



Air Pollution Control Board
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Air Pollution Control District
R. J. Sommerville Director

ADVISORY

CHANGES TO FEES FOR PERMITS AND OTHER PROGRAMS

On June 17, 1998, the Air Pollution Control Board approved changes to fees the District charges to facilities required to have District permits or subject to other District programs. The revised fees are contained in District **Rule 40 - Permit and Other Fees**. They are effective July 1, 1998 and apply to permit renewals, permit applications and other program fees on and after that date. Some fees have increased while others have decreased to reflect actual District costs for the permit program and other mandated activities.

Background information about how the current fees were developed in cooperation with a Fee Review Group of local business representatives is available on request. Call Elizabeth Lewen at (619) 694-3307. Following is a summary of the major fee changes effective July 1, 1998.

Fee Changes - General

- A new, non-refundable \$75 application base fee has been added to other fees for new permit or registration applications. A \$37 processing fee has been added for applications requesting an amended Authority to Construct or modified permit.
- A new \$32 per site and \$21 per permit annual handling fee has been added to other fees for annual renewal of permits to recover management and support costs related to permit renewals.
- Rule 40(a)(1), Reduced Fees for Similar Fee Units at a Single Location, has been revised to charge permit application fees for similar units based on actual District time and material (T+M) costs. However, the fee for each similar unit cannot exceed the standard permit application fee charged to a single unit.
- An additional fee will be charged for each permit application when equipment has been installed or operated without the owner/operator first obtaining an Authority to Construct, Permit to Operate or Certificate of Registration. The additional fee is 150% of the normal permit application fee charged for that type of equipment or \$300, whichever is less. The additional fee does not apply for equipment whose exemption status under Rule 11 changes, for complete applications for registration, nor pre-registered equipment.
- The fee for transfer of valid, active permits and registration certificates to a new owner/operator is now \$37 (was \$35).
- The fee for reinstatement of a Permit to Operate is now \$37 (was \$35).
- An \$11 fee will be charged for a duplicate of a Certificate of Registration.
- A \$37 administrative fee has been added to Schedule 49(a) for placing a permit into inactive status. The fee for re-activating an inactive permit has been increased to \$124 from \$54.

Asbestos Demolition or Renovation

- A \$37 fee will be charged for each notification for demolition where no asbestos is reported present. A fee of \$250 will be charged for evaluation of each required plan for emergency demolition or renovation.

Toxic Hot Spots Program Fees

- In response to requests from businesses and to reduce District costs, the District will be changing the billing procedures for Toxics Hot Spots fees. Previously, all facilities have been billed these fees at one time during each fiscal year. The period when these fees were billed varied from year to year. *The District will bill these fees at the same time permit renewal fees are billed.* Your permit renewal fee billing during fiscal year 1998/99 will now include any Toxic Hot Spots fees
- Fees for the Toxic Hot Spots Program have been changed to recover decreasing District costs, to reflect changes in the status of facilities in the program and to implement Fee Review Group recommendations.
- Some facilities are exempt from District and state fees for this program. Others have become "tracking" facilities. Criteria for facilities exempt from fees and "tracking" facilities have been revised and are specified in Rule 40(m). The annual fee for tracking facilities is \$50.
- Annual fees for facilities that remain fully subject to the Toxic Hot Spots program have been increased by approximately 7.5 percent:

Complex Facility fee	\$3785 (was \$3533)
Intermediate Facility fee	\$1559 (was \$1449)
Simple II Facility fee	\$ 795 (was \$ 741)
Simple I Facility fee	\$ 417 (was \$ 388)

- The annual local fee for an industry-wide survey facility (gas stations, dry cleaners, automotive refinishing shops) remains unchanged at \$30.
- Fees for state Toxic Hot Spots program costs will continue to be charged based on fees specified by the California Air Resources Board.

Air Contaminant Emissions Fee

- The annual emissions fee has been increased from \$69 per ton to \$82 per ton for facilities whose emissions of criteria pollutants equal or exceed 10 tons per year. Emission fees for smaller emitting facilities are increasing by approximately 19%. For example, annual emission fees for painting operations emitting 5 tons/year or more of VOC are increasing from \$345 to \$410. Annual emission fees for lower emitting facilities are increasing from \$34 to \$41.
- The one time Southern California Ozone Study (SCOS) fee has been deleted.

Equipment-Specific Fee Schedules

- In order to recover past costs specific to individual facilities that, if included in the basis for revising fees, would have caused fees for other facilities in that schedule to increase more than 10%, one-time special fees have been added specific to those individual facilities. They are included as Schedules 15(z), 18(z), 22(z), 32(z), 33(z) and 42(z). These fees will only apply in fiscal year 1998/99 and are in addition to the standard renewal fees.

Advisory
Rule 40-Permit and Other Fees

- To recover past costs specific to mineral industry facilities, special fees to be paid in fiscal year 1998/99 only have been added as Schedules 4(z), 6(z), 7(y), 7(z) and 8(z). These fees are in addition to the standard renewal fees.
- Registration application and renewal fees from Rules 12 and 12.1 have been repeated in Rule 40 under Schedules 1, 3, 4, 5, 6, 7, 8, 34 and 40.
- A new Schedule 26(f), Vacuum Assist Vapor Recovery Systems, has been added for facilities with Phase II Bootless or Mini-booted Nozzle Vacuum Assist Systems. This reflects the increased costs of the permit program for these systems compared to the conventional balance-type Phase II systems.
- New Schedules 27(u), (v) and (w) for Adhesive Materials Application stations have been added to prepare for future costs of implementing a planned new VOC emission control rule for adhesives. The fees for 27(u) and (v) are the same as for Schedules 27(d) and (e) under which adhesive application stations were previously permitted. The fee for 27(w) is the same as for 27(q) since both are for similarly low emitting operations.
- Schedule 34(d) for piston-type internal combustion engines (non-emergency, non-cogeneration) has been changed from a time and materials (T+M) based application fee to a fixed fee (\$1601).
- Schedule 52(b) has been revised to apply only to on-site soil remediation equipment and from a (T+M) based application fee to a fixed fee (\$3207). New Schedule 52(c) has been added for off-site soil remediation equipment with a (T+M) based application fee.
- New Schedules 58(a) and (b), Bakeries have been added. Fees are based on actual District costs (T+M) for permitting and on-going compliance.
- Schedule 92, Source Testing Done by the District, has been revised to add eleven new types of tests. Fees will be based on actual District costs (T+M) with the exception of a fixed fee (\$2005) for ethylene oxide test witnessing.
- Schedule 93, Observations and Evaluations of Source Testing Performed by Private Companies, is revised to also apply to Certificates of Registration.
- Labor rates in Schedule 94 for Time and Materials (T+M) fees have been revised to reflect a single hourly rate for each job classification regardless of the activity being worked on. There is no longer a labor rate multiplier.
- Schedules 96 and 97 have been revised to recover District costs (beyond the average) related to any Notice of Violation or Notice to Comply for permittees not in compliance. This will also apply to holders of registration certificates.
- Other minor changes have been made for consistency and clarity.

If you would like a copy of the revised fees (Rule 40), please call Juanita Ogata at (619) 694-8851. If you have any questions concerning the changes, please call Linda Fox at (619) 694-3306 or Dick Smith at (619) 694-3303



APCD Fees Program-Background

June, 1998

The District is a full-cost-recovery agency and receives no money from the County General Fund. Fees are collected from permitted sources to recover permit-related program costs. In addition, state and federal grants offset a portion of District costs, and motor vehicle registration fees pay for District vehicle-related activities.

From July, 1990 through June, 1997 there were only limited cost-of-living adjustments to permit fees. Fees were not recalculated to reflect actual District costs even though costs for certain programs and types of equipment had increased significantly due to new state and federal mandates. As a result, the District was operating at a deficit. In 1995, the Air Pollution Control Board reduced emission fees (using vehicle registration fees to fund motor vehicle-related costs) and directed that permit fees be updated to recover full costs. Emission fees were reduced but permit fees for fiscal year 1996-97 remained unchanged.

During fiscal year 1996-97 fees were evaluated by a joint business/District work group and were revised for 1997-98 to bring them closer to actual costs. Some fees went down, others increased. However, state law at the time limited fee increases to not more than 15%. As a result, certain fee schedules were still not recovering the full cost of permits for that type of equipment. When the fiscal year 1997-98 fees were adopted, the Board directed that a Fee Review Group consisting of small and large business customers be formed to review the District's fee development methodology and recommend changes.

Business customers who had attended any fee meetings or workshops in 1996-97 or 1997-98 were invited to participate in the Fee Review Group. Representatives from the automotive refinishing industry, bio-tech industry, dry cleaners and service stations were also asked to participate. As a result, representatives from large and small businesses participated in the Fee Review Group.

The Fee Review Group evaluated District and alternative fee methodologies over a ten month period from July, 1997 to the first quarter of 1998. At the same time, state law was amended allowing the District to increase permit-related fees by more than 15%, provided the District continued to base fees on actual permit evaluation and inspection costs (fee-for-service). The legislation allows until the end of 1998 to increase (or decrease, as appropriate) individual permit fees to achieve full-cost recovery. After 1998, a 15% limit on total permit-related fee revenue increases will be imposed. Total District permit fee revenues are expected to increase 11.6% in FY 1998-99 compared to FY 1997-98. The revised fee schedules for FY 1998-99 will recover the full District costs of the permit program.

To minimize potential fee increases, an aggressive cost containment effort was pursued. Meetings were held with business representatives and industry associations to determine programmatic and specific cost issues. Over the past two years, the District has reduced its costs through streamlining, process improvements and increased automation. Last fiscal year (1997-98), the District's budget was reduced by \$1,000,000. This fiscal year (1998-99), further savings of \$480,000 will be achieved. The revised fees for FY 1998-99 reflect these reduced costs and are considerably less than they would have otherwise been.

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Significant Changes in Fee Development Methodology

The Fee Review Group decided to focus on updating and improving the fee methodology used since 1987 to take into account District programs which have changed dramatically. The Fee Review Group reached consensus on a number of recommendations to revise the fee methodology.

The most significant of these was how non-direct costs were recovered. Examples of non-direct costs include supervision, training, business assistance, developing process improvements, invoicing, accounts management and related data management. Previously these costs were recovered through permit application and renewal fee multipliers. The Fee Review Group recommended using a single hourly labor rate for each job classification to include certain non-direct costs applicable to all fees, regardless of the program being worked on. In other words, the labor rate for an engineer working on a permit application will be the same as that for an engineer working on a new rule. As a result, the program-specific multipliers (permit application, permit renewal and air toxics) previously used to fund non-direct costs have been eliminated.

This shifts non-direct cost recovery from application and renewal fees to emissions and other program fees. This also affects how Emissions Fees are set. The cost of programs paid for by emission fees are now calculated using the same hourly labor rate as other programs.

The Fee Review Group also recommended recovering allocated management and support services costs through special fees directly added on to the process or activity. For example, a new application base fee of \$75 will be charged for every new application and \$37 will be charged for every application modification. These fees will recover the cost of handling the application or modification. Similarly, a new permit renewal processing fee of \$32 per site and \$21 per permit will recover management and support costs directly related to permit renewal handling and administration.

The Fee Review Group's recommended changes have been incorporated into the proposed fees for FY 1998-99. The revised fees now fully recover District costs related to the permit system and other mandated activities.



Air Pollution Control Board
Chairman: Tom Weeks
Deputy: Tom Weeks
Barry Slater
Ron Roberts
Bill Horn

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R. J. Sommerville Director

ADVISORY

CHANGE IN AIR TOXIC HOT SPOTS BILLING PROCEDURES

This is to notify facilities subject to Air Toxic Hot Spots program fees that the District will be revising its billing procedures. **Beginning this fiscal year (July '98 to June '99) the District is including the Hot Spots fees in the same billing with your annual permit renewal and emission fees.** This change has been requested by businesses subject to the Hot Spots fees and will reduce District administrative costs.

The Air Toxics Hot Spots program is a state mandated program which inventories emissions of toxic air contaminants from stationary sources and evaluates the risk they pose to public health. The San Diego County Air Pollution Control District has been implementing this program locally since the early 1990's. Under state law, the costs of the program must be recovered through fees charged to facilities that are subject to program requirements. Both local (District) and state (Air Resources Board) fees are set each year. Local fees are specified in District Rule 40(m). Fees were recently revised to reflect decreasing District program costs, changes in state law, and a revised fee setting methodology. Fees for many facilities have been reduced.

In any given fiscal year (July to June), the Toxic Hot Spots fees recover the preceding year's program costs. In the past, the District billed all facilities subject to Hot Spots fees at one time in a separate billing from annual permit renewal fees. Because of the large number of facilities affected (~1800) this separate billing caused additional costs and confusion, both for businesses and the District. Also, the month when these fees were billed varied from year to year. The billings for last year did not begin until February, 1998.

As part of improving its processes, and at the request of affected businesses, the District will begin including the billing for any Toxic Hot Spots fee with your billing for annual permit renewal and emission fees. This change should eliminate future separate billings and simplify payments for facilities.

If you have any questions about your Toxic Hot Spots fee, please call Tom Weeks at (619) 694-3894.

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COMPLIANCE ADVISORY

Notice of Revision to Standard Permit Language Notice of Revision to Permit Format

The District is revising some of the standard language on your Permit(s) to Operate to include a list of applicable rules. This change is being made to inform the permit holder that specific District rules may apply to your operation or equipment. A list of the general rules which apply to all permits has already been added. Rules 2-Definitions, 10-Permits Required, 40-Permit Fees, 50-Visible Emissions, 51-Nuisance and 67.17-Storage of Materials Containing Volatile Organic Compounds have been added between the equipment description and permit conditions. Additionally, a new statement has been inserted between the equipment description and permit conditions to remind the permit holder they must comply with the listed permit conditions and all applicable District rules.

In the next year the list of general rules will continue to be updated in order to include the rules that apply specifically to each permit unit. In addition, the look of the permit has been improved to increase readability.

For more information regarding the new wording, please contact Jerry Carrier, Compliance Division at (619) 495-5342. If you have comments regarding the new look of the permit, please contact Pat Hackley at (619) 694-2444.

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