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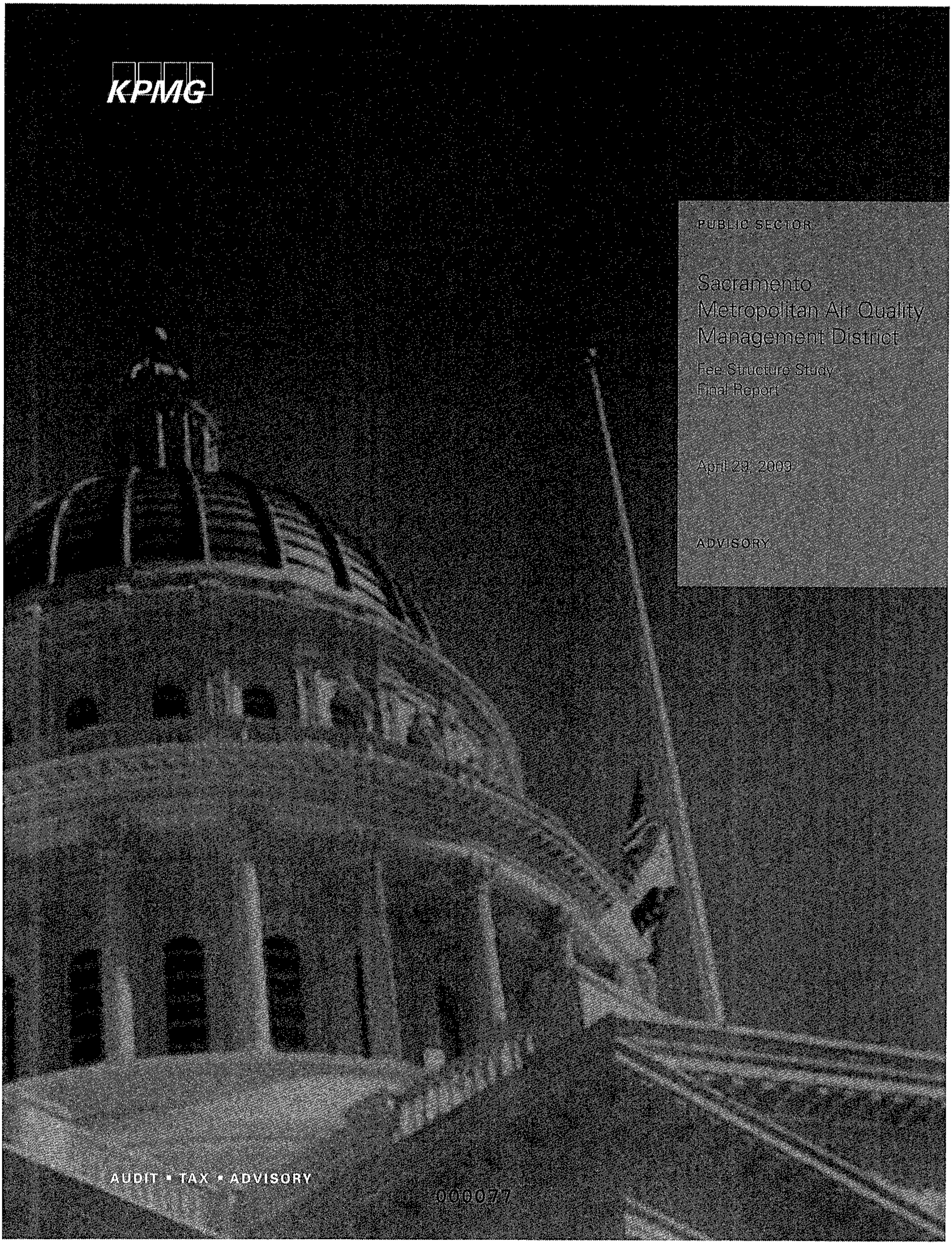
PUBLIC SECTOR

Sacramento Metropolitan Air Quality Management District

Fee Structure Study
Final Report

April 29, 2009

ADVISORY



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Introduction

Overview

The Sacramento Metropolitan Air Quality Management District's (District's) overall mission is to achieve clean air goals by leading the region in protecting public health and the environment through innovative and effective programs, dedicated staff, community involvement, and public education.

The District's work involves interaction with local, state, and federal government agencies; the business community; environmental groups; and private citizens.

The District is governed by a 14-member Board of Directors (the Board) composed of:

- All five Sacramento County Supervisors,
- Four members of the Sacramento City Council,
- One member representing each of the Cities of Citrus Heights, Elk Grove, Folsom, and Rancho Cordova, and
- One member representing the Cities of Galt and Isleton.

The Board reviews and approves all District rules, programs, and budgets.

Does the Executive Office of the District include:

- the APCO/Executive Director;
- the District Counsel;
- Legislative Liaison.

During the period of the review by KPMG LLP (KPMG), the District was organized into five divisions. Since the time of KPMG's review (after June 30, 2007), the Mobile Sources Division and Strategic Planning Division (including Communications office and Land Use Section) have been combined into one division. The merging of these two divisions will not have a significant impact on the allocation of administrative costs for the District. A discussion of the divisions is described below:

- The Administration Division provides fiscal oversight of the District's programs. This Division also handles contracts, human resource management, public information requests, and computer and telecommunication systems.
- The Land Use and Mobile Source Division includes the District's Communication Office, Land Use Section, and Mobile Source Section. The Communication Office provides public information, media support, and information outreach to the community. The Land Use Section provides air quality analysis and commentary on development projects within Sacramento County. The Mobile Source Section develops and implements market-based innovative programs to reduce emissions from on- and off-road mobile sources in Sacramento.
- The Program Coordination Division includes the Plan Coordination Section, which handles planning and emissions inventory. The Technical Services Section includes air monitoring, emission reduction credit (ERC) bank, and rule development.
- The Stationary Source Division includes the Permit Section, which handles local air quality permits, federal Title V permits, and the air toxics program. The Field Operations Section ensures compliance with permit conditions and District rules and regulations.

The District receives program revenue from a variety of sources, including:

- Stationary and area source air pollution permitting fees;
- Local Measure A sales tax;
- Motor vehicle registration fee surcharges;

- Environmental document preparation and processing fees;
- Asbestos removal plan fees;
- Variance petition fees;
- State toxics emission fees;
- Penalties and settlements;
- State and federal grant and subvention funds; and
- Emissions credit loan fees.

The District's programs include stationary and area source regulation and permitting, mobile source pollution reduction incentives, public outreach and education, the Spare the Air program, emission inventory and air quality planning, air monitoring, rule development, and emission credit banking.

The District is responsible for the development, implementation, monitoring, and enforcement of air pollution strategies in Sacramento County and its incorporated cities. The District is also responsible for the protection of the public's health and welfare through the enforcement of rules and regulations to reduce air pollution as stated in the Federal Clean Air Act and the California Clean Air Act.

Fee Authority

California law[1] establishes several different authorities to assess fees to recover the costs of operating local district air quality programs. The greatest fee revenues collected from District Rule 301 rely on the District's authority to establish and increase stationary source permit fee schedules granted by the California Health and Safety Code section 42311. The code states that:

"A district board may adopt, by regulation, a schedule of annual fees for the evaluation, issuance, and renewal of permits to cover the cost of district programs related to permitted stationary sources authorized or required under this division that are not otherwise funded. The fees assessed under this section shall not exceed, for any fiscal year, the actual costs for district programs for the immediately preceding fiscal year with an adjustment not greater than the change in the annual California Consumer Price Index, as determined pursuant to Section 2212 of the Revenue and Taxation Code, for the preceding year."

This authority is further limited to a 15 percent increase annually, as stated in California Health and Safety Code section 41512.7, for any district with an annual budget of $1,000,000 or more.

The Clean Air Act, Title V, 42 USCA Section 7661a (b) (3) requires the District to assess fees sufficient to recover the direct and indirect costs of operating the federal permit program. The Title V fees are a part of Rule 301.

The Study

General Information

The Contractor met with an internal working group of key District staff to coordinate the development of the study. District staff provided information concerning program costs, equipment/process information, fees, and emissions data. The study involved the following tasks:

A. Identify and document background and emerging issues related to the District's cost recovery of activities associated with District fees through interviews, document reviews, review of relevant statutes and regulatory authority, and other sources including District Rules 301, 304, 305, and 306.

B. Identify and document the complete costs associated with fee-related activities through a review of District financial and time-accounting data, employee interviews, and other collection methods as necessary. Consider direct costs, indirect costs, overhead, capital costs, and all other relevant costs. Develop and document a specific

[1] Health and Safety Code Section 40701.5, 40711, 41080, 41512 et. seq., 42311, and 44380.

methodology for analyzing the relationship between the costs of regulatory and associated fees on an annual basis for the following programs:

- Permitting
- Enforcement
- Alternative Compliance Permitting
- Emission Inventory
- Emission Reduction Credits
- Rule Development
- Air Monitoring
- Planning

C. Identify and document the past, current, and projected revenues associated with each Permit Fee Schedule and other fees. Link total relevant costs of activities to fee schedules. Provide a narrative and matrix/graph comparison of costs to revenue, including foreseeable future scenarios.

D. Identify and document factors that should be utilized in assessing the equity of individual fee schedules towards source categories and industries.

E. Develop and document recommendations for adjusting fees in the short-term (up to one year) and in the long-term (one to five years) as necessary to recover costs of current and foreseeable future fee-related activities in an equitable manner amongst fee payers. The recommendations should address fee adjustments to achieve full cost recovery.

The District has recently experienced growth in its regulatory responsibilities and program activity costs and requested a fee study to evaluate the existing fee structure and provide short- and long-term recommendations that would fully and equitably recover fee-related costs for the District. Changes in regulatory responsibilities of the District have been constant, long-term, and significant. The District is concerned that the cumulative increases in responsibility that carry with them increased costs be considered. The District requested that the fee study focus on the following:

- A cost comparison of program activities to the associated revenues received from eligible funding sources;
- An analysis of how the costs are apportioned among fee payers;
- A comparison of fee schedules to other air quality districts;
- A review and assessment of fee structure appropriation for all source categories;
- An exploration of alternative fee recovery opportunities; and
- A methodology for estimating costs that will provide the District with a tool for setting fees and planning budgets in the future.

Our Cost Recovery Approach

KPMG's approach was to utilize our Activity-Based Costing methodology to determine the cost for each service the District provides and develop equitable alternative revenue generation structures for the 10 programs identified in RFP No. 2006-026. The fundamental steps embodied in this approach were to:

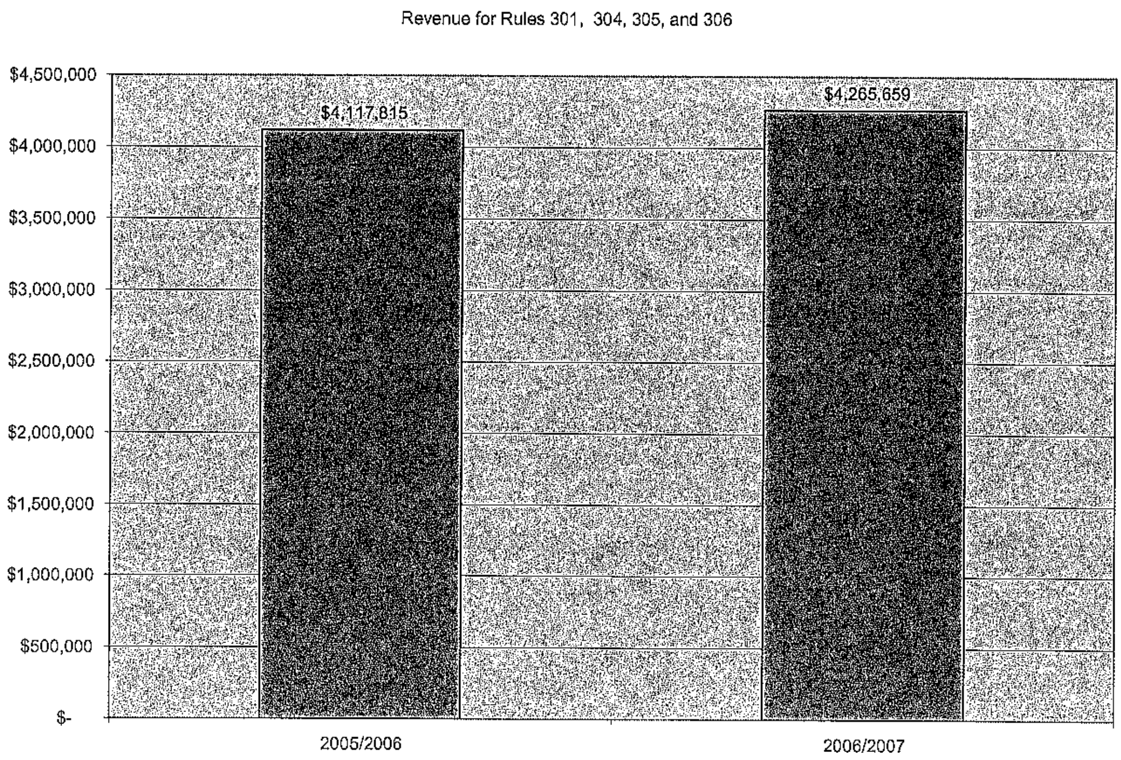
- Identify issues and regulations associated with District services;
- Identify and classify the services provided by District;
- Assess the cost of those services;
- Determine the existing revenue level for each service;
- Propose alternative revenue-generating structures that will align service costs with revenues;
- Perform project costs and revenues analysis; and
- Make process improvement recommendations.

In order to determine the appropriate rate structure to meet the District's financial needs in an equitable manner, KPMG utilized our standard "cost of service" analysis approach. Under this methodology, we identified current system inequities and inefficiencies and evaluated the District's success in achieving its current public policy goals under this system. This overview provided us with a basis for beginning our work.

Revenues

Revenue associated with Rules 301, 304, 305, and 306 increased slightly from Fiscal Year (FY) 2005/2006 to FY 2006/2007. This change was mainly due to an increase of $197,857 in initial permit revenue. Below is a graph (Graph 1) comparing revenue from FY 2005/2006 and FY 2006/2007.

Graph 1



The following table (Table 1) further details the Rule-related revenue by funding source for Rule 301. While there was an increase in revenue for Initial Permitting Fees and Renewal Permitting Fees, it was not enough of an increase to cover program costs. To make up for the gap between Rule-related revenue and program costs, the District has had to use funding from other sources. State Aid and Planning Services Revenue are two of the sources that have been used by the District to help offset the increased costs of Rule 301-related activities. This is discussed further in the Observations and Recommendations sections of the report.

Table 1: Rule 301 Revenues by Source

Revenue Source	2005/2006	2006/2007	Difference
Reinspections	$ 6,891	$ 7,203	$ 312
Title V Permit Fees (Exceptional Lic/Per per Compass)	$ 40,942	$ 27,798	$ (13,144)
Source Test	$ 61,830	$ 53,509	$ (8,321)
Initial Permit Fees	$ 691,705	$ 889,561	$ 197,857
Annual Permit Renewal Fees	$ 2,535,957	$ 2,563,156	$ 27,199
ERC Renewal	$ 9,300	$ 24,205	$ 14,905
State Aid - Other Misc. Programs	$ 336,020	$ 360,241	$ 24,221
Planning Services Charges	$ 43,655	$ 23,785	$ (19,870)
Total Revenue	**$ 3,726,300**	**$ 3,949,458**	**$ 223,158**

Current Fee Structure

The District currently has the authority to collect fees based on rules established and approved by the Board. As part of our review, we analyzed fees associated with the fee rules listed below:

- Permitting fees for Stationary Sources (Rule 301);
- Asbestos Plan fees (Rule 304);
- Environmental Document Preparation and Processing fees (Rule 305); and
- Air Toxics fees (Rule 306).

Permitting fees for Rule 301 make up the largest fee-related revenue source for the District and consist of the most complicated fee structures and schedules, so these fees were a major focus of our study. Permitting fees for Stationary Sources are divided into two fee categories: Initial permit fees and Renewal permit fees. Initial permits are required for any business or person to obtain an Authority to Construct/Permit to Operate before installing or operating new equipment or processes that may release or control air pollutants. Initial permit fees are a one-time fee that is collected prior to construction or operation. In addition to the Initial fees, an annual Renewal fee is collected to cover the cost of annual inspections. The Renewal fee is approximately half of the price of the Initial permit fee. The District has the authority to increase fees to cover the increasing costs of these inspections and the processing of the Initial permit applications.

Over the past 10 years, the District had one fee increase in FY 2001/2002 of 15 percent in an attempt to bridge the gap between program costs and revenue. At the same time, the District established an annual fee increase based on the Consumer Price Index. As part of our study, we compared the fee increases of the Sacramento Metropolitan Air Quality Management District (SMAQMD) to four other air quality districts. The fee increases identified by other districts were mostly adjustments based on changes to the CPI. The Monterey Bay APCD increased fees in 6 percent addition to the CPI adjustment for FYs 2005/2006 and 2006/2007. The Bay Area AQMD increased fees in each of the ten years reviewed, but their increases were not uniform across all fee schedules. San Joaquin Valley APCD has not had a fee increase in the ten years surveyed. South Coast AQMD instituted a 30 percent fee increase for their major fee categories of a three-year period (FY 2005/2006 to 2007/2008). Table 2 is a summary of the fee increases over the past ten years for the SMAQMD compared to the other districts surveyed.

Table 2: Summary of Fee Increases Compared to Other Districts

Summary of District Fee Increases					
	Monterey Bay APCD	Bay Area AQMD	San Joaquin Valley APCD	South Coast AQMD	Sac. Met. AQMD
Year	Increase Percentage	Increase Percentage	Increase Percentage	Increase Percentage	Increase Percentage
FY 1998/99	3.40%	3.10%	0.00%	3.00%	0.00%
FY 1999/00	3.80%	15.00%	0.00%	3.00%	0.00%
FY 2000/01	4.20%	4.30%	0.00%	3.00%	0.00%
FY 2001/02	6.50%	4.40%	0.00%	3.00%	15.00%
FY 2002/03	1.80%	5.30%	0.00%	3.00%	4.30%
FY 2003/04	3.30%	1.60%	0.00%	3.00%	2.80%
FY 2004/05	6.20%	3.00%	0.00%	3.00%	2.70%
FY 2005/06	8.00%	7.00%	0.00%	10.00%	1.70%
FY 2006/07	2.00%	8.50%	0.00%	10.00%	3.90%
FY 2007/08	3.40%	6.00%	0.00%	10.00%	4.20%
Sum of Increases	42.60%	58.20%	0.00%	51.00%	34.60%

With the exception of the San Joaquin Valley APCD, which has not had a fee increase[2], SMAQMD has had the fewest number of increases and the smallest cumulative increase in rates over the past 10 years. These increases have not been sufficient to allow the District to recover its permit-related costs as discussed in the Observations and Recommendations sections of the report.

[2] The San Joaquin Valley APCD did establish new fees for some equipment, such as an unpermitted registration fee, to help recover their enforcement activities costs for equipment that does not require permit.

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Methodology

Direct Fee-Related Costs

To identify the full costs of the fee-related programs included in our study, we needed to be able to identify the direct activity costs associated with each program. These costs include both the direct personnel and direct nonpersonnel costs necessary to support each of the fee-related programs. Because the District does not track costs at a program level, we had to rely on the allocation methodology described in the Cost Allocation Methodology section below to distribute these direct costs down to the activities they support.

Indirect and Overhead Costs

In addition to direct costs, KPMG also identified the District's indirect and overhead costs supporting the fee-related programs. We then performed an analysis of all indirect and overhead costs and the activities of the District to identify the appropriate type of costs and level of services applicable to each of the fee-related programs. Again, as the District does not track costs at a program level, we had to allocate these indirect and overhead costs. Our methodology is documented in the Cost Allocation Methodology section of the report.

Cost Allocation Methodology

In order to allocate costs down to the divisions and the programs they support, KPMG had to develop a cost allocation methodology for the District. This methodology allowed us to determine the costs associated with the administration of the programs in our review. Because the District does not currently track expenses down to the program level, it was necessary for us to develop an allocation methodology that accurately distributed costs to the programs they support. Our methodology was developed through interviews with key personnel, the use of the FY 2006/07 General Ledger (G/L), the FY 2007/08 Annual Budget, and the utilization of other SMAQMD documents and reports.

Electronic versions of the FY 2006/07 G/L and FY 2007/08 Annual Budget were obtained from the Accounting Department. After gathering the expense information, we sorted and summarized the G/L by Order Number, which identifies individual transactions by Division, Funding Source, and Program. This sorting allowed us to identify expenses charged to each Division and to summarize all expenses into the following five categories:

- Administration;
- Mobile Sources;
- Program Coordination;
- Stationary Sources; and
- Strategic Planning.

All expense transactions are coded with multiple pieces of information; using the G/L Account, Allocation, and Order Number headings, we were able to group revenues and expenses. These titles were also instrumental in applying additional descriptions to transactions in order to further distinguish expenses. Because all Order Numbers and Allocation Numbers uniquely identify a division and type of expense, they can be used to properly identify expenses that were not coded with Divisional information. For example, in instances where the G/L Account or Divisional information was missing, or did not coincide with the other information presented, the Order Number could be used to determine the Division. Or, if the Order Number was missing, then the Allocation Number could be used. We used these unique identifiers to help us code all expenses incurred to the proper Division. After properly coding all expenses to their appropriate Divisions, we added categories (Payroll, Non Payroll, Other Expenses, etc.) to further aid in the allocation process. Once this information was added for each transaction, a pivot table was created to more effectively group transactions by Division and Account Expense Type.

Once expenses were sorted by Division and category, we were able to begin to allocate the administrative costs to the remaining four Divisions (Mobile Sources, Program Coordination, Stationary Sources, and Strategic Planning). These administrative costs are allocated to the divisions because they are considered indirect costs or costs that

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support the divisions' activities. Some administrative division costs that exclusively serve one division, such as salaries for the contract staff that support mobile source incentive program, are excluded from the allocation below and instead reflected in the division's expense allocation tables that follow, beginning with Table 6. Administrative costs were allocated based on total payroll costs for each division. We decided to use payroll costs for our allocation methodology based on interviews with District staff and our review of District overhead costs and how they support the divisions in the District. The total payroll costs for each division were then divided by the total payroll costs for the District (minus Administrative Payroll costs) to determine the percentage of total payroll costs for each division. We then used these percentages to allocate all Administrative Payroll costs to the four divisions as shown in Table 3 below.

Table 3: Administrative Payroll and Benefits Allocation

Account Type	Administration	Mobile Source	Program Coordination	Stationary Source	Strategic Planning	Grand Total
Payroll-Salary	$ 1,533,488	$ 899,237	$ 1,310,893	$ 2,204,655	$ 1,069,015	$ 7,017,288
Payroll-Benefits	$ 800,510	$ 241,955	$ 309,050	$ 531,151	$ 236,305	$ 2,118,971
Total Costs	**$ 2,333,998**	**$ 1,141,192**	**$ 1,619,942**	**$ 2,735,806**	**$ 1,305,319**	**$ 9,136,258**
Payroll Costs		$ 1,141,192	$ 1,619,942	$ 2,735,806	$ 1,305,319	$ 6,802,260
Percentage of Payroll		17%	24%	40%	19%	100%
Administrative Allocation		$ 391,567	$ 555,836	$ 938,713	$ 447,883	$ 2,333,999
Reallocated Total		**$ 1,532,758**	**$ 2,175,779**	**$ 3,674,519**	**$ 1,753,202**	**$ 9,136,258**

After we allocated the Administrative Payroll costs to the four divisions, we allocated all of the Administrative Expenses to the division. This allocation was done using the same percentages of total payroll costs used for the Administrative Payroll allocation above. This allocation is shown in Table 4.

Table 4: Administrative Expense Allocation

Account Type	Administration	Mobile Source	Program Coordination	Stationary Source	Strategic Planning	Grand Total
Fixed Assets	$ 6,908	-	$ 159,440			$ 166,348
Interfund Charges	$ 12,200	-		$ 368,762		$ 380,961
Non Payroll Expenses	$ 1,594,669	$ 9,284,375	$ 880,242	$ 268,708	$ 1,804,838	$ 13,832,832
	$ -					$ -
	$ -	$ -	$ -	$ -	$ -	$ -
Total Expenses	**$ 1,613,777**	**$ 9,284,375**	**$ 1,039,682**	**$ 637,470**	**$ 1,804,838**	**$ 14,380,141**
Total (-interfund ch.)	**$ 1,601,577**					
Allocation Percentage		17%	24%	40%	19%	100%
Administrative Allocation		$ 268,691	$ 381,412	$ 656,340	$ 307,335	$ 1,613,777
Reallocated Total		$ 9,553,066	$ 1,421,094	$ 1,293,810	$ 2,112,172	$ 14,380,142

We did a separate allocation for the Administrative Expenses coded under Other Expenses. These expenses are for interest expenses and leasing expenses. Since Mobile Sources does not share the facilities with the other divisions, it was excluded from the cost allocation. The results of this allocation are shown in Table 5.

Table 5: Other Expenses Allocation

Account Type	Administration	Program Coordination	Stationary Source	Strategic Planning	Grand Total
Other Expenses	$ 407,794				$ 407,794
Payroll Costs		$ 1,619,942	$ 2,735,806	$ 1,305,319	$ 5,661,068
Percentage of Payroll		29%	48%	23%	100%
Allocation Percentage		29%	48%	23%	100%
Other Expenses Allocation		$ 116,692	$ 197,073	$ 94,029	$ 407,794
Reallocated Total		**$ 116,692**	**$ 197,073**	**$ 94,029**	**$ 407,794**

Once we allocated all of the administrative costs to the remaining four divisions, we summarized the total expenses (Payroll and all other expenses) for each division. Because we were only concerned with costs associated with Program-related activities, we then separated out Program Coordination and Stationary Sources for further allocation as they are the two divisions that perform the work that is directly supported by the fee rules being studied. Table 6 details the divisional direct costs and the administrative payroll and expenses (indirect costs).

Table 6: Direct and Indirect Cost Allocation Summary

	Direct Costs			Indirect Costs			
Division	Payroll	Expenses	Total	Admin. Payroll	Admin. Expenses	Other Expenses	Total
Mobile Source	$ 1,141,192	$ 9,284,375	$ 10,425,566	$ 391,567	$ 268,691	$ -	$ 660,258
Program Coordination	$ 1,619,942	$ 1,039,682	$ 2,659,625	$ 555,836	$ 381,412	$ 116,692	$ 1,053,941
Stationary Source	$ 2,735,806	$ 637,470	$ 3,373,276	$ 938,713	$ 656,340	$ 197,073	$ 1,792,126
Strategic Planning	$ 1,305,319	$ 1,804,838	$ 3,110,157	$ 447,883	$ 307,335	$ 94,029	$ 849,246
Total Costs	$ 6,802,259	$ 12,766,365	$ 19,568,624	$ 2,333,999	$ 1,613,778	$ 407,794	$ 4,355,571

Stationary Sources Allocations

The Stationary Sources Division provides support to the following programs: Rule 301 (permitting program), 304 (asbestos program), and 306 (air toxic program). In order for us to allocate costs down to the program level, we had to be able to measure the amount of effort supporting each of these programs in the division. Because the District does not currently track time and expenses down to the program level, we had to use other methods to allocate costs. In order to apply these divisional expenses to the program level, KPMG used the FY 2007/08 Budget and Labor Distribution Report, which is tracked to the program level. Individual employee effort is estimated for their involvement in program-related activities in the Budget. We used the estimated level of effort for each employee and their budgeted salary to develop total budgeted payroll costs for each program. We then summarized the percentage of budgeted salaries related to total salaries for the division to determine the percentage attributable to each program. This percentage was used to calculate the amount of actual salaries (based on FY 2006/07 Payroll) attributable to each program. This detailed calculation can be seen in Exhibit 4.

After determining the percentage of actual salaries attributable to each program, we allocated all divisional costs down to each program. These costs (Division Expenses, Administrative Payroll, and Administrative Expenses) were allocated to each program based on the percentage of divisional salaries associated with each program. Once this allocation was done, we had an estimate of the total payroll and expenses for Stationary Sources for each program as shown in Table 7.

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Table 7: Stationary Sources Allocation

Account Type	Stationary Source
Payroll	$ 2,735,806
Fixed Assets	$ -
Interfund Charges	$ 368,762
Non Payroll Expenses	$ 268,708
Other Expenses	$ -
Subtotal Stationary Source (Excluding Payroll)	$ 637,470
Subtotal Stationary Sources (Including Payroll)	3,373,276
Admin Payroll Allocation (includes overhead costs)	$ 938,713
Admin Expense Allocation	$ 656,340
Subtotal Admin Expense Allocation	$ 1,595,053
Other Expenses Allocation	$ 197,073
Total Stationary Source Expense	$ 5,165,403

	Payroll Allocation		Expense Allocation	Admin Payroll Allocation	Admin Expense Allocation	Other Expense Allocation	Total
Rule 301 (Includes Unpermitted Sources)	$ 2,230,193	82%	$ 519,657	$ 765,226	$ 535,040	$ 160,652	$ 4,210,768
Rule 304	$ 272,934	10%	$ 63,596	$ 93,649	$ 65,479	$ 19,661	$ 515,319
Rule 306	$ 69,438	3%	$ 16,180	$ 23,826	$ 16,659	$ 5,002	$ 131,104
Other Rules (PERP and Rule 302)	$ 163,241	6%	$ 38,037	$ 56,011	$ 39,163	$ 11,759	$ 308,211
	$ 2,735,806	100%	$ 637,470	$ 938,712	$ 656,341	$ 197,074	$ 5,165,402

Program Coordination Allocations

The allocation methodology used for the Program Coordination Division was very similar to the one used for Stationary Sources. We used the Labor Distribution Report from the FY 2007/08 Budget and discussions with Program Coordination management to determine the level of effort associated with support program activities for Rules 301 and 304 and all other Program Coordination activities. Divisional Expense, Administrative Payroll, and Administrative Expenses were then allocated to each program and activity based on the percentage of total salaries as shown in Table 8.

Table 8: Program Coordination Allocation

Account Type	Program Coordination
Payroll	$ 1,619,942
Fixed Assets	$ 159,440
Interfund Charges	$ -
Non Payroll Expenses	$ 880,242
Other Expenses	
Subtotal Program Coordination (Excluding Payroll)	$ 1,039,682
Subtotal Program Coordination (Including Payroll)	$ 2,659,624
Admin Payroll Allocation (includes overhead costs)	$ 555,836
Admin Expense Allocation	$ 381,412
Subtotal Admin Expense Allocation	$ 937,248
Other Expenses Allocation	$ 116,692
Total Program Coordination Expense	$ 3,713,565

	Payroll Allocation		Expense Allocation	Admin Payroll Allocation	Admin Expense Allocation	Other Expenses Allocation	Less Offsetting Revenue	Total
Rule 301	$ 814,524	50%	$ 522,763	$ 279,480	$ 191,778	$ 58,674	$ (6,218)	1,861,002
Rule 304	$ 35,555	2%	$ 22,819	$ 12,200	$ 8,371	$ 2,561		81,507
Other Program Costs (Planning, Emissions, Air Monitoring)	$ 769,863	48%	$ 494,100	$ 264,156	$ 181,263	$ 55,457		1,764,839
	$ 1,619,942	100%	$ 1,039,682	$ 555,836	$ 381,412	$ 116,692		$ 3,707,348

After we had allocated all divisional administration and expense costs down to the programs, we summarized the total costs by program as shown in Table 9.

Table 9: Summary of Program-Related Costs

	Stationary Sources	Program Coordination	Total
Rule 301	$ 4,210,768	$ 1,861,002	$ 6,071,770
Rule 304	$ 515,319	$ 81,507	$ 596,826
Rule 306	$ 131,104		$ 131,104
Other Rules (PERP and Rule 302)	$ 308,211		$ 308,211
Total Rule Expenses	$ 5,165,402	$ 1,942,508	$ 7,107,911
Other Program Costs (Planning, Emissions, Air Monitoring)		$ 1,764,839	$ 1,764,839
Total SS and PC Costs with Administrative Allocations	$ 5,165,402	$ 3,707,347	$ 8,872,749

Rule 301 Allocation

Because program activities for Rule 301 are separated into two different categories (Initial Permitting and Renewal Permitting) which both receive their own funding, it was necessary for us to allocate all program costs for Rule 301 down to these categories. Again, we used the Labor Distribution Report breakdown for Stationary Sources Division staff from the FY 2007/08 Budget to determine the level of effort associated with each activity under Rule 301. We then allocated all Stationary Sources and Program Coordination costs for Rule 301 based on the percentage of effort for each activity (initial vs. renewal) from the Labor Distribution Report for the Stationary Source Division. Each activity (Initial Permitting and Renewal Permitting) was allocated divisional expenses, administrative expenses, and administrative payroll costs. These costs and the allocation are shown in Table 10 below.

Table 10: Rule 301 Allocation

Rule 301 Payroll	
Stationary Sources	$ 2,230,193
Program Coordination	$ 814,524
Less ERC offsetting Revenue	$ (6,218)
Total Rule 301 Payroll Costs	$ 3,038,499
Rule 301 Areas	
Direct Costs	
SS Permitting (Initial)	$ 882,352
SS Field Ops (Renewal)	$ 1,112,171
Total Direct	$ 1,994,523
Rule 301 Support Services	
PC Permitting (Rule Development)	$ 416,998
Reinspection	
SS Other	$ 235,670
PC Other	$ 391,308
Total 301 Support Services	$ 1,043,976
Total Rule 301 Payroll Costs	$ 3,038,499
Rule 301 Allocations	
Rule 301 SS Expenses	$ 519,657
Rule 301 PC Expenses	$ 522,763
Total	$ **1,042,420**
Rule 301 SS Admin Payroll	$ 765,226
Rule 301 PC Admin Payroll	$ 279,480
Total	$ **1,044,707**
Rule 301 SS Admin Expenses	$ 535,040
Rule 301 PC Admin Expenses	$ 191,778
Total	$ **726,818**
Rule 301 SS Other Expenses Allocation	$ 160,652
Rule 301 PC Other Expenses Allocation	$ 58,674
Total	$ **219,326**
Total Rule 301 Allocations	$ **3,033,271**
Total Rule 301 Costs	$ **6,071,770**

	Direct Salary	Expense Allocation Percentage	Rule 301 Support Services	Expense Allocation	Admin Payroll Allocation	Admin Expense Allocation	Other Expenses Allocation	Total Costs
Initial Permits	$ 882,352	44%	$ 461,842	$ 461,154	$ 462,165	$ 321,535	$ 97,027	$ 2,686,076
Renewal Permits	$ 1,112,171	56%	$ 582,134	$ 581,266	$ 582,541	$ 405,283	$ 122,299	$ 3,385,694
Total Costs	$ 1,994,523	100%	$ 1,043,976	$ 1,042,420	$ 1,044,707	$ 726,818	$ 219,326	$ 6,071,770

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Comparison of Allocated Costs and Current Revenue

Rule 301

Based on our cost allocation model and the revenue figures provided by the District, there is a shortfall of $2.1 million between the costs and revenues for Rule 301 programs. This shortfall is mostly due to a large variance between initial permitting costs and initial permitting revenue. This variance accounts for roughly 75 percent of the $2.1 million shortfall. This is further illustrated in Table 11.

Table 11: Rule 301 Costs and Revenues Collected and Allocated

	Direct Salary	Expense Allocation Percentage	Total Costs
Permitting (Initial Permits)	$ 882,352	44%	$ 2,686,076
Field Ops (Renewal Permits)	$ 1,112,171	56%	$ 3,385,694
Total	**$ 1,994,523**	**100%**	**$ 6,071,770**
	Rule 301	**Permitting (Initial Permits)**	**Field Ops (Renewal Permits)**
Total Costs	**$ 6,071,770**	**$ 2,686,076**	**$ 3,385,694**
Revenue			
Reinspections	(7,203)		$ (7,203)
Title V Permit Fees (Exceptional Lic/Per per Compass)	(27,798)		$ (27,798)
Document/File Review	(53,509)	$ (23,672)	$ (29,837)
Initial Permit Fees	(889,561)	$ (889,561)	
Annual Permit Renewal Fees	(2,563,156)		$ (2,563,156)
Licenses/Permits - Other	(24,205)	$ (10,708)	$ (13,497)
State Aid - Other Misc. Programs	(360,241)	$ (159,366)	$ (200,875)
Planning Services Charges	(23,785)	$ (10,522)	$ (13,263)
Total Revenue	(3,949,458)	(1,093,829)	(2,855,629)
Total Costs (Less Revenue)	**$ 2,122,312**	**$ 1,592,247**	**$ 530,065**

In addition to the shortfall for initial permits, there is also a $530,000 difference between revenue collected and allocated to renewal fees and the total costs for renewal permits.

The renewal permit fees are divided into nine schedules. Each schedule is made up of numerous fee levels. We allocated total renewal costs from Table 11 to the Rule 301, Section 308 fee schedules based on the estimated level of effort required for each inspection multiplied by the number of permits for each schedule. We then compared the revenue and costs for renewal permits at the schedule level. The revenue figures in the table below are based on the number of permits in each schedule and level and the fees that should be collected for each permit (Schedule Fees, Emission Fees, Reinspection Fees, and Toxic Fees). The difference in total fee revenue between Table 11 and Table 12 is due to the difference in the fees that were actually collected (Table 11) and the fees that should have been collected based on the number of permits (Table 12). The results are shown in Table 12.

Table 12: Rule 301 Renewal Permit Costs and Revenue

Schedule	Percentage of Total Renewal Time	Cost By Schedule	Schedule Fees	Emissions Fees	Reinspection Fees	Toxics Fees	Total Fees	Difference of Cost and Revenue
Schedule 1	28.20%	$ 954,744	$ 751,042	$ 96,048	$ 3,211	$ 9,935	$ 860,236	$ (94,508)
Schedule 2	19.31%	$ 653,796	$ 289,490	$ 84,662	$ 123	$ 1,417	$ 375,692	$ (278,104)
Schedule 3	0.59%	$ 20,021	$ 20,751	$ 3,774	$ -	$ 95	$ 24,620	$ 4,599
Schedule 4	0.58%	$ 19,595	$ 39,778	$ 3,544	$ 241	$ -	$ 43,563	$ 23,968
Schedule 5	1.59%	$ 53,672	$ 128,047	$ 3,174	$ -	$ 11,509	$ 142,730	$ 89,058
Schedule 6	16.07%	$ 544,250	$ 429,949	$ 38,794	$ 3,260	$ 29,165	$ 501,168	$ (43,082)
Schedule 7	18.17%	$ 615,032	$ 305,551	$ 47,042	$ 118	$ 3,532	$ 356,243	$ (258,789)
Schedule 9	15.47%	$ 524,584	$ 377,160	$ 63,300	$ 723	$ 4,945	$ 446,128	$ (78,456)
Total	**100%**	**$ 3,385,694**	**$ 2,341,768**	**$ 340,338**	**$ 7,676**	**$ 60,598**	**$ 2,750,380**	**$ (635,314)**

Based on Table 12, the greatest revenue shortfalls appear to be associated with Schedules 1, 2, 6, 7, and 9. These schedules had the largest variance between costs and revenue when costs were allocated based on the estimated level of effort required for each inspection. Based on this analysis, it would appear that fees for Schedules 1, 2, 6, 7 and 9 are less than what would be required to cover renewal activity costs. A table detailing the revenues and costs of each schedule and level can be found in the Cost Allocation Model at the end of the report in Exhibit 4.

Title V Costs and Revenues

A portion of the costs and revenues included in the analysis of Rule 301 above is associated with the Title V Program. The Title V Program is a federally enforceable operating permit program established by the Clean Air Act. The Clean Air Act, Title V, 42 USCA Section 7661a (b) requires that fees recover the direct and indirect costs of operating the federal permit program. The specific fee requirements and costs to be included are defined in regulations promulgated by the Environmental Protection Agency at 40 CFR Part 71, Section 71.9. District costs associated with Title V include initial permitting, renewal permitting, modifications to existing permits, program monitoring, program administration, and District overhead costs. Fees associated with Title V are currently collected based on actual hours spent by SMAQMD staff. These fees are associated with initial permits, renewal permits, and modifications to existing permits. District costs associated with program monitoring, program administration, and District overhead costs are not currently being recovered. The costs and fee revenue of Title V Permits over the past five years are detailed in Table 13 below.

Table 13: Title V Costs and Revenue

Fiscal Year	Program Costs	Program Revenue	Difference of Cost and Revenue
02/03	$ 46,380	$ 57,920	$ 11,540
03/04	$ 54,911	$ 80,880	$ 25,969
04/05	$ 150,987	$ 47,972	$ (103,015)
05/06	$ 222,848	$ 40,942	$ (181,906)
06/07	$ 115,652	$ 27,798	$ (87,854)
Total	$ 590,778	$ 255,512	$ (335,266)

Based on the table above, the District has under-recovered its Title V costs over the past five fiscal years. As program costs have increased over the last few years, program revenue has decreased, creating a shortfall of roughly $340,000 over the past five years. In addition, the annual inspection costs and ongoing expenses associated with tracking changes in the national Title V regulations and policies are not currently being allocated to the program costs above, but would exacerbate the cost recovery problem. These costs are currently being allocated to Rule 301. Fees should be restructured to recover the costs for these activities as well as covering the 130 percent shortfall in current fee revenues.

Rule 304 Costs and Revenue

Fees associated with the Rule 304 asbestos program are for renovation and demolition, naturally occurring asbestos, fleet inventory reports, and applications. In addition to the costs associated with the processing of permits related to these fees, the District also incurs costs for policing the asbestos program. Table 14 below shows the cost of Rule 304 for the Stationary Sources and Program Coordination Divisions and the revenues generated by fees collected during our period (July 1, 2006 through June 30, 2007). These costs are detailed further in Exhibit 4, SMAQMD Cost Allocation Workbook, at the end of the report.

Table 14: Rule 304 Costs and Revenue

	Stationary Sources	Program Coordination	Total Costs	Revenue	Difference of Cost and Revenue
Rule 304	$ 515,319	$ 81,507	$ 596,826	274,150	(322,676)

Based on Table 14, the District is not collecting adequate revenue to support the asbestos program. According to SMAQMD staff, one of the reasons that program costs are exceeding revenues is that there are significant costs associated with policing the asbestos program that are not currently recovered by fees. This fee, authorized by H&S Code Section 41512.5, is not restricted by the 15 percent cap. Therefore, the plan fees should be increased to recover these additional costs.

Rule 305

Rule 305 fees are for environmental document preparation and processing. Fees associated with Rule 305 are currently charged based on actual hours spent preparing and processing environmental documents. During our period of study (July 1, 2006 through June 30, 2007), there were no costs identified with this program. As a result, we did not assess if the program is adequately recovering its costs. Please see Short-Term Recommendation #4 relating to the District's revision of hourly labor costs that will affect cost recovery under this rule.

Rule 306 Costs and Revenue

Rule 306 fees are Air Toxic fees charged to stationary sources to recover the costs of implementing the Air Toxics "Hot Spots" Information and Assessment provisions in state law[3]. These fees are assessed based on their sources, classification, and categorization. Table 15 shows the cost of Rule 306 for the Stationary Sources Division and the revenues generated by fees collected during our period (July 1, 2006 through June 30, 2007). These costs are detailed further in Exhibit 4, SMAQMD Cost Allocation Workbook, at the end of the report.

Table 15: Rule 306 Costs and Revenue

	Stationary Sources	Revenue	Difference of Cost and Revenue
Rule 306	$ 131,104	42,051	(89,053)

Based on this table, the District is not collecting adequate revenue to support the Air Toxic program. One of the reasons that program costs are exceeding revenues is that there is not a mechanism in Rule 306 to increase costs on an annual basis based on a Cost of Living Adjustment (COLA). As a result, as costs have increased from year to year, revenues have not increased to cover program costs.

[3] California Health and Safety Code Section 44300 et. seq.

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Equity of Current Fee Schedules

This section addresses equity between fees collected through Rule 301, Stationary Source Permit Fees. One of the concerns of the District is whether permit fees charged to businesses are fair or "equitable" based on the current fee structure. Do fees accurately reflect the cost to the District of conducting inspections and other activities associated with issuing and renewing permits for the various business sectors? Each Rule 301 fee schedule may be used by one or more business sectors. A list of the sectors by fee schedule is listed in Table 15.1. In addition, within some of the fee schedules there are different fees assessed by equipment size. It is difficult to determine the equity of the current fee structure as it relates to the District's fee payers because the District does not currently track its time or expenses in great detail. Because time and effort are not tracked to the program, rule, schedule, or even permit level, it is difficult to determine how much effort is involved with each permit evaluation and inspection. This information would be necessary to compare different fees in the schedules and to determine if fees were being charged in line with the level of effort it takes to do the inspections. Until this level of tracking is instituted by the District, the District will be unable to accurately assess the equitability of the current fee structure.

In the absence of this information, equity conclusions are drawn from the information contained in Table 12 and Table 15.1. Our analysis of Rule 301 renewal costs and fees in the Comparison of Allocated Costs and Current Revenue section above contains more detailed information about which schedules appear to be recovering costs proportionate to the level of effort estimated to be involved in inspections and other permit-related activity. For schedules that are currently under-recovering costs, we have addressed this issue in the Short-Term Recommendations section.

Table 15.1: Equity Assessment for Business Sectors

Schedule	Schedule Title	Business Sectors	Revenue Shortfall
1	Electric Motor Horsepower	Abrasive blasting, all coating operations (e.g., autobody shops, printers, cabinet shops), construction materials (e.g., concrete plants, asphalt plants, and mining operations using electric motors)	$(94,508)
2	Fuel Burning	Boilers and water heaters used by a variety of commercial and industrial operations (e.g., dry cleaners, swimming pool heaters, space and water heaters in hotels and other commercial buildings), large-scale electrical power generation turbines, and bakeout ovens	$(278,104)
3	Electrical Energy	Chemical processing	$4,599
4	Incinerator	Crematories	$23,968
5	Stationary Containers	Gasoline bulk storage, solvent, and other chemical storage	$89,058
6	Gasoline Fueling	Retail-style gas stations	$(43,082)
7	Internal Combustion Engines	Mining operation engines, natural gas production wells, and various emergency uses (e.g., electricity production, utility water pumping, fire protection)	$(258,789)
9	Miscellaneous	Chrome plating, degreasers used in manufacturing operations, and various other equipment	$(78,456)

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Results from Surveys of Other Districts

As part of our fee study, we were asked to survey four other air quality districts to gain a better understanding of how they address some of the issues facing the SMAQMD. These issues were focused around the fee structures used by other districts, revenue sources utilized by other districts, and how other districts cover program costs that are either unfunded or underfunded. We will mention a few of the results from the survey here. A summary of all the other districts' responses can be found in the Exhibits section after the report.

Our survey focused on the following areas:

- Emission fees;
- Activity fees (additional fees for special permit processing and renewals);
- Cost recovery for unpermitted sources;
- Revenue supporting public outreach;
- Per-capita fees;
- Small business discounts;
- Initial and renewal permit fees;
- Additional revenue sources for enforcement; and
- Collection of AB2588 fees.

Emission Fees

Responses to our question related to the percentage of permit revenue generated from emission fees varied greatly. Districts reported collecting from 0 percent to 68 percent of their permit fee revenue from emission fees. In addition, districts were divided as to whether the fees were based on actual emission versus potential to emit.

Activity Fees

Activity fees for most districts are charged on an hourly basis for actual time spent. There were some flat fee categories identified for a few activities. Please see Exhibit 3 for more detail.

Unpermitted Sources

Responses to this question varied. Please see Exhibit 3 for individual district responses.

Public Outreach

Most districts offset the cost of public outreach programs with fees collected through permitting and emissions.

Per-Capita Fees

Three of the four districts surveyed do not collect per-capita fees.

Small Business Discounts

Half of the districts surveyed offer small business discounts. These discounts are for the permit processing fees and not the renewal fees.

Initial and Renewal Permit Fees

Initial permit fees for two of the districts surveyed were based on an average amount of time required to inspect and approve a permit request. Renewal fees were only tied to initial fees for one of the four districts surveyed. They reported that renewal fees were generally half of the initial fees. For all other districts, there was no relationship between initial fees and renewals. Exhibit 3 contains additional information regarding the relationship of initial and renewal permit fees for each district surveyed.

Additional Revenue Sources for Enforcement

One of the districts surveyed reported collecting fees to support this program. The other districts support enforcement costs through emission fees, EPA 105 grants, subvention, interest income, and other general fund revenue derived from county property taxes.

Collection of AB2588 Fees

For all districts surveyed, these fees are collected on an annual basis.

Observations and Recommendations

Key Observations

Observation #1: Employee's time and effort is not tracked to a sufficient level to allow for a cost analysis for each of the Rule 301 schedules.

The only division of employee time between programs is done for budgeting purposes in a Labor Distribution report. Because actual employee time is not charged to a specific program or project code, it is very difficult to determine the level of time and effort involved in various activities. Without this type of information, it is very difficult to evaluate the costs related to various activities and to compare the actual costs associated with different schedules and fee levels or between fee programs—asbestos, permits, and toxics.

Observation #2: Fee revenue is not sufficient to recover all program costs related to Rule 301, Title V, Rule 304, and Rule 306.

Under the current fee structure, revenue generated by permit fees is insufficient to cover fee-related program costs. In FY 2006/2007, the District collected approximately $3.9 million in revenue for stationary sources under Rule 301 and Title V. Based on our cost allocation model, the District's costs associated with permitting activities under Rule 301 and Title V were approximately $6.1 million. This allowed for a shortfall of approximately $2.2 million between what is collected to support the programs, and what the programs actually costs. The direct cost shortfall for the Title V program was identified as approximately $88,000 for FY 2006/2007 as shown in Table 13. The Clean Air Act, Title V, 42 USCA Section 7661a (b) requires that fees charged are sufficient to recover the direct and indirect costs of operating the federal permit program. Fees for Rule 301 and Title V are not sufficient to cover program costs.

A similar situation exists for Rule 304 ($596,826 in program costs vs. $274,150 in program revenue resulting in a shortfall of $322,675) and Rule 306 ($131,104 in program costs vs. $42,051 in program revenue resulting in a shortfall of $89,053).

Observation #3: Revenue from other sources is being used to offset the difference between program costs and permit fee revenue.

In FY 2006/2007, the District used approximately $2.6 million from alternative revenue sources such as money collected through settlements and penalties, subvention, and federal aid through the Environmental Protection Agency to fund the difference between program costs and fee revenue. The problem with using these other revenue sources to fund the shortfall in fee revenues is that there is no guarantee that these other revenue sources will continue to be available in the long-term to support program costs. In addition, as District costs increase with inflation, these funding sources have been stable or declining. In addition, increases in staff costs when new rules are established to meet state and federal mandates are not accompanied with corresponding state or federal grants to pay for those activities. The District has the authority to charge for permits to fully cover the cost of these programs so that they can be supported without the need of revenue from other sources.

Observation #4: Two of the four districts surveyed charge for actual emission, one district charges based on potential to emit, and one district does not charge for emissions.

For the two districts that charge based on actual emissions, 15 percent to 18 percent of their permit revenue comes from emissions fees. The district that charges based on potential to emit receives 68 percent of its permit revenue from emission fees. SMAQMD currently charges based on actual emissions and recovers approximately 12 percent of its total permit revenue from emission fees. The original design of equipment and emissions fees was to recover 25 percent of the program costs with emissions fees and 75 percent of the program costs with equipment (schedule) fees. As the District establishes rules that require sources to reduce emissions, the District typically incurs increased costs to implement those rules, yet the emissions fee revenues to recover those costs are reduced.

Observation #5: The costs for compliance efforts for sources that do not require permits are borne by permitted sources.

Approximately 20 percent of the Field Operations Section of the Stationary Source Division is associated with inspecting unpermitted sources. In addition, approximately 0.85 FTE is expended providing compliance assistance and following up on complaints about unpermitted sources.

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Short-Term Recommendations (in the next year)

Recommendation #1: The District should consider changing the way it charges for emission fees to allowing for separate charging for all pollutants.

The rules for emissions fees are already structured to allow for this type of fee structure, so this change could be implemented without a rule change. Based on our discussions with Stationary Source staff and our review of the documentation provided to us, we have determined that there are significant revenue increases that could be gained by making this type of change to the fee structure. Table 16 below details the potential increases in emission fees this recommendation could generate (this table was provided by the Stationary Sources Division).

Table 16: Potential Increase in Emission Fees

Potential Additional Renenues that Could be Generated by Charging for More Pollutants:

Option #1 - Include CO, ROG and PM10 in the emission fees for boilers, crematories, and engines:

	Revenues Before Changes		Revenues With Proposed Changes
Schedule Fees:	$2,557,475	Schedule Fees:	$2,557,475
Emissions Fees:	$401,330	Emissions Fees:	$675,136
NOR Fees	$4,350	NOR Fees	$4,350
Toxics Fees	$59,791	Toxics Fees	$59,791
	$3,022,946		$3,296,752

Additional Revenues Generated: $273,806

Option #2 - Include CO, ROG, SOx and PM10 in the emission fees for boilers, crematories, and engines:

	Revenues Before Changes		Revenues With Proposed Changes
Schedule Fees:	$2,557,475	Schedule Fees:	$2,557,475
Emissions Fees:	$401,330	Emissions Fees:	$783,720
NOR Fees	$4,350	NOR Fees	$4,350
Toxics Fees	$59,791	Toxics Fees	$59,791
	$3,022,946		$3,405,336

Additional Revenues Generated: $382,390

The revenue increase associated with Option #2 above would be equivalent to a 95 percent increase in emission fees ($382,390/$401,330 = 0.95). If this percentage increase is applied to all emission fees for renewal permits, the increase in revenue would have an immediate effect on the difference between schedule costs and fee revenue, reducing the revenue shortfall for renewal permits significantly. Table 17 illustrates the impact of the increase in emission fees based on the number of active permits and their associated fees as of June 30, 2007 and not on the actual revenue collected from renewal permits.

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Table 17: Impact of Emission Fee Increase

Schedule	Cost By Schedule	Schedule Fees	Emissions Fees	Emission Fee Increase of 95%	Reinspection Fees	Toxics Fees	Total Fees	Difference of Cost and Revenue with Increase	Difference of Cost and Revenue without Increase
Schedule 1	$ 954,744	$ 751,042	$ 96,048	$ 187,294	$ 3,211	$ 9,935	$ 951,482	$ (3,263)	$ (94,508)
Schedule 2	$ 653,796	$ 289,490	$ 84,662	$ 165,091	$ 123	$ 1,417	$ 456,121	$ (197,675)	$ (278,104)
Schedule 3	$ 20,021	$ 20,751	$ 3,774	$ 7,359	$ -	$ 95	$ 28,205	$ 8,185	$ 4,599
Schedule 4	$ 19,595	$ 39,778	$ 3,544	$ 6,911	$ 241	$ -	$ 46,930	$ 27,335	$ 23,968
Schedule 5	$ 53,672	$ 128,047	$ 3,174	$ 6,189	$ -	$ 11,509	$ 146,745	$ 92,073	$ 89,058
Schedule 6	$ 544,250	$ 429,949	$ 38,794	$ 75,648	$ 3,260	$ 29,165	$ 538,022	$ (6,227)	$ (43,082)
Schedule 7	$ 616,032	$ 305,551	$ 47,042	$ 91,732	$ 118	$ 3,532	$ 400,933	$ (214,099)	$ (258,789)
Schedule 9	$ 524,584	$ 377,160	$ 63,300	$ 123,435	$ 723	$ 4,945	$ 506,263	$ (18,321)	$ (77,675)
Total	$ 3,385,694	$ 2,341,768	$ 340,338	$ 663,659	$ 7,676	$ 60,598	$ 3,073,701	$ (311,993)	$ (635,314)

The emission fee increase would reduce the shortfall in scheduled revenues for renewal permit activities from $635,314 to approximately $312,000.

Recommendation #2: The District should consider charging for additional costs incurred due to complexities if initial permitting activity costs run over an established threshold of time.

Under the current fee structure, fee payers are typically charged a flat fee for the processing of their Initial Permit applications and the associated inspections. If, during the review of the application and within 30 days of the receipt of the application, the District determines that, due to complexities of the application, the permit processing will require significant effort, then Rule 301, Section 301 authorizes the Air Pollution Control Officer to charge the applicant an hourly rate. The District should consider utilizing this option more often for its more complex applications. It is our understanding that at the time of this report, hourly rate charges for Authority to Construct application reviews are rarely used. Rule 301 establishes 10 hours as the "established threshold." This recommendation should re-evaluate that 10-hour threshold using the updated hourly rate (Recommendation #5) and recommend an alternative minimum threshold. For example, if the minimum initial fee is $600 and the hourly rate is $200/hour, then the minimum hour threshold should be $600/$200 = 3 hours. This threshold should then be uniformly applied to all initial permit evaluations.

Recommendation #3: The District should consider increasing its fees for Stationary Source Permits (initial permits) so that the revenues collected can offset a larger portion of the Districts fee-related costs.

Based on the current fee structure, the District needs to consider increasing Stationary Source initial permit fees by the maximum of 15 percent each year for the next four years to better recover the baseline fees needed to support FY 2006/2007 expenses. This projection does not factor in the increased cost of permit related programs over that same four-year period (FY 2006/2007 costs held constant). It should be noted that increased District costs (including COLA) will have an effect on the calculations in this schedule and should be factored into this model when the associated costs and fees are known. Additionally, if Recommendation #5 is implemented and results in increases to the hourly rates charged, the calculations in Table 18 will be affected. Table 18 below demonstrates the impact of a 15 percent increase over the next four years.

Table 18: Projected Initial Permit Fee Revenue

				Fee Increase of 15% per year							
	2006/2007			2007/2008		2008/2009		2009/2010		2010/2011	
Revenue	Current Costs	Current Revenue	Difference	Revenue	Difference	Revenue	Difference	Revenue	Difference	Revenue	Difference
Initial Permit Fees	$ 2,686,076	889,561	(1,796,515)	1,022,995	(1,663,081)	1,176,444	(1,509,632)	1,352,911	(1,333,165)	1,555,848	(1,130,228)

Recommendation #4: The District should consider increasing its fees for Stationary Source Permits (renewal permits) so that the revenues collected can offset a larger portion of the District's fee-related costs.

The District should consider increasing the following renewal permit fees by the identified percentage per year for the required number of years to better recover renewal permit fee costs (Revenue fees in this table include the 95 percent emission fee increase identified in Recommendation #1 above). It should be noted that increased District costs (including COLA) and the increased number of permits each year will have an effect on the calculations in this schedule and should be factored into this model when the associated costs and fees are known.

Table 19: Projected Renewal Permit Fee Revenue with 95 percent Increase in Emission Fees

	Base Year			Year 1			Year 2			Year 3		
Schedule Number	Cost By Schedule (FY 2006/2007)	Total Fees	Difference of Cost and Revenue	Percentage Increase	Adjusted Fees	Net result of Increase	Percentage Increase	Adjusted Fees	Net result of Increase	Percentage Increase	Adjusted Fees	Net result of Increase
Schedule 1	$ 954,744	$ 951,482	$ (3,263)	1%	$ 960,996	6,251.94	0%	-	-	0%	-	-
Schedule 2	$ 653,796	$ 456,121	$ (197,675)	15%	$ 524,539	(129,256.47)	15%	603,219.89	(50,575.61)	10%	663,541.88	9,746.38
Schedule 3	$ 20,021	$ 28,205	$ 8,185	0%	$ -	-	0%	-	-	0%	-	-
Schedule 4	$ 19,595	$ 46,930	$ 27,335	0%	$ -	-	0%	-	-	0%	-	-
Schedule 5	$ 53,672	$ 145,746	$ 92,073	0%	$ -	-	0%	-	-	0%	-	-
Schedule 6	$ 544,250	$ 538,022	$ (6,227)	1%	$ 543,403	(847.27)	0%	-	-	0%	-	-
Schedule 7	$ 615,032	$ 400,933	$ (214,099)	15%	$ 461,073	(153,959.25)	15%	530,233.76	(84,798.32)	15%	609,768.82	(5,263.26)
Schedule 8	$ 781	$ -	$ (781)	0%	$ -	-	0%	-	-	0%	-	-
Schedule 9	$ 523,803	$ 506,263	$ (17,540)	5%	$ 531,576	7,773.00	0%	-	-	0%	-	-

If the District does not elect to increase emission fees by the 95 percent identified in Recommendation #1 above, the following tables (Table 20 and 20a) would represent the fee increases and period required for fee recovery based on FY 2006/2007 costs.

Table 20: Projected Renewal Permit Fee Revenue Without 95 percent Increase in Emission Fees

	Base Year			Year 1			Year 2			Year 3		
Schedule Number	Cost By Schedule (FY 2006/2007)	Total Fees	Difference of Cost and Revenue	Percentage Increase	Adjusted Fees	Net result of Increase	Percentage Increase	Adjusted Fees	Net result of Increase	Percentage Increase	Adjusted Fees	Net result of Increase
Schedule 1	$ 954,744	$ 860,236	$ (94,508)	11%	$ 954,862	117.48	0%	-	-	0%	-	-
Schedule 2	$ 653,796	$ 375,692	$ (278,104)	15%	$ 432,046	(221,749.70)	15%	496,852.67	(156,942.83)	10%	546,537.94	(107,257.57)
Schedule 3	$ 20,021	$ 24,620	$ 4,599	0%	$ -	-	0%	-	-	0%	-	-
Schedule 4	$ 19,595	$ 43,563	$ 23,968	0%	$ -	-	0%	-	-	0%	-	-
Schedule 5	$ 53,672	$ 142,730	$ 89,058	0%	$ -	-	0%	-	-	0%	-	-
Schedule 6	$ 544,250	$ 501,168	$ (43,082)	9%	$ 546,273	2,023.33	0%	-	-	0%	-	-
Schedule 7	$ 615,032	$ 356,243	$ (258,789)	15%	$ 409,679	(205,352.63)	15%	471,131.37	(143,900.71)	15%	541,801.07	(73,231.01)
Schedule 8	$ 781	$ -	$ (781)	0%	$ -	-	0%	-	-	0%	-	-
Schedule 9	$ 523,803	$ 446,128	$ (77,675)	15%	$ 513,047	(10,755.95)	3%	528,438.62	4,635.47	0%	-	-

Table 20a: Year 4 and 5 of Table 20

	Year 4			Year 5		
Schedule Number	Percentage Increase	Adjusted Fees	Net result of Increase	Percentage Increase	Adjusted Fees	Net result of Increase
Schedule 1	0%	$ -	$ -	0%	$ -	-
Schedule 2	15%	$ 628,519	$ (25,277)	5%	$ 659,945	6,149.06
Schedule 3	0%	$ -	$ -	0%	$ -	-
Schedule 4	0%	$ -	$ -	0%	$ -	-
Schedule 5	0%	$ -	$ -	0%	$ -	-
Schedule 6	0%	$ -	$ -	0%	$ -	-
Schedule 7	15%	$ 623,071	$ 8,039	0%	$ -	-
Schedule 8	0%	$ -	$ -	0%	$ -	-
Schedule 9	0%	$ -	$ -	0%	$ -	-

Recommendation #5: The District should revise its hourly rate calculation to more accurately capture all costs associated with its hourly rates.

Hourly rate calculations should include actual salary costs, fringe benefit costs, overhead costs, and administrative costs for the hourly employee classification being developed. These costs would then be divided by the number of hours the District determines to be acceptable for billing expectations. The District should consider developing one blended hourly rate to be used for all services rather than having a separate rate structure for each classification of employee. This would provide for greater simplification of the billing process and eliminate differences in costs based on the level of staff involved in the work. When recalculating hourly rates, the District may be limited in the amount of increases allowable each year due to the 15 percent cap on rate increases. This could result in multiple-year increases being necessary to fully recover hourly costs. When this rate revision is completed, and the Rule is amended, the District should also include a COLA increase in the Rule to keep pace with increasing salary costs.

Recommendation #6: Rule 304 (Asbestos Plan) fees should be increased to cover the shortfall between program costs and revenues.

Costs associated with the asbestos program are currently exceeding revenues by approximately $323,000. The District should revise its fee structure to better recover its program costs. The asbestos plan fees must be increased by 118 percent to fully recover the cost of this program. These fees are not subject to the 15 percent per year cap on increasing fees. The District may need to review its fee structure and determine if it can increase its fees to fully recover the costs of the asbestos program.

Recommendation #7: Rule 306 (Air Toxic Fees) should be increased to cover program costs and the fee structure should include annual COLA increases.

Rule 306 for the Air Toxic Fee program does not generate adequate fees to cover the cost of the program. The District should consider a one-time fee increase or a staggered fee increase over a couple of years to cover the costs of the program. Additionally, Rule 306 for the Air Toxic Fee program does not include a COLA increase. Implementing a COLA increase would help the District increase revenues in the future and help programs fees keep pace with increasing costs.

Recommendation #8: The District should consider changing from an actual emissions model to a potential to emit model.

The District should analyze the difference between charging the actual emission fees it currently charges and what would be charged in a potential-to-emit model. If the District would benefit from this change, then it should consider implementing it. During our survey of other air quality districts, we determined that two of the four districts surveyed charge based on actual emissions, and emission fees represented 15 percent to 18 percent of their permit revenue. One of the four districts charges based on potential to emit and it receives 68 percent of their permit revenue from emission fees. SMAQMD currently charges based on actual emissions and recovers approximately 12 percent of its total permit revenue from emission fees. Changing to a potential-to-emit model could significantly increase emission fee revenues.

In addition, eliminating the emissions fee and replacing it with a potential-to-emit fee would add the efficiency of a one-time calculation of the fee at the inception of the permit. Fees would initially be adjusted to account for the lost revenues due to the elimination of the emission fees. The elimination of the emission part of the equation could help avoid a reduction of the fees arbitrarily relative to costs that would occur from the fluctuations in the annual emission fees that are currently realized.

Additional Sources of Revenue Identified but not Explored

Recommendation #9: Source Test Fees could be implemented for Rule 301.

Source test fees are not currently charged for gas stations under Rule 301. An analysis of these estimated costs of tests indicated that the average review time was 1.5 hours per test, and approximately $145,000 in unrecovered costs during 2007. When amending Rule 301, the District should consider adding a section to allow for the charging of source test fees to gas stations to increase revenues and help recover the costs of these observing and reviewing these tests.

Recommendation #10: The District should consider implementing an annual Title V fee.

The District is not currently recovering program monitoring, administrative, and other overhead costs associated with the Title V program. The District should consider implementing an annual fee of fee increase for Title V to cover the costs associated with these activities.

Recommendation #11: The District should consider implementing a tracking system to more accurately track Title V program costs and adjust Title V fees to cover those costs.

The Title V Program is a federally enforceable operating permit program established by the Clean Air Act. The Clean Air Act, Title V, 42 USCA Section 7661a (b) requires that fees recover the direct and indirect costs of operating the federal permit program. The specific fee requirements and costs to be included are defined in regulations promulgated by the Environmental Protection Agency at 40 CFR Part 71, Section 71.9. As a result, the District should consider implementing a tracking system to better allow for tracking of Title V program costs so that it is able to recover these costs as required by the Clean Air Act and the Environmental Protection Agency guidelines.

Long-Term Recommendations (1 to 5 years)

Recommendation #12: The District should continue to track actual time and effort associated with permitting activities and should begin tracking actual time associated with other program and permit activities.

At the time of the study, the District had already begun to track employees' actual time spent performing permit-related activities. Employees are currently tracking their time associated with inspections of each permit. This tracking should be continued until the District has enough reliable data to assess the amount of time it takes to complete all of their permit-related activities. These data will allow the District to determine an average amount of inspection time for each type of permit. This average could then be translated into a cost of inspection using an established hourly rate. The District would then be able to compare this cost to the current fees charged for the permit and determine the equity of the existing fee structure.

The District should also implement a time accounting system for all staff performing program and rule-related activities to gain a better understanding of the total costs of programs and rules. These other activities represent overhead costs that should be attributed to the programs and rules they support, if possible.

Recommendation #13: The District should reassess the complexity of its fee structure and consider simplifying it.

After the District determines the cost associated with processing and inspecting each type of permit it issues it should consider simplifying its permitting fee structure. If the District gathers adequate data following Recommendation #11 above, it should be able to determine if the current fee structure is appropriate based on the actual time it takes to do an inspection. Several things should be considered: (1) whether it is appropriate to maintain the current structure that assumes that initial permit evaluations/inspections cost twice the annual inspection and (2) whether to add schedules for additional equipment types that are currently grouped within one schedule. This may result in more schedules but could minimize schedule levels to more accurately reflect the amount of time required.

Recommendation #14: The District should track employees' time and effort to allow for a cost analysis for each of the Rule 301 schedules.

The District has begun tracking this information. When sufficient data has been collected, the District should re-evaluate the fees schedules established in Rule 301.

Recommendation #15: The District should reassess the Cost Allocation Methodology in two or three years.

After the District has gathered sufficient activity and cost information (Recommendation #12 and #14), it should reassess its fee structure and compare actual costs incurred and average costs of rule-related activities and compare those costs to the current fee structure.

KPMG

Exhibits

Exhibit 1: Fee Study Workplan

Task 1
Background and Authority Review

Workplan Step	Work Paper Number or Comment
Task 1 – Background and Authority Review KPMG will identify and document the relevant issues and relevant statutes, regulatory authorities, and district rules governing user fees. This review and analysis will be the backbone of the development of the user fees for the programs identified in the RFP. Additional background and relevant information will be identified through interviews with project key stakeholders and program managers and staff.	
Objective 1: Develop the scope and schedule of the study and gather basic documentation to become familiar with the Sacramento Metropolitan Air Quality Management District (SMAQMD).	
A. Gather documents related to the Fee Structure Study (The Study).	
B. Conduct an entrance conference with SMAQMD staff.	
C. Establish lines of communication between the project team, SMAQMD management and interested districts	
Objective 2: Gain an understanding of the function, goals and organizational structure of the SMAQMD.	
A. Review interview narratives prepared during the survey / scoping phase and determine which items identified are pertinent to our study. Document those items that appear appropriate and follow-up with the appropriate interviewee to confirm that these are in fact the appropriate criteria.	
B. Review documents gathered in step 1.1.A above.	
C. Conduct interviews with key staff to gain an understanding of the operation of the programs under review.	
Objective 3: Work to establish and document a detailed workplan for the performance study.	
A. Develop the study objectives and detailed work steps in line with the tasks defined in the Proposal.	

Workplan Step	Work Paper Number or Comment
B. Submit the study objectives and detailed work steps to the Key Client Stakeholders for comment.	
C. Incorporate comments from the Stakeholders in the study objectives and finalize objectives and workplan.	
D. Develop the study program detailing specific steps to be conducted to meet the objectives identified.	
E. Present the study program to the Key Client Stakeholders for comments and approval.	
F. Incorporate comments from the Key Client Stakeholders and finalize the study program.	

Task 2
Program Costing

Study Step	Work Paper Number or Comment
Task 2 – Program Costing To identify the full costs of the fee-related programs included in this project, KPMG will identify the direct activity costs associated with each program. This will include identification of personnel and non personnel costs required to provide each of the fee-related programs. In addition to the direct costs, KPMG will identify SMAQMD costs not directly identified to perform the fee-related programs. We will perform an analysis of all costs and activities of SMAQMD to identify the appropriate type of costs and level of services applicable to each of the fee-related programs. KPMG will document specific allocation methodologies for each type of indirect costs allocated to the fee-related programs to be included in the user fee rate structure.	
Objective 1: Identify salary and wage costs associated with each program.	
A. Obtain copies of budgets, expenditures, and labor distribution reports associated with each program under review.	
B. Review information gathered above to gain an understanding of the salary and wage costs associated with each program under review.	
C. Conduct interviews with staff to determine which direct costs are associated with each fee permit rule.	
D. Develop a Process Workflow of the initial and renewal permit activity.	

Study Step	Work Paper Number or Comment
E. Summarize total direct costs for each program and fee rule area under review.	
Objective 2: Identify the non-salary costs allocable to each program.	
A. Obtain copies of budgets, expenditures, and labor distribution reports associated with each program under review.	
B. Review information gathered above to gain an understanding of the non-salary costs associated with each program under review.	
C. Conduct interviews with staff to determine how to associate non-salary costs with each program.	
D. Summarize total non-salary costs for each program under review.	
Objective 3: Identify the overhead costs associated with each program.	
A. Obtain copies of budgets, expenditures, and labor distribution reports associated with each program under review.	
B. Review information gathered above to gain an understanding of the overhead costs associated with each program under review.	
C. Identify all overhead costs and develop an allocation methodology to assign all applicable overhead costs to all SMAQMD programs.	
D. Summarize total overhead costs for each program under review.	
Objective 4: Identify the capital costs and any other relevant costs associated with each program.	
A. Obtain copies of budgets, expenditures, and financial information for the district	
B. Review information gathered above to gain an understanding of the capital costs associated with each program under review.	
C. Summarize total capitol costs for each program under review, if applicable.	
Objective 5: Summarize all costs by department/function/program (Fee related vs. Non Fee related).	
A. Summarize all costs identified above into 5 separate divisions (Administrative and Facilities, Mobil Sources, Program Coordination, Stationary Sources, and Strategic Planning).	
B. Divide divisional costs between divisional	

Study Step	Work Paper Number or Comment
administration, fee/permit/rule related costs, and other non fee/permit/rule related costs.	
C. Allocate District Administrative costs down to each divisional cost category.	
D. Allocate Divisional Administration costs down to the fee related and non fee related categories.	
E. Allocate all applicable Program Coordination costs in support of rule development to the Stationary Services Department fee related cost categories.	
F. Summarize all fee/permit/rule related costs by overhead and direct cost categories.	
Objective 6: Identify permit related activity costs by rule number and summarize costs down to the schedule level.	
A. Conduct interviews to determine which employees provide support under each rule category.	
A-1 Of the employees identified above, determine which are involved in Initial Permitting activities and Annual Renewal activities.	
B. Meet with department staff to determine if there are any costs associated with specific rule or fee areas (eg. specialized equipment that is only used in support of certain types of inspections) that should be charged directly to those rules or categories.	
C. Conduct interviews and use questionnaires to determine which employees conduct inspections associated with each fee schedule area and the amount of time and other costs associated with the inspections.	
D. Summarize direct labor and expense costs associated with each fee schedule.	
E. Allocate all other overhead and expense related costs to the fee schedule level based on total direct costs summarized above.	

Task 3
Identify Revenue

Study Step	Work Paper Number or Comment
Task 3 – Identify Revenue Working closely with SMAQMD, we will compile a projection of revenues to compare against permit related expenses. Revenues will be reviewed from the perspective that they are driven by costs. That is, the amount of revenue to be raised must be equal to the	

Study Step	Work Paper Number or Comment
costs (operating and capital) for the corresponding period.	
Objective 1: Determine the current sources of available revenue utilized by the District and compare to prior years.	
A. Interview key staff members to identify current revenue sources and levels.	
B. Gather FY 06/07 revenue information by funding source.	
C. Obtain prior FY 05/06 revenue information by funding source.	
D. Compare current year revenue to prior year revenue and document any significant differences.	
Objective 2: Determine the appropriateness of each source of Revenue used to fund the programs under review.	
A. Interview key staff to determine revenue sources utilized to support program costs.	
B. Gather applicable rules and regulations related to revenue sources.	
C. Review rules and regulations related to revenue source and compare actual use of revenue to the acceptable uses identified in the rules and regulations.	
Task 3.1 – Review Additional Revenue Sources Further analysis of SMAQMD operations costs and revenues will yield information pertaining to possible sources of revenue that are not fully utilized under the existing fee structure. Again, using KPMG's analysis of cost of services approach and linking that to the present SMAQMD revenues, we will uncover any possible sources of revenue not being fully realized. Once these are identified, we will report on the revenue impact of these sources.	
Objective 1: Determine if there are additional funding sources available to the District.	
A. Interview staff to determine if any additional sources of revenue are available to the District	
B. Review current funding sources utilized by the district and compare them to available funding sources and identify any additional sources available.	
Task 3.2 – Compare Cost to Revenues KPMG will develop a matrix based on our previous	

Study Step	Work Paper Number or Comment
analysis which will identify all expenditures by major category and revenue sources of the programs identified in the RFP. This matrix will identify current cost and use information as well as future scenarios to be used in future revenue modeling.	
Objective 1: Develop a matrix based on previous analysis identifying all expenditures by major category and revenue sources.	
A. Using the cost information obtained in task 2 above, create a matrix of costs identified by program and category.	
B. Review cost categories for appropriateness.	
Objective 2: Develop a matrix based on previous analysis identifying all revenue by major category and revenue sources.	
A. Using the revenue information obtained in task 3 above, create a matrix of revenue identified by program and category.	
B. Review revenue categories for appropriateness.	
Objective 3: Compare cost information and revenue information identified above to identify areas where costs and revenues do not match up.	
A. Observe cost and revenue comparisons in the matrix and identify areas where costs exceed revenue sources and if applicable, where revenue sources exceed costs.	
B. Summarize information obtained above into a matrix table for further analysis and review.	
C. Identify where fees recovered through permitting do not cover the expenses associated with the activities identified above.	

Task 4
Develop Fee Update Methodologies

Study Step	Work Paper Number or Comment
Task 4 – Develop Fee Updates Methodologies KPMG will develop recommendations for SMAQMD to periodically validate and update the user fee schedules with current information and future scenarios. The update methodology will take into consideration full cost recovery as well as maintaining equity among fee payers. These recommendations will be dependent on the events and information identified	

Study Step	Work Paper Number or Comment
in the previous tasks.	
Objective 1: Identify fee revenue required by program/schedule necessary for fees to cover all costs associated with each program/schedule.	
A. Analyze deficits and surpluses in revenue by fee category identified in Task 3 above.	
B. Gather statistical information for the current number of permits sold by fee and price category.	
C. Based on the current number of permits sold, calculate the necessary per permit cost required to fully fund the programs based on current expenditures.	
Objective 2: Identify fee increase or decrease necessary to balance out program/schedule costs with revenue collected.	
A. Compare current fee revenue with revenue required to fully fund each program and identify the fee changes necessary for each program to be fully funded.	
Objective 3: Identify costs associated with the various levels of permits and compare them to the current fee structure.	
A. Interview staff involved with permit inspections for each fee schedule and determine the level of time and effort required on average to inspect each level of permit.	
B. Use information gathered above to determine the estimated cost for inspection of each level of permit.	
C. Compare the current fee structure to the costs associated with permit inspection above to determine where fees are not consistent with the effort required to inspect them.	
D. Document the results of step C above and summarize the differences between costs and fees.	
Objective 3: Develop a fee change plan that will allow for the increase/decrease of program fees in accordance with program fee change guidelines	
A. Based on fee increases and decreases necessary to fully fund each fee category, create a fee increase plan identifying the amount of fee increase necessary for each fee category to become self sufficient.	
B. Meet with District Staff to discuss the proposed fee increases and gain feedback.	

Study Step	Work Paper Number or Comment
C. Adjust the proposed fee increases based on District Staff feedback.	

Task 5
Identify Operational Improvements

Study Step	Work Paper Number or Comment
Task 5 – Identify Operational Improvements Working closely with SMAQMD, during the identification of services and costs associated with each of the fee programs, we will identify duplicate costs or services that may lead to operational improvements including productivity, efficiency, and cost savings for SMAQMD's programs and services.	
Objective 1: Throughout the project, work with SMAQMD staff to identify opportunities for operational and process improvements.	
A. Identify opportunities for operational and process improvements.	
B. Communicate observed opportunities for improvement with SMAQMD staff.	
C. Document observed opportunities to improve the quality, productivity, efficiency, and effectiveness of the District's programs, operations and services.	

Study Task 6
Prepare Interim and Final Report

Study Step	Work Paper Number or Comment
Task 6 – Prepare Interim and Final Report Our recommendations will carefully consider the revenue adequacy and administrative simplicity guidelines. The recommended structures will be incorporated into the fee model to allow the comparison of existing and proposed structures on the revenues of the SMAQMD and fee payers. All pertinent data, calculations, evaluations, and projections used in the development of conclusions, and recommendations will be incorporated in a draft	

Study Step	Work Paper Number or Comment
report for review by SMAQMD. Based upon comments, we will finalize and present the final report. The report will clearly set forth all underlying assumptions used in the development of forecasts, as well as identify data sources. KPMG is willing to present the results of our study to any group the SMAQMD deems appropriate. We have included two meetings and one presentation in our cost estimate and will attend additional meetings on a time and materials basis at the direction of SMAQMD. All visual aids used in our presentation will become the property of SMAQMD.	
Objective 1: Report preliminary findings (summarized by task) to SMAQMD.	
A. Develop and report preliminary findings to SMAQMD.	
B. Meet with SMAQMD staff to review findings for accuracy and validity.	
C. Make changes to findings based on SMAQMD staff input.	
D. Finalize preliminary finds and deliver them to SMAQMD	
Objective 2: Develop a draft report and deliver it to SMAQMD staff.	
A. Prepare and submit a draft report to SMAQMD staff.	
B. Discuss draft report with SMAQMD staff and gather comments on report content.	
C. Respond to comments regarding draft report and include responses in the final report.	
Objective 3: Develop a final report and deliver it to SMAQMD staff.	
A. Prepare and submit a final report to the SMAQMD.	
B. Discuss final report with SMAQMD staff at a project close out meeting.	

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Exhibit 2: Questionnaire for Other Districts

Fee Study - Other District Questions
October 10, 2007

In identifying potential approaches for the restructuring of fees for SMAQMD, KPMG is surveying selected Air Quality districts in an effort to address deficiencies within the current SMAQMD fee system. The following is a partial list of statutory provisions pertaining to fee authority that are used to support the current fee structure of SMAQMD. What other provisions, if any, are used to support the fee structure of your district?

> Health and Safety Code sections 40701.5 (general funding authority, including per capita fees), 41080(a) (may assess fees and permitted and other sources of air pollution subject to regulation by the district), 41081 (DMV fees), 41512 (sampling fees), 41512.5 (nonpermitted sources for costs connected to review and enforcement of plans) 41512.7 (15% cap), 42311(a) (permit fees), 42311(f) (toxic fees), 42311(g) (area wide and indirect sources), 42311.2 (fee limits).

It is our aim to understand the rationale behind your fee structure in order to aid SMAQMD. Below are questions pertaining to specific areas of interest to SMAQMD. Please answer all questions as thoroughly as possible. If you have any questions or concerns, please contact Aaron Stewart with KPMG.

1. Emission fees
    - What percentage of total permit revenues is from emission fees?
    - Are fees assessed for potential emissions or actual emissions?
2. Activity fees - Are additional flat fees or other charges (such as applying an hourly rate) assessed for special permit processing/renewal activities? Below are some examples.
    - Issuing initial Title V permits, Title V renewals, inspections at Title V sources
    - Processing permits that trigger offset requirements
    - Processing permit as the lead agency under CEQA
    - Processing permits that require public noticing
    - Extending the authority to construct permit expiration date
    - Processing permits that include toxic air contaminant evaluations
    - Reviewing and observing source emissions testing
3. If additional hourly fees are assessed, are they subject to the 15% cap in HSC 41512.7? (30% for small districts)
4. What are the cost recovery mechanisms used to implement and enforce district rules that apply to unpermitted sources such as residential water heaters, architectural coatings, and adhesives?
5. What fees or revenues support the costs of public outreach (for new rule requirements not Spare the Air type programs), rule development, emission inventory, banking and processing emission reduction credits, and air monitoring activities?

6. How are per capita fees assessed (authorized by California Health and Safety Code Section 40701.5)?
7. Are special fees, discounted fees, or other mechanisms used to reduce fees for small businesses?
8. How do the fees for initial permitting relate, if at all, to renewal fees? For example are the renewal fees half the initial permitting fees.
9. What other revenue streams are used to support the permit/enforcement programs?
10. How are AB 2588 fees collected? Is it based upon an annual fee or when inventories are updated?

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Exhibit 3: Results of Questionnaire

		The South Coast AQMD (AQMD)	MONTEREY BAY UNIFIED AIR POLLUTION CONTROL DISTRICT	SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DISTRICT	Bay Area Air Quality Mangement Division
1	Emission fees				
a	What percentage of total permit revenues is from emission fees?				
		Approximately 18% of AQMD's total General Fund revenues comes from emission fees.	68%	0%	Approximately 15% of BAAQMD permit fees are derived from emission fees.
b	Are fees assessed for potential emissions or actual emissions?				
		Actual emissions, for the largest emitters (4 tons/year or greater) for emissions above four tons and a flat rate (currently $99.09 per facility) assessed for up to four tons for all facilities.	Potential emissions but not at 100% operation. Adjustments are made for the expected operation of the equipment.	n/a	Emission fees are assessed based on actual emissions.
2	Activity fees - Are additional flat fees or other charges (such as applying an hourly rate) assessed for special permit processing/renewal activities? Below are some examples.				
		Yes, we assess additional fees (many on an hourly basis) for additional work such as expedited permit processing, health risk assessments, source testing, CEQA review, toxic assessment, public noticing requirements for Title V facilities	Yes. See Below.	For the majority of permit applications processed, District Rule 3010 requires only a flat application filling fee of $60. An additional hourly fee is charged only for certain categories of projects, for instance, those that are subject to a refined health risk assessment or a public notice process. Our Permit Services hourly rate for 2007 is $86.00 per hour. This is a weighted average labor rate which is updated annually by our Finance Department.	Additional flat fees are charged for processing various types of Title V permit applications. .
a	Issuing initial Title V permits, Title V renewals, inspections at Title V sources				
		See above.	Title V permit issuance/renewals are done on an hourly basis i.e. time actually spent. Title V inspections are included in fees no extra charge.	Title V permit processing is charged an hourly fee.	Fees for Title V public notices and Title V hearings are based on actual cost recovery. See BAAQMD Regulation 3, Schedule P for details
b	Processing permits that trigger offset requirements				
		See above.	Processing permits that trigger offsets/CEQA Load/public notice are all charged at our base (average) rate which represents approximately 6 hrs engineering time. If the engineering time exceeds this amount additional time may be charged on an hourly basis.	N/A	N/A
c	Processing permit as the lead agency under CEQA				
		See above.	See above	CEQA Review	Fees for the District's activities as CEQA lead agency are based on actual cost recovery.
d	Processing permits that require public noticing				
		See above.	See above	ATC Projects – NSR & COC Noticing, ATC Projects - School Notices	Fees for public noticing for Title V and the Waters Bill are based on actual cost recovery. There are no additional fees for public notices required under NSR.
e	Extending the authority to construct permit expiration date				
		See above.	Extending ATC flat fee unless the operation has commenced in which case emission fee also applies.	ATC Projects – NSR & COC Noticing, ATC Projects - School Notices	The fee for extending an Authority to Construct is 50% of the initial fee for applying for a new A/C.
f	Processing permits that include toxic air contaminant evaluations				

		See above.	Processing permits that emit toxics - flat charge currently $150.	N/A	Additional fees are required for conducting toxic air contaminant evaluations. The specific fees are specified by source type in the various Fee Schedules in BAAQMD Regulation 3.
g	**Reviewing and observing source emissions testing**				
		See above.	Reviewing and observing source emissions testing - no charge.	N/A	No additional fees are assessed for reviewing or observing source tests
				Other activities that incure hourly charges are: Indirect Source Review Rule Processing, Refined HRA, and Voluntary Development Mitigation Contracts. Additionally, the District's permit renewal fees (Rule 3020) provide the funding to maintain an effective permitting and enforcement program. We are in the process of amending our fee rules which will consist of an immediate eight-percent increase in most District fees, followed by a second eight-percent increase in FY 09/10, and an expansion of the applicability of the permit application evaluation fee for all ATC/PTO applications so that the costs of application processing are directly recovered by the District via the assessment of an hourly fee. Anticipated adoption date is the 1st quarter of 2008.	
3	**If additional hourly fees are assessed, are they subject to the 15% cap in HSC 41512.7? (30% for small districts)**				
		AQMD fees are capped at CPI unless the AQMD Board makes a finding that increases above CPI are necessary to pay for the program costs. (cost recovery).	All our District generated fees are increased by the same percentage. We do not have separate percentages for various fee schedules.	Not sure we understand the question. Our hourly fees are recalculated each year based on labor costs. Annual increases have never been anywhere near the 15% statutory limit.	Hourly fees increase at a rate less than 15% per year.
4	**What are the cost recovery mechanisms used to implement and enforce district rules that apply to unpermitted sources such as residential water heaters, architectural coatings, and adhesives?**				
		We are currently working on a fee proposal that will recover the cost associated with architectural coatings. We do charge a source testing/lab analysis to manufactures for the testing of water heaters.	Cost recovery for regulation of unpermitted sources - none unless the ag registration program falls into this category.	The District's permit fees are supplemented by an annual EPA grant of approximately $1.9 million and an annual State Subvention of approximately $900,000.	The BAAQMD generally does not recover costs to implement and enforce District rules that apply to non-permitted sources. Registration fees have been proposed for non-permitted commercial charbroilers. Risk screening fees are assessed for exempt sources, if the facility requests the District to conduct a risk screen to support the exemption.
5	**What fees or revenues support the costs of public outreach (for new rule requirements not Spare the Air type programs), rule development, emission inventory, banking and processing emission reduction credits, and air monitoring activities?**				
		Those activities are supported by Emission Fee revenues.	General permit fees. Banking is charged on an hourly basis. AB2766 funds used for mobile source fraction of air monitoring activities. Public education outreach uses AB2766 funds.	In addition to the federal and state grants referred to in answer #4 above, the District utilizes DMV Surcharge Fee revenue to support eligible activities. Many of the activities listed in this question are partially supported by DMV Fees.	Permit fees support activities related to stationary source rule development, emissions inventory, banking and processing ERCs. Fees do not support air monitoring activities.
6	How are per capita fees assessed (authorized by California Health and Safety Code Section 40701.5)?				

		Does not apply to South Coast.	Cities and Counties are billed $0.23 per capita annually based on population figures issued by the California Dept. of Finance in May or each year.	The per capita fees assessed under CHSC 40701.5(b) do not apply to the SJVUAPCD. CHSC section 40701.5(c) specifically prohibits San Joaquin from collecting these fees.	The BAAQMD does not assess per capita fees under H&S Section 40701.5.
7	**Are special fees, discounted fees, or other mechanisms used to reduce fees for small businesses?**				
		Yes, the AQMD offers a 50% permit processing fee discount to small businesses who qualify under AQMD's definition of a small business. *Businesses with 10 or fewer employees and gross receipts of $500,000 a year or less.*	No specific discounts but we do charge a different rate for sources over 300 tons/year.	No. However, the District does have a Small Business Assistance Program to help small businesses understand and meet their air quality obligations.	Permit application fees for small businesses are reduced by 50%. No discount is given for renewal fees.
8	**How do the fees for initial permitting relate, if at all, to renewal fees? For example are the renewal fees half the initial permitting fees?**				
		The initial permit processing fee is based upon the average amount of time necessary to process that type of equipment or process. Standard processing fees are established for groups or types of equipment or processes and broken into eight categories (A through H). Renewal fees are much less and are designed to cover the cost of our compliance program.	The first years emissions fees are assessed at the time of initial permitting as part of the cost of the initial permit (other costs/charges are the average time to process and toxics). Subsequent year's emissions fees are the same as the initial emission fee.	Initial permitting fees are not generally related to the renewal fees.	Renewal fees are generally half the initial permitting fee. Initial permitting fees also include additional filing fees, and may include additional risk screening fees that don't apply to permit renewals.
9	**What other revenue streams are used to support the permit/enforcement programs?**				
		Emission fees can also be used to cover shortfalls in permit process and permit renewals.	EPA 105 grant, subvention, interest	These fees are collected by the district to recover the operating costs of its programs	Other than fees, general fund revenue derived from county property taxes are the major revenue stream used to support permit/enforcement programs, under H&S Section 40271.
10	**How are AB 2588 fees collected? Is it based upon an annual fee or when inventories are updated?**				
		Fees are billed once per year and are either a small flat fee for area wide sources such as gas stations or dry cleaners and facilities with at least one emergency standby diesel engine, or a larger fee based on health risk assessment categories.	Based on an annual fee for permits subject to the program	AB2588 fees are collected annually through the fee schedules in District Rule 3110.	AB 2588 fees are collected at the time of permit renewal which, in most cases, is on an annual basis.
	What other provisions, if any, are used to support the fee structure of your district?				
		The South Coast AQMD (AQMD) is also governed by H&S Code Chapter 5.5, beginning with Section 40400. Our fee authority is contained in Article 7 - Variances and Permits, beginning with Section 40500 and Article 8 - Financial Provision, beginning with Section 40520. Specifically, H&S Sections 40500.1, 40502, 40510,40510.5, 40510.7, 40511, 40512, 40522, 40522.5 and 40523. The AQMD, as do many other air districts, receives vehicle registration monies. The authority is covered under H&S Code Sections 44200-44257 and Motor Vehicle Code Section 9250.11	N/A	N/A	

Exhibit 4: Cost Allocation Model

Cost Allocation Workbook
Total Expenses

	Division Name					
Account Type	Admin	Mobile Source	Program Coordination	Stationary Source	Strategic Planning	Grand Total
Payroll	$ 2,333,999	$ 1,141,192	$ 1,619,942	$ 2,735,806	$ 1,305,319	$ 9,136,258
Fixed Assets	$ 6,908		$ 159,440			$ 166,348
Interfund Charges	$ 12,200			$ 368,762		$ 380,961
Non Payroll Expenses	$ 1,594,669	$ 9,284,375	$ 880,242	$ 268,708	$ 1,804,838	$ 13,832,832
Other Expenses	$ 407,794					$ 407,794
Grand Total	$ 4,355,570	$ 10,425,566	$ 2,659,625	$ 3,373,276	$ 3,110,157	$ 23,924,194

000121

Cost Allocation Workbook
Admin Payroll Allocation

G/L Account	Account Type	Administration	Mobile Source	Program Coordination	Stationary Source	Strategic Planning	Grand Total
10111000	Payroll-Salary	$ 1,471,603	$ 881,500	$ 1,286,327	$ 2,125,830	$ 1,011,437	$ 6,776,698
10112100	Payroll-Salary	$ 36,922	$ 1,231	$ 14,044	$ 59,898	$ 42,608	$ 154,703
10112200	Payroll-Salary				$ -		$ -
10112400	Payroll-Salary				$ 2,485		$ 2,485
10113200	Payroll-Salary	$ 4,650	$ 11,002	$ 4,740	$ 10,661	$ 11,013	$ 42,065
10114100	Payroll-Salary	$ 20,313	$ 5,504	$ 5,781	$ 5,781	$ 3,957	$ 41,337
10121000	Payroll-Benefits	$ 328,478	$ 90,391	$ 130,365	$ 215,918	$ 96,049	$ 861,201
10122000	Payroll-Benefits	$ 91,528	$ 63,505	$ 61,564	$ 114,858	$ 54,964	$ 386,419
10123000	Payroll-Benefits	$ 286,859	$ 85,340	$ 113,060	$ 193,980	$ 81,552	$ 760,791
10124000	Payroll-Benefits	$ 89,249					$ 89,249
10125000	Payroll-Benefits	$ 4,396	$ 2,719	$ 4,061	$ 6,396	$ 3,740	$ 21,312
	Total Costs	**$ 2,333,999**	**$ 1,141,192**	**$ 1,619,942**	**$ 2,735,806**	**$ 1,305,319**	**$ 9,136,258**
	Payroll Costs		$ 1,141,192	$ 1,619,942	$ 2,735,806	$ 1,305,319	$ 6,802,260
	Percentage of Payroll		17%	24%	40%	19%	100%
	Administrative Allocation		$ 391,567	$ 555,836	$ 938,713	$ 447,883	$ 2,333,999
	Reallocated Total		**$ 1,532,758**	**$ 2,175,779**	**$ 3,674,519**	**$ 1,753,202**	**$ 9,136,258**

000122

Cost Allocation Workbook
Admin Exp Allocation

Account Type	Administration	Mobile Source	Program Coordination	Stationary Source	Strategic Planning	Grand Total
Fixed Assets	$ 6,908		$ 159,440			$ 166,348
Interfund Charges	$ 12,200			$ 368,762		$ 380,961
Non Payroll Expenses	$ 1,594,669	$ 9,284,375	$ 880,242	$ 268,708	$ 1,804,838	$ 13,832,832
	$ -					$ -
	$ -	$ -	$ -	$ -	$ -	$ -
Total Expenses	**$ 1,613,777**	**$ 9,284,375**	**$ 1,039,682**	**$ 637,470**	**$ 1,804,838**	**$ 14,380,141**
Total (-interfund ch.)	**$ 1,601,577**					
Allocation Percentage		17%	24%	40%	19%	100%
Administrative Allocation		$ 268,691	$ 381,412	$ 644,140	$ 307,335	$ 1,601,577
Interfund Charge				$ 12,200		
Reallocated Total		**$ 9,553,066**	**$ 1,421,094**	**$ 1,293,810**	**$ 2,112,172**	**$ 14,380,142**

000123

Cost Allocation Workbook
Admin Non Payroll Allocation

G/L Account	Account Type	Admin	Mobile Source	Program Coordination	Stationary Source	Strategic Planning	Grand Total
20200500	Non Payroll Expenses	$ 24,221		$ 8,978	$ 86,019	$ 9,145	$ 128,364
20202100	Non Payroll Expenses	$ (162)	$ -				$ (162)
20202200	Non Payroll Expenses	$ 688		$ 413	$ 103	$ 232	$ 1,436
20202202	Non Payroll Expenses	$ 335			$ (103)		$ 232
20202203	Non Payroll Expenses	$ 162					$ 162
20202300	Non Payroll Expenses	$ 2,218					$ 2,218
20202400	Non Payroll Expenses	$ 8,639	$ 369	$ 56		$ 6,973	$ 16,036
20202900	Non Payroll Expenses	$ 37,922	$ 11,852	$ 13,340	$ 12,337	$ 15,504	$ 90,954
20203500	Non Payroll Expenses	$ 6,867	$ 4,307	$ 8,501	$ 9,272	$ 2,974	$ 31,921
20203600	Non Payroll Expenses		$ 212	$ -		$ 715	$ 926
20203803	Non Payroll Expenses	$ 500		$ 67	$ -		$ 566
20203804	Non Payroll Expenses	$ 1,774				$ 49	$ 1,824
20203805	Non Payroll Expenses	$ 3,599	$ 153	$ 65	$ 2,949	$ 517	$ 7,282
20203807	Non Payroll Expenses					$ -	$ -
20203900	Non Payroll Expenses	$ 39,184	$ 8,382	$ 9,227	$ 15,676	$ 4,693	$ 77,162
20204400	Non Payroll Expenses		$ -				$ -
20204500	Non Payroll Expenses	$ 2,639	$ 56	$ 2,841	$ 95	$ 910	$ 6,542
20205100	Non Payroll Expenses	$ 86,130					$ 86,130
20206100	Non Payroll Expenses	$ 14,511	$ 165	$ 165	$ 15	$ 1,550	$ 16,406
20206500	Non Payroll Expenses				$ 1,437		$ 1,437
20207600	Non Payroll Expenses	$ 37,174	$ 453	$ 432	$ 4,943	$ 247	$ 43,250
20208100	Non Payroll Expenses	$ 870					$ 870
20208102	Non Payroll Expenses	$ 1					$ 1
20208500	Non Payroll Expenses	$ 8,904	$ 1,539	$ 7,412	$ 4,341	$ 3,058	$ 25,253
20210400	Non Payroll Expenses			$ -			$ -
20217100	Non Payroll Expenses	$ 201	$ 68,348	$ 15,656			$ 84,205
20218500	Non Payroll Expenses	$ -					$ -
20219100	Non Payroll Expenses			$ 9,431			$ 9,431
20219300	Non Payroll Expenses	$ 1,020					$ 1,020
20219700	Non Payroll Expenses	$ 2,164	$ 642	$ 1,844	$ 89	$ 840	$ 5,580
20220600	Non Payroll Expenses	$ (820)					$ (820)
20222600	Non Payroll Expenses	$ 1,721	$ 214	$ 98,587	$ 17,673		$ 118,196
20222700	Non Payroll Expenses	$ 45		$ 644	$ 8,098	$ 261	$ 9,047
20223600	Non Payroll Expenses	$ 20,655	$ 30			$ 26	$ 20,710
20226100	Non Payroll Expenses	$ 150					$ 150
20226200	Non Payroll Expenses	$ 32,261	$ 5,999				$ 38,260
20226400	Non Payroll Expenses	$ 5,147					$ 5,147

Cost Allocation Workbook
Admin Non Payroll Allocation

G/L Account	Account Type	Admin	Mobile Source	Program Coordination	Stationary Source	Strategic Planning	Grand Total
20226500	Non Payroll Expenses			$ -			$ -
20227500	Non Payroll Expenses	$ 41,135	$ 6,124	$ 1,790		$ 1,079	$ 50,129
20227501	Non Payroll Expenses	$ 0	$ (0)				$ 0
20227503	Non Payroll Expenses	$ 38					$ 38
20227504	Non Payroll Expenses	$ 128,130	$ 66		$ 6	$ 0	$ 128,203
20229100	Non Payroll Expenses	$ 1,430		$ 12,088	$ 241		$ 13,758
20229200	Non Payroll Expenses				$ -		$ -
20231300	Non Payroll Expenses		$ 743		$ 2,522		$ 3,265
20244300	Non Payroll Expenses	$ 2,165					$ 2,165
20250200	Non Payroll Expenses	$ 10,000					$ 10,000
20250500	Non Payroll Expenses	$ 52,699					$ 52,699
20250605	Non Payroll Expenses	$ 13					$ 13
20252100	Non Payroll Expenses	$ 189,332		$ 9,451			$ 198,783
20252200	Non Payroll Expenses	$ (0)					$ (0)
20253100	Non Payroll Expenses	$ 63,316					$ 63,316
20254400	Non Payroll Expenses	$ 16					$ 16
20259100	Non Payroll Expenses	$ 424,323	$ 9,148,916	$ 665,263	$ 77,910	$ 1,745,981	$ 12,062,393
20281100	Non Payroll Expenses	$ 57,669	$ 2,071	$ 4,500	$ 13,086	$ 830	$ 78,155
20281200	Non Payroll Expenses	$ (3,069)		$ 3,069			$ (0)
20281201	Non Payroll Expenses	$ 105,643	$ 5,586	$ 657		$ 1,068	$ 112,953
20281202	Non Payroll Expenses	$ 17,858	$ 5,012	$ 2,889	$ 1,800	$ 3,876	$ 31,436
20281203	Non Payroll Expenses	$ 21,327	$ 2,887	$ 526			$ 24,740
20281204	Non Payroll Expenses	$ 2,715					$ 2,715
20284100	Non Payroll Expenses				$ 1,773		$ 1,773
20289800	Non Payroll Expenses	$ 652	$ 152	$ 130	$ 433	$ 60	$ 1,428
20289900	Non Payroll Expenses	$ 331		$ 275	$ 7,423	$ 14	$ 8,043
20292100	Non Payroll Expenses	$ 566	$ 457	$ 1,622			$ 2,645
20292200	Non Payroll Expenses	$ 25,333	$ 9,437	$ 49	$ 4	$ 3,991	$ 38,814
20292300	Non Payroll Expenses	$ 2,268					$ 2,268
20292500	Non Payroll Expenses	$ 302				$ 72	$ 374
20292600	Non Payroll Expenses	$ 873	$ 206	$ 274	$ 566	$ 171	$ 2,090
20292900	Non Payroll Expenses	$ 1,821					$ 1,821
20293400	Non Payroll Expenses	$ 864					$ 864
20296200	Non Payroll Expenses	$ 815					$ 815
20298700	Non Payroll Expenses	$ 105,027					$ 105,027
20298900	Non Payroll Expenses	$ 2,356					$ 2,356
Grand Total		$ 1,594,670	$ 9,284,375	$ 880,242	$ 268,708	$ 1,804,838	**$ 13,832,832**
	Admin Burden %		17%	24%	40%	19%	100%
	Admin Allocation		$ 267,532	$ 379,767	$ 641,361	$ 306,009	$ 1,594,670

Cost Allocation Workbook
Admin Non Payroll Allocation

G/L Account	Account Type	Admin	Mobile Source	Program Coordination	Stationary Source	Strategic Planning	Grand Total
	Reallocated Totals		$ 9,551,907	$ 1,260,009	$ 910,070	$ 2,110,847	$ 13,832,832

Cost Allocation Workbook
Other Expense Allocation

Account Type	Administration	Program Coordination	Stationary Source	Strategic Planning	Grand Total
Other Expenses	$ 407,794				$ 407,794
Payroll Costs		$ 1,619,942	$ 2,735,806	$ 1,305,319	$ 5,661,068
Percentage of Payroll		29%	48%	23%	100%
Allocation Percentage		29%	48%	23%	100%
Other Expenses Allocation		$ 116,692	$ 197,073	$ 94,029	$ 407,794
Reallocated Total		**$ 116,692**	**$ 197,073**	**$ 94,029**	**$ 407,794**

* $257,670 is related to interest expense
** $150,000 is related to leasing (rent)

Cost Allocation Workbook
Admin Fixed Assets Allocation

G/L Account	Account Type	Admin	Mobile Source	Program Coordination	Stationary Source	Strategic Planning	Grand Total
43430300	Fixed Assets	$ 6,908		$ 159,440			$ 166,348
	Grand Total	$ 6,908		$ 159,440			**$ 166,348**
	Admin Burden %		17%	24%	40%	19%	
	Admin Allocation		$ 1,159	$ 1,645	$ 2,778	$ 1,326	$ 6,908
	Reallocated Totals		$ 1,159	$ 161,085	$ 2,778	$ 1,326	**$ 166,348**

Cost Allocation Workbook
Admin Interfund Allocation

Sum of Dollar Amount		Division Name		
G/L Account	**Account Type**	**Admin**	**Stationary Source**	**Grand Total**
50597900	Interfund Charges	$ 12,199.63	$ 368,761.72	$ 380,961.35
Grand Total		$ 12,199.63	$ 368,761.72	**$ 380,961.35**

* Interfund charges are a 100% Stationary Source charge

Cost Allocation Workbook
Stationary Sources

Account Type	**Stationary Source**
Payroll	$ 2,735,806
Fixed Assets	$ -
Interfund Charges	$ 368,762
Non Payroll Expenses	$ 268,708
Other Expenses	$ -
Subtotal Stationary Source (Excluding Payroll)	$ 637,470
Subtotal Stationary Sources (Including Payroll)	3,373,276
Admin Payroll Allocation (includes overhead costs)	$ 938,713
Admin Expense Allocation	$ 656,340
Subtotal Admin Expense Allocation	$ 1,595,053
Other Expenses Allocation	$ 197,073
Total Stationary Source Expense	$ 5,165,402

	Payroll Allocation		**Expense Allocation**	**Admin Payroll Allocation**	**Admin Expense Allocation**	**Other Expense Allocation**	**Total**
Rule 301 (Includes Unpermitted Sources)	$ 2,230,193	82%	$ 519,657	$ 765,226	$ 535,040	$ 160,652	$ 4,210,768
Rule 304	$ 272,934	10%	$ 63,596	$ 93,649	$ 65,479	$ 19,661	$ 515,319
Rule 306	$ 69,438	3%	$ 16,180	$ 23,826	$ 16,659	$ 5,002	$ 131,104
Other Rules (PERP and Rule 302)	$ 163,241	6%	$ 38,037	$ 56,011	$ 39,163	$ 11,759	$ 308,211
	$ 2,735,806	100%	$ 637,470	$ 938,713	$ 656,340	$ 197,073	$ 5,165,402

Cost Allocation Workbook
Program Coordination

Account Type	Program Coordination
Payroll	$ 1,619,942
Fixed Assets	$ 159,440
Interfund Charges	$ -
Non Payroll Expenses	$ 880,242
Other Expenses	
Subtotal Program Coordination (Excluding Payroll)	$ 1,039,682
Subtotal Program Coordination (Including Payroll)	$ 2,659,624
Admin Payroll Allocation (includes overhead costs)	$ 555,836
Admin Expense Allocation	$ 381,412
Subtotal Admin Expense Allocation	$ 937,248
Other Expenses Allocation	$ 116,692
Total Program Coordination Expense	$ 3,713,565

	Payroll Allocation		Expense Allocation	Admin Payroll Allocation	Admin Expense Allocation	Other Expenses Allocation	Less Offsetting Revenue	Total
Rule 301	$ 814,524	50%	$ 522,763	$ 279,480	$ 191,778	$ 58,674	$ (6,218)	1,861,002
Rule 304	$ 35,555	2%	$ 22,819	$ 12,200	$ 8,371	$ 2,561		81,507
Other Program Costs (Planning, Emissions, Air Monitoring)	$ 769,863	48%	$ 494,100	$ 264,156	$ 181,263	$ 55,457		1,764,839
	$ 1,619,942	100%	$ 1,039,682	$ 555,836	$ 381,412	$ 116,692		$ 3,707,347

000131

Cost Allocation Workbook
Rule Expenses

	Stationary Sources	Program Coordination	Total
Rule 301	$ 4,210,768	$ 1,861,002	$ 6,071,770
Rule 304	$ 515,319	$ 81,507	$ 596,826
Rule 306	$ 131,104		$ 131,104
Other Rules (PERP and Rule 302)	$ 308,211		$ 308,211
Total Rule Expenses	**$ 5,165,402**	**$ 1,942,508**	**$ 7,107,911**
Other Program Costs (Planning, Emissions, Air Monitoring)		$ 1,764,839	$ 1,764,839
Total SS and PC Costs with Administrative Allocations	**$ 5,165,402**	**$ 3,707,347**	**$ 8,872,750**

Cost Allocation Workbook
Rule 301 Allocation

Rule 301 Payroll		
Stationary Sources	$	2,230,193
Program Coordination	$	814,524
Less ERC offsetting Revenue	$	(6,218)
Total Rule 301 Payroll Costs	$	3,038,499
	$	9,284,375
Rule 301 Areas		
Direct Costs		
SS Permitting (Initial)	$	882,352
SS Field Ops (Renewal)	$	1,112,171
Total Direct	$	1,994,523
Rule 301 Support Services		
PC Permitting (Rule Development)	$	416,998
Reinspection		
SS Other	$	235,670
PC Other	$	391,308
Total 301 Support Services	$	1,043,976
Total Rule 301 Payroll Costs	$	3,036,499
Rule 301 Allocations		
Rule 301 SS Expenses	$	519,657
Rule 301 PC Expenses	$	522,763
Total	**$**	**1,042,420**
Rule 301 SS Admin Payroll	$	765,226
Rule 301 PC Admin Payroll	$	279,480
Total	**$**	**1,044,707**
Rule 301 SS Admin Expenses	$	535,040
Rule 301 PC Admin Expenses	$	191,778
Total	**$**	**726,818**
Rule 301 SS Other Expenses Allocation	$	160,652
Rule 301 PC Other Expenses Allocation	$	58,674
Total	**$**	**219,326**
Total Rule 301 Allocations	**$**	**3,033,271**
Total Rule 301 Costs	**$**	**6,071,770**

	Direct Salary	Expense Allocation Percentage	Rule 301 Support Services	Expense Allocation	Admin Payroll Allocation	Admin Expense Allocation	Other Expenses Allocation	Total Costs
Initial Permits	$ 862,352	44%	$ 461,842	$ 461,154	$ 462,165	$ 321,535	$ 97,027	$ 2,686,076
Renewal Permits	$ 1,112,171	56%	$ 582,134	$ 581,267	$ 582,541	$ 405,283	$ 122,299	$ 3,385,694
Total Costs	$ 1,994,523	100%	$ 1,043,976	$ 1,042,420	$ 1,044,707	$ 726,818	$ 219,326	$ 6,071,770

000133

G/L Account	Account Name	
	Revenue	
	Rule 301	
92929031	Reinspections	(7,203)
92929034	Title V Permit Fees (Exceptional Lic/Per per Compass)	(27,798)
92929035	Document/File Review	(53,509)
92929051	Initial Permit Fees	(889,561)
92929052	Annual Permit Renewal Fees	(2,563,156)
92929000	Licenses/Permits - Other	(24,205)
95956900	State Aid - Other Misc. Programs	(360,241)
96964100	Planning Services Charges	(23,785)
	Total Revenue Rule 301	(3,949,458)
	Rule 303	
92929053	Ag Burn Fees	(14,792)
	Total Revenue Rule 303	(14,792)
	Rule 304	
97979024	Geo Tech Cons	(1,306)
97979016	Asbestos Plan Fees	(272,844)
	Total Revenue Rule 304	(274,150)
	Rule 306	
97979020	State Toxics Emissions Fee	(42,051)
	Total Revenue Rule 306	(42,051)
	Total Rule Specific Revenue	(4,280,451)
	Other Rule Related Revenue	
93934000	Civil Settlements	(1,090,612)
94941000	Interest Income	(100,000)
95958900	Federal Aid - Health Programs	(1,400,000)
97979022	Variances	(3,098)
	Total Rule Related Revenue	(2,593,710)
	Total Program Supporting Revenue	(6,874,161)

Cost Allocation Workbook
Rule 301 Residual Costs

	Direct Salary	**Expense Allocation Percentage**	**Total Costs**
Permitting (Initial Permits)	$ 882,352	44%	$ 2,686,076
Field Ops (Renewal Permits)	$ 1,112,171	56%	$ 3,385,694
Total	**$ 1,994,523**	**100%**	**$ 6,071,770**
	Rule 301	**Permitting (Initial Permits)**	**Field Ops (Renewal Permits)**
Total Costs	**$ 6,071,770**	**$ 2,686,076**	**$ 3,385,694**
Revenue			
Reinspections	(7,203)		$ (7,203.00)
Title V Permit Fees (Exceptional Lic/Per per Compass)	(27,798)		$ (27,798.00)
Document/File Review	(53,509)	$ (23,671.72)	$ (29,837.28)
Initial Permit Fees	(889,561)	(889,561)	
Annual Permit Renewal Fees	(2,563,156)		(2,563,156)
Licenses/Permits - Other	(24,205)	$ (10,707.99)	$ (13,497.01)
State Aid - Other Misc. Programs	(360,241)	$ (159,366.18)	$ (200,874.82)
Planning Services Charges	(23,785)	$ (10,522.19)	$ (13,262.81)
Total Revenue	(3,949,458)	(1,093,829)	(2,855,629)
Total Costs (Less Revenue)	**$ 2,122,312**	**$ 1,592,247**	**$ 530,065**

000135

Cost Allocation Workbook
301 Schedule costs and revenues

Schedule	Percentage of Total Renewal Time	Cost By Schedule	Schedule Fees	Emissions Fees	Reinspection Fees	Toxics Fees	Total Fees	Difference of Cost and Revenue
Schedule 1	28.20%	$ 954,744	$ 751,042	$ 96,048	$ 3,211	$ 9,935	$ 860,236	$ (94,508)
Schedule 2	19.31%	$ 653,796	$ 289,490	$ 84,662	$ 123	$ 1,417	$ 375,692	$ (278,104)
Schedule 3	0.59%	$ 20,021	$ 20,751	$ 3,774	$ -	$ 95	$ 24,620	$ 4,599
Schedule 4	0.58%	$ 19,595	$ 39,778	$ 3,544	$ 241	$ -	$ 43,563	$ 23,968
Schedule 5	1.59%	$ 53,672	$ 128,047	$ 3,174	$ -	$ 11,509	$ 142,730	$ 89,058
Schedule 6	16.07%	$ 544,250	$ 429,949	$ 38,794	$ 3,260	$ 29,165	$ 501,168	$ (43,082)
Schedule 7	18.17%	$ 615,032	$ 305,551	$ 47,042	$ 118	$ 3,532	$ 356,243	$ (258,789)
Schedule 8	0.02%	$ 781	$ -	$ -	$ -	$ -	$ -	$ (781)
Schedule 9	15.47%	$ 523,803	$ 377,160	$ 63,300	$ 723	$ 4,945	$ 446,128	$ (77,675)
Total	100%	$ 3,385,694	$ 2,341,768	$ 340,338	$ 7,676	$ 60,598	$ 2,750,380	$ (635,314)

APPENDIX D

STATIONARY SOURCE PROGRAM
FY13/14 EXPENDITURES AND REVENUES WITHOUT PROPOSED FEE INCREASE

FY2013-2014 (FTE = 92.95)

Program	Budgeted Cost FY13/14 SSD Cost	PCD Cost	Total Cost	Projected Revenues Revenue	Amount	Cost Less Budgeted Revenues Amount	% short	Other Revenues Revenue	Amount	Cost Less Budgeted and Other Revenues Amount	%short	H&SC Section
Permitted Program Cost	$ 4,283,865	$ 925,814	$ 5,209,679	Total Permitted Revenues	$ 4,714,400	$ 495,279	10%	Total	$ -	$ 495,279	10%	§42311(a)
Enforcement Permit Related	$ 2,284,327			Reinspection Fees	$ 2,652							
Permitting	$ 1,541,731			Source Test Fees	$ 173,564							
Application Intake	$ 179,507			Initial Fees	$ 314,587							
BERC	$ 116,498			Renewal Fees	$ 4,172,411							
Floating Roof Tank Inspection	$ 6,500			SEED-Renewal Fees (Rule 205)	$ 45,150							
Rule Development		$ 572,879		ERC -Transfer of credit (Rule 301)	$ 5,036							
Emission Inventory		$ 111,516		Variance	$ 1,000							
ERC		$ 241,419										
Unallocated Admin	$155,302											
Title V Program	$ 186,234	$ -	$ 186,234	Title V fees	$ 74,463	$ 111,771	60%	Total	$ -	$ 111,771	60%	
Title V	$ 180,229			Title V fees	$ 74,463							
Unallocated Admin	$ 6,005											
Air Toxics Program	$ 168,490		$ 168,490	Toxic Emissions Fees	$ 84,216	$ 84,274	50%	Total	$ -	$ 84,274	50%	§44380
Air Toxics Program	$ 163,093			Toxic Emissions Fees	$ 84,216							
Unallocated Admin	$ 5,397											
Unpermitted program (Rule 421)	$ 176,192	$ 387,319	$ 563,511	Total Unpermitted Revenue (Rule 421)	$ 355,017	$ 208,494	37%	Total	$ 208,494	$ 0	0%	§42311(g), 41512.5
Rule 421 Related Activities	$ 176,192	$ 6,777		Land Use Mitigation	$ 355,017			Other Revenues	$ 208,494			
Rule 421 Related Activities - CO (Staff time)		$ 125,490										
Rule 421 Related Activities - CO (other prof services)		$ 255,051										
Unpermitted Program (Other)	$ 86,880	$ 469,119	$ 556,000	Total Unpermitted Revenues	$ 22,690	$ 533,310	96%	Total	$ 533,310	$ (0)	0%	§42311(g), 41512.5
Enforcement Not Permit Related	$ 70,696			Land Use Mitigation	$ 22,690			Other Revenues	$ 533,310			
Wood Smoke Program		$ 22,690										
Rule Development		$ 327,624										
Emission Inventory		$ 118,806										
Unallocated Admin	$ 16,184											
PERP	$ 214,938	$ -	$ 214,938	PERP	$ 110,000	$ 104,938	49%	Total	$ 104,938	$ 0	0%	§41752
PERP	$ 207,968			PERP	$ 110,000			Other Revenues	$ 104,938			
Unallocated Admin	$ 6,970											
Ag Engine Registration Program	$ 12,935	$ -	$ 12,935	Total Ag Engine Registration Revenues	$ 3,000	$ 9,935	77%	Total	$ 9,935	$ 0	0%	§42311(g), 41512.5
Ag Engine Program	$ 12,506			Ag Engine Registration Fee	$ 3,000			Other Revenues	$ 9,935			
Unallocated Admin	$ 429											
Asbestos Program	$ 456,470	$ -	$ 456,470	Total Asbestos Program Fee	$ 251,500	$ 204,970	45%	Total	$ 204,970	$ 0	0%	§42311(g), 41512.5
Asbestos Program	$ 442,423			NOA Asbestos Fees	$ 1,500			Other Revenues	$ 204,970			
Unallocated Admin	$ 14,047			Asbestos Plan Fees	$ 250,000							
Ag Burn Program	$ 81,800	$ -	$ 81,800	Ag Burn	$ 14,876	$ 66,924	82%	Total	$ 66,924	$ -	0%	
Ag Burn Program	$ 81,800			Ag Burn Permits	$ 14,876			Other Revenues	$ 66,924			
Basin Control Council -Cost	$ 21,250	$ -	$ 21,250		$ -	$ 21,250	100%	Total	$ 21,250	$ -	0%	
Basin Control Council	$ 21,250							Other Revenues	$ 21,250			
Total			$ 7,471,306	Total	$ 5,630,162	$ 1,841,144	25%		$ 1,149,821	$ 691,323	9%	

Other Projected Revenues	Total Budgeted			
Civil Penalties	$ 375,000			
State- ARB Subvention	$ 340,000			
Federal -EPA 105 Grant	$ 547,852	Other Unallocated Admin	Revenue Available	Remaining
Other Revenue (Total)	$ 1,262,852	$ 113,031	$ 1,149,821	$ (0)

Revenue Allocation: BCC, Ag Burn, Asbestos, Ag Engine, PERP, Unpermitted (other), Toxics, Title V, Permittec

Cost for Unpermitted program (Rule 421) is covered first by other revenues, if available, and then by land use mitigation fees.

Notes

1. Costs and revenues are based FY13/14 budgets.

2. Administrative costs are spread to all District programs as indirect costs. No admin costs are directly allocated in Stationary Source Program.

3. Portion of the indirect admin costs spread to the admin program is cover by DMV funds. The remaining portion, known as the unallocated admin costs, are spread to the other District programs (Stationary Source, Mobile, Land Use, Program Coordination). Portion of the unallocated admin not related to the Stationary Source Program is funded by other revenue streams.

4. BERC - 100% Permit Related from SSD. BERC is $116,498 in FY13/14. Assume no increase in future years.

5. Portions of ARB subvention money are dedicated to cover the cost of the following:

   1. $66,924 (equivalent to total program cost, $81,800, less the ag burn program revenues ,$14,876)for the Sacramento County Ag Commissioner's contract to operate the Ag Burn Program. No FTE is included.
   2. $21,250 paid to the Basinwide Air Pollution Control Council. No FTE is included.

6. ERC - 100% in Permitted Program Cost

7. Rule 421/Wood Smoke (PCD)

   Cost does not include incentive monies in the wood stove change out program.

Total Cost in FY13/14	$	29,467	0.17 FTE	
Rule 421 Portion	$	6,777	0.04 FTE	in unpermitted program (Rule 421)
Wood Smoke Program Portion	$	22,690	0.13 FTE	in unpermitted program

8. Emission Inventory, Time allocation.

   a. 40% allocated in permitted program cost

   b. 44% allocated in unpermitted program cost

   c. 16% allocated to other. This portion of emission inventory is work related to mobile sources which is funded by DMV funds.

9. Rule Development

   a. 64% allocated in permitted program cost based on past rule development.

   b. 36% allocated in unpermitted program cost based on past rule development.

10. Federal EPA105 Grant does not include PAMs.

11. Rule 421 related activities are temporary funded by LU mitigation.

12. NOA means naturally occurring asbestos.

13. BERC means Business Environmental Resource Center.

14. ERC means emission reduction credit.

15. CO means Communication Office.

16. PERP means Portable Equipment Registration Program.

APPENDIX E

STATIONARY SOURCE PROGRAM
PROJECTED EXPENDITURES AND REVENUES WITH PROPOSED FEE INCREASES
(FY13/14 TO FY17/18)

OPTION 4B: FY2013-2014 Add Admin Mgr in FY14/15 (FTE = 92.95) and Immediately Restore Fund Balance

Program	Budgeted Cost FY13/14 SSD Cost	PCD Cost	Total Cost	Projected Revenues Revenue	Amount	Cost Less Budgeted Revenues Amount	% short	Other Revenues Revenue	Amount	Cost Less Budgeted and Other Revenues Amount	%short	H&SC Section
Permitted Program Cost	$ 4,425,930	$ 925,814	$ 5,351,744	Total Permitted Revenues	$ 5,351,743	$ 0	0%	Total	$ -	$ 0	0%	§42311(a)
Enforcement Permit Related	$ 2,284,327			Reinspection Fees	$ 2,652							
Permitting	$ 1,541,731			Source Test Fees	$ 196,262							
Application Intake	$ 179,507			Initial Fees	$ 355,728							
BERC	$ 116,498			Renewal Fees	$ 4,718,065							
Floating Roof Tank Inspection	$ 6,500			SEED-Renewal Fees (Rule 205)	$ 73,000							
Rule Development		$ 572,879		ERC-Transfer of credit	$ 5,036							
Emission Inventory		$ 111,516		Variance	$ 1,000							
ERC		$ 241,419										
Unallocated Admin	$155,302											
Fund Balance	$ 142,065											
Title V Program	$ 186,234	$ -	$ 186,234	Title V fees	$ 152,865	$ 33,369	18%	Fund Balance-301	$ 33,369	$ (0)	0%	
Title V	$ 180,229			Title V fees	$ 152,865			Fund Balance-301	$ 33,369			
Unallocated Admin	$ 6,005											
AB2588 Program	$ 168,490		$ 168,490	Toxic Emissions Fees	$ 147,494	$ 20,996	12%	Total	$ 20,996	$ 0	0%	§44380
AB2588	$ 163,093			Toxic Emissions Fees	$ 147,494			Existing Fund Balance	$ 20,996			
Unallocated Admin	$ 5,397											
Unpermitted program (Rule 421)	$ 176,192	$ 387,319	$ 563,511	Total Unpermitted Revenue (Rule 421)	$ 355,017	$ 208,494	37%	Other Revenues	$ 208,494	$ 0	0%	§42311(g), 41512.5
Rule 421 Related Activities	$ 176,192	$ 6,777		Land Use Mitigation	$ 355,017			Other Revenues	$ 208,494			
Rule 421 Related Activities - CO (Staff time)		$ 125,490										
Rule 421 Related Activities - CO (other prof services)		$ 255,051										
Unpermitted Program (Other)	$ 86,880	$ 469,119	$ 556,000	Total Unpermitted Revenues	$ 22,690	$ 533,310	96%	Other Revenues	$ 533,310	$ (0)	0%	§42311(g), 41512.5
Enforcement Not Permit Related	$ 70,696			Land Use Mitigation	$ 22,690			Other Revenues	$ 533,310			
Wood Smoke		$ 22,690										
Rule Development		$ 327,624										
Emission Inventory		$ 118,806										
Unallocated Admin	$ 16,184											
PERP	$ 214,938	$ -	$ 214,938	PERP	$ 110,000	$ 104,938	49%	Other Revenues	$ 104,938	$ 0	0%	§41752
PERP	$ 207,968			PERP	$ 110,000			Other Revenues	$ 104,938			
Unallocated Admin	$ 6,970											
Ag Engine Registration Program	$ 12,935	$ -	$ 12,935	Total Ag Engine Registration Revenues	$ 3,000	$ 9,935	77%	Other Revenues	$ 9,935	$ 0	0%	§42311(g), 41512.5
Ag Engine Program	$ 12,506			Ag Engine Registration Fee	$ 3,000			Other Revenues	$ 9,935			
Unallocated Admin	$ 429											
Asbestos Program	$ 456,470	$ -	$ 456,470	Total Asbestos Program Fee	$ 251,500	$ 204,970	45%	Other Revenues	$ 204,970	$ 0	0%	§42311(g), 41512.5
Asbestos Program	$ 442,423			NOA Asbestos Fees	$ 1,500			Other Revenues	$ 204,970			
Unallocated Admin	$ 14,047			Asbestos Plan Fees	$ 250,000							
Ag Burn Program	$ 81,800	$ -	$ 81,800	Ag Burn	$ 14,876	$ 66,924	82%	Other Revenues	$ 66,924	$ -	0%	
Ag Burn Program	$ 81,800			Ag Burn Permits	$ 14,876			Other Revenues	$ 66,924			
Basin Control Council -Cost	$ 21,250	$ -	$ 21,250	Ag Burn	$ -	$ 21,250	100%	Other Revenues	$ 21,250	$ -	0%	
Basin Control Council	$ 21,250							Other Revenues	$ 21,250			
Total			$ 7,613,371	Total	$ 6,409,185	$ 1,204,186	16%		$ 1,204,186	$ 0	0%	

	CPI	Additional Increase	Total Increase
FY13/14 Title V Increase		New fee structure	
FY13/14 Non-Title V Increase	1.70%	13.30%	15.00%

	Total Needed	Starting	Ending
Fund Balance - 301	$ 1,544,946	$ -	$ 108,696
Fund Balance - 306	$ 42,123	$ -	$ -
Existing Fund Balance		$ 478,967	$ 457,971
SS Fund Balance	$ 1,867,827	$ 478,967	$ 566,667

Other Projected Revenues	Total Budgeted	Other Unallocated Admin	Available	Remaining
Civil Penalties	$ 375,000			
State- ARB Subvention	$ 340,000			
Federal -EPA 105 Grant	$ 547,852			
Other Revenue (Total)	$ 1,262,852	$ 113,031	$ 1,149,821	$ (0)

Revenue Allocation: BCC, Ag Burn, Asbestos, Ag Engine, PERP, Unpermitted (other), Unpermitted (Rule 421), Toxics, Title V, Permitted

Cost for Unpermitted program (Rule 421) is covered first by other revenues, if available, and then by land use mitigation.

OPTION 4B: FY2014-2015 Add Admin Mgr in FY14/15 (FTE = 92.95) and Immediately Restore Fund Balance

Program	Budgeted Cost FY14/15			Budgeted Revenues		Cost Less Budgeted Revenues		Other Revenues		Cost Less Budgeted and Other Revenues		H&SC Section
	SSD Cost	PCD Cost	Total Cost	Revenue	Amount	Amount	% short	Revenue	Amount	Amount	%short	
Permitted Program Cost	$ 4,646,258	$ 952,063	$ 5,598,321	Total Permitted Revenues	$ 5,598,322	$ (0)	0%		$ -	$ (0)	0%	§42311(a)
Enforcement Permit Related	$ 2,349,148			Reinspection Fees	$ 2,949							
Permitting	$ 1,630,860			Source Test Fees	$ 212,199							
Application Intake	$ 184,765			Initial Fees	$ 371,736							
BERC	$ 116,498			Renewal Fees	$ 4,930,378							
Floating Roof Tank Inspection	$ 6,500			SEED-Renewal Fees (Rule 205)	$ 74,460							
Rule Development		$ 586,803		ERC -Transfer of credit	$ 5,600							
Emission Inventory		$ 117,071		Variance	$ 1,000							
ERC		$ 248,190										
Unallocated Admin	$ 164,333											
Fund Balance -301	$ 194,153											
Title V Program	$ 191,978	$ -	$ 191,978	Title V fees	$ 175,795	$ 16,184	8%	Fund Balance-301	$ 16,184	$ (0)	0%	
Title V	$ 185,678			Title V fees	$ 175,795			Fund Balance-301	$ 16,184			
Unallocated Admin	$6,300											
AB2588 Program	$ 145,863		$ 145,863	Toxic Emissions Fees	$ 145,863	$ (0)	0%	Total	$ -	$ (0)	0%	§44380
AB2588	$ 128,097			Toxic Emissions Fees	$ 145,863							
Unallocated Admin	$ 4,275											
Fund Balance - 306	$ 13,490											
Unpermitted program (Rule 421)	$ 181,259	$ 377,146	$ 558,404	Total Unpermitted Revenue (Rule 421)	$ 404,399	$ 154,005	28%	Total	$ 154,005	$ 0	0%	§42311(g), 41512.5
Rule 421 Related Activities	$ 181,259	$ 6,975		Land Use Mitigation	$ 404,399			Other Revenues	$ 154,005			
Rule 421 Related Activities - CO (Staff time)		$ 129,120										
Rule 421 Related Activities - CO (other prof services)		$ 241,051										
Unpermitted Program (Other)	$ 89,704	$ 483,800	$ 573,504	Total Unpermitted Revenues	$ 23,350	$ 550,154	96%	Total	$ 550,154	$ 0	0%	§42311(g), 41512.5
Enforcement Not Permit Related	$ 72,724			Land Use Mitigation	$ 23,350			Other Revenues	$ 550,154			
Wood Smoke (CEQA Mitigation)		$ 23,350										
Rule Development		$ 335,528										
Emission Inventory		$ 124,922										
Unallocated Admin	$ 16,980											
PERP	$ 221,283	$ -	$ 221,283	PERP	$ 110,000	$ 111,283	50%	Total	$ 111,283	$ 0	0%	§41752
PERP	$ 213,970			PERP	$ 110,000			Other Revenues	$ 111,283			
Unallocated Admin	$ 7,313											
Ag Engine Registration Program	$ 13,317	$ -	$ 13,317	Total Ag Engine Registration Revenues	$ 3,000	$ 10,317	77%	Total	$ 10,317	$ (0)	0%	§42311(g), 41512.5
Ag Engine Program	$ 12,867			Ag Engine Initial Permits	$ 3,000			Other Revenues	$ 10,317			
Unallocated Admin	$ 450			Ag Engine Renewals								
Asbestos Program	$ 469,565	$ -	$ 469,565	Total Asbestos Program Fee	$ 251,500	$ 218,065	46%	Total	$ 218,065	$ 0	0%	§42311(g), 41512.5
Asbestos Program	$ 454,827			NOA Asbestos Fees	$ 1,500			Other Revenues	$ 218,065			
Unallocated Admin	$ 14,738			Asbestos Plan Fees	$ 250,000							
Ag Burn Program	$ 81,800	$ -	$ 81,800	Ag Burn	$ 14,876	$ 66,924	82%	Total	$ 66,924	$ -	0%	
Ag Burn Program	$ 81,800			Ag Burn Permits	$ 14,876			Other Revenues	$ 66,924			
Basin Control Council -Cost	$ 21,250	$ -	$ 21,250	Ag Burn	$ -	$ 21,250	100%	Total	$ 21,250	$ -	0%	
Basin Control Council	$ 21,250							Other Revenues	$ 21,250			
Total			$ 7,875,286	Total	$ 6,727,104	$ 1,148,182	15%		$ 1,148,182	$ (0)	0%	

	CPI	Additional Increase	Total Increase
FY13/14 Title V Increase	2.00%	13.00%	15.00%
FY13/14 Non-Title V Increase	2.00%	2.50%	4.50%

	Total Needed	Starting	Ending
Fund Balance - 301	$ 1,601,063	$ 108,696	$ 286,665
Fund Balance - 306	$ 36,466	$ -	$ 13,490
Existing Fund Balance		$ 457,971	$ 457,971
SS Fund Balance	$ 1,916,911	$ 566,667	$ 758,126

Other Budgeted Revenues	Total Budgeted			
Civil Penalties	$ 375,000			
State- ARB Subvention	$ 340,000			
Federal -EPA 105 Grant	$ 547,852	Other Unallocated Admin	Available	Remaining
Other Revenue (Total)	$ 1,262,852	$ 130,854	$ 1,131,998	$ -

Revenue Allocation: BCC, Ag Burn, Asbestos, Ag Engine, PERP, Unpermitted (other), Unpermitted (Rule 421), Toxics, Title V, Permitte
Cost for Unpermitted program (Rule 421) is covered first by other revenues, if available, and then by land use mitigation.

OPTION 4B: FY2015-2016 Add Admin Mgr in FY14/15 (FTE = 92.95) and Immediately Restore Fund Balance

Program	Budgeted Cost FY15/16			Budgeted Revenues		Cost Less Budgeted Revenues		Other Revenues		Cost Less Budgeted and Other Revenues		H&SC Section
	SSD Cost	PCD Cost	Total Cost	Revenue	Amount	Amount	% short	Revenue	Amount	Amount	%short	
Permitted Program Cost	$ 4,876,601	$ 972,244	$ 5,848,845	Total Permitted Revenues	$ 5,848,845	$ (0)	0%		$ -	$ (0)	0%	§42311(a)
Enforcement Permit Related	$ 2,402,166			Reinspection Fees	$ 3,094							
Permitting	$ 1,666,785			Source Test Fees	$ 222,219							
Application Intake	$ 189,168			Initial Fees	$ 388,464							
BERC	$ 116,498			Renewal Fees	$ 5,152,245							
Floating Roof Tank Inspection	$ 6,500			SEED-Renewal Fees (Rule 205)	$ 75,949							
Rule Development		$ 598,883		ERC -Transfer of credit	$ 5,874							
Emission Inventory		$ 119,528		Variance	$ 1,000							
ERC		$ 253,833										
Unallocated Admin	$ 163,180											
Fund Balance -301	$ 332,304											
Title V Program	$ 196,187	$ -	$ 196,187	Title V fees	$ 196,187	$ 0	0%	Fund Balance-301	$ -	$ 0	0%	
Title V	$ 189,897			Title V fees	$ 196,187			Fund Balance-301				
Unallocated Admin	$ 6,256											
Fund Balance	$ 34											
AB2588 Program	$ 145,863		$ 145,863	Toxic Emissions Fees	$ 145,863	$ 0	0%	Total	$ -	$ 0	0%	§44380
AB2588	$ 131,035			Toxic Emissions Fees	$ 145,863							
Unallocated Admin	$ 4,245											
Fund balance - 306	$ 10,583											
Unpermitted program (Rule 421)	$ 185,349	$ 380,221	$ 565,570	Total Unpermitted Revenue (Rule 421)	$ 430,938	$ 134,632	24%	Other Revenues	$ 134,632	$ 0	0%	§42311(g), 41512.5
Rule 421 Related Activities	$ 185,349	$ 7,136		Land Use Mitigation	$ 430,938			Other Revenues	$ 134,632			
Rule 421 Related Activities - CO (Staff time)		$ 132,035										
(other prof services)		$ 241,051										
Unpermitted Program (Other)	$ 91,252	$ 493,983	$ 585,235	Total Unpermitted Revenues	$ 23,891	$ 561,344	96%	Other Revenues	$ 561,344	$ 0	0%	§42311(g), 41512.5
Enforcement Not Permit Related	$ 74,391			Land Use Mitigation	$ 23,891			Other Revenues	$ 561,344			
Wood Smoke		$ 23,891										
Rule Development		$ 342,344										
Emission Inventory		$ 127,749										
Unallocated Admin	$ 16,861											
PERP	$ 226,093	$ -	$ 226,093	PERP	$ 110,000	$ 116,093	51%	Other Revenues	$ 116,093	$ (0)	0%	§41752
PERP	$ 218,831			PERP	$ 110,000			Other Revenues	$ 116,093			
Unallocated Admin	$ 7,262											
Ag Engine Registration Program	$ 13,604	$ -	$ 13,604	Total Ag Engine Registration Revenues	$ 3,000	$ 10,604	78%	Other Revenues	$ 10,604	$ (0)	0%	§42311(g), 41512.5
Ag Engine Program	$ 13,157			Ag Engine Initial Permits	$ 3,000			Other Revenues	$ 10,604			
Unallocated Admin	$ 447			Ag Engine Renewals								
Asbestos Program	$ 479,471	$ -	$ 479,471	Total Asbestos Program Fee	$ 251,500	$ 227,971	48%	Other Revenues	$ 227,971	$ 0	0%	§42311(g), 41512.5
Asbestos Program	$ 464,836			NOA Asbestos Fees	$ 1,500			Other Revenues	$ 227,971			
Unallocated Admin	$ 14,635			Asbestos Plan Fees	$ 250,000							
Ag Burn Program	$ 81,800	$ -	$ 81,800	Ag Burn	$ 14,876	$ 66,924	82%	Other Revenues	$ 66,924	$ -	0%	
Ag Burn Program	$ 81,800			Ag Burn Permits	$ 14,876			Other Revenues	$ 66,924			
Basin Control Council -Cost	$ 21,250	$ -	$ 21,250	Ag Burn	$ -	$ 21,250	100%	Other Revenues	$ 21,250	$ -	0%	
Basin Control Council	$ 21,250							Other Revenues	$ 21,250			
Total			$ 8,163,919	Total	$ 7,025,100	$ 1,138,819	14%		$ 1,138,818	$ 1	0%	

	CPI	Additional Increase	Total Increase
FY13/14 Title V Increase	2.00%	9.60%	11.60%
FY13/14 Non-Title V Increase	2.00%	2.50%	4.50%

	Total Needed	Starting	Ending
Fund Balance - 301	$ 1,634,407	$ 286,665	$ 619,003
Fund Balance - 306	$ 36,466	$ 13,490	$ 24,073
Existing Fund Balance		$ 457,971	$ 457,971
SS Fund Balance	$ 1,955,258	$ 758,126	$ 1,101,047

Other Budgeted Revenues	Total Budgeted			
Civil Penalties	$ 375,000			
State- ARB Subvention	$ 340,000			
Federal -EPA 105 Grant	$ 547,852	Other Unallocated Admin	Available	Remaining
Other Revenue (Total)	$ 1,262,852	$ 124,034	$ 1,138,818	$ -

Revenue Allocation: BCC, Ag Burn, Asbestos, Ag Engine, PERP, Unpermitted (other), Unpermitted (Rule 421), Toxics, Title V, Permitted

Cost for Unpermitted program (Rule 421) is covered first by other revenues, if available, and then by land use mitigation.

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6/25/2013

OPTION 4B: FY2016-2017 Add Admin Mgr in FY14/15 (FTE = 92.95) and Immediately Restore Fund Balance

Program	Budgeted Cost FY15/16 SSD Cost	PCD Cost	Total Cost	Budgeted Revenues Revenue	Amount	Cost Less Budgeted Revenues Amount	% short	Other Revenues Revenue	Amount	Cost Less Budgeted and Other Revenues Amount	%short	H&SC Section
Permitted Program Cost	$ 5,119,261	$ 990,972	$ 6,110,233	Total Permitted Revenues	$ 6,110,232	$ 0	0%		$ -	$ 0	0%	§42311(a)
Enforcement Permit Related	$ 2,451,295			Reinspection Fees	$ 3,236							
Permitting	$ 1,700,219			Source Test Fees	$ 232,343							
Application Intake	$ 193,160			Initial Fees	$ 405,945							
BERC	$ 116,498			Renewal Fees	$ 5,384,096							
Floating Roof Tank Inspection	$ 6,500			SEED-Renewal Fees (Rule 205)	$ 77,468							
Rule Development		$ 610,017		ERC -Transfer of credit	$ 6,145							
Emission Inventory		$ 121,836		Variance	$ 1,000							
ERC		$ 259,119										
Unallocated Admin	$ 168,370											
Fund Balance -301	$ 483,219											
Title V Program	$ 200,307	$ -	$ 200,307	Title V fees	$ 200,307	$ 0	0%	Fund Balance-301	$ -	$ 0	0%	
Title V	$ 193,833			Title V fees	$ 200,307			Fund Balance-301				
Unallocated Admin	$ 6,455											
Fund Balance-301	$19											
AB2588 Program	$ 145,863		$ 145,863	Toxic Emissions Fees	$ 145,863	$ (0)	0%		$ -	$ (0)	0%	§44380
AB2588	$ 133,765			Toxic Emissions Fees	$ 145,863			Fund Balance-306				
Unallocated Admin	$ 4,380											
Fund Balance - 306	$ 7,717											
Unpermitted program (Rule 421)	$ 189,169	$ 383,098	$ 572,267	Total Unpermitted Revenue (Rule 421)	$ 470,050	$ 102,217	18%	Other Revenues	$ 102,217	$ (0)	0%	§42311(g), 41512.5
Rule 421 Related Activities	$ 189,169	$ 7,285		Land Use Mitigation	$ 470,050			Other Revenues	$ 102,217			
Rule 421 Related Activities - CO (Staff time)		$ 134,762										
(other prof services)		$ 241,051										
Unpermitted Program (Other)	$ 93,325	$ 503,413	$ 596,738	Total Unpermitted Revenues	$ 24,389	$ 572,349	96%	Other Revenues	$ 572,349	$ (0)	0%	§42311(g), 41512.5
Enforcement Not Permit Related	$ 75,927			Land Use Mitigation	24389			Other Revenues	$ 572,349			
Wood Smoke		$ 24,389										
Rule Development		$ 348,626										
Emission Inventory		$ 130,398										
Unallocated Admin	$ 17,398											
PERP	$ 230,869	$ -	$ 230,869	PERP	$ 110,000	$ 120,869	52%	Other Revenues	$ 120,869	$ 0	0%	§41752
PERP	$ 223,377			PERP	$ 110,000			Other Revenues	$ 120,869			
Unallocated Admin	$ 7,492											
Ag Engine Registration Program	$ 13,891	$ -	$ 13,891	Total Ag Engine Registration Revenues	$ 3,000	$ 10,891	78%	Other Revenues	$ 10,891	$ (0)	0%	§42311(g), 41512.5
Ag Engine Program	$ 13,430			Ag Engine Initial Permits	$ 3,000			Other Revenues	$ 10,891			
Unallocated Admin	$ 461			Ag Engine Renewals								
Asbestos Program	$ 489,244	$ -	$ 489,244	Total Asbestos Program Fee	$ 251,500	$ 237,744	49%	Other Revenues	$ 237,744	$ (0)	0%	§42311(g), 41512.5
Asbestos Program	$ 474,143			NOA Asbestos Fees	$ 1,500			Other Revenues	$ 237,744			
Unallocated Admin	$ 15,100			Asbestos Plan Fees	$ 250,000							
Ag Burn Program	$ 81,800	$ -	$ 81,800	Ag Burn	$ 14,876	$ 66,924	82%	Other Revenues	$ 66,924	$ -	0%	
Ag Burn Program	$ 81,800			Ag Burn Permits	$ 14,876			Other Revenues	$ 66,924			
Basin Control Council -Cost	$ 21,250	$ -	$ 21,250	Ag Burn	$ -	$ 21,250	100%	Other Revenues	$ 21,250	$ -	0%	
Basin Control Council	$ 21,250							Other Revenues	$ 21,250			
Total			$ 8,462,461	Total	$ 7,330,217	$ 1,132,244	13%		$ 1,132,244	$ (0)	0%	

	CPI	Additional Increase	Total Increase
FY13/14 Title V Increase	2.00%	0.10%	2.10%
FY13/14 Non-Title V Increase	2.00%	2.50%	4.50%

	Total Needed	Starting	Ending
Fund Balance - 301	$ 1,667,200	$ 619,003	$ 1,102,241
Fund Balance - 306	$ 36,466	$ 24,073	$ 31,790
Existing Fund Balance		$ 457,971	$ 457,971
SS Fund Balance	$ 1,992,881	$ 1,101,047	$ 1,592,002

Other Budgeted Revenues	Total Budgeted				
Civil Penalties	$ 375,000				
State- ARB Subvention	$ 340,000				
Federal -EPA 105 Grant	$ 547,852	Other Unallocated Admin		Available	Remaining
Other Revenue (Total)	$ 1,262,852	$ 130,608		$ 1,132,244	$ -

Revenue Allocation: BCC, Ag Burn, Asbestos, Ag Engine, PERP, Unpermitted (other), Unpermitted (Rule 421), Toxics, Title V, Permitted

Cost for Unpermitted program (Rule 421) is covered first by other revenues, if available, and then by land use mitigation.

OPTION 4B: FY2017-2018 Add Admin Mgr in FY14/15 (FTE = 92.95) and Immediately Restore Fund Balance

	Budgeted Cost FY17/18			Budgeted Revenues		Cost Less Budgeted Revenues		Other Revenues		Cost Less Budgeted and Other Revenues		H&SC Section
Program	SSD Cost	PCD Cost	Total Cost	Revenue	Amount	Amount	% short	Revenue	Amount	Amount	%short	
Permitted Program Cost	$ 5,246,238	$ 1,016,894	$ 6,263,131	Total Permitted Revenues	$ 6,263,131	$ 0	0%		$ -	$ 0	0%	§42311(a)
Enforcement Permit Related	$ 2,518,954			Reinspection Fees	$ 3,330							
Permitting	$ 1,746,656			Source Test Fees	$ 238,669							
Application Intake	$ 198,553			Initial Fees	$ 416,093							
BERC	$ 116,498			Renewal Fees	$ 5,518,698							
Floating Roof Tank Inspection	$ 6,500			SEED-Renewal Fees (Rule 205)	$ 79,018							
Rule Development		$ 625,280		ERC -Transfer of credit	$ 6,323							
Emission Inventory		$ 125,074		Variance	$ 1,000							
ERC		$ 266,539										
Unallocated Admin	$ 173,368											
Fund Balance-301	$ 485,708											
Title V Program	$ 206,116	$ -	$ 206,116	Title V fees	$ 206,116	$ 0	0%	Fund Balance-301	$ -	$ 0	0%	
Title V	$ 199,304			Title V fees	$ 206,116			Fund Balance-301				
Unallocated Admin	$ 6,647											
Fund Balance-301	$ 165											
AB2588 Program	$ 145,863		$ 145,863	Toxic Emissions Fees	$ 145,863	$ 0	0%		$ -	$ 0	0%	§44380
AB2588	$ 137,539			Toxic Emissions Fees	$ 145,863			Fund Balance-306				
Unallocated Admin	$ 4,510											
Fund Balance-306	$ 3,814											
Unpermitted program (Rule 421)	$ 194,488	$ 387,126	$ 581,614	Total Unpermitted Revenue (Rule 421)	$ 520,714	$ 60,900	10%	Other Revenues	$ 60,900	$ (0)	0%	§42311(g), 41512.5
Rule 421 Related Activities	$ 194,488	$ 7,491		Land Use Mitigation	$ 520,714			Other Revenues	$ 60,900			
Rule 421 Related Activities - CO (Staff time)		$ 138,584										
(other prof services)		$ 241,051										
Unpermitted Program (Other)	$ 95,947	$ 516,423	$ 612,369	Total Unpermitted Revenues	$ 25,078	$ 587,291	96%	Other Revenues	$ 587,291	$ 0	0%	§42311(g), 41512.5
Enforcement Not Permit Related	$ 78,033			Land Use Mitigation	25078			Other Revenues	$ 587,291			
Wood Smoke		$ 25,078										
Rule Development		$ 357,239										
Emission Inventory		$ 134,105										
Unallocated Admin	$ 17,914											
PERP	$ 237,418	$ -	$ 237,418	PERP	$ 110,000	$ 127,418	54%	Other Revenues	$ 127,418	$ 0	0%	§41752
PERP	$ 229,704			PERP	$ 110,000			Other Revenues	$ 127,418			
Unallocated Admin	$ 7,715											
Ag Engine Registration Program	$ 14,287	$ -	$ 14,287	Total Ag Engine Registration Revenues	$ 3,000	$ 11,287	79%	Other Revenues	$ 11,287	$ 0	0%	§42311(g), 41512.5
Ag Engine Program	$ 13,812			Ag Engine Initial Permits	$ 3,000			Other Revenues	$ 11,287			
Unallocated Admin	$ 475			Ag Engine Renewals								
Asbestos Program	$ 502,595	$ -	$ 502,595	Total Asbestos Program Fee	$ 251,500	$ 251,095	50%	Other Revenues	$ 251,095	$ (0)	0%	§42311(g), 41512.5
Asbestos Program	$ 487,046			NOA Asbestos Fees	$ 1,500			Other Revenues	$ 251,095			
Unallocated Admin	$ 15,549			Asbestos Plan Fees	$ 250,000							
Ag Burn Program	$ 81,800	$ -	$ 81,800	Ag Burn	$ 14,876	$ 66,924	82%	Other Revenues	$ 66,924	$ -	0%	
Ag Burn Program	$ 81,800			Ag Burn Permits	$ 14,876			Other Revenues	$ 66,924			
Basin Control Council -Cost	$ 21,250	$ -	$ 21,250		$ -	$ 21,250	100%	Other Revenues	$ 21,250	$ -	0%	
Basin Control Council	$ 21,250							Other Revenues	$ 21,250			
Total			$ 8,666,444	Total	$ 7,540,278	$ 1,126,167	13%		$ 1,126,165	$ 2	0%	

	CPI	Additional Increase	Total Increase
FY13/14 Title V Increase	2.00%	0.90%	2.90%
FY13/14 Non-Title V Increase	2.00%	0.50%	2.50%

	Total Needed	Starting	Ending
Fund Balance - 301	$ 1,711,862	$1,102,241	$1,588,114
Fund Balance - 306	$ 36,466	$ 31,790	$ 35,604
Existing Fund Balance		$ 457,971	$ 457,971
SS Fund Balance	$ 2,044,231	$ 1,592,002	$ 2,081,689

Other Budgeted Revenues	Total Budgeted	Other Unallocated Admin	Available	Remaining
Civil Penalties	$ 375,000			
State- ARB Subvention	$ 340,000			
Federal -EPA 105 Grant	$ 547,852			
Other Revenue (Total)	$ 1,262,852	$ 136,687	$ 1,126,165	$ -

Revenue Allocation: BCC, Ag Burn, Asbestos, Ag Engine, PERP, Unpermitted (other), Unpermitted (Rule 421), Toxics, Title V, Permitted

Cost for Unpermitted program (Rule 421) is covered first by other revenues, if available, and then by land use mitigation.

Notes

1. Costs and revenues are based FY13/14 budgets.
2. Costs are projected to increase by 2% each year (cost of living adjustments) until FY17/18.
3. Administrative costs are spread to all District programs as indirect costs. No admin costs are directly allocated in Stationary Source Program.
4. Portion of the indirect admin costs spread to the admin program is cover by DMV funds. The remaining portion, known as the unallocated admin costs, are spread to the other District
5. Allocated 30% of District ERC Bank cost to all permit holders.
6. BERC - 100% Permit Related from SSD. BERC is $116,498 in FY13/14. Assume no increase in future years.
7. Portions of ARB subvention money are dedicated to cover the cost of the following:
   1. $66,924 (equivalent to total program cost, $81,800, less the ag burn program revenues ,$14,876)for the Sacramento County Ag Commissioner's contract to operate the Ag Burn Program. No FTE is included.
   2. $21,250 paid to the Basinwide Air Pollution Control Council. No FTE is included.
8. ERC - 100% in Permitted Program Cost
9. Rule 421/Wood Smoke (PCD)

   Cost does not include incentive monies in the wood stove change out program.

Total Cost in FY13/14	$	29,467	0.17 FTE	
Rule 421 Portion	$	6,777	0.04 FTE	in unpermitted program (Rule 421)
Wood Smoke Program Portion	$	22,690	0.13 FTE	in unpermitted program

10. Emission Inventory, Time allocation.
    a. 40% allocated in permitted program cost
    b. 44% allocated in unpermitted program cost
    c. 16% allocated to other. This portion of emission inventory is work related to mobile sources which is funded by DMV funds.
11. Rule Development
    a. 64% allocated in permitted program cost based on past rule development.
    b. 36% allocated in unpermitted program cost based on past rule development.
12. Federal EPA105 Grant does not include PAMs.
13. Rule 421 related activities are temporary funded by LU mitigation.
14. NOA means naturally occurring asbestos.
15. BERC means Business Environmental Resource Center.
16. ERC means emission reduction credit.
17. CO means Communication Office.
18. PERP means Portable Equipment Registration Program.

OPTION 5B: FY2013-2014 Add Admin Mgr in FY14/15 (FTE = 92.95) and Delay Restoring Fund Balance

	Budgeted Cost FY13/14			Projected Revenues		Cost Less Budgeted Revenues		Other Revenues		Cost Less Budgeted and Other Revenues		H&SC Section
Program	SSD Cost	PCD Cost	Total Cost	Revenue	Amount	Amount	% short	Revenue	Amount	Amount	%short	
Permitted Program Cost	$ 4,283,865	$ 925,814	$ 5,209,679	Total Permitted Revenues	$ 5,016,431	$ 193,247	4%	Total	$ 193,247	$ 0	0%	§42311(a)
Enforcement Permit Related	$ 2,284,327			Reinspection Fees	$ 2,652			Existing Fund Balance	$ 193,247			
Permitting	$ 1,541,731			Source Test Fees	$ 196,262							
Application Intake	$ 179,507			Initial Fees	$ 332,219							
BERC	$ 116,498			Renewal Fees	$ 4,406,262							
Floating Roof Tank Inspection	$ 6,500			SEED-Renewal Fees	$ 73,000							
Rule Development		$ 572,879		ERC-Transfer of credit	$ 5,036							
Emission Inventory		$ 111,516		Variance	$ 1,000							
ERC		$ 241,419										
Unallocated Admin	$155,302											
Fund Balance												
Title V Program	$ 186,234	$ -	$ 186,234	Title V fees	$ 152,865	$ 33,369	18%	Total	$ 33,369	$ (0)	0%	
Title V	$ 180,229			Title V fees	$ 152,865			Existing Fund Balance	$ 33,369			
Unallocated Admin	$ 6,005											
AB2588 Program	$ 168,490		$ 168,490	Toxic Emissions Fees	$ 147,494	$ 20,996	12%	Total	$ 20,996	$ 0	0%	§44380
AB2588	$ 163,093			Toxic Emissions Fees	$ 147,494			Existing Fund Balance	$ 20,996			
Unallocated Admin	$ 5,397											
Unpermitted program (Rule 421)	$ 176,192	$ 387,319	$ 563,511	Total Unpermitted Revenue (Rule 421)	$ 355,017	$ 208,494	37%	Total	$ 208,494	$ 0	0%	§42311(g), 41512.5
Rule 421 Related Activities	$ 176,192	$ 6,777		Land Use Mitigation	$ 355,017			Other Revenues	$ 208,494			
Rule 421 Related Activities - CO (Staff time)		$ 125,490										
Rule 421 Related Activities - CO (other prof services)		$ 255,051										
Unpermitted Program (Other)	$ 86,880	$ 469,119	$ 556,000	Total Unpermitted Revenues	$ 22,690	$ 533,310	96%	Total	$ 533,310	$ (0)	0%	§42311(g), 41512.5
Enforcement Not Permit Related	$ 70,696			Land Use Mitigation	$ 22,690			Other Revenues	$ 533,310			
Wood Smoke		$ 22,690										
Rule Development		$ 327,624										
Emission Inventory		$ 118,806										
Unallocated Admin	$ 16,184											
PERP	$ 214,938	$ -	$ 214,938	PERP	$ 110,000	$ 104,938	49%	Total	$ 104,938	$ 0	0%	§41752
PERP	$ 207,968			PERP	$ 110,000			Other Revenues	$ 104,938			
Unallocated Admin	$ 6,970											
Ag Engine Registration Program	$ 12,935	$ -	$ 12,935	Total Ag Engine Registration Revenues	$ 3,000	$ 9,935	77%	Total	$ 9,935	$ 0	0%	§42311(g), 41512.5
Ag Engine Program	$ 12,506			Ag Engine Registration Fee	$ 3,000			Other Revenues	$ 9,935			
Unallocated Admin	$ 429											
Asbestos Program	$ 456,470	$ -	$ 456,470	Total Asbestos Program Fee	$ 251,500	$ 204,970	45%	Total	$ 204,970	$ 0	0%	§42311(g), 41512.5
Asbestos Program	$ 442,423			NOA Asbestos Fees	$ 1,500			Other Revenues	$ 204,970			
Unallocated Admin	$ 14,047			Asbestos Plan Fees	$ 250,000							
Ag Burn Program	$ 81,800	$ -	$ 81,800	Ag Burn	$ 14,876	$ 66,924	82%	Total	$ 66,924	$ -	0%	
Ag Burn Program	$ 81,800			Ag Burn Permits	$ 14,876			Other Revenues	$ 66,924			
Basin Control Council -Cost	$ 21,250	$ -	$ 21,250	Ag Burn	$ -	$ 21,250	100%	Total	$ 21,250	$ -	0%	
Basin Control Council	$ 21,250							Other Revenues	$ 21,250			
Total			$ 7,471,306	Total	$ 6,073,873	$ 1,397,433	19%		$ 1,397,433	$ 0	0%	

	CPI	Additional Increase	Total Increase
FY13/14 Title V Increase		New fee structure	
FY13/14 Non-Title V Increase	2.00%	5.40%	7.40%

	Total Needed	Starting	Ending
Fund Balance - 301	$ 1,544,946	$ -	$ -
Fund Balance - 306	$ 42,123	$ -	$ -
Existing Fund Balance		$ 478,967	$ 231,355
SS Fund Balance	$ 1,867,827	$ 478,967	$ 231,355

Other Projected Revenues	Total Budgeted	Other Unallocated Admin	Available	Remaining
Civil Penalties	$ 375,000			
State- ARB Subvention	$ 340,000			
Federal -EPA 105 Grant	$ 547,852			
Other Revenue (Total)	$ 1,262,852	$ 113,031	$ 1,149,821	$ (0)

Revenue Allocation: BCC, Ag Burn, Asbestos, Ag Engine, PERP, Unpermitted (other), Unpermitted (Rule 421), Toxics, Title V, Permitted
Cost for Unpermitted program (Rule 421) is covered first by other revenues, if available, and then by land use mitigation.

OPTION 5B: FY2014-2015 Add Admin Mgr in FY14/15 (FTE = 93.95) and Delay Restoring Fund Balance

Program	Budgeted Cost FY14/15 SSD Cost	PCD Cost	Total Cost	Budgeted Revenues Revenue	Amount	Cost Less Budgeted Revenues Amount	% short	Other Revenues Revenue	Amount	Cost Less Budgeted and Other Revenues Amount	%short	H&SC Section
Permitted Program Cost	$ 4,452,105	$ 952,063	$ 5,404,168	Total Permitted Revenues	$ 5,377,114	$ 27,054	1%	Total	$ 27,054	$ 0	0%	§42311(a)
Enforcement Permit Related	$ 2,349,148			Reinspection Fees	$ 2,846			Existing Fund Balance	$ 27,054			
Permitting	$ 1,630,860			Source Test Fees	$ 204,276							
Application Intake	$ 184,765			Initial Fees	$ 356,803							
BERC	$ 116,498			Renewal Fees	$ 4,732,326							
Floating Roof Tank Inspection	$ 6,500			SEED-Renewal Fees	$ 74,460							
Rule Development		$ 586,803		ERC-Transfer of credit	$ 5,404							
Emission Inventory		$ 117,071		Variance	$ 1,000							
ERC		$ 248,190										
Unallocated Admin	$ 164,333											
Fund Balance -301												
Title V Program	$ 191,978	$ -	$ 191,978	Title V fees	$ 175,795	$ 16,184	8%	Total	$ 16,184	$ (0)	0%	
Title V	$ 185,678			Title V fees	$ 175,795			Existing Fund Balance	$ 16,184			
Unallocated Admin	$6,300											
AB2588 Program	$ 145,863		$ 145,863	Toxic Emissions Fees	$ 145,863	$ (0)	0%	Total	$	$ (0)	0%	§44380
AB2588	$ 128,097			Toxic Emissions Fees	$ 145,863							
Unallocated Admin	$ 4,275											
Fund Balance - 306	$ 13,490											
Unpermitted program (Rule 421)	$ 181,259	$ 377,146	$ 558,404	Total Unpermitted Revenue (Rule 421)	$ 404,399	$ 154,005	28%	Total	$ 154,005	$ 0	0%	§42311(g), 41512.5
Rule 421 Related Activities	$ 181,259	$ 6,975		Land Use Mitigation	$ 404,399			Other Revenues	$ 154,005			
Rule 421 Related Activities - CO (Staff time)		$ 129,120										
Rule 421 Related Activities - CO (other prof services)		$ 241,051										
Unpermitted Program (Other)	$ 89,704	$ 483,800	$ 573,504	Total Unpermitted Revenues	$ 23,350	$ 550,154	96%	Total	$ 550,154	$ 0	0%	§42311(g), 41512.5
Enforcement Not Permit Related	$ 72,724			Land Use Mitigation	$ 23,350			Other Revenues	$ 550,154			
Wood Smoke		$ 23,350										
Rule Development		$ 335,528										
Emission Inventory		$ 124,922										
Unallocated Admin	$ 16,980											
PERP	$ 221,283	$ -	$ 221,283	PERP	$ 110,000	$ 111,283	50%	Total	$ 111,283	$ 0	0%	§41752
PERP	$ 213,970			PERP	$ 110,000			Other Revenues	$ 111,283			
Unallocated Admin	$ 7,313											
Ag Engine Registration Program	$ 13,317	$ -	$ 13,317	Total Ag Engine Registration Revenues	$ 3,000	$ 10,317	77%	Total	$ 10,317	$ (0)	0%	§42311(g), 41512.5
Ag Engine Program	$ 12,867			Ag Engine Initial Permits	$ 3,000			Other Revenues	$ 10,317			
Unallocated Admin	$ 450			Ag Engine Renewals								
Asbestos Program	$ 469,565	$ -	$ 469,565	Total Asbestos Program Fee	$ 251,500	$ 218,065	46%	Total	$ 218,065	$ 0	0%	§42311(g), 41512.5
Asbestos Program	$ 454,827			NOA Asbestos Fees	$ 1,500			Other Revenues	$ 218,065			
Unallocated Admin	$ 14,738			Asbestos Plan Fees	$ 250,000							
Ag Burn Program	$ 81,800	$ -	$ 81,800	Ag Burn	$ 14,876	$ 66,924	82%	Total	$ 66,924	$ -	0%	
Ag Burn Program	$ 81,800			Ag Burn Permits	$ 14,876			Other Revenues	$ 66,924			
Basin Control Council -Cost	$ 21,250	$ -	$ 21,250	Ag Burn	$ -	$ 21,250	100%	Total	$ 21,250	$ -	0%	
Basin Control Council	$ 21,250							Other Revenues	$ 21,250			
Total			$ 7,681,133	Total	$ 6,505,897	$ 1,175,236	15%		$ 1,175,236	$ (0)	0%	

	CPI	Additional Increase	Total Increase
FY13/14 Title V Increase	2.00%	13.00%	15.00%
FY13/14 Non-Title V Increase	2.00%	5.40%	7.40%

	Total Needed	Starting	Ending
Fund Balance - 301	$ 1,601,063	$ -	$ -
Fund Balance - 306	$ 36,466	$ -	$ 13,490
Existing Fund Balance		$ 231,355	$ 188,117
$S Fund Balance	$ 1,916,911	$ 231,355	$ 201,607

Other Budgeted Revenues	Total Budgeted	Other Unallocated Admin	Available	Remaining
Civil Penalties	$ 375,000			
State- ARB Subvention	$ 340,000			
Federal -EPA 105 Grant	$ 547,852			
Other Revenue (Total)	$ 1,262,852	$ 130,854	$ 1,131,998	$ -

Revenue Allocation: BCC, Ag Burn, Asbestos, Ag Engine, PERP, Unpermitted (other), Unpermitted (Rule 421), Toxics, Title V, Permitted
Cost for Unpermitted program (Rule 421) is covered first by other revenues, if available, and then by land use mitigation.

OPTION 5B: FY2015-2016 Add Admin Mgr in FY14/15 (FTE = 93.95) and Delay Restoring Fund Balance

	Budgeted Cost FY15/16			Budgeted Revenues		Cost Less Budgeted Revenues		Other Revenues		Cost Less Budgeted and Other Revenues		H&SC Section
Program	SSD Cost	PCD Cost	Total Cost	Revenue	Amount	Amount	% short	Revenue	Amount	Amount	%short	
Permitted Program Cost	$ 4,798,682	$ 972,244	$ 5,770,926	Total Permitted Revenues	$ 5,770,926	$ 0	0%	Total	$ -	$ 0	0%	§42311(a)
Enforcement Permit Related	$ 2,402,166			Reinspection Fees	$ 3,056							
Permitting	$ 1,666,785			Source Test Fees	$ 219,392							
Application Intake	$ 189,168			Initial Fees	$ 383,207							
BERC	$ 116,498			Renewal Fees	$ 5,082,518							
Floating Roof Tank Inspection	$ 6,500			SEED-Renewal Fees	$ 75,949							
Rule Development		$ 598,883		ERC -Transfer of credit	$ 5,803							
Emission Inventory		$ 119,528		Variance	$ 1,000							
ERC		$ 253,833										
Unallocated Admin	$ 163,180											
Fund Balance -301	$ 254,385											
Title V Program	$ 196,187	$ -	$ 196,187	Title V fees	$ 196,187	$ 0	0%	Total	$ -	$ 0	0%	
Title V	$ 189,897			Title V fees	$ 196,187			Fund Balance-301				
Unallocated Admin	$ 6,256											
Fund Balance -301	$ 34											
AB2588 Program	$ 145,863		$ 145,863	Toxic Emissions Fees	$ 145,863	$ 0	0%	Total	$ -	$ 0	0%	§44380
AB2588	$ 131,035			Toxic Emissions Fees	$ 145,863							
Unallocated Admin	$ 4,245											
Fund balance - 306	$ 10,583											
Unpermitted program (Rule 421)	$ 185,349	$ 380,221	$ 565,570	Total Unpermitted Revenue (Rule 421)	$ 430,938	$ 134,632	24%	Total	$ 134,632	$ 0	0%	§42311(g), 41512.5
Rule 421 Related Activities	$ 185,349	$ 7,136		Land Use Mitigation	$ 430,938			Other Revenues	$ 134,632			
Rule 421 Related Activities - CO (Staff time)		$ 132,035										
(other prof services)		$ 241,051										
Unpermitted Program (Other)	$ 91,252	$ 493,983	$ 585,235	Total Unpermitted Revenues	$ 23,891	$ 561,344	96%	Total	$ 561,344	$ 0	0%	§42311(g), 41512.5
Enforcement Not Permit Related	$ 74,391			Land Use Mitigation	$ 23,891			Other Revenues	$ 561,344			
Wood Smoke		$ 23,891										
Rule Development		$ 342,344										
Emission Inventory		$ 127,749										
Unallocated Admin	$ 16,861											
PERP	$ 226,093	$ -	$ 226,093	PERP	$ 110,000	$ 116,093	51%	Total	$ 116,093	$ (0)	0%	§41752
PERP	$ 218,831			PERP	$ 110,000			Other Revenues	$ 116,093			
Unallocated Admin	$ 7,262											
Ag Engine Registration Program	$ 13,604	$ -	$ 13,604	Total Ag Engine Registration Revenues	$ 3,000	$ 10,604	78%	Total	$ 10,604	$ (0)	0%	§42311(g), 41512.5
Ag Engine Program	$ 13,157			Ag Engine Initial Permits	$ 3,000			Other Revenues	$ 10,604			
Unallocated Admin	$ 447			Ag Engine Renewals								
Asbestos Program	$ 479,471	$ -	$ 479,471	Total Asbestos Program Fee	$ 251,500	$ 227,971	48%	Total	$ 227,971	$ 0	0%	§42311(g), 41512.5
Asbestos Program	$ 464,836			NOA Asbestos Fees	$ 1,500			Other Revenues	$ 227,971			
Unallocated Admin	$ 14,635			Asbestos Plan Fees	$ 250,000							
Ag Burn Program	$ 81,800	$ -	$ 81,800	Ag Burn	$ 14,876	$ 66,924	82%	Total	$ 66,924	$ -	0%	
Ag Burn Program	$ 81,800			Ag Burn Permits	$ 14,876			Other Revenues	$ 66,924			
Basin Control Council -Cost	$ 21,250	$ -	$ 21,250	Ag Burn	$ -	$ 21,250	100%	Total	$ 21,250	$ -	0%	
Basin Control Council	$ 21,250							Other Revenues	$ 21,250			
Total			$ 8,086,000	Total	$ 6,947,181	$ 1,138,819	14%		$ 1,138,818	$ 1	0%	

	CPI	Additional Increase	Total Increase
FY13/14 Title V Increase	2.00%	9.60%	11.60%
FY13/14 Non-Title V Increase	2.00%	5.40%	7.40%

	Total Needed	Starting	Ending
Fund Balance - 301	$ 1,634,415	$0	$254,419
Fund Balance - 306	$ 36,466	$13,490	$ 24,073
Existing Fund Balance		$188,117	$ 188,117
SS Fund Balance	$ 1,955,258	$ 201,607	$ 466,609

Other Budgeted Revenues	Total Budgeted	Other Unallocated Admin	Available	Remaining
Civil Penalties	$ 375,000			
State- ARB Subvention	$ 340,000			
Federal -EPA 105 Grant	$ 547,852			
Other Revenue (Total)	$ 1,262,852	$ 124,034	$ 1,138,818	$ -

Revenue Allocation: BCC, Ag Burn, Asbestos, Ag Engine, PERP, Unpermitted (other), Unpermitted (Rule 421), Toxics, Title V, Permitted
Cost for Unpermitted program (Rule 421) is covered first by other revenues, if available, and then by land use mitigation.

OPTION 5B: FY2016-2017 Add Admin Mgr in FY14/15 (FTE = 93.95) and Delay Restoring Fund Balance

	Budgeted Cost FY15/16			Budgeted Revenues		Cost Less Budgeted Revenues		Other Revenues		Cost Less Budgeted and Other Revenues		H&SC Section
Program	SSD Cost	PCD Cost	Total Cost	Revenue	Amount	Amount	% short	Revenue	Amount	Amount	%short	
Permitted Program Cost	$ 5,202,959	$ 990,972	$ 6,193,931	Total Permitted Revenues	$ 6,193,930	$ 0	0%	Total	$ -	$ 0	0%	§42311(a)
Enforcement Permit Related	$ 2,451,295			Reinspection Fees	$ 3,285							
Permitting	$ 1,700,219			Source Test Fees	$ 235,750							
Application Intake	$ 193,160			Initial Fees	$ 411,564							
BERC	$ 116,498			Renewal Fees	$ 5,458,624							
Floating Roof Tank Inspection	$ 6,500			SEED-Renewal Fees	$ 77,468							
Rule Development		$ 610,017		ERC-Transfer of credit	$ 6,239							
Emission Inventory		$ 121,836		Variance	$ 1,000							
ERC		$ 259,119										
Unallocated Admin	$ 168,370											
Fund Balance -301	$ 566,917											
Title V Program	$ 200,307	$ -	$ 200,307	Title V fees	$ 200,307	$ 0	0%	Total	$ -	$ 0	0%	
Title V	$ 193,833			Title V fees	$ 200,307			Fund Balance-301				
Unallocated Admin	$ 6,455											
Fund Balance-301	$19											
AB2588 Program	$ 145,863	-	$ 145,863	Toxic Emissions Fees	$ 145,863	$ (0)	0%	Total	$ -	$ (0)	0%	§44380
AB2588	$ 133,765			Toxic Emissions Fees	$ 145,863			Fund Balance-306				
Unallocated Admin	$ 4,380											
Fund Balance - 306	$ 7,717											
Unpermitted program (Rule 421)	$ 189,169	$ 383,098	$ 572,267	Total Unpermitted Revenue (Rule 421)	$ 470,050	$ 102,217	18%	Total	$ 102,217	$ (0)	0%	§42311(g), 41512.5
Rule 421 Related Activities	$ 189,169	$ 7,285		Land Use Mitigation	$ 470,050			Other Revenues	$ 102,217			
Rule 421 Related Activities - CO (Staff time)		$ 134,762										
(other prof services)		$ 241,051										
Unpermitted Program (Other)	$ 93,325	$ 503,413	$ 596,738	Total Unpermitted Revenues	$ 24,389	$ 572,349	96%	Total	$ 572,349	$ (0)	0%	§42311(g), 41512.5
Enforcement Not Permit Related	$ 75,927			Land Use Mitigation	24389			Other Revenues	$ 572,349			
Wood Smoke		$ 24,389										
Rule Development		$ 348,626										
Emission Inventory		$ 130,398										
Unallocated Admin	$ 17,398											
PERP	$ 230,869	$ -	$ 230,869	PERP	$ 110,000	$ 120,869	52%	Total	$ 120,869	$ 0	0%	§41752
PERP	$ 223,377			PERP	$ 110,000			Other Revenues	$ 120,869			
Unallocated Admin	$ 7,492											
Ag Engine Registration Program	$ 13,891	$ -	$ 13,891	Total Ag Engine Registration Revenues	$ 3,000	$ 10,891	78%	Total	$ 10,891	$ (0)	0%	§42311(g), 41512.5
Ag Engine Program	$ 13,430			Ag Engine Initial Permits	$ 3,000			Other Revenues	$ 10,891			
Unallocated Admin	$ 461			Ag Engine Renewals								
Asbestos Program	$ 489,244	$ -	$ 489,244	Total Asbestos Program Fee	$ 251,500	$ 237,744	49%	Total	$ 237,744	$ (0)	0%	§42311(g), 41512.5
Asbestos Program	$ 474,143			NOA Asbestos Fees	$ 1,500			Other Revenues	$ 237,744			
Unallocated Admin	$ 15,100			Asbestos Plan Fees	$ 250,000							
Ag Burn Program	$ 81,800	$ -	$ 81,800	Ag Burn	$ 14,876	$ 66,924	82%	Total	$ 66,924	$ -	0%	
Ag Burn Program	$ 81,800			Ag Burn Permits	$ 14,876			Other Revenues	$ 66,924			
Basin Control Council -Cost	$ 21,250	$ -	$ 21,250	Ag Burn	$ -	$ 21,250	100%	Total	$ 21,250	$ -	0%	
Basin Control Council	$ 21,250							Other Revenues	$ 21,250			
Total			$ 8,546,159	Total	$ 7,413,915	$ 1,132,244	13%		$ 1,132,244	$ (0)	0%	

	CPI	Additional Increase	Total Increase
FY13/14 Title V Increase	2.00%	0.10%	2.10%
FY13/14 Non-Title V Increase	2.00%	5.40%	7.40%

	Total Needed	Starting	Ending
Fund Balance - 301	$ 1,667,200	$254,419	$821,355
Fund Balance - 306	$ 36,466	$24,073	$ 31,790
Existing Fund Balance		$188,117	$ 188,117
SS Fund Balance	$ 1,992,881	$ 466,609	$ 1,041,262

Other Budgeted Revenues	Total Budgeted	Other Unallocated Admin	Available	Remaining
Civil Penalties	$ 375,000			
State- ARB Subvention	$ 340,000			
Federal -EPA 105 Grant	$ 547,852			
Other Revenue (Total)	$ 1,262,852	$ 130,608	$ 1,132,244	$ -

Revenue Allocation: BCC, Ag Burn, Asbestos, Ag Engine, PERP, Unpermitted (other), Unpermitted (Rule 421), Toxics, Title V, Permitted
Cost for Unpermitted program (Rule 421) is covered first by other revenues, if available, and then by land use mitigation.

OPTION 5B: FY2017-2018 Add Admin Mgr in FY14/15 (FTE = 93.95) and Delay Restoring Fund Balance

	Budgeted Cost FY17/18			Budgeted Revenues		Cost Less Budgeted Revenues		Other Revenues		Cost Less Budgeted and Other Revenues		H&SC Section
Program	SSD Cost	PCD Cost	Total Cost	Revenue	Amount	Amount	% short	Revenue	Amount	Amount	%short	
Permitted Program Cost	$ 5,631,271	$ 1,016,894	$ 6,648,164	Total Permitted Revenues	$ 6,648,165	$ (0)	0%	Total	$ -	$ (0)	0%	§42311(a)
Enforcement Permit Related	$ 2,518,954			Reinspection Fees	$ 3,532							
Permitting	$ 1,746,656			Source Test Fees	$ 253,327							
Application Intake	$ 198,553			Initial Fees	$ 442,020							
BERC	$ 116,498			Renewal Fees	$ 5,862,563							
Floating Roof Tank Inspection	$ 6,500			SEED-Renewal Fees	$ 79,018							
Rule Development		$ 625,280		ERC-Transfer of credit	$ 6,707							
Emission Inventory		$ 125,074		Variance	$ 1,000							
ERC		$ 266,539										
Unallocated Admin	$ 173,368											
Fund Balance-301	$ 870,741											
Title V Program	$ 206,116	$ -	$ 206,116	Title V fees	$ 206,116	$ 0	0%	Total	$ -	$ 0	0%	
Title V	$ 199,304			Title V fees	$ 206,116			Fund Balance-301				
Unallocated Admin	$ 6,647											
Fund Balance-301	$ 165											
AB2588 Program	$ 145,863		$ 145,863	Toxic Emissions Fees	$ 145,863	$ 0	0%	Total	$ -	$ 0	0%	§44380
AB2588	$ 137,539			Toxic Emissions Fees	$ 145,863			Fund Balance-306				
Unallocated Admin	$ 4,510											
Fund Balance-306	$ 3,814											
Unpermitted program (Rule 421)	$ 194,488	$ 387,126	$ 581,614	Total Unpermitted Revenue (Rule 421)	$ 520,714	$ 60,900	10%	Total	$ 60,900	$ (0)	0%	§42311(g), 41512.5
Rule 421 Related Activities	$ 194,488	$ 7,491		Land Use Mitigation	$ 520,714			Other Revenues	$ 60,900			
Rule 421 Related Activities - CO (Staff time)		$ 138,584										
(other prof services)		$ 241,051										
Unpermitted Program (Other)	$ 95,947	$ 516,423	$ 612,369	Total Unpermitted Revenues	$ 25,078	$ 587,291	96%	Total	$ 587,291	$ 0	0%	§42311(g), 41512.5
Enforcement Not Permit Related	$ 78,033			Land Use Mitigation	25078			Other Revenues	$ 587,291			
Wood Smoke		$ 25,078										
Rule Development		$ 357,239										
Emission Inventory		$ 134,105										
Unallocated Admin	$ 17,914											
PERP	$ 237,418	$ -	$ 237,418	PERP	$ 110,000	$ 127,418	54%	Total	$ 127,418	$ 0	0%	§41752
PERP	$ 229,704			PERP	$ 110,000			Other Revenues	$ 127,418			
Unallocated Admin	$ 7,715											
Ag Engine Registration Program	$ 14,287	$ -	$ 14,287	Total Ag Engine Registration Revenues	$ 3,000	$ 11,287	79%	Total	$ 11,287	$ 0	0%	§42311(g), 41512.5
Ag Engine Program	$ 13,812			Ag Engine Initial Permits	$ 3,000			Other Revenues	$ 11,287			
Unallocated Admin	$ 475			Ag Engine Renewals								
Asbestos Program	$ 502,595	$ -	$ 502,595	Total Asbestos Program Fee	$ 251,500	$ 251,095	50%	Total	$ 251,095	$ (0)	0%	§42311(g), 41512.5
Asbestos Program	$ 487,046			NOA Asbestos Fees	$ 1,500			Other Revenues	$ 251,095			
Unallocated Admin	$ 15,549			Asbestos Plan Fees	$ 250,000							
Ag Burn Program	$ 81,800	$ -	$ 81,800	Ag Burn	$ 14,876	$ 66,924	82%	Total	$ 66,924	$ -	0%	
Ag Burn Program	$ 81,800			Ag Burn Permits	$ 14,876			Other Revenues	$ 66,924			
Basin Control Council-Cost	$ 21,250	$ -	$ 21,250		$ -	$ 21,250	100%	Total	$ 21,250	$ -	0%	
Basin Control Council	$ 21,250							Other Revenues	$ 21,250			
Total			$ 9,051,477	Total	$ 7,925,311	$ 1,126,166	12%		$ 1,126,165	$ 1	0%	

	CPI	Additional Increase	Total Increase
FY13/14 Title V Increase	2.00%	0.90%	2.90%
FY13/14 Non-Title V Increase	2.00%	5.40%	7.40%

	Total Needed	Starting	Ending
Fund Balance - 301	$ 1,711,862	$821,355	$1,692,096
Fund Balance - 306	$ 36,466	$31,790	$ 35,604
Existing Fund Balance		$188,117	$ 188,117
SS Fund Balance	$ 2,044,231	$ 1,041,262	$ 1,915,817

Other Budgeted Revenues	Total Budgeted				
Civil Penalties	$ 375,000				
State- ARB Subvention	$ 340,000				
Federal-EPA 105 Grant	$ 547,852	Other Unallocated Admin		Available	Remaining
Other Revenue (Total)	$ 1,262,852	$ 136,687		$ 1,126,165	$ -

Revenue Allocation: BCC, Ag Burn, Asbestos, Ag Engine, PERP, Unpermitted (other), Unpermitted (Rule 421), Toxics, Title V, Permitted
Cost for Unpermitted program (Rule 421) is covered first by other revenues, if available, and then by land use mitigation.

OPTION 6B: FY2013-2014 Add Admin Mgr in FY14/15 (FTE = 92.95) Deferral Option

(Assumes 100% of permitted sources elect to defer a portion of FY13/14 renewal fees)

Program	Budgeted Cost FY13/14 SSD Cost	PCD Cost	Total Cost	Projected Revenues Revenue	Amount	Cost Less Budgeted Revenues Amount	% short	Other Revenues Revenue	Amount	Cost Less Budgeted and Other Revenues Amount	%short	H&SC Section
Permitted Program Cost	$ 4,283,865	$ 925,814	$ 5,209,679	Total Permitted Revenues	$ 5,033,353	$ 176,326	3%	Total	$ 176,326	$ 0	0%	§42311(a)
Enforcement Permit Related	$ 2,284,327			Reinspection Fees	$ 2,652			Existing Fund Balance	$ 176,326			
Permitting	$ 1,541,731			Source Test Fees	$ 189,264							
Application Intake	$ 179,507			Initial Fees	$ 355,728							
BERC	$ 116,498			Renewal Fees	$ 4,406,673							
Floating Roof Tank Inspection	$ 6,500			SEED-Renewal Fees	$ 73,000							
Rule Development		$ 572,879		ERC -Transfer of credit	$ 5,036							
Emission Inventory		$ 111,516		Variance	$ 1,000							
ERC		$ 241,419										
Unallocated Admin	$155,302											
Fund Balance	$ -											
Title V Program	$ 186,234	$ -	$ 186,234	Title V fees	$ 152,865	$ 33,369	18%	Fund Balance-301	$ 33,369	$ (0)	0%	
Title V	$ 180,229			Title V fees	$ 152,865			Existing Fund Balance	$ 33,369			
Unallocated Admin	$ 6,005											
AB2588 Program	$ 168,490		$ 168,490	Toxic Emissions Fees	$ 147,494	$ 20,996	12%	Total	$ 20,996	$ 0	0%	§44380
AB2588	$ 163,093			Toxic Emissions Fees	$ 147,494			Existing Fund Balance	$ 20,996			
Unallocated Admin	$ 5,397											
Unpermitted program (Rule 421)	$ 176,192	$ 387,319	$ 563,511	Total Unpermitted Revenue (Rule 421)	$ 355,017	$ 208,494	37%	Other Revenues	$ 208,494	$ 0	0%	§42311(g), 41512.5
Rule 421 Related Activities	$ 176,192	$ 6,777		Land Use Mitigation	$ 355,017			Other Revenues	$ 208,494			
Rule 421 Related Activities - CO (Staff time)		$ 125,490										
Rule 421 Related Activities - CO (other prof services)		$ 255,051										
Unpermitted Program (Other)	$ 86,880	$ 469,119	$ 556,000	Total Unpermitted Revenues	$ 22,690	$ 533,310	96%	Other Revenues	$ 533,310	$ (0)	0%	§42311(g), 41512.5
Enforcement Not Permit Related	$ 70,696			Land Use Mitigation	$ 22,690			Other Revenues	$ 533,310			
Wood Smoke		$ 22,690										
Rule Development		$ 327,624										
Emission Inventory		$ 118,806										
Unallocated Admin	$ 16,184											
PERP	$ 214,938	$ -	$ 214,938	PERP	$ 110,000	$ 104,938	49%	Other Revenues	$ 104,938	$ 0	0%	§41752
PERP	$ 207,968			PERP	$ 110,000			Other Revenues	$ 104,938			
Unallocated Admin	$ 6,970											
Ag Engine Registration Program	$ 12,935	$ -	$ 12,935	Total Ag Engine Registration Revenues	$ 3,000	$ 9,935	77%	Other Revenues	$ 9,935	$ 0	0%	§42311(g), 41512.5
Ag Engine Program	$ 12,506			Ag Engine Registration Fee	$ 3,000			Other Revenues	$ 9,935			
Unallocated Admin	$ 429											
Asbestos Program	$ 456,470	$ -	$ 456,470	Total Asbestos Program Fee	$ 251,500	$ 204,970	45%	Other Revenues	$ 204,970	$ 0	0%	§42311(g), 41512.5
Asbestos Program	$ 442,423			NOA Asbestos Fees	$ 1,500			Other Revenues	$ 204,970			
Unallocated Admin	$ 14,047			Asbestos Plan Fees	$ 250,000							
Ag Burn Program	$ 81,800	$	$ 81,800	Ag Burn	$ 14,876	$ 66,924	82%	Other Revenues	$ 66,924	$ -	0%	
Ag Burn Program	$ 81,800			Ag Burn Permits	$ 14,876			Other Revenues	$ 66,924			
Basin Control Council -Cost	$ 21,250	$ -	$ 21,250	Ag Burn	$ -	$ 21,250	100%	Other Revenues	$ 21,250	$ -	0%	
Basin Control Council	$ 21,250							Other Revenues	$ 21,250			
Total			$ 7,471,306	Total	$ 6,090,795	$ 1,380,512	18%		$ 1,380,512	$ (0)	0%	

	CPI	Additional Increase	Total Increase
FY13/14 Title V Increase		New fee structure	
FY13/14 Non-Title V Increase	1.70%	13.30%	15.00%

	Total Needed	Starting	Ending
Fund Balance - 301	$ 1,544,946	$ -	$ -
Fund Balance - 306	$ 42,123	$ -	$ -
Existing Fund Balance		$ 478,967	$ 248,276
SS Fund Balance	$ 1,867,827	$ 478,967	$ 248,276

Other Projected Revenues	Total Budgeted			
Civil Penalties	$ 375,000			
State- ARB Subvention	$ 340,000			
Federal -EPA 105 Grant	$ 547,852	Other Unallocated Admin	Available	Remaining
Other Revenue (Total)	$ 1,262,852	$ 113,031	$ 1,149,821	$ (0)

Revenue Allocation: BCC, Ag Burn, Asbestos, Ag Engine, PERP, Unpermitted (other), Unpermitted (Rule 421), Toxics, Title V, Permitted

Cost for Unpermitted program (Rule 421) is covered first by other revenues, if available, and then by land use mitigation.

OPTION 6B: FY2014-2015 Add Admin Mgr in FY14/15 (FTE = 93.95) Deferral Option

Program	Budgeted Cost FY14/15 SSD Cost	PCD Cost	Total Cost	Budgeted Revenues Revenue	Amount	Cost Less Budgeted Revenues Amount	% short	Other Revenues Revenue	Amount	Cost Less Budgeted and Other Revenues Amount	%short	H&SC Section
Permitted Program Cost	$ 5,044,247	$ 952,063	$ 5,996,310	Total Permitted Revenues	$ 5,996,310	$ 0	0%		$ -	$ 0	0%	§42311(a)
Enforcement Permit Related	$ 2,349,148			Reinspection Fees	$ 2,949							
Permitting	$ 1,630,860			Source Test Fees	$ 220,947							
Application Intake	$ 184,765			Initial Fees	$ 371,736							
BERC	$ 116,498			Renewal Fees	$ 5,319,618							
Floating Roof Tank Inspection	$ 6,500			SEED-Renewal Fees	$ 74,460							
Rule Development		$ 586,803		ERC -Transfer of credit	$ 5,600							
Emission Inventory		$ 117,071		Variance	$ 1,000							
ERC		$ 248,190										
Unallocated Admin	$ 164,333											
Fund Balance -301	$ 592,142											
Title V Program	$ 191,978	$ -	$ 191,978	Title V fees	$ 175,795	$ 16,184	8%	Fund Balance-301	$ 16,184	$ (0)	0%	
Title V	$ 185,678			Title V fees	$ 175,795			Fund Balance-301	$ 16,184			
Unallocated Admin	$6,300											
AB2588 Program	$ 145,863		$ 145,863	Toxic Emissions Fees	$ 145,863	$ (0)	0%	Total	$ -	$ (0)	0%	§44380
AB2588	$ 128,097			Toxic Emissions Fees	$ 145,863							
Unallocated Admin	$ 4,275											
Fund Balance - 306	$ 13,490											
Unpermitted program (Rule 421)	$ 181,259	$ 377,146	$ 558,404	Total Unpermitted Revenue (Rule 421)	$ 404,399	$ 154,005	28%	Total	$ 154,005	$ 0	0%	§42311(g), 41512.5
Rule 421 Related Activities	$ 181,259	$ 6,975		Land Use Mitigation	$ 404,399			Other Revenues	$ 154,005			
Rule 421 Related Activities - CO (Staff time)		$ 129,120										
Rule 421 Related Activities - CO (other prof services)		$ 241,051										
Unpermitted Program (Other)	$ 89,704	$ 483,800	$ 573,504	Total Unpermitted Revenues	$ 23,350	$ 550,154	96%	Total	$ 550,154	$ 0	0%	§42311(g), 41512.5
Enforcement Not Permit Related	$ 72,724			Land Use Mitigation	$ 23,350			Other Revenues	$ 550,154			
Wood Smoke		$ 23,350										
Rule Development		$ 335,528										
Emission Inventory		$ 124,922										
Unallocated Admin	$ 16,980											
PERP	$ 221,283	$ -	$ 221,283	PERP	$ 110,000	$ 111,283	50%	Total	$ 111,283	$ 0	0%	§41752
PERP	$ 213,970			PERP	$ 110,000			Other Revenues	$ 111,283			
Unallocated Admin	$ 7,313											
Ag Engine Registration Program	$ 13,317	$ -	$ 13,317	Total Ag Engine Registration Revenues	$ 3,000	$ 10,317	77%	Total	$ 10,317	$ (0)	0%	§42311(g), 41512.5
Ag Engine Program	$ 12,867			Ag Engine Initial Permits	$ 3,000			Other Revenues	$ 10,317			
Unallocated Admin	$ 450			Ag Engine Renewals								
Asbestos Program	$ 469,565	$ -	$ 469,565	Total Asbestos Program Fee	$ 251,500	$ 218,065	46%	Total	$ 218,065	$ 0	0%	§42311(g), 41512.5
Asbestos Program	$ 454,827			NOA Asbestos Fees	$ 1,500			Other Revenues	$ 218,065			
Unallocated Admin	$ 14,738			Asbestos Plan Fees	$ 250,000							
Ag Burn Program	$ 81,800	$ -	$ 81,800	Ag Burn	$ 14,876	$ 66,924	82%	Total	$ 66,924	$ -	0%	
Ag Burn Program	$ 81,800			Ag Burn Permits	$ 14,876			Other Revenues	$ 66,924			
Basin Control Council -Cost	$ 21,250	$ -	$ 21,250	Ag Burn	$ -	$ 21,250	100%	Total	$ 21,250	$ -	0%	
Basin Control Council	$ 21,250							Other Revenues	$ 21,250			
Total			$ 8,273,275	Total	$ 7,125,093	$ 1,148,182	14%		$ 1,148,182	$ 0	0%	

	CPI	Additional Increase	Total Increase
FY13/14 Title V Increase	2.00%	13.00%	15.00%
FY13/14 Non-Title V Increase	2.00%	2.50%	4.50%

	Total Needed	Starting	Ending
Fund Balance - 301	$ 1,601,063	$ -	$ 575,958
Fund Balance - 306	$ 36,466	$ -	$ 13,490
Existing Fund Balance		$ 248,276	$ 248,276
SS Fund Balance	$ 1,916,911	$ 248,276	$ 837,724

Other Budgeted Revenues	Total Budgeted	Other Unallocated Admin	Available	Remaining
Civil Penalties	$ 375,000			
State- ARB Subvention	$ 340,000			
Federal -EPA 105 Grant	$ 547,852			
Other Revenue (Total)	$ 1,262,852	$ 130,854	$ 1,131,998	$ -

Revenue Allocation: BCC, Ag Burn, Asbestos, Ag Engine, PERP, Unpermitted (other), Unpermitted (Rule 421), Toxics, Title V, Permitted

Cost for Unpermitted program (Rule 421) is covered first by other revenues, if available, and then by land use mitigation.

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6/25/2013

OPTION 6B: FY2015-2016 Add Admin Mgr in FY 14/15 (FTE = 93.95) Deferral Option

Program	Budgeted Cost FY15/16 SSD Cost	PCD Cost	Total Cost	Budgeted Revenues Revenue	Amount	Cost Less Budgeted Revenues Amount	% short	Other Revenues Revenue	Amount	Cost Less Budgeted and Other Revenues Amount	%short	H&SC Section
Permitted Program Cost	$ 4,876,601	$ 972,244	$ 5,848,845	Total Permitted Revenues	$ 5,848,845	$ (0)	0%		$ -	$ (0)	0%	§42311(a)
Enforcement Permit Related	$ 2,402,166			Reinspection Fees	$ 3,094							
Permitting	$ 1,666,785			Source Test Fees	$ 222,219							
Application Intake	$ 189,168			Initial Fees	$ 388,464							
BERC	$ 116,498			Renewal Fees	$ 5,152,245							
Floating Roof Tank Inspection	$ 6,500			SEED-Renewal Fees	$ 75,949							
Rule Development		$ 598,883		ERC-Transfer of credit	$ 5,874							
Emission Inventory		$ 119,528		Variance	$ 1,000							
ERC		$ 253,833										
Unallocated Admin	$ 163,180											
Fund Balance -301	$ 332,304											
Title V Program	$ 196,187	$ -	$ 196,187	Title V fees	$ 196,187	$ 0	0%	Fund Balance-301	$ -	$ 0	0%	
Title V	$ 189,897			Title V fees	$ 196,187			Fund Balance-301				
Unallocated Admin	$ 6,256											
Fund Balance -301	$ 34											
AB2588 Program	$ 145,863		$ 145,863	Toxic Emissions Fees	$ 145,863	$ 0	0%	Total	$ -	$ 0	0%	§44380
AB2588	$ 131,035			Toxic Emissions Fees	$ 145,863							
Unallocated Admin	$ 4,245											
Fund balance - 306	$ 10,583											
Unpermitted program (Rule 421)	$ 185,349	$ 380,221	$ 565,570	Total Unpermitted Revenue- (Rule 421)	$ 430,938	$ 134,632	24%	Other Revenues	$ 134,632	$ 0	0%	§42311(g), 41512.5
Rule 421 Related Activities	$ 185,349	$ 7,136		Land Use Mitigation	$ 430,938			Other Revenues	$ 134,632			
Rule 421 Related Activities - CO (Staff time)		$ 132,035										
(other prof services)		$ 241,051										
Unpermitted Program (Other)	$ 91,252	$ 493,983	$ 585,235	Total Unpermitted Revenues	$ 23,891	$ 561,344	96%	Other Revenues	$ 561,344	$ 0	0%	§42311(g), 41512.5
Enforcement Not Permit Related	$ 74,391			Land Use Mitigation	$ 23,891			Other Revenues	$ 561,344			
Wood Smoke .		$ 23,891										
Rule Development		$ 342,344										
Emission Inventory		$ 127,749										
Unallocated Admin	$ 16,861											
PERP	$ 226,093	$ -	$ 226,093	PERP	$ 110,000	$ 116,093	51%	Other Revenues	$ 116,093	$ (0)	0%	§41752
PERP	$ 218,831			PERP	$ 110,000			Other Revenues	$ 116,093			
Unallocated Admin	$ 7,262											
Ag Engine Registration Program	$ 13,604	$ -	$ 13,604	Total Ag Engine Registration Revenues	$ 3,000	$ 10,604	78%	Other Revenues	$ 10,604	$ (0)	0%	§42311(g), 41512.5
Ag Engine Program	$ 13,157			Ag Engine Initial Permits	$ 3,000			Other Revenues	$ 10,604			
Unallocated Admin	$ 447			Ag Engine Renewals								
Asbestos Program	$ 479,471	$ -	$ 479,471	Total Asbestos Program Fee	$ 251,500	$ 227,971	48%	Other Revenues	$ 227,971	$ 0	0%	§42311(g), 41512.5
Asbestos Program	$ 464,836			NOA Asbestos Fees	$ 1,500			Other Revenues	$ 227,971			
Unallocated Admin	$ 14,635			Asbestos Plan Fees	$ 250,000							
Ag Burn Program	$ 81,800	$ -	$ 81,800	Ag Burn	$ 14,876	$ 66,924	82%	Other Revenues	$ 66,924	$ -	0%	
Ag Burn Program	$ 81,800			Ag Burn Permits	$ 14,876			Other Revenues	$ 66,924			
Basin Control Council -Cost	$ 21,250	$ -	$ 21,250	Ag Burn	$ -	$ 21,250	100%	Other Revenues	$ 21,250	$ -	0%	
Basin Control Council	$ 21,250							Other Revenues	$ 21,250			
Total			$ 8,163,919	Total	$ 7,025,100	$ 1,138,819	14%		$ 1,138,818	$ 1	0%	

	CPI	Additional Increase	Total Increase
FY13/14 Title V Increase	2.00%	9.60%	11.60%
FY13/14 Non-Title V Increase	2.00%	2.50%	4.50%

	Total Needed	Starting	Ending
Fund Balance - 301	$ 1,634,415	$575,958	$ 908,296
Fund Balance - 306	$ 36,466	$13,490	$ 24,073
Existing Fund Balance		$248,276	$ 248,276
SS Fund Balance	$ 1,955,258	$ 837,724	$ 1,180,645

Other Budgeted Revenues	Total Budgeted	Other Unallocated Admin	Available	Remaining
Civil Penalties	$ 375,000			
State- ARB Subvention	$ 340,000			
Federal -EPA 105 Grant	$ 547,852			
Other Revenue (Total)	$ 1,262,852	$ 124,034	$ 1,138,818	$ -

Revenue Allocation: BCC, Ag Burn, Asbestos, Ag Engine, PERP, Unpermitted (other), Unpermitted (Rule 421), Toxics, Title V, Permitted
Cost for Unpermitted program (Rule 421) is covered first by other revenues, if available, and then by land use mitigation.

OPTION 6B: FY2016-2017 Add Admin Mgr in FY14/15 (FTE = 93.95) - Deferral Option

Program	Budgeted Cost FY15/16 SSD Cost	PCD Cost	Total Cost	Budgeted Revenues Revenue	Amount	Cost Less Budgeted Revenues Amount	% short	Other Revenues Revenue	Amount	Cost Less Budgeted and Other Revenues Amount	%short	H&SC Section
Permitted Program Cost	$ 5,119,261	$ 990,972	$ 6,110,233	Total Permitted Revenues	$ 6,110,232	$ 0	0%		$ -	$ 0	0%	§42311(a)
Enforcement Permit Related	$ 2,451,295			Reinspection Fees	$ 3,236							
Permitting	$ 1,700,219			Source Test Fees	$ 232,343							
Application Intake	$ 193,160			Initial Fees	$ 405,945							
BERC	$ 116,498			Renewal Fees	$ 5,384,096							
Floating Roof Tank Inspection	$ 6,500			SEED-Renewal Fees	$ 77,468							
Rule Development		$ 610,017		ERC -Transfer of credit	$ 6,145							
Emission Inventory		$ 121,836		Variance	$ 1,000							
ERC		$ 259,119										
Unallocated Admin	$ 168,370											
Fund Balance -301	$ 483,219											
Title V Program	$ 200,307	$ -	$ 200,307	Title V fees	$ 200,307	$ 0	0%	Fund Balance-301	$ -	$ 0	0%	
Title V	$ 193,833			Title V fees	$ 200,307			Fund Balance-301				
Unallocated Admin	$ 6,455											
Fund Balance-301	$19											
AB2588 Program	$ 145,863		$ 145,863	Toxic Emissions Fees	$ 145,863	$ (0)	0%		$ -	$ (0)	0%	§44380
AB2588	$ 133,765			Toxic Emissions Fees	$ 145,863			Fund Balance-306				
Unallocated Admin	$ 4,380											
Fund Balance - 306	$ 7,717											
Unpermitted program (Rule 421)	$ 189,169	$ 383,098	$ 572,267	Total Unpermitted Revenue (Rule 421)	$ 470,050	$ 102,217	18%	Other Revenues	$ 102,217	$ (0)	0%	§42311(g), 41512.5
Rule 421 Related Activities	$ 189,169	$ 7,285		Land Use Mitigation	$ 470,050			Other Revenues	$ 102,217			
Rule 421 Related Activities - CO (Staff time)		$ 134,762										
(other prof services)		$ 241,051										
Unpermitted Program (Other)	$ 93,325	$ 503,413	$ 596,738	Total Unpermitted Revenues	$ 24,389	$ 572,349	96%	Other Revenues	$ 572,349	$ (0)	0%	§42311(g), 41512.5
Enforcement Not Permit Related	$ 75,927			Land Use Mitigation	24389			Other Revenues	$ 572,349			
Wood Smoke		$ 24,389										
Rule Development		$ 348,626										
Emission Inventory		$ 130,398										
Unallocated Admin	$ 17,398											
PERP	$ 230,869	$ -	$ 230,869	PERP	$ 110,000	$ 120,869	52%	Other Revenues	$ 120,869	$ 0	0%	§41752
PERP	$ 223,377			PERP	$ 110,000			Other Revenues	$ 120,869			
Unallocated Admin	$ 7,492											
Ag Engine Registration Program	$ 13,891	$ -	$ 13,891	Total Ag Engine Registration Revenues	$ 3,000	$ 10,891	78%	Other Revenues	$ 10,891	$ (0)	0%	§42311(g), 41512.5
Ag Engine Program	$ 13,430			Ag Engine Initial Permits	$ 3,000			Other Revenues	$ 10,891			
Unallocated Admin	$ 461			Ag Engine Renewals								
Asbestos Program	$ 489,244	$ -	$ 489,244	Total Asbestos Program Fee	$ 251,500	$ 237,744	49%	Other Revenues	$ 237,744	$ (0)	0%	§42311(g), 41512.5
Asbestos Program	$ 474,143			NOA Asbestos Fees	$ 1,500			Other Revenues	$ 237,744			
Unallocated Admin	$ 15,100			Asbestos Plan Fees	$ 250,000							
Ag Burn Program	$ 81,800	$ -	$ 81,800	Ag Burn	$ 14,876	$ 66,924	82%	Other Revenues	$ 66,924	$ -	0%	
Ag Burn Program	$ 81,800			Ag Burn Permits	$ 14,876			Other Revenues	$ 66,924			
Basin Control Council -Cost	$ 21,250	$ -	$ 21,250	Ag Burn	$ -	$ 21,250	100%	Other Revenues	$ 21,250	$ -	0%	
Basin Control Council	$ 21,250							Other Revenues	$ 21,250			
Total			$ 8,462,461	Total	$ 7,330,217	$ 1,132,244	13%		$ 1,132,244	$ (0)	0%	

	CPI	Additional Increase	Total Increase
FY13/14 Title V Increase	2.00%	0.10%	2.10%
FY13/14 Non-Title V Increase	2.00%	2.50%	4.50%

	Total Needed	Starting	Ending
Fund Balance - 301	$ 1,667,200	$908,296	$1,391,534
Fund Balance - 306	$ 36,466	$24,073	$ 31,790
Existing Fund Balance		$248,276	$ 248,276
SS Fund Balance	$ 1,992,881	$ 1,180,645	$ 1,671,600

Other Budgeted Revenues	Total Budgeted				
Civil Penalties	$ 375,000				
State- ARB Subvention	$ 340,000				
Federal -EPA 105 Grant	$ 547,852	Other Unallocated Admin		Available	Remaining
Other Revenue (Total)	$ 1,262,852	$ 130,608		$ 1,132,244	$ -

Revenue Allocation: BCC, Ag Burn, Asbestos, Ag Engine, PERP, Unpermitted (other), Unpermitted (Rule 421), Toxics, Title V, Permitted

Cost for Unpermitted program (Rule 421) is covered first by other revenues, if available, and then by land use mitigation.

OPTION 6B: FY2017-2018 Add Admin Mgr in FY14/15 (FTE = 93.95) - Deferral Option

Program	Budgeted Cost FY17/18 SSD Cost	PCD Cost	Total Cost	Budgeted Revenues Revenue	Amount	Cost Less Budgeted Revenues Amount	% short	Other Revenues Revenue	Amount	Cost Less Budgeted and Other Revenues Amount	%short	H&SC Section
Permitted Program Cost	$ 5,098,913	$ 1,016,894	$ 6,115,806	Total Permitted Revenues	$ 6,115,806	$ 0	0%		$ -	$ 0	0%	§42311(a)
Enforcement Permit Related	$ 2,518,954			Reinspection Fees	$ 3,330							
Permitting	$ 1,746,656			Source Test Fees	$ 236,095							
Application Intake	$ 198,553			Initial Fees	$ 405,945							
BERC	$ 116,498			Renewal Fees	$ 5,384,096							
Floating Roof Tank Inspection	$ 6,500			SEED-Renewal Fees	$ 79,018							
Rule Development		$ 625,280		ERC -Transfer of credit	$ 6,323							
Emission Inventory		$ 125,074		Variance	$ 1,000							
ERC		$ 266,539										
Unallocated Admin	$ 173,368											
Fund Balance-301	$ 338,383											
Title V Program	$ 206,116	$ -	$ 206,116	Title V fees	$ 206,116	$ 0	0%	Fund Balance-301	$ -	$ 0	0%	
Title V	$ 199,304			Title V fees	$ 206,116			Fund Balance-301				
Unallocated Admin	$ 6,647											
Fund Balance-301	$ 165											
AB2588 Program	$ 145,863		$ 145,863	Toxic Emissions Fees	$ 145,863	$ 0	0%		$ -	$ 0	0%	§44380
AB2588	$ 137,539			Toxic Emissions Fees	$ 145,863							
Unallocated Admin	$ 4,510											
Fund Balance-306	$ 3,814											
Unpermitted program (Rule 421)	$ 194,488	$ 387,126	$ 581,614	Total Unpermitted Revenue (Rule 421)	$ 520,714	$ 60,900	10%	Other Revenues	$ 60,900	$ (0)	0%	§42311(g), 41512.5
Rule 421 Related Activities	$ 194,488	$ 7,491		Land Use Mitigation	$ 520,714			Other Revenues	$ 60,900			
Rule 421 Related Activities - CO (Staff time)		$ 138,584										
(other prof services)		$ 241,051										
Unpermitted Program (Other)	$ 95,947	$ 516,423	$ 612,369	Total Unpermitted Revenues	$ 25,078	$ 587,291	96%	Other Revenues	$ 587,291	$ 0	0%	§42311(g), 41512.5
Enforcement Not Permit Related	$ 78,033			Land Use Mitigation	25078			Other Revenues	$ 587,291			
Wood Smoke		$ 25,078										
Rule Development		$ 357,239										
Emission Inventory		$ 134,105										
Unallocated Admin	$ 17,914											
PERP	$ 237,418	$ -	$ 237,418	PERP	$ 110,000	$ 127,418	54%	Other Revenues	$ 127,418	$ 0	0%	§41752
PERP	$ 229,704			PERP	$ 110,000			Other Revenues	$ 127,418			
Unallocated Admin	$ 7,715											
Ag Engine Registration Program	$ 14,287	$ -	$ 14,287	Total Ag Engine Registration Revenues	$ 3,000	$ 11,287	79%	Other Revenues	$ 11,287	$ 0	0%	§42311(g), 41512.5
Ag Engine Program	$ 13,812			Ag Engine Initial Permits	$ 3,000			Other Revenues	$ 11,287			
Unallocated Admin	$ 475			Ag Engine Renewals								
Asbestos Program	$ 502,595	$ -	$ 502,595	Total Asbestos Program Fee	$ 251,500	$ 251,095	50%	Other Revenues	$ 251,095	$ (0)	0%	§42311(g), 41512.5
Asbestos Program	$ 487,046			NOA Asbestos Fees	$ 1,500			Other Revenues	$ 251,095			
Unallocated Admin	$ 15,549			Asbestos Plan Fees	$ 250,000							
Ag Burn Program	$ 81,800	$ -	$ 81,800	Ag Burn	$ 14,876	$ 66,924	82%	Other Revenues	$ 66,924	$ -	0%	
Ag Burn Program	$ 81,800			Ag Burn Permits	$ 14,876			Other Revenues	$ 66,924			
Basin Control Council -Cost	$ 21,250	$ -	$ 21,250		$ -	$ 21,250	100%	Other Revenues	$ 21,250	$ -	0%	
Basin Control Council	$ 21,250							Other Revenues	$ 21,250			
Total			$ 8,519,119	Total	$ 7,392,953	$ 1,126,167	13%		$ 1,126,165	$ 2	0%	

	CPI	Additional Increase	Total Increase
FY13/14 Title V Increase	2.00%	0.90%	2.90%
FY13/14 Non-Title V Increase	0.00%	0.00%	0.00%

	Total Needed	Starting	Ending
Fund Balance - 301	$ 1,711,862	$1,391,534	$1,729,917
Fund Balance - 306	$ 36,466	$31,790	$ 35,604
Existing Fund Balance		$248,276	$ 248,276
SS Fund Balance	$ 2,044,231	$ 1,671,600	$ 2,013,797

Other Budgeted Revenues	Total Budgeted				
Civil Penalties	$ 375,000				
State- ARB Subvention	$ 340,000				
Federal -EPA 105 Grant	$ 547,852	Other Unallocated Admin		Available	Remaining
Other Revenue (Total)	$ 1,262,852	$ 136,687		$ 1,126,165	$ -

Revenue Allocation: BCC, Ag Burn, Asbestos, Ag Engine, PERP, Unpermitted (other), Unpermitted (Rule 421), Toxics, Title V, Permitted

Cost for Unpermitted program (Rule 421) is covered first by other revenues, if available, and then by land use mitigation.

APPENDIX F

TITLE V OPERATING PERMIT PROGRAM
REVENUES WITH PROPOSED NEW FEE STRUCTURE

The current Title V fee assesses an hourly rate established in Section 308.12 of Rule 301 for the actual time spent on processing Title V permit renewals or permit changes. Because revenues from the Title V program vary from year to year depending on the number of permits modified and the number of sources renewing their Title V permits, Staff estimated an annual average for Title V permit revenues based on the past five years from FY07/08 to FY11/12. The five-year average of revenues collected from the Title V fee is approximately $74,000.

Staff is proposing to adopt the BAAQMD fee structure, without the monitoring fee. The proposed fee structure establishes fees for processing Title V permit applications and an annual fee for annual activities not directly related to the time spent processing Title V permit application. To determine all fees related to processing Title V applications, Staff first applied the proposed fee structure to the Title V permit activities that occurred in the 5-year period from FY07/08 to FY11/12. The proposed fees are set so the annual average revenue from the new fees is equal to the actual annual average revenues over the same time period, approximately $74,000. This is shown in the following table in the columns for "5-year total" and "Annual Average (permit)".

The proposed fee amounts for FY13/14 were then set by increasing the existing fee amounts by 15%, which are shown on the following page in the bottom table. As a result, the projected revenues for FY13/14 for processing Title V permit applications increased by 15%, as shown in the following table in column "Annual average (permit)" to approximately $86,000.

For the annual activities not related to processing Title V application, Staff proposes to establish an annual fee based on the number of local permits to operate. There are 299 local permits to operate associated with Title V facilities. To cover the cost of the annual activities, $67,000 per year in FY13/14, the annual fee was proposed at $225 per permit to operate. The projected revenues from the annual fees are shown in the following table in the column "annual fee".

For FY13/14, the following table shows the projected annual average permit fee revenues, the annual fees and the total Title V program revenues. The total revenue for FY13/14 ($153,000) is the total annual average revenues ($86,000) plus the total annual fees ($67,000). The proposed fees do not fully recover the program costs. A shortfall of $33,349 (18%) remains. Staff is proposing all Title V fees increase by 15% in FY14/15, 11.5% in FY15/16, 2.1% in FY16/17, and 2.9% in FY17/18. The proposed fees are shown on the following page in the bottom table.

TITLE V PERMIT PROGRAM COST AND REVENUE WITH PROPOSED FEE STRUCTURE

		Actual Revenue		FY2013/2014			FY2014/2015	FY2015/2016	FY2016/2017	FY2017/2018
	No. of Local Permits	5-year Total (FY07/08-FY11/12)	Annual Average (permit)	Annual Average (permit)	Annual Fee	Total	Total	Total	Total	Total
Title V Facility 1	12	$ 30,177	$ 6,035	$ 6,941	$ 2,700	$ 9,641	$ 11,087	$ 12,373	$ 12,633	$ 12,999
Title V Facility 2	22	$ 45,482	$ 9,096	$ 10,461	$ 4,950	$ 15,411	$ 17,722	$ 19,778	$ 20,194	$ 20,779
Title V Facility 3	16	$ 15,080	$ 3,016	$ 3,468	$ 3,600	$ 7,068	$ 8,129	$ 9,072	$ 9,262	$ 9,531
Title V Facility 4	7	$ 3,627	$ 725	$ 834	$ 1,575	$ 2,409	$ 2,771	$ 3,092	$ 3,157	$ 3,248
Title V Facility 5	9	$ 8,453	$ 1,691	$ 1,944	$ 2,025	$ 3,969	$ 4,565	$ 5,094	$ 5,201	$ 5,352
Title V Facility 6	3	$ 2,079	$ 416	$ 478	$ 675	$ 1,153	$ 1,326	$ 1,480	$ 1,511	$ 1,555
Title V Facility 7	141	$ 169,025	$ 33,805	$ 38,876	$ 31,725	$ 70,601	$ 81,191	$ 90,609	$ 92,512	$ 95,195
Title V Facility 8	16	$ 27,994	$ 5,599	$ 6,439	$ 3,600	$ 10,039	$ 11,544	$ 12,884	$ 13,154	$ 13,536
Title V Facility 9	13	$ 15,344	$ 3,069	$ 3,529	$ 2,925	$ 6,454	$ 7,422	$ 8,283	$ 8,457	$ 8,702
Title V Facility 10	5	$ 6,779	$ 1,356	$ 1,559	$ 1,125	$ 2,684	$ 3,087	$ 3,445	$ 3,517	$ 3,619
Title V Facility 11	4	$ 5,866	$ 1,173	$ 1,349	$ 900	$ 2,249	$ 2,587	$ 2,887	$ 2,947	$ 3,033
Title V Facility 12	19	$ 14,405	$ 2,881	$ 3,313	$ 4,275	$ 7,588	$ 8,726	$ 9,739	$ 9,943	$ 10,231
Title V Facility 13	1	$ 4,705	$ 941	$ 1,082	$ 225	$ 1,307	$ 1,503	$ 1,678	$ 1,713	$ 1,762
Title V Facility 14	5	$ 10,957	$ 2,191	$ 2,520	$ 1,125	$ 3,645	$ 4,192	$ 4,678	$ 4,776	$ 4,915
Title V Facility 15	26	$ 12,158	$ 2,432	$ 2,796	$ 5,850	$ 8,646	$ 9,943	$ 11,097	$ 11,330	$ 11,658
Total	299	$ 372,131	$ 74,426	$ 85,590	$ 67,275	$ 152,865	$ 175,795	$ 196,187	$ 200,307	$ 206,116

Title V Program Cost			$ 175,948			$ 186,234	$ 191,978	$ 196,153	$ 200,288	$ 205,951
Program Shortfall			$ 101,522			$ 33,369	$ 16,183	$ (34)	$ (19)	$ (165)

PROPOSED FEES FOR EACH FISCAL YEAR

	FY13/14	FY4/15	FY15/16	FY16/17	FY17/18
Proposed Percent Increase	New Fees	15%	11.6%	2.10%	2.9%
Administrative Amendment (per application)	$299	$344	$384	$392	$403
Enhanced NSR (per permit)	$750	$863	$963	$983	$1,012
Significant Modification (per permit modified or added)	$2,798	$3,218	$3,591	$3,666	$3,772
Minor Modification (per permit modified or added)	$1,500	$1,725	$1,925	$1,965	$2,022
Renewal (per permit)	$445	$512	$571	$583	$600
Initial Permit (per permit)	$1,022	$1,175	$1,311	$1,339	$1,378
Filing Fee (per application)	$1,056	$1,214	$1,355	$1,383	$1,423
Annual Fee (per permit)	$225	$259	$289	$295	$304

APPENDIX G
RULE 301 HOURLY RATE CALCULATIONS
(THRU FY17/18)

Currently, Rule 301 establishes two fee schedules with hourly rates: $109 per hour (Section 308.11) for processing complex permits and $136 per hour (Section 308.12) for processing permits for electrical generating equipment greater than 5 megawatts, observing multiple source tests exceeding 10 hours of review, performing reinspections, processing emission reduction credits, and processing Title V permit applications. (The proposed amendments will modify the Title V fee structure, and Title V fees will no longer rely on the hourly rate fee.)

The hourly rate is determined using the stationary source permit program costs, staff, services and supplies, building, vehicles and other administrative overhead costs shown in Appendix D and E. The hourly rate is calculated by the following equation:

$$\text{Hourly Rate (\$/hour)} = \begin{matrix}\text{Total program cost} \\ \text{(\$/program)}\end{matrix} \times \frac{1}{\text{Total FTE in permit program}} \times \frac{1}{\text{Hour per year per FTE}}$$

Hour per FTE is the hours a full time employee can provide service in a year (less the holidays, vacations, and sick leaves). The hour per FTE is estimated to be 1350 hours and is based on the following billable hours calculation:

Billable Hours Calculation		
Hours	**Type**	**Description**
2080	Total hours	52 weeks X 40 hours/week
(160)	Vacation	Assumed 4 weeks per year includes floating holidays
(120)	Sick leave	Assumed use yearly accrual
(156)	Admin time	Assumed 3 hrs/week for meetings
(84)	Holiday	10.5 holidays/year
(120)	Training	Assumed average 3 weeks/year
(90)	All Other	Assumed average parental leave, etc.
1350	Hours to use for billable time	

Below is the calculated hourly rate per fiscal year for each option. In FY12/13, the current hourly rates are $109 per hour and $136 per hour. Staff is proposing to increase the hourly rate fee to the extent allowed by the HSC Section 41512.7(b).

Fiscal Year	Permit Program Cost		Full Time Employee	Hours by FTE	Hourly Rate	
	Option 4B or 6B	Option 5B			Option 4B or 6B	Option 5B
FY13/14	$5,351,744	$5,209,679	23.71	1350	$167	$163
FY14/15	$5,598,321	$5,404,168	23.94	1350	$173	$167
FY15/16	$5,848,845	$5,770,926	23.94	1350	$181	$179
FY16/17	$6,110,233	$6,193,931	23.94	1350	$189	$192
FY17/18	$6,263,131	$6,648,164	23.94	1350	$194	$206

APPENDIX H
COMMENTS AND RESPONSES

SMAQMD INDUSTRY FEE TASK FORCE MEETING

Written Comments Received Prior to the Meeting

John Lane, Teichert (1/28/2013):

Comment #1: I would like to attend this meeting and understand better the District's intentions on this. As you can imagine, we too are impacted by the recession and revenue issues and further fee increases impact our viability. With only a 6 day notice of this meeting, I would like to ask that the District consider rescheduling so that people can arrange their schedules accordingly. I am currently committed to another meeting but will attempt to make other arrangements. If rescheduling is not possible, please send me any available materials to consider.

Response: Staff originally sent email invitations to all selected businesses on January 17, 2013 through an emailing system and later resent the email invitation through Microsoft Outlook on January 25, 2013. Staff did not receive many requests to reschedule the meeting and did not do so. However, Staff offered the commenter the opportunity to sit-down with Staff to go over the presentation and the fee proposal. A colleague of the commenter attended the meeting.

Lee Gamboa, Gamboa's Body and Frame (1/29/2013):

Comment #2: I will not be attending, but I will tell you my position: no new taxes/fees.

Response: Staff performed a comprehensive review of the District's expenditures and revenues and determined that the revenues are not sufficient to cover program cost and the fund balance has reached a critically low level. Actions to increase fees are needed in FY13/14 to continue to maintain the reduced staff levels to provide timely permitting and complaint response to local businesses and the public and restore prudent fund balance.

Industry Fee Task Force Meeting
January 31, 2013

Attendee:
Rene Toledo, SMUD
Bob Braun, Huhtamaki Inc.
Erica Gonzalez, Aerojet
Pamela Vanderbilt, CH2M Hill (representing Sac County Airport)
Brain Lee, AMPAC Fine Chemicals
Justin Gorman, Proctor & Gamble
Becky Wood, Teichert
Mark Burch, EarthGrains
Kyle Deane, RagingWires Data Center

Questions/Comments:

Comment #3: Do you fund the air monitor stations?

Response: Yes, but it is not funded with stationary source-related funds.

Comment #4: Do you get subvention funds for any of this (air monitoring)?

Response: We receive CARB subvention funds, but we do not use it to fund the air monitoring program.

Comment #5: Are those numbers (for permit applications on slide "Permitting Section") on an annual basis?

Response: Yes.

Comment #6: How come those numbers add up incorrectly? (On Slide "Workload Increase Due to New Rules and Regulations" for the number of federal regulations adopted.)

Response: The total number shown for federal regulations is incorrect. It should be 100 instead of 71 federal regulations adopted.

Comment #7: Is the hourly rate fee used as a credit for Title V permit fees?

Response: The current fee structure assesses the Title V permit fees at hourly rate for the actual time spent processing the Title V application. Staff is proposing to change the fee structure from an hourly rate to a flat fee schedule.

Comment #8: Is the hourly rate increased by 15% every year to FY17/18?

Response: No. The hourly rate may be increased up to 15% until FY17/18 to reach full cost recovery rate. Rule 301 has two different hourly rates: one for processing complex permits (schedule 10 currently at $109 per hour) and the other for processing Title V fees, ERCs, and re-inspections (schedule 11 currently at $136 per hour). Staff is also proposing to move the hourly rate to process alternative compliance applications from Rule 107 (currently at $91 per hour) to Rule 301. See the proposed rule language for the proposed fee increases for each hourly rate.

Comment #9: Why is SMAQMD moving away from an hourly rate to a flat rate for Title V fees? Hourly rate would give you the flexibility to charge where the work is done. Why not leave the hourly rate for permitting and establish a flat fee for enforcement/compliance?

Response: The current fee structure only recovers the cost to process Title V applications (administrative amendment, minor and significant modification, and 5-year permit renewal). It does not recover the cost for on-going activities such as Title V inspections and reporting to EPA or indirect activities such as reviewing new federal regulations (GHG tailoring rule) or responding to EPA's inquiries. Also, the current fee structure is difficult to implement consistently in part because the work to process local permit and Title V permit often overlaps and extra effort is involved to accurately track staff hours. The proposed flat rate fees will ensure that the District is consistently charging Title V fees for each type of Title V application. The proposal includes establishing a new proposed annual Title V fee for annual on-going and indirect activities. Also see response to Comment #41.

Comment #10: Businesses appreciate an increase that spreads over time instead of a one-time large increase. Also, businesses would like to have certainty so businesses could plan for 5 years or so.

Response: Staff is bringing several options for fee increases to be considered by the District's Board of Directors. One of those options proposes the percent of fee increases be the same for the next five years for most fees, including initial permit and permit renewal fees.

Comment #11: Is there CPI on top of the fee increases?

Response: No. The fee increases include a CPI.

<u>Written Comments Received After the Meeting</u>

<u>Rene Toledo, SMUD (2/6/2013):</u>

Comment #12: For projects and/or applications subject to the hourly time and material labor rate fee (currently listed in Sections 308.11 and 308.12), please consider adding a monthly invoicing requirement to Section 400 of the rule. The monthly invoice could itemize the work completed by AQMD staff during the previous month and allow you to collect fees as a project is processed.

Response: Monthly invoicing will require additional Staff time that will add more direct costs to the programs. Staff does not think it is appropriate at this time to add more cost to the programs with revenue shortfalls.

Comment #13: Exclude Schedule 8 (5MW plus generators) from the fee deposit provision of Section 301.1, since fees would be collected on a monthly basis.

Response: Staff is not proposing to implement monthly invoices. See response to Comment #12.

Comment #14: Revise the fee rule to collect pollutant fees of PM10 instead of total suspended particulate (TSP), since BACT, offset, and major source trigger levels are based on PM10 (not TSP).

Response: Federal regulations continue to define TSP as a "Regulated Air Pollutant". The Prevention of Significant Deterioration (PSD) permitting program, many New Source Performance Standards, and some local rules still have requirements based on TSP emissions. For the purposes of emission fees, then, we feel it is appropriate to consider total emissions of particulate matter, not just the PM10 or PM2.5 fractions. Staff is not proposing to change the pollutant from TSP to PM10.

Comments from Meeting with Candice Longnecker, Granite Construction (2/21/13):

Comment #15: Over the last two years, the fees (for the Bradshaw facility) have slightly increased?

Response: The fee increases are due to the adjustment in CPI. Fees have not had a comprehensive increase since 2001.

Comment #16: Has the District considered a provision that provides discount for "good actors" (facility that has not received a Notice of Violation) or credits for a facility that is "going green" (reducing carbon footprint)?

Response: Staff did not consider a provision for "good actors". The renewal fees pay for two components of compliance work. The first component is the inspection of the facility. The second component, which is a benefit for compliant companies, ensures that the "bad actors" are not out there. By doing this, no company will be at a disadvantage. Staff did not considered giving credits for facilities that are "going green" because fees are used to support the local permit program, and the local permit program does not regulate greenhouse gas emission.

Comment #17: Granite has been discussing a new way to permit portable equipment through the District instead of through the state. By doing this, the facility will pay the permitting fees directly to the District to help implement and enforce the portable equipment program.

Response: Comment noted.

Comment #18: A 15% increase in the first year would be a huge burden on Granite. Granite understand that the District will need a fee increase and requests that the percent increase is spread more evenly over a period of time.

Response: See response to Comment #10.

1st PUBLIC WORKSHOP FOR RULES 301, 107, 205, AND 306, April 11, 2013

Note: A combined workshop was held for proposed amendments to Rule 301, Rule 107, Rule 205 and Rule 306. Only comments pertaining to the proposed amendments to Rules 301 and 107 are shown below.

Written Comments Received Prior to the Workshop

William Grow, Sacramento Regional County Sanitation District (3/21/2013):

Comment #19: When do the higher fees go into effect?

Response: The proposed amendments will be effective on the date of adoption. For Rule 301 and Rule 107, State law requires two public hearings on these fee rule changes. Staff presented the proposals to the District's Board of Directors on May 23, 2013 for the first public hearing. At the July 25, 2013 Board meeting, Staff will ask the Board to consider for adoption the final proposals for Rules 301 and 107.

Workshop Attendees:
David Green, DMEA
Rene Toledo, SMUD
Michael Anderson, Sacramento County MSADWMR (Kiefer Landfill)
William Brunson, Apple Inc.
Yolanda Grigsby, Sacramento Area Sewer District
Steve Nebozuk, Sacramento Regional County Sanitation District
Jason Chu, SYAR Industries Inc.
Erica Gonzalez, Aerojet
Philip Meyer, City of Sacramento
Becky Wood, Teichert

Questions/Comments at the Workshop:

Comment #20: If the Board adopts the fee increases, when will they take effect?

Response: The fee increases will take effect immediately upon adoption. Also see response to Comment #19.

Comment #21: Do all of the penalty fees go back into the stationary source program?

Response: Yes.

Comment #22: Does the Board have the authority to increase penalty fees?

Response: Statutory limits for penalties are set in state law. However, the District, like many other California districts, has a Mutual Settlement Program (MSP) that includes calculations for determining the penalty for voluntary settlements of violations. In February 2013, the Board approved an amendment to the MSP calculation that effectively increased penalties by 25%.

Comment #23: Regarding the public notification fee, can you give examples of the cost for public notices? In Rancho Cordova, the cost for advertising is lower than for the Sacramento Bee.

Response: State law requires us to publish notices in a newspaper of general circulation within the District, so we put public notices in the Sacramento Bee. The cost for a typical legal classified ad is $150 – $200. In some cases, such as when a proposed source will emit toxic air contaminants within a 1,000-foot radius of a school, notices are sent by U.S. mail. This type of notice requires printing and postage, so the cost is much higher, ranging from $500 to $800. As discussed in the Staff Report, if noticing activities are extensive, Staff may also charge for Staff's time using the hourly rate in Section 308.12 of Rule 301.

Written Comments Received After the Public Workshop

Chelsea Westerberg, Aerojet (4/11/2013):

Comment #24: California manufacturers such as Aerojet face a disproportionate regulatory burden related to their competitors in other states. Data compiled by the California

Manufacturing and Technology Association from government sources demonstrate a precipitous, sustained decline in the manufacturing sector over time and dismal job growth in California relative to other states.

Response: Of the top ten U.S. cities with the worst ozone pollution, nine are in California. The Sacramento area ranks sixth. There are greater demands to reduce air pollution than in other areas of the country. If we don't make required progress toward achieving air quality standards, EPA could impose sanctions that would impact businesses and suspend regional transportation funding. On the other hand, the Sacramento area meets the federal standard for fine particulate matter. Staff's effort to control sources, including unpermitted sources such as fireplaces and wood stoves, helped the region meet the federal health standard. As such, the District is not required to adopt additional control measures that would add costs to our permitted sources. To continue to avoid additional regulatory burden, the Sacramento area must remain in attainment. The proposed fee increases are needed for the District to continue effectively implementing the stationary source programs.

Comment #25: Regulatory agencies such as SMAQMD bear some responsibility for these trends and adding to the cumulative regulatory burden through imposition of higher fees, especially during a period of economic instability, will only make a bad situation worse.

Response: Staff understands the potential impacts that the fee increases may cause to the regulated community; however, the proposed fee increases are necessary to effectively implement the stationary source program to meet state and federal requirements and reduce emissions. Also see response to Comment #24. To better quantify the impacts of the proposed fee increases, Staff contracted with Eastern Research Group (ERG) to analyze the economic impacts of the proposed fee increases on businesses in Sacramento County, organized by industry type. The analysis did not indicate a significant adverse economic impact to any of the business types in Sacramento County.

Comment #26: Some state environmental regulatory agencies are taking concrete actions to reduce the cost and administrative burdens their programs impose on the regulated community. For example, the Water Resources Control Board is making efforts to align resources. The Legislature adopted language to the State Budget requiring CARB to account for prior fee revenue income and expenditures and to forecast staffing, operations, and contract expenditures by major program area for the next fiscal cycle. The Brown administration has developed a program to assist businesses in navigating the permit requirements and offsetting the cost of doing business in California. The district's proposed fee increases are dramatically out of step with this state-level emphasis on controlling regulatory program costs and otherwise reducing burdens on the regulated community.

Response: As stated in the Staff Report, the District has implemented several procedural changes to increase revenues, many cost saving actions to improve efficiency, and has reduced 6 staff positions related to the stationary source program in order to avoid a fee increase since 2001. For this upcoming fiscal year, the District is projected to reach a critical point and can no longer defer the needed fee increases. A detailed breakdown of the expenditures and revenue without the proposed fee increases by stationary source program for FY13/14 can be seen in Appendix D. In addition, the District prepares a budget each year that goes through a public hearing process. The detailed budget shows past actual and upcoming expected revenues and expenditures for each of the District's program areas. Staff is proposing to increase fees to maintain a prudent level of services to the local business partners and the general public. These fee increases are also reflected in the FY13/14 budget that will be discussed at the May 2013 Board meeting.

Where District Staff has had the ability to avoid imposing fees, we have worked hard to do that. Specifically, we have done extensive work to avoid imposing Clean Air Act Section 185 fees on major sources like Aerojet. Section 185 fees for Aerojet would have been $204,170, and the total fees that would have been due from all major sources are over $4 million through 2011. We continue to work with EPA to formally terminate the Section 185 fee obligation. No additional fees were paid by our major sources to support our efforts on their behalf.

Comment #27: The SMAQMD has projected that the proposed fee increases will result in over a 70% increase in Aerojet's fees within the next three years. SMAQMD's proposed Rule 301 changes will impose a 15% increase in costs in FY13/14 for all of our 158 local permits, as well as new fees to support our Title V permit. The increases in Rule 301 alone would result in over a $56,000 increase in fees in FY13/14.

Response: The majority of Aerojet's fee increase in FY13/14 will come from the new annual Title V fees, or approximately $30,000. Aerojet is the most complex Title V facility in our District because it has more than 140 local permits to operate. Because of the size of the facility, Staff spends numerous hours ensuring the facility complies with all local, state and federal rules and regulations.

Comment #28: Aerojet, as well as other companies in the District, not only need to comply with local SMAQMD rules, but also new vehicles rules imposed by CARB which have already resulted in a significant cost impact. These type of fee increases and compliance costs cannot be easily be passed on to our customers and will required further cost cutting measures and inhibit job growth within our Sacramento facility.

Response: Staff acknowledges the cost impacts from other regulatory agencies, but we are not able to analyze the impacts from those costs. Nonetheless, the District is faced with budgetary issues and needs to increase fees. Staff contracted with ERG to analyze the economic impacts of the proposed fee increases on businesses in Sacramento County, organized by industry type. See response to Comment #25.

In addition, the District identifies areas in the mobile source program to help reduce cost from the state's vehicle rules, especially for the larger sources. Millions of incentive dollars have been used to upgrade vehicles with retrofits of emission control devices or to replace vehicles. Furthermore, these incentive programs implemented by District have achieved many tons of emission reductions. Specifically, the reduction in particulate matter emissions has helped the region meet the federal health standard for fine particulate matter. If we did not meet this standard, the District would have been mandated to adopt further emission control measures to help attain the standard. Additional control measures would add increase costs to permitted sources in order to comply with the emission requirements.

Comment #29: Aerojet would like to request SMAQMD to consider an additional cost reduction measure with response to inspections by potentially reducing the number of inspections per year on processes/equipment that are consistently in compliances. Currently, all of our local permits are inspected once per year. From 2008 to date, SMAQMD inspectors have visited our site over 80 times and inspected over 150 permitted processes/equipment every year. During this period, Aerojet has not received any NOVs as a result of a SMAQMD inspection. Aerojet is proposing that the inspection frequency be reduced for permits or facilities that have remained in compliance for a specified period of time such as 5 years. Many of our permits have remained unchanged for many years and have always been in compliance. Due to the consistency of these permits, the majority of the administrative costs for SMAQMD to maintain these permits are presumably costs related to inspections. By reducing the amount of inspections done per year, the SMAQMD could save on staff time and labor costs associated with this process.

Response: The District has already, through staff reductions, reduced the percentage of inspections at facilities to the point that is critical to maintaining compliance rates. This inspection prioritization has already been made to address less frequent inspections for facilities that are more likely to be in compliance. Aerojet has had a number of violations at their facility in the last five years (although we recognize these are self-reported and not the result of inspections.) This, and being a Title V source, demands that all permitted units be subject to annual inspections at a minimum. Based on the size of the campus, the inspection cannot be completed in a single day, or for that matter, in a few days. As such, we are regularly at Aerojet to conduct inspections.

The District has recognized that there is a direct relationship between inspection frequency and compliance rates. We have found that less frequent inspections have resulted in more time allotted to handling the results of non-compliance, such as increased Notices of Violation and more time spent in court. The net benefit to the cost of the program of reduced inspections is therefore less than might be expected.

<u>Tim Israel, County of Sacramento, Department of Waste Management and Recycling (4/15/2013):</u>

Comment #30: The projected Title V fee revenues SMAQMD calculated appear to be underestimated. The projected revenues appear to account only for fees associated with the annual fee and the five year renewal. Revenues from the revision of local permits do not appear to be included in the SMAQMD estimate. DWMR requests that SMAQMD staff consider re-evaluation of the projected revenues taking into account the fees that will be charged for revisions to local permits and adjust the proposed Title V permit fees accordingly.

Response: Staff's Title V fee revenue projections for each Title V facility were based on the annual average for all past permitting activities that occurred from FY07/08 through FY11/12 and the new annual fee for Title V permits. In the initial assessment, Staff assumed that only one local permit to operate was modified or added for a minor or significant modification and no local permits to operate were modified or added during a Title V renewal. After considering all comments, Staff reassessed the revenue projections, taking into consideration the number of local permits associated with each modification and the number of local permits modified during the permit renewal process, and recalculated the flat fee amounts. The new proposed fees for each type of Title V application are shown in Section 313.1 of the proposed amendments to Rule 301.

As stated in the Staff Report, if the revenues with the proposed fee increases for a specific year exceed the expenditures, then the APCO will implement a lower percent increase for that fiscal year as required by HSC Section 42311(a).

2nd PUBLIC WORKSHOP FOR RULES 301, 107, 205, AND 306, May 14, 2013

Workshop Attendees:
Tim Israel, County of Sacramento (Kiefer Landfill)
Erica Gonzalez, Aerojet
Philip Meyer, City of Sacramento
Karen Carney, County of Sacramento
Jaeyoul Jeon, Four Seasons Cleaners

Questions/Comments at the Workshop:

Comment #31: Which option is Staff recommending to the Board of Directors?

Response: Staff is recommending Option 3 for Rule 205, Option 4B for Rule 301 and Option B for Rule 306.

Comment #32: Title V fees are underestimated. I know of several permit modifications my facility will take in the next couple of years. Based on the new fee structure, our fees for those modifications far exceed your Title V fees estimated for my facility.

Response: See response to Comment #30.

Comment #33: I believe Kiefer Landfill had several minor modifications in that time period (FY07/08-FY11/12). Is it possible Title V fees are under-billed or not billed at all?

Response: Kiefer Landfill modified several local permits to operate that were incorporated into their Title V permit through the permit renewal application process. Title V fees were billed at the hourly rate for the time spent processing the Title V renewal and incorporating changes that occurred to local permits. Separate invoices were not created for these changes.

Comment #34: With the new fee structure, I believe your Title V fee fund balance portion is going to be way too much in 3-4 years.

Response: Title V fees have been adjusted to avoid over-recovery of costs. See response to Comment #30. In addition, as required by HSC 42311(a), Staff must review the expenditures and revenues for the permit program every year. If the revenues with the proposed fee increases exceed the program cost, the APCO will be required to implement lower percent increases in future years or adjust fees as necessary.

WRITTEN COMMENTS RECEIVED FOR MAY 23, 2013 BOARD HEARING

Nitin Patel, Maaco (April 25, 2013)

Comment #35: We strongly object to any fee increases, as it will impact us in this bad economy.

Response: See responses to Comments #2, 24, and 25.

Mark Arabo, Neighborhood Market Association (May 2, 2013)

Comment #36: The NMA represents 2,000 retailers with 21,000 employees in California, Arizona, and Nevada. The adoption of this amendment would devastate small business owners across this district. In this economy, gasoline sales are down 20% and retail sales are down another 30%.

Response: Staff contracted with Eastern Research Group (ERG) to analyze the economic impacts of the proposed fee increases on businesses in Sacramento County, organized by industry type. The analysis showed that for retail gasoline stations in Sacramento County, the ratio of the proposed fee increases to annual revenues is approximately 0.1%. This is well below the 1% threshold level at which EPA considers an economic impact to be potentially significant when conducting a screening analysis[22].

Staff examined the increased fee amounts, including Rule 301 permit fees, Rule 306 toxics fees, and source testing fees for over 300 retail gasoline stations under Option 4B, Staff's recommended option. These companies do not pay Title V fees or District Bank loan fees. The annual fee increases per station range from $297 to $1,249, with a median increase of $408.

Comment #37: We recently had to perform an Enhanced Vapor Recovery (EVR) upgrade and each station spent roughly $80,000; that has not been recovered.

Response: EVR upgrades were required under state regulations for vapor recovery. These costs were not imposed by District regulations. As stated in the response to Comment #36, the median increase in fees for retail gasoline stations is $408, and the ratio of proposed fee increases to annual revenues is not significant.

Comment #38: As President and CEO of NMA, I strongly oppose the proposed adoption of Rule 107, Rule 205, and Rule 306. These amendments target and affect small businesses in our Sacramento community. Small businesses have been hit hard in past years due to lower sales and higher fees.

Response: The proposed fee increases apply to all companies, both large and small, that require air quality permits. The fee increases do not target small businesses; in fact, the highest fee increases will be experienced by large businesses. Staff believes that the economic impact to retail gasoline stations will not be significant. In addition, the analysis performed by ERG did

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[22] U.S. EPA, EPA's Action Development Process, Final Guidance for EPA Rulewriters, Regulatory Flexibility Act, November 2006.

not indicate a significant adverse economic impact to any of the business types in Sacramento County.

The District has reached a critical point, and action to increase fees is needed. For the past several years, stationary source program revenues have not been sufficient to cover the program costs, and the District has been using the existing stationary source fund balance, i.e. reserve funds, to make up the differences. Fee increases have been deferred during the economic downturn to minimize the impacts on local businesses. Despite many cost-saving actions, including reducing 6 positions from the stationary source programs, the District is expected to consume the remaining stationary source fund balance by the middle of FY13/14.

Michael W. Lewis, Construction Industry Air Quality Coalition (May 13, 2013)

Comment #39: The Construction Industry Air Quality Coalition (CIAQC) appreciates this opportunity to express that it does not believe now is the time for the Sacramento Metropolitan Air Quality Management District (SMAQMD) to increase its fees. The impact of the recession on California businesses, and the construction industry in particular, is still significant as the state struggles to regain a solid economic footing. The construction industry is supportive of cost-effective and technologically feasible efforts to clean the air, however CIAQC cannot support the fee increases proposed by the SMAQMD at this time. CIAQC represents several of the major construction and home building trade associations in California. Its membership consists of the Associated General Contractors of California and America-San Diego Chapter, Building Industry Association of Southern California, California Construction Trucking Association, Engineering Contractors Association, Southern California Contractors Association, United Contractors and the California Rental Association.

Response: Staff contracted with ERG to analyze the economic impacts of the proposed fee increases on businesses in Sacramento County, organized by industry type. The analysis showed that for the construction industry, the ratio of the proposed fee increases to annual revenues is less than 0.1%. This is well below the 1% threshold level at which EPA considers an impact to be potentially significant when conducting a screening analysis.

Staff examined the increased fee amounts, including Rule 301 permit fees and Rule 306 toxics fees, for 37 companies in construction and construction-related industries under Option 4B, Staff's recommended option. These companies do not pay Title V fees or District Bank loan fees. The annual fee increases range from $84 to $20,510, with a median increase of $303. The fee increases for 35 of the 37 companies are $1,624 or less. The other two companies are large, heavy construction/infrastructure companies.

Comment #40: The construction industry has been especially hit hard during the current recession. Generally the construction industry is the 'last-in and the first-out' during an economic downturn. However this is not what construction has encountered over the last six years. It has been more of a 'first-in and last-out' experience, as employment is still down roughly 35 percent. For this reason CIAQC does not support the proposed district fee increases that must be absorbed by the regulated community and the overall economy. The construction industry and CIAQC's member contractors cannot absorb increased fees at this time. CIAQC respectfully suggests that SMAQMD hold off on increases now and revisit the potential for additional revenue in 18 to 24 months. This additional time will allow the economy to gain needed strength and those responsible to pay the fees to be better positioned to do so.

Response: See response to Comment #39. ERG's economic analysis shows that the impact to the construction industry, as indicated by the low cost to revenue ratio, is not significant. In addition, the analysis estimated potential job loss in the region as a result of the fee increases. Job loss in the 37 companies that comprise the construction industry was less than 1 full-time job. Fractional job losses can be interpreted as a contraction in a particulate industry, perhaps represented by a reduction in hours worked.

The District has implemented many cost reduction strategies and has depleted the stationary source fund balance to avoid raising fees over the last several years. Without a fee increase, however, the fund balance will be completely consumed within the 2013/2014 fiscal year. It is critical that Staff's proposed fee increases are adopted now without further delay. In addition, the proposed fee increases will help the District maintain the Staff necessary to respond to new permit applications that may come in during the economic recovery and maintain a level playing field for all businesses.

Scott Flake, SMUD (May 20, 2013)

Comment #41: We believe that continuing to bill Title V permit applications at an hourly rate provides the regulated community a more transparent and accurate cost of permitting than the proposed flat filing structure for the following reasons:

- The hourly tracking approach provides SMUD and other Title V sources the most accurate cost for permitting projects since it directly reflects the number of Staff hours needed in approving an application; and
- The hourly tracking approach provides the SMAQMD with a mechanism to account for the complexity of a project and accounts for the economies of scale present when processing Title V permit modifications that affect several identical emission units. The proposed flat rate fees are a one-size fits all approach that is based on the number of local permits being modified and not the complexity of the project itself.

Response: Tracking work hours to individual permit applications is difficult, takes additional time, and is susceptible to inconsistencies in practice, particularly when processing local permit applications and Title V permitting concurrently. We also do not generally see "economies of scale" in processing Sacramento's Title V permit applications because each facility has a unique history and location that impacts regulatory decisions.

Additionally, the current fee structure is inadequate because it does not assess any fees to recoup costs associated with more generally applicable Title V related activities such as negotiating and commenting on federal regulations and training. One example of this is the District's work to secure EPA approval to terminate Clean Air Act Section 185 fees on Title V sources. We would be obligated to assess 185 fees in Sacramento County through 2011 that amounted to $4 million, $778,000 of which would have been assessed from SMUD facilities. Contrast that with the total Title V fees over the 5-year analysis period, $372,131, of which $41,533 are for SMUD facilities. None of the costs associated with this work was covered by Title V fees, but the benefits to Title V sources are significant. Tracking hours associated with these types of activities and establishing a project specific justification for assessing an hourly rate fee allocation from each Title V facility is infeasible.

The flat fee structure also provides benefits important to other commenters - that they have certainty about what the fees will be to help them plan future projects, and ensure a level playing field and avoid competitive disadvantages that might arise out of inconsistencies in internal tracking and fee assessment practices.

However, the commenter makes an important point that some projects are extraordinarily complex and the schedule fees may be too low. New electricity generation projects are one such example because they require District staff participation in California Energy Commission's extensive hearing process. Therefore, we have added Section 313.1(b) to authorize an hourly rate fee if Title V fees in Section 313.1(a) are expected to be lower than the actual cost to process the Title V permit application.

Comment #42: SMAQMD will continue to bill local permit applications on an hourly basis in a manner similar to the existing Title V permit application billing structure of Section 313.

Response: This comment is incorrect. The District does not use the hourly rate structure for processing local permits, except in the extraordinary circumstances such as those noted in response to Comment #41. Although Section 308.9 authorizes hourly rates for electrical generating equipment, SMUD's fees are typically based on fuel use using Schedule 2, Section 308.3. Although an extraordinarily complex permit might use the hourly rate, it is more commonly used for additional work beyond routine permit processing or annual compliance inspections, such as reviewing a facility's emission tests, evaluating applications to bank emissions reduction credits, or processing alternative compliance permit applications.

Comment #43: Many of SMUD's Title V permit modification projects overlap with local permit activities that can be accounted for in SMAQMD's existing fee structure. Our concern with the proposed flat rate structure is that the completion of these overlapping activities during the processing of the local permits may not be accounted for in the proposed flat rate, which could lead to, in effect, a double payment of a portion of the permit application fees. For example, the total application fee associated with a "Significant Title V Permit Modification" involving two identical turbines will be $12,518 in FY13/14. Dividing this fee by the time and material rate of $156/hour in Section 308.12, the proposed fees equate to 80 hours of work. It is our belief that this filing fee is set artificially high since the amount of work required to update a Statement of Basis and Title V application can be minimal when compared to the amount of work already performed during the evaluation and updating of the local air quality permits that would precede the filing of the Title V application.

Response: When sources apply for local permit modifications at the same time as a Title V permit modification, if the facility requests processing via the 'Enhanced NSR" and meets the requirement of Rule 214 – Federal New Source Review and provisions in Rule 207 – Title V Operating Permits, the fees are lower because they are considered an 'Administrative Permit Amendment'. The proposed fees for those permits in FY13/14 are $1,056 for the application filing fee plus $750 per local permit to operate, rather than $1,056 for the application plus $2,798 per local permit to operate for a significant modification.

Comment #44: We request that SMAQMD staff continue to bill the Title V permit applications on an hourly basis per the current language of Section 313 and consider Recommendations #11 and #12 of the Fee Structure Study referenced in Appendix C of the Staff Report as a method to uniformly and accurately bill these hourly projects.

Response: We improved our Staff tracking, as suggested in the Fee Study Recommendations #11 and #12. This resulting information was used in our detailed analysis of the costs for this proposal.

Comment #45: We do not oppose the per-local permit "Annual Title V Fees" of Section 313.2, provided that the annual inspections are performed by a different staff than the person witnessing the source test.

Response: The source test fees, established in Section 311, recover Staff's time to review and approve a source test plan, observe a source test, and review source test reports. The new proposed annual Title V fees will cover Staff's time associated with activities that the District has not been able to cover in the past. These activities include inspecting and enforcing Title V permits, reporting data to EPA, responding to EPA's inquiries, reviewing existing state and federal regulations, and training field staff members. The activities covered by the annual Title V fees and the source test fees do not overlap; therefore, the same Staff person may perform these activities. On the other hand, having the same staff person complete these activities is in the best interest of the Title V facilities because it consumes less of Staff's time and effort, keeping overall Title V program costs to a minimum.

Comment #46: If the proposed language of Section 313.1 is amended to reflect the current language of Section 313, we also request that Sections 210 be stricken from the rule since the definition "Permit to Operate-Modified" will no longer be needed.

Response: Any definition of a term not used in the rule will not be included in the final rule.

Comment #47: Since the federal and state ambient air quality standards and SMAQMD's Best Available Control Technology (BACT), emissions offsets and major source thresholds are based on PM10 and/or PM2.5, we request that the annual renewal fee be based on PM10 and not total suspended particulate (TSP).

Response: See response to Comment #14.

PUBLIC COMMENTS AT THE MAY 23, 2013 BOARD HEARING

The oral comments from the public for Item #10 at the May 2013 Board Hearing are summarized below.

Becky Wood, Teichert

Comment #48: I would like to speak in support of the increases. It is very important that the District maintain its financial health and respond to businesses quickly when needed. Another thing that businesses appreciate is certainty, and this plan does lay out certainty into the future so that we can plan for what our fees are going to be. To put it into context, for our high volume, low cost product, we have to produce and sell 100,000 tons to be able to play our air district fees. That is equates to $0.03 per ton annually. We do appreciate the District being responsive to our needs and want to see it remain financially healthy, and this is a good plan going forward.

Response: Thank you for your support.

Kori Titus, Breathe California

Comment #49: As you all may know, we currently do not meet federal and state health standards. Without the fee increases recommended, it is going to extraordinarily difficult for the District to retain the trained staff that they need to carry out that important work to protect our public health. We continue to have a 15.5% prevalence rate of asthma in our county, much higher than so many other places. Loss of school and work days are indirect cost that impact us all. Some of the tracked costs may be more compelling. In 2010, more than 49% of asthma-related emergency department visits and 65% of asthma-related hospital visits were paid for by Medicaid and Medical. That is just one respiratory disease. We haven't begun to talk about the health impacts of our most at-risk population, our children and our seniors.

It is always difficult, particularly in the past years, to raise fees. These changes were needed in 2009. The District wisely deferred those increases. The problem is that now we are facing a reserve that is not going to be there. We have to provide them with the tools, staffs, and resources that they need to protect public health and to support those businesses that are taking the necessary steps to do the right thing to clean up the air.

Response: Thank you for your support.

Darshan Mundy, Neighborhood Market Association

Comment #50: We sent a letter on May 2, 2013 that we oppose the fee increases. Gasoline sales in California are down by 20%. Pollutions are at the 1990 levels because better and smaller cars are on the road and people are driving less. In 2008, we have done EVR upgrades. It cost each station $80,000 for the upgrade. We have not recovered the cost because of the many competitions, the decrease in sales, and the economic downtown. In addition, we have to work more hours for mom and pop stores than in 2008 because our fees have gone up.

Response: These oral comments emphasize the written comments from Mark Arabo of the Neighborhood Market Association on May 2, 2103. Staff's responses to the letter are included in the responses to Comments #36, 37, and 38.

Comment #51: Air quality has many different fee schedules in the county. We request that you give us a separate category for gas stations and not increase our fees. This way our fees will not go up. Right now, many gas stations are in bankruptcy. They cannot pay the fees or are behind on their bills. GDFs pay so many different fees in the county. For a small business, we've got so much burden, and we cannot pass fees to our customers because of the competition.

Response: Rule 301 establishes emissions fee and fee schedule for gasoline dispensing facility (Sections 303.2 and 308.7) separate from other types of emission units. Staff is proposing to increase fees for all permitted sources, both large and small. See responses to Comment #38.

Attachment F

Written Comments

From: John Lane [mailto:JLane@teichert.com]
Sent: Monday, January 28, 2013 9:22 AM
To: David Yang
Cc: Becky Wood
Subject: RE: SMAQMD Industry Fee Task Force Meeting

David,
I would like to attend this meeting and understand better the District's intentions on this. As you can imagine, we too are impacted by the recession and revenue issues and further fee increases impact our viability.
With only a 6 day notice of this meeting, I would like to ask that the District consider rescheduling so that people can arrange their schedules accordingly. I am currently committed to another meeting but will attempt to make other arrangements.
If rescheduling is not possible, please send me any available materials to consider.

From: Lee Gamboa [mailto:leegamboa@gamboas.com]
Sent: Tuesday, January 29, 2013 5:04 PM
To: David Yang
Subject: Re: SMAQMD Industry Fee Task Force Meeting

I will not be attending, but I will tell you my position, no new taxes/fees.

----- Original Message -----
From: David Yang
To: leegamboa@gamboas.com
Sent: Tuesday, January 29, 2013 2:34 PM
Subject: FW: SMAQMD Industry Fee Task Force Meeting

Lee,

I am forwarding the email inviting you to the Industry fee task force meeting.

Please let me know if you are planning to attend this meeting.

Thank you,

David Yang
Air Quality Engineer

From: Rene' Toledo [mailto:Rene.Toledo@smud.org]
Sent: Wednesday, February 06, 2013 10:33 AM
To: Marc Cooley; David Yang; ALETA KENNARD; Patrick Durham
Subject: Industry Task Force Comments

Marc,

Thank you for inviting SMUD to be part of the Industry Task Force meeting last week.

As requested by APCO Larry Greene, we are submitting the following written comments concerning the proposed changes to Rule 301 (Permit Fees).

1) For projects and/or applications subject to the hourly time and material labor rate fee (currently listed in Sections 308.11 and 308.12), please consider adding a monthly invoicing requirement to Section 400 of the rule. The monthly invoice could itemize the work complete by AQMD staff during the previous month and allow you to collect fees as a project is processed.

2) Exclude Schedule 8 (5 MW plus generators) from the fee deposit provision of Section 301.1, since fees would be collected on a monthly basis.

3) Revise the fee rule to collect pollutant fees of PM10 instead of TSP, since BACT, offset, and major source trigger levels are based on PM10 (not TSP).

Please feel free to contact me with any questions you may have at Rene.Toledo@smud.org<mailto:Rene.Toledo@smud.org> or 916-732-7452<tel:916-732-7452>.

Sincerely,

René Toledo
Environmental Health & Safety Specialist SMUD
916-732-7452

From: Grow. William (SDA) [mailto:groww@sacsewer.com]
Sent: Thursday, March 21, 2013 2:17 PM
To: David Yang
Subject: Proposed Fee Increases

When do the higher fees go into effect?

For Air Toxics Hot Spots, we were charged $95 per site (invoice #1213-09-00201B)

Where is this fee defined under the current regs and what would be the new, higher fee under the proposed changes?

William Grow. P.E.
Associate Civil Engineer
Sacramento Regional County Sanitation District
8521 Laguna Station Road, Elk Grove, CA 95758
916 875 9164 office

P O Box 13222
Sacramento CA 95813-6000

April 11, 2013
L9223:CMW

Mr. David Yang
777 12th Street, 3rd Floor
Sacramento Metropolitan Air Quality Management District
Sacramento, CA 95814

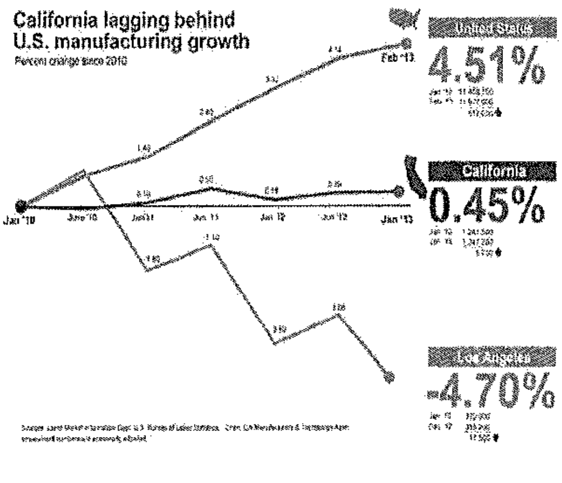
Subject: Comments from Aerojet to the Sacramento Metropolitan Air Quality Management District on the Proposed Changes to Rule 107- Alternative Compliance, Rule 205 – Community Bank and Priority Reserve Bank, Rule 301 – Permit Fees – Stationary Source, Rule 306 – Air Toxics Fees

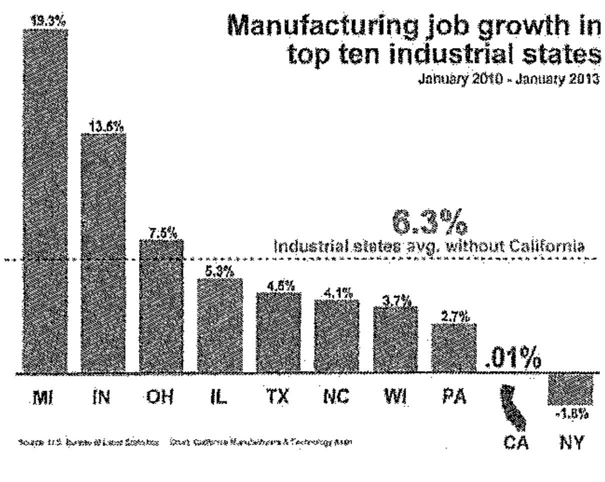
Dear Mr. Yang:

Aerojet respectfully submits comments on the Sacramento Metropolitan Air Quality Management District's (SMAQMD) proposed changes to the Subject rules listed above.

General Comments Regarding all Proposed Fee Increases

Aerojet appreciates the opportunity to comment on the proposed fee increases and recognizes the important role of the SMAQMD and the challenges it faces. However, California manufacturers such as Aerojet face a disproportionate regulatory burden relative to their competitors in other states (see charts below). These data, compiled by the California Manufacturing and Technology Association from government sources demonstrate a precipitous, sustained decline in the manufacturing sector over time and dismal job growth in California relative to other states. Regulatory agencies such as SMAQMD bear some responsibility for these trends and adding to the cumulative regulatory burden through imposition of higher fees, especially during a period of economic instability, will only make a bad situation worse.





Some state environmental regulatory agencies are taking concrete actions to reduce the cost and administrative burdens their programs impose on the regulated community. For example, as part of an ongoing "resource alignment" effort, the State Water Resources Control Board adopted a workplan in 2012 to "identify opportunities to reduce the costs of compliance for dischargers subject to Water Board regulation and oversight" and to "maximize utility/benefit arising from discharger compliance actions, including benefits to the regulated community and to the environment at large" (see: http://www.waterboards.ca.gov/water_issues/programs/rap/docs/cost_of_compliance090612.pdf).

The Legislature's Joint Legislative Budget Committee on AB 32 conducted oversight hearings in 2012 to address regulated community concerns about misappropriation of fee revenue by the California Air Resources Board intended for implementation of CARB's greenhouse gas emission control programs. As a result of this inquiry, language was adopted in the 2012-2013 state budget requiring CARB to account for prior year fee revenue income and expenditures, and to forecast staffing, operations, and contract expenditures by major program area for the next fiscal cycle. CARB submitted its initial report to the Legislature earlier this year (http://www.arb.ca.gov/cc/jlbcreports/jan2013jlbcreport.pdf).

The Brown administration recognizes the unique challenges faced by regulated businesses in California. In 2011, the Governor established a new Office of Business and Economic Development (GoBiz), in part to assist businesses in navigating permit requirements, "clearing of regulatory hurdles" and offsetting the cost of doing business in California. The Governor's Senior Economic advisor recently announced the administration's commitment to stimulating growth in California's manufacturing sector during an "Advanced Manufacturing Summit" it sponsored in late March. The Governor has also been openly supportive of efforts to reform the California Environmental Quality Act to expedite review, and where appropriate approval of, new projects.

The district's proposed fee increases are dramatically out of step with this state-level emphasis on controlling regulatory program costs and otherwise reducing burdens on the regulated community. The SMAQMDs has projected that the proposed fee increase will result in over a 70% increase in Aerojet's fees within the next three years. SMAQMDs proposed Rule 301 changes will impose a 15% increase in costs in FY 13/14 for all of our existing 158 local permits, as well as new fees to support our Title V permit. The increases in Rule 301 alone would result in over a $56,000 increase in fees in FY 13/14. Aerojet, as well as other companies in the District not only need to comply with local SMAQMD rules, but also new vehicles rules imposed by the California Air Resources Board which have already resulted in a significant cost impact. These types of fee increases and compliance costs cannot easily be passed on to our customers and will require further cost cutting measures and inhibit job growth within our Sacramento facility.

Cost Reductions through Decreased Inspections for Facilities in Compliance

Aerojet would like to request SMAQMD to consider an additional cost reduction measure with respect to inspections by potentially reducing the number of inspections per year on processes/equipment that are consistently in compliance. Currently all our local permits are inspected once per year. From 2008 to date, SMAQMD inspectors have visited our site over 80 times and inspected over 150 permitted processes/equipment every year. During this period, Aerojet has not received any Notice of Violations (NOV) as a result of a SMAQMD inspection. Aerojet is proposing that the inspection frequency be reduced for permits or facilities that have remained in compliance for a specified period of time such as 5 years. Many of our permits have remained unchanged for many years and have always been in compliance. Due to the consistency of these permits, the majority of the administrative costs for SMAQMD to maintain these permits are presumably costs related to inspections. By reducing the amount of inspections done per year, the SMAQMD could save on staff time and labor costs associated with this process.

Rule 205 – Community Bank and Priority Reserve Bank.

The proposed Rule 205 amendments increase the amount of fees that can be collected by the SMAQMD for the renewal of existing Emission Reduction Credit (ERC) loans that are borrowed through the SMAQMD's bank. Aerojet holds 7 of the SMAQMD's 50 active ERC loans for various processes on the Rancho Cordova plant. Currently we pay $8,127 per year to renew all 7 loans. As written, the proposed rule will increase the annual renewal fee from $903 per year to $2,556 per year, a 283% increase. Aerojet understands that this program is underfunded and the fees have not been increased in some time, but does not agree with the drastic rate increase that is planned to take place all in one year.

Aerojet is proposing that the SMAQMD consider a gradual increase in fees to achieve the desired goal which would be consistent with the proposed increases for the other rules. The proposed schedule below outlines three different options that would allow Aerojet more time to reallocate money and balance our budget internally to cover these costs.

Options	FY 13/14 (7/25/13 – 7/24/14)	FY 14/15 (7/25/14 – 7/24/15)	FY 15/16 (7/25/15 – 7/24/16)	FY 16/17 (7/25/16 – 7/24/17)	FY 17/18 (7/25/17 – 7/24/18)
	$ = Amount per year due / % = percentage increase from prior year				
1 Increase ~ $330/year for 5 years	$1233 / 36.5%	$1562 / 26.7%	$1890 / 21%	$2221 / 17.5%	$2576 / 16%
2 Increase ~ $413/year for 4 years	$1318 / 46%	$1727 / 31%	$2141 / 24%	$2569 / 20%	0
3 Increase ~ $551/year for 3 years	$1454 / 61%	$2007 / 38%	$2569 / 28%	0	0

The table represents a more gradual increase in fees which is similar to but still more than the rate of fee increases drafted in Rule 301 – Permit Fees – Stationary Source, which Aerojet will also be heavily impacted by as stated above. Aerojet requests SMAQMD to consider Option 1 for the Rule 205 ERC renewal fee increases or a similar fee increase schedule.

Please contact Chelsea Westerberg at (916) 804-2361 if you have any questions.

Sincerely,

Chelsea Westerberg
Environmental, Health and Safety

Municipal Services Agency

Department of Waste Management & Recycling
Paul Philleo, Director

Brad Hudson, County Executive
Robert Leonard, Chief Deputy County Executive

County of Sacramento

April 15, 2013

Mr. David Yang
Sacramento Metropolitan
Air Quality Management District
777 12th Street
Sacramento, CA 95814

Subject: Proposed SMAQMD Fee Increase Comments

Dear Mr. Yang;

The County of Sacramento Municipal Services Agency, Department of Waste Management & Recycling (DWMR) is pleased to submit comments on proposed Sacramento Metropolitan Air Quality District (SMAQMD) rule changes associated with fee increases.

Title V Fees-

The projected Title V fee revenues SMAQMD calculated appear to be underestimated. The projected revenues appear to account only for fees associated with the annual fee and the five year renewal. Revenues from the revision of local permits do not appear to be included in the SMAQMD estimate. Table 1 contains DWMR's estimate for Title V fees for the Kiefer Landfill for the fiscal years 2013/14 through 2016/17 including revenues from anticipated local permit revisions. Total fees for the Kiefer Landfill during this four year period are estimated by DWMR staff to be $76,301. This equates to an annual average fee of $19,465 which significantly exceeds SMAQMD's estimated annual average of $9,754.

Table 1
Estimated Title V Fees - Kiefer Landfill

	DWMR Title V Fee Estimate			
Fiscal Year	**Permit Related Fees**	**Annual Fees**	**Total Title V Fees**	**SMAQMD Estimated Total Fees**
FY 2013/14	$0	$3,424	$3,424	$7,993
FY 2014/15	$29,214	$3,936	$33,150	$9,192
FY 2015/16	$9,657	$4,528	$14,185	$10,571
FY 2016/17	$20,726	$4,816	$25,542	$11,258
4 Year Total	**$59,597**	**$16,704**	**$76,301**	**$39,014**

Simple revisions of any local permits will become very expensive. For example, in FY 2015/16 the permit to operate for Kiefer's greenwaste trommel will require revision because the ERC loan from the essential public services account will expire. Under the proposed fee changes, DWMR will be required to pay $1,614 in local fees and $9,657 in Title V fees to revise the two local permits associated with that equipment. An anticipated similar revision of our flare and engine permits in FY 2014/2015 will require Title V fees for seven permits for a total of $23,922. Fee resulting from the revision of local permits will be a significant revenue source and should be considered in the SMAQMD revenue projections.

DWMR requests that SMAQMD Staff consider reevaluation of the projected revenues taking into account the fees that will be charged for revisions to local permits and adjust the proposed Title V permit fees accordingly.

ERC Loan Fees -

SMAQMD proposes to increase the annual emission reduction credit (ERC) loan fee by 280 percent. DWMR has the following comments;

- The current and proposed fee structure does not take the size of the loan into account. DWMR's loan of 0.09 tons for the Kiefer gasoline dispenser will incur the same fees as the 7.72 tons for the site's flares and engines. DWMR suggests that SMAQMD consider a tiered approach for small, medium and large sized loans. This approach is utilized for local permit fees.
- The staff report does not clearly address how the initial loan fees fit into the budget for this program. DWMR requests that SMAQMD staff evaluate the impact of base loan fees on the projected revenues and consider adjusting the proposed fees.
- The proposed fee increases are retroactive to our original agreements to the ERC loans. We cannot recover the original loan fees if we decide that the new annual fees are too costly. Would the SMAQMD consider prorated refunds for loans that have suddenly become cost prohibitive?

If you have any questions regarding this matter, please contact me at (916)876-9431.

Sincerely;

Tim Israel, PE
Senior Engineer

From: Nitin Patel [mailto:nit9pat@yahoo.com]
Sent: Thursday, April 25, 2013 11:09 AM
To: David Yang
Subject: Proposed Fee Increase

Our permit # 23277

We strongly object to any fee increase, as it will impact us in this bad economy

Nitin Patel
Maaco
1216 Arden Way
Sacramento, CA 95815
916 565 2760

NEIGHBORHOOD MARKET ASSOCIATION

Date: May 02, 2013

To: Sup. Jimmie Yee, Sup. Phil Serna, Sup. Susan Peters, Sup. Roberta MacGlashar, Sup. Don Nottoli, Council Member Steve Cohn, Council member Darrell Fong, Council Member Allen Warren, Council Member Allen Waren, Council Member Steve Hansen, Council Member Mel turner, Council Member James Cooper, Council Member Jeff Starsky, Council Member Mark Crews, Council Member, Council Member Donald Terry;

Dear Sacramento Metropolitan Air Quality Management District,

The Neighborhood Market Association represents 2,000 retailers, which employs 21,000 employees in California, Arizona, and Nevada. The NMA is the heartbeat of the small business community and our number goal is public safety and bettering the communities we do business in.

Change is inevitable, but change for the good is rare. Sacramento Metropolitan Air Quality Management District is proposing an increase in fees. The adoption of this amendment would devastate small business owner across this district. In this economy, gasoline sales are down 20% and retail sales are down another 30%. We recently had to perform an EVR Upgrade and each station spent roughly $80,000.00; that has not been recovered.

As President and CEO of the NMA, I strongly oppose the proposed adoption of Rule 107, Rule 205 and Rule 306. These amendments target and affect small businesses in our Sacramento community. Small businesses have been hit hard in past years due to lower sales and higher fees. We can't allow this to continue in our communities.

All our members and our Association care about our city and its well being. Our children and family live in this community along with everyone else. We too want to protect our entire community. This adoption discriminates against our small business community. Small business is the backbone to our economy and we are allowing them to be destroyed by increased fees.

United we stand strong and can overcome any obstacles. We should join forces and discover different solutions to the current issues we face.

Respectfully,

Mark Arabo

Mark Arabo
President and CEO
Neighborhood Market Association

CONSTRUCTION INDUSTRY AIR QUALITY COALITION

Coalition Members

AGC CALIFORNIA

Associated General Contractors America-San Diego Chapter, Inc.

Building Industry Association of Southern California

California Dump Truck Owners Association

Engineering Contractors Association

Engineering & General Contractors Association

Engineering & Utility Contractors Association

Southern California Contractors Association

May 13, 2013

Supervisor Phil Serna, Chair
Sacramento Metro Air Quality Management District
777 12th Street, 3rd Floor
Sacramento, CA 95814-1908

Re: Proposed Fee Increases

Dear Supervisor Serna:

The Construction Industry Air Quality Coalition (CIAQC) appreciates this opportunity to express that it does not believe now is the time for the Sacramento Metropolitan Air Quality Management District (SMAQMD) to increase its fees. The impact of the recession on California businesses, and the construction industry in particular, is still significant as the state struggles to regain a solid economic footing. The construction industry is supportive of cost-effective and technologically feasible efforts to clean the air, however CIAQC cannot support the fee increases proposed by the SMAQMD at this time.

CIAQC represents several of the major construction and home building trade associations in California. Its membership consists of the Associated General Contractors of California and America-San Diego Chapter, Building Industry Association of Southern California, California Construction Trucking Association, Engineering Contractors Association, Southern California Contractors Association, United Contractors and the California Rental Association. Collectively, members of these associations build much of the public and private infrastructure and land development projects in California.

The construction industry has been especially hard hit during the current recession. Generally the construction industry is the 'last-in and the first-out' during an economic downturn. However this is not what construction has encountered over the last six years. It has been more of a 'first-in and last-out' experience, as employment is still down roughly 35 percent. For this reason CIAQC does not support the proposed district fee increases that must be absorbed by the regulated community and the overall economy. The construction industry and CIAQC's member contractors cannot absorb increased fees at this time. CIAQC respectfully suggests that SMAQMD hold off on increases now and revisit the potential for additional revenue in 18 to 24 months. This additional time will allow the economy to gain needed strength and those responsible to pay the fees to be better positioned to do so.

Sincerely,

Michael W. Lewis

Michael W. Lewis
Senior Vice-President

cc: SMAOMD Clerk of the Board

2149 East Garvey Ave. North, Suite A-11, West Covina, CA 91791
Tel: 626 858 4611 Fax: 626 858 4610 e-mail: ciaqc@uia.net www.ciaqc.com

Powering forward. Together.

SACRAMENTO METROPOLITAN
MAY 21 2013
AIR QUALITY MANAGEMENT DISTRICT

SMUD™

May 20, 2013
DPG 13-090

David Yang
Sacramento Metropolitan Air Quality Management District (SMAQMD)
777 12th Street, 3rd Floor
Sacramento, CA 95814

RE: COMMENTS ON PROPOSED AMENDMENTS TO RULE 301 (PERMIT FEES – STATIONARY SOURCE)

Dear Mr. Yang:

Thank you for the opportunity to comment on the proposed amendments to Rule 301 (Permit Fees - Stationary Source). We have reviewed the Staff Report and proposed rule changes, and have the following comments concerning the amended rule.

Rule 301, Section 313.1 – Flat Title V Permit Application Fees

While we at Sacramento Municipal Utility District (SMUD) appreciate SMAQMD's need to amend the fee rule in order to improve cost recovery, we believe that continuing to bill Title V permit applications at an hourly rate provides the regulated community a transparent and accurate cost of permitting than the proposed flat filing structure for the following reasons:

- The hourly tracking approach provides SMUD and other Title V sources the most accurate cost for permitting projects since it directly reflects the number of staff hours needed in approving an application.

- The hourly tracking approach provides the SMAQMD with a mechanism to account for the complexity of a project and accounts for the economies of scale present when processing Title V permit modifications that affect several identical emission units. Whereas the application type specific flat fees are a one-size fits all approach to application billing that is based on the number of local permits being modified and not the complexity of the project itself.

- SMAQMD staff will continue to bill local permit applications on an hourly basis in a manner similar to the existing Title V permit application billing structure of Section 313.

SMUD HQ | 6201 S Street | P.O. Box 15830 | Sacramento, CA 95852-1830 | 1.888.742.7683 | smud.org

Printed on Recycled Paper

- Many of SMUD's Title V permit modification projects overlap with local permit activities that can be accounted for in SMAQMD's existing fee structure. Our concern with the proposed flat rate structure is that the completion of these overlapping activities during the processing of the local permits may not be accounted for in the proposed flat rate, which could lead to, in effect, a double payment of a portion of the permit application fees.

  For example, under proposed Section 313.1 of Rule 301 (Option 1A), the total application filing fee associated with a "Significant Title V Permit Modification" involving two identical combustion turbines (2 local permit) in Fiscal Year (FY) 2013/2014 will be **$12,518** (sum of $1,902 base filing fee, $5,308 for each of the two turbine local AQMD permits). Dividing the $12,518 filing fee by the proposed hourly "Time and Materials Labor Rate" of $156 from Section 308.12, the proposed fee equates to **80 hours of work**. It is our belief that the this filing fee is set artificially high since the amount of work required to update a Statement of Basis and Title V permit application can be minimal when compared to the amount of work already performed during the evaluation and updating of the local air quality permits that would precede the filing of the Title V permit application.

In summary, we request that SMAQMD staff continue to bill the Title V permit applications on an hourly basis per the current language of Section 313 and consider Recommendations #11 and #12 of KPMG's April 2009 Fee Structure Study referenced in Appendix C of the SMAQMD Staff Report (pages 23 and 24) as a method to uniformly and accurately bill these hourly projects. We believe that SMAQMD can adapt the existing local permit billing procedures to accurately and fairly recover the cost of processing Title V permit applications on an hourly basis.

Rule 301, Section 313.2 – Annual Title V Fee

We do not oppose the per-local permit "Annual Title V Fee" of Section 313.2, provided that the annual inspections are performed by different staff than those witnessing source tests.

Rule 301, Section 210 – Definition of Permit to Operate - Modified

If the proposed language of Section 313.1 is amended to reflect the current language of Section 313, we also request that Sections 210 be stricken from the rule since the definition "Permit to Operate – Modified" will no longer be needed.

Rule 301, Section 303.2 – Permit Renewal Fee

Since the federal and state ambient air quality standards and SMAQMD's Best Available Control Technology (BACT), emission offsets and major source thresholds are based on PM_{10} and/or $PM_{2.5}$, we request that the annual renewal fee be based on PM_{10} not TSP. Per Section 303.2, a portion of the annual "Permit Renewal Fee" is based on Total Suspended Particulate (TSP) which is typically larger than its subset of PM_{10} (particulate matter with an aerodynamic diameter smaller than or equal to a nominal 10 microns) and/or $PM_{2.5}$ (particulate matter with an aerodynamic diameter smaller than or equal to a nominal 2.5 microns). This would also align

Rule 301 with the methodology of Bay Area AQMD Rule 3-39 and Yolo-Solano AQMD Rule 4.1 which base yearly emission fees on PM_{10}.

We appreciate the opportunity to review and comment on the proposed amendments. If you have any questions or would like additional information, please do not hesitate to contact René Toledo at (916) 732-7452.

Sincerely,

Scott Flake
Manager, Power Generation

cc: Larry Greene, SMAQMD

bc: Paul Lau, SMUD
Ross Gould, SMUD
Mike Gianunzio, SMUD
Patrick Durham, SMUD
Steve Johns, SMUD
Jeff White, Carson Energy Group
Frank Miller, Wood Group Power Plant Services
Dave Blevins, Wood Group Power Plant Services

David Yang

From: Becky Wood <BWood@teichert.com>
Sent: Monday, June 24, 2013 5:50 PM
To: David Yang
Subject: Fee increase

Follow Up Flag: Follow up
Flag Status: Flagged

I spoke at the last hearing in favor of the increase. I will be out of town for this hearing but please let the Board know that we support these increases also. Thanks.

Becky L. Wood
EH&S Manager
Teichert Materials
916.484.3351

Attachment G

Evidence of Public Notice

The Sacramento Bee
P.O. Box 15779 • 2100 Q Street • Sacramento, CA 95852

Co. of Sacramento/Air Quality (Metro Air Quality Mgmt)
777 12th 3rd Fl St
Sacramento, CA. 95814-1908

DECLARATION OF PUBLICATION
(C.C.P. 2015.5)

COUNTY OF SACRAMENTO
STATE OF CALIFORNIA

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interest ed in the above entitled matter. I am the printer and principal clerk of the publisher of The Sacramento Bee, printed and published in the City of Sacramento, County of Sacramento, State of California, daily, for which said newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Sacramento, State of California, under the date of September 26, 1994, Action No. 379071; that the notice of which the annexed is a printed copy, has been published in each issue thereof and not in any supplement thereof on the following dates, to wit:

June 24, 2013

I certify (or declare) under penalty of perjury that the foregoing is true and correct and that this declaration was executed at Sacramento, California, on **June 28, 2013**

Chamilton
(Signature)

SACRAMENTO METROPOLITAN
AIR QUALITY
MANAGEMENT DISTRICT

Notice of Public Hearing Sacramento Metropolitan Air Quality Management District

Proposed Fee Increases

The Board of Directors of the Sacramento Metropolitan Air Quality Management District (District) will consider the adoption of proposed amendments to Rule 301 – Permit Fees – Stationary Source and Rule 107 – Alternative Compliance. The proposed rule amendments would increase fees paid by air pollution sources in Sacramento County.

Copies of this notice, the proposed rules and the staff report are posted on the District's website (www.airquality.org). Paper copies may be viewed at the District office or purchased by calling (916) 874-4800 for a fee of 25¢ per page plus mailing costs.

By this notice, all interested parties are specifically requested to provide comments on the proposed amendments. Oral testimony may be directed to the Board of Directors at the public hearing on July 25, 2013 at 9:00 a.m. located at Room 1450, County Administration Building, 700 H Street, Sacramento, CA. You can also submit your comments via mail to the Sacramento Metropolitan AQMD, 777 12th Street, 3rd Floor, Sacramento, CA 95814, Attention: David Yang (916) 874-4847 or via email to dyang@airquality.org.