AIR POLLUTION CONTROL DISTRICT
SAN DIEGO COUNTY

RULE 40. - PERMIT AND OTHER FEES

WORKSHOP REPORT

A workshop notice was mailed to all District permit holders. Notices were also mailed to all Economic Development Corporations and Chambers of Commerce in San Diego County, the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (ARB), and other interested parties.

The workshop was held on May 18, 1995, and was attended by approximately 31 people. The comments and District responses are as follows:

1. WORKSHOP COMMENT:

When did motor vehicle registration fees start to be collected?

DISTRICT RESPONSE:

Collection of these fees began in 1991.

2. WORKSHOP COMMENT:

What is or has this money been used for?

DISTRICT RESPONSE:

The state Health and Safety Code specifies that motor vehicle registration fees can only be used to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies. Old vehicle buyback and scrappage, clean bus purchases, college student mass transit fare subsidies, fleet vehicle conversions to natural gas, teleconferencing, telecommuting centers, motor vehicle emission control retrofits, public awareness and a smoking vehicle hot-line are some of the projects that have been funded with this money. Funding has also been allocated to the District for costs directly related to Motor Vehicles, such as developing and implementing the motor vehicle registration fee program and monitoring funded projects.

3. WORKSHOP COMMENT:

How did the District calculate the motor vehicle-related District costs that are being offset by the motor vehicle registration fund money?

DISTRICT RESPONSE:

The state Health and Safety Code specifies that motor vehicle registration fees can only be used to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies. During the 1995-96 budget process, three District cost centers were established, 1) stationary source related, 2) motor vehicle related, and 3) air monitoring related. Proposed expenditures and revenues were identified to each cost center. Costs include direct labor, services and supplies and equipment, plus allocated indirect, administrative and lease costs. Costs not currently paid for by motor vehicle fees, but eligible for funding under state law, include monitoring and planning costs. The District proposes funding $1,316,945 of the Air Quality Monitoring cost center from

motor vehicle registration fees. Strategy and planning activities related to motor vehicles emissions are now included with other direct motor vehicle related costs in the Motor Vehicle Emission Reduction Programs cost center. As a result, motor vehicle registration fee funding for directly related costs will increase $197,360.

The percentage of air monitoring costs related to motor vehicles was calculated as follows:

Labor costs for actual operation and maintenance of the air monitoring network were totaled for each pollutant (ozone, reactive hydrocarbons, oxides of nitrogen, carbon monoxide, particulate matter and oxides of sulfur), and non-specific labor (e.g. air monitoring system related but not related to any one air pollutant - such as quality assurance review of air quality data) was apportioned in proportion to the number of monitors for a specific pollutant compared to the total number of monitors for all pollutants. Costs of the central data acquisition system were apportioned among gaseous pollutants in proportion to the number of monitors for each gaseous pollutant, compared to the total number of gaseous pollutant monitors. Ozone related monitoring and data analysis costs were apportioned evenly between reactive hydrocarbons and oxides of nitrogen.

The percentage of air monitoring costs associated with each pollutant was developed by comparing actual labor hours expended in monitoring a specific pollutant to total labor hours for monitoring all pollutants. This percentage was applied to the most current ARB emissions data identifying the percent of each pollutant attributable to on road motor vehicles (the source of vehicle registration fees). An aggregate percentage of 64.4% was derived and applied to the net direct cost ($1,947,568) of the cost center to yield a motor vehicle emission-related cost for air quality monitoring of $1,254,233. A 5% allowable administrative cost was added ($62,712) to produce a motor vehicle emission-related cost for Air Quality Monitoring of $1,316,945.

During Phase II of the fee revisions for 1996-97, the issue of identifying District costs related to motor vehicle emissions and recoverable through motor vehicle registration fees will be revisited.

4. WORKSHOP COMMENT:

Why are the changes in fee schedule amounts not occurring in the same proportional amount?

DISTRICT RESPONSE:

When the fee schedules were last revised, the emissions fee portion of the fee was added to the labor based portion to develop the overall permit renewal fee. For the currently proposed fees, since the labor based component of the fees is not being revised in Phase I, the emissions based component was deleted from the fee schedules and the remaining labor-based portion is presented in the revised fee schedules. Because the emissions component in the existing fee schedules vary from one fee unit to another, the resulting reductions in the fee schedules vary when the emission component is deleted, and have no proportional relationship.

5. WORKSHOP COMMENT:

Explain the complexity categories in Schedule 40(m) - Air Toxics Hot Spots fees.

DISTRICT RESPONSE:

The District is using a "complexity" classification system very similar to that used by the state Air Resources Board (ARB). It differs slightly in that ARB used a source classification code to distinguish processes. The District proposes to use source/equipment categories to distinguish

processes since there is insufficient source classification code data available and such codes can give skewed ratings of source complexity.

6. WORKSHOP COMMENT:

Explain how facility emission fees work using Fee Schedule 28(f) as an example for a remote reservoir cleaner.

DISTRICT RESPONSE:

If the remote reservoir cleaner is at a source with emissions over 10 tons per year, the facility will pay source specific fees consisting of the labor based renewal fee ($20) specified in Fee Schedule 28 of Rule 40 for the cleaner plus the facility emissions fee of $60 per ton. If there are other emission units at that same site, the labor based fee specified in the fee schedules for that equipment must also be paid. If the cleaner is at a source having emissions less than 10 tons per year, the permit renewal fee will be $20 for the remote reservoir cleaner plus a $30 emissions fee for the facility.

7. WORKSHOP COMMENT:

Explain what the fee will be for Fee Schedule 28(k) for a contract degreaser.

DISTRICT RESPONSE:

For Fee Schedule 28(k), the annual renewal fee will be a $12 labor cost per fee unit and a $4 emission fee per fee unit assuming emissions at the site are less than 10 tons per year. Contract degreasers are typically permitted by the contract vendor rather than the individual sources.

8. WORKSHOP COMMENT:

Does the 10 ton per year level apply to a single pollutant or an aggregate of all pollutants?

DISTRICT RESPONSE:

The source specific emissions fee applies if any single criteria air pollutant, specifically VOC, NOx, SOx, PM_{10} or CO is over 10 tons per year. However, the emissions based fee is then calculated based on the aggregate emissions of all five criteria pollutants for the entire facility and not on each specific emission unit.

9. WORKSHOP COMMENT:

Clarify how the permit renewal fee in Schedule 38(a) is calculated.

DISTRICT RESPONSE:

The facility will pay the amount listed in Schedule 38(a) for each process line plus a fee of $60 per ton of total facility emissions as determined from the most recently approved emissions inventory, assuming the facility emits more than 10 tons per year of one of the five inventoried criteria pollutants.

10. WORKSHOP COMMENT:

Will the Air Toxics Hot Spots fees and regular permit renewal fees be on the same billing that a business gets from the District?

DISTRICT RESPONSE:

The District's goal is to have one billing for permit renewals and Air Toxics Hot Spots fees. However, at the present time, the District is not yet able to implement a one bill system.

11. WORKSHOP COMMENT:

What complexity category will dry cleaners fall under in the Air Toxics Hot Spots program?

DISTRICT RESPONSE:

Dry cleaners will fall under the "Industry-wide Survey Facilities" category.

12. WORKSHOP COMMENT:

If a gas station has a remote reservoir cleaner (degreaser), do they pay a $30 facility fee?

DISTRICT RESPONSE:

No. The service station will pay the labor-based fee specified in the fee schedules for the gasoline dispensing nozzles ($48/nozzle) and degreaser ($20) plus an emissions-based fee of $9 for each dispensing nozzle. There is no additional fee for the degreaser because the dispensing of gasoline is the most representative activity at a service station.

13. WORKSHOP COMMENT:

If more than one emission source category fee applies to a facility, which one do you use?

DISTRICT RESPONSE:

The emissions based portion of the fee is based on the fee category that is most representative of the activity of the facility. For the case just discussed where a service station also has a degreaser, the most representative activity at the facility is gasoline dispensing and therefore the emissions portion of the fee is $9 per dispensing nozzle.

14. WORKSHOP COMMENT:

Will businesses have to pay for EPA review of Title V operating permits?

DISTRICT RESPONSE:

No, businesses will not have to pay EPA costs associated with EPA's review of Title V permits.

15. WORKSHOP COMMENT:

Will businesses have to pay a base fee for each permit unit under the Title V program plus a time and material cost?

DISTRICT RESPONSE:

No, the base fee ($2,200) applies to the entire facility regardless of how many permit units are at that location. The time and materials charge is added to that base fee. The base fee recovers District Title V program development costs and applies only to the initial Title V application. It does not apply to subsequent applications.

16. WORKSHOP COMMENT:

Will "synthetic minor" sources have to pay Title V permit fees?

DISTRICT RESPONSE:

No, however, District costs associated with creating "synthetic minor" source permits will be recovered through fees for applications from facilities requesting modifications of their existing permits in order to create a "synthetic minor" status.

17. WORKSHOP COMMENT:

Are military facilities considered complex facilities under Schedule 40(m) - Air Toxics Hot Spots fees?

DISTRICT RESPONSE:

Yes, all military facilities with District permits will be considered complex facilities.

18. WORKSHOP COMMENT:

Can the District provide any estimate of what the Title V fees will be?

DISTRICT RESPONSE:

It is very difficult to estimate Title V fees because of the variability in facility complexity and the unknown affect EPA's proposed changes to the Title V program will have on local costs. In the early stages of the local Title V program development, the District estimated an average cost of $10,000 per facility. However, a number of factors that will affect application processing costs have changed since that time.

19. WORKSHOP COMMENT:

What does the term "cost recovery fee" pertain to in the Title V fee requirements?

DISTRICT RESPONSE:

It refers to the recovery of the District's actual costs associated with processing a Title V operating permit application, as determined on a time and material basis. It is more fully described in the first part of Section (s).

20. WORKSHOP COMMENT:

When will the District begin to work on Phase II of the fee changes involving the labor based fee component?

DISTRICT RESPONSE:

The District will begin this effort in the fall of this year.

21. WORKSHOP COMMENT:

Should businesses be at the June 27 meeting of the Air Pollution Control Board meeting

DISTRICT RESPONSE:

The June 27 (2:00 p.m.) meeting before the Air Pollution Control Board is a public meeting and business are welcome to attend to provide comments on the District's recommendations for revisions to Rule 40.

22. COMMENT

Rule 40(a)(2) and 40(a)(3) need to be revised to include references to updated new source review regulations?

DISTRICT RESPONSE:

Rule 40(a)(2) and 40(a)(3) have been revised to include Rules 20.1 through 20.10.

23. COMMENT

If an Authority to Construct is denied, canceled or the application withdrawn, will the Air Contaminant Emission Fee collected in conjunction with the application fee for that A/C be refunded?

DISTRICT RESPONSE:

Yes. A sentence has been added to Rule 40(a)(8) to clarify that the Air Contaminant Emission Fee will be refunded if collected specifically for an Authority to Construct that was denied or canceled, or for an application that was withdrawn.

24. COMMENT

Should Rule 40(b), paragraph 4, be revised to specify the Air Contaminants Emission Fee, and the resulting penalty for under-reporting emissions?

DISTRICT RESPONSE:

Yes. This paragraph has been reworded to specify the Air Contaminants Emission Fee.

25. COMMENT

Should Rule 40(h) be revised to clarify that the annual permit renewal fee for a facility includes the total of all permit fees for all fee units (from the fee schedules), plus an Air Contaminant Emission Fee based on actual emissions at the facility determined pursuant to Rule 40(r)?

DISTRICT RESPONSE:

Yes. To clarify the annual renewal cost, the last sentence in the first paragraph in 40(h) has been deleted and sentences containing clarifying language has been added in its place.

26. COMMENT

Should introductory language be added at the beginning of Rule 40(r) to explain the Air Emission Contaminant Fee?

DISTRICT RESPONSE:

Yes. A descriptive lead paragraph has been added to Rule 40(r).

27. COMMENT

For new sources, how will the emissions be determined?

DISTRICT RESPONSE:

The language in Rule 40(r) regarding new sources has has been revised to explain that estimated emissions will be used until approved emission inventory data is available.

28. COMMENT

Should the fee for Fee Schedule 27(g) be removed from Rule 40(r)(2) since it is over 10 tons per year and subject to Rule 40(r)(1)?

DISTRICT RESPONSE:

Yes. The source specific fee for 27(g) facilities has been deleted from 40(r)(2), because sources with 10 tons or more of emissions per year are subject to 40(r)(1).

29. COMMENT

Should Fee Schedule 91 be revised to clarify that the annual permit renewal fee for a facility includes the total of all permit fees for all fee units from the fee schedules, plus the Air Contaminant Emission Fee based on actual emissions at the facility, determined pursuant to Rule 40(r)?

DISTRICT RESPONSE:

Yes. Fee Schedule 91 has been revised as recommended.

30. COMMENT FROM INDUSTRY

What percentage of the District's annual budget is represented by the $1.3 million [from AB2766] proposed to offset costs.

DISTRICT RESPONSE:

$1.3 million is the increase in AB2766 funding for District costs, primarily for the motor vehicle share of air quality monitoring costs. Total budgeted revenue from AB2766 in the FY 1995-96 budget is $2,041,603, including District costs for motor vehicle related programs, currently funded by AB2766 revenue. This represents approximately 17.7% of the proposed 1995-96 budget.

31. COMMENT FROM INDUSTRY

Has the APCD carefully studied the South Coast AQMD budget to determine that all non-stationary source costs which should be recovered by motor vehicle fees have been identified.

DISTRICT RESPONSE:

The District has carefully allocated its FY 1995-96 proposed budget costs to identify motor vehicle related costs appropriate for AB2766 funding. As indicated in the District Response to Workshop Comment 3, the District will continue to review and analyze all costs and, during Phase II of the fee revisions for FY 1996-97, further refine those that are related to motor vehicles and appropriate for AB2766 funding. SDAPCD's cost allocation approach is similar to that used by many air districts in California, but is unique to District activities and functions needed to serve the business and community needs of San Diego County.

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