

PROPOSED AMENDED REGULATION III

PUBLIC CONSULTATION MEETING



March 13, 2020

AGENDA

1. Annual Consumer Price Index-Based Fee Increase
 - Socioeconomic Impacts of CPI-Only Fee Increase
2. Proposed Rule Amendments with New Fees or Fee Increases
3. Proposed Rule Amendments with Administrative Changes Only
4. Next Steps
5. Open Discussion

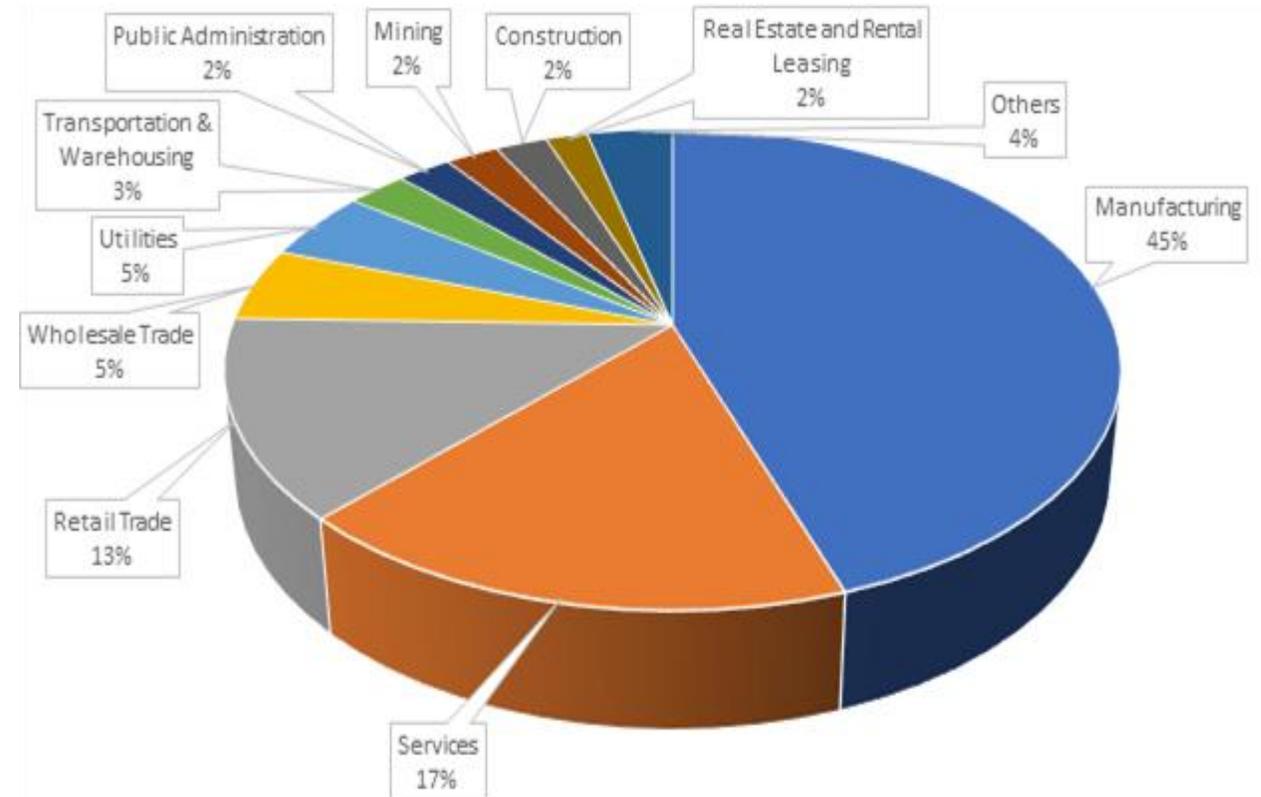
Annual Consumer Price Index-Based Fee Increase

- **SCAQMD Fees annually updated to cover cost of inflation**
 - Most recent change in CPI = 2.8%
 - Based on 12/2018-12/2019 Weighted Average CPI as defined by the state Dept. of Finance
- **CPI will be applied to all applicable fee rates in Reg. III**
 - Rules 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314, 315
 - CPI will not be applied to:
 - Fee rates set by state law
 - Rule 311(c) Air Quality Investment Program Fees
 - Fees pay for programs to reduce emissions and do not support the SCAQMD Budget
 - Rule 1180 Annual Operating & Maintenance Fee
- **CPI Adjustment currently estimated to increase revenue by ~\$2.5 million**
 - Based on the Draft Socioeconomic Impact Assessment for Automatic CPI Increase (released March 13, <http://www.aqmd.gov/nav/about/finance>)

Socioeconomic Impacts of Existing Fees

- Historical fee revenue:
 - Total flat fees and emission-based fees → \$19.3 million
 - Total permit processing and permit renewal fees → \$77.4 million
- Total fees paid by industry is small relative to these industries' regional economic output
 - <0.01% overall

Share of Fees by Sector



PROPOSED AMENDMENTS WITH FEE IMPACTS

- Create New Category for HEPA/ULPA controlled spray booths
 - Rule 301 Table IA
- New Rule 1466 Alternative Compliance Plan Evaluation Fees
 - Rule 306(t)

I.1 Create new category in PAR 301 Table IA for HEPA/ULPA controlled spray booths

- HEPA/ULPA equipped spray booths currently categorized as Spray Booth/Enclosure, Other in Rule 301 Table IA
 - Currently billed at Fee Schedule B
- Proposal to add new category: Spray Booth, HEPA/ULPA Controlling Rule 1401 Carcinogenic Compounds
 - Proposing to bill at Fee Schedule C
- Extra time needed to evaluate spray booths emitting air toxics (Rule 1401 compliance)
 - Emission calculations, health risk assessments, permit conditions
 - Non-HEPA/ULPA controlled staff time = 16-20 hours
 - HEPA/ULPA controlled staff time = 25-30 hours
- Estimated total annual cost of ~\$40,000/year
 - ~20 permit applications/year

I.2 Rule 1466 Alternative Compliance Plan Evaluation Fees in PAR 306 (t)

- Rule 1466 - Control of Particulate Emissions from Soils with Toxic Air Contaminants (adopted in 2017) allows facilities to submit Alternative Compliance Plans (ACPs)

Provision(s)	Description
Rule 1466(d)(2)(A)	Alternative PM10 limit
Rule 1466(d)(3)(A)	Alternative PM10 monitoring method
Rule 1466(d)(4)(D)	Alternative methodology to calculate PM10 concentration
Rule 1466(e)(12)	Alternative dust control measures
Rule 1466(g)(2)	Alternative signage
Rule 1466(k)(3),(4)	Alternative to loading soil for transport

I.2 Rule 1466 Alternative Compliance Plan Evaluation Fees in PAR 306 (t) - continued

- Rule 1466 was adopted in July 2017 to minimize off-site fugitive dust emissions containing toxic air contaminants
- No cost recovery currently in place for review and evaluation of Alternative Compliance Plans (ACPs)
- Proposed ACP fees would be assessed on a time and material basis
 - \$145.49 per hour
 - Estimated review time per ACP = 2.5 to 6 hours
- Estimated total annual cost ~\$5,000/year
 - Nine ACPs have been submitted since rule adoption

PROPOSED AMENDMENTS WITH ADMINISTRATIVE CHANGES ONLY (NO FEE IMPACTS)

- Transfer of Rule 1480 Monitoring and Sampling Fees into Regulation III
 - Rule 301(ad)(1 through 8)
 - Rule 306(a)(5),(6),(7); (s)
 - Rule 1480(c)(2); (e)(10); (g)(1)(A),(B),(C); Appendix 1; Table 1; Appendix 2
- Clarification to 'Identical Equipment' definition in Rule 301
 - Rule 301(b)(20)
- Clarify the fee rate for underpayment resulting from emissions related to a source test
 - Rule 301(e)(10)(E)
- Clarify deadlines and late submittal surcharges for Clean Fuel Fees
 - Rule 301(e)(6)(A),(B); (e)(10)(A),(B),(C)

II.1 Transfer of Rule 1480 Monitoring and Sampling Fees into PARs 301 and 306

- Rule 1480 Appendix 1 currently specifies the fees for preparation of the Alternative Monitoring and Sampling Plans as well as monthly Monitoring Fees
- In order to place fees in one consistent location in our rule book, staff proposes moving these fees into Rules 301(ad) and 306(s)
- Rule 1480 would be amended to remove Appendix 1 and any associated references
- No changes will be made to the Rule 1480 fee levels/structure adopted in December 2019

II.2 Clarification to ‘Identical Equipment’ Definition in Rule 301

- Definition of Identical Equipment in Rule 301(b) lacks a requirement that previously existed, specifically, identical make and model
- Rule amendment in 1996 changed provision to ‘similar equipment’ and eliminated the identical make and model requirement
- When it was changed back to ‘identical equipment’ in 1998, identical make and model requirement was not included
- This correction to the rule language definition is administrative, and reflects current practice

II.3: Clarify the fee rate for underpayment resulting from emissions related to a source test

- In 2019, Rule 301 subparagraphs (e)(10)(C) and (e)(10)(D) were amended for underpayment of Annual Emissions Report (AER) fees
 - Use the fee rate in effect at time emissions occurred
- Correction inadvertently not applied to subparagraph (e)(10)(E)
 - Subparagraph (e)(10)(E) uses the fee rate in effect for the year in which the emissions are reported/revised
- Proposing to make (e)(10)(E) consistent with (e)(10)(C) and (D)
- Amendment is solely for clarification and does not introduce a new or increased fee

II.4: Clarify deadlines and late submittal surcharges for Clean Fuel Fees in Rule 301(e)(10)

- Rule 301 does not clearly specify the deadline nor explain the methods to calculate late submittal/underpayment surcharges for Clean Fuels Fees
 - In practice, Clean Fuels Fees are currently due July 1 every year and subject to the same surcharges as other emissions fees
- Proposed amendment will clarify the deadline and surcharges
- Proposed amendment does not introduce new or increased fees

NEXT STEPS

- Important Dates
- Supporting Documents

Important Dates

- April 3, 2020 - Budget Advisory Committee meeting
- April 7, 2020 - Joint Public Consultation Meeting on Proposed Budget and Work Program (and Proposed Amended Reg. III/PAR 1480)
- May 1, 2020 - Public Hearing to:
 - Determine that adopting Reg. III and Rule 1480 are exempt from CEQA
 - Consider approval of Reg. III and Rule 1480
 - Adopt Budget and Work Program

Supporting Documents

- March 13, 2020
 - Proposed Amended Regulation III - Fees
 - PAR 1480 - Ambient Monitoring and Sampling of Metal Toxic Air Contaminants
 - Draft Socioeconomic Assessment on the CPI-based Fee Increase
 - Preliminary Draft Staff Report for Proposed Amended Regulation III - Fees and PAR 1480
- March 31, 2020
 - Draft Staff Report for Proposed Amended Regulation III - Fees and PAR 1480
 - Proposed Budget and Work Program

<http://www.aqmd.gov/home/rules-compliance/rules/scaqmd-rule-book/proposed-rules#REG%20III>

<http://www.aqmd.gov/nav/about/finance>

Contacts

Regulation III

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Budget

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