



# COUNTY OF SAN DIEGO

## BOARD OF SUPERVISORS

1600 PACIFIC HIGHWAY, ROOM 335, SAN DIEGO, CALIFORNIA 92101-2470

### AGENDA ITEM

**DATE:** June 16, 2009

**TO:** San Diego County Air Pollution Control Board

**SUBJECT:** ENSURING CLEAN AIR - ADOPTION OF A RESOLUTION TO INCREASE MOTOR VEHICLE EMISSION REDUCTION FEE FROM \$2 TO \$4 (District: All)

#### **SUMMARY:**

##### **Overview**

Ensuring our residents enjoy clean air has long been a priority of the Air Pollution Control Board. Our commitment has produced measurable results that demonstrate the necessity and paramount importance of emission reduction programs. Fortunately, federal and state programs have become increasingly aware of the need to provide incentives for this important work and the County must be eligible to receive these funds.

This is a request to adopt a resolution to increase the motor vehicle emission reduction fee on motor vehicles registered in San Diego County from the current rate at \$2 per registered vehicle to \$4 effective October 1, 2009. This action will allow the Air Pollution Control District (District) to continue to fund its mobile source emission reduction programs, and leverage additional incentives for further motor vehicle emission reductions.

Numerous programs have made grant funds available, but matching dollars are required to obtain them. The additional funds generated by the fee increase will be leveraged to bring otherwise unavailable grant funds into the region. This will result in increased financial assistance to eligible project owners and local agencies in an effort to reduce emissions from mobile sources of air pollution. Without the required match funding that would be provided by the proposed increase in the motor vehicle emission reduction fee the District will not acquire the grant dollars available.

**SUBJECT:** ADOPTION OF A RESOLUTION TO INCREASE MOTOR VEHICLE EMISSION REDUCTION FEE FROM \$2 TO \$4 (District: All)

**Recommendation(s)**

**SUPERVISORS RON ROBERTS AND GREG COX**

1. Adopt a Resolution entitled, “A Resolution Of The San Diego County Air Pollution Control District Board Increasing The Motor Vehicle Emission Reduction Fee From \$2 To \$4 To Carry Out Responsibilities For Implementing The California Clean Air Act Of 1988, Authorizing And Directing The Air Pollution Control Officer To Request That The California Department Of Motor Vehicles Increase The Fee Charged To Motor Vehicles Registered In San Diego County From \$2 To \$4 Effective October 1, 2009.”
2. Direct the Air Pollution Control Officer to transmit the Resolution to the California Department of Motor Vehicles.
3. Direct the Air Pollution Control Officer to use the resulting funds toward the reduction of air pollution from motor vehicles and for related planning, monitoring, and technical studies necessary for the implementation of the California Clean Air Act of 1988.

**Fiscal Impact**

This request is not included in the Fiscal Years 2008-10 Operational Plan. The increase of \$2 per county registered vehicle will increase the total revenue from the Department of Motor Vehicles motor vehicle emission reduction fees (MVERF) from the current \$4,926,468 to a projected \$10,000,000 annually, beginning October 1, 2009. The fees will be used as matching funds for state and/or federal emission reduction program funds, to offset Air Pollution Control District motor vehicle related operational costs, and for Air Pollution Control District funded emission reduction projects. This request will result in no net General Fund costs and four additional staff years within the next two fiscal years.

**Business Impact Statement**

N/A

**Advisory Board Statement**

N/A

**SUBJECT:** ADOPTION OF A RESOLUTION TO INCREASE MOTOR VEHICLE EMISSION REDUCTION FEE FROM \$2 TO \$4 (District: All)

**BACKGROUND:**

Assembly Bill (AB) 2766 was enacted in 1990 when it was recognized that motor vehicle emissions account for most of California's current air pollution problems and yet local air pollution control districts had no authority to directly regulate motor vehicle emissions. The law allowed California air districts to levy a fee of up to \$2 per vehicle per year to reduce air pollution from vehicles through incentive-driven projects. In addition, it allowed for cost recovery of motor vehicle related planning, air monitoring, and technical studies necessary to implement the California Clean Air Act of 1988. In 1992, AB 2766 was amended to allow air districts to collect up to \$4 per vehicle in motor vehicle emission reduction fees (MVERF).

**San Diego County Implementation**

On November 19, 1990 (APCB #1), the San Diego County Air Pollution Control Board approved a \$2 per county registered vehicle MVERF with the revenue generated being used to fund projects that reduce tailpipe emissions (e.g. old car purchases/crushing) and projects that change driving habits to remove cars from the road (e.g. car pools).

On March 7, 1995 (APCB #1), the San Diego County Air Pollution Control Board adopted the Air Pollution Control District (District) Permit Fee Reduction Act authorizing the use of the MVERF to offset the allowable District activities and reducing permit fees charged to industries that operate stationary sources of emissions. Pursuant to AB 2766 and Health and Safety Code 44223, the allowable District activities for reduction of air pollution from motor vehicles are: air quality planning, air monitoring, regional air quality and meteorological modeling, public outreach, information and education, a smoking vehicle program and air quality technical studies necessary for the implementation of the California Clean Air Act of 1988. The remainder of the MVERF was used to fund emission reduction projects for school buses, transit buses, trash trucks, taxi cab conversions to natural gas, partial funding for van pools, car pools, public transit shuttles and old vehicle scrappage programs.

Because AB 32, The Global Warming Solutions Act of 2006, will necessitate the reduction of millions of tons of Green House Gas (GHG) emissions in California, a notable co-benefit of the mobile source emission reduction programs is the potential for early reductions of emissions of GHG. These reductions will occur as trucks and school buses are retrofitted or replaced with cleaner technology. As has been the case with diesel particulates and ozone precursors (oxides of nitrogen and volatile organic compounds), this may prove to be a very cost effective way to reduce mobile emissions of GHG, which account for about 50% of the region's total GHG emissions. Furthermore, if substantial mobile GHG reductions are achieved then other more burdensome and costly stationary source control measures for GHG may be reduced in number.

**SUBJECT: ADOPTION OF A RESOLUTION TO INCREASE MOTOR VEHICLE EMISSION REDUCTION FEE FROM \$2 TO \$4 (District: All)**

Since Fiscal Year (FY) 2005-2006, the annual revenue from the existing \$2 per county registered vehicle MVERF has not been sufficient to fund motor vehicle emission reduction incentive projects. Beginning with FY 2006-07, this annual revenue was augmented with funds from the existing Air Quality Improvement Trust Fund in order to recover costs as mandated by the Permit Fee Reduction Act of 1995 and the required local match for the Carl Moyer Program. In Fiscal Years 2007-08 and 2008-09, the annual revenue was, again, insufficient to meet the requirements of the Permit Fee Reduction Act of 1995 and the match for the Carl Moyer Program. With that, the Air Quality Improvement Trust fund balance was used to augment the annual revenue.

**Risks**

The existing Air Quality Improvement Trust Fund balance is projected to be exhausted by June 30, 2010. As a result, the District will not have the necessary matching funds to avoid the loss of state Carl Moyer Program dollars, supplementary grants and Proposition 1B bond monies beginning FY 2010-11. Also, the District will not be able to fully implement the Permit Fee Reduction Act, necessitating either a permit fee increase or a reduction in staffing along with a corresponding decrease in services.

When the existing Air Quality Improvement Trust fund is depleted without an increase in the MVERF to \$4:

- The District will not be able to leverage funding from the state's mobile source emission reduction programs that require annual local matching funds. Examples of grant programs are Carl Moyer, Proposition 1B-Goods Movement Emission Reduction Program, Lower-Emission School Bus Program, Voucher Programs, and programs for AB 118, such as the use of alternative fuels. That is, San Diego County will not receive its portion of state funding available for mobile source emission reduction projects for which it would otherwise be eligible. Any funding not provided to San Diego County because of the unavailability of matching funds would be allocated to other air pollution control agencies for projects in their jurisdictions.
- Motor vehicle drivers will not be paying their fair share of the costs that are directly related to reducing air pollution from their vehicles. The stationary industries have stated that they do not want these mobile source emission reduction programs reduced or curtailed because they would then be burdened with additional, increasingly disproportionate and costly stationary source air pollution emission reductions while motor vehicles remain the primary cause of air pollution in San Diego County. The local industries are adamant that vehicle users bear the cost of cleaning up motor vehicle emissions, which has not previously been the case.
- Motor vehicles will not be providing their fair share of emission reductions needed to meet state and federal health standards. Motor vehicles are responsible for over 43% of the air pollution problem while industry is responsible for only 9% (consumer products, residential and agricultural sources, as well as other mobile sources such as ships, trains and locomotives make up the remaining 48%).

**SUBJECT: ADOPTION OF A RESOLUTION TO INCREASE MOTOR VEHICLE EMISSION REDUCTION FEE FROM \$2 TO \$4 (District: All)**

In addition, because Proposition 1B is a state bond initiative, San Diego County residents and businesses will pay an estimated \$160 million via personal, sales and corporate taxes in order to repay the full debt service costs of the bond (\$2 billion statewide, including interest). This will occur even if no Proposition 1B dollars are awarded to the District in the future due to the unavailability of matching funds.

In order to mitigate these risks, the MVERF must increase from \$2 to \$4 per county registered vehicle. This increase will provide matching funds that enable the District to continue with beneficial mobile source emission reduction programs as well as acquiring additional grant dollars for mobile source emission reduction projects that would not otherwise be funded. Additional MVERF funds generated from this increase would also be used to partially fund essential District operational costs associated with mandated programs related to reducing emissions from motor vehicles and to fully implement the Permit Fee Reduction Act of 1995.

It is recommended that the Board authorize the increase of the MVERF by \$2, from \$2 to \$4 per county-registered vehicle, by adopting a resolution (Attachment A) that will be submitted to the DMV no later than June 30, 2009, to go into effect on October 1, 2009.

**Environmental Statement**

The approval of an increase of the Motor Vehicle Emission Reduction Fee is not a “project” subject to the California Environmental Quality Act (CEQA Guidelines §15378(b)(4)). CEQA does not apply to this action.

**Linkage to the County of San Diego’s Strategic Plan**

The County’s Strategic Plan includes a Safe and Livable Communities Initiative with an objective to develop and support services, programs, and initiatives that enrich our residents’ quality of life. The Environment Initiative’s objective is to reduce environmental risk through regulation, intergovernmental collaboration, and leveraging public and private resources. The proposal to increase funding for program activities to monitor and reduce the harmful effects of air pollution from motor vehicles will support these objectives by improving air quality and public health and by enhancing the quality of life of San Diego County residents.

Respectfully submitted,

RON ROBERTS  
Supervisor, Fourth District

GREG COX  
Supervisor, First District

**ATTACHMENT(S)**

- A. A Resolution of the San Diego County Air Pollution Control District Board Increasing the Motor Vehicle Emission Reduction Fee From \$2 to \$4 to Carry Out Responsibilities for Implementing the California Clean Air Act of 1988.

**SUBJECT:** ADOPTION OF A RESOLUTION TO INCREASE MOTOR VEHICLE EMISSION REDUCTION FEE FROM \$2 TO \$4 (District: All)

**AGENDA ITEM INFORMATION SHEET**

**CONCURRENCE(S)**

<b>COUNTY COUNSEL REVIEW</b>	<input checked="" type="checkbox"/> Yes	
Written Disclosure per County Charter Section 1000.1 Required	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<b>GROUP/AGENCY FINANCE DIRECTOR</b>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> N/A
<b>CHIEF FINANCIAL OFFICER</b>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> N/A
Requires Four Votes	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<b>GROUP/AGENCY INFORMATION TECHNOLOGY DIRECTOR</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
<b>COUNTY TECHNOLOGY OFFICE</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
<b>DEPARTMENT OF HUMAN RESOURCES</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A

**Other Concurrence(s):** N/A

**ORIGINATING DEPARTMENT:**

**CONTACT PERSON(S):**

Jason Farran  
Name  
619-531-5544  
Phone  
  
Fax  
A-500  
Mail Station  
Jason.farran@sdcountry.ca.gov  
E-mail

Danny Melgoza  
Name  
619-531-5511  
Phone  
  
Fax  
A-500  
Mail Station  
Danny.melgoza@sdcountry.ca.gov  
E-mail

**AUTHORIZED REPRESENTATIVE:** \_\_\_\_\_

**SUBJECT:** ADOPTION OF A RESOLUTION TO INCREASE MOTOR VEHICLE  
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**AGENDA ITEM INFORMATION SHEET**  
(continued)

**PREVIOUS RELEVANT BOARD ACTIONS:**

March 7, 1995 (APCB #1), Permit Fee Reduction Act; November 19, 1990 (APCB #1), Motor  
Vehicle Registration Levy

**BOARD POLICIES APPLICABLE:**

N/A

**BOARD POLICY STATEMENTS:**

N/A

**CONTRACT AND/OR REQUISITION NUMBER(S):**

N/A

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**FISCAL IMPACT STATEMENT**

**DEPARTMENT:** Air Pollution Control District  
**PROGRAM:** Air Pollution Control Program  
**PROPOSAL:** Adoption of Resolution to Increase MVERF From \$2 to \$4

	(a)	(b)	(c)	FUTURE YEARS ESTIMATED BUDGET OF PROPOSAL IF ADOPTED	
				(d)	(e)
	Budgeted Amount For Proposal	Proposed Change in Budgeted Amount	Proposed Revised Current Year Budget (a+b)	1st Subsequent Year	2nd Subsequent Year
Direct Cost	\$4,926,468	\$0	\$0	\$8,750,000	\$10,000,000
Revenue/Other Offset	\$4,926,468	\$0	\$0	\$8,750,000	\$10,000,000
<b>NET GENERAL FUND COST</b>	\$0	\$0	\$0	\$0	\$0
Staff Years	0	0	0	3	1

Sources of Revenue/Other Offset for Proposed Change and Subsequent Years:  
 Air Quality Improvement Trust Fund

**Space-Related Impacts:** Will this proposal result in any additional space requirements?  Yes  N/A  
 The current space plan is projected to accommodate the proposed new staff.

**Support/Other Departmental Impacts:**  Yes  N/A

**Remarks:**  Yes  N/A  
 Projected revenue for FY 09-10 reflects nine months of revenue increase.  
 Additional 3.0 FTE for FY 09-10 and 1.0 FTE for FY 10-11.