



Air Pollution Control Board

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September 28, 2011

NOTICE OF WORKSHOP

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

The San Diego County Air Pollution Control District (District) will conduct a public workshop to discuss draft amendments to Rule 40 – Permit and Other Fees. Comments and questions concerning the draft amendments may be submitted in writing before or made at the workshop, which is scheduled as follows:

DATE: Wednesday, October 19, 2011

TIME: 1:30 p.m. to 3:30 p.m.

PLACE: San Diego County Air Pollution Control District
Main Conference Room
10124 Old Grove Road
San Diego, CA 92131

The District is authorized by state law to adopt, by regulation, a schedule of fees to recover the full costs (that are not otherwise funded) of District programs related to regulating and permitting stationary sources of air pollution. The District's permit and other fees are specified in Rule 40 and include permit application fees, permit renewal fees, emissions fees, and source test fees. Rule 40 fees currently fund approximately 35% of the District's total annual costs. Other sources of stationary source program funding include federal grants, state subvention, and miscellaneous revenues including fund balance, if available. The District receives no ongoing revenue from the County's General Fund.

The District is further authorized to increase fees as necessary to recover cost increases of the stationary source program, provided the aggregate fee increase does not exceed 15% per year. The District has implemented cost controls to mitigate cost increases and resulting fee impacts to the extent feasible. Consequently, fees were not increased in fiscal years 2009-10 and 2010-11 despite new federal and state air quality mandates and increased program requirements.

Nevertheless, even with ongoing cost containment efforts, a modest increase in District labor rates (on which permit fees are based) is currently needed to ensure adequate program funding. The draft amendments to Rule 40 would accomplish this, modestly increasing permit and other fees by 4.3% on average. Revenues from permitted stationary sources would increase by an estimated \$254,000/year, allowing the District to continue providing permit processing services at levels responsive to customers while meeting federal and state mandates.

Factors increasing District labor costs since fiscal year 2008-09 include incremental step increases in salaries (based on length of service), negotiated salary and benefit increases, and increased costs of the County employee retirement system. Concurrently, the District has taken actions to contain stationary source program costs to the extent feasible. This includes realigning or merging job duties, streamlining

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processes, maintaining vacancies, eliminating positions, and deferring equipment purchases. Additionally, the County has implemented pension reform by reducing retirement benefits for new employees and increasing retirement contribution rates for current employees. The District will continue to seek ways to administer federal and state air quality mandates in the most cost-effective manner possible.

Emissions Fee

No amendment to the Emissions Fee is proposed.

Sunset of Existing Supplemental Fee

The Database Replacement Supplemental Fee (\$13/application, \$13/renewal, \$3/ton of emissions) is scheduled to sunset on June 30, 2012. No amendment to this fee or sunset date is proposed.

Other Rule 40 Amendments

Additional Rule 40 amendments are proposed, as summarized below:

- Schedule 92 (Source Testing Performed by the District) is revised to include a Time and Materials fee for source testing conducted at specified incinerators.
- An existing \$25 processing fee for all permits [Subsection (e)(2)(ii)] is revised to apply to inactive permits, as well.
- Late fee provision [Subsection (g)(1)(i)] is revised to standardize the 30% late fee, eliminating the \$250 cap.
- Other amendments provide clarifications and corrections with minimal or no fee impacts.

Adoption and Effective Dates

The proposed Rule 40 amendments are scheduled for consideration by the Air Pollution Control Board on December 7, 2011. If adopted, the fee amendments will apply prospectively, effective January 1, 2012.

Visit the District's Website for More Information

The proposed Rule 40 amendments are available on the District's website (http://www.sdapcd.org/homepage/public_part/workshops/public_workshops.pdf) or you may contact Janet McCue at (858) 586-2712. If you have any questions concerning the proposed Rule 40 amendments, please contact the undersigned at (858) 586-2606.



SHARON JASSY, Deputy Director
Air Pollution Control District

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