

# **SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**

## **DRAFT STAFF REPORT**

### **Amendments to Regulation III – Fees**

**Rules 3010, 3020, 3030, 3040, 3050, 3060, 3070, 3110, 3120, 3135, 3140, 3147, 3150,  
3155, 3160, 3180, 3190**

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February 5, 2015

## **I. BACKGROUND**

To attain the state and federal air quality standards, the Federal and California Clean Air Acts require the San Joaquin Valley Air District to permit stationary sources, develop attainment plans, adopt rules and regulations, implement programs to reduce emissions, and ensure that permitted stationary sources of air pollutants are in compliance with all applicable federal, state, and District rules. The revenue to fund the District's annual operating budget for these programs generally comes from the following three sources: District Fees (Regulation III, Fees), funds from the Department of Motor Vehicles, and State and Federal Grants. While the District continues to lobby appropriate branches of the state and federal governments to maximize grant dollars and other revenues, the majority of the District's operating program is funded by fees collected under Regulation III.

Each year, significant cost and workload increases have been offset through implementation of streamlining and efficiency measures, and by productivity increases resulting from investment in advanced technologies. In fact, since its inception, the District has minimized the need for fee increases by adhering to fiscally-conservative principles aimed at maximizing efficiency and minimizing costs. These principles include things such as: leveraging the use of technology; developing innovative ways to streamline legally-required processes to improve service and reduce related operating costs; and identifying situations where fees charged for services do not cover the cost of those services and recommending adjustments to those fees rather than increasing overall fees. As a result of implementation of the above principles, the District has only required two across-the-board fee increases since its formation in 1992, in 1997 and 2007.

Because the fee schedules have been adjusted across the board only twice, the District's revenue stream from these fees has remained relatively stable over the 23 years since the District's inception. However, the number of programs implemented by

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the District, and their complexity, has grown tremendously over that same period. Where possible, for many of the new programs that the District implemented over the years, such as Title V permitting, Indirect Source Review, and registration of wood-burning heaters, new fees have generated the income to sustain the programs.

The District takes pride in having the lowest administrative overhead and the lowest permit fees amongst air districts in California. According to an independent audit conducted by central valley air quality advocates in 2009, after the District's last across the board fee increase, the District spent 76% less than other districts on salaries and benefits per ton of emissions reduced from stationary sources. Also, the same audit showed that the District's management and administrative cost as a percentage of operating budget was more than 20% below the average. Since then the District has taken on significant additional workload without any increase in staffing.

The District continues to make every effort to keep operating costs as low as possible while still meeting federal and state mandates. As one recent demonstration of this, the District's 2014/15 budget includes savings in operating costs of approximately \$1,000,000 due to a commitment to extensive employee hiring control efforts, and, as of the time of this writing, with attrition and careful hiring only as necessary to meet District mandates, the District is on track to nearly double that savings.

However, even with decades of intensive and pervasive efforts at minimizing costs, the District is currently operating in a deficit mode, in which costs are exceeding incoming revenues. The District Governing Board has expressed a preference that we pursue a targeted approach to fee increases, looking for source categories and functions for which costs are not being fully recovered. Towards that end, the proposal being discussed in this staff report is to begin to remedy this situation by raising fees in three areas which are not self-supporting at this time: open burning, hearing boards, and asbestos removal. In addition, the proposal includes increasing most other fees by 4.8%<sup>1</sup> starting in fiscal year 2015/16 and an additional 4.4% starting in fiscal year 2016/17.

## II. DESCRIPTION OF REGULATION III - FEES

*Regulation III – Fees*, from the District's Rules and Regulations, establishes the fee rates and schedules associated with the regulatory obligations of the District including permitting, annual renewals, air toxics, conservation management plans, hearing boards open burning permits, asbestos removal permitting, and other functions performed by the District. The fees generated from these rules fund in part the District's annual operating budget. The fee rules in Regulation III proposed for amendment:

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<sup>1</sup> While we reference increases of certain percentages throughout this staff report, the actual increases are generally rounded up to the nearest dollar. Where the fee is a multiple of some base, per-unit, fee the actual increases are rounded up to the nearest multiple.

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### ***Regulation III - Fee Rules Proposed for Amendment***

Rule 3010 Permit Fee

Rule 3020 Permit Fee Schedules

Rule 3030 Hearing Board Fees

Rule 3040 Open Burning Fees

Rule 3050 Asbestos Removal Fees

Rule 3060 Emission Reduction Credit Banking Fee

Rule 3070 Other Charges

Rule 3110 Air Toxics Fees

Rule 3120 Regulation VIII Alternative Compliance Plan Review Fee

Rule 3135 Dust Control Plan Fee

Rule 3140 Fees for Certification of Air Permitting Professionals

Rule 3147 Fees for Certification of Gasoline Dispensing Facility Testers

Rule 3150 Fees for Portable Equipment Registration

Rule 3155 Permit-Exempt Equipment Registration Fees

Rule 3160 Prescribed Burning Fees

Rule 3180 Administrative Fees for Indirect Source Review

Rule 3190 Conservation Management Practices Plan Fee

The remainder of the Regulation III Fee rules, Rule 3100 (California Environmental Quality Act Fee), Rule 3170 (Federally Mandated Ozone Nonattainment Fee) and Rule 3901 (Fees for Registration of Wood Burning Heaters), will not be included in the proposed rule amendments. Rule 3100 does not contain a specific fee, and therefore does not require updating<sup>2</sup>. Rule 3170 fees are linked to federal law and are already annually adjusted to the consumer price index. Therefore, no increase is proposed to

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<sup>2</sup> It should be noted that the District's CEQA program was identified by District staff as an area which is not entirely self-supporting. Specifically, acting as a Commenting Agency, the District assists lead agencies by providing technical expertise in characterizing project related impacts on air quality and identifying potential mitigation measures. When commenting on a Lead Agency's environmental analysis, the District reviews the air quality section of the analysis and other sections relevant to assessing potential impacts on air quality, i.e. sections assessing traffic and public health impacts. At the conclusion of its review, the District may submit comments to the Lead Agency that identify deficiencies in the air quality analysis with possible approaches to correct these deficiencies, and when appropriate, the District will recommend feasible mitigation measures. As a commenting Agency under CEQA, the District has no discretionary approval over the project and does not issue permits. Under such circumstances, the hours spent by District staff reviewing the project and providing the Lead agencies with comments is not billable. The District has found no legal mechanism to collect fees for this service, yet believes that such commenting is important and instrumental to minimizing growth in emissions from new developments. Therefore, the District is not proposing any fee at this time for this service and is instead investigating and working with Lead Agencies to find opportunities to streamline CEQA commenting processes.

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Rule 3170. Rule 3901 was recently adopted so its fees are current and expected to adequately cover the costs of the associated program.

### III. DISCUSSION

California Health & Safety Code 42311(a) provides air districts the authority to adopt fee schedules to cover the costs of permitting stationary sources of air pollution. Since its inception in 1992, the District has minimized the need for fee increases by adhering to the following fiscally-conservative principles:

- Leveraging the use of technology to minimize the need for staffing resources.
- Finding innovative ways to streamline legally-required processes to improve service and reduce related operating costs.
- Identifying situations where fees charged for services do not cover the cost of those services and recommending adjustments to those fees rather than increasing all fees.

As a result of applying the above principles, and in spite of complying with multiple new state and federal mandates, the District has only required two across-the-board fee increases, in 1997 and 2007. Other air districts have adjusted their fees upwards multiple times over the last several years, resulting in a significant cumulative difference in fee increases amongst air districts.

#### ***Comparison with Other Districts***

(historical permit fee increases, last 16 years)

Bay Area	144.0%
South Coast	55.5%
Sacramento	49.9%
San Joaquin Valley	16.6%

#### ***Examples of New State and Federal Mandates and Additional Workload***

- Five new ozone and PM attainment plans in the next two years
- More permitting and enforcement work for federal Title V and PSD permits
- New state enhanced vapor recovery requirements for gas tanks – over 800 facilities
- Assist businesses meet AB 32 requirements (Cap and Trade, GHG reporting)
- Develop major rules (Residential Wood Burning, Commercial Charbroiling, Residential Furnaces, Permit Exemptions, New Source Review)
- Increased work associated with CEQA and ISR as land development economy improves
- Pursue new state and federal grants for incentive funds
- Additional incentive programs operated as additional grant funds received

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- Implementation of enhancements to District's outreach program resulting from latest scientific public opinion survey (Burn Cleaner grant program, Clean Green Yard Machine, Northern Region media markets)
- Design and oversee execution of research studies in four significant areas
- Develop new web and mobile applications for further enhanced service and outreach
- Develop new in-house capacity for air quality modeling
- Update guidance documents for land use agencies (GAMAQI, Air Quality Guidelines for General Plans)
- Additional outreach to Valley schools to encourage participation in Real-time Air Advisory Network (RAAN)
- Implement work plan to engage schools and community stakeholders to solicit ideas for developing District's strategy for reducing vehicle emissions at schools
- Expansion of the RAAN system to provide neighborhood-level air quality information
- Implement action plan for deployment of cleaner vehicles throughout the Valley
- Local jurisdiction energy efficiency education and assistance
- Regional energy efficiency measure leveraging (e.g. solar project aggregation/streamlining)
- Energy efficiency/weatherization in environmental justice communities
- Small business energy efficiency education/outreach
- Agricultural energy efficiency program/incentives (e.g. ag pump efficiency)
- Install automation systems in air monitoring network
- Expand air monitoring network to meet federal mandate – siting analysis and installation of 4 new near roadway monitoring stations
- Implement changes to the District's Risk Management Policy resulting from changes to Cal/EPA's risk management guidelines
- Implement mandates of Affordable Health Care Act (health care for temporary employees)

### ***Examples of Efficiency Measures Implemented***

- Employee STAR suggestion program (1000s of efficiency and improvement suggestions)
- Implementing Electronic Document Management Systems (paperless) for all District programs
- Advanced training and cross training throughout District departments allows efficient and flexible workload distribution
- On-line complaint portal system, allows photo and video submittal, auto-receives inspection reports
- Tablet computers and web based inspection forms for streamlined, paperless workflow for field inspectors
- GPS in field vehicles to improve efficiency, accountability and safety
- Automation for submittal and review of facility reports
- Electronic handling of public information requests
- More public information on District web site
- Worked with stakeholders to streamline permitting – quarterly meetings

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- Streamlined registration in lieu of permitting for some equipment
- Migration to virtual computer servers
- Automation for grants program – computerized internal grant management system
- Use of web to collect emission inventory data
- Web-based employment application system
- Changes to accounting structure to provide more accurate and timely information, and streamlined grant reporting
- Implemented enhanced online payment options
- Implemented new labor information system to better track and account for labor hours expended, and streamline payroll processing
- Strategic use of temporary staffing to reduce costs, minimize overtime, address fluctuating workloads
- New internally-developed budget program significantly reduces budget development time
- New internally-developed Human Resources Management Program improves speed and accuracy of performance evaluation processes, hiring and promotional processes and tracking, open enrollment, and much more.
- Reorganization of air monitoring team to better coordinate with air quality analysis team
- Reorganization of grants program to streamline and coordinate with finance team
- Reorganization of gas station permitting, and other permit processes, to enable permit processing by inspection team
- Automation of air monitoring functions: remote calibration, remote maintenance, automated data collection and analysis
- New smart phone implementation for inspectors to speed field processes and eliminate other hardware (camera, navigation units, wireless air-cards)
- Grant Application Web Portal to allow applicants to submit and track grant applications
- New finance electronic document system for viewing and handling invoices and contracts
- New paperless workflow systems (permit and incentive grant processing)
- Continued improvements to new online “Facility Permit Portal” to allow permitted facilities to submit applications electronically, and to review and retrieve more information related to their permitted facilities and applications
- Local Modeling Center will reduce dependence on ARB and avoid delays in plan development
- New streamlined computer programming systems implemented, using upgraded software platform, program modules, staff training
- Hardware and software updates to enhance data transfer speed internally and externally
- Significant automation of Air Quality Index and Agricultural Burn Allocation daily updates
- Developed and utilized grant program guidelines with pre-specified eligibility and cost-effectiveness selection criteria to minimize post-application processing work

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While we have implemented a large number of streamlining and efficiency efforts, as listed above, state and federal mandates continue to directly and indirectly increase workload. As noted above, before implementing any across the board fee increase to accommodate the increased workload, the Governing Board has directed District staff to identify specific programs that are not self-supporting, i.e., resources invested by the District in these programs are partially subsidized by other sources of District revenues, and to remedy such situations to the extent possible. The District has identified three such programs, analyzed below:

### ***Agricultural/Open Burning Fees***

District Rule 3040 establishes annual permit fees for agricultural operations which perform open agricultural burning pursuant to District Rule 4103 (*Open Burning*). Revenues collected from these fees are used to offset the cost of administering the District's agricultural burning program.

<b>Estimated Revenues</b>	<b>\$ 323,000</b>
<b>Estimated Other Revenues*</b>	<b>\$ 150,000</b>
<b>Estimated Expenses</b>	
Inspections	\$ 344,000
Permit Issuance & Renewals	\$ 112,000
Compliance Assistance	\$ 22,000
Burn Authorizations	\$ 406,000
Program Supervision	\$ 37,000
	<b>\$ 921,000</b>
<b>Net (Loss)</b>	<b>\$ (448,000)</b>

*\*Includes a proportional allocation of District non-fee revenues, including federal and state grants, interest and other miscellaneous revenues*

Agricultural burning in the San Joaquin Valley is closely regulated by the District. In accordance with state law, on a daily basis District staff determines when, how much, and where burning can occur. In order for a grower to burn, they must first receive a District permit and must receive approval to burn each day they wish to do so. Field staff monitors burning to ensure only authorized materials are burned and that best management practices are followed to minimize impacts to the public.

As in all endeavors, the District places an emphasis on developing innovative ways to streamline legally-required processes to improve service and reduce related operating costs associated with the agricultural burning program. Toward that end, the District developed and utilizes a sophisticated Smoke Management System (SMS), which divides the Valley into over 100 zones to determine the burn status and manages the allocation of burning to individual permitted locations. The SMS allows the District to more efficiently manage the agricultural burn program and produced significant cost savings to the District by allowing the downsizing of the staffing levels necessary to

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effectively administer the program. In addition, SMS also streamlines the process of obtaining agricultural burn authorization for permit holders by allowing the permit holder to either go through an automated phone system, the District's web site, or person-to-person with one of the District's agricultural burn operators.

Within the agricultural burn program, the District strives to provide the highest levels of customer service to its stakeholders by:

- Operating the SMS call center 7 days a week to assist with burn permit and allocation issues
- Providing Individualized assistance to thousands of permit holders
- Leveraging technology such as SMS and web-based tools to streamline the burn authorization and inspection processes
- Committing to expedited inspection turnarounds (less than 10 days) when an inspection is required
- Emphasizing an educational approach to help permit holders understand and comply with air pollution regulations
- Preparing and distributing Compliance Assistance Bulletins and other materials to advise permit holders of upcoming changes to rules and regulations

In order to remedy the revenue shortfall and ensure that the District can continue to operate the agricultural burn program with the expected high levels of customer service, the District is proposing to increase District Rule 3010 agricultural/open burning fee sufficiently to remedy the current shortfall of approximately \$448 thousand in annual revenue.

In addition to the revenue shortfall, the District's analysis discovered that the costs were not proportionally allocated across the permit holders. Currently, permit holders pay \$26 for a permit with 1 location, \$46 dollars for a permit with 2 locations and \$73 for a permit with 3 or more locations. The cost of issuance and compliance assurance associated with a permit for 50 sites is not the same as a permit for 3 sites, and yet the fee for both is currently the same. Under the current system, small growers with one or two burn locations are, to some extent, subsidizing the costs of the agricultural burning permit program for the larger growers. After discussions with representatives of the agricultural industry, the District is recommending a fee of \$36 per location to more equitably reflect the District's costs based on the number of locations under permit. See attachment for specific language proposed for this rule.

### ***Hearing Board Fees***

District Rule 3030 establishes filing fees for individuals and/or companies petitioning one of the District's Hearing Boards. In accordance with the California Health and Safety Code, the District maintains three Hearing Boards (one in each regional office) to hear requests for variances from District rules, appeals of permit issuances or denials, and abatement orders. Revenue collected from these fees is used to offset the required



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public notice of the hearings, the Hearing Board Member stipends, and the other District costs associated with administering the Hearing Board program.

<b>Estimated Revenues</b>	<b>\$ 73,000</b>
<b>Estimated Other Revenues*</b>	<b>\$ 31,000</b>
<b>Estimated Expenses*</b>	
Public Noticing	\$ 5,000
Hearing Board Member Stipends	\$ 25,000
Hearing Board Meetings	\$ 9,000
Pre-Hearing Preparation (Staff Reports, Agendas, etc.)	\$ 85,000
Post-Hearing Decisions and Tracking	\$ 34,000
Program Supervision	\$ 33,000
	<b>\$ 191,000</b>
<b>Net (Loss)</b>	<b>\$ (87,000)</b>

*\*Includes a proportional allocation of District non-fee revenues, including federal and state grants, interest and other miscellaneous revenues*

In order to remedy this shortfall, the District is proposing to increase the Hearing Board filing fees by 4.8% starting in fiscal year 2015/16 and an additional 4.4% starting in fiscal year 2016/17. These adjustments are expected to result in approximately \$3,900 and \$3,800 in additional annual revenue, respectively.

To address the remaining shortfall, the District is proposing to implement an excess emission fee component to the Hearing Board fees. Variances with excess emissions require additional staff time to calculate/verify emission calculations, evaluate mitigation measures, conduct health risk assessments, and/or model ambient air quality impacts. Rather than allocate these costs across all variance petitions, the District is recommending to charge an excess emission fee of \$2.50 per pound to each variance with excess emissions. The proposed excess emission fees would be capped at \$3,000 per variance for small businesses and \$7,500 per variance for all other petitioners. These adjustments are expected to result in approximately \$42 thousand to \$69 thousand in additional annual revenue. See attachment for specific language proposed for this rule.

### **Asbestos Removal Fees**

District Rule 3050 establishes filing fees for demolition and renovation notifications required under the federal asbestos National Emission Standards for Hazardous Air Pollutants (NESHAP) program. The District has been delegated authority by the United States Environmental Protection Agency (USEPA) to enforce this program within the San Joaquin Valley. Revenues collected from these fees are used to offset the cost of administering the asbestos program.

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<b>Estimated Rule 3050 Fee Revenues</b>	<b>\$ 313,000</b>
<b>Estimated Other Revenues*</b>	<b>\$ 276,000</b>
<b>Estimated Expenses</b>	
Inspections	\$ 350,000
Demolition/Renovation Release Processing	\$ 216,000
Compliance Assistance, Consultations	\$ 89,000
Program Supervision	\$ 49,000
	<b>\$ 704,000</b>
<b>Net (Loss)</b>	<b>\$ (115,000)</b>

*\*Includes a proportional allocation of District non-fee revenues, including federal and state grants, interest and other miscellaneous revenues*

In order to remedy this shortfall, the District is proposing to increase each of the District Rule 3050 asbestos removal fees by 37% to remedy the shortfall of approximately \$115 thousand in annual revenue. See attachment for specific language proposed for this rule.

### **General Fee Increase**

Even after addressing shortfalls in specific programs, as discussed above, the District will continue to operate in a deficit mode of approximately \$1,350,000 per year. The District released reserves and consumed fund balance by \$2,000,000 or more for each of the past two years, a trend that is anticipated to continue. The above program-specific remedies will make up about \$650 thousand of this budget imbalance. To address the remaining shortfall, the District is proposing to increase most other fees by 4.8% starting in fiscal year 2015/16 and an additional 4.4% starting in fiscal year 2016/17. These adjustments are expected to result in approximately \$586 thousand and \$563 thousand in additional annual revenue, respectively.

After these fee increases, the District will continue to have the lowest fees of any major air district in the state (see table below for just a few permit fee examples), and we will continue to follow our commitment to cutting operating costs through the utilization of technology (Permit Administration System, On-line Permit Facility and Grant Portals, Compliance computer programs and in-field tablet computer access, Electronic Document Management System, inter-region permit processing, etc.), process streamlining (Guidelines for Expedited Application Review, permit streamlining meetings, application review templates for specific source categories, Grant process streamlining), and much more.

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### Comparison of Annual Permit Renewal Fee (in dollars)

Air District	150 hp IC Engine	550 hp IC Engine	2 Nozzle Gas Station	16 Nozzle Gas Station	Paint Spraying Operation in Booth
San Joaquin Valley APCD (current)	117.00	479.00	68.00	554.00	87.00
San Joaquin Valley APCD (effective 7/1/15)	123.00	502.00	72.00	581.00	92.00
San Joaquin Valley APCD (effective 7/1/16)	129.00	524.00	76.00	607.00	96.00
South Coast AQMD*	341.76	1224.04	202.08	<b>1616.64</b>	341.76
Sacramento Metro AQMD*	<b>376.00</b>	<b>1508.00</b>	<b>706.00</b>	1600.00	<b>754.00</b>

\* SCAQMD and SMAQMD also charge an emissions fee for permitted equipment, while the Valley Air District does not.

These proposed fee increases are needed to reduce an annual operating deficit that is estimated to average about \$2-3 million over fiscal years 2015/16 and 2016/17 but are not likely to completely eliminate it. Continued implementation of the District's intensive operational streamlining is hoped to achieve sufficient additional efficiencies to balance costs and revenues. Even with the proposed fee increases, the costs for permittees will continue to be the lowest in the state, when compared to those charged by other air districts.

#### IV. PROPOSED RULE AMENDMENTS

##### A. Rule 3100 (California Environmental Quality Act Fee), Rule 3170 (Federally Mandated Ozone Nonattainment Fee), and Rule 3901 (Fees for Registration of Wood Burning Heaters)

Rule 3100, Rule 3170, and Rule 3901 will not be included in the proposed rule amendments. Rule 3100 does not contain a specific fee, and therefore does not require updating. Rule 3170 is linked to federal law and its fees are already annually adjusted to the consumer price index. Therefore, no increase is proposed to Rule 3170. Rule 3901 fees were recently adopted and because of this its fees are current and expected to adequately cover the costs of the associated program.

**B. Summary of Proposed Rule Amendments**

- 1) The following changes are proposed for Rules 3010, 3020, 3030, 3040, 3050, 3060, 3070, 3090, 3110, 3120, 3135, 3147, 3140, 3150, 3155, 3160, 3180, and 3190:**

Increase each of the fees associated with these rules by 4.8%, effective July 1, 2015, and again by 4.4%, effective July 1, 2016. Hourly fees associated with compensating the District for time spent, such as for the processing of permit applications, are not being increased by this action.

- 2) In addition to the change discussed above, the following changes are being proposed for Rule 3010.**

The District is clarifying that hourly evaluation fees associated with the processing of permits under sections 3.1 and 3.2 of Rule 3010 are payable based on the time spent by the District, regardless of the application's eventual disposition. This is consistent with District interpretation and application of the current language, but avoids potential confusion in situations where a permit is not issued. The proposed changes are detailed below:

*3.0 Evaluation/Air Quality Impact Analysis Fee*

*3.1 Every applicant who files an application for an Authority to Construct or a Permit to Operate with the District shall pay an engineering evaluation fee for the processing of the application. ~~issuance of an Authority to Construct or Permit to Operate~~. The fee shall be calculated using the staff hours expended and the prevailing weighted labor rate. All filing fees paid shall be credited towards the evaluation fee.*

*3.2 Part 70 permits as required by District Rule 2520*

*Every applicant for a federally mandated operating permit, a modification or amendment to a federally mandated operating permit, or a certificate of conformity, shall also pay an evaluation fee for the processing of the application. ~~issuance of the federally mandated operating permit or certificate of conformity~~. The fee shall be calculated using the staff hours expended and an average weighted labor rate. All filing fees paid shall be credited towards the evaluation fee. The hourly fees charged to the applicant shall not exceed by more than 10% the amount of the advance fee estimate, or a revision thereto provided by the District.*

**3) The following changes are proposed for Rule 3030 (Hearing Board Fees):**

Increase each of the fees associated with these rules by 4.8%, effective July 1, 2015, and again by 4.4%, effective July 1, 2016. In addition, the District is proposing to implement an excess emission fee of \$2.50 per pound for each variance with excess emissions. The proposed excess emissions fees would be capped at \$3,000 per variance for small businesses and \$7,500 per variance for all other petitioners, and would be effective July 1, 2015.

Proposed amendments would add the aforementioned excess emission fees and the provisions necessary to administer the assessment and collection of the fees.

**4) The following changes are proposed for Rule 3040 (Agricultural/Open Burning Fees):**

Amend the current three-tiered fee structure, which is based on permits with 1 location, 2 locations, or 3 or more locations, to a non-tiered per location structure, and set the fee to \$36 per location to more equitably allocate the costs across permit holders. In addition, the Burn Day Exemption fee would be increased from \$36 per location per day to \$50 per location per day. These changes would be effective July 1, 2015.

**5) The following changes are proposed for Rule 3050 (Asbestos Removal Fees):**

Increase each of the fees associated with this rule by 37%, effective July 1, 2015.

**V. PROPOSITION 26 ANALYSIS**

Proposition 26, approved by California voters in 2010, requires increases in taxes to be approved by a vote of impacted residents. However, under the definitions in Proposition 26, this proposed fee increase is not a tax, as the increases are all charges imposed for reasonable regulatory costs.

**VI. RULE DEVELOPMENT PROCESS**

District staff will conduct at least one public workshop to present, discuss, and receive comments on the proposed amendments, on February 17, 2015. This meeting will be

video-teleconferenced to all three District offices, and will be webcast. See the notice and additional information at [www.valleyair.org/Workshops/public\\_workshops\\_idx.htm](http://www.valleyair.org/Workshops/public_workshops_idx.htm).

Comments received through the public workshop process will be addressed in subsequent versions of this Staff Report before presenting the final amendments to the District Governing Board for their consideration.

## **V. COST EFFECTIVENESS AND SOCIOECONOMIC IMPACT ANALYSIS**

Pursuant to State law, the District is required to analyze the cost effectiveness of any proposed rule amendment that implements Best Available Retrofit Control Technology (BARCT). The draft amendments do not add BARCT requirements and therefore are not subject to the cost effectiveness analysis mandate.

Additionally, state law requires the District to analyze the socioeconomic impacts of any proposed rule amendment that significantly affects air quality or strengthens an emission limitation. The draft amendments will have neither effect, and are therefore not subject to the socioeconomic analysis mandate.

## **VI. RULE CONSISTENCY ANALYSIS**

Pursuant to CH&SC Section 40727.2 (g) a rule consistency analysis of the draft rule is not required. The draft rules do not strengthen emission limits or impose more stringent monitoring, reporting, or recordkeeping requirements.

## **VII. ENVIRONMENTAL EFFECTS**

Pursuant to the California Environmental Quality Act, staff investigated the possible environmental impacts of the proposed amendments. District staff have concluded that the proposed amendments will not have any significant adverse effect on the environment since they will not alter the environmental status quo. Staff will prepare a Notice of Exemption under the provisions of Public Resource Code 15061(b)(3) for this project.

Attachments: Proposed Rules 3030, 3040, 3050