

# **STAFF REPORT**

## **Draft Amendments to Rule 500 - *Stationary Source Permit Fees***

Date of Release: October 18, 2024  
Proposed for Adoption: December 12, 2024

### **Schedule of Hearings**

- Date of Draft Rule Workshop: Friday, October 25, 2024, at 11:00am, Butte County Air Quality Management District and Zoom, 629 Entler Avenue, Suite 15, Chico, CA 95928
- Date of Proposed Rule Workshop: Thursday, November 21, 2024, at 11:00am, Butte County Air Quality Management District and Zoom, 629 Entler Avenue, Suite 15, Chico, CA 95928
- Date of Board Adoption Hearing: Thursday, December 12, 2024, at 10:00 a.m., Butte County Association of Governments Board Room, 326 Huss Drive, Suite #100, Chico, CA 95928

**STAFF REPORT**

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Date of Release: October 18, 2024

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Public Adoption Hearing: Thursday, December 12, 2024  
at 10:00 a.m., Butte County Association of Governments Board Room,  
326 Huss Drive, Suite #100, Chico, CA 95928

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- Attachment A.** Draft Amended Rule 500-Stationary Source Permit Fees
- Attachment B.** Notice of Public Workshops and Hearing
- Attachment C.** Resolution of Adoption

**STAFF REPORT**

***Executive Summary***

*The federal Clean Air Act, California Health and Safety Code, and local Rules and Regulations of the Butte County Air Quality Management District (District) establish requirements on the District to develop, implement and enforce numerous programs designed to achieve and maintain ambient air quality standards and protect public health. These programs have primarily been funded from District fee sources, such as regulatory and/or user fees (including burn permit fees, stationary source permit fees and State subvention funding). The District does not utilize any County or City general funds or other tax revenues.*

*The District is committed to ensuring the health and safety of our community by regulating and managing air quality standards as required in State Law. A critical*

*component of this responsibility involves the administration of the Permit to Operate program, which ensures that facilities that emit certain air pollutants comply with environmental regulations to minimize air pollution. The District assists these facilities with meeting the complex and often changing requirements in a way that is consistent with the needs of Butte County. This approach has allowed the District to maintain local control of these requirements and avoid State intervention.*

***Current Challenge:*** *The existing fees charged for the Permit to Operate program recover about 56% of the actual costs incurred by the District. A similar shortfall has persisted for the last 20 years. Previously, this deficit has been supplemented through one-time revenues or other program sources. Increasing requirements and costs over the last decade are beginning to threaten the District's ability to manage these liabilities and meet District requirements moving forward. This significant deficit poses several challenges:*

- 1. Financial Strain:*** *The disparity between the program's operational costs and the revenue generated from fees results in a financial strain on the District's budget. This strain limits our ability to allocate resources to other vital programs and initiatives aimed at improving air quality (e.g., matching grants funds, public outreach, college internships).*
- 2. Sustainability Concerns:*** *Sustaining the Permit to Operate program at its current fee structure is financially unsustainable. The ongoing use of one-time revenues to subsidize the program detracts from other essential services and creates long-term fiscal imbalances.*
- 3. Compliance Assistance and Enforcement:*** *Adequate funding is crucial to maintain local control, fair compliance, monitoring and enforcement activities. Underfunding the program can compromise our ability to ensure that all facilities adhere to the same air quality standards, potentially leading to unfair business advantages, increased pollution, and health risks for the community. Districts who fail to meet the requirements are also subject to State intervention.*
- 4. Growth of Unfunded Actuarial Liability (UAL):*** *Failure to achieve cost recovery will result in an inability to make additional contributions towards the Unfunded Actuarial Liability (UAL). As the UAL grows, so does the financial burden on the District, leading to higher future required contributions and interest costs, further exacerbating our long-term fiscal challenges.*
- 5. Decreased Financial Flexibility:*** *The lack of additional revenue will reduce the District's financial flexibility. This inflexibility will hinder our ability to respond to unforeseen financial needs, invest in capital improvements, or fund other post-employment benefits (OPEBs), potentially leading to increased borrowing or deferred maintenance and investment costs.*

***Rationale for Fee Increase:*** *Increasing the Permit to Operate program fees is a necessary measure to align the fee structure with the District's Fiscal Policy to achieve*

up to 90% of the costs of administering the program. The proposed fee adjustment is designed to achieve the following objectives:

1. **Cost Recovery:** By aligning fees more closely with the costs of service provision, the District can ensure that the Permit to Operate program is financially self-sustaining. The proposed adjustments will help get closer to 90% cost recovery, in line with the District's policy to maintain cost recovery as allowed by state law.
2. **Enhanced Program Quality:** Increased funding will enable the District to maintain the quality of services provided through the Permit to Operate program. This includes maintaining processing times, inspections, compliance checks, and support and guidance for permit holders and most importantly a level playing field for all sources.
3. **Equitable Distribution of Costs:** The fee increase ensures that the costs of regulatory compliance are borne by those who directly benefit from the Permit to Operate program. This approach promotes fairness, accountability, and maintains a level playing field for business.
4. **Future Preparedness:** Adjusting fees to meet current operational costs allows the District to maintain a more resilient and responsive program. This financial stability will better equip the District to address emerging air quality challenges and regulatory changes in the future to ensure continued freedom from State intervention.

**Fee Rule Amendments History (since 2000):** Rule amendments in 2001 authorized a 50% reduction in permit to operate fees if the equipment under permit did not operate in the previous year. Rule amendments in 2006 authorized an annual CPI adjustment to the hourly rate. In 2023 a Gas Dispensing Facilities (GDF) throughput fee was authorized. No other fee changes have been authorized since 2000.

**Conclusion:** The proposed options to increase Permit to Operate program fees provide a strategic and necessary step to ensure the continued effectiveness and sustainability of the program. By achieving closer alignment with cost recovery, the District can maintain high standards of air quality management, protect public health, and ensure a fair and equitable distribution of costs. The District remains committed to transparency and stakeholder engagement throughout this process, providing opportunities for feedback and discussion as we move to implement these essential proposed changes.

## 1.0 PROGRAM MANDATES AND REQUIREMENTS

The Butte County Air Quality Management District (District) regulates and enforces various State, local and federal air pollution regulations. The regulations are implemented through various programs, many of which are mandated by State and federal statute. Funding for these programs is primarily through permit fees, State subvention and surcharges on motor vehicle registrations. No local general funds are utilized.

**Table 1**  
State and Federal Mandates and Authorities  
Butte County Air Quality Management District

<b>Program Element</b>	<b>Applicable Code</b>
Control of air pollution shall be through cooperative efforts of State and local governments.	CAA <sup>1</sup> Section 102
Federal requirement for a State Implementation Plan	CAA Section 110
Control of air pollution is to be an intensive State, regional and local effort.	HSC <sup>2</sup> Section 39001
Air pollution is a mandated local and regional responsibility.	HSC Section 39002, 40000
State mandate for air district	HSC Section 40002
State mandate for office of Air Pollution Control Officer (APCO)	HSC Section 40750
Required duties of the APCO	HSC Section 40752 et seq
Requirement for local District Regulations	HSC Sections 40001, 40702
District program must achieve and maintain State and federal ambient air quality standards	CAA Section 110; HSC Section 41500
Stationary source permit systems and fees, including APCO authority to issue or deny permits, require information from an applicant, enforce permit conditions and suspend permits.	CAA Sections 110, 502; 40 CFR <sup>3</sup> Part 52, 40 CFR Part 60, 40 CFR Part 63; 40 CFR Part 70; HSC Section 42300 et seq.
Agricultural burning permit systems and fees, including requirement to allow agricultural burning.	HSC Sections 41852, 41865 and 42311; CCR <sup>4</sup> Section 80100 et seq.
State mandate for attainment plan(s)	HSC 40910 et seq
State mandate for District to supply State information related to air pollution control efforts	HSC 39605
Mandate to implement air toxic programs	CAA Section 300, 40 CFR 63; HSC Section 39665 et seq, 44300 et seq; CCR Section 90700 et seq.
Participation in environmental review process (CEQA)	PRC <sup>5</sup> Section 21000 et seq.
Provide access to public records while protecting from disclosure confidential and proprietary information.	Government Code Section 6254 et seq.

1. CAA refers to the federal Clean Air Act Amendments of 1990.
2. HSC refers to the California Health and Safety Code.
3. CFR refers to the Code of Federal Regulations.
4. CCR refers to the California Code of Regulations.
5. PRC refers to the California Public Resources Code.

## 2.0 PROPOSITION 26 AND RATE SETTING

Proposition 26 was adopted by the voters in California on November 2, 2010 and restricts the ability of state and local agencies to raise revenues to fund government services, facilities, and programs. Proposition 26 generally defines all “fees” as “taxes” with noted exceptions including Regulatory Fees. For taxes proposed by local governments, if the tax is a general tax requires a majority vote of the electorate and if it is a special tax it requires a 2/3 voter approval. A Regulatory Fee is defined as “A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and administrative enforcement and adjudication

thereof.” Proposition 26 also requires that fees must be imposed for a specific benefit conferred or privilege granted, not to exceed the reasonable cost of providing the benefit, privilege or service. The fees must be proportional to the benefits received and reduced fees may not be offered to a subgroup if the fees from other sources will be used to offset the costs. The stationary source permit fees identified in Rule 500 are regulatory fees and are not subject to approval by vote of the electorate.

### 3.0 STATIONARY SOURCE PERMIT PROGRAM

California Health and Safety Code, Section 42300 allows the District’s Governing Board to establish, by regulation, a permit system that requires a person to get a permit from the Air Pollution Control Officer prior to constructing or modifying any equipment which emits or may emit air contaminants. In Butte County, this has been implemented by requiring a permit to construct for each emissions unit operated at a stationary source. An “emissions unit” is defined as *“an identifiable operation or piece of process equipment such as an article, machine, or other contrivance which emits, may emit, or results in the emission of any affected pollutant directly or as fugitive emissions.”*

### 4.0 PROPOSED RULE AMENDMENTS

The amendments to Rule 500 propose to authorize a new variable fee implemented between 2025 through 2027 for all permits issued except for Retail Gas Dispensing Facilities (GDFs). Attachment A, Proposed Amended Rule 500-Stationary Source Permit Fees includes the proposed new variable fee schedule.

**Table 2 – Variable Fee Schedule**

Increase in permit fee each year of phase in	% of Sources	2025	2026	2027	Total Fee upon phase in*
First Tier Cost Recovery Fee Increase by Year	85.69%	\$ 157.17	\$ 53.96	2-year phase in	\$ 211.14
Second Tier Cost Recovery Fee Increase by Year	14.16%	\$ 261.95	\$ 107.93	\$ 55.58	\$ 425.46
Third Tier Cost Recovery Fee Increase by Year	0.14%	\$ 366.74	\$ 161.89	\$ 111.16	\$ 639.79
Fourth Tier Cost Recovery Fee Increase by Year	0.00%	\$ 576.30	\$ 917.37	\$ 166.74	\$ 1,660.41
					*at current hourly rate

### 5.0 PROGRAM ELEMENTS AND COSTS

The Stationary Source Permit Program consists of several distinct program elements that are mandated by state law which are collectively implemented through the issuance of a permit and the collection of information needed to verify compliance with the underlying state mandate. Examples of the program elements include the annual renewal of each sources Permit(s) to Operate, compliance inspections, and submittal of the Emissions Inventory to the California Air Resources Board (CARB).

In support of the District programs, staffing is currently as follows:

- One (1) Administrative Assistant
- One (1) Administrative Technician
- One (1) Accounting Technician
- One (1) Administrative Services Officer
- Two (2) Air Quality Compliance Specialist II
- One (1) Senior Air Quality Compliance Specialist
- One (1) Air Quality Engineer II
- One (1) Senior Air Quality Planner
- One (1) Assistant Air Pollution Control Officer
- One (1) Director/Air Pollution Control Officer

### 5.1 Current Program Costs and Revenues

The District has reviewed the total revenue associated with the Stationary Source Operating Permit Program and the total staff time required to implement specific core provisions of the program. Direct costs and indirect costs were used to determine the total program cost and that dollar amount was then compared to the revenue to determine the relative percent cost recovery. Fiscal year 2022-2023 was used for the analysis shown in Table 3.

**Table 3 FY 22-23 Program Costs and Revenues**

<b>Program</b>	<b>State Mandate</b>	<b>Federal Mandate</b>	<b>Direct Revenue</b>	<b>Program Costs<sup>1</sup></b>	<b>Percent Cost Recovery</b>
Stationary Source Permit Program	Yes	Yes	\$424,007.43	\$869,164.27	56%

1. Program costs include direct staff hours spent implementing the program elements along with fully-loaded overhead costs.

### 5.2 Estimated Cost Impacts

District analysis shows that cost recovery of the stationary source permit program for Fiscal Year 2022-2023 is 56%. Implementing the proposed new variable fee amendments to Rule 500 over 3 years in 2025 through 2027 is projected to bring cost recovery of this program to 79%.

Table 4 below shows the proposed new revenue generated and cost recovery percentages:

**Table 4 – Proposed New Variable Fee**

	<b>Increased Cost per Permit (Except Variable)</b>		
	2025	2026	2027 +
<u>Variable</u> Cost Recovery Fee phased in over three years	Variable	Variable	Variable
	<b>Additional Revenue Generated*</b>		
	2025	2026	2027 +
<u>Variable</u> Cost Recovery Fee phased in over three years	\$131,723.56	\$178,845.41	\$196,906.72
	<b>Cost Recovery %*</b>		
	2025	2026	2027 +
<u>Variable</u> Cost Recovery Fee phased in over three years	72%	77%	79%
* Assumes No Change in Program Cost			

Table 5 below shows the estimated cost recovery of the program including this proposed additional new fee revenue.

**Table 5 Projected Cost and Revenues for the Stationary Source Permit Program**

<b>Program</b>	<b>State Mandate</b>	<b>Federal Mandate</b>	<b>Direct Revenue</b>	<b>Program Costs<sup>1</sup></b>	<b>Percent Cost Recovery</b>
Stationary Source Permit Program	Yes	Yes	\$692,893.35	\$869,164.27	79%

1. Projected Program costs include direct staff hours spent implementing the program elements along with fully loaded overhead costs.

## 6.0 ALTERNATIVES

The Governing Board may choose to:

- a) Approve the amendments as proposed; or
- b) Modify the proposed amendments after receiving public comments during the hearing; or
- c) Take no action or deny the proposed amendments.

## 7.0 SOCIOECONOMIC IMPACTS

The provisions of Section 40728.5 of the California Health and Safety Code, requiring an assessment of the socioeconomic impacts of the adoption, amendment, or repeal of any District rule or regulation does not apply to air districts in the Northern Sacramento Valley Air Basin. Section 40728.5(c) exempts districts with a population of less than 500,000 persons from the



required socioeconomic impact analysis. Since the Butte County population is less than 500,000 persons, a socioeconomic analysis is not required.

**8.0 ENVIRONMENTAL REVIEW AND COMPLIANCE**

Proposed Amendments are administrative in nature. Pursuant to state CEQA Guidelines, (General Exemption, Section 15061(b)(3)) the District finds that the adoption of proposed amendments are exempt from CEQA. This exemption is allowed when it can be seen with certainty that there is no possibility that the rule will have a significant effect on the environment.

California Public Resources Code (Section 21159) requires an environmental analysis of the reasonably foreseeable methods of compliance. The District has concluded that no reasonably foreseeable adverse environmental impacts will be caused by adoption of the proposed rule amendments.

**9.0 REQUIRED FINDINGS**

Findings required by Division 26 of the California Health and Safety Code requires local districts to comply with a rule adoption protocol as set forth in Section 40727 of the Code. This section has been revised through legislative mandate to contain six findings that the District must make when developing, amending, or repealing a rule or regulation. These findings, and their definitions are included in Table 6.

**Table 6 Required Findings**

<b>FINDING</b>	<b>DEFINITION</b>	<b>REFERENCE</b>
Authority	A district shall adopt rules and regulations and do such acts as may be necessary or proper to execute the powers and duties granted to, and imposed upon, the district by this division and other statutory provisions	California Health and Safety Code, Sections 40000, 40001, 40701, 40702, 41512, 41865, 41866, 42311, 42364, and 44380 are provisions of law that provide the District with the authority to adopt these proposed rules.
Necessity	The District has demonstrated that a need for the rule, or for rule amendment or repeal.	It is necessary for the District to adopt these amendments to reduce fees for certain types of Permit Categories.
Clarity	The rule is written or displayed so that its meaning can easily be understood by the persons directly affected by it.	There is no indication, at this time, that the proposed rules are written in such a manner that they can not be easily understood by persons affected by the rules.
Consistency	This rule is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or State or federal regulations.	The District has found that these rules are consistent with applicable statutory requirements.
Non-Duplication	The rule does not impose the same requirements as an existing State or	The proposed rules do not impose requirements that duplicate existing

	federal regulation, unless the District finds that the requirements are necessary and proper to execute the powers and duties granted to, and imposed upon, the district.	laws or regulations.
Reference	Any statute, court decision, or other provision of law that the district implements, interprets, or makes specific by adopting, amending, or repealing a regulation.	California Health and Safety Code, Sections 40701, 40702, 41512, 41865, 41866, 42311, 42362, and 44380.

## **10.0 REFERENCES**

**Attachment A.** Draft Amended Rule 500 – *Stationary Source Permit Fees*

**Attachment B.** Notice of Public Hearing

**Attachment C.** Resolution of Adoption

**Attachment A**  
**Draft Amended Rule 500 – *Stationary Source Permit Fees***

**RULE 500 Stationary Source Permit Fees**

*(Adopted January 4, 1972; Amended August 8, 1982; Amended and Recodified August 6, 1985;  
Amended December 16, 1986; December 13, 1988; Amended and Recodified June 24, 1999;  
Amended May 24, 2001; Recodified August 22, 2002; Amended July 27, 2006; Amended August 23, 2012;  
Amended April 27, 2023; [Proposed December 12, 2024](#))*

**RULE 500 CONTENTS**

1. PERMIT TO OPERATE
2. AUTHORITY TO CONSTRUCT
3. TRANSFER OF OWNERSHIP
4. PERMIT ISSUED BY HEARING BOARD
5. INDEMNIFICATION

**RULE 500**

- 1 PERMIT TO OPERATE:** Each applicant for a permit required by Regulation IV of these Rules and Regulations shall pay the Permit to Operate annual permit fee of \$75.00 and pay an additional renewal fee and toxic fee, as specified in Table I of this Rule, on an annual basis due by the permit anniversary date for each permit issued by permit category. These fees are based on the estimated cost of issuance, services rendered, surveillance, evaluation and inspections pertaining to such permits. All fees collected shall be deposited in the Butte County Air Quality Management District's (DISTRICT) Account.

**1.1 Limitation to Permit to Operate Fees**

- 1.1.1** Notwithstanding the above, fees assessed herein shall not result in an increase, on an annual basis, more than allowed by the California Health and Safety Code.
- 1.1.2** If the permit holder certifies in writing that the permitted equipment was not operated during the previous calendar year, the toxic fee shall not be assessed, and the renewal fee shall be assessed at 50% of the amount determined from Table I.
- 1.1.3** If the permit holder certifies in writing that the permitted equipment does not result in the release of a toxic air contaminant, as determined by the California Air Resources Board (CARB), or a hazardous air pollutant, as determined by the United States Environmental Protection Agency (EPA), the toxic fee from Table I shall not be assessed.

- 2 AUTHORITY TO CONSTRUCT:** Each applicant for an Authority to Construct permit shall pay an application filing fee of \$75.00 due at the time the application is filed. In addition, an authority to construct fee and toxic fee shall be due and payable at the time of permit issuance as determined from Table I. All fees collected shall be deposited in the DISTRICT's Account.

**2.1 Limitation to Authority to Construct Fees**

- 2.1.1** Notwithstanding the fees specified in Table I, if the actual costs of processing an Authority to Construct permit application substantially differ from the fees assessed pursuant to this Section, the applicant may be assessed the actual costs, as determined by the Air Pollution Control Officer.
- 2.1.2** Notwithstanding the fees specified in Table I, modifications to less than 50% of the existing facility capacity shall be assessed an authority to construct and toxic fee at 50% of the values listed.
- 2.1.3** If the permit holder certifies in writing that the permitted equipment does not result in the release of a toxic air contaminant, as determined by CARB, or a hazardous air pollutant, as determined by EPA, the toxic fee from Table I shall not be assessed.

- 3 **TRANSFER OF OWNERSHIP:** Each applicant for a permit Transfer of Ownership shall pay a fee of \$60.00 to cover the administrative costs of transferring the permit to the new owner.
  - 4 **PERMIT ISSUED BY HEARING BOARD:** A Permit to Operate or Authority to Construct permit issued by the DISTRICT Hearing Board shall be subject to the fees pursuant to this Rule.
  - 5 **INDEMNIFICATION:** Each applicant for, and recipient of, an Authority to Construct Permit or Permit to Operate agrees to indemnify, defend and hold the DISTRICT (including its Board Members, officers, directors, managers, employees and agents) harmless and free and clear from and against any liability, debt, obligation, claim, judgment, action, cause of action or cost or expense, of any amount or nature whatsoever incurred by or imposed upon the DISTRICT arising out of, as a result of, related to or in any way in connection with the denial, issuance, modification or renewal of a permit, including a permit by the Hearing Board. Such costs or expenses shall include, but not be limited to, reasonable attorney's fees, expert witness fees and all other litigation expenses.
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Table I

PERMIT CATEGORY	Through-put Fee <sup>2</sup>	Renewal Fee <sup>2</sup> - (Fee/Unit)	Toxic-Fee <sup>2</sup> - (Fee/Unit)	A/C Fee <sup>2</sup>
<b>Abrasive Blasting:</b>				
a. Confined	0	<del>1x</del>	0	<del>2x</del>
b. Unconfined	0	<del>4x</del>	0	<del>8x</del>
<b>Adhesives and Sealants, Graphic Arts, and Printing:</b>				
a. 50 gallons per year or less	0	<del>3x</del>	<del>1x</del>	<del>6x</del>
b. Greater than 50 but less than or equal to 200 gallons per year	0	<del>4x</del>	<del>1x</del>	<del>8x</del>
c. Greater than 200 gallons per year	0	<del>5x</del>	<del>2x</del>	<del>10x</del>
<b>Asphalt Concrete Plant:</b>				
a. 100,000 tons per year or less	0	<del>3x</del>	<del>1x</del>	<del>6x</del>
b. Greater than 100,000 but less than or equal to 250,000 tons per year	0	<del>4x</del>	<del>2x</del>	<del>8x</del>
c. Greater than 250,000 tons per year	0	<del>5x</del>	<del>2x</del>	<del>10x</del>
Cabinet Shops	0	<del>3x</del>	<del>1x</del>	<del>6x</del>
Cement Handling Equipment	0	<del>3x</del>	0	<del>6x</del>
Chemical Manufacturing Process Unit	0	<del>4x</del>	0	<del>8x</del>
<b>Concrete Batch Plants:</b>				
a. 10,000 yd <sup>3</sup> per year or less	0	<del>3x</del>	0	<del>6x</del>
b. Greater than 10,000 but less than or equal to 25,000 yd <sup>3</sup> per year	0	<del>4x</del>	0	<del>8x</del>
c. Greater than 25,000 yd <sup>3</sup> per year	0	<del>5x</del>	0	<del>10x</del>
Confined Animal Facilities	0	<del>10x</del>	<del>2x</del>	<del>20x</del>
<b>Degreasers:</b>				
a. Vapor	0	<del>3x</del>	<del>1x</del>	<del>6x</del>
b. Solvent	0	<del>2x</del>	<del>1x</del>	<del>5x</del>
<b>Drycleaning Operations:</b>				
a. Perchloroethylene	0	<del>2x</del>	<del>2x</del>	<del>3x</del>
b. Petroleum Based Solvents (Multiple Machines)	0	<del>2x</del>	0	<del>3x</del>
Dryer/Kiln	0	<del>2x</del>	0	<del>4x</del>
Electrolytic Plating Operations	0	<del>5x</del>	<del>3x</del>	<del>10x</del>
Ethylene Oxide Sterilizers	0	<del>4x</del>	<del>3x</del>	<del>8x</del>
<b>External Combustion Devices, Power:</b>				
a. 5 million British thermal units per hour (mmBTU/hr) or less	0	<del>3x</del>	0	<del>6x</del>
b. Greater than 5 mmBTU/hr but less than or equal to				



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PERMIT CATEGORY	Through-put-Fee <sup>2</sup>	Renewal-Fee <sup>2</sup> - (Fee/Unit)	Toxic-Fee <sup>2</sup> - (Fee/Unit)	A/C-Fee <sup>2</sup>
— 10 mmBTU/hr	0	4x	2x	8x
e. Greater than 10 mmBTU/hr	0	5x	3x	10x
Feed and Grain Facilities	0	4x	0	10x
Fiberglass and Polyester Resin Products Manufacturing	0	4x	2x	8x
Fiberboard Manufacturing	0	20x	5x	40x
Fluid Evaporator	0	2x	0	4x
Gasoline Dispensing Facility and associated vapor recovery system (Non-Retail)	0	1x	0	2x
Gasoline Dispensing Facility, loading rack and associated vapor recovery system(s) — Bulk Plant	0	4x	2x	8x
Gasoline Storage, loading rack and associated vapor recovery system(s) — Bulk Terminal	0	10x	5x	20x
Gasoline Dispensing Facility and associated vapor recovery system (Retail and Consumer Accounts)	0	1x	-2x	3x
Gasoline Dispensing Phase II Vapor Recovery Nozzle	0	0.4x	0	0.4x
<b>Retail Gasoline Storage Facility Throughput Fee:</b>				
Annual Throughput of 30,000 to 600,000 gallons	5.5x	0	0	0
Annual Throughput of 600,001 to 1,000,000 gallons	20.5x	0	0	0
Annual Throughput of 1,000,001 to 5,000,000 gallons	51.5x	0	0	0
Annual Throughput of 5,000,001 gallons or more	103x	0	0	0
<b>Incinerators:</b>				
— a. Pathological Waste	0	4x	2x	8x
— b. Crematory	0	4x	0	8x
— c. Other	0	4x	2x	8x
<b>Internal Combustion Engine — Diesel Fueled:</b>				
— a. First Prime Emissions Unit	0	4x	-2x	8x
— b. Each Additional Prime Emissions Unit	0	3x	-2x	6x
— c. Emergency Backup Generator	0	1x	1x	2x
<b>Internal Combustion Engine — Natural Gas or LPG Fired:</b>				
— a. First Prime Emissions Unit	0	4x	0	8x
— b. Each Additional Prime Emissions Unit	0	3x	0	6x
— c. Emergency Backup Generator	0	1x	0	2x
Malt Beverage Production	0	5x	0	10x
Metal Melting Crucibles	0	3x	0	6x
<b>Miscellaneous:</b>				
a. Potential to Emit Less than 2 TPY	0	1x	1x	2x
b. Potential to Emit Equal to 2 TPY to Less than 5 TPY	0	2x	1x	4x

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PERMIT CATEGORY	Through-put Fee <sup>2</sup>	Renewal-Fee <sup>2</sup> -(Fee/Unit)	Toxic-Fee <sup>2</sup> -(Fee/Unit)	A/C-Fee <sup>2</sup>
e. Potential to Emit Equal to or Greater than 5 TPY	0	4x	2x	8x
<b>Motor Vehicle and Mobile Equipment Coating:</b>				
a. First Spray Paint Booth (including prep station and heater)	0	3x	2x	4x
b. Each Additional Spray Paint Booth (including prep station and heater)	0	1x	0	4x
<b>Municipal Waste Landfill</b>	0	5x	2x	10x
<b>Non Metallic Mineral Processing Operations: (in terms of the annual production rate)</b>				
a. 10,000 tons per year or less	0	5x	0	9x
b. Greater than 10,000 but less than or equal to 100,000 tons per year	0	7x	0	13x
c. Greater than 100,000 tons per year	0	9x	0	17x
<b>Nut Processing Operations:</b>				
— a. Cleaning, Hulling/Shelling and Drying	0	4x	0	6x
— b. Sorting and Packaging	0	3x	0	5x
<b>Oily Water Treatment Systems</b>	0	3x	0	6x
<b>Paint Formulation Facility</b>	0	4x	0	8x
<b>Paint Bake Oven</b>	0	3x	0	6x
<b>Public and Private Waste Water Treatment Works</b>	0	5x	2x	10x
<b>Reclaiming Furnace</b>	0	3x	2x	6x
<b>Rendering Plant</b>	0	3x	0	6x
<b>Rice Drying and Milling Operations</b>	0	6x	0	6x
<b>Rice Storage Operations</b>	0	2x	0	4x
<b>Soil Remediation—Aeration</b>	0	N/A	1x	3x
<b>Soil and Groundwater Remediation Process Unit</b>	0	4x	2x	8x
<b>Storage Tank—Petroleum—Fixed or Internal Floating Roof</b>	0	3x	1x	6x
<b>Storage Tank—Petroleum—External Floating Roof</b>	0	4x	1x	8x
<b>Storage Tank—Organic Liquid</b>	0	3x	0	6x
<b>Surface Coating Operations:</b>				
— a. First Spray Paint Booth (including prep booth and heater)	0	3x	0	4x
— b. Each Additional Spray Paint Booth (including heater)	0	1x	0	4x
— c. Powdercoating Operations (including blasting/prep booth and curing oven)	0	3x	0	4x
<b>Underground Petroleum Storage Tank Purge and Excavation</b>	0	N/A	0	4x
<b>Underground Petroleum Storage Tank Purge and Relining</b>	0	N/A	0	4x
<b>Wood Products Manufacturing</b>	0	3x	1x	6x
<b>Wood Sawing and Milling Operations</b>	0	5x	0	10x
<b>Wood Treatment Dip Tank</b>	0	3x	0	6x

PERMIT CATEGORY	Through-put-Fee <sup>2</sup>	Renewal-Fee <sup>2</sup> (Fee/Unit)	Toxic-Fee <sup>2</sup> (Fee/Unit)	A/C-Fee <sup>2</sup>
Wood Pressure Treatment Operations	0	10x	4x	20x

<sup>2</sup>Where x is the hourly labor rate set forth in Rule 509

A/C = Authority to Construct Permit

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<u>PERMIT CATEGORY</u>	<u>Throughput Fee*</u>	<u>Renewal Fee* (Fee/Unit)</u>	<u>Toxic Fee* (Fee/Unit)</u>	<u>A/C Fee*</u>	<u>Cost Recovery Fee* (Fee/Unit) 2025</u>	<u>Cost Recovery Fee* (Fee/Unit) 2026</u>	<u>Cost Recovery Fee* (Fee/Unit) 2027 and Thereafter</u>
<b><u>Abrasive Blasting:</u></b>							
a. Confined	0	1x	0	2x	1.5x	2x	2x
b. Unconfined	0	4x	0	8x	1.5x	2x	2x
<b><u>Adhesives and Sealants, Graphic Arts, and Printing:</u></b>							
a. 50 gallons per year or less	0	3x	1x	6x	1.5x	2x	2x
b. Greater than 50 but less than or equal to 200 gallons per year	0	4x	1x	8x	1.5x	2x	2x
c. Greater than 200 gallons per year	0	5x	2x	10x	2.5x	3.5x	4x
<b><u>Asphalt Concrete Plant:</u></b>							
a. 100,000 tons per year or less	0	3x	1x	6x	1.5x	2x	2x
b. Greater than 100,000 but less than or equal to 250,000 tons per year	0	4x	2x	8x	1.5x	2x	2x
c. Greater than 250,000 tons per year	0	5x	2x	10x	2.5	2x	2x
<b><u>Cabinet Shops</u></b>	0	3x	1x	6x	1.5x	2x	2x
<b><u>Cement Handling Equipment</u></b>	0	3x	0	6x	1.5x	2x	2x
<b><u>Chemical Manufacturing Process Unit</u></b>	0	4x	0	8x	1.5x	2x	2x
<b><u>Concrete Batch Plants:</u></b>							
a. 10,000 yd3 per year or less	0	3x	0	6x	1.5x	2x	2x
b. Greater than 10,000 but less than or equal to 25,000 yd3 per year	0	4x	0	8x	1.5x	2x	2x
c. Greater than 25,000 yd3 per year	0	5x	0	10x	2.5x	3.5x	4x
<b><u>Confined Animal Facilities</u></b>	0	10x	2x	20x	3.5x	5x	6x
<b><u>Degreasers:</u></b>							
a. Vapor	0	3x	1x	6x	1.5x	2x	2x
b. Solvent	0	2x	1x	5x	1.5x	2x	2x
<b><u>Drycleaning Operations:</u></b>							
a. Perchloroethylene	0	2x	2x	3x	1.5x	2x	2x
b. Petroleum-Based Solvents (Multiple Machines)	0	2x	0	3x	1.5x	2x	2x
<b><u>Dryer/Kiln</u></b>	0	2x	0	4x	1.5x	2x	2x
<b><u>Electrolytic Plating Operations</u></b>	0	5x	3x	10x	2.5x	3.5x	4x
<b><u>Ethylene Oxide Sterilizers</u></b>	0	4x	3x	8x	1.5x	2x	2x

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\*Where x is the hourly labor rate set forth in Rule 509  
A/C = Authority to Construct Permit

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<u>PERMIT CATEGORY</u>	<u>Throughput Fee*</u>	<u>Renewal Fee* (Fee/Unit)</u>	<u>Toxic Fee* (Fee/Unit)</u>	<u>A/C Fee*</u>	<u>Cost Recovery Fee* (Fee/Unit) 2025</u>	<u>Cost Recovery Fee* (Fee/Unit) 2026</u>	<u>Cost Recovery Fee* (Fee/Unit) 2027 and Thereafter</u>
<b>External Combustion Devices, Power:</b>							
a. 5 million British thermal units per hour (mmBTU/hr) or less	0	3x	0	6x	1.5x	2x	2x
b. Greater than 5 mmBTU/hr but less than or equal to 10 mmBTU/hr	0	4x	2x	8x	1.5x	2x	2x
c. Greater than 10 mmBTU/hr	0	5x	3x	10x	2.5x	3.5x	4x
<b>Feed and Grain Facilities</b>	0	4x	0	10x	1.5x	2x	2x
<b>Fiberglass and Polyester Resin Products Manufacturing</b>	0	4x	2x	8x	1.5x	2x	2x
<b>Fiberboard Manufacturing</b>	0	20x	5x	40x	5.5x	8x	10x
<b>Fluid Evaporator</b>	0	2x	0	4x	1.5x	2x	2x
<b>Gasoline Dispensing Facility and associated vapor recovery system (Non Retail)</b>	0	1x	0	2x	1.5x	2x	2x
<b>Gasoline Dispensing Facility, loading rack and associated vapor recovery system(s) – Bulk Plant</b>	0	4x	2x	8x	1.5x	2x	2x
<b>Gasoline Storage, loading rack and associated vapor recovery system(s) - Bulk Terminal</b>	0	10x	5x	20x	3.5x	5x	2x
<b>Gasoline Dispensing Facility and associated vapor recovery system (Retail and Consumer Accounts)</b>	0	1x	2x	3x	N/A	N/A	N/A
<b>Gasoline Dispensing Phase II Vapor Recovery Nozzle</b>	0	0.4x	0	0.4x	N/A	N/A	N/A
<b>Retail Gasoline Storage Facility Throughput Fee:</b>							
Annual Throughput of 30,000 to 600,000 gallons	5.5x	0	0	0	N/A	N/A	N/A
Annual Throughput of 600,001 to 1,000,000 gallons	20.5x	0	0	0	N/A	N/A	N/A
Annual Throughput of 1,000,001 to 5,000,000 gallons	51.5x	0	0	0	N/A	N/A	N/A
Annual Throughput of 5,000,001 gallons or more	103x	0	0	0	N/A	N/A	N/A
<b>Incinerators:</b>							
a. Pathological Waste	0	4x	2x	8x	1.5x	2x	2x
b. Crematory	0	4x	0	8x	1.5x	2x	2x
c. Other	0	4x	2x	8x	1.5x	2x	2x
<b>Internal Combustion Engine – Diesel-Fueled:</b>							
a. First Prime Emissions Unit	0	4x	2x	8x	1.5x	2x	2x
b. Each Additional Prime Emissions Unit	0	3x	2x	6x	1.5x	2x	2x
c. Emergency Backup Generator	0	1x	1x	2x	1.5x	2x	2x

\*Where x is the hourly labor rate set forth in Rule 509  
A/C = Authority to Construct Permit

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<u>PERMIT CATEGORY</u>	<u>Throughput Fee*</u>	<u>Renewal Fee* (Fee/Unit)</u>	<u>Toxic Fee* (Fee/Unit)</u>	<u>A/C Fee*</u>	<u>Cost Recovery Fee* (Fee/Unit) 2025</u>	<u>Cost Recovery Fee* (Fee/Unit) 2026</u>	<u>Cost Recovery Fee* (Fee/Unit) 2027 and Thereafter</u>
<b>Internal Combustion Engine – Natural Gas or LPG-Fired:</b>							
a. First Prime Emissions Unit	0	4x	0	8x	1.5x	2x	2x
b. Each Additional Prime Emissions Unit	0	3x	0	6x	1.5x	2x	2x
c. Emergency Backup Generator	0	1x	0	2x	1.5x	2x	2x
<b>Malt Beverage Production</b>	0	5x	0	10x	2.5x	3.5x	4x
<b>Metal Melting Crucibles</b>	0	3x	0	6x	1.5x	2x	2x
<b>Miscellaneous:</b>	0	5x	0	10x	2.5x	3.5x	4x
a. Potential to Emit Less than 2 TPY	0	1x	1x	2x	1.5x	2x	2x
b. Potential to Emit Equal to 2 TPY to Less than 5 TPY	0	2x	1x	4x	1.5x	2x	2x
c. Potential to Emit Equal to or Greater than 5 TPY	0	4x	2x	8x	1.5x	2x	2x
<b>Motor Vehicle and Mobile Equipment Coating:</b>							
a. First Spray Paint Booth (including prep station and heater)	0	3x	2x	4x	1.5x	2x	2x
b. Each Additional Spray Paint Booth (including prep station and heater)	0	1x	0	4x	1.5x	2x	2x
<b>Municipal Waste Landfill</b>	0	5x	2x	10x	2.5x	3.5x	4x
<b>Non-Metallic Mineral Processing Operations: (in terms of the annual production rate)</b>							
a. 10,000 tons per year or less	0	5x	0	9x	2.5x	3.5x	4x
b. Greater than 10,000 but less than or equal to 100,000 tons per year	0	7x	0	13x	2.5x	3.5x	4x
c. Greater than 100,000 tons per year	0	9x	0	17x	2.5x	3.5x	4x
<b>Nut Processing Operations:</b>							
a. Cleaning, Hulling/Shelling and Drying	0	4x	0	6x	1.5x	2x	2x
b. Sorting and Packaging	0	3x	0	5x	1.5x	2x	2x
<b>Oily Water Treatment Systems</b>	0	3x	0	6x	1.5x	2x	2x
<b>Paint Formulation Facility</b>	0	4x	0	8x	1.5x	2x	2x
<b>Paint Bake Oven</b>	0	3x	0	6x	1.5x	2x	2x
<b>Public and Private Waste Water Treatment Works</b>	0	5x	2x	10x	2.5x	3.5x	4x
<b>Reclaiming Furnace</b>	0	3x	2x	6x	1.5x	2x	2x
<b>Rendering Plant</b>	0	3x	0	6x	1.5x	2x	2x
<b>Rice Drving and Milling Operations</b>	0	6x	0	6x	2.5x	3.5x	4x
<b>Rice Storage Operations</b>	0	2x	0	4x	1.5x	2x	2x

\*Where x is the hourly labor rate set forth in Rule 509

A/C = Authority to Construct Permit

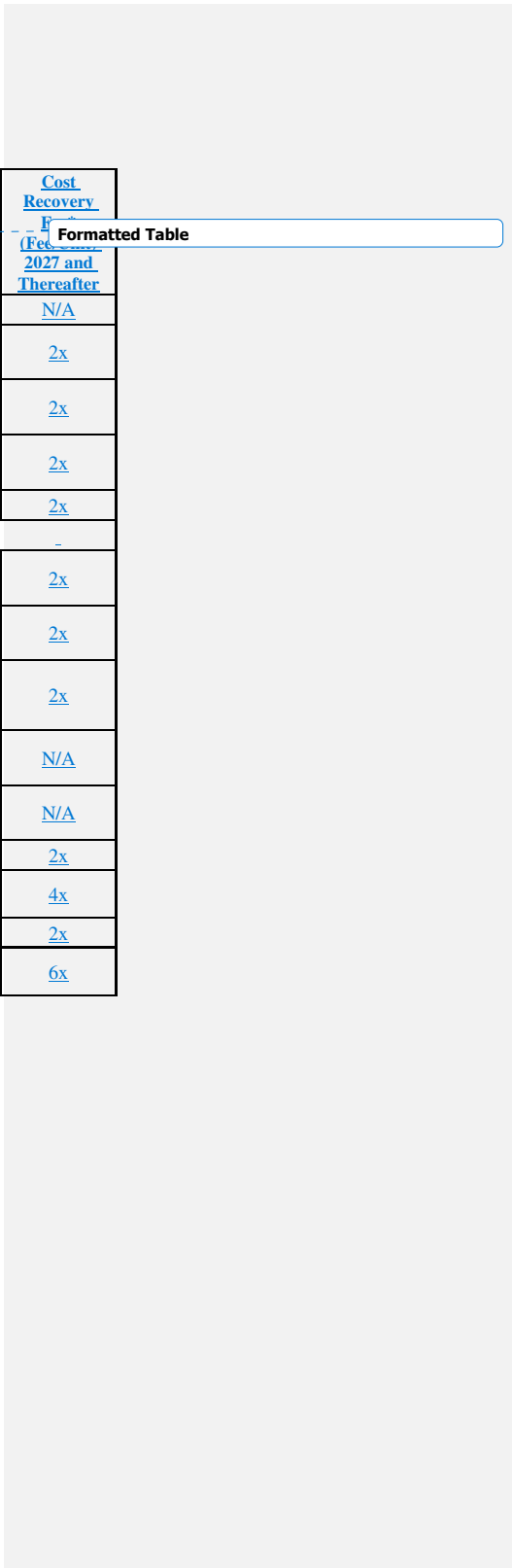
BUTTE COUNTY AQMD

RULES AND REGULATIONS

<u>PERMIT CATEGORY</u>	<u>Throughput Fee*</u>	<u>Renewal Fee* (Fee/Unit)</u>	<u>Toxic Fee* (Fee/Unit)</u>	<u>A/C Fee*</u>	<u>Cost Recovery Fee* (Fee/Unit) 2025</u>	<u>Cost Recovery Fee* (Fee/Unit) 2026</u>	<u>Cost Recovery Fee* (Fee/Unit) 2027 and Thereafter</u>
<u>Soil Remediation - Aeration</u>	0	N/A	1x	3x	N/A	N/A	N/A
<u>Soil and Groundwater Remediation Process Unit</u>	0	4x	2x	8x	1.5x	2x	2x
<u>Storage Tank – Petroleum – Fixed or Internal Floating Roof</u>	0	3x	1x	6x	1.5x	2x	2x
<u>Storage Tank – Petroleum – External Floating Roof</u>	0	4x	1x	8x	1.5x	2x	2x
<u>Storage Tank – Organic Liquid</u>	0	3x	0	6x	1.5x	2x	2x
<b>Surface Coating Operations:</b>							
a. <u>First Spray Paint Booth (including prep booth and heater)</u>	0	3x	0	4x	1.5x	2x	2x
b. <u>Each Additional Spray Paint Booth (including heater)</u>	0	1x	0	4x	1.5x	2x	2x
c. <u>Powdercoating Operations (including blasting/prep booth and curing oven)</u>	0	3x	0	4x	1.5x	2x	2x
<u>Underground Petroleum Storage Tank Purge and Excavation</u>	0	N/A	0	4x	N/A	N/A	N/A
<u>Underground Petroleum Storage Tank Purge and Relining</u>	0	N/A	0	4x	N/A	N/A	N/A
<u>Wood Products Manufacturing</u>	0	3x	1x	6x	1.5x	2x	2x
<u>Wood Sawing and Milling Operations</u>	0	5x	0	10x	2.5x	3.5x	4x
<u>Wood Treatment Dip Tank</u>	0	3x	0	6x	1.5x	2x	2x
<u>Wood Pressure Treatment Operations</u>	0	10x	4x	20x	3.5x	5x	6x

\*Where x is the hourly labor rate set forth in Rule 509

A/C = Authority to Construct Permit



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**Attachment B**  
**Notice of Public Hearing**



## NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Butte County Air Quality Management District (DISTRICT) Governing Board will hold a public hearing to consider amendments to proposed Rule 500—*Stationary Source Permit Fees*. A new fee is being proposed to recover a portion of the deficit of the stationary source permit program. The amendments to Rule 500 propose to phase in the fee over the next three years (2025 to 2027). The time, date, and location of the hearing is:

Public Hearing to Consider Adoption: Thursday, December 12, 2024, at 10:00 a.m., Butte County Association of Governments, 326 Huss Drive, Suite 100, Chico, CA and via Zoom.

The Staff Report and proposed Rule may be reviewed at the District office at the address below or on the District website: [www.bcaqmd.org](http://www.bcaqmd.org). For additional information, including Zoom instructions, please contact Stephen Ertle at (530) 332-9400, ext. 113 or [sertle@bcaqmd.org](mailto:sertle@bcaqmd.org). Written comments on the proposed rule must be submitted by December 11, 2024 to: Board Clerk, Butte County Air Quality Management District, 629 Entler Avenue, Suite 15, Chico, CA 95928.

DATED: November 12, 2024

By: Stephen Ertle  
AIR POLLUTION CONTROL OFFICER

**Attachment C**  
**Proposed Resolution of Adoption**

**RESOLUTION 2024-09  
BEFORE THE BOARD OF DIRECTORS OF  
BUTTE COUNTY AIR QUALITY MANAGEMENT DISTRICT  
STATE OF CALIFORNIA  
AMENDMENTS TO RULE 500 – STATIONARY SOURCE PERMIT FEES**

Resolution 2024-09.....)  
Adopt Proposed Amended Rule 500 .....)  
Stationary Source Permit Fees .....)

WHEREAS, the Butte County Air Quality Management District Board obtains its authority to adopt, amend, or repeal rules and regulations from California Health and Safety Code Sections 40000, 40001, 40701, 40702;

AND WHEREAS, the Butte County Air Quality Management District Board has determined that the proposed rules are written such that the meaning can be understood by the persons directly affected by it (Health and Safety Code Section 40727(b)(3));

AND WHEREAS, the Butte County Air Quality Management District Board has determined that the proposed rules adopted herein are in harmony with, and not in conflict with or contradictory to existing statutes, court decisions, or state or federal regulations (Health and Safety Code Section 40727(b)(4));

AND WHEREAS, the Butte County Air Quality Management District Board has determined that the adoption of amended Rule 500, Stationary Source Permit Fees, is necessary to improve cost recovery on stationary source permitted facilities except retail gasoline dispensing facilities by authorizing a new variable fee implemented over 3 years in 2025-2027;

AND WHEREAS, the Butte County Air Quality Management District Board has determined that the proposed amended Rule 500 does not duplicate local, state or federal rules or regulations for permitting programs;

AND WHEREAS, the District staff has made notice of and held public workshop meetings on the proposed amended rules and received comments as included in the Board report, which are included herein as a record of those proceedings;

AND WHEREAS, the Butte County Air Quality Management District Board conducted public hearings on October 25, 2024 and November 21, 2024 concerning the proposed amended rule herein;

THEREFORE, BE IT RESOLVED, that the Butte County Air Quality Management District Board hereby adopts, with an effective date of December 12, 2024, amended Rule 500 – *Stationary Source Permit Fees*, as proposed in the attachments to the November 12, 2024 Staff Report.

On Motion of Supervisor Kimmelshue, Seconded by Councilmember Winslow, the foregoing resolution is hereby PASSED AND ADOPTED by the Air Quality Management District Board of Directors on this 12<sup>th</sup> day of December 2024 by the following:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Stephen Ertle, Air Pollution Control Officer  
Butte County Air Quality Management District

I hereby attest that this is a true and correct copy of the action taken by the Butte County Air Quality Management District Board of Directors on December 12, 2024.

ATTEST: \_\_\_\_\_  
Kelly Towne, Clerk of the Governing Board