



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

# **Public Workshop**

## **Draft Amendments to Regulation 3, Fees**

**Bay Area Air Quality Management District**  
**February 17, 2015**



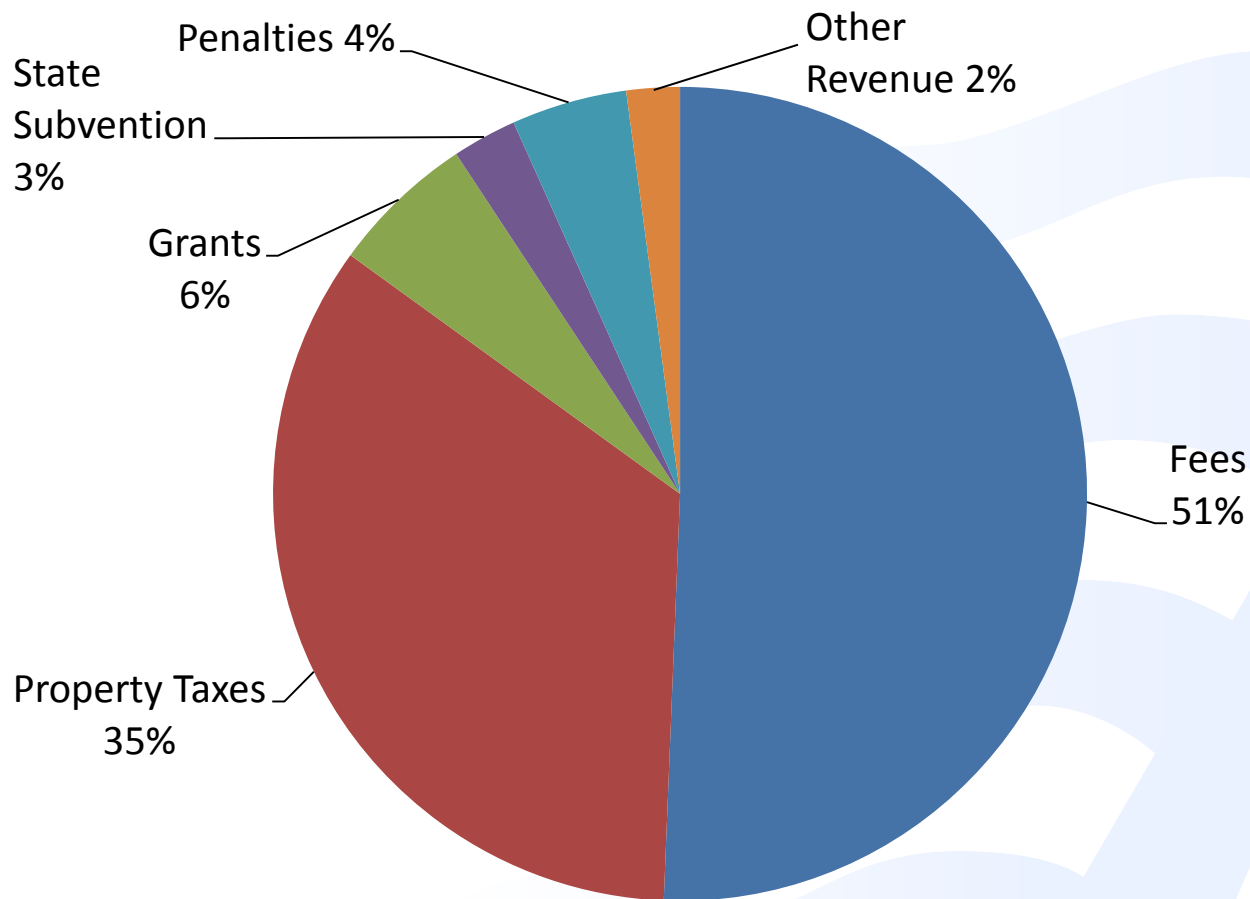
# Workshop Agenda

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





# Revenue Sources - FYE 2014





# Cost Recovery Background

- District has authority to assess fees to recover the reasonable costs of regulating stationary sources
- General policy to fully recover costs of regulatory program activities
- Sets goal of increasing cost recovery to 85% over four years FYE 2013 through FYE 2016
- Fee amendments will be made in consideration of cost recovery analyses conducted at the fee schedule-level
- District will implement feasible cost containment measures







# Trends in Cost Recovery

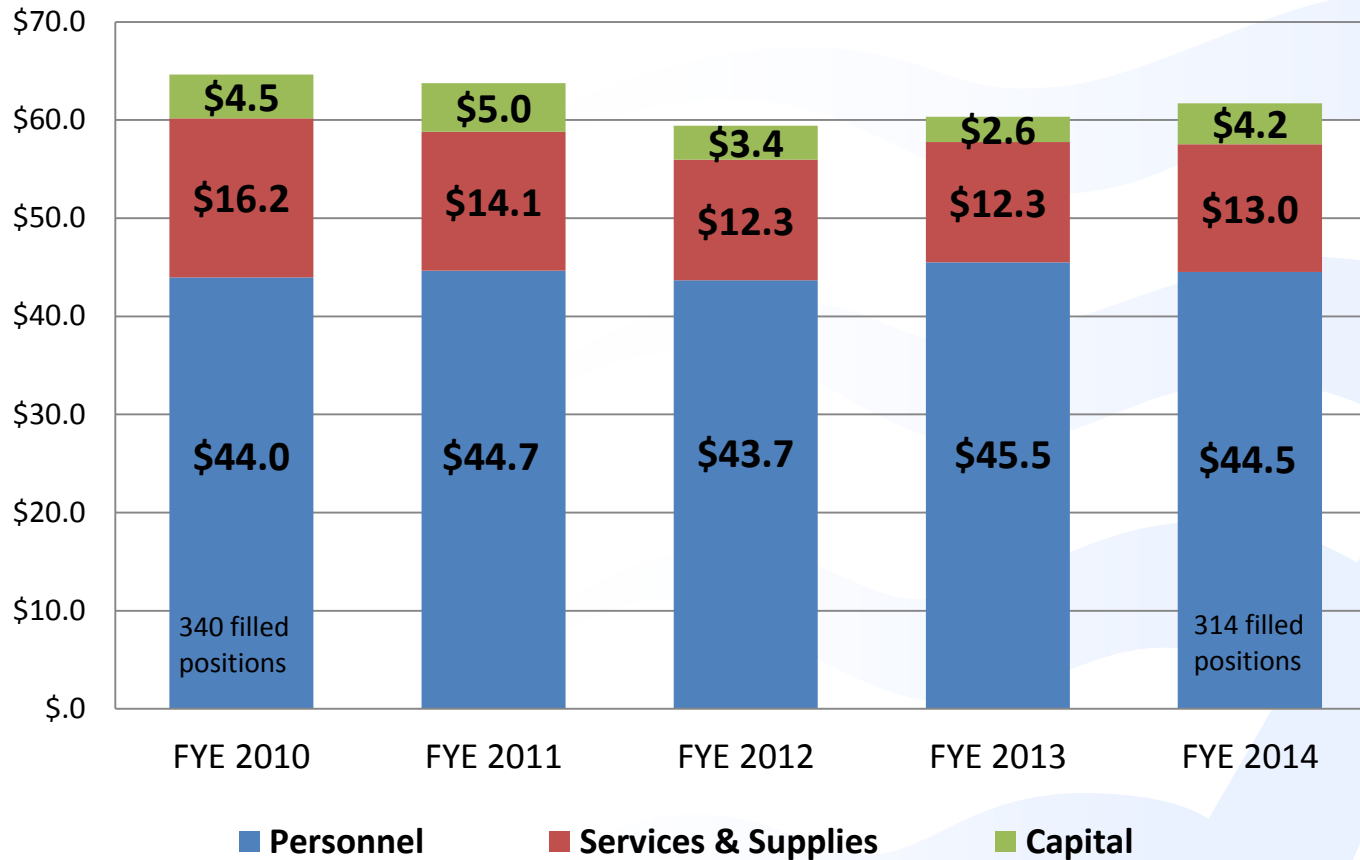
- Fee revenue falls well short of overall full cost recovery
  - FYE 2010: Cost recovery = 64%
  - FYE 2011: Cost recovery = 65%
  - FYE 2012: Cost recovery = 75%
  - FYE 2013: Cost recovery = 80%
  - FYE 2014: Cost recovery = 80%
  - *FYE 2015: Cost recovery = 82% Projected*
- Cost recovery gap is filled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





# Trends in Cost Cutting

**Audited General Fund Expenditures (millions)**





# Proposed Changes to Fee Schedules

Revenue from Fee Schedule	Change in Fees	Fee Schedules
<b>Exceeds 95% of costs</b>	2.6% increase (CPI-W)*	C, G-5, M, N, Q, U
<b>85 – 95% of costs</b>	7% increase	B, D, I, L
<b>75 – 84% of costs</b>	8% increase	F, G-3
<b>Less than 75% of costs</b>	9% increase	A, E, G-1, G-2, G-4, H, K, P, R, S, V

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





# Proposed Changes to Fee Schedules

## ➤ Fee Schedules with 2.6% increase

- Schedule C: Stationary Containers for the Storage of Organic Liquids
- Schedule G-5: Petroleum Refinery Flares
- Schedule M: Major Stationary Source Fees
- Schedule N: Toxic Inventory Fees
- Schedule Q: Contaminated Soil & Removal of Underground Storage Tanks
- Schedule U: Indirect Source Fees







# Proposed Changes to Fee Schedules

## ➤ Fee Schedules with 7% increase

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

## ➤ Fee Schedules with 8% increase

- Schedule F: Misc. Sources (storage silos, abrasive blasting)
- Schedule G-3: Misc. Sources (metal melting, cracking units)





# Proposed Changes to Fee Schedules

## ➤ Fee Schedules with 9% increase

- Schedule A: Hearing Board Fees
- Schedule E: Solvent Evaporating Sources
- Schedule G-1: Misc. Sources (glass manufacturing, soil remediation)
- Schedule G-2: Misc. Sources (asphaltic concrete, furnaces)
- Schedule G-4: Misc. Sources (cement kilns, sulfur removal & coking units, acid manufacturing)
- Schedule H: Semiconductor and Related Operations
- Schedule K: Solid Waste Disposal Sites
- Schedule P: Major Facility Review Fees
- Schedule R: Equipment Registration Fees
- Schedule S: Naturally Occurring Asbestos Operations
- Schedule V: Open Burning



# Other Proposed Amendments

## Schedule R: Equipment Registration Fees

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

## Section 3-304: Alteration

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



# Greenhouse Gas Fees

## Schedule T: Greenhouse Gas Fees

- Increases from \$0.07 to \$0.09 per metric ton of carbon dioxide equivalent emissions
- Fee increase adopted in FYE 2015 as part of a two-year, phased increase per Board of Directors Resolution No. 2014-04





# Impact on Small Businesses

## ➤ Proposed FYE 2016 fee increases:

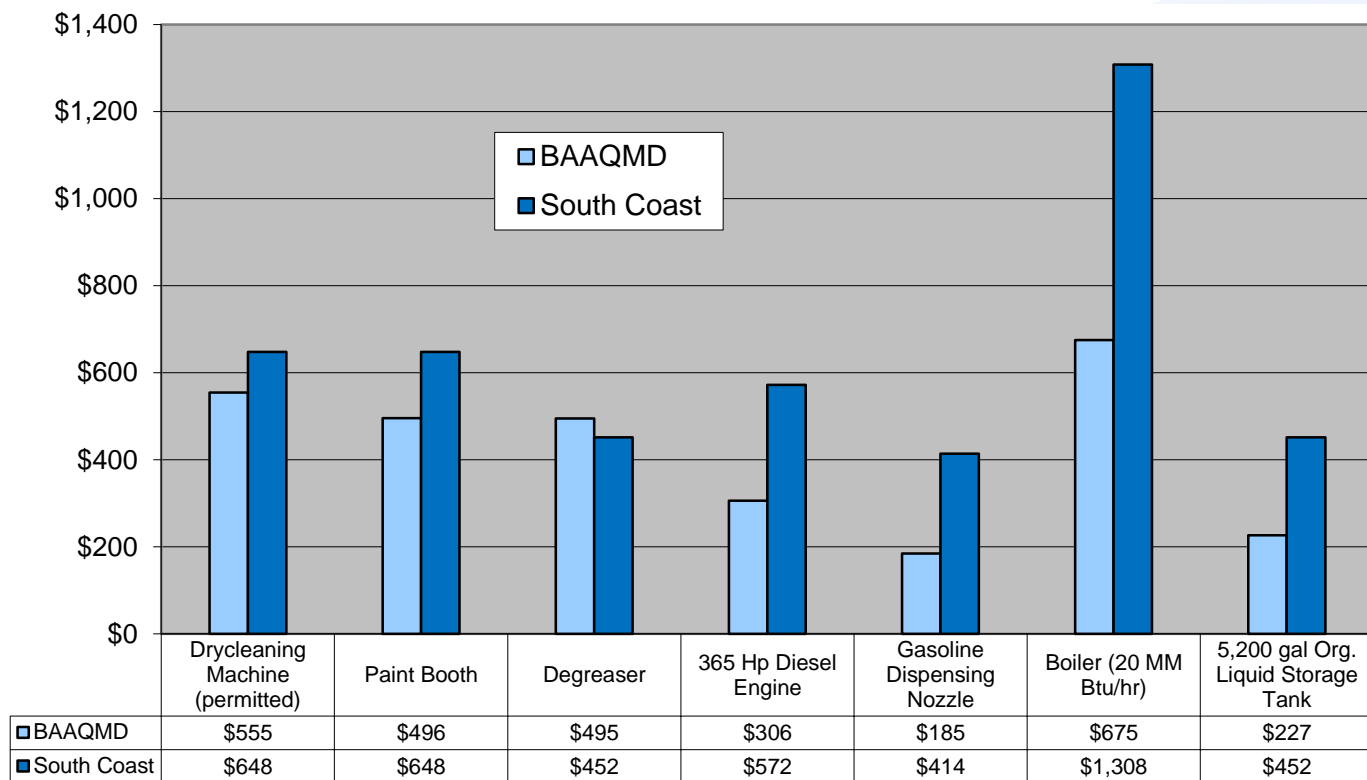
Facility Type	Facility Description	Fee Increase	Total Fee
Gas Station	10 multi-product gasoline nozzles	\$198	\$3,130
Dry Cleaner (permitted)	One machine: 1,400 lb/yr Perc emissions	\$29	\$585
Dry Cleaner (registered)	One machine: 800 lb/yr VOC emissions	\$16	\$189
Auto Body Shop	One spray booth: 400 gal/yr paint	\$39	\$535
Back-up Generator	One 365 hp engine	\$17	\$323







# Bay Area/South Coast AQMD Fee Comparison - FYE 2015





# Rule Development Schedule

- **February 17, 2015**
  - Public workshop
- **February 27, 2015**
  - Written comments due
- **March 25, 2015**
  - Budget & Finance Committee briefing
- **April 15, 2015**
  - Board of Directors first public hearing to receive testimony only
- **June 3, 2015**
  - Board of Directors second public hearing to consider adoption
- **July 1, 2015**
  - Proposed effective date of fee amendments





# Comments

➤ Please provide comments by **Friday, February 27th** to:

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