

COUNTY OF SAN DIEGO AIR POLLUTION CONTROL BOARD
REGULAR MEETING
MEETING AGENDA
WEDNESDAY, APRIL 25, 2018, 9:00 AM
BOARD OF SUPERVISORS NORTH CHAMBER
1600 PACIFIC HIGHWAY
SAN DIEGO, CA 92101

- A. Roll Call
- B. Public Communication: Opportunity for members of the public to speak to the Board on any subject matter within the Board's jurisdiction but not an item on today's agenda.
- C. Approval of the Statement of Proceedings/Minutes for the meeting of January 24, 2018.

NOTICE: THE BOARD OF SUPERVISORS MAY TAKE ANY ACTION WITH RESPECT TO THE ITEMS INCLUDED ON THIS AGENDA. RECOMMENDATIONS MADE BY COUNTY STAFF DO NOT LIMIT ACTIONS THAT THE BOARD OF SUPERVISORS MAY TAKE. MEMBERS OF THE PUBLIC SHOULD NOT RELY UPON THE RECOMMENDATIONS IN THE BOARD LETTER AS DETERMINATIVE OF THE ACTION THE BOARD OF SUPERVISORS MAY TAKE ON A PARTICULAR MATTER.

Supporting documentation and attachments for items listed on the agenda can be viewed online at <http://www.sdcounty.ca.gov/cob/bosa/> or in the Office of the Clerk of the Board of Supervisors at the County Administration Center, 1600 Pacific Highway, Room 402, San Diego, CA 92101.

Agenda Items

- | Agenda # | Subject |
|-----------------|--|
| 1. | NOTICED PUBLIC HEARING:
ADOPT AMENDMENTS TO RULE 40 - PERMIT AND OTHER FEES
AND RULE 42 - HEARING BOARD FEES
[FUNDING SOURCE: FEES PAID BY CUSTOMERS] |
| 2. | AUTHORIZATION TO APPLY FOR AND ACCEPT GRANT FUNDS
FROM THE FUNDING AGRICULTURAL REPLACEMENT
MEASURES FOR EMISSIONS REDUCTIONS (FARMER) PROGRAM
AND AUTHORIZE PROGRAM IMPLEMENTATION |

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**1. SUBJECT: NOTICED PUBLIC HEARING:
ADOPT AMENDMENTS TO RULE 40 - PERMIT AND OTHER FEES
AND RULE 42 - HEARING BOARD FEES (DISTRICTS: ALL)**

OVERVIEW

The mission of the San Diego County Air Pollution Control District (District) is to improve air quality to protect public health and the environment. Accordingly, the District operates a county-wide permitting program for stationary (fixed) sources of air pollution pursuant to federal and State law. Stationary sources encompass large industrial facilities including power plants and landfills and smaller commercial establishments such as gas stations and dry cleaners. A facility's permit outlines the actions they must take to comply with air pollution control requirements and protect air quality, the environment and, especially, public health.

The District is obligated to recover the full cost of its services pursuant to federal and State law and Board Policy B-29: Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery. The District receives no General Purpose Revenue. Rule 40 sets the fees for District permitting and other services. Rule 42 sets the fees for petitioning the District Hearing Board for a variance (temporary relief) from an air pollution control requirement.

The District's fees were last updated on March 15, 2017 (AP01). Since the last cost recovery package the District has continued to provide services to the public at the approved rates through increased efficiencies and process improvements, as well as achieving cost savings in other categories. Based on Countywide negotiated salary increases that took effect in November 2017, after the last fee adjustment, the fees proposed today, for Fiscal Year 2018-19, will be necessary in order to address cost increases and ensure compliance with Board Policy B-29. This cost recovery proposal also represents the District's commitment to the Air Pollution Control Board (Board) to make recovering costs a regular part of our business, while providing stakeholders an opportunity to plan for fee increases. If approved, the fee adjustments are projected to increase total annual fee revenue by approximately \$173,000 (2%).

Today's requested action is to adopt the proposed amendments to Rules 40 and 42, reflecting an adjustment in fees paid by business customers to obtain air quality permits and other services of the District. The proposed fee adjustments enable the District to fully and equitably recover the costs of its permitting program and related services, while maintaining high levels of service and compliance with requirements for healthful air quality.

RECOMMENDATION(S)

AIR POLLUTION CONTROL OFFICER

1. Find that the amendment of Rules 40 and 42 is exempt from the California Environmental Quality Act (CEQA) as specified under section 15273 of the CEQA Guidelines as CEQA does not apply to the establishment, modification, structuring, restructuring or approval of fares and other charges by public agencies which are for the purpose of meeting operating expenses.
2. Adopt the Resolution entitled: RESOLUTION AMENDING RULE 40 AND RULE 42 OF REGULATION III OF THE RULES AND REGULATIONS OF THE SAN DIEGO COUNTY AIR POLLUTION CONTROL DISTRICT.

FISCAL IMPACT

The proposed increases to fees are not included in the budget in the Air Pollution Control District. If approved, the proposed fee adjustments will result in additional estimated costs and revenue of \$173,000 effective Fiscal Year 2018-19. The funding sources are fees paid by customers. There will be no change in General Fund cost and no additional staff years.

If approved, funds for this request will be included in the Fiscal Year 2018-19 CAO Recommended Operational Plan in the Air Pollution Control District.

BUSINESS IMPACT STATEMENT

If approved, these recommendations will enable the Air Pollution Control District to maintain high quality services to the business community that ensure ongoing compliance with federal, State and local air pollution control laws. These important services provide a level playing field for businesses and ensure they operate in a manner that protects air quality and public health.

2. **SUBJECT: AUTHORIZATION TO APPLY FOR AND ACCEPT GRANT FUNDS FROM THE FUNDING AGRICULTURAL REPLACEMENT MEASURES FOR EMISSIONS REDUCTIONS (FARMER) PROGRAM AND AUTHORIZE PROGRAM IMPLEMENTATION (DISTRICTS: ALL)**

OVERVIEW

The San Diego region is home to a thriving agricultural industry, comprising the most farms of any county in the nation. Agricultural equipment is also in abundance including tractors, trucks, and irrigation pumps powered by diesel engines. Diesel engines can operate for decades due to their durability and are a significant source of air pollution and greenhouse gas emissions. Consequently, diesel-powered agricultural equipment will continue operating and impacting air quality and public health for many years unless owners have an incentive to replace them with newer, cleaner equipment sooner than required by existing regulations.

To address this, recent State legislation (Assembly Bills 109 and 134, 2017 Statutes) created and funded the *Funding Agricultural Replacement Measures for Emissions Reductions* ("FARMER") program. The FARMER program provides incentive grants for farmers to upgrade their older agricultural equipment at significantly reduced costs, thus achieving emission reductions that are beyond what is required by existing regulations. The California Air Resources Board is partnering with air districts to administer the FARMER program.

Today's proposed action authorizes the Air Pollution Control Officer to apply for and accept current and future State funding for the FARMER program. District match funding is not required. If the recommendations are approved, staff will conduct outreach to the local farming community, solicit and evaluate proposed agriculture equipment replacement projects, and execute grant agreements for qualifying projects in accordance with State guidelines.

RECOMMENDATION(S)

AIR POLLUTION CONTROL OFFICER

1. Authorize the Air Pollution Control Officer to apply for and accept current and future State funding for the FARMER program and to execute grant agreements for project implementation in accordance with State guidelines.

2. Direct the Auditor and Controller to establish an interest bearing fund in the Air Pollution Control District for the Air Quality FARMER Fund.

FISCAL IMPACT

There is no fiscal impact associated with these recommendations. The District will return to the Board with a request for additional appropriations of up to \$2.0 million anticipated in State funding from the FARMER program as needed. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

Agricultural sector applicants that are found eligible and awarded funding will benefit by receiving new, cleaner equipment at a greatly reduced cost.

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