

**SAN DIEGO COUNTY
AIR POLLUTION CONTROL DISTRICT**

**DRAFT PROPOSED AMENDMENTS TO
RULE 40 – PERMIT AND OTHER FEES
RULE 42 – HEARING BOARD FEES**

PUBLIC MEETING REPORT

The San Diego County Air Pollution Control District (District) held a public meeting on August 31, 2021, to discuss and receive input on the draft proposed amendments to Rule 40 – *Permit and Other Fees* and Rule 42 – *Hearing Board Fees*. A meeting notice was mailed to each permit holder, applicant, registration holder, and chamber of commerce in the region. Additionally, a meeting notice was posted on the District’s website and distributed to interested parties, including through the District’s electronic mail service.

The public meeting was attended by 7 stakeholders, representing businesses and facilities that are subject to permit fees and other fees. A summary of their comments on the proposal, and the District's responses, follows.

1. PUBLIC MEETING COMMENT

Does the District anticipate additional 15% increases being proposed during the 2022 and 2023 years?

DISTRICT RESPONSE

Currently, the District is recovering an estimated 66% of the cost for the Permitting Program. The Cost Recovery Study that was received by the Governing Board in May 2021 anticipates increasing fees each year until full cost recovery is achieved. The Cost Recovery Study concludes that increasing fees over the next 3-5 years will be needed to reach full cost recovery. The District Governing Board will conduct fee hearings each year and determine the fees for the following year.

2. PUBLIC MEETING COMMENT

Is the goal to get to 100% cost recovery?

DISTRICT RESPONSE

Yes, the District’s goal is to get to 100% full cost recovery in accordance with Governing Board direction and the California State Auditor’s recommendation to “increase fees until its revenue from permit fees is equal to the full cost of the permitting program.”

3. PUBLIC MEETING COMMENT

Are there any other cost cutting activities to achieve financial stability rather than raising fees for end users?

DISTRICT RESPONSE

Yes, the District is continuously reviewing programs and processes for efficiencies each year. As outlined in the Public Meeting held on 8/31/21, some recent examples include reducing staff within Source Testing; a new online customer Emissions Inventory System; a new mobile complaint application; public open data (Permits & Emissions, Complaints and Settled Cases); and public document library (Applications, Health Risk Assessment, Risk Reduction Plans, Violations and Enforcement).

4. PUBLIC MEETING COMMENT

Will there be any additional hearings about this topic?

DISTRICT RESPONSE

Yes, the first Governing Board Hearing to consider proposed amendments to Rules 40 and 42 will be held on October 14, 2021, and the second Board Hearing to consider adoption of the proposed amendments is planned to be held on December 9, 2021.

5. PUBLIC MEETING COMMENT

How is the current deficit being funded?

DISTRICT RESPONSE

The deficit among the District's permitting programs is currently being funded with Vehicle License Fees. As summarized in the California State Auditor's Report 2019-127, "The amended law does not include a clear requirement that districts use the vehicle registration fees to reduce mobile emissions from vehicles (mobile emissions)¹." However, while use of vehicle registration fees in this manner complies with state law, the District's goal is to achieve full cost recovery for its permitting programs, as described above.

¹ <http://auditor.ca.gov/pdfs/reports/2019-127.pdf> page 17 of 65

6. PUBLIC MEETING COMMENT

Can this recording be watched on YouTube at a later time?

DISTRICT RESPONSE

Yes, this is being recorded live and you can find it on the District's YouTube channel (www.youtube.com/user/SanDiegoAPCD).

7. PUBLIC MEETING COMMENT

The California State audit stated that \$12.9M was raised for the District via Vehicle License Fees (VLF) that came from a \$4 fee per registration. I am told that \$4 is the maximum the County is allowed to charge. State law allows VLF to be up to \$6. Can you speak to the difference?

DISTRICT RESPONSE

Please see District Response to Public Meeting Comment No. 5 for additional information regarding Vehicle License Fees. For more information, please refer to California Health and Safety Code Section 44225². In addition, California Proposition 26, passed by voters in November 2010, limits the District's ability to raise Vehicle License Fees without a County-wide vote.

8. PUBLIC MEETING COMMENT

Could you please explain what is meant by a 15% increase for fees?

DISTRICT RESPONSE

The District is proposing a 15% increase to each fee in Rule 40³ related to the Initial Evaluation, Emission Unit Renewal Fee, Schedules 92 and 93 Source Testing, Schedule 94 Time and Material Labor Rates, Processing Fee, and Site ID Processing and Handling Fee. The District is also proposing a 25% increase to the Asbestos Demolition or Renovation Notification Fees and to the Hearing Board Fees found in proposed amended Rules 40 and 42⁴, respectively.

² https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=HSC§ionNum=44225.

³ https://www.sdapcd.org/content/dam/sdc/apcd/PDF/Rules_and_Regulations/Workshops/R40_R42/R40-WSDraft.pdf

⁴ https://www.sdapcd.org/content/dam/sdc/apcd/PDF/Rules_and_Regulations/Workshops/R40_R42/R42-WSDraft.pdf

9. PUBLIC MEETING COMMENT

Is the District considering raising the per ton emissions fee, which is currently \$116 per ton, in future years?

DISTRICT RESPONSE

The per ton emissions fee is not currently proposed to change, but it will be analyzed in the next Cost Recovery Study which will analyze cost recovery for the 22-23 fiscal year. The District Governing Board will conduct fee hearings each year and determine the fees for the following year.

10. PUBLIC MEETING COMMENT

Will comments be taken after today?

DISTRICT RESPONSE

Yes, the public will have an opportunity to comment at the two upcoming Governing Board hearings. Comments may be made verbally at the hearing or submitted in writing prior to or at the hearing. See also District Response to Public Meeting Comment No. 4.

11. PUBLIC MEETING COMMENT

Has the Board looked at these fee increases and considered the impact to small businesses or businesses in need?

DISTRICT RESPONSE

The District will evaluate options that could provide assistance to businesses in need and bring potential options to the Governing Board for consideration.

12. PUBLIC MEETING COMMENT

Will the District develop a plan for how to expend the Vehicle License Fee funding that will be offset by the proposed fee increases? How will those funds be allocated?

DISTRICT RESPONSE

Yes, this will be part of the budget process which includes public hearings to receive and consider input from members of the public. The Governing Board will decide how these funds will be expended in conformance with the limitations established in state law.