Attachment B

Cost Recovery and Fee Analysis Consolidated Report

SAN DIEGO AIR POLLUTION CONTROL DISTRICT, CALIFORNIA

FINAL REPORT

April 2021

matrix consulting group

Introduction and Executive Summary

The Matrix Consulting Group was retained by the San Diego Air Pollution Control District to conduct a cost recovery and fee analysis of the District's existing fees for service, as well as work with the District to support the implementation of the fee recovery analysis. The following report is split into two sections – Cost Recovery Analysis and Cost Recovery Scenarios.

1 Project Background and Overview

The District conducts an annual review of its fees to ensure that all appropriate costs are reflected in the fees charged to permit and facility holders. This annual calculation currently incorporates Vehicle Registration surcharge revenues to offset some of the fee-related costs. In July 2020, the State of California conducted an audit of the District and identified that it was utilizing Vehicle Registration Surcharge revenue to offset fee or permit-related services. A resulting recommendation of the audit was to conduct a thorough evaluation of the District's fees charged to permit holders and facility owners to determine their fair share of cost associated with those activities.

The Matrix Consulting Group analyzed the cost of service relationships that exist between the District and its customers in relation to Initial Application Fees, Renewal Fees, Source Testing, Asbestos, Hearing Board, and Time and Material fees. The results of this cost recovery study provided the District with a tool for understanding current service levels, the cost and demand for those services, and what fees for service can be legally charged. In order for the District to achieve cost recovery there are several options that can be pursued. Therefore, the project team worked with District staff to develop a supplemental report outlining the different scenarios available for implementation and fiscal impacts associated with those scenarios for the Board.

The following consolidated report provides the results of the full cost analysis, as well as the options that the Board has as it relates to increasing fee-related cost recovery for the District. The first report, the Cost Recovery Analysis focuses solely on describing the full cost associated with each of the fee-related services provided by the District. The second report, the Cost Recovery and Fee Analysis Scenario provides an overview of the most feasible options available to the Board for implementation.

2 Project Methodology

The methodology employed by the Matrix Consulting Group is a widely accepted "bottom up" approach to cost analysis, where time spent per unit of fee activity is determined for each position within a Division or Program. Once time spent for a fee activity is determined, all applicable District costs are then considered in the calculation of the "full" cost of fee-related services provided by the District:

Table 1: Cost Components Overview

Cost Component	Description
Direct	Fiscal Year 2020/21 Budgeted salaries, benefits and allowable expenditures.
Indirect	Departmental, districtwide and countywide administration and clerical support.

Together the cost components in the table above comprise the calculation of the total "full" cost of providing the particular fee-related activity. For example, the full cost of an initial application review of each kettle or tanker with capacity greater than 85 gallons, consists of a review of 0.10 hours (6 minutes) by the Sr. Eng and 6.20 hours (6 hours and 12 minutes) by the Associate / Assistant Engineer. The time estimates for each position are multiplied by their respective fully burdened hourly rates ($291 Sr. Eng and $266 for Associate / Assistant Engineer) to arrive at the full cost of $1,680. This is the level of detail that was collected for every single fee included in this study.

The work accomplished by the Matrix Consulting Group in the analysis of the fees for service and scenarios involved the following steps:

- **Conducted Interviews with Staff:** The project team interviewed District staff across all programs and activities regarding the services that they provide, the level of service associated with the fees, and ensuring that time estimates are appropriate.

- **Collected Data:** Data was collected for each permit / service, including internal time tracking information and workload information associated with the different activities. In addition, budgeted costs and staffing levels for FY20/21 were entered into the Matrix Consulting Group's analytical software model.

- **Calculated the Full Cost of Services:** Utilizing the data collected, fully burdened hourly rates were calculated and multiplied by the time estimates to determine the full cost associated with the fee-related services.

- **Reviewed Results with Staff:** The project team reviewed the results of the analysis with supervisory, and managerial staff to ensure that there was review and approval of these documented results.

- **Development of Implementation Scenarios:** Discussed options with district staff regarding the types of fee increase scenarios that are available, including no fee increases as well as significant fee increases to help achieve faster cost recovery at a more targeted pace.

A more detailed description of user fee methodology, legal regulations, and the scenarios are provided in the attached reports.

3 Legal Summary

In the State of California there are several rules and regulations that govern the setting of fees for service. The cost recovery study has a more detailed overview of the legal rules and regulations; however, this section provides information regarding the key legal highlights impacting the District's ability to set fees.

Per proposition 26 and 218, the District cannot set its fees higher than what it costs to provide the service; however, that cost of service can include both direct and indirect costs. In addition to these propositions, the California Health and Safety Code, also provides some insight into setting fees for service for California Air Districts. Specifically, as it relates to San Diego, the health and safety code allows the District to recover its costs through fees for service as well as other funding sources (grants, vehicle registration fees, etc.), increase fees for service to meet the cost of service, and apply annual increase factors.

The Health and Safety Code has a specific provision regarding the District, restricting its ability to increase fees annually. Individual permit fees associated with authority to construct and permit to operate can be increased by more than 15% individually, as long as the overall revenue for those fee categories does not increase by more than 15% annually. This was an important regulation that influenced many of the scenarios presented to the Board for implementation as part of the larger cost recovery study.

4 Summary of Reports

Based upon the full cost recovery analysis, the District is under-recovering its fee-related costs by approximately $3.9 million. The following table outlines these results based upon major fee category assessed by the District:

Table 2: Annual Cost Recovery Analysis

Fee Category	Revenue at Current Fee	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 Fees	$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%
TOTAL	**$7,874,366**	**$11,847,512**	**($3,973,146)**	**66%**

The largest source of the District's current deficit is Renewal fees. Renewal Fees represent 44% of the District's current deficit, with the next largest impact associated with source testing fees. Currently, this deficit is primarily being recovered through Vehicle Registration fees, rather than through permit holders.

Eliminating a $3.9 million deficit within a single fiscal year is extremely difficult. Therefore, the project team worked with District staff to develop fee-increase scenarios that the District board can review and adopt. The following table compares the potential cost recovery level, and the number of years it will take for the District to achieve full cost recovery based upon the different scenarios.

Table 3: Summary of Scenarios and Implications

#	Scenario	Fee Revenue Increase	Fee-Related Cost Recovery %	# of Years to Full Cost Recovery	Reliance on Vehicle Reg. Fee Funding
1	Status Quo	N / A	N / A	N / A	Yes
2	No Fee Increase	$0	66%	N / A	Yes
3	15% Fee increase	$1.2 million	76%	8	Yes
4	15% Standardized Increase	$1.4 million	78%	5	Yes
5	15% Increase + Per Capita Fee	$1.2 million	76%	8	No

As the table indicates, Scenarios 3-5 provide the District with a fee increase, and other than Scenario 5, all scenarios would still require the District to rely on Vehicle Registration Funding for fee-related revenues. It is important to note that while Scenario 5 will generate additional revenue for the District and allow the District to subsidize fees through the per capita fee, it does not result in increased fee revenue or increase fee-related cost recovery other than the 15% increases annually.

The majority of the options require the District to implement fee increases, whether it is an across the board 15% fee increase (Scenarios 3 and 5) or a targeted fee increase (Scenario 4). **Based upon the options evaluated, the project team recommends that the District consider implementing Scenario 4.** The following table shows by major fee category the proposed fee increase under Scenario 4 and the resulting cost recovery.

Table 4: Proposed Cost Recovery Impacts of Scenario 4 Fee Increases

Fee Category	FY 21-22 Fee Inc. %	FY 21-22 Cost Recovery %
Application Fixed	20%	78%
Renewal	10%	79%
Source Testing	15%	63%
Asbestos	25%	85%
Hearing Board	25%	74%
T&M	30%	84%
Processing Fee	15%	91%

As the table indicates this scenario immediately increases fee-related revenue, but provides a phased fee increase approach, allowing for a more targeted approach for fee increases by lower fee increases for renewal fees (majority of district permit holders) and higher fee increases for new applications and application modifications. As such, this approach combines advantages for both internal (District) and external (fee payers) stakeholders.

5 Cost Recovery Policy and Annual Fee Increases

Through this study, the project team recommends that the District develop a formalized cost recovery policy. The cost recovery policy should identify the District's targeted cost recovery level for fee-related services, as well as procedures associated with annual fee reviews and fee increases. The California Health and Safety Code allows the District to annually increase its fees based upon a California Consumer Price Index (CPI). The District should formalize this annual increase as part of its cost recovery policy to ensure that at a minimum the District maintains its existing cost recovery level as there are changes in the economy and the District's costs.

Cost Recovery and Fee Analysis

SAN DIEGO AIR POLLUTION CONTROL DISTRICT, CALIFORNIA

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1. Introduction and Executive Summary

The Matrix Consulting Group was retained by the San Diego Air Pollution Control District to conduct a cost recovery and fee analysis of the District's existing fees for service. The following report summarizes the findings and conclusions associated with the District's current cost recovery and full cost recovery.

1 Project Background and Overview

The District historically has had a directive to recover its fee-related costs through its fees for service. The District conducts an annual review of its fees to ensure that all appropriate costs are reflected. Traditionally, this annual calculation incorporates Vehicle Registration revenues to offset some of the fee-related costs. The primary offset of Vehicle Registration revenues is for indirect costs associated with the fees.

In July 2020, the Auditor of the State of California conducted an audit of the District and identified that it was utilizing Vehicle Registration revenue to offset fee or permit-related services. The result of the audit stated that the District should conduct a thorough evaluation of its fees charged to permit holders and facility owners to determine their fair share of cost associated with those activities.

The Matrix Consulting Group analyzed the cost of service relationships that exist between the District and its customers in relation to Initial Application Fees, Renewal Fees, Source Testing, Asbestos, Hearing Board, and Time and Material fees. The results of this study provide the District with a tool for understanding current service levels, the cost and demand for those services, and what fees for service can be legally charged.

2 Project Methodology

The methodology employed by the Matrix Consulting Group is a widely accepted "bottom up" approach to cost analysis, where time spent per unit of fee activity is determined for each position within a Division or Program. Once time spent for a fee activity is determined, all applicable District costs are then considered in the calculation of the "full" cost of fee-related services provided by the District:

Table 1: Cost Components Overview

Cost Component	Description
Direct	Fiscal Year 2020/21 Budgeted salaries, benefits and allowable expenditures.
Indirect	Departmental, districtwide and countywide administration and clerical support.

Together the cost components in the table above comprise the calculation of the total "full" cost of providing the particular fee-related activity. For example, the full cost of an initial application review of each kettle or tanker with capacity greater than 85 gallons, consists of a review of 0.10 hours (6 minutes) by the Sr. Eng and 6.20 hours (6 hours and 12 minutes) by the Associate / Assistant Engineer. The time estimates for each position are multiplied by their respective fully burdened hourly rates ($291 Sr. Eng and $266 for Associate / Assistant Engineer) to arrive at the full cost of $1,680. This is the level of detail that was collected for every single fee included in this study.

The work accomplished by the Matrix Consulting Group in the analysis of the fees for service involved the following steps:

- **Conducted Interviews with Staff:** The project team interviewed District staff across all programs and activities regarding the services that they provide, the level of service associated with the fees, and ensuring that time estimates are appropriate.

- **Collected Data:** Data was collected for each permit / service, including internal time tracking information and workload information associated with the different activities. In addition, budgeted costs and staffing levels for FY20/21 were entered into the Matrix Consulting Group's analytical software model.

- **Calculated the Full Cost of Services:** Utilizing the data collected, fully burdened hourly rates were calculated and multiplied by the time estimates to determine the full cost associated with the fee-related services.

- **Reviewed Results with Staff:** The project team reviewed the results of the analysis with supervisory, and managerial staff to ensure that there was review and approval of these documented results.

A more detailed description of user fee methodology and legal regulations are provided in subsequent chapters of this report.

3 Summary of Findings and Recommendations

When comparing FY 20/21 fee-related expenditures with fee-related revenue based upon FY19/20 workload, the District is providing a subsidy of approximately $3.9 million, recovering approximately 66% of annual fee-related costs. The following table outlines these results based upon major fee category assessed by the District:

Table 2: Annual Cost Recovery Analysis

Fee Category	Revenue at Current Fee	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%
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Processing Fee	$511,483	$642,547	($131,064)	80%
Time & Material	$1,240,638	$1,921,565	($680,927)	65%
TOTAL	**$7,874,366**	**$11,847,512**	**($3,973,146)**	**66%**

The largest source of the District's current deficit is Renewal fees. Renewal Fees represent 44% of the District's current deficit, with the next largest impact associated with source testing fees. Currently, this deficit is primarily being recovered through Vehicle Registration fee surcharges, rather than through permit holders.

The display of the cost recovery figures shown in this report are meant to provide a basis for policy development discussions among Board members and District staff, and do not represent a recommendation for where or how the Board should act. The setting of the "rate" or "price" for services, whether at 100 percent full cost recovery or lower, is a policy decision to be made only by the Board, with input from District staff and the community.

4 Considerations for Cost Recovery Policy and Updates

The Matrix Consulting Group recommends that the District use the information contained in this report to discuss, adopt, and implement a formal Cost Recovery Policy, and a mechanism for the annual update of fees for service.

(1) Adopt a Formal Cost Recovery Policy

The Matrix Consulting Group strongly recommends that the Board adopt a formalized, individual cost recovery policy for each service area included in this Study. Whenever a cost recovery policy is established at less than 100% of the full cost of providing services, a known gap in funding is recognized and may then potentially be recovered through other revenue sources. The Matrix Consulting Group considers a formalized cost recovery policy for various fees for service an industry Best Management Practice.

(2) Adopt an Annual Fee Update / Increase Mechanism

The purpose of a comprehensive update is to completely revisit the analytical structure, service level estimates and assumptions applied in the previous study, and to account for any major shifts in cost components or organizational structures. The Matrix Consulting

Group believes it is a best management practice to perform a complete update of a Fee Assessment every 3 to 5 years.

In between comprehensive updates, the District should utilize published industry economic factors such as the California Consumer Price Index (CPI) as noted by the California Health and Safety Code Section 42311, which enables the District to update the cost calculations established in the Study on an annual basis. Utilizing an annual increase mechanism would ensure that the District receives appropriate fee and revenue increases that reflect growth in costs and minimize major cost increases from year to year.

2. Legal Framework

A "user fee" is a charge for service provided by a governmental agency to a public citizen or group. In California, several constitutional laws such as Propositions 13, 4, and 218, State Government Codes 66014 and 66016, and more recently Prop 26 and the Attorney General's Opinion 92-506 set the parameters under which the user fees typically administered by local government are established and administered. Specifically, California State Law, Government Code 66014(a), stipulates that user fees charged by local agencies "…may not exceed the estimated reasonable cost of providing the service for which the fee is charged".

In addition to these propositions and legal government codes, the District's fees are specifically subject to the California Health and Safety Code. The following graphic summarizes the key Health and Safety Codes and their fee and revenue related regulations:

Table 3: California Health and Safety Code Regulations

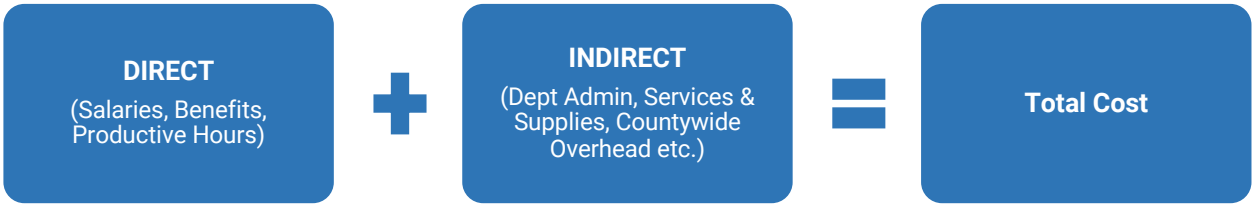
CA H&SC	Description
40701.5	Provides the District with the ability to fund its activities through a combination of Grants, Subventions, Permit Fees (scope of this analysis), penalties, and Vehicle Registration surcharges. If funding is incomplete, the District has ability to impose a per capita fee.
41512	Provides the District with the ability to set fees (after a public hearing) to recover the costs associated with evaluation, sampling, calculations, and report preparation for sources that have emissions as long as fees do not exceed the cost of providing those services.
41512.7(d)(2)	Provides language that enables the District to increase individual fees for service for permit to operate and authority to construct permits as long as the total revenue for those fee categories does not exceed more than 15% in a singular fiscal year.
42311	This section enables the District to establish fees for renewal, evaluation, and issuance of permits for stationary sources, nonvehicular sources emitting toxic air contaminants, and hearing board fees, as long as they do not exceed the cost of providing those services. Additionally, the District is able to increase these fees every year based upon the California CPI.

As the table demonstrates, there are several codes that are applicable to District fees. Ultimately, these codes reiterate the regulations from Proposition 26 and 218, in that the District is limited to the cost associated with providing these services as it is setting its fees. Therefore, it is critical to ensure that as the costs are being calculated for this analysis, they incorporate all costs (direct and indirect) associated with providing the fee-related services.

There is one special distinction in that there are certain fee categories that are associated with permit to operate and authority to construct permits that can have individual fee increases beyond 15% in a given year, but the total revenue collected from those fees cannot be more than a 15% increase from the prior year. This component while not critical in the calculation of fees, is an important consideration when setting fees.

3. Cost Recovery Study Methodology

The Matrix Consulting Group utilizes a cost allocation methodology commonly known and accepted as the "bottom-up" approach to establishing User Fees. The term means that several cost components are calculated for each fee or service. These components then build upon each other to comprise the total cost for providing the service. The following chart describes the components of a full cost calculation:



The general steps utilized by the project team to determine allocations of cost components to a particular fee or service are:

- Calculate fully burdened hourly rates by position, including direct & indirect costs;
- Develop time estimates for each service included in the study;
- Distribute the appropriate amount of the other cost components to each fee or service based on the staff time allocation basis, or another reasonable basis.

The results of these allocations provide detailed documentation for the reasonable estimate of the actual cost of providing each service. The following subsections discuss the fully burdened hourly rates calculated and the time estimates utilized.

1 Fully Burdened Hourly Rates

The fully burdened hourly rates are one of the two key factors of the full cost calculated. The fully burdened hourly rates calculated through this study are comprised of the following key components:

- **Direct Cost:** This consists of the salaries, benefits, and productive hours associated with each position. The salaries and benefits are the actual salaries and benefits budgeted for each position at the District. The productive hours are a calculation to reduce the billable hours from 2,080 (standard full-time hours) to the hours which are available to be billed for. This includes reduction for items such as sick leave, vacation, holidays, meetings, breaks, and trainings. Based upon

review of District staff labor agreements, the total productive hours calculated for the District are 1,618 hours. The 1,618 hours represents a billable percentage of 78%, which is within the range typically seen for local government at 72-82%.

- **Supplies and Services Overhead:** This overhead refers to the non-personnel budgeted items for each program or division that are necessary for the employees to be productive. This includes costs such as internal service charges for vehicles, technology costs, minor equipment, training expenses, and general office equipment. There is a unique overhead associated with each program, as each program has their own services and supplies costs. The costs for each program are divided by the total billable hours in each program to calculate the supplies and services overhead per hour.

- **Departmental Overhead:** This consists of the costs associated with all other activities associated with fee-related programs that are not considered billable. This includes the costs associated with managerial and clerical staff, as well as the non-billable time associated with fee-related staff. The goal of the program is to be recovered through fees, as such the costs should be considered as overhead to fees. The departmental overhead, similar to the supplies and services overhead is unique to each program, as there are different staffing allocations to each program and activity.

- **Districtwide Overhead:** This cost component reflects the costs associated with the Support Services, Rule Development, Public Information, and Administration (including allocation from the County for their support) of the District. These are all programs and activities that provide support to the District's fee and non-fee related programs. The costs associated with these programs are allocated to the different District programs based upon the FTE and budgeted expenditures associated with each program. The total overhead costs for each program is unique and divided by the total available hours for each program to calculate the districtwide overhead per hour for each staff position.

Together these cost components result in fully burdened hourly rates, which are reflective of the total cost to the District for each position. It is important to note that this rate is NOT meant to be reflective of actual pay to District staff, but rather reflects the cost associated with that employee, which includes salaries, benefits, supervisory support, services and supplies, and overall districtwide support. The fully burdened hourly rate is utilized in conjunction with time estimates to calculate the full cost of service.

2 Time Estimates

One of the key study assumptions utilized in the "bottom up" approach is the use of time estimates for the provision of each fee related service. Utilization of time estimates is a reasonable and defensible approach, especially since experienced staff members who understand service levels and processes unique to the District developed these estimates.

The project team worked closely with District staff in developing time estimates with the following criteria:

- Estimates are representative of average times for providing services. Estimates for extremely difficult or abnormally simple projects are not factored into this analysis.
- Estimates reflect the time associated with the position or positions that typically perform a service.
- Estimates provided by staff are reviewed and approved by the division / department, and often involve multiple iterations before a Study is finalized.
- Estimates are reviewed by the project team for "reasonableness" against their experience with other agencies.
- Estimates were not based on time in motion studies[1], as they are not practical for the scope of services and time frame for this project.

The Matrix Consulting Group agrees that while the use of time estimates is not perfect, it is the best alternative available for setting a standard level of service for which to base a jurisdiction's fees for service and meets the requirements of California law.

The alternative to time estimating is actual time tracking, often referred to billing on a "time and materials" basis. The District utilizes this mechanism for many of its application fees, when there is a large variation between the level of review that is necessary to approve that facility. In order to ensure appropriate cost recovery for the District, "time and material (T&M)" fees are contingent upon accuracy in time tracking and the correct fully burdened hourly rate.

[1] Time in Motion studies refers to a type of process in which staff time is measured utilizing a stopwatch and each task is timed separately through the course of the project. This is typically unfeasible for development-related projects due to the timeline.

4. Results Overview

The motivation behind a cost of services (User Fee) analysis is for the District Board and Program staff to maintain services at a level that is both accepted and effective for the community, and also to maintain control over the policy and management of these services.

It should be noted that the results presented in this report are not a precise measurement. In general, a cost of service analysis takes a "snapshot in time", where a fiscal year of adopted budgeted cost information is compared to the same fiscal year of revenue, and workload data available. Changes to the structure of fee names, along with the use of time estimates allow only for a reasonable projection of subsidies and revenue. Consequently, the Board and Program staff should rely conservatively upon these estimates to gauge the impact of implementation going forward.

Discussion of results in the following sections is intended as a summary of extensive and voluminous fee study documentation produced during the Study. Each chapter will include detailed cost calculation results for each major permit category including the following:

- **"Per Unit" Results:** comparison of the full cost of providing each unit of service to the current fee for each unit of service (where applicable).

- **Annualized Results:** utilizing volume of activity estimates annual subsidies and revenue impacts were projected.

The full analytical results were provided to District staff under separate cover from this summary report.

5. Initial Application Fee

The Initial Application fee charged by the District is to evaluate the specific type of equipment, process or operation for which an application is submitted. This fee is only assessed when it is the initial utilization of this equipment, process, or operation, and does not typically impact existing facilities or permit holders, unless there is a change in their process, or a new piece of equipment is added. This service is provided by the Engineering Division within the District. The Engineering staff receives the permit application, reviews the requirements, conducts site visit(s) as necessary and processes the final permit in the system to inform Compliance staff for renewal purposes for the following year. The following subsections discuss the per unit and annual results for the initial application fees charged by the District.

1 Per Unit Results

The Initial Application fees are charged for all of the different unique equipment types and processes that are relevant for District businesses. Approximately half of the fees in this section of the fee schedule are currently flat fees, while the remaining fees are based upon time and material. The full cost calculated for each service includes direct staff costs, departmental overhead, and districtwide overhead (including Countywide overhead). The following table details by fee schedule, the name, the current fee, the full cost calculated through this study, and the surplus or associated deficit with each service.

Table 4: Initial Application Fees – Cost Per Unit Results

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
Schedule 1: Abrasive Blasting Equipment Excluding Rooms and Booths					
1	A	Each Pot 100 pounds capacity or larger with no Peripheral Equipment	$606	$937	($331)
1	B	Each Pot 100 pounds capacity or larger loaded Pneumatically or from Storage Hoppers	$1,358	$2,109	($751)
1	C	Each Bulk Abrasive Blasting Material Storage System	$1,759	$2,726	($967)
1	D	Each Spent Abrasive Handling System	$1,358	$2,109	($751)
1	X	Each Portable Abrasive Blasting Unit, Registered Under Rule 12.1	$418	$644	($226)
Schedule 2: Abrasive Blasting Cabinets, Rooms and Booths					
2	A	Each Abrasive Blasting Cabinet, Room or Booth	$3,627	$5,617	($1,990)
2	B	Each Cabinet, Room, or Booth with an Abrasive Transfer or Recycle System	$4,191	$6,496	($2,305)

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
Schedule 3: Asphalt Roofing Kettles and Tankers used to Store, Heat, Transport, and Transfer Hot Asphalt					
3	A	Each Kettle or Tanker with capacity greater than 85 gallons	$1,081	$1,680	($599)
3	W	Each Kettle or Tanker, Registered Under Rule 12	$281	$431	($150)
Schedule 4: Hot-Mix Asphalt Paving Batch Plant					
4	A	Each Hot-Mix Asphalt Paving Batch Plant		Time & Materials	
Schedule 5: Rock Drills					
5	W	Each Drill, Registered Under Rule 12	$473	$726	($253)
Schedule 6: Sand, Rock, Aggregate Screens, and Other Screening Operations, when not used in Conjunction with other Permit Items in these Schedules					
6	A	Each Screen Set	$3,398	$5,266	($1,868)
6	X	Each Portable Sand and Gravel Screen Set, Registered Under Rule 12.1	$486	$751	($265)
Schedule 7: Sand, Rock, and Aggregate Plants					
7	A	Each Crusher System (involves one or more primary crushers forming a primary crushing system or, one or more secondary crushers forming a secondary crusher system and each serving a single process line)		Time & Materials	
7	B	Each Screening System (involves all screens serving a given primary or secondary crusher system)		Time & Materials	
7	C	Each Loadout System (a loadout system is a set of conveyors chutes and hoppers used to load any single rail or road delivery container at any one time)		Time & Materials	
7	X	Each Portable Rock Crushing System, Registered Under Rule 12.1	$486	$751	($265)
Schedule 8: Concrete Batch Plants, Concrete Mixers over One Cubic Yard Capacity and Separate Cement Silo Systems					
8	A	Each Concrete Batch Plant (including Cement-Treated Base Plants)		Time & Materials	
8	B	Each Mixer over one cubic yard capacity		Time & Materials	
8	C	Each Cement or Fly Ash Silo System not part of another system requiring a Permit		Time & Materials	
8	D	Expo Builders (1084A)*		Time & Materials	
8	X	Each Portable Concrete Batch Plant, Registered Under Rule 12.1	$537	$830	($293)
Schedule 9: Concrete Product Manufacturing Plants					
9	A	Each Plant		Time & Materials	
Schedule 13: Boilers and Heaters					
13	A	Each 1 MM BTU/HR up to but not including 50 MM BTU/HR input	$2,347	$3,637	($1,290)
13	B	Each 50 MM BTU/HR up to but not including 250 MM BTU/HR		Time & Materials	
13	D	Each 100 Megawatt output or greater (based on an average boiler efficiency of 32.5%)		Time & Materials	
13	F	Each 1 MM BTU/HR up to but not including 50 MM BTU/HR input at a single site where more than 5 such units are located	$2,270	$3,494	($1,224)

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
13	G	Each 250 MM BTU/HR up to 1050 MM BTU/HR input or up to but not including 100 Megawatt gross output, whichever is greater, where a Notice of Intention has been filed with the California Energy Commission		Time & Materials	
13	H	Each 100 Megawatt gross output or greater where a Notice of Intention has been filed with the California Energy Commission		Time & Materials	
13	W	Each 2 MM BTU/HR up to but not including 5 MM BTU/HR, Registered Under Rule 12	New	$782	N / A
Schedule 14: Non-Municipal Incinerators					
14	A	Waste burning capacity up to and including 100 lbs/hr		Time & Materials	
14	B	Waste burning capacity greater than 100 lbs/hr		Time & Materials	
14	C	Burning capacity up to and including 50 lbs/hr used exclusively for the incineration or cremation of animals		Time & Materials	
Schedule 15: Burn-Out Ovens					
15	A	Each Electric Motor/Armature Refurbishing Oven		Time & Materials	
15	C	Each IC Engine Parts Refurbishing Unit		Time & Materials	
15	D	USN SIMA (4845C)		Time & Materials	
Schedule 18: Metal Melting Devices					
18	C	Each Pit or Stationary Crucible		Time & Materials	
18	D	Each Pot Furnace		Time & Materials	
Schedule 19: Oil Quenching and Salt Baths					
19	A	Each Tank		Time & Materials	
Schedule 20: Gas Turbine Engines, Test Cells and Test Stands					
20	A	Each Aircraft Propulsion Turbine, Turboshaft, Turbojet or Turbofan Engine Test Cell or Stand		Time & Materials	
20	B	Each Aircraft Propulsion Test Cell or Stand at a facility where more than one such unit is located		Time & Materials	
20	C	Each Non-Aircraft Turbine Test Cell or Stand		Time & Materials	
20	D	Each Non-Aircraft Turbine Engine 1 MM BTU/HR up to but not including 50 MM BTU/HR input		Time & Materials	
20	E	Each Non-Aircraft Turbine Engine 1 MM BTU/HR up to but not including 50 MM BTU/HR input		Time & Materials	
20	F	Each Non-Aircraft Turbine Engine 250 MM BTU/HR or greater input		Time & Materials	
20	G	Each Unit used solely for Peak Load Electric Generation		Time & Materials	
20	H	Each Standby Gas Turbine used for Emergency Power Generation		Time & Materials	
Schedule 21: Waste Disposal and Reclamation Units					
21	A	Each Wood Shredder or Hammermill Grinder		Time & Materials	
21	W	Paper shredders	New	$753	N / A
Schedule 22: Feed and Grain Mills and Kelp Processing Plants					
22	A	Each Receiving System (includes Silos)		Time & Materials	
22	B	Each Grinder, Cracker, or Roll Mill		Time & Materials	
22	C	Each Shaker Stack, Screen Set, Pelletizer System, Grain Cleaner, or Hammermill		Time & Materials	
22	D	Each Mixer System		Time & Materials	
22	E	Each Truck or Rail Loading System		Time & Materials	
22	F	CP Kelco: Shaker, Screen, Pelletizer, Cleaner, Hammermill (203A)		Time & Materials	

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
Schedule 23: Bulk Terminal Grain and Dry Chemical Transfer and Storage Facility Equipment					
23	A	Each Receiving System (Railroad, Ship and Truck Unloading		Time & Materials	
23	B	Each Storage Silo System	$1,472	$2,276	($804)
23	C	Each Loadout Station System		Time & Materials	
23	D	Each Belt Transfer Station		Time & Materials	
23	W	Grain Silo	New	$753	N / A
Schedule 24: Dry Chemical Mixing					
24	C	Each Dry Chemical Mixer with capacity over one-half cubic yard		Time & Materials	
Schedule 25: Volatile Organic Compound Terminals, Bulk Plants and Intermediate Refueler Facilities					
	1	Bulk Plants and Bulk Terminals equipped with or proposed to be equipped with a vapor processor			
25	A	Per Tank		Time & Materials	
25	B	Tank Rim Seal Replacement		Time & Materials	
25	C	Per Truck Loading Head		Time & Materials	
25	D	Per Vapor Processor		Time & Materials	
25	G	NAVY REGION SW (ID#APCD1980-SITE-02754)*		Time & Materials	
	2	Bulk Plants not equipped with or not proposed to be equipped with a vapor processor			
25	E	Per Tank		Time & Materials	
25	F	Per Truck Loading Head		Time & Materials	
	3	Facilities fueling intermediate refuelers (IR's) for subsequent fueling of motor vehicles, boats, or aircraft:			
25	H	Per IR Loading Connector		Time & Materials	
Schedule 26: Non-Bulk Volatile Organic Compound Dispensing Facilities. Subject to District Rules 61.0 through 61.6					
26	A	VOCs Dispensing Facilities Equipped with Phase I & II controls (includes Phase I fee)	$2,368	$3,666	($1,298)
26	C	VOCs Dispensing Operation with Phase I only (Phase II exempt) - Fee per Facility	$2,201	$3,402	($1,201)
26	E	VOCs Dispensing Operation (Phase I and Phase II exempt) - Fee per Facility	$685	$1,051	($366)
26	F	VR Vacuum Assist, Bootless Systems		Time & Materials	
Schedule 27: Application of Materials Containing Organic Solvents (includes coatings, adhesives, and other materials containing volatile organic compounds (VOC))					
27	A	First Permit to Operate for Marine Coating application at facilities emitting ≤ 10 tons/year of VOC from Marine Coating Operations	$2,614	$4,058	($1,444)
27	D	Each Surface Coating Application Station w/o control equipment and not covered by other fee schedules at facilities using > 1 gallon/day of surface coatings and emitting ≤ 5 tons/year of VOC from equipment in this fee schedule	$2,252	$3,482	($1,230)
27	E	Each Surface Coating Application Station w/o control equipment and not covered by other fee schedules at facilities emitting > 5 tons/year of VOC from equipment in this fee schedule		Time & Materials	
27	F	Each Fiberglass, Plastic or Foam Product Process Line at facilities emitting ≤10 tons/year of VOC from fiberglass, plastic or foam products operations	$3,596	$5,581	($1,985)

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
27	I	Each Surface Coating Application Station requiring Control Equipment		Time & Materials	
27	J	Each Surface Coating Application Station subject to Rule 67.3 or 67.9 w/o Control Equipment at facilities emitting ≤ 5 tons/year of VOC from equipment in this fee schedule	$4,868	$7,557	($2,689)
27	K	Each Surface Coating Application Station subject to Rule 67.3 or 67.9 w/o Control Equipment at facilities emitting > 5 tons/year of VOC from equipment in this fee schedule		Time & Materials	
27	L	Each Wood Products Coating Application Station w/o Control Equipment at facilities using > 500 gallons/year of wood products coatings and emitting ≤ 5 tons/year of VOC from Wood Products Coating Operations	$3,343	$5,184	($1,841)
27	M	Each Wood Products Coating Application Station w/o Control Equipment at facilities emitting > 5 tons/ year of VOC from Wood Products Coating Operations		Time & Materials	
27	N	Each Press or Operation at a Printing or Graphic Arts facility subject to Rule 67.16	$1,816	$2,826	($1,010)
27	P	Each Surface Coating Application Station w/o control equipment (except automotive painting) where combined coating, and cleaning solvent usage is < 1 gallon/day or < 50 gallons/year	$2,252	$3,482	($1,230)
27	Q	Each Wood Products Coating Application Station of coatings and stripper w/o control equipment at a facility using < 500 gallons/year for Wood Products Coating Operations	$3,343	$5,184	($1,841)
27	R	Each facility applying < 5 gallons/day of Coating Materials subject to Rule 67.20 (as applied or sprayed)	$2,813	$4,358	($1,545)
27	T	First Permit to Operate for Marine Coating application at facilities where combined coating and cleaning solvent usage is < 3 gallons/day and <100 gallons/year	$1,177	$1,821	($644)
27	U	Each Adhesive Materials Application Station w/o control equipment at facilities emitting ≤ 5 tons/year of VOC from equipment in this fee schedule	$1,765	$2,746	($981)
27	V	Each Adhesive Materials Application Station w/o control equipment at facilities emitting > 5 tons/year of VOC from equipment in this fee schedule	$1,765	$2,746	($981)
27	W	Each Adhesive Materials Application Station w/o control equipment where adhesive materials usage is < 55 gallons/year	$1,765	$2,746	($981)
27	Z	NASSCO (253A)		Time & Materials	
Schedule 28: Vapor and Cold Solvent Cleaning Operations and Metal Inspection Tanks					
28	A	Each Vapor Degreaser with an Air Vapor Interfacial area > 5 square feet		Time & Materials	
28	B	Each Cold Solvent Degreaser with liquid surface area > 5 square feet	$1,554	$2,392	($838)
28	D	Each Paint Stripping Tank	$1,964	$3,046	($1,082)
28	F	Remote Reservoir Cleaners	$689	$1,053	($364)
28	H	Vapor Degreaser with an Air-Vapor Interfacial area ≤ 5 square feet	$599	$918	($319)

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
28	I	Cold Solvent Degreaser with a liquid surface area ≤ 5 square feet	$442	$676	($234)
28	J	Metal Inspection Tanks	$1,211	$1,874	($663)
28	K	Contract Service Remote Reservoir Cleaners with > 100 units		Time & Materials	
28	L	Contract Service Cold Degreasers with a liquid surface area of ≤ 5 square feet		Time & Materials	
28	M	Each facility-wide Solvent Application Operation		Time & Materials	
Schedule 29: Automated Soldering Equipment					
29	A	Each Solder Leveler	$2,733	$4,244	($1,511)
Schedule 30: Solvent and Extract Dryers					
30	A	Kelp and Biogum Products Solvent Dryer		Time & Materials	
Schedule 31: Dry Cleaning Facilities					
31	A	Each Facility using Halogenated Hydrocarbon Solvents required to install Control Equipment	$1,242	$1,925	($683)
31	B	Each Facility using Petroleum Based Solvents		Time & Materials	
Schedule 32: Acid Chemical Milling, Copper Etching and Hot Dip Galvanizing					
32	A	Each Copper Etching Tank		Time & Materials	
32	B	Each Acid Chemical Milling Tank		Time & Materials	
32	C	Each Hot Dip Galvanizing Tank		Time & Materials	
Schedule 34: Piston Type Internal Combustion Engines					
34	A	Each Cogeneration Engine with in-stack Emission Controls		Time & Materials	
34	B	Each Cogeneration Engine with Engine Design Emission Controls		Time & Materials	
34	C	Each Emergency Standby Engine (for electrical or fuel interruptions beyond control of Permittee)	$2,991	$4,629	($1,638)
34	D	Each Engine for Non-Emergency and Non-Cogeneration Operation		Time & Materials	
34	E	Each Grouping of Engines for Dredging or Crane Operation with total engine horsepower > 200 HP		Time & Materials	
34	F	Each Diesel Pile-Driving Hammer		Time & Materials	
34	G	Each Engine for Non-Emergency and Non-Cogeneration Operation < 200 horsepower	$2,450	$3,796	($1,346)
34	H	Each California Certified Emergency Standby Engine (for electrical or fuel interruptions beyond control of Permittee)	$2,176	$3,370	($1,194)
34	I	Each Internal Combustion Engine Test Cell and Test Stand			Time & Materials
34	W	Each Specified Eligible Engine, Registered Under Rule 12	$319	$487	($168)
34	X	Each Specified Eligible Portable Engine, Registered Under Rule 12.1	$524	$806	($282)
34	Z	Each Specified Eligible Engine, Registered Under Rule 12, Conversion from Valid Permit	$349	$538	($189)
Schedule 35: Bulk Flour, Powdered Sugar and Dry Chemical Storage Systems					
35	A	Each System		Time & Materials	
Schedule 36: Grinding Booths and Rooms					
36	A	Each Booth or Room	$2,176	$3,370	($1,194)
Schedule 37: Plasma Electric and Ceramic Deposition Spray Booths					
37	A	Each Application Station		Time & Materials	
37	C	Flame Spray (507A)		Time & Materials	

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
Schedule 38: Paint, Adhesive, Stain, Ink, Solder Paste, and Dielectric Paste Manufacturing					
38	A	Each Process Line for Paint, Adhesive, Stain, or Ink Manufacturing at facilities producing > 10,000 gallons per year		Time & Materials	
38	B	Each Can Filling Line		Time & Materials	
38	C	Each Process Line for Solder Paste or Dielectric Paste Manufacturing		Time & Materials	
38	D	Each Paint, Adhesive, Stain or Ink Manufacturing facility producing <10,000 gallons per year		Time & Materials	
38	F	Ferro Electronic Material Systems (8407A)*		Time & Materials	
Schedule 39: Precious Metals Refining					
39	A	Each Process Line		Time & Materials	
Schedule 40: Asphalt Pavement Heaters/Recyclers					
40	X	Each Portable Unheated Pavement Crushing and Recycling System, Registration Under Rule 12.1	$554	$857	($303)
Schedule 41: Perlite Processing					
41	A	Each Process Line		Time & Materials	
41	B	Aztec Perlite (2700A)		Time & Materials	
Schedule 42: Electronic Component Manufacturing					
42	A	Each Process Line		Time & Materials	
42	B	Each Screen Printing Operation		Time & Materials	
42	C	Each Coating/Maskant Application Operation, excluding Conformal Operation		Time & Materials	
42	D	Each Conformal Coating Operation		Time & Materials	
Schedule 43: Ceramic Slip Casting					
43	A	Each Process Line		Time & Materials	
Schedule 44: Evaporators, Dryers, & Stills Processing Organic Materials					
44	A	Evaporators and Dryers [other than those referenced in Fee Schedule 30 (a)] processing materials containing volatile organic compounds		Time & Materials	
44	B	Solvent Recovery Stills with a rated capacity equal to or greater than 7.5 gallons	$1,998	$3,099	($1,101)
Schedule 46: Filtration Membrane Manufacturing					
46	A	Each Process Line		Time & Materials	
Schedule 47: Organic Gas Sterilizers					
47	A	Each Organic Gas Sterilizer requiring control		Time & Materials	
47	B	Each Stand Alone Organic Gas Aerator requiring control		Time & Materials	
Schedule 48: Municipal Waste Storage and Processing					
48	A	Municipal Waste Storage & Processing - not subject to the ARB Methane Emissions Regulation		Time & Materials	
48	C	Municipal Waste Storage & Processing - subject to the ARB Methane Emissions Regulation		Time & Materials	
Schedule 49: Non-Operational Status Equipment					
49	A	Non-Operational Status Equipment	$210	$318	($108)
49	B	Activating Non-Operational Status Equipment	$188	$293	($105)
Schedule 50: Coffee Roasters					
50	A	Each Coffee Roaster	$2,679	$4,148	($1,469)
Schedule 51: Industrial Waste Water Treatment					
51	A	Each On-site Processing Line	$2,275	$3,528	($1,253)
51	C	USN Air Station NORIS Public Works (ID #4821B)		Time & Materials	

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
Schedule 52: Air Stripping & Soil Remediation Equipment					
52	A	Air Stripping Equipment		Time & Materials	
52	B	Soil Remediation Equipment - On-site (In situ Only)		Time & Materials	
Schedule 54: Pharmaceutical Manufacturing					
54	A	Each Pharmaceutical Manufacturing Process Line		Time & Materials	
Schedule 55: Hexavalent Chromium Plating and Anodizing Tanks					
55	A	Each Hard or Decorative Chrome plating and/or Anodizing Tank or Group of Tanks Served by an Emission Control System		Time & Materials	
55	B	Each Decorative Plating Tank without Add-on Emission Controls		Time & Materials	
Schedule 56: Sewage Treatment Facilities					
56	A	Each Sewage Treatment Facility		Time & Materials	
56	B	Each Wastewater Odor Treatment System that is not part of a Permitted Sewage Treatment Facility		Time & Materials	
Schedule 58: Bakeries					
58	A	Bakery Ovens at Facilities with Emission Controls Pursuant to Rule 67.24		Time & Materials	
Schedule 59: Asbestos Control Equipment					
59	C	Portable Asbestos Mastic Removal Application Station	$1,660	$2,569	($909)
Schedule 91: Miscellaneous					
91		Miscellaneous Operations		Time & Materials	

As the table indicates, the District is under-recovering for all of the flat fees charged in the Initial Application Fee category. The largest deficit of $2,689 per unit is associated with Schedule 27J for Each Surface Coating Application Station subject to Rule 67.3 or 67.9 w/o Control Equipment at facilities emitting ≤ 5 tons/year of VOC from equipment in this fee schedule. The smallest deficit is $105 for Schedule 49B for Activating Non-Operational Status Equipment. On average the cost recovery for the Application Fees is approximately 65%.

2 Annual Results

In addition to the per unit analysis, the project team also collected information regarding the annual implications of the full cost calculated. The following table shows by fee schedule (for those fee schedules that had workload), the annual volume, the revenue at current fee, the total annual cost, and the annual surplus / (deficit):

Table 5: Initial Application Fees – Annual Results

Fee Sched		Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
Schedule 1: Abrasive Blasting Equipment Excluding Rooms and Booths						
1	X	Each Portable Abrasive Blasting Unit, Registered Under Rule 12.1	21	$8,778	$13,525	($4,747)

Fee Sched		Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
Schedule 2: Abrasive Blasting Cabinets, Rooms and Booths						
2	A	Each Abrasive Blasting Cabinet, Room or Booth	3	$10,881	$16,852	($5,971)
2	B	Each Cabinet, Room, or Booth with an Abrasive Transfer or Recycle System	2	$8,382	$12,992	($4,610)
Schedule 3: Asphalt Roofing Kettles and Tankers used to Store, Heat, Transport, and Transfer Hot Asphalt						
3	W	Each Kettle or Tanker, Registered Under Rule 12	7	$1,967	$3,017	($1,050)
Schedule 6: Sand, Rock, Aggregate Screens, and Other Screening Operations, when not used in Conjunction with other Permit Items in these Schedules						
6	A	Each Screen Set	4	$13,592	$21,065	($7,473)
Schedule 7: Sand, Rock, and Aggregate Plants						
7	X	Each Portable Rock Crushing System, Registered Under Rule 12.1	2	$972	$1,501	($529)
Schedule 8: Concrete Batch Plants, Concrete Mixers over One Cubic Yard Capacity and Separate Cement Silo Systems						
8	X	Each Portable Concrete Batch Plant, Registered Under Rule 12.1	3	$1,611	$2,491	($880)
Schedule 13: Boilers and Heaters						
13	A	Each 1 MM BTU/HR up to but not including 50 MM BTU/HR input	2	$4,694	$7,273	($2,579)
Schedule 23: Bulk Terminal Grain and Dry Chemical Transfer and Storage Facility Equipment						
23	B	Each Storage Silo System	6	$8,832	$13,656	($4,824)
Schedule 26: Non-Bulk Volatile Organic Compound Dispensing Facilities. Subject to District Rules 61.0 through 61.6						
26	A	VOCs Dispensing Facilities Equipped with Phase I & II controls (includes Phase I fee)	1	$2,368	$3,666	($1,298)
26	C	VOCs Dispensing Operation with Phase I only (Phase II exempt) - Fee per Facility	7	$15,407	$23,813	($8,406)
Schedule 27: Application of Materials Containing Organic Solvents (includes coatings, adhesives, and other materials containing volatile organic compounds (VOC))						
27	A	First Permit to Operate for Marine Coating application at facilities emitting ≤ 10 tons/year of VOC from Marine Coating Operations	1	$2,614	$4,058	($1,444)
27	D	Each Surface Coating Application Station w/o control equipment and not covered by other fee schedules at facilities using > 1 gallon/day of surface coatings and emitting ≤ 5 tons/year of VOC from equipment in this fee schedule	3	$6,756	$10,445	($3,689)
27	F	Each Fiberglass, Plastic or Foam Product Process Line at facilities emitting ≤10 tons/year of VOC from fiberglass, plastic or foam products operations	3	$10,788	$16,743	($5,955)
27	J	Each Surface Coating Application Station subject to Rule 67.3 or 67.9 w/o Control Equipment at facilities emitting ≤ 5 tons/year of VOC from equipment in this fee schedule	1	$4,868	$7,557	($2,689)

Fee Sched		Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
27	N	Each Press or Operation at a Printing or Graphic Arts facility subject to Rule 67.16	1	$1,816	$2,826	($1,010)
27	R	Each facility applying < 5 gallons/day of Coating Materials subject to Rule 67.20 (as applied or sprayed)	5	$14,065	$21,791	($7,726)
Schedule 28: Vapor and Cold Solvent Cleaning Operations and Metal Inspection Tanks						
28	I	Cold Solvent Degreaser with a liquid surface area ≤ 5 square feet	1	$442	$676	($234)
Schedule 34: Piston Type Internal Combustion Engines						
34	C	Each Emergency Standby Engine (for electrical or fuel interruptions beyond control of Permittee)	2	$5,982	$9,259	($3,277)
34	G	Each Engine for Non-Emergency and Non-Cogeneration Operation < 200 horsepower	8	$19,600	$30,372	($10,772)
34	H	Each California Certified Emergency Standby Engine (for electrical or fuel interruptions beyond control of Permittee)	128	$278,528	$431,404	($152,876)
34	W	Each Specified Eligible Engine, Registered Under Rule 12	11	$3,509	$5,353	($1,844)
34	X	Each Specified Eligible Portable Engine, Registered Under Rule 12.1	20	$10,480	$16,125	($5,645)
Schedule 40: Asphalt Pavement Heaters/Recyclers						
40	X	Each Portable Unheated Pavement Crushing and Recycling System, Registration Under Rule 12.1	1	$554	$857	($303)
Schedule 50: Coffee Roasters						
50	A	Each Coffee Roaster	1	$2,679	$4,148	($1,469)
Schedule 59: Asbestos Control Equipment						
59	C	Portable Asbestos Mastic Removal Application Station	1	$1,660	$2,569	($909)
			TOTAL	**$441,825**	**$684,032**	**($242,207)**

The annual deficit for the Application Fees Category is approximately $242,000. The largest component of this deficit ($153,000) is associated with Schedule 34H for Each California Certified Emergency Standby Engine (for electrical or fuel interruptions beyond control of Permittee). There are 128 permits in that category and the per unit deficit is $1,194, resulting in such a high annual deficit. Therefore, changing that fee even marginally will have a great impact on the overall revenue associated with the Initial Application Fee category.

The overall annual cost recovery for Application Fees is 65%, which matches the per unit cost recovery, indicating that the under-recovery for this fee category is fairly consistent.

6. Renewal Fees

The Renewal Fees charged by the District refer to the annual operating fees that are charged to the facilities to maintain a permit to operate. These fees are due annually on the date that the permit expires. The purpose of the renewal fee is to capture the level of effort associated with conducting compliance inspections annually. These inspections ensure that the permit holders are following all the conditions and requirements outlined on the initial permit issued for the different types of equipment that they have to operate. The following subsections discuss the per unit and annual results calculated through this study.

1 Per Unit Results

There is a corresponding renewal fee for every initial application fee, unless there are certain types of equipment that only have temporary authorization and as such would always require an initial evaluation. Unlike the initial application fees, the renewal fees are always fixed fee amounts for greater transparency and clarity to the applicant. The full cost calculated for each service includes direct staff costs, departmental overhead, and districtwide overhead (including Countywide overhead). The following table details by fee schedule, the name, the current fee, the full cost calculated through this study, and the surplus or associated deficit with each service.

Table 6: Renewal Fees – Cost Per Unit Results

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
Schedule 1: Abrasive Blasting Equipment Excluding Rooms and Booths					
1	A	Each Pot 100 pounds capacity or larger with no Peripheral Equipment	$198	$247	($49)
1	B	Each Pot 100 pounds capacity or larger loaded Pneumatically or from Storage Hoppers	$170	$210	($40)
1	C	Each Bulk Abrasive Blasting Material Storage System	$160	$197	($37)
1	D	Each Spent Abrasive Handling System	$160	$197	($37)
1	X	Each Portable Abrasive Blasting Unit, Registered Under Rule 12.1	$234	$296	($62)
Schedule 2: Abrasive Blasting Cabinets, Rooms & Booths					
2	A	Each Abrasive Blasting Cabinet, Room or Booth	$347	$447	($100)
2	B	Each Cabinet, Room, or Booth with an Abrasive Transfer or Recycle System	$373	$483	($110)
Schedule 3: Asphalt Roofing Kettles and Tankers used to Store, Heat, Transport, and Transfer Hot Asphalt					
3	A	Each Kettle or Tanker with capacity greater than 85 gallons	$221	$279	($58)
3	W	Each Kettle or Tanker, Registered Under Rule 12	$197	$246	($49)

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
Schedule 4: Hot-Mix Asphalt Paving Batch Plant					
4	A	Each Hot-Mix Asphalt Paving Batch Plant	$1,205	$1,600	($395)
Schedule 5: Rock Drills					
5	W	Each Drill, Registered Under Rule 12	$256	$326	($70)
Schedule 6: Sand, Rock, Aggregate Screens, and Other Screening Operations, when not used in Conjunction with other Permit Items in these Schedules					
6	A	Each Screen Set	$384	$498	($114)
6	X	Each Portable Sand and Gravel Screen Set, Registered Under Rule 12.1	$254	$324	($70)
Schedule 7: Sand, Rock, and Aggregate Plants					
7	A	Each Crusher System (involves one or more primary crushers forming a primary crushing system or, one or more secondary crushers forming a secondary crusher system and each serving a single process line)	$652	$857	($205)
7	B	Each Screening System (involves all screens serving a given primary or secondary crusher system)	$316	$407	($91)
7	C	Each Loadout System (a loadout system is a set of conveyors chutes and hoppers used to load any single rail or road delivery container at any one time)	$312	$400	($88)
7	X	Each Portable Rock Crushing System, Registered Under Rule 12.1	$236	$299	($63)
Schedule 8: Concrete Batch Plants, Concrete Mixers over One Cubic Yard Capacity and Separate Cement Silo Systems					
8	A	Each Concrete Batch Plant (including Cement-Treated Base Plants)	$647	$850	($203)
8	B	Each Mixer over one cubic yard capacity	$239	$302	($63)
8	C	Each Cement or Fly Ash Silo System not part of another system requiring a Permit	$373	$482	($109)
8	X	Each Portable Concrete Batch Plant, Registered Under Rule 12.1	$271	$353	($82)
Schedule 9: Concrete Product Manufacturing Plants					
9	A	Each Plant	$459	$599	($140)
Schedule 13: Boilers and Heaters					
13	A	Each 1 MM BTU/HR up to but not including 50 MM BTU/HR input	$307	$394	($87)
13	B	Each 50 MM BTU/HR up to but not including 250 MM BTU/HR	$426	$554	($128)
13	D	Each 100 Megawatt output or greater (based on an average boiler efficiency of 32.5%)	$879	$1,163	($284)
13	F	Each 1 MM BTU/HR up to but not including 50 MM BTU/HR input at a single site where more than 5 such units are located	$267	$340	($73)
13	W	Each 2 MM BTU/HR up to but not including 5 MM BTU/HR, Registered Under Rule 12	New	$231	N / A
Schedule 14: Non-Municipal Incinerators					
14	A	Crematory or Waste Incinerator burning	$668	$879	($211)
14	C	Burning capacity up to and including 50 lbs/hr used exclusively for the incineration or cremation of animals	$317	$408	($91)

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
Schedule 15: Burn-Out Ovens					
15	A	Each Electric Motor / Armature Refurbishing Oven	$316	$406	($90)
15	D	USN SIMA (ID#APCD1981-SITE-02798)*Pursuant to Subsection ©(3)	$194	$242	($48)
Schedule 18: Metal Melting Devices					
18	C	Each Pit or Stationary Crucible / Pot Furnace	$324	$417	($93)
Schedule 19: Oil Quenching and Salt Baths					
19	A	Each Tank	$191	$238	($47)
Schedule 20: Gas Turbine Engines, Test Cells and Test Stands					
20	A	Each Aircraft Propulsion Turbine, Turboshaft, Turbojet or Turbofan Engine Test Cell or Stand	$312	$400	($88)
20	B	Each Aircraft Propulsion Test Cell or Stand at a facility where more than one such unit is located	$175	$218	($43)
20	C	Each Non-Aircraft Turbine Test Cell or Stand	$134	$162	($28)
20	D	Each Non-Aircraft Turbine Engine 1 MM BTU/HR up to but not including 50 MM BTU/HR input	$822	$1,086	($264)
20	E	Each Non-Aircraft Turbine Engine 1 MM BTU/HR up to but not including 50 MM BTU/HR input	$1,029	$1,364	($335)
20	F	Each Non-Aircraft Turbine Engine 250 MM BTU/HR or greater input	$2,955	$3,950	($995)
20	G	Each Unit used solely for Peak Load Electric Generation	$295	$378	($83)
20	H	Each Standby Gas Turbine used for Emergency Power Generation	$211	$265	($54)
Schedule 21: Waste Disposal and Reclamation Units					
21	A	Each Wood Shredder or Hammermill Grinder	$266	$339	($73)
21	W	Paper shredders	New	$336	N / A
Schedule 22: Feed and Grain Mills and Kelp Processing Plants					
22	A	Each Receiving System (includes Silos)	$379	$490	($111)
22	B	Each Grinder, Cracker, or Roll Mill	$354	$457	($103)
22	C	Each Shaker Stack, Screen Set, Pelletizer System, Grain Cleaner, or Hammermill	$375	$486	($111)
22	D	Each Mixer System	$790	$1,043	($253)
22	E	Each Truck or Rail Loading System	$396	$513	($117)
Schedule 23: Bulk Terminal Grain and Dry Chemical Transfer and Storage Facility Equipment					
23	A	Each Receiving System (Railroad, Ship and Truck Unloading	$447	$583	($136)
23	B	Each Storage Silo System	$260	$331	($71)
23	C	Each Loadout Station System	$278	$355	($77)
23	D	Each Belt Transfer Station	$278	$355	($77)
23	W	Grain Silo	New	$344	N / A
Schedule 24: Dry Chemical Mixing					
24	C	Each Dry Chemical Mixer with capacity over one-half cubic yard	$205	$257	($52)
Schedule 25: Volatile Organic Compound Terminals, Bulk Plants and Intermediate Refueler Facilities					
	1	**Bulk Plants and Bulk Terminals equipped with or proposed to be equipped with a vapor processor**			
25	A	Per Tank	$222	$280	($58)
25	C	Per Truck Loading Head	$1,303	$1,732	($429)
25	D	Per Vapor Processor	$316	$406	($90)

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
	2	**Bulk Plants not equipped with or not proposed to be equipped with a vapor processor**			
25	E	Per Tank	$355	$458	($103)
25	F	Per Truck Loading Head	$321	$413	($92)
	3	**Facilities fueling intermediate refuelers (IR's) for subsequent fueling of motor vehicles, boats, or aircraft:**			
25	H	Per IR Loading Connector	$374	$484	($110)
Schedule 26: Non-Bulk Volatile Organic Compound Dispensing Facilities. Subject to District Rules 61.0 through 61.6					
26	A	VOCs Dispensing Facilities Equipped with Phase I & II controls (includes Phase I fee) - per nozzle	$218	$344	($126)
26	C	VOCs Dispensing Operation with Phase I only (Phase II exempt) - Fee per Facility	$462	$602	($140)
26	E	VOCs Dispensing Operation (Phase I and Phase II exempt) - Fee per Facility	$406	$527	($121)
Schedule 27: Application of Materials Containing Organic Solvents (includes coatings, adhesives, and other materials containing volatile organic compounds (VOC))					
	1	**Marine Coatings**			
27	A	Each Marine Coating application operation, except where Fee Schedule 27(t) applies	$635	$834	($199)
27	T	Each Marine Coating application operation at facilities where combined coating and cleaning solvent usage is < 3 gallons / day and < 100 gallons per year	$429	$558	($129)
	2	**Industrial Material Applications and Manufacturing**			
27	D	Each Surface Coating Application Station without control equipment and not covered by other fee schedules at facilities using > 1 gallon / day of surface coatings and emitting less than or equal to 5 tons / year of VOC from equipment in this fee schedule.	$709	$934	($225)
27	E	Each Surface Coating Application Station without control equipment and not covered by other fee schedules at facilities emitting greater than 5 tons / year of VOC from equipment in this fee schedule.	$874	$1,156	($282)
27	F	Each Fiberglass, Plastic or Foam Product Process Line Except if Using Only Polyester Resin	$782	$1,032	($250)
27	I	Each Surface Coating Application Station requiring Control Equipment	$1,267	$1,683	($416)
27	J	Each Surface Coating Application Station subject to Rule 67.3 or 67.9 without control equipment at facilities emitting less than or equal to 5 tons per year of VOC from equipment in this fee schedule	$730	$962	($232)
27	K	Each Surface Coating Application Station subject to Rule 67.3 or 67.9 without control equipment at facilities emitting greater than 5 tons per year of VOC from equipment in this fee schedule	$752	$991	($239)
27	L	Each Wood Products Coating Application Station without Control Equipment at facilities using > 500 gallons per year of wood products coatings	$694	$914	($220)
27	N	Each Press or Operation at a Printing or Graphic Arts Facility subject to Rule 67.16	$412	$535	($123)

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
27	O	Each Fiberglass, Plastic or Foam Product Process Line Using Only Polyester Resin	$535	$700	($165)
27	P	Each Surface Coating Application Station without control equipment (except automotive painting) where combined coating, and cleaning solvent usage is < 1 gallon per day or < 50 gallons per year	$469	$612	($143)
27	Q	Each Wood Products Coating Application Station of coatings and stripper without control equipment at a facility using < 500 gallons per year for Wood Product Coating Operations	$592	$777	($185)
	3	**Motor Vehicle and Mobile Equipment Refinishing Operations**			
27	R	Each Facility applying Coating Materials subject to Rule 67.20 (as applied or sprayed)	$854	$1,129	($275)
	4	**Adhesive Materials Application Operations**			
27	U	Each Adhesive Materials Application Station without control equipment at facilities emitting less than or equal to 5 tons per year of VOC from equipment in this fee schedule.	$507	$558	($129)
27	V	Each Adhesive Materials Application Station without control equipment at facilities emitting greater than 5 tons per year of VOC from equipment in this fee schedule.	$935	$663	($156)
27	W	Each Adhesive Materials Application Station without control equipment where adhesive material usage is < 55 gallons per year	$556	$1,238	($303)
Schedule 28: Vapor and Cold Solvent Cleaning Operations and Metal Inspection Tanks					
28	A	Each Vapor Degreaser with an Air Vapor Interfacial Area > 5 sq. ft.	$354	$457	($103)
28	B	Each Cold Solvent Degreaser with liquid surface area > 5 sq. ft.	$269	$344	($75)
28	D	Each Paint Stripping Tank	$266	$340	($74)
28	F	Remote Reservoir Cleaners	$255	$324	($69)
28	H	Vapor Degreaser with an Air-Vapor Interfacial Area less than or equal to 5 sq. ft.	$317	$407	($90)
28	I	Cold Solvent Degreaser with a liquid surface area less than or equal to 5 sq. ft.	$238	$302	($64)
28	J	Metal Inspection Tanks	$222	$280	($58)
28	K	Contract Service Remote Reservoir Cleaners with > 100 units	$29	$41	($12)
28	L	Contract Service Cold Degreasers with a liquid surface area of less than or equal to 5 sq. ft.	$12	$23	($11)
28	M	Each facility-wide Solvent Application Operation	$637	$838	($201)
Schedule 29: Automated Soldering Equipment					
29	A	Solder Leveler	$368	$475	($107)
Schedule 30: Solvent and Extract Dryers					
30	A	Kelp & Biogum Products Solvent Dryer	$1,191	$1,581	($390)
Schedule 31: Dry Cleaning Facilities					
31	A	Each Facility using Halogenated Hydrocarbon Solvents required to install Control Equipment	$628	$825	($197)
31	B	Each Facility using Petroleum Based Solvents	$386	$501	($115)

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
Schedule 32: Acid Chemical Milling, Copper Etching and Hot Dip Galvanizing					
32	A	Each Copper Etching Tank	$505	$660	($155)
32	B	Each Acid Chemical Milling Tank	$434	$565	($131)
32	C	Each Hot Dip Galvanizing Tank	$511	$668	($157)
Schedule 34: Piston Type Internal Combustion Engines					
34	A	Each Cogeneration Engine or Waste Derived Fuel-Fired Engine with Add-on Control Equipment	$795	$1,050	($255)
34	B	Each Cogeneration Engine or Waste Derived Fuel-Fired Engine without Add-on Control Equipment	$483	$630	($147)
34	C	Each Emergency Standby Engine (for electrical or fuel interruptions beyond control of permittee)	$329	$424	($95)
34	D	Each Engine for Non-Emergency, Non-Cogeneration, and Not Waste Derived Fuel-Fired Operation greater than or equal to 200 horsepower	$518	$678	($160)
34	E	Each Grouping of Engines for Dredging or Crane Operation with total engine horsepower > 200 HP	$478	$623	($145)
34	F	Diesel Pile Driving Hammer	$160	$197	($37)
34	G	Each Engine for Non-Emergency, Non-Cogeneration, and Not Waste Derived Fuel-Fired Operation less than 200 horsepower	$322	$415	($93)
34	H	California Certified Emergency Standby Engine	$284	$364	($80)
34	I	Each Internal Combustion Engine, Test Cell and Test Stand	$312	$400	($88)
34	L	Each Diesel Particulate Filter Cleaning Process	$419	$545	($126)
34	W	Engines Eligible under Rule 12	$270	$344	($74)
34	X	Portable Engines eligible in Rule 12	$258	$328	($70)
Schedule 35: Bulk Flour, Powdered Sugar and Dry Chemical Storage Systems					
35	A	Each System	$259	$330	($71)
Schedule 36: Grinding Booths and Rooms					
36	A	Each Booth or Room	$334	$430	($96)
Schedule 37: Plasma Electric and Ceramic Deposition Spray Booths					
37	A	Each Application Station	$422	$549	($127)
37	C	Flame Spray (ID#APCD1976-SITE-00274) - pursuant to Subsection ©(3)	$312	$400	($88)
Schedule 38: Paint, Adhesive, Stain, Ink, Solder Paste, and Dielectric Paste Manufacturing					
38	A	Each Process Line for Paint, Adhesive, Stain, or Ink Manufacturing at facilities producing > 10,000 gallons per year	$253	$321	($68)
38	B	Each Can Filling Line	$269	$343	($74)
38	C	Each Process Line for Solder Paste or Dielectric Paste Manufacturing	$539	$706	($167)
38	D	Each Paint, Adhesive, Stain or Ink Manufacturing facility producing <10,000 gallons per year	$1,051	$1,393	($342)
38	F	Ferro Electronic Material Systems (8407A)*	$636	$836	($200)
Schedule 39: Precious Metals Refining					
39	A	Each Process Line	$589	$772	($183)
Schedule 40: Asphalt Pavement Heaters/Recyclers					
40	X	Each Portable Unheated Pavement Crushing and Recycling System, Registration Under Rule 12.1	$275	$351	($76)
Schedule 41: Perlite Processing					
41	A	Each Process Line	$362	$468	($106)

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
41	B	Aztec Perlite (ID#APCD1978-SITE-01598) Pursuant to Subsection ©(3)	$816	$1,077	($261)
Schedule 42: Electronic Component Manufacturing					
42	A	Each Process Line	$549	$720	($171)
42	B	Each Screen Printing Operation	$454	$592	($138)
42	C	Each Coating/Maskant Application Operation, excluding Conformal Operation	$545	$714	($169)
42	D	Each Conformal Coating Operation	$693	$913	($220)
Schedule 43: Ceramic Slip Casting					
43	A	Each Process Line	$556	$728	($172)
Schedule 44: Evaporators, Dryers, & Stills Processing Organic Materials					
44	A	Evaporators and Dryers	$324	$417	($93)
44	B	Solvent Recovery Stills, on-site, batch-type, solvent usage > 350 gallons per day	$330	$425	($95)
Schedule 46: Filtration Membrane Manufacturing					
46	A	Each Process Line	$519	$678	($159)
Schedule 47: Organic Gas Sterilizers					
47	A	Each Organic Gas Sterilizer / Aerator requiring control	$546	$715	($169)
Schedule 48: Municipal Waste Storage and Processing					
48	A	Municipal Waste Storage & Processing - not subject to the ARB Methane Emissions Regulation	$2,134	$2,848	($714)
48	C	Municipal Waste Storage & Processing - subject to the ARB Methane Emissions Regulation	$5,286	$7,081	($1,795)
Schedule 49: Non-Operational Status Equipment					
49	A	Non-Operational Status Equipment	$272	$347	($75)
Schedule 50: Coffee Roasters					
50	A	Each Coffee Roaster	$359	$464	($105)
Schedule 51: Industrial Waste Water Treatment					
51	A	Each On-site Processing Line	$408	$530	($122)
51	C	USN Air Station NORIS Public Works (ID#APCD1986-SITE-02755)*Pursuant to subsection ©(3)	$1,084	$1,438	($354)
Schedule 52: Air Stripping & Soil Remediation Equipment					
52	A	Air Stripping Equipment	$538	$705	($167)
52	B	Soil Remediation Equipment - On-Site (In situ only)	$626	$822	($196)
Schedule 54: Pharmaceutical Manufacturing					
54	A	Each Pharmaceutical Manufacturing Process Line	$723	$953	($230)
Schedule 55: Hexavalent Chromium Plating and Anodizing Tanks					
55	A	Each Hard or Decorative Chrome Plating and / or Anodizing Tank or Group of Tanks served by an emission control system	$1,891	$2,521	($630)
55	B	Each Decorative Plating Tank without Add-on Emission Controls	$1,025	$1,358	($333)
55	D	Each Chromate Conversion Coating Tank	$320	$412	($92)
Schedule 56: Sewage Treatment Facilities					
56	A	Each Wastewater Treatment Facility, or Each Water Reclamation Facility	$1,017	$1,348	($331)
56	B	Each Wastewater Pump Station	$547	$717	($170)
Schedule 58: Bakeries					
58	A	Bakery Ovens at Facilities with Emission Controls Pursuant to Rule 67.24	$608	$799	($191)

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
Schedule 59: Asbestos Control Equipment					
59	C	Portable Asbestos Mastic Removal Application Station	$305	$391	($86)
Schedule 91: Miscellaneous - Hourly Rates					
91	A	Miscellaneous	$438	$569	($131)

As the table indicates, the District is under-recovering for all of the renewal fees charged. The largest deficit of $1,795 per unit is associated with Schedule 48C for Municipal Waste Storage and Processing, which is subject to the ARB Methane Emission regulation. The smallest deficit is $11 for Schedule 28L for Contract Service Cold Degreasers with a liquid surface area of less than or equal to 5 sq. ft.. On average the cost recovery for the Renewal Fees is approximately 77%.

2 Annual Results

In addition to the per unit analysis, the project team also collected information regarding the annual implications of the full cost calculated. The following table shows by fee schedule (for those fee schedules that had workload), the annual volume, the revenue at current fee, the total annual cost, and the annual surplus / (deficit):

Table 7: Renewal Fees – Annual Results

Fee Sched.		Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
Schedule 1: Abrasive Blasting Equipment Excluding Rooms and Booths						
1	A	Each Pot 100 pounds capacity or larger with no Peripheral Equipment	15	$2,970	$3,710	($740)
1	B	Each Pot 100 pounds capacity or larger loaded Pneumatically or from Storage Hoppers	20	$3,400	$4,200	($800)
1	C	Each Bulk Abrasive Blasting Material Storage System	3	$480	$592	($112)
1	D	Each Spent Abrasive Handling System	4	$640	$789	($149)
1	X	Each Portable Abrasive Blasting Unit, Registered Under Rule 12.1	97	$22,698	$28,743	($6,045)
Schedule 2: Abrasive Blasting Cabinets, Rooms & Booths						
2	A	Each Abrasive Blasting Cabinet, Room or Booth	46	$15,962	$20,574	($4,612)
2	B	Each Cabinet, Room, or Booth with an Abrasive Transfer or Recycle System	50	$18,650	$24,142	($5,492)
Schedule 3: Asphalt Roofing Kettles and Tankers used to Store, Heat, Transport, and Transfer Hot Asphalt						
3	A	Each Kettle or Tanker with capacity greater than 85 gallons	15	$3,315	$4,187	($872)

Fee Sched.		Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
3	W	Each Kettle or Tanker, Registered Under Rule 12	73	$14,381	$17,968	($3,587)
Schedule 4: Hot-Mix Asphalt Paving Batch Plant						
4	A	Each Hot-Mix Asphalt Paving Batch Plant	8	$9,640	$12,800	($3,160)
Schedule 5: Rock Drills						
5	W	Each Drill, Registered Under Rule 12	6	$1,536	$1,957	($421)
Schedule 6: Sand, Rock, Aggregate Screens, and Other Screening Operations, when not used in Conjunction with other Permit Items in these Schedules						
6	A	Each Screen Set	29	$11,136	$14,440	($3,304)
6	X	Each Portable Sand and Gravel Screen Set, Registered Under Rule 12.1	7	$1,778	$2,265	($487)
Schedule 7: Sand, Rock, and Aggregate Plants						
7	A	Each Crusher System (involves one or more primary crushers forming a primary crushing system or, one or more secondary crushers forming a secondary crusher system and each serving a single process line)	44	$28,688	$37,722	($9,034)
7	B	Each Screening System (involves all screens serving a given primary or secondary crusher system)	33	$10,428	$13,427	($2,999)
7	C	Each Loadout System (a loadout system is a set of conveyors chutes and hoppers used to load any single rail or road delivery container at any one time)	7	$2,184	$2,802	($618)
7	X	Each Portable Rock Crushing System, Registered Under Rule 12.1	9	$2,124	$2,689	($565)
Schedule 8: Concrete Batch Plants, Concrete Mixers over One Cubic Yard Capacity and Separate Cement Silo Systems						
8	A	Each Concrete Batch Plant (including Cement-Treated Base Plants)	36	$23,292	$30,617	($7,325)
8	B	Each Mixer over one cubic yard capacity	2	$478	$605	($127)
8	C	Each Cement or Fly Ash Silo System not part of another system requiring a Permit	8	$2,984	$3,858	($874)
8	X	Each Portable Concrete Batch Plant, Registered Under Rule 12.1	3	$813	$1,059	($246)
Schedule 9: Concrete Product Manufacturing Plants						
9	A	Each Plant	8	$3,672	$4,790	($1,118)
Schedule 13: Boilers and Heaters						
13	A	Each 1 MM BTU/HR up to but not including 50 MM BTU/HR input	192	$58,944	$75,622	($16,678)
13	B	Each 50 MM BTU/HR up to but not including 250 MM BTU/HR	5	$2,130	$2,770	($640)

Fee Sched.		Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
13	F	Each 1 MM BTU/HR up to but not including 50 MM BTU/HR input at a single site where more than 5 such units are located	6	$1,602	$2,041	($439)
Schedule 14: Non-Municipal Incinerators						
14	A	Crematory or Waste Incinerator burning	16	$10,688	$14,063	($3,375)
14	C	Burning capacity up to and including 50 lbs/hr used exclusively for the incineration or cremation of animals	4	$1,268	$1,631	($363)
Schedule 15: Burn-Out Ovens						
15	A	Each Electric Motor / Armature Refurbishing Oven	9	$2,844	$3,653	($809)
15	D	USN SIMA (ID#APCD1981-SITE-02798)*Pursuant to Subsection ©(3)	2	$388	$485	($97)
Schedule 18: Metal Melting Devices						
18	C	Each Pit or Stationary Crucible / Pot Furnace	22	$7,128	$9,164	($2,036)
Schedule 19: Oil Quenching and Salt Baths						
19	A	Each Tank	5	$955	$1,189	($234)
Schedule 20: Gas Turbine Engines, Test Cells and Test Stands						
20	A	Each Aircraft Propulsion Turbine, Turboshaft, Turbojet or Turbofan Engine Test Cell or Stand	1	$312	$400	($88)
20	B	Each Aircraft Propulsion Test Cell or Stand at a facility where more than one such unit is located	14	$2,450	$3,045	($595)
20	C	Each Non-Aircraft Turbine Test Cell or Stand	64	$8,576	$10,355	($1,779)
20	D	Each Non-Aircraft Turbine Engine 1 MM BTU/HR up to but not including 50 MM BTU/HR input	12	$9,864	$13,033	($3,169)
20	E	Each Non-Aircraft Turbine Engine 1 MM BTU/HR up to but not including 50 MM BTU/HR input	8	$8,232	$10,909	($2,677)
20	F	Each Non-Aircraft Turbine Engine 250 MM BTU/HR or greater input	17	$50,235	$67,157	($16,922)
20	H	Each Standby Gas Turbine used for Emergency Power Generation	5	$1,055	$1,324	($269)
Schedule 21: Waste Disposal and Reclamation Units						
21	A	Each Wood Shredder or Hammermill Grinder	20	$5,320	$6,787	($1,467)
Schedule 22: Feed and Grain Mills and Kelp Processing Plants						
22	A	Each Receiving System (includes Silos)	6	$2,274	$2,943	($669)
22	B	Each Grinder, Cracker, or Roll Mill	8	$2,832	$3,653	($821)
22	C	Each Shaker Stack, Screen Set, Pelletizer System, Grain Cleaner, or Hammermill	31	$11,625	$15,058	($3,433)
22	D	Each Mixer System	19	$15,010	$19,821	($4,811)
22	E	Each Truck or Rail Loading System	2	$792	$1,026	($234)

Fee Sched.		Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
Schedule 23: Bulk Terminal Grain and Dry Chemical Transfer and Storage Facility Equipment						
23	A	Each Receiving System (Railroad, Ship and Truck Unloading	5	$2,235	$2,913	($678)
23	B	Each Storage Silo System	50	$13,000	$16,559	($3,559)
23	C	Each Loadout Station System	2	$556	$710	($154)
23	D	Each Belt Transfer Station	8	$2,224	$2,841	($617)
Schedule 25: Volatile Organic Compound Terminals, Bulk Plants and Intermediate Refueler Facilities						
	1	**Bulk Plants and Bulk Terminals equipped with or proposed to be equipped with a vapor processor**				
25	A	Per Tank	41	$9,102	$11,469	($2,367)
25	C	Per Truck Loading Head	90	$117,270	$155,889	($38,619)
25	D	Per Vapor Processor	3	$948	$1,218	($270)
	2	**Bulk Plants not equipped with or not proposed to be equipped with a vapor processor**				
25	E	Per Tank	12	$4,260	$5,497	($1,237)
25	F	Per Truck Loading Head	12	$3,852	$4,953	($1,101)
	3	**Facilities fueling intermediate refuelers (IR's) for subsequent fueling of motor vehicles, boats, or aircraft:**				
25	H	Per IR Loading Connector	22	$8,228	$10,646	($2,418)
Schedule 26: Non-Bulk Volatile Organic Compound Dispensing Facilities. Subject to District Rules 61.0 through 61.6						
26	A	VOCs Dispensing Facilities Equipped with Phase I & II controls (includes Phase I fee) - per nozzle	7,096	$1,546,928	$2,442,851	($895,923)
26	C	VOCs Dispensing Operation with Phase I only (Phase II exempt) - Fee per Facility	150	$69,300	$90,343	($21,043)
26	E	VOCs Dispensing Operation (Phase I and Phase II exempt) - Fee per Facility	88	$35,728	$46,359	($10,631)
Schedule 27: Application of Materials Containing Organic Solvents (includes coatings, adhesives, and other materials containing volatile organic compounds (VOC))						
27	A	First Permit to Operate for Marine Coating application at facilities emitting ≤ 10 tons/year of VOC from Marine Coating Operations	89	$56,515	$74,258	($17,743)
27	D	Each Surface Coating Application Station w/o control equipment and not covered by other fee schedules at facilities using > 1 gallon/day of surface coatings and emitting ≤ 5 tons/year of VOC from equipment in this fee schedule	40	$28,360	$37,345	($8,985)
27	E	Each Surface Coating Application Station w/o control equipment and not covered by other fee schedules at facilities emitting > 5 tons/year of VOC from equipment in this fee schedule	2	$1,748	$2,312	($564)

Fee Sched.		Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
27	F	Each Fiberglass, Plastic or Foam Product Process Line at facilities emitting ≤10 tons/year of VOC from fiberglass, plastic or foam products operations	26	$20,332	$26,831	($6,499)
27	I	Each Surface Coating Application Station requiring Control Equipment	9	$11,403	$15,146	($3,743)
27	J	Each Surface Coating Application Station subject to Rule 67.3 or 67.9 w/o Control Equipment at facilities emitting ≤ 5 tons/year of VOC from equipment in this fee schedule	99	$72,270	$95,269	($22,999)
27	K	Each Surface Coating Application Station subject to Rule 67.3 or 67.9 w/o Control Equipment at facilities emitting > 5 tons/year of VOC from equipment in this fee schedule	88	$66,176	$87,236	($21,060)
27	L	Each Wood Products Coating Application Station w/o Control Equipment at facilities using > 500 gallons/year of wood products coatings and emitting ≤ 5 tons/year of VOC from Wood Products Coating Operations	44	$30,536	$40,219	($9,683)
27	N	Each Press or Operation at a Printing or Graphic Arts facility subject to Rule 67.16	43	$17,716	$23,024	($5,308)
27	O	Each Fiberglass, Plastic or Foam Product Process Line Using Only Polyester Resin	17	$9,095	$11,905	($2,810)
27	P	Each Fiberglass, Plastic or Foam Product Process Line Using Only Polyester Resin	9	$4,221	$5,511	($1,290)
27	Q	Each Surface Coating Application Station without control equipment (except automotive painting) where combined coating, and cleaning solvent usage is < 1 gallon per day or < 50 gallons per year	43	$25,456	$33,414	($7,958)
27	R	Each Wood Products Coating Application Station of coatings and stripper without control equipment at a facility using < 500 gallons per year for Wood Product Coating Operations	302	$257,908	$340,902	($82,994)
27	T	First Permit to Operate for Marine Coating application at facilities where combined coating and cleaning solvent usage is < 3 gallons/day and <100 gallons/year	3	$1,287	$1,675	($388)

Fee Sched.		Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
27	U	Each Adhesive Materials Application Station w/o control equipment at facilities emitting ≤ 5 tons/year of VOC from equipment in this fee schedule	52	$26,364	$34,453	($8,089)
27	V	Each Adhesive Materials Application Station w/o control equipment at facilities emitting > 5 tons/year of VOC from equipment in this fee schedule	8	$7,480	$9,905	($2,425)
27	W	Each Adhesive Materials Application Station w/o control equipment where adhesive materials usage is < 55 gallons/year	8	$4,448	$5,830	($1,382)
Schedule 28: Vapor and Cold Solvent Cleaning Operations and Metal Inspection Tanks						
28	A	Each Vapor Degreaser with an Air Vapor Interfacial Area > 5 sq. ft.	5	$1,770	$2,283	($513)
28	B	Each Cold Solvent Degreaser with liquid surface area > 5 sq. ft.	22	$5,918	$7,558	($1,640)
28	D	Each Paint Stripping Tank	6	$1,596	$2,038	($442)
28	F	Remote Reservoir Cleaners	48	$12,240	$15,568	($3,328)
28	H	Vapor Degreaser with an Air-Vapor Interfacial Area less than or equal to 5 sq. ft.	21	$6,657	$8,551	($1,894)
28	I	Cold Solvent Degreaser with a liquid surface area less than or equal to 5 sq. ft.	26	$6,188	$7,840	($1,652)
28	J	Metal Inspection Tanks	1	$222	$280	($58)
28	K	Contract Service Remote Reservoir Cleaners with > 100 units	22	$638	$893	($255)
28	L	Contract Service Cold Degreasers with a liquid surface area of less than or equal to 5 sq. ft.	17	$204	$384	($180)
28	M	Each facility-wide Solvent Application Operation	4	$2,548	$3,352	($804)
Schedule 30: Solvent and Extract Dryers						
30	A	Kelp and Biogum Products Solvent Dryer	10	$11,910	$15,809	($3,899)
Schedule 31: Dry Cleaning Facilities						
31	A	Each Facility using Halogenated Hydrocarbon Solvents required to install Control Equipment	2	$1,256	$1,650	($394)
31	B	Each Facility using Petroleum Based Solvents	149	$57,514	$74,624	($17,110)
Schedule 32: Acid Chemical Milling, Copper Etching and Hot Dip Galvanizing						
32	A	Each Copper Etching Tank	5	$2,525	$3,298	($773)
32	B	Each Acid Chemical Milling Tank	5	$2,170	$2,826	($656)
32	C	Each Hot Dip Galvanizing Tank	2	$1,022	$1,336	($314)
Schedule 34: Piston Type Internal Combustion Engines						
34	A	Each Cogeneration Engine with in-stack Emission Controls	14	$11,130	$14,697	($3,567)

Fee Sched.		Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
34	B	Each Cogeneration Engine with Engine Design Emission Controls	10	$4,830	$6,301	($1,471)
34	C	Each Emergency Standby Engine (for electrical or fuel interruptions beyond control of Permittee)	526	$173,054	$223,239	($50,185)
34	D	Each Engine for Non-Emergency and Non-Cogeneration Operation	98	$50,764	$66,463	($15,699)
34	E	Each Grouping of Engines for Dredging or Crane Operation with total engine horsepower > 200 HP	13	$6,214	$8,102	($1,888)
34	G	Each Engine for Non-Emergency and Non-Cogeneration Operation < 200 horsepower	75	$24,150	$31,106	($6,956)
34	H	Each California Certified Emergency Standby Engine (for electrical or fuel interruptions beyond control of Permittee)	1,695	$481,380	$616,201	($134,821)
34	I	Each Internal Combustion Engine Test Cell and Test Stand	8	$2,496	$3,202	($706)
34	L	Each Diesel Particulate Filter Cleaning Process	17	$7,123	$9,259	($2,136)
34	W	Each Specified Eligible Engine, Registered Under Rule 12	921	$248,670	$317,274	($68,604)
34	X	Each Specified Eligible Portable Engine, Registered Under Rule 12.1	118	$30,444	$38,683	($8,239)
Schedule 35: Bulk Flour, Powdered Sugar and Dry Chemical Storage Systems						
35	A	Each System	8	$2,072	$2,640	($568)
Schedule 36: Grinding Booths and Rooms						
36	A	Each Booth or Room	50	$16,700	$21,520	($4,820)
Schedule 37: Plasma Electric and Ceramic Deposition Spray Booths						
37	A	Each Application Station	25	$10,550	$13,719	($3,169)
37	C	Flame Spray (ID#APCD1976-SITE-00274)* Pursuant to Subsection ©(3)	8	$2,496	$3,202	($706)
Schedule 38: Paint, Adhesive, Stain, Ink, Solder Paste, and Dielectric Paste Manufacturing						
38	A	Each Process Line for Paint, Adhesive, Stain, or Ink Manufacturing at facilities producing > 10,000 gallons per year	8	$2,024	$2,570	($546)
38	B	Each Can Filling Line	8	$2,152	$2,741	($589)
38	C	Each Process Line for Solder Paste or Dielectric Paste Manufacturing	2	$1,078	$1,412	($334)
Schedule 39: Precious Metals Refining						
39	A	Each Process Line	1	$589	$772	($183)
Schedule 40: Asphalt Pavement Heaters/Recyclers						
40	X	Each Portable Unheated Pavement Crushing and Recycling System, Registration Under Rule 12.1	19	$5,225	$6,676	($1,451)
Schedule 41: Perlite Processing						
41	A	Each Process Line	2	$724	$936	($212)

Fee Sched.		Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
41	B	Aztec Perlite (ID#APCD1978-SITE-01598) Pursuant to Subsection ©(3)	1	$816	$1,077	($261)
Schedule 42: Electronic Component Manufacturing						
42	A	Each Process Line	4	$2,196	$2,879	($683)
42	B	Each Screen Printing Operation	7	$3,178	$4,144	($966)
42	C	Each Coating/Maskant Application Operation, excluding Conformal Operation	2	$1,090	$1,427	($337)
42	D	Each Conformal Coating Operation	2	$1,386	$1,825	($439)
Schedule 43: Ceramic Slip Casting						
43	A	Each Process Line	7	$3,892	$5,097	($1,205)
Schedule 44: Evaporators, Dryers, & Stills Processing Organic Materials						
44	A	Evaporators and Dryers [other than those referenced in Fee Schedule 30 (a)] processing materials containing volatile organic compounds	7	$2,268	$2,917	($649)
44	B	Solvent Recovery Stills with a rated capacity equal to or greater than 7.5 gallons	5	$1,650	$2,127	($477)
Schedule 46: Filtration Membrane Manufacturing						
46	A	Each Process Line	10	$5,190	$6,785	($1,595)
Schedule 47: Organic Gas Sterilizers						
47	A	Each Organic Gas Sterilizer / Aerator requiring control	10	$5,460	$7,149	($1,689)
Schedule 48: Municipal Waste Storage and Processing						
48	A	Municipal Waste Storage & Processing - not subject to the ARB Methane Emissions Regulation	9	$19,206	$25,630	($6,424)
48	C	Municipal Waste Storage & Processing - subject to the ARB Methane Emissions Regulation	21	$111,006	$148,703	($37,697)
Schedule 49: Non-Operational Status Equipment						
49	A	Non-Operational Status Equipment	146	$39,712	$50,609	($10,897)
Schedule 50: Coffee Roasters						
50	A	Each Coffee Roaster	26	$9,334	$12,052	($2,718)
Schedule 51: Industrial Waste Water Treatment						
51	A	Each On-site Processing Line	3	$1,224	$1,589	($365)
51	C	USN Air Station NORIS Public Works (ID#APCD1986-SITE-02755)*Pursuant to subsection ©(3)	2	$2,168	$2,876	($708)
Schedule 52: Air Stripping & Soil Remediation Equipment						
52	A	Air Stripping Equipment	1	$538	$705	($167)
52	B	Soil Remediation Equipment - On-site (In situ Only)	28	$17,528	$23,022	($5,494)
Schedule 54: Pharmaceutical Manufacturing						
54	A	Each Pharmaceutical Manufacturing Process Line	16	$11,568	$15,253	($3,685)

Fee Sched.		Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
Schedule 55: Hexavalent Chromium Plating and Anodizing Tanks						
55	A	Each Hard or Decorative Chrome plating and/or Anodizing Tank or Group of Tanks Served by an Emission Control System	1	$1,891	$2,521	($630)
55	B	Each Decorative Plating Tank without Add-on Emission Controls	3	$3,075	$4,074	($999)
55	D	Each Chromate Conversion Coating Tank	19	$6,080	$7,819	($1,739)
Schedule 56: Sewage Treatment Facilities						
56	A	Each Sewage Treatment Facility	18	$18,306	$24,268	($5,962)
56	B	Each Wastewater Odor Treatment System that is not part of a Permitted Sewage Treatment Facility	59	$32,273	$42,295	($10,022)
Schedule 58: Bakeries						
58	A	Bakery Ovens at Facilities with Emission Controls Pursuant to Rule 67.24	3	$1,824	$2,396	($572)
Schedule 59: Asbestos Control Equipment						
59	C	Portable Asbestos Mastic Removal Application Station	14	$4,270	$5,477	($1,207)
Schedule 91: Miscellaneous						
91	A	Miscellaneous Operations	138	$60,444	$78,585	($18,141)
			TOTAL	**$4,406,535**	**$6,159,862**	**($1,753,327)**

The renewal fees show an annual under-recovery of approximately $1.7 million, which represents a cost recovery level of 72%. Approximately $896,000 of the $1.7 million is associated with Schedule 26A – Volatile Organic Compound (VOC) Dispensing facilities, followed by $135,000 associated with Schedule 34H for certified standby engine. These fee schedules have such large deficits due to their high volume of activity. The annual cost recovery of 72% is slightly lower than the average per unit cost recovery of 77%, as it indicates that the bulk of the District's workload is in those line items, which have a lower per unit cost recovery. The renewal fees are the largest source of fee-related revenue for the District, and as such has the greatest impact on the District's overall cost recovery.

7. Source Testing

The Source Testing Fee is an annual, bi-annual, or triennial fee charged by the District for specific facilities and permit holders that require their emission sources to be tested. The Source Testing division of the District is responsible for conducting these source tests, as well as reviewing any source tests conducted by external consultants. The following subsections discuss the per unit and annual results calculated through this study associated with source testing.

1 Per Unit Results

The full cost calculated for each service includes direct staff costs, departmental overhead, and districtwide overhead (including Countywide overhead). The following table details by fee schedule, the name, the current fee, the full cost calculated through this study, and the surplus or associated deficit with each Source Testing service.

Table 8: Source Testing Fees – Cost Per Unit Results

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit)
Schedule 92: Source Testing Performed by the District					
92	C	Each Sulfur Oxides Source Test		Time & Materials	
92	D	Annual Fee for each Biennial Cycle Test for NOx and CO (1/2 the cost of one test)	$1,166	$2,337	($1,171)
92	E	Each Ethylene Oxide Source Test		Time & Materials	
92	F	Each Carbon Monoxide and Nitrogen Oxides Source Test	$2,333	$4,674	($2,341)
92	G	Each Nitrogen Oxides Source Test	$2,690	$4,910	($2,221)
92	H	Each Incinerator Particulate Matter Source Test with Waste Burning Capacity of > 100 lbs Per Hour		Time & Materials	
92	I	Each Ammonia Source Test	$1,114	$3,589	($2,475)
92	J	Continuous Emission Monitor System Evaluation		Time & Materials	
92	K	Incinerator Particulate Matter Source Test with Waste Burning Capacity of < 100 lbs Per Hour		Time & Materials	
92	M	Each Mass Emissions Source Test	$1,100	$2,640	($1,540)
92	O	Each Multiple Metals Source Test		Time & Materials	
92	P	Each Chromium Source Test		Time & Materials	
92	Q	Each VOC Onsite Analysis	$5,129	$11,767	($6,638)
92	R	Each VOC Offsite Analysis	$1,202	$2,757	($1,555)
92	S	Each Hydrogen Sulfide Source Test		Time & Materials	
92	T	Each Acid Gas Source Test		Time & Materials	
92	V	Annual Fee for Optional Source Test Pilot Study		Time & Materials	
92	W	Particulate Matter Source Test	$3,297	$7,758	($4,462)
92	X	Particulate Matter and Nitrogen Oxides and Carbon Monoxide Source Test	$7,355	$18,418	($11,063)
92	Y	Particulate Matter and Carbon Dioxide and Oxygen Source Test	$5,260	$14,108	($8,848)

Fee Sched.		Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit)
92	Z	Miscellaneous Source Test (Special Tests not Listed)		Time & Materials	
Schedule 93: Witness of Source Tests Performed by Independent Contractors					
93	A	Test Witness and Report Review		Time & Materials	
93	C	Test Procedure Review		Time & Materials	
93	D	Each VOC Bulk Terminal Test Witness	$2,392	$3,396	($1,004)
93	E	Each Ethylene Oxide Test Witness Day	$1,976	$3,411	($1,436)

Similar to the other three areas of the fee schedule, the District is under-recovering for all source test related services. However, this category has the largest per unit deficits. This under-recovery ranges from a low of $1,004 for Each VOC Bulk Terminal Test Witness (93D) to a high of $11,063 for Particulate Matter and Nitrogen Oxides and Carbon Monoxide Source Test (92x). Many of these source tests require 2 staff positions to conduct the test and can require several hours of preparation and testing and multiple site visits to collect the correct information. It is important to note that the District has historically kept source testing fees low to encourage compliance with testing requirements. This is one of the reasons for the large per unit deficits for this category. On average source testing is recovering about 47% of its costs.

2 Annual Results

In addition to the per unit analysis, the project team also collected information regarding the annual implications of the full cost calculated. The following table shows by fee schedule (for those fee schedules that had workload), the annual volume, the revenue at current fee, the total annual cost, and the annual surplus / (deficit):

Table 9: Source Testing Fees – Annual Results

Fee Sched		Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
Schedule 92: Source Testing Performed by the District						
92	D	Annual Fee for each Biennial Cycle Test for NOx and CO (1/2 the cost of one test)	10	$11,663	$23,368	($11,705)
92	F	Each Carbon Monoxide and Nitrogen Oxides Source Test	195	$455,607	$912,882	($457,274)
92	G	Each Nitrogen Oxides Source Test	5	$13,448	$24,551	($11,103)
92	I	Each Ammonia Source Test	27	$30,075	$96,912	($66,836)
92	M	Each Mass Emissions Source Test	34	$37,386	$89,761	($52,374)
92	Q	Each VOC Onsite Analysis	17	$86,218	$197,803	($111,584)
92	R	Each VOC Offsite Analysis	58	$69,716	$159,923	($90,207)
92	W	Particulate Matter Source Test	6	$19,779	$46,551	($26,772)
92	X	Particulate Matter and Nitrogen Oxides and Carbon Monoxide Source Test	7	$51,482	$128,925	($77,444)

Fee Sched		Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
92	Y	Particulate Matter and Carbon Dioxide and Oxygen Source Test	6	$32,612	$87,467	($54,855)
Schedule 93: Witness of Source Tests Performed by Independent Contractors						
93	D	Each VOC Bulk Terminal Test Witness	3	$7,176	$10,189	($3,013)
93	E	Each Ethylene Oxide Test Witness Day	1	$1,976	$3,411	($1,436)
			TOTAL	**$817,137**	**$1,781,741**	**($964,603)**

The annual deficit associated with source testing is approximately $964,000 and represents a cost recovery level of 46%. The largest source of the deficit at $457,000 is associated with schedule 92F or the carbon monoxide and nitrogen oxides source test. The per unit deficit for that category is $2,341 and combined by the sheer volume of activity, it results in a significant deficit. The next largest deficit for this category at $111,500 is 92Q, which has a per unit deficit of $6,638. The large per unit deficits in this category contribute to the significant dollar under-recovery for these fees.

8. Asbestos Fees

The Asbestos fees charged by the District are in relation to whenever any renovation or demolition project involves asbestos and has an impact on the air quality. Along with inspections and review of the project, the fees also cover notices being mailed or provided to nearby residents. The following subsections discuss the per unit and annual results calculated through this study as it relates to inspecting for asbestos.

1 Per Unit Results

The full cost calculated for each service includes direct staff costs, departmental overhead, and districtwide overhead (including Countywide overhead). The following table details by fee schedule, the name, the current fee, the full cost calculated through this study, and the surplus or associated deficit with each service.

Table 10: Asbestos Fees – Cost Per Unit Results

Fee Sched.	Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
1	**Renovation Operations (excluding residential buildings have four or fewer dwelling units): (Notification)**			
	Less than 100 sq. ft.	$533	$835	($302)
	100-500 sq. ft.	$533	$862	($329)
	501-2,000 sq. ft.	$593	$927	($334)
	2,001-5,000 sq. ft.	$670	$1,044	($374)
	5,001-10,000 sq. ft.	$680	$1,081	($401)
	10,000+ sq. ft.	$806	$1,103	($297)
1	**Renovation Operations (excluding residential buildings have four or fewer dwelling units): (Online Notification)**			
	Less than 100 sq. ft.	$390	$605	($215)
	100-500 sq. ft.	$390	$632	($242)
	501-2,000 sq. ft.	$450	$697	($247)
	2,001-5,000 sq. ft.	$528	$814	($286)
	5,001-10,000 sq. ft.	$538	$851	($313)
	10,000+ sq. ft.	$664	$873	($209)
2	Planned (Annual) Renovation Operations (added to appropriate renovation operations fees)	$119	$124	($5)
3	Emergency Renovation Operations (add to appropriate renovation operation fee listed above)	$119	$124	($5)
4	**Demolition Operations: Regulated Asbestos Containing Material (RACM) sites or Non-RACM sites or sites with no asbestos present (notification):**			
	Including RACM Removal	$660	$953	($293)
	No RACM Removal	$660	$886	($226)

Fee Sched.	Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
4	**Demolition Operations: Regulated Asbestos Containing Material (RACM) sites or Non-RACM sites or sites with no asbestos present (Online Notification):**			
	Including RACM Removal	$517	$743	($226)
	No RACM Removal	$517	$676	($159)
5	Emergency Demolition Operations (add to demolition operations fees listed above)	$119	$124	($5)
6	Revised Notification Fee for Renovations, Demolitions, Planned Renovations, and Emergency Operations	$46	$99	($53)
7	Cancellation Fee for Renovations or Demolition Operations	$60	$198	($138)

As the table indicates, the District is under-recovering for all asbestos-related fee categories. The smallest deficit of $5 is associated with planned renovation operations, emergency renovations or emergency demolitions. The largest deficit of $401 is associated with 5,001-10,000 sq. ft. renovation operations with no online notification. The average cost recovery for asbestos fees is 69%.

2 Annual Results

In addition to the per unit analysis, the project team also collected information regarding the annual implications of the full cost calculated. The following table shows by fee schedule (for those fee schedules that had workload), the annual volume, the revenue at current fee, the total annual cost, and the annual surplus / (deficit):

Table 11: Asbestos Fees – Annual Results

Fee Sched.	Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
1	**Renovation Operations (excluding residential buildings have four or fewer dwelling units): (Notification)**				
	100-500 sq. ft.	29	$15,457	$24,991	($9,534)
	501-2,000 sq. ft.	31	$18,383	$28,742	($10,359)
	2,001-5,000 sq. ft.	7	$4,690	$7,311	($2,621)
	5,001-10,000 sq. ft.	5	$3,400	$5,403	($2,003)
	10,000+ sq. ft.	3	$2,418	$3,309	($891)
1	**Renovation Operations (excluding residential buildings have four or fewer dwelling units): (Online Notification)**				
	100-500 sq. ft.	142	$55,380	$89,702	($34,322)
	501-2,000 sq. ft.	165	$74,250	$115,026	($40,776)
	2,001-5,000 sq. ft.	60	$31,680	$48,867	($17,187)
	5,001-10,000 sq. ft.	24	$12,912	$20,413	($7,501)
	10,000+ sq. ft.	53	$35,192	$46,274	($11,082)
2	Planned (Annual) Renovation Operations (added to appropriate renovation operations fees)	7	$833	$866	($33)

Fee Sched.	Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
3	Emergency Renovation Operations (add to appropriate renovation operation fee listed above)	524	$62,356	$64,807	($2,451)
4	**Demolition Operations: Regulated Asbestos Containing Material (RACM) sites or Non-RACM sites or sites with no asbestos present (notification):**				
	Including RACM Removal	133	$87,780	$126,791	($39,011)
4	**Demolition Operations: Regulated Asbestos Containing Material (RACM) sites or Non-RACM sites or sites with no asbestos present (Online Notification):**				
	Including RACM Removal	96	$49,632	$71,376	($21,744)
5	Emergency Demolition Operations (add to demolition operations fees listed above)	2	$238	$247	($9)
TOTAL			**$454,601**	**$654,125**	**($199,524)**

Asbestos related fees are under-recovering their costs by approximately $199,000 annually. The largest source of this deficit is $41,000 associated with the 501-2,000 sq. ft. of renovation operations including online notifications, followed by $39,000 for demolition operations. These line items have a significant annual workload. The current annual cost recovery for these fees is 69%, which closely mirrors the per unit cost recovery of 69% for this fee category.

9. Hearing Board Fees

The Hearing Board fees charged by the District are in relation to when permit-related decisions are appealed by the permit holder or a variance is being asked from the existing permit conditions to the District's hearing officer. The fees cover the costs of conducting the civil investigation and the time associated with preparation for the hearing. The following subsections discuss the per unit and annual results calculated through this study for hearing board fees.

1 Per Unit Results

The full cost calculated for each service includes direct staff costs, departmental overhead, and districtwide overhead (including Countywide overhead). The following table details by fee schedule, the name, the current fee, the full cost calculated through this study, and the surplus or associated deficit with each service.

Table 12: Hearing Board – Cost Per Unit Results

Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit) Per Unit
Emergency Variance	$977	$1,808	($831)
90-Day Variance	$1,259	$2,118	($859)
Regular Variance	$1,197	$2,068	($871)
Interim/Regular Variance	$1,459	$2,316	($857)
Permit Appeals	$1,544	$2,593	($1,049)
Modify an existing variance or abatement order	$888	$1,523	($635)

The under-recoveries associated with the Hearing Board are extremely large with the smallest deficit being $635 for modifications to an existing variance, and the largest deficit of $1,049 associated with any general permit appeals. The average per unit cost recovery for the hearing board is 59%. These types of fees are typically subsidized in other jurisdictions and air districts to allow it to be easier for permit holders to appeal decisions to the hearing board.

2 Annual Results

In addition to the per unit analysis, the project team also collected information regarding the annual implications of the full cost calculated. The following table shows by fee schedule (for those fee schedules that had workload), the annual volume, the revenue at current fee, the total annual cost, and the annual surplus / (deficit):

Table 13: Hearing Board Fees – Annual Results

Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
90-Day Variance	1.00	$1,259	$2,118	($859)
Modify an existing variance or abatement order	1.00	$888	$1,523	($635)
	TOTAL	**$2,147**	**$3,641**	**($1,494)**

The annual deficit for the Hearing Board Fees Category is approximately $1,500. The largest component of component of this deficit is $859 associated with the 90-day variance. The District does not receive a lot of hearing board cases annually, as such even with an overall annual cost recovery of 59%, it has minimal impact on the District's overall cost recovery.

10. Processing Fees

The District charges three different administrative fees as it relates to permit applications. The first type of fee is a non-refundable processing fee associated with all new permits and is associated with inputting information in the system and setting up the permit. The District also charges a permit processing and site handling and processing fee for all renewal permits. These fees are meant to recover the costs associated with the permit processing staff. The following subsections discuss the per unit and annual results calculated for the non-refundable processing fee.

1 Per Unit Results

The full cost calculated for each service includes direct staff costs, departmental overhead, and districtwide overhead (including Countywide overhead). The following table details by fee schedule, the name, the current fee, the full cost calculated through this study, and the surplus or associated deficit with each service.

Table 14: Processing Fees – Cost Per Unit Results

Description	Current Fee	Full Cost Per Unit	Surplus / (Deficit)
Non-Refundable Processing Fee	$74	$217	($143)
Site ID Processing & Handling Fee	$35	$40	($5)
Permit Processing Fee	$25	$30	($5)

The District is currently recovering for all of its permit processing fees, with the under-recovery ranging from $5 for permit processing staff and $143 for the non-refundable processing fee.

2 Annual Results

In addition to the per unit analysis, the project team also collected information regarding the annual implications of the full cost calculated. The following table shows by fee, the annual volume, the revenue at current fee, the total annual cost, and the annual surplus / (deficit):

Table 15: Processing Fees – Annual Results

Description	Volume	Revenue at Current Fee	Total Annual Cost	Annual Surplus / (Deficit)
Non-Refundable Processing Fee	292	$21,608	$63,388	($41,730)
Site ID Processing & Handling Fee	4,000	$140,000	$158,663	($19,536)
Permit Processing Fee	13,995	$349,875	$420,546	($70,671)
	TOTAL	**$511,483**	**$642,547**	**($131,064)**

The annual deficit associated with the processing fees is approximately $131,000 and represents an annual cost recovery level of 80%. The largest source of this deficit (54%) is associated with the permit processing fee, which only has a per unit deficit of $5 but due to the sheer number of renewal permits has a larger impact upon the District's overall cost recovery.

11. Time and Materials (Schedule 94)

Schedule 94 of the District's fee schedule is a list of the different staff positions at the District, which can provide services to permit holders, and their fully burdened hourly rate. This rate is then charged and assessed for any fees that are considered time and materials. The following subsections discuss the per unit and annual results calculated for the District's Schedule 94 or time and material related services.

1 Per Unit Results

It is important to note that the District lists several positions in Schedule 94 that do not currently exist at the District, and as such hourly rates for those positions have not been calculated. It is recommended that if those positions are not budgeted and will not be budgeted in the future at the District, they should be removed from the schedule, as permit holders do not have the ability or option to utilize those staff positions.

The fully burdened hourly rate for each staff position includes direct staff costs, departmental overhead, and districtwide overhead (including Countywide overhead). The following table details by existing positions, the current burdened rate, the fully burdened rate calculated through the study, and the surplus or associated deficit with each rate.

Table 16: Time and Material (Staff Hourly Rates) – Cost Per Unit Results

Fee Sched.		Description	Current Fee	Full Cost	Surplus / (Deficit) Per Unit
94	U	Air Pollution Control Aide (94u)	$57	$216	($159)
94	X	Air Pollution Control Civil Actions Investigator (94x)	$135	$237	($102)
94	E	Air Quality Inspector II (94e)	$168	$226	($58)
94	Z	Air Quality Specialist (94z)	$100	$275	($174)
94	Q	Associate Air Resources Specialist (94q)	$168	$259	($91)
94	J	Associate Chemist (94j)	$119	$204	($85)
94	C	Associate Engineer (94c)	$171	$266	($95)
94	R	Associate Meteorologist (94r)	$119	$176	($57)
94	K	Senior Chemist (94k)	$143	$230	($87)
94	D	Senior Engineer (94d)	$207	$291	($84)
94	F	Supervising Air Quality Inspector (94f)	$238	$247	($9)

As the table indicates the District is under-recovering for all of its fully burdened hourly rates. The under-recovery ranges from a low of $9 for the Supervising Air Quality Inspector to a high of $174 for the Air Quality Specialist. It is important to note that while this schedule represents the hourly rates, it does not represent the salaries paid to District staff; rather, the rate represents the true cost of staff to the District. The average per unit cost recovery for Schedule 94 is 62%.

In order to estimate the annual number of hours billed, the project team calculated an average hourly rate to be divided against the District's time and material revenue line item. The average hourly rate utilized was not for all positions, but rather based upon the most typical position(s) that utilize time and materials, which is the Associate / Sr. Chemist, and the Associate / Sr. Engineer. The following table compares the current average billable rate to the full cost billable rate:

Table 17: Average Billable Rate Comparison

Fee Sched.		Description	Current Fee	Full Cost	Surplus / (Deficit) Per Unit
94	J	Associate Chemist (94j)	$119	$204	($85)
94	C	Associate Engineer (94c)	$171	$266	($95)
94	K	Senior Chemist (94k)	$143	$230	($87)
94	D	Senior Engineer (94d)	$207	$291	($84)
		AVERAGE	**$160**	**$248**	**($88)**

Based upon the billable rate average, the District is under-recovering on average by $88 per hour.

2 Annual Results

In addition to the per unit analysis, the project team also collected information regarding the annual implications of the full cost calculated. While there was not detailed information available regarding the different hours and positions calculated for each time and materials fee charged by the District, there was total revenue information available for these fees. The total revenue was divided by an average hourly rate to determine the estimated number of hours that could be billed. The following table shows the total revenue budgeted for time and materials services in FY21, the average hourly rate, and the total hours billed for it:

Table 18: Estimated # of Annual Hours for T&M Revenue Calculation

Category	Amount
FY21 T&M Budgeted Revenue	$1,240,638
Average Billable Rate	$160
Total Annual Hours	**7,754**

The total estimated annual billed time and material hours were approximately 7,754. These 7,754 hours were multiplied by the current and full cost average billable rates of $160 and $229 to calculate the estimated annual cost associated with Time and Material fees. The following table shows for time and material fees, the total annual hours, the revenue at current annual hours, the annual cost, and the associated annual surplus / (deficit):

Table 19: Time & Material Fees – Annual Results

Description	Volume	Revenue at Current Fee	Revenue at Full Cost	Annual Surplus / (Deficit)
Time and Material Fees	7,754	$1,240,638	$1,921,565	($680,927)

The annual under-recovery associated with labor rates is approximately $681,000 and reflects a cost recovery level of 65%. The reason for this difference is due to the large per unit deficit of $88 per hour. Therefore, even though the concept of fully burdened hourly rates or time and material fees is to be full cost recovery, if the hourly rate being utilized is not the true fully burdened hourly rate, then the District cannot achieve full cost recovery.

Cost Recovery and Fee Analysis Scenarios

SAN DIEGO AIR POLLUTION CONTROL DISTRICT, CALIFORNIA

FINAL REPORT

April 2021

matrix consulting group

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1. Introduction and Executive Summary

The Matrix Consulting Group was retained by the San Diego Air Pollution Control District to conduct a cost recovery and fee analysis of the District's existing fees for service. The following report summarizes the scenarios developed for the District to increase fees for service and the associated cost recoveries for those scenarios.

1 Project Background and Overview

The District conducts an annual review of its fees to ensure that all appropriate costs are reflected. This annual calculation currently incorporates Vehicle Registration revenues to offset some of the fee-related costs. In July 2020, the Auditor of the State of California conducted an audit of the District and identified that it was utilizing Vehicle Registration revenue to offset fee or permit-related services. While this is allowed, the auditor recommended that the District consider conducting a thorough evaluation of the District's fees charged to permit holders and facility owners to determine their fair share of cost associated with those activities, rather than those fees being subsidized by vehicle registration fees.

The Matrix Consulting Group analyzed the cost of service relationships that exist between the District and its customers in relation to Initial Application Fees, Renewal Fees, Source Testing, Asbestos, Hearing Board, and Time and Material fees. The results of this study provided the District with a tool for understanding current service levels, the cost and demand for those services, and what fees for service can be legally charged. In order for the District to help achieve cost recovery there are several options that the District can pursue. The purpose of this supplemental report is to review those scenarios and options for discussion with the District's Board.

The following report provides the District board with five different scenario options related to affecting the current and future cost recovery levels. The five scenarios range from no changes to targeted increases based upon different fee categories. The goal of the District is to minimize its reliance on Vehicle Registration fee funding; however, even the Auditor's report recognizes that this is not feasible within a single fiscal year, due to the significant current deficit and large impact upon rate payors. Therefore, this supplemental report was developed to provide the Board with potential options to increase fees to help minimize the reliance on Vehicle registration funding for specifically offsetting stationary and permitted source related costs and bring the District in compliance with the auditor's findings. All revenue and fee figures in this report are from the District's Cost Recovery Analysis Report / Study completed in 2021.

2 Summary of Findings and Recommendations

The following table compares the potential cost recovery level, and the number of years it will take for the District to achieve full cost recovery based upon the different scenarios.

Table 1: Summary of Scenarios and Implications

#	Scenario	Fee Revenue Increase	Fee-Related Cost Recovery %	# of Years to Full Cost Recovery	Reliance on Vehicle Registration Fee Funding
1	Fee Deferral and No Fee Inc.	N / A	N / A	N / A	Yes
2	No Fee Increase	$0	66%	N / A	Yes
3	15% Fee increase	$1.2 million	76%	8	Yes
4	15% Standardized Increase	$1.4 million	78%	5	Yes
5	15% Increase + Per Capita Fee	$1.2 million	76%	8	No

As the table indicates, Scenarios 3-5 provide the District with a fee increase, and other than Scenario 5, all scenarios still require the District to rely on Vehicle registration fee revenue for fee-related services. It is important to note that while Scenario 5 will generate additional revenue for the District and allow the District to subsidize fees through the per capita fee, it does not result in increased fee revenue or increase fee-related cost recovery other than the 15% increases annually.

The majority of the options require the District to implement a fee increase, whether it is an across the board 15% fee increase (Scenarios 3 and 5) or a targeted fee increase in Scenario 4. These fee increases enable the District to phase in full cost recovery and phase out reliance on Vehicle Registration revenue to bring the District in compliance with the findings from the State Auditor's report as well as to ensure that permit holders are paying for their fair share of services. Based upon the analysis conducted in this report and the cost of service study, the Matrix Consulting Group **recommends that the District staff and the Board consider implementing Scenario 4.** The following table shows by major fee category the proposed fee increase under Scenario 4 and the resulting cost recovery.

Table 2: Proposed Cost Recovery Impacts of Scenario 4 Fee Increases

Fee Category	FY 21-22 Fee Inc. %	FY 21-22 Cost Recovery %
Application Fixed	20%	78%
Renewal	10%	79%
Source Testing	15%	63%
Asbestos	25%	85%
Hearing Board	25%	74%
T&M	30%	84%
Processing Fee	15%	91%

Scenario 4 increases all fee categories, but targets the fee increases to allow the District to achieve cost recovery faster for certain types of fees (i.e., Application and T&M) and smooth the effect for fee increases for the majority of its ratepayers (renewal fees). This Scenario is also in alignment with District's historical practices and as such will be easier to implement as stakeholders are already familiar with these types of increases.

2. Scenario 1 – Fee Deferral & No Fee Increases

The District currently is in the midst of a fee deferral, meaning that not only have fees not increased, but the District has deferred the collection of fees from rate payers. The first scenario for the Board to consider is to not only have no fee increases, but that fees continue to be deferred. In this scenario, the fees would be deferred for another fiscal year and as such while costs would increase, there would be no corresponding change in FY21-22 revenue, resulting in a lower cost recovery and higher deficit.

It is difficult to accurately estimate the fiscal impact of fee deferrals, as its primary impact is upon the District's cash flow. The following table summarizes the advantages and disadvantages of this scenario from the perspective of internal (District) and external (permit and fee holders):

Table 3: Scenario 1 – Advantages and Disadvantages

Advantages	Disadvantages
• **External**: No immediate fee increases for rate payers.	• **Internal**: The fee-related deficit continues to be subsidized by Vehicle Registration fee funding.
	• **Internal**: Vehicle registration fee payers are subsidizing facility holders.
• **Internal**: No need to change current fee system to account for any fee increases.	• **Internal**: Fee deferrals have to be accounted for and added into future billings – creating more work for District staff and more shock for facility / permit holders.

The scenario's major advantage is for external stakeholders in that there is no immediate impact on rate payers. All of the disadvantages for this scenario are related to internal stakeholders, including not being in compliance with state auditor findings of utilizing Vehicle registration funds to subsidize facility and permit holders rather than offset mobile-related emissions. Under this scenario, the District does not have a clear path towards increasing cost recovery or achieving full cost recovery through fees.

3. Scenario 2 – No Increase

This scenario mimics Scenario 1, with the only difference being that there would be no fee deferrals. The District would not change any individual fee amounts, but instead of deferring collection, it would start collecting for renewals, new applications, as well as source testing, hearing board, and other miscellaneous fees. This would indicate that the District's current deficit would remain with no changes. The following table shows the current deficit and cost recovery percentage by major fee category for the District:

Table 4: Annual Cost Recovery Analysis – Scenario 2

Fee Category	Revenue at Current Fee	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 Fees	$2,147	$3,641	($1,494)	59%
Time & Material	$1,240,638	$1,921,565	($680,927)	65%
Processing Fee	$511,483	$642,547	($131,064)	80%
TOTAL	**$7,874,366**	**$11,847,512**	**($3,973,146)**	**66%**

Under this scenario, the District's current deficit of $3.9 million would be unaltered and the District would still be at 66% cost recovery for fees for service. This would suggest that the District would continue to rely on Vehicle Registration fee funding to help bridge the $3.9 million gap between fees for service and the cost associated with providing those fee-related services. The following table summarizes the advantages and disadvantages of this scenario from the perspective of internal (District) and external (permit and fee holders):

Table 5: Scenario 2 – Advantages and Disadvantages

Advantages	Disadvantages
• **External**: No fee increases for rate payers. • **Internal**: No need to change current fee system to account for any fee increases.	• **Internal**: The fee-related deficit continues to be subsidized by Vehicle Registration fee funding. • **Internal**: Vehicle Registration fee payers are subsidizing facility and permit holders.

While this scenario allows rate payers to not have any immediate fee increases, it continues to put the District in a situation, where fee-related activities have to be subsidized by Vehicle registration fees rather than those facility or permit holders who are directly benefitting from the service. Under this scenario, the District does not have a clear path towards increasing cost recovery or achieving full cost recovery through fees.

4. Scenario 3 – 15% Increase

This scenario is the first scenario in which the Board will have the option to increase fees. In this scenario, the District is proposing that the Board increase all fees by 15%. The 15% increase is applied on the current fee, and the actual fee amount increase is dependent upon the current amount. For example, 15% increase on a current fee of $100 = $15 increase; however, a 15% increase on a current fee of $1,000 = $150. To illustrate this example, specifically for District fees, the following table shows a sampling of some fees currently charged by the District, the new fee based upon the 15% increase, and the dollar increase:

Table 6: Sample Fee Increases – Scenario 3 – 15% Increase Across All Fees

Fee Sched.		Description	Current Fee	Proposed Fee	$ Increase
FIXED FEES (APPLICATION):					
Schedule 1: Abrasive Blasting Equipment Excluding Rooms and Booths					
1	A	Each Pot 100 pounds capacity or larger with no Peripheral Equipment	$606	$697	$91
1	B	Each Pot 100 pounds capacity or larger loaded Pneumatically or from Storage Hoppers	$1,358	$1,562	$204
1	C	Each Bulk Abrasive Blasting Material Storage System	$1,759	$2,023	$264
RENEWAL FEES:					
Schedule 26: Non-Bulk Volatile Organic Compound Dispensing Facilities. Subject to District Rules 61.0 through 61.6					
26	A	VOCs Dispensing Facilities Equipped with Phase I & II controls (includes Phase I fee) - per nozzle	$218	$251	$33
26	C	VOCs Dispensing Operation with Phase I only (Phase II exempt) - Fee per Facility	$462	$531	$69
26	E	VOCs Dispensing Operation (Phase I and Phase II exempt) - Fee per Facility	$406	$467	$61
SOURCE TESTING:					
Schedule 92: Source Testing Performed by the District					
92	I	Each Ammonia Source Test	$1,114	$1,281	$167
92	Q	Each VOC Onsite Analysis	$5,129	$5,898	$769
92	R	Each VOC Offsite Analysis	$1,202	$1,382	$180
ASBESTOS:					
6		Revised Notification Fee for Renovations, Demolitions, Planned Renovations, and Emergency Operations	$46	$53	$7
7		Cancellation Fee for Renovations or Demolition Operations	$60	$69	$9
HEARING BOARD FEES:					
		Emergency Variance	$977	$1,124	$147
		90-Day Variance	$1,259	$1,448	$189

Based upon the sample information provided, under this scenario, fee increases could be as minimal as $7 for revised notification to a high of $769 associated with Schedule 92Q for Each VOC Onsite Analysis. The following table shows for each of the major fee

categories, the current revenue, the projected revenue at 15% increase, and the resulting revenue increase:

Table 7: Revenue increase Impacts – Scenario 3

Fee Category	Revenue at Current Fee	Total Projected Revenue	$ Difference
Initial Application	$441,825	$508,099	$66,274
Renewal Fees	$4,406,535	$5,067,515	$660,980
Source Testing	$817,137	$939,708	$122,571
Asbestos Fees	$454,601	$522,791	$68,190
Hearing Board Fees	$2,147	$2,469	$322
Time & Material	$1,240,638	$1,426,734	$186,096
Processing Fee	$511,483	$588,205	$76,722
TOTAL	**$7,874,366**	**$9,055,521**	**$1,181,155**

If a 15% fee increase were to be implemented, the District's total revenue would increase by $1.2 million from $7.9 million to $9.1 million. The largest increase in revenue would be renewal fees at $661,000, followed by Time and Material fees at $186,000. The $1.2 million would represent a 15% increase in fee-related revenue and would result in cost recovery increasing from 54% to 63% and would reduce the deficit from $6.6 million to $5.4 million.

If the District decided to adopt a policy to increase fees by 15% a year until cost recovery was achieved, it would take between 3-8 years until all fee-related expenses could be funded by fee-related revenue. The following table summarizes the advantages and disadvantages of this scenario from the perspective of internal (District) and external (permit and fee holders):

Table 8: Scenario 3 – Advantages and Disadvantages

Advantages	Disadvantages
• **External**: Standardized Fee increase for rate payers. • **Internal**: Simplified ability to increase fees in the District's system. • **Internal**: Reducing reliance on Vehicle Registration venue by $1.2 million. • **Internal**: Increased revenue for the District.	• **External**: Fee increases for rate payers. • **Internal**: Limits the District's ability to reduce reliance on Vehicle registration funding at a quicker speed *(3-8 years before full cost recovery through fees)*. • **Internal**: Lack of targeted cost recovery for fees. • **External**: Not all fee amount increases are the same, ranging from $7 to $769, depending upon the current fee amount.

There are two key advantages to this scenario for internal stakeholders as it enables the District to start reducing the reliance on Vehicle Registration fees and it allows the District to do it in a simplified manner across all fee categories. There are two key disadvantages for external stakeholders in this scenario as it not only increases fees, but the amount that the fees are increased by depends on the amount of the current fee. As such, some industries with already high fees will see even more of an increase in their fees, compared

to other industries or fees, which already have lower fees, and will see correspondingly a smaller increase in their fees. As discussed in the sample table (Table 6), these fee increases could be as low as $7 or as a high as $769 depending upon the fee schedule and the corresponding activity.

5. Scenario 4 – 15% Standard Increase

This scenario is similar to the Scenario 3 in that it allows for a 15% increase; however, it applies the 15% increase not to the individual fee amounts, but rather the aggregate or total revenue generated by fee categories. The California Health and Safety Code Section 41512.7(d)(2) states that the District has the ability to increase individual fees for service for permit to operate and authority to construct permits as long as the total revenue for those fee categories does not exceed more than 15% in a single fiscal year.

The District has traditionally followed this Health and Safety Code guideline by applying it to the Application Fees, Renewal Fees, Time and Material, and Processing Fee categories, as those fees fall under the "permit to operate" and "authority to construct" permit category. For all other fee categories – Source Testing, Asbestos, and Hearing Board, the District is not bound to any limits on fee or revenue increases, other than the requirement that the fee cannot exceed the cost of providing the service. Therefore, under this scenario, the District is able to apply different cost increases to the fee categories to allow for greater cost recovery for the District.

The project team worked with District staff to calculate different proposed percentage increases for each fee category, ensuring that for the four relevant categories, the total revenue could not increase more than 15%. The following table summarizes by major fee category for the District, the current cost recovery percentage, whether it is subject to the Aggregate Fee increase of 15%, the projected fee increase for FY21-22 and the resulting FY21-22 Cost Recovery %:

Table 9: Proposed Cost Recovery Impacts of Scenario 4 Fee Increases

Fee Category	Current Cost Recovery %	Subject to Aggregate Cap of 15%?	FY 21-22 Fee Inc. %	FY 21-22 Cost Recovery %
Application Fixed	65%	Yes	20%	78%
Renewal	72%	Yes	10%	79%
Source Testing	46%	No	15%	63%
Asbestos	69%	No	25%	85%
Hearing Board	59%	No	25%	74%
T&M	65%	Yes	30%	84%
Processing Fee	80%	Yes	15%	91%

The District's current cost recovery for its fees ranges from a low of 46% for Source Testing to a high of 80% for Processing fees. The highlighted rows in the table above represent those categories that are subject to the 15% revenue limit, meaning the total revenue for those fees combined cannot exceed 15%. As the table indicates, fee categories that are subject to the cap of 15% revenue increase, the fee increases range from a low of 10% for renewal fees to a high of 30% for time and material fees. For all other fee categories, the fee increase was developed based upon deficits associated with those fee categories. The following table shows for each of the major fee categories, the

current revenue, the projected revenue at the targeted increase, and the resulting revenue increase:

Table 10: Revenue increase Impacts – Scenario 4

Fee Category	Revenue at Current Fee	Total Projected Revenue	$ Difference
Initial Application	$441,825	$530,190	$88,365
Renewal Fees	$4,406,535	$4,847,189	$440,654
Source Testing	$817,137	$1,117,016	$299,879
Asbestos Fees	$454,601	$554,888	$100,287
Hearing Board Fees	$2,147	$2,684	$537
Time & Material	$1,240,638	$1,612,829	$372,191
Processing Fee	$511,483	$585,868	$74,385
TOTAL	**$7,874,366**	**$9,250,664**	**$1,376,298**

The District's total revenue would increase by $1.4 million from $7.9 million to $9.3 million. The largest increase in revenue would be renewal fees at $441,000, followed by Time & Material fees at $372,000. The $1.4 million would represent a 17% increase in revenue for the District and would result in the District's cost recovery increasing from 66% to 78% and would reduce the deficit from $3.9 million to $2.6 million. Therefore, this scenario allows for a greater impact on reducing the District's reliance on Vehicle registration fee funding to help subsidize fee-related services. The following table summarizes the advantages and disadvantages of this scenario from the perspective of internal (District) and external (permit and fee holders):

Table 11: Scenario 4 – Advantages and Disadvantages

Advantages	Disadvantages
• **Internal:** Reducing reliance on Vehicle Registration fee funding by $1.4 million. • **Internal:** Increased revenue for the District. • **External:** Largest fee increases targeted on new / application fees, and lowest fee increase for renewals or everyday businesses. • **Internal:** Allows certain fee categories to achieve cost recovery faster (i.e., 2-5 years for full cost recovery). • **Internal:** In alignment with historical District practices.	• **External:** Fee increases for rate payers.

There are several advantages for internal stakeholders in this scenario, including allowing the District to have a significant reduction in its reliance on Vehicle registration fee funding and achieving targeted cost recovery for certain fee categories sooner. While the only disadvantage in this scenario is for external stakeholders by increasing fees, there is also an advantage in this scenario in that the fee increases are phased in and that the fees associated with the majority of the District's external stakeholders (renewal fees) are being phased in more slowly compared to other fee categories to help smooth the financial impact upon those external stakeholders.

6. Scenario 5 – 15% Increase + Per Capita

The final fee increase scenario explored by the District was to take advantage of the California Health and Safety Section 40701.5, which states that if the District is unable to meet all of its funding needs it has the ability to impose a per capita fee. In this scenario, the District would increase all fee categories by a standard 15%, and the remaining deficit each year would be offset by a per capita fee. This scenario would eliminate the District's reliance on Vehicle Registration Fee funding immediately, as the per capita fee would allow the District to cover the fee-related deficit.

It is important to note that the per capita fee would be temporary and would only be in place until the District is able to increase its fees annually by 15% to cover all of its fee-related costs. The following table shows the annual deficit based upon a 15% across the board fee increase:

Table 12: Annual Cost Recovery Analysis – Scenario 2

Fee Category	Total Projected Revenue	Total Annual Cost	Annual Surplus / (Deficit)
Initial Application	$508,099	$684,032	($175,933)
Renewal Fees	$5,067,515	$6,159,862	($1,092,347)
Source Testing	$939,708	$1,781,741	($842,033)
Asbestos Fees	$522,791	$654,125	($131,334)
Hearing Board Fees	$2,469	$3,641	($1,172)
Time & Material	$1,426,734	$1,921,565	($494,831)
Processing Fee	$588,205	$642,547	($54,341)
TOTAL	**$9,055,521**	**$11,847,512**	**($2,791,991)**

The per capita fee would be based upon the anticipated population for San Diego County – unincorporated areas and all cities – as that is the service area for the District. Based upon the Department of Finance 2020 population projections, the population for San Diego County is approximately 3,343,355 people. The per capita fee was calculated based upon the proposed deficit associated with the 15% increase all fee categories divided by the total population of San Diego County. The following table shows the per capita fee calculation for FY21-22:

Table 13: FY21-22 Proposed Per Capita Calculation

Category	Amount
Annual Deficit with 15% Revenue Increase	$2,791,991
Total San Diego County Population	3,343,355
Per Capita Fee	**$0.84**

The per capita fee for FY21-22 would be approximately $0.82 per San Diego County Resident. The per capita fee would be collected by individual cities and paid to the District. The fee would be assessed per household. An average household in San Diego County

has 2.87 residents[1], as such the $0.84 would translate to a household annual fee of $2.40 or a monthly fee of $0.20 per household. The per capita fee would decrease every year until the District achieved cost recovery, which at a 15% increase per year, would take approximately 3-8 years to achieve. The following table shows the projected per capita fee for the next 5 years:

Table 14: Projected Per Capita Fee

Category	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
Per Capita Fee	$0.84	$0.52	$0.20	$0.14	$0.06

As discussed, the per capita fee decreases each year, as the District's deficit decreases. In Year 6 after the projected revenue increase, the deficit would be so minimal for the District that there would be no need for a per capita fee (almost $20,000). Therefore, the District would only need to impose this fee for five years and it would allow the District to phase in the revenue increases, while also eliminating any reliance on Vehicle Registration fees. The following table summarizes the advantages and disadvantages of this scenario from the perspective of internal (District) and external (permit and fee holders):

Table 15: Scenario 5 – Advantages and Disadvantages

Advantages	Disadvantages
• **Internal**: Eliminates reliance on Vehicle Registration Fee Funding. • **Internal:** Increased revenue for the District. • **External**: Minimal per capita fee added onto each household to help phase in fee increases for permit and facility holders.	• **External**: Fee increases for rate payers. • **External**: County and City residents to subsidize private businesses receiving services from the District. • **Internal**: Lack of targeted cost recovery prolongs the District's ability to achieve full cost recovery for 3-8 years. • **Internal**: 15% fee increase across the board can result in disproportionate increase for some fees based upon dollar value.

The primary advantage for internal stakeholders in this scenario is that it immediately eliminates the District's reliance on Vehicle Registration funding. There are several disadvantages in this scenario for both internal and external stakeholders including the further subsidization of facility owners and permit holders by city and county residents through an additional per capita fee. This scenario also prolongs the District's ability to achieve full cost recovery compared to a targeted approach.

[1] Based upon California Department of Finance average household information 2020.