



**San Joaquin Valley**  
AIR POLLUTION CONTROL DISTRICT

# Proposed Amendments to Regulation III (Fees)

**February 17, 2015**



# Air District Responsibilities

- To attain air quality standards, the District is required by State and Federal Clean Air Acts to:
  - Run permitting program for stationary sources of emissions (state and feds responsible for mobile source emissions: cars, trucks, trains, etc.)
  - Adopt rules and implement programs to reduce emissions from stationary sources
  - Ensure sources comply with all applicable rules
- Revenue to fund these programs:
  - District Fees (Regulation III, Fees)
  - Funds from Department of Motor Vehicles
  - State and Federal Grants

# District Governing Board Mandate: Fiscally Conservative Principles

- Leverage technology to minimize need for staffing resources
- Find innovative ways to streamline legally-required processes to improve service and reduce related operating costs
- Identify situations where fees charged don't cover the costs, and adjust accordingly to avoid subsidizing by other fee-payers
- Result: only 2 across the board fee increases since 1992 (in 1997 and 2007).

# Incorporating Increased Workload

- Programs implemented by District, and their complexity, has grown tremendously
- Where possible, establish new fees to cover new programs:
  - Title V Permitting
  - Indirect Source Review
  - Registration of wood-burning heaters
- Incorporating increased workload only possible with intensive attention to streamlining and efficiency

# New Mandates and Additional Workload

- **5 new ozone and PM attainment plans due next 2 years**
- More permitting and enforcement work for federal Title V and PSD sources
- New state enhanced vapor recovery requirements for gasoline tanks – over 800 facilities
- Assist business in meeting AB32 requirements
- **Develop major rules (Residential Wood Burning, Commercial Charbroiling, Residential Furnaces, Permit Exemptions, New Source Review)**
- Increased workload for CEQA and ISR as land development economy improves

# New Mandates and Additional Workload (cont'd)

- Pursue new grant dollars for incentive funds
- Implement new incentive programs as receive grant funds
- Implement enhancements to District's outreach program
- Design and oversee research in four significant areas
- Develop new web and mobile applications to enhance service and outreach
- **Develop new in-house capacity for air quality modeling**
- Update guidance documents for land use agencies
- Additional outreach to schools to encourage participation in RAAN

# New Mandates and Additional Workload (cont'd)

- **Implement plan to engage schools and communities for ideas to reduce vehicle emissions at schools**
- **Expand RAAN to provide neighborhood level information**
- Implement plan to deploy cleaner vehicles in Valley
- Local jurisdiction energy efficiency assistance
- Regional energy efficiency measure leveraging
- Energy efficiency/weatherization in environmental justice communities
- Small business energy efficiency education/outreach
- Agricultural energy efficiency program/incentives

# New Mandates and Additional Workload (cont'd)

- Install automation systems in air monitoring network
- **Expand air monitoring network to meet federal mandates: siting analysis and installation of 4 new near roadway monitoring stations**
- **Implement changes to District's Risk Management Strategy due to changes in Cal/EPA's risk guidelines**
- **Implement mandates of Affordable Health Care Act (health care for temporary workers)**

# Examples of Efficiency Measures Implemented

- **Employee STAR suggestion program (implemented 1000's of efficiency and improvement suggestions)**
- **Implementing paperless document management for all District programs**
- Advanced training and cross training for efficiency and flexible workload distribution
- **Tablet computers and web based forms for field inspectors**
- GPS in field vehicles for efficiency and safety
- Automated submittal and review of facility reports
- Electronic handling of public information requests
- On-line complaint portal system

# Examples of Efficiency Measures Implemented (cont'd)

- **Combining future air quality plans for multiple pollutants**
- More public information on website
- Work with stakeholders to streamline permitting
- **Streamlined registration in lieu of permitting for some equipment**
- Migration to virtual computer servers
- Automation for implementing grant programs
- **Use of web to collect emission inventory data**
- Web based employment application system
- Improved accounting structure and streamlined grant reporting



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# Examples of Efficiency Measures Implemented (cont'd)

- **Implemented enhanced online payment options**
- Enhanced labor information system to better account for labor hours expended and streamline payroll processing
- Strategic use of temporary staff
- **Internally developed budget computer program reduces budget development time**
- **Internally developed human resources computer program to increase efficiency of human resource functions**
- Reorganization of air monitoring team for better coordination with air quality analysis team



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# Examples of Efficiency Measures Implemented (cont'd)

- Reorganization of grants program to streamline and coordinate with finance team
- **Shifted permitting of gas stations, and other processes, to enable permitting by inspection team**
- Automation of air monitoring functions
- **Smart phone implementation for field inspectors to speed up processes and eliminate other hardware**
- Grant Application Web Portal
- New finance electronic document system for invoices and contracts
- **Implementing paperless workflow systems**



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# Examples of Efficiency Measures Implemented (cont'd)

- **Online Facility Permit Portal to allow facilities to research and retrieve more information related to their facility**
- Local Modeling Center to avoid delays in plan development
- Implemented streamlined computer programming systems
- Computer system updates to enhance data transfer speed
- Significant automation of Air Quality Index and Agricultural Burn Allocation daily updates
- **Grant program guidelines with pre-specified criteria to minimize post-application processing work**



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# Lowest Fees

- Lowest administrative overhead and lowest permit fees amongst air districts in Calif.
- Independent audit by air quality activists:
  - District spent 76% less than other districts on salaries and benefits per ton of emissions reduced from stationary sources
  - District management and administrative cost as percentage of operating budget >20% below average

# Comparison with other Air Districts

- Other air districts have increased their fees multiple times over the last several years
- Significant cumulative difference in fee increases amongst districts
- Historical permit fee increases in past 16 years:
  - Bay Area 144.0%
  - South Coast 55.5%
  - Sacramento 49.9%
  - San Joaquin Valley 16.6%



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# Necessity of proposed increase

- Decades of intensive and pervasive efforts to minimize costs
- Increases in operating costs due to inflation, now operating in deficit mode
- Shortfall of approximately \$2 million per year
- Governing Board: pursue targeted approach to increasing fees by looking first for functions where the costs are not being fully recovered



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# Proposed Fee Increases

- Proposal to increase fees in 3 areas not currently self supporting
  - Open burning
  - Hearing boards
  - Asbestos removal
- Also, increase most other fees by 4.8% starting in fiscal year 2015/16 and an additional 4.4% starting in fiscal year 2016/17

# Fee Rules Not Being Amended

- No hourly fees are increased, such as those in:
  - Rule 3010, hourly engineering evaluation and air quality impact analysis fees
  - Rule 3100, hourly fee for assessing California Environmental Quality Act documents
- Rule 3170 Federally Mandated Ozone Nonattainment Fee
  - Linked to federal law, adjusted by CPI
- Rule 3901 Fees for Registration of Wood Burning Heaters
  - Recently adopted, expected to cover costs



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# Agricultural Burning Fees

- District Rule 3040
- Agricultural burning is regulated by the District
- Burn permit and daily approval is required
- Streamlined Smoke Management System
  - Sophisticated system manages allocation across 100 zones
  - Significant cost savings – downsizing of necessary staffing levels
  - Receive authorization through automated phone system, District's web site, or call center operator



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# Agricultural Burning Fees (cont'd)

- Highest levels of customer service
  - Operate Smoke Management Call Center 7 days per week to assist with burn permit and allocation issues
  - Individualized assistance to thousands of permit holders
  - Leveraging technology to streamline authorization and inspection process
  - Expedited inspection turnarounds (<10 days)
  - Education approach to aid in understanding and compliance with regulations
  - Compliance Assistance materials to advise permit holders of changes to regulations



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# Agricultural Burning Fees (cont'd)

- Costs to administer exceed revenues by \$448,000 per year
- Analysis discovered costs not proportionally allocated across permit holders under current system (Fees capped at 3 locations)
- District proposing a fee of \$36 per location to more equitably allocate costs across permit holders



# Hearing Board Fees

- District Rule 3030
- Hearing Boards hear requests for variances, permit appeals, and abatement orders
- Revenue used to offset the required public noticing of hearings, Hearing Board Member stipends & costs of administering the program
- Program costs exceed revenues by \$87,000 per year

# Hearing Board Fees (cont'd)

- Increase filing fees by 4.8% in fiscal year 2015/16 and 4.4% in fiscal year 2016/17
- Add excess emission fee component of \$2.50 per pound of excess emissions (capped at \$3,000 for small business or \$7,500 for other petitioners)
- Variances with excess emissions require additional staff hours
  - Calculate/verify emission calculations
  - Evaluate mitigation measures
  - Conduct health risk assessments
  - Model ambient air quality impacts



# Asbestos Removal Fees

- District Rule 3050
- Demolition and renovation notifications required by federal asbestos NESHAP program
- District delegated to enforce this program
  - Compliance Assistance/Consultations
  - Inspections
  - Demolition/Renovation Release Processing
- Costs to administer program exceed revenues by \$115,000 per year
- Increase removal fees by 37% to remedy this shortfall



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# General Fee Increase

- After addressing shortfalls in specific programs discussed above, remaining deficit over \$1.3 million per year
- Increase fees by 4.8% in fiscal year 2015/16 and 4.4% in fiscal year 2016/17
  - District Rules 3010, 3020, 3060, 3070, 3110, 3120, 3135, 3140, 3147, 3150, 3155, 3160, 3180 and 3190
- Result in approximately \$586,000 and \$563,000 in additional annual revenue, respectively

# General Fee Increase (cont'd)

- Continued implementation of intensive operational streamlining necessary to achieve additional efficiencies to balance costs and revenues
- Will continue commitment to cutting costs utilizing technology, process streamlining, and much more
- District will continue to have the lowest fees of any major air district in state



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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 (current)	117.00	479.00	68.00	554.00	87.00
San Joaquin Valley (effective 7/1/15)	123.00	502.00	72.00	581.00	92.00
San Joaquin Valley (effective 7/1/16)	129.00	524.00	76.00	607.00	96.00
South Coast	341.76	1224.04	202.08	<b>1616.64</b>	341.76
Sacramento Metro	<b>376.00</b>	<b>1508.00</b>	<b>706.00</b>	1600.00	<b>754.00</b>

# Additional Proposal for Rule 3010

- Clarify that hourly evaluation fees for processing of permits under Sections 3.1 and 3.2 of Rule 3010 are payable based on the time spent regardless of the application's eventual disposition:

*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.~~*

- Avoids potential confusion when a permit is not issued



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# Next Steps...

**2/17 – 3/3:**

Public  
comment  
period

**3/17 – 3/31:**

Public  
comment  
period



**3/17:**

Publication of  
proposed rule  
package to District  
web page

**4/16/15:**

Governing  
Board  
Public  
Hearing

# Comment Deadline

**March 3 at 5:00 PM**

Contact: Dave Warner  
By Mail: San Joaquin Valley APCD  
1990 E Gettysburg Avenue  
Fresno, CA 93726  
Phone: (559) 230-6000  
Fax: (559) 230-6061  
Email: [dave.warner@valleyair.org](mailto:dave.warner@valleyair.org)

# Questions/Comments

Please come to podium  
State name and affiliation

Webcast participants can email written questions/comments while the webcast is operational: [webcast@valleyair.org](mailto:webcast@valleyair.org)