



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS REGULAR MEETING

April 18, 2018

A meeting of the Bay Area Air Quality Management District Board of Directors will be held at 9:30 a.m. in the 1st Floor Board Room at the Air District Headquarters, 375 Beale Street, San Francisco, California 94105.

Questions About an Agenda Item

The name, telephone number and e-mail of the appropriate staff Person to contact for additional information or to resolve concerns is listed for each agenda item.

Meeting Procedures

The public meeting of the Air District Board of Directors begins at 9:30 a.m. The Board of Directors generally will consider items in the order listed on the agenda. However, any item may be considered in any order.

After action on any agenda item not requiring a public hearing, the Board may reconsider or amend the item at any time during the meeting.

This meeting will be webcast. To see the webcast, please visit www.baaqmd.gov/BODagendas at the time of the meeting. Closed captioning may contain errors and omissions, and are not certified for their content or form.

Public Comment Procedures

Persons wishing to make public comment must fill out a Public Comment Card indicating their name and the number of the agenda item on which they wish to speak, or that they intend to address the Board on matters not on the Agenda for the meeting.

Public Comment on Non-Agenda Matters, Pursuant to Government Code Section 54954.3 Speakers wishing to address the Board on non-agenda matters will be heard at the end of the agenda, and each will be allowed up to three minutes to address the Board at that time.

Members of the Board may engage only in very brief dialogue regarding non-agenda matters, and may refer issues raised to District staff for handling. In addition, the Chairperson may refer issues raised to appropriate Board Committees to be placed on a future agenda for discussion.

Public Comment on Agenda Items The public may comment on each item on the agenda as the item is taken up. Public Comment Cards for items on the agenda must be submitted in person to the Clerk of the Boards at the location of the meeting and prior to the Board taking up the particular item. Where an item was moved from the Consent Calendar to an Action item, no speaker who has already spoken on that item will be entitled to speak to that item again.

Speakers may speak for up to three minutes on each item on the Agenda. However, the Chairperson or other Board Member presiding at the meeting may limit the public comment for all speakers to fewer than three minutes per speaker, or make other rules to ensure that all speakers have an equal opportunity to be heard. The Chairperson or other Board Member presiding at the meeting may, with the consent of persons representing both sides of an issue, allocate a block of time (not to exceed six minutes) to each side to present their issue.

BOARD OF DIRECTORS REGULAR MEETING AGENDA

WEDNESDAY
APRIL 18, 2018
9:30 A.M.

BOARD ROOM
1ST FLOOR

CALL TO ORDER

Chairperson, David Hudson

1. **Opening Comments**
Roll Call
Pledge of Allegiance

The Chair shall call the meeting to order and make opening comments. The Clerk of the Boards shall take roll of the Board members. The Chair shall lead the Pledge of Allegiance.

CONSENT CALENDAR (ITEMS 2-7)

Staff/Phone (415) 749-

2. Minutes of the Regular Board of Directors Meeting of April 4, 2018

Clerk of the Boards/5073

The Board of Directors will consider approving the draft minutes of the Board of Directors Meeting of April 4, 2018.

3. Board Communications Received from April 4, 2018 through April 17, 2018

J. Broadbent/5052

jbroadbent@baaqmd.gov

A copy of communications directed to the Board of Directors received by the Air District from April 4, 2018 through April 17, 2018, if any, will be at each Board Member's place.

4. Air District Personnel on Out-of-State Business Travel

J. Broadbent/5052

jbroadbent@baaqmd.gov

In accordance with Section 5.4 (b) of Air District's Administrative Code, Fiscal Policies and Procedures Section, the Board is hereby notified that the attached memorandum lists Air District personnel who have traveled on out-of-state business in the preceding month.

5. Notices of Violations Issued and Settlements in Excess of \$10,000 in the month of March 2018

J. Broadbent/5052

jbroadbent@baaqmd.gov

In accordance with Resolution No. 2012-08, the Board of Directors will receive a list of all Notices of Violations issued, and all settlements for amounts in excess of \$10,000 during the month of March 2018.

6. Quarterly Reports of California Air Resources Board Representative – Honorable John Gioia
J. Broadbent/5052
jbroadbent@baaqmd.gov
7. Participation in Community Air Protection Program Fiscal Year Ending (FYE) 2017-2018
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider approving the Air District's acceptance of the Fiscal Year Ending (FYE) 2017-2018, Community Air Protection Program funds; and

Authorize for the Executive Officer/Air Pollution Control Officer to enter into all necessary agreements with ARB to implement this program.

COMMITTEE REPORTS

8. Report of the **Ad Hoc Refinery Oversight Committee** Meeting of April 9, 2018
CHAIR: C. Chavez
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) **Update on the Role of the Ad Hoc Refinery Oversight Committee, Background on Refinery Operations and Applicable Regulations in the Bay Area**

1) None; receive and file.

B) **Project Overview and Permit Status of the Bay Area Refinery Projects**

1) None; receive and file.

For the full Committee agenda packet and materials, click on the link below:

www.baaqmd.gov/BODagendas

9. Report of the **Executive Committee** Meeting of April 16, 2018
CHAIR: D. Hudson
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee will receive the following reports:

A) **Hearing Board Quarterly Report: January – March 2018**

1) None; receive and file.

B) **Bay Area Regional Collaborative (BARC) Update**

1) None; receive and file.

C) Technology Implementation Office – Steering Committee Update and Fiscal Year Ending (FYE) 2019 Budget Preview

1) None; receive and file.

D) Approval of Candidate Communities for the AB 617 Program

1) The Committee will consider recommending Board of Directors approval of a letter to the California Air Resources Board (CARB), which describes the candidate communities for Assembly Bill (AB) 617 program implementation.

E) Update on My Air Online Permitting and Compliance System

1) None; receive and file.

For the full Committee agenda packet and materials, click on the link below:

www.baaqmd.gov/BODagendas

10. Report of the Ad Hoc Building Oversight Committee Meeting of April 18, 2018

CHAIR: D. Hudson

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Committee will receive the following reports:

A) The Committee met in Closed Session

1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – (Government Code Section 54956.8) The Committee will meet in closed session pursuant to Government Code Section 54956.8 to confer with real property negotiators to discuss acquisition of real property.

Property: 3033, 3065, and 3095 Richmond Parkway,
Richmond, CA 94806

Air District Negotiators: Jack P. Broadbent, Executive Officer/APCO
Rex Sanders, Chief Administrative Officer

Negotiating Parties: Wang Brothers Investment, LLC

Under Negotiation: Price and Terms.

For the full Committee agenda packet and materials, click on the link below:

www.baaqmd.gov/BODagendas

PRESENTATION

11. Overview of Cost Recovery and Cost Containment Study

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Board of Directors will receive a presentation and overview of the Cost Recovery and Containment Study.

PUBLIC HEARING

12. Public Hearing to Receive Testimony on Proposed Amendments to Air District Regulation 3: Fees
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will receive testimony on proposed amendments to Air District Regulation 3: Fees. The final public hearing and consideration of adoption of the proposed amendments is set for June 6, 2018.

CLOSED SESSION

13. A) **CONFERENCE WITH REAL PROPERTY NEGOTIATOR** – (*Government Code Section 54956.8*) *The Committee will meet in closed session pursuant to Government Code Section 54956.8 to confer with real property negotiators to discuss acquisition of real property.*

Property: 3033, 3065, and 3095 Richmond Parkway,
Richmond, CA 94806

Air District Negotiators: Jack P. Broadbent, Executive Officer/APCO
Rex Sanders, Chief Administrative Officer

Negotiating Parties: Wang Brothers Investment, LLC

Under Negotiation: Price and Terms

- B) **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION** – (*Government Code Section 54956.9 (a)*) *Pursuant to Government Code Section 54956.9 (a), a need exists to meet in closed session with legal counsel to consider the following cases:*

Michael Bachmann and Sarah Steele v. Bay Area AQMD, Contra Costa County Superior Court, Case No. C17-01565

OPEN SESSION

PUBLIC COMMENT ON NON-AGENDA MATTERS

14. **Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3**

Speakers will be allowed up to three minutes each to address the Board on non-agenda matters.

BOARD MEMBERS' COMMENTS

15. *Any member of the Board, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)*

OTHER BUSINESS

16. Report of the Executive Officer/APCO

17. Chairperson's Report

18. Time and Place of Next Meeting:

Wednesday, May 2, 2018, at Beale Street, San Francisco, CA 94105 at 9:30 a.m.

19. Adjournment

The Board meeting shall be adjourned by the Board Chair.

CONTACT:

ACTING MANAGER, EXECUTIVE OPERATIONS
375 BEALE STREET, SAN FRANCISCO, CA 94105
vjohnson@baaqmd.gov

(415) 749-4941
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting. Please note that all correspondence must be addressed to the “Members of the Board of Directors” and received at least 24 hours prior, excluding weekends and holidays, in order to be presented at that Board meeting. Any correspondence received after that time will be presented to the Board at the following meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the District’s offices at 375 Beale Street, Suite 600, San Francisco, CA 94105, at the time such writing is made available to all, or a majority of all, members of that body.

Accessibility and Non-Discrimination Policy

The Bay Area Air Quality Management District (Air District) does not discriminate on the basis of race, national origin, ethnic group identification, ancestry, religion, age, sex, sexual orientation, gender identity, gender expression, color, genetic information, medical condition, or mental or physical disability, or any other attribute or belief protected by law.

It is the Air District’s policy to provide fair and equal access to the benefits of a program or activity administered by Air District. The Air District will not tolerate discrimination against any person(s) seeking to participate in, or receive the benefits of, any program or activity offered or conducted by the Air District. Members of the public who believe they or others were unlawfully denied full and equal access to an Air District program or activity may file a discrimination complaint under this policy. This non-discrimination policy also applies to other people or entities affiliated with Air District, including contractors or grantees that the Air District utilizes to provide benefits and services to members of the public.

Auxiliary aids and services including, for example, qualified interpreters and/or listening devices, to individuals who are deaf or hard of hearing, and to other individuals as necessary to ensure effective communication or an equal opportunity to participate fully in the benefits, activities, programs and services will be provided by the Air District in a timely manner and in such a way as to protect the privacy and independence of the individual. Please contact the Non-Discrimination Coordinator identified below at least three days in advance of a meeting so that arrangements can be made accordingly.

If you believe discrimination has occurred with respect to an Air District program or activity, you may contact the Non-Discrimination Coordinator identified below or visit our website at www.baaqmd.gov/accessibility to learn how and where to file a complaint of discrimination.

Questions regarding this Policy should be directed to the Air District’s Non-Discrimination Coordinator, Rex Sanders, at (415) 749-4951 or by email at rsanders@baaqmd.gov.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
375 BEALE STREET, SAN FRANCISCO, CALIFORNIA 94105
FOR QUESTIONS PLEASE CALL (415) 749-4941**

**EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS**

APRIL 2018

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Executive Committee <i>(At the Call of the Chair)</i>	Monday	16	9:30 a.m.	1 st Floor Board Room
Board of Directors Ad Hoc Building Oversight Committee <i>(At the Call of the Chair)</i>	Wednesday	18	9:00 a.m.	1 st Floor Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	18	9:30 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	25	9:30 a.m.	1st Floor, Yerba Buena Room #109
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	26	9:30 a.m.	1 st Floor Board Room

MAY 2018

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	2	9:30 a.m.	1 st Floor Board Room
Board of Directors Personnel Committee <i>(At the Call of the Chair)</i>	Monday	7	9:30 a.m.	1 st Floor Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	16	9:30 a.m.	1 st Floor Board Room
Board of Directors Climate Protection Committee <i>(Meets on the 3rd Thursday of every other Month)</i>	Thursday	17	9:30 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of every other Month)</i>	Monday	21	10:30 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	23	9:30 a.m.	1st Floor, Yerba Buena Room #109
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	24	9:30 a.m.	1 st Floor Board Room

JUNE 2018

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	6	9:30 a.m.	1 st Floor Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	20	9:30 a.m.	1 st Floor Board Room
Board of Directors Technology Implementation Office Steering Committee <i>(At the Call of the Chair)</i>	Thursday	21	1:00 p.m.	1st Floor, Ohlone Room #107
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	27	9:30 a.m.	1st Floor, Yerba Buena Room #109
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	28	9:30 a.m.	1 st Floor Board Room
HL – 04/12/18 – 11:10 a.m.				G/Board/Executive Office/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 10, 2018

Re: Minutes of the Board of Directors Regular Meeting of April 4, 2018

RECOMMENDED ACTION

Approve the attached draft minutes of the Board of Directors Regular Meeting of April 4, 2018.

DISCUSSION

Attached for your review and approval are the draft minutes of the Board of Directors Regular Meeting of April 4, 2018.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

Attachment 2A: Draft Minutes of the Board of Directors Regular Meeting of April 4, 2018

AGENDA 2A – ATTACHMENT

Draft Minutes - Board of Directors Regular Meeting of April 4, 2018

Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, CA 4105
(415) 749-5073

Board of Directors Regular Meeting
Wednesday, April 4, 2018

DRAFT MINUTES

Note: Audio recordings of the meeting are available on the website of the Bay Area Air Quality Management District at www.baaqmd.gov/BODagendas

CALL TO ORDER

1. **Opening Comments:** Board Chairperson, David Hudson, called the meeting to order at 9:34 a.m.

Roll Call:

Present: Chairperson David Hudson; Secretary Rod Sinks; and Directors Margaret Abe-Koga, Teresa Barrett, David J. Canepa, Cindy Chavez, Pauline Russo Cutter, John Gioia, Carole Groom, Scott Haggerty, Tyrone Jue, Rebecca Kaplan, Doug Kim, Liz Kniss, Nate Miley, Karen Mitchoff, Hilary Ronen, Mark Ross, Pete Sanchez, Jim Spring, Brad Wagenknecht, and Shirlee Zane.

Absent: Vice Chair Katie Rice.

COMMENDATIONS/PROCLAMATIONS/AWARDS

2. The Board of Directors recognized outgoing Director Rebecca Kaplan for her two years of service, leadership, and dedication to protecting air quality in the Bay Area. Director Jeff Sheehy was recognized in absentia. Director Kaplan gave outgoing remarks.

Public Comments:

Public comments were given by Andres Soto, Communities for a Better Environment; and Jed Holtzman, 350 Bay Area.

NOTED PRESENT: Director Ross was noted present at 9:41 a.m., Director Ronen was noted present at 9:43 a.m., and Directors Cutter and Jue were noted present at 9:45 a.m.

CONSENT CALENDAR (ITEMS 3-11)

3. Minutes of the Regular Board of Directors Meeting of March 7, 2018
4. Board Communications Received from March 7, 2018 through April 3, 2018
5. Air District Personnel on Out-of-State Business Travel

6. Notices of Violations Issued and Settlements in Excess of \$10,000 in the month of February 2018
7. Cooperative Air District Project with the California Air Resources Board (CARB) to Improve West Coast Ozone Boundary Conditions for Regional Air Quality Modeling
8. Projects and Contracts with Proposed Grant Awards Over \$100,000
9. Consider Approving Air District Participation in a Woodstove Changeout Program Administered by the California Air Pollution Control Officers Association
10. Consider Recognizing an EPA Grant Award for \$321,000 and Consider Authorizing the Executive Officer/APCO to Award a Contract and Issue a Purchase Order for Fiscal Year Ending (FYE) 2018, not to exceed \$250,000 to Ramboll Environ, Inc., Pursuant to Administrative Code Division II Fiscal Policies and Procedures, Section 4.3 Contract Limitations, to perform a Community Scale Air Toxics Ambient Monitoring Project in the City of Richmond
11. Climate Protection Grant Program

Public Comments:

No requests received.

Board Comments:

Director Sanchez stated for the record that he abstained on Item 3, but approved Items 4 through 11.

Board Action:

Director Wagenknecht made a motion, seconded by Director Barrett, to **approve** the Consent Calendar Items 3 through 11, inclusive; and the motion **carried** by the following vote of the Board:

- AYES: Abe-Koga, Barrett, Canepa, Chavez, Cutter, Gioia, Groom, Haggerty, Hudson, Jue, Kaplan, Kim, Kniss, Mitchoff, Ronen, Ross, Sanchez (Items 4-11), Sinks, Spring, Wagenknecht, and Zane.
- NOES: None.
- ABSTAIN: Sanchez (Item 3).
- ABSENT: Rice and Miley.

COMMITTEE REPORTS

12. Report of the **Climate Protection Committee** Meeting of March 15, 2018

Climate Protection Committee Chair, Director Teresa Barrett, read the following Committee report:

The Climate Protection Committee met on Thursday, March 15, 2018, and approved the minutes of November 16, 2017.

The Committee received and discussed the staff presentation Climate Protection Grant Program. The Committee recommends the Board:

1. *Approve the Climate Protection Grant Program Guidelines, containing a suggested revision, at the consensus of the Climate Protection Committee, to Section V: Evaluation*

and Scoring Criteria. The suggested revision is that an eighth criterion be added, adding 5 points for projects that benefit low-income communities.

Finally, the Committee received and discussed the staff presentation Update on the Air District's Basin-Wide Methane Strategy.

The next meeting of the Committee will be held on Thursday, May 17, 2018, at 9:30 a.m., at 375 Beale Street, San Francisco, CA 94105. I move that the Board approve the Climate Protection Committee's recommendations. This concludes the Chair report of the Climate Protection Committee.

Public Comments:

No requests received.

Board Comments:

None.

Board Action:

Director Barrett made a motion, seconded by Director Kaplan, to **approve** the recommendations of the Climate Protection Committee; and the motion **carried** by the following vote of the Board:

AYES: Abe-Koga, Barrett, Canepa, Chavez, Cutter, Gioia, Groom, Haggerty, Hudson, Jue, Kaplan, Kim, Kniss, Mitchoff, Ronen, Ross, Sanchez, Sinks, Spring, Wagenknecht, and Zane.
NOES: None.
ABSTAIN: None.
ABSENT: Miley and Rice.

13. Report of the **Stationary Source Committee** Meeting of March 19, 2018

Stationary Source Committee Chair, Director John Gioia, read the following Committee report:

The Committee met on Monday, March 19, 2018, and approved the minutes of December 18, 2017.

The Committee received over fifty public comments on the renewal of the Philipps 66 Title 5 permit under non-agenda items. As a result, the Committee did not receive the staff report Update on the Preliminary Best Available Retrofit Control Technology Evaluation and Identification of Potential Rule Development Projects, nor the staff report Update on the Air District's Basin-Wide Methane Strategy. These items were tabled until the next meeting of the Committee.

The next meeting of the Committee will be held on Monday, May 21, 2018, at 10:30 a.m., at the Bay Area Air Quality Management District Office, 375 Beale Street, San Francisco, California 94105. This concludes the Chair report of the Stationary Source Committee.

Public Comments:

No requests received.

Board Comments:

None.

Board Action:

None; receive and file.

14. Report of the **Legislative Committee** Meeting of March 22, 2018

Legislative Committee Chair Hudson read the following Committee report:

The Legislative Committee met on Thursday, March 22, 2018, and approved the minutes of February 22, 2018.

The Committee considered new bills and recommends that the Board of Directors take the following positions:

- *SUPPORT Assembly Bill 1796 (Muratsuchi), which addresses electric vehicle charging station installation in rent-controlled buildings;*
- *SUPPORT Assembly Bill 2061 (Frazier), which increases truck weight limits for electric, fuel cell, or natural gas trucks;*
- *OPPOSE Assembly Bill 2940 (Caballero), which exempts certain heavy-duty diesel low-use and agricultural vehicles from existing requirements that would prevent their registration;*
- *SUPPORT Assembly Bill 3059 (Bloom), which authorizes congestion pricing demonstration projects;*
- *Upon discussion, the Committee recommended that staff's recommended position be changed from SUPPORT IF AMENDED to SEEK AMENDMENTS regarding Senate Bill 1144 (Dodd), which increases civil stationary source air penalty ceilings for serious violations at power plants, petrochemical facilities, and refineries; and*
- *SUPPORT Senate Bill 1427 (Hill), which states legislative intent to improve enforcement of high-occupancy vehicle and high-occupancy toll lanes.*

Staff brought an additional issue to the Committee for its consideration, and the Committee recommends that the Board of Directors take the following position:

- *OPPOSE Assembly Bill 2336 (Salas), which prioritizes the retrofit or replacement of high-emission school buses operating in air districts that are designated federal extreme nonattainment.*

Finally, staff updated the Committee on Sacramento events of significance since its last meeting.

The next meeting of the Legislative Committee is at the call of the Chair. I move that the Board approve the Committee's recommendations. This concludes the Chair's report of the Legislative Committee.

Public Comments:

No requests received.

Board Comments:

The Board and staff discussed the request for staff to evaluate Senate Bill 100 (De Leon), California Renewables Portfolio Standard Program: emissions of greenhouse gases, and bring it back to the Legislative Committee with a recommended position for the Board's consideration.

Board Action:

Chair Hudson made a motion, seconded by Director Mitchoff, to **approve** the recommendations of the Legislative Committee; and the motion **carried** by the following vote of the Board:

AYES: Abe-Koga, Barrett, Canepa, Chavez, Cutter, Gioia, Groom, Haggerty, Hudson, Jue, Kaplan, Kim, Kniss, Mitchoff, Ronen, Ross, Sanchez, Sinks, Sperring, Wagenknecht, and Zane.
NOES: None.
ABSTAIN: None.
ABSENT: Miley and Rice.

15. Report of the **Executive Committee and Advisory Council Joint** Meeting of March 26, 2018

Executive Committee Chair Hudson read the following Committee report:

A joint meeting of the Executive Committee and Advisory Council was held on Monday, March 26, 2018. The Committee approved the minutes of February 7, 2018.

The Committee reviewed and discussed the staff presentation Overview of the Air District's Advisory Council.

The Committee then reviewed and discussed the staff presentation Air District Priorities.

Finally, the Committee reviewed and discussed the staff presentation Update on Assembly Bill 617.

The next meeting of the Executive Committee will be held on Monday, April 18, 2018, Bay Area Air Quality Management District Office, 375 Beale Street, San Francisco, California 94105 at 9:30 a.m. This concludes the Chair report of the Executive Committee.

Public Comments:

No requests received.

Board Comments:

None.

Board Action:

None; receive and file.

16. Report of the **Advisory Council** Meeting of March 26, 2018

Advisory Council Board Liaison, Director Rod Sinks, read the following Council report:

The Council met on Monday, March 26, 2018, and approved the minutes of December 11, 2017.

The Council received the staff presentation Particulate Matter in the Bay Area.

Finally, the Council received the staff presentation Advisory Council Next Area of Focus: Continuation of Discussions of Particulate Matter.

The next meeting of the Council is at the call of the Chair. This concludes the Chair Report of the Advisory Council.

Public Comments:

Public comments were given by Jed Holtzman, 350 Bay Area.

Board Comments:

The Board and staff discussed Governor Brown's Global Climate Action Summit, scheduled for September 12-14, 2018, the desire to see the District's Advisory Council's and staff's participation and promotion of the 2017 Clean Air Plan at that event; the District's subsequent one-day affiliate event with the Metropolitan Transportation Commission, called the "Bay Area Climate Leadership Forum", and expanding participants to a California level, as opposed to just the Bay Area, or even to the United States; the Advisory Council's appreciation for the joint meeting with the Executive Council in March; the Advisory Council's next area of focus, which will be "Continuation of Discussions of Particulate Matter Beyond Attainment"; and the District's proposed Diesel PM strategy, how both mobile and stationary sources should be included in that discussion as stakeholders, and how this initiative is in alignment with CARB's long-term goals.

Board Action:

None; receive and file

17. Report of the **Budget and Finance Committee** Meeting of March 28, 2018

Budget and Finance Committee Chair, Director Carole Groom, read the following Committee report:

The Committee met on Wednesday, March 28, 2018, and approved the minutes of February 28, 2018.

The Committee reviewed and discussed the presentation Proposed Amendments to Regulation 3: Fees.

Finally, the Committee reviewed and discussed the staff presentation Discussion of Proposed Budget for Fiscal Year Ending 2019.

The next meeting of the Budget and Finance Committee will be held on Wednesday, April 25, 2018, at 9:30 a.m., at the Bay Area Air Quality Management District office, 375 Beale Street, San Francisco, CA 94105. This concludes the Chair Report of the Budget and Finance Committee.

Public Comments:

No requests received.

Board Comments:

None.

Board Action:

None; receive and file

18. Report of the **Public Engagement Committee** Meeting of April 2, 2018

Public Engagement Committee Chair, Dir. Brad Wagenknecht, read the following Committee report:

The Committee met on Monday, April 2, 2018 and approved the minutes of September 25, 2017.

The Committee reviewed and discussed the staff presentation Approval of a Contract for Spare the Air Advertising and Messaging Campaigns. The Committee recommends that the Board:

- 1. Approve Pro시오 Communications as the selected contractor for the Spare the Air Campaigns, Advertising, Communications and Evaluation Services; and*
- 2. Authorize the Executive Officer/Air Pollution Control Officer to execute a contract with Pro시오 Communications, for an amount not to exceed \$1,950,000 per contract year, during Fiscal Year Ending 2019 and Fiscal Year Ending 2020, and \$2,019,000 for Fiscal Year Ending 2021.*

The Committee then reviewed and discussed the staff presentation Authorization to Execute Contract Amendments for Spare the Air Program Website Development. The Committee recommends that the Board:

- 1. Authorize the Executive Officer/Air Pollution Control Officer to execute contract amendments with Cylogy in the amount of \$100,000 for backend website content management system development, integration, customization, and infrastructure support.*

The Committee then reviewed and discussed the staff presentation Selection of a Contractor to Facilitate the Spare the Air Resource Teams. The Committee recommends that the Board:

- 1. Approve the selection of Community Focus, a contractor to facilitate the Spare the Air Resource Team;*

2. *Approve the selection of Kearns and West, a contractor to establish a Spare the Air Resource Team in Marin County;*
3. *Authorize the Executive Officer//Air Pollution Control to execute a contract with Community Focus for facilitation services in an amount not to exceed \$222,000 per contract year, for up to three years; and*
4. *Authorize the Executive Officer//Air Pollution Control to execute a contract with Kearns and West to create a new Spare the Air Resource Team and meeting facilitation support in an amount not to exceed \$38,000 per contract year, for up to three years.*

The Committee then reviewed and discussed the staff presentation Accept and Appropriate Funds from Two State Community Climate Investment Grants for Supporting Community Engagement Efforts in Alameda County. The Committee recommends that the Board:

1. *Accept and appropriate funds from the County of Alameda Flood Control District for the California Natural Resources Agency Urban Greening Grant in an amount not to exceed \$109,000 in support of the San Leandro Creek Urban Greenway, Phase 1 project in East Oakland;*
2. *Accept and appropriate funds from the California Department of Conservation for the State Transformative Climate Community Program in an amount not to exceed \$170,000, in support of the West Oakland Marcus Garvey Commons Project; and*
3. *Ensure the contracts include maintenance and licensing agreement language. This was requested by the maker of the motion.*

The Committee then reviewed and discussed the staff presentation Overview of the Spare the Air Youth for Environmental Sustainability Conference.

Finally, the Committee reviewed and discussed the staff presentation Overview of Awarded Fiscal Year Ending 2019 James Cary Smith Community Grant Projects.

The next meeting is at the call of the Chair. I move that the Board approve the Public Engagement Committee's recommendation. This concludes the Chair Report of the Public Engagement Committee.

Public Comments:

No requests received.

Board Comments:

None.

Board Action:

Director Wagenknecht made a motion, seconded by Director Ross, to **approve** the recommendations of the Public Engagement Committee; and the motion **carried** by the following vote of the Board:

AYES: Abe-Koga, Barrett, Canepa, Chavez, Cutter, Gioia, Groom, Haggerty, Hudson, Jue, Kaplan, Kim, Kniss, Mitchoff, Ronen, Ross, Sanchez, Sinks, Spring, Wagenknecht, and Zane.

NOES: None.
ABSTAIN: None.
ABSENT: Miley and Rice.

PUBLIC COMMENT ON NON-AGENDA MATTERS

19. Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3

Public comments were given by San Francisco residents, Radu Patrichi, and Diana Rivers.

Board Comments:

In response to the public comments, regarding complaints of smoke from a commercial facility affecting residences, the Board and staff discussed how this issue is being addressed by both the District and the City of San Francisco, and the request that staff brings this issue to the next meeting of the Executive Committee.

BOARD MEMBERS' COMMENTS

20. Board Members' Comments

The Board members wished Director Kaplan well and thanked her for her service on the Board for the past two years, specifically noting that she always made a point to advocate for all regions of the Bay Area, and not just her own.

Director Gioia asked staff to give a status update on the recruitment for the two Advisory Council positions that are currently vacant, specifically how the District is publicizing the recruitment, and whether particular disciplines are desired. Staff responded that the recruitment was promoted to the home page on the District's website, that candidates will be interviewed in May by the Personnel Committee, that CARB, the Board, Advisory Council, Hearing Board, academic institutions, and non-governmental organizations were all encouraged to circulate these opportunities, and that another reminder will be sent to all of these groups, as the deadline for applications has been extended to April 13, 2018.

Secretary Sinks spoke of a company/product in Berkeley called Clarity, which has deployed dense air quality monitoring networks around the world to build smarter cities through smarter data.

Director Kaplan suggested that the District streamlines the application processes for the various incentives the District offers, to increase the ease for the applicants. She also reiterated her praise of the data provided by Google and Aclima that was captured in their pilot program in Oakland, which measured and analyzed pollution data collected by Google Street View cars, and suggested that other cities also get the opportunity for similar pilot projects.

OTHER BUSINESS

21. Report of the Executive Officer/APCO

Mr. Broadbent announced the following:

- Gratitude to Director Kaplan for her service to the Board.
- The Advisory Council will make routine reports directly to the Board in preparation for the Global Climate Action Summit in September.
- The District issued a press release regarding the US Environmental Protection Agency's decision to roll back auto emissions standards. Possible legal action will be discussed in Closed Session at the April 18 Board meeting.
- Committee and Board meeting agendas now have links to presentations embedded in them, per the Board's request.
- Video conferencing is now technically possible from Santa Rosa Junior College. Another location in the South Bay is also being considered.
- The hyper wall in the atrium of the first-floor lobby now displays NASA video footage of the pollutant mass moving over the earth.
- Former Engineering Manager, Pam Leong, is the new Director of Engineering, and Elizabeth Yura was hired as the Community Protection Officer (new position.)
- In honor of Women's History Month, the District invited Betty Soskin, the oldest active National Park Ranger, to speak on March 21.

22. **Chairperson's Report**

Chair Hudson announced the following:

- The first meeting of the Ad Hoc Refinery Oversight Committee, which will discuss all matters pertaining to refineries, will be held on April 9.
- The Ad Hoc Building Oversight Committee will reconvene in April (date to be determined.)
- He attended the 2018 Shared Mobility Summit from March 12-15 in Chicago, the American Public Transportation Association's 2018 Legislative Conference from March 18-20 in Washington DC, the Redefining Mobility Summit on March 29 in San Ramon, and the District's Workshop on New Funding and New Efforts to Curb Local Air Pollution (AB 617) on March 28 in San Leandro.
- The Board members attending the Air and Waste Management Association's 2018 Annual Conference with him are Directors Wagenknecht, Sanchez, Canepa, Ross, and Gioia.

NOTED PRESENT: Director Miley was noted present at 11:12 a.m.

23. **Time and Place of Next Meeting**

Wednesday, April 18, 2018, at 375 Beale Street, San Francisco, CA 94105 at 9:30 am.

24. **Adjournment**

The meeting adjourned at 11:12 a.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 10, 2018

Re: Board Communications Received from April 4, 2018 through April 17, 2018

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Copies of communications directed to the Board of Directors received by the Air District from April 4, 2018, through April 17, 2018, if any, will be at each Board Member's place at the April 18, 2018, Board meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeno Wilkinson
Reviewed by: Vanessa Johnson

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 10, 2018

Re: Air District Personnel on Out-of-State Business Travel

RECOMMENDED ACTION

None; receive and file.

BACKGROUND#

In accordance with Section 5.4 (b) of the Air District's Administrative Code, Fiscal Policies and Procedures Section, the Board is hereby notified of District personnel who have traveled on out-of-state business.

The report covers the out-of-state business travel for the month of March 2018. The monthly out-of-state business travel report is presented in the month following travel completion.

DISCUSSION

The following out-of-state business travel activities occurred in the month of March 2018:

- Karen Schkolnick, Director of Strategic Incentives, attended the 2018 Shared Mobility Summit, Chicago, Illinois, March 11, 2018 – March 14, 2018.
- Chengfeng Wang, Supervising Staff Specialist, attended the 2018 Shared Mobility Summit, Chicago, Illinois, March 11, 2018 – March 14, 2018.
- Linda Hui, Staff Specialist, attended the 2018 Shared Mobility Summit, Chicago, Illinois, March 11, 2018 – March 14, 2018.
- Eric Stevenson, Director of Meteorology, Measurement and Rules, presented at the Stationary Source Sampling and Analysis for Air Pollutants Conference, Tucson, Arizona, March 25, 2018 – March 30, 2018.
- Jerry Bovee, Air Quality Manager, attended the Stationary Source Sampling and Analysis for Air Pollutants Conference, Tucson, Arizona, March 25, 2018 – March 30, 2018.

- Marco A. Hernandez, Senior Air Quality Engineer, attended the Stationary Source Sampling and Analysis for Air Pollutants Conference, Tucson, Arizona, March 25, 2018 – March 30, 2018.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 10, 2018

Re: Notices of Violations Issued and Settlements in Excess of \$10,000 March 2018

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

In accordance with Resolution No. 2012-08, attached to this Memorandum is a listing of all Notices of Violations issued, and all settlements for amounts in excess of \$10,000 during the calendar month prior to this report.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The amounts of civil penalties collected are included in the Air District's general fund budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian C. Bunger

Attachment 5A: Notices of Violations for the Month of March 2018

AGENDA 5A – ATTACHMENT

Notice of Violation for the Month of March 2018

The following Notice(s) of Violation were issued in March 2018:

Alameda						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
ERI	Y6209	Hayward	A57452A	3/15/18	11-2-304.1	Waste not in leak tight container.

Contra Costa						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Central Contra Costa Sanitary District	A0907	Martinez	A57318A	3/5/18	2-6-307	Excess PM limit
Central Contra Costa Sanitary District	A0907	Pacheco	A57318A	3/5/18	2-6-307	Excess PM limit
Central Contra Costa Sanitary District	A0907	Martinez	A57319A	3/5/18	2-6-307	Excess PM limit
Chevron Products Company	A0010	Richmond	A57548A	3/14/18	10	Open-ended line discovered @ #4 Rhen; Deviation 4429
Chevron Products Company	A0010	Richmond	A57549A	3/14/18	2-6-307	ESP TR sets operated w/ > 2 sets below 200mA; Dev 4324.
Chevron Products Company	A0010	Richmond	A57550A	3/14/18	12-11-502.3	Failed to pull flare sample w/in required time frame; Dev 4486.
Chevron Products Company	A0010	Richmond	A57551A	3/14/18	2-6-307	Failed tom submit component counts plus inspect components quarterly; Dev 4409
Contra Coast Country Club	Z3858	Pleasant Hill	A57922A	3/7/18	2-1-307	No SLC Paint. Failure to conduct static pressure test in 2016.

Contra Coast Country Club	Z3858	Pleasant Hill	A57922B	3/7/18	8-7-301.2	No SLC Paint. Failure to conduct static pressure test in 2016.
R & R Auto Service	Z3890	El Cerrito	A57926A	3/14/18	8-7-301.5	Failure to maintain 91g vapor adaptor
Richmond Country Club	W0697	Richmond	A57921A	3/6/18	2-1-302	Expired Permit to operate
Sun Valley Chevron	Y5394	Pleasant Hill	A57923A	3/7/18	8-7-301.5	Missing gaskets on 91g and 87g (middle) dustcaps

Napa						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Marco Castellucci	Z3887	Napa	A57240A	3/13/18	5-301	Illegal open burn
Napa-Vallejo Waste Management Authority	A9183	Napa	A57239A	3/12/18	2-1-307	Failure to meet permit condition

Santa Clara						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
City of Santa Clara	A3464	Santa Clara	A57219A	3/5/18	CCR	CCR Title 17 95471(c)(1)(B) SEM at >25-Foot spacing w/out approved ACO
Rebuild Green	V0408	Palo Alto	A55652A	3/23/18	11-2-401.5	Inaccurate start date
Shoreline Amphitheatre	A2561	Mountain View	A56519A	3/1/18	CCR	CCR 17 95470(b)(3) Incomplete Annual Report for 2016
TenCate	B8212	Morgan Hill	A57008A	3/6/18	2-1-301	No AC and No PO.

TenCate	B8212	Morgan Hill	A57008B	3/6/18	2-1-302	No AC and No PO.
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Solano						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Restoration Management Company	Z3893	Benicia	A58029A	3/23/18	11-2-401.3	Improper Notification
Valero Refining Company - California	B2626	Benicia	A57337A	3/8/18	2-6-307	Failure to meet permit condition
Valero Refining Company - California	B2626	Benicia	A57338A	3/22/18	8-5-306.2	Not gas tight

Sonoma						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Petaluma Creamery	B8712	Petaluma	A56147A	3/13/18	2-1-301	No A/C - No Permit to Operate
Petaluma Creamery	B8712	Petaluma	A56147B	3/13/18	2-1-302	No A/C - No Permit to Operate
Petaluma Creamery	B8712	Petaluma	A56148A	3/13/18	9-7-403	No demonstration of compliance, no periodic testing
Petaluma Creamery	B8712	Petaluma	A56148B	3/13/18	9-7-506	No demonstration of compliance, no periodic testing
Lagunitas Brewing Company	E2457	Petaluma	A56149A	3/29/18	2-1-307	Failed Source Tests NTV-2006 & NTV-2007
ACRE Coffee	E2925	Petaluma	A56150A	3/29/18	2-1-307	Failure to meet Permit Condition 26019 Section 6-D

SETTLEMENTS FOR \$10,000 OR MORE REACHED

There were 3 settlement(s) for \$10,000 or more completed in March 2018.

- 1) On March 8, 2018, the District reached settlement with 345 6th, LLC for \$10,000, regarding the allegations contained in the following 1 Notice of Violation:

NOV #	Issuance Date	Occurrence Date	Regulation	Comments from Enforcement
A57461A	12/11/17	12/6/17	11-2-303.3	Scheduling of demolition activites
A57461B	12/11/17	12/6/17	11-2-303.6	Containment requirements
A57461C	12/11/17	12/6/17	11-2-303.9	No on-site representative
A57461D	12/11/17	12/6/17	11-2-304.1	RACM not in leak-tight containers

- 2) On March 8, 2018, the District reached settlement with West Contra Costa County Landfill for \$23,000, regarding the allegations contained in the following 12 Notices of Violation:

NOV #	Issuance Date	Occurrence Date	Regulation	Comments from Enforcement
A53846A	10/29/15	10/26/15	6-1-301	Excessive visible emissions from finished compost screening
A53870A	7/9/15	6/15/15	6-1-301	Visible emissions @ C+D Op. > 40% opacity for 6mins
A53874A	11/2/15	2/18/15	2-6-307	EPISODE #06T64 DEV #4270 FLARE A-120 TEMP BELOW PC#25143 9 MIN TEMP LATE REPORTING
A53874B	11/2/15		1-523.3	EPISODE #06T64 DEV #4270 FLARE A-120 TEMP BELOW PC#25143 9 MIN TEMP LATE REPORTING
A53875A	11/2/15	2/24/15	2-6-307	EPISODE #06T66 DEV #4271 FLARE A-120 TEMP BELOW PC#25143 9 MIN TEMP LATE REPORTING
A53875B	11/2/15	2/24/15	1-523.3	EPISODE #06T66 DEV #4271 FLARE A-120 TEMP BELOW PC#25143 9 MIN TEMP LATE REPORTING
A54255A	12/14/15	6/27/15	2-6-307	Episode # 06V57, PC# 17812, part 10, temp went below permitted levels

A54405A	12/14/15	11/27/15	5-301.1	Compost overs ignited
A54406A	12/14/15	12/9/15	8-34-301.2	Gas collections system leak > 1000 ppm
A54409A	1/19/16	11/8/15	2-1-307	Engine dropped below permitted temp. Episode 06X35
A54409B	1/19/16		1-523.3	Failure to report within 96 hours of occurrence
A54410A	1/19/16	12/14/15	2-6-307	Temp deviation on S-5 & s-37. Episode 06X45.
A54412A	3/11/16	1/5/16	2-1-307	ENGINE TEMP EXCEEDED PERMITTED LIMIT P/C 17812.
A54415A	5/12/16	3/20/16	2-6-307	Temp dropped below permitted limit (p/c 05771)
A54415B	5/12/16	3/20/16	1-523.3	Failed to notify within 96 hours.
A56803A	7/12/16	5/7/16	2-1-307	Temp exceeded P/C 05771 limit; Episode 06Z09

- 3) On March 23, 2018, the District reached settlement with Republic Services of Sonoma County, Inc. for \$19,900, regarding the allegations contained in the following 1 Notice of Violation:

NOV #	Issuance Date	Occurrence Date	Regulation	Comments from Enforcement
A56135A	8/7/17	8/1/17	8-34-303	8 surface leaks greater than 500 PPM
A56135B	8/7/17	8/1/17	CCR	CCR Title 17 section 94565(a)(1) 8 surface leaks greater than 500 PPM



Mary D. Nichols, Chair
 Matthew Rodriguez, CalEPA Secretary
 Edmund G. Brown Jr., Governor

TO: Members of the Board of Directors
 FROM: Supervisor John Gioia
 Board Member
 DATE: April 12, 2018
 SUBJECT: **QUARTERLY REPORT OF MY ACTIVITIES AS AN AIR RESOURCES BOARD MEMBER**

The list below summarizes my activities as a California Air Resources Board member from January 1, 2018, through March 31, 2018:

January Activities

18th Research Briefing with CARB staff

February Activities

5th February Board Item Briefing with CARB Staff

5th Research Briefing with CARB Staff

7th Haagen-Smit Legacy Award Dinner

8th February Board Meeting

March Activities

12th March Board Item Briefing with CARB Staff

12th Carbon Pricing Webinar with League of Women Voters

Attachments: Public Agendas

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Public Agenda for the February Board Meeting

California Air Resources Board sent this bulletin at 01/26/2018 02:38 PM PST

Having trouble viewing this email? [View it as a Web page.](#)



February Board Meeting

Thursday, February 8, 2018 @ 9:00 a.m.

California Environmental Protection Agency

1001 I Street, Sacramento, California 95814

Byron Sher Auditorium, 2nd Floor

Submit written comments

Not all agenda items are available for electronic submittals of written comments.

August 30, 2017, marked the 50th anniversary of Governor Ronald Reagan approving the Mulford-Carrell Act that created the State Air Resources Board. February 8, 2018, will mark the 50th Anniversary of the first California Air Resources Board meeting and will serve as a celebration of a half century of clearing California's skies and improving public health.

Consent Calendar

The following items on the consent calendar will be presented to the Board immediately after the start of the public meeting, unless removed from the consent

calendar either upon a Board member's request or if someone in the audience wishes to speak on them.

18-1-1: Public Hearing to Consider Proposed Amendments to the Area Designations for State Ambient Air Quality Standards

The Board will consider proposed amendments to the regulations designating areas of California as attainment, nonattainment, nonattainment-transitional, or unclassified for pollutants with State ambient air quality standards. Based on 2014 to 2016 air quality data, a total of seven changes to area designations are proposed for ozone, PM2.5, and PM10.

[More Information](#) [Proposed Resolution](#)

Discussion Items

The following agenda items may be heard in a different order at the Board meeting.

18-1-2: Public Meeting to Hear 50-Year Air Quality Trends and Health Benefits Presentation

February 8, 2018, marks the 50th Anniversary of the first California Air Resources Board hearing. The Board will hear a retrospective presentation reviewing five decades of achievement in improving air quality, public health, economic benefits, and environmental justice.

[More Information](#) [Staff Presentation](#)

18-1-3: The Haagen-Smit Legacy Awards

The awards will be presented to the recipients of the Haagen-Smit Legacy Awards. This is a special year for the Awards Program as it is the 50th Anniversary of the legislation that created the Board. To commemorate five decades of progress towards clean air, CARB is highlighting the accomplishments of a select group of remarkable individuals who have had a significant impact on air quality and climate goals in California and beyond.

[More Information](#) [Staff Presentation](#)

18-1-4: Public Hearing to Consider Proposed California Greenhouse Gas Emissions Standards for Medium- and Heavy-Duty Engines and Vehicles, and Proposed Amendments to the Tractor-Trailer Greenhouse Gas Regulation

(This item will not be heard prior to 1:00 p.m.)

The Board will consider approving the proposed California Phase 2 Greenhouse Gas (GHG) Emissions Standards and proposed amendments to the Tractor-Trailer GHG regulation. The proposed California Phase 2 GHG emission standards harmonize with federal Phase 2 standards that were adopted by the United States Environmental Protection Agency (U.S. EPA) and the United States Department of Transportation's National Highway Traffic Safety Administration on October 25, 2016. The Phase 2 proposal also includes minor California differences from the federal Phase 2 program that are necessary to ease enforcement, align with existing California programs, and provide incentives to bring advanced technologies to market. Finally, the Phase 2 proposal includes restrictions on the production of high-emitting glider vehicles that the U.S. EPA has recently proposed to repeal, but which CARB staff thinks are crucial for protecting public health and preventing the circumvention of emission standards.

[More Information](#)

[Staff Presentation](#)

18-1-5: Report to the Board on the California Air Resources Board Program Priorities for 2018

Executive Officer Richard Corey will provide the Board with an overview of California Air Resources Board priorities for 2018.

[Staff Presentation](#)

Closed Session

The Board will hold a closed session, as authorized by Government Code section 11126(e), to confer with, and receive advice from, its legal counsel regarding the following pending or potential litigation, and as authorized by Government Code section 11126(a):

American Fuels and Petrochemical Manufacturers, et al. v. Jane O’Keeffe, et al., U.S. District Court (D. Ore. Portland), Case No. 3:15-CV-00467; Plaintiffs’ appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 15-35834.

California et al. v. U.S. Department of Transportation et al., United States District Court, Northern District of California, Case No. 4:17-CV-05439.

Electric Power Supply Association, et al. v. Star, et al., U.S. Court of Appeals, Seventh Circuit, Case No. 17-2445.

Friends of Oceano Dunes, Inc. v. California Coastal Commission, et al., Superior Court of California, San Luis Obispo County, Case No. 17CV-0576.

In re La Paloma Generating Company, LLC, U.S. Bankruptcy Court, District of Delaware, Case No. 16-bk-12700.

Mexichem Fluor Inc. v. United States Environmental Protection Agency et al., U.S. Court of Appeals, District of Columbia Circuit, Case Nos. 15-1328 and 15-1329.

POET, LLC, et al. v. California Air Resources Board, et al., Superior Court of California (Fresno County), Case No. 09CECG04659; plaintiffs' appeal, California Court of Appeal, Fifth District, Case No. F064045; California Supreme Court, Case No. S213394 [remanded to trial court]; plaintiff's appeal of trial court order discharging peremptory writ of mandate, Court of Appeal, Fifth District, Case No. F073340.

POET, LLC, et al. v. California Air Resources Board, et al., Superior Court of California (Fresno County), Case No. 15CECG03380.

Rocky Mountain Farmers Union, et al. v. Corey, U.S. District Court (E.D. Cal. Fresno), Case No. 1:09-CV-02234-LJO-DLB; ARB interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 12-15131 [remanded to trial court].

American Fuels and Petrochemical Manufacturers, et al. v. Corey, et al., U.S. District Court (E.D. Cal. Fresno), Case No. 1:10-CV-00163-AWI-GSA; ARB's interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 10-CV-00163 [remanded to trial court].

Sowinski v. California Air Resources Board, et al., U.S. District Court, Central District of California, Case No. 8:15-CV-02123.

State of California, et al. v. United States Environmental Protection Agency et al., U.S. District Court, Northern District of California, Oakland Division, Case No. 4:17-cv-6936-HSG.

State of New York, et al. v. United States Environmental Protection Agency et al., U.S. Court of Appeals, District of Columbia Circuit, Case No. 17-1185.

States of New York, California, Vermont, and Maryland, and the Commonwealth of Pennsylvania v. National Highway Traffic Safety Administration, U.S. Court of Appeals, Second Circuit, Case Nos. 17-2780(L) and 17-2806.

State of North Dakota, et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 16-1242.

State of North Dakota v. United States Environmental Protection Agency, U.S. Court

of Appeals, District of Columbia Circuit, Case No. 15-1381.

State of West Virginia et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 15-1363.

State of Wyoming, et al. v. United States Department of the Interior, et al., U.S. District Court, District of Wyoming, Case No. 16-CV-285-SWS.

Adam Brothers Farming, Inc. v. California Air Resources Board, et al., Santa Barbara County Superior Court, Case No. 15 CV04432.

Alliance for California Business v. California Air Resources Board, et al., Glenn County Superior Court, Case No. 13CV01232; plaintiffs' appeal, Court of Appeal, Third District, Case No. C082828.

Alliance for California Business v. California State Transportation Agency, et al., Sacramento County Superior Court, Case No. 34-2016-80002491.

American Coatings Association, Inc. v. State of California and California Air Resources Board, Sacramento County Superior Court, Case No. 04CS01707.
Jack Cody dba Cody Transport v. California Air Resources Board, et al., Sacramento Superior Court, Case No. 34-2015-80002116; plaintiff's appeal, Court of Appeal, Third District, Case No. C083083.

Dalton Trucking, Inc. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 13-1283 (dismissed), U.S. Court of Appeals, Ninth Circuit, Case No. 13-74019.

John R. Lawson Rock & Oil, Inc. et al. v. California Air Resources Board et al., Fresno County Superior Court, Case No. 14-CECG01494; ARB's appeal, Court of Appeal, Fifth District, Case No. F074003.

Murray Energy Corporation v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 15-1385.

Truck Trailer Manufacturers Association, Inc. v. United States Environmental Protection Agency, et al., U.S. Court of Appeals, District of Columbia Circuit, Case No. 16-1430.

California Air Resources Board v. Adam Brothers Farming Inc., Santa Barbara County Superior Court, Case No. 16CV01758.

People v. Southern California Gas Company, Los Angeles Superior Court, Case No. BC 602973.

In re: Volkswagen "Clean Diesel" MDL, United States District Court, Northern District of California, Case No. 15-MD-2672-CRB (JSC).

Mahan v. California Air Resources Board, Sacramento County Superior Court, Case No. 34-2016-80002416.

Opportunity for Members of the Board to Comment on Matters of Interest

Board members may identify matters they would like to have noticed for consideration at future meetings and comment on topics of interest; no formal action on these topics will be taken without further notice.

Open Session to Provide an Opportunity for Members of the Public to Address the Board on Subject Matters within the Jurisdiction of the Board

Although no formal Board action may be taken, the Board is allowing an opportunity to interested members of the public to address the Board on items of interest that are within the Board's jurisdiction, but that do not specifically appear on the agenda. Each person will be allowed a maximum of three minutes to ensure that everyone has a chance to speak.

Other Information

Transit Information

Sacramento Regional Transit

(916) 321-BUSS

This facility is accessible by public transit and is accessible to persons with disabilities.

Submitting a Presentation

No outside memory sticks or other external devices may be used at any time with the Board audio/visual system or any CARB computers. Therefore, PowerPoint presentations to be displayed at the Board meeting must be electronically submitted

via email to the [Clerk of the Board](#) no later than noon on the business day prior to the scheduled Board meeting.

For more information contact the [Clerk of the Board](#)
1001 I Street, 23rd Floor, Sacramento, California 95814
(916) 322-5594

Special Accommodation Request

Consistent with California Government Code Section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format or another language;
- A disability-related reasonable accommodation.

To request these special accommodations or language needs, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than 7 business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Acomodación Especial

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia
- Documentos disponibles en un formato alterno u otro idioma
- Una acomodación razonable relacionados con una incapacidad

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 322-5594 o envíe un fax a (916) 322-3928 lo más pronto posible, pero no menos de 7 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

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LOCATION:

Riverside County Administrative Center
4080 Lemon St., 1st Floor
Riverside, California 92501

PUBLIC MEETING AGENDA

**Thursday, March 22, 2018
and
Friday, March 23, 2018**

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**Thursday
March 22, 2018
9:00 a.m.**

CONSENT CALENDAR:

The following items on the consent calendar will be presented to the Board immediately after the start of the public meeting, unless removed from the consent calendar either upon a Board member's request or if someone in the audience wishes to speak on them.

Consent Item #

- 18-2-1: Public Meeting to Consider the South Coast Air Quality Management District's On-Road Heavy Duty Vehicle Incentive Measure**
- The Board will consider adopting the South Coast Air Quality Management District's On-Road Heavy-Duty Vehicle Incentive Measure for submission to United States Environmental Protection Agency (U.S. EPA) as a revision to the California State Implementation Plan (SIP). The measure meets U.S. EPA requirements to achieve SIP credit and fulfills the California Air Resources Board's commitment to propose an on-road heavy-duty vehicle incentive program to achieve creditable emission reductions in the South Coast Air Basin.*
- 18-2-2: Public Hearing to Consider Proposed Amendments to the California Cap On Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation**
- The Board will consider proposed amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation, specifically those that clarify successor liability for a compliance obligation after a change in ownership, and those that allow the Auction Reserve Price for a joint auction to be set by the Ontario Auction Reserve Price in certain cases.*
- 18-2-3: Public Hearing to Consider Seven Research Proposals**
- The Board will consider approving seven research proposals that were developed in response to the Board-approved Fiscal Year 2017-2018 Annual Research Plan.*
- 1) "Measuring Emissions from the On-Road Vehicle Fleet in West Los Angeles," University of Denver, RFP No. 17RD015.
 - 2) "Identify Outlier Makes and Models of Light-Duty Vehicles Using Remote Sensing Device Data," Eastern Research Group, RFP No. 17RD014.

- 3) "Brake and Tire Wear Emissions," Eastern Research Group, RFP No. 17RD016.
- 4) "Design and Development of an Instrument for Toxic-metal Aerosol Real-Time Analysis (TARTA)," University of California, Davis, Proposal No. 2814-288.
- 5) "Benchmarking of Post-AMMP (Alternative Manure Management Practices) Dairy Emissions and Prediction of Related Long-term Airshed Effects," University of California, Davis, Proposal No. 2815-288.
- 6) "Strategies to Reduce Methane Emissions from Enteric and Lagoon Sources," University of California, Davis, Proposal No. 2816-288.
- 7) "Zero-Carbon Buildings in California: A Feasibility Study," University of California, Berkeley, Contract No. 16RD004.

DISCUSSION ITEMS:

Note: The following agenda items may be heard in a different order at the Board meeting.

Spanish translation will be provided at the Thursday Board Meeting for items 18-2-4, 18-2-5, 18-2-6, and 18-2-7.

Agenda Item #

18-2-4: Public Meeting to Consider Proposed Updates to Senate Bill 375 Greenhouse Gas Emission Reduction Targets

The Board will consider approving updates to regional greenhouse gas emissions reduction targets for California's Metropolitan Planning Organizations as required by the Sustainable Communities and Climate Protection Act of 2008 (SB 375). The Board will also consider certifying the Final Environmental Analysis and approving the written responses to comments received on the Draft Environmental Analysis.

18-2-5: Public Meeting to Hear an Update on Implementation of the State Strategy for the State Implementation Plan and the South Coast Air Quality Management Plan

The Board will hear an update on the implementation of the 2016 State Strategy for the State Implementation Plan (State SIP Strategy) and the South Coast Air Quality Management Plan (AQMP). In March 2017, the Board adopted the State SIP Strategy and AQMP to meet federal air quality standards in the South Coast. The Board also directed staff to provide an annual status report on progress in implementing the strategy.

18-2-6: Public Meeting to Hear an Informational Update on Concepts to Minimize the Community Health Impacts from Freight Facilities

The Board will hear an informational update on potential concepts for reducing emissions and community health impacts from large freight facilities, including seaports, railyards, warehouses, and distribution centers. Staff is providing the update, per Board direction from the March 2017 meeting and the addendum to Resolutions 17-7 and 17-8.

18-2-7 Public Meeting to Hear an Update on Implementation of Assembly Bill 617 (The Community Air Protection Program)

The Board will hear an update on efforts underway to implement the mandates of Assembly Bill 617. The California Air Resources Board's new Community Air Protection Program will implement a new community focused planning framework to identify impacted communities, establish criteria for air monitoring and local emissions reduction programs, and develop strategies for reducing emissions.

Friday
March 23, 2018
8:30 a.m.

18-2-8 Public Meeting to Consider Funding Agricultural Replacement Measures for Emission Reductions Program Guidelines

The Board will consider approving the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Guidelines (Guidelines). The Guidelines describe proposed investments from three related funding sources: \$85 million from the Greenhouse Gas Reduction Fund in Assembly Bill (AB) 134; \$15 million from the Air Quality Improvement Fund in AB 109; and \$35 million from the Alternative and Renewable Fuel and Vehicle Technology Fund in AB 109. In both budget bills agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations are all listed as eligible for funding. The proposed Guidelines outline the California Air Resources Board's plans for expending these funds in a manner consistent with the legislative direction from the two bills, existing statutes, and regulations. The Guidelines describe district funding allocations, eligible project categories and criteria, program implementation details, and the justification for these investments.

18-2-9 Public Hearing to Consider the Proposed Regulation for Prohibitions on Use of Certain Hydrofluorocarbons in Stationary Refrigeration and Foam End-Uses

The Board will consider adopting a proposed regulation for prohibitions on the use of certain high-global warming potential hydrofluorocarbons (HFC) in stationary refrigeration and foam end-uses. The objective is to preserve HFC emissions reductions expected from the federal Significant New Alternatives Policy (SNAP) Rules for certain end-uses for which compliance dates have either already passed or are imminent. A recent United States Court of Appeals, District of Columbia Circuit decision jeopardizes CARB's partial reliance on the federal SNAP Rules to meet Senate Bill 1383 HFC emissions reduction goals. This proposed regulation is necessary to preserve progress towards these important goals.

18-2-10 Report from the Office of the Ombudsman 2017

The Board will hear a report on the 2017 enhancements to the California Air Resources Board's Ombudsman and Small Business program, including a plan for a more comprehensive engagement process for regulated small businesses.

CLOSED SESSION

The Board will hold a closed session, as authorized by Government Code section 11126(e), to confer with, and receive advice from, its legal counsel regarding the following pending or potential litigation, and as authorized by Government Code section 11126(a):

American Fuels and Petrochemical Manufacturers, et al. v. Jane O’Keeffe, et al., U.S. District Court (D. Ore. Portland), Case No. 3:15-CV-00467; Plaintiffs’ appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 15-35834.

California et al. v. U.S. Department of Transportation et al., United States District Court, Northern District of California, Case No. 4:17-CV-05439.

Electric Power Supply Association, et al. v. Star, et al., U.S. Court of Appeals, Seventh Circuit, Case No. 17-2445.

Friends of Oceano Dunes, Inc. v. California Coastal Commission, et al., Superior Court of California, San Luis Obispo County, Case No. 17CV-0576.

In re La Paloma Generating Company, LLC, U.S. Bankruptcy Court, District of Delaware, Case No. 16-bk-12700.

Mexichem Fluor Inc. v. United States Environmental Protection Agency et al., U.S. Court of Appeals, District of Columbia Circuit, Case Nos. 15-1328 and 15-1329.

POET, LLC, et al. v. California Air Resources Board, et al., Superior Court of California (Fresno County), Case No. 09CECG04659; plaintiffs’ appeal, California Court of Appeal, Fifth District, Case No. F064045; California Supreme Court, Case No. S213394 [remanded to trial court]; plaintiff’s appeal of trial court order discharging peremptory writ of mandate, Court of Appeal, Fifth District, Case No. F073340.

POET, LLC, et al. v. California Air Resources Board, et al., Superior Court of California (Fresno County), Case No. 15CECG03380.

Rocky Mountain Farmers Union, et al. v. Corey, U.S. District Court (E.D. Cal. Fresno), Case No. 1:09-CV-02234-LJO-DLB; ARB interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 12-15131 [remanded to trial court].

American Fuels and Petrochemical Manufacturers, et al. v. Corey, et al., U.S. District Court (E.D. Cal. Fresno), Case No. 1:10-CV-00163-AWI-GSA; ARB’s interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 10-CV-00163 [remanded to trial court].

Sowinski v. California Air Resources Board, et al., U.S. District Court, Central District of California, Case No. 8:15-CV-02123.

State of California, et al. v. United States Environmental Protection Agency et al., U.S. District Court, Northern District of California, Oakland Division, Case No. 4:17-cv-6936-HSG.

State of New York, et al. v. United States Environmental Protection Agency et al., U.S. Court of Appeals, District of Columbia Circuit, Case No. 17-1185.

States of New York, California, Vermont, and Maryland, and the Commonwealth of Pennsylvania v. National Highway Traffic Safety Administration, U.S. Court of Appeals, Second Circuit, Case Nos. 17-2780(L) and 17-2806.

State of North Dakota, et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 16-1242.

State of North Dakota v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 15-1381.

State of West Virginia et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 15-1363.

State of Wyoming, et al. v. United States Department of the Interior, et al., U.S. District Court, District of Wyoming, Case No. 16-CV-285-SWS.

Adam Brothers Farming, Inc. v. California Air Resources Board, et al., Santa Barbara County Superior Court, Case No. 15 CV04432.

Alliance for California Business v. California Air Resources Board, et al., Glenn County Superior Court, Case No. 13CV01232; plaintiffs' appeal, Court of Appeal, Third District, Case No. C082828.

Alliance for California Business v. California State Transportation Agency, et al., Sacramento County Superior Court, Case No. 34-2016-80002491.

American Coatings Association, Inc. v. State of California and California Air Resources Board, Sacramento County Superior Court, Case No. 04CS01707.

Jack Cody dba Cody Transport v. California Air Resources Board, et al., Sacramento Superior Court, Case No. 34-2015-80002116; plaintiff's appeal, Court of Appeal, Third District, Case No. C083083.

Dalton Trucking, Inc. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 13-1283 (dismissed), U.S. Court of Appeals, Ninth Circuit, Case No. 13-74019.

John R. Lawson Rock & Oil, Inc. et al. v. California Air Resources Board et al., Fresno County Superior Court, Case No. 14-CECG01494; ARB's appeal, Court of Appeal, Fifth District, Case No. F074003.

Murray Energy Corporation v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 15-1385.

Truck Trailer Manufacturers Association, Inc. v. United States Environmental Protection Agency, et al., U.S. Court of Appeals, District of Columbia Circuit, Case No. 16-1430.

California Air Resources Board v. Adam Brothers Farming Inc., Santa Barbara County Superior Court, Case No. 16CV01758.

People v. Southern California Gas Company, Los Angeles Superior Court, Case No. BC 602973.

In re: Volkswagen "Clean Diesel" MDL, United States District Court, Northern District of California, Case No. 15-MD-2672-CRB (JSC).

Mahan v. California Air Resources Board, Sacramento County Superior Court, Case No. 34-2016-80002416.

OPPORTUNITY FOR MEMBERS OF THE BOARD TO COMMENT ON MATTERS OF INTEREST

Board members may identify matters they would like to have noticed for consideration at future meetings and comment on topics of interest; no formal action on these topics will be taken without further notice.

OPEN SESSION TO PROVIDE AN OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD ON SUBJECT MATTERS WITHIN THE JURISDICTION OF THE BOARD

Although no formal Board action may be taken, the Board is allowing an opportunity to interested members of the public to address the Board on items of interest that are within the Board's jurisdiction, but that do not specifically appear on the agenda. Each person will be allowed a maximum of three minutes to ensure that everyone has a chance to speak.

TO ELECTRONICALLY SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO:

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(Note: not all agenda items are available for electronic submittals of written comments.)

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SPECIAL ACCOMMODATION REQUEST

Consistent with California Government Code Section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format or another language;
- A disability-related reasonable accommodation.

To request these special accommodations or language needs, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than 7 business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

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- Un intérprete que esté disponible en la audiencia
- Documentos disponibles en un formato alterno u otro idioma
- Una acomodación razonable relacionados con una incapacidad

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 322-5594 o envíe un fax a (916) 322-3928 lo más pronto posible, pero no menos de 7 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

SMOKING IS NOT PERMITTED AT MEETINGS OF THE CALIFORNIA AIR RESOURCES BOARD

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 12, 2018

Re: Participation in Community Air Protection Program Fiscal Year Ending (FYE) 2017-
2018

RECOMMENDATIONS

Recommend the Board of Directors:

1. Approve the Air District's acceptance of the Fiscal Year Ending 2017-2018, Community Air Protection Program funds and
2. Authorize the Executive Officer/Air Pollution Control Officer to execute all necessary agreements with ARB to implement the program.

BACKGROUND

Assembly Bill 109 (Ting, Chapter 249, Budget Act of 2017) provides funds for the California Air Resources Board (ARB) to allocate to local air quality districts for expenses related to Assembly Bill 617 (C. Garcia, Chapter 136, Statutes of 2017). The California Air Pollution Control Officers Association Board approved an allocation plan for distribution of available funds to the air quality districts.

DISCUSSION

The ARB has requested that the Air District's Board of Directors execute a resolution (see Attachment 7A) to accept this funding.

BUDGET CONSIDERATION / FINANCIAL IMPACT

These funds are included in the proposed Air District FYE 2019 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

Attachment 7A: Resolution to Accept Community Air Protection Program Funds from the
California Air Resources Board

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION No. 2018 -

**A Resolution Accepting Community Air Protection Program Funds
from the California Air Resources Board**

WHEREAS, Assembly Bill 109 (Ting, Chapter 249, Budget Act of 2017) provides funds for the California Air Resources Board (ARB) to allocate to local air quality districts;

WHEREAS, Assembly Bill 617 (C. Garcia, Chapter 136, Statutes of 2017) directs air districts to implement a Community Air Protection Program;

WHEREAS, the California Air Pollution Control Officers Association Board approved an allocation plan for the available funds;

WHEREAS, ARB will authorize a grant to the District to implement the Community Air Protection Program upon approval by the Board of Directors to accept such grant of funds;

WHEREAS, ARB will award a grant in the amount of \$4,800,000 for Fiscal Year Ending 2017-2018.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby approves the Air District's acceptance of the Fiscal Year Ending 2017-2018, Community Air Protection Program funds, to be awarded to eligible District projects in accordance with the ARB Community Air Protection Program guidelines.

BE IT FURTHER RESOLVED, the Executive Officer/Air Pollution Control Officer is hereby authorized and empowered to execute on behalf of the District all necessary agreements with ARB to implement and carry out the purposes of this resolution.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the

Motion of Director _____, seconded by Director _____, on the _____ day of _____, 2018, by the following vote of the Board:

AYES:

NOES:

ABSENT:

Dave Hudson
Chairperson of the Board of Directors

ATTEST:

Rod Sinks
Secretary of the Board of Directors

DRAFT

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 9, 2018

Re: Report of the Ad Hoc Refinery Oversight Committee Meeting of April 9, 2018

RECOMMENDED ACTION

A) Update on the Role of the Ad Hoc Refinery Oversight Committee, Background on Refinery Operations and Applicable Regulations in the Bay Area

1) None; receive and file.

B) Project Overview and Permit Status of the Bay Area Refinery Projects

1) None; receive and file.

BACKGROUND

The Committee met on Monday, April 9, 2018, and received the following reports:

A) Update on the Role of the Ad Hoc Refinery Oversight Committee, Background on Refinery Operations and Applicable Regulations in the Bay Area; and

B) Project Overview and Permit Status of the Bay Area Refinery Projects.

Chairperson Cindy Chavez will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

A) None; and

B) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marjorie Villanueva
Reviewed by: Vanessa Johnson

Attachment 8A: 04/09/18 – Ad Hoc Refinery Oversight Committee Meeting Agenda #2
Attachment 8B: 04/09/18 – Ad Hoc Refinery Oversight Committee Meeting Agenda #3

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Cindy Chavez and Members
of the Ad Hoc Refinery Oversight Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 2, 2018

Re: Update on the Role of the Ad Hoc Refinery Committee, Background on Refinery
Operations and Applicable Regulations in the Bay Area

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Petroleum refineries are significant sources of pollutants on both the global (greenhouse gases) and regional/local scale (toxic air contaminants and criteria pollutants). Many Bay Area residents have expressed concern about the impact of this pollution on the climate, environment and public health. Though Bay Area refinery emissions have declined over time, it is possible that, as refinery operations change in the future, emissions could increase.

In recognition of the concerns of the public and non-governmental organizations (NGOs) regarding refinery matters; the complexity of the facilities and their operations; and the need for a broader range of Board of Directors (Board) members to understand these topics in depth; the Board formed the Ad-Hoc Refinery Committee in 2018.

DISCUSSION

Currently, there are five petroleum refineries located in the Bay Area within the jurisdiction of the Air District:

1. Chevron Products Company, Richmond (BAAQMD Plant #10)
2. Phillips 66 Company—San Francisco Refinery, Rodeo (BAAQMD Plant #21359)
3. Shell Martinez Refinery, Martinez (BAAQMD Plant #11)
4. Tesoro Refining and Marketing Company, Martinez (BAAQMD Plant #14628)
5. Valero Refining Company—California, Benicia (BAAQMD Plant #12626)

These facilities process crude oil into a variety of products such as gasoline, aviation fuel, diesel and other fuel oils, lubricating oils, and feedstocks for the petrochemical industry.

As part of this agenda item, staff will discuss the role of the Ad-Hoc Refinery Committee; provide a background on how refinery facilities operate and how they are permitted; and discuss the Air District regulations that apply to these facilities. Attachment 2A to the staff report contains an overview of refinery processes, emissions and regulations.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

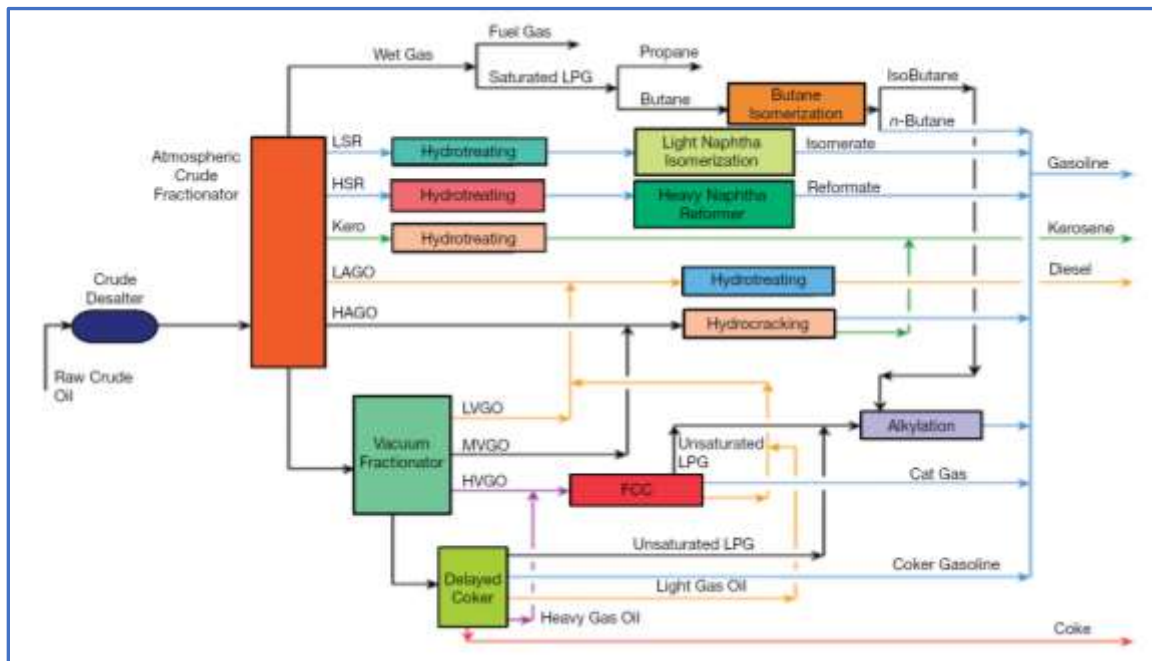
Prepared by: Pamela Leong
Reviewed by: Damian Breen

Attachment 8A: Refinery Process Overview, Emissions and Regulations

PETROLEUM REFINERY PROCESS DESCRIPTION

Petroleum refineries process crude oil into a variety of products such as gasoline, aviation fuel, diesel and other fuel oils, lubricating oils, and feedstocks for the petrochemical industry. The diagram in Figure 1 illustrates how various process units at petroleum refineries convert raw crude oil (petroleum) into fuels and other products.

Figure 1: Refinery Flow Diagram



Legend: LSR = light straight-run naphtha; HSR = heavy straight-run naphtha; Kero = kerosene; LAGO = light atmospheric gas oil; HAGO = heavy atmospheric gas oil; LVGO = light vacuum gas oil; MVGO = medium vacuum gas oil; HVGO = heavy vacuum gas oil.

The processing of crude oil occurs in various process units or plants; some of the primary process units include:

- **Crude Desalter:** Crude oil is mixed with water to separate the salt and sediments from the crude oil.
- **Crude Unit:** The incoming desalted crude oil is heated and distilled into various fractions for further processing in other units.
- **Gas Concentration Unit:** Light hydrocarbons from the top of the crude unit are separated and distributed in the refinery fuel gas (RFG) system for use as fuel for heaters and boilers.
- **Vacuum Distillation Unit:** The residue oil from the bottom of the crude oil distillation unit is further distilled under heavy vacuum.
- **Hydrotreater:** Naphtha, kerosene, and gas oil from the crude unit have sulfur and nitrogen removed by using hydrogen and converting the organically bound sulfur

into hydrogen sulfide (a toxic compound) and nitrogen into ammonia (a toxic compound).

- Fluidized Catalytic Cracker Unit: Longer chain, higher boiling hydrocarbons such as heavy oils are broken (or “cracked”) into lighter, shorter molecules at high temperatures and moderate pressure in the presence of a catalyst. This process is so named because the catalyst is so fine that it behaves like a fluid.
- Butane Isomerization Unit: Polymers of butane are reformed into isobutane for use in the alkylation process. Alkylates are used in blending gasoline to boost the octane rating. Alkylates are considered one of the highest quality refinery products.
- Light Naphtha Isomerization Unit: Benzene is saturated and short, straight-chain hydrocarbons are isomerized into branched-chain hydrocarbons.
- Heavy Naphtha Reformer and Hydrotreater: Low-octane linear hydrocarbons (paraffins) are converted into aromatics using a catalyst. The process also forms hydrogen - used in the refinery’s hydrocracking and hydrotreating units - and benzene, toluene, and xylene (BTX) feedstocks, used in other process units.
- Hydrocracker Unit: Hydrogen is used to upgrade heavier fractions into lighter, more valuable products, such as diesel and jet fuel, in a high-pressure system.
- Alkylation Unit: Butene and propene are reacted with isobutane into alkylate, a high-octane gasoline component.
- Delayed Coker: Very heavy residual oils are converted into end-product petroleum coke as well as naphtha and diesel oil byproducts. There are two other types of cokers: a fluid coker and flexicoker. A fluid coker differs from a delayed coker in that a fluid coker is a continuous process while a delayed coker is a batch process. A flexicoker differs from both a delayed coker and fluid coker in that it produces fuel for a refinery to use.
- Claus Sulfur Plant: A two-step (thermal and catalytic) process for recovering sulfur from gaseous hydrogen sulfide (H_2S) derived from refining crude oil. In the thermal step, H_2S laden gas is combusted to form elemental sulfur and sulfur dioxide (SO_2). In the catalytic step, a catalyst is used to boost the sulfur yield. In this step, H_2S reacts with SO_2 to form elemental sulfur.

The typical processes performed at a refinery are described in greater detail below:

a. Separation Processes

Crude oil consists of a complex mixture of hydrocarbon compounds with small amounts of impurities such as sulfur, nitrogen, and metals. The first phase in petroleum refining is the separation of crude oil into its major constituents using distillation and "light ends" recovery (i.e., gas processing) that splits crude oil constituents into component parts known as "boiling-point fractions."

b. Conversion Processes

Crude oil components such as residual oils, fuel oils, and other light fractions are converted to high-octane gasoline, jet fuel, and diesel fuel, gasoline by various processes. These processes, such as cracking, coking, and visbreaking (a form of thermal cracking

that breaks the viscosity), are used to break large petroleum molecules into smaller ones. Polymerization and alkylation processes are used to combine small petroleum molecules into larger ones. Isomerization and reforming processes are applied to rearrange the structure of petroleum molecules to produce higher-value molecules using the same atoms.

c. Treating Processes

Petroleum treating processes stabilize and upgrade petroleum products by separating them from less desirable products, and by removing other elements. Treating processes, employed primarily for the separation of petroleum products, include processes such as de-asphalting. Elements such as sulfur, nitrogen, and oxygen are removed by hydrodesulfurization, hydrotreating, chemical sweetening, and acid gas removal.

d. Feedstock and Product Handling

Refinery feedstock and product handling operations consist of unloading, storage, blending, and loading activities.

e. Auxiliary Facilities

A wide assortment of processes and equipment not directly involved in the processing of crude oil are used in functions vital to the operation of the refinery. Examples include steam boilers, wastewater treatment facilities, hydrogen plants, cooling towers, and sulfur recovery units. Products from auxiliary facilities (e.g., clean water, steam, and process heat) are required by most process units throughout a refinery.

f. Emissions from Refinery Processing

These primary process units, minor process units, auxiliary equipment (boilers, turbines, heat exchangers, etc.), and other refinery activities (such as truck and loader traffic) emit a variety of criteria pollutants, toxic pollutants (toxic air contaminants), and climate pollutants (greenhouse gases). Other sources of emissions include waste water treatment, tanks, leaking equipment, pressure relief devices, flares, marine terminals, and product loading, which are collectively subject to at least ten different Air District regulations. (A more detailed discussion on refinery emissions is provided below.)

PETROLEUM CRUDE OIL

Petroleum crude oil consists of a complex mixture of hydrocarbon compounds with smaller amounts of impurities, including sulfur, nitrogen, oxygen, a variety of toxic compounds, organic acids, and metals (e.g., iron, copper, nickel, and vanadium). Crude oil is most often characterized by the oil's density (light to heavy) and sulfur content (sweet to sour). A more detailed explanation of these terms and others used to describe crude oil follows below.

Each of the properties described below is required to be included in the periodic monthly Crude Slate Report described in Regulation 12, Rule 15 (Rule 12-15) because each relates to emissions of air pollutants. The purpose of the crude slate reporting in Rule 12-

15 is to establish a baseline crude slate for each of the refineries and then to track changes in that crude slate, along with improved emissions data, to monitor the relationship between crude slate and emissions from the refineries.

a. API Gravity

The industry standard measure for crude oil density is American Petroleum Institute (API) gravity, which is expressed in units of degrees, and which is inversely related to density (i.e., a lower API gravity indicates higher density; a higher API gravity indicates lower density). Refineries convert crude oils to gaseous products (propane gas for sale and "fuel gas" that is consumed at the refinery), high-value transportation fuels (gasoline, diesel and jet fuel) and lower-value heavy oils (such as "bunker fuel" that is used by ocean-going vessels). Crude oils with higher API gravity can theoretically be converted to higher-value light products with less processing than crude oils with lower API gravity. Refinery operators have asserted that, although this may suggest that a refinery operator would prefer to use high API gravity crudes exclusively, this is not the case because each refinery is designed and equipped to process crude oil with API gravity in a certain range. Processing crude oil outside of the design range—even if it is "light" crude—will result in processing bottlenecks that reduce the overall efficiency of the refinery.

b. Sulfur Content ("Sweet" and "Sour" Crude)

Sulfur is an impurity that occurs in crude oil and arrives in various forms including: elemental sulfur (S), hydrogen sulfide (H₂S), carbonyl sulfide (COS), inorganic forms, and most importantly, organic forms that include: mercaptans, sulfides, and polycyclic sulfides. "Sweet crude" is commonly defined as crude oil with sulfur content less than 0.5 percent, while "sour crude" has sulfur content greater than 0.5 percent. Sweet crude is more desirable because sulfur must be removed from the crude oil to produce more valuable refined products such as gasoline, diesel and aviation fuels.

c. Vapor Pressure

Vapor pressure is a measure of crude oil volatility. Higher vapor pressure crude oil contains greater amounts of light Volatile Organic Carbon (VOC) compounds.

d. BTEX (Benzene, Toluene, Ethylbenzene, Xylene) Content

BTEX content is a measure of the benzene, toluene, ethylbenzene, and xylene content in crude oil.

e. Metals (Iron, Nickel and Vanadium) Content

The metals content of crude oil indicates both the solids contamination of crude oil and the potential for organic metals compounds in the heavy gas oil component of crude oil.

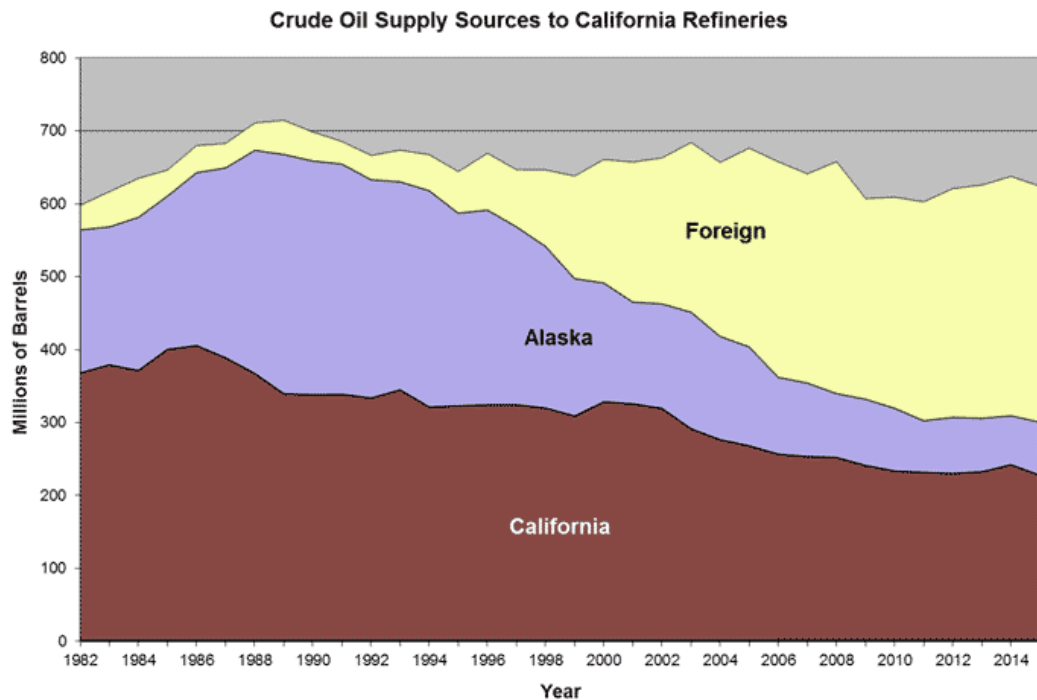
f. Possible Changes in Emissions Due to Changes in Crude Oil

In the past several years, new sources of crude oil—including American shale oil and Canadian tar sands-derived oil—have become available to petroleum refineries in North America, including Bay Area refineries. The crude oil derived from shale, now accessible because of technological improvements in hydraulic fracturing ("fracking"), tends to be light and sweet. However, this crude oil has higher VOC and H₂S content than some other

crude oils. Crude oil from tar sands, currently under development in the Canadian province of Alberta, tends to be heavy and sour.

To maximize production, refineries are designed to process crude oils within a certain range of compositions—often referred to as “crude window.” For example, a refinery that is designed to process more sour crude must have the capacity to remove large amounts of sulfur from the crude oil, while a refinery designed to process sweet crude does not require as much sulfur processing capacity. Bay Area refineries traditionally process heavier and more sour crude oils because, for many years, much of the crude supply has been heavy sour crude from Kern County and medium sour crude from Alaska. The refineries would likely need to make changes to their facilities to accommodate different sources of crude oil with different compositions to maintain current production levels. Figure 2, shows the trends in crude sources for California refineries.

Figure 2: Crude Oil Supply Sources to California Refineries



2018

Source: California Energy Commission

It is anticipated that refineries may update and/or modify their equipment to meet stricter regulatory fuel requirements and potentially to process crude oil from different sources. Rule 12-15 was adopted to monitor the key data so that staff can determine if emissions changes are potentially driven by changes in crude slate.

AIR POLLUTANTS EMITTED FROM PETROLEUM REFINERIES

Air pollutants are categorized and regulated based on their properties and there are three primary categories of regulated air pollutants: (1) criteria pollutants; (2) toxic pollutants (toxic air contaminants, which in federal programs are referred to as "hazardous air pollutants"); and (3) climate pollutants (e.g., greenhouse gases). Additional categories of air pollutants include odorous compounds and visible emissions, although these are most often also components of one or more of the three primary categories of regulated air pollutants listed above.

a. Criteria Pollutants

Criteria pollutants have regional or basin-wide impacts and are emissions for which ambient air quality standards (AAQS) have been established, or are atmospheric precursors to such air pollutants (i.e., they participate in photochemical reactions to form a criteria pollutant, such as ozone). The AAQS are air concentration-based standards that are established to protect public health and welfare. The U.S. Environmental Protection Agency (EPA) sets AAQS on a national basis (National Ambient Air Quality Standards, or NAAQS), and CARB sets AAQS for the state of California (California Ambient Air Quality Standards, or CAAQS). Although there is some variation in the specific pollutants for which NAAQS and CAAQS have been set, the term "criteria pollutants" generally refers to the following:

- Carbon monoxide (CO);
- Nitrogen dioxide (NO₂) and oxides of nitrogen (NO_x);
- Particulate matter (PM) in two size ranges—diameter of 10 micrometers or less (PM₁₀), and diameter of 2.5 micrometers or less (PM_{2.5});
- Precursor Organic Compounds (POCs) for the formation of ozone and PM_{2.5}; and
- Sulfur dioxide (SO₂).

Each of these criteria pollutants is emitted by petroleum refineries. Most of these criteria pollutants result from fossil fuel combustion. Typically, these emissions would increase when GHG emissions increase. However, most of the refinery equipment is subject to regulatory and permitting requirements that limit emissions of criteria pollutants. And, any significant equipment change that would lead to increased emissions is subject to the Air District's very strict permitting regulations. So, the extent to which criteria pollutant emissions would increase in tandem with GHG emissions would vary by project and refinery.

b. Toxic Pollutants

Toxic pollutants, also known as toxic air contaminants (TACs), have localized impacts and are emissions for which AAQS generally have not been established, but that nonetheless may result in human health risks. TACs generally are emitted in much lower quantities than criteria pollutants, and may vary markedly in their relative toxicity (i.e., some TACs cause health impacts at lower concentrations than other TACs). The state

list of TACs currently includes approximately 190 separate chemical compounds and groups of compounds. TACs emitted from petroleum refineries include volatile organic TACs (e.g., acetaldehyde, benzene, 1,3-butadiene, formaldehyde, and xylenes); semi-volatile and non-volatile organic TACs (e.g., benzo(a)pyrene, chlorinated dioxin/furans, cresols, and naphthalene); metallic TACs (e.g., compounds containing arsenic, cadmium, chromium, mercury, and nickel); and inorganic TACs (e.g., chlorine, hydrogen sulfide, and hydrogen chloride). The Air District address TAC emissions from refineries and other sources through Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities. The TACs that drive health risk from refineries are usually associated with leaks from equipment and tanks, these high risk pollutants, such as benzene, are not correlated to GHG emissions.

c. Climate Pollutants

Climate pollutants (greenhouse gases or GHGs) are emissions that contribute to global anthropogenic climate change. Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and three groups of fluorinated compounds (hydrofluorocarbons, or HFCs; perfluorocarbons, or PFCs; and sulfur hexafluoride, or SF₆) are the major anthropogenic GHGs, and are regulated under the federal Clean Air Act and the California Global Warming Solutions Act (AB 32). The climate pollutants emitted from petroleum refineries include CO₂, CH₄, and N₂O.

d. Refinery Air Pollution in Context

Refineries are a significant source of air pollutants in general. In the counties where the refineries are located, their emissions can be more significant on a percentage basis, especially for SO₂ and PM_{2.5}.

The tables below are based on 2012 emissions data and do not account for the benefits of recent Air District rulemaking that are projected to reduce refinery criteria pollutant emissions by approximately 17 percent. They also do not include the benefits of rules under development to reduce SO₂ emissions from refineries. The tables compare refinery emissions of key criteria pollutants to other emissions both in the Bay Area and in Contra Costa and Solano counties where the refineries are located.

Table 1: Bay Area Emissions of Relevant Pollutants by Source Category

Source Category	Emissions							
	PM _{2.5}		Anthropogenic ROG		NO _x		SO ₂	
	(tons/yr.)	%	(tons/yr.)	%	(tons/yr.)	%	(tons/yr.)	%
Refineries	1,524	9	5,399	6	4,248	4	2,890	41
Coke Calcining	28	0.2	0.2	< 0.1	239	0.2	1,242	17
Cement Plant	23	0.1	40	< 0.1	2,170	2	912	13
Major Industrial	1,839	11	17,639	18	5,765	5	581	8
Residential/Commercial	5,519	34	27,862	28	5,531	5	326	5
Agricultural	471	3	2,049	2	0	0	0	0
Miscellaneous	986	6	116	0.1	10	< 0.1	0	0
Mobile Sources	5,945	36	44,659	46	91,473	83.6	1,168	16
Total Emissions	16,335	100%	97,763	100%	109,436	100%	7,119	100%

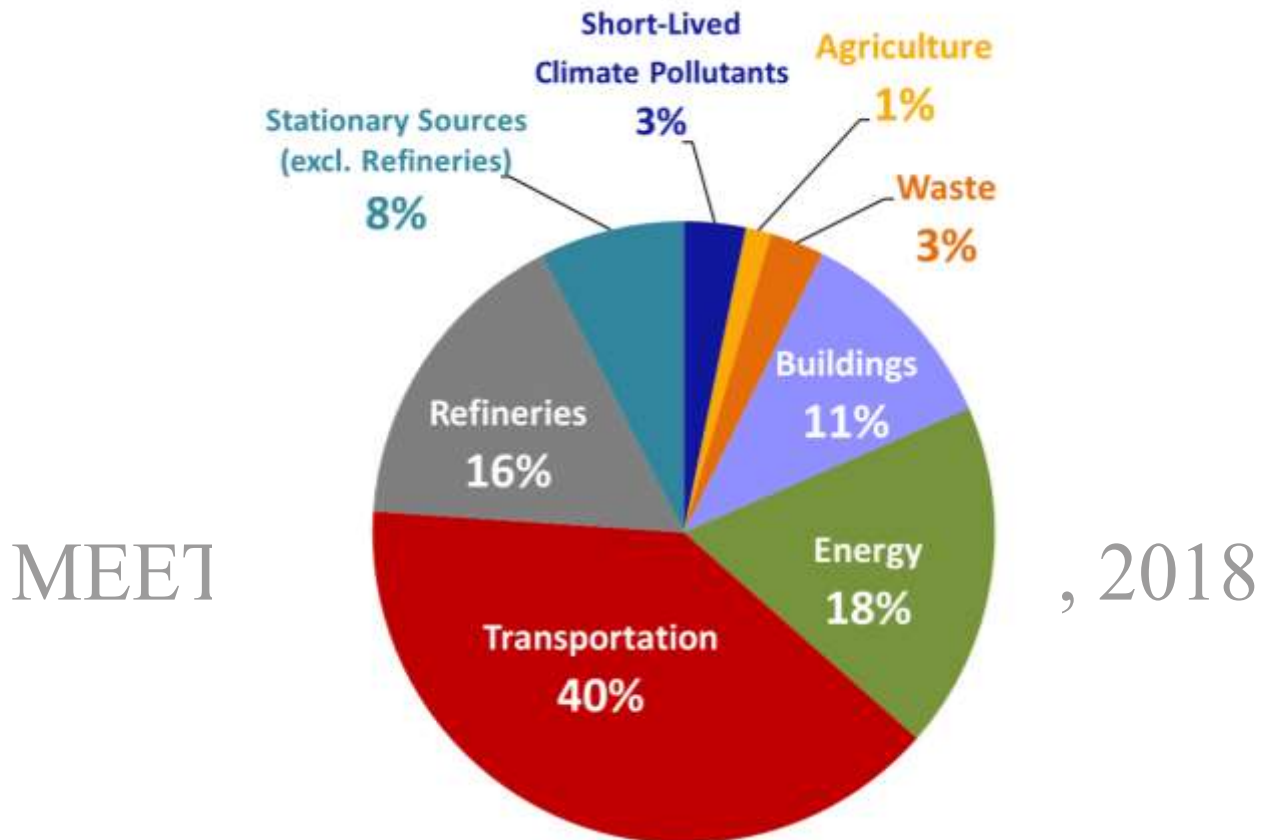
Table 2: Emissions of Relevant Pollutants by Source Category for Contra Costa and Solano Counties

Source Category	Emissions							
	PM _{2.5}		Anthropogenic ROG		NO _x		SO ₂	
	(tons/yr.)	%	(tons/yr.)	%	(tons/yr.)	%	(tons/yr.)	%
Refineries	1,524	29	5,399	23	4,248	17	2,890	63
Coke Calcining	28	1	0.2	0.001	239	1	1,242	27
Cement Plant	0	0	0	0	0	0	0	0
Major Industrial	569	11	3,383	14	2,131	8	85	2
Residential/Commercial	1,548	29	5,649	24	1,122	4	49	1
Agricultural	97	2	369	2	0	0	0	0
Miscellaneous	294	6	20	0.1	2	0	0	0
Mobile Sources	1,212	23	9,041	38	17,703	70	296	6
Total	5,272	100%	23,859	100%	25,445	100%	4,563	100%

1. Emissions from biogenic sources and accidental fires are not included in this inventory. Mobile emissions include shipping emissions within 3 nautical miles of the Bay Area coastline.
2. PM_{2.5} emissions for the Refineries category include condensable and filterable PM. Condensable PM data are not available for other source categories at this time.

Refineries are also a significant source of GHG emissions. They produce about two-thirds of the industrial GHG emissions in the Bay Area. Mobile sources are the largest source of GHG emissions overall. Refining and use of transportation fuels together account for 56 percent of GHG emissions in the Bay Area.

Figure 2: Bay Area GHG Emissions by Economic Sector for Year 2013



1. Emissions for the energy sector include electricity generation and co-generation for the Bay Area region, including imported electricity.
2. Emissions associated with fuel usage (solid, liquid and gas) are apportioned according to its use; residential and commercial fuel usage is attributed to the buildings sector while industrial fuel usage is accounted for in the stationary sources or refinery sectors.

Regulation of Air Pollutants from Petroleum Refineries

1. CRITERIA POLLUTANTS

Bay Area refineries are subject to various air quality regulations that have been adopted by the Air District, CARB, and the EPA. These regulations contain standards that ensure emissions are effectively controlled, including:

- Requiring the use of specific emission control strategies or equipment (e.g., the use of floating roofs on tanks for limiting VOC emissions);

- Requiring that emissions generated by a source be controlled by at least a specified percentage (e.g., 95 percent control of VOC emissions from pressure relief devices);
- Requiring that emissions from a source not exceed specific concentration levels (e.g., 100 parts per million [ppm] by volume of VOC for equipment leaks unless those leaks are repaired within a specific timeframe; 250 ppm by volume SO₂ in exhaust gases from sulfur recovery units; 1,000 ppm by volume SO₂ in exhaust gases from catalytic cracking units);
- Requiring that emissions not exceed certain quantities for a given amount of material processed or fuel used at a source (e.g., 0.033 pounds NO_x per million BTU of heat input, on a refinery-wide basis, for boilers, process heaters, and steam generators);
- Requiring that emissions be controlled sufficiently so that concentrations beyond the facility's property are below specified levels (e.g., 0.03 ppm by volume of hydrogen sulfide [H₂S] in the ambient air);
- Requiring that emissions from a source not exceed specified opacity levels based on visible emissions observations (e.g., no more than 3 minutes in any hour in which emissions are as dark or darker than No. 1 on the Ringelmann Smoke Chart); and
- Requiring that emissions be minimized by the use of all feasible prevention measures (e.g., flaring prohibited unless it is in accordance with an approved Flare Minimization Plan).

Air quality rules generally do not expressly limit mass emissions (e.g., pounds per year of any specific air pollutant) from affected equipment unless that equipment was constructed or modified after March 7, 1979, and was subject to the Air District's New Source Review (NSR) rule. All Bay Area refineries have "grandfathered" emission sources that were not subject to NSR but are generally regulated by equipment-specific Air District regulations or operational conditions contained in Air District permits. As a result, none of the Bay Area refineries have overall mass emission limits that apply to the entire refinery. Nonetheless, mass emissions of regulated air pollutants from Bay Area refineries are tracked at the source level, and these mass emissions generally have been substantially reduced over the past several decades.

Air pollutant emissions from Bay Area petroleum refineries have been regulated for more than 50 years, with most of the rules and regulations adopted following enactment of the 1970 Clean Air Act amendments. The Air District has the primary responsibility to regulate "stationary sources" of air pollution in the Bay Area, and the Air District has adopted many rules and regulations that apply to petroleum refineries (see below).

2. TOXIC POLLUTANTS

The Air District uses three approaches to reduce TAC emissions and to reduce the health impacts resulting from TAC emissions: (1) Specific rules and regulations, including federal, state, and Air District regulations such as Regulation 11, Rule 18; (2) Preconstruction review; and (3) the AB 2588 Air Toxics “Hot Spots” Program. The state list of TACs currently includes approximately 190 separate chemical compounds and groups of compounds. TACs emitted from petroleum refineries include volatile organic TACs (e.g., acetaldehyde, benzene, 1,3-butadiene, formaldehyde, and xylenes); semi-volatile and non-volatile organic TACs (e.g., benzo(a)pyrene, chlorinated dioxin/furans, cresols, and naphthalene); metallic TACs (e.g., compounds containing arsenic, cadmium, chromium, mercury, and nickel); and inorganic TACs (e.g., chlorine, hydrogen sulfide, and hydrogen chloride).

3. ACCIDENTAL RELEASE REGULATION

In addition to Air District regulations, petroleum refineries are also subject to regulatory programs that are intended to prevent accidental releases of regulated substances. Accidental release prevention programs in California are implemented and enforced by local administering agencies, which, in the case of the Bay Area refineries, are Solano County (for the Valero Refining Company) and Contra Costa County (for Chevron Products Company, Phillips 66 Company, Shell Martinez Refinery, and Tesoro Refining and Marketing Company).

The primary regulatory programs of this type are based on requirements in the amendments to the 1990 Clean Air Act as follows: (1) the Process Safety Management (PSM) program, which focuses on protecting workers, and which is administered by the U.S. Occupational Safety & Health Administration (OSHA); and (2) the Accidental Release Prevention program (commonly referred to as the Risk Management Program, or RMP), which focuses on protecting the public and the environment, and which is administered by EPA. Bay Area refineries are subject to Cal/OSHA’s PSM program, which is very similar to the federal OSHA program focusing on worker safety, but with certain more stringent state provisions. Bay Area refineries are subject to the California Accidental Release Prevention (CalARP) Program, which is very similar to EPA’s RMP program to limit exposure of the public, but with certain more stringent State provisions. In addition, Contra Costa County and the City of Richmond have both adopted an Industrial Safety Ordinance (ISO). These ISOs are very similar to CalARP requirements, but with certain more stringent local provisions.

4. AIR DISTRICT RULES AFFECTING REFINERIES

The following is a partial list of the air pollution rules and regulations that the Air District implements and enforces at Bay Area refineries:

- Regulation 1: General Provisions and Definitions
 - Regulation 2, Rule 1: Permits, General Requirements
 - Regulation 2, Rule 2: New Source Review
 - Regulation 2, Rule 5: New Source Review of Toxic Air Contaminants
 - Regulation 2, Rule 6: Major Facility Review (Title
 - Regulation 6, Rule 5: Particulate Emissions from Refinery Fluidized Catalytic Cracking Units
 - Regulation 8, Rule 1: Organic Compounds, General Provisions
 - Regulation 8, Rule 2: Organic Compounds, Miscellaneous Operations
 - Regulation 8, Rule 5: Storage of Organic Liquids
 - Regulation 8, Rule 6: Terminals and Bulk Plants
 - Regulation 8, Rule 8: Wastewater (Oil-Water) Separators
 - Regulation 8, Rule 9: Vacuum Producing Systems
 - Regulation 8, Rule 10: Process Vessel Depressurization
 - Regulation 8, Rule 18: Equipment Leaks
 - Regulation 8, Rule 28: Episodic Releases from Pressure Relief Devices at Petroleum Refineries and Chemical Plants
 - Regulation 8, Rule 44: Marine Vessel Loading Terminals
 - Regulation 9, Rule 1: Sulfur Dioxide
 - Regulation 9, Rule 2: Hydrogen Sulfide
 - Regulation 9, Rule 8: Nitrogen Oxides and Carbon Monoxide from Stationary Internal Combustion Engines
 - Regulation 9, Rule 9: Nitrogen Oxides and Carbon Monoxide from Stationary Gas Turbines
 - Regulation 9, Rule 10: Nitrogen Oxides and Carbon Monoxide from Boilers, Steam Generators and Process Heaters in Petroleum Refineries
 - Regulation 9, Rule 14: Petroleum Coke Calcining Operations
 - Regulation 11, Rule 10: Cooling Towers
 - Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities
 - Regulation 12, Rule 11: Flare Monitoring at Petroleum Refineries
 - Regulation 12, Rule 12: Flares at Petroleum Refineries
 - Regulation 12, Rule 15: Petroleum Refinery Emissions Tracking
 - 40 CFR Part 60, Subpart J: Standards of Performance for Petroleum Refineries (NSPS)
 - 40 CFR Part 61, Subpart FF: Benzene Waste Operations (NESHAP)
 - 40 CFR Part 63, Subpart CC: Petroleum Refineries (NESHAP)
 - 40 CFR Part 63, Subpart UUU: Petroleum Refineries: Catalytic Cracking, Catalytic Reforming, and Sulfur Plant Units (NESHAP)
- State Airborne Toxic Control Measure for Stationary Compression Ignition (Diesel) Engines (ATCM).

5. Air District Permitting

In addition to enforcing federal, state, and District source-specific rules, the Air District issues permits which contain conditions limiting air emissions. Under California law, the authority to issue permits is vested in the Air Pollution Control Officer and is thus a staff function. The Air District issues essentially two types of permits: preconstruction permits and permits to operate. There are both Air District and federal programs for preconstruction and operating permits.

A preconstruction permit, or “Authority to Construct” in Air District parlance, grants permission to a facility to construct a new, or modify an existing, piece of equipment or source. Based on a careful review and analysis of an applicant’s proposal for a new or modified source, these permits ensure that all applicable requirements are met and in certain circumstances impose stringent conditions limiting emissions of criteria and toxic pollutants through a variety of approaches (e.g., limiting throughput or capacity, and/or requiring use of state-of-the-art emission control technology). Preconstruction permits also specify emissions monitoring to ensure that permit conditions are met over time. Under certain circumstances, the Air District’s decision on an application for a preconstruction permit can be appealed to the Air District’s Hearing Board.

An operating permit, or “Permit to Operate” in Air District parlance, allows a facility to operate an individual piece of equipment or collection of pieces of equipment. Operating permits are typically issued after a source has properly constructed a new or modified source in accordance with a preconstruction permit. These permits contain conditions limiting emissions and specifying monitoring to ensure compliance. These permits are typically renewed annually. A special type of operating permit is issued to certain facilities with large emissions, or in defined categories, under a federal operating permit program mandated by Title V of the Clean Air Act Amendments of 1990. These Title V permits, or “Major Facility Review” permits in Air District parlance, consolidate in one document all applicable federal, state and local requirements, including the conditions imposed through preconstruction and operating permits. The purpose of Title V permits is to provide a single point of reference for all air emission requirements applicable to a facility subject to the program. Title V permits cannot contain new emission limits or operating requirements, but under certain circumstances may contain additional monitoring requirements (known as “compliance assurance monitoring”). Title V permits are nominally renewed every five years after initial issuance.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Cindy Chavez and Members
of the Ad Hoc Refinery Oversight Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 2, 2018

Re: Project Overview and Permit Status of Bay Area Refinery Projects

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Currently, there are five petroleum refineries located in the Bay Area within the jurisdiction of the Air District:

1. Chevron Products Company, Richmond (BAAQMD Plant #10)
2. Phillips 66 Company—San Francisco Refinery, Rodeo (BAAQMD Plant #21359)
3. Shell Martinez Refinery, Martinez (BAAQMD Plant #11)
4. Tesoro Refining and Marketing Company, Martinez (BAAQMD Plant #14628)
5. Valero Refining Company—California, Benicia (BAAQMD Plant #12626)

These facilities process crude oil into a variety of products such as gasoline, aviation fuel, diesel and other fuel oils, lubricating oils, and feedstocks for the petrochemical industry. These facilities are subject to Air District and federal preconstruction permitting requirements, and operate under Air District Permits to Operate, which together with federal requirements, such as those contained in the National Emissions Standards for Hazardous Air Pollutants and Maximum Achievable Control Technology standards, are consolidated in Major Facility Review (or Title V) permits mandated by the federal Clean Air Act.

DISCUSSION

Staff will provide a presentation on the following major projects at the five Bay Area refineries, including requests for modification projects that are under consideration by the Air District and upcoming Title V permitting actions:

- Low-carbon Intensity Fluid Catalytic Cracking Unit Feed Project at Tesoro
- Phillips 66 Refinery Unicracker Project and the Marine Terminal Project
- Title V Renewals for Chevron, Shell, Valero and Tesoro

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Pamela Leong
Reviewed by: Damian Breen

MEETING HELD ON APRIL 9, 2018

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 10, 2018

Re: Report of the Executive Committee Meeting of April 16, 2018

RECOMMENDED ACTION

A) Hearing Board Quarterly Report: January – March 2018

1) None; receive and file.

B) Bay Area Regional Collaborative (BARC) Update

1) None; receive and file.

C) Technology Implementation Office (TIO) – Steering Committee Update and Fiscal Year Ending (FYE) 2019 Budget Preview

1) None; receive and file.

D) Approval of Candidate Communities for the AB 617 Program

1) The Committee will consider recommending Board of Directors' approval of a letter to the California Air Resources Board (CARB) which describes the candidate communities for Assembly Bill (AB) 617 program implementation.

E) Update on My Air Online Permitting and Compliance System

1) None; receive and file.

BACKGROUND

The Committee will meet on Monday, April 16, 2018, and receive the following reports:

A) Hearing Board Quarterly Report: January – March 2018;

B) Bay Area Regional Collaborative (BARC) Update;

C) Technology Implementation Office – Steering Committee Update and Fiscal Year Ending (FYE) 2019 Budget Preview;

D) Approval of Candidate Communities for the AB 617 Program and;

E) Update on My Air Online Permitting and Compliance System.

Chairperson David Hudson will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

A) None;

B) None;

C) As part of the FYE 2018 budget, the Board of Directors created a number of designated reserves including: \$1.5 million for a greenhouse gas abatement technology study and \$3.35 million TIO's GHG reductions program. As part of the proposed FYE 2019 budget, staff is recommending that these reserves be combined and that \$4 million be included in the FYE 2019 budget as seed funding for the proposed loan program with the IBank;

D) Staff has evaluated the impacts of AB 617 and has included a request for additional staffing and other resources in the Fiscal Year Ending 2019 proposed budget; and

E) Funding for the vendor contracts to support these activities will be provided from the Production System Office (#125) budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marjorie Villanueva
Reviewed by: Vanessa Johnson

Attachment 9A: 04/16/18 – Executive Committee Meeting Agenda #3
Attachment 9B: 04/16/18 – Executive Committee Meeting Agenda #4
Attachment 9C: 04/16/18 – Executive Committee Meeting Agenda #5
Attachment 9D: 04/16/18 – Executive Committee Meeting Agenda #6
Attachment 9E: 04/16/18 – Executive Committee Meeting Agenda #7

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Executive Committee

From: Chairperson Valerie J. Armento, Esq., and Members
of the Hearing Board

Date: April 2, 2018

Re: Hearing Board Quarterly Report: January – March 2018

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

During the first calendar quarter of 2018 (January - March), the Hearing Board:

- Held two hearings;
- Processed a total of six orders; and
- Collected a total of \$3,912.00 in filing fees.

Below is a detail of Hearing Board activity during the same period:

Location: Sonoma County; City of Petaluma

Docket: 3698 - APCO vs. Spring Hill Jersey Cheese, Inc., et al – *Accusation*

Regulation(s): Regulation 2, Rule 1 (Permits, General Requirements); and Regulation 9, Rule 7 (Inorganic Gaseous Pollutants, Nitrogen Oxides and Carbon Monoxide from Industrial, Institutional, and Commercial Boilers, Steam Generators, And Process Heaters)

Synopsis: Complainant alleged on information and belief that since 2004, Respondents had owned or been operating a dairy facility in Petaluma, California without a District permit to operate two boilers and a milk dryer required pursuant to District Regulation 2, Rule 1, despite knowing about this requirement. Further, despite the prohibition to do so, Respondents had been operating the boilers, which violated requirements of District Regulation 9, Rule 7. Complainant sought an order that Respondents cease operating the unpermitted and non-compliant equipment until they complied with District Regulation 2, Rule 1 and Regulation 9, Rule 7.

Background: Accusation filed on February 28, 2017; Pre-Hearing Conference scheduled for March 28, 2017, was cancelled due to a schedule conflict of the Respondent; Hearing held on April

18, 2017; Stipulated Conditional Order for Abatement filed on April 19, 2017, requiring Respondent to:

- install new, or retrofit existing boilers at the Facility that comply with all applicable requirements of District Regulation 9, Rule 7 by September 30, 2017; and
- complete all necessary tasks to obtain a permit to operate the Facility, including Facility boilers, in compliance with District permitting requirements, including those set forth in Regulation 2, Rule 1, by September 30, 2017; and
- operate the Facility in accordance with a District permit to operate and in accordance with District Regulation 9, Rule 7, by October 2, 2017.

A Continued Hearing was scheduled for October 24, 2017, but Respondent's attorney was unable to attend, due to travel delay beyond his control, so the Continued Hearing was postponed until November 28, 2017; Complainant's counsel experienced a medical emergency on November 28, 2017, so the Continued Hearing was moved to January 9, 2018.

Status: Second hearing held on January 9, 2018; Minute Order filed on January 10, 2018; Second Conditional Order for Abatement filed on January 22, 2018, requiring Respondent to:

- submit a complete application for a permit to operate no later than close of business January 19, 2018.
- no later than March 9, 2018, submit to the Hearing Board, (with a copy of such documentation to Brian C. Bunger, District Counsel, on behalf of the Air Pollution Control Officer), either (a) copy of a current and valid District permit to operate the Facility, or (b) written affirmation executed by Respondents that they ceased operating boiler equipment at the Spring Hill Cheese facility and that they shall not recommence operations using a boilers until all applicable requirements to obtain and maintain a valid District permit to operate are met.

On February 8, Complainant sent a letter to the Respondent informing the Respondent that his permit application submitted on January 19, 2018, was determined incomplete by District staff, and requesting immediate submission of needed information to complete the application. No further update on status of application provided.

Location: Contra Costa County; City of Richmond

Docket: 3702 – Chevron Products Company – *Request for Interim/Regular Variance*

Regulation(s): Regulation 2, Rule 1, Section 307 (Failure to meet permit conditions); and Regulation 2, Rule 6, Section 307 (Permits, Non-Compliance, Major Facility Review)

Synopsis: In March 2017 Chevron discovered that a furnace at its Richmond oil refinery was intermittently failing to comply with Air District-imposed emission limits for Nitrogen Oxides and Carbon Monoxide. Chevron immediately began trouble-shooting and tried substituting new burners in the furnace but was not able to solve the problem. Chevron sought a variance that would enable it to continue operating the furnace while it searched for a technical solution. The Air

District and Chevron subsequently negotiated an agreement allowing Chevron to continue operating while switching the furnace to natural gas, thereby at least temporarily avoiding the need for a variance. The negotiated agreement was provided to the Hearing Board for informational purposes.

Background: Applicant submitted application for interim/regular variance on October 30, 2017; Interim Variance Hearing originally scheduled for January 16, 2018, and Regular Variance Hearing originally scheduled for January 23, 2018;

Status: Interim Variance Hearing rescheduled from January 16, 2018 to January 23, 2018, and Regular Variance Hearing rescheduled from January 23, 2018 to February 13, 2018; Applicant requested to withdraw application on January 19, 2018; Order for Dismissal filed on January 25, 2018.

Period of Variance: October 27, 2017 to October 27, 2018.

Estimated Excess Emissions: 1.5 lbs/day of NO_x (nitrogen oxides); 8 lbs/day of CO (Carbon Monoxide) (net emissions after mitigation)

Location: Santa Clara County; City of Milpitas

Docket: 3703 – APCO vs. Arif Rana, et al - *Accusation*

Regulation(s): Regulation 2, Rule 1, Section 302 (Permit to Operate)

Synopsis: Respondents own or operate a gasoline dispensing facility in Milpitas, California, for which a District permit to operate is required pursuant to District Regulation 2, Rule 1. Complainant alleged that Respondents were conducting gasoline dispensing operations knowingly without a current or valid District permit to do so, despite Complainant's prior efforts to end the violation as of September 1, 2017, through a prior abatement action before the Hearing Board and a 2016 judgment from Santa Clara County Superior Court. Complainant sought an order that Respondents cease violation of District Regulation 2, Rule 1, continuing as of September 1, 2017.

Background: Accusation filed on December 29, 2017; Hearing scheduled for February 6, 2018.

Status: Hearing held on February 6, 2018, and Respondent was not present; Conditional Order for Abatement filed on February 16, 2018, requiring Respondent to:

- no later than the fifteenth (15th) calendar day after February 15, 2018, Respondents and their agents, employees, successors and assigns shall cease violation of District Regulation 2, Rule 1, Section 302 at 10 North Main Street, Milpitas, Santa Clara County, California, listed in the District's records as Facility Identification Number 112384 (Facility), either by (a) obtaining a valid Permit for the Facility current through September 2, 2018; or (b) ceasing operation of gasoline dispensing operations at the Facility unless and until they obtain a current and valid permit to do so; and

- demonstrate compliance with the Order by submitting to the Hearing Board either (a) a copy of a current and valid District permit to operate the Facility, or (b) written affirmation executed by Respondents that they ceased conducting gasoline dispensing operations at the Facility and that they shall not recommence gasoline dispensing operations, if ever, until they have met all applicable requirements to obtain and maintain a valid District permit to operate pursuant to District Regulation 2, Rule 1. Respondents shall deliver such documentation via electronic mail and certified mail to the Clerk of the Hearing Board, by no later than fifteen (15) calendar days from February 15, 2018, (with a copy of such documentation to Brian C. Bunger, District Counsel, also delivered via electronic mail and certified mail).

Location: Santa Clara County; City of San Jose

Docket: 3704 – Chevron Products Company – *Application for Emergency Variance*

Regulation(s): Regulation 8, Rule 5, Section 305 (Organic Compounds, Storage of Organic Liquids, Requirement for Internal Floating Roof Tanks)

Synopsis: The Chevron San Jose Terminal is a petroleum marketing and distribution terminal, and receives petroleum products by pipeline and tanker truck. The Terminal blends products and distributes the blended products to retail gasoline facilities. Vapors generated during truck loading operations are captured and prevented from release into the environment. The Terminal operates petroleum storage tanks and blending equipment to provide fuel products to the market. Tank 148 (Source S# 8) is an internal floating roof denatured ethanol storage tank located at the Terminal. Tank 148 is equipped with both primary and secondary seals to minimize the release of volatile organic compounds. A leak was discovered on a weld seam in the access hatch on Tank 148. Repairs were attempted, but were unsuccessful. The Applicant is working expeditiously to remove denatured ethanol from Tank 148 and take the tank out of service to achieve compliance.

Status: Application for Emergency Variance filed by Applicant on March 19, 2018; District staff response received on March 22, 2018; Hearing Board response received on March 27, 2018; Order Denying Emergency Variance filed on March 27, 2018.

Period of Variance: March 14, 2018 to April 2, 2018

Estimated Excess Emissions: 0.04 lbs. per day of Volatile Organic Compound (net emissions after mitigation)

Fees collected this quarter: \$1,149.00

Location: Solano County; City of Suisun City

Docket: 3705 – Potrero Hills Landfill, Inc. – *Request for Short-Term Variance*

Regulation(s): Regulation 2, Rule 1, Section 301 (Permits, General Requirements, Authority to Construct)

Synopsis: The Potrero Hills Landfill (PHLF) is a municipal solid waste landfill equipped with a landfill gas (LFG) collection and control system. The facility provides solid waste management services for the local communities, including collection, re-use, recycling, and disposal of municipal solid waste. The majority of the collected LFG is sent to a landfill gas to energy facility, which is permitted separately from the Landfill, in order to produce renewable energy. A Variance is being sought for the central function of the site: To accept and place municipal solid waste and other waste material in the landfill. Curtailing operations would deprive the community of vital public services. In addition, PHLF would suffer substantial economic losses if forced to curtail landfilling operations. An application for a landfill expansion at the PHLF was first submitted to the BAAQMD in 2004. Permitting was delayed for several years due to protracted legal challenges to Solano County's environmental approval of the project. These legal challenges were resolved in early 2014. Several applications updating the original application have subsequently been submitted since the original 2004 application, with the most recent permit application (application # [AIN] 27654) submitted on November 11, 2015. The intent of that application was to update and replace the original 2004 application (AIN 11378). BAAQMD determined the updated application to be complete on July 25, 2016; however, the District has not yet issued a permit. A primary factor in the delayed completion of the permitting is staffing/workload constraints on permitting staff, a factor beyond the control of PHLF. PHLF initially expected an Authority to Construct (ATC) increasing the cumulative disposal limit, based on the updated application, to be issued by the end of 2016. Now, in 2018, PHLF is rapidly approaching its current cumulative limit and expects to reach it by the end of March 2018. It is not feasible for PHLF to curtail operations, as it would deprive the community of vital public services. As such, a variance is needed to allow the landfill to continue landfilling operations.

Status: Applicant submitted an application for a short-term variance on March 22, 2018; Hearing scheduled for April 10, 2018; Applicant requested to withdraw application on April 3, 2018 due to negotiations with staff for a Compliance/Enforcement Agreement; Order for Dismissal filed on April 4, 2018.

Period of Variance: March 21, 2018 to Issuance of Authority to Construct

Estimated Excess Emissions: 21.66 tons of fugitive Particle Oxidation Catalysts emissions/year

Fees collected this quarter: \$2,763.00

Respectfully submitted,

Valerie J. Armento, Esq.
Chair, Hearing Board

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

MEETING WILL BE HELD ON APRIL 16, 2018

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Executive Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 4, 2018

Re: Bay Area Regional Collaborative (BARC) Update

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Bay Area Regional Collaborative (BARC) consists of Board/Commission representatives of the four regional agencies and provides a forum for discussing issues of regional importance.

DISCUSSION

MEETING WILL BE HELD ON APRIL 16, 2018
At the upcoming Executive Committee meeting, the BARC Director, Allison Brooks, will provide an update on the activities of the BARC.

BUDGET CONSIDERATIONS/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Vanessa Johnson

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Executive Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 6, 2018

Re: Technology Implementation Office – Steering Committee Update and Fiscal Year
Ending (FYE) 2019 Budget Preview

RECOMMENDATION

None; receive and file.

BACKGROUND

The Bay Area Air Quality Management District (Air District) established the Technology Implementation Office (TIO) to advance disruptive, cost-effective solutions to reduce Greenhouse gas (GHG) emissions in the Bay Area, that are also replicable in other regions. The TIO will cultivate partnerships and incentives for low carbon intensity practices including deployment of zero emissions vehicles and infrastructure and of technologies that reduce GHG emissions at stationary sources.

DISCUSSION

Staff will provide the Executive Committee a summary of input from the TIO Steering Committee meeting held on March 2, 2018. The summary will include an update on a new partnership being developed between the Air District and the California Infrastructure and Economic Development Bank (IBank). This prospective partnership would enable the Air District to offer loans and loan guarantees to Bay Area stationary facilities, through the IBank's existing processes. It is envisioned that Air District staff would provide matchmaking and technical evaluations that help expand the IBank's customer base and push implementation of eligible GHG reduction technologies. It is also envisioned that funding from the Air District will leverage IBank monies in a ratio as high as 10 to 1 to execute selected projects.

The goal of the Air District-IBank loan partnership is to create a revolving loan fund so that as project implementers pay back their loans, funding can be reinvested in additional GHG technology projects. When staff finalize all the terms of this partnership, they will be presented to the Executive Committee and Board for approval.

Staff will also update the Committee on a technology assessment study currently being undertaken by the TIO. This four-month effort (March to July 2018) will evaluate the climate, environmental, economic impacts and barriers for a wide range of greenhouse gas reduction technologies in order to make recommendations on which are the most promising. Projects implementing these technologies would then be recommended for funding.

Finally, staff will update the executive committee on its proposed budget for Fiscal Year Ending (FYE) 2019.

BUDGET CONSIDERATION/FINANCIAL IMPACT

As part of the FYE 2018 budget, the Board of Directors created a number of designated reserves including: \$1.5 million for a greenhouse gas abatement technology study and \$3.35 million TIO's GHG reductions program. As part of the proposed FYE 2019 budget, staff is recommending that these reserves be combined and that \$4 million be included in the FYE 2019 budget as seed funding for the proposed loan program with the IBank.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Derrick Tang, Ranyee Chiang
Reviewed by: Damian Breen

MEETING WILL BE HELD ON APRIL 16, 2018

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Executive Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 3, 2018

Re: Approval of Candidate Communities for the AB 617 Program

RECOMMENDED ACTION

The Committee will consider recommending Board of Directors approval of a letter to the California Air Resources Board (CARB) which describes the candidate communities for Assembly Bill (AB) 617 program implementation.

This letter will serve as the Air District's initial submittal on candidate communities for the state's Community Air Protection Program, as required by CARB. The Community Air Protection Program was established by the state to implement AB 617 (C. Garcia, Chapter 136, Statutes of 2017). AB 617 directs the state, in consultation with local air districts, to select communities that have a "high cumulative exposure burden" to air pollution. Once selected, these communities then become eligible to work with local air districts on community emission reduction programs and/or community monitoring campaigns.

BACKGROUND#

Under AB 617, CARB is responsible for identifying communities for development of emission reduction plans and/or community monitoring campaigns. Identification of priority communities is necessary due to resource limitations, which only allow for a small number of candidate communities to be selected each year to develop emission reduction programs or monitoring campaigns. The state will select communities that will go forward with either action plans or monitoring in the first year of the program on October 1, 2018, with subsequent communities to be selected each year thereafter. CARB can select from the communities proposed by the Air District or from communities that have self-nominated directly to CARB.

The Air District is required to submit our recommendations in two parts. The first part, due April 30, 2018, describes all communities that the Air District determines may have a "high cumulative exposure burden." The second submittal to CARB, due July 31, 2018, must include the Air District's recommendation for prioritizing communities. Staff will be working extensively with community stakeholders on these prioritization criteria. Air District staff has already conducted two community meetings to hear from the public on this topic. We are planning 10 more meetings all around the Bay Area in April, May and June, to get more community input before we bring a recommendation to the Board of Directors in July.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Staff has evaluated the impacts of AB 617 and has included a request for additional staffing and other resources in the Fiscal Year Ending 2019 proposed budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Greg Nudd

Attachment: Letter to Richard Corey, CARB Executive Officer regarding Initial Submittal:
Technical Assessment to Develop an Initial List of Candidate Communities for
the Community Air Protection Program



**BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT**

Richard Corey
Page 1

April XX, 2018

April XX, 2018

Richard Corey, Executive Officer
California Air Resources Board
1001 "I" Street
Sacramento, CA 95812

RE: Initial Submittal: Technical Assessment to Develop an Initial List of Candidate Communities for the Community Air Protection Program

Dear Mr. Corey,

This letter serves as the Bay Area Air Quality Management District's (Air District) Initial Submittal on "candidate communities" for the state's Community Air Protection Program, as required by the California Air Resources Board. The Community Air Protection Program was established by the state to implement Assembly Bill 617 (C. Garcia, Chapter 136, Statutes of 2017). AB 617 directs the state, in consultation with local air districts, to select communities that have a "high cumulative exposure burden" to air pollution. Once selected, these communities then become eligible to work with local air districts on community emission reduction programs and/or community monitoring campaigns.

State law also requires the Air Resources Board to identify priority communities from the full list of candidate communities submitted by local air districts. Identification of priority communities is necessary due to resource limitations, which only allow for a small number of candidate communities to be selected each year to develop emission reduction programs or monitoring campaigns. The state will select communities that will go forward with either action plans or monitoring in the first year of the program on October 1, 2018, with subsequent communities to be selected each year thereafter. State selection of priority communities is to be based on local air district priority community recommendations. The Air District is required to submit recommendations on priority communities to the Air Resources Board by July 31, 2018.

To respond to the Air Resources Board initial submittal information requirements (See Attachment A), a description of all candidate communities for the San Francisco Bay Area is provided below. The Air District's Community Air Risk Evaluation (CARE) program¹ has historically served as the Air District's foundation for identifying communities impacted by and vulnerable to health impacts associated with cumulative air pollution. The identification process, described below, builds on that foundation, and incorporates additional areas identified with new data sources, tools, approaches and community-specific considerations. As required by the state, the Air District has developed an outreach plan and a schedule for working with community members to narrow down the full list of candidate communities to priority recommendations. The Air District's outreach plan, as well as a summary of existing community relationships, is also provided below.

ALAMEDA COUNTY
Pauline Russo Cutter
Scott Haggerty
Rebecca Kaplan
Nate Miley

CONTRA COSTA COUNTY
John Gioia
David Hudson
(Chair)
Karen Mitchoff
Mark Ross

MARIN COUNTY
Katie Rice
(Vice Chair)

NAPA COUNTY
Brad Wagenknecht

SAN FRANCISCO COUNTY
Hillary Ronen
Tyrone Jue
(SF Mayor's Appointee)

SAN MATEO COUNTY
David Canepa
Carole Groom
Doug Kim

SANTA CLARA COUNTY
Margaret Abe-Koga
Cindy Chavez
Liz Kniss
Rod G. Sinks
(Secretary)

SOLANO COUNTY
Pete Sanchez
James Sperring

SONOMA COUNTY
Teresa Barrett
Shirlee Zane

Jack P. Broadbent
EXECUTIVE OFFICER/APCO

Connect with the
Bay Area Air District:



¹ <http://www.baaqmd.gov/plans-and-climate/community-air-risk-evaluation-care-program>

1. Description of Candidate Communities

As demonstrated in Figure 1, the Air District has identified high cumulative exposure burden areas, or candidate communities, in every county in the San Francisco Bay Area.² To identify areas for recommendation to the state, the Air District primarily considered communities that are within the Air District's CARE areas. The Air District also recommends areas not within CARE that have large sources of air pollution or have been identified via statewide screening tools as areas with pollution and/or health burden vulnerability. The Air District also recommends areas that have low life expectancy.³

Most candidate community areas in the SF Bay Area are in the region's urban core, with a few locations in more suburban or semi-rural areas. Approximately half of the Bay Area's population live in the identified areas.⁴ In general, communities identified as high cumulative exposure burden areas have high levels of environmental exposures and/or

experience social or economic disadvantages. They may also have health burdens that increase vulnerability to environmental exposures. Specifically, identified communities experience higher levels of exposure to fine particles, diesel PM, and other pollutants, higher vehicle traffic and related impacts, more asthma emergency room visits, higher rates of cardiovascular disease, greater unemployment, lower educational attainment, lower life expectancy and higher incidences of poverty. These areas are also more racially and ethnically diverse; many areas are communities of color, where Hispanic, African-American and other non-white populations predominately live.

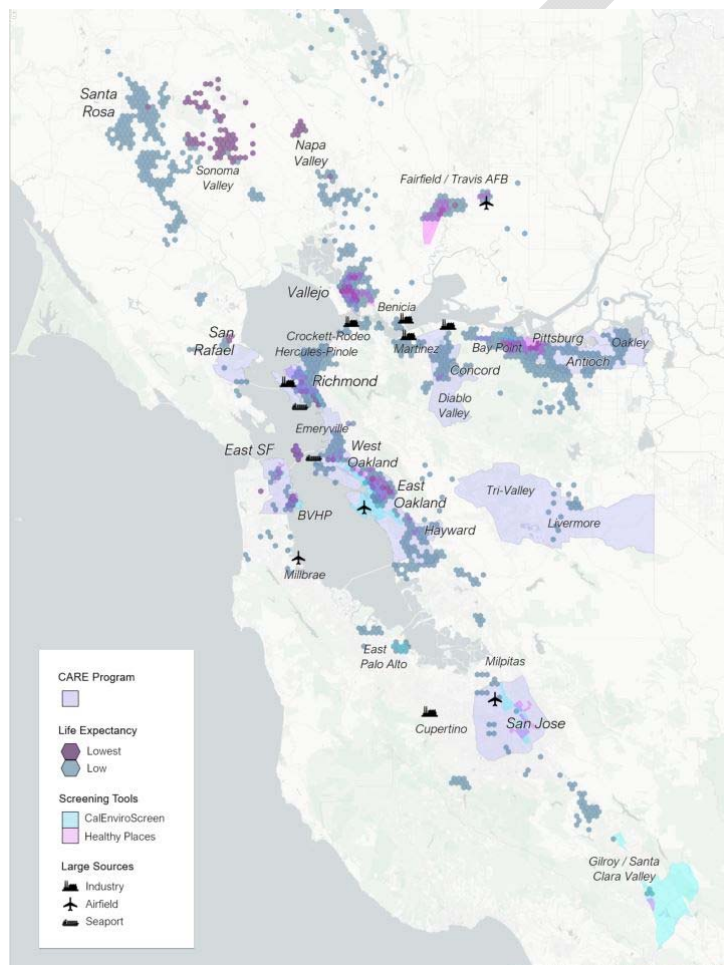


Figure 1: High Cumulative Exposure Burden Communities, SF Bay Area

² See Attachment B for full page version of Figure 1

³ For a full description of the methodology used to identify high cumulative exposure burden areas, see response to question 2.

⁴ U.S. Census Bureau

In the North Bay, areas of Sonoma and Solano and Napa Counties have been identified as high cumulative exposure burden areas. In Sonoma County, portions of Santa Rosa and in the rural areas of Sonoma Valley have been identified, primarily due to low life expectancy. In Marin County, areas of San Rafael have been included as high cumulative exposure burden areas due to exceedances of the 24-hr PM_{2.5} standards in recent years and low life expectancy. Most of San Rafael is also a designated CARE area.

In Solano County, candidate communities include much of Vallejo, Benicia, and portions of Fairfield. Vallejo is near large industrial facilities and experiences high levels of PM_{2.5} and health vulnerability, according to statewide screening tools; much of Vallejo is a designated CARE area and experiences low life expectancy. Benicia is impacted by petroleum refining facilities. Areas in Fairfield experience high cumulative health and exposure burden, have low life expectancy and are impacted by highway traffic and Travis Air Force Base.

In the East Bay, in Contra Costa County, along the Highway 4 corridor, areas in both Pittsburg and Antioch, as well as portions of Bay Point, Oakley and Brentwood, have been identified as having high cumulative exposure burden. Communities along the Highway 4 corridor experience high levels of traffic emissions, are in a designated CARE area, and have lower life expectancy, as well as health and exposure burden, as identified in statewide tools.

In western Contra Costa County, communities from El Cerrito to Crockett, including most of Richmond, North Richmond, San Pablo, Pinole, Hercules, and Rodeo, are also identified as high cumulative exposure burden areas. Richmond and Rodeo are home to petroleum refining facilities, and numerous other industrial, waste, goods movement and rail facilities. The Richmond- San Pablo area is in the region's CARE program, and experience low life expectancy.

In central Contra Costa County, along the Interstate 680 corridor, areas of Concord, Martinez, Pleasant Hill and Walnut Creek are identified as high cumulative exposure burden areas. Petroleum refining facilities impact Concord and Martinez communities, while heavy traffic impacts this entire region of the County. This part of central Contra Costa County, along I-680 is also in the region's CARE program. Areas around Concord and Martinez experience lower life expectancy. In the southern portion of the county, areas of north San Ramon, along Interstate 680, just north of the I-680 and I-580 interchange, are also included as candidate high cumulative exposure burden areas, as they fall within the Air District's CARE boundaries and have high ozone concentrations. The San Ramon area also experiences high levels of freeway traffic and associated impacts.

In northern and eastern Alameda county, along the I-680 and I-580 interchange, and along the I-580 corridor, areas in Dublin, Pleasanton and Livermore have been identified based on having the highest ozone concentrations, and therefore being a designated CARE area. Areas around Livermore also experience low life expectancy.

In western Alameda County, the I-580, I-237 and I-80 corridors, including portions of Hayward, San Leandro, large segments of Oakland, Emeryville and up the I-80 corridor, through Berkeley and Albany, have been identified as high cumulative exposure burden

areas. The Port of Oakland, Oakland Airport, a concentration of indirect and magnet sources, and railyards are all located in these communities. Virtually all the identified communities in western Alameda County are also in the Air District's CARE program, experience very low life expectancy, and pollution and health burden vulnerabilities, as identified in statewide tools.

In San Francisco County, communities in eastern San Francisco, including areas of the Tenderloin, Chinatown and Bay View Hunters Point are CARE areas and experience low life expectancy, and therefore have been designated as high cumulative exposure burden areas. Eastern San Francisco is impacted by high traffic freeways and railyards, in addition to numerous smaller sources of air pollution. Eastern San Francisco has pockets of poverty, very low employment and higher levels of diesel PM exposure.

On the Peninsula, in San Mateo County, portions of Millbrae, Redwood City and East Palo Alto have been identified as high exposure burden areas. San Francisco Airport and high freeway traffic volumes impact the Millbrae area. In addition, Millbrae, as well as areas in Redwood City and East Palo Alto, experience low life expectancy.

In Santa Clara County, in the South Bay, most of San Jose, areas near Alviso and much of Cupertino are identified as high cumulative exposure areas. Large sources in or near these areas include a cement manufacturer, power plants, water treatment plants, and landfills, in addition to major freeways and distribution centers. The San Jose area is also a designated CARE area, and there are numerous pockets of low life expectancy. The Gilroy area has also been identified due to high cumulative health and pollution burdens, as indicated by statewide screening tools. A water treatment plant, and steel and concrete plant impact the Gilroy area, in addition to mobile source emissions from major freeways and agricultural equipment.

Specific community boundaries for each of the areas described above will be determined in partnership with communities - as the Air District works with community members to identify priority areas, and on specific community monitoring campaigns and/or emission reduction programs.

2. Data Used to Identify High Cumulative Exposure Burden Areas

To identify candidate communities that experience high cumulative exposure burden in the SF Bay Area, the Air District considered geographic areas that fell into one of four categories: 1) the Air District's CARE areas; 2) areas with large sources of air pollution; 3) areas identified via statewide screening tools, including both CalEnviroScreen 3.0 and the California Healthy Places Index; and 4) areas with low life expectancy.

Air District CARE Program

The Air District first initiated a comprehensive program to address regional disparities in air pollution exposure and health effects in 2006. The Community Air Risk Evaluation (CARE) program is used to identify areas within the Bay Area where air pollution is most

contributing to negative health impacts and where populations are most vulnerable to air pollution.

Communities designated under the CARE Program have been identified using modeled concentrations of toxic air contaminants to estimate cancer risk and using increased mortality and illnesses from modeled and measured fine particulate matter (PM_{2.5}) and ozone above levels experienced by other Bay Area communities. Population vulnerability was accounted for in estimating health impacts from air pollution by using a community's existing baseline rates of mortality and illnesses (from health records) to determine increases in mortality and illness from air pollution. Areas with episodic "exceedances" of ambient air quality standards for particulate matter or ground-level ozone were also identified through the CARE program.

Large Sources

Communities located near, or substantially impacted by large industrial sources and/or large goods movement facilities and other concentration of mobile sources, such as petroleum refining facilities, cement-kilns, rail yards, seaports and/or airports are also included in the Air District's recommendation for high cumulative exposure burden areas. Some communities in the Bay Area's recommended universe of high cumulative exposure burden areas that have large sources include: Vallejo, Benicia; Crockett-Rodeo; Cupertino; Fairfield; Hercules-Pinole; Richmond, Martinez, Millbrae; Milpitas; Oakland; and San Jose.

Statewide Screening Tools

CalEnviroScreen⁵ is a mapping tool that uses environmental, health and socioeconomic information from state and federal government sources to identify California communities that are most affected by multiple sources of pollution, and where people are especially vulnerable to pollution's effects. CalEnviroScreen uses environmental, health, and socioeconomic data to produce scores for every census tract in the state. The scores are mapped so that different communities can be compared. Census tracts in the Bay Area that were ranked within the top 25 percent of statewide scores are included in the Air District's identification of high cumulative exposure burden areas.

The California Healthy Places Index⁶, developed by the Public Health Alliance of Southern California, includes diverse non-medical economic, social, political and environmental factors that influence physical and cognitive function, behavior and disease. The total score is used to screen for places with higher health burden. Census tracts in the Bay Area that rank within the top 25 percent of statewide scores are included in the Bay Area's recommendation for high cumulative exposure burden areas.

Life Expectancy at Birth

Communities with low life expectancy at birth are also included in the Air District's submittal of high cumulative exposure burden areas. Life expectancy data was obtained

⁵ <https://oehha.ca.gov/calenviroscreen>

⁶ <http://healthyplacesindex.org/>

from the California Healthy Places Index project. The average expected lifespan for a person born in the Bay Area in 2010 varies widely by community, generally ranging from 70 to 90 years. Approximately one-quarter of the Bay Area's population was identified as residing in a community with low average life expectancy, defined as 80 years or less.

3. Type of Criteria Used to Select Priority Communities

To select priority communities from the universe of high cumulative exposure burden areas, the Air District is considering air pollution source characteristics and air pollution exposures, including from particulate matter, ozone, and toxic air contaminants. The Air District is also considering health burden and vulnerability factors that may lead to health sensitivities, including low life expectancy at birth.

4. List of All High Cumulative Exposure Burden Areas Considered as Candidates

All high cumulative exposure burdens areas in the Bay Area that were considered as candidate communities have been included in this submittal. All candidate communities are described in response to item 1, above and depicted in Attachment B.

5. Outreach Plan to Select Priority Communities

Below is a summary of an outreach plan, or outreach events, the Air District will hold to ensure community participation in the implementation of AB617 in the San Francisco Bay Area, especially with the identification of high cumulative exposure burden communities, and the selection of priority communities.

2018 Monthly Activities

January

- Hold first regional meeting to inform key stakeholders about AB6 17 and the Community Air Protection Program.
- Update Air District website and online engagement tool, Open-Air Forum, with community selection process information and send e-blast to list-serve for community nominations. Begin planning community meetings in the spring.

February

- Online survey through Open Air Forum on community selection criteria for high cumulative exposure burden "universe."
- Consult key stakeholders, including Air District Board, to inform planning of Spring workshops.
- Participate in CARB Bay Area Technical Summit and CARB Air Grants Program meetings on February 22nd.
- Contact Counties and/or Cities to solicit assistance with identifying venues, key stakeholders, and outreach lists.

March

Develop and finalize locations and dates for community meetings in the following 11 areas based on the preliminary list of candidate communities. The community listed after dates below is the location where the meeting will be held, while communities in parenthesis are the communities who are invited to attend.

- **March 28:** San Leandro (San Leandro, Hayward, East Oakland)
- **April:** Vallejo (Vallejo, Benicia, Crocket, Fairfield)
- **April:** Pittsburg (Pittsburg, Bay Point, Antioch, Brentwood, Oakley, Bethel Island)
- **April:** Pleasant Hill (Martinez, Clyde, Concord, Pleasant Hill, Pacheco, Walnut Creek)
- **May:** San Pablo (Richmond, North Richmond, San Pablo, Pinole, Hercules, Rodeo)
- **May:** Tri Valley (Livermore, Pleasanton, Dublin, San Ramon)
- **May:** San Jose (Alviso, Redwood City, East Palo Alto, Cupertino, Milpitas, Fremont, Gilroy, San Jose)
- **May:** Fairfield (Fairfield, Napa, and surrounding area)
- **June:** Santa Rosa (Marin City, Canal District, Santa Rosa, San Rafael)
- **June:** Oakland (Alameda, Albany, Berkeley, Emeryville, Oakland)
- **June:** San Francisco, South San Francisco (Marin, San Francisco)

Meeting goals:

- Present information and background of AB617
- Begin to prioritize all candidate communities into list for years 1 – 5 priority communities
- Begin to identify potential local partners and relevant stakeholders
- Solicit stakeholder guidance on community selection and grants

April

- Reach out to community stakeholders in each planned workshop area.
- Work together with community stakeholders to craft each local agenda.
- Hold three local meetings: Vallejo, Pittsburg, Pleasant Hill

May

- Reach out to community stakeholders in each planned workshop area.
- Work together with community stakeholders to craft each local agenda.
- Hold four local meetings: San Pablo, Tri-Valley, San Jose, Fairfield

June

- Reach out to community stakeholders in each planned workshop area.
- Work together with community stakeholders to craft each local agenda.
- Hold three local meetings: Santa Rosa, Oakland, San Francisco
- Summarize feedback from local meetings and Open Air Forum
- Hold regional meeting for final input on priority communities

July

- Summarize feedback from local meetings and Open Air Forum.
- Begin local engagement with years 2 – 5 communities.

6. Community Relationships in High Cumulative Exposure Burden Areas

The Air District has a long history of engaging with local communities in the region, and specifically in communities within identified high cumulative exposure burden areas. Over the years the Air District has conducted research, provided grants, developed plans, held workshops for rules, provided information and education, conducted outreach, provided sponsorships, conducted special air monitoring studies, and other community engagement activities. Below is a preliminary list of the Air District's community partners in high cumulative exposure burden communities. The Air District will seek to expand and enhance community partnerships as we implement AB 617.

Pittsburg, Bay Point, Antioch Area:

- Ambrose District
- La Clinica de La Raza
- Pittsburg Freedom Breathers
- Pittsburg Unified School District

Benicia Area:

- Benicians for a Safe and Healthy Community
- Citizens Climate Lobby of Contra Costa
- Interfaith Council of Contra Costa

Berkeley Area:

- Community Science Institute
- West Berkeley Community Alliance
- Global Community Monitor
- Communities for a Better Environment

Concord:

- Center for Human Development
- Monument Crisis Center
- Monument Impact
-

Crocket, Rodeo, Hercules Area:

- Citizens Climate Lobby of Contra Costa
- CRUDE
- Interfaith Council of Contra Costa
- P66 Fenceline Committee
- Rodeo Citizens Association

Livermore, Pleasanton, San Ramon, Dublin Area:

- Organizing for Action

Martinez Area:

- Local residents

Oakland Area:

- Bay Planning Coalition
- Breakthrough Communities
- Communities for a Better Environment
- Earth Justice
- East Oakland Building Healthy Communities
- East Oakland Collective
- Higher Ground Neighborhood Development Corp
- Idle-Free Oakland
- Mujeres Unidas
- Planting Justice
- Prescott-Joseph Center
- Rooted in Resilience
- Rose Foundation/New Voices Are Rising
- Urban Releaf
- Unity Council
- West Oakland Environmental Indicators Project
- West Oakland Health Collaborative

Richmond Area:

- APEN
- Citizens Climate Lobby of Contra Costa
- Communities for a Better Environment
- Generacion Vision y Futuro
- Neighborhood House of North Richmond
- North Richmond MAC
- Interfaith Council of Contra Costa
- Richmond Progressive Alliance
- Sunflower Alliance
- 350 Bay Area
- Rich City Rides
- RYSE
- Healthy Richmond
- The Latina Center
- West County Toxics Coalition

San Francisco Area:

- BVHP Advocates
- GreenActionBrightline
- EBHP EJ Response Task Force

- Hunters Point Families
- PODER
- Literacy for Environmental Justice
- Rafiki Coalition

San Jose Area:

- Sustainable Silicon Valley
- San Jose Green Ninja
- Boys and Girls Club

San Leandro, Hayward Area:

- Barbara Lee Center
- Ditching Dirty Diesel Collaborative
- Healthy 880 Coalition

San Rafael Area:

- Canal Alliance
- Canal Welcome Center
- Families for Clean Air
- Huckleberry Youth Programs

Vallejo Area:

- Fresh Air Vallejo
- Community Air Network
- Vallejo Activists

Milpitas Area:

- Milpitas Odor Group
- South Bay Eco Citizens

Cupertino Area:

- Citizens Against Pollution
- Breathe California
- Bay Area for Clean Environment

East Palo Alto:

- Youth United for Community Action

Regional Organizations:

CA Cleaner Freight Coalition, Center for Environmental Health, Greenlining Institute, TransForm, Sunflower Alliance, Air Watch Bay Area, Sierra Club, Brightline Defense, Citizens Climate Lobby, Friends of the Earth, 350 Bay Area, League of Women Voters, Regional Asthma Management and Prevention, Local Clean Energy Alliance, APEN, Rooted in Resilience, Breathe California, Families for Clean Air, Vision y Compromiso, Breakthrough Communities

7. Additional Information: Information Submitted by Community Members

On January 31st, 2018 the Air District hosted a kick-off meeting attended by more than 60 members of the public representing a variety of stakeholder groups including, but not limited to, community-based organizations, residents, business/industry, academia, local, state and regional government, and health professionals. At this meeting, attendees learned about AB 617 from a panel comprised of Air Resources Board and Air District staff and community-based clean air advocates.

During the question and answer portion of the event, attendees shared ideas and concerns regarding AB 617. Summarized below are only the comments shared regarding candidate communities, or community selection and/or priorities:

- Vallejo: Vallejo is an impacted community and should be included as a priority candidate community. *Air District Note: Vallejo is included as a candidate community.*
- Benicia: Benicia is an impacted community and should be included as a candidate community. *Air District Note: Benicia is included as a candidate community.*
- Milpitas: Milpitas is an impacted community and should be included as a candidate community *Air District Note: Milpitas is included as a candidate community.*
- Bay Area: The Air District should consider monitoring campaigns in areas with high levels of residential wood burning.
- Bay Area: The Air District should prioritize communities in which there is community readiness for action. Communities with engaged partners and existing infrastructure to hold the demands of being an AB 617 Community.

After the Air District's kick-off meeting, the public had the opportunity to learn about and weigh in on the methods used to identify candidate communities through an online community engagement tool called Open Air Forum. As of March 26th, close to 150 unique visitors viewed Open Air Forum and 22 of them responded to a survey. The survey asked respondents to rate their level of support for the methods proposed to identify candidate communities. The respondents overwhelmingly support the use of CARE (79 percent), additional impacts (79 percent), and other large sources (79 percent).

Respondents were asked to provide additional criteria that the Air District should consider, respondents recommend that the Air District consider:

- Odors
- Heavy idling
- History of regulatory violations
- Income, race, and other factors that magnify health impacts
- Historical contamination: military bases & heavy industry

Respondents were also provided the opportunity to recommend a community that was not captured by our proposed methods. Seven out of the twenty-two respondents

recommended the following communities: Vallejo, Mare Island, Pt. Richmond, Rodeo-Crocket, Benicia, Alviso and parts of Napa. All recommended communities are already included as Air District candidate communities.

Sincerely,

Jack P. Broadbent
Air Pollution Control Officer

cc: Laura Zaremba-Schmidt, California Air Resources Board

DRAFT

Attachment A: Air Resources Board, Initial Submittal Information Requirements

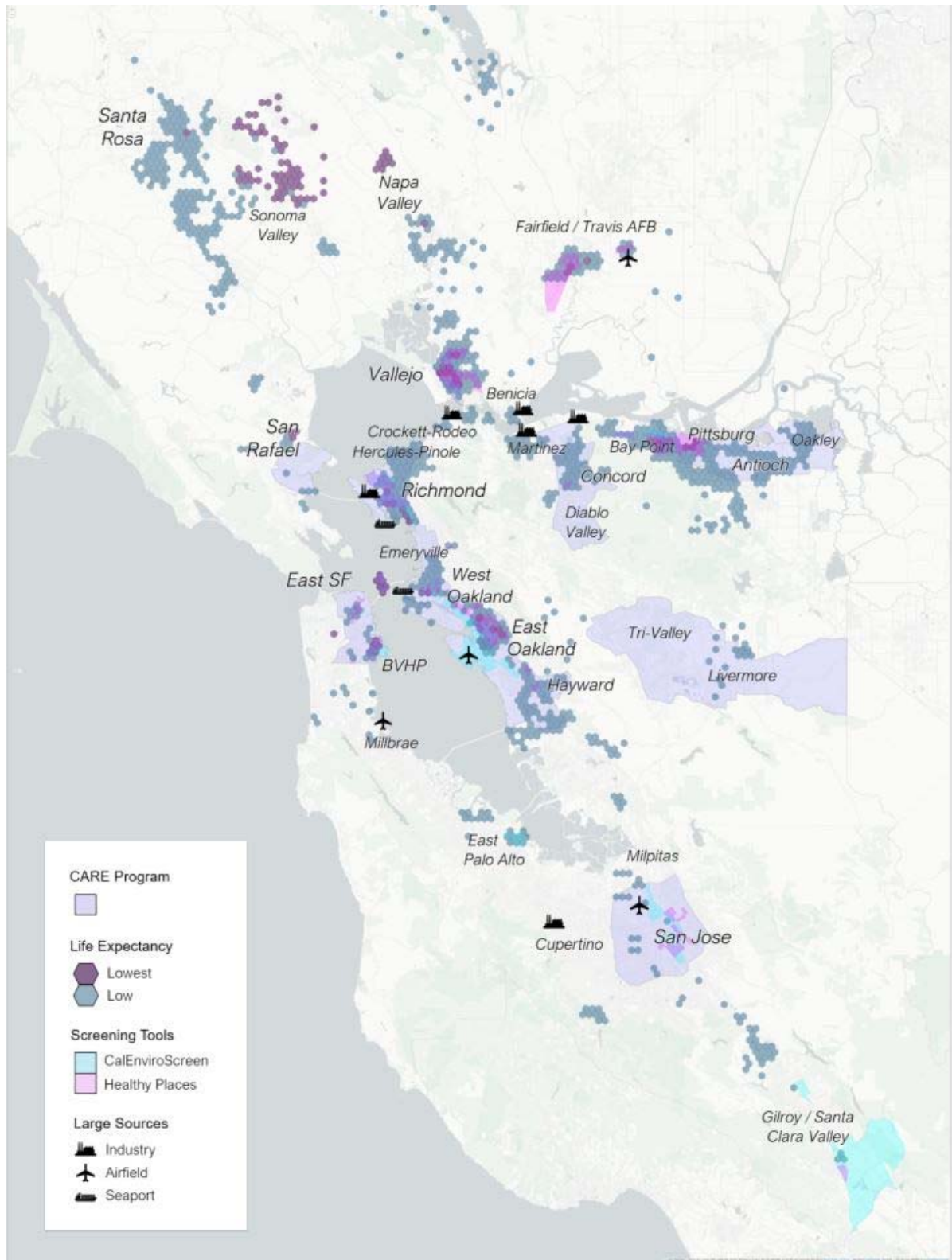
Initial submittal: Technical assessment to develop an initial list of candidate communities

Due: April 30, 2018

Air districts submitting communities for consideration must provide information on the following elements in the initial submittal:

- 1) Provide specific information for each candidate community; including community description, identifying characteristics, and/or preliminary geographic boundaries.
- 2) Describe which data sources, tools, and approaches, including community-specific considerations, the air district used to assess high cumulative exposure burden (toxics and/or criteria pollutants) for this community recommendation process. An assessment using CalEnviroScreen 3.0 should be performed and the results provided. We expect many districts will use additional tools for analysis. If additional data sources, tools, and/or approaches are considered the submittal should include a description of the additional data sources (i.e., detail, refinement, representativeness) in the air district's response when discussing each community recommended or being considered.
- 3) Describe the type of criteria the air district will use to prioritize the candidate communities considered in their region. Submit any relevant information that may be used to make its 2018 recommendation.
- 4) Provide a list of all of the communities with high cumulative exposure burdens that were considered as candidates and provide a brief description of each community.
- 5) Describe the proposed public outreach approach and schedule to move from the preliminary list to the final recommendations for 2018.
- 6) Describe the air district's relationships with members of the recommended communities or community-based organizations located in the recommended communities.
- 7) Any additional information, including information submitted by community members, that helped inform the air district recommendations.

Attachment B: High Cumulative Exposure Burden Areas, SF Bay Area



High Cumulative Exposure Burden Communities, SF Bay Area

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Executive Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 16, 2018

Re: Update on My Air Online Permitting and Compliance System

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Staff will provide an update on the My Air Online permitting and compliance system progress for the first calendar quarter 2018 and discuss the goals for the remainder of the year.

DISCUSSION

MEETING WILL BE HELD ON APRIL 16, 2018

Production System Office

The Production System Office is composed of the design, implementation and maintenance of the online permitting and compliance system, data management and analytics as well as the District's public websites. In the first calendar quarter of 2018, the Production System Office completed the following:

- Asbestos Renovation and Demolition compliance program
- Integration with the new financial system (JD Edwards 9.2)

Staff plans to complete the following items during the remainder of 2018:

- Implementation of complex facility emissions inventory reporting (BAAQMD Regulation 12, Rule 15)
- System enhancements to support toxic health risk assessments (BAAQMD Regulation 11, Rule 18)
- Enhanced investigations for air quality complaints
- Enforcement actions (violations and notices to comply) processing

- Enhanced facility inspection dashboards and form

BUDGET CONSIDERATIONS/FINANCIAL IMPACT

Funding for the vendor contracts to support these activities will be provided from the Production System Office (#125) budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Blair L. Adams
Reviewed by: Damian Breen

MEETING WILL BE HELD ON APRIL 16, 2018

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 10, 2018

Re: Report of the Ad Hoc Building Oversight Committee Meeting of April 18, 2018

RECOMMENDED ACTION

A) None; receive and file.

BACKGROUND

The Committee will meet on Wednesday, April 18, 2018, in closed session regarding:

A) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – (*Government Code Section 54956.8*) *The Committee will meet in closed session pursuant to Government Code Section 54956.8 to confer with real property negotiators to discuss acquisition of real property.*

Property: 3033, 3065, and 3095 Richmond Parkway,
Richmond, CA 94806

Air District Negotiators: Jack P. Broadbent, Executive Officer/APCO
Rex Sanders, Chief Administrative Officer

Negotiating Parties: Wang Brothers Investment, LLC

Under Negotiation: Price and Terms

Legal Counsel, Brian Bunger will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

A) None at this time.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marjorie Villanueva
Reviewed by: Vanessa Johnson

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 10, 2018

Re: Overview of Cost Recovery and Cost Containment Study

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Staff will provide an overview of the recent cost recovery and cost containment study. The cost recovery study is a part of the budget process. It is used to establish the proposed fee schedule for consideration as a part of the Fiscal Year Ending (FYE) 2019 budget process.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeffrey McKay

Attachment 11A: Cost Recovery & Containment Study

Cost Recovery & Containment Study

For Fiscal Year Ended June 30, 2017

**BAY AREA AIR QUALITY MANAGEMENT
DISTRICT, CA**

FINAL REPORT



201 San Antonio Circle, Suite 148
Mountain View, CA 94040
v.650.858.0507 f.650.917.2310

February 2018

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1 Introduction & Executive Summary

The Matrix Consulting Group was retained by the Bay Area Air Quality Management District (BAAQMD) to provide a cost recovery and containment study. This assessment used multiple analytical tools to understand the current process for allocation of indirect costs, current cost recovery levels, and recommendations for cost recovery and savings. This report summarizes our findings, conclusions, and recommendations.

1 OVERVIEW OF THE STUDY

The Bay Area Air Quality Management District hired the Matrix Consulting Group to update the cost recovery and containment study conducted in 2012. The primary purpose of this study is to evaluate the indirect overhead associated with the District and the cost recovery associated with the fees charged by the District. The project team evaluated the District's current programs to classify them as direct or indirect costs, as well as the time tracking data associated with each of the different fee schedules. This report provides specific recommendations related to direct and indirect cost recovery for the District, as well as potential cost efficiencies.

2 STUDY METHODOLOGY

As part of this study, the project team took a phased approach that included the following activities:

- **Categorized Programs as Indirect or Direct:** The Matrix Consulting Group conducted interviews with different program staff regarding their role within the District as either a provider of direct service to the residents and consumers of District services or indirect support provided internally to District programs.
- **Reviewed General & Permit General BillCodes:** The project team conducted interviews with District staff and reviewed BillCode data associated with two major categories – General and Permit General.
- **Evaluated Cost Containment Strategies:** Recommendations from the previous cost recovery & containment study were evaluated in the context of the District's current operations, including a review and analysis of the District's new production system / online permitting system.
- **Assessed and Developed a Cost Recovery Software:** Key components of a cost recovery software were identified and incorporated into a cost recovery model that would enable District staff to evaluate cost recovery in a simplistic manner on an on-going basis.

- **Conducted an Analysis of Issues Identified:** Based on the initial findings, the project team evaluated additional data and analyzed operational issues and efficiencies. The analysis resulted in recommendations that are presented in the body of this final report, divided by the different functional areas of the recommendations.

The objective of the study was to review and update the current cost allocation methodology of the District. This included reviewing its current cost recovery levels, designing a new software, and identifying any cost containment strategies and their incorporation into future cost analysis studies. This report presents recommendations, along with an implementation plan for those recommendations.

3 SUMMARY OF KEY RESULTS AND IMPROVEMENT OPPORTUNITIES

The primary focus of the Cost Recovery and Containment study was to evaluate the District's cost recovery level status on a fee schedule by fee schedule basis. The following table shows the results of the cost recovery and containment study, comparing the total cost and revenue associated with each fee schedule.

Fee Schedule	Total Cost	Total Revenue	Annual Surplus / (Deficit)	Cost Recovery %
A	\$168,099	\$5,722	(\$162,377)	3%
B	\$9,322,314	\$9,599,477	\$277,163	103%
C	\$756,517	\$2,491,202	\$1,734,684	329%
D	\$6,811,754	\$5,548,181	(\$1,263,573)	81%
E	\$3,552,397	\$2,767,439	(\$784,958)	78%
F	\$2,543,093	\$2,351,500	(\$191,593)	92%
G1	\$6,165,542	\$2,556,491	(\$3,609,051)	41%
G2	\$1,027,393	\$561,626	(\$465,767)	55%
G3	\$606,529	\$648,892	\$42,362	107%
G4	\$3,442,094	\$959,093	(\$2,483,001)	28%
G5	\$364,040	\$979,704	\$615,663	269%
H	\$344,693	\$122,440	(\$222,253)	36%
I	\$184,091	\$5,439	(\$178,653)	3%
K	\$1,261,621	\$246,552	(\$1,015,070)	20%
L	\$3,997,627	\$4,108,669	\$111,042	103%
N	\$356,760	\$214,311	(\$142,449)	60%
P	\$5,812,842	\$5,088,243	(\$724,598)	88%
R	\$513,065	\$237,105	(\$275,961)	46%
S	\$98,105	\$101,934	\$3,829	104%
T	\$2,333,516	\$2,179,797	(\$153,719)	93%
V	\$1,088,002	\$151,781	(\$936,221)	14%
W	\$89,400	\$324,000	\$234,600	362%
X	\$502,547	\$1,131,169	\$628,622	225%
TOTAL	\$51,342,042	\$42,380,765	(\$8,961,277)	83%

Based upon the results, the District is under-recovering on an annual basis by \$8.96 million. The primary source of this deficit is G1 sources.

In addition to conducting a financial evaluation of the District’s operations, the project team also developed some recommendations that directly impact cost recovery. These recommendations are summarized in the table below.

Recommendation	Associated Area
<p>There should be some minor alterations to the allocation bases to simplify the cost allocation process. These changes include the following:</p> <ul style="list-style-type: none"> - Allocating Recruitments based on total number of full-time equivalents. - Allocating Penalties, Enforcement, & Settlement based on total number of full-time equivalents in Compliance & Enforcement and Engineering. - Allocating Facilities Maintenance based on total number of full-time equivalents in the facilities being maintained. <p>Implementing these changes will result in a simpler and more refined allocation methodology that better reflects the level of service provided.</p>	<p>Cost Allocation / Program Classification</p>
<p>A clear definition of activities that are considered “General” should be developed and distributed to all staff members within the District. This should also be included in the employee handbook to make it easier for dissemination during the onboarding process. This definition should be developed by District staff within Finance and Administration, and be approved by District Executive Management.</p>	<p>Cost Recovery / BillCodes</p>
<p>There should be an annual auditing and monitoring mechanism in place for supervisors to review the timesheets of staff members. This will ensure that staff are accurately recording time in the “General” category.</p>	<p>Cost Recovery / BillCodes</p>
<p>The “General” billcode category should be separated into two distinct categories – District General and Other General. The District General should refer to activities such as Executive Office, Finance, Payroll, etc. or activities that provide support to all programs internally within the District. The Other General should refer to unpermitted sources, mobile inspections, or activities that have no revenue source other than property tax.</p>	<p>Cost Recovery / BillCodes</p>
<p>District staff should be encouraged to code more time and thereby cost directly to the Fee Schedules rather than utilizing Permit General or even General to code the balance of time. Some of these activities include Litigation, Penalties, Enforcement, and Settlement, and Information Systems Software Development.</p>	<p>Cost Recovery</p>
<p>A threshold should be set up for Permit General calculation. The majority of staff positions and members should not be coding more than 25% of their time / cost to the Permit General Category. If at the end of the year, a staff member’s time exceeds 25% in the Permit General category, the supervisor should review that time coding and ensure that it is appropriate for that position to code more time to Permit General rather than to specific fee schedules or grant activities.</p>	<p>Cost Recovery</p>

Recommendation	Associated Area
<p>The District should expand the definition and sample activities associated with the Bill codes for Schedules T and B to include review work related to Schedules H, K, P, G1, G2, and G3 sources. This will ensure that District staff are appropriately coding their time while working on these activities and will mitigate the need for the District to reallocate expenses to those schedules on the back-end prior to the cost recovery calculation.</p>	<p>Cost Recovery / Bill Codes</p>
<p>The initial cost recovery level category should be expanded up to 110% to ensure that cost recovery levels are maintained even for those schedules that may show over 100% cost recovery in one year, but then may dip down the following year due to lack of fee increases. This practice will help maintain consistency in cost recovery levels for those full cost recovery fee schedules and is in line with best management practices.</p>	<p>Cost Recovery</p>
<p>An additional cost recovery level should be added to the fee increase table. The less than 50% category should have a 15% increase. The District should review schedules that are below 50%, and develop multi-year schedule based increase percentages to address the unique cost recovery issues associated with each schedule. This will help the District increase those fees and fee schedules that are significantly below the 75% mark at a much more significant rate.</p>	<p>Cost Recovery</p>
<p>The District should encourage online application submission through the New Production System. This encouragement should occur through a publicity campaign, as well as possibly implementing an online application fee discount.</p>	<p>New Production System</p>
<p>The District should review the metrics and statistics gathered in the New Production System and utilize it to publish key performance metrics and measure cycle times. This will help the District to better understand staff resource allocation as well as to present information to key internal and external stakeholders.</p>	<p>New Production System</p>

As the table above indicates there are several key recommendations as a result of this report. The majority of these recommendations are related to cost classifications and monitoring, either by definition of bill codes or auditing time and costs coded to the bill codes.

2 Cost Allocation Plan

One of the primary objectives of the study was to evaluate the District's current cost allocation methodology. The following chapter discusses the full cost allocation methodology, the results of the proposed methodology with recommendations for the District to consider, and a comparison between the results of the different methodologies.

1 COST ALLOCATION DESCRIPTION

The primary objective of a Cost Allocation Plan is to spread costs from central support departments, generally called "Central Service Departments" to those departments, divisions, cost centers, and/or funds that receive services in support of conducting their operations. In doing so, an organization can both better understand its full cost of providing specific services to the community, and also generate organizational awareness regarding indirect (overhead) costs associated with operations.

The Cost Allocation Plan is compiled in accordance with Generally Accepted Accounting Principles, and is also based on many of the methods of indirect cost allocation defined by the federal Office of Management and Budget's (OMB) Super Circular (formerly A-87). These principles can be summarized in the following points:

- Necessary and reasonable
- Determined by allocation "bases" that relate to benefit received

In addition, the circular defines a method for allocating indirect costs called the double-step down allocation method, which utilizes two "steps" or "passes" to fully allocate costs. The double-step down procedure is reflected in this plan, and ensures that the benefit of services between Central Service support departments are recognized first, before final allocations to receivers of services are made. For example:

- **First Step:** Central Service Department expenditures are allocated to other central service departments such as Human Resources, Information Technology, etc., as well as to Receiving Departments.
- **Second Step:** Distributes Central Service department expenses and first step allocations to the Receiving Departments only.

The current and proposed methodology both employ the Double Step-down procedure. The table on the following page shows the program title, a brief description of the program, and the recommended allocation basis for that program.

Program Title	Program Description	Allocation Basis
Executive Office	This program includes the Executive Officer/APCO, oversees staff, and directs the business of the Air District.	FTE per program
Board of Directors	This program handles administrative duties for Board of Director activities.	FTE per program
Advisory Council	Consisting of 7 members, the Advisory Council is asked to study and make recommendations for changes for specific topics from the Board of Directors or the Air Pollution Control Officer.	FTE per program
Community Engagement	This program interacts with the public to inform everyone about the Air Districts programs and air quality issues. They also develop clean-air partnerships with non-profit organizations.	FTE per program
Website Development & Maintenance	This program is responsible for development, support, and maintenance of the Air District's online websites.	FTE per program
Payroll	This program is responsible for the Air District's employee payroll and benefits related to payroll.	FTE per program
Benefits Administration	The Benefit Administration program handles administrative duties related to employee benefits as well as ergonomics and special events.	FTE per program
Organizational Development	This program manages wellness activities and events for employees and provides extensive career development training to retain a top performing and motivated workforce.	FTE per program
Employment Relations	The Employment Relations program manages employee Equal Employment Opportunity programs and provides staff consultations and support.	FTE per program
Recruitment & Testing	This program is responsible for finding and interviewing candidates for vacant positions.	FTE per program
Finance/Accounting	The Finance/Accounting program manages the District's budget by reviewing all receipts and expenditures, disbursements of District funds, and maintenance of Federal and State grant funds.	FTE per program

Program Title	Program Description	Allocation Basis
Facilities	This program provides all day to day operations for all buildings in the District.	FTE per program (Excluding offsite facilities)
Communications	The Communications program is responsible for the distribution of mail, reproduction, and subscription requests for the District.	FTE per program
375 Beale Street	This program is to pay for the District's main building lease payments.	FTE per program
Purchasing	The Purchasing program is responsible for the purchase of services, equipment, and supplies as well as property management administration of insurance policies and setting up the removal of extra equipment.	# of Purchase Orders per program
Shared Services	This program is responsible for business operations and technology functions that are shared between the Bay Area Air Quality District, Metropolitan Transportation Commission, and the Association of Bay Area Governments.	FTE per program
Vehicle Maintenance	The Vehicle Maintenance program maintains the District's 121 vehicles by getting the vehicles serviced, handling vehicle financing, and tracking and diagnostics of fuel records.	# of Vehicles per program
Legal Counsel	This program provides the District with legal services such as advising, counseling, preparing and reviewing contracts, and providing legal opinions and advice on rule development and governmental and general law issues.	FTE per program
Penalties Enforcement & Settlement	This program reaches settlements and pursues penalty enforcement actions to ensure enforcement of the District's rule set in place.	FTE per Compliance & Enforcement & Engineering Divisions
Litigation	The Litigation program represents the District when individuals, corporations, or organizations sue the Air District in State or Federal court.	FTE per program

Program Title	Program Description	Allocation Basis
Media Relations	The Media Relations program focuses on outreach to the public about air quality issues, the District’s programs and purpose, and functions of the agency.	FTE per program
Information Management Records & Content	This program maintains all official records for the District.	FTE per program
Information Technology Engineering & Operations	This program maintains all computer server infrastructure for District staff by handling all software, computer networks, office systems, computers and workstations, and database servers.	FTE per program

The table above and on the previous pages lists all of the programs that were classified and confirmed as District-wide support for the agency. Additionally, it also identifies the allocation bases utilized by the project team.

While the project team reviewed different methodologies associated with the different programs, the allocation bases listed above were arrived at after comparing the existing methodologies to the proposed methodologies. Some methodologies were altered for simplicity such as replacing number of recruitments with number of full-time equivalents; however, other bases were more refined such as allocating the costs associated with penalties to enforcement and engineering only. A summary of changes to the allocation methodology are discussed in the points below:

- Recruitments:** Proposing that recruitments be allocated based upon the number of full-time equivalents as that is a less volatile number, rather than having to rely on the fluctuation in recruitments within programs on an annual basis. The rationale behind using the number of full-time employees is that the more employees within a program, the higher the likelihood that there will be turnover and the need for recruitment support and services.
- Penalties, Enforcement, & Settlement:** Staff in Penalties, Enforcement, and Settlement primarily focus on work related to permitted activities, therefore, instead of allocating their support district-wide to all programs, their support has only been allocated based upon the number of staff within the permit-related programs. This ensures that permitted activities directly absorb the overhead associated with these activities.
- Facilities Maintenance:** Only employees that are housed at the District’s headquarters receive support from staff or through the management of facilities maintenance contracts by staff in facilities maintenance. Therefore, the project team revised the allocation to remove those employees that are located in offsite

facilities to ensure that support is only allocated to those employees that benefit from support provided by Facilities maintenance.

Implementing these changes to the cost allocation methodology simplifies the model, while also refining it to better reflect the level of service being provide.

In order to ensure that appropriate costs are being allocated, staff in the programs that are considered District Overhead should be coding their time to the General BillCode. The only exception to this should be if staff spend specific time on grant funded activities or fee schedule related activities. This will ensure that during the cost recovery calculation process those costs are appropriately identified and allocated.

Recommendation #1: There should be some minor alterations to the allocation bases to simplify the cost allocation process. These changes include the following:

- ***Allocating Recruitments based on total number of full-time equivalents.***
- ***Allocating Penalties, Enforcement, & Settlement based on total number of full-time equivalents in Compliance & Enforcement and Engineering.***
- ***Allocating Facilities Maintenance based on total number of full-time equivalents in the facilities being maintained.***

Implementing these changes will result in a simpler and more refined allocation methodology that better reflects the level of service provided.

2 COST ALLOCATION RESULTS

The project team compiled the results of the Cost Allocation Plan based upon the District's current methodology, the recommended changes, and compared those results. The following subsections discuss each of those result components.

2.1 Current Cost Allocation Results

The following table shows the total costs allocated to the different district programs based upon the current allocation methodology.

Program #	Program Title	Total Costs Allocated
105	Joint Policy Committee	\$387
122	Hearing Board	\$24,208
125	My Air Online	\$452,888
126	Clean Power & Efficiency Program	\$12,921
202	Hearing Board Proceedings	\$102,199
303	Intermittent Control Programs	\$139,511
305	Spare the Air (CMAQ)	\$9,294
306	Intermittent Control Programs	\$513,710
307	Carl Moyer Program Administration	\$265,315
308	Transportation Fund for Clean Air	\$485,043

Program #	Program Title	Total Costs Allocated
310	Mobile Source Incentive Fund	\$341,677
311	Carbon Offset Fund	\$9,762
312	Vehicle Buyback	\$34,670
313	Grant Program Development	\$355,780
316	Miscellaneous Incentive Program	\$10,549
317	Regional Electric Vehicle Deployment	\$53,627
318	Enhanced Mobile Source Inspections	\$229,247
323	California Goods Movement Bond Administration	\$331,222
401	Enforcement	\$2,386,697
402	Compliance Assistance & Operations	\$1,451,842
403	Compliance Assurance	\$3,409,387
501	Permit Evaluation	\$2,446,852
502	Permit Renewals	\$490,336
503	Air Toxics	\$991,895
504	Permit Operations	\$401,456
506	Title V	\$473,312
507	Engineering Special Projects	\$348,007
601	Source Inventories	\$486,320
602	Air Quality Plans	\$383,110
603	Air Quality Modeling Support	\$363,207
604	Air Quality Modeling & Research	\$347,729
605	Mobile Source Measures	\$482,475
608	Climate Protection	\$877,548
609	Community Air Risk Evaluation (CARE)	\$339,972
611	Rule Development	\$817,243
725	Information Systems Software Development	\$709,832
802	Ambient Air Monitoring	\$1,843,810
803	Laboratory	\$659,022
804	Source Test	\$1,307,517
805	Meteorology	\$405,560
807	Air Monitoring Instrument Performance Evaluation	\$357,877
809	BioWatch Monitoring	\$16,382
810	Infrastructure and Records Management	\$150,891
811	Mobile Monitoring	
TOTAL		\$25,320,289

As the table shows the total costs allocated through the District's current full cost allocation methodology results in a total cost of \$25.3 million allocated to different District programs. The primary receivers of support are Compliance and Enforcement at 29% and Engineering at 20%. This suggests that fee-related programs receive approximately 49% of the overall support of the District.

2.2 Proposed Cost Allocation Results

The proposed cost allocation model not only incorporated the recommended allocation bases, but also altered the order of direct cost exclusions. The following table shows the total costs allocated to the different district programs based upon the recommended /

proposed allocation methodology.

Program #	Program Title	Total Costs Allocated
105	Joint Policy Committee	\$287
122	Hearing Board	\$17,617
125	My Air Online	\$346,033
126	Clean Power & Efficiency Program	\$8,575
202	Hearing Board Proceedings	\$35,524
303	Intermittent Control Programs	\$110,717
305	Spare the Air (CMAQ)	\$6,899
306	Intermittent Control Programs	\$411,569
307	Carl Moyer Program Administration	\$214,476
308	Transportation Fund for Clean Air	\$379,902
310	Mobile Source Incentive Fund	\$283,358
311	Carbon Offset Fund	\$273
312	Vehicle Buyback	\$22,086
313	Grant Program Development	\$282,096
316	Miscellaneous Incentive Program	\$8,316
317	Regional Electric Vehicle Deployment	\$38,523
318	Enhanced Mobile Source Inspections	\$180,551
323	California Goods Movement Bond Administration	\$225,851
401	Enforcement	\$2,891,820
402	Compliance Assistance & Operations	\$1,824,636
403	Compliance Assurance	\$4,139,889
501	Permit Evaluation	\$3,126,887
502	Permit Renewals	\$536,515
503	Air Toxics	\$1,014,287
504	Permit Operations	\$474,238
506	Title V	\$515,406
507	Engineering Special Projects	\$351,490
601	Source Inventories	\$423,405
602	Air Quality Plans	\$319,986
603	Air Quality Modeling Support	\$308,361
604	Air Quality Modeling & Research	\$294,273
605	Mobile Source Measures	\$392,626
608	Climate Protection	\$757,169
609	Community Air Risk Evaluation (CARE)	\$269,193
611	Rule Development	\$654,758
725	Information Systems Software Development	\$618,217
802	Ambient Air Monitoring	\$1,298,697
803	Laboratory	\$530,141
804	Source Test	\$948,167
805	Meteorology	\$295,756
807	Air Monitoring Instrument Performance Evaluation	\$279,154
809	BioWatch Monitoring	\$11,418
810	Infrastructure and Records Management	\$129,381
811	Mobile Monitoring	\$287
TOTAL		\$24,978,814

As the table above shows, under the proposed / revised methodology a total of \$24.98 million costs was allocated. Similar to the current methodology, the primary receivers of support are Compliance and Enforcement at 36% and Engineering at 24%. The proposed methodology increases indirect costs for fee-related programs by approximately 11%.

2.3 Cost Allocation Comparison

The table on the following page compares the total cost allocation between the two different methodologies, showing the total costs currently allocated, proposed costs allocated, and the difference.

Prog. #	Program Title	Current Costs Allocated	Proposed Costs Allocated	Difference in Costs
105	Joint Policy Committee	\$387	\$287	(\$100)
122	Hearing Board	\$24,208	\$17,617	(\$6,591)
125	My Air Online	\$452,888	\$346,033	(\$106,855)
126	Clean Power & Efficiency Program	\$12,921	\$8,575	(\$4,346)
202	Hearing Board Proceedings	\$102,199	\$35,524	(\$66,675)
303	Intermittent Control Programs	\$139,511	\$110,717	(\$28,793)
305	Spare the Air (CMAQ)	\$9,294	\$6,899	(\$2,394)
306	Intermittent Control Programs	\$513,710	\$411,569	(\$102,141)
307	Carl Moyer Program Administration	\$265,315	\$214,476	(\$50,839)
308	Transportation Fund for Clean Air	\$485,043	\$379,902	(\$105,141)
310	Mobile Source Incentive Fund	\$341,677	\$283,358	(\$58,318)
311	Carbon Offset Fund	\$9,762	\$273	(\$9,489)
312	Vehicle Buyback	\$34,670	\$22,086	(\$12,584)
313	Grant Program Development	\$355,780	\$282,096	(\$73,684)
316	Miscellaneous Incentive Program	\$10,549	\$8,316	(\$2,232)
317	Regional Electric Vehicle Deployment	\$53,627	\$38,523	(\$15,104)
318	Enhanced Mobile Source Inspections	\$229,247	\$180,551	(\$48,696)
323	California Goods Movement Bond Administration	\$331,222	\$225,851	(\$105,372)
401	Enforcement	\$2,386,697	\$2,891,820	\$505,124
402	Compliance Assistance & Operations	\$1,451,842	\$1,824,636	\$372,794
403	Compliance Assurance	\$3,409,387	\$4,139,889	\$730,502
501	Permit Evaluation	\$2,446,852	\$3,126,887	\$680,035
502	Permit Renewals	\$490,336	\$536,515	\$46,179
503	Air Toxics	\$991,895	\$1,014,287	\$22,392
504	Permit Operations	\$401,456	\$474,238	\$72,782
506	Title V	\$473,312	\$515,406	\$42,095
507	Engineering Special Projects	\$348,007	\$351,490	\$3,482
601	Source Inventories	\$486,320	\$423,405	(\$62,915)
602	Air Quality Plans	\$383,110	\$319,986	(\$63,124)
603	Air Quality Modeling Support	\$363,207	\$308,361	(\$54,845)
604	Air Quality Modeling & Research	\$347,729	\$294,273	(\$53,456)
605	Mobile Source Measures	\$482,475	\$392,626	(\$89,849)
608	Climate Protection	\$877,548	\$757,169	(\$120,379)
609	Community Air Risk Evaluation (CARE)	\$339,972	\$269,193	(\$70,779)

Prog. #	Program Title	Current Costs Allocated	Proposed Costs Allocated	Difference in Costs
611	Rule Development	\$817,243	\$654,758	(\$162,484)
725	Information Systems Software Development	\$709,832	\$618,217	(\$91,615)
802	Ambient Air Monitoring	\$1,843,810	\$1,298,697	(\$545,113)
803	Laboratory	\$659,022	\$ 530,141	(\$128,881)
804	Source Test	\$1,307,517	\$948,167	(\$359,350)
805	Meteorology	\$405,560	\$295,756	(\$109,803)
807	Air Monitoring Instrument Performance Evaluation	\$357,877	\$279,154	(\$78,723)
809	BioWatch Monitoring	\$16,382	\$11,418	(\$4,965)
810	Infrastructure and Records Management	\$150,891	\$129,381	(\$21,510)
811	Mobile Monitoring		\$287	\$287
TOTAL		\$25,320,289	\$24,978,814	(\$341,475)

As the table above and on the previous page shows the proposed methodology results in approximately a decrease of \$341,000. The primary difference in costs allocated is related to the classification of certain indirect costs as more directly associated with fees and permit-related activities in the proposed methodology.

3 BillCodes

Currently, all staff within the District code and track their time based on major activity using an associated bill code. The following chapter discusses the BillCodes utilized by the District.

1 BILLCODES

There are ninety-nine (99) BillCodes in place. Each BillCode is associated with an activity at the district. The following table lists all of the different activities and Fee Schedules that are associated with each of the billcodes.

Activity / Fee Schedule Title			
ARB Inspection	FS_E-Solvent Evaporation	FS_N-AB2588	Mobile Diesel
Carbon Offset Fund	FS_F-Misc.	FS_P-Title V	NatOccAsb
DHS	FS_G1-Misc.	FS_R-Registration	PM Speciation
EA	FS_G2-Misc.	FS_S-NatOccAsbBillable	Reg6-3WoodBurning
EPAG	FS_G3-Misc.	FS_T	SR_CarlMoyer
Fed Grant 103	FS_G4-Misc.	FS_V-Prescribed Burning	SR_CGMB
Fed Grant 105	FS_G5-Misc.	FS_W_Refinery Emissions Tracking	SR_MSIF
FS_8-PermitGeneral	FS_H-Semiconductor	FS_X	SR_TFCA
FS_B-Combustion of Fuel	FS_I-Drycleaners	General	zAg Waste Chipping
FS_C-Storage Organic Liquid	FS_K-Waste Disposal	Grants-Development	zBIA Public Records Act Request
FS_D-Gasoline Dispensing/Bulk Terminals	FS_L-Asbestos	Grants-Other	zPublic Records

As the table above shows there is the ability for the District to code time across the different fee schedules as well as grants and other specific District programs. The two activity titles and bill code classifications that the project team focused on were: General and Permit General, as these codes are further reallocated during the cost recovery process.

2 GENERAL – 01 BILLCODE

The BillCode 01 refers to the “General” Billcode. The General BillCode is intended to capture support services activities that benefit the entire district. The primary purpose of the General BillCode is to record the time and cost associated with indirect services such as the Executive Board, Administrative Resources Division, Communications, etc. There are also additional services that are considered District-Wide support, such as non-fee schedule based enforcement activities or litigation activities that are meant to support and benefit the general public and residents of the District.

The following table shows the total dollars associated with BillCode 01, as well as the overall total dollars associated with all District Billing Codes, and the percentage of cost associated with BillCode 01.

Category	Personnel Cost
BillCode 01	\$11,618,961
Overall	\$36,147,926
Percentage	32%

As the above table indicates, BillCode 01 comprises 32% of the salaries and benefits paid to employees of the District. The following table shows the breakout of the cost by District program.

ProgNo	Program Title	Total Cost	% of Cost
104	Executive Office	\$1,527,683	13%
106	Payroll	\$79,902	1%
107	Benefit Administration	\$133,525	1%
109	Organizational Development	\$102,467	1%
111	Employment Relations	\$146,907	1%
114	Recruitment & Testing	\$274,406	2%
121	Board of Directors	\$75,909	1%
122	Hearing Board	\$19,097	0%
123	Advisory Council	\$7,923	0%
126	Clean Power & Efficiency Program	\$9,949	0%
201	Legal Counsel	\$927,564	8%
202	Hearing Board Proceedings	\$49,908	0%
203	Penalty Enforcement & Settlement	\$117,829	1%
205	Litigation	\$191,421	2%
301	Public Information	\$703,594	6%
302	Community Engagement	\$576,697	5%
303	Intermittent Control Programs	\$443	0%
306	Intermittent Control Programs	\$1,109	0%
309	Website Development & Maintenance	\$127,418	1%
401	Enforcement	\$91,789	1%
402	Compliance Assistance & Operations	\$33,439	0%
403	Compliance Assurance	\$53,531	0%
501	Permit Evaluation	\$7,223	0%
503	Air Toxics	\$25,349	0%
507	Engineering Special Projects	\$6,391	0%
601	Source Inventories	\$132,285	1%
602	Air Quality Plans	\$386,560	3%
603	Air Quality Modeling Support	\$208,371	2%
604	Air Quality Modeling & Research	\$197,937	2%
605	Mobile Source Measures	\$544,256	5%
608	Climate Protection	\$717,970	6%
609	Community Air Risk Evaluation (CARE)	\$221,983	2%
611	Rule Development	\$102,185	1%
701	Finance/Accounting	\$773,583	7%

ProgNo	Program Title	Total Cost	% of Cost
702	Strategic Facilities	\$297,898	3%
703	Communications	\$227,025	2%
708	Purchasing	\$234,543	2%
710	Vehicle Maintenance	\$93,142	1%
712	Information Management Records & Content	\$106,853	1%
725	Information Systems Software Development	\$423,862	4%
726	Information Technology Engineering & Operations	\$1,115,989	10%
802	Ambient Air Monitoring	\$90,858	1%
803	Laboratory	\$108,607	1%
804	Source Test	\$122,277	1%
805	Meteorology	\$30,401	0%
807	Air Monitoring Instrument Performance Evaluation	\$20,441	0%
810	Infrastructure and Records Management	\$170,461	1%
Grand Total		\$11,618,961	100%

As the table above and on the previous page indicates, the largest source of BillCode 01 Cost comes from the following six programs: Executive Office, Information Technology Engineering & Operations, Legal Counsel, Finance / Accounting, and Public Information and Climate Protection. These programs comprise approximately 50% of BillCode 01.

It is important to note that of the top six programs, five are considered indirect support to the District and are allocated to various programs through the Cost Allocation Plan. There is only one program – Climate Protection – that is not part of the Cost Allocation Plan. Therefore, the project team extrapolated from the data above those codes that do not flow through the cost allocation plan. The following table shows those program codes, titles, cost, and percentage of the total General BillCode:

ProgNo	Program Title	Total Cost	% of Cost
122	Hearing Board	\$19,097	1%
126	Clean Power & Efficiency Program	\$9,949	0%
202	Hearing Board Proceedings	\$49,908	1%
303	Intermittent Control Programs	\$443	0%
306	Intermittent Control Programs	\$1,109	0%
401	Enforcement	\$91,789	3%
402	Compliance Assistance & Operations	\$33,439	1%
403	Compliance Assurance	\$53,531	1%
501	Permit Evaluation	\$7,223	0%
503	Air Toxics	\$25,349	1%
507	Engineering Special Projects	\$6,391	0%
601	Source Inventories	\$132,285	4%
602	Air Quality Plans	\$386,560	11%
603	Air Quality Modeling Support	\$208,371	6%
604	Air Quality Modeling & Research	\$197,937	5%
605	Mobile Source Measures	\$544,256	15%
608	Climate Protection	\$717,970	20%
609	Community Air Risk Evaluation (CARE)	\$221,983	6%
611	Rule Development	\$102,185	3%
725	Information Systems Software Development	\$423,862	12%

ProgNo	Program Title	Total Cost	% of Cost
802	Ambient Air Monitoring	\$90,858	3%
803	Laboratory	\$108,607	3%
804	Source Test	\$122,277	3%
805	Meteorology	\$30,401	1%
807	Air Monitoring Instrument Performance Evaluation	\$20,441	1%
	Grand Total	\$3,606,221	100%

As the table above and on the previous page shows, the total costs associated with Non-support services are \$3.6 million. The costs represent approximately 31% of the total General BillCode costs and 10% of the overall cost of the District. The District currently has no revenue source for recovering these costs, which are funded through the General Fund or Property Tax.

Even though, the majority of the services in this section should be funded by Property Tax, there are certain programs that should not code any time to General BillCode 01. Staff within programs such as Permit Evaluation and Information Systems Software Development should be coding their time to BillCode 08 – Permit General rather than BillCode 01 – General.

In order to clearly delineate the difference between General – District-wide indirect support and General – non-cost recovery district wide support, there should be two different billing codes. Creating a separate billing code for these services will ensure that those services that are “direct” programs but “unfunded” are represented in a different category and do not filter through or get layered onto fees. Based upon the review of current costs and bill code usage the project team has identified the following major issues with BillCode 01:

- Definition:** There should be a clear definition of BillCode 01 – General that is provided to all Programs and Divisions. This definition should not only provide a brief summary of what is considered to be “General” activities for the District but also the types of activities that are eligible to be coded as General Activities specific to each program. This should be distributed to all employees as well as added to an Employee handbook for ease of distribution to new employees. The definition of “General” should be developed by staff in Finance and Administration and then be approved by the Air Pollution Control Officer and the Board.
- Monitoring:** Supervisors and Management in each program should be carefully monitoring the staff and hours coded to BillCode 01 to ensure that those are eligible activities for that BillCode. This will also ensure that hours that are being provided in support of fee-related schedules are not being coded as General Hours. This is the case in Legal Services for Penalties and Litigation and also for the Information Systems Software Development. These programs should be coding costs to BillCode 08 – Permit General. Supervisors and time sheet approvers should be auditing the hours coded to the BillCodes at a minimum on an annual basis. If there

are any adjustments to the billcodes those should be made retroactively to ensure that time and cost is flowing through to the appropriate activities.

- **Other General Support:** Creation of an additional BillCode that captures those support and general activities that are “unfunded”. This will enable the District staff to clearly and easily identify indirect support associated with a particular program, and determine if those costs should be “unfunded” or allocated through another methodology.

As the points above indicate there are some opportunities for improvement as it relates to BillCode 01 – General. Clarifying the expectations associated with BillCode 01 will help the District better track its indirect costs, as well as ensure that District support is coded appropriately.

Recommendation #2: A clear definition of activities that are considered “General” should be developed and distributed to all staff members within the District. This should also be included in the employee handbook to make it easier for dissemination during the onboarding process. This definition should be developed by District staff within Finance and Administration, and be approved by the Executive Management Office.

Recommendation #3: There should be an annual auditing and monitoring mechanism in place for supervisors to review the timesheets of staff members. This will ensure that staff are accurately recording time in the “General” category.

Recommendation #4: The “General” billcode category should be separated into two distinct categories – District General and Other General. The District General should refer to activities such as Executive Office, Finance, Payroll, etc. or activities that provide support to all programs internally within the District. The Other General should refer to unpermitted sources, mobile inspections, or activities that have no revenue source other than property tax.

3 PERMIT GENERAL – 08 BILLCODE

The primary purpose of the Permit General bill code is to capture the support associated with Permit-related activities specifically. The Finance staff takes the Permit General costs and layers it onto all of the fee-related services as fee overhead. The project team evaluated the total costs associated with BillCode 08. The following table shows the Permit General cost as a proportion of total district-wide cost.

Category	Personnel Cost
BillCode 08	\$7,512,767
Overall	\$36,147,926
Percentage	21%

As the table shows, BillCode 08 comprises 21% of the total District wide personnel costs. The project team evaluated the programs that made up the total permit general costs. The following table shows by program number and title, the total costs coded to Permit General in FY 16-17.

ProgNo	Program Title	Total Cost	% of Cost
104	Executive Office	\$271,910	4%
111	Employment Relations	\$1,261	0%
125	My Air Online	\$460,057	6%
203	Penalty Enforcement & Settlement	\$74,062	1%
303	Intermittent Control Programs	\$67	0%
401	Enforcement	\$558,191	7%
402	Compliance Assistance & Operations	\$746,041	10%
403	Compliance Assurance	\$764,636	10%
501	Permit Evaluation	\$872,325	12%
502	Permit Renewals	\$235,137	3%
503	Air Toxics	\$394,782	5%
504	Permit Operations	\$429,898	6%
506	Title V	\$81,953	1%
507	Engineering Special Projects	\$256,673	3%
601	Source Inventories	\$213,680	3%
603	Air Quality Modeling Support	\$113,927	2%
604	Air Quality Modeling & Research	\$99,856	1%
605	Mobile Source Measures	\$3,714	0%
608	Climate Protection	\$264,907	4%
609	Community Air Risk Evaluation (CARE)	\$148,407	2%
611	Rule Development	\$424,477	6%
701	Finance/Accounting	\$75,257	1%
712	Information Management Records & Content	\$40,546	1%
725	Information Systems Software Development	\$441,969	6%
803	Laboratory	\$140,645	2%
804	Source Test	\$358,007	5%
805	Meteorology	\$34,638	0%
807	Air Monitoring Instrument Performance Evaluation	\$5,743	0%
Grand Total		\$7,512,767	100%

As the table above shows, the top sources of Permit General are the following programs: Permit Evaluation, Compliance Assurance, Compliance Assistance & Operations, Enforcement, and My Air Online, Permit Operations, and Rule Development. These programs comprise approximately 57% of the cost. All of the programs that have cost and time coded to Permit General (BillCode 08) should account for general permit related activities.

The project team also evaluated BillCode 08 – Permit General personnel costs and time coded as a percentage of fee-related Bill Codes. The following table shows the Permit General cost as a proportion of fee-related only cost.

Category	Personnel Cost
BillCode 08	\$7,512,767
Fee-Related	\$17,903,107
Percentage	42%

As the table above shows BillCode 08 comprises 42% of the fee-related cost. This is a significant portion of time that is coded as general permit support. The benchmark for general permit support is typically in the range of 25%-33%, with the remaining portion of staff time being spent directly on permitted activities.

It is recommended that where possible more time and thereby cost should be coded to specific types of permits in the BillCode system. This ensures that those costs are directly captured for that specific permit and source rather than being layered upon all permits and sources. A clear example of this is that nearly 30% of Permit Evaluation's personnel costs are coded to Permit General, those costs should be examined to ensure that all of those hours and cost should truly be classified as "Permit General".

The District should develop a threshold upon which Program Supervisors and Managers should review time coding to ensure that time is being appropriately coded to the Permit General category. This threshold should be set at a minimum of 25%. Therefore, if any program codes 25% or more of its time annually to Permit General, the Supervisors should meet with staff and ensure that all of those activities and costs should have been classified as Permit General. For certain programs, it will be acceptable for them to be overhead to all fees such as Enforcement, whereas for other programs such as Permit Evaluation or Permit Renewal, it will be important to monitor the time and costs coded to BillCode 08 – Permit General.

The project team has recommended through the review of cost classifications of central services and indirect support that the following programs code more time directly as Permit General:

- Penalties, Enforcement, & Settlement
- Litigation
- Information Systems Software Development

Staff within these programs should code time to Permit General to ensure that costs filter through appropriately to fee-based schedules and allow the district to fully recover the costs associated with issuing permits.

Recommendation #5: District staff should be encouraged to code more time and thereby cost directly to the Fee Schedules rather than utilizing Permit General or even General to code the balance of time. Some of these activities include Litigation, Penalties, Enforcement, and Settlement, and Information Systems Software Development.

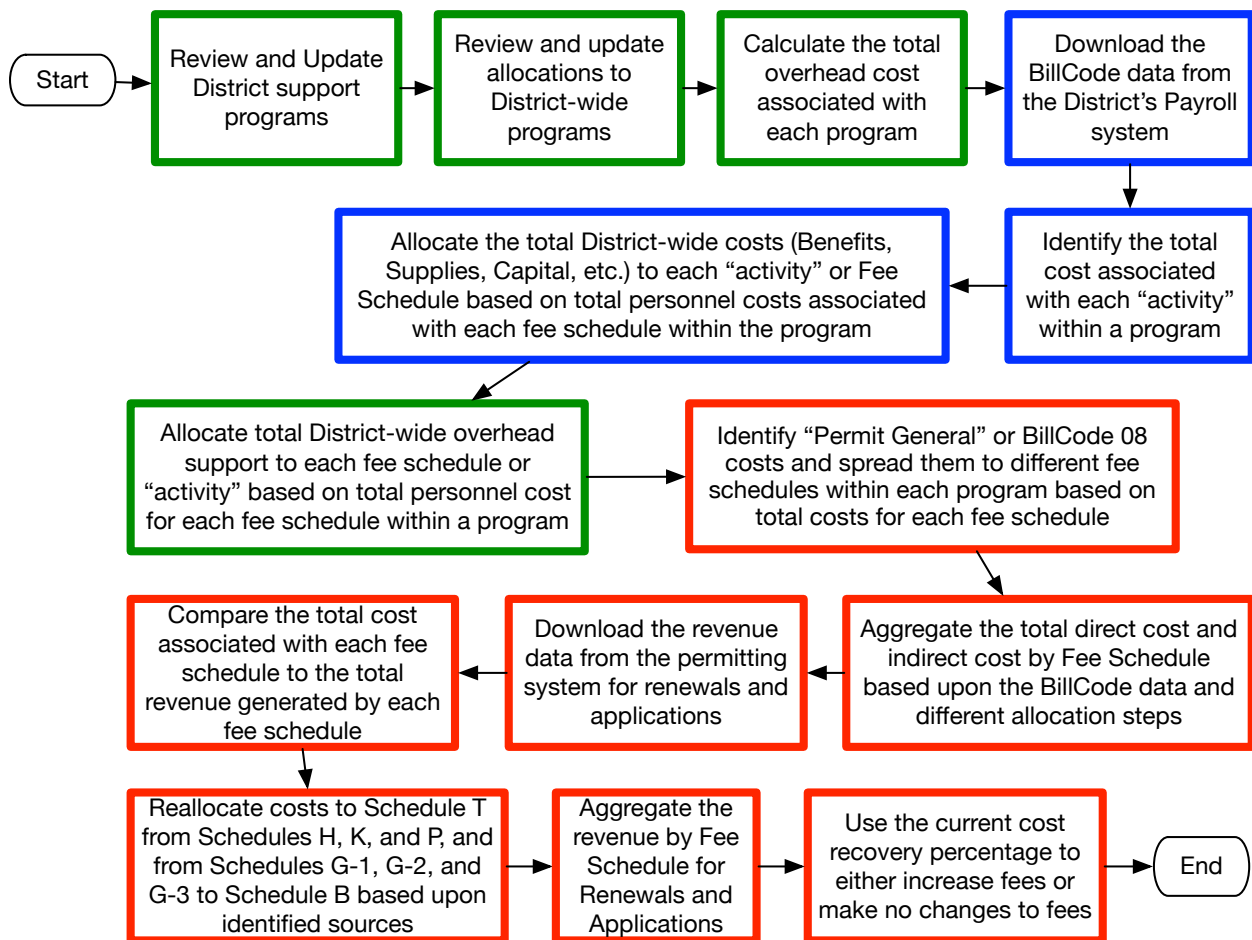
Recommendation #6: A threshold should be set up for Permit General calculation. The majority of staff positions and members should not be coding more than 25% of their time / cost to the Permit General Category. If at the end of the year, a staff member's time exceeds 30% in the Permit General category, the supervisor should review that time coding and ensure that it is appropriate for that position to code more time to Permit General rather than to specific fee schedules or grant activities.

4 Cost Recovery Model – Fee Study

In addition to the Cost Allocation Methodology, the project team also evaluated the District’s current and potential cost recovery. The following chapter discusses the methodology for determining cost recovery and the results of the current and proposed methodology.

1 COST RECOVERY MODEL PROCESS

In order to evaluate the District’s current cost recovery levels and develop a cost recovery model the project team evaluated the District’s current cost recovery model. The project team distilled the development of the cost recovery model and its results into a simplified flowchart. The following flowchart describes how the District staff takes the information from the Cost Allocation Plan and the BillCodes and uses that to develop and calculate its current cost recovery levels and affect the fees.



Green = Cost Allocation Plan
Blue = Bill Codes
Red = Fee Schedule / Cost Recovery

The flowchart shows the different types of costs that are allocated to the different fee schedules based upon the total personnel costs associated with each fee schedule. All direct and indirect costs are allocated using this method. The costs are allocated in different steps to ensure that the appropriate level of cost is being recorded, with direct costs allocated first, then district-wide overhead, and lastly permit-related overhead.

It is important to note that the permitting system records revenue to all fee schedules. However, not all staff code time to all fee schedules. Certain fee schedules within the District are related to the overall monitoring of a specific type of program or source, and as such, when District staff are working on those permits that time is coded to a different fee schedule, rather than the appropriate fee schedule. Therefore, the District reallocates those costs based upon the types of sources from one schedule into another schedule.

This cost reallocation occurs for only two schedules: Schedule T and Schedule B. Costs are allocated to Schedule T from Schedules H, K, and P, while costs are allocated to Schedule B from Schedules G1, G2, and G3. In order to mitigate the back-end re-allocation of costs that are distributed based upon the sources in those schedules, it is recommended that additional descriptions be added to the BillCodes. The District provides staff with a list of BillCodes and the types of activities associated with each BillCode. The project team recommends that the BillCode Description for Schedules T and B be expanded to include review of relevant sources in the context of Greenhouse Gases or Gasoline Dispensing Facilities to be coded to those specific schedules rather than to another schedule. This change in the process will ensure that costs are coded to the appropriate schedules, without having to do additional calculations each year.

Recommendation #7: The District should expand the definition and sample activities associated with the Bill codes for Schedules T and B to include review work related to Schedules H, K, P, G1, G2, and G3 sources. This will ensure that District staff are appropriately coding their time while working on these activities and will mitigate the need for the District to reallocate expenses to those schedules on the back-end prior to the cost recovery calculation.

2 COST RECOVERY CALCULATION REGULATIONS AND GUIDELINES

Based upon the process outlined in the previous section the District calculates the total cost recovery associated with each specific fee schedule. It is important for the district to annually calculate its cost recovery status to ensure that for its fees for service that are being charged, it is in compliance with California State laws and propositions associated with user fee charges.

A “user fee” is a charge for service provided by a governmental agency to a public citizen or group. In California, several constitutional laws such as Propositions 13, 4, and 218, State Government Codes 66014 and 66016, and more recently Prop 26 and the Attorney General’s Opinion 92-506 set the parameters under which the user fees typically

administered by local government are established and administered. Specifically, California State Law, Government Code 66014(a), stipulates that user fees charged by local agencies "...may not exceed the estimated reasonable cost of providing the service for which the fee is charged".

In addition to the user fee regulations in Prop 26, the District is also governed by the Health and Safety Code. In the post-Prop 13 era, the State Legislature determined that the cost of programs to address air pollution should be borne by the individuals and businesses that cause air pollution through regulatory and service fees. The primary authority for recovering the cost of District programs and activities related to stationary sources is given in Section 42311 of the Health and Safety Code (HSC), under which the District is authorized to:

- Recover the costs of programs related to permitted stationary sources
- Recover the costs of programs related to area-wide and indirect sources of emissions which are regulated, but for which permits are not issued
- Recover the costs of certain hearing board proceedings
- Recover the costs related to programs that regulate toxic air contaminants

The measure of the revenue that may be recovered through stationary source fees is the full cost of all programs related to these sources, including all direct program costs and a commensurate share of indirect program costs, unless otherwise funded. Such fees are valid so long as they do not exceed the reasonable cost of the service or regulatory program for which the fee is charged, and are apportioned amongst fee payers such that the costs allocated to each fee-payer bears a fair or reasonable relationship to its burden on, and benefits from, the regulatory system.

3 PROJECTED COST RECOVERY MODEL RESULTS

The project team took the information from the revised cost allocation plan and applied it to the District's current cost allocation methodology. Additionally, the project team took the District's FY17 expenditures and allocated it to the different fee schedules based upon the total cost associated with a fee schedule within a program. Finally, the project team reviewed the renewals and applications data from the District's permitting database and allocated revenue to the identified fee schedule in the permitting system. The following table shows the results based on the cost recovery model developed by the project team.

Fee Schedule	Direct Cost	Indirect Cost	Total Cost	Total Revenue	Annual Surplus / (Deficit)	Cost Recovery %
A	\$114,967	\$53,132	\$168,099	\$5,722	(\$162,377)	3%
B	\$6,049,140	\$3,273,174	\$9,322,314	\$9,599,477	\$277,163	103%
C	\$459,222	\$297,296	\$756,517	\$2,491,202	\$1,734,684	329%
D	\$4,435,464	\$2,376,290	\$6,811,754	\$5,548,181	(\$1,263,573)	81%

Fee Schedule	Direct Cost	Indirect Cost	Total Cost	Total Revenue	Annual Surplus / (Deficit)	Cost Recovery %
E	\$2,187,565	\$1,364,832	\$3,552,397	\$2,767,439	(\$784,958)	78%
F	\$1,698,342	\$844,751	\$2,543,093	\$2,351,500	(\$191,593)	92%
G1	\$4,057,641	\$2,107,901	\$6,165,542	\$2,556,491	(\$3,609,051)	41%
G2	\$685,054	\$342,339	\$1,027,393	\$561,626	(\$465,767)	55%
G3	\$373,912	\$232,618	\$606,529	\$648,892	\$42,362	107%
G4	\$2,411,867	\$1,030,228	\$3,442,094	\$959,093	(\$2,483,001)	28%
G5	\$218,556	\$145,484	\$364,040	\$979,704	\$615,663	269%
H	\$209,350	\$135,343	\$344,693	\$122,440	(\$222,253)	36%
I	\$113,384	\$70,708	\$184,091	\$5,439	(\$178,653)	3%
K	\$795,821	\$465,800	\$1,261,621	\$246,552	(\$1,015,070)	20%
L	\$2,670,703	\$1,326,923	\$3,997,627	\$4,108,669	\$111,042	103%
N	\$226,118	\$130,642	\$356,760	\$214,311	(\$142,449)	60%
P	\$3,870,921	\$1,941,921	\$5,812,842	\$5,088,243	(\$724,598)	88%
R	\$306,095	\$206,971	\$513,065	\$237,105	(\$275,961)	46%
S	\$59,384	\$38,721	\$98,105	\$101,934	\$3,829	104%
T	\$1,584,464	\$749,052	\$2,333,516	\$2,179,797	(\$153,719)	93%
V	\$681,720	\$406,282	\$1,088,002	\$151,781	(\$936,221)	14%
W	\$76,145	\$13,255	\$89,400	\$324,000	\$234,600	362%
X	\$330,655	\$171,891	\$502,547	\$1,131,169	\$628,622	225%
TOTAL	\$33,616,489	\$17,725,553	\$51,342,042	\$42,380,765	(\$8,961,277)	83%

As the table shows, the overall cost recovery level calculated for the District is 83% under the projected model and represents a \$8.96 million deficit. The primary source of this deficit is \$3.6 million related to G1 sources, which comprises approximately 40% of the overall deficit.

4 COST RECOVERY LEVELS AND FEE UPDATES

As discussed in the last step of the process, the District utilizes the current cost recovery level calculated through the cost recovery process to update its fees. The following table shows how the fees were changed for fiscal year 2018 based on the cost recovery level.

Cost Recovery Level	Fee Increase
95-100%	2.7% (COLA factor)
85-95%	7%
75-84%	8%
Less than 75%	9%

As the table above indicates, the District is following a best management practice of increasing its 100% cost recovery fees annually by a cost factor. This increase ensures

that those fees for which the District is recovering a 100% of its costs continue to maintain that recovery level. Additionally, the other percentages reflect a gradual increase in the fees to bring the cost recovery levels closer each year and move them up to the next cost recovery level bracket.

Some of the District's current fee schedules are recovering more than 100% of their costs. It is the recommendation that a cost recovery level of 110% is generally considered acceptable as it accounts for revenue generation in one year and review / monitoring activities through multiple years. Therefore, the first category on the cost recovery level and fee increase table should be expanded to include up to 110% and the increase should be based on the COLA increases.

The table above groups all cost recovery levels below 75% at the same level. It is the project team's recommendation that another level be added to the fee increase table. For fees at less than 50% cost recovery there should be a 15% increase. This will enable the District to bridge the gap much sooner for these large sources of deficit.

The District currently reviews and updates fee increase percentages annually. Review of increases allows the District to manage impacts to applicants, as well as ensure that increases are not abnormally absorbent. The District should consider developing multi-year target percentages for fees that are below the 75% cost recovery threshold. These multi-year targets would provide guidance on how quickly fees should be increased to get them into the 75% cost recovery range, and may need to be fee schedule specific. For example, the District may want to be more aggressive in increasing fees associated with Schedule K permits than Schedule I permits. Therefore, the District may want to establish separate annual increase percentages based on each under-recovering fee schedule.

Recommendation #8: The initial cost recovery level category should be expanded up to 110% to ensure that cost recovery levels are maintained even for those schedules that may show over 100% cost recovery in one year, but then may dip down the following year due to lack of fee increases. This practice will help maintain consistency in cost recovery levels for those full cost recovery fee schedules and is in line with best management practices.

Recommendation #9: An additional cost recovery level should be added to the fee increase table. The less than 50% category should have a 15% increase. The District should review schedules that are below 50%, and develop multi-year schedule based increase percentages to address the unique cost recovery issues associated with each schedule. This will help the District increase those fees and fee schedules that are significantly below the 75% mark at a much more significant rate.

5 Cost Containment Strategies

This chapter provides an overview of the assessment of cost containment strategies, especially as it pertains to the New Production System. The District conducted a Cost Recovery and Containment study in 2010. As a result of the study there were several different cost containment strategies that were recommended for implementation for the District. The following sections discuss some general cost containment strategies and efficiencies implemented by the District since the previous study, as well as a discussion of the New Production System.

1 GENERAL COST CONTAINMENT STRATEGIES

In the past five years since the previous study was completed, the District has implemented several cost containment and efficiency-based strategies. Some of these strategies include the following:

- 1. Timekeeping:** Since the previous study the District has implemented a timekeeping system that allows employees within each District program to directly code / identify their time spent on fee-related activities. This time can be allocated either directly to a specific fee schedule or can be coded as a general permit activity – i.e. data entry, permit routing, intake, etc. This ensures that all costs that are directly associated with permit activities are captured.
- 2. Greater Field Capabilities:** There is the ability of inspectors in the enforcement and compliance section to utilize equipment in the field. This enables there to be elimination of duplication of effort that exists between having to take notes in the field and then re-transcribe those notes into the legacy system at the District. Additionally, the utilization of satellite offices minimizes the travel and drive time between assigned facilities.
- 3. Annual Updates to Cost Recovery:** A policy was developed for the District to annually assess their cost recovery level as it pertains to fees, including monitoring the expenses and revenues associated with schedules. Schedules are adjusted accordingly, but also monitored for any spikes or significant decreases in revenue or expenditure activity. Additionally, it also ensures a slow or gradual increase to fee schedules as necessary to incorporate any efficiencies or cost savings immediately rather than waiting for fee studies to be conducted every 3-5 years.
- 4. Public Education:** The District has provided for the public a list of all of its fees in a single PDF document on the website for public convenience. Additionally, there is a permitting handbook available that outlines the general permitting process and provides examples of different facilities and the schedule(s) that would be

applicable to those fees. The availability of this information on the website helps minimize the time associated with general permit inquiries.

- 5. **Online Applications:** The New Production System allows certain types of facilities to submit online applications for the different types of permits. This allows District staff to review information provided by applicants, rather than transcribing submitted applications into the legacy system.
- 6. **Permit Statuses:** Facilities can now view their permit status online through the New Production System. The availability of this information on the website helps minimize the time associated with basic permit inquiries.

As the points above illustrate, the District has made significant strides in implementing strategies that have resulted in efficiencies as well as the ability to reduce time spent doing paperwork or answering general permit-related questions to conducting inspections or evaluating permit applications.

Additionally, the annual monitoring of cost recovery levels while not cost saving, is a cost efficiency strategy that enables the District to continuously monitor its costs associated with each schedule and ensure that fees are increased to enable the District to maintain designated cost recovery levels.

2 COMPARISON OF NEW PRODUCTION SYSTEMS TO RECOMMENDATIONS

The District is in the process of rolling out a New Production System as it relates to its permitting activities. The New Production System was developed based on the recommendations from the previous Cost Allocation and Cost Recovery study conducted by the District. The project team had conversations with the District staff working on the New Productions system including a brief demonstration of the capabilities of the system.

The table that follows reviews the ability of the New Production System to meet the best management standards identified in the previous study as well as a discussion regarding how the implementation of this new system effects fee-related time. If the District meets or has implemented the recommendation fully, the project team has marked the recommendation with an X. If there are any qualifications to the implementation of the recommendation, or portions of recommendations that were not implemented those recommendations have a discussion regarding the potential for future implementation.

Recommendation	Implemented
The current information management system, Data Bank / IRIS, is not web-based. The District, however, should be designing and implementing a new permit information management system (i.e., the "Production System") that is web-based, allowing access from any computer terminal.	X

Recommendation	Implemented
Current District permit applicants do not have the access to online information regarding the status of their respective permit application. The new Production System should be designed and / or implemented with online capabilities.	X
The new Production System should be designed and / or implemented to readily provide web-based capabilities to see the status of permit applications.	X
Data Bank / IRIS does not have wireless capabilities. With the implementation of the Production System, the District should utilize wireless interfaces and capabilities, especially for the field inspectors, in order to view permit history, update comments, etc.	X
The current Data Bank / IRIS system is utilizing a dated mainframe for data (HP 3000 / 9000) and custom in-house code for data management. The new Production System should utilize a relational database management system (such as Oracle).	X
The new Production System should utilize a centralized client server to standardize operations and management (e.g., system updates).	X
Data Bank / IRIS are not fully integrated with other District information management systems (i.e., the financial system and the inspector / enforcement system). The new Production System should be designed and / or integrated with the disparate systems to promote consistency and efficiency among the operating units (i.e., permitting, invoicing, and inspections).	X
The Production System should be designed and / or implemented to support GIS capabilities.	X
The new Production System should be designed and / or implemented with automated features that minimize manual data input errors (i.e., utilizing, smart forms, automated fee calculations, standard permit conditions, etc.).	X
Data Bank / IRIS has a limited audit trail for each permit application showing the date, time, and specific staff member who handled the permit application folder. Data Bank / IRIS also has a limited audit trail for modification of data in the system (e.g., time, date, personnel stamp, etc.). The new Production System should be designed and / or implemented with audit trail capabilities, which specifically track the user and types of changes made to a record (including date and time), including capturing the identification of all staff who was assigned to that permit application during its lifetime (i.e., the current system does not track when permit is re-assigned).	X

Recommendation	Implemented
The new Production System should be designed and / or implemented to integrate with email and calendar systems, which, for example, can facilitate such features as automatic emails to supervisors regarding overdue permit applications.	X
Data Bank / IRIS has limited capabilities to notify of status changes. The new Production System should be designed and / or implemented with these automated auditing features.	X
Data Bank / IRIS does not support online submission of permit applications. The new Production System should be designed and / or implemented with electronic submittal capabilities for both permit applications and renewals.	X
Data Bank / IRIS are not a web-based system which supports automated submissions, and does not support the electronic receipt of data from the facilities (e.g., such as emissions information during the renewal process). Currently, permit holders must contact the District to retain copies of update questionnaires or permit invoices. The new Production System should be designed and / or implemented to allow online submission for high volume source categories, such as for auto-body shops, dry cleaners, etc.	X
Data Bank / IRIS does not automatically generate fees for permit applications (as the fee calculations are currently done manually). The new Production System should be designed and / or implemented for automated fee calculations based on emissions and other factors (requiring the system to be table driven).	X
The Production System should be designed and / or implemented to allow for online payments, especially for “smaller” applicants that meet certain criteria, who should be allowed to automatically pay for permits at time of online submittal (thus limiting processing time and manual involvement by District staff).	X
The Production System should be integrated with JD Edwards and the invoicing process to automatically adjust invoice amounts.	X
Data Bank / IRIS does not have receipt issuance capabilities. The new Production System should be designed and / or implemented (with JD Edwards integration) to support receipt issuance.	X
Data Bank / IRIS does not support web-based storage of information on each permit application file, such as scanned documents or images, etc. The new Production System should be designed and / or implemented to electronically store information related to the application (including engineer comments, etc.).	X

Recommendation	Implemented
<p>The new Production System should be designed and / or implemented to store approved template permit conditions for reference by engineers, inspectors, and other pertinent staff. The system should automatically assign the permit conditions based on source type.</p>	<p>Engineers can assign specific conditions to the permit, but automatic condition generation is not integrated in the system.</p>
<p>The District should have a consolidated and centralized document archive.</p> <p>The new Production System should be designed and / or implemented to upload and store necessary scanned and other electronic documents for permit applications.</p>	<p>X</p>
<p>Data Bank / IRIS does not make automatic assignment of permit applications (this is manually checked and will be assigned based on whether it is a new facility).</p> <p>The new Production System should provide automated assignment and routing of permit applications (based on both qualitative and quantitative factors) in order to promote better time management and workload balancing among staff.</p> <p>Additionally, the new Production System should be configurable to allow managers to set cycle time objectives (i.e., number of days from permit application submittal) that are different from the regulatory dates.</p>	<p>X</p>
<p>Data Bank / IRIS does not store and / or automatically populate applicant information.</p> <p>The new Production System should be designed and / or implemented to utilize more “auto-populating” capabilities.</p>	<p>X</p>
<p>Data Bank / IRIS does not support management processes to fully understand the activity, date, and assigned staff through the lifecycle of the permitting process.</p> <p>The new Production System should be designed and / or implemented to track and manage all tasks and activities throughout the lifecycle of the permitting process, and should generally have an adequate number of descriptors to promote case management and ability of managers to identify the exact status of a permit application.</p>	<p>X</p>
<p>Data Bank / IRIS does not automatically generate application numbers or assign permits based on permit application type.</p> <p>The new Production System should be designed and / or implemented for automated routing and tracking features.</p>	<p>X</p>

Recommendation	Implemented
<p>Data Bank / IRIS allow only a limited number of users to have access to the same permit application, and does not support District-wide access to the permit application simultaneously.</p> <p>The new Production System should be designed and / or implemented to allow for enterprise wide access.</p>	<p>X</p>
<p>The new Production System should be designed and / or implemented with more comprehensive and integrated “dashboards” to support the proactive management of permit applications and processes, including staff caseload balance and activity levels.</p>	<p>X</p>
<p>The new Production System should be designed and / or implemented to allow for all divisions; for example, Technical Services, to input source test results, and Toxics to enter risk screening results and data.</p>	<p>There is some variability regarding accessibility and it must be requested depending on the type of application.</p>
<p>The new Production System should be designed and / or implemented to identify each piece of equipment/source and its respective historical and emissions data.</p>	<p>X</p>
<p>The new Production System should be designed / implemented to identify those applications which may require risk screening analyses, and route as necessary to the modeler for simultaneous review.</p> <p>The electronic permit application should allow multiple staff the ability to review an application at the same time.</p>	<p>It requires additional documentation, but may not automatically route to appropriate staff.</p>
<p>The District should integrate the conditions of approval within the Production System based on business rules and application types in order to expedite the review process.</p>	<p>The Engineer has the ability to add the conditions of approval, but they are not automatically integrated. Additionally, all approvals require supervisory sign-off.</p>
<p>The new Production System should be designed / implemented to inform the permit holder of the applicable rules and regulations.</p>	<p>X</p>
<p>The District currently utilizes various functional units during permit application processing, including resources from the Toxics Evaluation Section, Permit Evaluation Section, Permit Systems Section, and Engineering Projects Sections.</p> <p>With the implementation of the new Production System, the District will achieve greater efficiencies during the review process (e.g., less data entry, less manual review and routing, etc.).</p>	<p>X</p>

Recommendation	Implemented
The new Production System should be designed / implemented that allows online application submission and receipt of the respective permit for the smaller, routine applications.	X
The District should provide an online tool for permit applicants to determine the applicable fees. This will improve the standardization and consistency of fee calculations and reduce errors.	X
The new Production System should be designed / implemented to calculate preliminary fees at time of submittal.	
The new Production System should be designed / implemented with various features (or capabilities) to identify the applicable triggers for review (based on the application type or source category).	X
The new Production System should be designed and / or implemented to include all Authorities to Construct, Permits to Operate and registered equipment in a single document.	X
Data Bank / IRIS are not fully integrated with the inspections information management system. The new Production System should be designed and / or implemented for full integration with the inspector management system (which also provides inspectors insights regarding permit history, conditions of approval, etc.).	X
The new Production System should be designed and / or implemented with online capabilities for field inspectors. This will decrease the amount of manual data entry and enhance efficiency.	X
The Production System should be designed and /or implemented to support automated GPS capabilities. Highly accurate facility and/or equipment locations will allow improved health risk modeling. Current notebook computers with wireless cards do not have GPS capability.	X
The new Production System should be designed and / or implemented with automated features that minimize data input errors (i.e., utilizing smart forms).	Certain types of complex facilities may be integrated into the system, when feasible.

As the recommendation table above and on the previous pages indicate, the New Production System has implemented the majority of the recommendations from the previous cost containment study. The primary focus of the New Production System has been to increase the efficiency of the District by impacting the following elements:

- Data Entry:** There is the ability for data entry in the field, which reduces extra work generated from having to wait to come back into the office or satellite offices to update electronic records associated with a facility.

- **Workflow Processes:** The New Production System automates the workflow between the different divisions and programs within the District. This eliminates the paper routing and reduces time spent related to permit general activities and reallocates that effort to permit review or inspections.
- **Shifting of Workload:** The New Production System eliminates data entry for high volume facilities by having the facilities directly input their information into the system. This shifts the workload from District staff to the applicant and reduces the time spent on those high-volume applications, allowing staff to spend more time on the review and conditions portion of the evaluation. This will help shift the cost from BillCode 08 (Permit General) to specific fee schedules and strengthen the nexus and defensibility associated with increasing fees.
- **Accessibility of Data:** Permit holders and District staff members can access information in the system online regarding the status of their permits, as well as current and past invoices for the facility. The availability of this information online eliminates extra inquiries directed towards District staff members regarding permit statuses and invoices.
- **Automatic Fee Calculation:** The New Production System automatically calculates the relevant fees for each facility. This reduces time spent by staff in Finance and in Permit Evaluation related to invoice generation.

As the points above illustrate, the New Production System incorporates significant efficiencies for the District, while providing a higher service level. The impact to cost efficiency is primarily due to the shifting of workload from District staff to the applicant, as it pertains to application data entry. This results in higher level District staff being able to spend more time reviewing applications. Additionally, this staff time then becomes more easily identifiable to specific BillCodes, and therefore can be directly attributable to specific fee schedules rather than layering it as permit general on all of the fee schedules.

3 FUTURE COST CONTAINMENT STRATEGIES

The District has been able to port over roughly 70% of their facilities to the New Production System, consisting mostly of low emitting sources including dry cleaners and gas stations. Staff are now focusing on integrating high emitters, such as refineries, into the New Production System. The District's goal is to incorporate the remaining 30% of facilities by early 2019.

While the New Production System is live, it is incumbent upon the applicant to use the system for new applications, renewals, invoice monitoring, and payments. As such, in order for the District to fully realize efficiency goals associated with the New Production System, public education will need to continue. This includes outreach to current facilities, as well as brochures and handouts for new applicants.

The District should work with the Community Outreach and Engagement Program to better market the New Production System. Some incentives for encouraging applicants to utilize the New Production system could be implementing a discount for online application submissions, associated with reduced staff time and paperwork associated with non-online submissions.

The New Production System is set up with the ability to track various metrics associated with facilities, sources, and inspections, including cycle times and performance measures. The District should review this information, and begin a formal tracking process to better understand how services are being provided and staff resources allocated. District staff should conduct a quarterly download of this information and publish it within the quarterly reports generated by each division for board review as well as the annual budget report. This will help internal stakeholders (i.e. APCO, Deputy APCO, Board members) and external stakeholders (i.e. permit holders) gain a better understanding of the different types of sources within the Districts as well as allocation of staffing resources.

Recommendation #10: The District should encourage online application submission through the New Production System. This encouragement should occur through a publicity campaign, as well as possibly implementing an online application fee discount.

Recommendation #11: The District should review the metrics and statistics gathered in the New Production System and utilize it to publish key performance metrics and measure cycle times. This will help the District to better understand staff resource allocation as well as to present information to key internal and external stakeholders.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 9, 2018

Re: Public Hearing to Receive Testimony on Proposed Amendments to Air District
Regulation 3: Fees

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Staff develops amendments to the Air District's fee regulation as part of the budget preparation process. On March 7, 2012, the Board of Directors adopted a Cost Recovery Policy that established a goal of increasing fee revenue sufficient to achieve 85 percent recovery. Progress towards this target is reported to the Board annually by staff and is periodically reviewed by outside consultants.

DISCUSSION

Consistent with the Cost Recovery Policy, draft amendments to specific fee schedules were made in consideration of the June 30, 2017, Matrix Consultant Group cost recovery analysis. This work, conducted at the fee schedule-level, recommend larger increases being proposed for the schedules that have larger cost recovery gaps.

Existing fee schedules would be amended as follows:

- 3.1 percent increase for fee schedules that are recovering 95 to 110 percent of costs.
- 7 percent increase for fee schedules that are recovering 85 to 94 percent of costs.
- 8 percent increase for fee schedules that are recovering 75 to 84 percent of costs.
- 9 percent increase for fee schedules that are recovering 50 to 74 percent of costs.
- 15 percent increase for fee schedules that are recovering less than 50 percent of costs.

A number of fees that are administrative in nature; permit application filing fees, alternative compliance plan fees, permit to operate renewal processing fees, transfer fees, emissions banking filing and withdrawal fees, school public notice fees, toxic inventory maximum fees, and exemption fees would be increased by 3.1 percent. The annual Consumer Price Index for Bay Area Urban Wage Earners and Clerical Workers (CPI-W) increased 3.1 percent from 2016 to 2017.

The following additional amendments are proposed:

- Revise Section 3-302 to specify the fee rates applied. The fee rates applied are those in force when the applicant has provided all the information required per 2-1-402 (excluding 2-1-402.3 fees) to evaluate the project.
- Revise Section 3-342 to add Health Risk Assessment (HRA) review fees to recover the Air District's costs of reviewing HRAs completed by District-approved consultants as required pursuant to Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities.
- Revise Section 3-405 to reduce fees charged to facilities that are more than 30 days late on paying their permit renewal invoice. Historically, these delinquent fees have been incurred at a disproportionately high frequency by small businesses such as gasoline dispensing facilities, dry cleaners, and auto body shops. To reduce this burden on small businesses, the proposed amendment would lower this delinquent fee from 50% to 25%.
- Add Section 3-418 to authorize the Air Pollution Control Officer to reduce the fees for transactions using the Air District's online production system. This would help to serve as an incentive for facilities to conduct these transactions online.
- Fee Schedule changes:
 - Revise Fee Schedule E: Solvent Evaporating Sources, to directly calculate the fee based on the net amount of organic solvent processed.
 - Clarify in Schedule G-1 that Sub-Slab Depressurization Equipment is subject to Schedule F permit fees, not Schedule G-1 permit fees.
 - Delete the formula for S_L and its variables and definitions from Schedule N.
 - Clarify in Schedule P that Initial Fees do not apply to Title V Renewal applications.

Staff will provide the committee with additional details regarding the draft fee amendments, overall cost recovery and the proposed 6.5 percent average fee increase for the upcoming fiscal year. A summary of public comments received to date, including those received at a public workshop held on February 20, 2018 will be provided.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The draft fee amendments would increase fee revenue in FYE 2019 by an estimated \$2.415 million from revenue that would otherwise result without a fee increase.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Barry Young
Reviewed by: Pamela Leong and Jeff McKay

Attachment 12A: Regulation 3 Fees Index

Attachment 12B: Comments on Draft 2018 BAAQMD Cost Recovery and Containment Report
and Proposed Amendments to Regulation 3: Fees (Edited for Clarity)

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- 3-104 Deleted August 2, 1995
- 3-105 Exemption, Excavation of Contaminated Soil and Removal of Underground Storage Tank Operation Fees
- 3-106 Deleted December 2, 1998
- 3-107 Exemption, Sources Exempt from Permit Requirements

3-200 DEFINITIONS

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- 3-203 Filing Fee
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- 3-207 Permit to Operate Fee
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- 3-209 Small Business
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- 3-416 Adjustment of Fees
- 3-417 Temporary Amnesty for Unpermitted and Unregistered Sources
- [3-418 Temporary Incentive for Online Production System Transactions](#)

3-500 MONITORING AND RECORDS (None Included)

3-600 MANUAL OF PROCEDURES (None Included)

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REGULATION 3 FEES

(Adopted June 18, 1980)

3-100 GENERAL

3-101 Description: This regulation establishes the regulatory fees charged by the District.

(Amended 7/6/83; 11/2/83; 2/21/90; 12/16/92; 8/2/95; 12/2/98; 5/21/03; 5/21/08; 5/20/09; 6/19/13)

3-102 Deleted July 12, 1989

3-103 Exemption, Abatement Devices: Installation, modification, or replacement of abatement devices on existing sources are subject to fees pursuant to Section 3-302.3. All abatement devices are exempt from annual permit renewal fees. However, emissions from abatement devices, including any secondary emissions, shall be included in facility-wide emissions calculations when determining the applicability of and the fees associated with Schedules M, N, P, and T.

(Amended 6/4/86; 7/1/98; 6/7/00; 5/21/08)

3-104 Deleted August 2, 1995

3-105 Exemption, Excavation of Contaminated Soil and Removal of Underground Storage Tank Operation Fees: Fees shall not be required, pursuant to Section 3-322, for operations associated with the excavation of contaminated soil and the removal of underground storage tanks if one of the following is met:

105.1 The tank removal operation is being conducted within a jurisdiction where the APCO has determined that a public authority has a program equivalent to the District program and persons conducting the operations have met all the requirements of the public authority.

105.2 Persons submitting a written notification for a given site have obtained an Authority to Construct or Permit to Operate in accordance with Regulation 2, Rule 1, Section 301 or 302. Evidence of the Authority to Construct or the Permit to Operate must be provided with any notification required by Regulation 8, Rule 40.

(Adopted 1/5/94; Amended 5/21/03)

3-106 Deleted December 2, 1998

3-107 Exemption, Sources Exempt from Permit Requirements: Any source that is exempt from permit requirements pursuant to Regulation 2, Rule 1, Sections 103 through 128 is exempt from permit fees. However, emissions from exempt sources shall be included in facility-wide emissions calculations when determining the applicability of and the fees associated with Schedules M, N, and P.

(Adopted June 7, 2000)

3-200 DEFINITIONS

3-201 Cancelled Application: Any application which has been withdrawn by the applicant or cancelled by the APCO for failure to pay fees or to provide the information requested to make an application complete.

(Amended 6/4/86; 4/6/88)

3-202 Gasoline Dispensing Facility: Any stationary facility which dispenses gasoline directly into the fuel tanks of vehicles, such as motor vehicles, aircraft or boats. The facility shall be treated as a single source which includes all necessary equipment for the exclusive use of the facility, such as nozzles, dispensers, pumps, vapor return lines, plumbing and storage tanks.

(Amended February 20, 1985)

3-203 Filing Fee: A fixed fee for each source in an authority to construct.

(Amended June 4, 1986)

3-204 Initial Fee: The fee required for each new or modified source based on the type and size of the source. The fee is applicable to new and modified sources seeking to obtain an authority to construct. Operation of a new or modified source is not allowed until the permit to operate fee is paid.

(Amended June 4, 1986)

- 3-205 Authority to Construct:** Written authorization from the APCO, pursuant to Section 2-1-301, for a source to be constructed or modified or for a source whose emissions will be reduced by the construction or modification of an abatement device.
(Amended June 4, 1986)
- 3-206 Modification:** See Section 1-217 of Regulation 1.
- 3-207 Permit to Operate Fee:** The fee required for the annual renewal of a permit to operate or for the first year of operation (or prorated portion thereof) of a new or modified source which received an authority to construct.
(Amended 6/4/86; 7/15/87; 12/2/98; 6/7/00)
- 3-208 Deleted June 4, 1986**
- 3-209 Small Business:** A business with no more than 10 employees and gross annual income of no more than \$750,000 that is not an affiliate of a non-small business.
(Amended 6/4/86; 6/6/90; 6/7/00; 6/15/05; 6/16/10)
- 3-210 Solvent Evaporating Source:** Any source utilizing organic solvent, as part of a process in which evaporation of the solvent is a necessary step. Such processes include, but are not limited to, solvent cleaning operations, painting and surface coating, rotogravure coating and printing, flexographic printing, adhesive laminating, etc. Manufacture or mixing of solvents or surface coatings is not included.
(Amended July 3, 1991)
- 3-211 Source:** See Section 1-227 of Regulation 1.
- 3-212 Deleted August 2, 1995**
- 3-213 Major Stationary Source:** For the purpose of Schedule M, a major stationary source shall be any District permitted plant, building, structure, stationary facility or group of facilities under the same ownership, leasehold, or operator which, in the base calendar year, emitted to the atmosphere organic compounds, oxides of nitrogen (expressed as nitrogen dioxide), oxides of sulfur (expressed as sulfur dioxide), or PM₁₀ in an amount calculated by the APCO equal to or exceeding 50 tons per year.
(Adopted 11/2/83; Amended 2/21/90; 6/6/90; 8/2/95; 6/7/00)
- 3-214 Deleted October 20, 1999, effective March 1, 2000**
- 3-215 Deleted October 20, 1999, effective March 1, 2000**
- 3-216 Deleted October 20, 1999, effective March 1, 2000**
- 3-217 Deleted October 20, 1999, effective March 1, 2000**
- 3-218 Deleted October 20, 1999, effective March 1, 2000**
- 3-219 Deleted October 20, 1999, effective March 1, 2000**
- 3-220 Deleted October 20, 1999, effective March 1, 2000**
- 3-221 Deleted October 20, 1999, effective March 1, 2000**
- 3-222 Deleted October 20, 1999, effective March 1, 2000**
- 3-223 Start-up Date:** Date when new or modified equipment under an authority to construct begins operating. The holder of an authority to construct is required to notify the APCO of this date at least 3 days in advance. For new sources, or modified sources whose authorities to construct have expired, operating fees are charged from the startup date.
(Adopted 6/4/86; Amended 6/6/90)
- 3-224 Permit to Operate:** Written authorization from the APCO pursuant to Section 2-1-302.
(Adopted 6/4/86; Amended 6/7/00)
- 3-225 Deleted June 3, 2015**
- 3-226 Air Toxics "Hot Spots" Information and Assessment Act of 1987:** The Air Toxics "Hot Spots" Information and Assessment Act of 1987 directs the California Air Resources Board and the Air Quality Management Districts to collect information from industry on emissions of potentially toxic air contaminants and to inform the public about such emissions and their impact on public health. It also directs the Air Quality Management District to collect fees sufficient to cover the necessary state and District costs of implementing the program.
(Adopted 10/21/92; Amended 6/15/05)
- 3-227 Toxic Air Contaminant, or TAC:** An air pollutant that may cause or contribute to an increase in mortality or in serious illness or that may pose a present or potential hazard to human health. For the purposes of this rule, TACs consist of the substances listed in Table 2-5-1 of Regulation 2, Rule 5.
(Adopted 10/21/92; Amended 6/15/05)

- 3-228 Deleted December 2, 1998
 3-229 Deleted December 2, 1998
 3-230 Deleted December 2, 1998
 3-231 Deleted December 2, 1998
 3-232 Deleted December 2, 1998
 3-233 Deleted December 2, 1998
 3-234 Deleted December 2, 1998
 3-235 Deleted December 2, 1998
 3-236 Deleted December 2, 1998
 3-237 **PM₁₀**: See Section 2-1-229 of Regulation 2, Rule 1.
(Adopted June 7, 2000)
- 3-238 **Risk Assessment Fee**: Fee for a new or modified source of toxic air contaminants for which a health risk assessment (HRA) is required under Regulation 2-5-401, for an HRA required under Regulation 11, Rule 18, or for an HRA prepared for other purposes (e.g., for determination of permit exemption in accordance with Regulations 2-1-316, 2-5-301 and 2-5-302; or for determination of exemption from emission control requirements pursuant to Regulation 8-47-113 and 8-47-402).
(Adopted June 15, 2005; Amended: June 21, 2017)
- 3-239 **Toxic Surcharge**: Fee paid in addition to the permit to operate fee for a source that emits one or more toxic air contaminants at a rate which exceeds a chronic trigger level listed in Table 2-5-1.
(Adopted June 15, 2005)
- 3-240 **Biogenic Carbon Dioxide**: Carbon dioxide emissions resulting from materials that are derived from living cells, excluding fossil fuels, limestone and other materials that have been transformed by geological processes. Biogenic carbon dioxide originates from carbon (released in the form of emissions) that is present in materials that include, but are not limited to, wood, paper, vegetable oils, animal fat, and food, animal and yard waste.
(Adopted May 21, 2008)
- 3-241 **Green Business**: A business or government agency that has been certified under the Bay Area Green Business Program coordinated by the Association of Bay Area Governments and implemented by participating counties.
(Adopted June 16, 2010)
- 3-242 **Incident**: A non-routine release of an air contaminant that may cause adverse health consequences to the public or to emergency personnel responding to the release, or that may cause a public nuisance or off-site environmental damage.
(Adopted June 19, 2013)
- 3-243 **Incident Response**: The District's response to an incident. The District's incident response may include the following activities: i) inspection of the incident-emitting equipment and facility records associated with operation of the equipment; ii) identification and analysis of air quality impacts, including without limitation, identifying areas impacted by the incident, modeling, air monitoring, and source sampling; iii) engineering analysis of the specifications or operation of the equipment; and iv) administrative tasks associated with processing complaints and reports.
(Adopted June 19, 2013)
- 3-244 **Permit to Operate Renewal Date**: The first day of a Permit to Operate's Permit Renewal Period.
(Adopted June 19, 2013)
- 3-245 **Permit Renewal Period**: The length of time the source is authorized to operate pursuant to a Permit to Operate.
(Adopted June 19, 2013)
- 3-300 **STANDARDS**
- 3-301 **Hearing Board Fees**: Applicants for variances or appeals or those seeking to revoke or modify variances or abatement orders or to rehear a Hearing Board decision shall pay the applicable fees, including excess emission fees, set forth in Schedule A.
(Amended June 7, 2000)
- 3-302 **Fees for New and Modified Sources**: Applicants for authorities to construct and permits to operate new sources shall pay for each new source: a filing fee of ~~\$474489~~, the initial fee, the

risk assessment fee, the permit to operate fee, and toxic surcharge (given in Schedules B, C, D, E, F, H, I or K). Applicants for authorities to construct and permits to operate modified sources shall pay for each modified source, a filing fee of \$489,474, the initial fee, the risk assessment fee, and any incremental increase in permit to operate and toxic surcharge fees. Where more than one of the schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. If any person requests more than three HRA scenarios required pursuant to Regulation 2, Rule 5 in any single permit application, they shall pay an additional risk assessment fee for each of these scenarios. Except for gasoline dispensing facilities (Schedule D) and semiconductor facilities (Schedule H), the size to be used for a source when applying the schedules shall be the maximum size the source will have after the construction or modification. Where applicable, fees for new or modified sources shall be based on maximum permitted usage levels or maximum potential to emit including any secondary emissions from abatement equipment. The fee rate applied shall be based on the fee rate in force on the date the application is declared by the APCO to be complete according to 2-1-402, excluding 2-1-402.3 fees. The APCO may reduce the fees for new and modified sources by an amount deemed appropriate if the owner or operator of the source attends an Industry Compliance School sponsored by the District.

302.1 Small Business Discount: If an applicant qualifies as a small business and the source falls under schedules B, C, D (excluding gasoline dispensing facilities), E, F, H, I or K, the filing fee, initial fee, and risk assessment fee shall be reduced by 50%. All other applicable fees shall be paid in full.

302.2 Deleted July 3, 1991

302.3 Fees for Abatement Devices: Applicants for an authority to construct and permit to operate abatement devices where there is no other modification to the source shall pay a \$474,489 filing fee and initial and risk assessment fees that are equivalent to 50% of the initial and risk assessment fees for the source being abated, not to exceed a total of \$10,588,402,770. For abatement devices abating more than one source, the initial fee shall be 50% of the initial fee for the source having the highest initial fee.

302.4 Fees for Reactivated Sources: Applicants for a Permit to Operate reactivated, previously permitted equipment shall pay the full filing, initial, risk assessment, permit, and toxic surcharge fees.

302.5 Deleted June 3, 2015

302.6 Green Business Discount: If an applicant qualifies as a green business, the filing fee, initial fee, and risk assessment fee shall be reduced by 10%. All other applicable fees shall be paid in full.

(Amended 5/19/82; 7/6/83; 6/4/86; 7/15/87; 6/6/90; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15; 6/15/16, 6/21/17, TBD)

3-303

Back Fees: An applicant required to obtain a permit to operate existing equipment in accordance with District regulations shall pay back fees equal to the permit to operate fees and toxic surcharges given in the appropriate Schedule (B, C, D, E, F, H, I or K) prorated from the effective date of permit requirements. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. The applicant shall also pay back fees equal to toxic inventory fees pursuant to Section 3-320 and Schedule N. The maximum back fee shall not exceed a total of five years' permit, toxic surcharge, and toxic inventory fees. An owner/operator required to register existing equipment in accordance with District regulations shall pay back fees equal to the annual renewal fee given in Schedule R prorated from the effective date of registration requirements, up to a maximum of five years.

(Amended 5/19/82; 7/6/83; 6/4/86; 7/15/87; 6/6/90; 7/3/91; 10/8/97; 6/15/05; 5/20/09)

3-304

Alteration: Except ~~as provided below, for gasoline dispensing facilities subject to Schedule D,~~ an applicant to alter an existing permitted source shall pay the filing fee and 50% of the initial fee for the source, provided that the alteration does not result in an increase in emissions of any regulated air pollutant. For gasoline dispensing facilities subject to Schedule D, an applicant for an alteration shall pay a fee of 1.75 times the filing fee.

304.1 Schedule D Fees: Applicants for alteration to a gasoline dispensing facility subject to Schedule D shall pay a fee of 1.75 times the filing fee.

304.2 Schedule G Fees: Applicants for alteration to a permitted source subject to Schedule

G-3, G-4, or G-5 shall pay the filing fee, 100% of the initial fee, and the risk assessment fee, as specified under Schedule G-2. The applicant shall pay the permit renewal and the toxic surcharge fees applicable to the source under Schedules G-3, G-4, or G-5.

(Amended 6/4/86; 11/15/00; 6/2/04; 6/3/15, 6/15/16, TBD)

3-305 Cancellation or Withdrawal: There will be no refund of the initial fee and filing fee if an application is cancelled or withdrawn. There will be no refund of the risk assessment fee if the risk assessment has been conducted prior to the application being cancelled or withdrawn. If an application for identical equipment is submitted within six months of the date of cancellation or withdrawal, the initial fee will be credited in full against the fee for the new application.

(Amended 7/6/83; 4/6/88; 10/8/97; 6/15/05, 6/21/17)

3-306 Change in Conditions: If an applicant applies to change the conditions on an existing authority to construct or permit to operate, the applicant will pay the following fees. There will be no change in anniversary date.

306.1 Administrative Condition Changes: An applicant applying for an administrative change in permit conditions shall pay a fee equal to the filing fee for a single source, provided the following criteria are met:

- 1.1 The condition change applies to a single source or a group of sources with shared permit conditions.
- 1.2 The condition change does not subject the source(s) to any District Regulations or requirements that were not previously applicable.
- 1.3 The condition change does not result in any increase in emissions of POC, NPOC, NO_x, CO, SO₂, or PM₁₀ at any source or the emission of a toxic air contaminant above the trigger levels identified in Table 2-5-1
- 1.4 The condition change does not require a public notice.

306.2 Other Condition Changes: Applicant shall pay the filing, initial, and risk assessment fees required for new and modified equipment under Section 3-302. If the condition change will result in higher permit to operate fees, the applicant shall also pay any incremental increases in permit to operate fees and toxic surcharges.

(Amended 7/6/83; 6/4/86; 6/6/90; 10/8/97; 6/7/00; 6/15/05, 6/21/17)

3-307 Transfers: The owner/operator of record is the person to whom a permit is issued or, if no permit has yet been issued to a facility, the person who applied for a permit. Permits are valid only for the owner/operator of record. Upon submittal of a \$102 transfer of ownership fee, permits are re-issued to the new owner/operator of record with no change in expiration dates.

(Amended 2/20/85; 6/4/86; 11/5/86; 4/6/88; 10/8/97, 5/1/02; 5/21/03; 6/02/04; 6/19/13; 6/4/14, 6/15/16)

3-308 Change of Location: An applicant who wishes to move an existing source, which has a permit to operate, shall pay no fee if the move is on the same facility. If the move is not on the same facility, the source shall be considered a new source and subject to Section 3-302. This section does not apply to portable permits meeting the requirements of Regulation 2-1-220 and 413.

(Amended 7/6/83; 6/4/86; 6/15/05)

3-309 Deleted June 21, 2017

(Amended 5/19/99; 5/1/02; 5/21/03; 6/02/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 6/19/13; 6/4/14; 6/3/15, 6/15/16, 6/21/17)

3-310 Fee for Constructing Without a Permit: An applicant for an authority to construct and a permit to operate a source, which has been constructed or modified without an authority to construct, shall pay the following fees:

310.1 Sources subject to permit requirements on the date of initial operation shall pay fees for new construction pursuant to Section 3-302, any back fees pursuant to Section 3-303, and a late fee equal to 100% of the initial fee. A modified gasoline dispensing facility subject to Schedule D that is not required to pay an initial fee shall pay fees for a modified source pursuant to Section 3-302, back fees, and a late fee equal to 100% of the filing fee.

310.2 Sources previously exempt from permit requirements that lose their exemption due to changes in District, state, or federal regulations shall pay a permit to operate fee and toxic surcharge for the coming year and any back fees pursuant to Section 3-303.

310.3 Sources previously exempt from permit requirements that lose their exemption due to a change in the manner or mode of operation, such as an increased throughput, shall pay fees for new construction pursuant to Section 3-302. In addition, sources applying

for permits after commencing operation in a non-exempt mode shall also pay a late fee equal to 100% of the initial fee and any back fees pursuant to Section 3-303.

310.4 Sources modified without a required authority to construct shall pay fees for modification pursuant to Section 3-302 and a late fee equal to 100% of the initial fee.

(Amended 7/6/83; 4/18/84; 6/4/86; 6/6/90; 7/3/91; 8/2/95; 10/8/97; 6/02/04; 6/15/05; 6/6/12)

3-311 Banking: Any applicant who wishes to bank emissions for future use, or convert an ERC into an IERC, shall pay a filing fee of \$~~474489~~ per source plus the initial fee given in Schedules B, C, D, E, F, H, I or K. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. Any applicant for the withdrawal of banked emissions shall pay a fee of \$~~474489~~.

(Amended 7/6/83; 6/4/86; 7/15/87; 7/3/91; 6/15/94; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/02/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16, 6/21/17, TBD)

3-312 Emission Caps and Alternative Compliance Plans: Any facility which elects to use an alternative compliance plan contained in:

312.1 Regulation 8 ("bubble") to comply with a District emission limitation or to use an annual or monthly emission limit to acquire a permit in accordance with the provisions of Regulation 2, Rule 2, shall pay an additional annual fee equal to fifteen percent of the total plant permit to operate fee.

312.2 Regulation 2, Rule 9, or Regulation 9, Rule 10 shall pay an annual fee of \$~~1,2384,204~~ for each source included in the alternative compliance plan, not to exceed \$~~12,38042,008~~.

(Adopted 5/19/82; Amended 6/4/86; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/23/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16, 6/21/17, TBD)

3-313 Deleted May 19, 1999

3-314 Deleted August 2, 1995

3-315 Costs of Environmental Documentation: An applicant for an Authority to Construct shall pay, in addition to the fees required under Section 3-302 and in any applicable schedule, the District's costs of performing any environmental evaluation and preparing and filing any documents pursuant to the California Environmental Quality Act (Public Resources Code, Section 21000, et seq), including the costs of any outside consulting assistance which the District may employ in connection with the preparation of any such evaluation or documentation, as well as the District's reasonable internal costs (including overhead) of processing, reviewing, or filing any environmental evaluation or documentation.

(Adopted 12/18/85; Amended 5/1/02; 6/3/15)

3-316 Deleted June 6, 1990

3-317 Asbestos Operation Fees: After July 1, 1988, persons submitting a written plan, as required by Regulation 11, Rule 2, Section 401, to conduct an asbestos operation shall pay the fee given in Schedule L.

(Adopted 7/6/88; Renumbered 9/7/88; Amended 8/2/95)

3-318 Public Notice Fee, Schools: Pursuant to Section 42301.6(b) of the Health and Safety Code, an applicant for an authority to construct or permit to operate subject to the public notice requirements of Regulation 2-1-412 shall pay, in addition to the fees required under Section 3-302 and in any applicable schedule, a fee to cover the expense of preparing and distributing the public notices to the affected persons specified in Regulation 2-1-412 as follows:

318.1 A fee of \$~~2,2722,204~~ per application, and

318.2 The District's cost exceeding \$~~2,2722,204~~ of preparing and distributing the public notice.

318.3 The District shall refund to the applicant the portion of any fee paid under this Section that exceeds the District's cost of preparing and distributing the public notice.

(Adopted 11/1/89; Amended 10/8/97; 7/1/98; 5/19/99; 6/7/00; 5/21/03; 6/2/04; 6/16/10, 6/15/16, 6/21/17, TBD)

3-319 Major Stationary Source Fees: Any major stationary source emitting 50 tons per year of organic compounds, sulfur oxides, nitrogen oxides, or PM₁₀ shall pay a fee based on Schedule M. This fee is in addition to permit and other fees otherwise authorized to be collected from such facilities and shall be included as part of the annual permit renewal fees.

(Adopted 6/6/90; Amended 8/2/95; 6/7/00)

3-320 Toxic Inventory Fees: Any facility that emits one or more toxic air contaminants in quantities above a minimum threshold level shall pay an annual fee based on Schedule N. This fee will be in addition to permit to operate, toxic surcharge, and other fees otherwise authorized to be

collected from such facilities.

320.1 An applicant who qualifies as a small business under Regulation 3-209 shall pay a Toxic Inventory Fee as set out in Schedule N up to a maximum fee of ~~\$9,6799,388~~ per year.

(Adopted 10/21/92; Amended 5/19/99; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/20/09; 6/16/10; 5/4/11, 6/15/16, 6/21/17)

3-321 Deleted December 2, 1998

3-322 Excavation of Contaminated Soil and Removal of Underground Storage Tank Operation Fees: Persons submitting a written notification for a given site to conduct either excavation of contaminated soil or removal of underground storage tanks as required by Regulation 8, Rule 40, Section 401, 402, 403 or 405 shall pay a fee based on Schedule Q.

(Adopted 1/5/94; Amended 8/2/95; 5/21/03)

3-323 Pre-Certification Fees: An applicant seeking to pre-certify a source, in accordance with Regulation 2, Rule 1, Section 415, shall pay the filing fee, initial fee and permit to operate fee given in the appropriate schedule.

(Adopted June 7, 1995)

3-324 Deleted June 7, 2000

3-325 Deleted December 2, 1998

3-326 Deleted December 2, 1998

3-327 Permit to Operate, Renewal Fees: After the expiration of the initial permit to operate, the permit to operate shall be renewed on an annual basis or other time period as approved by the APCO. The fee required for the renewal of a permit to operate is the permit to operate fee and toxic surcharge listed in Schedules B, C, D, E, F, H, I, and K, prorated for the period of coverage. When more than one of the schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. This renewal fee is applicable to all sources required to obtain permits to operate in accordance with District regulations. The permit renewal invoice shall also specify any applicable major stationary source fees based on Schedule M, toxic inventory fees based on Schedule N, major facility review fees based on Schedule P, and greenhouse gas fees based on Schedule T. Where applicable, renewal fees shall be based on actual usage or emission levels that have been reported to or calculated by the District. In addition to these renewal fees for the sources at a facility, the facility shall also pay a processing fee at the time of renewal that covers each Permit Renewal Period as follows:

327.1 ~~\$9693~~ for facilities with one permitted source, including gasoline dispensing facilities,
327.2 ~~\$191485~~ for facilities with 2 to 5 permitted sources,
327.3 ~~\$380369~~ for facilities with 6 to 10 permitted sources,
327.4 ~~\$571554~~ for facilities with 11 to 15 permitted sources,
327.5 ~~\$757734~~ for facilities with 16 to 20 permitted sources,
327.6 ~~\$947949~~ for facilities with more than 20 permitted sources.

(Adopted 6/7/00; Amended 6/2/04; 6/16/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16, 6/21/17, TJD)

3-328 Fee for OEHHA Risk Assessment Reviews: Any facility that submits a health risk assessment to the District in accordance with Section 44361 of the California Health and Safety Code shall pay any fee requested by the State Office of Environmental Health Hazard Assessment (OEHHA) for reimbursement of that agency's costs incurred in reviewing the risk assessment.

(Adopted June 7, 2000)

3-329 Fees for New Source Review Health Risk Assessment: Any person required to submit a health risk assessment (HRA) pursuant to Regulation 2-5-401 shall pay an appropriate Risk Assessment Fee pursuant to Regulation 3-302 and Schedules B, C, D, E, F, H, I or K. In addition, any person that requests that the District prepare or review an HRA (e.g., for determination of permit exemption in accordance with Regulations 2-1-316, 2-5-301 and 2-5-302; or for determination of exemption from emission control requirements pursuant to Regulation 8-47-113 and 8-47-402) shall pay a Risk Assessment Fee. A Risk Assessment Fee shall be assessed for each source that is proposed to emit a toxic air contaminant (TAC) at a rate that exceeds a trigger level in Table 2-5-1: Toxic Air Contaminant Trigger Levels. If a project requires an HRA due to total project emissions, but TAC emissions from each individual source are less than the Table 2-5-1 trigger levels, a Risk Assessment Fee shall be assessed for the source in the project with the highest TAC emissions.

(Adopted June 15, 2005; Amended 6/21/17)

- 3-330 Fee for Renewing an Authority to Construct:** An applicant seeking to renew an authority to construct in accordance with Regulation 2-1-407 shall pay a fee of 50% of the initial fee in effect at the time of the renewal. If the District determines that an authority to construct cannot be renewed, any fees paid under this section shall be credited in full against the fee for a new authority to construct for functionally equivalent equipment submitted within six months of the date the original authority to construct expires.
(Adopted June 15, 2005)
- 3-331 Registration Fees:** Any person who is required to register equipment under District rules shall submit a registration fee, and any annual fee thereafter, as set out in Schedule R. The APCO may reduce registration fees by an amount deemed appropriate if the owner or operator of the equipment attends an Industry Compliance School sponsored by the District.
(Adopted June 6, 2007; Amended 6/16/10)
- 3-332 Naturally Occurring Asbestos Fees:** After July 1, 2007, any person required to submit an Asbestos Dust Mitigation Plan (ADMP) pursuant to Title 17 of the California Code of Regulations, Section 93105, Asbestos Air Toxic Control Measure for Construction, Grading, Quarrying, and Surface Mining Operations shall pay the fee(s) set out in Schedule S.
(Adopted June 6, 2007)
- 3-333 Major Facility Review (MFR) and Synthetic Minor Application Fees:** Any facility that applies for, or is required to undergo, an initial MFR permit, an amendment to an MFR permit, a minor or significant revision to an MFR permit, a reopening of an MFR permit, a renewal of an MFR permit, an initial synthetic minor operating permit, or a revision to a synthetic minor operating permit, shall pay the applicable fees set forth in Schedule P.
(Adopted May 21, 2008)
- 3-334 Greenhouse Gas Fees:** Any permitted facility with greenhouse gas emissions shall pay a fee based on Schedule T. This fee is in addition to permit and other fees otherwise authorized to be collected from such facilities, and shall be included as part of the annual permit renewal fees.
(Adopted May 21, 2008)
- 3-335 Indirect Source Review Fees:** Applicants that must file an Air Quality Impact Assessment pursuant to District rules for a project that is deemed to be an indirect source shall pay a fee based on Schedule U.
(Adopted May 20, 2009)
- 3-336 Open Burning Operation Fees:** Effective July 1, 2013, any person required to provide notification to the District prior to burning; submit a petition to conduct a Filmmaking or Public Exhibition fire; receive an acreage burning allocation to conduct a Stubble fire; or submit a smoke management plan and receive an acreage burning allocation to conduct a Wildland Vegetation Management fire or Marsh Management fire shall pay the fee given in Schedule V.
(Adopted June 19, 2013)
- 3-337 Exemption Fee:** An applicant who wishes to receive a certificate of exemption shall pay a filing fee of \$~~4744~~89 per exempt source.
(Adopted June 19, 2013; Amended 6/4/14; 6/3/15, 6/21/17)
- 3-338 Incident Response Fee:** Any facility required to obtain a District permit, and any District-regulated area-wide or indirect source, that is the site where an incident occurs to which the District responds, shall pay a fee equal to the District's actual costs in conducting the incident response as defined in Section 3-243, including without limitation, the actual time and salaries, plus overhead, of the District staff involved in conducting the incident response and the cost of any materials.
(Adopted June 19, 2013)
- 3-339 Petroleum Refining Emissions Tracking Fees:** Any person required to submit an Annual Emissions Inventory, Monthly Crude Slate Report, or air monitoring plan in accordance with Regulation 12, Rule 15 shall pay the applicable fees set forth in Schedule W.
(Adopted 6/15/16)
- 3-340 Major Stationary Source Community Air Monitoring Fees:** Any major stationary source emitting 35 tons per year of organic compounds, sulfur oxides, nitrogen oxides, carbon monoxide or PM₁₀ shall pay a community air monitoring fee based on Schedule X. This fee is in addition to permit and other fees otherwise authorized to be collected from such facilities and shall be included as part of the annual permit renewal fees.

- 3-341 Fee for Risk Reduction Plan:** Any person required to submit a Risk Reduction Plan in accordance with Regulation 11, Rule 18 shall pay the applicable fees set forth below:
- 341.1 \$1,500 for facilities with one source subject to risk reduction pursuant to Regulation 11, Rule 18, including gasoline dispensing facilities;
 - 341.2 \$3,000 for facilities with 2 to 5 sources subject to risk reduction pursuant to Regulation 11, Rule 18;
 - 341.3 \$6,000 for facilities with 6 to 10 sources subject to risk reduction pursuant to Regulation 11, Rule 18;
 - 341.4 \$12,000 for facilities with 11 to 15 sources subject to risk reduction pursuant to Regulation 11, Rule 18;
 - 341.5 \$24,000 for facilities with 16 to 20 sources subject to risk reduction pursuant to Regulation 11, Rule 18;
 - 341.6 \$32,000 for facilities with more than 20 sources subject to risk reduction pursuant to Regulation 11, Rule 18.

(Adopted 6/21/17)

- 3-342 Fee for Facility-Wide Health Risk Assessment:** Any person required to ~~undergo~~^{submit} a health risk assessment (HRA) ~~to assess compliance with the~~^{pursuant to} Regulation 11, Rule 18 ~~risk action levels~~ shall pay a risk assessment fee for each source pursuant to Regulation 3-329 and Schedules B, C, D, E, F, H, I or K. The maximum fee required for any single HRA of a facility conducted pursuant to Regulation 11, Rule 18 shall not exceed a total of \$150,000.

If a facility retains a District-approved consultant to complete the required facility-wide HRA, the facility shall pay a fee to cover the District's costs of performing the review of the facility-wide HRA, including the costs of any outside consulting assistance which the District may employ in connection with any such review, as well as the District's reasonable internal costs (including overhead) of processing, reviewing, or approving the facility-wide HRA. The total HRA review cost shall be determined based on the District's actual review time in hours multiplied by an hourly charge of \$205 per hour. Facilities shall pay an HRA review fee as indicated below and the District's cost exceeding the applicable HRA review fees indicated below for performing the review of the facility-wide HRA:

- 342.1 \$2,500 for facilities with one to 10 sources subject to risk reduction pursuant to Regulation 11, Rule 18, including gasoline dispensing facilities;
- 342.2 \$6,600 for facilities with 11 to 50 sources subject to risk reduction pursuant to Regulation 11, Rule 18;
- 342.3 \$14,000 for facilities with more than 50 sources subject to risk reduction pursuant to Regulation 11, Rule 18.

The District shall refund to the applicant the portion of any fee paid under this Section that exceeds the District's cost of performing the review of the facility-wide HRA.

(Adopted 6/21/17, Amended TBD)

3-400 ADMINISTRATIVE REQUIREMENTS

- 3-401 Permits:** Definitions, standards, and conditions contained in Regulation 2, Permits, are applicable to this regulation.

- 3-402 Single Anniversary Date:** The APCO may assign a single anniversary date to a facility on which all its renewable permits to operate expire and will require renewal. Fees will be prorated to compensate for different time periods resulting from change in anniversary date.

- 3-403 Change in Operating Parameters:** See Section 2-1-404 of Regulation 2, Rule 1.

3-404 Deleted June 7, 2000

- 3-405 Fees Not Paid:** If an applicant or owner/operator fails to pay the fees specified on the invoice by the due date, the following procedure(s) shall apply:

- 405.1 Authority to Construct: The application will be cancelled, but can be reactivated upon payment of fees.
- 405.2 New Permit to Operate: The Permit to Operate shall not be issued, and the facility will

be notified that operation, including startup, is not authorized.

2.1 Fees received during the first 30 days following the due date must include a late fee equal to 10 percent of all fees specified on the invoice.

2.2 Fees received more than 30 days after the due date must include a late fee equal to ~~2550~~ percent of all fees specified on the invoice.

405.3 **Renewal of Permit to Operate:** The owner or operator of a facility must renew the Permit to Operate in order to continue to be authorized to operate the source. Permit to Operate Fees for the Permit Renewal Period shall be calculated using fee schedules in effect on the Permit to Operate Renewal Date. The permit renewal invoice will include all fees to be paid in order to renew the Permit to Operate, as specified in Section 3-327. If not renewed as of the date of the next Permit Renewal Period, a Permit to Operate lapses and further operation is no longer authorized. The District will notify the facility that the permit has lapsed. Reinstatement of lapsed Permits to Operate will require the payment of all unpaid prior Permit to Operate fees and associated reinstatement fees for each unpaid prior Permit Renewal Period, in addition to all fees specified on the permit renewal invoice.

405.4 **Reinstatement of Lapsed Permit to Operate:** To reinstate a Permit to Operate, the owner or operator must pay all of the following fees:

4.1 The applicable Permit to Operate Fees for the current year, as specified in Regulation 3-327, and the applicable reinstatement fee, if any, calculated as follows:

4.1.1 Fees received during the first 30 days following the due date must include all fees specified on the permit renewal invoice plus a reinstatement fee equal to 10 percent of all fees specified on the invoice.

4.1.2 Fees received more than 30 days after the due date, but less than one year after the due date, must include all fees specified on the permit renewal invoice plus a reinstatement fee equal to ~~2550~~ percent of all fees specified on the invoice.

4.2 The applicable Permit to Operate Fees specified in Regulation 3-327 for each prior Permit Renewal Period for which all Permit to Operate Fees and associated reinstatement fees have not been paid. Each year's Permit to Operate Fee shall be calculated at the fee rates in effect on that year's Permit to Operate Renewal Date. The reinstatement fee for each associated previously-unpaid Permit to Operate Fee shall be calculated in accordance with Regulation 3-405.4.1 and 4.1.2.

Each year or period of the lapsed Permit to Operate is deemed a separate Permit Renewal Period. The oldest outstanding Permit to Operate Fee and reinstatement fees shall be paid first.

405.5 **Registration and Other Fees:** Persons who have not paid the fee by the invoice due date, shall pay the following late fee in addition to the original invoiced fee. Fees shall be calculated using fee schedules in effect at the time of the fees' original determination.

5.1 Fees received during the first 30 days following the due date must include an additional late fee equal to 10 percent of all fees specified on the invoice.

5.2 Fees received more than 30 days after the due date must include an additional late fee equal to 50 percent of all fees specified on the invoice.

(Amended 7/6/83; 6/4/86; 11/5/86; 2/15/89; 6/6/90; 7/3/91; 8/2/95; 12/2/98; 6/15/05; 6/7/06; 6/6/12; 6/19/13; 6/4/14, TBD)

3-406 Deleted June 4, 1986

3-407 Deleted August 2, 1995

3-408 Permit to Operate Valid for 12 Months: A Permit to Operate is valid for 12 months from the date of issuance or other time period as approved by the APCO.

(Amended 6/4/86; Amended 6/7/00)

3-409 Deleted June 7, 2000

3-410 Deleted August 2, 1995

3-411 Advance Deposit of Funds: The APCO may require that at the time of the filing of an application for an Authority to Construct for a project for which the District is a lead agency under the California Environmental Quality Act (Public Resources Code, Section 21000, et

seq.), the applicant shall make an advance deposit of funds, in an amount to be specified by the APCO, to cover the costs which the District estimates to incur in connection with the District's performance of its environmental evaluation and the preparation of any required environmental documentation. In the event the APCO requires such an estimated advance payment to be made, the applicant will be provided with a full accounting of the costs actually incurred by the District in connection with the District's performance of its environmental evaluation and the preparation of any required environmental documentation.

(Adopted 12/18/85; Amended 8/2/95)

3-412 Deleted December 2, 1998

3-413 Toxic "Hot Spots" Information and Assessment Act Revenues: No later than 120 days after the adoption of this regulation, the APCO shall transmit to the California Air Resources Board, for deposit into the Air Toxics "Hot Spots" Information and Assessment Fund, the revenues determined by the ARB to be the District's share of statewide Air Toxics "Hot Spot" Information and Assessment Act expenses.

(Adopted October 21, 1992)

3-414 Deleted December 2, 1998

3-415 Failure to Pay - Further Actions: When an applicant or owner/operator fails to pay the fees specified on the invoice by the due date, the APCO may take the following actions against the applicant or owner/operator:

415.1 Issuance of a Notice to Comply.

415.2 Issuance of a Notice of Violation.

415.3 Revocation of an existing Permit to Operate. The APCO shall initiate proceedings to revoke permits to operate for any person who is delinquent for more than one month. The revocation process shall continue until payment in full is made or until permits are revoked.

415.4 The withholding of any other District services as deemed appropriate until payment in full is made.

(Adopted 8/2/95; Amended 12/2/98; 6/15/05)

3-416 Adjustment of Fees: The APCO or designees may, upon finding administrative error by District staff in the calculation, imposition, noticing, invoicing, and/or collection of any fee set forth in this rule, rescind, reduce, increase, or modify the fee. A request for such relief from an administrative error, accompanied by a statement of why such relief should be granted, must be received within two years from the date of payment.

(Adopted October 8, 1997)

3-417 Temporary Amnesty for Unpermitted and Unregistered Sources: The APCO has the authority to declare an amnesty period, during which the District may waive all or part of the back fees and/or late fees for sources that are currently operating without valid Permits to Operate and/or equipment registrations.

(Adopted June 16, 2010)

3-418 Temporary Incentive for Online Production System Transactions: The APCO has the authority to declare an incentive period for transactions made using the online production system, during which the District may waive all or any part of the fees for these transactions.

(Adopted TBD)

**SCHEDULE A
HEARING BOARD FEES¹**

Established by the Board of Directors December 7, 1977 Resolution No. 1046
(Code section references are to the California Health & Safety Code, unless otherwise indicated)

		Large Companies	Small Business	Third Party
1.	For each application for variance exceeding 90 days, in accordance with §42350, including applications on behalf of a class of applicants, which meet the requirements of the Hearing Board Rules for a valid and proper class action for variance Plus, for each hearing in addition to the first hearing necessary to dispose of said variance application in accordance with §42350, the additional sum of	\$5,2924 ,602	\$7916 88	
		\$2,6502 ,304	\$2672 32	
2.	For each application for variance not exceeding 90 days, in accordance with §42350, including applications on behalf of a class of applicants, which meet the requirements of the Hearing Board Rules for a valid and proper class action for variance Plus, for each hearing in addition to the first hearing necessary to dispose of said variance application, in accordance with §42350, the additional sum of	\$3,1772 ,763	\$7916 88	
		\$1,5864 ,379	\$2672 32	
3.	For each application to modify a variance in accordance with §42356.... Plus, for each hearing in addition to the first hearing on said application to modify a variance, in accordance with §42345, necessary to dispose of the application, the additional sum of	\$2,1084 ,833	\$2672 32	
		\$1,3791 ,586	\$2672 32	
4.	For each application to extend a variance, in accordance with §42357... Plus, for each hearing in addition to the first hearing on an application to extend a variance, in accordance with §42357, necessary to dispose of the application, the additional sum of	\$1,8332 ,108	\$2672 32	
		\$1,3791 ,586	\$2672 32	
5.	For each application to revoke a variance.....	\$3,1772 ,763	\$2672 32	
6.	For each application for approval of a Schedule of Increments of Progress in accordance with §41703	\$1,8332 ,108	\$2672 32	
7.	For each application for variance in accordance with §41703, which exceeds 90 days Plus, for each hearing in addition to the first hearing on said application for variance in accordance with §41703, the additional sum of	\$4,6025 ,292	\$7916 88	
		\$2,6502 ,304	\$2672 32	
8.	For each application for variance in accordance with §41703, not to exceed 90 days Plus, for each hearing in addition to the hearing on said application for a variance in accordance with §41703, the additional sum of	\$3,1772 ,763	\$7916 88	
		\$1,3791 ,586	\$2672 32	

		Large Companies	Small Business	Third Party
9.	For each Appeal (Permit, Banking, Title V)	\$4,6025.2 92 per hearing day	\$2,6502,304 per hearing day	\$2,6502,304 04 for entire appeal period
10.	For each application for intervention in accordance with Hearing Board Rules §§2.3, 3.6 & 4.6.....	\$2,6502,304	\$532463	
11.	For each application to Modify or Terminate an abatement order	\$4,6025.2 92 per hearing day	\$2,6502,304 per hearing day	
12.	For each application for an interim variance in accordance with §42351	\$2,6502,304	\$532463	
13.	For each application for an emergency variance in accordance with §42359.5	\$1,3214,149	\$267232	
14.	For each application to rehear a Hearing Board decision in accordance with §40861	100% of previous fee charged	100% of previous fee charged	
15.	Excess emission fees	See Attachment I	See Attachment I	
16.	Miscellaneous filing fee for any hearing not covered above	\$2,6502,304	\$791688	\$791688
17.	For each published Notice of Public Hearing.....	Cost of Publication	\$0	\$0
18.	Court Reporter Fee (to be paid only if Court Reporter required for hearing).....	Actual Appearance and Transcript costs per hearing solely dedicated to one Docket	\$0	Actual Appearance and Transcript costs per hearing solely dedicated to one Docket

NOTE 1 Any applicant who believes they have a hardship for payment of fees may request a fee waiver from the Hearing Board pursuant to Hearing Board Rules.
 (Amended 10/8/97; 5/19/99; 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15. [6/15/16](#), [6/21/17](#). TBD)

**SCHEDULE A
ATTACHMENT I
EXCESS EMISSION FEE**

A. General

- (1) Each applicant or petitioner for a variance from these Rules and Regulations shall pay to the Clerk or Deputy Clerk of the Hearing Board, in addition to the other filing fees required in Schedule A, an emission fee based on the total weight of emissions discharged, per source or product, other than those described in division (B) below, during the variance period in excess of that allowed by these rules in accordance with the schedule set forth in Table I.
- (2) Where the total weight of emission discharged cannot be easily calculated, the petitioner shall work in concert with District staff to establish the amount of excess emissions to be paid.
- (3) In the event that more than one rule limiting the discharge of the same contaminant is violated, the excess emission fee shall consist of the fee for violation which will result in the payment of the greatest sum. For the purposes of this subdivision, opacity rules and particulate mass emissions shall not be considered rules limiting the discharge of the same contaminant.

B. Excess Visible Emission Fee

Each applicant or petitioner for a variance from Regulation 6 or Health and Safety Code Section 41701 shall pay to the Clerk or Deputy Clerk of the Hearing Board, in addition to the filing fees required in Schedule A and the excess emission fees required in (A) above (if any), an emission fee based on the difference between the percent opacity allowed by Regulation 6 and the percent opacity of the emissions allowed from the source or sources operating under the variance, in accordance with the schedule set forth in Table II.

In the event that an applicant or petitioner is exempt from the provisions of Regulation 6, the applicant or petitioner shall pay a fee calculated as described herein above, but such fee shall be calculated based upon the difference between the opacity allowed under the variance and the opacity allowed under the provisions of Health and Safety Code Section 41701, in accordance with the schedule set forth in Table II.

C. Applicability

The provisions of subdivision (A) shall apply to all variances that generate excess emissions.

D. Fee Determination

- (1) The excess emission fees shall be calculated by the petitioner based upon the requested number of days of operation under variance multiplied by the expected excess emissions as set forth in subdivisions (A) and (B) above. The calculations and proposed fees shall be set forth in the petition.
- (2) The Hearing Board may adjust the excess emission fee required by subdivisions (A) and (B) of this rule based on evidence regarding emissions presented at the time of the hearing.

E. Small Businesses

- (1) A small business shall be assessed twenty percent (20%) of the fees required by subdivisions (A) and (B), whichever is applicable. "Small business" is defined in the Fee Regulation.
- (2) Request for exception as a small business shall be made by the petitioner under penalty of perjury on a declaration form provided by the Executive Officer which shall be submitted to the Clerk or Deputy Clerk of the Hearing Board at the time of filing a petition for variance.

F. Group, Class and Product Variance Fees

Each petitioner included in a petition for a group, class or product variance shall pay the filing fee specified in Schedule A, and the excess emission fees specified in subdivisions (A) and (B), whichever is applicable.

G. Adjustment of Fees

If after the term of a variance for which emission fees have been paid, petitioner can establish, to the satisfaction of the Executive Officer/APCO, that emissions were actually less than those upon which the fee was based, a pro rata refund shall be made.

H. Fee Payment/Variance Invalidation

- (1) Excess emission fees required by subdivisions (A) and (B), based on an estimate provided during the variance Hearing, are due and payable within fifteen (15) days of the granting of the variance. The petitioner shall be notified in writing of any adjustment to the amount of excess emission fees due, following District staff's verification of the estimated emissions. Fee payments to be made as a result of an adjustment are due and payable within fifteen (15) days of notification of the amount due.
- (2) Failure to pay the excess emission fees required by subdivisions (A) and (B) within fifteen (15) days of notification that a fee is due shall automatically invalidate the variance. Such notification may be given by personal service or by deposit, postpaid, in the United States mail and shall be due fifteen (15) days from the date of personal service or mailing. For the purpose of this rule, the fee payment shall be considered to be received by the District if it is postmarked by the United States Postal Service on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if it had been postmarked on the expiration date.

**TABLE I
SCHEDULE OF EXCESS EMISSIONS FEES**

Air Contaminants All at \$5.074.41 per pound

Organic gases, except methane and those containing sulfur
Carbon Monoxide
Oxides of nitrogen (expressed as nitrogen dioxide)
Gaseous sulfur compounds (expressed as sulfur dioxide)
Particulate matter

Toxic Air Contaminants All at \$25.2224.93 per pound

Asbestos
Benzene
Cadmium
Carbon tetrachloride
Chlorinated dioxins and dibenzofurans (15 species)
Diesel exhaust particulate matter
Ethylene dibromide
Ethylene dichloride
Ethylene oxide
Formaldehyde
Hexavalent chromium
Methylene chloride
Nickel
Perchloroethylene
1,3-Butadiene
Inorganic arsenic
Beryllium
Polynuclear aromatic hydrocarbons (PAH)
Vinyl chloride
Lead
1,4-Dioxane
Trichloroethylene

**TABLE II
SCHEDULE OF EXCESS VISIBLE EMISSION FEE**

For each source with opacity emissions in excess of twenty percent (20%), but less than forty percent (40%) (where the source is in violation of Regulation 6 and California Health and Safety Code Section 41701), the fee is calculated as follows:

$$\text{Fee} = (\text{Opacity}^* \text{ equivalent} - 20) \times \text{number of days allowed in variance} \times \$\underline{5.184.50}$$

For each source with opacity emissions in excess of forty percent (40%) (where the source is in violation of Regulation 6 and California Health and Safety Code Section 41701), the fee is calculated as follows:

$$\text{Fee} = (\text{Opacity}^* \text{ equivalent} - 40) \times \text{number of days allowed by variance} \times \$\underline{5.184.50}$$

* Where "Opacity" equals maximum opacity of emissions in percent (not decimal equivalent) allowed by the variance. Where the emissions are darker than the degree of darkness equivalent to the allowed Ringelmann number, the percentage equivalent of the excess degree of darkness shall be used as "opacity."

(Adopted 6/7/00; Amended 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16, 6/21/17, TBD)

**SCHEDULE B
COMBUSTION OF FUEL**
(Adopted June 18, 1980)

For each source that burns fuel, which is not a flare and not exempted by Regulation 2, Rule 1, the fee shall be computed based on the maximum gross combustion capacity (expressed as higher heating value, HHV) of the source.

1. INITIAL FEE: \$~~65.0763~~⁴⁴ per MM BTU/HOUR
 - a. The minimum fee per source is: \$~~347337~~
 - b. The maximum fee per source is: \$~~121,383147,733~~

2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$~~474489~~ plus
\$~~65.0763~~⁴⁴ per MM BTU/hr
 - b. Minimum RAF for first TAC source: \$~~836844~~
 - c. RAF for each additional TAC source: \$~~65.0763~~⁴⁴ per MM BTU/hr
 - d. Minimum RAF per additional TAC source: \$~~347337~~*
 - e. Maximum RAF per source is: \$~~121,383147,733~~
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: \$~~32.5234~~⁵⁴ per MM BTU/HOUR
 - a. The minimum fee per source is: \$~~246239~~
 - b. The maximum fee per source is: \$~~60,69158,866~~

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. ROUNDING: Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

6. Applicants for an authority to construct and permit to operate a project, which burns municipal waste or refuse-derived fuel, shall pay in addition to all required fees, an additional fee to cover the costs incurred by the State Department of Health Services, and/or a qualified contractor designated by the State Department of Health Services, in reviewing a risk assessment as required under H&S Code Section 42315. The fee shall be transmitted by the District to the Department of Health Services and/or the qualified contractor upon completion of the review and submission of comments in writing to the District.

7. A surcharge equal to 100% of all required initial and permit to operate fees shall be charged for sources permitted to burn one or more of the following fuels: coke, coal, wood, tires, black liquor, and municipal solid waste.

NOTE: MM BTU is million BTU of higher heat value
One MM BTU/HR = 1.06 gigajoules/HR

(Amended 6/5/85; 6/4/86; 3/4/87; 6/6/90; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 7/1/98; 5/19/99; 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16, 6/21/17, TBD)

SCHEDULE C
STATIONARY CONTAINERS FOR THE STORAGE OF ORGANIC LIQUIDS

(Adopted June 18, 1980)

For each stationary container of organic liquids which is not exempted from permits by Regulation 2 and which is not part of a gasoline dispensing facility, the fee shall be computed based on the container volume, as follows:

1. INITIAL FEE: 0.185 cents per gallon
 - a. The minimum fee per source is: \$204
 - b. The maximum fee per source is: \$27,858

2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$474489 plus 0.185 cents per gallon
 - b. Minimum RAF for first TAC source: \$678
 - c. RAF for each additional TAC source: 0.185 cents per gallon *
 - d. Minimum RAF per additional TAC source: \$204 *
 - e. Maximum RAF per source is: \$27,858

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: 0.093 cents per gallon
 - a. The minimum fee per source is: \$147
 - b. The maximum fee per source is: \$13,928

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. ROUNDING: Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 2/20/85; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/20/09; 6/16/10; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16, 6/21/17, TBD)

SCHEDULE D
GASOLINE TRANSFER AT GASOLINE DISPENSING FACILITIES,
BULK PLANTS AND TERMINALS
(Adopted June 18, 1980)

A. All gasoline dispensing facilities shall pay the following fees:

1. INITIAL FEE: \$~~330.93306.42~~ per single product nozzle (spn)
\$~~330.93306.42~~ per product for each multi-product nozzle (mpn)
2. PERMIT TO OPERATE FEE: \$~~126.75447.36~~ per single product nozzle (spn)
\$~~126.75447.36~~ per product for each multi-product nozzle (mpn)
3. Initial fees and permit to operate fees for hardware modifications at a currently permitted gasoline dispensing facility shall be consolidated into a single fee calculated according to the following formula:

$$\$457.68423.78 \times \{[(mpn_{proposed})(products\ per\ nozzle) + spn_{proposed}] - [(mpn_{existing})(products\ per\ nozzle) + spn_{existing}]\}$$

mpn = multi-product nozzles
spn = single product nozzles

The above formula includes a toxic surcharge.

If the above formula yields zero or negative results, no initial fees or permit to operate fees shall be charged.

For the purposes of calculating the above fees, a fuel blended from two or more different grades shall be considered a separate product.

Other modifications to facilities' equipment, including but not limited to tank addition/replacement/conversion, vapor recovery piping replacement, moving or extending pump islands, will not be subject to initial fees or permit to operate fees.

4. RISK ASSESSMENT FEE (RAF) of \$~~474489~~ per application, if required pursuant to Regulation 3-329 or 3-342 [including increases in permitted throughput for which a health risk assessment is required.]
 5. Nozzles used exclusively for the delivery of diesel fuel or other fuels exempt from permits shall pay no fee. Multi-product nozzles used to deliver both exempt and non-exempt fuels shall pay fees for the non-exempt products only.
- B. All bulk plants, terminals or other facilities using loading racks to transfer gasoline or gasohol into trucks, railcars or ships shall pay the following fees:

1. INITIAL FEE: \$~~4,346.844,024.85~~ per single product loading arm
\$~~4,346.844,024.85~~ per product for multi-product arms
2. RISK ASSESSMENT FEE (RAF) , if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$~~4,9224,557~~
 - b. RAF for each additional TAC source: \$~~4,3474,025~~ *

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$~~1,2114,424~~ per single product loading arm
\$~~1,2114,424~~ per product for multi-product arms
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

C. Fees in (A) above are in lieu of tank fees. Fees in (B) above are in addition to tank fees.

D. Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 2/20/85; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02;
5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16,
6/21/17, [TBD](#))

**SCHEDULE E
SOLVENT EVAPORATING SOURCES**

(Adopted June 18, 1980)

For each solvent evaporating source, as defined in Section 3-210 except for dry cleaners, the fee shall be computed based on the net amount of organic solvent processed through the sources on an annual basis (or anticipated to be processed, for new sources) including solvent used for the cleaning of the sources.

1. INITIAL FEE:
 - a. The minimum fee per source is: \$~~800734~~
 - b. ~~If usage is not more than 1,000 gallons/year: \$734~~
 - c. ~~If usage is more than 1,000 gallons/year: \$1,6071,474 per 1,000 gallons~~
 - d. The maximum fee per source is: \$~~63,86358,590~~

2. RISK ASSESSMENT FEE (RAF) , if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant(TAC) source in application: \$~~474489~~ plus initial fee
 - b. Minimum RAF for first TAC source: \$~~1,3171,208~~
 - c. RAF for each additional TAC source: equal to initial fee *
 - d. Minimum RAF per additional TAC source: \$~~800734~~ *
 - e. Maximum RAF per source is: \$~~63,86358,590~~
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:
 - a. The minimum fee per source is: \$~~577529~~
 - b. ~~If usage is not more than 1,000 gallons/year: \$529~~
 - c. ~~If usage is more than 1,000 gallons/year: \$800734 per 1,000 gallons~~
 - d. The maximum fee per source is: \$~~31,92929,293~~

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 5/19/82; 10/17/84; 6/5/85; 6/4/86; 10/8/87; 7/3/91; 6/15/94; 7/1/98; 5/19/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16, 6/21/17, TBD)

SCHEDULE F
MISCELLANEOUS SOURCES

(Adopted June 18, 1980)

For each source not governed by Schedules B, C, D, E, H or I, (except for those sources in the special classification lists, G-1 - G-5) the fees are:

1. INITIAL FEE: \$636,594
2. RISK ASSESSMENT FEE (RAF) , if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first (toxic air contaminant) TAC source in application: \$1,194,116
 - b. RAF for each additional TAC source: \$636,594*
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$462,432
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1. List of special classifications requiring graduated fees is shown in Schedules G-1, G-2, G-3, G-4, and G-5.

G-1 FEES FOR SCHEDULE G-1. For each source in a G-1 classification, fees are:

1. INITIAL FEE: \$4,341,398
2. RISK ASSESSMENT FEE (RAF) , if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$4,926,451
 - b. RAF for each additional TAC source: \$4,341,398*
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$2,167,988
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-2 FEES FOR SCHEDULE G-2. For each source in a G-2 classification, fees are:

1. INITIAL FEE: \$6,046,257
2. RISK ASSESSMENT FEE (RAF) , if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$6,663,794
 - b. RAF for each additional TAC source: \$6,046,257*
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$3,021,627
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-3 FEES FOR SCHEDULE G-3. For each source in a G-3 classification, fees are:

1. INITIAL FEE: \$34,291,320
2. RISK ASSESSMENT FEE (RAF) , if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant(TAC) source in application: \$34,850,320
 - b. RAF for each additional TAC source: \$34,291,320*

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: \$17,14246,024
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-4 FEES FOR SCHEDULE G-4. For each source in a G-4 classification, fees are:

1. INITIAL FEE: \$79,94269,545
2. RISK ASSESSMENT FEE (RAF) , if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant(TAC) source in application: \$80,55970,054
 - b. RAF for each additional TAC source: \$79,94269,545*
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$39,96934,756
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-5 FEES FOR SCHEDULE G-5. For each source in a G-5 classification, fees are:

1. INITIAL FEE: \$51,731
2. RISK ASSESSMENT FEE (RAF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk assessment is required under Regulation 2-5-401.
 - a. RAF for first TAC source in application: \$52,193
 - b. RAF for each additional TAC source: \$51,731*
 - * RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$25,865
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

(Amended 5/19/82; 6/5/85; 6/4/86; 6/6/90; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16, 6/21/17, TBD)

SCHEDULE G-1
(Adopted June 18, 1980)

Equipment or Process Description	Materials Processed or Produced
Asphalt Roofing Manufacturing – Asphalt Dipping	Asphalt Roofing or Related Materials
Calcining Kilns, excluding those processing cement, lime, or coke (see G-4 for cement, lime, or coke Calcining Kilns)	Any Materials except cement, lime, or coke
Chemical Manufacturing, Inorganic – Processing Units with a Capacity of 1000 Gallons/Hour or more	Any Inorganic Materials
Chemical Manufacturing, Inorganic – Processing Units with a Capacity of 5 Tons/Hour or more	Any Inorganic Materials
Chemical Manufacturing, Inorganic – Reactors with a Capacity of 1000 Gallons or more	Any Inorganic Materials
Chemical Manufacturing, Organic – Latex Dipping	Any latex materials
Chemical Manufacturing, Organic – Processing Units with a Capacity of 1000 Gallons/Hour or more	Any Organic Materials
Chemical Manufacturing, Organic – Processing Units with a Capacity of 5 Tons/Hour or more	Any Organic Materials
Chemical Manufacturing, Organic – Reactors with a Capacity of 1000 Gallons or more	Any Organic Materials
Compost Operations – Windrows, Static Piles, Aerated Static Piles, In-Vessel, or similar methods	Any waste materials such as yard waste, food waste, agricultural waste, mixed green waste, bio-solids, animal manures, etc.
Crushers	Any minerals or mineral products such as rock, aggregate, cement, concrete, or glass; waste products such as building or road construction debris; and any wood, wood waste, green waste; or similar materials
Electroplating Equipment	Hexavalent Decorative Chrome with permitted capacity greater than 500,000 amp-hours per year or Hard Chrome
Foil Manufacturing – Any Converting or Rolling Lines	Any Metal or Alloy Foils
Galvanizing Equipment	Any

Equipment or Process Description	Materials Processed or Produced
Glass Manufacturing – Batching Processes including storage and weigh hoppers or bins, conveyors, and elevators	Any Dry Materials
Glass Manufacturing – Mixers	Any Dry Materials
Glass Manufacturing – Molten Glass Holding Tanks	Any molten glass
Grinders	Any minerals or mineral products such as rock, aggregate, cement, concrete, or glass; waste products such as building or road construction debris; and any wood, wood waste, green waste; or similar materials
Incinerators – Crematory	Human and/or animal remains
Incinerators – Flares	Any waste gases
Incinerators – Other (see G-2 for hazardous or municipal solid waste incinerators, see G-3 for medical or infectious waste incinerators)	Any Materials except hazardous wastes, municipal solid waste, medical or infectious waste
Incinerators – Pathological Waste (see G-3 for medical or infectious waste incinerators)	Pathological waste only
Loading and/or Unloading Operations – Bulk Plants and Bulk Terminals, excluding those loading gasoline or gasohol (see Schedule D for Bulk Plants and Terminals loading gasoline or gasohol)	Any Organic Materials except gasoline or gasohol
Petroleum Refining – Alkylolation Units	Any Hydrocarbons
Petroleum Refining – Asphalt Oxidizers	Any Hydrocarbons
Petroleum Refining – Benzene Saturation Units/Plants	Any Hydrocarbons
Petroleum Refining – Catalytic Reforming Units	Any Hydrocarbons
Petroleum Refining – Chemical Treating Units including alkane, naphthenic acid, and naphtha merox treating, or similar processes	Any Hydrocarbons
Petroleum Refining – Converting Units including Dimersol Plants, Hydrocarbon Splitters, or similar processes	Any Hydrocarbons
Petroleum Refining – Distillation Units, excluding crude oil units with capacity > 1000 barrels/hour (see G-3 for > 1000 barrels/hour crude distillation units)	Any Hydrocarbons
Petroleum Refining – Hydrogen Manufacturing	Hydrogen or Any Hydrocarbons
Petroleum Refining – Hydrotreating or	Any Hydrocarbons

Equipment or Process Description	Materials Processed or Produced
Hydrofining	
Petroleum Refining – Isomerization	Any Hydrocarbons
Petroleum Refining – MTBE Process Units/Plants	Any Hydrocarbons
Petroleum Refining – Sludge Converter	Any Petroleum Waste Materials
Petroleum Refining – Solvent Extraction	Any Hydrocarbons
Petroleum Refining – Sour Water Stripping	Any Petroleum Process or Waste Water
Petroleum Refining – Storage (enclosed)	Petroleum Coke or Coke Products
Petroleum Refining – Waste Gas Flares (not subject to Regulation 12, Rule 11)	Any Petroleum Refining Gases
Petroleum Refining – Miscellaneous Other Process Units	Any Hydrocarbons
Remediation Operations, Groundwater – Strippers	Contaminated Groundwater
Remediation Operations, Soil – Any Equipment (excluding sub-slab depressurization equipment)	Contaminated Soil
Spray Dryers	Any Materials
Sterilization Equipment	Ethylene Oxide
Wastewater Treatment, Industrial – Oil-Water Separators, excluding oil-water separators at petroleum refineries (see G-2 for Petroleum Refining - Oil-Water Separators)	Wastewater from any industrial facilities except petroleum refineries
Wastewater Treatment, Industrial – Strippers including air strippers, nitrogen strippers, dissolved air flotation units, or similar equipment and excluding strippers at petroleum refineries (see G-2 for Petroleum Refining – Strippers)	Wastewater from any industrial facilities except petroleum refineries
Wastewater Treatment, Industrial - Storage Ponds, excluding storage ponds at petroleum refineries (see G-2 for Petroleum Refining – Storage Ponds)	Wastewater from any industrial facilities except petroleum refineries
Wastewater Treatment, Municipal – Preliminary Treatment	Municipal Wastewater
Wastewater Treatment, Municipal – Primary Treatment	Municipal Wastewater
Wastewater Treatment, Municipal – Digesters	Municipal Wastewater
Wastewater Treatment, Municipal – Sludge Handling Processes, excluding sludge incinerators (see G-2 for sludge incinerators)	Sewage Sludge

(Amended 6/4/86; 6/6/90; 5/19/99; 6/7/00; 6/2/04; 6/15/05, [TBD](#))

SCHEDULE G-2
(Adopted June 6, 1990)

Equipment or Process Description	Materials Processed or Produced
Asphalt Roofing Manufacturing – Asphalt Blowing	Asphalt Roofing or Related Materials
Asphaltic Concrete Manufacturing – Aggregate Dryers	Any Dry Materials
Asphaltic Concrete Manufacturing – Batch Mixers	Any Asphaltic Concrete Products
Asphaltic Concrete Manufacturing – Drum Mixers	Any Asphaltic Concrete Products
Asphaltic Concrete Manufacturing – Other Mixers and/or Dryers	Any Dry Materials or Asphaltic Concrete Products
Concrete or Cement Batching Operations – Mixers	Any cement, concrete, or stone products or similar materials
Furnaces – Electric	Any Mineral or Mineral Product
Furnaces – Electric Induction	Any Mineral or Mineral Product
Furnaces – Glass Manufacturing	Soda Lime only
Furnaces – Reverberatory	Any Ores, Minerals, Metals, Alloys, or Related Materials
Incinerators – Hazardous Waste including any unit required to have a RCRA permit	Any Liquid or Solid Hazardous Wastes
Incinerators – Solid Waste, excluding units burning human/animal remains or pathological waste exclusively (see G-1 for Crematory and Pathological Waste Incinerators)	Any Solid Waste including Sewage Sludge (except human/animal remains or pathological waste)
Metal Rolling Lines, excluding foil rolling lines (see G-1 for Foil Rolling Lines)	Any Metals or Alloys
Petroleum Refining – Stockpiles (open)	Petroleum Coke or coke products only
Petroleum Refining, Wastewater Treatment – Oil-Water Separators	Wastewater from petroleum refineries only
Petroleum Refining, Wastewater Treatment – Strippers including air strippers, nitrogen strippers, dissolved air flotation units, or similar equipment	Wastewater from petroleum refineries only
Petroleum Refining, Wastewater Treatment – Storage Ponds	Wastewater from petroleum refineries only
Pickling Lines or Tanks	Any Metals or Alloys
Sulfate Pulping Operations – All Units	Any
Sulfite Pulping Operations – All Units	Any

(Amended June 7, 2000)

SCHEDULE G-3
(Adopted June 18, 1980)

Equipment or Process Description	Materials Processed or Produced
Furnaces – Electric Arc	Any Metals or Alloys
Furnaces – Electric Induction	Any Metals or Alloys
Incinerators – Medical Waste, excluding units burning pathological waste exclusively (see G-1 for Pathological Waste Incinerators)	Any Medical or Infectious Wastes
Loading and/or Unloading Operations – Marine Berths	Any Organic Materials
Petroleum Refining – Cracking Units including hydrocrackers and excluding thermal or fluid catalytic crackers (see G-4 for Thermal Crackers and Catalytic Crackers)	Any Hydrocarbons
Petroleum Refining – Distillation Units (crude oils) including any unit with a capacity greater than 1000 barrels/hour (see G-1 for other distillation units)	Any Petroleum Crude Oils
Phosphoric Acid Manufacturing – All Units (by any process)	Phosphoric Acid

(Amended 5/19/82; Amended and renumbered 6/6/90; Amended 6/7/00; 6/15/05; 5/2/07)

SCHEDULE G-4
(Adopted June 6, 1990)

Equipment or Process Description	Materials Processed or Produced
Acid Regeneration Units	Sulfuric or Hydrochloric Acid only
Annealing Lines (continuous only)	Metals and Alloys
Calcining Kilns (see G-1 for Calcining Kilns processing other materials)	Cement, Lime, or Coke only
Fluidized Bed Combustors	Solid Fuels only
Nitric Acid Manufacturing – Any Ammonia Oxidation Processes	Ammonia or Ammonia Compounds
Petroleum Refining - Coking Units including fluid cokers, delayed cokers, flexicokers, and coke kilns	Petroleum Coke and Coke Products
Petroleum Refining - Cracking Units including fluid catalytic crackers and thermal crackers and excluding hydrocrackers (see G-3 for Hydrocracking Units)	Any Hydrocarbons
Petroleum Refining - Sulfur Removal including any Claus process or any other process requiring caustic reactants	Any Petroleum Refining Gas
Sulfuric Acid Manufacturing – Any Chamber or Contact Process	Any Solid, Liquid or Gaseous Fuels Containing Sulfur

(Amended June 7, 2000)

SCHEDULE G-5

Equipment or Process Description	Materials Processed or Produced
Petroleum Refinery Flares (subject to Regulation 12, Rule 11)	Any Petroleum Vent Gas (as defined in section 12-11-210 and section 12-12-213)

(Adopted May 2, 2007)

SCHEDULE H
SEMICONDUCTOR AND RELATED OPERATIONS
(Adopted May 19, 1982)

All of the equipment within a semiconductor fabrication area will be grouped together and considered one source. The fee shall be as indicated:

1. INITIAL FEE:

- a. The minimum fee per source is: \$~~697,639~~
- b. The maximum fee per source is: \$~~55,796,514,189~~

The initial fee shall include the fees for each type of operation listed below, which is performed at the fabrication area:

c. SOLVENT CLEANING OPERATIONS, such as usage of:

Solvent Sinks (as defined in Regulation 8-30-214);
Solvent Spray Stations (as defined in Regulation 8-30-221);
Solvent Vapor Stations (as defined in Regulation 8-30-222); and
Wipe Cleaning Operation (as defined in Regulation 8-30-225).

The fee is based on the gross throughput of organic solvent processed through the solvent cleaning operations on an annual basis (or anticipated to be processed, for new sources):

~~\$472,433~~ per 1,000 gallon

d. COATING OPERATIONS, such as application of:

Photoresist (as defined in Regulation 8-30-215); other wafer coating;
Solvent-Based Photoresist Developer (as defined in Regulation 8-30-219); and other miscellaneous solvent usage.

The fee is based on the gross throughput of organic solvent processed through the coating operations on an annual basis (or anticipated to be processed, for new sources):

~~\$1,401,4285~~ per 1,000 gallon

2. RISK ASSESSMENT FEE (RAF) , if required pursuant to Regulation 3-329 or 3-342.

- a. RAF for first toxic air contaminant (TAC) source in application: \$~~474,489~~ plus initial fee
- b. Minimum RAF for first TAC source: \$~~1,213,1413~~
- c. RAF for each additional TAC source: equal to initial fee *
- d. Minimum RAF per additional TAC source: ~~\$697,639~~ *
- e. Maximum RAF per source is: \$~~55,796,514,189~~

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:

- a. The minimum fee per source is: \$~~505,463~~
- b. The maximum fee per source is: \$~~27,894,255,594~~

The permit to operate fee shall include the fees for each type of operation listed below, which is performed at the fabrication area:

c. SOLVENT CLEANING OPERATIONS, such as usage of:

Solvent Sinks (as defined in Regulation 8-30-214);

Solvent Spray Stations (as defined in Regulation 8-30-221);
Solvent Vapor Stations (as defined in Regulation 8-30-222); and
Wipe Cleaning Operation (as defined in Regulation 8-30-225).

The fee is based on the gross throughput of organic solvent processed through the solvent cleaning operations on an annual basis (or anticipated to be processed, for new sources):

\$~~237~~~~247~~ per 1,000 gallon

d. COATING OPERATIONS, such as application of:

Photoresist (as defined in Regulation 8-30-215); other wafer coating;
Solvent-Based Photoresist Developer (as defined in Regulation 8-30-219); and other miscellaneous solvent usage.

The fee is based on the gross throughput of organic solvent processed through the coating operations on an annual basis (or anticipated to be processed, for new sources):

\$~~697~~~~639~~ per 1,000 gallon

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.
5. The fee for each source will be rounded to the whole dollar. Fees for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 1/9/85; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 10/20/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16, 6/21/17, TBD)

**SCHEDULE I
DRY CLEANERS**
(Adopted July 6, 1983)

For dry cleaners, the fee shall be computed based on each cleaning machine, except that machines with more than one drum shall be charged based on each drum, regardless of the type or quantity of solvent, as follows:

1. INITIAL FEE FOR A DRY CLEANING MACHINE (per drum):
 - a. If the washing or drying capacity is no more than 100 pounds: \$~~700609~~
 - b. If the washing or drying capacity exceeds 100 pounds: \$~~700609~~ plus
For that portion of the capacity exceeding 100 pounds: \$~~20.9548-22~~ per pound

2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$~~474489~~ plus initial fee
 - b. Minimum RAF for first TAC source: \$~~1,2451,083~~
 - c. RAF for each additional TAC source: equal to initial fee*
 - d. Minimum RAF per additional TAC source: \$~~700609~~*

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE FOR A DRY CLEANING MACHINE (per drum):
 - a. If the washing or drying capacity is no more than 100 pounds: \$~~511444~~
 - b. If the washing or drying capacity exceeds 100 pounds: \$~~511444~~ plus
For that portion of the capacity exceeding 100 pounds: \$~~10.529-15~~ per pound

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 10/17/84; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/02/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16, 6/21/17, TBD)

**SCHEDULE K
SOLID WASTE DISPOSAL SITES**
(Adopted July 15, 1987)

1. INITIAL FEE:
 - a. Landfill (Decomposition Process) \$~~5,0504,394~~
 - b. Active Landfill (Waste and Cover Material Dumping Process) \$~~2,5242,195~~
 - c. Active Landfill (Excavating, Bulldozing, and Compacting Processes) \$~~2,5242,195~~

2. RISK ASSESSMENT FEE (RAF), if required pursuant to Regulation 3-329 or 3-342.
 - a. RAF for first toxic air contaminant (TAC) source in application: \$~~474489~~ plus initial fee
 - b. RAF for each additional TAC source: equal to initial fee*

* RAF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:
 - a. Landfill (Decomposition Process) \$~~2,5242,195~~
 - b. Active Landfill (Waste and Cover Material Dumping Process) \$~~1,2621,097~~
 - c. Active Landfill (Excavating, Bulldozing, and Compacting Processes) \$~~1,2621,097~~

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Evaluation of Reports and Questionnaires:
 - a. Evaluation of Solid Waste Air Assessment Test Report as required by Health & Safety Code Section 41805.5(g) \$~~2,7832,420~~
 - b. Evaluation of Inactive Site Questionnaire as required by Health & Safety Code Section 41805.5(b) \$~~1,3951,213~~
 - c. Evaluation of Solid Waste Air Assessment Test Report in conjunction with evaluation of Inactive Site Questionnaire as required by Health & Safety Code Section 41805.5(b) \$~~1,3951,213~~
 - d. Evaluation of Initial or Amended Design Capacity Reports as required by Regulation 8, Rule 34, Section 405 \$~~1,026892~~
 - e. Evaluation of Initial or Periodic NMOC Emission Rate Reports as required by Regulation 8, Rule 34, Sections 406 or 407 \$~~2,9352,552~~
 - f. Evaluation of Closure Report as required by Regulation 8, Rule 34, Section 409 \$~~1,026892~~
 - g. Evaluation of Annual Report as required by Regulation 8, Rule 34, Section 411 \$~~2,5682,233~~

6. Fees for each source will be rounded off to the nearest dollar. The fee for sources will be rounded up or down to the nearest dollar.

7. For the purposes of this fee schedule, landfill shall be considered active, if it has accepted solid waste for disposal at any time during the previous 12 months or has plans to accept solid waste for disposal during the next 12 months.

(Amended 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 10/6/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16, 6/21/17, TBD)

SCHEDULE L
ASBESTOS OPERATIONS
(Adopted July 6, 1988)

1. Asbestos Operations conducted at single family dwellings are subject to the following fees:
 - a. OPERATION FEE: \$185 for amounts 100 to 500 square feet or linear feet.
 \$679 for amounts 501 square feet or linear feet to 1000 square feet or linear feet.
 \$988 for amounts 1001 square feet or liner feet to 2000 square feet or linear feet.
 \$1,358 for amounts greater than 2000 square feet or linear feet.
 - b. Cancellation: \$90 of above amounts non-refundable for notification processing.
2. Asbestos Operations, other than those conducted at single family dwellings, are subject to the following fees:
 - a. OPERATION FEE: \$524 for amounts 100 to 159 square feet or 100 to 259 linear feet or 35 cubic feet
 \$754 for amounts 160 square feet or 260 linear feet to 500 square feet or linear feet or greater than 35 cubic feet.
 \$1,098 for amounts 501 square feet or linear feet to 1000 square feet or linear feet.
 \$1,620 for amounts 1001 square feet or liner feet to 2500 square feet or linear feet.
 \$2,309 for amounts 2501 square feet or linear feet to 5000 square feet or linear feet.
 \$3,169 for amounts 5001 square feet or linear feet to 10000 square feet or linear feet.
 \$4,031 for amounts greater than 10000 square feet or linear feet.
 - b. Cancellation: \$248 of above amounts non-refundable for notification processing.
3. Demolitions (including zero asbestos demolitions) conducted at a single-family dwelling are subject to the following fee:
 - a. OPERATION FEE: \$90
 - b. Cancellation: \$90 (100% of fee) non-refundable, for notification processing.
4. Demolitions (including zero asbestos demolitions) other than those conducted at a single family dwelling are subject to the following fee:
 - a. OPERATION FEE: \$372
 - b. Cancellation: \$248 of above amount non-refundable for notification processing.
5. Asbestos operations with less than 10 days prior notice (excluding emergencies) are subject to the following additional fee:
 - a. OPERATION FEE: \$619
6. Asbestos demolition operations for the purpose of fire training are exempt from fees.
7. Floor mastic removal using mechanical buffers and solvent is subject to the following fee:
 - a. OPERATION FEE: \$372
 - b. Cancellation: \$248 of above amount non-refundable for notification processing.

(Amended 9/5/90; 1/5/94; 8/20/97; 10/7/98; 7/19/00; 8/1/01; 6/5/02; 7/2/03; 6/2/04; 6/6/07; 5/21/08; 5/20/09; 6/16/10; 6/15/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16)

SCHEDULE M
MAJOR STATIONARY SOURCE FEES
(Adopted June 6, 1990)

For each major stationary source emitting 50 tons per year or more of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, and/or PM₁₀, the fee shall be based on the following:

	1.	Organic Compounds	\$ 119.84 116.24 per ton
	2.	Sulfur Oxides	\$ 119.84 116.24 per ton
	3.	Nitrogen Oxides	\$ 119.84 116.24 per ton
	4.	PM ₁₀	\$ 119.84 116.24 per ton

Emissions calculated by the APCO shall be based on the data reported for the most recent 12-month period prior to billing. In calculating the fee amount, emissions of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, or PM₁₀, if occurring in an amount less than 50 tons per year, shall not be counted.

(Amended 7/3/91; 6/15/94; 7/1/98; 5/9/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 6/4/14; 6/3/15, 6/15/16, 6/21/17. [TBD](#))

**SCHEDULE N
TOXIC INVENTORY FEES**
(Adopted October 21, 1992)

For each stationary source emitting substances covered by California Health and Safety Code Section 44300 *et seq.*, the Air Toxics "Hot Spots" Information and Assessment Act of 1987, which have trigger levels listed in Table 2-5-1, a fee based on the weighted emissions of the facility shall be assessed based on the following formulas:

1. A fee of \$5 for each gasoline product dispensing nozzle in the facility, if the facility is a Gasoline Dispensing Facility; or
2. A fee of \$88 if the facility has emissions in the current Toxic Emissions Inventory which are greater than or equal to 50 weighted pounds per year and less than 1000 weighted pounds per year; or
3. A fee of \$88 + $0.33 S_L \times (w_j - 1000) \times (w_j - 1000)$ if the facility has emissions in the current Toxic Emissions Inventory which are greater than or equal to 1000 weighted pounds per year;

where the following relationships hold:

w_j = facility weighted emissions for the facility j ; where the weighted emission for the facility shall be calculated as a sum of the individual emissions of the facility multiplied by either the inhalation cancer potency factor (CPF, in kilogram-day/milligram) for the substance times 28.6 if the emission is a carcinogen, or by the reciprocal of the inhalation chronic reference exposure level (REL_c) for the substance (in cubic meters/microgram) if the emission is not a carcinogen [use CPF and REL as listed in Table 2-5-1]:

$$w_j = \text{Facility Weighted Emission} = \sum_{i=1}^n E_i * Q_i \text{ where}$$

n = number of toxic substances emitted by facility

E_i = amount of substance i emitted by facility in lbs/year

Q_i = 28.6 * CPF, if i is a carcinogen; or

Q_i = [REL]⁻¹, if i is not a carcinogen

F_T = Total amount of fees to be collected by the District to cover District and State of California AB 2588 costs as most recently adopted by the Board of Directors of the California Environmental Protection Agency, Air Resources Board, and set out in the most recently published "Amendments to the Air Toxics "Hot Spots" Fee Regulation," published by that agency.

N_L = Number of facilities with emissions in current District Toxic Emissions Inventory greater than 1000 weighted pounds per year.

N_S = Number of facilities with emissions in current District Toxic Emissions Inventory greater than 50 weighted pounds per year and less than 1000 weighted pounds per year.

N_{NOZ} = Number of gasoline product dispensing nozzles in currently permitted Gasoline Dispensing Facilities.

S_L = Surcharge per pound of weighted emissions for each pound in excess of 1000 weighted pounds per year, where S_L is given by the following formula:

$$S_L = \frac{F_T - (88 \times N_S) - (88 \times N_L) - (5 \times N_{NOZ})}{\sum_{j=1}^{N_L} (w_j - 1000)}$$

(Amended 12/15/93; 6/15/05; 5/2/07; 6/16/10; 5/4/11; 6/4/14; 6/3/15, 6/15/16, TBD)

SCHEDULE P
MAJOR FACILITY REVIEW FEES
(Adopted November 3, 1993)

1. MFR / SYNTHETIC MINOR ANNUAL FEES

Each facility, which is required to undergo major facility review in accordance with the requirements of Regulation 2, Rule 6, shall pay annual fees (1a and 1b below) for each source holding a District Permit to Operate. These fees shall be in addition to and shall be paid in conjunction with the annual renewal fees paid by the facility. However, these MFR permit fees shall not be included in the basis to calculate Alternative Emission Control Plan (bubble) or toxic air contaminant surcharges. If a major facility applies for and obtains a synthetic minor operating permit, the requirement to pay the fees in 1a and 1b shall terminate as of the date the APCO issues the synthetic minor operating permit.

- a. MFR SOURCE FEE\$~~805752~~ per source
- b. MFR EMISSIONS FEE \$~~31,6729,60~~ per ton of regulated air pollutants emitted

Each MFR facility and each synthetic minor facility shall pay an annual monitoring fee (1c below) for each pollutant measured by a District-approved continuous emission monitor or a District-approved parametric emission monitoring system.

- c. MFR/SYNTHETIC MINOR MONITORING FEE \$~~8,0447,518~~ per monitor per pollutant

2. SYNTHETIC MINOR APPLICATION FEES

Each facility that applies for a synthetic minor operating permit or a revision to a synthetic minor operating permit shall pay application fees according to 2a and either 2b (for each source holding a District Permit to Operate) or 2c (for each source affected by the revision). If a major facility applies for a synthetic minor operating permit prior to the date on which it would become subject to the annual major facility review fee described above, the facility shall pay, in addition to the application fee, the equivalent of one year of annual fees for each source holding a District Permit to Operate.

- a. SYNTHETIC MINOR FILING FEE\$~~1,1204,047~~ per application
- b. SYNTHETIC MINOR INITIAL PERMIT FEE\$~~805734~~ per source
- c. SYNTHETIC MINOR REVISION FEE\$~~805734~~ per source modified

3. MFR APPLICATION FEES

Each facility that applies for or is required to undergo: an initial MFR permit, an amendment to an MFR permit, a minor or significant revision to an MFR permit, a reopening of an MFR permit or a renewal of an MFR permit shall pay, with the application and in addition to any other fees required by this regulation, the MFR filing fee and any applicable fees listed in 3b-h below. The fees in 3b ~~apply to each source in the initial permit, and~~ ~~the fees in 3g apply to each source in the initial or~~ renewal permit, ~~while~~ the fees in 3d-f apply to each source affected by the revision or reopening.

- a. MFR FILING FEE\$~~1,1204,047~~ per application
- b. MFR INITIAL PERMIT FEE \$~~1,1204,047~~ per source
- c. MFR ADMINISTRATIVE AMENDMENT FEE \$~~317296~~ per application
- d. MFR MINOR REVISION FEE\$~~1,5914,487~~ per source modified
- e. MFR SIGNIFICANT REVISION FEE\$~~2,9662,772~~ per source modified
- f. MFR REOPENING FEE.....\$~~972908~~ per source modified
- g. MFR RENEWAL FEE\$~~472441~~ per source

Each facility that requests a permit shield or a revision to a permit shield under the provisions of Regulation 2, Rule 6 shall pay the following fee for each source (or group of sources, if the requirements for these sources are grouped together in a single table in the MFR permit) that is covered by the requested shield. This fee shall be paid in addition to any other applicable fees.

- h. MFR PERMIT SHIELD FEE..... \$~~1,6754,565~~ per shielded source or group of sources

4. MFR PUBLIC NOTICE FEES

Each facility that is required to undergo a public notice related to any permit action pursuant to Regulation 2-6 shall pay the following fee upon receipt of a District invoice.

MFR PUBLIC NOTICE FEE.....Cost of Publication

5. MFR PUBLIC HEARING FEES

If a public hearing is required for any MFR permit action, the facility shall pay the following fees upon receipt of a District invoice.

a. MFR PUBLIC HEARING FEE Cost of Public Hearing not to exceed \$~~13,68942,793~~

b. NOTICE OF PUBLIC HEARING FEECost of distributing Notice of Public Hearing

6. POTENTIAL TO EMIT DEMONSTRATION FEE

Each facility that makes a potential to emit demonstration under Regulation 2-6-312 in order to avoid the requirement for an MFR permit shall pay the following fee:

a. PTE DEMONSTRATION FEE\$~~192479~~ per source, not to exceed \$~~18,81847,587~~

(Amended 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01; 5/1/02, 5/21/03; 6/2/04; 6/15/05; 6/7/06; 5/2/07; 5/21/08; 5/20/09; 6/16/10; 5/4/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16, 6/21/17. TBD)

SCHEDULE Q
EXCAVATION OF CONTAMINATED SOIL AND
REMOVAL OF UNDERGROUND STORAGE TANKS
(Adopted January 5, 1994)

1. Persons excavating contaminated soil or removing underground storage tanks subject to the provisions of Regulation 8, Rule 40, Section 401, 402, 403 or 405 are subject to the following fee:
 - a. OPERATION FEE: \$168
(Amended 7/19/00; 8/1/01; 6/5/02; 7/2/03; 6/2/04; 6/6/07; 5/21/08; 5/20/09; 6/16/10; 6/15/11; 6/6/12; 6/4/14; 6/3/15, 6/15/16)

**SCHEDULE R
EQUIPMENT REGISTRATION FEES**

1. Persons operating commercial cooking equipment who are required to register equipment as required by District rules are subject to the following fees:
 - a. Conveyorized Charbroiler REGISTRATION FEE: \$~~744647~~ per facility
 - b. Conveyorized Charbroiler ANNUAL RENEWAL FEE: \$~~209182~~ per facility
 - c. Under-fired Charbroiler REGISTRATION FEE: \$~~744647~~ per facility
 - d. Under-fired Charbroiler ANNUAL RENEWAL FEE: \$~~209182~~ per facility

2. Persons operating non-halogenated dry cleaning equipment who are required to register equipment as required by District rules are subject to the following fees:
 - a. Dry Cleaning Machine REGISTRATION FEE: \$~~371323~~
 - b. Dry Cleaning Machine ANNUAL RENEWAL FEE: \$~~259225~~

3. Persons operating diesel engines who are required to register equipment as required by District or State rules are subject to the following fees:
 - a. Diesel Engine REGISTRATION FEE: \$~~250217~~
 - b. Diesel Engine ANNUAL RENEWAL FEE: \$~~166144~~
 - c. Diesel Engine ALTERNATIVE COMPLIANCE PLAN FEE (for each plan submitted under District Regulation 11-17-402): \$~~250217~~

4. Persons operating boilers, steam generators and process heaters who are required to register equipment by District Regulation 9-7-404 are subject to the following fees:
 - a. REGISTRATION FEE \$~~137149~~ per device
 - b. ANNUAL RENEWAL FEE: \$~~115100~~ per device

5. Persons owning or operating graphic arts operations who are required to register equipment by District Regulation 8-20-408 are subject to the following fees:
 - a. REGISTRATION FEE: \$~~446388~~
 - b. ANNUAL RENEWAL FEE: \$~~278242~~

6. Persons owning or operating mobile refinishing operations who are required to register by District Regulation 8-45-4 are subject to the following fees:
 - a. REGISTRATION FEE \$~~209182~~
 - b. ANNUAL RENEWAL FEE \$~~123107~~

(Adopted 7/6/07; Amended 12/5/07; 5/21/08; 7/30/08; 11/19/08; 12/3/08; 5/20/09; 6/16/10; 6/15/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16, 6/21/17, TBD)

SCHEDULE S
NATURALLY OCCURRING ASBESTOS OPERATIONS

1. ASBESTOS DUST MITIGATION PLAN PROCESSING FEE:

Any person submitting an Asbestos Dust Mitigation Plan (ADMP) for review of a Naturally Occurring Asbestos (NOA) project shall pay the following fee (including NOA Discovery Notifications which would trigger an ADMP review): \$~~552,535~~

2. AIR MONITORING PROCESSING FEE:

NOA projects requiring an Air Monitoring component as part of the ADMP approval are subject to the following fee in addition to the ADMP fee: \$~~4,900,753~~

3. INSPECTION FEE:

The owner of any property for which an ADMP is required shall pay fees to cover the costs incurred by the District after July 1, 2012 in conducting inspections to determine compliance with the ADMP on an ongoing basis. Inspection fees shall be invoiced by the District on a quarterly basis, and at the conclusion of dust generating activities covered under the ADMP, based on the actual time spent in conducting such inspections, and the following time and materials rate: \$~~144,140~~ per hour

(Adopted 6/6/07; Amended 5/21/08; 5/20/09; 6/16/10; 6/15/11; 6/6/12; 6/19/13; 6/4/14; 6/3/15, 6/15/16, 6/21/17, TBD)

**SCHEDULE T
GREENHOUSE GAS FEES**

For each permitted facility emitting greenhouse gases, the fee shall be based on the following:

1. Carbon Dioxide Equivalent (CDE) Emissions \$~~0.1100-1030~~ per metric ton

Emissions calculated by the APCO shall be based on the data reported for the most recent 12-month period prior to billing. The annual emissions of each greenhouse gas (GHG) listed below shall be determined by the APCO for each permitted (i.e., non-exempt) source. For each emitted GHG, the CDE emissions shall be determined by multiplying the annual GHG emissions by the applicable Global Warming Potential (GWP) value. The GHG fee for each facility shall be based on the sum of the CDE emissions for all GHGs emitted by the facility, except that no fee shall be assessed for emissions of biogenic carbon dioxide.

Global Warming Potential Relative to Carbon Dioxide*

GHG	CAS Registry Number	GWP**
Carbon Dioxide	124-38-9	1
Methane	74-82-8	34
Nitrous Oxide	10024-97-2	298
Nitrogen Trifluoride	7783-54-2	17,885
Sulfur Hexafluoride	2551-62-4	26,087
HCFC-22	75-45-6	2,106
HCFC-123	306-83-2	96
HCFC-124	2837-89-0	635
HCFC-141b	1717-00-6	938
HCFC-142b	75-68-3	2,345
HCFC-225ca	422-56-0	155
HCFC-225cb	507-55-1	633
HFC-23	75-46-7	13,856
HFC-32	75-10-5	817
HFC-125	354-33-6	3,691
HFC-134a	811-97-2	1,549
HFC-143a	420-46-2	5,508
HFC-152a	75-37-6	167
HFC-227ea	431-89-0	3,860
HFC-236fa	690-39-1	8,998
HFC-245fa	460-73-1	1,032
HFC-365mfc	406-58-6	966
HFC-43-10-mee	138495-42-8	1,952
PFC-14	75-73-0	7,349
PFC-116	76-16-4	12,340
PFC-218	76-19-7	9,878
PFC-318	115-25-3	10,592

* Source: Myhre, G., et al., 2013: Anthropogenic and Natural Radiative Forcing (and Supplementary Material). In: Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Stocker, T.F., et al. (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA. Available from www.ipcc.ch.

** GWPs compare the integrated radiative forcing over a specified period (i.e.100 years) from a unit mass pulse emission to compare the potential climate change associated with emissions of different GHGs. GWPs listed include climate-carbon feedbacks.

(Adopted 5/21/08; Amended 5/20/09; 6/16/10; 6/4/14; 6/3/15; 6/15/16, 6/21/17. TBD)

**SCHEDULE U
INDIRECT SOURCE REVIEW FEES**

The applicant for any project deemed an indirect source pursuant to District rules shall be subject to the following fees:

1. APPLICATION FILING FEE

When an applicant files an Air Quality Impact Assessment as required by District rules, the applicant shall pay a non-refundable Application Filing Fee as follows:

- | | |
|--|-------|
| a. Residential project: | \$615 |
| b. Non-residential or mixed use project: | \$918 |

2. APPLICATION EVALUATION FEE

Every applicant who files an Air Quality Impact Assessment as required by District rules shall pay an evaluation fee for the review of an air quality analysis and the determination of Offsite Emission Reduction Fees necessary for off-site emission reductions. The Application Evaluation fee will be calculated using the actual staff hours expended and the prevailing weighted labor rate. The Application Filing fee, which assumes eight hours of staff time for residential projects and twelve hours of staff time for non-residential and mixed use projects, shall be credited towards the actual Application Evaluation Fee.

3. OFFSITE EMISSION REDUCTION FEE

(To be determined)

(Adopted 5/20/09; Amended 6/16/10; 6/4/14; 6/3/15, 6/15/16, 6/21/17)

**SCHEDULE V
OPEN BURNING**

1. Any prior notification required by Regulation 5, Section 406 is subject to the following fee:

a. OPERATION FEE: ~~\$133429~~

b. The operation fee paid as part of providing notification to the District prior to burning will be determined for each property, as defined in Regulation 5, Section 217, and will be valid for one year from the fee payment date when a given fire is allowed, as specified in Regulation 5, Section 401 for the following fires:

Regulation 5 Section – Fire	Burn Period
401.1 - Disease and Pest	January 1 – December 31
401.2 - Crop Replacement ¹	October 1 – April 30
401.3 - Orchard Pruning and Attrition ²	November 1 – April 30
401.4 - Double Cropping Stubble	June 1 – August 31
401.6 - Hazardous Material ¹	January 1 – December 31
401.7 - Fire Training	January 1 – December 31
401.8 - Flood Debris	October 1 – May 31
401.9 - Irrigation Ditches	January 1 – December 31
401.10 - Flood Control	January 1 – December 31
401.11 - Range Management ¹	July 1 – April 30
401.12 - Forest Management ¹	November 1 – April 30
401.14 - Contraband	January 1 – December 31

¹ Any Forest Management fire, Range Management fire, Hazardous Material fire not related to Public Resources Code 4291, or any Crop Replacement fire for the purpose of establishing an agricultural crop on previously uncultivated land, that is expected to exceed 10 acres in size or burn piled vegetation cleared or generated from more than 10 acres is defined in Regulation 5, Section 213 as a type of prescribed burning and, as such, is subject to the prescribed burning operation fee in Section 3 below.

² Upon the determination of the APCO that heavy winter rainfall has prevented this type of burning, the burn period may be extended to no later than June 30.

c. Any person who provided notification required under Regulation 5, Section 406, who seeks to burn an amount of material greater than the amount listed in that initial notification, shall provide a subsequent notification to the District under Regulation 5, Section 406 and shall pay an additional open burning operation fee prior to burning.

2. Any Marsh Management fire conducted pursuant to Regulation 5, Section 401.13 is subject to the following fee, which will be determined for each property by the proposed acreage to be burned:

a. OPERATION FEE: ~~\$476462~~ for 50 acres or less
~~\$648629~~ for more than 50 acres but less than or equal to 150 acres
~~\$817792~~ for more than 150 acres

b. The operation fee paid for a Marsh Management fire will be valid for a Fall or Spring burning period, as specified in Regulation 5, Subsection 401.13. Any burning subsequent to either of these time periods shall be subject to an additional open burning operation fee.

**SCHEDULE W
PETROLEUM REFINING EMISSIONS TRACKING FEES**

1. ANNUAL EMISSIONS INVENTORIES:

Any Petroleum Refinery owner/operator required to submit an Annual Emissions Inventory Report in accordance with Regulation 12, Rule 15, Section 401 shall pay the following fees:

- a. Initial submittal: \$54,000
- b. Each subsequent annual submittal: \$27,000

Any Support Facility owner/operator required to submit an Annual Emissions Inventory Report in accordance with Regulation 12, Rule 15, Section 401 shall pay the following fees:

- a. Initial submittal: \$3,300
- b. Each subsequent annual submittal: \$1,650

2. AIR MONITORING PLANS:

Any person required to submit an air monitoring plan in accordance with Regulation 12, Rule 15, Section 403 shall pay a one-time fee of \$7,500.

(Adopted 6/15/16)

**SCHEDULE X
MAJOR STATIONARY SOURCE COMMUNITY AIR MONITORING FEES**

For each major stationary source, emitting 35 tons per year or more of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, Carbon Monoxide and/or PM₁₀ within the vicinity of a District proposed community air monitoring location, the fee shall be based on the following:

1.	Organic Compounds	\$60.61 per ton
2.	Sulfur Oxides	\$60.61 per ton
3.	Nitrogen Oxides	\$60.61 per ton
4.	Carbon Monoxide	\$60.61 per ton
5.	PM ₁₀	\$60.61 per ton

Emissions calculated by the APCO shall be based on the data reported for the most recent 12-month period prior to billing. In calculating the fee amount, emissions of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, Carbon Monoxide, or PM₁₀, if occurring in an amount less than 35 tons per year, shall not be counted.

(Adopted: 6/15/16; Amended: 6/21/17)

Comments on Draft 2018 BAAQMD Cost Recovery and Containment Report and Proposed Amendments to Regulation 3: Fees (Edited for Clarity)

WSPA Comments dated March 21, 2018

Comment 1: WSPA asks that the Air District track refinery costs and revenue.

Response 1: Refinery operations cover multiple device types and fee schedules. The Air District tracks revenue by sites, devices and fee schedules, whereas labor and other costs are tracked using 48 distinct billing codes for different device types. Additionally, the Air District is committed to reviewing how it could improve its current tracking by staff training, enhancing or refining its tracking system and by looking at how better to account for time billed to “general” billing codes.

Comment 2: WSPA requests that the Air District should code and track costs for specific programs.

Response 2: The Air District currently codes and tracks costs for specific programs and source types. For example, the Air District tracks costs for processing renewals in Program 502 where data on which to base the renewal is collected from the facility and used to calculate the cost of the permit. Costs to inspect facilities are tracked in Program 403, where there are requirements for scheduled inspections. Costs associated with applications are tracked in Program 501. Other activities like source testing have their own specific programs and codes.

Comment 3: WSPA comments that the Air District has more staff than 32 of the 34 local air districts and the Bay Area has better air quality.

Response 3: The Air District regulates over 20,000 stationary sources in the nine-county region which requires a large engineering, rule development, planning, climate protection, and compliance and enforcement staff. The Air District maintains and operates air monitoring stations throughout the air basin and maintains its own laboratory. The Air District awards over \$60 million in grants for mobile source emission reductions and actively participates in community outreach and public engagement activities. The Air District is committed to improved air quality and has started a new Technology Implementation Office. The staffing level required for all these activities is appropriate.

Comment 4: WSPA requests that staff should minimize unnecessary work efforts related to prepare guidance on rule/policy requirement and regulatory mandates.

Response 4: The Air District disagrees that these efforts are unnecessary. Guidance on rule and policy requirements are how the Air District provides certainty for the regulated community, public and its staff on how various mandates will be implemented. This comment conflicts many previous WSPA comments regarding the need for certainty and transparency regarding how rules, regulations and policies will be implemented at the Air District. The Air District believes that the development of clear and appropriate guidance is a significant and necessary step that it intends to continue as it rolls out future regulatory and policy mandates.

Comment 5: WSPA agrees with the Report that the Permit General – 08 billing code should be parsed out with more specificity and would like to know how this evaluation was done.

Response 5: The current method of cost allocation for the Permit General - 08 billing code is for labor to be apportioned across all schedules, based on the proportion of direct labor in the schedules. This basis is currently under review based on the recommendations of the Air District's most recent cost-containment study. The Air District continually makes efforts to diminish the use of billing code 08 in favor of schedule-specific codes and is committed to reviewing how changes could improve cost tracking in this area.

Comment 6: WSPA asks for a clearer delineation between direct costs and indirect costs and questions the assignment of labor for settlements under the Litigation program as an indirect cost.

Response 6: Indirect costs are clearly delineated by the Matrix study under Item 2 – Cost Allocation Plan, Cost Allocation Description starting on page 5. Labor costs associated with settlements that are not related to permitted sources are included in the Litigation program and are allocated as indirect because the entire Air District receives the benefit from these efforts.

Comment 7: WSPA asks whether the total cost and total revenue at the bottom of the tables on pages 2 and 25 reflect total Air District or not.

Response 7: Only the stationary source regulatory program costs are addressed in the report. The only non-permit fee related costs are the indirect costs, which are apportioned across all fee schedules as seen on page 25.

Comment 8: WSPA notes that the report does not contain a definition of “reasonable” cost of service.

Response 8: The Air District's “Reasonable” cost definition comes from California State Law, Government Code 66014(a). The Air District's cost recovery goal is 100%.

Comment 9: WSPA requests clarification on the Air District's costs associated with Fee Schedule D.

Response 9: The Air District costs reflect the work necessary for permitting and inspection activities of the approximately 2,500 individual gas dispensing sources in the Bay Area. Schedule D also includes bulk plant and terminals that require annual permitting and source testing by the Air District.

Comment 10: WSPA requests to know why Schedule M fees are not included in Table on pages 2 and 25.

Response 10: Fees collected under Schedule M are distributed among and are included in Schedules B, C, D, F (G1-5), I and K. The Matrix report shows only the totals of the fee schedule revenue, not the components. The Schedule M component is shown in in the 2018 Cost Recovery Study Figures 2 and 3 which are posted on the Air District's website

(http://www.baaqmd.gov/~media/dotgov/files/rules/regulation-3/documents/20180327_costrec_0300-pdf.pdf?la=en). .

Comment 11: WSPA wants to know why the Air District incurs \$4 million in costs for Schedule L – Asbestos Operations when other parties are paying for the asbestos remediation/removal.

Response 11: Each asbestos job requires a notification, administrative processing and the presence of an inspector to ensure compliance with regulations - each of which has associated costs. The Air District is recovering the costs for this fee schedule.

Comment 12: WSPA wants to know why the Air District incurs \$502,547 in costs when zero community air monitors have been installed.

Response 12: The Schedule X costs are associated with the evaluation of existing monitors and planning, siting evaluation, and program design for new monitors. For example, Air District staff held four public workshops (Richmond, Martinez, Rodeo and Benicia) to work with communities near the refineries to implement the Regulation 12-15 monitoring. Additionally, work on the design, siting, engineering and negotiation for monitoring sites is ongoing.

Comment 13: WSPA requests the costs associated with unnecessary permit applications to determine permitted/exempt status.

Response 13: It is the Air District's function to determine whether the applicant's project requires a permit or is exempt. A request for a permit application is made when an applicant has a non-routine project where the engineer needs more information about the project to determine if a letter of exemption is sufficient or a permit is required. The application process is the regulatory mechanism used to obtain sufficient information to determine whether a project requires a permit and allows for cost recovery of staff's time to review these applications. The applications also allow for greater transparency in the permitting process with the public.

Comment 14: Due to the new Regulation 2-5 trigger levels passed in December 2016, WSPA commented that work on additional HRA's will result in little benefit.

Response 14: The Air District disagrees. Toxic Best Available Control Technology will be required more often with OEHHA's new modeling guidelines. The Air District believes that public health will be better protected via the reductions that are achieved from additional HRA's that require facilities to reduce toxic emissions.

Comment 15: WSPA requests clarification on how Penalty Fines are handled in cost recovery.

Response 15: They are not included in the cost recovery calculations. They are not permanent nor expected components of fee revenue.

Comment 16: WSPA requests that the Report clearly identify the time period that the Report is addressing.

Response 16: The cost recovery report was based on cost data for fiscal year ended June 30, 2017.

CCEEB Comments dated March 20, 2018

Comment 1: CCEEB requests that the Air District align the proposed amendments to Regulation 3 with the associated FYE 2019 proposed Budget. They are concerned that the deadline to submit comments on proposed Regulation 3 comes before the Air District's proposed Budget will be made available for review.

Response 1: The proposed amendments to Regulation 3 and the proposed FYE 2019 Budget are interlinked and worked on simultaneously. Air District staff follow a consistent practice of determining fee increases in the context of cost recovery and budgeting on an annual basis. The Air District staff anticipate costs and propose the budget and necessary fees increases accordingly. The Fee Workshop comments were due on March 21st. Comments on the April 18, 2018 Board Hearing materials may be submitted until May 9th.

Comment 2: CCEEB asks that the Air District place greater focus on cost containment and consider performance-based budgeting practices. CCEEB expressed concern that the facilities able to use the Production System are furthest from full cost recovery and that the system may never be applicable to many of the Air District's complex facility permits, which provide the majority of the Air District's fee-based revenue.

Response 2: As more of the facilities in the Production System utilize the on-line features, cost recovery and containment will improve. We will be incentivizing these facilities to complete all transactions with the Air District online as part of the upcoming budget cycle. CCEEB's assertion that the Air District's Production System will not be applicable to complex facilities is erroneous. The Air District is currently working on a complex facility portal to transition the larger facilities online over the next 2 to 3 years.

Comment 3: CCEEB requests that there be greater transparency on which fee schedules are elected for fee schedule increases and recommends strict adherence to the existing fee increase methodology.

Response 3: The proposed fees are based on the "2018 Cost Recovery Study", which averages the cost recovery over a three-year baseline. This has been our standard procedure since 2012. It is not based on the one-year cost recovery calculated in the Matrix Cost Recovery and Containment Study. Schedule V was reduced from the recommendations on the advice of staff who handle open burn notifications which are primarily from public agencies such as fire departments and public land use areas,

Comment 4: CCEEB comments that Schedule Y is premature and should be postponed until the AB 617 program is more developed.

Response 4: The Air District will not be proceeding with proposed Schedule Y this fiscal year.

Comment 5: CCEEB appreciates that the Budget and Finance Committee will hear both the proposed amendments to Regulation 3 and the proposed Budget at its March 28th committee meeting.

Response 5: The proposed amendments to Regulation 3 and the proposed FYE 2019 Budget were presented and discussed at the March 28th Budget and Finance Committee Meeting. The first Hearing date for Regulation 3 will be on April 18, 2019 at the Board of Director's Meeting. The final Hearing for Regulation 3 and the adoption of the FYE 2019 Budget are scheduled for June 6, 2019.

Comment 6: CCEEB states that their request for an extension of the written comment due date was denied by staff.

Response 6: CCEEB was encouraged to submit before the due date but was informed that a later submission would also be considered. CCEEB was also informed that formally, there are two Board Hearings planned on the proposed amendments to Regulation 3, where they could submit oral or written comments (April 18, 2018 to receive testimony only and June 6, 2018 to consider adoption).

Comment 7: CCEEB supports the work of the Air District on cost recovery and containment and thanks the staff for the opportunity to comment.

Response 7: The Air District appreciates the comments and input submitted by CCEEB.

Comment 8: CCEEB seeks to more fully understand, given the passage of AB 398, how Schedule T will be used for certain climate programs.

Response 8: Schedule T fees, alongside the Air District's non-fee-related revenue, are used to support all Air District climate change activities, which are continuing to grow and can be found in the Air District's 2019 proposed budget.

Comment 9: CCEEB wishes to work with the Air District on securing sustainable and equitable long-term funding sources for the Community Air Protection Program implementation costs.

Response 9: The Air District is investigating funding sources for this important work and appreciates CCEEB's support.

Comment 10: CCEEB requests to see the total cost and revenue associated with Schedules M, Q, and U.

Response 10: Fees collected under Schedule M are included in Schedules B, C, D, F (G1-5), I and K. The Matrix report shows only the totals of schedule revenue, not the components. Schedule M components may be seen in the 2018 Cost Recovery Study which will be posted on the Air District's website. Schedule Q (Excavation of Contaminated Soil) revenue has not been collected for over 10 years since other agencies are now responsible for permitting and inspection. Schedule U (Indirect Source Review) revenue has not been collected since it was proposed in 2009.

Comment 11: CCEEB would like to understand how the proposed temporary incentive for transactions using the production system would be implemented.

Response 11: At this time, the Air District staff is considering a variety of ideas on how the proposed temporary incentive would be implemented. One of these ideas would be to reduce the Permit Renewal Processing fee for facilities that renew online using the Production System.

Comment 12: CCEEB believes that under-utilization of the Production System could be addressed through better public communications and outreach to the regulated community. The benefits to end users of the system should be incentive enough to move to the electronic based system.

Response 12: In upcoming fiscal year, the Air District will incentivize the facilities to complete the permit renewal process in the Production System by utilizing proposed Section 3-418. The Air District has delayed the full implementation of the Production System for small sources until it has upgraded its financial system. The financial system project has recently been completed and the Air District is now concentrating on upgrades to its online payment systems including E checks and credit payments. Once these enhancements are complete, the Air District will be working to transition 100% of small facilities to the online NPS environment over the next two years.