



San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

FISCAL YEAR 2021-22
RECOMMENDED BUDGET

San Joaquin Valley APCD



2021 GOVERNING BOARD MEMBERS



San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

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Samir Sheikh

Executive Director/Air Pollution Control Officer

June 17, 2021

**San Joaquin Valley
Unified Air Pollution Control District**

2021-22 Recommended Budget

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Supervisor, Tulare County

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June 17, 2021

Governing Board
San Joaquin Valley Unified Air Pollution Control District
1990 E. Gettysburg Avenue
Fresno, California 93726

Dear Board Members:

Attached is the Recommended Budget for the San Joaquin Valley Air Pollution Control District for July 1, 2021, to June 30, 2022. Policy guidance for the 2021-22 Budget was provided by your Board's Ad Hoc Budget Subcommittee, which consisted of Board Chair Supervisor Pedersen, Supervisor Wheeler, Mayor Preciado, Supervisor Shuklian, and Mayor Pro Tem Deborah Lewis.

The Recommended Budget is crafted to provide adequate resources to fulfill the District's Mission:

The San Joaquin Valley Air District is a public health agency whose mission is to improve the health and quality of life for all Valley residents through efficient, effective and entrepreneurial air quality management strategies. Our Core Values have been designed to ensure that our mission is accomplished through commonsense, feasible measures that are based on sound science.

As in previous years, this year's budget was developed using the zero-based budgeting approach. The narratives included as a part of this budget document describe the specifics of each department's functions and upcoming workload in support of the District's mission, as well as efficiencies and streamlining measures to be implemented.

The Recommended Budget is balanced, with adequate reserves and contingencies. The resources contained in the budget will enable the District to continue to provide excellent customer service and expedited processing of permit and incentive grant applications, and fulfill all state and federal mandates in a timely fashion.

Budget Highlights

- Total operating budget up 5%
 - Full-year funding of recent position enhancements funded by state revenues
 - 4% salary savings through position control
- No permit fee increases
- Significant workload absorbed through efficiency, program flexibility
- Strong public education and outreach
- Expeditious administration and use of emission reduction incentive funds in wide range of applications (\$519 million in funding)
- Balanced budget, with adequate reserves and contingencies

Workload and Staffing

In 2021-22, the District will experience significant workload in a number of areas which are summarized below:

Effective and Expeditious Administration of Incentive Grants:

The 2021-22 Recommended Budget includes \$519 million for incentive-based programs with funding from various local, state, and federal sources. Through strong advocacy and program performance, the District has been allocated significant state and federal emission reduction funding that will greatly assist the Valley in achieving the enormous emissions reductions necessary for meeting the District's air quality mandates and goals. Through the Incentive Spending Plan in the Recommended Budget, this funding is distributed through a comprehensive portfolio of District incentive programs that provide funding to Valley residents, businesses, schools, and municipalities for projects that reduce air pollution throughout the Valley. A great deal of staff time is allocated to these programs to develop grant program guidelines, conduct extensive outreach and assistance activities, review grant applications, conduct emissions reductions calculations, conduct on-site verification, and review grant claims to ensure timely payment. These programs are central to the District's efforts to attain the ever-tightening federal ambient air quality standards as expeditiously as possible. The Recommended Budget includes funding for the following emission reduction incentive programs:

- \$244 million in incentive funding for programs aimed at accelerating the turnover of older, high-polluting heavy-duty diesel equipment with new, much cleaner technology including the agricultural irrigation pump, dairy feed mixer electrification, agricultural equipment, heavy duty truck, yard hostler, locomotive, and school bus replacement programs.
- \$181 million in state Community Air Protection funding for programs that support the implementation of AB 617 and programs benefitting disadvantaged and low-income communities throughout the San Joaquin Valley. This includes a variety of programs including programs meant to accelerate the turnover of older, high-polluting heavy-duty diesel engines and equipment, community-level programs

such as the Burn Cleaner woodstove replacement program, lawnmower replacement programs, and Tune-In Tune-Up vehicle repair programs as well as a variety of additional emission reduction and exposure reduction programs developed and prioritized by the District's selected AB 617 communities for implementation within those communities.

- \$49 million for community incentive programs including the Burn Cleaner woodstove replacement program, Vanpool Voucher Incentive program, the Drive Clean program, the award-winning Tune In Tune Up Vehicle repair and replacement programs. This funding will also be used to provide incentives for new non-mobile emission reduction projects at stationary sources, schools, and other potential opportunities identified through the community engagement process under AB 617. These community-level programs generate critical, cost-effective emission reductions directly in the community, while also providing ways for the general public to contribute to cleaning the air for all Valley residents. A significant amount of staff time is spent assisting Valley residents with these important programs and ensuring that these programs remain responsive to the needs of the public.
- \$43 million in funding for the demonstration and deployment of advanced technologies and practices, and new zero and near-zero emissions technologies and related infrastructure. These programs are implemented in partnership with Valley public agencies, businesses, and other entities through the District's Technology Advancement Program, Public Benefit Grants program, Charge Up Program, Commercial Lawn and Garden Equipment Replacement Program, and Alternatives to Open Burning of Agricultural Materials Incentive Program.

In addition to the work necessary to administer the above programs, the District will also spend a significant amount of staff resources in securing additional funding sources by preparing and submitting applications for new funding opportunities and exploring partnership opportunities with other agencies and organizations. Preparing grant applications for additional funding requires significant staff resources, and many key state and federal grant opportunities will likely become available in 2021-22. Additionally, considerable staff resources will be expended in assisting other Valley public agencies and entities seek out funding opportunities that provide for air quality benefits.

Air Quality Planning and Rule Development:

Due to the Valley's geography, topography, and meteorological conditions that trap air pollutants in our region, the Valley continues to exceed the latest federal ambient air quality standards for ozone and PM2.5 even after imposing the toughest air regulations in the nation and having reduced emissions by over 85% from Valley businesses. Under the Clean Air Act, significant ongoing work is required to address the latest federal air quality standards, including adopting new attainment plans and regulations.

In 2021-22, the District is required to develop a new attainment plan to address the 2015 federal ozone standard. The preparation and development of this attainment plan requires significant work by the District to identify, assess, and craft new feasible and cost-effective measures to reduce air pollution from already well-regulated stationary sources, as well as interfacing with CARB and U.S. EPA to adequately address mobile source emissions under their jurisdiction.

In 2021-22, a significant amount of work will be required to continue to implement the District's *2018 PM_{2.5} Plan* and develop the new emission control measures laid out in the plan. Key areas of focus for rule development include internal combustion engines, glass melting furnaces, solid fuel-fired boilers and steam generators, and conservation management practices. In addition, the District will undergo a rule development process for rules related to leak detection and repair requirements for oil and gas operations for the BARCT process under AB 617. Development of new rules will involve extensive public engagement and working closely with affected entities to devise innovative and creative measures that effectively reduce emissions in a cost-effective fashion.

Permitting and Enforcement:

In the coming year, the District continues to forecast significant workload with respect to air quality permitting and enforcement. This workload includes issuing permits for new facilities, modifications at existing facilities, and annual renewals. Additionally, the District implements a robust enforcement program that includes regular inspections of facilities with air quality permits and other air quality sources.

In response to state revisions to AB 2588 Air Toxics Hots Spots program guidelines, your Board established a process for reassessing facilities under the new guidelines under an expedited multi-year timeframe. This reassessment of facilities will continue to drive a significant workload for the District in the coming year and for several years to come. In implementing these new requirements, thousands of additional facilities require reassessment through the new prioritization process. Meanwhile, the District is following the quadrennial emissions update process and performing refined health risk assessments for a smaller subset of facilities as prescribed in AB 2588.

Air Monitoring:

The District operates a comprehensive ambient air monitoring network for criteria air pollutants in each of the eight counties of the Valley. This federally-approved network is operated in collaboration with CARB, and is utilized to meet federal Clean Air Act requirements, provide timely air quality information to the public, and to support a number of District programs. The equipment operates continuously and must be maintained to meet very strict state and federal criteria. Significant workload will be required in 2021-22 to maintain and calibrate this equipment at air monitoring sites throughout the Valley.

An extensive increase in workload for the District's air monitoring program is expected during the 2021-22 year as the community air monitoring networks in South Fresno, Shafter, Stockton, and Arvin/Lamont are implemented. The work to operate, maintain, and repair the deployed air monitoring equipment, and the review and validation of the collected data, will result in a substantial workload increase in the District's air monitoring operations.

Assembly Bill 617

In September 2017, the State Legislature and Governor agreed to extend the Cap and Trade program as part of a legislative package that also included the passage of AB 617 and new associated emission reduction incentive funding. This legislation established new mandates for the California Air Resources Board (CARB) and air districts to develop and implement additional emissions reporting, monitoring, and community emission reduction programs and measures in an effort to reduce air pollution exposure in disadvantaged communities.

Since the enactment of AB 617, the District has initiated the implementation of these new state mandates, including the comprehensive technical evaluation and community engagement called for under the statute. After extensive public engagement, in September 2018, CARB selected ten communities statewide for action in the first year under AB 617, including the City of Shafter and South Central Fresno. The District immediately began working to convene steering committees made up of residents, businesses, non-governmental organizations, and public agencies for each of these selected communities to serve in an advisory capacity to the District in the development of community air monitoring plans (CAMP) and community emission reduction programs (CERPs).

Under CARB-established guidance for implementing AB 617, and using funding provided by the state to offset the District's costs for implementing this program, the District has invested considerable effort and resources conducting a range of associated activities in and around the selected communities of Shafter and South Central Fresno. This extensive analysis and public engagement led to the District Governing Board adopting the Shafter and South Central Fresno CERPs in September 2019, followed by CARB adoption in February 2020.

For the second year of implementation of AB 617, in December 2019, CARB selected Stockton as the next AB 617 community in the Valley. Through 2020 and into early 2021, the District worked closely with the Stockton community steering committee to establish the CAMP and CERP for this community, leading to District Governing Board adoption of the Stockton CERP in March 2021.

In 2021-22, extensive work will be required to implement the CAMPs and CERPs for South Fresno, Shafter, and Stockton in consultation with the community steering committees, resulting in emissions reductions and health benefits to the residents of these Valley communities. Additionally, in 2021-22, the District will begin the AB 617 implementation process for the newly selected community of Arvin/Lamont,

developing both a CAMP and CERP for this community. This new addition will take an extensive amount of additional staff time to manage the engagement process and develop successful strategies while working with the community members.

Additional AB 617 mandates requires air districts that are in nonattainment for one or more air pollutants to adopt expedited schedules by January 2019 for the implementation of Best Available Retrofit Control Technology (BARCT) for facilities subject to market-based compliance mechanisms under the state Cap and Trade program. To satisfy the applicable mandates, significant ongoing work will continue through the next fiscal year to either demonstrate that existing rules meet BARCT requirements or identify potential gaps.

Also required by AB 617, CARB was tasked with developing a uniform statewide system for reporting inventories for criteria and air toxic emissions for stationary sources to the public. To address the AB 617 mandate, CARB adopted the Regulation for the Reporting of Criteria Air Pollutants and Toxic Air Contaminants (CTR). Currently, the District conducts major work every year to update the criteria pollutant emissions inventory for all stationary sources and toxic pollutant inventory in accordance with the schedule established in the state's Air Toxics Hot Spots regulation. However, pursuant to the new CTR, significant new work will be required to outreach the new requirements and collect and validate additional information from existing and new source categories. The new requirements began phasing-in with the reporting of 2019 data in 2020 for certain categories of sources.

New Workload Absorbed through Efficiency and Streamlining

Historically, the District has absorbed the increased workload associated with new state and federal mandates primarily through efficiency and streamlining efforts. This has been accomplished through investment in automation, strict adherence to the District's zero-based budgeting approach, prudent management of resources, and application of efficient work practices and procedures. Some of the efficiency and streamlining measures employed by the District are highlighted below.

Automation through the use of information technology is instrumental in a number of initiatives pursued by the District to improve efficiency and quality of work. The continued implementation of the new automated air quality data/monitoring system will significantly reduce the amount of staff time required to perform quality assurance/control of air quality data. As staff become more familiar with the new air quality data management system and its capabilities, even more efficiencies with this system are expected this next year. Staff have developed and implemented several automated modules in the daily forecasting routines that have significantly reduced the time spent on those tasks. Staff will continue to improve these routines in order to reduce time spent on forecasting.

The most critical tool utilized in the administration of the District's voluntary incentive programs is the Grants Management System database. This system tracks all

activities related to the administration of all of our programs. The District's new and redesigned system has provided many new opportunities to improve District grant application and payment processing including data entries, project review, and reporting. Recent enhancements include improved internal controls and project monitoring, and streamlined claim processing. The District has also implemented remote grant project inspections to reduce travel time.

The District has continued to successfully design and launch multiple online grant portals that provide applicants the ability to submit their applications and supporting documents online, receive notification, and check status of their application without the need to contact District staff. Some of the portals currently available include Burn Cleaner, Drive Clean in the San Joaquin, and Zero-Emission Commercial and Residential Lawn and Garden Programs. The District is in the process of developing portals for other incentive programs.

The District has also been developing several new internet applications aimed at enhancing stakeholder access to District services and streamlining labor intensive internal processes. Examples of such online applications include air pollution complaint submittals and asbestos notification submittals for demolition projects, as well as portals that provide permitted stationary sources access to a variety of District records and billing information, and provide grant applicants with a centralized location to submit and track their grant applications for air pollution reduction projects. Additionally, the District is working with state and federal land management agencies to improve and facilitate communications to increase customer service and maximize efficiency when coordinating on proposed prescribed fire projects.

The District has fully implemented the ability to receive online electronic funds via e-checks, debit, and credit cards. The enhanced District online portal allows permitted facilities to view their current outstanding invoices, submit payments, and receive their payment confirmation instantly.

The District will continue to empower staff through the STAR (Service Teamwork Attitude Respect) work culture, which has resulted in thousands of successfully implemented ideas for improving efficiency and service. As in past years, the District will also continue to strategically use temporary staffing to reduce costs, avoid excessive overtime, and address new and fluctuating workloads. The attached narratives for all District departments contain details on key efficiency and streamlining measures being implemented throughout the District.

Research and Technology Advancement

The District continues its tradition of relying on sound science in formulating effective air quality management strategies. Consistent with this and in support of the District's Health Risk Reduction strategies aimed at maximizing and prioritizing public health benefits, the Recommended Budget includes funding specifically designated for health and scientific studies. Through these funds, the District

anticipates leveraging university and other available research resources to support research studies in support of the District's clean air mission.

The Recommended Budget contains adequate staffing and financial resources to administer the District's Technology Advancement Program. Under this program, the District will provide funding and support to promote the development and advancement of new low-emissions technologies through Valley-based demonstrations. The Technology Advancement Program will enable the District to create public-private partnerships to advance low-emissions technologies and build and expand local capacity for research and development in the San Joaquin Valley.

2021-22 Staffing Changes

Through strong advocacy in partnership with Valley stakeholders, the District has succeeded in bringing significant additional new funding to the Valley that will greatly assist in achieving the significant emissions reductions necessary for our State Implementation Plans aimed at attaining the federal health-based standards. The District's 2021-22 Recommended Budget includes \$519 million in total incentive grant funds to support the implementation of clean air projects throughout the Valley. In addition, the District is continuing with implementing AB 617 mandates that require significant staffing resources to address the law's new community monitoring, community emission reduction program, Best Available Retrofit Control Technology, and emission reporting requirements through robust public engagement processes.

The following staffing changes are included in the 2021-22 Recommended Budget to ensure that the District is equipped to address new mandates and continue providing exceptional service to businesses and residents. The proposed adjustments reflect efficiency enhancements and streamlining opportunities identified through the District's zero-based budgeting process.

- Addition of one Regular Supervising Air Quality Specialist and one Regular Air Quality Staff Technician to address the increased workload associated with voluntary incentive measures. These positions are supported by new revenues specifically provided by the state to offset the administrative costs for these programs.
- Addition of one Regular Air Quality Instrument Technician to address the increasing workload associated with operating the District's Valley-wide air monitoring network.

Strong Public Education and Outreach

The District's mission to protect public health by improving air quality in the San Joaquin Valley relies on the public's awareness and understanding of the District's air-quality improvement programs. Given the Valley's unique challenges with respect to topography, meteorology, pass-through traffic, and pollution transport from other

regions, the ever-tightening federal air-quality mandates demand further reductions in emissions.

In 2021-22, the District's core values, goals and mission will continue to be shared through enhanced public outreach and education. As always, the key focus will be to maximize the use of existing resources and technology to incorporate new outreach platforms and expand communication goals. The District will continue to partner with other organizations and Valley stakeholders to achieve these objectives without significant additional District resources.

The requirements of AB 617 necessitate a robust public engagement and outreach program to ensure participation from a wide variety of sectors including the business community, community representatives, municipalities, community-based organizations and others. The District will continue to host multiple multi-lingual community meetings monthly within the selected AB 617 Valley Communities, and oversee both the agenda, content and logistics of these meetings. This includes providing guidance, technical information, and other resources, not only to the committee members, but also to the public at-large in multiple languages via the AB 617 webpages on the District's website. The Recommended budget includes funding to continue to support the community steering committee activities for the AB 617 communities of Arvin/Lamont, Shafter, South Central Fresno and Stockton.

The Real-time Air Advisory Network (RAAN) program continues to enjoy strong participation by the Valley's school districts and pairs naturally with the Healthy Air Living Schools program. The District will continue outreach on building or expanding the District's relationship with Valley schools. The District will also roll out additional Real-time Electronic Air-quality Display (READ) technology and promote the Valley Air smart phone app and the www.myraan.com website to make participation in the program even easier.

The District will continue to work with our advertising agency partner to promote key programs and messages through our comprehensive multi-lingual public education and outreach program. The agency will implement the summer Healthy Air Living campaign and the winter residential "No Burn" strategy, as well as promote grant programs, conferences and other outreach programs. To ensure a science-based approach to the District's outreach strategy, the 2021-22 Recommended Budget includes funding to complete a public opinion survey assessing potential opportunities within the outreach strategy.

Wildfires have the potential to generate tremendous emissions, causing elevated PM2.5 concentrations and ozone precursors. Air pollution generated from wildfires can be enormous and can well exceed total industrial and mobile source emissions in the San Joaquin Valley, overwhelming all control measures, resulting in periods of excessively high particulate matter and ozone concentrations. In 2021-22, the District will continue to work with land management agencies as we pursue a variety of strategies aimed at reducing wildfire emissions. As a part of this effort, the District has developed a

targeted public education campaign to increase public awareness of the damage to public health due to wildfires and build public support for increased prescribed burning that may help reduce the number and severity of future wildfires.

The District will continue to expand its in-house production of previously outsourced key projects such as the Annual Report to the Community, Healthy Air Living kid's calendar, videos that showcase stakeholder successes in air-quality management, internal training videos and other high-level projects. Additionally, the District will leverage these tools to support our presence on social media sites.

The District will further develop a collaborative partnership with Valley public health directors and officers, including participation in the San Joaquin Valley Public Health Consortium. The District will leverage this relationship to convey health messaging more broadly to Valley residents.

Funding for Emission Reductions Incentive Grants

In 2021-22, the District anticipates \$519 million in available funding from a variety of local, state, and federal sources for incentive-based clean air grants for residents, businesses, and municipalities. It is important to note that many incentive funding sources include provisions for a portion of the funds to be used for their administration. Administrative funds are included in the District's Recommended Budget and are adequate to support the District's incentive grant programs without impacting stationary source fees.

District employees are not allowed to participate in any of the above incentive grant programs. However, in 2013, your Board approved a limited employee emission reduction incentive program. Under this program, employees are eligible to apply for incentive funding under select programs (e.g. electric lawn mower rebates). This program is proposed to be funded once again at \$76,500 from additional salary savings.

Reserves and Contingencies

Section 12.15 of the District's Board adopted Administrative Code establishes guidance for the funding level of the District's General Reserve. This section requires the annual Recommended Budget to include a General Reserve of no less than 10% of the District's operating revenues. For 2021-22, in accordance with Section 12.15, the General Reserve is established at \$6,400,000. The Recommended Budget also includes \$850,000 in Appropriation for Contingencies, \$500,000 in Building Maintenance Reserve, \$500,000 in Modeling Equipment Reserve, \$4,580,000 in Pension Stabilization Reserve Fund, and \$500,000 in VTC and Telephone Reserve. The Recommended Budget also includes establishing a \$100,000 reserve for the future replacement of Community Air Monitoring Equipment.

Upcoming Strategic Challenges

The COVID-19 pandemic has resulted in unprecedented health and societal impacts, and the state and nation are now on the road to recovery. Through proactive action, your Board reacted swiftly to respond to the new challenges, and the District effectively continued providing essential services to the Valley public, while maintaining fiscal stability over the course of the pandemic. Looking ahead, it will be imperative that the District continue to monitor the recovery and respond to pandemic-related impacts to the Valley's residents and businesses. Additionally, the District will continue to take a proactive approach in responding by following recommendations from local, state, and federal public health authorities to ensure the safety of our staff, Valley stakeholders, and our community at large while continuing to provide essential air quality public services to residents, businesses, and others served by the District.

Effective engagement with Valley stakeholders is critical to the District's ongoing activities. Through decades of investment and sacrifice by Valley businesses and residents, the pollution from industries, businesses, farms, and vehicles continues to be at historically low levels, and today Valley residents are experiencing cleaner air than ever. However, the District continues to face ever-tightening health-based federal standards under the Clean Air Act. In the coming year, the District will continue to work with Valley stakeholders to implement clean air measures and commitments, such as new incentive programs, regulatory measures, and community-level efforts in Valley disadvantaged communities.

After years of extensive public engagement, your Board adopted the *2018 PM2.5 Plan* as the Valley's latest clean air strategy to address the federal air quality standards. With this plan now in place, the District will continue to place significant effort in the coming year on designing, adopting, and implementing strong measures to reduce air pollution that build on the District's existing measures. Key areas of focus for regulatory development over this coming year include internal combustion engines, glass melting furnaces, solid fuel-fired boilers, leak detection and repair for oil and gas facilities, and conservation management practices. Development of regulatory amendments will involve extensive public engagement and working closely with affected entities to devise innovative and creative measures that effectively reduce emissions in a cost-effective fashion. In light of the COVID-19 pandemic, the District will approach this work in a measured manner recognizing stakeholders' resource limitations associated with COVID-19, and the need to ensure full public participation in the development of any new measures.

In the coming year, the District will need to play an active role in working with CARB and EPA to reduce mobile source emissions under their jurisdiction. To achieve the goals outlined in the *2018 PM2.5 Plan*, significant new incentive funding is required from the state and federal government to secure emissions reductions from mobile sources through the year 2025, as needed to help bring the Valley into attainment of health-based federal standards. The District will need to be active in continuing to advocate for the Valley receiving its fair share of state and federal clean air funding for investment in

Valley communities and achieving cost-effective air quality and economic benefits. Extensive and innovative outreach efforts will be needed to successfully implement these programs, including the turnover of agricultural equipment, heavy-duty diesel trucks, and off-road diesel equipment, and replacing old high-polluting wood burning devices with cleaner alternatives. Additionally, the District will continue to place a significant focus on its other key incentives programs, including replacing passenger vehicles with cleaner models, providing rebates for electric vehicle purchases, offering rebates for electric lawn care equipment, and other important programs.

In addition to implementing the *2018 PM2.5 Plan*, the District is mandated under Clean Air Act requirements to develop and submit to EPA a new attainment plan for the most recently established 8-hour ozone standard by August 2022 (*2022 Ozone Plan*). To meet the latest 8-hour ozone standard of 70 ppb by the federal attainment deadline, significant further reductions in ozone precursor emissions (NO_x is primary precursor) will be needed. This will require concerted effort by the District, CARB, EPA, Valley residents, businesses, and other stakeholders to continue implementing effective and efficient air quality strategies. Given that over 85% of remaining NO_x emissions in the Valley come from mobile sources under state and federal jurisdiction, it will be particularly important that continued efforts to reduce emissions from passenger vehicles, heavy duty trucks, locomotives, and other mobile sources be pursued. The new ozone plan will build on existing air quality strategies, and the comprehensive NO_x emissions reduction strategies included in previously adopted ozone and PM2.5 attainment plans will greatly contribute to meeting the new federal ozone standard.

Given the ongoing and significant work required to address Clean Air Act requirements for ozone and PM2.5 standards, the District and CARB will be focused on working with EPA to ensure expedited action on the District's plans and measures, and developing administrative solutions to assist the Valley in addressing Clean Air Act attainment planning, exceptional event, and other requirements.

In the coming year, consistent with your Board's adopted Environmental Justice Strategy, the District will also continue to work closely with Valley disadvantaged communities to forge new partnerships, and identify and leverage clean air opportunities. In implementing the AB 617 program, the District will continue to work to ensure that residents and other community stakeholders are afforded ample opportunity to provide input and that the program is implemented effectively based on sound science.

The San Joaquin Valley has the toughest requirements for agricultural open burning in the state, including adopting successive requirements for phasing-out the open burning of woody materials for many crop types. This progress has been challenged by recent drought conditions and the loss of historical alternatives (biomass power plants). While progress has been significant, significant work will be required in the coming year to develop and implement a new strategy aimed at phasing-out remaining agricultural burning in the Valley by 2025. This transition will only be feasible through strong partnerships with the agricultural community and Valley residents, new state resources

to support the implementation of costly new alternatives to open burning, and extensive education and outreach.

Through all of these efforts, the District will also place a key focus on providing public education on the progress the Valley has made in improving air quality, as well as what actions and strategies are being implemented in the coming years to continue this positive trend. The District will also continue to enhance its public tools and outreach to enable residents to better understand local air quality and how they can best protect themselves during air quality episodes.

I would like to express my gratitude to your Board's Ad-Hoc Subcommittee for their time in providing valuable guidance in the development of the Recommended Budget. I am also grateful for your Board's continued support for resources needed to sustain an active and effective air quality program.

I look forward to continuing and increasing our progress toward cleaner air for all Valley residents in 2021-22.

Respectfully submitted,

Samir Sheikh
Executive Director/Air Pollution Control Officer

BUDGET FINANCIAL SUMMARY

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
BUDGET SUMMARY**

	Adjusted* FY 20-21	Estimated Actuals FY 20-21	Recommended FY 21-22	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
APPROPRIATIONS								
Salaries & Benefits (before Salary Savings)	\$54,411,172	\$54,411,172	\$55,535,804	\$1,124,632	2%	\$1,124,632	2%	
Projected Salary Savings	(\$4,190,671)	(\$4,554,997)	(\$2,142,822)	\$2,047,849	(49%)	\$2,412,175	(53%)	
Salaries & Benefits (net of Salary Savings)	\$50,220,501	\$49,856,175	\$53,392,982	\$3,172,481	6%	\$3,536,807	7%	
Services & Supplies	\$7,347,679	\$7,151,388	\$7,861,846	\$514,167	7%	\$710,458	10%	
Fixed Assets	\$3,889,464	\$3,811,679	\$3,231,512	(\$657,952)	(17%)	(\$580,167)	(15%)	
OPERATING APPROPRIATIONS	\$61,457,644	\$60,819,242	\$64,486,340	\$3,028,696	5%	\$3,667,098	6%	
Other Charges	\$667,700	\$667,700	\$323,900	(\$343,800)	(51%)	(\$343,800)	(51%)	
Incentive Programs	\$480,676,069	\$429,863,628	\$518,233,900	\$37,557,831	8%	\$88,370,272	21%	
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	\$850,000	-	
NON-OPERATING APPROPRIATIONS	\$482,193,769	\$430,531,328	\$519,407,800	\$37,214,031	8%	\$88,876,472	21%	
TOTAL APPROPRIATIONS	\$543,651,413	\$491,350,570	\$583,894,140	\$40,242,727	7%	\$92,543,570	19%	
REVENUES								
Stationary Revenue	\$31,958,278	\$34,724,155	\$34,524,266	\$2,565,988	8%	(\$199,889)	(1%)	
Grant Revenue	\$16,025,000	\$16,025,000	\$16,320,000	\$295,000	2%	\$295,000	2%	
DMV Surcharge Fees - District Portion	\$12,860,000	\$12,860,000	\$12,960,000	\$100,000	1%	\$100,000	1%	
Administrative Revenues Earned	\$7,300,000	\$7,500,000	\$9,500,000	\$2,200,000	30%	\$2,000,000	27%	
Transferred to Non-Operating Revenue	(\$16,000,000)	(\$16,000,000)	(\$12,000,000)	\$4,000,000	(25%)	\$4,000,000	(25%)	
Fund Balance Used	\$10,474,366	\$6,870,087	\$4,832,074	(\$5,642,292)	(54%)	(\$2,038,013)	(30%)	
Reserves Released / (Increased)	(\$1,160,000)	(\$1,160,000)	(\$1,650,000)	(\$490,000)	42%	(\$490,000)	42%	
OPERATING REVENUE/FUNDING SOURCES	\$61,457,644	\$60,819,242	\$64,486,340	\$3,028,696	5%	\$3,667,098	6%	
Non-Operating Revenue	\$304,012,138	\$239,718,361	\$376,331,256	\$72,319,118	24%	\$136,612,895	57%	
Reimbursement for Administrative Revenues Earned	(\$7,300,000)	(\$7,500,000)	(\$9,500,000)	(\$2,200,000)	30%	(\$2,000,000)	27%	
Fund Balance / Reserves Released / (Increased)	\$185,481,631	\$198,312,967	\$152,576,544	(\$32,905,087)	(18%)	(\$45,736,423)	(23%)	
NON-OPERATING REVENUE/FUNDING SOURCES	\$482,193,769	\$430,531,328	\$519,407,800	\$37,214,031	8%	\$88,876,472	21%	
TOTAL REVENUE/FUNDING SOURCES	\$543,651,413	\$491,350,570	\$583,894,140	\$40,242,727	7%	\$92,543,570	19%	

RECOMMENDED POSITIONS	359.5	362.5	3
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RESERVES

General Reserve	\$6,100,000	-	\$6,400,000	\$300,000	5%	\$6,400,000	-
Computer- VTC Equipment Reserve	\$300,000	-	\$500,000	\$200,000	67%	\$500,000	-
Long Term- Building Maintenance	\$500,000	-	\$500,000	-	-	\$500,000	-
Modeling Center Reserve	\$350,000	-	\$500,000	\$150,000	43%	\$500,000	-
Monitoring Equipment Reserve	\$50,000	-	\$100,000	\$50,000	100%	\$100,000	-
Pension Stabilization Reserve Fund	\$3,630,000	-	\$4,580,000	\$950,000	26%	\$4,580,000	-

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
SCHEDULE OF ESTIMATED REVENUES**

	Adjusted* FY 20-21	Estimated Actuals FY 20-21	Recommended FY 21-22	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
OPERATING REVENUE								
STATIONARY SOURCE								
Permit Fees	\$19,046,845	\$19,980,869	\$19,385,016	\$338,171	2%	(\$595,853)	(3%)	
Section 185- Non Attainment Fees -Rule 3170	\$641,136	\$791,398	\$681,000	\$39,864	6%	(\$110,398)	(14%)	
Advanced Emission Reduction Options (AERO) Fees	\$4,157,571	\$5,440,888	\$5,408,000	\$1,250,429	30%	(\$32,888)	(1%)	
Settlements	\$2,500,000	\$2,861,000	\$2,500,000	-	-	(\$361,000)	(13%)	
Interest	\$1,500,000	\$1,600,000	\$1,500,000	-	-	(\$100,000)	(6%)	
Miscellaneous	\$117,726	\$55,000	\$50,250	(\$67,476)	(57%)	(\$4,750)	(9%)	
Residential Furnaces - Rule 4905	\$4,000,000	\$4,000,000	\$5,000,000	\$1,000,000	25%	\$1,000,000	25%	
Total Stationary Non-Grant Operating Revenue	\$31,963,278	\$34,729,155	\$34,524,266	\$2,560,988	8%	(\$204,889)	(1%)	
GRANT REVENUE								
State Subvention	\$900,000	\$900,000	\$900,000	-	-	-	-	
EPA 105 Grant	\$2,000,000	\$2,000,000	\$2,000,000	-	-	-	-	
EPA 103 Grant	\$65,000	\$65,000	\$65,000	-	-	-	-	
State AB 617 Implementation Fund	\$12,700,000	\$12,700,000	\$13,000,000	\$300,000	2%	\$300,000	2%	
State Grant-Oil and Gas Regulations	\$355,000	\$355,000	\$355,000	-	-	-	-	
Total Grant Revenue	\$16,020,000	\$16,020,000	\$16,320,000	\$300,000	2%	\$300,000	2%	
Total Stationary Operating Revenue	\$47,983,278	\$50,749,155	\$50,844,266	\$2,860,988	6%	\$95,111	-	
DMV Surcharge Fees - District	\$12,860,000	\$12,860,000	\$12,960,000	\$100,000	1%	\$100,000	1%	
Administrative Revenues Earned	\$7,300,000	\$7,500,000	\$9,500,000	\$2,200,000	30%	\$2,000,000	27%	
Total Operating Revenue	\$68,143,278	\$71,109,155	\$73,304,266	\$5,160,988	8%	\$2,195,111	3%	
Transfer to Non-Operating Revenue for Incentive Grants	(\$16,000,000)	(\$16,000,000)	(\$12,000,000)	\$4,000,000	(25%)	\$4,000,000	(25%)	
Fund Balance Used	\$10,474,366	\$6,870,087	\$4,832,074	(\$5,642,292)	(54%)	(\$2,038,013)	(30%)	
Reserves Released / (Increased)	(\$1,160,000)	(\$1,160,000)	(\$1,650,000)	(\$490,000)	42%	(\$490,000)	42%	
Estimated Funding Sources - Operating	\$61,457,644	\$60,819,242	\$64,486,340	\$3,028,696	5%	\$3,667,098	6%	
NON-OPERATING REVENUE								
Air Toxics - Pass Through	\$667,638	\$327,244	\$323,898	(\$343,740)	(51%)	(\$3,346)	(1%)	
DMV Surcharge Fees - Pass Through	\$45,611,000	\$45,611,000	\$47,078,000	\$1,467,000	3%	\$1,467,000	3%	
Carl Moyer Funds	\$18,000,000	\$13,400,000	\$36,000,000	\$18,000,000	100%	\$22,600,000	169%	
VERA/ISR Mitigation Program	\$7,900,177	\$5,810,435	\$29,682,906	\$21,782,729	276%	\$23,872,471	411%	
Proposition 1B Funding Program	\$2,218,558	\$124,674	\$2,218,558	-	-	\$2,093,884	1679%	
Federal Diesel Emission Reduction Funding Program	\$58,189,225	\$10,380,425	\$32,837,800	(\$25,351,425)	(44%)	\$22,457,375	216%	
Miscellaneous Incentive Grant Funding	\$20,000	\$20,000	\$20,000	-	-	-	-	
Non-Operating Interest	\$6,134,800	\$6,939,592	\$8,506,410	\$2,371,610	39%	\$1,566,818	23%	
Operating Revenues Funding Community & Other Incentives	\$16,000,000	\$16,000,000	\$12,000,000	(\$4,000,000)	(25%)	(\$4,000,000)	(25%)	
CEC Grants	\$900,000	\$3,500,000	-	(\$900,000)	(100%)	(\$3,500,000)	(100%)	
Reimburse Operating for Administrative Revenues Earned	(\$7,300,000)	(\$7,500,000)	(\$9,500,000)	(\$2,200,000)	30%	(\$2,000,000)	27%	
Administrative Fees - Incentive Programs	\$9,883,701	\$7,312,419	\$6,932,419	(\$2,951,282)	(30%)	(\$380,000)	(5%)	
State Cap & Trade Funding	\$138,487,039	\$130,292,572	\$192,851,265	\$54,364,226	39%	\$62,558,693	48%	
Volkswagen Mitigation Funding	-	-	\$7,880,000	\$7,880,000	-	\$7,880,000	-	
Total Non-Operating Revenue	\$296,712,138	\$232,218,361	\$366,831,256	\$70,119,118	24%	\$134,612,895	58%	
Fund Bal. Used/Non-Adm Reserves Released/(Increased)	\$185,481,631	\$198,312,967	\$152,576,544	(\$32,905,087)	(18%)	(\$45,736,423)	(23%)	
Adm Reserves Released / (Increased)	-	-	-	-	-	-	-	
Estimated Funding Sources - Non-Operating	\$482,193,769	\$430,531,328	\$519,407,800	\$37,214,031	8%	-	21%	
TOTAL REVENUE								
Estimated Financing Sources - Total	\$543,651,413	\$491,350,570	\$583,894,140	\$40,242,727	7%	\$92,543,570	19%	

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
TOTAL DISTRICT**

	Adjusted* FY 20-21	Estimated Actuals FY 20-21	Recommended FY 21-22	Budget/Budget		Budget/Actual	
				Increase (Decrease)	%	Increase (Decrease)	%
OPERATING APPROPRIATIONS							
SALARIES AND BENEFITS							
Regular Salaries	\$29,487,709	\$29,240,657	\$31,935,797	\$2,448,088	8%	\$2,695,140	9%
Temporary Help	\$1,159,064	\$1,153,268	\$1,274,714	\$115,650	10%	\$121,446	11%
On Call Pay	\$116,748	\$116,456	\$116,748	-	-	\$292	-
Overtime	\$393,369	\$331,737	\$334,210	(\$59,159)	(15%)	\$2,473	1%
Unemployment	\$59,445	\$58,973	\$57,069	(\$2,376)	(4%)	(\$1,904)	(3%)
Retirement	\$14,220,846	\$14,212,154	\$14,651,392	\$430,546	3%	\$439,238	3%
OASDI	\$525,108	\$520,797	\$573,486	\$48,378	9%	\$52,689	10%
Workers Compensation	\$375,860	\$373,281	\$327,668	(\$48,192)	(13%)	(\$45,613)	(12%)
Cafeteria Plan Benefits	\$3,571,897	\$3,540,232	\$3,802,250	\$230,353	6%	\$262,018	7%
Long-Term Disability Insurance	\$75,759	\$75,098	\$81,040	\$5,281	7%	\$5,942	8%
Alternate Transportation Incentive	\$234,696	\$233,522	\$238,608	\$3,912	2%	\$5,086	2%
TOTAL SALARIES AND BENEFITS	\$50,220,501	\$49,856,175	\$53,392,982	\$3,172,481	6%	\$3,536,807	7%
SERVICES AND SUPPLIES							
Safety Supplies & Equipment	\$24,889	\$24,392	\$46,089	\$21,200	85%	\$21,697	89%
Mobile Communications	\$206,508	\$185,987	\$185,940	(\$20,568)	(10%)	(\$47)	-
Telephone Charges	\$113,100	\$96,134	\$119,525	\$6,425	6%	\$23,391	24%
Insurance	\$462,000	\$452,759	\$518,500	\$56,500	12%	\$65,741	15%
Equipment Maintenance	\$210,810	\$206,592	\$257,650	\$46,840	22%	\$51,058	25%
Vehicle Maintenance & Operations	\$248,500	\$235,625	\$207,650	(\$40,850)	(16%)	(\$27,975)	(12%)
Computer Maintenance	\$620,201	\$607,797	\$565,145	(\$55,056)	(9%)	(\$42,652)	(7%)
Video Conferencing Maintenance & Operations	\$115,580	\$113,268	\$124,500	\$8,920	8%	\$11,232	10%
Building Maintenance & Operations	\$282,105	\$272,871	\$297,300	\$15,195	5%	\$24,429	9%
Office Supplies	\$53,900	\$52,821	\$50,988	(\$2,912)	(5%)	(\$1,833)	(3%)
Computer Software & Supplies	\$94,417	\$92,528	\$172,347	\$77,930	83%	\$79,819	86%
Monitoring Station Supplies & Equipment	\$1,166,923	\$1,143,585	\$1,333,463	\$166,540	14%	\$189,878	17%
Postage	\$91,900	\$80,065	\$68,000	(\$23,900)	(26%)	(\$12,065)	(15%)
Printing	\$138,350	\$135,584	\$138,900	\$550	-	\$3,316	2%
Professional & Specialized Services	\$2,338,418	\$2,295,081	\$2,558,993	\$220,575	9%	\$263,912	11%
Publications & Legal Notices	\$68,520	\$67,150	\$73,820	\$5,300	8%	\$6,670	10%
Rents & Leases	\$194,911	\$191,014	\$177,282	(\$17,629)	(9%)	(\$13,732)	(7%)
Small Tools & Equipment	\$48,160	\$47,197	\$49,760	\$1,600	3%	\$2,563	5%
Special District Expense	\$163,762	\$160,488	\$172,097	\$8,335	5%	\$11,609	7%
Travel & Training	\$208,439	\$204,269	\$244,911	\$36,472	17%	\$40,642	20%
Travel & Training - Boards	\$67,686	\$66,332	\$67,686	-	-	\$1,354	2%
Utilities	\$362,700	\$355,447	\$363,900	\$1,200	-	\$8,453	2%
Audit Services	\$23,500	\$22,850	\$25,000	\$1,500	6%	\$2,150	9%
Legal Services	\$42,400	\$41,552	\$42,400	-	-	\$848	2%
TOTAL SERVICES AND SUPPLIES	\$7,347,679	\$7,151,388	\$7,861,846	\$514,167	7%	\$710,458	10%
FIXED ASSETS							
Office Improvements	\$336,000	\$329,280	\$210,000	(\$126,000)	(38%)	(\$119,280)	(36%)
Facilities & Equipment	\$125,000	\$122,500	\$131,000	\$6,000	5%	\$8,500	7%
Computer Equipment	\$784,854	\$769,159	\$686,549	(\$98,305)	(13%)	(\$82,610)	(11%)
Office Furniture / Equipment	\$30,000	\$29,400	\$30,000	-	-	\$600	2%
Office Machines	\$26,250	\$25,726	\$32,750	\$6,500	25%	\$7,024	27%
Telephone Systems	\$39,770	\$38,976	\$42,810	\$3,040	8%	\$3,834	10%
Detection Equipment	\$188,000	\$184,240	\$75,003	(\$112,997)	(60%)	(\$109,237)	(59%)
Automobiles	\$432,000	\$423,360	\$515,000	\$83,000	19%	\$91,640	22%
Video Conferencing System	\$70,000	\$68,600	\$70,000	-	-	\$1,400	2%
Air Monitoring Station Equipment	\$1,852,590	\$1,815,538	\$1,433,400	(\$419,190)	(23%)	(\$382,138)	(21%)
Air Monitoring Automation/Remote Control Project	\$5,000	\$4,900	\$5,000	-	-	\$100	2%
TOTAL FIXED ASSETS	\$3,889,464	\$3,811,679	\$3,231,512	(\$657,952)	(17%)	(\$580,167)	(15%)
TOTAL OPERATING APPROPRIATIONS	\$61,457,644	\$60,819,242	\$64,486,340	\$3,028,696	5%	\$3,667,098	6%

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
TOTAL DISTRICT**

	Adjusted* FY 20-21	Estimated Actuals FY 20-21	Recommended FY 21-22	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
NON-OPERATING APPROPRIATIONS								
OTHER CHARGES								
Air Toxic Pass Through	\$667,700	\$667,700	\$323,900	(\$343,800)	(51%)	(\$343,800)	(51%)	
Dairy CEQA - Pass Through	-	-	-	-	-	-	-	
TOTAL OTHER CHARGES	\$667,700	\$667,700	\$323,900	(\$343,800)	(51%)	(\$343,800)	(51%)	
INCENTIVE PROGRAMS								
DMV Surcharge Fees - Incentives	\$54,775,500	\$51,157,885	\$62,325,300	\$7,549,800	14%	\$11,167,415	22%	
Carl Moyer Program	\$18,161,300	\$17,948,260	\$40,958,100	\$22,796,800	126%	\$23,009,840	128%	
ISR and VERA'S	\$37,756,500	\$27,169,166	\$40,132,200	\$2,375,700	6%	\$12,963,034	48%	
Proposition 1B Funding Program	\$6,091,958	\$5,460,000	\$5,459,000	(\$632,958)	(10%)	(\$1,000)	-	
School Bus Program	\$1,248,500	\$902,445	-	(\$1,248,500)	(100%)	(\$902,445)	(100%)	
Federal DERA/Designated Funding Program	\$58,189,143	\$29,093,626	\$32,837,800	(\$25,351,343)	(44%)	\$3,744,174	13%	
Community & Other Incentives Funded by Operating Reven	\$16,280,900	\$15,282,040	\$13,028,400	(\$3,252,500)	(20%)	(\$2,253,640)	(15%)	
Miscellaneous Incentive Programs	\$20,400	\$19,800	\$210,500	\$190,100	932%	\$190,700	963%	
CEC Grants	\$6,000,000	\$5,750,000	-	(\$6,000,000)	(100%)	(\$5,750,000)	(100%)	
State Cap & Trade Funding	\$240,527,568	\$237,280,406	\$305,140,000	\$64,612,432	27%	\$67,859,594	29%	
Volkswagen Mitigation Funding	\$41,624,300	\$39,800,000	\$18,142,600	(\$23,481,700)	(56%)	(\$21,657,400)	(54%)	
TOTAL INCENTIVE PROGRAMS	\$480,676,069	\$429,863,628	\$518,233,900	\$37,557,831	8%	\$88,370,272	21%	
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	-	-	
TOTAL NON-OPERATING APPROPRIATIONS	\$482,193,769	\$430,531,328	\$519,407,800	\$37,214,031	8%	\$88,876,472	21%	

OPERATING BUDGET

ADMINISTRATION

FISCAL SUMMARY

	<u>Budgeted</u> 2020-21	<u>Recommended</u> 2021-22	<u>Increase/</u> <u>(Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	12,408,339	13,532,034	1,123,695	9%
Services and Supplies	2,926,910	3,346,507	419,597	14%
Fixed Assets	681,325	636,978	(44,347)	-7%
	<u>16,016,574</u>	<u>17,515,519</u>	<u>1,498,945</u>	<u>9%</u>
<u>Position Summary</u>	87	87		

FUNCTIONS

The District's Administration Department is comprised of the executive management staff and several sub-departments that provide support services for the District's core operations. For budgeting purposes, these functions are structured under General Administration, District Counsel, Personnel, Administrative Services, Information Technology Services, and Outreach and Communications.

General Administration

The District's General Administration Division is responsible for the overall management of the District. Under policy direction of the Governing Board, the Executive Director/APCO and Deputy APCOs represent the Board's interests and oversee the development and implementation of policies and procedures, formulation of policy alternatives and recommendations, overall management of personnel and resources, and development and implementation of air quality-related programs. Also included in General Administration is the Senior Policy Advisor who supports the Executive Director/APCO in advocacy efforts advancing Board-adopted legislative priorities and positions.

District Counsel

The District Counsel is the chief legal advisor to the Governing Board, the Executive Director/APCO, the three District Hearing Boards, and the San Joaquin Valleywide Air Pollution Study Agency. Under policy direction of the Governing Board, the District Counsel provides legal representation and advice in both litigation and general law matters.

Personnel and Operations Support

The District's Personnel Division performs a full range of employee support activities for all departments. Specific program activities include staff recruitment, classification and pay, records management, legal compliance, labor relations, training, and

management/supervisory support. In addition, the Personnel Division is responsible for minimizing risk to the District through employee benefits, workers' compensation, safety and wellness programs.

The District's Operations and Program Support Division provides essential customer service to stakeholders and clerical support for District departments and operations. This group continues to assume and coordinate increased responsibilities from the operating departments ensuring that support type activities are handled in the most efficient and cost effective manner. Operations and Program Support staff is integrated into various departments and provides front-desk reception services to the public. Additional department support functions include electronic document management, meeting scheduling and coordination of Public Records Requests processing.

Administrative Services

The District's Administrative Services Division is responsible for all fiscal and general services-related functions of the District. The fiscal functions include preparation and control of the District's budget; responsibility for accounting and auditing all District revenues and expenditures; preparation of financial statements and related reports; and incentive and other grant financial management, including state and federal grant reporting. The general service functions include responsibility for facilities management, fleet management, purchasing, and risk management.

Information Technology Services

The District's Information Technology Services Division administers all computer-related functions of the District. These functions include strategic and tactical technology implementation and planning; policy and procedure formulation; budget preparation and administration for the District's information technology needs and services; project prioritization and resource management; hardware and software standards, specifications, training, support, maintenance, repair, and inventory; technology analysis and recommendations; and the processes related to technology procurement.

The Information Technology Services Division is also responsible for the above functions in voice and video communication technology (e.g., telephone systems, mobile communications, and video teleconferencing), and facsimile technology (e.g., printers, copiers and fax machines).

Outreach and Communications

The District's Outreach and Communications Division plans and implements strategies and tactics to meet the District's public outreach and communication goals. As methods for disseminating messaging expand and become more sophisticated, the District embraces these changes and incorporates them into successful, innovative outreach efforts. These strategies and tactics include designing and implementing comprehensive, multilingual, multimedia outreach campaigns that incorporate workshops and public events; coordinating an effective media relations program; responding to public inquiries via phone, email and social media messaging; writing and distributing newsletters, brochures and other outreach materials in both hard copy and electronic versions; promoting the District's many grant programs across different target audiences; conducting public presentations to promote

clean air; collaborating with local, state and federal agencies and stakeholders to further the District's mission; enhancing and strengthening the Healthy Air Living goals and messages; collaborating with other District departments to develop and implement public education efforts about rules, such as tightened wood-burning regulations; deploying state-of-the-art technological innovations such as the Real-time Air Advisory Network (RAAN) system that give stakeholders air-quality information; and working with other District departments to ensure their communications and public affairs needs are met.

Community Strategies and Resources

The new division of Community Strategies and Resources was formed to assist in leading the District's efforts in implementation of AB 617 mandates and other community-level strategies. With the significant increase in workload as a result of the District's AB 617 implementation efforts, the Governing Board recently approved the addition of one full-time regular Director of Community Strategies and Resources to oversee the District's AB 617 program. The Director will provide leadership, guidance, and support in the internal development and implementation of policies, practices and programs regarding community-level strategies, resources, and work standards, including with respect to AB 617 implementation. Additionally, the Director will provide lead direction and coordination the District's other community-level work including coordination between District departments, partner agencies, and community stakeholders (residents, regulated entities, non-profit organizations) to ensure strong engagement and that mandates are satisfied as effectively and efficiently as possible. Under AB 617 mandates, the District is required to implement a number of requirements across the Valley and in each of the communities selected by CARB under strict criteria and timeframes. This new workload is discussed in more detail in the program descriptions for each District department.

SIGNIFICANT IMPACTS TO 2021-22 BUDGET

New Workload

Personnel and Operations Support

The overall workload in the District's Personnel Division will be impacted during the 2021-22 budget year due to implications of new laws and safety regulations associated with COVID-19. The District anticipates additional changes over the next year, the District will actively monitor applicable state and federal rules and regulations and will take steps to ensure District programs and practices comply with each component. Additionally, the District will take steps necessary to update District health, safety, and Personnel policies and procedures in accordance with all local, state, and federal regulations. With the expanding and changing mandates to these regulations, the District expects to utilize significant resources to research, evaluate, and execute any necessary changes.

The District's Personnel Division is responsible for recruitment of new District staff. The recruitment process is critical in the District's success as an agency and maintaining the integrity of the District's STAR (Service, Teamwork, Attitude, Respect) work culture. To ensure optimal opportunities to hire the best applicants, the District will incorporate additional outreach measures, which includes strengthening relationships with Valley-

based colleges and universities and increasing career fair participation. In addition, more streamlined approaches will be implemented into the recruitment process, such as opportunities for virtual participation and maximizing efficiencies in the recruitment process for various positions and reducing the number of days between steps through the recruitment process in order to fill vacancies more quickly while still adhering to the District's hiring principles.

In support of the District's STAR work culture, the District will continue to develop and offer additional training programs to staff that will contribute to a positive and inclusive environment, increase morale, and provide additional tools and resources that may allow staff to complete their duties more efficiently. In 2021-22, the District will enhance several performance-management goals and objectives and introduce diversity awareness training that will focus on and promote continuous improvement in our training and development programs.

As the District continues the transition to complete electronic document storage and management, the support provided by the District's Operations and Program Support Division to other District departments continues to grow. During 2021-22, the workload in the District's electronic document management system (EDMS) is expected to remain consistent as programs continue to fully utilize electronic document storage and management. These projects include the back file conversion and day forward processing of Finance, Compliance and Permits documents.

In addition to the routine duties of the District's Operations and Program Support Division, continued support will be provided to the District's Incentives program and the District's Compliance department, as well as support for permit application processing. The on-going support is expected to continue into the next fiscal year due to the continued success of the District's Incentive program and more resources needed for application processing, as well as support provided as a result of continued AB 617 implementation.

Administrative Services

The District's Administrative Services Division will be significantly impacted by the implementation of AB 617 mandates and increased funding for various emission reduction projects. Administrative Services will provide support for implementation of these mandates, including but not limited to public workshops, grant reporting and tracking, and supporting all departments involved. The Administrative Services Division will continue to implement ever-changing state and federal rules and regulations as well as taking the steps necessary to ensure that District accounting and related reporting complies with accounting and financial management best practices.

The District's successful state and federal advocacy has resulted in bringing additional financial resources for the implementation of various District emission reduction programs. Support and implementation of these emission reduction programs are the District's main priority and will significantly affect workload. During 2021-22, the District will be working closely with partner agencies to administer over \$519 million in the Incentives Spending

Plan, including processing incentive applications, contracts, claims, and project reporting and implementation.

Information Technology Services

The District, as an extensive user of technology continues to leverage software and hardware technologies to provide exceptional business value by seeking out and utilizing the best and latest technologies in the ongoing effort to increase productivity by District staff while instituting customer service enhancements for the District's stakeholders. Over the next year, the District will initiate and continue implementing several key technology projects to advance the District's mission and meet expectations for the highest level of customer service and staff efficiency. New workload and streamlining projects scheduled to be completed or commenced in the upcoming year are as follows:

IVR/SMS Upgrade

The District is in the process of upgrading the current Interactive Voice Response and Smoke Management System software system with the latest technology to improve upon existing business functionalities and provide the increased flexibility and ease-of-use to add, change, update and customize business processes in both the business software application, and the Interactive Voice Response system. The project solution is designed to fit seamlessly into the current and future Private Branch Exchange and be scalable to accommodate future business growth.

The Interactive Voice Response and Smoke Management System upgrade project will provide the infrastructure necessary to support the District's transition to a new phone system.

District's Phone System Upgrade

The District will be updating its antiquated, analog-based phone system, which was originally built in 1999. The current phone system is integrated, with the District's other business systems such as the Smoke Management System. The upgrade will provide a much-needed technology uplift to maintain and improve the services to our stakeholders as well as provide a sustainable technology platform for the District. The new phone system will provide a robust internet protocol based telephone system that will provide flexibility to change, move or add phones users, and update workflows. The system is expected to reduce the hardware footprint by utilizing virtual server technologies. The new system will also be easier to maintain and provide ease of use and workflow integration.

Geographic Information Systems Reporting Technologies and Infrastructure Support

The District is investing in enhanced utilization of its existing Geographic Information Systems infrastructure to enhance reporting capabilities. This new software will allow users to create and publish map-based visual air quality, grants information, and other important information to the District stakeholders which are heavily utilized in the AB 617 implementation. In 2021-22, the District will also undertake the preparation of its key business application architecture to be Geographic Information Systems ready. This is a fast growing field in modern technology that provides many opportunities to help the District improve its workflows and processes using this powerful tool. Geographic Information

Systems technology will be particularly helpful in taking advantage of data mapping and tracking, real-time data sensing, visual data presentation, and reporting to accurately evaluate the Valley's unique air quality challenges and to make better and sound decisions to ensure the health and safety of its valley residents and public.

Online Web Portal Development

The District is continuing to encourage the transition from older, paper grant program applications to electronic submittals using web-based online portals. Online portals enhance customer service by simplifying the grant submittal process and ensures all necessary information is obtained, decreasing the possibility of unnecessary delays for the applicant, which has the added benefit of eliminating manual data entry by District staff. The District has a plan to continue developing and launching new grant portals over the next year and will continue to find streamlining opportunities to reduce the necessary development time to develop each portal, including instituting new software programming standards which are used to build repeatable and reusable software modules which has saved the District hundreds of hours for each new portal.

Upgrading Legacy Business Applications

The District has been utilizing available resources to continue to replace older, outdated legacy business applications to reduce the amount of staff resources needed to support the technical needs of the systems. The new business systems also have a higher degree of security, which continues to grow in importance as the possibility of data breaches increases. District staff continue to improve its existing technologies for the betterment of customer service and always looks to limit the impact to Valley stakeholders when transitioning to newer systems through extensive vetting processes and conscientious implementation timing. The District is using a scaled software development and implementation approach to achieve the goal of converting the legacy applications to advance software development technologies.

Infrastructure Upgrades

Key projects on video, phone, equipment, and power infrastructure upgrades include:

- Air quality data management system server upgrade
- Central Region computer memory expansion - main production virtual machine servers
- Central Region Wi-Fi upgrade
- Video teleconferencing maintenance
- Operating system server upgrades
- Regional network switches upgrade
- Exchange hardware upgrade
- Replacing additional workstations with improved hardware and telecommuting capabilities

Outreach and Communications

The District's mission to protect public health by improving air quality in the San Joaquin Valley relies on the public's awareness and understanding of the District's air-quality

improvement programs. Given the Valley's unique challenges with respect to topography, meteorology, pass-through traffic, and pollution transport from other regions, the ever-tightening federal air-quality mandates demand further reductions in emissions.

In 2021-22, the District's core values, goals and mission will continue to be shared through enhanced public outreach and education. As always, the key focus will be to maximize the use of existing resources and technology to incorporate new outreach platforms and expand communication goals. The District will continue to partner with other organizations and Valley stakeholders to achieve these objectives without significant additional District resources.

The requirements of AB 617 necessitate a robust public engagement and outreach program to ensure participation from a wide variety of sectors including the business community, community representatives, municipalities, community-based organizations and others. The District will continue to host multiple multi-lingual community meetings monthly within the selected AB 617 Valley Communities, and oversee both the agenda, content and logistics of these meetings. This includes providing guidance, technical information, and other resources, not only to the committee members, but also to the public at-large in multiple languages via the AB 617 webpages on the District's website. The Recommended budget includes funding to continue to support the community steering committee activities for the AB 617 communities of Arvin/Lamont, Shafter, South Central Fresno and Stockton.

The Real-time Air Advisory Network (RAAN) program continues to enjoy strong participation by the Valley's school districts and pairs naturally with the Healthy Air Living Schools program. The District will continue outreach on building or expanding the District's relationship with Valley schools. The District will also roll out additional Real-time Electronic Air-quality Display (READ) technology and promote the Valley Air smart phone app and the www.myraan.com website to make participation in the program even easier.

The District will continue to work with our advertising agency partner to promote key programs and messages through our comprehensive multi-lingual public education and outreach program. The agency will implement the summer Healthy Air Living campaign and the winter residential "No Burn" strategy, as well as promote grant programs, conferences and other outreach programs. To ensure a science-based approach to the District's outreach strategy, the 2021-22 Recommended Budget includes funding to complete a public opinion survey assessing potential opportunities within the outreach strategy.

Wildfires have the potential to generate tremendous emissions, causing elevated PM2.5 concentrations and ozone precursors. Air pollution generated from wildfires can be enormous and can well exceed total industrial and mobile source emissions in the San Joaquin Valley, overwhelming all control measures, resulting in periods of excessively high particulate matter and ozone concentrations. In 2021-22, the District will continue to work with land management agencies as we pursue a variety of strategies aimed at reducing wildfire emissions. As a part of this effort, the District has developed a targeted public education campaign to increase public awareness of the damage to public health due to

wildfires and build public support for increased prescribed burning that may help reduce the number and severity of future wildfires.

The District will continue to expand its in-house production of previously outsourced key projects such as the Annual Report to the Community, Healthy Air Living kid's calendar, videos that showcase stakeholder successes in air-quality management, internal training videos and other high-level projects. Additionally, the District will leverage these tools to support our presence on social media sites.

The District will further develop a collaborative partnership with Valley public health directors and officers, including participation in the San Joaquin Valley Public Health Consortium. The District will leverage this relationship to convey health messaging more broadly to Valley residents.

Efficiency and Streamlining

Personnel and Operations Support

With the increase in workload, District's Personnel Division is consistently seeking out new ways to improve processes in order to create more efficiencies. The internally designed and created Human Resource Management System (HRMS) program continues to streamline District Personnel functions. The program is compatible with current District standards and contains two modules beneficial to District-wide operations. The main module provides the necessary data management tools, reports and automation features to conduct the full suite of District Personnel functions. The second module is designed for use by District supervisors and managers and provides human resources information such as performance evaluation tracking, recruitment support with exam scoring, time sheet review and LIS reports to assist in preparation for zero-based budgeting analyses. This past year, we were able to make additions and changes that allowed for better tracking and reporting of the following: Training certification tracking, CPR certification tracking, Annual Physical tracking, telecommute contract tracking, employee leave tracking and managing insurance premium invoices with changes that occur not only during Open Enrollment, but also with adjustments that are needed throughout the year. Because we are able to do this as needed, we can quickly respond to any new idea or adjustment to current practice immediately.

The continued enhancements to the HRMS program have improved District efficiency by reducing labor hours, streamlining processes, automating report generation, and offering multi-user capabilities. Furthermore, enhanced internal controls ensure accurate data entry and adherence to applicable District rules. The HRMS program will continue to streamline current District Personnel processes in 2021-22, allowing staff to divert resources to continue to improve existing policies and standard operating procedures, staff training and development, fulfilling recruitment needs, enhancing efficiency and consistency. This will ensure the District's Personnel staff are able to provide the highest level of customer service to District staff and to the public.

This past year the District transitioned to a new online payroll provider that expanded services for both District administration of payroll as well as online accessibility for District staff. New services that directly affect District staff include mobile app capabilities along with having access to self-change tax withholdings and direct deposit account information online. During the next year, the District will be looking for opportunities to continue to streamline and improve efficiencies of processing payroll.

The District's Operations and Program Support Division continues to find significant efficiencies in processing District business and communications. The centralized nature of the District's Operations and Program Support functions makes it possible to streamline operations through leveraging economies of scale and by allowing the shifting of resources between functions to cover cyclical workload changes. During 2021-22, the District will absorb any additional workload discussed above without additional staffing by continuing streamline processes, increase the efficiency in EDMS processes using the streamlining capabilities of the OnBase Client Portal. OnBase continues to allow a significant decrease for time necessary to prepare, scan and verify documents into the EDMS system. Although the number of documents processed by OPS staff in EDMS will increase, there continues to be increased efficiency with the continued improvement strategies implemented with OnBase. Data continues to show a significant improvement in scanning and document verification efficiency with OnBase Client portal improvements and will continue to decrease the amount of time necessary to scan and verify documents. In addition to the routine duties of the OPS Division, support for the District's robust incentive grant programs is expected to continue into the next fiscal year.

The District's Operations and Program Support Division continues to increase efficiencies by streamlining and enhancing features and information in the District created E-Directory system in order to provide a more streamlined approach when assisting incoming callers and walk in customers. In addition, this past year the District began using the new Sonix transcribing software for transcribing public meeting minutes. By using Sonix, labor hours for transcribing public meeting minutes decreased by approximately twenty percent. Looking for and identifying additional opportunities to streamline and improve efficiencies will remain a priority this coming year. The Operations and Program Support Division has transitioned to electronic processing of requisitions, travel requests and claims, Permit applications, Hearing Board agenda, Public Notice Packages, and Compliance applications for more streamlined and efficient handling. The District's Operations and Program Support staff will continue cross training efforts between departments allowing for efficient and flexible workload distribution as well as increased support to the District as a whole while continuing to provide excellent customer service.

Administrative Services

As in past years, new technology and process improvements continue to support a growing financial and administrative workload. The District's budget is now fully compiled using internally developed software. Interim monthly budget reports are also generated completely electronically, saving significant staff time each month. The District continues to streamline processing and improve efficiency through the enhancements and improved

utilization of internally developed financial software and through zero-based budget and workload analysis.

In response to the COVID-19 Pandemic, many of the District processes were transitioned to electronic processing to allow for enhanced customer service and remote handling. The District now processes accounts payable, grant contract and payments, payroll, and many major finance related transactions electronically, resulting in more streamlined and efficient handling.

The District's new and redesigned Grants Management System has provided many new opportunities to improve District grant application and payment processing including data entries, project review, and reporting aspects. During 2020, the new system was the key tool that allowed the transition for many of the processes to go online and paperless. The systems new features focused on improving internal controls, project monitoring, and streamlining application, payment processing, as well as improving customer service experience.

During 2020, the District transferred payroll processing to ADP, providing more opportunities for system customization and automation of processing that has led to increased staff efficiency and data integrity. The new payroll administrator also provides an enhanced employee portal with resources, options, and reporting that were not available previously, providing better services to employees. Other enhancements included integration with the District's financial system that automated the tracking and recording of payroll costs.

The District has fully implemented the option to receive online electronic funds via e-checks, debit, and credit cards. The enhanced District online portal allows permitted facilities to view their current outstanding invoices, submit a payment, and receive their payment confirmation instantly.

During this fiscal year, the District continued to benefit from the redesigned Fresno office exterior landscape to a more environmentally friendly and drought tolerant design, which reduced landscaping maintenance costs by \$17,000 annually, as well as reduced water usage.

Information Technology Services

Agile Programming Practices and Standards

The District consistently looks to challenge itself to find ways to develop better software programs quicker, which means continually evaluating existing programming practices, consistently evaluating and looking for better tools, and increasing staff knowledge. This year, the District has been using a new programming repository and using a new workflow tool which is helping in all of these areas. This has been helping to improve the quantity of the programming projects completed while also improving the quality by reducing the number of lines of code, code errors, and providing consistency in terms of the coding standards and oversight through common workflows and project management tools.

Training

In a world where the technology is changing rapidly, it is imperative for the District's teams to work diligently to stay atop of the technology knowledge curve. The District team has transitioned from an older, audio/video based training platform to a more hybrid learning approach, which combines interactive learning with skill gap evaluation, which allows individualized goal setting to fill any knowledge gap. The new training platform includes knowledge paths as training targets that are easily aligned with the team's current project goals to provide the maximum benefit of training acquired and utilized at the same time.

Database Performance Improvement

The District has over 100 databases and over 15 database servers and as the District's business and processing needs continue to expand and require more data handling and storage, it is critical to manage, maintain, monitor, continuously support, and improve the databases performances. The District has taken an innovative approach by investing in new database management tools and training with its existing programming resources to improve, maintain and manage the performance of these databases.

Information Technology and Cyber Security Training

Keeping the District's information technology infrastructure secure relies upon many factors, one of which is making sure the information technology team receives necessary security technology to ensure they take daily action to keep the organization safe. The District moved to a new security-training platform, which trains users to proactively identify possible security risks and the actions to reduce these risks. This should not only keep the District in compliance with security requirements, it will also provide District staff a more robust and easy-to-use security-training platform.

Optimization and Enhancements to District's Electronic Document Upload System

Many of the District's application processes have been converted to electronic processes for the public. This has significantly increased the number of documents applicants have electronically uploaded to the District's website. The District plans to focus its effort to further increase the efficiency and performance, such as standardizing file name uploads, more intelligent business rules, improvements to the electronic document upload system, which will provide a better experience for the public.

Upgrading the Connectivity to the Regional Video Teleconferencing Systems

Currently the District's video teleconferencing system connects with the regional office with older communication transmission service, which are not supported by the service providers. The District has been transitioning to a newer technology, which provide a higher level of data throughput and quality. The new system shapes network traffic flows and increases the speed between the offices. This will allow improved video quality when the upgrade with the higher quality video is complete.

Outreach and Communications

Comprehensive and strategic public interaction and outreach will play a critical role in District activities. By continuing successful initiatives such as multilingual outreach; community-based education; increased presence on radio, print, web, social media and TV

media outlets; multi-generational outreach programs such as the Healthy Air Living Schools activity kits and RAAN program; Environmental Justice strategy development; and collaborative partnerships which leverage resources, the District will continue to solidify its presence in the community and build an understanding with the public of everyone's role in improving air quality.

The District will continue to utilize third party subcontractors to assist with AB 617 and other outreach needs, when such subcontracts provide a high level of customer service, project efficiency, and economic sense. For example, the District recently worked with a third party Hmong and Punjabi translators to assist with school notices. Since the District does not have certified Hmong or Punjabi translators on staff, this service is an inexpensive way to provide the public documents in Punjabi without hiring new staff.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2020/2021</u>	<u>2021/2022 Recommended</u>	<u>Increase/ Decrease</u>
Accountant I/II	5.0	5.0	0
Accounting Assistant I/II	5.0	5.0	0
Accounting Technician I/II	4.0	4.0	0
Air Quality Education Rep Bilingual I/II	2.0	2.0	0
Air Quality Education Rep I/II	3.5	3.5	0
Air Quality Education Web Specialist I/II	1.0	1.0	0
Assistant Counsel I/II	1.0	1.0	0
Audio Video Specialist I/II	.5	.5	0
Chief Communications Officer	1.0	1.0	0
Controller	1.0	1.0	0
Custodial Worker	1.0	1.0	0
Deputy APCO	3.0	3.0	0
Deputy Clerk to the Board	1.0	1.0	0
Director of Administrative Services	1.0	1.0	0
Director of Community Strategies & Resources	1.0	1.0	0
Director of Information Systems	1.0	1.0	0
Director of Personnel	1.0	1.0	0
District Counsel	1.0	1.0	0
Executive Director/APCO	1.0	1.0	0
Facilities Maintenance Specialist	1.0	1.0	0
General Services Foreman	1.0	1.0	0
Information Systems Manager	1.0	1.0	0
Legal Technician (Conf)	1.0	1.0	0
Network Systems Analyst I/II	7.0	7.0	0
Office Assistant I/II	4.0	4.0	0
Office Services Manager I/II	2.0	2.0	0
Operations Support Supervisor	1.0	1.0	0
Personnel Administrator	1.0	1.0	0
Personnel Analyst I/II	1.0	1.0	0
Personnel Technician (Conf) I/II	1.0	1.0	0
Program Manager	1.0	1.0	0
Programmer/Analyst I/II	9.0	9.0	0
Senior Accountant	3.0	3.0	0
Senior Air Quality Education Rep	1.0	1.0	0
Senior Air Quality Education Rep Bilingual	1.0	1.0	0
Senior Air Quality Specialist	1.0	1.0	0
Senior Network Systems Analyst	2.0	2.0	0
Senior Network Systems Security Analyst (Conf)	1.0	1.0	0
Senior Office Assistant	3.0	3.0	0
Senior Office Assistant (Conf)	1.0	1.0	0

SUMMARY OF POSITIONS

<u>Title</u>	<u>2020/2021</u>	<u>2021/2022 Recommended</u>	<u>Increase/ Decrease</u>
Senior Office Assistant	3.0	3.0	0
Senior Office Assistant (Conf)	1.0	1.0	0
Senior Personnel Analyst	1.0	1.0	0
Senior Policy Advisor	1.0	1.0	0
Senior Programmer Analyst	2.0	2.0	0
Supervising Accountant	2.0	2.0	0
Supervising Programmer/Analyst	2.0	2.0	0
TOTAL	<u>87.0</u>	<u>87.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Administration

	Adjusted* FY 20-21	Recommended FY 21-22	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$7,386,437	\$8,205,358	\$818,921	11%
Temporary Help	\$184,361	\$190,930	\$6,569	4%
On Call Pay	-	-	-	-
Overtime	\$121,270	\$101,648	(\$19,622)	(16%)
Unemployment	\$14,441	\$14,099	(\$342)	(2%)
Retirement	\$3,537,125	\$3,769,665	\$232,540	7%
OASDI	\$123,785	\$136,963	\$13,178	11%
Workers Compensation	\$87,541	\$77,230	(\$10,311)	(12%)
Cafeteria Plan Benefits	\$880,855	\$957,955	\$77,100	9%
Long-Term Disability Insurance	\$18,548	\$20,298	\$1,750	9%
Alternate Transportation Incentive	\$53,976	\$57,888	\$3,912	7%
TOTAL SALARIES AND BENEFITS	\$12,408,339	\$13,532,034	\$1,123,695	9%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$4,700	\$20,450	\$15,750	335%
Mobile Communications	\$33,124	\$35,499	\$2,375	7%
Telephone Charges	\$23,918	\$26,304	\$2,386	10%
Insurance	\$106,867	\$124,441	\$17,574	16%
Equipment Maintenance	\$42,157	\$55,038	\$12,881	31%
Vehicle Maintenance & Operations	\$22,900	\$9,900	(\$13,000)	(57%)
Computer Maintenance	\$166,028	\$172,663	\$6,635	4%
Video Conferencing Maintenance & Operations	\$115,580	\$124,500	\$8,920	8%
Building Maintenance & Operations	\$65,254	\$71,350	\$6,096	9%
Office Supplies	\$13,083	\$12,845	(\$238)	(2%)
Computer Software & Supplies	\$30,605	\$52,562	\$21,957	72%
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$19,200	\$14,922	(\$4,278)	(22%)
Printing	\$98,684	\$99,125	\$441	-
Professional & Specialized Services	\$1,718,772	\$2,011,563	\$292,791	17%
Publications & Legal Notices	\$1,500	\$6,800	\$5,300	353%
Rents & Leases	\$6,754	\$7,231	\$477	7%
Small Tools & Equipment	\$20,439	\$21,084	\$645	3%
Special District Expense	\$143,026	\$146,430	\$3,404	2%
Travel & Training	\$121,560	\$157,625	\$36,065	30%
Travel & Training - Boards	\$39,550	\$39,550	-	-
Utilities	\$67,309	\$69,225	\$1,916	3%
Audit Services	\$23,500	\$25,000	\$1,500	6%
Legal Services	\$42,400	\$42,400	-	-
TOTAL SERVICES AND SUPPLIES	\$2,926,910	\$3,346,507	\$419,597	14%
FIXED ASSETS				
Office Improvements	\$336,000	\$210,000	(\$126,000)	(38%)
Facilities & Equipment	\$20,581	\$30,836	\$10,255	50%
Computer Equipment	\$163,570	\$161,854	(\$1,716)	(1%)
Office Furniture / Equipment	\$6,939	\$7,201	\$262	4%
Office Machines	\$7,034	\$8,809	\$1,775	25%
Telephone Systems	\$9,201	\$10,278	\$1,077	12%
Automobiles	\$68,000	\$138,000	\$70,000	103%
Video Conferencing System	\$70,000	\$70,000	-	-
TOTAL FIXED ASSETS	\$681,325	\$636,978	(\$44,347)	(7%)
TOTAL OPERATING APPROPRIATIONS	\$16,016,574	\$17,515,519	\$1,498,945	9%

COMPLIANCE

FISCAL SUMMARY

	<u>Budgeted 2020-21</u>	<u>Recommended 2021-22</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	12,845,497	13,443,302	597,805	5%
Services and Supplies	1,144,928	1,112,582	(32,346)	-3%
Fixed Assets	<u>677,781</u>	<u>531,456</u>	<u>(146,325)</u>	<u>-22%</u>
Total	<u><u>14,668,206</u></u>	<u><u>15,087,340</u></u>	<u><u>419,134</u></u>	<u><u>3%</u></u>

<u>Position Summary</u>	99.5	99.5
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FUNCTIONS

The District's Compliance Department performs a full suite of enforcement and compliance assistance related activities to ensure compliance with District, state, and federal rules and regulations. In addition, the Compliance Department processes applications, permits, registrations, and plans for gasoline dispensing facilities, wood burning heaters, permit exempt equipment, portable equipment, Conservation Management Practices, facility transfer of ownership and name changes, and renewals of Permits to Operate. The program objectives for the Compliance Department are set forth in federal and state law and the District's air quality attainment plans. In order to meet these program objectives, District staff annually perform inspections at approximately 9,200 permitted facilities, 5,600 agricultural operations, respond to approximately 3,200 public complaints, and verifies emissions reductions at thousands of locations where emission reduction incentive projects have been implemented.

The major functions of the District's Compliance Department are as follows:

Inspections of Stationary Sources

The District performs thousands of comprehensive on-site inspections each year to ensure compliance with District requirements. These inspections play a key role in helping to meet clean air requirements and are required by the United States Environmental Protection Agency (EPA) and the California Air Resources Board (CARB) as part of Federal Title V, EPA 105 Grant, and State Subvention requirements. CARB recommends that the District maintain inspection frequencies of once per year for minor sources and quarterly for major stationary source

Under the District's variable inspection frequency policy, inspection frequencies are assigned considering various factors, including a source's compliance and complaint history, potential for air quality impact, frequency of equipment use, presence of toxic air contaminants, and potential for violations. Initial inspections of new and modified operations are performed as well, and they allow the District to ascertain whether the associated equipment complies with District rules. This District service can alert the source to any discrepancy and prevent significant non-compliance periods.

Complaint Investigations

The District receives thousands of complaints each year for which timely responses and investigations of alleged sources of non-compliance are top priorities. Inspectors are on-call 24 hours per day and use automated voicemail and computer systems to facilitate the timely response to complaints in order to abate potential public nuisances. Along these same lines, the District added the ability to easily submit complaints, including video and photographs, online via the District's website and through the District's mobile smartphone application. The District provides a bilingual (Spanish-English) telephone complaint line and also has the capability to utilize translation services to ensure that all communities and groups within the Valley are properly served.

Compliance Assistance

Since its inception, the Compliance Assistance program has emphasized an educational approach to help Valley businesses comply with a variety of air pollution regulations. Businesses and individuals throughout the Valley are provided with:

- **Individualized Assistance**
Personalized, one-on-one help is provided to thousands of businesses and individuals to ensure they understand the District's requirements.
- **Compliance Assistance Bulletins**
Active evaluation of upcoming rule compliance dates and analyzing compliance rates for various requirements and developing assistance bulletins that are sent out and provided online for affected groups including, but not limited to, Valley residents, realtors, building departments, contractors, industrial and commercial facilities, and farmers.
- **Compliance School**
Training classes provide information on the topics of open burning, gasoline vapor recovery, and wood burning fireplaces and heaters.
- **Gasoline Station Tester Training**
Ongoing training for contractors is provided for those wishing to perform vapor recovery testing within the District. A District rule requires testers be certified and ensures an adequate pool of qualified contractors from which stakeholders can select.
- **Asbestos Training**
Comprehensive assistance on asbestos regulations is provided to the public, building industry, building departments, fire departments, and realtors. Staff continues to spend considerable time providing one-on-one assistance, in addition to group trainings, to the regulated community.
- **Residential Wood Burning Heater Professional Training**

- Required training for individuals who are seeking to register certified wood burning fireplaces and heaters who either have a certification from the Fireplace Investigation Research and Education, Chimney Safety Institute of America, or the National Fireplace Institute or has documentation demonstrating they are qualified to perform inspections, maintenance and cleaning activities on wood burning heaters.
- **Rule 4901 (Fireplace and Wood Burning Heater) Education**
Staff responds to public inquiries concerning the program, including providing compliance assistance brochures and one-on-one assistance to explain the rule requirements and steps to be taken to comply.
 - **Rule 9410 (Employer Based Trip Reduction)**
Staff assists in providing training to employers to be used in the implementation of successful Employer Based Trip Reduction (eTRIP) measures. In addition to this, staff provides customer service to employers subject to rule requirements. Staff also receives and reviews annual reports submitted that are required to be performed and submitted by subject employers.
 - **Regulation VIII (Fugitive Dust) Education**
Staff organizes and conducts classroom training for all groups required to submit dust control plans for construction activities and provides ongoing training as needed.
 - **Prescribed Burning Outreach**
The District meets periodically with the land managers of the USDA Forest Service, National Park Service, US Fish and Wildlife Service, Bureau of Land Management, California Department of Forestry and Fire Protection, and Southern California Edison Company in order to minimize impacts of smoke from prescribed burns and wildfires. Compliance staff participate on the daily “1 O’clock Call” during fire season to keep abreast of wildfire and prescribed burn activities throughout the area.
 - **Access to Compliance Policies**
Compliance policies are available on the internet for stakeholders to review, comment on, and use to assist them with complying with District requirements. The internet is updated regularly with new or modified policies to ensure availability of current information.
 - **Permit Stakeholder Meetings**
The District’s Compliance Department continues to attend and give updates at these meetings as another way of providing compliance assistance. The District identifies upcoming rule requirements, provides clarification on rule and policy requirements, responds to industry inquiries, and provides updates in the meetings.

Emission Reduction Incentive Program Inspections

To ensure that the emission reduction projects funded by the District’s incentive programs are real and permanent, the District monitors the pre-contract and post-contract performance of grant recipients. Thousands of field inspections are conducted to verify that equipment is appropriately controlled or replaced, that it is adequately maintained, and verification that older equipment has been properly disposed of.

Incentive projects requiring compliance inspections include the replacement of older trucks with new less polluting ones, school bus replacements, agricultural pump engine replacements, emissions controls on trucks, and other related control strategies. Each funded project requires a minimum of two initial inspections and several types of projects require ongoing inspections to assure emission reductions are realized for the life of the project.

Emissions Testing

District inspectors directly oversee hundreds of source tests conducted at stationary sources for the purpose of measuring air pollutants. District staff has three main tasks when overseeing source tests at stationary source sites. First they review the source test protocol prior to the test. District staff reviews the protocol to ensure proper testing procedures and methods will be performed and that the source test contractor has the proper equipment and certifications to conduct the testing. This service is beneficial to the source as it ensures the proper test is performed and eliminates any chance for additional testing due to improper testing methods or lack of proper tester certification. The second task is to witness the test to ensure the source test contractor follows the correct test methods and procedures. Lastly, District staff reviews the source test results to ensure the data is properly reported and to act promptly on any compliance issues related to the testing.

In addition, the District utilizes its monitoring van and portable exhaust gas analyzers to assess the emissions from internal combustion engines, boilers, and other combustion devices to ensure they are operating according to specifications and complying with all requirements. This service can alert sources to compliance issues and result in prompt resolution.

The source testing program has expanded to include continuous long-term testing of new technology to verify it can meet strict air quality regulations. This service is invaluable for the development of new regulatory requirements and will assist industry in determining which control strategies work best.

Portable Equipment Registration and Inspections

The District runs a portable equipment registration program that allows operators within the San Joaquin Valley to register equipment whose primary function requires it to be moved on a routine basis. Operators submit registration applications that are closely reviewed and discussed with the operator to ensure that the manner the equipment is to be used is appropriate.

In addition to inspecting portable equipment registered in the District's portable equipment registration program, the District also inspects portable equipment registered in the State of California's registration program. There are several hundred portable equipment units that need inspection every year.

Examples of the types of portable equipment inspected include engines that power electrical generators, portable concrete batch plants, oil well service equipment, and engines that power sandblasting/painting operations. This equipment can move many times during the course of the year. Inspections are conducted at large storage yards or in the field when the equipment is in operation.

Gasoline Station Permitting, Inspecting, and Testing Program

Gasoline stations, in aggregate, are one of the largest potential sources of volatile organic compounds in the Valley. A comprehensive and effective permitting, inspection, and testing program is important to ensure the vapor recovery systems operate as designed and the Valley realizes the emission reductions anticipated in Rule 4621 (Gasoline Transfer Into Stationary Storage Containers, Delivery Vessels and Bulk Plants) and Rule 4622 (Gasoline Transfer into Motor Vehicle Fuel Tanks).

District staff continues to inspect gasoline station vapor recovery systems on a routine basis looking for torn hoses, damaged nozzles, and missing parts. However, during recent years there have been many changes in vapor recovery technology and state laws such that the simple visual inspections are no longer sufficient. More emphasis is now being placed on performance tests that evaluate gasoline station equipment effectiveness. As a result, the District implemented a gasoline dispensing tester certification and training program to ensure qualified third party contractors are available for operators of this equipment.

New state requirements continue to require gasoline stations to install additional equipment and are resulting in thousands of inspections. The District has had a significant outreach effort to alert stations to the new requirements.

Agricultural and Prescribed Burning

Agricultural burning in the San Joaquin Valley is closely regulated by the District. Legislation is phasing out such activity, but it is still allowed for a few crop types where there are no economically or technologically feasible alternatives to burning available. In accordance with state law, on a daily basis, District staff determines when, how much, and where burning can occur.

District staff utilizes a sophisticated Smoke Management System (SMS) to determine the burn status. Air quality and meteorological conditions determine if burning is allowed. The SMS divides the Valley into over 97 zones. Each zone is analyzed and given a burn status and permissible burn acreage allocation. The goal of the SMS is to protect the public and prevent significant deterioration in air quality.

In order for a farmer to burn, they must first receive a District permit and must receive approval to burn each day they wish to do so. Field staff monitors burning to ensure only authorized materials are burned and that best management practices are followed to minimize smoke impacts to the public.

Prescribed burning by land management agencies is another activity regulated by the District. In accordance with Title 17 of the California Code of Regulations, the District reviews burn plans, provides burn authorizations, and monitors the fires. District staff also has an ongoing dialogue with land management agencies and other air districts to improve communication and cooperation among all parties. To this end, the District continues to lead state-wide efforts to establish communication protocols between air districts and the land management agencies to ensure the smoke is well managed and its impact upon air quality and public health is reduced to the maximum extent feasible. These communication protocols are vital due to changes in federal policy on wildfire

management. The District is concerned that wildfires managed under the new federal policy may have greater impacts on Valley residents. To address the concern over this potential, the District will have a greater presence during the fire season to help minimize smoke impacts. Staff will conduct additional inspections and coordinate more closely with land managers.

Wood Burning Heater and Fireplace Device Registration and Enforcement

Further reducing residential wood smoke emissions is a high priority under the District's Health Risk Reduction Strategy given the significant localized health impacts associated with residential wood smoke. Scientific studies show that prolonged inhalation of wood smoke contributes to lung disease, pulmonary arterial hypertension, and pulmonary heart disease, which can eventually lead to heart failure. The rule is designed to improve public health by reducing toxic wood smoke emissions in Valley neighborhoods during the peak PM_{2.5} winter season (November through February).

The rule allows EPA certified wood burning devices to burn on days when burning is prohibited for conventional wood burning devices which would be nearly impossible to enforce without a mechanism to readily identify and verify qualifying devices. To provide the District with an enforceable mechanism for allowing certified devices to burn on days designated by the District as "No Burning Unless Registered", the District instituted a registration program for these cleaner, wood burning devices.

The rule allows Valley residents seeking to voluntarily register their EPA certified wood burning device to do so in one of two ways. If the resident has purchased an EPA certified wood burning device through the District's Burn Cleaner incentive program, they can pay a nominal fee and provide needed information to register the device on line. The other option for Valley residents is for them to contact a Registered Wood Burning Heater Professional (RWBHP) to verify that the wood burning device is in good operating condition, including ensuring that the device has been cleaned, maintained, and operated in accordance with manufacturer specifications. To ensure RWBHPs are qualified individuals to perform these inspections and verifications, the District instituted a registration program for RWBHPs. All parties requesting to be RWBHPs must go through an application process that includes the requirement for the individual to provide necessary certifications or related job experience that qualifies them to be a RWBHP. In addition to the application, the applicant must undergo District provided training and enter into a contract with the District that outlines the expectations of all RWBHPs. Contract requirements include the need to be able to connect remotely to the internet and the ability to print out and issue wood burning device registrations during their inspections. After completing the required training and signing the contract, the individual is added to the District's list of registered RWBHP, which is available to the public on the District's internet site. Compliance staff are responsible for reviewing registrations, reviewing RWBHP applications, providing training to RWBHPs and drafting contracts for them.

Since 2004, the District has had a robust enforcement program for designated wood burning curtailment days to ensure the District is achieving the expected emission reductions as a result of the requirements of the rule. This includes having a significant portion of field staff mandatorily assigned to conduct several hours of surveillance in counties with declared

wood burning curtailments. The District also conducts surveillance in counties with curtailments on days that District offices are closed and performs periodic night-time surveillance throughout the peak PM2.5 winter season.

Mutual Settlement Program

The Mutual Settlement Program evaluates violations of District rules and reaches mutually agreed upon settlements within guidelines established by the California Health and Safety Code and federal law. The Mutual Settlement Program is centralized in the Fresno office to provide for independent review and Valley-wide consistency in the settlement of over 3,000 Notices of Violation per year. The program settles the majority of the cases through the mutual settlement process, with only a small percentage of cases requiring the need for referral to the District's legal department, greatly reducing costly litigation.

Continuous Emission Monitoring System Polling

Many stationary sources of air pollutants throughout the District are required to monitor their emissions with instruments known as Continuous Emissions Monitoring Systems (CEMS). While these instruments are invaluable in ensuring the facilities operate properly, it is very time consuming for inspectors to travel to each facility to review the records of the emissions. In an effort to better utilize existing resources, the District implemented an electronic CEMS polling system. The District utilizes its computer systems to automatically gather emissions data from the various companies' CEMS. Internal systems have been designed to evaluate received CEMS data and immediately notify inspectors of potential emissions problems. Considerable resources have been spent transitioning to this easier to use, more stable data acquisition system. This was done with the added benefit of having no significant impact on the stationary sources end.

Fugitive Dust Regulations

District fugitive dust rules require the submittal of dust control plans on residential developments when there will be ten acres or more of disturbed surface area and on non-residential developments when there will be five acres or more of disturbed surface area or if more than 2,500 tons of earth will be moved on any 3 days. To ensure that construction operators are able to comply with dust control requirements, District staff provides training classes for those required to submit dust control plans, and reviews each plan prior to the start of construction. A minimum of one field inspection is also required for each site.

Permit-Exempt Equipment Registration

The District has developed and implemented an innovative Permit-Exempt Equipment Registration (PEER) rule, designed to minimize the overall workload required to achieve the emissions reductions expected of permit-exempt equipment through streamlined registration processes that fit well with the typically smaller and lower-emitting equipment to which it applies. The District issues several hundred permit-exempt equipment registrations each year, generating a savings of several thousand person hours when compared to typical permitting processes.

Conservation Management Practices Plans

The District, with strong coordination and cooperation with the Valley's agricultural representatives, implemented its innovative and nation-leading Conservation Management Practices (CMP) plan program in 2004-05, and are now responsible for regulating and updating over 4,800 CMP plans, which are designed to decrease dust emissions from agricultural operations on farms, dairies, and other confined animal operations. Along with issuing and modifying the plans, the District performs inspections of agricultural facilities with CMPs and verifies that they are complying with the management practices that the operator selected and that they are recording and maintaining the necessary documentation.

Hearing Board Activities

Petitions for variances are received, reviewed, and researched by the District's Compliance Department staff. Each petition results in a written staff report and a presentation of the case to the applicable Hearing Board having jurisdiction. Staff also handles public noticing of the hearings, reports of Board decisions, and variance tracking to ensure sources comply with variances and other Hearing Board orders.

SIGNIFICANT IMPACTS TO 2021-22 BUDGET

The increasing workload associated with the duties performed by the District's Compliance Department, as discussed below, are expected to be accommodated by continuing to implement streamlining and efficiency improvements in all areas.

New Workload

The District will need to ensure facilities are complying with District rules and state regulations that have compliance dates in Fiscal Year 2021-22, including: Rule 4901 – Wood Burning Fireplaces and Wood Burning Heaters, Rule 4103 – Open Burning, Rule – 4306 Boilers, Steam Generators, and Process Heaters - Phase 3, Rule – 4320 Advanced Emission Reduction Options For Boilers, Steam Generators, and Process Heaters Greater Than 5.0 MMBTU/hr, Rule – 4311 Flares, Rule – 4905 Natural Gas-Fired, Fan-Type Central Furnaces; and Rule – 4601 Architectural Coatings, and the state's portable diesel engine Airborne Toxic Control Measure. The new requirements will require additional inspections, record review, oversight, and compliance assistance.

Increased Grant Funded Equipment Replacement Inspections

As a direct result of the District's advocacy efforts at the state and federal levels and working closely with Valley stakeholders, significant new funding for the Valley has been secured and will be used to greatly assist in achieving the enormous emissions reductions necessary for our upcoming State Implementation Plans aimed at attaining the federal health-based standards. In 2021-22, the District expects to receive an additional \$366 million from a variety of local, state, and federal sources for use in funding voluntary incentive-based emission reduction projects. Additionally, the District will have access to funds received prior

to 2021-22 carried forward as reserved fund balance. These two sources will bring the total incentive funds available to the District in 2021-22 to \$519 million.

The significant increase in funding for voluntary incentive-based programs and the community engagement, monitoring, and protection mandates will lead to a significant increase in the District's workload. To ensure each equipment replacement project is realizing the expected benefits, the District inspects both old and new equipment multiple times throughout the process. Each vehicle or piece of equipment is inspected as soon as possible after the initial application is submitted to capture and document, with photographs, the condition of the vehicle. It is estimated that this additional funding may result in thousands of additional inspections being required. However, consistent with the District Governing Board's direction, the District will phase-in hiring of new staff commensurate with available funding and actual workload.

Implementation of AB 617

In 2021-22 the District will continue to work on implementation of AB 617, Community Air Protection Program, in Shafter, South Central Fresno, and Stockton Community. The AB 617 community of Arvin and Lamont was selected as the District's fourth AB 617 community and the District will work with the community to develop their Community Emissions Reduction Programs (CERPs). As part of the adopted CERPs for Stockton, South Central Fresno, and Shafter, the District committed to implement a number of new enforcement efforts focused on enhanced enforcement and compliance assistance measures aimed at increasing compliance with District rules and state law and thereby limiting the potential for localized air quality impacts. Each community selected enhanced enforcement and compliance assistance measures will be based on the needs of the community. Enhanced enforcement and compliance assistance selected by the communities includes:

- Enhanced enforcement of Rule 4901 (Wood Burning Fireplace and Wood Burning Heaters) mandatory wood burning curtailments via increased and focused surveillance
- Enhanced enforcement of District Rule 4103 (Open Burning) to reduce the illegal open burning of residential waste via increased surveillance
- Increased inspection frequency of permitted sources with a history of emission violations
- A pilot training program for gas station owners and workers who conduct self-inspections of the vapor recovery equipment
- Enhanced enforcement of the state's heavy-duty vehicle anti-idling regulation via increased surveillance
- Enhanced enforcement of fugitive dust requirements through increased inspections and surveillance of projects potentially subject to the requirements

The implementation of these measures will require significant staffing resources. Furthermore, the District's Compliance Department will have a significant role in accumulating and providing necessary data needed for the development of the enforcement component of the forthcoming Arvin and Lamont CERP, and once this CERP has been adopted, it will require specified actions to meet the targets contained therein within five years, along with an implementation schedule. These commitments will require enforcement strategies to ensure that the emissions reductions are achieved, which will

require significant new workload in this community. It is also likely that there will be opportunities for early implementation of potential CERP measures in the Arvin and Lamont community based on the feedback and guidance from the community steering committee.

Prescribed Burning

As directed by the District's Governing Board in November 2015, District staff has continued to work to facilitate effective use of prescribed burning as a means to reduce the number and severity of future wildfires. With the Sierra Nevada still experiencing the consequences of California's tree mortality epidemic, which has most recently been estimated to be more than 120 million dead or dying trees. This issue is still very relevant as the region has experienced a number of the largest wildfires in state history in recent years. Towards that end, the District will need to ramp up collaborative efforts with the local, state, and federal land managers and fire suppression agencies in an effort to identify gaps in land management and fire suppression policies and practices, while developing solutions to provide increased opportunities to reduce the high hazard waste from the tree mortality in a manner that limits the air quality impacts to Valley residents and localized impacts to nearby receptors. Furthermore, recent state laws, policies, plans, and Executive Orders require that public land management agencies increase the scale and scope of their fuel reduction efforts, including increasing the use of prescribed fire. These laws, policies, plans, and orders also task the California Air Resources Board and local air districts with facilitating this increase in prescribed burning and increasing the monitoring of emission impacts from such projects. These efforts to collaborate with land management agencies to facilitate and monitor increased levels of prescribed burning will result in significant new workload. To aid in this effort, the District entered into a Memorandum of Understanding with the California Air Pollution Control Officers Association, which provides more resources to air districts who perform these tasks.

Advancing Alternatives to Open Burning of Agricultural Waste

In November 2017, the District hosted the Central Valley Summit on Alternatives to Open Burning of Agricultural Waste that brought together Valley grower, researcher/experts, representatives from the biomass power industry, and representatives from new and developing technology vendors, and Valley stakeholders. Even with air quality impacts from agricultural burning in the Valley being well managed under the District's comprehensive Smoke Management System, a key lesson learned from the Summit was the importance of identifying and implementing of cost-effective alternatives to open burning. Towards that end, District staff has been working with agricultural operators and entrepreneurs to expand and support emerging practices and technologies which provide cleaner alternatives to open burning of agricultural waste, with top priority being given to on-the-farm deployable (minimal or no transportation related emissions) and scalable practices and technologies. The District's Governing Board and CARB recently approved the 2020 Staff Report and Recommendations on Agricultural Burning, which focuses on phasing out almost all agricultural burning over the next several years. To support this transition, significant incentive funding for the District's alternatives to agricultural burning incentive program will be needed. Collecting additional data from growers related to the efficacy of the program and the benefits to air quality, crop yields, and overall soil health will be vital to the overall success of the program. The program requires pre-and post-inspections of each of the projects to ensure the integrity of the projects and resulting emission reductions are

achieved. Completing this work will result in a significant workload in this area over the next several years.

Natural Gas-Fired, Fan-Type Central Furnaces Rule

Due to the effects of the COVID-19 pandemic and its impacts to material supply chains and worker availability the majority of manufacturers of natural gas-fired, fan-type furnaces, regulated under District Rule 4905 (Natural Gas-Fired, Fan-Type Central Furnaces) were unable to complete development and make available compliant units by the compliance dates in the rule. For this reason, the rule was amended to delay compliance dates and included additional recordkeeping requirements to increase the enforceability of the regulation. To ensure the requirements are being complied with, the District will devote additional staff resources to ensure manufacturers, distributors and installers are receiving additional compliance assistance; investigations are being performed, and proper reporting reviews are performed and required emission fees are being paid. Sales of non-compliant products can have a significant impact on the Valley's ability to attain federal air quality standards, requiring the need for closely monitoring the requirements.

Amendments to the State's Portable Diesel Engine Airborne Toxic Control Measure (ATCM)

The amended ATCM, which took effect on November 30, 2018, contains phased-in regulatory deadlines for certain older diesel-fired portable engines through January 1, 2029. Many of the engines affected by these new state requirements are currently registered with the District. In 2019, the District published and mailed copies of Compliance Assistance Bulletin to facilities with portable registrations with the District to ensure that they were aware of and understand the upcoming deadlines. During this fiscal year, District staff will devote additional field-based resources toward assuring compliance with these state requirements.

Assembly Bill 2588 Reporting Requirements

As a result of recent changes by the state Office of Environmental Health Hazard Assessment (OEHHA) to its Risk Assessment Guidelines, and the corresponding potential increases in calculated health risk, all facilities that emit air toxics must now be re-evaluated under the AB 2588 Air Toxics "Hot Spots" Program. In an effort to reduce the impact on the industry, the District has taken numerous steps toward streamlining the reassessment process. The District's efforts include using existing emissions inventory reporting processes and developing facility-specific Plan/Report templates geared towards providing facilities with pertinent information needed to drastically expedite the reporting process and to reduce the cost of compliance with this state law. The District's Compliance Department will devote significant resources to conducting compliance assistance with respect to the ongoing AB 2588 reporting requirements, including making field visits to affected facilities and offering individualized assistance to stakeholders.

Efficiency and Streamlining Measures

Meeting new mandates without increasing staffing levels will require further streamlining of functions and continued improvements in efficiency. The District's Compliance Department has continued to develop new policies/procedures and amend existing policies/procedures to enhance consistency and efficiency. Providing detailed

policies and standardizing operating procedures assists staff by answering common questions and providing guidance on common situations that may arise while they are performing their duties. Detailed policies also help to ensure consistency among staff in all three regions. Furthermore, well-trained staff ensures the highest level of customer service to stakeholders. For this reason, the District is in the process of revamping its Compliance training program and will continue to provide staff with training opportunities that will improve their technical skills and customer service.

As part of inspection efficiency improvement, the District embarked on an effort aimed at reducing unnecessary redundancies with inspection paperwork. Inspection forms continue to be streamlined and refined to ensure important, relevant information is captured while limiting overall time spent on report writing. Furthermore, the District continues to expand the use of clerical and office-based support staff to process paperwork and perform other office-based duties to allow field-based inspection staff to remain in the field conducting inspections.

Response to COVID-19 Pandemic

The District's Compliance Department is an essential public health agency and member of the Valley community, the District has continued to provide essential public services while keeping our staff and our community safe during the COVID-19 Pandemic. The Compliance Department has adjusted operations by local and state health official guidance by following social distancing and face covering recommendations while performing field-based duties and in face-to-face interactions. District field staff have continued to perform inspections incorporating public health agency safety protocols and updated paperwork streamlining measures to maximize efficiency and effectiveness.

Online Program for Regulated Facilities (PASPort)

The District has been devoting significant resources toward creating an information portal system for permitted facilities. The system, called PASPort, is a tool to allow the facilities to access all documents submitted for their facility as well as documents produced by the District for the facility. Looking for additional utility, the District has been focusing on ways to allow the user to submit documents directly through the portal. Currently, the facilities can submit 19 different types of required compliance reports through PASPort including but not limited to source testing, organic liquids storage tank cleaning notification, and continuous emissions monitoring reports. In each case, the facility benefits in numerous ways, such as reduced postage and immediate confirmation that the documents were received by the District via email notification. This benefits the District because having these files electronically allows the District to perform reviews and upload the documents directly into District databases for management purposes. Receiving and processing paper copies requires going through a labor intensive and time consuming process necessitating the document being indexed and converted into an electronic file before being able to be uploaded.

In addition to this, the source is also able to submit initial equipment breakdown reports and/or deviations from permit requirements through the PASPort system as well. Once

the equipment has been repaired or is again operating in compliance, the facility can complete the breakdown/deviation report in PASPort and submit the completed report. Confirmations that the completed report has been received are then sent via email, an important service because of the requirement for this report to be submitted to the District within 10 days of repairing the equipment or within 10 days of discovering a deviation. District staff benefit from breakdown and deviation reports being submitted through PASPort because the initial notification is normally handled by office staff and requires manual data entry and once the final breakdown/deviation report is submitted, it would require Compliance staff to manually enter report contents into the District's database. Field staff and their supervisor are also notified via email that a breakdown has been received, allowing staff to quickly and efficiently respond accordingly. Use of the PASPort eliminates the need for any manual data entry because data entered by the source is automatically uploaded into the District's tracking program. Considering the District receives approximately 900 breakdowns and deviations on an annual basis there is a significant time savings when handled through the PASPort system.

Another customer service enhancement was the addition of the ability for facilities to request start-up inspections for new or modified equipment through PASport. Once the request has been submitted, District staff automatically receive an email notification of the request. Once notified, staff promptly contact and schedule the inspection of equipment with the facility representative.

Online Submittal of Dust Control Plans

The District is finalizing the completion of an online portal for businesses to submit required dust control plans (DCPs) and construction notifications electronically. The system has been designed with business rules such that a plan or notification cannot be submitted unless it includes all the necessary information. Currently, all DCPs are received as hard copies or via email. Prior to developing this process, District staff would review the submitted material and often times key pieces of information needed to deem a plan complete are missing, requiring follow up with the submitting party and waiting to receive the necessary information. Many of these projects are time sensitive and any delays could be costly to the businesses. The design of the new system limits these occurrences. In addition to reducing time by having completed plans, the system is also designed in a manner that it will automatically generate responses and required reports. Report review will also be done electronically and the required response letters will be generated automatically based on staff's review. An additional benefit is that all dust control plans will be easily available to staff in the field, for when they are performing site inspections or complaint investigations. When conducting complaint investigations tied directly to excess dust emissions, having the dust control plan and the contact information readily available can significantly reduce the time of non-compliance. Until this online process is completed, we have created email folders for businesses to submit their DCPs electronically, additionally; there is an existing process through which electronic payments can be made. This is an effective interim measure that eliminates the need to scan paper copies. The electronic copies are able to be quickly uploaded for storage and available for all District staff. We have received positive feedback from businesses, construction project managers, and consultants

who appreciate using the new interim system and have expressed a strong desire to use the new system once completed.

The District also provides the ability for stakeholders paperless processing of DCPs as another way to submit their projects paperwork. All records that are received via fax and e-mail are processed and stored electronically from start to finish; hard-copy records are scanned into PDF format and further processed electronically. This process improvement has resulted in increased efficiency by eliminating the time-intensive step of creating and archiving paper files.

Online and Smart Phone Complaint Submittals

The District prides itself for being at the forefront of advanced technology utilization. One such example is the incorporation of online and mobile application complaint submittals. Development of this process allows for quicker and more timely reporting of complaints by the public and provides the ability to upload pictures and video of the source of the complaint. Having pictures and video give compliance staff a better understanding of the cause and location of the complaint, which significantly increases the likelihood that District staff will be able to locate the source of the complaint and to take appropriate action to abate the situation. During normal business hours, once a complaint is submitted, it is automatically forwarded to District supervisory staff, who use GPS in the vehicles to identify the field staff nearest in proximity to the complaint location, ensuring a prompt response. During non-business hours, complaints received are directly forwarded to on-call staff who respond 24 hours a day, seven days a week. When complaints are submitted online and through mobile applications, the data is automatically uploaded into District programs for tracking and once the investigation has been completed, the reporting party is automatically sent a completed copy of the report.

Paperwork Streamlining

The District performs thousands of inspections every year, each with a written report to surmise the findings. Identifying opportunities to streamline the report writing process was critical. The District developed a compliance dashboard, on tablet computers, that has inspection reports available and that can be filled out as part of the compliance inspection. The goal is for the majority of the reports to be completed once the inspection is completed. The reports are then submitted and reviewed electronically and then uploaded in an electronic database management system, resulting in a completely paperless processing, which also reduces the staffing needs.

While it has always been a priority to turnaround paperwork associated with grant inspection projects for customer service reasons, we continue to look for ways to make this process more efficient. One such step was by generating and routing all inspection paperwork electronically to the grants staff for their processing and review. This has resulted in decreased staff time and ensuring applicants receive the grant money as expeditiously as possible. We have recently piloted paperless processing for grant inspections paperwork and photos by directly uploading the documents into the newest version of the District's Grant Management System (GMS). This eliminated duplicative work, whereby Grant staff would upload the documents after being notified by Compliance staff that the inspections were completed and reports uploaded. Field

staff have begun to use a phone app that allows for the merging of the inspection report and photos directly from their phone, significantly reducing the amount of time necessary to process grant paperwork. Prior to this, Compliance staff would need to convert photos into PDF documents and then merged the inspection report before it would be ready to be uploaded into GMS. Due to the success seen utilizing this app, the department also used this process for processing photographic evidence of woodburning device non-compliance during the winter season, saving staff significant paperwork time, which allows field staff to spend more time in the field performing air pollution prevention activities.

The District also developed a procedure by which all enforcement case files are handled electronically, eliminating the labor-intensive process of printing records and making paper files. Inspectors are now able to upload all pertinent records into an electronic database. Supervisors then review these records electronically within the database, and once the supervisor has completed his/her review, the case is transferred electronically to the mutual settlements program staff for further handling.

The District has implemented paperless processing of asbestos records – such as asbestos surveys, demolition/renovation notifications, and permit releases – that are required to be submitted under the federal asbestos regulation. All records that are received via fax and e-mail are processed and stored electronically from start to finish; hard-copy records are scanned into PDF format and further processed electronically. This fully electronic process has resulted in efficiency improvements by eliminating the time-intensive step of creating and archiving paper files

Paperless Processing of Permit and Registration Applications

The Compliance Department has transitioned to 100% paperless processing and review of gasoline dispensing facility Authorities to Construct, Permit-Exempt Equipment Registrations, Portable Equipment Registrations, and Conservation Management Practices Plans, and permit renewals. Transitioning to paperless processing has significantly reduced the time necessary to process and review these documents, which was essential due to a significant workload increase. By incorporating these processes, the department was able to absorb the new workload with no increased staffing, while continuing to turnaround projects within the established timeframes.

Virtual Grant Monitoring Inspections

As part of the District's commitment to implement social distancing and other precautions recommended by local, state, and federal public health authorities in response to the COVID-19 pandemic, District staff began conducting grant inspections remotely utilizing video-teleconferencing technology whenever technologically feasible. Remote inspections are currently being offered for all required grant monitoring activity, including inspections of old (destroyed) and new (incentivized) equipment alike. The virtual inspection process, which was approved by the California Air Resources Board, has allowed District staff to continue processing grants and providing funding even amid the COVID-19 pandemic, preventing any undue delays and thereby contributing to the economic vitality of the Valley. Furthermore, the virtual inspection process has allowed the District to uphold the integrity

and stellar reputation of its incentive programs. Finally, the virtual inspection process has resulted in increased efficiency in the inspection process by eliminating staff travel time.

Virtual Inspection of Registered Portable Engines and Permitted Emergency and Low-Use Engines

As part of the District's commitment to implement social distancing and other precautions recommended by local, state, and federal public health authorities, District staff began utilizing videoconferencing technology to conduct remote inspections of engines enrolled in the state's Portable Equipment Registration Program and the District's Portable Equipment Registration Program as well as District-permitted emergency and low-use engine inspections at facilities with only emergency engine and/or low-use engine permits. The virtual inspection process will allow the District to continue auditing these important emission sources while upholding the integrity of the associated enforcement programs and continuing to maintain social distancing. Furthermore, virtual inspections will result in increased efficiency in the inspection process by eliminating staff travel time.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2020/2021</u>	<u>2021/2022 Recommended</u>	<u>Increase/ Decrease</u>
Air Quality Assistant	7.0	7.0	0
Air Quality Compliance Manager	3.0	3.0	0
Air Quality Field Assistant	11.5	11.5	0
Air Quality Inspector I/II	44.0	44.0	0
Air Quality Specialist I/II	8.0	8.0	0
Director of Compliance	1.0	1.0	0
Office Assistant I/II	2.0	2.0	0
Senior Air Quality Inspector	10.0	10.0	0
Senior Air Quality Specialist	2.0	2.0	0
Senior Office Assistant	1.0	1.0	0
Supervising Air Quality Inspector	8.0	8.0	0
Supervising Air Quality Specialist	2.0	2.0	0
TOTAL	<u>99.5</u>	<u>99.5</u>	<u>0</u>

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Compliance**

	Adjusted* FY 20-21	Recommended FY 21-22	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$7,436,496	\$7,975,284	\$538,788	7%
Temporary Help	\$208,210	\$215,521	\$7,311	4%
On Call Pay	\$116,748	\$116,748	-	-
Overtime	\$91,478	\$79,578	(\$11,900)	(13%)
Unemployment	\$16,065	\$15,171	(\$894)	(6%)
Retirement	\$3,654,876	\$3,689,977	\$35,101	1%
OASDI	\$127,864	\$137,089	\$9,225	7%
Workers Compensation	\$154,099	\$131,721	(\$22,378)	(15%)
Cafeteria Plan Benefits	\$954,119	\$995,603	\$41,484	4%
Long-Term Disability Insurance	\$19,242	\$20,310	\$1,068	6%
Alternate Transportation Incentive	\$66,300	\$66,300	-	-
TOTAL SALARIES AND BENEFITS	\$12,845,497	\$13,443,302	\$597,805	5%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$16,525	\$16,915	\$390	2%
Mobile Communications	\$79,495	\$79,445	(\$50)	-
Telephone Charges	\$38,725	\$40,009	\$1,284	3%
Insurance	\$129,673	\$142,319	\$12,646	10%
Equipment Maintenance	\$79,579	\$91,175	\$11,596	15%
Vehicle Maintenance & Operations	\$189,100	\$155,550	(\$33,550)	(18%)
Computer Maintenance	\$166,461	\$131,267	(\$35,194)	(21%)
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$79,180	\$81,602	\$2,422	3%
Office Supplies	\$14,904	\$13,776	(\$1,128)	(8%)
Computer Software & Supplies	\$25,319	\$45,293	\$19,974	79%
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$34,700	\$23,907	(\$10,793)	(31%)
Printing	\$19,693	\$19,707	\$14	-
Professional & Specialized Services	\$100,654	\$95,051	(\$5,603)	(6%)
Publications & Legal Notices	\$5,000	\$5,000	-	-
Rents & Leases	\$4,106	\$4,118	\$12	-
Small Tools & Equipment	\$12,081	\$12,334	\$253	2%
Special District Expense	\$11,109	\$16,070	\$4,961	45%
Travel & Training	\$26,853	\$27,260	\$407	2%
Travel & Training - Boards	\$28,136	\$28,136	-	-
Utilities	\$83,635	\$83,648	\$13	-
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$1,144,928	\$1,112,582	(\$32,346)	(3%)
FIXED ASSETS				
Facilities & Equipment	\$53,257	\$37,221	(\$16,036)	(30%)
Computer Equipment	\$185,920	\$158,600	(\$27,320)	(15%)
Office Furniture / Equipment	\$8,421	\$8,235	(\$186)	(2%)
Office Machines	\$7,017	\$8,646	\$1,629	23%
Telephone Systems	\$11,166	\$11,751	\$585	5%
Detection Equipment	\$188,000	\$75,003	(\$112,997)	(60%)
Automobiles	\$224,000	\$232,000	\$8,000	4%
TOTAL FIXED ASSETS	\$677,781	\$531,456	(\$146,325)	(22%)
TOTAL OPERATING APPROPRIATIONS	\$14,668,206	\$15,087,340	\$419,134	3%

PERMIT SERVICES

FISCAL SUMMARY

	<u>Budgeted 2020-21</u>	<u>Recommended 2021-22</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	12,884,873	13,315,230	430,357	3%
Services and Supplies	553,484	576,039	22,555	4%
Fixed Assets	210,402	193,090	(17,312)	-8%
 Total	 <u>13,648,759</u>	 <u>14,084,359</u>	 <u>435,600</u>	 <u>3%</u>
 <u>Position Summary</u>	 87	 87		

FUNCTIONS

As mandated by state and federal law, the District is charged with the primary responsibility for the permitting of stationary sources of air contaminants. To fulfill this responsibility and other related duties, the District's Permit Services Department performs the following major functions:

Authorities to Construct and Permits to Operate

Before stationary sources of air pollution may construct or operate in the San Joaquin Valley, the appropriate air quality permits must be obtained. The permitting process involves two steps. The first step requires the applicant to submit project-specific information for evaluation in order for an Authority to Construct (ATC) permit to be issued. This process is critical because construction of new facilities or equipment, or modifications of existing equipment, may not legally commence until the ATC is issued by the District. District, state, and federal regulations require the best possible pollution controls and mitigation for new and modified sources of air pollution. The second step, issuing the Permit to Operate, occurs after the applicant has installed the equipment as specified in the ATC and has demonstrated that the equipment complies with District rules and regulations.

Applicants are aided in these steps through the following measures and resources:

- The District's Certification of Air Permitting Professionals (CAPP) program,
- The District's small business assistance offices,
- Close coordination with various economic development organizations throughout the Valley,

- Outreach to city and county building and planning agencies throughout the Valley,
- Continuous efforts by District staff and management to implement efficiency gains, and
- On-going cooperative permit streamlining efforts with regulated industries.

In 2020, the District processed and issued about 1,750 ATC permits for new and modified equipment and operations. In 2021-22, it is expected that a similar number of ATC applications will be received, while we also expect increased activity in a couple of specific sectors, including composting and automobile shredding operations.

Federally Mandated Operating Permits (Title V)

As of 2020, 243 of the largest sources of air pollution are operating under federal Title V operating permits issued by the District. Title V does not impose any new emission standards or any new controls on emissions. However, Title V permits prescribe numerous detailed monitoring, recordkeeping, and reporting requirements for permits, and require significantly increased administrative steps that must be met when issuing, renewing, or revising permits. In general, these latter requirements expand public and Environmental Protection Agency (EPA) participation in the permitting process for the largest emitters of air contaminants in the District. The District's workload in this area continues to be significant. In 2020, the District issued 2,037 initial and renewal Title V permits for 36 facilities and processed 957 Title V permit modifications.

Emission Reduction Banking

The District administers an Emission Reduction Credit (ERC) banking program, the purpose is to allow sources to store credit for voluntary emission reductions for later use as offsets where allowed by District, state, and federal rules and regulations. This mechanism also allows sources to transfer emission reduction credits to other sources for use as offsets. The administration of deposits, transfers, and withdrawals from the bank is accomplished through the filing of a banking application. When processing ERC banking applications, the District ensures reductions are real, permanent, quantifiable, surplus, and enforceable as mandated by local, state, and federal regulations. In 2020, the District processed 71 ERCs applications for new banking actions and ERC transactions. This level of activity is expected to remain approximately the same in 2021-2022.

District's BACT Clearinghouse

Best Available Control Technology (BACT) is a key requirement of the District's New and Modified Stationary Source Review rule, Rule 2201, which is applicable to new or modified stationary sources. The process for determining BACT for each new project involves complex technical and cost-effectiveness analyses. To assist applicants in selecting appropriate control technology for new and modified sources and to guide staff in conducting the necessary analysis, the District maintains and updates a comprehensive BACT Clearinghouse.

The BACT Clearinghouse helps to expedite the permitting process by minimizing the need for lengthy project-specific BACT determinations. It also aids new project proponents in designing new or expanding facilities by outlining air pollution control requirements early in the process. The District has initiated an effort to update and improve this valuable permit-expediting tool. In 2021-22, Permit staff plans on updating 75 BACT guidelines in the District's BACT Clearinghouse, and will submit these determinations to the state and federal BACT databases, as well.

Air Toxics Program

State and federal laws mandate a number of requirements aimed at reducing emissions of, and the risk associated with, hazardous and/or toxic air contaminants. Under state mandates, the District is required to enforce emissions standards established by Air Toxics Control Measures (ATCMs). Additionally, the state's Air Toxics Hot Spots Act requires the District to systematically inventory emissions of toxic air contaminants, assess the potential health risks to the public caused by toxic air emissions, notify the public of these potential health risks, and reduce the facility's risk to a level below significant. In 1990, amendments to the Federal Clean Air Act Title III, required EPA to promulgate regulations, called Maximum Achievable Control Technology (MACT) standards, for controlling toxic air contaminants. The District must implement all point-source MACT standards that apply to facilities within its jurisdiction.

The District's air toxics program integrates state and federal air toxics mandates and is designed to provide for cost effective implementation without duplication. As a result of these integrated efforts, there are currently no significant risk facilities identified under the Air Toxics Hot Spots program in the San Joaquin Valley.

As an additional part of its integrated air toxics program, to avoid the creation of new health risks, the District assesses the health risk associated with proposed increases in air toxic emissions through a Risk Management Review (RMR) process during permit processing. The District only approves permitting proposals that do not constitute a significant health risk. In 2020, the District processed 656 RMRs.

The District's risk evaluation processes were revised in 2015 as staff implemented the state Office of Environmental Health Hazard Assessment's (OEHHA's) revised Guidance on Preparation of Health Risk Assessments that was adopted by OEHHA in early March 2015. The District's health risk assessment processes and policies were updated accordingly and implemented July 1, 2015. This revised guidance was designed to incorporate the Governing Board's guidance to implement all of the OEHHA's revisions to provide enhanced protection of children, and the public overall, while preventing unreasonable restrictions on permitting actions. In addition to the RMRs performed under our new and modified source permitting program, the OEHHA revisions also affect how we analyze risk due to air toxics from existing sources under the AB 2588 Air Toxic Hot Spots program. Under this latter program, the District is entering into its fourth year of a labor-intensive multiyear reassessment of risk from existing facilities in the San Joaquin Valley. Thus far, the District has finalized the risk reassessments for 5,429 facilities, none of which are creating a significant risk in the San Joaquin Valley. In the coming year, the District will continue efforts to implement the revised guidelines for performing Health Risk Assessments in both the permitting and AB 2588 programs.

Criteria Pollutant Emissions Inventory

The District maintains an annual criteria pollutant inventory of emissions from stationary sources. The emissions inventory system contains data from two types of sources. One type is the Point Source inventory for which emissions data is maintained for specific permitted equipment. The other type is the Area Source inventory, which is made up of smaller sources that are grouped together and evaluated and reported by source category. The process includes the gathering of data from facilities and other information sources,

calculating emissions, reporting the emissions to the California Air Resources Board (CARB), and associated quality assurance work.

In 2020, the District processed 6,118 emissions inventory statements and survey responses. The District continues to combine the emissions inventory program with other emissions information gathering efforts, such as those required under Rules 3170, 4320, and 4702. This contributes to significantly reduce and streamline the workload and paperwork requested from regulated sources.

In 2021-22, the District will continue to assist the state and District modelling staff by preparing and updating planning inventories that will be used in upcoming attainment plans. While this task will likely require a continued high level of District resources, the payoff in the longer term comes in the form of assurance that the District's planning efforts continue to be focused on the most critical sources of air pollution.

California Environmental Quality Act (CEQA)

The California Environmental Quality Act requires environmental impacts of a proposed project be identified, assessed, and avoided or mitigated as feasible, if these impacts are significant. The District analyzes its own permitting and rule development actions, as well as project developers' and Lead Agencies' proposals, for compliance with CEQA. In 2020, District staff reviewed 2,521 CEQA documents, sent approximately 300 comment letters to other CEQA lead agencies, and prepared over 248 CEQA projects related to District's rule adoption and permit processing.

Senate Bill 4 (Oil and Gas Well Stimulation)

In 2021-22, the District will continue implementation of the Senate Bill 4 (SB4) program associated with the reviewing and commenting of California Geologic Energy Management Division (CalGEM) permits for well drilling and stimulation activities, such as hydraulic fracturing, otherwise known as fracking. The bill requires CalGEM to promulgate regulations that require permits and reporting by companies that perform fracking or other types of oil and gas well stimulation techniques and required CalGEM to enter into agreements regarding regulatory responsibilities with other involved agencies, including local air districts. For 2021-22, it is estimated that the District will receive and process 50 well drilling and stimulation applications, a decrease compared to the previous year.

Voluntary Emission Reduction Agreements (VERAs)

VERAs provide a mechanism under which project proponents can voluntarily enter into a contractual agreement with the District to mitigate their project's impacts on air quality. Once entered into, VERAs become legally enforceable mechanisms for achieving air quality mitigation.

Dollars provided by the project proponent are reinvested in the Valley economy in emission reduction projects. Utilizing the District's highly successful incentive grant programs, the funds provided through the VERA are awarded to Valley businesses, residents, and municipalities to generate real and quantifiable reductions in emissions. The emission reductions secured through VERAs are "surplus" to existing regulations, achieving reductions earlier or beyond those required by regulations. Over the years, the District has built a reputation for excellence in the implementation of these programs, as highlighted in

multiple audits by state agencies that lauded the District's incentive programs for their efficiency and effectiveness.

Indirect Source Review (ISR)

District Rule 9510 (Indirect Source Review), was adopted by the District's Governing Board in 2005 to reduce the impacts of growth in emissions resulting from new land development in the San Joaquin Valley. The objective of the rule is to reduce emissions associated with construction and operational activities of development projects occurring within the San Joaquin Valley.

In 2020, the District processed 340 ISR applications. Under the ISR rule, a project application review consists of assessing a project's potential emissions, quantifying mitigations proposed by the applicant, and assessing any required additional project mitigations under the rule, and associated fees, if applicable. An annual report of ISR activity, and the emissions reductions generated by the program, is published by the District in the 4th quarter of each year.

Small Business Assistance (SBA)

The District operates an effective Small Business Assistance program to provide assistance to businesses that lack the resources or expertise needed to complete the process to obtain air permits. District SBA engineers and Technical Services air quality specialists are available in each of the District's regional offices or by calling District's toll-free SBA hotline telephone number. District SBA staff provide expert advice on technology options, application processes, and other air issues. The District's three SBA offices have responded to more than 10,000 requests for assistance in a single year.

SIGNIFICANT IMPACTS TO 2021-22 BUDGET

The increasing workload associated with the duties performed by the District's Permit Services Department, as discussed below, is expected to be accommodated by available staff resources due to the District's continual focus on streamlining and efficiency improvements in all areas.

Consistent with the District Core Values of ingenuity and innovation and continuous improvement, additional streamlining measures will continue to further enhance the already excellent District level of performance in term of efficiency and customer service.

New Workload

Implementing AB 617

In 2021-22 the District will be continuing to expand the implementation of state law AB 617, Community Air Protection Program. As part of this effort, the District's Permit Services Department will:

- Develop specialized emissions emission inventories and emission reporting systems for facilities in AB 617 communities;
- In accordance with the District Governing Board approved expedited BARCT implementation schedule, review 3 rules in 2021-22;

- Provide significant support to the District Strategies and Incentives department to amend several District rules pursuant to AB 617 BARCT rule review requirements and to implement stationary source control measures contained in the 2018 PM2.5 plan,
- Contribute to the preparation of Community Air Monitoring Plans for the one additional community selected for year-3 implementation of AB 617;
- Contribute to the preparation of the Community Emissions Reduction Program (CERP) for the one additional community selected for year-3 implementation of AB 617;
- Assist in the implementation of the CERP specific to each selected community;
- Actively participate in the state's compilation of the required emissions control technology clearinghouse for criteria and toxic emissions; and
- Actively participate in the associated public process (public outreach, meetings, workgroups, local community meetings, etc.).

Providing Support to Other Agencies and Stakeholders

District staff will continue to provide support and information to the California Department of Resource Recycling and Recovery, and to the California Department of Food and Agriculture, to addresses issues related to diverting organic waste from landfills to new composting operations and increasing the use of waste digesters at dairies. These types of projects have the potential to significantly increase emissions in the District, and the District must assure that the resulting emission increases are avoided to the extent possible, or otherwise minimized and mitigated.

District staff will continue to provide assistance to other air districts, as well as various California Air Pollution Control Officer Association (CAPCOA) subcommittees that address statewide issues in permitting and air toxics. The efforts include commenting and providing input on the development of CARB's Criteria Pollutant and Toxics Emissions Reporting (CTR) regulation and revised Air Toxics Hot Spots Guidelines, leading the state's workgroup to create a document on the uniform reporting of emissions inventory for electric generation facilities, leading the state's working on establishing industry-wide guidelines for diesel internal combustion engines, participating in the auto-body shop air toxics guidelines, participating in the state's efforts regarding metal shredding, compost, biomass and other biomass-related alternatives.

Updates to the District's Best Available Control Technology (BACT) Clearinghouse

The District maintains a clearinghouse of BACT guidelines to streamline BACT determinations associated with issuing ATCs for new and modified equipment. Many of the District's BACT guidelines are currently being updated to reflect the most current BACT requirements and to further streamline the ATC application processing time. The Permit staff plans on continuing this effort and on updating 75 BACT guidelines in 2021-22. This effort will also support the District's work to comply with the requirement under AB 617 to submit BACT determinations to the statewide control technology clearinghouse discussed above.

Emission Reduction Credit Banking Program/Offset Equivalency Demonstration

In 2020, District staff committed considerable staff time in support of CARB's review of the District's ERC program. The effort related to this first phase of the audit was concluded

during the year 2020. However, it is expected that, in 2021-22, Permits staff will continue to expend significant resources implementing the District's commitments in response to the review and enhancing the District's program as needed to maintain an effective permitting system that protects public health and allows for strong economic growth in the Valley.

AB 2588 Air Toxics "Hot Spots" Information and Assessment Act

OEHHA's revised guidance has also been incorporated into the District's implementation of the AB 2588 Hot Spots Program. Since the calculated health risk under the new methodologies is higher than previous estimates for the same level of exposure to toxic air contaminant emissions, facilities subject to the AB 2588 Air Toxics "Hot Spots" program are being reassessed. Under this health risk reassessment process, each facility is required to prepare a revised Toxic Emission Inventory Plan (TEIP) and a Toxic Emission Inventory Report (TEIR) in order to provide site-specific inventories of air emissions of toxic substances. The reassessment of facilities under AB 2588 will continue to drive a significant workload for Technical Services in the coming year and for several years to come. In implementing these new requirements, thousands of additional facilities require reassessment through the new prioritization process. Meanwhile, the District is following the quadrennial emissions update process and performing refined health risk assessments for a smaller subset of facilities as prescribed in AB 2588. Over 6,500 facilities are expected to be included in the reassessment plan. The District will continue to benefit from previously implemented streamlining and efficiency measures that were put into place in previous years.

California Environmental Quality Act (CEQA)

CEQA requires environmental impacts of a proposed project be identified, assessed, and avoided or mitigated as feasible if these impacts are significant. With the implementation of the AB 617 CERPs, it is expected that the CEQA workload will increase in 2021-22. In addition, the District is also engaged in an effort to cross-train additional staff to perform CEQA duties to handle peak loads and maximize potential distribution of projects across District staff.

Voluntary Emission Reduction Agreements (VERAs)

For the coming year, the overall time to process VERA contracts is projected to remain stable. Under District CEQA review, the District continues to encourage the use of the VERAs to allow project proponents to mitigate air quality impacts of future projects. The District expects several additional contracts processed in 2021-22. In addition, previously approved VERAs under which developers have begun construction, require accurate tracking to ensure compliance with the terms of the contract and verify that the targeted emission reductions are achieved. With new VERA contracts being approved and the tracking of previously approved contracts, the District will experience in 2021-22 a sustained workload associated with the VERA program, as well as working to close out existing VERAs, will result in an increase in staff hours.

Indirect Source Review (ISR)

The District's Indirect Source Review program, implemented under the first-of-its-kind Rule 9510 and designed to mitigate increases in emissions from development projects, is expected to see increased workload in 2021-22 due to an increase in construction activity in the Valley. The District received 372 ISR applications in 2020 and, with the economy continuing to recover

and stabilize, it is predicted we will process additional applications resulting in an increase in staff hours during the fiscal year 2021-22.

Efficiency and Streamlining

In order to effectively and efficiently handle an increasing workload, and in the interest of developing the best and most economical programs possible, the District must and will continue its streamlining efforts.

The District's efforts to implement streamlined methodologies have significantly reduced the workload associated with all permitting activities, but the District has demonstrated the ability to continue to identify and implement new and innovative ways to improve efficiency. As a result, the District processes more permits per person than any other air district in California, without sacrificing the quality or health-protective nature of the permit evaluation process. In addition to continuing efforts in this area, the following specific streamlining efforts are to be undertaken in 2021-22.

ATC Processing

In 2019, through rule amendments, the District streamlined its procedures to provide electronic public notification for certain permitting and emission reduction banking actions. In the past, such notifications were required to be published in a newspaper of general circulation. With these changes, these notifications are no longer published in a newspaper and instead are published on the District's website. Interested parties can sign up to receive email notifications when such public notices are posted on the District's website. These changes resulted in more opportunities for public involvement and a cost savings to the District.

Furthermore, over the years, the District has implemented many permit application streamlining measures designed to increase efficiency mostly through the development of templates, guidance documents, and various forms of automation. In 2021-22, Permit Services will continue to find new and innovative ways to improve efficiency, such as developing and modifying supplemental application forms and application review templates for upcoming rule compliance projects.

District has put into place new tools to better track the number of hours required to perform ATC related tasks and uses this information to address problem areas and, as a result, increase the overall quality of work produced. As discussed above, a major effort to proactively update the District's BACT clearinghouse will also contribute to streamlining the processing of ATC applications. District staff will also continue to develop additional guidance and training materials designed to further reduce permit application processing time.

Title V Permit Processing

Similar to the efforts put forth in ATC permit processing, the District has implemented many Title V streamlining measures over the years to increase efficiency. Most recently, the District has further streamlined the processing of Title V Minor Modification applications by leveraging the ATC application review that precedes most Title V minor modification

applications. This streamlining effort, which removes unnecessary steps, has already shown a great reduction in Title V minor modification application processing time since implemented, and is expected to continue to streamline this process. The District has also developed a template application review document for initial Title V permits for air curtain incinerators, which is expected to streamline the initial permitting process.

Over the years, District staff has also developed new tools and templates designed to streamline the Title V permit renewal process. These efforts have resulted in significant productivity gains by decreasing the time necessary to process Title V permit renewals in the past, the processing time has steadily decreased over the past several years and are expecting to see this trend continue in fiscal year 2021-22. The District is expecting to process 60 Title V permit renewal projects in 2021-22 compared to 27 Title V renewal applications in 2020. The efficiency gains in this area will greatly contribute to minimizing additional hours needed to process significantly more Title V renewal applications projected for 2021-22, without sacrificing the quality and effectiveness of the final products.

The District has also developed and continues to enhance a clearinghouse for previously-approved Compliance Assurance Monitoring (CAM) plans similar to that used for BACT determinations. This tool provides permitting staff with a detailed template outline and permit conditions for various CAM plan options, which can significantly reduce processing time for all Title V Initial, Title V Renewal, and Title V Modification applications. These measures have resulted in significant efficiency improvements for all types of Title V application processing.

Risk Management Review

As discussed above, since 2015, the District has been implementing significant changes in Risk Management Review methodologies compared to methodologies used in prior years. The result of using these conservative and health-protective modeling methodology decisions is that calculated risk has increased by about 2.4 times for the same level of exposure to toxics air contaminants.

The increase in workload experienced as a result of the changes to the OEHHA guidance was significant, and has been partially offset with effective streamlining measures that were put into place. Software, policy, and other processing tools have contributed to the processing time reduction for Risk Management Reviews in recent years. With the projected trend in ATC processing and continuing to utilize the streamlining measures from previous years, the Risk Management Review workload is expected to maintain at the same level in 2021-22 compared to the previous year. To date, the additional Risk Management Review activities discussed here have been implemented without discernable impact on Valley businesses' ability to receive timely permits.

AB 2588 Air Toxics "Hot Spots" Information and Assessment Act

In order to process the very significant workload increase discussed above, the District has already implemented numerous measures intended to streamline the risk reassessment process. Additional efforts in fiscal year 2021-22 will further streamline the reassessment of District permitted facilities under the Air Toxics Hot Spots program in fiscal year 2021-22 and beyond. Previous efforts to be fully realized in the coming year, and new efforts, are as follows:

- Develop improvements in the District's Permit Administration System (PAS) for processing of facility plans, reports, and prioritizations, and ensuring that a facility's Hot Spots status will be readily available,
- Align facility toxic IDs with District permitting facility IDs for consistency purposes. This will eliminate confusion and processing time for Technical Services staff, as well as when coordinating with and submitting toxics reports to the ARB,
- Develop an online survey for AB 2588 applicability determinations for facilities with less than 10 tons/year of emissions,
- Develop a facility-specific questionnaire that automatically pulls facility data from the District's PAS program to identify required information when working with applicants
- Implement improved tracking of toxic fee code changes to streamline invoicing and coordination with CARB on pass-through fees,
- Develop a streamlining tool for "diesel engine only" facilities to automatically prioritize and calculate screening health risk with minimal staff time spent,
- Further develop the District's PAS program to include the AB 2588 letters for streamlined access by staff,
- Create additional facility-specific Toxic Emission Inventory Plan (TEIP) templates to ensure consistency amongst similar facility types and to streamline staff time on TEIPs for similar facility types,
- Implementation of a new District prioritization and screening health risk assessment tool for diesel internal combustion engines (DICE),
- Implementation of a new CARB approved prioritization tool to be used for gasoline dispensing facilities.

After factoring these efficiency measures, the workload due to the implementation of the Toxics Hot Spots program plan is expected to be stable compared to 2020. In the future, as the District processes and reassesses permitted facilities, District staff will look to continue to identify and develop new streamlining measures necessary to minimize the significant impact of the workload associated with the Hot Spots program.

Web-Based Annual Emissions Inventory

The District will continue to implement improvements to the District's web-based annual emissions inventory surveys and submittals allowing for a greater number of facilities reporting annual emissions inventory data via the web. The District recognizes that not all permit holders are interested in using this web-based and streamlined process, but this electronic submittal system not only enhances facilities' own efficiencies, but also the District's overall performance, for those facilities that chose to use it.

SB 4 (Oil and Gas Well Stimulation) Processing Templates

Fiscal year 2016-17 was the first year of implementing this new program. The initial efficiency measures included CEQA commenting templates that expedited processing of these permit reviews. As a result, there was significant resource savings for SB 4 applications processing. Due to the streamlined process, the projected workload is expected to remain unchanged compared to the previous year.

Indirect Source Review (ISR)

As the economy continues to recover, additional ISR projects processing, nearing all-time highs at 400 projects per year, in 2021-22 is expected. As a result in improvements to the ISR database, the District has realized a significant decrease in the time necessary to process ISR applications. The streamlining and efficiency processes will continue to be implemented moving forward resulting and further gains in efficiency will be realized through the use of new tools and resources that are designed to reduce the amount of staff time in determining ISR applicability.

PASPort Web-based Facility Portal

The District continues to develop the PASPort web-based facility portal. In 2014, the District released PASPort, and made it available to all regulated facilities with the goal of providing quick, easy, “around the clock” access to a facility’s own permit information and related documents. Through PASPort, approved users from each facility can track the progress of permit applications, and view and download the facility’s permits, applications, and related correspondence at any time. New features continue to be added to expand PASPort’s capabilities, such as the ability to submit ATC applications and several types of compliance reports electronically, view billing information, view PEER registrations and Conservation Management Plans, and allow user management features to allow a facility PASPort administrator to manage the access of other users.

The industry response to PASPort continues to be overwhelmingly positive, with over 1,750 facilities participating, to date. The PASPort system has been updated to allow facilities to pay bills online, directly from the PASPort system. In the future, PASPort will continue to be updated to include interactive online application forms and other features identified and proposed by stakeholders and staff.

Other Streamlining and Efficiency Actions

The District will also continue to work closely with stakeholders in efforts to find further gains in efficiency and productivity. District staff meets regularly with a permit stakeholder group that is comprised of industry representatives and other interested parties to get their ideas and input on a wide variety of issues related to decreasing the time and work associated with implementing the District’s programs. The District’s goal is to streamline processes to reduce the resource needs for both the District and the regulated sources to implement air quality mandates, while maintaining the highest levels of quality in the District’s work product.

In addition, the following are just a few other streamlining measures that Permit Services has implemented and some that are currently under development:

- Developed paperless workflow systems to maximize efficiency in processing permit applications,
- Continued to work cooperatively with the Compliance Department to identify ways to improve service to permit holders,
- Trained staff to more accurately record time spent on various activities to allow management to better track staff time, with the goal of finding additional streamlining opportunities,
- Continued effort to further cross-train staff thus further improve staff knowledge and

- the District capacity to better respond to new workload,
- Develop new tools and guidance designed to help staff quickly provide final plan and rule development products,
 - Revise CEQA templates to further increase overall efficiency,
 - Completed the roll-out of the ISR web portal, which allows developers direct access to their project-related documents online, reducing staff hours needed to satisfy simple requests,
 - Implement additional templates for VERA project types, such as solar farms, that have become more common,
 - Developed an advisory and supplemental application forms for cannabis growing and processing operations,
 - Developed supplemental application forms and application review templates for upcoming rule compliance projects,
 - Developed enhancements to the application review format to assist staff in evaluating the proper emission offset requirements for major source projects,
 - Developing new and enhanced database features related offset equivalency tracking,
 - Developing enhancements to PAS to facilitate robust AB 2588 project tracking and streamlined reporting to CARB.

Perhaps most importantly, through ongoing comprehensive implementation of the District's Service Teamwork Attitude Respect (STAR) program, and consistent with the District's Core Values, the District is continuously improving quality and program effectiveness and efficiency by implementing internally-generated process improvement suggestions from those who know the processes best – District staff. The department will vigorously pursue a continuation of the streamlining benefits realized through STAR suggestions.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2020/2021</u>	<u>2021/2022 Recommended</u>	<u>Increase/ Decrease</u>
Air Quality Engineer I/II	36.0	36.0	0
Air Quality Specialist I/II	16.0	16.0	0
Air Quality Technician I/II	1.0	1.0	0
Director of Permit Services	1.0	1.0	0
Office Assistant I/II	3.0	3.0	0
Permit Services Manager	3.0	3.0	0
Program Manager	1.0	1.0	0
Senior Air Quality Engineer	12.0	12.0	0
Senior Air Quality Specialist	4.0	4.0	0
Senior Office Assistant	1.0	1.0	0
Supervising Air Quality Engineer	6.0	6.0	0
Supervising Air Quality Specialist	3.0	3.0	0
TOTAL	<u>87.0</u>	<u>87.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Permit Services

	Adjusted* FY 20-21	Recommended FY 21-22	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$7,922,384	\$8,307,564	\$385,180	5%
Temporary Help	-	-	-	-
On Call Pay	-	-	-	-
Overtime	\$92,770	\$80,652	(\$12,118)	(13%)
Unemployment	\$13,086	\$12,343	(\$743)	(6%)
Retirement	\$3,771,192	\$3,795,866	\$24,674	1%
OASDI	\$118,343	\$124,091	\$5,748	5%
Workers Compensation	\$60,128	\$50,979	(\$9,149)	(15%)
Cafeteria Plan Benefits	\$830,319	\$866,418	\$36,099	4%
Long-Term Disability Insurance	\$19,447	\$20,113	\$666	3%
Alternate Transportation Incentive	\$57,204	\$57,204	-	-
TOTAL SALARIES AND BENEFITS	\$12,884,873	\$13,315,230	\$430,357	3%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	-	-	-	-
Mobile Communications	\$5,651	\$5,607	(\$44)	(1%)
Telephone Charges	\$25,375	\$26,302	\$927	4%
Insurance	\$113,383	\$124,440	\$11,057	10%
Equipment Maintenance	\$44,948	\$55,171	\$10,223	23%
Vehicle Maintenance & Operations	-	-	-	-
Computer Maintenance	\$96,522	\$65,551	(\$30,971)	(32%)
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$69,235	\$71,353	\$2,118	3%
Office Supplies	\$13,032	\$12,045	(\$987)	(8%)
Computer Software & Supplies	\$19,361	\$36,824	\$17,463	90%
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$15,500	\$10,712	(\$4,788)	(31%)
Printing	\$9,743	\$9,625	(\$118)	(1%)
Professional & Specialized Services	\$24,401	\$42,886	\$18,485	76%
Publications & Legal Notices	\$12,220	\$12,220	-	-
Rents & Leases	\$5,293	\$5,308	\$15	-
Small Tools & Equipment	\$7,363	\$7,584	\$221	3%
Special District Expense	\$4,320	\$4,285	(\$35)	(1%)
Travel & Training	\$14,876	\$14,876	-	-
Travel & Training - Boards	-	-	-	-
Utilities	\$72,261	\$71,250	(\$1,011)	(1%)
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$553,484	\$576,039	\$22,555	4%
FIXED ASSETS				
Facilities & Equipment	\$34,813	\$31,744	(\$3,069)	(9%)
Computer Equipment	\$152,330	\$136,314	(\$16,016)	(11%)
Office Furniture / Equipment	\$7,363	\$7,200	(\$163)	(2%)
Office Machines	\$6,136	\$7,560	\$1,424	23%
Telephone Systems	\$9,760	\$10,272	\$512	5%
TOTAL FIXED ASSETS	\$210,402	\$193,090	(\$17,312)	(8%)
TOTAL OPERATING APPROPRIATIONS	\$13,648,759	\$14,084,359	\$435,600	3%

STRATEGIES AND INCENTIVES

FISCAL SUMMARY

	<u>Budgeted 2020-21</u>	<u>Recommended 2021-22</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	12,081,792	13,102,416	1,020,624	8%
Services and Supplies	2,722,357	2,826,718	104,361	4%
Fixed Assets	<u>2,319,956</u>	<u>1,869,988</u>	<u>(449,968)</u>	<u>-19%</u>
 Total	 <u>17,124,105</u>	 <u>17,799,122</u>	 <u>675,017</u>	 <u>4%</u>
 <u>Position Summary</u>	 86	 89	 3	

FUNCTIONS

The San Joaquin Valley Air Basin is designated nonattainment for state and federal air quality standards for ozone and fine particulate matter (PM2.5). To attain the state and federal air quality standards by the legislated deadlines, the federal Clean Air Act and the California Clean Air Act require the District to develop attainment plans, adopt rules and regulations, and implement other programs to reduce emissions. New, rigorous federal standards for ozone and PM2.5 require an improved understanding of the atmospheric processes involved in pollutant formation, and will require new plans and innovative control measures to reach attainment. Additionally, the District's Governing Board has adopted policy direction that prioritizes employing air quality strategies that maximize health benefits, in addition to meeting federal air quality standards.

While the reductions in emissions being achieved through regulatory control measures are improving Valley air quality, attainment with stringent federal health-based air quality standards cannot be achieved by regulations on stationary sources alone. The District's voluntary incentive grant programs complement regulatory control measures by providing much needed reductions from other source types, including motor vehicles, which the District has little or no direct authority to regulate. District incentive programs have a positive impact on air quality and are also highly successful due to the fact that participation is voluntary and the emission reductions are both highly cost-effective and surplus of the reductions required by the control measures. Recent audits conducted by the California Air Resources Board (CARB) and Department of Finance (DOF) confirmed that the District's programs are fiscally sound and are "efficiently and effectively achieving their emission reduction objective."

Air Quality Science and Planning Programs

District staff within the Air Quality Science and Planning programs conduct a number of key and foundational tasks within the District. The foundation of this program is air monitoring data, which is collected through the expansive air monitoring network in the Valley, requiring ongoing equipment maintenance, calibration, repair, and data validation. Close analysis of this data is used in various public facing programs, including air quality forecasting, agricultural burning, prescribed burning, and the Real-time Air Advisory Network (RAAN) system. This analysis leads to air quality modeling and planning tasks, which are focused on preparing attainment plans to meet various federal air quality standards, often leading to the need to develop and implement rules and regulations to achieve additional emissions reductions, leading the Valley to improved air quality and public health.

Air Quality Plan Development

The District prepares long-range plans to attain and maintain state and federal air quality standards for ozone and particulate matter. In developing air quality plans, District staff members work closely with CARB staff, the agency responsible for the control of mobile source emissions; staff of the United States Environmental Protection Agency (EPA); members of environmental organizations; and representatives of industries that will be affected by the controls listed in the plans. These plans and the associated progress reports and supporting documents must meet all legal requirements, and must account for the needs of Valley citizens and industry. Developing air quality plans requires analyzing measured air quality and emission inventories, conducting atmospheric modeling, developing emission control strategies, and coordinating efforts with Valley transportation planning agencies, stakeholders, CARB, and EPA. The District develops its air quality plans in an open public process with numerous public meetings; the plans are then presented to the Governing Board for adoption. After Governing Board adoption, the District submits its air quality plans to CARB, who in turn approves and transmits the plans to EPA for incorporation in the State Implementation Plan (SIP). Federal planning requirements also include “Mid-Course Review,” “Rate of Progress”, and “Reasonable Further Progress” plans for ozone and particulate matter, and “Milestone Compliance Demonstration” reports for ozone to assure that the District and partnering agencies continue to reduce emissions as specified in the federal Clean Air Act.

Even after attainment plans are adopted by the Governing Board, District staff allocates the resources needed to fully implement the adopted strategies, responding to requests from CARB and EPA for supporting plan information, and preparing retrospective progress reports. Additionally, when EPA revises ambient air quality standards in response to federal Clean Air Act requirements, they set new attainment targets and plan submittal deadlines. Litigation against EPA over new air quality standards has historically caused significant delays and uncertainty in how the District was expected to plan for the new standards. Finally, when an area attains a federal air quality standard, the area must prepare, submit, and, at times, defend Clean Data Determinations that

demonstrate attainment, and Maintenance Plans designed to assure the area continues to stay in attainment.

Rulemaking and Emission Control Strategy Development

The District develops new rules and rule amendments to achieve emission reductions pursuant to its air quality attainment plans. For decades, the District has adopted multiple generations of rules reducing emissions from the Valley's stationary sources, such as boilers, internal combustion engines, and turbines. In recent years, the District has also drafted rules addressing indirect sources (mobile sources from new development), wood-burning fireplaces and heating devices, and employee vehicle trips. In developing new rules, District staff implements the Governing Board-approved Rule Development Procedures, and complies with the California Environmental Quality Act (CEQA) and other state laws regarding public hearings and economic analysis. During the development of each rule, staff works closely with CARB and EPA to satisfy state and federal requirements, and solicits stakeholder comments at public workshops. Additionally, staff collaborates closely with affected businesses to gain a better understanding of regulatory economic impacts. As appropriate, staff develops industry-wide cost estimates and provides this data to an economic consultant, who in turn prepares a regional economic impact analysis. As a result of the time needed for the full public review process and extensive analysis, major rule development projects may take more than one year to complete in order to produce rules that meet the District's air quality goals and provide cost-effective compliance options for affected businesses.

District staff is also responsible for the implementation of other innovative strategies adopted by the Governing Board, such as the Fast Track program and Health Risk Reduction Strategy. The Fast Track program established a non-regulatory approach to reducing emissions and expediting attainment of federal standards through a variety of innovative pollution control measures, such as the establishment of green contracting/procurement guidance, public funding for incentive grant programs, energy efficiency/conservation, and Healthy Air Living. In light of the latest air quality science and health research, the District's Health Risk Reduction Strategy established a policy position emphasizing the prioritization of strategies providing for maximum health benefits. In 2017, as a supplement to the District's attainment strategy, the Governing Board adopted the Community-Level Targeted Strategy to pursue regulatory or incentive-based control measures focused on pollution sources that do not necessarily advance attainment of the federal standards but improve localized air quality by reducing emissions from source categories that can cause periodic short-term localized concern.

Air Quality Modeling and Monitoring Data Analysis

Air quality modeling uses highly complex computer programs, sophisticated computer hardware, and large databases to predict ambient pollution concentrations given future emission inventory and meteorological scenarios. These models bring together the science of emissions generation, meteorological transport, and atmospheric photochemistry in a "computerized laboratory" that can mathematically simulate pollutant concentrations and atmospheric conditions in the San Joaquin Valley. Many of the inputs

and algorithms in these models were derived from the ground-breaking and cutting-edge research performed through the San Joaquin Valleywide Air Pollution Study Agency.

In a general context, air quality modeling activities are fundamental to understanding the San Joaquin Valley's complex air quality problems. The District collaborates extensively with modelers from CARB, industry, academia, and other air districts on air quality research and modeling projects. In particular, the District has worked extensively with CARB on air quality analysis and modeling in support of attainment planning efforts. This collaboration will continue as the District continues to implement its various emissions control strategies and future air quality plans over the next several years.

In the context of the District's air quality plans, modeling is necessary to provide estimates for the quantities of emission reductions necessary to attain the federal air quality standards. These models are also highly valuable for estimating the contribution of ozone and PM precursor emissions from outside the District. Until recently, CARB conducted all SIP-related modeling for the District's air quality plans which required the District to rely solely on CARB for all modeling needs including acceptance of the results of the model runs. The continued utilization of the District's Air Quality Modeling Center will allow the District to conduct air quality modeling in addition to what is being conducted by CARB and evaluate potential strategies as the District continues to prepare the next ozone attainment plan.

District staff also assures that the overall design of the San Joaquin Valley's air monitoring network complies with state and federal regulations and prepares the Annual Air Monitoring Network Plan for submission to EPA, which includes technical analysis and documentation for any requested monitoring network modifications. Staff also develops Requests for Proposal and contracts for the construction of new air monitoring stations when needed. Additionally, staff is responsible for the on-going quality assurance and certification of data collected from the District's air monitoring stations, and the submission of the data to EPA's nationwide air quality database.

Air Quality Forecasting and Analysis

District staff provides a variety of air quality forecasting services, including providing daily Air Quality Index (AQI) forecasts, daily reporting of observed air quality levels, health advisory notifications, declarations for the episodic curtailment provisions of Rule 4901 (Wood Burning Fireplaces and Wood Burning Heaters), and allowances in support of the Smoke Management Program for agricultural and prescribed burns. Each day, District staff analyzes forecasted weather conditions using state-of-the-art tools, such as National Weather Service meteorology models and District-customized meso-scale weather and statistical air quality prediction models. The District's Smoke Management Program is designed to minimize impacts of smoke on public health while addressing the open burn needs of agricultural operators and land managers. Staff continuously works on improvements of the forecasting tools used to support the burn allocation program and other forecast-dependent programs. Implementation of the mandatory residential wood burning curtailment provisions in Rule 4901 and the Smoke Management Program have raised the importance of accurate and timely air quality forecasts.

District staff also works closely with Land Management Agencies who wish to perform prescribed burning projects, by evaluating smoke management plans and issuing smoke dispersion forecasts along with declarations of when LMAs will be allowed to conduct their fuel reduction projects. The District places a strong emphasis on finding windows of time with good dispersion so that a maximum amount of prescribed burning can happen each year, in an effort to reduce fuel and minimize the probability and strength of wildfires in the future. When wildfires do occur, District staff also closely monitor the progress and impact of these incidents on the Valley's air quality, and work hard to provide timely public notifications of when wildfire smoke may impact the health of Valley residents.

In addition to forecasts, District staff also conducts extensive analysis of air quality data generated from the District's network of air quality monitoring stations in support of planning efforts and to provide timely, accurate information to the public regarding air quality progress. Staff dedicates significant effort towards forecasting, measuring, and analyzing the weather conditions and emissions sources that cause sporadic, high concentrations of particulate matter and ozone concentrations. With adequate meteorological justification, pollution exceedances that can be attributed to unusual or overwhelming weather or wildfires can be classified as Exceptional Events, and be excluded from consideration as violations of a national ambient air quality standard. When this occurs, District staff prepares thorough examinations of the causes of these Exceptional Events, solicits public review, and submits the documentation to EPA. Under these circumstances, the District provides notifications to Valley residents so that sensitive individuals, in particular, can take precautions to minimize exposure.

Air Monitoring

The District operates a comprehensive ambient air monitoring network for criteria air pollutants in each of the eight counties of the Valley. This federally-approved network is operated in collaboration with CARB, and is utilized to meet federal Clean Air Act requirements, provide timely air quality information to the public, and to support a number of District programs. The equipment operates continuously and must be maintained to meet very strict state and federal criteria.

The data gathered from the District's air monitoring stations is reviewed for quality and completeness by District staff and then transmitted to EPA. Air quality data is used to determine the District's progress toward achieving state and federal air quality standards, which is used to assess the benefits of control strategies, and to document air quality trends over long periods of time. Real-time air monitoring data is also used in daily air quality forecasts and Smoke Management Program forecasts.

Pollutants monitored include ozone, PM2.5 and PM10, nitrogen oxides, hydrocarbons, and carbon monoxide. In addition to routine monitoring, the District operates a network of five Photochemical Assessment Monitoring Stations (PAMS) focused on capturing volatile organic compounds (VOCs), which is an important precursor to the formation of ozone. Lastly, the majority of these stations include meteorology equipment that measure a number of important atmospheric parameters.

The District currently has equipment at 25 stations located throughout each of the eight counties, comprised of numerous gas analyzers, particulate samplers, meteorological sensors, and PAMS sampling units. Most of this equipment runs continuously, must be calibrated, and must be maintained to meet strict requirements. Many of the stations have been in place for a significant amount of time, and ongoing repairs are necessary to support new instruments and to assure a proper environment for the sensitive equipment.

Incentive Grant Programs

District staff is responsible for the development, implementation, and on-going administration of a variety of incentive grant programs, including the Heavy-Duty Engine Program, Burn Cleaner Program, Drive Clean in the San Joaquin Program, Public Benefit Grants Program, FARMER Program, AB 617 Community Air Protection Program, and other incentive programs. District staff is serving as the statewide administrator of the school and transit portion of the Volkswagen Mitigation Trust Settlement fund. Additionally, staff is responsible for ongoing administration of the District's Cap and Trade Action Plan, Smoking Vehicle Program, and other non-regulatory control strategies. Timeliness in the evaluation of grant applications and payment of claims is imperative to allow the District to obtain much needed emission reductions. Applicants expect quick turnaround times on their completed applications in order to install the new reduced-emission technologies in a timely manner. Failure to expend funds within specified time frames may result in the loss and return of unused funds.

Heavy-Duty Engine Program

The Heavy-Duty Engine Program is the District's largest and most successful incentive program. The Heavy-Duty Engine Program accepts applications for a wide variety of engines that power vehicles or equipment. Heavy-duty trucks, buses, and off-road engines are significant sources of nitrogen oxides (NOx), particulate matter (PM) and reactive organic gases (ROG) emissions within the San Joaquin Valley. Although the District does not have the authority to regulate vehicle tailpipe emissions, it can provide monetary incentives to reduce emissions from these sources. The program provides funding for equipment replacements, engine repowers, or retrofits that are cost-effective in reducing emissions. Emission reductions are obtained when the project applicant purchases vehicles and engines that are cleaner than required by regulatory emission standards or installs an emission certified retrofit device on an existing engine. Project types funded include, but are not limited to, on-road vehicles (heavy duty trucks, school buses, etc.), locomotives, off-road vehicles and equipment (construction, agricultural tractors, etc.), agricultural irrigation pump engines, forklifts, and engine idle reduction technology. During the first eight months of 2020-21, the District obligated over \$114 million in incentive funds through its various heavy-duty programs for over 2,300 engines/vehicles, and paid out over \$80 million in grant claims.

Burn Cleaner Program

The Burn Cleaner wood stove change-out incentive is a critical part of the strategy to address the effects of residential wood burning. The Burn Cleaner Program provides Valley residents with incentives to replace their old high-polluting devices, or modify their existing open hearths, with new, cleaner burning devices, electric, or gas burning alternatives. Recent enhancements to the program, including increased incentive amounts, have resulted in steady participation by Valley residents during the most recent Check Before You Burn Season. During the first eight months of 2020-21, the District has issued over 3,400 vouchers for more than \$8.5 million.

Truck Replacement Program

The Governing Board authorized the creation of the District's Truck Voucher Program in 2012. This program was created to ensure that Valley truck fleets had opportunities to replace their older, high-polluting trucks well in advance of the Statewide Truck and Bus Regulation deadlines. The program is primarily focused on providing funding for truck replacements for small businesses that do not generally qualify for funding under the Proposition 1B or other programs. District verification of all information submitted, as well as physical inspections of new and old vehicles, help ensure that the integrity of the program is maintained throughout the process. In March of 2018, the Governing Board approved enhancements to the Truck Voucher Program to incorporate requirements of new state funding and ensure cost-effectiveness and SIP creditability of the resulting emission reductions. In addition, the District added new funding options to encourage Valley fleets to adopt zero and near-zero emission truck technology. The enhancements approved by the Board included rebranding the program under one name, simply the Truck Replacement Program, in order to be more intuitive and inclusive of all District truck programs. During the first eight months of 2020-21, the District obligated over \$5 million in incentive funds through its heavy-duty truck replacement programs for over 100 engines/vehicles, and paid out over \$8.1 million in grant claims.

Drive Clean in the San Joaquin

Through a variety of programs, the District encourages Valley residents to choose advanced, clean vehicles such as plug-in electric, plug-in hybrids and conventional hybrids. By providing rebates for the purchase or lease of these cleaner options, the District can assist Valley residents in making a direct positive impact on air quality and public health. The rebate provided by the District can be combined with the rebate provided through the state's Clean Vehicle Rebate Project which results in the most attractive savings statewide. During the first eight months of 2020-21, the District has provided more than 1,700 rebates for over \$4.8 million. In addition to this rebate program for new vehicles, the District offers a variety of incentives to encourage the early retirement of the highest polluting light-duty vehicles by encouraging the scrapping or repair of these vehicles. The State Bureau of Automotive Repair (BAR) currently has a statewide program that encourages the early retirement of vehicles that fail their smog check. The District's Tune In Tune Up program, run in partnership with Valley Clean Air Now, has reached out to Valley residents in environmental justice communities who otherwise may not be able to afford costly emissions-related vehicle repairs. Through

weekend events, participating residents could have their vehicles screened to determine if they qualified for emissions-related repairs at little to no cost to them. Funding from the Air Resources Board through the Enhanced Fleet Modernization Program (EFMP) and EFMP Plus Up has allowed the Drive Clean in the San Joaquin program to provide incentives for the replacement of old high polluting vehicles with newer, cleaner, and more fuel efficient models. The vehicles repaired and replaced through Drive Clean in the San Joaquin program provide direct emissions benefits in low-income disadvantaged communities located throughout the Valley.

Agricultural Equipment Replacement Program

The Agricultural Equipment Replacement Program funds the replacement of various types of older agricultural equipment with the latest generation certified equipment. District staff evaluates all applications for eligibility and emissions benefits and performs extensive monitoring to verify emissions reductions. This program has seen extensive interest and is one of the primary incentive programs operated by the District. During the first eight months of 2020-21, the District obligated over \$90 million in incentive funds through its heavy-duty agricultural equipment replacement programs for over 1,500 engines/vehicles, and paid out over \$61 million in grant claims.

Low Dust Nut Harvesters Replacement Program

The District developed and implemented an incentive program to deploy and further evaluate low-dust harvesting technology on a broad scale in the San Joaquin Valley. The new program replaces older nut harvesting equipment with newer, low-dust nut harvesting equipment in a variety of applications throughout the Valley and will monitor its effectiveness in reducing particulate matter. The 2021-22 budget includes \$8.7 million for continued expansion of this program.

Alternative to Ag Burn Program

The District's rules restricting agricultural burning along with a comprehensive Smoke Management System have significantly reduced the amount of burning that is permissible as well as limiting the number of days when burning may be allowed. In an effort to provide Valley growers with viable alternatives to open burning, the District launched the Alternatives to Open Burning of Agricultural Materials Program. The program provides incentives to farmers to chip, shred, or mulch woody agricultural waste materials from orchard and vineyard removals as an alternative to the open burning of these materials. In the first eight months of 2020-21, the District has issued over 400 vouchers for more than \$10.9 million in incentive funds.

Dairy Feed Mixer Electrification Program

The District implemented an incentive program to provide funding for the purchase of electric dairy feed mixer equipment. This technology was successfully demonstrated under our Technology Advancement Program and is now commercially available. This program provides incentives for the purchase of electric feed mixing technology that replaces diesel-powered equipment used in dairy operations with significant associated emission reductions. Each application is evaluated against the specific criteria

developed as a part of this program. To date, four projects have been implemented and three more are under contract for a total of \$9.2 million.

Zero emission Agricultural Utility Terrain Vehicle Program

The District developed a Zero Emission Agricultural Utility Terrain Vehicle (Ag UTV) Program. This program, funded through the state's Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) program provides incentives to replace older, higher polluting gasoline or diesel powered Utility Terrain Vehicles (UTVs) used in agriculture operations with new, zero-emission UTVs. This program was launched by the District in October 2018 and was immediately well-received by the agricultural community. For the first 8 months of FY the District has provided more than \$8.2 million, to replace more than 600 units.

Charge-Up Program

The District launched the Charge Up Program on June 1, 2015 to not only support the investment made by many Valley residents who have already purchased advanced clean vehicles, but to also ensure the growth and ongoing viability of the technology in the region by looking to continuously expand the infrastructure. The program provides funding for Valley public agencies and businesses to purchase and install publically accessible electric vehicle chargers. During the first eight months of 2020-21, the District issued vouchers for over \$1.1 million for 37 separate charging sites.

Proposition 1B – Goods Movement Emission Reduction Program

An important component of the Heavy-Duty Engine Program is the Goods Movement Emission Reduction Program, funded through Proposition 1B. This funding is allocated for reducing emissions from heavy duty diesel trucks operating in the Valley, locomotives and transport refrigeration units. This program requires a competitive application solicitation process. Emissions from every application submitted to the District for funding must be calculated and ranked by cost-effectiveness. Each eligible piece of equipment is then funded in order of cost-effectiveness until program funds are exhausted. There are also substantial monitoring, auditing and reporting requirements associated with these funds. During the first 8 months of 2020-21, the district executed over \$4.8 million for 3 locomotives. At this time, a majority of the funds have been encumbered and the remaining work includes managing executed contracts and paying out claims for purchased vehicles.

Public Benefit Grants Program

The Public Benefit Grant Program provides funding to Valley cities, counties and other public agencies for a wide variety of clean-air public-benefit projects that provide benefits to Valley residents. Eligible applicants are cities, counties, special districts (i.e. water districts, irrigation districts, etc.) and public educational institutions (i.e. school districts, community colleges, state universities, etc.) located within the geographic area of the District. During the first eight months of 2020-21, the District contracted over \$6 million in incentive funds through the Public Benefit Grants program.

Residential Lawn Mower Replacement Program

The District has run a highly successful residential lawn mower replacement program for a number of years. The program is designed to operate as a rebate program and provides incentives for the replacement of old, high polluting gas powered lawnmowers with electric mowers. As a condition of receiving a rebate, this program requires verification that an old lawn mower has been destroyed. During the 2019-2020 fiscal year, additional options for purchasing new equipment without destroying old equipment have been implemented, as well as expanded equipment options. During the first eight months of 2020-21, the District has provided more than 950 vouchers for over \$140 thousand.

Commercial Lawn Mower Replacement Program

The District's Clean Green Yard Machine Commercial Voucher Incentive Program provides incentives for the replacement of landscape maintenance equipment to lawn care providers, such as public agencies and private entities in the San Joaquin Valley. The program operates as a voucher program and requires the applicant to destroy an older, high-polluting piece of equipment and purchase a zero-emission unit. During the first 8 months of 2020-21, the District has funded 63 vouchers for more than \$170,000.

Vanpool Voucher Incentive Program

The Vanpool Voucher Incentive Program provides subsidies to Valley residents to encourage participation in vanpools in lieu of single-occupancy vehicle commutes. The program focuses on residents who travel more than 20 miles one way for work each day. The Valley is a very expansive region and many residents commute long distances on a daily basis to their places of employment. For this reason, the program continues to see a steady rate of participation as many riders benefit from the cost-savings of participating in a vanpool. During the first eight months of 2020-21, the District has redeemed over 4,700 vouchers for over \$150,000.

Zero-Emissions Technology Demonstration Projects

Supporting the advancement of clean technology is a necessary strategy in improving the air quality for the San Joaquin Valley. For years, the District has provided funding through its incentive programs to help Valley residents and businesses make long-term investments in such technology. In addition to these efforts, the District has developed partnerships with regional stakeholders and technology manufacturers to actively compete for state and federal funds that further the deployment and demonstrate the viability of clean, zero- and near-zero emissions technology in a variety of applications throughout the Valley. The District is currently implementing several innovative projects and anticipates that they will help the Valley move towards advanced clean technology. These projects include transit electrification, commercial and parcel electric delivery vehicles, car sharing, ride sourcing, and electric vanpool options. These projects provide a real world demonstration of advanced technology with the ultimate goal of widespread adoption of zero and near-zero emission technologies where feasible.

REMOVE Program

The REMOVE Program provides incentives for projects that reduce motor vehicle emissions within the District, one of the largest sources of emissions not under the direct regulatory authority of the District. All projects must have a direct air quality benefit to the District, and includes high-polluting vehicle scrappage, E-mobility (video-telecommunications), bicycle infrastructure, alternative fuel vehicle mechanics training, and public transportation subsidies.

Technology Advancement Program

The District created the Technology Advancement Program (TAP) in late 2010 to encourage the development of advanced new emission reduction technologies in the Valley. The program provides funding for clean air technology advancement projects in several focus areas. In total, the District's Governing Board has approved 35 of the proposed projects for total funding of over \$12 million, with successful demonstrations of zero emissions yard trucks, electric composting, ultra-low NOx biogas engines, and other technologies.

Smoking Vehicle Program

The District also administers the Smoking Vehicle Program; a voluntary compliance program intended to inform drivers that their vehicle has been witnessed emitting excessive smoke and pollutants. Anonymous reports are received by the District's Smoking Vehicle telephone hotline, website, or through regular mail. Owners of the reported smoking vehicles are contacted via letter informing them that their vehicles were seen emitting excessive smoke, along with information on ways they could repair their vehicles.

SIGNIFICANT IMPACTS TO 2021-22 BUDGET

As detailed in the next section, the District anticipates significant workload in the planning, air monitoring, and incentive program functions, including the need to develop and adopt rules to fulfill federal mandates and District commitments, and administration of additional incentive grant funding projects. This workload is expected to be mostly accommodated with existing staff by continuing to implement streamlining and efficiency improvements in all areas.

New Workload

Rulemaking, Emission Control Strategy Development and Air Quality Analysis

In 2021-22, a significant amount of work will be required to continue to implement the District's 2018 PM2.5 Plan and develop the new emission control measures laid out in the plan. Key areas of focus for rule development include internal combustion engines, glass melting furnaces, solid fuel-fired boilers and steam generators, and conservation management practices. In addition, the District will undergo a rule development process for rules related to leak detection and repair requirements for oil and gas operations for the BARCT process under AB 617. Development of new rules will

involve extensive public engagement and working closely with affected entities to devise innovative and creative measures that effectively reduce emissions in a cost-effective fashion. Additionally, in 2021-22, the District will continue its work to design and implement the SIP-creditable incentive-based measures included in the 2018 PM2.5 Plan.

To assist in the preparation of attainment plans for ever-tightening federal standards, the District will continue to focus on full utilization of the state of the art Air Quality Modeling Center at the District. The expanded capabilities of the modeling center will continue to provide extensive computer resources that will allow the District to conduct complex air quality modeling. These models are critical to understanding the Valley's complex air quality and evaluating potential strategies as the District implements its various emissions control strategies and prepares additional attainment plans in the coming years. Significant staff resources will be required to continue the in-house capacity necessary to fully utilize the resources available through the modeling center as the District prepares the next ozone attainment plan.

Modeling staff will continue to focus their efforts in the coming year in ensuring the current modeling center hardware and software is optimized in its performance and fully operational. Staff will also continue to complete ongoing training to increase modeling skills and capabilities, and will conduct modeling of various potential scenarios to assist with the development of control strategies for the upcoming attainment plans.

The District continues its tradition of relying on sound science in formulating effective air quality management strategies. Consistent with this and in support of the District's Health Risk Reduction strategies aimed at maximizing and prioritizing public health benefits, the Recommended Budget includes funding specifically designated for supporting health and scientific studies. Through these funds, the District anticipates leveraging university and other available research resources to support research studies in a number of important areas, including: developing an understanding of the air quality impacts and opportunities associated with the Sustainable Groundwater Management Act, developing appropriate Valley-specific modeling assumptions and source apportionment used in emission reduction strategy development, making improvements to the emissions inventory for key area and mobile sources including impacts associated with the COVID-19 pandemic, and evaluating the effectiveness of the Valley's clean air strategies and improvements to public health.

The Recommended Budget contains adequate staffing and financial resources to administer the District's Technology Advancement Program. Under this program the District provides funding and support for projects that promote the development and advancement of new low-emissions technologies through Valley-based demonstrations. Using existing and new incentive funding sources, this program provides opportunities for new technology developers and entrepreneurs to work with the District to secure funding to demonstrate low-emissions technologies that work effectively in the San Joaquin Valley. The Technology Advancement Program also enables the District to

create public-private partnerships to advance low-emissions technologies to build and expand local capacity for research and development in the San Joaquin Valley.

The District anticipates completing several Exceptional Events documents in 2021-22 as wildfire impacts on the Valley's air quality conditions continue to grow. These projects require a significant amount of data gathering, analysis, and modeling of meteorological and emissions parameters during recent wildfire and windblown dust pollution episodes, in order to demonstrate conclusively that the events were beyond the scope of the District's comprehensive, stringent control strategies. The completion of these documents will support the District as it prepares Clean Data Determination demonstrations for PM2.5 standards that have federal deadlines in the coming years.

In 2021-22, District staff will also assess the status of the current air monitoring network to ensure that it meets federal air monitoring requirements, and identify if any changes to the network are needed based on county population and air quality changes. This work will culminate in the EPA-required 2022 Air Monitoring Network Plan.

District staff will also conduct ongoing air quality analysis and forecasting duties, and support smoke management programs such as agricultural burning, hazard reduction burning, prescribed burning, and wildfire tracking. Staff regularly compare and analyze air quality trends among locations across the Valley to observe improvements and other changes. District staff are also responsible for coordinating the contracts with the laboratories that analyze the samples collected for the Photochemical Air Monitoring System (PAMS) program.

In addition, with the implementation of AB 617 for the Valley, there will be an extensive amount of new air monitoring data to validate and analyze as community air monitoring campaigns are deployed. The Air Quality Analysis team will be conducting ongoing analysis of this data and preparing technical reports as these campaigns unfold, including source apportionment, support for research projects, and modeling analysis.

New State Mandates under Assembly Bill 617

In 2021-22, extensive work will be required to implement the Community Air Monitoring Plans (CAMPs) and Community Emissions Reduction Programs (CERPs) for South Central Fresno, Shafter, and Stockton in consultation with the community steering committees, resulting in emissions reductions and health benefits to the residents of these Valley communities. Additionally, in 2021-22, the District will begin the AB 617 implementation process for the newly selected community of Arvin/Lamont, developing both a CAMP and CERP for this community. This new addition will take an extensive amount of additional staff time to manage this engagement process and develop successful strategies with the community members.

Additional AB 617 mandates requires air districts that are in nonattainment for one or more air pollutants to adopt expedited schedules by January 2019 for the implementation of Best Available Retrofit Control Technology (BARCT) for facilities subject to market-based compliance mechanisms under the state Cap and Trade

program. To satisfy the applicable mandates, significant ongoing work will continue through the next fiscal year to either demonstrate that existing rules meet BARCT requirements or identify potential gaps.

Also required by AB 617, CARB was tasked with developing a uniform statewide system for reporting inventories for criteria and air toxic emissions for stationary sources to the public. To address the AB 617 mandate, CARB adopted the Regulation for the Reporting of Criteria Air Pollutants and Toxic Air Contaminants (CTR). Currently, the District conducts major work every year to update the criteria pollutant emissions inventory for all stationary sources and toxic pollutant inventory in accordance with the schedule established in the state's Air Toxics Hot Spots regulation. However, pursuant to the new CTR, significant new work will be required to outreach the new requirements and collect and validate additional information from existing and new source categories. The new requirements began phasing-in with the reporting of 2019 data in 2020 for certain categories of sources.

As an essential component of implementing new mandates under AB 617, the District has successfully advocated for resources from the state to cover the District's associated costs discussed above.

Air Monitoring

An extensive increase in workload for the District's air monitoring program is expected during the 2021-22 year as the community air monitoring networks in Shafter and South Central Fresno continue to be operated, as the District implements and maintains the Stockton community air monitoring network, and as the Arvin/Lamont community air monitoring network is planned with implementation beginning by early 2022. This expanded program area will include the development and deployment of new air monitoring platforms for community monitoring. These various platforms will be designed and deployed for air monitoring campaigns for the Valley communities selected under AB 617, providing critical and timely information to the District for trends analysis and emission reduction plan development, and to residents within each community for their reference. The work to operate, maintain, and repair the deployed air monitoring equipment, and the review and validation of the collected data, will result in a substantial workload increase in the District's air monitoring operations.

To comply with the requirements under the recently state enacted Assembly Bill 1647 (Refinery Monitoring), the District has developed rules to govern the establishment of fence-line air monitoring systems at affected petroleum refineries in the Valley, as well as the installation and operation of community air monitoring systems in communities near the affected refineries. While the petroleum refinery facilities will be responsible for the installation and operation of the fence-line systems, during the 2021-22 fiscal year, District staff will design, install, and operate the community air monitoring systems, as well as develop tools for the public to view the collected data in real-time.

Recent changes implemented by EPA and CARB are resulting in significant increased workload associated with the requirement to update and create numerous policies and

procedures relating to the operation and maintenance of the District's air monitoring network. These new and updated policies are intended to ensure greater consistency in the operation of monitoring networks by local districts under CARB's air monitoring umbrella. The District has made progress in developing the required policies and procedures, but will need to continue to develop more documentation as new equipment and processes are implemented in the air monitoring network.

The use of new technologies and efficiencies, such as the expansion of remote connection and automation capabilities, will enable more efficient operation of the air monitoring stations. The number of potential trips that staff will need to make to maintain a station and diagnose small problems with equipment will be significantly reduced. Additionally, the continued use of the new air quality data management system will also save significant staff time as the current labor intensive manual review and validation of air monitoring data will be greatly automated and streamlined, achieving more time savings for the program. These efforts to automate air monitoring tasks and allow remote connection to air monitoring stations are essential to absorb the new workload without corresponding significant increases in program staffing.

The District will also evaluate other network modifications, including potential consolidation of sites. Potential changes will require extensive documentation and staff time.

Incentive Grant Program

In 2021-22, the District expects to receive an additional \$366 million from a variety of local, state, and federal sources for use in funding voluntary incentive-based emission reduction projects. Additionally, the District will have access to funds received prior to 2020-21 carried forward as a reserved fund balance. These two sources will bring the total incentive funds available to the District in 2021-22 to over \$519 million.

One of the largest components of the District Heavy-Duty Engine Program is the agricultural equipment replacement program. This program is targeted at reducing emissions from off-road equipment and provides funding for equipment replacement, engine repowers, and engine retrofits that are cost-effective in reducing emissions. The District has seen a high level of interest from the agricultural sector in this program, and plans on providing significant funds towards these cost-effective projects in 2021-22. These funds will come from a variety of sources, including the state Carl Moyer Program, FARMER Program, AB 617 Community Air Protection Program, federal DERA and Targeted Air Shed programs as well as a variety of locally-generated funding sources. In addition to the significant workload associated with increased outreach and processing of new applications, significant workload is also expected for the review and processing of grant claims and payments associated with the extensive funding provided.

In October 2018, your Board authorized the District to take a statewide lead role in administering \$130,000,000 in incentive funding from the Volkswagen Mitigation Trust. The District is administering the Transit, School, and Shuttle Bus component that provides funding throughout California. This program requires staff time to develop

applications, guidelines and solicitation materials, conduct statewide outreach and administer the \$130,000,000 in incentive funding over the next 10 years. The District began implementation of this program in 2019 with a coordinated statewide outreach effort and development of application materials, guidelines and associated solicitation materials. The District launched this statewide program solicitation in 2019. Administration of this program includes review and processing of grant applications, contracting, contract management and review and processing of claims for payment. This work is ongoing.

The District will be continuing to implement its robust truck replacement program in 2021-22. Given the substantial funding and increased demand for this program, significant staff time associated with application processing, monitoring, auditing, and reporting will be required.

The Recommended Budget includes \$20.2 million for the Burn Cleaner program in 2021-22 with demand from Valley residents and corresponding workload remaining extremely high. Additionally, in 2019-20 the District incorporated changes to the program necessitated by implementation of the recently adopted Wood Burning Fireplaces and Wood Burning Heaters rule (Rule 4901). Additional work will continue to be required to administer these new requirements and significantly expand the program outreach and participation. This includes ongoing work to engage in a strong outreach campaign to continue to promote the Check Before You Burn program.

With continued implementation of the AB 617 program, the District will see a significant increase in work load related to the implementation of adopted CERPs in South Central Fresno, Shafter and Stockton as well as the development of the CERP for the new AB 617 community of Arvin/Lamont. This will include the development and implementation of a variety of new, community-identified voluntary incentive programs which will require significant coordination by District staff with CARB and the community steering committees as well as ongoing progress tracking and reporting.

In addition to the District's award-winning Tune In, Tune Up repair program, the District implemented a vehicle replacement component program with Valley local funds. Based on the success of the District's vehicle replacement program, the proposed District Budget includes \$29.2 million in funding for the continued implementation of the Drive Clean in the San Joaquin Program. This is up from \$21 million in 2020-21. The program provides higher incentives for residents of disadvantaged communities to purchase advanced technology vehicles including hybrids, plug in hybrids, and battery electric. In 2018, the District launched an online portal that provides Valley residents the opportunity to apply online to retire and replace their old high emitting vehicle with a newer, cleaner vehicle. In combination with the weekend event process, the direct application method has resulted in a significant increase in the number of vehicles replaced in the District.

For the past several years, the District has operated the Drive Clean Rebate Program to provide incentives for the purchase of advanced technology clean light-duty vehicles.

This program is now part of the District's Drive Clean in the San Joaquin Program. More recently, the District has engaged in a planning effort to ensure that the Valley is well positioned and ready to respond to increasing availability of electric vehicles in the coming years. In addition, to encourage electric vehicle deployment, the District provides incentives for workplace and publically accessible charging stations through its Charge-Up Program. The expected increase in workload from this program will come from increased participation from the public, a strong outreach component and program implementation activities.

The District continues to enter into Voluntary Emission Reduction Agreements (VERAs) to mitigate the increased emissions from development projects in the Valley. In addition to entering into VERAs aimed at reducing criteria emissions increases, the District has also entered into mitigation agreements with project proponents to mitigate greenhouse gas emissions through incentive programs. Funding from these various agreements will be utilized in the District's incentive programs to fund qualifying emission reduction projects. Additionally, with increased construction in the Valley, the District forecasts receiving additional Indirect Source Review (ISR) revenue. These mitigation programs will impact the District workload with increased application processing, contract administration, grant tracking requirements, and grant payments.

The District's Technology Advancement Program will continue in 2021-22, with over \$1.3 million in funding for Valley-based technology demonstration projects. Substantial staff time will be required to administer ongoing demonstration projects, solicit and evaluate new project proposals, and execute agreements for new Board-approved demonstration projects.

In addition to the work to administer the above programs, the District will also spend a significant amount of staff resources in securing additional funding sources by preparing and submitting applications for new funding opportunities and exploring partnership opportunities with other agencies and organizations. Preparing grant applications requires significant staff resources, and several key grant opportunities will likely become available in 2021-22. Of particular importance will be the need to secure new funding made available through the state Cap and Trade program as well as federal DERA and Targeted Air Shed programs. As directed by your Board, the District will continue to implement the multi-faceted action plan to ensure that the Valley is well positioned to take full advantage of, and effectively compete for, the numerous funding opportunities created under the Cap and Trade Program.

It is important to note that many incentive funding sources include provisions for a portion of the funds to be used for their administration. Administrative funds are included in the District's Recommended Budget and are adequate to support the District's incentive grant programs without impacting stationary source fees.

Efficiency and Streamlining

Plan Development, Rule/Emission Control Strategy Development, and Air Quality Analysis

In 2021-22, several streamlining initiatives will leverage computer automation and technology improvements to replace tasks currently or previously performed by staff. Automation through the use of information technology is instrumental in a number of initiatives pursued by the District to improve efficiency and quality of work. The continued implementation of the new automated air quality data/monitoring system will significantly reduce the amount of staff time required to perform quality assurance/control of air quality data. As staff continue to explore and leverage the capabilities of the new air quality data management system for air monitoring operations, even more efficiencies with this system will be achieved this next year.

Forecasting staff have developed and implemented several automated modules in the daily Air Quality Index and burn allocation routines that have significantly reduced the time spent on those tasks. In 2021-22, additional forecasting tools will continue to be developed, including projects that will streamline the retrieval and analysis of several important parameters needed to formulate air quality levels, i.e., temperature, pressure, wind speed, humidity, and other meteorology. In addition, the program used by staff to disseminate the air quality forecast products is planned to be transitioned to a new desktop application to allow for a more efficient daily process and to bring more ease in analyzing past forecasting decisions and burn declarations. The transition is already underway and is expected to be completed during this next year.

During 2020-21, the District's air quality forecasting and compliance staff continued to work with CARB to improve the system that has been developed to issue weather forecasts and approvals for prescribed burn projects in the same system where smoke management plans for burn projects are submitted and approved. Combining these processes into one centralized system has simplified the process for the District and land managers to submit plans and approvals to each other for proposed prescribed burn projects. Additionally, it has streamlined the resources needed to organize and retain the necessary information to operate the prescribed burn program. This new system will continue to be used in 2021-22 to continue the gained efficiency in this program for the air quality forecasting and compliance staff. District staff will also continue to work with CARB staff to make improvements to the system to make it even more efficient for the processes of both the District and land managers.

The District's robust air quality modeling system, which was approved by your Board several years ago, has been an invaluable resource for the District's modeling analysis efforts. Specifically, the modeling system was heavily utilized during the development of the *2018 PM2.5 Plan*, as a significant number of emissions control scenarios were processed and analyzed to assist the District and CARB in forming an effective attainment strategy for the Valley. In this work, having this state-of-the-art modeling system available allowed the District to process a high number of attainment strategies efficiently, while reducing our dependence on CARB for modeling support. Overall,

having this resource available was key to the success of this comprehensive effort. In 2021-22, the District will continue to improve and upgrade the modeling system, as needed, to ensure that this resource will be used to its full potential over this next year. These improvements will be valuable as the District uses this system to conduct analyses of local air quality for AB 617 communities, and continues its modeling analysis for the upcoming *2022 Ozone Plan* addressing the 70 ppb 8-hour ozone standard.

To streamline the training of newer staff members, staff will continue utilizing web training seminars (webinars) where more than one person can participate, in order to save time, reduce travel, and maximize the number of people trained. Staff also attend in-office trainings on specific air quality issues and technologies, hosted by CARB. To better respond to an increasing and dynamic workload, significant cross-training of newer staff across a variety of job functions is being conducted. This cross-training assists in succession planning for key staff, and helps to better provide consistent customer service to our stakeholders, since there will be more staff able to assist in answering questions.

As the use of the internet has spread throughout the Valley's communities, the demand for paper documents, such as rules and plans, has dramatically decreased. The practice of using the District's website as the primary means of publishing large documents such as plans, rules, and air quality data continues to expand. This means of obtaining the documents has become widely accepted by stakeholders and reduces the up-front printing, postage, and administrative staff time costs to the District. In addition, the District notifies many stakeholders of workshops, hearings, and other advisories via e-mail. The e-mail notifications contain a hyperlink to the District web page for that project, and users are encouraged to download documents from the web page. The e-mail notifications have significantly reduced mailing and printing costs and staff processing time. To maintain effective communication with stakeholders who desire paper documents, the District has retained its hardcopy mailing function, and has developed programs to manage mailing list databases to avoid mailing duplicate copies to recipients.

Air Monitoring

The ongoing introduction of new ambient regulatory air quality monitoring mandates and the increasing demand for high-quality, real-time ambient air monitoring data results in dramatic increases in the workload within the District's air monitoring program each year. Aggressive efforts to automate air monitoring tasks and remote connection to air monitoring stations are essential to allow for mandates and monitoring data needs to be met without corresponding significant increases in program staffing. Without these efforts, meeting future regulatory monitoring mandates and demands will not be sustainable with existing staffing levels. In 2021-22, the District is proposing to continue its aggressive efforts in the areas of streamlining, automation, remote connection and modernization by undertaking the following projects. Note that these initiatives and projects will benefit both the operation of the regulatory air monitoring network, as well as the community air monitoring networks for AB 617:

- Replacement of aging analyzers with newer “intelligent” models which incorporate remote connection capabilities to run diagnostic checks, to update/change configurations, and to evaluate operating parameters; this reduces trips to stations by allowing weekly and biweekly maintenance checks to be performed remotely, and facilitates timely completion of analyzer repairs by allowing the problem to be diagnosed remotely prior to visiting the station to affect the repair,
- Replacement of aging support equipment such as calibrators and zero air generators with new models which enhance remote connection capabilities and which will decrease analyzer downtime and maintenance costs associated with operating older equipment,
- Implement new flow rate standards for calibrating particulate matter analyzers that allow for remote connections, streamlining the calibration process for PM instruments,
- Transition filter-based particulate matter monitors to real-time units, which require less staff time to operate and provide access to real-time data, beneficial to both the District for air quality forecasting/analysis, and the public for available tools such as RAAN,
- If needed, continue use of remote connection to filter-based only air monitoring sites, allowing for better communication with the samples being taken, allowing staff to know when a sample was not taken successfully in order to take actions to schedule another sample run, resulting in better data completeness
- Use of the newer Data Management System (DMS) for the network which allows for automation of quality assurance/quality control (QA/QC) data analysis using data validation protocols with suspect data warnings,
- Use of the newer Data Acquisition System and Remote Control setup at stations which will allow for increased control and automation of station tasks (filter changes, calibrations, etc.) and will allow for the acquisition and uploading of analyzer operating parameters for use by the newer DMS in automated QA/QC data analysis; the acquisition and uploading of analyzer operating parameters also allows for pro-active maintenance work to ensure data completion and instrument availability mandates are met ,
- Purchase a variety of fixed assets that will streamline calibration processes and reduce staff time that are conducted on a routine basis throughout the year,
- Continue to enhance task management tools and processes to allow for improved organization of tasks, and quicker processes for reassigning tasks to other staff when needed, improving the overall operations of the air monitoring team,
- Continue to implement software to catalog and track warehouse parts inventory, fixed assets at air monitoring stations, and regular maintenance and calibration tasks needing to be completed to properly maintain the network; this software will allow staff to catalogue and organize all spare parts being housed in storage, and be able to track when part inventory is low so that replacements can be ordered in a timely manner; this software will assist in streamlining repair and

maintenance tasks, and reduce potential data loss by ensuring that parts will not run out when they are needed most; this system could also have the potential to track where parts are being used,

- Complete the deployment of ultrasonic anemometers to replace standard wind speed/direction equipment, which will significantly reduce meteorological calibration time at sites as well as needed repairs due to ultrasonic anemometers having no moving parts,
- Continue the deployment of security cameras at key air monitoring sites to enhance the protection of key assets, and provide valuable imagery of surrounding conditions during periods of suspicious data which could be contributed to exceptional events or localized sources of pollution.

In 2021-22, the District will also be continuing an effort to evaluate the current Air Monitoring Network to ensure that it is correctly suited to provide the information necessary to meet federal requirements and District and stakeholder objectives while avoiding duplicative monitoring. This effort to “right-size” the monitoring network will allow the District to efficiently and effectively meet air monitoring requirements and needs while controlling costs in the face of new ambient air quality monitoring mandates and the increasing demand for high-quality, real-time ambient air monitoring data.

Incentive Grant Program

Timeliness in the evaluation of incentive applications and payment of claims is imperative to allow the District to obtain much needed emission reductions within mandated state and federal timelines. Applicants expect quick turnaround times on their completed applications in order to install the new reduced-emission technologies in a timely manner. Failure to expend funds within specified time frames may result in the loss and return of unused funds.

The most critical tool utilized in the administration of the District’s voluntary incentive programs is the Grants Management System (GMS) database. This system tracks all activities related to the administration of all of our programs. The District’s new and redesigned Grants Management System (GMS) has provided many new opportunities to improve District grant application and payment processing including data entries, project review, and reporting. Recent enhancements include improved internal controls and project monitoring, and streamlined claim processing. The District has also implemented remote grant project inspections to reduce travel time.

The District has continued to successfully design and launch multiple online grant portals to provide applicants access to submit their applications and supporting documents online, receive notification, and check status of their application without the need to contact District staff. These portals are available for the Burn Cleaner, Drive Clean in the San Joaquin Program and Lawn and Garden Programs. The District is in the process of developing portals for other incentive programs.

The District is continuing to develop and finalize new policies and procedures to improve consistency and efficiency within the incentive programs. Having detailed policies will provide staff with answers to most common questions that arise and will allow them to proceed quickly with their various tasks. Additionally, well-trained staff will allow for improved operational efficiency and better customer service. The District will continue to provide staff with enhanced training opportunities to improve their technical skills and customer service.

Historically, the District has managed one of the most efficient grant processing programs in the state, as recognized by numerous independent audits. ARB and DOF audits found the District's incentive programs as fiscally sound and "efficiently and effectively achieving their emission reduction objectives." District staff has implemented numerous operational efficiencies to expedite the application and contract process and will continually look for opportunities for streamlining.

The following highlights some of the streamlining and efficiency measures that the District will be implementing in the administration of its grant programs:

- Expanded automation of grant process through the implementation of new technology, including the ability to receive online applications, and continued improvement of the District's custom grant management database,
- Expansion of electronic workflow and electronic and digital signature processes,
- Continually revamping programs, where applicable to eliminate unnecessary information and steps. This includes switching from a contract-based process to a voucher process and rebate process wherever applicable,
- Continued enhancement and development of new grant program guidelines and materials to provide diverse grant programs through which to expend existing and new funding sources, while streamlining the process for applicants,
- Continue to work closely with ARB to reduce administrative requirements under the FARMER and Carl Moyer Program,
- Refine templates and boilerplate contracts and supporting documentation to increase efficiency and consistency,
- Continued consolidation of inspection procedures to provide enhanced customer service while reducing inspection staff time,
- Expand use of various outreach options, including continued input from the Environmental Justice Advisory Group, and use of the District's website to make available program information and resources,
- Testing and implementation of new grant program reporting tools for public and internal use.

The District will continue developing and enhancing campaigns designed to promote awareness and participation in grant programs such as the Burn Cleaner Program and the Heavy Duty Engine Program. As in previous years, the District will implement a comprehensive multilingual outreach campaign to promote the Check Before You Burn Program and the Healthy Air Living programs. With the amendments to Rule 4901

(Residential Wood-burning Fireplaces and Wood-Burning Heaters) fully implemented, the District will work to ensure that the public is educated regarding the revised no burning thresholds, proper registration of clean burning devices, and grant funding opportunities for upgrading older wood burning devices.

Since all of the funds currently used for incentive programs and subsequent projects come from public funding sources, it is imperative that the District remains closely involved with guideline and parameter changes that may affect the implementation, distribution, and efficiency of these grants. For that reason, staff actively participates in ARB and EPA workshops, public meetings, board meetings, working groups, and committee meetings that directly affect operations.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2020/2021</u>	<u>2021/2022 Recommended</u>	<u>Increase/ Decrease</u>
Air Quality Analysis and Research Supervisor	1.0	1.0	0
Air Quality Assistant	5.0	5.0	0
Air Quality Instrument Specialist I/II	7.0	7.0	0
Air Quality Instrument Tech I/II	6.0	7.0	1.0
Air Quality Specialist I/II	31.0	31.0	0
Director of Strategy & Incentives	2.0	2.0	0
Office Assistant I/II	3.0	3.0	0
Operations Support Supervisor	1.0	1.0	0
Program Manager	5.0	5.0	0
Senior Air Quality Instrument Specialist	1.0	1.0	0
Senior Air Quality Instrument Tech	1.0	1.0	0
Senior Air Quality Specialist	14.0	14.0	0
Staff Technician I/II	2.0	3.0	1.0
Supervising Air Quality Instrument Specialist	1.0	1.0	0
Supervising Air Quality Instrument Tech	1.0	1.0	0
Supervising Air Quality Specialist	4.0	5.0	1.0
Supervising Atmospheric Modeler	1.0	1.0	0
TOTAL	<u>86.0</u>	<u>89.0</u>	<u>3.0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Strategies and Incentives

	Adjusted* FY 20-21	Recommended FY 21-22	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$6,742,392	\$7,447,591	\$705,199	10%
Temporary Help	\$766,493	\$868,263	\$101,770	13%
On Call Pay	-	-	-	-
Overtime	\$87,851	\$72,332	(\$15,519)	(18%)
Unemployment	\$15,853	\$15,456	(\$397)	(3%)
Retirement	\$3,257,653	\$3,395,884	\$138,231	4%
OASDI	\$155,116	\$175,343	\$20,227	13%
Workers Compensation	\$74,092	\$67,738	(\$6,354)	(9%)
Cafeteria Plan Benefits	\$906,604	\$982,274	\$75,670	8%
Long-Term Disability Insurance	\$18,522	\$20,319	\$1,797	10%
Alternate Transportation Incentive	\$57,216	\$57,216	-	-
TOTAL SALARIES AND BENEFITS	\$12,081,792	\$13,102,416	\$1,020,624	8%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$3,664	\$8,724	\$5,060	138%
Mobile Communications	\$88,238	\$65,389	(\$22,849)	(26%)
Telephone Charges	\$25,082	\$26,910	\$1,828	7%
Insurance	\$112,077	\$127,300	\$15,223	14%
Equipment Maintenance	\$44,126	\$56,266	\$12,140	28%
Vehicle Maintenance & Operations	\$36,500	\$42,200	\$5,700	16%
Computer Maintenance	\$191,190	\$195,664	\$4,474	2%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$68,436	\$72,995	\$4,559	7%
Office Supplies	\$12,881	\$12,322	(\$559)	(4%)
Computer Software & Supplies	\$19,132	\$37,668	\$18,536	97%
Monitoring Station Supplies & Equipment	\$1,166,923	\$1,333,463	\$166,540	14%
Postage	\$22,500	\$18,459	(\$4,041)	(18%)
Printing	\$10,230	\$10,443	\$213	2%
Professional & Specialized Services	\$494,591	\$409,493	(\$85,098)	(17%)
Publications & Legal Notices	\$49,800	\$49,800	-	-
Rents & Leases	\$178,758	\$160,625	(\$18,133)	(10%)
Small Tools & Equipment	\$8,277	\$8,758	\$481	6%
Special District Expense	\$5,307	\$5,312	\$5	-
Travel & Training	\$45,150	\$45,150	-	-
Travel & Training - Boards	-	-	-	-
Utilities	\$139,495	\$139,777	\$282	-
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$2,722,357	\$2,826,718	\$104,361	4%
FIXED ASSETS				
Facilities & Equipment	\$16,349	\$31,199	\$14,850	91%
Computer Equipment	\$283,034	\$229,781	(\$53,253)	(19%)
Office Furniture / Equipment	\$7,277	\$7,364	\$87	1%
Office Machines	\$6,063	\$7,735	\$1,672	28%
Telephone Systems	\$9,643	\$10,509	\$866	9%
Automobiles	\$140,000	\$145,000	\$5,000	4%
Air Monitoring Station Equipment	\$1,852,590	\$1,433,400	(\$419,190)	(23%)
Air Monitoring Automation/Remote Control Project	\$5,000	\$5,000	-	-
TOTAL FIXED ASSETS	\$2,319,956	\$1,869,988	(\$449,968)	(19%)
TOTAL OPERATING APPROPRIATIONS	\$17,124,105	\$17,799,122	\$675,017	4%

NON-OPERATING BUDGET

NON-OPERATING BUDGET

FISCAL SUMMARY

	<u>Budgeted 2020-21</u>	<u>Recommended 2021-22</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
<u>Appropriations</u>				
Other Charges	667,700	323,900	(343,800)	-51%
Incentive Programs	480,676,069	518,233,900	37,557,831	8%
Approp. for Contingencies	<u>850,000</u>	<u>850,000</u>	<u>-</u>	
 Total	 <u><u>482,193,769</u></u>	 <u><u>519,407,800</u></u>	 <u><u>37,214,031</u></u>	 <u><u>8%</u></u>

FUNCTION

This budget unit has been established for those expenditures that are not related to the internal operations of the District or are not attributable to any specific program. The large majority of the appropriations in this budget unit are for the District's incentive grant programs. This budget unit also contains the Appropriation for Contingencies account. Descriptions for each account, along with explanations for any significant changes as compared to 2021-22 budget, are included below.

OTHER CHARGES

Air Toxics - Pass Through

This appropriation represents that portion of the Toxic "Hot Spots" fees collected by the District on behalf of the state that is intended to reimburse the California Air Resources Board (ARB) and the Office of Environmental Health & Hazard Assessment (OEHHA) for their share of the costs associated with this program. These fees are forwarded to the state only after the cost of the District's program has been recovered. The recommended appropriations for Fiscal Year 2021-22 is \$323,900.

INCENTIVE PROGRAMS

The 2021-22 Recommended Budget includes \$518,233,900 of appropriations for emission reduction incentive grants. These appropriations represent revenues anticipated to be received in 2021-22 and unused funds that carry over from the prior year. The District expects that additional incentive funds will be added to the 2021-22 Non-Operating Budget

throughout the year with budget amendments brought to the Governing Board as additional funding is secured.

The following is the detail of the incentive program appropriations currently included in the 2021-22 Recommended Budget:

• DMV Surcharge Fees - Incentives	\$ 62,625,300
• Carl Moyer Program	40,958,100
• ISR & VERA	40,132,200
• Proposition 1B Funding Program	5,459,000
• Federal Funding	32,837,800
• Community & Other Incentives	13,028,400
• State Cap and Trade Funds	305,140,000
• Energy Efficiency Grant	6,000,000
• Volkswagen Mitigation Funding	18,142,600
• Miscellaneous Incentive Grants	<u>210,500</u>
Total Incentive Grants	<u>\$518,233,900</u>

DMV Surcharge Fees

This appropriation is funded by DMV Surcharge Fee revenue. The District's DMV Surcharge sources available to the District for appropriation include those authorized under AB 2766, AB 923, SB 709, and AB 2522. Depending on the source of the DMV Surcharge Fee revenue, the restrictions included with the enabling legislation, and the types of grant applications received by the District, these funds can be used in several of the District's programs.

Carl Moyer Program

This appropriation is funded through state allocations of Carl Moyer Program funding to the District. These funds are used predominantly in the Heavy-Duty Program and are granted in strict accordance with guidelines adopted by the Air Resources Board.

Indirect Source Review and Voluntary Emission Reduction Agreements

This appropriation represents the estimate for incentive grant revenue available as the result of the District's ISR Rule and voluntary development mitigation agreements. Residential and commercial development projects provide these funds to offset emissions associated with projects. The Heavy-Duty Program and other programs, such as the District's Burn Cleaner Program, use these funds for quantifiable and enforceable projects that reduce surplus emissions of NOx and PM.

Proposition 1B Funding

This appropriation includes Proposition 1B Goods Movement Reduction Program funding anticipated to be liquidated in 2021-22. Funding from Proposition 1B will be used for specific advanced technology heavy-duty on-road vehicle projects providing funding for truck replacements, transport refrigeration units (TRUs), and locomotive replacements.

Federal Funding

This appropriation represents funding from the EPA Air Shed funds for Agricultural Tractor Replacement Program, Heavy-Duty Truck Replacement and the Burn Cleaner Program. In addition, the District will receive federal funding for the Technology Advancement Program.

Community & Other Incentives funded by Operating Revenues

This appropriation represents funding transferred from Operating Revenues to fund various incentive programs. The District is currently receiving annual revenue through both Rule 4320 (Advanced Emission Reduction Options for Boilers, Steam Generators, and Process Heaters Greater than 5.0 MMBtu/hr), and through Rule 3170 which implements Section 185 of the federal Clean Air Act. These revenues primarily provide the funding to transfer \$12 million in resources from the Operating Budget to the Non-Operating Budget for incentive programs, including the District's Technology Advancement Program and lawn and garden programs. The District may create new program components to complement those already existing.

State Cap and Trade Funding

Funding is for projects that generate reductions in greenhouse gas emissions with potential co-benefits of criteria pollutant reductions. Per state legislation and guidelines, funding must provide significant benefit to disadvantaged communities. This appropriation represents incentive funding for the Enhanced Fleet Modernization Program (EFMP) and EFMP Plus-Up light-duty vehicle replacement programs, agricultural tractor trade-up pilot program, and several heavy-duty advanced technology vehicle demonstration projects.

Energy Efficiency Grant

These funds are intended to reduce emissions in low-income and disadvantaged communities throughout the region, with a focus on communities selected through the AB617 process. Funds from this category can be used on existing programs such as Carl Moyer and Proposition 1B, new stationary source categories developed by ARB, and projects identified through the Community Emission Reduction Program.

Volkswagen Mitigation Funding

The District is administering \$130 million of the Volkswagen Mitigation Trust funding program on behalf of the California Air Resources Board. The District is administering funding to replace transit, school and shuttle buses with zero-emission buses through a statewide solicitation. The funding was allocated in two phases of \$65 million each, which \$7.8 million of the remaining phase one allocation is expected to be received in fiscal year 2021-22.

Miscellaneous Incentive Programs

This appropriation includes Hearing Board funds and other qualified funds designated to various incentive projects.

APPROPRIATION FOR CONTINGENCIES

The purpose of the Appropriation for Contingencies Account is to provide a prudent safety net should the District encounter a reduction in revenue or an increase in expenditures caused by state or federal actions, or other unforeseen circumstances. The recommended appropriation for this account for 2021-22 is \$850,000, the same as recommended and adopted for 2020-21.

INCENTIVES SPENDING PLAN

BACKGROUND

The District operates one of the largest and most well-respected voluntary incentive programs in the state. With strong advocacy efforts at the state and federal levels, the District has seen a significant increase in incentive funding levels over the past several years. Incentive program appropriation rose from \$25 million in the 2005-06 Budget, to the proposed incentive program appropriations of \$519 million in the 2021-22 Recommended Budget. The District’s voluntary incentive programs complement regulatory control measures by providing much needed reductions from source types that the District has little or no direct authority to regulate. District incentive programs have a positive impact on air quality and are highly successful due to the fact that participation is voluntary and the emission reductions are both highly cost-effective and go beyond the reductions required by regulations.

Since the District’s inception in 1992, considerable funding has been expended in support of clean-air projects in the Valley, as summarized in the following table. These projects have achieved significant emissions reductions and corresponding air quality and health benefits. The District typically requires match funding of 30% – 70% from grant recipients. To date, grant recipients have provided over \$1.8 billion in match funding, with a combined District and grant recipient funding investment of more than \$3.4 billion.

District Incentive Funding (\$)	Grant Recipient Match Funding (\$)	Emissions Reductions (tons)	Cost- effectiveness (\$/ton)
\$1,627,566,000	\$1,760,733,000	189,700	\$8,580

Over the past 10 years, the District has provided incentive funding to purchase, replace or retrofit thousands of pieces of equipment, including:

- 1,200 agricultural irrigation pump engines (~\$4,500/ton)
- 7,200 agricultural equipment replacements (~\$8,170/ton)
- 240 off-road equipment repowers (~\$10,500/ton)
- 4,600 heavy-duty trucks (~\$11,800/ton)
- 1,300 school bus retrofits (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 369 school bus replacements (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 4,807 lawnmower replacements (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 20,000 fireplace change-outs (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)

- 137,548 commuter subsidies (~\$52,700/ton)
- 41 locomotive replacements/retrofits (~\$13,300/ton)
- 9,000 new alt fuel light duty vehicles Public & Private (~\$50,000 - \$150,000/ton)
- 522 vehicle retirements (car crushing) (~\$15,000-\$50,000/ton)
- 41,000 vehicle emissions repairs (~\$20,000/ton)
- 7 bicycle infrastructure projects (bike paths) (~\$17,000/ton)

INCENTIVE STRATEGY

Each of the funding sources administered by the District includes different guidelines and statutory requirements for the expenditure of those funds, but generally, the District currently considers the following factors when deciding how and where to spend our incentive funds:

Cost-effectiveness – An important influence when considering where to invest District funds, is determining which types of projects and programs will give the District the greatest return on its investment. This is typically represented in dollars per ton of emissions reduced. While cost-effectiveness is a primary factor, the District also considers the funding of projects that may not have the highest cost-effectiveness, but provide other benefits, such as the advancement of new technology, or community involvement (as described below).

Inventory of available projects – This factor is critical in all District incentive programs. To date, the District has been extremely successful in designing programs that have broad appeal and applicability across a wide variety of industries. The result has been that, for the last 10 years, the District has had a substantial backlog of eligible projects waiting for funding. However, with the regulatory landscape changing, many of the past project categories that created the enormous backlog have come under regulation, making them, in most cases, ineligible for funding. As a result, the District must continue not only to work within the existing regulations to find cost-effective, surplus project categories but also to focus in areas in which a significant inventory of eligible projects still exists.

Required expenditure timeframes – Each funding source that the District administers generally requires obligation and expenditure by certain deadlines. These deadlines greatly impact our funding priorities and choice of projects. The District may prioritize a funding category over others due to the timeframe associated with a particular funding source. For instance, we may prioritize certain projects that we can reasonably expect to be completed prior to the deadline for a specific fund, over other projects of equal relevance or cost-effectiveness but with longer expected completion times. Again, the flexibility of this option works in concert with the dynamic nature of our programs and projects and numerous expenditure deadlines.

Upcoming regulatory deadlines – To ensure that the District's incentive programs obtain the maximum SIP creditable emission reductions, a thorough analysis of all local, state and federal regulations relating to our target categories is performed. In addition, the District works proactively with the regulating agencies during the rule development process to

understand the potential impacts of that rule on incentive projects and to ensure that opportunities for early incentive funding are maximized. These analyses determine which types of projects can be funded and for how long and also impacts the potential cost-effectiveness of certain categories.

Health benefits – In addition to seeking emissions reductions that provide benefit in attaining federal air quality standards, the District also seeks opportunities to incentivize projects that provide direct health benefits. For instance, the District’s Lower Emission School Bus Program is focused primarily on the localized toxic risk involved in children’s exposure to diesel particulates. While not the largest source of regional particulate pollution, replacing or retrofitting aging school buses has an enormous impact on the toxic risk of school transportation.

Promoting technology advancement – Given the immense challenge faced by the Valley in attaining federal air quality standards, funding projects that demonstrate and advance new emission reduction technologies are essential. The Board’s recent adoption of the Technology Advancement Program emphasizes the priority given to this area.

Environmental Justice – The District places a strong emphasis in providing funding in a manner that benefits environmental justice communities. The District has worked cooperatively with the Environmental Justice Advisory Group to understand the EJ issues in the District and craft programs that reduce emissions in these areas.

Community involvement/benefits – The District develops and administers programs with an emphasis on community involvement. Some examples of these are the Lawnmower Change-Out, Burn Cleaner, Transit Pass Subsidy, and the Drive Clean in the San Joaquin Programs.

Statutory Constraints

The District derives its current incentive funding from a range of local, state and federal funding sources. These funding sources contain restrictions on the types of projects that may be funded, funding limitations, expenditure deadlines, and administrative approach for distribution. These requirements vary significantly from one funding source to another, resulting in a complex matrix of funding categories and program requirements. Some key examples include:

Proposition 1B Goods Movement - Funding for this program must be used on heavy duty trucks and locomotives. The program’s procedures require the use of an RFP process and that the most cost-effective projects are funded first.

Lower Emission School Bus - Funding for this program must be used on school bus replacements or retrofits. The program requires that all retrofits be funded and that the oldest buses are replaced first.

Carl Moyer - Funding is predominately used for heavy duty projects. The program has strict funding caps and cost-effectiveness requirements.

DMV Funds - Funding must primarily be used for on-road and off-road mobile sources. Portions of funds must follow State Carl Moyer and Lower Emission School Bus guidelines.

Advanced Emission Reduction Option (AERO) Funds – Funding is for emission reduction incentive projects. The Governing Board has discretion as to where to apply these funds.

Indirect Source Review (ISR) Funds and Voluntary Emission Reduction Agreement Funds (VERA) – Funding preference is given to projects within proximity to development projects.

State Cap and Trade Funds – Funding is for projects that generate reductions in greenhouse gas emissions with potential co-benefits of criteria pollutant reductions. Funding must provide significant benefit to disadvantaged communities. Cap and Trade funding is distributed to 13 different state agencies and each agency administers funding differently. Currently the District is administering 8 specific projects throughout the Valley from several of Cap and Trade solicitations, totaling more than \$124 million in project costs.

Federal Funding – Funding is for emission reduction incentive projects that reduce diesel emissions (NO_x and PM). Some funding eligibility is restricted to the top 5 non-attainment air shed regions for ozone and particulate matter.

Community Air Protection Funds – These funds are intended to reduce emissions in low-income and disadvantaged communities throughout the region, with a focus on communities selected through the AB617 process. Funds from this category can be used on existing programs such as Carl Moyer and Proposition 1B, new stationary source categories developed by ARB, and projects identified through the Community Emission Reduction Program.

Volkswagen Mitigation Trust Funding – The District is administering \$130 million of the Volkswagen Mitigation Trust funding program on behalf of the California Air Resources Board. The District is administering funding to replace transit, school and shuttle buses with zero-emission buses through a statewide solicitation. The funding will be allocated in two phases of \$65 million each, with the first phase available now and the second phase following at least two years later.

FARMER Program Funding – These funds are utilized to reduce emissions from the agricultural sector by providing grants, rebates, and other financial incentives for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations.

PROPOSED INCENTIVE SPENDING PLAN

Based on the above factors, the District proposes the below incentive program spending plan for the 2021-22 Budget. The actual spending in different project categories will depend on the cost-effectiveness and number of applications received for each category. Due to the economic circumstances and uncertain timing of several of the funding sources, the expenditure of the below funds may take more than one fiscal year to complete.

Spending Plan 2021-22

Heavy Duty Equipment Programs

Ag Equipment Replacement	150,222,900
Ag Pump Replacement	10,958,100
Alternative Fuel Infrastructure	15,091,500
Dairy Feed Mixer Electrification Program	5,000,000
Electric Ag UTV	6,000,000
Electric Yard Trucks	4,233,400
Emergency Vehicle Replacement	2,000,000
Locomotives	10,705,700
Low-Dust Nut Harvester Equipment Replacement	7,718,800
Truck Replacement Program	16,968,600
Truck Replacement Program (Prop 1B)	5,459,000
Truck Replacement Program (VIP)	10,000,000

Community Incentives

Burn Cleaner	18,132,200
Commercial Lawn and Garden	500,000
Drive Clean Rebate Program	10,500,000
Drive Clean Repair Program (Tune-In Tune-Up)	7,000,000
Drive Clean Replacement Program	11,746,100
REMOVE Program	459,600
Residential Lawn and Garden	400,000
Miscellaneous Incentives	210,500
VVIP	374,200

AB 617

Ag Equipment Replacement	1,924,200
Ag Pump Replacement	188,000
Air Filtration in Schools	4,340,000
Alternative Fuel Infrastructure	605,100
Bicycle Lane Infrastructure	1,500,000
Burn Cleaner	2,400,000
Car Sharing Program	1,500,000
Charge Up Program	1,225,000
Commercial Lawn and Garden	215,000
Community Air Protection Fund Programs	84,180,000

Drive Clean Repair Program (Tune-In Tune-Up)	1,700,000
Drive Clean Replacement Program	2,400,000
Educational Training for EV Mechanics	255,000
Electric Yard Trucks	4,000,000
Enhanced Vehicle Replacement with EVs	6,000,000
Heavy-Duty Truck Charging	1,100,000
Locomotives (Railcar Movers and Switchers)	13,000,000
Low-Dust Nut Harvester Equipment Replacement	1,000,000
On-field Alternatives to Open Burning	875,000
Public Benefits	8,100,000
Residential Air Filtration and Weatherization	1,000,000
Residential Lawn and Garden	320,000
Road Dust Paving and Sidewalk Installations	2,775,000
School Bus Replacement and Retrofit	12,400,000
Solar Match	1,500,000
Transit Bus Replacement (Dial-a-Ride)	400,000
Trees Urban Greening	1,000,000
Truck Idling Plug-Ins	100,000
Truck Replacement Program	20,500,000
Truck Rerouting Study	1,000,000
Underfired Charbroilers	1,350,000
Vegetative Barriers	1,000,000
Vegetative Barriers/Urban Greening	1,055,000
Advanced Transportation/Vehicles	
Charge Up Program	3,000,000
Public Benefits	8,000,000
Volkswagen Mitigation Trust	18,142,600
Non-Mobile Programs	
On-field Alternatives to Open Burning	13,028,400
Technology Advancement	
Technology Advancement Program	1,475,000
Air Toxics	323,900
Contingencies	850,000
Total	519,407,800

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
TOTAL DISTRICT**

	Adjusted* FY 20-21	Estimated Actuals FY 20-21	Recommended FY 21-22	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
NON-OPERATING APPROPRIATIONS								
OTHER CHARGES								
Air Toxic Pass Through	\$667,700	\$667,700	\$323,900	(\$343,800)	(51%)	(\$343,800)	(51%)	
Dairy CEQA - Pass Through	-	-	-	-	-	-	-	
TOTAL OTHER CHARGES	\$667,700	\$667,700	\$323,900	(\$343,800)	(51%)	(\$343,800)	(51%)	
INCENTIVE PROGRAMS								
DMV Surcharge Fees - Incentives	\$54,775,500	\$51,157,885	\$62,325,300	\$7,549,800	14%	\$11,167,415	22%	
Carl Moyer Program	\$18,161,300	\$17,948,260	\$40,958,100	\$22,796,800	126%	\$23,009,840	128%	
ISR and VERA'S	\$37,756,500	\$27,169,166	\$40,132,200	\$2,375,700	6%	\$12,963,034	48%	
Proposition 1B Funding Program	\$6,091,958	\$5,460,000	\$5,459,000	(\$632,958)	(10%)	(\$1,000)	-	
School Bus Program	\$1,248,500	\$902,445	-	(\$1,248,500)	(100%)	(\$902,445)	(100%)	
Federal DERA/Designated Funding Program	\$58,189,143	\$29,093,626	\$32,837,800	(\$25,351,343)	(44%)	\$3,744,174	13%	
Community & Other Incentives Funded by Operating Reven	\$16,280,900	\$15,282,040	\$13,028,400	(\$3,252,500)	(20%)	(\$2,253,640)	(15%)	
Miscellaneous Incentive Programs	\$20,400	\$19,800	\$210,500	\$190,100	932%	\$190,700	963%	
CEC Grants	\$6,000,000	\$5,750,000	-	(\$6,000,000)	(100%)	(\$5,750,000)	(100%)	
State Cap & Trade Funding	\$240,527,568	\$237,280,406	\$305,140,000	\$64,612,432	27%	\$67,859,594	29%	
Volkswagen Mitigation Funding	\$41,624,300	\$39,800,000	\$18,142,600	(\$23,481,700)	(56%)	(\$21,657,400)	(54%)	
TOTAL INCENTIVE PROGRAMS	\$480,676,069	\$429,863,628	\$518,233,900	\$37,557,831	8%	\$88,370,272	21%	
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	-	-	
TOTAL NON-OPERATING APPROPRIATIONS	\$482,193,769	\$430,531,328	\$519,407,800	\$37,214,031	8%	\$88,876,472	21%	

PRIOR YEARS BUDGET COMPARISON

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
BUDGET SUMMARY
Prior 3 Years and 2021-22 Recommended

	Adjusted 2018-19 @ 6/30/19	Adjusted 2019-20 @ 6/30/20	Adjusted 2020-21 @ 3/31/21	Recommended 2021-22
APPROPRIATIONS				
Salaries & Benefits (net of Salary Savings)	\$ 45,891,344	\$ 48,063,693	\$ 50,220,501	\$ 53,392,982
Services & Supplies	5,537,685	7,661,338	7,347,679	7,861,846
Fixed Assets	2,215,166	5,858,004	3,889,464	3,231,512
OPERATING APPROPRIATIONS	<u>53,644,195</u>	<u>61,583,035</u>	<u>61,457,644</u>	<u>64,486,340</u>
Other Charges	372,600	749,700	667,700	323,900
Incentive Contracts	635,576,260	765,498,347	480,676,069	518,233,900
Appropriation for Contingencies	850,000	850,000	850,000	850,000
NON-OPERATING APPROPRIATIONS	<u>636,798,860</u>	<u>767,098,047</u>	<u>482,193,769</u>	<u>519,407,800</u>
TOTAL APPROPRIATIONS	<u>\$ 690,443,055</u>	<u>\$ 828,681,082</u>	<u>\$ 543,651,413</u>	<u>\$ 583,894,140</u>
REVENUE				
Stationary Revenue	\$ 33,831,421	\$ 35,334,858	\$ 31,963,278	\$ 34,524,266
Grant Revenue	3,315,000	15,320,000	16,020,000	16,320,000
DMV Surcharge Fees - District Portion	12,650,000	12,760,000	12,860,000	12,960,000
Administrative Fees - Incentive Programs	4,737,000	7,000,000	7,300,000	9,500,000
Transfer to Non-Operating Revenue for Incentive Grants	(1,800,000)	(6,000,000)	(16,000,000)	(12,000,000)
Fund Balance Used	2,154,774	(2,478,823)	10,474,366	4,832,074
Reserves Released / (Increased)	(1,244,000)	(353,000)	(1,160,000)	(1,650,000)
OPERATING REVENUE/FUNDING SOURCES	<u>53,644,195</u>	<u>61,583,035</u>	<u>61,457,644</u>	<u>64,486,340</u>
Non-Operating Revenue	442,108,111	447,141,003	296,712,138	366,831,256
Fund Balance/Reserves Released	194,690,749	319,957,044	185,481,631	152,576,544
NON-OPERATING REVENUE/FUNDING SOURCES	<u>636,798,860</u>	<u>767,098,047</u>	<u>482,193,769</u>	<u>519,407,800</u>
TOTAL REVENUE/FUNDING SOURCES	<u>\$ 690,443,055</u>	<u>\$ 828,681,082</u>	<u>\$ 543,651,413</u>	<u>\$ 583,894,140</u>
RECOMMENDED POSITIONS	349.5	350.5	354.5	354.5
RESERVES				
General Reserve	\$ 5,000,000	\$ 6,000,000	\$ 6,100,000	\$ 6,400,000
Long-Term Building Maintenance	523,000	500,000	500,000	500,000
Computer-VTC Equipment Reserve	750,000	300,000	300,000	500,000
Pension Stabilization Reserve Fund	1,990,000	2,770,000	3,630,000	4,580,000
Modeling Equipment Reserve	100,000	200,000	350,000	500,000
Monitoring Equipment Reserve	-	-	50,000	100,000

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
SCHEDULE OF ESTIMATED REVENUES
Prior 3 Years and 2021-22 Recommended

<u>ACCOUNT TITLE</u>	<u>2018-19 Adjusted Revenues @ 6/30/19</u>	<u>2019-20 Adjusted Revenues @ 6/30/20</u>	<u>2020-21 Adjusted Revenues @ 3/31/21</u>	<u>2021-22 Estimated Revenues</u>
OPERATING REVENUE				
STATIONARY SOURCE				
Permit Fees	\$ 19,648,612	\$ 20,922,660	\$ 19,046,845	\$ 19,385,016
Section 185 - Non Attainment Fees - Rule 3170	876,919	655,785	641,136	681,000
Advanced Emission Reduction Options (AERO) Fees	6,153,160	5,191,187	4,157,571	5,408,000
Settlements	2,500,000	2,500,000	2,500,000	2,500,000
Interest	1,500,000	900,000	1,500,000	1,500,000
Miscellaneous	152,730	165,226	117,726	50,250
Residential Furnaces - Rule 4905	3,000,000	5,000,000	4,000,000	5,000,000
Total Stationary Non-Grant Operating Revenue	33,831,421	35,334,858	31,963,278	34,524,266
GRANT REVENUE				
State Subvention	900,000	900,000	900,000	900,000
EPA 105 Grant	2,000,000	2,000,000	2,000,000	2,000,000
EPA 103 Grant	65,000	65,000	65,000	65,000
State AB 617 Implementation Fund	-	12,000,000	12,700,000	13,000,000
State Grant - Oil and Gas Regulations	350,000	355,000	355,000	355,000
Total Grant Revenue	3,315,000	15,320,000	16,020,000	16,320,000
Total Stationary Operating Revenue	\$ 37,146,421	\$ 50,654,858	\$ 47,983,278	\$ 50,844,266
MOBILE SOURCE				
DMV Surcharge Fees - District	\$ 12,650,000	\$ 12,760,000	\$ 12,860,000	\$ 12,960,000
Administrative Fees - Incentive Programs	4,737,000	7,000,000	7,300,000	9,500,000
Total Operating Revenue	\$ 54,533,421	\$ 70,414,858	\$ 68,143,278	\$ 73,304,266
Transfer to Non-Operating Revenue for Incentive Grants	\$ (1,800,000)	\$ (6,000,000)	\$ (16,000,000)	\$ (12,000,000)
Fund Balance Used	2,154,774	(2,478,823)	10,474,366	4,832,074
Reserves Released / (Increased)	(1,244,000)	(353,000)	(1,160,000)	(1,650,000)
Estimated Funding Sources - Operating	\$ 53,644,195	\$ 61,583,035	\$ 61,457,644	\$ 64,486,340
NON-OPERATING REVENUE				
Air Toxics	\$ 372,502	\$ 749,615	\$ 667,638	\$ 323,898
DMV Surcharge Fees - Pass Through	44,142,760	44,788,680	45,611,000	47,078,000
Carl Moyer Funds	18,750,000	18,750,000	18,000,000	36,000,000
VERA/ISR Mitigation Program	55,080,548	48,723,562	7,900,177	29,682,906
DERA Program	-	-	-	-
Operating Revenues Funding Community Incentives	1,800,000	6,000,000	16,000,000	12,000,000
Proposition 1B Funding Program	-	-	2,218,558	2,218,558
School Bus Program	997,604	880,689	-	-
Federal Grants	20,953,724	29,634,468	58,189,225	32,837,800
Miscellaneous Incentive Grant Funding	-	870,000	20,000	20,000
Interest - Non-Operating	2,134,550	5,088,000	6,134,800	8,506,410
CEC - Energy Efficiency Block Grant	8,151,063	7,999,979	900,000	-
Reimburse Operating for Administrative Revenues Earned	(4,737,000)	(7,000,000)	(7,300,000)	(9,500,000)
Administrative Fees - Incentive Programs	24,128,914	22,175,191	9,883,701	6,932,419
State Cap & Trade Funding	205,333,446	219,730,819	138,487,039	192,851,265
Volkswagen Mitigation Funding	65,000,000	48,750,000	-	7,880,000
Total Non-Operating Revenue	\$ 442,108,111	\$ 447,141,003	\$ 296,712,138	\$ 366,831,256
Fund Balance/Reserves Released	\$ 194,690,749	\$ 319,957,044	\$ 185,481,631	\$ 152,576,544
Estimated Funding Sources - Non-Operating	\$ 636,798,860	\$ 767,098,047	\$ 482,193,769	\$ 519,407,800
TOTAL REVENUE				
Estimated Financing Sources - Total	\$ 690,443,055	\$ 828,681,082	\$ 543,651,413	\$ 583,894,140

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Budget Comparison
Total District
Prior 3 Years and 2021-22 Recommended

DESCRIPTION	2018-19 Adjusted @ 6/30/19	2019-20 Adjusted @ 6/30/20	2020-21 Adjusted @ 3/31/21	2021-22 Recommended Appropriations
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OPERATING APPROPRIATIONS

SALARIES AND BENEFITS

Regular Salaries	\$ 27,162,795	\$ 28,389,372	\$ 29,487,709	\$ 31,935,797
Temporary Help	957,956	1,198,345	1,159,064	1,274,714
On Call Pay	116,748	116,748	116,748	116,748
Overtime	310,925	320,252	393,369	334,210
Unemployment	82,515	79,020	59,445	57,069
Retirement	12,641,977	13,221,627	14,220,846	14,651,392
OASDI	476,557	512,738	525,108	573,486
Workers Compensation	318,410	321,397	375,860	327,668
Cafeteria Plan Benefits	3,518,995	3,598,796	3,571,897	3,802,250
Long-Term Disability Insurance	73,022	73,954	75,759	81,040
Alternate Transportation Incentive	231,444	231,444	234,696	238,608
TOTAL SALARIES AND BENEFITS	\$ 45,891,344	\$ 48,063,693	\$ 50,220,501	\$ 53,392,982

SERVICES AND SUPPLIES

Safety Supplies & Equipment	\$ 28,500	\$ 23,570	\$ 24,889	\$ 46,089
Mobile Communications	153,720	188,280	206,508	185,940
Telephone Charges	103,000	104,500	113,100	119,525
Insurance	252,300	316,400	462,000	518,500
Equipment Maintenance	187,380	198,110	210,810	257,650
Vehicle Maintenance & Operations	194,200	230,640	248,500	207,650
Computer Maintenance	441,571	452,852	620,201	565,145
Video Conferencing Maintenance & Operations	99,030	115,930	115,580	124,500
Building Maintenance & Operations	263,300	269,700	282,105	297,300
Office Supplies	52,350	53,100	53,900	50,988
Computer Software & Supplies	81,063	95,472	94,417	172,347
Monitoring Station Supplies & Equipment	227,723	1,198,200	1,166,923	1,333,463
Postage	88,700	87,200	91,900	68,000
Printing	117,950	132,250	138,350	138,900
Professional & Specialized Services	2,211,745	3,082,928	2,338,418	2,558,993
Publications & Legal Notices	124,047	116,018	68,520	73,820
Rents & Leases	79,161	142,861	194,911	177,282
Small Tools & Equipment	33,900	32,015	48,160	49,760
Special District Expense	151,326	150,686	163,762	172,097
Travel & Training	188,285	194,440	208,439	244,911
Travel & Training - Boards	67,634	67,686	67,686	67,686
Utilities	328,400	346,100	362,700	363,900
Audit Services	20,000	20,000	23,500	25,000
Legal Services	42,400	42,400	42,400	42,400
TOTAL SERVICES AND SUPPLIES	\$ 5,537,685	\$ 7,661,338	\$ 7,347,679	\$ 7,861,846

FIXED ASSETS

Office Improvements	\$ 136,000	\$ 50,000	\$ 336,000	\$ 210,000
Facilities & Equipment	105,000	130,000	125,000	131,000
Computer Equipment	860,396	2,108,554	784,854	686,549
Office Furniture & Equipment	25,000	31,200	30,000	30,000
Office Machines	27,250	27,250	26,250	32,750
Telephone Systems	38,520	37,750	39,770	42,810
Detection Equipment	77,000	160,000	188,000	75,003
Automobiles	322,000	574,000	432,000	515,000
Audio / Visual Equipment	-	-	-	-
Air Monitoring Automation/Remote Control Project	375,000	175,000	5,000	5,000
Video Conferencing System	26,000	26,000	70,000	70,000
Air Monitoring Station Equipment	223,000	1,388,250	1,852,590	1,433,400
Air Monitoring Near Roadway Stations	-	-	-	-
Purchase of Southern Region Office Building	-	-	-	-
Community Monitoring - Hardware	-	-	-	-
Community Monitoring - Equipment	-	-	-	-
Central Office Expansion	-	1,150,000	-	-
TOTAL FIXED ASSETS	\$ 2,215,166	\$ 5,858,004	\$ 3,889,464	\$ 3,231,512

TOTAL OPERATING APPROPRIATIONS

	\$ 53,644,195	\$ 61,583,035	\$ 61,457,644	\$ 64,486,340
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SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Budget Comparison
Total District
Prior 3 Years and 2021-22 Recommended

DESCRIPTION	2018-19 Adjusted @ 6/30/19	2019-20 Adjusted @ 6/30/20	2020-21 Adjusted @ 3/31/21	2021-22 Recommended Appropriations
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NON-OPERATING APPROPRIATIONS

OTHER CHARGES

Air Toxic Pass Through	\$ 372,600	\$ 749,700	\$ 667,700	\$ 323,900
Dairy CEQA Pass Through	-	-	-	-
TOTAL OTHER CHARGES	\$ 372,600	\$ 749,700	\$ 667,700	\$ 323,900

INCENTIVE PROGRAMS

DMV Surcharge Fees - Incentives	\$ 115,411,900	\$ 103,506,200	\$ 54,775,500	\$ 62,325,300
Carl Moyer Heavy Duty Program	24,953,100	25,717,000	18,161,300	40,958,100
ISR and VERA's	87,006,447	115,310,300	37,756,500	40,132,200
Proposition 1B Funding Program	42,746,500	18,620,100	6,091,958	5,459,000
School Bus Program	2,895,900	3,213,400	1,248,500	-
Federal DERA/ Designated Funding Programs	20,953,800	30,214,647	58,189,143	32,837,800
Community Incentives	9,041,500	12,488,400	16,280,900	13,028,400
Greenhouse Gas Mitigation Program	-	-	-	-
GHG Support for Cities and Counties	-	-	-	-
Miscellaneous/Interest - Incentive Programs	897,100	907,400	20,400	210,500
Energy Efficiency Grant	8,151,100	8,000,000	6,000,000	-
Drought Relief Program	-	-	-	-
State Cap & Trade Funding	258,518,913	382,465,000	240,527,568	305,140,000
Volkswagen Mitigation Funding	65,000,000	65,055,900	41,624,300	18,142,600
TOTAL INCENTIVE PROGRAMS	\$ 635,576,260	\$ 765,498,347	\$ 480,676,069	\$ 518,233,900

Appropriation for Contingencies	\$ 850,000	\$ 850,000	\$ 850,000	\$ 850,000
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TOTAL NON-OPERATING APPROPRIATIONS	\$ 636,798,860	\$ 767,098,047	\$ 482,193,769	\$ 519,407,800
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TOTAL APPROPRIATIONS

TOTAL DISTRICT APPROPRIATIONS	\$ 690,443,055	\$ 828,681,082	\$ 543,651,413	\$ 583,894,140
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San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT

NORTHERN REGION

Serving San Joaquin, Stanislaus and Merced counties
4800 Enterprise Way, Modesto, CA 95356-8718
Tel (209) 557-6400 | Fax (209) 557-6475

CENTRAL REGION (MAIN OFFICE)

Serving Madera, Fresno and Kings counties
1990 East Gettysburg, Fresno, CA 93726-0244
Tel (559) 230-6000 | Fax (559) 230-6061

SOUTHERN REGION

Serving Tulare and Valley air basin portion of Kern County
34946 Flyover Court, Bakersfield, CA 93308-9725
Tel (661) 392-5500 | Fax (661) 392-5585