

# **SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**

---

## **Draft Staff Report Proposed Amended Rule 301 – Permitting and Associated Fees**

**September 2025**

### **Deputy Executive Officer**

Planning, Rule Development, and Implementation  
Sarah Rees, Ph.D.

### **Assistant Deputy Executive Officer**

Planning, Rule Development, and Implementation  
Michael Krause

### **Planning and Rules Manager**

Planning, Rule Development, and Implementation  
Kalam Cheung, Ph.D.

---

Author:

Albert Ochoa, Assistant Air Quality Specialist

### **Contributors:**

John Kampa – Financial Service Manager  
Mary Leonard – Financial Analyst  
Carlos Castruita – Financial Analyst  
Farzaneh Khalaj, Ph.D. – Air Quality Specialist  
Xian-Liang (Tony) Tian, Ph.D. – Program Supervisor  
Chris Yu – Assistant Air Quality Specialist

Andrea Polidori, Ph.D. – Assistant Deputy Executive Officer  
Olga Pikelnaya, Ph.D. – Implementation Manager  
ORS/Rule 1180  
Kevin Ni – Program Supervisor  
Valerie Rivera – Assistant Air Quality Specialist

### **Reviewed by:**

Barbara Baird – Chief Deputy Counsel  
Erika Chavez – Principal Deputy District Counsel  
Neil Fujiwara – Program Supervisor

Sheri Hanizavareh – Principal Deputy District  
John Jones – Senior Deputy District Counsel  
Barbara Radlein – Planning and Rules Manager

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
GOVERNING BOARD**

Chair: VANESSA DELGADO  
Senator (Ret.)  
Senate Rules Committee Appointee

Vice Chair: MICHAEL A. CACCIOTTI  
Councilmember, South Pasadena  
Cities of Los Angeles County/Eastern Region

**MEMBERS:**

CURT HAGMAN  
Supervisor, Fourth District  
County of San Bernardino

PATRICIA LOCK DAWSON  
Mayor, Riverside  
Cities of Riverside County Representative

LARRY MCCALLON  
Mayor Pro Tem, Highland  
Cities of San Bernardino County

HOLLY J. MITCHELL  
Supervisor, Second District  
County of Los Angeles

JANET NGUYEN  
Supervisor, First District  
County of Orange

BRENDA OLMOS  
Vice Mayor, City of Paramount  
Cities of Los Angeles County/Western Region

VERONICA PADILLA-CAMPOS  
Speaker of the Assembly Appointee

V. MANUEL PEREZ  
Supervisor, Fourth District  
County of Riverside

NITHYA RAMAN  
Councilmember, Fourth District  
City of Los Angeles Representative

CARLOS RODRIGUEZ  
Mayor Pro Tem, Yorba Linda  
Cities of Orange County

VACANT  
Governor's Appointee

**EXECUTIVE OFFICER:**

WAYNE NASTRI

**TABLE OF CONTENTS**

EXECUTIVE SUMMARY .....	ES-1
CHAPTER 1 – BACKGROUND .....	1-1
Introduction.....	1-2
Legal Authority, Description of South Coast AQMD’s Permitted Source Program and Other Fees, and Relationship of Fees to South Coast AQMD’s Budget.....	1-2
Proposition 26 Compliance.....	1-3
Public Process .....	1-3
CHAPTER 2 – PROPOSED RULE AMENDMENT WITH FEE IMPACTS .....	2-1
Introduction.....	2-2
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 .....	2-2
CHAPTER 3 – IMPACT ASSESSMENT.....	3-1
Fiscal Impact for South Coast AQMD.....	3-2
California Environmental Quality Act.....	3-2
Socioeconomic Impact Assessment.....	3-2
CHAPTER 4 – FINDINGS UNDER HEALTH AND SAFETY CODE .....	4-1
APPENDIX A – RULES 1180 AND 1180.1 COMMUNITY AIR MONITORING ANNUAL O&M ESTIMATES FEE COST TABLES.....	A-1
APPENDIX B – RESPONSE TO COMMENT LETTERS .....	B-1
Comment Letter #1 .....	B-2

## EXECUTIVE SUMMARY

Regulation III – Fees, establishes the fee rates and schedules to recover South Coast AQMD's reasonable costs of regulating and providing services to the regulated community, primarily permitted sources. Regulation III is annually brought to the South Coast AQMD Governing Board for consideration for adoption, often in conjunction with the Proposed Budget and Work Program. In May 2025, Regulation III was amended to adjust most fees by the Consumer Price Index (CPI) and to include new or modified fees which are necessary to provide more specific cost recovery for regulatory actions taken. Due to questions raised on the proposed fee update regarding the operating and maintenance costs of refinery related community air monitoring, more time was needed to work with stakeholders. As such, the proposed amendment to Rule 301 was bifurcated from the annual Regulation III amendments.

Rule 1180 – Refinery Fenceline and Community Air Monitoring, was adopted by the Governing Board in December 2017 and requires all seven major refineries in the South Coast Air 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 community air monitoring stations (operated by South Coast AQMD) to provide air quality information and notifications to the public. Rule 301, on the other hand, establishes the ongoing operating and maintenance fee for community air monitoring and requires a triennial reassessment of such fee to ensure that the fee is consistent with the requirements of the 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 January 2024 Rule 1180 amendment established a fee schedule to fund the addition of air toxic metals and particulate matter (PM) monitoring at community sites. The January 2024 Rule 1180 amendment also requires the development and installation of new fenceline air monitoring systems at refinery-related facilities. Furthermore, in January 2024 the Governing Board adopted Rule 1180.1, which requires fenceline air monitoring for three other refineries in the Basin. The proposed fee amendment to Rule 301 reflects the operating and maintenance costs associated with the implementation of Rule 1180 and Rule 1180.1.

With this proposal, South Coast AQMD seeks to update Rule 301 with amendments aimed at cost recovery, and clarifications. Staff is proposing to amend the refinery related community air monitoring system annual operating and maintenance fees for major refineries originally subject to Rule 1180, and include new annual operating and maintenance fees for facilities newly subject to either Rule 1180 or Rule 1180.1.

Administrative changes to Rule 301 are also proposed for clarity and consistency.

## **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

Regulation 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. Rule 301 (aa) establishes the ongoing operating and maintenance fee for community air monitoring and requires a triennial reassessment of such fee to ensure that the fee is consistent with the requirements of the 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 amendment to Rule 301 subdivision (aa) was planned to be part of the annual Regulation III amendments in May 2025. Due to questions raised by stakeholders, the proposed amendments to Rule 301 (aa) was bifurcated from the annual Regulation III amendments in order to allow for additional time for discussion with stakeholders. Resulting from these discussions, the fees proposed here have been modified from the original proposal presented by staff earlier this year during the annual Regulation III amendment. Proposed Amended Rule 301 – Permitting and Associated Fees (PAR 301) proposes necessary increases to Rule 1180 operating and maintenance fees relating to community air monitoring stations, along with establishing annual Operating and Maintenance (O&M) Fees for facilities newly subject to Rules 1180 and 1180.1. The proposed fees reflect the necessary and reasonable costs associated with recent amendments to Rule 1180 and the adoption of Rule 1180.1. The detailed assessment of the operational and maintenance needs and breakdown of expenditures is included in Chapter 2 and Appendix A.

## 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 Health and Safety Code provides South Coast AQMD with the authority to adopt various fees to recover the costs of its programs. Health and Safety Code 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.<sup>1</sup> 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. RECLAIM<sup>2</sup> 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

---

<sup>1</sup> Health and Safety Code Section 40506

<sup>2</sup> RECLAIM stands for REgional CLean Air Incentives Market, a cap-and-trade program that regulates the emissions of NOx and SOx in the South Coast Air Basin.

programs, from emissions-based operating fees.<sup>3</sup> 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. For more information on South Coast AQMD's general legal authority to adopt fees and the Permitted Source Program fees, please refer to the background discussion in Chapter 1 of the Staff Report for Amendments to Regulation III (May 2025).<sup>4</sup>

### 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.”<sup>5</sup> A detailed explanation of the Permitted Source Program and the method of allocating program costs to the fee payors is included in prior Regulation III Staff Reports.

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.<sup>6</sup> 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.<sup>7</sup>

All of the proposed fee increases or new fees 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.

### Public Process

Development of Proposed Amended Rule 301 (PAR 301) is being conducted through a public process. Public outreach was conducted to notify interested parties regarding PAR 301 through notifications including newspaper postings, mass mailings, and email notifications. A Public

---

<sup>3</sup> 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).

<sup>4</sup> South Coast AQMD Regulation III Board Package (May 2025). [https://www.aqmd.gov/docs/default-source/agendas/governing-board/2025/2025-may2-027.pdf?sfvrsn=6c929d61\\_6](https://www.aqmd.gov/docs/default-source/agendas/governing-board/2025/2025-may2-027.pdf?sfvrsn=6c929d61_6)

<sup>5</sup> See Cal. Const. art. XIII C § 1

<sup>6</sup> Cal. Const., art. XIII C, § 1

<sup>7</sup> *Brooktrails Township County, Servs. Dist. v. Bd. of Supervisors of Mendocino County* (2013), 218 Cal. App. 4th 195, 206

consultation meeting was held on March 18, 2025, and a second public consultation meeting was held on April 8, 2025, to present proposed amendments to Regulation III and receive public comments. The proposed amendments were also presented at the Budget Advisory Committee Meeting on April 2, 2025, and the Governing Board Special Meeting Budget Study Session on April 4, 2025.

On April 3, 2025 stakeholders submitted a letter outlining a list of questions and comments about Rule 301 (aa) fees. To address these comments, staff met with stakeholders on March 28, 2025, April 22, 2025, July 2, 2025 and August 21, 2025; additionally, staff provided a tour of a Rule 1180 community air monitoring station in Torrance on August 14, 2025 with a question and answer session with technical staff.

The public hearing to consider adoption of the amendments to Rule 301 is scheduled for October 3, 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 October 3, 2025 Governing Board agenda, which will be released no later than 72 hours prior to the Public Hearing.



## **CHAPTER 2 – PROPOSED RULE AMENDMENT 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.**

## Introduction

Staff presents the following proposal to amend Rule 301 – Permitting and Associated Fees:

- 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.

The fees from this proposal, which is 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 Governing 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 measure and record air pollutant concentrations in communities near petroleum refineries in order to provide air quality information and notifications to the public, estimate pollutant exposures, and determining trends in air pollutant levels over time. 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 (Auto-GC), and traditional analyzers have been installed at multiple fenceline and community air monitoring sites. Through Rule 301(aa), annual 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 Health and Safety Code Section

42705.6(f)(1)<sup>8</sup> and (f)(2)<sup>9</sup>. 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, particulate matter (PM) and Polycyclic Aromatic Hydrocarbons (PAH) 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 were due no later than January 31, 2025. This additional monitoring is projected to be fully implemented at the existing Rule 1180 community air monitoring stations by no later than October 1, 2025. Therefore, this Rule 301 fee amendment includes additional fees for ongoing O&M required for monitoring of these additional pollutants.

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 Governing 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.) Rules 1180 and 1180.1 establish one-time fee schedules to fund

---

<sup>8</sup> Health and Safety Code Section 42705.6(f)(1) requires that the owner or operator of a petroleum refinery be responsible for the costs associated with implementing fenceline monitors and community air monitoring stations near refineries.

<sup>9</sup> Health and Safety Code Section 42705.6(f)(2) requires that to the extent a refinery-related community air monitoring system is intentionally utilized by a district to monitor emissions from sources under its jurisdiction other than a petroleum refinery, the district shall ensure the costs of the system are shared in a reasonably equitable manner.

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 one-time fees will fund implementation of two additional Rule 1180 stations and three Rule 1180.1 community air monitoring stations, projected to be established by July 1, 2026. After these new stations commence air monitoring, refinery-related facilities subject to Rule 1180 and other refineries subject to Rule 1180.1 starting FY2026-27 will also fund ongoing O&M of community air monitoring through this amendment to Rule 301. 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 O&M fees for one 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.

Facility Name* and Location	<del>FY 22-23- Annual Operating and Maintenance Fee</del>	<del>FY 23-24- Annual Operating and Maintenance Fee</del>	<del>FY 24-25 (and thereafter)- Annual Operating and Maintenance Fee</del>
<del>Andeavor Corporation (Carson)</del>	<del>\$917,253.56</del>	<del>\$936,417.46</del>	<del>\$954,710.26</del>
<del>Andeavor Corporation (Wilmington)</del>	<del>\$458,626.78</del>	<del>\$468,208.73</del>	<del>\$477,355.13</del>
<del>Chevron U.S.A. Inc. (El Segundo)</del>	<del>\$917,253.56</del>	<del>\$936,417.46</del>	<del>\$954,710.26</del>
<del>Phillips 66 Company (Carson)</del>	<del>\$458,626.78</del>	<del>\$468,208.73</del>	<del>\$477,355.13</del>

<del>Phillips 66 Company (Wilmington)</del>	<del>\$458,626.78</del>	<del>\$468,208.73</del>	<del>\$477,355.13</del>
<del>PBF Energy, Torrance Refining Company (Torrance)</del>	<del>\$917,253.56</del>	<del>\$936,417.46</del>	<del>\$954,710.26</del>
<del>Valero Energy (Wilmington)</del>	<del>\$458,626.78</del>	<del>\$468,208.73</del>	<del>\$477,355.13</del>

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

<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 &amp; Marketing Company, LLC, Carson</u>	<u>1180</u>	<u>\$1,073,340.33</u>	<u>\$1,073,340.33</u>	<u>\$1,073,340.33</u>
<u>Tesoro Refining &amp; Marketing Company, LLC, Wilmington</u>	<u>1180</u>	<u>\$536,670.16</u>	<u>\$536,670.16</u>	<u>\$536,670.16</u>
<u>Chevron Products Co., El Segundo</u>	<u>1180</u>	<u>\$1,073,340.33</u>	<u>\$1,073,340.33</u>	<u>\$1,073,340.33</u>
<u>Phillips 66 Company/Los Angeles Refinery, Carson</u>	<u>1180</u>	<u>\$536,670.16</u>	<u>\$536,670.16</u>	<u>\$536,670.16</u>
<u>Phillips 66 Company/LA Refinery Wilmington Plant, Wilmington</u>	<u>1180</u>	<u>\$536,670.16</u>	<u>\$536,670.16</u>	<u>\$536,670.16</u>
<u>Torrance Refining Company, LLC, Torrance</u>	<u>1180</u>	<u>\$1,073,340.33</u>	<u>\$1,073,340.33</u>	<u>\$1,073,340.33</u>
<u>Ultramar Inc. dba Valero Wilmington Refinery, Wilmington</u>	<u>1180</u>	<u>\$536,670.16</u>	<u>\$536,670.16</u>	<u>\$536,670.16</u>
<u>Air Products and Chemicals, Inc. (permitted as Air Prod &amp; Chem, Inc.), Carson</u>	<u>1180</u>	<u>\$0</u>	<u>\$205,982.34</u>	<u>\$205,982.34</u>
<u>Air Products and Chemicals, Inc., Wilmington</u>	<u>1180</u>	<u>\$0</u>	<u>\$205,982.34</u>	<u>\$205,982.34</u>
<u>Tesoro Refining and Marketing Co., LLC (Sulfur Recovery Plant), Carson</u>	<u>1180</u>	<u>\$0</u>	<u>\$205,982.34</u>	<u>\$205,982.34</u>
<u>Kinder Morgan Liquids Terminals, LLC, Carson</u>	<u>1180</u>	<u>\$0</u>	<u>\$205,982.34</u>	<u>\$205,982.34</u>
<u>Tesoro Logistics, Carson Crude Terminal, Carson</u>	<u>1180</u>	<u>\$0</u>	<u>\$205,982.34</u>	<u>\$205,982.34</u>
<u>Air Products Manufacturing (formerly AltAir Paramount), Paramount</u>	<u>1180.1</u>	<u>\$0</u>	<u>\$521,545.62</u>	<u>\$521,545.62</u>
<u>Lunday-Thagard Co. dba World Oil Refining, South Gate</u>	<u>1180.1</u>	<u>\$0</u>	<u>\$521,545.62</u>	<u>\$521,545.62</u>
<u>Valero Wilmington Asphalt Plant, Wilmington</u>	<u>1180.1</u>	<u>\$0</u>	<u>\$521,545.62</u>	<u>\$521,545.62</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 fiscal year (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 promotions and resignations of staff from FYs 2022-23 through 2024-25. By the beginning of FY 2025-26, the Rule 1180 monitoring group is expected to be fully staffed and, as a result, this surplus will be expended throughout FYs 2025-26 and 2026-27, with a shortfall of \$1.1 million by the end of FY 2026-27, and no savings or surplus funds are expected in the following years. Based on projected needs for the next three-year cycle, and accounting for cost-reductions resulting from consideration of stakeholder input provided in April through August 2025, Table 2-1 includes a summary of the budgetary analysis showing a projected shortfall of nearly \$1.8 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 to fully commence community air monitoring for these additional pollutants by no later than October 1, 2025. As a result, annual O&M fees are required 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 Health and Safety Code 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 Health and Safety Code Section 42705.6 (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 \$1,779,452 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, PM and PAH), 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 2-1 provides a summary of the budgetary analysis showing that a minimum increase of 12.4% 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 \$59,315 per station per year. A breakdown on individual costs for the various expenditure categories is provided in Appendix A.

**Table 2-1: 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
<b>Fee Revenue (45053)</b>	<b>\$ 30,096,293</b>	<b>\$ -</b>	<b>\$ 30,096,293</b>	<b>\$ 6,874,137</b>	<b>\$ 4,773,551</b>	<b>\$ 4,773,551</b>	<b>\$ 16,421,239</b>
Expenditures							
Salaries and Employee							
Benefits and Indirect Costs	\$ 13,150,878	\$ 2,330,407	\$ 15,481,285	\$ 3,465,798	\$ 3,467,826	\$ 3,649,456	
Services and Supplies	6,117,229	490,699	6,607,928	1,554,280	1,585,633	2,095,587	
Capital	5,820,777	85,717	5,906,494	798,000	825,000	759,110	
<b>Total Expense</b>	<b>\$ 25,088,884</b>	<b>\$ 2,906,823</b>	<b>\$ 27,995,707</b>	<b>\$ 5,818,078</b>	<b>\$ 5,878,459</b>	<b>\$ 6,504,154</b>	<b>\$ 18,200,691</b>
Surplus/(Deficit)			\$ 2,100,586	\$ 1,056,059	\$ (1,104,908)	\$ (1,730,603)	\$ (1,779,452)

\$ 5,366,702 Proposed Fee  
 \$ 4,773,551 Current Fee  
 \$ 593,151 Annual Increase  
 12.4% Fee Increase

\*Salaries & Employee Benefits & Indirect Costs are estimated at Step 5 which includes cost of living increases approved by the Governing Board in FY 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 \$1,029,912 in annual fee revenue starting FY2026-27 will be needed for O&M costs. Table 2-2 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 2-2: Rule 1180 Projected FYs 2025-26, 2026-27, and 2027-28 Expenditures and Revenues for Related Facilities\***

<b>Rule 1180 New Fee Revenues/Expenditures/Carryover</b>					
	<b>Projected FY 2025-2026</b>	<b>Projected FY 2026-2027</b>	<b>Projected FY 2027-2028</b>	<b>Projected FY 2025-26 to FY 2027-28 Totals</b>	<b>FY 2026-2028</b>
Carryover	\$ -	\$ -	\$ (888,879)		\$ (2,059,823)
<b>Revenues</b>					
Start-Up (Fund 78)		\$ -	\$ -	\$ -	
Interest (Fund 78)	-	-	-	-	
Fees (Fund 01)	\$ -	\$ -	\$ -	-	
<b>Fee Revenue (45053)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Expenditures</b>					
Salaries and Employee					
Benefits and Indirect Costs	\$ -	\$ 626,022	\$ 787,144	\$ 1,413,166	
Services and Supplies	-	252,957	372,910	625,867	
Capital	-	9,900	10,890	20,790	
<b>Total Expense</b>	<b>\$ -</b>	<b>\$ 888,879</b>	<b>\$ 1,170,945</b>	<b>\$ 2,059,823</b>	
Surplus/(Deficit)	\$ -	\$ (888,879)	\$ (1,170,945)	\$ (2,059,823)	
<b>Carryover</b>	<b>\$ -</b>	<b>\$ (888,879)</b>	<b>\$ (2,059,823)</b>		
<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 10px auto;"> <b>\$ 1,029,912 Proposed Annual Fee</b> </div>					

\*Salaries & Employee Benefits & Indirect Costs are estimated at Step 5 which includes cost of living increases approved by the Governing Board in FY 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 \$1,564,637 in annual fee revenue starting FY2026-27 will be needed for O&M costs. Table 2-3 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 2-3: Rule 1180.1 Projected FYs 2025-26, 2026-27, and 2027-28 Expenditures and Revenues\***

<b>Rule 1180.1 Fee Revenues/Expenditures/Carryover</b>					
	<b>Projected FY 2025-2026</b>	<b>Projected FY 2026-2027</b>	<b>Projected FY 2027-2028</b>	<b>Projected FY 2025-26 to FY 2027-28 Totals</b>	<b>FY 2026-2028</b>
Carryover	\$ -	\$ -	\$ (1,350,339)		\$ (3,129,274)
<b>Revenues</b>					
Start-Up (Fund 78)		\$ -	\$ -	\$ -	
Interest (Fund 78)	-	-	-	-	
Fees (Fund 01)	\$ -	\$ -	\$ -	-	
<b>Fee Revenue (45053)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Expenditures</b>					
Salaries and Employee					
Benefits and Indirect Costs	\$ -	\$ 982,504	\$ 1,232,328	\$ 2,214,832	
Services and Supplies	-	357,936	535,716	893,652	
Capital	-	9,900	10,890	20,790	
<b>Total Expense</b>	<b>\$ -</b>	<b>\$ 1,350,339</b>	<b>\$ 1,778,935</b>	<b>\$ 3,129,274</b>	
Surplus/(Deficit)	\$ -	\$ (1,350,339)	\$ (1,778,935)	\$ (3,129,274)	
<b>Carryover</b>	<b>\$ -</b>	<b>\$ (1,350,339)</b>	<b>\$ (3,129,274)</b>		
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> <b>\$ 1,564,637 Proposed Annual Fee</b> </div>					

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

## **CHAPTER 3 – 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 Rule 301 will be taken into consideration by the Governing Board for the FY 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 Rule 301 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 Rule 301 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 Land Use and Climate Innovation, 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 Rule 301 – Permitting and Associated Fees. The proposal is to amend the refinery related community air monitoring system annual operating and maintenance fees for major refineries originally subject to Rule 1180, and enact annual operating and maintenance fees for facilities newly subject to Rules 1180 and 1180.1. This socioeconomic impact assessment presents regulatory history of Rules 1180 and 1180.1, and analyzes potential fee impacts of the proposed amendments to Rule 301 by fiscal year and industry.

**REGULATORY HISTORY OF RULES 1180 AND 1180.1, AND ASSOCIATED FEE IMPACTS**

When Rule 1180 was adopted in December 2017, all seven major refineries in the South Coast Air Basin were required 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 established a fee schedule for each refinery to fund the installation, operating 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, PM, and PAH monitoring at community sites near the seven refineries subject to Rule 1180 which triggered the need to increase the annual O&M fees in Rule 301 to recover the costs associated with monitoring these additional pollutants. This additional monitoring was projected to be implemented at existing Rule 1180 community air monitoring stations no later than October 1, 2025. In addition to funding the monitoring of additional pollutants, other increases in O&M costs associated with community air monitoring are expected. Thus, the total fee increase for the seven refineries subject to Rule 1180 is estimated to be \$0.59 million annually starting FY 2025-2026.

In addition, the January 2024 amendments to Rule 1180 required five new refinery-related facilities to install two additional community air monitoring stations by July 1, 2026. The five new facilities will share the installation cost and as well as the ongoing O&M costs. Thus, amendments to Rule 301 are also proposed which include these ongoing O&M costs, which are estimated to be approximately \$1.03 million annually from FY 2026-27 onward.

Also in January 2024, Rule 1180.1 was adopted which required three other refineries to each install a community air monitoring station by July 1, 2026. Thus, amendments to Rule 301 are proposed which will account for the ongoing O&M fees associated with the three additional community air monitoring stations as required by Rule 1180.1. The Rule 1180.1 fees are estimated to be \$1.56 million annually starting in FY 2026-27.

### **SUMMARY OF TOTAL FEE IMPACTS FOR PROPOSED AMENDMENTS TO RULE 301 BY FISCAL YEAR AND INDUSTRY**

As presented in Table 3-1, the potential revenue impacts from the proposed amendments to Rule 301 are estimated at \$0.59 million in Rule 1180 fees in FY 2025-26, and \$3.18 million in FY 2026-27 and thereafter for Rules 1180 and 1180.1 combined. The sector of Petroleum and Coal Products Manufacturing (NAICS 324) will be affected by the proposed amendments to Rule 301. However, the fee impacts are 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 by this sector operating within the South Coast AQMD jurisdiction, respectively.

**Table 3-1: Estimated Fee Impacts of Proposed Amendments to Rule 301 by Fiscal Year  
(Millions in 2025 Dollars)**

<b>Proposed Amendments to Rule 301</b>	<b>FY 2025-26</b>	<b>FY 2026-27 and thereafter</b>
Community Air Monitoring System Annual Operating and Maintenance Fees as set forth in Rule 1180 for Petroleum Refineries and Related Facilities	\$0.59	\$1.62
Community Air Monitoring System Annual Operating and Maintenance Fees as set forth in Rule 1180.1 for Other Refineries	--	\$1.56
<b>Total</b>	<b>\$0.59</b>	<b>\$3.18</b>

## **CHAPTER 4 – FINDINGS UNDER HEALTH AND SAFETY CODE**

REQUIREMENTS TO MAKE FINDING

NECESSITY

EQUITY

AUTHORITY

CLARITY

CONSISTENCY

NON-DUPLICATION

REFERENCE

**Requirements to Make Findings**

Health and Safety Code 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 Health and Safety Code Section 40510.5(a) based on relevant information presented at the public hearing and in the staff report.

**Necessity**

All fees are necessary to fund the FY 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 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**

Health and Safety Code 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 the needed supplies and staffing required to implement the required community monitoring, apportioned based on the number of facilities monitored by each station.

**Authority**

The South Coast AQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Health and Safety Code Sections 40000, 40001, 40440, 40500, 40501.1, 40502, 40506, 40510, 40510.5, 40512, 40522, 40522.5, 40523, 40702, 42705.6, and 44380.

**Clarity**

The South Coast AQMD Governing Board has determined that PAR 301, 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 PAR 301, 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 PAR 301, 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: Health and

Safety Code Sections 40500, 40500.1, 40510, 40510.5, 40512, 40522, 40522.5, 40523, 42705.6, 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 – Major Refineries**

<b>Position Title</b>	<b>Division</b>	<b>FY 2025-26 Fully Burdened Expenditures</b>	<b>FY 2026-27 Fully Burdened Expenditures</b>	<b>FY 2027-28 Fully Burdened Expenditures</b>
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
Manager (Level Equivalent Quality Assurance Manager) <sup>*,**</sup>	MAD	\$250,228	\$175,222	\$175,222
Principal AQ Instrument Spec <sup>**</sup>	MAD	\$179,370	\$183,086	\$183,086
Program Supervisor <sup>*,**</sup>	MAD	\$239,804	\$169,097	\$169,097
Program Supervisor <sup>**</sup>	MAD	\$299,755	\$211,371	\$211,371
Program Supervisor <sup>**, &lt;</sup>	MAD	\$0	\$84,548	\$169,097
Senior Staff Specialist <sup>**, &lt;</sup>	MAD	\$0	\$97,082	\$194,165
Sr AQ Instrument Specialist	MAD	\$241,965	\$246,812	\$246,812
<b>Total</b>		<b>\$3,465,798</b>	<b>\$3,467,826</b>	<b>\$3,649,456</b>

\*Based on 80% full-time equivalent salaries, employee benefits and indirect costs.

\*\*Starting FY2026-27 distributed proportionally among facilities subject to Rules 1180 and 1180.1, with 69% allocated to major refineries originally subject to Rule 1180.

<Start time adjusted based on the anticipated operational needs.

**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 <sup>*,&lt;</sup>	MAD	\$0	\$28,672	\$57,345
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 <sup>&lt;</sup>	MAD	\$0	\$53,432	\$106,864
Air Quality Specialist <sup>&lt;</sup>	MAD	\$0	\$53,432	\$106,864
Air Quality Specialist	MAD	\$0	\$74,805	\$74,805
Manager (Level Equivalent Quality Assurance Manager) <sup>*,**</sup>	MAD	\$0	\$27,934	\$27,934
Principal AQ Instrument Spec <sup>*,**</sup>	MAD	\$0	\$29,188	\$29,188
Program Supervisor <sup>*,**</sup>	MAD	\$0	\$20,218	\$20,218
Program Supervisor <sup>**</sup>	MAD	\$0	\$33,697	\$33,697
Program Supervisor <sup>**,&lt;</sup>	MAD	\$0	\$10,109	\$20,218
Senior Staff Specialist <sup>**</sup>	MAD	\$0	\$15,477	\$30,954

<b>Total</b>		<b>\$0</b>	<b>\$626,022</b>	<b>\$787,144</b>
--------------	--	------------	------------------	------------------

\*Based on 80% full-time equivalent salaries, employee benefits and indirect costs.

\*\*Starting FY2026-27 distributed proportionally among facilities subject to Rules 1180 and 1180.1, with 11% allocated to related facilities subject to Rule 1180.

<Start time adjusted based on the anticipated operational needs.

**Table A-3: Rule 1180.1 3-Year Projection: Salary and Employee Benefits – Other Refineries**

<b>Position Title</b>	<b>Division</b>	<b>FY 2025-26 Fully Burdened Expenditures</b>	<b>FY 2026-27 Fully Burdened Expenditures</b>	<b>FY 2027-28 Fully Burdened Expenditures</b>
Administrative Assistant I <sup>*,&lt;</sup>	MAD	\$0	\$43,009	\$86,017
AQ Instrument Specialist II	MAD	\$0	\$139,529	\$139,529
AQ Instrument Specialist II	MAD	\$0	\$139,529	\$139,529
AQ Instrument Specialist II	MAD	\$0	\$139,529	\$139,529
Air Quality Specialist<	MAD	\$0	\$80,148	\$160,296
Air Quality Specialist<	MAD	\$0	\$80,148	\$160,296
Air Quality Specialist	MAD	\$0	\$112,207	\$112,207
Manager (Level Equivalent Quality Assurance Manager) <sup>*,**</sup>	MAD	\$0	\$50,789	\$50,789
Principal AQ Instrument Spec <sup>*,**</sup>	MAD	\$0	\$53,069	\$53,069
Program Supervisor <sup>*,**</sup>	MAD	\$0	\$36,760	\$36,760
Program Supervisor <sup>**</sup>	MAD	\$0	\$61,267	\$61,267
Program Supervisor <sup>**,&lt;</sup>	MAD	\$0	\$18,380	\$36,760
Senior Staff Specialist <sup>**,&lt;</sup>	MAD	\$0	\$28,140	\$56,280
<b>Total</b>		<b>\$0</b>	<b>\$982,504</b>	<b>\$1,232,328</b>

\*Based on 80% full-time equivalent salaries, employee benefits and indirect costs.

\*\*Starting FY2026-27 distributed proportionally among facilities subject to Rules 1180 and 1180.1, with 20% allocated to other refineries subject to Rule 1180.1.

<Start time adjusted based on the anticipated operational needs.

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

<b>Expenditure Description</b>	<b>Division</b>	<b>FY 2025-26 Expenditures</b>	<b>FY 2026-27 O&amp;M (Fees) Expenditures</b>	<b>FY 2027-28 O&amp;M (Fees) Expenditures</b>
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/verification 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
Use of Optical Remote Sensing Mobile Laboratory (ORS-ML) for QA purposes	MAD	\$6,380	\$6,380	\$6,380
Memberships	MAD	\$3,000	\$2,333	\$2,667
Conferences and meetings	MAD	\$7,500	\$5,500	\$6,050
Meteorological audit contract	MAD	\$10,000	\$11,000	\$12,100
STI DMS Support contract	MAD	\$20,000	\$22,000	\$24,200
Office supplies	MAD	\$18,000	\$18,000	\$18,000
Training	MAD	\$16,000	\$11,733	\$12,907
Fuel and mileage	MAD	\$25,000	\$26,667	\$26,667
<b>Total</b>		<b>\$1,554,280</b>	<b>\$1,585,633</b>	<b>\$2,095,587</b>

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

<b>Expenditure Description</b>	<b>Division</b>	<b>FY 2025-26 Expenditures</b>	<b>FY 2026-27 O&amp;M (Fees) Expenditures</b>	<b>FY 2027-28 O&amp;M (Fees) Expenditures</b>
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



Use of Optical Remote Sensing Mobile Laboratory (ORS-ML) for QA purposes		\$0	\$1,276	\$1,276
Memberships	MAD	\$0	\$467	\$533
Conferences and meetings	MAD	\$0	\$1,100	\$1,210
Meteorological audit contract	MAD	\$0	\$1,100	\$1,210
STI DMS Support contract	MAD	\$0	\$4,400	\$4,840
Office supplies	MAD	\$0	\$1,800	\$1,800
Training	MAD	\$0	\$2,347	\$2,581
Fuel and mileage	MAD	\$0	\$5,333	\$5,333
<b>Total</b>		<b>\$0</b>	<b>\$252,957</b>	<b>\$372,910</b>

**Table A-6: Rule 1180.1 3-Year Projection: Services and Supplies – Other Refineries**

<b>Expenditure Description</b>	<b>Division</b>	<b>FY 2025-26 Expenditures</b>	<b>FY 2026-27 O&amp;M (Fees) Expenditures</b>	<b>FY 2027-28 O&amp;M (Fees) Expenditures</b>
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 Consumables for PM analyzers	MAD	\$0	\$1,650	\$1,815
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
Use of Optical Remote Sensing Mobile Laboratory (ORS-ML) for QA purposes (excluding staff time)	MAD	\$0	\$1,914	\$1,914
Memberships	MAD	\$0	\$700	\$800
Conferences and meetings	MAD	\$0	\$1,650	\$1,815
Meteorological audit contract	MAD	\$0	\$3,300	\$3,630
STI DMS Support contract	MAD	\$0	\$6,600	\$7,260
Office supplies	MAD	\$0	\$2,700	\$2,700
Training	MAD	\$0	\$3,520	\$3,872
Fuel and mileage	MAD	\$0	\$8,000	\$8,000
<b>Total</b>		<b>\$0</b>	<b>\$357,936</b>	<b>\$535,716</b>

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

<b>Expenditure Description</b>	<b>Division</b>	<b>FY 2025-26 Expenditures</b>	<b>FY 2026-27 O&amp;M (Fees) Expenditures</b>	<b>FY 2027-28 O&amp;M (Fees) Expenditures</b>
High performance Computers	MAD	\$20,000	\$13,200	\$9,680
Monitoring station container	MAD	\$30,000	\$0	\$0
Replacement Auto-GC^	MAD	\$200,000	\$220,000	\$242,000
Replacement BC analyzer*	MAD	\$35,000	\$38,500	\$42,350
Replacement data loggers for Rule 1180 community sites	MAD	\$40,000	\$44,000	\$44,000
Replacement dilution system*	MAD	\$30,000	\$33,000	\$36,300
Replacement H2S analyzer^	MAD	\$40,000	\$44,000	\$96,800
Replacement spectrometers for optical analyzers*	MAD	\$300,000	\$330,000	\$181,500
Replacement zero air generators*	MAD	\$18,000	\$19,800	\$21,780
Software	MAD/IM	\$25,000	\$16,500	\$12,100
Stations AC replacement^	MAD	\$60,000	\$66,000	\$72,600
<b>Total</b>		<b>\$798,000</b>	<b>\$825,000</b>	<b>\$759,110</b>

\*Asset replacement cycle: 8-10 years

^Asset replacement cycle: 4-7 years

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

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

**Table A-9: Rule 1180.1 3-Year Projection: Capital Outlays – Other Refineries**

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

## **APPENDIX B – RESPONSE TO COMMENT LETTERS**

## Comment Letter #1



**Patty Senecal**  
Senior Director, Southern California Region

April 03, 2025

Michael Krause  
Assistant Deputy Executive Officer  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

Via e-mail at: [mkrause@aqmd.gov](mailto:mkrause@aqmd.gov)

***Re: SCAQMD Proposed Amended Regulation III: WSPA Comments on Proposed Amended Rule 301 Section (aa), Refinery Related Community Air Monitoring System Annual Operating and Maintenance Fees***

Dear Mr. Krause,

Western States Petroleum Association (WSPA) appreciates the opportunity to participate in the Public Consultation Meeting for South Coast Air Quality Management District (SCAQMD or District) Proposed Amended Regulation III (PAR III), and our meeting with District staff on Friday, March 28<sup>th</sup>. Regulation III governs SCAQMD fee rates, including administrative fees for permitting, emissions, plans, etc. WSPA has been an active participant in air quality planning issues for over 30 years. WSPA-member companies operate petroleum refineries and other facilities in the South Coast Air Basin that will be impacted by Regulation III amendments.

Proposed amendments to Regulation III are routinely brought to SCAQMD Governing Board consideration. Amendments typically include an automatic annual Consumer Price Index increase, fee adjustments, and other administrative changes for clarification to existing rule language. This year Preliminary Draft Proposed Amended Rule (PAR) 301 also presents proposed increases to the Rule 1180 refinery related community air monitoring system annual operating and maintenance (O&M) fees for the seven major refineries subject to Rule 1180.<sup>1</sup> Fee increases are detailed in the 2025 Preliminary Draft Staff Report (2025 PDSR) for Proposed Regulation III.<sup>2</sup>

WSPA has the following comments on the Rule 1180 Refinery Community Air Monitoring System Annual O&M Fees. While the comments below focus on specific number of full-time equivalent (FTE) positions and Services, Supplies, and Capital costs for Rule 1180, these comments also apply to the proposed positions and costs presented in the 2025 PDSR for Rule 1180.1.

**WSPA strongly recommends that the proposed amendments to PAR 301 Section (aa) be withdrawn from the PAR III package.** As presented by staff, the community air monitoring stations are currently fully funded based on the surplus fees that were collected over the past three years. For the reasons outlined below, it is not appropriate for District staff to be advancing amendments to PAR 301 Section (aa) at this time.

1-1

<sup>1</sup> Preliminary Draft Proposed Amended Rule 301, March 14, 2025. Available at: [https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/regiii/2025/r-301.pdf?sfvrsn=805c8061\\_6](https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/regiii/2025/r-301.pdf?sfvrsn=805c8061_6).

<sup>2</sup> Preliminary Draft Staff Report of PA Reg III - Fees, released March 14, 2025. Available at [SCAQMD PA Reg III](#).

April 03, 2025  
Page 2

1. The District proposes funding sixteen FTE employees to operate the ten existing community air monitoring stations for petroleum refineries under Rule 1180. WSPA believes this is significantly more personnel than necessary.

SCAQMD has proposed to fund sixteen (16) FTE positions to operate the ten community air monitoring stations specified by Rule 1180. This would include:<sup>3</sup>

- Three Air Quality Instrument Specialist II's
- One Senior Air Quality Instrument Specialist
- One Principal Air Quality Instrument Specialist
- Six Air Quality Specialists
- One Senior Staff Specialist
- Three Program Supervisors
- One Manager (Level Equivalent Quality Assurance Manager)

The sixteen funded positions would represent a **substantial increase** compared to the 11.5 FTE positions which had been funded for the 2022-2025 operating years. That included:<sup>4</sup>

- Three Air Quality Instrument Specialist II's
- One Senior Air Quality Instrument Specialist
- One Senior Air Quality Specialist
- Five Air Quality Specialists
- One Program Supervisor
- ½ Director

1-2

The sixteen FTE positions proposed for funding are significantly greater than what should be needed for the ten community air monitoring stations. During development of Proposed Amended Regulation III in 2022, WSPA questioned the basis for the 11.5 FTE funded positions.<sup>5</sup> At that time, SCAQMD responded that all positions had been filled except one, and that *"the staffing estimate was based on the number and type of air monitoring instruments to be operated and maintained, the data quality assurance, validation and analysis to be conducted and other specific needs related to the full implementation and operational needs of the Rule 1180 program."* Yet the 2025 PDSR clearly shows that actual O&M activities for FY 2022-2023 through FY2024-2025 yielded a budget surplus of \$2,100,586 based on collected unused fees.<sup>6</sup> In WSPA's view, this surplus fee revenue clearly confirms that 11.5 FTE positions were already more personnel than necessary for the O&M activities.

The District has now stated that the surplus resulted from delays in filling some staff positions during the first few years of the program and from transfers and resignations of staff. They note that by the end of FY 2024-2025 the Rule 1180 monitoring group is expected to be fully staffed. While the District cites that the budget surplus was due to the monitoring group not

<sup>3</sup> Ibid.

<sup>4</sup> Preliminary Draft Staff Report of PA Reg III - Fees, released May 2022. Available at: <https://www.aqmd.gov/docs/default-source/Agendas/Governing-Board/2022/2022-May6-030.pdf?sfvrsn=6>.

<sup>5</sup> Preliminary Draft Staff Report of PA Reg III - Fees, Comment #5 - Western States Petroleum Association. Available at: <https://www.aqmd.gov/docs/default-source/Agendas/Governing-Board/2022/2022-May6-030.pdf?sfvrsn=6>.

<sup>6</sup> Preliminary Draft Staff Report of PA Reg III - Fees, Table 3-1 released March 14, 2025. Available at: [https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/regiii/2025/preliminary-draft-staff-report-par-iii.pdf?sfvrsn=a5448061\\_6](https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/regiii/2025/preliminary-draft-staff-report-par-iii.pdf?sfvrsn=a5448061_6).

April 03, 2025  
Page 3

being fully staffed, that ignores the fact that the program staffing clearly has been overly scoped and the current proposal would only exacerbate that condition.

If the program had required District staff overtime to keep the monitoring systems fully operational, those costs would have been represented in the overall program spend. This might have resulted in near-budget costs despite there being unfilled, funded positions. But that didn't happen; instead, the District executed the program with a \$2.1 million surplus over the 3-year period. This clearly demonstrates that there were simply too many FTE positions budgeted for this program.

1-2

While WSPA understands that additional monitoring for metals, particulate matter (PM<sub>2.5</sub> and PM<sub>10</sub>), and polycyclic aromatic hydrocarbons (PAH) is now required based on the 2024 amendment of Rule 1180, there is no reason to think that an additional 4.5 FTE staff beyond the prior overfunded positions are necessary to incorporate these changes.

2. **WSPA suggests the District budget fully burdened expenditures based on an average of Step 4 and Step 5 salaries in order to represent the range of employees that will likely work on these monitoring stations.**

WSPA understands that the District uses a step salary model.<sup>7</sup> WSPA recommends that the salary projection presented in Table A-1 of the March 2025 PDSR use an average of the fully burdened expenditures for Step 4 and Step 5 salaries to represent a more balanced staffing for operation and maintenance of the community air monitoring stations.

1-3

3. **WSPA requests more detailed information about what is accounted for in Rule 1180's fully burdened expenditures for employees.**

WSPA understands that fully burdened expenditures include items such as insurance, benefits, fringe, etc. Based on the salaries presented in Table A-1 of the 2025 PDSR, the fully burdened expenditures for the AQ Instrument Specialist II and Air Quality Specialist positions would be approximately two times the Step 8 salary. WSPA requests more details on all costs being included in a fully burdened expenditure to ensure that other costs presented in Tables A-4 and A-7 of the March 2025 PDSR are not already accounted for.

1-4

4. **Refinery Related Community Air Monitoring System Annual O&M Fees should strictly be for operation and maintenance of the air monitoring systems. Some of the services, supplies, and capital costs presented are programmatic costs or should already be included in the fully burdened employee costs. In addition to being out of scope, some of the costs listed also appear to be unreasonably high.**

Rule 301 requires that facilities subject to Rule 1180 "shall pay an annual operating and maintenance fee for a refinery-related community air monitoring system designed, developed, installed, operated, and maintained by SCAQMD in accordance with California Health and Safety Code (H&SC) Section 42705.6."<sup>8</sup> H&SC § 42704.6(f)(1) states:<sup>9</sup>

1-5

<sup>7</sup> SCAQMD Salary Schedule. Available at: <https://www.aqmd.gov/docs/default-source/Career/salary-schedule.pdf>.

<sup>8</sup> Proposed Amended Rule 301, released March 14, 2025. Available at: [https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/regiii/2025/r-301.pdf?sfvrsn=805c8061\\_6](https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/regiii/2025/r-301.pdf?sfvrsn=805c8061_6)

<sup>9</sup> California Health and Safety Code 42705.6. Available at: <https://codes.findlaw.com/ca/health-and-safety-code/hsc-sect-42705-6/>.



April 03, 2025  
Page 4

*Except as provided in paragraph (2), the owner or operator of a petroleum refinery shall be responsible for the costs associated with implementing this section.*

Some costs presented in Table A-4: Services and Supplies – Major Refineries and Table A-7: Capital Outlays – Major Refineries are beyond the scope of the O&M of these air monitoring systems and therefore should not be accounted for when determining O&M fees. Other costs appear unreasonably high. Specific comments on categories described in these tables:

- Memberships, Conferences and Meetings, Community Meetings, and Training: These categories fall under programmatic costs associated with Rule 1180 and are not directly related to operation and maintenance of the air monitoring stations. WSPA would like to understand what specific meetings these categories refer to, how often they will occur, and how they fit into the scope of operation and maintenance of the air monitoring stations. WSPA would also like to understand what memberships are included and how/why these are categorized as operation and maintenance. 1-5
- Long Beach Office Lease and Long Beach Office Furniture and Cubicle Modifications: Tables A-4 and A-7 include costs for “Long Beach Office Lease” (estimated at \$218,483 – 303,000 annually) and “Long Beach Office Furniture and Cubicle Modifications” (estimated at \$20,000 – 40,000 annually). With Long Beach office rent prices presently averaging out at \$26.56 per square foot<sup>10</sup>, \$303,000 would suggest the District is seeking funding for over 11,000 square feet of space for the proposed sixteen FTE positions, many of whom are expected to be at the monitoring stations full-time. Costs for both rental of the office space and the furniture and cubicle modifications seem unreasonably high. Furthermore, office space lease costs should not fall within costs for operation and maintenance of the community air monitors. It seems that costs for office space and cubicle modification should already have been accounted for under the fully burdened expenditures captured by personnel salaries. 1-6
- Vehicles for Staff: Cost for replacement of older vehicles in the amount of \$60,000 – 66,000 is included for FY 2026 – 2027 and FY 2027 – 2028. WSPA would like further justification of these estimates and to understand if these costs are already accounted for under the fully burdened expenditures captured by the personnel salaries. 1-7
- Office Supplies: Cost of office supplies is estimated at \$35,000/year. WSPA would like to understand what office supplies are required and why they are consistently high for all three years, given that costs of high-performance computers and software are already accounted for in Table A-7. 1-8
- Small tools, Equipment, Supplies: Cost of “small tools, equipment, supplies” is estimated as \$50,000 – 65,000/year. SCAQMD has already included consumables as separate line items, so WSPA would like to understand what additional equipment and supplies are needed on a recurring basis. 1-9
- Communication: Cost of “communication” is estimated as \$100,000 – 150,000/year. While WSPA agrees that some communication costs are necessary to transfer data acquired by the monitors, these costs seem unreasonably high. Please provide the basis for this cost estimate. 1-10

<sup>10</sup> 2023 Office Space Rent & Sales, Long Beach Office Rent Price and Sales Report. Available at: <https://www.commercialcafe.com/office-market-trends/us/ca/long-beach/>.

April 03, 2025  
Page 5

- Services for Instrument Maintenance, Repairs, Calibration, and Verification: Cost of "services for instrument maint/repairs/calibration/verification and audit" is estimated as \$60,000 - \$572,600 annually. WSPA would like to understand why there is such a sharp increase of over \$500,000 in the cost estimate for FY 2027-2028 when the estimate only includes servicing of instruments (not replacement). 1-11
- Replacement of the Auto-GC: Cost of the "replacement Auto-GC" is estimated as \$180,000 - \$435,600 annually. While it is noted that the replacement cycle for the Auto-GC can be 4-7 years, why are there substantial costs budgeted each year? 1-12
- Replacement of BC analyzer, replacement of dilution system, replacement of spectrometers for optical analyzers, and replacement of zero air generators: It is noted that the replacement cycle of these assets (listed as separate line items in Table A-7) is 8-10 years. If the community air monitoring stations began operation in January 2020, why are there substantial costs (\$54,000-300,000) budgeted for FY 2025-2026 and FY 2026-2027? 1-13
- Rental Space for Optical Remote Sensing (ORS) Mobile Lab: Cost of the rental space for the ORS mobile lab (\$4,300 – 6,000/year) has been included in the Rule 1180 operation and maintenance costs for the air monitoring stations. This mobile lab is not part of the Rule 1180 program and should not have been included. This line item should be removed. 1-14
- Additional annual cost increases: Costs for many of the line items in Tables A-4 and A-7 are presented as increasing by ~10%/year. WSPA recommends that the annual cost increase be tied to the average increase in the consumer price index (CPI) for the past 5 years.

WSPA recommends that all Rule 1180 programmatic costs not impacting the cost of operation and maintenance of the community air monitoring stations be removed from the cost estimate. 1-15

Further, WSPA believes that all costs already included in the fully burdened SCAQMD salaries costs should be removed from the operation and maintenance cost estimate.

Finally, WSPA requests that SCAQMD provide details on projected costs that appear unusually high.

April 03, 2025  
Page 6

5. **Since the Rule 1180 Community Air Monitoring System Annual Operating and Maintenance Fees are excluded from the automatic annual CPI-based fee rate increase, WSPA respectfully recommends that the District postpone consideration of the revised Rule 1180 fees until WSPA, and the District can come to an agreement based on the comments above.**

The March 2025 staff report states that there is currently a **\$2,100,586 surplus** from Rule 1180 fee revenue. WSPA believes the District should utilize this budget surplus to continue operating the community air monitoring stations.

WSPA recommends that Rule 301(aa), Refinery Related Community Air Monitoring System Annual Operating and Maintenance Fees remain unmodified until an agreement is reached regarding the comments above. Rule 1180 stakeholders need to better understand the basis for the planned costs for this program before the District further increases the associated fees.

1-16

WSPA appreciates the opportunity to provide these comments related to PAR III. We look forward to continued discussion of this important rulemaking. If you have any questions, please contact me at (310) 808-2144 or via e-mail at [psenecal@wspa.org](mailto:psenecal@wspa.org)

Sincerely,

*Patty Senecal*

Senior Director, Southern California Region

Cc: Wayne Natri, SCAQMD  
Cc: Andrea Polidori, SCAQMD  
Cc: Cathy Reheis-Boyd, WSPA

SCAQMD Governing Board  
Cc: Senator Vanessa Delgado, Chair  
Cc: Councilmember Michael Cacciotti, Vice Chair  
Cc: Supervisor Curt Hagman, Member  
Cc: Mayor Patricia Lock Dawson, Member  
Cc: Mayor Pro Tem Larry McCallon, Member  
Cc: Supervisor Holly Mitchell, Member  
Cc: Supervisor Janet Nguyen, Member  
Cc: Councilmember Brenda Olmos, Member  
Cc: Veronica Padilla-Campos, Member  
Cc: Chair V. Manuel Perez, Member  
Cc: Councilmember Nithya Raman, Member  
Cc: Mayor Pro Tem Carlos Rodriguez, Member

**Staff Responses to Comment Letter #1:**

South Coast AQMD staff received a comment letter from Western States Petroleum Association (WSPA) titled, “SCAQMD Proposed Amended Regulation III: WSPA Comments on Proposed Amended Rule 301 Section (aa), Refinery Related Community Air Monitoring System Annual Operating and Maintenance Fees,” dated April 3, 2025. In this response, staff is addressing all questions included in WSPA’s comment letter, providing additional information requested by WSPA members regarding the REG III amendment of Rule 1180 community air monitoring O&M fees, as well as detailing several modifications to fee calculations based on discussions with WSPA members in April, May and July 2025. As a result of additional detailed analysis motivated by the questions from stakeholders, we are now proposing a 12.4% annual fee increase for the petroleum refineries.

**Response to Comment 1-1:**

Health and Safety Code Section 42705.6 requires petroleum refineries to fund the costs of refinery-related community air monitoring. The South Coast AQMD implements this through Rule 301, which requires a reassessment of these annual O&M fees every three years. An analysis conducted by South Coast AQMD staff in December 2024 showed that although the program has a surplus, the program is projected to have a deficit of about \$1.8 million by the end of Fiscal Year 2027-28 if these O&M fees are not adjusted. To ensure the program remains funded as required by law, staff have adjusted their budget proposal and plan to present a fee amendment to the Governing Board to cover costs for the next three years. Note that the new proposed fees are necessary to cover increasing O&M costs, which includes both the work to measure additional pollutants and also a rise in staff salaries resulting from recent labor negotiations. These salaries have increased 22% since December 2017, when Rule 1180 was first adopted.

**Response to Comment 1-2:**

The seven (7) major petroleum refineries that are part of the original (December 2017) South Coast AQMD Rule 1180 program are required to fund a community air monitoring network.

To meet the Rule requirements, the ongoing O&M for this network includes:

- Maintaining 10 sophisticated air monitoring stations spread across a very wide geographical area
- Measuring over 20 pollutants continuously and in near-real time at each station
- Conducting Quality Assurance (QA) and Quality Control (QC) activities for all collected data
- Performing data review, validation, analysis, and quality assurance/control
- Providing the public with near-real-time data and air quality notifications

The 2021 fee reassessment determined that 11.5 full-time positions were necessary to operate this network. To better align with the program's operational complexity and also strengthen QA/QC activities, the number of staff was adjusted to 13 in FY2023-24. A January 2024 amendment to Rule 1180 mandates the addition of air toxic metals, Particulate Matter (PM), and PAH (naphthalene) monitoring at all 10 stations by July 2025. This will require the installation and maintenance of 20 additional dedicated analyzers and will substantially increase the workload for operations, data analysis, quality assurance and other O&M activities. To manage this, staffing

was increased from 13 to 16 positions, a staffing level that is necessary and appropriate for O&M of a network of this size and complexity.

The Governing Board has approved all positions for Rule 1180 via public process. The most recently added positions for additional air monitoring required by the January 2024 Rule 1180 amendment and adoption of Rule 1180.1 were approved by the Governing Board in October 2024. At that time, we did not receive any comments from WSPA members or other stakeholders.

Staff have optimized staffing costs by phasing in positions over time, applying partial costs to staff that work on other projects, and distributing costs appropriately to Rule 1180.1 facilities. Fee estimates presented in the REG III amendment incorporated staggered start dates for the new positions based upon programmatic needs, rather than all positions being hired from the onset. Some staff will not dedicate 100% of their time to Rule 1180, and a portion of their costs will be covered by other South Coast AQMD programs. Specifically, this applies to 20% of the salary for the Implementation Manager and 20% for each of the two Program Supervisor positions. Additionally, beginning in FY 2026-27, the costs for all leadership positions (Implementation Manager, Program Supervisors, and Senior Staff Specialist) will be distributed proportionally among facilities subject to Rules 1180 and 1180.1. This distribution will be based on the number of stations, with the costs allocated as follows: 69% to major refineries (originally subject to Rule 1180); 11% to related facilities (newly subject to Rule 1180); and 20% to other refineries (subject to Rule 1180.1).

**Response to Comment 1-3:**

Staff used Step 5 salaries, which is the established procedure used for all the agency's staffing rate projections. Step 5 represents the middle step between eight existing steps of salary levels, and it is lower than the agency-wide average staff salary at Step 6. There is no reason for using a different formula to calculate Rule 1180 fees.

**Response to Comment 1-4:**

Staffing rates used for Rule 1180 fee calculations include Salaries and Employee Benefits, and Indirect Costs, and are comprised of:

- Salaries at Step 5, including the Governing Board-approved cost of living increase effective on January 1, 2026 which is reflected in FY 2026-27 onwards
- Employee Benefits include retirement, health insurance and employer paid payroll taxes
- Indirect Costs which are allocated by FTE and include headquarters building costs (excluding the Long Beach office space for Rule 1180, which is charged directly to the Rule 1180 program) and general/administrative costs not directly charged to a program as follows:
  - General/administrative costs include divisions such as Information Management, Administrative/Human Resources, Finance, Executive Office (including Governing Board and Clerk of the Board), Legal, and Legislative & Public Affairs/Media Office.

These employee salary rates do not include costs directly billed to the Rule 1180 program, such as:



- Part of the Long Beach Office lease utilized by Rule 1180 air monitoring staff, including general building operation expenses
- Office furniture / cubicle modification
- Professional training and memberships
- Personal computers, software, and other office expenses
- Vehicles used by Rule 1180 air monitoring staff

The portion of the Long Beach Office lease (including general building operation expenses) utilized by the Rule 1180 air monitoring team (details on the Long Beach Office lease costs are provided further in this document), personal computers, software, and other items categorized as office supplies and vehicles are not included in Salaries and Employee Benefits, and Indirect Costs estimates. These costs are billed directly to the Rule 1180 program.

**Response to Comment 1-5:**

Staff training and professional development is vital for properly operating and maintaining the South Coast AQMD community air monitoring network. To ensure staff remain proficient and up-to-date, costs for professional memberships and attendance at relevant conferences are kept in the budget. The program also has a strong community outreach component, and staff is planning to hold up to two community meetings per year through FY 2027-28 to provide program updates. However, staff has determined that community outreach is not a direct O&M cost. Consequently, the line item for community meetings has been removed from the Rule 1180 fee calculations, and any future meetings will be funded by other sources.

**Response to Comment 1-6:**

The Rule 1180 air monitoring team occupies 7,904 sq ft of office and laboratory space at the South Coast AQMD Long Beach Office. This space is used for activities related to quality assurance and data validation/analysis, and essential testing, calibration, and maintenance of monitoring equipment. The cost for this space is funded by Rule 1180 O&M fees, separate from staff salaries. The fee calculation includes a monthly lease of \$20,313, approximately \$34,000 in annual building operation expenses, with an estimated 4% annual increase. The current lease expires in 2026, and future costs are expected to be higher than projected. Starting in FY 2026-27, these lease costs will be distributed proportionally among all facilities that are part of Rule 1180/1180.1 as the monitoring network expands, reducing the cost for the original seven refineries. Finally, the line item for office furniture and cubicle modifications has been removed from the fee calculation, as sufficient one-time funds are available to cover these expenses for new staff.

**Response to Comment 1-7:**

Vehicle costs are not included in Staff Salaries and Benefits and Indirect Cost rates. Vehicles purchased at the start of the implementation of the Rule 1180 program are soon going to be 7-9 years old. These vehicles are used by staff to go to and from sites for station operation, maintenance, and quality assurance activities; delivery of supplies (e.g., liquid nitrogen to maintain cooling of optical detectors), and other activities associated with O&M of community air monitoring stations. At the time of this writing, the vehicles have over 60,000 miles and are projected to be near 100,000 miles in the last year of this fee cycle. Staff will defer vehicle replacement to the next fee reassessment cycle. Costs of replacement vehicles have been removed from the fee calculation.

**Response to Comment 1-8:**

Office supply expenditures are primarily for personal computers (PCs) and software, which are required for staff duties and constitute 60-75% of these costs. After consultation with the South Coast AQMD's Information Management department, the assumed lifetime for PCs was updated from 2-3 years to 3-4 years. This change reduced the annual cost estimate from \$35,000 to \$18,000. These costs also include general office equipment like printers and scanners but are separate from high-cost capital outlays for specialized, high-performance computer servers used for advanced data analysis.

**Response to Comment 1-9:**

This budget category covers ongoing needs for tools, equipment, and supplies for maintenance and operation of the network. This category is different from annual consumables for specific air monitoring equipment (e.g., optical analyzers and Auto-GCs, which are known, and procured annually from the instrument manufacturers), and covers the costs and supplies for operation and maintenance of other equipment that cost several thousand dollars each (e.g., zero air generators, dilution systems, pumps, air conditioning, and uninterrupted power supplies), and other small tools and consumables (e.g. specialized inlet filters, sampling tape, stainless steel and Teflon tubing, Swagelok and other connectors, Thorlabs and other small optical parts, specialized cleaning supplies, screws, nuts, bolts, spacers, straps).

**Response to Comment 1-10:**

Communication is a general Services and Supplies category that includes:

- Costs for data telemetry and transmission, and monthly costs for maintenance of telemetry equipment for 10 community air monitoring stations, estimated at \$50,400 per year
- Cloud storage and processing of raw and time-averaged high-frequency (ranging from less than a minute, five-minute, and hourly) Rule 1180 community air monitoring data for 25 pollutants, and several diagnostic parameters per pollutant, continuously collected at each of 10 community air monitoring stations, estimated at \$39,800 per year
- Costs for the Internet and phones in Long Beach Office for Rule 1180 staff, estimated at \$9,800 per year
- Costs associated with integration of Rule 1180 data portal and community air quality notification system into South Coast AQMD's data platform development project, estimated at \$50,000 for FY 2025-26 only (no costs associated with this project are projected for subsequent FY 2026-27 and FY 2027-28)

Estimated costs are based on current expenditures for each category, including the already planned increased costs of communications for data redundancy for FY 2025-26 onward. This data redundancy is required to maintain interrupted data flow and network connectivity.

**Response to Comment 1-11:**

Costs for ongoing maintenance, repair, calibration and verification of the community air monitoring network were estimated at \$60,000 in FY 2025-26, with a 10% annual increase in subsequent years.

However, the amended Rule 1180 now requires an independent audit of air monitoring systems to be conducted every three years (section (j)(3)(A)). The first independent audit of community air monitoring network is underway in 2025. The referenced increase of \$500,000 in FY 2027-28 represents the anticipated cost of a contract for the next independent audit.

**Response to Comment 1-12:**

The Auto-GCs at Rule 1180 monitoring stations have been in operation since 2019 and will require replacement within the next three years. Based on reassessment of the performance of Auto-GC instruments to date and additional consultation with the manufacturer, the replacement plan has been adjusted to two instruments per fiscal year for FY 2025-26, FY 2026-27, and FY 2027-28. It should be noted, however, that purchase of additional Auto-CG analyzers may be needed in future O&M fee reassessments. Due to a projected tariff of at least 10% on these Taiwanese-made instruments and updated pricing from the manufacturer, the estimated cost per unit for FY 2025-26 has been increased from \$65,000 (2018 - 2019 pricing) to \$120,000. Note that this updated cost estimate still reflects a discount negotiated by staff compared to the normal cost of this monitor.

**Response to Comment 1-13:**

Key air monitoring and notification equipment, which began operation in Fall 2019, is approaching its projected end-of-life. A replacement plan will be implemented to replace 2–3 units each year, ensuring uninterrupted measurements and community notifications. The replacement costs for FY 2025-26 are detailed in Table 1, with a projected annual cost increase of at least 10% for the subsequent two fiscal years. These cost estimates do not account for reciprocal tariffs enacted in early 2025. Therefore, the actual costs for replacement instruments may be much higher and are already reflected in the updated quotes staff obtained from selected vendors in May 2025 and also shown in Table 1. Based on discussions with WSPA members, for this fee reassessment cycle, staff also reassessed replacement needs for this equipment, resulting in the following modifications to quantities:

- BC analyzer – changed from 2 to 1 replacement analyzer per fiscal year
- Auto-GC – changed from 4 to 2 replacement units in FY 2025-26
- Zero Air Generator – changed from 3 to 1 replacement units per fiscal year
- Dilution System – changed from 3 to 1 replacement units per fiscal year

Cost of additional replacement air monitoring instruments and other equipment may be included in the next fee reassessment cycle, as needed.

**Table 1.** Cost for replacing critical instruments and equipment used at community air monitoring stations that are part of the South Coast AQMD Rule 1180 program.

Instrument	Estimated cost for FY 2025-26 used in April 2025 REG III reassessment, based on 2024 quote	Updated cost estimate as of May 2025 (for selected instruments)
BC Analyzer (Aethalometer)	\$35,000	\$36,000
H2S Analyzer	\$20,000	\$24,000
Auto-GC	\$90,000	\$120,000
Dilution System	\$30,000	Unchanged*
Spectrometer for Optical Analyzers	\$150,000	N/A**
Zero Air Generator	\$18,000	Unchanged*

\*As of May 2025, vendors did not increase their prices, however, increased costs may be included in future REG III amendments.



\*\*Staff was not able to obtain definitive projections from vendors; however, increased costs may be included in future REG III amendments.

**Response to Comment 1-14:**

Optical Remote Sensing Mobile Lab (ORS-ML) is used for the Rule 1180 community air monitoring program in two ways: (1) Information collected from ORS-ML mobile surveys were and may be used in the future for the selection of air monitoring station locations; and (2) ORS-ML is being used for quality assurance and verification of performance of optical multi-pollutant analyzers at community air monitoring stations. Staff believe that a small fee averaging \$426 per station per year to cover the costs of rental space for ORS ML would be the most cost-effective way of accounting for use of this asset for Rule 1180/1180.1 community air monitoring program.

Discussions with WSPA members showed that it would be more appropriate to replaced the annual rental fee for the ORS-ML with a daily usage rate (not including staff time) of this laboratory for quality assurance / quality control purposes of community air monitoring. The rate for one day of use of the ORS-ML is \$639, which covers Services and Supplies for the operation of the ORS-LM under the Rule 1180 community air monitoring program. The fee schedule has been updated accordingly to include one day of use per community air monitoring station each year.

**Response to Comment 1-15:**

All air monitoring equipment and many replacement and consumable parts used in Rule 1180 contain electronic components. With most electronic manufacturing occurring in many countries throughout Asia, reciprocal tariffs most likely will result in price increases on field instruments, electronic devices, computers, and instrument consumables planned for purchase over the next three years. For example, Auto-GCs at Rule 1180 community air monitoring stations use various consumables manufactured in Taiwan, which include specialized gas mixtures for calibration and sensor modules for gas detection. As part of the reciprocal tariffs proposed by the United States, these imported consumables are now subject to an overall 10% tariff and may potentially be subject to higher reciprocal tariffs. With this in mind, staff's opinion of a 10% annual increase remains conservative and appropriate.

**Response to Comment 1-16:**

As suggested by WSPA's comment letter, staff met with WSPA members in March, April, and July to further discuss and explain Rule 1180 fees calculation to WSPA and its members. To allow more time to address WSPA's questions, staff removed the proposed fee amendment from the REG III July 2025 amendment presented to the Governing Board for approval during the May 2025 Public Hearing. In this letter, staff provided additional explanation and details, and changes to fees calculation initially presented in REG III April 2025 amendment. Staff, therefore, is planning to proceed with 1180 O&M fees amendment in the near future, with the modifications described in this letter. Table 2 below shows the proposed fee adjustment for the items described in this letter. This represents a substantial reduction in the new annual fee compared to the REG III Proposal presented in April 2025 and an additional reduction since our last meeting in July 2025 (a change from 22.9% annual increase included in REG III April 2025 proposal to 12.4% fee increase after the modifications described in this letter). As previously noted, the fee calculation includes using the accumulated surplus to continue O&M of community air monitoring stations related to major refineries subject to Rule 1180.

**Table 2.** Revised Rule 1180 community annual O&M fee calculation.

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
<b>Fee Revenue (45053)</b>	<b>\$ 30,096,293</b>	<b>\$ -</b>	<b>\$ 30,096,293</b>	<b>\$ 6,874,137</b>	<b>\$ 4,773,551</b>	<b>\$ 4,773,551</b>	<b>\$ 16,421,239</b>
Expenditures							
S&EB&Indir	\$ 13,150,878	\$ 2,330,407	\$ 15,481,285	\$ 3,465,798	\$ 3,467,826	\$ 3,649,456	
S&S	6,117,229	490,699	6,607,928	1,554,280	1,585,633	2,095,587	
Capital	5,820,777	85,717	5,906,494	798,000	825,000	759,110	
<b>Total Expense</b>	<b>\$ 25,088,884</b>	<b>\$ 2,906,823</b>	<b>\$ 27,995,707</b>	<b>\$ 5,818,078</b>	<b>\$ 5,878,459</b>	<b>\$ 6,504,154</b>	<b>\$ 18,200,691</b>
Surplus/(Deficit)			\$ 2,100,586	\$ 1,056,059	\$ (1,104,908)	\$ (1,730,603)	\$ (1,779,452)
<div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <div> <div>\$ 5,366,702</div> <div>Proposed Fee</div> </div> <div> <div>\$ 4,773,551</div> <div>Current Fee</div> </div> <div> <div>\$ 593,151</div> <div>Annual Increase</div> </div> <div style="background-color: yellow; padding: 2px 5px; margin-top: 5px;"> <b>12.4% Fee Increase</b> </div> </div>							