Draft Rule 210, Fees

Community Advisory Council
Thursday, February 15, 2024 - 4:00 PM

Santa Barbara County
Air Pollution Control District

Our Mission: To protect the people and the environment of Santa Barbara County from the effects of air pollution.

Aeron Arlin Genet
Executive Director / APCO

@OurAirSBC
Presentation Outline

- Recap of the January 2024 CAC Meeting
  - Long Range Fiscal Strategy
  - Summary of Rule 210 Amendments
  - Public Outreach & Comments

- Changes since the January CAC Meeting (Rule 210 Updates)

- Next Steps

- Questions & Answers
Long-Range Fiscal Strategies

- **October 2023 Board of Directors Meeting**
  - Presented on the Long-Range Fiscal Strategy
  - *Matrix Cost Recovery Study*

- **Unanimous Board Direction**
  - Maintain annual CPI
  - Develop a Cost-Recovery Policy *(Adopted January 2024)*
  - Rule 210 amendments
  - Multi-year phase-in of 12% fee increase per fee schedule
Summary of Rule 210 Amendments

- Proposing four major changes to Rule 210:
  1) Rule clean-up
  2) Amendments to administrative procedures
  3) Revise rates for existing fees to achieve 85% cost-recovery
  4) New and modified fees

- Over 10 years will reach 85% cost recovery for majority of fee schedules

- Majority of fees will not see 10 years of increases
Public Outreach and Comments

- CAC Meeting conducted on Nov. 2
  - Briefing on Rule 210 amendments

- Draft Rule and Staff Report noticed on Nov. 30 to 2,000+ stakeholders

- Public Workshop conducted on Dec. 14
  - Summary of Q&A at the workshop
  - Online scheduling tool set up virtual meetings with District Staff
  - Briefing provided to Agricultural Advisory Committee

- CAC Meeting conducted on Jan. 10
  - Public comments focused on cannabis fees
Changes Since the January CAC Meeting

Draft Rule 210 Updates

1) Cannabis Fees
2) Delinquency Penalties
3) Agricultural Engine Registration Fees
Cannabis Fees

- **Comments:**
  - Odor-abatement control devices vs systems;
  - Differences between Manufacturing, Processing, and Storage Operations;
  - Requirements imposed by other agencies; and
  - Fee structure not appropriate for very small or very large operations.

- **Summary of Current Cannabis Permitting - APCD**

<table>
<thead>
<tr>
<th>Operation Type</th>
<th>Current # Permits</th>
<th>Recent Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Processing</td>
<td>0</td>
<td>12</td>
</tr>
<tr>
<td>Storage/Packing/Distribution</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>12</strong></td>
<td><strong>15</strong></td>
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Cannabis Fees

**Proposal:**
- Remove the draft fees for Cannabis (Schedule A), and assess fees using the existing rule text, which allows for Cost Reimbursement Basis.

**Rationale:**
- Achieve cost-recovery while permitting both existing and new post-harvest cannabis operations.
- Will result in lower fees as the industry evolves, processes become more streamlined, and the overall issuance of permits and compliance review becomes more efficient.
Delinquency Penalties

**Comment:** Assessing a 25% penalty at Day 61 is too high. Requests existing penalty structure with suspension process.

**Proposal:** Transition delinquency penalty to an escalating structure.

<table>
<thead>
<tr>
<th>Day #</th>
<th>Existing R210</th>
<th>Draft R210 (2023-11 version)</th>
<th>Draft R210 (2024-2 version)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day 61</td>
<td>10% penalty</td>
<td>25% penalty</td>
<td>10% penalty</td>
</tr>
<tr>
<td>Day 91</td>
<td>10% penalty</td>
<td>25% penalty</td>
<td>20% penalty</td>
</tr>
<tr>
<td>Day 121</td>
<td>10% penalty</td>
<td>25% penalty</td>
<td>30% penalty</td>
</tr>
<tr>
<td>Day 151+</td>
<td>10% penalty (10% every 30 days)</td>
<td>25% penalty &amp; Suspension Warning</td>
<td>Suspension Warning</td>
</tr>
<tr>
<td>Max Penalty</td>
<td>100%</td>
<td>100%</td>
<td>60%</td>
</tr>
</tbody>
</table>

*All penalties are based on the initial invoiced amount.*

**Rationale:** Partially incorporates written comment, while still encouraging the prompt payment of all District invoices.
Agricultural Engine Registration Fees

- **Comment:**
  - Concern about increases to the agricultural engine registration fees.

- **Proposal:**
  - Remove Agricultural Engine schedule from the 12% annual increases.

- **Rationale:**
  - Aim to maintain 15% reciprocity with SLO County APCD.
Rule 210 - Next Steps

- For the CAC to discuss and consider recommending:
  - That the District Board of Directors adopt the proposed amendments to District Rule 210, Fees.

- Board Hearings
  - Rule 210 to be discussed at two Board Hearings.
    - March 21st and May 16th @ Santa Barbara BoS Hearing Room.
  - Public notice to be issued at least 14 days prior to 1st Hearing.
  - Public comments can be submitted at any time, including at each Hearing.

- Pending Board approval - rule effective date of July 1, 2024
Open to Community Advisory Council
Question & Answer

Followed by Public Comments