

**MEMORANDUM
CITY OF LANCASTER, CA**

TO: Mayor Parris and City Council Members
FROM: Vice Mayor Ron Smith
DATE: January 13, 2009
SUBJECT: **Report on the Activities of the Antelope Valley Air Quality Management District**

Recommendation:

Receive a report of the proceedings and significant issues discussed at the October 21, 2008, Antelope Valley Air Quality Management District Governing Board regular meeting.

Background:

The Antelope Valley Air Quality Management District (AVAQMD) regulates stationary sources of air pollution, and is overseen by a Governing Board comprised of appointees from the City of Lancaster, the City of Palmdale, Los Angeles County's Fifth Supervisorial District and one Public Member appointed by the balance of the Board. Mandated by state and federal laws, the AVAQMD was created as a separate, locally controlled air district out of the South Coast Air Quality Management District in 1991, and transitioned from an air pollution control district to an air quality management district in 2002.

At the October 21, 2008, meeting, the Governing Board adopted the following significant recommendations of the AVAQMD's staff:

- Allocation of a maximum of \$175,000 of AB 2766 funds to assist local school districts in replacing school buses eligible under the Lower Emission School Bus Program, and Authorize the Executive Director to negotiate and execute any necessary agreements with the California Air Resources Board (CARB).
- A resolution approving inter-district and inter-basin transfer of offsets for later use within the District.

Other items approved by the AVAQMD were routine and adopted as consent items.

Additionally, AVAQMD staff presented a District Fee Restructuring Evaluation and suggested amendments to Rule 301(Fees). The District's fee structure has been heavily weighted on initial permit application fees and less on annual permit renewal fees. These fees cover the cost of managing permits (i.e. creating, renewing, enforcing, etc.), and should be structured to gradually increase relative to impacts on the air quality. Larger quantity emissions generators should pay more for their permit to operate than smaller generators because they emit more pollution and have a greater impact on the environment. The greater the air quality impact by an emission source - the greater the work required by staff to insure compliance and the greater cost to the District. Most of the State's other 35 air districts have fee structures based on this graduated air quality impact scale.

To date the AVAQMD has reduced initial permit application fees, eliminated annual emission fees and the final step would be to move to a graduated air quality impact permit renewal fee, but State laws caps annual permit fee increase to no more than 15%. Most large emissions sources in the Antelope Valley currently pay substantially less than they would under a graduated structure, and adoption of a fee structure similar to the other air districts in the State would result in an annual increase greater than 15% for many larger local sources. Therefore, the AVAQMD is exploring writing legislation that would allow either a one time or a graduated fee increase over a two or three year period to "right size" applicable fees.