

# San Diego County Air Pollution Control District (District)



## **Public Hearing Proposed Amendments to Rule 40 – Permit & Other Fees & Rule 42 – Hearing Board Fees**

# Overview

District Vision & Mission

Governing Board Plan Adoption

Cost Recovery Analysis

Services Provided & Efficiencies

Financial Hardships

Requested Actions



# District Vision & Mission



# Services Provided

## ➤ Engineering

- 400 applications annually, 7,100 APCD Permits issued
- Quantify Emissions & significant sources of air pollutants

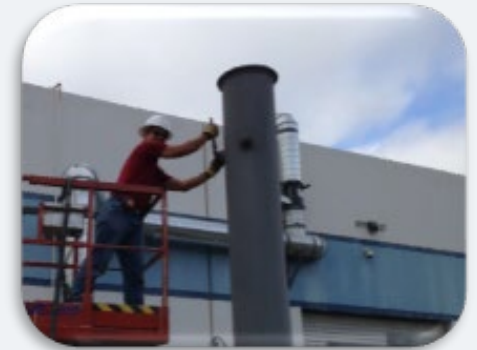
## ➤ Source Testing

- Source testing for permits and applications
- Emission testing by third party contractors

## ➤ Compliance

- Regulated facilities inspection
- Air quality complaints & enforcement actions

❖ **Fees support the cost recovery for these services**

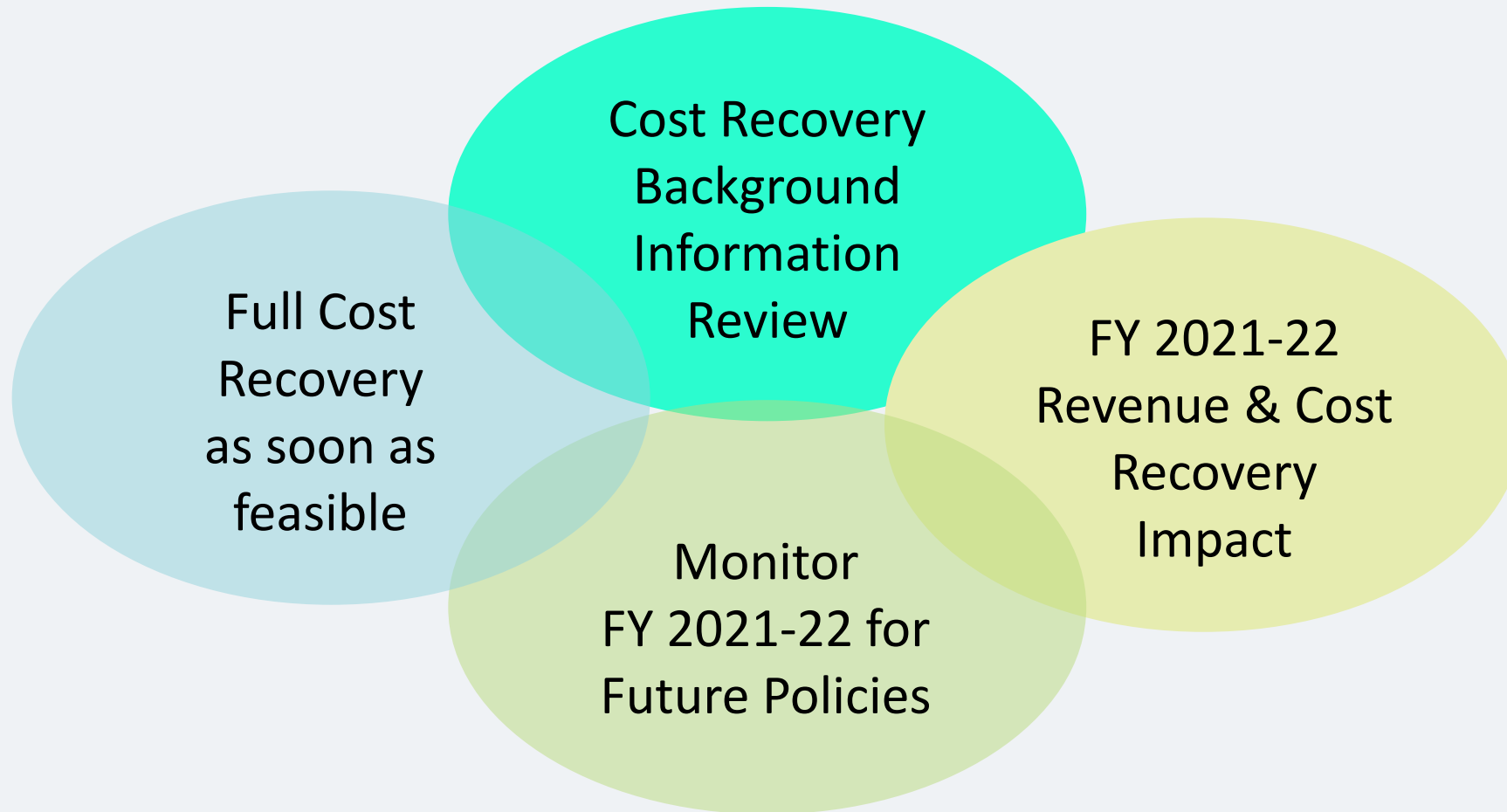


# Efficiencies

- Engineering
  - Online/customer Emissions Inventory System
  - Heath Risk Assessment
  - Public Open data (Permits & Emissions)
  - Public Document Library (Apps, HRAs, Risk Reduction Plans)
- Source Testing
  - Streamline Report Review / Writing process
  - Reduced staff levels for FY 2021-22 by 2 budgeted FTE
- Compliance
  - Complaint Process & new mobile complaint application
  - Electronic inspection Forms
  - Public Open data (Complaints, Settled Cases)
  - Public Document Library (Violations & Enforcements)

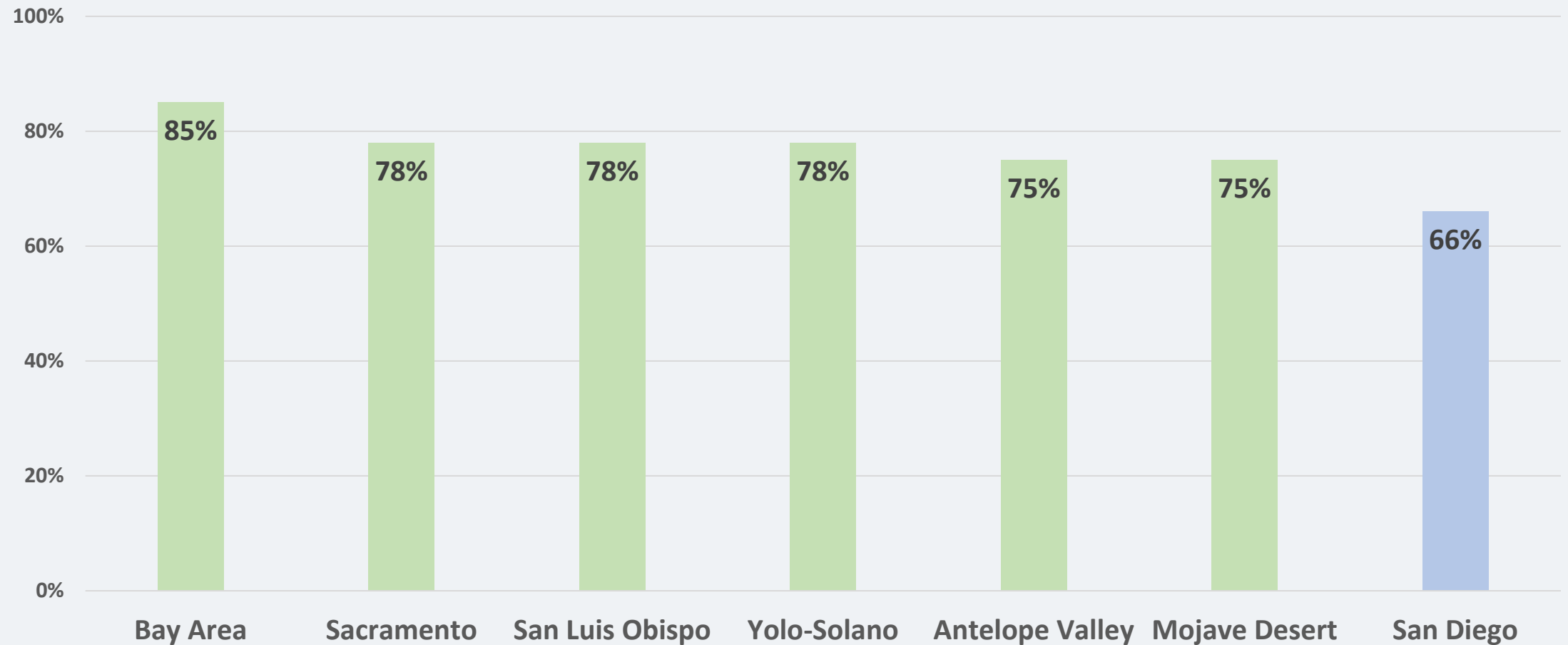


# Governing Board Plan



# Other Air Districts

## *Current Cost Recovery %*



# Cost Recovery Analysis

- When comparing FY 2020-21 fee-related costs (direct and districtwide overhead) with fee-related revenue, the District is under-recovering its costs by approximately **\$4 million**.

Fee Category	FY20 Revenue	Total Annual Cost	Annual Surplus / (Deficit)	Cost Recovery %
Initial Application	\$441,825	\$684,032	(\$242,207)	65%
Renewal Fees	\$4,406,535	\$6,159,862	(\$1,753,327)	72%
Source Testing	\$817,137	\$1,781,741	(\$964,603)	46%
Asbestos Fees	\$454,601	\$654,125	(\$199,524)	69%
Hearing Board	\$2,147	\$3,641	(\$1,494)	59%
Processing Fee	\$511,483	\$642,547	(\$131,064)	80%
Time & Material	\$1,240,638	\$1,921,565	(\$680,927)	65%
<b>TOTAL</b>	<b>\$7,874,366</b>	<b>\$11,847,512</b>	<b>(\$3,973,146)</b>	<b>66%</b>



# Cost Recovery Analysis (Cont.)

- On May 21, 2021, the APCD Governing Board adopted the Cost Recovery Plan

Fee Category	Current CR %	Subject to Aggregate Cap of 15%	FY 21-22 Fee Inc. %	FY 21-22 CR %	Years to Reach CR
Application Fixed	65%	Yes	15%	74%	3
Renewal	72%	Yes	15%	82%	3
Source Testing	46%	No	15%	63%	5
Asbestos	69%	No	25%	85%	2
Hearing Board	59%	No	25%	74%	3
T&M	65%	Yes	15%	74%	3
Processing Fees	80%	Yes	15%	91%	4

# Current Deficit & Revenue Impact

Fee Category	Current Deficit (\$)	Annual Deficit (\$)	Proposed Annual Increase
Application Fixed	(\$242,207)	(\$175,933)	\$66,274
Renewal	(\$1,753,327)	(\$1,092,347)	\$660,980
Source Testing	(\$964,603)	(\$656,665)	\$307,938
Asbestos	(\$199,524)	(\$99,237)	\$100,287
Hearing Board	(\$1,494)	(\$957)	\$537
T&M	(\$680,927)	(\$494,831)	\$186,096
Processing Fees	(\$131,064)	(\$56,679)	\$74,385
<b>TOTAL</b>	<b>(\$3,973,146)</b>	<b>(\$2,576,649)</b>	<b>\$1,396,497</b>

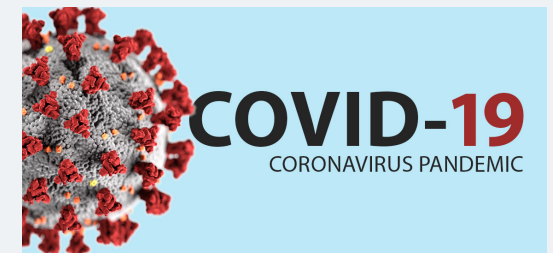
# Financial Hardships

## ➤ **Splitting Payments**

- Current Rule allows for splitting application & operating fees into 2 payments due 60 days apart due to financial hardship upon written request
- Considering options to increase from 2 to 4 payments and due dates from 60 to 120 days for operating fees

## ➤ **Late Fee Waiver Option (COVID-19 Pandemic)**

- Considering late fee waiver option during Federal, State, or Local declared emergencies upon financial hardship written request



# Today's Recommendations:

1. Open a public hearing on the proposed amendments to Rule 40 and Rule 42
2. Find that the revenues being generated by the fee rates currently set forth in Rule 40 and Rule 42 are insufficient to fully recover the costs of District programs
3. Find that the requested action is exempt from the requirements of the California Environmental Quality Act pursuant to CEQA Guidelines section 15273

# San Diego County Air Pollution Control District (District)



## **Public Hearing Proposed Amendments to Rule 40 – Permit & Other Fees & Rule 42 – Hearing Board Fees**

# Labor Rate Changes

## ➤ Classifications Removed

- Air Pollution Test Technician
- Air Quality Inspector
- Assistant / Supervising Air Resources Specialist
- Assistant Chemist
- Assistant / Senior Meteorologist
- Instrument / Supervising Technician I & II

## ➤ Classifications Changing

- Associate Engineer changed to Engineer

## ➤ Reasons for Changes

- Not part of the cost recovery for Rule 40 / Non-fee related
- Consistency in charging accurate labor rate for all permits



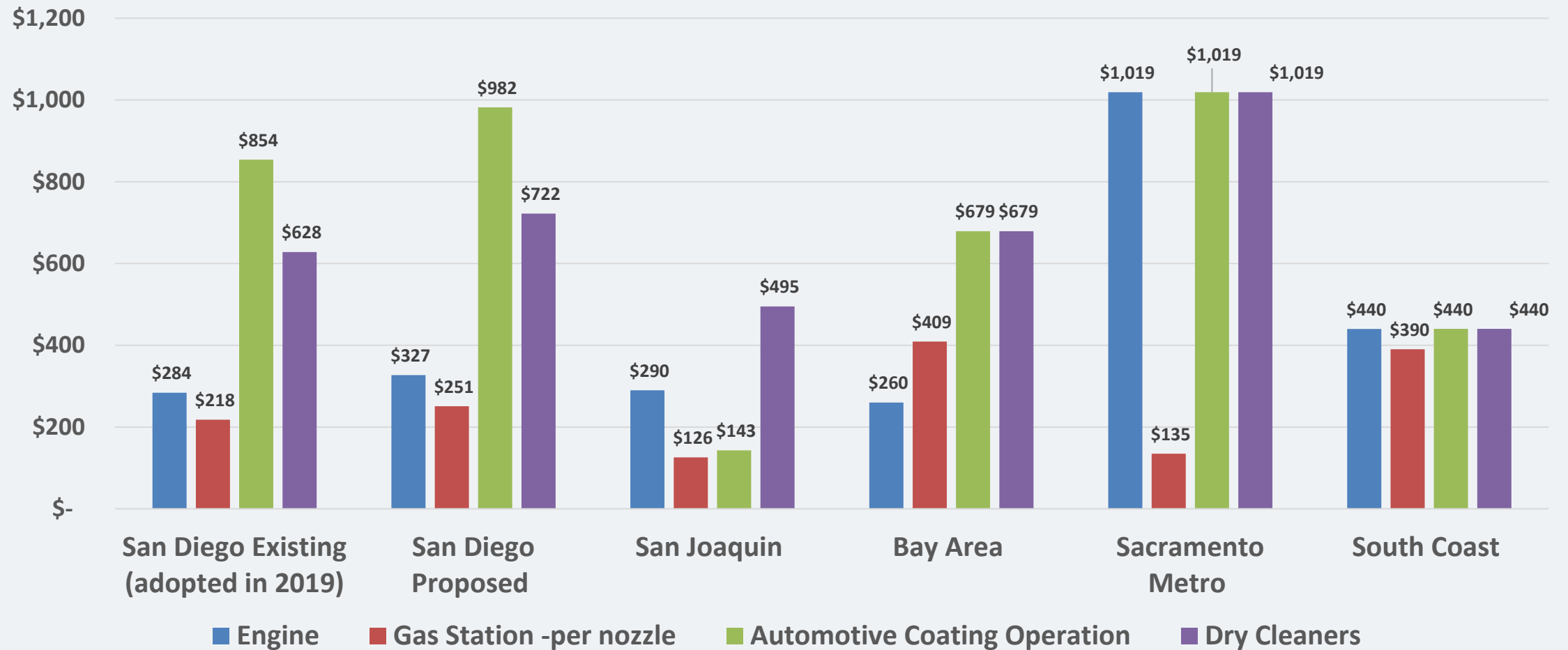
# Cost Recovery Analysis

- Reviewed District's current fees for service.
- Ensured compliance with Prop 218 and 26, and California Health and Safety Code.
- Calculated full cost of services associated with fees to determine the annual deficit.



# Other Air Districts

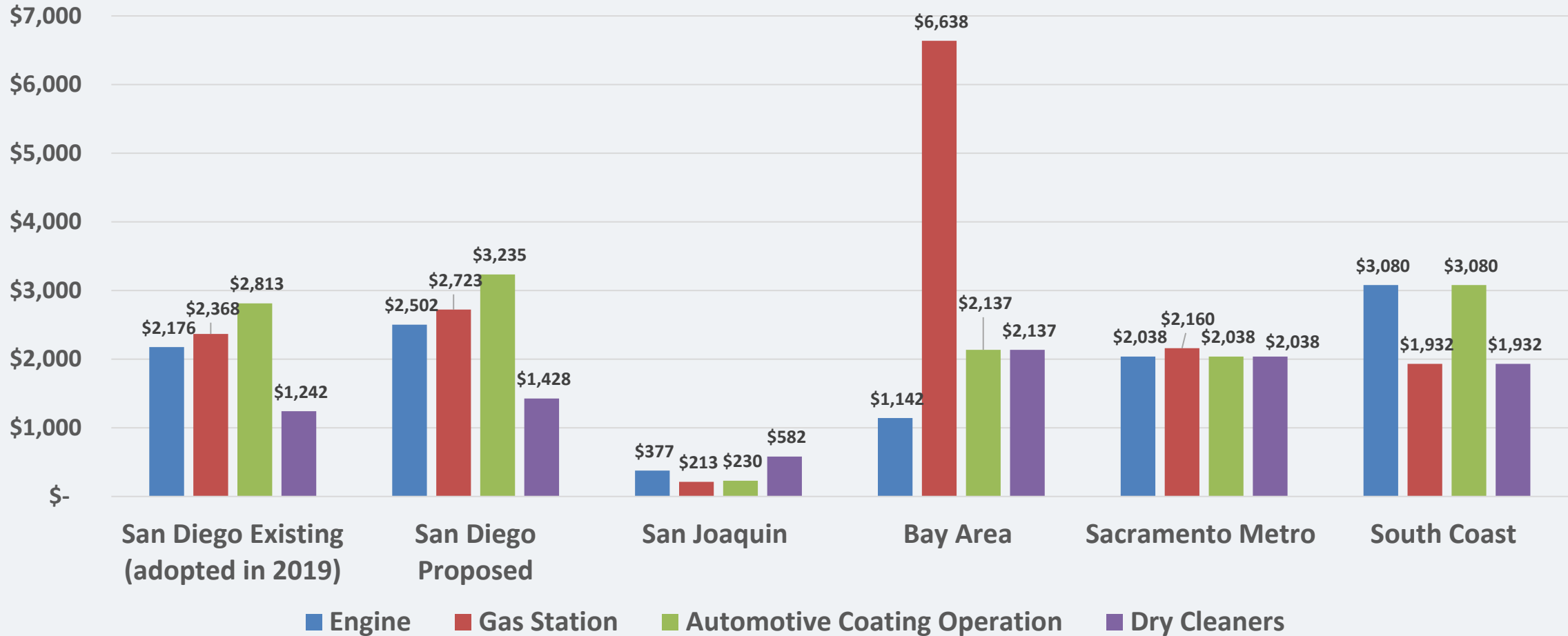
## *Renewal Fees Comparison*





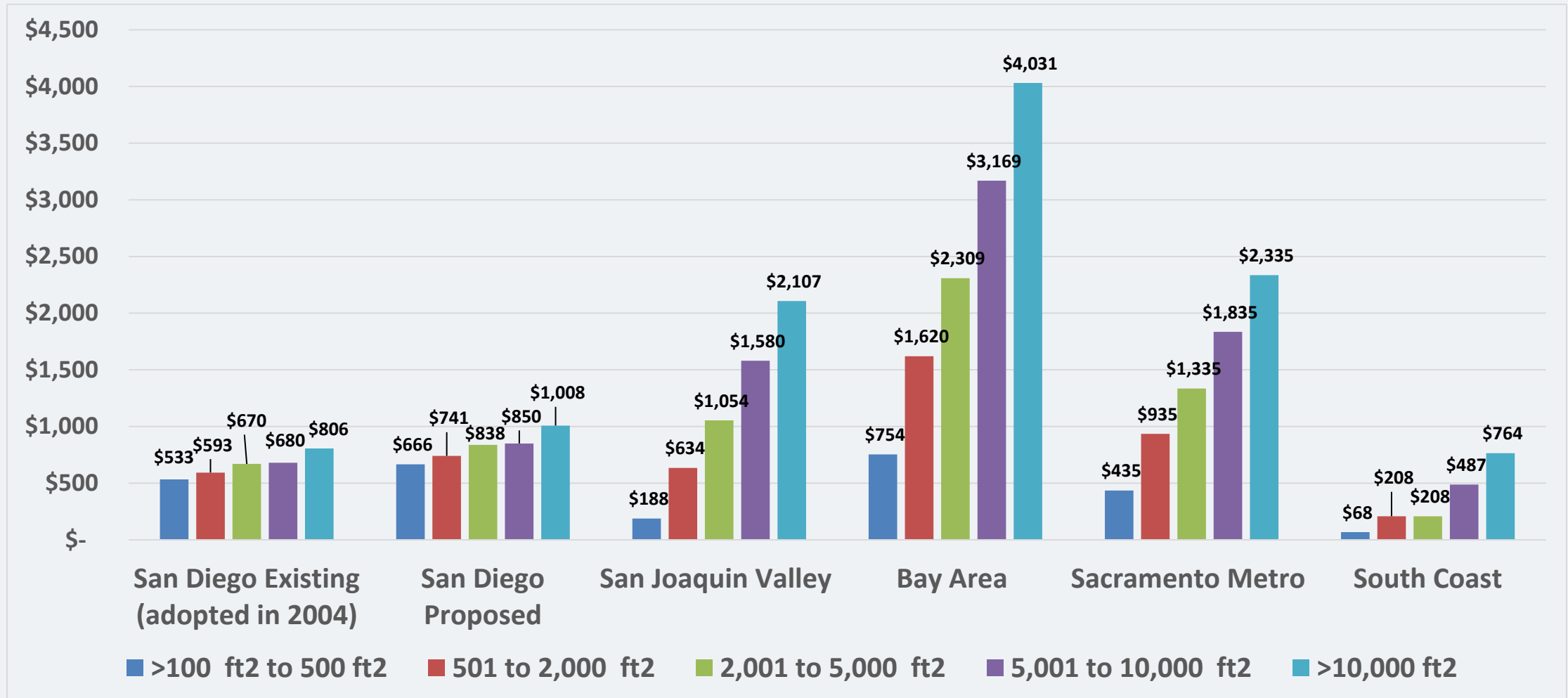
# Other Air Districts

## *Application Fees Comparison*



# Other Air Districts

## Asbestos Fees Comparison



# Other Air Districts

## Hearing Board Fees Comparison

