

**Air Pollution Control Board**

Greg Cox	District 1
Dianne Jacob	District 2
Pam Slater	District 3
Ron Roberts	District 4
Bill Horn	District 5

Air Pollution Control District

R. J. Sommerville	Director
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NOTICE OF WORKSHOP

FOR DISCUSSION OF PROPOSED AMENDMENTS TO RULE 40 - PERMIT AND OTHER FEES

The San Diego Air Pollution Control District will hold a public meeting at the time and date below to consider amendments to Rule 40 - Permit and Other Fees. Comments regarding the proposed amendments may be submitted in writing before, or made at, the workshop.

DATE: April 12, 2000

TIME: 9:00 a.m. to 11:00 a.m.

PLACE: Al Bahr Shrine
5440 Kearny Mesa Road
San Diego, CA

(Take 163 to Clairemont Mesa Blvd. Exit West. Turn right on Kearny Mesa Road. Al Bahr is located in back of the Hampton Inn.)

State Law authorizes the Air Pollution Control District to adopt a schedule of fees to recover the full cost of Air Pollution Control District programs related to permitted stationary sources not otherwise funded. Permit-related programs account for 72% of total District costs, while permit-related business fee revenue accounts for 57% of District revenue. State subvention, federal grants, vehicle registration fees and asbestos program fees account for the remaining program costs.

Permit fees were last revised for fiscal year (FY) 1998-99 (July 1, 1998 - June 30, 1999) reflecting the full cost of District permit-related programs and using the Board adopted methodology recommended by a Fee Review Group of large and small District permit holders. The methodology applies one hourly rate for each job classification (e.g. engineer, inspector, chemist) regardless of the program or work being done. This hourly rate is fully loaded, meaning it recovers permit-related activities not directly billable to permitted sources, including supervision, training, labor tracking, permit streamlining, meetings, and fee development.

Because there were no significant changes in labor hours associated with most individual fee schedules and total District costs remained about the same, the fees for FY 1999-2000 were held at the same level as for FY 1998-99.

District Savings and Budget

In recent years, the District has reduced costs through streamlining, process improvements, and improved automation. The District's FY 1997-98 budget reduced staffing and other costs, saving

approximately \$1,000,000. The FY 1998-99 and 1999-2000 budgets reduced 11.5 positions (\$850,000) and 7.0 positions (\$360,000), respectively, resulting in salary savings of \$1.2 million. Total savings for the three years is approximately \$2.7 million. As a direct result of these savings, the District is projecting a FY 2000-01 budget of \$11,848,440, \$351,560 (3%) less than the \$12.2 million FY 1996-97 budget, despite three years of negotiated salary increases since that time.

Although the FY 2000-01 projected District budget (\$11,848,440) is less than the FY 96-97 budget, it is \$843,120 (7.6%) more than the FY 1999-2000 budget of \$11,033,820. Outsourcing Information Technology (IT) accounts for \$149,582 of that increase, which will not be passed on to fee payers but will be offset by an allocation from the County General Fund. The remaining increase, \$693,538, is due primarily to negotiated salary increases (\$274,581), additional staffing costs and associated vehicles and equipment in the Compliance Division (\$265,000), and funding analysis of transported air pollution from outside San Diego County (\$150,000).

These proposed fee revisions are projected to increase permit-related fee revenue by \$460,393 (8%). Additional revenues to fully recover program costs will be from the asbestos program, grants, and vehicle registration fees.

Fee Schedule Changes for 2000-01

Fees proposed for FY 2000-01 will fully recover District costs and are based on actual labor hours directly related to the permit system. Costs indirectly related to the permit system will be fully recovered through Air Contaminant Emissions Fees based on emissions from permitted sites.

There are 203 permit and registration renewal fee schedules - 157 (77%) have fixed fees and 47 (23%) have Time and Materials (T+M) fees. For the FY 2000-01 fee proposal, 52 (33%) fixed fee schedules are decreasing, 101 (64%) are increasing, and 4 (3%) are remaining the same. Fees increase or decrease based on labor hours charged to a fee schedule. Labor hours increase when new regulations are enacted and enforced or when there are compliance issues applicable to a fee schedule. Conversely, as permits mature and there are few changes or problems, labor hours may decrease.

There are 220 permit and registration application fee schedules - 54 (25%) currently have fixed fees. For FY 2000-01, 21 (39%) fixed fee schedules are decreasing, 25 (43%) are increasing, 2 (4%) are remaining the same, 2 (4%) are changing to T+M fees, and 4 (7%) are being deleted. Also, 15 application fee schedules are changing to Fixed Fees applications from T+M fees and 29 obsolete T+M fees are being deleted. All fees will be at full-cost recovery with this proposal.

The Emissions Fee will remain at the current rate of \$82 per ton, achieving full-cost recovery for District indirect permit-related activities paid for by the Emissions Fee.

Labor rates in Schedule 94 for T+M fees are revised to reflect full-cost recovery, including labor rate increases due to negotiated salary increases of 3% in FY 1999-00 and 3% in FY 2000-01. Pursuant to the Fee Review Group's fee development methodology, department-wide costs and materials and supplies, not billable to a specific project, are included in these hourly labor rates.

As provided by Rule 40(b)(3), new fee schedules were added to recover costs at 13 specific sites with significantly higher labor costs than the average permits in their current fee schedule, which would have caused the entire fee schedule to increase more than 10%.

The proposed fees will likely be considered for adoption on June 21, 2000.

Specific Revisions to Rule 40

New fee regulations and schedules have been added and others revised, minor wording changes for clarification, and additional changes to Rule 40 are proposed as summarized below.

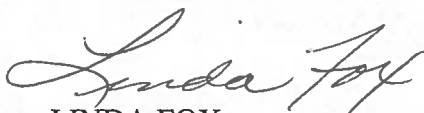
- An introductory paragraph is added defining the following terms, as they apply in Rule 40: T+M, T+RN, Permit to Operate or permit.
- Rule 40(b), Annual Renewal Fee, is revised to reduce the processing and handling fee from \$32 to \$30 per site and the per-permit fee from \$21 to \$20.
- Rule 40(d), Late Fees, this new section replaces language throughout rule 40 concerning late fee amounts and criteria for various fees and fee schedules. This will bring consistency to applying late fees to any overdue fee.
- Rule 40(l), Asbestos Demolition or Renovation Operation Plan is expanded to list site specific fees and requirements for Demolitions, Emergency Operations, Revisions and Planned Renovations.
- Rule 40(t), Synthetic Minor Source Permit Fees, is added citing requirements for those sites classified as a Synthetic Minor Source under rule 60.2.

Fee Schedules

- One-time-only fees for FY 98-99 are removed.
- Schedules 11(b), 27(x), 32(d), 37(b), 38(e), 41(b), 41(c), 42(f), 46(b), 46(c), 46(d), 46(e), and 52(e) are added per Rule 40(b)(3) to recover costs specific to a facility that would otherwise have caused the entire fee schedule to increase more than 10%.
- Schedules 07(d), 10(a), 10(b), 10(c), 12(a), 12(b), 12(c), 12(d), 12(e), 12(f), 12(g), 12(i), 15(b), 16(b), 17(a), 18(a), 18(b), 18(f), 18(g), 18(h), 21(b), 21(c), 21(d), 21(e), 24(b), 48(d), 48(e), 56(c), and 57(a) are changed to Reserve. These schedules are obsolete and have no permits or labor charges on which to determine a current T+M fee.
- Schedule 14(a), source test fees are removed from renewal fee and moved to schedule 92(b).
- Schedule 26, a \$250 fee for cancellation or substitution of another site for vapor recovery source test witness with less than two working days notice is added.
- Schedule 29, the title is changed from solder Levelers and Hydrosqueegees to automated Soldering Equipment.

- Schedule 38, Adhesive is added to the title and sections (a) and (b).
- Schedule 92(b), Oxides of Nitrogen source test is deleted and replaced with Particulate Matter Source test that was removed from Schedule 14(a).
- Schedule 92(d), Changed to reserved, and the Hydrogen Vapor Processor Test Witness is moved to Schedule 93(d).
- Schedule 92(k), Changed to reserved, Kelco source testing is included in Schedule 92(q).
- Schedule 92(n), Changed to reserved, Ethylene Oxide Test witness moved to Schedule 93(e).
- Schedule 92, a \$250 fee for cancellation or substitution of another site for source testing with less than two working days notice is added, other than cancellation fee for tests under Schedule 92(a) which remains \$500.
- Schedule 93(d), VOC Bulk Terminal test witness is added.
- Schedule 93(e), Ethylene Oxide Test witness is added.
- Schedule 93, a \$250 fee for cancellation or substitution of another site for source test witness with less than two working days notice is added.
- Schedule 98, Grid Search, is added including a fee of \$350 to identify facilities with the potential to emit hazardous air pollutants located within one-quarter mile of a proposed school boundary.
- Other minor changes have been made to assure consistency of wording between the Rule 40 definition paragraph and individual fees and fee schedules.

If you would like a copy of the proposed amendments, you may call Juanita Ogata at (858) 694-8851, or download the information from the District's Website at <http://www.sdapcd.co.san-diego.ca.us> under Rules and Regulations, Workshop Notices. If you have any questions concerning the amendments, please contact me at (858) 694-3306.


LINDA FOX
Chief, Air Pollution Control

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