



MEMORANDUM

DATE: October 20, 2023

TO: Community Advisory Council (CAC) Members

FROM: Alex Economou, (805) 979-8333, AJE@sbcapcd.org

SUBJECT: Background Information and Briefing on Rule 210, Fees

At the November 2, 2023 CAC meeting, District staff will present information regarding the history of District Rule 210 - Fees and an overview of the proposed amendments to the rule. This agenda item will be informational only (i.e., no formal CAC recommendation will be sought). This agenda item will help prepare the CAC members for upcoming meeting and discussions pertaining to the amendments to Rule 210. For this rule proceeding, staff anticipates conducting a virtual public workshop, returning to the CAC for a formal recommendation on the rule amendments, and conducting two public hearings for the Board of Directors to consider adopting the amendments to the rule.

Background

District Rule 210, Fees, is intended to recover District costs associated with programs related to permitted stationary sources and for other District activities mandated by state and/or federal regulations. The rule includes administrative and technical evaluation fees for the initial installation of equipment that discharges air contaminants, and on-going fees to inspect and verify that the operation continues to comply with all applicable requirements. The District is proposing amendments to Rule 210 and the associated fee schedules in an effort to improve cost recovery from the District's stationary source program, align permit fees with individual stationary source program costs, and to provide for a clear and consistent fee structure for the regulated community.

Permit fees in Rule 210 have not been increased in more than 32 years, except for the annual Consumer Price Index (CPI) adjustment, which has failed to keep up with increased operating costs. In the past 32 years, the District has broadened its funding base so that permit fees are only one of several funding sources. In Fiscal Year 2018-19, facing ongoing decreased oil and gas activity and associated revenue implications, the District implemented a fiscally conservative agency reorganization to reduce costs and enhance efficiency measures. In 2023, the District prepared a Long-Range Fiscal Strategy (Strategy) by analyzing historical revenue and expenditures and detailed projections over five years. Developing the Strategy also involved conducting a Cost Recovery and Fee Analysis (Fee Study), which found that the District is achieving only 47% cost recovery for various fee-based programs. Those fiscal stability challenges, combined with workload management and staff retention needs, require additional measures to provide the District with a long-term mechanism to stay fiscally sound. The District

presented the Long-Range Fiscal Strategy [package](#) to our Board of Directors in October 2023; the Board received and filed the [presentation](#) and will consider the aforementioned measures at future meetings.

If there are questions or concerns that you would like to discuss prior to the meeting, please contact me or Tim Mitro at (805) 979-8329 / e-mail: MitroT@sbcapcd.org.