

Fact Sheet

Proposed Amendments to BAAQMD Fee Regulation

The Bay Area Air Quality Management District collects fees to pay for the costs of implementing and enforcing regulatory programs to reduce air pollution from stationary sources. The District is proposing amendments to its fee regulation that will increase fee revenue in order to enable the District to address increasing regulatory program activity costs. The proposed amendments would increase fee revenue for the District's upcoming fiscal year (FY) 2005-06 by approximately \$2 million, representing an increase in overall fee revenue of just over 10 percent.

A study of fee revenue, and regulatory program activity costs, was recently completed for the District by the accounting firm Stonefield Josephson, Inc. (*Bay Area Air Quality Management District Cost Recovery Study, Final Report; March 30, 2005*). This Cost Recovery Study concluded that, on an overall basis, existing fee revenue is far less than the regulatory program activity costs. The Study recommended that, if this revenue gap is to be reduced, fees should be increased by more than Cost of Living Adjustments. The District's fee proposal is based largely on the results and recommendations of the Cost Recovery Study.

The District is proposing to increase fees, beginning on July 1, 2005, as follows:

1. The following Fee Schedules, which the Cost Recovery Study indicates have the largest revenue gaps (i.e., costs exceeding revenue by more than 50 percent for the period July 1, 2001 – June 30, 2004), would be **increased by 15 percent**:

Schedule A: Hearing Board

Schedule D: Gasoline Transfer at Gasoline Dispensing Facilities, Bulk Plants and Terminals

Schedule E: Solvent Evaporating Sources

Schedule F: Miscellaneous Sources

Schedule G1: Miscellaneous Sources

Schedule H: Semiconductor and Related Operations

Schedule I: Dry Cleaners

Schedule K: Solid Waste Disposal Sites (except for fees for Evaluation of Reports and Questionnaires, which would not be increased)

Schedule P: Major Facility Review Fees

2. The following Fee Schedules, which the Cost Recovery Study indicates have less significant revenue gaps (i.e., costs exceeding revenue by between 15 and 50 percent for the period July 1, 2001 – June 30, 2004), would be **increased by 5 percent**:

Schedule B: Combustion of Fuels

Schedule G2: Miscellaneous Sources

Schedule N: Toxic Inventory Fees

3. The following Fee Schedules, which the Cost Recovery Study indicates have no revenue gap for the period July 1, 2001 – June 30, 2004, would **not be increased**:

Schedule C: Stationary Containers for the Storage of Organic Liquids

Schedule G3: Miscellaneous Sources

Schedule G4: Miscellaneous Sources

Schedule L: Asbestos Operations

Schedule Q: Excavation of Contaminated Soil and Removal of Underground Storage Tanks

4. The fees in Schedule M: Major Stationary Source Fees, would be increased by 15 percent. This will partially compensate for emissions inventory reductions at affected facilities, which have resulted in decreasing fee revenue from this emissions-based fee schedule.

5. The following administrative fees would be **increased by 5 percent**:

Section 3-302: New and modified source filing fee

Section 3-309: Duplicate permit fee

Section 3-311: Banking filing fee and withdrawal fee

Section 3-312: Regulation 2, Rule 9 Alternative Compliance Plan fee

Section 3-327: Permit to Operate renewal processing fee

6. The following fees would be created or amended:

- A new fee would be added for an application to renew an Authority to Construct. This activity requires a BACT and offset review by District staff, but there is currently no fee for this activity. The proposed fee would be equal to one half of the initial fee for each new and modified source.
- A new fee would be added for a Potential to Emit (PTE) demonstration requested by a facility. This activity requires detailed emissions calculations to be made, or reviewed, by District staff for each source at a facility, but there is currently no fee for this activity. The proposed fee for a PTE demonstration would be \$50 per source evaluated, not to exceed a total of \$5000 per facility.
- The fee for a Health Risk Screening Analysis would be increased. The District has separately proposed to update and enhance its Air Toxics New Source Review program, which will require more complex Health Risk Screening Analyses to be prepared by District staff. The proposed fee would represent a \$272 increase for permit applications for new and modified sources that require a Health Risk Screening Analysis. The risk screening fee would also be applicable to other provisions in District regulations (e.g., a request for demonstration of permit exemption under Regulation 2-1-316) under which the District prepares a Health Risk Screening Analysis for a facility.
- The permit fees for refinery flares would be increased. In recent years, the District has significantly increased its regulatory activities for refinery flares with

the adoption of a refinery flare monitoring rule, and the proposal of a refinery flare control rule. The proposed fee amendments would move refinery flares subject to Regulation 12, Rule 11: Flare Monitoring at Petroleum Refineries, from Schedule G-1 to the higher-cost Schedule G-3.

The proposed fee regulation amendments are available on the District's website at <http://www.baaqmd.gov/pln/ruledev/workshops.asp>. Written copies of these materials are available upon request.

Any questions regarding the District's proposal or the scheduled workshop should be directed to Brian Bateman, Director of the District's Engineering Division, at (415) 749-4653, or sent electronically to bbateman@baaqmd.gov. Written comments on the proposal may be submitted to the above e-mail address, or by mail to:

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