases from $0.07 to $0.09 per metric ton of carbon dioxide equivalent emissions
- Fee increase adopted in FYE 2015 as part of a two-year, phased increase per Board of Directors Resolution No. 2014-04
### Proposed FYE 2016 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>$198</td>
<td>$3,130</td>
</tr>
<tr>
<td>Dry Cleaner (permitted)</td>
<td>One machine: 1,400 lb/yr Perc emissions</td>
<td>$29</td>
<td>$585</td>
</tr>
<tr>
<td>Dry Cleaner (registered)</td>
<td>One machine: 800 lb/yr VOC emissions</td>
<td>$16</td>
<td>$189</td>
</tr>
<tr>
<td>Auto Body Shop</td>
<td>One spray booth: 400 gal/yr paint</td>
<td>$39</td>
<td>$535</td>
</tr>
<tr>
<td>Back-up Generator</td>
<td>One 365 hp engine</td>
<td>$17</td>
<td>$323</td>
</tr>
</tbody>
</table>
Bay Area/South Coast AQMD Fee Comparison - FYE 2015

<table>
<thead>
<tr>
<th>Item</th>
<th>BAAQMD</th>
<th>South Coast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drycleaning Machine (permitted)</td>
<td>$555</td>
<td>$648</td>
</tr>
<tr>
<td>Paint Booth</td>
<td>$496</td>
<td>$648</td>
</tr>
<tr>
<td>Degreaser</td>
<td>$495</td>
<td>$452</td>
</tr>
<tr>
<td>365 Hp Diesel Engine</td>
<td>$306</td>
<td>$572</td>
</tr>
<tr>
<td>Gasoline Dispensing Nozzle</td>
<td>$185</td>
<td>$414</td>
</tr>
<tr>
<td>Boiler (20 MM Btu/hr)</td>
<td>$675</td>
<td>$1,308</td>
</tr>
<tr>
<td>5,200 gal Org. Liquid Storage Tank</td>
<td>$227</td>
<td>$452</td>
</tr>
</tbody>
</table>
**Rule Development Schedule**

- **February 17, 2015**
  - Public workshop

- **February 27, 2015**
  - Written comments due

- **March 25, 2015**
  - Budget & Finance Committee briefing

- **April 15, 2015**
  - Board of Directors first public hearing to receive testimony only

- **June 3, 2015**
  - Board of Directors second public hearing to consider adoption

- **July 1, 2015**
  - Proposed effective date of fee amendments
Please provide comments by **Friday, February 27th** to:

Joe Slamovich  
Bay Area Air Quality Management District  
939 Ellis Street  
San Francisco, CA 94109  
jslamovich@baaqmd.gov  
(415) 749-4681