



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

# **Public Workshop**

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

**Bay Area Air Quality Management District**  
**February 18, 2016**





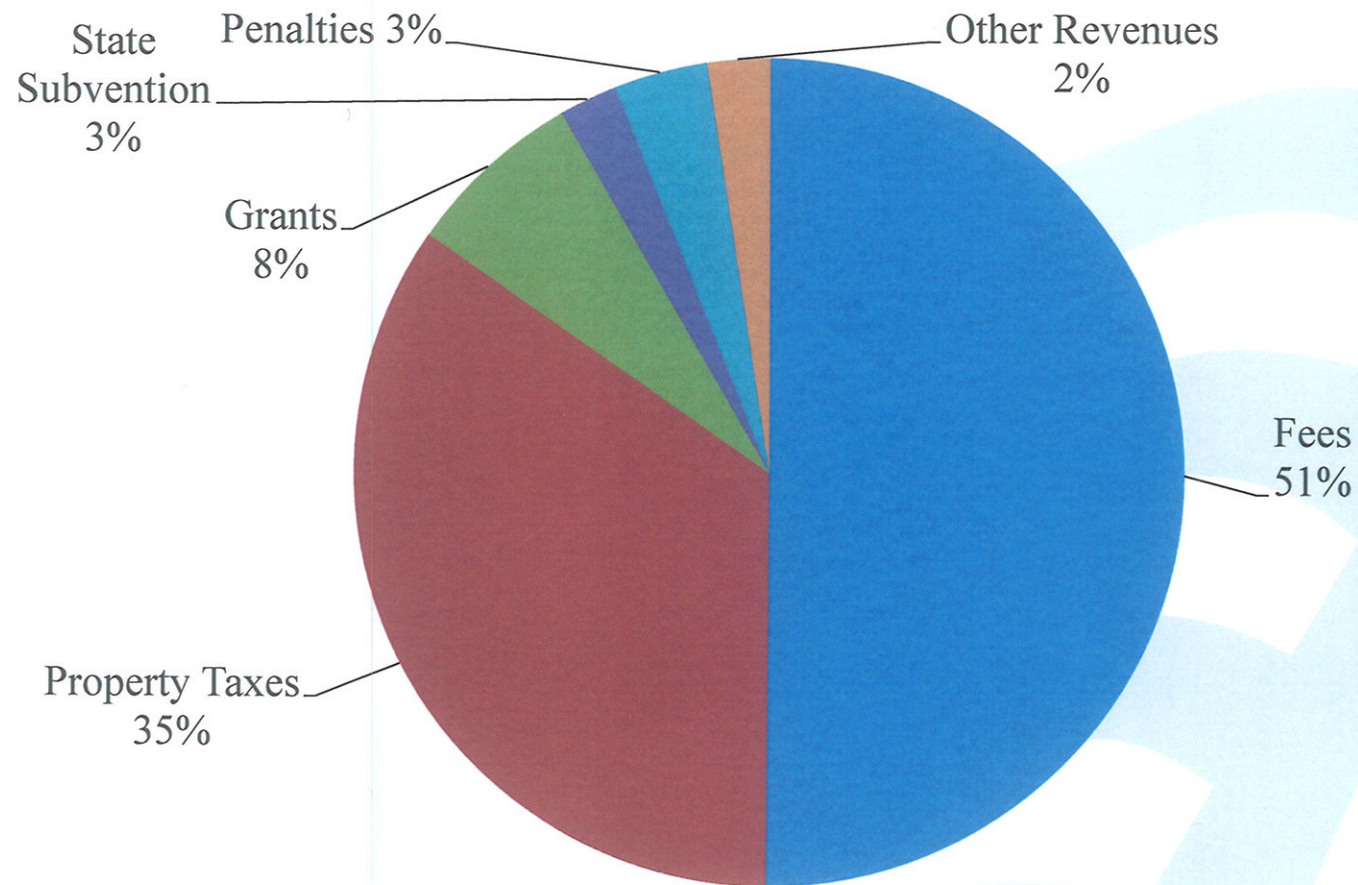
# Workshop Agenda

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





# Revenue Sources - FYE 2015







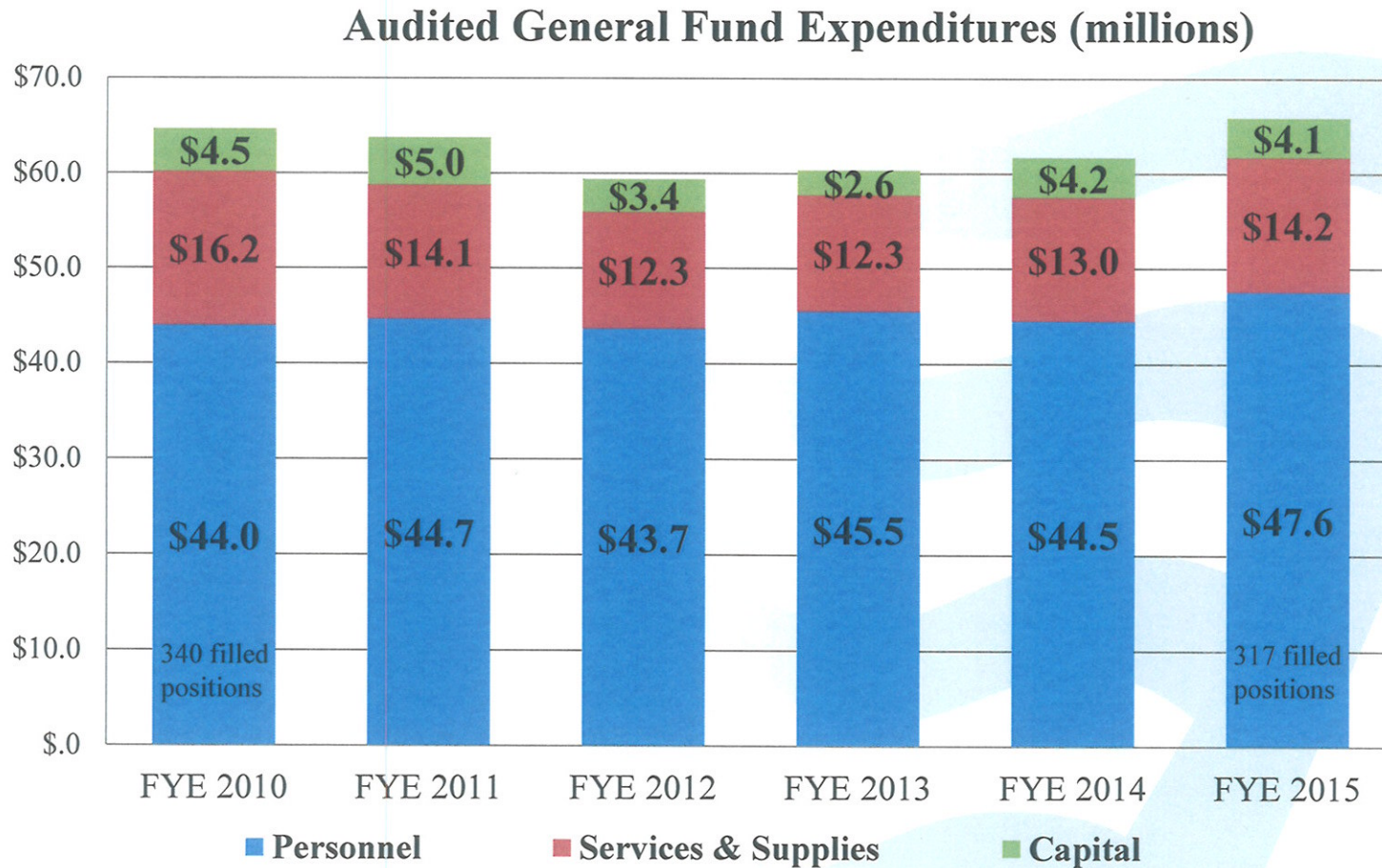
# Cost Recovery Background

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



# Trends in Cost Cutting







# Trends in Cost Recovery

## ➤ Fee revenue falls short of overall full cost recovery

- FYE 2010: Cost recovery = 64%
- FYE 2011: Cost recovery = 65%
- FYE 2012: Cost recovery = 75%
- FYE 2013: Cost recovery = 80%
- FYE 2014: Cost recovery = 80%
- FYE 2015: Cost recovery = 83%
- *FYE 2016: Cost recovery = 76% Projected*

## ➤ Cost recovery gap is filled by county tax revenue







# Proposed Changes to Fee Schedules

Revenue from Fee Schedule	Change in Fees	Fee Schedules
Exceeds 95% of costs	2.2% increase (CPI-W)*	B, C, G-5, L, M, N, Q, U
85 – 95% of costs	7% increase	T
75 – 84% of costs	8% increase	F, G-3, P
Less than 75% of costs	9% increase	A, D, E, G-1, G-2, G-4, H, I, K, R, S, V

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







# Proposed Changes to Fee Schedules

## ➤ Fee Schedules with 2.2% increase

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







# Proposed Changes to Fee Schedules

## ➤ Fee Schedules with 7% increase

- Schedule T: Greenhouse Gas Fees

## ➤ Fee Schedules with 8% increase

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






# Proposed Changes to Fee Schedules

## ➤ Fee Schedules with 9% increase

- Schedule A: Hearing Board Fees
- Schedule D: Gasoline Transfer at Gasoline Dispensing Facilities, Bulk Plants & Terminals
- Schedule E: Solvent Evaporating Sources
- Schedule G-1: Misc. Sources (glass manufacturing, soil remediation)
- Schedule G-2: Misc. Sources (asphaltic concrete, furnaces)
- Schedule G-4: Misc. Sources (cement kilns, sulfur removal & coking units, acid manufacturing)
- Schedule H: Semiconductor and Related Operations
- Schedule I: Dry Cleaners
- Schedule K: Solid Waste Disposal Sites
- Schedule R: Equipment Registration Fees
- Schedule S: Naturally Occurring Asbestos Operations
- Schedule V: Open Burning







# Petroleum Refining Emissions Tracking Fees – Schedule W

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## New Schedule W

- Would apply to the five Bay Area refineries
- To help recover the Air District's costs associated with proposed new Regulation 12, Rule 15
- Fees are proposed for review of refinery emissions inventory and crude slate reports and air monitoring plan submittals.





# Major Stationary Source Community Air Monitoring Fees

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## New Schedule X

- Applies to Bay Area Major Stationary Sources emitting > 35 TPY criteria pollutants within the vicinity of District proposed community air monitor locations.
- To help recover the District's costs of the community air monitoring program.
- The fee is \$60.61 per ton of organic compounds, sulfur oxides, NO<sub>x</sub>, CO, and/or PM<sub>10</sub>.
- The District is reviewing potential locations for the proposed community air monitors.







# Other Proposed Amendments

## Section 3-302.3: Fees for Abatement Devices

- Applications for an abatement device where there is no other modification to the source currently pays a fee based on the source being abated.
- A maximum cap of \$10,000 is proposed for these applications.

## Section 3-304: Alterations

- For alteration applications, gasoline dispensing facilities will pay 1.75 times the filing fee (approximately \$800 total).





# Other Proposed Amendments (cont'd)

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## Schedule T: Greenhouse Gas Fees

- Update the Global Warming Potential Values per the IPCC 5<sup>th</sup> Assessment Report
- Add several GHG compounds from ARB's most recent list of GHGs and that we currently track







# Impact on Small Businesses

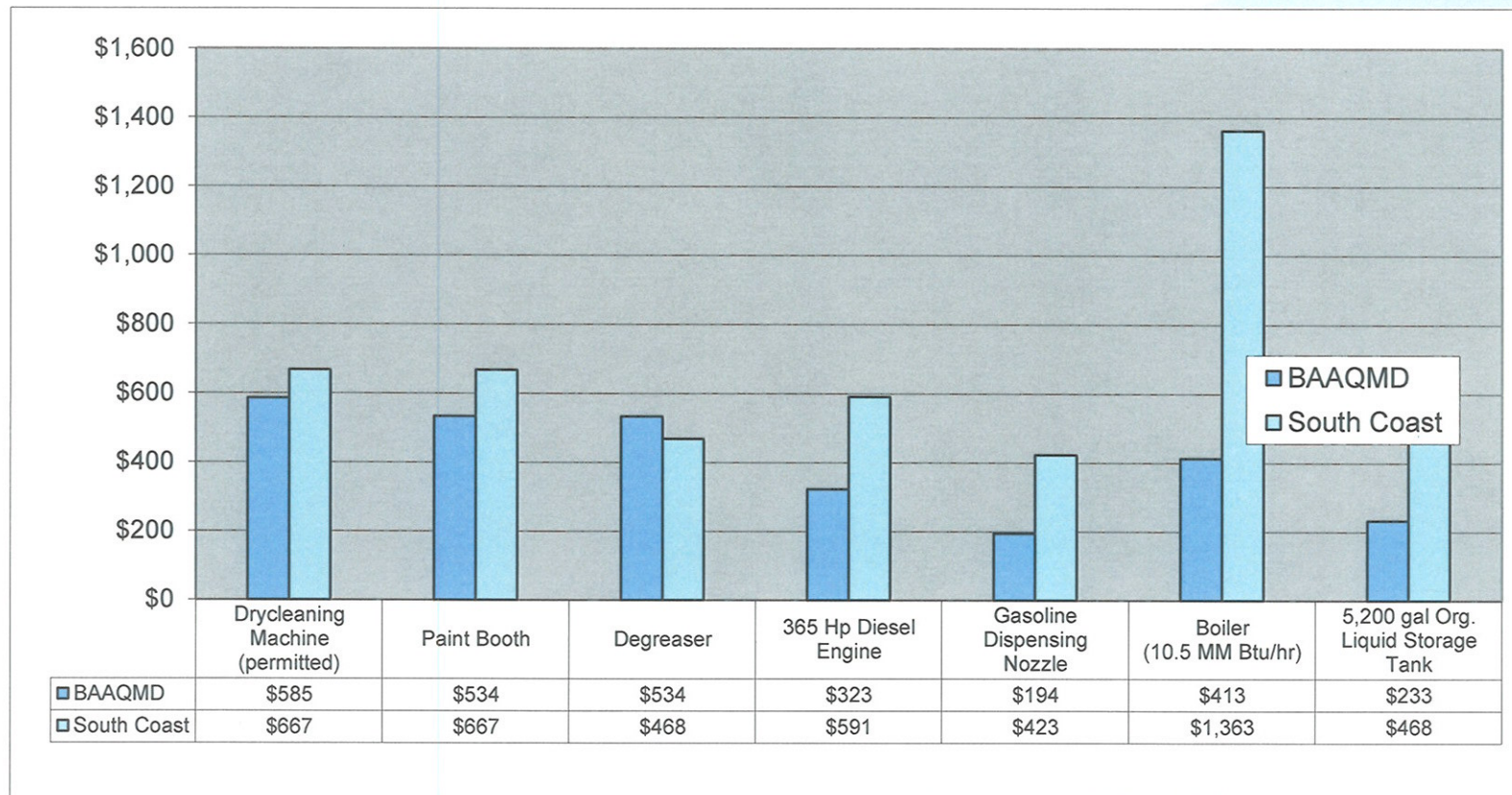
## ➤ Proposed FYE 2017 fee increases:

Facility Type	Facility Description	Fee Increase	Total Fee
Gas Station	10 multi-product gasoline nozzles	\$272	\$3,402
Dry Cleaner (permitted)	One machine: 1,400 lb/yr Perc emissions	\$42	\$627
Dry Cleaner (registered)	One machine: 800 lb/yr VOC emissions	\$17	\$206
Auto Body Shop	One spray booth: 400 gal/yr paint	\$42	\$576
Back-up Generator	One 365 hp engine	\$7	\$330





# Bay Area/South Coast AQMD Fee Comparison - FYE 2016







# Rule Development Schedule

- **February 18, 2016**
  - Public workshop
- **March 16, 2016**
  - Written comments due
- **March 23, 2016**
  - Budget & Finance Committee briefing
- **April 20, 2016**
  - Board of Directors first public hearing to receive testimony only
- **June 1, 2016**
  - Board of Directors second public hearing to consider adoption
- **July 1, 2016**
  - Proposed effective date of fee amendments





# Comments

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

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