




BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

A large, semi-transparent image of the Golden Gate Bridge serves as the background for the slide. The bridge's iconic towers and suspension cables are visible, spanning across the water with the San Francisco skyline in the distance.

Public Workshop

Draft Amendments to Regulation 3, Fees

Bay Area Air Quality Management District
February 22, 2017



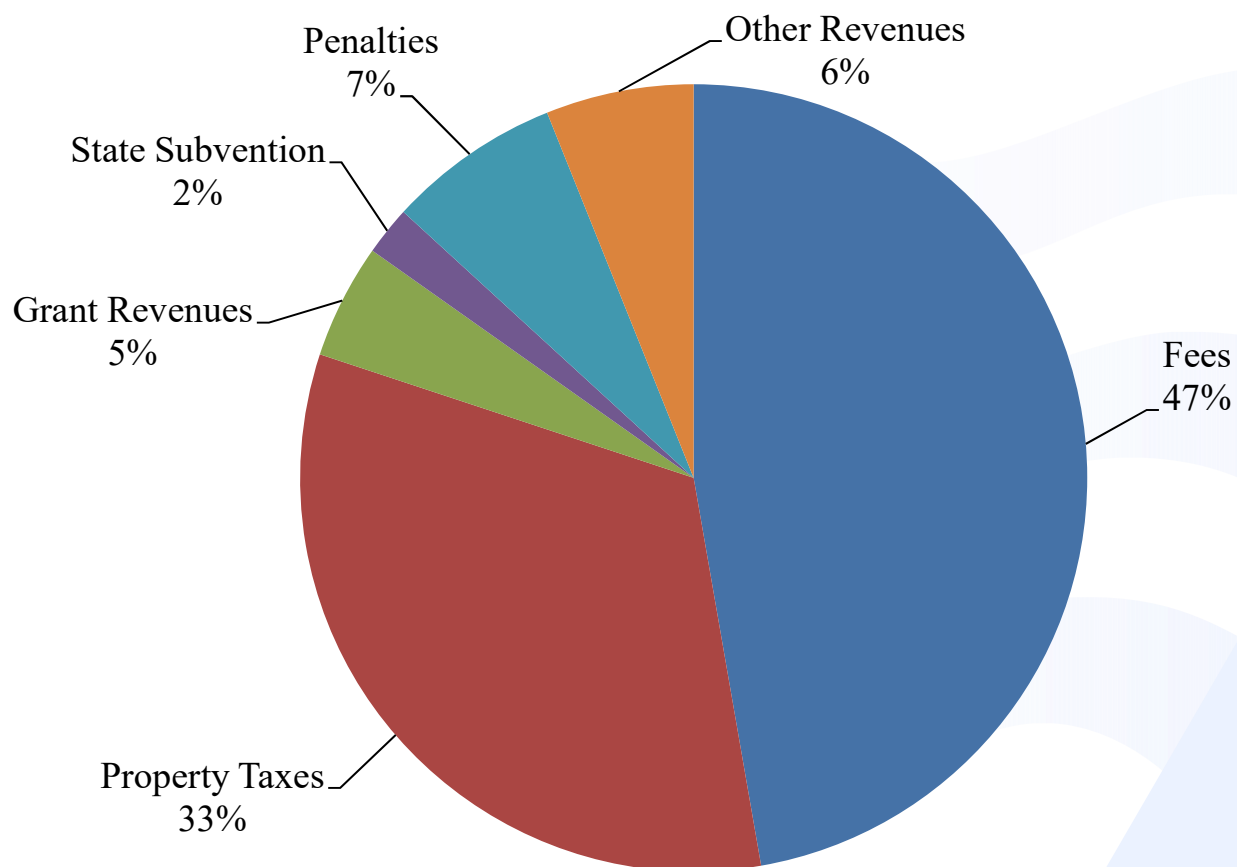
Workshop Agenda

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





Revenue Sources - FYE 2016





Cost Recovery Background

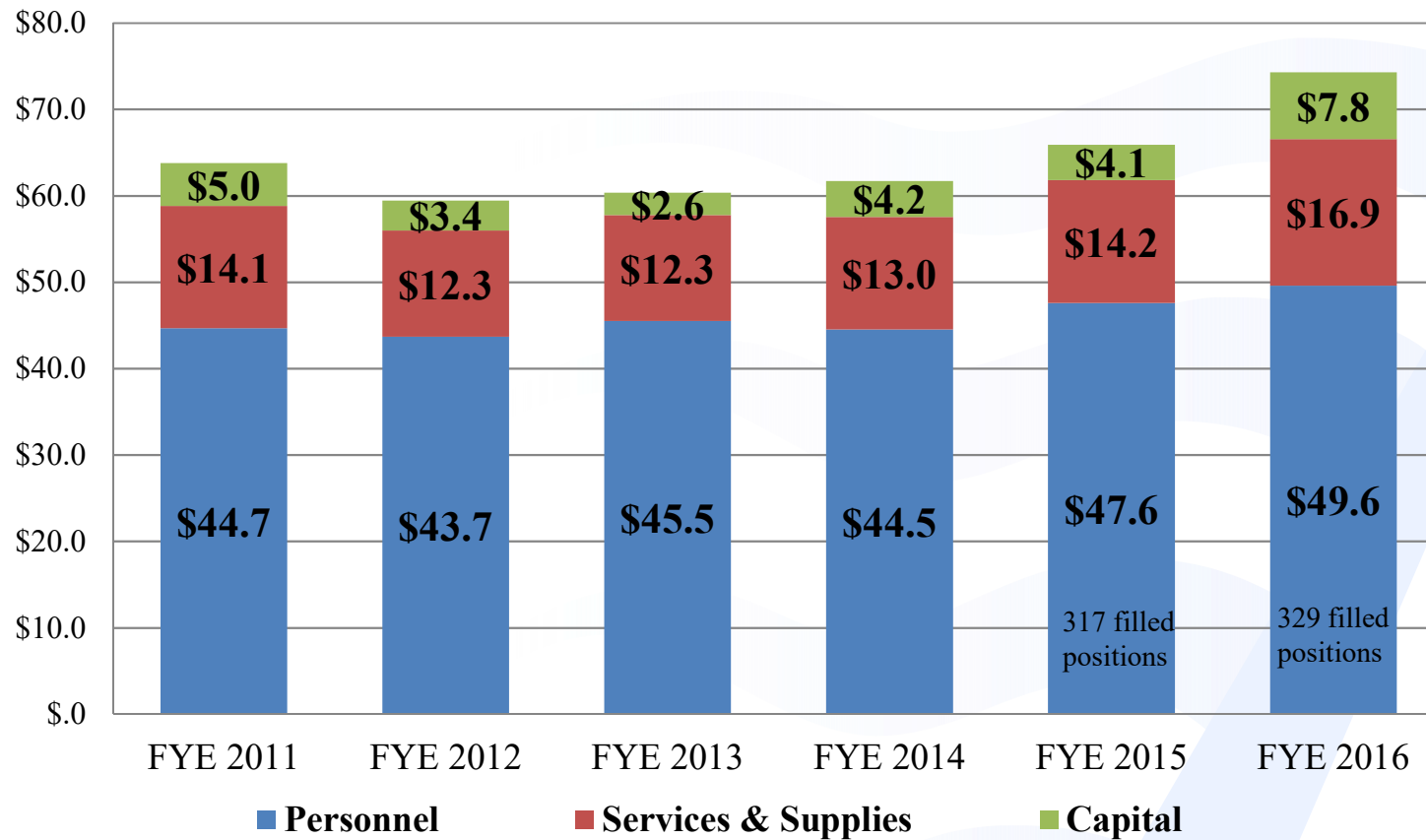
- District has authority to assess fees to recover the reasonable costs of regulating stationary sources
- General policy to fully recover costs of regulatory program activities
- Set goal of increasing cost recovery to 85% over four years FYE 2013 through FYE 2016
- Fee amendments will be made in consideration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





Trends in Cost Cutting

Audited General Fund Expenditures (millions)





Trends in Cost Recovery

➤ Fee revenue falls short of overall full cost recovery

- 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 = 82%
- *FYE 2017: Cost recovery = 82% Projected*

➤ Cost recovery gap is filled by county tax revenue





Proposed Changes to Fee Schedules

Revenue from Fee Schedule	Change in Fees	Fee Schedules
95 – 100% of costs	2.7% increase (CPI-W)*	M, U
85 – 95% of costs	7% increase	F, G3, T
75 – 84% of costs	8% increase	D, P
Less than 75% of costs	9% increase	A, E, G1, G2, G4, H, I, K, R, S, V

* The annual Consumer Price Index for Bay Area Urban Wage Earners and Clerical Workers (CPI-W) increased 2.7% from 2015 to 2016





Proposed Changes to Fee Schedules

➤ **Fee Schedules with 2.7% increase**

- Schedule M: Major Stationary Source Fees
- Schedule U: Indirect Source Fees

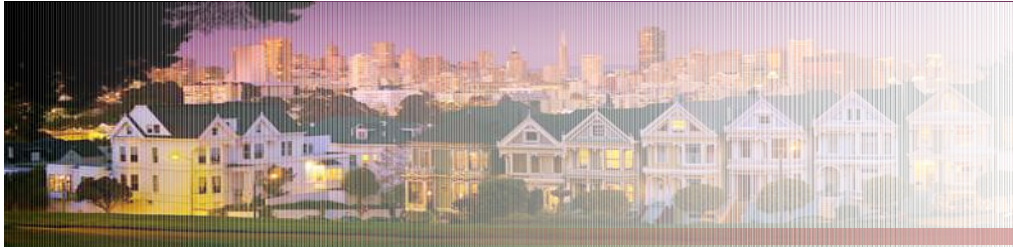
➤ **Fee Schedules with 7% increase**

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

➤ **Fee Schedules with 8% increase**

- Schedule D: Gasoline Transfer at Gasoline Dispensing Facilities,
Bulk Plants & Terminals
- Schedule P: Major Facility Review Fees





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 I: Dry Cleaners
- Schedule K: Solid Waste Disposal Sites
- Schedule R: Equipment Registration Fees
- Schedule S: Naturally Occurring Asbestos Operations
- Schedule V: Open Burning





Regulation 11, Rule 18

Rule Development Underway

- Reduction of Risk from Air Toxic Emissions at Existing Facilities
- Proposed to ensure TAC emissions from existing facilities do not pose an unacceptable health risk to people living and working nearby.
- Proposed Rule 11-18 will require submittal of Facility-Wide HRAs and Risk Reductions Plans that will require assessment, review, and approval by Air District staff
- Air District estimates that up to 1,000 facilities will be impacted by this rule.





Regulation 11, Rule 18

Facility-Wide HRA Fees

- These fees would only become effective upon Board adoption of proposed Regulation 11, Rule 18.
- These fees would be charged only upon submittal of facility-wide HRAs required pursuant to Regulation 11, Rule 18.
- To help recover the Air District's costs for facility-wide Health Risk Assessments required pursuant to proposed Regulation 11, Rule 18.
- The facility-wide HRA fees will range from a minimum of \$499 to a maximum of \$100,000 per facility.





Regulation 11, Rule 18 Risk Reduction Plan Fees

- These fees would only become effective upon Board adoption of proposed Regulation 11, Rule 18.
- These fees would be charged only upon submittal of Risk Reduction Plans required pursuant to Regulation 11, Rule 18.
- To help recover the Air District's costs for review and approval of Risk Reduction Plans required pursuant to proposed Regulation 11, Rule 18.
- The Risk Reduction Plan fees will range from a minimum of \$1,500 to a maximum of \$32,000 per facility.





Other Proposed Amendments

Schedule A: Hearing Board Fees (Table I)

- Revisions to include diesel exhaust particulate matter in the schedule of toxic air contaminants subject to excess emissions fees.

Schedule H: Semiconductor and Related Operations

- Revisions to directly calculate the fee based on gross throughput of organic solvent processed.

Schedule N: Toxic Inventory Fees

- Update the “slope factor” to recover current costs and higher ARB AB2588 annual fees for FYE 2017





Other Proposed Amendments (cont'd)

- A new fee equal to the Risk Assessment Fee to help recover the costs for each HRA scenario above three in any new or modified source permit application in Section 3-302
- Delete fees for Duplicate Permits and Duplicate Registrations in Section 3-309
- Change all Regulation 3 references of “health risk screening analysis” to “health risk assessment”
- Correct a few minor typographical errors





Impact on Small Businesses

➤ Proposed FYE 2018 fee increases:

Facility Type	Facility Description	Fee Increase	Total Fee
Gas Station	10 multi-product gasoline nozzles	\$263	\$3,614
Dry Cleaner (permitted)	One machine: 1,400 lb/yr Perc emissions	\$39	\$666
Dry Cleaner (registered)	One machine: 800 lb/yr VOC emissions	\$19	\$225
Auto Body Shop	One spray booth: 400 gal/yr paint	\$46	\$622
Back-up Generator	One 365 hp engine	\$2*	\$332

* Represents a 2.7% increase in the Permit Renewal Processing Fee.





Rule Development Schedule

- **February 22, 2017**
 - Public workshop
- **March 15, 2017**
 - Written comments due
- **March 22, 2017**
 - Budget & Finance Committee briefing
- **April 19, 2017**
 - Board of Directors first public hearing to receive testimony only
- **June 7, 2017**
 - Board of Directors second public hearing to consider adoption
- **July 1, 2017**
 - Proposed effective date of fee amendments





Comments

➤ Please provide comments by **Wednesday, March 15th** to:

Barry G. Young
Senior Advanced Projects Advisor
Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, CA 94105

byoung@baaqmd.gov
(415) 749-4721



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