

Agenda Date: August 16, 2007
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Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Terry Dressler, Air Pollution Control Officer

CONTACT: Ron Tan, 961-8812

SUBJECT: Proposed New APCD Rule 213, Fees for Registration Programs

RECOMMENDATION

Hold the first public hearing to receive testimony on proposed new APCD Rule 213, Fees for Registration Programs (Attachment 1).

DISCUSSION

The California Air Resources Board recently adopted a State Airborne Toxic Control Measure (ATCM) for stationary diesel engines (California Code of Regulations Title 17, section 93115 as revised in April 2007). Your Board will consider adoption of new APCD Rule 1201, Registration of Agricultural Diesel Engines, to implement the registration requirements of this ATCM. Proposed new APCD Rule 213, Fees for Registration Programs, requires owner or operators of equipment subject to Rule 1201 registration provisions to pay an initial \$200 registration fee and an annual \$200 registration renewal fee. This fee, as are all APCD fees, may be adjusted annually based on the California Consumer Price Index.

Pursuant to Section 39666(d) of the California Health and Safety Code, the APCD is responsible under state law to enforce the stationary diesel engine ATCM and is required to implement it within 120 days after it is effective. The ATCM, which applies to engines rated over 50 horsepower, has significant requirements for both existing and new diesel engines used in agricultural activities, including a requirement that all engines that are subject to the regulation be registered with the local air district. Existing engines greater than 50 horsepower are required to be registered or permitted by the APCD by March 1, 2008. New engines greater than 50 horsepower must be registered or permitted within 90 days of installation after the ATCM is certified as final. The ATCM also has a schedule requiring the replacement of older and more polluting engines first. The first group is uncontrolled pre-1996 engines ("Tier 0") which must be replaced prior to December 31, 2010 (100 to 750 horsepower) and December 31, 2011 (50 to 99 horsepower). This proposed rule and the ATCM do not apply to mobile equipment such as tractors and trucks; the regulations primarily affect diesel powered water pumps.

The ATCM also requires engine owners or operators to pay “any fees assessed by the District for the purpose of recovering the District’s cost of implementing and enforcing” the ATCM (California Code of Regulations, Title 17, section 93115.8(d)).

The proposed fee in Rule 213 was developed jointly with San Luis Obispo APCD and Ventura APCD staff to facilitate reciprocity of the registration programs in all three counties. The basis for the fee was estimated by calculating the tasks and level of effort required to implement the ATCM for an assumed population of 300 engines in Santa Barbara County. The tasks required to implement the ATCM include:

- Program development
- Program oversight
- Outreach
- Source identification
- Data entry
- Inspections
- Air Toxic Hot Spots implementation, advertising and outreach

The level of effort for each of these tasks was estimated over a five-year implementation schedule to account for the varying level of effort required for program start-up and longer-term implementation. Our cost/revenue analysis assuming 300 engines in Santa Barbara County found that the five-year annualized costs to implement the program as follows:

- Annual revenue: \$60,000 per year
- Annual costs: \$65,500 per year
- Cost recovery: approximately 90 percent
- Annual level of effort: approximately one-third of a full time employee
- Level of effort per engine registered in the program: less than two hours per year

Since the ATCM is an unfunded mandate, the APCD does not receive any additional funding for this program; all un-recovered costs will be spread among other discretionary revenue sources.

At \$200/year, the proposed fee is roughly equivalent to the annual statewide portable engine registration fee of \$207. The proposed fee is lower than the permit costs for comparable engines subject to District permits which can average between \$300 - \$500 per year or more for larger engines.

On July 11, 2007, a public workshop on Rule 213 was held concurrent with a meeting of the APCD Community Advisory Council. A motion to recommend that your Board adopt Rule 213 was approved unanimously by the CAC with two abstentions.

As mandated by California Health and Safety Code §42311, this is the first of two hearings for Rule 213. Your Board will consider adopting this rule during the October 2007 meeting.

Attachment: Proposed New APCD Rule 213

RULE 213. FEES FOR REGISTRATION PROGRAMS (Adopted [*date of adoption*])

A. Applicability

Effective [*date of adoption*], this rule applies to diesel engines registered pursuant to Rule 1201.

B. Fee

The fee for registering and renewing registration of any diesel engine subject to Rule 1201 is set forth in Schedule 213-A.

C. Annual Adjustment in Fees

Any fee prescribed in this Rule may be adjusted annually by the Control Officer based on the change in the California Consumer Price Index (CPI) for the preceding year, as determined pursuant to Section 2212 of the Revenue and Taxation Code. All other revisions of this Rule require approval of the District's Board of Directors.

SCHEDULE 213-A

Registration and registration renewal of agricultural diesel engines	\$200
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