

AGENDA
Regularly Scheduled Meeting
PLACER COUNTY AIR POLLUTION CONTROL DISTRICT
BOARD OF DIRECTORS

Thursday, December 9, 2010
2:30 P.M.

Placer County Board of Supervisors' Chambers
175 Fulweiler Avenue, Auburn, California

- 1. Call to Order**
- 2. Flag Salute**
- 3. Roll Call / Determination of a Quorum**
- 4. Approval of Minutes: October 14, 2010, Regular Board Meeting**
- 5. Public Comment**
- 6. Synopsis of Agenda (information only, no action needed)**
- 7. Approval of Agenda**

Consent Calendar Item 8:

These items are expected to be routine and non-controversial. The Board will act upon these items at one time without discussion. Any Board member, Staff member, or interested citizen may request that an item be removed from the consent calendar for discussion.

8. Budget Revision to Increase Budgeted Expenditures for the Purchase of Air Quality Monitoring Equipment. (Consent/Action)

Approve and sign Budget Revision # 10-03 thereby increasing the budgeted expenditures for the purchase of air quality monitoring equipment to the FY20010-11 Budget.

Action Item 9

9. Approval of Building Purchase (Action)

Approve Resolution # 10-14 thereby delegating the APCO or his designee to execute the purchase of a building located at 110 Maple Street, Auburn, CA. Also approve Budget Revision #10-02 approving the necessary expenditure of funds to purchase the building.

Public Hearing/Action: Item 10

- 10. Adoption of Amended Rule 601: Permit Fees** (Public Hearing/Action)
Approve Resolution #10-15 thereby adopting amended Rule 601 Permit Fees. This rule is being amended in anticipation of adopting a rule for “Prevention of Significant Deterioration (PSD) Permit Program” as required by the EPA and to add a “semi-conductor” fee category.
- 11. Air Pollution Control Officer Report**
(Verbal reports and/or handouts will be provided)
- a. 2011 Chair and Vice Chair
 - b. Recognition of retiring Board Member Kent Nakata
 - c. Fiscal Update
- 12. Adjournment**

NEXT REGULARLY SCHEDULED MEETING - Thursday, February 10, 2011, 2:30 PM

Opportunity is provided for the members of the public to address the Board on items of interest to the public which are within the jurisdiction of the Board. A member of the public wanting to comment upon an agenda item that is not a Public Hearing item should submit their name and identify the item to the Clerk of the Board. Placer County Air Pollution Control District is committed to ensuring that persons with disabilities are provided the resources to participate fully in its public meetings. If you require disability related modifications or accommodations, please contact the Clerk of the Board. All requests must be in writing and must be received by the Clerk five business days prior to the scheduled meeting for which you are requesting accommodation. Requests received after such time will be accommodated only if time permits.

District Office Telephone – (530) 745-2330

Item 4, Approval of Minutes

The minutes for the October 14, 2010, Placer
County

Air Pollution Control District Board of Directors
Meeting will be posted on this web site
after they are approved at the
December 9, 2010, meeting.

AGENDA SYNOPSIS

December 9, 2010

8. Budget Revision to Increase Budgeted Expenditures for the Purchase of Air Quality Monitoring Equipment. (Consent/Action)

Approve and sign Budget Revision # 10-03 thereby increasing the budgeted expenditures for the purchase of air quality monitoring equipment to the FY20010-11 Budget. The District received \$31,500 back from a Biomass Project done in collaboration with Placer County. These funds were part of a Special Environmental Project funded by the Sierra Pacific Industries settlement. District Staff recommend that the returned funds be put to use for the purchase of air monitoring equipment to be placed in the Tahoe Basin. The data gained from this equipment will provide baseline air quality information on ozone and particulate matter as well as assist in realizing the impact of the biomass removal projects which are ongoing in the basin.

9. Approval of Building Purchase (Action)

Approve Resolution # 10-14 and Budget Revision #10-02 thereby delegating the APCO or his designee to execute the purchase of a building located at 110 Maple Street, Auburn, CA. As per the building purchase agreement, the escrow on the building cannot close until the Board gives final approval for the purchase.

10. Adoption of Amended Rule 601: Permit Fees (Public Hearing/Action)

The proposed adoption of a new rule for the Prevention of Significant Deterioration (PSD) Permit Program requires that a new fee be added to Rule 601, PERMIT FEES, to recover the cost of the PSD permitting. The PSD permitting program is a pre-construction permit that is administered by the Environmental Protection Agency (EPA) Region IX for Placer County. Due to last minute comments received by the EPA, the PSD rule will not be on the agenda for approval at this meeting. However, since the fee rule had already been prepared and includes other provisions that establish a semi-conductor fee category that will be effective right away, Staff chose to present the proposed amendment at this meeting.



MEMORANDUM

TO: Board of Directors, Placer County Air Pollution Control District

FROM: Jane Bailey, Administrative Section Manager

AGENDA DATE: December 9, 2010

SUBJECT: Budget Revision to increase budgeted expenditures for the purchase of air quality monitoring equipment. (Consent/Action)

Action Requested:

Approve and sign the Budget Revision #10-03 (Attachment #1) thereby increasing the budgeted expenditures for the purchase of air quality monitoring equipment to the FY2010-11 Budget.

Background:

As part of the June 2007 settlement that was reached with Sierra Pacific Industries, Inc., (SPI) which was part of the joint enforcement case of the District, the State Air Resources Board, and the State Attorney Generals' Office, the sum of \$1 million was allocated from the SPI settlement funds for biomass supplemental environmental projects (SEPs) approved by the District. This was \$1,000,000 out of the total \$4.5 million in SEPs that were agreed to by SPI.

The District authorized funding support for a biomass removal project managed by Placer County in the Lake Tahoe area funded through the SPI settlement Biomass SEP. Thirty-One Thousand Five Hundred Dollars (\$31,500.00) of the project's costs were reimbursed to the County by the United States Forest Service (USFS), so the County recently paid these funds back to the District.

Since the project for which the SEP funds were allocated is completed, the District instead proposes to re-program the funds for expansion of the District's air monitoring network into the Lake Tahoe Air Basin, providing baseline air quality information on ozone and particulate matter as well as furthering the biomass options by providing local air quality data.

Discussion:

It is the District's desire to expand the monitoring network to obtain more air quality data within Kings Beach, the north shore of Lake Tahoe, in Placer County. The expansion plan includes the construction of a monitoring station and the installation of continuous particulate matter (PM) monitors. The proposed monitoring plans for Kings Beach will enhance the District's ability to 1) monitor the air quality impacts resulting from local burning activities and abnormal events such as wild fire incidents, and 2) provide the information instantly to the local communities and local officials for decision making on poor air quality days.

The final budget for FY2010-11 did not include the purchase of new continuous PM monitors for the air quality monitoring in Lake Tahoe area. However, the District has recently received a reimbursement in the amount of \$31,500 from the Biomass Project in which the District collaborated with Placer County. Originally, these types of funds were applied in support of scientific studies by the USFS for forest health, wild fire strategies, and carbon sequestration protocols which would improve the air quality within Placer County. Applying these reimbursed funds to expand air quality monitoring in Lake Tahoe area will serve the same purpose as those the fund was originally designed to meet. By approving Budget Revision #10-03, the District will comply with the Government Code sections 29000 through 29144 stating the necessity of Board approval of Budget Revisions for expending new federal appropriations.

Fiscal Impact:

Budget Revision #10-03 will add a budgeted expenditure for purchasing new air quality monitoring equipment in the amount of \$31,500 to the FY2010-11 Budget. These funds have been reimbursed to the District from a biomass SEP, because the intended expense to the County was already recovered by other funds from the USFS.

Recommendation:

Staff recommends that the District Board approve the Budget Revision #10-03 thereby amending the budgeted expenditure for new air quality monitoring equipment in the amount of \$31,500 in the FY2010-11 Budget.

Attachment(s): **#1:** Budget Revision #10-03

ATTACHMENT #1

SUBJECT:

Budget Revision #10-03

PLACER COUNTY
BUDGET REVISION

PAS DOCUMENT NO.

Dept No.	Doc Type	Total \$ Amount	Total Lines
73	BR	\$ 63,000.00	2

Cash Transfer Required

Auditor-Controller

Reserve Cancellation Required

County Executive

Establish Reserve Required

District Board

ESTIMATED REVENUE ADJUSTMENT								APPROPRIATION ADJUSTMENT									
Dept No.	T Code	Rev	OCA	PCA	OBJ L-3	Proj. No.	G/L Sub GL	AMOUNT	Dept No.	T Code	Rev	OCA	PCA	Obj L-3	Proj. No.	G/L Sub GL	AMOUNT
073	006		000050	35100	8776			\$31,500.00	73	014		000050	35100	4451	Air Monitoring Equipment		\$ 31,500.00
TOTAL								31,500.00	TOTAL								31,500.00

REASON FOR REVISION: To accept money from the SPI Settlement for SEP funding and to appropriate the funds for Air Monitoring Equipment purchase.

Distribution:
All copies to Auditor
Rev 9/14/98

District APCO _____
APCD Board Chairman _____
Auditor-Controller _____

Date: 12/9/2010
Page: 1
Budget Revision #10-03

MEMORANDUM

TO: Board of Directors, Placer County Air Pollution Control District

FROM: Tom Christofk, Air Pollution Control Officer

AGENDA DATE: December 9, 2010

SUBJECT: Approval of Building Purchase for District Offices (Action)

Action Requested:

Adopt Resolution #10-14 (Attachment #1), thereby:

- 1) Delegating authority to the Air Pollution Control Officer, or his designee, to execute upon behalf of the District any and all documentation, and to take all other actions, necessary to acquire the property located at 110 Maple Street, Auburn, California (APN: 002-171-021), from 110 Maple Street, LLC, for a purchase price of One Million Five Hundred Thousand Dollars (\$1,500,000.00).
- 2) Adopt Budget Revision #10-02 (Attachment #2) authorizing the allocation of One Million Five Hundred Thousand Dollars (\$1,500,000.00) pursuant to the attached Budget Revision, for the purchase and related costs and the disbursement of these funds as necessary.
- 3) Consenting to the acceptance and recordation of the deeds to complete the purchase transaction.
- 4) As elements of the purchase agreement (Attachment #3), authorize the APCO, on behalf of the District, to enter into lease agreements with 110 Maple Street Associates LLC, to lease-back the building after escrow closes through May 31, 2011 (approximately 5-months) and a subsequent 12-month lease agreement commencing June 1, 2011 for a 1,236 square feet portion of the lower floor with a legal entity that includes Jeff Glazner, an owner of 110 Maple Street Associates LLC; and authorize a signing of an agreement with the neighboring Pioneer Methodist Church for shared use of the parking areas that are located on portions of both 110 Maple Street and Pioneer Church properties, formalizing a longstanding understanding between 110 Maple Street, LLC, and the Church.

Background:

At the Board's June 10th, 2010, meeting an information item concerning options for future District office space was presented during the Air Pollution Control Officer's

comments. These options were being explored to identify and quantify future cost savings as compared to the lease rates incurred as a tenant within the Community Resources Development Center (CDRC) and the fact that the current lease term expires in July 2011. At the August 12, 2010, Board of Directors meeting your Board directed Staff to continue to evaluate purchasing a building as well as to consider extending the lease of office space within the CDRC if favorable lease terms could be negotiated with Placer County. Furthermore, the Board appointed a subcommittee comprised of Directors Mike Holmes and Jennifer Montgomery to work with the APCO and the broker to identify viable properties for consideration for purchase.

Analysis conducted by Staff shows significant annual savings to the District from a building purchase when using current and future projections of leasing costs as compared to market pricing projections (including annual operations and maintenance expenses) for the purchase of comparable properties meeting District specifications. This data was presented in a variety of graphical formats and using different scenarios at your August 2010, Board meeting. After that meeting, our broker broadcast a request for information through the Trainor Fairbrook Property Broadcast System to several hundred contacts in a local commercial property data base to solicit information on available properties meeting general specifications. The responses were distilled into a short list of five properties that contained listed price (and square foot price) as well as a response price based upon a cash sale. In general, the pricing information submitted validates the data that was used in the comparative analysis done by staff as well as the purchase price used in the savings scenarios.

On September 7th, 2010, these properties were evaluated by the aforementioned Subcommittee of the Board working with the APCO and broker with the consensus being that three properties remained as viable options to carry forward for further consideration. At the Board's October 14th meeting, the Board authorized the APCO to negotiate a purchase agreement for the building located at 110 Maple St. in Auburn, with the provision that the final agreement with specific terms and conditions was to be brought back to your Board for approval.

Discussion:

Since the October District Board meeting the APCO has negotiated the terms of the "Commercial Property Purchase Agreement and Joint Escrow Instructions" with the building owners, 110 Maple Street Associates, LLC. On November 10, 2010, a purchase agreement was signed and escrow was opened with a refundable deposit of \$15,000 made by the District. This commenced a 30-day due diligence period in order to conduct a detailed evaluation of the building, which included a building inspection by Merritt Inspection Services (Attachment #4) as well as a property survey by Andregg Geometrics.

With regard to the Merritt inspection of the Maple Street Building, the general physical condition is described as follows:

“The subject property has had good maintenance over the years, and all major systems appear to be functioning within typical guidelines considering the age of the structure.”

An additional \$10,000 payment to escrow is due upon the end of the 30-day due diligence period, or by December 10, 2011.

The sale of the property is subject to the approval of the terms of sale by your Board and the satisfaction of the other provisions by the owner.

The provisions of the Commercial Property Purchase Agreement are as follows:

Purchase Price:	\$1,500,000.00
Potential Adjustments:	
Seller contribution towards ADA compliance costs:	<\$5,000.00>
Seller lease-back from close of escrow to May 31, 2011 @\$2,700/mo.	<\$13,500.00>
Adjusted Expense Subtotal:	\$1,481,500.00

Note: Closing Costs will be available by the Board meeting date.

Additional Terms of Sale:

- Seller, 110 Maple Street Associates LLC to lease-back from close of escrow to May 31, 2011 @ \$2,700/mo.
- An entity that includes Jeff Glazner to lease lower floor space of 1,236 sq. ft. for 12-months commencing June 1, 2011 at \$1.15 sf/mo.
- Reciprocal Parking agreement between District and Pioneer Methodist Church for shared use of parking area.
- Seller to provide Buyer with list of furniture and furnishings to remain with the real property upon close of escrow.
- The entire sales contract is contingent upon approval by the Placer County Air District Board of Directors.

District Staff are requesting a Budget Revision for the amount of \$1,500,000.00 for the purchase. Staff anticipate that the agreed upon purchase price reductions totaling \$18,500 for building lease-back and ADA contributions will be more than sufficient to cover

closing costs.

At the close of escrow, which is anticipated to be on or before December 31 of this year, the District will execute two lease agreements. One is with 110 Maple Street Associates, LLC for lease-back of the building at \$2,700/month, from close of escrow to May 31, 2011, approximately 5-months; and then the lease of a portion of the lower floor (1,236 sq. ft.) for 12-months commencing June 1, 2011 at \$1.15 sf/mo. to a legal entity that includes Jeff Glazner, one of the owners of 110 Maple Street Associates, LLC. In addition, at the close of escrow the District will enter into a reciprocal parking agreement with the Pioneer Methodist Church for use of parking areas that are located partially on both the 110 Maple Street property and Church property.

Before occupancy, the District plans to make a few non-structural wall changes to improve the functionality of the office and filing space for the District use as well as to make improvements to the front entrance and parking lot to address Americans with Disabilities Act (ADA) building access requirements. A portion of the parking lot upgrades may be cost shared with the Pioneer Methodist Church in accordance with the Parking Agreement.

Additionally, the District is planning on evaluating the costs/benefits of energy efficiency enhancements to the building (to include window and doors, heating and air, water heating, insulation) as well as any potential on site solar electrical generation, and will provide recommendations to the Board regarding investing in these upgrades.

Fiscal Impact:

Sufficient funds for purchasing a facility are on hand with the County Treasury within the District's "Settlement Fund", which currently is \$2,742,500. This fund is separate from the operating funds of the District. Only the interest is currently being utilized to augment incentive programs. In FY 2010-11 the potential loss in interest revenue is completely off-set by the lease back of the building until May 31, 2011, at \$2,700/mo., and in following years the loss of interest and the principal repayments are covered by the savings offset from not having the CDRC lease. The savings after new operating expenses from the building are deducted is approximately \$150,000, beginning in FY 2012-13 and decreasing due to increased operations costs to \$136,000 18-years after the purchase.

The intent in the establishment of the Settlement Fund, which was created as a result of an enforcement action and subsequent penalty award, was to keep the principle available for use at the direction and discretion of the Board. If the purchase of the facility is approved by the Board, the funds remaining in the Settlement Fund will be about \$1,242,500, depending upon the final closing costs. As will be discussed in more detail later, the \$1,500,000 in principal can be repaid to the Settlement fund in less than 18

years, through \$100,000 annual payments drawn from the savings in operations costs of not having a lease.

The District has another fund that has been established within the County Treasury, titled the "Litigation Cost Recovery Fund". This fund is also separate from the operating funds of the District, and again, only the interest is used in the operating budget for the District. \$700,000 is currently on hand in this fund. The interest on this fund is about \$15,000 annually. On August 12, 2010, the Board, through the budgetary process, approved the use of \$182,000 from this fund to be expended for the expenses associated with moving the District to a new facility. The Litigation Cost Recovery will have \$518,000 remaining if the full \$182,000 is expended. The lost interest will be offset by the savings in operations costs resulting from not having a lease.

The CDRC lease expense in FY 2011-12 will be approximately \$179,600 if the lease were renewed.

District Staff have estimated the annual operations costs of 110 Maple Street, excluding maintenance costs, as follows based on the actual costs of Northfork Associates, the current occupant, with a 10% margin added.

Custodial Services	\$3,600
Utilities (excluding phone)	\$14,327
Water	\$3,000
Landscape Maintenance	\$2,250
Other fixed expenses	\$3,800
Additional Insurance	<u>\$2,800</u>
Total	\$28,881

These operations costs represent new costs to the District - expenses for services that the District currently does not have because they are either included as a part of the CDRC Building lease or are for services that were not required to be paid by the District as a tenant. Costs, such as for telephone services, that the District has already been paying and that are likely to remain the same are not included.

Accordingly, the annual savings to the District from owning the 110 Maple Street building in FY 2011-12 will be more than \$100,000 when compared to CDRC lease costs were the District to seek to renew its existing lease. These savings do not include any long-term revenue from a tenant. The current purchase terms include a net lease back of the building by the current business owners from close of escrow to June 1, 2011 at a rate based upon the cost of money for the purchase price, and then a subsequent one year net lease with one of the current owners that will terminate (unless renegotiated) on May 31, 2012.

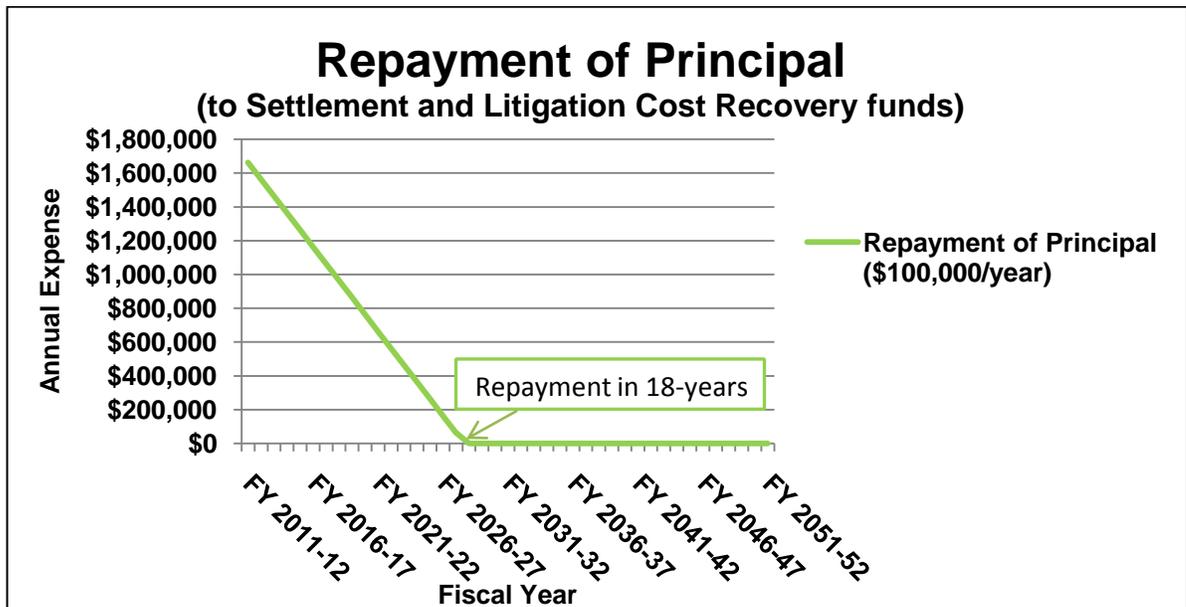
District Staff propose establishing a Maintenance and Refurbishment Fund in the amount of \$50,000 in FY 2011-12, the first year of building occupancy, from the cost savings. In subsequent years, any necessary replenishment of the Maintenance and Refurbishment Fund will be made from the operations budget which will include any savings balance. In FY 2011-12 the balance of the savings realized will be approximately \$118,000, after

deduction of O & M and the establishment of the Maintenance and Refurbishment Fund, coupled with the anticipated rental income of ~\$17,000. (The net savings is the difference between the annual CDRA rent expenses minus the Maple Street facility costs.)

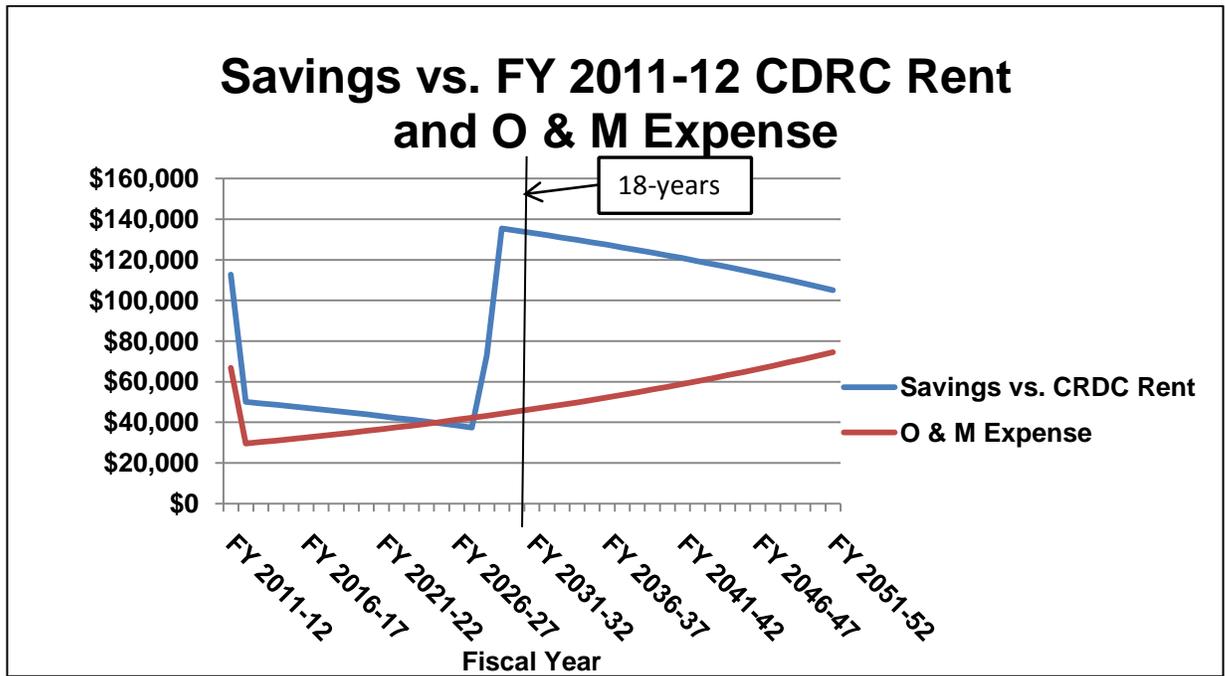
District Staff propose that the Board adopt a goal of repaying the funds expended to acquire and move into the building (i.e. a self imposed mortgage to recover the principal expended). Commencing in the second year of building occupancy, FY 2012-13, when the savings after O & M costs is projected at ~ \$150,000, District Staff propose repaying to the “Settlement Fund” and “Litigation Cost Recovery Fund” the cost of the building purchase (\$1,500,000.00) and the costs of relocation (\$182,000.00) respectively, by a total allocation of One Hundred Thousand Dollars (\$100,000.00) annually, with repayment of the total of ~\$1,682,000 approximately 18-years after the purchase year. The balance of savings each year will be absorbed into the operations budget. The annual savings after payment of new operating expenses and payments towards principal repayment is show on the “Savings vs. FY 2011-12 CDRC Rent and O & M Expense” chart.

The repayment of the principal is a goal. As circumstances dictate, District management can reassess during each budget cycle the ability of the District to make the payments to the “Settlement Fund” and/or the “Litigation Cost Recovery Fund”, and with the Board’s approval of each year’s budget, the repayment of principal may be adjusted.

The “Repayment of Principal” chart, below, shows the effect of paying \$100,000.00 annually, beginning in the second year after the purchase, resulting in the entire principal being paid off in less than 18-years.



The “Savings vs. FY 2011-12 CDRC Rent and O & M Expense” chart, below, shows the anticipated O & M expenses for the 110 Maple Street building, with the establishment of a \$50,000 “Maintenance and Refurbishment Fund” in the first year. The chart also shows the balance of savings from the purchase, as compared to the FY 2011-12 CDRC lease, after deducting O & M expenses and the \$100,000 repayment of purchase costs each year beginning in the second year of building occupancy. While the estimated savings are based on a comparison to the FY 2011-12 CDRC lease rate, the actual costs to the District from continuing the CDRC lease, and therefore the likely savings, would have increased due to the annual CP adjustment of the CDRC lease rate and the other potential increases in leasing costs.



O & M slope increase commences in year two after purchase because of an assumed CPI increase of 2.4% annually. This chart does not include any revenue from a tenant beyond the “Year One” lease agreement. In Year One there is no principal repayment, but the \$50,000 Maintenance and Refurbishment Fund is established.

Recommendation:

It is recommended that the Board of Directors adopt Resolution #10-14, thereby:

- (1) Authorizing the Air Pollution Control Officer, or his designee, upon satisfaction of the terms of the “Commercial Property Purchase Agreement and Joint Escrow Instructions” and to execute upon behalf of the District any and all documentation, and to take all other actions, necessary to acquire the property located at 110 Maple Street, Auburn, California (APN: 002-171-021); and

- (2) Authorizing the allocation of One Million Five Hundred Thousand Dollars (\$1,500,000.00) for the purchase pursuant to the attached Budget Revision and the disbursement of these funds as necessary to complete the purchase transaction; and
- (3) Consent to the acceptance and recordation of the deeds for said property; and
- (4) Authorize the APCO, on behalf of the District, to enter into lease agreements with 110 Maple Street Associates LLC, to lease-back the building after escrow closes through May 31, 2011 (approximately 5-months) and a subsequent 12-month lease agreement commencing June 1, 2011 for a 1,236 square feet portion of the lower floor with a legal entity that includes Jeff Glazner, an owner of 110 Maple Street Associates LLC; and authorize a signing of an agreement with the neighboring Pioneer Methodist Church for shared use of the parking areas that are located on portions of both 110 Maple Street and Pioneer Church properties, formalizing a longstanding understanding between 110 Maple Street, LLC, and the Church.

- Attachment(s)**
- #1:** Resolution #10-14, Authorizing the APCO to execute purchase documents on behalf of the District, and authorizing budget revision for One Million Five Hundred Thousand Dollars (\$1,500,000.00) and disbursement of funds as necessary for the purchase.
 - #2:** Budget Revision
 - #3:** Commercial Property Purchase Agreement and Joint Escrow Instructions
 - #4:** Merritt Report, for the Inspection of 110 Maple Street, Auburn, California

ATTACHMENT #1

Subject:

Resolution #10-14

1 **BEFORE THE BOARD OF DIRECTORS**
2 **PLACER COUNTY AIR POLLUTION CONTROL DISTRICT**
3 **STATE OF CALIFORNIA**

4
5 **RESOLUTION NO: 10-14**

6
7 **In the matter of:** Delegation of the Authority of the Board to the Air Pollution Control
8 Officer, or His Designee, to Execute All Necessary Documents and to
9 Take All Actions to Complete the Purchase of the Property Located at 110
10 Maple Street, Auburn, California (APN: 002-171-021), and to Approve a
11 Budget Revision for Funds to be Applied to Said Purchase in the Amount
12 of One Million Five Hundred Thousand Dollars (\$1,500,000.00).
13

14 The following **RESOLUTION** was duly passed by the Board of Directors, Placer County Air
15 Pollution Control District, at a regular meeting held **December 9, 2010**, by the following vote:
16

17 Ayes: Holmes, M. _____ Ucovich _____ Weygandt _____ Holmes, J. _____ Barkle _____

18 Nakata _____ Hill _____ Montgomery _____ Allard _____

19 Noes: Holmes, M. _____ Ucovich _____ Weygandt _____ Holmes, J. _____ Barkle _____

20 Nakata _____ Hill _____ Montgomery _____ Allard _____

21 Abstain: Holmes, M. _____ Ucovich _____ Weygandt _____ Holmes, J. _____ Barkle _____

22 Nakata _____ Hill _____ Montgomery _____ Allard _____
23

24 Signed and approved by me after its passage.
25

26 _____ Chairperson
27

28 Attest:

29 _____ Clerk of said Board

1 **WHEREAS**, the Placer County Air Pollution Control District is a body corporate and politic and
2 a public agency of the state, pursuant to California Health and Safety Code Section 40700; and

3

4 **WHEREAS**, the Placer County Air Pollution Control District has the power to take by grant,
5 purchase, gift, devise, or lease, to hold, use, and enjoy, and to lease or dispose of any real or
6 personal property within or without the District necessary to the full exercise of its powers,
7 pursuant to California Health and Safety Code Section 40701; and

8

9 **WHEREAS**, the existing lease agreement with Placer County expires in July 2011 for the
10 offices of the District situated in the Community Development and Resources Center Building;
11 and

12

13 **WHEREAS**, at the regular District Board meeting on August 12, 2010, the District Board
14 authorized the Air Pollution Control Officer and a Subcommittee of the Board to investigate
15 opportunities for the District to obtain leased or purchased office space in circumstances
16 advantageous to the District, especially in comparison to the Placer County lease for the housing
17 of the District Offices; and

18

19 **WHEREAS**, at the District's FY 2010-2011 Final Budget allocated one hundred eighty two
20 thousand dollars (\$182,000) for potential District office relocation expenses; and

21

22 **WHEREAS**, at the regular District Board meeting on October 14, 2010, the District Board
23 authorized the Air Pollution Control Officer to negotiate a purchase agreement for the building
24 located at 110 Maple Street in Auburn; and

25

26 **WHEREAS**, the Air Pollution Control Officer has determined that the 110 Maple Street,
27 Auburn, California (Assessor's Parcel Number: 002-171-021) property (hereinafter "Property")
28 owned by 110 Maple Street Associates, LLC, may be purchased at terms favorable to the

1 District, and will meet the near and long term needs of the District with regard to office space;
2 and

3

4 **WHEREAS**, the Air Pollution Control Officer has entered into a purchase agreement for the
5 Property, subject to the final approval of the purchase terms by the District Board; and

6

7 **WHEREAS**, the Commercial Property Purchase Agreement and Joint Escrow Instructions
8 provides for the District, to enter into lease agreement with 110 Maple Street Associates LLC, to
9 lease-back the building after escrow closes, through May 31, 2011 (approximately 5-months) and
10 a 12-month lease agreement commencing June 1, 2011, for a 1,236 square feet portion of the
11 lower floor with a legal entity that includes Jeff Glazner, an owner of 110 Maple Street
12 Associates. LLC; and

13

14 **WHEREAS**, the Commercial Property Purchase Agreement and Joint Escrow Instructions also
15 provides for an agreement with the neighboring Pioneer Methodist Church (Church) for shared
16 use of the parking area that located on portions of both 110 Maple Street and Church properties,
17 formalizing a longstanding understanding between 110 Maple Street, LLC, and the Church; and

18

19 **WHEREAS**, the District Board has considered the terms to purchase the Property and the merits
20 of the Property and has determined that the acquisition of the Property is in the best interests of
21 the District and of the public.

22

23 **NOW THEREFORE, BE IT RESOLVED** that the Placer County Air Pollution Control
24 District's Board of Directors hereby authorizes the Air Pollution Control Officer, on behalf of
25 the District, to enter into lease agreements with 110 Maple Street Associates LLC, to lease-back
26 the building after escrow closes through May 31, 2011 (approximately 5-months) and a
27 subsequent 12-month lease agreement commencing June 1, 2011 for a 1,236 square feet portion
28 of the lower floor with a legal entity that includes Jeff Glazner, an owner of 110 Maple Street
29 Associates LLC.

1 **FURTHERMORE, BE IT RESOLVED** that the Placer County Air Pollution Control District’s
2 Board of Directors hereby authorizes the Air Pollution Control Officer, on behalf of the District,
3 to sign a Reciprocal Parking Agreement with the neighboring Pioneer Methodist Church for
4 shared use of parking areas that are located on portions of both 110 Maple Street and Pioneer
5 Methodist Church properties.

6

7 **FURTHERMORE, BE IT RESOLVED** that the Placer County Air Pollution Control District’s
8 Board of Directors (1) does hereby authorize the Air Pollution Control Officer, or his designee,
9 upon satisfaction of the terms of the “Commercial Property Purchase Agreement and Joint
10 Escrow Instructions”, to execute upon behalf of the District any and all documentation and to
11 take all other actions necessary to acquire the property located at 110 Maple Street, Auburn,
12 California (APN: 002-171-021); (2) does hereby authorize the allocation of One Million Five
13 Hundred Thousand Dollars (\$1,500,000.00) for the purchase, through a Budget Revision, and the
14 disbursement of these funds as necessary to complete the purchase transaction; and (3) does
15 hereby consent to the acceptance and recordation of the deeds for said property.

16

17

18

19

20

21

22

23

24

25

26

27

28

29

ATTACHMENT #2

Subject:

Budget Revision #10-14

PLACER COUNTY
BUDGET REVISION

PAS DOCUMENT NO.

Dept No.	Doc Type	Total \$ Amount	Total Lines
73	BR	\$ 3,000,000.00	2

- Cash Transfer Required
 Reserve Cancellation Required
 Establish Reserve Required

- Auditor-Controller
 County Executive
 District Board

ESTIMATED REVENUE ADJUSTMENT								APPROPRIATION ADJUSTMENT									
Dept No.	T Code	Rev	OCA	PCA	OBJ L-3	Proj. No.	G/L Sub GL	AMOUNT	Dept No.	T Code	Rev	OCA	PCA	Obj L-3	Proj. No.	G/L Sub GL	AMOUNT
073	006		000040	01020	8954			\$1,500,000.00	73	014		000040	01020	4151	Bldg Purchase		\$1,500,000.00
TOTAL								1,500,000.00	TOTAL								1,500,000.00

REASON FOR REVISION: To appropriate from the Settlement Fund the purchase price of a building located at 110 Maple Street, Auburn, CA (APN: 002-171-030)

Distribution: District APCO _____
 All copies to Auditor: APCD District Board Chairman _____
 Rev 9/14/98 Auditor-Controller _____

Date: 12/9/2010 _____
 Page: 1 _____
 Budget Revision #10-02 _____

ATTACHMENT #3

Subject:

Commercial Property Purchase Agreement
and Joint Escrow Instructions



**COMMERCIAL PROPERTY PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**
(NON-RESIDENTIAL)
(C.A.R. Form CPA, Revised 4/10)

Date: November 5, 2010

1. OFFER:

- A. THIS IS AN OFFER FROM Placer County Air Pollution Control District ("Buyer").
 Individual(s), A Corporation, A Partnership, An LLC, An LLP, or Other See addendum, item #1.
- B. THE REAL PROPERTY TO BE ACQUIRED is described as 110 Maple Street
Auburn, Assessor's Parcel No. 002-171-021, situated in
Auburn, County of Placer, California, ("Property").
- C. THE PURCHASE PRICE offered is One Million, Five Hundred Thousand
(Dollars \$ 1,500,000.00).
- D. CLOSE OF ESCROW shall occur on or before 12/31/2010 (date) (or _____ Days After Acceptance).

2. AGENCY:

- A. POTENTIALLY COMPETING BUYERS AND SELLERS: Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer-representative agreement or separate document (C.A.R. Form DA). Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties of interest to this Buyer.
- B. CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:
Listing Agent Crossroad Ventures Group (Print Firm Name) is the agent of (check one): the Seller exclusively; or both the Buyer and Seller.
Selling Agent Coldwell Banker Commercial (Print Firm Name) (if not same as Listing Agent) is the agent of (check one): the Buyer exclusively; or the Seller exclusively; or both the Buyer and Seller.
Real Estate Brokers are not parties to the Agreement between Buyer and Seller.

3. FINANCE TERMS: Buyer represents that funds will be good when deposited with Escrow Holder.

- A. INITIAL DEPOSIT: Deposit shall be in the amount of \$ 15,000.00
(1) Buyer shall deliver deposit directly to Escrow Holder by personal check, electronic funds transfer, Other PCAPCD check within 3 business days after acceptance (or Other _____);
OR (2) (If checked) Buyer has given the deposit by personal check (or _____) to the agent submitting the offer (or to _____), made payable to _____ . The deposit shall be held uncashed until Acceptance and then deposited with Escrow Holder (or into Broker's trust account) within 3 business days after Acceptance (or Other _____).
- B. INCREASED DEPOSIT: Buyer shall deposit with Escrow Holder an increased deposit in the amount of .. \$ 10,000.00 within _____ Days After Acceptance, or Close of Due Diligence period.
- C. LOAN(S):
(1) FIRST LOAN in the amount of \$ _____
This loan will be conventional financing or, if checked, Seller (C.A.R. Form SFA), assumed (C.A.A. Form PAA), subject to financing, Other _____. This loan shall be at a fixed rate not to exceed _____ % or, an adjustable rate loan with initial rate not to exceed _____ %. Regardless of the type of loan, Buyer shall pay points not to exceed _____ % of the loan amount.
(2) SECOND LOAN in the amount of \$ _____
This loan will be conventional financing or, if checked, Seller (C.A.R. Form SFA), assumed (C.A.A. Form PAA), subject to financing, Other _____. This loan shall be at a fixed rate not to exceed _____ % or, an adjustable rate loan with initial rate not to exceed _____ %. Regardless of the type of loan, Buyer shall pay points not to exceed _____ % of the loan amount.
- D. ADDITIONAL FINANCING TERMS: _____
- E. BALANCE OF PURCHASE PRICE OR DOWN PAYMENT in the amount of \$ 1,475,000.00 to be deposited with Escrow Holder within sufficient time to close escrow.
- F. PURCHASE PRICE (TOTAL): \$ 1,500,000.00
- G. VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS: Buyer (or Buyer's lender or loan broker pursuant to 3H1) shall, within 7 (or _____) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing costs. (If checked, verification attached.)
- H. LOAN TERMS:
(1) LOAN APPLICATIONS: Within 7 (or _____) Days After Acceptance, Buyer shall Deliver to Seller a letter from lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in 3C above. (If checked, letter attached.)

Buyer's Initials (Jfc) (_____)

Seller's Initials (_____) (_____)

The copyright laws of the United States (Title 17 U.S. Code) forbid the unauthorized reproduction of this form, or any portion thereof, by photocopy machine or any other means, including facsimile or computerized formats. Copyright © 1991-2010, CALIFORNIA ASSOCIATION OF REALTORS®, INC. ALL RIGHTS RESERVED.

CPA REVISED 4/10 (PAGE 1 OF 10)

Reviewed by _____ Date _____



COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 1 OF 10)

Agent: Michael Fluty Phone: 530.885.4860 Fax: 530.601-2434 Prepared using zipForm® software
Broker: Coldwell Banker 255 Elm Ave Auburn, CA 95603

(2) **LOAN CONTINGENCY:** Buyer shall act diligently and in good faith to obtain the designated loan(s). Obtaining the loan(s) specified above is a contingency of this Agreement unless otherwise agreed in writing. Buyer's contractual obligations to obtain and provide deposit, balance of down payment and closing costs are not contingencies of this Agreement.

(3) **LOAN CONTINGENCY REMOVAL:**

(i) Within 17 (or _____) Days After Acceptance, Buyer shall, as specified in Paragraph 17, in writing remove the loan contingency or cancel this Agreement;

OR (ii) (If checked) the loan contingency shall remain in effect until the designated loans are funded.

(4) **NO LOAN CONTINGENCY** (If checked): Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result Buyer does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.

I. **APPRAISAL CONTINGENCY AND REMOVAL:** This Agreement is (or, if checked, is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the specified purchase price. If there is a loan contingency, Buyer's removal of the loan contingency shall be deemed removal of this appraisal contingency or, if checked, Buyer shall, as specified in paragraph 17B(3), in writing remove the appraisal contingency or cancel this Agreement within 17 (or _____) Days After Acceptance. If there is no loan contingency, Buyer shall, as specified in paragraph 17B(3), in writing remove the appraisal contingency or cancel this Agreement within 17 (or _____) Days After Acceptance.

J. **ALL CASH OFFER** (If checked): Buyer shall, within 7 (or _____) Days After Acceptance, Deliver to Seller written verification of sufficient funds to close this transaction. (If checked, verification attached.)

K. **BUYER STATED FINANCING:** Seller has relied on Buyer's representation of the type of financing specified (including but not limited to, as applicable, amount of down payment, contingent or non contingent loan, or all cash). If Buyer seeks alternate financing, (i) Seller has no obligation to cooperate with Buyer's efforts to obtain such financing, and (ii) Buyer shall also pursue the financing method specified in this Agreement. Buyer's failure to secure alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.

4. **ALLOCATION OF COSTS** (if checked): Unless otherwise specified in writing, this paragraph only determines who is to pay for the inspection, test or service ("Report") mentioned; it does not determine in the report who is to pay for any work recommended or identified in the Report.

A. **INSPECTIONS AND REPORTS:**

- (1) Buyer Seller shall pay for sewer connection, if required by Law prior to Close Of Escrow _____
- (2) Buyer Seller shall pay to have septic or private sewage disposal system inspected _____
- (3) Buyer Seller shall pay to have domestic wells tested for water potability and productivity _____
- (4) Buyer Seller shall pay for a natural hazard zone disclosure report prepared by _____
- (5) Buyer Seller shall pay for the following inspection or report _____
- (6) Buyer Seller shall pay for the following inspection or report HVAC, Roof, ADA, General Inspection

B. **GOVERNMENT REQUIREMENTS AND RETROFIT:**

- (1) Buyer Seller shall pay for smoke detector installation and/or water heater bracing, if required by Law. Prior to Close Of Escrow, Seller shall provide Buyer a written statement of compliance in accordance with state and local Law, unless exempt.
- (2) Buyer Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards, inspections and reports if required as a condition of closing escrow under any Law.
- (3) Buyer Seller shall pay for installation of approved fire extinguisher(s), sprinkler(s), and hose(s), if required by Law, which shall be installed prior to Close Of Escrow. Prior to Close Of Escrow Seller shall provide Buyer a written statement of compliance, if required by Law.

C. **ESCROW AND TITLE:**

- (1) Buyer Seller shall pay escrow fee 50/50
Escrow Holder shall be Placer Title Company
- (2) Buyer Seller shall pay for owner's title insurance policy specified in paragraph 16E (CLTA) 50/50
Owner's title policy to be issued by Placer Title Company
(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

D. **OTHER COSTS:**

- (1) Buyer Seller shall pay County transfer tax or transfer fee _____
- (2) Buyer Seller shall pay City transfer tax or transfer fee NA
- (3) Buyer Seller shall pay Owners' Association (OA) transfer fee NA
- (4) Buyer Seller shall pay OA document preparation fees NA
- (5) Buyer Seller shall pay for _____
- (6) Buyer Seller shall pay for _____

5. **CLOSING AND POSSESSION:**

A. **Seller-Occupied or Vacant Units:** Possession shall be delivered to Buyer at 5pm or _____ AM PM, on the date of Close Of Escrow; on _____; or no later than _____ Days After Close Of Escrow. If transfer of title and occupancy do not occur at the same time, Buyer and Seller are advised to: (i) enter into a written occupancy agreement (C.A.R. Form PAA, paragraph 2); and (ii) consult with their insurance and legal advisors.

B. **Tenant Occupied Units:** Possession and occupancy, subject to the rights of tenants under existing leases, shall be delivered to Buyer on Close Of Escrow.

C. At Close Of Escrow, (i) Seller assigns to Buyer any assignable warranty rights for items included in the sale and (ii) seller shall deliver to buyer available Copies of warranties. Brokers cannot and will not determine the assignability of any warranties.

D. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys and/or means to operate all locks, mailboxes, security systems, alarms and garage door openers. If the Property is a unit in a condominium or located in a common-interest subdivision, Buyer may be required to pay a deposit to the Owners' Association ("OA") to obtain keys to accessible OA facilities.

Buyer's Initials (TC) (_____)

Seller's Initials (_____) (_____)



6. SECURITY DEPOSITS: Security deposits, if any, to the extent they have not been applied by Seller in accordance with any rental agreement and current Law, shall be transferred to Buyer on Close Of Escrow. Seller shall notify each tenant, in compliance with the Civil Code.

7. SELLER DISCLOSURES:

A. NATURAL AND ENVIRONMENTAL DISCLOSURES: Seller shall, within the time specified in paragraph 17, if required by Law: (i) Deliver to Buyer earthquake guides (and questionnaire) and environmental hazards booklet; (ii) even if exempt from the obligation to provide an NHD, disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.

B. ADDITIONAL DISCLOSURES: Within the time specified in paragraph 17, Seller shall Deliver to Buyer, in writing, the following disclosures, documentation and information:

(1) RENTAL SERVICE AGREEMENTS: (i) All current leases, rental agreements, service contracts, and other agreements pertaining to the operation of the Property; and (ii) a rental statement including names of tenants, rental rates, period of rental, date of last rent increase, security deposits, rental concessions, rebates, or other benefits, if any, and a list of delinquent rents and their duration. Seller represents that no tenant is entitled to any concession, rebate, or other benefit, except as set forth in these documents.

(2) INCOME AND EXPENSE STATEMENTS: The books and records, including a statement of income and expense for the 12 months preceding Acceptance. Seller represents that the books and records are those maintained in the ordinary and normal course of business, and used by Seller in the computation of federal and state income tax returns.

(3) [] TENANT ESTOPPEL CERTIFICATES: (If checked) Tenant estoppel certificates (C.A.R. Form TEC) completed by Seller or Seller's agent, and signed by tenants, acknowledging: (i) that tenants' rental or lease agreements are unmodified and in full force and effect (or if modified, stating all such modifications); (ii) that no lessor defaults exist; and (iii) stating the amount of any prepaid rent or security deposit.

(4) SURVEYS, PLANS AND ENGINEERING DOCUMENTS: Copies of surveys, plans, specifications and engineering documents, if any, in Seller's possession or control.

(5) PERMITS: If in Seller's possession, Copies of all permits and approvals concerning the Property, obtained from any governmental entity, including, but not limited to, certificates of occupancy, conditional use permits, development plans, and licenses and permits pertaining to the operation of the Property.

(6) STRUCTURAL MODIFICATIONS: Any known structural additions or alterations to, or the installation, alteration, repair or replacement of, significant components of the structure(s) upon the Property.

(7) GOVERNMENTAL COMPLIANCE: Any improvements, additions, alterations or repairs made by Seller, or known to Seller to have been made, without required governmental permits, final inspections, and approvals.

(8) VIOLATION NOTICES: Any notice of violations of any Law filed or issued against the Property and actually known to Seller.

(9) MISCELLANEOUS ITEMS: Any of the following, if actually known to Seller: (i) any current pending lawsuit(s), investigation(s), inquiry(ies), action(s), or other proceeding(s) affecting the Property, or the right to use and occupy it; (ii) any unsatisfied mechanic's or materialman's lien(s) affecting the Property; and (iii) that any tenant of the Property is the subject of a bankruptcy.

C. WITHHOLDING TAXES: Within the time specified in paragraph 17A, to avoid required withholding Seller shall Deliver to Buyer or qualified substitute, an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law, (C.A.R. Form AS or QS).

8. [] ENVIRONMENTAL SURVEY (If checked): Within _____ Days After Acceptance, Buyer shall be provided a phase one environmental survey report paid for and obtained by [] Buyer [] Seller. Buyer shall then, as specified in paragraph 17, remove this contingency or cancel this Agreement.

9. SUBSEQUENT DISCLOSURES: In the event Seller, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer of which Buyer is otherwise unaware, Seller shall promptly Deliver a subsequent or amended disclosure or notice in writing, covering those items. However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies disclosed in reports ordered and paid for by Buyer.

10. CHANGES DURING ESCROW:

A. Prior to Close Of Escrow, Seller may only engage in the following acts, ("Proposed Changes"), subject to Buyer's rights in paragraph 17: (i) rent or lease any vacant unit or other part of the premises; (ii) alter, modify, or extend any existing rental or lease agreement; (iii) enter into, alter, modify or extend any service contract(s); or (iv) change the status of the condition of the Property.

B. At least 7 (or [] _____) Days prior to any Proposed Changes, Seller shall Deliver written notice to Buyer of any Proposed Changes.

11. CONDOMINIUM/PLANNED UNIT DEVELOPMENT DISCLOSURES:

A. SELLER HAS: 7 (or [] _____) Days After Acceptance to disclose to Buyer whether the Property is a condominium, or located in a planned unit development or other common interest subdivision.

B. If Property is a condominium, or located in a planned unit development or other common interest subdivision, Seller has 3 (or [] _____) Days After Acceptance to request from the OA (C.A.R. Form HOA): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the OA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of OA minutes for regular and special meetings; and (v) the names and contact information of all OA's governing the Property. (Collectively, "CI Disclosures.") Seller shall itemize and deliver to Buyer all CI Disclosures received from the OA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 17.

Buyer's Initials (TC) (_____)

Seller's Initials (_____) (_____)



12. ITEMS INCLUDED AND EXCLUDED:

- A. NOTE TO BUYER AND SELLER: Items listed as included or excluded in the MLS, flyers or marketing materials are not included in the purchase price or excluded from the sale unless specified in 12B or C.
- B. ITEMS INCLUDED IN SALE:
 - (1) All EXISTING fixtures and fittings that are attached to the Property.
 - (2) EXISTING electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, private integrated telephone systems, air coolers/conditioners, pool/spa equipment, garage door openers/remote controls, mailbox, in-ground landscaping, trees/shrubs, water softeners, water purifiers, security systems/alarms.
 - (3) A complete inventory of all personal property of Seller currently used in the operation of the Property and included in the purchase price shall be delivered to Buyer within the time specified in paragraph 17.
 - (4) Seller represents that all items included in the purchase price are, unless otherwise specified, owned by Seller. Within the time specified in paragraph 17, Seller shall give Buyer a list of fixtures not owned by Seller.
 - (5) Seller shall deliver title to the personal property by Bill of Sale, free of all liens and encumbrances, and without warranty of condition.
 - (6) As additional security for any note in favor of Seller for any part of the purchase price, Buyer shall execute a UCC-1 Financing Statement to be filed with the Secretary of State, covering the personal property included in the purchase, replacement thereof, and insurance proceeds.
- C. ITEMS EXCLUDED FROM SALE: Personal property as described within Attachment 5(F).

13. CONDITION OF PROPERTY: Unless otherwise agreed: (i) Property is sold (a) in its Present physical ("as-is") condition as of the date of Acceptance and (b) subject to Buyer's investigation rights; (ii) The Property including pool, spa, landscaping and grounds, is to be maintained in substantial, the same condition as of the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Seller by Close Of Escrow.

- A. Seller warrants that the Property is legally approved as _____ units.
- B. Seller shall, within the time specified in paragraph 17, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, AND MAKE ANY AND ALL OTHER DISCLOSURES REQUIRED BY LAW.
- C. Buyer has the right to inspect the Property and, as specified in paragraph 17, based upon information discovered in those inspections: (i) cancel this Agreement; or (ii) request that seller make Repairs or take other action.

14. BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:

- A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 17B. Within the time specified in paragraph 17B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms; (iii) review the registered sex offender database; (iv) confirm the insurability of Buyer and the Property; and (v) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA). Without Seller's prior written consent, Buyer shall neither make nor cause to be made: (i) invasive or destructive Buyer Investigations; or (ii) inspections by any governmental building or zoning inspector or government employee, unless required by Law.
- B. Seller shall make the Property available for all Buyer Investigations. Buyer shall (i) as specified in paragraph 17B, complete Buyer Investigations and, either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete Copies of all Investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement.
- C. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.
- D. Buyer indemnity and Seller protection for entry upon property: Buyer shall: (i) keep the Property free and clear of liens; (ii) repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs of Buyer's Investigations. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination or cancellation of this Agreement and Close Of Escrow.

15. SELLER DISCLOSURES: ADDENDA; ADVISORIES; OTHER TERMS:

- A. Seller Disclosures (if checked): Seller shall, within the time specified in paragraph 17A, complete and provide Buyer with a:

<input checked="" type="checkbox"/> Seller Property Questionnaire (C.A.R. Form SPQ) OR	<input checked="" type="checkbox"/> Supplemental Contractual and Statutory Disclosure (C.A.R. Form SSD)
--	---
- B. Addenda (if checked):

<input checked="" type="checkbox"/> Wood Destroying Pest Inspection and Allocation of Cost Addendum (C.A.R. Form WPA)	<input checked="" type="checkbox"/> Addendum # <u>1</u> (C.A.R. Form ADM)
<input type="checkbox"/> Purchase Agreement Addendum (C.A.R. Form PAA)	<input type="checkbox"/> Septic, Well and Property Monument Addendum (C.A.R. Form SWPI)
<input type="checkbox"/> Short Sale Addendum (C.A.R. Form SSA)	<input type="checkbox"/> Other _____
<input type="checkbox"/> Buyer Intent to Exchange Supplement (C.A.R. Form BES)	<input type="checkbox"/> Seller Intent to Exchange Supplement (C.A.R. Form SES)
- C. Advisories (if checked):

<input type="checkbox"/> Probate Advisory (C.A.R. Form PAK)	<input checked="" type="checkbox"/> Buyer's Inspection Advisory (C.A.R. Form BIA)
<input type="checkbox"/> Trust Advisory (C.A.R. Form TA)	<input checked="" type="checkbox"/> Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)
	<input type="checkbox"/> REO Advisory (C.A.R. Form REO)
- D. Other Terms: See attached Addendum

Buyer's Initials (T/C) (_____)

Seller's Initials (_____) (_____)

Reviewed by _____ Date _____



16. TITLE AND VESTING:

- A. Within the time specified in paragraph 17, Buyer shall be provided a current preliminary title report, which shall include a search of the General Index, Seller shall within 7 Days After Acceptance, give Escrow Holder a completed Statement of Information. The preliminary report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the preliminary report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 17B.
- B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except: (i) monetary liens of record unless Buyer is assuming those obligations or taking the property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.
- C. Within the time specified in paragraph 17, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.
- D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.
- E. Buyer shall receive a standard coverage owner's CLTA policy of title insurance. An ALTA policy or the addition of endorsements may provide greater coverage for Buyer. A title company, at Buyer's request, can provide information about the availability, desirability, coverage, survey requirements, and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and pay any increase in cost.

17. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS: The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).

- A. SELLER HAS: 7 (or _____) Days After Acceptance to deliver to Buyer all reports, disclosures and information for which Seller is responsible under paragraphs 4, 7A, B and C, 11A, 12B(3) and (4), 13B, 15A and B and 16. Buyer may give Seller a Notice to Seller to Perform (C.A.R. Form NSP) if Seller has not Delivered the items within the time specified.
- B. BUYER HAS: 17 (or 35 TIC) Days After Acceptance, unless otherwise agreed in writing, to:
 - (1) (i) complete all Buyer Investigations; approve all disclosures, reports and other applicable information, which Buyer receives from Seller; and approve all other matters affecting the Property (including lead-based paint and lead-based paint hazards as well as other information specified in paragraph 7 and insurability of Buyer and the Property).
 - (2) Within the time specified in 17B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests.
 - (3) Within the time specified in 14B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller either (i) a removal of the applicable contingency (C.A.R. Form CR), or (ii) a cancellation (C.A.R. Form CC) of this Agreement based upon a remaining contingency or Seller's failure to Deliver the specified items. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in 17A, then Buyer has 5 (or _____) Days After Delivery of any such items, or the time specified in 14B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.
 - (4) Continuation of Contingency: Even after the end of the time specified in 17B(1) and before Seller cancels this Agreement, if at all, pursuant to 17C, Buyer retains the right to either (i) in writing remove remaining contingencies, or (ii) cancel this Agreement based upon a remaining contingency or Seller's failure to Deliver the specified items. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to 17C(1).
- C. SELLER RIGHT TO CANCEL:
 - (1) Seller right to Cancel; Buyer Contingencies: If, within the time specified in this Agreement, Buyer does not, in writing, Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP) may cancel this Agreement. In such event, Seller shall authorize return of Buyer's deposit.
 - (2) Seller right to Cancel; Buyer Contract Obligations: Seller, after first Delivering to Buyer a NBP may cancel this Agreement for any of the following reasons: (i) if Buyer fails to deposit funds as required by 3A or 3B; (ii) if the funds deposited pursuant to 3A or 3B are not good when deposited; (iii) if Buyer fails to provide a letter as required by 3H; (iv) if Buyer fails to provide verification as required by 3G or 3J; or (v) if Seller reasonably disapproves of the verification provided by 3G or 3J. In such event, Seller shall authorize return of Buyer's deposit.
 - (3) Notice To Buyer To Perform: The NBP shall: (i) be in writing; (ii) be signed by Seller; and (iii) give Buyer at least 2 (or _____) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP may not be Delivered any earlier than 2 Days Prior to the expiration of the applicable time for Buyer to remove a contingency or cancel this Agreement or meet an obligation specified in 17C(2).
- D. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES: If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in a separate written agreement between Buyer and Seller, Buyer shall with regard to that contingency or cancellation right conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections, or for inability to obtain financing.
- E. CLOSE OF ESCROW: Before Seller or Buyer may cancel this Agreement for failure of the other party to close escrow pursuant to this Agreement, Seller or Buyer must first Deliver to the other a demand to close escrow (C.A.R. Form DCE).
- F. EFFECT OF CANCELLATION ON DEPOSITS: If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, Buyer and Seller agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Release of funds will require mutual Signed release instructions from Buyer and Seller, judicial decision or arbitration award. A Buyer or Seller may be subject to a civil penalty of up to \$1,000 for refusal to sign such instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).

Buyer's Initials (TIC) (_____)

Seller's Initials (_____) (_____)



- 18. **REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of receipts and statements to Buyer prior to final verification of condition.
- 19. **ENVIRONMENTAL HAZARD CONSULTATION:** Buyer and Seller acknowledge: (i) Federal, state, and local legislation impose liability upon existing and former owners and users of real property, in applicable situations, for certain legislatively defined, environmentally hazardous substances; (ii) Broker(s) has/have made no representation concerning the applicability of any such Law to this transaction or to Buyer or to Seller, except as otherwise indicated in this Agreement; (iii) Broker(s) has/have made no representation concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property; and (iv) Buyer and Seller are each advised to consult with technical and legal experts concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property.
- 20. **AMERICANS WITH DISABILITIES ACT:** The Americans With Disabilities Act ("ADA") prohibits discrimination against individuals with disabilities. The ADA affects almost all commercial facilities and public accommodations. The ADA can require, among other things, that buildings be made readily accessible to the disabled. Different requirements apply to new construction, alterations to existing buildings, and removal of barriers in existing buildings. Compliance with the ADA may require significant costs. Monetary and injunctive remedies may be incurred if the Property is not in compliance. A real estate broker does not have the technical expertise to determine whether a building is in compliance with ADA requirements, or to advise a principal on those requirements. Buyer and Seller are advised to contact an attorney, contractor, architect, engineer or other qualified professional of Buyer's or Seller's own choosing to determine to what degree, if any, the ADA impacts that principal or this transaction.
- 21. **FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final inspection of the Property within 5 (or _____) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 13; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. form VP).
- 22. **PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are a current lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are a current lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller. TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.
- 23. **SELECTION OF SERVICE PROVIDERS:** Brokers do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.
- 24. **MULTIPLE LISTING SERVICE/PROPERTY DATA SYSTEM:** If Broker is a participant of a Multiple Listing Service ("MLS") or Property Data System ("PDS"), Broker is authorized to report to the MLS or PDS a pending sale and, upon Close Of Escrow, the terms of this transaction to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS or PDS.
- 25. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
- 26. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 34A.
- 27. **DEFINITIONS:** As used in this Agreement:
 - A. "Acceptance" means the time the offer or final counter offer is accepted in writing by a party and is delivered to and personally received by the other party or that party's authorized agent in accordance with the terms of this offer or a final counter offer.
 - B. "C.A.R. Form" means the specific form referenced or another comparable form agreed to by the parties.
 - C. "Close Of Escrow" means the date the grant deed, or other evidence of transfer of title, is recorded.
 - D. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
 - E. "Days" means calendar days. However, after Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.
 - F. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.
 - G. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
 - H. "Deliver", "Delivered" or "Delivery", regardless of the method used (i.e. messenger, mail, email, fax, other), means and shall be effective upon (i) personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in paragraph D of the section titled Real Estate Brokers on page 10;
 OR (ii) if checked, per the attached addendum (C.A.R. Form RDN).

Buyer's Initials (ILC) (_____)

Seller's Initials (_____) (_____)

Reviewed by _____ Date _____



- I. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other.
 - J. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
 - K. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
 - L. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.
28. **ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interests in this Agreement without first having obtained the written consent of Seller. Such consent shall not be unreasonably withheld, unless otherwise agreed in writing. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement.
29. **SUCCESSORS AND ASSIGNS:** This Agreement shall be binding upon, and inure to the benefit of, Buyer and Seller and their respective successors and assigns, except as otherwise provided herein.
30. **COPIES:** Seller and Buyer each represent that Copies of all reports, documents, certificates, approvals and other documents that are furnished to the other are true, correct and unaltered Copies of the original documents, if the originals are in the possession of the furnishing party.
31. **BROKERS:**
- A. **BROKER COMPENSATION:** Seller or Buyer, or both, as applicable, agrees to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.
 - B. **BROKERAGE:** Neither Buyer nor Seller has utilized the services of, or for any other reason owes compensation to, a licensed real estate broker (individual or corporate), agent, finder, or other entity, other than as specified in this Agreement, in connection with any act relating to the Property, including, but not limited to, inquiries, introductions, consultation and negotiations leading to this Agreement. Buyer and Seller each agree to indemnify, defend, and hold the other, the Brokers specified herein and their agents, harmless from and against any costs, expenses or liability for compensation claimed inconsistent with the warranty and representations in this paragraph.
 - C. **SCOPE OF BROKER DUTY:** Buyer and Seller acknowledge and agree that: Brokers: (i) do not decide what price Buyer should pay or Seller should accept; (ii) do not guarantee the condition of the Property (iii) do not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; (iv) shall not be responsible for identifying defects that are not known to Brokers(s); (v) shall not be responsible for inspecting public records or permits concerning the title or use of the Property; (vi) shall not be responsible for identifying location of boundary lines or other items affecting title; (vii) shall not be responsible for verifying square footage, representations of others or information contained in inspection reports, MLS or PDS, advertisements, flyers or other promotional material, unless otherwise agreed in writing; (viii) shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller in the course of this representation; and (ix) shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.
32. **JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER**
- A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any relating counter offers and addenda, and any additional mutual instructions to close the escrow: 1, 3, 4, 6, 7C, 15B and D, 16, 17F, 22, 27, 31A, 32, 37, 40 and paragraph D of the section titled Real Estate Brokers on page 10. If a Copy of the separate compensation agreement(s) provided for in paragraph 31A, or paragraph D of the section titled Real Estate Brokers on page 10 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out of Buyer's or Seller's funds, or both, as applicable, the respective Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not specifically referenced above in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provisions upon Escrow Holder's request. To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow.
 - B. A Copy of this Agreement shall be delivered to Escrow Holder within 3 business days after Acceptance (or _____). Escrow holder shall provide Seller's Statement of Information to Title company when received from Seller. Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs the Agreement.
 - C. Brokers are a party to the Escrow for the sole purpose of compensation pursuant to paragraph 31A and paragraph D of the section titled Real Estate Brokers on page 10. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraph 31A, respectively, and irrevocably instructs Escrow Holder to disburse those funds to Brokers at Close Of Escrow, or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement. Escrow Holder shall immediately notify Brokers: (i) if Buyer's initial or any additional deposit is not made pursuant to this Agreement or is not good at time of deposit with Escrow Holder; or (ii) if either Buyer or Seller instruct Escrow Holder to cancel escrow.
 - D. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 2 business days after mutual execution of the amendment.

Buyer's Initials (TC) (_____)

Seller's Initials (_____) (_____)



33. LIQUIDATED DAMAGES: If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. Buyer and Seller agree that this amount is a reasonable sum given that it is impractical or extremely difficult to establish the amount of damages that would actually be suffered by Seller in the event Buyer were to breach this Agreement. Release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award.

Buyer's Initials _____ / _____ Seller's Initials _____ / _____

34. DISPUTE RESOLUTION:

A. MEDIATION: Buyer and Seller agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. Buyer and Seller also agree to mediate any disputes or claims with Broker(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED. Exclusions from this mediation agreement are specified in paragraph 34C.

B. ARBITRATION OF DISPUTES:

Buyer and Seller agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. Buyer and Seller also agree to arbitrate any disputes or claims with Broker(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 34C.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials _____ / _____ Seller's Initials _____ / _____

C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:

(1) EXCLUSIONS: The following matters shall be excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver or violation of the mediation and arbitration provisions.

(2) BROKERS: Brokers shall not be obligated or compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to the Agreement.

35. GOVERNING LAW: This Agreement shall be governed by the Laws of the state of California.

36. TERMS AND CONDITIONS OF OFFER: This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initiated by all parties or if incorporated by mutual agreement in a counter offer on addendum. If at least one but not all parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.

Buyer's Initials (T/C) (_____)

Seller's Initials (_____) (_____)



110 Maple Street

Property Address: Auburn, CA

Date: November 5, 2010

37. TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES: Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.

38. AUTHORITY: Any person or persons signing this Agreement represent(s) that such person has full power and authority to bind that person's principal, and that the designated Buyer and Seller has full authority to enter into and perform this Agreement. Entering into this Agreement, and the completion of the obligations pursuant to this contract, does not violate any Articles of Incorporation, Articles of Organization, By Laws, Operating Agreement, Partnership Agreement or other document governing the activity of either Buyer or Seller.

39. EXPIRATION OF OFFER: This offer shall be deemed revoked and the deposit shall be returned, unless the offer is Signed by Seller, and a Copy of the Signed offer is personally received by Buyer, or by _____, who is authorized to receive it by 5:00 PM on the third Day after this offer is signed by Buyer (OR, if checked by _____ (date), at _____ AM PM).

Buyer has read and acknowledges receipt of a Copy of the offer and agrees to the above confirmation of agency relationships.

Buyer Placer County Air Pollution Control District
By Thomas G. Christofk Date _____
Print name Tom Christofk
Address 3091 County Center Dr, Suite 240 City Auburn State CA Zip 95603
Telephone (530) 745-2321 Fax _____ E-mail TChristo@placer.ca.gov

Buyer _____
By _____ Date _____
Print name _____
Address _____ City _____ State _____ Zip _____
Telephone _____ Fax _____ E-mail _____

Notice Address, If Different _____

Additional Signature Addendum attached (C.A.R. Form ASA).

40. ACCEPTANCE OF OFFER: Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer, agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of agency relationships. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to deliver a Signed Copy to Buyer.

(If checked) SUBJECT TO ATTACHED COUNTER OFFER, DATED _____

Seller _____
By _____ Date _____
Print name _____
Address _____ City _____ State _____ Zip _____
Telephone _____ Fax _____ E-mail _____

Seller _____
By _____ Date _____
Print name _____
Address _____ City _____ State _____ Zip _____
Telephone _____ Fax _____ E-mail _____

Notice Address, If Different _____

Additional Signature Addendum attached (C.A.R. Form ASA).

(_____ / _____) Confirmation of Acceptance: A Copy of Signed Acceptance was personally received by Buyer or Buyer's (Initials) authorized agent on (date) _____ at _____ AM PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

Buyer's Initials (TLG) (_____)

Seller's Initials (_____) (_____)

Reviewed by _____ Date _____



110 Maple Street

Property Address: Auburn, CA

Date: November 5, 2010

REAL ESTATE BROKERS:

- A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.
- B. Agency relationships are confirmed as stated in paragraph 2 above.
- C. If specified in paragraph 3A(2), Agent who submitted offer for Buyer acknowledges receipt of deposit.
- D. COOPERATING BROKER COMPENSATION: Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow: (i) the amount specified in the MLS or PDS, provided Cooperating Broker is a Participant of the MLS or PDS in which the property is offered for sale or a reciprocal MLS or PDS; or (ii) (if checked) the amount specified in a separate written agreement (C.A.R. Form CBC) between Listing Broker and Cooperating Broker. Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.

Real Estate Broker (Selling Firm) Cornwell Banker Commercial DRE Lic. # 00313415
 By [Signature] Mike Fluty DRE Lic. # 00512628 Date 11/04/2010
 Address 255 Elm Ave City Auburn State CA Zip 95603
 Telephone (530)885-4860 Fax (530)823-5713 E-mail mfluty@cbcommercialqr.com

Real Estate Broker (Listing Firm) Crossroad Ventures Group DRE Lic. # _____
 By Jim Esway DRE Lic. # _____ Date _____
 Address _____ City _____ State _____ Zip _____
 Telephone _____ Fax _____ E-mail _____

ESCROW HOLDER ACKNOWLEDGMENT:

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, a deposit in the amount of \$ _____), counter offer(s) numbered _____ and Other _____, and agrees to act as Escrow Holder subject to paragraph 32 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions, if any.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is _____
 Escrow Holder _____ Escrow # _____
 By _____ Date _____
 Address _____
 Phone/Fax/E-mail _____
 Escrow Holder is licensed by the California Department of Corporations, Insurance, Real Estate. License # _____

PRESENTATION OF OFFER: (_____) Listing Broker presented this offer to Seller on _____ (date).
 Broker or Designee Initials _____

REJECTION OF OFFER: (_____) (_____) No counter offer is being made. This offer was rejected by Seller on _____ (date).
 Seller's Initials _____

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.

This form is available for use by the entire real estate industry. It is not intended to identify the user as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by members of the NATIONAL ASSOCIATION OF REALTORS® who subscribe to its Code of Ethics.



Published and Distributed by:
 REAL ESTATE BUSINESS SERVICES, INC.
 a subsidiary of the California Association of REALTORS®
 525 South Virgil Avenue, Los Angeles, California 90020



ADDENDUM

The following terms and conditions are hereby incorporated in, and made a part of, the Commercial Property Purchase Agreement related to property known as 110 Maple Street in which Placer County Air Pollution Control District is referred to as ("Buyer") and 110 Maple Street Associates^{LLC} is referred to as ("Seller").

1. The Placer County Air Pollution Control District is defined by Section 40000 of the California Health and Safety Code as a County Air Pollution Control District.
2. The following are deletions from the Commercial Property Purchase Agreement:
Delete Section #26 regarding attorney's fees.
Delete Section #34 regarding dispute resolution.
3. Seller will credit Buyer, at closing, \$5,000 in lieu of participating in any ADA upgrades irrespective of Buyer's bids for such work.
4. This entire contract, including all Attachments and the exhibits included within those Attachments, are subject to the approval of the Placer County Air Pollution Control Board of Directors at its regularly scheduled meeting on 12-9-10.
5. Attachments to this Commercial Property Purchase Agreement include:
 - A. Supplemental Contractual and Statutory Disclosure (C.A.R. form SSD)
 - B. Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)
 - C. A lease between PCAPCD (Landlord) and 110 Maple Street Associates (Tenant)^{LLC}
 - D. A lease between PCAPCD (Landlord) and Jeff Glazner (Tenant)
 - E. A Reciprocal Parking Agreement between the Buyer and Pioneer Methodist Church
 - F. A list of furniture and furnishings to remain with the real property and become the property of the PCAPCD at the close of escrow.

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this document.

Dated: 11/5/2010
 Buyer: Thomas J. Christ
 Placer County Air Pollution
 Control District

Dated: _____
 Seller: _____

ATTACHMENT #4

Subject:

Merritt Report, for the Inspection of 110 Maple Street, Auburn, California



P.O. Box 1124
Grass Valley, CA 95945

The Merritt Report

"Inspecting The Foothills . . . One House at a Time"

scott@merrittinspections.com



Phone: 530.401.2480
e-mail:

PROPERTY INSPECTION REPORT



**110 MAPLE STREET
AUBURN, CALIFORNIA.**

CLIENT & INSPECTION INFORMATION

1.1 CLIENTS NAME:	PLACER COUNTY POLLUTION CONTROL DISTRICT.
1.2 MAILING ADDRESS:	3091 County Center Road Auburn, CA 95603.
1.3 DATE OF INSPECTION:	November 16, 2010.
1.4 TIME OF INSPECTION:	8:30 AM.
1.5 INSPECTION #:	10-1116A.
1.6 INSPECTOR:	Scott Merritt - Master Inspector.
1.7 CLIENTS AGENT:	Mike Fluty - Coldwell Banker.

The report should not be construed as a guarantee or warranty that the components inspected are defect-free, or that latent or concealed defects may exist at the time of the inspection, or may be discovered in the future. The report is limited to the components of the property that were visible to the inspector at the time of the inspection and his opinion of their condition at that time.

Merritt Inspection Services will maintain the integrity of our confidentiality agreement with our clients. We agree to neither discuss or release the findings of the inspection report with other parties without first receiving either verbal or written permission from our client.

PLEASE NOTE . . . This report is prepared for the sole and exclusive use of the Client named above. The acceptance and use of this report by any person other than the Client named above shall be deemed to be a retention of this firm for the purpose of providing an evaluation of this property at a fee equal to the



P.O. Box 1124
Grass Valley, CA 95945

The Merritt Report

"Inspecting The Foothills . . . One House at a Time"

scott@merrittinspections.com



Phone: 530.401.2480
e-mail:

original fee for the service provided on the date of this inspection.

GENERAL INFORMATION:

1.8 AREA:	Within City Limits.
1.9 BUILDING OCCUPIED?	Yes.
1.10 CLIENT PRESENT:	A representative of the Client was present through the inspection.
1.11 PROPERTY OPENED BY:	Owner.

WEATHER CONDITIONS:

1.12 TEMPERATURE:	40 degrees and warming.
1.13 CONDITIONS:	Sunny.
1.14 SOIL CONDITIONS:	Dry.

BUILDING CHARACTERISTICS:

1.15 MAIN ENTRY FACES:	South.
1.16 AGE OF PROPERTY:	Year Built: 1979.
1.17 BUILDING TYPE:	Office building.
1.18 APPROX. SQUARE FOOTAGE:	9836 sf. Actual square footage calculations are beyond the scope of this evaluation.
1.19 STORIES:	Two.
1.20 SPACE BELOW GRADE:	Slab on grade.

UTILITY SERVICES:

1.21 WATER SOURCE:	City (treated water)
1.22 SEWAGE DISPOSAL:	Public sewer.
1.23 UTILITIES STATUS:	All utilities on.

100 EXECUTIVE SUMMARY

120 GENERAL DESCRIPTION

2.1 121 General Description	The subject property is a two story, slab-on-grade structure approximately 31 years of age.
2.2 122 Wall Construction	Exterior walls are constructed of dimensional lumber, clad on the exterior with wood siding.
2.3 123 Roof Construction	Roof framing consists of pre-engineered wood and steel trusses.



P.O. Box 1124
Grass Valley, CA 95945

The Merritt Report

"Inspecting The Foothills . . . One House at a Time"

scott@merrittinspections.com



Phone: 530.401.2480
e-mail:

130 GENERAL PHYSICAL CONDITION

2.4

The subject property has had good maintenance over the years, and all major systems appear to be functioning within typical guidelines considering the age of the structure.

140 SUMMARY of PROBABLE COSTS

2.5

For specific details of the summary items below, refer to Section 1100 of this report.

2.6 141 Immediate Repairs

Immediate repairs are described as those repairs which are due to system deficiencies or deferred maintenance and are deemed to be necessary at this time or within the next year. Repairs are deemed to be immediate repairs if one or more of the following conditions exist: (1) existing or potential unsafe conditions, (2) obvious building or fire code violations, (3) conditions which if left unremedied, have the potential to result in or contribute to critical element or system failure within one year or will most probably result in a significant escalation of its remedial cost. Repairs are included in this category only if the estimated cost-to-cure is \$1,000 or more for that specific repair or replacement. Conditions noted in this report which can (in the opinion of the Field Observer) be corrected for less than \$1,000 are noted as a "minor cost item".

2.7

Section 400 Site Improvements - repair, reseal, and re-stripe the parking lot.
Section 500 Building Shell - Repair the moisture damaged components.

2.8 142 Major Projected Expenses

Major Projected Expenses are those which are likely to be needed within the next 5 years. These are major component replacements or repairs which are likely to exceed \$3,000.

2.9

Section 700 Heating, Ventilation & Air Conditioning - Replace the 2 original Heating/Cooling appliances.



P.O. Box 1124
Grass Valley, CA 95945

The Merritt Report

"Inspecting The Foothills . . . One House at a Time"

scott@merrittinspections.com



Phone: 530.401.2480
e-mail:

150 RECOMMENDATIONS for FURTHER EVALUATION

2.10

If there are recommendations below for further evaluation by specialist contractors and/or engineers, we strongly advise that said evaluations be performed BEFORE close of escrow, so that you are fully aware of all circumstances regarding this structure.

160 DEVIATIONS from the ASTM E-2018 GUIDE

2.11 Documentation and Other Information:

None of the documents listed below were reviewed in the process of this PCA:

Appraisals, either current or previously prepared.

Certificates of Occupancy.

Safety inspection records.

Warranty information (roofs, boilers, chillers, cooling towers, etc.)

Records indicating the age of material building systems such as roofing, paving, plumbing, heating, air conditioning, electrical, etc.

Historical cost records, such as those costs incurred for repairs, improvements, recurring replacements, etc.

Pending proposals or executed contracts for material repairs or improvements, or descriptions of future work planned.

Outstanding citations for building, fire and zoning code violations.

ADA surveys or status of any improvements implemented to effect physical compliance.

Previously prepared property condition reports or studies pertaining to any aspect of the subject property's physical condition.

Records indicating building occupancy percentages.

Records indicating building turnover percentages.

Building rent rolls.

Leasing literature, listing for sale, marketing/promotional literature such as photographs, descriptive information, reduced floor plans, etc.

Drawings or specifications (as-built or construction).

2.12 Excluded Components

The following components are excluded from this PCA:

Any and all life safety components or equipment.

Any and all fire protection systems or equipment.



P.O. Box 1124
Grass Valley, CA 95945

The Merritt Report

"Inspecting The Foothills . . . One House at a Time"

scott@merrittinspections.com



Phone: 530.401.2480
e-mail:

200 PURPOSE and SCOPE

Our purpose for this Property Condition Assessment is as follows:

3.1 211 Visual Survey

To perform a limited, visual survey of specific components on the subject property and list our observations of items and conditions which indicate the need for immediate repair.

3.2 212 Opinions of Probable Costs

To provide opinions of probable costs for the repair or replacement of those components which are found to be in need of immediate repair. The opinions of probable costs are intended solely as an indication of the approximate nature and scope of repair and cannot be relied upon as indicating actual nature and scope. Further investigation and solicitation of firm bids by appropriate service companies and contractors is required.

3.3 213 Projected Major Expenses

To ascertain which of the major components are likely to reach the end of their expected lifespan within the next 5 years, and list those components, along with opinions of probable costs for the replacement of those components.

3.4 214 Intent

Our intent is to appraise you of the general condition of the subject property and to provide information to you which will be helpful in your prepurchase considerations as it relates to the condition of the property.

220 SCOPE

3.5 221 Standards of Practice

The Standards of Practice used for this Property Condition Assessment (PCA) are those of *ASTM E2018-99, Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process*, which has been prepared by the *American Society for Testing and Materials*. *ASTM* is currently the only national organization that has produced a written standard for commercial property assessments and reports. Adherence to the *ASTM E2018-99 Guide* is entirely voluntary. MERRITT INSPECTION SERVICES has chosen to incorporate these standards as an integral part of our property assessment process in order to promote a degree of uniformity with regards to commercial real estate transactions. Every commercial property is different, and every client has different needs, expectations and budgets. Our approach to these varying requirements is to custom tailor each of our property assessments individually according to those differences and needs. As a result, some of the *ASTM E2018-99* guidelines are not appropriate. Any deviations from the *ASTM Guide* are listed in the EXECUTIVE SUMMARY of the report under Section 160.

3.6 222 Inclusions

The scope of our assessment was limited to the following specific visually accessible components:
Foundations of the building(s), structural framing (load carrying members only), building exteriors, roof structure and load carrying members of the roof framing, mechanical systems, electrical systems, and plumbing systems.



P.O. Box 1124
Grass Valley, CA 95945

The Merritt Report

"Inspecting The Foothills . . . One House at a Time"

scott@merrittinspections.com



Phone: 530.401.2480
e-mail:

3.7 223 Report is Confidential

Our assessment and this report are intended to be confidential to you, our client, for your exclusive use. They cannot be relied upon by a third party. We make no representation as to the condition of this property other than stated specifically in writing in the text of this narrative report. Further investigation including acquisition of bids by contractors and service companies in respect to any recommendations within this report are required and recommended.

3.8 224 Explanation of Report

On the following pages is a discussion of our findings by specific categories of construction as outlined in the Table of Contents at the beginning of this report. Within each category is a brief description of the component or system, some discussion of our observations made during the survey, followed by conclusions, including suggested remedial actions. An opinion of probable costs to indicate the nature and scope of deferred maintenance and immediate repairs are outlined in Section 1100 of this report, (if applicable).

Underlined text indicates conditions which are considered be negative in content, no matter how slight.

Red lettering indicates conditions which are likely to require an investment of \$1,000 or more to correct. (Red lettering may appear to "grayed out" if viewed or printed in black & white).

400 SITE IMPROVEMENTS

410 SITEWORK

4.1 411 Topography

The site where the structure is built is generally flat at the front, sloping moderately towards the rear.

4.2 412 Storm Water Drainage

Drainage appears adequate, and all indications are that ground water drains away from the structure properly.

4.3 413 Access and Egress

Access and egress both appear adequate and no concerns are noted.

4.4 414 Paving Curbing and Parking



All parking surfaces on the lot are paved with asphalt. The surface has been disturbed by tree roots in places. Resealing the asphalt will prolong the useful life of the surface. Space marking of the parking stalls is relatively poor. We recommend a fresh coat of paint be applied to the stall markings.

4.5 415 Flatwork

All walkways on the site are paved with concrete. Sections of the front walkway are uplifted, presenting a potential trip hazard.





P.O. Box 1124
Grass Valley, CA 95945

The Merritt Report

"Inspecting The Foothills . . . One House at a Time"

scott@merrittinspections.com



Phone: 530.401.2480
e-mail:

4.6 416 Landscaping & Appurtenances



Trees are overhanging the structure(s). This allows accumulation of leaves/needles on the roof and in the gutters, and it may eventually cause roof deterioration if roof surfaces are not cleaned regularly. Tree roots are disturbing the parking lot and front walk.

4.7

Automatic sprinkler system was noted, however, since sprinkler timers are complicated and time consuming to inspect, and since sprinkler heads are often hidden in areas of dense foliage, these components are NOT A PART OF THIS ASSESSMENT. We recommend that you have the sellers demonstrate this system to you on the final walk-through before the close of escrow.

Retaining walls are constructed of masonry. Good condition. Weep holes were noted. These allow water to drain from behind the wall, reducing hydrostatic pressure on the backside.



4.8 417 Fencing

Fencing is constructed of chain link or cyclone type materials at the rear. There is a damaged section noted.

4.9 419 Other Site Components

The sign at the street is in Good condition. A light illuminates it at night.

420 UTILITIES

4.10 421 Water

Public water supply. The Shut Off location: Front, left of the Entry. The incoming water supply line is copper and appears to be 1" in size.

4.11 422 Electricity

Electrical service enters the property via an underground conduit. Meter is located at the left exterior.

4.12 423 Gas

Natural gas meter and shutoff are located at the left exterior.

4.13 424 Sanitary Sewer

The subject property appears to be serviced by the public sewer system, however, these components ARE NOT A PART OF THIS ASSESSMENT.

500 BUILDING SHELL

510 STRUCTURAL FRAME

5.1 511 Foundation

Building is constructed slab-on-grade. The above-ground portions of the perimeter foundation which were visible from the exterior showed no noticeable concerns. Likewise, no concerns were noted at the interior, however, most portions of the slab are covered with floor coverings which may prevent observation of deficiencies. The above ground portions of the foundation reveal a block stem wall at the perimeter. There is efflorescence of the lower courses of block observed on the left side of the building. This appears to be a cosmetic concern, only.

5.2 512 Load Bearing Walls

Framing of the load bearing walls appears to be constructed of dimensional wood (conventional stud type construction). However, since none of these cavities are available to inspection, we are unable to verify.



P.O. Box 1124
Grass Valley, CA 95945

The Merritt Report

"Inspecting The Foothills . . . One House at a Time"

scott@merrittinspections.com



Phone: 530.401.2480
e-mail:

5.3 514 Roof Framing System

Roof framing consists of pre-engineered and pre-assembled wood trusses with metal struts.
All areas which were visible for examination appear to be in good structural condition.

5.4

Plywood sheathing is installed.

5.5 515 Attic Spaces

There are two attic spaces. The area on the right is relatively open and easy to access. The area on the left is less accessible, making it more difficult to evaluate.



5.6 516 Underfloor Crawl Spaces

The entire structure is constructed slab-on-grade, there are no raised foundations or underfloor crawlspaces.

520 BUILDING ENVELOPE

5.7 521 Sidewall Systems

Sidewall cladding consists of wood siding. The siding is in Good condition.

5.8 523 Fenestration Systems - Windows

A representative sampling of window operation revealed that all are functioning in an acceptable manner, Windows in this structure are primarily aluminum, dual pane insulated.

5.9 525 Weatherproofing (Paint/Stain)

Weatherproofing appears to be in adequate condition at all areas which were visible. The building exterior was painted within the past 5 years.

5.10 526 Insulation

Exterior walls were found to contain R-19 insulation at all areas where we were able to verify. It is assumed, therefore, that all exterior walls are insulated in the same manner.

Ceilings are insulated with R-19 insulation. Current standards for new construction is R-30 to 38. R-19 is considered typical for older structures.

5.11 529 Other Observations



There are decorative beams and corbels that exhibit moisture related damage. Repairs are recommended per a qualified Pest Inspector.

530 ROOFING

5.12 531 Roofing Materials

The main roof covering is Architectural Composition Shingles. (Also called Dimensional Composition). Typical life expectancy of a architectural grade composition roof is 30 years, assuming that the roof is properly maintained. We estimate the roofing to be approximately 10 years old. The roof installation and condition is without concerns.

There is a flat section that is made of a built-up membrane with a cap sheet. We are unable to determine how many layers were applied, as it would be necessary to take a core sample of the membrane to do so. The typical industrial application would be 3, 4



P.O. Box 1124
Grass Valley, CA 95945

The Merritt Report

"Inspecting The Foothills . . . One House at a Time"

scott@merrittinspections.com



Phone: 530.401.2480
e-mail:

or 5 layers of felt paper, with tar between each layer. Typical life expectancy of a 3 layer application is 8-10 years, 4 layers is 10-15 years, and a 5 layer roof is 15-20 years.

5.13

Water ponds on the flat roof in some places, due to the lack of proper slope to the drains. Ponding water can allow more rapid deterioration of the roof covering and adds to the overall weight which is placed on the framing members.



5.14 533 Roof Flashings

The flashings are in Good condition.

5.15 538 Roof Drainage



Roof drainage is accomplished by means of galvanized metal gutters. They collect leaves and needles, requiring periodic cleaning.

A downspout section has come loose at the rear of the building.

The flat roof drainage is accomplished by drains and overflows built into the roofing surface, as typical for a low pitch roof. Leaves collect at these drains, requiring clearing. Also, the drains are not at low points, so ponding water occurs to the sides of the drains.

5.16 539 Other Observations

Trees or shrubbery are over hanging the roof surface, we recommend that overhanging trees be trimmed back where they are likely to come into contact with roof or eaves.

600 PLUMBING SYSTEM

610 PIPING & DISTRIBUTION

6.1 611 Supply Piping System

Supply line plumbing for potable water is copper at all areas where visible. Adequate flow was noted, and no deficiencies were encountered.

6.2 612 Waste Piping System

Waste line plumbing is cast iron and ABS plastic pipe at all areas where visible. Functional flow was noted at a representative sampling of fixtures. No deficiencies were noted.

6.3

Plumbing vents appear serviceable.

6.4 613 Natural Gas/LPG System

The natural gas system for this structure appears to be in serviceable condition at all areas which were visible.

620 HOT WATER PRODUCTION

6.5 621 Water Heaters

Water for domestic use is heated by means of a single residential type water heater. The tank is dated 1996.

This unit is lacking proper bracing as per current code requirements regarding earthquake safety.



P.O. Box 1124
Grass Valley, CA 95945

The Merritt Report

"Inspecting The Foothills . . . One House at a Time"

scott@merrittinspections.com



Phone: 530.401.2480
e-mail:

630 PLUMBING FIXTURES

6.6

A survey was performed of the observable plumbing fixtures, and no deficiencies were noted.

700 HEATING, AIR CONDITIONING & VENTILATION

710 HEAT GENERATION

7.1 711 Heating System Description

Heat generation for the interior environment is accomplished by means of three forced air furnaces located at the roof and one at ground level at the rear.

7.2 712 Heat Generation Equipment

7.3

System(s) appear to operating within typical parameters.

There are 4 units, each is a heating and cooling appliance. Two of them are original equipment, (31 years). One was manufactured in 1988, the 4th was manufactured in 2006. The older units are considered to be functioning beyond their expected useful life, but have had regular routine maintenance, so may continue to function well for several more years. The replacement of these appliances should be anticipated and budgeted for.



720 HEAT DISTRIBUTION

7.4 721 Distribution System

Air is distributed to the various interior rooms by means of flexible insulated ducts.

7.5 722 Heat Control Systems

The various interior zones are controlled by programmable thermostats, which appear to be properly functioning.

730 AIR CONDITIONING

7.6 731 Air Conditioning System Description

The air conditioning systems are part of the dual pac combination units that also supply heat. We were unable to run the air conditioning due to the low outdoor temperatures.

740 VENTILATION

7.7 741 Bathroom/ Restroom Ventilation

Ventilation is adequate in the bathrooms.



800 ELECTRICAL SYSTEM

810 INCOMING SERVICE

8.1 811 Service Conductors

Electrical service to the property is via an underground conduit from the utility company.

8.2

Unable to determine whether entrance cables are copper or aluminum, as these components are not available to viewing.

8.3

The electrical meter is located at the right side of the structure.

8.4 812 Main Disconnect

The rating of the main disconnect is 400 amps.
This is a 3 phase, 4 wire service with a transformer that steps the service down to 120/208 volt for the individual breaker panels.

820 PANELS & SWITCHBOARDS

8.5 821 Panel Types

Overload protection inside service panels are provided by breakers.

8.6

There are subpanels in the lower level service room and a closet in the upper level, in a closet in a rear room.

8.7 822 Panel Conditions



There is a double lugged breaker at the panel on the main level. Double lugging is when more than one wire is connected to a breaker. This is a substandard installation. The solution depends upon the circuit load and the method of repair is the Electrician's discretion. We recommend having a licensed Electrician evaluate and make repairs.

830 DISTRIBUTION SYSTEM

8.8 831 Distribution Conductors

The type of wiring used is a three wire romex, grounded system.

8.9

Branch wiring is copper where it is visible.

8.10 833 Switches and Outlets

A random testing was performed on the various outlets and switches, but NOT all were tested. During a typical inspection there are many that are not accessible due to tenant's furnishings, storage, etc. Light switches which do not appear to function are deemed to have a burned out bulb, unless other anomalies are noticed.

8.11

No apparent hazards were noted at the outlets/switches.



900 OTHER SYSTEMS & COMPONENTS

910 VERTICAL TRANSPORTATION

9.1

There is an elevator provided in the building. The operation was Good, with minor vibration noted that rattled the plastic diffuser of the light in the ceiling. This is not deemed to be a significant concern. The Owner stated that the required quarterly inspections of this installation are up to date. We did not review the paperwork.

920 INTERIOR COMMON AREAS

9.2 921 Floors & Floor Coverings

The majority of floor coverings at the common areas are carpet, with tile at the entry/reception area and bathrooms. Floors and floor coverings appear to be in serviceable condition.

9.3 922 Walls and Wall Coverings

The majority of wall coverings at the common areas are, Drywall. Walls and wall coverings appear to be in serviceable condition.

9.4 923 Ceilings

The majority of the ceilings at the common area are, Drywall and acoustic panels. Ceilings are in serviceable condition.

9.5 924 Interior Doors

A representative sampling of door operation was performed and all are operating adequately.

9.6 925 Stairways and Landings

Stairways and landings are in serviceable condition.

940 FIRE PROTECTION

9.7 941 Sprinklers and Standpipes

No fire sprinkler system was found at this structure.

9.8 942 Fire Extinguishers

There appear to be an adequate number of fire extinguishers installed for this facility, and the inspection tags reveal they have been recharged within the last year (as typically required).

9.9 943 Fire Alarm Systems

A fire alarm system appears to be installed for this structure, however, these are beyond the scope of this assessment.

1100 OPINIONS of PROBABLE COSTS

The conditions referred to in this section of the report are copied from the "SYSTEMS & COMPONENTS" section (Sections 400 through 900). They are repeated here so that the reader has all the Cost Estimates for Immediate Repairs in one location for easy reference.

The estimated costs in this report have been determined by the use of cost estimating manuals, third party contractors, our company manuals and/or personal construction experience. Opinions of probable costs should only be construed as preliminary budgets. Actual costs most probably will vary from the consultant's opinions of probable costs depending on such matters as type and design of suggested remedy, quality of materials and installation, manufacturer and type of equipment or system selected, field conditions, whether a physical deficiency is repaired or replaced in whole, phasing of the work (if applicable), quality of contractor, quality of project management exercised, market conditions, and whether competitive pricing is solicited, etc.



P.O. Box 1124
Grass Valley, CA 95945

The Merritt Report

"Inspecting The Foothills . . . One House at a Time"

scott@merrittinspections.com



Phone: 530.401.2480
e-mail:

SITE IMPROVEMENTS

10.1	Repair, reseal, and re-stripe the parking lot and front walkway. \$5000. Trim trees. \$1000. Repair fence. < \$1000.
-------------	--

BUILDING SHELL

10.2	Repair the moisture damaged components. \$2000. Clean gutters, repair disconnected downspout. < \$500.
-------------	---

PLUMBING SYSTEM

10.3	Provide seismic strapping for the water heater. \$150.
-------------	--

HEATING, AIR CONDITIONING & VENTILATION

10.4	Two HVAC appliances are performing beyond their expected useful life. Replacing them should be anticipated within 5 years. \$16,000.
-------------	--

ELECTRICAL SYSTEM

10.5	Minor repair at a subpanel. \$150.
-------------	------------------------------------

1200 OUT of SCOPE CONSIDERATIONS

1210 ACTIVITY EXCLUSIONS

11.1	<p>The activities listed below generally are excluded from or otherwise represent limitations to the scope of a PCA prepared in accordance with the <i>ASTM E2018-99 Guide</i>. These should not be construed as all-inclusive or imply that any exclusion not specifically identified is a PCA requirement under the <i>ASTM Guide</i>.</p> <p>1211 Moving Personal Items Removing or relocating materials, furniture, storage containers, personal effects, debris material or finishes; conducting exploratory probing or testing; dismantling or operating of equipment or appliances; disturbing personal items or property that obstructs access or visibility.</p> <p>1212 Calculations Preparing engineering calculations (civil, structural, mechanical, electrical, etc.) to determine any system's, component's, or equipment's adequacy or compliance with any specific or commonly accepted design requirements or building codes, or preparing designs or specifications to remedy and physical deficiency.</p> <p>1213 Measurements Taking measurements or quantities to establish or confirm any information or representations provided by the owner or user, such as size and dimensions of the subject property or subject building; any legal encumbrances, such as easements; dwelling unit count and mix; building property line setbacks or elevations; number and size of parking spaces; etc.</p> <p>1214 Wood Destroying Organisms Reporting on the presence or absence of pests such as wood damaging organisms, rodents, or insects unless evidence of such presence is readily apparent during the</p>
-------------	---



P.O. Box 1124
Grass Valley, CA 95945

The Merritt Report

"Inspecting The Foothills . . . One House at a Time"

scott@merrittinspections.com



Phone: 530.401.2480
e-mail:

course of the field observer's walk-through survey or such information is provided to the consultant by the owner, user, property manager, etc. The consultant does not provide a suggested remedy for treatment or remediation, determine the extent of infestation, nor provide opinions of probable costs for treatment or remediation of any deterioration that may have resulted.

1215 Subterranean Conditions

Reporting on the condition of subterranean conditions, such as underground utilities, separate sewage disposal systems, wells; systems that are either considered process related or peculiar to a specific tenancy or use; wastewater treatment plants; or items or systems that are not permanently installed.

1216 Dangerous Conditions

Entering or accessing any area of the premises deemed to pose a threat of dangerous or adverse conditions with respect to the field observer or to perform any procedure, that may damage or impair the physical integrity of the property, any system, or component.

1217 Shutdown Equipment

Providing an opinion on the condition of any system or component, that is shutdown, or whose operation by the field observer may increase significantly the registered electrical demand-load; however, the consultant is to provide an opinion of its physical condition to the extent reasonably possible considering its age, obvious condition, manufacturer, etc.

1218 Acoustical Characteristics

Evaluating acoustical or insulating characteristics of systems or components.

1219 Security Concerns

Providing an opinion on matters regarding security of the subject property and protection of its occupants or users from authorized access.

1220 Time Controlled Equipment

Operating or witnessing the operation of lighting or other systems typically controlled by time clocks or that are normally operated by the building's operation staff or service companies.

1221 Environmental Concerns

Providing an environmental assessment or opinion of the presence of any environmental issues such as asbestos, hazardous wastes, toxic materials, the location and presence of designated wetlands, IAQ, etc.

1230 WARRANTY, GUARANTEE, and CODE COMPLIANCE EXCLUSIONS

11.2

By conducting a PCA and preparing a PCR, the consultant merely is providing an opinion and does not warrant or guarantee the present or future condition of the subject property, nor may the PCA be construed as either a warranty or guarantee of any of the following:

1231 Component's Condition

Any system's or component's physical condition or use, nor is a PCA to be construed



P.O. Box 1124
Grass Valley, CA 95945

The Merritt Report

"Inspecting The Foothills . . . One House at a Time"

scott@merrittinspections.com



Phone: 530.401.2480
e-mail:

as substituting for any system's or equipment's warranty transfer inspection.

1232 Compliance with Governing Authorities

Compliance with any federal, state, or local statute, ordinance, rule or regulation including, but not limited to, building codes, safety codes, environmental regulations, health codes or zoning ordinances or compliance with trade/design standards or the standards developed by the insurance industry; however, should there be any conspicuous material violations observed or reported based upon actual knowledge of the field observer or the PCR reviewer, they shall be identified in the PCR.

1233 Other Compliance

Compliance of any material, equipment, or system with any certificates or actuation rate program, vendor's or manufacturer's warranty provisions, or provisions established by any standards that are related to insurance industry acceptance/approval, such as FM, State Board of Fire Underwriters, etc.

1300 QUALIFICATIONS

1310 PCR FIELD OBSERVER

12.1

1311 Definition

The PCR Field Observer is the individual designated by Merritt Inspection Services who conducts the walk-through survey at the subject property.

1312 Identification

The field observer for this property condition assessment was Scott Merritt.

1500 CLOSING COMMENTS

13.1

We have attempted to be very thorough in our assessment of this property, and have strived to convey the findings to you in a way that is useful and easy to understand. We wish to thank you for your trust in regards to this very important part of your decision making process.

In addition to the summary and main body of this report, please be sure to review the supporting documentation, (if any), and photographs. Please feel free to call us if you have questions.

Sincerely,

Scott Merritt, Principal.



P.O. Box 1124
Grass Valley, CA 95945

The Merritt Report

"Inspecting The Foothills . . . One House at a Time"

scott@merrittinspections.com



Phone: 530.401.2480
e-mail:

SUMMARY

SUMMARY

14.1 STRUCTURAL CONDITION:

The overall structural condition is Good. There are moisture related damages to some exterior components that have exposure to weather, including roof beams and decorative corbels at window features at the front.

14.2 MECHANICAL CONDITION:

The mechanical systems appear to be Good condition. Two of the four dual pac heating/cooling units are original equipment that replacement needs to be planned for.

14.3 HEALTH & SAFETY ITEMS:

There are no Health & Safety issues of significance observed.

14.4 REMARKS:

This building is in Good overall condition, has benefitted from a Good level of maintenance and upkeep. The major concerns are limited to the moisture related damage to exterior components and the recommendation to repair, seal, and stripe the parking lot. Please refer to the report in it's entirety.

PLEASE REMEMBER: ALL EVALUATIONS HAVE BEEN FACTORED BY THE AGE OF THE PROPERTY AND OTHER RELEVANT CONDITIONS, (SUCH AS WEATHER), ON THE DATE OF THE INSPECTION. OUR LIABILITY IS LIMITED BY THE SERVICE AGREEMENT.

PLEASE NOTE: It is the client's responsibility to read this report in its entirety and to research any and all jurisdictional permits required by the local authorities regarding the property in contract before the close of escrow. Any recommendations detailed in this report should also be addressed prior to the close of escrow. The client is to personally perform a diligent visual inspection of the property after the seller vacates to insure that no condition was concealed by personal property and/or stored items while occupied, or damaged during the seller's evacuation of the building. Should any condition be revealed that was not addressed within "*The Merritt Report*" report prior to, or after the close of escrow please contact our office immediately for an additional evaluation regarding such condition. (Please remember that cosmetic items are subjective and beyond the scope of our evaluations).

Scott Merritt - Certified Inspector

MEMORANDUM

TO: Board of Directors, Placer County Air Pollution Control District

FROM: Don Duffy, Associate Air Quality Engineer

AGENDA DATE: December 9, 2010

SUBJECT: Amendment of Rule 601, Permit Fees (Action/Public Hearing)

Action Requested:

- 1) Conduct a Public Hearing regarding the proposed amendment of Rule 601, Permit Fees
- 2) Approve and adopt the Recommendations found in this document and the Findings in the Staff Report (Attachment #2), and approve Resolution #10-15 (Attachment #1), thereby amending Rule 601, Permit Fees (Exhibit #1) and the current Fee Schedule (Attachment #3).

Discussion:

The soon to be proposed adoption of a new rule for the Prevention of Significant Deterioration (PSD) Permit Program requires that a new fee be added to Rule 601, PERMIT FEES, to recover the cost of the PSD permitting. PSD is a federal permitting program for new major stationary facilities and significant modification to existing major facilities located in areas classified as attainment, or in areas that are unclassifiable for any individual criteria air pollutant. The PSD permitting program is a pre-construction permit that is administered by the Environmental Protection Agency (EPA) Region IX for Placer County. There is currently only one PSD permit in Placer County; Sierra Pacific Industries. PSD permit fees are proposed to be the same as Title V permit fees, which are currently \$1070.25 for filing an application for a new permit, \$669.00 for a permit modification application, and a time and materials rate of \$108.25 per hour. These rates are adjusted annually by the California Consumer Price Index.

A second item addressed in the proposed amended rule is the creation of a new equipment category for engineering evaluation and permit fees for semiconductor manufacturing process equipment. Currently, this category of equipment is treated as a permit fee exception due to the fact that it is not specified in any of the other fee categories. There is currently only one facility permitted as a semiconductor manufacturing operation in Placer County; Renesas Electronics America (formerly named NEC Electronics). Renesas currently has 124 process tools that are subject to the “exception” category which requires approximately \$29,000 for annual permit renewal. Renesas has requested that the District consider reducing the fees

due to the large number of tools subject to this fee that should more than cover the cost to the District to administer these permits. Staff agrees that the “exception” category is not a good fit for the Renesas situation and that fees probably are in excess of actual costs. Therefore, Staff proposes that a new equipment category be created which has a \$150 fee for engineering evaluation and operating permit annual renewal. The current “exception” category engineering evaluation fee is \$422.75 per unit and the annual operating fee is \$234.25 per unit. This would reduce Renesas’ annual permit renewal fees by approximately \$10,000.

When fees are amended, the recently passed California Proposition 26 needs to be considered. Staff believes that the new PSD fees are clearly fees for the direct benefit of the applicant, and therefore continue to be considered as fees rather than taxes. The new equipment category for semiconductor equipment is actually a fee reduction and therefore not relevant to Proposition 26. See additional discussion in the Staff Report.

The above summary of the fee amendments is based on the more detailed discussion found in the Staff Report (Attachment #2).

Emissions Impact:

Amendment of Rule 601, Permit Fees will have no impact on emissions.

Fiscal Impact:

Cost of Compliance: Rule 601 is not a control measure and has no cost of compliance.

Budget Impacts:

There will be staff time involved with advising prospective applicants for PSD permits on District requirements for the application. The PSD application filing fee should cover these costs, based on the analysis presented in the Staff Report. The actual costs of processing the PSD permit after the application is received will be reimbursed to the District by the applicant paying an invoice, which is issued when the PSD permit is issued, for actual time and material expenses

The addition of an equipment category for semiconductor manufacturing equipment with the proposed fees will result in a decrease in revenue to the District. Currently, this proposed change in treatment of semiconductor equipment will reduce annual revenue by approximately \$10,000. However, these proposed fees are more in line with actual cost to the District to administer the semiconductor equipment permits.

Public Outreach:

The public affected by the amended rule consists of semiconductor manufacturing companies and any company planning a new major source or any current major source planning a major expansion. The following events were conducted to notify the affected public and obtain public input on the proposed rules:

- Public notices of the scheduled workshop were published in The Auburn Journal, The Roseville Press Tribune, The Placer Herald, and The Lincoln News Messenger during the period of October 27, 2010, through October 28, 2010.
- Direct mailer was sent to a mailing list developed from semiconductor manufacturing companies, major sources, synthetic minor sources, neighboring air districts, and environmental organizations on approximately October 27, 2010.
- Public workshop conducted at the Auburn Justice Center at 1:30 PM on November 3, 2010.
- Public notices of the scheduled public hearing were published in The Auburn Journal, The Roseville Press Tribune, The Placer Herald, and The Lincoln Messenger during the period of November 7, 2010, through November 11, 2010.
- Public hearing conducted at the regular District Board of Directors meeting on December 9, 2010.

Public Comment:

The District received one comment letter from Renesas in support of creating a new fee category for semiconductor manufacturing equipment. The letter is included as Attachment #4.

Recommendation:

The purpose of the public hearing is to consider public testimony regarding the proposed amended rule and to consider whether the proposed amendment should be adopted.

Staff recommends and requests that the Board:

- (1) Approve and adopt the Recommendations found in this document and the Findings in the Staff Report of Attachment #2, and
- (2) Adopt Resolution #10-15, (Attachment #1) thereby adopting proposed amended Rule 601 as shown in Exhibit I

Attachment(s): #1: Resolution #10-15, Adoption of Amended Rule 601, Permit Fees
#2: Staff Report with Exhibit II - strikeout version of Rule 601
#3: Fee Schedule
#4: Comment Letter

ATTACHMENT #1

SUBJECT:

Resolution #10-15

1 **BEFORE THE BOARD OF DIRECTORS**
2 **PLACER COUNTY AIR POLLUTION CONTROL DISTRICT**
3 **STATE OF CALIFORNIA**

4
5 **RESOLUTION NO: 10-15**

6
7 **In the matter of:** Approve Resolution #10-15, thereby adopting the Placer County Air
8 Pollution Control District's proposed amended Rule 601, Permit Fees, as
9 shown in Exhibit I.

10
11 **The following RESOLUTION was duly passed by the Board of Directors, Placer County**
12 **Air Pollution Control District, at a regular meeting held December 9, 2010, by the**
13 **following vote:**

14
15 Ayes: Holmes, M. _____ Ucovich _____ Weygandt _____ Holmes, J. _____ Barkle _____
16 Nakata _____ Hill _____ Montgomery _____ Allard _____
17 Noes: Holmes, M. _____ Ucovich _____ Weygandt _____ Holmes, J. _____ Barkle _____
18 Nakata _____ Hill _____ Montgomery _____ Allard _____
19 Abstain: Holmes, M. _____ Ucovich _____ Weygandt _____ Holmes, J. _____ Barkle _____
20 Nakata _____ Hill _____ Montgomery _____ Allard _____

21
22 **Signed and approved by me after its passage.**

23
24 _____ **Chairperson**

25
26 **Attest:**

27
28 _____ **Clerk of said Board**

1 **WHEREAS**, Sections 40701.5 and 42311 of the Health and Safety Code of the State of
2 California authorize a district board to adopt permit fees to recover the costs of implementing
3 and maintaining permit programs regarding stationary emissions sources; and

4

5 **WHEREAS**, an annual California Consumers Price Index (CPI) adjustment to Rule 601 Permit
6 Fees was approved by the Board beginning in 2001 and onward; and

7

8 **WHEREAS**, an annual CPI adjustment of the Prevention of Significant Discharge (PSD) and
9 semiconductor equipment fees is deemed to be necessary to achieve cost recovery with future
10 increases in costs; and

11

12 **WHEREAS**, the District Board has made the findings pursuant to Health and Safety Code
13 Section 40727, of necessity, authority, clarity, consistency, non-duplication, and reference in
14 regard to the proposed rule; and

15

16 **WHEREAS**, amendment of this regulation is categorically exempt from CEQA pursuant to Title
17 14, California Administrative Code, Section 15308, as an action by a regulatory agency for the
18 protection of the environment; and

19

20 **WHEREAS**, the proposed amended rule is an administrative rule, and not an emission control
21 measure, and as such need not be listed in the District’s annual “Regulatory Measures List”
22 pursuant to Health and Safety Code Section 40923; and

23

24 **WHEREAS**, these proceedings were held in a public hearing and were properly noticed
25 pursuant to Section 40725 of the Health and Safety Code of the State of California; with any
26 evidence having been received concerning the proposed adoption of this Resolution and this
27 Board having duly considered such evidence; and

28

29

1 **WHEREAS**, the proposed amendments to Rule 601 are clearly permit fees, and as such, are not
2 reclassified as taxes by the recently approved California Proposition 26 (Supermajority Vote to
3 Pass New Taxes and Fees Act), the District Board can adopt the fee amendments by majority
4 vote of the Board.

5

6 **NOW, THEREFORE, BE IT RESOLVED**, that this Board approves and adopts this
7 amendment of Rule 601, Permit Fees, as shown in Exhibit I.

8

9 **NOW, THEREFORE, BE IT FURTHER RESOLVED**, that annual CPI adjustments shall
10 apply to PSD and semiconductor equipment fees.

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

EXHIBIT I

Rule 601 Permit Fees

RULE 601 PERMIT FEES

Adopted 05-24-77
(Amended 04-21-81, 06-07-83, 05-20-85, 12-03-85,
10-19-93, 08-08-96, 12-11-97, 06-11-98, 06-14-01, 12-13-07, 12/9/10)

This Rule is applicable to the Lake Tahoe, Sacramento Valley and Mountain Counties Air Basin portions of the District and requires that fees be paid for:

1. Filing of permit applications
2. Engineering evaluation (engineering analysis and emission reduction analysis)
3. Annual operation
4. Environmental documentation and air quality modeling
5. Transfer of ownership of equipment
6. Alterations or additions to equipment
7. Revision of permit conditions
8. Issuance of duplicate permit
9. Annual permit renewal based on emissions
10. Emission reduction credits
11. Synthetic minor source status requests
12. Air toxic emissions inventory and analyses
13. Agricultural Stationary Diesel Engine Registration and Renewal

Federal, state or local governmental agencies or public districts shall pay the fees to the extent allowed under Chapter 2, Division 7, Title 1 of the Government Code (commencing with Section 6103) and Chapter 55, Part 3, Division 26 of the Health and Safety Code.

No Claim for refund for any fee required by this rule shall be honored unless such claim is submitted within 90 days after the fee was paid. The use of revenue derived from the application of this rule shall be governed by Health and Safety Code Section 42311.

A. Filing Fee

1. Except as provided in paragraph (F), subparagraph (A)(2), subparagraph (A)(3), and subparagraph (G)(2), every applicant filing for a permit, the revision of conditions, or emission reduction shall pay a filing fee as shown in Table 601-A.1, of the District Fee Schedule.
2. Applicants for Title V and Prevention of Significant Deterioration (PSD) permits to operate, shall pay a filing fee as shown in Table 601-A.2, of the District Fee Schedule, for the initial permit application or for mandatory re-opening, non-administrative modification, or permit renewal.
3. Sources requesting Synthetic Minor status, pursuant to Rule 512, REQUEST FOR SYNTHETIC MINOR SOURCE STATUS, shall pay a filing fee as shown in Table 601-A.3, of the District Fee Schedule, unless a higher fee is required by another applicable schedule.
4. If an application for a permit is cancelled or is denied and such denial becomes final, the filing fee or transfer fee required herein shall not be refunded nor applied to any subsequent application.

B. Engineering Analysis and Evaluation Fee

1. Except as provided in paragraph (F) and subparagraph (G)(2), every applicant who files an application for a permit, including one for change of location, shall, in addition to the filing fee, pay within the time and upon the notification specified in subparagraph (B)(4), an engineering evaluation fee which includes the appropriate engineering analysis fee specified in paragraph (E) and an emissions reduction analysis fee specified herein when applicable. An emissions reduction analysis fee shall be paid when an applicant proposes, as part of a permit application, to reduce emissions of air contaminants from equipment to offset emissions of air contaminants from the equipment which is the subject of the permit application. In those circumstances where an application to accomplish the emissions reduction is required in addition to the application that proposes this reduction, the analysis fee will be assessed to the application requiring the reduction.

The emissions reduction analysis fee shall be as shown in Table 601-B, of the District Fee Schedule, per pound (calculated on a daily basis) of each air contaminant reduced.

Fees payable under this paragraph shall be paid within the time and upon the notification specified in subparagraph (B)(4).

2. With exception of the fees provided in Table 601-E.6, Table 601-E7, and Table 601-E8 of the District Fee Schedule, if more than one fee schedule is applicable, the governing schedule shall be that which results in the higher fee.
3. After the provisions for granting or denying an Authority to Construct as set forth in Division 26 of the Health and Safety Code and these Rules and Regulations have been complied with, the applicant shall pay the engineering analysis fee within the time and upon the notification specified in subparagraph (B)(4).
4. The applicant shall be notified, in writing, of the fees to be paid. Such notice may be given by personal service or by deposit, postpaid, in the United States mail and shall be due 30 days from the date of personal service or mailing. Non-payment of the fee within this period of time will result in cancellation of the application and voiding of the Authority to Construct. No further applications will be accepted from the applicant until such time as overdue engineering evaluation fees have been fully paid.
5. In the case of application(s) received for permits to operate equipment already constructed, the applicant shall pay the application filing fee as provided in subparagraph (A)(1). An engineering evaluation fee with any associated late fees as provided in paragraph (I) shall be paid at the time the permit to operate is granted or denied. Annual operating fees shall be paid as provided in subparagraph (C)(10). If at the time the permit to operate is granted or denied, it is determined that the annual operating fee had been based on the wrong schedule, the applicant shall be billed for or credited with the difference, as appropriate.
6. If an application for a permit is canceled within thirty days of filing, an engineering evaluation fee will not be charged if no action has been taken.

C. Annual Operating Fee

1. As soon as practicable on or after the effective date of this Rule, the Air Pollution Control Officer shall establish an annual operating fee due date for each permittee for all permits associated with the same premises. Thereafter, permits to operate shall be renewable as set forth below, subject to any other requirements of these Rules and Regulations and of state law, regarding validity, voiding or revocation of permits.

2. In those instances where a permit is due to expire on a date different than the annual operating fee due date established for the permittee, the permit may be renewed upon payment of an annual operating fee. Such fee shall be calculated based upon the appropriate schedule in paragraph (E) of this Rule, but prorated based upon the number of months between the expiration date of the permit and the permittee's annual operating fee due date.
3. In those instances where a permit is due to expire on the permittee's annual operating fee due date, the permit may be renewed upon payment of the annual operating fee prescribed in the appropriate schedule in paragraph (E).
4. An Authority to Construct which has not been canceled or voided shall be considered a temporary permit to operate on the date the applicant completes final construction and commences operation, pursuant to RULE 501 (A). For the purposes of this subparagraph, the date specified as the estimated completion date on the application for an Authority to Construct shall be considered the date of commencement of operation unless the applicant notifies the District in writing that operation will commence on another date. Such temporary permit to operate shall be valid for the period of time between commencement of operation and the applicant's next annual operating fee due date following commencement of operation. At that time, and each year thereafter, the annual operating fee for the temporary permit to operate shall be due in the amount prescribed in the appropriate schedule in paragraph (E). The fee shall be based upon the size, rating or capacity of the equipment covered by the temporary permit to operate, if any, as prescribed in paragraph (E).
5. The same annual operating fee due date shall apply from one change of ownership to another.
6. At least thirty days before the annual operating fee due date, the permittee will be notified by mail of the annual operating fee due and the due date. The annual operating fee for each permit shall be in the amount shown in the schedules set forth in paragraph (E).
7. Except as provided in subparagraph (8) below, if the annual operating fee is not paid when due, the fee shall be increased fifty (50) percent of the amount thereof, and the permittee shall thereupon be notified by mail of the increased fee. If the increased fee is not paid within 30 days after such notice, the permit will expire and no longer be valid and the permittee will be notified by mail.
8. An expired permit may be reinstated only by submitting a new application for a permit accompanied by an application fee and the payment in full of the amount of fees due at the time the previous permit expired.
9. No annual operating fee shall be required for a permit to operate gasoline fueling equipment which is exempted from installing vapor recovery systems under the provisions of RULE 213 or 214.
10. In the case of equipment operating, where an Authority to Construct was not issued, the annual operating fee will be due on the Company's next annual operating fee due date, following the submission of the completed application for permit to operate. If no annual renewal date has been established, the Air Pollution Control Officer will set one upon receipt of the application.

D. Annual Permit Fee Based On Emissions

1. The operator of all equipment operating under permit shall pay an annual permit fee based on the total weight of emissions of each of the contaminants specified in subparagraph (D)(2) from equipment on the premises. The fee established in this subparagraph is pursuant to the authority granted in Health and Safety Code Section 42311. Such fee shall be in addition to other fees payable under this Rule. As used in this paragraph, "premises" means one parcel of land, or continuous parcels of land under the same ownership or entitlement to use not including the parcels which are remotely located and connected only by land carrying a pipeline.
2. Each ton (rounded to the nearest ton) for any one of the following air contaminants: gaseous sulfur compounds (expressed as sulfur dioxide), total organic gases, oxides of nitrogen (expressed as nitrogen dioxide), or particulate matter; and in excess of 10 tons per year (rounded to the nearest ton) for carbon monoxide shall be assessed a fee as set forth in Table 601-D, of the District Fee Schedule.
3. The Air Pollution Control Officer shall determine the total emissions for the preceding year of each of the air contaminants listed in subparagraph (D)(2) from all equipment on the premises of facilities to which this paragraph applies. The Air Pollution Control Officer shall determine the emission factors applicable to each permit unit or group of permit units, and provide them to the operator upon request. In determining emission factors, the Air Pollution Control Officer shall use the best available data. "Emission Factor", as used in this subparagraph, means the amount of air contaminant emitted per unit of time or per unit of material handled, processed, produced or burned.
4. Notice and Late Filing Penalties
 - a. At least thirty days before the annual operating fee due date the permittee will be notified by mail of the annual permit fee based upon emissions due and the due date. The notice will include the fee specified in paragraph (D)(1) and the Air Pollution Control Officer's determination of emissions.
 - b. In the case that the annual operating fee based upon emissions is not paid when due, the fee shall be increased by twenty-five percent (25%) of the amount thereof, and the permittee shall thereupon be notified by mail of the increased fee. For each additional month that the emission fee remains unpaid after it is late, there shall be added interest of one and one-half percent (1-1/2%) per month. If the emission fee is timely paid, but the amount paid is later determined to be less than 90 percent of the full amount that should have been paid, the 25% increase shall be imposed as described herein above, but calculated on the difference between the amount actually paid and the amount that should have been paid.
 - c. If one hundred and twenty (120) days have elapsed since the notice to pay fee was sent and all emission fees have not been received, the Air Pollution Control Officer may take action to revoke such permits to operate (Health and Safety Code Section 42307). If permits to operate are revoked, they shall be immediately reinstated upon the payment by the permit holder of the required emission fees and accrued penalties.
5. No annual permit fee based upon emissions shall be required for the following equipment:
 - a. Vehicle fueling equipment. For the purpose of this subparagraph, "vehicle" has the same meaning as defined in Section 670 of the Vehicle Code.

- b. Equipment listed in paragraph (E)(8) deemed by the Air Pollution Control Officer to emit insignificant amounts of contaminants.

E. Schedules for the engineering analysis fee and annual operating fee

1. Schedule 1, Motor Horsepower Schedule:

Any equipment using motors as a power source shall be assessed a permit fee based on the cumulative total rated horsepower of all motors included in accordance with the schedule of Table 601-E.1, of the District Fee Schedule.

2. Schedule 2, Fuel Burning Schedule:

Any equipment in which fuel is burned, including cogeneration, with the exception of incinerators which are covered in Schedule 4, shall be assessed a permit fee based upon the design fuel consumption of the equipment expressed in thousands of British Thermal Units (BTU) per hour, using gross heating values of the fuel, in accordance with the schedule of Table 601-E.2, of the District Fee Schedule.

3. Schedule 3, Electrical Energy Schedule:

Any equipment which uses electrical energy, with the exception of motors covered in Schedule 1, shall be assessed a permit fee based on the total kilovolt ampere (KVA) ratings, in accordance with the schedule of Table 601-E.3, of the District Fee Schedule.

4. Schedule 4, Incinerator Schedule:

Any equipment designed and used primarily to dispose of combustible refuse by wholly consuming the material charged leaving only the ashes or residue shall be assessed a permit fee based on the schedule of the maximum horizontal inside cross sectional area, in square feet, of the primary combustion chamber of Table 601-E.4, of the District Fee Schedule.

5. Schedule 5, Stationary Container Schedule:

Any stationary tank, reservoir, or other container, with the exception of stationary storage tanks covered in Schedule 6 herein, shall be assessed a permit fee on the schedule of capacities in gallons or cubic equivalent of Table 601-E.5, of the District Fee Schedule.

6. Schedule 6, Gasoline Fueling Equipment Schedule:

Any gasoline fueling equipment at a single location including stationary gasoline storage tanks and dispensers, shall be assessed a single permit fee based on the number of gasoline dispensing nozzles, in accordance with the schedule of Table 601-E.6, of the District Fee Schedule.

7. Schedule 7, Semiconductor Process Equipment:

Any semiconductor manufacturing process equipment that either emits an air contaminant subject to regulation or is controlled by air pollution control equipment, shall be assessed an engineering analysis fee or a permit fee in accordance with the schedule of Table 601-E.7 of the District Fee Schedule.

8. Schedule 8, Permit Fee Exceptions:

The following equipment shall be assessed an engineering analysis fee and an annual

operating fee in accordance with the schedule of Table 601-E.8, of the District Fee Schedule.

- a. Each permit of a dry cleaning plant.
 - b. Equipment with a capacity less than 15,000 liters (4,000 gallons) used exclusively to mix solvents and surface coatings.
 - c. Spray coating equipment operated outside of a control enclosure.
 - d. Vapor degreasing equipment using exclusively 1-1-1 trichloroethane, methylene chloride, trifluoromethane, or chlorinated-fluorinated hydrocarbons.
 - e. Portable abrasive blasting equipment.
 - f. Mobile asphalt or coal tar pitch roofing equipment.
 - g. Internal combustion engines of less than 4,000 brake horsepower driving electrical emergency generators.
 - h. Any equipment which is not included in any of the preceding Schedules.
9. Schedule 9, Engineering Analysis Time and Materials Labor Rate: This schedule shall apply to the Engineering Analysis of Paragraph (B) if the actual costs of the analysis exceed the fee determined under the applicable schedule of Schedules 1 through 7. The rate for time and materials shall be in accordance with Table 601-E.9, of the District Fee Schedule.

F. Change of Ownership or Name

1. When an application for change of ownership or name is filed, for equipment previously permitted, the applicant shall pay, in lieu of a filing fee and initial permit fee, the fee provided for in subparagraph (A)(1) and paragraph (B), a transfer fee of for each permit unit being transferred from one person to another, or for which the name is to be changed, in accordance with Table 601-F, of the District Fee Schedule, payable at the time the application is filed.

G. Alterations, Additions or Revisions

1. When an application is filed for a permit involving alterations or additions resulting in a change to any existing equipment for which a permit to operate was granted and has not expired in accordance with paragraph (C) of this Rule, the applicant shall pay a fee as provided in subparagraph (A)(1) and in addition shall pay engineering analysis fees based upon the increase in rating, capacity, or increase in the number of nozzles resulting from such change, as determined from the fee Schedules in paragraph (E), and an emissions reduction analysis fee as applicable. When there is no incremental increase in rating, capacity, or increase in the number of nozzles, the applicant shall pay as specified in subparagraph (A)(1) and in addition an engineering analysis fee equal to Step (A) of the appropriate fee Schedule in paragraph (E), and an emissions reduction analysis fee as applicable.
2. When an application is filed for a revision of conditions on a permit to operate, the applicant shall pay the fee provided for in subparagraph (A)(1), plus an emissions reduction analysis fee as applicable and the applicable fee based on time and materials of subparagraph (M)(1).

H. Duplicate Permits

A request for a duplicate permit shall be made in writing by the permittee after the destruction, loss or defacement of a permit. The fee specified in Table 601-H, of the District Fee Schedule, shall be charged for issuing a duplicate permit.

I. Late Fee

When equipment is built, erected, installed, altered, or replaced (except for identical replacement) without the owner or operator obtaining an Authority to Construct in accordance with RULE 501, the applicant shall pay the filing fee required by paragraph (A)(1) and one hundred fifty percent (150%) of the fees required by paragraph (B), and of one years' annual operating fees. The assessment of such late fee shall not limit the District's right to pursue any other remedy provided for by law.

J. Applicability of Fees

When an application is submitted for transfer of ownership under paragraph (F) of this Rule, and for alterations, additions, or revisions under paragraph (G), of this Rule, the paragraph resulting in the highest permit fee shall apply.

K. Credit for Solar Energy Equipment

Any permittee required to pay an annual permit renewal fee shall receive an annual fee credit for any solar energy equipment installed at the site where the equipment under permit is located.

1. Computation

The design capacity of the solar energy equipment expressed in thousands of British Thermal Units (BTU) per hour shall be used to determine the fee credit in accordance with the annual permit renewal fee provisions of subparagraph (E)(2) of this Rule.

2. Limitation

The solar energy credit shall not exceed the annual permit renewal fee for all permits at the site where the solar energy equipment is located.

L. Minor Source Permit Limitation Fee

New Minor Sources, as defined by Rule 511, POTENTIAL TO EMIT shall be assessed a one-time fee as specified in Table 601-L, of the District Fee Schedule, for the preparation of permit limiting conditions of operation and recordkeeping requirements, unless a higher fee is required by another applicable schedule.

M. Time and Materials Labor Rates

1. General Time and Materials Labor Rate: This rate shall be used to establish fees for emission reduction analysis required to establish the creditable emissions reductions of Rule 504, EMISSION REDUCTION CREDITS; work by District staff pursuant to Rule 603, ANALYSIS FEE; air toxic inventory, risk assessments, and reporting which are not including in the fees of Rule 610, AIR TOXICS HOT SPOTS FEES; reinspections that are required due to circumstances beyond the control of the District, and other such special studies or analysis by District staff. The general time and materials labor rate shall be as specified in Table 601-M.1, of the District Fee Schedule.

2. Title V and PSD Time and Materials Labor Rate: The time and materials rate for review and processing of Title V and PSD applications for initial permits, permit modification, mandatory permit re-opening, and Title V and PSD permit preparation shall be as specified in Table 601-M.2, of the District Fee Schedule.
3. Expedited Permit Processing Time and Materials Labor Rate: In addition to the applicable filing fees of Part A and engineering analysis fees of Part B for Authority to Construct permits, applicants requesting the processing of a permit application in advance the normal schedule, based upon filing date, shall pay a time and materials labor rate as specified in Table 601-M.3, of the District Fee Schedule.

N. Pass Through of Charges

The actual reasonable and customary charges for the services of source testing contractors, analytical laboratories, air monitoring or inspection contractors, and other evaluation contractors, including reimbursement of the State, for services rendered to the District to determine the compliance and/or emissions of a facility may be assessed as a fee to that facility.

O. Annual Adjustment

All fees specified by this rule shall be automatically adjusted on June 1 of each year based on the change in annual California Consumer Price Index for the preceding calendar year

P. Agricultural Stationary Compression Ignition Engine Registration and Renewal Fees

1. The initial registration fee, for each engine where the registration application is received by the District by June 30, 2008, shall be \$100.
2. For registration applications received after June 30, 2008, the application fee shall be equal to the cost of 1.1 labor hours at the District's general time and materials rate at the time of the registration application as specified in Table 601-M.1 of the District Fee Schedule.
3. A triennial renewal of the Certificate of Registration shall be accompanied with a renewal fee in the amount equal to the cost of 0.6 labor hours at the District's general time and materials rate at the time of the renewal as specified in Table 601-M.1 of the District Fee Schedule.

ATTACHMENT #2

SUBJECT:

Staff Report

**PROPOSED AMENDMENT OF
RULE 601, PERMIT FEES
STAFF REPORT
12/9/10**

Executive Summary

The soon to be proposed adoption of a new rule for the Prevention of Significant Deterioration (PSD) Permit Program requires that a new fee be added to Rule 601, PERMIT FEES, to recover the cost of the PSD permitting. PSD is a federal permitting program for new major stationary facilities and significant modification to existing major facilities located in areas classified as attainment, or in areas that are unclassifiable for any individual criteria air pollutant. The PSD permitting program is a pre-construction permit that is administered by EPA Region IX for Placer County. There is currently only one PSD permit in Placer County; Sierra Pacific Industries.

A second item addressed in the proposed rule is the creation of a new equipment category for engineering evaluation and permit fees for semiconductor manufacturing process equipment. Currently, this category of equipment is treated as a permit fee exception due to the fact that it is not specified in any of the other fee categories.

Discussion

Staff had been planning to bring before the Board in the December 9, 2010 meeting the adoption of Rule 518, PREVENTION OF SIGNIFICANT DETERIORATION (PSD) PERMIT PROGRAM. A last minute complication with EPA approval of the rule came up that will delay bringing the rule to the board until the next meeting. However, the semiconductor equipment fee category amendment should be addressed at the December meeting. Rather than split the amendment into two amendments at different board meeting, staff proposes that the PSD fees be added to the rule now even though they will be ahead of adoption of the PSD rule.

PSD Fees

Rule 518 will require that the applicant shall pay the applicable fees specified in District Rule 601, PERMIT FEES. The costs to the District for processing a PSD permit application are estimated to be similar to those required for processing a new Title V permit to Rule 507, FEDERAL OPERATING PERMIT PROGRAM. Currently, the Title V program includes three types of fees; Supplemental Annual Fee (507-1), Application Fee (601-A.2), and a Time and Materials Rate (601-M.2).

The Title V Supplemental Annual Fee is a maintenance fee for the inspections and reporting required for a Title V permit. Since a PSD permit is a pre-construction permit and is not renewed or amended unless there is a significant change in the source, there are no ongoing costs to the District. Therefore, there is no supplemental fee for PSD.

The application fee for a new Title V permit is currently \$1070.25. This is approximately 10 loaded labor hours at the Title V Time and Materials (T & M) rate. This represents the cost to the District for guidance to the applicant on what the District requires in a new Title V application. It is estimated that this pre-application effort would be the same for a PSD permit application. Rule 601 is amended to add PSD to the Title V initial permit filing fee in Table 601-A.2.

Cost to the District for processing and issuing a Title V permit is billed to the applicant on an actual basis using the Title V Time and Material rate of Section M.2 of Rule 601 and Table 601-M.2 of the District Fee Schedule. While the T & M charges can vary substantially based on the complexity of the Title V permit, the District gives the applicant an initial estimate of 68 hours. At the current Title V T & M hourly rate of \$108.25, this is approximately \$7,500. The Title V rate is based on the hourly rate for a Senior Engineer loaded with benefits and District overhead. Rule 601 is amended to add PSD to the Title V Time and Materials rate.

Semiconductor Process Equipment

Semiconductor process equipment consists of the tools used for the manufacture of semiconductor devices. Each of these tools is roughly the size of a small automobile and performs one step in what may be 100 different steps in making a semiconductor device. The most common processes in semiconductor manufacturing are deposition of material and then selectively etching away patterns in this material. These processes are typically done one wafer at a time under vacuum. The effluents from the vacuum pumps contain particulates, acid gases, VOCs, and toxic materials. The effluents from the different processes are routed to air pollution control equipment.

There is only one permitted semiconductor manufacturing operation in Placer County; Renesas Electronics, formerly named NEC Electronics. District practice has been to include the semiconductor process tools in the permits. Since there has not been a fee category specifically for semiconductor process tools, they fall into the fee exception category which includes equipment not covered by any other category. The permit fee exception category currently is \$422.75 per equipment item for engineering analysis fee and \$234.25 for annual operating fee.

Renesas currently has 124 process tools that either emit air contaminants or are connected to air pollution control equipment. This works out to be an annual renewal fee of approximately \$29,000 for the process tools. Renesas has requested that the District review the fees for process tools and suggests that the fees be reduced due to the fact that there is such a multiplicity of tools. The District agrees that process tools don't exactly fit into the fee exemption category, and proposes to create a new fee category for semiconductor process tools. The District proposes that the fee for engineering analysis and annual operating fee be initially set at \$150 each. As with other fees listed in Rule 601, this fee will be adjusted annually according to increases in the California Consumer

Price Index. This will be an amended section in Rule 601 inserted as Schedule 7 in Section E. Later schedules in the rule are renumbered.

Invoices for permit renewal for October, 2010 have been mailed with payment due by October 30, 2010. Due to discussions relative to this fee reduction, the permit holder has been given an invoice due date extension until November 15, 2010. If this proposed amendment to Rule 601 is adopted by the District Board on December 9, 2010, and payment of the renewal invoice has been made in full, then the District will reimburse Renesas for the overpayment relative to the reduced permit fees.

Consumer Price Index Adjustments

In 2001, the Board approved an on-going annual adjustment to all fees based on the California Consumer Price Index. This CPI adjustment will also apply to the new PSD and semiconductor equipment fees being added in this rule amendment.

The annual incremental CPI based adjustment stops the differential between fee revenues and District costs from increasing, and provides for small incremental increases rather than a single large “catch-up” increase every few years. If too much time passed between fee increases, such as occurred in the past, it is possible fees could not be increased enough to gain parity with the increased cost because of a statutory 15% limitation on annual stationary source permit fee increases (applicable to air districts with budgets of one million dollars or more).

California Proposition 26

On November 2, 2010, the voters of California passed Proposition 26, the Supermajority Vote to Pass New Taxes and Fees Act. This initiative measure requires a two-thirds majority vote of the voters to institute certain new taxes and reclassifies certain new fees as new taxes. The measure does apply to Placer County Air Pollution Control District due to the District being a “special district” and thus considered a local government. The approval requirement for local governments for new taxes where the government specifies how the funds will be used is two-thirds of local voters. If the government does not specify how the funds will be used, the approval requirement is the majority of local voters. The approval requirement for new fees is a majority of the governing body.

The amendment of Rule 601 is to add new fees for the PSD permitting program consisting of an initial filing fee for a PSD permit application plus a time and materials fee based on actual cost to the District to process and issue the PSD permit, and to create a new equipment category for semiconductor manufacturing equipment which is actually a fee reduction. Section 3(e) of the proposition lists a number of fee exceptions that are not to be considered taxes:

Section 3(e): *As used in this article, “tax” means any levy, charge, or exaction of any kind imposed by a local government, except the following:*

(3) 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 the administrative enforcement and adjudication thereof.

Since the PSD fees are clearly permit fees resulting in a service or privilege to the applicant and set to reimburse the cost to the District for providing the permit, the approval requirement is majority vote of the Board.

District authority to impose fees is derived from the California Health & Safety Code. Section 42311 states:

A district board may adopt, by regulation, a schedule of annual fees for the evaluation, issuance, and renewal of permits to cover the cost of district programs related to permitted stationary sources authorized or required under this division that are not otherwise funded.

H & SC Section 40701.5 (a) also authorizes district funding:

Funding for a district may be provided by, but is not limited to, any one or any combination of the following sources:

- (1) Grants*
- (2) Subventions*
- (3) Permit fees*
- (4) Penalties*
- (5) A surcharge of fee pursuant to Section 41081 or 44223 on motor vehicles registered in the district*

Analysis and Findings

The following Analysis and the subsequent Findings are intended to address the requirements set forth in the Health and Safety Code relating to adoption of a new or amended District Rule, as well as other State statutes referenced herein.

Cost-Effectiveness of a Control Measure

California Health & Safety Code (H&S) Section 40703 requires a District to consider and make public “the cost-effectiveness of a control measure”. The adoption of Rule 518 will have an additional cost on the applicant for a PSD permit beyond what that applicant would pay under the current situation where the permit is issued by EPA. EPA does not charge a PSD applicant for EPA costs in issuing a PSD permit. However, the applicant would have

costs for preparing their application plus any consultants hired to help in application preparation. The additional cost would be the District filing fee plus the actual District hours expended to process the permit, estimated to be \$8433. There should be no difference in emissions from a PSD facility regardless if the permit were processed by EPA or the district, therefore cost-effectiveness cannot be calculated. However, the advantage of the District issuing the PSD permit would be in avoiding a possible EPA backlog that could delay EPA permit issuance by up to two years.

The proposed creation of a fee category for semiconductor manufacturing equipment and setting the fee at \$150 will result in a cost decrease for applicable sources from the current practice of treating this equipment as in the fee exception category. This will result in an annual fee decrease for Renesas of \$10,447.

Socioeconomic Impact

H&S Section 40728, in relevant part, requires the Board to consider the socioeconomic impact of any new rule if air quality or emission limits are significantly affected. However, Districts with a population of less than 500,000 persons are exempted from the socioeconomic analysis. In 2009, the population of Placer County was approximately 340,000 persons, so the District is exempt from this requirement.

California Environmental Quality Act (CEQA)

Applicants for PSD permits under the proposed rule amendment are already required to obtain PSD permits under the Federal Clean Air Act. The requirements of the permit will be the same whether EPA or the District issues the permit.

California Public Resources Code Section 21159 requires that an environmental analysis of the reasonably foreseeable methods of compliance be conducted. Compliance with the proposed rule is expected to result in reduced emissions to the environment. Therefore, the proposed rule will reduce emissions from sources and will not cause any significant adverse effects on the environment. Staff has concluded that no adverse environmental impacts will be caused by compliance with the proposed rule.

According to the above conclusion, Staff finds that the proposed rule is exempt from the California Environmental Quality Act (CEQA) because 1) it can be seen with certainty that there is no possibility that the activity in question may have a significant adverse effect on the environment (CEQA Guidelines §15061(b)(3)) and 2) it is an action by a regulatory agency for protection of the environment (Class 8 Categorical Exemption, CEQA Guidelines §15308).

Findings

- A. **Necessity** – The amendment of Rule 601 is necessary in order for a potential applicant for a PSD permit to avoid an unacceptably long wait of up to two years for EPA to process the permit application and issue a PSD permit. This rule amendment covers the District cost for issuing PSD permits.
- B. **Authority** – California Health and Safety Code, Sections 40000, 40001, 40701, and 40702 are provisions of law that provide the District with the authority to amend this rule.
- C. **Clarity** – There is no indication, at this time, that the proposed rule is written in such a manner that persons affected by the rule cannot easily understand them.
- D. **Consistency** – The regulation is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations.
- E. **Non-duplication** – The regulation does not impose the same requirements as an existing state or federal regulation.
- F. **Reference** – All statutes, court decisions, and other provisions of law used by PCAPCD in interpreting this regulation is incorporated into this analysis and this finding by reference.

EXHIBIT II

Rule 601 Permit Fees
(Strikeout Version)

RULE 601 PERMIT FEES

Adopted 05-24-77
(Amended 04-21-81, 06-07-83, 05-20-85, 12-03-85,
10-19-93, 08-08-96, 12-11-97, 06-11-98, 06-14-01, 12-13-07, [12/9/10](#))

This Rule is applicable to the Lake Tahoe, Sacramento Valley and Mountain Counties Air Basin portions of the District and requires that fees be paid for:

1. Filing of permit applications
2. Engineering evaluation (engineering analysis and emission reduction analysis)
3. Annual operation
4. Environmental documentation and air quality modeling
5. Transfer of ownership of equipment
6. Alterations or additions to equipment
7. Revision of permit conditions
8. Issuance of duplicate permit
9. Annual permit renewal based on emissions
10. Emission reduction credits
11. Synthetic minor source status requests
12. Air toxic emissions inventory and analyses
13. Agricultural Stationary Diesel Engine Registration and Renewal

Federal, state or local governmental agencies or public districts shall pay the fees to the extent allowed under Chapter 2, Division 7, Title 1 of the Government Code (commencing with Section 6103) and Chapter 55, Part 3, Division 26 of the Health and Safety Code.

No Claim for refund for any fee required by this rule shall be honored unless such claim is submitted within 90 days after the fee was paid. The use of revenue derived from the application of this rule shall be governed by Health and Safety Code Section 42311.

A. Filing Fee

1. Except as provided in paragraph (F), subparagraph (A)(2), subparagraph (A)(3), and subparagraph (G)(2), every applicant filing for a permit, the revision of conditions, or emission reduction shall pay a filing fee as shown in Table 601-A.1, of the District Fee Schedule.
2. Applicants for Title V [and Prevention of Significant Deterioration \(PSD\)](#) permits to operate, shall pay a filing fee as shown in Table 601-A.2, of the District Fee Schedule, for the initial permit application ~~or, and a filing fee as shown in Table 601-A.2, of the District Fee Schedule,~~ for mandatory re-opening, non-administrative modification, or permit renewal, ~~pursuant to Rule 507, FEDERAL OPERATING PERMIT PROGRAM.~~
3. Sources requesting Synthetic Minor status, pursuant to Rule 512, REQUEST FOR SYNTHETIC MINOR SOURCE STATUS, shall pay a filing fee as shown in Table 601-A.3, of the District Fee Schedule, unless a higher fee is required by another applicable schedule.
4. If an application for a permit is cancelled or is denied and such denial becomes final, the filing fee or transfer fee required herein shall not be refunded nor applied to any subsequent application.

B. Engineering Analysis and Evaluation Fee

1. Except as provided in paragraph (F) and subparagraph (G)(2), every applicant who files an application for a permit, including one for change of location, shall, in addition to the filing fee, pay within the time and upon the notification specified in subparagraph (B)(4), an engineering evaluation fee which includes the appropriate engineering analysis fee specified in paragraph (E) and an emissions reduction analysis fee specified herein when applicable. An emissions reduction analysis fee shall be paid when an applicant proposes, as part of a permit application, to reduce emissions of air contaminants from equipment to offset emissions of air contaminants from the equipment which is the subject of the permit application. In those circumstances where an application to accomplish the emissions reduction is required in addition to the application that proposes this reduction, the analysis fee will be assessed to the application requiring the reduction.

The emissions reduction analysis fee shall be as shown in Table 601-B, of the District Fee Schedule, per pound (calculated on a daily basis) of each air contaminant reduced.

Fees payable under this paragraph shall be paid within the time and upon the notification specified in subparagraph (B)(4).

2. With exception of the fees provided in ~~Schedule 6 and Schedule 7~~ [Table 601-E.6, Table 601-E7, and Table 601-E8 of the District Fee Schedule](#), if more than one fee schedule is applicable, the governing schedule shall be that which results in the higher fee.
3. After the provisions for granting or denying an Authority to Construct as set forth in Division 26 of the Health and Safety Code and these Rules and Regulations have been complied with, the applicant shall pay the engineering analysis fee within the time and upon the notification specified in subparagraph (B)(4).
4. The applicant shall be notified, in writing, of the fees to be paid. Such notice may be given by personal service or by deposit, postpaid, in the United States mail and shall be due 30 days from the date of personal service or mailing. Non-payment of the fee within this period of time will result in cancellation of the application and voiding of the Authority to Construct. No further applications will be accepted from the applicant until such time as overdue engineering evaluation fees have been fully paid.
5. In the case of application(s) received for permits to operate equipment already constructed, the applicant shall pay the application filing fee as provided in subparagraph (A)(1). An engineering evaluation fee with any associated late fees as provided in paragraph (I) shall be paid at the time the permit to operate is granted or denied. Annual operating fees shall be paid as provided in subparagraph (C)(10). If at the time the permit to operate is granted or denied, it is determined that the annual operating fee had been based on the wrong schedule, the applicant shall be billed for or credited with the difference, as appropriate.
6. If an application for a permit is canceled within thirty days of filing, an engineering evaluation fee will not be charged if no action has been taken.

C. Annual Operating Fee

1. As soon as practicable on or after the effective date of this Rule, the Air Pollution Control Officer shall establish an annual operating fee due date for each permittee for all permits associated with the same premises. Thereafter, permits to operate shall be renewable as set forth below, subject to any other requirements of these Rules and Regulations and of state law, regarding validity, voiding or revocation of permits.

2. In those instances where a permit is due to expire on a date different than the annual operating fee due date established for the permittee, the permit may be renewed upon payment of an annual operating fee. Such fee shall be calculated based upon the appropriate schedule in paragraph (E) of this Rule, but prorated based upon the number of months between the expiration date of the permit and the permittee's annual operating fee due date.
3. In those instances where a permit is due to expire on the permittee's annual operating fee due date, the permit may be renewed upon payment of the annual operating fee prescribed in the appropriate schedule in paragraph (E).
4. An Authority to Construct which has not been canceled or voided shall be considered a temporary permit to operate on the date the applicant completes final construction and commences operation, pursuant to RULE 501 (A). For the purposes of this subparagraph, the date specified as the estimated completion date on the application for an Authority to Construct shall be considered the date of commencement of operation unless the applicant notifies the District in writing that operation will commence on another date. Such temporary permit to operate shall be valid for the period of time between commencement of operation and the applicant's next annual operating fee due date following commencement of operation. At that time, and each year thereafter, the annual operating fee for the temporary permit to operate shall be due in the amount prescribed in the appropriate schedule in paragraph (E). The fee shall be based upon the size, rating or capacity of the equipment covered by the temporary permit to operate, if any, as prescribed in paragraph (E).
5. The same annual operating fee due date shall apply from one change of ownership to another.
6. At least thirty days before the annual operating fee due date, the permittee will be notified by mail of the annual operating fee due and the due date. The annual operating fee for each permit shall be in the amount shown in the schedules set forth in paragraph (E).
7. Except as provided in subparagraph (8) below, if the annual operating fee is not paid when due, the fee shall be increased fifty (50) percent of the amount thereof, and the permittee shall thereupon be notified by mail of the increased fee. If the increased fee is not paid within 30 days after such notice, the permit will expire and no longer be valid and the permittee will be notified by mail.
8. An expired permit may be reinstated only by submitting a new application for a permit accompanied by an application fee and the payment in full of the amount of fees due at the time the previous permit expired.
9. No annual operating fee shall be required for a permit to operate gasoline fueling equipment which is exempted from installing vapor recovery systems under the provisions of RULE 213 or 214.
10. In the case of equipment operating, where an Authority to Construct was not issued, the annual operating fee will be due on the Company's next annual operating fee due date, following the submission of the completed application for permit to operate. If no annual renewal date has been established, the Air Pollution Control Officer will set one upon receipt of the application.

D. Annual Permit Fee Based On Emissions

1. The operator of all equipment operating under permit shall pay an annual permit fee based on the total weight of emissions of each of the contaminants specified in subparagraph (D)(2) from equipment on the premises. The fee established in this subparagraph is pursuant to the authority granted in Health and Safety Code Section 42311. Such fee shall be in addition to other fees payable under this Rule. As used in this paragraph, "premises" means one parcel of land, or continuous parcels of land under the same ownership or entitlement to use not including the parcels which are remotely located and connected only by land carrying a pipeline.
2. Each ton (rounded to the nearest ton) for any one of the following air contaminants: gaseous sulfur compounds (expressed as sulfur dioxide), total organic gases, oxides of nitrogen (expressed as nitrogen dioxide), or particulate matter; and in excess of 10 tons per year (rounded to the nearest ton) for carbon monoxide shall be assessed a fee as set forth in Table 601-D, of the District Fee Schedule.
3. The Air Pollution Control Officer shall determine the total emissions for the preceding year of each of the air contaminants listed in subparagraph (D)(2) from all equipment on the premises of facilities to which this paragraph applies. The Air Pollution Control Officer shall determine the emission factors applicable to each permit unit or group of permit units, and provide them to the operator upon request. In determining emission factors, the Air Pollution Control Officer shall use the best available data. "Emission Factor", as used in this subparagraph, means the amount of air contaminant emitted per unit of time or per unit of material handled, processed, produced or burned.
4. Notice and Late Filing Penalties
 - a. At least thirty days before the annual operating fee due date the permittee will be notified by mail of the annual permit fee based upon emissions due and the due date. The notice will include the fee specified in paragraph (D)(1) and the Air Pollution Control Officer's determination of emissions.
 - b. In the case that the annual operating fee based upon emissions is not paid when due, the fee shall be increased by twenty-five percent (25%) of the amount thereof, and the permittee shall thereupon be notified by mail of the increased fee. For each additional month that the emission fee remains unpaid after it is late, there shall be added interest of one and one-half percent (1-1/2%) per month. If the emission fee is timely paid, but the amount paid is later determined to be less than 90 percent of the full amount that should have been paid, the 25% increase shall be imposed as described herein above, but calculated on the difference between the amount actually paid and the amount that should have been paid.
 - c. If one hundred and twenty (120) days have elapsed since the notice to pay fee was sent and all emission fees have not been received, the Air Pollution Control Officer may take action to revoke such permits to operate (Health and Safety Code Section 42307). If permits to operate are revoked, they shall be immediately reinstated upon the payment by the permit holder of the required emission fees and accrued penalties.
5. No annual permit fee based upon emissions shall be required for the following equipment:
 - a. Vehicle fueling equipment. For the purpose of this subparagraph, "vehicle" has the same meaning as defined in Section 670 of the Vehicle Code.

- b. Equipment listed in paragraph (E)(~~78~~) deemed by the Air Pollution Control Officer to emit insignificant amounts of contaminants.

E. Schedules for the engineering analysis fee and annual operating fee

1. Schedule 1, Motor Horsepower Schedule:

Any equipment using motors as a power source shall be assessed a permit fee based on the cumulative total rated horsepower of all motors included in accordance with the schedule of Table 601-E.1, of the District Fee Schedule.

2. Schedule 2, Fuel Burning Schedule:

Any equipment in which fuel is burned, including cogeneration, with the exception of incinerators which are covered in Schedule 4, shall be assessed a permit fee based upon the design fuel consumption of the equipment expressed in thousands of British Thermal Units (BTU) per hour, using gross heating values of the fuel, in accordance with the schedule of Table 601-E.2, of the District Fee Schedule.

3. Schedule 3, Electrical Energy Schedule:

Any equipment which uses electrical energy, with the exception of motors covered in Schedule 1, shall be assessed a permit fee based on the total kilovolt ampere (KVA) ratings, in accordance with the schedule of Table 601-E.3, of the District Fee Schedule.

4. Schedule 4, Incinerator Schedule:

Any equipment designed and used primarily to dispose of combustible refuse by wholly consuming the material charged leaving only the ashes or residue shall be assessed a permit fee based on the schedule of the maximum horizontal inside cross sectional area, in square feet, of the primary combustion chamber of Table 601-E.4, of the District Fee Schedule.

5. Schedule 5, Stationary Container Schedule:

Any stationary tank, reservoir, or other container, with the exception of stationary storage tanks covered in Schedule 6 herein, shall be assessed a permit fee on the schedule of capacities in gallons or cubic equivalent of Table 601-E.5, of the District Fee Schedule.

6. Schedule 6, Gasoline Fueling Equipment Schedule:

Any gasoline fueling equipment at a single location including stationary gasoline storage tanks and dispensers, shall be assessed a single permit fee based on the number of gasoline dispensing nozzles, in accordance with the schedule of Table 601-E.6, of the District Fee Schedule.

7. Schedule 7, Semiconductor Process Equipment:

Any semiconductor manufacturing process equipment that either emits an air contaminant subject to regulation or is controlled by air pollution control equipment, shall be assessed an engineering analysis fee or a permit fee in accordance with the schedule of Table 601-E.7 of the District Fee Schedule.

~~78~~. Schedule ~~78~~, Permit Fee Exceptions:

The following equipment shall be assessed an engineering analysis fee and an annual

operating fee in accordance with the schedule of Table 601-E.78, of the District Fee Schedule.

- a. Each permit of a dry cleaning plant.
- b. Equipment with a capacity less than 15,000 liters (4,000 gallons) used exclusively to mix solvents and surface coatings.
- c. Spray coating equipment operated outside of a control enclosure.
- d. Vapor degreasing equipment using exclusively 1-1-1 trichloroethane, methylene chloride, trifluoromethane, or chlorinated-fluorinated hydrocarbons.
- e. Portable abrasive blasting equipment.
- f. Mobile asphalt or coal tar pitch roofing equipment.
- g. Internal combustion engines of less than 4,000 brake horsepower driving electrical emergency generators.
- h. Any equipment which is not included in any of the preceding Schedules.

89. Schedule 89, Engineering Analysis Time and Materials Labor Rate: This schedule shall apply to the Engineering Analysis of Paragraph (B) if the actual costs of the analysis exceed the fee determined under the applicable schedule of Schedules 1 through 7. The rate for time and materials shall be in accordance with Table 601-E.89, of the District Fee Schedule.

F. Change of Ownership or Name

1. When an application for change of ownership or name is filed, for equipment previously permitted, the applicant shall pay, in lieu of a filing fee and initial permit fee, the fee provided for in subparagraph (A)(1) and paragraph (B), a transfer fee of for each permit unit being transferred from one person to another, or for which the name is to be changed, in accordance with Table 601-F, of the District Fee Schedule, payable at the time the application is filed.

G. Alterations, Additions or Revisions

1. When an application is filed for a permit involving alterations or additions resulting in a change to any existing equipment for which a permit to operate was granted and has not expired in accordance with paragraph (C) of this Rule, the applicant shall pay a fee as provided in subparagraph (A)(1) and in addition shall pay engineering analysis fees based upon the increase in rating, capacity, or increase in the number of nozzles resulting from such change, as determined from the fee Schedules in paragraph (E), and an emissions reduction analysis fee as applicable. When there is no incremental increase in rating, capacity, or increase in the number of nozzles, the applicant shall pay as specified in subparagraph (A)(1) and in addition an engineering analysis fee equal to Step (A) of the appropriate fee Schedule in paragraph (E), and an emissions reduction analysis fee as applicable.
2. When an application is filed for a revision of conditions on a permit to operate, the applicant shall pay the fee provided for in subparagraph (A)(1), plus an emissions reduction analysis fee as applicable and the applicable fee based on time and materials of subparagraph (M)(1).

H. Duplicate Permits

A request for a duplicate permit shall be made in writing by the permittee after the destruction, loss or defacement of a permit. The fee specified in Table 601-H, of the District Fee Schedule, shall be charged for issuing a duplicate permit.

I. Late Fee

When equipment is built, erected, installed, altered, or replaced (except for identical replacement) without the owner or operator obtaining an Authority to Construct in accordance with RULE 501, the applicant shall pay the filing fee required by paragraph (A)(1) and one hundred fifty percent (150%) of the fees required by paragraph (B), and of one years' annual operating fees. The assessment of such late fee shall not limit the District's right to pursue any other remedy provided for by law.

J. Applicability of Fees

When an application is submitted for transfer of ownership under paragraph (F) of this Rule, and for alterations, additions, or revisions under paragraph (G), of this Rule, the paragraph resulting in the highest permit fee shall apply.

K. Credit for Solar Energy Equipment

Any permittee required to pay an annual permit renewal fee shall receive an annual fee credit for any solar energy equipment installed at the site where the equipment under permit is located.

1. Computation

The design capacity of the solar energy equipment expressed in thousands of British Thermal Units (BTU) per hour shall be used to determine the fee credit in accordance with the annual permit renewal fee provisions of subparagraph (E)(2) of this Rule.

2. Limitation

The solar energy credit shall not exceed the annual permit renewal fee for all permits at the site where the solar energy equipment is located.

L. Minor Source Permit Limitation Fee

New Minor Sources, as defined by Rule 511, POTENTIAL TO EMIT shall be assessed a one-time fee as specified in Table 601-L, of the District Fee Schedule, for the preparation of permit limiting conditions of operation and recordkeeping requirements, unless a higher fee is required by another applicable schedule.

M. Time and Materials Labor Rates

1. General Time and Materials Labor Rate: This rate shall be used to establish fees for emission reduction analysis required to establish the creditable emissions reductions of Rule 504, EMISSION REDUCTION CREDITS; work by District staff pursuant to Rule 603, ANALYSIS FEE; air toxic inventory, risk assessments, and reporting which are not including in the fees of Rule 610, AIR TOXICS HOT SPOTS FEES; reinspections that are required due to circumstances beyond the control of the District, and other such special studies or analysis by District staff. The general time and materials labor rate shall be as specified in Table 601-M.1, of the District Fee Schedule.

2. Title V and PSD Time and Materials Labor Rate: The time and materials rate for review |

and processing of Title V and PSD applications for initial permits, permit modification, mandatory permit re-opening, and Title V and PSD permit preparation shall be as specified in Table 601-M.2, of the District Fee Schedule.

3. Expedited Permit Processing Time and Materials Labor Rate: In addition to the applicable filing fees of Part A and engineering analysis fees of Part B for Authority to Construct permits, applicants requesting the processing of a permit application in advance the normal schedule, based upon filing date, shall pay a time and materials labor rate as specified in Table 601-M.3, of the District Fee Schedule.

N. Pass Through of Charges

The actual reasonable and customary charges for the services of source testing contractors, analytical laboratories, air monitoring or inspection contractors, and other evaluation contractors, including reimbursement of the State, for services rendered to the District to determine the compliance and/or emissions of a facility may be assessed as a fee to that facility.

O. Annual Adjustment

All fees specified by this rule shall be automatically adjusted on June 1 of each year based on the change in annual California Consumer Price Index for the preceding calendar year

P. Agricultural Stationary Compression Ignition Engine Registration and Renewal Fees

1. The initial registration fee, for each engine where the registration application is received by the District by June 30, 2008, shall be \$100.
2. For registration applications received after June 30, 2008, the application fee shall be equal to the cost of 1.1 labor hours at the District's general time and materials rate at the time of the registration application as specified in Table 601-M.1 of the District Fee Schedule.
3. A triennial renewal of the Certificate of Registration shall be accompanied with a renewal fee in the amount equal to the cost of 0.6 labor hours at the District's general time and materials rate at the time of the renewal as specified in Table 601-M.1 of the District Fee Schedule.

ATTACHMENT #3

SUBJECT:

Amended Fee Schedule

**PLACER COUNTY
AIR POLLUTION CONTROL DISTRICT**

FEE SCHEDULE

July 1, 2010 - June 30, 2011

Updated December 9, 2010

Updated June 1, 2010 (0.0% CPI Adjustment)
Updated June 1, 2009 (3.4% CPI Adjustment)
Updated June 1, 2008 (3.3% CPI Adjustment)
Updated June 1, 2007 (3.9% CPI Adjustment)
Updated June 1, 2006 (3.7% CPI Adjustment)
Updated June 1, 2005 (2.6% CPI Adjustment)
Updated June 1, 2004 (2.3% CPI Adjustment)
Updated June 1, 2003 (2.8% CPI Adjustment)
Updated June 1, 2002 (3.9% CPI Adjustment)
Adopted June 14, 2001 (3.7% CPI Adjustment)

The Fee Tables of this schedule are those fees that are subject to annual adjustment to reflect increases in the California Consumer Price Index (CPI). The Table designations reflect the Rule number and Rule Section where the fee is required. Fees from the following Rules are included:

Rule 507, Federal Operating Permit Program

Rule 601, Permit Fees

Rule 602, Hearing Board Fees

Rule 607, Burn Permit Fees

These fees are effective for those permits issued after July 1st.

DISTRICT FEE SCHEDULE

TABLE 507-1, TITLE V PROGRAM SUPPLEMENTAL ANNUAL FEE

Fee Type	Fee	Units
Title V Major Source With Combustion and Opacity CEMS	\$8,593.00	per facility
Title V Major Source With Combustion CEMS	\$7,176.50	per facility
Title V Major Sources Without CEMS	\$6,465.75	per facility
Non-Major Title V Sources Without CEMS	\$4,470.25	per facility
Synthetic Minor Sources	\$2,163.50	per facility

DISTRICT FEE SCHEDULE

TABLE 601 - A.1

Fee Type	Fee	Units
Permit, permit revision, emission reduction	\$234.25	per application

TABLE 601 - A.2

Fee Type	Fee	Units
Title V and PSD Initial Permit filing	\$1,070.25	per application
Permit re-opening, modification, or renewal	\$669.00	per permit

TABLE 601 - A.3

Fee Type	Fee	Units
Synthetic Minor Source Status filing	\$461.50	per application

TABLE 601 - B: EMISSION REDUCTION ANALYSIS FEE

Fee Type	Fee	Units
Emission reduction analysis fee	\$3.35	per pound

TABLE 601 - D: ANNUAL PERMIT FEE BASED ON EMISSIONS

Fee Type	Fee	Units
Organic gases	\$93.00	per ton
Carbon monoxide	\$7.35	per ton
Oxides of nitrogen (expressed as nitrogen dioxide)	\$17.50	per ton
Gaseous sulfur compounds (expressed as sulfur dioxide)	\$4.00	per ton
Particulate matter	\$69.50	per ton

DISTRICT FEE SCHEDULE

TABLE 601 - E.1: HORSEPOWER

Part	Rating	Engineering Analysis Fee	Operating Fee	Units
(A)	Less than 50	\$465.50	\$234.25	Horsepower
(B)	50 or greater but less than 100	\$746.50	\$465.50	Horsepower
(C)	100 or greater but less than 200	\$1,396.75	\$697.00	Horsepower
(D)	200 or greater but less than 300	\$1,861.00	\$929.75	Horsepower
(E)	300 or greater but less than 400	\$2,326.50	\$1,162.75	Horsepower
(F)	400 or greater but less than 500	\$2,793.50	\$1,396.75	Horsepower
(G)	500 or greater but less than 600	\$3,257.75	\$1,629.50	Horsepower
(H)	600 or greater	\$3,723.50	\$1,861.00	Horsepower

TABLE 601 - E.2: 1000 BRITISH THERMAL UNITS PER HOUR

Part	Rating	Engineering Analysis Fee	Operating Fee	Units
(A)	Less than 1,500	\$1,162.75	\$234.25	1000 BTU
(B)	1,500 or greater but less than 5,000	\$1,861.00	\$697.00	1000 BTU
(C)	5,000 or greater but less than 15,000	\$2,559.50	\$929.75	1000 BTU
(D)	15,000 or greater but less than 50,000	\$3,257.75	\$1,629.50	1000 BTU
(E)	50,000 or greater but less than 100,000	\$3,723.50	\$2,793.50	1000 BTU
(F)	100,000 or greater but less than 200,000	\$4,654.50	\$4,187.75	1000 BTU
(G)	200,000 or greater	\$6,981.25	\$5,351.50	1000 BTU

TABLE 601 - E.3: ELECTRICAL ENERGY

Part	Rating	Engineering Analysis Fee	Operating Fee	Units
(A)	Less than 150	\$465.50	\$234.25	Kilovolt Amperes
(B)	50 or greater but less than 450	\$1,162.75	\$465.50	Kilovolt Amperes
(C)	450 or greater but less than 4,500	\$1,861.00	\$697.00	Kilovolt Amperes
(D)	4,500 or greater but less than 14,500	\$2,559.50	\$929.75	Kilovolt Amperes
(E)	14,500 or greater but less than 45,000	\$3,611.00	\$1,162.75	Kilovolt Amperes
(F)	45,000 or greater	\$4,654.50	\$1,396.75	Kilovolt Amperes

TABLE 601 - E.4: INCINERATOR

Part	Rating	Engineering Analysis Fee	Operating Fee	Units
(A)	Less than 10	\$929.75	\$234.25	Square Feet Area
(B)	10 or greater but less than 15	\$1,396.75	\$465.50	Square Feet Area
(C)	15 or greater but less than 25	\$1,861.00	\$697.00	Square Feet Area
(D)	25 or greater but less than 40	\$2,326.50	\$929.75	Square Feet Area
(E)	40 or greater but less than 100	\$2,793.50	\$1,396.75	Square Feet Area
(F)	100 or greater	\$3,489.25	\$2,093.75	Square Feet Area

DISTRICT FEE SCHEDULE

TABLE 601 - E.5: STATIONARY CONTAINER

Part	Rating	Engineering Analysis Fee	Operating Fee	Units
(A)	Less than 40,000	\$465.50	\$234.25	Gallons
(B)	40,000 or greater but less than 100,000	\$1,162.75	\$465.50	Gallons
(C)	100,000 or greater but less than 400,000	\$1,861.00	\$697.00	Gallons
(D)	400,000 or greater but less than 1,000,000	\$2,559.50	\$929.75	Gallons
(E)	1,000,000 or greater but less than 1,500,000	\$3,257.75	\$1,162.75	Gallons
(F)	1,500,000 or greater	\$4,654.50	\$1,396.75	Gallons

TABLE 601 - E.6: GASOLINE FUELING EQUIPMENT

Part	Rating	Engineering Analysis Fee	Operating Fee	Units
(A)	Gasoline dispensing nozzles	\$63.50	\$31.75	No. of Nozzles

TABLE 601 - E.7: SEMICONDUCTOR PROCESS EQUIPMENT

Part	Rating	Engineering Analysis Fee	Operating Fee	Units
(A)	Semiconductor Process Tool	\$150.00	\$150.00	Per Tool

TABLE 601 - E.8: PERMIT FEE EXCEPTIONS

Part	Rating	Engineering Analysis Fee	Operating Fee	Units
(A)	Per exception equipment unit	\$422.75	\$234.25	No. of Exceptions

TABLE 601 - E.9: ENGINEERING ANALYSIS TIME AND MATERIALS RATE

Fee Type	Hourly Rate	Minimum Assessment
Engineering Analysis labor Rate	\$99.25	\$248.00

TABLE 601- F: CHANGE OF OWNERSHIP OR NAME

Fee Type	Per Permit	Maximum Assessment
Change of ownership or name	\$208.75	\$669.00

DISTRICT FEE SCHEDULE

TABLE 601 - H: DUPLICATE PERMITS

Fee Type	Per Permit
Issuance of duplicate permit	\$18.75

TABLE 601 - L: MINOR SOURCE PERMIT LIMITATION FEE

Fee Type	Per Source
Minor source limitation fee	\$57.50

TABLE 601 - M.1: GENERAL TIME AND MATERIALS RATE

Fee Type	Hourly Rate
General labor rate	\$96.00

TABLE 601 - M.2: TITLE V AND PSD TIME AND MATERIALS RATE

Fee Type	Hourly Rate
Title V and PSD permitting labor rate	\$108.25

TABLE 601 - M.3: EXPEDITED PERMIT PROCESSING LABOR RATE

Fee Type	Hourly Rate
Expedited permitting labor rate	\$117.50

DISTRICT FEE SCHEDULE

TABLE 602: HEARING BOARD FEES

Petition Type	Initial Petition Fee	Staff Time Included In Initial Fee	Charges for Additional Staff Time
Regular or Product Variance, or Order Request	\$3,411.75	8.0	\$117.75
Appeal of Authority to Construct or Permit to Operate	\$1,404.75	N/A	N/A
Modification of Increments of Progress or Final Compliance Date	\$3,043.75	6.0	\$117.75
Short or Interim Variance	\$1,705.75	5.0	\$117.75
Emergency Variance	\$1,438.25	4.0	\$117.75

TABLE 604: SOURCE TEST OBSERVATION AND REPORT EVALUATION*

Fee Type	Fee	Units
Source Test observation and report evaluation	\$220.00	Per test series

* Rule 604 fees are not subject to annual CPI adjustment

DISTRICT FEE SCHEDULE

DISTRICT FEE SCHEDULE

TABLE 607-302.1: AGRICULTURAL BURNING OF FIELD CROP WASTE

Fee Type	Fee	Units
Burn Permit Fee	\$67.00	Per permit
Additional Acreage Fee:		
0-25 Acres	\$25.00	Acres in range
26-50 Acres	\$50.25	Acres in range
51-100 Acres	\$100.25	Acres in range
101-150 Acres	\$150.50	Acres in range
151-200 Acres	\$200.75	Acres in range
201-300 Acres	\$301.00	Acres in range
301-400 Acres	\$401.25	Acres in range
401-500 Acres	\$501.75	Acres in range
500+ Acres	\$1.00	Acres in range

TABLE 607-302.2: AGRICULTURAL BURNING OF NON-FIELD CROP WASTE

Fee Type	Fee	Units
Burn Permit Fee	\$67.00	Per permit
Additional Acreage Fee:		
Pruned Acre Burned	\$1.00	Per acre
Orchard / Tree Removal	\$4.00	Per acre

TABLE 607-302.3: FOREST MANAGEMENT BURNING

Fee Type	Fee	Units
Burn Permit Fee	\$67.00	Per permit
Application/Plan Review (If applicable, up to a maximum of three hours)	\$80.25	Per hour
Additional Acreage Fee: (based on acreage permitted to be burned)		
0 - 500 acres	\$2.00	Per acre
501+ acres	No additional fee	Per acre

Adopted July 1, 2010

DISTRICT FEE SCHEDULE

TABLE 607-302.4: HAZARD REDUCTION BURNING

Fee Type	Fee	Units
Burn Permit Fee	\$67.00	Per permit
Application/Plan Review (If applicable, up to a maximum of three hours)	\$80.25	Per hour
Additional Acreage Fee: (based on acreage permitted to be burned)		
0 - 500 acres	\$2.00	Per acre
501+ acres	No additional fee	Per acre

TABLE 607-302.5: LAND DEVELOPMENT BURNING

Fee Type	Fee	Units
Burn Permit Fee	\$67.00	Per permit
Supplemental Fee	\$13.50	Per permit
Additional Acreage Fee: (based on acreage permitted to be burned)	\$2.00	Per acre

TABLE 607-302.6: MECHANIZED BURNING

Fee Type	Fee	Units
Burn Permit Fee	\$67.00	Per permit
Additional Acreage Fee: (based on acreage permitted to be burned)	\$2.00	Per acre

Adopted July 1, 2010

DISTRICT FEE SCHEDULE

TABLE 607-302.7: DESIGNATED LANDFILL BURNING

Fee Type	Fee	Units
Burn Permit Fee	\$67.00	Per permit
Supplemental Fee	\$133.75	Per permit
No Additional Acreage Fee		

TABLE 607-302.8: APPLICATION TO BURN ON A NO BURN DAY

Fee Type	Fee	Units
Application Fee	\$67.00	Per permit
Supplemental Fee	\$93.75	Per permit

TABLE 607-302.9: RANGE IMPROVEMENT BURNING

Fee Type	Fee	Units
Burn Permit Fee	\$67.00	Per permit
Additional Acreage Fee: (based on acreage permitted to be burned)	\$2.00	Per acre

TABLE 607-302.10: RIGHT OF WAY, LEVEE, DITCH, RESERVOIR BURNING

Fee Type	Fee	Units
Burn Permit Fee	\$67.00	Per permit
Additional Acreage Fee: (based on acreage permitted to be burned)	\$2.00	Per acre

Adopted July 1, 2010

DISTRICT FEE SCHEDULE

TABLE 607-302.11: WILD LAND VEGETATION MANAGEMENT BURNING

Fee Type	Fee	Units
Burn Permit Fee	\$67.00	Per permit
Application/Plan Review (If applicable, up to a maximum of three hours)	\$80.25	Per hour
Additional Acreage Fee: (based on acreage permitted to be burned)		
0 - 500 acres	\$2.00	Per acre
501+ acres	No additional fee	Per acre

TABLE 607-306: BURN PERMIT EXTENSION FEE

Fee Type	Fee	Units
Burn Permit Fee Extension (Forest Management Burning and Wildland Vegetation Burning may be granted a one time extension for up to 12 months duration)	\$40.25	Per permit

TABLE 607-307: RICE GROWER TRANSFER FEE

Fee Type	Fee	Units
Annual allowable burn acre transfer	\$40.25	Per transaction

TABLE 607-308: INSPECTION FEE

Fee Type	Fee	Units
Inspection of conduct of burning or materials (If applicable, up to a maximum of three hours)	\$80.25	Per hour

Adopted July 1, 2010

ATTACHMENT #4

SUBJECT:

Renesas Letter



Renesas Electronics America, Inc.
Roseville Manufacturing Facility
7501 Foothills Blvd.
Roseville, CA 95747-6565
Telephone (916) 786-3900

November 17, 2010

Mr. Thomas J. Christofk
Air Pollution Control Officer
Placer County APCD
3091 County Center Drive, Suite 240
Auburn, CA 95603

RECEIVED

NOV 19 2010

**Placer County Air Pollution
Control District**

Re: Proposed Revisions to Semiconductor Process Equipment Annual Permit Fees
Renesas Electronics America Inc
7501 Foothills Boulevard, Roseville, California
#NECE-92-01 and #NECE-93-01

Mr. Christofk

Renesas Electronics America Inc (REA) located at 7501 Foothills Boulevard in Roseville, California would like to show support for the proposed amendment of Rule 601, Permit fees to create a new equipment category for evaluation and permit fees for semiconductor manufacturing process equipment.

Background

Semiconductor process equipment are tools used for the manufacture of semiconductor devices. The process of the manufacturing of a single product wafer consists of approximately 600 different steps. Each tool performs one or more steps, and depending on the product, the step maybe performed again at a later stage of the process. The most common processes in semiconductor manufacturing are deposition of material and then selectively etching away patterns in this material. These processes are typically done one wafer at a time under vacuum. The effluents from the vacuum pumps contain particulates, acid gases, VOCs, and toxic materials. The effluents from the different processes are exhausted to air pollution control equipment.

District practice has been to include the semiconductor process tools in the permits. Due to the lack of a fee category dedicated to semiconductor process tools, the annual operating fee for the process tools defaulted to "Miscellaneous Equipment."

Below is a table depicting the permit period, the number of process tools and the total annual operating fees for process tools:

Permit Period	Number of Process Tools	Total Annual Operating Fees
2007-2008	293	\$55,261
2008-2009	282	\$45,537
2009-2010	221	\$31,160
2010-2011	124	\$29,057

Proposed Amendment of Rule 601

Renesas currently has 124 process tools that are connected to air pollution control equipment, which under the current Fee Schedule, would result in a \$29,000 operating fee for the current permit period. Given the current economic climate and need to stay competitive, Renesas requests that the District review the fees for process tools and suggests that the fees be reduced due to the multiplicity of tools and create a new fee category for semiconductor process tools.

We want to express our sincere appreciation for your prompt attention to this request.

Sincerely,



Vanessa Coleman
Safety and Environmental Engineer



Andy Reimanis
Director of Engineering