

FISCAL YEAR 2022-23
RECOMMENDED BUDGET

San Joaquin Valley APCD



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Executive Director/Air Pollution Control Officer

June 16th, 2022

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

2022-23 Recommended Budget

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June 16, 2022

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, 2022, to June 30, 2023. Policy guidance for the 2022-23 Budget was provided by your Board's Ad Hoc Budget Subcommittee, which consisted of Board Chair Councilmember Reyes, Supervisor Mendes, Councilmember Lewis, Dr. Sherriffs, Mayor Preciado, and Dr. Pacheco-Werner.

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 7%
 - Reflects 2nd year of labor agreement
 - Full-year funding of recent position enhancements funded by state revenues
 - 5.5% salary savings through position control
- 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 (\$564 million in funding)
- Balanced budget, with adequate reserves and contingencies

Workload and Staffing

In 2022-23, the District will experience significant workload in a number of areas which are summarized below:

Effective and Expeditious Administration of Incentive Grants:

The 2022-23 Recommended Budget includes \$564 million for incentive-based programs with funding from various local, state, and federal sources. Through strong advocacy and program performance, the District has 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:

- \$264.5 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, alternate fuel infrastructure, and school bus replacement programs.
- \$51 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. 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.

- \$58.5 million for community incentive programs including the Burn Cleaner/woodsmoke reduction program, the Drive Clean program, the award-winning Tune In Tune Up Vehicle repair and replacement programs, lawnmower replacement programs, and bicycle lane infrastructure program.
- \$36 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 Public Benefit Grants program, Charge Up Program, and other programs.
- \$89.5 million in funding for the alternatives to open burning agricultural materials incentive program which 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 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 2022-23. 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 2022-23, the District is required to finalize the new attainment plan to address the 2015 federal ozone standard. The 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 through a robust public process, as well as interfacing with CARB and U.S. EPA to adequately address mobile source emissions under their jurisdiction.

In addition, as the Valley has already demonstrated attainment of the federal PM10 and 1-hour ozone standards, the District needs to develop maintenance plans for these standards (updated maintenance plan for PM10), demonstrating the Valley's ongoing compliance with these standards. In addition, with the Valley now meeting the 1997 24-hour PM2.5 standard and likely meeting the 1997 annual PM2.5 and ozone standards, maintenance plans for this standard will also need to be developed in the coming year, supporting the Valley's formal redesignation to attainment for this standard.

In 2022-23, 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 conservation management practices and contingency measure strategies. Several rules will need to be implemented with compliance dates in fiscal year 2022-23 including glass furnaces, biomass operations, industrial flares, boilers, internal combustion engines, and agricultural open burning. In addition, the District may undergo additional rule development processes 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 2022-23, the District will continue its work to design and implement the SIP-creditable incentive-based measures included in the 2018 PM2.5 Plan.

The District anticipates completing several Exceptional Events documents in 2022-23 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 ozone and PM2.5 standards that have federal deadlines in the coming years.

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.

In June 2021, you Board adopted and CARB approved the final phase-out strategy for the remaining agricultural open burning in the San Joaquin Valley. This strategy includes the near-complete phase-out of open burning by January 1, 2025 and includes phase-out schedules that maximize the reduction of tonnage of material burned as early as possible, taking into account feasibility of alternatives for different crop types. The Strategy includes the maximum amount of flexibility and the longest time to adjust to the phase-outs for the smallest agricultural operations. Due to the high cost and limited availability of alternatives to agricultural open burning, significant incentives will be required to assist growers with transition in the coming years. As such, significant District work will be required to coordinate with CARB, interested public, and agricultural community to implement and enforce the final phase-out strategy. This includes extensive outreach to Valley growers regarding phase-out requirements 2021 through 2024 and available resources for alternative practices as well as the implementation of the District's Alternatives to Agricultural Open Burning Incentive Program. As such, open burning of agricultural material is expected to continue to rapidly decrease in 2022 and in coming years as the final phase-out continues to be implemented.

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 2022-23 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 2022-23 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 designed and implemented into this next year. 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 2022-23 fiscal year, District staff will continue to operate the community air monitoring systems, as well as maintain tools for the public to view the collected data in real-time.

In addition, the District's air monitoring staff manage an in-house equipment cache in coordination with CARB to provide mobile and rapidly deployable air monitoring equipment for prescribed burning projects. This effort supports the implementation of SB 901 and SB 1260, which focus on increasing the pace and scale of fuel reduction in the forests, and providing resources to support the goal of increasing these projects. The District's air monitoring team works closely with land management agencies (LMA) conducting prescribed burning projects to provide air monitoring equipment for their use during fuel reduction projects in the region. District staff also provide technical support to the LMAs for the use of the equipment as needed.

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, South Central Fresno, and Stockton. This extensive analysis and public engagement led to the District Governing Board adopting CERPs for these communities, with the most recent CERP adopted for the Stockton Community in March 2021.

In February 2021, CARB selected the third round of AB 617 communities, including the community of Arvin/Lamont, bringing the Valley's selected community total to four. Through 2021 and into 2022, the District worked closely with the Arvin/Lamont community steering committee to design the CAMP and develop the CERP, with anticipated District Governing Board adoption of the Arvin/Lamont CERP in June 2022.

In 2022-23, extensive work will be required to implement the CAMPs and CERPs for all four communities in consultation with the community steering committees, resulting in emissions reductions and health benefits to the residents of these Valley communities.

Additionally, 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 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 District's automated air quality data/monitoring system will continue to assist in keeping the District's air monitoring activities efficient and effective, ensuring a high-level of quality assurance/control of air quality data being collected throughout the Valley. As staff continue to work with and build upon the air quality data management system and its capabilities, even more efficiencies with this system are expected this next year.

In 2022-23, additional air quality forecasting tools will continue to be developed. As an example, the program used by staff to disseminate the air quality forecast products is transitioning 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 fully operational during this next year.

The District's Grant Management System database is the primary tool utilized in the administration of the District's voluntary incentive programs. Current improvements to the system include an interface with the Compliance Department to increase the efficiency of grant project inspection assignments, as well as additional features to allow for improved project management, data collection, mapping, and reporting. The District's Grant Management System is also connected to multiple online grant application portals which have been successfully developed and launched by District staff. The online portals provide grant program participants the ability to submit applications and supporting documents online as well as receive notification of the status of their application without the need to contact District staff. The District has continued to successfully design and launch multiple online grant portals which include the following programs: Burn Cleaner, Drive Clean in the San Joaquin, Zero-Emission Commercial and Residential Lawn and Garden Programs, Alternatives to Agricultural Open Burning, and the Low-Dust Nut Harvester Program. The District continues to develop and enhance online application portals to improve the customer service experience for grant program participants.

The District has also been developing several new internet applications aimed at enhancing stakeholder access to District services and streamlining labor intensive internal processes. 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 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.

2022-23 Staffing Changes

After careful review of projected workload and efficiency measures, the following staffing changes are included in the 2022-23 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.

- **Reclassification of:**
 - (1) Accounting Technician to (1) Supervising Accountant (Finance, increased funding and needed fiscal oversight)
 - (1) Air Quality Instrument Technician to (1) Senior Air Quality Instrument Technician (Air Monitoring, increased mandates under Clean Air Act)
 - (1) Air Quality Assistant to (1) Senior Air Quality Specialist (Grants, support for increased incentive funding)
 - (1) Senior Office Assistant to (1) Personnel Technician (Personnel, support for increased mandates)
 - (1) Personnel Analyst to (1) Senior Personnel Analyst (Personnel, support for STAR/recruitment/diversity efforts)
 - (1) Supervising Programmer/Analyst to (1) Supervising Network Systems Analyst (ITS, support for increased mandates)
 - (1) Senior Air Quality Education Rep to (1) Supervising Air Quality Education Rep Bilingual (Outreach and Communications, increased multilingual support)
 - (1) Air Quality Education Rep to (1) Air Quality Education Rep Bilingual (Outreach and Communications, increased multilingual support)
 - (1) Senior Office Assistant to (1) Executive Assistant (Administrative Services, operations support of executive team)
- Add (1) new Air Quality Specialist (Community Strategies, support for increased mandates)
- Add (1) new Program Manager (Permit Services, management support for increased mandates)

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 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: understanding the impacts/practices for fallowed lands and enhanced conservation management practices, understanding changing PM2.5 source apportionment through the implementation of air quality strategies, and evaluating the effectiveness of the Valley's criteria pollutant and air toxics reduction 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 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.

Effective Public Outreach and Communications

The District has a history of successful public outreach and communications programs that increase the public's awareness and understanding of complex air quality issues, encourage voluntary actions on the part of Valley residents and businesses to improve air quality, and provide tools to empower the public to protect themselves during episodes of poor air quality. 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. The District has developed and continually enhances its public outreach and communications strategy by utilizing sound science, best industry practices, expert consulting services, ongoing analytical review of campaign reach and community feedback.

In 2022-23, the District's key messages will continue to be promoted through enhanced public outreach and communication. 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.

Providing accurate and up-to-date air quality information to Valley residents is a top priority for the District especially when circumstances, such as wildfires, overwhelm all

clean air measures and lead to high pollution concentrations that may be unhealthy for sensitive individuals. Under these circumstances, the best course of action is to provide notifications to Valley residents so that sensitive individuals, in particular, can take precautions to minimize exposure. The District has expended significant resources on public notification and risk prevention measures such as the Real-time Air Advisory Network and the Real-time Outdoor Activity Risk guidelines. In the coming year, consistent with the District's core value of continuous improvement, the District will work to further understand the growing availability of public-facing air quality information and potential opportunities for enhancing air quality communication tools and strategies. 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.

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 2022-23, 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 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.

To effectively reach specifically targeted groups, generate public interest in and support of air quality improvement programs, and effect meaningful changes in public behavior, the District will continue to invest in multi-lingual, multi-media public awareness and educational campaigns on an ongoing basis. The District works in collaboration with a local advertising agency to research, develop and implement multi-lingual public outreach campaigns for programs such as Healthy Air Living, the winter residential wood smoke reduction strategy, various grant programs and others. These campaigns include paid and in-kind advertising on TV, radio, print, outdoor billboards, and social media.

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.

Funding for Emission Reductions Incentive Grants

In 2022-23, the District anticipates \$564 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. This reserve percentage was based on GFOA guidance at that time to maintain a General Reserve balance between 5-15%. However, GFOA has since updated its recommendation to a minimum General Reserve balance of 16.7% and other large Districts (South Coast AQMD, Bay Area, Sacramento) have a reserve balance ranging from 16.7% to 33%. Therefore, to ensure ongoing fiscal stability, the District recommends establishing a General Reserve of no less than 20% of operating expenditures moving forward. Based on this recommendation, for 2022-23, the General Reserve is established at \$14,200,000 in the Recommended Budget. The Recommended Budget also includes \$850,000 in Appropriation for Contingencies, \$1,000,000 in Building Improvement Reserve, \$500,000 in Modeling Center Reserve, and \$5,480,000 in Pension Stabilization Reserve Fund.

Upcoming Strategic Challenges

Through decades of investment by Valley businesses and residents, the pollution from industries, businesses, farms, and vehicles is at historically low levels, and Valley air quality continues to improve. However, the District continues to face ever-tightening health-based federal standards under the Clean Air Act. Additionally, increasingly

severe wildfire smoke impacts threaten public health of Valley residents and ongoing air quality progress. 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.

In recent years, the District Board has adopted a number of emission control strategies committed to under the 2018 PM2.5 Plan that will achieve significant emissions reductions in the coming years. Building on these efforts, the District will continue to work in the coming year on designing, adopting, and implementing strong measures to reduce air pollution. Key areas of focus in the coming year include working with agricultural operations to enhance the conservation management practice program and enhanced requirements for reducing leak-related emissions from oil and gas operations. Development of regulatory amendments will involve extensive public engagement to devise innovative and creative measures that effectively reduce emissions in a cost-effective fashion.

To meet the latest 8-hour ozone standard of 70 ppb by the federal attainment deadline, the District is also mandated under Clean Air Act requirements to develop and submit to EPA a new attainment plan. To meet this latest standard, 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.

Meeting federal ozone and PM2.5 standards requires significant additional emissions reductions, particularly from mobile sources that make up the majority of emissions in the San Joaquin Valley. CARB is proposing more stringent mobile source controls for sources in its 2022 state strategy. Considering the continuing emissions reductions from sources regulated by the District and CARB, it is increasingly critical that federal government take action to reduce emissions from sources under federal regulatory control, such as interstate trucks, locomotives, aircraft, and other mobile sources. Encouragingly, on March 3, 2022, EPA proposed a rule to reduce emissions from heavy-duty vehicles and engines nationwide starting in model year 2027. The District will continue to monitor these federal regulatory activities and advocate for the federal government to do its fair share to improve Valley air quality. The District will also advocate for funding to expedite fleet turnover and infrastructure improvements necessary to maximize these critical emissions reductions.

Significant new incentive funding is required from the state and federal government to secure emissions reductions from mobile sources as needed to help bring the Valley into attainment of health-based federal standards. Through extensive advocacy at the state and federal level there is significant incentive funding resources that are included in the upcoming Fiscal Year 2022-23 state budget as well as additional funding opportunities at the federal level. This includes funding resources for the alternatives to agricultural open burning program, zero emission heavy duty truck and bus demonstration projects, zero emission school bus projects, electric passenger vehicle

incentives, and the continued implementation of the Carl Moyer Program. With increased state and federal funding available, the District will continue to work closely with stakeholders to ensure that the Valley receives its fair share of funding in order to further reduce emissions in the San Joaquin Valley and meet our air quality attainment goals achieving cost-effective air quality and economic benefits. 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. Ensuring that Valley residents, businesses, and public agencies are aware of available incentive programs and that project funds are obligated as expeditiously as possible will continue to be a key priority in the 2022/2023 fiscal year.

The federal Clean Air Act requires that nonattainment areas develop contingency measures within their attainment plans that are to be enacted only if the area fails to meet an attainment date or other plan milestones. EPA has recently disapproved a number of contingency measures due to recent court rulings, and the District and CARB are now obligated to develop new contingency measures for submission to EPA. As the Valley is already classified as “Extreme” and “Serious” nonattainment for the ozone and PM2.5 standards, respectively, the region is already implementing the most stringent stationary and mobile source emissions control program in the nation. Developing contingency measures beyond the current strict requirements with a “contingency trigger,” to be implemented only when there is an attainment or milestone failure, is an exceptional challenge. Developing a new approach to satisfy the contingency requirements will require significant analysis, innovative approaches, stakeholder outreach, and public process in coordination with CARB and EPA to develop both statewide and local measures.

Given the ongoing and significant work required to address Clean Air Act requirements for ozone and PM2.5 standards, the District and CARB will continue working closely 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, contingency and other requirements.

Through strong collaboration with state agencies and residents, businesses, public agencies, community-based organizations, and other stakeholders, the San Joaquin Valley has served as a center of innovation for many of the state’s recent transformative clean air, low carbon strategies. These strategies provide strong potential for further investment under new state and federal climate initiatives. Consistent with your Board’s adopted climate positions, in the coming year, the District will work closely with interested Valley stakeholders to explore opportunities for leveraging existing and new programs and policies to maximize benefits in reducing air pollution and supporting the District’s public health mission.

In the coming year, consistent with your Board’s adopted Environmental Justice Strategy, the District will also continue to work closely with Valley communities to forge new partnerships, and identify and leverage clean air opportunities. This effort will be

supported by expanded community-focused staffing resources, including the newly established Community Strategies and Resources department (led by Deputy Air Pollution Control Officer of Community Programs and Enforcement, and new Director of Community Strategies and Resources). As an important component of this effort, the District will continue to work closely with the District's Environmental Justice Advisory Group to identify additional opportunities for advancing the District's Environmental Justice Mission. 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.

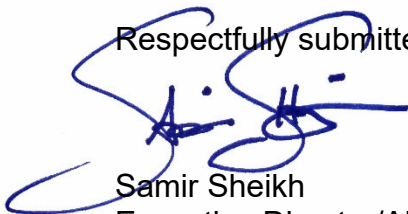
The District strives to serve as an example to other businesses and government agencies in everything that we do including the establishment of the District's STAR work culture which celebrates and encourages diversity and equity principles, implementing enhanced telecommuting, as well as considering environmental impacts in procurement and operational functions to assure that sustainability is appropriately integrated into all District operations. Towards that end, the District recently established a goal of transitioning the District's fleet to zero-emissions over the next several years and will work to overcome supply chain and other challenges to realize this goal.

Through all of these efforts, the District will also communicate to the public the progress the Valley has made in reducing emissions and improving public health through all outreach efforts while working to ensure residents understand what actions and strategies are needed to continue the positive trend of air quality improvement. The District will continue to look for way to enhance its outreach and communications to ensure that residents understand key air quality issues and know how to protect themselves during periods of poor air quality. During increasingly severe wildfire seasons, the District will continue to work closely with schools, public health officers, community organizations, Valley media, and other partners to ensure that timely health-protective information is provided to Valley residents.

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 2022-23.

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 21-22	Estimated Actuals FY 21-22	Recommended FY 22-23	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
APPROPRIATIONS								
Salaries & Benefits (before Salary Savings)	\$56,905,007	\$56,905,007	\$60,265,285	\$3,360,278	6%	\$3,360,278	6%	
Projected Salary Savings	(\$2,142,822)	(\$2,547,849)	(\$3,138,161)	(\$995,339)	46%	(\$590,312)	23%	
Salaries & Benefits (net of Salary Savings)	\$54,762,185	\$54,357,158	\$57,127,124	\$2,364,939	4%	\$2,769,966	5%	
Services & Supplies	\$7,910,936	\$7,714,075	\$9,378,202	\$1,467,266	19%	\$1,664,127	22%	
Fixed Assets	\$3,517,712	\$3,447,556	\$4,428,591	\$910,879	26%	\$981,035	28%	
OPERATING APPROPRIATIONS	\$66,190,833	\$65,518,789	\$70,933,917	\$4,743,084	7%	\$5,415,128	8%	
Other Charges	\$323,900	\$323,900	\$189,000	(\$134,900)	(42%)	(\$134,900)	(42%)	
Incentive Programs	\$710,691,218	\$477,220,689	\$563,398,600	(\$147,292,618)	(21%)	\$86,177,911	18%	
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	\$850,000	-	
NON-OPERATING APPROPRIATIONS	\$711,865,118	\$477,544,589	\$564,437,600	(\$147,427,518)	(21%)	\$86,893,011	18%	
TOTAL APPROPRIATIONS	\$778,055,951	\$543,063,378	\$635,371,517	(\$142,684,434)	(18%)	\$92,308,139	17%	
REVENUES								
Stationary Revenue	\$34,574,266	\$36,258,117	\$29,925,427	(\$4,648,839)	(13%)	(\$6,332,690)	(17%)	
Grant Revenue	\$16,320,000	\$16,020,000	\$16,020,000	(\$300,000)	(2%)	-	-	
DMV Surcharge Fees - District Portion	\$12,960,000	\$12,960,000	\$13,060,000	\$100,000	1%	\$100,000	1%	
Administrative Revenues Earned	\$9,500,000	\$9,500,000	\$9,500,000	-	-	-	-	
Transferred to Non-Operating Revenue	(\$12,000,000)	(\$12,000,000)	(\$5,000,000)	\$7,000,000	(58%)	\$7,000,000	(58%)	
Fund Balance Used	\$6,486,567	\$4,430,672	\$16,178,490	\$9,691,923	149%	\$11,747,818	265%	
Reserves Released / (Increased)	(\$1,650,000)	(\$1,650,000)	(\$8,750,000)	(\$7,100,000)	430%	(\$7,100,000)	430%	
OPERATING REVENUE/FUNDING SOURCES	\$62,784,857	\$65,518,789	\$70,933,917	\$8,149,060	13%	\$5,415,128	8%	
Non-Operating Revenue	\$581,629,062	\$459,385,943	\$266,010,295	(\$315,618,767)	(54%)	(\$193,375,648)	(42%)	
Reimbursement for Administrative Revenues Earned	(\$9,500,000)	(\$9,500,000)	(\$9,500,000)	-	-	-	-	
Fund Balance / Reserves Released / (Increased)	\$141,439,044	\$27,658,646	\$307,927,305	\$166,488,261	118%	\$280,268,659	1013%	
NON-OPERATING REVENUE/FUNDING SOURCES	\$713,568,106	\$477,544,589	\$564,437,600	(\$149,130,506)	(21%)	\$86,893,011	18%	
TOTAL REVENUE/FUNDING SOURCES	\$776,352,963	\$543,063,378	\$635,371,517	(\$140,981,446)	(18%)	\$92,308,139	17%	

RECOMMENDED POSITIONS

367.5

369.5

2

RESERVES

General Reserve	\$6,400,000	-	\$14,200,000	\$7,800,000	122%	\$14,200,000	-
Computer- VTC Equipment Reserve	\$500,000	-	-	(\$500,000)	(100%)	-	-
Long Term- Building Maintenance	\$500,000	-	\$1,000,000	\$500,000	100%	\$1,000,000	-
Modeling Center Reserve	\$500,000	-	\$500,000	-	-	\$500,000	-
Monitoring Equipment Reserve	\$100,000	-	\$150,000	\$50,000	50%	\$150,000	-
Pension Stabilization Reserve Fund	\$4,580,000	-	\$5,480,000	\$900,000	20%	\$5,480,000	-

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

	Adjusted* FY 21-22	Estimated Actuals FY 21-22	Recommended FY 22-23	Budget/Budget		Budget/Actual	
				Increase (Decrease)	%	Increase (Decrease)	%
OPERATING REVENUE							
STATIONARY SOURCE							
Permit Fees	\$19,385,016	\$18,957,132	\$20,742,677	\$1,357,661	7%	\$1,785,545	9%
Section 185- Non Attainment Fees -Rule 3170	\$681,000	\$342,998	\$300,000	(\$381,000)	(56%)	(\$42,998)	(13%)
Advanced Emission Reduction Options (AERO) Fees	\$5,408,000	\$4,719,675	\$4,680,000	(\$728,000)	(13%)	(\$39,675)	(1%)
Settlements	\$2,500,000	\$4,500,000	\$2,500,000	-	-	(\$2,000,000)	(44%)
Interest	\$1,500,000	\$1,687,764	\$1,500,000	-	-	(\$187,764)	(11%)
Miscellaneous	\$100,250	\$50,548	\$52,750	(\$47,500)	(47%)	\$2,202	4%
Residential Furnaces - Rule 4905	\$5,000,000	\$6,000,000	\$150,000	(\$4,850,000)	(97%)	(\$5,850,000)	(98%)
Total Stationary Non-Grant Operating Revenue	\$34,574,266	\$36,258,117	\$29,925,427	(\$4,648,839)	(13%)	(\$6,332,690)	(17%)
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	\$13,000,000	\$12,700,000	\$12,700,000	(\$300,000)	(2%)	-	-
State Grant-Oil and Gas Regulations	\$355,000	\$355,000	\$355,000	-	-	-	-
Total Grant Revenue	\$16,320,000	\$16,020,000	\$16,020,000	(\$300,000)	(2%)	-	-
Total Stationary Operating Revenue	\$50,894,266	\$52,278,117	\$45,945,427	(\$4,948,839)	(10%)	(\$6,332,690)	(12%)
DMV Surcharge Fees - District	\$12,960,000	\$12,960,000	\$13,060,000	\$100,000	1%	\$100,000	1%
Administrative Revenues Earned	\$9,500,000	\$9,500,000	\$9,500,000	-	-	-	-
Total Operating Revenue	\$73,354,266	\$74,738,117	\$68,505,427	(\$4,848,839)	(7%)	(\$6,232,690)	(8%)
Transfer to Non-Operating Revenue for Incentive Grants	(\$12,000,000)	(\$12,000,000)	(\$5,000,000)	\$7,000,000	(58%)	\$7,000,000	(58%)
Fund Balance Used	\$3,080,591	\$4,430,672	\$16,178,490	\$13,097,899	425%	\$11,747,818	265%
Reserves Released / (Increased)	(\$1,650,000)	(\$1,650,000)	(\$8,750,000)	(\$7,100,000)	430%	(\$7,100,000)	430%
Estimated Funding Sources - Operating	\$62,784,857	\$65,518,789	\$70,933,917	\$8,149,060	13%	\$5,415,128	8%
NON-OPERATING REVENUE							
Air Toxics - Pass Through	\$323,898	\$202,364	\$189,000	(\$134,898)	(42%)	(\$13,364)	(7%)
DMV Surcharge Fees - Pass Through	\$47,078,000	\$47,078,000	\$47,694,000	\$616,000	1%	\$616,000	1%
Carl Moyer Funds	\$36,000,000	\$36,594,100	\$16,500,000	(\$19,500,000)	(54%)	(\$20,094,100)	(55%)
VERA/ISR Mitigation Program	\$29,682,906	\$13,439,187	\$13,350,982	(\$16,331,924)	(55%)	(\$88,205)	(1%)
Proposition 1B Funding Program	\$2,218,558	\$4,000,000	-	(\$2,218,558)	(100%)	(\$4,000,000)	(100%)
Federal Diesel Emission Reduction Funding Program	\$57,538,868	\$15,419,670	\$59,425,497	\$1,886,629	3%	\$44,005,827	285%
Miscellaneous Incentive Grant Funding	\$20,000	\$20,000	\$20,000	-	-	-	-
Non-Operating Interest	\$8,506,410	\$8,977,610	\$9,801,710	\$1,295,300	15%	\$824,100	9%
Operating Revenues Funding Community & Other Incentives	\$12,000,000	\$12,000,000	\$5,000,000	(\$7,000,000)	(58%)	(\$7,000,000)	(58%)
CEC Grants	-	\$1,200,000	-	-	-	(\$1,200,000)	(100%)
Reimburse Operating for Administrative Revenues Earned	(\$9,500,000)	(\$9,500,000)	(\$9,500,000)	-	-	-	-
Administrative Fees - Incentive Programs	\$19,772,907	\$10,213,815	\$8,453,430	(\$11,319,477)	(57%)	(\$1,760,385)	(17%)
State Cap & Trade Funding	\$360,607,515	\$302,361,197	\$105,575,676	(\$255,031,839)	(71%)	(\$196,785,521)	(65%)
Volkswagen Mitigation Funding	\$7,880,000	\$7,880,000	-	(\$7,880,000)	(100%)	(\$7,880,000)	(100%)
Total Non-Operating Revenue	\$572,129,062	\$449,885,943	\$256,510,295	(\$315,618,767)	(55%)	(\$193,375,648)	(43%)
Fund Bal. Used/Non-Adm Reserves Released/(Increased)	\$141,439,044	\$27,658,646	\$307,927,305	\$166,488,261	118%	\$280,268,659	1013%
Adm Reserves Released / (Increased)	-	-	-	-	-	-	-
Estimated Funding Sources - Non-Operating	\$713,568,106	\$477,544,589	\$564,437,600	(\$149,130,506)	(21%)	-	18%
TOTAL REVENUE							
Estimated Financing Sources - Total	\$776,352,963	\$543,063,378	\$635,371,517	(\$140,981,446)	(18%)	\$92,308,139	17%

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

	Adjusted* FY 21-22	Estimated Actuals FY 21-22	Recommended FY 22-23	Budget/Budget		Budget/Actual	
				Increase (Decrease)	%	Increase (Decrease)	%
OPERATING APPROPRIATIONS							
SALARIES AND BENEFITS							
Regular Salaries	\$32,290,622	\$32,049,505	\$33,172,524	\$881,902	3%	\$1,123,019	4%
Temporary Help	\$2,026,039	\$1,977,801	\$2,443,628	\$417,589	21%	\$465,827	24%
On Call Pay	\$119,148	\$116,456	\$119,083	(\$65)	-	\$2,627	2%
Overtime	\$344,236	\$332,540	\$352,280	\$8,044	2%	\$19,740	6%
Unemployment	\$57,562	\$57,211	\$62,481	\$4,919	9%	\$5,270	9%
Retirement	\$14,877,912	\$14,807,195	\$15,620,761	\$742,849	5%	\$813,566	5%
OASDI	\$586,317	\$584,636	\$670,433	\$84,116	14%	\$85,797	15%
Workers Compensation	\$334,174	\$332,048	\$350,970	\$16,796	5%	\$18,922	6%
Cafeteria Plan Benefits	\$3,804,193	\$3,779,410	\$3,954,729	\$150,536	4%	\$175,319	5%
Long-Term Disability Insurance	\$83,374	\$82,968	\$88,515	\$5,141	6%	\$5,547	7%
Alternate Transportation Incentive	\$238,608	\$237,388	\$291,720	\$53,112	22%	\$54,332	23%
TOTAL SALARIES AND BENEFITS	\$54,762,185	\$54,357,158	\$57,127,124	\$2,364,939	4%	\$2,769,966	5%
SERVICES AND SUPPLIES							
Safety Supplies & Equipment	\$46,089	\$45,168	\$42,759	(\$3,330)	(7%)	(\$2,409)	(5%)
Mobile Communications	\$189,780	\$172,819	\$212,460	\$22,680	12%	\$39,641	23%
Telephone Charges	\$119,525	\$101,596	\$157,893	\$38,368	32%	\$56,297	55%
Insurance	\$630,000	\$617,398	\$770,400	\$140,400	22%	\$153,002	25%
Equipment Maintenance	\$266,800	\$261,445	\$263,753	(\$3,047)	(1%)	\$2,308	1%
Vehicle Maintenance & Operations	\$207,650	\$203,497	\$228,415	\$20,765	10%	\$24,918	12%
Computer Maintenance	\$574,645	\$563,152	\$935,665	\$361,020	63%	\$372,513	66%
Video Conferencing Maintenance & Operations	\$124,500	\$122,010	\$131,340	\$6,840	5%	\$9,330	8%
Building Maintenance & Operations	\$297,300	\$289,595	\$319,200	\$21,900	7%	\$29,605	10%
Office Supplies	\$50,988	\$49,968	\$43,000	(\$7,988)	(16%)	(\$6,968)	(14%)
Computer Software & Supplies	\$172,347	\$168,901	\$242,755	\$70,408	41%	\$73,854	44%
Monitoring Station Supplies & Equipment	\$1,333,463	\$1,306,794	\$1,491,863	\$158,400	12%	\$185,069	14%
Postage	\$68,000	\$59,750	\$71,200	\$3,200	5%	\$11,450	19%
Printing	\$138,900	\$136,125	\$144,775	\$5,875	4%	\$8,650	6%
Professional & Specialized Services	\$2,462,693	\$2,413,441	\$3,062,678	\$599,985	24%	\$649,237	27%
Publications & Legal Notices	\$73,820	\$72,344	\$70,420	(\$3,400)	(5%)	(\$1,924)	(3%)
Rents & Leases	\$177,282	\$173,737	\$184,006	\$6,724	4%	\$10,269	6%
Small Tools & Equipment	\$61,160	\$59,939	\$65,021	\$3,861	6%	\$5,082	8%
Special District Expense	\$172,097	\$168,657	\$177,222	\$5,125	3%	\$8,565	5%
Travel & Training	\$244,911	\$240,012	\$249,131	\$4,220	2%	\$9,119	4%
Travel & Training - Boards	\$67,686	\$65,054	\$67,686	-	-	\$2,632	4%
Utilities	\$363,900	\$356,621	\$379,160	\$15,260	4%	\$22,539	6%
Audit Services	\$25,000	\$24,500	\$25,000	-	-	\$500	2%
Legal Services	\$42,400	\$41,552	\$42,400	-	-	\$848	2%
TOTAL SERVICES AND SUPPLIES	\$7,910,936	\$7,714,075	\$9,378,202	\$1,467,266	19%	\$1,664,127	22%
FIXED ASSETS							
Office Improvements	\$210,000	\$205,800	\$100,000	(\$110,000)	(52%)	(\$105,800)	(51%)
Facilities & Equipment	\$207,000	\$203,061	\$51,000	(\$156,000)	(75%)	(\$152,061)	(75%)
Computer Equipment	\$729,749	\$715,152	\$846,781	\$117,032	16%	\$131,629	18%
Office Furniture / Equipment	\$30,000	\$29,400	\$32,600	\$2,600	9%	\$3,200	11%
Office Machines	\$59,750	\$58,557	\$29,040	(\$30,710)	(51%)	(\$29,517)	(50%)
Telephone Systems	\$42,810	\$41,951	\$33,060	(\$9,750)	(23%)	(\$8,891)	(21%)
Detection Equipment	\$75,003	\$73,503	\$58,000	(\$17,003)	(23%)	(\$15,503)	(21%)
Automobiles	\$655,000	\$641,900	\$840,000	\$185,000	28%	\$198,100	31%
Video Conferencing System	\$70,000	\$68,600	\$1,070,000	\$1,000,000	1429%	\$1,001,400	1460%
Air Monitoring Station Equipment	\$1,433,400	\$1,404,732	\$1,342,110	(\$91,290)	(6%)	(\$62,622)	(4%)
Air Monitoring Near Roadway Stations	-	-	\$20,000	\$20,000	-	\$20,000	-
Air Monitoring Automation/Remote Control Project	\$5,000	\$4,900	\$6,000	\$1,000	20%	\$1,100	22%
TOTAL FIXED ASSETS	\$3,517,712	\$3,447,556	\$4,428,591	\$910,879	26%	\$981,035	28%
TOTAL OPERATING APPROPRIATIONS	\$66,190,833	\$65,518,789	\$70,933,917	\$4,743,084	7%	\$5,415,128	8%

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

	Adjusted* FY 21-22	Estimated Actuals FY 21-22	Recommended FY 22-23	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
NON-OPERATING APPROPRIATIONS								
OTHER CHARGES								
Air Toxic Pass Through	\$323,900	\$323,900	\$189,000	(\$134,900)	(42%)	(\$134,900)	(42%)	
Dairy CEQA - Pass Through	-	-	-	-	-	-	-	
TOTAL OTHER CHARGES	\$323,900	\$323,900	\$189,000	(\$134,900)	(42%)	(\$134,900)	(42%)	
INCENTIVE PROGRAMS								
DMV Surcharge Fees - Incentives	\$62,325,300	\$59,678,398	\$65,736,400	\$3,411,100	5%	\$6,058,002	10%	
Carl Moyer Program	\$40,958,100	\$23,768,629	\$33,471,400	(\$7,486,700)	(18%)	\$9,702,771	41%	
ISR and VERA'S	\$40,132,200	\$31,023,597	\$32,453,700	(\$7,678,500)	(19%)	\$1,430,103	5%	
Proposition 1B Funding Program	\$5,459,000	\$4,958,889	\$4,465,300	(\$993,700)	(18%)	(\$493,589)	(10%)	
Federal DERA/Designated Funding Program	\$57,538,868	\$39,529,628	\$24,795,800	(\$32,743,068)	(57%)	(\$14,733,828)	(37%)	
Community & Other Incentives Funded by Operating Reven	\$13,028,400	\$12,902,368	\$6,835,900	(\$6,192,500)	(48%)	(\$6,066,468)	(47%)	
Miscellaneous Incentive Programs	\$210,500	\$102,238	\$111,800	(\$98,700)	(47%)	\$9,562	9%	
CEC Grants	-	\$1,200,000	-	-	-	(\$1,200,000)	(100%)	
State Cap & Trade Funding	\$472,896,250	\$286,702,170	\$374,669,800	(\$98,226,450)	(21%)	\$87,967,630	31%	
Volkswagen Mitigation Funding	\$18,142,600	\$17,354,772	\$20,858,500	\$2,715,900	15%	\$3,503,728	20%	
TOTAL INCENTIVE PROGRAMS	\$710,691,218	\$477,220,689	\$563,398,600	(\$147,292,618)	(21%)	\$86,177,911	18%	
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	-	-	
TOTAL NON-OPERATING APPROPRIATIONS	\$711,865,118	\$477,544,589	\$564,437,600	(\$147,427,518)	(21%)	\$86,893,011	18%	

OPERATING BUDGET

ADMINISTRATION

FISCAL SUMMARY

	<u>Budgeted 2021-22</u>	<u>Recommended 2022-23</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	13,752,369	14,313,505	561,136	4%
Services and Supplies	3,395,597	3,943,736	548,139	16%
Fixed Assets	923,178	1,482,654	559,476	61%
 Total	 <u>18,071,144</u>	 <u>19,739,895</u>	 <u>1,668,751</u>	 <u>9%</u>
 <u>Position Summary</u>	 87	 91	 4	

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 and Operations Support, Administrative Services, Information Technology Services, Outreach and Communications, and Community Strategies and Resources.

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 division of Community Strategies and Resources was formed in 2021 to assist in leading the District's efforts in implementation of AB 617 mandates and other community-level strategies. The Community Strategies and Resources department provides 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. The department also provides 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 2022-23 BUDGET

New Workload

Personnel and Operations Support

The overall workload in the District's Personnel division will continue to be impacted during the 2022-23 budget year due to the implications of changes in laws and safety regulations associated with the pandemic. There are additional changes associated with leave administration and legal compliance through the end of 2022. The District only anticipates some minor changes over the next year and staff must continue and will take steps to ensure District leave programs comply state and federal rules and regulations. 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.

In support of the District's STAR work culture, the District will enhance diversity, equity and inclusion awareness and practices that will include review of current District policies and practices and additional training provided to District staff that will focus on and promote continuous improvement in our training and development programs. In addition, 2022-23,

the District will continue to develop and offer additional training programs to staff that will contribute to a positive environment, increase morale, and provide additional tools and resources that may allow staff to complete their duties more efficiently.

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 2022-23, 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, 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 the resources needed for application processing, public records requests as well as support provided as a result of continued AB 617 implementation. In addition to the above, the Executive Office workload will be impacted, as District programs continue to evolve. Additional support to the entire Executive team will be necessary in order to accommodate this growth.

Administrative Services

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 Administrative Services Division will continue to support the implementation of AB 617 mandates and increased funding for various emission reduction projects.

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 2022-23, the District will be working closely with partner agencies to administer over \$564 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 the latest in software and hardware to provide exceptional business value to District staff and stakeholders. Over the next year, the District will be undergoing several enhancement and improvement initiatives while continuing to implement several ongoing key technology

projects, many of which were temporarily paused to address the significant challenges posed by the COVID-19 pandemic.

The District's (ITS) department continues its commitment to improvement and providing highest level of customer service, to all the stakeholders. New workload and streamlining projects scheduled to be completed or commenced in the upcoming year are as follows:

Video Teleconferencing System Upgrade

The District uses its video teleconferencing (VTC) system to provide an electronic meeting platform for the public, District staff and stakeholders to remotely and physically attend and participate in meetings and public workshops held by the District and other stakeholders. Events include the District's Governing Board, Citizen Advisory Committee (CAC) and Environmental Justice Action Group (EJAG) meetings, public workshops involving other agencies such as the California Air Resource Board (CARB), Environmental Protection Agency (EPA) and other local, state, and federal partner agencies.

The VTC system is located in each of the three District offices with four different meeting rooms that have the ability to inter-connect as one meeting and includes the ability for the public to attend and participate in-person and virtually, which is essential to ensuring robust and equitable public participation through the maximization of options. This system, with integration to Zoom, played a critical role during the COVID pandemic for the District to continue to provide essential services to stakeholders.

The current VTC system was originally deployed in 2007 and was partially updated in 2014. The current system continues to use a considerable number of components that were part of the original installation. Typical useful life of the this type of system is between 5-7 years due to key components of the system becoming outdated and are no longer manufactured and no longer supported. The District's ITS team has meticulously maintained the existing VTC system, which has resulted in the system operating well beyond the typical and expected lifecycle. At this time it is imperative to upgrade the VTC as acquiring replacements parts is becoming increasingly difficult, which if not addressed could result in the periodic failures of the VTC. As a public agency that places the highest level of customer service and public interaction, having a reliable VTC system is essential.

The overall VTC system upgrade will include replacing the backend infrastructure of the system with upgraded components which will improve performance, reliability, and the quality of this system. The existing system is overly complex in its design and includes numerous components that can be eliminated through the upgrade. The District is planning to take advantage of new technology to upgrade the system with the latest and most efficient equipment that will reduce the number of components, have fewer failures points, will be easier to maintain, and is expected to reduce the number of maintenance hours and costs by hundreds of hours annually. Additionally, the control functionality for the system will be improved and will be more user-friendly, increasing the pool of people that will be able to use the system and decreasing the amount of time necessary for training in its use. The new system will also reduce the number of staff necessary to assist in running public District meetings and workshops.

Enhanced Grant Management System Process Workflows

The District internally develops and supports numerous software applications to provide the needed functionality for the District's core business operations. These software applications provide the public the ability to do business with the District efficiently and effectively while also focusing on the customer experience. One such program is the Grant Management System (GMS) that efficiently and effectively streamlines the grant application and time necessary to process applications.

ITS is currently developing of the next phase of GMS which will incorporate Compliance workflows and module integration that will automate and bring field inspection processes and grant application processes together in an efficient manner. The Compliance workflows will include more effective inspection assignments; will allow field staff to upload documents and pictures directly to the GMS program, and complete inspection processes while in the field, eliminating the need to return to an office setting. By completing these milestones in a more expeditious manner, the project can be processed more quickly with contracts/vouchers/rebates being issued faster, benefitting participants and Valley residents with cleaner equipment being purchased and used. This will result in significant cost and time savings through more effective assignments, better tracking mechanisms on existing assignments, and through quicker advancement of projects in the system.

Software Upgrade for the Permit Application System

The District's main software used for permitting and associated processes, Permit Application System (PAS), developed with the software that is no longer supported by the manufacturer. For this reason, ITS is committing resources to develop alternate programming tool options in order to maintain support and needed functionalities to its permit related business processes and will be working to convert the PAS application to the new platform over the next year. This update will also provide opportunities to leverage the new platform by exploring workflow efficiencies opportunities. To expedite the develop process, District staff have identified several programming tools, which will be used to complete this migration as quickly, efficiently and cost effectively as possible.

Deployment of Windows 11 Operating System

The District will be starting its workstation footprint upgrade project from Windows 10 to Windows 11 during the 2021-22, including the upgrading of the Microsoft Office software suite. This upgrade will provide staff with the latest Windows productivity suite and office tools to serve the public as well as reduce maintenance and upkeep time associated with the older operating systems and office suites. In addition to the ongoing efficiencies gained due to this deployment, District will explore the upgrade of MS Office 365, leveraging cloud technology where appropriate for cost-effectiveness and efficiency, which should help save deployment time.

Upgrading Legacy Business Applications

Modern technology changes at a fast pace, providing new opportunities for improvements to the District's existing business functions while provided opportunities to better protect IT assets and improve IT security. Several of the District's core business applications are older, legacy business applications and are in need of an upgrade due to the technology they use becoming outdated and are becoming increasingly challenging to provide the

technical support needed. Additionally, network security is becoming an increasing challenge throughout the IT world and older legacy programs inherently lack the ability to incorporate some of the available IT security software. It is imperative for the District to continue improving its existing technology for the betterment of customer service and minimize the potential impact to the maximum extent feasible to the public and its stakeholders as of the result of IT security matters. The District is using a scaled software development and implementation approach to achieve this multi-year goal. Under this initiative, District is going to pursue research and deployment of a centralized software deployment and workstation management tool that will allow the District technology team to manage all the user workstations from a central place. This will include deployment of software, operating systems and security patches to ensure staff's workstations are up-to-date with the software and are secure from vulnerabilities.

Geographic Information System (GIS) Implementation

Recently, the District has continued to expand its use of the Geographic Information System (GIS) software for enhanced data visualization and spatial analysis. The GIS software has numerous other capabilities that would benefit District operations, including data hosting, routing and directions, demographic data analysis, content management, to name a few. The District is investing in additional hardware and software to the existing GIS infrastructure to provide the enhanced features that GIS provides. This year, the District will also undertake the preparation of its key business application architecture to be GIS ready. GIS 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. Use of this tool will not only benefit District staff in the analysis of key data but will also allow collected data to be more relatable and accessible to the public.

Security Audit

The District's IT security is critical in keeping the District's IT and business systems secure from hackers and cyber-attacks. While the District has a robust set of security measures in place, third-party audits protect organizations from security threats by helping to potentially uncover underlying network security issues and prevent possible security breaches, which can cost time, money and loss of important business data as well as disruption to the business operations. The District is planning to engage external security experts through a competitive process to audit its existing security implementation and provide recommendations to improve and strengthen the IT security with best practices. The knowledge gained through this process will also help the District to evaluate opportunities for outsourcing security operations in the future.

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 2022-23, the District's core values, goals and mission will continue to be shared through enhanced multi-lingual 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 outreach activities related to the community steering committees 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.

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 2022-23, 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.

Community Strategies and Resources

In 2018, the State legislature passed Assembly Bill (AB) 617, the Community Air Protection Program that requires the California Air Resources Board (CARB) and air districts to develop and implement additional plans and measures in an effort to reduce air pollution exposure in CARB-selected disadvantaged communities. Since 2018, CARB has selected fifteen (15) communities for AB 617 implementation statewide, including the four San Joaquin Valley communities of South Central Fresno, Shafter, Stockton, and Arvin/Lamont.

As required under AB 617, the District's Governing Board adopted the South Central Fresno and Shafter Community Emission Reduction Programs (CERPs) in September 2019, and the Stockton CERP in 2020. Since adoption, the District has been working closely with the Community Steering Committees (CSC) and local partners to implement CERP measures designed to reduce air pollution and exposure in the communities. In addition to the CERP implementation work, the District has worked diligently to implement the Community Air Monitoring Plans in consultation with the CSCs, with extensive air monitoring conducted in each community and shared with the public on the District's community-specific webpages. In 2021, CARB selected the community of Arvin/Lamont as the fourth community in the San Joaquin Valley under the AB 617 program, which has added to the District's ongoing work in implementing the AB 617 program.

The strategies in the CERPs include incentive funding measures, regulatory strategies, public engagement strategies, enforcement strategies, and a number of additional strategies to be implemented in partnership with CARB, DPR, cities, counties, other agencies, community-based organizations, and other local partners. Many of the measures in the CERPs are incentive-based and require CARB's approval prior to being able to fund these measures. As the implementation of approved CERPs progresses, District staff will need to continue to engage with the CSCs in a number of areas.

The Community Strategies and Resources workload is expected to grow as the department continues to implement the measures outlined in the four CERPs. Work includes oversight in the development of incentive project plans with Community Air Protection incentive guidelines, continuing to enhance participation and access to air monitoring data in AB 617 communities, and working with the Outreach and Communications department to conduct targeted air quality-related outreach to promote available clean air programs in these communities. In addition, the Community Strategies and Resources department will continue to oversee the coordination and reporting of ongoing mandates under AB 617 like Best Available Retrofit Control Technology (BARCT) analysis and Criteria Air Pollutants and Toxic Air Contaminants (CTR) reporting requirements.

To ensure successful implementation of AB 617, residents, businesses, non-profits, agencies, and other stakeholders from all sectors within selected communities must be fully engaged. Towards that end, the Community Strategies and Resources department will continue to expand the scale of the AB 617 efforts at the District.

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. In 2022-23, the District will enhance the Supervisor/Manager module by adding staff telecommuting information, including schedules for enhanced auditing and reporting. The District will continue to monitor and utilize HRMS to create efficiencies and make necessary adjustments 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 2022-23, 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.

During the past year, the District transitioned to a new online payroll provider which made available new tools and resources, including the ability for District staff to make adjustments their tax withholdings and direct deposit changes on-line. This one change provided streamlining the maintenance of payroll record updates and processing of our biweekly payroll. These types of efficiencies allowed Personnel staff to respond to the increase in the number of employees as part of the 2021-22 fiscal plan year.

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 2022-23, the District will

shift the workload between staff to absorb any additional workload without additional staffing. In addition, we will continue to streamline processes, increase the efficiency in EDMS processes using the streamlining capabilities of the OnBase Client Portal. OnBase continues to allow a significant decrease in the 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. In addition to the routine duties of the OPS Division, support for the District's robust incentive grant programs, Public Records Request processing, and Executive Office support 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. 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.

Since 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. 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.

During this fiscal year, the District will continue transitioning to a zero emission fleet utilizing a green procurement policy and through purchasing electric vehicles. The goal of reducing emissions and carbon footprint of the District will be supported through the expansion of the District's charging infrastructure that was approved by the Governing Board in January of 2022.

Information Technology Services

Workstation Management

All District staff use workstations to conduct Districts business and carry out their assigned duties to serve the public. These workstations utilize many technologies from Operating Systems to Office tools such as Microsoft Office and custom-built software applications. All of these technologies require continuous upkeeps via updates to software, security patches, and bug fixes in order to keep current and secure. District is deploying a robust workstation management tool to improve the management of these workstations. This tool will allow remote management and will result in reduced maintenance time, and cost while providing the faster customer service and response to staff. Additionally, District will have better tracking of assets and save time during the annual inventory audit.

Great Migrations Studio (GMS)

District is in the process of updating its legacy applications from the older development technologies to newer technologies, these applications were developed with the Microsoft Technology, Visual Basic 6. Microsoft has planned to stop supporting this technology platform. Each software program has hundreds of business rules and millions of lines of code to be converted to the new code base. This is a tedious process, which could take multiple years and several programming staff to accomplish. District is investigating and going to acquire external tools that will help automate and expedite the conversion process. Using these tools should reduce the conversion process by at time and cost significantly as well as free some of the programming staff to do development for other projects.

GovDelivery - Granicus -Annual Service Subscription

For years, District has utilized a homegrown mass communications platform called list-Serv. to communicate with the public via email lists. District recently deployed a robust cloud base solution called GOVDelivery to replace the antiquated Listserv system. New system is efficient, streamlined and requires little to no maintenance. District is planning to leverage GovDelivery for enhancing its stakeholder's communications for all aspect of businesses such as promotion of new grants or permit holder reminder communications. Targeted and effective communications can be achieved with very little time and resources resulting in cost savings while increasing the customer services.

Public Release of information Requests (PRR)

On yearly basis District, process hundreds of Public Release of information Requests (PRR). These requests range from simple information request to very complex information request that involves many departments, research and can span for days to collect and release the information. District utilizes an internally developed software that has built in workflows to process these requests. There is significant time spent for this software updates and maintenance to keep up with the changing workflows and business needs. District is investing in a cloud bases solution to streamline the process and reduce the time for request processing as well as the upkeep of the program. Implementation of this solution will improve response time for PRR, reduce operational cost, provide flexibility to change workflows as business needs changes, and help provide enhanced customer service.

Backup Communications Links

All electronic communications from and to the District's three offices are transmitted through one service provider carrier's fiber links. Although, these links are generally reliable and the service providers guarantee services up to a certain level but incidental issues outside the control of the service providers such as theft or accidental damage to the physical medium can cause long interruption to the services. District is evaluating improving the capacity and quality of its backup links to the level where all public services are available in case of primary link being down. This will reduce interruption to the critical service to the public in case of emergencies.

Project Management Enhancement

District employs project management discipline to manage multiple departmental and District level projects. District is consistently looking into opportunities to streamline and enhance the project management techniques and tools. District has evaluated many project management tracking tools and is adopting new cloud based project management tool that will allow, multiple projects tracking from a centralized place with the ability for different stakeholders to see view of their tasks, provide updates, and track their progress. These updates rolls up to different level of management views and is automated in a way that provides real time progress on projects saving time and costs.

Automation & Change Management Enhancements

District's technology team regularly manages and monitors its information technology systems to ensure systems are operational and stable. Technical events are logged, and evaluated to proactively identify and address any issues. District is streamlining this

process via automated scripts to check systems health, identify problem areas, report and alert staff to address the potential issues. Once completed it will be saving hundreds of hours in staff time and a robust and efficient tracking.

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 other outreach needs, when such subcontracts provide a high level of customer service, project efficiency, and economic sense. For example, the District works 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. Additionally, the Districts Spanish Translation team has developed a variety of tools to assist with the ever-increasing need for Spanish translation and interpretation. These tools include joint email and database resources to assist with the translation of more technical documents.

Community Strategies and Resources

The CSR division has put into place a variety of streamlining measures to ensure successful oversight in implementing the emissions reduction programs and tracking community air monitoring progress in the four Valley-based AB 617 communities. The introduction of the project management tool Smartsheet has allowed the CSR team to efficiently assign, track, analyze, and follow up on project progress across all District departments. The CSR team also works with the Air Quality Science department to use a global information systems (GIS) platform to effectively analyze and communicate complicated community-level emissions information an air quality progress.

To ensure successful implementation of AB 617, participation and engagement from stakeholders in all sectors within selected communities is vital. Using a third-party contractor to help plan, prepare, and facilitate AB 617 meetings has helped the CSR team leverage other resources to streamline community engagement and run an effective AB 617 program.

Proposed Staffing Enhancement

After careful review of projected workload and efficiency measures, the following staffing changes are included in the 2022-23 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.

Personnel and Operations Support

Reclassification of one Senior Office Assistant to Personnel Technician

The District's personnel functions will be impacted during the 2022-23 budget year with enhancement of diversity, equity, and inclusion practices including review of program policies and additional training. The FY 2022-23 Budget recommends reclassifying one Senior Office Assistant to a Personnel Technician, to provide the expanded support to the workload associated with recruitment, safety, training, and other staff support.

Reclassification of one Personnel Analyst to Senior Personnel Analyst

In support of the District's STAR work culture and continuous improvement the District will enhance diversity, equity, and inclusion awareness practices, support and promote District training and development programs, the FY 2022-23 Budget recommends reclassifying one Personnel Analyst to a Senior Personnel Analyst, to provide the expanded additional leadership over these practices, as well as additional staff support.

Reclassification of one Senior Office Assistant to an Executive Assistant

This reclassification will support the District's need for additional dedicated support to the District's executive office and the executive management staff in order to support District core operations. In addition to increased workload associated with executive management support, the complexity of the workload related to public records request processing has continued to develop and expected to continue. The proposed Executive Assistant for the FY 2022-23 Budget will provide the expanded additional support over the Executive Office functions.

Administrative Services

Reclassification of one Accounting Technician to Supervising Accountant

This position will provide needed support to the expanding number of District programs and associated staff. In addition to increased workload of payroll, fleet, facilities, and finance processes, the District grant budget has grown five times larger in the last 8 years. Many of the new State and federal program have new and additional reporting requirements, which require Supervisory review and oversight. The proposed Supervising Accountant will provide the expanded additional leadership over Administrative Services processes and functions.

Information Technology Services

Reclassification of one Supervising Programming Systems Analyst to Supervising Network Systems Analyst

This reclassification will provide focused supervisory support to the ITS Network team as the workload and need for network technology solutions increases with significantly expanded programs and new mandates.

Outreach and Communications

Reclassification of one Senior Air Quality Ed Representative to a Supervising Air Quality Education Representative Bilingual and one Regular Air Quality Education Representative to an Air Quality Education Representative Bilingual

These reclassifications will address increased workload associated with the multilingual implementation of additional outreach programs including additional multilingual workload associated with the District's AB 617 program. These reclassifications are supported by existing revenues.

Community Strategies and Resources

Addition of one Regular Air Quality Specialist

This position addresses the increased workload associated with administration of the District's AB 617 program. This position is supported by state funding received to implement the program.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2021/2022</u>	<u>2022/2023 Recommended</u>	<u>Increase/ Decrease</u>
Accountant I/II	6.0	6.0	0
Accounting Assistant I/II	5.0	5.0	0
Accounting Technician I/II	4.0	3.0	-1.0
Air Quality Education Rep Bilingual I/II	2.0	3.0	1.0
Air Quality Education Rep I/II	3.5	2.5	-1.0
Air Quality Education Web Specialist I/II	1.0	1.0	0
Air Quality Specialist I/II	0	1.0	1.0
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	8.0	8.0	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	2.0	1.0
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	0	-1.0
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

SUMMARY OF POSITIONS

		2022/2023	Increase/
<u>Title</u>	<u>2021/2022</u>	<u>Recommended</u>	<u>Decrease</u>
Senior Office Assistant	3.0	3.0	0
Senior Office Assistant (Conf)	1.0	0	-1.0
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	3.0	1.0
Supervising Air Quality Education Rep	0	1.0	1.0
Supervising Network Systems Analyst	0	1.0	1.0
Supervising Programmer/Analyst	2.0	1.0	-1.0
TOTAL	<u>89.0</u>	<u>90.0</u>	<u>1.0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Administration

	Adjusted* FY 21-22	Recommended FY 22-23	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$8,321,962	\$8,585,833	\$263,871	3%
Temporary Help	\$236,906	\$265,522	\$28,616	12%
On Call Pay	-	-	-	-
Overtime	\$104,697	\$108,068	\$3,371	3%
Unemployment	\$14,010	\$15,132	\$1,122	8%
Retirement	\$3,829,549	\$4,036,675	\$207,126	5%
OASDI	\$138,815	\$146,717	\$7,902	6%
Workers Compensation	\$77,986	\$75,192	(\$2,794)	(4%)
Cafeteria Plan Benefits	\$949,938	\$987,629	\$37,691	4%
Long-Term Disability Insurance	\$20,618	\$21,757	\$1,139	6%
Alternate Transportation Incentive	\$57,888	\$70,980	\$13,092	23%
TOTAL SALARIES AND BENEFITS	\$13,752,369	\$14,313,505	\$561,136	4%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$20,450	\$13,270	(\$7,180)	(35%)
Mobile Communications	\$39,339	\$45,103	\$5,764	15%
Telephone Charges	\$26,304	\$34,861	\$8,557	33%
Insurance	\$151,202	\$187,648	\$36,446	24%
Equipment Maintenance	\$64,188	\$56,389	(\$7,799)	(12%)
Vehicle Maintenance & Operations	\$9,900	\$8,030	(\$1,870)	(19%)
Computer Maintenance	\$182,163	\$289,285	\$107,122	59%
Video Conferencing Maintenance & Operations	\$124,500	\$131,340	\$6,840	5%
Building Maintenance & Operations	\$71,350	\$77,745	\$6,395	9%
Office Supplies	\$12,845	\$11,229	(\$1,616)	(13%)
Computer Software & Supplies	\$52,562	\$70,203	\$17,641	34%
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$14,922	\$18,100	\$3,178	21%
Printing	\$99,125	\$100,511	\$1,386	1%
Professional & Specialized Services	\$2,000,002	\$2,356,676	\$356,674	18%
Publications & Legal Notices	\$6,800	\$10,000	\$3,200	47%
Rents & Leases	\$7,231	\$8,141	\$910	13%
Small Tools & Equipment	\$32,484	\$34,025	\$1,541	5%
Special District Expense	\$146,430	\$150,694	\$4,264	3%
Travel & Training	\$157,625	\$161,625	\$4,000	3%
Travel & Training - Boards	\$39,550	\$39,550	-	-
Utilities	\$69,225	\$71,911	\$2,686	4%
Audit Services	\$25,000	\$25,000	-	-
Legal Services	\$42,400	\$42,400	-	-
TOTAL SERVICES AND SUPPLIES	\$3,395,597	\$3,943,736	\$548,139	16%
FIXED ASSETS				
Office Improvements	\$210,000	\$24,357	(\$185,643)	(88%)
Facilities & Equipment	\$106,836	\$12,421	(\$94,415)	(88%)
Computer Equipment	\$205,054	\$198,159	(\$6,895)	(3%)
Office Furniture / Equipment	\$7,201	\$7,941	\$740	10%
Office Machines	\$35,809	\$29,040	(\$6,769)	(19%)
Telephone Systems	\$10,278	\$33,060	\$22,782	222%
Automobiles	\$278,000	\$107,676	(\$170,324)	(61%)
Video Conferencing System	\$70,000	\$1,070,000	\$1,000,000	1429%
TOTAL FIXED ASSETS	\$923,178	\$1,482,654	\$559,476	61%
TOTAL OPERATING APPROPRIATIONS	\$18,071,144	\$19,739,895	\$1,668,751	9%

COMPLIANCE

FISCAL SUMMARY

	<u>Budgeted 2021-22</u>	<u>Recommended 2022-23</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	13,706,026	14,276,767	570,741	4%
Services and Supplies	1,112,582	1,337,233	224,651	20%
Fixed Assets	<u>531,456</u>	<u>813,185</u>	<u>281,729</u>	<u>53%</u>
 Total	 <u>15,350,064</u>	 <u>16,427,185</u>	 <u>1,077,121</u>	 <u>7%</u>
 <u>Position Summary</u>	 99.5	 99.5		

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, 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 over 14,800 permitted facilities, which include over 6,100 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.

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 residents and businesses comply with a variety of air pollution regulations. Residents and businesses throughout the Valley are provided with:

- **Individualized Assistance**
Personalized, one-on-one help is provided to thousands of residents and businesses 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 other agencies and land managers including the USDA Forest Service, National Park Service, US Fish and Wildlife Service, Bureau of Land Management, and the California Department of Forestry and Fire Protection 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 and smoke impacts throughout the Valley air basin.
- **Access to Compliance Policies**
Compliance policies are available on the District’s website for stakeholders to review, comment on, and use to assist them with complying with District requirements. The District website 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 guideline adherence 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, higher polluting equipment and vehicles with cleaner options, including heavy-duty diesel trucks, school buses, agricultural pump engines, 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, 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 the 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 implements 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 in which the equipment will be used is appropriate for portable equipment registration.

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 require inspection every year.

Examples of the types of portable equipment inspected include portable concrete batch plants, oil well service equipment, engines that power electrical generators, 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.

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 manage permitted projects and track their 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 obtain 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. In fact, over the 2021 wildfire season, District Staff coordinated with Land Management Agencies to deploy portable PM2.5 monitors to inundated areas and ensure communities had online access to the evolving smoke impacts. 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 continue to conduct inspections and coordinate 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 PM2.5 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 website. 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 violations per year. The program settles the majority of the cases through this 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.

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 cubic yards of earth will be moved on at least 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 6,000 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 approved variances and other Hearing Board orders.

SIGNIFICANT IMPACTS TO 2022-23 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 2022-23, including: Rule 4354 – Glass Melting Furnaces; Rule 4352 – Solid Fuel Fired Boilers, Steam Generators, and Process Heaters; Rule 4702 – Internal Combustion Engines; Rule 4320 – Advanced Emission Reduction Options for Boilers, Steam Generators, and Process Heaters; Rule 4306 – Boilers, Steam Generators, and Process Heaters; Rule 4311 – Flares; as well as an updated phase-out schedule for agricultural burning. 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 2022-23, the District expects to receive an additional \$248 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 2022-23 carried forward as reserved fund balance. These two sources will bring the total incentive funds available to the District in 2022-23 to \$579 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 2022-23 the District will continue to work on implementation of AB 617, Community Air Protection Program, in the Shafter, South Central Fresno, and Stockton Communities. 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 Program (CERP). 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 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. California's national forests have yet to recover from the consequences of their tree mortality epidemic due to unprecedented drought, bark beetle infestation, and high tree densities, from which an estimated 149 million trees have died according to the US Forest Service. This issue is still very relevant as the Sierra Nevada 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, and subsequently the Supplemental 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.

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 Toxic Emission Inventory Plan and Toxic Emission Inventory 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. Tangibly, the process which Supervisory staff assign grant inspections to their field team will be further streamlined following work flow upgrades to the District's state of the art Grant Management System that are currently being developed and is expected to be fully implemented in the 2022-2023 fiscal year.

Response to COVID-19 Pandemic

The District 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 in accordance with 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. This includes accommodations such as offering virtual, or remote, inspections for grant monitoring activity, including inspections of old (destroyed) and new (incentivized) equipment alike. Virtual inspections are also offered for engines enrolled in the state's Portable Equipment Registration Program, the District's Portable Equipment Registration Program, and for District-permitted emergency-use and low-use engine inspections at facilities with only those permit types. These virtual inspection processes, which were approved by the California Air Resources Board, has allowed District staff to continue processing grants and provide funding amid the COVID-19 pandemic, preventing any undue delays while maintaining social distancing, contributing to the economic vitality of the Valley, and ensuring ongoing compliance assistance for Valley stakeholders.

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, which is the preferred method of transmittal because this report must be submitted to the District within 10 days of correcting a breakdown condition, 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. 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 timelier 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 forms available and that can be filled out as part of the compliance inspection. The goal is for the majority of the forms 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 process, 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 wood burning 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, 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.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2021/2022</u>	<u>2022/2023 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 21-22	Recommended FY 22-23	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$7,993,799	\$8,246,500	\$252,701	3%
Temporary Help	\$432,369	\$473,798	\$41,429	10%
On Call Pay	\$119,148	\$119,083	(\$65)	-
Overtime	\$81,965	\$82,641	\$676	1%
Unemployment	\$15,281	\$16,365	\$1,084	7%
Retirement	\$3,712,624	\$3,923,308	\$210,684	6%
OASDI	\$139,877	\$158,295	\$18,418	13%
Workers Compensation	\$132,791	\$142,926	\$10,135	8%
Cafeteria Plan Benefits	\$991,086	\$1,012,316	\$21,230	2%
Long-Term Disability Insurance	\$20,786	\$21,975	\$1,189	6%
Alternate Transportation Incentive	\$66,300	\$79,560	\$13,260	20%
TOTAL SALARIES AND BENEFITS	\$13,706,026	\$14,276,767	\$570,741	4%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$16,915	\$19,665	\$2,750	16%
Mobile Communications	\$79,445	\$89,004	\$9,559	12%
Telephone Charges	\$40,009	\$53,314	\$13,305	33%
Insurance	\$172,923	\$207,456	\$34,533	20%
Equipment Maintenance	\$91,175	\$94,590	\$3,415	4%
Vehicle Maintenance & Operations	\$155,550	\$172,194	\$16,644	11%
Computer Maintenance	\$131,267	\$211,762	\$80,495	61%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$81,602	\$85,956	\$4,354	5%
Office Supplies	\$13,776	\$11,310	(\$2,466)	(18%)
Computer Software & Supplies	\$45,293	\$64,164	\$18,871	42%
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$23,907	\$19,100	(\$4,807)	(20%)
Printing	\$19,707	\$21,647	\$1,940	10%
Professional & Specialized Services	\$64,447	\$105,749	\$41,302	64%
Publications & Legal Notices	\$5,000	\$5,000	-	-
Rents & Leases	\$4,118	\$4,468	\$350	8%
Small Tools & Equipment	\$12,334	\$12,946	\$612	5%
Special District Expense	\$16,070	\$16,578	\$508	3%
Travel & Training	\$27,260	\$26,930	(\$330)	(1%)
Travel & Training - Boards	\$28,136	\$28,136	-	-
Utilities	\$83,648	\$87,264	\$3,616	4%
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$1,112,582	\$1,337,233	\$224,651	20%
FIXED ASSETS				
Office Improvements	-	\$26,927	\$26,927	-
Facilities & Equipment	\$37,221	\$13,733	(\$23,488)	(63%)
Computer Equipment	\$158,600	\$200,568	\$41,968	26%
Office Furniture / Equipment	\$8,235	\$8,778	\$543	7%
Office Machines	\$8,646	-	(\$8,646)	(100%)
Telephone Systems	\$11,751	-	(\$11,751)	(100%)
Detection Equipment	\$75,003	\$58,000	(\$17,003)	(23%)
Automobiles	\$232,000	\$505,179	\$273,179	118%
TOTAL FIXED ASSETS	\$531,456	\$813,185	\$281,729	53%
TOTAL OPERATING APPROPRIATIONS	\$15,350,064	\$16,427,185	\$1,077,121	7%

PERMIT SERVICES

FISCAL SUMMARY

	<u>Budgeted 2021-22</u>	<u>Recommended 2022-23</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	13,305,945	13,496,229	190,284	1%
Services and Supplies	576,039	772,916	196,877	34%
Fixed Assets	193,090	217,928	24,838	13%
 Total	 <u>14,075,074</u>	 <u>14,487,073</u>	 <u>411,999</u>	 <u>3%</u>
 <u>Position Summary</u>	 87	 88	 1	

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 2021, the Permit Services processed 888 ATC permitting projects, representing 1,851 ATC permits for new and modified equipment and operations. In 2022-23, the District expects to receive approximately 1,027 ATC projects, which represents increased activity due to prohibitory rule compliance projects for gas fired boilers, solid fuel fired boilers, flares, glass plants, and internal combustion (IC) engines.

Federally Mandated Operating Permits (Title V)

As of 2021, 251 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 2021, the District issued 2,671 initial and renewal Title V permits for 53 facilities and processed 149 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 2021, the District processed 47 ERCs applications for new banking actions and ERC transactions. This level of activity is expected to increase to 55 ERC applications in 2022-23, due to an expected increase in ERC transaction application activity.

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 2022-23, Permit staff plans on updating 130 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 2021, the District processed 859 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 over 4,800 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 2021, the District processed approximately 6,000 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 2022-23, 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 2021, District staff reviewed 1,825 CEQA documents and sent approximately 485 comment letters to other CEQA lead agencies, and processed 228 CEQA projects related to Authority to Construct permitting.

Senate Bill 4 (Oil and Gas Well Stimulation)

In 2022-23, 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 2022-23, it is estimated that the District will receive and process about the same number of well drilling and stimulation applications 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 2021, the District received 360 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 14,000 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 2022-23 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 and those subject to the state's Criteria and Toxics Reporting (CTR) regulation;
- 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.).

Rule Compliance Authority to Construct (ATC) Projects

In 2022-23, the District expects significant additional permitting workload from over 300 rule compliance projects for District Rules 4306, 4311, 4320, 4352, 4354, and 4702. Several hundred ATC projects, involving thousands of permit units, will need to be processed in a short time frame in order to meet the rule compliance time frames. Without streamlining this process, this new workload would require several thousands of hours of staff time. In order to process this new workload as efficiently as possible, the District will develop specific supplemental application forms, emission control plan forms, and streamlined engineering evaluation templates so these permits can be issued in a timely manner.

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 workgroup to create a document on the uniform reporting of emissions inventory for oil and gas 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 130 BACT guidelines in 2022-23. 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. It is expected that, in 2022-23, Permits staff will expend approximately the same amount of resources as last year in 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. The work this will include modifying Rule 2201 (New Source Review) to address ERCs and other EPA concerns.

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. 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 2022-23. 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 2022-23. 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 2022-23 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 a similar number of projects in 2022-23 due to continued construction activity in the Valley. The District received 360 ISR applications in 2021, and it is predicted we will receive and process a similar number of projects during the next fiscal year. The District is enhancing its review of projects in 2022-23 as well as evaluating the rule for stringency and other amendment potential, as the District does on an ongoing basis for District rules and regulations.

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 2022-23.

ATC Processing

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 2022-23, 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 ongoing 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.

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.

Rule Compliance Authority to Construct Projects

In 2022-23, the District expects significant additional permitting workload from over 300 rule compliance projects for District Rules 4306, 4311, 4320, 4352, 4354, and 4702. In order to process this new workload as efficiently as possible, the District will implement two primary streamlining measures:

- Develop rule-specific streamlined supplemental application forms and emission control plan forms, and
- Develop streamlined rule compliance engineering evaluation templates, including for major sources of air pollution.

These streamlined supplemental application forms, emission control plan forms, and engineering evaluation templates are specifically tailored to the equipment covered by each rule. Many of these rule compliance projects are complex, with additional complications at major sources. Due to the described streamlining measures, it is expected to result in reduced staff processing time compared to the baseline ATC project processing time, estimated to be approximately 3,000 hours saved (1.5 FTE).

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 2022-23. The District is expecting to process 65 Title V permit renewal projects in 2022-23 compared to 43 Title V renewal applications in 2021. The efficiency gains in this area will greatly contribute to minimizing additional hours needed to process significantly more Title V renewal applications projected for 2022-23, 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 2022-23 will further streamline the reassessment of District permitted facilities under the Air Toxics Hot Spots program. Previous efforts to be fully realized in the coming year, and new efforts, are as follows:

- Develop additional 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,
- Continue utilization of 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,
- Continue utilization of 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,
- Create and implement a new CARB approved prioritization tool to be used for gasoline dispensing facilities to automatically prioritize and calculate screening health risk with minimal staff time spent.

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 last year. 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 of our streamlined process, the projected workload is expected to remain unchanged compared to the previous year.

Indirect Source Review (ISR)

As construction activity continues in the Valley, the District continues to receive ISR projects nearing all-time highs of over 350 projects per year over the past few years, and this application rate is expected to continue through the next fiscal year. As a result in improvements to the ISR database, the District has realized a significant decrease in the time necessary to process ISR applications. In 2022, the District will launch a new ISR web portal that will allow developers to check the status of their pending projects at any time. In turn, this will reduce the amount of staff time spent on phone calls and responding to emails regarding status updates. 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. One such feature to enhance the ISR process will be the inclusion of an applications submittal feature within the ISR portal. This will provide additional flexibility for developers to submit applications, but will also reduce District staff time logging in projects, as this will be automated.

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 2,300 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.

Proposed Staffing Enhancement

As described above, the District is facing ongoing and expanding work in several areas with the Technical Services group, including:

- Emissions inventory under the state's Criteria and Toxics Reporting (CTR) regulation,
- Air toxics analyses and reporting under the state's amended air toxics guidelines,
- Community engagement and related efforts under AB 617 with additional selected communities in the Valley,
- Increased number of projects and enhanced commenting as a trustee agency under CEQA, and
- Enhanced processes with the Indirect Source Review (ISR) program.

Currently a single Technical Services Program Manager oversees emissions inventory, CEQA, air toxics, and ISR, in addition to other functions. Given the critical importance of addressing expanded state and other mandates in the San Joaquin Valley, additional management support is necessary for the effective and timely implementation of these new regulatory activities required in the coming years. Towards that end, the budget includes one (1) new Program Manager in the Permit Services Department that will provide focused leadership, guidance, and support in the development and implementation of expanded workload in addition to supporting existing programs.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2021/2022</u>	<u>2022/2023 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	2.0	1.0
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>88.0</u>	<u>1.0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Permit Services

	Adjusted* FY 21-22	Recommended FY 22-23	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$8,316,435	\$8,351,260	\$34,825	-
Temporary Help	-	-	-	-
On Call Pay	-	-	-	-
Overtime	\$83,072	\$83,787	\$715	1%
Unemployment	\$11,957	\$12,895	\$938	8%
Retirement	\$3,803,171	\$3,915,261	\$112,090	3%
OASDI	\$123,820	\$123,731	(\$89)	-
Workers Compensation	\$50,867	\$53,625	\$2,758	5%
Cafeteria Plan Benefits	\$839,343	\$866,263	\$26,920	3%
Long-Term Disability Insurance	\$20,076	\$20,767	\$691	3%
Alternate Transportation Incentive	\$57,204	\$68,640	\$11,436	20%
TOTAL SALARIES AND BENEFITS	\$13,305,945	\$13,496,229	\$190,284	1%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	-	-	-	-
Mobile Communications	\$5,607	\$5,593	(\$14)	-
Telephone Charges	\$26,302	\$34,084	\$7,782	30%
Insurance	\$151,200	\$183,478	\$32,278	21%
Equipment Maintenance	\$55,171	\$55,136	(\$35)	-
Vehicle Maintenance & Operations	-	-	-	-
Computer Maintenance	\$65,551	\$162,096	\$96,545	147%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$71,353	\$76,022	\$4,669	7%
Office Supplies	\$12,045	\$10,003	(\$2,042)	(17%)
Computer Software & Supplies	\$36,824	\$52,993	\$16,169	44%
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$10,712	\$7,200	(\$3,512)	(33%)
Printing	\$9,625	\$10,765	\$1,140	12%
Professional & Specialized Services	\$16,126	\$56,051	\$39,925	248%
Publications & Legal Notices	\$12,220	\$12,220	-	-
Rents & Leases	\$5,308	\$5,858	\$550	10%
Small Tools & Equipment	\$7,584	\$8,336	\$752	10%
Special District Expense	\$4,285	\$4,304	\$19	-
Travel & Training	\$14,876	\$14,876	-	-
Travel & Training - Boards	-	-	-	-
Utilities	\$71,250	\$73,901	\$2,651	4%
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$576,039	\$772,916	\$196,877	34%
FIXED ASSETS				
Office Improvements	-	\$23,816	\$23,816	-
Facilities & Equipment	\$31,744	\$12,146	(\$19,598)	(62%)
Computer Equipment	\$136,314	\$174,202	\$37,888	28%
Office Furniture / Equipment	\$7,200	\$7,764	\$564	8%
Office Machines	\$7,560	-	(\$7,560)	(100%)
Telephone Systems	\$10,272	-	(\$10,272)	(100%)
TOTAL FIXED ASSETS	\$193,090	\$217,928	\$24,838	13%
TOTAL OPERATING APPROPRIATIONS	\$14,075,074	\$14,487,073	\$411,999	3%

STRATEGIES AND INCENTIVES

FISCAL SUMMARY

	<u>Budgeted 2021-22</u>	<u>Recommended 2022-23</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	13,997,845	15,040,623	1,042,778	7%
Services and Supplies	2,826,718	3,324,317	497,599	18%
Fixed Assets	<u>1,869,988</u>	<u>1,914,824</u>	<u>44,836</u>	<u>2%</u>
 Total	 <u>18,694,551</u>	 <u>20,279,764</u>	 <u>1,585,213</u>	 <u>8%</u>

<u>Position Summary</u>	92	92
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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 24 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 2021-22, the District obligated over \$128 million in incentive funds through its various heavy-duty programs for over 2,200 engines/vehicles, and paid out over \$83 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 2021-22, the District has issued over 2,500 vouchers for more than \$6.1 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 2021-22, the District obligated over \$4.5 million in incentive funds through its heavy-duty truck replacement programs for over 140 engines/vehicles, and paid out over \$3.4 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 2021-22, the District has provided more than 2,700 rebates for over \$7.8 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 2021-22, the District obligated over \$49 million in incentive funds through its heavy-duty agricultural equipment replacement programs for over 830 engines/vehicles, and paid out over \$49 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. During the first eight months of 2021-22, the District obligated over \$4.9 million in incentive funds through its heavy-duty Low Dust Nut Harvester Replacement programs for over 55 vehicles, and paid out over \$4.3 million in grant claims.

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 2021-22, the District has issued 950 vouchers for more than \$31.5 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, 9 projects have been implemented and 9 more are under contract for a total of \$12.7 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 2021-22 the District has provided more than \$2.9 million, to replace more than 215 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 2021-22, the District issued vouchers for over \$1.3 million for 51 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 2021-22, the district paid out over \$1.3 million in claims for locomotives and TRU projects. At this time, a new solicitation is being processed and contracts offered for truck replacements.

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 2021-22, the District contracted over \$2.5 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 2021-22, the District has provided more than 1170 vouchers for over \$216 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 2021-22, the District has funded 97 vouchers for more than \$291,000.

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 2021-22, the District has redeemed over 4,400 vouchers for over \$133,000.

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 2022-23 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 2022-23, 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 conservation management practices and contingency measure strategies. In addition, the District may undergo additional rule development processes 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 2022-23, the District will continue its work to design and implement the SIP-creditable incentive-based measures included in the 2018 PM2.5 Plan.

The District will also be working on finalizing the 2022 ozone plan to address the federal 2015 8-hour 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 addition, as the Valley has already demonstrated attainment of the federal PM10 and 1-hour ozone standards, the District needs to develop maintenance plans for these standards (updated maintenance plan for PM10), demonstrating the Valley's ongoing compliance with these standards. In addition, with the Valley now meeting the 1997 24-hour PM2.5 standard and likely meeting the 1997 annual PM2.5 and ozone standards, a maintenance plan for this standard will also need to be developed in the coming year, supporting the Valley's formal redesignation to attainment for this standard.

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: understanding the impacts/practices for fallowed lands and enhanced conservation management practices, understanding changing PM2.5 source apportionment through the implementation of air quality

strategies, and evaluating the effectiveness of the Valley's criteria pollutant and air toxics reduction 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 2022-23 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 ozone and PM2.5 standards that have federal deadlines in the coming years.

In 2022-23, 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 2023 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 2022-23, 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 2022-23, the District will continue the AB 617 implementation process for the community of Arvin/Lamont, developing and implementing 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 2022-23 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 designed and implemented into this next year. 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 2022-23 fiscal year, District staff will continue to operate the community air monitoring systems, as well as maintain tools for the public to view the collected data in real-time.

In addition, the District's air monitoring staff manage an in-house equipment cache in coordination with CARB to provide mobile and rapidly deployable air monitoring equipment for prescribed burning projects. This effort supports the implementation of SB 901 and SB 1260, which focus on increasing the pace and scale of fuel reduction in the forests, and providing resources to support the goal of increasing these projects. The District's air monitoring team works closely with land management agencies (LMA) conducting prescribed burning projects to provide air monitoring equipment for their use during fuel reduction projects in the region. District staff also provide technical support to the LMAs for the use of the equipment as needed.

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 2022-23, the District expects to receive an additional \$221.8 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 2022-23 to over \$564.4 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 2022-23. 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 June 2021, you Board adopted and CARB approved the final phase-out strategy for the remaining agricultural open burning in the San Joaquin Valley. This strategy includes the near-complete phase-out of open burning by January 1, 2025 and includes phase-out schedules that maximize the reduction of tonnage of material burned as early as possible, taking into account feasibility of alternatives for different crop types. The Strategy includes the maximum amount of flexibility and the longest time to adjust to the phase-outs for the smallest agricultural operations. Due to the high cost and limited availability of alternatives to agricultural open burning, significant incentives will be required to assist growers with transition in the coming years. As such, significant District work will be required to coordinate with CARB, interested public, and agricultural community to implement and enforce the final phase-out strategy. This includes extensive outreach to Valley growers regarding phase-out requirements 2021 through 2024 and available resources for alternative practices as well as the implementation of the District's Alternatives to Agricultural Open Burning Incentive Program. As such, open burning of agricultural material is expected to continue to rapidly decrease in 2022 and in coming years as the final phase-out continues to be implemented

In August 2021, your Board accepted \$178,200,000 in funding for the District's Alternatives to Agricultural Open Burning Incentive Program and approved several enhancements to the program that included funding to enhance chipping capacity in the Valley. This program has been extremely popular and significant workload is expected into the 2022-23 fiscal year, with \$89.7 million appropriated in the 2022-23 Recommended Budget.

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 2022-23. 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 \$10.7 million for the Burn Cleaner/woodsmoke reduction program in 2022-23 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 workload related to the implementation of adopted CERPs in South Central Fresno, Shafter and Stockton as well as the development and implementation 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 \$25.7 million in funding for the continued implementation of the Drive Clean in the San Joaquin Program. 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 2022-23, with over \$975,000 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 2022-23. 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 2022-23, 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 2022-23, 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 2022-23, 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 2022-23 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. This system

has also been used to support the review of photochemical modeling being conducted for the *2022 Ozone Plan* addressing the 70 ppb 8-hour ozone standard. Overall, having this resource available was key to the success of this comprehensive effort. In 2022-23, 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 other upcoming planning and regulatory projects.

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 2022-23, 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:

- Continued 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,
- Continued 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 2022-23, 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 timeframes 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 Alternatives to Agricultural Open Burning, Tractor Replacement, 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,

Alternatives to Agricultural Open Burning 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.

Proposed Staffing Enhancement

After careful review of projected workload and efficiency measures, the following staffing changes are included in the 2022-23 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.

Reclassification of one Air Quality Instrument Technician position to a Senior Air Quality Instrument Technician position

Due to the growing importance of complete and high-quality air monitoring data to support the District's critical upcoming planning needs and actions, the FY 2022-23 Budget recommends reclassifying one (1) Air Quality Instrument Technician position to a Senior Air Quality Instrument Technician position, to provide the expanded additional oversight and leadership over the program.

Reclassification of one Air Quality Assistant to Senior Air Quality Specialist

To address increased workload associated with the District's voluntary incentive programs, this position change will fulfill the increased need for senior-level program level review and guidance, which is necessary to adequately support the Air Quality Specialist activities in the department. This position reclassification is supported by new revenues specifically provided by the state to offset the administrative costs for these programs.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2021/2022</u>	<u>2022/2023 Recommended</u>	<u>Increase/ Decrease</u>
Air Quality Analysis and Research Supervisor	1.0	1.0	0
Air Quality Assistant	5.0	4.0	-1.0
Air Quality Instrument Specialist I/II	7.0	7.0	0
Air Quality Instrument Tech I/II	7.0	6.0	-1.0
Air Quality Specialist I/II	31.0	31.0	0
Director of Air Quality Planning	1.0	1.0	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	2.0	1.0
Senior Air Quality Specialist	15.0	16.0	1.0
Staff Technician I/II	3.0	3.0	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	6.0	6.0	0
Supervising Atmospheric Modeler	1.0	1.0	0
TOTAL	<u>92.0</u>	<u>92.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Strategies and Incentives

	Adjusted* FY 21-22	Recommended FY 22-23	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$7,658,426	\$7,988,931	\$330,505	4%
Temporary Help	\$1,356,764	\$1,704,308	\$347,544	26%
On Call Pay	-	-	-	-
Overtime	\$74,502	\$77,784	\$3,282	4%
Unemployment	\$16,314	\$18,089	\$1,775	11%
Retirement	\$3,532,568	\$3,745,517	\$212,949	6%
OASDI	\$183,805	\$241,690	\$57,885	31%
Workers Compensation	\$72,530	\$79,227	\$6,697	9%
Cafeteria Plan Benefits	\$1,023,826	\$1,088,521	\$64,695	6%
Long-Term Disability Insurance	\$21,894	\$24,016	\$2,122	10%
Alternate Transportation Incentive	\$57,216	\$72,540	\$15,324	27%
TOTAL SALARIES AND BENEFITS	\$13,997,845	\$15,040,623	\$1,042,778	7%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$8,724	\$9,824	\$1,100	13%
Mobile Communications	\$65,389	\$72,760	\$7,371	11%
Telephone Charges	\$26,910	\$35,634	\$8,724	32%
Insurance	\$154,675	\$191,818	\$37,143	24%
Equipment Maintenance	\$56,266	\$57,638	\$1,372	2%
Vehicle Maintenance & Operations	\$42,200	\$48,191	\$5,991	14%
Computer Maintenance	\$195,664	\$272,522	\$76,858	39%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$72,995	\$79,477	\$6,482	9%
Office Supplies	\$12,322	\$10,458	(\$1,864)	(15%)
Computer Software & Supplies	\$37,668	\$55,395	\$17,727	47%
Monitoring Station Supplies & Equipment	\$1,333,463	\$1,491,863	\$158,400	12%
Postage	\$18,459	\$26,800	\$8,341	45%
Printing	\$10,443	\$11,852	\$1,409	13%
Professional & Specialized Services	\$382,118	\$544,202	\$162,084	42%
Publications & Legal Notices	\$49,800	\$43,200	(\$6,600)	(13%)
Rents & Leases	\$160,625	\$165,539	\$4,914	3%
Small Tools & Equipment	\$8,758	\$9,714	\$956	11%
Special District Expense	\$5,312	\$5,646	\$334	6%
Travel & Training	\$45,150	\$45,700	\$550	1%
Travel & Training - Boards	-	-	-	-
Utilities	\$139,777	\$146,084	\$6,307	5%
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$2,826,718	\$3,324,317	\$497,599	18%
FIXED ASSETS				
Office Improvements	-	\$24,900	\$24,900	-
Facilities & Equipment	\$31,199	\$12,700	(\$18,499)	(59%)
Computer Equipment	\$229,781	\$273,852	\$44,071	19%
Office Furniture / Equipment	\$7,364	\$8,117	\$753	10%
Office Machines	\$7,735	-	(\$7,735)	(100%)
Telephone Systems	\$10,509	-	(\$10,509)	(100%)
Automobiles	\$145,000	\$227,145	\$82,145	57%
Air Monitoring Station Equipment	\$1,433,400	\$1,342,110	(\$91,290)	(6%)
Air Monitoring Near Roadway Stations	-	\$20,000	\$20,000	-
Air Monitoring Automation/Remote Control Project	\$5,000	\$6,000	\$1,000	20%
TOTAL FIXED ASSETS	\$1,869,988	\$1,914,824	\$44,836	2%
TOTAL OPERATING APPROPRIATIONS	\$18,694,551	\$20,279,764	\$1,585,213	8%

NON-OPERATING BUDGET

NON-OPERATING BUDGET

FISCAL SUMMARY

	Budgeted 2021-22	Recommended 2022-23	Increase/ (Decrease)	%
<u>Appropriations</u>				
Other Charges	323,900	189,000	(134,900)	-42%
Incentive Programs	518,233,900	563,398,600	45,164,700	9%
Approp. for Contingencies	850,000	850,000	-	
Total	519,407,800	564,437,600	45,029,800	9%

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 2022-23 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 2022-23 is \$189,000.

INCENTIVE PROGRAMS

The 2022-23 Recommended Budget includes \$564,437,600 of appropriations for emission reduction incentive grants. These appropriations represent revenues anticipated to be received in 2022-23 and unused funds that carry over from the prior year. The District expects that additional incentive funds will be added to the 2022-23 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 2022-23 Recommended Budget:

• DMV Surcharge Fees - Incentives	\$ 65,736,400
• Carl Moyer Program	33,471,400
• ISR & VERA	32,453,700
• Proposition 1B Funding Program	4,465,300
• Federal Funding	24,795,800
• Community & Other Incentives	6,835,900
• Enhanced Fleet Modernization	23,038,100
• Community Air Protection	114,167,100
• FARMER	147,255,900
• Alternatives to Ag Burning	89,503,400
• Volkswagen Mitigation Funding	20,858,500
• Miscellaneous Incentive Grants	1,856,100
Total Incentive Grants	<u>\$564,437,600</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 2022-23. 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 \$5 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.

Enhanced Fleet Modernization

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) repair program and the EFMP Plus-Up light-duty vehicle replacement program.

Community Air Protection

These funds are intended to reduce emissions in low-income and disadvantaged communities throughout the region, including funds allocated to communities selected through the AB 617 process and included in Board-approved Community Emission Reduction Programs. Funds from this category can be used on existing programs such as Carl Moyer and Proposition 1B, new stationary source categories developed by CARB, and projects identified through the Community Emission Reduction Program.

FARMER

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.

Alternatives to Agricultural Open Burning

This program provides financial incentives to commercial agricultural operations located within the District boundaries to chip agricultural material. The chipped material is then used for soil incorporation or land application on agricultural land as an alternative to the open burning of the agricultural materials.

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 is allocated in two phases of \$65 million each, with the first phase available now and the second phase following at least two years later.

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 2022-23 is \$850,000, the same as recommended and adopted for 2021-22.

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 \$564 million in the 2022-23 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 \$2.3 billion in match funding, with a combined District and grant recipient funding investment of more than \$4.2 billion.

District Incentive Funding (\$)	Grant Recipient Match Funding (\$)	Emissions Reductions (tons)	Cost-effectiveness (\$/ton)
\$1,906,235,000	\$2,323,139,000	212,000	\$8,970

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

- 1,000 agricultural irrigation pump engines (~\$4,600/ton)
- 8,400 agricultural equipment replacements (~\$8,840/ton)
- 850 Alternatives to agricultural burning projects (~\$2,420/ton)
- 180 off-road equipment repowers (~\$12,000/ton)
- 4,300 heavy-duty trucks (~\$12,700/ton)
- 460 school bus retrofits (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 260 school bus replacements (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 4,200 lawnmower replacements (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)

- 22,100 fireplace change-outs (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 143,120 commuter subsidies (~\$52,700/ton)
- 40 locomotive replacements/retrofits (~\$13,270/ton)
- 20,300 new alt fuel light duty vehicles Public & Private (~\$50,000 - \$150,000/ton)
- 530 vehicle retirements (car crushing) (~\$15,000-\$50,000/ton)
- 33,100 vehicle emissions repairs (~\$20,000/ton)
- 6 bicycle infrastructure projects (bike paths) (~\$32,500/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 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 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. In addition, upon passage of AB 617 and new associated emission reduction incentive funding, the District has been working closely with Community Steering Committees 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.

Distribution of Funds – It is important that the distribution of funds closely follows population and location of key sources in the Valley

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.

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.

Federal Funding – Funding is for emissions reductions 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, including funds allocated to communities selected through the AB 617 process and included in Board-approved Community Emission Reduction Programs. 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 is 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.

Alternatives to Agricultural Open Burning Funding – These funds provide financial incentives to commercial agricultural operations located within the District boundaries to chip agricultural material. The chipped material is then used for soil incorporation or land application on agricultural land as an alternative to the open burning of the agricultural materials.

PROPOSED INCENTIVE SPENDING PLAN

Based on the above factors, the District proposes the below incentive program spending plan for the 2022-23 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.

Fiscal Year 2022-23 Spending Plan

Heavy-Duty Programs

Ag Equipment Replacement	\$187,992,200
Ag Pump Replacement	\$3,000,000
Alternative Fuel Infrastructure	\$19,000,000
Dairy Feed Mixer Electrification Program	\$9,000,000
Electric Ag UTV	\$10,000,000
Electric Yard Trucks	\$4,233,400
Emergency Vehicle Replacement	\$2,000,000
Locomotives	\$6,177,100
Low-Dust Nut Harvester Replacement	\$2,000,000
Truck Replacement Program	\$16,611,100
Truck Replacement Program (Prop 1B)	\$4,465,300

Community Incentives

Bicycle Lane Infrastructure	\$500,000
Burn Cleaner/Woodsmoke Reduction	\$10,323,900
Commercial Lawn and Garden	\$1,000,000
Drive Clean Rebate Program	\$12,115,700
Drive Clean Repair Program (Tune-In Tune-Up)	\$11,000,000
Drive Clean Replacement Program	\$23,038,100
Miscellaneous Incentives	\$111,800
Residential Lawn and Garden	\$620,700

Community Air Protection Funds

Board-Approved CERP Funds

Ag Equipment Replacement	\$1,779,433
Ag Pump Replacement	\$50,000

Alternative Fuel Infrastructure	\$750,000
Bicycle Lane Infrastructure	\$1,000,000
Burn Cleaner	\$425,000
Car Sharing Program	\$1,000,000
Charge Up Program	\$125,000
Commercial Lawn and Garden	\$85,000
Drive Clean Repair Program (Tune-In Tune-Up)	\$500,000
Drive Clean Replacement Program	\$2,700,000
Educational Training for EV Mechanics	\$150,000
Electric Yard Trucks	\$1,350,000
Locomotives (Railcar Movers and Switchers)	\$11,700,000
Low-Dust Nut Harvester Replacement	\$427,591
On-field Alternatives to Open Burning	\$250,000
Public Benefits	\$350,000
Residential Lawn and Garden	\$150,897
Road Dust Paving and Sidewalk Installations	\$2,000,000
School Bus Replacement and Retrofit	\$13,215,861
Truck Replacement Program	\$8,500,000
Truck Rerouting Study	\$500,000
Urban Greening	\$2,055,000
Vegetative Barriers	\$2,000,000
<u>Other Community Air Protection Funds</u>	
Valleywide Zero-Emission School Bus Program	\$30,000,000
Community Air Protection Fund Programs (funding allocations established by Board)	\$33,103,318
Advanced Transportation/Vehicles	
ARB - Flexible Solutions for Freight Facilities	\$1,100
ARB - Frito Lay Freight Facility	\$500
Charge Up Program	\$4,000,000
Public Benefits	\$10,000,000
Volkswagen Mitigation Trust	\$20,858,500
Non-Mobile Programs	
Alternatives to Agricultural Open Burning	\$89,503,400
Clean Air Centers Program	\$703,700
Technology Advancement	
Technology Advancement Program	\$975,000

Contingencies	\$850,000
Air Toxics	\$189,000
Grand Total	\$564,437,600

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

	Adjusted* FY 21-22	Estimated Actuals FY 21-22	Recommended FY 22-23	Budget/Budget		Budget/Actual	
				Increase (Decrease)	%	Increase (Decrease)	%
NON-OPERATING APPROPRIATIONS							
OTHER CHARGES							
Air Toxic Pass Through	\$323,900	\$323,900	\$189,000	(\$134,900)	(42%)	(\$134,900)	(42%)
Dairy CEQA - Pass Through	-	-	-	-	-	-	-
TOTAL OTHER CHARGES	\$323,900	\$323,900	\$189,000	(\$134,900)	(42%)	(\$134,900)	(42%)
INCENTIVE PROGRAMS							
DMV Surcharge Fees - Incentives	\$62,325,300	\$59,678,398	\$65,736,400	\$3,411,100	5%	\$6,058,002	10%
Carl Moyer Program	\$40,958,100	\$23,768,629	\$33,471,400	(\$7,486,700)	(18%)	\$9,702,771	41%
ISR and VERA'S	\$40,132,200	\$31,023,597	\$32,453,700	(\$7,678,500)	(19%)	\$1,430,103	5%
Proposition 1B Funding Program	\$5,459,000	\$4,958,889	\$4,465,300	(\$993,700)	(18%)	(\$493,589)	(10%)
Federal DERA/Designated Funding Program	\$57,538,868	\$39,529,628	\$24,795,800	(\$32,743,068)	(57%)	(\$14,733,828)	(37%)
Community & Other Incentives Funded by Operating Reven	\$13,028,400	\$12,902,368	\$6,835,900	(\$6,192,500)	(48%)	(\$6,066,468)	(47%)
Miscellaneous Incentive Programs	\$210,500	\$102,238	\$111,800	(\$98,700)	(47%)	\$9,562	9%
CEC Grants	-	\$1,200,000	-	-	-	(\$1,200,000)	(100%)
State Cap & Trade Funding	\$472,896,250	\$286,702,170	\$374,669,800	(\$98,226,450)	(21%)	\$87,967,630	31%
Volkswagen Mitigation Funding	\$18,142,600	\$17,354,772	\$20,858,500	\$2,715,900	15%	\$3,503,728	20%
TOTAL INCENTIVE PROGRAMS	\$710,691,218	\$477,220,689	\$563,398,600	(\$147,292,618)	(21%)	\$86,177,911	18%
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	-	-
TOTAL NON-OPERATING APPROPRIATIONS	\$711,865,118	\$477,544,589	\$564,437,600	(\$147,427,518)	(21%)	\$86,893,011	18%

PRIOR YEARS BUDGET COMPARISON

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

Prior 3 Years and 2022-23 Recommended

	Adjusted 2019-20 @ 6/30/20	Adjusted 2020-21 @ 6/30/21	Adjusted 2021-22 @ 3/31/22	Recommended 2022-23
APPROPRIATIONS				
Salaries & Benefits (net of Salary Savings)	\$ 48,063,693	\$ 50,220,501	\$ 54,762,185	\$ 57,127,124
Services & Supplies	7,661,338	7,347,679	7,910,936	9,378,202
Fixed Assets	5,858,004	3,889,464	3,517,712	4,428,591
OPERATING APPROPRIATIONS	<u>61,583,035</u>	<u>61,457,644</u>	<u>66,190,833</u>	<u>70,933,917</u>
Other Charges	749,700	667,700	323,900	189,000
Incentive Contracts	765,498,347	480,676,069	710,691,218	563,398,600
Appropriation for Contingencies	850,000	850,000	850,000	850,000
NON-OPERATING APPROPRIATIONS	<u>767,098,047</u>	<u>482,193,769</u>	<u>711,865,118</u>	<u>564,437,600</u>
TOTAL APPROPRIATIONS	<u>\$ 828,681,082</u>	<u>\$ 543,651,413</u>	<u>\$ 778,055,951</u>	<u>\$ 635,371,517</u>
REVENUE				
Stationary Revenue	\$ 35,334,858	\$ 31,963,278	\$ 34,574,266	\$ 29,925,427
Grant Revenue	15,320,000	16,020,000	16,320,000	16,020,000
DMV Surcharge Fees - District Portion	12,760,000	12,860,000	12,960,000	13,060,000
Administrative Fees - Incentive Programs	7,000,000	7,300,000	9,500,000	9,500,000
Transfer to Non-Operating Revenue for Incentive Grants	(6,000,000)	(16,000,000)	(12,000,000)	(5,000,000)
Fund Balance Used	(2,478,823)	10,474,366	4,783,579	16,178,490
Reserves Released / (Increased)	(353,000)	(1,160,000)	(1,650,000)	(8,750,000)
OPERATING REVENUE/FUNDING SOURCES	<u>61,583,035</u>	<u>61,457,644</u>	<u>64,487,845</u>	<u>70,933,917</u>
Non-Operating Revenue	447,141,003	296,712,138	572,129,062	256,510,295
Fund Balance/Reserves Released	319,957,044	185,481,631	141,439,044	307,927,305
NON-OPERATING REVENUE/FUNDING SOURCES	<u>767,098,047</u>	<u>482,193,769</u>	<u>713,568,106</u>	<u>564,437,600</u>
TOTAL REVENUE/FUNDING SOURCES	<u>\$ 828,681,082</u>	<u>\$ 543,651,413</u>	<u>\$ 778,055,951</u>	<u>\$ 635,371,517</u>
RECOMMENDED POSITIONS	350.5	359.5	367.5	369.5
RESERVES				
General Reserve	\$ 6,000,000	\$ 6,100,000	\$ 6,400,000	\$ 14,200,000
Long-Term Building Maintenance	500,000	500,000	500,000	1,000,000
Computer-VTC Equipment Reserve	300,000	300,000	500,000	-
Pension Stabilization Reserve Fund	2,770,000	3,630,000	4,580,000	5,480,000
Modeling Equipment Reserve	200,000	350,000	500,000	500,000
Monitoring Equipment Reserve	-	50,000	100,000	150,000

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
SCHEDULE OF ESTIMATED REVENUES
Prior 3 Years and 2022-23 Recommended

<u>ACCOUNT TITLE</u>	<u>2019-20 Adjusted Revenues @ 6/30/20</u>	<u>2020-21 Adjusted Revenues @ 6/30/21</u>	<u>2021-22 Adjusted Revenues @ 3/31/22</u>	<u>2022-23 Estimated Revenues</u>
OPERATING REVENUE				
STATIONARY SOURCE				
Permit Fees	\$ 20,922,660	\$ 19,046,845	\$ 19,385,016	\$ 20,742,677
Section 185 - Non Attainment Fees - Rule 3170	655,785	641,136	681,000	300,000
Advanced Emission Reduction Options (AERO) Fees	5,191,187	4,157,571	5,408,000	4,680,000
Settlements	2,500,000	2,500,000	2,500,000	2,500,000
Interest	900,000	1,500,000	1,500,000	1,500,000
Miscellaneous	165,226	117,726	100,250	52,750
Residential Furnaces - Rule 4905	5,000,000	4,000,000	5,000,000	150,000
Total Stationary Non-Grant Operating Revenue	35,334,858	31,963,278	34,574,266	29,925,427
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	12,700,000
State Grant - Oil and Gas Regulations	355,000	355,000	355,000	355,000
Total Grant Revenue	15,320,000	16,020,000	16,320,000	16,020,000
Total Stationary Operating Revenue	\$ 50,654,858	\$ 47,983,278	\$ 50,894,266	\$ 45,945,427
MOBILE SOURCE				
DMV Surcharge Fees - District	\$ 12,760,000	\$ 12,860,000	\$ 12,960,000	\$ 13,060,000
Administrative Fees - Incentive Programs	7,000,000	7,300,000	9,500,000	9,500,000
Total Operating Revenue	\$ 70,414,858	\$ 68,143,278	\$ 73,354,266	\$ 68,505,427
Transfer to Non-Operating Revenue for Incentive Grants	\$ (6,000,000)	\$ (16,000,000)	\$ (12,000,000)	\$ (5,000,000)
Fund Balance Used	(2,478,823)	10,474,366	4,783,579	16,178,490
Reserves Released / (Increased)	(353,000)	(1,160,000)	(1,650,000)	(8,750,000)
Estimated Funding Sources - Operating	\$ 61,583,035	\$ 61,457,644	\$ 64,487,845	\$ 70,933,917
NON-OPERATING REVENUE				
Air Toxics	\$ 749,615	\$ 667,638	\$ 323,898	\$ 189,000
DMV Surcharge Fees - Pass Through	44,788,680	45,611,000	47,078,000	47,694,000
Carl Moyer Funds	18,750,000	18,000,000	36,000,000	16,500,000
VERA/ISR Mitigation Program	48,723,562	7,900,177	29,682,906	13,350,982
DERA Program	-	-	-	-
Operating Revenues Funding Community Incentives	6,000,000	16,000,000	12,000,000	5,000,000
Proposition 1B Funding Program	-	2,218,558	2,218,558	-
School Bus Program	880,689	-	-	-
Federal Grants	29,634,468	58,189,225	57,538,868	59,425,497
Miscellaneous Incentive Grant Funding	870,000	20,000	20,000	20,000
Interest - Non-Operating	5,088,000	6,134,800	8,506,410	9,801,710
CEC - Energy Efficiency Block Grant	7,999,979	900,000	-	-
Reimburse Operating for Administrative Revenues Earned	(7,000,000)	(7,300,000)	(9,500,000)	(9,500,000)
Administrative Fees - Incentive Programs	22,175,191	9,883,701	19,772,907	8,453,430
State Cap & Trade Funding	219,730,819	138,487,039	360,607,515	105,575,676
Volkswagen Mitigation Funding	48,750,000	-	7,880,000	-
Total Non-Operating Revenue	\$ 447,141,003	\$ 296,712,138	\$ 572,129,062	\$ 256,510,295
Fund Balance/Reserves Released	\$ 319,957,044	\$ 185,481,631	\$ 141,439,044	\$ 307,927,305
Estimated Funding Sources - Non-Operating	\$ 767,098,047	\$ 482,193,769	\$ 713,568,106	\$ 564,437,600
TOTAL REVENUE				
Estimated Financing Sources - Total	\$ 828,681,082	\$ 543,651,413	\$ 778,055,951	\$ 635,371,517

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

Budget Comparison

Total District

Prior 3 Years and 2022-23 Recommended

DESCRIPTION	2019-20 Adjusted @ 6/30/20	2020-21 Adjusted @ 6/30/21	2021-22 Adjusted @ 3/31/22	2022-23 Recommended Appropriations
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OPERATING APPROPRIATIONS

SALARIES AND BENEFITS

Regular Salaries	\$ 28,389,372	\$ 29,487,709	\$ 32,290,622	\$ 33,172,524
Temporary Help	1,198,345	1,159,064	2,026,039	2,443,628
On Call Pay	116,748	116,748	119,148	119,083
Overtime	320,252	393,369	344,236	352,280
Unemployment	79,020	59,445	57,562	62,481
Retirement	13,221,627	14,220,846	14,877,912	15,620,761
OASDI	512,738	525,108	586,317	670,433
Workers Compensation	321,397	375,860	334,174	350,970
Cafeteria Plan Benefits	3,598,796	3,571,897	3,804,193	3,954,729
Long-Term Disability Insurance	73,954	75,759	83,374	88,515
Alternate Transportation Incentive	231,444	234,696	238,608	291,720
TOTAL SALARIES AND BENEFITS	\$ 48,063,693	\$ 50,220,501	\$ 54,762,185	\$ 57,127,124

SERVICES AND SUPPLIES

Safety Supplies & Equipment	\$ 23,570	\$ 24,889	\$ 46,089	\$ 42,759
Mobile Communications	188,280	206,508	189,780	212,460
Telephone Charges	104,500	113,100	119,525	157,893
Insurance	316,400	462,000	630,000	770,400
Equipment Maintenance	198,110	210,810	266,800	263,753
Vehicle Maintenance & Operations	230,640	248,500	207,650	228,415
Computer Maintenance	452,852	620,201	574,645	935,665
Video Conferencing Maintenance & Operations	115,930	115,580	124,500	131,340
Building Maintenance & Operations	269,700	282,105	297,300	319,200
Office Supplies	53,100	53,900	50,988	43,000
Computer Software & Supplies	95,472	94,417	172,347	242,755
Monitoring Station Supplies & Equipment	1,198,200	1,166,923	1,333,463	1,491,863
Postage	87,200	91,900	68,000	71,200
Printing	132,250	138,350	138,900	144,775
Professional & Specialized Services	3,082,928	2,338,418	2,462,693	3,062,678
Publications & Legal Notices	116,018	68,520	73,820	70,420
Rents & Leases	142,861	194,911	177,282	184,006
Small Tools & Equipment	32,015	48,160	61,160	65,021
Special District Expense	150,686	163,762	172,097	177,222
Travel & Training	194,440	208,439	244,911	249,131
Travel & Training - Boards	67,686	67,686	67,686	67,686
Utilities	346,100	362,700	363,900	379,160
Audit Services	20,000	23,500	25,000	25,000
Legal Services	42,400	42,400	42,400	42,400
TOTAL SERVICES AND SUPPLIES	\$ 7,661,338	\$ 7,347,679	\$ 7,910,936	\$ 9,378,202

FIXED ASSETS

Office Improvements	\$ 50,000	\$ 336,000	\$ 210,000	\$ 100,000
Facilities & Equipment	130,000	125,000	207,000	51,000
Computer Equipment	2,108,554	784,854	729,749	846,781
Office Furniture & Equipment	31,200	30,000	30,000	32,600
Office Machines	27,250	26,250	59,750	29,040
Telephone Systems	37,750	39,770	42,810	33,060
Detection Equipment	160,000	188,000	75,003	58,000
Automobiles	574,000	432,000	655,000	840,000
Audio / Visual Equipment	-	-	-	-
Air Monitoring Automation/Remote Control Project	175,000	5,000	5,000	6,000
Video Conferencing System	26,000	70,000	70,000	1,070,000
Air Monitoring Station Equipment	1,388,250	1,852,590	1,433,400	1,342,110
Air Monitoring Near Roadway Stations	-	-	-	20,000
Purchase of Southern Region Office Building	-	-	-	-
Community Monitoring - Hardware	-	-	-	-
Community Monitoring - Equipment	-	-	-	-
Central Office Expansion	1,150,000	-	-	-
TOTAL FIXED ASSETS	\$ 5,858,004	\$ 3,889,464	\$ 3,517,712	\$ 4,428,591

TOTAL OPERATING APPROPRIATIONS

	\$ 61,583,035	\$ 61,457,644	\$ 66,190,833	\$ 70,933,917
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SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Budget Comparison
Total District
Prior 3 Years and 2022-23 Recommended

DESCRIPTION	2019-20 Adjusted @ 6/30/20	2020-21 Adjusted @ 6/30/21	2021-22 Adjusted @ 3/31/22	2022-23 Recommended Appropriations
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NON-OPERATING APPROPRIATIONS

OTHER CHARGES

Air Toxic Pass Through	\$ 749,700	\$ 667,700	\$ 323,900	\$ 189,000
Dairy CEQA Pass Through	-	-	-	-
TOTAL OTHER CHARGES	\$ 749,700	\$ 667,700	\$ 323,900	\$ 189,000

INCENTIVE PROGRAMS

DMV Surcharge Fees - Incentives	\$ 103,506,200	\$ 54,775,500	\$ 62,325,300	\$ 65,736,400
Carl Moyer Heavy Duty Program	25,717,000	18,161,300	40,958,100	33,471,400
ISR and VERA's	115,310,300	37,756,500	40,132,200	32,453,700
Proposition 1B Funding Program	18,620,100	6,091,958	5,459,000	4,465,300
School Bus Program	3,213,400	1,248,500	-	-
Federal DERA/ Designated Funding Programs	30,214,647	58,189,143	57,538,868	24,795,800
Community Incentives	12,488,400	16,280,900	13,028,400	6,835,900
Greenhouse Gas Mitigation Program	-	-	-	-
GHG Support for Cities and Counties	-	-	-	-
Miscellaneous/Interest - Incentive Programs	907,400	20,400	210,500	111,800
Energy Efficiency Grant	8,000,000	6,000,000	-	-
Drought Relief Program	-	-	-	-
State Cap & Trade Funding	382,465,000	240,527,568	472,896,250	374,669,800
Volkswagen Mitigation Funding	65,055,900	41,624,300	18,142,600	20,858,500
TOTAL INCENTIVE PROGRAMS	\$ 765,498,347	\$ 480,676,069	\$ 710,691,218	\$ 563,398,600

Appropriation for Contingencies	\$ 850,000	\$ 850,000	\$ 850,000	\$ 850,000
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TOTAL NON-OPERATING APPROPRIATIONS	\$ 767,098,047	\$ 482,193,769	\$ 711,865,118	\$ 564,437,600
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TOTAL APPROPRIATIONS

TOTAL DISTRICT APPROPRIATIONS	\$ 828,681,082	\$ 543,651,413	\$ 778,055,951	\$ 635,371,517
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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