



air pollution control district  
SANTA BARBARA COUNTY

## MEMORANDUM

**DATE:** January 3, 2024

**TO:** Community Advisory Council (CAC) Members

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

**SUBJECT:** Proposed Amendments to District Rule 210, Fees

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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, on-going fees to inspect and verify that the operation continues to comply with all applicable requirements, and annual fees to help cover critical District tasks such as air quality planning, emission inventory maintenance and calculations, control measure development, control of air toxic contaminants, land use commenting, and air monitoring. Permit fees in Rule 210 have not been increased in over 32 years, with the exception of the annual Consumer Price Index (CPI) adjustment that has failed to keep up with increased operating costs.

Over the past 32 years, the District workforce has decreased while at the same time staff workload has increased due to new state and federal mandates. The District has deferred fee increases during this period by adhering to fiscal principles that maximize efficiency and minimize costs. In Fiscal Year 2018-19, facing decreased oil and gas activity and associated revenue implications, the District implemented a fiscally conservative agency reorganization to reduce costs and enhance efficiency measures. Staffing levels were further reduced from 43 full-time positions to 34, through a mix of retirements and permanently not filling select vacant positions. However, despite prudent budgeting and prior efforts, costs continue to rise while revenue is anticipated to decline in the coming years.

The Fiscal Year 2023-28 Long-Range Fiscal Strategy (Strategy) was created to ensure that the District has sufficient resources to accomplish its mission and mandates into the foreseeable future. The Strategy was presented to the Board of Directors in October 2023 along with the Matrix Fee Study, which showed that the District is only recovering 47% of the costs to implement the mandated programs. These documents can be accessed from the District's website: [www.ourair.org/rules-under-development/](http://www.ourair.org/rules-under-development/). At the October 2023 Board Meeting, staff were directed to bring a cost-recovery policy to the Board for approval and pursue revisions to District Rule 210 to address the budget projections and cost-recovery gaps. The District's

proposed cost-recovery policy, which recommends an 85% cost-recovery goal for existing fees and 100% cost-recovery goal for new fees, will be discussed and considered by the Board of Directors at a meeting on January 18, 2024.

For the proposed amendments to District Rule 210, staff proposes to ensure better 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. The amendments include reorganizing the rule structure, modifying the administrative procedures in the rule, increasing the fee rates for existing services that do not meet an 85% cost-recovery rate, and adding new fees for specific tasks and categories of equipment that were not addressed by the 1991 version of the rule. These amendments would result in adding or modifying 17 fees, removing 6 fees, and increasing specific existing fee schedules by 12% per year until the schedule reaches the 85% cost-recovery goal. The additional revenue from these amendments will help close the District's forecasted budget shortfall of \$419,903 in FY 2024-25, which is projected to grow to a \$1.2 million shortfall in FY 2027-28.

The District held a virtual public workshop to present, discuss, and hear comments on the draft rule on December 14, 2023. To inform the public about the workshop, District staff mailed or e-mailed a notice on November 30 to all permit holders and other potentially affected entities. The draft rule and staff report, as shown as Attachments A and B to this memo, were made available at the District offices and on the District's website beginning on November 30, 2023. The workshop was attended by ten members of the public, and a summary of the comments and responses at the workshop is shown as Attachment C. Written comments pertaining to the rule amendments were requested to be submitted by December 29, 2023 to be included in the next steps of the rule development process. Currently, one written comment has been received, and it is included as Attachment D. Staff will address the comment at the upcoming CAC meeting and will include a formal response in the next version of the staff report.

At the January 10, 2024 CAC meeting, District staff will present information regarding the proposed amendments to District Rule 210, Fees. At this meeting, we will solicit input from the CAC and seek a recommendation to forward the proposed amendments to the District Board for adoption. The proposed rule would then be brought to two separate Board meetings for additional public comment and consideration for approval. If the amendments are approved by the Board, the new and modified fee structure would be effective on July 1, 2024.

All files related to the Rule 210 rule development proceeding can be accessed from the District's website: [www.ourair.org/rules-under-development/](http://www.ourair.org/rules-under-development/). 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: [Rules@sbcapcd.org](mailto:Rules@sbcapcd.org).

**Attachments:**

- A. Draft Staff Report for Rule 210
- B. Draft Rule 210 - Fees
- C. Rule 210 Public Workshop Q&A
- D. Written Public Comments