SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Preliminary Draft Staff Report
Proposed Amended Regulation III – Fees; and Proposed Amended Rule 1480 – Ambient Monitoring and Sampling of Metal Toxic Air Contaminants

Including:
Proposed Amended Rule 301 – Permitting and Associated Fees
Proposed Amended Rule 303 – Hearing Board Fees
Proposed Amended Rule 304 – Equipment, Materials, and Ambient Air Analyses
Proposed Amended Rule 304.1 – Analyses Fees
Proposed Amended Rule 306 – Plan Fees
Proposed Amended Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory
Proposed Amended Rule 308 – On-Road Motor Vehicle Mitigation Options Fees
Proposed Amended Rule 309 – Fees for Regulation XVI and Regulation XXV
Proposed Amended Rule 311 – Air Quality Investment Program (AQIP) Fees
Proposed Amended Rule 313 – Authority to Adjust Fees and Due Dates
Proposed Amended Rule 314 – Fees for Architectural Coatings
Proposed Amended Rule 315 – Fees for Training Classes and License Renewal
Proposed Amended Rule 1480 – Ambient Monitoring and Sampling of Metal Toxic Air Contaminants

March 2022

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

Regulation III - Fees establishes the fee rates and schedules to recover South Coast AQMD's reasonable costs of regulating and providing services, primarily to permitted sources. The agency's permit system, *see* California Health and Safety Code (H&SC) Section 42300, is principally supported by three types of fees, namely permit processing fees for both facility permits and equipment-based permits, annual permit renewal fees, and emission-based annual operating fees, all of which are contained in Rule 301. Also included in the permit system are Rule 222 registration fees and plan fees, since these are similar to permits for the sources to which they apply. Regulation III also establishes fees and rates for other fee programs, unrelated to the permit system, including but not limited to Transportation Programs fees, WAIRE program fees (warehouse compliance), and Area Source fees (architectural coatings).

Proposed Amended Regulation III is annually brought to the South Coast AQMD Governing Board for consideration for adoption, often in conjunction with the Proposed Budget and Work Program. These proposed amendments typically include a California Consumer Price Index (CPI) increase of the majority of fees contained in Regulation III pursuant to Rule 320, along with necessary proposed fee increases for the purposes of cost recovery and other administrative changes for clarifications, deletions, or corrections to existing rule language.

As part of the 2022 Regulation III cycle, staff will take into consideration two Rule 301 fee reassessments as required upon rule adoption in prior years. Regulation III amendments adopted in 2018 included language in Rule 301(aa)(4) requiring a triennial fee reassessment for the annual operating and maintenance fees associated with Rule 1180 Community Air Monitoring Systems. Additionally, the South Coast AQMD Governing Board adopted a resolution in conjunction with the 2019 Regulation III amendments, requiring the reassessment of the restructured Toxic Air Contaminants (TAC) Fee within one year of full phase-in of those fees.

With this proposal, South Coast AQMD seeks to update its fee rules with proposed amendments aimed at cost recovery, clarifications, and corrections. Staff is proposing the following amendments to Regulation III and Rule 1480:

- An automatic increase of most fees by 6.5% consistent with the percent increase in California CPI from December 2020 to December 2021.
- Seven targeted proposals with potentially increased fees or potential removal of fee exemptions, all of which are necessary to provide more specific cost recovery for other regulatory actions taken by the South Coast AQMD. These proposals include:

    1) A proposed fee increase for Rule 1180 Community Air Monitoring Annual Operating and Maintenance Fees pursuant to H&SC Sections 42705.6(f)(1) and (f)(2);
    2) A proposal to create a new equipment category in Rule 301 that results in an increase to permit fee rates for spray booths equipped with High Efficiency Particulate Arrestors (HEPA) or Ultra Low Particulate Arrestors (ULPA) used to control Rule 1401 toxics;

3) A proposal to add Rule 1109.1 I-Plan, B-Plan, and B-Cap as types of plans that are subject to Rule 306 Plan Annual Renewal Fees;
4) A proposal to add Rule 463 Floating Roof Tank Seal Certifications as a type of plan that is subject to Rule 306 Plan Evaluation Fees;
5) A proposal to add Operation, Maintenance, and Monitoring Plans required by National Emissions Standards for Hazardous Air Pollutants for Petroleum Refineries: Catalytic Cracking Units, Catalytic Reforming Units, and Sulfur Recovery Units as a type of plan that is subject to Rule 306 Plan Annual Renewal Fees;
6) A proposed update to the applicable permit processing fees for a subsequent application in the event a permit to construct has expired under the provisions of Rule 205; and
7) A proposed removal of existing fee exemption in Rule 301 for notifications pursuant to Rule 1466(f)(2).

- Six proposals for administrative changes to Regulation III, which have no fee impact, but include clarifications or corrections to existing rule language. These proposals include:

1) The relocation of two fees from Rule 1480 (adopted in December 2019) to Rules 301 and 306;
   a. Monitoring fees to be incorporated into Rule 301 from Rule 1480 - Table 1
   b. The fee for plan evaluation and approval of Monitoring and Sampling Plans to be moved to Rule 306(s)
2) A clarification to the Rule 301(b)(20) definition of "Identical Equipment." The amendment will make it clear that identical equipment must be of identical make and model;
3) A clarification to the Clean Fuels Fee whereby a reference to the late fee in Rule 301(e)(10)(B) is added to prevent confusion as to which late submittal surcharge is used;
4) A correction to language in Rule 301(e)(10)(E) specifying that fee rates for underpayments would reflect the year in which emissions occurred, not the rate at the time that the underpayment is discovered;
5) A clarification to the Rule 301(b)(26) definition of "Relocation." The amendment adds additional language to make the definition the same as is currently in Rule 1401; and
6) An extension of the deadline to submit Annual Emissions Reports and pay associated fees for 2022 emissions reported in 2023 due to the implementation of the California Air Resources Board's Criteria and Toxics Reporting Regulation.

South Coast AQMD continues to seek out cost-containment opportunities and maintain reserves in an effort to address future challenges. These challenges include but are not limited to: changes in federal grant funding levels, increased retirement costs due to actuarial and investment adjustments, variations in one-time penalties, and uncertainty associated with external factors affecting the economy.

I. BACKGROUND

A. LEGAL AUTHORITY, DESCRIPTION OF SOUTH COAST AQMD'S PERMIT SYSTEM PROGRAM AND OTHER FEES, AND RELATIONSHIP OF FEES TO SOUTH COAST AQMD'S BUDGET

The California Health and Safety Code (H&SC) provides South Coast AQMD with the authority to adopt various fees to recover the costs of its programs. Section 40510(b) authorizes South Coast AQMD to adopt "a fee schedule for the issuance of variances and permits to cover the reasonable cost of permitting, planning, enforcement, and monitoring related thereto." Virtually every cost related to regulating permitted sources may be recovered under this type of fee (H&SC Section 40506). Entities regulated through the South Coast AQMD's permit system receive two types of permits: facility permits and equipment-based permits. These permits apply to each permitted facility or each piece of permitted equipment. RECLAIM[1] and Title V facilities receive a facility permit which incorporates all of their equipment-based permits into a single document, whereas other sources receive independent equipment-based permits.

The South Coast AQMD has adopted three basic types of permit fees: permit processing fees, annual renewal operating fees (equipment-based), and emissions-based operating fees. Traditionally, the South Coast AQMD has endeavored to recover its costs of permit processing from permit processing fees, its costs of inspection and enforcement from annual renewal operating fees, and its indirect costs necessary to conduct overall permit-related regulatory activities, including related planning, monitoring, rule development and outreach programs, from emissions-based operating fees.[2] In recent years, some of these indirect costs have been recovered from annual operating fees rather than emissions-based fees, since emissions fees are a declining source of revenue, without a corresponding reduction in necessary rulemaking efforts and other permit-related activities.

The current structure for permit processing fees derives ultimately from a study of actual time spent processing permits, conducted by KPMG Peat Marwick. Permit processing fee schedules were subsequently developed and updated based on actual time spent processing various types of equipment as gathered by permit processing staff.[3]

[1] RECLAIM stands for REgional CLean Air Incentives Market, a cap-and-trade program that regulates the emissions of NOx and SOx in the South Coast Air Basin.

[2] California courts have upheld the use of emissions-based fees to cover these types of costs, holding that such an allocation method is reasonably related to an air district's costs of regulating a permit holder's air pollution. (*San Diego Gas & Electric Co. v. San Diego County APCD* (1988) 203 Cal. App. 3d 1132, 1148).

[3] In November 1989, the consulting firm of Peat Marwick Main and Co. "…began a comprehensive study, in concert with South Coast AQMD staff to assess the status of District fee programs which are outlined in Regulation III." The resulting "Recommendation Regarding Fee Assessment Study" report was presented to the South Coast AQMD Governing Board on March 28, 1990 (Agenda Item #10).
On August 11, 1994, the South Coast AQMD Governing Board authorized an independent study of the South Coast AQMD's fee structure and authority. A panel composed of representatives from Chevron, LA County Sanitation District, Hughes Environmental Corporation, Orange County Transportation Authority and the South Coast AQMD

The fee for equipment-based permits to construct or operate are based on the type of equipment involved, with higher fees for equipment with higher emissions and/or more complex relationships between operation and emissions, which require a higher level of staff effort to review and evaluate the associated permit applications for compliance with applicable rules and regulations. Each type of basic equipment and control equipment is assigned a fee schedule, A through H, as set forth in Rule 301, Tables IA and IB. For some equipment, a permit to construct is issued prior to issuing a permit to operate. For other equipment or application types, a permit to operate is issued directly.

The fees for renewal of permits to operate are further divided into two components: an equipment-based permit renewal fee and an emissions-based annual operating fee. The equipment-based permit renewal fee is based on the same equipment schedules used for the permit to construct/operate fee, i.e., the categories A through H, but some of the schedules are grouped together, resulting in only four fee rates for the equipment-based annual permit renewal fees.[4] Each equipment fee schedule is assigned to one of the four annual permit renewal fee rates, based on the complexity of inspection and compliance activities and the emissions potential.

The emissions-based annual operating fee includes a flat fee paid by each facility and a tiered fee for sources emitting four or more tons per year of criteria pollutants (e.g., volatile organic compounds (VOCs), nitrogen oxides (NOx), sulfur oxides (SOx), and particulate matter (PM)) and lesser amounts for emissions of specified air toxics. State law authorizes the use of emissions-based fees (H&SC Section 40510(c)(1)).

RECLAIM and Title V facilities pay additional annual permit-related renewal fees to recover the additional costs associated with these types of facilities. South Coast AQMD uses schedules based on equipment type to ensure that permit to construct/operate fees and the equipment-based annual permit renewal fees reflect the costs required for permit processing and ongoing enforcement-related activities. For sources with fee schedules F, G, and H, the potential variability in time required for permit processing of large/complex sources is addressed through the use of a minimum permit processing fee, with an option for billing hours above a specified baseline, up to a maximum total fee. For other types of equipment, permit processing fees are flat fees.

South Coast AQMD has further subdivided certain permit-related activities and imposed fees to at least partially recover their costs, such as Source Testing Review, CEQA analysis, and newspaper noticing, rather than grouping these costs into the basic permit processing or operating fees. This enables South Coast AQMD to more closely allocate the costs of specific permit-related activities to the payor responsible for the costs. While there are many sub-types of fees within the basic structure, such as special processing fees for CEQA analysis or health risk assessments (HRA),

recommended the firm of KPMG to perform the study. A final "Report on the Study of the AQMD's Fee Structure and Authority" was presented to the South Coast AQMD Governing Board on March 10, 1995 (Agenda Item #11). Both these documents are on file and available at the South Coast AQMD Library, 21865 East Copley Drive, Diamond Bar, CA 91765, (909-396-2600).

[4] Note that annual renewal fees for compliance plans are the same as the equipment-based Schedule A fee. Rule 306 includes a list of compliance plans that are subject to annual renewal fees after approval. These plans generally include ongoing compliance requirements that necessitate review and verification by the agency's compliance staff.

the three permit-related fees (permit processing, equipment-based annual permit renewal, and emissions-based annual operating fee) comprise the basic fee structure.

Also included in the agency's permit system are Rule 222 registration fees and plan fees, since these are similar to permits for the sources to which they apply (H&SC Sections 40510(b), 40522; Rules 301(u) and 306).[5]

Additional fees also have been authorized by the legislature and are included in South Coast AQMD's existing fee regulation. These fees include: variance and other Hearing Board fees (H&SC 52510(b); Rule 303); fees for the costs of programs related to indirect sources and area-wide sources (H&SC Section 40522.5 and Rules 2202, 314, and 316); fees to recover the costs to the air district and state agencies of implementing and administering the Air Toxics Hot Spots Program (AB 2588) (H&SC Section 44380 et seq; 17 CCR Section 90700; and Rule 307.1); fees for refinery-related community air monitoring systems (H&SC Section 42705.6 and Rule 301(aa)); and fees for notices and copying documents (H&SC Section 40510.7 and Rule 301(f).)[6]

The above-referenced fees comprise approximately 60% of South Coast AQMD's revenue. Other sources of revenue for South Coast AQMD include revenue from mobile sources, including the Clean Fuels Fee, Carl Moyer and Proposition 1B funds. These are special revenue funds outside of the General Fund budget which pay for specific technology advancement or emission reduction projects approved by the South Coast AQMD Governing Board and are consistent with the specific limits on the use of those funds. Periodically, funds to reimburse South Coast AQMD for its administrative costs in carrying out these projects are transferred by South Coast AQMD Governing Board action into South Coast AQMD's General Fund budget. A second type of mobile source revenue is provided by AB 2766 (Motor Vehicle Subvention Program) from the 1992 legislative session, which provides South Coast AQMD with 30% of a four-dollar fee assessed on each motor vehicle registered within South Coast AQMD's jurisdiction. These funds must be used for the reduction of pollution from motor vehicles, and for related planning, monitoring, enforcement, and technical studies necessary for the implementation of the California Clean Air Act (H&SC Section 44223). Specific mobile-source related programs are funded with this revenue source, as well as a proportionate share of activities such as ambient air quality monitoring and regional modeling which are not specifically related to stationary or mobile sources individually. These motor vehicle fees are currently set at the statutory maximum. AB 2766 fees have not been increased in over 20 years. Thus, based on CPI, the real value of AB 2766 fees has declined by about 68%. The remainder of the AB 2766 revenues provided to South Coast AQMD is divided between a share that is subvened to cities and counties for mobile source emission reduction programs and a share that is used to fund mobile source emission reduction projects recommended by the Mobile Source Air Pollution Reduction Review Committee (MSRC) and approved by the South Coast AQMD Governing Board.

[5] Rule 222 registration fees are flat fees, but compliance plan fees include an initial payment and may be later invoiced for additional Time & Materials based on actual time spent on review. Plan fees also include annual renewal fees for specific plan types listed in Rule 306.

[6] The rule references are intended to provide examples of the different types of statutorily authorized fees. They are not intended to be a comprehensive listing of all applicable rule provisions.

The legislature also has imposed certain limits on South Coast AQMD's fee authority. If South Coast AQMD proposes to increase existing permit fees by more than the change in the CPI, the increase must be phased in over a period of at least two years (H&SC Section 40510.5(b)). Also, if a fee increase greater than CPI is adopted, the South Coast AQMD Governing Board must make a finding, based on relevant information in the rulemaking record, that the increase is necessary and will result in an apportionment of fees that is equitable. This finding shall include an explanation of why the fee increase meets these requirements (H&SC Sections 40510(a)(4) and 40510.5(a)). These findings will be included in the South Coast AQMD Governing Board Resolution presented for the Public Hearing on Regulation III.

Moreover, the total amount of fees collected by South Coast AQMD shall not be more than the total amount collected in Fiscal Year (FY) 1993-1994, except that this total may be adjusted by the change in the CPI from year to year (H&SC Section 40523). Also, this limitation does not apply to fees adopted pursuant to a new state or federal mandate imposed on and after January 1, 1994 (H&SC Section 40523). South Coast AQMD has consistently complied with this limit. Total fees (other than mobile source fees which are not covered by this section) collected in FY 1993-94 were approximately $69.6 million; adjusted by CPI since that time the cap would be approximately $143.3 million.[7] Total projected fees (except mobile source fees) for FY 2022-23 are approximately $109 million,[8] which remains below the CPI adjusted cap and includes the projected revenue impacts associated with the proposed rule amendments discussed below.

B. PROPOSITION 26 COMPLIANCE

On November 2, 2010, the voters of California enacted Proposition 26, which was intended to limit certain types of fees adopted by state and local governments. Proposition 26 broadly defines a tax to mean any charge imposed by a local government that does not fall within seven enumerated exceptions for valid fees. If a charge does not fall within an enumerated fee exception, it is considered a tax, and must be adopted by vote of the people. South Coast AQMD does not have authority under state law to adopt a tax, so it may only impose a charge that is a valid fee under Proposition 26.

Proposition 26 requires that the local government prove by a preponderance of the evidence that the amount of the fee "[1] is no more than necessary to cover the reasonable costs of the governmental activity, and that [2] the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity." Cal. Const. art. XIIIC §1. In this report, staff has provided a detailed

[7] H&SC Section 40523 specifies that the limit for the total amount of fees collected by South Coast AQMD "may be adjusted annually in FY 1994-95 and subsequent fiscal years to reflect any increase in the California Consumer Price Index for the preceding calendar year, from January 1 of the prior year to January 1 of the current year, as determined by the Department of Industrial Relations." However, the California CPI is compiled bi-monthly and no data is available for the month of January. Therefore, the adjustment has been made using the December CPI's, similar to the CPI-based adjustment pursuant to Rule 320.

[8] Preliminary estimate as of March 2022, subject to revisions in the next versions of Staff Report. Note that this estimate is inclusive of fees adopted pursuant to new state or federal mandates imposed on and after January 1, 1994. Even so, it still remains below the CPI adjusted cap.

explanation of the agency's permit system and the method of allocating program costs to the fee payors.

Proposition 26 also provides that an agency must establish by a preponderance of the evidence that the fee fits within one of the fee exceptions. (Cal. Const., art. XIIIC, §1). In addition to the enumerated exceptions found in Proposition 26, courts have found that the proposition does not apply to fees adopted before its effective date. (*Brooktrails Township County. Servs. Dist. v. Bd. of Supervisors of Mendocino County* (2013)*,* 218 Cal. App. 4th 195, 206).

All of the proposed fee increases discussed in this report fall within a recognized exception. In addition, all of the proposed increases bear a fair and reasonable relationship to a payor's burdens on, or benefits received from South Coast AQMD's activities.

II. CPI ADJUSTMENT OF FEES FOR REGULATION III

Staff is proposing to increase most fees in Regulation III by the change in the California CPI for the preceding calendar year, as defined in Health & Safety Code Section 40500.1(a). In particular, staff is planning, where applicable, to adjust fees in Rules 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314, and 315 on July 1, 2022, to correspond with the increase in the Calendar Year (CY) 2021 CPI of 6.5%.

South Coast AQMD Rule 320 – Automatic Adjustment Based on Consumer Price Index for Regulation III-Fees also provides a basis for CPI-adjusting certain fees. Pursuant to Rule 320, most fees set forth in Regulation III "[…] shall be automatically adjusted by the change in the California Consumer Price Index for the preceding calendar year, as defined in H&SC Section 40500.1(a)". This rule was adopted by the South Coast AQMD Governing Board on October 29, 2010 and establishes that in order to continue recovering agency costs, fees must keep pace at a minimum with inflation as measured using the CPI, unless otherwise directed by the South Coast AQMD Governing Board. Rule 320 provides for the automatic adjustment of most fees annually commensurate with the rate of inflation.

By design, an increase based on CPI is reasonable because it recovers the increase in South Coast AQMD's costs as a result of inflation. In addition, the manner in which those increased costs are allocated bears a fair and reasonable relationship to the burdens on South Coast AQMD's activities as established by the underlying fee schedule. Adjustments based on Rule 320 are not subject to Proposition 26 because Rule 320 was adopted prior to the effective date of Proposition 26. Rule 320 provides for an automatic adjustment most South Coast AQMD fees by the change in the CPI from the previous year. Table CPI-1 lists the fees in Regulation III that were adopted prior to the effective date of Proposition 26 but are specifically excluded from the proposed CPI-based fee rate increase and the reason for exclusion.

TABLE CPI-1: FEES ADOPTED PRIOR TO PROPOSITION 26 AND EXCLUDED FROM CPI-BASED FEE RATE ADJUSTMENT

Fee	Reason for exclusion from CPI-based fee rate increase
Returned check service fee in various rules	Currently set by state law at $25 (California Civil Code §1719(a)(1))
Rule 301(w) – Enforcement Inspection Fees for Statewide Portable Equipment Registration Program (PERP) fees	Fee rates set by the state (California Code of Regulations title 13, §2450 et. seq.)
Rule 307.1(d)(2)(D) – Maximum fee for a small business as defined in Rule 307.1	Currently set by state law at $300 (California Code of Regulations title 17, §90704(h)(2))
Rule 307.1 Table I – Facility Fees By Program Category; "State Fee" column figures only	Fee rates set by the state (H&SC Section 44380 et. seq.)
Rule 311(c) Air Quality Investment Program Fees	These fees pay for programs to reduce emissions under Rule 2202 – On Road Vehicle Mitigation Options and do not support South Coast AQMD's Budget.

III. RULE 301 FEE REASSESSMENT FOR RESTRUCTURED TOXIC AIR CONTAMINANT FEES

To help recover South Coast AQMD costs associated with emissions of toxics air contaminants (TACs), both the fee structure and fee level for TAC fees paid by permitted facilities were updated in Rule 301 in June 2019. Upon final phase-in beginning in 2021, facilities are now subject to the following fee structure:

- Any facility that emits TACs above reporting thresholds in Table IV would pay a new **Base Toxics Fee** of $78.03 per facility.
- A new **Flat Rate Device Fee** of $341.89 for each piece of permitted and unpermitted equipment that emits any toxic air contaminant above reporting thresholds in Table IV.
- A new **Cancer Potency-Weighted (CPW) Fee** of $10 for each cancer-potency weighted pound of emissions

In addition, the amendment also increased the number of reportable speciates of PAHs, POMs, and dioxins, many with a significantly lower associated cancer potency risk than the generic pollutants previously available. These speciates were added as an option for facilities to reduce their fee burden. Specifically, facilities can now choose to report more specific information indicating their total CPW speciated emissions are lower than if emissions were reported at the unspeciated level.

During rule development, staff was aware of the difficulty in accurately predicting the revenue increases that could result from the proposed amendments given that the way facilities report emissions could change significantly. Total reported toxic emissions can also vary significantly from year-to-year due to the quadrennial reporting schedule for some AB 2588 Air Toxics "Hot Spots" facilities. As a result, the South Coast AQMD Governing Board adopted a resolution directing staff to report back to the Governing Board Administrative Committee within one year

of final phase in of the toxics emissions fee on (1) the revenues raised by the fee, (2) the costs associated with toxics work covered by the fee, and (3) South Coast AQMD's efforts to obtain funding for toxics work covered by this fee. Each of the requested items above is addressed in the ensuing sections.

Actual Revenue from Reported TAC Emissions for CY 2020

Historically, South Coast AQMD collected approximately $500,000 annually in TAC fees paid by facilities. The new TAC fees adopted in 2019 were originally projected to raise total annual revenues to $4.8M upon full implementation across all three fee categories (Base Toxics Fee, Device Fee, CPW Fee). Actual revenues collected based on TAC emissions reported for CY 2020 (during the 2021 Annual Emissions Reporting Period) totaled $2.9M and fell short of the 2019 projections - see Table 1 below.

Table 1: Projected vs Actual Fee Revenues from CY 2020 TAC Emissions

Fee	Projected	Actual	Difference	Reason for Shortfall
Base Toxics Fees	$73,036	$44,945	-$28,091	Fewer facilities subject to TAC Fees
Device Fees	$1,356,620	$1,502,948	$146,328	-
CPW Fees	$3,366,876	$1,376,060	-$1,990,816	Fewer emissions reported; fewer facilities subject to TAC Fees
Total	**$4,796,532**	**$2,923,954**	**-$1,872,578**	-

Staff has compared CY 2020 facility-level data on TAC emissions to the historical emissions data that the initial projections were based on in the 2019 amendment. There appear to be two main factors contributing to the revenue shortfall: (1) emissions have decreased, particularly those with a higher cancer potency risk (and associated higher fee levels), and (2) fewer facilities were subject to TAC fees than were originally projected. The decrease in reported emissions is the largest contributing factor to the revenue shortfall and is likely the result of more accurate reporting and facilities taking advantage of the new ability to report less toxic speciates with lower fees.

Given the low fees charged prior to the 2019 amendments on several TACs with high cancer potency risk, it is thought that there was considerably less economic incentive to accurately report emissions. With the adoption of the restructured TAC fees, these highly toxic emissions are now charged fees commensurate with their risk levels and inaccurate reporting could result in a facility overpaying by tens of thousands of dollars. For example, note the difference in projected and actual revenues for hexavalent chromium (CAS #18540299) emissions shown in Table 2 below. Total emissions for hexavalent chromium fell from 43.2 lbs in 2017 to 18.3 lbs in 2020.

Table 2: Pollutants with the Largest Difference in Projected vs. Actual 2021 CPW Fee Revenues

CAS	Pollutant	Cancer Potency (CPF*MPF)	Projected 2020 CPW Fee Revenue based on Historical Emissions	Actual 2020 CPW Fee Revenue	Difference in Revenue
1151	PAHs, total, w/o individual components reported [PAH, POM]	90.2	$1,573,736	$321,619	-$1,252,117
18540299	Chromium, hexavalent	814.4	$352,469	$149,045	-$203,424
1080	DiBenFurans(Cl) w/o individual isomers reported	2364361.9	$200,385	$3,296	-$197,089
40321764	1-3,7,8PeCDD	3343477.9	$126,826	$5,286	-$121,540
1746016	2,3,7,8-TCDD	3343477.9	$120,590	$1,906	-$118,683
1332214	Asbestos	220.0	$36,764	$14,617	-$22,147
57653857	1-3,6-8HxCDD	334347.8	$12,349	$276	-$12,073
51207319	2,3,7,8-TCDF	236436.2	$10,750	$428	-$10,322

As noted above, the 2019 amendment also increased the number of reportable speciates of PAHs, POMs, and DiBenFurans. As noted above, the inclusion of these less toxic speciates allows facilities to avoid reporting emissions of these speciates as the more expensive generic pollutant. For example, see the difference in expected vs. actual revenues for PAHs (CAS #1151) and DiBenFurans (CAS #1080) shown in Table 2, above. While a significant portion of the reduction in revenue for these pollutants is likely the result of more accurate reporting, some of the shortfall is also likely due to substitution of less toxic speciates. The loss in revenue from the more toxic generic speciates was only partially offset by the corresponding increase in revenue from the less toxic speciates for which they were substituted.

Finally, the initial revenue projections presented in the 2019 Proposed Amended Regulation III Staff Report conservatively assumed that over 900 facilities would be subject to the new TAC fees in 2021.[9] The actual number of facilities paying TAC fees on CY 2020 emissions was smaller, approximately 600.

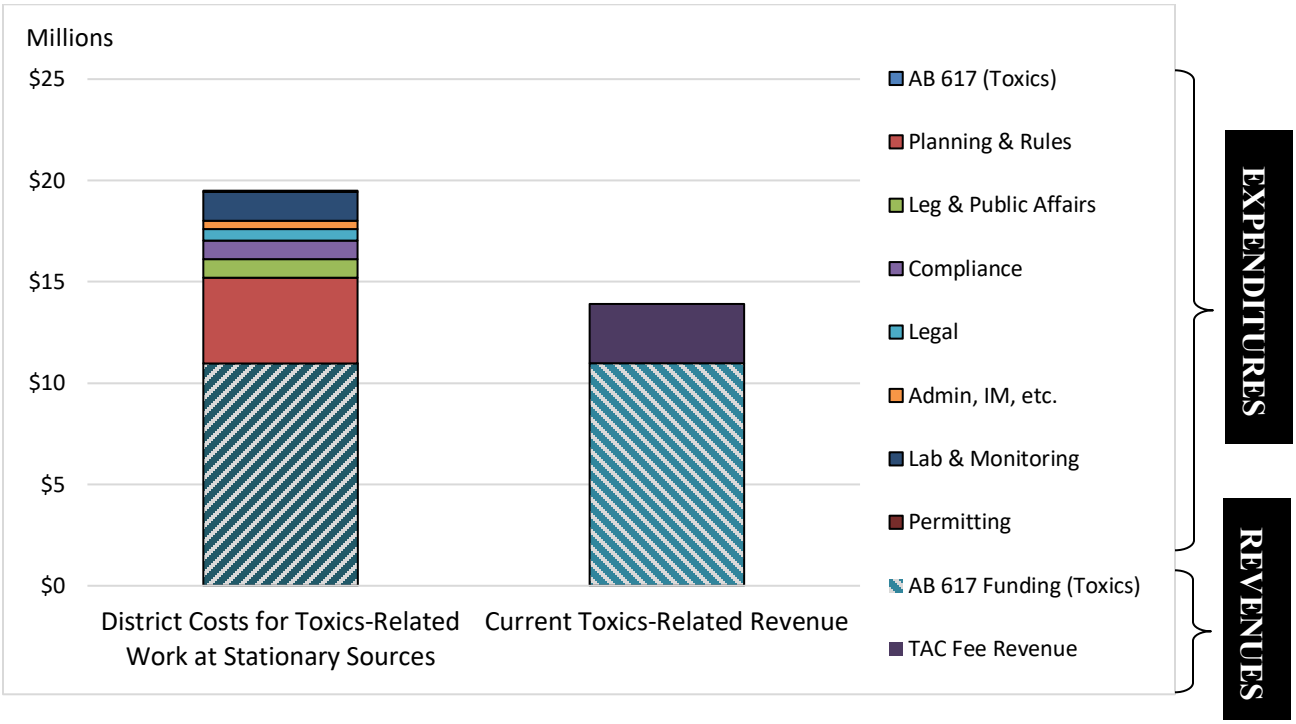
Staff estimates that the decrease in expected emissions and the more accurate speciate reporting is responsible for the majority of the shortfall in expected vs. actual revenues, totaling roughly $1.9 million. The decrease in the number of facilities subject to TAC fees resulted in an additional shortfall of roughly $0.1 million, including the entirety of the $28,000 difference in expected vs. actual for the Base Toxics Fee.

[9] See South Coast AQMD, Governing Board Agenda (June 7, 2019), Agenda No. 28, at pgs. 24-30, http://www.aqmd.gov/docs/default-source/Agendas/Governing-Board/2019/2019-jun7-028.pdf

South Coast AQMD Costs for Toxics-Related Work at Stationary Sources

TAC fee revenues have increased roughly sixfold since the 2019 amendments, but they still fall short in terms of cost recovery for toxics-related work. In 2019, staff estimated that the total cost of South Coast AQMD work related to emissions of toxic air contaminants from stationary sources was approximately $19.5 million. This estimate was based on FY 2017-18 budgeted expenditures from each division and Year 1 cost projections by AB 617 work subprogram (AB 617 toxics-related work includes monitoring, enforcement, development of Community Emission Reduction Plans, and rulemaking on stationary sources of toxics emissions). Updating the estimate based on FY 2020-21 actual expenditures, the total cost of South Coast AQMD toxics-related work remains approximately $19.5 million, including an estimated total of $11.0 million in AB 617 toxics-related work - see Figure 1 below for a breakdown. The work identified in the figure below does not include additional work that South Coast AQMD conducts on toxic air contaminants in other contexts (e.g., AB 2588 Toxic Hot Spots, mobile source toxics, etc.).

Figure 1: FY 2020-21 South Coast AQMD Effort on Toxics and Current Toxics Emissions Fees Revenue



In addition to the current toxics-related work conducted by South Coast AQMD, the California Air Resources Board's (CARB) new Criteria and Toxics Reporting (CTR) Regulation has the potential to significantly increase future work associated with the Annual Emissions Reporting requirements in Rule 301(e). New CTR requirements will be applicable to any facility with at least one permit and that meets the reporting criteria outlined in Table A-3 of Appendix A of the CTR Final Regulation Order.[10] Starting in 2023, staff estimates that based on applicable permitted

[10] https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2020/ctr/fro.pdf

processes and industry classification codes (SIC and NAICS) listed in Table A-3, up to 15,000 additional facilities could potentially be required to report toxic emissions (and be subject to TAC fees). Beginning in 2027, up to 25,000 facilities could potentially be required to report their toxic emissions annually as a result of CTR. Given the current uncertainty regarding the number of facilities reporting emissions, it is difficult to quantify the potential increase in South Coast AQMD costs resulting from CTR implementation and whether any related increase in TAC fee revenues would be sufficient to recover the costs.

Ongoing South Coast AQMD Efforts to Obtain Funding for Toxics-Related Work

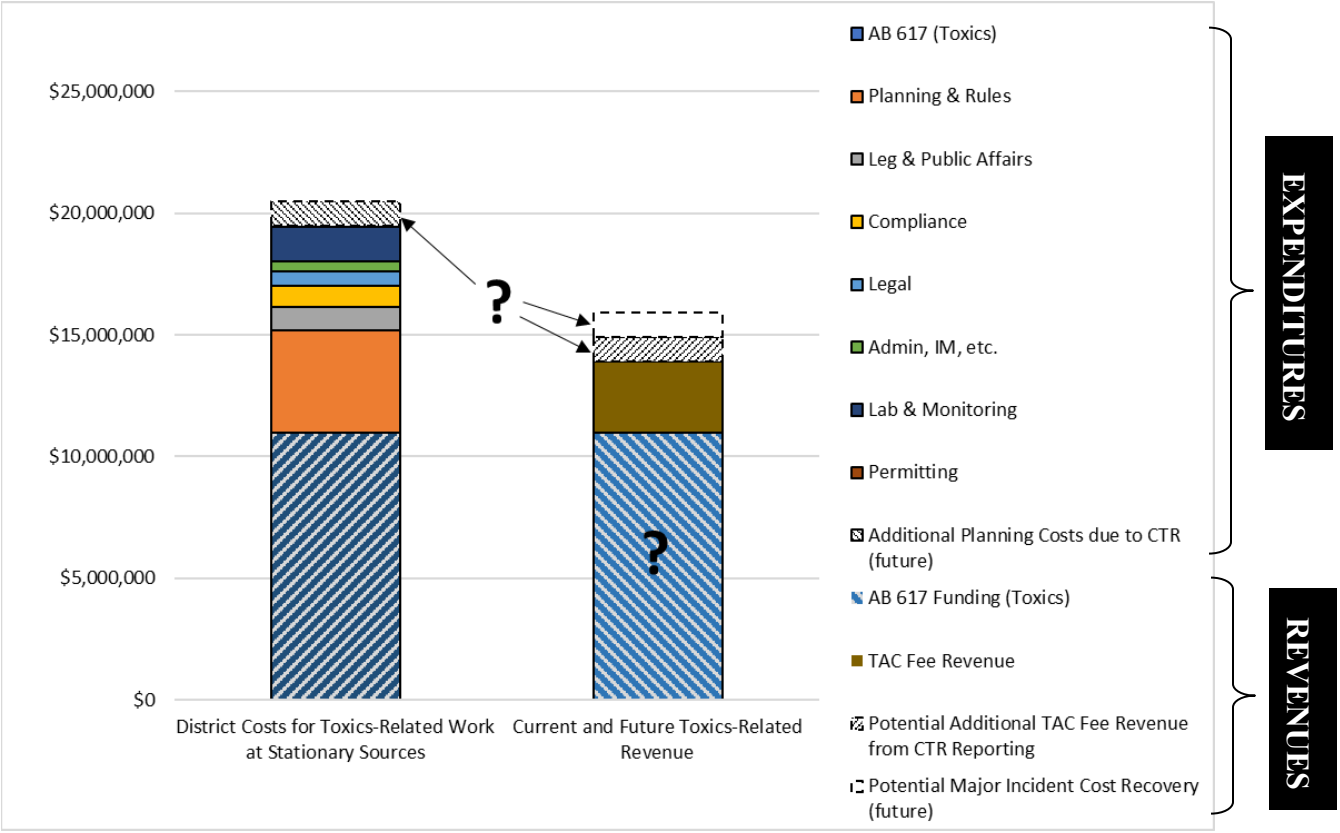
Revenue for stationary source toxics work has come from existing emissions fees revenues and one-time sources of funding, including penalties, grants, or allocations from the state legislature. Since AB 617 was signed into law, South Coast AQMD has received state funding totaling $74,560,000 to cover all work related to AB 617, including work related to toxic air contaminants. The proposed state budget for FY 2022-23 continues to include approximately $20 million in AB 617 funding to help South Coast AQMD recover both toxics and non-toxics-related work. However, the proposed budget is not yet adopted, and future state funding for AB 617 work beyond FY 2021-22 remains uncertain. Despite the challenge, South Coast AQMD will continue its advocacy efforts for continued state funding.

In addition, staff is considering rule development efforts aimed at recovering costs associated with South Coast AQMD responses to major incident events, including but not limited to, costs of conducting air monitoring, laboratory analyses, modeling and enforcement activities. Major incidents are typically public nuisance events or emergencies such as fires, explosions, toxic spills, or toxic gas releases. Over the past five years, South Coast AQMD has incurred $1-3 million in costs due to major incidence response, with a significant portion of those costs related to TAC emissions. Therefore, the rulemaking efforts could potentially help to recover a portion of currently unfunded toxics-related costs.

Finally, it is currently difficult to project potential increases in revenue as a result of CTR requirements, given the uncertainty regarding the number of new CTR facilities that will report emissions and the lack of emissions/activity data available for these facilities. Staff estimates there are potentially up to 15,000 “Phase 1” CTR facilities that will be required to report in 2023. If all of the estimated 15,000 “Phase 1” CTR facilities report emissions in excess of any threshold listed in Table IV, the base toxic fee revenue could increase by approximately $1.2 million, while the potential revenue increase from device and CPW fees cannot yet be estimated due to current lack of facility emissions/activity data. However, it remains to be seen how many of these “Phase 1” facilities will report above-the-threshold emissions in 2023. These “Phase 1” facilities will not be required to report again until 2027 whereas “Phase 2” and “Phase 3” facilities will report in 2025 and 2026, respectively. All CTR facilities, potentially up to 25,000 in total, will begin reporting annually from 2027. Staff expects to have more information and data after the 2023 reporting period in order to better access the revenue impacts as a result of CTR implementation.

Figure 2, below, depicts all potential toxics work related revenues anticipated for the near-term, as well as the expected increase in costs due to CTR reporting requirements.

Figure 2: Anticipated Near-Term South Coast AQMD Effort on Toxics and Current and Potential Future Toxics Emissions Fees Revenue



(Note: The "?" indicates that the future amount is uncertain.)

IV. RULE 301 FEE REASSESSMENT FOR RULE 1180 COMMUNITY AIR MONITORING ANNUAL OPERATING AND MAINTENANCE FEES

In 2018, Regulation III amendments included language in Rule 301(aa)(4) requiring a triennial fee reassessment of the annual operating and maintenance fees associated with Rule 1180 Community Air Monitoring Systems pursuant to H&SC Sections 42705.6(f)(1) and (f)(2). The reassessment is required to be conducted by the Executive Officer of South Coast AQMD no later than January 1, 2022, and every three years thereafter. The first triennial reassessment was conducted in December 2021, and increased fees were recommended to satisfy the statutory requirements. The proposed fee increase, along with findings of the fee reassessment, are discussed in detail in the next section.

V. PROPOSED RULE AMENDMENTS WITH FEE IMPACTS

In addition to a CPI-based fee rate increase, staff is presenting seven proposals to amend Rule 301 and 306 to include new and increased fees. The first proposal updates fees for Rule 1180 Community Air Monitoring Annual Operating and Maintenance Fees based on the triennial fee reassessment required in Rule 301(aa)(4). The second proposal creates a new equipment category in Rule 301 that would increase the fee applicable to HEPA and ULPA equipped spray booths

controlling Rule 1401 Toxics. There are two additional proposals to add new plan types to the list of billable plans in Rule 306, including 1109.1 I-Plans, B-Plans, and B-Caps, and plans required for compliance with Code of Federal Regulations (CFR), Title 40, Part 63, Subpart UUU. There is also a proposal to add Rule 463 floating roof tank seal certifications as a new type subject to Rule 306 plan evaluation fees. In addition, there is a proposed change in the fee charged for permit applications when facilities have allowed their Permit to Construct to expire. The final proposal with fee impacts is to remove the fee exemption for Rule 1466 notification updates in Rule 301(x)(2). These fees, which are discussed in more detail below, are necessary to recover the reasonable costs of South Coast AQMD's regulatory activities.

1. UPDATE RULE 1180 COMMUNITY AIR MONITORING ANNUAL OPERATING AND MAINTENANCE FEES PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 42705.6(f)(1) & (f)(2)

Description of Proposed Amendment:

In 2017, then-Governor Jerry Brown signed AB 1647 into law, adding Section 42705.6 to the California H&SC. In conjunction with fenceline air monitoring requirements for refineries, this section also requires air districts to design, develop, install, operate and maintain refinery-related community air monitoring systems to monitor concentrations of air pollutants emitted into the ambient air by refineries. Section 42705.6 further requires that owners or operators of petroleum refineries be responsible for the costs associated with implementing these provisions.

South Coast AQMD Rule 1180 - Refinery Fenceline and Community Air Monitoring, was adopted by the Governing Board in December 2017 and includes cost recovery provisions for refinery-related community air monitoring systems. Specifically, Rule 1180(j)(1) requires an initial installation fee and paragraph (j)(4) requires that affected refineries pay annual Operation and Maintenance (O&M) fees pursuant to Rule 301. South Coast AQMD Rule 301 specifies annual O&M fees, which are based on the estimated costs associated with each refinery and limited to the amounts necessary for compliance with H&SC Section 42705.6. These O&M costs are incurred by South Coast AQMD to annually operate and maintain a community air monitoring system that provides adequate air monitoring coverage for each refinery. Adequate air monitoring requires consideration of various factors including size, location, relevant pollutants, and meteorological conditions. Beginning in CY 2020, the adopted O&M fee was billed to the refineries with the annual operating and permit renewal fee required by Rule 301(d).

Rule 301(aa)(4) additionally states that, no later than January 1, 2022, and every three years thereafter, the Executive Officer of South Coast AQMD must reassess the annual O&M fees to ensure that the fee is consistent with the requirements of H&SC Sections 42705.6(f)(1) and (f)(2). Specifically, paragraph (f)(1) states that, with some exceptions, "the owner or operator of a petroleum refinery shall be responsible for the costs associated with implementing this section." Paragraph (f)(2) states that "[t]o the extent a refinery-related community air monitoring system is intentionally utilized by a district to monitor emissions from sources under its jurisdiction other than a petroleum refinery, the district shall ensure the costs of the system are shared in a reasonably equitable manner."

As required by South Coast AQMD Rule 301(aa)(4), the current annual O&M fees were reassessed in December 2021 for Rule 1180 Community Air Monitoring Network. It was determined that

current fees will soon become inconsistent with H&SC Sections 42705.6(f)(1) and (f)(2). By FY 2024-25, the program is projected to carry a cumulative shortfall of nearly $1 million. As a result, increases in Rule 301(aa) fee rates are proposed to be phased in over FYs 2022-23, 2023-24, and 2024-25 to make up for the projected shortfall and to arrive at the level of fee revenue that is necessary to recover the projected program costs from FY 2024-25 onwards. Specifically, this amendment proposes targeted fee increases of 5.3% in FY 2022-23, followed by an additional 2.2% increase in FY 2023-24 and another 2.1% increase in FY 2024-25.

Proposed Amended Rule(s):

Rule 301(aa) Refinery Related Community Air Monitoring System Annual Operating and Maintenance Fees

(1) The owner or operator of a petroleum refinery subject to Rule 1180 shall pay an annual operating and maintenance fee for a refinery-related community air monitoring system designed, developed, installed, operated, and maintained by SCAQMD in accordance with California Health and Safety Code Section 42705.6.

(2) The annual operating and maintenance fee per facility required by paragraph (aa)(1) shall be as follows

Facility Name* and Location	FY 22-23 Annual Operating and Maintenance Fee	FY 23-24 Annual Operating and Maintenance Fee	FY 24-25 (and thereafter) Annual Operating and Maintenance Fee
Andeavor Corporation (Carson)	$917,253.56 ~~$871,086.00~~	$936,417.45	$954,710.26
Andeavor Corporation (Wilmington)	$458,626.78 ~~$435,543.00~~	$468,208.73	$477,355.13
Chevron U.S.A, Inc. (El Segundo)	$917,253.56 ~~$871,086.00~~	$936,417.45	$954,710.26
Phillips 66 Company (Carson)	$458,626.78 ~~$435,543.00~~	$468,208.73	$477,355.13

Phillips 66 Company (Wilmington)	$458,626.78 ~~$435,543.00~~	$468,208.73	$477,355.13
PBF Energy, Torrance Refining Company (Torrance)	$917,253.56 ~~$871,086.00~~	$936,417.45	$954,710.26
Valero Energy (Wilmington)	$458,626.78 ~~$435,543.00~~	$468,208.73	$477,355.13

Justification/Necessity/Equity:

Under South Coast AQMD Executive Officer's direction, staff conducted a financial analysis of expenditures for the Rule 1180 program incurred from January 2020 to date. Based on this analysis, it is anticipated that, by the end of FY 2021-22, or, June 30, 2022, the Rule 1180 program will have a cumulative surplus of $893,479 from Rule 1180 fee revenue (see Table 3 below). However, this surplus largely reflects the time needed to ramp up program staffing and operations.]By the end of FY 2021-22, the Rule 1180 monitoring group is expected to be fully staffed and, as a result, no savings or surplus funds are expected in the following years.

Table 3: Rule 1180 Fee Revenue *vs.* Program Costs (January 2020 – June 2022)

	January 2020 to October 2021 (Actuals – 22 months)	November 2021 - June 2022 (Estimate- 8 months)	Total FY 2018-19 through FY 2021-22 (30 months)
Fee Revenue	**$8,710,860**	**$ -**	**$8,710,860**
Expenditures			
Salary & Employee Benefits	$3,805,110	$1,488,755	$5,293,865
Services, Supplies & Capital Outlay	$1,499,706	$1,023,810	$2,523,516
Total Expense	**$5,304,816**	**$2,512,565**	**$7,817,381**
Surplus/(Deficit)			$893,479
Carryover			**$893,479**

Based on projected needs for the next three-year cycle, Table 4, below, includes a summary of the budgetary analysis showing a projected shortfall of $1.87 million over the next three fiscal years. Even after considering the spending down of the $893,479 surplus from the previous fee revenue that was collected, a net shortfall totaling $977,605 at minimum is still anticipated. Therefore, current Rule 1180 fees are concluded to soon become inconsistent with H&SC Section 42705.6 (f)(1) for FYs 2022-23, 2023-24 and 2024-25, and a fee increase is therefore necessary. In addition, since the monitors are not being intentionally used to measure emissions from sources other than refineries, no cost apportioning under H&SC Section (f)(2) is required.

As shown in Table 4, in addition to recovering program staff's salary and benefits and ongoing expenditures associated with running the ten (10) air monitoring stations that are part of the Rule 1180 community air monitoring network, the increased fees are necessary to help recover costs of replacement parts for nearly 80 continuous air monitoring instruments, replacement of monitoring equipment and, overall, to address increasing O&M costs due to heightened inflation (see Appendix B for detailed cost estimate for FYs 2022-23, 2023-24 and 2024-25). These increased fees are proposed to be phased-in over multiple years, starting with a fee increase of 5.3% in FY 2022-23, followed by an additional 2.2% increase in FY 2023-24 and another 2.1% increase in FY 2024-25.[11] Upon full phase-in, the annual fee revenue would amount to approximately $4.77 million a year, coinciding with the Rule 1180 program expenditures projected for FY 2024-25.

It should be additionally noted that, due to the date of its adoption and the impacts of Proposition 26, Rule 1180 O&M fees are not subject to Rule 320 annual CPI-based fee adjustments to reflect cost of inflation. Compared to the 6.5% increase in California CPI, the proposed changes in fees would amount to an average of 7.5% increase from the current fees over the next three fiscal years. Moreover, a lower-than-CPI-increase rate of 5.3% is proposed for the first-year phase-in in FY 2022-23, taking into account the projected surplus for the current fiscal year as described above.

[11] The 2.2% and 2.1% increases are in comparison to the current fee rates. The phase-in schedule is consistent with H&SC Section 40510.5 requirements.

Table 4: Rule 1180 Projected FYs 2022-23, 2023-24, and 2024-25 Expenditures and Revenues

	Projected FY 2022-2023	Projected FY 2023-2024	Projected FY 2024-2025	Projected FY 2022-23 - FY 2024-25 Totals
Carryover	$893,479	$32,422	($558,865)	
Fee Revenue	**$4,355,430**	**$4,355,430**	**$4,355,430**	**$13,066,290**
Expenditures				
Salary & Employee Benefits	$2,677,187	$2,677,187	$2,677,187	$8,031,561
Services, Supplies & Capital Outlay	$2,539,300	$2,269,530	$2,096,983	$6,905,813
Total Expense	**$5,216,487**	**$4,946,717**	**$4,774,170**	**$14,937,374**
Surplus/(Deficit)	($861,057)	($591,287)	($418,740)	($1,871,084)
Carryover	**$32,422**	**($558,865)**	**($977,605)**	

(Note: Further details are provided in Appendix B.)

2. ADD A NEW CONTROL EQUIPMENT CATEGORY FOR HEPA AND ULPA EQUIPPED SPRAY BOOTHS CONTROLLING RULE 1401 TOXICS

Description of Proposed Amendment:

Spray booths equipped with High Efficiency Particulate Arrestors (HEPA) or Ultra Low Particulate Arrestors (ULPA) are currently billed at a Schedule B rate because they are generically categorized as a "Spray Booth/Enclosure, Other" in Rule 301, Table IA - PERMIT FEE RATE SCHEDULES FOR CONTROL EQUIPMENT. Staff is proposing to add a new category to Table IA in order to separate HEPA or ULPA equipped spray booths due to the level of effort required to process these permits, which are used to control Toxic Air Contaminants. This new category will be billed at a Schedule C rate. The creation of this new category will result in a fee increase from $2,945.75 for non-Title V facilities and $3,691.30 for Title V facilities (the Schedule B rate) to $4,659.33 for non-Title V facilities and $5,838.57 for Title V facilities (the Schedule C rate). This new category, and higher fee, is necessary to adequately recover costs incurred by South Coast AQMD.

Proposed Amended Rule(s):

Rule 301 **TABLE IA - PERMIT FEE RATE SCHEDULES FOR CONTROL EQUIPMENT**

Spray Booth/Enclosure, Other	B
Spray Booth/Enclosure, Powder Coating System with single or multiple APC for particulates	B
Spray Booth, HEPA/ULPA Controlling Rule 1401 Toxic Air Contaminants	C
Spray Booth, Metallizing	C
Spray Booth with Carbon Adsorber (non-regenerative)	C
Spray Booths (multiple) with Carbon Adsorber (non-regenerative)	D
Spray Booth(s) with Carbon Adsorber (regenerative)	E
Spray Booth(s) (1 to 5) with Afterburner/Oxidizer (Regenerative/Recuperative)	D
Spray Booths (>5) with Afterburner/Oxidizer (Regenerative/Recuperative)	E
Spray Booth, Automotive, with Multiple VOC Control Equipment	C
Spray Booth with Multiple VOC Control	D
Spray Booths (multiple) with Multiple VOC Control Equipment	E

Justification/Necessity/Equity:

Rule 1401 requires additional analysis on all applications for new, relocated or modified permit units emitting air toxics to demonstrate compliance with the rule and to quantify the risk from the equipment. In a regular spray booth that falls under fee Schedule B, toxic emissions are mostly in vapor phase and not controlled by the spray booth filters such as HEPA or ULPA. Therefore, emission calculations, health risk assessments, and permit conditions associated with these applications are often more straightforward and the engineering time required for their permit processing is in line with fee Schedule B. However, in the case of coatings that include toxic metals, the spray booth filters are necessary in controlling the toxic metal particulate matter emissions. These toxic metals, especially hexavalent chromium, have very high cancer potencies and slight increases in their emissions as low as milligrams could result in health risks exceeding Rule 1401 thresholds. Therefore, an applicant's requested usage of chromium-containing coatings in spray booths frequently does not comply with Rule 1401. This requires the use of control equipment (HEPA/ULPA filters) and the creation of specialized permit conditions to ensure that operation is in compliance with Rule 1401. Consequently, emission calculations are more complicated and require careful consideration of the coating chemistry, transfer efficiency, and filter control efficiency. As a result, the processing of these applications requires more engineering time than those not requiring HEPA/ULPA filters for carcinogenic particulate matter control.

Rule 301 specifies the fees for each Fee Schedule and the hourly rate for Time & Material (T&M) for evaluation of permit applications. There are two different hourly rates, one for non-Title V facilities and a separate rate for Title V facilities. Fee categories for spray booths currently include higher fee schedules for spray booths with VOC control equipment (Schedule C, D or E, depending on the type and number of controls). In addition, separately permitted PM control equipment with HEPA/ULPA filters (dust collectors, mist eliminators) are also assigned a higher fee Schedule (Schedule C), and the level of effort required to process permits is equivalent to the proposed new category. Staff has estimated that a standard spray booth (Schedule B) requires 16-20 hours of

Engineer II processing time, while a spray booth with HEPA/ULPA filters requires 25-30 hours of Engineer II processing time.

These fees allow for the South Coast AQMD to recover costs from the additional engineering time required for permit processing of spray booths with HEPA/ULPA filters, it is proposed that a new fee category be created with fee Schedule C, which is consistent with the time required for these applications. The proposed fee for the new category of control equipment does not exceed the estimated cost of processing permit applications and is apportioned equitably based on the burden imposed by each application.

3. ADD RULE 1109.1 I-PLAN, B-PLAN, AND B-CAP AS TYPES OF PLANS SUBJECT TO RULE 306 PLAN ANNUAL RENEWAL FEES

Description of Proposed Amendment:

The purpose of this proposal is to include plans submitted in compliance with newly adopted Rule 1109.1- Emissions of Oxides of Nitrogen from Petroleum Refineries and Related Operations (November 2021) in the list of plans subject to annual renewal fees. The purpose of this rule is to reduce NOx emissions, while not simultaneously increasing carbon monoxide emissions, from units at petroleum refineries and at facilities with related operations. This rule can require several different types of compliance plans, including: (1) Implementation Compliance Plans (I-Plan), which are alternative implementation plans for owners or operators of facilities with six or more units subject to Rule 1109.1 that include an implementation schedule and emission reduction targets; (2) BARCT Equivalent Compliance Plans (B-Plan), which is a compliance plan that allows an owner or operator of a facility to select alternative BARCT NOx limits for all units subject to the B-Plan that will achieve emission reductions that are greater in the aggregate than the mass emission reductions that would be achieved based on the NOx concentration limits in Tables 1 and 2 of Rule 1109.1; and, (3) BARCT Equivalent Mass Cap Plans (B-Cap), which are compliance plans that establish a facility mass emissions cap for all units subject to the B-Cap that, in the aggregate, are less than the final phase facility BARCT emission target. These plans require the inclusion of ongoing compliance methods and schedules that, upon any change, would also require approval through revision/resubmittal. Inspection and permitting staff are obligated to verify ongoing compliance with these plans.

Rule 1109.1(i)(10) identifies fee requirements for plans subject to Rule 306:

> *(10) Plan Fees*
>
> *The review and approval of an I-Plan, B-Plan, and B-Cap, or review and approval of a modification of an approved I-Plan, an approved B-Plan, and an approved B-Cap shall be subject to applicable plan fees pursuant to Rule 306 – Plan Fee.*

The rule references the fact that plan applications are required to be submitted for initial plan review as well as review of any modifications to the plans. Plans for which modifications are not needed but that may have ongoing requirements to review and ensure compliance, and are listed in Section I of a Title V facility permit, are typically categorized as annually billable compliance plans.

Proposed Amended Rule(s):

Rule 306(h) Annual Review/Renewal Fee

An annual review/renewal fee shall be charged for plans listed in the following table in this subdivision. The annual review/renewal fee shall be an amount equal to the Rule 301(d)(2) Schedule A fee. In addition, annual reviews/renewals shall meet all relevant and applicable requirements of Rule 301(d) and 301(g), and be paid on an annual renewal date set by the Executive Officer.

Annual Review/Renewal Plan Fee by Rule Number

Rule/Reference	Plan Type
410	Odor Monitoring
431.1	Sulfur Content of Gaseous Fuels
462	Organic Liquid Loading Continuous Monitoring System (CMS) Plan
463(e)(1)(A)	Organic Liquid Storage - Self-Inspection of Floating Roof Tanks
1105.1	Reduction of PM10 and Ammonia Emissions from Fluid Catalytic Cracking Units
1109.1	Emissions of Oxides of Nitrogen from Petroleum Refineries and Related Operations
1118	• Control of Emissions from Refinery Flares - Flare Minimization Plan • Control of Emissions from Refinery Flares – Flare Monitoring and Recording Plan
1123	Refinery Process Turnarounds
1132	Further Control of VOC Emissions from High-Emitting Spray Booth Facilities
…..	…..

Justification/Necessity/Equity:

In June 2006, an annual renewal fee was established for compliance plans. At that time, 19 compliance plan types were identified as requiring annual renewal. Annual renewal was required for plans that include conditions for which continuing compliance is required to be demonstrated. Inspection staff must audit records that are designed to demonstrate compliance with these approved plans. Staff estimated in 2006 that total resources required to review compliance with each plan was comparable to the annual renewal fee under Schedule A.

Pursuant to Rule 221, a plan shall have all the rights delineated in Regulation II for permits, including the right of appeal. As such, the approved plans are treated as permits. For this reason, Rule 306 was amended in 2006 to recover South Coast AQMD staff time spent conducting compliance inspections by charging an annual renewal fee for plans listed in the rule.

The purpose of this proposal is to include plans associated with Rule 1109.1 in the list of plans that are annually renewable and for which payment of annual renewal fees is required. These plans will be managed similarly to those already listed in Rule 306(h) and their inclusion in Rule 306 (h) will allow cost recovery of South Coast AQMD staff time spent conducting compliance investigations.

Rule 1109.1 is a new rule that affects a limited number of facilities. It can require the submission of up to three different types of compliance plans. This fee adjustment is necessary and equitable to recover the actual cost to South Coast AQMD staff incurred in administering compliance plans.

Based on typical and reasonable compliance staff time spent conducting Blue Skies audits, reviewing quarterly reports, responding to notifications, investigating self-reported deviations, and responding to complaints (for the equipment subject to each plan type), at least five hours per plan is anticipated to be spent each year verifying compliance with Rule 1109.1 plan types. This is comparable to the Schedule A annual renewal fee proposed, which is the same for existing annually billable compliance plans.

Some of the plans included in this proposal are not required. Rather, they are alternative plans designed to provide regulatory flexibility. To the extent a facility voluntarily chooses one of these alternatives, this proposal allows for the South Coast AQMD to recover costs from the additional engineering time required review, approve and process these plans.

4. ADD RULE 463 FLOATING ROOF TANK SEAL CERTIFICATION AS A TYPE OF PLAN SUBJECT TO RULE 306 PLAN EVALUATION FEES

Description of Proposed Amendment:

The purpose of this proposal is to add the floating roof tank seal certification as a type of plan that is subject to Rule 306 plan fees by listing it in Rule 306(b). Per Rules 463(c)(1), 463(c)(2)(B), and 1178(d)(1)(B)(xi), floating roof tank seals should be approved by the Executive Officer of South Coast AQMD in order to be installed or used in external and internal floating roof tanks. Certification of floating roof tank seal designs requires a detailed engineering evaluation to process and categorize the seals as described in Rule 463(b)(10).

Proposed Amended Rule(s):

Rule 306(b) Definition

For the purpose of this rule, a plan is any data and/or test report (including equipment certification source tests) required by federal or state law, or District Rules and Regulations to be submitted to the District. A plan may be a description of a method to control or measure emissions of air contaminants required by the Rules and Regulations. Plans include, but are not limited to, the following: Demonstration Plan; Application Test Plan; Implementation Plan; Compliance Plan; Management Plan; Control Plan; CEQA

Mitigation Monitoring Plan; Acid Rain Repowering Extension Plan and Compliance Plan; Acid Rain Continuous Emission Monitoring System Plan; Acid Rain Protocol/Report Evaluation; VOC Excavation Mitigation Plans (Site Specific and Various Locations); Reduction of Refrigerant Emissions from Stationary Refrigeration and Air Conditioning Systems Plan; Title V Exclusion Requests; Smoke Management Plans; Burn Management Plans; Emergency Burn Plans; Post Burn Evaluation Reports; Rule 109 Alternative Recordkeeping System Plan; Solid Waste Air Quality Assessment Test Reports (Health and Safety Code Section 41805.5); Compliance Assurance Monitoring Plan (40 CFR 64); Maximum Achievable Control Technology MACT Exemption Requests; Equipment Certification Source Test Reports; ~~and~~ MACT Case-by-Case Analysis; and Rule 463 Floating Roof Tank Seal Certifications.

Justification/Necessity/Equity:

South Coast AQMD rules require certification of floating roof tank seals as described in the rule references below:

- Rule 463(c)(1): A seal which is not identified on the current list of seals approved by the Executive Officer shall not be installed or used unless the Executive Officer determines that such seal meets the applicable criteria of subparagraphs (c)(1)(A) through (c)(1)(C).
- Rule 463(c)(2)(b): Seal designs not identified on the current list of seals approved by the Executive Officer shall not be installed or used unless the Executive Officer has given his prior written approval to its installation or use.
- Rule 1178(d)(1)(B)(xi): The operator shall use a rim seal system that is identified on the current list of seals approved by the Executive Officer. The operator requesting use of an alternative rim seal system shall submit a written application including emission test results and analysis demonstrating that the alternative rim seal system is better in performance and has a rim seal loss emissions factor that is less than or equal to the design.

Rule 463 includes essentially all floating roof tank seal related requirements stated in Rule 1178. However, the seal categorization and criteria for approval are only outlined in Rule 463, and not Rule 1178, so categorization is solely based on Rule 463 definitions. The current purpose of a tank seal engineering evaluation is to not only confirm its compliance with seal requirements from Rule 463 and 1178, which are essentially the same, but also to categorize the seal.

Floating roof tank seal certifications were previously evaluated on an ad-hoc basis with no cost recovery and a recent influx of requests for seal approvals has necessitated this amendment.

The proposed amendment would require manufacturers to submit a plan application for the evaluation of the tank seal, allowing South Coast AQMD to recover the costs associated with reviewing tank seal certification requests. Based on recent history, staff expects 1-2 plan applications per year.

The evaluation of certification requests requires a significant amount of engineering staff time and involves a detailed analysis of the tank seal design and drawings. Seal certification requests typically require a total of 40 hours of engineering time on average. The proposed amendment

would allow the costs of engineering evaluation time to be recovered, based on the actual and reasonable time spent.

The assessment of plan fees for evaluation of floating roof tank seals will allow cost recovery of the evaluation time for this certification review. The fees associated with compliance plans include a filing fee, an initial evaluation fee, and payment of time and materials based on the actual and reasonable time spent.

The plan fees have previously been established with an hourly rate based on a combination of engineer, supervisor, manager, and administrative support hourly rates. The actual time to complete a plan evaluation may exceed the initial evaluation fee due to seal complexity and the number of drawings, specifications and/or test reports that must be reviewed to verify compliance with applicable requirements. It is equitable that certification reviews that require more evaluation time should pay additional fees based on the actual and reasonable time spent.

South Coast AQMD rules require that seals be certified prior to their use in permitted equipment. The proposed amendment to include Rule 463 Floating Roof Tank Seal Certifications to Rule 306(b) provides a mechanism for South Coast AQMD to recover the costs associated with these certification evaluations.

5. ADD OPERATION, MAINTENANCE, AND MONITORING PLANS REQUIRED BY NATIONAL EMISSIONS STANDARDS FOR HAZARDOUS AIR POLLUTANTS FOR PETROLEUM REFINERIES: CATALYTIC CRACKING UNITS, CATALYTIC REFORMING UNITS, AND SULFUR RECOVERY UNITS AS A TYPE OF PLAN SUBJECT TO RULE 306 PLAN ANNUAL RENEWAL FEES

Description of Proposed Amendment:

This proposal seeks to include the plans required for compliance with 40 CFR 63 Subpart UUU - National Emission Standards for Hazardous Air Pollutants for Petroleum Refineries: Catalytic Cracking Units, Catalytic Reforming Units, and Sulfur Recovery Units, as annually billable plans under Rule 306. This subpart specifically establishes national emission standards for hazardous air pollutants emitted from petroleum refineries and establishes requirements to demonstrate initial and continuous compliance with the emissions limitations and work practice standards. *See* 40 CFR, 63 Subpart UUU, § 63.1560. In connection with this subpart, facilities are required to prepare operation, maintenance and monitoring plans, *see* § 63.1574(f), for catalytic cracking units, catalytic reforming units, and/or sulfur recovery units that are subject to this regulation. These plans, which require submittal and demonstration of initial compliance to a facility's permitting authority, were inadvertently omitted from the original list of Rule 306 billable plans that are subject to annual review/renewal. However, these plans have always required the inclusion of ongoing compliance methods and procedures that, upon any change, would also require approval through revision/resubmittal. Inspection staff are obligated to verify ongoing compliance with these plans. The proposed amendment would allow South Coast AQMD to recover staff time spent conducting compliance inspections.

Proposed Amended Rule(s):

Rule 306(h) Annual Review/Renewal Fee

An annual review/renewal fee shall be charged for plans listed in the following table in this subdivision. The annual review/renewal fee shall be an amount equal to the Rule 301(d)(2) Schedule A fee. In addition, annual reviews/renewals shall meet all relevant and applicable requirements of Rule 301(d) and 301(g), and be paid on an annual renewal date set by the Executive Officer.

Annual Review/Renewal Plan Fee by Rule Number

Rule/Reference	Plan Type
410	Odor Monitoring
431.1	Sulfur Content of Gaseous Fuels
….	…..
1470	Requirements for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines
40 CFR 63 Subpart UUU	Operation, Maintenance, and Monitoring Plans required by National Emission Standards for Hazardous Air Pollutants for Petroleum Refineries: Catalytic Cracking Units, Catalytic Reforming Units, and Sulfur Recovery Units
40 CFR 64.7	Compliance Assurance Monitoring Plan

Justification/Necessity/Equity:

In June 2006, an annual renewal fee was established for compliance plans. At that time, 19 compliance plan types were identified as requiring annual renewal. Annual renewal was required for plans that include conditions for which continuing compliance is required to be demonstrated. Inspection staff must audit records that are designed to demonstrate compliance with these approved plans. Staff estimated in 2006 that total resources required to review compliance with each plan was comparable to the annual renewal fee under Schedule A.

Pursuant to Rule 221, a plan shall have all the rights delineated in Regulation II for permits, including the right of appeal. As such, the approved plans are treated as permits. For this reason, Rule 306 was amended in 2006 to recover South Coast AQMD staff time spent conducting compliance inspections by charging an annual renewal fee for plans listed in the rule.

The purpose of this proposal is to include in the list of renewable plans additional plans that, although not currently listed, are managed similarly to those already listed in Rule 306 and will allow cost recovery of South Coast AQMD staff time spent conducting compliance investigations.

Specifically, and as noted above, 40 CFR 63 Subpart UUU requires facilities to prepare an operation, maintenance and monitoring plan for catalytic cracking units, catalytic reforming units

and/or sulfur recovery units that are subject to this regulation. Section 63.1574(f)(1) requires that these plans be submitted for review and approval, and that any changes to the plan also be submitted for review and approval. The purpose of these plans is to detail the operation, maintenance, and monitoring procedures the facility will follow.

This fee adjustment is necessary and equitable to recover the actual cost to South Coast AQMD staff incurred in administering compliance plans, as described in the 2006 staff report.

Based on typical and reasonable compliance staff time spent conducting Blue Skies audits, reviewing quarterly reports, responding to notifications, investigating self-reported deviations, and responding to complaints (for the equipment subject to each plan type), at least five hours per plan is anticipated to be spent each year verifying compliance with 40 CFR 63 Subpart UUU. This is comparable to the Schedule A annual renewal fee proposed, which is the same for existing annually billable compliance plans.

6. UPDATE APPLICABLE PERMIT FEES FOR A SUBSEQUENT APPLICATION IN THE EVENT A PERMIT TO CONSTRUCT HAS EXPIRED UNDER THE PROVISIONS OF RULE 205

Description of Proposed Amendment:

Rule 301 (c)(1)(A)(iv) provides that where a Permit to Construct expires under the provision of Rule 205, and the applicable rules, regulations and BACT for that piece of equipment have not been amended since the original evaluation was performed, the permit processing fee for a subsequent application for a similar piece of equipment shall be the fee established in the Summary Permit Fee Rates – Change of Owner/Operator table according to the applicable schedule under the Change of Owner/Operator category, provided the subsequent application is submitted within one year from the date of expiration of either the Permit to Construct, or an approved extension for the Permit to Construct. Staff is proposing to update the applicable fee for these situations to the existing administrative change fees described in Rule 301(c)(3)(C) to allow for complete cost recovery. Instead of charging the Change of Owner/Operator fee, the proposed amendment to Rule 301 (c)(1)(A)(iv) would charge the fee already established for an administrative change according to Rule 301 (c)(3)(C). The proposal would largely maintain the original intent of this clause by continuing to charge lower-than-regular fees for a new Permit to Construct. At the same time, it would also more accurately reflect the nature of the application, which requires an administrative review by staff to verify that Best Available Control Technology (BACT) and any applicable rules have not changed (if changes are identified, a full engineering evaluation and a new construction application would be needed). The update to the existing administrative change fees, which consist of multiple fee schedules, would further allow for full cost-recovery in the event the required administrative review is more complex.

Proposed Amended Rule(s):

Rule 301(c)(1)(A) Permit Processing Fee Applicability

Except as otherwise provided in this rule, every applicant who files an application for a Permit to Construct, Permit to Operate, Facility Permit, court judgments in favor of the District and administrative civil penalties or a revision to a Facility Permit, shall, at the

time of filing, pay all delinquent fees associated with the facility and shall pay a permit processing fee.

(i) Except as otherwise provided in this paragraph, the permit processing fee shall be determined in accordance with the schedules (set forth in Table FEE RATE-A) at the time the application is deemed complete.

(ii) A person applying for permits for relocation of equipment shall pay fees in accordance with the schedules set forth in Table FEE RATE-A at the time the application is deemed complete. All fees due, within the past 3 years, from the previous facility for equipment for which a Change of Location application is filed, and all facility-specific fees (such as "Hot Spots" fees), must be paid before the Change of Location application is accepted.

(iii) A person applying for permits for any equipment/process not otherwise listed in Table IA or Table IB shall pay the fees associated with Schedule C. Prior to the issuance of a permit, these fees are subject to adjustment, as necessary.

(iv) In the event a Permit to Construct expires under the provisions of Rule 205, and the applicable rules, regulations, and BACT for that particular piece of equipment have not been amended since the original evaluation was performed, the permit processing fee for a subsequent application for a similar equipment shall be the fee established for an administrative change according to (c)(3)(C) ~~in the Summary Permit Fee Rates - Change of Owner/Operator table according to the applicable schedule under the Change of Owner/Operator category~~, provided the subsequent application is submitted within one (1) year from the date of expiration of either the Permit to Construct, or an approved extension of the Permit to Construct. This clause shall not apply if a request for an extension for a Permit to Construct has been denied.

Justification/Necessity/Equity:

Rule 205 specifies that "A Permit to Construct shall expire one year from the date of issuance unless an extension of time has been approved in writing by the Executive Officer." Extensions of Permits to Construct are considered upon request. Permits generally expire either because the facility did not request an extension or because they offered unacceptable reasons for extending their Permit to Construct. Unacceptable reasons include changes in economic prospects for the project, change in plans to install different equipment or to install the equipment at a later time. Delays as a result of inaction of the applicant are also not acceptable, including when a project is put on hold due to economic considerations within the applicant's control.

Under specific circumstances, Rule 301 (c)(1)(A)(iv) currently allows a facility with an expired Permit to Construct to subsequently apply for a new Permit to Construct by paying only the Change of Owner/Operator fee. The original intent of this clause was to provide a low-cost option for a facility intending to construct equipment for which an engineering evaluation has already been completed. Historically, this clause has been invoked infrequently. Moreover, with the enhanced transparency of South Coast AQMD processing progress via the pending permit application dashboard, facilities should reasonably be able to plan for construction periods that would commence soon after South Coast AQMD issuance of a Permit to Construct, thereby making this clause less vital.

Specifically, the proposed amendment would modify an option that allows a discounted application fee for facilities that either allowed their permits to construct to lapse without requesting an extension or who were unable to provide an acceptable reason for South Coast AQMD to approve a construction extension. The modification will allow the use of the standard application type (administrative change) that is reasonable and more accurately reflect the nature of this type of application (a change of owner/operator application is not allowed for applications at the same facility). The currently applicable change of owner/operator fee is the same as the administrative change for fee schedule A/A1 applications, but is slightly higher for other fee schedules. Administrative fees are currently $737.03 for Schedule A/A1, and $1,006.52 for Schedule B and higher ($923.56 and $1,261.26, respectively, for Title V). Verification of BACT and rule changes are more complex for more complex/higher fee schedule applications, and the increased fee for higher fee schedules will allow cost recovery, consistent with the other administrative application fees currently allowed. In comparison, the Change of Owner/Operator fee in the current rule language is a flat-rate fee and does not take into account equipment complexity or regulatory complexity.

7. REMOVE FEE EXEMPTION FOR NOTIFICATIONS PURSUANT TO RULE 1466(f)(2)

Description of Proposed Amendment:

Staff is proposing to amend Rule 301(x)(2) to require fees for Rule 1466 notification updates submitted pursuant to Rule 1466(f)(2). Rule 1466 requires notification updates for any of the following events or conditions: earlier or later start dates, change in exemption status, and upon the date of completion. As currently written, Rule 301(x)(2) exempts Rule 1466 notification updates from paying the Rule 1466 notification fees listed in Rule 301(x)(1). Removal of this exemption will allow South Coast AQMD to recover costs associated with processing Rule 1466 notification updates.

Proposed Amended Rule(s):

Rule 301(x) Notification Fees for Rules 1118.1, 1149, 1166, and 1466

~~(1)~~ Any person who is required by the District to submit a written notice pursuant to Rules 1118.1, 1149, 1166, 1466, or for soil vapor extraction projects shall pay a notification fee of $~~68.07~~72.49 per notification.

~~(2) Notifications pursuant to Rule 1466 paragraph (f)(2) shall be exempt from this subdivision.~~

Justification/Necessity/Equity:

Staff is seeking cost recovery for administrative processing of Rule 1466 submittals. There is no administrative or procedural difference in the review and approval of Rule 1466 notification updates compared to Rule 1466 initial notifications. Staff has determined that it takes the same amount of time to process each type of notification which includes data entry, record filing, response to notifier, fee collection, and fee processing. Originally, the FY 2021-22 fee of $68.07 was calculated based on the amount of time that staff requires to process initial notifications into the CLASS database, OnBase records retrieval system, and fee collection process.

In CY 2021, there was a total of 1,087 Rule 1466 notifications received and processed (see Table 5). In total, 415 Rule 1466 notification updates or exceedance notifications were received, amounting to approximately 38% of all notifications received. These notification updates are not subject to a fee pursuant to Rule 301(x)(2) but were required to be approved and processed without any cost recovery. If the fee exemption had been removed for Rule 1466 notification updates or exceedance notifications, an additional total of $28,249.05 would have been recovered for all Rule 1466 notifications approved and processed during CY 2021. Therefore, the proposed amendment would remove subsection Rule 301(x)(2) and require payment of fees for Rule 1466 notification updates to align program revenues with program costs.

Table 5: CY 2021 Rule 1466 Notification Data

Notification Type	**Rule 1466 Notifications**	**Notification Type Percentage**	**Notification Fees Collected** *($68.07 per Notification)*
Initial (Notification Fee)	672	62%	$45,743.04
Updates or Exceedances (No Notification Fee)	415	38%	$0 ($28,249.05 would have been collected if exemption had been removed)
Total Notifications	**1,087**	**100%**	

VI. PROPOSED RULE AMENDMENTS WITH NO FEE IMPACTS AND/OR ADMINISTRATIVE CHANGES

The proposed rule amendments in this section do not have fee impacts. Rather, the following proposed amendments generally include administrative changes, including clarifications, deletions, re-numbering, and corrections to existing rule language.

In addition to the proposed amendments to specific rule language as discussed below, any additional amendments that represent renumbering of rule sections/tables, amendments that are due solely to any proposed addition and/or deletion of preceding rule sections/tables, are not separately listed below. Finally, where appropriate, all of the amended fee rates shown below reflect the proposed CPI-based fee increase and do not include any additional increase beyond the CPI-based adjustment.

1. TRANSFER TWO FEES FROM RULE 1480 TO RULES 301 AND 306

Description of Proposed Amendment:

Rule 1480 currently specifies the fees for the preparation of Alternative Monitoring and Sampling Plans and monthly Monitoring Fees in Appendix 1. The inclusion of Alternative Monitoring and Sampling Plans and the monthly Monitoring Fees in Rule 1480 was intended to be temporary until Regulation III could be amended to include these fees. This amendment proposes to transfer the monthly Monitoring and Sampling fees found in Rule 1480, Appendix 1, Table 1, to Rule 301(ad) and the Alternative Monitoring and Sampling Plan fees found in Rule 1480, Appendix 1, to Rule 306(s). Upon inclusion into Regulation III, the fees specified in Rule 1480 will be removed. The Alternative Monitoring and Sampling Plan and the monthly Monitoring Fees are not being increased and there are no new fees being introduced as a result of this amendment.

Proposed Amended Rule(s):

Rule 301(ac) Monitoring and Sampling Fees Related to Metal TAC Monitoring Facilities

(1) This fee is applicable to all facilities that elect to have the South Coast AQMD conduct Monitoring and Sampling. The fees include monitoring equipment, material, labor, sample retrieval, sample analysis, construction and other associated fees. An owner or operator shall be responsible for the fees for Monitoring and Sampling from the date specified in the Alternative or Reduced Alternative Monitoring and Sampling Plan. South Coast AQMD typically deploys two field staff members to perform field work due to potential hazards encountered in the field. During the review of an Alternative Monitoring and Sampling or Reduced Alternative Monitoring and Sampling Plan, the Executive Officer will evaluate and determine if it is appropriate to have only one field staff member to conduct Monitoring and Sampling at the Metal TAC Monitoring Facility. A Metal TAC Monitoring Facility would be notified of the Executive Officer's decision at the

time of approval of the Alternative or Reduced Alternative Monitoring and Sampling Plan. The Executive Officer's decision on the number of field staff members needed will be based on the following factors:

- Height of the monitor

- Use of a ladder

- Sampling schedule

- Access to the facility

- Safety concerns

(2) The owner or operator of a Metal TAC Monitoring Facility, as defined in Rule 1480 subdivision (c), that elects to have the Executive Officer conduct Monitoring and Sampling pursuant to Rule 1480(g)(1) shall pay the operating and maintenance fees based on the sampling frequency, number of monitors, location of monitors, and type of monitors as specified in the most recently approved Alternative or Reduced Alternative Monitoring and Sampling Plan.

(3) The monthly Monitoring and Sampling fee per facility required by paragraph (ac)(1) shall be as follows:

Alternative or Reduced Alternative Monitoring and Sampling Plan Monthly Monitoring Fees

	Number and Type of Monitor	Sampling Frequency			
		1 in 3 Days		1 in 6 Days	
		2 Staff	1 Staff	2 Staff	1 Staff
Base	1 - Metal TAC Monitor - Hexavalent Chromium	$10,000	$6,500	$5,000	$3,500
	1 - Metal TAC Monitor – Non-Hexavalent Chromium	$5,500	$3,500	$3,000	$2,000
	1 - Metal TAC Monitor –Hexavalent Chromium & 1 - Metal TAC Monitor – Non-Hexavalent Chromium	$13,000	$8,500	$6,500	$4,500

Additional	1- Metal TAC Monitor - Hexavalent Chromium	$4,000	$3,500	$2,500	$2,000
	1- Metal TAC Monitor – Non-Hexavalent Chromium	$2,500	$2,000	$1,500	$1,000
Other	1 – Wind Monitor	$500	$500	$500	$500

(4) The fees for a wind monitor are $500 per month, if the owner or operator of a Metal TAC Monitoring Facility elects to have the South Coast AQMD collect wind speed and direction data to meet the requirements of Rule 1480(f)(8).

(5) If the Executive Officer contracts Monitoring and Sampling, as defined in Rule 1480 subdivision (c), with a third-party contractor, the fees would be specified by the third-party contractor.

(6) The number, type, and location of the monitors is specified in the initial Rule 1480 Alternative Monitoring and Sampling Plan and maintained in the most recently approved Rule 1480 Alternative or Reduced Alternative Monitoring and Sampling Plan.

(7) The operating and maintenance fees shall be billed on a monthly basis with payments due on or before the end of the month for which Monitoring and Sampling is required under Rule 1480 and include any other unpaid operating and maintenance fees. If the operating and maintenance fee is not paid in full within 60 calendar days of its due date, a 10 percent surcharge shall be imposed.

(8) If Monitoring and Sampling pursuant to Rule 1480 is no longer required by the Executive Officer or if the sampling frequency is modified in the middle of a month, an owner or operator shall pay fees at a prorated amount.

(9) If the number and/or type of monitors is modified in the middle of a month, an owner or operator shall pay fees at a prorated amount.

(ad) Severability

Rule 306(a) Summary

California Health and Safety Code Section 40522 provides authority for the South Coast Air Quality Management District to adopt a fee schedule for the approval of plans to cover the costs of review, planning, inspection, and monitoring related to activities conducted

pursuant to the plans. An annual fee may also be charged to cover the costs of annual review, inspection, and monitoring related thereto. This rule establishes such a fee schedule, and requires that fees be paid for:

(1) Filing of plans;

(2) Evaluation of the above plans;

(3) Inspections to verify compliance with the plans;

(4) Duplicate plans;

(5) Change of condition; ~~and~~

(6) Annual review/renewal of plans, if applicable~~.~~; and

(7) Preparation of a Rule 1480 Alternative Monitoring and Sampling Plan.

Rule 306(s) Preparation of a Rule 1480 Alternative Monitoring and Sampling Plan

The fee for preparing an Alternative Monitoring and Sampling Plan to meet the requirements of Rule 1480(e)(1)(E)(i) and Rule 1480(e)(1)(F) through (e)(1)(I) shall be $6,000.

Rule 1480(c) Definitions

(2) BENCHMARK CONCENTRATION is the Metal TAC concentration at a monitor that represents the Reduced Risk Level at a Sensitive Receptor that is calculated using the methodology in Appendix ~~2~~1 and is specified in the notification from the Executive Officer that the facility has been designated as a Metal TAC Monitoring Facility pursuant to paragraph (d)(8).

Rule 1480(e) Monitoring and Sampling Plan

(10) The preparation of an Alternative Monitoring and Sampling Plan to meet the requirements of clause (e)(1)(E)(i) and subparagraphs (e)(1)(F) through (e)(1)(I) shall be subject to the fees~~:~~ pursuant to Rule 306.

~~(A) Pursuant to Rule 306; or~~

~~(B) Pursuant to Appendix 1 of this rule, if Rule 306 does not list the fees for preparing an Alternative Monitoring and Sampling Plan.~~

Rule 1480(g) Alternative Monitoring and Sampling

(1) An owner or operator of a Metal TAC Monitoring Facility that elects to have the Executive Officer conduct Monitoring and Sampling in lieu of meeting the requirements of subparagraph (d)(9)(B) or pursuant to clause (e)(4)(B)(ii) shall:

(A) No later than 30 days after receiving a notice from the Executive Officer, submit a draft Alternative Monitoring and Sampling Plan pursuant to paragraph (e)(2) unless a Basic Monitoring and Sampling Plan was submitted pursuant to subparagraph (d)(9)(A);

(B) Provide access to the facility for the Executive Officer or its third-party contractor to conduct Monitoring and Sampling; and

(C) No later than the date specified in the approval letter, the owner or operator of a Metal TAC Monitoring Facility that elects to have the Executive Officer conduct Monitoring and Sampling pursuant to paragraph (g)(1) shall pay the operating and maintenance fees to the South Coast AQMD for the Executive Officer to conduct Monitoring and Sampling pursuant to the approved Alternative Monitoring and Sampling Plan~~:~~ pursuant to Rule 301 – Permitting and Associated Fees.

~~(i) Pursuant to Rule 301 – Permitting and Associated Fees; or~~

~~(ii) Pursuant to Appendix 1 of this rule, if Regulation III does not list the fees for Monitoring and Sampling.~~

Rule 1480 ~~**Appendix 1: South Coast AQMD Monitoring and Sampling Fees**~~

1. ~~Principle~~

~~This fee is applicable to all facilities that elect to have the South Coast AQMD conduct Monitoring and Sampling. The fees in this Appendix shall no longer be in effect when Regulation III includes these fees. The fees include monitoring equipment, material, labor, sample retrieval, sample analysis, construction and other associated fees. An owner or operator shall be responsible for the fees for Monitoring and Sampling from the date specified in the Alternative or Reduced Alternative Monitoring and Sampling Plan. South Coast AQMD typically deploys two field staff members to perform field work due to potential hazards encountered in the field. During the review of an Alternative Monitoring and Sampling or Reduced Alternative Monitoring and Sampling Plan, the Executive Officer will evaluate and determine if it is appropriate to~~

~~have only one field staff member to conduct Monitoring and Sampling at the Metal TAC Monitoring Facility. A Metal TAC Monitoring Facility would be notified of the Executive Officer's decision at the time of approval of the Alternative or Reduced Alternative Monitoring and Sampling Plan. The Executive Officer's decision on the number of field staff members needed will be based on the following factors:~~

~~1. Height of the monitor~~

~~2. Use of a ladder~~

~~3. Sampling schedule~~

~~4. Access to the facility~~

~~5. Safety concerns~~

~~2. Preparation of an Alternative Monitoring and Sampling Plan~~

~~An owner or operator shall be responsible for $6,000, which are the fees associated with the preparation of an Alternative Monitoring and Sampling Plan to meet the requirements of clause (e)(1)(E)(i) and subparagraphs (e)(1)(F) through (e)(1)(I).~~

~~3. Monitoring and Sampling Fee~~

~~A. The monthly fees listed in Table 1 – Alternative or Reduced Alternative Monitoring and Sampling Plan Monthly Monitoring Fees list the fees for a specific monitor and each additional monitor required by the Executive Officer to conduct Monitoring and Sampling.~~

Table 1 – Alternative or Reduced Alternative Monitoring and Sampling Plan Monthly Monitoring Fees

	Number and Type of Monitor	Sampling Frequency			
		1 in 3 Days		1 in 6 Days	
		2 Staff	1 Staff	2 Staff	1 Staff
Base	1 - Metal TAC Monitor - Hexavalent Chromium	$10,000	$6,500	$5,000	$3,500
	1 - Metal TAC Monitor – Non-Hexavalent Chromium	$5,500	$3,500	$3,000	$2,000
	1 - Metal TAC Monitor - Hexavalent Chromium & 1 - Metal TAC Monitor – Non-Hexavalent Chromium	$13,000	$8,500	$6,500	$4,500
Additional	1- Metal TAC Monitor - Hexavalent Chromium	$4,000	$3,500	$2,500	$2,000
	1- Metal TAC Monitor – Non-Hexavalent Chromium	$2,500	$2,000	$1,500	$1,000

B. The fees for a wind monitor are $500 per month, if the owner or operator of a Metal TAC Monitoring Facility elects to have the South Coast AQMD collect wind speed and direction data to meet the requirements of paragraph (f)(8).

C. If the Executive Officer contracts Monitoring and Sampling with a third-party contractor, the fees would be specified by the third-party contractor.

D. The number, type, and location of the monitors is initially specified in subparagraph (d)(8)(E) and stated in the Alternative or Reduced Alternative Monitoring and Sampling Plan.

E. Pursuant to paragraph (e)(8), the Executive Officer may require the owner or operator to submit a draft Alternative or Reduced Alternative Monitoring and Sampling Plan

~~to modify the number, type, and/or location of the monitors needed to conduct Monitoring and Sampling based on new information from the date the facility was designated a Metal TAC Monitoring Facility.~~

~~4. Payment Deadline~~

~~The operating and maintenance fees shall be billed on a monthly basis with payments due on or before the end of the month for which Monitoring and Sampling is required and include any other unpaid operating and maintenance fees. If the operating and maintenance fee is not paid in full within 60 calendar days of its due date, a 10 percent surcharge shall be imposed.~~

~~5. Pro-rated Payments~~

~~A. If Monitoring and Sampling will no longer be required to be conducted by the Executive Officer or if the sampling frequency is modified in the middle of a month, an owner or operator shall pay fees at a prorated amount.~~

~~B. If the number and/or type of monitors is modified in the middle of a month, an owner or operator shall pay fees at a prorated amount.~~

Rule 1480 Appendix ~~2~~1: Methodology for Calculating Benchmark Concentration

Justification/Necessity/Equity:

Rule 1480 (adopted in December 2019) requires a facility designated as a Metal TAC Monitoring Facility to conduct Monitoring and Sampling either by using a third-party contractor or by electing to have South Coast AQMD conduct Monitoring and Sampling. A Metal TAC Monitoring Facility electing to have South Coast AQMD conduct Monitoring and Sampling is required to pay a plan preparation fee for portions of the Alternative Monitoring and Sampling Plan that would be prepared by South Coast AQMD and a monthly O&M fee for Monitoring and Sampling at the facility (Monitoring Fees). These fees are currently set forth in Rule 1480. The placement of fees in Rule 1480 rather than Regulation III-Fees is inconsistent with how South Coast AQMD typically specifies the fees which it charges. Thus, this proposed amendment will transfer the specified fee provisions from Rule 1480 to Rules 301 and 306. The transfer of the fees into Rule 301 and 306 does not result in any new or increased fees. Only those facilities currently subject to Rule 1480 that are designated as Metal TAC Monitoring Facilities would continue to be subject to a monthly Monitoring Fee and the Alternative Monitoring and Sampling Plan preparation fee.

2. CLARIFICATION TO 'IDENTICAL EQUIPMENT' DEFINITION IN RULE 301

Description of Proposed Amendment:

This amendment clarifies the definition of "Identical Equipment" found in Rule 301(b)(20) by restoring information inadvertently omitted during a prior rule amendment. In particular, staff is proposing to amend the definition of "Identical Equipment" by adding language requiring that the make and model of the equipment must be identical.

Proposed Amended Rule(s):

Rule 301(b) Definitions

(20) IDENTICAL EQUIPMENT means any equipment which is of the same make and model, and is to be operated by the same operator, and have the same equipment address, and have the same operating conditions and processing material to the extent that a single permit evaluation would be required for the set of equipment. Portable equipment, while not operating at the same location, may qualify as identical equipment.

Justification/Necessity/Equity:

Prior to 1996, the definition of "Identical Equipment" in Rule 301(b)(20) specified that the make and model of the equipment must be identical. In the 1996 amendment, the term "Identical Equipment" was removed in its entirety and was replaced with a new term titled "Similar Equipment". The "Similar Equipment" definition did not require identical make and model.[12] Subsequently, in 1998, the terminology changed again. The "Similar Equipment" definition was removed in its entirety and was replaced with an "Identical Equipment" definition. The 1998 staff report indicates that the intent of the amendment was to restore the original definition of "Identical Equipment". However, the language pertaining to the requirement for identical make and model was inadvertently omitted. The proposed change is to restore the original requirement for identical make and model to the definition of "Identical Equipment". This amendment is a clarification of existing rule language. This change reflects current practice and will clarify the definition of "Identical Equipment" and avoid confusion on the part of permit applicants.

This amendment is necessary because Rule 301(c)(1)(E) states that when permit applications are submitted concurrently for multiple pieces of "identical equipment", full fees are charged for the first application, and fifty percent (50%) of the applicable processing fee are assessed for each additional application. Requiring equipment to be of the same make and model, as has been South Coast AQMD intent and practice, in addition to the other requirements already specified in the rule, is essential to ensuring equitable cost recovery. A streamlined evaluation performed for a reduced fee would not be possible if the equipment was not identical in make and model.

[12] Regulation III – Fees, Staff Report (1996), pg. ES-4. Document on file and available at the South Coast AQMD Library, 21865 East Copley Drive, Diamond Bar, CA 91765, (909-396-2600)

3. CLARIFY SUBMITTAL DEADLINE AND LATE SUBMITTAL SURCHARGES FOR CLEAN FUEL FEES IN RULE 301

Description of Proposed Amendment:

The current version of Rule 301 does not clearly define the deadline nor explain the methods to calculate the late submittal surcharges for Clean Fuels Fees. The submittal deadline and late payment surcharges are indirectly mentioned under (e)(10)(A) and (e)(10)(D) for underreporting of emissions. This amendment proposes to clarify the deadline and existing surcharges associated with late submittal or underpayment of Clean Fuels Fees in subdivision (e) of Rule 301. Similar clarifying revisions were made to the Semi-Annual Emissions Fee Payment in 301(e)(11) in 2019. This proposed amendment is for clarification purposes only and does not introduce any new or increased fees.

Proposed Amended Rule(s):

Rule 301(e) Annual Operating Emissions Fees

(6) Clean Fuels Fee ~~Thresholds~~

Each facility emitting 250 tons or more per year (≥ 250 TPY) of Volatile Organic Compounds, Nitrogen Oxides, Sulfur Oxides and Particulate Matter shall pay an annual clean fuels fee as prescribed in Table V (California Health and Safety Code Section 40512).

(10) Notice to Pay and Late Filing Surcharge

(A) The facility owner/operator shall submit an annual emissions report and pay any associated emissions fees if a notice to report emissions is sent by mail, electronic mail, or other electronic means, annually to the owners/operators of all equipment (as shown in District records) for which this subdivision applies. A notice to pay the clean fuels fee specified in paragraph (e)(6) or semi-annual fee specified in paragraph (e)(11) will also be sent by mail, electronic mail, or other electronic means, to facilities which in the preceding reporting year emitted any air contaminant equal to or greater than the emission thresholds specified in subparagraph (e)(6) or (e)(11)(A). Emissions reports and fee payment submittals are the responsibility of the owner/operator regardless of whether the owner/operator was notified.

If both the fee payment and the completed annual emissions report are not received by the seventy-fifth (75^{th}) day following ~~July 1 (for semi-annual reports), or~~ January 1 ~~(for annual reports)~~ or the fee payment not received by the seventy-fifth (75th) day following July 1 (for semi-annual and clean fuels fees), they shall be considered late, and surcharges for late payment shall be imposed as set forth in subparagraph

(e)(10)(B). For this subparagraph, the emissions fee payment and the emissions report shall be considered to be timely received by the District if it is delivered, postmarked, or electronically paid on or before the seventy-fifth (75th) day following the official due date. If the seventy-fifth (75th) day falls on a Saturday, Sunday, or a state holiday, the fee payment and emissions report may be delivered, postmarked, or electronically paid on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if they had been delivered, postmarked, or electronically paid on the seventy-fifth (75th) day.

(C) If an annual emission fee or clean fuels fee is timely paid, and if, within one year after the seventy-fifth (75th) day from the official due date of the annual emission report is determined to be less than ninety percent (90%) of the full amount that should have been paid, a fifteen percent (15%) surcharge shall be added, and is calculated based on the difference between the amount actually paid and the amount that should have been paid, to be referred to as underpayment. If payment was ninety percent (90%) or more of the correct amount due, the difference or underpayment shall be paid but with no surcharges added. The fee rate to be applied shall be the fee rate in effect for the year in which the emissions actually occurred. If the underpayment is discovered after one (1) year and seventy five (75) days from the official fee due date of the annual emission report, fee rates and surcharges will be assessed based on subparagraph (e)(10)(D).

Justification/Necessity/Equity:

The proposed revisions are needed to clearly provide the deadline to submit the Clean Fuels Fee Payment and clarify which subparagraph in Rule 301(e) should be followed to estimate the surcharges associated to late payments or under payments of this fee and prevent confusion. The proposed revision does not have any fee impacts and only clarifies the existing payment submittal requirements and method to calculate surcharges that are currently being enforced by the South Coast AQMD.

4. CLARIFICATION TO UNDERPAYMENT OF ANNUAL EMISSION REPORTING FEES IN RULE 301

Description of Proposed Amendment:

As part of the 2019 Regulation III amendments, Rule 301 subparagraphs (e)(10)(C) and (e)(10)(D) were amended to state that the fee rate that needs to be used to calculate Annual Emissions Report (AER) underpayments shall be the fee rate in effect for the year in which the emissions actually occurred. Inadvertently, this correction was not also applied to subparagraph (e)(10)(E).

Subparagraph (e)(10)(E) currently specifies the fee rate to be applied shall be the fee rate in effect for the year in which the emissions are actually reported/revised. This amendment proposes to update Rule 301(e)(10)(E) to reflect the appropriate fee rate to be applied to AER underpayments. This amendment is solely for clarification and does not serve to introduce new or increased fees.

Proposed Amended Rule(s):

Rule 301(e) Annual Operating Emissions Fees

(10) Notice to Pay and Late Filing Surcharge

(E) Effective July 1, 2019, if the underpayment is a result of emissions related to a source test that was submitted to the Source Test unit for approval prior to or at the time the official AER submittal due date of the subject annual emission report, the difference or underpayment shall be paid, but with no surcharges added. The fee rate to be applied shall be the fee rate in effect for the year in which the emissions actually occurred. ~~If the underpayment is paid within one year after the seventy-fifth (75th) day from the official due date, the fee rate to be applied shall be the fee rate in effect for the year in which the emissions actually occurred. If the underpayment is paid after one year after the seventy-fifth (75th) day from the official due date, the fee rate to be applied shall be the fee rate in effect for the year in which the emissions are actually reported.~~

Justification/Necessity/Equity:

This revision does not introduce any new or increased fees. The proposed amendment is solely for clarification and addresses a revision that was intended to be made as part of other related amendments adopted as part of the 2019 Regulation III amendments.

5. CLARIFICATION TO 'RELOCATION' DEFINITION IN RULE 301

Description of Proposed Amendment:

The definition of "relocation" in Rule 301(b)(26) is inconsistent with the definition of "relocation" in Rule 1401(c)(12). As a result, the definition in Rule 301 currently does not include a consideration of health risks. Specifically, the definition should include reference to the fact that removal of a permit unit from one location within a facility and installation at another location within the facility is only considered a "relocation" if an increase in the maximum individual cancer risk in excess of one in one million (1.0 x 10-6) or a Hazard Index of 1.0 occurs at any receptor location. This proposal simply clarifies current practice and does not include any changes to fees.

Proposed Amended Rule(s):

Rule 301(b) Definitions

(26) RELOCATION means the removal of an existing source from one parcel of land in the District and installation on another parcel of land where the two parcels are not in actual physical contact and are not separated solely by a public roadway or other public right-of-way. The removal of a permit unit from one location within a facility and installation at another location within the facility is a relocation only if an increase in maximum individual cancer risk in excess of one in one million (1.0 x 10-6) or a Hazard Index of 1.0 occurs at any receptor location.

Justification/Necessity/Equity:

The definition of "relocation" in Rule 301 is inconsistent with the definition of "relocation" in Rule 1401 (c)(12). The Rule 1401 definition includes an additional sentence:

> *The removal of a permit unit from one location within a facility and installation at another location within the facility is a relocation only if an increase in maximum individual cancer risk in excess of one in one million (1.0 x 10-6) or a Hazard Index of 1.0 occurs at any receptor location.*

Adding this sentence to the Rule 301 definition will remove any perceived conflict between definitions. This will ensure that facilities do not incorrectly assume that they do not need to apply for permits for relocation of equipment within a facility when Rule 1401 disallows it.

It may be inferred, according to the current definition of relocation in Rule 301, that if an existing equipment is moved from one parcel of land to another parcel of land where the two parcels are in actual physical contact or are solely separated by a public roadway or other public right-of-way, they do not need to apply for a permit for relocation. This may be inconsistent with Rule 1401 requirements. Moving equipment to an adjacent location could potentially have an impact on the health risks to the surrounding receptors, and updating the 'relocation' definition to match that of Rule 1401 will clarify this. Revising the definition of relocation in Rule 301 will ensure that facilities properly apply for permits for relocation when the health risk is increased above thresholds of concern that would require additional evaluation and possible public noticing. This change to the definition of relocation does not change any requirements or impose additional requirements; it merely makes more clear existing requirements and harmonizes the definitions.

6. EXTEND DEADLINE TO SUBMIT ANNUAL EMISSIONS REPORT AND PAY ASSOCIATED FEES FOR 2022 EMISSIONS REPORTED IN 2023

Description of Proposed Amendment:

CARB's Criteria and Toxics Reporting (CTR) Regulation is administered through the Annual Emissions Reporting (AER) program for affected facilities in the South Coast AQMD's jurisdiction. Beginning with the CY 2022 emissions reported in 2023, the CTR regulation will

require emissions reporting for thousands more facilities that will be new to the AER program. Additionally, report content will be expanded for all facilities, existing and new to AER, requiring hundreds more reportable toxic air contaminants for all facilities and release location data for some. The functionality for abbreviated reporting will also be added to the AER reporting tool software for facilities exclusively engaged in specific processes identified in the CTR regulation (e.g., retail sale of gasoline, crematories, agricultural operations). This amendment proposes to extend the 2023 AER deadline for submitting annual emissions reports (and payments) in an effort to accommodate the potentially large number of new facilities required to report due to CTR implementation.

Proposed Amended Rule(s):

Rule 301(e)(10) Notice to Pay and Late Filing Surcharge

(A) The facility owner/operator shall submit an annual emissions report and pay any associated emissions fees if a notice to report emissions is sent by mail, electronic mail, or other electronic means, annually to the owners/operators of all equipment (as shown in District records) for which this subdivision applies. A notice to pay the semi-annual fee specified in paragraph (e)(11) will also be sent by mail, electronic mail, or other electronic means, to facilities which in the preceding reporting year emitted any air contaminant equal to or greater than the emission thresholds specified in subparagraph (e)(11)(A). Emissions reports and fee payment submittals are the responsibility of the owner/operator regardless of whether the owner/operator was notified.

If both the fee payment and the completed emissions report are not received by the seventy-fifth (75^{th}) day following July 1 (for semi-annual reports), or January 1 (for annual reports), they shall be considered late, and surcharges for late payment shall be imposed as set forth in subparagraph (e)(10)(B). For the purpose of this subparagraph, the emissions fee payment and the emissions report shall be considered to be timely received by the District if it is delivered, postmarked, or electronically paid on or before the seventy-fifth (75^{th}) day following the official due date. If the seventy-fifth (75^{th}) day falls on a Saturday, Sunday, or a state holiday, the fee payment and emissions report may be delivered, postmarked, or electronically paid on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if they had been delivered, postmarked, or electronically paid on the seventy-fifth (75^{th}) day.

The 2022 annual emissions report and associated fee payment shall be considered to be timely received by the District if the report is electronically submitted and payment is delivered, postmarked, or electronically paid on or before May 1, 2023.

Rule 301(e)(11) Semi-Annual Emissions Fee Payment

(B) In lieu of payment of one half the estimated annual emission fees, the owner/operator may choose to report and pay on actual emissions for the first six months (January 1 through June 30). By January 1 of the year following the reporting period, the permit holder shall submit a final Annual Emission Report together with the payment of the balance; the annual emission fees less the installment previously paid. The report shall contain an itemization of emissions for the preceding twelve (12) months of the reporting period (January 1 through December 31). The final Annual Emission Report for 2022 emissions together with the payment of the balance (the annual emission fees less the installment previously paid) shall be considered to be timely received by the District if the report is electronically submitted and payment is delivered, postmarked, or electronically paid on or before May 1, 2023.

Rule 301(e)(15) Deadline for Filing Annual Emissions Report and Fee Payment

Notwithstanding any other applicable Rule 301(e) provisions regarding the annual emissions report and emission fees, for the reporting period January 1 through December 31, the fee payment and the completed annual emissions report shall be delivered, postmarked, or electronically paid on or before the seventy-fifth (75^{th}) day following January 1 of the subsequent year to avoid any late payment surcharges specified in subparagraph (e)(10)(B). The 2022 annual emissions report and associated fee payment shall be considered to be timely received by the District if the report is electronically submitted and payment is delivered, postmarked, or electronically paid on or before May 1, 2023.

Justification/Necessity/Equity:

Rule 301(e) sets forth requirements for the AER program, including the official due date of report submittal and associated fee payments. The current due date for annual emissions reports and payments is 75 days following January 1. Due to the CTR reporting requirements, for CY 2022 emissions reported in 2023, it is anticipated that more time will be needed, compared to previous years, for staff to assist the volume of new facilities to the AER program on general emissions

reporting questions, emissions calculation methodologies, and guidance on use of the reporting tool and new abbreviated reporting function. Staff is proposing the deadline date of May 1, 2023 which is also consistent with the report submittal due date specified in the CTR regulation. The extended deadline will also benefit new and existing facilities by allowing them more time to complete the report in light of the additional report content pursuant to the CTR regulation. The extended deadline would only be applicable for annual emissions reports and payments due in 2023 since this is the first year that the CTR regulation will significantly increase the number of facilities required to report. Subsequent years would mirror the number of reporting facilities in previous years since new facilities reporting in 2023 would not have to report again until 2027[13].

VII. IMPACT ASSESSMENT

A. FISCAL IMPACT FOR SOUTH COAST AQMD

The fiscal impacts of the proposed amendments including those impacted only by the CPI increase have been taken into consideration by the FY 2022-23 budget and the related five-year projections.

B. CALIFORNIA ENVIRONMENTAL QUALITY ACT

Pursuant to the California Environmental Quality Act (CEQA) and South Coast AQMD's certified regulatory program (Public Resources Code Section 21080.5, CEQA Guidelines Section 15251(l) and South Coast AQMD Rule 110), South Coast AQMD, as lead agency, is currently reviewing the proposed project (Proposed Amended Regulation III and PAR 1480) to determine if it will result in any potential adverse environmental impacts. Appropriate CEQA documentation will be prepared based on the analysis.

C. SOCIOECONOMIC IMPACT ASSESSMENT

A draft socioeconomic impact assessment for the automatic CPI increase is being prepared as a separate report and was posted online on March 15, 2022 (available on South Coast AQMD's website at: http://www.aqmd.gov/home/rules-compliance/rules/scaqmd-rule-book/proposed-rules/regulation-iii. A socioeconomic impact assessment of other proposed rule amendments with fee impacts will be conducted and released for public review and comment at least 30 days prior to the South Coast AQMD Governing Board Hearing on Proposed Amended Regulation III, Proposed Amended Rule 1480, and FY 2022-23 Proposed Draft Budget and Work Program, which is anticipated to be heard in May 6, 2022.

[13] https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2020/ctr/fro.pdf

VIII. DRAFT FINDINGS UNDER CALIFORNIA HEALTH AND SAFETY CODE

Before adopting, amending or repealing a rule, the South Coast AQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference, as defined in H&SC Section 40727, as well as findings of equity under H&SC Section 40510.5(a). The draft findings are as follows:

A. NECESSITY

Based on the analysis provided in Sections II, IV, V, and VI of this report, the South Coast AQMD Governing Board has determined that a need exists to add or increase certain fees in Rules 301 and 306 in order to recover reasonable and actual costs incurred by South Coast AQMD in implementing necessary clean air programs. These fees include new fees in Rule 301 for HEPA or ULPA-equipped spray booths controlling toxics emissions, and increased fees for Rule 1180 Community Air Monitoring Annual O&M Fees. There are also two additional proposals to add new plan types to the list of billable plans in Rule 306, including 1109.1 I-Plans, B-Plans, and B-Caps, and plans required for compliance with 40 CFR 63 Subpart UUU. There is also a proposal to include Rule 463 floating roof tank seal certifications as plans subject to Rule 306 fees. In addition, there is a proposed changed in the fee charged for permit applications when facilities have allowed their Permit to Construct to expire. The final proposal with fee impacts is to remove the fee exemption for Rule 1466 notification updates in Rule 301(x)(2). Finally, the amendments set forth in the no fee impact/administrative change section of this report are necessary to add rule clarity or make necessary administrative changes to Rule 301, Rule 306, and Rule 1480. CPI updates to Regulation III – Fees, including Rules 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314 and 315 are necessary to recover South Coast AQMD's costs as a result of inflation. All fees are necessary to fund the FY 2022-23 Budget.

B. EQUITY

H&SC Section 40510.5(a) requires the South Coast AQMD Governing Board to find that an increased fee will result in an equitable apportionment of fees when increasing fees beyond the CPI. Based on the analysis provided in Section III of this report, the proposed new fees or increases in fee rates in Proposed Amended Rules 301 and 306 are found to be equitably apportioned.

C. AUTHORITY

The South Coast AQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from H&SC Sections 40000, 40001, 40440, 40500, 40501.1, 40502, 40506, 40510, 40510.5, 40512, 40522, 40522.5, 40523, 40702, and 44380, 40 CFR 63 Subpart UUU, and Clean Air Act section 502(b)(3) [42 U.S.C. §7661(b)(3)].

D. CLARITY

The South Coast AQMD Governing Board has determined that Regulation III – Fees, including Rules 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314, 315 and Rule 1480 – Ambient

Monitoring and Sampling of Metal Toxic Air Contaminants, as proposed to be amended, are written or displayed so that their meaning can be easily understood by the persons directly affected by them.

E. CONSISTENCY

The South Coast AQMD Governing Board has determined that Regulation III – Fees, including Rules 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314, 315, and Rule 1480 – Ambient Monitoring and Sampling of Metal Toxic Air Contaminants as proposed to be amended, are in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations.

F. NON-DUPLICATION

The South Coast AQMD Governing Board has determined that Regulation III – Fees, including Rules 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314, 315, and Rule 1480 – Ambient Monitoring and Sampling of Metal Toxic Air Contaminants, as proposed to be amended, do not impose the same requirements as any existing state or federal regulation and are necessary and proper to execute the power and duties granted to, and imposed upon, the South Coast AQMD.

G. REFERENCE

The South Coast AQMD Governing Board, in amending these rules, references the following statutes which the South Coast AQMD hereby implements, interprets, or makes specific: H&SC Sections 40500, 40500.1, 40510, 40510.5, 40512, 40522, 40522.5 40523, 41512, and 44380, 40 CFR 63 Subpart UUU, and Clean Air Act section 502(b)(3) [42 U.S.C.S. 7661 (b)(3)].

APPENDIX A – RULE 320

(Adopted October 29, 2010)

RULE 320. AUTOMATIC ADJUSTMENT BASED ON CONSUMER PRICE INDEX FOR REGULATION III FEES

(a) Purpose

The purpose of this rule is to automatically adjust most fees established in Regulation III by the California Consumer Price Index each year, unless a rule adopted for a specific year provides otherwise for some or all of those fees.

(b) Applicability

Effective July 1 of each calendar year after October 29, 2010, each fee set forth in Regulation III as of October 29, 2010 shall be automatically adjusted by the change in the California Consumer Price Index for the preceding calendar year, as defined in Health and Safety Code §40500.1(a).

(c) Exceptions

(1) The provisions of subdivision (b) shall not apply for any fiscal year for which a rule is adopted for a specific fee or fees or for all fees that provides for a different adjustment or no adjustment. In such a case, subdivision (b) shall again apply for the subsequent years.

(2) The provisions of subdivision (b) shall not apply to any fee which is charged for a dishonored check, which shall be as set forth by statute, nor to Rule 317, which shall instead be automatically adjusted as stated in Rule 317(d)(2).

(d) This rule shall become inoperative if the voters do not enact Proposition 26 on the November 2, 2010 ballot.

APPENDIX B – RULE 1180 COMMUNITY AIR MONITORING ANNUAL O&M FEE COST TABLES

Table B-1: Rule 1180 3-Year Projection: Salary and Employee Benefits

Position Title	Division	Description	FY 2022-23 Fully Burdened Expenditures*	FY 2023-24 Fully Burdened Expenditures*	FY 2024-25 Fully Burdened Expenditures*
AQ Specialist	STA	Added in FY 2018-19 Budget	$235,077	$235,077	$235,077
Program Supervisor	STA	Added in FY 2018-19 Budget	$269,587	$269,587	$269,587
Sr. AQ Chemist	STA	Added in FY 2018-19 Budget	$239,200	$239,200	$239,200
Sr. AQ Instrument Specialist	STA	Added by the Board on 1/5/2019	$214,614	$214,614	$214,614
AQ Instrument Specialist II	STA	Added by the Board on 1/5/2019	$202,266	$202,266	$202,266
AQ Instrument Specialist II	STA	Added by the Board on 1/5/2019	$202,266	$202,266	$202,266
AQ Instrument Specialist II	STA	Added by the Board on 7/12/2019	$202,266	$202,266	$202,266
AQ Specialist	STA	Added by the Board on 7/12/2019	$235,077	$235,077	$235,077
AQ Specialist	STA	Added by the Board on 7/12/2019	$235,077	$235,077	$235,077
AQ Specialist	STA	Added by the Board on 9/3/2021	$235,077	$235,077	$235,077
AQ Specialist	STA	Added by the Board on 9/3/2021	$235,077	$235,077	$235,077
1/2 Director	STA	FY 2021-22 Budget Addition	$171,603	$171,603	$171,603
Total S&B Costs			**2,677,187**	**$2,677,187**	**$2,677,187**

*Includes salaries, fringe benefits, and indirect costs at Step 5

Table B-2: Rule 1180 3-Year Projection: Services and Supplies

Expenditure Description	Division	FY 2022-23 Expenditures	FY 2023-24 Expenditures	FY 2024-25 Expenditures
Auto-GC operations and QA services	STA	$60,000	$66,000	$72,600
Auto-GC annual consumables	STA	$150,000	$165,000	$181,500
Optical analyzers operation and QA services	STA	$200,000	$220,000	$242,000
Optical analyzers annual consumables	STA	$50,000	$55,000	$60,500
Optical analyzers annual software license	STA	$50,000	$55,000	$60,500
Vendor services for instrument maint/repairs/calibration	STA	$42,500	$46,750	$51,425
Equipment consumables	STA	$60,000	$66,000	$72,600
Laboratory gasses	STA	$100,000	$110,000	$121,000
Small tools, supplies	STA	$60,000	$66,000	$72,600
Communications	STA/IM	$150,000	$150,000	$150,000
Long Beach Office Lease	STA	$205,000	$205,000	$205,000
Station Leases	STA	$65,000	$71,500	$78,650
Rental space for ORS mobile lab	STA	$4,800	$5,280	$5,808
Memberships	STA	$2,000	$2,500	$3,000
Conferences and meetings	STA	$5,000	$7,500	10,000
DMS Support contract	STA	$25,000	$27,500	$30,250
Office supplies	STA	$10,000	$15,000	$15,000
Fuel and mileage	STA	$20,000	$20,000	$20,000
	Total	**$1,259,300**	**$1,354,030**	**$1,452,433**

Table B-3: Rule 1180 3-Year Projection: Capital Outlays

Description	Division	FY 2022-23 Expenditures	FY 2023-24 Expenditures	FY 2024-25 Expenditures
LB Office: First floor laboratory furniture; cubicle furniture for modifications in second floor layout	STA	$40,000	$20,000	$20,000
Additional and replacement data loggers for Rule 1180 community sites	STA	$300,000	$44,000	$44,000
Replacement spectrometers for optical analyzers*	STA	$300,000	$330,000	$181,500
High performance computers	STA	$20,000	$22,000	$24,200
Software	STA	$15,000	$16,500	$18,150
Mobile QA verification vehicle#	STA	$100,000		
Vehicles for staff	STA		$40,000	
Replacement H2S analyzer^	STA	$40,000	$44,000	$96,800
Replacement BC analyzer*	STA	$30,000	$33,000	$72,600
Replacement Auto-GC*	STA	$180,000	$198,000	$108,900
Replacement HF analyzer	STA	$75,000		
Monitoring station container#	STA	$30,000		
Optical analyzers mirror upgrade	STA	$200,000	$50,000	
Replacement zero air generators*	STA	$30,000	$33,000	$18,150
Replacement dilution system*	STA	$50,000	$55,000	$30,250
Stations AC replacement#	STA	$30,000	$30,000	$30,000
	Total	**$1,280,000**	**$915,500**	**$644,550**

*Asset replacement cycle: 10 years

^Asset replacement cycle: 5 years

#To be purchased from Fund 78 (not included in 3 year projection)

APPENDIX C – SUMMARY OF PROPOSED AMENDED RULES

Rule	Referencing	CPI	Fee Impacts	No Fee Impacts and/or Administrative Changes
301(b)(20)	Definitions - Identical Equipment			✓
301(b)(26)	Definitions - Relocation			✓
301(c)(1)(A)(iv)	Fees for Permit Processing		✓	
301(c)(1)(I)	Standard Streamlined Permits	✓		
301(c)(3)(A)	Change of Operating Condition, Alteration/Modification/Addition	✓		
301(c)(3)(B)(i)	Change of Operating Condition, Alteration/Modification/Addition	✓		
301(c)(3)(B)(ii)	Change of Operating Condition, Alteration/Modification/Addition	✓		
301(c)(3)(C)	Change of Operating Condition, Alteration/Modification/Addition	✓		
301(d)(2)	Annual Operating Fees	✓		
301(d)(3)(A)	Credit for Solar Energy Equipment	✓		
301(e)(4)	Flat Annual Operating Emission Fee	✓		
301(e)(6)	Clean Fuel Fee Thresholds			✓
301(e)(9)(A)	Annual Emission Report Standard Evaluation Fee	✓		
301(e)(10)	Notice to Pay and Late Filing Surcharge			✓
301(e)(16)	Reporting GHG Emissions and Paying Fees	✓		
301(f)	Certified Permit Copies and Reissued Permits	✓		
301(g)	Reinstating Expired Applications or Permits; Surcharge	✓		
301(j)(1)(A)	CEQA Document Preparation	✓		

Rule	Referencing	CPI	Fee Impacts	No Fee Impacts and/or Administrative Changes
301(j)(1)(B)	CEQA Document Assistance	✓		
301(j)(4)	Payment for Public Notice	✓		
301(j)(5)(B)(i)	Modification of an Existing Certified CEMS, FSMS, or ACEMS	✓		
301(j)(5)(B)(iv)	Modification of an Existing Certified CEMS, FSMS, or ACEMS	✓		
301(j)(5)(C)	Modification of CEMS, FSMS, or ACEMS Monitored Equipment	✓		
301(j)(5)(D)	Periodic Assessment of an Existing CEMS/FSMS/ACEMS	✓		
301(j)(5)(E)	CEMS, FSMS, or ACEMS Change of Ownership	✓		
301(j)(6)(A)	Certification of Barbeque Charcoal Lighter Fluid	✓		
301(j)(6)(B)	Repackaging of Certified Barbeque Charcoal Igniter Products	✓		
301(j)(7)	Fees for Inter-basin, Inter-District, or Interpollutant Transfers of ERCs	✓		
301(j)(8)	Fees for Grid Search to Identify Hazardous Air Pollutant Emitting Facilities	✓		
301(l)(8)	Transaction Registration Fee	✓		
301(l)(9)(D)	Minimum Processing Fee (RECLAIM)	✓		
301(l)(10)	Certified Permits Copies (RECLAIM)	✓		
301(l)(11)	Reissued Permits (RECLAIM)	✓		
301(l)(12)	Breakdown Emission Report Evaluation Fee (RECLAIM)	✓		
301(l)(14)	Mitigation of Non-Tradeable Allocation Credits (RECLAIM)	✓		

Rule	Referencing	CPI	Fee Impacts	No Fee Impacts and/or Administrative Changes
301(l)(15)	Evaluation Fee to Increase an Annual Allocation (RECLAIM)	✓		
301(m)(3)(A)	Permit Processing Fees for Facilities Applying for an Initial Title V Permit (Title V)	✓		
301(m)(3)(B)	Permit Processing Fees for Facilities Applying for an Final Title V Permit (Title V)	✓		
301(m)(7)	Public Hearing Fees (Title V)	✓		
301(q)(1)	NESHAP Evaluation Fee	✓		
301(r)	Fees for Certification of Clean Air Solvents	✓		
301(s)	Fees for Certification of Consumer Cleaning Products Used at Institutional and Commercial Facilities	✓		
301(t)(4)	Duplicate of Facility Registrations	✓		
301(t)(5)	Reissued Facility Registrations	✓		
301(u)(1)	Initial Filing Fee (Rule 222)	✓		
301(u)(2)	Change of Operator/Location (Rule 222)	✓		
301(u)(3)	Annual Renewal Fee (Rule 222)	✓		
301(v)(1)	Fees for Expedited Processing (Permit Processing)	✓		
301(v)(2)	Fees for Expedited Processing (CEQA)	✓		
301(v)(3)	CEMS, FSMS, and ACEMS Fee (Expedited Processing)	✓		
301(v)(4)	Air Dispersion Modeling and HRA Fees (Expedited Processing)	✓		
301(v)(5)	ERC/STC Application Fees (Expedited Processing)	✓		

Rule	Referencing	CPI	Fee Impacts	No Fee Impacts and/or Administrative Changes
301(x)	Rule 1149, Rule 1166, and Rule 1466 Notification Fees	✓	✓	
301(y)(1)	Initial Certification Fee (Rules 1111,1121 and 1146.2)	✓		
301(y)(2)	Additional Fee for Modification or Extension of Families to Include a New Model(s) (Rules 1111,1121 and 1146.2)	✓		
301(z)(1)	Reverification and Performance Testing (Rule 461 No Show Fee)	✓		
301(z)(2)	Pre-Backfill Inspection (Rule 461 No Show Fee)	✓		
301(aa)	Refinery Related Community Air Monitoring System Annual Operating and Maintenance Fees		✓	
301(ac)	Monitoring and Sampling Fees Related to Metal TAC Monitoring Facilities			✓
301 Table (Fee Rate A)	Summary Permit Fee Rates – Permit Processing, Change of Conditions, Alteration/Modification	✓		
301 Table (Fee Rate B)	Summary of ERC Processing Rates	✓		
301 Table (Fee Rate C)	Summary of Permit Fee Rates Change of Operator	✓		
301 Table IA	Permit Fee Rate Schedules for Control Equipment		✓	
301 Table IIA	Special Processing Fees – AQ Analysis/HRA	✓		
301 Table IIB	Fee for Public Notice Publication	✓		
301 Table III	Emissions Fees	✓		
301 Table V	Annual Clean Fuels Fees	✓		
301 Table VI	Demolition, Asbestos and Lead Notification Fees	✓		

Rule	Referencing	CPI	Fee Impacts	No Fee Impacts and/or Administrative Changes
301 Table VII	Summary of RECLAIM and Title V Fees	✓		
303	Hearing Board Fees	✓		
304	Equipment, Materials, and Ambient Air Analyses	✓		
304.1	Analyses Fees	✓		
306(a)	Summary			✓
306(b)	Definitions		✓	
306(c)	Plan Filing Fee	✓		
306(d)	Plan Evaluation Fee	✓		
306(e)	Duplicate Plan Fee	✓		
306(f)	Inspection Fee (Plans)	✓		
306(g)	Change of Condition Fee (Plans)	✓		
306(h)	Annual Review/Renewal Fee		✓	
306(i)(1)	Payment of Fees - Plan Filing or Submittal Fee	✓		
306(l)	Plan Application Cancellation Fee	✓		
306(m)(1)	Protocol/Report Evaluation Fees	✓		
306(r)(1)	Regulation XXVII – Fees for Rule 2701	✓		
306(r)(2)	Regulation XXVII – Fees for Rule 2702	✓		
306(s)	Preparation of a Rule 1480 Monitoring and Sampling Plan			✓
307.1(d)(2)	Flat Fees	✓		
307.1 Table I	Facility Fees by Program Category	✓		
308	On – Road Motor Vehicle Mitigation Options	✓		
309	Fees For Regulation XVI and Regulation XXV	✓		
311	Air Quality Investment Program (AQIP) Fees	✓		

Rule	Referencing	CPI	Fee Impacts	No Fee Impacts and/or Administrative Changes
313	Authority to Adjust Fees and Due Dates	✓		
314	Fees For Architectural Coatings	✓		
315	Fees For Training Classes and License Renewals	✓		
1480(c)	Definitions			✓
1480(e)	Monitoring and Sampling Plans			✓
1480(g)	Alternative Monitoring and Sampling			✓
1480 Appendix 1*	South Coast AQMD Monitoring and Sampling Fees			✓
1480 Appendix 2	Methodology for Calculating Benchmark Concentration			✓