

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Draft Staff Report

Proposed Amended Regulation III – Fees

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 316 – Fees for Rule 2305
Proposed Amended Rule 316.2 – Fees for Rule 2306

April 2025

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EXECUTIVE SUMMARY

Regulation III – Fees establishes the fee rates and schedules to recover South Coast Air Quality Management District’s (South Coast AQMD or District) reasonable costs of regulating and providing services, primarily to permitted sources. The agency’s Permitted Source Program¹ 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 – Permitting and Associated Fees. Also included in the Permitted Source Program 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 Permitted Source Program, including but not limited to Transportation Programs fees, Rule 2305 – Warehouse Actions and Investments to Reduce Emissions (WAIRE) program fees, and Area Source fees (architectural coatings).

Proposed Amended Regulation III (PAR 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 and budget typically include a California Consumer Price Index (CPI) increase or adjustment of the majority of fees contained in Regulation III pursuant to Rule 320 and the Health and Safety Code (H&SC),² 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.

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:

- An automatic increase/adjustment of most fees by 3.0% consistent with the percent increase in California CPI from December 2023 to December 2024.

Three proposals which are necessary to provide specific cost recovery for regulatory actions taken by the South Coast AQMD.

- 1) A proposal to amend the refinery related community air monitoring system annual operating and maintenance fees for major refineries originally subject to Rule 1180, and enactment of annual operating and maintenance fees for facilities newly subject to Rules 1180 and 1180.1
- 2) A proposal to include optional Rule 212(c) public notice distribution fees
- 3) A proposal to include Rule 2305 post-reporting deadline fees for warehouses

Three 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) A proposal to clarify the criteria for abbreviated reporting eligibility relating to CARB’s recent Criteria and Toxics Reporting (CTR) Regulation requirements,
- 2) A proposal to extend the AER filing deadline for 2025 emissions to May 1, 2026, and

¹ H&SC Section 42300 *et seq.*

² H&SC Sections 40500.1 and 40510.

- 3) A proposal to clarify Rule 301 to be consistent with requirements established by Rule 317.1 regarding Clean Air Act nonattainment fees

South Coast AQMD continues to seek out cost-containment opportunities and maintain revenue 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.

CHAPTER 1 – BACKGROUND

INTRODUCTION

LEGAL AUTHORITY, DESCRIPTION OF SOUTH COAST
AQMD'S PERMITTED SOURCE PROGRAM AND OTHER FEES,
AND RELATIONSHIP OF FEES TO SOUTH COAST AQMD'S
BUDGET

PROPOSITION 26 COMPLIANCE

PUBLIC PROCESS

Introduction

Proposed Amended Regulation III (PAR III) is brought to the South Coast AQMD Governing Board for consideration on an annual basis, often in conjunction with the Proposed Budget and Work Program. These proposed amendments and budget typically include a California Consumer Price Index (CPI) increase or adjustment of the majority of fees contained in Regulation III – Fees pursuant to Rule 320 – Automatic Adjustment Based on Consumer Price Index for Regulation III Fees and the Health and Safety Code (H&SC), 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. South Coast Air Quality Management District (South Coast AQMD or District) Regulation III – Fees is comprised of the list of active rules below:

- Rule 301 – Permitting and Associated Fees (Amended May 3, 2024),
- Rule 302 – Fees for Publication (Amended February 12, 1993),
- Rule 303 – Hearing Board Fees (Amended May 3, 2024),
- Rule 304 – Equipment, Materials, and Ambient Air Analyses (Amended May 3, 2024),
- Rule 304.1 – Analyses Fees (Amended May 3, 2024),
- Rule 306 – Plan Fees (Amended May 3, 2024),
- Rule 307 – Fees for Air Toxics Emissions Inventory (Amended June 9, 2006),
- Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory (Amended May 3, 2024),
- Rule 308 – On-Road Motor Vehicle Mitigation Options Fees (Amended May 3, 2024),
- Rule 309 – Fees for Regulation XVI and Regulation XXV (Amended May 3, 2024),
- Rule 310 – Amnesty for Unpermitted Equipment (Adopted March 5, 2010),
- Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount for Control Equipment (Adopted June 3, 2011),
- Rule 311 – Air Quality Investment Program (AQIP) Fees (Amended May 3, 2024),
- Rule 313 – Authority to Adjust Fees and Due Dates (Amended May 3, 2024),
- Rule 314 – Fees for Architectural Coatings (Amended May 3, 2024),
- Rule 315 – Fees for Training Classes and License Renewal (Amended May 3, 2024),
- Rule 316 – Fees for Rule 2305 (Amended May 3, 2024),
- Rule 316.2 – Fees for Rule 2306 (Adopted August 2, 2024),
- Rule 317 – Clean Air Act Non-Attainment Fees (Amended February 4, 2011)
- Rule 317.1 – Clean Air Act Nonattainment Fees for 8-Hour Ozone Standards (Adopted June 7, 2024), and
- Rule 320 – Automatic Adjustment Based on Consumer Price Index for Regulation III Fees (Amended May 5, 2023)

Legal Authority, Description of South Coast AQMD’s Permitted Source Program and Other Fees, and Relationship of Fees to South Coast AQMD’s Budget

The H&SC provides South Coast AQMD with the authority to adopt various fees to recover the costs of its programs. H&SC 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.³ Entities regulated through the South Coast AQMD's Permitted Source Program receive two types of permits: facility permits and equipment-based permits. These permits apply to each permitted facility or each piece of permitted equipment. RECLAIM⁴ 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.

South Coast AQMD has adopted three basic types of Permitted Source Program fees: permit processing fees, annual renewal operating fees (equipment-based), and emissions-based operating fees. Traditionally, 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 Permitted Source Program regulatory activities, including related planning, monitoring, rule development and outreach programs, from emissions-based operating fees.⁵ 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.⁶ In subsequent years, reviews of permit processing fees have only confirmed or updated these schedules based on processing time.⁷

The fees 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.

³ H&SC Section 40506

⁴ RECLAIM stands for REgional CLean Air Incentives Market, a cap-and-trade program that regulates the emissions of NO_x and SO_x in the South Coast Air Basin.

⁵ 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).

⁶ 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, Los Angeles County Sanitation District, Hughes Environmental Corporation, Orange County Transportation Authority and the South Coast AQMD 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 of these documents are available at the South Coast AQMD Library, 21865 Copley Drive, Diamond Bar, CA 91765, (909) 396-2600.

⁷ See South Coast AQMD (2017) Regulation III – Fees, Final Staff Report, Section VII D

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.⁸ 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 (VOC), nitrogen oxides (NO_x), sulfur oxides (SO_x), 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 subject to 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, analyses conducted pursuant to the California Environmental Quality Act (CEQA), 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 analyses or health risk assessments (HRA), 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 South Coast AQMD's Permitted Source Program are Rule 222 registration fees and plan fees, since these are similar to permits for the sources to which they apply.^{9, 10}

Additional fees also have been authorized by the legislature and are included in South Coast AQMD's existing fee regulation. These fees include: 1) variance and other Hearing Board fees;¹¹ 2) fees for the costs of programs related to indirect sources and areawide sources;¹² 3) fees to

⁸ 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.

⁹ H&SC Sections 40510(b) and 40522, Rule 301(u), and Rule 306.

¹⁰ Rule 222 registration fees are flat fees, but compliance plan fees include an initial payment and may be later invoiced for additional Time and Materials based on actual time spent on review. Plan fees also include annual renewal fees for specific plan types listed in Rule 306.

¹¹ H&SC Section 40510(b) and Rule 303

¹² H&SC Section 40522.5 and Rules 2202, 314, and 316

recover the costs to the air district and state agencies of implementing and administering the Air Toxics Hot Spots Program (AB 2588);¹³ 4) fees for refinery-related community air monitoring systems;¹⁴ and 5) fees for notices and copying documents.^{15, 16}

The above-referenced permit related fees including permitting, annual operating, and emission 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, or for the attainment or maintenance of state or federal ambient air quality standards or the reduction of toxic air contaminant emissions from motor vehicles.¹⁷ 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 23 years. Based on CPI, the real value of AB 2766 fees has therefore declined by about 71%. The remainder of the AB 2766 revenues provided to South Coast AQMD is divided between a share that is provided 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.

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.¹⁸ 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.¹⁹ These findings will be included in the South Coast AQMD Governing Board Resolution presented for the Public Hearing on Regulation III.

¹³ H&SC Section 44380 et seq., 17 CCR Section 90700, and Rule 307.1

¹⁴ H&SC Section 42705.6 and Rule 301(aa)

¹⁵ H&SC Section 40510.7 and Rule 301(f)180.1

¹⁶ 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.

¹⁷ H&SC Section 44223

¹⁸ H&SC Section 40510.5(b)

¹⁹ H&SC Sections 40510(a)(4) and 40510.5(a)

Description Of Revenue Categories

The following describes the various revenue categories that support all of the South Coast AQMD's programs and its entire budget.

I. ALLOCATABLE

A portion of South Coast AQMD revenue goes to offset the operational support costs of the South Coast AQMD. These costs include activities such as personnel, Payroll, and Information Management. These costs are allocated over the other revenue categories based on FTEs.

II. ANNUAL OPERATING EMISSIONS FEES

This fee program was initiated in January 1978. As currently existing, all permitted facilities pay a flat fee for up to four tons of emissions. In addition to the flat fee, facilities that emit four tons or greater (from both permitted and unpermitted equipment) of any organic gases, specific organics, nitrogen oxides, sulfur oxides, or particulate matter, or 100 tons per year or greater of carbon monoxide, also pay fees based on the facility's total emissions. These facilities pay for emissions from permitted equipment as well as emissions from unpermitted equipment and processes which are regulated, but for which permits are not required, such as solvent use. In addition, a fee-per-pound is assessed on the following toxic air contaminants and ozone depleters: ammonia; asbestos; benzene; cadmium; carbon tetrachloride; chlorinated dioxins and dibenzofurans; ethylene dibromide; ethylene dichloride; ethylene oxide; formaldehyde; hexavalent chromium; methylene chloride; nickel; perchloroethylene; 1,3-butadiene; inorganic arsenic; beryllium; polynuclear aromatic hydrocarbons (PAHs); vinyl chloride; lead; 1,4-dioxane; trichloroethylene; chlorofluorocarbons (CFCs); and 1,1,1-trichloroethane. Along with annual operating permit renewal fees, emissions fees are intended to recover the costs of South Coast AQMD's compliance, planning, rulemaking, monitoring, testing, source education, public outreach, civil enforcement, and stationary and area source research projects. Historically, compliance-related costs for permitted sources are supported by annual operating permit renewal (equipment-based) fees, while planning, rulemaking, and outreach are supplemented by annual operating emissions-based fees. However, some of these permit-related costs have been supported by annual operating permit renewal fees since the emissions based fees are declining.

III. PERMIT PROCESSING FEES

Permits are the primary vehicles the South Coast AQMD uses to ensure that equipment in South Coast AQMD's jurisdictional boundaries is in compliance with South Coast AQMD Rules and Regulations. Permit processing fees support the permit processing program and the fee rate schedules for the different equipment categories are based on the average time it takes to process and issue a permit. Each applicant, at the time of filing, pays a permit processing fee which partially recovers the costs for normal evaluation of the application and issuance of the permit to construct and permit modifications. This category also includes fees charged to partially recover the costs of evaluation of plans, including but not limited to Rule 403 dust control plans, and Rule 1118 flare monitoring plans. The permit processing fees also cover the administrative cost to process Change of Operator applications, applications for Emission Reduction Credits, and Administrative Changes to permits. This category also includes a number of specific fees such as Title V permit processing fees, CEQA and air quality modeling fees, and public noticing fees. Finally, this category includes some fees that are related to specific activity such as asbestos notification and Rule 222 'registration in lieu of permit'.

IV. ANNUAL OPERATING PERMIT RENEWAL FEES

The South Coast AQMD initiated this program in February 1977. This program requires that all active permits be renewed on an annual basis upon payment of annual renewal fees. The annual renewal rates are established in South Coast AQMD Rule 301 and are based on the type of equipment, which is related to the complexity of related compliance activity. These annual operating permit renewal fees (Category IV) are separate and distinct from the annual operating emission fees (Category II). For basic equipment (not control equipment) the operating fee schedule also corresponds to some extent to the emission potential of the equipment. Along with annual operating emissions fees, annual operating permit renewal fees are intended to recover the costs of programs such as South Coast AQMD's compliance program, planning, rulemaking, monitoring, testing, source education, outreach, civil enforcement, including the South Coast AQMD's Hearing Board, and stationary and area source research projects. Historically, compliance related costs for permitted sources are supported by annual operating permit renewal fees, while planning, rulemaking, and outreach are supported by annual operating emissions-based fees. Additional activities covered by these fees include technology assessments; and engineering support of other South Coast AQMD divisions such as planning and rule development. These fees also support the shortfall in permit processing fees.

V. FEDERAL GRANTS/OTHER FEDERAL REVENUE

The South Coast AQMD receives funding from U.S. EPA Sections 103 and 105 grants to help support the South Coast AQMD in its administration of active air quality control and monitoring programs where the South Coast AQMD is required to perform specific agreed-upon activities. Other EPA and Department of Energy (DOE) grants provide funding for various air pollution reduction projects. A Department of Homeland Security (DHS) grant funds a special particulate monitoring program. When stipulated in the grant agreement, the General Fund is reimbursed for administrative costs associated with grant-funded projects. Most federal grants are limited to specific purposes, but U.S. EPA Clean Air Act Section 105 grants are available for the general support of air quality-related programs. In addition, various federal grants come with allowable amounts to spend on administrative costs, but these amounts are limited to work on that grant program.

VI. SOURCE TEST/SAMPLE ANALYSIS FEES

Revenue in this category includes fees for source tests, test protocol and report reviews, continuous emissions monitoring systems (CEMS) evaluations and certifications, laboratory approval program (LAP) evaluations, and laboratory sample analyses. The revenue recovers a portion of the costs of performing source tests, technical evaluations, and laboratory analyses.

VII. HEARING BOARD FEES

The revenue from this source results from filing of petitions for variances and appeals, excess emissions fees, and daily appearance fees. The revenue recovers a portion of the costs associated with these activities.

VIII. CLEAN FUELS FEES

Section 9250.11 of the Vehicle Code assigns the Department of Motor Vehicles (DMV) the authority and the duty to collect and forward to South Coast AQMD money for clean fuels technology advancement programs and transportation control measures related to mobile sources,

according to the plan approved pursuant to H&SC Section 40448.5. One dollar is collected by the DMV for every vehicle registered in South Coast AQMD's jurisdictional boundaries, forwarded to South Coast AQMD, and deposited in a revenue account in the Clean Fuels Program Fund. Clean fuels fees from stationary sources are recorded in a separate revenue account within the Clean Fuels Program Fund pursuant to H&SC Section 40512. Fees are collected from sources that emit 250 tons or more per year of NO_x, SO_x, Reactive Organic Compounds (ROC), or PM. The fees collected are used to develop and implement stationary source activities that promote the use of clean-burning fuels. These activities include assessing the cost effectiveness of emission reductions associated with clean fuels development and use of new clean fuels technologies, and other clean fuels related projects. The General Fund receives reimbursements from the Clean Fuels Program Fund for staff time and other program implementation/administration costs necessary to implement a Clean Fuels Program.

IX. MOBILE SOURCES

Mobile Sources revenue is composed of four components: AB2766 revenue and administrative/program cost reimbursements from the MSRC, Carl Moyer and Proposition 1B programs.

AB2766: gives the Department of Motor Vehicles (DMV) the authority and responsibility to collect and forward to the South Coast AQMD four dollars for every vehicle registered in South Coast AQMD's jurisdictional boundaries. Thirty percent of the money (\$1.20 per vehicle) collected is recognized in South Coast AQMD's General Fund as mobile sources revenue and is used for programs to reduce air pollution from motor vehicles and to carry out related planning, monitoring, enforcement, and technical studies authorized by, or necessary to implement, the California Clean Air Act of 1988 or the South Coast AQMD Air Quality Management Plan. A proportionate share of programs that are not directly associated with any individual type of source (e.g., air quality monitoring) is supported by these revenues. The remaining monies are used to pay for projects to reduce air pollution from mobile vehicles: 40% (\$1.60 per vehicle) to the Air Quality Improvement Fund to be passed through to local governments and 30% (\$1.20 per vehicle) to the Mobile Source Air Pollution Reduction Fund to pay for projects recommended by the Mobile Source Air Pollution Reduction Committee (MSRC) and approved by the South Coast AQMD Governing Board (see MSRC below).

Carl Moyer Program: The Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) provides funding from the state of California for the incremental cost of cleaner heavy-duty vehicles, off-road vehicles and equipment, marine, and locomotive engines. The General Fund receives reimbursements from the Carl Moyer Fund for staff time and other program implementation/administration costs, up to specified limits.

Proposition 1B: The Proposition 1B Program is a \$1 billion bond program approved by California voters in November 2006. This incentive program is designed to reduce diesel emissions and public health risks from goods movement activities along California's trade corridors. The General Fund receives reimbursements from the Proposition 1B Funds for staff time and other program implementation/administration costs up to specified limits.

MSRC: Revenue posted to the General Fund reflects the reimbursement from the Mobile Source Air Pollution Reduction Fund for the cost of staff support provided to the MSRC in administering

a mobile source program. These administrative costs are limited by state law to no more than 6.25% of the fees and the MSRC adopts a budget for staff support each year.

X. AIR TOXICS AB2588

H&SC Section 44380 (AB 2588) requires the South Coast AQMD to assess and collect fees from facilities that emit toxic compounds. Fees collected are used to recover state and South Coast AQMD costs to collect and analyze data regarding air toxics and their effect on the public, specifically regarding facilities in the “Hot Spots” program. Costs recovered include administrative, outreach, plan processing, and enforcement costs to implement this program. These fees are specified by CARB unless South Coast AQMD adopts a specific AB 2588 fee.

XI. TRANSPORTATION PROGRAMS

In accordance with federal and state Clean Air Act requirements, South Coast AQMD’s Rule 2202 – On-Road Vehicle Mitigation Options provides employers with a menu of options to reduce mobile source emissions generated from employee commutes or alternatively, implement mobile source emission reduction programs. The options include offsetting mobile source emissions generated from the employee commutes, and options to meet a worksite-specific emission reduction target for the subsequent year. Employers with 250 or more employees at a worksite are subject to Rule 2202 and are required to submit an annual registration. The revenue from this category is used to recover a portion of the costs associated with filing, processing, reviewing, and auditing the registrations and the ridesharing programs.

XII. CALIFORNIA AIR RESOURCES BOARD SUBVENTION

The state appropriates monies each year to subvene to local air quality districts, including South Coast AQMD, to support an active air quality program. The CARB subvention monies are generally not limited to specific programs but are available for the general support of air quality-related programs.

XIII. OTHER REVENUE

Miscellaneous revenue that includes revenue attributable to penalties/settlements, interest income, lease income, professional services the South Coast AQMD renders to other agencies, reimbursements from special revenue funds (non-mobile source), vanpool revenue, fitness center, and fees such as witness, jury duty, Public Records Act requests, subscriptions, etc. These revenues are generally available to support air quality programs.

XIV. AREA SOURCES

Emissions fees from architectural coatings revenue covers portions of the architectural coatings program, and that program’s fair share of emissions fee supported programs. Quantity-based fees on architectural coatings are also assessed and are designed to support specific architectural coatings programs (such as enforcement). Rule 314 – Fees for Architectural Coatings covers emission-based fees and quantity-based fees. Beginning in FY 2008-09, annual assessments of architectural coatings, based on quantity (gallons) distributed or sold for use in South Coast AQMD’s jurisdiction and the VOC emissions from subcategories, are included in revenue projections; this revenue allows South Coast AQMD to recover the costs of staff working on compliance, laboratory support, architectural coatings emissions data, rule development, and architectural coatings revenue collection.

XV. PORTABLE EQUIPMENT REGISTRATION PROGRAM (PERP)

The California Air Resources Board (CARB) provides revenues to local air districts, including South Coast AQMD, to offset the costs of inspecting equipment registered under CARB’s Portable Equipment Registration Program (PERP). Fees for registration of PERP-registered engines by South Coast AQMD field staff are collected by CARB at the time of registration and passed through to the South Coast AQMD on an annual basis. Fees for inspection of all other PERP-registered equipment are billed at an hourly rate set forth in South Coast AQMD Rule 301, but are determined by CARB and collected by the South Coast AQMD at the time the inspection is conducted.

XVI. STATE GRANT

Under AB 617, adopted by the state legislature, CARB funding is distributed to air districts to implement the Community Air Protection Program which includes monitoring and developing emissions reductions plans in disadvantaged communities with high cumulative exposure to air toxics.

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.”²⁰ A detailed explanation of the Permitted Source Program and the method of allocating program costs to the fee payors is included in this Staff Report.

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.²¹ 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.²²

All of the proposed fee increases discussed in this Staff 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.

²⁰ See Cal. Const. art. XIII C § 1

²¹ Cal. Const., art. XIII C, § 1

²² *Brooktrails Township County. Servs. Dist. v. Bd. of Supervisors of Mendocino County* (2013), 218 Cal. App. 4th 195, 206

Public Process

Development of Proposed Amended Regulation III (PAR III) is being conducted through a public process. Public outreach was conducted to notify interested parties regarding PAR III through notifications including newspaper postings, mass mailings, and email notifications. A Public consultation meeting has been held on March 18, 2025, and a second public consultation meeting is scheduled for April 8, 2025, to present proposed amendments to Regulation III and receive public comment. The proposed amendments will also be presented at the Budget Advisory Committee Meeting on April 2, 2025, and the Governing Board Special Meeting Budget Study Session on April 11, 2025.

The public hearing to consider adoption of the fiscal year 2025-26 Budget and Work Program, fee adjustments, and PAR III is scheduled for May 2, 2025, at 9:00 a.m. (subject to change) in the auditorium at the South Coast AQMD's Diamond Bar Headquarters and via a Zoom link that will be available in the May 2, 2025 Governing Board agenda, which will be released no later than 72 hours prior to the Public Hearing.

CHAPTER 2 - CPI ADJUSTMENT OF FEES FOR REGULATION III

CPI Adjustment of Fees for Regulation III

Staff is planning to implement automatic adjustments for most fees in Regulation III by the California CPI percent increase for the preceding calendar year, as set forth in H&SC 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, 315, 316, and 316.2 on July 1, 2025, to correspond with the increase in the calendar year 2024 CPI of 3.0%²³.

South Coast AQMD Rule 320 – Automatic Adjustment Based on Consumer Price Index for Regulation III – Fees provides for automatic CPI adjustments of most 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 establishes that in order to continue recovering agency costs, fees must keep pace at a minimum with inflation as measured using the CPI. Adjustments of these fees automatically occur, unless otherwise directed by the South Coast AQMD Governing Board for a particular fiscal year. Staff is not proposing to forego Rule 320 CPI adjustments for the upcoming fiscal year.

The H&SC also provides authority for annual CPI increases of Regulation III fees. H&SC Section 40510 provides that fee increases within “the percentage increase of the California Consumer Price Index for the preceding calendar year” do not require the findings and phasing that apply for fee increases in excess of CPI. This CPI adjustment would not apply to fees where the rate is set by state law or specifically exempted under Rule 320. Table 2-1 lists the fees in Regulation III that are specifically excluded from the automatic annual CPI-based fee rate increase and the reason for exclusion.

Both Rule 320 and the H&SC provide for the annual adjustment or increase of most fees commensurate with the rate of inflation. By design, an increase based on the percent increase of the California 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. Most adjustments are not subject to Proposition 26 because Rule 320 was adopted prior to the effective date of Proposition 26.

Over the past decade, the costs of the South Coast AQMD’s programs supported by fees on stationary sources for non-Title V facilities and Title V facilities have increased more than the increase in CPI. As established when Rule 320 was initially adopted, these fees are necessary to: 1) meet operating expenses, including employee wage rates and fringe benefits; 2) purchase or lease supplies, equipment, or materials; 3) meet financial reserve needs and requirements; and 4) obtain funds for capital projects, necessary to maintain service within existing service areas. In order to maintain South Coast AQMD’s existing programs and reserves, it is necessary to adjust fees to account for changes in CPI and to maintain funds to provide for capital expenditures that may become necessary in the future.

Current costs include those related to the South Coast AQMD’s office building, which is headquartered in Diamond Bar, California, its satellite office located in Long Beach, California, monitoring stations throughout its jurisdictional boundaries, and utilities, including electricity as provided by Southern California Edison, gas which is provided by the Southern California Gas

²³ <https://www.dir.ca.gov/oprl/capriceindex.htm>

Company, water provided by Walnut Valley Water District, and disposal provided by Waste Management. South Coast AQMD fleet vehicles are currently provided by Enterprise Fleet Management, property insurance and health insurance brokerage services are currently provided by Alliant, and building services (e.g., janitorial services, landscaping service, security guard service, building maintenance, etc.) are almost entirely provided by companies operating within California. Additionally, most services, contractors, and purchase orders providers are based in California, such as recruitment services, workers compensation services, consulting services, software providers, and supply providers. The fees and contract rates associated with these providers increase per year or when the contract renews. In addition, the cost to employ staff at the South Coast AQMD increases over time due to increases in compensation, modifications to the employer contribution for defined benefits, and increases to healthcare and retirement benefits.

If South Coast AQMD proposes a fee increase greater than CPI, the South Coast AQMD Governing Board must make a finding, based on relevant information, in the rulemaking record, that the automatic adjustment is necessary and will result in an apportionment of fees that is equitable. As this automatic adjustment is based on the 2024 calendar year CPI and not greater, such findings are not required.

Table 2–1
Fees 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 (aa)(2) – Rule 1180 Community Air Monitoring System Annual Operating and Maintenance Fees	Rule 301 paragraph (aa)(4) limits the annual operating and maintenance fees associated with Rule 1180 Community Air Monitoring Systems to a triennial fee reassessment. The first triennial reassessment was conducted in December 2021 and will occur every three years thereafter.
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.

Prior to the 2023 amendment of Rule 301, the fee rate for the next fiscal year, with CPI adjustments, was included in Rule 301. In the 2023 Rule 301 amendment, in addition to CPI adjustment, an above-CPI percentage fee increase was included. This above-CPI percentage increase would take effect over the next two years. As such, staff added the fee rates for both FY 2023-24 and FY 2024-25 to show the impact of the above CPI fee increase. In the 2024 Rule 301 amendment, which also included another two-year above-CPI adjustment, staff included the then existing 2023-24 fees, as well as the fees for the next two fiscal years (2024-25 and 2025-26). However, this retainment of 2023-24 fees caused confusion to the public. As a result, the proposed Rule 301 rule for FY 2025-26 will only list FY 2025-26 fee rates for most fees. Fee rates for FY 2024-25 would not be listed to avoid confusion.

CHAPTER 3 – PROPOSED RULE AMENDMENTS WITH FEE IMPACTS

INTRODUCTION

AMEND RULE 301 TO REVISE THE REFINERY RELATED COMMUNITY AIR MONITORING SYSTEM ANNUAL OPERATING AND MAINTENANCE FEES FOR MAJOR REFINERIES ORIGINALLY SUBJECT TO RULE 1180, AND ENACTMENT OF ANNUAL OPERATING AND MAINTENANCE FEES FOR FACILITIES NEWLY SUBJECT TO RULES 1180 AND 1180.1.

AMEND RULE 301 TO INCLUDE THE OPTIONAL RULE 212(C) PUBLIC NOTICE DISTRIBUTION FEES

AMEND RULE 316 TO INCLUDE THE POST-REPORTING DEADLINE FEES FOR WAREHOUSES

Introduction

As part of the 2024 amendments to Regulation III, an increase of permit and plan processing fees and annual renewal fees by 3% beyond the increase in the California CPI was approved which, per the requirements of the H&SC, was to be phased in over two years. This results in the remaining 1.5% from last year’s proposal becoming effective in fiscal year 2025-26. In addition to the annual CPI-based fee rate increase described in Chapter 2 – CPI Adjustment of Fees for Regulation III and any proposed fee changes, staff presents the following proposals to amend Rule 301 – Permitting and Associated Fees and Rule 316 – Fees for Rule 2305:

- 1) Amend Rule 301 to revise the Refinery Related Community Air Monitoring System Annual Operating and Maintenance Fees for Major Refineries Originally Subject to Rule 1180, and Enactment of Annual Operating and Maintenance Fees for Facilities Newly Subject to Rules 1180 and 1180.1.
- 2) Amend Rule 301 to include Optional Rule 212(c) Public Notice Distribution fees
- 3) Amend Rule 316 to include Post-Reporting Deadline fees for warehouses

The fees from these proposals, which are discussed in more detail below, are necessary to allow for recovery of the reasonable costs of South Coast AQMD’s regulatory activities. Any additional amendments that represent renumbering of rule subdivisions/paragraphs/tables, amendments that are due solely to any proposed addition and/or deletion of preceding rule subdivisions/paragraphs/tables, are not separately listed below.

1. Amend Rule 301 to revise the Refinery Related Community Air Monitoring System Annual Operating and Maintenance Fees for Major Refineries Originally Subject to Rule 1180, and Enactment of Annual Operating and Maintenance Fees for Facilities Newly Subject to Rules 1180 and 1180.1

Description of Proposed Amendment

Rule 1180 - Refinery Fenceline and Community Air Monitoring, was adopted by the Board in December 2017 and requires all seven major refineries in the South Coast Air Basin (Basin) to measure the ambient levels of various air pollutants at their fenceline, and notify the public if the concentration of any measured pollutant is above pre-determined threshold levels. Rule 1180 also establishes a fee schedule for each of the refineries to fund the installation, operation, and maintenance of community air monitoring stations (operated by South Coast AQMD) to provide air quality information and notifications to the public. The requirements of Rule 1180 apply to the following seven refineries:

- Tesoro Refining & Marketing Company, LLC, Carson;
- Tesoro Refining & Marketing Company, LLC, Wilmington;
- Torrance Refining Company, LLC, Torrance;
- Chevron Products Company, El Segundo;
- Phillips 66 Company, Los Angeles Refinery, Carson;
- Phillips 66 Company, Los Angeles Refinery, Wilmington; and
- Ultramar Inc., dba Valero Wilmington Refinery, Wilmington.

The Rule 1180 refinery fenceline and community air monitoring network has been in operation since January 2020. Novel optical remote sensing (ORS), automated gas chromatography, and

traditional analyzers have been installed at multiple fenceline and community air monitoring sites. Through Rule 301(aa), annual operating and maintenance (O&M) fees for the community air monitoring network billed with the annual operating permit renewal fee are required for each of the refineries beginning in calendar year 2020. Rule 301(aa)(4) also requires a triennial reassessment to ensure that the fee is consistent with the requirements of the California Health and Safety Code Section 42705.6(f)(1) and (f)(2). The most recent reassessment of Rule 1180 fees (due by no later than January 1, 2025) was completed by staff on December 24, 2024. The next reassessment is due by no later than January 1, 2028.

On January 2024, an amendment to Rule 1180 established a fee schedule to fund the addition of air toxic metals and particulate matter (PM) monitoring at community sites near the seven Rule 1180 refineries listed above. Payments totaling \$3,765,960 from these refineries for the implementation of air toxic metals and PM monitoring shall be received no later than January 31, 2025. This additional monitoring is projected to be implemented at the existing Rule 1180 community air monitoring stations by July 1, 2025. Therefore, this Rule 301 fee reassessment will include additional O&M fees for metals and PM monitoring.

The January 2024 Rule 1180 amendment also requires the development and installation of new fenceline air monitoring systems at the following refinery-related facilities (Note: Rule 1180 defines related facility as is any establishment that has operations related to the refinery processes located on properties adjacent to or contiguous with a Petroleum Refinery, including electricity generating facilities, Hydrogen Production Plants, sulfuric acid plants, Sulfur Recovery Plants, and Terminals, which receive more than 50 percent of their product input either directly or indirectly from, or provide more than 50 percent of their product output either directly or indirectly to, any of the Petroleum Refineries subject to this rule in 2022 calendar year):

- Air Products and Chemicals, Inc., Carson (Note: facility permitted as Air Prod & Chem Inc.);
- Air Products and Chemicals, Inc., Wilmington;
- Tesoro Refining and Marketing Co., LLC (Sulfur Recovery Plant);
- Kinder Morgan Liquids Terminals, LLC; and
- Tesoro Logistics, Carson Crude Terminal.

Furthermore, in January 2024 the Board adopted Rule 1180.1, which requires fenceline air monitoring for three other refineries in the Basin, namely:

- AltAir Paramount, LLC (Note: facility was sold to Air Products Manufacturing);
- Lunday-Thagard Co. (LTR) dba World Oil Refining; and
- Valero Wilmington Asphalt Plant.

Rules 1180 and 1180.1 implement Health and Safety Code Section 42705.6, which requires, among other things, community air monitoring near petroleum refineries, and requires the refineries to be responsible for associated costs. (Rule 1180.1 also requires community air monitoring at other refineries.) They establish fee schedules to fund the planning and implementation of community air monitoring stations near each of the new facilities. These payments totaling \$1,461,732 and \$2,309,469, respectively, from refinery-related facilities and other refineries for the planning and implementation of additional community air monitoring stations will be received in two installments: the first no later than January 31, 2025, and the second no later than January 31, 2026. These facilities will also fund ongoing O&M of community air

monitoring through this amendment to Rule 301. Two additional Rule 1180 stations and three Rule 1180.1 community air monitoring stations are projected to be established by July 1, 2026. Five refinery-related facilities newly subject to Rule 1180 will share funding of O&M fees for two new Rule 1180 community stations, while each of the three other refineries subject to Rule 1180.1 will fund one new community station.

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 or related facility subject to Rule 1180, and other refineries subject to Rule 1180.1 shall pay an annual operating and maintenance fee for a refinery-related community air monitoring system designed, developed, installed, operated, and maintained by South Coast AQMD 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	\$936,417.46	\$954,710.26
Andeavor Corporation (Wilmington)	\$458,626.78	\$468,208.73	\$477,355.13
Chevron U.S.A. Inc. (El Segundo)	\$917,253.56	\$936,417.46	\$954,710.26
Phillips 66 Company (Carson)	\$458,626.78	\$468,208.73	\$477,355.13
Phillips 66 Company (Wilmington)	\$458,626.78	\$468,208.73	\$477,355.13
PBF Energy, Torrance Refining Company (Torrance)	\$917,253.56	\$936,417.46	\$954,710.26
Valero Energy (Wilmington)	\$458,626.78	\$468,208.73	\$477,355.13

<u>Facility Name*, Location</u>	<u>Rule</u>	<u>FY 25-26</u>	<u>FY 26-27</u>	<u>FY 27-28 (and thereafter)</u>
		<u>Annual Operating and Maintenance Fee</u>	<u>Annual Operating and Maintenance Fee</u>	<u>Annual Operating and Maintenance Fee</u>
<u>Tesoro Refining & Marketing Company, LLC, Carson</u>	<u>1180</u>	<u>\$1,173,293.20</u>	<u>\$1,173,293.20</u>	<u>\$1,173,293.20</u>
<u>Tesoro Refining & Marketing Company, LLC, Wilmington</u>	<u>1180</u>	<u>\$586,646.60</u>	<u>\$586,646.60</u>	<u>\$586,646.60</u>
<u>Chevron Products Co., El Segundo</u>	<u>1180</u>	<u>\$1,173,293.20</u>	<u>\$1,173,293.20</u>	<u>\$1,173,293.20</u>
<u>Phillips 66 Company/Los Angeles Refinery, Carson</u>	<u>1180</u>	<u>\$586,646.60</u>	<u>\$586,646.60</u>	<u>\$586,646.60</u>
<u>Phillips 66 Company/LA Refinery Wilmington Plant, Wilmington</u>	<u>1180</u>	<u>\$586,646.60</u>	<u>\$586,646.60</u>	<u>\$586,646.60</u>
<u>Torrance Refining Company, LLC, Torrance</u>	<u>1180</u>	<u>\$1,173,293.20</u>	<u>\$1,173,293.20</u>	<u>\$1,173,293.20</u>
<u>Ultramar Inc. dba Valero Wilmington Refinery, Wilmington</u>	<u>1180</u>	<u>\$586,646.60</u>	<u>\$586,646.60</u>	<u>\$586,646.60</u>
<u>Air Products and Chemicals, Inc. (permitted as Air Prod & Chem, Inc.), Carson</u>	<u>1180</u>	<u>\$0</u>	<u>\$236,893.00</u>	<u>\$236,893.00</u>
<u>Air Products and Chemicals, Inc., Wilmington</u>	<u>1180</u>	<u>\$0</u>	<u>\$236,893.00</u>	<u>\$236,893.00</u>
<u>Tesoro Refining and Marketing Co., LLC (Sulfur Recovery Plant), Carson</u>	<u>1180</u>	<u>\$0</u>	<u>\$236,893.00</u>	<u>\$236,893.00</u>
<u>Kinder Morgan Liquids Terminals, LLC, Carson</u>	<u>1180</u>	<u>\$0</u>	<u>\$236,893.00</u>	<u>\$236,893.00</u>
<u>Tesoro Logistics, Carson Crude Terminal, Carson</u>	<u>1180</u>	<u>\$0</u>	<u>\$236,893.00</u>	<u>\$236,893.00</u>
<u>Air Products Manufacturing (formerly AltAir Paramount), Paramount</u>	<u>1180.1</u>	<u>\$0</u>	<u>\$581,565.00</u>	<u>\$581,565.00</u>
<u>Lunday-Thagard Co. dba World Oil Refining, South Gate</u>	<u>1180.1</u>	<u>\$0</u>	<u>\$581,565.00</u>	<u>\$581,565.00</u>
<u>Valero Wilmington Asphalt Plant, Wilmington</u>	<u>1180.1</u>	<u>\$0</u>	<u>\$581,565.00</u>	<u>\$581,565.00</u>

*Based on the current permitted facility names. Any subsequent owner(s) or operator(s) of the above listed facilities shall be subject to this rule.

- (3) The annual operating and maintenance fee required by this subdivision shall be billed with the annual operating permit renewal fee required by subdivision (d) beginning in calendar year 2020 for the seven major refineries subject to Rule 1180,

and beginning in calendar year 2026, for refinery-related facilities and other refineries subject to Rules 1180 and 1180.1, respectively. If the annual operating and maintenance fee required by this subdivision is not paid in full within sixty (60) calendar days of its due date, a ten percent (10%) penalty shall be imposed every sixty (60) calendar days from the due date.

- (4) No later than January 1, 2022 and every three years thereafter, the Executive Officer shall reassess the annual operating and maintenance fee required by this subdivision to ensure that the fee is consistent with the requirements of the California Health and Safety Code Section 42705.6(f)(1) and (f)(2).

Justification/Necessity/Equity

Petroleum Refineries Originally Subject to Rule 1180

As a part of triennial Refinery-related O&M fees reassessment required by Rule 301(aa)(4), in December 2024 staff conducted a financial analysis of expenditures for Rule 1180 program incurred through November 2024. Based on this analysis, it is anticipated that, by the end of FY 2024-25, or, June 30, 2025, the Rule 1180 program may have a cumulative surplus of up to \$2,100,586 from Rule 1180 fee revenue. However, this surplus largely resulted from delays in filling some of the staff positions during the first few years of the program, and from transfers and resignations of staff from FYs 2022-23 through 2024-25. By the end of FY 2024-25, the Rule 1180 monitoring group is expected to be fully staffed and, as a result, this surplus will be expended and no savings or surplus funds are expected in the following years. Based on projected needs for the next three-year cycle, Table 3-1, includes a summary of the budgetary analysis showing a projected shortfall of over \$3.2 million over the next three fiscal years, even after considering spending-down of the surplus from the previous years fee revenue. It should also be noted that the January 2024 amendment to Rule 1180 includes additional air monitoring requirements for metals, PM and PAH, which shall be measured at the fenceline of the seven major refineries in the Basin and at the respective community sites (Note: at the time of this writing, Naphthalene is the only PAH that can be continuously measured by the optical multi-pollutant analyzers already installed at the Rule 1180 community air monitoring sites. If reliable real-time air monitoring technologies for other PAH become available in the future, staff would investigate their applicability for Rules 1180 and 1180.1 monitoring). Staff anticipate commence community air monitoring for these additional pollutants in Summer 2025. As a result, annual O&M fees are recommended to be increased to ensure sufficient funds are available for community air monitoring with the additional metals, PM, and PAH requirements. Therefore, current Rule 1180 fees are concluded to soon become inconsistent with H&SC Section 42705.6 (f)(1), 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.

Based on projected needs for the next three-year cycle and considering the spending down of the \$2,100,586 surplus from the previous fee revenue that was collected, it is anticipated that, at minimum, an additional \$3,278,745 in fee revenue will be needed for O&M costs. These fees will cover costs that include staff salary and benefits, ongoing expenditures associated with running the ten (10) air monitoring stations that are part of the Rule 1180 community network (including air monitoring for metals and PM), replacement parts for over 100 continuous air monitoring instruments, replacement and back-up monitoring equipment and, overall, to address increasing operational and maintenance costs. Table 3-1 provides a summary of the budgetary analysis

showing that a minimum increase of 22.9% to the annual fee is anticipated to be necessary to cover projected O&M costs over the next three years. This is equivalent to approximately \$109,300 per station per year. A breakdown on individual costs for the various expenditure categories is provided in Appendix A.

Table 3-1: Rule 1180 Projected FYs 2025-26, 2026-27, and 2027-28 Expenditures and Revenues for Petroleum Refineries*

Rule 1180 Fee Revenues/Expenditures/Carryover							
	Jan. 2018 to November 2024 Actuals	December 2024 - June 2025 Estimate	Total thru FY 2024-25	Projected FY 2025-2026	Projected FY 2026-2027	Projected FY 2027-2028	Projected Deficit FY2025- 26 through FY 2027-28
Available Carryover				\$ 2,100,586			\$ 2,100,586
Revenues							
Start-Up (Fund 78)	\$ 7,151,297		\$ 7,151,297	\$ -	\$ -	\$ -	
Interest (Fund 78)	192,230	-	192,230	-	-		
Fees (Fund 01)	22,752,766		22,752,766	\$ 4,773,551	\$ 4,773,551	\$ 4,773,551	14,320,653
Fee Revenue (45053)	\$ 30,096,293	\$ -	\$ 30,096,293	\$ 6,874,137	\$ 4,773,551	\$ 4,773,551	\$ 16,421,239
Expenditures							
Salaries & Employee							
Benefits & Indirect Costs	\$ 13,150,878	\$ 2,330,407	\$ 15,481,285	\$ 3,588,306	\$ 3,680,728	\$ 3,777,810	
Services & Supplies	6,117,229	490,699	6,607,928	1,580,989	1,607,182	2,117,349	
Capital	5,820,777	85,717	5,906,494	949,000	1,110,100	1,288,520	
Total Expense	\$ 25,088,884	\$ 2,906,823	\$ 27,995,707	\$ 6,118,295	\$ 6,398,010	\$ 7,183,679	\$ 19,699,984
Surplus/(Deficit)			\$ 2,100,586	\$ 755,842	\$ (1,624,459)	\$ (2,410,128)	\$ (3,278,745)

\$ 5,866,466 Proposed Fee
 \$ 4,773,551 Current Fee
 \$ 1,092,915 Annual Increase
 22.9% Fee Increase %

*Salaries & Employee Benefits & Indirect Costs are estimated at Step 5 which includes cost of living increases approved by the Board in Fiscal Year 2023-24

Related Facilities Subject to Rule 1180

Based on projected needs for O&M of additional two (2) air monitoring stations for related facilities required by January 2024 Rule 1180 amendment, staff anticipates that \$1,184,465 in annual fee revenue starting FY2026-27 will be needed for O&M costs. Table 3-2 provides a summary of the budgetary analysis showing the annual fees anticipated to be necessary to cover projected O&M costs over the next three years. A breakdown on individual costs for the various expenditure categories is provided in Appendix A.

Table 3-2: Rule 1180 Projected FYs 2025-26, 2026-27, and 2027-28 Expenditures and Revenues for Related Facilities*

Rule 1180 New Fee Revenues/Expenditures/Carryover					
	Projected FY 2025-2026	Projected FY 2026-2027	Projected FY 2027-2028	Projected FY 2025-26 to FY 2027-28 Totals	FY 2026-2028
Carryover	\$ -	\$ -	\$ (1,088,533)		\$ (2,368,931)
Revenues					
Start-Up (Fund 78)		\$ -	\$ -	\$ -	
Interest (Fund 78)	-	-	-	-	
Fees (Fund 01)	\$ -	\$ -	\$ -	-	
Fee Revenue (45053)	\$ -	\$ -	\$ -	\$ -	
Expenditures					
Salaries & Employee Benefits					
& Indirect Costs	\$ -	\$ 821,567	\$ 892,445	\$ 1,714,012	
Services & Supplies	-	257,066	377,063	634,129	
Capital	-	9,900	10,890	20,790	
Total Expense	\$ -	\$ 1,088,533	\$ 1,280,398	\$ 2,368,931	
Surplus/(Deficit)	\$ -	\$ (1,088,533)	\$ (1,280,398)	\$ (2,368,931)	
Carryover	\$ -	\$ (1,088,533)	\$ (2,368,931)		
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> \$ 1,184,465 Proposed Annual Fee </div>					

*Salaries & Employee Benefits & Indirect Costs are estimated at Step 5 which includes cost of living increases approved by the Board in Fiscal Year 2023-24

Other Refineries Subject to Rule 1180.1

Based on projected needs for O&M of additional three (3) air monitoring stations for other refineries subject to Rule 1180.1, staff anticipates that \$1,744,694 in annual fee revenue starting FY2026-27 will be needed for O&M costs. Table 3-3 provides a summary of the budgetary analysis showing the annual fees expected to be necessary to cover projected O&M costs over the next three years. A breakdown on individual costs for the various expenditure categories is provided in Appendix A.

Table 3-3: Rule 1180.1 Projected FYs 2025-26, 2026-27, and 2027-28 Expenditures and Revenues*

Rule 1180.1 Fee Revenues/Expenditures/Carryover					
	Projected FY 2025-2026	Projected FY 2026-2027	Projected FY 2027-2028	Projected FY 2025-26 to FY 2027-28 Totals	FY 2026-2028
Carryover	\$ -	\$ -	\$ (1,602,200)		\$ (3,489,387)
Revenues					
Start-Up (Fund 78)		\$ -	\$ -	\$ -	
Interest (Fund 78)	-	-	-	-	
Fees (Fund 01)	\$ -	\$ -	\$ -	-	
Fee Revenue (45053)	\$ -	\$ -	\$ -	\$ -	
Expenditures					
Salaries & Employee Benefits & Indirect Costs	\$ -	\$ 1,232,350	\$ 1,338,668	\$ 2,571,018	
Services & Supplies	-	359,950	537,630	897,580	
Capital	-	9,900	10,890	20,790	
Total Expense	\$ -	\$ 1,602,200	\$ 1,887,188	\$ 3,489,387	
Surplus/(Deficit)	\$ -	\$ (1,602,200)	\$ (1,887,188)	\$ (3,489,387)	
Carryover	\$ -	\$ (1,602,200)	\$ (3,489,387)		
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> \$ 1,744,694 Proposed Annual Fee </div>					

*Salaries & Employee Benefits & Indirect Costs are estimated at Step 5 which includes cost of living increases approved by the Board in Fiscal Year 2023-24

2. Amend Rule 301 to Include Optional Rule 212(c) Public Notice Distribution Fees

Description of Proposed Amendment

Proposed changes are to recover costs from a new optional program whereby District staff conducts distribution of public notices required by Rule 212(c).

Rule 301 currently includes a “District option” for public notices required by Rule 212(g). This proposal is to add an additional option for public notices required by Rule 212(c). Facilities will have the option to have District staff conduct the public notice distribution or to do the distribution themselves.

Rule 212 identifies projects that require public notification. Prior to approval of applications for permits to construct requiring notification as identified in Rule 212(c), a public notice is required to be distributed to either:

- the parents or legal guardians of children in any school within 1/4 mile of the facility and to each address within a radius of 1000 feet from the outer property line of the proposed new or modified facility, or

- each address within a ¼ mile radius of the project (or other area as determined appropriate by the Executive Officer). [see Rule 212(d)].

The distribution of a public notice is required to be completed at least 30 days prior to the date action is to be taken on the application.

Rule 212(c) public notice distribution requires identification of nearby schools and nearby addresses, as well the mailing of the public notice document to all of those locations. This process can be confusing to first-time applicants and result in delays in permit approval, especially when the distribution is done incorrectly or incompletely and needs to be re-done, with an additional 30-day comment period.

As part of the Chair's Permitting Enhancement Program (PEP) initiative, streamlining the public notice process was identified by staff as a way to more expeditiously issue permits while complying with Rule 212 requirements.

As part of this proposal, part of the public notice fee section that references Rule 1421 compliance at dry cleaners removing perchloroethylene machines will be removed, as this section is outdated.

Proposed Amended Rule(s)

Rule 301(j) Special Permit Processing Fees - California Environmental Quality Act (CEQA) Assistance, Air Quality Analysis, Health Risk Assessment, and Public Notice for Projects

(4) Payment for Public Notice

An applicant shall pay the applicable fee, for preparation of any public notice as required by the rules, as shown below in this paragraph:

Public Notification Type	Non-Title V Source	Title V Source
For a project requiring notification as defined in Rule 212(c)	\$1,464.06 <u>\$1,507.98</u> for FY 2025-26 and thereafter	\$1,834.65 <u>\$1,889.69</u> for FY 2025-26 and thereafter
For emission reduction credits (ERCs) in excess of the amounts as specified in Rule 1310(c)	\$1,464.06 <u>\$1,507.98</u> for FY 2025-26 and thereafter	\$1,834.65 <u>\$1,889.69</u> for FY 2025-26 and thereafter
Requesting allocations from the Offset Budget or requesting the generation or use of any Short Term Credit (STCs)	\$1,464.06 <u>\$1,507.98</u> for FY 2025-26 and thereafter	\$1,834.65 <u>\$1,889.69</u> for FY 2025-26 and thereafter
Significant revision of a Title V permit	---	\$1,834.65 <u>\$1,889.69</u> for FY 2025-26 and thereafter

~~The notice preparation fee is waived for existing dry cleaning operations at the same facility that install, modify or replace dry cleaning equipment to comply with Rule 1421 provided there is a concurrent removal from service of the perchloroethylene equipment. Eligibility includes converting from perchloroethylene to non-toxic alternative solvents, including non-toxic hydrocarbon solvents. In addition,~~

(A) An applicant for a project subject to the requirements of Rule 212(c) shall either:

- (i) Pay a flat fee of \$761.75 and the actual cost as invoiced for postage, or
- (ii) Arrange for distribution of the above notice independent of the District option. If the distribution is carried out by the owner/operator or an independent consultant, the owner/operator of the source shall submit a copy of the proof of distribution to the Executive Officer.

(B) An applicant for a project subject to the requirements of Rule 212(g) shall either:

- ~~(A)~~ (i) Pay the actual cost as invoiced for publication of the notice by prominent advertisement in the newspaper of general circulation in the area affected where the facility is located and for the mailing of the notice to persons identified in Rule 212(g), or
- ~~(B)~~ (ii) Arrange publication of the above notice independent of the District option. This notice must be by prominent advertisement in the newspaper of general circulation in the area affected where the facility is located. Where publication is performed by the owner/operator or an independent consultant, the owner/operator of the source shall provide to the Executive Officer a copy of the proof of publication.

Justification/Necessity/Equity

As part of the Chair's Permitting Enhancement Program (PEP), staff looked into permit streamlining strategies to expedite permit application processing and issuance of permits.

Under the current process, applicants are responsible for managing the distribution of public notices if required under Rule 212(c). This involves either handling the distribution themselves or hiring a contractor to contact schools, determine the correct distribution addresses, and ensure that the notices are delivered to all required recipients. South Coast AQMD permit engineers are then tasked with verifying that the distribution complies with Rule 212(c). However, this process has been prone to delays due to various factors, including difficulty in identifying the proper mailing distribution contacts, hesitance from schools to work with non-governmental contractors, and communication challenges between the contractor, applicant, and District staff. Furthermore, if any deficiencies are found by the permit engineer during verification, the public notice must be redistributed, causing the 30-day public comment period to reset. In addition to these delays, permit engineers are often diverted from their primary role of reviewing applications to audit and validate the public notice distribution, which adds to their workload.

To address these challenges and improve efficiency as part of PEP, District staff initiated a pilot program on April 29, 2024 to give applicants the option to have District staff handle the distribution of the public notice on behalf of the applicant, which removes the burden from the

applicant and allows permit engineers to focus on application processing. If the applicant chooses, the District will take on the responsibility of contacting schools for public notice distribution, reducing the time and effort required from applicants. This approach is also more likely to ensure cooperation from schools, as they are more willing to work with a government agency rather than a contractor. Furthermore, the new process streamlines the audit and validation efforts, minimizing the risk of having to redo the distribution due to communication breakdowns or misidentifications.

Once the applicant chooses to use the District to conduct the public notice distribution, a Staff Specialist within the Engineering and Permitting division will initiate the process by contacting the schools to ensure the notices are sent to parents and legal guardians of students. The Staff Specialist will use GIS tool(s) to determine and compile a list of all addresses within the required distribution area as well as identify any additional schools in the surrounding area that require distribution, as required by Rule 212(c). Once all distribution parameters are reviewed by the Supervising AQ Engineer, the mailing list and dated public notice letters are forwarded to the South Coast AQMD Printshop and Mailroom for final preparation for mailouts. A Print Shop Duplicator will ensure the proper printing of the public notice, and process the order submitted by the Staff Specialist, after which it will be transferred to the Mailroom. A Mail/Subscription Services Clerk will generate an invoice for postage costs and prepare and mail the public notice.

This new process has been in effect as part of a pilot program since April 29, 2024, and continues to be an available option for permit applicants subject to Rule 212(c) requirements. Based on feedback received, adjustments are ongoing to ensure this program meets the needs of both applicants and South Coast AQMD staff. Data gathered from 35 public notice distributions between April 29, 2024, and December 31, 2024, was used to determine the flat fee calculations shown in Table 3-4 below. The applicant will pay this flat fee, plus actual postage costs since the postage cost of each project varies due to the number of addresses that require notification.

Providing this service will aid facilities, especially small businesses with limited resources, to conduct such distributions. The use of District staff to distribute public notices is optional; facilities may still opt to conduct public notice distributions themselves at their own cost or use a third-party contractor. For facilities that choose the District option, cost recovery for staff time is needed and a flat fee will be invoiced as described below. Cost recovery for postage costs is also needed and will be invoiced based on actual postage costs. Based on the pilot program conducted by staff, the time needed for most of these types of public notice is approximately 7 hours of staff time, and postage costs vary from \$8.26 to \$2,706.81. The postage cost varies directly with the number of addresses that are required to be notified. Staff is proposing a flat fee of \$761.75 for staff time, which is based on the average number of hours during the pilot study for each staff member involved, as shown in the table below. By invoicing facilities based on this flat fee, the costs will be recovered in a way that is consistent with the level of effort required and will give facilities more certainty of the amount due.

Table 3-4: Calculation of Flat Fee for Public Noticing Using the District Option

Position	Group	Burdened Hourly Rate (\$/hr)	Time Spent (hrs)	Amount (\$)
Mail Subsc. Serv. Clerk	OCM	73.02	1.0	73.02
Print Shop Duplicator	OCM	88.06	1.0	88.06
Staff Specialist	PRO	118.42	4.5	532.89
Supv. AQ Eng	PRO	135.56	0.5	67.78
			TOTAL	761.75

3. Amend Rule 316 to Include Post-Reporting Deadline Fees for Warehouses

Description of Proposed Amendment

Rule 316 sets fees for Rule 2305 (WAIRE Program). Many warehouse operators and owners are not submitting reports on time. As a result, staff from Planning, Rule Development and Implementation (PRDI) and Office of Compliance and Enforcement (OCE) need to spend extra time on outreach, and follow-up with these facilities to bring them into compliance. Using experience from the past year over hundreds of facilities, staff calculated the potential additional fee required per report that would offset the additional staff effort for each report. This proposal is not to establish a penalty or late surcharge. It is a fee to recover the reasonable regulatory costs of specific additional effort for these late reporting facilities.

This proposed fee would not apply to facilities amending a report that was submitted prior to the applicable deadline. In those instances, facilities already are required to pay the original fee again for the new amended report.

Proposed Amended Rule(s)

Rule 316(d) Annual WAIRE Fees

Warehouse operators and owners who submit reports or notifications required by Rule 2305 shall pay fees according to Table 1. These fees are due at the time that the applicable report or notification ~~must be~~ submitted pursuant to Rule 2305.

Table 1

Report or Notification	Fee for Reporting before Deadlines in Rule 2305	Additional Post-Reporting Deadline Fee
Annual WAIRE Report	\$428.99 \$441.86	\$539.66
Initial Site Information Report	\$153.76 \$158.37	\$193.43
Warehouse Operations Notification	\$32.25 \$33.22	\$40.57

Justification/Necessity/Equity

WAIRE Program Implementation staff have analyzed the amount of work they have conducted on post-reporting deadline facilities to date (including work on over 2,000 reports). This analysis

reveals that facilities that submit late Annual WAIRE Reports (AWRs) send on average 5.37 emails, while facilities that submit on time send an average of 3.01 emails. In addition, on average about 0.34 voicemails are received for every email submitted. This additional facility correspondence results in about a 90% increase in staff time per facility responding to these additional inquiries, providing compliance assistance, and conducting outreach to these late-reporting facilities. Additional time spent on late-filed Initial Site Information Reports (ISIRs) and Warehouse Operations Notifications (WONs) is similar to that for late-filed AWRs. The time breakdown is shown below.

Table 3-5: Additional Staff Time Calculations

Position	Estimated Staff Time Justifying Current AWR Fee for Timely Submittals (hours)	Post-Reporting Deadline Staff Time Estimate (hours)
Air Quality Specialist	1.75	1.58
Program Supervisor	0.6	0.54
Planning and Rules Manager	0.2	0.18

In addition, an analysis of OCE work associated with late reporting facilities shows that they have also expended additional resources performing outreach visits, issuing Notices of Violations (NOVs), writing NOV reports, investigating compliance status, and responding to emails and telephone call to bring late reporting facilities into compliance (about 61% of the workload was overtime). The average time per facility for post-deadline reporting facilities is shown in the table below.

Table 3-6: Additional OCE Staff Time Calculations

Position	Post-Reporting Deadline Staff Time Estimate (hours)
Air Quality Inspector I	0.20
Air Quality Inspector II	0.34
Air Quality Inspector III	0.11
Staff Specialist	1.26
Senior Enforcement Manager	0.10

Since the post-reporting deadline fee is based on the staff time required to process each late report, South Coast AQMD would recover the cost of handling each late submission through the adoption of this fee.

Fees would only be applied to facilities that submit a report after the deadline and are calculated specifically to the level of effort staff has dedicated historically for these facilities. Thus, this fee is equitable. There is also an overall budgetary shortfall in the amount of revenue collected from Rule 316 and the amount of funds spent on staffing resources for Rule 2305 implementation and

compliance. This shortfall was about \$2.1 million in FY 2023-24 and is about \$1 million to date in FY 2024-25. Thus, the new fee increase is necessary to recover specific costs.

**CHAPTER 4: PROPOSED RULE AMENDMENTS WITH NO FEE IMPACTS
AND/OR ADMINISTRATIVE CHANGES**

INTRODUCTION

CLARIFY THE CRITERIA FOR ABBREVIATED REPORTING
ELIGIBILITY RELATING TO CARB'S RECENT CRITERIA AND
TOXICS REPORTING (CTR) REGULATION REQUIREMENTS

EXTEND THE AER FILING DEADLINE FOR 2025 EMISSIONS
TO MAY 1, 2026

CLARIFY RULE 301 TO BE CONSISTENT WITH
REQUIREMENTS ESTABLISHED BY RULE 317.1 REGARDING
CLEAN AIR ACT NONATTAINMENT FEES

Introduction

The proposed rule amendments in this section do not have fee impacts. Rather, the proposed amendments in this chapter generally include administrative changes, including clarifications, deletions, re-numbering, and corrections to existing rule language. The following proposals are being proposed with no fee impacts:

- 1) A proposal to clarify the criteria for abbreviated reporting eligibility relating to CARB's recent Criteria and Toxics Reporting (CTR) Regulation requirements,
- 2) A proposal to extend the AER filing deadline for 2025 emissions to May 1, 2026
- 3) A proposal to clarify Rule 301 to be consistent with requirements established by Rule 317.1 regarding Clean Air Act nonattainment fees, and

The proposed rule amendments are discussed in more detail 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, and removing old references are not separately listed below.

1. Clarification of the Criteria for Abbreviated Reporting Eligibility Relating to CARB's Recent Criteria and Toxics Reporting (CTR) Regulation requirements

Description of Proposed Amendment

CARB's Criteria and Toxics Reporting (CTR) Regulation requires annual reporting of criteria pollutant and air toxics emissions from most permitted facilities in California. CTR requires the owner or the operator of a facility to provide either the calculated emissions, or the activity data needed to quantify emissions, for permitted devices and processes. CARB relies on local air districts to collect and process the emissions data and report that data to CARB on behalf of the facilities. As a result, any facility reporting emissions data to comply with CTR requirements is potentially subject to emissions fees levied by their local air district. The reporting requirements resulting from the CTR regulation are designed to be phased in for various facility types and/or activities over several years.

Facilities with equipment and/or operations deemed eligible for "abbreviated reporting" in the CTR regulation are not required to submit details such as equipment details, fuel usage, emission factors and emission calculations. They instead solely provide activity data (such as hours in operation or fuel consumed) in order to comply with CTR. South Coast AQMD staff uses the activity data provided to then estimate emissions on behalf of the facility. Rule 301 (e)(17) assesses a flat fee for any facility submitting an "abbreviated report" in lieu of toxic air contaminant (TAC) fees described in Rule 301 (e)(7).

Rule 301 (e)(17) currently includes language outlining the criteria for abbreviated reporting eligibility under CTR. This amendment proposes to (1) clarify that facilities emitting over four tons per year of any criteria pollutant and reporting per (e)(1)(B) are not eligible for abbreviated reporting, (2) clarify that facilities subject to Rule 317.1 are not eligible for abbreviated reporting, (3) clarify that AB 2588 facilities are not eligible for abbreviated reporting, and (4) replace the list of activities/operations eligible for abbreviated reporting with a reference to the CTR regulatory text.

Rule 301(e) Annual Operating Emissions Fees

- (17) Abbreviated Reporting Eligibility Pursuant to CARB’s Criteria And Toxics Reporting Regulation and Associated Fees

Facilities electing to submit an abbreviated report to fulfill reporting requirements pursuant to California Code of Regulations Title 17 Section 93400 et seq. are exempt from fees in (e)(7) and subject instead to an annual abbreviated reporting filing fee of \$53.24 beginning July 1, 2024, and \$106.48 beginning July 1, 2025 and thereafter. Facilities are eligible for abbreviated reporting only if conditions in both (e)(17)(A) and (e)(17)(B) are met.

- (A) A facility does not meet any of the criteria in (i) through (vi), ~~(ii), or (iii)~~ below:

- i. Subject to (e)(1)(B).
- ii. Subject to CARB’s AB 2588 Air Toxics "Hot Spots" Emission Inventory Criteria and Guidelines Regulation (17 California Code of Regulations section 93300.5).
- iii. Criteria Facility – any facility with permitted potential to emit 250 or more tons per year of any applicable nonattainment pollutant or its precursors.
- iv. Greenhouse Gas Reporter Facility – any facility subject to reporting under the California Regulation for the Mandatory Reporting of Greenhouse Gas Emissions, 17, CCR Section 95100 et seq.
- v. Elevated Prioritization Toxics Facility – any facility identified by South coast AQMD as high priority as of January 1 of the data year (the year the emissions occurred), based on the South Coast AQMD’s implementation of the AB 2588 “Hot Spots” requirements.
- vi. Facilities subject to Rule 317.1.

- (B) A facility engages in activity (or activities) ~~limited exclusively to one or more qualifying activities outlined in the table below~~ defined as applicable to abbreviated reporting by CARB’s Criteria And Toxics Reporting Regulation or authorized by CARB.

~~Facility Operations Eligible for Abbreviated Reporting Under CTR~~

Agricultural operations limited to dairy, poultry, and swine farms
Combustion of natural gas or propane in boilers or heaters
Diesel powered emergency standby generators, direct drive emergency standby fire suppression pump engines, direct drive emergency standby fire water pump engines, or other engines permitted as emergency equipment
Dispensing of gasoline or diesel
Cremation of humans or animals

Justification/Necessity/Equity

This amendment is solely administrative and seeks only to clarify the existing abbreviated reporting eligibility requirements. In addition, removing the currently included table of activities eligible for abbreviated reporting will serve to ease future administrative burden in the event that CARB updates any relevant regulatory text.

The first proposed clause Rule 301 (e)(17)(A)(i) is to clarify that CTR facilities with criteria emissions greater than 4 tpy must submit a standard report with calculated emissions to comply with existing emission fees of Rule 301.²⁴ Rule 301 emission fees have existed since the inception of Rule 301. These fees support many programs operated by South Coast AQMD. The intent of the abbreviated reporting structure was to provide a streamlined reporting mechanism only and not to serve as a mechanism for facilities to avoid standard emission fees if they exceed the emission threshold(s).

The second proposed clause Rule 301 (e)(17)(A)(ii) is to clarify that facilities subject to AB 2588 (“Hots Spots Program”) remain subject to the reporting requirements of that program. The AB 2588 Program reporting requirements are detailed in CARB’s Emission Inventory and Criteria Guidelines (see §93300.5), as well as South Coast AQMD Rule 1402. Allowing AB 2588 facilities to file an abbreviated report would result in circumvention of those requirements.

The sixth clause Rule 301 (e)(17)(A)(vi) is to clarify that Rule 317.1 facilities remain subject to reporting requirements of Rule 317.1. Rule 317.1 requires subject facilities to report emissions details from certain equipment and processes that would otherwise be exempted from abbreviated reporting, such as unpermitted charbroilers, unpermitted deep fat fryers, Clean Air Solvents, and architectural coatings.

Removing the table describing qualifying facility operations also helps in avoiding any confusion going forward since the qualifying facility operations are established in CTR, which is already

²⁴ § 93408 states the CTR “...regulation does not preempt any more stringent requirements imposed by any air district”

referenced in paragraph (17) of Rule 301 (e). Staff intends to provide additional details in published AER guidelines to describe in detail operations that qualify for abbreviated reporting under AER. This allows for more flexibility since any changes to the applicability in CTR can be reflected in District guidance without requiring Rule 301 amendment(s).

2. Extending the AER Filing Deadline for 2025 Emissions to May 1, 2026

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 data year (DY) 2022 emissions reported in calendar year (CY) 2023, the CTR regulation required emissions reporting for approximately 5,000 additional facilities new to the District's AER program. Additionally, report content will be expanded for all facilities, existing and new to AER, requiring hundreds of additional reportable toxic air contaminants.

This amendment proposes to extend the 2026 AER deadline for submitting annual emissions reports (and payments) in an effort to accommodate the large number of new facilities required to report as part of the Phase-3 implementation of the CTR regulation.

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 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)(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 (75th) day following January 1 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 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 (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.

- (B) The ~~2024~~2025 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, ~~2025~~2026. If fee payment and emissions report are not received within the time prescribed by subparagraph (e)(10)(A) or (e)(11)(C), a surcharge shall be assessed and added to the original amount of the emission fee due according to the following schedule:

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 ~~2024~~2025 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, ~~2025~~2026.

Rule 301(e) Annual Operating Emissions Fees

- (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 (75th) day following January 1 of the subsequent year to avoid any late payment surcharges specified in subparagraph (e)(10)(B). The ~~2024~~2025 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, 2025~~6~~.

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 standard due date for Rule 301 and AB 2588 annual emissions reports and payments is 75 days following January 1. This due date has been extended to May 1st for two of the past three reporting years (CTR paused reporting for the additional facilities for the year). Due to the CTR reporting requirements, for DY 2025 emissions reported in CY 2026, it is anticipated that more time will again be needed. This additional time is necessary for AER staff to assist with inquiries from facilities new to the District's AER reporting process that have been captured by CTR requirements phasing in. Staff is proposing the deadline date of May 1, 2026, which is also consistent with the report submittal due date specified in the CTR regulation. The extended deadline will benefit new and existing facilities by allowing them more time to complete the report considering the additional report content pursuant to the CTR regulation. The extended deadline would only be applicable for DY 2025 annual emissions reports and payments due in CY 2026.

3. Clarify Rule 301 to be Consistent with Requirements Established by Rule 317.1 Regarding Clean Air Act Nonattainment Fees

Description of Proposed Amendment

Section 185 of the Clean Air Act (CAA) requires each major stationary source of VOC and/or NO_x, that is located in "severe" or "extreme" ozone nonattainment area where the area has failed to attain the NAAQS by the applicable attainment date, to either reduce their emissions by 20% from a baseline amount or pay a fee. CAA nonattainment fees only apply to major stationary sources of NO_x and/or VOC.

Rule 317.1 – Clean Air Act Nonattainment Fees for 8 Hour Ozone Standard was adopted in June 2024 and establishes the regulatory pathway to comply with Section 185 of the CAA. Rule 317.1 requires emissions to be reported to South Coast AQMD's existing Annual Emissions Reporting (AER) program (see Rule 317.1 (c)(1) and (d)(3)(A)).

Rule 301 lists facilities required to report emissions to AER. This proposed amendment is to harmonize both rules by also adding a clarifying requirement in Rule 301.

Rule 301 (e) Annual Operating Emissions Fees**(2) Emissions Reporting and Fee Calculation**

Each facility subject to subparagraph (e)(1)(B) shall annually report all emissions for all pollutants listed in paragraph (e)(5) and Table IV and incur an emissions fee as prescribed in Table III. Additionally, all major stationary sources of NO_x and/or VOC, as defined in Rule 317, Rule 317.1 and other rule(s) implementing section 185 of the federal Clean Air Act, shall annually report and pay the appropriate clean air act nonattainment fees for all actual source emissions including but not limited to permitted, unpermitted, unregulated and fugitive emissions.

Justification/Necessity/Equity

Rule 317.1 (c)(1) defines ‘Actual Emissions’ as emissions reported through South Coast AQMD Annual Emissions Reporting (AER) Program. Rule 317.1 further requires all subject facilities to report ‘Actual Emissions’.

Emission reporting requirements for various categories of facilities is listed in Rule 301 (e). Due to federal requirements, Rule 317.1 was adopted prior to the schedule that Rule 301 is amended. This amendment is solely administrative and seeks only to reflect and harmonize the existing reporting requirements outlined in the recently adopted Rule 317.1 with Rule 301.

CHAPTER 5 – IMPACT ASSESSMENT

FISCAL IMPACT FOR SOUTH COAST AQMD
CALIFORNIA ENVIRONMENTAL QUALITY ACT
SOCIOECONOMIC IMPACT ASSESSMENT

Fiscal Impact for South Coast AQMD

The fiscal impacts of the proposed amendments to Regulation III, including those impacted only by the CPI increase as authorized by Rule 320, have been taken into consideration by the fiscal year 2025-26 budget and the related five-year projections.

California Environmental Quality Act

Pursuant to the California Environmental Quality Act (CEQA) Guidelines Sections 15002(k) and 15061, the proposed amendments to Regulation III which involve charges by public agencies for the purpose of meeting operating expenses and financial reserve needs and requirements are statutorily exempt from CEQA pursuant to CEQA Guidelines Section 15273. In addition, the proposed amendments to Regulation III which have no fee impact and are strictly administrative in nature, are exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3). A Notice of Exemption will be prepared pursuant to CEQA Guidelines Section 15062, and if the proposed project is approved, the Notice of Exemption will be filed for posting with the State Clearinghouse of the Governor's Office of Planning and Research, and with the county clerks of Los Angeles, Orange, Riverside, and San Bernardino counties.

Socioeconomic Impact Assessment

A socioeconomic impact assessment was conducted to provide information to Governing Board and stakeholders but is not required per Health and Safety Code Sections 40440.8 and 40728.5 because air quality or emission limitations will not be significantly affected by Proposed Amended Regulation (PAR) III – Fees. This socioeconomic impact assessment analyzes the potential cost impacts and examines the proposed amendments to Regulation III with fee impacts other than the impacts of the automatic CPI-based fee rate increase authorized under the existing Rule 320.²⁵ This analysis also includes the estimated fee impacts by proposed amendments and by industry.

Projected Costs of Proposed Amendments with Fee Impacts

There are three proposed amendments with potential fee impacts. As presented in Table 5-1, the total fee impacts of the three proposed amendments are estimated to be about \$4.18 million in FY 2025-26, and \$4.35 million in FY 2026-27 and thereafter. All assumptions informing estimated fee impacts are discussed in the following sections.

**Table 5-1: Estimated Fee Impacts by Proposed Amendment and Fiscal Year
(Millions in 2025 Dollars)**

Proposed Amendments	FY 2025-26	FY 2026-27 and thereafter
Amend Rule 301 For Refinery Community Air Monitoring System Annual Operating and Maintenance Fees	\$1.09	\$4.02

²⁵ See *Draft Socioeconomic Report for Adjustment Based on Consumer Price Index for Regulations III – Fees*, released on March 14, 2025 and available at: <https://www.aqmd.gov/docs/default-source/finance-budgets/fy-2025-26/draft-socioeconomic-report-for-adjustment-based-on-consumer-price-index-for-regulation-iii---fees.pdf>.

Proposed Amendments	FY 2025-26	FY 2026-27 and thereafter
Amend Rule 301 For New Fees for Optional Public Notice Distribution pursuant to Rule 212(c)	\$0.09	\$0.09
Amend Rule 316 to Include Post-Reporting Deadline Fees For Warehouses	\$3.00	\$0.24
Total	\$4.18*	\$4.35

* Note that the number excludes the remaining 1.5% additional increase to permit related fees (beyond California CPI for FY 2025-26) as approved by Governing Board on May 3, 2024

1. AMEND RULE 301 FOR REFINERY COMMUNITY AIR MONITORING SYSTEM ANNUAL OPERATING AND MAINTENANCE FEES

Rule 1180 – Refinery Fenceline and Community Air Monitoring was adopted in December 2017, requiring all seven major refineries in the South Coast Air Basin to measure ambient levels of various air pollutants at their fence-line and notify the public if the concentration of any measured pollutant is above pre-determined threshold levels. Rule 1180 also establishes a fee schedule for each refinery to fund the installation, operation and maintenance of community air monitoring stations (operated by South Coast AQMD) to provide air quality information and notifications to the public.

In January 2024, Rule 1180 was amended to establish a fee schedule to fund the addition of air toxic metals, particulate matter (PM), and PAH monitoring at community sites near the seven Rule 1180 refineries. This additional monitoring is projected to be implemented at existing Rule 1180 community air monitoring stations by July 1, 2025. Therefore, annual operation and maintenance (O&M) fees for the seven major refineries subject to Rule 1180 shall be increased to account for the monitoring of the additional pollutants; the fee increase, which includes funding for monitoring of additional pollutants as well as other projected increases in O&M costs for community air monitoring, is estimated to be \$1.09 million annually starting in FY 2025-26.

In addition, the Rule 1180 amendment in January 2024 also requires five new refinery-related facilities to install two additional community air monitoring stations, which are projected to be established by July 1, 2026. The five new facilities will share the installation and ongoing O&M costs, and Rule 301 shall be amended to include these ongoing O&M fees, which are estimated to be \$1.18 million annually from FY 2026-27 onward.

Furthermore, in January 2024, Rule 1180.1 was adopted which requires three other refineries in the Basin to each install a community air monitoring station by July 1, 2026. Rule 301 shall be amended to account for the ongoing O&M fees for the three additional community air monitoring stations. The fees are estimated to be \$1.74 million annually starting in FY 2026-27.

In total, as presented in Table 5-1, the potential revenue impacts from this proposed amendment to Rule 301 are estimated at \$1.09 million in FY 2025-26, and \$4.02 million in FY 2026-27 and thereafter. The sector of Petroleum and Coal Products Manufacturing (NAICS 324) will be affected by this proposed amendment. However, the impact is considered minimal for the sector

as the increased fee for each fiscal year accounts for less than 0.003% and 0.012% of the 2024 output and value added of the sector in South Coast AQMD jurisdiction, respectively.

2. AMEND RULE 301 FOR NEW FEES FOR OPTIONAL PUBLIC NOTICE DISTRIBUTION PURSUANT TO RULE 212(C)

Rule 212 identifies projects that require public notification. Specifically, for any application seeking a permit to construct that is subject to the notification requirements in Rule 212(c), a public notice is required to be distributed either to the parents or legal guardians of children in any school within ¼-mile of the facility and each address within a radius of 1,000 feet from the outer property line of the proposed new or modified facility, or to each address within a ¼-mile radius of the project (or other area as determined appropriate by the Executive Officer). The distribution of the public notice needs to be completed at least 30 days before any action can be taken on the application.

Originally, applicants are responsible for managing the distribution of these public notices, either distributing the notices themselves or by hiring a contractor to handle the notice distribution duties. The South Coast AQMD permit engineers verify whether the distribution of the public notice complies with Rule 212(c). This process, however, is prone to delays due to various factors, such as difficulty in identifying proper mailing contacts, hesitance of schools to work with non-governmental contractors, and communication challenges between the contractor, applicant, and South Coast AQMD staff. If any deficiencies are found during the distribution verification step, the public notice must be redistributed, which resets the 30-day public comment period.

To address these challenges and improve efficiency, staff initiated a pilot program on April 29, 2024, to give applicants the option to have South Coast AQMD staff distribute public notices on behalf of the applicant. If the applicant chooses this option, the South Coast AQMD will take on the responsibility of contacting schools for public notice distribution, which not only saves applicants' time and effort, but also ensures cooperation from schools as they are generally more willing to work with a government agency than with a contractor. Furthermore, the option streamlines the audit and validation efforts, minimizing the risk of having to repeat the distribution of the public notice due to inefficient communication or misidentifications.

If the applicant chooses the South Coast AQMD option for distributing public notices, cost recovery for staff time is needed. Based on data gathered from 35 public notice distributions for the pilot program between April 29, 2024, and December 31, 2024, the time needed for most of the public notices is approximately seven hours. A flat fee of \$761.75 for staff time is proposed, based on the average number of hours for each staff member involved during the pilot study. Thus, the costs will be recovered in a way that is consistent with the efforts required to distribute the public notices. On the other hand, facilities will also be responsible for the actual cost as invoiced for postage costs associated with public notice distribution. Based on the data collected during the pilot program, the postage costs vary from \$8.26 to \$2,706.81, which are directly associated with the number of addresses that are required to be noticed.

Based on the results of the pilot program, 75 public notices per year are anticipated to be completed under this optional provision, primarily for non-TV facilities. With a flat fee of \$761.75 per public notice and an average postage of \$500 per public notice, the fee impacts from this optional method for distributing public notices are estimated at approximately \$95,000 per year, as shown in Table 5-1.

The proposed amendment will potentially affect all industries. Using the revenue and employment data from the Dun and Bradstreet Enterprise Database (D&B), about 35% of facilities paying permit processing fees in fiscal year 2023-2024 would potentially qualify as small business according to the definition of South Coast AQMD's small business assistance office.

3. AMEND RULE 316 TO INCLUDE POST-REPORTING DEADLINE FEES FOR WAREHOUSES

Rule 316 sets fees for Rule 2305 (WAIRE Program). South Coast AQMD records indicate that many warehouse operators and owners did not submit the required reports on time, and thus, staff from PRDI and OCE needed to spend extra time conducting outreach and follow-up with these facilities to bring them into compliance. Specifically, PRDI WAIRE Program implementation staff have analyzed the amount of work conducted on post-reporting deadline facilities to date (including work on over 2,000 reports), showing a 90% increase in staff time per facility responding to additional inquiries, providing compliance assistance, and conducting outreach to the late-reporting facilities. A similar amount of increased staff time is needed to follow up on late-filed AWRs, ISIRs and WONs. In addition, an analysis of OCE work associated with late-reporting facilities shows that they have also expended additional resources performing outreach visits, issuing NOVs, writing NOV reports, investigating compliance status, and responding to emails and telephone calls to bring late-reporting facilities into compliance (about 61% of the workload was overtime).

To recover reasonable regulatory costs due to increased staff time and efforts, Rule 316 is proposed to be amended to include post-reporting deadline fees. Currently, South Coast AQMD estimates there are 5,558 facilities that need to submit their 2022, 2023, or 2024 AWRs; thus, under the proposed amendment, these facilities would incur the post-reporting deadline fees. Assuming that all of these facilities would submit their outstanding reports in FY 2025-26, the total AWR post-reporting deadline fees are estimated at \$3.00 million, with an estimated burden rate of \$539.66 per facility. A review of other South Coast AQMD programs shows that 10% of filings are typically submitted after the deadline. Assuming this trend continues, 436 warehouse operators will pay the post-reporting deadline fee, resulting in an additional \$0.24 million in AWR revenue for FY 26-27 and beyond. Note that as the initial deadlines have passed, the post-reporting deadline fees for WONs and ISIRs are expected to be negligible every year. In conclusion, the potential revenue impacts from this proposed amendment to Rule 316 are estimated at \$3.00 million in FY 2025-26, and \$0.24 million in FY 2026-27 and thereafter, as shown in Tables 5-1.

The proposed amendment will potentially affect all industries. Based on a prior report by South Coast AQMD's staff, about 22% of affected warehouse operators would potentially qualify as small business according to the definition of South Coast AQMD's small business assistance office.²⁶

²⁶ Please refer to Socioeconomic Impact Assessment for Proposed Rule 2305 – Warehouse Indirect Source Rule – Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program and Proposed Rule 316 – Fees for Rule 2305. (https://www.aqmd.gov/docs/default-source/planning/fbmsm-docs/pr-2305_sia_2nd-draft_4-7-21.pdf?sfvrsn=71add261_8)

CHAPTER 6 – FINDINGS UNDER HEALTH AND SAFETY CODE

REQUIREMENTS TO MAKE FINDING

NECESSITY

EQUITY

AUTHORITY

CLARITY

CONSISTENCY

NON-DUPLICATION

REFERENCE

Requirements to Make Findings

H&SC Section 40727 requires that prior to adopting, amending, or repealing a rule or regulation, the South Coast AQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference, as well as findings of equity under H&SC Section 40510.5(a) based on relevant information presented at the public hearing and in the staff report.

Necessity

Annual CPI updates to Regulation III – Fees, including Rules 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314, 315, 316 and 316.2, are necessary to recover South Coast AQMD's costs as a result of inflation. All fees are necessary to fund the fiscal year 2025-26 Budget. Based on the analysis provided in Chapter 3 of this report, a need exists for new or modified fees necessary to provide more specific cost recovery for Regulation III rules including but not be limited to Rule 301. Finally, the amendments set forth in the no fee impact/administrative change chapter of this report are necessary to add rule clarity or make necessary administrative changes to Rule 301.

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 Chapter 3 of this report, the proposed new fees or modified fee rates in Proposed Amended Rule 301 are found to be equitably apportioned as they are based on either the complexity of equipment and work required for permit evaluation and implementation, or on the amount of emissions from the facility, which is reasonably related to the burden imposed on the South Coast AQMD. For the proposed new warehouse rule late report fee, the amount is based on the work required to bring these facilities into compliance and is reasonably apportioned based on the average amount of work per facility.

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.

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, 316 and 316.2, as proposed to be amended, are written or displayed so that their meaning can be easily understood by the persons directly affected by them.

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, 316 and 316.2, 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.

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, 316 and 316.2, 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 South Coast AQMD.

Reference

The South Coast AQMD Governing Board, in amending these rules, references the following statutes which South Coast AQMD hereby implements, interprets, or makes specific: H&SC Sections 40500, 40500.1, 40510, 40510.5, 40512, 40522, 40522.5, 40523, 41512, 42300 et seq., and 44380.

**APPENDIX A – RULES 1180 AND 1180.1 COMMUNITY AIR MONITORING
ANNUAL O&M ESTIMATES FEE COST TABLES**

Table A-1: Rules 1180 3-Year Projection: Salary and Employee Benefits – Petroleum Refineries

Position Title	Division	FY 2025-26 Fully Burdened Expenditures	FY 2026-27 Fully Burdened Expenditures	FY 2027-28 Fully Burdened Expenditures
AQ Instrument Specialist II	MAD	\$ 228,117	\$ 232,548	\$ 232,548
AQ Instrument Specialist II	MAD	\$ 228,117	\$ 232,548	\$ 232,548
AQ Instrument Specialist II	MAD	\$ 228,117	\$ 232,548	\$ 232,548
Air Quality Specialist	MAD	\$ 261,721	\$ 267,160	\$ 267,160
Air Quality Specialist	MAD	\$ 261,721	\$ 267,160	\$ 267,160
Air Quality Specialist	MAD	\$ 261,721	\$ 267,160	\$ 267,160
Air Quality Specialist	MAD	\$ 261,721	\$ 267,160	\$ 267,160
Air Quality Specialist	MAD	\$ 261,721	\$ 267,160	\$ 267,160
Air Quality Specialist	MAD	\$ 261,721	\$ 267,160	\$ 267,160
Air Quality Specialist	MAD	\$ 261,721	\$ 267,160	\$ 267,160
Manager (Level Equivalent Quality Assurance Manager)	MAD	\$ 312,785	\$ 219,028	\$ 219,028
Principal AQ Instrument Spec	MAD	\$ 179,370	\$ 183,086	\$ 183,086
Program Supervisor	MAD	\$ 299,755	\$ 211,371	\$ 211,371
Program Supervisor	MAD	\$ 299,755	\$ 211,371	\$ 211,371
Program Supervisor	MAD	\$0	\$ 211,371	\$ 211,371
Senior Staff Specialist	MAD	\$0	\$ 97,082	\$ 194,165
Sr AQ Instrument Specialist	MAD	\$ 241,965	\$ 246,812	\$ 246,812
Subtotal		\$ 3,588,306	\$ 3,680,728	\$ 3,777,810

Table A-2: Rule 1180 3-Year Projection: Salary and Employee Benefits – Related Facilities

Position Title	Division	FY 2025-26 Fully Burdened Expenditures	FY 2026-27 Fully Burdened Expenditures	FY 2027-28 Fully Burdened Expenditures
Administrative Assistant I	MAD	\$0	\$71,681	\$71,681
AQ Instrument Specialist II	MAD	\$0	\$93,019	\$93,019
AQ Instrument Specialist II	MAD	\$0	\$93,019	\$93,019
AQ Instrument Specialist II	MAD	\$0	\$93,019	\$93,019
Air Quality Specialist	MAD	\$0	\$53,432	\$106,864
Air Quality Specialist	MAD	\$0	\$106,864	\$106,864
Air Quality Specialist	MAD	\$0	\$106,864	\$106,864
Manager (Level Equivalent Quality Assurance Manager)	MAD	\$0	\$39,362	\$39,362
Principal AQ Instrument Spec	MAD	\$0	\$32,902	\$32,902
Program Supervisor	MAD	\$0	\$37,986	\$37,986
Program Supervisor	MAD	\$0	\$37,986	\$37,986
Program Supervisor	MAD	\$0	\$37,986	\$37,986
Senior Staff Specialist	MAD	\$0	\$17,447	\$34,893
Subtotal		\$0	\$821,567	\$892,445

Table A-3: Rule 1180.1 3-Year Projection: Salary and Employee Benefits

Position Title	Division	FY 2025-26 Fully Burdened Expenditures	FY 2026-27 Fully Burdened Expenditures	FY 2027-28 Fully Burdened Expenditures
Administrative Assistant I	MAD		\$107,522	\$107,522
AQ Instrument Specialist II	MAD		\$139,529	\$139,529
AQ Instrument Specialist II	MAD		\$139,529	\$139,529
AQ Instrument Specialist II	MAD		\$139,529	\$139,529
Air Quality Specialist	MAD		\$80,148	\$160,296
Air Quality Specialist	MAD		\$160,296	\$160,296
Air Quality Specialist	MAD		\$160,296	\$160,296
Manager (Level Equivalent Quality Assurance Manager)	MAD		\$59,042	\$59,042
Principal AQ Instrument Spec	MAD		\$49,354	\$49,354
Program Supervisor	MAD		\$56,978	\$56,978
Program Supervisor	MAD		\$56,978	\$56,978
Program Supervisor	MAD		\$56,978	\$56,978
Senior Staff Specialist	MAD		\$26,170	\$52,340
Subtotal		\$0	\$1,232,350	\$1,338,668

Table A-4: Rule 1180 3-Year Projection: Services and Supplies – Major Refineries

Expenditure Description	Division	FY 2025-26 Expenditures	FY 2026-27 O&M (Fees) Expenditures	FY 2027-28 O&M (Fees) Expenditures
Auto-GC operations and QA services	MAD	\$70,000	\$77,000	\$84,700
Optical analyzers operation and QA services	MAD	\$70,000	\$77,000	\$84,700
Replacement of LN2 Norhoff pumps for Optical analyzers	MAD	\$52,000	\$57,200	\$62,920
Annual consumables for Auto-GCs	MAD	\$249,700	\$274,670	\$302,137
Annual consumables for Optical Analyzers	MAD	\$60,000	\$66,000	\$72,600
Annual consumables for BC analyzers	MAD	\$5,000	\$5,500	\$6,050
Annual consumables for H2S analyzers	MAD	\$29,000	\$31,900	\$35,090
Annual consumables for Zero Air Generators	MAD	\$7,000	\$7,700	\$8,470
Annual Consumables for meteorological sensors	MAD	\$1,200	\$1,320	\$1,452
Bi-annual HF Analyzer maintenance / calibration	MAD	\$15,000	\$16,500	\$18,150
Annual Consumables for Metal Analyzers	MAD	\$101,500	\$111,650	\$122,815
Bi-annual replacement of Xray tube for Metal Analyzers	MAD	\$0	\$110,000	\$0
Annual consumables for PM analyzers	MAD	\$5,000	\$5,500	\$6,050

Annual Software Licenses (Fluxsense Optical, Matlab, IgorPro, JMP)	MAD	\$90,000	\$66,000	\$72,600
Services for instrument maint/repairs/calibration/verific ation and audit	MAD	\$60,000	\$66,000	\$572,600
Laboratory gasses	MAD	\$50,000	\$55,000	\$60,500
Small tools, equipment, supplies	MAD	\$50,000	\$55,000	\$60,500
Communications	MAD/IM	\$150,000	\$100,000	\$100,000
Long Beach Office Lease	MAD	\$303,000	\$210,080	\$218,483
Station Leases	MAD	\$80,000	\$88,000	\$96,800
Rental space for ORS mobile lab	MAD	\$6,089	\$4,262	\$4,475
Memberships	MAD	\$3,000	\$2,333	\$2,667
Conferences and meetings	MAD	\$7,500	\$5,500	\$6,050
Community meetings	MAD	\$10,000	\$6,667	\$6,667
Meteorological audit contract	MAD	\$10,000	\$11,000	\$12,100
STI DMS Support contract	MAD	\$20,000	\$22,000	\$24,200
Office supplies	MAD	\$35,000	\$35,000	\$35,000
Training	MAD	\$16,000	\$11,733	\$12,907
Fuel and mileage	MAD	\$25,000	\$26,667	\$26,667
Total Rule 1180 Major Refineries		\$1,580,989	\$1,607,182	\$2,117,349

Table A-5 Rule 1180 3-Year Projection: Services and Supplies – Related Facilities

Expenditure Description	Division	FY 2025-26 Expenditures	FY 2026-27 O&M (Fees) Expenditures	FY 2027-28 O&M (Fees) Expenditures
Auto-GC operations and QA services	MAD	\$0	\$15,400	\$16,940
Optical analyzers operation and QA services	MAD	\$0	\$15,400	\$16,940
Annual consumables for Auto-GCs	MAD	\$0	\$54,934	\$60,427
Annual consumables for Optical Analyzers	MAD	\$0	\$13,200	\$14,520
Annual consumables for H2S analyzers	MAD	\$0	\$6,380	\$7,018
Annual consumables for Zero Air Generators	MAD	\$0	\$1,540	\$1,694
Annual Consumables for meteorological sensors	MAD	\$0	\$264	\$290
Annual Software Licenses (Fluxsense Optical, Matlab, IgorPro, JMP)	MAD	\$0	\$13,200	\$14,520
Services for instrument maint/repairs/calibration/verification and audit	MAD	\$0	\$13,200	\$114,520
Laboratory gasses	MAD	\$0	\$11,000	\$12,100
Small tools, equipment, supplies	MAD	\$0	\$11,000	\$12,100
Communications	MAD/IM	\$0	\$20,000	\$20,000
Long Beach Office Lease	MAD	\$0	\$42,016	\$43,697
Station Leases	MAD	\$0	\$17,600	\$19,360

Rental space for ORS mobile lab	MAD	\$0	\$852	\$895
Memberships	MAD	\$0	\$467	\$533
Conferences and meetings	MAD	\$0	\$1,100	\$1,210
Community meetings	MAD	\$0	\$1,333	\$1,333
Meteorological audit contract	MAD	\$0	\$1,100	\$1,210
STI DMS Support contract	MAD	\$0	\$4,400	\$4,840
Office supplies	MAD	\$0	\$5,000	\$5,000
Training	MAD	\$0	\$2,347	\$2,581
Fuel and mileage	MAD	\$0	\$5,333	\$5,333
Total for Rule 1180 Related Facilities		\$0	\$257,066	\$377,063

Table A-6: Rule 1180.2 3-Year Projection: Services and Supplies – Major Refineries

Expenditure Description	Division	FY 2025-26 Expenditures	FY 2026-27 O&M (Fees) Expenditures	FY 2027-28 O&M (Fees) Expenditures
Auto-GC operations and QA services	MAD	\$0	\$19,250	\$21,175
Optical analyzers operation and QA services	MAD	\$0	\$19,250	\$21,175
Annual consumables for Auto-GCs	MAD	\$0	\$68,668	\$75,534
Annual consumables for Optical Analyzers	MAD	\$0	\$16,500	\$18,150
Annual consumables for H2S analyzers	MAD	\$0	\$7,975	\$8,773
Annual consumables for Zero Air Generators	MAD	\$0	\$1,925	\$2,118

Annual Consumables for meteorological sensors	MAD	\$0	\$330	\$363
Annual Software Licenses (Fluxsense Optical, Matlab, IgorPro, JMP)	MAD	\$0	\$19,800	\$21,780
Services for instrument maint/repairs/calibration/verification and audit	MAD	\$0	\$21,780	\$173,958
Laboratory gasses	MAD	\$0	\$16,500	\$18,150
Small tools, equipment, supplies	MAD	\$0	\$16,500	\$18,150
Communications	MAD/IM	\$0	\$30,000	\$30,000
Long Beach Office Lease	MAD	\$0	\$63,024	\$65,545
Station Leases	MAD	\$0	\$26,400	\$29,040
Rental space for ORS mobile lab	MAD	\$0	\$1,279	\$1,343
Memberships	MAD	\$0	\$700	\$800
Conferences and meetings	MAD	\$0	\$1,650	\$1,815
Community meetings	MAD	\$0	\$2,000	\$2,000
Meteorological audit contract	MAD	\$0	\$3,300	\$3,630
STI DMS Support contract	MAD	\$0	\$6,600	\$7,260
Office supplies	MAD	\$0	\$5,000	\$5,000
Training	MAD	\$0	\$3,520	\$3,872
Fuel and mileage	MAD	\$0	\$8,000	\$8,000
Total for Rule 1180.1		\$0	\$359,950	\$537,630

Table A-7: Rule 1180 3-Year Projection: Capital Outlays – Major Refineries

Expenditure Description	Division	FY 2025-26 Expenditures	FY 2026-27 O&M (Fees) Expenditures	FY 2027-28 O&M (Fees) Expenditures
High performance Computers	MAD	\$20,000	\$13,200	\$9,680
Long Beach Office: Furniture and cubicle modifications	MAD	\$40,000	\$20,000	\$20,000
Monitoring station container	MAD	\$30,000	\$0	\$0
Replacement Auto-GC^	MAD	\$180,000	\$198,000	\$435,600
Replacement BC analyzer*	MAD	\$70,000	\$77,000	\$84,700
Replacement data loggers for Rule 1180 community sites	MAD	\$40,000	\$44,000	\$44,000
Replacement dilution system*	MAD	\$90,000	\$99,000	\$108,900
Replacement H2S analyzer^	MAD	\$40,000	\$44,000	\$96,800
Replacement HF analyzer*	MAD		\$83,000	\$91,300
Replacement spectrometers for optical analyzers*	MAD	\$300,000	\$330,000	\$181,500
Replacement zero air generators*	MAD	\$54,000	\$59,400	\$65,340
Software	MAD/IM	\$25,000	\$16,500	\$12,100
Stations AC replacement^	MAD	\$60,000	\$66,000	\$72,600
Vehicles for staff (replacement of older vehicles)	MAD		\$60,000	\$66,000
Total		\$949,000	\$1,110,100	\$1,288,520

*Asset replacement cycle: 8-10 years

^Asset replacement cycle: 4-7 years

Table A-8: Rule 1180 3-Year Projection: Capital Outlays – Related Facilities

Expenditure Description	Division	FY 2025-26 Expenditures	FY 2026-27 O&M (Fees) Expenditures	FY 2027-28 O&M (Fees) Expenditures
High performance Computers	MAD	\$0	\$4,400	\$4,840
Software	MAD	\$0	\$5,500	\$6,050
Total	MAD	\$0	\$9,900	\$10,890

Table A-9: Rule 1180.1 3-Year Projection: Capital Outlays

Expenditure Description	Division	FY 2025-26 Expenditures	FY 2026-27 O&M (Fees) Expenditures	FY 2027-28 O&M (Fees) Expenditures
High performance Computers	MAD	\$0	\$4,400	\$4,840
Software	MAD	\$0	\$5,500	\$6,050
Total	MAD	\$0	\$9,900	\$10,890

APPENDIX B – WAIRE PROGRAM POST-REPORTING DEADLINE FEE

1. Office of Compliance and Enforcement (OCE) Staff Time on WAIRE Program Per Non-Timely Facility

Table B-1: OCE Staff Time Supporting WAIRE Program in CY 2024

Position	Overtime (OT) (Hrs.)	Regular (Hrs.)
Air Quality Inspector I	967.25	
Air Quality Inspector II	700.25	93.5
Air Quality Inspector III	534.25	
Staff Specialist	345	1028
Senior Enforcement Manager		474

Table B-2: FY 2024-25 Burdened Rates

Position	Burdened Hourly Rate (24-25)
Air Quality Inspector I	\$93.35
Air Quality Inspector II	\$107.60
Air Quality Inspector III	\$114.07
Staff Specialist	\$123.70
Senior Enforcement Manager	\$157.99

Table B-3: Facilities

Category	Facilities
Notices of Violations (NOVs)	476
Total Potential Universe*	3,909

* From 2nd Annual Report for WAIRE Program, Phases I - III buildings.

Table B-4: Phases I-III Annual WAIRE Report (AWR) Analysis

AWRs Received Timely	AWRs Received Late	AWRs Not Received	% of AWRs Received Timely
1,672.00	1,229.00	5,558.00	20%

Table B-5: CY 2024 OCE Staff Time Per Facility

Position	OT Facility Universe	Time Per Facility for OT (Hrs.)	Time Per Non-Timely Facility for OT* (Hrs.)	Regular Facility Universe	Time Per Facility for Regular (Hrs.)	Time Per Non-Timely Facility for Regular* (Hrs.)	Total Time Per Non-Timely Facility for Regular and OT (Hrs.)
Air Quality Inspector I	3,909	0.25	0.20	476	-	-	0.20
Air Quality Inspector II	3,909	0.18	0.14	476	0	0	0.34
Air Quality Inspector III	3,909	0.14	0.11	476	-	-	0.11
Staff Specialist*	3,909	0.09	0.07	476 & 3,909 **	1.21	1.19	1.26
Senior Enforcement Manager	3,909	-	-	3,909	0.12	0.10	0.10

* Accounts for 20% of AWRs being submitted timely.

** Staff Specialist spends half of their regular time on NOV facilities.

Table B-6: CY 2024 OCE Staff Burdened Rate Per Non-Timely Facility

Position	Burdened Rate Per Non-Timely Facility* (Hrs.)
Air Quality Inspector I	\$18.48
Air Quality Inspector II	\$36.56
Air Quality Inspector III	\$12.47
Staff Specialist	\$155.32
Sr Enforcement Mgr.	\$ 15.33
TOTAL	\$238.15

* Assumes all OT paid at regular pay.

2. WAIRE Program Staff Time Per Late Facility

Table B-7: WAIRE Program Email Correspondence Comparative Analysis

Category	Avg. Emails Received*
Timely Submittals	3.01
Late Submittals	5.37
Difference	2.36
Factor Increase	1.79

* Based on 2023 AWRs and email range of 02-01 -2024 to 12-31-2024.

Table B-8: Telephone Correspondence

Category	Calls
Voicemail Received 02/01/2024 to 12/31/2024	1,450
Voicemail to Call Back Per Email	0.34

Table B-9: Late Submittal Correspondence Time Calculation

Category (assumptions)	Hours
Email Time (1 email = 15 min)*	0.59
Meeting Time (4 emails = 1 hour meeting)	0.59
Telephone Call (1 call = 30 min)	0.40
Total	1.58

* Time spent on late submittal emails after the initial 3.01 emails. Includes regulatory information, background research, amendments, finance adjustments, etc.

Table B-10: Staff Time Adjustments

Position	Previous AWR Fee Estimate (hours)	Late Fee Estimate (hours)
Air Quality Specialist	1.75	1.58
Program Supervisor	0.6	0.54
Planning & Rules Manager	0.2	0.18

Table B-11: FY 2024-25 Burdened Rates

Position	Burdened Hourly Rate (24-25)
Air Quality Specialist	\$123.70
Program Supervisor	\$141.54
Planning & Rules Manager	\$157.99

Table B-12: WAIRE Program Staff Burdened Rate Per Late Submittal

Position	Late Fee Estimate (hours)*	Burdened Hourly Rate (24-25)	Burdened Rate Per Late Submittal
Air Quality Specialist	1.58	\$123.70	\$196.01
Program Supervisor	0.54	\$141.54	\$76.89
Planning & Rules Manager	0.18	\$ 157.99	\$28.61
TOTAL:			\$ 301.51

3. WAIRE Program and OCE Staff Time Per Non-Timely Facility or Late Submittal**Table B-13: AWR Additional Post-Reporting Deadline Fee Calculation**

Category	Burdened Rate
OCE Staff Burdened Rate Per Non-Timely Facility	\$238.15
WAIRE Program Staff Burdened Rate Per Late Submittal	\$301.51
TOTAL:	\$539.66

Table B-14: Proposed Additional Post-Reporting Deadline Fee for Rule 316 Table 1*

Report or Notification	Fee for Reporting before Deadlines in Rule 2305	Additional Post-Reporting Deadline Fee
Annual WAIRE Report	\$428.99	\$539.66
Initial Site Information Report	\$153.76	\$193.43
Warehouse Operations Notification	\$32.25	\$40.57

* Assumes same 126% increase for ISIR and WON.

4. Socioeconomic Impact Analysis (SIA)**Table B-15: AWR Statistics**

Category	AWRs
Phases I-III Pending	5,558
CY 2024 Anticipated	4,355

Table B-16: Rule 316 Annual Fee Increase for FY 2025-26

Assumption	Facilities*	AWR Post-Reporting Deadline Fees
Would Submit Late AWR in FY 2025-26	5,558	\$2,999,430.28

**Assumes all facilities would submit any pending AWRs in the FY 2025-26.*

Table B-17: Rule 316 Annual Fee Increase for FY 2026-27 and Onward

Assumption	Facilities	AWR Post-Reporting Deadline Fees
10% of Facilities Submit Late AWRs for FY 2026-27 and Onward	436	\$235,291.76