

RECOMMENDED BUDGET

2016-2017



San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT



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Madera County

Supervisor J. Steven Worthley

Tulare County

Seyed Sadredin

Executive Director / Air Pollution Control Officer

June 16, 2016

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

2016-17 Recommended Budget

TABLE OF CONTENTS

Executive Director’s Transmittal Letter	i
Budget Financial Summary	
• Budget Summary	1
• Schedule of Estimated Revenues	2
• District Appropriations – Line Item Detail	3
Operating Budgets	
Administration	
• Program Description	5
• Summary of Positions	16
• Line Item Detail	18
Compliance	
• Program Description	19
• Summary of Positions	31
• Line Item Detail	32
Permit Services	
• Program Description	33
• Summary of Positions	47
• Line Item Detail	48
Strategy and Incentives Program	
• Program Description	49
• Summary of Positions	70
• Line Item Detail	71
Non-Operating Budget	
• Program Description	72
• Incentive Spending Plan	76
• Line Item Detail	81
Prior Years Budget Comparison	
• Budget Summary	82
• Schedule of Estimated Revenues	83
• District Appropriations – Line Item Detail	84

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May 19, 2016

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, 2016 to June 30, 2017. Policy guidance for the 2016-17 Budget was provided by your Board's Ad Hoc Subcommittee for Budget and Finance, which consisted of Supervisor Wheeler, Supervisor Mendes, Councilmember Gurrola, Supervisor Pedersen and Dr. Capitman.

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 common sense.

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 workload impacts, as well as efficiencies and streamlining measures being 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, expedited processing of permit applications, and fulfill all state and federal mandates in a timely fashion.

Budget Highlights

- Total operating budget down \$26,508
- Significant increase in mandated workload absorbed through efficiency and streamlining
- No increase in total number of positions
- 7% salary savings through position control
- Strong public education and outreach
- Expeditious administration and use of emission reduction incentive funds in a wide range of applications (\$150.9 million)
- \$300,000 for Valley-specific scientific studies and air quality modeling
- Continued assistance to local municipalities in meeting clean-air and climate change mandates
- Balanced budget with adequate reserves and contingencies

Workload and Staffing

In 2016-17, the District will experience significant workload increases in a number of areas which are summarized below:

Administration of Incentive Grants:

The administration of the District's large incentive program is highly labor intensive, even after intensive streamlining and efficiency efforts. Recognizing the fact that Valley businesses are already subject to some of the toughest air regulations in the nation, the Recommended Budget once again devotes significant resources to the District's voluntary incentive grant programs. These programs are central to the District's efforts to attain the ever-tightening federal ambient air quality standards as expeditiously as possible.

The Burn Cleaner wood stove change-out incentive is a critical part of the strategy to address the effects of residential wood burning. During 2015-16, the District implemented several enhancements to the Burn Cleaner incentive program, which provides funding to Valley residents to assist in switching to clean-burning devices. These enhancements included a significant increase in incentive amounts and enhanced public outreach which resulted in a tremendous response from Valley residents with over 4,000 vouchers for clean-burning devices. This substantial increase in funding and associated voucher requests resulted in a corresponding increase in workload to accommodate the higher program demand. The Recommended Budget includes another \$6.4 million for the Burn Cleaner program, with the expected demand from Valley residents and corresponding workload remaining extremely high.

In 2016-17, the District will receive over \$41 million of Proposition 1B funds to be awarded to interested truck fleet owners and other eligible applicants for goods movement emission reduction projects through a competitive application solicitation process. With the implementation of this regulation and new state guidelines, more complex and labor-intensive project specific evaluations will be required. This added

complexity will also necessitate working more closely with each fleet owner and truck operator to determine their potential eligibility for the program.

The District is developing a new 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 becoming commercially available. This program will provide 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 will be evaluated against the specific criteria developed as a part of this program.

The District's Technology Advancement Program will continue to see significant activity in 2016-17, with \$4.4 million in funding for Valley-based technology demonstration projects. Substantial staff time will be required to administer ongoing demonstration projects, solicit and evaluate new project proposals, and execute agreements for new Board-approved demonstration projects.

In addition to the work 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 requires significant staff resources, and many key state and federal grant opportunities will likely become available in 2016-17.

Of particular importance will be the need to secure new funding made available through the state Cap and Trade program. As directed by the District Governing Board in May of 2015, the District will continue to implement the District's multi-faceted Cap and Trade 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. Through this effort, the District will work to ensure that the Valley receives its fair share of funding given the disproportionate number of disadvantaged communities in the San Joaquin Valley. This effort will include advocacy with the legislature and state agencies and working with Valley entities to build capacity to compete for and effectively spend the dollars available. Implementing this action plan will require substantial staff resources to conduct outreach and advocacy, prepare numerous proposals for District-administered grant programs, assist Valley entities in preparing grant proposals, and secure and administer targeted block grants.

Air Quality Planning and Rule Development:

In addition to the many attainment plans that the District has already developed and implemented, the District is also mandated under the Clean Air Act to develop and adopt several new ozone and particulate plans in the next few years. Although each of these plans applies to a different specific air quality standard, ozone and particulate matter have common precursors, and many of the same control measures and strategies are likely to be required to expeditiously attain these standards.

A significant amount of work will be required in 2016-17 to prepare new PM2.5 and ozone attainment plans. The District will need to prepare plans and attainment strategies to address the 2006 PM2.5 standard, the 2012 PM2.5 standard, and maintenance of the 1987 PM10 standard. The District will also need to initiate development of the plan to address the recently adopted 2015 8-hour ozone standard. Developing plans that demonstrate attainment with the latest ozone and PM2.5 air quality standards that approach natural background levels will require an enormous amount of emissions reductions and the deployment of transformative measures. In developing these plans, the District will need to conduct extensive research in close cooperation with Valley stakeholders to explore potential innovative control strategies. Development of these plans will involve extensive public engagement, including working closely with the Public Advisory Workgroup (PAW) which plans on meeting on a regular basis to review and provide feedback on various components of the plan(s). The District will also continue to prioritize strategies that provide for maximum health benefits under its Health Risk Reduction Strategy. District staff will need to collaborate extensively with ARB on refining the emission inventory and atmospheric modeling for these upcoming plans through use of the District's Air Quality Modeling Center. District staff will also continue to analyze the implications of new federal standards for oxides of nitrogen, oxides of sulfur, ozone, and particulate matter with respect to additional attainment plan requirements, potential implications to the District's air monitoring network, and impacts to other District programs.

In 2016-17, the District will also continue with the evaluation of potential amendments to Rule 4692 (Commercial Charbroiling) to achieve additional emissions reductions from charbroiling operations through the installation of emissions control technologies at restaurants utilizing under-fired grills. An important component of this ongoing evaluation is the on-site demonstration of emission control technologies at Valley restaurants to better understand the cost and feasibility of applying such technologies.

Enforcement and Permitting:

In 2016-17, the District will begin implementation of an entirely new program related to Senate Bill 4 (SB4) associated with the reviewing and commenting of state Department of Conservation – Division of Oil, Gas and Geothermal Resources (DOGGR) permits for well drilling and stimulation activities, such as hydraulic fracturing, otherwise known as fracking. The bill requires DOGGR to promulgate regulations that require permits and reporting by companies that perform fracking or other types of oil and gas well stimulation techniques and requires DOGGR to enter into agreements regarding regulatory responsibilities with other involved agencies, including local air Districts. It is estimated that the added workload will involve permit processing for up to 300 well drilling and stimulation activities per year.

For the fiscal year period 2016-17, the District expects an increase in the Title V workload. While the District does not expect significant numbers of new facilities entering into the Title V permitting program, we are projecting a 30% increase in the number of Title V renewals processed in the upcoming fiscal year associated with the regular permit renewal schedule for existing and recently added Title V facilities. Furthermore, the additional facilities recently issued permits under the Title V program

will significantly increase workload as the Title V program requires more frequent inspections and adds additional layers of reporting to the EPA.

In addition, a number of recently amended District rules will also have compliance requirements implemented in Fiscal Year 2016-17, including: Rule 4307 – Boilers, Steam Generator, and Process Heaters – 2.0 MMBtu/hr to 5.0 MMBtu/hr, Rule 4311 – Flares, Rule 4320 – Advanced Emission Reduction Options For Boilers, Steam Generators, And Process Heaters Greater Than 5.0 MMBtu/hr, Rule 4354 – Glass Melting Furnaces, Rule 4570 – Confined Animal Facilities, Rule 4605 – Aerospace Assembly And Component Coating Operations, Rule 4621 – Gasoline Transfer Into Stationary Storage Containers, Delivery Vessels, And Bulk Plants, Rule 4694 – Wine Fermentation and Storage Tanks, Rule 4702 – Internal Combustion Engines (Phase 2), Rule 4905 – Natural Gas-Fired Fan Type Central Furnaces, Rule 7070 – Perchloroethylene From Dry Cleaning Operations, and Rule 9410 – Employer Based Trip Reduction. These amended rules will require additional inspections, record review, and emission testing oversight.

The District is also finding it necessary to continue to review and comment on state efforts to implement AB 32, California's climate protection legislation, with an emphasis on eliminating regulatory overlap and implementing significant streamlining efforts. The state Air Resources Board is developing a new greenhouse gas regulation targeting methane emissions from the oil and gas industry. If adopted, ARB's proposed regulation will impose new requirements aimed at reducing methane emissions from certain equipment used in oil and gas production operation. Incorporating the District's core values of efficiency, good government, and elimination of duplicative regulation, the Governing Board has directed District staff to develop a program to implement and enforce this regulation locally. After adoption by ARB, and approval by the District Governing Board, the District would enter into an agreement with the ARB to implement and enforce the new regulation. The District's involvement in these activities is an opportunity to streamline duplicative regulatory requirements and provide a common-sense approach to implementing these new regulations that will provide for effective and efficient implementation at the local level. The proposed budget does not incorporate funding for this program. Budget and funding adjustments will be necessary, and will be brought to the Governing Board for adoption after the District program is developed to implement this state regulation.

In related AB 32 implementation efforts, the District will be continuing to implement the Landfill Gas Control measure in 2016-17. The Landfill Gas Control measure will largely affect facilities already under permit with the District, and as such, the additional workload within the District's Compliance Department to implement this measure will be incremental and absorbed by existing staff. In addition, at the request of regulated stakeholders and California Air Resources Board, the District has been asked to enter into a contract to perform initial enforcement of their Refrigerant Management Program due to the District's unparalleled level of customer service, streamlining and efficiency that local businesses are accustomed to when working with the District. Moving forward, ARB has indicated that they would like to enter into a Memorandum of

Understanding to enforce the requirement on a permanent basis. The Refrigeration Management measure has the potential to be very labor intensive.

The District's innovative eTRIP Rule (Rule 9410, Employer Based Trip Reduction) was designed to reduce single occupancy vehicle work commutes at the Valley's larger employers. The final stages of rule requirements took effect recently and significant efforts have been made to date to ensure compliance with the rule. The initial focus was on providing compliance assistance and outreach to the affected work places. Ensuring compliance with this innovative rule continues to be paramount in the District's ongoing mission to protect public health and improve the Valley's air. The District will expand its outreach, compliance assistance and enforcement efforts necessary to implement and ensure compliance with the rule.

Since its formation, the District has adopted and amended several rules relating to consumer products. Due to the ubiquitous nature of consumer products, the District has found that there are instances where non-compliant products are inadvertently or negligently sold within the Valley. The sales of these non-compliant products can have a significant impact on the Valley's ability to attain federal air quality standards. Recently, several new mandates have been adopted, as well as existing mandates with annual reporting requirements. The District will be conducting additional outreach, compliance assistance and enforcement activities regarding consumer product rules and upcoming compliance deadlines, including those for District Rule 4905 (Natural Gas-Fired, Fan-Type Central Furnaces).

Air Monitoring:

As has been the case in prior years, a significant workload increase is expected in the Air Monitoring Program. The new federal nitrogen dioxide standard requires new near-roadway nitrogen dioxide monitors in counties with populations above 1 million be installed over the next two years in Bakersfield and Fresno. The new stations require considerable staff time to operate and maintain.

Air Quality Modeling and Neighborhood-by-Neighborhood Air Quality Reporting:

The District continues to conduct analysis needed for improving air quality forecasting tools to reflect the ongoing improvements in Valley air quality. Providing accurate and up-to-date air quality information to Valley residents is a top priority for the District. This is especially important during times when the Valley's unique geography, topography and meteorology overwhelm all clean-air measures and lead to high pollution concentrations that may be unhealthy for Valley residents. High pollution concentrations also occur during exceptional events, such as wildfires. 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.

To assist in the preparation of attainment plans for ever-tightening federal standards, significant resources will be required for the launch and full utilization of the new state of the art Air Quality Modeling Center at the District. The expanded capabilities of the modeling center will provide extensive computer resources that will allow the District to

conduct complex air quality modeling currently being performed exclusively by the State Air Resources Board. These models are critical to understanding the Valley's complex air quality and evaluating potential strategies as the District prepares numerous attainment plans in the coming years. Significant staff resources will be required to develop the in-house capacity necessary to fully utilize the resources available through the new modeling center.

In 2016-17, the District will also be utilizing the Air Quality Modeling Center to continue to develop the new online resource for Valley residents that provides air quality information on a neighborhood by neighborhood level. The District recently released the Web-based Archived Air Quality (WAAQ) system, which now provides the public access to historical air quality information at the neighborhood level. The Air Quality Modeling Center will also be used to develop the analytical tools and algorithms needed to provide real time air quality information to Valley residents on a neighborhood by neighborhood level basis.

Providing air quality information on a real-time basis for such a large geographical area poses a number of challenges that must be met before launch. Furthermore, such a real-time reporting system must be able to take into account and make adjustments for unforeseen events that may affect air quality in a particular neighborhood. Given the Valley's size, it will take considerable staff resources, computing power and internal quality assurance checks to guarantee the information's accuracy for the approximately 3,600 neighborhoods.

New Workload Absorbed through Efficiency and Streamlining

Historically, the District has absorbed the increased workload associated with unfunded state and federal mandates primarily through efficiency and streamlining efforts, without a commensurate increase in staffing. This has been accomplished through investment in automation, strict adherence to the 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 implementation of a new automated air quality data/monitoring system will significantly reduce the amount of staff time required to perform quality assurance/quality control of air monitoring data. The District has 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. Staff will continue to improve these routines in order to reduce time spent on forecasting. In addition, the District is working with state and federal land management agencies to improve communications and facilitate communications to increase customer service and reduce time spent dealing with prescribed fires. The District will also be developing several new internet applications aimed at enhancing stakeholder access to District services and streamlining labor

intensive internal processes. Examples of such online applications include: air pollution complaint submittals and asbestos notification submittals for demolition projects and portals that provide permitted stationary sources access to a variety of District records and billing information and provide grant applicants with a centralized location to submit and track their grant applications for air pollution reduction projects.

Additionally, the District will implement continued enhancements of its very successful automation of an interdepartmental communication system, called the “change order process,” that the District uses to pass permitting information from the Compliance Department to the Permit Services Department, by including automatic permit-issuance for types of projects that do not require compliance inspection prior to issuance.

The District continues to implement new computer programs which leverage tablet computers to further increase efficiency and reduce the paperwork time associated with preparing for inspections and completing the required inspection reports. Phase 1 of the project is completed and provides field staff with an efficient dashboard view of the relevant information necessary to conduct an inspection. This program significantly streamlines the time necessary to prepare for inspections. Phase 2, the Consolidated Activity Tracking System, has also been completed and it allows field staff’s work to now be assigned through the dashboard, significantly reducing the supervisory staff’s time spent on assignment preparation and tracking. Phase 3 is currently in development and is focused on allowing the data captured during an inspection to be directly input into the various electronic databases used to track inspection activities.

In conjunction with the tablet computers, inspection staff has been equipped with smart phones which allowed the District to reduce the amount of equipment to maintain and support field staff. The smart phones effectively replaced turn-by-turn navigation devices and digital cameras. Use of the phone’s digital cameras has resulted in significant time savings by utilizing the ability to send pictures directly from the phone via email. This feature has been utilized extensively for fireplace surveillance and compliance response where response time is critical. In addition to the streamlining of equipment needs, the new phones have enhanced efficiency by allowing ready access to email and streamlining the dispatch process for complaints and breakdowns.

The District will continue to refine its procedures for public workshops while still providing ample opportunity for public review. Streamlining measures will involve more utilization of video-teleconferencing (VTC) to reduce travel time to workshops. In accordance with the District’s core value of open and transparent public processes, webcasting meetings, including live email communication by web participants, allows an additional means of public participation, while also reducing emissions from mobile sources. The District will continue to present major topics in person throughout the Valley, and utilize the District’s VTC facilities for all public meetings. In order to better reach stakeholders in the Valley’s environmental and community groups, the District will continue to present and solicit feedback at regularly scheduled meetings of the Citizen’s Advisory Committee and Environmental Justice Advisory Group.

In 2016-17, additional forecasting tools will be created which will allow for the full automated retrieval of several different metrics, i.e., temperature, wind speed, wind direction, humidity, and other meteorology, with the click of one button, instead of the extensive time spent on retrieving this meteorological data from various websites. This automation tool, when completed, will result in a significant decrease in the time it takes to formulate the daily forecast.

The seemingly endless stream of new federal 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 allow 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 mandates and demands will not be sustainable with existing staffing levels.

The District is continuing to develop and finalize new policies and procedures to improve consistency and efficiency within programs. Having current, detailed policies provides staff with answers to most common questions that arise and allows them to proceed quickly with their various tasks. Additionally, well-trained staff allows 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.

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 fluctuating workloads. The attached narratives for all District departments contain details on the myriad of efficiency and streamlining measures being implemented throughout the District.

Staffing Changes

The Recommended Budget contains adequate staffing to maintain an active and effective air quality regulatory program, a large and wide-ranging incentive grant program, and a comprehensive public education and outreach strategy.

This Recommended Budget includes reclassification of one Accounting Technician to one Senior Accountant. The District's Finance operations are managed by the District's Controller and two Supervising Accountants. Currently, Finance has only one Senior Accountant who provides lead direction for grants and financial reporting functions and the payroll and general accounting lead review is handled by the supervisors over these functions. With the District's recent takeover of payroll administration and the increased number of complicated grant revenues and financial reporting requirements, there has been an increased demand for professional and technical expertise in the Finance

division. Additionally, with automation and streamlining, the District has reduced clerical and entry level work, reducing the need for technician level work and increasing the need for accountant and senior accountant review. This reclassification will accommodate the need for greater level of professional expertise and improve internal controls, while also enhancing Finance's long term staff development and succession planning goals.

The Recommended Budget includes reclassification of one Network System Analyst I/II to Air Quality Education Web Specialist I/II. While there is no change in the salary and benefits as a result of this reclassification and no fiscal impact to the budget, this classification will better represent the need for this position to perform both web developer and air quality representative duties. This position will be assisting with the design, growth and usability of the District websites while also being able to communicate key air quality information to the public both verbally and in writing.

The Recommended Budget also includes a reclassification of the Air Quality Planning and Research Analyst position to an Air Quality Research Supervisor. This position was originally created to expand District capabilities to guide and conduct Valley-specific research projects. The Air Quality Planning and Research Analyst position remained vacant last year as significant progress had been made in expanding the District's research capabilities, and projected workload in this area being less than expected and that required for an ongoing full time position. However, significant additional work is expected to respond to federal Clean Air Act mandates that require preparation of several new air quality plans, including the need for conducting and managing a variety of research studies in support of these efforts. The reclassified position can handle an expanded scope of work and accommodate the District's projected research workload as well as providing lead and supervisory role for the Air Quality Analysis team.

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 \$300,000 specifically designated for health and scientific studies. Through these funds, the District anticipates designing and overseeing research studies in a number of important areas, including: emissions inventory for key area and mobile sources; studies in support of the Health Risk Reduction Strategy; saturation studies in support of the neighborhood-by-neighborhood level air quality reporting system; studies in support of rule and strategy development with focus on identifying effective strategies to reduce directly emitted PM2.5.

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 engineering support to promote the development and advancement of new low emissions technologies for mobile and stationary sources.

Using existing and new incentive funding sources, this program will provide opportunities for new technology developers and entrepreneurs to compete for District funding of low emissions technologies that work effectively in the San Joaquin Valley. The Technology Advancement Program will also enable the District to create public-private partnerships, including work with universities and other clean air agencies throughout the nation, to advance low emissions technologies and build and expand local capacity for research and development in the San Joaquin Valley.

Strong Public Education and Outreach

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

The Valley cannot meet these public health goals on the back of businesses alone. As Valley businesses continue to be subject to additional rounds of emissions-reduction rules, the role of the public becomes increasingly important in reaching federal standards. In the past few years, emissions from public behavior such as driving, residential wood burning and lawn-care maintenance have continued to be a key factor in the Valley's emissions inventory. Consequently, public acceptance of concepts such as alternative commute options, as well as specific clean-air strategies such as Check Before You Burn, the Air Alert program and Healthy Air Living, requires widespread lifestyle changes. Over the past eight years, your Board has placed a high priority on conducting an active and effective public education and outreach program. The District's comprehensive public education and outreach program is composed of numerous elements that are designed to allow the District to leverage opportunities to advance the following strategic objectives:

- Encourage and enlist the general public to do their part to reduce air pollution
- Empower and inform the public to protect themselves during episodes of poor air quality by providing them timely air quality information as well as scientific and comprehensible information on health effects of air pollution
- Provide accurate and objective information about Valley efforts to reduce air pollution, measurable results and achievements, and challenges that remain

The Recommended Budget includes resources to continue implementation of the District's successful comprehensive, multilingual outreach strategy that serves to motivate and enable Valley residents to take an active role in attaining the health-based air-quality standards, and provide information to help Valley residents take measures to avoid exposure to poor air quality.

Public enrollment in the Real-time Air Advisory Network (RAAN) continues to grow. The Recommended Budget includes funding to continue outreach to Valley schools. The marquee Healthy Air Living program has produced two core programs designed to give

adults and children air quality information and tools, Healthy Air Living Schools and Healthy Air Living Kids. These programs will continue to be nurtured through websites, social media and traditional media, and augmented with fully-developed supporting materials. The District plans to expand these programs to provide more tools and education to Valley schools and the public.

The District will build its presence on social media by continuing to provide quality content and developing additional forums for the District to engage stakeholders on more technical topics. The District will continue building upon the success of the winter 2015-16 Check Before You Burn and Burn Cleaner grant 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 in 2016, the District will work to ensure that proper public education occurs to ensure understanding of the three burn status levels, proper registration of clean burning devices and public access to grant funding to upgrade older devices.

Major Funding for Emission Reductions Incentive Grants

In 2016-17, the District expects to receive \$121 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 2016-17 carried forward as reserved fund balance. These two sources will bring the total incentive funds available to the District in 2016-17 to \$151 million.

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 for electric lawnmowers, clean wood burning stoves and electric vehicles. Last year, the Board appropriated \$52,500 for these incentives which was funded by additional salary savings. The Board expressed interest in increasing appropriations and expanding employee eligibility for these incentives. The Executive Director/APCO was directed to gauge demand and return with appropriate recommendations for future budgets. In 2015-16, the entire appropriation was consumed with a current backlog of \$24,000. Consistent with past direction from the Board, a total of \$76,500 with expanded eligibility to include all employees is recommended for 2016-17. As in the past, these incentives will be fully funded through additional salary savings.

Reserves and Contingencies

Section 12.15 of the District Administrative Code, adopted by your Board, establishes guidance for the funding level of the District's General Reserve. This section requires the annual Recommended Budget to include a General Reserve of no less than 10% of the District's operating revenues. For 2016-17, in accordance with Section 12.15, the General Reserve is established at \$4,600,000. The Recommended Budget also includes \$850,000 in Appropriation for Contingencies, \$523,000 in Building Maintenance Reserve, and \$350,000 in VTC and Telephone Reserve, all of which are unchanged from last year.

Upcoming Strategic Challenges

As we look to the future, emissions from Valley industries, businesses, farms and vehicles are at historically low levels. 2015 was a record clean year for the Valley for both ozone and PM2.5. While we can take pride in and appreciate the sacrifice by Valley businesses and residents that has made this possible, the challenges ahead may prove to be the most difficult ones yet in our journey towards meeting federal air quality standards.

Recently adopted and newly proposed federal ambient air quality standards encroach on the Valley's background ozone and particulate matter concentrations. In response to these federal mandates, in 2016-17, the District will begin preparation of four new attainment plans for ozone and particulate matter. In crafting the new attainment plans, the District will explore all feasible opportunities to further reduce stationary source emissions. However, the magnitude of potential reductions from stationary sources is miniscule compared to reductions needed to attain the PM2.5 and ozone standards. The District, ARB, and EPA agree that the bulk of these reductions will have to come from mobile sources, primarily through the deployment of incentive-based measures. Unlike attainment plans for federal ozone standards, attainment plans for PM2.5 standards are not able to rely on "black box" reductions from yet-to-be identified technologies and measures.

As we craft our PM2.5 attainment strategy, we will have to explore potentially effective strategies that may reduce emissions from sources directly emitting PM2.5. Success in reducing directly emitted PM2.5 emissions can lessen the magnitude of needed reductions in NOx emissions. The District already has stringent measures aimed at reducing PM2.5 emissions and identifying remaining opportunities hinges on further research and modeling. Utilizing sound science to assess the feasibility and availability of measures that can effectively reduce directly emitted PM2.5 emissions and ambient concentrations will be the focus of the District's scientific research in the coming year.

While the bulk of the Valley's remaining emissions come from mobile sources outside of the District's regulatory authority, under the federal Clean Air Act, the responsibility to bring the region into attainment with the federal standards rests with the local air district, and the region will be subject to sanctions that would be devastating to the Valley's economy if mobile sources under federal regulatory authority are not adequately

controlled. New state and federal regulations coupled with a robust incentive-based emission reduction strategy are necessary to have any chance to achieve the enormous reductions that are necessary to attain the federal standards. Towards that end, the District intends to include federal assignments for funding and regulations for sources which fall under federal jurisdiction. Given EPA's objection to assignments from local government, this approach may lead to disapproval of the District's attainment plans by EPA.

EPA disapproval could ultimately lead to sanctions and eventual federal takeover requiring EPA to adopt a Federal Implementation Plan. However, at this juncture there may be no other option to devise a plan that can show attainment. It is clear that attainment is not possible even if the District shut down all stationary sources that fall under its jurisdiction. It is very likely that a plan without the above strategy will fall short of the needed reductions and will certainly be unapprovable by EPA. Given that the District has not and will not leave any stone unturned, we do not believe that EPA can develop a stronger plan than that proposed by the District. We hope that this will serve as an impetus to reaching a workable strategy that is federally approvable as we engage ARB, EPA, and other stakeholders. Given the serious consequences of a plan disapproval and the subsequent sanctions, in the coming months the District will work with ARB and EPA to craft an approvable plan that benefits from federal action to reduce emissions from sources under their jurisdiction. The District will also work to educate Valley residents, stakeholders, and elected officials on the enormous challenges faced by the Valley and potential cost of federal sanctions.

As we continue to leave no stone unturned to meet the current mandates under the federal Clean Air Act, the District will also continue with efforts to work with the Congress and the Executive branch to advance legislative or administrative changes that retain the core elements in the Act that serve to protect public health, streamline the administrative requirements in the Act, and ensure expeditious air quality improvement while considering technological and economic feasibility. Since its adoption, the Clean Air Act has led to significant improvements in air quality and public health benefits throughout the nation. However, after more than 20 years since the last amendments to the Clean Air Act in 1990, our experience shows that many well-intentioned provisions are leading to unintended adverse consequences. Antiquated provisions of the Clean Air Act are now leading to confusion, and the lack of updated Congressional directive has rendered courts as policy makers.

In addition to a strong regulatory component, expediting reductions in emissions that are necessary to achieve federal standards requires a strong and fully-funded incentive-based strategy. Funds available under the State's Cap and Trade program can serve as a significant source of funding for clean air projects in the Valley's disadvantaged communities. Working with Valley stakeholders, the District created a multi-faceted and comprehensive action plan for securing the San Joaquin Valley's fair share of the State's Cap and Trade funds. In the coming year, the District will continue to work with Valley entities to build capacity and successfully compete for available Cap and Trade funds. The District will also work with the legislative and executive branch to keep Cap

and Trade resources focused on disadvantaged communities in areas with greatest challenges with respect to attaining federal health-based standards.

As we work to address the strategic challenges described above, we must also continue with our comprehensive and multi-faceted public education and outreach efforts. Maintaining and gaining public support for the enormous work that remains compels the District to ensure that the public is fully aware of the effectiveness of the work to date on air quality and the significant improvements that have been achieved. This will require a redoubling of our public education efforts to provide objective and complete information that clearly shows both progress and challenges that remain.

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 2016-17.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Seyed Sadredin', with a long horizontal flourish extending to the right.

Seyed Sadredin
Executive Director/Air Pollution Control Officer

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

	Adjusted* FY 15-16	Estimated Actuals FY 15-16	Recommended FY 16-17	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
APPROPRIATIONS								
Salaries & Benefits (before Salary Savings)	\$38,624,719	\$38,624,719	\$40,946,855	\$2,322,136	6%	\$2,322,136	6%	
Projected Salary Savings	(\$1,044,047)	(\$1,302,950)	(\$2,769,207)	(\$1,725,160)	165%	(\$1,466,257)	113%	
Salaries & Benefits (net of Salary Savings)	\$37,580,672	\$37,321,769	\$38,177,648	\$596,976	2%	\$855,879	2%	
Services & Supplies	\$6,080,204	\$5,899,937	\$6,185,046	\$104,842	2%	\$285,109	5%	
Fixed Assets	\$2,661,600	\$1,708,364	\$1,933,274	(\$728,326)	(27%)	\$224,910	13%	
OPERATING APPROPRIATIONS	\$46,322,476	\$44,930,070	\$46,295,968	(\$26,508)	-	\$1,365,898	3%	
Other Charges	\$25,000	\$25,000	\$25,000	-	-	-	-	
Incentive Programs	\$219,098,942	\$98,443,362	\$150,866,000	(\$68,232,942)	(31%)	\$52,422,638	53%	
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	\$850,000	-	
NON-OPERATING APPROPRIATIONS	\$219,973,942	\$98,468,362	\$151,741,000	(\$68,232,942)	(31%)	\$53,272,638	54%	
TOTAL APPROPRIATIONS	\$266,296,418	\$143,398,432	\$198,036,968	(\$68,259,450)	(26%)	\$54,638,536	38%	
REVENUES								
Stationary Revenue	\$29,112,647	\$29,557,682	\$30,093,097	\$980,450	3%	\$535,415	2%	
Grant Revenue	\$2,965,000	\$2,965,000	\$2,965,000	-	-	-	-	
DMV Surcharge Fees - District Portion	\$10,900,000	\$10,900,000	\$12,315,328	\$1,415,328	13%	\$1,415,328	13%	
Administrative Revenues Earned	\$1,800,000	\$1,500,000	\$1,800,000	-	-	\$300,000	20%	
Transferred to Non-Operating Revenue	(\$3,200,000)	(\$3,500,000)	(\$1,800,000)	\$1,400,000	(44%)	\$1,700,000	(49%)	
Fund Balance Used	\$4,944,829	\$3,707,388	\$922,543	(\$4,022,286)	(81%)	(\$2,784,845)	(75%)	
Reserves Released / (Increased)	(\$200,000)	(\$200,000)	-	\$200,000	(100%)	\$200,000	(100%)	
OPERATING REVENUE/FUNDING SOURCES	\$46,322,476	\$44,930,070	\$46,295,968	(\$26,508)	-	\$1,365,898	3%	
Non-Operating Revenue	\$129,532,168	\$86,537,697	\$124,381,959	(\$5,150,209)	(4%)	\$37,844,262	44%	
Reimbursement for Administrative Revenues Earned	(\$1,800,000)	(\$1,500,000)	(\$1,800,000)	-	-	(\$300,000)	20%	
Fund Balance / Reserves Released / (Increased)	\$92,241,774	\$13,430,665	\$29,159,041	(\$63,082,733)	(68%)	\$15,728,376	117%	
NON-OPERATING REVENUE/FUNDING SOURCES	\$219,973,942	\$98,468,362	\$151,741,000	(\$68,232,942)	(31%)	\$53,272,638	54%	
TOTAL REVENUE/FUNDING SOURCES	\$266,296,418	\$143,398,432	\$198,036,968	(\$68,259,450)	(26%)	\$54,638,536	38%	

RECOMMENDED POSITIONS 310 310 0

RESERVES

General Reserve	\$4,600,000	-	\$4,600,000	-	-	\$4,600,000	-
Computer- VTC Equipment Reserve	\$350,000	-	\$350,000	-	-	\$350,000	-
Long Term- Building Maintenance	\$523,000	-	\$523,000	-	-	\$523,000	-

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

	Adjusted* FY 15-16	Estimated Actuals FY 15-16	Recommended FY 16-17	Budget/Budget		Budget/Actual	
				Increase (Decrease)	%	Increase (Decrease)	%
OPERATING REVENUE							
STATIONARY SOURCE							
Permit Fees	\$17,588,887	\$16,456,530	\$17,686,972	\$98,085	1%	\$1,230,442	7%
Section 185- Non Attainment Fees-Rule 3170	\$1,913,115	\$1,259,475	\$955,000	(\$958,115)	(50%)	(\$304,475)	(24%)
Advanced Emission Reduction Options (AERO) Fees	\$5,989,547	\$6,933,576	\$6,718,275	\$728,728	12%	(\$215,301)	(3%)
Settlements	\$2,500,000	\$3,500,000	\$2,500,000	-	-	(\$1,000,000)	(29%)
Interest	\$904,000	\$1,166,700	\$1,180,100	\$276,100	31%	\$13,400	1%
Miscellaneous	\$217,098	\$241,401	\$52,750	(\$164,348)	(76%)	(\$188,651)	(78%)
Residential Furnaces - Rule 4905	-	-	\$1,000,000	\$1,000,000	-	\$1,000,000	-
Total Stationary Non-Grant Operating Revenue	\$29,112,647	\$29,557,682	\$30,093,097	\$980,450	3%	\$535,415	2%
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	-	-	-	-
Total Grant Revenue	\$2,965,000	\$2,965,000	\$2,965,000	-	-	-	-
Total Stationary Operating Revenue	\$32,077,647	\$32,522,682	\$33,058,097	\$980,450	3%	\$535,415	2%
DMV Surcharge Fees - District	\$10,900,000	\$10,900,000	\$12,315,328	\$1,415,328	13%	\$1,415,328	13%
Administrative Revenues Earned	\$1,800,000	\$1,500,000	\$1,800,000	-	-	\$300,000	20%
Total Operating Revenue	\$44,777,647	\$44,922,682	\$47,173,425	\$2,395,778	5%	\$2,250,743	5%
Transfer to Non-Operating Revenue for Incentive Grants	(\$3,200,000)	(\$3,500,000)	(\$1,800,000)	\$1,400,000	(44%)	\$1,700,000	(49%)
Fund Balance Used	\$4,944,829	\$3,707,388	\$922,543	(\$4,022,286)	(81%)	(\$2,784,845)	(75%)
Reserves Released / (Increased)	(\$200,000)	(\$200,000)	-	\$200,000	(100%)	\$200,000	(100%)
Estimated Funding Sources - Operating	\$46,322,476	\$44,930,070	\$46,295,968	(\$26,508)	-	\$1,365,898	3%
NON-OPERATING REVENUE							
Air Toxics - Pass Through	\$25,000	\$25,000	\$25,000	-	-	-	-
DMV Surcharge Fees - Pass Through	\$44,960,000	\$44,550,672	\$43,101,872	(\$1,858,128)	(4%)	(\$1,448,800)	(3%)
Carl Moyer Funds	\$8,300,000	\$8,178,992	\$8,300,000	-	-	\$121,008	1%
VERA/ISR Mitigation Program	\$5,179,542	\$11,202,180	\$7,229,215	\$2,049,673	40%	(\$3,972,965)	(35%)
Proposition 1B Funding Program	\$46,000,000	\$5,890,000	\$41,545,600	(\$4,454,400)	(10%)	\$35,655,600	605%
DERA Program	\$1,443,883	\$1,443,883	\$988,000	(\$455,883)	(32%)	(\$455,883)	(32%)
School Bus Program	\$2,400,000	\$1,826,839	\$2,750,000	\$350,000	15%	\$923,161	51%
Federal Diesel Emission Reduction Funding Program	\$6,946,205	\$468,013	\$5,069,854	(\$1,876,351)	(27%)	\$4,601,841	983%
Greenhouse Gas Mitigation Program	-	-	-	-	-	-	-
Miscellaneous Incentive Grant Funding	\$20,000	\$373,737	\$375,000	\$355,000	1775%	\$1,263	-
Non-Operating Interest	\$1,015,950	\$403,400	\$516,800	(\$499,150)	(49%)	\$113,400	28%
Operating Revenues Funding Community & Other Incentives	\$3,200,000	\$3,500,000	\$1,800,000	(\$1,400,000)	(44%)	(\$1,700,000)	(49%)
CEC - Energy Efficiency Grant	\$300,000	-	\$300,000	-	-	\$300,000	-
Reimburse Operating for Administrative Revenues Earned	(\$1,800,000)	(\$1,500,000)	(\$1,800,000)	-	-	(\$300,000)	20%
Administrative Fees - Incentive Programs	\$3,661,588	\$2,822,731	\$2,880,618	(\$780,970)	(21%)	\$57,887	2%
State Cap & Trade Funding	\$6,080,000	\$5,852,250	\$9,500,000	\$3,420,000	56%	\$3,647,750	62%
Total Non-Operating Revenue	\$127,732,168	\$85,037,697	\$122,581,959	(\$5,150,209)	(4%)	\$37,544,262	44%
Fund Bal. Used/Non-Adm Reserves Released/(Increased)	\$92,241,774	\$13,430,665	\$29,159,041	(\$63,082,733)	(68%)	\$15,728,376	117%
Adm Reserves Released / (Increased)	-	-	-	-	-	-	-
Estimated Funding Sources - Non-Operating	\$219,973,942	\$98,468,362	\$151,741,000	(\$68,232,942)	(31%)	-	54%
TOTAL REVENUE							
Estimated Financing Sources - Total	\$266,296,418	\$143,398,432	\$198,036,968	(\$68,259,450)	(26%)	\$54,638,536	38%

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

	Adjusted* FY 15-16	Estimated Actuals FY 15-16	Recommended FY 16-17	Budget/Budget		Budget/Actual	
				Increase (Decrease)	%	Increase (Decrease)	%
OPERATING APPROPRIATIONS							
SALARIES AND BENEFITS							
Regular Salaries	\$22,262,609	\$22,087,952	\$23,025,358	\$762,749	3%	\$937,406	4%
Temporary Help	\$801,300	\$796,893	\$817,842	\$16,542	2%	\$20,949	3%
On Call Pay	\$77,832	\$77,404	\$77,832	-	-	\$428	1%
Overtime	\$259,102	\$257,678	\$284,580	\$25,478	10%	\$26,902	10%
Unemployment	\$88,492	\$88,006	\$81,234	(\$7,258)	(8%)	(\$6,772)	(8%)
Retirement	\$10,112,280	\$10,056,663	\$9,878,978	(\$233,302)	(2%)	(\$177,685)	(2%)
OASDI	\$372,473	\$370,423	\$406,112	\$33,639	9%	\$35,689	10%
Workers Compensation	\$232,718	\$231,438	\$251,655	\$18,937	8%	\$20,217	9%
Cafeteria Plan Benefits	\$3,111,758	\$3,094,644	\$3,088,438	(\$23,320)	(1%)	(\$6,206)	-
Long-Term Disability Insurance	\$57,268	\$56,953	\$59,483	\$2,215	4%	\$2,530	4%
Alternate Transportation Incentive	\$204,840	\$203,715	\$206,136	\$1,296	1%	\$2,421	1%
TOTAL SALARIES AND BENEFITS	\$37,580,672	\$37,321,769	\$38,177,648	\$596,976	2%	\$855,879	2%
SERVICES AND SUPPLIES							
Safety Supplies & Equipment	\$19,640	\$19,248	\$20,310	\$670	3%	\$1,062	6%
Mobile Communications	\$125,952	\$123,432	\$135,132	\$9,180	7%	\$11,700	9%
Telephone Charges	\$122,350	\$102,229	\$112,400	(\$9,950)	(8%)	\$10,171	10%
Insurance	\$203,500	\$199,430	\$191,200	(\$12,300)	(6%)	(\$8,230)	(4%)
Equipment Maintenance	\$177,050	\$173,511	\$178,450	\$1,400	1%	\$4,939	3%
Vehicle Maintenance & Operations	\$236,000	\$200,731	\$228,900	(\$7,100)	(3%)	\$28,169	14%
Computer Maintenance	\$428,953	\$420,374	\$504,973	\$76,020	18%	\$84,599	20%
Video Conferencing Maintenance & Operations	\$93,500	\$91,655	\$97,480	\$3,980	4%	\$5,825	6%
Building Maintenance & Operations	\$268,100	\$262,741	\$269,200	\$1,100	-	\$6,459	2%
Office Supplies	\$64,550	\$63,261	\$50,950	(\$13,600)	(21%)	(\$12,311)	(19%)
Computer Software & Supplies	\$88,456	\$86,686	\$88,316	(\$140)	-	\$1,630	2%
Monitoring Station Supplies & Equipment	\$226,264	\$221,738	\$223,055	(\$3,209)	(1%)	\$1,317	1%
Postage	\$120,600	\$118,184	\$118,900	(\$1,700)	(1%)	\$716	1%
Printing	\$125,650	\$122,714	\$125,150	(\$500)	-	\$2,436	2%
Professional & Specialized Services	\$2,256,863	\$2,210,832	\$2,293,196	\$36,333	2%	\$82,364	4%
Publications & Legal Notices	\$141,320	\$132,697	\$140,845	(\$475)	-	\$8,148	6%
Rents & Leases	\$549,834	\$538,838	\$566,072	\$16,238	3%	\$27,234	5%
Small Tools & Equipment	\$28,065	\$27,517	\$28,625	\$560	2%	\$1,108	4%
Special District Expense	\$155,530	\$152,804	\$162,465	\$6,935	4%	\$9,661	6%
Travel & Training	\$192,120	\$187,947	\$192,120	-	-	\$4,173	2%
Travel & Training- Boards	\$67,007	\$65,746	\$67,007	-	-	\$1,261	2%
Utilities	\$326,500	\$317,972	\$327,900	\$1,400	-	\$9,928	3%
Audit Services	\$20,000	\$19,600	\$20,000	-	-	\$400	2%
Legal Services	\$42,400	\$40,050	\$42,400	-	-	\$2,350	6%
TOTAL SERVICES AND SUPPLIES	\$6,080,204	\$5,899,937	\$6,185,046	\$104,842	2%	\$285,109	5%
FIXED ASSETS							
Office Improvements	\$40,000	\$39,000	\$40,000	-	-	\$1,000	3%
Facilities & Equipment	\$125,000	\$122,500	\$105,000	(\$20,000)	(16%)	(\$17,500)	(14%)
Computer Equipment	\$1,061,252	\$636,662	\$784,104	(\$277,148)	(26%)	\$147,442	23%
Office Furniture / Equipment	\$25,000	\$15,000	\$25,000	-	-	\$10,000	67%
Office Machines	\$45,000	\$44,100	\$47,150	\$2,150	5%	\$3,050	7%
Telephone Systems	\$20,450	\$20,039	\$20,570	\$120	1%	\$531	3%
Detection Equipment	\$108,000	\$100,396	\$100,000	(\$8,000)	(7%)	(\$396)	-
Automobiles	\$243,000	\$239,969	\$248,000	\$5,000	2%	\$8,031	3%
Audio / Visual Equipment	-	-	\$20,000	\$20,000	-	\$20,000	-
Safety Equipment	-	-	-	-	-	-	-
Air Monitoring Automation/Remote Control Project	\$35,000	\$35,000	\$175,000	\$140,000	400%	\$140,000	400%
Video Conferencing System	\$25,500	\$15,300	\$25,950	\$450	2%	\$10,650	70%
Air Monitoring Station Equipment	\$437,398	\$436,898	\$342,500	(\$94,898)	(22%)	(\$94,398)	(22%)
Air Monitoring Near Roadway Stations	\$496,000	\$3,500	-	(\$496,000)	(100%)	(\$3,500)	(100%)
TOTAL FIXED ASSETS	\$2,661,600	\$1,708,364	\$1,933,274	(\$728,326)	(27%)	\$224,910	13%
TOTAL OPERATING APPROPRIATIONS	\$46,322,476	\$44,930,070	\$46,295,968	(\$26,508)	-	\$1,365,898	3%

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

	Adjusted* FY 15-16	Estimated Actuals FY 15-16	Recommended FY 16-17	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
NON-OPERATING APPROPRIATIONS								
OTHER CHARGES								
Air Toxic Pass Through	\$25,000	\$25,000	\$25,000	-	-	-	-	
Dairy CEQA - Pass Through	-	-	-	-	-	-	-	
TOTAL OTHER CHARGES	\$25,000	\$25,000	\$25,000	-	-	-	-	
INCENTIVE PROGRAMS								
DMV Surcharge Fees - Incentives	\$101,064,930	\$58,962,038	\$58,482,800	(\$42,582,130)	(42%)	(\$479,238)	(1%)	
Carl Moyer Program	\$12,635,392	\$8,669,324	\$8,436,900	(\$4,198,492)	(33%)	(\$232,424)	(3%)	
ISR and VERA'S	\$8,653,332	\$3,957,076	\$14,538,500	\$5,885,168	68%	\$10,581,424	267%	
Proposition 1B Funding Program	\$61,855,647	\$12,369,653	\$41,749,400	(\$20,106,247)	(33%)	\$29,379,747	238%	
School Bus Program	\$6,617,415	\$1,322,361	\$5,385,600	(\$1,231,815)	(19%)	\$4,063,239	307%	
Federal DERA/Designated Funding Program	\$8,064,474	\$1,911,919	\$6,057,800	(\$2,006,674)	(25%)	\$4,145,881	217%	
Community & Other Incentives Funded by Operating Rever	\$12,705,556	\$4,833,918	\$5,351,600	(\$7,353,956)	(58%)	\$517,682	11%	
Greenhouse Gas Mitigation Program	-	-	-	-	-	-	-	
GHG Support for Cities & Counties	\$250,000	-	\$250,000	-	-	\$250,000	-	
Miscellaneous Incentive Programs	\$324,896	\$293,883	\$764,400	\$439,504	135%	\$470,517	160%	
Energy Efficiency Grant	\$347,300	\$39,190	\$300,000	(\$47,300)	(14%)	\$260,810	666%	
Drought Relief Program	\$500,000	\$300,000	-	(\$500,000)	(100%)	(\$300,000)	(100%)	
State Cap & Trade Funding	\$6,080,000	\$5,784,000	\$9,549,000	\$3,469,000	57%	\$3,765,000	65%	
TOTAL INCENTIVE PROGRAMS	\$219,098,942	\$98,443,362	\$150,866,000	(\$68,232,942)	(31%)	\$52,422,638	53%	
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	-	-	
TOTAL NON-OPERATING APPROPRIATIONS	\$219,973,942	\$98,468,362	\$151,741,000	(\$68,232,942)	(31%)	\$53,272,638	54%	

ADMINISTRATION

FISCAL SUMMARY

	Budgeted 2015-16	Recommended 2016-17	Increase/ (Decrease)	
<u>Appropriations</u>				
Salaries and Benefits	9,223,436	9,534,306	310,870	3%
Services and Supplies	2,526,207	2,614,710	88,503	4%
Fixed Assets	290,809	272,549	(18,260)	-6%
Total	<u>12,040,452</u>	<u>12,421,565</u>	<u>381,113</u>	<u>3%</u>
 <u>Position Summary</u>	 74	 74		

FUNCTION

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

General Administration

General Administration has responsibility 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 staff performs a full range of personnel support activities for all departments. Specific program activities include: recruitment, classification and pay, records management, legal compliance, labor relations, training, and management/supervisory support. In addition, the Personnel department is responsible for minimizing risk to the District through employee benefits, workers' compensation, safety and wellness programs.

The District's Operations and Program Support (OPS) staff provides imperative 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. As one example, this section centrally indexes, scans and files all departmental documents into the District's electronic document management system (EDMS). OPS staff is integrated into various departments and also provides front-desk reception services to the public.

Administrative Services and Incentives

Administrative Services (ADS) is responsible for all fiscal, grants management, and general services related functions of the District. All information about the grants section is included in the Strategies and Incentives Departmental budget narrative. 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 services functions of ADS include: responsibility for facilities management, fleet maintenance, purchasing, and risk management.

Information Technology Services

Information Technology Services (ITS) administers all computer-related functions of the District. These functions include: strategic and tactical technology implementation planning; policy and procedures formulation; budget preparation and administration for the District's IT 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 Request for Proposal (RFP) and Request for Quote (RFQ) processes related to technology procurement.

ITS is also responsible for the above functions in: voice and video communication technology (e.g., telephone systems, mobile communications, and video conferencing); and facsimile technology (e.g., printers, copiers and fax machines).

Outreach and Communications

Outreach and Communications (OC) plans and implements strategies and tactics to meet the District's outreach and communication goals. As methods for disseminating messaging expand and become more sophisticated, the District embraces these changes and incorporates them into successful, proven 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 Facebook messaging; writing and distributing newsletters, brochures and other outreach materials in both hard copy and electronic versions; 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, implement and educate the public about rules, such as tightened wood-burning regulations; deploying state-of-the-art technological innovations such as a newly developed Web-based Archived Air Quality (WAAQ) system that give stakeholders air-quality information; and working with other District departments to ensure they meet their communications and public affairs needs.

SIGNIFICANT IMPACTS TO 2016-17 BUDGET

Personnel and Operations Support

The District's Personnel and OPS Divisions will take on significant increases in workload due to changing state and federal requirements, but will do so without adding additional staff to the programs. This will be made possible by working to maximize efficiency through leveraging new technology and by absorbing new functions into existing similar functions. This year, Personnel and OPS will continue to search for opportunities to refine, streamline, and enhance the effectiveness of their work in all areas.

The District's OPS Division continues to find significant efficiencies in processing District business and communications. During 2016-17, OPS staff will continue to assist with the back file conversion and day forward processing of Finance and Legal documents in the District's electronic document management system (EDMS). Although there will be an increase in the number of documents processed by OPS staff in EDMS, there will also be increased efficiency in scanning with new improvement strategies being implemented through VirtualReScan (VRS). It is estimated that VRS will significantly decrease the amount of time necessary to scan documents into the EDMS system thus freeing up staff resources to conduct other activities. In addition to the routine duties of the OPS Division, increased support for the District's robust incentive grant programs was necessary this past year and is expected to continue into the next fiscal year. During 2016-2017, OPS staff will continue to cross train with Personnel in order to provide increased support to the District as a whole while continuing to provide excellent customer service.

The federal Patient Protection and Affordable Care Act (healthcare reform) continues to impose new responsibilities on employers with regard to benefit administration, IRS reporting and legal compliance. District staff actively monitors the ever-changing federal rules and regulations and will take steps to ensure District benefit programs comply with each approved component of healthcare reform. With our state's expanding and changing mandates in regards to employment regulations and required IRS reporting, the District must expect to utilize significant resources to research, evaluate and execute these changes.

The District's Personnel staff is responsible for minimizing risk to the District through employee benefits, workers' compensation, safety training and wellness programs. The

District considers safety a priority, and is committed to providing employees with the tools and training necessary to complete their jobs safely and effectively. This year, Personnel established several performance-management goals and objectives that will focus on and promote continuous improvement in our current safety training and development programs. In regards to the wellness component, another goal for this year is to continue to support, maintain and expand the District's current employee wellness initiative, which will include development and implementation of additional components to the program.

In support of the District's STAR (Service, Teamwork, Attitude, Respect) work culture, Personnel staff plans to offer additional training 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.

One area in which the District experienced significant savings this year was in regard to its Annual Health Fair. In previous years the District has contracted with various pharmacies to provide employees with flu shots at a cost of \$25-35 per employee. The District now partners with its medical insurance provider to contract with pharmacies who bill the provider for each benefited employee who receives a flu shot. The only cost to the District is for the non-benefited employees (temporary or part-time) who receive flu shots, which is minimal and results in significant cost savings to the District.

The internally designed and created Human Resource Management System (HRMS) program continues to streamline 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 due dates and new LIS reports to assist in preparation for zero-based budgeting analyses. This continues to be a significant improvement over the previous programs utilized to manage personnel functions. The continued enhancements to the HRMS program have improved District efficiency by reducing labor hours, streamlining processes, automating report generation, and offering multi-user capability. Furthermore, the program enhanced internal controls to ensure accurate data entry and adherence to applicable District rules. The HRMS program will continue to streamline current District personnel processes in 2016-17, allowing the Personnel staff to divert resources to continue to improve existing policies and standard operating procedures to enhance efficiency consistency. Detailed policies and SOPs assist staff by answering common questions, providing guidance on common situations that may arise while they are performing their duties, and ensuring staff is able to provide the highest level of customer service to the public and other District staff.

Administrative Services

The financial workload of the District remains high, in part due to the District's successful incentive grant programs. In conjunction with the expansion of these programs, the workload of the Administrative Services Division (ADS) Finance section (Finance) has both

increased and changed. Sustained emphasis is placed on both developing work flow efficiencies and improving various elements of the District's financial infrastructure.

The District continues to streamline processing and improve efficiency through the enhancements and improved utilization of internally developed financial software (Grants Management System, the Labor Information System) and through zero-based budget and workload analysis. Examples of recent improvements include the uploading of timesheet and payroll detail and the importing of invoice information directly into their respective accounting programs instead of relying on data entry. Despite these continual improvements, increasing workload within Finance has necessitated to evaluate and reorganize workload which requires a reclassification of position.

This Recommended Budget includes reclassification of one Accounting Technician to one Senior Accountant. The District's Finance operations are managed by the District's Controller and two Supervising Accountants. Currently, Finance has only one Senior Accountant who provides lead direction for grants and financial reporting functions and the payroll and general accounting lead review is handled by the supervisors over these functions. With the District's recent takeover of payroll administration and the increased number of complicated grant revenues and financial reporting requirements, there has been an increased demand for professional and technical expertise in the Finance division. Additionally, with automation and streamlining, the District has reduced clerical and entry level work, reducing the need for technician level work and increasing the need for accountant and senior accountant review. This reclassification will accommodate the need for greater level of professional expertise and improve internal controls, while also enhancing Finance's long term staff development and succession planning goals.

As in past years, new technology and process improvements continue to assist with a growing financial and administrative workload. The District's budget is now fully compiled using internally developed software. Interim monthly budget reports are also now fully compiled electronically saving significant staff time each month. The District now accepts on-line payments and makes deposits to its bank accounts electronically. During 2016-17, the District will design a new Grant Management System. While the burden of development and testing will be significant, this software will improve internal controls and will significantly streamline incentive application and payment processing, allowing Finance and Incentives staff to focus efforts on other important project review, accounting and reporting functions.

Information Technology Services

The District continues to leverage the latest technologies in order to provide exceptional business value to the public and other District stakeholders and increased levels of staff efficiency and productivity.

During the upcoming year the District will continue to implement new technology projects while ensuring that existing projects meet the Board's expectations and the District's commitment to continuous improvement and providing highest level of customer service to the public. These projects include:

- Launching the 2nd phase of the Neighborhood by Neighborhood “Real Time” air quality information coverage with the District’s Real-time Air Advisory Network (RAAN). The District has already successfully launched the Neighborhood by Neighborhood “Web-based Archived Air Quality (WAAQ) System” information portal
- Upgrading the District workstation footprint to a new Windows 10 operating systems, simultaneously with an upgrade of MS office suite to MS Office 2016
- Upgrading the District’s private Wi-Fi network for increased speed and capacity for performing District work functions
- Implementation of the increased capacity to the atmospheric modeling data center
- Migrating the Electronic Documents Management System (EDMS) from SIRE to a new enhanced Onbase platform
- Server Infrastructure Upgrade to windows 2012 Servers
- In-house application Development and revamp of Grant Management System (GMS)
- Developing and implementing a new CEQA Web Portal to provide the valley agencies and businesses the ability to request and receive comments from the District via online
- Continuing and enhancing the District’s training curriculum for the ITS staff to enhance their skills with industry standard curriculum and metrics

The District’s online Real-time Air Advisory Network provides the public key air quality information in real time from a nearby air monitoring station. The District is expanding the program to provide real-time information based on a neighborhood by neighborhood basis. This initiative will provide the public key real-time air quality information relevant to the user’s own neighborhood. The project is the final phase of a multiphase implementation, following the successful introduction of our RAAN program and then the historical neighborhood data system, WAAQ.

The District is upgrading its workstation footprint to the Windows 10 platform and the Microsoft Office 2016 suite. This upgrade will provide staff 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. The upgrade to Windows 10 was postponed to this year to allow a simultaneous upgrade to the MS Office 2016, saving approximately 500 hours of implementation time, versus performing the two upgrades separately.

The District is improving its private wireless network coverage with additional access points and enhanced coverage throughout the central office. To take full advantage of new wireless technologies during the upcoming years, and after a careful evaluation of the network cable infrastructure, the District has decided not to upgrade the physical cables and instead invest in the wireless arena. For now, the current wireless upgrade allows the District to maintain its communications infrastructure at a level necessary to provide District staff and public speedy and uninterrupted access to information for improving the air quality in the valley. After analyzing performance versus lost opportunities, the District also decided to utilize the current phone system past its expected retirement and not to upgrade it for another year or two to gain maximum utilization from the current phone system.

Last year, the District had initiated implementation of new modeling hardware and software to support a regional modeling function to reduce model run times and increase efficiency. This year, the District is increasing the capacity of the modeling center which will provide District modeling staff with quicker modeling runs as they seek solutions to improving air quality in the Valley. The District will be increasingly utilizing and relying on atmospheric modeling programs in the coming years to support research projects, rulemaking and air quality planning efforts, air pollution impact assessments, and more.

The District currently has deployed an Electronic Data Management System (EDMS) based upon SIRE software. This system allows the District to store documents electronically with instant access to these documents on as needed basis. EDMS provides many direct and indirect benefits to the public and valley businesses in reducing paperwork, improving response time, enhanced application processes and communications between the District and the public. Hyland Software has purchased the rights to the SIRE program, and will soon stop supporting it. As a result, the District has negotiated a no-cost upgrade to Hyland's own Onbase software and will be upgrading to this new program during the fall of 2016. This upgrade will provide additional benefits to staff and the public including the centralization of the documentation repository.

The District gets a significant number of requests from lead agencies to provide input to project feasibilities in accordance with the California Environmental Quality Act (CEQA). The current process of providing the District's feedback and comments is paper based, and is labor and time intensive. The District is developing a web-based portal to provide public agencies and valley businesses the ability for electronic submittal of requests for comments and to receive automated responses to such requests via the new CEQA web portal. This will result in saving time and providing efficiency gains for District staff and the Valley's land-use agencies.

The District internally develops and supports several software applications in order to provide the needed functionality for the District's business operations. These software applications provide public the ability to do business with the District efficiently and effectively. One such program, the Districts' current grant application management software (GMS), has become outdated and cumbersome to use. The District is in the process of revamping the GMS to a new version that is streamlined to handle the District's business processes and is flexible to accommodate future business needs. Implementation of this system will help the District process air pollution emission reduction incentive grants much more efficiently.

The District is committed to providing the public the best possible services through the use of technologies, and staff that is well equipped and knowledgeable in their respective areas of expertise. In order to support obtaining and maintaining these high expectations, the District invests in knowledge increase and skill development of its information technology staff. The District has developed an in-house staff training curriculum that meets or exceeds industry standards and that will be fully implemented during the upcoming year.

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 meteorology, pass-through traffic, and pollution transport from other regions, the ever-tightening federal air-quality mandates demand further reductions in emissions.

The Valley cannot meet these public health goals on the back of businesses alone. As Valley businesses continue to be subject to additional rounds of emissions-reduction rules, the role of the public becomes increasingly important in reaching federal standards. In the past few years, emissions from public behavior such as driving, residential wood burning and lawn-care maintenance have continued to be a key factor in the Valley's emissions inventory. Consequently, public acceptance of concepts such as alternative commute options, as well as specific clean-air strategies like Check Before You Burn, the Air Alert program and Healthy Air Living, requires widespread lifestyle changes.

The Recommended Budget includes reclassification of one Network System Analyst I/II to Air Quality Education Web Specialist I/II. While there is no change in the salary and benefits as a result of this reclassification and no fiscal impact to the budget, this classification will better represent the need for this position to perform both web developer and air quality representative duties. This position will be assisting with the design, growth and usability of the District websites while also being able to communicate key air quality information to the public both verbally and in writing.

Your Board has continued to place a high priority on conducting an active and effective public education and outreach program, composed of numerous elements that are designed to allow the District to leverage opportunities to advance the following strategic objectives:

- Encourage and enlist the general public to do their part to reduce air pollution
- Empower and inform the public to protect themselves during episodes of poor air quality by providing them timely air quality information as well as scientific and comprehensible information on health effects of air pollution
- Provide accurate and objective information about Valley efforts to reduce air pollution, measurable results and achievements, and challenges that remain

In 2016-17, the District's core values, goals and mission will continue to be shared through enhanced public outreach and education. As always, the key focus will be to maximize the use of existing resources and technology to incorporate new outreach platforms and expand communication goals. The District will continue to partner with other organizations and Valley stakeholders to achieve these objectives without additional District resources.

- A key focus of 2016-17 outreach will be to continue building upon the success of the winter 2015-16 Check Before You Burn and Burn Cleaner grant program. With the amendments to Rule 4901 (Residential Wood-burning Fireplaces and Wood-Burning Heaters) fully implemented in 2016, the District will work to ensure that proper public education occurs to ensure understanding of the three burn status levels, proper

registration of clean burning devices and public access to grant funding to upgrade older devices. Additionally, the District will work with community stakeholders, wood burning retailers, media partners and the public to reemphasize during the summer months the health hazards of wood smoke and the importance of individuals registering their devices prior to the start of the wood burning season.

- Wildfires have the potential to generate tremendous emissions, causing elevated PM2.5 concentrations and ozone precursors. Air pollution generated from wildfires is enormous and well exceeds total industrial and mobile source emissions in San Joaquin Valley overwhelming all control measures resulting in periods of excessively high particulate matter and ozone concentrations. In 2016-17 the District will be working to pursue a variety of strategies aimed at reducing wildfire emissions. As a part of this effort, the District will develop a targeted public education campaign to increase public awareness of the enormous 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.
- Public enrollment in the Real-time Air Advisory Network (RAAN) continues to grow. This highly successful, well-publicized program enjoys huge participation by the Valley's school districts and pairs naturally with the Healthy Air Living Schools program. The Recommended Budget includes funding to continue outreach to Valley schools through a partnership with a Valley non-profit. The budget also allows for further evolution of the Healthy Air Living Schools program into a program focused primarily on RAAN, school idling reduction and alternative transportation to schools. The District will also promote a newly developed tool, the RAAN widget, that will deliver air quality information directly to school websites for staff and parents to reference.
- The District will continue to heavily promote RAAN beyond schools as the preeminent real-time air quality information tool in the Valley. Through the continued development of the real-time neighborhood by neighborhood air quality project, the growth of mobile device options, video RAAN education tools and a revamped website portal, the RAAN system will expand to provide even more important air quality information to the public.
- The District will also release and promote a new tool for providing neighborhood by neighborhood real-time air quality information to the public. This tool will allow users to provide a specific address or location in the San Joaquin Valley and view real-time air quality information for that specific neighborhood displayed as a graphical chart. This will in essence combine the neighborhood by neighborhood specificity of the WAAQ system with the timeliness of RAAN. Once launched, the District will engage in both free and paid media to encourage Valley residents to take advantage of this new tool as means to learn about air quality conditions in their neighborhoods, at their schools, and at their worksites.

- With the recent EPA action to reset the Air Quality Index (AQI) scale, the District will begin a focused public outreach effort to help the public avoid confusion with the new AQI while encouraging the utilization of the District's more health-protective RAAN system. The District will also assess the need for potential changes to the Real-time Outdoor Activity Risk (ROAR) guidelines for ozone.
- 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, without an increase to contract funding over the previous year. The successful "One Change" campaign will continue to be utilized to build understanding of personal behavior and demonstrate the ease of voluntary public involvement. The agency will implement the summer Healthy Air Living campaign and the winter Check Before You Burn campaign, as well as promote grant programs, conferences and other outreach programs.
- The District will be working under the new advertising agency contract to hold a series of public workshops designed to improve the Health Air Living Partner program. As a key part of the overall Healthy Air Living strategy and the eTRIP regulation, the District will be asking the public and business community how to make the program stronger and more valuable to the Partners.
- The District will conduct a series of presentations to Chambers of Commerce throughout the Valley discussing the availability of District grants for personnel, municipal and business use; and the District's efforts to modernize the Clean Air Act.
- The District will leverage media placement funds to increase outreach dollars for programs such as the "Clean Green Yard Machines" lawn mower exchange program, "Burn Cleaner" wood-burning device change-out program, "Tune In Tune Up" vehicle repair program, "Drive Clean" electric vehicle rebate program and other grant programs.
- The District recently conducted an online survey of parents and teachers who had requested and used the Blue Sky, Brown Sky...It's Up to You! children's curriculum. Those results are being used to guide the redevelopment of the entire curriculum to make it easier to use and less expensive to produce. The District will redevelop the materials in-house and work with our community partners to relaunch the tool Valley-wide in the next year.
- 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 and other high-level, sophisticated projects. Additionally, the District will leverage these tools to support our presence on social media sites.

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.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2015/2016</u>	<u>2016/2017 Recommended</u>	<u>Increase/ Decrease</u>
Accountant I/II	4.0	4.0	0
Accounting Assistant I/II	5.0	5.0	0
Accounting Technician I/II	3.0	2.0	-1.0
Air Quality Education Rep Bilingual I/II	1.0	1.0	0
Air Quality Education Rep I/II	2.5	2.5	0
Air Quality Education Web 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 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
Legal Technician (Conf)	1.0	1.0	0
Network Systems Analyst I/II	7.0	6.0	-1.0
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 Technician (Conf) I/II	1.0	1.0	0
Programmer/Analyst I/II	7.0	7.0	0
Public Education Administrator	1.0	1.0	0
Senior Accountant	1.0	2.0	1.0
Senior Air Quality Education Rep	1.0	1.0	0
Senior Network Systems Analyst	2.0	2.0	0
Senior Network Systems Analyst (Conf)	1.0	1.0	0
Senior Office Assistant	3.0	3.0	0
Senior Office Assistant (Conf)	1.0	1.0	0
Senior Personnel Analyst	1.0	1.0	0
Senior Policy Advisor	1.0	1.0	0
Senior Programmer Analyst	2.0	2.0	0
Supervising Accountant	2.0	2.0	0
Supervising Network Systems Analyst	1.0	1.0	0
Supervising Programmer/Analyst	2.0	2.0	0

SJVUAPCD 2016-17 Recommended Budget
ADMINISTRATION

<u>Title</u>	<u>2015/2016</u>	<u>2016/2017 Recommended</u>	<u>Increase/ Decrease</u>
TOTAL	<u>74.0</u>	<u>74.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Administration

	Adjusted* FY 15-16	Recommended FY 16-17	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$5,360,634	\$5,795,718	\$435,084	8%
Temporary Help	\$194,149	\$172,005	(\$22,144)	(11%)
On Call Pay	-	-	-	-
Overtime	\$78,739	\$87,610	\$8,871	11%
Unemployment	\$23,665	\$20,506	(\$3,159)	(13%)
Retirement	\$2,537,442	\$2,467,222	(\$70,220)	(3%)
OASDI	\$95,388	\$99,591	\$4,203	4%
Workers Compensation	\$53,007	\$55,011	\$2,004	4%
Cafeteria Plan Benefits	\$817,200	\$772,495	(\$44,705)	(5%)
Long-Term Disability Insurance	\$13,784	\$14,720	\$936	7%
Alternate Transportation Incentive	\$49,428	\$49,428	-	-
TOTAL SALARIES AND BENEFITS	\$9,223,436	\$9,534,306	\$310,870	3%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$2,200	\$2,350	\$150	7%
Mobile Communications	\$19,552	\$20,572	\$1,020	5%
Telephone Charges	\$26,938	\$24,562	(\$2,376)	(9%)
Insurance	\$48,577	\$45,641	(\$2,936)	(6%)
Equipment Maintenance	\$38,797	\$38,820	\$23	-
Vehicle Maintenance & Operations	\$23,000	\$33,400	\$10,400	45%
Computer Maintenance	\$123,957	\$150,647	\$26,690	22%
Video Conferencing Maintenance & Operations	\$93,500	\$97,480	\$3,980	4%
Building Maintenance & Operations	\$63,998	\$64,264	\$266	-
Office Supplies	\$15,523	\$12,276	(\$3,247)	(21%)
Computer Software & Supplies	\$26,189	\$27,657	\$1,468	6%
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$20,771	\$18,700	(\$2,071)	(10%)
Printing	\$100,167	\$100,120	(\$47)	-
Professional & Specialized Services	\$1,461,467	\$1,502,136	\$40,669	3%
Publications & Legal Notices	\$3,000	\$1,700	(\$1,300)	(43%)
Rents & Leases	\$41,044	\$43,565	\$2,521	6%
Small Tools & Equipment	\$5,896	\$5,943	\$47	1%
Special District Expense	\$125,101	\$135,770	\$10,669	9%
Travel & Training	\$122,000	\$122,000	-	-
Travel & Training- Boards	\$39,550	\$39,550	-	-
Utilities	\$62,580	\$65,157	\$2,577	4%
Audit Services	\$20,000	\$20,000	-	-
Legal Services	\$42,400	\$42,400	-	-
TOTAL SERVICES AND SUPPLIES	\$2,526,207	\$2,614,710	\$88,503	4%
FIXED ASSETS				
Office Improvements	\$40,000	\$40,000	-	-
Facilities & Equipment	\$24,368	\$31,236	\$6,868	28%
Computer Equipment	\$179,347	\$133,228	(\$46,119)	(26%)
Office Furniture / Equipment	\$5,967	\$5,967	-	-
Office Machines	\$10,742	\$11,254	\$512	5%
Telephone Systems	\$4,885	\$4,914	\$29	1%
Detection Equipment	-	-	-	-
Automobiles	-	-	-	-
Audio / Visual Equipment	-	\$20,000	\$20,000	-
Safety Equipment	-	-	-	-
Air Monitoring Automation/Remote Control Project	-	-	-	-
Video Conferencing System	\$25,500	\$25,950	\$450	2%
Air Monitoring Station Equipment	-	-	-	-
Air Monitoring Near Roadway Stations	-	-	-	-
TOTAL FIXED ASSETS	\$290,809	\$272,549	(\$18,260)	(6%)
TOTAL OPERATING APPROPRIATIONS	\$12,040,452	\$12,421,565	\$381,113	3%

COMPLIANCE

FISCAL SUMMARY

	<u>Budgeted 2015-16</u>	<u>Recommended 2016-17</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	10,468,974	10,631,005	162,031	2%
Services and Supplies	1,210,112	1,241,464	31,352	3%
Fixed Assets	<u>625,692</u>	<u>547,922</u>	<u>(77,770)</u>	<u>-12%</u>
 Total	 <u>12,304,778</u>	 <u>12,420,391</u>	 <u>115,613</u>	 <u>1%</u>

<u>Position Summary</u>	93	93
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FUNCTION

The District's Compliance Department performs a full suite of enforcement and compliance assistance related activities to ensure compliance with District, state and federal rules and regulations. In addition, the Compliance Department processes applications, permits, registrations, and plans for gasoline dispensing facilities, wood burning heaters, permit exempt equipment, portable equipment, Conservation Management Practices plans, facility transfers 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 performs inspections at approximately 9,200 permitted facilities and at approximately 6,400 agricultural operations, responds to approximately 3,000 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 are a key part to meeting clean air requirements and are required by the United States Environmental Protection Agency (EPA) and the California Air Resources Board (ARB) as part of Federal Title V, EPA 105 Grant, and State Subvention requirements. ARB recommends that the District maintain inspection frequencies of once per year for minor sources and quarterly for major stationary sources.

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 and through mobile smartphone applications. The District provides a bilingual (Spanish-English) telephone complaint line and also has the capability to utilize translation services to ensure that all communities and groups within the Valley are properly served.

Compliance Assistance

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

- **Individualized Assistance**
Personal, one-on-one help is provided to thousands of businesses and individuals to ensure they understand the District's requirements.
- **Compliance Assistance Bulletins**
Actively evaluate upcoming rule compliance dates and analyze compliance rates for various requirements and develop assistance bulletins that are sent to affected groups including, but not limited to, 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 wood burning heaters.
- **Gasoline Station Tester Training**
Ongoing training for contractors is provided for those wishing to perform vapor recovery tests 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 to the regulated community with asbestos inquiries.
- **Residential Wood Burning Heater Professional Training**
One-time training for individuals who either have a certification from the

Fireplace Investigation Research and Education, Chimney Safety Institute of America, or the National Fireplace Institute (NFI) 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 help to explain rule requirements and exemptions.
- **Rule 9410 (eTRIP)**
Staff assists in providing training to employers that they will use to implement successful eTRIP measures. In addition to this, staff provides customer service to employers subject to rule requirements and conducts onsite inspections to ensure compliance with the 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 classroom training for all groups required to submit dust control plans for construction activities and provides ongoing training as needed.
- **Prescribed Burning Outreach**
The District meets periodically with the land managers of the USDA Forest Service, National Park Service, US Fish and Wildlife Service, Bureau of Land Management, California Department of Forestry and Fire Protection, and Southern California Edison Company in order to minimize impacts of smoke from prescribed burns and wildfires.
- **Access to Compliance Policies**
Compliance policies are available on the internet for stakeholders to review, comment on, and use to assist them with complying with District requirements. The internet is updated regularly with new or modified policies to ensure availability of current information.
- **Permit Stakeholder Meetings**
The District's Compliance Department continues to attend and give updates at these meetings as another way of providing compliance assistance. The District responds to industry inquiries and provides updates in the meetings.

Emission Reduction Incentive Program Inspections

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

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

projects require ongoing inspections to assure emission reductions are realized for the life of the project.

Emissions Testing

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

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

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

Portable Equipment Registration and Inspections

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

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

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

Gasoline Station Permitting, Inspecting and Testing Program

Gasoline stations, in aggregate, are one of the largest potential sources of volatile organic compounds in the Valley. A comprehensive and effective permitting, inspection and testing program is important to ensure the vapor recovery systems operate as designed

and the Valley realizes the emission reductions anticipated in Rule 4621 (Gasoline Transfer Into Stationary Storage Containers, Delivery Vessels and Bulk Plants) and Rule 4622 (Gasoline Transfer into Motor Vehicle Fuel Tanks).

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

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

Agricultural and Prescribed Burning

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

District staff utilizes a sophisticated Smoke Management System (SMS) to determine the burn status. Air quality and meteorological conditions determine if burning is allowed. The SMS divides the Valley into over 100 zones. Each zone is analyzed and given a burn status and permissible burn acreage allocation. The goal of the SMS is to protect the public and prevent significant deterioration in air quality.

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

Prescribed burning by land management agencies is another activity regulated by the District. In accordance with Title 17 of the California Code of Regulations, the District reviews burn plans, provides burn authorizations, and monitors the fires. District staff also has an ongoing dialogue with land management agencies and other air districts to improve communication and cooperation among all parties. To this end, the District has been leading an effort at the state level to establish communication protocols between air districts and the land management agencies to ensure the smoke is well managed and its impact upon air quality and public health is reduced to the maximum extent feasible. These communication protocols are vital due to changes in federal policy on wildfires management. The District is concerned that wildfires managed under the new federal policy may have greater impacts on Valley residents. To address the concern over this potential, the District will have a greater presence during the fire season to help minimize

smoke impacts. Staff will conduct additional inspections and coordinate more closely with land managers.

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 in order to provide for independent review and valley-wide consistency in the settlement of over 3,000 Notices of Violation per year. The program settles over 95 percent of the cases without the need for referral to the District's legal department which greatly reduces 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 system to automatically gather emissions data from the various companies' CEMS and to notify inspectors of potential emissions problems. Considerable resources have been spent transitioning to a newer, easier to use, more stable data acquisition system named Agilaire for CEMS data. This was done with the added benefit of having no impact on the stationary sources end.

Fugitive Dust Regulations

District fugitive dust rules require the submittal of dust control plans on residential developments when there will be ten acres or more of disturbed surface area and on non-residential developments when there will be five acres or more of disturbed surface area. 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.

In response to the drought emergency, state and federal water agencies have taken historically unprecedented emergency actions over the past 2 years in an attempt to safeguard remaining water supplies. These actions not only affect agricultural water users, which have borne much of the brunt of the drought to date, but for the first time in state history, will mandate that cities and towns across California reduce water to prescribed levels.

Under certain provisions for Regulation VIII, water is specifically required or is the only feasible method to ensure compliance. Examples include the requirement to pre-water an area prior to earthmoving activities or the requirement to limit visible dust emissions to no more than 20 percent opacity while conducting earthmoving activities. With the state mandate that cities and towns across California reduce water usage, it appears inconsistent with the state's water conservation goals if the District is requiring water for dust control for all construction/earthmoving activities.

Recognizing that reasonable actions to accommodate drought relief efforts in the Valley are imperative in averting the public health crisis faced by Valley residents and communities experiencing shortages of drinkable water, the District took steps to implement changes to the District's enforcement policies regarding the water-dependent dust control requirements of Regulation VIII at agricultural and construction/earthmoving operations during the drought emergency. These steps allow both construction and agricultural operations that require the use of water for dust control, without a potential to create a nuisance and without effecting sensitive receptors, the ability to enter into a Mutual Settlement Agreement that would allow them to not have to use water, provided they pay a penalty in line with costs that would be incurred if they were using water for dust control. The relief offered under the settlement agreement is limited to periods outside of the Valley's peak particulate season.

Hearing Board Activities

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

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 is now responsible for regulating and updating approximately 6,000 CMP plans 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 plans that the operator selected and that they are recording and maintaining the necessary documentation.

SIGNIFICANT IMPACTS TO 2016-17 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

For the fiscal year period 2016-17, the District expects an increase in the Title V workload. The District has now issued federal Title V operating permits to approximately 250 of the largest sources of air pollution, requiring significant outreach and compliance assistance to successfully integrate these sources into the Title V and District permitting systems. Furthermore, the additional facilities recently permitted under the Title V program will significantly increase the ongoing workload of the District's Compliance Department as the Title V program requires more frequent inspections and adds additional layers of reporting to the EPA.

In addition, a number of recently amended District rules will also have compliance requirements implemented in Fiscal Year 2016-17, including: Rule 4307 – Boilers, Steam Generator, and Process Heaters – 2.0 MMBtu/hr to 5.0 MMBtu/hr, Rule 4311 – Flares, Rule 4320 – Advanced Emission Reduction Options For Boilers, Steam Generators, And Process Heaters Greater Than 5.0 MMBtu/hr, Rule 4354 – Glass Melting Furnaces, Rule 4570 – Confined Animal Facilities, Rule 4605 – Aerospace Assembly And Component Coating Operations, Rule 4621 – Gasoline Transfer Into Stationary Storage Containers, Delivery Vessels, And Bulk Plants, Rule 4694 – Wine Fermentation and Storage Tanks, Rule 4702 – Internal Combustion Engines (Phase 2), Rule 4905 – Natural Gas-Fired Fan Type Central Furnaces, Rule 7070 – Perchloroethylene From Dry Cleaning Operations, and Rule 9410 – Employer Based Trip Reduction. These amended rules will require additional inspections, record review, and emission testing oversight.

The District is also finding it necessary to continue to review and comment on state efforts to implement AB 32, California's climate protection legislation, with an emphasis on eliminating regulatory overlap and implementing significant streamlining efforts. The District will be continuing to implement the Landfill Gas Control measure in 2016-17. The Landfill Gas Control measure will largely affect facilities already under permit with the District, and as such, the additional workload within the District's Compliance Department to implement this measure will be incremental and absorbed by existing staff. In addition, at the request of regulated stakeholders and California Air Resources Board, the District has been asked to enter into a contract to perform initial enforcement of their Refrigerant Management Program due to the District's unparalleled level of customer service, streamlining and efficiency that local businesses are accustomed to when working with the District. Moving forward, ARB has indicated that they would like to enter into a Memorandum of Understanding to enforce the requirement on a permanent basis. The Refrigeration Management measure has the potential to be very labor intensive.

Currently, ARB is developing a new regulation targeting GHG emissions from the oil and gas industry. If adopted, ARB's proposed regulation will impose new requirements aimed at reducing methane emissions from certain equipment used in oil and gas production operation. Incorporating the District's core values of efficiency, good government, and elimination of duplicative regulation, District staff may recommend to the Governing Board that the District implement and enforce this regulation. After adoption by ARB, and approval by the District Governing Board, the District would enter into an agreement with the ARB to implement and enforce the new regulation. The District's involvement in these activities is

an opportunity to streamline duplicative regulatory requirements and provide a common-sense approach to implementing these new regulations that will provide a valuable service to Valley businesses.

Much of the oil production for the state comes from the Valley, as demonstrated by the thousands of pieces of equipment currently under permit with the District. The new regulation will require routine laboratory testing, routine third-party leak detection and repair at facilities not currently required to do so under existing District regulations, and emission controls on equipment not currently subject to any District rules (such as natural gas gathering and boosting stations, natural gas processing plants and natural gas transmission compressor stations). Implementation of this regulation is expected to result in a significant increase in initial and ongoing enforcement hours associated with the new facilities and equipment requiring inspection. The proposed budget does not incorporate funding for this program. Budget and funding adjustments will be necessary, and will be brought to the Governing Board for adoption after the District program is developed to implement this state regulation.

The District's innovative eTRIP Rule (Rule 9410, Employer Based Trip Reduction) was designed to reduce single occupancy vehicle work commutes at the Valley's larger employers. The final stages of rule requirements took effect recently and significant efforts have been made to date to ensure compliance with the rule. The initial focus was on providing compliance assistance and outreach to the affected work places. Ensuring compliance with this innovative rule continues to be paramount in the District's ongoing mission to protect public health and improve the Valley's air. Towards that end, during fiscal year 2016-17, the District will expand its outreach, compliance assistance and enforcement efforts necessary to implement and ensure compliance with the rule. The District is continuing to work with the facilities subject to the requirements by providing guidance and direction as well as assistance tools, such as new recordkeeping forms and compliance assistance bulletins. In addition, the District will devote additional resources to conducting on-site inspections to ensure compliance with the requirements of the rule.

Since its formation, the District has adopted and amended several rules relating to consumer products. Due to the ubiquitous nature of consumer products, the District has found that there are instances where non-compliant products are inadvertently or negligently sold within the Valley. The sales of these non-compliant products can have a significant impact on the Valley's ability to attain federal air quality standards. Recently, several new mandates have been adopted, as well as existing mandates with annual reporting requirements. The District will be conducting additional outreach, compliance assistance and enforcement activities regarding consumer product rules and upcoming compliance deadlines, including those for District Rule 4905 (Natural Gas-Fired, Fan-Type Central Furnaces).

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 SOPs 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 efforts to improve inspection efficiency, the District embarked on an effort aimed at reducing unnecessary redundancies with inspection paperwork. Inspection forms continue to be streamlined and refined to reduce time spent on paperwork. 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.

All District inspection staff has been equipped with tablet computers with wireless internet capability, which allows for the completion of inspection reports while conducting the inspection, reduces the time associated with paperwork and eliminates trips to the office for the purpose of turning in inspection reports. These devices have improved overall customer service as staff has ready access to District systems and has the ability to provide facilities with information from the field.

In conjunction with the tablet computers, inspection staff has been equipped with smart phones which allowed the District to reduce the amount of equipment to maintain and support field staff. The smart phones effectively replaced turn-by-turn navigation devices and digital cameras. The use of digital cameras has resulted in significant time savings by utilizing the ability to send pictures directly from the phone via email. This feature has been utilized extensively for fireplace surveillance and compliance response where response time is critical. The ability to send pictures from the field has also made grant inspections go more quickly, resulting in quicker processing of the grant applications. It also allows field staff the ability to access and respond to work emails in a much quicker fashion increasing efficiency and customer service. Moving forward, the District is exploring avenues to develop applications on the phone that will further streamline field staff work, which has the potential to result in substantial time savings.

In prior years, the District embarked on a multi-year, phased-in approach to implement new computer programs that will leverage the tablet computers to further increase efficiency and reduce the paperwork time associated with preparing for inspections and completing the required inspection reports. Phase 1 of the project has been completed and provides field staff with an efficient dashboard view of the relevant information necessary to conduct an inspection. This program significantly streamlines the time necessary to prepare for inspections. Phase 2, the Consolidated Activity Tracking System, has also been completed and it allows field staff's work to now be assigned through the dashboard, significantly reducing the supervisory staff's time spent on assignment preparation and tracking. The supervisors also use the system to assign work based on locations, further reducing field staff travel time. In accordance with the District's STAR work culture, supervisors and their staff continue to develop ideas and suggestions that have been implemented and are

making this an even greater time efficiency tool. Phase 3 is currently in development and is focused on allowing the data captured during an inspection to be directly input into the various electronic databases used to track inspection activities. Currently the process requires numerous people to handle the electronic documents before they are actually entered in the District's electronic databases.

The District continues to utilize the Global Positioning System (GPS) units installed in all field staff vehicles to increase inspector safety, efficiency, and accountability. With GPS, the District can ensure rapid and efficient deployment of staff to respond to unforeseen events such as complaints from the public and equipment breakdowns at facilities. Furthermore, GPS allows supervisors and their staff to evaluate route planning to ensure that travel is performed in the most efficient way possible, and ensures staff accountability by providing supervisors with the ability to monitor activities.

The District is also utilizing advanced emission detection equipment such as Forward Looking Infrared (FLIR) camera to aid in conducting inspections at oil and gas production, processing and refining operations. The District routinely leverages new technologies such as FLIR to improve the overall quality and efficiency of inspections and investigations. The FLIR camera is able to capture optical imaging of volatile organic compound (VOC) leaks. Oil and gas production, processing and refining operations have thousands of components that could potentially have fugitive VOC leaks. By using the FLIR camera, District staff will be able to quickly scan large areas, including inaccessible components, to prioritize leak detection efforts. If VOC leaks are observed with the FLIR camera, District staff is continuing to use VOC detection devices capable of taking quantitative measurements to determine whether a violation of District rules has occurred. The FLIR camera has enhanced the overall quality of the inspections and investigations by increasing the likelihood of detecting VOC leaks that may otherwise not have been found. By finding and fixing the VOC leaks, this reduces overall exposure to potentially toxic compounds and explosive environments, which is a benefit to both public health and inspector safety. The District has budgeted for another of these devices to be used at oil and gas facilities in Kings and Fresno Counties.

Continuing in its trailblazing nature, the District was the first agency to develop a registration process for clean burning, EPA certified, wood burning fireplaces and wood burning heaters. The challenge was in finding a way to register thousands of devices in a manner that the District would be confident that the devices were in fact EPA certified and that they were being properly maintained to minimize emissions. The District developed an additional training process for people who work in the industry that, upon completion, allows them to be registered to conduct inspections of the equipment and to register clean burning wood burning devices. To reduce data entry time for District staff, the registered professionals are required to use an online portal to register all wood burning devices. This information is automatically uploaded into District databases and the registered professional provides the home owner a copy of their registration. This streamlined approach has allowed the District to limit the time and District expense to administer the registration process so it is possible to offer this registration at little cost to the homeowner.

Recently, the EPA approved the District's first-of-its-kind electronic signature process for federal Title V facilities, which allows facilities to submit both Annual Compliance Certifications as well as Reports of Required Monitoring electronically. Use of the new system will streamline the required reporting for both stakeholders and the District. The system will perform an automated initial review of the electronically submitted reports, which will save a significant amount of District time currently spent on this review.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2015/2016</u>	<u>2016/2017 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	7.0	7.0	0
Air Quality Inspector I/II	42.0	42.0	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>93.0</u>	<u>93.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Compliance

	Adjusted* FY 15-16	Recommended FY 16-17	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$5,990,784	\$6,327,402	\$336,618	6%
Temporary Help	\$165,003	\$175,717	\$10,714	6%
On Call Pay	\$77,832	\$77,832	-	-
Overtime	\$61,717	\$66,256	\$4,539	7%
Unemployment	\$26,648	\$23,442	(\$3,206)	(12%)
Retirement	\$2,914,925	\$2,761,559	(\$153,366)	(5%)
OASDI	\$103,905	\$108,973	\$5,068	5%
Workers Compensation	\$110,270	\$113,991	\$3,721	3%
Cafeteria Plan Benefits	\$940,537	\$897,618	(\$42,919)	(5%)
Long-Term Disability Insurance	\$15,601	\$16,463	\$862	6%
Alternate Transportation Incentive	\$61,752	\$61,752	-	-
TOTAL SALARIES AND BENEFITS	\$10,468,974	\$10,631,005	\$162,031	2%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$14,875	\$15,395	\$520	3%
Mobile Communications	\$67,339	\$67,339	-	-
Telephone Charges	\$43,355	\$40,370	(\$2,985)	(7%)
Insurance	\$61,050	\$57,360	(\$3,690)	(6%)
Equipment Maintenance	\$62,981	\$63,608	\$627	1%
Vehicle Maintenance & Operations	\$177,900	\$162,900	(\$15,000)	(8%)
Computer Maintenance	\$85,959	\$112,381	\$26,422	31%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$80,430	\$80,760	\$330	-
Office Supplies	\$19,320	\$15,240	(\$4,080)	(21%)
Computer Software & Supplies	\$24,647	\$26,120	\$1,473	6%
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$26,980	\$34,600	\$7,620	28%
Printing	\$12,800	\$12,990	\$190	1%
Professional & Specialized Services	\$102,572	\$100,586	(\$1,986)	(2%)
Publications & Legal Notices	\$6,000	\$7,500	\$1,500	25%
Rents & Leases	\$264,288	\$282,441	\$18,153	7%
Small Tools & Equipment	\$10,745	\$11,165	\$420	4%
Special District Expense	\$19,415	\$17,361	(\$2,054)	(11%)
Travel & Training	\$27,120	\$27,120	-	-
Travel & Training- Boards	\$27,457	\$27,457	-	-
Utilities	\$74,879	\$78,771	\$3,892	5%
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$1,210,112	\$1,241,464	\$31,352	3%
FIXED ASSETS				
Office Improvements	-	-	-	-
Facilities & Equipment	\$41,603	\$19,944	(\$21,659)	(52%)
Computer Equipment	\$205,954	\$152,162	(\$53,792)	(26%)
Office Furniture / Equipment	\$7,500	\$7,500	-	-
Office Machines	\$13,500	\$14,145	\$645	5%
Telephone Systems	\$6,135	\$6,171	\$36	1%
Detection Equipment	\$108,000	\$100,000	(\$8,000)	(7%)
Automobiles	\$243,000	\$248,000	\$5,000	2%
Audio / Visual Equipment	-	-	-	-
Safety Equipment	-	-	-	-
Air Monitoring Automation/Remote Control Project	-	-	-	-
Video Conferencing System	-	-	-	-
Air Monitoring Station Equipment	-	-	-	-
Air Monitoring Near Roadway Stations	-	-	-	-
TOTAL FIXED ASSETS	\$625,692	\$547,922	(\$77,770)	(12%)
TOTAL OPERATING APPROPRIATIONS	\$12,304,778	\$12,420,391	\$115,613	1%

PERMIT SERVICES

FISCAL SUMMARY

	<u>Budgeted 2015-16</u>	<u>Recommended 2016-17</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	10,747,592	10,765,434	17,842	0%
Services and Supplies	754,251	790,582	36,331	5%
Fixed Assets	<u>237,109</u>	<u>185,855</u>	<u>(51,254)</u>	<u>-22%</u>
 Total	 <u><u>11,738,952</u></u>	 <u><u>11,741,871</u></u>	 <u><u>2,919</u></u>	 <u><u>0%</u></u>

<u>Position Summary</u>	85	85
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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 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 can be fairly lengthy and is critical because construction of new facilities or equipment, or modifications of existing equipment, may not legally proceed 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 it complies with District rules and regulations.

Sources are aided in these steps through 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 at 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.

During the calendar year 2015, the District processed applications for and issued about 3,250 ATC permits for new and modified equipment and operations, a little lower than average.

Future permitting activity may increase as the economy recovers further.

Federally Mandated Operating Permits (Title V)

About 250 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. It does, however, prescribe numerous detailed monitoring, recordkeeping, and reporting requirements for permits, and requires 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 2015, the District processed 1,325 initial and renewal Title V permit applications for 28 facilities and processed 1,430 Title V permit modifications.

Emission Reduction Banking

The District administers an Emission Reduction Credit (ERC) banking program, the purpose of which 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. The District reviews banking applications to ensure reductions are real, permanent, quantifiable, surplus, and enforceable as mandated by state and federal regulations. In 2015, the District processed 372 ERCs applications. This level is expected to increase in 2016-17 as the related permitting activity increases with growth in the economy.

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 assist staff in conducting the necessary analysis, the District actively maintains and updates a comprehensive BACT Clearinghouse.

The BACT Clearinghouse expedites 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. In 2015-16, the District started an effort to update and improve this valuable permit-expediting tool. Work will continue in 2016-17 to finalize streamlined processes to update the District's BACT Clearinghouse as well as state and federal BACT databases, resulting in additional staff time-savings.

Air Toxics Program

State and federal laws mandate a number of requirements aimed at reducing emissions of, and the risk associated with, hazardous (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 for controlling toxic air contaminants, called Maximum Achievable Control Technology (MACT) standards. 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 allowing 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. The District processed approximately 704 RMRs in 2015.

In 2015-16, the District began seeing an increased workload in this area as the District implemented revised guidelines for performing Health Risk Assessments. These revisions were proposed by the state Office of Environmental Health and Hazard Assessment, and are designed to be protective of children and other sensitive individuals. The District Governing Board directed staff to implement these revisions, and adjust permitting thresholds as necessary to assure that there are no relaxations in the health protections provided by the current processes, while assuring that the District avoids unreasonable restrictions on permitting processes.

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 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 raw data from facilities and other information sources, calculating emissions, reporting the emissions to the California Air Resources Board (ARB), and associated quality assurance work.

In 2015, the District processed 5,710 emissions inventory statements and survey responses. We continue to combine our inventory efforts with other emissions information gathering efforts, such as those required by Rules 3170, 4320 and 4702, significantly reducing and streamlining the paperwork required to be submitted by regulated sources.

In 2016-17, the District will continue to assist the state Air Resources Board in preparing and updating planning inventories that will be used in upcoming attainment plans. While

this will likely require continued devotion of District resources, the payoff in the longer term comes in the form of assurance that the District's planning efforts will 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 2015, the team reviewed 1,784 CEQA documents, sent 529 comment letters to other CEQA lead agencies and prepared 63 CEQA documents to support the District's rule adoption and permit processing efforts.

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 2015, the District received 224 ISR applications, a 10% increase over the prior year, indicating that the housing development sector is continuing to recover from the 2007-2010 industry recession. 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 development mitigations 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 efficiently obtain air permits. District SBA engineers and Technical Services air quality specialists, who can be contacted in each office or by calling a District SBA hotline telephone number, provide expert advice on technology options, application processes, and other air issues. The District's three SBA offices have responded to as many as 10,000 requests for assistance in a single year.

SIGNIFICANT IMPACTS TO 2016-17 BUDGET

The increasing workload associated with the duties performed by Permit Services, as discussed below, is expected to be accommodated by continuing to implement streamlining and efficiency improvements in all areas.

These additional streamlining measures will continue to enhance the District's reputation and tradition of having the most efficient permitting group of all air districts in California.

New Workload

Providing Support to Other Departments of the District

Strategies and Incentives Department – In 2015, the Permit Services Department continued to provide support to the Strategies and Incentives Department for maintaining and updating valley-wide emissions inventories used in the State Implementation Planning (SIP) processes used to identify areas of potential future emissions reductions. The District's effort is also designed to assist the state Air Resources Board in preparing and updating these SIP inventories to assure that the District's planning strategies are focused on the most critical sources of air pollution.

In 2016-17, the District will be working on several attainment plans including the development of attainment plans to address the 2006 and 2012 PM_{2.5} standards. As part of this process, the Permit Services Department will bring its extensive emissions inventory experience to this increasingly important task, as the need for accuracy and finer detail grows in identifying the sources of emission reductions in the Valley. The Permit Services Department will also use its resources and extensive knowledge of control technologies to assist in the evaluation of all of the District's PM, NO_x, and VOC rules to determine if additional emission reductions can be achieved by increasing the stringency of these rules. Permit staff will also identify possible new emission reduction technologies that could be considered to further reduce criteria pollutant emissions in the Valley. Overall, the support provided to the Strategies and Incentives Department in the upcoming fiscal year is projected to increase about 3,000 hours of Permit staff time compared to 2015. As discussed in the next section of this narrative, several identified gains in efficiency are expected to free up additional resources that will be allocated to supporting other District departments.

Compliance Department – In 2016-17, the Permit Services/Technical Services Division will also be providing additional assistance to the Compliance Department regarding ISR. The coordination efforts will be focused on the following:

- Improving consistency of submittals of required Air Impact Assessment (AIA) by applicants prior to applying for final discretionary approval with the public agency,
- Improving consistency of payment of any required offsite mitigation fees within 60 days of invoicing, to assure emissions reductions can be generated contemporaneously with the emissions increases caused by the development, and
- Providing more detailed and complete project information to Compliance staff

allowing for more efficient resolution of compliance cases.

Providing Support to Other Agencies and Stakeholders

Ventura County Air Pollution Control District Permitting Assistance – In 2014, the District entered into a Memorandum Of Understanding (MOU) with the Ventura County Air Pollution Control District to assist this District in evaluating an application for a power plant to be located in Ventura County. As the District has significant experience and expertise in evaluating such applications, we will be able to provide a valuable service to the Ventura County APCD. In fact, based on the high quality work already done by District staff, the MOU was extended in 2015 to assist the Ventura Air Pollution Control District with the evaluation of second power plant application. The District will be reimbursed for staff time expended in evaluating this application.

Affordable Housing and Sustainable Communities Program – The Strategic Growth Council's Affordable Housing and Sustainable Communities Program funds land-use, housing, transportation, and land preservation projects to support infill and compact development that reduces greenhouse gas (GHG) emissions. These projects facilitate the reduction of GHGs by improving mobility options and accessibility to affordable housing, employment centers, and key destinations via low-carbon transportation options (walking, biking, and transit), resulting in fewer vehicle miles traveled (VMT). The Department of Housing and Community Development (HCD) has announced funding in the amount of \$320 million for 2016.

Interested parties competing for a portion of the \$320 million must submit an application which includes a GHG analysis as a component of their application. This GHG analysis includes a quantification of GHG emissions and emission reductions associated with the proposed project by taking into account various project design elements. In its efforts in providing great customer service, the San Joaquin Valley District has committed to assisting stakeholders, providing technical assistance and performing the GHG analysis for stakeholders in relation to the GHG analysis. This support to the community is offered free of charge. This new projected workload for 2016-17 represents approximately 150 hours of staff time.

Authority to Construct Permitting

In 2016-17, the Permit Services Department is expected to issue 3,350 ATC permits, a 3.5% increase compared to the previous fiscal year period. This represents an approximately 2,700-hour increase in staff time relative to 2015, which will be mitigated by streamlining measures such as reallocation of staff resources from senior-level project review time, as well as other measures discussed in the section below.

Permitting Medium-Sized Wineries

The District started permitting large wineries in 2005. In 2016-17 the District intends to bring medium-sized wineries under permit and the outreach to and permitting of these sources will result in additional workload. The District will use its experience with the permitting of large wineries to streamline application forms and evaluation templates to process the estimated 1,000 additional permits applications in 2016-17 from medium-sized wineries,

representing approximately a 480 hour increase in staff workload.

Title V Permitting

For the fiscal year period 2016-17, the District expects an increase in the Title V workload. While the District does not expect significant numbers of new facilities entering into the Title V permitting program, we are projecting a 30% increase in the number of Title V renewals processed in the upcoming fiscal year associated with the regular permit renewal schedule for the Title V facilities. Permit Services processed 22 Title V renewal applications 2014-15, and is expected to issue 40 Title V permit renewals during the fiscal year 2015-16. In 2016-17, the District is expecting to process approximately 53 Title V permit renewal applications. This corresponds to approximately a 2,800-hour increase in staff time relative to 2015.

In addition to the projected increase of Title V permit renewal activity, a general increase in workload associated with Title V modification permitting actions resulting from new Title V permits issued over the past few years is expected.

However, as discussed below, the impact of this workload increase will be minimized due to efficiency improvements gained from leveraging our regional office staff expertise to further streamline the processing of Title V projects.

Risk Management Review (RMR)

As discussed above, in July of 2015, the District began the implementation of a significant change in RMR methodologies. The changes were based on updated health risk assessment procedures from the state's Office of Environmental Health Hazard Assessment (OEHHA). The result of using these conservative and health protective modeling methodology decisions is that calculated risk has increased by about 2.4 times compared to the risk calculated for the same emissions by the District's prior methodologies. Therefore, more projects triggered Best Available Control Technologies for toxic air pollutants (T-BACT), and a greater number of projects required a refined Risk Management Review to better characterize the risk associated with the proposed new or modified equipment.

The increase in workload experienced in 2015 as a result of the changes to the OEHHA guidance is expected to continue in 2016-17. However, as discussed below, the District has developed streamlined techniques to minimize the additional processing time that is required under the revised RMR methodology. Despite the anticipated workload increase, no additional staffing is expected to be necessary to process RMRs. To date, the additional RMR 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

Due to the OEHHA changes discussed above, the District will also be implementing a more resource-intensive Hot Spots program, which will introduce significant new workload to Technical Services in years to come. In implementing these new requirements, the District will follow the quadrennial emissions update process prescribed in AB2588. It is estimated that hundreds of additional facilities will require reassessment through a new prioritization process, of which a smaller subset will be required to perform risk assessments. To reassess these facilities, the District will follow the phased processing schedule outlined in

AB 2588, which was originally implemented in the late 80's and early 90's. At least 20 facilities are expected to trigger the public notification requirements under AB2588 as high risk facilities.

The work to implement the Toxics Hot Spots program plan is projected to require 5,250 staff hours for 2016-17, which corresponds approximately to a 2,000-hour increase compared to 2015-16. However, due to gains in efficiency in other sectors, the District has proposed to maintain the Technical Services staff at the current level for the upcoming year 2016-17. The possible need for additional temporary or regular staff to perform the required risk assessments under AB2588 for a larger number of facilities will be evaluated in the future and, if necessary, a proposal will be brought to the Governing Board for approval.

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. Technical Services is likely to experience sustained or increased workload requirements in 2016-17. With the economy continuing to recover, an increase in number of requests for comments or review under CEQA is projected for 2016-17, resulting in an increase of several hundred hours of staff processing time. However, the new streamlining measures presented in the section below will significantly minimize the increase in workload related to CEQA processing and commenting.

Senate Bill 4 (Oil and Gas Well Stimulation)

In 2016-17, the District will begin implementation of an entirely new program related to Senate Bill 4 (SB4) associated with the reviewing and commenting of state Department of Conservation – Division of Oil, Gas and Geothermal Resources (DOGGR) permits for well drilling and stimulation activities, such as hydraulic fracturing, otherwise known as fracking. The bill requires DOGGR to promulgate regulations that require permits and reporting by companies that perform fracking or other types of oil and gas well stimulation techniques and requires DOGGR to enter into agreements regarding regulatory responsibilities with other involved agencies, including local air Districts. It is estimated that the added workload will involve permit processing for up to 300 well drilling and stimulation activities per year. Processing these applications in a timely fashion will require additional resources for Technical Services. Streamlining the commenting process, combined with streamlining and efficiency gains in other areas, will offset the new workload of processing SB4 applications.

Voluntary Emission Reduction Agreements (VERAs)

For the year 2016-17, the overall time to process VERAs is projected to increase with growth in the number of projected new contracts and the growing complexity of new agreements. In addition, previously approved VERAs require accurate tracking to ensure compliance with the terms of the contract and verify that the targeted emission reductions are achieved. Under CEQA review, the District is also encouraging the use of the VERAs to allow project proponents to mitigate air quality impacts of future projects. A new outreach campaign planned in 2016 will require additional staff time and is expected to result in new VERAs.

Due to the increased workload associated with the VERA program, the District expects staff

hours to increase. However with projected gain in efficiency and streamlined measures presented below, it is expected that the increase of hours spent implementing the District's VERA program will be minimal.

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 likely to see sustained or increased workload requirements in 2016-17 due to increase in construction activity in the Valley. The District received 224 ISR applications in 2015 and, with the economy continuing to recover, 233 ISR project applications are expected during the fiscal year 2016-17, representing a 4% increase in ISR processing activity.

Air Resources Board's Proposed Oil and Gas Methane Control Regulation

The District is also finding it necessary to continue to review and comment on state efforts to implement AB 32, California's climate protection legislation, with an emphasis on eliminating regulatory overlap and implementing significant streamlining efforts.

The state Air Resources Board is developing a new greenhouse gas regulation targeting methane emissions from the oil and gas industry. If adopted, ARB's proposed regulation will impose new requirements aimed at reducing methane emissions from certain equipment used in oil and gas production operation. Incorporating the District's core values of efficiency, good government, and elimination of duplicative regulation, the Governing Board has directed District staff to develop a program to implement and enforce this regulation locally. After adoption by ARB, and approval by the District Governing Board, the District would enter into an agreement with the ARB to implement and enforce the new regulation. The District's involvement in these activities is an opportunity to streamline duplicative regulatory requirements and provide a common-sense approach to implementing these new regulations that will provide for effective and efficient implementation at the local level.

It is estimated that approximately 2,900 Permits to Operate for existing permitted equipment will need to be updated to incorporate the requirements of this new regulation. Additionally, approximately 1,500 individual pieces of permit exempt equipment will be subject to the proposed CARB regulations. The new requirements for this equipment will be likely made enforceable through the District permitting or a permit exempt equipment (PEER) registration process.

Initial implementation of this regulation is expected to result in approximately 8,725 hours of staff time over fiscal years 2016-17 and 2017-18. Ongoing staff time to implement this regulation is expected to be much less at approximately 700 hours/year. The proposed budget does not incorporate funding for this program. Budget and funding adjustments will be necessary, and will be brought to the Governing Board for adoption after the District program is developed to implement this state regulation.

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 Permit Services

Department 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 2016-17:

ATC Processing

As mentioned above, 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 2016-17, Permit Services will continue to find new and innovative ways to improve efficiency by encouraging and taking advantage of staff-driven suggestions for improvement and efficiency. The District will also develop further guidance and training materials to further reduce staff time to process permit applications.

Title V Modifications Processing

The District has prepared a plan to further streamline the processing of Title V Modifications by leveraging the existing Authority to Construct evaluation that precedes most Title V Modifications. This measure, if approved by EPA, will significantly reduce the staff time required to process the 160 Title V minor modification applications budgeted for the fiscal year 2016-17.

Title V Initial Permit and Permit Renewal

As mentioned above, the District has implemented many Title V streamlining measures over the years to increase efficiency. Recently Permit staff from the regional offices has been trained to process permit renewal and initial Title V applications. As a result, Title V applications are now distributed across the regional offices thus allowing full utilization of regional staff expertise with regards to specific facility operations.

Permit Services 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 (RMR)

As discussed above the implementation of the changes to the District's Health Risk Assessment guidelines has resulted in increased facility calculated risks, requiring Technical Services to re-process and refine existing units' risk calculations. Software, policy, and other processing tools have streamlined the RMR process, resulting in tremendous savings in processing time. Since the District implemented these changes in July of 2015, District

staff members have processed nearly 500 RMRs for proposed permitting actions, with no delays in permit processing time. We expect to find additional streamlining and efficiency improvements as RMRs continue to be processed with the new guidelines.

AB 2588 Air Toxics “Hot Spots” Information and Assessment Act

With the need to reassess many of the District’s permitted facilities under the Air Toxics Hot Spots program, it will be necessary to find areas to streamline and become more efficient in order to reduce the staff hours utilized in Technical Services. In fiscal year 2016-17, the District will begin with the following streamlining measures related to Hot Spots:

- Further develop the District’s PAS program for processing of facility plans, reports, and prioritizations, ensuring that a facility’s Hot Spots status will be readily available,
- Further develop the District’s PAS and Finance programs for automated invoicing of associated air toxics fees mandated by the state, and
- 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.

As the District processes and reassesses permitted facilities, it is expected that further streamlining measures will be necessary due to the heavy workload associated with the Hot Spots program. Once all possible streamlining and efficiency measures are in place, more staffing may be necessary due to the magnitude of work involved. While no staffing changes are proposed for the 2016-17 budget, possible recommendations for additional resources will be evaluated and discussed in the future.

Web-Based Annual Emissions Inventory

The District plans to finalize the improvements to the District’s web-based annual emissions inventory surveys and submittals allowing for a greater number of facilities required to report annual emissions information to submit their emissions inventory data via the web. The District recognizes that not all permit holders are interested in using this web-based process, but this electronic submittal system not only enhances facilities’ own efficiencies, but also the District’s overall performance.

Web-Based CEQA Streamlining System

District staff has implemented many streamlining measures in this area, but additional gains in efficiency are possible when processing well over one thousand CEQA comment requests per year from Valley lead agencies. In 2014, the Board directed staff to assess interest in, develop, and execute a programmatic approach to increase the efficiency and effectiveness of the District’s current processes used in fulfilling its obligation as a commenting agency under the California Environmental Quality Act. The District reached out extensively through three workshops to Lead Agencies throughout the valley in 2014 to propose the use of a programmatic approach with a web-based system. Based on responses from the attendees of the workshops and District surveys, significant interest in such a system was expressed.

The District began development on the web-based streamlining system in 2015-16, and will complete the development of this project in 2016-17. The CEQA streamlining web-based system is a website that serves as an alternative for government entities serving as Lead

Agencies to request for and receive comments from the District under the CEQA commenting process. This website allows users to enter project-specific data online and immediately receive a detailed comment letter from the District. The District comment letter outlines the applicable requirements, including applicable District rules and regulations, and provides project design elements that can be incorporated to reduce impact on air quality.

This system will result in improved project turnaround time and effectiveness of District comments, improved project design for better air quality, and improved customer service. As a result, the overall time budgeted for CEQA commenting has been reduced from 6,800 budgeted staff hours in 2015-16 to 5,400 for 2016-17 despite a projected increase in workload (+3%, corresponding to approximately 250 hrs). Efficiency gained upon implementation of the CEQA web-based system will streamline and reduce work at all staff levels.

SB4 (Oil and Gas Well Stimulation) Processing Templates

As discussed above, the District committed to reducing permitting and business bottlenecks with a guaranteed 14-day commenting turnaround time in the Memorandum of Agreement with DOGGR, while other Districts required a 45-day commenting period in their MOAs. The initial efficiency measures the District is implementing to meet this timeframe will include CEQA commenting templates that will expedite processing of these permit reviews, and should result in staff time of approximately 300 hours per year for SB4 applications processing. This is a new, but streamlined, workload to Technical Services for future years beginning in 2016.

Assistance for the Affordable Housing and Sustainable Communities Program

With this new workload assigned to the Technical Services, application processing templates will be created, with pre-approved calculations and approval language used to reduce staff hours.

Voluntary Emission Reduction Agreements (VERAs)

Due to the increase in VERA workload, the District will implement the following measures in 2016-17:

- Create and develop VERA software for project processing and tracking, and
- Create VERA contract templates with pre-approved language, another streamlining measure designed to reduce staff hours crafting custom contract language.

These efficiency improvement measures will offset the increase in workload. About 620 staff hours are forecast for 2016-17 to process VERA contracts, which is consistent with the number of hours spent in 2015, despite a projected increase in activity under this program.

Indirect Source Review (ISR)

As the economy continues to recover, the increase in projected hours benefits from the fact that the District's ISR software was updated in 2015, which resulted in significant processing efficiencies. The estimated savings per project is approximately 1 hour, which reduces the average ISR project time from 10.5 to 9.5 hours per project.

Web-based Facility Portal

The District continues to develop the web-based facility portal. In 2014, the District released its web-based Online Facility Portal program 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 the facility portal, each facility can track the progress of permit applications, and view and download facility’s permits, applications, and related correspondence at any time. In 2015, new features have been added to expand the Portal’s capabilities, such as the ability to submit ATC applications and compliance source test reports electronically, view billing information, pay bills online, track permit applications electronically. The industry response to the Online Facility Portal has been overwhelmingly positive, with more than 650 facilities participating, to date. In 2016-17, the Online Facility Portal will continue to be updated to include interactive online application forms and add user management features to allow a facility administrator under the Portal to manage access of other facility users.

Non-Permitting Staff Duties

In addition to the processing of Authority to Construct applications and Title V projects, Permit Services staff spends multiple hours performing other duties not associated with permitting actions, such as attending staff meetings, preparing project files, and responding to questions. The District will continue its efforts to apply a similar focus and attention to the streamlining of these non-permitting staff duties as the department has traditionally applied to streamlining the permitting process. Every non-permitting hour freed up through this process becomes another hour to apply to processing permit applications, resulting in a double benefit.

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 many 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 the District is pursuing:

- Develop paperless workflow systems to maximize efficiency in processing permit applications.
- Continue to work cooperatively with the Compliance Department to identify ways to improve service to permit holders.
- Train staff to more accurately record time spent on various activities to allow management to better track staff time spent on specific activities, with the goal of finding additional streamlining opportunities.

Perhaps most importantly, through ongoing comprehensive implementation of the District’s Service Teamwork Attitude Respect (STAR) program, the District is continuously improving quality and program effectiveness and efficiency by implementing internally-generated

process improvement suggestions from those who know the processes best – District staff. The department will vigorously pursue a continuation of the streamlining benefits realized through STAR suggestions.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2015/2016</u>	<u>2016/2017 Recommended</u>	<u>Increase/ Decrease</u>
Air Quality Engineer I/II	38.0	38.0	0
Air Quality Specialist I/II	13.0	13.0	0
Air Quality Technician I/II	1.0	1.0	0
Director of Permit Services	1.0	1.0	0
Office Assistant I/II	3.0	3.0	0
Permit Services Manager	3.0	3.0	0
Program Manager	1.0	1.0	0
Senior Air Quality Engineer	12.0	12.0	0
Senior Air Quality Specialist	4.0	4.0	0
Senior Office Assistant	1.0	1.0	0
Supervising Air Quality Engineer	6.0	6.0	0
Supervising Air Quality Specialist	2.0	2.0	0
TOTAL	<u>85.0</u>	<u>85.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Permit Services

	Adjusted* FY 15-16	Recommended FY 16-17	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$6,517,263	\$6,773,690	\$256,427	4%
Temporary Help	-	-	-	-
On Call Pay	-	-	-	-
Overtime	\$62,549	\$67,188	\$4,639	7%
Unemployment	\$22,631	\$19,921	(\$2,710)	(12%)
Retirement	\$3,082,168	\$2,872,671	(\$209,497)	(7%)
OASDI	\$97,825	\$101,631	\$3,806	4%
Workers Compensation	\$42,529	\$43,786	\$1,257	3%
Cafeteria Plan Benefits	\$850,597	\$813,843	(\$36,754)	(4%)
Long-Term Disability Insurance	\$16,110	\$16,784	\$674	4%
Alternate Transportation Incentive	\$55,920	\$55,920	-	-
TOTAL SALARIES AND BENEFITS	\$10,747,592	\$10,765,434	\$17,842	-
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	-	-	-	-
Mobile Communications	\$5,235	\$5,235	-	-
Telephone Charges	\$30,942	\$28,213	(\$2,729)	(9%)
Insurance	\$55,798	\$52,425	(\$3,373)	(6%)
Equipment Maintenance	\$44,125	\$44,805	\$680	2%
Vehicle Maintenance & Operations	-	-	-	-
Computer Maintenance	\$54,913	\$82,555	\$27,642	50%
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$73,511	\$73,812	\$301	-
Office Supplies	\$17,659	\$13,929	(\$3,730)	(21%)
Computer Software & Supplies	\$21,749	\$20,097	(\$1,652)	(8%)
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$26,645	\$28,200	\$1,555	6%
Printing	\$7,405	\$6,800	(\$605)	(8%)
Professional & Specialized Services	\$63,523	\$62,430	(\$1,093)	(2%)
Publications & Legal Notices	\$98,820	\$108,605	\$9,785	10%
Rents & Leases	\$153,220	\$163,276	\$10,056	7%
Small Tools & Equipment	\$6,197	\$6,252	\$55	1%
Special District Expense	\$5,416	\$4,784	(\$632)	(12%)
Travel & Training	\$15,850	\$15,850	-	-
Travel & Training- Boards	-	-	-	-
Utilities	\$73,243	\$73,314	\$71	-
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$754,251	\$790,582	\$36,331	5%
FIXED ASSETS				
Office Improvements	-	-	-	-
Facilities & Equipment	\$34,316	\$26,911	(\$7,405)	(22%)
Computer Equipment	\$177,994	\$133,521	(\$44,473)	(25%)
Office Furniture / Equipment	\$6,855	\$6,855	-	-
Office Machines	\$12,338	\$12,928	\$590	5%
Telephone Systems	\$5,606	\$5,640	\$34	1%
Detection Equipment	-	-	-	-
Automobiles	-	-	-	-
Audio / Visual Equipment	-	-	-	-
Safety Equipment	-	-	-	-
Air Monitoring Automation/Remote Control Project	-	-	-	-
Video Conferencing System	-	-	-	-
Air Monitoring Station Equipment	-	-	-	-
Air Monitoring Near Roadway Stations	-	-	-	-
TOTAL FIXED ASSETS	\$237,109	\$185,855	(\$51,254)	(22%)
TOTAL OPERATING APPROPRIATIONS	\$11,738,952	\$11,741,871	\$2,919	-

STRATEGIES AND INCENTIVES

FISCAL SUMMARY

	<u>Budgeted 2015-16</u>	<u>Recommended 2016-17</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	7,140,670	7,246,903	106,233	1%
Services and Supplies	1,589,634	1,538,290	(51,344)	-3%
Fixed Assets	<u>1,507,990</u>	<u>926,948</u>	<u>(581,042)</u>	<u>-39%</u>
Total	<u><u>10,238,294</u></u>	<u><u>9,712,141</u></u>	<u><u>(526,153)</u></u>	<u><u>-5%</u></u>
 <u>Position Summary</u>	 58	 58		

FUNCTION

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 Governing Board has adopted policy direction that prioritizes employing air quality strategies that prioritize measures that provide for maximum health benefits, in addition to meeting federal air quality standards.

While the reductions in emissions being achieved through regulatory control measures are resulting in better Valley air quality, attainment with stringent federal health-based air quality standards cannot be achieved by stationary source regulations alone. The District's voluntary incentive 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 (ARB) and Department of Finance (DOF) confirmed that the District's programs are fiscally sound and are "efficiently and effectively achieving their emission reduction objectives."

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 ARB 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, ARB, 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 ARB, 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 expends significant effort responding to requests from ARB 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 a Maintenance Plan designed to assure the area stays 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, District staff has also drafted rules addressing indirect sources (mobile sources from new development), wood-burning fireplaces, 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 ARB 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. 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.

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 simulate air quality concentrations in the San Joaquin Valley. Many of the inputs and algorithms in these models were derived from the 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 ARB, industry, academia, and other air districts on air quality research and modeling projects. In particular, the District has worked extensively with ARB on air quality analysis and modeling in support of attainment planning efforts. This collaboration will continue as the District develops a number of air quality plans over the next few 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. Currently, ARB conducts all SIP-related modeling for the District's air quality plans and as such requires the District to rely solely on ARB for all modeling needs including acceptance of the results of the model runs. Running various modeling scenarios to assist with the Valley's control strategy has not been an option due to limited time and resources by ARB staff. 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 ARB and evaluate potential strategies as the District prepares numerous attainment plans.

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. Additionally, staff is responsible for the on-going quality assurance and certification of data collected from the District's 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 forecasts, declarations for the episodic curtailment provisions of Rule 4901 (Wood Burning Fireplaces and Wood Burning Heaters), and forecasts 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, the District's lower air profilers, and District-customized meso-scale weather and statistical 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 its forecasting tools supporting 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 has raised the importance of accurate and timely air quality forecasts.

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. 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 program for criteria air pollutants in each of the eight counties of the Valley. The sophisticated equipment used measures pollutants at very low levels. The equipment operates continuously and must be maintained to meet very strict state and federal criteria. It is critical the District maintains this equipment as the data is extremely important in providing current air quality information to the public, and is utilized for a number of District programs.

The information gathered from the District's 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, 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, PM10 and PM2.5, 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, and two atmospheric profilers that provide for enhanced forecasting and modeling. Lastly, many of these stations include meteorology equipment.

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

Incentive Grant Program Functions

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, the Reduce Motor Vehicle Emissions (REMOVE) Program, and other incentive programs. Additionally, staff is responsible for ongoing administration of the District's Technology Advancement Program (TAP), the 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.

The following is a list of all incentive grant fund revenues included in the Recommended Budget:

• DMV Surcharge Fees	\$43,101,872
• Carl Moyer Program	8,300,000
• ISR & Voluntary Mitigation Agreements	7,229,215
• Proposition 1B	41,545,600
• DERA Program	988,000
• School Bus Program	2,750,000
• Federal Diesel Emission Reduction Funding	5,069,854
• Non-Operating Interest	516,800
• AERO (Rule 4320) & Section 185 (Rule 3170)	1,800,000
• State Cap and Trade Funds	9,500,000
• CEC Grants	300,000
• Miscellaneous Incentive Funds	<u>375,000</u>
 Total New Incentive Grant Funds	 <u>\$121,476,341</u>

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 heavy-duty 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 2015-16, the District obligated over \$26 million in incentive funds through its various heavy-duty programs for over 750 engines/vehicles, and paid out over \$30 million in grant claims.

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 and locomotives. 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.

Truck Voucher Incentive Program: The truck voucher incentive program was the first of its kind when launched by the District recently as one of its newest incentive programs. 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. The program is designed to be streamlined, with close coordination of the application and verification process conducted with truck dealerships. 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.

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.

Lower Emission School Bus Program: The Lower Emission School Bus Program was created to reduce school children's exposure to cancer-causing and smog-forming pollution. By reducing exhaust emissions from old diesel school buses, the risk to one of our most sensitive groups, children, is greatly reduced. Any California public school district that owns and operates school buses in the San Joaquin Valley Air Basin, or any Joint Powers Authority (JPA) that directly provides transportation services to public school districts, is eligible to apply for funds. The School Bus Replacement Program offers incentive funding for the replacement and retrofit of high-emitting diesel school buses with new emission certified buses and clean filter technologies. In addition to funding projects in the San Joaquin Valley, the District has also been administering school bus programs for a number of neighboring and other small air districts throughout the state.

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 include high-polluting vehicle scrappage, E-mobility (video-telecommunications), bicycle infrastructure, alternative fuel vehicle mechanics training, and public transportation subsidies. During the first eight months of 2015-16, the District obligated over \$120,000 in incentive funds through its various REMOVE programs for five projects.

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 targets residents who travel more than 20 miles one way for work. 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 2015-16, the District has issued over 23,000 vouchers for almost \$700,000.

Drive Clean

The District encourages Valley residents to drive advanced clean vehicles, such as plug-in and plug-in hybrid electric vehicles, by providing rebates for the purchase or lease of an eligible vehicle through its Drive Clean Rebate Program. 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 2015-16, the District has provided more than 900 rebates for over \$2.5 million.

Charge Up

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 viability of the technology in the region with necessary infrastructure. The program provides funding for Valley public agencies and businesses to purchase and install publically accessible electric vehicle chargers. To date, the District has awarded more than \$1.4 million in incentives for the siting and installation of 140 level 2 and level 3 electric vehicle chargers.

Vehicle Scrap, Repair, and Replacement:

The District has offered 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. As one of the newest District incentive programs targeting the highest-polluting light-duty vehicles, 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. In 2015, funding from the Air Resources Board through the Enhanced Fleet Modernization Program (EFMP) and EFMP Plus Up has allowed the Tune In Tune Up 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 Tune In Tune Up provide direct emissions benefits in low-income disadvantaged communities located throughout the Valley. In 2015-16, the District sponsored 24 weekend events that provided funding for over 4,400 vehicle repairs and 290 vehicle 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 2015-16, the District approved over \$7.6 million in incentive funds through the Public Benefit Grants program.

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. 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 2015-16, the District has issued over 2,400 vouchers for more than \$3.9 million.

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.

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, your Board has approved 34 of the proposed projects for total funding of over \$11 million, with successful demonstrations of zero emissions yard trucks, electric composting, ultra-low NOx biogas engines, and other technologies.

Dairy Feed Mixer Electrification Program

The District is developing a new 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 will provide 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 will be evaluated against the specific criteria developed as a part of this program.

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 2016-17 BUDGET

As detailed in the next section, the District anticipates an increase in workload in the planning, air monitoring, and incentive program functions, including the need to develop new attainment plans for ozone and PM2.5, development and adoption of rules to fulfill federal mandates and District commitments, and administration of additional incentive grant funding projects. The increased workload is expected to be accommodated with existing staff by continuing to implement streamlining and efficiency improvements in all areas. Additionally, efficiencies gained from the reorganization implemented in April 2014 will assist in addressing the impact of increased workload in 2016-17.

New Workload

Air Quality Plan Development; Rulemaking and Emission Control Strategy Development; and Air Quality Analysis

In addition to the many attainment plans that the District has already developed and implemented, the District is also mandated under the Clean Air Act to develop and adopt several new ozone and particulate plans in the next few years. Although each of these plans applies to a different specific air quality standard, ozone and particulate matter have common precursors, and many of the same control measures and strategies are likely to be required to expeditiously attain these standards.

A significant amount of work will be required in 2016-17 to prepare new PM2.5 and ozone attainment plans. The District will need to prepare plans and attainment strategies to address the 2006 PM2.5 standard, the 2012 PM2.5 standard, and maintenance of the 1987 PM10 standard. The District will also need to initiate development of the plan to address the recently adopted 2015 8-hour ozone standard. Developing plans that demonstrate attainment with the latest ozone and PM2.5 air quality standards that approach natural background levels will require an enormous amount of emissions reductions and the deployment of transformative measures. In developing these plans, the District will need to conduct extensive research in close cooperation with Valley stakeholders to explore potential innovative control strategies. Development of these plans will involve extensive public engagement, including working closely with the Public Advisory Workgroup (PAW) which plans on meeting on a regular basis to review and provide feedback on various components of the plan(s). The District will also continue to prioritize strategies that provide for maximum health benefits under its Health Risk Reduction Strategy. District staff will need to collaborate extensively with ARB on refining the emission inventory and atmospheric modeling for these upcoming plans through use of the District's Air Quality Modeling Center. District staff will also continue to analyze the implications of new federal standards for oxides of nitrogen, oxides of sulfur, ozone, and particulate matter with respect to additional attainment plan requirements, potential implications to the District's air monitoring network, and impacts to other District programs.

In 2016-17, the District will also continue with the evaluation of potential amendments to Rule 4692 (Commercial Charbroiling) to achieve additional emissions reductions from charbroiling

operations through the installation of emissions control technologies at restaurants utilizing under-fired grills. An important component of this ongoing evaluation is the on-site demonstration of emission control technologies at Valley restaurants to better understand the cost and feasibility of applying such technologies.

To assist in the preparation of attainment plans for ever-tightening federal standards, significant resources will be required for the launch and full utilization of the new state of the art Air Quality Modeling Center at the District. The expanded capabilities of the modeling center will provide extensive computer resources that will allow the District to conduct complex air quality modeling currently being performed exclusively by the State Air Resources Board. These models are critical to understanding the Valley's complex air quality and evaluating potential strategies as the District prepares numerous attainment plans in the coming years. Significant staff resources will be required to develop the in-house capacity necessary to fully utilize the resources available through the new modeling center.

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 complete additional and ongoing training to become familiar with the necessary modeling applications, and will conduct modeling of various potential scenarios to assist with the development of control strategies for the upcoming attainment plans.

In 2016-17, the District will also be utilizing the Air Quality Modeling Center to continue to develop the new online resource for Valley residents that provides air quality information on a neighborhood by neighborhood level. The District recently released the Web-based Archived Air Quality (WAAQ) system, which now provides the public access to historical air quality information at the neighborhood level. The Air Quality Modeling Center will also be used to develop the analytical tools and algorithms needed to provide real time air quality information to Valley residents on a neighborhood by neighborhood level basis. Providing air quality information on a real-time basis for such a large geographical area poses a number of challenges that must be met before launch. Furthermore, such a real-time reporting system must be able to take into account and make adjustments for unforeseen events that may affect air quality in a particular neighborhood. Given the Valley's size, it will take considerable staff resources, computing power and internal quality assurance checks to guarantee the information's accuracy for the approximately 3,600 neighborhoods.

The Recommended Budget also includes a reclassification of the Air Quality Planning and Research Analyst position to an Air Quality Research Supervisor. This position was originally created to expand District capabilities to guide and conduct Valley-specific research projects. The Air Quality Planning and Research Analyst position remained vacant last year as significant progress had been made in expanding the District's research capabilities, and projected workload in this area being less than expected and that required for an ongoing full time position. However, significant additional work is expected to respond to federal Clean Air Act mandates that require

preparation of several new air quality plans, including the need for conducting and managing a variety of research studies in support of these efforts. The reclassified position can handle an expanded scope of work and accommodate the District's projected research workload as well as providing lead and supervisory role for the Air Quality Analysis team.

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 \$300,000 specifically designated for health and scientific studies. Through these funds, the District anticipates designing and overseeing research studies in a number of important areas, including: emissions inventory for key area and mobile sources; studies in support of the Health Risk Reduction Strategy; saturation studies in support of the neighborhood-by-neighborhood level air quality reporting system; studies in support of rule and strategy development with focus on identifying effective strategies to reduce directly emitted PM_{2.5}.

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 engineering support to promote the development and advancement of new low-emissions technologies for mobile and stationary sources. Using existing and new incentive funding sources, this program will provide opportunities for new technology developers and entrepreneurs to compete for District funding of low-emissions technologies that work effectively in the San Joaquin Valley. The Technology Advancement Program will also enable the District to create public-private partnerships, including work with universities and other clean air agencies throughout the nation, to advance low-emissions technologies and build and expand local capacity for research and development in the San Joaquin Valley.

The District anticipates completing several Exceptional Events documents in 2016-17. 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. District staff is also responsible for coordinating the contracts with the laboratories that analyze the samples collected for the Photochemical Air Monitoring System (PAMS) program.

Air Monitoring

The new federal nitrogen dioxide standard requires new near-roadway nitrogen dioxide monitors in counties with populations above one million be installed over the next two years in Bakersfield and Fresno. The Fresno near-road site came online in early 2016, and the Bakersfield near-road site is expected be online later this year. The new stations require considerable staff time to operate and maintain.

In addition to the new stations discussed above, the District will also begin evaluating other network modifications, including potential consolidation of sites. Potential changes will require extensive documentation and staff time to implement in this next fiscal year

Recent changes implemented by EPA and ARB 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 ARB's monitoring umbrella.

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.

To provide expanded monitoring capability in support of special needs, the District is planning to develop a unit that will automate the exchange of filters used in gas analyzers throughout the air monitoring network. If successful, this unit will have the ability to adjust the sample line flowing through a dirty filter to a clean filter through an automated process, saving staff time currently used to travel to a site and complete this task manually. Additionally, the District is also planning to enhance its mobile monitoring capabilities through purchasing and constructing more compact equipment used to measure ozone and particulate matter. When developed, these mobile units can be used to measure air quality for emergency situations (e.g. wildfires, industrial fires), and can also be used to collect air monitoring data in areas of the Valley that have historically never been monitored. Data collected from these mobile units can also be used to augment neighborhood level data in support of the continued development of the Web-based Archived Air Quality (WAAQ) system and the neighborhood-by-neighborhood level Real-time Air Advisory Network (RAAN), and assist in parallel monitoring needed for making changes to the air monitoring network.

Incentive Program Workload

In 2016-17, the District expects to receive an additional \$121 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 2016-17 carried forward as reserved fund balance. These two sources will bring the total incentive funds available to the District in 2016-17 to \$152 million.

A significant workload related to the District's incentive programs involves the funding of projects through the Proposition 1B Goods Movement Emission Reduction Incentive

Program. Significant interest has been shown in this program, with the District receiving 2,019 applications for over \$100 million of requested funding during the program's most recent solicitations. While difficulties with the state budget caused a significant delay in funding early in the Proposition 1B Program's implementation, funds have more recently become available, with the District receiving and allocating over \$137 million to date.

In addition to the ongoing work of processing and closing out the remaining funds from the previous round of funding, in 2016-17, the District will receive over \$41 million of Proposition 1B funds to be awarded to interested truck fleet owners and other eligible applicants for goods movement emission reduction projects through a competitive application solicitation process beginning in the summer of 2015. This solicitation will include a comprehensive outreach campaign to ensure that the District receives maximum participation Valley-wide. Additionally, this solicitation will necessitate a complete overhaul of all District applications, forms, and associated program materials due to the increasing complexities of this program stemming from the implementation of ARB's statewide truck and bus regulation. With the implementation of this regulation and new state guidelines, more complex and labor-intensive project specific evaluation will be required. This added complexity will also necessitate working more closely with each fleet owner and truck operator to determine their potential eligibility for the program.

Another facet of the Proposition 1B program that will continue to require a significant increase in workload is the ongoing work to implement and expand a robust truck reuse program. The District has worked closely with ARB over the past year to design a program to replace old, high-polluting agricultural trucks with newer trucks replaced in the Proposition 1B program. While we have developed the general framework for the program, the program implementation is very labor-intensive.

In addition to Proposition 1B, the District will also be continuing to implement several truck voucher incentive programs in 2015-16. Given the substantial funding and demand for these programs, significant staff time associated with application processing, monitoring, auditing, and reporting will be required.

The Recommended Budget includes another \$6.5 million for the Burn Cleaner program, with demand from Valley residents and corresponding workload remaining extremely high. Additionally, as we continue to refine the program, additional work will be required to update the program guidelines and associated materials, provide training to Valley retailers, amend agreements and engage in a strong outreach campaign to continue to promote the Check Before You Burn program.

The District will continue the implementation of the award-winning Tune In, Tune Up program by providing an additional \$4 million in vehicle repair funding for residents in low income disadvantaged communities. Based on the success of the District's pilot vehicle replacement program, ARB has provided the District \$8.8 million in funding to implement the Enhanced Fleet Modernization Program (EFMP) and the EFMP Plus Up (Plus Up) programs. The Plus Up portion of the program is designed to complement the

EFMP Program and provide higher incentives for residents of disadvantaged communities to purchase advanced technology vehicles including hybrids, plug in hybrids, and battery electric.

One of the largest components of the 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 the District plans on providing significant funds towards these cost-effective projects in 2015-16. 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 2014-15.

Similar to the development of a truck reuse program in Proposition 1B, the District is working on developing a first-of-its-kind tractor reuse program with the same goal of gaining additional emission reductions from replacing old, high-polluting tractors with newer tractors that have been replaced through the District's agricultural equipment replacement program. Like the truck reuse program, the design of the program is substantially complete; however, program implementation on a large scale will result in a significant additional workload in the upcoming year.

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. 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. This year, to encourage electric vehicle deployment, the District will begin providing incentives for workplace and publically accessible charging stations as authorized by the Governing Board. The expected increase in workload from this program will come from the research and development of this new funding component as well as 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. The District anticipates receiving nearly \$7.2 million of incentive funding through these programs. 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 to see significant activity in 2016-17, with over \$4.5 million 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.

The Recommended Budget includes \$150,000 to provide funding for support of voluntary Valley-wide projects for energy efficiency and HAL Partner recruitment, in close coordination with local jurisdictions, utilities, and other stakeholders.

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 2016-17. Of particular importance will be the need to secure new funding made available through the state Cap and Trade program. As directed by the District Governing Board in May of 2015, the District will continue to implement the District's multi-faceted Cap and Trade 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. Through this effort, the District will work to ensure that the Valley receives its fair share of funding given the disproportionate number of disadvantaged communities in the San Joaquin Valley. This effort will include advocacy with the legislature and state agencies and working with Valley entities to build capacity to compete for and effectively spend the dollars available. Implementing this action plan will require substantial staff resources to conduct outreach and advocacy, prepare numerous proposals for District-administered grant programs, assist Valley entities in preparing grant proposals, and secure and administer targeted block grants.

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 Measures

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

In 2016-17, 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 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. 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 2016-17, additional forecasting tools will be created which will allow for the full automated retrieval of several different metrics, i.e., temperature, wind speed, wind direction, humidity, and other meteorology, with the click of one button, instead of the extensive time spent on retrieving this meteorological data from various websites. This automation tool, when completed, will result in a significant decrease in the time it takes to formulate the daily forecast.

In 2015, the District's air quality forecasting and compliance staff worked with the California Air Resources Board (ARB) to create the ability 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 simplifies the process for the District and land managers to submit plans and approvals to each other for proposed prescribed burn projects. Additionally, it streamlines the resources needed to organize and retain the necessary information to operate the prescribed burn program. This new approach was tested with a small number of burn projects in 2015, but will be expanded in 2016-17 to achieve an even greater efficiency in this program for the air quality forecasting and compliance staff.

In 2016-17, the District will continue to refine its procedures for public workshops while still providing ample opportunity for public review. Streamlining measures will involve more utilization of video-teleconferencing (VTC) to reduce travel-time to workshops. In accordance with the District's core value of open and transparent public processes, webcasting meetings allows an additional means of public participation, while reducing emissions from mobile sources. The District will continue to present major topics in-person throughout the Valley, and utilize the District's VTC facilities for all public meetings. In order to better reach stakeholders in the Valley's environmental and community groups, the District will continue to present and solicit feedback at regularly scheduled meetings of the Citizen's Advisory Committee and Environmental Justice Advisory Group.

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, technologies, and sources hosted by the California Air Resources Board. In addition, to minimize the time spent by staff staying abreast of new policy, legislation, and guidance, when new information becomes available, one staff member reviews it and posts a summary to the District's intranet website. Other staff is then notified of the new posting, which enables more staff members to access pertinent information in a fraction of the normal time.

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 now 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 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 allow 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 mandates and demands will not be sustainable with existing staffing levels. In 2016-17, the District is proposing to continue its aggressive efforts in the areas of automation, remote connection and modernization by undertaking the following projects:

- Replacement of manual, labor intensive filter-based monitoring methods with continuous real-time methods, where appropriate, which do not require the frequent replacement and analysis of filters and the corresponding trips to the air monitoring stations. This also has a co-benefit as it provides timely data which can be used for forecasting and for public outreach through avenues such as the Real-Time Air Advisory Network (RAAN).
- Replacement of aging analyzers with newer "intelligent" models which incorporate remote connection capabilities to run diagnostic checks, to update/change configurations, and to evaluate operating parameters. This reduces trips to stations by allowing weekly and biweekly maintenance checks to be performed remotely, and facilitates timely completion of analyzer repairs by allowing the problem to be diagnosed remotely prior to visiting the station to affect the repair.
- Replacement of aging support equipment such as calibrators and zero air generators with new models which enhance remote connection capabilities and

which will decrease analyzer downtime and maintenance costs associated with operating older equipment.

- Use of the new 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. Furthermore, the new DMS will allow the removal of manual strip chart recorders, which will eliminate maintenance and manual QA/QC data analysis needs for the data recorded by the strip chart recorders.
- Use of the new 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 new 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.
- Complete the testing phase of an automated filter exchange mechanism for use at air monitoring sites measuring gaseous parameters. If proven to be successful, this unit will dramatically reduce the number of trips currently needed to handle this required task.
- 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.
- Reorganize equipment at all sites to allow for easier movement through the shelter and improved access to the equipment for repairs and maintenance.
- Create or purchase software to catalog and track warehouse parts inventory. 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 to potential to track where parts are being used.

In 2016-17, 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 Programs

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

The most critical tool utilized in the administration of the District's voluntary incentive programs is the Grants Management System (GMS) database. This system tracks all activities related to the administration of all of our programs. During the upcoming year, a huge focus will be on totally revamping this system to allow District staff to more efficiently administer our programs through more effective use of technology. This includes moving towards a paperless electronic workflow, and enhanced reporting and tracking. Updating GMS will provide significant streamlining in all areas of grant program administration.

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. The District is also in the process of finalizing a comprehensive database that will link all departments to increase the coordination and speed in processing incentive program applications.

Historically, the District has managed one of the most efficient grant processing programs in the state, as recognized by numerous independent audits. Most recently, 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:

- 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 District's Tune In Tune Up program to include the vehicle replacement program into the existing structure
- 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 Carl Moyer Program
- Development of templates and boilerplate contracts and supporting documentation to increase efficiency and consistency
- 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

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.

The District will continue developing and enhancing campaigns designed to promote awareness and participation in grant programs such the Burn Cleaner program and the Heavy Duty Engine Program. As in previous years, the District will implement a comprehensive multilingual outreach campaign to promote the Check Before You Burn Program and the Healthy Air Living programs. With the amendments to Rule 4901 (Residential Wood-burning Fireplaces and Wood-Burning Heaters) fully implemented, the District will work to ensure that the public is educated regarding the revised no burning thresholds, proper registration of clean burning devices, and grant funding opportunities for upgrading older wood burning devices.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2015/2016</u>	<u>2016/2017 Recommended</u>	<u>Increase/ Decrease</u>
Air Quality Analysis and Research Supervisor	0	1.0	1.0
Air Quality Assistant	1.0	1.0	0
Air Quality Instrument Specialist I/II	1.0	1.0	0
Air Quality Instrument Tech I/II	6.0	6.0	0
Air Quality Planning and Research Analyst	1.0	0	-1.0
Air Quality Specialist I/II	23.0	23.0	0
Director of Strategy & Incentives	1.0	1.0	0
Office Assistant I/II	2.0	2.0	0
Operations Support Supervisor	1.0	1.0	0
Program Manager	3.0	3.0	0
Senior Air Quality Instrument Tech	1.0	1.0	0
Senior Air Quality Specialist	10.0	10.0	0
Staff Technician I/II	2.0	2.0	0
Supervising Air Quality Instrument Tech	1.0	1.0	0
Supervising Air Quality Specialist	4.0	4.0	0
Supervising Atmospheric Modeler	1.0	1.0	0
TOTAL	<u>58.0</u>	<u>58.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Strategies and Incentives

	Adjusted* FY 15-16	Recommended FY 16-17	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$3,916,050	\$4,128,548	\$212,498	5%
Temporary Help	\$442,148	\$470,120	\$27,972	6%
On Call Pay	-	-	-	-
Overtime	\$56,097	\$63,526	\$7,429	13%
Unemployment	\$19,544	\$17,365	(\$2,179)	(11%)
Retirement	\$1,884,567	\$1,777,526	(\$107,041)	(6%)
OASDI	\$92,176	\$95,917	\$3,741	4%
Workers Compensation	\$37,422	\$38,867	\$1,445	4%
Cafeteria Plan Benefits	\$643,955	\$604,482	(\$39,473)	(6%)
Long-Term Disability Insurance	\$10,971	\$11,516	\$545	5%
Alternate Transportation Incentive	\$37,740	\$39,036	\$1,296	3%
TOTAL SALARIES AND BENEFITS	\$7,140,670	\$7,246,903	\$106,233	1%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$2,565	\$2,565	-	-
Mobile Communications	\$33,826	\$41,986	\$8,160	24%
Telephone Charges	\$21,115	\$19,255	(\$1,860)	(9%)
Insurance	\$38,075	\$35,774	(\$2,301)	(6%)
Equipment Maintenance	\$31,147	\$31,217	\$70	-
Vehicle Maintenance & Operations	\$35,100	\$32,600	(\$2,500)	(7%)
Computer Maintenance	\$164,124	\$159,390	(\$4,734)	(3%)
Video Conferencing Maintenance & Operations	-	-	-	-
Building Maintenance & Operations	\$50,161	\$50,364	\$203	-
Office Supplies	\$12,048	\$9,505	(\$2,543)	(21%)
Computer Software & Supplies	\$15,871	\$14,442	(\$1,429)	(9%)
Monitoring Station Supplies & Equipment	\$226,264	\$223,055	(\$3,209)	(1%)
Postage	\$46,204	\$37,400	(\$8,804)	(19%)
Printing	\$5,278	\$5,240	(\$38)	(1%)
Professional & Specialized Services	\$629,301	\$628,044	(\$1,257)	-
Publications & Legal Notices	\$33,500	\$23,040	(\$10,460)	(31%)
Rents & Leases	\$91,282	\$76,790	(\$14,492)	(16%)
Small Tools & Equipment	\$5,227	\$5,265	\$38	1%
Special District Expense	\$5,598	\$4,550	(\$1,048)	(19%)
Travel & Training	\$27,150	\$27,150	-	-
Travel & Training- Boards	-	-	-	-
Utilities	\$115,798	\$110,658	(\$5,140)	(4%)
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$1,589,634	\$1,538,290	(\$51,344)	(3%)
FIXED ASSETS				
Office Improvements	-	-	-	-
Facilities & Equipment	\$24,713	\$26,909	\$2,196	9%
Computer Equipment	\$497,957	\$365,193	(\$132,764)	(27%)
Office Furniture / Equipment	\$4,678	\$4,678	-	-
Office Machines	\$8,420	\$8,823	\$403	5%
Telephone Systems	\$3,824	\$3,845	\$21	1%
Detection Equipment	-	-	-	-
Automobiles	-	-	-	-
Audio / Visual Equipment	-	-	-	-
Safety Equipment	-	-	-	-
Air Monitoring Automation/Remote Control Project	\$35,000	\$175,000	\$140,000	400%
Video Conferencing System	-	-	-	-
Air Monitoring Station Equipment	\$437,398	\$342,500	(\$94,898)	(22%)
Air Monitoring Near Roadway Stations	\$496,000	-	(\$496,000)	(100%)
TOTAL FIXED ASSETS	\$1,507,990	\$926,948	(\$581,042)	(39%)
TOTAL OPERATING APPROPRIATIONS	\$10,238,294	\$9,712,141	(\$526,153)	(5%)

NON-OPERATING BUDGET

FISCAL SUMMARY

	<u>Budgeted 2015-16</u>	<u>Recommended 2016-17</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
<u>Appropriations</u>				
Other Charges	25,000	25,000	-	
Incentive Programs	219,098,942	150,866,000	(68,232,942)	-31%
Approp. for Contingencies	<u>850,000</u>	<u>850,000</u>	<u>-</u>	
 Total	<u>219,973,942</u>	<u>151,741,000</u>	<u>(68,232,942)</u>	<u>-31%</u>

FUNCTION

This budget unit has been established for those expenditures that are not related to the internal operations of the District and/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 for 2016-17, 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 appropriation of \$25,000 is based on historical average.

INCENTIVE PROGRAMS

The 2016-17 Recommended Budget includes \$150,866,000 of appropriations for emission reduction incentive grants. The District expects that additional incentive funds will continue to be added to the 2016-17 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 2016-17 Recommended Budget:

• DMV Surcharge Fees - Incentives	\$ 58,482,800
• Carl Moyer Program	8,436,900
• ISR & VERA	14,538,500
• Proposition 1B Funding Program	41,749,400
• School Bus Program	5,385,600
• Federal Funding	6,057,800
• Community & Other Incentives	5,351,600
• State Cap and Trade Funds	9,549,000
• GHG Support for Cities & Counties	250,000
• Miscellaneous Incentive Grants	<u>1,064,400</u>
Total Incentive Grants	<u>\$150,866,000</u>

DMV Surcharge Fees

This appropriation is funded by new DMV Surcharge Fee revenue in 2016-17 and by \$15,526,928 of DMV reserves. The District's DMV Surcharge sources available to appropriate are as follows:

• AB2766 \$4 per vehicle	\$ 400,000
• AB923 \$2 per vehicle	5,704,100
• SB709 \$1 per vehicle	2,883,900
• AB2522 \$12 per vehicle	33,967,872
• DMV Reserves	<u>15,526,928</u>
Total DMV Surcharge Fees	<u>\$ 58,482,800</u>

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 based on the annual state allocation of Carl Moyer Program funds and unused amounts carried over from the prior year. The District receives about \$8 million annually. 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 (ISR) and Voluntary Emission Reduction Agreements (VERAs)

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 use these funds for quantifiable and enforceable projects that reduce surplus emissions of NOx and PM. The estimated revenues are expected to be about \$7.2 million, which is an increase of \$2.0 million to the actual revenues received during 2015-16 fiscal year.

Proposition 1B Funding

This appropriation includes \$41 million of Proposition 1B: Goods Movement Reduction Program funding. While difficulties with the State budget caused a delay in funding early in the Proposition 1B Program's implementation, funds have more recently become available with a significant amount of funds now becoming available in 2016-17. Funding from Proposition 1B will be used for specific heavy-duty on-road vehicle projects providing funding for truck replacements and locomotive replacements.

School Bus Program

This appropriation provides incentive funding for the retrofit of high-emitting diesel school buses. This program was established to reduce schoolchildren's exposure to cancer-causing and smog-forming pollution. Funding for FY 2016-17 appropriations is expected from both the California Air Resources Board and the federal government.

Federal Funding

This appropriation represents over \$5 million funding from the EPA Air Shed funds for Agricultural Tractor Replacement Program, and the Burn Cleaner Program. In addition, the District will receive about \$475,000 in 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 \$1.8 million in resources from the Operating Budget to the Non-Operating Budget for incentive programs. The District may create new program components to complement existing ones.

Miscellaneous Incentive Programs

This appropriation includes Hearing Board funds, California Energy Commission Energy Efficiency grant 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 2016-17 is \$850,000, the same as recommended and adopted for 2015-16.

INCENTIVE 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, with a budgeted incentive program appropriation of \$25 million in the 2005-06 Budget, and a proposed incentive program appropriations of \$151 million in the 2016-17 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 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 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 \$692 Million in match funding, with a combined District and grant recipient funding investment of \$1.4 Billion.

District Incentive Funding (\$)	Grant Recipient Match Funding (\$)	Emissions Reductions (tons)	Cost-effectiveness (\$/ton)
\$756,300,000	\$692,200,000	123,600	\$6,118

Over the past 15 years, the District has provided incentive funding to purchase, replace or retrofit thousands of pieces of equipment, including:

- 6,988 agricultural irrigation pump engines (~\$2,300/ton)
- 2,920 agricultural equipment replacements (~\$5,300/ton)
- 1,273 off-road equipment repowers (~\$5,900/ton)
- 5,703 heavy-duty trucks (~\$11,400/ton)
- 2,254 school bus retrofits (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 503 school bus replacements (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)

- 4,103 lawnmower replacements (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 10, 085 fireplace change-outs (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 113,680 commuter subsidies (~\$18,600/ton)
- 41 locomotive replacements/retrofits (~\$9,900/ton)
- 3,962 new alt fuel light duty vehicles Public & Private (~\$50,000 - \$150,000/ton)
- 1,106 vehicle retirements (car crushing) (~\$15,000-\$50,000/ton)
- 15, 249 vehicle emissions repairs (~\$20,000/ton)
- 23 bicycle infrastructure projects (bike paths) (~\$15,100/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 funding. However, with the regulatory landscape changing, many of the past project categories that created the enormous backlog have come under regulation, making them, in most cases, ineligible for funding. As a result, the District must continue not only to work within the existing regulations to find cost-effective, surplus project categories but also to focus in areas in which a significant inventory of eligible projects still exists.

Required expenditure timeframes – Each funding source that the District administers generally requires obligation and expenditure by certain deadlines. These deadlines greatly impact our funding priorities and choice of projects. The District may prioritize a funding category over others due to the timeframe associated with a particular funding source. For instance, we may prioritize certain projects that we can reasonably expect to be completed prior to the

deadline for that specific fund, over other projects of equal relevance or cost-effectiveness but with longer expected completion times. Again, the flexibility of this option works in concert with the dynamic nature of our programs and projects and numerous expenditure deadlines.

Upcoming regulatory deadlines – To ensure that the District’s incentive programs obtain the maximum SIP creditable emission reductions, a thorough analysis of all local, state and federal regulations relating to our target categories is performed. In addition, the District works proactively with the regulating agencies during the rule development process to understand the potential impacts of that rule on incentive projects and to ensure that opportunities for early incentive funding are maximized. These analyses determine which types of projects can be funded and for how long and also impacts the potential cost-effectiveness of certain categories.

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

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

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

Community involvement/benefits – The District develops and administers programs with an emphasis on community involvement. Some examples of these are the Lawnmower Change-Out, Burn Cleaner, Transit Pass Subsidy, and the Polluting Automobile Scrap and Salvage Programs.

Statutory Constraints

The District derives its current incentive funding from a range of local, state and federal funding sources. These funding sources contain restrictions on the types of projects that may be funded, funding limitations, expenditure deadlines, and

administrative approach for distribution. These requirements vary significantly from one funding source to another, resulting in a complex matrix of funding categories and program requirements. Some key examples include:

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

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

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

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

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

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

State Cap and Trade Funds – Funding is for projects that generate reductions in greenhouse gas emissions with potential co-benefits of criteria pollutant reductions. Funding must provide significant benefit to disadvantaged communities. Cap and Trade funding is distributed to 13 different state agencies and each agency administers funding differently.

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

PROPOSED INCENTIVE SPENDING PLAN

Based on the above factors, the District proposes the below incentive program spending plan for the 2016-17 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.

FY 16-17 Spending Plan

Community Incentives

Drive Clean Rebate Program (passenger vehicles)	\$ 3,000,000
Vehicle Scrap and Repair (Tune In Tune Up)	13,549,000
Burn Cleaner (residential woodburning)	6,485,400
Residential Lawn and Garden	553,800
REMOVE (vanpools, bikepaths, etc.)	2,900,000

Goods Movement

Proposition 1B Heavy Duty Trucks	17,449,400
Transport Refrigeration Units	4,800,000
Locomotives	19,500,000

Heavy Duty Equipment Programs

Agricultural Equipment Replacement	27,478,300
Agricultural Irrigation Pumps	2,739,500
Truck Voucher Program	13,000,000
Dairy Feed Mixer Electrification	4,000,000

Advanced Transportation/Vehicles

Public Benefit Grants	16,000,000
Charge Up Program	3,000,000
EV Readiness Plan	300,000

School Bus Replacement and Retrofit

School Bus Replacement/Retrofit	5,000,000
Statewide Replacement and Retrofit Program	5,385,600

Regional Assistance

Greenhouse Gas Mitigation Assistance	250,000
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Technology Advancement

Technology Advancement Program	4,475,000
Zero-Emissions Commercial Lawn and Garden	1,000,000

\$150,866,000

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

	Adjusted* FY 15-16	Estimated Actuals FY 15-16	Recommended FY 16-17	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
NON-OPERATING APPROPRIATIONS								
OTHER CHARGES								
Air Toxic Pass Through	\$25,000	\$25,000	\$25,000	-	-	-	-	
Dairy CEQA - Pass Through	-	-	-	-	-	-	-	
TOTAL OTHER CHARGES	\$25,000	\$25,000	\$25,000	-	-	-	-	
INCENTIVE PROGRAMS								
DMV Surcharge Fees - Incentives	\$101,064,930	\$58,962,038	\$58,482,800	(\$42,582,130)	(42%)	(\$479,238)	(1%)	
Carl Moyer Program	\$12,635,392	\$8,669,324	\$8,436,900	(\$4,198,492)	(33%)	(\$232,424)	(3%)	
ISR and VERA'S	\$8,653,332	\$3,957,076	\$14,538,500	\$5,885,168	68%	\$10,581,424	267%	
Proposition 1B Funding Program	\$61,855,647	\$12,369,653	\$41,749,400	(\$20,106,247)	(33%)	\$29,379,747	238%	
School Bus Program	\$6,617,415	\$1,322,361	\$5,385,600	(\$1,231,815)	(19%)	\$4,063,239	307%	
Federal DERA/Designated Funding Program	\$8,064,474	\$1,911,919	\$6,057,800	(\$2,006,674)	(25%)	\$4,145,881	217%	
Community & Other Incentives Funded by Operating Rever	\$12,705,556	\$4,833,918	\$5,351,600	(\$7,353,956)	(58%)	\$517,682	11%	
Greenhouse Gas Mitigation Program	-	-	-	-	-	-	-	
GHG Support for Cities & Counties	\$250,000	-	\$250,000	-	-	\$250,000	-	
Miscellaneous Incentive Programs	\$324,896	\$293,883	\$764,400	\$439,504	135%	\$470,517	160%	
Energy Efficiency Grant	\$347,300	\$39,190	\$300,000	(\$47,300)	(14%)	\$260,810	666%	
Drought Relief Program	\$500,000	\$300,000	-	(\$500,000)	(100%)	(\$300,000)	(100%)	
State Cap & Trade Funding	\$6,080,000	\$5,784,000	\$9,549,000	\$3,469,000	57%	\$3,765,000	65%	
TOTAL INCENTIVE PROGRAMS	\$219,098,942	\$98,443,362	\$150,866,000	(\$68,232,942)	(31%)	\$52,422,638	53%	
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	-	-	
TOTAL NON-OPERATING APPROPRIATIONS	\$219,973,942	\$98,468,362	\$151,741,000	(\$68,232,942)	(31%)	\$53,272,638	54%	

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

Prior 3 Years and 2016-17 Recommended

	Adjusted 2013-14 @ 6/30/14	Adjusted 2014-15 @ 6/30/15	Adjusted 2015-16 @ 12/31/15	Recommended 2016-17
APPROPRIATIONS				
Salaries & Benefits (net of Salary Savings)	\$ 33,613,082	\$ 34,776,789	\$ 37,580,672	\$ 38,177,648
Services & Supplies	6,733,605	6,434,787	6,080,204	6,185,046
Fixed Assets	3,609,209	2,759,818	2,661,600	1,933,274
OPERATING APPROPRIATIONS	<u>43,955,896</u>	<u>43,971,394</u>	<u>46,322,476</u>	<u>46,295,968</u>
Other Charges	25,000	25,000	25,000	25,000
Incentive Contracts	220,212,865	221,390,815	219,098,942	150,866,000
Appropriation for Contingencies	850,000	350,000	850,000	850,000
NON-OPERATING APPROPRIATIONS	<u>221,087,865</u>	<u>221,765,815</u>	<u>219,973,942</u>	<u>151,741,000</u>
TOTAL APPROPRIATIONS	<u>\$ 265,043,761</u>	<u>\$ 265,737,209</u>	<u>\$ 266,296,418</u>	<u>\$ 198,036,968</u>
REVENUE				
Stationary Revenue	\$ 28,810,702	\$ 27,920,943	\$ 29,112,647	\$ 30,093,097
Grant Revenue	3,365,000	3,365,000	2,965,000	2,965,000
DMV Surcharge Fees - District Portion	10,100,000	10,600,000	10,900,000	12,315,328
Administrative Fees - Incentive Programs	1,982,100	2,100,000	1,800,000	1,800,000
Transfer to Non-Operating Revenue for Incentive Grants	(3,200,000)	(3,450,000)	(3,200,000)	(1,800,000)
Fund Balance Used	2,013,094	3,550,451	4,944,829	922,543
Reserves Released / (Increased)	885,000	(115,000)	(200,000)	-
OPERATING REVENUE/FUNDING SOURCES	<u>43,955,896</u>	<u>43,971,394</u>	<u>46,322,476</u>	<u>46,295,968</u>
Non-Operating Revenue	93,435,621	109,572,821	127,732,168	122,581,959
Fund Balance/Reserves Released	127,652,244	112,192,994	92,241,774	29,159,041
NON-OPERATING REVENUE/FUNDING SOURCES	<u>221,087,865</u>	<u>221,765,815</u>	<u>219,973,942</u>	<u>151,741,000</u>
TOTAL REVENUE/FUNDING SOURCES	<u>\$ 265,043,761</u>	<u>\$ 265,737,209</u>	<u>\$ 266,296,418</u>	<u>\$ 198,036,968</u>
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RECOMMENDED POSITIONS	307	307	310	310
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RESERVES				
General Reserve	\$ 4,400,000	\$ 4,400,000	\$ 4,600,000	\$ 4,600,000
Long-Term Building Maintenance	508,000	523,000	523,000	523,000
Computer-VTC Equipment Reserve	250,000	350,000	350,000	350,000

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
SCHEDULE OF ESTIMATED REVENUES
 Prior 3 Years and 2016-17 Recommended

<u>ACCOUNT TITLE</u>	<u>2013-14 Adjusted Revenues @ 6/30/14</u>	<u>2014-15 Adjusted Revenues @ 6/30/15</u>	<u>2015-16 Adjusted Revenues @ 12/31/15</u>	<u>2016-17 Estimated Revenues</u>
OPERATING REVENUE				
STATIONARY SOURCE				
Permit Fees	\$ 16,973,314	\$ 16,939,956	\$ 17,588,887	\$ 17,686,972
Section 185 - Non Attainment Fees - Rule 3170	3,058,648	1,600,000	1,913,115	955,000
Advanced Emission Reduction Options (AERO) Fees	5,622,240	6,224,487	5,989,547	6,718,275
Settlements	2,500,000	2,500,000	2,500,000	2,500,000
Interest	604,000	604,000	904,000	1,180,100
Miscellaneous	52,500	52,500	217,098	52,750
Residential Furnaces - Rule 4905	-	-	-	1,000,000
Total Stationary Non-Grant Operating Revenue	28,810,702	27,920,943	29,112,647	30,093,097
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	465,000	465,000	65,000	65,000
Total Grant Revenue	3,365,000	3,365,000	2,965,000	2,965,000
Total Stationary Operating Revenue	\$ 32,175,702	\$ 31,285,943	\$ 32,077,647	\$ 33,058,097
MOBILE SOURCE				
DMV Surcharge Fees - District	\$ 10,100,000	\$ 10,600,000	\$ 10,900,000	\$ 12,315,328
Administrative Fees - Incentive Programs	1,982,100	2,100,000	1,800,000	1,800,000
Total Operating Revenue	\$ 44,257,802	\$ 43,985,943	\$ 44,777,647	\$ 47,173,425
Transfer to Non-Operating Revenue for Incentive Grants	\$ (3,200,000)	\$ (3,450,000)	\$ (3,200,000)	\$ (1,800,000)
Fund Balance Used	2,013,094	3,550,451	4,944,829	922,543
Reserves Released / (Increased)	885,000	(115,000)	(200,000)	-
Estimated Funding Sources - Operating	\$ 43,955,896	\$ 43,971,394	\$ 46,322,476	\$ 46,295,968
NON-OPERATING REVENUE				
Air Toxics	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
EPA 103 Grant Revenue	-	-	-	-
DMV Surcharge Fees - Pass Through	40,743,000	41,046,000	44,960,000	43,101,872
Carl Moyer Funds	7,700,000	8,480,000	8,300,000	8,300,000
VERA/ISR Mitigation Program	2,840,600	6,664,513	5,179,542	7,229,215
DERA Program	3,385,000	3,457,253	1,443,883	988,000
Operating Revenues Funding Community Incentives	3,200,000	3,450,000	3,200,000	1,800,000
Proposition 1B Funding Program	28,500,000	40,000,000	46,000,000	41,545,600
School Bus Program	1,753,000	1,856,430	2,400,000	2,750,000
Federal Grants	3,280,625	1,429,031	6,946,205	5,069,854
Miscellaneous Incentive Grant Funding	600,000	70,000	20,000	375,000
Greenhouse Gas Mitigation Program	-	-	-	-
Interest - Non-Operating	622,300	1,043,000	1,015,950	516,800
CEC - Energy Efficiency Block Grant	150,000	111,051	300,000	300,000
Reimburse Operating for Administrative Revenues Earned	(1,982,100)	(2,100,000)	(1,800,000)	(1,800,000)
Administrative Fees - Incentive Programs	2,618,196	4,040,543	3,661,588	2,880,618
State Cap & Trade Funding	-	-	6,080,000	9,500,000
Total Non-Operating Revenue	\$ 93,435,621	\$ 109,572,821	\$ 127,732,168	\$ 122,581,959
Fund Balance/Reserves Released	\$ 127,652,244	\$ 112,192,994	\$ 92,241,774	\$ 29,159,041
Estimated Funding Sources - Non-Operating	\$ 221,087,865	\$ 221,765,815	\$ 219,973,942	\$ 151,741,000
TOTAL REVENUE				
Estimated Financing Sources - Total	\$ 265,043,761	\$ 265,737,209	\$ 266,296,418	\$ 198,036,968

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Budget Comparison
Total District
Prior 3 Years and 2016-17 Recommended

DESCRIPTION	2013-14 Adjusted @ 6/30/14	2014-15 Adjusted @ 6/30/15	2015-16 Adjusted @ 12/31/15	2016-17 Recommended Appropriations
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$ 19,912,495	\$ 20,599,584	\$ 22,262,609	\$ 23,025,358
Temporary Help	662,416	699,548	801,300	817,842
On Call Pay	77,832	77,832	77,832	77,832
Overtime	259,306	259,249	259,102	284,580
Unemployment	100,630	93,847	88,492	81,234
Retirement	8,765,641	9,139,325	10,112,280	9,878,978
OASDI	348,943	359,056	372,473	406,112
Workers Compensation	208,414	234,771	232,718	251,655
Cafeteria Plan Benefits	3,025,419	3,057,672	3,111,758	3,088,438
Long-Term Disability Insurance	72,070	53,657	57,268	59,483
Alternate Transportation Incentive	179,916	202,248	204,840	206,136
TOTAL SALARIES AND BENEFITS	\$ 33,613,082	\$ 34,776,789	\$ 37,580,672	\$ 38,177,648
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$ 23,684	\$ 21,094	\$ 19,640	\$ 20,310
Mobile Communications	105,560	128,312	125,952	135,132
Telephone Charges	133,130	133,240	122,350	112,400
Insurance	201,600	200,600	203,500	191,200
Equipment Maintenance	188,577	174,300	177,050	178,450
Vehicle Maintenance & Operations	223,000	241,600	236,000	228,900
Computer Maintenance	371,403	346,411	428,953	504,973
Video Conferencing Maintenance & Operations	241,576	106,173	93,500	97,480
Building Maintenance & Operations	268,800	250,380	268,100	269,200
Office Supplies	70,700	66,450	64,550	50,950
Computer Software & Supplies	94,927	104,075	88,456	88,316
Monitoring Station Supplies & Equipment	232,189	234,389	226,264	223,055
Postage	113,700	115,900	120,600	118,900
Printing	127,190	126,090	125,650	125,150
Professional & Specialized Services	2,779,564	2,607,246	2,256,863	2,293,196
Publications & Legal Notices	171,340	144,990	141,320	140,845
Rents & Leases	501,870	554,692	549,834	566,072
Small Tools & Equipment	29,020	28,510	28,065	28,625
Special District Expense	269,673	246,524	155,530	162,465
Travel & Training	188,120	192,120	192,120	192,120
Travel & Training - Boards	67,007	67,007	67,007	67,007
Utilities	268,575	286,284	326,500	327,900
Audit Services	20,000	20,000	20,000	20,000
Legal Services	42,400	38,400	42,400	42,400
TOTAL SERVICES AND SUPPLIES	\$ 6,733,605	\$ 6,434,787	\$ 6,080,204	\$ 6,185,046
FIXED ASSETS				
Office Improvements	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Facilities & Equipment	69,000	124,000	125,000	105,000
Computer Equipment	727,909	923,218	1,061,252	784,104
Office Furniture & Equipment	25,000	25,100	25,000	25,000
Office Machines	55,000	83,000	45,000	47,150
Telephone Systems	21,900	23,450	20,450	20,570
Detection Equipment	25,000	9,350	108,000	100,000
Automobiles	180,000	239,500	243,000	248,000
Audio / Visual Equipment	-	-	-	20,000
Air Monitoring Automation/Remote Control Project	-	465,000	35,000	175,000
Video Conferencing System	746,000	25,700	25,500	25,950
Air Monitoring Station Equipment	747,600	305,500	437,398	342,500
Air Monitoring Near Roadway Stations	971,800	496,000	496,000	-
TOTAL FIXED ASSETS	\$ 3,609,209	\$ 2,759,818	\$ 2,661,600	\$ 1,933,274
TOTAL OPERATING APPROPRIATIONS	\$ 43,955,896	\$ 43,971,394	\$ 46,322,476	\$ 46,295,968

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Budget Comparison
Total District
Prior 3 Years and 2016-17 Recommended

DESCRIPTION	2013-14 Adjusted @ 6/30/14	2014-15 Adjusted @ 6/30/15	2015-16 Adjusted @ 12/31/15	2016-17 Recommended Appropriations
NON-OPERATING APPROPRIATIONS				
OTHER CHARGES				
Air Toxic Pass Through	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Dairy CEQA Pass Through	-	-	-	-
TOTAL OTHER CHARGES	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
INCENTIVE PROGRAMS				
DMV Surcharge Fees - Incentives	\$ 107,522,363	\$ 100,453,734	\$ 101,064,930	\$ 58,482,800
Carl Moyer Heavy Duty Program	22,918,889	17,355,795	12,635,392	8,436,900
ISR and VERA's	7,945,587	11,189,390	8,653,332	14,538,500
Proposition 1B Funding Program	49,272,578	68,502,201	61,855,647	41,749,400
School Bus Program	5,258,834	3,460,783	6,617,415	5,385,600
Federal DERA/ Designated Funding Programs	7,261,625	4,886,284	8,064,474	6,057,800
Community Incentives	16,929,162	14,262,511	12,705,556	5,351,600
Greenhouse Gas Mitigation Program	-	-	-	-
GHG Support for Cities and Counties	334,539	250,000	250,000	250,000
Miscellaneous/Interest - Incentive Programs	2,569,694	419,066	324,896	764,400
Energy Efficiency Grant	199,594	111,051	347,300	300,000
Drought Relief Program	-	500,000	500,000	-
State Cap & Trade Funding	-	-	6,080,000	9,549,000
TOTAL INCENTIVE PROGRAMS	\$ 220,212,865	\$ 221,390,815	\$ 219,098,942	\$ 150,866,000
Appropriation for Contingencies	\$ 850,000	\$ 350,000	\$ 850,000	\$ 850,000
TOTAL NON-OPERATING APPROPRIATIONS	\$ 221,087,865	\$ 221,765,815	\$ 219,973,942	\$ 151,741,000
TOTAL APPROPRIATIONS				
TOTAL DISTRICT APPROPRIATIONS	\$ 265,043,761	\$ 265,737,209	\$ 266,296,418	\$ 198,036,968



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

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