Public Workshop
Draft Amendments to Regulation 3, Fees
Bay Area Air Quality Management District
February 18, 2016
1. Welcome / Introductions
2. Cost Recovery Background
3. Draft Fee Amendments
4. Rule Development Schedule
5. Comments
Revenue Sources - FYE 2015

- Property Taxes: 35%
- Fees: 51%
- Other Revenues: 2%
- Grants: 8%
- Penalties: 3%
- State Subvention: 3%
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 Cutting

Audited General Fund Expenditures (millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Personnel</th>
<th>Services &amp; Supplies</th>
<th>Capital</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FYE 2010</td>
<td>$44.0</td>
<td>$16.2</td>
<td>$4.5</td>
<td>$64.7</td>
</tr>
<tr>
<td>FYE 2011</td>
<td>$44.7</td>
<td>$14.1</td>
<td>$5.0</td>
<td>$64.8</td>
</tr>
<tr>
<td>FYE 2012</td>
<td>$43.7</td>
<td>$12.3</td>
<td>$3.4</td>
<td>$60.4</td>
</tr>
<tr>
<td>FYE 2013</td>
<td>$45.5</td>
<td>$12.3</td>
<td>$2.6</td>
<td>$60.4</td>
</tr>
<tr>
<td>FYE 2014</td>
<td>$44.5</td>
<td>$13.0</td>
<td>$4.2</td>
<td>$62.7</td>
</tr>
<tr>
<td>FYE 2015</td>
<td>$47.6</td>
<td>$14.2</td>
<td>$4.1</td>
<td>$67.9</td>
</tr>
</tbody>
</table>

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Trends in Cost Recovery

➢ Fee revenue falls 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 = 83%
  - FYE 2016: Cost recovery = 76% Projected

➢ Cost recovery gap is filled by county tax revenue
## 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>2.2% increase (CPI-W)*</td>
<td>B, C, G-5, L, M, N, Q, U</td>
</tr>
<tr>
<td>85 – 95% of costs</td>
<td>7% increase</td>
<td>T</td>
</tr>
<tr>
<td>75 – 84% of costs</td>
<td>8% increase</td>
<td>F, G-3, P</td>
</tr>
<tr>
<td>Less than 75% of costs</td>
<td>9% increase</td>
<td>A, D, E, G-1, G-2, G-4, H, I, K, R, S, V</td>
</tr>
</tbody>
</table>

* The annual Consumer Price Index for Bay Area Urban Wage Earners and Clerical Workers (CPI-W) increased 2.2% from 2014 to 2015
Proposed Changes to Fee Schedules

Fee Schedules with 2.2% increase

- Schedule B: Combustion of Fuel
- Schedule C: Stationary Containers for the Storage of Organic Liquids
- Schedule G-5: Petroleum Refinery Flares
- Schedule L: Asbestos Operations
- 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 T: Greenhouse Gas Fees

➢ Fee Schedules with 8% increase
  • Schedule F: Misc. Sources (storage silos, abrasive blasting)
  • Schedule G-3: Misc. Sources (metal melting, cracking units)
  • Schedule P: Major Facility Review Fees
Proposed Changes to Fee Schedules

Fee Schedules with 9% increase

- Schedule A: Hearing Board Fees
- Schedule D: Gasoline Transfer at Gasoline Dispensing Facilities, Bulk Plants & Terminals
- 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 I: Dry Cleaners
- Schedule K: Solid Waste Disposal Sites
- Schedule R: Equipment Registration Fees
- Schedule S: Naturally Occurring Asbestos Operations
- Schedule V: Open Burning
Petroleum Refining Emissions Tracking Fees – Schedule W

New Schedule W

➢ Would apply to the five Bay Area refineries

➢ To help recover the Air District’s costs associated with proposed new Regulation 12, Rule 15

➢ Fees are proposed for review of refinery emissions inventory and crude slate reports and air monitoring plan submittals.
Major Stationary Source Community Air Monitoring Fees

New Schedule X

➤ Applies to Bay Area Major Stationary Sources emitting > 35 TPY criteria pollutants within the vicinity of District proposed community air monitor locations.

➤ To help recover the District’s costs of the community air monitoring program.

➤ The fee is $60.61 per ton of organic compounds, sulfur oxides, NOx, CO, and/or PM10.

➤ The District is reviewing potential locations for the proposed community air monitors.
Other Proposed Amendments

Section 3-302.3: Fees for Abatement Devices

➢ Applications for an abatement device where there is no other modification to the source currently pays a fee based on the source being abated.

➢ A maximum cap of $10,000 is proposed for these applications.

Section 3-304: Alterations

➢ For alteration applications, gasoline dispensing facilities will pay 1.75 times the filing fee (approximately $800 total).
Other Proposed Amendments (cont’d)

Schedule T: Greenhouse Gas Fees

➢ Update the Global Warming Potential Values per the IPCC 5th Assessment Report

➢ Add several GHG compounds from ARB’s most recent list of GHGs and that we currently track
## Impact on Small Businesses

- **Proposed FYE 2017 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>$272</td>
<td>$3,402</td>
</tr>
<tr>
<td>Dry Cleaner (permitted)</td>
<td>One machine: 1,400 lb/yr Perc emissions</td>
<td>$42</td>
<td>$627</td>
</tr>
<tr>
<td>Dry Cleaner (registered)</td>
<td>One machine: 800 lb/yr VOC emissions</td>
<td>$17</td>
<td>$206</td>
</tr>
<tr>
<td>Auto Body Shop</td>
<td>One spray booth: 400 gal/yr paint</td>
<td>$42</td>
<td>$576</td>
</tr>
<tr>
<td>Back-up Generator</td>
<td>One 365 hp engine</td>
<td>$7</td>
<td>$330</td>
</tr>
</tbody>
</table>
# Bay Area/South Coast AQMD Fee Comparison - FYE 2016

![Graph showing fee comparison between BAAQMD and South Coast for various equipment types.](image)

<table>
<thead>
<tr>
<th>Equipment Type</th>
<th>BAAQMD</th>
<th>South Coast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drycleaning Machine (permitted)</td>
<td>$585</td>
<td>$667</td>
</tr>
<tr>
<td>Paint Booth</td>
<td>$534</td>
<td>$567</td>
</tr>
<tr>
<td>Degreaser</td>
<td>$534</td>
<td>$468</td>
</tr>
<tr>
<td>365 Hp Diesel Engine</td>
<td>$323</td>
<td>$581</td>
</tr>
<tr>
<td>Gasoline Dispensing Nozzle</td>
<td>$194</td>
<td>$423</td>
</tr>
<tr>
<td>Boiler (10.5 MM Btu/hr)</td>
<td>$413</td>
<td>$1,363</td>
</tr>
<tr>
<td>5,200 gal Org. Liquid Storage Tank</td>
<td>$233</td>
<td>$468</td>
</tr>
</tbody>
</table>

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Rule Development Schedule

- **February 18, 2016**
  - Public workshop

- **March 16, 2016**
  - Written comments due

- **March 23, 2016**
  - Budget & Finance Committee briefing

- **April 20, 2016**
  - Board of Directors first public hearing to receive testimony only

- **June 1, 2016**
  - Board of Directors second public hearing to consider adoption

- **July 1, 2016**
  - Proposed effective date of fee amendments
Comments

➢ Please provide comments by **Wednesday, March 16th** to:

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