



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS' REGULAR MEETING

May 2, 2007

A meeting of the Bay Area Air Quality Management District Board of Directors will be held at 9:45 a.m. in the 7th floor Board Room at the Air District headquarters, 939 Ellis Street, San Francisco, California.

Questions About an Agenda Item

The name, telephone number and e-mail of the appropriate staff person to contact for additional information or to resolve concerns is listed for each agenda item.

Meeting Procedures

The public meeting of the Air District Board of Directors begins at 9:45 a.m. The Board of Directors generally will consider items in the order listed on the agenda. However, any item may be considered in any order.

After action on any agenda item not requiring a public hearing, the Board may reconsider or amend the item at any time during the meeting.

BOARD OF DIRECTORS' REGULAR MEETING A G E N D A

WEDNESDAY
MAY 2, 2007

BOARD ROOM
7TH FLOOR

9:45 A.M.

CALL TO ORDER

Opening Comments
Roll Call
Pledge of Allegiance
Commendation/Proclamation

Chairperson, Mark Ross
Clerk of the Boards

PUBLIC COMMENT PERIOD

Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3
Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 939 Ellis Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Board's subject matter jurisdiction. Speakers will be limited to three (3) minutes each.

CONSENT CALENDAR (ITEMS 1 – 7)

Staff/Phone (415) 749-

1. Minutes of April 4, 2007

M. Romaidis/4965
mromaidis@baaqmd.gov
2. Communications
Information only

J. Broadbent/5052
jbroadbent@baaqmd.gov
3. Quarterly Report of the of Air Resources Board Representative Honorable Jerry Hill

J. Broadbent/5052
jbroadbent@baaqmd.gov
4. Consider Approval of Side Letter of Agreement to the Memorandum of Understanding (MOU) Between the Air District and the Employees' Association to Provide for Maintenance of Classification Specifications

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider approval of a Side Letter of Agreement to the MOU to provide for maintenance of the Air District's classification specifications.
5. Consider Approval of Amendments to the Memorandum of Understanding, Section 12.06: Paid Holidays Falling on an Un-Scheduled Work Day

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider approval of a side letter of agreement to the MOU to Section 12.06: Paid Holidays Falling on an Un-Scheduled Work Day.

6. Ratify Executive Officer/APCO Acceptance of Carl Moyer Program Funds for Fiscal Years 1998/1999 to 2004/2005

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Board of Directors will consider ratifying the Executive Officer/APCO acceptance of Carl Moyer Program Funds for FY 1998/1999 to 2004/2005.

7. Consider Approval of Resolution Allocating Interest Earned on Carl Moyer Program Funds to the Carl Moyer Program Fund and Interest Earned on Low Emission School Bus Funds to the Low Emission School Bus Program Fund

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Board of Directors will consider approval of a resolution allocating interest earned on Carl Moyer Program Funds.

COMMITTEE REPORTS AND RECOMMENDATIONS

8. Report of the **Stationary Source Committee** Meeting of April 16, 2007

CHAIR: S. HAGGERTY

J. Broadbent/5052

jbroadbent@baaqmd.gov

9. Report of the **Legislative Committee** Meeting of April 23, 2007

CHAIR: B. WAGENKNECHT

J. Broadbent/5052

jbroadbent@baaqmd.gov

Action(s): The Committee recommends Board of Director's approval of positions on newly introduced bills included in the packet.

10. Report of the **Budget and Finance Committee** Meeting of April 25, 2007

CHAIR: C. DALY

J. Broadbent/5052

jbroadbent@baaqmd.gov

Action(s): The Committee recommends Board of Director's approval of the Proposed Budget for Fiscal Year 2007/2008 upon completion of public hearings.

11. Report of the **Mobile Source Committee** Meeting of April 25, 2007

VICE-CHAIR: J. MCGOLDRICK

J. Broadbent/5052

jbroadbent@baaqmd.gov

Action(s): The Committee recommends approval of the following items:

- A) Allocation of \$2,000,000 in TFCA Regional Funds to the Zero-Emission Bus Advanced Technology Demonstration project (1,500,000 from TFCA Regional funds and \$500,000 from Clean Air Vehicle Advanced Demonstration Project fund, and exceptions to fiscal year 2007/2008 TFCA Regional Fund policies #1, 2, and 10 necessary for such a grant award;
- B) Authorize the Executive Officer/APCO to enter into a funding agreement with the recipient of the Zero-Emission Bus Advanced Technology Demonstration project;
- C) Allocation of Diesel Back-up Generator (BUG) Mitigation Funds to fund a Shore-Side Power Project in the amount of \$250,000 to be implemented by Wittmar Engineering & Construction, Inc. at the Port of Oakland and \$100,000 for a Hybrid-Electric Bus project to be implemented by the Napa Unified School District; and

D) *Authorize the Executive Officer/APCO to enter into a funding agreement with Wittmar Engineering & Construction, Inc and the Napa Unified School District in an amount not to exceed \$350,000.*

PUBLIC HEARINGS

12. Public Hearing to Consider Proposed Amendments to District Regulation 3: Fees, and Approval of a Notice of Exemption from CEQA

B. Bateman/4653
bbateman@baaqmd.gov

Proposed amendments to District Regulation 3: Fees, will help the Air District recover a greater share of the costs incurred to implement and enforce regulatory programs for stationary sources. A second public hearing on June 6, 2007, is required under California Health and Safety Code 41512.5 to consider any further testimony regarding proposed amendments to Regulation 3: Schedule L: Asbestos Operations and Schedule Q: Excavation of Contaminated Soil and Removal of Underground Storage Tanks, and proposed adoption of Schedule R: Commercial Cooking Operations and Schedule S: Naturally Occurring Asbestos Operations

CLOSED SESSION

13. Conference with Legal Counsel –

Existing Litigation Government Code Section 54956.9(a)

Pursuant to Government Code Section 54956.9(a), a need exists to meet in closed session with legal counsel to consider the following case:

Patricia Howell v. Bay Area AQMD et al. (Superior Court of California, County of San Francisco No.CCC07-461887)

OPEN SESSION

OTHER BUSINESS

14. Report of the Executive Officer/APCO
15. Chairperson's Report
16. Board Members' Comments

Any member of the Board, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)

17. Time and Place of Next Meeting - 9:45 a.m., Wednesday, May 16, 2007- 939 Ellis Street, San Francisco, CA 94109
18. Adjournment

CONTACT CLERK OF THE BOARD - 939 ELLIS STREET SF, CA 94109

(415) 749-4965

FAX: (415) 928-8560

BAAQMD homepage:

www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities. Notification to the Executive Office should be given at least 3 working days prior to the date of the meeting so that arrangements can be made accordingly.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109
(415) 771-6000

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF DISTRICT MEETINGS

APRIL 2007

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Executive Committee <i>(At the Call of the Chair)</i>	Thursday	26	9:30 a.m.	4 th Floor Conf. Room

MAY 2007

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	2	9:45 a.m.	Board Room

Board of Directors Public Outreach Committee <i>(1st Thursday every other Month)</i> - CANCELLED	Thursday	3	9:30 a.m.	4 th Floor Conf. Room
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Board of Directors Climate Protection Committee <i>(Meets 3rd Thursday every other Month)</i>	Thursday	3	9:30 a.m.	4 th Floor Conf. Room
Advisory Council Executive Committee	Wednesday	9	9:00 a.m.	Room 716
Advisory Council Regular Meeting	Wednesday	9	10:00 a.m.	Board Room
Board of Directors Stationary Source Committee – <i>(2nd Thursday quarterly)</i>	Thursday	10	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	16	9:45 a.m.	Board Room
Board of Directors Ad Hoc Cme. on Port Emissions <i>(At the Call of the Chair)</i>	Thursday	17	9:30 a.m.	4 th Floor Conf. Room
Joint Policy Committee	Friday	18	10:00 a.m. – 12:00 p.m.	Metro Center Auditorium 101 – 8 th Street Oakland, CA 94607
Board of Directors Public Outreach Committee <i>(1st Thursday every other Month)</i>	Monday	21	9:30 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets 4th Wednesday of each Month)</i>	Wednesday	23	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee – <i>(Meets 4th Thursday of each Month)</i>	Thursday	24	9:30 a.m.	Board Room

JUNE 2007

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	6	9:45 a.m.	Board Room
Advisory Council Technical Committee <i>(Meets 2nd Monday of each even Month)</i>	Monday	11	9:00 a.m.	Board Room
Advisory Council Air Quality Planning Committee <i>(Meets 2nd Wednesday of each even Month)</i>	Wednesday	13	9:30 a.m.	Board Room
Advisory Council Public Health Committee <i>(Meets 2nd Wednesday of each even Month)</i>	Wednesday	13	1:30 p.m.	Board Room
Board of Directors Stationary Source Committee – <i>(Meets 2nd Thursday quarterly)</i>	Thursday	14	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	20	9:45 a.m.	Board Room
Board of Directors Legislative Committee <i>(Meets 4th Monday of every Month)</i>	Monday	25	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets 4th Wednesday of each Month)</i>	Wednesday	27	9:30.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee – <i>(Meets 4th Thursday of each Month)</i>	Thursday	28	9:30 a.m.	4 th Floor Conf. Room

hl
4/25/07 (12:45 p.m.)
P/Library/Forms/Calendar/Calendar/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Ross and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 19, 2007

Re: Board of Directors' Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Board of Directors' meeting of April 4, 2007.

DISCUSSION

Attached for your review and approval are the draft minutes of the April 4, 2007 Board of Directors' meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET – SAN FRANCISCO, CA 94109

Draft Minutes: Board of Directors' Regular Meeting – April 4, 2007

Call To Order

Opening Comments: Chair Mark Ross called the meeting to order at 9:51 a.m.

Roll Call: Present: Mark Ross, Chair, Harold Brown, Erin Garner, John Gioia, Scott Haggerty (9:53 a.m.), Jerry Hill, Yoriko Kishimoto, Carol Klatt, Liz Kniss (9:56 a.m.), Janet Lockhart (9:53 a.m.), Jake McGoldrick (9:53 a.m.), Nate Miley (9:53 a.m.), Michael Shimansky, John Silva, Tim Smith, Pamela Torliatt, Brad Wagenknecht.

Absent: Tom Bates, Chris Daly, Dan Dunnigan, Patrick Kwok, Gayle B. Uilkema.

Pledge of Allegiance: The Board of Directors recited the Pledge of Allegiance.

Commendations/Proclamation: There were none.

Directors Janet Lockhart, Jake McGoldrick, Scott Haggerty, and Nate Miley arrived at 9:53 a.m.

Public Comment Period: The following individual spoke:

Mark Pheatt
Elverta, CA 95626

Regarding residential asbestos removal.

Director Liz Kniss arrived at 9:56 a.m.

Consent Calendar (Items 1 – 5)

1. Minutes of March 21, 2007
2. Communications. Correspondence addressed to the Board of Directors. For information only.
3. Quarterly Report of the Clerk of the Board
4. Set Public Hearing for May 2, 2007 to consider New District Regulation 6: Rule 2: Commercial Cooking Equipment, and Adopt CEQA Negative Declaration

Proposed New Regulation 6: Rule 2 would regulate PM10 (particulate matter of 10 microns in diameter or less) and organic compound emissions from charbroilers used in commercial restaurant operations. The proposed rule will fulfill the

District's commitment to control restaurant emissions under its SB 656 Particulate Matter Implementation Schedule and to study potential controls on commercial charbroilers as proposed in further study measure FS-3 in the Bay Area 2005 Ozone Strategy.

5. Set Public Hearing for May 2, 2007 to Consider Proposed Amendments to District Regulation 3: Fees, and Approval of a Notice of Exemption from CEQA and Set a Final Public Hearing for June 6, 2007 to Consider Additional Testimony on Regulation 3: Schedules L, Q, R, and S pursuant to California Health and Safety Code Section 41512.5.

Proposed amendments to District Regulation 3: Fees, will help the Air District recover a greater share of the costs incurred to implement and enforce regulatory programs for stationary sources. A second public hearing on June 6, 2007, is required under California Health and Safety Code 41512.5 to consider any further testimony regarding proposed amendments to Regulation 3: Schedule L: Asbestos Operations and Schedule Q: Excavation and Contaminated Soil and Removal of Underground Storage Tanks, and proposed adoption of Schedule R: Commercial Cooking Operations and Schedule S: Naturally Occurring Asbestos Operations.

Board Action: Director Hill moved approval of the Consent Calendar; seconded by Director Brown; carried unanimously without objection.

Committee Reports and Recommendations

6. Report of the Budget and Finance Committee Meeting of March 26, 2007

Director Shimansky presented the report and stated that the Committee met on Monday, March 26, 2007.

Staff provided a status report on the Cost Recovery Study which included background information, the methodology used for the Study, the Study results, and the process for completion of the Study.

A review of the proposed amendments to District Regulation 3: Fees was provided to the Committee. Staff provided details of the proposed amendments, examples of permit renewal fee increases, and the rule development schedule. Public hearings for the Board of Directors' consideration for adoption of the amendments are scheduled for May 2 and June 6, 2007. The Committee provided direction to proceed with the proposed amendments to the District's fee regulation. One member of the public spoke on this item.

Staff presented and the Committee reviewed the draft budget for fiscal year 2007/2008. The Committee provided direction to staff.

The Committee convened to Closed Session and received a report from staff. The Committee provided general direction to staff on the Closed Session items.

The next meeting of the Committee is scheduled for 9:30 a.m., Wednesday, April 25, 2007.

Board Action: Director Shimansky moved that the Board of Directors' approve the recommendations and report of the Budget and Finance Committee; seconded by Director Wagenknecht; carried unanimously without objection.

7. Report of the Executive Committee Meeting of March 26, 2007

Chair Ross presented the report and stated that the Committee met on Monday, March 26, 2007.

Dr. Rachel Morello-Frosch of Brown University made a presentation regarding a report she co-authored entitled "*Still Toxic After All These Years – Air Quality and Environmental Justice in the San Francisco Bay Area.*" The Committee discussed several aspects of the report. Three members of the public spoke on this item.

The next meeting of the Committee will be at the Call of the Chair.

Board Action: Chair Ross moved that the Board of Directors' approve the report of the Executive Committee; seconded by Director Hill; carried unanimously without objection.

8. Report of the Mobile Source Committee Meeting of March 29, 2007

Action(s): The Committee recommended Board of Directors' approval of the following:

- A) *A Bicycle Facility Program for Fiscal Year 2007/2008, including the allocation of \$600,000 in Transportation Fund for Clean Air (TFCA) Regional Funds, along with the proposed Bicycle Facility Program Guidelines;*
- B) *Proposed Fiscal Year 2007/2008 TFCA Regional Fund Policies and Evaluation Criteria;*
- C) *Allocation of \$1,000,000 in TFCA Regional Funds to Clean-Air Vehicle Advanced Technology Demonstration Projects that meet the FY 2007/2008 TFCA Regional Fund Policies;*
- D) *Allocation of \$21,761,710 in Carl Moyer Program (CMP) Year 8 and Year 9 Funding Cycle Funds for the eligible projects;*
- E) *Allocation of \$4,103,646 in Mobile Source Incentive Fund (MSIF) revenues for the eligible projects;*
- F) *Funding for the projects listed as contingency projects to be funded with either CMP or MSIF dollars if funds become available due to current or prior year grant award cancellations or completion of projects under budget;*
- G) *Authorization for the Executive Officer to enter into funding agreements with recipients of grant awards for the projects; and*
- H) *Approval of the Transportation Fund for Clean Air Report on FY 2006/2007 Allocations and Effectiveness.*

Director Smith presented the report and stated that the Committee met on Thursday, March 29, 2007.

Staff presented proposed revisions to Transportation Fund for Clean Air (TFCA) Regional Fund policies and evaluation criteria for fiscal year 2007/2008 and the establishment of a Bicycle Facility Program for fiscal year 2007/2008. The Committee recommends Board of Directors' approval of the following:

- A) A Bicycle Facility Program for fiscal year 2007/2008, including the allocation of \$600,000 in TFCA Regional Funds, and the proposed Bicycle Facility Program Guidelines;
- B) Proposed fiscal year 2007/2008 TFCA Regional Fund Policies and Evaluation Criteria; and
- C) Allocation of \$1,000,000 in TFCA Regional Funds to clean-air vehicle advanced technology demonstration projects that meet the fiscal year 2007/2008 TFCA Regional Fund Policies.

Staff provided a report on year 8 and year 9 funding cycles for the Carl Moyer Program and Mobile Source Incentive Fund grant allocations. The Committee recommends Board of Directors' approval of the following:

- D) Allocation of \$21,761,710 in Moyer Year 8 and Year 9 funding cycle funds for the eligible projects listed in Attachment 1 of the staff report;
- E) Allocation of \$4,103,646 in Mobile Source Incentive Fund revenues for the eligible projects listed in Attachment 1 of the staff report;
- F) Funding for the projects listed in Attachment 2 of the staff report as contingency projects to be funded with either Moyer or Mobile Source Incentive Fund dollars if funds become available due to current or prior year grant award cancellations or completion of projects under budget; and
- G) Authorization for the Executive Officer to enter into funding agreements with recipients of grant awards for the projects listed in Attachments 1 and 2 of the staff report.

Staff reviewed the TFCA annual report. The Committee recommends:

- H) Board of Directors' approval of the *Transportation Fund for Clean Air Report on FY 2006/2007 Allocations and Effectiveness*.

The Committee also provided direction to staff regarding periodic updates on the bike program and to work on items in the Moyer program including more outreach to the wine industry, and designing a matrix that projects impacted communities.

The next meeting of the Committee is scheduled for 9:30 a.m., Thursday, April 26, 2007.

Board Action: Director Smith moved that the Board of Directors' approve the recommendations and the report of the Mobile Source Committee; seconded by Director Kniss.

In response to questions from Director Torliatt, Juan Ortellado, Grant Programs Manager, stated that additional language could be added to the Bicycle Facility Guidelines that states local agencies and cities are able to apply for funding for bike/pedestrian projects, as well as those bike/pedestrian projects approved in county-wide bicycle plans.

There was discussion regarding whether an applicant seeking Carl Moyer funding has been in litigation with public agencies within the last five years. A request was made to incorporate this type of information into the application process. Director Hill requested staff review the issue and report back to the Committee or the Board before any policy decision is made. Jack Broadbent, Executive Officer/APCO, noted that the Committee had discussed

this issue, along with others, and that staff will look into the issues brought up and bring them back for next year's funding cycle.

Chair Ross restated the amendment to the motion regarding cities being able to apply for bike projects as well as those projects approved in county-wide bicycle plans. Directors Smith and Kniss accepted the amendment to the motion. The motion then carried unanimously without objection.

Closed Session – The Board convened to Closed Session at 10:20 a.m.

9. Conference with Legal Counsel-

Existing Litigation Government Code Section 54956.9(a)

Pursuant to Government Code Section 54956.9(a) a need existed to meet in closed session with legal counsel to consider the following case:

Paul Mauriello v. Bay Area AOMD (Public Employment Relations Board, Unfair Practice Charge No. SF-CE-336-M)

10. Conference with Air District's Labor Negotiator-

Pursuant to Government Code Section 54957.6, a need existed to meet in closed session to discuss collective bargaining matters

Air District Representative: Jack P. Broadbent, Executive Officer/APCO
Employee Organization: Bay Area Air Quality Management District Employees' Association

Open Session – The Board reconvened to open session at 10:37 a.m.

Brian Bunger, Counsel, reported that the Board met in Closed Session on items 9 and 10 and received a report on the items. The Board provided general direction to staff on each item.

Other Business

11. Report of the Executive Officer/APCO – Mr. Broadbent reviewed the following:
- A) Announced that the Public Hearing regarding Regulation 6: Rule 2 under agenda item 4 is now scheduled for the May 16, 2007 Regular Board meeting. This will allow staff to conduct additional outreach.
 - B) The Air District is a sponsor of the KCBS Health etc event on April 14, 2007. Bill Clinton is the keynote speaker. If Board members would like tickets, they should contact the Executive Office before April 11th.
 - C) Each Board member has the registration booklet at their place for the Air & Waste Management Association's annual conference. The conference is June 26-28 and will be held in Pittsburgh, PA. Board members who would like to attend the conference should contact Mary Ann Goodley prior to April 20th.
 - D) The current Events Calendar is at each Board members place.

- E) Announced the Superior Court ruling indicating that the EPA does have the authority to regulate CO₂. Staff will keep the Climate Protection Committee informed of any actions.

Chair Ross requested that information on the April 14, 2007 KCBS Health etc event be emailed to the Board members.

- 12. Chairperson's Report – Chair Ross stated that he had no report.
- 13. Board Members' Comments – There were none.
- 14. Time and Place of Next Meeting – Chair Ross announced that the April 18, 2007 Regular Board meeting is cancelled. The next Regular Board meeting is scheduled for 9:45 a.m., Wednesday, May 2, 2007 – 939 Ellis Street, San Francisco, CA 94109
- 15. Adjournment – The meeting adjourned at 10:41 a.m.

Mary Romaidis
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Ross and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 20, 2007

Re: Board Communications Received from April 4, 2007 through May 1, 2007

RECOMMENDED ACTION:

Receive and file.

DISCUSSION

A list of Communications received by the Air District from April 3, 2007 through May 1, 2007, if any, will be at each Board member's place at the April 4, 2007 Regular Board meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Mark Ross and
Members of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 20, 2007

Re: Consider Approval of a Side Letter of Agreement to the Memorandum of Understanding (MOU) Between the Air District and the Employees' Association to Provide For Maintenance of Classification Specifications

RECOMMENDATION

Consider approval of Side Letter of Agreement to the current Memorandum of Understanding (MOU) between the Air District and the Employees' Association to move forward with the maintenance of classification specifications.

BACKGROUND

The Air District and Employees' Association (EA) met and mutually agreed to append the Memorandum of Understanding with this Side Letter to resolve a disagreement regarding interpretation of the MOU relative to maintenance of the Air District's classification specifications by the Human Resources Office.

Although, Section 15.04: Classification System of the MOU places responsibility for maintenance of classification specifications with the Human Resources Office, Article VI: Classification Studies, has been interpreted by the EA as precluding any changes to existing classification specifications for the term of the MOU, which ends June 30, 2010. This disagreement has delayed maintenance of the Air District's classification specifications.

DISCUSSION

The majority of the Air District's classification specifications were updated most recently in 1992. The classification specifications define organizational characteristics of a position and the knowledge, skills, and qualifications necessary to perform the illustrative duties. It is necessary for effective staff management and recruitment that they be current.

This Side Letter represents a tentative agreement between the Air District and the EA on the parameters for the review and analysis of mutually selected groups of represented positions for the remaining years of the current MOU.

BUDGET CONSIDERATION/FINANCIAL IMPACT

There is no financial impact beyond that already contemplated in the current budget. In the event that any ancillary compensation analysis indicates changes in compensation are warranted, a report and recommendation may be submitted to the Board of Directors for consideration as part of the annual budget preparation process.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Michael Rich

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Resolution No. 2007-___

A Resolution to Approve a Side Letter of Agreement to the Memorandum of Understanding Between the Air District and the Employees' Association to Provide for the Maintenance of Classification Specifications

WHEREAS, the District and the Employees' Association have reached tentative agreement on a Side Letter to resolve a disagreement regarding the maintenance of classification specifications;

WHEREAS, the District and the Employees' Association mutually acknowledge that certain classifications are in need of review;

WHEREAS, the parties have met and conferred in good faith pursuant to California Government Code Section 3505 and MOU Section 17.04, Interim Bargaining and reached agreement subject to the approval of the Board of Directors;

WHEREAS, there is no immediate fiscal impact resulting from approval of this Side Letter;

WHEREAS, any related future recommendations for changes in compensation may be submitted to the Board of Directors for consideration as part of the annual budget preparation process;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby approves the attached Side Letter between the District and the Employees' Association to provide for the review, analysis and update of classification series for the remainder of the current MOU.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the 2ND day of May, 2007 by the following vote of the Board:

AYES:

NOES:

ABSENT:

Signed: _____

Mark Ross
Chairperson of the Board of Directors

Attest: _____

Pamela Torliatt
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Ross and
Members of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 20, 2007

Re: Consider Approving an Amendment to the Memorandum of Understanding,
Section 12.06, Paid Holidays Falling on an Un- Scheduled Work Day

RECOMMENDATION

Consider approval of an amendment to Section 12.06: Paid Holidays Falling on an Un-Scheduled Work Day of the current Memorandum of Understanding between the Air District and the Employees' Association to replace language concerning crediting of holiday hours for holidays that fall on a week day (Monday through Friday) when employees are not scheduled to work.

BACKGROUND

The Air District and Employees' Association (EA) met and mutually agreed to amend the Memorandum of Understanding (MOU) to provide for the conversion of holiday hours to floating holiday hours when the holiday falls on a week day when employees are not scheduled to work. Current MOU language provides that employees who are not scheduled to work on a paid holiday receive holiday hours on the work day which immediately precedes or follows the paid holiday.

DISCUSSION

The proposed amendment to the MOU provides for employees to convert holiday hours to floating holiday hours for any holiday observed on a week day that is not a scheduled work day. The floating holiday hours will be available for use at any time during or after the pay period in which the holiday falls with supervisory approval. Holiday hours converted to floating holiday add to the employee's floating holiday balance, and are treated the same in terms of approval and expiration. Converting the holiday to a floating holiday will allow for the use of holiday hours consistent with operational needs.

BUDGET CONSIDERATION/FINANCIAL IMPACT

There is no financial impact beyond that already contemplated in the current budget.

Respectfully Submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Michael Rich

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Resolution No. 2007-___

A Resolution to Approve an Amendment to Section 12.06 of the Memorandum of Understanding Regarding Paid Holidays Falling on an Un- Scheduled Work Day

WHEREAS, there is a need to provide consistency in and procedural standards for the treatment of holiday hours when holidays fall on employees' un-scheduled work day;

WHEREAS, the District and the Employees' Association have met and conferred in good faith pursuant to California Government Code Section 3505 and Memorandum of Understanding Section 17.04, Interim Bargaining and reached agreement subject to the approval of the Board of Directors;

WHEREAS, there is no fiscal impact resulting from approval of the amendment to Section 12.06 of the Memorandum of Understanding;

WHEREAS, amending Section 12.06 of the Memorandum of Understanding provides for employees to convert holiday hours to floating holiday when holidays fall on employees' un-scheduled work day, thus allowing for managers to approve usage based on operational needs;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby approves an amendment to Section 12.06 of the Memorandum of Understanding to replace items (5, 6, 7) with new item (5) as set forth in Exhibit A to this resolution.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the 2ND day of May, 2007 by the following vote of the Board:

AYES:

NOES:

ABSENT:

Signed: _____

Mark Ross
Chairperson of the Board of Directors

Attest: _____

Pamela Torliatt
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Ross and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 25, 2007

Re: Ratify Executive Officer/APCO Acceptance of Carl Moyer Program Funds for
Fiscal Years 1998/1999 to 2004/2005

RECOMMENDED ACTION

Ratify Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board relating to the Air District's receipt of Carl Moyer Program funds for fiscal years (FYs) 1998/1999 to 2004/2005.

BACKGROUND

The California Air Resources Board allocates Carl Moyer Program funds to local air districts to provide financial incentives to the public and private sectors for the implementation of eligible projects that reduce emissions from on-road and off-road engines. The Air District has been participating in the Carl Moyer Program since its inception in 1999. The Carl Moyer Program provides a very cost-effective means to reduce emissions from heavy-duty diesel engines. The California Air Resources Board has requested that the Air District Board of Directors provide a formal acceptance of Carl Moyer Program funds allocated to the Air District in previous funding cycles.

DISCUSSION

The California Air Resources Board has allocated a total of \$16,339,508 in Carl Moyer Program funds to the Air District for the FY 1998/1999 to FY 2004/2005 (Year 1 to Year 7) funding cycles; this includes \$16,282,144 for project grants, and \$57,364 to help offset the Air District's administrative and outreach costs. The Air District's Executive Officer/APCO signed the necessary documents to accept funds from the California Air Resources Board for the years discussed. However, a Board of Directors' Resolution ratifying the Executive Officer/APCO's actions with respect to these funds is needed to satisfy the California Air Resources Board's policies and procedures.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Juan Ortellado
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION No. 2007 –

**A Resolution Ratifying Acceptance of Carl Moyer Program Funds
From the California Air Resources Board**

WHEREAS, California Health and Safety Code Division 26, Part 5, Chapter 9 empowers the California Air Resources Board (CARB) to allocate Carl Moyer Program funds to local air quality districts to provide financial incentives to both the public and private sector to implement eligible projects to reduce emissions from both on-road and off-road engines;

WHEREAS, California Health and Safety Code section 44287 authorizes CARB to provide an air district with funds if that district provides matching funds in an amount established by CARB;

WHEREAS, CARB has allocated a total of \$16,339,508 in Carl Moyer Program funds (\$16,282,144 for project grants and \$57,364 in administrative funds) to the Bay Area Air Quality Management District (District) as follows:

\$2,500,000 for the fiscal year (FY) 1998-1999 (Year 1),
\$1,880,000 for FY 1999-2000 (Year 2),
\$4,306,133 for FY 2000-2001 (Year 3),
\$1,570,344 for FY 2001-2002 (Year 4),
\$1,894,911 for FY 2002-2003 (Year 5),
\$1,652,595 for FY 2003-2004 (Year 6), and
\$2,478,161 for project grants and \$57,364 in administrative funds for FY 2004-2005 (Year 7), subject to acceptance and approval by the District Board of Directors; and

NOW, THEREFORE BE IT RESOLVED, the Board of Directors hereby approves and ratifies the District's participation in the Carl Moyer Program and acceptance of the FY 1998-1999, 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-2004, and 2004-2005 Carl Moyer Program funds, awarded to eligible projects in accordance with CARB's Carl Moyer Program Guidelines.

BE IT FURTHER RESOLVED, the Board ratifies the actions of the Executive Officer/Air Pollution Control Officer with respect to the execution on behalf of the District of grant agreements with CARB and all other necessary documents that have implemented and carried out the purposes of this resolution.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the 2ND day of May, 2007 by the following vote of the Board:

AYES:

NOES:

ABSENT:

Signed: _____

Mark Ross
Chairperson of the Board of Directors

Attest: _____

Pamela Torliatt
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Ross and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 24, 2007

Re: Approval of Resolution Allocating Interest Earned on Carl Moyer Program Funds
to the Carl Moyer Program Fund and Interest Earned on Low Emission School Bus
Funds to the Low Emission School Bus Program Fund

RECOMMENDED ACTION:

Authorize the allocation of \$940,992 in interest earned on Carl Moyer Program funds to the Carl Moyer Program Fund and the allocation of \$267,261 in interest earned on Low Emission School Bus funds to the Low Emission School Bus Program Fund.

BACKGROUND:

Carl Moyer Program funds and certain Low Emission School Bus funds are provided by the California Air Resources Board to the Air District prior to disbursement to recipients. Therefore, those funds earn interest while deposited in Air District accounts prior to disbursement. Carl Moyer Program funds have earned \$940,992 in interest and Low Emission School Bus Program funds have earned \$267,261 in interest.

DISCUSSION:

The California Air Resources Board has requested that the Air District's Board of Directors formalize allocation of the interest earned on Carl Moyer Program Funds and Low Emission School Bus Program Funds.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

No impact.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay
Reviewed by: Brian Bunger

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION No. 2007 –

A Resolution Allocating Interest Earned from Carl Moyer Funds to the Carl Moyer Fund and Allocating Interest Earned from Low Emission School Bus Funds to the Low Emission School Bus Fund Within the Air District’s Accounts

WHEREAS, California Health and Safety Code Division 26, Part 5, Chapter 9 empowers the California Air Resources Board (CARB) to allocate Carl Moyer Program funds to local air quality districts to provide financial incentives to both the public and private sector to implement eligible projects to reduce emissions from both on-road and off-road engines;

WHEREAS, Carl Moyer Program Funds have earned a total of \$940,992 in interest as follows:

\$ 98,574	for the Fiscal Year (FY) 1999-2000 (Year 2),
\$ 312,855	for FY 2000-2001 (Year 3),
\$ 231,378	for FY 2001-2002 (Year 4),
\$ 125,802	for FY 2002-2003 (Year 5),
\$ 61,952	for FY 2003-2004 (Year 6),
\$ 46,658	for FY 2004-2005 (Year 7), and
\$ 63,773	for FY 2005-2006 (Year 8);

and

WHEREAS, Low Emission School Bus Funds have earned a total of \$267,261 in interest as follows:

\$ 22,234	for the Fiscal Year (FY) 2001-2002,
\$ 76,809	for FY 2002-2003,
\$ 47,767	for FY 2003-2004,
\$ 56,169	for FY 2004-2005, and
\$ 64,282	for FY 2005-2006;

NOW, THEREFOER BE IT RESOLVED, the Board of Directors hereby approves the allocation of the \$940,992 in interest earned by Carl Moyer Funds to the Carl Moyer Fund within the Air District’s accounts to be awarded to eligible projects in accordance with CARB’s Carl Moyer Program Guidelines.

BE IT FURTHER RESOLVED, the Board of Directors hereby approves the allocation of the \$267,261 in interest earned by the Low Emission School Bus Funds to the Low Emission School Bus Fund within the Air District’s accounts.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the 2ND day of May, 2007 by the following vote of the Board:

AYES:

NOES:

ABSENT:

Signed: _____

Mark Ross
Chairperson of the Board of Directors

Attest: _____

Pamela Torliatt
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Ross and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 19, 2007

Re: Report of the Stationary Source Committee Meeting of April 16, 2007

RECOMMENDED ACTION

Receive and file.

BACKGROUND

The Stationary Source Committee met on Monday, April 16, 2007. Staff gave a status report and presentation regarding flare minimization plans required under Regulation 12; Rule 12: Flares at Petroleum Refineries. The discussion of proposed amendments to Regulation 9, Rule 6: Nitrogen Oxide Emissions from Natural Gas-Fired Water Heater was deferred to the next meeting of the Committee.

Attached are the staff reports presented in the Stationary Source Committee packet for your review.

Chairperson Scott Haggerty will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Mary Ann Goodley

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 9, 2007

Re: Status Report Regarding Flare Minimization Plans required under
Regulation 12, Rule 12: Flares at Petroleum Refineries

RECOMMENDED ACTION:

Informational Report. Receive and file.

BACKGROUND

Emissions from flaring at petroleum refineries have been an ongoing concern to the Bay Area Air Quality Management District and residents of the communities in the neighborhoods surrounding the refineries. Because flares are first and foremost safety devices that must be available for use in emergencies to prevent accident, hazard or release of refinery gas directly to the atmosphere, development of an appropriate regulatory mechanism to address flaring emissions has been a challenge.

Regulation 12, Rule 12 seeks to reduce emissions from flares at petroleum refineries by minimizing the frequency and magnitude of flaring. It prohibits the non-emergency use of a refinery flare unless that use is consistent with an approved Flare Minimization Plan ("FMP" or "Plan"). The rule is structured to capture reductions previously realized by the refineries, and requires petroleum refineries to identify and implement all feasible prevention measures to further minimize flaring.

DISCUSSION

In order to develop the flare minimization plans, refineries have been in active consultation with District staff since rule adoption. Each Flare Minimization Plan must identify and consider all measures available to reduce refinery flare emissions by minimizing the frequency and magnitude of flaring events ("prevention measures"). Prevention measures must address flaring as a result of planned major maintenance including startup and shutdown; flaring that may reasonably be expected to occur due to issues of vent gas quality or quantity; and flaring caused by the recurrent failure of air pollution control equipment, process equipment, or processes. Under Regulation 12-12, each Flare Minimization Plan must include:

- Information regarding the design and operation of the facility as it relates to flaring;
- Description of the prevention measures previously taken or currently planned to reduce flare emissions at the refinery; and
- Commitment to implement all additional feasible prevention measures expeditiously.

On May 28, 2007, staff received updated versions of the FMPs initially submitted by the refineries on August 1, 2006. Staff believes that these plans contain sufficiently comprehensive and detailed information about each refineries flare operations and efforts to minimize flaring. These plans are being made available for a 60-day public comment period (April 2 to May 31, 2007) at both the District's website and public libraries. Additionally, the District will host a series of five informational meetings to take comments on each refinery facility's FMP in the communities surrounding the facilities.

Staff will update the Committee with the following information:

- FMP Development Process
- Regulatory Accomplishments of Regulation 12, rule 12 to date
- Next Steps towards final action on FMPs

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Damian Breen
Reviewed by: Kelly Wee

Attachments:

Public Notice of FMP informational meetings



NOTICE OF PUBLIC AVAILABILITY OF PETROLEUM REFINERY FLARE MINIMIZATION PLANS (FMPS)

PUBLIC MEETING NOTICE

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

March 27, 2007

TO: INTERESTED PARTIES
FROM: AIR POLLUTION CONTROL OFFICER
SUBJECT: **PETROLEUM REFINERY FLARE MINIMIZATION
PLANS AVAILABLE FOR PUBLIC REVIEW AND
COMMENT**

The Bay Area Air Quality Management District (District) is releasing for public review and comment the initial Flare Minimization Plans (FMP) prepared by the five Bay Area petroleum refineries subject to **Regulation 12, Rule 12, Flares at Petroleum Refineries**.

Each Flare Minimization Plan must identify and consider all measures available to reduce refinery flare emissions by minimizing the frequency and magnitude of flaring events ("prevention measures"). **Prevention measures** must address flaring as a result of planned major maintenance including startup and shutdown; flaring that may reasonably be expected to occur due to issues of vent gas quality or quantity; and flaring caused by the recurrent failure of air pollution control equipment, process equipment, or processes.

Under Regulation 12-12, each Flare Minimization Plan must include:

- Basic information regarding the design and operation of the facility as it relates to flaring;
- A description of the prevention measures previously taken or currently planned to reduce flare emissions at the refinery; and
- Commitment to implement all additional feasible prevention measures expeditiously.

It is important to note that refinery flares are first and foremost safety devices intended to protect the safety of refinery workers and the public and the integrity of the refinery. For this reason, Regulation 12-12 gives the refineries flexibility to develop an FMP specific to the unique design and operation of its facility. The regulation specifically allows flaring in emergency situations if necessary to prevent accident, hazard or release of vent gas directly into the atmosphere.

An FMP will be approved only if the District determines that all feasible prevention measures have been considered and, if not already undertaken, scheduled for expeditious implementation. Upon approval by the District, the prevention measures in the FMP (whether implemented or planned or in the form of commitments to future actions) are **enforceable regulatory requirements**. With the exception of emergency flaring necessary to prevent accident, hazard or release of vent gas to the atmosphere, all flaring must be consistent with an approved FMP.

Emissions from refinery flares are currently estimated at 1.0 tons per day of total organic compounds (TOC) and 0.65 tons per day of sulfur dioxide (SO₂). These emission levels reflect the reductions already realized as a result of actions taken by the Bay Area refineries in recent years.

(Over)

The District will conduct a series of **five public meetings** to receive public comment on the Flare Minimization Plans (FMP) required by **Regulation 12, Rule 12, Flares at Petroleum Refineries**. The meetings will be held from 6 to 8 pm for the refinery listed on the dates and at the locations below:

April 17, 2007

Shell Refinery
Contra Costa County
Board Chambers
Room 107
651 Pine Street
Martinez, CA

April 19, 2007

Tesoro Refinery
Ambrose Community
Center
3105 Willow Pass Road
Bay Point, CA

April 23, 2007

ConocoPhillips
Crockett Community
Center
850 Pomona Street
Crockett, CA

April 30, 2007

Chevron Refinery
Richmond Auditorium
403 Civic Center Plaza
"Bermuda Room"
Richmond, CA

May 3, 2007

Valero Refinery
Benicia City Council
Chambers
250 East "L" Street
Benicia, CA

**60-day Public
Comment Period
April 2, 2007 to
May 31, 2007**

AGENDA FOR EACH MEETING:

1. Introduction and Welcome
2. Reg. 12-12 Requirements and the FMP Process (5-minutes)
3. Facility Presentation (15-minutes)
4. Public Comments & Questions and Answers

Each refinery's Flare Minimization Plan is now available for review and public comment. The 60-day public review period begins April 2, 2007 and ends May 31, 2007. The plans can be obtained from any of the following sources:

- At the District offices at 939 Ellis Street, San Francisco, California
- On the District website (www.baaqmd.gov/flares)
- At the reference desk at public libraries in the following cities: Martinez, Concord, Benicia, San Pablo, Rodeo, El Cerrito, El Sobrante, Pinole, Hercules, Richmond and Crockett
- By request by calling (415) 749-4999. A copy will be mailed out.

Comments on any of the Flare Minimization Plans must be submitted no later than May 31, 2007:

- By mail addressed to: BAAQMD–FMP Public Comment, 939 Ellis Street, San Francisco, CA 94109
- By Email to: compliance@baaqmd.gov
- Orally or in writing at any of the public meetings noticed above.

Be sure to identify which refinery, or refineries, your comment is applicable to.

After consideration of public comments received, the District will evaluate each refinery's Flare Minimization Plan to determine whether it meets the requirements of Regulation 12-12 and will take final action in accordance with the regulation. For any additional information, please visit the District website at www.baaqmd.gov or contact Douglas Tolar, Senior Air Quality Specialist, at (415) 749-5118 or email dtolar@baaqmd.gov.

PUBLIC TRANSPORTATION

Attendees are encouraged to ride public transit, rideshare, bicycle, walk or use other non-motorized modes to and from the public meetings. Please see the following web sites for help in locating available public transportation:

www.transit.511.org, www.bayareatransit.net, www.abag.ca.gov/abag/local_gov/transit.html

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 5, 2007

Re: Proposed Amendments to Regulation 9, Rule 6: Nitrogen Oxides
Emissions from Natural Gas-Fired Water Heaters, and Regulation 9, Rule
7: Nitrogen Oxides and Carbon Monoxide Emissions from Industrial,
Institutional and Commercial Boilers, Steam Generators and Process
Heaters

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

The 2005 Ozone Strategy includes two control measures related to existing regulations for combustion devices. Regulation 9, Rule 6 limits nitrogen oxides (NO_x) emissions from natural gas-fired water heaters with heat ratings up to 75,000 BTU/hr. Control Measure SS 13 proposes to extend the applicability of this rule to devices as large as 2 million BTU/hr. Regulation 9, Rule 7 limits NO_x and carbon monoxide (CO) emissions from combustion devices such as boilers, steam generators and process heaters with heat ratings of 10 million BTU/hr or more. Control Measure SS 12 proposes to make the emission limits in this rule more stringent, and also to extend emission limits to devices as small as 2 million BTU/hr.

By extending the applicability of both rules, NO_x emission limits will be applied to most combustion devices with heat ratings between 75,000 and 10 million BTU/hr, which are currently uncontrolled. Because NO_x compounds are precursors in the formation of ground-level ozone, the District is committed to reducing emissions of these compounds. Staff is also considering reducing the allowable NO_x emission limits from these devices.

DISCUSSION

Staff will provide the Committee with the following information:

- Description of the affected facilities and equipment;
- Emissions from regulated and unregulated equipment;
- Steps in the upcoming rule development process.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Julian Elliot
Reviewed by: Daniel Belik

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Memorandum

To: Chair Mark Ross and Members
 of the Board of Directors

From: Jack P. Broadbent
 Executive Officer/APCO

Date: April 23, 2007

Re: Report of the Legislative Committee Meeting of April 23, 2007

RECOMMENDED ACTIONS

The Committee recommends that the Board of Directors approve positions on 2 new bills as indicated in the table below.

DISCUSSION

The Legislative Committee met on Monday, April 23, 2007, to consider positions on newly introduced bills. The Committee also received a status report on bills on which the Air District has taken positions. The descriptions of the bills and the Committee's recommendations are shown in the table below and attached for your review.

Bill	Brief Description	Committee Recommendations
AB 619 (Redland)	Establishes a vehicle registration amnesty program for vehicles that have incorrectly reported the elements that determine a vehicle's registration fees and taxes	Oppose
SB 509 (Simitian)	Addresses formaldehyde emissions from composite wood products	Support

Committee Chair Brad Wagenknecht will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACTS

None.

Respectfully submitted,

Jack P. Broadbent
 Executive Officer/APCO

Prepared by: Mary Ann Goodley

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Brad Wagenknecht and
Members of the Legislative Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 16, 2007

Re: Consideration of New Bills and Corresponding Agency Positions

RECOMMENDED ACTION:

Discuss additional bills of air quality significance and recommend Board positions on them.

DISCUSSION

Staff will present to the Committee two new bills, along with recommended positions for the Committee's consideration. The bills are listed below, and copies of the bills are attached.

Policy committees in the Legislature are busily reviewing hundreds of bills, as bills with fiscal impact have to clear their policy committees in their house of origin by April 27th. Non-fiscal bills have until May 11th to be reported out of relevant policy committees.

ANALYSIS

AB 619 is authored by Assemblymember Bill Emmerson (R-Redlands). It establishes a vehicle registration amnesty program for vehicles that have incorrectly reported the elements that determine a vehicle's registration fees and taxes. It is sponsored by the Specialty Equipment Manufacturers Association, a trade association of manufacturers of aftermarket automobile parts.

Unfortunately, a comprehensive investigation by a Deputy Attorney General has found that fraudulent misregistration is rampant in the California hot-rod community. An estimated 70,000 or more vehicles are present in California that have been incorrectly registered to pay less sales tax, reduce annual registration costs, and avoid California's smog check program. By using out-of-state title mills to produce vehicle titles for newer modified hot-rods or kit cars, motorists can then submit this fraudulent title paperwork to the California Department of Motor Vehicles (DMV) to incorrectly state that their vehicle's value is far less than it actually is, as well as to give a pre-1976 year of manufacture. While the vehicle is typically brand new, if it is titled pre-1976, it avoids inspections of its emissions systems. This is a great benefit to vehicle owners who have modified or removed emissions control components, and a great disbenefit to the breathing public.

AB 619 would rely on vehicle owners (who have already committed fraud) to self report to the DMV their vehicles' make, model, and cost. These vehicles, many of which have emissions controls that are modified or missing, tend to be very highly emitting, according to the previously-mentioned investigation. Unfortunately, the legislation is completely silent on the issue of the fraudulently-titled vehicles' smog obligations. By not involving the Bureau of Automotive Repair (and associated smog inspection stations) into this process, staff believe this bill will unfairly exempt many vehicles from smog inspections. (The DMV does not have staff or facilities capable of accurately assessing the engine year or appropriate emissions controls.)

Staff are recommending an ‘**Oppose unless amended**’ position on this measure. If the state chooses to grant amnesty from prosecution for these vehicle owners, staff recommend that the measure be amended to ensure that these vehicles meet all smog check requirements.

SB 509 is authored by Joe Simitian (D-Palo Alto), and addresses formaldehyde emissions from composite wood products. Formaldehyde is a toxic air contaminant, and is present both in ambient and indoor air. Levels indoors are typically four to ten times higher than outdoors, primarily as a result of poor air circulation indoors. In indoor air, the largest formaldehyde source are the resins that are commonly used to hold together pressed wood products such as particleboard, medium-density fiberboard, plywood, and other building materials. The formaldehyde tends to off-gas from these products, particularly when urea-formaldehyde is used as the resin. Other resins have been developed with much lower formaldehyde emissions, in part as a response to formaldehyde emission limits in effect in Japan, Europe, and elsewhere.

The ARB is currently developing regulations to limit formaldehyde emissions from composite wood products. At this time, it is unclear what regulation the ARB Board will adopt, although staff there have proposed a series of phased reductions over time in emissions allowed. Staff are recommending a ‘**Support in concept**’ position on this bill. The Air District has consistently supported legislation to improve indoor air quality, and this bill addresses one of the largest indoor air risks. Staff have discussed the measure with the author’s staff, and have been assured that this bill is not intended to hamper or constrain ARB’s regulatory process. In fact, SB 509 currently does not specify the formaldehyde emission limits that will be required, since ARB has not adopted their regulation. The ‘Support in concept’ recommendation is designed to ensure that ARB has the flexibility needed to adopt a feasible but fair regulation that reduces formaldehyde exposures for Californians in an achievable fashion.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

No direct impact.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Thomas Addison
Reviewed by: Jean Roggenkamp

AMENDED IN ASSEMBLY APRIL 16, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 619

Introduced by Assembly Member Emmerson

February 21, 2007

An act to add and repeal Section 9565 to the Vehicle Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

AB 619, as amended, Emmerson. Vehicle registration amnesty program.

~~Existing~~

(1) Existing law generally requires all vehicles operating upon the highways of this state to be registered and all fees and taxes to have been paid.

This bill would require the Department of Motor Vehicles to develop and administer a vehicle registration amnesty program for vehicles that have been previously registered or ~~incorrectly~~ classified *incorrectly*. A participant in the program would be required to complete an amnesty application with the department, signed under penalty of perjury, by December 31, 2008. Because a violation of this provision would expand the scope of the crime of perjury, this bill would impose a state-mandated local program.

These provisions would be repealed on January 1, 2010.

~~The~~

(2) *The* California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. (a) It is the intent of the Legislature in enacting
 2 a vehicle registration amnesty program to improve compliance
 3 with state vehicle registration laws and accelerate and increase
 4 collections of certain owed state fees and taxes.

5 (b) The Legislature finds and declares that a public purpose is
 6 served by the waiver of criminal prosecution in return for the
 7 immediate reporting and payment of previously underreported,
 8 nonreported, or certain nonpaid vehicle registration fees and taxes.
 9 The benefits gained by an amnesty program include, among other
 10 things, accelerated receipt of certain owed fees and taxes,
 11 permanently bringing into the vehicle registration system vehicles
 12 that have been previously misidentified to avoid appropriative
 13 state taxes and fees and providing an opportunity for vehicle
 14 owners to correct their vehicle registration requirements and satisfy
 15 tax and fee obligations before stepped-up vehicle registration
 16 enforcement programs take effect.

17 (c) Further, the legislative intent of enacting this amnesty
 18 program is that the program is a one-time occurrence that shall not
 19 be repeated in the future, because any expectations of future
 20 amnesty programs could have a counterproductive effect on current
 21 compliance.

22 SEC. 2. Section 9565 is added to the Vehicle Code, to read:

23 9565. (a) The department shall develop and administer a
 24 vehicle registration amnesty program for vehicles that have been
 25 previously registered or ~~incorrectly~~ classified *incorrectly*. That
 26 program shall include the following components:

27 (1) The department shall collect all fees and penalties owed for
 28 the underreporting of vehicle value and the nonpayment of taxes
 29 or fees previously determined or proposed to be determined.

30 (2) Except as provided in subdivision (b), a criminal action for
 31 false statements relating to the value, make, model, or a failure to
 32 register the vehicle shall not be brought against a current vehicle
 33 owner who has made a request for amnesty under this section.

1 (b) This section does not apply to violations of this code for
2 which, as of January 1, 2008, either of the following applies:

3 (1) The current vehicle owner is on notice of a criminal
4 investigation by a complaint having been filed against him or her,
5 or by written notice having been mailed to him or her, that he or
6 she is under criminal investigation.

7 (2) A criminal court proceeding involving the vehicle has
8 already been initiated against the current vehicle owner.

9 (c) A vehicle participating in this amnesty program is required
10 to be either of the following:

11 (1) Correctly registered under this code.

12 (2) Issued a certificate of ownership without registration
13 pursuant to Section 4452.

14 (d) To be eligible to participate in this vehicle registration
15 amnesty program, the vehicle's current owner shall do all of the
16 following by December 31, 2008:

17 (1) File a completed amnesty application with the department
18 attesting, under penalty of perjury, to the owner's eligibility to
19 participate in the vehicle registration amnesty program.

20 ~~(A) Has applied~~

21 (2) *Apply* to register the vehicle under existing law or ~~has~~
22 ~~obtained~~ *obtain* a certificate of ownership without registration
23 pursuant to Section 4452.

24 ~~(B) Discloses~~

25 (3) *Disclose* to the department the make, model, and the true
26 cost of the vehicle including parts and labor.

27 ~~(C)~~

28 (4) Pay in full the fees, taxes, and penalties due on the vehicle
29 for which amnesty is requested.

30 (e) *Vehicle license fee revenue derived from the vehicle*
31 *registration amnesty program shall be allocated in the same*
32 *manner as required by Section 11001.5 of the Revenue and*
33 *Taxation Code.*

34 ~~This~~

35 (f) *This* section shall remain in effect only until January 1, 2010
36 and as of that date is repealed, unless a later enacted statute, that
37 is enacted before January 1, 2010, deletes or extends that date.

38 SEC. 3. No reimbursement is required by this act pursuant to
39 Section 6 of Article XIII B of the California Constitution because
40 the only costs that may be incurred by a local agency or school

1 district will be incurred because this act creates a new crime or
2 infraction, eliminates a crime or infraction, or changes the penalty
3 for a crime or infraction, within the meaning of Section 17556 of
4 the Government Code, or changes the definition of a crime within
5 the meaning of Section 6 of Article XIII B of the California
6 Constitution.

O

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Brad Wagenknecht and
Members of the Legislative Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 15, 2007

Re: Update on Status of Bills on which Air District has Adopted Positions

RECOMMENDED ACTION:

None; informational item.

DISCUSSION

Staff will report to the Committee on the status of the bills on which the Air District has previously adopted positions.

BUDGET CONSIDERATION/FINANCIAL IMPACT

No direct impact.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Thomas Addison
Reviewed by: Jean Roggenkamp

BAAQMD BILL DISCUSSION LIST

April 15, 2007

* Bill significantly amended since District adopted position

BILL NO.	AUTHOR	SUBJECT	AIR DISTRICT, OTHER AGENCY POSITIONS	STATUS
AB 6	Houston	Would require (instead of allow) ARB to adopt market-based programs to implement AB 32		Asm. Nat.Resources
AB 94	Levine	Would increase current goals for renewable electricity production to 33% of total power by 2020		Asm. Nat. Resources
AB 99	Feuer	Expresses legislative intent that 50% of new cars sold in California by 2012 use clean alternative fuels		Asm. Trans.
AB 109	Nunez	Requires ARB to annually report to the Legislature on the implementation of AB 32 of 2006		Asm. Nat.Resources
AB 114	Blakeslee	Requires CEC by 2010 to develop a program to encourage, for industrial sources, containment, scrubbing, and capture technologies for carbon dioxide		Asm. Nat.Resources
AB 118	Nunez	Declares legislative intent for ongoing funding for alternative fuel research, development, and deployment		Asm. Trans.
AB 217	Beall	Would change current annual vehicle license fee to biennial, with total amounts paid not changing		Asm. Rev.& Tax
AB 218	Saldana	Eliminates current loophole allowing vehicle registration without smog certificate without penalty	Air District, MTC Support	Sen. Rules
AB 233	Jones	Children's Breathing Rights Act; makes changes to air penalties and requires air districts to report penalty data to ARB		Asm. Trans.
AB 236	Lieu	Requires maximum use of alternate fuel in flexible fueled state vehicles		Asm. Approps.
AB 242	Blakeslee	States legislative intent that early reducers of carbon emissions be rewarded with credits, in effect promoting a market-based implementation of AB 32		Asm. Nat. Resources

AB 255	DeLeon	Establishes Clean Air and Energy Independence Fund, funded with a \$4 annual increase in fees paid by vehicles less than 7 years old currently exempted from smog check; administered by ARB		Asm. Approps.
AB 294	Adams	States legislative intent to identify sources and reduces levels of manganese particulate matter in the air		Asm. Env. Safety & Toxics
AB 307	Hayashi	Exempts fuel cell transit buses bought by public agencies from sales tax		Asm. Rev.& Tax
AB 391	Lieu	Increases size of SCAQMD Board from 12 to 13; new member from a west side city other than LA		Asm. Loc. Gov.
AB 437	Jones	Authorizes county health officers to assist cities and counties on public health issues relating to land use and transportation planning		Asm. Health
AB 444	Hancock	Authorizes Alameda and Contra Costa congestion management agencies to impose an annual \$10 vehicle registration fee surcharge for congestion mitigation		Asm. Local Gov.
AB 463 *	Huffman	<i>Previously California Clean Ferry Act of 2007; now disabled persons parking measure</i>	Air District Support	Asm. Trans.
AB 493	Ruskin	Establishes fees and rebates respectively at the time of sale of high and low-emitting new motor vehicles	Air District Support	Asm. Approps.
AB 505	Plescia	Income tax credits for hybrid vehicles		Asm. Rev.& Tax
AB 532	Wolk	Requires solar electric installation by 2009 on all state buildings where feasible		Asm. Bus.& Professions
AB 534	Smyth	Increases Bicycle Transportation Account funding		Asm. Approps.
AB 568	Karnette	Requires establishment of Port Community Advisory Committees	Air District Watch	Asm. Trans.
AB 575	Arambula	Prioritizes Proposition 1B air quality bond funding to South Coast and San Joaquin	Air District Oppose	Asm. Nat. Resources
AB 616	Jones	Requires annual (instead of biennial) smog checks for cars at least 15 years old currently in the program	Air District, MTC Support	Asm. Trans.
AB 630	Price	Requires ARB to submit local district waiver request to EPA		Asm. Trans.
AB 631	Horton	Requires new fueling stations by 2010 to be able to provide ethanol (E-85)		Asm. Trans.
AB 657	Jeffries	Spot bill on greenhouse gas emissions		
AB 700	Lieu	ARB study of air pollution from Santa Monica airport		Asm. Trans.

AB 705	Huffman	Requires state regulations for geologic carbon sequestration		Asm. Nat.Resources
AB 712	DeLeon	Bill to provide funding for trash trucks to comply with ARB pending off-road regulations		Asm. Trans.
AB 746	Krekorian	Requires CEC to develop programs to increase the use of natural gas as a transportation fuel		Asm. Utilities & Commerce
AB 747	Levine	Requires ARB to develop regulations to cut carbon in transportation fuels, using market approaches		Asm. Trans.
AB 785	Karnette	Intent bill to reduce urban heat island effects		
AB 829	Duvall	Affects after-market motorcycle parts certified by the ARB and their use		Asm. Floor
AB 842	Jones	States intent to award Prop 1B funds to jurisdictions that have a plan to reduce vehicle miles traveled	MTC Oppose unless amended	Asm.Loc. Govt.
AB 846	Blakeslee	Clean Marine Fuels Tax Incentive Act	Air District Support	Asm. Rev.&Tax
AB 934	Duvall	Would prohibit air districts from adopting airborne toxic control measures for non-stationary sources	Air District Oppose	Asm. Trans.
AB 995	Nava	Spot bill on Prop 1B bond funding of trade corridor and air quality improvements		Asm. Trans.
AB 1077	Lieber	California Plug-in Hybrid Electric Vehicle Leadership Act of 2007	Air District Support	Asm.Utilities & Commerce
AB 1083	Huffman	Tax credits for sale of biodiesel fuel		Asm.Rev.&Tax
AB 1094	Arambula	Tax credits for biodiesel vendors		Asm.Rev.&Tax
AB 1119	Fuller	Affects ARB requirements for particulate traps		Asm.Trans.
AB 1138	Brownley	Requires ARB to resolve questions regarding local AQMD boundaries		Asm.Nat.Res.
AB 1209	Karnette	Establishes criteria favoring southern California ports for distribution of Prop 1B air quality funds	Air District Oppose	Asm.Nat.Res.
AB 1225	DeSaulnier	Requires guidelines on environmental factors to guide state fleet purchases, and local government fleets of more than 100 vehicles		Asm.Bus.& Professions
AB 1350	Nunez	Spot bill on distribution criteria for Prop 1B bond funding		Asm.Trans.
AB 1455	Arambula	Would establish California Air Quality Zones, and allow loans for entities within these areas		Asm.Jobs

AB 1488	Mendoza	Requires by 2009 a pilot program to integrate light-duty diesel vehicles into smog check		Asm. Trans.
AB 1613	Blakeslee	Waste Heat and Carbon Emissions Reduction Act		Asm.Utilities
AB 1651	Alarcon	Tax credits for 'green' businesses acquiring 'green' machinery		Asm.Rev.&Tax
SB 9	Lowenthal	Legislative intent to identify criteria for expenditure of trade corridor funds from Prop 1B		Sen. Trans. & Housing
SB 19	Lowenthal	Legislative intent to identify criteria for expenditure of air quality funds from Prop 1B		Sen. Trans. & Housing
SB 23	Cogdill	Establishes a SJVUAQMD program to replace gross polluters with donated cleaner vehicles		Sen. Env.Quality
SB 70	Florez	Establishes standards for biodiesel and biodiesel blends		Sen. Business & Professions
SB 71	Florez	Requires ARB to administer a program to ensure that diesel vehicles owned by the State, cities, counties, and mass transit districts use B20 biodiesel		Sen. Trans. & Housing
SB 72	Florez	Requires ARB to see that diesel schoolbuses (public and private contractors) use B20 biodiesel		Sen. Env.Quality
SB 73	Florez	Establishes tax credits for producers of biodiesel		Sen. Rev.& Tax
SB 74	Florez	Exempts biodiesel from sales tax		Sen. Rev.& Tax
SB 75	Florez	Requires state diesel vehicles to be warranted to use B20 biodiesel		Sen. Trans. & Housing
SB 140	Kehoe	Requires California diesel to increase its renewable content first to at least 2%, and then to 5%		Sen. Env.Quality
SB 210	Kehoe	Requires ARB to develop a program to reduce carbon content of California transportation fuels by 10% by 2020, and implement a low-carbon fuel standard		Sen. Env.Quality
SB 240	Florez	San Joaquin Valley Clean Air Attainment Program		Sen. Trans. & Housing
SB 247	Ashburn	Greenhouse gas spot bill		
SB 412	Simitian	Spot bill on siting of LNG terminals		
SB 494	Kehoe	Requires ARB to adopt a program so that by 2020 half of new vehicles sold use clean alternative fuels		Sen.Env.Quality

SB 509	Simitian	Requires ARB to adopt regulations to limit formaldehyde emissions from composite wood to EU standards		Sen. Approps.
SB 531	Oropeza	Declares legislative intent to reform regulation of air toxics		
SB 532	Oropeza	Spot bill on port air pollution		
SB 572	Cogdill	Declares legislative intent to consider carbon emissions from wildfire, and forest carbon sequestration		
SB 587	Runner	Establishes exemptions from air district permit requirements for certain printing, coating, adhesive application, and laminating operations, subject to specified criteria	Air District Oppose	Sen.Env.Quality
SB 613	Simitian	Extends sunset of local San Mateo \$4 vehicle registration fee surcharge from 2009 to 2019		Sen. Floor
SB 715	Lowenthal	Spot bill on smog check technical cleanup issues		
SB 719	Machado	Increases SJVUAQMD Board to 15, with 2 Governor's appointees and 5 city council members		Sen.Loc.Govt.
SB 842	Scott	Adds air protective requirements to gasification (conversion of solid waste to fuel)		Sen.Env.Quality
SB 849	Margett	Spot bill on prescribed burning		
SB 857	Correa	Authorizes study of tax credits for air pollution reduction equipment in SCAQMD and SJVUAQMD		
SB 871	Kehoe	Reestablishes through 2012 the expedited review process for new powerplants		Sen.Energy
SB 876	Calderon	Requires ARB to consider economic impacts of diesel fleet rules on small businesses		Sen.Trans.& Housing
SB 886	Negrete McLeod	Ends term limits for South Coast, Sacramento, and Mojave air district board chairs		Sen.Loc.Govt.
SB 974	Lowenthal	Establishes a container fee of \$30 per twenty-foot equivalent unit at LA, Long Beach, and Oakland ports	Air District Support	Sen.Trans.& Housing

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Ross and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 25, 2007

Re: Report of the Budget & Finance Committee Meeting of April 25, 2007

RECOMMENDED ACTION

The Committee recommends that the Board of Directors approve the Fiscal Year 2007/2008 proposed budget upon completion of public hearings.

BACKGROUND

The Budget & Finance Committee met on Wednesday, April 25, 2007. The Committee received the third quarter financial report for Fiscal Year 2006/2007. Staff also presented follow-up information to the Committee on the proposed Fiscal Year 2007/2008 budget as requested.

Attached are the staff reports presented in the Budget and Finance Committee packet.

Chairperson Chris Daly will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The proposed consolidated budget for Fiscal Year 2007/2008 is \$67,536,734.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Mary Ann Goodley

BAY AREA AIR QUALITY MANGEMENT DISTRICT

Memorandum

To: Chairperson Daly and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 16, 2007

Re: Third Quarter Financial Report – Fiscal Year 2006-07

RECOMMENDED ACTION:

Informational report. Receive and file.

DISCUSSION

GENERAL FUND BUDGET: STATEMENT OF REVENUE

Comparison of Budget to Actual Revenue

- County Revenue receipts were \$10,007,628 (55.09%) of budgeted revenue.
- Permit Fee receipts were \$13,375,421 (72.19%) of budgeted revenue.
- Title V Permit Fees were \$1,434,275 (61.9%) of budgeted revenue.
- Asbestos Fees were \$1,152,683 (71.27%) of budgeted revenue.
- Toxic Inventory Fees were \$236,728 (44.22%) of budgeted revenue.
- Penalties and Settlements were \$2,582,648 (129.13%) of budgeted revenue.
- Miscellaneous Revenue receipts were \$230,336 (48.94%) of budgeted revenue.

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

- Salaries and Benefits were \$28,063,815 (73.60%) of budgeted expenditures.
- Operational Services and Supplies were \$6,379,421 (50.15%) of budgeted expenditures.
- Capital Outlay was \$1,632,164 (55.36%) of budgeted expenditures.

TFCA FUND: STATEMENT OF INCOME AND EXPENDITURES

- Total Revenue was \$5,580,824 (58.19%) of budgeted revenue and expenditures.
- In keeping with TFCA Fund requirements, expenditures must equal revenue.

- Salary and Benefits were \$1,173,652 (52.34%) of budgeted expenditures.
- Operational Services and Supplies were \$4,407,172 (47.55%) of budgeted expenditures.

FUND BALANCES

FUND BALANCES	6/30/2005 Audited	6/30/2006 Audited	6/30/2007 Projected
SPECIAL RESERVES:			
Reserve for Imprest Cash (Cash Revolving Fund)	\$1,200	\$1,200	\$500
Reserve for Building and Facilities	2,894,175	2,693,550	1,810,315
Reserve for PERS Funding	3,500,000	3,500,000	3,100,000
Reserve for Radio Replacement	3,500,000	3,500,000	75,000
Reserve for State Ozone Modeling Plan	350,000	0	0
Reserve for Climate Protection	0	0	3,000,000
Reserve for Production System (Best of Breed)	500,000	250,000	1,250,000
Reserve for Prior Year Adjustments	15,000	15,000	15,000
Reserve for Capital Equipment	378,000	130,425	130,425
Reserve for Encumbrances	1,760,075	2,466,145	2,466,145
Reserve for Contingencies	400,000	400,000	400,000
Reserve for Workers Compensation Self Funding	1,000,000	1,000,000	1,000,000
TOTAL SPECIAL RESERVES:	14,298,450	13,956,320	13,247,385
MULTI-YEAR APPROPRIATIONS:			
Appropriation – Production System	1,485,743	1,552,141	1,552,141
Appropriation - Other	37,053	0	0
TOTAL MULTI-YEAR APPROPRIATIONS:	1,522,796	1,552,141	1,552,141
UNDESIGNATED:	8,733,272	12,934,168	11,934,168
TOTAL FUND BALANCES	\$24,554,518	\$28,442,629	\$26,733,694

BUDGET CONSIDERATION/FINANCIAL IMPACT:

No impact on Fiscal Year 2006/2007 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Linda J. Serdahl, CPA, CFE

Reviewed by: Jeffrey McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Daly and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 17, 2007

Re: Continued Discussion of Fiscal Year 2007/2008 Proposed District Budget and
Consideration of Recommended Adoption

RECOMMENDED ACTION:

Consider recommending Board of Directors adoption of the proposed fiscal year 2007/2008 Budget.

BACKGROUND:

As directed by Chairperson Ross at the March 21, 2007 regular Board of Directors' meeting, the proposed Fiscal Year 2007/2008 Budget document was reviewed by the Budget and Finance Committee at its March 26, 2007 meeting.

DISCUSSION:

Staff presented the proposed budget for Fiscal Year 2007/2008 at the March 26, 2007 Budget & Finance Committee meeting. The proposed budget is balanced. General Fund Revenues, Transfers-In from Designated Reserves for PERS Funding, along with TFCA Indirect Cost Recovery and TFCA Revenues and Mobile Source Incentive Indirect Cost Recovery and Revenues are \$67.5 million. Proposed consolidated expenditures are \$67.5 million. Proposed capital requests are \$2,557,707. The proposed budget includes a staff increase of 2.4 FTE.

Staff was directed to review and report back to the Committee on the following items:

- Projected costs associated with changes in staff
- Trends in contributions to reserves

Staff will present information on these items at the April 25, 2007, Committee meeting.

Staff published, prior to April 16, 2007, a notice to the general public that the first of two public hearings on the budget will be conducted on May 16, 2007 and that the second hearing will be conducted on June 6, 2007.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The proposed consolidated budget for FY 2007/2008 is \$67,536,734.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

Attachment: (1)

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Mark Ross and
Members of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 23, 2007

Re: Report of the Mobile Source Committee Meeting of April 25, 2007

RECOMMENDED ACTIONS

The Committee recommends Board of Directors approval of the following items:

- A) *Allocation of \$2,000,000 in TFCA Regional Funds to the Zero-Emission Bus Advanced Technology Demonstration project (\$1,500,000 from TFCA Regional funds and \$500,000 from the Clean Air Vehicle Advanced Technology Demonstration Project funds) and exceptions to fiscal year 2007/2008 TFCA Regional Fund policies #1, 2, and 10 necessary for such a grant award;*
- B) *Authorize the Executive Officer/APCO to enter into a funding agreement with the recipient of the Zero-Emission Bus Advanced Technology Demonstration project;*
- C) *Allocation of Diesel Back-up Generator (BUG) Mitigation Funds to fund a Shore-Side Power Project in the amount of \$250,000 to be implemented by Wittmar Engineering & Construction, Inc. at the Port of Oakland and \$100,000 for a Hybrid-Electric Bus project to be implemented by the Napa Unified School District; and*
- D) *Authorize the Executive Officer/APCO to enter into funding agreements with Wittmar Engineering & Construction, Inc and the Napa Unified School District.*

DISCUSSION

The Mobile Source Committee met Thursday, April 25, 2007, and considered the following items:

- A) Proposed Transportation Fund for Clean Air (TFCA) Grant funding for a Zero-Emission Bus Advanced Demonstration Project;
- B) Reallocation of Diesel Back-up Generator Mitigation Funds to Fund Advanced Technology Projects; and
- C) Transportation Fund for Clean Air (TFCA) County Program Manager Audit Report.

Vice-Chairperson Jake McGoldrick will give a summary of the meeting. The attached staff reports were presented in the Mobile Source Committee packet.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Approval of the recommended projects will have no impact on the Air District's budget. Transportation Fund for Clean Air and the Back-Up Generator Mitigation funds are generated from outside funding sources and allocated to project recipients. The allocations do not impact the Air District's general fund or operating budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Mary Ann Goodley

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 18, 2007

Re: Proposed Transportation Fund for Clean Air (TFCA) Grant Funding
for the Zero-Emission Bus Advanced Demonstration Project

RECOMMENDED ACTION

Consider recommending Board of Directors approval of:

1. both the allocation of \$2,000,000 in TFCA Regional Funds to the Zero-Emission Bus Advanced Technology Demonstration Project, and exceptions to fiscal year 2007/2008 TFCA Regional Fund policies #1, #2, #10, and #25 necessary for such a grant award.
2. the authorization for the Executive Officer to enter into a funding agreement with the recipient of the previously mentioned grant allocation.

BACKGROUND

In February 2000, the California Air Resources Board (CARB) adopted the Public Transit Bus Fleet Rule for Transit Agencies (fleet rule) to reduce emissions from public transportation vehicles. The fleet rule defines emission standards for new urban bus engines and vehicles, specifies fleet-wide requirements applicable to each transit agency, and promotes the use of advanced technologies by adopting a zero-emission bus (ZEB) demonstration program and ZEB acquisition requirements applicable to larger transit agencies (those that operate more than 200 buses). All five transit agencies to which the ZEB demonstration program requirement applies are located in the Bay Area.

Four Bay Area transit agencies have been working on the demonstration of fuel cell technology over the last several years: Alameda-Contra Costa Transit District (AC Transit), Golden Gate Bridge, Highway and Transportation District (GGBHTD), San Mateo County Transit District (SamTrans), and Santa Clara Valley Transportation Authority (VTA). These transit agencies, in addition to the San Francisco Municipal Transportation Agency (SFMTA/MUNI), are currently developing a Zero Emission Bay Area (ZEBA) Advanced Demonstration Project in response to the ZEB regulation.

The Metropolitan Transportation Commission (MTC) submitted a grant request to the Air District for \$5,000,000 in funding from the Transportation Fund for Clean Air (TFCA) Regional Fund, on behalf of the ZEB Working Group. The requested funding would support the procurement of nine new ZEBs, which are estimated to cost a total of \$20.25 million. The total capital cost of the regional demonstration project is currently estimated to total \$37 million, and also includes the upgrading of three existing ZEBs, and the provision of associated fueling and maintenance infrastructure. Additional funding for this project has been secured or is being sought from a variety of sources, including the Federal Transportation Administration National Fuel Cell Program (\$3,100,000 committed), the Regional Transit Capital Shortfall Funds (\$15,000,000 committed, \$5,000,000 tentative), the Hydrogen Highway Fund (\$3,560,000 committed, \$3,340,000 tentative), and the State Alternative Fuel Incentives (\$2,000,000 tentative). The grant request states that a successful startup of the ZEB Advanced Demonstration Program requires a signed agreement with the proposed fuel cell bus manufacturer by early May 2007.

Regarding the Air District's TFCA, State law allows air districts to impose a surcharge on motor vehicle registration fees paid within their jurisdictions to fund the implementation of transportation control measures and mobile source measures. Funds from an annual surcharge of \$4 per vehicle are allocated by the Board of Directors through the TFCA program to projects that reduce emissions from mobile sources. The TFCA Regional Fund is administered directly by the Air District to fund various programs and projects.

DISCUSSION

Staff believes that the proposed ZEB Advanced Demonstration Project is a commendable regional effort aimed at promoting advanced clean-air technology for urban transit buses. However, exceptions to certain TFCA Regional Fund policies (described below) would be necessary in order for the Air District to provide TFCA Regional Funds for this project. All references below apply to the TFCA Regional Fund Policies and Evaluation Criteria for fiscal year 2007/2008, recently adopted by the Board on April 4, 2007. The issues are as follows:

1. The TFCA requirement (Policy #1) that limits funding to projects that achieve emission reductions beyond the requirements of applicable regulations or legally binding obligations, such as the ZEB regulation. An exception to this policy would be required since the ZEB Advanced Demonstration project is required by CARB's fleet rule.
2. The cost-effectiveness of the project, i.e., the ratio of TFCA funds requested relative to the emission reductions that would be achieved by the project. State law requires the Air District to adopt cost-effectiveness criteria that maximize emissions reductions and public health benefits. A grant of \$2 million would require that the current TFCA requirement (Policy #2) on cost-effectiveness would have to be amended for this project to approximately \$125,000 per ton of emission reductions.

3. The TFCA requirement (Policy #10) that no single public agency project may receive more than \$1,500,000 in TFCA Regional Funds in any given funding cycle. The recommended amount exceeds this maximum amount. An exception to this policy would be required.
4. The TFCA requirement (Policy #25) for a project sponsor with model-year 1993 or older heavy-duty diesel vehicles in its fleet to scrap a certain number of these vehicles. The grant request does not propose that any buses be scrapped, stating that the ZEB project would not replace any buses since it is an experimental demonstration of vehicles. An exception to this TFCA policy would be required.

Staff recommends that the necessary exceptions and amendments to TFCA Regional Fund policies described above be made for the ZEB Advanced Demonstration Project only. Further, staff recommends a grant amount of \$2 million, versus the \$5 million requested. An award of \$5 million would allocate over 40% of the funds available to TFCA Regional Fund projects in a typical fiscal year and entail a substantially higher cost-effectiveness level for the project. Staff's recommendation is based on the project's unique potential to demonstrate zero-emission bus technology around the Bay Area, and on its level of support from various funders.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: David Wiley
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 18, 2007

Re: Reallocation of Diesel Back-Up Generator Mitigation Funds to Fund a Shore-Side Power Project and a Hybrid Electric School Bus

RECOMMENDED ACTION

Recommend Board of Directors approval of:

1. the allocation of Diesel Back-Up Generator (BUG) Mitigation funds, as follows:
 - \$100,000 for a hybrid-electric bus project to be implemented by the Napa Unified School District, and
 - \$250,000 for a shore-side power project to be implemented by Wittmar Engineering & Construction, Inc. (Wittmar) at the Port of Oakland.
2. the authorization for the Executive Officer to enter into funding agreements with recipients of previously mentioned BUG fund allocations.

BACKGROUND

Advances in cleaner fuel formulations, engine design and emission control systems have led to a significant reduction in harmful emissions from on-road and off-road engines. In recent years, the hybrid-electric engines for motor vehicles and shore-side power generation for marine vessels have received increased attention.

In 2005, Advanced Energy, a Raleigh, N.C.-based nonprofit corporation, initiated a buyer's consortium of school districts, state energy agencies and student transportation providers to create a critical mass of demand for plug-in hybrid electric school buses. Plug-in hybrid electric school buses offer both health and financial benefits over conventional diesel school buses. First, hybrid buses produce far fewer harmful emissions than conventional buses during operation and also nearly eliminate idling emissions. Second, hybrid buses have lower operation and maintenance costs than conventional buses as a result of increased fuel efficiency and reduced wear on the diesel engine. While initial costs of a hybrid bus are higher than those for a conventional bus, estimates indicate that the lifecycle costs of both bus types are comparable given the lower operational and maintenance costs of the hybrid bus. At the same time, over that same lifecycle, the plug-in hybrid electric bus emits far fewer emissions, decreasing the health risks of both the school children riding the bus and the community as a whole.

Large marine vessels generate a significant amount of air pollution when they call at a port. The pollution comes from the use of the vessels' auxiliary diesel engines to produce power for the vessels operations while at port. The resulting emissions include particulate matter (PM) and oxides

of nitrogen (NOx) which impact the communities surrounding the ports and the region. The use of shore-side electricity to replace the power generated by auxiliary engines can reduce the associated diesel emissions to essentially zero. This process is known as cold-ironing, shore-side power and electrification of ships and terminals, and is becoming a technically feasible, cost-effective alternative for the mitigation of port-related emissions. The Wittmar Dual Frequency Multi Voltage System (DFMV™) was designed to specifically power large ocean going vessels while at berth. The DFMV™ System utilizes liquefied natural gas (LNG) for fuel thus reducing the port emissions from ships by an estimated 95% or more.

DISCUSSION

In 2002 the California Air Resources Board (CARB) provided the Air District with \$2,484,533 in Diesel Buck-Up Generator Mitigation funds to pursue voluntary emission reduction programs to offset impacts from increased use of diesel back-up generators during the rolling blackouts that occurred due to electricity shortages in 2000 and 2001. A portion of those funds is available due to previously approved projects completed under budget.

The Napa Valley Unified School District, a member of the buyer's consortium of school districts, has requested financial assistance from the Air District to purchase a plug-in electric hybrid bus for its school bus fleet. The total cost of the bus is \$265,843, with partial funding provided by the State Technologies Advancement Collaborative (\$55,843), the School District (\$50,000), U.S. EPA (\$30,000), and PG&E (\$30,000). The School District has requested \$100,000 from the Air District to complement the funding. Staff recommends allocation of \$100,000 to fund the Napa Valley Unified School District's purchase of a plug-in electric hybrid bus.

In June 2007, Wittmar plans to perform a Proof of Concept by connecting a DFMV™ System to an APL C11 Class ship in the Port of Oakland. This Proof of Concept intends to demonstrate that the Wittmar DFMV™ System can effectively and efficiently deliver all the power that is needed to cold-iron large vessels while at berth. Wittmar estimates that the cost to purchase and build the DFMV™ System for the Proof of Concept totals \$1,000,000. In order to make the benefits of this shore-side power project available to the Bay Area and to gain additional insights into the development of this technology, staff is recommending that the Air District allocate \$250,000 of currently available BUG Mitigation funds to fund the Proof of Concept portion of this shore-side power project.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer /APCO

Prepared by: Joseph Steinberger
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Smith and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 12, 2007

Re: Transportation Fund for Clean Air (TFCA) County Program Manager
Audit Report

RECOMMENDED ACTION:

Receive and file the results of TFCA Audit Report #9, an audit of the County Program Managers, including the auditor's findings and recommendations for actions to address financial and administrative issues.

BACKGROUND

State law requires that any agency receiving TFCA funds be subject, at least once every two years, to an audit of each project funded. The previous audit of the County Program Manager Fund was completed in 2004. In September 2006, the Air District retained the services of Macias, Gini and O'Connell, an independent auditor, to audit 285 projects funded by the TFCA County Program Manager Fund. These projects were TFCA Program Manager Fund projects that were in progress or recently completed as of the two-year period ended June 30, 2006 in the nine Bay Area counties.

The last TFCA Program Manager audit conducted in 2004 was limited to completed projects. To provide a higher level of assurance of compliance with the California Health and Safety Code that governs the TFCA program funds, the scope of this audit was expanded to include all active TFCA Program Manager projects. In order to capture all the active projects, the time period for this audit is from July 1, 2000 through June 30, 2006. The audit covered all fiscal and compliance activities that took place during the implementation of the projects. The auditor's Summary Report is provided as Attachment A and a list of the audited projects is provided as Attachment B.

STATUS OF AUDIT FINDINGS (2006)

Most of the audit findings were resolved by discussions between Macias, Gini and O'Connell and the County Program Managers. In many cases, the County Program Manager resolved or committed to resolve the audit finding(s) by implementing the auditor's recommendation to avoid future action by the Air District. The full discussion of each of the audit findings and recommendation is found in Attachment A

of this report. A summary of the key audit findings and recommendations is presented below.

Alameda County Congestion Management Agency (ACCMA)

The auditor reported no findings.

City/County Association of Governments of San Mateo County (C/CAG)

Audit Finding #1

The C/CAG did not file an annual report for FY 2002/2003, 2003/2004 and 2004/2005 on or before the due date.

Recommendation

The auditor recommended that the C/CAG develop procedures to ensure the annual reports are filed on or before the due date, or, if necessary, obtain written approval for an extension from the Air District.

Air District Response

In the future, the Air District will require County Program Managers to submit a written letter to request an extension for a late annual report submission.

Contra Costa County Transportation Authority (CCCTA)

The auditor reported no findings.

Transportation Authority of Marin (TAM)

The auditor reported no findings.

Napa County Transportation Planning Agency (NCTPA)

Audit Finding #1

The NCTPA did not file an annual report for FY 2002/2003, 2003/2004 and 2004/2005 on or before the due date.

The auditor recommended that the NCTPA develop procedures to ensure the annual reports are filed on or before the due date, or, if necessary, obtain written approval for an extension from the Air District.

Air District Response

In the future, the Air District will require County Program Managers to submit a written letter to request an extension for a late annual report submission.

■ **San Francisco County Transportation Authority (SFCTA)**

Audit Finding #1

Pursuant to the Air District's TFCA funding agreement, recipients of TFCA Program Managers funds are required to maintain, at all times during the term of the agreement a separate account for all funds received. In 2003, the SFCTA inadvertently deposited an Air District TFCA program receipt into one of its general accounts and not in the separate account established for the TFCA Program.

Recommendation

The auditor recommended that the SFCTA continue its efforts in improving its internal control so that clerical errors are corrected.

Air District Response

The Air District will revise the County Program Manager funding agreement to emphasize the importance of establishing a separate account for TFCA funds

Santa Clara Valley Transportation Authority

The auditor reported no findings.

Sonoma County Transportation Authority (SCTA)

Audit Finding #1

The SCTA did not use the Air District's logo and credit the Air District as the funding source in newspapers, pamphlets and transit schedules. The SCTA does not have records of the use of Air District logos on TFCA funded projects.

Recommendation

The auditor recommended that the SCTA retain records to ensure that Air District logos are displayed on TFCA funded projects.

Air District Response

The Air District will require photographs of vehicles and copies of press releases to ensure that Air District logos are displayed on all TFCA funded projects. The Air District will consider additional steps to ensure compliance by the grantee with the funding agreement.

Solano County Transportation Authority (STA)

Audit Finding #1

The STA did not keep complete records of expenditures for each project as per the TFCA funding agreement between the Air District and STA. The Air District requires complete expenditure details in order to determine if TFCA funds were spent on approved projects. Two payments totaling \$67,065 for the Route 30 Natural Gas Shuttle Bus service did not have the detailed supporting documentation required to support the payment made to the project sponsor. The STA as the project sponsor and grant recipient for these projects did not believe that supporting documentation was necessary in this instance. Due to the fact that STA was the project sponsor and grant recipient, the auditors were able to review the STA files and determine that the TFCA funds were expended on the approved projects.

Recommendation

The auditor recommends that the Authority obtain all supporting documentation before disbursing any funds to project sponsors.

Air District Response

In the future, the Air District will require that a detailed invoice with supporting documentation be submitted by County Program Managers who are also the project sponsor of a TFCA project before the TFCA funds are distributed.

Audit Finding #2

The STA did not file an annual report for FY 2002/2003, 2003/2004 and 2004/2005 on or before the due date.

Recommendation

The auditor recommended that the STA develop procedures to ensure the annual reports are filed on or before the due date, or, if necessary, obtain written approval for an extension from the Air District.

Air District Response

In the future, the Air District will require County Program Managers to submit a written letter to request an extension for a late annual report submission.

Status of Prior Period Audit Recommendations

Macias, Gini and O'Connell also reported on the status of the Air District's implementation of recommendations from the prior TFCA County Program Manager audit, conducted in 2004.

1. In the last TFCA County Program Managers audit, the auditors recommended that the Air District clarify policy language for the administrative costs provision in its funding agreements. The auditors also noted that the Air District should monitor more closely the administrative costs incurred by the County Program Managers. Some County Program Managers believe they can carry forward administrative

costs over or under the 5% annual threshold. Some believe administrative costs incurred during the audit period should not exceed 5% of total TFCA revenues recognized and interest earned (which creates a larger base). The current administrative costs provision in the funding agreement does not specify the accounting period to incur administrative costs (e.g., annually or term of contract) or the accounting for over/under charges (e.g. carry forward).

The Air District has included language in the TFCA policy, guidance document and application materials to indicate the limitations of the 5% ceiling on annual TFCA revenues eligible to be used for administrative costs. In addition, the TFCA County Program Manager funding agreement has been revised to clarify administrative costs compliance requirements.

2. The auditor recommended that the Air District reconsider whether or not to allow the reimbursement of indirect costs charges through the TFCA program. If the Air District chooses to allow indirect costs, the auditor made two recommendations:
 - (1) Require County Program Managers to prepare formal indirect cost rate proposals, following the requirements of OMB Circular A-87 – Cost Principles for State, Local and Indian Tribal Governments (OMB A-87); or
 - (2) Require County Program Managers to use an indirect cost rate that meets the requirements of OMB A-87 and has been reviewed and approved by either a federal or state agency.

The Air District chose to allow indirect costs charges in the TFCA Program. The Air District now requires that County Program Managers submit formal indirect cost rate proposal in the yearly TFCA County Program Manager expenditure program for approval. The indirect cost rate proposal is included as an Attachment in the funding agreement between the County Program Managers and the Air District.

Conclusion

In conclusion, all audit findings have been resolved by the County Program Managers. The Air District will modify its TFCA County Program Manager funding agreement to emphasize the need for a separate account for TFCA funds, and require that all project sponsors verify compliance with TFCA logo requirement by photograph. Air District staff will continue to work closely with County Program Managers to ensure TFCA program administrative requirements are fully met.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Andrea Gordon
Reviewed by: Jack M. Colbourn

Attachment A
Summary Report



*Committed to Achieving Clean Air to Protect
the Public's Health and the Environment*

Audit Summary Report

Transportation Fund for Clean Air Program Manager Fund

For Projects Conducted for the Period from
July 1, 2000 through June 30, 2006

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

**Audit Summary Report
Transportation Fund for Clean Air Program Manager Fund**

For Projects Conducted for the Period from
July 1, 2000 through June 30, 2006
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INTRODUCTION

The Bay Area Air Quality Management District (Air District), created by the California Legislature in 1955, is the state's first regional agency dealing with air pollution. The Air District regulates stationary sources of air pollution within the nine San Francisco Bay Area counties in California. The Air District's jurisdiction includes Alameda County, Contra Costa County, Marin County, Napa County, City/County of San Francisco, San Mateo County, Santa Clara County, southern Sonoma County, and south-western Solano County. The primary mission of the Air District is to achieve ambient air quality standards designed to protect the public's health and the environment. The Air District is governed by a 22-member Board of Directors who has the authority to develop and enforce regulations for the control of air pollution within its jurisdiction.

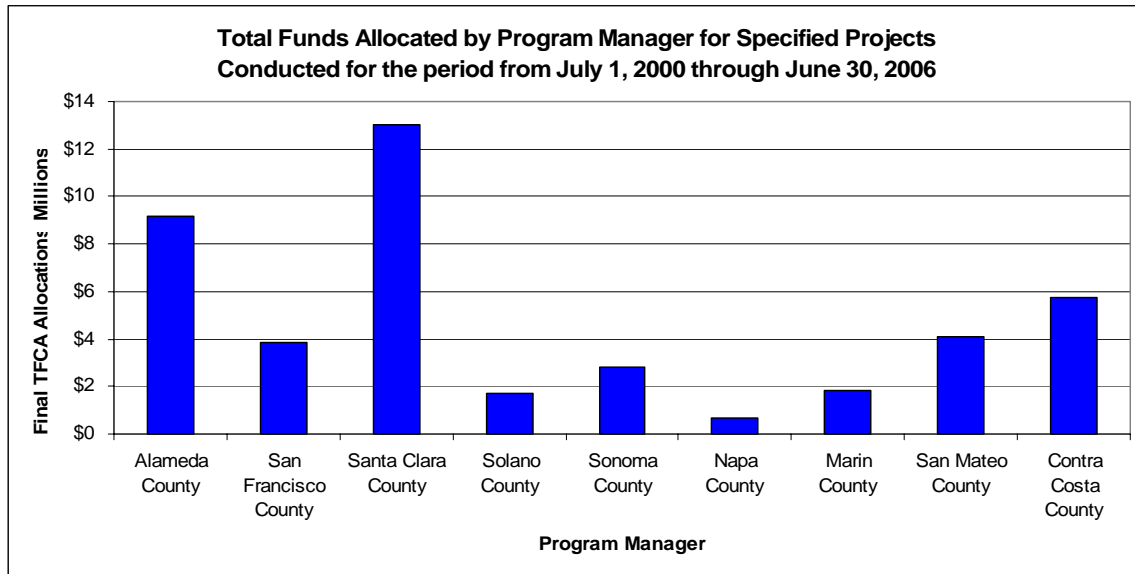
Health and Safety Code Sections 44241 and 44242 authorize a surcharge on the motor vehicle registration fee (surcharge) to be used by the Air District and local governments to fund projects that implement transportation control measures in accordance with the 1988 California Clean Air Act and the Bay Area 2005 Ozone Strategy. These measures are designed specifically to reduce air pollution from motor vehicle usage. The Department of Motor Vehicles collects the surcharge and subvenes the amount to the Air District.

The Air District administers these funds through the Transportation Fund for Clean Air (TFCA) Program. Under the TFCA Program, money is allocated to two funds: (1) 60% of the total TFCA funds is placed in a Regional Fund for distribution by the Air District and (2) about 40% is placed in the Program Manager Fund and allocated to designated agencies (known as program managers). Program managers are responsible for allocating funds to eligible project sponsors within a specific geographic area. Allowable projects under Health and Safety Code Section 44241 include the following:

- Ridesharing programs
- Purchase or lease of clean fuel buses for school and transit operators
- Feeder or shuttle bus service to rail and ferry stations and airports
- Arterial traffic management
- Demonstrations in congestion pricing of highways, bridges and public transit
- Rail-bus integration and regional transit information systems
- Low-emission vehicle based projects
- Bicycle facility improvement projects
- Physical improvements that support "Smart Growth" projects

State law requires that any agency receiving TFCA funding be subject, at least once every two years, to an audit of each funded project. California Health and Safety Code Section 44242 (Attachment A) provides legal compliance guidelines for the Air District to follow if revenues were not spent appropriately or if funded projects did not result in emission reductions.

The Air District retained the firm of Macias Gini & O’Connell LLP, Certified Public Accountants, to conduct financial and compliance audits of specified projects using the Program Manager Fund (40% fund) conducted for the period from July 1, 2000 through June 30, 2006. The graph below reports the amount of TFCA Funds allocated to each of the individual Program Managers for specified projects conducted for the period from July 1, 2000 through June 30, 2006. These audits were performed during the period of October 2006 through March 2007. A list of audited projects is provided in Attachment B.



AUDIT SCOPE

The scope of this audit represents a significant change over the scope of the previous audit, which was caused by making three changes. These changes are as follows:

- The scope of the previous audit reported expenditures of “completed projects” for the two years ended June 30, 2002, and did not include projects that were “in progress”. Therefore, the scope of this audit begins on July 1, 2000, in order to capture all the projects that were not considered “completed projects” under the previous audit scope.
- The project list provided by the Air District covered under this audit includes a large number of projects, which primarily covers projects allocated for the fiscal years 2000/01 through 2004/05. However, the projects listed in Attachment B also include some projects allocated for fiscal years 1994/95 through 1999/2000.
- The period covered for this audit represents a six-year period. The extended period is a result of changing the focus from auditing “completed projects” to auditing all projects allocated during the period.

AUDIT PROCESS

The audits were designed to address numerous financial and compliance objectives; however, the principal objective of the audits was to determine whether TFCA revenues provided by the Air District were used to implement projects to reduce air pollution as stipulated in the funding agreements between the Air District and the Congestion Management Agency. The auditors developed audit procedures specifically designed for TFCA financial and compliance requirements. The approach is briefly described below:

Auditing Standards and Scope

The audits were performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States for the period from July 1, 2000 through June 30, 2006. Unlike the last TFCA Program Manager audit conducted, which was limited to completed TFCA Program Manger projects, the scope of this audit was expanded to include all active TFCA program manager projects to provide a higher level of assurance over compliance with the Health and Safety Code.

Procedures performed included:

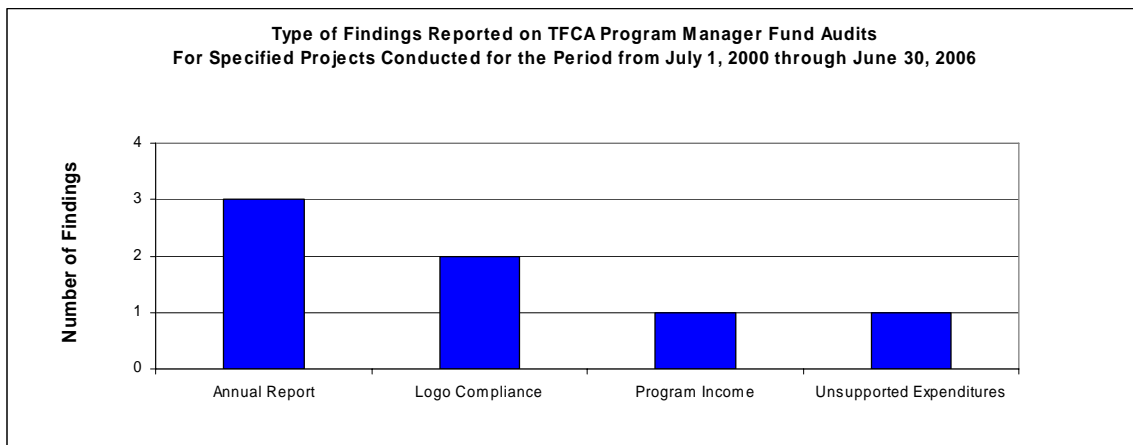
- Determining through observation, inquiry and review of supporting documentation whether adequate internal controls were in place to physically safeguard and account for the TFCA program manager funds.
- Tracing allocations to the general ledger.
- Vouching TFCA revenues to supporting documentation from the Air District.
- Determining whether any unexpended funds remain for completed projects. If so, determining and documenting disposition.
- Determining if Program Manager Funds were held in interest bearing accounts, if the funds received their proportional share of interest revenue, and that the interest generated from the TFCA funds was used on approved TFCA projects.

Compliance Auditing Procedures

The compliance audits were performed in accordance with the requirements outlined in the Health and Safety Code and individual funding agreements. The principal focus of the compliance audits were to ensure TFCA revenues were used in accordance with the program's objectives: i.e., for the reduction of emissions from motor vehicles. In the individual Program Manager Fund audits, a report entitled "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of a Financial Schedule Performed in Accordance with *Government Auditing Standards* and Requirements of Section 44241 of the California Health and Safety Code" was issued for each Program Manager to provide specific assurance that the Program Manager did or did not comply with the Health and Safety Code. Each of the nine program managers audited received an unqualified opinion.

Procedures performed included:

- Testing the expenditures for allowable costs in accordance with section 44241 of the Health and Safety Code.
- Determining whether the counties, by resolution, have approved the designated program manager.
- Determining whether the Financial and Progress reports are supported and submitted in accordance with the terms of the funding agreements.
- Determining whether a resolution was approved by the program manager's governing board to expressly require all fee revenues be used for the reduction of air pollution from motor vehicles.
- Determining whether administrative costs were adequately supported and did not exceed the 5% cap.
- Determining whether the terms of the funding agreement were adhered to; i.e. proper monitoring, use of the TFCA logo, acknowledgement of Air District as funding source, etc.



CURRENT PERIOD AUDIT RESULTS BY PROGRAM MANAGER

A summary of audit findings is provided below. For additional details, please contact the Air District's auditors: Kevin O'Connell or David Bullock at 925.274.0190.

NAPA COUNTY

Finding 2006-1 (Annual Report)

According to the funding agreement between the Bay Area Air Quality Management District (the Air District) and the Agency, the Agency is required to submit a report to the Air District within four months of the end of each fiscal year. During our compliance audit, we noted that the annual reports for fiscal years 2002/03, 2003/04 and 2004/05 were not submitted within four months of the year-end (Note: the most recent annual report for fiscal year 2005/06 was submitted on time).

Recommendation:

We recommend the Agency develop procedures to ensure the annual reports are filed in a timely manner or obtain written approval for an extension from the Air District.

Management Response:

Although we transfer TFCA funds to the final recipients under contract which includes annual reporting requirements sufficiently in advance of the Air District to allow a timely submittal from the Napa County Transportation Planning Agency (NCTPA), we have had ongoing problems with recipients submitting the final reports per agreement. Given this difficulty and the finding by the Air District's independent auditor, we intend henceforth to seek compliance with the contracts between the NCTPA and the final recipients; allowing on-time annual report submittals from the NCTPA.

SAN FRANCISCO COUNTY
Finding 2006-1 (Logo Compliance)

According to the funding agreement with the Bay Area Air Quality Management District (the Air District), recipients of TFCA Program Manager Funds are required to use the Air District's logo and credit the Air District as the funding source in newspapers, pamphlets and transit schedules. These acknowledgements are important symbols to the public signifying the use of the TFCA Program to reduce air pollution.

The Authority does not have record of using the Air District's logos on projects funded through the TFCA Program Manager Fund. Without any record that the Air District's logos are being used for projects funded through the TFCA Program Manager Fund, there is no evidence of compliance with the funding agreement.

Recommendation:

We recommend the Authority retains records to ensure that Air District logos are displayed on TFCA funded projects.

Management Response:

The Authority fully understands the importance of properly attributing TFCA-funded projects and, in the past, has monitored this requirement through an honor system.

For current TFCA-funded projects, the Authority will require sponsors to provide material evidence that the Air District attribution requirements have been met as a condition of receiving final reimbursement. In addition, the Fiscal Year 2006/07 TFCA County Program Manager funding agreements incorporate a clause specifying compliance with the Air District's attribution requirement is a condition of final payment. Incorporating this condition into the funding agreements ensures that material evidence of compliance with the attribution requirement is provided and available for audit.

The Authority does not anticipate this problem reoccurring in the upcoming years.

SAN FRANCISCO COUNTY
Finding 2006-2 (Program Income)

According to the funding agreement with the Bay Area Air Quality Management District (the Air District), recipients of TFCA Program Manager Funds are required to maintain, at all times during the term of the agreement, a separate account for all funds received. This is required to prevent the commingling of funds received under the TFCA Program with funds from other sources. All receipts from the Air District related to the TFCA Program should be deposited into this separate account.

During 2003, the Authority inadvertently deposited a District TFCA program receipt into one of its general accounts and not the separate account established for the TFCA Program.

Recommendation:

We recommend the Authority continues its efforts in improving its internal control so that it will be better able to self-correct its clerical errors.

Management Response:

The deposit in question was made on 03/10/2003. The Authority has since replenished the TFCA Program account with the funding check amount plus accrued interest, which was calculated using the earned income yield that would have been realized if the funds had been deposited to the separate account established for the TFCA Program. The auditors (Macias, Gini & O'Connell) have been provided with a copy of this calculation and documentation of the deposit.

Since the time when the deposit in question was made, the Authority has implemented an appropriate system of internal controls. Under this system, the Air District funding checks are properly identified and deposited directly into the TFCA Program account.

The Authority does not anticipate such problems reoccurring in the future.

SAN MATEO COUNTY
Finding 2006-1 (Annual Report)

According to the funding agreement between the Bay Area Air Quality Management District (the Air District) and C/CAG, C/CAG is required to submit a report to the Air District within four months of the end of each fiscal year. During our compliance audit, we noted that the annual report for fiscal year 2002/03 was submitted 3 days late (Note: Since that year all Annual Reports have been submitted on time).

Recommendation:

We recommend C/CAG develop procedures to ensure the annual reports are filed in a timely manner or obtain written approval for an extension from the Air District.

Management Response:

C/CAG concurs with the finding. C/CAG will initiate the annual report process in September in order to meet the Air District's deadline.

SOLANO COUNTY

Finding 2006-1 (Unsupported Expenditures)

The funding agreement with the Bay Area Air Quality Management District (the Air District), requires program manager to keep complete records of expenditures for each project. The Air District requires complete expenditure details in order to determine if TFCA funds were spent on approved projects. During our testing of expenditures, we noted that two transactions did not have any supporting documentation that would validate the payment made. Thus, we were unable to determine if the funds were expended on an approved project. The two transactions were as follows:

1. Payment to Solano Transportation Authority (STA) for Route 30, Natural Gas Shuttle Bus (03SOL05) - \$42,065.
2. Payment to Solano Transportation Authority (STA) for Route 30, Natural Gas Shuttle Service (04SOL01) - \$25,000.

Recommendation:

We recommend the Authority obtain all supporting documentation before disbursing any funds to project sponsors.

Management's Response

The findings are in reference to the TFCA Program Manager funded Route 30 service. The STA was provided with supporting documentation and monitoring reports for the Route 30 service separately. Consequently, the STA Staff was confident in approving payment for the Route 30 invoices submitted. However, for future TFCA Route 30 invoices, and/or similar TFCA transit service projects, STA Staff will require a detailed expense report attached to the invoice for expense reimbursements of funds.

SOLANO COUNTY

Finding 2006-2 (Annual Report)

According to the funding agreement between the Bay Area Air Quality Management District (Air District) and the Authority, the Authority is required to submit a report to the Air District within four months of the end of each fiscal year. During our compliance audit, we noted that the annual report for fiscal years 2002/03, 2003/04 and 2004/05 were not submitted within four months of the year-end (Note: the most recent annual report for fiscal year 2005/06 was submitted on time).

Recommendation:

We recommend the Authority develop procedures to ensure the annual reports are filed in a timely manner or obtain written approval for an extension from the Air District.

Management's Response

STA Staff will require TFCA Project Sponsors to submit annual reports prior to the Air District's due date. The following will be implemented:

1. The STA will set the deadline for the annual project monitoring form submittals 45 days prior to the Air District's due date to ensure that the annual project monitoring reports are submitted on time.
2. Project Sponsors will be sent a reminder of the due date for the Annual Report submittal deadline, June 30th and July 31st.

STA Staff will communicate to TFCA Program Manager Project Sponsors the necessity of completing the project monitoring reports on time. Project Sponsors that do not comply with this annual project monitoring report deadline will be ineligible for TFCA Program Manager Funds the following year.

SONOMA COUNTY
Finding 2006-1 (Logo Compliance)

According to the funding agreement with the Bay Area Air Quality Management District (Air District), project sponsors are required to apply the Air District's logo on vehicles and credit the Air District as the funding source in newspapers, pamphlets and transit schedules. These acknowledgements are important symbols to the public signifying the use of TFCA Program Manager Funds to reduce air pollution.

The Authority does not have records of the Air District logos on TFCA funded projects. Without any record that the Air District logos are being used for TFCA funded projects, there is no evidence of compliance with the funding agreement.

Recommendation:

We recommend the Authority retains records to ensure that Air District Logos are displayed on TFCA funded projects.

Management's Response:

The Sonoma County Transportation Authority retains documentation that each project sponsor has agreed to contract conditions as part of each fund transfer agreement between SCTA and the project sponsor. Where applicable, contract language is included regarding use of Air District and TFCA logos and the proper crediting of the Air District, in newspaper and pamphlets, for funding the project. While photographic proof has not been requested of project sponsors, or taken on as a responsibility of SCTA, it was reported as part of the audit that logo use and crediting is in evidence, (e.g., on buses, and project signs). Project sponsors are furnished logo stickers upon request. It was noted that it was felt that project sponsors were aware of the requirements and were complying. Proving 100% compliance could entail the photographing of many vehicles and signs, and the monitoring of all related press releases and promotional materials of various entities, which had been deemed unnecessary. Guidance is sought to determine what documentation is to be acceptable to the Air District.

STATUS OF PRIOR PERIOD RECOMMENDATIONS TO THE AIR DISTRICT

The status of prior period findings and recommendations is presented to assist in evaluating whether the Air District has taken appropriate corrective action to address findings and recommendations from previous audits.

Prior Period Finding 2002-1 (Administrative Costs)

The District should consider developing interpretive guidance to explain the proper methodology for applying the 5% administrative cost limitation.

Status: Corrected. The Air District has included language in TFCA policy, guidance document and application materials to indicate the limitations of the 5% ceiling on annual TFCA revenues eligible to be used for administrative costs. In addition, the TFCA funding agreement for FY 2006/2007 has been revised to clarify administrative costs compliance requirements.

Prior Period Finding 2002-2 and 2002-3 (Indirect Cost Rate Policy)

The District Board should reconsider whether or not to allow the reimbursement of indirect costs through the TFCA program. Also, the District should adhere to its policy requiring the request and approval for reimbursement of indirect costs be handled through the original project application process.

Status: Corrected. The Air District chose to allow indirect costs charges in the TFCA Program. The Air District now requires that County Program Managers submit a formal indirect cost rate proposal in the yearly TFCA County Program Manager expenditure program for approval. The indirect cost rate proposal is included as an Attachment in the funding agreement between the County Program Managers and the Air District.

Attachment A

California Health and Safety Code Section 44242

44242. (a) Any agency which receives funds pursuant to Section 44241 shall, at least once every two years, undertake an audit of each program or project funded. The audit shall be conducted by an independent auditor selected by the bay District in accordance with Division 2 (commencing with Section 1100) of the Public Contract Code. The district shall deduct any audit costs which will be incurred pursuant to this section prior to distributing fee revenues to cities, counties, or other agencies pursuant to Section 44241.

(b) Upon completion of an audit conducted pursuant to subdivision (a), the bay district shall do both of the following:

- (1) Make the audit available to the public and to the affected agency upon request.
- (2) Review the audit to determine if the fee revenues received by the agency were spent for the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717.

(c) If, after reviewing the audit, the bay district determines that the revenues from the fees may have been expended in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to that plan, the district shall do all of the following:

- (1) Notify the agency of its determination.
- (2) Within 45 days of the notification pursuant to paragraph (1), hold a public hearing at which the agency may present information relating to expenditure of the revenues from the fees.
- (3) After the public hearing, if the district determines that the agency has expended the revenues from the fees in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717, the district shall withhold these revenues from the agency in an amount equal to the amount which was inappropriately expended. Any revenues withheld pursuant to this paragraph shall be redistributed to the other cities within the county, or to the county, to the extent the district determines that they have complied with the requirements of this chapter.

(d) Any agency which receives funds pursuant to Section 44241 shall encumber and expend the funds within two years of receiving the funds, unless an application for funds pursuant to this chapter states that the project will take a longer period of time to implement and is approved by the district or the agency designated pursuant to subdivision (e) of Section 44241. In any other case, the district or agency may extend the time beyond two years, if the recipient of the funds applies for that extension and the district or agency, as the case may be, finds that significant progress has been made on the project for which the funds were granted.

Attachment B

List of Audited Projects

ALAMEDA PROJECT LIST 2006

Proj#	Sponsor	Project Title	TFCAS\$ Awarded
00ALA01	City of Albany	Class 1 Bicycle/Ped. Path - Eastshore/Buchanan St. Interconnection (0.25 mi.)	\$15,985
00ALA02	City of Berkeley	Bicycle Boulevards:Phase I - Bowditch/Hillegass (1.07 mi.) and Milvia (2.13 mi.)	\$120,988
00ALA04	City of Dublin	Class 1 Bicycle Path - Alamo Creek (0.9 mi.)	\$107,000
00ALA06	City of Fremont	Arterial Traffic Management - Citywide	\$289,083
00ALA09	City of Union City	Compressed Natural Gas Fueling Facility at the Corporation Yard	\$58,898
00ALA12	BART	Fruitvale Attended Bicycle Parking Facility (236 spaces)	\$400,000
00ALA13	Livermore-Amador Valley Transit Authority	ACE Shuttle Service in Livermore Amador Valley	\$243,750
01ALA02	City of Fremont	Citywide Arterial Management Program	\$165,500
01ALA04	City of Oakland	City of Oakland Bicycle Route Signage	\$91,514
01ALA05	City of Oakland	Bicycle Parking Request Program (City Racks III)	\$7,000
01ALA07	City of Oakland	EastLake Streetscape and Pedestrian Enhancement Program	\$200,000
01ALA08	City of Piedmont	City of Piedmont Public Facilities Bicycle Rack Program	\$3,841
01ALA09	City of Pleasanton	Citywide Trip Reduction Program	\$62,028
01ALA10	City of San Leandro	Arterial Management: Advanced Signal System	\$42,500
01ALA11	City of Union City	Compressed Natural Gas Fueling Facility	\$37,774
01ALA12	Metropolitan Transportation Commission Alameda County Congestion Management Agency	Regional Rideshare Program	\$107,555
01ALA13	Alameda County CMA	ACE Shuttle Service	\$740,000
02ALA01	County of Alameda	Tesla Rd. Class II Bicycle Lane	\$18,000
02ALA03	City of Berkeley	I-80 West Frontage Rd. Class I Bicycle Path	\$50,000
02ALA04	City of Berkeley	Berkeley TRIP Operations Cost	\$50,000
02ALA06	City of Hayward	Soto Rd. Bicycle Lane Gap Closure	\$183,500
02ALA07	Livermore-Amador Valley Transportation Authority	Automatic Vehicle Locators for LAVTA Fleet	\$750,000
02ALA08	City of Livermore	Las Positas/Altamont Creek Multi-Use Trail	\$158,630
02ALA10	City of Oakland	Coliseum BART Bus Stop Relocation	\$192,000
02ALA11	City of Pleasanton	Citywide Trip Reduction Program	\$69,920
02ALA13	City of Union City	Compressed Natural Gas Fueling Infrastructure	\$100,000
02ALA14	AC Transit	AC Transit Student Pass Program	\$500,000
02ALA15	AC Transit	Bus Stop Signage/Information	\$154,787
02ALA16	Alameda County CMA	Guaranteed Ride Home Program	\$233,000
03ALA01	City of Albany	Class 2 Bicycle Lane - Marin Avenue	\$30,000
03ALA02	City of Berkeley	Berkeley BART Attended Bikestation	\$86,136
03ALA03	City of Emeryville	Class 2 Bicycle Lane - Doyle Street Greenway	\$50,000
03ALA04	City of Fremont	Class 2 Bicycle Lane - Fremont Boulevard	\$100,250
03ALA05	City of Pleasanton	Rides to School Ridesharing Program	\$21,474
03ALA06	City of Pleasanton	Citywide Rideshare Program	\$33,412
03ALA07	City of Fremont	CNG Fueling Station - Fremont	\$96,242
03ALA08	City of Oakland	CNG Fueling Station - Oakland	\$225,000
03ALA09	Livermore-Amador Valley Transportation Authority	ACE Shuttle Service - Pleasanton ACE Station to BART	\$41,474
03ALA10	Alameda Congestion Management Agency	San Pablo Smart Corridor	\$220,199

03ALA12	AC Transit	Transit Bus Priority System - Int'l Blvd.	\$500,000
03ALA13	Alameda Congestion Management Agency	Guaranteed Ride Home Program	\$231,200
03ALA14	City of Berkeley	City Car Share - East Bay Expansion	\$125,996
03ALA15	Livermore-Amador Valley Transportation Authority	ACE Shuttle Bus	\$83,934
04ALA01	City of Fremont	Signal Timing - various corridors	\$123,000
04ALA02	City of Union City	Natural Gas Fueling Facility Improvements	\$50,000
04ALA03	BART	Free AM BART on Spare The Air Days	\$780,000
04ALA04	City of Hayward	Arterial Management (96ALA08)	\$75,000
94ALA20	City of San Leandro	Local Arterial Traffic Management	\$53,592
95ALA13	City of San Leandro	Arterial Traffic Management	\$59,963
96ALA09	City of Newark	Traffic Signal Interconnect-Newark Blvd.	\$13,155
96ALA10	City of Oakland Alameda County Congestion Management Agency	Arterial Traffic Signal Management-Citywide	\$850,000
99ALA01		Arterial Management - I-880 Smart Corridor	\$182,000
Total			\$9,185,280

CONTRA COSTA PROJECT LIST 2006

Proj#	Sponsor	Project Title	TFCAS\$ Awarded
00CC02	City of Orinda	Camino Sobrante Pedestrian Enhancements	\$67,000
00CC14	County of Contra Costa	Pleasant Hill BART Bicycle Promotion	\$9,217
00CC18	County of Contra Costa	Bikeway (1.8 mi. Class 2, 0.8 mi. Class 3) Center Ave-Marsh Dr-Solano Way	\$55,000
00CC20	City of Richmond	Police Bicycles (10 bicycles)	\$14,874
00CC21	West Contra Costa Transportation Advisory Committee	I-80 Corridor Rideshare Project	\$88,782
00CC22	West Contra Costa Transportation Advisory Committee	Countywide Guaranteed Ride Home	\$100,402
00CC24	City of San Ramon	Natural Gas Infrastructure & Support Programs	\$52,000
01CC01	Metropolitan Transportation Commission	Regional Rideshare Program	\$347,295
01CC02	Contra Costa Transportation Authority	Contra Costa Commute Alternative Network	\$981,574
01CC03	West Contra Costa Transportation Advisory Committee	I-580 Corridor Bicycle Gap Closure Project	\$63,516
01CC04	County of Contra Costa	Pleasant Hill BART Shuttle	\$54,388
01CC05	City of San Ramon	Clean Fuel Vehicle Project	\$48,267
02CC01	Metropolitan Transportation Commission	Regional Rideshare Program	\$363,858
02CC02	Contra Costa Transportation Authority	Contra Costa Commute Alternatives Network	\$838,135
02CC03	City of Lafayette	Lamorinda CNG School Buses	\$30,000
02CC05	City of Antioch	Mokelumne Trail Gap Closure Moraga Way and Bryant Way Pedestrian Enhancements	\$121,834
02CC06	City of Orinda		\$40,469
03CC02	Central Contra Costa Transit Authority	Muir Road Transit Hub	\$92,922
03CC04	Contra Costa Commute Alternative Network	South County Employer Network	\$70,282
03CC06	City of Lafayette	Lamorinda School Bus Program	\$30,000
03CC07	Contra Costa Commute Alternative Network	South County School Ridematching Program	\$45,000
03CC08	Contra Costa Commute Alternative Network	Countywide Vanpool Incentive Program	\$70,000
03CC09	Contra Costa Commute Alternative Network	Central/East County Employer Network	\$95,922
03CC10	Contra Costa Commute Alternative Network	West/Central/East SchoolPool Program	\$147,329
03CC11	Contra Costa Commute Alternative	Countywide Transit Incentive Program Network	\$169,939
03CC12	Contra Costa Commute Alternative Network	Countywide Bicycle Rack/Locker Project	\$36,000
03CC13	Contra Costa Commute Alternative Network	Countywide Carpool Incentive Program	\$145,984
03CC14	Contra Costa Commute Alternative Network	West County Employer Network	\$63,000
03CC15	Contra Costa Commute Alternative Network	Countywide Guaranteed Ride Home Program	\$115,018
03CC16	Contra Costa Commute Alternative Network	West County Transit Incentive Program	\$42,506

04CC01	TRANSPAC / City of Pleasant Hill	Countywide Carpool Incentive Program	\$145,992
04CC02	TRANSPAC / City of Pleasant Hill	Countywide Transit Incentive Program	\$169,981
04CC03	TRANSPAC / City of Pleasant Hill	Central/East County Employer Network	\$119,997
04CC04	TRANSPAC / City of Pleasant Hill City of San Ramon / Southwest Area	West/Central/East SchoolPool Program	\$179,994
04CC05	Transportation City of San Ramon / Southwest Area	Countywide Vanpool Incentive Program	\$70,000
04CC06	Transportation City of San Ramon / Southwest Area	South County Employer Network	\$97,010
04CC07	Transportation City of San Ramon / Southwest Area	South County School Ridematching Program	\$65,000
04CC08	Transportation	Countywide Clean Fuel Vehicle Program	\$32,526
04CC09	City of Lafayette West Contra Costa Transportation Advisory	Lamorinda School Bus Program - 17 School Buses	\$40,000
04CC10	Committee	Countywide Guaranteed Ride Home Program	\$148,000
04CC11	West Contra Costa Transportation Advisory Committee	West County Transit Incentive Program	\$83,500
04CC12	West Contra Costa Transportation Advisory Committee	West County Employer Network	\$87,000
04CC13	City of Martinez	San Francisco Bay Trail, Phase II	\$87,508

Total \$5,727,021

MARIN PROJECT LIST 2006

Proj#	Sponsor	Project Title	TFCAS\$ Awarded
00MAR01	Twin Cities Police Authority	Police Bicycles (2 bicycles)	\$2,800
00MAR02	Transportation Authority of Marin	Class 2 Bicycle Lanes -Sir Francis Drake Bvd. - White's Hill (0.15 mi.)	\$112,900
00MAR03	Transportation Authority of Marin	Class 2 Bicycle Lane/Intersection Modifications - Lucus Valley Rd. at Las Galinas (0.10 mi.)	\$150,500
1-Mar-02	San Anselmo Police Dept.	Police Bicycles	\$1,924.73
1-Mar-03	County of Marin	Purchase Electric Parking Enforcement Vehicle	\$3,000
1-Mar-04	County of Marin	Ink wells Bridge/Pathway (Class 2 bikeway)	\$52,000
1-Mar-06	County of Marin	Atherton Ave. Pathway (Class II)	\$134,000
2-Mar-01	County of Marin	Bicycle Racks for High Schools	\$39,982
2-Mar-02	City of Sausalito	Bicycle Racks @ Ferry Landing	\$3,675
2-Mar-03	City of Sausalito	Bridgeway Offstreet Bike Path (Class I)	\$68,000
2-Mar-04	Town of Tiburon	Bicycle Rack Railing -Tiburon Ferry Plaza Student Free Fare Incentive - Golden Gate	\$8,125
2-Mar-06	Marin County Transit District	Transit Buses	\$178,000
3-Mar-01	County of Marin	Countywide Bicycle & Pedestrian Safe Routes to Schools	\$500,000
3-Mar-02	County of Marin	Ride and Roll Program	\$98,675
4-Mar-01	City of Novato	Class II Bicycle Lanes - Diablo Ave.	\$59,300
4-Mar-02	City of Novato	Purchase 10 Bicycles for Police Patrol	\$22,180
4-Mar-03	Marin County Transit District	Ride & Roll Project: Free Bus Passes	\$75,000
4-Mar-04	Transportation Authority of Marin	Safe Routes to School Police Electric Parking Enforcement Vehicles - 4	\$266,000
4-Mar-05	City of San Anselmo	LDV	\$12,000
98MAR15	Town of Tiburon	Electric Vehicle Demonstration - 1 parking enforcement vehicle	\$18,882

Total \$1,806,944

NAPA PROJECT LIST 2006

Proj#	Sponsor	Project Title	TFCAS\$ Awarded
00NAP04	City of Napa	Class 2 Bicycle Lane - Lincoln Avenue (1.5 mi.)	\$35,000
01NAP01	City of Napa	Downtown River Bicycle Trail Alternate	\$40,000
01NAP02	City of Napa	NVT/Vallejo Ferry Feeder Bus Connection Bicycle Path - 1.8 mi. Class I Path from	\$13,875
02NAP01	City of Napa	Redwood Rd. to Soscol Ave. Bicycle Racks on Buses in St. Helena and	\$250,000
02NAP02	Napa County Transportation Planning Agency	Calistoga	\$1,500
02NAP03	Napa County Transportation Planning Agency	NVT/Vallejo Ferry Feeder Bus Connection	\$5,826
02NAP04	Napa County Transportation Planning Agency	Bus Bike Racks Washington Street to Dunaweal Lane - Class I	\$1,500
02NAP05	City of Calistoga	Bike Path	\$25,750
02NAP06	Metropolitan Transportation Commission	Regional Ridesharing	\$42,280
03NAP01	City of Napa	Class 2 Bike Lane - Lincoln Ave	\$146,127
03NAP02	Napa County Transportation Planning Agency	Transit Bus Particulate Filters	\$51,603
04NAP01	County of Napa	Class II bicycle lane - SR 121 to Cuttings Wharf	\$62,369
04NAP02	Napa County Transportation Planning Agency	Bus Bike Racks - Calistoga Handy Van	\$1,500
Total			\$677,330

SAN FRANCISCO PROJECT LIST 2006

Proj#	Sponsor	Project Title	TFCAS\$ Awarded
00SF02	County of San Francisco	Class 1 Bicycle Path - Treasure Island (1.0 mi.)	\$109,105
00SF04	County of San Francisco	Page Street Traffic Calming	\$150,000
00SF05	San Francisco MUNI	Bicycle Racks on Trolley Coaches (96 racks)	\$86,198
00SF07	County of San Francisco	Electric Charging Stations (10 Chargers)	\$50,000
00SF10	County of San Francisco	Electric Charging Stations (5 chargers)	\$5,500
00SF15	County of San Francisco	Electric Vehicle Purchase/lease (5 LDV)	\$40,000
01SF01	County of San Francisco	Bicycles for Gardeners	\$27,309
01SF02	County of San Francisco	Electric Vehicles for Golden Gate Park	\$9,000
01SF03	County of San Francisco	Clean Air Vehicle Replacement	\$99,000
01SF04	County of San Francisco	Hall of Justice Shuttle	\$54,667
01SF05	County of San Francisco	Golden Gate Park CNG Fueling Facility	\$50,000
01SF07	County of San Francisco	Bicycle Parking Enforcement Program	\$54,000
01SF08	San Francisco MUNI	MUNI CNG Fueling Facility	\$500,000
01SF09	County of San Francisco	Cesar Chavez CNG Fueling Expansion	\$100,000
01SF10	San Francisco Dept. of Parking & Traffic	Bike Lane - Howard Street Embarcadero BART/MUNI Bicycle Parking	\$34,440
02SF01	BART	Facility (150 spaces)	\$40,000
02SF02	BART	Bicycle Parking at SF BART Stations	\$53,000
02SF03	County of San Francisco	Sidewalk Bicycle Rack Program Bicycle Lanes - Howard and 7th Streets - Phase	\$118,000
02SF04	County of San Francisco	II	\$47,000
02SF05	San Francisco Public Utilities Commission	PUC 24th Street BART Station Shuttle	\$35,000
02SF06	University of California, San Francisco	UCSF Mission Bay Shuttle	\$71,000
02SF07	County of San Francisco	Hall of Justice Shuttle Project	\$62,049
02SF08	County of San Francisco	Golden Gate Park CNG Fueling Facility	\$184,000
02SF09	County of San Francisco	Low Volume CNG Fueling Facilities (2)	\$68,000
03SF01	BART	16 th Street BART Station Stair Channel	\$165,000
03SF02	Peninsula Corridor Joint Powers Board (Caltrain)	Bike Storage Facility at SF Caltrain Station	\$100,000
03SF03	Golden Gate Park Concourse Authority	Golden Gate Park Shuttle	\$71,000
03SF04	Presidio Trust	CNG Fueling Station Upgrade Clean Air Vehicle Replacement - 44 Light Duty	\$100,000
03SF05	County of San Francisco	Vehicles	\$149,000

03SF06	County of San Francisco	Fleet Management Bicycle Program	\$39,000
03SF07	County of San Francisco	Hall of Justice Shuttle	\$68,000
03SF08	County of San Francisco	Guaranteed Ride Home Program	\$25,000
03SF09	County of San Francisco	Broadway Tunnel Bicycle Improvements	\$26,000
03SF10	County of San Francisco	Public Library Bicycle Parking - 38 Bicycles	\$27,000
03SF11	County of San Francisco	Class 2 Bicycle Lane - Potrero Avenue	\$175,000
03SF12	County of San Francisco	Crescent Avenue Bike Route Improvements	\$21,000
03SF13	San Francisco MUNI	Transit Signal Priority Emitters - 24 Buses	\$20,000
03SF14	San Francisco MUNI	Particulate Matter & NOx Devices	\$216,000
04SF01	Golden Gate Park Concourse Authority	Golden Gate Park Shuttle	\$64,000
04SF02	Golden Gate Park Concourse Authority	Arguello Class II Bike Lane	\$35,000
04SF04	County of San Francisco	Bicycles for Gardeners - Dept. of Parks & Recreation	\$19,000
04SF05	County of San Francisco	Sidewalk Bicycle Racks	\$95,000
04SF06	County of San Francisco	Class 2 Bicycle Lanes - Mississippi St.	\$8,500
04SF07	County of San Francisco	Class 2 Bicycle Lanes - Sloat Blvd.	\$58,000
04SF08	County of San Francisco	Class 2 Bicycle Lanes - Laguna Honda Blvd.	\$10,500
04SF09	County of San Francisco	Class 2 Bicycle Lanes - Phelan Ave.	\$82,000
04SF10	Presidio Trust	Class 2 Bicycle Lanes - Washington Blvd.	\$77,000
04SF11	County of San Francisco	SFPUC 24th Street BART Station Shuttle	\$30,000
04SF12	University of California, San Francisco	Bicycle Patrol Program	\$7,000
04SF13	County of San Francisco	Hydrogen Fuel Cell Vehicle Pilot Project	\$100,000
04SF14	County of San Francisco	Clean Air Vehicle Replacement - 6 SULEV, 8 CNG & 3 ZEV	\$50,000
04SF15	BART	Embarcadero Station O&M	\$40,000
99SF07	County of San Francisco	Class 3 Bicycle Routes Pavement Stencils	\$110,000
Total			\$4,035,268

SAN MATEO PROJECT LIST 2006

Proj#	Sponsor	Project Title	TFCAS\$ Awarded
00SM01	Peninsula Congestion Relief Alliance	Countywide Rideshare Program	\$293,210
00SM02	City of San Mateo	Free Commuter Shuttle	\$32,500
00SM04	City of Menlo Park	Non-Peak Shuttle	\$30,000
00SM05	City of Menlo Park	Dumbarton Express Shuttle	\$32,000
00SM07	City of Menlo Park	Sand Hill Shuttle	\$27,370
01SM01	SamTrans & Peninsula Congestion Relief Alliance	SamTrans Shuttle Bus Program & TDM/TSM Program	\$775,578
01SM03	City of Menlo Park	Off-Peak Shuttle	\$30,000
02SM01	SamTrans	SamTrans Shuttles to BART	\$428,353
02SM02	City of Menlo Park	Non-Peak Shuttle	\$30,000
02SM03	Peninsula Congestion Relief Alliance	Voluntary Trip Reduction Program	\$310,767
03SM01	San Mateo County Transit District	Samtrans Shuttle Bus Program	\$471,544
03SM02	City of Menlo Park	Mid-Day Shuttle	\$30,732
03SM03	Peninsula Congestion Relief Alliance	Voluntary Trip Reduction Program	\$736,464
04SM01	City of Menlo Park	Mid-Day Shuttle	\$35,000
04SM02	Peninsula Congestion Relief Alliance	Voluntary Trip Reduction Program	\$350,000
04SM03	San Mateo County Transit District	SamTrans Shuttle Bus Program	\$495,000
Total			\$4,108,518

SANTA CLARA PROJECT LIST 2006

Proj#	Sponsor	Project Title	TFCAS Awarded
00SC03	City of San Jose	Shuttle Bus Purchase --15 CNG	\$500,000
00SC04	San Jose International Airport	Natural Gas Infrastructure - CNG/LNG Station at San Jose Airport	\$500,000
00SC05	City of San Jose	Bicycle Bridge - Los Gatos Creek Trail	\$145,000
00SC07	City of Sunnyvale	County Bicycle Route 8 - Sunnyvale Segment (Class 2, 2 mi.)	\$50,000
00SC09	Santa Clara Valley Transportation Authority	Light Rail Shuttle Bus Program	\$456,377
01SC01	City of Palo Alto	Homer Avenue Caltrain Undercrossing	\$325,000
01SC02	City of Saratoga	Altrans K-12 Trip Reduction & School Bus	\$41,031
01SC03	Santa Clara Valley Transportation Authority	Light Rail Shuttle Bus Program	\$491,227
01SC04	City of Palo Alto	CNG Fueling Facility	\$300,000
01SC06	City of Sunnyvale	2 CNG Vehicles	\$9,000
01SC07	Metropolitan Transportation Commission	Regional Rideshare Program	\$652,000
02SC01	City of Milpitas	Bicycle Overcrossing of Union Pacific Railroad Tracks	\$154,526
02SC02	City of Mountain View	Grant Road Traffic Signal Interconnect	\$250,000
02SC03	City of San Jose	Coyote Creek Trail - 1.22 mi. Class I Bicycle Trail	\$165,500
02SC04	City of San Jose	San Jose Light Rail Transit - Signal Retiming Project	\$435,000
02SC05	City of San Jose	Silicon Valley Traffic Management Center	\$280,000
02SC06	Santa Clara Valley Transportation Authority	Guadalupe River Oaks Bicycle Bridge	\$200,000
02SC07	City of Sunnyvale	Borregas Ave. Bicycle Overcrossings at US101 and SR237	\$400,000
02SC08	Santa Clara Valley Transportation Authority	El Camino Real Bus Signal Priority Extension	\$519,500
02SC09	Santa Clara Valley Transportation Authority	Light Rail Shuttle Bus Program	\$610,000
02SC10	Metropolitan Transportation Commission	Regional Ridesharing Program	\$548,000
03SC01	City of Cupertino	Mary Ave Bicycle/Pedestrian Overcrossing at I-280	\$1,114,797
03SC02	City of Gilroy	Class 1 Bicycle Path - Uvas Creek Trail	\$363,000
03SC03	City of Milpitas	Coyote Creek Trail - 2.2 mi. Class I Bicycle Trail	\$190,474
03SC04	City of San Jose	Class 2 Bicycle Lanes - 6.5 miles	\$32,245
03SC05	City of San Jose	Signal Re-timing Project	\$283,000
03SC06	Santa Clara Valley Transportation Authority	Bus Signal Priority (Phase IIIa), VTA Line 22	\$320,000
03SC07	Santa Clara Valley Transportation Authority	VTA Light Rail Shuttle Program	\$380,000
03SC08	Santa Clara Valley Transportation Authority	Downtown Area Shuttle (DASH) Retrofits	\$60,000
04SC01	County of Santa Clara	Alamden Expressway Bike/Ped. Imp. (Ironwood to Foxworthy)	\$370,000
04SC02	County of Santa Clara	Expressway Bike Shoulder Delineation	\$128,895
04SC03	City of Mountain View	Stevens Creek Bicycle-Pedestrian Trail - Reach 4	\$700,000
04SC04	City of San Jose	Bascom Corridor Signal Timing	\$119,000
04SC05	City of San Jose	San Jose ITS West - Stevens Creek	\$346,000
04SC06	Santa Clara Valley Transportation Authority	VTA Light Rail Shuttle Program	\$300,000
04SC07	City of San Jose	Bascom signal Transit Priority	\$329,397
98SC01	City of San Jose	Arterial Management - Smart Corridor Phase IV	\$1,120,000
99SC14	City of Sunnyvale	Arterial Management - Central Sunnyvale	\$400,000
Total			\$13,588,969

SOLANO PROJECT LIST 2006

Proj#	Sponsor	Project Title	TFCAS\$ Awarded
00SOL01	California Maritime Academy	Electric Police Bicycles (4 bicycles)	\$8,000
00SOL02	Solano Transportation Authority	Citylink Route 30 CNG Bus Service	\$14,650
00SOL03	Solano Commuter Information	Expanded Ridesharing/Vanpooling Program	\$200,000
01SOL01	City of Benicia	Pedestrian Access Improvements at Southampton Rd.	\$83,484
01SOL02	Solano Transportation Authority	Citylink Route 30 CNG Bus Service	\$14,650
01SOL03	Solano Commuter Information	Expanded Ridesharing/Vanpool Incentives	\$270,000
01SOL05	City of Fairfield	City of Fairfield (Fairfield -Suisun Transit)	\$28,307
02SOL01	Solano Transportation Authority	Citylink Route 30 CNG Feeder Bus Service	\$26,800
02SOL03	Solano Community College	Electric Vehicle Charging Station	\$30,000
02SOL06	City of Fairfield	Arterial Management: Transit Bus Signal Prioritization	\$100,000
02SOL07	Solano/Napa Commuter Information	Ridesharing/Vanpool Incentives	\$270,000
03SOL02	City of Fairfield	Electric Charging Station - Fairfield City Hall	\$3,653
03SOL03	City of Suisun City	Electric Charging Station - Amtrak Station and Civic Center	\$40,000
03SOL04	City of Vallejo	Electric Charging Station - Vallejo City Hall & Vallejo Ferry Terminal	\$10,520
03SOL05	Solano Transportation Authority	Route 30 Natural Gas Shuttle Bus	\$42,065
03SOL06	Solano Transportation Authority/ Solano Napa Commuter Information	Expanded Ridesharing/Vanpool Program	\$295,000
04SOL01	Solano Transportation Authority	Route 30 Natural Gas Shuttle Service	\$25,000
04SOL02	STA Solano Napa Commuter Information	Ridesharing/Trip Reduction Program	\$195,000
04SOL03	City of Suisun City	Central County Bikeway Gap Closure	\$32,000
04SOL04	Solano County	Electric Vehicle Public Charging Station	\$50,000
Total			\$1,739,129

SONOMA PROJECT LIST 2006

Proj#	Sponsor	Project Title	TFCAS\$ Awarded
00SON02	City of Santa Rosa	FY2000 Student Pass Subsidy	\$80,000
00SON04	Sonoma County Transit	Transit Bus Purchase -- 8 CNG	\$118,835
00SON05	Sonoma County Transit	Electric Vehicle Purchase (2 LDV)	\$16,000
01SON01	City of Santa Rosa	Student Pass Subsidy	\$80,000
01SON02	City of Santa Rosa	FY 2001 Voluntary Trip Reduction Program	\$149,255
01SON04	Sonoma County Transit	Compressed Natural Gas Bus Purchase	\$406,746
02SON01	City of Santa Rosa	Student Bus Pass Subsidy	\$80,000
02SON02	City of Santa Rosa	Voluntary Trip Reduction Program	\$156,841
02SON03	City of Santa Rosa	Bike Lane - Franklin and North Streets	\$43,455
02SON04	Sonoma County Transit	Petaluma Transit Mall	\$256,302
02SON05	Sonoma County Transit	Transit Bus Purchase -- 11 CNG 40 ft. buses	\$135,659
02SON06	Sonoma County Transit	Transit Bus Purchase -- 6 CNG Low-Floor 30 ft. buses	\$117,711
02SON07	Sonoma County Transit	Downtown Windsor Intermodal Facility/Park & Ride	\$57,096
03SON01	City of Petaluma	Traffic Signal Coordination	\$52,000
03SON03	City of Santa Rosa	Student Bus Pass Subsidy	\$70,000
03SON04	City of Santa Rosa	Voluntary Trip Reduction Program	\$159,373
03SON05	County of Sonoma	CNG Fueling Station Expansion	\$270,000
04SON01	City of Santa Rosa	Purchase of PM & NOx Retrofit Kits (7 Buses)	\$40,000
04SON02	City of Santa Rosa	FY 04/05 Student Pass Subsidy	\$70,000

04SON03	City of Santa Rosa	FY 04/05 Voluntary Trip Reduction Program	\$129,802
04SON04	Sonoma County Transit	Cotati Intermodal Facility/ Park & Ride	\$26,369
04SON05	Sonoma County Transit	Petaluma Transit Mall	\$38,282
04SON06	Sonoma County Transit	Windsor Intermodal Facility/ Park & Ride Lot	\$66,658
04SON07	Sonoma County Transit	Local Transit Pass Subsidy/Marketing Program	\$48,000
98SON10	Sonoma County Transit	Park-and-Ride Facility - Downtown Windsor	\$81,682
99SON06	City of Santa Rosa	Class 1 Bicycle Path - Downtown (0.5 mi.)	\$56,757
99SON07	City of Sebastopol	Class 1 Bicycle Path - Connector (0.2 mi.)	\$20,890
99SON08	Sonoma County Transit	Park and Ride Facility - Downtown Windsor	\$33,457
Total			<u><u>\$2,861,170</u></u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Mark Ross and Members of the Board of Directors
From: Jack P. Broadbent
Executive Officer/APCO
Date: April 24, 2007
Re: Public Hearing to Consider Adoption of Proposed Amendments to Regulation 3: Fees, and Approval of the Filing of a CEQA Notice of Exemption

RECOMMENDED ACTION:

Staff recommends that the Board of Directors take the following actions:

- A) Adopt proposed amendments to Regulation 3: Fees, with the exception of amendments to Fee Schedules L, Q, R, and S, and Sections 3-331 and 3-332 which require a second public hearing prior to adoption; and
- B) Approve the filing of a CEQA Notice of Exemption.

BACKGROUND

State law authorizes the Air District to assess fees to recover the reasonable costs of implementing and enforcing regulatory programs related to stationary sources of air pollution. The Air District has established, and regularly updates, its fee regulation (District Regulation 3: Fees) under these authorities.

Air District staff has prepared proposed amendments to Air District Regulation 3 for Fiscal Year Ending (FYE) 2008 (i.e., July 1, 2007 to June 30, 2008) that would increase revenue to enable the Air District to address increasing regulatory program activity costs, and continue to move toward more complete cost recovery. A recently completed 2007 Cost Recovery Study indicates that a significant cost recovery gap exists. For the most recently completed fiscal year, FYE 2006, fee revenue covered 53 percent of direct and indirect program costs, leaving a gap of \$17.8 million to be filled with property tax revenue.

For FYE 2008, the proposed fee amendments would increase fee revenue by approximately \$1.4 million from projected revenue levels in the FYE 2007 budget, representing an increase of about six percent. This is about double the rate of inflation (the increase in the annual CPI for urban wage earners for the Bay Area from calendar year 2005 to 2006 was 2.9 percent).

DETAILS OF PROPOSED FEE AMENDMENTS

The Air District's fee proposal for FYE 2008 is similar to the amendments adopted for FYE 2006 and FYE 2007. The percentage increase for an individual Fee Schedule is based on the magnitude of the cost recovery gap for that Schedule as indicated in the 2007 Cost Recovery

Study. In addition to these percentage increases, several additional amendments to Regulation 3 are proposed that will allow the Air District to more fully recover costs related to specific source categories. The proposed amendments are summarized as follows.

1. The following Fee Schedules, which have the largest cost recovery gaps, 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 G-1: Miscellaneous Sources
- Schedule H: Semiconductor and Related Operations
- Schedule I: Dry Cleaners
- Schedule K: Solid Waste Disposal Sites
- Schedule P: Major Facility Review Fees

2. The following Fee Schedules, which have less significant cost recovery gaps, would be increased by 5 percent:

- Schedule L: Asbestos Operations
- Schedule Q: Excavation of Contaminated Soil and Removal of Underground Storage Tanks

3. The following Fee Schedules, which have the least significant cost recovery gaps, would be increased by 3 percent:

- Schedule B: Combustion of Fuels
- Schedule G-2: Miscellaneous Sources
- Schedule N: Toxic Inventory Fees

4. The following Fee Schedules, which have no cost recovery gaps, would not be increased:

- Schedule C: Stationary Containers for the Storage of Organic Liquids
- Schedule G-3: Miscellaneous Sources
- Schedule G-4: Miscellaneous Sources

It should be noted that Schedule G-3 shows no cost recovery gap only when program costs and revenue related to refinery flares are removed from consideration. Staff is proposing to move refinery flares into a new higher-cost Schedule G-5 (as indicated in item 7 below) rather than increase fees for Schedule G-3.

5. The fees in Schedule M: Major Stationary Source Fees, would be increased by 15 percent. This will partially compensate for emissions reductions at affected facilities that have resulted in decreased revenue from this emissions-based Fee Schedule. In spite of reduced emissions, staff-hours associated with regulatory programs for Major Stationary Sources have not decreased.

6. 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
 - Section 3-329: Fee for Risk Screening (base fee for each application specified in the applicable Fee Schedule)
7. The permit fees for refinery flares subject to District Rules 12-11 and 12-12 would be increased by 50 percent to more fully recover the District's costs associated with these sources. A new Fee Schedule G-5 would be created for this purpose.
8. The permit fees for compost operations that require District permits (i.e., facilities with throughputs of biomass equal to greater than 500 tons per year) would be increased to more fully recover the District's costs associated with these sources by specifically listing these sources in Fee Schedule G-1 (compost operations currently fall under Fee Schedule F).
9. New fees would be established for registration of conveyORIZED (chain-driven) charbroilers, and larger under-fired charbroilers, to recover the costs associated with proposed new District Regulation 6, Rule 2: Commercial Cooking Equipment. The Board will consider adoption of Regulation 6, Rule 2 on May 16, 2007, and will have a second public hearing on June 6, 2007, as required by state law, to adopt the fee schedule for equipment registration.
10. New fees would be established for operations that require an Asbestos Dust Mitigation Plan to be approved by the District under the State Airborne Toxic Control Measure for Construction, Grading, Quarrying, and Surface Mining Operations.
11. The minimum base fee assessed under Schedule N: Toxic Inventory Fees would be reduced from \$125 to \$75. This change is proposed because the District will begin to assess Toxic Inventory Fees based on the established cancer Unit Risk Factor for diesel particulate matter. As a result, the number of facilities paying fees under Schedule N will increase significantly (primarily from facilities with diesel engine backup generators that have previously not been subject to Schedule N fees), so that the minimum base fee can be reduced without decreasing overall fee revenue.

The attached Staff Report contains additional details regarding the proposed amendments to Regulation 3 including the complete text of the proposed changes prepared in strikethrough (deletion of existing text) and underline (new text) format.

Under Health and Safety Code section 41512.5, the adoption or revision of fees for non-permitted sources requires two public hearings that are held at least 30 days apart from one

another. This provision applies to Schedule L: Asbestos Operations, Schedule Q: Excavation of Contaminated Soil and Removal of Underground Storage Tanks, Schedule R: Equipment Registration Fees (and the associated new Section 3-331), and Schedule S: Naturally Occurring Asbestos Operations (and the associated new Section 3-332). A second public hearing regarding these proposed amendments to Regulation 3 is scheduled for June 6, 2007.

The proposed regulatory amendments include several minor non-substantive changes that were made after the Public Hearing Notice was issued and that do not require a continuance of the public hearing. One such change was to include the new minimum \$75 fee in the formula for the surcharge per pound of weighted emissions in Schedule N, which is used to determine the appropriate fee for larger facilities that are above the minimum fee level (this had been inadvertently omitted from the earlier proposal). Several additional minor clarifying changes were also made.

BUDGET CONSIDERATION/FINANCIAL IMPACTS

The proposed fee amendments would increase projected revenue for FYE 2008 by approximately \$1.4 million relative to the current fiscal year. With these increased revenues, the Air District has prepared a balanced budget for FYE 2008, which does not require transfers from the Undesignated Reserve Fund.

Respectfully submitted,

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Reviewed by: Peter Hess



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

STAFF REPORT

PROPOSED AMENDMENTS TO BAAQMD REGULATION 3: FEES

APRIL 20, 2007

**Engineering Division
Bay Area Air Quality Management District**

1. EXECUTIVE SUMMARY

District staff has prepared proposed amendments to District Regulation 3: Fees, for Fiscal Year Ending (FYE) 2008 (i.e., July 1, 2007 to June 30, 2008) that would increase revenue to enable the District to address increasing regulatory program activity costs, and continue to move toward more complete cost recovery. A recently completed 2007 Cost Recovery Study indicates that a significant cost recovery gap exists. For the most recently completed fiscal year (FYE 2006), fee revenue covered 53 percent of direct and indirect program costs, leaving a gap of \$17.8 million to be filled with property tax revenue.

For FYE 2008, the proposed fee amendments would increase fee revenue by approximately \$1.4 million from projected revenue levels in the FYE 2007 budget, representing an increase of about six percent. For reference, the most recent annual increase in the Consumer Price Index for the Bay Area (i.e., from Calendar Year 2005 to 2006) was 2.9 percent.

The District is proposing amendments to individual Fee Schedules that are based on the magnitude of the cost recovery gap identified in the 2007 Cost Recovery Study. Fee Schedules with the largest cost recovery gaps would be increased by 15 percent; schedules with moderate cost recovery gaps, along with most administrative fees, would be increased by five percent; schedules with less significant cost recovery gaps would be increased by three percent; and schedules with no cost recovery gaps would not be increased.

Several additional miscellaneous amendments are proposed as follows:

1. Increase permit fees for compost operations that require District permits (i.e., facilities with throughputs of biomass equal to greater than 500 tons per year) to more fully recover the District's costs associated with these sources.
2. Increase the permit fees for refinery flares subject to District Rules 12-11 and 12-12 to more fully recover the District's costs associated with these sources.
3. Create new fees for registration of conveyORIZED (chain-driven) charbroilers, and large under-fired charbroilers, to recover the costs associated with proposed new District Regulation 6, Rule 2: Commercial Cooking Equipment.
4. Create new fees for operations that require an Asbestos Dust Mitigation Plan to be approved by the District under the State Airborne Toxic Control Measure for Construction, Grading, Quarrying, and Surface Mining Operations.
5. Reduce the minimum base fee assessed under Schedule N: Toxic Inventory Fees. This change is proposed because the District will begin to assess Toxic Inventory Fees based on the established cancer Unit Risk Factor for diesel particulate matter. As a result, the number of facilities paying fees under Schedule N will increase significantly (primarily facilities with diesel engine backup generators), so that the minimum base fee can be reduced without decreasing overall fee revenue.

2. BACKGROUND

State law authorizes the District to assess fees to generate revenue to recover regulatory program activity costs (i.e., the District's full direct and indirect expenditures for personnel, services and supplies, and capital outlay, related to implementing and enforcing air quality programs affecting stationary sources of air pollution). The largest portion of fees is collected under provisions that allow the District to impose permit fees sufficient to recover the full costs of programs related to permitted sources. The District is also authorized to assess fees for: (1) areawide or indirect sources of emissions which are regulated but for which permits are not issued by the District, (2) sources subject to the requirements of the State Air Toxics Hot Spots Program (AB 2588) and, (3) activities related to the District's Hearing Board involving variances or appeals from District decisions on the issuance of permits.

The District has established, and regularly updates, a fee regulation under these authorities (District Regulation 3: Fees). Currently, over forty percent of the District's general fund operating budget is derived from fees imposed in accordance with this regulation.

From time to time, the District has considered whether these fees result in the collection of a sufficient and appropriate amount of revenue in comparison to the costs of related program activities. In 1999, a comprehensive review of the District's fee structure and revenues was completed by the firm KPMG Peat Marwick LLP (*Bay Area Air Quality Management District Cost Recovery Study, Final Report: Phase One – Evaluation of Fee Revenues and Activity Costs; February 16, 1999*). The 1999 Cost Recovery Study indicated that fee revenue did not nearly offset the full costs of program activities associated with sources subject to fees as authorized by State law. Property tax revenue (and in some years, fund balances) had consistently been used to close this cost recovery gap.

The District adopted an across-the-board fee increase of 15 percent, the maximum allowed by law, for FYE 2000 as a step toward more complete cost recovery. In each of the next five years, the District adjusted fees only to account for inflation (for FYE 2005, the District also approved further increases in Title V fees, and a new processing fee for renewals of permits to operate).

In 2004, the District's Board of Directors approved funding for an updated Cost Recovery Study. The accounting firm Stonefield Josephson, Inc. completed this study in March 2005 (*Bay Area Air Quality Management District Cost Recovery Study, Final Report; March 30, 2005*). The 2005 Cost Recovery Study indicated that a significant cost recovery gap continued to exist. For the most recent year analyzed, FYE 2004, fee revenue covered about 60 percent of direct and indirect program activity costs.

In the two years following the completion of the 2005 Cost Recovery Study (i.e., FYE 2006 and FYE 2007), the District adopted fee amendments that increased overall projected fee revenue by an average of about seven percent per year. In order to address fee equity issues, the various fees were not all increased in a uniform manner. Rather, individual Fee Schedules were amended based on the magnitude of the cost recovery gap as determined in the 2005 Cost Recovery Study.

District staff has recently completed an update to the 2005 Cost Recovery Study, using the methodology established by Stonefield Josephson, Inc. and based on cost and revenue data collected over the last two completed fiscal years, FYE 2005 and FYE 2006 (*Bay Area Air Quality Management District 2007 Cost Recovery Study, March 2007*). This 2007 Cost Recovery Study indicates that, while the cost recovery gap decreased from FYE 2004 to FYE 2005, it increased significantly from FYE 2005 to FYE 2006 (i.e., in FYE 2006, the cost recovery gap increased by \$3.7 million from the previous fiscal year to \$17.8 million; fee revenue covered 53 percent of program activity costs).

The increase in the cost recovery gap observed between FYE 2005 and FYE 2006 was primarily the result of significant increases in the District's personnel costs over this period. The most significant factor contributing to this increase in personnel costs was pensions (i.e., payments to PERS). For each of the years analyzed in the 2005 Cost Recovery Study (i.e., FYE 2002, FYE 2003, and FYE 2004), the personnel costs associated with the District's PERS pension plan were very low as excess assets were being used for the payment of employer contributions (i.e., the District's PERS account was "superfunded"). Due to the end of this superfunded status, the District's PERS costs increased in FYE 2005 to \$1.7 million, and to \$4.7 million in FYE 2006. (PERS costs are estimated to be \$4.8 million in FYE 2007, and \$5.0 million in FYE 2008).

For FYE 2008, District staff has developed proposed amendments to Regulation 3 using an approach similar to what was used for FYE 2006 and FYE 2007. On an overall basis, it is estimated that the amendments would increase fee revenue by \$1.4 million in FYE 2008 from projected revenue levels in the current fiscal year budget, representing an increase of about six percent. This is about double the rate of inflation (the increase in the annual CPI for urban wage earners for the California Bay Area from calendar year 2005 to 2006, as reported by the California Department of Industrial Relations, Division on Labor Statistics and Research was 2.9 percent).

Projected fee revenue for FYE 2008 is provided in Table 1, based on District staff's proposed amendments to Regulation 3. These figures are approximations, as actual fee revenue depends on a variety of factors, some of which are difficult to predict (e.g., year-to-year fluctuations in industrial activities).

Table 1. Projected Fee Revenue for FYE 2008

Permit Fees	
New & Modified Permit Fees, Permit to Operate Renewal Fees, Title V Fees	\$21,797,000
Other Fees	
AB 2588 Fees (excluding State pass-through)	\$535,000
Asbestos, and Soil Excavation Notification Fees	\$1,739,000
Registration Fees	\$285,000
Hearing Board Fees	\$30,000
Total	\$24,386,000

3. PROPOSED FEE AMENDMENTS FOR FYE 2008

3.1 OVERVIEW OF PROPOSED AMENDMENTS

The District's fee proposal for FYE 2008 is similar to the amendments adopted for FYE 2006 and FYE 2007. The percentage increase for an individual Fee Schedule is based on the magnitude of the cost recovery gap for that Schedule as indicated in the 2007 Cost Recovery Study. In order to minimize the effects of large year-to-year variations in program activities, three-year average cost recovery figures (covering the period July 1, 2003 to June 30, 2006) are used for this purpose. In addition to these percentage increases, several additional amendments to Regulation 3 are proposed that will allow the District to more appropriately recover costs related to specific source categories. The proposed amendments are summarized as follows.

1. The following Fee Schedules, which the 2007 Cost Recovery Study indicates have the largest revenue gaps (i.e., fee revenue representing less than 60 percent of costs), 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 G-1: Miscellaneous Sources
- Schedule H: Semiconductor and Related Operations
- Schedule I: Dry Cleaners

Schedule K: Solid Waste Disposal Sites
Schedule P: Major Facility Review Fees

2. The following Fee Schedules, which the 2007 Cost Recovery Study indicates have less significant revenue gaps (i.e., fee revenue representing less than 75 percent of costs), would be increased by 5 percent:

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

3. The following Fee Schedules, which the 2007 Cost Recovery Study indicates have relatively minor cost recovery gaps (i.e., fee revenue representing less than 96 percent of costs), would be increased by 3 percent:

Schedule B: Combustion of Fuels
Schedule G-2: Miscellaneous Sources
Schedule N: Toxic Inventory Fees

4. The following Fee Schedules, which the 2007 Cost Recovery Study indicates have no revenue gaps, would not be increased:

Schedule C: Stationary Containers for the Storage of Organic Liquids
Schedule G-3: Miscellaneous Sources
Schedule G-4: Miscellaneous Sources

It should be noted that Schedule G-3 shows no revenue gap only when program costs and revenue related to refinery flares are removed. Staff is proposing to move refinery flares into a new higher-cost Schedule G-5 (as indicated in item 7 below) rather than increase fees for Schedule G-3.

5. The fees in Schedule M: Major Stationary Source Fees, would be increased by 15 percent. This will partially compensate for emissions inventory reductions not associated with program cost reductions at affected facilities that have resulted in decreased fee revenue from this emissions-based Fee Schedule.
6. 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
Section 3-329: Fee for Risk Screening (base fee for each application specified in the applicable Fee Schedule)

7. The permit fees for refinery flares subject to District Rules 12-11 and 12-12 would be increased by 50 percent to more fully recover the District's costs associated with these sources. A new Fee Schedule G-5 would be created for this purpose.
8. The permit fees for compost operations that require District permits (i.e., facilities with throughputs of biomass equal to greater than 500 tons per year) would be increased to more fully recover the District's costs associated with these sources by specifically listing these sources in Fee Schedule G-1 (compost operations currently fall under Fee Schedule F).
9. New fees would be established for registration of conveyORIZED (chain-driven) charbroilers, and large under-fired charbroilers, to recover the costs associated with proposed new District Regulation 6, Rule 2: Commercial Cooking Equipment.
10. New fees would be established for operations that require an Asbestos Dust Mitigation Plan to be approved by the District under the State Airborne Toxic Control Measure for Construction, Grading, Quarrying, and Surface Mining Operations.
11. The minimum base fee assessed under Schedule N: Toxic Inventory Fees would be reduced from \$125 to \$75. This change is proposed because the District will begin to assess Toxic Inventory Fees based on the established cancer Unit Risk Factor for diesel particulate matter. As a result, the number of facilities paying fees under Schedule N will increase significantly (primarily many facilities with diesel engine backup generators), so that the minimum base fee can be reduced without decreasing overall fee revenue.

Additional details regarding the proposed amendments are provided in the following section.

3.2 PROPOSED RULE AMENDMENTS

The complete text of the proposed changes to District Regulation 3: Fees, has been prepared in strikethrough (deletion of existing text) and underline (new text) format, and is included in Appendix A. A detailed description of the proposed amendments follows.

- Section 3-302: Fees for New and Modified Sources

The proposed amendment for Section 3-302 is a 5 percent increase in the filing fee for permit applications (rounded to the nearest whole dollar), from \$286 to \$300.

- Section 3-309: Duplicate Permit

The proposed amendment for Section 3-309 is a 5 percent increase in the fee for a duplicate Permit to Operate (rounded to the nearest whole dollar), from \$58 to \$61 per permit.

- Section 3-311: Banking

The proposed amendment for Section 3-311 is a 5 percent increase in the filing fee for banking applications (rounded to the nearest whole dollar), from \$286 to \$300.

- Section 3-312: Emission Caps and Alternative Compliance Plans

No change in regulatory language is proposed for Section 3-312.1, which requires an additional annual fee equal to 15 percent of the facility's Permit to Operate fee for facilities that elect to use an Alternative Compliance Plan (ACP) for compliance with Regulation 8, or Regulation 2, Rule 2. These ACP fees would increase along with any increase in a facility's Permit to Operate renewal fees for sources in Schedules B, D, E, F, G-1, G-2, H, K, and I.

The proposed amendment for Section 3-312.2 is a 5 percent increase in the annual fee (rounded to the nearest whole dollar) for a facility that elects to use an Alternative Compliance Plan (ACP) contained in Regulation 2, Rule 9: Interchangeable Emission Reduction Credits. The fee for each source included in the ACP would be increased from \$721 to \$757, and the maximum fee would be increased from to \$7,212 to \$7,573.

- Section 3-320: Toxic Inventory Fees

The maximum toxic inventory fee specified in Section 3-320.1 would be increased by 5 percent (rounded to the nearest whole dollar), from \$6,564 to \$6,892.

- Section 3-327: Permit to Operate, Renewal Fees

The proposed amendment for Section 3-327 is a 5 percent increase in the processing fee (rounded to the nearest whole dollar) for a facility for renewal of Permits to Operate.

- Section 3-329: Fee for Risk Screening

No change in regulatory language is proposed for Section 3-329, Fee for Risk Screening. Increases in risk screening fees are instead specified in Schedules B, C, D, E, F, G-1, G-2, H, I, and K. For each applicable Fee Schedule, the base fee for each application that requires a Health Risk Screening Analysis would be increased by 5 percent. The portion of the risk screening fee that is based on the type of source involved would be increased by 3 percent for sources covered by Schedules B and G-2, and by 15 percent for sources covered by Schedules D, E, F, G-1, H, I, and K. There would be no increase (except for the increase in the base fee) for sources covered by Schedules C, G-3, and G-4.

- Section 3-331: Registration Fees

A new Section 3-331 is proposed that requires any person who must register equipment under District rules to submit a registration fee, and any annual fee thereafter, as given in Schedule R, a proposed new Fee Schedule. Initially, Schedule R would only apply to facilities subject to equipment registration requirements under proposed District Regulation 6, Rule 2: Commercial Cooking Equipment. The fees proposed for Schedule R are detailed in the Fee Schedules section below.

- Section 3-332: Naturally Occurring Asbestos Fees

A new Section 3-332 is proposed that requires any person who must submit an Asbestos Dust Mitigation Plan to comply with the Asbestos Airborne Toxic Control Measure (ATCM) for Construction, Grading, Quarrying, and Surface Mining Operations (found in section 93105 of Title 17 of the California Code of Regulations) to pay the fees in Schedule S, a proposed new Fee Schedule. The fees proposed for Schedule S are detailed in the Fee Schedules section as follows.

- Fee Schedules

The fees contained in each Fee Schedule in Regulation 3 would be increased by either 3 percent, 5 percent or 15 percent (rounded to the nearest whole dollar, in most cases) as summarized in Section 3.1 of this report, with the exception of the following fee schedules, which would have no increase in fees: Schedule C: Stationary Containers for the Storage of Organic Liquids, Schedule G3: Miscellaneous Sources, and Schedule G4: Miscellaneous Sources. Additional proposed changes to Fee Schedules are as follows.

Schedule G-1: Miscellaneous Sources

Staff is proposing to add compost operations involving windrows, static piles, aerated static piles, in-vessel, or other similar methods to Schedule G-1. These compost operations are currently considered a miscellaneous source subject to the lower-cost Schedule F. The Schedule G-1 fees would apply to compost operations that are large enough to require a District permit (i.e., facilities with throughputs of biomass equal to greater than 500 tons per year). There are currently approximately 20 compost operations in this category in the Bay Area.

In recent years, District staff resources devoted to compost operations have exceeded the revenue derived from fees for these sources by a wide margin. Compost operations have air emissions that include precursor organic compounds, particulate matter, toxic air contaminants, and odorous compounds. Although the District is prohibited from enforcing odor complaints at green waste composting operations under State law, odor complaints must still be responded to in order to determine the source of the complaint. For FYE 2003 through 2006, the District received an average of one hundred complaints per year for facilities with composting operations. The cost of responding to

these complaints and investigating the source of the problem was more than \$840 per site. These complaint response costs are in addition to all other annual enforcement and permitting expenses associated with compost sources.

Listing compost operations in Schedule G-1 would more fully recover the District's costs associated with these sources (overall revenue from annual permit renewal fees from all affected sources would be increased to about \$16,500). The applicable permit fee would also be more appropriate as compared to the level of emissions from these sources. For example, the wood waste grinding operation that often accompanies a compost operation is already subject to Schedule G-1, and the composting operation generates much more emissions of particulate matter than the grinding operation does. The annual permit renewal fee in Schedule G-1 (after adoption of the proposed amendments) would be \$826 per source.

Schedules G-3 and G-5

The District is proposing to move refinery flares subject to District Rule 12-11 (which are also subject to Rule 12-12) from Fee Schedule G-3, to a new Fee Schedule G-5. The permit fees for Schedule G-5 would be 50 percent higher than the existing fees in Schedule G-3.

The 2005 Cost Recovery Study indicated that there was no cost recovery gap associated with Fee Schedule G-3 as fee revenue exceeded District costs for FYE 2002, FYE 2003, and FYE 2004. In order to address fee equity issues, the District has not increased fees for Schedule G-3 for the past two years.

The 2007 Cost Recovery Study indicates that this situation has changed dramatically in the last two years, and that a significant cost recovery gap now exists for this Fee Schedule. For example, Schedule G-3 had cost recovery gaps of \$146,000 and \$1.2 million for FYE 2005 and FYE 2006, respectively.

District staff has determined that the significant increase in District costs associated with Schedule G-3 in recent years is due almost exclusively to one source category, refinery flares (refinery flares were moved from Schedule G-2 to Schedule G-3 effective July 1, 2004). District staff resources associated with refinery flares have increased sharply in recent years due to the adoption of District Rule 12-11: Flare Monitoring at Petroleum Refineries, and Rule 12-12: Flares at Petroleum Refineries. Rule 12-11, adopted June 4, 2003, requires each refinery to submit a detailed monthly monitoring report to the District for each subject flare. In addition, flow verification reports are required to be submitted every six months

Rule 12-12, adopted July 20, 2005, specifies that refinery flaring is prohibited unless it is consistent with an approved Flare Minimization Plan (FMP), and all commitments due under that plan have been met. FMPs were required to be submitted to the District by August 1, 2006, and updated on an annual basis thereafter. Prior to installing or modifying equipment that may contribute to flaring, FMPs must also be updated to

address the new or modified equipment. Review of the initial FMPs, which is still underway, has been very resource intensive for the District. Rule 12-12 also requires the refineries to submit reports to the District that provide detailed information regarding the cause of individual flaring events.

The District staff resources currently devoted to refinery flares due to Rules 12-11 and 12-12 is currently approximately 4 FTEs. The required staff resources are expected to drop by about one-third after the initial FMP review period is completed. Moving the refinery flares into Schedule G-5 would increase overall annual permit renewal revenue for these sources to a total of about \$300,000. This would more fully recover the District's ongoing costs associated with implementation and enforcement of Rules 12-11 and 12-12. The annual permit renewal fee for each flare would be \$12,423.

Schedule N: Toxic Inventory Fees

Fees for Schedule N, are calculated by a formula that includes the fee revenue that is to be collected for District purposes, as well as the fee revenue that is to be passed through to the State to recover State agency costs related to the Air Toxics Hot Spots Program. The District portion of variable F_T , the total amount of fees to be collected, used to calculate fees for Schedule N is proposed to be increased by 3 percent. This change does not require any modifications to the language of Schedule N. (The smaller State portion of F_T established by the California Air Resources Board is expected to be unchanged in FYE 2008).

The District is proposing to reduce the minimum base fee assessed under Schedule N from \$125 to \$75. This change is proposed because the District has now issued permits to thousands of diesel engine backup generators, and in FYE 2008 will begin to assess Toxic Inventory Fees for them, and other types of permitted diesel engines, based on the established cancer unit risk value for diesel particulate matter. The District is required to do this under the requirements of Health and Safety Code section 44380, which specifies that an air district must assess a fee upon the operator of every facility subject to toxic inventory requirements of the Air Toxics Hot Spots Program.

As a result of including diesel engines, the number of facilities paying fees under Schedule N will increase significantly, so that the minimum base fee can be decreased without a decrease in overall revenue. It should be noted that this change will also result in a decrease in the variable S_L , the surcharge per pound of weighted emissions, so that the Schedule N fees for many facilities that are above the minimum fee threshold of 1000 weighted pounds will also be reduced.

The Schedule N fees for most facilities with diesel engines will increase as a result of the proposed change. For the most typical case (i.e., a facility with a single diesel engine backup generator), annual permit renewal fees under Schedule N will increase by \$75 (the new minimum base fee). Schedule N fees for facilities with more than one permitted diesel engine backup generator, or with one or more prime diesel engine that operate more frequently, will likely increase by more than \$75.

Schedule R: Equipment Registration Fees

District staff is developing a new rule that would control air emissions from restaurant cooking equipment, Regulation 6, Rule 2: Commercial Cooking Equipment. The focus of the rule is on conveyORIZED (chain-driven) charbroilers, and larger under-fired charbroilers. The new rule is expected to be considered for adoption by the District's Board of Directors in May 2007.

The proposed Regulation 6, Rule 2 would require the owner/operator of a subject facility to register the charbroiler(s), and any emission control device(s) that operates with the charbroiler(s), with the District in accordance with District Regulation 1, Section 410. Registration will provide the District with the basic information needed to implement and enforce the new rule, and a mechanism to collect fees to recover associated costs.

The District has completed an evaluation of District costs related to implementation and enforcement of the proposed Rule 6-2. Based on the estimated number of subject facilities, appropriate fees for equipment registration, and annual renewal of registration, have been derived to recover costs. The proposed fees (for both conveyORIZED and under-fired charbroilers) are \$475 for registration, and \$135 for annual renewal. These fees are listed in a proposed new Schedule R.

Schedule S: Naturally Occurring Asbestos Operations

On November 19, 2002, an Asbestos ATCM for Construction, Grading, Quarrying, and Surface Mining Operations became effective in California. This ATCM requires road construction and maintenance activities, construction and grading operations, and quarrying and surface mining operations in areas where naturally-occurring asbestos (NOA) is likely to be found to employ the best available dust mitigation measures. Each air district is required to implement and enforce the ATCM for affected sources within their jurisdiction.

Construction projects in areas of NOA that will disturb more than one acre must prepare and obtain district approval for an asbestos dust mitigation plan (ADMP). The ADMP must specify how the operation will minimize emissions and must address specific emission sources. Quarries and surface mines in areas of NOA must also obtain district approval for an ADMP. An ADMP must contain an air-monitoring component, if deemed necessary by the district's APCO.

The District is proposing to charge fees for processing ADMPs to recover costs of implementing and enforcing the ATCM in a new Schedule S. Based on District staff's experience, a fee of \$225 for ADMP review will cover District costs for this program.

In a few cases since the ATCM became effective over four years ago, the nature and location of specific construction projects have resulted in the District requiring an asbestos air monitoring component to be included in an ADMP. The requirement for air monitoring greatly increases the time and effort required by District staff to implement and enforce the ATCM requirements. Based on District staff's experience, an additional

fee of \$2000 will cover District costs for air monitoring, if it is required as part of the ADMP approval.

4. PROJECTED FEE REVENUE AND COSTS OF PROGRAM ACTIVITIES

With the proposed amendments, the District's total projected fee revenue for FYE 2008 is about \$24.4 million. The 2007 Cost Recovery Study indicated that, for the last complete fiscal year analyzed (FYE 2006), the District's total regulatory program activity costs were approximately \$37.9 million (\$27.2 million in direct costs, and \$10.7 million in indirect costs).

5. STATUTORY AUTHORITY FOR PROPOSED FEE INCREASES

State law authorizes air districts to adopt fee schedules to cover the costs of various air pollution programs. Health & Safety Code section 42311(a) provides authority for an air district to collect permit fees to cover the costs of district programs related to permitted stationary sources. These fees may not exceed the actual cost of permit programs in the preceding year with an adjustment for an increase in the CPI. Subject to similar limitations, Health & Safety Code section 42311(f) further authorizes the District to assess additional permit fees to cover the costs of programs related to toxic air contaminants. Health & Safety Code section 41512.7 limits the allowable percentage increase in fees for authorities to construct and permits to operate (i.e., operating/new and modified permit fees) to 15 percent per year.

Health & Safety Code section 42311(g) authorizes air districts to adopt a schedule of fees to be assessed on areawide or indirect sources of emissions, which are regulated but for which permits are not issued by the district, to recover the costs of district programs related to these sources. This section provides the authority for the District to collect asbestos fees (including fees for NOA operations), soil excavation reporting fees, and registration fees for regulated commercial cooking equipment.

Health & Safety Code section 44380(a) authorizes the air district to adopt a fee schedule, which recovers the costs to the district and the State of the Air Toxics Hot Spots Program (AB 2588).

Health & Safety Code section 42311(h) authorizes air districts to adopt a schedule of fees to cover the reasonable costs of the Hearing Board incurred as a result of appeals from district decisions on the issuance of permits. Section 42364(a) provides similar authority to collect fees for the filing of applications for variances or to revoke or modify variances.

The proposed fee amendments are in accordance with all applicable authorities

provided in the California Health and Safety Code. Based on the results of the 2007 Cost Recovery Study, permit fee revenue following the proposed amendments would still be far below the District's direct and indirect program activity costs associated with regulatory programs covering permitted sources. Similarly, Hearing Board fee revenue will still be below the District's program activity costs associated with Hearing Board activities related to variances and permit appeals. Finally, fee revenue from non-permitted areawide sources would not exceed the District's program activity costs for these sources.

6. ASSOCIATED IMPACTS AND OTHER RULE DEVELOPMENT REQUIREMENTS

6.1 EMISSIONS IMPACTS

There will be no direct air emission increases or decreases as a result of the proposed fee amendments.

6.2 ECONOMIC IMPACTS

The District must, in some cases, consider the socioeconomic impacts and incremental costs of proposed rules or amendments. Section 40728.5(a) of the California Health and Safety Code requires that socioeconomic impacts be analyzed whenever a district proposes the adoption, amendment, or repeal of a rule or regulation that will significantly affect air quality or emissions limitations. The proposed fee amendments will not significantly affect air quality or emissions limitations, and so a socioeconomic impact analysis is not required.

Section 40920.6 of the California Health and Safety Code specifies that a district is required to perform an incremental cost analysis for a proposed rule, if the purpose of the rule is to meet the requirement for best available retrofit control technology or for a feasible measure. The proposed fee amendments are not best available retrofit control technology requirements, nor are they a feasible measure required under the California Clean Air Act. Therefore, an incremental cost analysis is not required.

The impact of the proposed fee amendments on small businesses is expected to be minimal. Many small businesses operate only one or two sources, and generally pay only the minimum permit renewal fees. Table 2 provides a summary of typical annual permit renewals fees projected for FYE 2008 for various size dry cleaners, auto body shops, gasoline stations, and facilities with only diesel engine backup generators (BUGs), along with the increase in renewal fees relative to the current FYE 2007. Note that the permit renewal fees for most dry cleaners will decrease in FYE 2008 relative to the current fiscal year due to the proposed changes to Schedule N fees previously described.

Table 2. Projected Typical Annual Permit Renewal Fees for FYE 2008, and Increases in Renewal Fees Relative to the Current Fiscal Year

Facility Size →	Small		Medium		Large	
	Total Fee	Increase	Total Fee	Increase	Total Fee	Increase
Dry Cleaner	\$353	-\$18	\$392	-\$57	\$1,006	-\$424
Auto Body Shop	\$258	\$29	\$258	\$29	\$514	\$58
Gasoline Station	\$656	\$79	\$1,252	\$153	\$1,849	\$229
Diesel BUG Facility	\$297	\$97	\$367	\$105	\$1,037	\$377

Notes: Small Dry Cleaner: One machine, 50 gal/yr Perc
 Medium Dry Cleaner: One machine; 150 gal/yr Perc
 Large Dry Cleaner: Two machines; 400 gal/yr Perc
 Small Autobody Shop: One Booth; 100 gal/yr paint; 50 gal/yr cleanup
 Medium Autobody Shop: One Booth; 200 gal/yr paint; 75 gal/yr cleanup
 Large Autobody Shop: Two Booths; 500 gal/yr paint; 200 gal/yr cleanup
 Small Gasoline Station: Four triple product nozzles
 Medium Gasoline Station: Eight triple product nozzles
 Large Gasoline Station: Twelve triple product nozzles
 Small Diesel BUG Facility: One 500-HP diesel engine
 Medium Diesel BUG Facility: One 1500-HP diesel engine
 Large Diesel BUG Facility: Two 2000-HP diesel engines

6.3 ENVIRONMENTAL IMPACTS

The California Environmental Quality Act (CEQA), Public Resources Code section 21000 et seq., and the CEQA Guidelines, 14 CCR 15000 et seq., require a government agency that undertakes or approves a discretionary project to prepare documentation addressing the potential impacts of that project on all environmental media. Certain types of agency actions are, however, exempt from CEQA requirements. The proposed fee amendments are exempt from the requirements of the CEQA under Section 15273 of the CEQA Guidelines, which state: "CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies...." (See also Public Resources Code Section 21080(b)(8)).

Section 40727.2 of the Health and Safety Code imposes requirements on the adoption, amendment, or repeal of air district regulations. It requires a district to identify existing federal and district air pollution control requirements for the

equipment or source type affected by the proposed change in district rules. The district must then note any differences between these existing requirements and the requirements imposed by the proposed change. This fee proposal does not impose a new standard, make an existing standard more stringent, or impose new or more stringent administrative requirements. Therefore, section 40727.2 does not apply.

6.4 STATUTORY FINDINGS

Pursuant to Health and Safety Code section 40727, regulatory amendments must meet findings of necessity, authority, clarity, consistency, non-duplication, and reference. The proposed amendments to Regulation 3 are:

- Necessary to fund the District's efforts to attain and maintain federal and state air quality standards, and to reduce public exposure to toxic air contaminants;
- Authorized by Health and Safety Code sections 42311, 42311.2, 41512.7, 42364, 44380 and 40 CFR Part 70.9;
- Clear, in that the amendments are written so that the meaning can be understood by the affected parties;
- Consistent with other District rules, and not in conflict with any state or federal law;
- Not duplicative of other statutes, rules or regulation; and
- Implements and references Health and Safety Code sections 42311, 42311.2, 41512.7, 42364, 44380 and 40 CFR Part 70.9.

7. RULE DEVELOPMENT PROCESS

On February 14, 2007, the District issued a notice for a public workshop to discuss with interested parties a proposal to increase District fees. Distribution of this notice included all District-permitted facilities and a number of other potentially interested stakeholders.

The workshop was held on March 9, 2007. One member of the public attended. On March 26, 2007, District staff provided a briefing on the proposed amendments to the District Board of Directors' Budget and Finance Committee. On April 2, 2007, the District issued a Public Hearing Notice. The public hearing to consider adoption of the proposed amendments is scheduled for May 2, 2007.

Under Health and Safety Code section 41512.5, the adoption or revision of fees for non-permitted sources require two public hearings that are held at least 30 days apart from one another. This provision applies to Schedule L: Asbestos Operations, Schedule Q: Excavation of Contaminated Soil and Removal of Underground Storage Tanks, Schedule R: Equipment Registration Fees (and the associated new Section

3-331), and Schedule S: Naturally Occurring Asbestos Operations (and the associated new Section 3-332). A second public hearing regarding these proposed amendments to Regulation 3 is scheduled for June 6, 2007.

8. PUBLIC COMMENTS

No comments have been received regarding the proposed fee amendments as of the date of this report. One individual attended the public workshop, but provided no comments.



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

STAFF REPORT

PROPOSED AMENDMENTS TO BAAQMD REGULATION 3: FEES

APRIL 20, 2007

APPENDIX A PROPOSED REGULATORY LANGUAGE

REGULATION 3 FEES

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REGULATION 3 FEES

(Adopted June 18, 1980)

3-100 GENERAL

3-101 Description: This regulation establishes fees to be charged for Hearing Board filings, for permits, banking, experimental exemptions, renewal of permits, costs of environmental documentation, asbestos operations, air toxics inventories, and soil excavation and underground tank removals.

(Amended 7/6/83; 11/2/83; 2/21/90; 12/16/92; 8/2/95; 12/2/98; 5/21/03)

3-102 Deleted July 12, 1989

3-103 Exemption, Abatement Devices: Installation, modification, or replacement of abatement devices on existing sources are subject to fees pursuant to Section 3-302.3. All abatement devices are exempt from annual permit renewal fees. However, emissions from abatement devices, including any secondary emissions, shall be included in facility-wide emissions calculations when determining the applicability of and the fees associated with Schedules M, N, and P.

(Amended 6/4/86; 7/1/98; 6/7/00)

3-104 Deleted August 2, 1995

3-105 Exemption, Excavation of Contaminated Soil and Removal of Underground Storage Tank Operation Fees: Fees shall not be required, pursuant to Section 3-322, for operations associated with the excavation of contaminated soil and the removal of underground storage tanks if one of the following is met:

105.1 The tank removal operation is being conducted within a jurisdiction where the APCO has determined that a public authority has a program equivalent to the District program and persons conducting the operations have met all the requirements of the public authority.

105.2 Persons submitting a written notification for a given site have obtained an Authority to Construct or Permit to Operate in accordance with Regulation 2, Rule 1, Section 301 or 302. Evidence of the Authority to Construct or the Permit to Operate must be provided with any notification required by Regulation 8, Rule 40.

(Adopted 1/5/94; Amended 5/21/03)

3-106 Deleted December 2, 1998

3-107 Exemption, Sources Exempt from Permit Requirements: Any source that is exempt from permit requirements pursuant to Regulation 2, Rule 1, Sections 103 through 128 is exempt from permit fees. However, emissions from exempt sources shall be included in facility-wide emissions calculations when determining the applicability of and the fees associated with Schedules M, N, and P.

(Adopted June 7, 2000)

3-200 DEFINITIONS

3-201 Cancelled Application: Any application which has been withdrawn by the applicant or cancelled by the APCO for failure to pay fees or to provide the information requested to make an application complete.

(Amended 6/4/86; 4/6/88)

3-202 Gasoline Dispensing Facility: Any stationary facility which dispenses gasoline directly into the fuel tanks of vehicles, such as motor vehicles, aircraft or boats. The facility shall be treated as a single source which includes all necessary equipment for the exclusive use of the facility, such as nozzles, dispensers, pumps, vapor return lines, plumbing and storage tanks.

(Amended February 20, 1985)

3-203 Filing Fee: A fixed fee for each source in an authority to construct.

(Amended June 4, 1986)

3-204 Initial Fee: The fee required for each new or modified source based on the type and size of the source. The fee is applicable to new and modified sources seeking to

obtain an authority to construct. Operation of a new or modified source is not allowed until the permit to operate fee is paid.

(Amended June 4, 1986)

3-205 Authority to Construct: Written authorization from the APCO, pursuant to Section 2-1-301, for a source to be constructed or modified or for a source whose emissions will be reduced by the construction or modification of an abatement device.

(Amended June 4, 1986)

3-206 Modification: See Section 1-217 of Regulation 1.

3-207 Permit to Operate Fee: The fee required for the annual renewal of a permit to operate or for the first year of operation (or prorated portion thereof) of a new or modified source which received an authority to construct.

(Amended 6/4/86; 7/15/87; 12/2/98; 6/7/00)

3-208 Deleted June 4, 1986

3-209 Small Business: A business with no more than 10 employees and gross annual income of no more than \$600,000 that is not an affiliate of a non-small business.

(Amended 6/4/86; 6/6/90; 6/7/00; 6/15/05)

3-210 Solvent Evaporating Source: Any source utilizing organic solvent, as part of a process in which evaporation of the solvent is a necessary step. Such processes include, but are not limited to, solvent cleaning operations, painting and surface coating, rotogravure coating and printing, flexographic printing, adhesive laminating, etc. Manufacture or mixing of solvents or surface coatings is not included.

(Amended July 3, 1991)

3-211 Source: See Section 1-227 of Regulation 1.

3-212 Deleted August 2, 1995

3-213 Major Stationary Source: For the purpose of Schedule M, a major stationary source shall be any District permitted plant, building, structure, stationary facility or group of facilities under the same ownership, leasehold, or operator which, in the base calendar year, emitted to the atmosphere organic compounds, oxides of nitrogen (expressed as nitrogen dioxide), oxides of sulfur (expressed as sulfur dioxide), or PM₁₀ in an amount calculated by the APCO equal to or exceeding 50 tons per year.

(Adopted 11/2/83; Amended 2/21/90; 6/6/90; 8/2/95; 6/7/00)

3-214 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-215 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-216 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-217 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-218 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-219 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-220 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-221 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-222 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-223 Start-up Date: Date when new or modified equipment under an authority to construct begins operating. The holder of an authority to construct is required to notify the APCO of this date at least 3 days in advance. For new sources, or modified sources whose authorities to construct have expired, operating fees are charged from the startup date.

(Adopted 6/4/86; Amended 6/6/90)

3-224 Permit to Operate: Written authorization from the APCO pursuant to Section 2-1-302.

(Adopted 6/4/86; Amended 6/7/00)

3-225 Minor Modification: Any physical change or alteration to a source listed on Schedules G-3 or G-4 that will not increase emissions of any air contaminant. Such modifications may include alterations to improve energy and operational efficiency and those that reduce emissions. Alterations to increase actual or maximum production capacity shall not be considered minor modifications. Final determination of the applicability of this section shall be made by the APCO.

(Adopted June 6, 1990)

3-226 Air Toxics "Hot Spots" Information and Assessment Act of 1987: The Air Toxics "Hot Spots" Information and Assessment Act of 1987 directs the California Air Resources Board and the Air Quality Management Districts to collect information

from industry on emissions of potentially toxic air contaminants and to inform the public about such emissions and their impact on public health. It also directs the Air Quality Management District to collect fees sufficient to cover the necessary state and District costs of implementing the program.

(Adopted 10/21/92; Amended 6/15/05)

3-227 Toxic Air Contaminant, or TAC: An air pollutant that may cause or contribute to an increase in mortality or in serious illness or that may pose a present or potential hazard to human health. For the purposes of this rule, TACs consist of the substances listed in Table 2-5-1 of Regulation 2, Rule 5.

(Adopted 10/21/92; Amended 6/15/05)

3-228 Deleted December 2, 1998

3-229 Deleted December 2, 1998

3-230 Deleted December 2, 1998

3-231 Deleted December 2, 1998

3-232 Deleted December 2, 1998

3-233 Deleted December 2, 1998

3-234 Deleted December 2, 1998

3-235 Deleted December 2, 1998

3-236 Deleted December 2, 1998

3-237 PM₁₀: See Section 2-1-229 of Regulation 2, Rule 1.

(Adopted June 7, 2000)

3-238 Risk Screening Fee: Fee for a new or modified source of toxic air contaminants for which a health risk screening analysis (HRSA) is required under Regulation 2-5-401, or for an HRSA prepared for other purposes (e.g., for determination of permit exemption in accordance with Regulations 2-1-316, 2-5-301 and 2-5-302; or for determination of exemption from emission control requirements pursuant to Regulation 8-47-113 and 8-47-402).

(Adopted June 15, 2005)

3-239 Toxic Surcharge: Fee paid in addition to the permit to operate fee for a source that emits one or more toxic air contaminants at a rate which exceeds a chronic trigger level listed in Table 2-5-1.

(Adopted June 15, 2005)

3-300 STANDARDS

3-301 Hearing Board Fees: Applicants for variances or appeals or those seeking to revoke or modify variances or abatement orders or to rehear a Hearing Board decision shall pay the applicable fees, including excess emission fees, set forth in Schedule A.

(Amended June 7, 2000)

3-302 Fees for New and Modified Sources: Applicants for authorities to construct and permits to operate new sources shall pay for each new source: a filing fee of ~~\$286~~ **\$300**, the initial fee, the risk screening fee, the permit to operate fee, and toxic surcharge (given in Schedules B, C, D, E, F, H, I or K). Applicants for authorities to construct and permits to operate modified sources shall pay for each modified source, a filing fee of ~~\$286~~ **\$300**, the initial fee, the risk screening fee, and any incremental increase in permit to operate and toxic surcharge fees. Where more than one of the schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. Except for gasoline dispensing facilities (Schedule D) and semiconductor facilities (Schedule H), the size to be used for a source when applying the schedules shall be the maximum size the source will have after the construction or modification. Where applicable, fees for new or modified sources shall be based on maximum permitted usage levels or maximum potential to emit including any secondary emissions from abatement equipment.

302.1 **Small Business Discount:** If an applicant qualifies as a small business and the source falls under schedules B, C, D (excluding gasoline dispensing facilities), E, F, H, I or K, the filing fee, initial fee, and risk screening fee shall be reduced by 50%. All other applicable fees shall be paid in full.

302.2 Deleted July 3, 1991

- 302.3 Fees for Abatement Devices: Applicants for an authority to construct and permit to operate abatement devices where there is no other modification to the source shall pay a ~~\$286~~\$300 filing fee and initial and risk screening fees that are equivalent to 50% of the initial and risk screening fees for the source being abated. For abatement devices abating more than one source, the initial fee shall be 50% of the initial fee for the source having the highest initial fee.
- 302.4 Fees for Reactivated Sources: Applicants for a Permit to Operate reactivated, previously permitted equipment shall pay the full filing, initial, risk screening, permit, and toxic surcharge fees.
- 302.5 Schedule G Fees: Applicants for minor modifications to permitted sources subject to Schedules G-3 or G-4 shall pay filing, initial, risk screening, permit to operate, and toxic surcharge fees specified under Schedule G-2. Permit renewal fees will continue to be charged under Schedules G-3 and G-4.

(Amended 5/19/82; 7/6/83; 6/4/86; 7/15/87; 6/6/90; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06)

3-303 Back Fees: An applicant required to obtain a permit to operate existing equipment in accordance with District regulations shall pay back fees equal to the permit to operate fees and toxic surcharges given in the appropriate Schedule (B, C, D, E, F, H, I or K) prorated from the effective date of permit requirements. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. The applicant shall also pay back fees equal to toxic inventory fees pursuant to Section 3-320 and Schedule N. The maximum back fee shall not exceed a total of five years' permit, toxic surcharge, and toxic inventory fees.

(Amended 5/19/82; 7/6/83; 6/4/86; 7/15/87, 6/6/90; 7/3/91; 10/8/97; 6/15/05)

3-304 Alteration: An applicant to alter an existing permitted source shall pay only the filing fee, provided that the alteration does not result in an increase in emissions of any regulated air pollutant.

(Amended 6/4/86; 11/15/00; 6/2/04)

3-305 Cancellation or Withdrawal: There will be no refund of initial, risk screening, and filing fees if an application is cancelled or withdrawn. However, if an application for identical equipment is submitted within six months of the date of cancellation or withdrawal, the initial fee will be credited in full against the fee for the new application.

(Amended 7/6/83; 4/6/88; 10/8/97; 6/15/05)

3-306 Change in Conditions: If an applicant applies to change the conditions on an existing authority to construct or permit to operate, the applicant will pay the following fees. There will be no change in anniversary date.

306.1 Administrative Condition Changes: An applicant applying for an administrative change in permit conditions shall pay a fee equal to the filing fee for a single source, provided the following criteria are met:

- 1.1 The condition change applies to a single source or a group of sources with shared permit conditions.
- 1.2 The condition change does not subject the source(s) to any District Regulations or requirements that were not previously applicable.
- 1.3 The condition change does not result in any increase in emissions of POC, NPOC, NO_x, CO, SO₂, or PM₁₀ at any source or the emission of a toxic air contaminant above the trigger levels identified in Table 2-5-1
- 1.4 The condition change does not require a public notice.

306.2 Other Condition Changes: Applicant shall pay the filing, initial, and risk screening fees required for new and modified equipment under Section 3-302. If the condition change will result in higher permit to operate fees, the applicant shall also pay any incremental increases in permit to operate fees and toxic surcharges.

(Amended 7/6/83; 6/4/86; 6/6/90; 10/8/97; 6/7/00; 6/15/05)

3-307 Transfers: The owner/operator of record is the person to whom a permit is issued or, if no permit has yet been issued to a facility, the person who applied for a permit. Permits are valid only for the owner/operator of record. Permits are re-issued to the new owner/operator of record with no change in expiration dates.

(Amended 2/20/85; 6/4/86; 11/5/86; 4/6/88; 10/8/97, 5/1/02; 5/21/03; 6/02/04)

- 3-308 Change of Location:** An applicant who wishes to move an existing source, which has a permit to operate, shall pay no fee if the move is on the same facility. If the move is not on the same facility, the source shall be considered a new source and subject to Section 3-302. This section does not apply to portable permits meeting the requirements of Regulation 2-1-220 and 413.
(Amended 7/6/83; 6/4/86; 6/15/05)
- 3-309 Duplicate Permit:** An applicant for a duplicate permit to operate shall pay a fee of ~~\$58~~\$61 per permit.
(Amended 5/19/99, 5/1/02; 5/21/03; 6/02/04; 6/15/05; 6/7/06)
- 3-310 Fee for Constructing Without a Permit:** An applicant for an authority to construct and a permit to operate a source, which has been constructed or modified without an authority to construct, shall pay the following fees:
- 310.1 Sources subject to permit requirements on the date of initial operation shall pay fees for new construction pursuant to Section 3-302, any back fees pursuant to Section 3-303, a late fee equal to 100% of the initial fee, plus the risk screening fee. A modified gasoline dispensing facility subject to Schedule D that is not required to pay an initial fee shall pay back fees, a late fee equal to 100% of the filing fee, plus the risk screening fee.
 - 310.2 Sources previously exempt from permit requirements that lose their exemption due to changes in District, state, or federal regulations shall pay a permit to operate fee and toxic surcharge for the coming year and any back fees pursuant to Section 3-303.
 - 310.3 Sources previously exempt from permit requirements that lose their exemption due to a change in the manner or mode of operation, such as an increased throughput, shall pay fees for new construction pursuant to Section 3-302. In addition, sources applying for permits after commencing operation in a non-exempt mode shall also pay a late fee equal to 100% of the initial fee plus the risk screening fee and any back fees pursuant to Section 3-303.
 - 310.4 Sources modified without a required authority to construct shall pay fees for modification pursuant to Section 3-302 and a late fee equal to 100% of the initial fee.
(Amended 7/6/83; 4/18/84; 6/4/86; 6/6/90; 7/3/91; 8/2/95; 10/8/97; 6/02/04; 6/15/05)
- 3-311 Banking:** Any applicant who wishes to bank emissions for future use, or convert an ERC into an IERC, shall pay a filing fee of ~~\$286~~\$300 per source plus the initial fee given in Schedules B, C, D, E, F, H, I or K. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. Any applicant for the withdrawal of banked emissions shall pay a fee of ~~\$286~~\$300.
(Amended 7/6/83; 6/4/86; 7/15/87; 7/3/91; 6/15/94; 7/1/98; 5/19/99; 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/02/04; 6/15/05; 6/7/06)
- 3-312 Emission Caps and Alternative Compliance Plans:** Any facility which elects to use an alternative compliance plan contained in:
- 312.1 Regulation 8 ("bubble") to comply with a District emission limitation or to use an annual or monthly emission limit to acquire a permit in accordance with the provisions of Regulation 2, Rule 2, shall pay an additional annual fee equal to fifteen percent of the total plant permit to operate fee.
 - 312.2 Regulation 2, Rule 9 shall pay an annual fee of ~~\$724~~\$757 for each source included in the alternative compliance plan, not to exceed ~~\$7,212~~\$7,573.
(Adopted 5/19/82; Amended 6/4/86; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06)
- 3-313 Deleted May 19, 1999**
- 3-314 Deleted August 2, 1995**
- 3-315 Costs of Environmental Documentation:** An applicant for an Authority to Construct a project which is subject to review under the California Environmental Quality Act (Public Resources Code, Section 21000, et seq.) shall pay, in addition to the fees required under Section 3-302 and in any applicable schedule, the District's costs of performing all environmental evaluation required pursuant to the California Environmental Quality Act, the District's costs in preparing any environmental study or Environmental Impact Report (including the costs of any outside consulting assistance which the District may employ in connection with the preparation of any

such study or report), as well as the District's reasonable internal costs (including overhead) of processing and reviewing the required environmental documentation.

(Adopted 12/18/85; Amended 5/1/02)

3-316 Deleted June 6, 1990

3-317 Asbestos Operation Fees: After July 1, 1988, persons submitting a written plan, as required by Regulation 11, Rule 2, Section 401, to conduct an asbestos operation shall pay the fee given in Schedule L.

(Adopted 7/6/88; Renumbered 9/7/88; Amended 8/2/95)

3-318 Public Notice Fee, Schools: Pursuant to Section 42301.6(b) of the Health and Safety Code, an applicant for an authority to construct or permit to operate subject to the public notice requirements of Regulation 2-1-412 shall pay, in addition to the fees required under Section 3-302 and in any applicable schedule, a fee to cover the expense of preparing and distributing the public notices to the affected persons specified in Regulation 2-1-412 as follows:

318.1 A fee of \$2000 per application, and

318.2 The District's cost exceeding \$2000 of preparing and distributing the public notice.

318.3 The District shall refund to the applicant the portion of any fee paid under this Section that exceeds the District's cost of preparing and distributing the public notice.

(Adopted 11/1/89; Amended 10/8/97; 7/1/98; 5/19/99; 6/7/00; 5/21/03; 6/2/04)

3-319 Major Stationary Source Fees: Any major stationary source emitting 50 tons per year of organic compounds, sulfur oxides, nitrogen oxides, or PM₁₀ shall pay a fee based on Schedule M. This fee is in addition to permit and other fees otherwise authorized to be collected from such facilities and shall be included as part of the annual permit renewal fees.

(Adopted 6/6/90; Amended 8/2/95; 6/7/00)

3-320 Toxic Inventory Fees: Any facility that emits one or more toxic air contaminants in quantities above a minimum threshold level shall pay an annual fee based on Schedule N. This fee will be in addition to permit to operate, toxic surcharge, and other fees otherwise authorized to be collected from such facilities.

320.1 An applicant who qualifies as a small business under Regulation 3-209 shall pay a Toxic Inventory Fee as set out in Schedule N up to a maximum fee of ~~\$6,564~~\$6,892 per year.

(Adopted 10/21/92; Amended 5/19/99; 5/21/03; 6/2/04; 6/15/05; 6/7/06)

3-321 Deleted December 2, 1998

3-322 Excavation of Contaminated Soil and Removal of Underground Storage Tank Operation Fees: Persons submitting a written notification for a given site to conduct either excavation of contaminated soil or removal of underground storage tanks as required by Regulation 8, Rule 40, Section 401, 402, 403 or 405 shall pay a fee based on Schedule Q.

(Adopted 1/5/94; Amended 8/2/95; 5/21/03)

3-323 Pre-Certification Fees: An applicant seeking to pre-certify a source, in accordance with Regulation 2, Rule 1, Section 415, shall pay the filing fee, initial fee and permit to operate fee given in the appropriate schedule.

(Adopted June 7, 1995)

3-324 Deleted June 7, 2000

3-325 Deleted December 2, 1998

3-326 Deleted December 2, 1998

3-327 Permit to Operate, Renewal Fees: After the expiration of the initial permit to operate, the permit to operate shall be renewed on an annual basis or other time period as approved by the APCO. The fee required for the renewal of a permit to operate is the permit to operate fee and toxic surcharge listed in Schedules B, C, D, E, F, H, I, and K, prorated for the period of coverage. When more than one of the schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. This renewal fee is applicable to all sources required to obtain permits to operate in accordance with District regulations. The permit renewal invoice shall also specify any applicable major stationary source fees based on Schedule M, toxic inventory fees based on Schedule N, and major facility review fees based on Schedule P. Where applicable, renewal fees shall be based on actual usage or

emission levels that have been reported to or calculated by the District. In addition to these renewal fees for the sources at a facility, the facility shall also pay a processing fee at the time of renewal as follows:

- 327.1 ~~\$56~~\$59 for facilities with one permitted source, including gasoline dispensing facilities,
- 327.2 ~~\$110~~\$116 for facilities with 2 to 5 permitted sources,
- 327.3 ~~\$224~~\$232 for facilities with 6 to 10 permitted sources,
- 327.4 ~~\$334~~\$348 for facilities with 11 to 15 permitted sources,
- 327.5 ~~\$444~~\$463 for facilities with 16 to 20 permitted sources,
- 327.6 ~~\$554~~\$579 for facilities with more than 20 permitted sources.

(Adopted 6/7/00; Amended 6/2/04; 6/16/04; 6/15/05; 6/7/06)

3-328 Fee for OEHHA Risk Assessment Reviews: Any facility that submits a health risk assessment to the District in accordance with Section 44361 of the California Health and Safety Code shall pay any fee requested by the State Office of Environmental Health Hazard Assessment (OEHHA) for reimbursement of that agency's costs incurred in reviewing the risk assessment.

(Adopted June 7, 2000)

3-329 Fee for Risk Screening: A health risk screening analysis (HRSA) required pursuant to Regulation 2, Rule 5 shall be subject to an appropriate Risk Screening Fee pursuant to Regulation 3-302 and Schedules B, C, D, E, F, H, I or K. In addition, any person that requests that the District prepare or review an HRSA (e.g., for determination of permit exemption in accordance with Regulations 2-1-316, 2-5-301 and 2-5-302; or for determination of exemption from emission control requirements pursuant to Regulation 8-47-113 and 8-47-402) shall pay a Risk Screening Fee.

(Adopted June 15, 2005)

3-330 Fee for Renewing an Authority to Construct: An applicant seeking to renew an authority to construct in accordance with Regulation 2-1-407 shall pay a fee of 50% of the initial fee in effect at the time of the renewal. If the District determines that an authority to construct cannot be renewed, any fees paid under this section shall be credited in full against the fee for a new authority to construct for functionally equivalent equipment submitted within six months of the date the original authority to construct expires.

(Adopted June 15, 2005)

3-331 Registration Fees: Any person who is required to register equipment under District rules shall submit a registration fee, and any annual fee thereafter, as set out in Schedule R.

3-332 Naturally Occurring Asbestos Fees: After July 1, 2007, any person required to submit an Asbestos Dust Mitigation Plan (ADMP) pursuant to Title 17 of the California Code of Regulations, Section 93105, Asbestos Air Toxic Control Measure for Construction, Grading, Quarrying, and Surface Mining Operations shall pay the fee(s) set out in Schedule S.

3-400 ADMINISTRATIVE REQUIREMENTS

3-401 Permits: Definitions, standards, and conditions contained in Regulation 2, Permits, are applicable to this regulation.

3-402 Single Anniversary Date: The APCO may assign a single anniversary date to a facility on which all its renewable permits to operate expire and will require renewal. Fees will be prorated to compensate for different time periods resulting from change in anniversary date.

3-403 Change in Operating Parameters: See Section 2-1-404 of Regulation 2, Rule 1.

3-404 Deleted June 7, 2000

3-405 Fees Not Paid: If an applicant or owner/operator fails to pay the fees specified on the invoice by the due date, the following procedure(s) shall apply:

- 405.1 Authority to Construct: The application will be cancelled, but can be reactivated upon payment of fees.
- 405.2 New Permit to Operate: The Permit to Operate shall not be issued, and the facility will be notified that operation, including startup, is not authorized.

- 2.1 Fees received during the first 30 days following the due date must include an additional late fee equal to 10 percent of all fees specified on the invoice.
- 2.2 Fees received more than 30 days after the due date must include an additional late fee equal to 50 percent of all fees specified on the invoice.
- 405.3 **Renewal of Permit to Operate:** The facility will be notified that the permit has lapsed and that further operation is no longer authorized. Reinstatement of lapsed Permits to Operate will require the payment of reinstatement fees in addition to all fees specified on the invoice. Fees shall be calculated using fee schedules in effect at either the time of reinstatement or at the time additional fees are assessed under subsection 3-405.2.
 - 3.1 Fees received during the first 30 days following the due date must include all fees specified on the invoice plus a reinstatement fee equal to 10 percent of all fees specified on the invoice.
 - 3.2 Fees received more than 30 days after the due date, but less than one year after the due date, must include all fees specified on the invoice plus a reinstatement fee equal to 50 percent of all fees specified on the invoice.
- 405.4 **Other Fees:** Persons who have not paid the fee by the invoice due date, shall pay a late fee in addition to the original invoiced fee. Fees shall be calculated using fee schedules in effect at the time of the fees' original determination.
 - 4.1 Fees received more than 30 days after the invoice due date must include a late fee of 10 percent of the original invoiced fee.

(Amended 7/6/83; 6/4/86; 11/5/86; 2/15/89; 6/6/90; 7/3/91; 8/2/95; 12/2/98; 6/15/05; 6/7/06)

3-406 Deleted June 4, 1986
3-407 Deleted August 2, 1995
3-408 Permit to Operate Valid for 12 Months: A Permit to Operate is valid for 12 months from the date of issuance or other time period as approved by the APCO.
(Amended 6/4/86; Amended 6/7/00)

3-409 Deleted June 7, 2000
3-410 Deleted August 2, 1995

3-411 Advance Deposit of Funds: The APCO may require that at the time of the filing of an application for an Authority to Construct for a project for which the District is a lead agency under the California Environmental Quality Act (Public Resources Code, Section 21000, et seq.), the applicant shall make an advance deposit of funds, in an amount to be specified by the APCO, to cover the costs which the District estimates to incur in connection with the District's performance of its environmental evaluation and the preparation of any required environmental documentation. In the event the APCO requires such an estimated advance payment to be made, the applicant will be provided with a full accounting of the costs actually incurred by the District in connection with the District's performance of its environmental evaluation and the preparation of any required environmental documentation.
(Adopted 12/18/85; Amended 8/2/95)

3-412 Deleted December 2, 1998

3-413 Toxic "Hot Spots" Information and Assessment Act Revenues: No later than 120 days after the adoption of this regulation, the APCO shall transmit to the California Air Resources Board, for deposit into the Air Toxics "Hot Spots" Information and Assessment Fund, the revenues determined by the ARB to be the District's share of statewide Air Toxics "Hot Spot" Information and Assessment Act expenses.
(Adopted October 21, 1992)

3-414 Deleted December 2, 1998

3-415 Failure to Pay - Further Actions: When an applicant or owner/operator fails to pay the fees specified on the invoice by the due date, the APCO may take the following actions against the applicant or owner/operator:

- 415.1 Issuance of a Notice to Comply.
- 415.2 Issuance of a Notice of Violation.

415.3 Revocation of an existing Permit to Operate. The APCO shall initiate proceedings to revoke permits to operate for any person who is delinquent for more than one month. The revocation process shall continue until payment in full is made or until permits are revoked.

415.4 The withholding of any other District services as deemed appropriate until payment in full is made.

(Adopted 8/2/95; Amended 12/2/98; 6/15/05)

3-416

Adjustment of Fees: The APCO or designees may, upon finding administrative error by District staff in the calculation, imposition, noticing, invoicing, and/or collection of any fee set forth in this rule, rescind, reduce, increase, or modify the fee. A request for such relief from an administrative error, accompanied by a statement of why such relief should be granted, must be received within two years from the date of payment.

(Adopted October 8, 1997)

**SCHEDULE A
HEARING BOARD FEES¹**

Established by the Board of Directors December 7, 1977 Resolution No. 1046
(Code section references are to the California Health & Safety Code, unless otherwise indicated)

		Large Companies	Small Business	Third Party
1.	For each application for variance exceeding 90 days, in accordance with §42350, including applications on behalf of a class of applicants, which meet the requirements of the Hearing Board Rules for a valid and proper class action for variance Plus, for each hearing in addition to the first hearing necessary to dispose of said variance application in accordance with §42350, the additional sum of	\$1507 <u>\$1733</u>	\$225 <u>\$259</u>	
		\$754 <u>\$867</u>	\$76 <u>\$87</u>	
2.	For each application for variance not exceeding 90 days, in accordance with §42350, including applications on behalf of a class of applicants, which meet the requirements of the Hearing Board Rules for a valid and proper class action for variance Plus, for each hearing in addition to the first hearing necessary to dispose of said variance application, in accordance with §42350, the additional sum of	\$905 <u>\$1041</u>	\$225 <u>\$259</u>	
		\$451 <u>\$519</u>	\$76 <u>\$87</u>	
3.	For each application to modify a variance in accordance with §42356 ... Plus, for each hearing in addition to the first hearing on said application to modify a variance, in accordance with §42345, necessary to dispose of the application, the additional sum of.....	\$604 <u>\$691</u>	\$76 <u>\$87</u>	
		\$451 <u>\$519</u>	\$76 <u>\$87</u>	
4.	For each application to extend a variance, in accordance with §42357 .. Plus, for each hearing in addition to the first hearing on an application to extend a variance, in accordance with §42357, necessary to dispose of the application, the additional sum of.....	\$604 <u>\$691</u>	\$76 <u>\$87</u>	
		\$451 <u>\$519</u>	\$76 <u>\$87</u>	
5.	For each application to revoke a variance	\$905 <u>\$1041</u>	\$76 <u>\$87</u>	
6.	For each application for approval of a Schedule of Increments of Progress in accordance with §41703.....	\$604 <u>\$691</u>	\$76 <u>\$87</u>	
7.	For each application for variance in accordance with §41703, which exceeds 90 days Plus, for each hearing in addition to the first hearing on said application for variance in accordance with §41703, the additional sum of	\$1507 <u>\$1733</u>	\$225 <u>\$259</u>	
		\$754 <u>\$867</u>	\$76 <u>\$87</u>	
8.	For each application for variance in accordance with §41703, not to exceed 90 days Plus, for each hearing in addition to the hearing on said application for a variance in accordance with §41703, the additional sum of	\$905 <u>\$1041</u>	\$225 <u>\$259</u>	
		\$451 <u>\$519</u>	\$76 <u>\$87</u>	

		Large Companies	Small Business	Third Party
9.	For each Appeal (Permit, Banking, Title V).....	\$1507 <u>\$1733</u> per hearing day	\$754 <u>\$867</u> per hearing day	\$754 <u>\$867</u> for entire appeal period
10.	For each application for intervention in accordance with Hearing Board Rules §§2.3, 3.6 & 4.6.....	\$754 <u>\$867</u>	\$151 <u>\$174</u>	
11.	For each application to Modify or Terminate an abatement order	\$1507 <u>\$1733</u> per hearing day	\$754 <u>\$867</u> per hearing day	
12.	For each application for an interim variance in accordance with §42351	\$754 <u>\$867</u>	\$151 <u>\$174</u>	
13.	For each application for an emergency variance in accordance with §42359.5.....	\$376 <u>\$432</u>	\$76 <u>\$87</u>	
14.	For each application to rehear a Hearing Board decision in accordance with §40861	100% of previous fee charged	100% of previous fee charged	
15.	Excess emission fees.....	See Attachment I	See Attachment I	
16.	Miscellaneous filing fee for any hearing not covered above	\$754 <u>\$867</u>	\$225 <u>\$259</u>	\$225 <u>\$259</u>
17.	For each published Notice of Public Hearing.....	Cost of Publication	\$0	\$0
18.	Court Reporter Fee (to be paid only if Court Reporter required for hearing)	\$151 <u>\$174</u> or cost per day if hearing solely dedicated to one Docket	\$0	\$151 <u>\$174</u> or cost per day if hearing solely dedicated to one Docket

NOTE 1 Any person who certifies under penalty of perjury that payment of the foregoing fees will cause an unreasonable hardship, may be excused from the payment of fees by order of the Hearing Board on that account.
(Amended 10/8/97; 5/19/99; 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06)

**SCHEDULE A
ATTACHMENT I
EXCESS EMISSION FEE**

A. General

- (1) Each applicant or petitioner for a variance from these Rules and Regulations shall pay to the Clerk or Deputy Clerk of the Hearing Board, in addition to the other filing fees required in Schedule A, an emission fee based on the total weight of emissions discharged, per source or product, other than those described in division (B) below, during the variance period in excess of that allowed by these rules in accordance with the schedule set forth in Table I.
- (2) Where the total weight of emission discharged cannot be easily calculated, the petitioner shall work in concert with District staff to establish the amount of excess emissions to be paid.
- (3) In the event that more than one rule limiting the discharge of the same contaminant is violated, the excess emission fee shall consist of the fee for violation which will result in the payment of the greatest sum. For the purposes of this subdivision, opacity rules and particulate mass emissions shall not be considered rules limiting the discharge of the same contaminant.

B. Excess Visible Emission Fee

Each applicant or petitioner for a variance from Regulation 6 or Health and Safety Code Section 41701 shall pay to the Clerk or Deputy Clerk of the Hearing Board, in addition to the filing fees required in Schedule A and the excess emission fees required in (A) above (if any), an emission fee based on the difference between the percent opacity allowed by Regulation 6 and the percent opacity of the emissions allowed from the source or sources operating under the variance, in accordance with the schedule set forth in Table II.

In the event that an applicant or petitioner is exempt from the provisions of Regulation 6, the applicant or petitioner shall pay a fee calculated as described herein above, but such fee shall be calculated based upon the difference between the opacity allowed under the variance and the opacity allowed under the provisions of Health and Safety Code Section 41701, in accordance with the schedule set forth in Table II.

C. Applicability

The provisions of subdivision (A) shall apply to all variances that generate excess emissions.

D. Fee Determination

- (1) The excess emission fees shall be calculated by the petitioner based upon the requested number of days of operation under variance multiplied by the expected excess emissions as set forth in subdivisions (A) and (B) above. The calculations and proposed fees shall be set forth in the petition.
- (2) The Hearing Board may adjust the excess emission fee required by subdivisions (A) and (B) of this rule based on evidence regarding emissions presented at the time of the hearing.

E. Small Businesses

- (1) A small business shall be assessed twenty percent (20%) of the fees required by subdivisions (A) and (B), whichever is applicable. "Small business" is defined in the Fee Regulation.
- (2) Request for exception as a small business shall be made by the petitioner under penalty of perjury on a declaration form provided by the Executive Officer which shall be submitted to the Clerk or Deputy Clerk of the Hearing Board at the time of filing a petition for variance.

F. Group, Class and Product Variance Fees

Each petitioner included in a petition for a group, class or product variance shall pay the filing fee specified in Schedule A, and the excess emission fees specified in subdivisions (A) and (B), whichever is applicable.

G. Adjustment of Fees

If after the term of a variance for which emission fees have been paid, petitioner can establish, to the satisfaction of the Executive Officer/APCO, that emissions were actually less than those upon which the fee was based, a pro rata refund shall be made.

H. Fee Payment/Variance Invalidation

- (1) Excess emission fees required by subdivisions (A) and (B), based on an estimate provided during the variance Hearing, are due and payable within fifteen (15) days of the granting of the variance. The petitioner shall be notified in writing of any adjustment to the amount of excess emission fees due, following District staff's verification of the estimated emissions. Fee payments to be made as a result of an adjustment are due and payable within fifteen (15) days of notification of the amount due.
- (2) Failure to pay the excess emission fees required by subdivisions (A) and (B) within fifteen (15) days of notification that a fee is due shall automatically invalidate the variance. Such notification may be given by personal service or by deposit, postpaid, in the United States mail and shall be due fifteen (15) days from the date of personal service or mailing. For the purpose of this rule, the fee payment shall be considered to be received by the District if it is postmarked by the United States Postal Service on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if it had been postmarked on the expiration date.

**TABLE I
SCHEDULE OF EXCESS EMISSIONS FEES**

Air Contaminants	All at \$1.44 \$1.66 Per Pound
Organic gases, except methane and those containing sulfur	
Carbon Monoxide	
Oxides of nitrogen (expressed as nitrogen dioxide)	
Gaseous sulfur compounds (expressed as sulfur dioxide)	
Particulate matter	
Toxic Air Contaminants	All at \$7.18 \$8.26 Per Pound
Asbestos	
Benzene	
Cadmium	
Carbon tetrachloride	
Chlorinated dioxins and dibenzofurans (15 species)	
Ethylene dibromide	
Ethylene dichloride	
Ethylene oxide	
Formaldehyde	
Hexavalent chromium	
Methylene chloride	
Nickel	
Perchloroethylene	
1,3-Butadiene	
Inorganic arsenic	
Beryllium	
Polynuclear aromatic hydrocarbons (PAH)	
Vinyl chloride	
Lead	
1,4-Dioxane	
Trichloroethylene	

**TABLE II
SCHEDULE OF EXCESS VISIBLE EMISSION FEE**

For each source with opacity emissions in excess of twenty percent (20%), but less than forty percent (40%) (where the source is in violation of Regulation 6, the fee is calculated as follows:

$$\text{Fee} = (\text{Opacity}^* \text{ equivalent} - 20) \times \text{number of days allowed in variance} \times \text{fee per percent} = \text{fee per percent} \times (\text{Opacity}^* \text{ equivalent} - 20) \times \text{number of days allowed in variance}$$

For each source with opacity emissions in excess of forty percent (40%) (where the source is in violation of Regulation 6 and California Health and Safety Code Section 41701), the fee is calculated as follows:

$$\text{Fee} = (\text{Opacity}^* \text{ equivalent} - 40) \times \text{number of days allowed by variance} \times \text{fee per percent} = \text{fee per percent} \times (\text{Opacity}^* \text{ equivalent} - 40) \times \text{number of days allowed by variance}$$

* Where "Opacity" equals maximum opacity of emissions in percent (not decimal equivalent) allowed by the variance. Where the emissions are darker than the degree of darkness equivalent to the allowed Ringelmann number, the percentage equivalent of the excess degree of darkness shall be used as "opacity."

(Adopted 6/7/00; Amended 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06)

SCHEDULE B COMBUSTION OF FUEL

(Adopted June 18, 1980)

For each source that burns fuel, which is not a flare and not exempted by Regulation 2, Rule 1, the fee shall be computed based on the maximum gross combustion capacity (expressed as higher heating value, HHV) of the source.

1. INITIAL FEE: ~~\$37.66~~\$38.79 per MM BTU/HOUR
 - a. The minimum fee per source is: ~~\$201~~\$207
 - b. The maximum fee per source is: ~~\$70,266~~\$72,374

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$286~~\$300 plus ~~\$37.66~~\$38.79 per MM BTU/hr
 - b. Minimum RSF for first TAC source: ~~\$487~~\$507
 - c. RSF for each additional TAC source: ~~\$37.66~~\$38.79 per MM BTU/Hr *
 - d. Minimum RSF per additional TAC source: ~~\$201~~\$207 *
 - e. Maximum RSF per source is: ~~\$70,266~~\$72,374
 - * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: ~~\$18.83~~\$19.39 per MM BTU/HOUR
 - a. The minimum fee per source is: ~~\$144~~\$148
 - b. The maximum fee per source is: ~~\$35,132~~\$36,186

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. ROUNDING: Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

6. Applicants for an authority to construct and permit to operate a project, which burns municipal waste or refuse-derived fuel, shall pay in addition to all required fees, an additional fee to cover the costs incurred by the State Department of Health Services, and/or a qualified contractor designated by the State Department of Health Services, in reviewing a risk assessment as required under H&S Code Section 42315. The fee shall be transmitted by the District to the Department of Health Services and/or the qualified contractor upon completion of the review and submission of comments in writing to the District.

7. A surcharge equal to 100% of all required initial and permit to operate fees shall be charged for sources permitted to burn one or more of the following fuels: coke, coal, wood, tires, black liquor, and municipal solid waste.

NOTE: MM BTU is million BTU of higher heat value
One MM BTU/HR = 1.06 gigajoules/HR

(Amended 6/5/85; 6/4/86; 3/4/87; 6/6/90; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 7/1/98; 5/19/99; 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06)

SCHEDULE C
STATIONARY CONTAINERS FOR THE STORAGE OF ORGANIC LIQUIDS
(Adopted June 18, 1980)

For each stationary container of organic liquids which is not exempted from permits by Regulation 2 and which is not part of a gasoline dispensing facility, the fee shall be computed based on the container volume, as follows:

1. INITIAL FEE: 0.165 cents per gallon
 - a. The minimum fee per source is: \$182
 - b. The maximum fee per source is: \$24,806

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$286~~ \$300 plus 0.165 cents per gallon
 - b. Minimum RSF for first TAC source: ~~\$468~~ \$482
 - c. RSF for each additional TAC source: 0.165 cents per gallon *
 - d. Minimum RSF per additional TAC source: \$182 *
 - e. Maximum RSF per source is: \$24,806

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: 0.083 cents per gallon
 - a. The minimum fee per source is: \$130
 - b. The maximum fee per source is: \$12,403

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. ROUNDING: Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

*(Amended 2/20/85; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 7/1/98; 5/19/99;
6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06)*

SCHEDULE D
GASOLINE TRANSFER AT GASOLINE DISPENSING FACILITIES,
BULK PLANTS AND TERMINALS
 (Adopted June 18, 1980)

A.. All gasoline dispensing facilities shall pay the following fees:

1. INITIAL FEE: ~~\$109.14~~ **\$125.48** per single product nozzle (spn)
~~\$109.14~~ **\$125.48** per product for each multi-product nozzle (mpn)
2. PERMIT TO OPERATE FEE: ~~\$41.79~~ **\$48.06** per single product nozzle (spn)
~~\$41.79~~ **\$48.06** per product for each multi-product nozzle (mpn)
3. Initial fees and permit to operate fees for hardware modifications at a currently permitted gasoline dispensing facility shall be consolidated into a single fee calculated according to the following formula:

$$\frac{\$150.90}{\text{mpn}} \times \{[(\text{mpn}_{\text{proposed}})(\text{products per nozzle}) + \text{spn}_{\text{proposed}}] - [(\text{mpn}_{\text{existing}})(\text{products per nozzle}) + \text{spn}_{\text{existing}}]\}$$

mpn = multi-product nozzles
spn = single product nozzles

The above formula includes a toxic surcharge.

If the above formula yields zero or negative results, no initial fees or permit to operate fees shall be charged.

For the purposes of calculating the above fees, a fuel blended from two or more different grades shall be considered a separate product.

Other modifications to facilities' equipment, including but not limited to tank addition/replacement/conversion, vapor recovery piping replacement, moving or extending pump islands, will not be subject to initial fees or permit to operate fees.

4. RISK SCREENING FEE (RSF) of ~~\$286~~ **\$300** per application is only applicable to projects for which a health risk screening analysis is required under Regulation 2-5-401 [including increases in permitted throughput for which a health risk screening analysis is required.]
 5. Nozzles used exclusively for the delivery of diesel fuel or other fuels exempt from permits shall pay no fee. Multi-product nozzles used to deliver both exempt and non-exempt fuels shall pay fees for the non-exempt products only.
- B. All bulk plants, terminals or other facilities using loading racks to transfer gasoline or gasohol into trucks, railcars or ships shall pay the following fees:

1. INITIAL FEE: ~~\$1,434~~ **\$1,649** per single product loading arm
~~\$1,434~~ **\$1,649** per product for multi-product arms
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$1,720~~ **\$1,949**
 - b. RSF for each additional TAC source: ~~\$1,434~~ **\$1,649** *

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: ~~\$400~~ **\$460** per single product loading arm
~~\$400~~ **\$460** per product for multi-product arms

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.
- C. Fees in (A) above are in lieu of tank fees. Fees in (B) above are in addition to tank fees.
- D. Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

*(Amended 2/20/85; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 10/8/97; 7/1/98;
5/19/99; 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/2/04; 6/15/05; 6/7/06)*

SCHEDULE E
SOLVENT EVAPORATING SOURCES
(Adopted June 18, 1980)

For each solvent evaporating source, as defined in Section 3-210 except for dry cleaners, the fee shall be computed based on the net amount of organic solvent processed through the sources on an annual basis (or anticipated to be processed, for new sources) including solvent used for the cleaning of the sources.

1. INITIAL FEE:
 - a. The minimum fee per source is: ~~\$240~~\$276
 - b. If usage is not more than 1,000 gallons/year: ~~\$240~~\$276
 - c. If usage is more than 1,000 gallons/year: ~~\$483~~\$555 per 1,000 gallons
 - d. The maximum fee per source is: ~~\$19,190~~\$22,069

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$286~~\$300 plus initial fee
 - b. Minimum RSF for first TAC source: ~~\$526~~\$576
 - c. RSF for each additional TAC source: equal to initial fee *
 - d. Minimum RSF per additional TAC source: ~~\$240~~\$276 *
 - e. Maximum RSF per source is: ~~\$19,190~~\$22,069

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:
 - a. The minimum fee per source is: ~~\$173~~\$199
 - b. If usage is not more than 1,000 gallons/year: ~~\$173~~\$199
 - c. If usage is more than 1,000 gallons/year: ~~\$240~~\$276 per 1,000 gallons
 - d. The maximum fee per source is: ~~\$9,594~~\$11,033

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 5/19/82; 10/17/84; 6/5/85; 6/4/86; 10/8/87; 7/3/91; 6/15/94; 7/1/98; 5/19/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05; 6/7/06)

SCHEDULE F
MISCELLANEOUS SOURCES
(Adopted June 18, 1980)

For each source not governed by Schedules B, C, D, E, H or I, (except for those sources in the special classification lists, ~~G-1-G4~~G-5) the fees are:

1. INITIAL FEE: ~~\$240~~\$276
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$526~~\$576
 - b. RSF for each additional TAC source: ~~\$240~~\$276 *
 - * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: ~~\$173~~\$199
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1. List of special classifications requiring graduated fees is shown in Schedules G-1, G-2, G-3, and G-4.

List of special classifications requiring graduated fees is shown in Schedules G-1, G-2, G-3, and G-4.

G-1. FEES FOR SCHEDULE G-1, For each source in a G-1 classification, fees are:

1. INITIAL FEE: ~~\$1,438~~\$1,654
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$1,724~~\$1,954
 - b. RSF for each additional TAC source: ~~\$1,438~~\$1,654 *
 - * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: ~~\$718~~\$826
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-2. FEES FOR SCHEDULE G-2, For each source in a G-2 classification, fees are:

1. INITIAL FEE: ~~\$2,398~~\$2,470
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$2,684~~\$2,770
 - b. RSF for each additional TAC source: ~~\$2,398~~\$2,470 *
 - * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: ~~\$1,198~~\$1,234
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate

fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-3. FEES FOR SCHEDULE G-3, For each source in a G-3 classification, fees are:

1. INITIAL FEE: \$16,565
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$16,851~~ \$16,865
 - b. RSF for each additional TAC source: \$16,565 *

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$8,282
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-4. FEES FOR SCHEDULE G-4, For each source in a G-4 classification, fees are:

1. INITIAL FEE: \$47,335
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$47,621~~ \$47,635
 - b. RSF for each additional TAC source: \$47,335 *

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$23,667
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-5. FEES FOR SCHEDULE G-5, For each source in a G-5 classification, fees are:

1. INITIAL FEE: \$24,848
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: \$25,148
 - b. RSF for each additional TAC source: \$24,848 *

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: \$12,423
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

*(Amended 5/19/82; 6/5/85; 6/4/86; 6/6/90; 7/3/91; 6/15/94; 10/8/97; 7/1/98;
5/19/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05; 6/7/06)*

SCHEDULE G-1
(Adopted June 18, 1980)

Equipment or Process Description	Materials Processed or Produced
Asphalt Roofing Manufacturing – Asphalt Dipping	Asphalt Roofing or Related Materials
Calcining Kilns, excluding those processing cement, lime, or coke (see G-4 for cement, lime, or coke Calcining Kilns)	Any Materials except cement, lime, or coke
Chemical Manufacturing, Inorganic – Processing Units with a Capacity of 1000 Gallons/Hour or more	Any Inorganic Materials
Chemical Manufacturing, Inorganic – Processing Units with a Capacity of 5 Tons/Hour or more	Any Inorganic Materials
Chemical Manufacturing, Inorganic – Reactors with a Capacity of 1000 Gallons or more	Any Inorganic Materials
Chemical Manufacturing, Organic - Latex Dipping	Any latex materials
Chemical Manufacturing, Organic – Processing Units with a Capacity of 1000 Gallons/Hour or more	Any Organic Materials
Chemical Manufacturing, Organic – Processing Units with a Capacity of 5 Tons/Hour or more	Any Organic Materials
Chemical Manufacturing, Organic – Reactors with a Capacity of 1000 Gallons or more	Any Organic Materials
<u>Compost Operations – Windrows, Static Piles, Aerated Static Piles, In-Vessel, or similar methods</u>	<u>Any waste materials such as yard waste, food waste, agricultural waste, mixed green waste, bio-solids, animal manures, etc.</u>
Crushers	Any minerals or mineral products such as rock, aggregate, cement, concrete, or glass; waste products such as building or road construction debris; and any wood, wood waste, green waste; or similar materials
Electroplating Equipment	Hexavalent Decorative Chrome with permitted capacity greater than 500,000 amp-hours per year or Hard Chrome
Foil Manufacturing – Any Converting or Rolling Lines	Any Metal or Alloy Foils
Galvanizing Equipment	Any

Equipment or Process Description	Materials Processed or Produced
Glass Manufacturing – Batching Processes including storage and weigh hoppers or bins, conveyors, and elevators	Any Dry Materials
Glass Manufacturing – Mixers	Any Dry Materials
Glass Manufacturing – Molten Glass Holding Tanks	Any molten glass
Grinders	Any minerals or mineral products such as rock, aggregate, cement, concrete, or glass; waste products such as building or road construction debris; and any wood, wood waste, green waste; or similar materials
Incinerators – Crematory	Human and/or animal remains
Incinerators – Flares	Any waste gases
Incinerators – Other (see G-2 for hazardous or municipal solid waste incinerators, see G-3 for medical or infectious waste incinerators)	Any Materials except hazardous wastes, municipal solid waste, medical or infectious waste
Incinerators – Pathological Waste (see G-3 for medical or infectious waste incinerators)	Pathological waste only
Loading and/or Unloading Operations – Bulk Plants and Bulk Terminals, excluding those loading gasoline or gasohol (see Schedule D for Bulk Plants and Terminals loading gasoline or gasohol)	Any Organic Materials except gasoline or gasohol
Petroleum Refining – Alkylation Units	Any Hydrocarbons
Petroleum Refining – Asphalt Oxidizers	Any Hydrocarbons
Petroleum Refining – Benzene Saturation Units/Plants	Any Hydrocarbons
Petroleum Refining – Catalytic Reforming Units	Any Hydrocarbons
Petroleum Refining – Chemical Treating Units including alkane, naphthenic acid, and naphtha merox treating, or similar processes	Any Hydrocarbons
Petroleum Refining – Converting Units including Dimersol Plants, Hydrocarbon Splitters, or similar processes	Any Hydrocarbons
Petroleum Refining – Distillation Units, excluding crude oil units with capacity > 1000 barrels/hour (see G-3 for > 1000 barrels/hour crude distillation units)	Any Hydrocarbons
Petroleum Refining – Hydrogen Manufacturing	Hydrogen or Any Hydrocarbons

Equipment or Process Description	Materials Processed or Produced
Petroleum Refining – Hydrotreating or Hydrofining	Any Hydrocarbons
Petroleum Refining – Isomerization	Any Hydrocarbons
Petroleum Refining – MTBE Process Units/Plants	Any Hydrocarbons
Petroleum Refining – Sludge Converter	Any Petroleum Waste Materials
Petroleum Refining – Solvent Extraction	Any Hydrocarbons
Petroleum Refining – Sour Water Stripping	Any Petroleum Process or Waste Water
Petroleum Refining – Storage (enclosed)	Petroleum Coke or Coke Products
Petroleum Refining – Waste Gas Flares (not subject to Regulation 12, Rule 11)	Any Petroleum Refining Gases
Petroleum Refining – Miscellaneous Other Process Units	Any Hydrocarbons
Remediation Operations, Groundwater – Strippers	Contaminated Groundwater
Remediation Operations, Soil - Any Equipment	Contaminated Soil
Spray Dryers	Any Materials
Sterilization Equipment	Ethylene Oxide
Wastewater Treatment, Industrial – Oil-Water Separators, excluding oil-water separators at petroleum refineries (see G-2 for Petroleum Refining - Oil-Water Separators)	Wastewater from any industrial facilities except petroleum refineries
Wastewater Treatment, Industrial – Strippers including air strippers, nitrogen strippers, dissolved air flotation units, or similar equipment and excluding strippers at petroleum refineries (see G-2 for Petroleum Refining – Strippers)	Wastewater from any industrial facilities except petroleum refineries
Wastewater Treatment, Industrial - Storage Ponds, excluding storage ponds at petroleum refineries (see G-2 for Petroleum Refining – Storage Ponds)	Wastewater from any industrial facilities except petroleum refineries
Wastewater Treatment, Municipal – Preliminary Treatment	Municipal Wastewater
Wastewater Treatment, Municipal – Primary Treatment	Municipal Wastewater
Wastewater Treatment, Municipal – Digesters	Municipal Wastewater
Wastewater Treatment, Municipal – Sludge Handling Processes, excluding sludge incinerators (see G-2 for sludge incinerators)	Sewage Sludge

(Amended 6/4/86; 6/6/90; 5/19/99; 6/7/00; 6/2/04; 6/15/05)

SCHEDULE G-2
(Adopted June 6, 1990)

Equipment or Process Description	Materials Processed or Produced
Asphalt Roofing Manufacturing – Asphalt Blowing	Asphalt Roofing or Related Materials
Asphaltic Concrete Manufacturing – Aggregate Dryers	Any Dry Materials
Asphaltic Concrete Manufacturing – Batch Mixers	Any Asphaltic Concrete Products
Asphaltic Concrete Manufacturing – Drum Mixers	Any Asphaltic Concrete Products
Asphaltic Concrete Manufacturing – Other Mixers and/or Dryers	Any Dry Materials or Asphaltic Concrete Products
Concrete or Cement Batching Operations – Mixers	Any cement, concrete, or stone products or similar materials
Furnaces – Electric	Any Mineral or Mineral Product
Furnaces – Electric Induction	Any Mineral or Mineral Product
Furnaces – Glass Manufacturing	Soda Lime only
Furnaces – Reverberatory	Any Ores, Minerals, Metals, Alloys, or Related Materials
Incinerators – Hazardous Waste including any unit required to have a RCRA permit	Any Liquid or Solid Hazardous Wastes
Incinerators – Solid Waste, excluding units burning human/animal remains or pathological waste exclusively (see G-1 for Crematory and Pathological Waste Incinerators)	Any Solid Waste including Sewage Sludge (except human/animal remains or pathological waste)
Metal Rolling Lines, excluding foil rolling lines (see G-1 for Foil Rolling Lines)	Any Metals or Alloys
Petroleum Refining – Stockpiles (open)	Petroleum Coke or coke products only
Petroleum Refining, Wastewater Treatment – Oil-Water Separators	Wastewater from petroleum refineries only
Petroleum Refining, Wastewater Treatment – Strippers including air strippers, nitrogen strippers, dissolved air flotation units, or similar equipment	Wastewater from petroleum refineries only
Petroleum Refining, Wastewater Treatment – Storage Ponds	Wastewater from petroleum refineries only
Pickling Lines or Tanks	Any Metals or Alloys
Sulfate Pulping Operations – All Units	Any
Sulfite Pulping Operations – All Units	Any

(Amended June 7, 2000)

SCHEDULE G-3
(Adopted June 18, 1980)

Equipment or Process Description	Materials Processed or Produced
Furnaces – Electric Arc	Any Metals or Alloys
Furnaces – Electric Induction	Any Metals or Alloys
Incinerators – Medical Waste, excluding units burning pathological waste exclusively (see G-1 for Pathological Waste Incinerators)	Any Medical or Infectious Wastes
Loading and/or Unloading Operations – Marine Berths	Any Organic Materials
Petroleum Refining – Waste Gas Flares (subject to Regulation 12, Rule 11)	Any Petroleum Refining Gases
Petroleum Refining – Cracking Units including hydrocrackers and excluding thermal or fluid catalytic crackers (see G-4 for Thermal Crackers and Catalytic Crackers)	Any Hydrocarbons
Petroleum Refining – Distillation Units (crude oils) including any unit with a capacity greater than 1000 barrels/hour (see G-1 for other distillation units)	Any Petroleum Crude Oils
Phosphoric Acid Manufacturing – All Units (by any process)	Phosphoric Acid

(Amended 5/19/82; Amended and renumbered 6/6/90; Amended 6/7/00; 6/15/05)

SCHEDULE G-4
(Adopted June 6, 1990)

Equipment or Process Description	Materials Processed or Produced
Acid Regeneration Units	Sulfuric or Hydrochloric Acid only
Annealing Lines (continuous only)	Metals and Alloys
Calcining Kilns (see G-1 for Calcining Kilns processing other materials)	Cement, Lime, or Coke only
Fluidized Bed Combustors	Solid Fuels only
Nitric Acid Manufacturing – Any Ammonia Oxidation Processes	Ammonia or Ammonia Compounds
Petroleum Refining - Coking Units including fluid cokers, delayed cokers, flexicokers, and coke kilns	Petroleum Coke and Coke Products
Petroleum Refining - Cracking Units including fluid catalytic crackers and thermal crackers and excluding hydrocrackers (see G-3 for Hydrocracking Units)	Any Hydrocarbons
Petroleum Refining - Sulfur Removal including any Claus process or any other process requiring caustic reactants	Any Petroleum Refining Gas
Sulfuric Acid Manufacturing – Any Chamber or Contact Process	Any Solid, Liquid or Gaseous Fuels Containing Sulfur

(Amended June 7, 2000)

SCHEDULE G-5

<u>Equipment or Process Description</u>	<u>Materials Processed or Produced</u>
<u>Petroleum Refinery Flares</u> (subject to Regulation 12, Rule 11)	Any Petroleum Vent Gas (as defined in section 12-11-210 and section 12-12-213)

SCHEDULE H
SEMICONDUCTOR AND RELATED OPERATIONS
(Adopted May 19, 1982)

All of the equipment within a semiconductor fabrication area will be grouped together and considered one source. The fee shall be as indicated:

1. INITIAL FEE:
 - a. The minimum fee per source is: ~~\$240~~**\$276**
 - b. The maximum fee per source is: ~~\$19,191~~**\$22,070**

The initial fee shall include the fees for each type of operation listed below, which is performed at the fabrication area:

 - c. SOLVENT CLEANING OPERATIONS, such as usage of:
Solvent Sinks (as defined in Regulation 8-30-214);
Solvent Spray Stations (as defined in Regulation 8-30-221);
Solvent Vapor Stations (as defined in Regulation 8-30-222); and
Wipe Cleaning Operation (as defined in Regulation 8-30-225).
The fee is based on the gross throughput of organic solvent processed through the solvent cleaning operations on an annual basis (or anticipated to be processed, for new sources):
 - i. If gross throughput is not more than 3,000 gal/yr: ~~\$240~~**\$276**
 - ii. If gross throughput is more than 3,000 gallons/year: ~~\$162~~**\$186** per 1,000 gallon
 - d. COATING OPERATIONS, such as application of:
Photoresist (as defined in Regulation 8-30-215); other wafer coating;
Solvent-Based Photoresist Developer (as defined in Regulation 8-30-219);
and other miscellaneous solvent usage.
The fee is based on the gross throughput of organic solvent processed through the coating operations on an annual basis (or anticipated to be processed, for new sources):
 - i. If gross throughput is not more than 1,000 gal/yr: ~~\$240~~**\$276**
 - ii. If gross throughput is more than 1,000 gallons/year: ~~\$483~~**\$555** per 1,000 gallon
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$286~~**\$300** plus initial fee
 - b. Minimum RSF for first TAC source: ~~\$526~~**\$576**
 - c. RSF for each additional TAC source: equal to initial fee *
 - d. Minimum RSF per additional TAC source: ~~\$240~~**\$276** *
 - e. Maximum RSF per source is: ~~\$19,191~~**\$22,070**

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE:
 - a. The minimum fee per source is: ~~\$173~~**\$199**
 - b. The maximum fee per source is: ~~\$9,594~~**\$11,033**

The permit to operate fee shall include the fees for each type of operation listed below, which is performed at the fabrication area:

 - c. SOLVENT CLEANING OPERATIONS, such as usage of:
Solvent Sinks (as defined in Regulation 8-30-214);
Solvent Spray Stations (as defined in Regulation 8-30-221);
Solvent Vapor Stations (as defined in Regulation 8-30-222); and
Wipe Cleaning Operation (as defined in Regulation 8-30-225).

The fee is based on the gross throughput of organic solvent processed through the solvent cleaning operations on an annual basis (or anticipated to be processed, for new sources):

- i. If gross throughput is not more than 3,000 gal/yr: ~~\$173~~\$199
- ii. If gross throughput is more than 3,000 gallons/year: ~~\$81~~\$93 per 1,000 gallon

d. COATING OPERATIONS, such as application of:

Photoresist (as defined in Regulation 8-30-215); other wafer coating; Solvent-Based Photoresist Developer (as defined in Regulation 8-30-219); and other miscellaneous solvent usage.

The fee is based on the gross throughput of organic solvent processed through the coating operations on an annual basis (or anticipated to be processed, for new sources):

- i. If gross throughput is not more than 1,000 gal/yr: ~~\$173~~\$199
- ii. If gross throughput is more than 1,000 gallons/year: ~~\$240~~\$276 per 1,000 gallon

- 4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.
- 5. The fee for each source will be rounded to the whole dollar. Fees for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 1/9/85; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 10/20/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05; 6/7/06)

**SCHEDULE I
 DRY CLEANERS
 (Adopted July 6, 1983)**

For dry cleaners, the fee shall be computed based on each cleaning machine, except that machines with more than one drum shall be charged based on each drum, regardless of the type or quantity of solvent, as follows:

1. INITIAL FEE FOR A DRY CLEANING MACHINE (per drum):
 - a. If the washing or drying capacity is no more than 100 pounds: ~~\$240~~ **\$276**
 - b. If the washing or drying capacity exceeds 100 pounds: ~~\$240~~ **\$276** plus
 For that portion of the capacity exceeding 100 pounds: ~~\$7.16~~ **\$8.23** per
 pound

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$286~~ **\$300** plus initial fee
 - b. Minimum RSF for first TAC source: ~~\$526~~ **\$576**
 - c. RSF for each additional TAC source: equal to initial fee *
 - d. Minimum RSF per additional TAC source: ~~\$240~~ **\$276** *

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE FOR A DRY CLEANING MACHINE (per drum):
 - a. If the washing or drying capacity is no more than 100 pounds: ~~\$173~~ **\$199**
 - b. If the washing or drying capacity exceeds 100 pounds: ~~\$173~~ **\$199** plus
 For that portion of the capacity exceeding 100 pounds: ~~\$3.59~~ **\$4.13** per pound

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

*(Amended 10/17/84; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 10/8/97; 7/1/98;
 5/19/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/02/04; 6/15/05; 6/7/06)*

**SCHEDULE K
SOLID WASTE DISPOSAL SITES**
(Adopted July 15, 1987)

1. INITIAL FEE:
 - a. Inactive or Closed Solid Waste Disposal Sites ~~\$1,438~~\$1,654
 - b. Active Solid Waste Disposal Sites ~~\$2,876~~\$3,307

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$286~~\$300 plus initial fee
 - b. RSF for each additional TAC source: equal to initial fee *

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

2. PERMIT TO OPERATE FEE:
 - a. Inactive or Closed Solid Waste Disposal Sites ~~\$718~~\$826
 - b. Active Solid Waste Disposal Sites ~~\$1,438~~\$1,654

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Evaluation of Reports and Questionnaires:
 - a. Evaluation of Solid Waste Air Assessment Test Report as required by Health & Safety Code Section 41805.5(g) ~~\$864~~\$994
 - b. Inactive Site Questionnaire evaluation as required by Health & Safety Code Section 41805.5(b) ~~\$433~~\$498
 - c. Evaluation of Solid Waste Air Assessment Test report in conjunction with evaluation of Inactive Site Questionnaire as required by Health & Safety Code Section 41805.5(b) ~~\$433~~\$498
 - d. Evaluation of Initial or Amended Design Capacity Reports as required by Regulation 8, Rule 34, Section 405 ~~\$318~~\$366
 - e. Evaluation of Initial or Periodic NMOC Emission Rate Reports as required by Regulation 8, Rule 34, Sections 406 or 407 ~~\$911~~\$1,048
 - f. Evaluation of Closure Report as required by Regulation 8, Rule 34, Section 409 ~~\$318~~\$366
 - g. Evaluation of Annual Report as required by Regulation 8, Rule 34, Section 411 ~~\$797~~\$917

6. Fees for each source will be rounded off to the nearest dollar. The fee for sources will be rounded up or down to the nearest dollar.

7. For the purposes of this fee schedule, a solid waste disposal site shall be considered active, if it has accepted solid waste for disposal at any time during the previous 12 months or has plans to accept solid waste for disposal during the next 12 months.

(Amended 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 10/6/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05; 6/7/06)

SCHEDULE L
ASBESTOS OPERATIONS
(Adopted July 6, 1988)

1. Asbestos Operations conducted at single family dwellings are subject to the following fees:
 - a. OPERATION FEE: ~~\$89~~\$93 for amounts 100 to 500 square feet or linear feet.
~~\$327~~\$343 for amounts 501 square feet or linear feet to 1000 square feet or linear feet.
~~\$475~~\$499 for amounts 1001 square feet or liner feet to 2000 square feet or linear feet.
~~\$653~~\$686 for amounts greater than 2000 square feet or linear feet.
 - b. Cancellation: ~~\$43~~\$45 of above amounts non-refundable, for notification processing.

2. Asbestos Operations, other than those conducted at single family dwellings, are subject to the following fees:
 - a. OPERATION FEE: ~~\$251~~\$264 for amounts 100 to 159 square feet or 100 to 259 linear feet or 35 cubic feet
~~\$364~~\$382 for amounts 160 square feet or 260 linear feet to 500 square or linear feet or greater than 35 cubic feet.
~~\$529~~\$555 for amounts 501 square feet or linear feet to 1000 square feet or linear feet.
~~\$779~~\$818 for amounts 1001 square feet or liner feet to 2500 square feet or linear feet.
~~\$1114~~\$1,167 for amounts 2501 square feet or linear feet to 5000 square feet or linear feet.
~~\$1526~~\$1,602 for amounts 5001 square feet or linear feet to 10000 square feet or linear feet.
~~\$1941~~\$2,038 for amounts greater than 10000 square feet or linear feet.
 - b. Cancellation: ~~\$120~~\$126 of above amounts non-refundable for notification processing.

3. Demolitions (including zero asbestos demolitions) conducted at a single-family dwelling are subject to the following fee:
 - a. OPERATION FEE: ~~\$43~~\$45
 - b. Cancellation: ~~\$43~~\$45 (100% of fee) non-refundable, for notification processing.

4. Demolitions (including zero asbestos demolitions) other than those conducted at a single family dwelling are subject to the following fee:
 - a. OPERATION FEE: ~~\$179~~\$188
 - b. Cancellation: ~~\$120~~\$126 of above amount non-refundable for notification processing.

5. Asbestos operations with less than 10 days prior notice (excluding emergencies) are subject to the following additional fee:
 - a. OPERATION FEE: ~~\$297~~\$312

6. Asbestos demolition operations for the purpose of fire training are exempt from fees.

7. Floor mastic removal using mechanical buffers and solvent is subject to the following fee:
 - a. OPERATION FEE: ~~\$179~~\$188
 - b. Cancellation: ~~\$120~~\$126 of above amount non-refundable for notification processing.

(Amended 9/5/90; 1/5/94; 8/20/97; 10/7/98; 7/19/00; 8/1/01, 6/5/02, 7/2/03; 6/2/04)

SCHEDULE M
MAJOR STATIONARY SOURCE FEES
(Adopted June 6, 1990)

For each major stationary source emitting 50 tons per year or more of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, and/or PM₁₀, the fee shall be based on the following:

- | | | |
|----|-------------------|---|
| 1. | Organic Compounds | \$71.89 <u>\$82.67</u> per ton |
| 2. | Sulfur Oxides | \$71.89 <u>\$82.67</u> per ton |
| 3. | Nitrogen Oxides | \$71.89 <u>\$82.67</u> per ton |
| 4. | PM ₁₀ | \$71.89 <u>\$82.67</u> per ton |

Emissions calculated by the APCO shall be based on the data reported for the most recent 12-month period prior to billing. In calculating the fee amount, emissions of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, or PM₁₀, if occurring in an amount less than 50 tons per year, shall not be counted.

(Amended 7/3/91; 6/15/94; 7/1/98; 5/9/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05; 6/7/06)

SCHEDULE N
TOXIC INVENTORY FEES
(Adopted October 21, 1992)

For each stationary source emitting substances covered by California Health and Safety Code Section 44300 *et seq.*, the Air Toxics "Hot Spots" Information and Assessment Act of 1987, which have trigger levels listed in Table 2-5-1, a fee based on the weighted emissions of the facility shall be assessed based on the following formulas:

1. A fee of \$5 for each gasoline product dispensing nozzle in the facility, if the facility is a Gasoline Dispensing Facility; or
2. A fee of ~~\$125~~\$75 if the facility has emissions in the current Toxic Emissions Inventory which are greater than or equal to 50 weighted pounds per year and less than 1000 weighted pounds per year; or
3. A fee of ~~\$125~~\$75 + $S_L \times (w_i - 1000)$ if the facility has emissions in the current Toxic Emissions Inventory which are greater than or equal to 1000 weighted pounds per year;

where the following relationships hold:

w_i = facility weighted emissions for facility j ; where the weighted emission for the facility shall be calculated as a sum of the individual emissions of the facility multiplied by either the Unit Risk Factor (URF) for the substance times one hundred thousand (in cubic meters/microgram) if the emission is a carcinogen, or by the reciprocal of the chronic reference exposure level (REL_C) for the substance (in cubic meters/microgram) if the emission is not a carcinogen [use URF and REL_C as listed in Table 2-5-1]:

w_j = Facility Weighted Emission = $\sum_{i=1}^n E_i * Q_i$ where

n = number of toxic substances emitted by facility

E_i = amount of substance i emitted by facility in lbs/year

Q_i = $URF * 10^5$, if i is a carcinogen; or

Q_i = $[REL_C]^{-1}$, if i is not a carcinogen

F_T = Total amount of fees to be collected by the District to cover District and State of California AB 2588 costs as most recently adopted by the Board of Directors of the California Environmental Protection Agency, Air Resources Board, and set out in the most recently published "Amendments to the Air Toxics "Hot Spots" Fee Regulation," published by that agency.

N_L = Number of facilities with emissions in current District Toxic Emissions Inventory greater than 1000 weighted pounds per year.

N_S = Number of facilities with emissions in current District Toxic Emissions Inventory greater than 50 weighted pounds per year and less than 1000 weighted pounds per year.

N_{NOZ} = Number of gasoline-product-dispensing nozzles in currently permitted Gasoline Dispensing Facilities.

S_L = Surcharge per pound of weighted emissions for each pound in excess of 1000 weighted pounds per year, where S_L is given by the following formula:

$$S_L = \frac{F_T - (\cancel{125}75 \times N_S) - (\cancel{125}75 \times N_L) - (5 \times N_{NOZ})}{\sum_{j=1}^{N_L} (w_j - 1000)}$$

(Amended 12/15/93; 6/15/05)

SCHEDULE P
MAJOR FACILITY REVIEW FEES
(Adopted November 3, 1993)

1. MFR / SYNTHETIC MINOR ANNUAL FEES

Each facility, which is required to undergo major facility review in accordance with the requirements of Regulation 2, Rule 6, shall pay annual fees (1a and 1b below) for each source holding a District Permit to Operate. These fees shall be in addition to and shall be paid in conjunction with the annual renewal fees paid by the facility. However, these MFR permit fees shall not be included in the basis to calculate Alternative Emission Control Plan (bubble) or toxic air contaminant surcharges. If a major facility applies for and obtains a synthetic minor operating permit, the requirement to pay the fees in 1a and 1b shall terminate as of the date the APCO issues the synthetic minor operating permit.

a. MFR SOURCE FEE ~~\$246~~\$283 per source

b. MFR EMISSIONS FEE ~~\$9.68~~\$11.13 per ton of regulated air pollutants emitted

Each MFR facility and each synthetic minor facility shall pay an annual monitoring fee (1c below) for each pollutant measured by a District-approved continuous emission monitor or a District-approved parametric emission monitoring system.

c. MFR/SYNTHETIC MINOR MONITORING FEES ~~\$2,458~~\$2,827 per monitor per pollutant

2. SYNTHETIC MINOR APPLICATION FEES

Each facility that applies for a synthetic minor operating permit or a revision to a synthetic minor operating permit shall pay application fees according to 2a and either 2b (for each source holding a District Permit to Operate) or 2c (for each source affected by the revision). If a major facility applies for a synthetic minor operating permit prior to the date on which it would become subject to the annual major facility review fee described above, the facility shall pay, in addition to the application fee, the equivalent of one year of annual fees for each source holding a District Permit to Operate.

a. SYNTHETIC MINOR FILING FEE ~~\$343~~\$394 per application

b. SYNTHETIC MINOR INITIAL PERMIT FEE ~~\$240~~\$276 per source

c. SYNTHETIC MINOR REVISION FEE ~~\$240~~\$276 per source modified

3. MFR APPLICATION FEES

Each facility that applies for or is required to undergo: an initial MFR permit, an amendment to an MFR permit, a minor or significant revision to an MFR permit, a reopening of an MFR permit or a renewal of an MFR permit shall pay, with the application and in addition to any other fees required by this regulation, the applicable fees according to 3a-h below. The fees in 3b and 3g apply to each source in the initial or renewal permit, while the fees in 3d-f apply to each source affected by the revision or reopening.

a. MFR FILING FEE ~~\$343~~\$394 per application

b. MFR INITIAL PERMIT FEE ~~\$331~~\$381 per source

c. MFR ADMINISTRATIVE AMENDMENT FEE ~~\$97~~\$112 per application

d. MFR MINOR REVISION FEE ~~\$486~~\$559 per source modified

e. MFR SIGNIFICANT REVISION FEE ~~\$907~~\$1,043 per source modified

f. MFR REOPENING FEE ~~\$297~~\$342 per source modified

g. MFR RENEWAL FEE ~~\$144~~\$166 per source

Each facility that requests a permit shield or a revision to a permit shield under the provisions of Regulation 2, Rule 6 shall pay the following fee for each source (or group of sources, if the requirements for these sources are grouped together in a single table in the MFR permit) that is covered by the requested shield. This fee shall be paid in addition to any other applicable fees.

- h. MFR PERMIT SHIELD FEE~~\$544~~ \$588 per shielded source or group of sources
- 4. MFR PUBLIC NOTICE FEES
Each facility that is required to undergo a public notice related to any permit action pursuant to Regulation 2-6 shall pay the following fee upon receipt of a District invoice.
MFR PUBLIC NOTICE FEE Cost of Publication
- 5. MFR PUBLIC HEARING FEES
If a public hearing is required for any MFR permit action, the facility shall pay the following fees upon receipt of a District invoice.
 - a. MFR PUBLIC HEARING FEECost of Public Hearing not to exceed ~~\$6,613~~ \$7,605
 - b. NOTICE OF PUBLIC HEARING FEECost of distributing Notice of Public Hearing
- 6. POTENTIAL TO EMIT DEMONSTRATION FEE
Each facility that makes a potential to emit demonstration under Regulation 2-6-312 in order to avoid the requirement for an MFR permit shall pay the following fee:
 - a. PTE DEMONSTRATION FEE ~~\$58~~ \$67 per source, not to exceed ~~\$5,750~~ \$6,613

(Amended 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05; 6/7/06)

SCHEDULE Q
EXCAVATION OF CONTAMINATED SOIL AND
REMOVAL OF UNDERGROUND STORAGE TANKS
(Adopted January 5, 1994)

1. Persons excavating contaminated soil or removing underground storage tanks subject to the provisions of Regulation 8, Rule 40, Section 401, 402, 403 or 405 are subject to the following fee:
 - a. OPERATION FEE: ~~\$120~~\$126

(Amended 7/19/00; 8/1/01, 6/5/02, 7/2/03; 6/2/04)

SCHEDULE R
EQUIPMENT REGISTRATION FEES

1. Persons operating commercial cooking equipment that are required to register equipment as required by District rules are subject to the following fees:
 - a. Conveyorized Charbroiler REGISTRATION FEE: \$475
 - b. Conveyorized Charbroiler ANNUAL RENEWAL FEE: \$135
 - c. Under-fired Charbroiler REGISTRATION FEE: \$475
 - d. Under-fired Charbroiler ANNUAL RENEWAL FEE: \$135

SCHEDULE S
NATURALLY OCCURRING ASBESTOS OPERATIONS

1. ASBESTOS DUST MITIGATION PLAN PROCESSING FEE:

Any person submitting an Asbestos Dust Mitigation Plan (ADMP) for review of an Naturally Occurring Asbestos (NOA) project shall pay the following fee (including NOA Discovery Notifications which would trigger an ADMP review): \$225

2. AIR MONITORING PROCESSING FEE:

NOA projects requiring an Air Monitoring component as part of the ADMP approval are subject to the following fee in addition to the ADMP fee: \$2,000