

Introduction and Briefing on Rule 210, Fees

Community Advisory Council
Santa Barbara County
Air Pollution Control District

Our Mission: To protect the people and the environment
of Santa Barbara County from the effects of air pollution.

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November 2, 2023

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Presentation Topics

1) Background Information

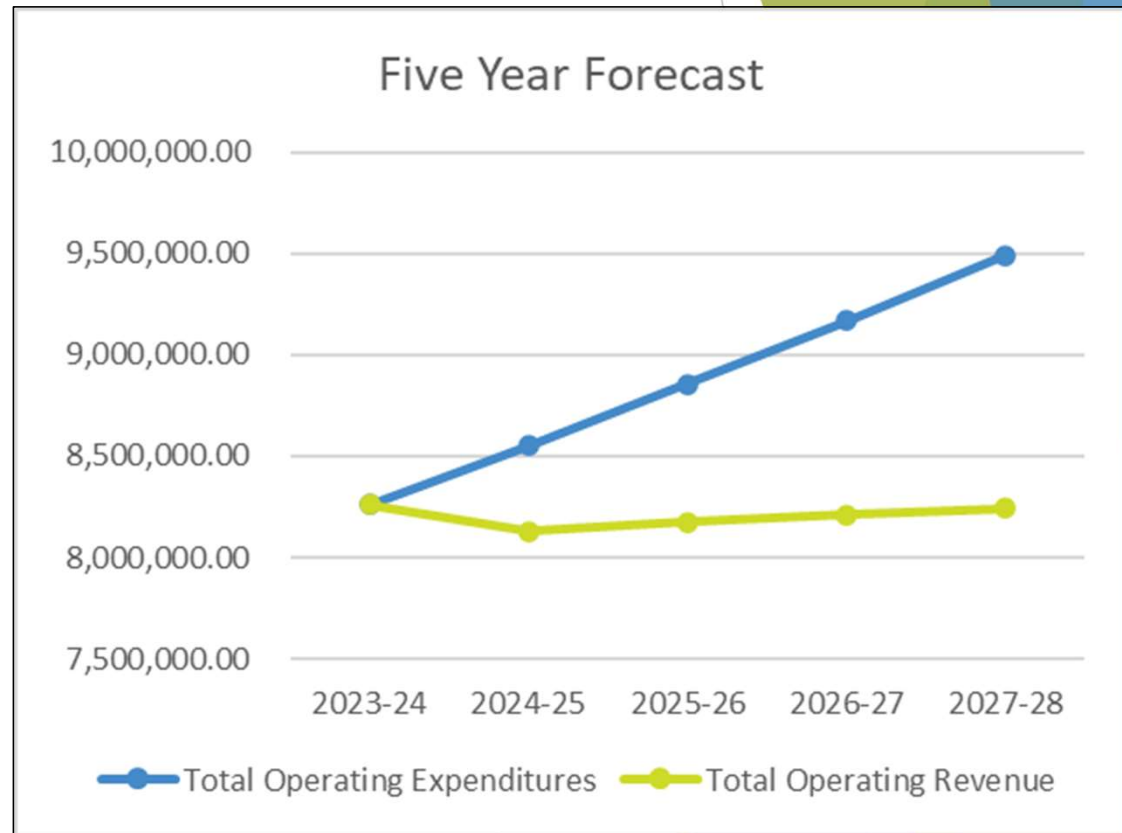
- Long-Range Fiscal Strategy
- Matrix Fee Study

2) Briefing on Proposed Amendments to Rule 210, Fees

- Stationary Source Program Overview
- Fee Schedules
- Fee Rule History
- Key Concepts and Amendments
- Timeline

Long-Range Fiscal Strategy 2023-2028

- ▶ FY 2018-19 Reorganization
 - ▶ Achieved a balanced budget the last five years
- ▶ Presented to the Board at the October 2023 Hearing.
- ▶ 5-year forecast that evaluates total costs and expenditures.
 - ▶ \$420,000 shortfall in next fiscal year. (4% of total budget)
 - ▶ Grows to \$1.2M shortfall in FY 2027-28. (12% of total budget)



Annual Cost Recovery Analysis Provided by Matrix Consulting

- ▶ Fee study shows the current fees are not adequately recovering costs

Fee Schedule	Revenue at Current Fee	Total Annual Cost	Annual Surplus / (Deficit)	Cost Recovery %
A – Equipment / Facility	\$1,157,439	\$1,923,856	(\$766,417)	60%
B.1 – Air Quality Planning	\$344,135	\$428,347	(\$84,212)	80%
B.2 – Air Toxics	\$113,970	\$259,352	(\$145,382)	44%
C – Source Testing	\$105,321	\$178,882	(\$73,561)	59%
F – Miscellaneous	\$327,537	\$1,525,322	(\$1,197,785)	21%
Agricultural Diesel Engines	\$24,360	\$70,701	(\$46,341)	34%
TOTAL	\$2,072,763	\$4,386,460	(\$2,313,697)	47%

- ▶ Cost Recovery Policy is aiming towards an Overall Goal of 85%.

Long-Range Fiscal Strategies

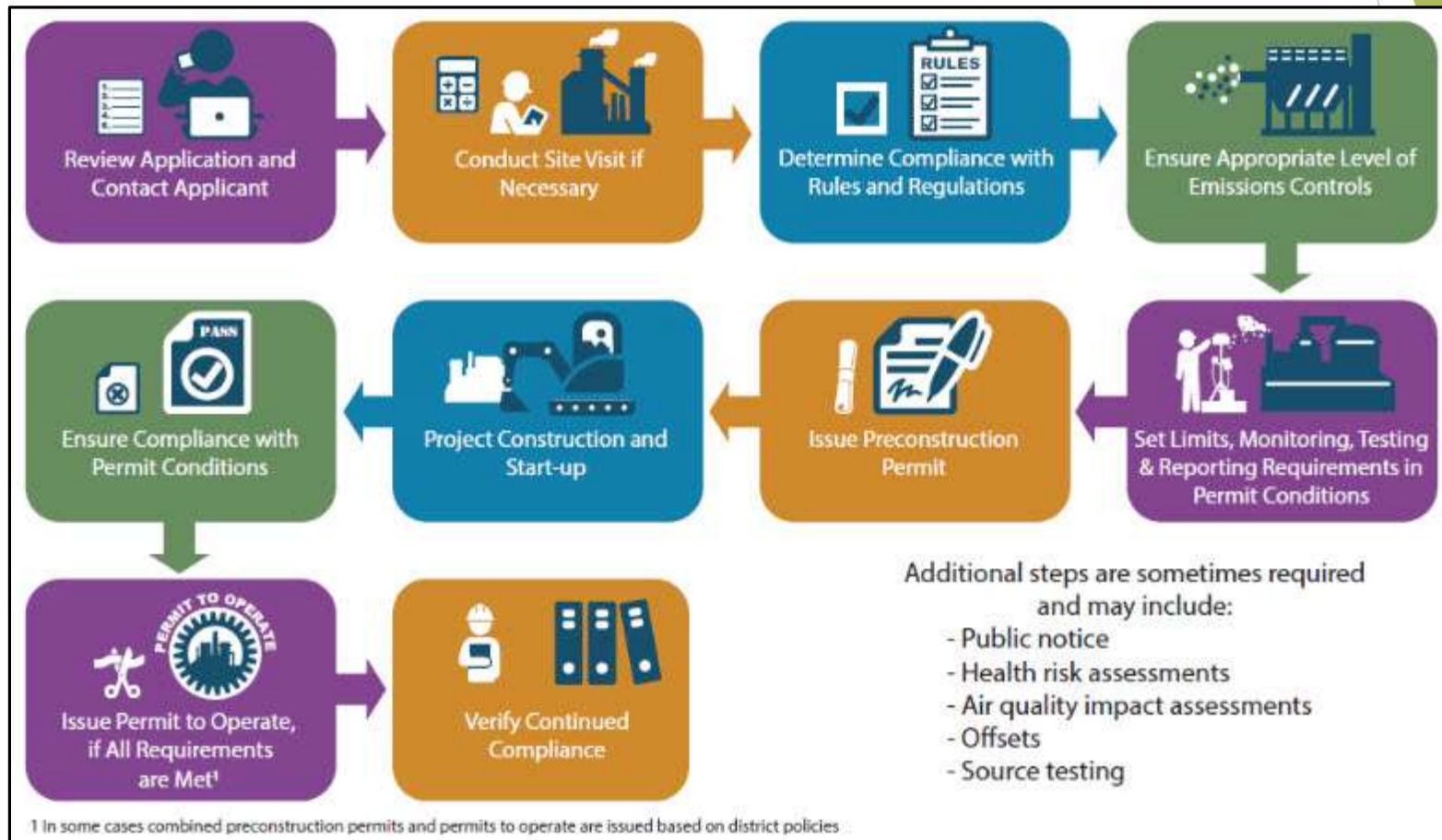
- ▶ Maintain annual fee adjustments for CPI
- ▶ Adopt Cost-Recovery Policy for fee-based programs
- ▶ **Amendments to Rule 210**
- ▶ Continue to reduce operating cost
- ▶ Set and adopt a Fund Balance Policy
- ▶ Staff retention measures

Stationary Source Program Overview

- ▶ US EPA and CARB set ambient air quality standards to protect the public from the harmful effects of air pollution.
- ▶ California Health and Safety Code §42300 provides authority for District permit system.
- ▶ District issues permits to:
 - ▶ Ensure businesses comply with local, state, and federal rules, and
 - ▶ Quantify and track air emissions.



Permitting & Compliance Process



Stationary Source Fees

▶ 1) Application Filing Fee

- ▶ A flat fee to cover the administrative costs with each permit application.

▶ 2) Evaluation Fees

- ▶ Covers the **initial** technical processing and compliance inspections.
- ▶ Based on the number and type of equipment proposed.
- ▶ Large projects may be assessed on the Cost Reimbursement Basis. (Time & Materials)

▶ 3) Reevaluation Fees

- ▶ Covers the **on-going** processing and compliance inspections.
- ▶ Most permits are reviewed (reevaluated) every three years.
- ▶ Fees are primarily calculated in the same manner as the Evaluation Fees.

Rule 210 - Fee Schedules

- ▶ **Schedule A:** Equipment & Facilities
- ▶ **Schedule B:** Emission, Air Toxic, and Air Quality Planning Fees
- ▶ **Schedule C:** Source Testing
- ▶ **Schedule D:** Lab Analysis Fees
- ▶ **Schedule E:** Asbestos Fees
- ▶ **Schedule F:** Other Fees & Hearing Board

Fee Rule and District History

Year	Description
1972	Initial Fees adopted based on the Los Angeles County APCD.
1984	Major development of both offshore and onshore oil & gas facilities.
1988	California Clean Air Act Amendments
1990	Federal Clean Air Act Amendments
1991	Last major overhaul of Rule 210 and last time fees increased.
1996	CPI (Consumer Price Index) adjustments applied annually.
2005	Rule 210 amendments to the Air Toxics schedule. <i>[Revenue Neutral]</i>
2007	Rule 213 registration fees for agricultural diesel engines.
2018	FY 2018-19 Reorganization
2023	Long Range Fiscal Strategy developed for 2023-2028.

Key Concepts and Amendments

1) Increase the rates for existing services that don't meet cost recovery.

- ▶ Each schedule is increased by 12% per year, up to 9 years.

Example Scenario based off Matrix Study			
Fee Schedule	Cost Recovery %	Years of Increases	Cost Recovery at End
A – Equipment / Facility	60%	5	100%
B.1 – Air Quality Planning	80%	2	100%
B.2 – Air Toxics	44%	8	100%
C – Source Testing	59%	5	100%
F – Miscellaneous	21%	9	58%
Agricultural Diesel Engines	34%	9	96%
TOTAL	47%	---	85%

- ▶ CPI still applied up to the Health and Safety Code limit. [15% for permit fees]
 - ▶ Average CPI over the last 10 years: 2.92%

Key Concepts and Amendments

2) Incorporate new fees for specific tasks and categories of equipment.

- ▶ *Examples:* Cannabis Manufacturing, School Notices, Air Toxics Flat Fee

3) Reorganize & clarify existing language. Remove outdated fees.

- ▶ *Examples:* Hexavalent Chromium Cooling Towers, EtO Sterilizers.

Draft Timeline for Fee Rule Project

- ▶ **Oct 19, 2023:** Long Range Fiscal Strategy Board presentation
- ▶ **Nov 2, 2023:** Introductory CAC Meeting
- ▶ **Nov 6, 2023:** Public Workshop Notice
- ▶ **Nov 16, 2023:** Virtual Public Workshop
- ▶ **Dec 13, 2023:** CAC Meeting to review Rule Amendments
- ▶ **Early 2024:**
 - 1) 1st District Board Hearing to receive comments
 - 2) 2nd District Board Hearing to approve amendments

Contact Information



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