

# RECOMMENDED BUDGET

2011-2012



**San Joaquin Valley**  
AIR POLLUTION CONTROL DISTRICT



**Supervisor J. Steven Worthley, Chair**

Tulare County

**Mayor Ann Johnston, Vice Chair**

City of Stockton

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**Supervisor Tony Barba**

Kings County

**Supervisor Judith G. Case**

Fresno County

**Supervisor Ronn Dominici**

Madera County

**Henry J. Forman, Ph.D.**

Appointed by Governor

**Councilmember Mike Lane**

City of Visalia

**Mayor Randy Miller**

City of Taft

**Supervisor Hub Walsh**

Merced County

**Supervisor William O'Brien**

Stanislaus County

**Supervisor Leroy Ornellas**

San Joaquin County

**John G. Telles, M.D.**

Appointed by Governor

**Mayor Chris Vierra**

City of Ceres

**Supervisor Raymond A. Watson**

Kern County

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**Seyed Sadredin**

Executive Director / Air Pollution Control Officer

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

**2011-12 Recommended Budget**

**TABLE OF CONTENTS**

<b>Executive Director’s Transmittal Letter</b>	i
<b>Budget Financial Summary</b>	
• Budget Summary	1
• Schedule of Estimated Revenues	2
• District Appropriations – Line Item Detail	3
<b>Operating Budgets</b>	
<b>Administration</b>	
• Program Description	5
• Summary of Positions	12
• Line Item Detail	14
<b>Compliance</b>	
• Program Description	15
• Summary of Positions	26
• Line Item Detail	27
<b>Permit Services</b>	
• Program Description	28
• Summary of Positions	36
• Line Item Detail	37
<b>Strategy and Incentives Program</b>	
• Program Description	38
• Summary of Positions	53
• Line Item Detail	54
<b>Non-Operating Budget</b>	
• Program Description	55
• Line Item Detail	59
<b>Prior Years Budget Comparison</b>	
• Budget Summary	60
• Schedule of Estimated Revenues	61
• District Appropriations – Line Item Detail	62

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**Hub Walsh**  
Supervisor, Merced County

**Raymond A. Watson**  
Supervisor, Kern County

**Vacant**  
Small City Representative, Kings County

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**Seyed Sadredin**  
Executive Director  
Air Pollution Control Officer

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May 19, 2011

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

Dear Board Members:

Attached is the Recommended Budget for the San Joaquin Valley Air Pollution Control District for July 1, 2011 to June 30, 2012. Policy guidance for the 2011-12 Budget was provided by your Board's Ad Hoc Subcommittee for Budget and Finance consisting of Supervisor Worthley, Supervisor Case, Supervisor Ornellas and Mayor Johnston.

As in previous years, this year's budget was developed using the zero-based budgeting approach. 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 to fulfill all state and federal mandates in a timely fashion.

**Budget Highlights**

- No fee rate increase
- No increase in budget for regular salaries with a 7% salary savings
- Significant increase in workload absorbed with existing staff through efficiency and streamlining – No New Positions
- Maintains lowest permit fees and administrative overhead
- Automation and remote control for the District's air monitoring network
- Strong public education and outreach
- Helping hand to local municipalities in meeting clean-air and climate change mandates
- Valley-specific health and scientific studies
- Major funding for emission reduction incentives and technology advancement grants
- Balanced budget with adequate reserves and contingencies
- New budgeting approach for non-operating appropriations

The narratives included as a part of this budget document describe the specifics of each department's functions, workload impacts, as well as efficiencies and streamlining measures.

### **Workload and Staffing**

In 2011-12, the District will experience significant workload increases in a number of areas which are summarized below:

The federal mandates for extreme non-attainment areas will result in a significant increase in permitting and inspection work. The new workload is mandated as a result of recent actions by EPA to approve the District's regulations associated with the 'extreme' non-attainment classification. It is estimated that approximately 200 additional facilities will become subject to Title V requirements, more than doubling the overall number of Title V facilities in the District and the associated workload. Beginning in 2011-12, this increase in the number of Title V facilities will result in a dramatic increase in the number of Title V permit modification applications processed. The District expects approximately 1,000 Title V modification applications per year once the full compliment of new Title V permits has been issued. Title V applications are complex projects that require large amounts of staff time to process and will therefore add significant resource demands in 2011-12. Furthermore, these mandates will require approximately 600 additional farms and dairies to obtain operating permits for the first time as their emissions will be above the permitting level of 50% of the new lower major source thresholds. Significant outreach and compliance assistance will be necessary to successfully integrate these facilities into the Title V and District permitting systems.

In 2011-12, the District will adopt a new federal permitting program under federal regulations for Prevention of Significant Deterioration (PSD). The District is taking over this program from the federal government at the request of Valley businesses and the EPA. The reason for this local takeover is extensive delays in permit processing time by EPA with Valley businesses routinely waiting in excess of 2 years to obtain the necessary permits. With the District's permitting experience and proven streamlining capabilities and by eliminating the need for duplicative permits, a more expeditious processing of PSD permits is expected. Taking over this program will result in a workload increase equivalent to one to two full-time staff.

In addition to the normal permitting and inspection workload associated with new and modifying sources of air pollution, the District will also realize a significant increase in workload from several District rules which were adopted or amended recently, most notably Rule 4570, relating to confined animal facilities; Rule 4566, for green waste composting operations; Rule 4320, relating to boilers, steam generators and process heaters; and Rule 4703 for NOx emissions from turbine engines.

As has been the case in prior years, in 2011-12 a significant workload increase is expected in the Air Monitoring Program. The District's annual Air Monitoring Network Plan identified the need for several new monitoring instruments and stations to be added to the District's network. In addition to the Bakersfield Golden State monitoring

station which is currently in the process of being relocated, the Merced Coffee, Fresno Sierra Sky Park, and Lebec stations will need to be relocated in the near future. Considerable resources will be needed to operate and maintain the new Madera and Manteca stations as well as the Bakersfield Municipal Airport station once it is back online. The new stations and relocations require considerable staff time to find the proper location, finalize lease agreements, upgrade the location, find suitable building contractors, and install and calibrate equipment.

Emissions reductions grant funding activities will increase dramatically with the District's success in competing for new grants in recent years, and with higher funding levels expected for several existing grant programs. The total of all funding in the District's proposed incentive grant spending plan for 2011-12 is over \$217,000,000.

For the Proposition 1B Goods Movement Emission Reduction Incentive Program, difficulties with the State budget have caused significant delays in funding over the past few years. The District now expects to receive \$43 million in funding in late 2010-11 and another \$32 million in funding in 2011-12, with the majority of work to process these funds taking place in 2011-12. The additional funding will be used to replace, repower, and retrofit higher emitting Valley trucks and locomotives.

The workload associated with administering community incentive grants will also increase in 2011-12. The District will administer \$3 million in Polluting Automobile Scrap and Salvage (PASS) Program funds in fiscal years 2011-12 to operate a new vehicle repair component in addition to existing vehicle scrap options. This program recently kicked off in late 2010-11, with the majority of program implementation planned for 2011-12. For 2011-12, the District expects to receive an additional \$600,000 in state grant funding from ARB through funds made available under AB 118 for the implementation of lawn mower and ultra-terrain agricultural vehicles. The District's fireplace change-out program will also continue.

The District will also receive additional incentive funding related to federal Clean Air Act nonattainment fee requirements for the first time in 2011-12. The revenues generated from the recently adopted motor vehicle fees and Federal Clean Air Act Section 185 fees on stationary sources without Best Available control Technology will be utilized to reduce emissions from a variety of mobile sources. These new funds will be reinvested in San Joaquin Valley in projects to reduce air pollution and provide direct benefit to residents throughout the Valley.

The District has also seen significant interest in the Heavy-Duty Engine Program off-road equipment replacement program from the agricultural sector. Additional funding has been secured for the purpose of reducing diesel emissions in the District, including off-road equipment and on-road heavy duty truck replacements.

The District continues to administer the \$5 million Energy Efficiency and Conservation Block Grant Program (EECBG) for a number of small jurisdictions in the Valley for energy efficiency projects. Significant activity is also expected in 2011-12 for the new Technology Advancement Program (TAP) program through soliciting and contracting multiple technology advancement projects. In addition, the District will continue to seek

out opportunities to assist neighboring air districts with managing their program funds as a means of achieving emission reductions that benefit our District.

With the planned adoption of new more stringent ambient air quality standards for PM2.5 and Ozone by the federal EPA during the next year, the District will be required to begin developing new PM2.5 and Ozone attainment plans. Development of these new plans will require extensive research and cooperation with Valley stakeholders to explore potential control strategies, and include the development of a risk-based implementation strategy that focuses on maximizing and prioritizing health benefits to Valley residents.

The District will implement a number of rulemaking and control measure feasibility efforts in 2011-12 to achieve additional emissions reductions and meet federal commitments. Specifically, staff will be presenting seven new and amended rules to the Governing Board, including complex projects such as potential amendments to the existing solid fuel-fired boiler rule. Additionally, staff will also be conducting control measure feasibility studies that could lead to emission inventory improvements, future rule development projects, or strategic application of incentive funds. Staff will also be implementing previously adopted rules. Implementation of Rule 9410 (Employer Trip Reduction) is expected to require extensive outreach, compliance assistance, and support for employers developing trip reduction programs.

In 2011-12, the District will need to provide significant technical oversight for a variety of Study Agency and other research efforts scheduled for implementation in the coming year. These research efforts comprise the final phases of the Central California Ozone Study (CCOS) and the California Regional Particulate Air Quality Study (CRPAQS), and will provide key information needed to further the District's understanding of ozone and particulates. Additionally, the District is proposing to conduct research with local funding to further develop policy-relevant air quality science, including research to help further the development of a risk-based attainment strategy.

The District will also be providing additional support to Valley businesses and municipalities in meeting state and federal climate change mandates. Under the Board-approved Climate Change Action Plan, the District will continue to develop proposals to help affected businesses and municipalities quantify their greenhouse gas emissions and, when necessary, mitigate emissions increases. Many of the greenhouse gas control measures that ARB is developing could also rely heavily on District involvement in implementing and enforcing new regulations.

The District will continue implementation of various Fast Track measures in 2011-12. Fast Track measures requiring significant implementation efforts in 2011-12 include the Regional Energy Efficiency Strategy, Green Purchasing and Contracting, Alternative Energy, Urban Heat Island Mitigation, and the Healthy Air Living program. To further the Regional Energy Efficiency Strategy, the District proposes to include \$150,000 to fund regional energy efficiency and conservation projects and services in the Valley, in close coordination with local jurisdictions, utilities, and other stakeholders.

In addition to the above-mentioned increases in workload, in 2011-12 the District will accommodate existing workload associated with the fulfillment of current and ongoing District commitments and obligations, and the applicable state and federal mandates.

### **New Workload Absorbed through Efficiency and Streamlining**

Despite a significant increase in mandates, the 2011-12 Recommended Budget does not propose to increase staffing or increase fees. Through strict adherence to the zero-based budgeting approach and with the design and implementation of new efficiency and streamlining measures, the additional workload will be absorbed without any increase in staffing. The 2011-12 Recommended Budget contains adequate staffing to maintain an active and effective air quality regulatory program and a comprehensive public education and outreach strategy.

With the Governing Board's guidance and support, the District has a tradition of exemplary execution of new mandates and programs with minimal or no increase in staffing. This has been accomplished through investment in automation, prudent management of resources, and application of efficient work practices and procedures. The following is a summary of efficiency and streamlining measures that will be employed in 2011-12:

Computer automation of air monitoring systems will cut travel time for air monitoring staff, allowing existing staff to maintain and operate the District's ever-expanding air monitoring network.

The development of web-based compliance inspection forms will further streamline the inspection process and will feed into the District's new paperless workflow system that will efficiently move documents from inception through approval to their final placement in the District's Electronic Document Management System.

Additional process automation will be accomplished through the expanded use of the web to collect emission inventory data; automated review of facility compliance reports; online grant applications, and continued improvement of the District's custom grant management database

The District's internet site and our internal District intranet have dramatically changed the way we provide and communicate information, and are a key part of our efforts to streamline operations and improve efficiency. During the 2011-12 fiscal year, the District will continue to expand its internet site making even more District information available to stakeholders and the general public. In addition, the intranet which provides District policies, procedures, and electronic tools directly to staff, will also be expanded.

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. E-mail notifications significantly reduce mailing and printing costs and staff processing time.

This budget proposes the transfer of two of the three engineering positions in rule development, along with their related workload, from the Strategies and Incentives Department to the Permit Services Department. This move will further both teams' process and efficiency goals by providing engineering resources for the additional permitting workload expected in 2011-12 while providing a larger pool of engineers with expanded range of expertise necessary to assist with rule development as needed. The third engineering position in the Strategies and Incentives Department, a Supervising Engineer, will be reclassified to a Supervising Air Quality Specialist position. This adjustment will provide additional salary savings and is more reflective of the duties this position will now perform as the supervisor of Air Quality Specialists and related technical staff members.

Significant improvements to the District's general ledger structure are under development. These improvements will provide more timely and accurate information and will ultimately decrease the time necessary to perform grant reporting and to close the fiscal year and prepare annual financial reports. Additionally, the District will implement electronic payment processing for District fees. This service will provide permit holders and others the option to pay fees using a credit or debit card and will assist in the further streamlining of our billing and accounts receivable function.

The District is continuing to develop and finalize new policies and procedures to improve consistency and efficiency within 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. We will continue to implement our STAR (Service\*Teamwork\*Attitude\*Respect ) employee suggestion program, which has resulted in thousands of successfully implemented ideas for improving efficiency and service over the past few years. As in past years, the District will also continue to strategically use temporary staffing to reduce costs, avoid the need for 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.

### **Salaries**

In order to continue to mitigate recent increases in pension costs, the appropriations for salaries and benefits included in the 2011-12 Recommended Budget once again will include a 7% salary savings. These savings will be generated through position control and management of vacant positions. The appropriations for 2011-12 salaries and benefits do include a delayed 4% salary increase for management staff and a total of up to \$40,000 in performance pay for management staff excluding the Executive Director

and the District Counsel positions. These items were budgeted in 2010-11 and were originally scheduled to take effect in October of 2010 to keep pace with salary adjustments granted to the represented employees under the current labor agreement. This delayed salary adjustment for management staff will now take effect beginning in July with no retroactive pay back to the originally budgeted date. Despite inclusion of the salary adjustment, there will be no increase in the budgeted amount for regular salaries in the 2011-12 Recommended Budget. In fact, the budgeted amount for regular salaries in 2011-12 Recommended Budget will be reduced by approximately .2%.

### **Continued Expansion & Automation of the District's Air Monitoring Network**

As mentioned, the District recently completed the construction of new air monitoring stations in Madera and Manteca and is coordinating the final stages of the relocation of the Bakersfield station formerly located on Golden State Boulevard to the Bakersfield Municipal Airport. In addition, the Merced Coffee, Fresno Sierra Sky Park, and Lebec stations will need to be relocated in the near future.

The federal PAMS requirements also mandate the installation and operation of additional nitrogen oxide monitors at the Parlier and Arvin stations. These monitors will be installed in fiscal year 2011-12. Furthermore, the new federal nitrogen dioxide standard requires four new near-roadway nitrogen dioxide monitors (to be located in Bakersfield, Fresno, Modesto, and Stockton) be installed and operated by no later than January 1, 2013. All indications are that this is the beginning of a trend and EPA is likely to require additional near-roadway monitors for other pollutants in the near future as well.

### **Scientific and Research Capabilities**

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 risk-based approach aimed at maximizing and prioritizing public health benefits, the 2011-12 Recommended Budget, includes \$410,000 specifically designated for health and scientific studies. It is anticipated these funds will be used for Valley-specific health studies with UCSF-Fresno, UC Merced, and the Central Valley Health Policy Institute at CSUF; continued scientific studies in conjunction with the Study Agency in support of rule development activities; and computerized air quality modeling to support development of future attainment plans.

The 2011-12 Recommended Budget contains adequate staffing and financial resources to administer the District's Technology Advancement Program (TAP). 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, TAP 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. TAP 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**

In 2011-12, the District will continue to play a major role in furthering the District's goals and mission through enhanced public outreach and education. Promoting public participation in measures aimed at reducing Valley air pollution will be a top priority for both the summertime and wintertime public education campaigns. During 2011-12, the Healthy Air Living (HAL) initiative will continue to be promoted with a focus on our HAL Partner Program. Under this program, the District will recruit businesses, municipalities, and other Valley organizations to partner with the District in promoting air friendly behavior by their employees and operations. As such, Healthy Air Living will be a key to the launch of the recently adopted Employer Based Trip Reduction Rule.

Additionally, the District continues to promote and expand the Real-Time Air Advisory Network (RAAN) with Valley schools and is now promoting the tool with the general public. The RAAN is an evolution of the successful Air Quality School Flag program which informs schools of daily air quality forecasts. The RAAN allows school officials to make more precise and timely decisions on whether or not to restrict outdoor activities including sports. While the initial scope of the project was focused on schools, the district is expanding the network to be a resource for health professionals, emergency response teams and other concerned constituencies.

This year, the District will be launching an episodic "Air Alert" program to educate Valley residents about the potential for one-hour ozone violations during the summer months. This program will encourage voluntary behavior change during those days when an exceedance of the standard is expected.

### **New Budgeting Approach for Non-Operating Appropriations**

For past budgets, non-operating appropriations continued over the life of the project. While this approach is suitable for long-lived projects, it has drawbacks. For 2011-12, the Non-Operating Budget policy is changed to be consistent with the Operating Budget policy. As in the District's Operating Budget, all unencumbered appropriations will lapse at year end and will be re-budgeted where appropriate. Unspent funding received prior to the new budget year will carry forward as reserves available to re-appropriate. Revenue budgeted in the current period but not received prior to the beginning of the new budget year will be budgeted over again as new revenue. Appropriations will be budgeted up to an amount equal to funding available from reserves and new revenue sources.

This change will be made to avoid the District having both a current and prior year Non-Operating Budget. Public accountability and transparency will be enhanced by working from one Non-Operating appropriation. The new approach will allow the Governing Board annual discretion to authorize or redirect appropriations as priorities shift .

Because this approach relies on staff estimating the current year ending reserve balances for each non-operating revenue source several months in advance of year end, a routine annual budget amendment will be necessary to true up the estimated balances to actual amounts once the fiscal year is closed and adjusted. This amendment will typically be brought to the Governing Board in each October.

**Major Funding for Emission Reductions Incentive Grants**

The following is a recap of the new incentive grant funds included in the 2011-12 Recommended Budget:

• DMV Surcharge Fees	\$30,237,200
• Carl Moyer Program	8,455,500
• ISR & Voluntary Mitigation Agreements	2,984,000
• Proposition 1B	32,000,000
• Federal Designated Funding	10,429,900
• Miscellaneous Incentive Grant Funding	607,800
• Non-Operating Interest	2,277,300
• AERO (Rule 4320)	5,200,000
• Energy Efficiency Block Grant	<u>3,844,300</u>
 Total Incentive Grants	 <u>\$ 96,036,000</u>

In addition to the new funding sources cited above, the District will have access to funds received prior to 2011-12 carried forward as reserved fund balance. These two sources will bring the total incentive funds available to the District in 2011-12 to \$217,873,300.

It is important to note that 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 2011-12 Recommended Operating Budget and are adequate to support the District's incentive grant programs without impact to stationary source fees.

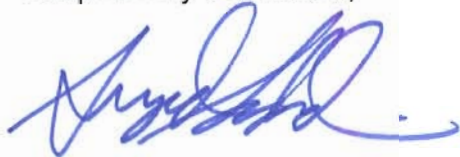
**Reserves and Contingencies**

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 2011-12, the General Reserve is established at \$4,000,000 in accordance with Section 12.15. The Appropriation for Contingencies remains unchanged at \$850,000. Also consistent with previous budgets, the District's Major Building Maintenance Reserve is funded by \$65,000. This year, the 2011-12 Recommended Budget establishes a VTC and Telecom Reserve to set aside resources to replace both these critical systems which are due for replacement in the next few years. This reserve is funded with \$750,000.

I would like to express my gratitude to your Board's ad-hoc sub-committee 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 2011-12.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Seyed Sadredin', with a stylized flourish at the end.

Seyed Sadredin  
Executive Director/Air Pollution Control Officer



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

	Adjusted * FY 10-11	Estimated Actuals FY 10-11	Recommended FY 11-12	Budget/Budget Increase (Decrease)
<b>APPROPRIATIONS</b>				
Salaries & Benefits (before Salary Savings)	\$ 32,261,738	\$ 31,933,286	\$ 33,041,887	\$ 780,149
Projected Salary Savings	(1,756,660)	(1,768,086)	(2,208,498)	(451,838)
Salaries & Benefits (net of Salary Savings)	30,505,078	30,165,200	30,833,389	328,311
Services & Supplies	5,898,300	5,574,400	6,400,377	502,077
Fixed Assets	2,179,800	2,117,600	2,603,412	423,612
<b>OPERATING APPROPRIATIONS</b>	38,583,178	37,857,200	39,837,178	1,254,000
Other Charges	30,000	25,500	25,000	(5,000)
Incentive Programs	118,524,513	9,968,900	217,873,300	99,348,787
Appropriation for Contingencies	850,000	-	850,000	-
<b>NON-OPERATING APPROPRIATIONS</b>	119,404,513	9,994,400	218,748,300	99,343,787
<b>TOTAL APPROPRIATIONS</b>	\$ 157,987,691	\$ 47,851,600	\$ 258,585,478	\$ 100,597,787

<b>REVENUE</b>				
Stationary Revenue	\$ 23,422,800	\$ 25,412,300	\$ 29,913,600	\$ 6,490,800
Grant Revenue	3,032,000	3,097,200	3,040,000	8,000
DMV Surcharge Fees - District Portion	10,100,000	10,060,800	10,100,000	-
Administrative Fees - Incentive Programs	6,498,984	6,636,100	3,060,600	(3,438,384)
Transferred to Non-Operating Revenue	(5,200,000)	(5,200,000)	(5,200,000)	-
Fund Balance Used	1,627,147	1,068,600	2,795,478	1,168,331
Reserves Released / (Increased)	(897,753)	(3,217,800)	(3,872,500)	(2,974,747)
<b>OPERATING REVENUE/FUNDING SOURCES</b>	38,583,178	37,857,200	39,837,178	1,254,000
Non-Operating Revenue	111,526,013	108,850,300	96,061,000	(15,465,013)
Fund Balance / Reserves Released / (Increased)	7,878,500	(98,855,900)	122,687,300	114,808,800
<b>NON-OPERATING REVENUE/FUNDING SOURCES</b>	119,404,513	9,994,400	218,748,300	99,343,787
<b>TOTAL REVENUE/FUNDING SOURCES</b>	\$ 157,987,691	\$ 47,851,600	\$ 258,585,478	\$ 100,597,787

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<b>RECOMMENDED POSITIONS</b>	308	308	-
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<b>RESERVES</b>				
General Reserve	\$ 3,840,000		\$ 4,000,000	\$ 160,000
Long-Term Building Maintenance	313,000		378,000	65,000
Computer-VTC Equipment Reserve	-		750,000	750,000

\* Adjusted 10/11 Budget as of 2-28-11

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

	<u>2010-11 BUDGETED *</u> <u>REVENUES</u>	<u>2010-11 ESTIMATED ACTUALS</u>	<u>2011-12 BUDGETED REVENUES</u>	<u>BUDGET TO BUDGET</u>	<u>BUDGET TO ACTUAL</u>
<b>OPERATING REVENUE</b>					
<b>STATIONARY SOURCE</b>					
Permit Fees	\$ 15,147,700	\$ 15,213,700	\$ 15,600,600	3%	3%
Section 185 - Non Attainment Fees -Rule 3170	-	-	6,000,000		
Advanced Emission Reduction Options (AERO) Fees	5,400,000	5,393,600	5,366,000	-1%	-1%
Settlements	2,500,000	4,500,000	2,500,000	0%	-44%
Interest	316,200	250,500	395,000	25%	58%
Miscellaneous	58,900	54,500	52,000	-12%	-5%
<b>Total Stationary Non-Grant Operating Revenue</b>	<b>23,422,800</b>	<b>25,412,300</b>	<b>29,913,600</b>	<b>28%</b>	<b>18%</b>
<b>GRANT REVENUE</b>					
State Subvention	882,000	901,100	899,000	2%	0%
EPA 105 Grant	2,000,000	2,144,400	2,091,000	5%	-2%
EPA 103 Grant	150,000	51,700	50,000	-67%	-3%
Total Grant Revenue	3,032,000	3,097,200	3,040,000	0%	-2%
<b>Total Stationary Operating Revenue</b>	<b>26,454,800</b>	<b>28,509,500</b>	<b>32,953,600</b>	<b>25%</b>	<b>16%</b>
DMV Surcharge Fees - District	10,100,000	10,060,800	10,100,000	0%	0%
Administrative Fees - Incentive Programs	6,498,984	6,636,100	3,060,600	-53%	-54%
<b>Total Operating Revenue</b>	<b>43,053,784</b>	<b>45,206,400</b>	<b>46,114,200</b>	<b>7%</b>	<b>2%</b>
Transfer to Non-Operating Revenue for Incentive Grants	(5,200,000)	(5,200,000)	(5,200,000)	0%	0%
<b>Fund Balance Used</b>	<b>1,627,147</b>	<b>1,068,600</b>	<b>2,795,478</b>		
<b>Reserves Released / (Increased)</b>	<b>(897,753)</b>	<b>(3,217,800)</b>	<b>(3,872,500)</b>		
<b>Estimated Funding Sources - Operating</b>	<b>\$ 38,583,178</b>	<b>\$ 37,857,200</b>	<b>\$ 39,837,178</b>	<b>3%</b>	<b>3%</b>
<b>NON-OPERATING REVENUE</b>					
Air Toxics	\$ 30,000	\$ 25,500	\$ 25,000	-17%	-2%
DMV Surcharge Fees - Pass Through	9,036,956	8,688,300	30,237,200	235%	248%
Carl Moyer Funds	12,474,512	12,900,600	8,455,500	-32%	-34%
VERA/ISR Mitigation Program	3,037,000	2,231,300	2,984,000	-2%	34%
Proposition 1B Funding Program	45,000,000	43,225,000	32,000,000	-29%	-26%
DERA Program	-	6,639,600	-		-100%
Lower Emission School Bus Program	22,517,583	19,016,400	-	-100%	-100%
Federal Diesel Emission Reduction Funding Program	9,897,467	6,538,700	10,429,900	5%	60%
Greenhouse Gas Mitigation Program	3,000,000	-	-	-100%	
Miscellaneous Incentive Grant Funding	380,295	1,827,700	607,800	60%	-67%
Non-Operating Interest	952,200	2,557,200	2,277,300	139%	-11%
Operating Revenues Funding Community & Other Incentives	5,200,000	5,200,000	5,200,000	0%	0%
CEC - Energy Efficiency and Conservation Block Grant	-	-	3,844,300		
<b>Total Non-Operating Revenue</b>	<b>111,526,013</b>	<b>108,850,300</b>	<b>96,061,000</b>	<b>-14%</b>	<b>-12%</b>
<b>Fund Balance Used / Reserves Released / (Increased)</b>	<b>7,878,500</b>	<b>(98,855,900)</b>	<b>122,687,300</b>		
<b>Estimated Funding Sources - Non-Operating</b>	<b>\$ 119,404,513</b>	<b>\$ 9,994,400</b>	<b>\$ 218,748,300</b>	<b>83%</b>	<b>2089%</b>
<b>TOTAL REVENUE</b>					
<b>Estimated Financing Sources - Total</b>	<b>\$ 157,987,691</b>	<b>\$ 47,851,600</b>	<b>\$ 258,585,478</b>	<b>64%</b>	<b>436%</b>

\* Adjusted 10/11 Budget as of 2-28-11



**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**  
**2011-12 Recommended Budget**  
**Total District**

ACCOUNT NUMBER	DESCRIPTION	2010-11 ADJUSTED APPROPRIATIONS	2010-11 ESTIMATED ACTUALS	2011-12 RECOMMENDED	BUDGET TO BUDGET	BUDGET TO ACTUALS
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**OPERATING APPROPRIATIONS**

**SALARIES AND BENEFITS**

Regular Salaries	\$ 19,489,400	\$ 19,356,200	\$ 19,452,251	-1%	0%
Temporary Help	563,600	509,000	746,416	32%	47%
On Call Pay	77,900	76,700	77,832	0%	1%
Overtime	334,600	313,900	259,588	-22%	-17%
Unemployment	70,200	70,100	74,917	7%	7%
Retirement	7,134,800	7,059,000	7,369,464	3%	4%
OASDI	336,100	331,400	347,575	3%	4%
Workers Compensation	181,100	178,600	210,761	16%	17%
Cafeteria Plan Benefits	2,066,778	2,036,200	2,045,002	-1%	0%
Long-Term Disability Insurance	69,500	68,600	68,515	-1%	0%
Alternate Transportation Incentive	181,100	165,500	181,068	0%	9%
<b>TOTAL SALARIES AND BENEFITS</b>	<b>\$ 30,505,078</b>	<b>\$ 30,165,200</b>	<b>\$ 30,833,389</b>	<b>1%</b>	<b>2%</b>

**SERVICES AND SUPPLIES**

Safety Supplies & Equipment	\$ 15,300	\$ 14,200	\$ 18,530	21%	30%
Mobile Communications	134,800	127,400	132,080	-2%	4%
Telephone Charges	114,700	114,400	114,822	0%	0%
Insurance	185,800	182,300	187,245	1%	3%
Equipment Maintenance	189,300	182,700	192,836	2%	6%
Vehicle Maintenance & Operations	217,000	199,200	213,562	-2%	7%
Computer Maintenance	214,500	211,600	260,693	22%	23%
Video Conferencing Maintenance & Operations	246,800	245,200	250,787	2%	2%
Building Maintenance & Operations	299,200	288,000	290,042	-3%	1%
Office Supplies	68,900	68,200	70,991	3%	4%
Computer Software & Supplies	89,600	84,400	89,685	0%	6%
Monitoring Station Supplies & Equipment	235,700	235,300	235,700	0%	0%
Postage	167,100	155,100	154,240	-8%	-1%
Printing	139,100	132,800	125,846	-10%	-5%
Professional & Specialized Services	2,124,600	1,884,700	2,502,082	18%	33%
Publications & Legal Notices	185,500	185,200	255,000	37%	38%
Rents & Leases	459,200	458,700	483,218	5%	5%
Small Tools & Equipment	59,800	56,100	60,097	0%	7%
Special District Expense	289,000	287,800	288,254	0%	0%
Travel & Training	138,100	138,000	138,020	0%	0%
Travel & Training - Boards	58,800	58,700	64,870	10%	11%
Utilities	247,500	246,400	251,777	2%	2%
Audit Services	18,000	18,000	20,000	11%	11%
<b>TOTAL SERVICES AND SUPPLIES</b>	<b>\$ 5,898,300</b>	<b>\$ 5,574,400</b>	<b>\$ 6,400,377</b>	<b>9%</b>	<b>15%</b>

**FIXED ASSETS**

Office Improvements	\$ 205,000	\$ 205,000	\$ 40,000	-80%	-80%
Facilities & Equipment	-	-	25,000	0%	0%
Computer Equipment	676,600	651,600	684,106	1%	5%
Office Furniture & Equipment	26,500	25,200	27,002	2%	7%
Office Machines	48,000	45,600	70,800	48%	55%
Telephone Systems	141,500	140,000	139,949	-1%	0%
Detection Equipment	11,300	11,300	16,000	42%	42%
Automobiles	320,000	317,900	309,800	-3%	-3%
Air Monitoring Automation/Remote Control Project	-	-	450,000	0%	0%
Video Conferencing System	344,700	315,100	344,755	0%	9%
Air Monitoring Station Equipment	406,200	405,900	496,000	22%	22%
<b>TOTAL FIXED ASSETS</b>	<b>\$ 2,179,800</b>	<b>\$ 2,117,600</b>	<b>\$ 2,603,412</b>	<b>19%</b>	<b>23%</b>

**TOTAL OPERATING APPROPRIATIONS**

<b>\$ 38,583,178</b>	<b>\$ 37,857,200</b>	<b>\$ 39,837,178</b>	<b>3%</b>	<b>5%</b>
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**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**  
**2011-12 Recommended Budget**  
**Total District**

ACCOUNT NUMBER	DESCRIPTION	2010-11 ADJUSTED APPROPRIATIONS	2010-11 ESTIMATED ACTUALS	2011-12 RECOMMENDED	BUDGET TO BUDGET	BUDGET TO ACTUALS
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<b>NON-OPERATING APPROPRIATIONS</b>						
<b>OTHER CHARGES</b>						
Air Toxic Pass Through	\$	30,000	\$ 25,500	\$ 25,000	-17%	-2%
Dairy CEQA - Pass Through		-	-	-	0%	0%
<b>TOTAL OTHER CHARGES</b>		<b>\$ 30,000</b>	<b>\$ 25,500</b>	<b>\$ 25,000</b>	<b>14%</b>	<b>26%</b>
<b>INCENTIVE PROGRAMS</b>						
DMV Surcharge Fees - Incentives		8,889,656	-	48,102,100	441%	0%
Carl Moyer Program		13,016,512	-	30,427,700	134%	0%
ISR and VERA's		9,390,800	6,000,000	7,064,300	-25%	18%
Proposition 1B Funding Programs		45,576,200	735,900	76,160,300	67%	10249%
Lower Emission School Bus Program		22,853,783	2,180,000	32,101,400	40%	1373%
Federal Grants		9,897,467	516,000	11,288,000	14%	2088%
Community/Other Incentives Funded by Operating Rev		5,200,000	307,000	5,200,000	0%	1594%
Greenhouse Gas Mitigation Program		3,010,400	-	-	-100%	0%
GHG Support for Cities & Counties		250,000	230,000	250,000	0%	9%
Miscellaneous Incentive Grants		439,695	-	3,435,200	681%	0%
CEC - Energy Efficiency & Conservation Block Grant		-	-	3,844,300	0%	0%
<b>TOTAL INCENTIVE PROGRAMS</b>		<b>\$ 118,524,513</b>	<b>\$ 9,968,900</b>	<b>\$ 217,873,300</b>	<b>84%</b>	<b>2086%</b>
Appropriation for Contingencies		\$ 850,000	\$ -	\$ 850,000	100%	0%
<b>TOTAL NON-OPERATING APPROPRIATIONS</b>		<b>\$ 119,404,513</b>	<b>\$ 9,994,400</b>	<b>\$ 218,748,300</b>	<b>84%</b>	<b>2089%</b>

**TOTAL APPROPRIATIONS**

<b>TOTAL DISTRICT APPROPRIATIONS</b>	\$	157,987,691	\$ 47,851,600	\$ 258,585,478	64%	440%
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# ADMINISTRATION

## FISCAL SUMMARY

	Budgeted 2010-11	Recommended 2011-12	Increase/ (Decrease)	
<u>Appropriations</u>				
Salaries and Benefits	\$ 7,063,662.00	\$ 7,147,551.00	\$ 83,889.00	1%
Services and Supplies	2,618,207	2,577,235	(40,972)	(2%)
Fixed Assets	819,500	703,856	(115,644)	(14%)
 Total	 <u>\$ 10,501,369.00</u>	 <u>\$ 10,428,642.00</u>	 <u>\$ (72,727.00)</u>	 <u>(1%)</u>

<u>Position Summary</u>	69	69
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## FUNCTION

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

### General Administration

The General Administration Division has responsibility for the overall management of the District. Under policy direction of the Governing Board, the Executive Director/APCO and the Deputy APCO 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 are the Health Science Advisor who provides technical support and expert advice to the APCO in addressing health related issues on a scientific basis, the Senior Policy Advisor who supports the APCO in advocacy efforts advancing Board-adopted legislative priorities and positions and the Senior Project Manager who provides high-level technical support to the APCO and to other District departments.

### 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**

The Personnel Division performs the 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 Division is responsible for minimizing risk to the District through employee benefits, workers' compensation, and wellness programs.

The Personnel Division has also taken a lead role in the development and implementation of the STAR (Service, Teamwork, Attitude, Respect) work culture program and both internal and external Healthy Air Living program activities.

### **Administrative Services**

The Administrative Services Division is responsible for all fiscal and general services related functions of the District, oversight of the District clerical staff, records management, and oversight of the Clerk of the Boards function. 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 grant financial management, including state and federal grant reporting. The general service functions include: responsibility for facilities management, fleet maintenance, purchasing, and risk management.

### **Information Technology Services**

The Information Technology Services Division administers all computer-related functions of the District. These functions include: strategic and tactical planning; policy and procedures formulation; information technology budget preparation and administration; 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 and Request for Quote process related to technology procurement.

The Division is also responsible for voice and video communication technology (e.g. telephone systems, mobile communications, and video teleconferencing); facsimile technology (e.g. copiers and fax machines); and archival file management.

### **Outreach and Communications**

The Outreach and Communications Division plans and implements strategies to meet the District's outreach and communication goals. The Division continues to expand District outreach activities and communication strategies while working to leverage outreach dollars with potential partners to maximize the District's messages. These strategies include designing and implementing comprehensive, multi-lingual, multi-media outreach campaigns; coordinating an effective media relations program; responding to public inquiries; writing and distributing newsletters, brochures and other outreach materials; conducting public presentations to promote clean air; collaborating with local, state and federal agencies and stakeholders to further the District's mission; and working with other divisions to ensure their communication and public affair needs are met.

## **SIGNIFICANT IMPACTS TO 2011-12 BUDGET**

### **Personnel**

The 2011-12 fiscal year is expected to be particularly busy and challenging for the Personnel Division. With the expiration of the two Memoranda of Understanding between the District and represented employees, the District will enter into labor negotiations in the fall of 2011. The Personnel Division will play a major role in the actual meet and confer process, data collection and analysis, and development of creative measures to minimize the District's increasing pension costs and obligations.

The passage of the Patient Protection and Affordability Care Act (healthcare reform) imposes significant new responsibilities on employers with regard to benefit administration and legal compliance. As deadlines approach, Personnel staff will actively monitor the ever changing federal rules and regulations and take steps to ensure that the District and our current benefits programs are in compliance with each approved component of the act.

Another impact on personnel operation includes support for the District's eTRIP program (RULE 9410). As employers in the valley begin to develop their eTRIP program, the Personnel Division will continue to assist with the development of tools, templates, and sample documents, making compliance for these employers as easy and "turnkey" as possible.

To streamline and automate the District's hiring process, a new software program, NEOGOV, was purchased in 2010-11. NEOGOV will be fully functioning for 2011-12 and will not only allow candidates to apply for jobs online, but will automate the District's entire hiring process from applicant tracking, application review, testing, interviews, and selection. With three regional offices, sharing necessary recruitment information with the managers and supervisors has been cumbersome and somewhat inefficient. NEOGOV will allow Personnel staff to more efficiently track the recruitment process and will allow managers and supervisors to more easily review related documents online, making the process more efficient and more secure. Included with NEOGOV is a job announcement component, enhancing our outreach efforts and allowing interested candidates to establish employment accounts which can be used to apply for a variety of public sector jobs.

Additionally, for the first time, the District has begun its community service program. While minimal District staff time and resources will be associated with these efforts, the Personnel Division will take the lead in monitoring the activities associated with these community projects, ensuring that the program is successful in service and supporting the selected projects, and ensuring that District staff comply with the established program parameters.

### **Administrative Services**

The workload of the Administrative Services Division (ADS) Finance section continues to increase, pacing the expansion of the District's successful incentive grant programs. Despite this, Finance staffing will remain level as the division continues to absorb new workload through efficiencies gained from the use of improved technology and work flow processes. As an example, for the first time, the 2011-12 Recommended Budget was assembled utilizing internally developed software, rather than Excel spreadsheets, which

not only expedited the budget development process, but improved the accuracy and flexibility of budget reporting.

During 2011-12, continued emphasis will be placed on developing efficiencies and improving the District's financial infrastructure. The District anticipates having its payroll and leave tracking functions almost entirely automated early in the fiscal year. In addition to improving internal controls, it will significantly decrease staff time necessary to process payroll. Time savings created by this automation will be allocated to important accounting and reporting functions for the District's expanding grant programs.

The ADS Finance section will continue to promote efficiencies through increased utilization of both the District's financial software and its grants management program. Significant improvements to the District's general ledger structure are under development. These improvements will provide more timely and accurate information and will ultimately decrease the time necessary to perform grant reporting and to close the fiscal year and prepare annual financial reports.

Additionally, to enhance customer service the Finance section will implement electronic payment processing for District fees. This service will provide permit holders and others the option to pay fees using a credit or debit card. It will assist in the further streamlining of our billing and accounts receivable function.

The ADS Operations and Program Support section 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. This section is also responsible for scanning and indexing documents from departments into the District's electronic document management system (EDMS). The EDMS system allows for secure storage and efficient retrieval of important records which expedites work processes in the operating departments and helps staff provide timely assistance to individuals making public information requests. Existing documents from each operating department are now converted to electronic form and this team is processing new documents from each operating department.

### **Information Technology Services**

ITS will be conducting or assisting with several key projects in support of District operational objectives over the next year. These projects include: expanding the Real-time Air Advisory Network (RAAN) to address the needs of the general public; implementing a mobile phone application that will provide information such as air quality (AQ) data, AQ forecasts, wood burning status, and air quality flag program status; implementing a web-based grant application user interface for the public to submit grant applications to the District; upgrading the District's existing Air Quality Data Management System (AQDMS) to provide more remote control capabilities and more efficient air monitoring data quality assurance (QA) and quality control (QC); implementing services and technology so that the District can process invoice payments via credit cards.

With the successful launch of the Real-time Air Advisory Network (RAAN), which provides schools with real-time air quality information to help them make more informed decisions to

protect the health of their students; the District will be expanding the RAAN System to provide real-time air quality information to the general public. This modification will allow the general public to stay apprised of air quality information based on a general location rather than a specific school.

As the District has continued its effort to increase public awareness of air quality issues, many members of the public have expressed interest in having a mobile phone application that will keep them informed about things like real-time AQ data, AQ Forecasts, Fireplace Wood Burning status, and School Flag Program color of the day. The District will be providing a mobile phone application that will meet the air quality information needs of valley residents on the go, and help to increase the public's overall awareness of air quality issues.

The District has been increasingly successful in obtaining grant funding to promote incentivized air quality improvement projects. Some of these programs, like the Clean Green Yard Machine program, have been extremely popular with the general public. This popularity has strained the District's existing phone system and staffing capacity to meet high call volumes. The District would like to provide participants the option of a self-service Web-based grant application interface. This will allow the District to provide improved service to the public, participants will be able to access these services during hours most convenient for them, and this application will reduce District resource costs associated with providing the service. Improved participation and capacity will mean increased air quality improvement results.

The District's existing air quality data management system (AQDMS) is currently 11 years old and is in need of upgrade to keep pace with current technology. In addition, the District wishes to reduce staff time required to operate and maintain remote air monitoring sites and equipment, and time required to conduct quality assurance (QA) and quality control (QC) operations on air quality data. To meet these needs the District will seek an off the shelf software system. ITS will assist with the identification and integration of the new system.

Over the past few years it has become increasingly difficult for constituents to pay their District invoices by check. Not only does it cost our customers more to produce a check, but checks also can require a much longer lead time for some organizations to produce – thus impacting payment timeliness. There have been increasing customer requests to have the District develop the capability to process credit card invoice payments. In order to address these requests, ITS will be assisting with the implementation of technology and outsourced services to provide credit card invoice payment processing.

### **Outreach and Communications**

In 2011-12, the Outreach and Communications Division (OC) will continue to play a major role in furthering the District's goals and mission through enhanced public outreach and education while maintaining current staffing and overall expenditures. The key focus of the division will again be to do more with less and maximize existing resources and technology to reach new goals.



As air quality continues to be a key issue for Valley residents, comprehensive multi-lingual outreach serves to not only educate Valley residents and stakeholders on the activities of the District, but it also enables residents to take a proactive role in improving air quality. This year new programs will be launched and existing programs will be strengthened without additional staff.

The marquee, Healthy Air Living, program will continue to grow as it is now a key tool in implementing the eTRIP rule (Rule 9410). During 2011-12, the Healthy Air Living (HAL) initiative will be promoted with a focus placed on the District's HAL Partner Program. Under this program, the District will recruit businesses, municipalities, and other Valley organizations to partner with the District in promoting air friendly behavior by their employees and institutions.

Additionally, the District continues to promote and expand the Real-Time Air Advisory Network (RAAN) with Valley schools and is now promoting the tool with the general public. The RAAN is an evolution of the successful Air Quality School Flag program which informs schools of daily air quality forecasts. The RAAN allows school officials to make more precise and timely decisions on restricting outdoor activities including sports. While the initial scope of the project was focused on schools, the district is expanding the network to be a resource for health professionals, emergency response teams and other concerned constituencies.

The District has completed a competitive RFP process and has once again entered into an advertising agency contract to promote key programs and messages. While there will be no net change in the advertising agency contract funding for 2011-12, we do anticipate increased outreach due to innovative added value and strategic use of media dollars. Promoting public participation in measures aimed at reducing Valley air pollution will be a top priority for both the summer and wintertime public education campaigns. The successful "One Change" campaign will again be utilized to build understanding of personal behavior and demonstrate the ease of voluntary public involvement.

Furthermore, the District will be launching an episodic "Air Alert" program to educate Valley residents about the potential for one-hour ozone violations during the summer months. This program will encourage voluntary behavior change during those days when the standard is expected to be exceeded.

The District firmly believes that every Valley resident must take some level of ownership and make personal decisions to address the challenges presented by federal mandates and health study information. In an effort to continue to increase this level of community ownership, the District will use existing outreach dollars to work collaboratively with stakeholder groups to leverage funds to, in many cases, double the outreach dollars allocated to any one program or event such as the lawn mower program or the "Check Before You Burn" program.

Comprehensive and strategic public interaction and outreach will play an ever increasing role in the activities of the District. By continuing successful initiatives such as multilingual outreach; community-based education; increased presence on radio, print, web and TV media outlets; multi-generational outreach programs such as the Curriculums, CSUF class, and Flag

Program; Environmental Justice strategy development; and collaborative partnerships which leverage resources, the District will be able to solidify its presence in the community and build understanding of the public's role in improving air quality.

**SUMMARY OF POSITIONS**

<u>Title</u>	<u>Current</u>	<u>Recommended</u>	<u>Increase/ Decrease</u>
Executive Director/APCO	1	1	0
Deputy APCO	1	1	0
District Counsel	1	1	0
Chief Communications Officer	1	1	0
Director of Administrative Services	1	1	0
Director of Information Systems	1	1	0
Director of Personnel	1	1	0
Assistant Counsel I/II	1	1	0
Senior Policy Advisor	1	1	0
Accounting Manager	1	1	0
Finance Manager	1	1	0
Senior Project Manager	1	1	0
Supervising Programmer/Analyst	1	1	0
Health Science Advisor	1	1	0
Personnel Administrator	1	1	0
Senior Programmer Analyst	2	2	0
Supervising Accountant	1	1	0
Supervising Network Systems Analyst	1	1	0
Senior Personnel Analyst	1	1	0
Senior Network System Analyst	2	2	0
Senior Network System Analyst - C	1	1	0
Senior Accountant	1	1	0
Senior Air Quality Ed Representative	1	1	0
Deputy Clerk to the Boards	1	1	0
Office Services Manager	2	2	0
Administrative Analyst I/II	1	1	0
Programmer Analyst I/II	7	7	0
Network Systems Analyst I/II	6	6	0
Accountant I/II	2	2	0
Air Quality Ed Representative I/II	4	4	0
Operations Support Supervisor	1	1	0
Legal Technician	1	1	0
Accounting Technician I/II	2	2	0
General Services Technician I/II	1	1	0
Personnel Technician I/II	1	1	0
Maintenance Worker	0	0	0
Facilities Maintenance Specialist	1	1	0
Senior Office Assistant	3	3	0

*SJVUAPCD 2011-12 Recommended Budget*  
*ADMINISTRATION*

Senior Office Assistant - C	1	1	0
Word Processing Specialist I/II	1	1	0
Accounting Assistant I/II	5	5	0
Office Assistant I/II	<u>4</u>	<u>4</u>	<u>0</u>
TOTAL	<u>69</u>	<u>69</u>	<u>0</u>

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**  
**2011-12 Recommended Budget**  
**Administration**

ACCOUNT NUMBER	DESCRIPTION	2010-11	2010-11	2011-12	BUDGET	BUDGET
		ADJUSTED APPROPRIATIONS	ESTIMATED ACTUALS	RECOMMENDED	TO BUDGET	TO ACTUALS

<b>SALARIES AND BENEFITS</b>						
Regular Salaries		\$ 4,598,200	\$ 4,565,600	\$ 4,572,477	-1%	0%
Temporary Help		58,400	34,500	77,694	33%	125%
On Call Pay		-	-	-	0%	0%
Overtime		53,600	54,900	78,982	47%	44%
Unemployment		15,700	15,700	16,230	3%	3%
Retirement		1,676,300	1,657,800	1,733,163	3%	5%
OASDI		72,600	71,500	74,585	3%	4%
Workers Compensation		36,300	35,700	41,315	14%	16%
Cafeteria Plan Benefits		495,662	488,200	496,720	0%	2%
Long-Term Disability Insurance		16,700	16,500	15,891	-5%	-4%
Alternate Transportation Incentive		40,200	36,400	40,494	1%	11%
<b>TOTAL SALARIES AND BENEFITS</b>		<b>\$ 7,063,662</b>	<b>\$ 6,976,800</b>	<b>\$ 7,147,551</b>	<b>1%</b>	<b>2%</b>
<b>SERVICES AND SUPPLIES</b>						
Safety Supplies & Equipment		\$ 2,100	\$ 1,700	\$ 2,282	9%	34%
Mobile Communications		23,600	21,800	27,514	17%	26%
Telephone Charges		23,320	23,200	23,707	2%	2%
Insurance		185,800	182,300	41,949	-77%	-77%
Equipment Maintenance		32,700	31,100	34,019	4%	9%
Vehicle Maintenance & Operations		24,000	19,100	29,724	24%	56%
Computer Maintenance		75,400	74,700	83,628	11%	12%
Video Conferencing Maintenance & Operations		246,800	245,200	247,687	0%	1%
Building Maintenance & Operations		74,800	72,100	64,978	-13%	-10%
Office Supplies		23,100	22,900	16,138	-30%	-30%
Computer Software & Supplies		22,100	20,800	21,889	-1%	5%
Postage		23,601	20,700	30,632	30%	48%
Printing		105,500	103,900	98,570	-7%	-5%
Professional & Specialized Services		1,266,200	1,062,100	1,365,538	8%	29%
Publications & Legal Notices		15,000	14,900	15,000	0%	1%
Rents & Leases		47,886	47,800	52,835	10%	11%
Small Tools & Equipment		9,800	8,900	8,102	-17%	-9%
Special District Expense		235,200	234,900	235,852	0%	0%
Travel & Training		69,800	69,700	69,580	0%	0%
Travel & Training - Boards		41,000	40,900	41,000	0%	0%
Utilities		52,500	52,200	46,611	-11%	-11%
Audit Services		18,000	18,000	20,000	11%	11%
<b>TOTAL SERVICES AND SUPPLIES</b>		<b>\$ 2,618,207</b>	<b>\$ 2,388,900</b>	<b>\$ 2,577,235</b>	<b>-2%</b>	<b>8%</b>
<b>FIXED ASSETS</b>						
Office Improvements		\$ 205,000	\$ 205,000	\$ 40,000	-80%	-80%
Facilities & Equipment		-	-	6,751	0%	0%
Computer Equipment		171,100	165,000	201,713	18%	22%
Office Furniture & Equipment		6,000	5,700	5,602	-7%	-2%
Office Machines		10,600	10,100	16,482	55%	63%
Telephone Systems		32,600	27,600	31,353	-4%	14%
Detection Equipment		-	-	-	0%	0%
Automobiles		49,500	47,700	57,200	16%	20%
Video Conferencing System		344,700	315,100	344,755	0%	9%
Air Monitoring Station Equipment		-	-	-	0%	0%
<b>TOTAL FIXED ASSETS</b>		<b>\$ 819,500</b>	<b>\$ 776,200</b>	<b>\$ 703,856</b>	<b>-14%</b>	<b>-9%</b>
<b>TOTAL CURRENT YEAR APPROPRIATIONS</b>		<b>\$ 10,501,369</b>	<b>\$ 10,141,900</b>	<b>\$ 10,428,642</b>	<b>-1%</b>	<b>3%</b>

# COMPLIANCE

## FISCAL SUMMARY

	<u>Budgeted 2010-11</u>	<u>Recommended 2011-12</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	\$ 8,822,636.00	\$ 8,949,896.00	\$ 127,260.00	1%
Services and Supplies	1,455,782	1,708,454	252,672	17%
Fixed Assets	<u>1,007,100</u>	<u>1,539,618</u>	<u>532,518</u>	<u>53%</u>
 Total	 <u>\$ 11,285,518.00</u>	 <u>\$ 12,197,968.00</u>	 <u>\$ 912,450.00</u>	 <u>8%</u>

<u>Position Summary</u>	97	97	
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## FUNCTION

The District's Compliance Department ensures that sources of air pollution subject to the District rules and regulations comply with applicable requirements. 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 8,000 industrial and commercial facilities and at approximately 6,400 agricultural operations, maintains 24 air monitoring stations, responds to approximately 2,000 public complaints, and verifies emissions reductions at hundreds of locations where emission reduction incentive projects have been implemented.

The major functions of the 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 an automated voicemail system to facilitate the timely response to complaints in order to abate potential public nuisances. The District provides a bilingual (Spanish-English) telephone complaint line and also has the capability to utilize Language Line 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**  
Bulletins on various topics are sent to groups including, but not limited to, realtors, building departments, contractors, industrial and commercial facilities, and farmers.
- **Compliance School**  
A two-hour training class provides information on the topics of open burning and gasoline vapor recovery. In addition, informational packets and a take-home training exam are available for fireplace burning.
- **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.
- **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.
- **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 Web for stakeholders to review, comment on, and use to assist them with complying with District requirements. The Web is updated regularly with new or modified policies to ensure availability of current information.
- **Permit Streamlining Meetings**  
The District's Compliance Department continues to attend 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, external 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.

### **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 District's annual Air Monitoring Network Plan identified the need for several new monitoring instruments and stations to be added to the District's network. As a result, the District completed the construction of new monitoring stations in Manteca and Madera and is coordinating the final stages of the relocation of the monitoring station formerly located on Golden State Boulevard in Bakersfield.

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 six Photochemical Air Monitoring System (PAMS) stations 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 24 stations located throughout each of the eight counties. In total there are 31 gas analyzers, 29 particulate samplers, 20 sets of meteorological sensors, 16 PAMS sampling units, and two 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.

### **Emissions Testing**

District inspectors directly oversee hundreds of source tests conducted at stationary sources for the purpose of measuring air pollutants. ARB recommends all tests be observed and evaluated by District staff. With new rule requirements, there has been an increase in the number of source tests. To meet the increased demand, changes to District policy were made, including the allowance of third party source testing contractors to test over longer periods. This program has been streamlined through policy and procedural changes such that staff traditionally working entirely in this program now assists with other programs where the workload has increased.

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 Inspections**

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 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 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 has developed a rule for 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 initial 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. Recent legislation is phasing out such activity, but it is still allowed for a few crop types where there are no economically feasible alternatives to burning available. In accordance with state law, District staff determines each day 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, 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 a new communication protocol 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. This new communication protocol is vital due to a recent change 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 by law 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. Approximately 70 facilities are currently being polled in this highly successful program.

### **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. Due to a decrease in construction, less staff time is needed for fugitive dust inspections, which has allowed for more inspection time in other programs.

### **Hearing Board Activities**

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

## **SIGNIFICANT IMPACTS TO 2011-12 BUDGET**

Despite a significant increase in workload, the 2011-12 Recommended Budget for the District's Compliance Department does not include an increase in regular positions. As detailed in the following section, in 2011-12 the Compliance Department will experience major increases in workload resulting from new federal mandates through EPA rulemaking, ambient air quality monitoring, and the implementation of recently adopted District rules and regulations. The new workload will be absorbed with existing staff through further streamlining of Compliance Department functions and continued improvements in efficiency.

### **New Workload**

The District's Compliance Department workload will continue to increase dramatically, with a significant increase expected due to the recent approval by the EPA of the permitting rules associated with the District's "extreme" non-attainment classification. The implementation of these rules will result in approximately 350 existing sources now being considered "major sources" subject to Title V permitting and approximately 600 farms and dairies now being required to obtain operating permits for the first time as their emissions will be above the permitting level of 50% of the new lower major source thresholds. Significant outreach and compliance assistance will be necessary to successfully integrate these sources into the Title V and District permitting systems, respectively. As in past years, this additional workload will be handled by existing staff using new technologies and efficiencies.

In addition to the number of sources now requiring new Title V or District operating permits, a number of recently adopted or amended District rules will also have requirements implemented in 2011-12, including: Rule 4103 – Open Burning, 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 4601 – Architectural Coatings, Rule 4604 – Can And Coil Coating Operations, Rule 4653 – Adhesives And Sealants, Rule 4695 – Brandy Aging And Wine Aging Operations, Rule 4702 – Internal Combustion Engines (Phase 2), Rule 4703 – Stationary Gas Turbines, Rule 7011 – Chromium Plating And Chromic Acid Anodizing Facilities, Rule 7070 – Perchloroethylene From Dry Cleaning Operations, and Rule 9410 – Employer Based Trip Reduction. These new rules will require additional inspections, record review, and emission testing oversight.

As has been the case in prior years, a significant workload increase is expected in the Air Monitoring Program. The District's annual Air Monitoring Network Plan identified the need for several new monitoring instruments and stations to be added to the District's network. As a result, the District recently completed the construction of new air monitoring stations in Madera and Manteca and is coordinating the final stages of the relocation of the Bakersfield station, formerly located on Golden State Boulevard to the Bakersfield Municipal Airport. In addition the Merced Coffee, Fresno Sierra Sky Park, and Lebec stations will need to be relocated in the near future.

Considerable resources will be needed to operate and maintain the new Madera and Manteca stations as well as the Bakersfield Municipal Airport station once it is back online. The new stations and relocations require considerable staff time to find the proper location, finalize lease agreements, upgrade the location, find suitable building contractors, and install and calibrate equipment.

In addition the new stations and relocations discussed above, federal PAMS requirements mandate the installation and operation of additional nitrogen oxide monitors at the Parlier and Arvin stations. These monitors will be installed in fiscal year 2011-12. Furthermore, the new federal nitrogen dioxide standard requires four new near-roadway nitrogen dioxide monitors (to be located in Bakersfield, Fresno, Modesto, and Stockton) be installed and operated by no later than January 1, 2013. All indications are that this is the beginning of a trend and EPA is likely to require additional near-roadway monitors for other pollutants in the near future as well.

The District estimates that each of the four new required monitoring stations will cost approximately \$217,500 for initial construction/setup and \$45,000 per year for operation and maintenance, which includes labor, rent, utilities, and spare parts. Despite the fact that siting and construction of the new monitoring stations will take a minimum of 12 to 18 months, the District has not included funds for these new stations in this budget as the EPA and ARB have not provided monies to implement the new near-roadway monitoring network. The District's existing Clean Air Act (CAA) Section 105 grant funds are already fully expended to operate the existing federally-required air monitoring network. The Valley is currently in nonattainment for both the ozone and PM<sub>2.5</sub> National Ambient Air Quality Standards (NAAQS) and already operates one of the most extensive air monitoring networks in the nation. Diverting current Section 105 grant funds from the operation and maintenance of the existing monitoring network to construct the new nitrogen dioxide near-roadway monitors could affect the District's ozone and particulate attainment strategies. Given the costs associated with establishing four new near-roadway monitoring stations by January 1, 2013, additional federal and/or state funding is necessary in order to satisfy the requirements prescribed by the new nitrogen dioxide NAAQS. Should additional funding be secured, the District will come back to your Board to amend the budget to allocate the funds to allow the construction of the newly mandated stations.

The additional workload in the air monitoring program will be absorbed by existing staff. 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.

The District's Compliance Department will continue to play a major role in the execution of the District's Healthy Air Living initiative with a concerted outreach effort focused on the Healthy Air Living Business Partner program. District staff interacts with thousands of businesses each year which creates a great opportunity to educate a significant number of people about Healthy Air Living. As part of each interaction, staff discusses Healthy Air Living, hands out brochures, and directs people to the Healthy Air Living website. Staff asks each business if they would like a more detailed presentation of Healthy Air Living from the District. When requested, a manager or supervisor meets with the source to discuss the program in more detail and assist with setting up a Healthy Air Living program that fits their operation.

Similar to the role played in the District's Healthy Air Living initiative, the Compliance Department will continue to play a major role in the outreach and compliance assistance efforts necessary to implement the District's Employer Based Trip Reduction (eTRIP) rule. As it does with Healthy Air Living, the Compliance Department will leverage its field staff resources to interact with hundreds of employers that are subject to the requirements of the eTRIP rule and assist them in complying with the requirements.

### **Efficiency and Streamlining Measures**

Meeting new mandates with existing staffing will require further streamlining of functions and continued improvements in efficiency. The District's Compliance Department has continued to improve existing, and develop new, policies and standard operating procedures (SOPs) 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 will continue to provide staff with training opportunities that will improve their technical skills and customer service.

### **Implementation and Leveraging of New Technologies in Inspection Programs:**

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.

In addition to the streamlining of traditional paper-based inspection forms, the District is currently taking steps to totally eliminate these paper-based forms through the use of electronic forms on tablet computers. Currently two-thirds of the inspection staff has been

equipped with tablet computers, which allow the completion of inspection report forms while conducting the inspection. Once the inspection is completed, staff can then submit the report electronically to be reviewed, approved and archived in the District's electronic filing system. The tablet computers reduce the time associated with paperwork and eliminate trips to the office for the purpose of turning in inspection reports. In turn, the tablets will significantly increase field time, which allows for additional inspections to accommodate increases in workload.

The remaining one-third of the District's inspection staff will be equipped with tablet computers in short order, and during fiscal year 2011-12 the District will embark on implementing a new computer program, which 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.

As described above, one of the keys to meeting the new and existing mandates with minimal or no increases in staffing levels is the implementation and leverage of new technologies. Additional new technologies being developed for the District's Compliance Department include:

- A consolidated assignment tracking program designed to track assignment deadlines is expected to be further expanded in fiscal year 2011-12 to increase its utility for staff.
- Continued enhancements to the District's Compliance Department intranet site give staff centralized and convenient access to rules, policies, and forms.
- An automated reporting and report handling system that will reduce paperwork for both external stakeholders and internal District staff.

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.

*Air Monitoring Automation, Remote Connection, and Modernization:*

The seemingly endless stream 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 mandate 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 fiscal year 2011-12, the District will 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 the outdated Data Management System (DMS) for the network with a new system which allows for automation of quality assurance/quality control (QA/QC) data analysis using data validation protocols with suspect data warnings. Significant time is currently spent manually performing QA/QC data analysis as the existing DMS does not include the capability to automate portions of the process. Furthermore, a 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.
- Replacement of the Data Acquisition System and Remote Control setup at stations with a new system 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.

The District is currently in the process of launching a pilot project at the District’s Air Monitoring Automation and Remote Connection laboratory located in the central region office. This project will allow the implementation and fine tuning of the automation and remote connection solution in a controlled environment prior to being rolled out to actual air monitoring stations. This will ensure that the project is completed while minimizing the potential for air monitoring data interruptions.

As in past years, temporary positions are being proposed to assist in some areas of responsibility until new technologies and efficiency measures that will eliminate the need for additional staffing have been fully evaluated and implemented.



**SUMMARY OF POSITIONS**

<u>Title</u>	<u>Current</u>	<u>Recommended</u>	<u>Increase/ Decrease</u>
Director of Compliance	1	1	0
Air Quality Compliance Manager	3	3	0
Management Analyst I/II	1	1	0
Supervising Air Quality Inspector	8	8	0
Supervising Air Quality Specialist	1	1	0
Supervising Air Quality Instrument Technician	1	1	0
Senior Air Quality Inspector	11	11	0
Senior Air Quality Specialist	1	1	0
Senior Air Quality Instrument Technician	1	2	+1
Air Quality Inspector I/II	42	41	-1
Air Quality Specialist I/II	3	3	0
Air Quality Instrument Technician	7	6	-1
Air Quality Field Assistant	8	8	0
Air Quality Technician	0	1	+1
Air Quality Assistant	6	7	+1
Senior Office Assistant	1	0	-1
Office Assistant I/II	<u>2</u>	<u>2</u>	<u>0</u>
TOTAL	<u>97</u>	<u>97</u>	<u>0</u>

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**  
**2011-12 Recommended Budget**  
**Compliance**

ACCOUNT NUMBER	DESCRIPTION	2010-11 ADJUSTED APPROPRIATIONS	2010-11 ESTIMATED ACTUALS	2011-12 RECOMMENDED	BUDGET TO BUDGET	BUDGET TO ACTUALS
<b>SALARIES AND BENEFITS</b>						
	Regular Salaries	\$ 5,483,200	\$ 5,446,800	\$ 5,518,188	1%	1%
	Temporary Help	222,400	216,500	250,089	12%	16%
	On Call Pay	77,900	76,700	77,832	0%	1%
	Overtime	68,600	68,000	54,003	-21%	-21%
	Unemployment	22,000	21,900	24,582	12%	12%
	Retirement	2,045,400	2,024,700	2,110,111	3%	4%
	OASDI	100,700	99,400	102,093	1%	3%
	Workers Compensation	92,200	91,500	108,709	18%	19%
	Cafeteria Plan Benefits	633,936	625,600	627,307	-1%	0%
	Long-Term Disability Insurance	19,400	19,200	19,712	2%	3%
	Alternate Transportation Incentive	56,900	52,600	57,270	1%	9%
	<b>TOTAL SALARIES AND BENEFITS</b>	<b>\$ 8,822,636</b>	<b>\$ 8,742,900</b>	<b>\$ 8,949,896</b>	<b>1%</b>	<b>2%</b>
<b>SERVICES AND SUPPLIES</b>						
	Safety Supplies & Equipment	\$ 13,200	\$ 12,500	\$ 16,248	23%	30%
	Mobile Communications	102,300	100,300	96,208	-6%	-4%
	Telephone Charges	61,093	61,000	42,499	-30%	-30%
	Insurance	-	-	59,272	0%	0%
	Equipment Maintenance	88,000	86,200	89,418	2%	4%
	Vehicle Maintenance & Operations	193,000	180,100	183,838	-5%	2%
	Computer Maintenance	67,600	66,800	84,441	25%	26%
	Video Conferencing Maintenance & Operations	-	-	1,300	0%	0%
	Building Maintenance & Operations	71,200	68,100	91,816	29%	35%
	Office Supplies	18,500	18,300	22,377	21%	22%
	Computer Software & Supplies	24,800	23,400	24,219	-2%	4%
	Monitoring Station Supplies & Equipment	235,700	235,300	235,700	0%	0%
	Postage	43,265	40,000	53,287	23%	33%
	Printing	13,600	11,900	12,630	-7%	6%
	Professional & Specialized Services	41,400	41,000	159,632	286%	289%
	Publications & Legal Notices	7,200	7,100	7,200	0%	1%
	Rents & Leases	266,024	265,900	281,877	6%	6%
	Small Tools & Equipment	30,300	29,200	40,509	34%	39%
	Special District Expense	40,200	39,900	39,601	-1%	-1%
	Travel & Training	32,500	32,500	32,470	0%	0%
	Travel & Training - Boards	17,800	17,800	23,870	34%	34%
	Utilities	88,100	87,900	110,042	25%	25%
	Audit Services	-	-	-	0%	0%
	<b>TOTAL SERVICES AND SUPPLIES</b>	<b>\$ 1,455,782</b>	<b>\$ 1,425,200</b>	<b>\$ 1,708,454</b>	<b>17%</b>	<b>20%</b>
<b>FIXED ASSETS</b>						
	Office Improvements	\$ -	\$ -	\$ -	0%	0%
	Facilities & Equipment	-	-	4,738	0%	0%
	Computer Equipment	253,000	246,200	245,905	-3%	0%
	Office Furniture & Equipment	7,800	7,400	7,914	1%	7%
	Office Machines	14,900	14,200	22,159	49%	56%
	Telephone Systems	43,400	37,700	44,302	2%	18%
	Detection Equipment	11,300	11,300	16,000	42%	42%
	Automobiles	270,500	270,200	252,600	-7%	-7%
	Air Monitoring Automation/Remote Control Project	-	-	450,000	0%	0%
	Video Conferencing System	-	-	-	0%	0%
	Air Monitoring Station Equipment	406,200	405,900	496,000	22%	22%
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 1,007,100</b>	<b>\$ 992,900</b>	<b>\$ 1,539,618</b>	<b>53%</b>	<b>55%</b>
	<b>TOTAL CURRENT YEAR APPROPRIATIONS</b>	<b>\$ 11,285,518</b>	<b>\$ 11,161,000</b>	<b>\$ 12,197,968</b>	<b>8%</b>	<b>9%</b>

## PERMIT SERVICES

### FISCAL SUMMARY

	Budgeted 2010-11	Recommended 2011-12	Increase/ (Decrease)	
<u>Appropriations</u>				
Salaries and Benefits	\$ 9,946,160.00	\$ 10,242,843.00	\$ 296,683.00	3%
Services and Supplies	624,511	770,880	146,369	23%
Fixed Assets	222,600	207,638	(14,962)	(7%)
Total	<u>\$ 10,793,271.00</u>	<u>\$ 11,221,361.00</u>	<u>\$ 428,090.00</u>	<u>4%</u>
<u>Position Summary</u>	94	96	2	

### FUNCTION

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. 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, and continuous and cooperative permit streamlining efforts with regulated industries.

During the calendar year 2010, the District processed applications and issued over 6,100 ATC permits for new and modified equipment and operations, a 17% increase over the prior three-year average. This increased workload was expected and was absorbed without personnel increases due to the department's intensive ongoing permit streamlining successes.

### **Federally Mandated Operating Permits (Title V)**

In 1996, the District began full implementation of the federal Title V operating permits program. The District has now issued Title V permits to 224 major sources of air pollution. 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 for administration 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 is rapidly growing. In 2010, the District processed approximately four times more initial and renewal Title V permit applications as in 2009 (46 facilities with 2,245 permits), and doubled the Title V permit modifications processed, for a total of 470. The growth in Title V permit processing will continue at this rapid pace, as detailed further in the discussion of new workload below.

### **Emission Reduction Banking**

The Permit Services Department is responsible for administering the District's Emission Reduction Credit (ERC) bank. The purpose of this bank 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. The District issued or transferred ownership of 354 ERCs in 2010.

### **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 2009 and 2010, the District began a process of updating BACT policies and procedures that will improve the reliability and usefulness of the BACT Clearinghouse to the industries and District staff that use it. This process is ongoing but is expected to be largely completed in 2011.

### **Permit-Exempt Equipment Registration**

The District developed the Permit-Exempt Equipment Registration (PEER) rule, Rule 2250, in 2006, and began implementing this new program in 2008-09. The PEER rule is

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. In the three years since implementation, the District has issued nearly 600 permit-exempt equipment registrations. When compared to typical permitting processes, this is a savings of approximately 3,900 person-hours.

### **Conservation Management Practices Plans**

The District implemented its innovative Conservation Management Practices (CMP) plan program in 2004-05, and is now responsible for regulating and updating nearly 7,000 CMP plans designed to decrease dust emissions from agricultural operations on farms, dairies, and other confined animal operations. This year the District processed 416 applications proposing modifications to existing CMP plans on farms and dairies.

### **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, to the extent possible, integrates state and federal air toxics mandates and is designed to provide for cost effective implementation without duplication. As a part of its integrated air toxics program, the District assesses the health risk associated with proposed increases in air toxic emissions through a Risk Management Review (RMR) process, and denies permitting proposals that constitute a significant health risk. The District processed 870 RMRs in 2010.

### **Criteria Pollutants Emissions Inventory**

The Permit Services Department maintains the District's 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 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 2010, the District's emissions inventory team processed nearly 5,500 point source inventories and 45 area source inventories.

### **California Environmental Quality Act (CEQA) and Indirect Source Review (ISR)**

The District's CEQA group analyzes District actions and project developers' proposals for compliance with the California Environmental Quality Act (CEQA). In 2010, this team reviewed 1,776 CEQA documents.

In addition, the District's CEQA team began implementing the first comprehensive policy in the state addressing greenhouse gases (GHGs) in CEQA environmental assessments. In addition to implementing this policy for District permitting projects, the District provided parallel guidance to permit-issuing agencies throughout the San Joaquin Valley, assisting them in their efforts to address GHGs under CEQA.

The Indirect Source Review (ISR) group reviewed 132 ISR applications in 2010. This review includes assessing a project's potential emissions, quantifying mitigations proposed by the applicant, and assessing development mitigation fees. An annual report of ISR activity, and the emissions reductions generated by the program, is published by the District in April of each year.

### **Small Business Assistance**

The District operates an effective Small Business Assistance (SBA) program to provide assistance to businesses that lack the resources or expertise needed to efficiently obtain air permits. District SBA engineers, 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 2011-12 BUDGET**

The Permit Services Department is expected to face a significant increase in workload in 2011-12, as detailed below. However, other than transferring two engineering positions and their attendant workload from the Strategies and Incentives rule development group to Permit Services, the Recommended Budget for 2011-12 does not include an increase in regular positions. The additional workload will be absorbed with existing staff through efficiency improvements and enhanced automation. 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**

A great deal of the District's new workload in the Permit Services Department will be in the form of processing permit applications for facilities newly subject to Title V permitting requirements. These existing facilities are now subject to Title V for two reasons: either they have the potential to emit more than 10 tons of NOx or VOC and are therefore now considered major sources under the "extreme" ozone nonattainment NSR requirements, or they have significant greenhouse gas emissions (over 100,000 tons per year) and are therefore major sources under the federal EPA's GHG "Tailoring Rule." Combined, staff

expects as many as 350 additional Title V facilities to obtain their initial permits in 2011-12, more than doubling the overall number of Title V facilities in the District.

One result of the increase of Title V facilities will be a dramatic increase in Title V permit modification applications processed, beginning in 2011-12. The District expects approximately 1,000 Title V modification applications per year once the full compliment of new Title V permits has been issued.

In addition, the District expects a significant peak in Title V permit renewal projects for this coming year, and must process Title V renewal applications for over 80 facilities before the end of 2011-12. While the District's streamlined methodologies, combined-permit program for Title V requirements, and local permitting requirements have significantly reduced the associated workload, these are complex projects that require large amounts of staff time and will therefore add significant resource demands in 2011-12.

Overall, this Title V permitting area will be responsible for the largest portion of the Permit Services workload increase in 2011-12, and the Title V applications and corresponding processing needs are expected to more than double when compared to 2010-11. Handling this workload increase without an increase in staff will only be possible with considerable attention to streamlining, for which the District must rely heavily on its very experienced and effective team of Title V processing engineers, supervisors, and managers. It is this team's experience and knowledge of the intricacies of the Title V permitting program that makes it possible for the District to anticipate identifying, developing, and implementing streamlining opportunities.

The Permit Services Department will also be implementing a new permitting program called Prevention of Significant Deterioration (PSD) in 2011-12. Until now, the federal EPA has been responsible for implementing this federal permitting program for major sources of attainment pollutants. However, EPA's permitting resources have been seriously taxed with new responsibilities, to the extent that PSD permitting is not being performed by EPA in a timely manner, and they have requested that the District accept delegation of the program. The District's permitting experience and proven streamlining capabilities are very likely to result in a more expeditious permitting process. The continuous improvement and better-government principles under which the District operates suggest that Permit Services must take this program over to eliminate the federal government's largely duplicative permitting effort. The District expects to adopt a rule to implement PSD permitting before the beginning of 2011-12, and will implement the rule, upon EPA approval, into the State Implementation Plan. The one to two person-year increase in workload is expected to be accommodated without increasing staff through streamlining PSD permitting with the District's existing permitting processes, and increased efficiencies in other areas as well, as discussed below.

Significant new workload is also expected as the District fully implements the latest version of New and Modified Stationary Source Review Rule, Rule 2201. The impacts will take place in two significant areas (in addition to the significant increase in Title V permitting discussed above):

- More projects will be considered “major” under federal rules, triggering more complex and lengthier application processes.
- The District must process applications received in late 2010-11 for approximately 600 existing farms and dairies, as their emissions will be above the permitting level of 50% of the new lower major source thresholds.

The District has organized and completed timely and extensive outreach efforts to inform and assist those affected by these changes. While these efforts have been very labor intensive, the return on that investment will be an informed set of regulated sources and significantly streamlined application processes, reducing the overall effort required to implement these changes.

In addition to the normal permitting workload associated with new and modifying sources of air pollution, several District rules were adopted or amended recently, most notably Rule 4570, relating to confined animal facilities; Rule 4566, for green waste composting operations; Rule 4320, relating to boilers, steam generators and process heaters; and Rule 4703 for NOx emissions from turbine engines. The impacts of these rules on Permit Services workload will be felt in 2011-12 as equipment operators file applications to meet compliance deadlines.

The Permit Services Department is responsible for implementing the District’s Climate Change Action Plan (CCAP), including establishing a new banking program for recognition of voluntary GHG reduction efforts, through modifications to Rule 2301. In addition, the District will continue implementing Valley-wide guidance to land-use agencies and other permitting regulators on addressing GHG concerns through the CEQA process, including developing Best Performance Standards for GHG emissions-emitting equipment, processes, and residential and commercial developments. Also, the District will be working with cities and counties to develop GHG emissions inventories, and related policies and procedures to encourage consistency in these efforts throughout the Valley. The District’s initial effort to generate a community-wide GHG emissions inventory, with the County of Kern, is now underway, and other counties and cities are expected to also take advantage of the District’s assistance with their GHG emissions inventories in the coming budget year.

The District is also finding it necessary 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. Many of the measures that the ARB is planning will rely heavily on District involvement in implementing and enforcing new regulations, such as those for Landfill Gas Control and Refrigeration System Management, so early attention to these matters is critical. These new GHG-related tasks have been and will continue to be labor intensive. However, a clear need exists to address opportunities for streamlining and common-sense simplification of AB 32 implementation, such that significant dividends in reduced workload will be realized for many years to come.

The District will continue updating two major air quality planning guidance documents for Valley land-use agencies this year: the “Guide for Assessing and Mitigating Air Quality Impacts” and “Air Quality Guidelines for General Plans.” These documents provide critical



assistance to local land-use agencies in addressing air quality considerations in their planning and land-use efforts, and must be updated periodically to maintain pace with the changing air quality conditions in the San Joaquin Valley, and the ever-improving understanding of the causes of those conditions.

The Permit Services Department will be preparing 30 new and updated area-source emissions inventories in 2011-12. In addition, Permit Services will be implementing the first emissions inventory phase of Rule 3170, in which we will be assessing each major source's emissions of ozone precursors and the related "Clean Air Act Fee" that must be assessed before the end of 2011-12. Finally, Permit Services is assisting the Strategy and Incentives Department and ARB in updating many existing inventory categories for upcoming PM2.5 attainment modeling efforts. While the District is confident that its involvement in these projects is a necessary and important step that will significantly improve the quality and usefulness of the results, both projects are adding significantly to expected workload.

### **Efficiency and Streamlining Measures**

In order to effectively and efficiently handle this increased workload without increasing staffing resources, the Permit Services Department will continue its streamlining efforts.

In the past, streamlining efforts have focused on permit and other application processing activities. As a result, the District processes more permits per person than any other air district in California. In addition to continuing efforts in this area, focus will be placed on an additional streamlining area this year: identifying non-permitting, discretionary activities that do not add significant value to services provided. While this analysis will certainly find additional areas where efforts and activities are not fully aligned with District service priorities, thus far the following specific streamlining efforts to be undertaken in 2011-12 are:

- Fully implement the 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.
- Examine all aspects of Title V permitting, looking for streamlining opportunities, especially in the more administrative processes, such as Title V minor modification applications.
- Apply the same kind of focus and attention to streamlining of non-permitting staff duties that 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.
- Improve, expand, and increase the use of the District's new web-based annual emissions inventory surveys and submittals.
- Reduce application processing errors and related rework through additional training and automation.
- Eliminate redundant or unnecessary review of subordinate work product.

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 streamlining

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. Several additional streamlining initiatives are anticipated to be implemented in the coming year.

Additionally, through ongoing comprehensive department-wide implementation of the District's Service Teamwork Attitude Respect (STAR) program, the Permit Service Department is continuously improving quality and streamlining 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.

As a result of these efficiency and streamlining efforts, the department will be able to handle the significantly increased workload without increasing District staffing levels. However, it is important to note that the proposed budget includes the transfer of two rule development engineering positions, and the related workload, from Strategies and Incentives to Permit Services. This move will further both teams' process and efficiency goals by placing all District engineering staff in one department. The Permit Services Department will gain two additional engineers that will improve the District's ability to respond to increasing permitting workloads, and will use this enhanced pool of engineering staff to provide high quality rule-development engineering services to the Strategies and Incentives Department. Overall, this change will allow all District engineering needs to be managed in the most efficient and flexible manner possible.

**SUMMARY OF POSITIONS**

<u>Title</u>	<u>Current</u>	<u>Recommended</u>	<u>Increase/ Decrease</u>
Director of Permit Services	1	1	0
Permit Services Manager	4	4	0
Supervising Air Quality Engineer	6	6	0
Senior Air Quality Engineer	12	13	+1
Supervising Air Quality Specialist	3	3	0
Senior Air Quality Specialist	5	5	0
Air Quality Engineer I/II	38	39	+1
Air Quality Specialist I/II	19	19	0
Air Quality Technician I/II	1	1	0
Air Quality Assistant	1	1	0
Senior Office Assistant	1	1	0
Office Assistant I/II	<u>3</u>	<u>3</u>	<u>0</u>
TOTAL	<u>94</u>	<u>96</u>	<u>+2</u>

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**  
**2011-12 Recommended Budget**  
**Permit Services**

ACCOUNT NUMBER	DESCRIPTION	2010-11	2010-11	2011-12	BUDGET	BUDGET
		ADJUSTED APPROPRIATIONS	ESTIMATED ACTUALS	RECOMMENDED	TO BUDGET	TO ACTUALS
<b>SALARIES AND BENEFITS</b>						
	Regular Salaries	\$ 6,500,500	\$ 6,455,800	\$ 6,670,682	3%	3%
	Temporary Help	97,400	66,900	115,944	19%	73%
	On Call Pay	-	-	-	0%	0%
	Overtime	147,300	132,500	83,190	-44%	-37%
	Unemployment	21,300	21,300	22,146	4%	4%
	Retirement	2,347,300	2,321,800	2,500,363	7%	8%
	OASDI	103,900	102,300	108,557	4%	6%
	Workers Compensation	35,700	34,900	42,074	18%	21%
	Cafeteria Plan Benefits	614,760	604,500	620,999	1%	3%
	Long-Term Disability Insurance	22,900	22,500	23,352	2%	4%
	Alternate Transportation Incentive	55,100	49,900	55,536	1%	11%
	<b>TOTAL SALARIES AND BENEFITS</b>	<b>\$ 9,946,160</b>	<b>\$ 9,812,400</b>	<b>\$ 10,242,843</b>	<b>3%</b>	<b>4%</b>
<b>SERVICES AND SUPPLIES</b>						
	Safety Supplies & Equipment	\$ -	\$ -	\$ -	0%	0%
	Mobile Communications	3,300	800	2,788	-16%	249%
	Telephone Charges	17,688	17,600	32,812	86%	86%
	Insurance	-	-	58,057	0%	0%
	Equipment Maintenance	43,500	41,300	46,301	6%	12%
	Vehicle Maintenance & Operations	-	-	-	0%	0%
	Computer Maintenance	29,600	28,600	44,122	49%	54%
	Video Conferencing Maintenance & Operations	-	-	1,200	0%	0%
	Building Maintenance & Operations	90,500	86,700	89,931	-1%	4%
	Office Supplies	15,800	15,600	21,918	39%	41%
	Computer Software & Supplies	28,500	26,800	31,372	10%	17%
	Monitoring Station Supplies & Equipment	-	-	-	0%	0%
	Postage	29,433	25,400	42,398	44%	67%
	Printing	11,000	8,900	8,494	-23%	-5%
	Professional & Specialized Services	19,800	19,500	31,434	59%	61%
	Publications & Legal Notices	91,200	91,100	117,400	29%	29%
	Rents & Leases	140,290	140,100	143,923	3%	3%
	Small Tools & Equipment	12,700	11,500	7,752	-39%	-33%
	Special District Expense	8,400	8,000	8,019	-5%	0%
	Travel & Training	19,100	19,100	19,270	1%	1%
	Travel & Training - Boards	-	-	-	0%	0%
	Utilities	63,700	63,300	63,689	0%	1%
	Audit Services	-	-	-	0%	0%
	<b>TOTAL SERVICES AND SUPPLIES</b>	<b>\$ 624,511</b>	<b>\$ 604,300</b>	<b>\$ 770,880</b>	<b>23%</b>	<b>28%</b>
<b>FIXED ASSETS</b>						
	Office Improvements	\$ -	\$ -	\$ -	0%	0%
	Facilities & Equipment	-	-	7,704	0%	0%
	Computer Equipment	158,000	149,600	127,085	-20%	-15%
	Office Furniture & Equipment	7,600	7,200	7,752	2%	8%
	Office Machines	14,600	13,800	21,704	49%	57%
	Telephone Systems	42,400	36,500	43,393	2%	19%
	Detection Equipment	-	-	-	0%	0%
	Automobiles	-	-	-	0%	0%
	Video Conferencing System	-	-	-	0%	0%
	Air Monitoring Station Equipment	-	-	-	0%	0%
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 222,600</b>	<b>\$ 207,100</b>	<b>\$ 207,638</b>	<b>-7%</b>	<b>0%</b>
	<b>TOTAL CURRENT YEAR APPROPRIATIONS</b>	<b>\$ 10,793,271</b>	<b>\$ 10,623,800</b>	<b>\$ 11,221,361</b>	<b>4%</b>	<b>6%</b>

## STRATEGIES AND INCENTIVES

### FISCAL SUMMARY

	Budgeted 2010-11	Recommended 2011-12	Increase/ (Decrease)	
<u>Appropriations</u>				
Salaries and Benefits	\$ 4,672,620.00	\$ 4,493,099.00	\$ (179,521.00)	(4%)
Services and Supplies	1,199,800	1,343,808	144,008	12%
Fixed Assets	130,600	152,300	21,700	17%
Total	<u>\$ 6,003,020.00</u>	<u>\$ 5,989,207.00</u>	<u>\$ (13,813.00)</u>	<u>0%</u>

<u>Position Summary</u>	48	46	-2
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### 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 recently adopted policy direction that prioritizes employing air quality strategies that focus on specific pollutants with higher health risk, in addition to meeting the 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, 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 the control measures.

## **Air Quality Plan Development; Rulemaking and Emission Control Strategy Development; and Air Quality Analysis Functions**

### **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 staff of the California Air Resources Board (ARB), the agency responsible for the control of mobile source emissions; staff of the United States Environmental Protection Agency (EPA); members of environmental organizations; and stakeholders 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 many public meetings then the plans are 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. 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. In recent years, District staff has drafted new rules and amendments addressing indirect sources, wood-burning fireplaces, wine fermentation, glass furnaces, and employee vehicle trips. In developing new and amended 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. On rulemaking projects that implement Best Available Retrofit Control Technology (BARCT) as required in ozone plans and Best Available Control Measures (BACM) as required in particulate matter plans, staff collaborates closely with industry focus groups 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 public review process and the mandatory economic 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 the Governing Board's Fast Track program, which is designed as a non-regulatory approach to reducing emissions in order to expedite attainment of health-based pollutant standards. The Fast Track program has convened a balanced group of stakeholders that helped to develop several significant innovative pollution control measures such as increasing public funding for incentive grant programs, energy efficiency/conservation, and Healthy Air Living.

#### Air Quality Modeling and Monitoring Data Analysis

Air quality modeling uses highly complex computer programs, sophisticated computer hardware, and extremely large databases, to predict ambient pollution concentrations given various future emission inventory scenarios and meteorological conditions. 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 and more broadly in Central California. 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 perplexing air quality problems. The District's air quality analysis staff provides technical support for the San Joaquin Valleywide Air Pollution Study Agency, which is responsible for coordinating basic research on air pollution in the Valley. District staff collaborates extensively with modelers from ARB, industry, academia, and other air districts on modeling projects. In particular, staff has worked extensively with ARB on air quality analysis and modeling to better characterize pollution transport from upwind air basins.

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. District modelers work closely with ARB staff to prepare the required modeling for the District's air quality plans. While ARB has considerably more modeling resources, the District does have the in-house capability to conduct detailed reviews of ARB's modeling results and to simulate gross cuts in the emissions inventory to provide rough approximations of reductions needed for ozone attainment using the same modeling systems as ARB and other air districts. Regarding particulate matter, the District currently has the ability to conduct "receptor" modeling.

Strategies and Incentives Department staff is also involved in several important aspects of the District's air monitoring strategy. The District's atmospheric scientists assure that the overall design of the San Joaquin Valley's air monitoring network complies with state and federal regulations, prepare the Annual Air Monitoring Network Plan for submission to EPA, and develop Requests for Proposal and contracts for the construction of new air monitoring stations. Additionally, the 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

The District's Air Quality Analysis Staff supports other District programs by providing daily Air Quality Index (AQI) forecasts, health advisory forecasts, forecasts for the episodic curtailment provisions of Rule 4901 (Wood Burning Fireplaces and Wood Burning Heaters), and smoke management decisions 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 Doppler radar 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.

Because the Valley air basin was re-designated as a PM10 attainment area in 2008, in recent years, staff has dedicated significant effort to 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.



## **Incentive Grant Program Functions**

Strategies and Incentives is responsible for the development, implementation, and on-going administration of all District incentive grant programs, including the Heavy-Duty Engine Emission Reduction Incentive Program (Heavy-Duty Engine Program), the REduce MOtor Vehicle Emissions II (REMOVE II) Program, and other incentive programs. Additionally, Strategies and Incentives is responsible for ongoing administration of the District's Technology Advancement Program (TAP), the Smoking Vehicle Program, and other innovative 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 2011-12 Recommended Budget:

• DMV Surcharge Fees	\$ 30,237,200
• Carl Moyer Program	8,455,500
• ISR & Voluntary Mitigation Agreements	2,984,000
• Proposition 1B	32,000,000
• Federal Designated Funding	10,429,900
• Miscellaneous Incentive Grant Funding	607,800
• Non-Operating Interest	2,277,300
• AERO (Rule 4320)	5,200,000
• Energy Efficiency Block Grant	<u>3,844,300</u>
Total Incentive Grants	\$ 96,036,000

### **Heavy-Duty Engine Program**

The Heavy-Duty Engine Program is by far 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 current 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.

*Proposition 1B:* An additional and important component of the Heavy-Duty Engine Program is the Goods Movement Emission Reduction Program, funded by funds generated through Proposition 1B. This program requires a competitive application solicitation process. Emissions from every piece of equipment that is submitted to the District for funding must be calculated and proposals must be ranked by cost-effectiveness. Each eligible piece of equipment will then be funded in order of cost-effectiveness until the program funds are exhausted. There are also substantial monitoring, auditing and reporting requirements associated with these funds.

*Lower Emission School Bus Program:* A primary component of the Heavy-Duty Engine Program is the Lower Emission School Bus Program. The 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 the Lower Emission School Bus Program funds for a number of neighboring and other small air districts throughout the state.

#### REMOVE II Program

The REMOVE II Program provides incentives for specific projects that will reduce motor vehicle emissions within the District. The purpose of the REMOVE II Program is to assist the District in satisfying the requirements of the California Clean Air Act. This is accomplished by allocating funds to cost-effective projects that have the greatest motor vehicle emission reductions resulting in long-term impacts on air pollution problems in the Valley. All projects must have a direct air quality benefit to the District. Eligible project types include high-polluting vehicle scrappage, E-mobility (video-telecommunications), light- and medium-duty vehicle purchase, bicycle infrastructure, alternative fuel vehicle mechanics training, public transportation and commuter vanpool subsidies.

**Polluting Automobile Scrap and Salvage:** This innovative program provides 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.

#### 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.

#### Burn Cleaner Program

The Burn Cleaner Wood Stove Change-Out Program is offered to help Valley residents upgrade their current wood-burning devices and open fireplaces to cleaner devices to alleviate the problem of particulates, which cause significant health impacts to Valley residents during the fall and winter months. The District offers a financial incentive to any interested resident and an additional incentive to low-income residents through a streamlined voucher program that involves partnering with interested retailers.

### **SIGNIFICANT IMPACTS TO 2011-12 BUDGET**

Despite a significant increase in workload, the 2011-12 Recommended Budget for the Strategies and Incentives Department does not include an increase in regular positions. As detailed in the next section, the District anticipates an increase in workload resulting from the need to develop new attainment plans for PM2.5 and ozone, development and adoption of amended rules to fulfill federal mandates and District commitments, and administration of additional incentive grant funding projects. The recent reorganization through the merger of the Planning and ERIP departments will enable the District to absorb this additional workload without an increase in staffing.

#### **New Workload**

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

For air quality plans, new work includes significant effort to develop the next PM2.5 and ozone attainment plans. District staff will need to collaborate extensively with ARB on refining the emission inventory and atmospheric modeling for the next iteration of the ozone and PM2.5 plans, which will be designed to meet the latest health-based federal air quality standards. Development of these new attainment plans will require extensive research and cooperation with Valley stakeholders to explore potential control strategies, including the development of a risk-based strategy that focuses on maximizing

the health benefits to Valley residents. District staff will also continue to analyze the implications of new federal standards for nitrogen dioxide, lead, ozone, and particulate matter from several perspectives, including attainment strategy development, the District's air monitoring network, and air quality analysis and forecasting. Additionally, EPA is expected to take action on the District's *2007 Ozone Plan* and *2008 PM<sub>2.5</sub> Plan*, which may trigger more extensive revisions to the currently active plans.

In 2011-12, the District will need to provide significant technical oversight for a variety of Study Agency and other research efforts scheduled for implementation in 2011-12. These research efforts comprise the final phases of the Central California Ozone Study (CCOS) and the California Regional Particulate Air Quality Study (CRPAQS), and will provide key information needed to further the District's understanding of ozone and particulates. Additionally, the District is also proposing to conduct additional research through local funding to further develop policy-relevant air quality science, including research to help further the development of a risk-based attainment strategy. Strategies and Incentives will be overseeing nearly \$1.5 million in research projects through local and Study Agency funding in 2011-12.

The District continues to conduct analysis needed for improving air quality forecasting tools to reflect the ongoing improvements in Valley air quality. Federal timelines require that the District complete numerous Exceptional Events documents in 2011-12. 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.

The District will implement a number of rulemaking and control measure feasibility efforts in 2011-12 to achieve additional emissions reductions and meet various federal commitments. Specifically, staff will be presenting ten new and amended regulatory actions to the Governing Board, including complex projects such as the re-evaluation of agricultural open burning restrictions, and potential amendments to the existing solid fuel-fired boiler rule. Additionally, staff will also be conducting ten control measure feasibility studies that could lead to emission inventory improvements, future rule development projects, or strategic application of incentive funds. These studies will include source categories such as bakery ovens, dryers, pesticide fumigation operations, and cotton gins.

The District will continue implementation of various Fast Track measures in 2011-12. Fast Track measures with continued significant implementation efforts projected for 2011-12 include the Regional Energy Efficiency Strategy, Green Purchasing and Contracting, Alternative Energy, Urban Heat Island Mitigation,

and the Healthy Air Living program. To further the Regional Energy Efficiency Strategy, the District proposes to include \$150,000 to fund regional energy efficiency and conservation projects and services in the Valley, in close coordination with local jurisdictions, utilities, and other stakeholders.

### Incentive Programs

The most significant workload increase in the District involves the funding of projects through the Proposition 1B Goods Movement Emission Reduction Incentive Program. Significant interest has been shown in this program, with \$135 million of applications competing for approximately \$38 million of available funds in the program's first solicitation. This year, the District opened the second RFP under this program March through April, which is expected to generate an even greater number of additional applications. While difficulties with the State budget have caused a significant delay in funding since 2008-09, the District expects to receive \$43 million in funding in late 2010-11, and another \$32 million in funding in 2011-12, with the majority of workload to process these funds required in 2011-12. The guidelines adopted by ARB require the District to perform a substantial evaluation of each piece of equipment that is submitted during a request for proposal process before contracts are awarded. Significant monitoring, auditing, and reporting requirements will also be increased as a result of this funding source and the level of interest in the program.

A relatively new component of the Heavy-Duty Engine Program is the off-road equipment replacement program. This program is targeted at reducing emissions from off-road equipment, and provides funding for equipment replacements, engine repowers, or engine retrofits that are cost-effective in reducing emissions. The District has seen significant interest from the agricultural sector in this program, and the District plans on providing significant funds towards these cost-effective projects in 2011-12. This program will significantly impact the District workload with increased outreach efforts, application processing, contract administration, grant tracking requirements, and grant payments.

An additional significant workload increase for the District is associated with added federal funding secured for the purpose of reducing diesel emissions in the District, including off-road equipment and on-road heavy duty truck replacements. This additional funding will result in a substantial increase in the number of projects being processed in the Heavy-Duty Engine Program, and will significantly impact the District workload with increased staff resources required for application processing and administration, including extensive reporting to EPA. The District received federal funds totaling approximately \$8 million in 2010-11, and expects to receive an additional \$8 million in federal funds in 2011-12. Congress adopted legislation on April 14, 2011 to fund the federal government for FY 2011, resulting in cuts to several federal air quality funding sources. This recent legislation may impact the \$8 million of federal grant

funding projected for 2011-12. The District will continue to pursue federal air quality grant funding legislatively and from available funds in federal fiscal years 2011 and 2012.

The District entered into an agreement in 2009-10 to administer \$3 million in program funds in fiscal years 2010-11 and 2011-12 to operate a new vehicle repair component, in addition to existing vehicle scrap options, under the District's Polluting Automobile Scrap and Salvage (PASS) Program. This program recently kicked off in late 2010-11, with the majority of program implementation planned in 2011-12.

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 the California Attorney General and 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. Recently, approximately \$6 million of Indirect Source Review (ISR) revenue became available due to the successful resolution of lawsuits targeting the District's ISR rule. These various mitigation programs will impact the District workload with increased application processing, contract administration, grant tracking requirements, grant payments, and program development for new and modified components that may need to be expanded as this new revenue source becomes available.

District Rule 4320 (Advanced Emission Reduction Options for Boilers, Steam Generators, and Process Heaters Greater than 5.0 MMBtu/hr) provides a compliance option for affected sources that allows the payment of an emission reduction fee to be used by the District to generate emissions reductions. This fee was initially required by July 1, 2010 for those facilities electing to use this option, and generated approximately \$5 million in additional incentive funds in 2010-11. The District expects to receive approximately \$5 million in additional incentive funding through Rule 4320 in 2011-12.

The District was awarded grant funding from ARB in 2010-11 through funds made available under AB 118 for the implementation of lawn mower and ultra-terrain agricultural vehicle replacement programs. The District expects to receive an additional \$600,000 in state funding for these programs in 2011-12.

The District will continue to seek out opportunities to assist neighboring air districts with managing their program funds as a means of achieving emission reductions that benefit our District. In 2010-11, the District managed the Lower Emission School Bus Program funds for eighteen neighboring and other air districts throughout the state, as well as Carl Moyer Program funding from the Great Basin Air District

Consistent with the District's Regional Energy Efficiency Strategy adopted in 2009-10, the District has secured \$5 million in Energy Efficiency and Conservation Block Grant Program (EECBG) funds for a number of small jurisdictions in the Valley for energy efficiency projects. Continued administration of this grant program will impact the District's workload with increased program development, contract administration, grant tracking requirements, grant payments, and extensive state and federal reporting.

The District created the Technology Advancement Program (TAP) in late 2009-10 to encourage the development of advanced new emission reduction technologies in the Valley. The District expects to see significant activity in soliciting and contracting multiple technology advancement projects through this relatively new program. As a related component of the TAP, the District will continue administering the charbroiler incentive program in 2011-12 in order to advance charbroiler emissions control technologies.

The District will receive approximately \$20 million in new incentive funds through recently adopted motor vehicle fees in 2011-12. These new funds will be used to fund a variety of incentive projects, including the replacement and retrofit of school buses, energy efficiency improvements, replacement and repair of gross polluting vehicles, lawn mower replacements, fireplace upgrades, vanpools, bike paths, public benefit grants in partnership with local cities and counties, greenhouse gas support for cities and counties, technology advancement, farm equipment, trucks, and other projects. Administration of these new funds will impact the District's workload with increased program development, contract administration, grant tracking requirements, grant payments, and additional reporting.

In addition to the above new workload associated with new funding and program requirements, the District will also spend a significant amount of staff resource in securing additional funding sources by preparing and submitting applications for available 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 2011-12 through AB 118 and other state and federal funding sources.

ARB regularly audits air districts for performance with various state incentive program funding guidelines. In 2011-12, ARB will be auditing the District for its performance under the Carl Moyer Program. Preparing, facilitating and responding to this audit will require significant staff resources.

It is important to note that several sources of incentive funds include provisions for a portion of the funds to be used for administration support. These administrative funds are adequate to fully support grant administration with no impact to stationary source fees.

## **Efficiency and Streamlining Measures**

Both of the former departments combined into the Strategies and Incentives Department, ERIP and Planning, had functions that were often cyclical in nature, which can now be better addressed by the combined department. The grants workload handled by the former ERIP group will be very high at times in the 2011-12 fiscal year due to large increases in the amount of grant funding available, such as delayed Proposition 1B funds that will be processed in 2011-12. The workload from the former Planning Department is expected to peak in 2012 and 2013 with the development of new attainment plans for PM2.5 and ozone. These cyclical workloads will, to a significant extent, be leveled by combining the two groups.

Examples of efficiency and strategic improvements which will continue to be realized in 2011-12 include:

- Maximizing available staff to meet the cyclical nature of air quality plan/rule development and incentive program implementation
- Enhancing the development of the District's long-term air quality attainment plans and strategies, including strategic SIP-creditable incentive programs and other innovative emissions reduction measures
- Improving the District's coordination of air quality research, including implementation of the new Technology Advancement Program
- Improving the coordination and implementation of various innovative measures and strategies, including the Regional Energy Efficiency Strategy, and other Fast Track measures

In addition to the strategic benefits in efficiency gained by the merger, additional efficiency and streamlining measures in each of the function areas are expected to reduce the impact of increased workload in 2011-12.

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

In 2011-12, 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 to reduce travel-time to workshops. In accordance with the District's Economic Assistance Initiative, 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. Additionally, the District will continue to limit the number of identical workshops presented in each phase of the public review process. In order to better reach stakeholders in the Valley's environmental and community groups, the District provides mini-workshop sessions at regularly scheduled meetings of the Environmental Justice Advisory Group. This has



reduced the need to hold separate community workshops at night, while offering the potential for enhanced communication with knowledgeable stakeholders.

Another streamlining measure that adds value to District projects and cross-trains staff, is to routinely obtain assistance from other District departments. This budget proposes the transfer of two rule development engineering positions, and the related workload, from the Strategies and Incentives Department to the Permit Services Department. This move will further both teams' process and efficiency goals by enabling existing engineering positions to be available to handle the additional permitting workload while providing a larger pool of engineers with expanded range of expertise to assist with rule development as needed. Additionally, one existing Supervising Air Quality Engineer position in Strategies and Incentives Department will be reclassified to a Supervising Air Quality Specialist position. This reclassification will provide for adequate supervision under the new organizational structure and will achieve additional savings.

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. 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.

In an effort to provide consistent and efficient service to the public and regulated industry, the District is also continuing its process of reviewing and updating all departmental procedures with the objective of having them all critically reviewed, and updated as necessary, every two years. This ongoing effort also identifies any procedures that need to be newly documented and will help further enhance ongoing staff training. The results of this review effort are up-to-date and streamlined processes and products that reflect the changing needs of the communities served by the District.

Another streamlining function being implemented is the continuing improvement of the Department's intranet website. All critical departmental procedures and forms are posted electronically on the intranet, which ensures consistency and efficiency from staff. The Department is also implementing plans for the succession of key staff members through cross-training of newer staff for those job functions. In addition to providing continuity, succession planning will help better provide consistent customer service to our stakeholders, since there will be more staff able to assist in answering questions.

Several current streamlining initiatives leverage computer automation and technology improvements to replace tasks currently or previously performed by

staff. Forecasting staff has developed and implemented several automated modules in their 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, forecasting staff 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.

As the use of the internet has spread throughout the Valley's communities, the demand for paper documents, such as rules and plans, has decreased over time. 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 good communications 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.

### 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 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. District staff has implemented numerous operational efficiencies to expedite the

application and contract process and will continually look for opportunities for streamlining. Through these efficiencies, the District is not proposing additional regular staffing in 2011-12, despite the increased projected workload in 2011-12. The District proposes to continue utilizing temporary staffing to process applications in a timely manner during projected peak activity periods, including the processing of new motor vehicle surcharge funds. If additional staffing is required to process additional grant funding projected in 2011-12, the District would bring any proposals for new staffing for Board consideration at future board hearings

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

- Face-to-face interaction with potential applicants and stakeholders aimed at guiding applicants through the process to enhance customer service while reducing subsequent staff time
- Process automation through implementation of new technology, including the ability to receive online applications, and continued improvement of the District's custom grant management database
- Consolidated inspection procedures aimed at providing enhanced customer service while reducing inspection staff time
- Streamlined application materials that reduce the amount of time necessary to complete the process
- New policies and procedures are being developed to improve consistency and efficiency with the grant programs to address the new funding sources and their associated guideline requirements
- Continue to utilize the District's website to make available program information and resources, while continuing to provide outstanding individual customer service to stakeholders
- Development of templates and boilerplate contracts and supporting documentation

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 effect its operations.

**SUMMARY OF POSITIONS**

<u>Title</u>	<u>Current</u>	<u>Recommended</u>	<u>Increase/ Decrease</u>
Director of Strategy and Incentives	1	1	0
Program Manager	2	2	0
Supervising Air Quality Engineer	1	0	-1
Supervising Air Quality Specialist	4	5	+1
Senior Air Quality Engineer	1	0	-1
Senior Air Quality Specialist	10	10	0
Air Quality Engineer I/II	1	0	-1
Air Quality Specialist I/II	22	22	0
Staff Technician I/II	2	2	0
Air Quality Assistant	1	1	0
Senior Office Assistant	1	1	0
Office Assistant I/II	<u>2</u>	<u>2</u>	<u>0</u>
TOTAL	48	46	-2

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**  
**2011-12 Recommended Budget**  
**Strategies & Incentives**

ACCOUNT NUMBER	DESCRIPTION	2010-11 ADJUSTED APPROPRIATIONS	2010-11 ESTIMATED ACTUALS	2011-12 RECOMMENDED	BUDGET TO BUDGET	BUDGET TO ACTUALS
<b>SALARIES AND BENEFITS</b>						
	Regular Salaries	\$ 2,907,500	\$ 2,888,000	\$ 2,690,904	-7%	-7%
	Temporary Help	185,400	191,100	302,689	63%	58%
	On Call Pay	-	-	-	0%	0%
	Overtime	65,100	58,500	43,413	-33%	-26%
	Unemployment	11,200	11,200	11,959	7%	7%
	Retirement	1,065,800	1,054,700	1,025,827	-4%	-3%
	OASDI	58,900	58,200	62,340	6%	7%
	Workers Compensation	16,900	16,500	18,663	10%	13%
	Cafeteria Plan Benefits	322,420	317,900	299,976	-7%	-6%
	Long-Term Disability Insurance	10,500	10,400	9,560	-9%	-8%
	Alternate Transportation Incentive	28,900	26,600	27,768	-4%	4%
	<b>TOTAL SALARIES AND BENEFITS</b>	<b>\$ 4,672,620</b>	<b>\$ 4,633,100</b>	<b>\$ 4,493,099</b>	<b>-4%</b>	<b>-3%</b>
<b>SERVICES AND SUPPLIES</b>						
	Safety Supplies & Equipment	\$ -	\$ -	\$ -	0%	0%
	Mobile Communications	5,600	4,500	5,570	-1%	24%
	Telephone Charges	12,600	12,600	15,804	25%	25%
	Insurance	-	-	27,967	0%	0%
	Equipment Maintenance	25,100	24,100	23,098	-8%	-4%
	Vehicle Maintenance & Operations	-	-	-	0%	0%
	Computer Maintenance	41,900	41,500	48,502	16%	17%
	Video Conferencing Maintenance & Operations	-	-	600	0%	0%
	Building Maintenance & Operations	62,700	61,100	43,317	-31%	-29%
	Office Supplies	11,500	11,400	10,558	-8%	-7%
	Computer Software & Supplies	14,200	13,400	12,205	-14%	-9%
	Monitoring Station Supplies & Equipment	-	-	-	0%	0%
	Postage	70,800	69,000	27,923	-61%	-60%
	Printing	9,000	8,100	6,152	-32%	-24%
	Professional & Specialized Services	797,200	762,100	945,478	19%	24%
	Publications & Legal Notices	72,100	72,100	115,400	60%	60%
	Rents & Leases	5,000	4,900	4,583	-8%	-6%
	Small Tools & Equipment	7,000	6,500	3,734	-47%	-43%
	Special District Expense	5,200	5,000	4,782	-8%	-4%
	Travel & Training	16,700	16,700	16,700	0%	0%
	Travel & Training - Boards	-	-	-	0%	0%
	Utilities	43,200	43,000	31,435	-27%	-27%
	Audit Services	-	-	-	0%	0%
	<b>TOTAL SERVICES AND SUPPLIES</b>	<b>\$ 1,199,800</b>	<b>\$ 1,156,000</b>	<b>\$ 1,343,808</b>	<b>12%</b>	<b>16%</b>
<b>FIXED ASSETS</b>						
	Office Improvements	\$ -	\$ -	\$ -	0%	0%
	Facilities & Equipment	-	-	5,807	0%	0%
	Computer Equipment	94,500	90,800	109,403	16%	20%
	Office Furniture & Equipment	5,100	4,900	5,734	12%	17%
	Office Machines	7,900	7,500	10,455	32%	39%
	Telephone Systems	23,100	38,200	20,901	-10%	-45%
	Detection Equipment	-	-	-	0%	0%
	Automobiles	-	-	-	0%	0%
	Video Conferencing System	-	-	-	0%	0%
	Air Monitoring Station Equipment	-	-	-	0%	0%
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 130,600</b>	<b>\$ 141,400</b>	<b>\$ 152,300</b>	<b>17%</b>	<b>8%</b>
	<b>TOTAL CURRENT YEAR APPROPRIATIONS</b>	<b>\$ 6,003,020</b>	<b>\$ 5,930,500</b>	<b>\$ 5,989,207</b>	<b>0%</b>	<b>1%</b>



## **NON-OPERATING BUDGET**

### **FISCAL SUMMARY**

	Budgeted 2010-11	Recommended 2011-12	Increase/ (Decrease)	%
<u>Appropriations</u>				
Other Charges	\$ 30,000.00	\$ 25,000.00	\$ (5,000.00)	(17%)
Incentive Programs	118,524,513	217,873,300	99,348,787	84%
Contingencies	850,000	850,000	-	
Total	<u>\$ 119,404,513.00</u>	<u>\$ 218,748,300.00</u>	<u>\$ 99,343,787.00</u>	<u>84%</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 2011-12, 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 2011-12 Recommended Budget includes \$217,873,300 of appropriations for emission reduction incentive grants. This is an increase of \$99.4 million or 84% over the 2010-11 Adjusted Budget at the end of February. This increase is primarily due to a change in policy regarding the District's Non-Operating appropriations. All current and previous year appropriations will now lapse at the end of 2010-11 and will be re-budgeted in 2011-12. Therefore the 2011-12 budget increases by the portion of prior year appropriations that are included again in the new budget year. It is expected that additional incentive funds will continue to be added to the 2011-12 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 2011-12 Recommended Budget:

• DMV Surcharge Fees - Incentives	\$ 48,102,100
• Carl Moyer Program	30,427,700
• ISR & VERA	7,064,300
• Proposition 1B Funding Program	76,160,300
• Lower Emission School Bus Program	32,101,400
• Federal Funding	11,288,000
• Community & Other Incentives	5,200,000
• GHG Support for Cities & Counties	250,000
• Miscellaneous Incentive Grants	3,435,200
• CEC Energy Efficiency & Conservation Block Grant	<u>3,844,300</u>
Total Incentive Grants	<u>\$217,873,300</u>

### DMV Surcharge Fees

This appropriation is funded by new DMV Surcharge Fee revenue in 2011-12 and \$17,864,900 of DMV reserves available for incentive grants. For 2011-12, the Recommended Budget includes a new DMV Surcharge, of \$12 per vehicle, authorized by AB 2522. The District's DMV Surcharge sources available to appropriate are as follows:

• AB2766 \$4 per vehicle	\$ 810,000
• AB923 \$2 per vehicle	5,175,000
• SB709 \$1 per vehicle	2,652,200
• AB2522 \$12 per vehicle	21,600,000
• DMV Reserves	<u>17,864,900</u>
• Total DMV Surcharge Fees	<u>\$ 48,102,100</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 amounts carried over from the prior year. These funds are used predominantly in the Heavy-Duty Program and must be granted in strict accordance with guidelines adopted by the Air Resources Board. The poor economy is driving an expected 32% decrease in new Carl Moyer funding for 2011-12 compared to allocations for 2010-11.

### Indirect Source Review (ISR) and Voluntary Emission Reduction Agreements (VERAs)

This appropriation represents the estimate for incentive grant revenue available in as the result of the District's ISR Rule and Voluntary Development Mitigation Agreements. These funds will be provided by residential and commercial development projects to offset emissions associated with projects. Funds will be used in the Heavy-Duty Program and other programs. ISR Program funds will be utilized for quantifiable and enforceable projects that reduce surplus emissions of NOx and PM. The estimate for new revenue in 2011-12 reflects the current economic forecast for development projects in the Valley. The total amount appropriated includes reserve balances available at the beginning of the year.

### Proposition 1B Funding

This appropriation includes \$32 million estimated for the current phase of Proposition 1B: Goods Emission Reduction Program funding expected in 2011-12 as well as a \$44.16 million unexpended balance in Proposition 1B funding expected to carry over. The Proposition 1B reserve balance is significant due to the late receipt of funding in 2010-11. Funding from Proposition 1B will be used for specific heavy-duty on-road vehicle projects providing funding for engine repowers, engine retrofits, truck replacements as well as new purchases and for locomotive repowers.

### Lower Emission School Bus Program (LESB)

This appropriation provides incentive funding for the replacement and retrofit of high-emitting diesel school buses with new emission certified buses and clean filter technologies. This program was created to reduce school children's exposure to cancer-causing and smog-forming pollution. Any school district that owns and operates school busses in the San Joaquin Valley Air Basin, or any Joint Powers Authority that directly provides transportation services to public school districts, is eligible to apply for these funds. In addition to funding projects in the San Joaquin Valley, the District will also be administering the LESB Program funds for a number of neighboring and other small air districts throughout the state. No new LESB funding is expected in 2011-12, however LESB reserves are available in 2011-12 for appropriation.

### Federal Funding

This appropriation is for federal funding provided specifically for reducing diesel emissions in the District. This funding is made up of three different grants: \$.85 million of Voucher Incentive Program funding, \$2.8 million of Air Shed grant funding for agricultural tractor replacement and \$6.8 million of formula funding. The formula portion of this funding is subject to congressional approval and may be at risk. These funds will be used in the District's Heavy-Duty Program.

### Community & Other Incentives funded by Operating Revenues

This appropriation represents funding transferred from Operating Revenues to fund various incentive programs. The District will receive about \$5.4 million of annual revenue through Rule 4320 (Advanced Emission Reduction Options for Boilers, Steam Generators, and Process Heaters Greater than 5.0 MMBtu/hr). This revenue primarily provides the funding to transfer \$5.2 million of Operating Revenue to incentive programs. Funding will be used in the District's Community Incentive programs. The District may create new program components to complement existing ones.

### GHG Support for Cities and Counties

Funding for this appropriation is provided by AB2766 DMV Surcharge Fee reserves. With the passage of SB375, San Joaquin Valley transportation planning agencies, cities, and counties will be required to develop alternative land-use scenarios and calculate their associated greenhouse gas impacts. In order to accomplish this they will need to develop enhanced modeling tools that are more sensitive to changes in land-use patterns. The District is appropriating funding to assist in scenario development and to supplement and enhance transportation modeling tools.

### Miscellaneous Incentive Grants

The funding for this appropriation is primarily derived from ARB through AB 118 grants including \$165,300 of these funds for the implementation of a lawn mower replacement program and \$427,500 for a ultra-terrain agricultural vehicle replacement program.

### Energy Efficiency & Conservation Block Grant

Consistent with the District's Regional Energy Efficiency Strategy adopted in 2009-10, the District secured \$5 million in Energy Efficiency and Conservation Block Grant Program (EECBG) funds for a number of small jurisdictions in the Valley for energy efficiency projects. The District coordinates and administers this grant for the various jurisdictions.

## **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 2011-12 is \$850,000, the same as recommended and adopted for 2010-11.

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**  
**2011-12 Recommended Budget**  
**Non-Operating**

ACCOUNT NUMBER	DESCRIPTION	2010-11 ADJUSTED APPROPRIATIONS	2010-11 ESTIMATED ACTUALS	2011-12 RECOMMENDED	BUDGET TO BUDGET	BUDGET TO ACTUALS
<b>NON-OPERATING APPROPRIATIONS</b>						
<b>OTHER CHARGES</b>						
	Air Toxic Pass Through	\$ 30,000	\$ 25,500	\$ 25,000	-17%	-2%
	Dairy CEQA - Pass Through	-	-	-	0%	0%
<b>TOTAL OTHER CHARGES</b>		<b>\$ 30,000.00</b>	<b>\$ 25,500.00</b>	<b>\$ 25,000.00</b>	<b>-17%</b>	<b>-2%</b>
<b>INCENTIVE PROGRAMS</b>						
	DMV Surcharge Fees - Incentives	\$ 8,889,656.00	\$ -	\$ 48,102,100.00	441%	0%
	Carl Moyer Program	13,016,512	-	30,427,700	134%	0%
	ISR and VERA's	9,390,800	6,000,000	7,064,300	-25%	18%
	Proposition 1B Funding Programs	45,576,200	735,900	76,160,300	67%	10249%
	Lower Emission School Bus Program	22,853,783	2,180,000	32,101,400	40%	1373%
	Federal Diesel Earmark Grant	9,897,467	516,000	11,288,000	14%	2088%
	Community/Other Incentives Funded by Operating Rev	5,200,000	307,000	5,200,000	0%	1594%
	Greenhouse Gas Mitigation Program	3,010,400	-	-	-100%	0%
	GHG Support for Cities & Counties	250,000	230,000	250,000	0%	9%
	Miscellaneous Incentive Grants	439,695	-	3,435,200	681%	0%
	CEC - Energy Efficiency & Conservation Block Grant	-	-	3,844,300	0%	0%
<b>TOTAL INCENTIVE PROGRAMS</b>		<b>\$ 118,524,513</b>	<b>\$ 9,968,900</b>	<b>\$ 217,873,300</b>	<b>84%</b>	<b>2086%</b>
	Appropriation for Contingencies	\$ 850,000	\$ -	\$ 850,000	100%	0%
<b>TOTAL NON-OPERATING APPROPRIATIONS</b>		<b>\$ 119,404,513</b>	<b>\$ 9,994,400</b>	<b>\$ 218,748,300</b>	<b>84%</b>	<b>2089%</b>



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

**Prior 3 Years and 2011-12 Recommended**

	Adjusted 2008-09 @ 6/30/09	Adjusted 2009-10 @ 6/30/10	Adjusted 2010-11 @ 2/28/11	Recommended 2011-12
<b>APPROPRIATIONS</b>				
Salaries & Benefits (net of Salary Savings)	\$ 27,017,900	\$ 28,260,100	\$ 30,505,078	\$ 30,833,389
Services & Supplies	5,618,000	5,606,000	5,898,300	6,400,377
Fixed Assets	2,532,069	2,031,900	2,179,800	2,603,412
<b>OPERATING APPROPRIATIONS</b>	<u>35,167,969</u>	<u>35,898,000</u>	<u>38,583,178</u>	<u>39,837,178</u>
Other Charges	152,000	30,000	30,000	25,000
Incentive Contracts	110,270,734	118,382,506	118,524,513	217,873,300
Appropriation for Contingencies	478,631	850,000	850,000	850,000
<b>NON-OPERATING APPROPRIATIONS</b>	<u>110,901,365</u>	<u>119,262,506</u>	<u>119,404,513</u>	<u>218,748,300</u>
<b>TOTAL APPROPRIATIONS</b>	<u>\$ 146,069,334</u>	<u>\$ 155,160,506</u>	<u>\$ 157,987,691</u>	<u>\$ 258,585,478</u>
<b>REVENUE</b>				
Stationary Revenue	\$ 16,545,000	\$ 16,963,200	\$ 23,422,800	\$ 29,913,600
Grant Revenue	3,410,500	2,982,500	3,032,000	3,040,000
DMV Surcharge Fees - District Portion	10,094,000	10,100,000	10,100,000	10,100,000
Administrative Fees - Incentive Programs	3,988,700	4,387,733	6,498,984	3,060,600
Transfer to Non-Operating Revenue for Incentive Grants	-	-	(5,200,000)	(5,200,000)
Fund Balance Used	2,074,900	1,359,167	1,627,147	2,795,478
Reserves Released / (Increased)	(1,316,500)	105,400	(897,753)	(3,872,500)
<b>OPERATING REVENUE/FUNDING SOURCES</b>	<u>34,796,600</u>	<u>35,898,000</u>	<u>38,583,178</u>	<u>39,837,178</u>
Non-Operating Revenue	109,888,734	115,431,406	111,526,013	96,061,000
Fund Balance/Reserves Released	1,384,000	3,831,100	7,878,500	122,687,300
<b>NON-OPERATING REVENUE/FUNDING SOURCES</b>	<u>111,272,734</u>	<u>119,262,506</u>	<u>119,404,513</u>	<u>218,748,300</u>
<b>TOTAL REVENUE/FUNDING SOURCES</b>	<u>\$ 146,069,334</u>	<u>\$ 155,160,506</u>	<u>\$ 157,987,691</u>	<u>\$ 258,585,478</u>
<b>RECOMMENDED POSITIONS</b>	<b>311</b>	<b>309</b>	<b>308</b>	<b>308</b>
<b>RESERVES</b>				
General Reserve	\$ 3,500,000	\$ 3,500,000	\$ 3,840,000	\$ 4,000,000
Long-Term Building Maintenance	343,000	408,000	313,000	378,000
Computer-VTC Equipment Reserve	-	-	-	750,000

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**  
**SCHEDULE OF ESTIMATED REVENUES**  
 Prior 3 Years and 2011-12 Recommended

ACCOUNT TITLE	2008-09 Adjusted Revenues @ 6/30/09	2009-10 Adjusted Revenues @ 6/30/10	2010-11 Adjusted Revenues @ 2/28/11	2011-12 Estimated Revenues
<b>OPERATING REVENUE</b>				
<b>STATIONARY SOURCE</b>				
Permit Fees	\$ 13,523,000	\$ 13,967,700	\$ 15,147,700	\$ 15,600,600
Section 185 - Non Attainment Fees - Rule 3170	-	-	-	6,000,000
Advanced Emission Reduction Options (AERO) Fees	-	-	5,400,000	5,366,000
Settlements	2,500,000	2,500,000	2,500,000	2,500,000
Interest	465,000	465,000	316,200	395,000
Miscellaneous	57,000	30,500	58,900	52,000
<b>Total Stationary Non-Grant Operating Revenue</b>	<b>16,545,000</b>	<b>16,963,200</b>	<b>23,422,800</b>	<b>29,913,600</b>
<b>GRANT REVENUE</b>				
State Subvention	882,000	882,000	882,000	899,000
EPA 105 Grant	2,378,000	1,950,000	2,000,000	2,091,000
EPA 103 Grant	150,500	150,500	150,000	50,000
<b>Total Grant Revenue</b>	<b>3,410,500</b>	<b>2,982,500</b>	<b>3,032,000</b>	<b>3,040,000</b>
<b>Total Stationary Operating Revenue</b>	<b>\$ 19,955,500</b>	<b>\$ 19,945,700</b>	<b>\$ 26,454,800</b>	<b>\$ 32,953,600</b>
<b>MOBILE SOURCE</b>				
DMV Surcharge Fees - District	\$ 10,094,000	\$ 10,100,000	\$ 10,100,000	\$ 10,100,000
Administrative Fees - Incentive Programs	3,988,700	4,387,733	6,498,984	3,060,600
<b>Total Operating Revenue</b>	<b>\$ 34,038,200</b>	<b>\$ 34,433,433</b>	<b>\$ 43,053,784</b>	<b>\$ 46,114,200</b>
Transfer to Non-Operating Revenue for Incentive Gra	\$ -	\$ -	\$ (5,200,000)	\$ (5,200,000)
<b>Fund Balance Used</b>	<b>2,074,900</b>	<b>1,359,167</b>	<b>1,627,147</b>	<b>2,795,478</b>
<b>Reserves Released / (Increased)</b>	<b>(1,316,500)</b>	<b>105,400</b>	<b>(897,753)</b>	<b>(3,872,500)</b>
<b>Estimated Funding Sources - Operating</b>	<b>\$ 34,796,600</b>	<b>\$ 35,898,000</b>	<b>\$ 38,583,178</b>	<b>\$ 39,837,178</b>
<b>NON-OPERATING REVENUE</b>				
Air Toxics	\$ 32,000	\$ 30,000	\$ 30,000	\$ 25,000
EPA 103 Grant Revenue	-	-	-	-
DMV Surcharge Fees - Pass Through	9,717,400	9,250,000	9,036,956	30,237,200
Carl Moyer Funds	11,237,300	11,803,130	12,474,512	8,455,500
Dairy CEQA - Pass Through	120,000	-	-	-
VERA/ISR Mitigation Program	16,648,000	6,736,180	3,037,000	2,984,000
DERA Program	-	8,929,749	-	-
Operating Revenues Funding Community Incentives	-	-	5,200,000	5,200,000
Proposition 1B Funding Program	38,503,500	45,000,000	45,000,000	32,000,000
Lower Emission School Bus Program	27,050,534	15,525,000	22,517,583	-
Federal Grants	5,000,000	7,500,000	9,897,467	10,429,900
Miscellaneous Incentive Grant Funding	50,000	1,507,600	380,295	607,800
Greenhouse Gas Mitigation Program	-	-	3,000,000	-
VRRRM for PASS	-	2,985,200	-	-
Interest - Non-Operating	1,530,000	2,356,853	952,200	2,277,300
CEC - Energy Efficiency Block Grant	-	3,807,694	-	3,844,300
<b>Total Non-Operating Revenue</b>	<b>\$ 109,888,734</b>	<b>\$ 115,431,406</b>	<b>\$ 111,526,013</b>	<b>\$ 96,061,000</b>
<b>Fund Balance/Reserves Released</b>	<b>\$ 1,384,000</b>	<b>\$ 3,831,100</b>	<b>\$ 7,878,500</b>	<b>\$ 122,687,300</b>
<b>Estimated Funding Sources - Non-Operating</b>	<b>\$ 111,272,734</b>	<b>\$ 119,262,506</b>	<b>\$ 119,404,513</b>	<b>\$ 218,748,300</b>
<b>TOTAL REVENUE</b>				
<b>Estimated Financing Sources - Total</b>	<b>\$ 146,069,334</b>	<b>\$ 155,160,506</b>	<b>\$ 157,987,691</b>	<b>\$ 258,585,478</b>

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**  
**Budget Comparison**  
**Total District**  
**Prior 3 Years and 2011-12 Recommended**

ACCOUNT NUMBER	DESCRIPTION	2008-09 Adjusted @ 6/30/09	2009-10 Adjusted @ 6/30/10	2010-11 Adjusted @ 2/28/11	2011-12 Recommended Appropriations
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<b>OPERATING APPROPRIATIONS</b>					
<b>SALARIES AND BENEFITS</b>					
Regular Salaries	\$ 17,770,200	\$ 18,572,800	\$ 19,489,400	\$ 19,452,251	
Temporary Help	590,700	590,700	563,600	746,416	
On Call Pay	77,900	77,900	77,900	77,832	
Overtime	315,700	260,100	334,600	259,588	
Unemployment	83,300	75,400	70,200	74,917	
Retirement	5,114,700	5,814,800	7,134,800	7,369,464	
OASDI	328,200	332,500	336,100	347,575	
Workers Compensation	186,800	166,000	181,100	210,761	
Cafeteria Plan Benefits	2,321,300	2,140,400	2,066,778	2,045,002	
Long-Term Disability Insurance	65,100	67,400	69,500	68,515	
Alternate Transportation Incentive	164,000	162,100	181,100	181,068	
<b>TOTAL SALARIES AND BENEFITS</b>	<b>\$ 27,017,900</b>	<b>\$ 28,260,100</b>	<b>\$ 30,505,078</b>	<b>\$ 30,833,389</b>	
<b>SERVICES AND SUPPLIES</b>					
Safety Supplies & Equipment	\$ 16,400	\$ 17,100	\$ 15,300	\$ 18,530	
Mobile Communications	104,000	121,900	134,800	132,080	
Telephone Charges	142,300	122,100	114,700	114,822	
Insurance	189,100	172,000	185,800	187,245	
Equipment Maintenance	180,900	207,300	189,300	192,836	
Vehicle Maintenance & Operations	198,700	236,800	217,000	213,562	
Computer Maintenance	168,000	182,800	214,500	260,693	
Video Conferencing Maintenance & Operations	246,200	220,000	246,800	250,787	
Building Maintenance & Operations	249,100	284,300	299,200	290,042	
Office Supplies	98,500	85,500	68,900	70,991	
Computer Software & Supplies	71,900	73,800	89,600	89,685	
Monitoring Station Supplies & Equipment	163,300	170,300	235,700	235,700	
Postage	169,200	198,900	167,100	154,240	
Printing	147,400	150,400	139,100	125,846	
Professional & Specialized Services	2,159,600	2,006,600	2,124,600	2,502,082	
Publications & Legal Notices	162,900	162,600	185,500	255,000	
Rents & Leases	334,600	394,550	459,200	483,218	
Small Tools & Equipment	57,800	51,600	59,800	60,097	
Special District Expense	349,500	260,900	289,000	288,254	
Travel & Training	139,800	139,800	138,100	138,020	
Travel & Training - Boards	53,300	53,300	58,800	64,870	
Utilities	198,300	230,500	247,500	251,777	
Audit Services	17,200	17,200	18,000	20,000	
Legal Services	-	45,750	-	-	
<b>TOTAL SERVICES AND SUPPLIES</b>	<b>\$ 5,618,000</b>	<b>\$ 5,606,000</b>	<b>\$ 5,898,300</b>	<b>\$ 6,400,377</b>	
<b>FIXED ASSETS</b>					
Office Improvements	\$ 51,300	\$ 51,300	\$ 205,000	\$ 40,000	
Facilities & Equipment	-	-	-	25,000	
Computer Equipment	545,300	667,200	676,600	684,106	
Office Furniture & Equipment	43,400	38,900	26,500	27,002	
Office Machines	47,900	47,900	48,000	70,800	
Telephone Systems	146,600	139,400	141,500	139,949	
Detection Equipment	24,000	33,500	11,300	16,000	
Automobiles	324,500	307,000	320,000	309,800	
Air Monitoring Automation/Remote Control project	-	-	-	450,000	
Video Conferencing System	380,000	339,100	344,700	344,755	
Air Monitoring Station Equipment	666,369	407,600	406,200	496,000	
Bakersfield Office Relocation	302,700	-	-	-	
<b>TOTAL FIXED ASSETS</b>	<b>\$ 2,532,069</b>	<b>\$ 2,031,900</b>	<b>\$ 2,179,800</b>	<b>\$ 2,603,412</b>	
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$ 35,167,969</b>	<b>\$ 35,898,000</b>	<b>\$ 38,583,178</b>	<b>\$ 39,837,178</b>	

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**  
**Budget Comparison**  
**Total District**  
**Prior 3 Years and 2011-12 Recommended**

ACCOUNT NUMBER	DESCRIPTION	2008-09 Adjusted @ 6/30/09	2009-10 Adjusted @ 6/30/10	2010-11 Adjusted @ 2/28/11	2011-12 Recommended Appropriations
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<b>NON-OPERATING APPROPRIATIONS</b>					
<b>OTHER CHARGES</b>					
	Air Toxic Pass Through	\$ 32,000	\$ 30,000	\$ 30,000	\$ 25,000
	Dairy CEQA Pass Through	120,000	-	-	-
<b>TOTAL OTHER CHARGES</b>		<b>\$ 152,000</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>	<b>\$ 25,000</b>
<b>INCENTIVE PROGRAMS</b>					
	DMV Surcharge Fees - Incentives	\$ 10,750,600.00	\$ 11,099,500.00	\$ 8,889,656.00	\$ 48,102,100.00
	Carl Moyer Heavy Duty Program	11,543,100	12,844,483	13,016,512	30,427,700
	ISR and Development Mitigation Contracts	16,648,000	7,291,780	9,390,800	7,064,300
	Proposition 1B Funding Program	38,503,500	45,675,000	45,576,200	76,160,300
	Lower Emission School Bus Program	27,050,534	16,050,100	22,853,783	32,101,400
	Federal Grants	5,000,000	7,500,000	9,897,467	11,288,000
	Community Incentives	310,000	550,000	5,200,000	5,200,000
	Greenhouse Gas Mitigation Program	-	-	3,010,400	-
	GHG Support for Cities and Counties	-	-	250,000	250,000
	DERA Funded Programs	-	8,929,749	-	-
	VRRRM for PASS	-	2,985,200	-	-
	Miscellaneous/Interest - Incentive Programs	465,000	1,649,000	439,695	3,435,200
	CEC - Energy Efficiency & Conservation Block Grant	-	3,807,694	-	3,844,300
<b>TOTAL INCENTIVE PROGRAMS</b>		<b>\$ 110,270,734</b>	<b>\$ 118,382,506</b>	<b>\$ 118,524,513</b>	<b>\$ 217,873,300</b>
	Appropriation for Contingencies	\$ 478,631	\$ 850,000	\$ 850,000	\$ 850,000
<b>TOTAL NON-OPERATING APPROPRIATIONS</b>		<b>\$ 110,901,365</b>	<b>\$ 119,262,506</b>	<b>\$ 119,404,513</b>	<b>\$ 218,748,300</b>

<b>TOTAL APPROPRIATIONS</b>					
<b>TOTAL DISTRICT APPROPRIATIONS</b>		<b>\$ 146,069,334</b>	<b>\$ 155,160,506</b>	<b>\$ 157,987,691</b>	<b>\$ 258,585,478</b>





# 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 E. Gettysburg Avenue, Fresno, CA 93726-0244

Tel: 559-230-6000 FAX: 559-230-6061

## **Southern Region**

*Serving Tulare and Valley air basin portions of Kern counties*

34946 Flyover Court, Bakersfield, CA 93308-9725

Tel: 661-392-5500 FAX: 661-392-5585

[www.valleyair.org](http://www.valleyair.org)