

VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT
ADVISORY COMMITTEE MEETING
February 26, 2013
MINUTES

Chairman Pro Tem Kuhn convened the meeting at approximately 8:00 p.m.

I. Director's Report

Mike Villegas, Air Pollution Control Officer, reported that the Air Pollution Control Board approved solvent rules, Rules 74.13, 74.20 and 74.24, and boiler rules, Rules 74.11.1 and 74.15.1 at its September 11, 2012 meeting. Mr. Villegas thanked the Committee members for their hard work on both sets of rules. Mr. Villegas reported that the ARB has redesignated Ventura County to attainment for the state PM2.5 standard and gave a brief overview of PM2.5, its sources and means of control, and its importance to human health. He also informed the Committee that the Port of Hueneme received a \$4.5 million grant for shore power that will allow marine vessels to plug into shore power while in port and not use their on-board diesel engines shipboard power, thereby greatly reducing diesel particulates and other pollutants from the vessels. Mr. Villegas briefly discussed the District's budget, expenses, and ways in which the District has and plans to control costs. He informed the Committee that the District is considering purchasing an office building rather than renewing its lease with the County of Ventura. Mr. Villegas reported that the District is working on a metal working fluids rule that could achieve significant reactive organic compound emission reductions and will likely pursue a greenwaste composting rule due to the number of composting facilities currently and anticipated to be in the county. Mr. Villegas answered various questions from the Committee members regarding greenwaste facilities in the county and about the District's anticipated greenwaste composting rule. He informed the committee members that the District's rule development efforts have slowed considerably due to the retirement of a rules development engineer and the workload and duties of the District's only other rules development engineer. The District is currently in the process of hiring a new rules development engineer.

II. Call to Order

Chairman Pro Tem Kuhn called the meeting to order at approximately 8:10 p.m.

III. Roll Call

<u>Present</u>	Richard Nick
Joan Burns	Ron Peterson
Raymond Garcia	Alice Sterling
Randy Johnson	Steven Wolfson
Michael Kuhn	
Tom Lucas	

Absent

Robert Cole

Todd Gernheuser

Sara Head (excused)

Kim Lim (excused)

Hugh McTernan

Keith Moore

Lindy Moore Palmer (excused)

Duane Vander Pluym (excused)

Staff

Mike Villegas

Chris Frank

Chuck Thomas

Public

Tammy Terra, Vineyard Mutual Water Company

Martin Hernandez, Council Member, City of Santa Paula

IV. Minutes

The minutes of the July 24, 2012 meeting were approved as drafted.

V. Committee Comment

There were no committee comments.

VI. Election of Officers

The annual election of officers was held. Committee Member Head was elected chair and Committee Member Lucas was elected vice-chair by unanimous voice vote. Committee Member Kuhn chaired the remainder of the meeting.

VII. Public Comment

There was no public comment.

VIII. New Business

A. Proposed Revisions to Rules 42, Permit Fees

Chris Frank of the District gave a presentation of the proposed permit renewal fee revisions to Rule 42, Permit Fees. Staff is proposing to increase the permit renewal fees rates in Rule 42 by 3.0 percent, effective in fiscal year 2013-14. For most permit holders (over one-half) this proposal would result in a fee increase of \$16.00 per year. The fee increase would increase District annual revenue by about \$66,000. Permit fee rates were not increased in 2012. The

California consumer price index (CPI) has gone up 6.1 percent since the last time these fee rates were last adjusted in 2011. Notice of this Advisory Committee meeting was sent to all 1,396 sources that hold District permits.

Mr. Frank summarized the stationary source programs partially funded by the permit renewal fees: permitting and source testing, inspections and enforcement, planning and rule development, and overhead. Permit renewal fees account for 35.5 percent of the agency's total revenue. The District does not receive any property tax revenue.

Over the last 16 years, the District has worked to reduce expenditures with the biggest single cost-savings measure being a staffing reduction of about one-third. Looking forward to estimate future expenses, the District assumed that the number of employees would remain at 50 and that salaries and benefits would increase by 2 percent per year to account for inflations. Using those assumptions, the District is projecting a \$1.4 million deficit over the next five years. The last time permit renewal fees were adjusted was two years ago and since that time the California Consumer Price Index has increased by 6.1 percent. To help offset the projected deficit, the District is proposing a 3 percent increase in permit renewal fees, which means a \$16.00 permit renewal fee increase for most permit holders and would increase annual revenue by \$66,000.

Mr. Frank explained that permit renewal fees are charged based on the amount of air pollutants each source is permitted to emit. However, each source is subject to a minimum yearly permit renewal fee of \$535 and more than half the air permit holders in the county pay the minimum annual fee. The proposed 3% renewal fee increase would increase the minimum year permit renewal fee by \$16.00. That concluded Mr. Frank's presentation.

Committee Member Lucas asked whether boilers are also subject to the minimum permit renewal fee. Mr. Villegas stated that permit renewal fees are by facility. Mr. Frank explained that permit renewal fees are based on emissions which in turn are based on throughput, such as fuel usage in the case for boilers. If a boiler's fuel usage is low enough so that its emissions indicated a permit renewal fee of less than \$535, then the permit renewal fee for that boiler would be \$535.

Committee Member Lucas asked whether the DMV fees that the District receives are going up, or is there some other part of the budget that might be able to offset the \$66,000 the District needs from the permit renewal fee increase. Mr. Villegas responded that the annual \$4.00 DMV fee that the District receives per registered vehicle in the county is locked in by state legislation and is not going up.

The Committee members and Mr. Villegas engaged in a general discussion of the District's budget, revenue sources, future funding needs, and ways by which the District has save and could in the future save money. Mr. Villegas stated that permit fees are about one-third of the District's revenue and the only revenue source over which the District has control. However, under state law increases in permit fees are limited to no more than 15 percent per year.

Seeing no other Committee comments, Chairman Pro Tem Kuhn opened the hearing to the public.

Ms. Tammy Terra of the Vineyard Mutual Water Company spoke regarding their back-up diesel-powered generator. Ms. Terra explained that their back-up generator is used only 1 to 3 hours per year for testing and she believes that such equipment used only a few hours per year should not be on the same permit renewal fee schedule as regular equipment and that there should be a separate renewal fee schedule for equipment used so few hours per year. Committee members explained that the air permit is for potential use, which would allow the water district to use the generator full time if needed and that the District has no provisions for permitting equipment for only a few hours per year of use. Mr. Villegas further added that there are now state air toxic control regulations that apply to stationary diesel engines and that the regulations required the District to find them all, put them all on permit, and report to the state that the District is implementing the air toxic regulations. Mr. Villegas also explained the costs of regulating even low use equipment are not insignificant.

Mr. Martin Hernandez introduced himself. Mr. Hernandez is Chief of Staff for Ventura County Supervisor Kathy Long and was elected to the Santa Paula City Council in November 2012. Mr. Hernandez stated that the City of Santa Paula has nominated him to be the City of Santa Paula's representative to the Advisory Committee. Mr. Villegas stated that Mr. Hernandez's appointment is scheduled to be considered by the Air Pollution Control Board March 11, 2013. Mr. Hernandez came to the meeting as a guest to observe and get a feel for the dynamics of the committee.

Pro Tem Chairman Kuhn closed the public testimony and asked if there were any further discussion of the item by the Committee.

Committee member Lucas asked if the amount of the fee for a source is based on the amount of time spent by staff reviewing and inspecting the source and whether staff tracks that time. Mr. Villegas replied that staff does not track time by source and that it's an average for the small facilities.

Committee member Sterling asked if Mr. Villegas has investigated from an historical perspective the possibility of setting a flat fee for small sources. Mr. Villegas replied that the District has for agricultural engines where the engines only being registered with the District and not entered into the District's permit system. The amount of that fee is \$200 per year. Ms. Sterling then asked if there are just too many variables to entertain a flat fee. Mr. Villegas replied that the minimum permit renewal fee is a flat fee for sources with emissions below the threshold for the minimum fee. If a source has emissions below the threshold for the minimum fee, the source pays the minimum fee.

Committee member Lucas asked for clarification of the District's total budget. Mr. Villegas gave an overview of the District's total revenue and expenditures and stated that with the permit renewal fee increase the District would come close to having a balanced budget.

Member Lucas asked about the cost of implementing the proposed renewal fee increase. Mr. Villages explained that there would be no cost to implement the increase since the permit renewal invoices are computer generated and it is simple to make the necessary changes to the invoice program to reflect new renewal fee rates.

Chairman Pro Tem Kuhn asked the Committee members if there were any further comments or questions. Hearing none, Chairman Kuhn asked for the making of a motion.

It was moved (Garcia) and seconded (Sterling) to recommend adoption of amended Rule 42, as proposed by staff. The motion passed with a vote of 6 yes and 3 no.

Mr. Villegas thanked the committee members for attending the meeting.

VIII. Adjournment

The meeting was adjourned at approximately 8:50 p.m.

Prepared by:

Chuck Thomas
Air Pollution Control District Staff