



BOARD OF DIRECTORS
Finance and Administration Committee
April 15, 2026

COMMITTEE MEMBERS

LYNDA HOPKINS – CHAIR
BRIAN COLBERT
DAVID HAUBERT
LINDA SELL

JUAN GONZÁLEZ III – VICE CHAIR
NOELIA CORZO
TYRONE JUE
VICKI VEENKER

**MEETING LOCATION(S) FOR IN-PERSON ATTENDANCE BY
COMMITTEE MEMBERS AND MEMBERS OF THE PUBLIC**

**Bay Area Metro Center
1st Floor Board Room
375 Beale Street
San Francisco, CA 94105**

**San Mateo County
Board of Supervisors' Office
5th Floor
500 County Center
Redwood City, CA 94063**

**Office of Alameda County Supervisor
David Haubert
Scott Haggerty House
4501 Pleasanton Ave.
Pleasanton, CA 94566**

**Santa Rosa Junior College Campus
Doyle Library, Room 148
1501 Mendocino Ave.
Santa Rosa, CA 95401**

**Sunnyvale City Hall
Cedar Conference Room
456 W. Olive Ave.
Sunnyvale, CA 94086**

**Palo Alto City Hall
Community Meeting Room
250 Hamilton Ave.
Palo Alto, CA 94301**

THE FOLLOWING STREAMING OPTIONS WILL ALSO BE PROVIDED

These streaming options are provided for convenience only. In the event that streaming connections malfunction for any reason, the Finance and Administration Committee reserves the right to conduct the meeting without remote webcast and/or Zoom access.

The public may observe this meeting through the webcast by clicking the link available on the air district's agenda webpage at <https://www.baaqmd.gov/bodagendas>

Members of the public may participate remotely via Zoom at <https://bayareametro.zoom.us/j/85929699584> or may join Zoom by phone by dialing (669) 900-6833 or (408) 638-0968. The Webinar ID for this meeting is: [859 2969 9584](https://bayareametro.zoom.us/j/85929699584)

PUBLIC COMMENT ON AGENDA ITEMS

The public may comment on each item on the agenda as the item is taken up. Members of the public who wish to speak on a matter on the agenda will have two minutes each to address the Committee on that agenda item, unless a different time limit is established by the Chair. No speaker who has already spoken on an item will be entitled to speak to that item again.

Written public comments can be emailed to comments@baaqmd.gov or through the Air District's website via the "Submit a Comment" feature for this meeting. Written public comments emailed by 10:00 a.m. on the business day prior to this meeting will be provided to the Committee members in advance of the meeting. Written public comments emailed after that deadline will be provided to the Committee members following the meeting's adjournment. Unless directed by the Chair, written public comments will not be read aloud during the meeting.

The Committee welcomes comments, including criticism, about the policies, procedures, programs, or services of the Air District, or of the acts or omissions of the Committee. Speakers shall not use threatening, profane, or abusive language which disrupts, disturbs, or otherwise impedes the orderly conduct of a Committee meeting. The Air District is committed to maintaining a workplace free of unlawful harassment and is mindful that Air District staff regularly attend Committee meetings. Discriminatory statements or conduct that would potentially violate the Fair Employment and Housing Act – i.e., statements or conduct that is hostile, intimidating, oppressive, or abusive – is *per se* disruptive to a meeting and will not be tolerated.

FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

WEDNESDAY, APRIL 15, 2026

1:00 PM

Chairperson, Lynda Hopkins

1. **Call to Order - Roll Call**

The Committee Chair shall call the meeting to order and the Clerk of the Boards shall take roll of the Committee members.

2. **Pledge of Allegiance**

CONSENT CALENDAR (Item 3)

The Consent Calendar consists of routine items that may be approved together as a group by one action of the Committee. Any Committee member or member of the public may request that an item be removed and considered separately.

3. **Approval of the Draft Minutes of the Finance and Administration Committee Meeting of March 18, 2026**

The Committee will consider approving the Draft Minutes of the Finance and Administration Committee Meeting of March 18, 2026.

INFORMATIONAL ITEM

4. **Permitting Strategies**

The Committee will discuss an update on the permitting strategies. The strategies were developed in response to recommendations from the Engineering Performance Audit and were transformed into the Permitting Actions for the Air District's Strategic Plan. The permitting strategies address the Strategic Plan Goal 4: Be Effective, Accountable, and Customer Oriented, which focuses on timely, transparent, and consistent permits. This item will be presented by Pamela Leong, Engineering Division Director.

ACTION ITEM

5. Proposed Amendments to Air District Regulation 3: Fees

The Committee will discuss proposed amendments to the Air District's fee regulation, Regulation 3. The Committee will consider recommending to the Board of Directors that the Board adopt the proposed fee regulation amendments. This item will be presented by Fred Tanaka, Senior Manager, and Mark Gage, Principal Air Quality Engineer in the Engineering Division.

INFORMATIONAL ITEM

6. Financial Audit Report for Fiscal Year Ending 2025

Pursuant to Section 9.2 of the Administrative Code, the Air District is required to undergo an independent financial audit annually. The Committee will review the audited financial statements and related reports for the fiscal year ending June 30, 2025, prepared by Simpson & Simpson, LLP. The audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States, as well as Office of Management and Budget Circular A-133, which establishes federal audit requirements for entities that expend federal funds. This item will be presented by Joseph Moussa, audit partner, Simpson & Simpson LLP.

OTHER BUSINESS

7. Public Comment on Non-Agenda Matters

Pursuant to Government Code Section 54954.3, members of the public who wish to speak on matters not on the agenda will be given an opportunity to address the Committee. Members of the public will have two minutes each to address the Committee, unless a different time limit is established by the Chair. The Committee welcomes comments, including criticism, about the policies, procedures, programs, or services of the Air District, or of the acts or omissions of the Committee. Speakers shall not use threatening, profane, or abusive language which disrupts, disturbs, or otherwise impedes the orderly conduct of a Committee meeting. The Air District is committed to maintaining a workplace free of unlawful harassment and is mindful that Air District staff regularly attend Committee meetings. Discriminatory statements or conduct that would potentially violate the Fair Employment and Housing Act – i.e., statements or conduct that is hostile, intimidating, oppressive, or abusive – is per se disruptive to a meeting and will not be tolerated.

8. Committee Member Comments

Any member of the Committee, or its staff, on their own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on their own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)

9. Time and Place of Next Meeting

Wednesday, May 20, 2026, at 1:00 p.m. The meeting will be held in-person at the Bay Area Metro Center and at satellite locations as may be specified on the meeting agenda using a remote teleconferencing link. Members of the Finance and Administration Committee and the public may attend at any of those in-person locations, and members of the public may also attend virtually via webcast.

10. Adjournment

The Committee meeting shall be adjourned by the Chair.

CONTACT:
MANAGER, EXECUTIVE OPERATIONS
375 BEALE STREET, SAN FRANCISCO, CA 94105
vjohnson@baaqmd.gov

(415) 749-4941
FAX: (415) 928-8560
Air District homepage:
www.baaqmd.gov

- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body less than 72 hours before the meeting shall be made available at the Air District's offices at 375 Beale Street, Suite 600, San Francisco, CA 94105, at the time such writing is made available to all, or a majority of all, members of that body.

Accessibility and Non-Discrimination Policy

The Bay Area Air District (Air District) does not discriminate on the basis of race, national origin, ethnic group identification, ancestry, religion, age, sex, sexual orientation, gender identity, gender expression, color, genetic information, medical condition, or mental or physical disability, or any other attribute or belief protected by law.

It is the Air District's policy to provide fair and equal access to the benefits of a program or activity administered by Air District. The Air District will not tolerate discrimination against any person(s) seeking to participate in, or receive the benefits of, any program or activity offered or conducted by the Air District. Members of the public who believe they or others were unlawfully denied full and equal access to an Air District program or activity may file a discrimination complaint under this policy. This non-discrimination policy also applies to other people or entities affiliated with Air District, including contractors or grantees that the Air District utilizes to provide benefits and services to members of the public.

Auxiliary aids and services including, for example, qualified interpreters and/or listening devices, to individuals who are deaf or hard of hearing, and to other individuals as necessary to ensure effective communication or an equal opportunity to participate fully in the benefits, activities, programs and services will be provided by the Air District in a timely manner and in such a way as to protect the privacy and independence of the individual. Please contact the Non-Discrimination Coordinator identified below at least three days in advance of a meeting so that arrangements can be made accordingly.

If you believe discrimination has occurred with respect to an Air District program or activity, you may contact the Non-Discrimination Coordinator identified below or visit our website at www.baaqmd.gov/accessibility to learn how and where to file a complaint of discrimination.

Questions regarding this Policy should be directed to the Air District's Non-Discrimination Coordinator, Kimberly Leefatt, Civil Rights Officer at 415-749-4610 or by email at non-discriminationcoordinator@baaqmd.gov.

**BAY AREA AIR DISTRICT
375 BEALE STREET, SAN FRANCISCO, CA 94105
FOR QUESTIONS PLEASE CALL (415) 749-4941**

**EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS**

APRIL 2026

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Policy, Grants and Technology Committee	Wednesday	15	10:00 a.m.	1 st Floor Board Room
Board of Directors Finance and Administration Committee	Wednesday	15	1:00 p.m.	1 st Floor Board Room
Board of Directors Budget Hearing	Wednesday	29	10:00 a.m.	1 st Floor Board Room
Board of Directors Meeting	Wednesday	29	11:00 a.m.	1 st Floor Board Room

MAY 2026

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Advisory Council Meeting	Monday	4	9:00 a.m.	1 st Floor Board Room
Board of Directors Meeting	Wednesday	6	10:00 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee	Wednesday	13	10:00 a.m.	1 st Floor, Yerba Buena Room
Board of Directors Community Equity, Health, and Justice Committee	Wednesday	13	1:00 p.m.	1 st Floor, Yerba Buena Room
Board of Directors Policy, Grants and Technology Committee	Wednesday	20	10:00 a.m.	1 st Floor Board Room
Board of Directors Finance and Administration Committee	Wednesday	20	1:00 p.m.	1 st Floor Board Room
Community Advisory Council Meeting	Thursday	21	6:00 p.m.	1 st Floor Board Room

JUNE 2026

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Meeting	Wednesday	3	10:00 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee	Wednesday	10	10:00 a.m.	1 st Floor, Yerba Buena Room
Board of Directors Community Equity, Health, and Justice Committee	Wednesday	10	1:00 p.m.	1 st Floor, Yerba Buena Room
Advisory Council Meeting	Monday	15	9:00 a.m.	1 st Floor Board Room
Board of Directors Policy, Grants and Technology Committee	Wednesday	17	10:00 a.m.	1 st Floor Board Room
Board of Directors Finance and Administration Committee	Wednesday	17	1:00 p.m.	1 st Floor Board Room

MV 4/6/26 – 12:34 p.m.

G/Board/Executive Office/Moncal

BAY AREA AIR DISTRICT
Memorandum

To: Chairperson Lynda Hopkins and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: April 15, 2026

Re: Approval of the Draft Minutes of the Finance and Administration Committee
Meeting of March 18, 2026

RECOMMENDED ACTION

Approve the Draft Minutes of the Finance and Administration Committee Meeting of
March 18, 2026.

BACKGROUND

None.

DISCUSSION

Attached for your review and approval are the Draft Minutes of the Finance and
Administration Committee Meeting of March 18, 2026.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

ATTACHMENT(S):

1. Draft Minutes of the Finance and Administration Committee Meeting of March 18, 2026

Bay Area Air District
375 Beale Street, Suite 600
San Francisco, CA 94105
(415) 749-5073

Finance and Administration Committee Meeting
Wednesday, March 18, 2026

DRAFT MINUTES

This meeting was webcast, and a video recording is available on the website of the Bay Area Air District at www.baaqmd.gov/bodagendas

CALL TO ORDER

1. **Opening Comments:** Finance and Administration Committee (Committee) Chairperson, Lynda Hopkins, called the meeting to order at 1:12 p.m.

Roll Call:

Present, In-Person (Bay Area Metro Center, 375 Beale Street, 1st Floor Board Room, San Francisco, CA, 94105): Chairperson Lynda Hopkins; and Directors Brian Colbert, Tyrone Jue, and Vicki Veenker.

Present, In-Person Satellite Location: (Office of Alameda County Supervisor David Haubert, Scott Haggerty House, 4501 Pleasanton Avenue, Pleasanton, CA 94566): Director Haubert.

Absent: Vice Chairperson Juan González; and Directors Noelia Corozo and Linda Sell.

2. **PLEDGE OF ALLEGIANCE**

CONSENT CALENDAR

3. **APPROVAL OF THE DRAFT MINUTES OF THE FINANCE AND ADMINISTRATION COMMITTEE MEETING OF FEBRUARY 18, 2026**

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Director Jue made a motion, seconded by Director Veenker, to **approve** the Draft Minutes of the Finance and Administration Committee Meeting Of February 18, 2026; and the motion carried by the following vote of the Committee:

AYES: Colbert, Haubert, Hopkins, Jue, Veenker.
NOES: None.
ABSTAIN: None.
ABSENT: Corzo, González, Sell.

ACTION ITEM

4. PROPOSED FISCAL YEAR 2026-2027 BUDGET AND FEE REGULATION AMENDMENTS

Hyacinth Hinojosa, Deputy Executive Officer of Finance and Administration, Stephanie Osaze, Director of Finance, Fred Tanaka, Engineering Manager, and Mark Gage, Principal Air Quality Engineer, gave the staff presentation *Proposed Fiscal Year 2026-2027 Budget and Fee Regulation Amendments*, including: outline; recommended action; budget highlights; FY 2026-2027 all funds budget by revenue and expense type; FY 2026-2027 General Fund budget by type; financial forecast; budget summary- ongoing investments; budget summary- new investments; budget summary- other considerations; budget summary- sources and uses; General Fund reserves trend; General Fund reserve proposed designations and uses; medical retiree plan funding status/policy; pension plan funding status/policy; FY 2026-2027 budget by service area; service area: engineering & compliance; service area: equity & community programs; service area: finance and administration; service area: general counsel; service area: information management; service area: policy; service area: public affairs; service area: science; staff overview; organizational efficiency add/delete positions; BaREATHE study: Bay Area Regional Evaluation of Air Toxics and Health Effects; cost recovery background; cost recovery limitations; cost recovery background: trends; cost recovery background: trends example; cost recovery strategies; proposed fee regulation amendments; other proposed changes – general; other proposed changes – new fee; other proposed changes – fee reduction; other proposed changes – fee removal; other proposed changes – reclassification; impact on large facilities – permit renewal; impact on small facilities – permit renewal; budget & fee regulation schedule; recommended action; questions and discussion.

Public Comments

Public comments were given by Bob Brown, Western States Petroleum Association; and Peter Okurowski, California Council for Environmental and Economic Balance.

Committee Comments

The Committee and staff discussed the proposal for the Committee to focus their questions and comments on the proposed budget, and that the fee schedule be brought back to the Committee for additional deliberation at a future meeting, given several public comments focused on the fee schedule; the appreciation for the proposed budget’s alignment with the Air District’s strategic plan and priorities, highlighting its focus on reducing permitting backlog, investing in technology, supporting impacted communities, and maintaining long-term fiscal discipline; the request for

clarification of the “off-ramp” for reserve funded limited-term contract employees (LTCEs) being used to address the permitting backlog; comments on the use of reserves, noting the one-time and ongoing reserve funding investments (including LTCEs, refinery community air monitoring program, and the Community Investments Office; and questions on how these expenses would be sustainably funded in the future without relying on reserves indefinitely and whether they were intended to be short-term or ongoing costs.

Committee Action

Director Veenker made a motion, seconded by Director Colbert, to recommend that the Board **adopt** the Fiscal Year 2026-2027 Proposed Budget with proposed staffing recommendations (fee regulation amendments will be considered separately, in the future); and the motion carried by the following vote of the Committee:

- AYES: Colbert, Haubert, Hopkins, Jue, Veenker.
- NOES: None.
- ABSTAIN: None.
- ABSENT: Corzo, González, Sell.

OTHER BUSINESS

5. PUBLIC COMMENTS ON NON-AGENDA MATTERS

No requests received.

6. COMMITTEE MEMBER COMMENTS

None.

7. TIME AND PLACE OF NEXT MEETING

Wednesday, April 15, 2026, at 1:00 p.m. The meeting will be held in-person at the Bay Area Metro Center and at satellite locations as may be specified on the meeting agenda using a remote teleconferencing link. Members of the Finance and Administration Committee and the public may attend at any of those in-person locations, and members of the public may also attend virtually via webcast.

8. ADJOURNMENT

The meeting was adjourned at 1:59 p.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR DISTRICT
Memorandum

To: Chairperson Lynda Hopkins and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: April 15, 2026

Re: Permitting Strategies

RECOMMENDED ACTION

None; the Committee will discuss this item, but no action is requested at this time.

BACKGROUND

In 2023, the Air District engaged Sjoberg Evashenk Consulting, Inc. to conduct a Performance Audit of the Air District Engineering Functions that focused on timeliness of permit actions, tracking, staffing and workload management, and cost recovery. Findings were presented to the Finance and Administration Committee by the auditor on December 20, 2023. A 5-year corrective action plan to address audit findings was reviewed by the Finance and Administration Committee on April 17, 2024, and subsequently incorporated into the Air District's *2024-2029 Strategic Plan*.

On June 4, 2025, the Board approved the Fiscal Year 2025–26 Budget and directed staff to identify additional resources to support continued implementation of the Permitting Strategies of the Strategic Plan. On September 10, 2025, the Board adopted a Fiscal Year End 2026 Mid-year staffing and budget adjustment to effectively implement the audit corrective action plan and reduce permit backlogs. The positions support workload balancing, improved tracking, and streamlined processing—core recommendations of the audit to improve service delivery, compliance timeliness, and public accountability.

DISCUSSION

The Engineering Division of the Air District plays a crucial role in granting air quality permits to businesses operating equipment that could potentially emit air pollutants. The permitting process is a partnership between the Air District and the applicant. It is not a rubber-stamp process; rather, each permit is carefully evaluated for compliance with over 100 rules that are designed to protect public health and the environment. In the Bay Area, the process is especially challenging because businesses must comply with some of the most health-protective air quality regulations in the country while also

adopting innovative technologies.

Over the past decade, more stringent federal/state/local rules, along with increased complexity of permitted sources has contributed to delays in permit actions. The most challenging permit applications often pertain to innovative technology or to equipment used in facilities with complex emissions sources, such as refineries, landfills, composting operations, wastewater treatment facilities, and concrete & asphalt batch plants. However, standard permit applications such as backup engines can also experience delays due to the competing workload demands imposed by the complex permit applications.

After the Performance Audit of the Engineering Division Functions, an action plan was created to address the recommendations in the audit. The action plan schedule covered three phases, as outlined below, noting that implementation of corrective actions began in 2024.

Phase 1: Planning

- April - September 2024 (completed)
- Developed plans for backlog reduction, tracking, staffing, work prioritization, and cost recovery
- Created metrics to report progress to Board of Directors
- Completed concrete near-term recommendation
- Continued on-going improvements (e.g., Permitting and Compliance System upgrades, efficiency measures, etc.)

Phase 2: Implementation of corrective actions and establishment of robust tracking

- End of 2024 – 2027 (in process)
- Merged with Strategic Plan Goal 4: Be Effective, Accountable, and Customer Oriented: timely, transparent, and consistent permits

Phase 3: Adjust and maintain performance improvements as part of the Strategic Plan

- 2028-2029+ (future)

The action plan was transformed into the Permitting Actions to implement the Air District's 2024-2029 Strategic Plan. The strategies address Goal 4: Be Effective, Accountable, and Customer-Oriented, which focuses on timely, transparent, and consistent permits. Key improvements have included:

- Established Complex Permitting Teams
- Significant Permit and Compliance System (PCS) upgrades and staff training: The October 23, 2023, migration from 40-year-old legacy computer systems to the new Permitting and Compliance system has required investments in personnel training on both systems and processes leading to some short-term permit processing delays

- Improved Application Tracking and Dashboards to identify and remove bottlenecks and improve efficiency
- Improved Transparency to allow applicants to track the status of their applications
- Updates to the Permit Handbook to promote efficient and consistent permit application processing
- Streamlined health risk assessments for backup engines

These actions are leading to improved timeliness, transparency, and consistency for permit issuance. For example, the number of permit applications processed in 2025 increased by 17% over the previous year. This improvement predated our recent Board-approved staffing plan so we anticipate continued progress of permit processing. Current challenges that are delaying progress, which are actively being worked on include:

- Additional PCS upgrades needed: Reporting and tracking systems need development.
 - Application Flow Dashboard is being refined and will be rolled out to staff for identification and removal of bottlenecks and for accountability.
- Backlog and High vacancy rate – keeps the Engineering Division understaffed.
 - Additional full-time equivalent (FTE) and limited term contract equivalent (LTCE) were approved by the Board.
 - Despite aggressive recruitment to fill new and existing full-time equivalent positions, the vacancy rate continues to hold steady at approximately 13% for FTEs.
 - Recruitment of the represented LTCEs is pending a contract with the employee union.
 - Until all FTEs and LTCEs (3-year contracts), current staffing levels will remain inadequate to keep pace with incoming permit applications and also reduce the backlogged permit applications.
- Determination of Best Available Control Technology (BACT) and consistent permitting practices.
 - The Permitting Efficiency Taskforce and Permitting Ad-Hoc Committee of the Board of Directors were formed and started meeting this year. The taskforce and committees are providing a list of permitting efficiencies and ideas for prioritization and potential implementation.
 - The staff senior for Communications has been hired and will be developing and implementing programs for faster and transparent communications in addition to convening the PET and Permitting Ad-Hoc Committee.
 - The staff senior for BACT and consistency has been hired and will be developing and implementation programs to maintain an updated BACT guidance document and policy and procedure manual for permitting. In addition, the senior will be developing and coordinating a training and

- education program for permitting.
- Rule/policy changes such as CEQA, 11-18, and 12-15
 - Recruitment is taking place for a Senior Advanced Projects Advisor to develop a CEQA program in Engineering aid in the issuance of permit decisions in compliance with state law.
 - The hearing for adoption of the Regulation 11-18 Rule amendments for process efficiency is scheduled for the June 3, 2026 Board of Directors Meeting. The efficiency measures will prevent minutia of inventory and risk assessments from slowing down the process and preventing the engineers from processing permit applications.
 - The concept paper for efficiency amendments to Regulation 12-15 Refinery Emissions Tracking is under public comment.
 - Inadequate succession plan for the loss of senior staff
 - Recruitment of LTCEs for succession planning for retirement of senior staff is pending a contract with the union. The LTCE positions were approved by the Board.
 - Lack of project management for complex facilities and applications
 - An Engineering Project Manager (EPM) has been hired and is working with pilot participants to manage complex permit applications. Recruitment is taking place for the second Engineering Project Manager.
 - The EPM will be working with Executive Staff on collaboration and project management tools to be used not only in Engineering, but also in the Air District. Project funding was approved by the Board for permitting improvements.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Pamela Leong, John Chiladakis, Kelly Crawford, and Dr. Meredith Bauer
Reviewed by: Dr. Philip Fine

ATTACHMENT(S):

1. Permitting Strategies Presentation



Permitting Strategies

Finance and Administration Committee

April 15, 2026

Pamela Leong
Director
Engineering

Presentation Outcome

Consider and discuss an update on the implementation of Permitting Strategies to improve timeliness, consistency, and transparency of the Air District's permit process.

Presentation Outline

Background and Current Status

- Recap Audit Findings and Corrective Action Plan
- Transition from the Corrective Action Plan to the Strategic Plan
- Plan Acceleration and Support
- Current Status of Application Processing

Progress on Plan Implementation

- Completed Actions and Outcomes
- Staffing Update
- Recent Actions: policy/program, tracking, tools

Presentation Outline (cont.)

Next Steps

- Permitting and Compliance System Upgrades
- Tracking Tools
- Policy & Program Updates
- Resource Management

Questions and Discussion

Background



Background

Recap Audit Findings, Corrective Action Plan, Transition to the Strategic Plan, Plan Acceleration, and Current Status of Application Processing

Key Takeaway: The 2024 Permitting Corrective Action Plan, which has transitioned to the Strategic Plan, has resulted in the implementation of improvements to the permit process for structure, accountability, and timeliness.

Background (cont.)

Engineering Performance Audit

- Completed in 2023
- Focused on timeliness, tracking, resource management, cost recovery

Corrective Action Plan

- Comprehensive: 48 actions over 5 years
- Reviewed by the Board's Finance and Administration Committee

Transition to the Strategic Plan Permitting Strategies

- Goal 4: Be Effective, Accountable, and Customer-Oriented

Goal 4: Be Effective, Accountable, and Customer-Oriented



Permitting Strategies

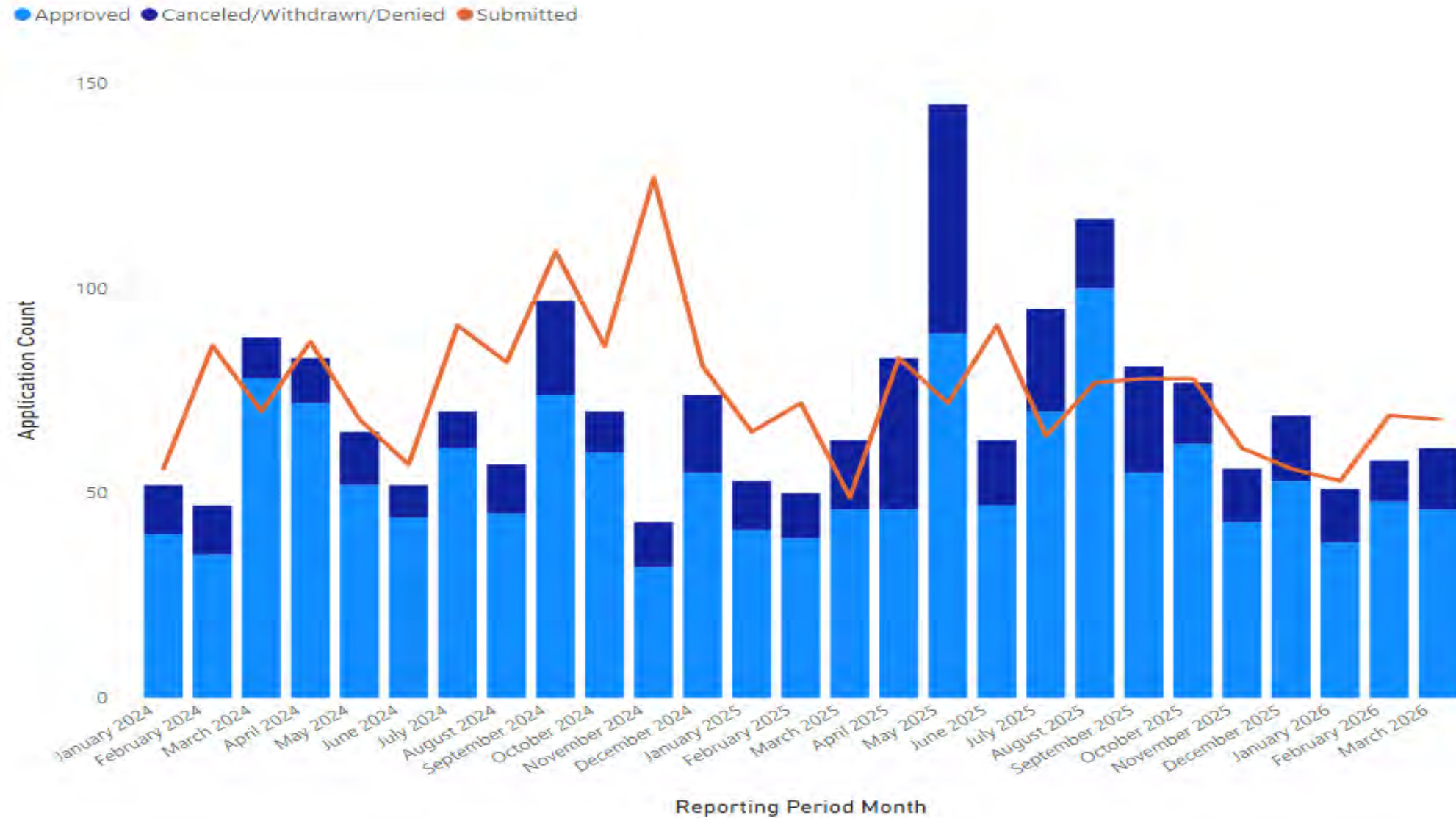
- Timely Permits – We will improve the timeliness of our permitting decisions
- Transparent Permit Process – We will improve our permitting process to be more transparent and accountable to the applicants and the public
- Consistent Permits – We will ensure Air District rules and associated air quality permits issued are clear, consistent, and enforceable so that air pollution affecting communities is minimized

Plan Acceleration and Support

2026 Mid-Year Staffing and Budget Adjustment

- 29 new positions and 7 reclassifications
- Pre-fund two facility-funded Engineering Program Managers, previously approved in the Fiscal Year 2026 Budget to initiate the pilot program.
- Authorize funding for one-time Professional Services to support the Permitting Backlog Reduction Plan

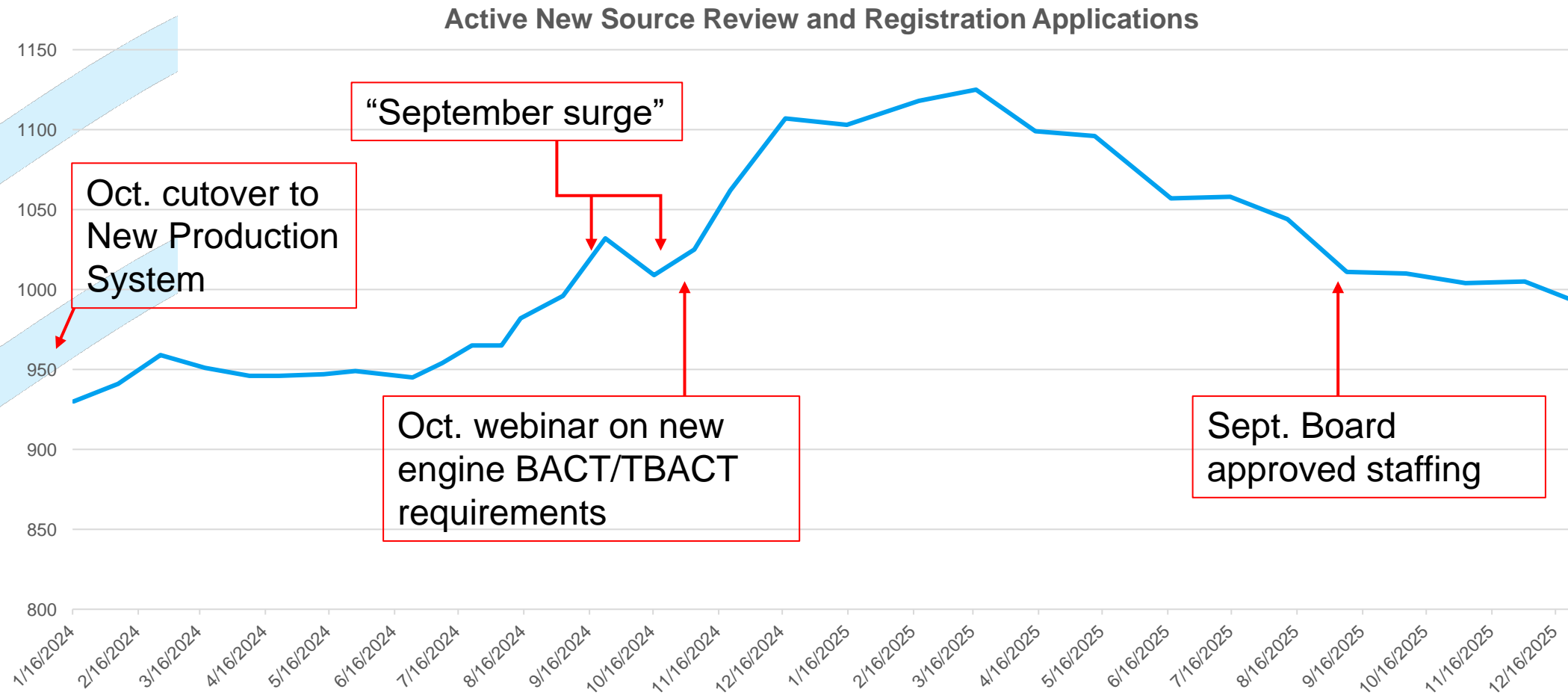
Recent Metrics: In vs. Out



Large increase in Engines

- November and December 2024

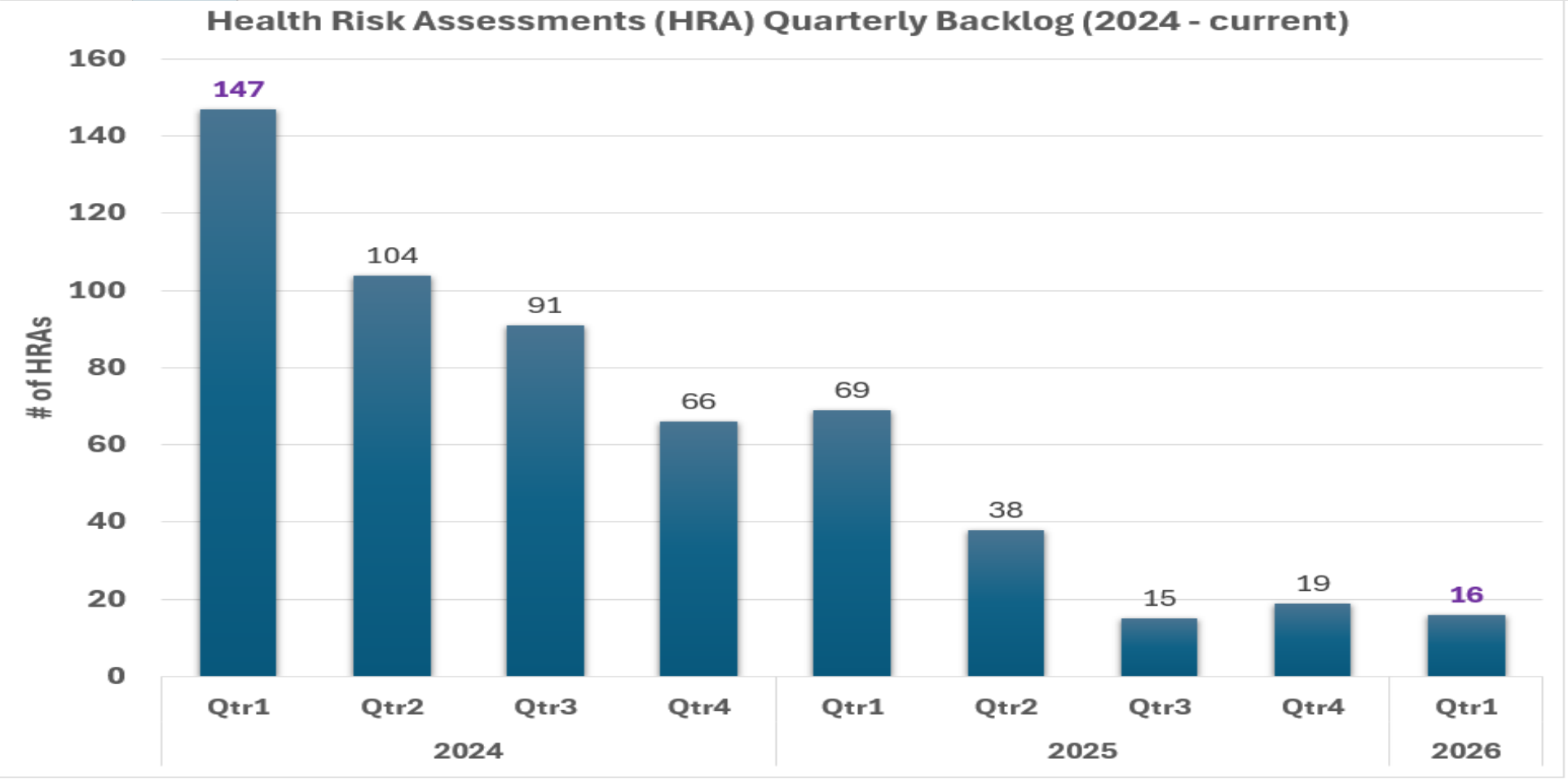
Recent Metrics: Active Applications



BACT = Best Available Control Technology
 TBACT = Best Available Control Technology for Toxics

- **17% increase in number of applications processed from 2024 to 2025 – predates new staffing investment**
- Average 62 new applications per month – includes surge in engine applications
- Applications waiting for applicant = 397 (39.7%)

Recent Metrics: Health Risk Assessments (HRAs) in Queue



Maintenance Level

- Avg. 21 HRA's in = out
- With previous 2025 HRAs/Staffing Level

Current Project

- Consistency and Efficiency
- Automated formatting of outputs and maps
 - Guidance documents
 - Improved transparency tools for model inputs

Backlog Reduction Goal

Assumption: All Positions Approved by the Board, 15 Full-Time Equivalents (FTE) and 14 Limited-Term Contract Equivalents (LTCE) (3-years), all hired and onboarded in CY2026

3-year plan

- Clear out legacy permit applications by 2028
- Maintenance Level with standard permit applications by 2028
(e.g., engines, coatings)
- Maintenance Level with complex permit applications by 2029

Progress on Plan Implementation



Plan Progress

Highlight: Important technology, efficiency, and tracking improvements have been instituted. Metrics are showing progress. Major staffing efforts are underway. Maintaining effort and investment is critical for continued progress.

Recap of Important Actions

Permitting & Compliance System (PCS) Upgrades

- **Full Transition**
- **Online Option**
- **Customer Access and Notification**

Policy and Program Updates

- **Permit Handbook**
- **Backup Engine Policy**
- **HRA Streamlining and Policies**

Tracking Tools

- **Statuses: Who, Why?**
- **Dashboard & Cockpits**
- **Reports**

Results

- **Efficiency**
- **Accuracy**
- **Transparency**
- **Accountability**

Staffing Actions

Hired

- **EPM #1 (August 2025)**
- **Mid Year FTEs (September 2025 to April 2026) - 8 of 10 Hired and 6 have started**
- **Communications 2 FTEs (Hired 2/26) – Start 4/26**
- **Consistency Coordinator (March 2026)**

Recruiting

- **EPM #2 LTCE (Hiring Interviews)**
- **Backlog Permit Manager LTCE (Hiring Interviews)**
- **Remaining 2 Mid Year FTEs posted**

Ongoing

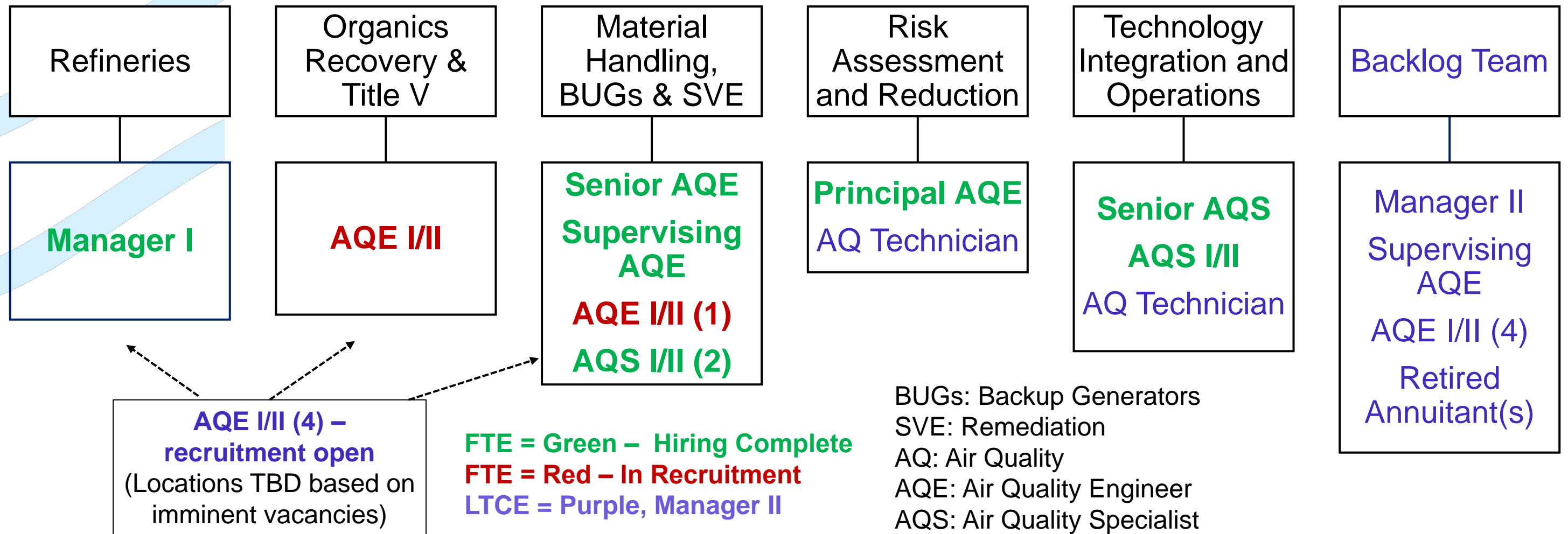
- **Fill vacancies from retirement, promotions, attrition****
- **Training**
- **MOU negotiations for LTCEs***

*Mid-Year LTCEs Pending MOU Negotiations

**13% Vacancy (April 2026)

EPM: Engineering Program Manager

Staffing Actions (cont.) - Engineering Updates



Recent Actions: Policy/Program Updates

Permitting Efficiency Taskforce (PET)

- Applicants and other stakeholders
- Support the transparent implementation of process, rule, and policy changes
- Gathering and prioritizing permitting challenges, will assess progress and get feedback

Permitting Efficiency Ad Hoc Committee of the Board of Directors

- Meet with the Permitting Efficiency Taskforce quarterly

Rules for Development for Streamlining

- Permitting Regulations: Combine Phase I and Phase II (clarity and efficiency)
- Review/revise rules that require significant engineering resources
 - Regulation 12-15 Refinery Emissions Inventory (Concept Paper)
 - Regulation 11-18 Facility Risk Reduction Process Streamlining (Hearing June 3rd)

Backup Engine Regulation

Policies for Consistency and Efficiency

Recent Actions: Tracking Tools

Health Risk Assessments (HRA)

- Next generation tools – static to live updates
- Sub-statuses for tracking and debottlenecking
- New dashboard – backlog, processing times, modeler
- Automated toxic calculation and inventory tool for HRA submittals for staff then applicants

Recent Actions: Tracking Tools (cont.)

Artificial Intelligence

- Pilot: Application status briefings for stakeholder based on data and correspondence
- Next: routine permit evaluations

New Application Flow Dashboard

- New tools to determine how quickly applications are moving – displays who, what, where, and why

New Tools to Analyze Permitting Bottlenecks

Application Flow
Last Refresh 02/05/2026 4:32 AM
00.08.03

Welcome to the Application Flow Dashboard

The **Application Flow Dashboard** is a comprehensive business intelligence solution designed to optimize the permit application processing lifecycle. Unlike traditional reports that simply list open inventory, this dashboard provides a kinetic view of operations; measuring not just *what* is in the backlog, but *how fast* it is moving, *where* it is getting stuck, and *why* rework is occurring.

Main Dashboard Pages

- KPI Overview
- Status Sankey
- Rework Analysis
- Root Cause
- Backlog Flow
- Triage Cockpit

KPI Detail Pages

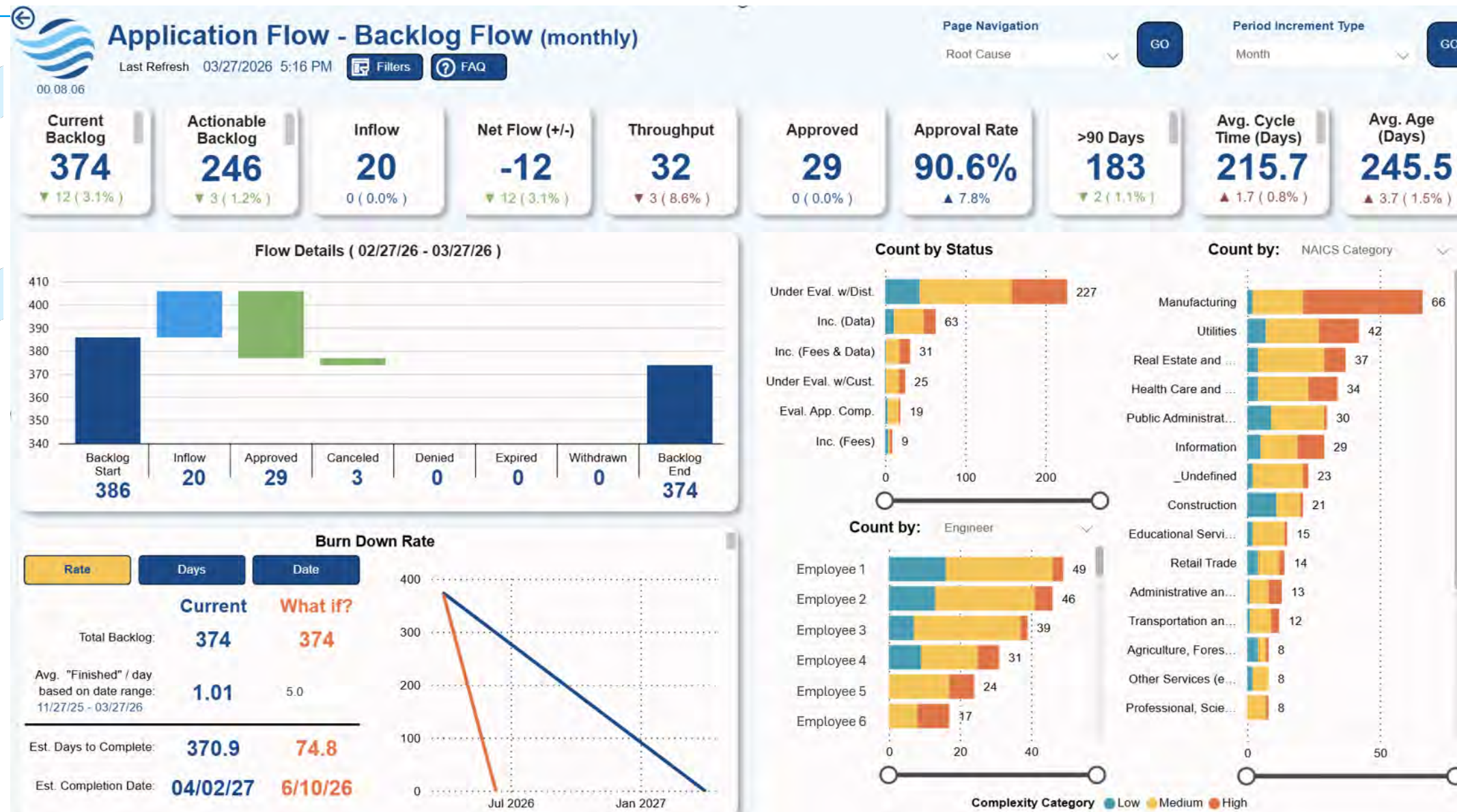
- Application Backlog
- New Applications
- Approved Applications
- Overdue Applications
- Avg. Days Overdue
- Avg. Days to Approve
- Avg. Days in Process

KPI: Key Performance Indicator

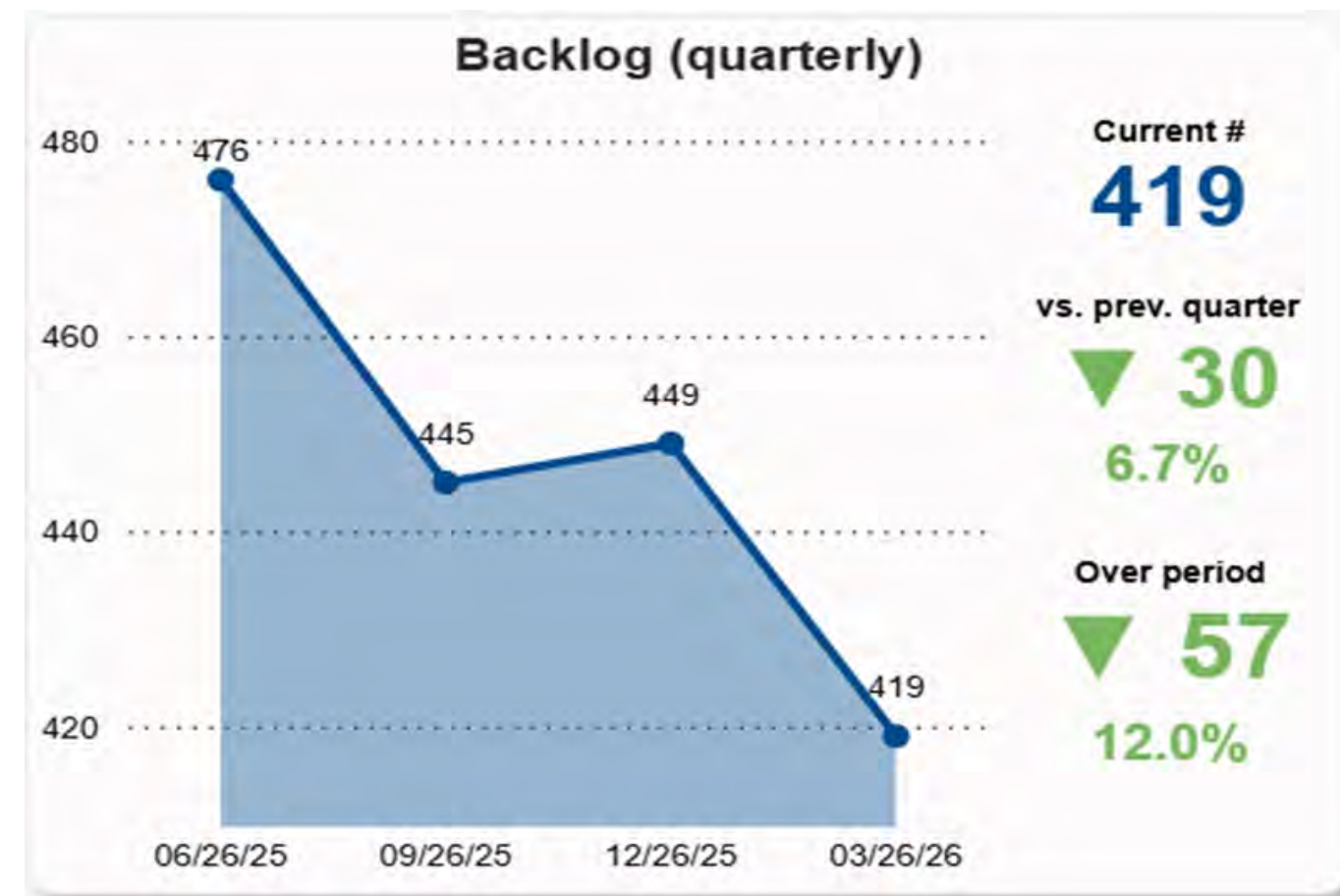
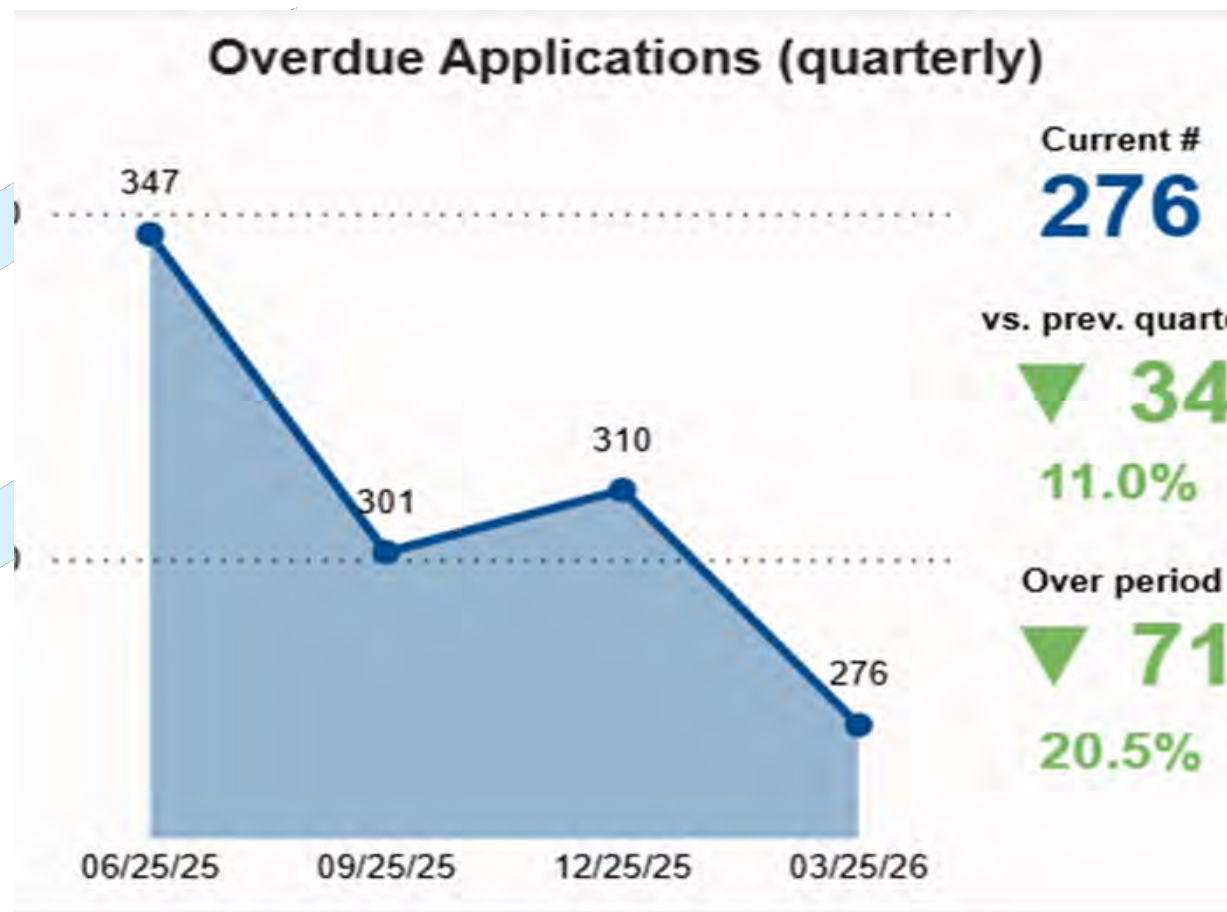
Application Rework - Combustion



Application Flow - Combustion



Application Overdue and Backlog Flows



Engines/Mineral Handling/Remediation Section

Next Steps



PCS Upgrades

Significant PCS upgrades

- Add communications into PCS applications and renewals for timestamping, automated records management, timeliness, transparency, and consistency
- Complete addition of Source Test programs to PCS
- Add HRA data and metrics to PCS

PCS Upgrades (cont.)

Significant PCS upgrades

- Strategize moving all renewals and applications submittals online (includes outreach and workgroups)
- Improved notification/reminders (e.g., application status, information needed, annual permit expired)
- Improved tracking of Authority to Construct and Start-up

Tracking Tools

New tracking tools under development

- Automated emails to applicants for applications that require attention
- Create tracking alerts for off-track permit applications requiring elevation and timely decision-making
- Continue to expand/refine reports for better tracking
- Fine-tune and roll-out Application Flow Dashboard

Policy/Program Updates

Permitting Efficiency Taskforce and Permitting Ad Hoc Committee

- Establish priorities with the **Permitting Efficiency Taskforce** and **Permitting Ad Hoc Committee**
 - Support the transparent implementation of process, rule, and policy changes
 - Meet with PET monthly and Ad Hoc quarterly to assess progress and get feedback
- Continue **rule revisions** for permitting efficiency
 - Permitting regulations Phases I & II for efficiency and clarity
 - Review/revise rules that require significant engineering resources
 - Regulation 12-15 Refinery Emissions Inventory and Regulation 11-18 Facility Risk Reduction
 - Backup Engine Regulation
- **Policy** Development for consistent and efficient permit application processing, as well as predictability for stakeholders

Resource Management

Staffing:

- Aggressively backfill any existing vacancies
- Hire LTCs for high-volume easy applications, helpdesk
- Create the Backlog Reduction Team

Non-staff Resources:

- Conduct a full business process analysis to identify bottlenecks and additional efficiencies – restart Request for Proposals
- AI for Permit Efficiency – Routine Application Evaluations
- Project Management for Permit Processing

Questions & Discussion

For more information:

Pamela Leong | Director of Engineering | pleong@baaqmd.gov

BAY AREA AIR DISTRICT
 Memorandum

To: Chairperson Lynda Hopkins and Members
 of the Finance and Administration Committee

From: Philip M. Fine
 Executive Officer/APCO

Date: April 15, 2026

Re: Proposed Amendments to Air District Regulation 3: Fees

RECOMMENDED ACTION

Recommend to the Board of Directors that the Board adopt the Proposed Fee Regulation Amendments.

BACKGROUND

The Committee will discuss the proposed Fee Regulation Amendments that, if adopted, would be effective July 1, 2026.

DISCUSSION

Consistent with the Cost Recovery and Containment Policy, draft amendments to specific fee schedules were made in consideration of the 2021 Cost Recovery and Containment Study, the 2022 Cost Recovery Report and Board direction. This work, conducted at the fee-schedule level, recommends:

- A 2.3% increase, the Consumer Price Index for Bay Area Urban Wage Earners and Clerical Workers (CPIw) for the most recent year, is proposed for Schedule M (Major Stationary Source Fees) and schedules with a cost recovery rate of at least 100 percent but less than 110 percent.
 - Schedule I: Dry Cleaners (not registered)
- A 3.6% increase is proposed for the following schedule:
 - Schedule G5: Miscellaneous Sources
- An 8.8% increase is proposed for the following schedule:
 - Schedule E: Solvent Evaporating Sources
- A 15% increase is proposed for the following schedules:
 - Schedule A: Hearing Board Fees
 - Schedule F: Miscellaneous Sources
 - Schedule G1: Miscellaneous Sources
 - Schedule G2: Miscellaneous Sources
 - Schedule G3: Miscellaneous Sources

- Schedule G4: Miscellaneous Sources
- Schedule H: Semiconductor and Related Operations
- Schedule K: Solid Waste Disposal Sites
- Schedule P: Major Facility Review Fees
- Schedule S: Naturally Occurring Asbestos (NOA) Operations
- Schedule V: Open Burning: Open Burning Operation Fee and Stubble Burn Operation Fee only
- Schedule W: Petroleum Refining Emissions Tracking Fees
- Fees that are administrative in nature and Schedule M (Major Stationary Source Fees) would be increased by the CPIw.
- In addition, staff propose:
 - A 20% reduction of fees in Schedule R (Equipment Registration Fees)
 - Specific changes to the risk assessment fees in Schedules B (Combustion of Fuel) and D (Gasoline Transfer at Gasoline Dispensing Facilities, Bulk Plants and Terminals).
 - Section 311.6: Create a new Emission Reduction Credit Certificate Reissuance Fee.
 - Section 3-405.2: Remove late fee provisions in Subsection 3-405.2.1 and 3-405.2.2.
 - Section 3-405.4.1.2: Remove the 25% reinstatement fee if a Permit Renewal (Permit to Operate) invoice is not paid 30 days from the invoice due date.
 - Section 3-405.5: Remove the 25% reinstatement fee if a Permit Renewal invoice (Registration only) is not paid 30 days from the invoice due date.
 - Move gasification/pyrolysis sources from Schedule F (General miscellaneous) to Schedule G1.

The Board of Directors is required to hold two public hearings before taking action to adopt the fee regulation amendments. The first public hearing is scheduled for April 29, 2026.

The proposed Regulation 3 amendments, in both tracked changes and clean versions, are provided in Attachments 1 and 2, respectively.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The proposed fee amendments would increase fee revenue in Fiscal Year 2026-2027 by an estimated \$4.0 million from fee schedule revenue that would otherwise result without the amendments.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Fred Tanaka
Reviewed by: Kelly Crawford

ATTACHMENT(S):

1. Proposed Regulation 3 Fees Tracked Changes
2. Proposed Regulation 3 Fees Clean copy
3. Proposed Fee Regulation Amendments Presentation

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FEES
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- 3-207 Permit to Operate Fee
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- 3-407 Deleted August 2, 1995
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- 3-409 Deleted June 7, 2000
- 3-410 Deleted August 2, 1995
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3-600 MANUAL OF PROCEDURES (None Included)

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- SCHEDULE B COMBUSTION OF FUEL
- SCHEDULE C STATIONARY CONTAINERS FOR THE STORAGE OF ORGANIC LIQUIDS
- SCHEDULE D GASOLINE TRANSFER AT GASOLINE DISPENSING FACILITIES, BULK PLANTS AND TERMINALS
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- SCHEDULE H SEMICONDUCTOR AND RELATED OPERATIONS
- SCHEDULE I DRY CLEANERS
- SCHEDULE J DELETED February 19, 1992
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- SCHEDULE L ASBESTOS OPERATIONS
- SCHEDULE M MAJOR STATIONARY SOURCE FEES
- SCHEDULE N TOXIC INVENTORY FEES
- SCHEDULE O DELETED May 19, 1999
- SCHEDULE P MAJOR FACILITY REVIEW FEES
- SCHEDULE Q DELETED June 5, 2024
- SCHEDULE R EQUIPMENT REGISTRATION FEES
- SCHEDULE S NATURALLY OCCURRING ASBESTOS OPERATIONS
- SCHEDULE T GREENHOUSE GAS FEES
- SCHEDULE U DELETED June 7, 2023
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SCHEDULE X MAJOR STATIONARY SOURCE COMMUNITY AIR MONITORING FEES

REGULATION 3 FEES

(Adopted June 18, 1980)

3-100 GENERAL

3-101 Description: This regulation establishes the regulatory fees charged by the Air District.
(Amended 7/6/83, 11/2/83, 2/21/90, 12/16/92, 8/2/95, 12/2/98, 5/21/03, 5/21/08, 5/20/09, 6/19/13, 6/4/25)

3-102 Deleted July 12, 1989

3-103 Exemption, Abatement Devices: Installation, modification, or replacement of abatement devices on existing sources are subject to fees pursuant to Section 3-302.3. All abatement devices are exempt from annual permit renewal fees. However, emissions from abatement devices, including any secondary emissions, shall be included in facility-wide emissions calculations when determining the applicability of and the fees associated with Schedules M, N, P, and T.

(Amended 6/4/86; 7/1/98; 6/7/00; 5/21/08)

3-104 Deleted August 2, 1995

3-105 Exemption, Excavation of Contaminated Soil and Removal of Underground Storage Tank Operation Fees: Fees shall not be required, pursuant to Section 3-322, for operations associated with the excavation of contaminated soil and the removal of underground storage tanks if one of the following is met:

105.1 The tank removal operation is being conducted within a jurisdiction where the APCO has determined that a public authority has a program equivalent to the Air District program and persons conducting the operations have met all the requirements of the public authority.

105.2 Persons submitting a written notification for a given site have obtained an Authority to Construct or Permit to Operate in accordance with Regulation 2, Rule 1, Section 301 or 302. Evidence of the Authority to Construct or the Permit to Operate must be provided with any notification required by Regulation 8, Rule 40.

(Adopted 1/5/94; Amended 5/21/03, 6/4/25)

3-106 Deleted December 2, 1998

3-107 Exemption, Sources Exempt from Permit Requirements: Any source that is exempt from permit requirements pursuant to Regulation 2, Rule 1, Sections 103 through 128 is exempt from permit fees. However, emissions from exempt sources shall be included in facility-wide emissions calculations when determining the applicability of and the fees associated with Schedules M, N, and P.

(Adopted 6/7/00)

3-200 DEFINITIONS

3-201 Cancelled Application: Any application which has been withdrawn by the applicant or cancelled by the APCO for failure to pay fees or to provide the information requested to make an application complete.

(Amended 6/4/86, 4/6/88)

3-202 Gasoline Dispensing Facility: Any stationary facility which dispenses gasoline directly into the fuel tanks of vehicles, such as motor vehicles, aircraft or boats. The facility shall be treated as a single source which includes all necessary equipment for the exclusive use of the facility, such as nozzles, dispensers, pumps, vapor return lines, plumbing and storage tanks.

(Amended 2/20/85)

3-203 Filing Fee: A fixed administrative fee

(Amended 6/4/86, 6/7/23)

3-204 Initial Fee: The fee required based on the type and size of the source or an hourly rate of actual costs incurred by the Air District.

(Amended 6/4/86, 6/7/23, 6/4/25)

- 3-205 Authority to Construct:** Written authorization from the APCO, pursuant to Section 2-1-301, for a source to be constructed or modified or for a source whose emissions will be reduced by the construction or modification of an abatement device.
(Amended 6/4/86)
- 3-206 Modification:** See Section 1-217 of Regulation 1.
- 3-207 Permit to Operate Fee:** The fee required for the annual renewal of a permit to operate or for the first year of operation (or prorated portion thereof) of a new or modified source which received an authority to construct.
(Amended 6/4/86, 7/15/87, 12/2/98, 6/7/00)
- 3-208 Deleted June 4, 1986**
- 3-209 Small Business:** A business with no more than 10 employees and gross annual income of no more than \$1,500,000 that is not an affiliate of a non-small business.
(Amended 6/4/86, 6/6/90, 6/7/00, 6/15/05, 6/16/10, 6/4/25)
- 3-210 Solvent Evaporating Source:** Any source utilizing organic solvent, as part of a process in which evaporation of the solvent is a necessary step. Such processes include, but are not limited to, solvent cleaning operations, painting and surface coating, rotogravure coating and printing, flexographic printing, adhesive laminating, etc. Manufacture or mixing of solvents or surface coatings is not included.
(Amended 7/3/91)
- 3-211 Source:** See Section 1-227 of Regulation 1.
- 3-212 Deleted August 2, 1995**
- 3-213 Major Stationary Source:** For the purpose of Schedule M, a major stationary source shall be any Air District permitted plant, building, structure, stationary facility or group of facilities under the same ownership, leasehold, or operator which, in the base calendar year, emitted to the atmosphere organic compounds, oxides of nitrogen (expressed as nitrogen dioxide), oxides of sulfur (expressed as sulfur dioxide), or PM₁₀ in an amount calculated by the APCO equal to or exceeding 50 tons per year.
(Adopted 11/2/83; Amended 2/21/90, 6/6/90, 8/2/95, 6/7/00, 6/4/25)
- 3-214 Deleted October 20, 1999, effective March 1, 2000**
- 3-215 Deleted October 20, 1999, effective March 1, 2000**
- 3-216 Deleted October 20, 1999, effective March 1, 2000**
- 3-217 Deleted October 20, 1999, effective March 1, 2000**
- 3-218 Deleted October 20, 1999, effective March 1, 2000**
- 3-219 Deleted October 20, 1999, effective March 1, 2000**
- 3-220 Deleted October 20, 1999, effective March 1, 2000**
- 3-221 Deleted October 20, 1999, effective March 1, 2000**
- 3-222 Deleted October 20, 1999, effective March 1, 2000**
- 3-223 Start-up Date:** Date when new or modified equipment under an authority to construct begins operating. The holder of an authority to construct is required to notify the APCO of this date at least 3 days in advance. For new sources, or modified sources whose authorities to construct have expired, operating fees are charged from the startup date.
(Adopted 6/4/86; Amended 6/6/90)
- 3-224 Permit to Operate:** Written authorization from the APCO pursuant to Section 2-1-302.
(Adopted 6/4/86; Amended 6/7/00)
- 3-225 Deleted June 3, 2015**
- 3-226 Air Toxics "Hot Spots" Information and Assessment Act of 1987:** The Air Toxics "Hot Spots" Information and Assessment Act of 1987 directs the California Air Resources Board and the Air Quality Management Districts to collect information from industry on emissions of potentially toxic air contaminants and to inform the public about such emissions and their impact on public health. It also directs the Air Quality Management District to collect fees sufficient to cover the necessary state and Air District costs of implementing the program.
(Adopted 10/21/92; Amended 6/15/05, 6/4/25)
- 3-227 Toxic Air Contaminant, or TAC:** An air pollutant that may cause or contribute to an increase in mortality or in serious illness or that may pose a present or potential hazard to human health. For the purposes of this rule, TACs consist of the substances listed in Table 2-5-1 of Regulation 2, Rule 5.

- 3-228 Deleted December 2, 1998
- 3-229 Deleted December 2, 1998
- 3-230 Deleted December 2, 1998
- 3-231 Deleted December 2, 1998
- 3-232 Deleted December 2, 1998
- 3-233 Deleted December 2, 1998
- 3-234 Deleted December 2, 1998
- 3-235 Deleted December 2, 1998
- 3-236 Deleted December 2, 1998
- 3-237 **PM₁₀**: See Section 2-1-229 of Regulation 2, Rule 1. *(Adopted 6/7/00)*

- 3-238 **Risk Assessment Fee**: Fee for a new or modified source of toxic air contaminants for which a health risk assessment (HRA) is required under Regulation 2-5-401, for an HRA required under Regulation 11, Rule 18, or for an HRA prepared for other purposes (e.g., for determination of permit exemption in accordance with Regulations 2-1-316, 2-5-301 and 2-5-302; or for determination of exemption from emission control requirements pursuant to Regulation 8-47-113 and 8-47-402). *(Adopted 6/15/05; Amended 6/21/17)*

- 3-239 **Toxic Surcharge**: Fee paid in addition to the permit to operate fee for a source that emits one or more toxic air contaminants at a rate which exceeds a chronic trigger level listed in Table 2-5-1. *(Adopted 6/15/05)*

- 3-240 **Biogenic Carbon Dioxide**: Carbon dioxide emissions resulting from materials that are derived from living cells, excluding fossil fuels, limestone and other materials that have been transformed by geological processes. Biogenic carbon dioxide originates from carbon (released in the form of emissions) that is present in materials that include, but are not limited to, wood, paper, vegetable oils, animal fat, and food, animal and yard waste. *(Adopted 5/21/08)*

- 3-241 **Green Business**: A business or government agency that has been certified under the Bay Area Green Business Program coordinated by the Association of Bay Area Governments and implemented by participating counties. *(Adopted 6/19/10)*

- 3-242 **Incident**: A non-routine release of an air contaminant that may cause adverse health consequences to the public or to emergency personnel responding to the release, or that may cause a public nuisance or off-site environmental damage. *(Adopted 6/19/13)*

- 3-243 **Incident Response**: The Air District's response to an incident. The Air District's incident response may include the following activities: i) inspection of the incident-emitting equipment and facility records associated with operation of the equipment; ii) identification and analysis of air quality impacts, including without limitation, identifying areas impacted by the incident, modeling, air monitoring, and source sampling; iii) engineering analysis of the specifications or operation of the equipment; and iv) administrative tasks associated with processing complaints and reports. *(Adopted 6/19/13, Amended 6/4/25)*

- 3-244 **Permit to Operate Renewal Date**: The first day of a Permit to Operate's Permit Renewal Period. *(Adopted 6/19/13)*

- 3-245 **Permit Renewal Period**: The length of time the source is authorized to operate pursuant to a Permit to Operate. *(Adopted 6/19/13)*

- 3-246 **Overburdened Community**: As defined in Regulation 2, Rule 1 *(Adopted 6/15/22)*

3-300 STANDARDS

3-301 Hearing Board Fees: Applicants for variances or appeals or those seeking to revoke or modify variances or abatement orders or to rehear a Hearing Board decision shall pay the applicable fees, including excess emission fees, set forth in Schedule A.

(Amended 6/7/00)

3-302 Fees for New and Modified Sources: Applicants for authorities to construct and permits to operate new sources shall pay for each new source: a filing fee of ~~\$669684~~, the initial fee, the risk assessment fee, the permit to operate fee, and toxic surcharge (given in Schedules B, C, D, E, F, H, I or K). Applicants for authorities to construct and permits to operate modified sources shall pay for each modified source, a filing fee of ~~\$669684~~, the initial fee, the risk assessment fee, and any incremental increase in permit to operate and toxic surcharge fees. Where more than one of the schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. If any person requests more than three HRA scenarios required pursuant to Regulation 2, Rule 5 in any single permit application, they shall pay an additional risk assessment fee for each of these scenarios. Except for gasoline dispensing facilities (Schedule D) and semiconductor facilities (Schedule H), the size to be used for a source when applying the schedules shall be the maximum size the source will have after the construction or modification. Where applicable, fees for new or modified sources shall be based on maximum permitted usage levels or maximum potential to emit including any secondary emissions from abatement equipment. The fee rate applied shall be based on the fee rate in force on the date the application is submitted.

302.1 Small Business Discount: If an applicant qualifies as a small business and the source falls under schedules B, C, D (excluding gasoline dispensing facilities), E, F, H, I or K, the filing fee, initial fee, and risk assessment fee shall be reduced by 50%. All other applicable fees shall be paid in full. If an applicant also qualifies for a Green Business Discount, only the Small Business Discount (i.e., the 50% discount) shall apply.

302.2 Deleted July 3, 1991

302.3 Fees for Abatement Devices: Applicants for an authority to construct and permit to operate abatement devices where there is no other modification to the source shall pay a ~~\$669684~~ filing fee and initial and risk assessment fees that are equivalent to 50% of the initial and risk assessment fees for the source being abated, not to exceed a total of ~~\$13,95214,273~~. For abatement devices abating more than one source, the initial fee shall be 50% of the initial fee for the source having the highest initial fee.

302.4 Fees for Reactivated Sources: Applicants for a Permit to Operate reactivated, previously permitted equipment shall pay the full filing, initial, risk assessment, permit, and toxic surcharge fees.

302.5 Deleted June 3, 2015

302.6 Green Business Discount: If an applicant qualifies as a green business, the filing fee, initial fee, and risk assessment fee shall be reduced by 10%. All other applicable fees shall be paid in full.

302.7 Fee for applications in an Overburdened Community: An applicant with a project that requires a Health Risk Assessment in an Overburdened Community shall pay a fee of \$1,000 in addition to any other permit application fees.

302.8 Risk Assessment Fee: When the Risk Assessment Fee (RAF) is required for more than one source, the first toxic air contaminant (TAC) source is the source with the highest calculated RAF.

(Amended 5/19/82, 7/6/83, 6/4/86, 7/15/87, 6/6/90, 7/3/91, 6/15/94, 10/8/97, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

3-303 Back Fees: An applicant required to obtain a permit to operate existing equipment in accordance with Air District regulations shall pay back fees equal to the permit to operate fees and toxic surcharges given in the appropriate Schedule (B, C, D, E, F, H, I or K) prorated from the effective date of permit requirements. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. The applicant shall also pay back fees equal to toxic inventory fees pursuant to Section 3-320 and

Schedule N. The maximum back fee shall not exceed a total of five years' permit, toxic surcharge, and toxic inventory fees. An owner/operator required to register existing equipment in accordance with Air District regulations shall pay back fees equal to the annual renewal fee given in Schedule R prorated from the effective date of registration requirements, up to a maximum of five years.

(Amended 5/19/82, 7/6/83, 6/4/86, 7/15/87, 6/6/90, 7/3/91, 10/8/97, 6/15/05, 5/20/09, 6/4/25)

3-304 Alteration: Except as provided below, an applicant to alter an existing permitted source shall pay the filing fee and 50% of the initial fee for the source, provided that the alteration does not result in an increase in emissions of any regulated air pollutant.

304.1 Schedule D Fees: Applicants for alteration to a gasoline dispensing facility subject to Schedule D shall pay a fee of 1.75 times the filing fee.

304.2 Schedule G Fees: Applicants for alteration to a permitted source subject to Schedule G-3, G-4, or G-5 shall pay the filing fee, 100% of the initial fee under Schedule G-2, and the risk assessment fee under Schedule G-2, if required. The applicant shall pay the permit renewal and the toxic surcharge fees applicable to the source under Schedules G-3, G-4, or G-5.

(Amended 6/4/86, 11/15/00, 6/2/04, 6/3/15, 6/15/16, 6/6/18, 6/5/19, 6/5/24, 6/4/25, DATE)

3-305 Cancellation or Withdrawal: There will be no refund of the initial fee and filing fee if an application is cancelled or withdrawn. There will be no refund of the risk assessment fee if the risk assessment has been conducted prior to the application being cancelled or withdrawn. If an application for identical equipment for the same project is submitted within six months of the date of cancellation or withdrawal, the initial fee will be credited in full against the fee for the new application.

(Amended 7/6/83, 4/6/88, 10/8/97, 6/15/05, 6/21/17, 6/16/21)

3-306 Change in Conditions: If an applicant applies to change the conditions on an existing authority to construct or permit to operate, the applicant will pay the following fees. There will be no change in anniversary date.

306.1 Administrative Condition Changes: An applicant applying for an administrative change in permit conditions shall pay a fee equal to the filing fee for a single source, provided the following criteria are met:

1.1 The condition change applies to a single source or a group of sources with shared permit conditions.

1.2 The condition change does not subject the source(s) to any Air District Regulations or requirements that were not previously applicable.

1.3 The condition change does not result in any increase in emissions of POC, NPOC, NO_x, CO, SO₂, or PM₁₀ at any source or the emission of a toxic air contaminant above the trigger levels identified in Table 2-5-1

1.4 The condition change does not require a public notice.

306.2 Other Permit Condition Changes: Applicant shall pay the filing, initial, and risk assessment fees required for new and modified equipment under Section 3-302. If the condition change will result in higher permit to operate fees, the applicant shall also pay any incremental increases in permit to operate fees and toxic surcharges.

(Amended 7/6/83, 6/4/86, 6/6/90, 10/8/97, 6/7/00, 6/15/05, 6/21/17, 6/7/23, 6/4/25)

3-307 Transfers: The owner/operator of record is the person to whom a permit is issued or, if no permit has yet been issued to a facility, the person who applied for a permit. Permits are valid only for the owner/operator of record. Upon submittal of a \$102 transfer of ownership fee, permits are re-issued to the new owner/operator of record with no change in expiration dates. For expired permits or registrations, the new owner/operator is responsible for all outstanding fees.

(Amended 2/20/85, 6/4/86, 11/5/86, 4/6/88, 10/8/97, 5/1/02, 5/21/03, 6/02/04, 6/19/13, 6/4/14, 6/15/16, 6/7/23)

3-308 Change of Location: An applicant who wishes to move an existing source, which has a permit to operate, shall pay no fee if the move is on the same facility. If the move is not on the same facility, the source shall be considered a new source and subject to Section 3-302. This section does not apply to portable permits meeting the requirements of Regulation 2-1-220 and 413.

(Amended 7/6/83; 6/4/86; 6/15/05)

3-309 Deleted June 21, 2017

3-310 Fee for Constructing Without a Permit: An applicant for an authority to construct and a permit

to operate a source, which has been constructed or modified without an authority to construct, shall pay the following fees:

- 310.1 Sources subject to permit requirements on the date of initial operation shall pay fees for new construction pursuant to Section 3-302, any back fees pursuant to Section 3-303, and a late fee equal to 100% of the initial fee. A modified gasoline dispensing facility subject to Schedule D that is not required to pay an initial fee shall pay fees for a modified source pursuant to Section 3-302, back fees, and a late fee equal to 100% of the filing fee.
- 310.2 Sources previously exempt from permit requirements that lose their exemption due to changes in Air District, state, or federal regulations shall pay a permit to operate fee and toxic surcharge for the coming year and any back fees pursuant to Section 3-303.
- 310.3 Sources previously exempt from permit requirements that lose their exemption due to a change in the manner or mode of operation, such as an increased throughput, shall pay fees for new construction pursuant to Section 3-302. In addition, sources applying for permits after commencing operation in a non-exempt mode shall also pay a late fee equal to 100% of the initial fee and any back fees pursuant to Section 3-303.
- 310.4 Sources modified without a required authority to construct shall pay fees for modification pursuant to Section 3-302 and a late fee equal to 100% of the initial fee.

(Amended 7/6/83, 4/18/84, 6/4/86, 6/6/90, 7/3/91, 8/2/95, 10/8/97, 6/02/04, 6/15/05, 6/6/12, 6/4/25)

3-311

Emission Banking Fees: An applicant to bank emissions for future use, to convert an emission reduction credit (ERC), to change assigned conditions, to transfer ownership of an ERC, or to make any administrative changes shall pay the following fees:

- 311.1 Banking ERCs: An applicant to bank emissions for future use shall pay a filing fee of ~~\$669684~~ per source plus the initial fee given in Schedules B, C, D, E, F, H, I or K. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules.
- 311.2 Converting Existing ERCs to Interchangeable Emission Reduction Credits (IERCs): An applicant to convert an existing ERC into an IERC shall pay a filing fee of ~~\$669684~~ per source plus the initial fee given in Schedules B, C, D, E, F, H, I or K. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules.
- 311.3 Transferring ERC Ownership: An applicant to transfer an ERC it currently owns to another owner shall pay a filing fee of ~~\$669684~~.
- 311.4 Evaluation of Existing ERCs for PM_{2.5}: An applicant to evaluate an existing PM₁₀ ERC shall pay a filing fee of ~~\$669684~~ per source and an evaluation fee equivalent to the total actual and reasonable time incurred by Air District staff at the hourly rate of ~~\$205210~~ per hour not to exceed the initial fee given in Schedules B, C, D, E, F, H, I or K. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules.
- 311.5 ERC Condition Change: An applicant to request a change in condition shall pay a filing fee of ~~\$669684~~ and an evaluation fee equivalent to the total actual and reasonable time incurred by Air District staff at the hourly rate of ~~\$205210~~ per hour not to exceed the initial fee given in Schedules B, C, D, E, F, H, I or K. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules.
- 311.6 ~~Lost~~ERC Certificate Reissuance: An applicant, who is not an official facility contact or ERC contact, to recover a lost ERC certificate shall pay a fee of \$684 per ERC certificate. If the APCO determines that the ERC certificate is ineligible for reissuance, the fee is not refundable.

*(Amended 7/6/83, 6/4/86, 7/15/87, 7/3/91, 6/15/94, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/02/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, **DATE**)*

3-312

Emission Caps and Alternative Compliance Plans: Any facility which elects to use an alternative compliance plan contained in:

- 312.1 Regulation 8 ("bubble") to comply with an Air District emission limitation or to use an annual or monthly emission limit to acquire a permit in accordance with the provisions

of Regulation 2, Rule 2, shall pay an additional annual fee equal to fifteen percent of the total plant permit to operate fee.

- 312.2 Regulation 2, Rule 9, or Regulation 9, Rule 10 shall pay an annual fee of ~~\$1,6951,734~~ for each source included in the alternative compliance plan, not to exceed ~~\$16,94617,336~~.

(Adopted 5/19/82; Amended 6/4/86, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/23/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

3-313

Deleted May 19, 1999

3-314

Deleted August 2, 1995

3-315

Costs of Environmental Documentation: An applicant for an Authority to Construct shall pay, in addition to the fees required under Section 3-302 and in any applicable schedule, the Air District's costs of performing any environmental evaluation and preparing and filing any documents pursuant to the California Environmental Quality Act (Public Resources Code, Section 21000, et seq), including the costs of any outside consulting assistance which the Air District may employ in connection with the preparation of any such evaluation or documentation, as well as the Air District's reasonable internal costs (including overhead) of processing, reviewing, or filing any environmental evaluation or documentation.

(Adopted 12/18/85; Amended 5/1/02, 6/3/15, 6/4/25)

3-316

Deleted June 6, 1990

3-317

Asbestos Operation Fees: After July 1, 1988, persons submitting a written plan, as required by Regulation 11, Rule 2, Section 401, to conduct an asbestos operation shall pay the fee given in Schedule L.

(Adopted 7/6/88; Renumbered 9/7/88; Amended 8/2/95)

3-318

Public Notice Fee: An applicant for an authority to construct or permit to operate subject to the public notice requirements of Regulation 2-1-412 shall pay, in addition to the fees required under Section 3-302 and in any applicable schedule, a fee to cover the expense of preparing and distributing the public notices to the affected persons specified in Regulation 2-1-412 as follows:

318.1 A fee of \$2,272 per application, and

318.2 The Air District's cost exceeding \$2,272 of preparing and distributing the public notice.

318.3 The Air District shall refund to the applicant the portion of any fee paid under this Section that exceeds the Air District's cost of preparing and distributing the public notice.

(Adopted 11/1/89; Amended 10/8/97, 7/1/98, 5/19/99, 6/7/00, 5/21/03, 6/2/04, 6/16/10, 6/15/16, 6/21/17, 6/6/18, 6/4/25)

3-319

Major Stationary Source Fees: Any major stationary source emitting 50 tons per year of organic compounds, sulfur oxides, nitrogen oxides, or PM₁₀ shall pay a fee based on Schedule M. This fee is in addition to permit and other fees otherwise authorized to be collected from such facilities and shall be included as part of the annual permit renewal fees.

(Adopted 6/6/90; Amended 8/2/95, 6/7/00)

3-320

Toxic Inventory Fees: Any facility that emits one or more toxic air contaminants shall pay an annual fee based on Schedule N. This fee will be in addition to permit to operate, toxic surcharge, and other fees otherwise authorized to be collected from such facilities.

(Adopted 10/21/92; Amended 5/19/99, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/20/09, 6/16/10, 5/4/11, 6/15/16, 6/21/17, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25)

3-321

Deleted December 2, 1998

3-322

Deleted June 5, 2024

3-323

Pre-Certification Fees: An applicant seeking to pre-certify a source, in accordance with Regulation 2, Rule 1, Section 415, shall pay the filing fee, initial fee and permit to operate fee given in the appropriate schedule.

(Adopted 6/7/95)

3-324

Deleted June 7, 2000

3-325

Deleted December 2, 1998

3-326

Deleted December 2, 1998

3-327

Permit to Operate, Renewal Fees: After the expiration of the initial permit to operate, the permit to operate shall be renewed on an annual basis or other time period as approved by the APCO. The fee required for the renewal of a permit to operate is the permit to operate fee and

toxic surcharge listed in Schedules B, C, D, E, F, H, I, and K, prorated for the period of coverage, pursuant to Section 3-207.

When more than one of the schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. Renewal fees are applicable to all sources required to obtain permits to operate in accordance with Air District regulations. Renewal fees shall include any applicable major stationary source fees based on Schedule M, toxic inventory fees based on Schedule N, major facility review fees based on Schedule P, greenhouse gas fees based on Schedule T, refining emissions tracking fees based on Schedule W, and community air monitoring fees based on Schedule X. Where applicable, renewal fees shall be based on the current usage or emission levels that have been reported to or calculated by the Air District.

327.1 Renewal Processing Fee: In addition, the facility shall also pay a processing fee at the time of renewal that covers each Permit Renewal Period as follows:

- 1.1 ~~\$132-135~~ for facilities with one permitted source, including gasoline dispensing facilities,
- 1.2 ~~\$264-267~~ for facilities with 2 to 5 permitted sources,
- 1.3 ~~\$520-532~~ for facilities with 6 to 10 permitted sources,
- 1.4 ~~\$784-799~~ for facilities with 11 to 15 permitted sources,
- 1.5 ~~\$1,0371,061~~ for facilities with 16 to 20 permitted sources,
- 1.6 ~~\$1,2961,326~~ for facilities with more than 20 permitted sources.

327.2 Assembly Bill 617 Community Health Impact Fee: An owner/operator of a permitted facility subject to Schedule P (Major Facility Review Fees) shall pay an Assembly Bill 617 community health impact fee of 5.7 percent of the facility's total renewal fee, up to a maximum fee of ~~\$129,845132,801~~ per year per facility owner.

327.3 Criteria Pollutant and Toxic Emissions Reporting (CTR): The owner/operator of a permitted facility shall pay a CTR fee of 4.4 percent of the facility's total renewal fee, up to a maximum fee of ~~\$64,90866,401~~ per year.

327.4 Overburdened Community renewal fee: The owner/operator of a permitted facility in an Overburdened Community shall pay a fee of 15 percent of the facility's total renewal fee, up to a maximum fee of ~~\$282,207288,698~~ per year.

327.5 Shutdown sources: There is no refund for sources that shutdown during the permit to operate period of coverage.

(Adopted 6/7/00; Amended 6/2/04, 6/16/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/3/20, 6/16/21, 11/3/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

3-328 Fee for OEHHA Risk Assessment Reviews: Any facility that submits a health risk assessment to the Air District in accordance with Section 44361 of the California Health and Safety Code shall pay any fee requested by the State Office of Environmental Health Hazard Assessment (OEHHA) for reimbursement of that agency's costs incurred in reviewing the risk assessment.

(Adopted 6/7/00, Amended 6/4/25)

3-329 Fees for New Source Review Health Risk Assessment: Any person required to submit a health risk assessment (HRA) pursuant to Regulation 2-5-401 shall pay an appropriate Risk Assessment Fee pursuant to Regulation 3-302 and Schedules B, C, D, E, F, H, I or K. In addition, any person that requests that the Air District prepare or review an HRA (e.g., for determination of permit exemption in accordance with Regulations 2-1-316, 2-5-301 and 2-5-302; or for determination of exemption from emission control requirements pursuant to Regulation 8-47-113 and 8-47-402) shall pay a Risk Assessment Fee. A Risk Assessment Fee shall be assessed for each source that is proposed to emit a toxic air contaminant (TAC) at a rate that exceeds a trigger level in Table 2-5-1: Toxic Air Contaminant Trigger Levels. If a project requires an HRA due to total project emissions, but TAC emissions from each individual source are less than the Table 2-5-1 trigger levels, a Risk Assessment Fee shall be assessed for the source in the project with the highest TAC emissions.

(Adopted 6/15/05; Amended 6/21/17, 6/4/25)

3-330 Fee for Renewing an Authority to Construct: An applicant seeking to renew an authority to construct in accordance with Regulation 2-1-407 shall pay a fee of 50% of the initial fee in effect

at the time of the renewal. If the Air District determines that an authority to construct cannot be renewed, any fees paid under this section shall be credited in full against the fee for a new authority to construct for functionally equivalent equipment submitted within six months of the date the original authority to construct expires.

330.1 Expired Authority to Construct: If an applicant does not notify the Air District with their intent to renew the Authority to Construct prior to its expiration, the applicant shall pay \$100 per application in addition to any other fees under this section if eligible to renew.

(Adopted 6/15/05; Amended 6/7/23, 6/5/24, 6/4/25)

3-331 Registration Fees: Any person who is required to register equipment under Air District rules shall submit a registration fee, and any annual fee thereafter, as set out in Schedule R. There is no refund for registered equipment/operations that shutdown during the period of coverage.

(Adopted 6/6/07; Amended 6/16/10, 6/7/23, 6/5/24, 6/4/25)

3-332 Naturally Occurring Asbestos Fees: After July 1, 2007, any person required to submit or amend an Asbestos Dust Mitigation Plan (ADMP) pursuant to Title 17 of the California Code of Regulations, Section 93105, Asbestos Air Toxic Control Measure for Construction, Grading, Quarrying, and Surface Mining Operations shall pay the fee(s) set out in Schedule S.

(Adopted 6/6/07; Amended 6/5/19)

3-333 Major Facility Review (MFR) and Synthetic Minor Application Fees: Any facility that applies for, or is required to undergo, an initial MFR permit, an amendment to an MFR permit, a minor or significant revision to an MFR permit, a reopening of an MFR permit, a renewal of an MFR permit, an initial synthetic minor operating permit, or a revision to a synthetic minor operating permit, shall pay the applicable fees set forth in Schedule P.

(Adopted 5/21/08)

3-334 Greenhouse Gas Fees: Any permitted facility with greenhouse gas emissions shall pay a fee based on Schedule T. This fee is in addition to permit and other fees otherwise authorized to be collected from such facilities, and shall be included as part of the annual permit renewal fees.

(Adopted 5/21/08)

3-335 Deleted June 5, 2024

3-336 Open Burning Operation Fees: Effective July 1, 2013, any person required to provide notification to the Air District prior to burning; submit a petition to conduct a Filmmaking or Public Exhibition fire; receive an acreage burning allocation to conduct a Stubble fire; or submit a smoke management plan and receive an acreage burning allocation to conduct a Wildland Vegetation Management (Prescribed Burning) fire or Marsh Management fire shall pay the fee given in Schedule V.

(Adopted 6/19/13; Amended 6/3/20, 6/4/25)

3-337 Exemption Fee: An applicant who wishes to receive a certificate of exemption shall pay a filing fee of ~~\$669~~**684** per exempt source.

(Adopted 6/19/13; Amended 6/4/14; 6/3/15, 6/21/17, 6/16/21, 6/15/22, 6/7/23, 6/4/25, DATE)

3-338 Incident Response Fee: Any facility required to obtain a Air District permit, and any Air District-regulated area-wide or indirect source, that is the site where an incident occurs to which the Air District responds, shall pay a fee equal to the Air District's actual costs in conducting the incident response as defined in Section 3-243, including without limitation, the actual time and salaries, plus overhead, of the Air District staff involved in conducting the incident response and the cost of any materials.

(Adopted 6/19/13, Amended 6/4/25)

3-339 Refining Emissions Tracking Fees: Any person required to submit an Annual Emissions Inventory, Monthly Crude Slate Report, or air monitoring plan in accordance with Regulation 12, Rule 15 shall pay the applicable fees set forth in Schedule W.

(Adopted 6/15/16, Amended 11/03/21)

3-340 Major Stationary Source Community Air Monitoring Fees: Any major stationary source emitting 35 tons per year of organic compounds, sulfur oxides, nitrogen oxides, carbon monoxide or PM₁₀ shall pay a community air monitoring fee based on Schedule X. This fee is in addition to permit and other fees otherwise authorized to be collected from such facilities and shall be included as part of the annual permit renewal fees.

(Adopted 6/15/16)

- 3-341 Fee for Risk Reduction Plan:** Any person required to submit a Risk Reduction Plan in accordance with Regulation 11, Rule 18 shall pay the applicable fees set forth below:
- 341.1 ~~\$2,0542,101~~ for facilities with one source subject to risk reduction pursuant to Regulation 11, Rule 18, including gasoline dispensing facilities;
 - 341.2 ~~\$4,1084,202~~ for facilities with 2 to 5 sources subject to risk reduction pursuant to Regulation 11, Rule 18;
 - 341.3 ~~\$8,2148,403~~ for facilities with 6 to 10 sources subject to risk reduction pursuant to Regulation 11, Rule 18;
 - 341.4 ~~\$16,42816,806~~ for facilities with 11 to 15 sources subject to risk reduction pursuant to Regulation 11, Rule 18;
 - 341.5 ~~\$32,85733,613~~ for facilities with 16 to 20 sources subject to risk reduction pursuant to Regulation 11, Rule 18;
 - 341.6 ~~\$43,80844,816~~ for facilities with more than 20 sources subject to risk reduction pursuant to Regulation 11, Rule 18.

(Adopted 6/21/17, Amended 6/5/19, 6/3/20, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

- 3-342 Fee for Facility-Wide Health Risk Assessment:** Any person required to undergo a health risk assessment (HRA) to assess compliance with the Regulation 11, Rule 18 risk action levels shall pay a risk assessment fee for each source pursuant to Regulation 3-329 and Schedules B, C, D, E, F, H, I or K. The maximum fee required for any single HRA of a facility conducted pursuant to Regulation 11, Rule 18 shall not exceed a total of ~~\$205,354210,074~~.

If a facility retains a Air District-approved consultant to complete the required facility-wide HRA, the facility shall pay a fee to cover the Air District's costs of performing the review of the facility-wide HRA, including the costs of any outside consulting assistance which the Air District may employ in connection with any such review, as well as the Air District's reasonable internal costs (including overhead) of processing, reviewing, or approving the facility-wide HRA. The total HRA review cost shall be determined based on the Air District's actual review time in hours multiplied by an hourly charge of ~~\$284-287~~ per hour. Facilities shall pay an HRA review fee as indicated below and the Air District's cost exceeding the applicable HRA review fees indicated below for performing the review of the facility-wide HRA:

- 342.1 ~~\$3,3703,448~~ for facilities with one to 10 sources subject to risk reduction pursuant to Regulation 11, Rule 18, including gasoline dispensing facilities;
- 342.2 ~~\$9,0359,243~~ for facilities with 11 to 50 sources subject to risk reduction pursuant to Regulation 11, Rule 18;
- 342.3 ~~\$19,16719,608~~ for facilities with more than 50 sources subject to risk reduction pursuant to Regulation 11, Rule 18.

The Air District shall refund to the applicant the portion of any fee paid under this Section that exceeds the Air District's cost of performing the review of the facility-wide HRA.

(Adopted 6/21/17; Amended 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

- 3-343 Fees for Air Dispersion Modeling:** An applicant for an Authority to Construct or Permit to Operate shall pay, in addition to the fees required under Section 3-302 and 3-329 and in any applicable schedule, the Air District's costs of performing any air dispersion modeling needed to determine compliance with any Air District regulatory requirement. The total air dispersion modeling fee cost shall be determined based on the Air District's actual review time in hours multiplied by an hourly charge of ~~\$284-287~~ per hour. This fee shall also apply for costs incurred in reviewing air dispersion modeling submittals by applicants and the costs of any outside consulting assistance which the Air District may employ in connection with the preparation of any such evaluation or documentation, as well as the Air District's reasonable internal costs (including overhead) of processing, reviewing, or approving the air dispersion modeling.

(Adopted 6/5/19; Amended 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25)

- 3-344 Rounding:** Each fee will be rounded to the nearest dollar.

(Adopted 6/15/22)

- 3-345 Evaluation of Plans, Regulation 6:** For any plan required in any rule in Regulation 6, the requestor shall pay the following fees:

- 345.1 A filing fee of ~~\$669684~~; and
- 345.2 An initial fee equivalent to the total actual and reasonable time incurred by Air District

staff at the hourly rate or prorated of \$~~205210~~ per hour not to exceed the minimum initial fee(s) in the schedule for the applicable source(s).

(Adopted 6/7/23, 6/5/24, 6/4/25, ~~DATE~~)

3-346 Request for a Petition, Regulation 8: For any petition required in any rule in Regulation 8, the requestor shall pay the following fees:

346.1 A filing fee of \$~~669684~~; and

346.2 An initial fee equivalent to the total actual and reasonable time incurred by Air District staff at the hourly rate or prorated of \$~~205210~~ per hour not to exceed the minimum initial fee in Schedule E.

(Adopted 6/7/23, 6/5/24, 6/4/25, ~~DATE~~)

3-347 Evaluation of Reports, Organic Waste Recovery Sites: For the evaluation of any report not currently specified in Schedule K as required by federal, state or Air District rule, the owner/operator shall pay the following fees:

347.1 A filing fee of \$~~669684~~; and

347.2 An initial fee equivalent to the total actual and reasonable time incurred by Air District staff at the hourly rate or prorated of \$~~205210~~ per hour.

(Adopted 6/7/23, 6/5/24, 6/4/25, ~~DATE~~)

3-400 ADMINISTRATIVE REQUIREMENTS

3-401 Permits: Definitions, standards, and conditions contained in Regulation 2, Permits, are applicable to this regulation.

3-402 Single Anniversary Date: The APCO may assign a single anniversary date to a facility on which all its renewable permits to operate expire and will require renewal. Fees will be prorated to compensate for different time periods resulting from change in anniversary date.

3-403 Change in Operating Parameters: See Section 2-1-404 of Regulation 2, Rule 1.

3-404 Deleted June 7, 2000

3-405 Fees Not Paid: If an applicant or owner/operator fails to pay the fees specified on the invoice by the due date, the following procedure(s) shall apply:

405.1 ~~Renewal of Authority to Construct: The application will be cancelled but can be reactivated upon payment of fees. Authority to Construct shall be canceled.~~

405.2 New Permit to Operate: The Permit to Operate shall not be issued, and the facility will be notified that operation, including startup, is not authorized.

~~2.1 Fees received during the first 30 days following the due date must include a late fee equal to 10 percent of all fees specified on the invoice. Deleted DATE~~

~~2.2 Fees received more than 30 days after the due date must include a late fee equal to 25 percent of all fees specified on the invoice. Deleted DATE~~

405.3 Renewal of Permit to Operate: The owner/operator of a facility must renew the Permit to Operate in order to continue to be authorized to operate the source. Permit to Operate Fees for the Permit Renewal Period shall be calculated using fee schedules in effect on the Permit to Operate Renewal Date. The permit renewal invoice will include all fees to be paid in order to renew the Permit to Operate, as specified in Section 3-327. If not renewed as of the date of the next Permit Renewal Period, a Permit to Operate lapses and further operation is no longer authorized. The Air District will notify the facility that the permit has lapsed. Reinstatement of lapsed Permits to Operate will require the payment of all unpaid prior Permit to Operate fees and associated reinstatement fees for each unpaid prior Permit Renewal Period, in addition to all fees specified on the permit renewal invoice.

405.4 Reinstatement of Lapsed Permit to Operate: To reinstate a Permit to Operate, the owner/operator must pay all of the following fees:

4.1 The applicable Permit to Operate Fees for the current year, as specified in Regulation 3-327, and the applicable reinstatement fee, if any, calculated as follows:

4.1.1 Fees received ~~during the first 30 days following~~ after the due date must include all fees specified on the permit renewal invoice plus a

reinstatement fee equal to 10 percent of all fees specified on the invoice.
4.1.2 ~~Fees received more than 30 days after the due date, but less than one year after the due date, must include all fees specified on the permit renewal invoice plus a reinstatement fee equal to 25 percent of all fees specified on the invoice.~~ Deleted DATE

4.2 The applicable Permit to Operate Fees specified in Regulation 3-327 for each prior Permit Renewal Period for which all Permit to Operate Fees and associated reinstatement fees have not been paid. Each year's Permit to Operate Fee shall be calculated at the fee rates in effect on that year's Permit to Operate Renewal Date. The reinstatement fee for each associated previously-unpaid Permit to Operate Fee shall be calculated in accordance with Regulation 3-405.4.1, ~~and 4.1.2.~~

Each year or period of the lapsed Permit to Operate is deemed a separate Permit Renewal Period. The oldest outstanding Permit to Operate Fee and reinstatement fees shall be paid first.

405.5 Registration and Other Fees: Persons who have not paid the fee by the invoice due date, shall pay the following late fee in addition to the original invoiced fee. Fees shall be calculated using fee schedules in effect at the time of the fees' original determination.

5.1 Fees received ~~during the first 30 days following~~after the due date must include an additional late fee equal to 10 percent of all fees specified on the invoice.

5.2 ~~Fees received more than 30 days after the due date must include an additional late fee equal to 25 percent of all fees specified on the invoice.~~ Deleted DATE

(Amended 7/6/83, 6/4/86, 11/5/86, 2/15/89, 6/6/90, 7/3/91, 8/2/95, 12/2/98, 6/15/05, 6/7/06, 6/6/12, 6/19/13, 6/4/14, 6/6/18, 6/5/19, 6/7/23, 6/4/25, DATE)

3-406 Deleted June 4, 1986

3-407 Deleted August 2, 1995

3-408 Permit to Operate Valid for 12 Months: A Permit to Operate is valid for 12 months from the date of issuance or other time period as approved by the APCO.

(Adopted 6/4/86; Amended 6/7/00)

3-409 Deleted June 7, 2000

3-410 Deleted August 2, 1995

3-411 Advance Deposit of Funds: The APCO may require that at the time of the filing of an application for an Authority to Construct for a project for which the Air District is a lead agency under the California Environmental Quality Act (Public Resources Code, Section 21000, et seq.), the applicant shall make an advance deposit of funds, in an amount to be specified by the APCO, to cover the costs which the Air District estimates to incur in connection with the Air District's performance of its environmental evaluation and the preparation of any required environmental documentation. In the event the APCO requires such an estimated advance payment to be made, the applicant will be provided with a full accounting of the costs actually incurred by the Air District in connection with the Air District's performance of its environmental evaluation and the preparation of any required environmental documentation.

(Adopted 12/18/85; Amended 8/2/95, 6/4/25)

3-412 Deleted December 2, 1998

3-413 Toxic "Hot Spots" Information and Assessment Act Revenues: The APCO shall transmit to the California Air Resources Board, for deposit into the Air Toxics "Hot Spots" Information and Assessment Fund, the revenues determined by the ARB to be the Air District's share of statewide Air Toxics "Hot Spot" Information and Assessment Act expenses.

(Adopted 10/21/92; Amended 6/7/23, 6/4/25)

3-414 Deleted December 2, 1998

3-415 Failure to Pay - Further Actions: When an applicant or owner/operator fails to pay the fees specified on the invoice by the due date, the APCO may take the following actions against the applicant or owner/operator:

415.1 Issuance of a Notice to Comply.

415.2 Issuance of a Notice of Violation.

415.3 Revocation of an existing Permit to Operate. The APCO shall initiate proceedings to revoke permits to operate for any person who is delinquent for more than one month. The revocation process shall continue until payment in full is made or until permits are revoked.

415.4 The withholding of any other Air District services as deemed appropriate until payment in full is made.

(Adopted 8/2/95; Amended 12/2/98, 6/15/05, 6/4/25)

3-416 Adjustment of Fees: The APCO or designees may, upon finding administrative error by Air District staff in the calculation, imposition, noticing, invoicing, and/or collection of any fee set forth in this rule, rescind, reduce, increase, or modify the fee. A request for such relief from an administrative error, accompanied by a statement of why such relief should be granted, must be received within two years from the date of payment.

(Adopted 10/8/97, Amended 6/4/25)

3-417 Temporary Amnesty for Unpermitted and Unregistered Sources: The APCO has the authority to declare an amnesty period, during which the Air District may waive all or part of the back fees and/or late fees for sources that are currently operating without valid Permits to Operate and/or equipment registrations.

(Adopted 6/16/10, Amended 6/4/25)

3-418 Temporary Incentive for Online or Electronic Transactions: The APCO has the authority to declare an incentive period for transactions made using the online system or other electronic processes, during which the Air District may waive all or any part of the fees for these transactions.

(Adopted 6/6/18; Amended 6/7/23, 6/4/25)

3-419 Industry Compliance School: The APCO may reduce fees by an amount deemed appropriate if the owner/operator of the source attends an Industry Compliance School sponsored by the Air District.

(Adopted 6/7/23, Amended 6/4/25)

**SCHEDULE A
HEARING BOARD FEES¹**

Established by the Board of Directors December 7, 1977 Resolution No. 1046
(Code section references are to the California Health & Safety Code, unless otherwise indicated)

		Large Companies	Small Business	Third Party
1.	For each application for variance exceeding 90 days, in accordance with §42350, including applications on behalf of a class of applicants, which meet the requirements of the Hearing Board Rules for a valid and proper class action for variance Plus, for each hearing in addition to the first hearing necessary to dispose of said variance application in accordance with §42350, the additional sum of	\$12,241 \$6,130	\$1,832 \$618	
2.	For each application for variance not exceeding 90 days, in accordance with §42350, including applications on behalf of a class of applicants, which meet the requirements of the Hearing Board Rules for a valid and proper class action for variance Plus, for each hearing in addition to the first hearing necessary to dispose of said variance application, in accordance with §42350, the additional sum of	\$7,350 \$3,670	\$1,832 \$618	
3.	For each application to modify a variance in accordance with §42356 ... Plus, for each hearing in addition to the first hearing on said application to modify a variance, in accordance with §42345, necessary to dispose of the application, the additional sum of	\$4,876 \$3,670	\$618 \$618	
4.	For each application to extend a variance, in accordance with §42357 .. Plus, for each hearing in addition to the first hearing on an application to extend a variance, in accordance with §42357, necessary to dispose of the application, the additional sum of	\$4,876 \$3,670	\$618 \$618	
5.	For each application to revoke a variance	\$7,350	\$618	
6.	For each application for approval of a Schedule of Increments of Progress in accordance with §41703	\$4,876	\$618	
7.	For each application for variance in accordance with §41703, which exceeds 90 days Plus, for each hearing in addition to the first hearing on said application for variance in accordance with §41703, the additional sum of	\$12,241 \$6,130	\$1,832 \$618	
8.	For each application for variance in accordance with §41703, not to exceed 90 days Plus, for each hearing in addition to the hearing on said application for a variance in accordance with §41703, the additional sum of	\$7,350 \$3,670	\$1,832 \$618	
9.	For each Appeal (Permit, Banking, Title V).....	\$12,241 per hearing day	\$6,130 per hearing day	\$6,130 for entire appeal period
10.	For each application for intervention in accordance with Hearing Board Rules §§2.3, 3.6 & 4.6.....	\$6,130	\$1,233	
11.	For each application to Modify or Terminate an abatement order	\$12,241 per hearing day	\$6,130 per hearing day	
12.	For each application for an interim variance in accordance with §42351	\$6,130	\$1,233	
13.	For each application for an emergency variance in accordance with §42359.5.....	\$3,056	\$618	

		Large Companies	Small Business	Third Party
14.	For each application to rehear a Hearing Board decision in accordance with §40861	100% of previous fee charged	100% of previous fee charged	
15.	Excess emission fees	See Attachment I	See Attachment I	
16.	Miscellaneous filing fee for any hearing not covered above	\$6,130	\$1,832	\$1,832
17.	For each published Notice of Public Hearing	Cost of Publication	\$0	\$0
18.	Court Reporter Fee (to be paid only if Court Reporter required for hearing)	Actual Appearance and Transcript costs per hearing solely dedicated to one Docket	\$0	Actual Appearance and Transcript costs per hearing solely dedicated to one Docket

NOTE 1 Any applicant who believes they have a hardship for payment of fees may request a fee waiver from the Hearing Board pursuant to Hearing Board Rules.

(Amended 10/8/97, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25)

**SCHEDULE A
ATTACHMENT I
EXCESS EMISSION FEE**

A. General

- (1) Each applicant or petitioner for a variance from these Rules and Regulations shall pay to the Clerk or Deputy Clerk of the Hearing Board, in addition to the other filing fees required in Schedule A, an emission fee based on the total weight of emissions discharged, per source or product, other than those described in division (B) below, during the variance period in excess of that allowed by these rules in accordance with the schedule set forth in Table I.
- (2) Where the total weight of emission discharged cannot be easily calculated, the petitioner shall work in concert with Air District staff to establish the amount of excess emissions to be paid.
- (3) In the event that more than one rule limiting the discharge of the same contaminant is violated, the excess emission fee shall consist of the fee for violation which will result in the payment of the greatest sum. For the purposes of this subdivision, opacity rules and particulate mass emissions shall not be considered rules limiting the discharge of the same contaminant.

B. Excess Visible Emission Fee

Each applicant or petitioner for a variance from Regulation 6 or Health and Safety Code Section 41701 shall pay to the Clerk or Deputy Clerk of the Hearing Board, in addition to the filing fees required in Schedule A and the excess emission fees required in (A) above (if any), an emission fee based on the difference between the percent opacity allowed by Regulation 6 and the percent opacity of the emissions allowed from the source or sources operating under the variance, in accordance with the schedule set forth in Table II.

In the event that an applicant or petitioner is exempt from the provisions of Regulation 6, the applicant or petitioner shall pay a fee calculated as described herein above, but such fee shall be calculated based upon the difference between the opacity allowed under the variance and the opacity allowed under the provisions of Health and Safety Code Section 41701, in accordance with the schedule set forth in Table II.

C. Applicability

The provisions of subdivision (A) shall apply to all variances that generate excess emissions.

D. Fee Determination

- (1) The excess emission fees shall be calculated by the petitioner based upon the requested number of days of operation under variance multiplied by the expected excess emissions as set forth in subdivisions (A) and (B) above. The calculations and proposed fees shall be set forth in the petition.
- (2) The Hearing Board may adjust the excess emission fee required by subdivisions (A) and (B) of this rule based on evidence regarding emissions presented at the time of the hearing.

E. Small Businesses

- (1) A small business shall be assessed twenty percent (20%) of the fees required by subdivisions (A) and (B), whichever is applicable. "Small business" is defined in the Fee Regulation.
- (2) Request for exception as a small business shall be made by the petitioner under penalty of perjury on a declaration form provided by the Executive Officer which shall be submitted to the Clerk or Deputy Clerk of the Hearing Board at the time of filing a petition for variance.

F. Group, Class and Product Variance Fees

Each petitioner included in a petition for a group, class or product variance shall pay the filing fee specified in Schedule A, and the excess emission fees specified in subdivisions (A) and (B), whichever is applicable.

G. Adjustment of Fees

If after the term of a variance for which emission fees have been paid, petitioner can establish, to the satisfaction of the Executive Officer/APCO, that emissions were actually less than those upon which the fee was based, a pro rata refund shall be made.

H. Fee Payment/Variance Invalidation

- (1) Excess emission fees required by subdivisions (A) and (B), based on an estimate provided during the variance Hearing, are due and payable within fifteen (15) days of the granting of the variance. The petitioner shall be notified in writing of any adjustment to the amount of excess emission fees due, following Air District staff's verification of the estimated emissions. Fee payments to be made as a result of an adjustment are due and payable within fifteen (15) days of notification of the amount due.
- (2) Failure to pay the excess emission fees required by subdivisions (A) and (B) within fifteen (15) days of notification that a fee is due shall automatically invalidate the variance. Such notification may be given by personal service or by deposit, postpaid, in the United States mail and shall be due fifteen (15) days from the date of personal service or mailing. For the purpose of this rule, the fee payment shall be considered to be received by the Air District if it is postmarked by the United States Postal Service on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if it had been postmarked on the expiration date.

**TABLE I
SCHEDULE OF EXCESS EMISSIONS FEES**

Air Contaminants	All at \$10.19 per pound
Organic gases, except methane and those containing sulfur Carbon Monoxide Oxides of nitrogen (expressed as nitrogen dioxide) Gaseous sulfur compounds (expressed as sulfur dioxide) Particulate matter	
Toxic Air Contaminants Arsenic (inorganic) Asbestos Benzene Beryllium 1,3-Butadiene Cadmium Carbon tetrachloride Chlorinated dioxins and dibenzofurans (15 species) Diesel exhaust particulate matter 1,4-Dioxane Ethylene dibromide Ethylene dichloride Ethylene oxide Formaldehyde Hexavalent chromium Lead Methylene chloride Nickel Perchloroethylene Polynuclear aromatic hydrocarbons (PAH) Trichloroethylene Vinyl chloride	All at \$50.72 per pound

**TABLE II
SCHEDULE OF EXCESS VISIBLE EMISSION FEE**

For each source with opacity emissions in excess of twenty percent (20%), but less than forty percent (40%) (where the source is in violation of Regulation 6 and California Health and Safety Code Section 41701), the fee is calculated as follows:

$$\text{Fee} = (\text{Opacity}^* \text{ equivalent} - 20) \times \text{number of days allowed in variance} \times \$10.42$$

For each source with opacity emissions in excess of forty percent (40%) (where the source is in violation of Regulation 6 and California Health and Safety Code Section 41701), the fee is calculated as follows:

$$\text{Fee} = (\text{Opacity}^* \text{ equivalent} - 40) \times \text{number of days allowed by variance} \times \$10.42$$

- * Where "Opacity" equals maximum opacity of emissions in percent (not decimal equivalent) allowed by the variance. Where the emissions are darker than the degree of darkness equivalent to the allowed Ringelmann number, the percentage equivalent of the excess degree of darkness shall be used as "opacity."

(Adopted 6/7/00; Amended 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/7/23, 6/5/24, 6/4/25)

**SCHEDULE B
COMBUSTION OF FUEL
(Adopted June 18, 1980)**

For each source that burns fuel, which is not a flare and not exempted by Regulation 2, Rule 1, the fee shall be computed based on the maximum gross combustion capacity (expressed as higher heating value, HHV) of the source.

1. INITIAL FEE: \$107.28 per MM BTU/HOUR
 - a. The minimum fee per source is: \$573
 - b. The maximum fee per source is: \$200,137

2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$~~669~~684 plus \$107.28 per MM BTU/hr
 - b. Minimum RAF for first TAC source: \$1,379
 - c. RAF for each additional TAC source: \$107.28 per MM BTU/hr *
 - d. Minimum RAF per additional TAC source: \$573 *
 - e. Maximum RAF per source is: \$200,137
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: \$53.64 per MM BTU/HOUR
 - a. The minimum fee per source is: \$407
 - b. The maximum fee per source is: \$100,069

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Applicants for an authority to construct and permit to operate a project, which burns municipal waste or refuse-derived fuel, shall pay in addition to all required fees, an additional fee to cover the costs incurred by OEHHA, and/or a qualified contractor designated by OEHHA, in reviewing a risk assessment as required under H&S Code Section 42315. The fee shall be transmitted by the Air District to OEHHA and/or the qualified contractor upon completion of the review and submission of comments in writing to the Air District.

6. A surcharge equal to 100% of all required initial and permit to operate fees shall be charged for sources permitted to burn one or more of the following fuels: coke, coal, wood, tires, black liquor, and municipal solid waste.

NOTE: MM BTU is million BTU of higher heat value
One MM BTU/HR = 1.06 gigajoules/HR

*(Amended 6/5/85; 6/4/86, 3/4/87, 6/6/90, 7/3/91, 6/15/94, 10/8/97, 7/1/98, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, **DATE**)*

SCHEDULE C
STATIONARY CONTAINERS FOR THE STORAGE OF ORGANIC LIQUIDS
(Adopted June 18, 1980)

For each stationary container of organic liquids which is not exempted from permits by Regulation 2 and which is not part of a gasoline dispensing facility, the fee shall be computed based on the container volume, as follows:

1. INITIAL FEE: 0.185 cents per gallon
 - a. The minimum fee per source is: \$204
 - b. The maximum fee per source is: \$27,858

2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: ~~\$669684~~ plus 0.185 cents per gallon
 - b. Minimum RAF for first TAC source: \$678
 - c. RAF for each additional TAC source: 0.185 cents per gallon *
 - d. Minimum RAF per additional TAC source: \$204 *
 - e. Maximum RAF per source is: \$27,858

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: 0.093 cents per gallon
 - a. The minimum fee per source is: \$147
 - b. The maximum fee per source is: \$13,928

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

*(Amended 2/20/85, 6/5/85, 6/4/86, 7/3/91, 6/15/94, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/20/09, 6/16/10, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, **DATE**)*

SCHEDULE D
GASOLINE TRANSFER AT GASOLINE DISPENSING FACILITIES,
BULK PLANTS AND TERMINALS
(Adopted June 18, 1980)

- A. All gasoline dispensing facilities shall pay the following fees:
1. INITIAL FEE: \$378.10 per single product nozzle (spn)
\$378.10 per product for each multi-product nozzle (mpn)
 2. PERMIT TO OPERATE FEE: \$144.82 per single product nozzle (spn)
\$144.82 per product for each multi-product nozzle (mpn)
 3. Initial fees and permit to operate fees for hardware modifications at a currently permitted gasoline dispensing facility shall be consolidated into a single fee calculated according to the following formula:

$$\$522.91 \times \left\{ \left[\frac{(mpn_{\text{proposed}})(\text{products per nozzle}) + spn_{\text{proposed}}}{(mpn_{\text{existing}})(\text{products per nozzle}) + spn_{\text{existing}}} \right] - 1 \right\}$$

mpn = multi-product nozzles
spn = single product nozzles

The above formula includes a toxic surcharge.

If the above formula yields zero or negative results, no initial fees or permit to operate fees shall be charged.

For the purposes of calculating the above fees, a fuel blended from two or more different grades shall be considered a separate product.

Other modifications to facilities' equipment, including but not limited to tank addition/replacement/conversion, vapor recovery piping replacement, moving or extending pump islands, will not be subject to initial fees or permit to operate fees.

4. RISK ASSESSMENT FEE (RAF) if required pursuant to Regulation 3-329 or 3-342 (including increases in permitted throughput for which a health risk assessment is required.) of:
 - a. \$4,064 per application for a new gas dispensing facility
 - b. ~~\$4,034~~\$4,189 per application for all other
 5. Nozzles used exclusively for the delivery of diesel fuel or other fuels exempt from permits shall pay no fee. Multi-product nozzles used to deliver both exempt and non-exempt fuels shall pay fees for the non-exempt products only.
- B. All bulk plants, terminals or other facilities using loading racks to transfer gasoline or gasohol into trucks, railcars or ships shall pay the following fees:

1. INITIAL FEE: \$4,966 per single product loading arm
\$4,966 per product for multi-product arms
2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$5,623
 - b. RAF for each additional TAC source: \$4,966 *

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$1,384 per single product loading arm
\$1,384 per product for multi-product arms
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

C. Fees in (A) above are in lieu of tank fees. Fees in (B) above are in addition to tank fees.

(Amended 2/20/85, 6/5/85, 6/4/86, 7/3/91, 6/15/94, 10/8/97, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, **DATE**)

**SCHEDULE E
SOLVENT EVAPORATING SOURCES**

(Adopted June 18, 1980)

For each solvent evaporating source, as defined in Section 3-210 except for dry cleaners, the fee shall be computed based on the net amount of organic solvent processed through the sources on an annual basis (or anticipated to be processed, for new sources) including solvent used for the cleaning of the sources.

1. INITIAL FEE:
 - a. The fee per source is: \$3,3093,600 per 1,000 gallons
 - b. The minimum fee per source is: \$1,6471,792
 - c. The maximum fee per source is: \$131,491143,062

2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$669684 plus initial fee
 - b. Minimum RAF for first TAC source: \$2,7142,953
 - c. RAF for each additional TAC source: equal to initial fee *
 - d. Minimum RAF per additional TAC source: \$1,6471,792 *
 - e. Maximum RAF per source is: \$131,491143,062
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:
 - a. The fee per source is: \$1,6471,792 per 1,000 gallons
 - b. The minimum fee per source is: \$1,1881,293
 - c. The maximum fee per source is: \$65,74071,525

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

(Amended 5/19/82, 10/17/84, 6/5/85, 6/4/86, 10/8/87, 7/3/91, 6/15/94, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

**SCHEDULE F
MISCELLANEOUS SOURCES**

(Adopted June 18, 1980)

For each source not governed by Schedules B, C, D, E, H or I, (except for those sources in the special classification lists, G-1 - G-5) the fees are:

1. INITIAL FEE: \$1,2361,421
2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first (toxic air contaminant) TAC source in application: \$2,3222,670
 - b. RAF for each additional TAC source: \$1,2361,421 *
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$8991,034
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1. List of special classifications requiring graduated fees is shown in Schedules G-1, G-2, G-3, G-4, and G-5.

G-1 FEES FOR SCHEDULE G-1. For each source in a G-1 classification, fees are:

1. INITIAL FEE: \$10,04411,547
2. RAF, if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first TAC source in application: \$11,39413,103
 - b. RAF for each additional TAC source: \$10,04411,547*
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$5,0135,765
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-2 FEES FOR SCHEDULE G-2. For each source in a G-2 classification, fees are:

1. INITIAL FEE: \$13,25515,243
2. RAF, if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first TAC source in application: \$14,60816,799
 - b. RAF for each additional TAC source: \$13,25515,243 *
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$6,6237,616
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-3 FEES FOR SCHEDULE G-3. For each source in a G-3 classification, fees are:

1. INITIAL FEE: \$69,94980,441
2. RAF, if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first TAC source in application: \$71,09081,754

- b. RAF for each additional TAC source: **\$69,94980,441 ***
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

- 3. PERMIT TO OPERATE FEE: **\$34,96840,213**
- 4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-4 FEES FOR SCHEDULE G-4. For each source in a G-4 classification, fees are:

- 1. INITIAL FEE: **\$175,263201,552**
- 2. RAF, if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first TAC source in application: **\$176,616203,108**
 - b. RAF for each additional TAC source: **\$175,263201,552***
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
- 3. PERMIT TO OPERATE FEE: **\$87,627100,771**
- 4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-5 FEES FOR SCHEDULE G-5. For each source in a G-5 classification, fees are:

- 1. INITIAL FEE: **\$78,67781,509**
- 2. RAF is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk assessment is required under Regulation 2-5-401.
 - a. RAF for first TAC source in application: **\$79,37982,237**
 - b. RAF for each additional TAC source: **\$78,67781,509***
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
- 3. PERMIT TO OPERATE FEE: **\$39,33840,754**
- 4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

*(Amended 5/19/82, 6/5/85, 6/4/86, 6/6/90, 7/3/91, 6/15/94, 10/8/97, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25 **DATE**)*

SCHEDULE G-1
(Adopted June 18, 1980)

Equipment or Process Description	Materials Processed or Produced
Asphalt Roofing Manufacturing – Asphalt Dipping	Asphalt Roofing or Related Materials
Calcining Kilns, excluding those processing cement, lime, or coke (see G-4 for cement, lime, or coke Calcining Kilns)	Any Materials except cement, lime, or coke
Chemical Manufacturing, Inorganic – Processing Units with a Capacity of 1,000 Gallons/Hour or more	Any Inorganic Materials
Chemical Manufacturing, Inorganic – Processing Units with a Capacity of 5 Tons/Hour or more	Any Inorganic Materials
Chemical Manufacturing, Inorganic – Reactors with a Capacity of 1,000 Gallons or more	Any Inorganic Materials
Chemical Manufacturing, Organic – Latex Dipping	Any latex materials
Chemical Manufacturing, Organic – Processing Units with a Capacity of 1,000 Gallons/Hour or more	Any Organic Materials
Chemical Manufacturing, Organic – Processing Units with a Capacity of 5 Tons/Hour or more	Any Organic Materials
Chemical Manufacturing, Organic – Reactors with a Capacity of 1,000 Gallons or more	Any Organic Materials
Compost Operations – Windrows, Static Piles, Aerated Static Piles, In-Vessel, or similar methods	Any waste materials such as yard waste, food waste, agricultural waste, mixed green waste, bio-solids, animal manures, etc.
Crushers	Any minerals or mineral products such as rock, aggregate, cement, concrete, or glass; waste products such as building or road construction debris; and any wood, wood waste, green waste; or similar materials
Electroplating Equipment	Hexavalent Decorative Chrome with permitted capacity greater than 500,000 amp-hours per year or Hard Chrome
Foil Manufacturing – Any Converting or Rolling Lines	Any Metal or Alloy Foils
<u>Gasification or Pyrolysis Reactors</u>	<u>Any</u>
Galvanizing Equipment	Any
Glass Manufacturing – Batching Processes including storage and weigh hoppers or bins, conveyors, and elevators	Any Dry Materials
Glass Manufacturing – Mixers	Any Dry Materials
Glass Manufacturing – Molten Glass Holding Tanks	Any molten glass
Grinders	Any minerals or mineral products such as rock, aggregate, cement, concrete, or glass; waste products such as building or road construction debris; and any wood, wood waste, green waste; or similar materials
Incinerators – Crematory	Human and/or animal remains
Incinerators – Flares	Any waste gases
Incinerators – Other (see G-2 for hazardous or municipal solid waste incinerators, see G-3 for medical or infectious waste incinerators)	Any Materials except hazardous wastes, municipal solid waste, medical or infectious waste

SCHEDULE G-1

Equipment or Process Description	Materials Processed or Produced
Incinerators – Pathological Waste (see G-3 for medical or infectious waste incinerators)	Pathological waste only
Loading and/or Unloading Operations – Bulk Plants and Bulk Terminals, excluding those loading gasoline or gasohol (see Schedule D for Bulk Plants and Terminals loading gasoline or gasohol)	Any Organic Materials except gasoline or gasohol
Refining – Alkylation Units	Any Hydrocarbons
Refining – Asphalt Oxidizers	Any Hydrocarbons
Refining – Benzene Saturation Units/Plants	Any Hydrocarbons
Refining – Catalytic Reforming Units	Any Hydrocarbons
Refining – Chemical Treating Units including alkane, naphthenic acid, and naphtha merox treating, or similar processes	Any Hydrocarbons
Refining – Converting Units including Dimersol Plants, Hydrocarbon Splitters, or similar processes	Any Hydrocarbons
Refining – Distillation Units, excluding crude oil units with capacity > 1,000 barrels/hour (see G-3 for > 1,000 barrels/hour crude distillation units)	Any Hydrocarbons
Refining – Hydrogen Manufacturing	Hydrogen or Any Hydrocarbons
Refining – Hydrotreating or Hydrofining	Any Hydrocarbons
Refining – Isomerization	Any Hydrocarbons
Refining – MTBE Process Units/Plants	Any Hydrocarbons
Refining – Sludge Converter	Any Waste Materials
Refining – Solvent Extraction	Any Hydrocarbons
Refining – Sour Water Stripping	Any Process or Wastewater
Refining – Storage (enclosed)	Coke or Coke Products
Refining – Waste Gas Flares(not subject to Regulation 12, Rule 11)	Any Refining Gases
Refining – Miscellaneous Other Process Units	Any Hydrocarbons
Remediation Operations, Groundwater – Strippers	Contaminated Groundwater
Remediation Operations, Soil – Any Equipment (excluding sub-slab depressurization equipment)	Contaminated Soil
Spray Dryers	Any Materials
Sterilization Equipment	Ethylene Oxide
Wastewater Treatment, Industrial – Oil-Water Separators, excluding oil-water separators at refineries (see G-2 for Refining - Oil-Water Separators)	Wastewater from any industrial facilities except refineries
Wastewater Treatment, Industrial – Strippers including air strippers, nitrogen strippers, dissolved air flotation units, or similar equipment and excluding strippers at refineries (see G-2 for Refining – Strippers)	Wastewater from any industrial facilities except refineries
Wastewater Treatment, Industrial - Storage Ponds, excluding storage ponds at refineries (see G-2 for Refining – Storage Ponds)	Wastewater from any industrial facilities except refineries
Wastewater Treatment, Municipal – Preliminary Treatment	Municipal Wastewater
Wastewater Treatment, Municipal – Primary Treatment	Municipal Wastewater
Wastewater Treatment, Municipal – Digesters	Municipal Wastewater
Wastewater Treatment, Municipal – Sludge Handling Processes, excluding sludge incinerators (see G-2 for sludge incinerators)	Sewage Sludge

*(Amended 6/4/86, 6/6/90, 5/19/99, 6/7/00, 6/2/04, 6/15/05, 6/6/18, 11/3/21, **DATE**)*

SCHEDULE G-2
(Adopted June 6, 1990)

Equipment or Process Description	Materials Processed or Produced
Asphalt Roofing Manufacturing – Asphalt Blowing	Asphalt Roofing or Related Materials
Asphaltic Concrete Manufacturing – Aggregate Dryers	Any Dry Materials
Asphaltic Concrete Manufacturing – Batch Mixers	Any Asphaltic Concrete Products
Asphaltic Concrete Manufacturing – Drum Mixers	Any Asphaltic Concrete Products
Asphaltic Concrete Manufacturing – Other Mixers and/or Dryers	Any Dry Materials or Asphaltic Concrete Products
Concrete or Cement Batching Operations – Mixers	Any cement, concrete, or stone products or similar materials
Furnaces – Electric	Any Mineral or Mineral Product
Furnaces – Electric Induction	Any Mineral or Mineral Product
Furnaces – Glass Manufacturing	Soda Lime only
Furnaces – Reverberatory	Any Ores, Minerals, Metals, Alloys, or Related Materials
Incinerators – Hazardous Waste including any unit required to have a RCRA permit	Any Liquid or Solid Hazardous Wastes
Incinerators – Solid Waste, excluding units burning human/animal remains or pathological waste exclusively (see G-1 for Crematory and Pathological Waste Incinerators)	Any Solid Waste including Sewage Sludge (except human/animal remains or pathological waste)
Metal Rolling Lines, excluding foil rolling lines (see G-1 for Foil Rolling Lines)	Any Metals or Alloys
Metal Shredding (maximum capacity of less than or equal to 150 tons per hour)	Any Metals or Alloys
Refining – Stockpiles (open)	Coke or coke products only
Refining, Wastewater Treatment – Oil-Water Separators	Wastewater from refineries only
Refining, Wastewater Treatment – Strippers including air strippers, nitrogen strippers, dissolved air flotation units, or similar equipment	Wastewater from refineries only
Refining, Wastewater Treatment – Storage Ponds	Wastewater from refineries only
Pickling Lines or Tanks	Any Metals or Alloys
Sulfate Pulping Operations – All Units	Any
Sulfite Pulping Operations – All Units	Any

(Amended 6/7/00, 11/3/21, 6/7/23)

SCHEDULE G-3
(Adopted June 18, 1980)

Equipment or Process Description	Materials Processed or Produced
Furnaces – Electric Arc	Any Metals or Alloys
Furnaces – Electric Induction	Any Metals or Alloys
Incinerators – Medical Waste, excluding units burning pathological waste exclusively (see G-1 for Pathological Waste Incinerators)	Any Medical or Infectious Wastes
Loading and/or Unloading Operations – Marine Berths	Any Organic Materials
Metal Shredding (maximum capacity greater than 150 tons per hour)	Any Metals or Alloys
Refining – Cracking Units including hydrocrackers and excluding thermal or fluid catalytic crackers (see G-4 for Thermal Crackers and Catalytic Crackers)	Any Hydrocarbons
Refining – Distillation Units (crude oils) including any unit with a capacity greater than 1,000 barrels/hour (see G-1 for other distillation units)	Any Crude Oils
Phosphoric Acid Manufacturing – All Units (by any process)	Phosphoric Acid

(Amended 5/19/82; Amended and renumbered 6/6/90; Amended 6/7/00, 6/15/05, 5/2/07, 11/3/21, 6/7/23)

SCHEDULE G-4
(Adopted June 6, 1990)

Equipment or Process Description	Materials Processed or Produced
Acid Regeneration Units	Sulfuric or Hydrochloric Acid only
Annealing Lines (continuous only)	Metals and Alloys
Calcining Kilns (see G-1 for Calcining Kilns processing other materials)	Cement, Lime, or Coke only
Fluidized Bed Combustors	Solid Fuels only
Nitric Acid Manufacturing – Any Ammonia Oxidation Processes	Ammonia or Ammonia Compounds
Refining - Coking Units including fluid cokers, delayed cokers, flexicokers, and coke kilns	Coke and Coke Products
Refining - Cracking Units including fluid catalytic crackers and thermal crackers and excluding hydrocrackers (see G-3 for Hydrocracking Units)	Any Hydrocarbons
Refining - Sulfur Removal including any Claus process or any other process requiring caustic reactants	Any Refining Gas
Sulfuric Acid Manufacturing – Any Chamber or Contact Process	Any Solid, Liquid or Gaseous Fuels Containing Sulfur

(Amended 6/7/00, 11/3/21)

SCHEDULE G-5

Equipment or Process Description	Materials Processed or Produced
Refinery Flares (subject to Regulation 12, Rule 11)	Any Vent Gas (as defined in section 12-11-210 and section 12- 12-213)

(Adopted 5/2/07; Amended 11/3/21)

SCHEDULE H
SEMICONDUCTOR AND RELATED OPERATIONS
(Adopted May 19, 1982)

All of the equipment within a semiconductor fabrication area will be grouped together and considered one source. The fee shall be as indicated:

1. INITIAL FEE:

- a. The minimum fee per source is: \$1,4361,651
- b. The maximum fee per source is: \$114,879132,111

The initial fee includes fees for each type of operation listed in Parts 1c and 1d performed at the fabrication area. If the type of solvent operation is not listed in Parts 1c and 1d, then the minimum fee applies.

c. SOLVENT CLEANING OPERATIONS, such as usage of:

Solvent Sinks (as defined in Regulation 8-30-214);
Solvent Spray Stations (as defined in Regulation 8-30-221);
Solvent Vapor Stations (as defined in Regulation 8-30-222); and
Wipe Cleaning Operation (as defined in Regulation 8-30-225).

The fee is based on the gross throughput of organic solvent processed through the solvent cleaning operations on an annual basis (or anticipated to be processed, for new sources):

\$974-1,117 per 1,000 gallon

d. COATING OPERATIONS, such as application of:

Photoresist (as defined in Regulation 8-30-215); other wafer coating;
Solvent-Based Photoresist Developer (as defined in Regulation 8-30-219); and other miscellaneous solvent usage.

The fee is based on the gross throughput of organic solvent processed through the coating operations on an annual basis (or anticipated to be processed, for new sources):

\$2,8833,315 per 1,000 gallon

2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.

- a. RAF for first toxic air contaminant (TAC) source in application: \$669684 plus initial fee
- b. Minimum RAF for first TAC source: \$2,4972,872
- c. RAF for each additional TAC source equal to initial fee

d. Minimum RAF per additional TAC source: \$1,436
1,651*

e. Maximum RAF per source is: \$114,879132,111

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:

- a. The minimum fee per source is: \$1,0381,194
- b. The maximum fee per source is: \$57,43066,045

The permit to operate fee includes fees for each type of operation listed in Parts 3c and 3d performed at the fabrication area. If the type of solvent operation is not listed in Parts 3c and

3d, then the minimum fee applies.

c. SOLVENT CLEANING OPERATIONS, such as usage of:

Solvent Sinks (as defined in Regulation 8-30-214);
Solvent Spray Stations (as defined in Regulation 8-30-221);
Solvent Vapor Stations (as defined in Regulation 8-30-222); and
Wipe Cleaning Operation (as defined in Regulation 8-30-225).

The fee is based on the gross throughput of organic solvent processed through the solvent cleaning operations on an annual basis (or anticipated to be processed, for new sources):

~~\$488,561~~ per 1,000 gallon

d. COATING OPERATIONS, such as application of:

Photoresist (as defined in Regulation 8-30-215); other wafer coating;
Solvent-Based Photoresist Developer (as defined in Regulation 8-30-219); and other miscellaneous solvent usage.

The fee is based on the gross throughput of organic solvent processed through the coating operations on an annual basis (or anticipated to be processed, for new sources):

~~\$1,4361,651~~ per 1,000 gallon

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

(Amended 1/9/85, 6/5/85, 6/4/86, 7/3/91, 6/15/94, 10/8/97, 7/1/98, 5/19/99, 10/20/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, **DATE**)

**SCHEDULE I
 DRY CLEANERS
 (Adopted July 6, 1983)**

For permitted dry cleaners, the fee shall be computed based on each cleaning machine, except that machines with more than one drum shall be charged based on each drum, regardless of the type or quantity of solvent, as follows:

1. INITIAL FEE FOR A DRY CLEANING MACHINE (per drum):
 - a. If the washing or drying capacity is no more than 100 pounds: ~~\$791~~809
 - b. If the washing or drying capacity exceeds 100 pounds: ~~\$791~~809 plus
 For that portion of the capacity exceeding 100 pounds: 23.00 per pound

2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: ~~\$669~~684 plus initial fee
 - b. Minimum RAF for first TAC source: ~~\$1,405~~1,437
 - c. RAF for each additional TAC source: equal to initial fee*
 - d. Minimum RAF per additional TAC source: ~~\$791~~809*

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE FOR A DRY CLEANING MACHINE (per drum):
 - a. If the washing or drying capacity is no more than 100 pounds: ~~\$577~~590
 - b. If the washing or drying capacity exceeds 100 pounds: ~~\$577~~590 plus
 For that portion of the capacity exceeding 100 pounds: ~~\$41.68~~11.95 per pound

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

(Amended 10/17/84, 6/5/85, 6/4/86, 7/3/91, 6/15/94, 10/8/97, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/02/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

**SCHEDULE K
SOLID WASTE DISPOSAL SITES**
(Adopted July 15, 1987)

1. INITIAL FEE:
 - a. Landfill (Decomposition Process) \$11,682,134
 - b. Active Landfill (Waste and Cover Material Dumping Process) \$5,8396,715
 - c. Active Landfill (Excavating, Bulldozing, and Compacting Processes) \$5,8396,715

2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$669,684 plus initial fee
 - b. RAF for each additional TAC source: equal to initial fee*

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:
 - a. Landfill (Decomposition Process) \$5,8396,715
 - b. Active Landfill (Waste and Cover Material Dumping Process) \$2,9493,357
 - c. Active Landfill (Excavating, Bulldozing, and Compacting Processes) \$2,9493,357

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Evaluation of Reports and Questionnaires:
 - a. Evaluation of Solid Waste Air Assessment Test Report as required by Health & Safety Code Section 41805.5(g) \$6,4377,403
 - b. Evaluation of Inactive Site Questionnaire as required by Health & Safety Code Section 41805.5(b) \$3,2273,711
 - c. Evaluation of Solid Waste Air Assessment Test Report in conjunction with evaluation of Inactive Site Questionnaire as required by Health & Safety Code Section 41805.5(b) \$3,2273,711
 - d. Evaluation of Initial or Amended Design Capacity Reports as required by Regulation 8, Rule 34, Section 405 \$2,3742,730
 - e. Evaluation of Initial or Periodic NMOC Emission Rate Reports as required by Regulation 8, Rule 34, Sections 406 or 407 \$6,7877,805
 - f. Evaluation of Closure Report as required by Regulation 8, Rule 34, Section 409 \$2,3742,730
 - g. Evaluation of Annual Report as required by Regulation 8, Rule 34, Section 411 \$5,9406,831

6. For the purposes of this fee schedule, landfill shall be considered active, if it has accepted solid waste for disposal at any time during the previous 12 months or has plans to accept solid waste for disposal during the next 12 months.
 (Amended 7/3/91, 6/15/94, 10/8/97, 7/1/98, 5/19/99, 10/6/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

SCHEDULE L
ASBESTOS OPERATIONS
(Adopted July 6, 1988)

1. Asbestos Operations conducted at single family dwellings are subject to the following fees:
 - a. OPERATION FEE: \$185 for amounts 100 to 500 square feet or linear feet.
 \$679 for amounts 501 square feet or linear feet to 1,000 square feet or linear feet.
 \$988 for amounts 1001 square feet or liner feet to 2,000 square feet or linear feet.
 \$1,358 for amounts greater than 2,000 square feet or linear feet.
 - b. Cancellation: \$90 of above amounts non-refundable for notification processing.
2. Asbestos Operations, other than those conducted at single family dwellings, are subject to the following fees:
 - a. OPERATION FEE: \$524 for amounts 100 to 159 square feet or 100 to 259 linear feet or 35 cubic feet
 \$754 for amounts 160 square feet or 260 linear feet to 500 square feet or linear feet or greater than 35 cubic feet.
 \$1,098 for amounts 501 square feet or linear feet to 1,000 square feet or linear feet.
 \$1,620 for amounts 1001 square feet or liner feet to 2,500 square feet or linear feet.
 \$2,309 for amounts 2501 square feet or linear feet to 5,000 square feet or linear feet.
 \$3,169 for amounts 5001 square feet or linear feet to 10,000 square feet or linear feet.
 \$4,031 for amounts greater than 10,000 square feet or linear feet.
 - b. Cancellation: \$248 of above amounts non-refundable for notification processing.
3. Demolitions (including zero asbestos demolitions) conducted at a single-family dwelling are subject to the following fee:
 - a. OPERATION FEE: \$90
 - b. Cancellation: \$90 (100% of fee) non-refundable, for notification processing.
4. Demolitions (including zero asbestos demolitions) other than those conducted at a single family dwelling are subject to the following fee:
 - a. OPERATION FEE: \$372
 - b. Cancellation: \$248 of above amount non-refundable for notification processing.
5. Asbestos operations with less than 10 days prior notice (excluding emergencies) are subject to the following additional fee:
 - a. OPERATION FEE: \$619
6. Asbestos demolition operations for the purpose of fire training are exempt from fees.

(Amended 9/5/90, 1/5/94, 8/20/97, 10/7/98, 7/19/00, 8/1/01, 6/5/02, 7/2/03, 6/2/04, 6/6/07, 5/21/08, 5/20/09, 6/16/10, 6/15/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/5/19)

SCHEDULE M
MAJOR STATIONARY SOURCE FEES
(Adopted June 6, 1990)

For each major stationary source emitting 50 tons per year or more of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, and/or PM₁₀, the fee shall be based on the following:

- | | | |
|----|-------------------|---|
| 1. | Organic Compounds | \$164.07 <u>167.84</u> per ton |
| 2. | Sulfur Oxides | \$164.07 <u>167.84</u> per ton |
| 3. | Nitrogen Oxides | \$164.07 <u>167.84</u> per ton |
| 4. | PM ₁₀ | \$164.07 <u>167.84</u> per ton |

Emissions calculated by the APCO shall be based on the data reported for the most recent 12-month period prior to billing. In calculating the fee amount, emissions of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, or PM₁₀, if occurring in an amount less than 50 tons per year, shall not be counted.

(Amended 7/3/91, 6/15/94, 7/1/98, 5/9/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

SCHEDULE N
TOXIC INVENTORY FEES
(Adopted October 21, 1992)

For each stationary source emitting substances covered by California Health and Safety Code Section 44300 *et seq.*, the Air Toxics "Hot Spots" Information and Assessment Act of 1987, which have trigger levels listed in Table 2-5-1, a fee based on the weighted emissions of the facility shall be assessed based on the following formulas:

1. A fee of \$7.44 for each gasoline product dispensing nozzle in a Gasoline Dispensing Facility;
or
2. A fee calculated by multiplying the facility's weighted toxic inventory (w_i) by the following factor:

Air Toxic Inventory Fee Factor	\$1.13 per weighted pound per year
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Using the last reported data, the facility's weighted toxic inventory (w_i) is calculated as a sum of the individual TAC emissions multiplied by either the inhalation cancer potency factor for the TAC (see Regulation 2, Rule 5, Table 2-5-1, column 10) times 28.6 if the emission is a carcinogen, or by the reciprocal of the chronic inhalation reference exposure level for the TAC (see Regulation 2, Rule 5, Table 2-5-1, column 8) if the emission is not a carcinogen.

(Amended 12/15/93, 6/15/05, 5/2/07, 6/16/10, 5/4/11, 6/4/14, 6/3/15, 6/15/16, 6/6/18, 6/5/19, 6/3/20, 6/16/21, 6/15/22, 6/7/23)

SCHEDULE P
MAJOR FACILITY REVIEW FEES
(Adopted November 3, 1993)

1. MFR / SYNTHETIC MINOR ANNUAL FEES

Each facility, which is required to undergo major facility review in accordance with the requirements of Regulation 2, Rule 6, shall pay annual fees (1a and 1b below) for each source holding an Air District Permit to Operate. These fees shall be in addition to and shall be paid in conjunction with the annual renewal fees paid by the facility. However, these MFR permit fees shall not be included in the basis to calculate Alternative Emission Control Plan (bubble) or toxic air contaminant surcharges. If a major facility applies for and obtains a synthetic minor operating permit, the requirement to pay the fees in 1a and 1b shall terminate as of the date the APCO issues the synthetic minor operating permit.

- a. MFR SOURCE FEE ~~\$1,5041,730~~ per source
- b. MFR EMISSIONS FEE..... ~~\$59,1668.03~~ per ton of regulated air pollutants emitted

Each MFR facility and each synthetic minor facility shall pay an annual monitoring fee (1c below) for each pollutant measured by an Air District-approved continuous emission monitor or an Air District-approved parametric emission monitoring system.

- c. MFR/SYNTHETIC MINOR MONITORING FEES ~~\$15,02717,281~~ per monitor per pollutant

2. SYNTHETIC MINOR APPLICATION FEES

Each facility that applies for a synthetic minor operating permit or a revision to a synthetic minor operating permit shall pay application fees according to 2a and either 2b (for each source holding an Air District Permit to Operate) or 2c (for each source affected by the revision). If a major facility applies for a synthetic minor operating permit prior to the date on which it would become subject to the annual major facility review fee described above, the facility shall pay, in addition to the application fee, the equivalent of one year of annual fees for each source holding an Air District Permit to Operate.

- a. SYNTHETIC MINOR FILING FEE ~~\$2,0932,407~~ per application
- b. SYNTHETIC MINOR INITIAL PERMIT FEE ~~\$1,5041,730~~ per source
- c. SYNTHETIC MINOR REVISION FEE..... ~~\$1,5041,730~~ per source modified

3. MFR APPLICATION FEES

Each facility that applies for or is required to undergo: an initial MFR permit, an amendment to an MFR permit, a minor or significant revision to an MFR permit, a reopening of an MFR permit or a renewal of an MFR permit shall pay, with the application and in addition to any other fees required by this regulation, the MFR filing fee and any applicable fees listed in 3b-h below. The fees in 3b apply to each source in the initial permit. The fees in 3g apply to each source in the renewal permit, The fees in 3d-f apply to each source affected by the revision or reopening.

- a. MFR FILING FEE ~~\$2,0932,407~~ per application
- b. MFR INITIAL PERMIT FEE ~~\$2,0932,407~~ per source
- c. MFR ADMINISTRATIVE AMENDMENT FEE ~~\$592-681~~ per application
- d. MFR MINOR REVISION FEE ~~\$2,9723,418~~ per source modified
- e. MFR SIGNIFICANT REVISION FEE ~~\$5,5406,371~~ per source modified
- f. MFR REOPENING FEE ~~\$1,8172,090~~ per source modified
- g. MFR RENEWAL FEE ~~\$883-1,015~~ per source

Each facility that requests a permit shield or a revision to a permit shield under the provisions of Regulation 2, Rule 6 shall pay the following fee for each source (or group of sources, if the requirements for these sources are grouped together in a single table in the MFR permit) that is covered by the requested shield. This fee shall be paid in addition to any other applicable fees.

- h. MFR PERMIT SHIELD FEE ~~\$3,1293,598~~ per shielded source or group of sources
- 4. MFR PUBLIC NOTICE FEES
Each facility that is required to undergo a public notice related to any permit action pursuant to Regulation 2-6 shall pay the following fee upon receipt of an Air District invoice.
MFR PUBLIC NOTICE FEE Cost of Publication
- 5. MFR PUBLIC HEARING FEES
If a public hearing is required for any MFR permit action, the facility shall pay the following fees upon receipt of an Air District invoice.
 - a. MFR PUBLIC HEARING FEE Cost of Public Hearing not to exceed ~~\$25,57529,411~~
 - b. NOTICE OF PUBLIC HEARING FEE Cost of distributing Notice of Public Hearing
- 6. POTENTIAL TO EMIT DEMONSTRATION FEE
Each facility that makes a potential to emit demonstration under Regulation 2-6-312 in order to avoid the requirement for an MFR permit shall pay the following fee:
 - a. PTE DEMONSTRATION FEE ~~\$358-412~~ per source, not to exceed ~~\$35,15840,432~~
(Amended 6/15/94, 10/8/97, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

**SCHEDULE R
EQUIPMENT REGISTRATION FEES**

1. Persons operating commercial cooking equipment who are required to register equipment as required by Air District rules are subject to the following fees:
 - a. Conveyorized Charbroiler REGISTRATION FEE: ~~\$744-595~~ per facility
 - b. Conveyorized Charbroiler ANNUAL RENEWAL FEE: ~~\$209-167~~ per facility
 - c. Under-fired Charbroiler REGISTRATION FEE: ~~\$744-595~~ per facility
 - d. Under-fired Charbroiler ANNUAL RENEWAL FEE: ~~\$209-167~~ per facility

2. Persons operating non-halogenated dry cleaning equipment who are required to register equipment as required by Air District rules are subject to the following fees:
 - a. Dry Cleaning Machine REGISTRATION FEE: ~~\$374-297~~
 - b. Dry Cleaning Machine ANNUAL RENEWAL FEE: ~~\$259-207~~

3. Persons operating diesel engines who are required to register equipment as required by Air District or State rules are subject to the following fees:
 - a. Diesel Engine REGISTRATION FEE: ~~\$250-200~~
 - b. Diesel Engine ANNUAL RENEWAL FEE: ~~\$166-133~~
 - c. Diesel Engine ALTERNATIVE COMPLIANCE PLAN FEE (for each plan submitted under Air District Regulation 11-17-402): ~~\$250-200~~

4. Persons operating boilers, steam generators and process heaters who are required to register equipment by Air District Regulation 9-7-404 are subject to the following fees:
 - a. REGISTRATION FEE ~~\$137-110~~ per device
 - b. ANNUAL RENEWAL FEE: ~~\$115-92~~ per device

5. Persons owning or operating graphic arts operations who are required to register equipment by Air District Regulation 8-20-408 are subject to the following fees:
 - a. REGISTRATION FEE: ~~\$446-357~~
 - b. ANNUAL RENEWAL FEE: ~~\$278-222~~

6. Persons owning or operating mobile refinishing operations who are required to register by Air District Regulation 8-45-4 are subject to the following fees:
 - a. REGISTRATION FEE ~~\$209-167~~
 - b. ANNUAL RENEWAL FEE ~~\$123-98~~

*(Adopted 7/6/07, Amended 12/5/07, 5/21/08, 7/30/08, 11/19/08, 12/3/08, 5/20/09, 6/16/10, 6/15/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/4/25, **DATE**)*

**SCHEDULE S
NATURALLY OCCURRING ASBESTOS OPERATIONS**

1. ASBESTOS DUST MITIGATION PLAN INITIAL REVIEW AND AMENDMENT FEES:

Any person submitting an Asbestos Dust Mitigation Plan (ADMP) for initial review of a Naturally Occurring Asbestos (NOA) project shall pay the following fee (including NOA Discovery Notifications which would trigger an ADMP review): \$1,2781,470

Any person submitting a request to amend an existing ADMP shall pay the following fee: \$654752

2. AIR MONITORING PROCESSING FEE:

NOA projects requiring an Air Monitoring component as part of the ADMP approval are subject to the following fee in addition to the ADMP fee: \$9,85611,334

3. GEOLOGIC EVALUATION FEE:

Any person submitting a Geologic Evaluation for exemption from Section 93105 shall pay the following fee: \$4,8675,597

4. INSPECTION FEES:

a. The owner of any property for which an ADMP is required shall pay fees to cover the costs incurred by the Air District in conducting inspections to determine compliance with the ADMP on an ongoing basis. Inspection fees shall be invoiced by the Air District on a quarterly basis, and at the conclusion of dust generating activities covered under the ADMP, based on the actual time spent in conducting such inspections, and the following time and materials rate: \$219224-per hour

b. The owner of any property for which Geologic Evaluation is required shall pay fees to cover the costs incurred by the Air District. Inspection fees shall be invoiced by the Air District, based on the actual time spent in conducting such inspections, and the following time and materials rate: \$219224-per hour

*(Adopted 6/6/07; Amended 5/21/08, 5/20/09, 6/16/10, 6/15/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 7/2/25, **DATE**)*

**SCHEDULE T
GREENHOUSE GAS FEES**

For each permitted facility emitting greenhouse gases, the fee shall be based on the following:

1. Carbon Dioxide Equivalent (CDE) Emissions \$0.174 per metric ton

Emissions calculated by the APCO shall be based on the data reported for the most recent 12-month period prior to billing. The annual emissions of each greenhouse gas (GHG) listed below shall be determined by the APCO for each permitted (i.e., non-exempt) source. For each emitted GHG, the CDE emissions shall be determined by multiplying the annual GHG emissions by the applicable Global Warming Potential (GWP) value. The GHG fee for each facility shall be based on the sum of the CDE emissions for all GHGs emitted by the facility, except that no fee shall be assessed for emissions of biogenic carbon dioxide.

Global Warming Potential Relative to Carbon Dioxide*

GHG	CAS Registry Number	GWP**
Carbon Dioxide	124-38-9	1
Methane	74-82-8	34
Nitrous Oxide	10024-97-2	298
Nitrogen Trifluoride	7783-54-2	17,885
Sulfur Hexafluoride	2551-62-4	26,087
HCFC-22	75-45-6	2,106
HCFC-123	306-83-2	96
HCFC-124	2837-89-0	635
HCFC-141b	1717-00-6	938
HCFC-142b	75-68-3	2,345
HCFC-225ca	422-56-0	155
HCFC-225cb	507-55-1	633
HFC-23	75-46-7	13,856
HFC-32	75-10-5	817
HFC-125	354-33-6	3,691
HFC-134a	811-97-2	1,549
HFC-143a	420-46-2	5,508
HFC-152a	75-37-6	167
HFC-227ea	431-89-0	3,860
HFC-236fa	690-39-1	8,998
HFC-245fa	460-73-1	1,032
HFC-365mfc	406-58-6	966
HFC-43-10-mee	138495-42-8	1,952
PFC-14	75-73-0	7,349
PFC-116	76-16-4	12,340
PFC-218	76-19-7	9,878
PFC-318	115-25-3	10,592

* Source: Myhre, G., et al., 2013: Anthropogenic and Natural Radiative Forcing (and Supplementary Material). In: Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Stocker, T.F., et al. (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA. Available from www.ipcc.ch.

** GWPs compare the integrated radiative forcing over a specified period (i.e.100 years) from a unit mass pulse emission to compare the potential climate change associated with emissions of different GHGs. GWPs listed include climate-carbon feedbacks.

(Adopted 5/21/08; Amended 5/20/09, 6/16/10, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18,6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24)

**SCHEDULE V
OPEN BURNING**

1. Any prior notification required by Regulation 5, Section 406 is subject to the following fee:

- a. OPERATION FEE: ~~\$199,229~~
- b. The operation fee paid as part of providing notification to the Air District prior to burning will be determined for each property, as defined in Regulation 5, Section 217, and will be valid for one year from the fee payment date when a given fire is allowed, as specified in Regulation 5, Section 401 for the following fires:

Regulation 5 Section – Fire	Burn Period
401.1 - Disease and Pest	January 1 – December 31
401.2 - Crop Replacement ¹	October 1 – April 30
401.3 - Orchard Pruning and Attrition ²	November 1 – April 30
401.4 - Double Cropping Stubble	June 1 – August 31
401.6 - Hazardous Material ¹	January 1 – December 31
401.7 - Fire Training	January 1 – December 31
401.8 - Flood Debris	October 1 – May 31
401.9 - Irrigation Ditches	January 1 – December 31
401.10 - Flood Control	January 1 – December 31
401.11 - Range Management ¹	July 1 – April 30
401.12 - Forest Management ¹	November 1 – April 30
401.14 - Contraband	January 1 – December 31

¹ Any Forest Management fire, Range Management fire, Hazardous Material fire not related to Public Resources Code 4291, or any Crop Replacement fire for the purpose of establishing an agricultural crop on previously uncultivated land, that is expected to exceed 10 acres in size or burn piled vegetation cleared or generated from more than 10 acres is defined in Regulation 5, Section 213 as a type of Prescribed Burning and, as such, is subject to the Prescribed Burning operation fee in Section 3 below.

² Upon the determination of the APCO that heavy winter rainfall has prevented this type of burning, the burn period may be extended to no later than June 30.

- c. Any person who provided notification required under Regulation 5, Section 406, who seeks to burn an amount of material greater than the amount listed in that initial notification, shall provide a subsequent notification to the Air District under Regulation 5, Section 406 and shall pay an additional open burning operation fee prior to burning.

2. Any Marsh Management fire conducted pursuant to Regulation 5, Section 401.13 is subject to the following fee, which will be determined for each property by the proposed acreage to be burned:

- a. OPERATION FEE: \$944 for 50 acres or less
 \$1,285 for more than 50 acres but less than or equal to 150 acres
 \$1,619 for more than 150 acres

- b. The operation fee paid for a Marsh Management fire will be valid for a Fall or Spring burning period, as specified in Regulation 5, Subsection 401.13. Any burning subsequent to either of these time periods shall be subject to an additional open burning operation fee.

3. Any Wildland Vegetation Management fire (Prescribed Burning) conducted pursuant to Regulation 5, Section 401.15 is subject to the following fee, which will be determined for each prescribed burning project by the proposed acreage to be burned:

- a. OPERATION FEE: \$796 for 50 acres or less
 \$1,079 for more than 50 acres but less than or equal to 150 acres

\$1,404 for more than 150 acres

- b. The operation fee paid for a prescribed burn project will be valid for the burn project approval period, as determined by the Air District. Any burning subsequent to this time period shall be subject to an additional open burning operation fee.
- 4. Any Filmmaking fire conducted pursuant to Regulation 5, Section 401.16 and any Public Exhibition fire conducted pursuant to Regulation 5, Section 401.17 is subject to the following fee:
 - a. OPERATION FEE: \$1,029
 - b. The operation fee paid for a Filmmaking or Public Exhibition fire will be valid for the burn project approval period, as determined by the Air District. Any burning subsequent to this time period shall be subject to an additional open burning operation fee.
- 5. Any Stubble fire conducted pursuant to Regulation 5, Section 401.5 that requires a person to receive an acreage burning allocation prior to ignition is subject to the following fee, which will be determined for each property by the proposed acreage to be burned:
 - a. OPERATION FEE: ~~\$509,585~~ for 25 acres or less
~~\$714,821~~ for more than 25 acres but less than or equal to 75 acres
~~\$867,997~~ for more than 75 acres but less than or equal to 150 acres
~~\$1,021,174~~ for more than 150 acres
 - b. The operation fee paid for a Stubble fire will be valid for one burn period, which is the time period beginning September 1 and ending December 31, each calendar year. Any burning subsequent to this time period shall be subject to an additional open burning operation fee.
- 6. All fees paid pursuant to Schedule V are non-refundable.
- 7. All fees required pursuant to Schedule V must be paid before conducting a fire.

(Adopted 6/1913; Amended 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/3/20, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 7/2/25, **DATE**)

SCHEDULE W
REFINING EMISSIONS TRACKING FEES

1. ANNUAL EMISSIONS INVENTORIES:

Any Refinery owner/operator required to submit an Annual Emissions Inventory Report in accordance with Regulation 12, Rule 15, Section 401 shall pay the following fees:

- a. Initial submittal: ~~\$118,388,136,146~~
- b. Each subsequent annual submittal: ~~\$59,195,68,074~~

Any Support Facility owner/operator required to submit an Annual Emissions Inventory Report in accordance with Regulation 12, Rule 15, Section 401 shall pay the following fees:

- a. Initial submittal: ~~\$7,2378,323~~
- b. Each subsequent annual submittal: ~~\$3,6484,161~~

2. AIR MONITORING PLANS:

Any person required to submit an air monitoring plan in accordance with Regulation 12, Rule 15, Section 403 shall pay a one-time fee of ~~\$16,443,18,909~~.

*(Adopted 6/15/16; Amended 6/5/19, 6/16/21, 11/3/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, **DATE**)*

**SCHEDULE X
MAJOR STATIONARY SOURCE COMMUNITY AIR MONITORING FEES**

For each major stationary source, emitting 35 tons per year or more of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, Carbon Monoxide and/or PM₁₀ within the vicinity of an Air District proposed community air monitoring location, the fee shall be based on the following:

1.	Organic Compounds	\$60.61 per ton
2.	Sulfur Oxides	\$60.61 per ton
3.	Nitrogen Oxides	\$60.61 per ton
4.	Carbon Monoxide	\$60.61 per ton
5.	PM ₁₀	\$60.61 per ton

Emissions calculated by the APCO shall be based on the data reported for the most recent 12-month period prior to billing. In calculating the fee amount, emissions of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, Carbon Monoxide, or PM₁₀, if occurring in an amount less than 35 tons per year, shall not be counted.

(Adopted: 6/15/16; Amended: 6/21/17, 6/4/25)

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REGULATION 3 FEES

(Adopted June 18, 1980)

3-100 GENERAL

3-101 Description: This regulation establishes the regulatory fees charged by the Air District.
(Amended 7/6/83, 11/2/83, 2/21/90, 12/16/92, 8/2/95, 12/2/98, 5/21/03, 5/21/08, 5/20/09, 6/19/13, 6/4/25)

3-102 Deleted July 12, 1989

3-103 Exemption, Abatement Devices: Installation, modification, or replacement of abatement devices on existing sources are subject to fees pursuant to Section 3-302.3. All abatement devices are exempt from annual permit renewal fees. However, emissions from abatement devices, including any secondary emissions, shall be included in facility-wide emissions calculations when determining the applicability of and the fees associated with Schedules M, N, P, and T.

(Amended 6/4/86; 7/1/98; 6/7/00; 5/21/08)

3-104 Deleted August 2, 1995

3-105 Exemption, Excavation of Contaminated Soil and Removal of Underground Storage Tank Operation Fees: Fees shall not be required, pursuant to Section 3-322, for operations associated with the excavation of contaminated soil and the removal of underground storage tanks if one of the following is met:

105.1 The tank removal operation is being conducted within a jurisdiction where the APCO has determined that a public authority has a program equivalent to the Air District program and persons conducting the operations have met all the requirements of the public authority.

105.2 Persons submitting a written notification for a given site have obtained an Authority to Construct or Permit to Operate in accordance with Regulation 2, Rule 1, Section 301 or 302. Evidence of the Authority to Construct or the Permit to Operate must be provided with any notification required by Regulation 8, Rule 40.

(Adopted 1/5/94; Amended 5/21/03, 6/4/25)

3-106 Deleted December 2, 1998

3-107 Exemption, Sources Exempt from Permit Requirements: Any source that is exempt from permit requirements pursuant to Regulation 2, Rule 1, Sections 103 through 128 is exempt from permit fees. However, emissions from exempt sources shall be included in facility-wide emissions calculations when determining the applicability of and the fees associated with Schedules M, N, and P.

(Adopted 6/7/00)

3-200 DEFINITIONS

3-201 Cancelled Application: Any application which has been withdrawn by the applicant or cancelled by the APCO for failure to pay fees or to provide the information requested to make an application complete.

(Amended 6/4/86, 4/6/88)

3-202 Gasoline Dispensing Facility: Any stationary facility which dispenses gasoline directly into the fuel tanks of vehicles, such as motor vehicles, aircraft or boats. The facility shall be treated as a single source which includes all necessary equipment for the exclusive use of the facility, such as nozzles, dispensers, pumps, vapor return lines, plumbing and storage tanks.

(Amended 2/20/85)

3-203 Filing Fee: A fixed administrative fee

(Amended 6/4/86, 6/7/23)

3-204 Initial Fee: The fee required based on the type and size of the source or an hourly rate of actual costs incurred by the Air District.

(Amended 6/4/86, 6/7/23, 6/4/25)

- 3-205 Authority to Construct:** Written authorization from the APCO, pursuant to Section 2-1-301, for a source to be constructed or modified or for a source whose emissions will be reduced by the construction or modification of an abatement device.
(Amended 6/4/86)
- 3-206 Modification:** See Section 1-217 of Regulation 1.
- 3-207 Permit to Operate Fee:** The fee required for the annual renewal of a permit to operate or for the first year of operation (or prorated portion thereof) of a new or modified source which received an authority to construct.
(Amended 6/4/86, 7/15/87, 12/2/98, 6/7/00)
- 3-208 Deleted June 4, 1986**
- 3-209 Small Business:** A business with no more than 10 employees and gross annual income of no more than \$1,500,000 that is not an affiliate of a non-small business.
(Amended 6/4/86, 6/6/90, 6/7/00, 6/15/05, 6/16/10, 6/4/25)
- 3-210 Solvent Evaporating Source:** Any source utilizing organic solvent, as part of a process in which evaporation of the solvent is a necessary step. Such processes include, but are not limited to, solvent cleaning operations, painting and surface coating, rotogravure coating and printing, flexographic printing, adhesive laminating, etc. Manufacture or mixing of solvents or surface coatings is not included.
(Amended 7/3/91)
- 3-211 Source:** See Section 1-227 of Regulation 1.
- 3-212 Deleted August 2, 1995**
- 3-213 Major Stationary Source:** For the purpose of Schedule M, a major stationary source shall be any Air District permitted plant, building, structure, stationary facility or group of facilities under the same ownership, leasehold, or operator which, in the base calendar year, emitted to the atmosphere organic compounds, oxides of nitrogen (expressed as nitrogen dioxide), oxides of sulfur (expressed as sulfur dioxide), or PM₁₀ in an amount calculated by the APCO equal to or exceeding 50 tons per year.
(Adopted 11/2/83; Amended 2/21/90, 6/6/90, 8/2/95, 6/7/00, 6/4/25)
- 3-214 Deleted October 20, 1999, effective March 1, 2000**
- 3-215 Deleted October 20, 1999, effective March 1, 2000**
- 3-216 Deleted October 20, 1999, effective March 1, 2000**
- 3-217 Deleted October 20, 1999, effective March 1, 2000**
- 3-218 Deleted October 20, 1999, effective March 1, 2000**
- 3-219 Deleted October 20, 1999, effective March 1, 2000**
- 3-220 Deleted October 20, 1999, effective March 1, 2000**
- 3-221 Deleted October 20, 1999, effective March 1, 2000**
- 3-222 Deleted October 20, 1999, effective March 1, 2000**
- 3-223 Start-up Date:** Date when new or modified equipment under an authority to construct begins operating. The holder of an authority to construct is required to notify the APCO of this date at least 3 days in advance. For new sources, or modified sources whose authorities to construct have expired, operating fees are charged from the startup date.
(Adopted 6/4/86; Amended 6/6/90)
- 3-224 Permit to Operate:** Written authorization from the APCO pursuant to Section 2-1-302.
(Adopted 6/4/86; Amended 6/7/00)
- 3-225 Deleted June 3, 2015**
- 3-226 Air Toxics "Hot Spots" Information and Assessment Act of 1987:** The Air Toxics "Hot Spots" Information and Assessment Act of 1987 directs the California Air Resources Board and the Air Quality Management Districts to collect information from industry on emissions of potentially toxic air contaminants and to inform the public about such emissions and their impact on public health. It also directs the Air Quality Management District to collect fees sufficient to cover the necessary state and Air District costs of implementing the program.
(Adopted 10/21/92; Amended 6/15/05, 6/4/25)
- 3-227 Toxic Air Contaminant, or TAC:** An air pollutant that may cause or contribute to an increase in mortality or in serious illness or that may pose a present or potential hazard to human health. For the purposes of this rule, TACs consist of the substances listed in Table 2-5-1 of Regulation 2, Rule 5.

- 3-228 Deleted December 2, 1998
- 3-229 Deleted December 2, 1998
- 3-230 Deleted December 2, 1998
- 3-231 Deleted December 2, 1998
- 3-232 Deleted December 2, 1998
- 3-233 Deleted December 2, 1998
- 3-234 Deleted December 2, 1998
- 3-235 Deleted December 2, 1998
- 3-236 Deleted December 2, 1998
- 3-237 **PM₁₀**: See Section 2-1-229 of Regulation 2, Rule 1. *(Adopted 6/7/00)*

- 3-238 **Risk Assessment Fee**: Fee for a new or modified source of toxic air contaminants for which a health risk assessment (HRA) is required under Regulation 2-5-401, for an HRA required under Regulation 11, Rule 18, or for an HRA prepared for other purposes (e.g., for determination of permit exemption in accordance with Regulations 2-1-316, 2-5-301 and 2-5-302; or for determination of exemption from emission control requirements pursuant to Regulation 8-47-113 and 8-47-402). *(Adopted 6/15/05; Amended 6/21/17)*

- 3-239 **Toxic Surcharge**: Fee paid in addition to the permit to operate fee for a source that emits one or more toxic air contaminants at a rate which exceeds a chronic trigger level listed in Table 2-5-1. *(Adopted 6/15/05)*

- 3-240 **Biogenic Carbon Dioxide**: Carbon dioxide emissions resulting from materials that are derived from living cells, excluding fossil fuels, limestone and other materials that have been transformed by geological processes. Biogenic carbon dioxide originates from carbon (released in the form of emissions) that is present in materials that include, but are not limited to, wood, paper, vegetable oils, animal fat, and food, animal and yard waste. *(Adopted 5/21/08)*

- 3-241 **Green Business**: A business or government agency that has been certified under the Bay Area Green Business Program coordinated by the Association of Bay Area Governments and implemented by participating counties. *(Adopted 6/19/10)*

- 3-242 **Incident**: A non-routine release of an air contaminant that may cause adverse health consequences to the public or to emergency personnel responding to the release, or that may cause a public nuisance or off-site environmental damage. *(Adopted 6/19/13)*

- 3-243 **Incident Response**: The Air District's response to an incident. The Air District's incident response may include the following activities: i) inspection of the incident-emitting equipment and facility records associated with operation of the equipment; ii) identification and analysis of air quality impacts, including without limitation, identifying areas impacted by the incident, modeling, air monitoring, and source sampling; iii) engineering analysis of the specifications or operation of the equipment; and iv) administrative tasks associated with processing complaints and reports. *(Adopted 6/19/13, Amended 6/4/25)*

- 3-244 **Permit to Operate Renewal Date**: The first day of a Permit to Operate's Permit Renewal Period. *(Adopted 6/19/13)*

- 3-245 **Permit Renewal Period**: The length of time the source is authorized to operate pursuant to a Permit to Operate. *(Adopted 6/19/13)*

- 3-246 **Overburdened Community**: As defined in Regulation 2, Rule 1 *(Adopted 6/15/22)*

3-300 STANDARDS

3-301 Hearing Board Fees: Applicants for variances or appeals or those seeking to revoke or modify variances or abatement orders or to rehear a Hearing Board decision shall pay the applicable fees, including excess emission fees, set forth in Schedule A.

(Amended 6/7/00)

3-302 Fees for New and Modified Sources: Applicants for authorities to construct and permits to operate new sources shall pay for each new source: a filing fee of \$684, the initial fee, the risk assessment fee, the permit to operate fee, and toxic surcharge (given in Schedules B, C, D, E, F, H, I or K). Applicants for authorities to construct and permits to operate modified sources shall pay for each modified source, a filing fee of \$684, the initial fee, the risk assessment fee, and any incremental increase in permit to operate and toxic surcharge fees. Where more than one of the schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. If any person requests more than three HRA scenarios required pursuant to Regulation 2, Rule 5 in any single permit application, they shall pay an additional risk assessment fee for each of these scenarios. Except for gasoline dispensing facilities (Schedule D) and semiconductor facilities (Schedule H), the size to be used for a source when applying the schedules shall be the maximum size the source will have after the construction or modification. Where applicable, fees for new or modified sources shall be based on maximum permitted usage levels or maximum potential to emit including any secondary emissions from abatement equipment. The fee rate applied shall be based on the fee rate in force on the date the application is submitted.

302.1 Small Business Discount: If an applicant qualifies as a small business and the source falls under schedules B, C, D (excluding gasoline dispensing facilities), E, F, H, I or K, the filing fee, initial fee, and risk assessment fee shall be reduced by 50%. All other applicable fees shall be paid in full. If an applicant also qualifies for a Green Business Discount, only the Small Business Discount (i.e., the 50% discount) shall apply.

302.2 Deleted July 3, 1991

302.3 Fees for Abatement Devices: Applicants for an authority to construct and permit to operate abatement devices where there is no other modification to the source shall pay a \$684 filing fee and initial and risk assessment fees that are equivalent to 50% of the initial and risk assessment fees for the source being abated, not to exceed a total of \$14,273. For abatement devices abating more than one source, the initial fee shall be 50% of the initial fee for the source having the highest initial fee.

302.4 Fees for Reactivated Sources: Applicants for a Permit to Operate reactivated, previously permitted equipment shall pay the full filing, initial, risk assessment, permit, and toxic surcharge fees.

302.5 Deleted June 3, 2015

302.6 Green Business Discount: If an applicant qualifies as a green business, the filing fee, initial fee, and risk assessment fee shall be reduced by 10%. All other applicable fees shall be paid in full.

302.7 Fee for applications in an Overburdened Community: An applicant with a project that requires a Health Risk Assessment in an Overburdened Community shall pay a fee of \$1,000 in addition to any other permit application fees.

302.8 Risk Assessment Fee: When the Risk Assessment Fee (RAF) is required for more than one source, the first toxic air contaminant (TAC) source is the source with the highest calculated RAF.

(Amended 5/19/82, 7/6/83, 6/4/86, 7/15/87, 6/6/90, 7/3/91, 6/15/94, 10/8/97, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

3-303 Back Fees: An applicant required to obtain a permit to operate existing equipment in accordance with Air District regulations shall pay back fees equal to the permit to operate fees and toxic surcharges given in the appropriate Schedule (B, C, D, E, F, H, I or K) prorated from the effective date of permit requirements. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. The applicant shall also pay back fees equal to toxic inventory fees pursuant to Section 3-320 and

Schedule N. The maximum back fee shall not exceed a total of five years' permit, toxic surcharge, and toxic inventory fees. An owner/operator required to register existing equipment in accordance with Air District regulations shall pay back fees equal to the annual renewal fee given in Schedule R prorated from the effective date of registration requirements, up to a maximum of five years.

(Amended 5/19/82, 7/6/83, 6/4/86, 7/15/87, 6/6/90, 7/3/91, 10/8/97, 6/15/05, 5/20/09, 6/4/25)

3-304 Alteration: Except as provided below, an applicant to alter an existing permitted source shall pay the filing fee and 50% of the initial fee for the source, provided that the alteration does not result in an increase in emissions of any regulated air pollutant.

304.1 Schedule D Fees: Applicants for alteration to a gasoline dispensing facility subject to Schedule D shall pay a fee of 1.75 times the filing fee.

304.2 Schedule G Fees: Applicants for alteration to a permitted source subject to Schedule G-3, G-4, or G-5 shall pay the filing fee, 100% of the initial fee under Schedule G-2, and the risk assessment fee under Schedule G-2, if required. The applicant shall pay the permit renewal and the toxic surcharge fees applicable to the source under Schedules G-3, G-4, or G-5.

(Amended 6/4/86, 11/15/00, 6/2/04, 6/3/15, 6/15/16, 6/6/18, 6/5/19, 6/5/24, 6/4/25, DATE)

3-305 Cancellation or Withdrawal: There will be no refund of the initial fee and filing fee if an application is cancelled or withdrawn. There will be no refund of the risk assessment fee if the risk assessment has been conducted prior to the application being cancelled or withdrawn. If an application for identical equipment for the same project is submitted within six months of the date of cancellation or withdrawal, the initial fee will be credited in full against the fee for the new application.

(Amended 7/6/83, 4/6/88, 10/8/97, 6/15/05, 6/21/17, 6/16/21)

3-306 Change in Conditions: If an applicant applies to change the conditions on an existing authority to construct or permit to operate, the applicant will pay the following fees. There will be no change in anniversary date.

306.1 Administrative Condition Changes: An applicant applying for an administrative change in permit conditions shall pay a fee equal to the filing fee for a single source, provided the following criteria are met:

1.1 The condition change applies to a single source or a group of sources with shared permit conditions.

1.2 The condition change does not subject the source(s) to any Air District Regulations or requirements that were not previously applicable.

1.3 The condition change does not result in any increase in emissions of POC, NPOC, NO_x, CO, SO₂, or PM₁₀ at any source or the emission of a toxic air contaminant above the trigger levels identified in Table 2-5-1

1.4 The condition change does not require a public notice.

306.2 Other Permit Condition Changes: Applicant shall pay the filing, initial, and risk assessment fees required for new and modified equipment under Section 3-302. If the condition change will result in higher permit to operate fees, the applicant shall also pay any incremental increases in permit to operate fees and toxic surcharges.

(Amended 7/6/83, 6/4/86, 6/6/90, 10/8/97, 6/7/00, 6/15/05, 6/21/17, 6/7/23, 6/4/25)

3-307 Transfers: The owner/operator of record is the person to whom a permit is issued or, if no permit has yet been issued to a facility, the person who applied for a permit. Permits are valid only for the owner/operator of record. Upon submittal of a \$102 transfer of ownership fee, permits are re-issued to the new owner/operator of record with no change in expiration dates. For expired permits or registrations, the new owner/operator is responsible for all outstanding fees.

(Amended 2/20/85, 6/4/86, 11/5/86, 4/6/88, 10/8/97, 5/1/02, 5/21/03, 6/02/04, 6/19/13, 6/4/14, 6/15/16, 6/7/23)

3-308 Change of Location: An applicant who wishes to move an existing source, which has a permit to operate, shall pay no fee if the move is on the same facility. If the move is not on the same facility, the source shall be considered a new source and subject to Section 3-302. This section does not apply to portable permits meeting the requirements of Regulation 2-1-220 and 413.

(Amended 7/6/83; 6/4/86; 6/15/05)

3-309 Deleted June 21, 2017

3-310 Fee for Constructing Without a Permit: An applicant for an authority to construct and a permit

to operate a source, which has been constructed or modified without an authority to construct, shall pay the following fees:

- 310.1 Sources subject to permit requirements on the date of initial operation shall pay fees for new construction pursuant to Section 3-302, any back fees pursuant to Section 3-303, and a late fee equal to 100% of the initial fee. A modified gasoline dispensing facility subject to Schedule D that is not required to pay an initial fee shall pay fees for a modified source pursuant to Section 3-302, back fees, and a late fee equal to 100% of the filing fee.
- 310.2 Sources previously exempt from permit requirements that lose their exemption due to changes in Air District, state, or federal regulations shall pay a permit to operate fee and toxic surcharge for the coming year and any back fees pursuant to Section 3-303.
- 310.3 Sources previously exempt from permit requirements that lose their exemption due to a change in the manner or mode of operation, such as an increased throughput, shall pay fees for new construction pursuant to Section 3-302. In addition, sources applying for permits after commencing operation in a non-exempt mode shall also pay a late fee equal to 100% of the initial fee and any back fees pursuant to Section 3-303.
- 310.4 Sources modified without a required authority to construct shall pay fees for modification pursuant to Section 3-302 and a late fee equal to 100% of the initial fee.

(Amended 7/6/83, 4/18/84, 6/4/86, 6/6/90, 7/3/91, 8/2/95, 10/8/97, 6/02/04, 6/15/05, 6/6/12, 6/4/25)

3-311

Emission Banking Fees: An applicant to bank emissions for future use, to convert an emission reduction credit (ERC), to change assigned conditions, to transfer ownership of an ERC, or to make any administrative changes shall pay the following fees:

- 311.1 Banking ERCs: An applicant to bank emissions for future use shall pay a filing fee of \$684 per source plus the initial fee given in Schedules B, C, D, E, F, H, I or K. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules.
- 311.2 Converting Existing ERCs to Interchangeable Emission Reduction Credits (IERCs): An applicant to convert an existing ERC into an IERC shall pay a filing fee of \$684 per source plus the initial fee given in Schedules B, C, D, E, F, H, I or K. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules.
- 311.3 Transferring ERC Ownership: An applicant to transfer an ERC it currently owns to another owner shall pay a filing fee of \$684.
- 311.4 Evaluation of Existing ERCs for PM_{2.5}: An applicant to evaluate an existing PM₁₀ ERC shall pay a filing fee of \$684 per source and an evaluation fee equivalent to the total actual and reasonable time incurred by Air District staff at the hourly rate of \$210 per hour not to exceed the initial fee given in Schedules B, C, D, E, F, H, I or K. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules.
- 311.5 ERC Condition Change: An applicant to request a change in condition shall pay a filing fee of \$684 and an evaluation fee equivalent to the total actual and reasonable time incurred by Air District staff at the hourly rate of \$210 per hour not to exceed the initial fee given in Schedules B, C, D, E, F, H, I or K. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules.
- 311.6 ERC Certificate Reissuance: An applicant, who is not an official facility contact or ERC contact, to recover a lost ERC certificate shall pay a fee of \$684 per ERC certificate. If the APCO determines that the ERC certificate is ineligible for reissuance, the fee is not refundable.

(Amended 7/6/83, 6/4/86, 7/15/87, 7/3/91, 6/15/94, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/02/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

3-312

Emission Caps and Alternative Compliance Plans: Any facility which elects to use an alternative compliance plan contained in:

- 312.1 Regulation 8 ("bubble") to comply with an Air District emission limitation or to use an annual or monthly emission limit to acquire a permit in accordance with the provisions

of Regulation 2, Rule 2, shall pay an additional annual fee equal to fifteen percent of the total plant permit to operate fee.

312.2 Regulation 2, Rule 9, or Regulation 9, Rule 10 shall pay an annual fee of \$1,734 for each source included in the alternative compliance plan, not to exceed \$17,336.

(Adopted 5/19/82; Amended 6/4/86, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/23/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

3-313 Deleted May 19, 1999

3-314 Deleted August 2, 1995

3-315 Costs of Environmental Documentation: An applicant for an Authority to Construct shall pay, in addition to the fees required under Section 3-302 and in any applicable schedule, the Air District's costs of performing any environmental evaluation and preparing and filing any documents pursuant to the California Environmental Quality Act (Public Resources Code, Section 21000, et seq), including the costs of any outside consulting assistance which the Air District may employ in connection with the preparation of any such evaluation or documentation, as well as the Air District's reasonable internal costs (including overhead) of processing, reviewing, or filing any environmental evaluation or documentation.

(Adopted 12/18/85; Amended 5/1/02, 6/3/15, 6/4/25)

3-316 Deleted June 6, 1990

3-317 Asbestos Operation Fees: After July 1, 1988, persons submitting a written plan, as required by Regulation 11, Rule 2, Section 401, to conduct an asbestos operation shall pay the fee given in Schedule L.

(Adopted 7/6/88; Renumbered 9/7/88; Amended 8/2/95)

3-318 Public Notice Fee: An applicant for an authority to construct or permit to operate subject to the public notice requirements of Regulation 2-1-412 shall pay, in addition to the fees required under Section 3-302 and in any applicable schedule, a fee to cover the expense of preparing and distributing the public notices to the affected persons specified in Regulation 2-1-412 as follows:

318.1 A fee of \$2,272 per application, and

318.2 The Air District's cost exceeding \$2,272 of preparing and distributing the public notice.

318.3 The Air District shall refund to the applicant the portion of any fee paid under this Section that exceeds the Air District's cost of preparing and distributing the public notice.

(Adopted 11/1/89; Amended 10/8/97, 7/1/98, 5/19/99, 6/7/00, 5/21/03, 6/2/04, 6/16/10, 6/15/16, 6/21/17, 6/6/18, 6/4/25)

3-319 Major Stationary Source Fees: Any major stationary source emitting 50 tons per year of organic compounds, sulfur oxides, nitrogen oxides, or PM₁₀ shall pay a fee based on Schedule M. This fee is in addition to permit and other fees otherwise authorized to be collected from such facilities and shall be included as part of the annual permit renewal fees.

(Adopted 6/6/90; Amended 8/2/95, 6/7/00)

3-320 Toxic Inventory Fees: Any facility that emits one or more toxic air contaminants shall pay an annual fee based on Schedule N. This fee will be in addition to permit to operate, toxic surcharge, and other fees otherwise authorized to be collected from such facilities.

(Adopted 10/21/92; Amended 5/19/99, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/20/09, 6/16/10, 5/4/11, 6/15/16, 6/21/17, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25)

3-321 Deleted December 2, 1998

3-322 Deleted June 5, 2024

3-323 Pre-Certification Fees: An applicant seeking to pre-certify a source, in accordance with Regulation 2, Rule 1, Section 415, shall pay the filing fee, initial fee and permit to operate fee given in the appropriate schedule.

(Adopted 6/7/95)

3-324 Deleted June 7, 2000

3-325 Deleted December 2, 1998

3-326 Deleted December 2, 1998

3-327 Permit to Operate, Renewal Fees: After the expiration of the initial permit to operate, the permit to operate shall be renewed on an annual basis or other time period as approved by the APCO. The fee required for the renewal of a permit to operate is the permit to operate fee and toxic surcharge listed in Schedules B, C, D, E, F, H, I, and K, prorated for the period of

coverage, pursuant to Section 3-207.

When more than one of the schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. Renewal fees are applicable to all sources required to obtain permits to operate in accordance with Air District regulations. Renewal fees shall include any applicable major stationary source fees based on Schedule M, toxic inventory fees based on Schedule N, major facility review fees based on Schedule P, greenhouse gas fees based on Schedule T, refining emissions tracking fees based on Schedule W, and community air monitoring fees based on Schedule X. Where applicable, renewal fees shall be based on the current usage or emission levels that have been reported to or calculated by the Air District.

327.1 Renewal Processing Fee: In addition, the facility shall also pay a processing fee at the time of renewal that covers each Permit Renewal Period as follows:

- 1.1 \$135 for facilities with one permitted source, including gasoline dispensing facilities,
- 1.2 \$267 for facilities with 2 to 5 permitted sources,
- 1.3 \$532 for facilities with 6 to 10 permitted sources,
- 1.4 \$799 for facilities with 11 to 15 permitted sources,
- 1.5 \$1,061 for facilities with 16 to 20 permitted sources,
- 1.6 \$11,326 for facilities with more than 20 permitted sources.

327.2 Assembly Bill 617 Community Health Impact Fee: An owner/operator of a permitted facility subject to Schedule P (Major Facility Review Fees) shall pay an Assembly Bill 617 community health impact fee of 5.7 percent of the facility's total renewal fee, up to a maximum fee of \$132,801 per year per facility owner.

327.3 Criteria Pollutant and Toxic Emissions Reporting (CTR): The owner/operator of a permitted facility shall pay a CTR fee of 4.4 percent of the facility's total renewal fee, up to a maximum fee of \$66,401 per year.

327.4 Overburdened Community renewal fee: The owner/operator of a permitted facility in an Overburdened Community shall pay a fee of 15 percent of the facility's total renewal fee, up to a maximum fee of \$288,698 per year.

327.5 Shutdown sources: There is no refund for sources that shutdown during the permit to operate period of coverage.

(Adopted 6/7/00; Amended 6/2/04, 6/16/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/3/20, 6/16/21, 11/3/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

3-328 Fee for OEHHA Risk Assessment Reviews: Any facility that submits a health risk assessment to the Air District in accordance with Section 44361 of the California Health and Safety Code shall pay any fee requested by the State Office of Environmental Health Hazard Assessment (OEHHA) for reimbursement of that agency's costs incurred in reviewing the risk assessment.

(Adopted 6/7/00, Amended 6/4/25)

3-329 Fees for New Source Review Health Risk Assessment: Any person required to submit a health risk assessment (HRA) pursuant to Regulation 2-5-401 shall pay an appropriate Risk Assessment Fee pursuant to Regulation 3-302 and Schedules B, C, D, E, F, H, I or K. In addition, any person that requests that the Air District prepare or review an HRA (e.g., for determination of permit exemption in accordance with Regulations 2-1-316, 2-5-301 and 2-5-302; or for determination of exemption from emission control requirements pursuant to Regulation 8-47-113 and 8-47-402) shall pay a Risk Assessment Fee. A Risk Assessment Fee shall be assessed for each source that is proposed to emit a toxic air contaminant (TAC) at a rate that exceeds a trigger level in Table 2-5-1: Toxic Air Contaminant Trigger Levels. If a project requires an HRA due to total project emissions, but TAC emissions from each individual source are less than the Table 2-5-1 trigger levels, a Risk Assessment Fee shall be assessed for the source in the project with the highest TAC emissions.

(Adopted 6/15/05; Amended 6/21/17, 6/4/25)

3-330 Fee for Renewing an Authority to Construct: An applicant seeking to renew an authority to construct in accordance with Regulation 2-1-407 shall pay a fee of 50% of the initial fee in effect at the time of the renewal. If the Air District determines that an authority to construct cannot be

renewed, any fees paid under this section shall be credited in full against the fee for a new authority to construct for functionally equivalent equipment submitted within six months of the date the original authority to construct expires.

330.1 Expired Authority to Construct: If an applicant does not notify the Air District with their intent to renew the Authority to Construct prior to its expiration, the applicant shall pay \$100 per application in addition to any other fees under this section if eligible to renew.

(Adopted 6/15/05; Amended 6/7/23, 6/5/24, 6/4/25)

3-331 Registration Fees: Any person who is required to register equipment under Air District rules shall submit a registration fee, and any annual fee thereafter, as set out in Schedule R. There is no refund for registered equipment/operations that shutdown during the period of coverage.

(Adopted 6/6/07; Amended 6/16/10, 6/7/23, 6/5/24, 6/4/25)

3-332 Naturally Occurring Asbestos Fees: After July 1, 2007, any person required to submit or amend an Asbestos Dust Mitigation Plan (ADMP) pursuant to Title 17 of the California Code of Regulations, Section 93105, Asbestos Air Toxic Control Measure for Construction, Grading, Quarrying, and Surface Mining Operations shall pay the fee(s) set out in Schedule S.

(Adopted 6/6/07; Amended 6/5/19)

3-333 Major Facility Review (MFR) and Synthetic Minor Application Fees: Any facility that applies for, or is required to undergo, an initial MFR permit, an amendment to an MFR permit, a minor or significant revision to an MFR permit, a reopening of an MFR permit, a renewal of an MFR permit, an initial synthetic minor operating permit, or a revision to a synthetic minor operating permit, shall pay the applicable fees set forth in Schedule P.

(Adopted 5/21/08)

3-334 Greenhouse Gas Fees: Any permitted facility with greenhouse gas emissions shall pay a fee based on Schedule T. This fee is in addition to permit and other fees otherwise authorized to be collected from such facilities, and shall be included as part of the annual permit renewal fees.

(Adopted 5/21/08)

3-335 Deleted June 5, 2024

3-336 Open Burning Operation Fees: Effective July 1, 2013, any person required to provide notification to the Air District prior to burning; submit a petition to conduct a Filmmaking or Public Exhibition fire; receive an acreage burning allocation to conduct a Stubble fire; or submit a smoke management plan and receive an acreage burning allocation to conduct a Wildland Vegetation Management (Prescribed Burning) fire or Marsh Management fire shall pay the fee given in Schedule V.

(Adopted 6/19/13; Amended 6/3/20, 6/4/25)

3-337 Exemption Fee: An applicant who wishes to receive a certificate of exemption shall pay a filing fee of \$684 per exempt source.

(Adopted 6/19/13; Amended 6/4/14; 6/3/15, 6/21/17, 6/16/21, 6/15/22, 6/7/23, 6/4/25, DATE)

3-338 Incident Response Fee: Any facility required to obtain a Air District permit, and any Air District-regulated area-wide or indirect source, that is the site where an incident occurs to which the Air District responds, shall pay a fee equal to the Air District's actual costs in conducting the incident response as defined in Section 3-243, including without limitation, the actual time and salaries, plus overhead, of the Air District staff involved in conducting the incident response and the cost of any materials.

(Adopted 6/19/13, Amended 6/4/25)

3-339 Refining Emissions Tracking Fees: Any person required to submit an Annual Emissions Inventory, Monthly Crude Slate Report, or air monitoring plan in accordance with Regulation 12, Rule 15 shall pay the applicable fees set forth in Schedule W.

(Adopted 6/15/16, Amended 11/03/21)

3-340 Major Stationary Source Community Air Monitoring Fees: Any major stationary source emitting 35 tons per year of organic compounds, sulfur oxides, nitrogen oxides, carbon monoxide or PM₁₀ shall pay a community air monitoring fee based on Schedule X. This fee is in addition to permit and other fees otherwise authorized to be collected from such facilities and shall be included as part of the annual permit renewal fees.

(Adopted 6/15/16)

- 3-341 Fee for Risk Reduction Plan:** Any person required to submit a Risk Reduction Plan in accordance with Regulation 11, Rule 18 shall pay the applicable fees set forth below:
- 341.1 \$2,101 for facilities with one source subject to risk reduction pursuant to Regulation 11, Rule 18, including gasoline dispensing facilities;
 - 341.2 \$4,202 for facilities with 2 to 5 sources subject to risk reduction pursuant to Regulation 11, Rule 18;
 - 341.3 \$8,403 for facilities with 6 to 10 sources subject to risk reduction pursuant to Regulation 11, Rule 18;
 - 341.4 \$16,806 for facilities with 11 to 15 sources subject to risk reduction pursuant to Regulation 11, Rule 18;
 - 341.5 \$33,613 for facilities with 16 to 20 sources subject to risk reduction pursuant to Regulation 11, Rule 18;
 - 341.6 \$44,816 for facilities with more than 20 sources subject to risk reduction pursuant to Regulation 11, Rule 18.

(Adopted 6/21/17, Amended 6/5/19, 6/3/20, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

- 3-342 Fee for Facility-Wide Health Risk Assessment:** Any person required to undergo a health risk assessment (HRA) to assess compliance with the Regulation 11, Rule 18 risk action levels shall pay a risk assessment fee for each source pursuant to Regulation 3-329 and Schedules B, C, D, E, F, H, I or K. The maximum fee required for any single HRA of a facility conducted pursuant to Regulation 11, Rule 18 shall not exceed a total of \$210,074.

If a facility retains a Air District-approved consultant to complete the required facility-wide HRA, the facility shall pay a fee to cover the Air District's costs of performing the review of the facility-wide HRA, including the costs of any outside consulting assistance which the Air District may employ in connection with any such review, as well as the Air District's reasonable internal costs (including overhead) of processing, reviewing, or approving the facility-wide HRA. The total HRA review cost shall be determined based on the Air District's actual review time in hours multiplied by an hourly charge of \$287 per hour. Facilities shall pay an HRA review fee as indicated below and the Air District's cost exceeding the applicable HRA review fees indicated below for performing the review of the facility-wide HRA:

- 342.1 \$3,448 for facilities with one to 10 sources subject to risk reduction pursuant to Regulation 11, Rule 18, including gasoline dispensing facilities;
- 342.2 \$9,243 for facilities with 11 to 50 sources subject to risk reduction pursuant to Regulation 11, Rule 18;
- 342.3 \$19,608 for facilities with more than 50 sources subject to risk reduction pursuant to Regulation 11, Rule 18.

The Air District shall refund to the applicant the portion of any fee paid under this Section that exceeds the Air District's cost of performing the review of the facility-wide HRA.

(Adopted 6/21/17; Amended 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

- 3-343 Fees for Air Dispersion Modeling:** An applicant for an Authority to Construct or Permit to Operate shall pay, in addition to the fees required under Section 3-302 and 3-329 and in any applicable schedule, the Air District's costs of performing any air dispersion modeling needed to determine compliance with any Air District regulatory requirement. The total air dispersion modeling fee cost shall be determined based on the Air District's actual review time in hours multiplied by an hourly charge of \$287 per hour. This fee shall also apply for costs incurred in reviewing air dispersion modeling submittals by applicants and the costs of any outside consulting assistance which the Air District may employ in connection with the preparation of any such evaluation or documentation, as well as the Air District's reasonable internal costs (including overhead) of processing, reviewing, or approving the air dispersion modeling.

(Adopted 6/5/19; Amended 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25)

- 3-344 Rounding:** Each fee will be rounded to the nearest dollar.

(Adopted 6/15/22)

- 3-345 Evaluation of Plans, Regulation 6:** For any plan required in any rule in Regulation 6, the requestor shall pay the following fees:

- 345.1 A filing fee of \$684; and
- 345.2 An initial fee equivalent to the total actual and reasonable time incurred by Air District

staff at the hourly rate or prorated of \$210 per hour not to exceed the minimum initial fee(s) in the schedule for the applicable source(s).

(Adopted 6/7/23, 6/5/24, 6/4/25, DATE)

3-346 Request for a Petition, Regulation 8: For any petition required in any rule in Regulation 8, the requestor shall pay the following fees:

346.1 A filing fee of \$684; and

346.2 An initial fee equivalent to the total actual and reasonable time incurred by Air District staff at the hourly rate or prorated of \$210 per hour not to exceed the minimum initial fee in Schedule E.

(Adopted 6/7/23, 6/5/24, 6/4/25, DATE)

3-347 Evaluation of Reports, Organic Waste Recovery Sites: For the evaluation of any report not currently specified in Schedule K as required by federal, state or Air District rule, the owner/operator shall pay the following fees:

347.1 A filing fee of \$684; and

347.2 An initial fee equivalent to the total actual and reasonable time incurred by Air District staff at the hourly rate or prorated of \$210 per hour.

(Adopted 6/7/23, 6/5/24, 6/4/25, DATE)

3-400 ADMINISTRATIVE REQUIREMENTS

3-401 Permits: Definitions, standards, and conditions contained in Regulation 2, Permits, are applicable to this regulation.

3-402 Single Anniversary Date: The APCO may assign a single anniversary date to a facility on which all its renewable permits to operate expire and will require renewal. Fees will be prorated to compensate for different time periods resulting from change in anniversary date.

3-403 Change in Operating Parameters: See Section 2-1-404 of Regulation 2, Rule 1.

3-404 Deleted June 7, 2000

3-405 Fees Not Paid: If an applicant or owner/operator fails to pay the fees specified on the invoice by the due date, the following procedure(s) shall apply:

405.1 Renewal of Authority to Construct: The Authority to Construct shall be canceled.

405.2 New Permit to Operate: The Permit to Operate shall not be issued, and the facility will be notified that operation, including startup, is not authorized.

Deleted DATE Deleted DATE 405.3 Renewal of Permit to Operate: The owner/operator of a facility must renew the Permit to Operate in order to continue to be authorized to operate the source. Permit to Operate Fees for the Permit Renewal Period shall be calculated using fee schedules in effect on the Permit to Operate Renewal Date. The permit renewal invoice will include all fees to be paid in order to renew the Permit to Operate, as specified in Section 3-327. If not renewed as of the date of the next Permit Renewal Period, a Permit to Operate lapses and further operation is no longer authorized. The Air District will notify the facility that the permit has lapsed. Reinstatement of lapsed Permits to Operate will require the payment of all unpaid prior Permit to Operate fees and associated reinstatement fees for each unpaid prior Permit Renewal Period, in addition to all fees specified on the permit renewal invoice.

405.4 Reinstatement of Lapsed Permit to Operate: To reinstate a Permit to Operate, the owner/operator must pay all of the following fees:

4.1 The applicable Permit to Operate Fees for the current year, as specified in Regulation 3-327, and the applicable reinstatement fee, if any, calculated as follows:

4.1.1 Fees received after the due date must include all fees specified on the permit renewal invoice plus a reinstatement fee equal to 10 percent of all fees specified on the invoice.

4.1.2 Deleted DATE

4.2 The applicable Permit to Operate Fees specified in Regulation 3-327 for each prior Permit Renewal Period for which all Permit to Operate Fees and associated reinstatement fees have not been paid. Each year's Permit to Operate Fee shall

be calculated at the fee rates in effect on that year's Permit to Operate Renewal Date. The reinstatement fee for each associated previously-unpaid Permit to Operate Fee shall be calculated in accordance with Regulation 3-405.4.1.

Each year or period of the lapsed Permit to Operate is deemed a separate Permit Renewal Period. The oldest outstanding Permit to Operate Fee and reinstatement fees shall be paid first.

405.5 Registration and Other Fees: Persons who have not paid the fee by the invoice due date, shall pay the following late fee in addition to the original invoiced fee. Fees shall be calculated using fee schedules in effect at the time of the fees' original determination.

5.1 Fees received after the due date must include an additional late fee equal to 10 percent of all fees specified on the invoice.

5.2 Deleted **DATE**

*(Amended 7/6/83, 6/4/86, 11/5/86, 2/15/89, 6/6/90, 7/3/91, 8/2/95, 12/2/98, 6/15/05, 6/7/06, 6/6/12, 6/19/13, 6/4/14, 6/6/18, 6/5/19, 6/7/23, 6/4/25, **DATE**)*

3-406 Deleted June 4, 1986

3-407 Deleted August 2, 1995

3-408 Permit to Operate Valid for 12 Months: A Permit to Operate is valid for 12 months from the date of issuance or other time period as approved by the APCO.

(Adopted 6/4/86; Amended 6/7/00)

3-409 Deleted June 7, 2000

3-410 Deleted August 2, 1995

3-411 Advance Deposit of Funds: The APCO may require that at the time of the filing of an application for an Authority to Construct for a project for which the Air District is a lead agency under the California Environmental Quality Act (Public Resources Code, Section 21000, et seq.), the applicant shall make an advance deposit of funds, in an amount to be specified by the APCO, to cover the costs which the Air District estimates to incur in connection with the Air District's performance of its environmental evaluation and the preparation of any required environmental documentation. In the event the APCO requires such an estimated advance payment to be made, the applicant will be provided with a full accounting of the costs actually incurred by the Air District in connection with the Air District's performance of its environmental evaluation and the preparation of any required environmental documentation.

(Adopted 12/18/85; Amended 8/2/95, 6/4/25)

3-412 Deleted December 2, 1998

3-413 Toxic "Hot Spots" Information and Assessment Act Revenues: The APCO shall transmit to the California Air Resources Board, for deposit into the Air Toxics "Hot Spots" Information and Assessment Fund, the revenues determined by the ARB to be the Air District's share of statewide Air Toxics "Hot Spot" Information and Assessment Act expenses.

(Adopted 10/21/92; Amended 6/7/23, 6/4/25)

3-414 Deleted December 2, 1998

3-415 Failure to Pay - Further Actions: When an applicant or owner/operator fails to pay the fees specified on the invoice by the due date, the APCO may take the following actions against the applicant or owner/operator:

415.1 Issuance of a Notice to Comply.

415.2 Issuance of a Notice of Violation.

415.3 Revocation of an existing Permit to Operate. The APCO shall initiate proceedings to revoke permits to operate for any person who is delinquent for more than one month. The revocation process shall continue until payment in full is made or until permits are revoked.

415.4 The withholding of any other Air District services as deemed appropriate until payment in full is made.

(Adopted 8/2/95; Amended 12/2/98, 6/15/05, 6/4/25)

3-416 Adjustment of Fees: The APCO or designees may, upon finding administrative error by Air District staff in the calculation, imposition, noticing, invoicing, and/or collection of any fee set forth in this rule, rescind, reduce, increase, or modify the fee. A request for such relief from an

administrative error, accompanied by a statement of why such relief should be granted, must be received within two years from the date of payment.

(Adopted 10/8/97, Amended 6/4/25)

3-417 Temporary Amnesty for Unpermitted and Unregistered Sources: The APCO has the authority to declare an amnesty period, during which the Air District may waive all or part of the back fees and/or late fees for sources that are currently operating without valid Permits to Operate and/or equipment registrations.

(Adopted 6/16/10, Amended 6/4/25)

3-418 Temporary Incentive for Online or Electronic Transactions: The APCO has the authority to declare an incentive period for transactions made using the online system or other electronic processes, during which the Air District may waive all or any part of the fees for these transactions.

(Adopted 6/6/18; Amended 6/7/23, 6/4/25)

3-419 Industry Compliance School: The APCO may reduce fees by an amount deemed appropriate if the owner/operator of the source attends an Industry Compliance School sponsored by the Air District.

(Adopted 6/7/23, Amended 6/4/25)

**SCHEDULE A
HEARING BOARD FEES¹**

Established by the Board of Directors December 7, 1977 Resolution No. 1046
(Code section references are to the California Health & Safety Code, unless otherwise indicated)

		Large Companies	Small Business	Third Party
1.	For each application for variance exceeding 90 days, in accordance with §42350, including applications on behalf of a class of applicants, which meet the requirements of the Hearing Board Rules for a valid and proper class action for variance Plus, for each hearing in addition to the first hearing necessary to dispose of said variance application in accordance with §42350, the additional sum of	\$12,241 \$6,130	\$1,832 \$618	
2.	For each application for variance not exceeding 90 days, in accordance with §42350, including applications on behalf of a class of applicants, which meet the requirements of the Hearing Board Rules for a valid and proper class action for variance Plus, for each hearing in addition to the first hearing necessary to dispose of said variance application, in accordance with §42350, the additional sum of	\$7,350 \$3,670	\$1,832 \$618	
3.	For each application to modify a variance in accordance with §42356 ... Plus, for each hearing in addition to the first hearing on said application to modify a variance, in accordance with §42345, necessary to dispose of the application, the additional sum of	\$4,876 \$3,670	\$618 \$618	
4.	For each application to extend a variance, in accordance with §42357 .. Plus, for each hearing in addition to the first hearing on an application to extend a variance, in accordance with §42357, necessary to dispose of the application, the additional sum of	\$4,876 \$3,670	\$618 \$618	
5.	For each application to revoke a variance	\$7,350	\$618	
6.	For each application for approval of a Schedule of Increments of Progress in accordance with §41703	\$4,876	\$618	
7.	For each application for variance in accordance with §41703, which exceeds 90 days Plus, for each hearing in addition to the first hearing on said application for variance in accordance with §41703, the additional sum of	\$12,241 \$6,130	\$1,832 \$618	
8.	For each application for variance in accordance with §41703, not to exceed 90 days Plus, for each hearing in addition to the hearing on said application for a variance in accordance with §41703, the additional sum of	\$7,350 \$3,670	\$1,832 \$618	
9.	For each Appeal (Permit, Banking, Title V).....	\$12,241 per hearing day	\$6,130 per hearing day	\$6,130 for entire appeal period
10.	For each application for intervention in accordance with Hearing Board Rules §§2.3, 3.6 & 4.6.....	\$6,130	\$1,233	
11.	For each application to Modify or Terminate an abatement order	\$12,241 per hearing day	\$6,130 per hearing day	
12.	For each application for an interim variance in accordance with §42351	\$6,130	\$1,233	
13.	For each application for an emergency variance in accordance with §42359.5.....	\$3,056	\$618	

		Large Companies	Small Business	Third Party
14.	For each application to rehear a Hearing Board decision in accordance with §40861	100% of previous fee charged	100% of previous fee charged	
15.	Excess emission fees	See Attachment I	See Attachment I	
16.	Miscellaneous filing fee for any hearing not covered above	\$6,130	\$1,832	\$1,832
17.	For each published Notice of Public Hearing	Cost of Publication	\$0	\$0
18.	Court Reporter Fee (to be paid only if Court Reporter required for hearing)	Actual Appearance and Transcript costs per hearing solely dedicated to one Docket	\$0	Actual Appearance and Transcript costs per hearing solely dedicated to one Docket

NOTE 1 Any applicant who believes they have a hardship for payment of fees may request a fee waiver from the Hearing Board pursuant to Hearing Board Rules.

(Amended 10/8/97, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25)

**SCHEDULE A
ATTACHMENT I
EXCESS EMISSION FEE**

A. General

- (1) Each applicant or petitioner for a variance from these Rules and Regulations shall pay to the Clerk or Deputy Clerk of the Hearing Board, in addition to the other filing fees required in Schedule A, an emission fee based on the total weight of emissions discharged, per source or product, other than those described in division (B) below, during the variance period in excess of that allowed by these rules in accordance with the schedule set forth in Table I.
- (2) Where the total weight of emission discharged cannot be easily calculated, the petitioner shall work in concert with Air District staff to establish the amount of excess emissions to be paid.
- (3) In the event that more than one rule limiting the discharge of the same contaminant is violated, the excess emission fee shall consist of the fee for violation which will result in the payment of the greatest sum. For the purposes of this subdivision, opacity rules and particulate mass emissions shall not be considered rules limiting the discharge of the same contaminant.

B. Excess Visible Emission Fee

Each applicant or petitioner for a variance from Regulation 6 or Health and Safety Code Section 41701 shall pay to the Clerk or Deputy Clerk of the Hearing Board, in addition to the filing fees required in Schedule A and the excess emission fees required in (A) above (if any), an emission fee based on the difference between the percent opacity allowed by Regulation 6 and the percent opacity of the emissions allowed from the source or sources operating under the variance, in accordance with the schedule set forth in Table II.

In the event that an applicant or petitioner is exempt from the provisions of Regulation 6, the applicant or petitioner shall pay a fee calculated as described herein above, but such fee shall be calculated based upon the difference between the opacity allowed under the variance and the opacity allowed under the provisions of Health and Safety Code Section 41701, in accordance with the schedule set forth in Table II.

C. Applicability

The provisions of subdivision (A) shall apply to all variances that generate excess emissions.

D. Fee Determination

- (1) The excess emission fees shall be calculated by the petitioner based upon the requested number of days of operation under variance multiplied by the expected excess emissions as set forth in subdivisions (A) and (B) above. The calculations and proposed fees shall be set forth in the petition.
- (2) The Hearing Board may adjust the excess emission fee required by subdivisions (A) and (B) of this rule based on evidence regarding emissions presented at the time of the hearing.

E. Small Businesses

- (1) A small business shall be assessed twenty percent (20%) of the fees required by subdivisions (A) and (B), whichever is applicable. "Small business" is defined in the Fee Regulation.
- (2) Request for exception as a small business shall be made by the petitioner under penalty of perjury on a declaration form provided by the Executive Officer which shall be submitted to the Clerk or Deputy Clerk of the Hearing Board at the time of filing a petition for variance.

F. Group, Class and Product Variance Fees

Each petitioner included in a petition for a group, class or product variance shall pay the filing fee specified in Schedule A, and the excess emission fees specified in subdivisions (A) and (B), whichever is applicable.

G. Adjustment of Fees

If after the term of a variance for which emission fees have been paid, petitioner can establish, to the satisfaction of the Executive Officer/APCO, that emissions were actually less than those upon which the fee was based, a pro rata refund shall be made.

H. Fee Payment/Variance Invalidation

- (1) Excess emission fees required by subdivisions (A) and (B), based on an estimate provided during the variance Hearing, are due and payable within fifteen (15) days of the granting of the variance. The petitioner shall be notified in writing of any adjustment to the amount of excess emission fees due, following Air District staff's verification of the estimated emissions. Fee payments to be made as a result of an adjustment are due and payable within fifteen (15) days of notification of the amount due.
- (2) Failure to pay the excess emission fees required by subdivisions (A) and (B) within fifteen (15) days of notification that a fee is due shall automatically invalidate the variance. Such notification may be given by personal service or by deposit, postpaid, in the United States mail and shall be due fifteen (15) days from the date of personal service or mailing. For the purpose of this rule, the fee payment shall be considered to be received by the Air District if it is postmarked by the United States Postal Service on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if it had been postmarked on the expiration date.

**TABLE I
SCHEDULE OF EXCESS EMISSIONS FEES**

Air Contaminants	All at \$10.19 per pound
Organic gases, except methane and those containing sulfur Carbon Monoxide Oxides of nitrogen (expressed as nitrogen dioxide) Gaseous sulfur compounds (expressed as sulfur dioxide) Particulate matter	
Toxic Air Contaminants Arsenic (inorganic) Asbestos Benzene Beryllium 1,3-Butadiene Cadmium Carbon tetrachloride Chlorinated dioxins and dibenzofurans (15 species) Diesel exhaust particulate matter 1,4-Dioxane Ethylene dibromide Ethylene dichloride Ethylene oxide Formaldehyde Hexavalent chromium Lead Methylene chloride Nickel Perchloroethylene Polynuclear aromatic hydrocarbons (PAH) Trichloroethylene Vinyl chloride	All at \$50.72 per pound

**TABLE II
SCHEDULE OF EXCESS VISIBLE EMISSION FEE**

For each source with opacity emissions in excess of twenty percent (20%), but less than forty percent (40%) (where the source is in violation of Regulation 6 and California Health and Safety Code Section 41701), the fee is calculated as follows:

$$\text{Fee} = (\text{Opacity}^* \text{ equivalent} - 20) \times \text{number of days allowed in variance} \times \$10.42$$

For each source with opacity emissions in excess of forty percent (40%) (where the source is in violation of Regulation 6 and California Health and Safety Code Section 41701), the fee is calculated as follows:

$$\text{Fee} = (\text{Opacity}^* \text{ equivalent} - 40) \times \text{number of days allowed by variance} \times \$10.42$$

- * Where "Opacity" equals maximum opacity of emissions in percent (not decimal equivalent) allowed by the variance. Where the emissions are darker than the degree of darkness equivalent to the allowed Ringelmann number, the percentage equivalent of the excess degree of darkness shall be used as "opacity."

(Adopted 6/7/00; Amended 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/7/23, 6/5/24, 6/4/25)

**SCHEDULE B
COMBUSTION OF FUEL
(Adopted June 18, 1980)**

For each source that burns fuel, which is not a flare and not exempted by Regulation 2, Rule 1, the fee shall be computed based on the maximum gross combustion capacity (expressed as higher heating value, HHV) of the source.

1. INITIAL FEE: \$107.28 per MM BTU/HOUR
 - a. The minimum fee per source is: \$573
 - b. The maximum fee per source is: \$200,137

2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$684 plus \$107.28 per MM BTU/hr
 - b. Minimum RAF for first TAC source: \$1,379
 - c. RAF for each additional TAC source: \$107.28 per MM BTU/hr *
 - d. Minimum RAF per additional TAC source: \$573 *
 - e. Maximum RAF per source is: \$200,137
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: \$53.64 per MM BTU/HOUR
 - a. The minimum fee per source is: \$407
 - b. The maximum fee per source is: \$100,069

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Applicants for an authority to construct and permit to operate a project, which burns municipal waste or refuse-derived fuel, shall pay in addition to all required fees, an additional fee to cover the costs incurred by OEHHA, and/or a qualified contractor designated by OEHHA, in reviewing a risk assessment as required under H&S Code Section 42315. The fee shall be transmitted by the Air District to OEHHA and/or the qualified contractor upon completion of the review and submission of comments in writing to the Air District.

6. A surcharge equal to 100% of all required initial and permit to operate fees shall be charged for sources permitted to burn one or more of the following fuels: coke, coal, wood, tires, black liquor, and municipal solid waste.

NOTE: MM BTU is million BTU of higher heat value
One MM BTU/HR = 1.06 gigajoules/HR

(Amended 6/5/85; 6/4/86, 3/4/87, 6/6/90, 7/3/91, 6/15/94, 10/8/97, 7/1/98, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

SCHEDULE C
STATIONARY CONTAINERS FOR THE STORAGE OF ORGANIC LIQUIDS
(Adopted June 18, 1980)

For each stationary container of organic liquids which is not exempted from permits by Regulation 2 and which is not part of a gasoline dispensing facility, the fee shall be computed based on the container volume, as follows:

1. INITIAL FEE: 0.185 cents per gallon
 - a. The minimum fee per source is: \$204
 - b. The maximum fee per source is: \$27,858

2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$684 plus 0.185 cents per gallon
 - b. Minimum RAF for first TAC source: \$678
 - c. RAF for each additional TAC source: 0.185 cents per gallon *
 - d. Minimum RAF per additional TAC source: \$204 *
 - e. Maximum RAF per source is: \$27,858

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: 0.093 cents per gallon
 - a. The minimum fee per source is: \$147
 - b. The maximum fee per source is: \$13,928

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

(Amended 2/20/85, 6/5/85, 6/4/86, 7/3/91, 6/15/94, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/20/09, 6/16/10, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

SCHEDULE D
GASOLINE TRANSFER AT GASOLINE DISPENSING FACILITIES,
BULK PLANTS AND TERMINALS
(Adopted June 18, 1980)

- A. All gasoline dispensing facilities shall pay the following fees:
1. INITIAL FEE: \$378.10 per single product nozzle (spn)
\$378.10 per product for each multi-product nozzle (mpn)
 2. PERMIT TO OPERATE FEE: \$144.82 per single product nozzle (spn)
\$144.82 per product for each multi-product nozzle (mpn)
 3. Initial fees and permit to operate fees for hardware modifications at a currently permitted gasoline dispensing facility shall be consolidated into a single fee calculated according to the following formula:

$$\$522.91 \times \left\{ \left[\frac{(mpn_{\text{proposed}})(\text{products per nozzle}) + spn_{\text{proposed}}}{(mpn_{\text{existing}})(\text{products per nozzle}) + spn_{\text{existing}}} \right] - 1 \right\}$$

mpn = multi-product nozzles
spn = single product nozzles

The above formula includes a toxic surcharge.

If the above formula yields zero or negative results, no initial fees or permit to operate fees shall be charged.

For the purposes of calculating the above fees, a fuel blended from two or more different grades shall be considered a separate product.

Other modifications to facilities' equipment, including but not limited to tank addition/replacement/conversion, vapor recovery piping replacement, moving or extending pump islands, will not be subject to initial fees or permit to operate fees.

4. RISK ASSESSMENT FEE (RAF) if required pursuant to Regulation 3-329 or 3-342 (including increases in permitted throughput for which a health risk assessment is required.) of:
 - a. \$4,064 per application for a new gas dispensing facility
 - b. \$1,189 per application for all other
 5. Nozzles used exclusively for the delivery of diesel fuel or other fuels exempt from permits shall pay no fee. Multi-product nozzles used to deliver both exempt and non-exempt fuels shall pay fees for the non-exempt products only.
- B. All bulk plants, terminals or other facilities using loading racks to transfer gasoline or gasohol into trucks, railcars or ships shall pay the following fees:

1. INITIAL FEE: \$4,966 per single product loading arm
\$4,966 per product for multi-product arms
2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$5,623
 - b. RAF for each additional TAC source: \$4,966 *

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$1,384 per single product loading arm
\$1,384 per product for multi-product arms
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

C. Fees in (A) above are in lieu of tank fees. Fees in (B) above are in addition to tank fees.

(Amended 2/20/85, 6/5/85, 6/4/86, 7/3/91, 6/15/94, 10/8/97, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

SCHEDULE E
SOLVENT EVAPORATING SOURCES

(Adopted June 18, 1980)

For each solvent evaporating source, as defined in Section 3-210 except for dry cleaners, the fee shall be computed based on the net amount of organic solvent processed through the sources on an annual basis (or anticipated to be processed, for new sources) including solvent used for the cleaning of the sources.

1. INITIAL FEE:
 - a. The fee per source is: \$3,600 per 1,000 gallons
 - b. The minimum fee per source is: \$1,792
 - c. The maximum fee per source is: \$143,062
2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$684 plus initial fee
 - b. Minimum RAF for first TAC source: \$2,953
 - c. RAF for each additional TAC source: equal to initial fee *
 - d. Minimum RAF per additional TAC source: \$1,792 *
 - e. Maximum RAF per source is: \$143,062

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE:
 - a. The fee per source is: \$1,792 per 1,000 gallons
 - b. The minimum fee per source is: \$1,293
 - c. The maximum fee per source is: \$71,525
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

(Amended 5/19/82, 10/17/84, 6/5/85, 6/4/86, 10/8/87, 7/3/91, 6/15/94, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

**SCHEDULE F
MISCELLANEOUS SOURCES**

(Adopted June 18, 1980)

For each source not governed by Schedules B, C, D, E, H or I, (except for those sources in the special classification lists, G-1 - G-5) the fees are:

1. INITIAL FEE: \$1,421
2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first (toxic air contaminant) TAC source in application: \$2,670
 - b. RAF for each additional TAC source: \$1,421 *

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$1,034
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1. List of special classifications requiring graduated fees is shown in Schedules G-1, G-2, G-3, G-4, and G-5.

G-1 FEES FOR SCHEDULE G-1. For each source in a G-1 classification, fees are:

1. INITIAL FEE: \$11,547
2. RAF, if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first TAC source in application: \$13,103
 - b. RAF for each additional TAC source: \$11,547*

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$5,765
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-2 FEES FOR SCHEDULE G-2. For each source in a G-2 classification, fees are:

1. INITIAL FEE: \$15,243
2. RAF, if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first TAC source in application: \$16,799
 - b. RAF for each additional TAC source: \$15,243 *

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$7,616
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-3 FEES FOR SCHEDULE G-3. For each source in a G-3 classification, fees are:

1. INITIAL FEE: \$80,441
2. RAF, if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first TAC source in application: \$81,754

- b. RAF for each additional TAC source: \$80,441 *
- * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
- 3. PERMIT TO OPERATE FEE: \$40,213
- 4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-4 FEES FOR SCHEDULE G-4. For each source in a G-4 classification, fees are:

- 1. INITIAL FEE: \$201,552
- 2. RAF, if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first TAC source in application: \$203,108
 - b. RAF for each additional TAC source: \$201,552*
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
- 3. PERMIT TO OPERATE FEE: \$100,771
- 4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-5 FEES FOR SCHEDULE G-5. For each source in a G-5 classification, fees are:

- 1. INITIAL FEE: \$81,509
- 2. RAF is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk assessment is required under Regulation 2-5-401.
 - a. RAF for first TAC source in application: \$82,237
 - b. RAF for each additional TAC source: \$81,509*
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
- 3. PERMIT TO OPERATE FEE: \$40,754
- 4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

(Amended 5/19/82, 6/5/85, 6/4/86, 6/6/90, 7/3/91, 6/15/94, 10/8/97, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

SCHEDULE G-1
(Adopted June 18, 1980)

Equipment or Process Description	Materials Processed or Produced
Asphalt Roofing Manufacturing – Asphalt Dipping	Asphalt Roofing or Related Materials
Calcining Kilns, excluding those processing cement, lime, or coke (see G-4 for cement, lime, or coke Calcining Kilns)	Any Materials except cement, lime, or coke
Chemical Manufacturing, Inorganic – Processing Units with a Capacity of 1,000 Gallons/Hour or more	Any Inorganic Materials
Chemical Manufacturing, Inorganic – Processing Units with a Capacity of 5 Tons/Hour or more	Any Inorganic Materials
Chemical Manufacturing, Inorganic – Reactors with a Capacity of 1,000 Gallons or more	Any Inorganic Materials
Chemical Manufacturing, Organic – Latex Dipping	Any latex materials
Chemical Manufacturing, Organic – Processing Units with a Capacity of 1,000 Gallons/Hour or more	Any Organic Materials
Chemical Manufacturing, Organic – Processing Units with a Capacity of 5 Tons/Hour or more	Any Organic Materials
Chemical Manufacturing, Organic – Reactors with a Capacity of 1,000 Gallons or more	Any Organic Materials
Compost Operations – Windrows, Static Piles, Aerated Static Piles, In-Vessel, or similar methods	Any waste materials such as yard waste, food waste, agricultural waste, mixed green waste, bio-solids, animal manures, etc.
Crushers	Any minerals or mineral products such as rock, aggregate, cement, concrete, or glass; waste products such as building or road construction debris; and any wood, wood waste, green waste; or similar materials
Electroplating Equipment	Hexavalent Decorative Chrome with permitted capacity greater than 500,000 amp-hours per year or Hard Chrome
Foil Manufacturing – Any Converting or Rolling Lines	Any Metal or Alloy Foils
Gasification or Pyrolysis Reactors	Any
Galvanizing Equipment	Any
Glass Manufacturing – Batching Processes including storage and weigh hoppers or bins, conveyors, and elevators	Any Dry Materials
Glass Manufacturing – Mixers	Any Dry Materials
Glass Manufacturing – Molten Glass Holding Tanks	Any molten glass
Grinders	Any minerals or mineral products such as rock, aggregate, cement, concrete, or glass; waste products such as building or road construction debris; and any wood, wood waste, green waste; or similar materials
Incinerators – Crematory	Human and/or animal remains
Incinerators – Flares	Any waste gases
Incinerators – Other (see G-2 for hazardous or municipal solid waste incinerators, see G-3 for medical or infectious waste incinerators)	Any Materials except hazardous wastes, municipal solid waste, medical or infectious waste

SCHEDULE G-1

Equipment or Process Description	Materials Processed or Produced
Incinerators – Pathological Waste (see G-3 for medical or infectious waste incinerators)	Pathological waste only
Loading and/or Unloading Operations – Bulk Plants and Bulk Terminals, excluding those loading gasoline or gasohol (see Schedule D for Bulk Plants and Terminals loading gasoline or gasohol)	Any Organic Materials except gasoline or gasohol
Refining – Alkylation Units	Any Hydrocarbons
Refining – Asphalt Oxidizers	Any Hydrocarbons
Refining – Benzene Saturation Units/Plants	Any Hydrocarbons
Refining – Catalytic Reforming Units	Any Hydrocarbons
Refining – Chemical Treating Units including alkane, naphthenic acid, and naphtha merox treating, or similar processes	Any Hydrocarbons
Refining – Converting Units including Dimersol Plants, Hydrocarbon Splitters, or similar processes	Any Hydrocarbons
Refining – Distillation Units, excluding crude oil units with capacity > 1,000 barrels/hour (see G-3 for > 1,000 barrels/hour crude distillation units)	Any Hydrocarbons
Refining – Hydrogen Manufacturing	Hydrogen or Any Hydrocarbons
Refining – Hydrotreating or Hydrofining	Any Hydrocarbons
Refining – Isomerization	Any Hydrocarbons
Refining – MTBE Process Units/Plants	Any Hydrocarbons
Refining – Sludge Converter	Any Waste Materials
Refining – Solvent Extraction	Any Hydrocarbons
Refining – Sour Water Stripping	Any Process or Wastewater
Refining – Storage (enclosed)	Coke or Coke Products
Refining – Waste Gas Flares(not subject to Regulation 12, Rule 11)	Any Refining Gases
Refining – Miscellaneous Other Process Units	Any Hydrocarbons
Remediation Operations, Groundwater – Strippers	Contaminated Groundwater
Remediation Operations, Soil – Any Equipment (excluding sub-slab depressurization equipment)	Contaminated Soil
Spray Dryers	Any Materials
Sterilization Equipment	Ethylene Oxide
Wastewater Treatment, Industrial – Oil-Water Separators, excluding oil-water separators at refineries (see G-2 for Refining - Oil-Water Separators)	Wastewater from any industrial facilities except refineries
Wastewater Treatment, Industrial – Strippers including air strippers, nitrogen strippers, dissolved air flotation units, or similar equipment and excluding strippers at refineries (see G-2 for Refining – Strippers)	Wastewater from any industrial facilities except refineries
Wastewater Treatment, Industrial - Storage Ponds, excluding storage ponds at refineries (see G-2 for Refining – Storage Ponds)	Wastewater from any industrial facilities except refineries
Wastewater Treatment, Municipal – Preliminary Treatment	Municipal Wastewater
Wastewater Treatment, Municipal – Primary Treatment	Municipal Wastewater
Wastewater Treatment, Municipal – Digesters	Municipal Wastewater
Wastewater Treatment, Municipal – Sludge Handling Processes, excluding sludge incinerators (see G-2 for sludge incinerators)	Sewage Sludge

(Amended 6/4/86, 6/6/90, 5/19/99, 6/7/00, 6/2/04, 6/15/05, 6/6/18, 11/3/21, DATE)

SCHEDULE G-2
(Adopted June 6, 1990)

Equipment or Process Description	Materials Processed or Produced
Asphalt Roofing Manufacturing – Asphalt Blowing	Asphalt Roofing or Related Materials
Asphaltic Concrete Manufacturing – Aggregate Dryers	Any Dry Materials
Asphaltic Concrete Manufacturing – Batch Mixers	Any Asphaltic Concrete Products
Asphaltic Concrete Manufacturing – Drum Mixers	Any Asphaltic Concrete Products
Asphaltic Concrete Manufacturing – Other Mixers and/or Dryers	Any Dry Materials or Asphaltic Concrete Products
Concrete or Cement Batching Operations – Mixers	Any cement, concrete, or stone products or similar materials
Furnaces – Electric	Any Mineral or Mineral Product
Furnaces – Electric Induction	Any Mineral or Mineral Product
Furnaces – Glass Manufacturing	Soda Lime only
Furnaces – Reverberatory	Any Ores, Minerals, Metals, Alloys, or Related Materials
Incinerators – Hazardous Waste including any unit required to have a RCRA permit	Any Liquid or Solid Hazardous Wastes
Incinerators – Solid Waste, excluding units burning human/animal remains or pathological waste exclusively (see G-1 for Crematory and Pathological Waste Incinerators)	Any Solid Waste including Sewage Sludge (except human/animal remains or pathological waste)
Metal Rolling Lines, excluding foil rolling lines (see G-1 for Foil Rolling Lines)	Any Metals or Alloys
Metal Shredding (maximum capacity of less than or equal to 150 tons per hour)	Any Metals or Alloys
Refining – Stockpiles (open)	Coke or coke products only
Refining, Wastewater Treatment – Oil-Water Separators	Wastewater from refineries only
Refining, Wastewater Treatment – Strippers including air strippers, nitrogen strippers, dissolved air flotation units, or similar equipment	Wastewater from refineries only
Refining, Wastewater Treatment – Storage Ponds	Wastewater from refineries only
Pickling Lines or Tanks	Any Metals or Alloys
Sulfate Pulping Operations – All Units	Any
Sulfite Pulping Operations – All Units	Any

(Amended 6/7/00, 11/3/21, 6/7/23)

SCHEDULE G-3
(Adopted June 18, 1980)

Equipment or Process Description	Materials Processed or Produced
Furnaces – Electric Arc	Any Metals or Alloys
Furnaces – Electric Induction	Any Metals or Alloys
Incinerators – Medical Waste, excluding units burning pathological waste exclusively (see G-1 for Pathological Waste Incinerators)	Any Medical or Infectious Wastes
Loading and/or Unloading Operations – Marine Berths	Any Organic Materials
Metal Shredding (maximum capacity greater than 150 tons per hour)	Any Metals or Alloys
Refining – Cracking Units including hydrocrackers and excluding thermal or fluid catalytic crackers (see G-4 for Thermal Crackers and Catalytic Crackers)	Any Hydrocarbons
Refining – Distillation Units (crude oils) including any unit with a capacity greater than 1,000 barrels/hour (see G-1 for other distillation units)	Any Crude Oils
Phosphoric Acid Manufacturing – All Units (by any process)	Phosphoric Acid

(Amended 5/19/82; Amended and renumbered 6/6/90; Amended 6/7/00, 6/15/05, 5/2/07, 11/3/21, 6/7/23)

SCHEDULE G-4
(Adopted June 6, 1990)

Equipment or Process Description	Materials Processed or Produced
Acid Regeneration Units	Sulfuric or Hydrochloric Acid only
Annealing Lines (continuous only)	Metals and Alloys
Calcining Kilns (see G-1 for Calcining Kilns processing other materials)	Cement, Lime, or Coke only
Fluidized Bed Combustors	Solid Fuels only
Nitric Acid Manufacturing – Any Ammonia Oxidation Processes	Ammonia or Ammonia Compounds
Refining - Coking Units including fluid cokers, delayed cokers, flexicokers, and coke kilns	Coke and Coke Products
Refining - Cracking Units including fluid catalytic crackers and thermal crackers and excluding hydrocrackers (see G-3 for Hydrocracking Units)	Any Hydrocarbons
Refining - Sulfur Removal including any Claus process or any other process requiring caustic reactants	Any Refining Gas
Sulfuric Acid Manufacturing – Any Chamber or Contact Process	Any Solid, Liquid or Gaseous Fuels Containing Sulfur

(Amended 6/7/00, 11/3/21)

SCHEDULE G-5

Equipment or Process Description	Materials Processed or Produced
Refinery Flares (subject to Regulation 12, Rule 11)	Any Vent Gas (as defined in section 12-11-210 and section 12- 12-213)

(Adopted 5/2/07; Amended 11/3/21)

SCHEDULE H
SEMICONDUCTOR AND RELATED OPERATIONS
(Adopted May 19, 1982)

All of the equipment within a semiconductor fabrication area will be grouped together and considered one source. The fee shall be as indicated:

1. INITIAL FEE:

- a. The minimum fee per source is: \$1,651
- b. The maximum fee per source is: \$132,111

The initial fee includes fees for each type of operation listed in Parts 1c and 1d performed at the fabrication area. If the type of solvent operation is not listed in Parts 1c and 1d, then the minimum fee applies.

c. SOLVENT CLEANING OPERATIONS, such as usage of:

Solvent Sinks (as defined in Regulation 8-30-214);
Solvent Spray Stations (as defined in Regulation 8-30-221);
Solvent Vapor Stations (as defined in Regulation 8-30-222); and
Wipe Cleaning Operation (as defined in Regulation 8-30-225).

The fee is based on the gross throughput of organic solvent processed through the solvent cleaning operations on an annual basis (or anticipated to be processed, for new sources):

\$1,117 per 1,000 gallon

d. COATING OPERATIONS, such as application of:

Photoresist (as defined in Regulation 8-30-215); other wafer coating;
Solvent-Based Photoresist Developer (as defined in Regulation 8-30-219); and other miscellaneous solvent usage.

The fee is based on the gross throughput of organic solvent processed through the coating operations on an annual basis (or anticipated to be processed, for new sources):

\$3,315 per 1,000 gallon

2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.

- a. RAF for first toxic air contaminant (TAC) source in application: \$684 plus initial fee
- b. Minimum RAF for first TAC source: \$2,872
- c. RAF for each additional TAC source equal to initial fee
- *
- d. Minimum RAF per additional TAC source: \$1,651*
- e. Maximum RAF per source is: \$132,111

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:

- a. The minimum fee per source is: \$1,194
- b. The maximum fee per source is: \$66,045

The permit to operate fee includes fees for each type of operation listed in Parts 3c and 3d performed at the fabrication area. If the type of solvent operation is not listed in Parts 3c and 3d, then the minimum fee applies.

c. SOLVENT CLEANING OPERATIONS, such as usage of:

Solvent Sinks (as defined in Regulation 8-30-214);
Solvent Spray Stations (as defined in Regulation 8-30-221);
Solvent Vapor Stations (as defined in Regulation 8-30-222); and
Wipe Cleaning Operation (as defined in Regulation 8-30-225).

The fee is based on the gross throughput of organic solvent processed through the solvent cleaning operations on an annual basis (or anticipated to be processed, for new sources):

\$561 per 1,000 gallon

d. COATING OPERATIONS, such as application of:

Photoresist (as defined in Regulation 8-30-215); other wafer coating;
Solvent-Based Photoresist Developer (as defined in Regulation 8-30-219); and other miscellaneous solvent usage.

The fee is based on the gross throughput of organic solvent processed through the coating operations on an annual basis (or anticipated to be processed, for new sources):

\$1,651 per 1,000 gallon

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

(Amended 1/9/85, 6/5/85, 6/4/86, 7/3/91, 6/15/94, 10/8/97, 7/1/98, 5/19/99, 10/20/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

**SCHEDULE I
DRY CLEANERS**
(Adopted July 6, 1983)

For permitted dry cleaners, the fee shall be computed based on each cleaning machine, except that machines with more than one drum shall be charged based on each drum, regardless of the type or quantity of solvent, as follows:

1. INITIAL FEE FOR A DRY CLEANING MACHINE (per drum):
 - a. If the washing or drying capacity is no more than 100 pounds: \$809
 - b. If the washing or drying capacity exceeds 100 pounds: \$809 plus
For that portion of the capacity exceeding 100 pounds: 23.00 per pound
2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$684 plus initial fee
 - b. Minimum RAF for first TAC source: \$1,437
 - c. RAF for each additional TAC source: equal to initial fee*
 - d. Minimum RAF per additional TAC source: \$809*

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE FOR A DRY CLEANING MACHINE (per drum):
 - a. If the washing or drying capacity is no more than 100 pounds: \$590
 - b. If the washing or drying capacity exceeds 100 pounds: \$590 plus
For that portion of the capacity exceeding 100 pounds: \$11.95 per pound
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

(Amended 10/17/84, 6/5/85, 6/4/86, 7/3/91, 6/15/94, 10/8/97, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/02/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

SCHEDULE K
SOLID WASTE DISPOSAL SITES
(Adopted July 15, 1987)

1. INITIAL FEE:
 - a. Landfill (Decomposition Process) \$13,434
 - b. Active Landfill (Waste and Cover Material Dumping Process) \$6,715
 - c. Active Landfill (Excavating, Bulldozing, and Compacting Processes) \$6,715

2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$684 plus initial fee
 - b. RAF for each additional TAC source: equal to initial fee*

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:
 - a. Landfill (Decomposition Process) \$6,715
 - b. Active Landfill (Waste and Cover Material Dumping Process) \$3,357
 - c. Active Landfill (Excavating, Bulldozing, and Compacting Processes) \$3,357

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Evaluation of Reports and Questionnaires:
 - a. Evaluation of Solid Waste Air Assessment Test Report as required by Health & Safety Code Section 41805.5(g) \$7,403
 - b. Evaluation of Inactive Site Questionnaire as required by Health & Safety Code Section 41805.5(b) \$3,711
 - c. Evaluation of Solid Waste Air Assessment Test Report in conjunction with evaluation of Inactive Site Questionnaire as required by Health & Safety Code Section 41805.5(b) \$3,711
 - d. Evaluation of Initial or Amended Design Capacity Reports as required by Regulation 8, Rule 34, Section 405 \$2,730
 - e. Evaluation of Initial or Periodic NMOC Emission Rate Reports as required by Regulation 8, Rule 34, Sections 406 or 407 \$7,805
 - f. Evaluation of Closure Report as required by Regulation 8, Rule 34, Section 409 \$2,730
 - g. Evaluation of Annual Report as required by Regulation 8, Rule 34, Section 411 \$6,831

6. For the purposes of this fee schedule, landfill shall be considered active, if it has accepted solid waste for disposal at any time during the previous 12 months or has plans to accept solid waste for disposal during the next 12 months.
(Amended 7/3/91, 6/15/94, 10/8/97, 7/1/98, 5/19/99, 10/6/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

SCHEDULE L
ASBESTOS OPERATIONS
(Adopted July 6, 1988)

1. Asbestos Operations conducted at single family dwellings are subject to the following fees:
 - a. OPERATION FEE: \$185 for amounts 100 to 500 square feet or linear feet.
 \$679 for amounts 501 square feet or linear feet to 1,000 square feet or linear feet.
 \$988 for amounts 1001 square feet or liner feet to 2,000 square feet or linear feet.
 \$1,358 for amounts greater than 2,000 square feet or linear feet.
 - b. Cancellation: \$90 of above amounts non-refundable for notification processing.
2. Asbestos Operations, other than those conducted at single family dwellings, are subject to the following fees:
 - a. OPERATION FEE: \$524 for amounts 100 to 159 square feet or 100 to 259 linear feet or 35 cubic feet
 \$754 for amounts 160 square feet or 260 linear feet to 500 square feet or linear feet or greater than 35 cubic feet.
 \$1,098 for amounts 501 square feet or linear feet to 1,000 square feet or linear feet.
 \$1,620 for amounts 1001 square feet or liner feet to 2,500 square feet or linear feet.
 \$2,309 for amounts 2501 square feet or linear feet to 5,000 square feet or linear feet.
 \$3,169 for amounts 5001 square feet or linear feet to 10,000 square feet or linear feet.
 \$4,031 for amounts greater than 10,000 square feet or linear feet.
 - b. Cancellation: \$248 of above amounts non-refundable for notification processing.
3. Demolitions (including zero asbestos demolitions) conducted at a single-family dwelling are subject to the following fee:
 - a. OPERATION FEE: \$90
 - b. Cancellation: \$90 (100% of fee) non-refundable, for notification processing.
4. Demolitions (including zero asbestos demolitions) other than those conducted at a single family dwelling are subject to the following fee:
 - a. OPERATION FEE: \$372
 - b. Cancellation: \$248 of above amount non-refundable for notification processing.
5. Asbestos operations with less than 10 days prior notice (excluding emergencies) are subject to the following additional fee:
 - a. OPERATION FEE: \$619
6. Asbestos demolition operations for the purpose of fire training are exempt from fees.

(Amended 9/5/90, 1/5/94, 8/20/97, 10/7/98, 7/19/00, 8/1/01, 6/5/02, 7/2/03, 6/2/04, 6/6/07, 5/21/08, 5/20/09, 6/16/10, 6/15/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/5/19)

SCHEDULE M
MAJOR STATIONARY SOURCE FEES
(Adopted June 6, 1990)

For each major stationary source emitting 50 tons per year or more of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, and/or PM₁₀, the fee shall be based on the following:

- | | | |
|----|-------------------|------------------|
| 1. | Organic Compounds | \$167.84 per ton |
| 2. | Sulfur Oxides | \$167.84 per ton |
| 3. | Nitrogen Oxides | \$167.84 per ton |
| 4. | PM ₁₀ | \$167.84 per ton |

Emissions calculated by the APCO shall be based on the data reported for the most recent 12-month period prior to billing. In calculating the fee amount, emissions of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, or PM₁₀, if occurring in an amount less than 50 tons per year, shall not be counted.

(Amended 7/3/91, 6/15/94, 7/1/98, 5/9/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

SCHEDULE N
TOXIC INVENTORY FEES
(Adopted October 21, 1992)

For each stationary source emitting substances covered by California Health and Safety Code Section 44300 *et seq.*, the Air Toxics "Hot Spots" Information and Assessment Act of 1987, which have trigger levels listed in Table 2-5-1, a fee based on the weighted emissions of the facility shall be assessed based on the following formulas:

1. A fee of \$7.44 for each gasoline product dispensing nozzle in a Gasoline Dispensing Facility;
or
2. A fee calculated by multiplying the facility's weighted toxic inventory (w_i) by the following factor:

Air Toxic Inventory Fee Factor	\$1.13 per weighted pound per year
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Using the last reported data, the facility's weighted toxic inventory (w_i) is calculated as a sum of the individual TAC emissions multiplied by either the inhalation cancer potency factor for the TAC (see Regulation 2, Rule 5, Table 2-5-1, column 10) times 28.6 if the emission is a carcinogen, or by the reciprocal of the chronic inhalation reference exposure level for the TAC (see Regulation 2, Rule 5, Table 2-5-1, column 8) if the emission is not a carcinogen.

(Amended 12/15/93, 6/15/05, 5/2/07, 6/16/10, 5/4/11, 6/4/14, 6/3/15, 6/15/16, 6/6/18, 6/5/19, 6/3/20, 6/16/21, 6/15/22, 6/7/23)

SCHEDULE P
MAJOR FACILITY REVIEW FEES
(Adopted November 3, 1993)

1. MFR / SYNTHETIC MINOR ANNUAL FEES

Each facility, which is required to undergo major facility review in accordance with the requirements of Regulation 2, Rule 6, shall pay annual fees (1a and 1b below) for each source holding an Air District Permit to Operate. These fees shall be in addition to and shall be paid in conjunction with the annual renewal fees paid by the facility. However, these MFR permit fees shall not be included in the basis to calculate Alternative Emission Control Plan (bubble) or toxic air contaminant surcharges. If a major facility applies for and obtains a synthetic minor operating permit, the requirement to pay the fees in 1a and 1b shall terminate as of the date the APCO issues the synthetic minor operating permit.

- a. MFR SOURCE FEE \$1,730 per source
- b. MFR EMISSIONS FEE..... \$68.03 per ton of regulated air pollutants emitted

Each MFR facility and each synthetic minor facility shall pay an annual monitoring fee (1c below) for each pollutant measured by an Air District-approved continuous emission monitor or an Air District-approved parametric emission monitoring system.

- c. MFR/SYNTHETIC MINOR MONITORING FEE\$17,281 per monitor per pollutant

2. SYNTHETIC MINOR APPLICATION FEES

Each facility that applies for a synthetic minor operating permit or a revision to a synthetic minor operating permit shall pay application fees according to 2a and either 2b (for each source holding an Air District Permit to Operate) or 2c (for each source affected by the revision). If a major facility applies for a synthetic minor operating permit prior to the date on which it would become subject to the annual major facility review fee described above, the facility shall pay, in addition to the application fee, the equivalent of one year of annual fees for each source holding an Air District Permit to Operate.

- a. SYNTHETIC MINOR FILING FEE \$2,407 per application
- b. SYNTHETIC MINOR INITIAL PERMIT FEE \$1,730 per source
- c. SYNTHETIC MINOR REVISION FEE..... \$1,730 per source modified

3. MFR APPLICATION FEES

Each facility that applies for or is required to undergo: an initial MFR permit, an amendment to an MFR permit, a minor or significant revision to an MFR permit, a reopening of an MFR permit or a renewal of an MFR permit shall pay, with the application and in addition to any other fees required by this regulation, the MFR filing fee and any applicable fees listed in 3b-h below. The fees in 3b apply to each source in the initial permit. The fees in 3g apply to each source in the renewal permit, The fees in 3d-f apply to each source affected by the revision or reopening.

- a. MFR FILING FEE \$2,407 per application
- b. MFR INITIAL PERMIT FEE..... \$2,407 per source
- c. MFR ADMINISTRATIVE AMENDMENT FEE \$681 per application
- d. MFR MINOR REVISION FEE \$3,418 per source modified
- e. MFR SIGNIFICANT REVISION FEE \$6,371 per source modified
- f. MFR REOPENING FEE \$2,090 per source modified
- g. MFR RENEWAL FEE..... \$1,015 per source

Each facility that requests a permit shield or a revision to a permit shield under the provisions of Regulation 2, Rule 6 shall pay the following fee for each source (or group of sources, if the requirements for these sources are grouped together in a single table in the MFR permit) that is covered by the requested shield. This fee shall be paid in addition to any other applicable fees.

- h. MFR PERMIT SHIELD FEE \$3,598 per shielded source or group of sources
- 4. MFR PUBLIC NOTICE FEES
Each facility that is required to undergo a public notice related to any permit action pursuant to Regulation 2-6 shall pay the following fee upon receipt of an Air District invoice.
MFR PUBLIC NOTICE FEE Cost of Publication
- 5. MFR PUBLIC HEARING FEES
If a public hearing is required for any MFR permit action, the facility shall pay the following fees upon receipt of an Air District invoice.
 - a. MFR PUBLIC HEARING FEE Cost of Public Hearing not to exceed \$29,411
 - b. NOTICE OF PUBLIC HEARING FEE Cost of distributing Notice of Public Hearing
- 6. POTENTIAL TO EMIT DEMONSTRATION FEE
Each facility that makes a potential to emit demonstration under Regulation 2-6-312 in order to avoid the requirement for an MFR permit shall pay the following fee:
 - a. PTE DEMONSTRATION FEE \$412 per source, not to exceed \$40,432
(Amended 6/15/94, 10/8/97, 7/1/98, 5/19/99, 6/7/00, 6/6/01, 5/1/02, 5/21/03, 6/2/04, 6/15/05, 6/7/06, 5/2/07, 5/21/08, 5/20/09, 6/16/10, 5/4/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

**SCHEDULE R
EQUIPMENT REGISTRATION FEES**

1. Persons operating commercial cooking equipment who are required to register equipment as required by Air District rules are subject to the following fees:
 - a. Conveyorized Charbroiler REGISTRATION FEE: \$595 per facility
 - b. Conveyorized Charbroiler ANNUAL RENEWAL FEE: \$167 per facility
 - c. Under-fired Charbroiler REGISTRATION FEE: \$595 per facility
 - d. Under-fired Charbroiler ANNUAL RENEWAL FEE: \$167 per facility

2. Persons operating non-halogenated dry cleaning equipment who are required to register equipment as required by Air District rules are subject to the following fees:
 - a. Dry Cleaning Machine REGISTRATION FEE: \$297
 - b. Dry Cleaning Machine ANNUAL RENEWAL FEE: \$207

3. Persons operating diesel engines who are required to register equipment as required by Air District or State rules are subject to the following fees:
 - a. Diesel Engine REGISTRATION FEE: \$200
 - b. Diesel Engine ANNUAL RENEWAL FEE: \$133
 - c. Diesel Engine ALTERNATIVE COMPLIANCE PLAN FEE (for each plan submitted under Air District Regulation 11-17-402): \$200

4. Persons operating boilers, steam generators and process heaters who are required to register equipment by Air District Regulation 9-7-404 are subject to the following fees:
 - a. REGISTRATION FEE \$110 per device
 - b. ANNUAL RENEWAL FEE: \$92 per device

5. Persons owning or operating graphic arts operations who are required to register equipment by Air District Regulation 8-20-408 are subject to the following fees:
 - a. REGISTRATION FEE: \$357
 - b. ANNUAL RENEWAL FEE: \$222

6. Persons owning or operating mobile refinishing operations who are required to register by Air District Regulation 8-45-4 are subject to the following fees:
 - a. REGISTRATION FEE \$167
 - b. ANNUAL RENEWAL FEE \$98

(Adopted 7/6/07, Amended 12/5/07, 5/21/08, 7/30/08, 11/19/08, 12/3/08, 5/20/09, 6/16/10, 6/15/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/4/25, DATE)

**SCHEDULE S
NATURALLY OCCURRING ASBESTOS OPERATIONS**

1. ASBESTOS DUST MITIGATION PLAN INITIAL REVIEW AND AMENDMENT FEES:

Any person submitting an Asbestos Dust Mitigation Plan (ADMP) for initial review of a Naturally Occurring Asbestos (NOA) project shall pay the following fee (including NOA Discovery Notifications which would trigger an ADMP review): \$1,470

Any person submitting a request to amend an existing ADMP shall pay the following fee: \$752

2. AIR MONITORING PROCESSING FEE:

NOA projects requiring an Air Monitoring component as part of the ADMP approval are subject to the following fee in addition to the ADMP fee: \$11,334

3. GEOLOGIC EVALUATION FEE:

Any person submitting a Geologic Evaluation for exemption from Section 93105 shall pay the following fee: \$5,597

4. INSPECTION FEES:

a. The owner of any property for which an ADMP is required shall pay fees to cover the costs incurred by the Air District in conducting inspections to determine compliance with the ADMP on an ongoing basis. Inspection fees shall be invoiced by the Air District on a quarterly basis, and at the conclusion of dust generating activities covered under the ADMP, based on the actual time spent in conducting such inspections, and the following time and materials rate: \$224per hour

b. The owner of any property for which Geologic Evaluation is required shall pay fees to cover the costs incurred by the Air District. Inspection fees shall be invoiced by the Air District, based on the actual time spent in conducting such inspections, and the following time and materials rate: \$224per hour

(Adopted 6/6/07; Amended 5/21/08, 5/20/09, 6/16/10, 6/15/11, 6/6/12, 6/19/13, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 7/2/25, DATE)

**SCHEDULE T
GREENHOUSE GAS FEES**

For each permitted facility emitting greenhouse gases, the fee shall be based on the following:

1. Carbon Dioxide Equivalent (CDE) Emissions \$0.174 per metric ton

Emissions calculated by the APCO shall be based on the data reported for the most recent 12-month period prior to billing. The annual emissions of each greenhouse gas (GHG) listed below shall be determined by the APCO for each permitted (i.e., non-exempt) source. For each emitted GHG, the CDE emissions shall be determined by multiplying the annual GHG emissions by the applicable Global Warming Potential (GWP) value. The GHG fee for each facility shall be based on the sum of the CDE emissions for all GHGs emitted by the facility, except that no fee shall be assessed for emissions of biogenic carbon dioxide.

Global Warming Potential Relative to Carbon Dioxide*

GHG	CAS Registry Number	GWP**
Carbon Dioxide	124-38-9	1
Methane	74-82-8	34
Nitrous Oxide	10024-97-2	298
Nitrogen Trifluoride	7783-54-2	17,885
Sulfur Hexafluoride	2551-62-4	26,087
HCFC-22	75-45-6	2,106
HCFC-123	306-83-2	96
HCFC-124	2837-89-0	635
HCFC-141b	1717-00-6	938
HCFC-142b	75-68-3	2,345
HCFC-225ca	422-56-0	155
HCFC-225cb	507-55-1	633
HFC-23	75-46-7	13,856
HFC-32	75-10-5	817
HFC-125	354-33-6	3,691
HFC-134a	811-97-2	1,549
HFC-143a	420-46-2	5,508
HFC-152a	75-37-6	167
HFC-227ea	431-89-0	3,860
HFC-236fa	690-39-1	8,998
HFC-245fa	460-73-1	1,032
HFC-365mfc	406-58-6	966
HFC-43-10-mee	138495-42-8	1,952
PFC-14	75-73-0	7,349
PFC-116	76-16-4	12,340
PFC-218	76-19-7	9,878
PFC-318	115-25-3	10,592

* Source: Myhre, G., et al., 2013: Anthropogenic and Natural Radiative Forcing (and Supplementary Material). In: Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Stocker, T.F., et al. (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA. Available from www.ipcc.ch.

** GWPs compare the integrated radiative forcing over a specified period (i.e.100 years) from a unit mass pulse emission to compare the potential climate change associated with emissions of different GHGs. GWPs listed include climate-carbon feedbacks.

(Adopted 5/21/08; Amended 5/20/09, 6/16/10, 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18,6/5/19, 6/16/21, 6/15/22, 6/7/23, 6/5/24)

**SCHEDULE V
OPEN BURNING**

1. Any prior notification required by Regulation 5, Section 406 is subject to the following fee:
 - a. OPERATION FEE: \$229
 - b. The operation fee paid as part of providing notification to the Air District prior to burning will be determined for each property, as defined in Regulation 5, Section 217, and will be valid for one year from the fee payment date when a given fire is allowed, as specified in Regulation 5, Section 401 for the following fires:

Regulation 5 Section – Fire	Burn Period
401.1 - Disease and Pest	January 1 – December 31
401.2 - Crop Replacement ¹	October 1 – April 30
401.3 - Orchard Pruning and Attrition ²	November 1 – April 30
401.4 - Double Cropping Stubble	June 1 – August 31
401.6 - Hazardous Material ¹	January 1 – December 31
401.7 - Fire Training	January 1 – December 31
401.8 - Flood Debris	October 1 – May 31
401.9 - Irrigation Ditches	January 1 – December 31
401.10 - Flood Control	January 1 – December 31
401.11 - Range Management ¹	July 1 – April 30
401.12 - Forest Management ¹	November 1 – April 30
401.14 - Contraband	January 1 – December 31

¹ Any Forest Management fire, Range Management fire, Hazardous Material fire not related to Public Resources Code 4291, or any Crop Replacement fire for the purpose of establishing an agricultural crop on previously uncultivated land, that is expected to exceed 10 acres in size or burn piled vegetation cleared or generated from more than 10 acres is defined in Regulation 5, Section 213 as a type of Prescribed Burning and, as such, is subject to the Prescribed Burning operation fee in Section 3 below.

² Upon the determination of the APCO that heavy winter rainfall has prevented this type of burning, the burn period may be extended to no later than June 30.

- c. Any person who provided notification required under Regulation 5, Section 406, who seeks to burn an amount of material greater than the amount listed in that initial notification, shall provide a subsequent notification to the Air District under Regulation 5, Section 406 and shall pay an additional open burning operation fee prior to burning.
2. Any Marsh Management fire conducted pursuant to Regulation 5, Section 401.13 is subject to the following fee, which will be determined for each property by the proposed acreage to be burned:
 - a. OPERATION FEE:

\$944	for 50 acres or less
\$1,285	for more than 50 acres but less than or equal to 150 acres
\$1,619	for more than 150 acres
 - b. The operation fee paid for a Marsh Management fire will be valid for a Fall or Spring burning period, as specified in Regulation 5, Subsection 401.13. Any burning subsequent to either of these time periods shall be subject to an additional open burning operation fee.
3. Any Wildland Vegetation Management fire (Prescribed Burning) conducted pursuant to Regulation 5, Section 401.15 is subject to the following fee, which will be determined for each prescribed burning project by the proposed acreage to be burned:
 - a. OPERATION FEE:

\$796	for 50 acres or less
\$1,079	for more than 50 acres but less than or equal to 150 acres

\$1,404 for more than 150 acres

- b. The operation fee paid for a prescribed burn project will be valid for the burn project approval period, as determined by the Air District. Any burning subsequent to this time period shall be subject to an additional open burning operation fee.
- 4. Any Filmmaking fire conducted pursuant to Regulation 5, Section 401.16 and any Public Exhibition fire conducted pursuant to Regulation 5, Section 401.17 is subject to the following fee:
 - a. OPERATION FEE: \$1,029
 - b. The operation fee paid for a Filmmaking or Public Exhibition fire will be valid for the burn project approval period, as determined by the Air District. Any burning subsequent to this time period shall be subject to an additional open burning operation fee.
- 5. Any Stubble fire conducted pursuant to Regulation 5, Section 401.5 that requires a person to receive an acreage burning allocation prior to ignition is subject to the following fee, which will be determined for each property by the proposed acreage to be burned:
 - a. OPERATION FEE: \$585 for 25 acres or less
\$821 for more than 25 acres but less than or equal to 75 acres
\$997 for more than 75 acres but less than or equal to 150 acres
\$1,174 for more than 150 acres
 - b. The operation fee paid for a Stubble fire will be valid for one burn period, which is the time period beginning September 1 and ending December 31, each calendar year. Any burning subsequent to this time period shall be subject to an additional open burning operation fee.
- 6. All fees paid pursuant to Schedule V are non-refundable.
- 7. All fees required pursuant to Schedule V must be paid before conducting a fire.

(Adopted 6/1913; Amended 6/4/14, 6/3/15, 6/15/16, 6/21/17, 6/6/18, 6/5/19, 6/3/20, 6/16/21, 6/15/22, 6/7/23, 6/5/24, 7/2/25, DATE)

**SCHEDULE W
REFINING EMISSIONS TRACKING FEES**

1. ANNUAL EMISSIONS INVENTORIES:

Any Refinery owner/operator required to submit an Annual Emissions Inventory Report in accordance with Regulation 12, Rule 15, Section 401 shall pay the following fees:

- a. Initial submittal: \$136,146
- b. Each subsequent annual submittal: \$68,074

Any Support Facility owner/operator required to submit an Annual Emissions Inventory Report in accordance with Regulation 12, Rule 15, Section 401 shall pay the following fees:

- a. Initial submittal: \$8,323
- b. Each subsequent annual submittal: \$4,161

2. AIR MONITORING PLANS:

Any person required to submit an air monitoring plan in accordance with Regulation 12, Rule 15, Section 403 shall pay a one-time fee of \$18,909.

(Adopted 6/15/16; Amended 6/5/19, 6/16/21, 11/3/21, 6/15/22, 6/7/23, 6/5/24, 6/4/25, DATE)

**SCHEDULE X
MAJOR STATIONARY SOURCE COMMUNITY AIR MONITORING FEES**

For each major stationary source, emitting 35 tons per year or more of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, Carbon Monoxide and/or PM₁₀ within the vicinity of an Air District proposed community air monitoring location, the fee shall be based on the following:

1.	Organic Compounds	\$60.61 per ton
2.	Sulfur Oxides	\$60.61 per ton
3.	Nitrogen Oxides	\$60.61 per ton
4.	Carbon Monoxide	\$60.61 per ton
5.	PM ₁₀	\$60.61 per ton

Emissions calculated by the APCO shall be based on the data reported for the most recent 12-month period prior to billing. In calculating the fee amount, emissions of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, Carbon Monoxide, or PM₁₀, if occurring in an amount less than 35 tons per year, shall not be counted.

(Adopted: 6/15/16; Amended: 6/21/17, 6/4/25)



Proposed Fee Regulation Amendments

Finance & Administration Committee Meeting

April 15, 2026

Fred Tanaka, Senior Manager, Engineering Division

Mark Gage, Principal Air Quality Engineer, Engineering Division

Recommended Action

Recommend to the Board of Directors that the Board adopt the Fee Regulation Amendments

Presentation Outline

- Background
- Fee Regulation Amendments
- Impacts
- Budget & Fee Regulation Schedule
- Next Steps

Cost Recovery Background

- Air District has authority to assess fees to recover the reasonable costs of its regulatory programs
- In December 2022, the Board set a goal of 100% cost recovery for fee-based activity
- Factors for cost recovery constantly change
- By law, we are limited to increasing permit fees to the true cost of the services provided, with a prohibition on increasing any existing fees for permits by more than 15% in any calendar year

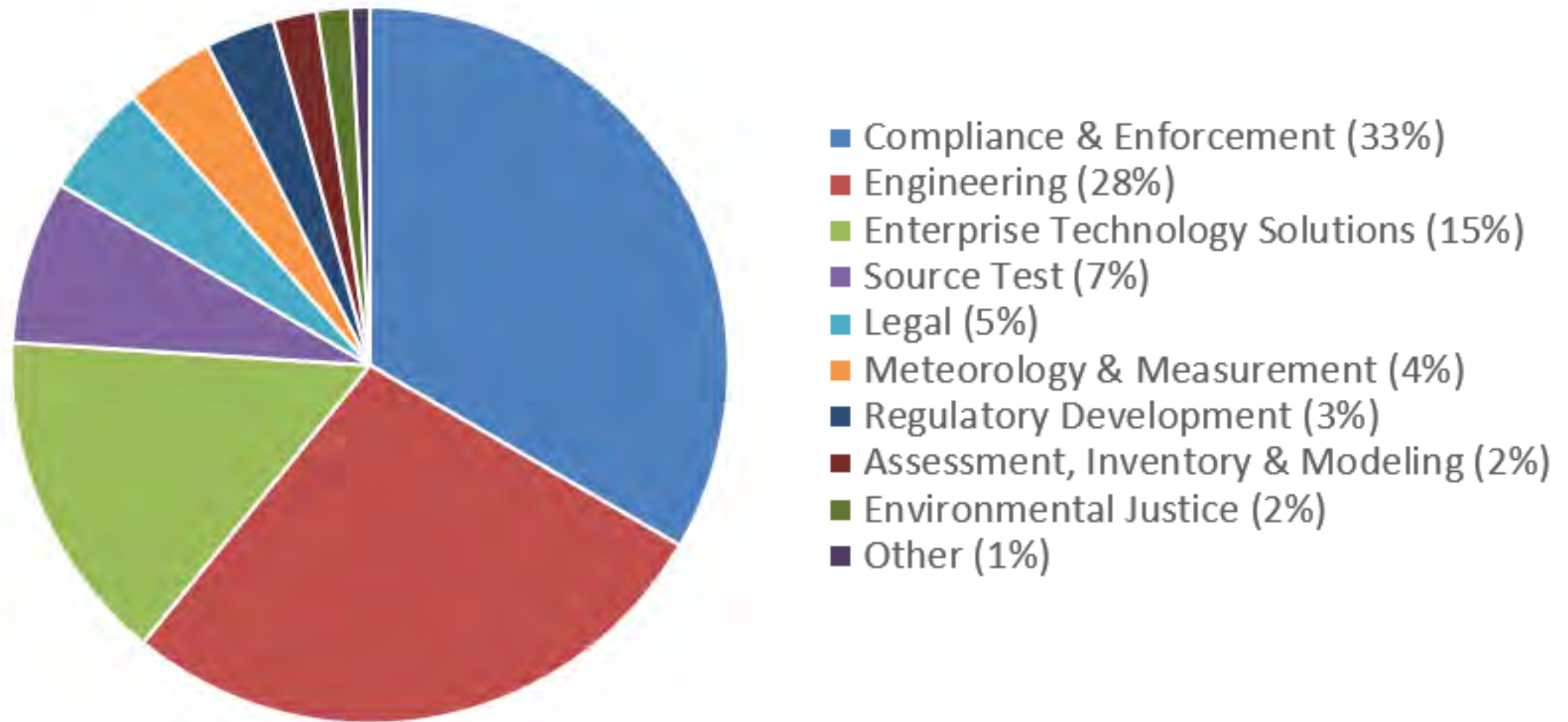
Cost Recovery Background (cont.)

Covered by Regulation 3 Fees	Not Covered by Regulation 3 Fees
<ul style="list-style-type: none"> • Permitting programs • Notification programs (asbestos, open burn) • Compliance assistance/enforcement of permitted and registered facilities • Source Testing at permitted facilities • Rule development for regulated industries • Emissions inventory from regulated industries • Other (e.g., Regulation 11-18 Health Risk Assessments) • Indirect costs (E.g., Human resources, Finance, technology infrastructure) 	<ul style="list-style-type: none"> • AB 617 Community Engagement & Outreach • Ambient Air Monitoring • Climate change work – Non-permitted sources • Communications • Mobile sources • Planning • Rule development for non-permitted sources • Strategic Incentives – “Grants” (e.g., wood-burning device replacement, Carl Moyer Program, Vehicle Buy-Back) • Indirect costs

➤ This list is not exhaustive.

Cost Recovery Background

Total Costs Assigned to Schedules



Cost Recovery Background: Limitations

- Facilities or programs that are below cost recovery are not paying their fair share
- Reaching 100% cost recovery for some fee schedules may take several years
- Cost recovery analyzes past revenue and cost data
- Cost recovery does not account for work backlog or level of service
- Cost recovery does not account for required/future resource needs
- A fee schedule's cost recovery rate does not reflect whether adequate resources exist
- The gap in cost recovery is filled with other revenue sources

Cost Recovery Background: Trends

Overall Cost Recovery

	FYE 2010	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
By Year	63.8%	81.2%	83.0%	84.7%	83.2%	83.8%	85.9%	92.3%	87.7%	89.7%
3-Year Average		82.2%	81.9%	83.0%	83.6%	83.5%	84.3%	87.4%	88.7%	89.9%

FYE = Fiscal Year Ending (e.g., FYE 2025 means fiscal year 2024 – 2025)

Cost Recovery Background: Trends (cont.)

FYE 2023 - 2025 Average Revenue	Number of Fee Schedules, (change from previous year)	Percentage of Fee Schedule Revenue
110% or more of costs	5 (NC)	18.6%
100 to <110% of costs	2 (+1)	34.9%
95 to < 100% of costs	2 (NC)	9.8%
75 to < 95% of costs	2 (NC)	15.0%
50 to < 75% of costs	5 (-1)	20.0%
25 to < 50% of costs	3 (NC)	0.8%
Less than 25% of costs	2 (NC)	0.9%

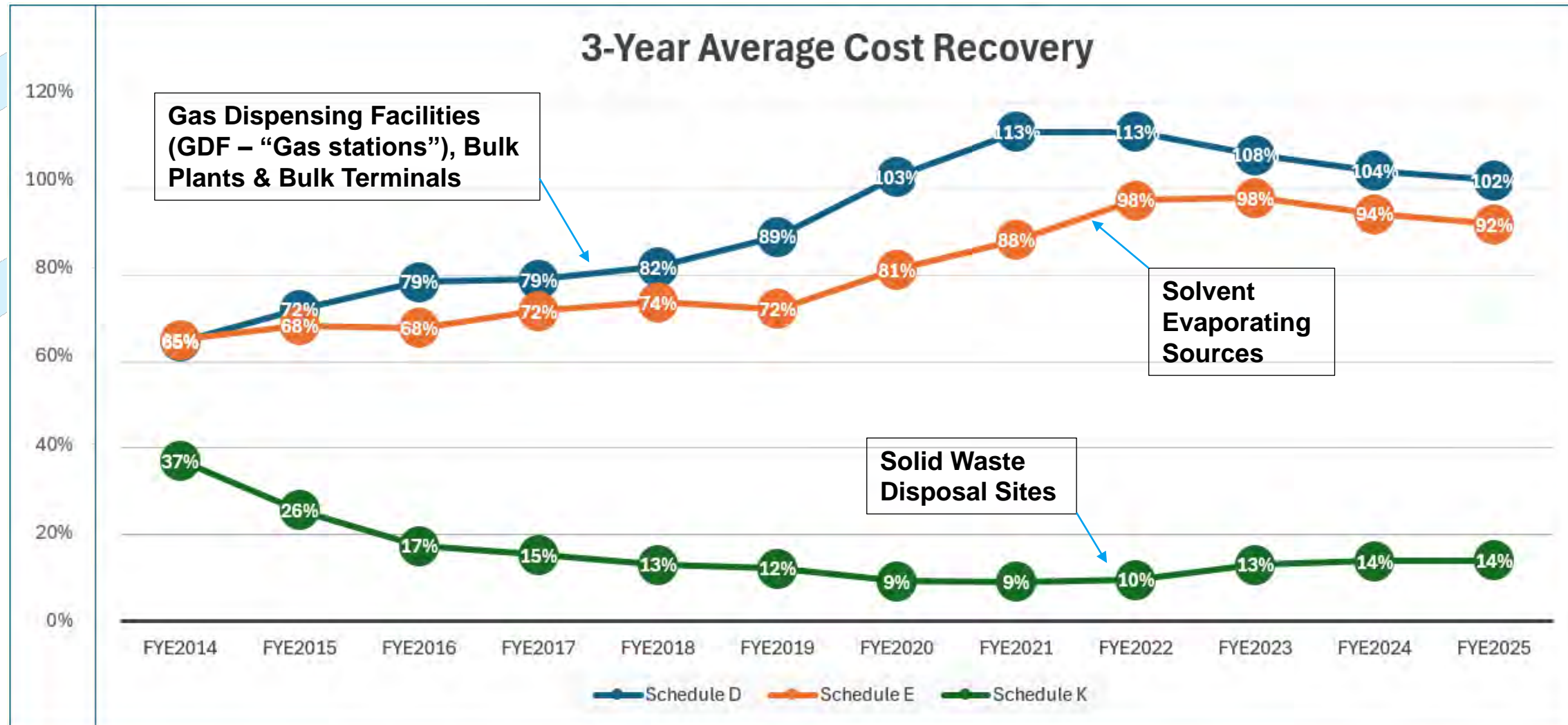
➤ Specific fee schedule cost recovery levels are published in the Cost Recovery reports

➤ Over 63% of fee schedule revenue is at least 95% recovered

➤ Less than 2% of fee schedule revenue is grossly under-recovered

NC = No change

Cost Recovery Background: Trends Example



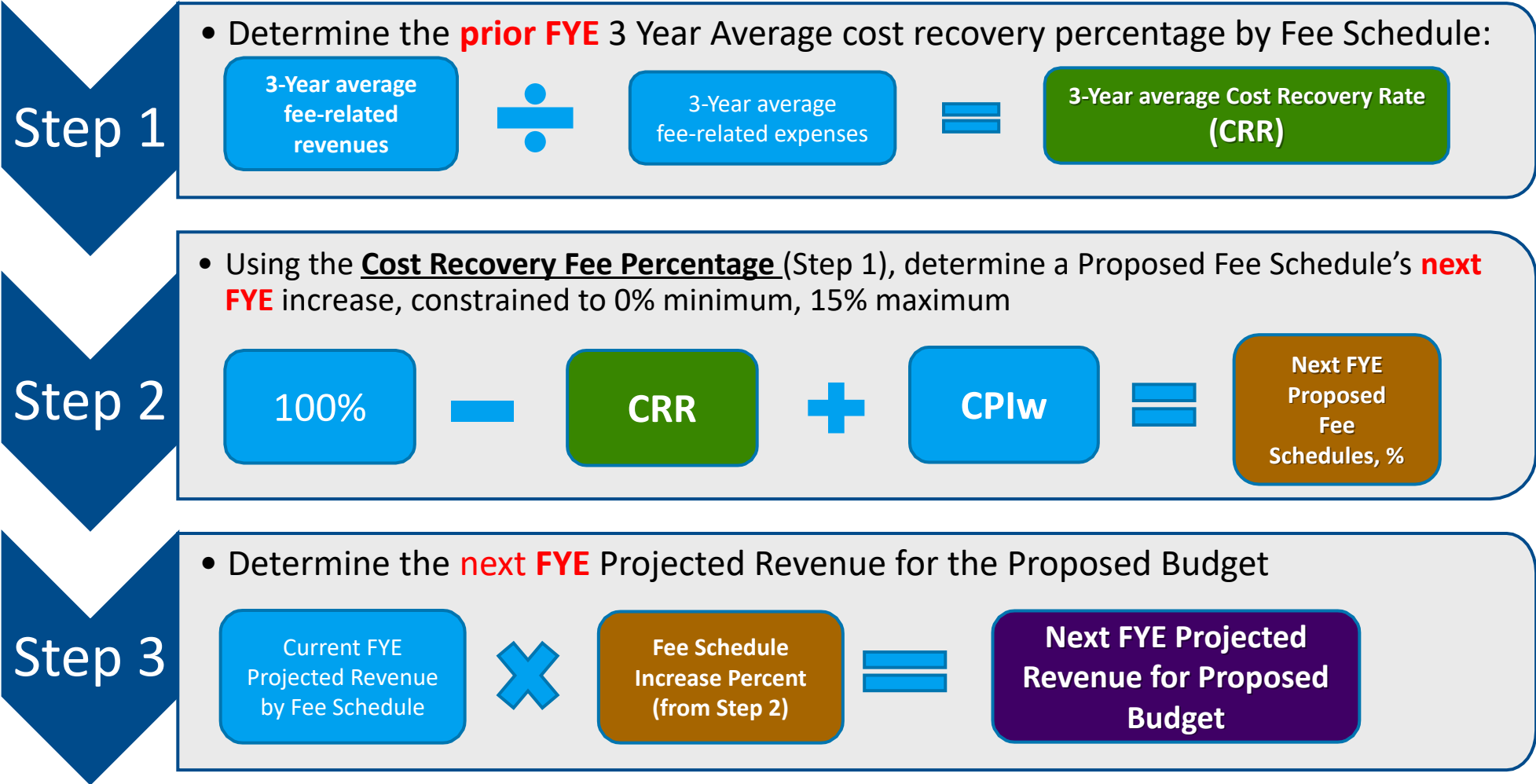
Cost Recovery Strategies

At the December 17, 2025, Finance and Administration Committee meeting, the members were in favor of a smoother approach for schedules closer to 100% cost recovery

Revenue from Fee Schedule (3-year average)	FYE 2025	FYE 2026	FYE 2027
110% or more of costs	-	-	-
100 to <110% of costs	CPIw	CPIw	CPIw
95 to < 100% of costs	+15%	CPIw	3.6% (CRR @ 98.70%)
85 to < 95% of costs	+15%	+15%	8.8% (CRR @ 93.55%)
75 to < 85% of costs	+15%	+15%	+15%
50 to < 75% of costs	+15%	+15%	+15%
Less than 50% of costs	+15%	+15%	+15%

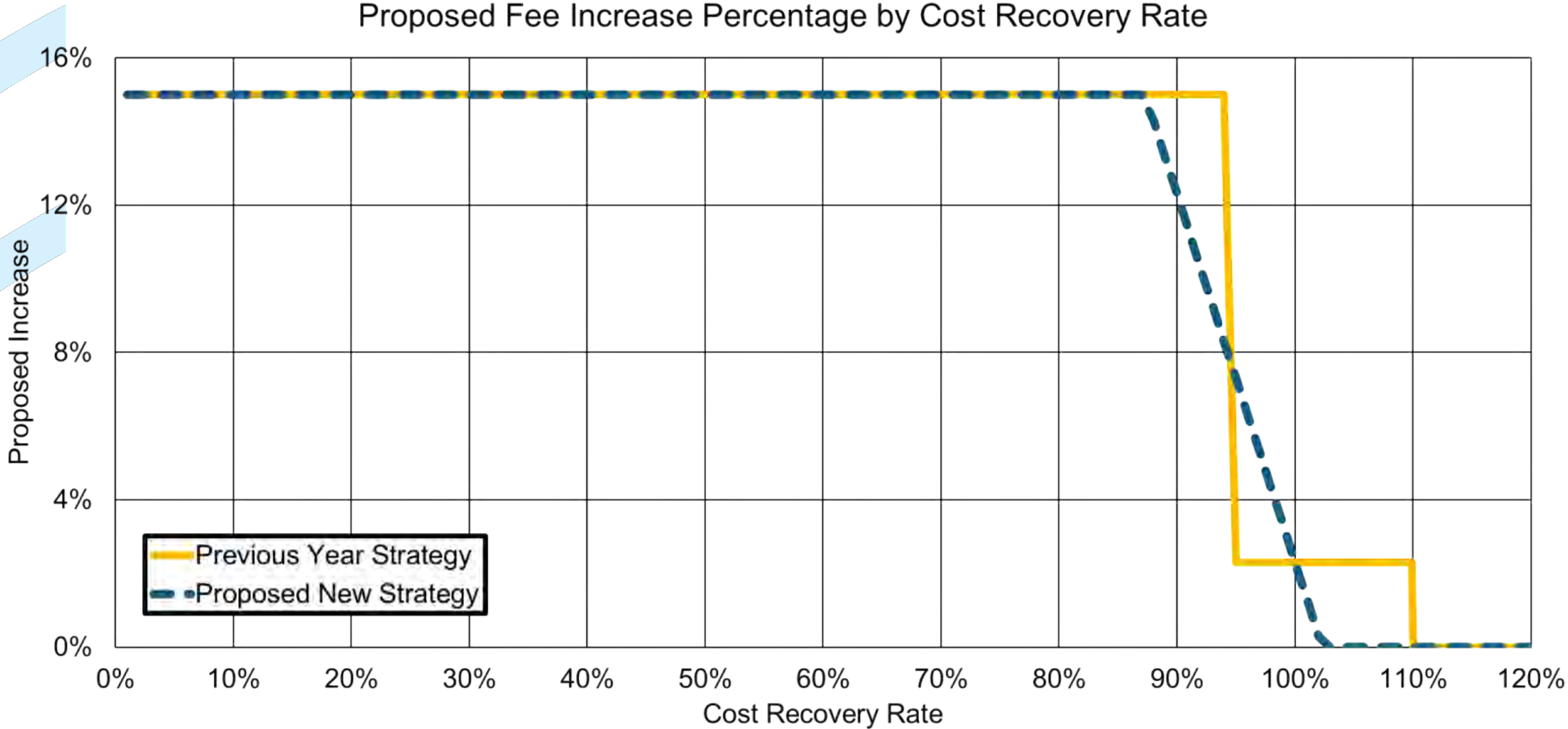
CPIw = The annual Consumer Price Index of the previous year for Bay Area Urban Wage Earners and Clerical Workers

Cost Recovery Background (cont.)



CRR = Cost recovery rate, 3-year average
 CPIw = The annual Consumer Price Index of the previous year for Bay Area Urban Wage Earners and Clerical Workers

Cost Recovery Background (cont.)



Fee Reductions

- Schedule R – Equipment Registration: Reduce fee by 20%
 - Non-permitted dry cleaning machines, small combustion, small graphic arts operations, charbroilers
 - When facilities only have registered equipment, they are typically small businesses
 - Revenue impact is approximately a \$52,000 reduction

Fee Removals

Remove language

- Section 3-405.4.1.2 (Fees Not Paid, Reinstatement of Lapsed Permit to Operate)
- Section 3-405.5 (Fees Not Paid, Registration and Other Fees)

Discussion

The current language imposes a total late fee of 25% if an invoice is not paid in full after 30 days (delinquent fee). By removing these subsections, there is only one 10% late fee if the invoice is not paid in full by the invoice due date. The intent is to streamline the process of getting parties in compliance from a fee standpoint. Many facilities paying the delinquent fee were small businesses

Proposed Fee Regulation Amendments

Proposed Change in Fees	Fee Schedules	FYE 2025 Fee Revenue %, (\$)
20% decrease	R	0.4% (\$266K)
0% increase	B, C, D, L, N, T, X	44.4% (\$35M)
2.3% increase (CPIw)	Section 300 fees, M, I	15.0% (\$1.6M)
3.6% increase	G5	1.2% (\$1.7M)
8.8% increase	E	7.1% (\$4.7M)
15% increase	A, F, G1, G2, G3, G4, H, K, P, S, V*, W	31.9% (\$23.9M)

*Open Burning Operation Fee and Stubble Burn Operation Fee only

Weighted average proposed fee increase = +5.7%

Other Proposed Changes – General

- General clean-up (e.g., remove obsolete language, typos)
- Increase administrative fees in Section 300 by CPIw, excluding:
 - Permit transfer fee (Section 3-307)
 - Upfront public notice fee (Section 3-318.1)
- Increase Schedule M by CPIw

Other Proposed Changes – General

- Schedule B – Combustion of Fuels
 - Align calculation for the Risk Assessment Fee (RAF) consistent with other schedules
- Schedule C – Stationary Containers for the Storage of Organic Liquids
 - Align calculation for the Risk Assessment Fee (RAF) consistent with other schedules
- Schedule D.A – Gasoline Transfer at Gas Dispensing Facilities (GDF)
 - Increase the RAF by 15% in Schedule D.A.4.b consistent with existing GDFs for the same work

Other Proposed Changes – New Fee

New fee

- Section 3-311.6 (Emission Reduction Credit Reissuance Fee) equal to the filing fee which is proposed to be \$684

Discussion

Before the Air District can honor an Emission Reduction Credit (ERC) certificate, the owner must surrender the ERC. Last year, the Air District received several requests where the applicant did not have the certificate and was not the contact of record. Considerable effort is required to verify ownership, especially when the facility is shutdown and the contact of record is not available

Other Proposed Changes – Reclassification

Reclassify general miscellaneous sources in Schedule F

- Move gasification/pyrolysis sources from Schedule F (General miscellaneous) to Schedule G1
- Revenue impact is an approximate \$28,000 increase in Permit to Operate fees

Discussion

Source categories being charged Schedule F are reviewed against the level of effort. Schedule F (Miscellaneous – Unclassified) are charged when no other fee schedule applies. Due to the complexity and interest of these facilities, these projects often involve public workshops, legal discussion, increased enforcement, modeling, source testing and emissions verification

Impact on Large Facilities – Permit Renewal

Refineries

Annual Permit Fee Increase/Decrease (Fiscal Year Ending)							
	2025, % Fee Change		Renewal Fee	2026, % Fee Change		Renewal Fee	2027, Projected % Fee Change
	Predicted	Actual		Predicted	Actual		Proposed Budget
Chevron	8.5	9.3	\$5.0 million	9.7	9.5	\$5.5 million	6.3
Martinez Refining Co.	7.9	-0.2	\$5.7 million	4.4	3.2	\$5.9 million	7.0
Phillips 66	8.6	-6.2	\$2.8 million	3.8	-2.2	\$2.8 million	8.4
Tesoro (Marathon)	9.1	16.5	\$1.9 million	-1.6	8.0	\$2.0 million	6.2
Valero	9.0	4.3	\$3.5 million	13.7	4.6	\$3.8 million	7.0

Impact on Small Facilities – Permit Renewal

Facility Type	Current Renewal Fee: Not OBC	Current Renewal Fee: OBC	Proposed Renewal Fee: Not OBC	Proposed Renewal Fee: OBC
Backup Engine* (Schedule B)	\$563	\$644	\$566 0.5%	\$647 0.5%
GDF “Gas Station”** (Schedule Da)	\$2,860	\$3,271	\$2,863 0.1%	\$3,270 0.1%
Auto Body Shop* (Schedule E)	\$1,378	\$1,576	\$1,491 7.6%	\$1,705 7.6%
Coffee Roaster (Schedule F)	\$1,076	\$1,231	\$1,220 11.8%	\$1,395 11.8%
Dry Cleaning Machine (Schedule R)	\$259	\$259	\$207 -20%	\$207 -20%

*Minimum fee – Permit fees are greater for larger engines or higher solvent usage sources

OBC = Overburdened Community

**Common configuration with 6 islands with 3-triple product nozzles

Fee Reduction Summary

These are the changes that provide relief, especially to small businesses.

- Proposed 20% reduction in registration fees (Schedule R)
- Proposal to eliminate delinquent permit renewal fees
 - This will remove approximately \$386,000 in delinquent fees already invoiced

Efficiencies and Cost Containment Efforts

Examples:

- There was a 17% increase in the applications processed in 2025 compared with 2024
- In October 2023, Engineering fully transitioned to the Permitting & Compliance System (PCS). In July 2025, functionality for Compliance & Enforcement upgraded to the current PCS platform. In November 2025, Source Test is transitioned into PCS
- Streamlined Health Risk Assessments for applications

Budget & Fee Regulation Schedule

Description	Date
Finance and Administration Committee briefing	December 17, 2025
Public workshop for Regulation 3 amendments	February 26, 2026
Budget Workshop	March 10, 2026
Finance and Administration Committee briefing	March 18, 2026
Finance and Administration Committee briefing	April 15, 2026
First public hearings on budget & Regulation 3 to receive testimony	April 29, 2026
Written comments on proposed amendments to Regulation 3 due	May 15, 2026
Second public hearings on budget and Regulation 3 to consider adoption	June 3, 2026
Budget and fee amendments effective, if adopted	July 1, 2026



Recommended Action

Recommend to the Board of Directors that the Board adopt the Fee Regulation Amendments

Questions & Discussion

For more information:

Fred Tanaka | Senior Manager | ftanaka@baaqmd.gov

BAY AREA AIR DISTRICT
Memorandum

To: Chairperson Lynda Hopkins and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: April 15, 2026

Re: Financial Audit Report for Fiscal Year Ending 2025

RECOMMENDED ACTION

None; the Committee will discuss this item, but no action is requested at this time.

BACKGROUND

Pursuant to Section 9.2 of the Administrative Code, the Air District is required to have an annual independent financial audit. The Independent Auditor, Simpson & Simpson, LLP completed the Financial Audit Report of the Air District's Financial Statements for the Fiscal Year Ending (FYE) 2025. The Independent Auditor conducted the audit in compliance with Office of Management and Budget (OMB) Circular A-133 for FYE 2025.

DISCUSSION

The Air District's independent auditor completed their audit of the Air District's financial records and activities for the year that ended June 30, 2025, and issued an "unqualified opinion" or clean opinion on the financial statements. Attached are the audit reports being presented along with a brief summary:

1. Statement of Auditing Standards (SAS) 114 Letter

This letter is provided to ensure that you, the Air District's governing body, receive sufficient information regarding the scope and results of the audit in order to provide you with timely observations arising from the audit that are relevant to your responsibilities in overseeing the financial reporting process for which management is responsible.

2. Audit Management Letter

The management letter is to provide observations identified during the audit in areas where the internal control procedures can be strengthened. These comments are discussed by the auditor with the individual Air District divisions for concurrence with the stated recommendations and for the preparation of the Air District's management response for improvements.

3. Basic Financial Statements

The statements are prepared in conformity with generally accepted accounting principles. The purpose of these statements is to convey financial information to external customers/users. The statements report on the Air District's annual operations and demonstrate financial compliance with legal requirements. The report on the basic financial statements is unqualified with no reportable conditions, no instances of non-compliance, and no financial statement findings noted.

4. Single Audit Report (Financial Report of the Office of Management and Budget (OMB) Circular A-133)

This report addresses the auditors' consideration of the Air District's internal control over financial reporting, and the results of auditor's tests of the Air District's compliance with provisions of laws, regulations, contract and grant agreements, and other areas in accordance with Government Auditing Standards. As noted on pages 8 through 9 of the Schedule of Audit Findings and Questioned Costs, there were no internal control over financial reporting, or federal compliance findings noted.

A member of the independent audit firm, Simpson & Simpson LLP, will be at the meeting to present audited reports to the Committee.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The cost for the Fiscal Year Ending June 30, 2025, was \$58,583 and is included in the Finance Office program 701 budget.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Jun Pan
Reviewed by: Stephanie Osaze

ATTACHMENT(S):

1. Attachment 1 FY-25 BAAQMD SAS 114 Letter
2. Attachment 2 FY-25 BAAQMD Management Letter
3. Attachment 3 2025 BAAQMD Financial Audit Report
4. Attachment 4 2025 BAAQMD Single Audit Report
5. Attachment 5 FY-25 BAAQMD Audit Presentation



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRANARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

March 30, 2026

To the Board of Directors
Bay Area Air Quality Management District
San Francisco, California

We have audited the financial statements of the governmental activities, and each major fund of the Bay Area Air Quality Management District (the District) for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 27, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements.

As described in Note 1(n) to the financial statements, the District adopted the new accounting and disclosure requirements of Government Accounting Standards Board Statement No. 101, *Compensated Absences*, in Fiscal Year 2025. Implementation requires the District to recognize an allowance for compensatory time which has been earned, unused, and is more than likely to be used. Whereas the prior standard the District did not accrue a liability for unused compensatory time since accumulated compensatory time is not a vested benefit. Current year adoption impact is an increase of \$322,859 to Accrued Payroll Liabilities and Compensation Absence expenditures in the government-wide financial statements. There was no material effect on the beginning net position from the implementation of this standard.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of deferred outflows/inflows of resources, net pension liability, net OPEB liability/asset, pension expense, and OPEB expense is based on estimates that are prepared by the California Public Employees' Retirement System's (CalPERS) actuary based on information provided by participating employers, and MacLeod Watts, Inc. based on information provided by management.

Management's estimate of the useful life of capital assets used for depreciation that are prepared by the District based on information from management's capitalization policy.

We evaluated the methods, assumptions, and data used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.



Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were none noted. Additionally, there were no misstatements detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 30, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



Other Matters

We applied certain limited procedures to management's discussion and analysis on pages 4 through 13 and the information on pages 50 through 56, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the supplementary information on pages 57 to 61 which accompany the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Simpson & Simpson".

Simpson and Simpson, LLP

INDEPENDENT AUDITOR'S MANAGEMENT LETTER





SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRANARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

March 30, 2026

The Board of Directors
Bay Area Air Quality Management District
San Francisco, California

Members of the Board:

In planning and performing our audit of the financial statements of the **Bay Area Air Quality Management District** (the District) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Although not considered to be significant deficiencies or material weaknesses, we also noted certain items during our audit, which we would like to bring to your attention. These comments are summarized in the following report to management on page 2. Our observations and recommendations have been discussed with appropriate members of management and are intended to strengthen internal controls and operating efficiency.

This communication is intended solely for the information and use of the Board of Directors, District management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Current Year Management Letter Comments

ML-2025-001 – Overtime Authorization

Condition

The District's Administrative Code, section 8.4, stipulates the following regarding overtime authorization:

“For definitional purposes, overtime is the necessary, assigned and authorized time worked in excess of 40 hours in a seven-day week or 8 hours worked in a 24-hour day.

For the purpose of overtime assignments, a notice to an employee to work overtime is a notice in advance if the assignment is given more than 24 hours prior to the beginning of the work to be performed. Such assignments will be considered "scheduled" overtime. An assignment given less than 24 hours in advance will be considered an “unscheduled” assignment for call-back purposes. A call-back is the unscheduled, emergency, and authorized call-back to return to work after a regular shift has been completed.”

Each division within the District is responsible for maintaining supporting documentation for the authorization and pre-approval of overtime hours to be worked by its respective employees.

We sampled and tested overtime authorization of 30 employees for selected pay periods in Fiscal 2025.

For 30 of the employees sampled, we noted that authorization of overtime before the employee incurring the hours was not properly documented, as follows:

- For 18 employees and a total of 302 overtime hours, a supervisor granted authorization via email for the employees to work overtime on stipulated days but did not include the total overtime hours the employees were pre-approved to work.
- For 14 employees and a total of 265 overtime hours, there was no documented authorization on file pre-approving the overtime hours worked by the employee. The division where the employees work adopts a method in which overtime requests are verbally approved, not documented.
- For 1 employee and a total of 12.5 overtime hours, the authorization of file pre-approving and post-approving the overtime hours worked by the employee was from different supervisors and there was no documented additional communication between the authorizations from the supervisors.

We noted that the overtime authorization was reported in our prior year management letter as ML-2024-001 – Overtime Authorization. Management implemented a new Dayforce Overtime Request Form (electronic) during the year as part of its remediation efforts in March 2025. As the module was introduced mid-year, certain overtime transactions were not subject to the new control.

Current Year Management Letter Comments

Recommendation

We recommend that management continue to monitor the effectiveness of the new module and ensure that all overtime is subject to appropriate pre-authorization in accordance with company policy. Continued monitoring is required to ensure the control operates consistently and effectively going forward.

Management Response

The Air District is continually monitoring and ensuring that all overtime is pre-authorized by the supervisor. Payroll runs an audit report every pay period to show the Overtime Request forms received and compares it to the overtime hours entered on the timecard.

Current Year Management Letter Comments

ML-2025-002 – Maximum Accumulation and Payout of Annual Leave

Condition

The Memorandum of Understanding between the Bay Area Air Quality Management District and Bay Area Air Quality Management District Employees’ Association, Inc. (MOU), section 12.01, item 9, stipulates the following regarding the maximum accumulation of annual leave:

“The maximum accumulation of annual leave is four hundred and sixty (460) working hours as of the end of the calendar year. After reaching that limit, no further hours shall be accumulated until the employee reduces the balance below four hundred and sixty (460) hours. On a one-time basis, the maximum accumulation of annual leave will increase to five hundred (500) hours. This provision will expire on December 31, 2024.”

The maximum accumulation (cap) of annual leave per the MOU was also extended to non-represented employees by the District’s Board of Directors on December 21, 2022.

We sampled and tested annual leave payouts for a total of 15 employees who separated from the District and 5 employees who cashed out their annual leave balances in Fiscal 2025.

For 9 of the employees sampled, we noted annual leave payouts that exceeded the cap of 500 hours of annual leave per MOU, as follows:

- 1 employee was paid for a total annual leave balance of 642.80 hours.
- 1 employee was paid for a total annual leave balance of 506.22 hours.
- 1 employee was paid for a total annual leave balance of 689.07 hours.
- 1 employee was paid for a total annual leave balance of 500.47 hours.
- 1 employee was paid for a total annual leave balance of 503.50 hours.
- 1 employee was paid for a total annual leave balance of 554.91 hours.
- 1 employee was paid for a total annual leave balance of 559.58 hours.
- 1 employee was paid for a total annual leave balance of 523.26 hours.
- 1 employee was paid for a total annual leave balance of 584.70 hours.

It was determined that elements of how the cap is applied are not stipulated in the MOU, as follows:

- Employees who accumulate an annual leave balance of more than 500 hours will not have their balance adjusted down to the 500-hour cap. At the end of the calendar year, if their balance is over the cap, they will not be allowed to accumulate additional leave hours until their balance falls below the cap. Further, employees may maintain an annual leave balance over the cap throughout the calendar year, which will not be evaluated until the end of the calendar year.

Accordingly, the 9 employees identified were allowed to maintain and be paid for a total leave balance exceeding the CAP stipulated in the MOU.

Current Year Management Letter Comments

Recommendation

We recommend that the District strengthen controls regarding the oversight and application of the maximum accumulation of annual leave by updating the MOU to reflect the manner in which these policies and procedures are applied. We also recommend that the District strengthen controls regarding payout of annual leave at employee termination by incorporating specific policies and procedures requiring the re-calculation and documentation and retention of authorizations in its Administrative Code.

Management Response

The Air District concurs with the recommendation to strengthen its controls regarding the maximum accumulation of annual leave. The Air District is in the process of contract negotiations with the Employees' Association to revise the Memorandum of Understanding (MOU) and clarify the annual leave cap for represented employees. The Air District is also in the process of updating the leave policy that will also clarify the annual leave cap for unrepresented employees. Early in 2026, the Air District began enforcing a "hard cap" on all unrepresented employees. Once they reach the cap of 460 hours, they will no longer accrue leave until they reduce their balance to 460 hours. The Air District is working with Dayforce to automate the annual leave cap and avoid manual work and errors.

Current Year Management Letter Comments

ML-2025-003 – Timesheet Approvals

Condition

The District’s Administrative Code, section 8.3, stipulates the following regarding hours of work and attendance:

“Supervisors will be responsible for the daily attendance record of each employee.”

We sampled and tested the approval of hours of work in the Ceridian Payroll System (Ceridian) of select District employees and determined whether supervisors authorized the employee’s timesheet prior to payroll process.

As a result of our review, we identified the following:

- For three employees the hours on the timesheet were not authorized.
- For two employees that are at the executive level, the timesheets were not authorized.

Recommendation

We noted that the overtime authorization issue previously reported in our prior year management letter as ML-2024-0023 – Timesheet Approvals in 2024 remains a finding in the current year.

We recommend that the District strengthen controls regarding working hours authorizations by increased monitoring and supervisory level training to ensure compliance with the District’s Administrative Code. We also recommend that management implement a formal authorization mechanism for timesheets submitted by high-level executives. Due to the absence of a clear approval hierarchy for these positions, timesheets are currently not subject to independent authorization. Although executives occupy senior positions, their recorded hours should be subject to an independent review and approval by an appropriate authority to ensure consistency with internal controls, accountability, and governance best practices.

Management Response

The Air District is continually monitoring and ensuring that all overtime is pre-authorized by the supervisor. Payroll runs an audit report every pay period to show the Overtime Request forms received and compares it to the overtime hours entered on the timecard. Human Resources continues to train all new hires on entering hours on their timesheet and requesting overtime in advance of earning the overtime through the Air District’s payroll system, Dayforce and train supervisors on reviewing and approving timesheets.

Starting on November 30, 2025, the Air District is requiring timesheets to be reviewed and authorized for Board- appointed, executive positions. Every pay period, the Executive Officer and General Counsel reviews and approves each other’s timesheet to ensure accountability, internal counsel, and governance best practices.

Status of Prior Year Management Letter Comments

ML-2024-001 – Overtime Authorization

Recommendation

We recommend that the District strengthen controls regarding overtime authorizations by incorporating specific policies and procedures requiring the documentation and retention of authorizations in its Administrative Code, in addition to stipulating that preapproved overtime must specify the days and total hours involved.

Current Status

Partially implemented. The District intends to update Personnel Policy Manual to include overtime policies and the District is also in the process of updating the policies and procedures for overtime authorization in MOU, which is expected to be completed by Fiscal Year 2026.

We noted that the overtime authorization issue previously reported in our prior year management letter as ML-2024-001 – Overtime Authorization in 2024 remains a finding in the current year.

ML-2024-002 – Maximum Accumulation and Payout of Annual Leave

Recommendation

We recommend that the District strengthen controls regarding the oversight and application of the maximum accumulation of annual leave by updating the MOU to reflect the manner in which these policies and procedures are applied. We also recommend that the District strengthen controls regarding payout of annual leave at employee termination by incorporating specific policies and procedures requiring the re-calculation and documentation and retention of authorizations in its Administrative Code.

Current Status

Partially implemented. The District is in the process of developing Standard Operating Procedure (SOPs) for payroll including annual leave accumulation and payout which is expected to be completed by Fiscal Year 2026.

We noted that the overtime authorization issue previously reported in our prior year management letter as ML-2024-002 – Maximum Accumulation and Payout of Annual Leave in 2024 remains a finding in the current year.

Status of Prior Year Management Letter Comments

ML-2024-003 – Timesheet Approvals

Recommendation

We recommend that the District strengthen controls regarding working hours authorizations by increased monitoring and supervisory level training to ensure compliance with the District's Administrative Code.

Current Status

Partially implemented. The District intends to update Personnel Policy Manual to include overtime policies and the District is also in the process of updating the policies and procedures for overtime authorization in MOU, which is expected to be completed by Fiscal Year 2026.

We noted that the overtime authorization issue previously reported in our prior year management letter as ML-2024-0023 – Timesheet Approvals in 2024 remains a finding in the current year.

Status of Prior Year Management Letter Comments

ML-2023-004 – Personnel Action Forms

Recommendation

We recommend the following, in line with the above findings:

- a. The District should implement the following actions pertaining to proper complete authorization of PAFs.
 - i. In instances where a position associated with a necessary authorization is vacant, the District should establish a position to act as a replacement to maintain the integrity of the required authorizations. Additionally, the PAF should clearly document this as the case.
 - ii. In instances where a position associated with a necessary authorization is the position of the employee for which the PAF is being issued, the District should establish a position to act as a replacement to maintain the integrity of the required authorizations. Additionally, the PAF should clearly document this as the case.
 - iii. The District must re-evaluate policies and procedures for which merit increases, which are subject to the provisions of the MOU, are reviewed and authorized, as unauthorized PAFs for such occurrences do not prevent the District from moving forward with the payroll action.
- b. The District must re-evaluate policies and procedures regarding the use of PAFs for Board-Appointed positions to ensure that payroll actions for those positions are not initiated prior to Board approval.
- c. The District must reevaluate policies and procedures regarding the authorization of executive-level PAFs to ensure that such authorizations are not limited to one or two authorized personnel and to maintain the integrity of the required authorizations.
- d. The District must reevaluate policies and procedures regarding the issuance of PAFs for acting position approvals and establish a requirement that such payroll actions use the Acting Assignment Request form and maintain the integrity of the required authorizations.

Current Status

Partially implemented. The District is in the process of developing Standard Operating Procedure (SOPs) to accompany the PAF policy.

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT
Basic Financial Statements
With Independent Auditor's Report
For the Year Ended June 30, 2025**



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Basic Financial Statements
For the Year Ended June 30, 2025

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BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Basic Financial Statements
For the Year Ended June 30, 2025

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Independent Auditor's Report

The Board of Directors of
Bay Area Air Quality Management District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of the **Bay Area Air Quality Management District** (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Bay Area Air Quality Management District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1(n) to the basic financial statements, on July 1, 2024, the District adopted the new accounting and disclosure requirements of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 13 and the required supplementary information on pages 50 to 56 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the supplementary information on pages 57 to 61 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
March 30, 2026

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2025

(Unaudited)

This discussion and analysis of the Bay Area Air Quality Management Air District (Air District) financial performance provides an overview of the Air District's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the accompanying basic financial statements and notes.

A. Financial Highlights

- At the close of the fiscal year 2024-2025, the Air District's net position is \$491,449,172. The total net position includes \$48.9 million for net investment in capital assets, \$268.5 million for restricted net position and \$174.1 million for the unrestricted net position.
- The assets and deferred outflows of resources of the Air District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year 2024-25, increasing the Air District's overall (net position) by \$135.4 million or 38%.
- The Air District's governmental funds reported a total fund balance of \$519,308,723; \$281,066,991 for General Fund and \$238,241,732 for the Special Revenue Fund. The entire fund balance of the Special Revenue Fund of \$238,241,732 is reserved for air quality grants and projects. The \$281,066,991 General Fund balance consists of \$30,225,196 representing the restricted fund balance, \$189,098,094 committed or non-spendable and the remaining balance of \$61,743,701 belongs to unassigned. Of the \$188.4 million committed, \$109.6 million represents the penalty assessment funds allocated to support the Community Benefits Penalty Funds Policy.
- In May 2024, the Board of Directors adopted the Community Benefit Penalty Funds Policy, aiming to reinvest penalty funds from air quality violations into the communities most affected by them. This policy ensures that significant portions of collected penalties are allocated to local projects designed to reduce pollution and enhance public health. In fiscal year 2025, the Air District collected \$90.1 million in penalty assessments. Of this amount, \$4 million was allocated to the General Fund to support general operations for fiscal year 2024–2025. The remaining \$86.1 million was allocated as follows: \$68.7 million to Local Benefit projects and \$17.4 million to Regional Benefit projects. A total of \$78.4 million will directly support community projects, while up to 9% may be used by the Community Investment Office to administer, manage, and develop the program.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2025

(Unaudited)

A. Financial Highlights Continued

Table 1 presents the General Fund detail of fund balances as of June 30, 2025, and June 30, 2024.

Table 1. General Fund Balances as of June 30, 2025, and 2024

Category	General Fund June 30, 2025	General Fund June 30, 2024	Increase/ (Decrease)
Fund Balances:			
Nonspendable:			
Prepaid Expenses	\$ 738,953	\$ 387,826	\$ 351,127
Restricted:			
Air Quality Grants and Projects	627,805	639,505	(11,700)
Post-Employment Benefits	3,855,598	3,775,374	80,224
Debt service	3,197,489	3,012,050	185,439
Pension Prefunding Trust	22,544,304	15,980,233	6,564,071
Committed:			
Air Quality Grants and Projects	13,378,757	18,571,659	(5,192,902)
Other Committed	65,402,649	38,312,398	27,090,251
Local Benefit Fund	87,385,621	16,869,990	70,515,631
Regional Benefit Fund	22,192,114	4,383,794	17,808,320
Unassigned:	<u>61,743,701</u>	<u>71,468,611</u>	<u>(9,724,910)</u>
Total Fund Balance	<u>\$ 281,066,991</u>	<u>\$ 173,401,440</u>	<u>\$ 107,665,551</u>

B. Overview of the Financial Statements

This discussion and analysis provides an introduction to the Air District's basic financial statements.

These statements include three key components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the basic financial statements.

The report also contains required and other supplementary information that supports a more comprehensive understanding of the Air District's financial position.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2025

(Unaudited)

B. Overview of the Financial Statements (continued)

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the Air District.

The government-wide financial statements are designed to provide readers with a broad overview of the Air District's finances in a manner similar to a private sector business. They provide information about the activities of the Air District as a whole and present a longer-term perspective of the Air District's finances. Government-wide financial statements include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position reports all assets, deferred outflows of resources, liabilities owed by the Air District, and deferred inflows of resources on a full accrual basis. The difference between the assets held and deferred outflows of resources, and the liabilities owed and deferred inflows of resources, is reported as Net Position. The net position total is comparable to total stockholder's equity presented on the balance sheet of a private enterprise. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Air District is improving or deteriorating. The Statement of Net Position as of June 30, 2025, is presented on page 14.

The Statement of Activities reports the net cost of the Air District's activities by category and is also prepared on a full accrual basis. Under the full accrual basis of accounting, revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of the related cash flows. The focus of the Statement of Activities is on the cost of various work programs performed by the Air District. The statement begins with a column that identifies the total cost of these programs followed by columns that summarize the Air District's program revenues by major category. The difference between expenses and revenues represents the net cost or benefit of the Air District's work programs. General revenues are then added to the net cost/benefit to calculate the change in net position. The Statement of Activities is presented on page 15.

All the Air District's activities are governmental in nature and no business-type activities are reported in these statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Bay Area Air Quality Management Air District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For governmental activities, these statements tell how these services were financed in the short-term and what is left over for future spending. Fund financial statements also report the Air District's operations in more detail than the government-wide statements by providing information about the Air District's major funds. The Air District maintains two governmental funds: the General Fund and Special Revenue Fund.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2025

(Unaudited)

B. Overview of the Financial Statements (continued)

Governmental Funds

Governmental fund financial statements consist of the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. Both are prepared using the modified accrual basis of accounting.

Balance Sheets prepared under the modified accrual basis of accounting have a short-term emphasis and, for the most part, measure and account for cash and other assets that can be easily converted to cash. Specifically, cash and receivables that are deemed collectible within a very short period of time are reported on the balance sheet. Capital assets such as land and buildings are not reported in governmental fund financial statements. Fund liabilities include amounts that will be paid within a very short period of time after the end of the fiscal year. Long-term liabilities such as outstanding bonds are not included. The difference between a fund's total assets, deferred outflow of resources, total liabilities, and deferred inflows of resources represents the fund balance. The unassigned portion of fund balance represents the amount available to finance future activities. The Air District's governmental funds balance sheets can be found on page 16.

The Statement of Revenues, Expenditures, and Changes in Fund Balance include only revenues and expenditures that were collected in cash or paid with cash during the fiscal year or very shortly after the end of the fiscal year. The governmental funds Statements of Revenues, Expenditures, and Changes in Fund Balances can be found on page 18.

Since a different basis of accounting is used to prepare these statements, reconciliation is required to facilitate the comparison between the government-wide statements and the fund financial statements. The reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position is on page 17. The reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities can be found on page 19.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 to 49.

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Air District's other post-employment benefit (OPEB) liabilities, retirement pension liabilities held by California Public Employees Retirement System (PERS), general fund and special revenue fund budget comparison schedules, and supplementary information concerning the Air District's TFCA and Carl Moyer program expenditures, services area and division, schedule of expenditures, indirect cost schedule, and penalty assessment allocation schedule on pages 50 to 61.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2025

(Unaudited)

C. Government-Wide Financial Analysis

The government-wide financial analyses focus on net position and changes in net position of the Air District's governmental activities. Table 2 below shows a condensed Statement of Net Position as of June 30, 2025, compared to the fiscal year ended June 30, 2024.

Table 2. Statement of Net Position as of June 30, 2025, and June 30, 2024

	Governmental Activities June 30, 2025	Governmental Activities June 30, 2024	Increase/ (Decrease)
Current & Other Assets	\$ 825,248,025	\$ 618,777,716	\$ 206,470,309
Capital Assets	67,376,828	66,914,568	462,260
Total Assets	892,624,853	685,692,284	206,932,569
Deferred Outflows of Resources	42,461,513	50,405,422	(7,943,909)
Current Liabilities	307,788,389	236,137,170	71,651,219
Noncurrent Liabilities	125,820,984	128,404,042	(2,583,058)
Net OPEB Liability	2,204,365	6,283,387	(4,079,022)
Total Liabilities	435,813,738	370,824,599	64,989,139
Deferred Inflows of Resources	7,823,456	9,200,605	(1,377,149)
Net Position			
Invested in Capital Assets	48,857,333	47,450,794	1,406,539
Restricted	268,466,928	231,912,989	36,553,939
Unrestricted net position	174,124,911	76,708,719	97,416,192
Total Net Position	\$ 491,449,172	\$ 356,072,502	\$ 135,376,670

On June 30, 2025, the Air District's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by \$491.4 million, an increase of \$135.4 million over the previous fiscal year.

As noted earlier, total net position may serve over time as a useful indicator of the Air District's financial position. Restricted net position is to be used for specific programs and purposes according to legal terms and conditions. The remaining portion of the Air District's net position is unrestricted and at the end of the fiscal year had a positive balance of \$174.1 million. This change results from an overall increase in total assets driven by various sources, including permit fees, penalty assessment, property taxes, investment gains, and grant funding. Additionally, deferred inflows of resources contributed to the increase. However, these gains were partially offset by pension liability, deferred outflows of resources and other post-employment benefit (OPEB) liabilities, reflecting continued contributions, investment earnings, and changes in actuarial assumptions

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2025

(Unaudited)

C. Government-Wide Financial Analysis (continued)

Table 3 below provides changes in net position for the fiscal year ending June 30, 2025, compared with the fiscal year ended June 30, 2024.

Table 3. Statement of Activities for Fiscal Years 2024-25 and 2023-24

	Governmental Activities FY 2024-25	Governmental Activities FY 2023-24	Dollar Increase / (Decrease)	Percentage Increase / (Decrease)
Revenues:				
Program Revenue:				
Charges for services	\$ 161,203,003	\$ 94,301,662	\$ 66,901,341	71%
Operating grants and contributions	119,291,319	102,936,759	16,354,560	16%
Total Program Revenue	280,494,322	197,238,421	83,255,901	42%
General Revenues:				
County Apportionments	49,888,444	47,524,893	2,363,551	5%
Investment income not restricted for a specific program	22,440,095	12,679,747	9,760,348	77%
Other	414,391	2,879,522	(2,465,131)	-86%
Total General Revenues	72,742,930	63,084,162	9,658,768	15%
Total Revenues	353,237,252	260,322,583	92,914,669	36%
Expenses:				
General Government	133,474,166	121,668,458	11,805,708	10%
California Goods Movement Program	322,165	2,912,105	(2,589,940)	-89%
Vehicle Settlement	2,171,766	3,278,117	(1,106,351)	-34%
Debt Service	696,785	773,437	(76,652)	-10%
TFCA/MSIF & Other Program	44,797,209	36,769,870	8,027,339	22%
Distribution				
Carl Moyer Program	36,398,491	28,967,239	7,431,252	26%
Total Expenses	217,860,582	194,369,226	23,491,356	12%
Change in Net Position	135,376,670	65,953,357	69,423,313	105%
Net Position-beginning of year	356,072,502	290,119,145	65,953,357	23%
Net Position-ending of year	\$ 491,449,172	\$ 356,072,502	\$ 135,376,670	38%

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2025

(Unaudited)

C. Government-Wide Financial Analysis Continued

Governmental Activities

The objective of the Statement of Activities is to report the full cost of providing government services during the fiscal year. The format also permits the reader to ascertain the extent to which each function is either self-financing or draws funds from the general funds of the government.

The Statement of Activities presents information showing how the Air District's net position changed during the fiscal year 2024-2025. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the cash flows.

Governmental functions of the Air District are predominately supported by fees, property taxes, subvention, grants, and penalties and settlements. The penalties and settlements are one-time revenues, which are over and above the regular revenues directly related to the programs. The primary governmental activities of the Air District are to advance clean air technology, ensure compliance with clean air rules, develop programs to achieve clean air, develop rules to achieve clean air, monitor air quality, permit review and Special Revenue Fund activities.

On June 30, 2025, the Air District's governmental activities reported ending net position of \$491,449,172, an increase of \$135,376,670 in comparison to the prior year. The primary reason is due to increases in both program revenues and general revenues. Program revenues include grant incentive funds and charges for services mainly relates to permit fees and general revenues includes penalty assessment, property taxes revenues, and investment gains from market fluctuations related to the San Mateo County's investment pool.

- Overall governmental revenues are \$353,237,252; an increase of \$92,914,669 from the prior year. This growth is driven by a \$83.3 million increase in program revenue and a \$9.7 million increase in general revenue. The rise in program revenue is primarily attributed to a \$66.0 million increase in penalty assessments, along with additional funding from the Transportation Fund for Clean Air (TFCA), the Carl Moyer Program, and other federal grants. General revenue growth is primarily due to a \$2.4 million increase in county apportionment revenue (property tax), a \$4.3 million rise in interest revenue, and a \$5.5 million fair market value adjustment in the San Mateo County investment pool to reflect market fluctuations and lower investment earnings. These gains were partially offset by a \$2.6 million decline in California Goods Movement revenue, \$3.0 million decrease in State Grants and a \$1 million decrease in Vehicle Settlement.
- Overall governmental expenditures are \$217,860,582; an increase of \$23,491,356 over the prior year. Of the \$23.5 million increase, approximately \$15.5 million is attributed to higher grant incentive activities for programs such as the Carl Moyer AB134 Community Incentive Program, the California Goods Movement Program, and TFCA and Mobile Source Incentive Funds. This increase was partially offset by a \$1.1 million and \$2.6 million decrease in Vehicle Settlement and California Goods Movement. Additionally, an \$11.8 million increase in the General Government Program was driven primarily by rising personnel costs, and increased expenditures for services and supplies. This increase offset by decrease in Debt Service and program distribution in general fund.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2025

(Unaudited)

D. General Fund Financial Analysis

Figure 1 below provides a pie chart of the Air District's General Fund revenues (net of other financing sources) for fiscal year 2024-2025. The General Fund's total revenue of \$241,491,980 in fiscal year 2024-25, reflecting a \$80.0 million increase from prior year. This growth is primarily driven by increases from penalty assessments \$66 million, permit fees \$5 million, property tax \$2.4 million, gain from interest earnings and investment valuation \$5.9 million, and a decrease of \$2.3 million in other revenue.

Program revenue sources include Permit, AB2588, Title V, and Asbestos fees. In fiscal year 2024-25, permit/fee revenue represented the largest share of General Fund revenue at \$70.5 million, followed by property tax revenue at \$49.9 million, grants at \$13.7 million, other revenues at \$17.3 million, and penalty assessment at \$90.2 million.

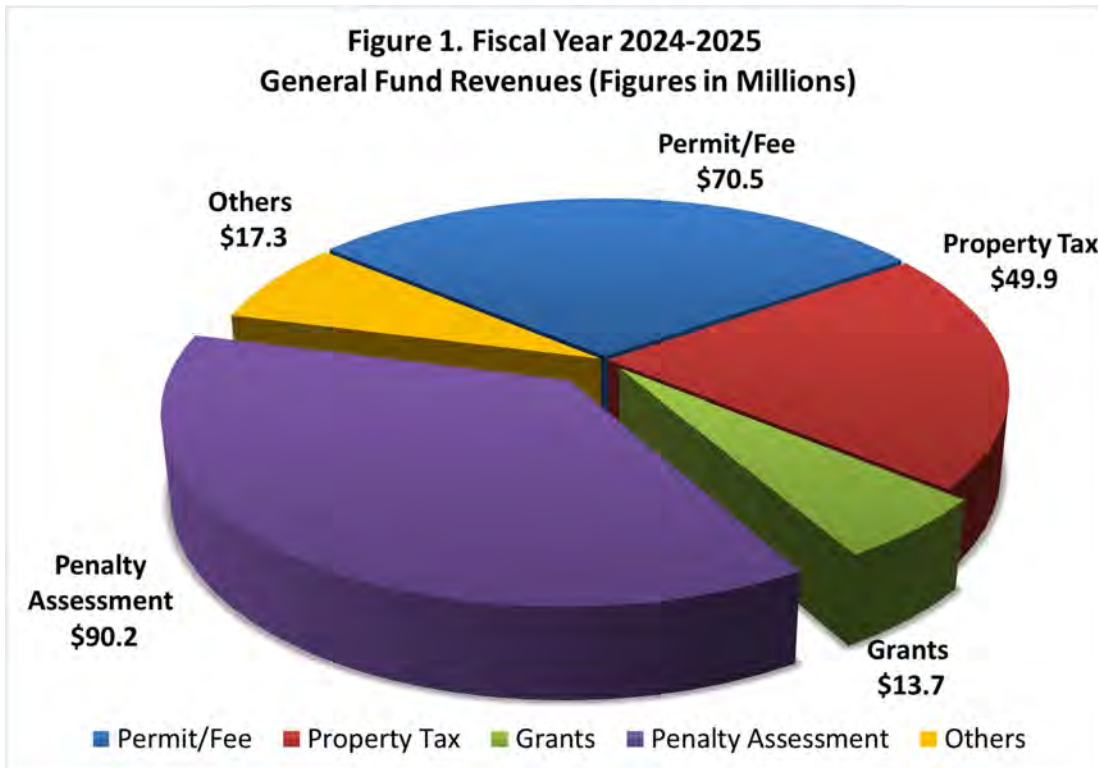


Figure 2 below provides a graph of General Fund operating expenditures (net of other financing uses) for fiscal year 2024-25. General Fund operating expenditures totaled \$136,070,055 which is an increase of \$17 million over fiscal year 2023-24. This increase is mainly due to increased personnel and benefit costs, increased activities related various programs service and supplies costs, offset by decrease in capital expenditures, and program distribution.

General Fund expenditures represent the Air District's general government operating costs categorized: Salaries & Benefits (97.1 million), Services & Supplies (28.7 million), Capital Outlay (\$7.2 million), Debt Service Payments (\$1.8 million) and Program Distribution (\$1.3 million) are not operating divisions, but rather categories capturing expenditures related to capital assets, certificate of participation notes (COP) financing, and special projects, respectively.

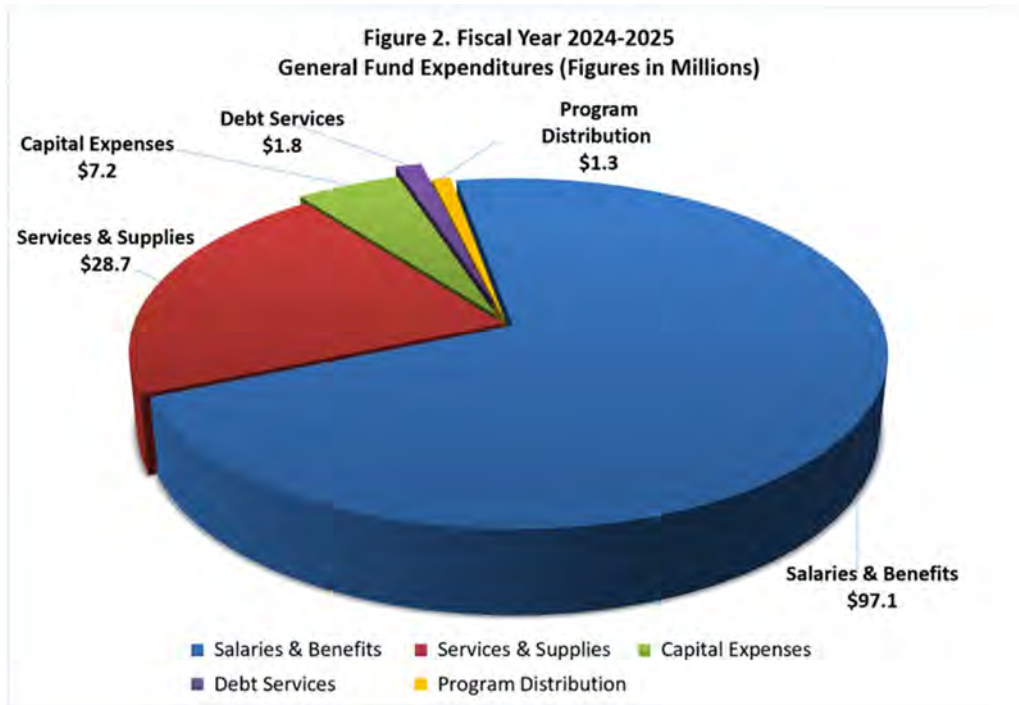
BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2025

(Unaudited)

D. General Fund Financial Analysis Continued



General Fund operating revenues exceeded operating expenditures by \$105.4 million in fiscal year 2024-25.

The General Fund is the operating fund of the Air District and at the end of the fiscal year, the total fund balance of the General Fund was \$281.1 million. The committed fund balance was \$188.4 million, restricted \$30.2 million, non-spendable \$0.7 million, and the remaining \$61.7 million is unassigned. The unassigned fund balance represents 45.4% of the total General Fund expenditures, while the total fund balance represents 206.6% of the total General Fund expenditures. The Air District has available funds for unanticipated emergencies.

The FY 2024-25 amended budget compared to the adopted budget reflect an increase in appropriations of \$19.2 million (expenditures). The budget increase reflects the Governing Board's approval to carry over prior year appropriations for multi-year projects and obligations into the current fiscal year. The FY 2024-25 actual revenues were above the final budget by \$98.1 million resulting in additional revenues related to penalty assessment, property tax, permit-related fees, and interest earned.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2025

(Unaudited)

E. Capital Assets

Capital assets include land, buildings, lab equipment, air monitoring stations, computers, office furniture and fleet vehicles of the Air District. As of June 30, 2025, the Air District's investment in capital assets was \$67.4 million net of accumulated depreciation, an increase of \$0.5 million or 0.7% from the prior year. This increase is a combination of \$6.7 million is depreciation expense; offset by approximately \$7.2 million in additional assets consisting of enterprise application, lease assets, and equipment purchases.

F. Long-Term Liabilities

At the end of the current fiscal year, the Air District had total long-term liabilities of \$128.1 million. Of this amount, \$106.0 million comprises of the Air District's Net Pension Liability, \$2.2 million is related to Net OPEB Liability; \$15.7 million pertains to the Air District's outstanding Certificate of Participation (COPs); \$2.3 million is related to compensated absences; and the remaining balance of \$1.9 million is related to lease obligations. The net decrease in long term liability is \$6.7 million. It is mainly related to increases in the compensated absences \$1.5 million and offset by decrease in pension liability (\$3.3 million), Net OPEB Liability (\$4 million), Lease obligation (\$0.3 million) and COPS (\$0.5 million).

G. Economic Factors and Next Year's Budget

The Fiscal Year 2025-2026 adopted General Fund budget of \$165 million is balanced and includes a \$16.4 million transfer from General Fund reserves. This transfer supports the addition of 23 new Full-Time Equivalent (FTE) positions and six Limited-Term Contract Employees (LTCEs) aligned with the Air District's Strategic Plan goals, with a strong emphasis on environmental justice, community engagement, and outreach. The reserve transfer also continues prior-year staffing investments to strengthen critical programs and service delivery, funds one-time initiatives to modernize essential services, enhances enforcement capabilities, and supports the acquisition of necessary capital assets. Even with these short-term investment strategies, the Air District maintains a healthy reserves balance.

Approximately 29% of the Air District's General Fund revenues are derived from property taxes levied across nine Bay Area counties, while 42% comes from permit fees charged to local businesses. As a result, General Fund revenues are sensitive to fluctuations in the state and local economy. Property tax revenue projections remain stable, reflecting increased estimates driven by a 2% statutory inflationary adjustment to the property tax roll and continued housing market activity. Permit fee revenues are also projected to increase, consistent with the Air District's cost recovery policy, which ensures that regulatory fees are recovering the costs of providing services.

As part of efforts to address operational capacity and reduce permitting delays, the Board of Directors approved the Permit Backlog Reduction Plan in September 2025 to support the addition of 15 full-time equivalent positions and 14 limited-term positions. These staffing increases are expected to support improved permit processing timeliness.

H. Request for Information

This financial report is designed to provide a general overview of the Air District's finances for all those with an interest in the Air District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Stephanie Osaze, Finance Director, at 375 Beale Street, Suite 600, San Francisco, CA 94105.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Statement of Net Position

June 30, 2025

**Governmental
Activities**

Assets:	
Cash and cash equivalents	\$ 254,066,647
Restricted cash and cash equivalents	516,910,348
Restricted cash and cash equivalents - Pension Prefunding Trust	22,544,304
Receivables	25,820,989
Due from other governments	4,937,913
Prepays, deposits, and other assets	967,824
Capital assets:	
Non-depreciable	3,974,267
Depreciable	127,247,379
Lease asset	5,334,769
Less: accumulated depreciation	<u>(69,179,587)</u>
Total capital assets, net of depreciation	<u>67,376,828</u>
Total Assets	<u>892,624,853</u>
Deferred Outflows of Resources	<u>42,461,513</u>
Liabilities:	
Accounts payable	11,302,871
Accrued liabilities	3,642,131
Due to other governments	208,079
Other liabilities	3,391,766
Unearned revenue	281,560,103
Long-term liabilities	
Portion due within one year:	
Compensated absences	6,730,286
Certificates of participation	500,000
Lease obligations	453,153
Portion due after one year:	
Compensated absences	2,276,195
Certificates of participation	15,700,000
Lease obligations	1,866,342
Net pension liability	105,978,447
Net OPEB liability	<u>2,204,365</u>
Total Liabilities	<u>435,813,738</u>
Deferred Inflows of Resources	<u>7,823,456</u>
Net Position:	
Net investment in capital assets	48,857,333
Restricted for:	
Air quality grants and projects	238,869,537
Post-employment benefits	3,855,598
Debt service	3,197,489
Pension Prefunding Trust	22,544,304
Unrestricted	174,124,911
Total Net Position	<u>\$ 491,449,172</u>

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Statement of Activities
Year Ended June 30, 2025

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Primary government	\$ 133,474,166	\$ 158,711,794	\$ 15,374,973	\$ 40,612,601
California Goods Movement Program	322,165	-	377,480	55,315
Vehicle settlement	2,171,766	2,491,209	-	319,443
Interest expense	696,785	-	-	(696,785)
TFCA / MSIF, CPM & other programs:				
TFCA / MSIF & other program distribution	44,797,209	-	66,612,975	21,815,766
Carl Moyer Program	36,398,491	-	36,925,891	527,400
Total Governmental Activities	<u>\$ 217,860,582</u>	<u>\$ 161,203,003</u>	<u>\$ 119,291,319</u>	<u>\$ 62,633,740</u>
General revenues:				
County apportionment				49,888,444
Investment income (loss) not restricted for a specific program				22,440,095
Other				414,391
Total General Revenues				<u>72,742,930</u>
Change in Net Position				135,376,670
Net Position – Beginning of Year, Restated				356,072,502
Net Position – End of Year				<u>\$ 491,449,172</u>

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Balance Sheet
Governmental Funds
June 30, 2025

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental</u>
Assets:			
Cash and cash equivalents	\$ 254,066,647	\$ -	\$ 254,066,647
Restricted cash and cash equivalents	7,053,087	509,857,261	516,910,348
Restricted cash and cash equivalents - Pension Prefunding Trust	22,544,304	-	22,544,304
Receivables	13,624,321	12,196,668	25,820,989
Due from other governments	4,665,857	272,056	4,937,913
Due from other funds	9,734,198	-	9,734,198
Prepays, deposits, and other assets	932,431	35,393	967,824
Total Assets	<u>312,620,845</u>	<u>522,361,378</u>	<u>834,982,223</u>
Liabilities and Fund Balances:			
Accounts payable	2,740,370	8,562,501	11,302,871
Accrued liabilities	3,957,419	-	3,957,419
Due to other governments	208,079	-	208,079
Due to other funds	-	9,734,198	9,734,198
Other liabilities	3,167,168	224,598	3,391,766
Unearned revenue	15,961,754	265,598,349	281,560,103
Total Liabilities	<u>26,034,790</u>	<u>284,119,646</u>	<u>310,154,436</u>
Deferred Inflows of Resources:			
Unavailable revenue	5,519,064	-	5,519,064
Total Deferred Inflows of Resources	<u>5,519,064</u>	<u>-</u>	<u>5,519,064</u>
Fund Balances:			
Nonspendable:			
Prepaid items	738,953	-	738,953
Restricted:			
Air quality grants and projects	627,805	238,241,732	238,869,537
Postemployment benefits	3,855,598	-	3,855,598
Debt service	3,197,489	-	3,197,489
Pension Prefunding Trust	22,544,304	-	22,544,304
Committed:			
Air quality grants and projects	13,378,757	-	13,378,757
Other committed	65,402,649	-	65,402,649
Local Community Benefit Fund	87,385,621	-	87,385,621
Regional Community Benefit Fund	22,192,114	-	22,192,114
Unassigned	61,743,701	-	61,743,701
Total Fund Balances	<u>281,066,991</u>	<u>238,241,732</u>	<u>519,308,723</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 312,620,845</u>	<u>\$ 522,361,378</u>	<u>\$ 834,982,223</u>

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2025

Total Fund balances - Governmental Funds	\$ 519,308,723
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$136,556,415 and accumulated depreciation is \$69,179,587.	67,376,828
Receivables that will be collected in the following year and therefore are not available soon enough to pay for current period's expenditures and therefore are not reported in the governmental funds.	5,519,064
Long-term liabilities, including legal settlements, compensated absences, COPs liability, and capital lease obligation are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(27,210,688)
Proportionate share of net pension liability and related deferred inflow/outflow of resources are not reported in the governmental funds.	(74,853,301)
Net other post-employment benefits asset and related deferred inflow/outflow of resources are not reported in the governmental funds.	<u>1,308,546</u>
Total Net Position - Governmental Activities	<u><u>\$ 491,449,172</u></u>

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

	General	Special Revenue	Total Governmental
Revenues:			
TFCA / MSIF DMV fees	\$ -	\$ 57,338,945	\$ 57,338,945
Permit fees	66,739,431	-	66,739,431
County apportionment	49,888,444	-	49,888,444
California Goods Movement	-	377,480	377,480
Carl Moyer Program	-	36,925,891	36,925,891
Federal grants	4,930,957	930,845	5,861,802
Penalties and variance fees	90,211,513	-	90,211,513
Asbestos fees	3,728,850	-	3,728,850
State subvention	1,701,561	-	1,701,561
State and other grants	8,742,455	8,343,185	17,085,640
Portable equipment registration program (PERP)	1,780,668	-	1,780,668
Vehicle settlement	-	2,491,209	2,491,209
Other revenues	414,391	-	414,391
Interest and investment gain	11,745,426	9,086,385	20,831,811
Interest and investment gain Pension Prefunding Trust	1,608,284	-	1,608,284
Total Revenues	241,491,980	115,493,940	356,985,920
Administration:			
Salaries and benefits	97,105,539	7,779,864	104,885,403
Services and supplies	28,650,859	4,730,586	33,381,445
Program distribution	1,306,795	71,179,181	72,485,976
Debt service:			
Principal	1,119,501	-	1,119,501
Interest	696,785	-	696,785
Capital outlay	7,190,576	-	7,190,576
Total Expenditures	136,070,055	83,689,631	219,759,686
Excess of Revenues Over Expenditures	105,421,925	31,804,309	137,226,234
Other Financing Sources (Uses):			
Transfers in	2,068,404	-	2,068,404
Transfers out	-	(2,068,404)	(2,068,404)
Leases	175,222	-	175,222
Total Other Financing Sources (Uses)	2,243,626	(2,068,404)	175,222
Net Changes in Fund Balances	107,665,551	29,735,905	137,401,456
Fund Balances, July 1, 2024	173,401,440	208,505,827	381,907,267
Fund Balances, June 30, 2025	\$ 281,066,991	\$ 238,241,732	\$ 519,308,723

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
 and Changes in Fund Balances to the Statement of Activities
 Year Ended June 30, 2025

Net Changes in Fund Balances - Governmental Funds	\$137,401,456
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	462,260
Proceeds of new debt and repayment on debt principal are reported as expenditures and other financing sources and uses in the governmental funds, but constitute reductions to liabilities in the statement of net position.	944,279
In the statement of activities, compensated absences are measured by the amounts the employees earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(495,981)
Because certain revenues will not be collected soon enough to be considered "available" revenues for this year.	(3,748,668)
Actuarial pension expense is recognized in the government wide statements and actual pension contributions are reclassified in the current year as deferred outflow of resources.	(2,271,666)
Actuarial OPEB revenue is recognized in the government wide statements and actual OPEB contributions are reclassified in the current year as deferred outflow of resources.	3,084,990
Changes in Net Position of Governmental Activities	<u>\$135,376,670</u>

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

(1) Summary of Significant Accounting Policies

The Bay Area Air Quality Management District (District) was created by the California legislature in 1955. The District's structure, operating procedures, and authority are established by Division 26 of the California Health and Safety Code.

The following summary of the more significant accounting policies of the District is provided to assist the reader in interpreting the basic financial statements presented in this section. These policies, as presented, should be viewed as an integral part of the accompanying basic financial statements.

(a) Reporting Entity

The District's jurisdiction is limited principally to policing non-vehicular sources of air pollution within the Bay Area, primarily industry pollution and burning. Any company wishing to build or modify a facility in the Bay Area must first obtain a permit from the District to ensure that the facility complies with all applicable rules.

The District also acts as the program administrator for Transportation Fund for Clean Air (TFCA) funds and Mobile Source Incentive funds (MSIF) derived from Assembly Bill 434 and Assembly Bill 923, respectively. TFCA and MSIF funding comes from a \$4 and \$2 surcharge, on motor vehicles registered within the District's boundaries. TFCA funding may only be used to fund eligible projects that reduce motor vehicle emissions and support the implementation of the transportation and mobile source control measures in the 1994 Clean Air Plan. All projects must fall within the categories listed in State Law (Health and Safety Code Section 44241).

The Health and Safety Code requires the District to pass through no less than 40% (forty percent) of the TFCA revenues raised within a particular county to that county's eligible, designated Program Manager. The remaining 60% (sixty percent) is for Regional Fund grants and is being allocated to projects on a competitive basis. Projects are evaluated using the District's Board-adopted evaluation and scoring criteria. The District may receive reimbursement from TFCA funds, not to exceed 6.25% (six and a quarter percent) of total funds, for the administration of the program. TFCA activities are accounted for in the District's Special Revenue Fund.

The District is responsible for regulatory stationary sources of air pollution in seven counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, and Santa Clara; and portions of two other counties: Southwestern Solano and Southern Sonoma. The District is governed by a 24 (twenty-four) member Board of Directors that includes representatives from all of the above counties.

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(b) Government-wide and Fund Financial Statements

The District's basic financial statements consist of fund financial statements and government-wide statements which are intended to provide an overall view of the District's finances. The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all District funds excluding the effect of interfund activities. Governmental activities are normally supported by taxes and intergovernmental revenues.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column.

(c) *Basis of Accounting*

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to pay current liabilities.

The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 (sixty) days after year-end.

Expenditures for governmental funds are generally recognized when the related fund liability is incurred, except debt service expenditures and expenditures related to compensated absences which are recognized when payment is due. Governmental capital asset acquisitions are reported as expenditures in the governmental funds.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place.

Imposed non-exchange transaction revenues result from assessments imposed on non-governmental entities, including individuals (other than assessments imposed on exchange transactions), and the revenues are recognized in the period when the use of the resources is required or first permitted. District-imposed non-exchange transactions are the TFCA/MSIF DMV fees, Permit fees, Title V Permit fees, Asbestos fees, Penalties and Variance fees, and Settlements.

Government-mandated non-exchange transactions result from one level of government providing resources to another level of government and requiring the recipient to use the resources for a specific purpose. Voluntary non-exchange transactions result from agreements entered into voluntarily by the parties thereto. Both types of non-exchange transaction revenues are treated in the same manner. Revenues are recognized when all applicable eligibility requirements are met. District transactions of both types include the Carl Moyer program, Lower Emission School Bus program, State Subvention, EPA federal grants, OHS federal grants, CMAQ Spare the Air grants, other grants, California Goods Movement program, Shore Power program, and various agreements with the nine Counties served by the District.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

Those revenues susceptible to accrual are taxes, intergovernmental revenues, interest, charges for services, fines, and penalties, and license and permit revenues.

Under the modified accrual basis, revenue from exchange and non-exchange transactions must meet both the “measurable” and “available” criteria to be recognized in the current period. On governmental fund financial statements, receivables that will not be collected within the availability period have been offset with unavailable revenue. Unearned revenue arises when assets are received before the revenue recognition criteria have been satisfied. Grants received before eligibility requirements have been satisfied are recorded as unearned revenue in the governmental fund financial statements (see Note 6).

(d) Fund Accounting

The District’s accounting system is organized and operated on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A description of the activities of the major funds is provided below:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for the specific purpose of the individual funds.

(e) Cash and Investments

Cash includes amounts in deposits with the San Mateo County Investment Fund (County Pool), and funded in the California Employers’ Pension Prefunding Trust (“CEPPT”).

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District’s securities portfolio is held by the County of San Mateo Treasurer. All District investments are stated at fair value based on quoted market prices.

(f) Receivables

During the course of normal operations, the District carries various receivable balances for taxes, interest, and permitting operations. The District considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they will be charged to operations when that determination is made.

(g) Short-term Interfund Receivables/Payables

Occasionally, a fund will not have sufficient cash to meet its financial obligations and a cash transfer will be required to enable that fund to pay its outstanding invoices and other obligations. These temporary borrowings between funds are classified as “due from other funds” or “due to other funds” on the governmental funds balance sheet. Interfund balances within governmental activities are eliminated on the government-wide statement of net position.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

(h) Capital Assets

Capital assets, which include land, depreciable assets, the right to use leased vehicles and buildings, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation, in which case they are recorded at estimated market value at the date of receipt. The District utilizes a capitalization threshold of \$5,000. Donated capital assets are recorded at their estimated fair value at the date of donation.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings, grounds & improvements	15 - 20
Equipment	5 - 15

(i) Deferred Outflows / Deferred Inflows

In addition to assets, the financial statements report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to the District's pension plan after the measurement date but before the fiscal year-end are recorded as a deferred outflow of resources. Additional factors involved in the calculation of the District's pension expense and net pension liability include the differences between expected and actual experience, changes in assumptions, and differences between projected and actual investment earnings. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 7 for further details related to these pension deferred outflows and inflows. In the fund financial statements, the District reports unavailable revenues as a deferred inflow of resources.

(j) Compensated Absences

The District's policies provide compensation to employees for certain absences, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on any special event beyond the control of the District and its employees is accrued as employees earn those benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in a period in which such services are rendered or in which such events take place.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

The District, in implementation of GASB 101, has reported a liability in the government-wide statements for current year compensatory time earned to be paid in future years. The District's liability for compensated absences is recorded in the Statement of Net Position. District employees are allowed to accrue no more than four hundred and sixty hours of vacation as of the end of the calendar year. In the event of termination, the employees are reimbursed for all accumulated vacation at the time of separation from the District. There are no restrictions regarding the accumulation of sick leave. On termination, employees are not paid for accumulated sick leave, but the accumulated sick leave is counted as service credit by the CalPERS pension plan administered by the State of California.

(k) Pensions

The District participates in the Bay Area Air Quality Management District Miscellaneous Plan (the Plan), an agent multiple-employer defined benefit pension plan maintained by the California Public Employees' Retirement System (CalPERS). For purposes of measuring the net pension liability, pension expense, and deferred outflows/inflows of resources related to pensions, information about the fiduciary net position of the Plan, and additions to/deductions from the Plan's fiduciary net position, have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(l) Use of Management Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(m) Net Position / Fund Balance

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt, if any, that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to have been spent first.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

The governmental fund statements utilize a fund balance presentation. Fund balances are categorized as Nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable Fund Balance – This category presents the portion of fund balance that cannot be spent because it is either not in a spendable form or it is legally or contractually required to be maintained intact.

Restricted Fund Balance – This category presents the portion of the fund balance that is for specific purposes stipulated by constitution, external resource providers, or enabling legislation.

Committed Fund Balance – This category presents the portion of the fund balance that can be used only for the specific purposes determined by a formal action (Resolution) of the District’s highest level of decision-making authority. For the District, this level of authority lies with the Board of Directors.

Assigned Fund Balance – This category presents the portion of the fund balance that is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. For the District, balances can be assigned by management or through the budget process. As of June 30, 2025, the District had no assigned fund balance.

Unassigned Fund Balance – This category presents the portion of the fund balance that does not fall into restricted, committed, or assigned and is spendable.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers assigned amounts to be reduced first before the unassigned amounts.

(n) New Pronouncements

For the fiscal year ended June 30, 2025, the District implemented GASB issued Statement No. 101, Compensated Absences which supersedes GASB Statement 16 Accounting for Compensated Absences, effective for fiscal years beginning after December 15, 2023. The updated standard addresses accounting and government-wide financial reporting of compensated absences and associated salary-related payments including certain defined contributions pension and defined contribution other postemployment benefits (OPEB). Please refer to footnote 1(j), which describes the change in the accounting policy for Compensated Absences.

Implementation requires the District to recognize an allowance for compensatory time which has been earned, unused, and is more than likely to be used. Whereas the prior standard the District did not accrue a liability for unused compensatory time since accumulated compensatory time is not a vested benefit. Current year adoption impact is an increase of \$322,859 to Accrued Payroll Liabilities and Compensation Absence expenditures in the government-wide financial statements. There was no material effect on the beginning net position from the implementation of this standard.

For the fiscal year ended June 30, 2025, the District implemented GASB issued Statement No. 102, Certain Risk Disclosures, effective for fiscal years beginning after June 15, 2024. The standard provides users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. GASB 102 requirements apply only to note disclosure and do not have any effect on beginning net position. The District implemented GASB 102 and evaluated their concentrations and constraints, but did not have any events that required disclosure.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

(2) Cash, Cash Equivalents, and Investments

Cash and Investments

The District pools cash from multiple sources and funds so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

Cash, cash equivalents, and investments as of June 30, 2025, are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 254,066,647
Restricted cash and cash equivalents	516,910,348
Restricted cash and cash equivalents – Pension Prefunding Trust	<u>22,544,304</u>
Total cash, cash equivalents and investment	<u><u>\$ 793,521,299</u></u>

Investment in Pension Prefunding Trust

In fiscal year 2022, the District's Board of Directors approved funding into the California Employers' Pension Prefunding Trust ("CEPPT"), an IRC Section 115 pension trust, to mitigate future budget impacts of rising pension contributions to CalPERS. The Section 115 pension trust assets are classified as restricted assets since their use is limited in scope to funding the District's CalPERS pension plan expenditures. Trust account holders can select from two strategy options for investments. The District has invested in the asset allocation for the Strategy 2 portfolio. Both portfolios seek to provide capital appreciation and income, but the Strategy 2 portfolio has a lower allocation to equities and a higher allocation to bonds and is considered the more conservative strategy.

Cash in County Treasury

The District is a voluntary participant in the San Mateo County Investment Fund (County Pool) that is regulated by the California Government Code under the oversight of the Treasury of the County of San Mateo (the Treasury). The Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The Treasury is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits; U.S. government securities; state registered warrants, notes, or bonds; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

The District earns Interest on a proportionate basis with all other investors. Interest is credited directly to the District's account quarterly. The pooled fund is collateralized at 102% by San Mateo County, but not specifically identified to any one depositor or in the District's name.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

The District reports its investment in the County Pool at the fair value amount provided by the County. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants. As of June 30, 2025, the District recorded a total of \$13.3 million of unrealized gain to reflect investments at its fair value.

Investments Authorized by the District's Investment Policy

The table below identifies the investment types authorized for the District by the California Government Code Section 53601 or the Treasury investment policy, which was adopted by the District, whichever is more restrictive. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Except for investments by trustees of Certificates of Participation (COPs) proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from the website at <http://ttax.co.la.ca.us/>. The table below identifies some of the investment types permitted in the investment policy:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Government Agency / Sponsored Enterprise Securities	7 Years	100%	40%
U.S. Treasury Obligations	7 Years	100%	100%
Asset-Backed Securities	5 Years	20%	5%
Banker's Acceptances	180 Days	15%	5%
Commercial Paper	270 Days	40%	5%
Negotiable Certificates of Deposit	5 Years	30%	5%
Collateralized Certificates of Deposit	1 Year	15%	5%
Repurchase Agreements	92 Days	100%	100%
Mutual Funds	N/A	20%	10%
Corporate Bonds, Medium-Term Notes & Covered Bonds	5 Years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	Up to the state limit	Up to the state limit

Investments Authorized by Debt Agreements

The District's cash, cash equivalents, and investments with fiscal agent in the General Fund in the amount of \$3,197,489 represent funds which are restricted for specific purposes under the terms of the debt agreement at June 30, 2025.

Investments of debt proceeds held by the trustee are governed by provisions of the trust agreement rather than the general provisions of the California Government Code or the District's investment policy.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

Derivative Investments

The District did not directly enter into any derivative investments, and the County Pool was not holding derivative investments at June 30, 2025.

Disclosures Related to Interest Rate Risk and Credit Risk

Generally, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and the District's investment policy limit the District's investments in banker's acceptances, commercial paper, negotiable certificates of deposit collateralized certificates of deposit, and repurchase agreements to the rating of A-1/P-1/F-1 or better by two of the three nationally recognized rating services (Standard & Poor's, Moody's Investors Service, or Fitch Ratings). Corporate securities are required to have a rating of A or better at the time of purchase, and the amount invested in corporate securities in the A rating category shouldn't exceed 90% of the 30% permitted corporate allocation. U.S. government securities are required to have a rating of AA, long-term, or A-1, short-term, or better by two of the three rating services. Asset-backed securities are required to have a rating of AAA or higher by two of the three rating services.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The District's cash, cash equivalents, and investments were categorized as follows at June 30, 2025:

	<u>Ratings:</u>		<u>Maturities</u>	<u>Fair Value</u>
	<u>Moody's</u>	<u>S&P</u>		
AIG Fixed Annuity	Not Rated	Not Rated	Current	\$ 3,855,598
Dreyfus Treasury Securities	Aaa-mf	AAAm	Current	3,197,489
Investments in San Mateo Pooled Fund Investment Program	Aaa to A3	AAA to BBB+	2.29 Years	763,923,908
Total cash, cash equivalents, and investments				<u>\$ 770,976,995</u>

Restricted Cash, Cash Equivalents, and Investments

The District's restricted cash, cash equivalents, and investments are \$539,454,652 at June 30, 2025.

Included in this restricted balance is \$509,857,261 for air quality grants and projects, \$3,197,489 for debt service, and \$3,855,598 restricted for post-employment benefits.

Additionally, the District maintains restricted cash, cash equivalents, and investments in the Pension Prefunding Trust (CEPPT) of \$22,544,304 at June 30, 2025. This balance is restricted as funds deposited in the Pension Prefunding Trust are irrevocable and may only be used for the specific purpose for which the trust was established.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2025

Fair Value Measurement

GASB 72 requires the District to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach, or an income approach. Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs. The investment in San Mateo Pooled Fund Investment Pool is subject to fair value measurement; however, it is not subject to the fair value hierarchy. The Dreyfus Treasury Securities are classified as Level 2 because they are observable but do not have quoted prices in an active market. The AIG Fixed Annuity is classified as Level 3 of the fair value hierarchy because it is a contract with AIG related to the restricted portion of OPEB funding and is not available for sale or transfers on any securities exchange.

(3) Receivables

At June 30, 2025, the District had the following accounts receivable:

General Fund:

Permit and other fees	\$	11,552,533	
County apportionments		59,454	
Interest		2,006,761	
Other		5,753	
Total General Fund			\$ 13,624,321

Special Revenue Fund

TFCA DMV fees	\$	4,864,222	
MSIF DMV fees		2,128,423	
Interest		5,204,023	
Total Special Revenue Fund			\$ 12,196,668

Total Receivables

\$ 25,820,989

(4) Interfund Transactions

Current interfund balances (due to/from other funds) arise in the normal course of business and represent short-term borrowings occurring as a result of expenditures that are paid prior to the receipt of revenues. These balances are expected to be repaid shortly after the end of the fiscal year when revenues are received.

At June 30, 2025, the General Fund was owed \$9,734,198 by the Special Revenue Fund.

With Board approval, resources are transferred from one fund to another. The purpose of the majority of transfers is to move approved administrative revenue charged to restricted programs in the Special Revenue Fund to the General Fund. Interfund transfers for the year ended June 30, 2025, were as follows:

<u>Fund Receiving Transfer</u>	<u>Fund Making Transfer</u>	<u>Amount Transferred</u>
General Fund	Special Revenue Fund	\$ 2,068,404

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

(5) Capital Assets

The District's capital assets were comprised of the following at June 30, 2025:

	Balance at 7/1/2024	Additions	Transfers, Adjustments, Deletions	Balance at 6/30/2025
Nondepreciable Assets:				
Land	\$ 3,974,267	\$ -	\$ -	\$ 3,974,267
Construction in progress	86,581	(86,581)	-	-
Total nondepreciable assets	<u>4,060,848</u>	<u>(86,581)</u>	<u>-</u>	<u>3,974,267</u>
Depreciable assets:				
Building	36,950,205	-	-	36,950,205
Building & grounds	7,718,029	-	-	7,718,029
Leasehold improvements	2,933,740	-	-	2,933,740
Office equipment	445,678	-	(119,041)	326,637
Computer & network equipment	10,687,237	1,565,554	-	12,252,791
Enterprise application	44,043,366	4,056,044	-	48,099,410
Motorized equipment (vehicles)	429,694	-	-	429,694
Lab & monitoring equipment	13,456,038	1,343,647	24,909	14,824,594
Communication equipment	3,179,813	50,109	48,266	3,278,188
Furniture	231,177	-	-	231,177
General equipment	202,914	-	-	202,914
Lease assets	5,159,547	175,222	-	5,334,769
Total depreciable assets	<u>125,437,438</u>	<u>7,190,576</u>	<u>(45,866)</u>	<u>132,582,148</u>
Building	12,775,578	1,847,510	-	14,623,088
Building & grounds	2,194,527	426,383	-	2,620,910
Leasehold improvements	2,782,467	5,083	-	2,787,550
Office equipment	420,074	5,294	(117,409)	307,959
Computer & network equipment	10,072,330	264,472	-	10,336,802
Enterprise application	16,390,621	2,936,224	-	19,326,845
Motorized equipment (vehicles)	338,493	15,550	-	354,043
Lab & monitoring equipment	11,659,047	518,600	(13,040)	12,164,607
Communication equipment	3,003,166	33,328	-	3,036,494
Furniture	163,146	13,949	-	177,095
General equipment	196,992	-	-	196,992
Lease assets	2,587,277	659,925	-	3,247,202
Total accumulated depreciation	<u>62,583,718</u>	<u>6,726,318</u>	<u>(130,449)</u>	<u>69,179,587</u>
Total depreciable assets, net	<u>62,853,720</u>	<u>464,258</u>	<u>84,583</u>	<u>63,402,561</u>
Total capital assets, net	<u>\$ 66,914,568</u>	<u>\$ 377,677</u>	<u>\$ 84,583</u>	<u>\$ 67,376,828</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2025

Depreciation expense by function for capital assets for the year ended June 30, 2025, is as follows:

Primary Government:

Administrative services	\$ 958,932
Assessment, inventory & model	120,958
Community engagement	283,981
Communications office	61,141
Compliance & enforcement	612,883
Diversity equity & inclusion	28,310
Engineering	435,440
Executive	242,735
Finance	216,564
Human resources	68,556
Information services operations	210,292
Legal services	151,790
Legislative	17,611
Meteorology & measurement	1,368,076
Enterprise technology solutions	1,728,647
Planning	113,598
Rule	82,243
Strategic incentives division	8,418
Technology implementation office	16,145
Total depreciation expense	\$ 6,726,318

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

(6) Unearned / Unavailable Revenue

The governmental fund financial statements report unavailable revenues as a deferred inflow of resources in connection with receivables for revenues that are not available when they are not collectible within the current period or soon enough thereafter to pay for liabilities of the current period. The District reports a liability for unearned revenue in connection with resources that have been received, but not yet earned. As of June 30, 2025, the various components of unavailable revenue and unearned revenue reported were as follows:

	<u>Unearned Revenue</u>	<u>Unavailable Revenue</u>	<u>Total</u>
General Fund:			
Permits and licenses	\$ -	\$ 5,519,064	\$ 5,519,064
Community Air Protection Program	15,961,754	-	15,961,754
Total General Fund	<u>15,961,754</u>	<u>5,519,064</u>	<u>21,480,818</u>
Special Revenue Fund:			
GMB - Administration	1,074,289	-	1,074,289
GMB - On-Road Projects	13,605,334	-	13,605,334
Shore Power Projects	6,308,987	-	6,308,987
TRUs	6,656	-	6,656
Locomotive	8,357	-	8,357
Carl Moyer Program	145,025,400	-	145,025,400
Carl Moyer Program Administration	4,312,412	-	4,312,412
Low Carbon Project Funding	2,580,266	-	2,580,266
Low Carbon Program Administration	1,144,021	-	1,144,021
Clean for All Cars Administration	2,927,613	-	2,927,613
Clean for All Cars Funding	6,521,749	-	6,521,749
Vehicle Settlement	80,521,456	-	80,521,456
Special Projects	1,561,809	-	1,561,809
Total Special Revenue Fund	<u>265,598,349</u>	<u>-</u>	<u>265,598,349</u>
Total Unearned and Unavailable Revenue	<u>\$ 281,560,103</u>	<u>\$ 5,519,064</u>	<u>\$ 287,079,167</u>

(7) Deferred Outflows and Inflows of Resources

District's deferred outflows and inflows of resources as of June 30, 2025 are comprised of the following:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes of assumptions - Pension	\$ 3,837,095	\$ -
Changes of assumptions - OPEB	1,298,225	3,930,119
Differences between expected and actual experience - Pension	7,241,779	-
Differences between expected and actual experience - OPEB	4,623,547	3,893,337
Net differences between projected and actual earnings on plan investments - Pension	4,412,526	-
Net differences between projected and actual earnings on plan investments - OPEB	908,710	-
Pension contributions subsequent to measurement date	15,633,746	-
OPEB contributions subsequent to measurement date	4,505,885	-
Total	<u>\$ 42,461,513</u>	<u>\$ 7,823,456</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

(8) Long-Term Liabilities

(a) Certificate of Participation

On November 7, 2013, the District issued \$30,000,000 through a private placement of taxable Certificates of Participation (COPs) with Bay Area Headquarters Authority (BAHA) to finance its ownership interest of approximately 75,000 square feet of office space at 375 Beale Street. The COPs were held by the Bank of New York Mellon Trust Company, N.A., as Trustee, in an escrow account until the acquisition of the premises by the District which occurred in May 2017. The escrow account paid interest due during the escrow period, at an annual rate of 0.247%, using proceeds of the COPs. Upon the acquisition date, the escrow period ended, and the District began making base rental payments of \$100,000 per month beginning July 1, 2017.

The District is subject to mandatory sinking fund account payments as follows:

<u>Payment Date</u> <u>(November 1)</u>	<u>Amount</u>	<u>Payment Date</u> <u>(November 1)</u>	<u>Amount</u>
2020	\$ 400,000	2033	\$ 700,000
2021	400,000	2034	800,000
2022	500,000	2035	800,000
2023	500,000	2036	800,000
2024	500,000	2037	800,000
2025	500,000	2038	800,000
2026	500,000	2039	900,000
2027	600,000	2040	900,000
2028	600,000	2041	900,000
2029	600,000	2042	1,000,000
2030	600,000	2043	1,000,000
2031	700,000	2044	1,000,000
2032	700,000	2045	1,000,000

The District and BAHA had entered into a financing lease/sublease arrangement whereby at the date of acquisition the District leased its office space to BAHA and BAHA subleased office space back to the District to secure payment on the COPs. Under the terms of the agreement, total monthly payments have been predetermined and the amount of such payments that relate to interest will be calculated based on the Adjustable Rate Mode accrued at the Adjusted Interest Rate as provided in the lease/sublease agreement with BAHA. All payments made into the sinking fund are restricted for debt service.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

Total payments of principal and interest are structured as follows:

<u>Fiscal Year</u>	<u>Total Annual Payments</u>	
2026	\$	1,200,000
2027		1,200,000
2028		1,370,000
2029		1,370,000
2030		1,370,000
2031-2035		6,850,000
2036-2040		6,850,000
2041-2045		6,850,000
	\$	<u>27,060,000</u>

Upon payment of all rental payments under the term of the sublease agreement, the title of the office space will transfer to the District. Future annual payments on COPs are as follows:

<u>Year Ending June 30</u>	<u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 500,000	\$ 489,840
2027	500,000	474,240
2028	600,000	455,520
2029	600,000	436,800
2030	600,000	418,080
2031-2035	3,500,000	1,775,280
2036-2040	4,100,000	1,166,880
2041-2045	4,800,000	464,880
2046	1,000,000	—
	<u>\$ 16,200,000</u>	<u>\$ 5,681,520</u>

COPs bear a variable interest rate structure with preset interest rate caps. The interest rate is based on an agreed-upon spread of 120 basis points or 1.2% plus a commonly used interest rate index published by the Securities Industry and Financial Markets Association (SIFMA). The SIFMA index rate used to calculate the interest rate is determined by the Index Agent on (1) each Index Rate Determination Date determined by the Index Agent, plus (2) the applicable spread of 1.92%; the sum of which is subject to the preset interest rate cap as follows:

Preset Interest Rate Caps structure:

Year 1-5	3.20%
Year 6-10	4.20%
Year 11-30	5.20%

The District determined that the SIFMA rate as of the end of the fiscal year ending June 30, 2025 is lower than the preset interest rate cap of 4.20%, noted above. As such, the District utilized the SIFMA rate for Fiscal Year 2025 to calculate the interest based on the predetermined principal payment schedule above.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

(b) Leases

The District is a lessee for noncancellable leases of buildings and vehicles. The District recognizes lease liability and intangible right-to-use lease assets in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain indirect costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines: (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The opening balance of the lease liability was recorded in the amount of \$2.8 million. During the year, the District entered into new agreements amounting to \$175,222. Fiscal Year 2025 amortization was \$619,501. As of June 30, 2025, the total value of the lease liability was \$2.3 million.

As of June 30, 2025, the total value of the right-to-use asset was recorded at a cost of \$5.3 million with accumulated amortization of \$3.2 million.

The future lease payments under lease agreements are as follows:

Year Ending June 30	Lease Obligations	
	Principal	Interest
2026	453,153	40,017
2027	427,628	29,619
2028	291,446	20,106
2029	150,852	15,292
2030	152,194	12,499
2031-2035	567,651	38,203
2036-3040	276,571	3,522
	<u>\$ 2,319,495</u>	<u>\$ 159,258</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2025

(c) Summary of Long-Term Liabilities

A schedule of changes in general long-term debt for the year ended June 30, 2025 is shown below:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Governmental Activities					
Certificates of participation (COPs)	\$ 16,700,000	\$ -	\$ (500,000)	\$ 16,200,000	\$ 500,000
Compensated absences	8,533,851	6,993,349	(6,520,719)	9,006,481	6,730,286
Lease obligations	2,763,774	175,222	(619,501)	2,319,495	453,153
Total	<u>\$ 27,997,625</u>	<u>\$ 7,168,571</u>	<u>\$ (7,640,220)</u>	<u>\$ 27,525,976</u>	<u>\$ 7,683,439</u>

The certificates of participation and long-term portion of compensated absences are liquidated by the General Fund. Lease obligations are liquidated by the General Fund and Special Revenue Fund.

(9) County Apportionment Revenue

As a result of the passage of Proposition 13 in fiscal year 1979, the District no longer has the power to calculate property tax revenues due for each county. Instead, the District now receives remittances from the counties, which are calculated in accordance with Assembly Bill Number 8. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year. Property tax revenues are recognized by the District in the fiscal year they are assessed, provided that they become available as defined in footnote 1(c).

Secured property tax is due in two installments, on November 1 and March 1 and becomes a lien on those dates. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31. The term "unsecured" refers to taxes on personal property other than real estate, land, and buildings. These taxes are secured by liens on the property being taxed.

Property taxes levied are recorded as revenue and receivables in the fiscal year of the levy, provided that they are collected within the fiscal year or within sixty days after year-end to be consistent with the District's collection period used in the measurement of the collection period for when revenues are considered available.

County apportionment revenue recognized as of June 30, 2025, is as follows:

<u>County</u>	<u>Amount</u>
Alameda	\$ 9,102,184
Contra Costa	5,381,475
Marin	2,138,081
Napa	1,546,848
Santa Clara	14,056,462
San Francisco	7,379,805
San Mateo	6,917,501
Solano	1,163,742
Sonoma	2,202,346
Total county apportionment revenue	<u>\$ 49,888,444</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

(10) Pension Plan

Plan Description

All District employees are eligible to participate in the Bay Area Air Quality Management District Miscellaneous Plan (the Plan), an agent multiple-employer defined-benefit pension plan administered by the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. CalPERS issues a publicly available report that includes a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found online at www.calpers.ca.gov.

Benefits Provided

Benefit provisions under the Plan are established by State statute and District resolution. The benefits are based on members' years of service, age, final compensation, and benefit formula. The California Public Employees Pension Reform Act of 2013 (PEPRA) made significant changes to the benefit structure that primarily affect members first hired to perform CalPERS creditable activities on or after January 1, 2013. As a result of PEPRA, the Plan has two benefit structures: 1) CalPERS Miscellaneous Employee "2% at 55" for members first hired prior to January 1, 2013, to perform CalPERS creditable activities (Classic members), and 2) CalPERS Miscellaneous Employee "2% at 62" for members first hired on or after January 1, 2013, to perform CalPERS creditable activities (PEPRA members). The Plan provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries.

Classic members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits, while PEPRA members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, the Optional Settlement 2 Death Benefit, or the Special Death Benefit. The standard cost-of-living adjustment (COLA) is 2% and is applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Classic	PEPRA
	Prior to	On or after
	January 1, 2013	January 1, 2013
Hiring date	2% @ 55	2% @ 62
Benefit formula	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50	52
Retirement age: minimum	1.43% - 2.42%	1.00 % - 2.50%
Monthly benefit, as a % of eligible compensation	7.00%	6.75%
Required employee contribution rates	26.70%	26.70%
Required employer contribution rates		

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2025

Employees Covered

At June 30, 2025, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	287	
Inactive employees entitled to but not yet receiving benefits	13	
Active employees	468	
Total	768	

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. For the year ended June 30, 2025, the contributions to the Plan amounted to \$15,633,746.

Net Pension Liability

The District’s net pension liability for the Plan of \$105,978,447 at June 30, 2025, is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability of the Plan is shown below. The total pension liability in the June 30, 2023, actuarial valuations were determined using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Discount rate	6.90%
Price inflation	2.30%
Salary increases	Varies by entry age and service
Mortality rate table ⁽¹⁾	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	The lesser of contract COLA or 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

All other actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study, including updates to salary increases, mortality, and retirement dates. The 2021 experience study report from November 2021 can be obtained at CalPERS' website under Forms and Publications.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class ^(a)	Assumed Asset Allocation	Real Return ^{(a), (b)}
Global equity - cap-weighted	30.00 %	4.54 %
Global equity - non-cap-weighted	12.00	3.84
Private equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed securities	5.00	0.50
Investment grade corporates	10.00	1.56
High yield	5.00	2.27
Emerging market debt	5.00	2.48
Private debt	5.00	3.57
Real assets	15.00	3.21
Leverage	(5.00)	(0.59)
	100.00 %	

^(a) An expected inflation of 2.30% used for this period.

^(b) Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2025

Changes in the Net Pension Liability

The changes in the net pension liability for the Plan are as follows:

	Liability (a)	Net Position (b)	Liability (a-b)
Balance at June 30, 2024	\$ 412,235,457	\$ 302,955,948	\$ 109,279,509
Changes recognized for the measurement period:			
Service cost	8,845,508	-	8,845,508
Interest on the total pension liability	28,458,957	-	28,458,957
Changes of benefit terms	-	-	-
Differences between expected and actual experience	6,734,462	-	6,734,462
Contributions from the employer	-	14,118,661	(14,118,661)
Contributions from employees	-	4,263,014	(4,263,014)
Net investment income	-	29,204,830	(29,204,830)
Benefit payments, including refunds of employee contributions	(21,888,051)	(21,888,051)	-
Administrative expense	-	(246,516)	246,516
Net changes	<u>22,150,876</u>	<u>25,451,938</u>	<u>(3,301,062)</u>
Balance at June 30, 2025	<u>\$ 434,386,333</u>	<u>\$ 328,407,886</u>	<u>\$ 105,978,447</u>

Sensitivity of the District's Net Pension Liability to Changes in the Discount Rate

The following presents the District's net pension liability for the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (%) or 1-percentage-point higher (%) than the current rate:

	1.00% Decrease (5.90%)	Current Discount Rate (6.90%)	1.00% Increase (7.90%)
District's net pension liability	\$ 160,460,172	\$ 105,978,447	\$ 60,694,567

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. Copies of the CalPERS annual financial report may be obtained from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA 94229-2703, or by calling (888) CalPERS (225-7377).

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2024, the District recognized pension expense of \$2,271,666 for the Plan. As of June 30, 2025, the District reported deferred outflows and deferred inflows of resources related to the Plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Changes of assumptions	\$ 3,837,095	\$ -
Differences between expected and actual experience	7,241,779	-
Net differences between projected and actual earnings on pension plan investments	4,412,526	-
District contributions subsequent to the measurement date	15,633,746	-
Total	<u>\$ 31,125,146</u>	<u>-</u>

The amounts above are net of outflows and inflows recognized in the 2023-24 measurement period expense.

The \$15,633,746 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Year ended June 30</u>	<u>Deferred Outflows Deferred Outflows of Resources</u>
2026	\$ 4,127,500
2027	11,388,390
2028	426,979
2029	(451,469)

Payable to the Pension Plan

The District's contribution for all members to the Plan for the fiscal year ended June 30, 2025, was in accordance with the required contribution rate calculated by the CalPERS actuary. Hence, no payable to the pension plan is recognized for the fiscal year ended June 30, 2025.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

(11) Postemployment Benefits – Health and Welfare for Retirees

Plan Description

The District contributes to an agent multiple-employer plan administered by CalPERS. The plan provides medical, dental, vision, and life insurance benefits to eligible retirees. Benefit provisions are established in accordance with the Employee Association Memorandum of Understanding (MOU) for represented employees and as adopted by Board Resolution for all other employees who retire from the District on or after attaining age 50 for classic or age 52 for PEPRA with at least 5 (five) years of service, or an approved disability retirement.

The District established an irrevocable trust to prefund the other postemployment benefit annual required contribution by participating in the California Employers' Retiree Benefit Trust (CERBT) program during the fiscal year ended June 30, 2009. The funds in the CERBT are held in the trust and administered by the California Public Employees' Retirement System (CalPERS).

The CERBT fund, which is an IRC Section 115 Trust, is set up for the purpose of (i) receiving employer contributions to prefund health and other postemployment benefits for retirees and their beneficiaries, (ii) investing contributed amounts and income therein, and (iii) disbursing contributed amounts and income therein, if any, to pay for costs of administration of the fund and to pay for health care costs or other postemployment benefits in accordance with the terms of the District's OPEB plan. The District's Other Postemployment Benefits (OPEB) financial statements will be included in the CalPERS Comprehensive Annual Financial Report (CAFR). Copies of CalPERS' CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Additionally, the plan maintains a closed group of retirees receiving coverage through a separate life insurance policy with American International Group, Inc. (AIG). The District makes contributions to the AIG Retiree Life Reserve Fund on an annual basis as needed to ensure that Fund's balance is equal to the present value of expected claims for the retirees covered by the policy. The AIG Retiree Reserve Fund can only be applied toward the benefits provided under the program. As of June 30, 2025, the AIG Retiree Life Insurance Fund had a total asset balance of \$272,865, making up 0.3% of the total Plan Fiduciary Net Position of \$80,692,923. All activities of the AIG Retiree Life Reserve Fund are accounted for in the measurement of the District's net OPEB liability.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2025

Employees Covered

As of June 30, 2023, actuarial valuation, the following current, and former employees were covered by the benefit terms under the District’s OPEB Plan:

Active employees	408
Inactive employees or beneficiaries currently receiving benefits	280
Inactive employees entitled to, but not yet receiving benefits	4
Total	692

Contributions

The District contributions to the Plan occur as benefits are paid to retirees (pay-as-you-go basis) and/or to the OPEB trust by means of discretionary funding payments as approved by the Board.

The District’s actuary also accounts for the implicit subsidy contribution, which exists when premiums charged for retiree coverage are lower than the expected retiree claims for that coverage. In the District’s program, the claims experience for active employees and retirees not covered by Medicare is co-mingled in setting premium rates for some members and gives rise to an implicit subsidy. The implicit subsidy is determined as the projected difference between (a) retiree medical and life insurance claim costs by age and (b) premiums charged for retiree coverage.

For fiscal year 2025, the District contributed a total of \$4,505,885 to the plan that includes \$879,635 identified as implicit contributions.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2025

Net OPEB Liability

The District’s net OPEB liability of \$2,204,365 at June 30, 2025, is measured as the total OPEB liability, less the OPEB plan’s fiduciary net position. The net OPEB liability is measured using an annual actuarial valuation as of June 30, 2023. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the below actuarial assumptions. The only assumption changes, measured as of June 30, 2024 (in between biennial actuarial valuations), were updates to the expected trust return and discount rate, reflecting new information provided by CalPERS for funds invested with CERBT, and updated below accordingly:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost method	Entry-age normal cost, level percent of pay
Actuarial assumptions	
Discount rate	6.35% as of June 30, 2024 and 6.15% as of June 30, 2023.
Inflation	2.50%
Salary increases	3.00% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years and to determine the amortization payment component of the Actuarially Determined Contributions.
Investment rate of return	6.35% as of June 30, 2024 and 6.15% as of June 30, 2023.
Mortality improvement	MacLeod Watts Scale 2022 applied generationally from 2017.
Healthcare trend	Medical plan premiums and estimated claims costs by age are assumed to increase once each year. The increases over the prior year’s levels are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2025	Actual	2024-2049	4.7%
2026	6.0%	2050-2059	4.6%
2027	5.5%	2060-2065	4.5%
2028	5.4%	2066-2067	4.4%
2029	5.3%	2068-2069	4.3%
2030	5.2%	2070	4.2%
2031	5.1%	2071-2072	4.1%
2032-2037	5.0%	2073-2074	4.0%
2038-2039	4.9%	2075	3.9%
2040-2043	4.8%	& Later	3.9%

The trend shown above was developed using the Getzen Model 2023 published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.4%; Excess Medical Growth 1.0%; Expected Health Share of GDP in 2032 20%; Resistance Point 21%; Year after which medical growth is limited to growth in GDP 2075.

Demographic actuarial assumptions used in this valuation are based on the 2021 experience study of the California Public Employees Retirement System using data from 1997 to 2019, except for a different basis used to project future mortality improvements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

Changes of Assumptions

The June 30, 2024, actuarial report is based on a roll forward of the June 30, 2023, valuation results. The only assumption changes were updates to the expected trust return and discount rate, reflecting new information provided by CalPERS for funds invested with CERBT. Accordingly, the discount rate increased from 6.15% to 6.35%.

Discount Rate

The discount rate used to measure the total OPEB liability is 6.35%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for currently active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CalPERS last updated the projected future investment returns for CERBT Strategy 1 in June 2024. The returns were determined using a building-block method and best-estimate ranges of expected future real rates of return for each major asset class (expected returns, net of OPEB plan investment expense and inflation). The target allocation and best estimates of geometric real rates of return published by CalPERS for each major asset class are split for years 1-5 and years 6-20. We assume that the returns for years 6 through 20 would continue in later years.

Asset Classification	Assumed asset allocation
Global equity	49.00%
Fixed income	23.00
REITs	20.00
TIPS	5.00
Commodities	3.00
Total	100.00%
1-5 Year Projected Compound Return ¹	6.10%
6-20 Year Projected Compound Return ²	6.60%
Expected Volatility (Standard Deviation)	11.50%

To derive the expected future trust return specifically for the District, the CalPERS' future return expectations is adjusted to align with the 2.5% general inflation assumption used in this report. Then, applying the plan specific benefit payments (as determined from the June 30, 2023, valuation) to CalPERS' bifurcated return expectations, the actuaries determined the single equivalent long-term rate of return to be 6.55%. As the District is less optimistic about future expected returns, 6.35% was approved as the expected return on assets.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2025

Changes in the OPEB Liability (Asset)

The changes in the net OPEB liability (asset) for the plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Beginning Balance at June 30, 2024	\$ 79,100,181	\$ 72,816,794	\$ 6,283,387
Changes recognized for the measurement period			
Service cost	2,601,574	-	2,601,574
Interest on the total OPEB liability	4,894,257	-	4,894,257
Differences between expected and actual experience	2,468,209	-	2,468,209
Change of assumptions	(1,926,255)	-	(1,926,255)
Benefit payments	(4,240,678)	(4,240,678)	-
Contributions - employer	-	4,240,678	(4,240,678)
Net investment income	-	7,899,756	(7,899,756)
Other expenses - administrative expense	-	(23,627)	23,627
Net changes	<u>3,797,107</u>	<u>7,876,129</u>	<u>(4,079,022)</u>
Balance at June 30, 2025	<u>\$ 82,897,288</u>	<u>\$ 80,692,923</u>	<u>\$ 2,204,365</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability of the District if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for fiscal year ended June 30, 2025:

	1.00% Decrease (5.35%)	Current Discount Rate (6.35%)	1.00% Increase (7.35%)
Net OPEB liability (asset)	\$ 12,593,477	\$ 2,204,365	\$ (6,435,497)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate, for measurement period ended June 30, 2025:

	1.00% Decrease	Current Trend ⁽¹⁾	1.00% Increase
Net OPEB liability (asset)	\$ (5,263,154)	\$ 2,204,365	\$ 9,919,154

⁽¹⁾ Refer above to actuarial assumptions for health trend rates.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2025

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2025, the District recognized OPEB revenue of \$3,084,990. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,298,225	\$ 3,930,119
Difference between expected and actual earnings on OPEB plan investments	908,710	—
Difference between expected and actual experience	4,623,547	3,893,337
District contributions subsequent to the measurement date	4,505,885	—
Total	\$ 11,336,367	\$ 7,823,456

The \$4,505,885 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction in net OPEB liability in the year ending June 30, 2026.

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

<u>Year ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2026	\$ (1,096,218)
2027	1,588,795
2028	(1,122,897)
2029	(560,572)
Thereafter	197,918

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2025

(12) Fund Balances

The following is a summary of non-spendable, restricted, committed and unassigned fund balances at June 30, 2025:

	General Fund	Special Revenue Fund
Nonspendable:		
Prepaid items	\$ 738,953	\$ -
Total Nonspendable Balances	738,953	-
Restricted for:		
Air quality grants and projects	627,805	238,241,732
Postemployment benefits	3,855,598	-
Debt service	3,197,489	-
Pension prefunding trust	22,544,304	-
Total Restricted Balances	30,225,196	238,241,732
Committed to:		
Air quality grants and projects	13,378,757	-
Local benefit community fund	87,385,621	-
Regional benefit community fund	22,192,114	-
Reserve for economic contingency	36,191,000	-
AB617 staffing contingency	9,000,000	-
Community benefits	3,000,000	-
Incident monitoring program	1,000,000	-
Limited term contract employee staffing	1,580,034	-
Outside council litigation	3,655,000	-
Richmond improvement (HQE)	1,000,000	-
Schedule X	6,209,496	-
Technology implementation office	2,850,000	-
Wildfire mitigation	273,813	-
Woodsmoke (SID)	458,322	-
Woodsmoke (C&E)	184,984	-
Total Committed Balances	188,359,141	-
Unassigned	61,743,701	-
Total Fund Balances	\$ 281,066,991	\$ 238,241,732

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2025

Nonspendable fund balances represent amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balances represent amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed fund balances represent amounts that can be used only for specific purposes determined by a formal action of the governing board through the adoption of a resolution. The governing board is the highest level of decision-making authority for the District. These committed amounts cannot be used for any other purpose unless the governing board removes or changes the specific use through formal action. Governing board's action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30. The amount which will be committed can be determined subsequently but prior to the release of the District's financial statements.

Unassigned fund balances represent all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers assigned amounts to be reduced first before the unassigned amounts.

(13) Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District manages and finances these risks by purchasing commercial insurance and has a \$1,000 to \$10,000 deductible for general and special property liability with limits of \$10 million and \$100 million, respectively.

The District has had no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded the District's commercial insurance coverage. As of June 30, 2025, the District had no material claims outstanding for general liability or workers' compensation cases.

(14) Commitments and Contingencies

The District is subject to litigation arising in the normal course of business. In the opinion of the District's Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the District.

The District receives Federal and State grant funds. The amounts, if any, of the District's grant expenditures which may be disallowed upon audit by the granting agencies cannot be determined at this time, although the District expects any such amounts to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios*
For the Year Ended June 30, 2025
(unaudited)

	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>	<u>2024-2025</u>
Total OPEB Liability								
Service cost	\$ 1,531,801	\$ 1,581,585	\$ 1,801,428	\$ 1,859,816	\$ 1,915,610	\$ 2,189,150	\$ 2,254,825	\$ 2,601,574
Interest on the total OPEB liability	4,722,673	4,980,026	5,164,087	4,698,222	4,895,975	4,455,401	4,639,111	4,894,257
Changes of assumptions	-	3,506,193	175,927	-	3,275,584	-	(3,197,828)	(1,926,255)
Differences between expected and actual experience	-	-	(7,536,242)	-	(9,030,137)	-	3,519,298	2,468,209
Benefit payments	<u>(2,600,577)</u>	<u>(2,908,537)</u>	<u>(3,161,874)</u>	<u>(3,489,527)</u>	<u>(3,653,437)</u>	<u>(3,574,371)</u>	<u>(3,822,799)</u>	<u>(4,240,678)</u>
Net change in total OPEB liability	3,653,897	7,159,267	(3,556,674)	3,068,511	(2,596,405)	3,070,180	3,392,607	3,797,107
Total OPEB liability – beginning	<u>64,908,798</u>	<u>68,562,695</u>	<u>75,721,962</u>	<u>72,165,288</u>	<u>75,233,799</u>	<u>72,637,394</u>	<u>75,707,574</u>	<u>79,100,181</u>
Total OPEB liability – ending (a)	<u>\$ 68,562,695</u>	<u>\$ 75,721,962</u>	<u>\$ 72,165,288</u>	<u>\$ 75,233,799</u>	<u>\$ 72,637,394</u>	<u>\$ 75,707,574</u>	<u>\$ 79,100,181</u>	<u>\$ 82,897,288</u>
Plan Fiduciary Net Position								
Contributions – employer	\$ 6,600,577	\$ 6,817,699	\$ 7,161,874	\$ 3,401,469	\$ 7,653,437	\$ 7,574,371	\$ 3,822,799	\$ 4,240,678
Net investment income	3,304,360	3,139,604	2,802,806	1,897,992	15,526,284	(10,600,660)	4,371,672	7,899,756
Benefit payments	(2,600,577)	(2,908,537)	(3,161,874)	(3,489,527)	(3,653,437)	(3,574,371)	(3,822,799)	(4,240,678)
Administrative expense	<u>(17,180)</u>	<u>(73,126)</u>	<u>(9,966)</u>	<u>(26,028)</u>	<u>(21,632)</u>	<u>(19,887)</u>	<u>(19,792)</u>	<u>(23,627)</u>
Net change in plan fiduciary net position	7,287,180	6,975,640	6,792,840	1,783,906	19,504,652	(6,620,547)	4,351,880	7,876,129
Plan fiduciary net position – beginning	<u>32,741,243</u>	<u>40,028,423</u>	<u>47,004,063</u>	<u>53,796,903</u>	<u>55,580,809</u>	<u>75,085,461</u>	<u>68,464,914</u>	<u>72,816,794</u>
Plan fiduciary net position – ending (b)	<u>40,028,423</u>	<u>47,004,063</u>	<u>53,796,903</u>	<u>55,580,809</u>	<u>75,085,461</u>	<u>68,464,914</u>	<u>72,816,794</u>	<u>80,692,923</u>
Net OPEB liability – ending (a) - (b)	<u>\$ 28,534,272</u>	<u>\$ 28,717,899</u>	<u>\$ 18,368,385</u>	<u>\$ 19,652,990</u>	<u>\$ (2,448,067)</u>	<u>\$ 7,242,660</u>	<u>\$ 6,283,387</u>	<u>\$ 2,204,365</u>
Plan fiduciary net position as a percentage of the total OPEB liability	58.4%	62.1%	74.5%	73.9%	103.4%	90.4%	92.1%	97.3%
Covered – employee payroll	\$ 35,433,438	\$ 37,405,253	\$ 40,462,747	\$ 44,766,317	\$ 48,652,158	\$ 51,700,259	\$ 53,430,405	\$ 62,501,063
Net OPEB liability as percentage of covered – employee payroll	80.53%	76.78%	45.40%	43.90%	-5.03%	14.01%	11.76%	3.53%

* Fiscal year 2017-18 was the first year of implementation, therefore only eight years are shown.

See accompanying independent auditor's report.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Required Supplementary Information
Schedule of Contributions - OPEB*
For the Year Ended June 30, 2025
(unaudited)

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Actuarially determined contribution	\$ 6,081,000	\$ 5,655,362	\$ 4,721,343	\$ 4,380,464	\$ 2,080,418	\$ 2,023,598	\$ 3,225,403	\$ 3,232,711
Contributions in relation to the actuarially determined contributions	6,817,699	7,161,874	3,401,469	7,653,437	7,574,371	3,822,799	4,240,678	4,505,885
Contribution deficiency (excess)	\$(736,699)	\$(1,506,512)	\$ 1,319,874	\$(3,272,973)	\$(5,493,953)	\$(1,799,201)	\$(1,015,275)	\$(1,273,174)
Covered - employee payroll	\$ 37,405,252	\$ 40,734,161	\$ 44,766,317	\$ 48,652,158	\$ 51,700,259	\$ 53,430,405	\$ 62,501,063	\$ 68,260,476
Contributions as a percentage of covered employee payroll	18.23%	17.58%	7.60%	15.73%	14.65%	7.15%	6.78%	6.60%
Notes to Schedule:								
The actuarial methods and assumptions used to set the actuarially determined contributions are as follows:								
Valuation date	6/30/2015	7/1/2017	6/30/2019	6/30/2019	6/30/2021	6/30/2021	6/30/2023	6/30/2023
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay
Amortization period	10 years	9 years	8 years	7 years	30 years	30 years	30 years	30 years
Asset valuation method	CERBT - 5-year smoothed market AIG Fund - contract value	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets
Inflation	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Healthcare cost trend rates	Non-Med - 2015: Actual, 2016: Actual, 2017: 7.0%; 2018: 6.5%; 2019: 6.0%; 2020: 5.5%; 2021+: 5.0% Medicare - 2015: Actual, 2016: Actual, 2017: 7.2%; 2018: 6.7%; 2019: 6.1%; 2020: 5.6%; 2021+: 5.0% Dental and vision premiums are assumed to increase by 3% per year. The PEMHCA Minimum Employer Contribution is assumed to increase at 4.5% per year. Life insurance premiums are assumed to remain fixed at current levels in all future years.	Medical Premium Increase - Effective January 1: 2021: 5.40%; 2022: 5.30%; 2023: 26: 5.20%; 2027-46: 5.30%; 2047: 5.20%; 2048-49: 5.10%; 2050-53: 5.00%; 2054-59: 4.90%; 2060-66: 4.80%; 2067: 4.70%; 2068: 4.60%; 2069: 4.50%; 2070-71: 4.40%; 2072: 4.30%; 2073-74: 4.20%; 2075: 4.10%; 2076 & later: 4.00% The PEMHCA Minimum Employer Contribution is assumed to increase at 4.0% per year. Life insurance premiums are assumed to remain fixed at current levels in all future years.	Medical Premium Increase - Effective January 1: 2021: 5.40%; 2022: 5.30%; 2023: 26: 5.20%; 2027-46: 5.30%; 2047: 5.20%; 2048-49: 5.10%; 2050-53: 5.00%; 2054-59: 4.90%; 2060-66: 4.80%; 2067: 4.70%; 2068: 4.60%; 2069: 4.50%; 2070-71: 4.40%; 2072: 4.30%; 2073-74: 4.20%; 2075: 4.10%; 2076 & later: 4.00% The PEMHCA Minimum Employer Contribution is assumed to increase at 4.0% per year. Life insurance premiums are assumed to remain fixed at current levels in all future years.	Medical Premium Increase - Effective January 1: 2023: 5.60%; 2024: 5.50%; 2025: 26: 5.40%; 2027-29: 5.30%; 2030-51: 5.20%; 2052: 5.10%; 2053-55: 5.00%; 2056-60: 4.90%; 2061-66: 4.80%; 2067: 4.70%; 2068: 4.60%; 2069: 4.50%; 2070-71: 4.40%; 2072: 4.30%; 2073-74: 4.20%; 2075: 4.10%; 2076 & later: 4.00% The PEMHCA Minimum Employer Contribution is assumed to increase at 4.0% per year. Life insurance premiums are assumed to remain fixed at current levels in all future years.	Medical Premium Increase - Effective January 1: 2023: 5.60%; 2024: 5.50%; 2025: 26: 5.40%; 2027-29: 5.30%; 2030-51: 5.20%; 2052: 5.10%; 2053-55: 5.00%; 2056-60: 4.90%; 2061-66: 4.80%; 2067: 4.70%; 2068: 4.60%; 2069: 4.50%; 2070-71: 4.40%; 2072: 4.30%; 2073-74: 4.20%; 2075: 4.10%; 2076 & later: 4.00% The PEMHCA Minimum Employer Contribution is assumed to increase at 4.0% per year. Life insurance premiums are assumed to remain fixed at current levels in all future years.	Medical Premium Increase - Effective January 1: 2024: Actual, 2025: 6.50%; 2026: 6.00%; 2027: 5.50%; 2028: 5.40%; 2029: 5.30%; 2030: 5.20%; 2031: 5.10%; 2032-37: 5.00%; 2038-39: 4.90%; 2040-2043: 4.80%; 2044-49: 4.70%; 2050-59: 4.60%; 2060-65: 4.50%; 2066-67: 4.40%; 2068-69: 4.30%; 2070: 4.20%; 2071-72: 4.10%; 2073-74: 4.00%; 2075 & later: 3.90% The PEMHCA Minimum Employer Contribution is assumed to increase at 4.0% per year. Life insurance premiums are assumed to remain fixed at current levels in all future years.	Medical Premium Increase - Effective January 1: 2024: Actual, 2025: 6.50%; 2026: 6.00%; 2027: 5.50%; 2028: 5.40%; 2029: 5.30%; 2030: 5.20%; 2031: 5.10%; 2032-37: 5.00%; 2038-39: 4.90%; 2040-2043: 4.80%; 2044-49: 4.70%; 2050-59: 4.60%; 2060-65: 4.50%; 2066-67: 4.40%; 2068-69: 4.30%; 2070: 4.20%; 2071-72: 4.10%; 2073-74: 4.00%; 2075 & later: 3.90% The PEMHCA Minimum Employer Contribution is assumed to increase at 4.0% per year. Life insurance premiums are assumed to remain fixed at current levels in all future years.	
Salary increases	3.25%	3.25% per year; used to determine amortization payments if developed on a level percent of pay basis	3.00% per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years and to develop the amortization payment portion of the actuarially determined contributions	3.00% per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years and to develop the amortization payment portion of the actuarially determined contributions	3.00% per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years.	3.00% per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years.	3.00% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years.	3.00% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years.
Investment rate of return	7.25%	7.25%	6.50%	6.50%	6.10%	6.10%	6.15%	6.35%
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015	The probabilities of retirement are based on the 2021 CalPERS Experience Study for the period from 2000 to 2019.	The probabilities of retirement are based on the 2021 CalPERS Experience Study for the period from 2000 to 2019.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Fully generational with Scale MP-2014 modified to converge to ultimate improvement rates in 2022 for pre and post-retirement mortality	The representative mortality rates were those published by CalPERS in their 2014 study, adjusted to back out 20 years of Scale BB to central year 2008.	The representative mortality rates were those published by CalPERS in their 2017 study, adjusted to back out 15 years of Scale MP 2016 to central year 2015.	The representative mortality rates were those published by CalPERS in their 2017 study, adjusted to back out 15 years of Scale MP 2016 to central year 2015.	The representative mortality rates were those published by CalPERS in their 2017 study, adjusted to back out 15 years of Scale MP 2016 to central year 2015.	The representative mortality rates were those published by CalPERS in their 2017 study, adjusted to back out 15 years of Scale MP 2016 to central year 2015.	The representative mortality rates were those published by CalPERS in their 2021 study, adjusted to back out 15 years of Scale MP 2016 to central year 2015.	The representative mortality rates were those published by CalPERS in their 2021 study, adjusted to back out 15 years of Scale MP 2016 to central year 2015.

* Fiscal year 2017-18 was the first year of implementation, therefore only eight years are shown.
See accompanying independent auditor's report.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
California Public Employees' Retirement System (CalPERS) – Miscellaneous Plan
For the Year Ended June 30, 2025
(unaudited)

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Total Pension Liability										
Service cost	\$ 4,405,494	\$ 4,402,254	\$ 5,251,175	\$ 5,588,151	\$ 5,823,771	\$ 6,236,440	\$ 6,774,300	\$ 7,805,008	\$ 8,395,155	\$ 8,845,508
Interest on total pension liability	19,019,896	19,929,495	20,568,801	21,332,712	22,580,042	23,680,235	24,829,261	25,737,558	26,960,879	28,458,957
Changes in benefit terms	—	—	—	—	—	—	—	—	285,870	—
Changes in assumptions	(4,479,434)	—	16,314,523	(1,997,101)	—	—	—	10,232,255	—	—
Differences between expected and actual experience	(1,508,680)	(584,236)	(2,082,303)	(643,002)	4,336,733	2,141,716	2,420,546	781,844	2,150,563	6,734,462
Benefit payments, including refunds of employee contributions	(10,371,769)	(11,526,958)	(12,131,353)	(13,197,195)	(14,663,313)	(16,065,803)	(17,005,864)	(17,768,805)	(19,320,750)	(21,888,051)
Net change in total pension liability	7,065,507	12,220,555	27,920,843	11,083,565	18,077,233	15,992,588	17,018,243	26,787,860	18,471,717	22,150,876
Total pension liability – beginning	257,597,346	264,662,853	276,883,408	304,804,251	315,887,816	333,965,049	349,957,637	366,975,880	393,763,740	412,235,457
Total pension liability – ending (a)	264,662,853	276,883,408	304,804,251	315,887,816	333,965,049	349,957,637	366,975,880	393,763,740	412,235,457	434,386,333
Plan Fiduciary Net Position										
Contributions – employer	4,268,315	5,253,802	5,682,917	6,359,880	7,628,075	9,296,564	10,640,587	11,730,043	13,048,181	14,118,661
Contributions – employee	2,372,392	2,502,885	2,429,913	2,514,609	2,815,780	2,972,457	3,336,742	3,537,042	3,866,765	4,263,014
Net investment income	4,871,767	1,102,999	22,856,288	19,071,946	15,727,365	12,434,790	58,550,025	(23,840,877)	18,010,413	29,204,830
Plan to plan resource movement	—	—	—	(556)	—	—	—	—	—	—
Benefit payments, including refunds of employee contributions	(10,371,769)	(11,526,958)	(12,131,353)	(13,197,195)	(14,663,313)	(16,065,803)	(17,005,864)	(17,768,805)	(19,320,750)	(21,888,051)
Other miscellaneous income (expense) (1)	—	—	—	(667,255)	556	—	—	—	—	—
Administrative expense	(236,125)	(127,831)	(305,553)	(351,369)	(170,709)	(353,219)	(258,564)	(195,666)	(211,460)	(246,516)
Net change in plan fiduciary net position	904,580	(2,795,103)	18,532,212	13,730,060	11,337,754	8,284,789	55,262,926	(26,538,263)	15,393,149	25,451,938
Plan fiduciary net position – beginning	208,843,844	209,748,424	206,953,321	225,485,533	239,215,593	250,553,347	258,838,136	314,101,062	287,562,799	302,955,948
Plan fiduciary net position – ending (b)	209,748,424	206,953,321	225,485,533	239,215,593	250,553,347	258,838,136	314,101,062	287,562,799	302,955,948	328,407,886
Net pension liability – ending (a) - (b)	\$ 54,914,429	\$ 69,930,087	\$ 79,318,718	\$ 76,672,223	\$ 83,411,702	\$ 91,119,501	\$ 52,874,818	\$ 106,200,941	\$ 109,279,509	\$ 105,978,447
Plan fiduciary net position as a percentage of the total pension liability	79.25%	74.74%	73.98%	75.73%	75.02%	73.96%	85.59%	73.03%	73.49%	75.60%
Covered – employee payroll	\$ 33,133,499	\$ 34,119,169	\$ 35,433,438	\$ 37,405,253	\$ 40,734,161	\$ 44,766,317	\$ 48,652,158	\$ 51,700,259	\$ 53,430,405	\$ 60,198,178
Net pension liability as percentage of covered – employee payroll	165.74%	204.96%	223.85%	204.98%	204.77%	203.54%	108.68%	205.42%	204.53%	176.05%

(1) During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Notes to Schedule:

Changes in benefit terms: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the measurement date. However, offers of two years additional service credit (a.k.a. golden handshakes) that occurred after the valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms.

Changes in Assumptions: There were no assumption changes in 2023. Effective with the June 30, 2021, valuation date (2022 measurement date, fiscal year 2023), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

None in 2019 - 2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

See accompanying independent auditor's report.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Required Supplementary Information
Schedule of Contributions - Pension
California Public Employees' Retirement System (CalPERS) – Miscellaneous Plan
For the Year Ended June 30, 2025
(unaudited)

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Actuarially determined contribution	\$ 5,365,344	\$ 5,685,584	\$ 6,407,096	\$ 7,675,962	\$ 9,374,554	\$ 10,695,192	\$ 11,786,249	\$ 23,105,489	\$ 13,904,435	\$ 15,622,746
Contributions in relation to the actuarially determined contributions	(5,365,344)	(5,685,584)	(6,407,096)	(7,675,962)	(9,374,554)	(10,695,192)	(11,786,249)	(23,105,489)	(13,904,435)	(15,622,746)
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered – employee payroll	\$ 34,119,169	\$ 35,433,438	\$ 37,405,253	\$ 40,734,161	\$ 44,766,317	\$ 48,652,158	\$ 51,700,259	\$ 53,430,405	\$ 60,198,178	
Contributions as a percentage of covered – employee payroll	15.73%	16.05%	17.13%	18.84%	20.94%	21.98%	22.80%	43.24%	23.10%	#DIV/0!

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions are as follows:

Valuation date	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
Actuarial cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
Asset valuation method	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets
Inflation	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually	2.625% compounded annually	2.50% compounded annually	2.50% compounded annually	2.50% compounded annually	2.30% compounded annually	2.30% compounded annually
Salary increases	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
Payroll Growth	3.00%	3.00%	3.00%	3.00%	2.88%	2.75%	2.75%	2.75%	2.80%	2.80%
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation.	7.50% net of pension plan investment and administrative expenses; includes inflation.	7.50% net of pension plan investment and administrative expenses; includes inflation.	7.375% net of pension plan investment and administrative expenses; includes inflation.	7.25% net of pension plan investment and administrative expenses.	7.00% net of pension plan investment and administrative expenses.	7.00% net of pension plan investment and administrative expenses.	7.00% net of pension plan investment and administrative expenses.	6.80% net of pension plan investment and administrative expenses.	6.80% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions for the period from 2000 to 2019.	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions for the period from 2000 to 2019.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions for the period from 2000 to 2019.	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions for the period from 2000 to 2019.
	Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	Post-retirement mortality rates above include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Post-retirement mortality rates above include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Post-retirement mortality rates above include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Post-retirement mortality rates above include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.	Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

See accompanying independent auditor's report.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permit fees	\$ 52,155,595	\$ 52,155,595	\$ 56,195,648	\$ 4,040,053
Criteria pollutant and toxics emissions	1,691,369	1,691,369	1,849,104	157,735
Title V permit fees	8,100,473	8,100,473	7,115,807	(984,666)
Asbestos fees	3,650,000	3,650,000	3,728,850	78,850
Penalties and variance fees	4,000,000	4,000,000	90,138,912	86,138,912
Hearing board fees	90,000	90,000	72,601	(17,399)
State subvention	1,750,000	1,750,000	1,701,561	(48,439)
AB 2588 income - toxic inventory fees	1,292,751	1,292,751	1,578,872	286,121
Miscellaneous	300,000	300,000	414,391	114,391
Federal grant -EPA	6,919,505	6,919,505	3,574,743	(3,344,762)
Federal grant - DHS	1,597,702	1,597,702	1,356,214	(241,488)
Other grants	11,985,751	11,985,751	8,742,455	(3,243,296)
Portable equipment registration program (PERP)/Inspection Fees	1,000,000	1,000,000	1,780,668	780,668
Interest/Investment	2,505,620	2,505,620	13,353,710	10,848,090
County apportionment	46,306,873	46,306,873	49,888,444	3,581,571
Total revenues	143,345,639	143,345,639	241,491,980	98,146,341
Expenditures:				
Administration:				
Salaries and benefits	111,404,771	111,404,771	97,105,539	(14,299,232)
Services and supplies	40,848,478	55,222,913	28,650,859	(26,572,054)
Program distribution	1,950,000	2,143,971	1,306,795	(837,176)
Total current expenditures	154,203,249	168,771,655	127,063,193	(41,708,462)
Capital outlay	7,370,147	12,065,257	7,190,576	(4,874,681)
Debt Service: Principal	1,119,501	1,119,501	1,119,501	-
Debt Service: Interest	696,785	696,785	696,785	-
Total expenditures	163,389,682	182,653,198	136,070,055	(46,583,143)
Excess of Revenues Over Expenditures	(20,044,043)	(39,307,559)	105,421,925	144,729,484
Other Financing Sources				
Transfers in	189,084	189,084	2,068,404	1,879,320
Leases	175,222.00	175,222	175,222	-
Total other financing sources	364,306	364,306	2,243,626	1,879,320
Net Change in Fund Balance	\$ (19,679,737)	\$ (38,943,253)	107,665,551	\$ 146,608,804
Beginning Budgetary Fund Balance			173,401,440	
Ending Budgetary Fund Balance			\$ 281,066,991	

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
Revenues:				
TFCA/MSIF DMV fee	\$ 41,757,332	\$ 36,689,425	\$36,689,425	-
Carl Moyer Program	44,800,907	36,925,891	36,925,891	-
Other grants/funding	29,851,903	8,343,185	8,343,185	-
Federal grants	2,023,619	930,845	930,845	-
California Goods Movement	2,189,084	377,480	377,480	-
Vehicle settlement	16,035,329	2,491,209	2,491,209	-
Total revenues	136,658,174	85,758,035	85,758,035	-
Expenditures:				
Administration:				
Salaries and benefits	8,496,807	8,496,803	7,779,864	(716,939)
Services and supplies	15,038,990	4,730,586	4,730,586	-
Program distribution	111,707,522	71,179,181	71,179,181	-
Total expenditures	135,243,319	84,406,570	83,689,631	(716,939)
Excess of Revenues Over Expenditures	1,414,855	1,351,465	2,068,404	716,939
Other Financing Uses				
Transfers out	(1,414,855)	(1,351,465)	(2,068,404)	(716,939)
Total other financing uses				
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Beginning Budgetary Fund Balance			-	
Ending Budgetary Fund Balance			\$ -	

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Required Supplementary Information
Year Ended June 30, 2025

Budgetary Principles

Through the budget process, the Board of Directors sets the direction of the District. The annual budget assures the most efficient and effective use of the District's economic resources and establishes the priority of objectives that are to be accomplished during the fiscal year.

The annual budget covers the period from July 1 to June 30 and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees, and other public agencies. In addition, it establishes the foundation of effective financial planning by providing resource allocation, performance measures and controls that permit the evaluation and adjustment of the District's performance.

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a) The Board of Directors adopts an annual budget by resolution prior to July 1 of each fiscal year. The annual budget indicates appropriations by fund and by program. The Board of Directors may also adopt supplemental appropriations during the year. At the fund level, expenditures may not legally exceed appropriations. The Air Pollution Control Officer (APCO) is authorized to transfer budgeted amounts between divisions and programs within any fund.
- b) Budgets are adopted on a basis that is consistent with Generally Accepted Accounting Principles (GAAP) with the exception of recognition of certain revenue, as discussed below. Annual appropriated budgets are adopted for the General and Special Revenue funds.
- c) Supplementary budgetary revenue and expenditure appropriations were adopted by the Board of Directors during the fiscal year. These supplemental appropriations have been included in the Budgeted Amounts - Final column of the Budgetary Comparison Schedules.

Reconciliation to the Statement of Revenues, Expenditures, and Changes in Fund Balances

The District's budgetary basis is consistent with Generally Accepted Accounting Principles (GAAP), with the exception of certain revenues that are recognized when earned in the GAAP-basis financial statements but deferred until expended on the budgetary basis. Revenues in the Budget and Actual schedules have been presented on the budgetary basis to provide a more meaningful comparison of actual results with the budget. Additionally, the unrealized loss as a result of recognizing the fair value of investments held in the San Mateo County Pool has also been excluded from the budgetary basis revenues.

The following is a reconciliation between revenues on the budgetary basis and the GAAP basis reflected in the statement of revenues, expenditures, and changes in fund balance.

	Special Revenue Fund
Revenues - Budgetary Basis	\$ 85,758,035
Revenue recognition adjustments	20,649,520
Interest and investment gain (loss)	9,086,385
Revenues - GAAP Basis	\$ 115,493,940

OTHER INFORMATION

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Transportation Fund for Clean Air (TFCA) Program,
Mobile Source Incentive Fund Program & Other Programs
Schedule of Expenditures
Year Ended June 30, 2025
(Unaudited)

Programs	Salaries and Benefits	Services and Supplies	Program Distribution	Total
Program distribution	\$ -	\$ -	\$ 36,011,060	\$ 36,011,060
Intermittent control	717,632	1,553,308	-	2,270,940
TFCA administration	1,023,602	189,179	-	1,212,781
Miscellaneous incentive program	-	-	-	-
Regional electric vehicles deployment	871,698	787,110	-	1,658,808
Enhanced mobile source inspection	-	9,013	-	9,013
Vehicle buy-back	129,378	1,833,375	-	1,962,753
Mobile source incentive	648,316	19,072	-	667,388
Clean Cars For All	832,036	172,431	-	1,004,467
Total expenditures	<u>\$ 4,222,662</u>	<u>\$ 4,563,488</u>	<u>\$ 36,011,060</u>	<u>\$ 44,797,210</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Service Areas and Division

Schedule of Expenditures

Year Ended June 30, 2025

(Unaudited)

General Fund Service/Non-Service Area / Division	Approved Budget	Amended Budget	Actual Expenditures
<u>Service Areas and Division</u>			
Engineering & Compliance Service Area			
Compliance & Enforcement	\$ 20,942,035	\$ 20,948,004	\$ 17,093,726
Engineering	17,537,915	18,182,401	14,045,221
Engineering & Compliance Service Area Total	<u>38,479,950</u>	<u>39,130,405</u>	<u>31,138,947</u>
Equity & Community Programs Service Area			
Community Engagement Division	18,706,917	22,438,914	12,754,794
Diversity Equity & Inclusion	1,354,615	1,444,428	923,739
Community Investments Office	-	-	115,956
Strategic Incentives	880,491	962,317	314,690
Technology Implementation Office	1,170,331	1,195,592	603,790
Equity & Community Programs Service Area Total	<u>22,112,354</u>	<u>26,041,251</u>	<u>14,712,969</u>
Finance & Administration Service Area			
Administrative Services	12,511,974	13,651,806	8,940,958
Enterprise Technology Solutions	6,594,679	8,201,891	7,259,884
Executive	9,615,959	10,070,258	7,599,846
Finance	5,207,141	5,048,433	4,614,589
Human Resources	8,318,120	9,356,767	8,507,998
Information Services Operations	5,978,308	7,451,331	4,907,089
Finance & Administration Service Area Total	<u>48,226,181</u>	<u>53,780,486</u>	<u>41,830,364</u>
General Counsel Service Area			
Legal Services	5,846,319	7,277,333	5,760,321
General Counsel Service Area Total	<u>5,846,319</u>	<u>7,277,333</u>	<u>5,760,321</u>
Public Affairs Service Area			
Communications Office	3,839,104	4,715,333	3,420,561
External Affairs	1,734,064	1,649,364	757,482
Legislative	715,393	747,220	693,993
Public Affairs Service Area Total	<u>6,288,561</u>	<u>7,111,917</u>	<u>4,872,036</u>
Science & Policy Service Area			
Assessment, Inventory, & Model Division	3,741,598	3,998,201	3,793,269
Meteorology & Measurement Division	20,169,080	20,724,860	16,594,371
Planning	4,659,001	5,337,266	4,423,724
Rules Division	3,394,820	3,890,590	2,630,397
Science & Policy Service Area Total	<u>31,964,499</u>	<u>33,950,917</u>	<u>27,441,761</u>
Subtotal for Service Areas and Division	<u>152,917,864</u>	<u>167,292,309</u>	<u>125,756,398</u>
<u>Non-Service Areas and Division</u>			
Program Distribution	1,950,000	2,143,971	1,306,795
Debt Service: Principle	-	-	1,119,501
Debt Service: Interest	-	-	696,785
Capital Outlay	7,194,925	11,890,035	7,190,576
Total General Fund Expenditures	<u>\$ 162,062,789</u>	<u>\$ 181,326,315</u>	<u>\$ 136,070,055</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Service Areas and Division

Schedule of Expenditures

Year Ended June 30, 2025

(Unaudited)

Special Revenue Fund Service Area / Division	Approved Budget	Amended Budget	Actual Expenditures
Engineering & Compliance Service Area			
Compliance & Enforcement	\$ 26,500	\$ 20,013	\$ 9,013
Equity & Community Programs Service Area			
Strategic Incentives Division	17,605,187	8,273,162	7,567,223
Technology Implementation Office	3,578,049	1,658,806	1,658,808
Clean Cars for All	-	1,004,468	1,004,466
Technology Implementation Office Total	21,183,236	9,931,968	10,230,497
Public Affairs Service Area			
Communication Office	2,326,062	2,270,940	2,270,940
Program Distribution	111,707,522	71,179,181	71,179,181
Transfers Out	2,068,404	2,068,404	2,068,404
Total Special Revenue Fund Expenditures	\$ 135,243,320	\$ 83,402,102	\$ 85,758,035

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Indirect Cost Schedule

Year Ended June 30, 2025

(Unaudited)

Fund Number and Name	Allowable Cost	Grant Paid	General Fund Subsidy
3 - Transportation Fund for Clean Air	\$ 1,683,131	\$ 964,618	\$ 718,513
4 - Carl Moyer Program	1,284,182	527,400	756,782
8 - California Good Movement Bond	55,315	55,315	-
9 - Vehicle Mitigation	327,168	319,444	7,724
31 - Clean Car For All	375,827	201,627	174,200
Total	<u>\$ 3,725,623</u>	<u>\$ 2,068,404</u>	<u>\$ 1,657,219</u>

Notes to Schedule:

Indirect costs are expenses that are not directly attributable to a specific project or grant but are essential for the overall operation of the organization. These costs include administrative overhead, rent, utilities, and other shared services necessary to support grant-funded activities.

Each grant may have specific guidelines on the allowable administrative and indirect cost rates that the Air District can charge against the total grant amount. In cases where the grant funding does not fully cover these indirect costs, the General Fund may subsidize the remaining administrative costs over the grant period.

This schedule presents the total allowable indirect costs, the portion covered by grant funding, and any General Fund contributions used to subsidize costs beyond the grant's allowable reimbursement.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Penalty Assessment Allocation Schedule

Year Ended June 30, 2025

(Unaudited)

Total Penalty Assessment

1) General Fund	\$	4,008,496
2) Community Benefit Fund:		86,130,416
Total	\$	90,138,912

Community Benefit Fund Cost Breakdown

	Total Penalty Assessment	Administrative Costs Amount (9%)	Project Amount
Local Benefit Fund (LBF)	\$ 68,744,620	\$ 6,187,016	\$ 62,557,604
Regional Community Benefit Fund (RCBF)	17,385,796	1,564,722	15,821,074
Total	\$ 86,130,416	\$ 7,751,738	\$ 78,378,678

Local Benefit Fund (LBF) by Community

Community	Project Amount
Benicia	\$ 58,503,900
Byron	45,500
Martinez	3,321,500
Oakland	150,719
Richmond	453,744
San Jose	49,481
South San Francisco	28,210
Suisun City	4,550
Total	\$ 62,557,604

Notes to Schedule:

In May 2024, the Bay Area Air Quality Management District (BAAQMD) Board of Directors adopted the Community Benefits Penalty Funds Policy, aiming to reinvest penalty funds from air quality violations back into the communities most affected by them. This policy ensures that significant portions of collected penalties are allocated to local projects designed to reduce pollution and enhance public health. The Board of Directors also approved allocating up to 9% of the Community Benefit Fund for administrative costs to establish the Community Investment Office, which will manage and distribute these funds to affected communities.

In Fiscal Year 2025, the total penalty assessment collected amounted to \$90.1 million. Of this amount, \$4 million has been allocated to General Fund operations, while the remaining \$86.1 million has been directed to the Community Benefit Fund. The Board of Directors has approved the allocation of up to 9% of the Community Benefit Fund for administrative costs to establish the Community Investment Office, which will oversee the management and distribution of these funds to affected communities. The \$86.1 million in the Community Benefit Fund is further allocated into two portions: the Local Benefit portion of \$68.7 million and the Regional Benefit portion of \$17.4 million. The Local Benefit portion is allocated according to the community where the violation occurred, while the Regional Benefit portion is intended to support other impacted communities within the Bay Area.

Methodology of Penalty Fund Allocation:

First \$100,000: Allocated to the Air District's general fund until the Fiscal Year Penalty Budget Cap is met; any excess is directed to the Regional Community Benefits Fund.

Amounts between \$100,000 and \$1,000,000: 50% is allocated to a Local Community Benefits Fund for the impacted community, and the remaining 50% goes to the General Fund or Regional Community Benefits Fund, depending on whether the budget cap has been reached.

Amounts exceeding \$1,000,000: 80% is directed to the Local Community Benefits Fund of the affected community, with the remaining 20% allocated to the General Fund or Regional Community Benefits Fund, contingent upon the budget cap status.

This structured approach ensures that communities directly impacted by air quality violations receive substantial support for local initiatives aimed at mitigating pollution and improving health outcomes.

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT
Single Audit Reports
For the Year Ended June 30, 2025
(With Independent Auditor's Reports Thereon)**



BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Single Audit Reports
For the Year Ended June 30, 2025

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Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors of the
Bay Area Air Quality Management District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Bay Area Air Quality Management District** (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated March 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.





Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
March 30, 2026



SIMPSON & SIMPSON
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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Directors of the
Bay Area Air Quality Management District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the **Bay Area Air Quality Management District's** (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated March 30, 2026, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
March 30, 2026

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Grantor or Pass-Through Entity ID Number</u>	<u>Passed Through to Subrecipients</u>	<u>Program Cluster Expenditures</u>	<u>Total Federal Expenditures</u>
U.S. Environmental Protection Agency:					
Air Pollution Control Program Support	66.001	A00905625	\$ 796,559		\$ 2,308,695
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	PM98T59501			317,479
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	5A-98T65601			209,530
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	5T-97T21001			104,508
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	OX-98T56701			120,317
Subtotal CFDA 66.034					<u>751,834</u>
Inflation Reduction Act - Climate Pollution Reduction Planning	66.046	5D-98T73201			343,281
Targeted Airshed Grant - Heat Pump Project	66.956	TA-98T16101	112,000		170,935
Subtotal Direct Program					<u>3,574,745</u>
Total U.S. Environmental Protection Agency					<u>3,574,745</u>
U.S. Department of Homeland Security:					
Homeland Security Biowatch Program	97.091	2006-ST-091-000002			1,356,214
Subtotal Direct Program					<u>1,356,214</u>
Total U.S. Department of Homeland Security					<u>1,356,214</u>
U.S. Department of Transportation:					
Passed through California Department of Transportation:					
Highway Planning and Construction	20.205	CML-6297 (009)		\$ 761,802	
Subtotal Pass-Through Program					<u>761,802</u>
Highway Planning and Construction	20.205	693JJ32540006		169,043	
Subtotal Direct Program					<u>169,043</u>
Subtotal Highway Planning and Construction Cluster					<u>930,845</u>
Total U.S. Department of Transportation					<u>930,845</u>
Total Expenditures of Federal Awards			<u>\$ 908,559</u>	<u>\$ 930,845</u>	<u>\$ 5,861,804</u>

See accompanying independent auditor's report and notes to schedule of expenditures of federal awards.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

1. General

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the Bay Area Air Quality Management District (the District) for the year ended June 30, 2025. The District's reporting entity is defined in Note 1 of the District's basic financial statements. Expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other governmental agencies, are included in the SEFA.

2. Summary of Significant Accounting Policies

Basis of Accounting - Funds received under the various grant programs have been recorded within the general fund and the special revenue fund of the District. The accompanying SEFA is presented using the modified accrual basis of accounting for expenditures that are accounted for in the general fund and the special revenue fund, which are both governmental funds, as described in Note 1 of the District's basic financial statements.

Relationship to Financial Statements - Federal award expenditures reported in the accompanying SEFA agree, or can be reconciled, in all material respects, to amounts reported in the District's basic financial statements.

Assistance Listing - The Assistance Listing numbers included in the accompanying SEFA were determined based on the program name, review of grant or contract information, and the Office of Management and Budget's Compliance Supplement.

3. Pass-through Entities' Identifying Numbers

When federal awards are received from a pass-through entity, the SEFA indicates, if assigned, the identifying grant or contract number that has been assigned by the pass-through entity.

4. Indirect Cost Rate

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial statements:

- | | |
|--|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified not considered to be material weaknesses? | No |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | |
|--|------------|
| 4. Internal control over major programs: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified not considered to be material weaknesses? | No |
| 5. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. Identification of major programs: | |

Assistance Listing Number

66.956

Name of Federal Program

U.S. Environmental Protection Agency
Targeted Airshed Grant – Heat Pump
Project

20.205

U.S. Department of Transportation
Highway Planning and Construction

- | | |
|---|-----------|
| 7. Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? | No |
| 8. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | Yes |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2025

Section II – Financial Statement Finding

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2025

Section II – Financial Statement Finding

There were no audit findings in the prior year.

Section III – Federal Award Findings and Questioned Costs

Program Identification

Finding Reference Number:	F-2024-001
Assistance Listing Number:	97.091
Federal Program Titles:	Homeland Security Biowatch Program (Significant Deficiency)
Awarding Agency / Pass-Through Entity:	Department of Homeland Security
Award Number:	06OHBIO00002 (Formerly: 2006-ST-091-000002)
Compliance Requirement:	Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Recommendation

We recommend that the District establish and implement a formal approval process for expenditures to ensure all charges are thoroughly reviewed and verified against contract terms before payment. Additionally, the District should conduct a detailed analysis of all payments made against the approved cost schedule to identify and reconcile any variances, determining the total amount of excessive charges.

The District should also coordinate with the contractor to recover any overcharges, either through a credit or refund, to ensure federal funds are properly accounted for and used in accordance with the professional services contract.

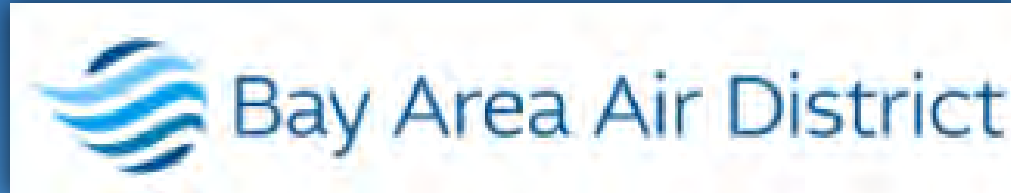
To strengthen oversight and compliance, the District should enhance its internal controls by maintaining detailed records that support cost approvals, modifications, and contract adherence. This includes requiring contractors to submit detailed supporting documentation such as itemized receipts, travel justifications, and proof of business necessity before reimbursements are processed.

Furthermore, the District should provide adequate and ongoing training to staff and contractors on proper documentation standards and allowable costs under 2 CFR § 200.459 and the District’s contract terms, to prevent future instances of noncompliance.

Current Status

Implemented.

**FISCAL YEAR 2025
BAY AREA AIR QUALITY MANAGEMENT DISTRICT
PRESENTATION OF AUDIT RESULTS
TO THE
FINANCE AND ADMINISTRATION COMMITTEE**



April 15, 2026



Simpson & Simpson, LLP

AGENDA



- ❖ Auditor's Required Communication (SAS 114)
- ❖ Audit Results and Highlights of the Basic Financial Statements
- ❖ Audit Results and Highlights of the Single Audit
- ❖ Questions



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Auditor's Required Communications

SAS 114



1. *Our Responsibility under Generally Accepted Auditing Standards (GAAS)*

- Consider internal control to the extent necessary to design an effective and efficient audit approach, not for the purpose of providing assurance on internal control
- Design and implement audit procedures based on our understanding of the District to gain reasonable, not absolute, assurance as to the absence of material misstatements in the financial statements
- Perform tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts
- Opine on financial statements based on our audit



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Auditor's Required Communications

SAS 114 (continued)



2. Significant Accounting Policies

- ❑ The District's significant accounting policies are described in Note 1 to the financial statements and are in accordance with generally accepted accounting principles and consistent with industry practices and standards.
- ❑ The District adopted provisions of Government Accounting Standards Board Statement No. 101, *Compensating Absences* (Footnote 1(n)). This resulted in the District recognizing additional long-term liabilities in the amount of \$323K as a result of capturing unused compensatory time as of June 30, 2025.
- ❑ All significant transactions have been recognized in the financial statements in the proper period.



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Auditor's Required Communications

SAS 114 (continued)



3. Management Judgments and Accounting Estimates

- ❑ Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ from management's current judgments.

- ❑ The most sensitive estimates affecting the financial statements were:
 - Useful life of capital assets used for depreciation.



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Auditor's Required Communications

SAS 114 (continued)



3. Management Judgments and Accounting Estimates (continued)

- Deferred outflows/inflows of resources, net pension liability, net OPEB liability/asset, pension expense, and OPEB expense are based on estimates that are prepared by the CalPERS actuary based on information provided by participating employers, and MacLeod Watts, Inc. based on information provided by management.
- ❑ We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.



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Auditor's Required Communications

SAS 114 (continued)



4. *Corrected Misstatements*

None.

5. *Uncorrected Misstatements*

None.

6. *No Disagreements or Difficulties with Management*

- There were no disagreements with management on financial accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our report on the District's financial statements, nor were there significant difficulties in dealing with management in performing our audit.



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Auditor's Required Communications SAS 114 (continued)



7. No Consultations with Other Accountants

- To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the past year that was subject to the requirements of AU 625, *Reports on the Application of Accounting Principles*.

8. Management Representations

- We have requested certain representations from management that are included in the management representation letter dated March 30, 2026.



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Audit Results and Highlights of the Basic Financial Statements



1. *Unmodified Opinion*

- Unmodified opinion with respect to the governmental activities and each major fund.

2. *Financial Highlights*

- Government-Wide Financial Statements
- Governmental Fund Financial Statements



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Audit Results and Highlights of the Basic Financial Statements (Continued)



2. Financial Highlights (continued)

A. Government-Wide Financial Statements

- Net position as of June 30, 2025, was \$491.4 million (excess of total assets plus deferred outflows over total liabilities plus deferred inflows), an increase of \$135.4 million. This change results from an overall increase in total assets driven by various sources, including permit fees, penalty assessment, property taxes, investment gains, and grant funding.



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Audit Results and Highlights of the Basic Financial Statements (Continued)



2. Financial Highlights (continued)

B. Government Funds Financial Statements

- ❑ Governmental combined fund balances as of June 30, 2025, increased from last year by \$137.4 million to \$519.3 million.
- ❑ The General Fund accounts for all the District's financial resources except those required to be accounted for in the Special Revenue Fund. The ending fund balance of \$281 million is carried over to the next fiscal year. Of this amount \$30.2 million was restricted, \$.7 million was nonspendable, \$188.4 million was committed and the remaining \$61.7 million was unassigned.



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Audit Results and Highlights of the Single Audit



3. Government Auditing Standards Opinion

- Internal Control Over Financial Reporting
 - No material weaknesses
 - No significant deficiencies

- Compliance
 - No instances of noncompliance noted

4. OMB Uniform Guidance Audit Opinion - Unmodified

- Compliance & Internal Control Over Compliance
 - No material weaknesses
 - No significant deficiencies
 - No instances of noncompliance noted



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Audit Results and Highlights of the Single Audit (Continued)



5. Follow-up on Prior Year Findings

- Compliance & Internal Control Over Compliance
 - ❑ F-2024-001 (Homeland Security Biowatch Program)
 - ❑ Corrective actions implemented.

6. Areas Brought to Management's Attention

- The management letter is to provide observations during the audit in areas where the internal control procedures can be strengthened.
- The comments were discussed with the individual departments who have agreed to our recommendations and provided management responses for improvements.



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Questions & Answers



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Thank You