

RECOMMENDED BUDGET

2014-2015



San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT



Supervisor Hub Walsh, Chair

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Supervisor Tom Wheeler, Vice Chair

Madera County

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John Capitman, Ph.D.

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Kern County

Supervisor Bob Elliott

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Councilmember Harold Hanson

City of Bakersfield

Supervisor William O'Brien

Stanislaus County

Alexander C. Sherriffs, M.D.

Appointed by the Governor

Supervisor J. Steven Worthley

Tulare County

Seyed Sadredin

Executive Director / Air Pollution Control Officer

June 19, 2014

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

2014-15 Recommended Budget

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Executive Director
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May 15, 2014

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, 2014 to June 30, 2015. Policy guidance for the 2014-15 Budget was provided by your Board's Ad Hoc Subcommittee for Budget and Finance consisting of Chairman Walsh, Supervisor Case McNairy, Dr. Capitman, Supervisor Wheeler, Councilmember Bomprezzi, Supervisor Barba, and Mayor Brazil.

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 fulfill all state and federal mandates in a timely fashion.

Budget Highlights

- No fee rate increase
- No increase in total number of positions - additional workload absorbed through efficiency and streamlining
- 7% salary savings through position control
- \$156 million in funding for incentive grants for wide range of emission reduction projects (\$30 million increase from last year)
- Over \$11.8 million in Community Incentives for Valley residents
- \$300,000 for Valley-specific scientific studies
- \$6 million in funding for technology advancement
- Continued assistance to local municipalities in meeting clean-air and climate change mandates
- Continue work on automation of District's air monitoring network
- Strong public education and outreach
- Balanced budget with adequate reserves and contingencies

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 2014-15, the District will experience significant workload increases in a number of areas which are summarized below:

Administration of Incentive Grants:

The administration of the District's large incentive program is highly labor intensive. Recognizing the fact that Valley businesses are already subject to some of the toughest air regulations in the nation, the 2014-15 Budget once again devotes significant resources to the District's voluntary incentive grant programs. These programs are central to the District's mission of attaining the ever-tightening federal standards as expeditiously as possible.

In 2014-15, the District will receive over \$60 million in delayed proposition 1B funds to be awarded to interested applicants through a competitive application solicitation process in the summer of 2014. This solicitation will include a comprehensive outreach component to ensure that the District receives maximum participation Valley-wide. Additionally, this solicitation will necessitate a complete overhaul of all District applications, forms, and associated program materials due to the increasing complexities of this program stemming from the implementation of ARB's statewide truck and bus regulation. With the implementation of this regulation, significantly more project by project evaluation will occur than in previous phases of the program. These complexities will also necessitate working more closely with each fleet owner and truck operator to determine their potential eligibility for the program.

In addition to Proposition 1B, the District will also be implementing a larger truck voucher incentive program in 2014-15. Given the substantial funding and demand for these programs, significant staff time associated with application processing, monitoring, auditing, and reporting will be required.

In 2014-15, the District will launch an enhanced Burn Cleaner Program, which provides monetary incentives for Valley residents to switch to cleaner-burning devices. The process for developing these enhancements in the context of the ongoing effort to amend the District's rule on wood burning will require a great deal of coordination and outreach with affected stakeholders, the hearth industry and the general public. Ultimately, the enhancements to the incentive program will require additional work to update the program guidelines and associated materials, provide training to the District's dealer partners, amend agreements, and coordinate a strong outreach campaign as well as to provide efficient program administration.

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

More recently, the District has engaged in a planning effort to ensure that the Valley is well positioned and ready for the significant increase in electric vehicles in the coming years. To assist and support in this process, the District is developing enhancements to the Drive Clean program that will help to encourage electric vehicle deployment by providing incentives for residential and commercial charging stations. The expected increase in workload from this program will come from the research and development of this new funding component as well as a strong outreach component and program implementation activities.

The District's Technology Advancement Program is expected to continue growing in 2014-15, with \$6 million allocated towards this program. The District expects to see significant activity in this important program through the solicitation and contracting of a variety of technology advancement projects. Substantial staff time will be required to administer approved projects, revise program requirements, solicit applications, evaluate applications, and contract new projects. As demonstration projects are implemented, the District will invest significant effort in reporting results to the public. Additionally, the District will continue to refine the focus areas of the program, and make necessary changes to the program guidelines and other program resources.

In addition to the work to administer the above programs, the District will also spend a significant amount of staff resources in securing additional funding sources by preparing and submitting applications for new funding opportunities and exploring partnership opportunities with other agencies and organizations. Preparing grant applications requires significant staff resources, and several key grant opportunities will likely become available in 2014-15 through AB 118 and other state and federal funding sources.

Air Quality Planning and Rule Development:

In addition to the many attainment plans that the District has already developed and implemented, the District is also mandated under the Clean Air Act requirements to develop and adopt several new ozone and particulate plans in the next few years. Although each of these plans applies to a different specific air quality standard, ozone and particulate matter have common precursors, and many of the same control measures and strategies are likely to be required to expeditiously attain these standards. A significant amount of work will be required in 2014-15 to begin development of 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 ozone and PM2.5 plans. Development of these new attainment plans will require extensive research and cooperation with Valley stakeholders to explore potential control strategies. Within this context, the District will also continue to develop its Health Risk Reduction Strategy to prioritize strategies that provide for maximum health benefits. District staff will also have to analyze the implications of the recently adopted federal standards for oxides of nitrogen, oxides of sulfur, and the new federal standards for ozone and particulate matter. Additionally, EPA is expected to take action on the District's 2012 PM2.5 Plan and elements of the

2008 PM2.5 Plan, which may require formal response and possible revisions to the currently active plans.

During 2014-15, the District will also be working on development of five new major rules (Residential Wood Burning, Commercial Charbroiling, Residential Furnaces, Permit Exemptions, and New Source Review).

Enforcement and Permitting:

The District will be implementing four rules recently adopted by your Board which have compliance requirements beginning in 2014-15 (Rule 4621 – Gasoline Transfer Into Stationary Storage Containers, Delivery Vessels, And Bulk Plants, Rule 4702 – Internal Combustion Engines (Phase 2), Rule 7070 – Perchloroethylene From Dry Cleaning Operations, and Rule 9410 – Employer Based Trip Reduction). These rules will require additional application review, inspections, record review, and emission testing oversight. In addition to local rules, the District will also be implementing fleet averaging requirements in the state's Airborne Toxic Control Measure for Diesel Particulate Matter from Portable Engines.

The District expects CEQA activities to grow rapidly, on top of the 30% increase the District experienced in 2013, as the economy continues to improve. To accommodate the increased activity without a need for increased resources, the District will be reaching out to over sixty Valley land-use agencies in 2014-15 in a significant effort to streamline the District's CEQA commenting role. The effort will include the exploration of several different avenues, including more direct contact and cooperation with Valley land-use agencies and less project-specific, duplicative commenting processes.

The District is expecting a significant increase in the number of associated emissions reduction incentive funding inspections. In 2014-15, staff will be inspecting more than 5,000 trucks, buses, engines, and pieces of agricultural and construction equipment funded through Proposition 1B, Carl Moyer, DMV, and other state and federal grant programs.

In 2008, ARB adopted enhanced vapor recovery performance standards for new and existing aboveground gasoline storage tanks operated throughout the state. Phase I enhanced vapor recovery requirements will be required in 2014-15. Significant outreach and compliance assistance will be necessary to aid affected stakeholders. In addition, hundreds of permits will need to be processed and inspections will be necessary to ensure compliance.

The District also anticipates significant workload on the regulatory front in implementing and enforcing previously adopted measures and the design, adoption, and implementation of new air quality plans and permitting activities.

Since 2011, the District has experienced a 33% increase in the total number of facilities subject to the federal Title V permitting requirements. One result of the increase in number of Title V facilities will be a continuation of the dramatic increase in Title V

permit modification applications processed that are subject to more labor-intensive administrative requirements. The additional facilities now subject to the Title V program will also significantly increase the workload of the District's Compliance staff as the Title V program requires more frequent inspections and adds additional layers of reporting to the EPA.

The District is 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. The District will be actively implementing a state GHG control measure in 2014-15, for Landfill Gas Control, updating landfill permits to streamline the state's requirements with existing permits. These new GHG-related tasks have been and will continue to be labor intensive. However, the District's involvement is an opportunity 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.

Air Monitoring:

As has been the case in prior years, a significant workload increase is expected in the Air Monitoring Program. The new federal nitrogen dioxide standard requires four new near-roadway nitrogen dioxide monitors (to be located in Bakersfield, Fresno, Modesto, and Stockton) be installed over the next two years. 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 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.

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

The District continues to conduct analysis needed for improving air quality forecasting tools to reflect the ongoing improvements in Valley air quality. The District anticipates completing several Exceptional Events documents in 2014-15. 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.

Through the recent addition of a state-of-the-art modeling center, the District will increasingly play a lead role in conducting modeling activities to assist in preparation of its attainment plans and strategies. These models are critical to understanding the Valley's air quality and evaluating potential strategies. This new center will provide extensive air quality computer modeling resources that will allow the District to conduct complex air quality modeling currently only being performed by the State Air Resources Board.

In 2014-15, the District will be utilizing the modeling center to continue to develop and launch a new online resource for Valley residents that provides air quality

information on a neighborhood by neighborhood level. The District is in the final stages of establishing the technical methodology for quantifying historical neighborhood level particulate and ozone concentrations, and is preparing to launch a beta version in the coming months with full public launch of historical air quality trends by the end of the year. Ultimately, this new online resource will provide real-time air quality data at the neighborhood level.

New Workload Absorbed through Efficiency and Streamlining

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. Despite a significant increase in mandates, the 2014-15 Recommended Budget does not propose to increase the overall number of staff or increase fees. Through strict adherence to the zero-based budgeting approach and with the design and implementation of new efficiency and streamlining measures including redistribution of several positions, the additional workload will be absorbed without an overall increase in staffing. The following is a summary of efficiency and streamlining measures that will be employed in 2014-15:

Several streamlining initiatives will leverage information technology to automate tasks currently or previously performed by staff. The implementation of a new automated air quality data/monitoring system will significantly reduce the amount of staff time required to perform quality assurance/control of air quality data. The District 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, the District is working with state and federal land management agencies to improve communications and facilitate communications to increase customer service and reduce time spent dealing with prescribed fires.

The District's internet site and its 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 2014-15 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's continued investment in information technology and automation has played a key role in enhancing the District's efficiency, productivity, and customer service. In fiscal year 2014-15, the District will be developing several new internet applications aimed at enhancing stakeholder access to District services and streamlining labor intensive internal processes. Examples of such online applications include: air pollution complaint submittals and asbestos notification submittals for

demolition projects and portals that will provide permitted stationary sources access to a variety of District records and billing information and provide grant applicants with a centralized location to submit and track their grant applications for air pollution reduction projects.

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

The District continues to implement new computer programs which leverage tablet computers to further increase efficiency and reduce the paperwork time associated with preparing for inspections and completing the required inspection reports. Phase 1 of the project is completed and provides field staff with an efficient dashboard view of the relevant information necessary to conduct an inspection. This program will significantly streamline the time necessary to prepare for inspections. Phase 2 of the project focuses on developing a new electronic inspection reporting system to leverage the new tablet technologies currently available to further streamline the inspection reporting process.

During fiscal year 2014-15, the district will continue to leverage technology to enhance staff efficiency by migrating to smart phones. These new phones will replace several pieces of existing equipment including cell phones, turn-by-turn navigation units, cameras and tablet wireless air-cards. By consolidating several existing pieces of equipment into on new smart phone, the District will be able to offset the costs necessary to perform essential field functions. In addition to the streamlining of equipment needs, the new phones will enhance efficiency by allowing ready access to email and streamlining the dispatch process for complaints and breakdowns.

In 2014-15, 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 core value of open and transparent public processes, webcasting meetings allows an additional means of public participation, while reducing emissions from mobile sources. The District will continue to present major topics in-person throughout the Valley, and utilize the District’s VTC facilities for all public meetings. In order to better reach stakeholders in the Valley’s environmental and community groups, the District will continue to present and solicit feedback at regularly scheduled meetings of the Citizen’s Advisory Committee and Environmental Justice Advisory Group.

Experience and knowledge of the intricacies of the Title V permitting program make it possible for the District to identify, develop, and implement streamlining opportunities. However, in recognition of the fact that federal Title V permitting mandates impose significant administrative requirements without a corresponding benefit in air quality, the

District will also be attempting to gain federal EPA approval of our local permitting program as a "Title-V equivalent" program. If successful, nearly all of the workload associated with issuing, renewing and modifying Title V permits can be eliminated.

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

The District will continue to empower staff through the STAR (Service*Teamwork*Attitude*Respect) 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 excessive overtime, and address fluctuating workloads. The attached narratives for all District departments contain details on the myriad of efficiency and streamlining measures being implemented throughout the District.

Staffing Changes

While requesting no staffing additions, the 2014-15 Recommended Budget includes a reclassification of a Supervising Air Quality Education representative to a Public Education Administrator. This will allow for more high-level resources to help design and implement a large number of outreach and education programs. Additionally, this position will be better able to provide both staff direction and multi-department collaboration due to expanded management level support.

The Recommended Budget eliminates a Senior Air Quality Instrument Technician to create a new Air Quality Instrument Specialist classification. The new Air Quality Instrument Specialist position requires advanced knowledge of monitoring systems and components with greater education and experience as well as ability and skills to design and implement automation solutions. This change will greatly enhance the District's ability and resources to continue the automation and streamlining of air monitoring tasks with in-house expertise in a cost-effective fashion.

The Recommended Budget also eliminates an Accounting Manager position and replaces it with a Controller position. To increase efficiency, the District has combined the responsibilities of financial reporting, grant administration and reporting, purchasing, facility management, payroll, accounts payable, revenue and accounts receivable, contract management, and other general accounting functions under one organizational group. Managing this combined finance and accounting structure demands expanded responsibilities and requires the greater set of skills commensurate with the Controller classification.

The 2014-15 Recommended Budget contains adequate staffing to maintain an active and effective air quality regulatory program, a large and wide-ranging incentive grant program, and a comprehensive public education and outreach strategy.

Research and Technology Advancement

The District continues its tradition of relying on science in formulating effective air quality management strategies. Consistent with this and in support of the District's Health Risk Reduction strategies aimed at maximizing and prioritizing public health benefits, the 2014-15 Recommended Budget includes \$300,000 specifically designated for health and scientific studies. Through these funds, the District anticipates designing and overseeing of research studies in a number of important areas, including: emissions inventory for key area and mobile sources; studies in support of the Health Risk Reduction Strategy; saturation studies in support of the neighborhood level air quality reporting system; and studies in support of rule and strategy development.

The 2014-15 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 fiscal year 2014-15, the District's core values, goals and mission will continue to be shared through enhanced public outreach and education. As always, the key focus will again be to maximize the use of existing resources and technology to incorporate new outreach platforms and expand communication goals. To effectively reach specifically targeted groups, generate public interest in and support of air-quality improvement programs, and affect meaningful changes in public behavior; the Air District invests in multilingual, multimedia public awareness and educational campaigns on an ongoing basis and that outreach will continue into 2014-15 driven, in large part, by the results of the 2014 public opinion survey.

Public opinion surveys continue to reveal that air quality remains the preeminent quality of life issue for Valley residents. The 2014-15 Budget continues the District's successful efforts through a comprehensive, multilingual outreach strategy that serves to motivate and enable Valley residents to take an active role in attaining the health-based air-quality standards, and provide information to help Valley residents take measures to avoid exposure to poor air quality.

Public enrollment in the Real-time Air Advisory Network (RAAN) continues to grow. The 2014-15 Recommended Budget includes funding to continue outreach to Valley schools. The marquee Healthy Air Living program has produced two offshoots, Healthy Air Living Schools and Healthy Air Living Kids, each of which are designed to give adults and kids air quality information and tools. These programs will continue to be nurtured through websites, social media and traditional media, and augmented with fully-developed supporting materials. In 2014-15, the District plans to expand these programs to provide more tools and education to Valley schools and the public. The District will build its presence on social media by continuing to provide quality content and developing additional forums for the District to engage stakeholders on more technical topics. The District will be developing small campaigns designed to promote awareness and participation in grant programs such the *Burn Cleaner* program and the *Prop 1B* program. As in previous years, the District will implement a comprehensive multilingual outreach campaign to promote the *Check Before You Burn* Program and the *Healthy Air Living* program, yet in 2014-15, the Check Before You Burn Program will require additional outreach to ensure public understanding and adoption of the Rule 4901 amendments.

Major Funding for Emission Reductions Incentive Grants

In 2014-15, the District expects to receive an additional \$124 million from a variety of local, state, and federal sources for use in funding voluntary incentive-based emission reduction projects. Additionally, the District will have access to funds received prior to 2014-15 carried forward as reserved fund balance. These two sources will bring the total incentive funds available to the District in 2014-15 to \$156 million.

It is important to note that many incentive funding sources include provisions for a portion of the funds to be used for their administration. Administrative funds are included in the District's 2014-15 Recommended Budget and are adequate to support the District's incentive grant programs without impacting stationary source fees.

District employees are not allowed to participate in any of the above incentive grant programs. However, in 2013 your Board approved a limited employee emission reduction incentive program. Under this program, employees are eligible to apply for incentive funding for electric lawnmowers, clean wood burning stoves and electric vehicles. This year, it is proposed that this program be funded for \$52,500 from additional salary savings.

Reserves and Contingencies

Section 12.15 of the District Administrative Code, adopted by your Board, establishes guidance for the funding level of the District's General Reserve. This section requires the annual Recommended Budget to include a General Reserve of no less than 10% of the District's operating revenues. For 2014-15, in accordance with Section 12.15, the General Reserve is established at \$4,400,000. The Appropriation for Contingencies remains unchanged at \$850,000 and the District's Major Building Maintenance Reserve

is increased by \$15,000. The 2014-15 Recommended Budget also includes an increase of \$100,000 to the VTC and Telephone Reserve for future upgrade of District's telephone system.

Upcoming Strategic Challenges

Recently adopted and newly proposed federal ambient air quality standards encroach on the Valley's background ozone and particulate matter concentrations. As we begin the initial work to develop new attainment plans for these standards, it is obvious that the technology necessary to achieve the reductions needed to attain these standards does not currently exist.

In meeting the current 1997 8-hour ozone standard, the San Joaquin Valley Air Basin must reduce NO_x emissions by 75%. Meeting the new standards will require in excess of 90% reduction in NO_x emissions. This may not be possible without a virtual elimination of fossil fuel combustion or transition to zero-emissions technology. The Valley's stationary sources are already subject to some of the toughest air regulations in the nation. Achieving further reductions from this source category is nearly impossible. The new standards must be met by 2032 which may not provide adequate time for the necessary transformative measures to be planned and implemented. Given the lack of needed technology, the District may not be able to develop and adopt a plan that meets the federal mandates under the Clean Air Act.

Meaningful progress will require development of new technologies and significant public subsidies in the form of federal, state, and local funding to build the necessary infrastructure and achieve the needed upgrades and turnover of legacy fleets. Towards that end, the District and Valley stakeholders must be actively involved in legislative advocacy and public education to bring the needed resources to the Valley and affect necessary policy changes.

Despite significant improvements in air quality, the more stringent standards published by EPA can mislead the casual observer to conclude that air quality is getting worse. Maintaining and gaining public support for the enormous work that remains compels the District to ensure that the public is fully aware of the effectiveness of the work to date on air quality and the significant improvements that have been achieved. This will require a redoubling of our public education efforts to provide objective and complete information that clearly shows both progress and challenges that remain.

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

I look forward to continuing and increasing our progress toward cleaner air for all Valley residents in 2014-15.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Seyed Sadredin".

Seyed Sadredin
Executive Director/Air Pollution Control Officer

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

	Adjusted* FY 13-14	Estimated Actuals FY 13-14	Recommended FY 14-15	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
APPROPRIATIONS								
Salaries & Benefits (before Salary Savings)	\$36,137,120	\$36,137,120	\$37,377,850	\$1,240,730	3%	\$1,240,730	3%	
Projected Salary Savings	(\$2,524,038)	(\$2,740,455)	(\$2,601,061)	(\$77,023)	3%	\$139,394	(5%)	
Salaries & Benefits (net of Salary Savings)	\$33,613,082	\$33,396,665	\$34,776,789	\$1,163,707	3%	\$1,380,124	4%	
Services & Supplies	\$6,733,605	\$6,598,583	\$6,434,787	(\$298,818)	(4%)	(\$163,796)	(2%)	
Fixed Assets	\$3,609,209	\$2,733,874	\$2,759,818	(\$849,391)	(24%)	\$25,944	1%	
OPERATING APPROPRIATIONS	\$43,955,896	\$42,729,122	\$43,971,394	\$15,498	-	\$1,242,272	3%	
Other Charges	\$25,000	\$23,500	\$25,000	-	-	\$1,500	6%	
Incentive Programs	\$220,212,865	\$155,871,700	\$155,953,300	(\$64,259,565)	(29%)	\$81,600	-	
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	\$850,000	-	
NON-OPERATING APPROPRIATIONS	\$221,087,865	\$155,895,200	\$156,828,300	(\$64,259,565)	(29%)	\$933,100	1%	
TOTAL APPROPRIATIONS	\$265,043,761	\$198,624,322	\$200,799,694	(\$64,244,067)	(24%)	\$2,175,372	1%	
REVENUES								
Stationary Revenue	\$28,810,702	\$28,785,184	\$27,920,943	(\$889,759)	(3%)	(\$864,241)	(3%)	
Grant Revenue	\$3,365,000	\$2,860,000	\$3,365,000	-	-	\$505,000	18%	
DMV Surcharge Fees - District Portion	\$10,100,000	\$10,200,000	\$10,600,000	\$500,000	5%	\$400,000	4%	
Administrative Revenues Earned	\$1,982,100	\$1,650,400	\$2,100,000	\$117,900	6%	\$449,600	27%	
Transferred to Non-Operating Revenue	(\$3,200,000)	(\$3,200,000)	(\$1,950,000)	\$1,250,000	(39%)	\$1,250,000	(39%)	
Fund Balance Used	\$2,013,094	\$1,548,538	\$2,050,451	\$37,357	2%	\$501,913	32%	
Reserves Released / (Increased)	\$885,000	\$885,000	(\$115,000)	(\$1,000,000)	(113%)	(\$1,000,000)	(113%)	
OPERATING REVENUE/FUNDING SOURCES	\$43,955,896	\$42,729,122	\$43,971,394	\$15,498	-	\$1,242,272	3%	
Non-Operating Revenue	\$95,417,721	\$90,905,534	\$126,365,516	\$30,947,795	32%	\$35,459,982	39%	
Reimbursement for Administrative Revenues Earned	(\$1,982,100)	(\$1,650,400)	(\$2,100,000)	(\$117,900)	6%	(\$449,600)	27%	
Fund Balance / Reserves Released / (Increased)	\$127,652,244	\$66,640,066	\$32,562,784	(\$95,089,460)	(74%)	(\$34,077,282)	(51%)	
NON-OPERATING REVENUE/FUNDING SOURCES	\$221,087,865	\$155,895,200	\$156,828,300	(\$64,259,565)	(29%)	\$933,100	1%	
TOTAL REVENUE/FUNDING SOURCES	\$265,043,761	\$198,624,322	\$200,799,694	(\$64,244,067)	(24%)	\$2,175,372	1%	
RECOMMENDED POSITIONS	307		307		0			
RESERVES								
General Reserve	\$4,400,000	-	\$4,400,000	-	-	\$4,400,000	-	
Computer- VTC Equipment Reserve	\$250,000	-	\$350,000	\$100,000	40%	\$350,000	-	
Long Term- Building Maintenance	\$508,000	-	\$523,000	\$15,000	3%	\$523,000	-	

* Adjusted Budget as of 10/31/2013

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

	Adjusted* FY 13-14	Estimated Actuals FY 13-14	Recommended FY 14-15	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
OPERATING REVENUE								
STATIONARY SOURCE								
Permit Fees	\$16,973,314	\$16,116,483	\$16,939,956	(\$33,358)	-	\$823,473	5%	
Section 185- Non Attainment Fees -Rule 3170	\$3,058,648	\$2,468,054	\$1,600,000	(\$1,458,648)	(48%)	(\$868,054)	(35%)	
Advanced Emission Reduction Options (AERO) Fees	\$5,622,240	\$5,997,647	\$6,224,487	\$602,247	11%	\$226,840	4%	
Settlements	\$2,500,000	\$3,500,000	\$2,500,000	-	-	(\$1,000,000)	(29%)	
Interest	\$604,000	\$651,500	\$604,000	-	-	(\$47,500)	(7%)	
Miscellaneous	\$52,500	\$51,500	\$52,500	-	-	\$1,000	2%	
Total Stationary Non-Grant Operating Revenue	\$28,810,702	\$28,785,184	\$27,920,943	(\$889,759)	(3%)	(\$864,241)	(3%)	
GRANT REVENUE								
State Subvention	\$900,000	\$900,000	\$900,000	-	-	-	-	
EPA 105 Grant	\$2,000,000	\$1,960,000	\$2,000,000	-	-	\$40,000	2%	
EPA 103 Grant	\$465,000	-	\$465,000	-	-	\$465,000	-	
Total Grant Revenue	\$3,365,000	\$2,860,000	\$3,365,000	-	-	\$505,000	18%	
Total Stationary Operating Revenue	\$32,175,702	\$31,645,184	\$31,285,943	(\$889,759)	(3%)	(\$359,241)	(1%)	
DMV Surcharge Fees - District	\$10,100,000	\$10,200,000	\$10,600,000	\$500,000	5%	\$400,000	4%	
Administrative Revenues Earned	\$1,982,100	\$1,650,400	\$2,100,000	\$117,900	6%	\$449,600	27%	
Total Operating Revenue	\$44,257,802	\$43,495,584	\$43,985,943	(\$271,859)	(1%)	\$490,359	1%	
Transfer to Non-Operating Revenue for Incentive Grants	(\$3,200,000)	(\$3,200,000)	(\$1,950,000)	\$1,250,000	(39%)	\$1,250,000	(39%)	
Fund Balance Used	\$2,013,094	\$1,548,538	\$2,050,451	\$37,357	2%	\$501,913	32%	
Reserves Released / (Increased)	\$885,000	\$885,000	(\$115,000)	(\$1,000,000)	(113%)	(\$1,000,000)	(113%)	
Estimated Funding Sources - Operating	\$43,955,896	\$42,729,122	\$43,971,394	\$15,498	-	\$1,242,272	3%	
NON-OPERATING REVENUE								
Air Toxics - Pass Through	\$25,000	\$23,500	\$25,000	-	-	\$1,500	6%	
DMV Surcharge Fees - Pass Through	\$40,743,000	\$40,679,000	\$41,046,000	\$303,000	1%	\$367,000	1%	
Carl Moyer Funds	\$7,700,000	\$7,598,002	\$8,300,000	\$600,000	8%	\$701,998	9%	
VERA/ISR Mitigation Program	\$2,840,600	\$5,465,081	\$6,664,513	\$3,823,913	135%	\$1,199,432	22%	
Proposition 1B Funding Program	\$28,500,000	\$28,500,000	\$60,000,000	\$31,500,000	111%	\$31,500,000	111%	
DERA Program	\$3,385,000	-	\$853,891	(\$2,531,109)	(75%)	\$853,891	-	
School Bus Program	\$1,753,000	\$1,581,791	\$1,356,430	(\$396,570)	(23%)	(\$225,361)	(14%)	
Federal Diesel Emission Reduction Funding Program	\$3,280,625	\$783,550	\$1,050,000	(\$2,230,625)	(68%)	\$266,450	34%	
Greenhouse Gas Mitigation Program	-	-	-	-	-	-	-	
Miscellaneous Incentive Grant Funding	\$600,000	\$100,000	\$70,000	(\$530,000)	(88%)	(\$30,000)	(30%)	
Non-Operating Interest	\$622,300	\$528,000	\$1,043,000	\$420,700	68%	\$515,000	98%	
Operating Revenues Funding Community & Other Incentives	\$3,200,000	\$3,200,000	\$1,950,000	(\$1,250,000)	(39%)	(\$1,250,000)	(39%)	
CEC - Energy Efficiency Grant	\$150,000	\$157,176	-	(\$150,000)	(100%)	(\$157,176)	(100%)	
Reimburse Operating for Administrative Revenues Earned	(\$1,982,100)	(\$1,650,400)	(\$2,100,000)	(\$117,900)	6%	(\$449,600)	27%	
Administrative Fees - Incentive Programs	\$2,618,196	\$2,289,434	\$4,006,682	\$1,388,486	53%	\$1,717,248	75%	
Total Non-Operating Revenue	\$93,435,621	\$89,255,134	\$124,265,516	\$30,829,895	33%	\$35,010,382	39%	
Fund Bal. Used/Non-Adm Reserves Released/(Increased)	\$127,652,244	\$66,640,066	\$32,562,784	(\$95,089,460)	(74%)	(\$34,077,282)	(51%)	
Adm Reserves Released / (Increased)	-	-	-	-	-	-	-	
Estimated Funding Sources - Non-Operating	\$221,087,865	\$155,895,200	\$156,828,300	(\$64,259,565)	(29%)	-	1%	
TOTAL REVENUE								
Estimated Financing Sources - Total	\$265,043,761	\$198,624,322	\$200,799,694	(\$64,244,067)	(24%)	\$2,175,372	1%	

* Adjusted Budget as of 10/31/2013

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

	Adjusted* FY 13-14	Estimated Actuals FY 13-14	Recommended FY 14-15	Budget/Budget		Budget/Actual	
				Increase (Decrease)	%	Increase (Decrease)	%
OPERATING APPROPRIATIONS							
SALARIES AND BENEFITS							
Regular Salaries	\$19,912,495	\$19,773,141	\$20,599,584	\$687,089	3%	\$826,443	4%
Temporary Help	\$662,416	\$658,774	\$699,548	\$37,132	6%	\$40,774	6%
On Call Pay	\$77,832	\$77,404	\$77,832	-	-	\$428	1%
Overtime	\$259,306	\$257,881	\$259,249	(\$57)	-	\$1,368	1%
Unemployment	\$100,630	\$100,076	\$93,847	(\$6,783)	(7%)	(\$6,229)	(6%)
Retirement	\$8,765,641	\$8,717,430	\$9,139,325	\$373,684	4%	\$421,895	5%
OASDI	\$348,943	\$347,023	\$359,056	\$10,113	3%	\$12,033	3%
Workers Compensation	\$208,414	\$207,270	\$234,771	\$26,357	13%	\$27,501	13%
Cafeteria Plan Benefits	\$3,025,419	\$3,007,779	\$3,057,672	\$32,253	1%	\$49,893	2%
Long-Term Disability Insurance	\$72,070	\$71,673	\$53,657	(\$18,413)	(26%)	(\$18,016)	(25%)
Alternate Transportation Incentive	\$179,916	\$178,214	\$202,248	\$22,332	12%	\$24,034	13%
TOTAL SALARIES AND BENEFITS	\$33,613,082	\$33,396,665	\$34,776,789	\$1,163,707	3%	\$1,380,124	4%
SERVICES AND SUPPLIES							
Safety Supplies & Equipment	\$23,684	\$23,211	\$21,094	(\$2,590)	(11%)	(\$2,117)	(9%)
Mobile Communications	\$105,560	\$102,268	\$128,312	\$22,752	22%	\$26,044	25%
Telephone Charges	\$133,130	\$131,653	\$132,040	(\$1,090)	(1%)	\$387	-
Insurance	\$201,600	\$197,567	\$197,000	(\$4,600)	(2%)	(\$567)	-
Equipment Maintenance	\$188,577	\$184,807	\$174,300	(\$14,277)	(8%)	(\$10,507)	(6%)
Vehicle Maintenance & Operations	\$223,000	\$218,540	\$241,600	\$18,600	8%	\$23,060	11%
Computer Maintenance	\$371,403	\$363,974	\$346,411	(\$24,992)	(7%)	(\$17,563)	(5%)
Video Conferencing Maintenance & Operations	\$241,576	\$236,745	\$162,273	(\$79,303)	(33%)	(\$74,472)	(31%)
Building Maintenance & Operations	\$268,800	\$262,071	\$243,180	(\$25,620)	(10%)	(\$18,891)	(7%)
Office Supplies	\$70,700	\$69,285	\$66,450	(\$4,250)	(6%)	(\$2,835)	(4%)
Computer Software & Supplies	\$94,927	\$93,028	\$104,075	\$9,148	10%	\$11,047	12%
Monitoring Station Supplies & Equipment	\$232,189	\$227,545	\$234,389	\$2,200	1%	\$6,844	3%
Postage	\$113,700	\$111,424	\$115,900	\$2,200	2%	\$4,476	4%
Printing	\$127,190	\$124,646	\$126,090	(\$1,100)	(1%)	\$1,444	1%
Professional & Specialized Services	\$2,779,564	\$2,722,974	\$2,607,246	(\$172,318)	(6%)	(\$115,728)	(4%)
Publications & Legal Notices	\$171,340	\$167,913	\$144,990	(\$26,350)	(15%)	(\$22,923)	(14%)
Rents & Leases	\$501,870	\$491,836	\$522,792	\$20,922	4%	\$30,956	6%
Small Tools & Equipment	\$29,020	\$28,439	\$28,510	(\$510)	(2%)	\$71	-
Special District Expense	\$269,673	\$264,280	\$246,524	(\$23,149)	(9%)	(\$17,756)	(7%)
Travel & Training	\$188,120	\$184,356	\$188,120	-	-	\$3,764	2%
Travel & Training - Boards	\$67,007	\$65,667	\$67,007	-	-	\$1,340	2%
Utilities	\$268,575	\$265,202	\$274,084	\$5,509	2%	\$8,882	3%
Audit Services	\$20,000	\$19,600	\$20,000	-	-	\$400	2%
Legal Services	\$42,400	\$41,552	\$42,400	-	-	\$848	2%
TOTAL SERVICES AND SUPPLIES	\$6,733,605	\$6,598,583	\$6,434,787	(\$298,818)	(4%)	(\$163,796)	(2%)
FIXED ASSETS							
Office Improvements	\$40,000	\$39,100	\$40,000	-	-	\$900	2%
Facilities & Equipment	\$69,000	\$67,619	\$124,000	\$55,000	80%	\$56,381	83%
Computer Equipment	\$727,909	\$713,351	\$923,218	\$195,309	27%	\$209,867	29%
Office Furniture / Equipment	\$25,000	\$24,501	\$25,100	\$100	-	\$599	2%
Office Machines	\$55,000	\$53,902	\$83,000	\$28,000	51%	\$29,098	54%
Telephone Systems	\$21,900	\$21,463	\$23,450	\$1,550	7%	\$1,987	9%
Detection Equipment	\$25,000	\$23,379	\$9,350	(\$15,650)	(63%)	(\$14,029)	(60%)
Automobiles	\$180,000	\$155,490	\$239,500	\$59,500	33%	\$84,010	54%
Audio / Visual Equipment	-	-	-	-	-	-	-
Safety Equipment	-	-	-	-	-	-	-
Air Monitoring Automation/Remote Control Project	-	-	\$465,000	\$465,000	-	\$465,000	-
Video Conferencing System	\$746,000	\$450,000	\$25,700	(\$720,300)	(97%)	(\$424,300)	(94%)
Air Monitoring Station Equipment	\$747,600	\$689,069	\$305,500	(\$442,100)	(59%)	(\$383,569)	(56%)
Air Monitoring Near Roadway Stations	\$971,800	\$496,000	\$496,000	(\$475,800)	(49%)	-	-
TOTAL FIXED ASSETS	\$3,609,209	\$2,733,874	\$2,759,818	(\$849,391)	(24%)	\$25,944	1%
TOTAL OPERATING APPROPRIATIONS	\$43,955,896	\$42,729,122	\$43,971,394	\$15,498	-	\$1,242,272	3%

* Adjusted Budget as of 10/31/2013

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

	Adjusted* FY 13-14	Estimated Actuals FY 13-14	Recommended FY 14-15	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
NON-OPERATING APPROPRIATIONS								
OTHER CHARGES								
Air Toxic Pass Through	\$25,000	\$23,500	\$25,000	-	-	\$1,500	6%	
Dairy CEQA - Pass Through	-	-	-	-	-	-	-	
TOTAL OTHER CHARGES	\$25,000	\$23,500	\$25,000	-	-	\$1,500	6%	
INCENTIVE PROGRAMS								
DMV Surcharge Fees - Incentives	\$107,522,363	\$101,620,500	\$53,702,100	(\$53,820,263)	(50%)	(\$47,918,400)	(47%)	
Carl Moyer Program	\$22,918,889	\$11,743,700	\$11,923,100	(\$10,995,789)	(48%)	\$179,400	2%	
ISR and VERA'S	\$7,945,587	\$2,025,700	\$12,260,200	\$4,314,613	54%	\$10,234,500	505%	
Proposition 1B Funding Program	\$49,272,578	\$28,500,000	\$62,523,400	\$13,250,822	27%	\$34,023,400	119%	
School Bus Program	\$5,258,834	\$3,552,900	\$2,353,400	(\$2,905,434)	(55%)	(\$1,199,500)	(34%)	
Federal DERA/Designated Funding Program	\$7,261,625	\$2,816,900	\$3,863,900	(\$3,397,725)	(47%)	\$1,047,000	37%	
Community & Other Incentives Funded by Operating Rever	\$16,929,162	\$3,682,000	\$8,707,400	(\$8,221,762)	(49%)	\$5,025,400	136%	
Greenhouse Gas Mitigation Program	-	-	-	-	-	-	-	
GHG Support for Cities & Counties	\$334,539	\$83,200	\$250,000	(\$84,539)	(25%)	\$166,800	200%	
Miscellaneous Incentive Programs	\$2,569,694	\$1,689,200	\$369,800	(\$2,199,894)	(86%)	(\$1,319,400)	(78%)	
Energy Efficiency Grant	\$199,594	\$157,600	-	(\$199,594)	(100%)	(\$157,600)	(100%)	
TOTAL INCENTIVE PROGRAMS	\$220,212,865	\$155,871,700	\$155,953,300	(\$64,259,565)	(29%)	\$81,600	-	
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	-	-	
TOTAL NON-OPERATING APPROPRIATIONS	\$221,087,865	\$155,895,200	\$156,828,300	(\$64,259,565)	(29%)	\$933,100	1%	

* Adjusted Budget as of 10/31/2013

ADMINISTRATION

FISCAL SUMMARY

	Budgeted 2013-14	Recommended 2014-15	Increase/ (Decrease)	
<u>Appropriations</u>				
Salaries and Benefits	7,845,546	8,322,858	477,312	6%
Services and Supplies	2,737,748	2,617,506	(120,242)	-4%
Fixed Assets	971,009	333,510	(637,499)	-66%
Total	11,554,303	11,273,874	(280,429)	-2%
<u>Position Summary</u>	73	73		

FUNCTION

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

General Administration

General Administration has responsibility for the overall management of the District. Under policy direction of the Governing Board, the Executive Director/APCO and 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 is the Senior Policy Advisor who supports the APCO in advocacy efforts advancing Board-adopted legislative priorities and positions.

District Counsel

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

Personnel

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

Personnel 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

Administrative Services (ADS) 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 for and auditing all District revenues and expenditures; preparation of financial statements and related reports and incentive and other grant financial management, including state and federal grant reporting. The general services functions of ADS include: responsibility for facilities management, fleet maintenance, purchasing, and risk management.

As a part of the District-wide reorganization, the District's centralized Operations and Program Support staff (OPS) was transferred from the Administrative Services Department to the Personnel Department and the Administrative Services Department was merged with the Incentive and Grants function.

Information Technology Services

Information Technology Services (ITS) administers all computer-related functions of the District. These functions include: strategic and tactical planning; policy and procedures formulation; I.T. 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 (RFP) and Request for Quote (RFQ) process related to technology procurement.

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

Outreach and Communications

Outreach and Communications (OC), plans and implements strategies to meet the District's outreach and communication goals. As methods for disseminating messaging expand and become more sophisticated, the District embraces these changes and incorporates them into successful, proven outreach strategies. These strategies include designing and implementing comprehensive, multilingual, multimedia outreach campaigns that incorporate workshops and public events; coordinating an effective media relations program; responding to public inquiries via phone, email and Facebook messaging; writing and distributing newsletters, brochures and

other outreach materials in both hard copy and electronic versions; conducting public presentations to promote clean air; collaborating with local, state and federal agencies and stakeholders to further the District's mission; enhancing and strengthening the Healthy Air Living goals and messages; collaborating with other District departments to develop, implement and educate the public about rules, such as tightened wood-burning regulations; deploying state-of-the-art technological innovations such as a newly developed iPhone application that give stakeholders real-time air-quality information to promote sound decisions; and working with other divisions to ensure they meet their communications and public affairs needs.

SIGNIFICANT IMPACTS TO 2014-15 BUDGET

Reorganization

In adherence with the District's Continuous Improvement core value, during the May 2013 District's Governing Board Study Session, the Governing Board appointed an Ad-Hoc Subcommittee of the Board to oversee and evaluate the District's organizational structure to ensure adequacy with respect to operational efficiency, effectiveness and staff workload. This process revealed that while the current organizational structure has served the District well, there were additional opportunities for enhancements that addressed short and long term succession planning needs. Considering efficiency-driven enhancements have always been a top priority each year as a part of the District's zero-based budgeting, it was determined the reorganization would allow for such improved operational efficiency and effectiveness. On September 19, 2013 the Governing Board approved a District-wide reorganization recommended by the Ad-Hoc Subcommittee which included creation of three workgroups, each including a core department and a support department.

Personnel

The 2014-15 fiscal year is expected to be particularly challenging for Personnel. As always, the goal will be to maximize resources available in order to increase efficiency without adding additional staff members. These challenges will be met utilizing existing staff and technology improvements implemented in previous fiscal years. Due to the personnel changes that have occurred in the last fiscal year, Personnel has taken this opportunity to look closely at the operations of the department and assess and implement any changes that may result in higher production and efficiency. Personnel will continue to search for opportunities to refine, streamline, and enhance the effectiveness of our work in all Personnel-related areas.

As a result of District's reorganization, the District's centralized Operations and Program Support staff (OPS) was transferred from the Administrative Services Department to the Personnel Department. The District's centralized Operations and Program Support staff (OPS) provide important clerical and administrative support for operations and programs allowing staff in those departments to focus on technical work. The OPS group continues to find significant efficiencies in processing District business and communications. During 2013-14, OPS staff electronically streamlined and improved the management of public information requests and air quality complaints. This group also continues to assume and

coordinate increased electronic document management responsibilities from operating departments to continue to increase efficiencies. During 2014-15, OPS staff will be assisting with the back file conversion and day forward processing of Compliance mutual settlement documents in the District's electronic document management system (EDMS).

The following activities detail some of the additional workload expected in 2014-15:

The passage of the federal Patient Protection and Affordable Care Act (healthcare reform) continues to impose new responsibilities on employers with regard to benefit administration and legal compliance. District staff actively monitor the ever-changing federal rules and regulations and will take steps to ensure District benefit programs are in compliance with each approved component of the Act.

In working with the Employee Association, the District continues to actively engage in the labor negotiation process seeking measures to minimize increasing pension costs and obligations while providing fair and competitive compensation for employees.

In addition, Personnel is responsible for minimizing risk to the District through employee benefits, workers' compensation, safety training and wellness programs. Safety is a priority for the District. The District is committed to providing employees with the tools and training necessary to complete their jobs safely and effectively. This year, Personnel has established several performance-management goals and objectives that will focus and promote continuous improvement in our current safety training and development program. The establishment of these goals and objectives will ensure the District is not only meeting compliance standards but will be seen as a leader in safety.

During the 2014-15 fiscal year, the District expects an increase in recruitments due to an increasing number of staff eligible to retire as well as an improving economy.

With our State's expanding mandates in regards to compliance regulations, legal changes and amendments, it is expected to utilize our resources to the highest potential when researching, evaluating and executing these changes.

Additionally, the District continues the fourth year of its community service program. While minimal staff time and resources has been associated with this effort, the District provides oversight in monitoring the activities associated with these community projects, ensuring that the program is successful, supporting the selected projects, and ensuring that staff complies with the established program parameters.

In addition to the daily Personnel functions, one of our goals for this fiscal year is to continue to support, maintain and expand our current employee wellness initiative, which will include development and implementation of additional components to the program.

In line with the District's STAR (Service, Teamwork, Attitude, Respect) work culture program, the Personnel department plans to offer additional training to staff that will

contribute to a positive environment, increase morale and provide additional tools and resources that may allow staff to complete their duties more efficiently.

In 2013, your Board approved a limited employee emission reduction incentive program. Employees will be eligible to apply for incentive funding for electric lawnmowers, clean wood burning stoves and electric vehicles. This year, it is proposed that this program be funded for \$52,500 from additional salary savings.

Administrative Services

The financial workload of the District remains high, in part due to the District's successful incentive grant programs. Overall, departmental staffing will remain level as the District continues to absorb workload through new efficiencies from improved technology and work flow processes.

While requesting no staffing additions, the recommended budget includes eliminating an Accounting Manager position and replacing it with a Controller position. To increase efficiency, the District has combined the responsibilities of financial reporting, grant administration and reporting, purchasing, facility management, payroll, accounts payable, revenue and accounts receivable, contract management, and other general accounting functions under one organizational group. Managing this combined finance and accounting structure demands expanded responsibilities and requires the greater set of skills commensurate with the Controller classification. By streamlining these roles, the Controller will gain a larger degree of responsibility in managing all phases of the division's operations, providing a more efficient method of directing resources and direction to critical projects and to staff.

As in past years, new technology and process improvements continue to assist with a growing financial and administrative workload. The District's budget is now fully compiled using internally developed software. Interim monthly budget reports are also now fully compiled electronically saving significant staff time each month. The District now both accepts on-line payments and makes deposits to its Wells Fargo account electronically. During 2013-14, the District completed implementation of its electronic timekeeping, leave tracking and payroll reporting software. While the burden of development and testing were significant, in addition to improving internal controls, this software now significantly streamlines payroll processing allowing ADS staff to focus efforts on other important accounting and reporting functions. Investments in training, including cross training among staff, and critical review of processes have eliminated redundant work and greatly reduced the use of paper within the District.

During fiscal year 2014-15, continued emphasis will be placed on developing further efficiencies using and improving the District's financial infrastructure. District financial documents including invoices and contracts are now scanned and made accessible electronically through the financial software. This will allow these documents to be retrieved and /or forwarded immediately, expediting internal functions and improving access to records. This important step moves the District closer to the goal of managing all grant and financial functions fully electronically in a near paperless environment.

Information Technology Services

The District is an extensive user of technology to achieve high levels of productivity. These technologies increase the productivity of individuals within the organization and provide added functions and efficiency gains for the public and other District stakeholders.

Over the next year, the District will initiate and continue implementing several key technology projects to advance the District's mission and meet increasing demands for service and efficiency. These projects include: consolidating several mobile devices to a single smart mobile device for mobile communications for field inspectors; upgrading office network infrastructure (Network Cable Upgrades); providing neighborhood by neighborhood historic air quality information coverage with the District's Real-time Air Advisory Network (RAAN); adding new capabilities to the District's existing atmospheric modeling platforms; continuing to implement new technology to significantly reduce the number of physical computer servers, replicating the successes seen at the Fresno office in each of the regional offices; creating new web-based services for air quality grant applicants; upgrading the data transfer technology to be consistent with EPA's new reporting system; upgrading the District's application development software platform (MS SQL Server & Visual Studio) to increase District-wide productivity.

Currently, the District utilizes several mobile communication devices to transfer key information by the District's staff between the field and District offices. With the implementation of this consolidation project, District staff will be able to utilize one smart device instead of several. This project will upgrade the communication devices to current state of the art technology providing faster data transfer from the field, eliminating the need to maintain and service multiple devices and related costs. This will increase the efficiency of District field staff in serving permitted facilities and other stakeholders in efforts to improve air quality throughout the Valley.

The District's physical office network is vital in keeping information flowing throughout the District offices and to the public. The District has identified several segments of the current network cabling with performance impacts on the speed of data transfer. The District is upgrading its five year and older network cabling for several of the key segments to ensure network performance meets the operational needs and standards. The upgrade allows the District to maintain its communications infrastructure at a level necessary to provide District staff and public speedy and uninterrupted access to information for improving the air quality in the valley.

The District's online Real-time Air Advisory Network provides public key air quality information in real time from a nearby air monitoring station. The District is expanding the program to provide historic information based on a neighborhood by neighborhood basis. This initiative will provide public key historic air quality information based on their address which is relevant to their neighborhood. The project is being carried out in phases, with the first phase providing neighborhoods with historical air quality information, and future phases providing enhanced neighborhood by neighborhood current hourly air quality information.

The District currently utilizes atmospheric modeling programs to support research projects, rule making and air quality planning efforts, air pollution impact assessments, and more. However, the District currently depends largely on the state Air Resources board for much of this work and would like to increase its ability to self-support on modeling projects to reduce turnaround time and increase efficiency. During 2014-15, the District will continue implementing new modeling hardware and software to support a regional modeling function, and reduce model run times. This will provide District modeling staff with quicker modeling run results as they seek solutions to improving air quality in the Valley.

The District operates a large number of file and function servers to support District operations. The number of physical servers directly impacts the heat produced in computer rooms. Last year, the District reduced the number of physical servers in Fresno office to reduce the heat footprint and increase the server efficiency. This year, the District will launch projects in the Bakersfield and Modesto computer facilities to improve the available cooling capacity for these two regions through the use of virtual server technology. Virtual server technology allows multiple server “instances” to be loaded on one physical server computer, thus reducing electrical and cooling needs. In addition, virtual technology provides faster recovery time from server failures.

The Grant Application Web Portal project will provide grant applicants with a centralized location to submit and track their grant applications for air pollution reduction projects. This site will be available at all times so that applicants can conduct business at a time most convenient for them. Information submitted through this web site will be integrated into the District’s internal grants processing workflow, streamlining the submittal process for applicants and helping increase the overall efficiency of District grant processing staff. Implementation of this system will help the District process more air pollution reduction grants more efficiently.

The District provides several air quality data components to EPA through an automated data transfer mechanism as required by regulations. EPA is in the process of upgrading its software to new system called ICIS. In order to provide uninterrupted data transfer to EPA’s new system, the District is launching project for data migration to EPA’s ICIS system.

The District’s ITS department internally develops and supports several software applications in order to provide the needed functionality for the District’s business operations. These software applications provide public the ability to do business with the District efficiently. The current software that the District uses for developing these business applications is over five years old. The District is upgrading its SQL Database Server & Visual Studio platforms to improve development times and employ enhanced functionalities in its business applications.

Outreach and Communications

In fiscal year 2014-15, the District’s core values, goals and mission will continue to be shared through enhanced public outreach and education. As always, the key focus will again be to maximize the use of existing resources and technology to incorporate new outreach platforms and expand communication goals.

Since its formation in March 1992, the District has focused on improving air quality through a variety of rules, regulations, incentives and programs in all areas of the Valley. The Air District's mission to protect public health by improving air quality in the San Joaquin Valley relies on the public's awareness and understanding of the District's air-quality improvement programs. As federal air quality standards become tougher and the Valley's business community experiences additional rounds of costly regulation, public action will need to pay an even greater role in reducing emissions. Public acceptance of concepts such as alternative commute options, as well as specific clean air strategies such as Check Before You Burn, the Air Alert program and Healthy Air Living, requires widespread lifestyle changes. Towards that end, your Board had placed a high priority on conducting an active and effective public education and outreach program.

To effectively reach specifically targeted groups, generate public interest in and support of air-quality improvement programs, and affect meaningful changes in public behavior; the Air District invests in multilingual, multimedia public awareness and educational campaigns on an ongoing basis and that outreach will continue into 2014-15 driven, in large part, by the results of the 2014 public opinion survey. Public opinion surveys continue to reveal that air quality remains a preeminent quality of life issue for Valley residents, and the District is committed to continuing its successful strategy of ensuring that its comprehensive, multilingual outreach serves to not only educate Valley residents and stakeholders on the activities of the District, but that it also enables residents to take an active role in attaining the health-based air-quality standards.

During the previous fiscal years, the District made huge strides in bringing in-house sophisticated web, video, photography and print projects that previously were outsourced, resulting in not only a greater level of expertise but also significant cost savings. This emphasis on 21st-century skill sets will ensure that the District will be well-positioned to take full advantage of advances in communications strategies used more frequently by greater percentages of the Valley's population while continuing to present critical outreach materials in traditional media such as print, radio and TV.

While requesting no staffing additions, the 2014-15 Recommended Budget reflects a reclassification of a Supervising Air Quality Education representative to a Public Education Administrator. Public outreach and media oversight often occurs outside of a normal business day. The reclassification of this position to a management level position will allow more high level coverage on evening and weekends without the expense of overtime. Additionally, this position will be better able to provide both staff direction and multi-department collaboration due to an involvement in management level activities.

During 2014-15, the District will continue to partner with other organizations and Valley stakeholders without additional District resources.

- A key focus of the 2014-15 outreach will be the promotion of the pending amendments to Rule 4901 (Residential Wood-burning Fireplaces and Wood-Burning Heaters). The District will work to ensure that proper public education occurs throughout the rule development process. Additionally, the District will work with community stakeholders, wood burning retailers, media partners and the public to communicate all rule changes prior to the beginning of the 2014-15 winter season.

- Public enrollment in the Real-time Air Advisory Network (RAAN) continues to grow. This highly successful, well-publicized program enjoys huge participation by the Valley's school districts and pairs naturally with the Healthy Air Living Schools program. The 2014-15 Recommended Budget includes funding to continue outreach to Valley schools through a partnership with a Valley non-profit. The budget also allows for an evolution of the Healthy Air Living Schools program into program focus primarily on RAAN, school idling and alternative transportation to schools.
- The District will continue to heavily promote the RAAN beyond schools as the preeminent air quality information tool in the Valley. Through the Neighborhood Air Quality project, the growth of mobile device options and a revamped website portal, the RAAN system will expand to provide even more important air quality information to the public.
- The District will once again enter into an advertising agency contract to promote key programs and messages. The successful "One Change" campaign will again be utilized to build understanding of personal behavior and demonstrate the ease of voluntary public involvement. As before, the agency will implement the summer Healthy Air Living campaign and the winter, Check Before You Burn campaign, as well as promote grant programs, conferences and other outreach programs. All of this will be done without an increase to contract funding over the previous year.
- The District will leverage media placement funds to increase outreach dollars for programs such as the "Clean Green Yard Machines" lawn mower exchange program, "Burn Cleaner" wood-burning device change-out program, "Tune In Tune Up" vehicle repair program, "Drive Clean" electric vehicle rebate program and other grant programs.
- The District will continue to expand its in-house production of previously outsourced key projects such as the annual Report to the Community, videos that showcase stakeholder successes in air-quality management and other high-level, sophisticated projects. Additionally, the District will leverage these tools to support our presence on social media sites.

Comprehensive and strategic public interaction and outreach will play a critical role in District activities. By continuing successful initiatives such as multilingual outreach; community-based education; increased presence on radio, print, web, social media and TV media outlets; multi-generational outreach programs such as the curriculums, and RAAN program; Environmental Justice strategy development; and collaborative partnerships which leverage resources; the District will continue to solidify its presence in the community and build an understanding with the public of everyone's role in improving air quality.

SUMMARY OF POSITIONS

<u>Title</u>	<u>CURRENT</u>	<u>Recommended</u>	<u>Increase/ Decrease</u>
Accountant I/II	4.0	4.0	0
Accounting Assistant I/II	5.0	5.0	0
Accounting Manager	1.0	0	-1.0
Accounting Technician I/II	3.0	3.0	0
Air Quality Education Rep Bilingual I/II	1.0	1.0	0
Air Quality Education Rep I/II	2.5	2.5	0
Assistant Counsel I/II	1.0	1.0	0
Audio Video Specialist I/II	.5	.5	0
Chief Communications Officer	1.0	1.0	0
Controller	0	1.0	1.0
Custodial Worker	1.0	1.0	0
Deputy APCO	3.0	3.0	0
Deputy Clerk to the Board	1.0	1.0	0
Director of Administrative Services	1.0	1.0	0
Director of Information Systems	1.0	1.0	0
Director of Personnel	1.0	1.0	0
District Counsel	1.0	1.0	0
Executive Director/APCO	1.0	1.0	0
Facilities Maintenance Specialist	1.0	1.0	0
General Services Foreman	1.0	1.0	0
Legal Technician (Cone)	1.0	1.0	0
Network Systems Analyst I/II	6.0	6.0	0
Office Assistant I/II	4.0	4.0	0
Office Services Manager I/II	2.0	2.0	0
Operations Support Supervisor	1.0	1.0	0
Personnel Administrator	1.0	1.0	0
Personnel Technician II (Cone)	1.0	1.0	0
Programmer/Analyst I/II	7.0	7.0	0
Public Education Administrator	0	1.0	1.0
Senior Accountant	1.0	1.0	0
Senior Air Quality Education Rep	1.0	1.0	0
Senior Network Systems Analyst	2.0	2.0	0
Senior Network Systems Analyst (Cone)	1.0	1.0	0
Senior Office Assistant	3.0	3.0	0
Senior Office Assistant (Cone)	1.0	1.0	0
Senior Personnel Analyst	1.0	1.0	0
Senior Policy Advisor	1.0	1.0	0
Senior Programmer Analyst	2.0	2.0	0
Supervising Accountant	2.0	2.0	0
Supervising Air Quality Education Rep	1.0	0	-1.0
Supervising Network Systems Analyst	1.0	1.0	0
Supervising Programmer/Analyst	2.0	2.0	0
TOTAL	<u>73.0</u>	<u>73.0</u>	<u>0</u>

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

	Adjusted* FY 13-14	Recommended FY 14-15	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$4,736,489	\$5,006,079	\$269,590	6%
Temporary Help	\$20,088	\$64,401	\$44,313	221%
On Call Pay	-	-	-	-
Overtime	\$76,508	\$78,433	\$1,925	3%
Unemployment	\$23,705	\$22,885	(\$820)	(3%)
Retirement	\$2,081,666	\$2,216,351	\$134,685	6%
OASDI	\$73,063	\$80,021	\$6,958	10%
Workers Compensation	\$45,330	\$51,344	\$6,014	13%
Cafeteria Plan Benefits	\$731,096	\$743,144	\$12,048	2%
Long-Term Disability Insurance	\$16,528	\$12,728	(\$3,800)	(23%)
Alternate Transportation Incentive	\$41,073	\$47,472	\$6,399	16%
TOTAL SALARIES AND BENEFITS	\$7,845,546	\$8,322,858	\$477,312	6%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$2,200	\$2,200	-	-
Mobile Communications	\$26,987	\$25,893	(\$1,094)	(4%)
Telephone Charges	\$24,316	\$29,136	\$4,820	20%
Insurance	\$47,128	\$46,844	(\$284)	(1%)
Equipment Maintenance	\$34,861	\$37,261	\$2,400	7%
Vehicle Maintenance & Operations	\$28,400	\$18,800	(\$9,600)	(34%)
Computer Maintenance	\$122,997	\$115,380	(\$7,617)	(6%)
Video Conferencing Maintenance & Operations	\$240,042	\$162,273	(\$77,769)	(32%)
Building Maintenance & Operations	\$62,838	\$57,818	(\$5,020)	(8%)
Office Supplies	\$16,758	\$15,916	(\$842)	(5%)
Computer Software & Supplies	\$26,727	\$28,795	\$2,068	8%
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$19,310	\$19,117	(\$193)	(1%)
Printing	\$103,122	\$99,327	(\$3,795)	(4%)
Professional & Specialized Services	\$1,423,991	\$1,420,843	(\$3,148)	-
Publications & Legal Notices	\$15,000	\$3,000	(\$12,000)	(80%)
Rents & Leases	\$37,724	\$40,964	\$3,240	9%
Small Tools & Equipment	\$5,246	\$5,874	\$628	12%
Special District Expense	\$223,911	\$207,670	(\$16,241)	(7%)
Travel & Training	\$121,080	\$121,080	-	-
Travel & Training - Boards	\$39,550	\$39,550	-	-
Utilities	\$53,160	\$57,365	\$4,205	8%
Audit Services	\$20,000	\$20,000	-	-
Legal Services	\$42,400	\$42,400	-	-
TOTAL SERVICES AND SUPPLIES	\$2,737,748	\$2,617,506	(\$120,242)	(4%)
FIXED ASSETS				
Office Improvements	\$40,000	\$40,000	-	-
Facilities & Equipment	\$11,893	\$24,067	\$12,174	102%
Computer Equipment	\$150,404	\$185,961	\$35,557	24%
Office Furniture / Equipment	\$5,845	\$5,969	\$124	2%
Office Machines	\$11,922	\$19,736	\$7,814	66%
Telephone Systems	\$4,945	\$5,577	\$632	13%
Detection Equipment	-	-	-	-
Automobiles	-	\$26,500	\$26,500	-
Audio / Visual Equipment	-	-	-	-
Safety Equipment	-	-	-	-
Air Monitoring Automation/Remote Control Project	-	-	-	-
Video Conferencing System	\$746,000	\$25,700	(\$720,300)	(97%)
Air Monitoring Station Equipment	-	-	-	-
Air Monitoring Near Roadway Stations	-	-	-	-
TOTAL FIXED ASSETS	\$971,009	\$333,510	(\$637,499)	(66%)
TOTAL OPERATING APPROPRIATIONS	\$11,554,303	\$11,273,874	(\$280,429)	(2%)

* Adjusted Budget as of 10/31/2013

COMPLIANCE

FISCAL SUMMARY

	<u>Budgeted 2013-14</u>	<u>Recommended 2014-15</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	9,700,227	9,849,674	149,447	2%
Services and Supplies	1,863,760	1,493,002	(370,758)	-20%
Fixed Assets	<u>2,232,269</u>	<u>496,234</u>	<u>(1,736,035)</u>	<u>-78%</u>
 Total	 <u><u>13,796,256</u></u>	 <u><u>11,838,910</u></u>	 <u><u>(1,957,346)</u></u>	 <u><u>-14%</u></u>
 <u>Position Summary</u>	 93	 93		

FUNCTION

The District's Compliance Department ensures compliance with District rules and regulations, as well as with state and federal air quality mandates. The program objectives for the Compliance Department are set forth in federal and state law and the District's air quality attainment plans. In order to meet these program objectives, District staff performs inspections at approximately 9,200 permitted facilities and at nearly 7,000 agricultural operations, responds to approximately 3,000 public complaints, and verifies emissions reductions at thousands of locations where emission reduction incentive projects have been implemented.

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

Inspections of Stationary Sources

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

Under the District's variable inspection frequency policy, inspection frequencies are assigned considering various factors, including a source's compliance and complaint history, potential for air quality impact, frequency of equipment use, presence of toxic air contaminants, and potential for violations.

Initial inspections of new and modified operations are performed as well, and they allow the District to ascertain whether the associated equipment complies with District rules. This District service can alert the source to any discrepancy and prevent significant non-compliance periods.

Complaint Investigations

The District receives thousands of complaints each year for which timely responses and investigations of alleged sources of non-compliance are top priorities. Inspectors are on-call 24 hours per day and use automated voicemail and computer systems to facilitate the timely response to complaints in order to abate potential public nuisances. The District provides a bilingual (Spanish-English) telephone complaint line and also has the capability to utilize translation services to ensure that all communities and groups within the Valley are properly served.

Compliance Assistance

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

- **Individualized Assistance**
Personal, one-on-one help is provided to thousands of businesses and individuals to ensure they understand the District's requirements.
- **Compliance Assistance Bulletins**
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.

Emissions Testing

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

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

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

Portable Equipment 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 Permitting, Inspection 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).

Before gasoline stations 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. 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. Permit requests related to gasoline dispensing operations were transferred to the Compliance Department as a part of the District reorganization completed in April 2014.

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

New state requirements continue to require gasoline stations to install additional equipment and are resulting in thousands of 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. Legislation is phasing out such activity, but it is still allowed for a few crop types where there are no economically or technologically feasible alternatives to burning available. In accordance with state law, on a daily basis District staff determines when, how much, and where burning can occur.

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

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

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

Mutual Settlement Program

The Mutual Settlement Program evaluates violations of District rules and reaches mutually agreed upon settlements within guidelines established by the California Health and Safety Code and federal law. The Mutual Settlement Program is centralized in the Fresno office in order to provide for independent review and valley-wide consistency in the settlement of over 3,000 Notices of Violation per year. The program settles over 95 percent of the cases without the need for referral to the District's legal department which greatly reduces costly litigation.

Continuous Emission Monitoring System Polling

Many stationary sources of air pollutants throughout the District are required to monitor their emissions with instruments known as Continuous Emissions Monitoring Systems (CEMS). While these instruments are invaluable in ensuring the facilities operate properly, it is very time consuming for inspectors to travel to each facility to review the records of the

emissions. In an effort to better utilize existing resources, the District implemented an electronic CEMS Polling System. The District utilizes its computer system to automatically gather emissions data from the various companies' CEMS and to notify inspectors of potential emissions problems.

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.

Hearing Board Activities

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

Permit-Exempt Equipment Registration

The District has developed and implemented an innovative Permit-Exempt Equipment Registration (PEER) rule, Rule 2250, designed to minimize the overall workload required to achieve the emissions reductions expected of permit-exempt equipment through streamlined registration processes that fit well with the typically smaller and lower-emitting equipment to which it applies. The District issued over 426 permit-exempt equipment registrations this year, generating a savings of about 2,800 person hours when compared to typical permitting processes. This area of responsibility was transferred to the Compliance Department in the District reorganization that took place in April 2014.

Conservation Management Practices Plans

The District, with strong coordination and cooperation with the Valley's agricultural representatives, implemented its innovative and nation-leading Conservation Management Practices (CMP) plan program in 2004-05, and is now responsible for regulating and updating nearly 7,000 CMP plans designed to decrease dust emissions from agricultural operations on farms, dairies, and other confined animal operations. In 2013 the District processed 586 applications for CMP plans on farms and dairies. This area of responsibility was transferred to the Compliance Department in the District reorganization that took place in April 2014.

SIGNIFICANT IMPACTS TO 2014-15 BUDGET

Despite a significant increase in workload, the 2014-15 Recommended Budget for the District's Compliance Department includes does not include an increase in staffing. The increasing workload will be absorbed with existing staff through further streamlining of functions and continued improvements in efficiency.

New Workload

The District's Compliance Department workload will continue to increase, with a significant increase expected due to the approval by the EPA of the permitting rules associated with the District's "extreme" ozone non-attainment classification and with greenhouse gasses (GHG). Through the continued implementation of these rules, the District has now issued federal Title V operating permits to approximately 275 of largest sources of air pollution. Over the past few years the District has issued over 100 new Title V permits. Significant outreach and compliance assistance will be necessary to successfully integrate these sources into the Title V and District permitting systems, respectively. Furthermore, the additional facilities now subject to the Title V program will significantly increase the workload of the District's Compliance Department as the Title V program requires more frequent inspections and adds additional layers of reporting to the EPA.

In addition 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 compliance requirements implemented in 2014-15, including: Rule 4621 – Gasoline Transfer Into Stationary Storage Containers, Delivery Vessels, And Bulk Plants, Rule 4702 – Internal Combustion Engines (Phase 2), Rule 7070 – Perchloroethylene From Dry Cleaning Operations, and Rule 9410 – Employer Based Trip Reduction. These new and amended rules will require additional inspections, record review, and emission testing oversight. In addition to local rules, the District will also be implementing fleet averaging requirements in the state's Airborne Toxic Control Measure for Diesel Particulate Matter from Portable Engines.

The District is expecting a significant increase in the number of emissions reduction incentive funding inspections. In 2014-15, staff will be inspecting more than 5,000 trucks, buses, engines, and pieces of agricultural and construction equipment funded through Proposition 1B, Carl Moyer, DMV, and other state and federal grant programs.

In 2008, ARB adopted enhanced vapor recovery performance standards for new and existing aboveground gasoline storage tanks operated throughout the state. Phase I enhanced vapor recovery requirements will be required in 2014-15. Significant outreach and compliance assistance will be necessary to aid affected stakeholders. In addition, hundreds of permits will need to be processed and inspections will be necessary to ensure compliance.

The District is also finding it necessary to continue to review and comment on state efforts to implement AB 32, California's climate protection legislation, with an emphasis on eliminating regulatory overlap and implementing significant streamlining efforts. The District will be continuing to implement the Landfill Gas Control measure in 2014-15. The Landfill Gas Control measure will largely affect facilities already under permit with the District, and as such, the additional workload within the District's Compliance Department to implement this measure will be incremental and absorbed by existing staff. In addition, at the request of regulated stakeholders, the District will continue to work with the California Air Resources Board to enter into an agreement to implement the Refrigerant Management Program on a local level to ensure the customer service, streamlining and common-sense implementation that local businesses are accustomed to when working with the District. The Refrigeration Management

measure has the potential to be very labor intensive. To accommodate this potential workload, the District has budgeted for one temporary Air Quality Field Assistant, which will only be filled should an agreement be reached for the District to implement the Refrigeration Management measure.

The District will continue with outreach and compliance assistance efforts necessary to implement the District's Employer Based Trip Reduction (eTRIP) rule. The District 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 without increasing staffing levels 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 is in the process of revamping its Compliance training program and will continue to provide staff with training opportunities that will improve their technical skills and customer service.

The District currently operates a GC/MS sampling equipment to analyze air quality samples for toxic and criteria pollutants. The equipment is operated in accordance with requirements contained within the federal EPA 105 Grant. The existing equipment has reached the end of its life, and in an effort to streamline operations the District will be outsourcing these services with a third-party laboratory. Over the next 5 years, this change is expected to result in a cost savings of approximately \$160,000. In addition, the staff time necessary to maintain and operate the equipment can be reallocated to other functions.

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. 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.

During fiscal year 2012-13 the District embarked on implementing new computer programs, 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. Phase 1 of the project is completed and provides field staff with an efficient dashboard view of the relevant information necessary to conduct an inspection. This program will significantly streamline the time necessary to prepare for inspections. Phase 2 of the project focuses on developing a new electronic inspection reporting system to leverage the new tablet technologies currently available to further streamline the inspection reporting process.

During fiscal year 2014-15, the district will continue to leverage technology to enhance staff efficiency by migrating to smart phones. These new phones will replace several pieces of existing equipment including cell phones, turn-by-turn navigation units, cameras and tablet wireless air-cards. By consolidating several existing pieces of equipment into one new smart phone, the District will be able to offset the costs necessary to perform essential field functions. In addition to the streamlining of equipment needs, the new phones will enhance efficiency by allowing ready access to email and streamlining the dispatch process for complaints and breakdowns.

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.

Implementation and Leveraging of New Worldwide Web Internet Applications:

The District's continued investment in information technology and automation has played a key role in enhancing the District's efficiency, productivity, and customer service. In fiscal year 2013-14, the District developed a new online complaint reporting portal. This new system allows members of the public to file complaints online, submit photo and video evidence, and receive complaint investigation reports automatically via email once completed. The portal streamlines District operations by automating steps in the process, such as database entry, dispatch, and public information requests, which must be completed manually for complaints reported in other ways. In fiscal year 2014-15, the District will be continuing to identify and developing new or improved applications aimed at enhancing stakeholder access to District services and streamlining labor intensive internal processes.

Temporary positions are being proposed to assist in many areas of responsibility until staff has time to implement and evaluate the effect of all our efficiency measures. Furthermore, temporary hours will be used to smooth expected short-term workload increases. Temporary hours equivalent to one half (0.5) Air Quality Inspector position are proposed to assist with fugitive dust control inspections, indirect source review inspections, grant program inspections, and gasoline vapor recovery inspections. Temporary hours equivalent to one and a half (1.5) Air Quality Field Assistant positions are proposed to assist with conservation management practices plans, grant program inspections, and if necessary, Refrigerant Management Program GHG inspections. Temporary hours equivalent to one and a half (1.5) Office Assistant positions are proposed to assist with clerical support work needed to implement the Smoke Management System for the agricultural burning program.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2013/2014</u>	<u>2014/2015 Recommended</u>	<u>Increase/ Decrease</u>
Air Quality Assistant	7.0	7.0	0
Air Quality Compliance Manager	3.0	3.0	0
Air Quality Field Assistant	7.0	7.0	0
Air Quality Inspector I/II	42.0	42.0	0
Air Quality Specialist VII	8.0	8.0	0
Director of Compliance	1.0	1.0	0
Office Assistant I/II	2.0	2.0	0
Senior Air Quality Inspector	10.0	10.0	0
Senior Air Quality Specialist	2.0	2.0	0
Senior Office Assistant	1.0	1.0	0
Supervising Air Quality Inspector	8.0	8.0	0
Supervising Air Quality Specialist	2.0	2.0	0
TOTAL	<u>93.0</u>	<u>93.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Compliance

	Adjusted* FY 13-14	Recommended FY 14-15	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$5,610,257	\$5,735,916	\$125,659	2%
Temporary Help	\$216,433	\$172,226	(\$44,207)	(20%)
On Call Pay	\$77,832	\$77,832	-	-
Overtime	\$54,003	\$61,717	\$7,714	14%
Unemployment	\$31,102	\$27,343	(\$3,759)	(12%)
Retirement	\$2,515,954	\$2,590,961	\$75,007	3%
OASDI	\$101,190	\$99,395	(\$1,795)	(2%)
Workers Compensation	\$103,288	\$107,566	\$4,278	4%
Cafeteria Plan Benefits	\$913,946	\$899,896	(\$14,050)	(2%)
Long-Term Disability Insurance	\$20,685	\$15,058	(\$5,627)	(27%)
Alternate Transportation Incentive	\$55,537	\$61,764	\$6,227	11%
TOTAL SALARIES AND BENEFITS	\$9,700,227	\$9,849,674	\$149,447	2%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$21,484	\$16,429	(\$5,055)	(24%)
Mobile Communications	\$64,111	\$70,709	\$6,598	10%
Telephone Charges	\$61,186	\$46,700	(\$14,486)	(24%)
Insurance	\$62,182	\$60,319	(\$1,863)	(3%)
Equipment Maintenance	\$85,418	\$65,356	(\$20,062)	(23%)
Vehicle Maintenance & Operations	\$194,600	\$187,600	(\$7,000)	(4%)
Computer Maintenance	\$97,815	\$73,688	(\$24,127)	(25%)
Video Conferencing Maintenance & Operations	\$616	-	(\$616)	(100%)
Building Maintenance & Operations	\$82,909	\$74,168	(\$8,741)	(11%)
Office Supplies	\$21,714	\$20,301	(\$1,413)	(7%)
Computer Software & Supplies	\$28,451	\$32,557	\$4,106	14%
Monitoring Station Supplies & Equipment	\$232,189	-	(\$232,189)	(100%)
Postage	\$52,678	\$24,617	(\$28,061)	(53%)
Printing	\$12,545	\$13,539	\$994	8%
Professional & Specialized Services	\$291,562	\$403,434	\$111,872	38%
Publications & Legal Notices	\$6,000	\$6,000	-	-
Rents & Leases	\$326,183	\$243,668	(\$82,515)	(25%)
Small Tools & Equipment	\$14,481	\$11,330	(\$3,151)	(22%)
Special District Expense	\$34,565	\$25,916	(\$8,649)	(25%)
Travel & Training	\$32,520	\$27,120	(\$5,400)	(17%)
Travel & Training - Boards	\$27,457	\$27,457	-	-
Utilities	\$113,094	\$62,094	(\$51,000)	(45%)
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$1,863,760	\$1,493,002	(\$370,758)	(20%)
FIXED ASSETS				
Office Improvements	-	-	-	-
Facilities & Equipment	\$30,430	\$45,274	\$14,844	49%
Computer Equipment	\$247,474	\$215,532	(\$31,942)	(13%)
Office Furniture / Equipment	\$7,711	\$7,685	(\$26)	-
Office Machines	\$15,730	\$25,413	\$9,683	62%
Telephone Systems	\$6,524	\$7,180	\$656	10%
Detection Equipment	\$25,000	\$9,350	(\$15,650)	(63%)
Automobiles	\$180,000	\$185,800	\$5,800	3%
Audio / Visual Equipment	-	-	-	-
Safety Equipment	-	-	-	-
Air Monitoring Automation/Remote Control Project	-	-	-	-
Video Conferencing System	-	-	-	-
Air Monitoring Station Equipment	\$747,600	-	(\$747,600)	(100%)
Air Monitoring Near Roadway Stations	\$971,800	-	(\$971,800)	(100%)
TOTAL FIXED ASSETS	\$2,232,269	\$496,234	(\$1,736,035)	(78%)
TOTAL OPERATING APPROPRIATIONS	\$13,796,256	\$11,838,910	(\$1,957,346)	(14%)

* Adjusted Budget as of 10/31/2013

PERMIT SERVICES

FISCAL SUMMARY

	<u>Budgeted 2013-14</u>	<u>Recommended 2014-15</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	10,780,987	10,097,343	(683,644)	-6%
Services and Supplies	906,005	778,941	(127,064)	-14%
Fixed Assets	241,756	250,950	9,194	4%
 Total	 <u>11,928,748</u>	 <u>11,127,234</u>	 <u>(801,514)</u>	 <u>-7%</u>
 <u>Position Summary</u>	 85	 85		

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. District, state and federal regulations require the best possible pollution controls and mitigation for new sources of air pollution. The second step, issuing the Permit to Operate, occurs after the applicant has installed the equipment as specified in the ATC and has demonstrated that it complies with District rules and regulations.

Sources are aided in these steps through the District's Certification of Air Permitting Professionals (CAPP) program, the District's small business assistance offices, close coordination with various economic development organizations throughout the Valley, outreach at city and county building and planning agencies throughout the Valley, continuous efforts by District staff and management to implement efficiency gains, and on-going cooperative permit streamlining efforts with regulated industries.

During the calendar year 2013, the District processed applications and issued about 4000 ATC permits for new and modified equipment and operations. This represents a three-year low in permit applications received, although the most recent statistics reveal an uptick in permitting activity as the recession shows signs of turning around.

Future permitting activity is expected to increase significantly as the economy recovers, especially if the development of the Monterey Shale oil fields in the south valley proceeds as currently expected. A portion of future permitting activity – permit requests related to gasoline dispensing operations – was transferred to the Compliance Department as a part of the District reorganization completed in April 2014.

Federally Mandated Operating Permits (Title V)

About 400 of the largest sources of air pollution are operating under federal Title V operating permits issued by the District. Title V does not impose any new emission standards or any new controls on emissions. It does, however, prescribe numerous detailed monitoring, recordkeeping, and reporting requirements for permits, and requires significantly increased administrative steps that must be met when issuing, renewing, or revising permits. In general, these latter requirements expand public and Environmental Protection Agency (EPA) participation in the permitting process for the largest emitters of air contaminants in the District.

The District's workload in this area continues to be significant, although we completed in 2013 a major effort to bring approximately 100 existing facilities into the Title V permitting program. These facilities have operated under existing District permits for years but are newly subject to the Title V program. In 2013, the District processed 1641 initial and renewal Title V permit applications at 24 facilities and processed over 1300 Title V permit modifications.

For 2014-15, the District expects the recent increase in the Title V workload to level off. While we do not expect significant new numbers of facilities entering into the Title V permitting program, the large increase in numbers of new Title V permits over the past few years will result in more renewal and modification permitting actions.

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. In 2013, the District issued or transferred ownership of 329 ERCs.

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 2014-15, the District will continue to update and improve this valuable permit-expediting tool, and will finalize streamlined processes to update state and federal BACT databases, resulting in additional staff time-savings.

Permit-Exempt Equipment Registration

The District has developed and implemented an innovative Permit-Exempt Equipment Registration (PEER) rule, Rule 2250, designed to minimize the overall workload required to achieve the emissions reductions expected of permit-exempt equipment through streamlined registration processes that fit well with the typically smaller and lower-emitting equipment to which it applies. The District issued over 426 permit-exempt equipment registrations this year, generating a savings of about 2800 person hours when compared to typical permitting processes. This area of responsibility was transferred to the Compliance Department in the District reorganization that took place in April 2014.

Conservation Management Practices Plans

The District, with strong coordination and cooperation with the Valley's agricultural representatives, implemented its innovative and nation-leading Conservation Management Practices (CMP) plan program in 2004-05, and is now responsible for regulating and updating nearly 7,000 CMP plans designed to decrease dust emissions from agricultural operations on farms, dairies, and other confined animal operations. In 2013 the District processed 586 applications for CMP plans on farms and dairies. This area of responsibility was transferred to the Compliance Department in the District reorganization that took place in April 2014.

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 result of these integrated efforts, there are currently no significant risk facilities identified under the Air Toxics Hot Spots program in the San Joaquin Valley.

As an additional part of its integrated air toxics program, to avoid allowing the creation of new health risks the District assesses the health risk associated with proposed increases in air toxic emissions through a Risk Management Review (RMR) process, and only approves permitting proposals that do not constitute a significant health risk. The District processed approximately 900 RMRs in 2013.

In 2014-15, the District will see an increased workload in this area as the District begins implementing revised guidelines for performing Health Risk Assessments. These revisions are being proposed by the state Office of Environmental Health and Hazard Assessment, and are designed to be protective of children and other sensitive individuals. The District Governing Board has directed staff to implement these revisions, with Valley-specific considerations and revisions developed during a public process which will occur during 2014.

Criteria Pollutant Emissions Inventory

The District maintains an annual criteria pollutant inventory of emissions from stationary sources. The emissions inventory system contains data from two types of sources. One type is the Point Source inventory for which emissions data is maintained for specific permitted equipment. The other is the Area Source inventory which is made up of smaller sources that are grouped together and evaluated and reported by source category. The process includes the gathering of raw data from facilities and other information sources, calculating emissions, reporting the emissions to the California Air Resources Board (ARB), and associated quality assurance work.

In 2013, the District's emissions inventory team processed 5670 inventory statements and survey responses. We continue to combine our inventory efforts with other emissions information gathering efforts, such as those required by Rules 3170, 4320 and 4702, significantly reducing and streamlining the paperwork required to be submitted by regulated sources.

In 2014-15, the District will be placing renewed emphasis on assisting the state Air Resources Board in preparing and updating planning inventories that will be used in upcoming attainment plans. While this will likely require significantly increased devotion of District resources, the payoff in the longer term comes in the form of assurance that the District's planning efforts will be focused on the most critical sources of air pollution.

California Environmental Quality Act (CEQA) 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 2013, this team reviewed 1602 CEQA documents, sent 1000 comment letters to other CEQA

lead agencies and prepared 80 CEQA documents to support the District's rule adoption and permit processing efforts. These numbers represent a significant increase in workload, by about 30%, perhaps indicating increased economic growth as the Valley emerges from the recession.

In addition, the District's CEQA team continued 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.

In 2014-15, the District will be implementing the Board's advice and guidance on revisiting its policies and procedures regarding its CEQA commenting role. District staff has implemented many streamlining efforts in this area, but believes that additional efficiencies in this process, involving well over one thousand CEQA comment requests per year from Valley lead agencies, are possible and should be investigated.

The Indirect Source Review (ISR) group reviewed 257 ISR applications in 2013, the most such applications ever received under this program, representing a 20% increase from the prior year. This review includes assessing a project's potential emissions, quantifying mitigations proposed by the applicant, and assessing any required 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 2014-15 BUDGET

With the reorganization fully implemented in April of 2014, eight positions from the Permit Services Department have been transferred to the Compliance Department, along with the workload associated with those positions. The increasing workload associated with the duties retained by Permit Services, as discussed below, are expected to be accommodated with existing staff by continuing to implement streamlining and efficiency improvements in all areas.

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

New Workload

As a part of the District's reorganization in April 2014, the Permit Services Department has assumed responsibility from the Strategies and Incentives Department for maintaining and updating valley-wide emissions inventories used in the State Implementation Planning (SIP) processes used to identify areas of potential future emissions reductions. The Permit Services Department will be able to bring its extensive emissions inventory experience to this increasingly important task, as the need for accuracy and finer detail grows in identifying the sources of emissions in the Valley. The District expects to place renewed emphasis on assisting the state Air Resources Board in preparing and updating these SIP inventories. While this will likely require significantly increased devotion of District resources, the payoff in the longer term comes in the form of assurance that the District's planning efforts will be focused on the most critical sources of air pollution.

A great deal of the District's new workload in the Permit Services Department will be in the area of performing Health Risk Assessments and associated duties using the expected revised Risk Assessment Guidelines from the Governor's Office of Environmental Health and Hazard Assessment (OEHHA). OEHHA is the state agency responsible for maintaining and updating the latest science in assessing risk from airborne toxics, and will be proposing revisions to their existing guidelines to the public in early 2014-15. The District's analysis of the draft changes indicates that we should expect an increase in calculated cancer risk of over 100% for a given air toxics emissions rate. This increase translates directly into increased District workload in several air toxics related areas. The District Governing Board has directed staff to implement these revisions after a public process in which staff will introduce the changes and the District's proposed implementation principles. We expect that implementation of these revised guidelines will subject at least twenty existing facilities to increased reporting and public meetings under the requirements of AB2588. Implementing these requirements will require a great deal of District staff time, reviewing facility plans for quantifying air toxic emissions, overseeing emissions testing or other quantification processes, and managing neighborhood public meetings where the facilities describe to the public the air toxics being emitted.

There is significant new work still being realized in the form of processing permit applications for facilities recently issued new Title V permits. These existing facilities are now subject to Title V for two reasons: either they have the potential to emit more than 10 tons of NO_x 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." The District issued over 100 new Title V permits in 2011 and 2012, a 33% increase in the total number of Title V facilities in the District.

One result of the increase in number of Title V facilities will be a continuation of the dramatic increase in Title V permit modification applications processed that began in 2011 and continued in 2012 and 2013. The District expects approximately 3,000 Title V modification applications per year as the economy picks up, a 100% increase from historical levels.

While the District's streamlined methodologies, our combined-permit program for Title V requirements, and the pre-existing local permitting requirements have significantly reduced the associated workload for Title V permitting projects, these are complex projects that require large amounts of staff time and will therefore add significant resource demands in 2014-15.

Handling this workload 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. However, in recognition of the lack of air quality benefit to the Title V permitting program the District will also continue its efforts to gain federal EPA approval of its local permitting program as a "Title-V equivalent" program. See more details below, under "Efficiency and Streamlining Measures". If successful, upon EPA approval, much of the ongoing workload associated with issuing, renewing and modifying Title V permits will be avoided in the future.

The Permit Services Department also began implementing a new permitting program called Prevention of Significant Deterioration (PSD) in early 2013. 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 was not being performed by EPA in a timely manner, and they (and entities subject to PSD permitting) had requested that the District accept delegation of the program. The District's permitting experience and proven streamlining capabilities are already resulting in a more expeditious permitting process than sources had experienced under EPA's implementation of the program. The District has now issued several PSD permits in a timely manner, demonstrating the success of the District's program and resulting in significantly improved service to those companies seeking PSD permits. The workload associated with this program is expected to continue to increase as more economic development is initiated in the valley, especially in the oil fields of the southern valley, but this increased workload is expected to be minimized due to our considerable efforts to streamline PSD permitting with the District's existing permitting processes.

The District expects CEQA activities to grow rapidly, on top of the 30% increase the District experienced in 2013, as the economy continues to improve. To accommodate the increased activity without a need for increased resources, the District will be reaching out to over sixty Valley land-use agencies in 2014-15 in a significant effort to streamline the District's CEQA commenting role. The effort will include the exploration of several different avenues, including more direct contact and cooperation with Valley land-use agencies and less project-specific, duplicative commenting processes. While one intention of this outreach will be to streamline CEQA commenting processes and reduce the related staff time, the initial effort is expected to be time intensive as the District meets with over sixty land use agencies in the Valley to provide guidance and technical assistance to cities and counties in mitigating air quality impacts of their discretionary land-use approval decisions.

As a part of this effort, 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 District also intends to encourage and grow the use of the Voluntary Emission Reduction Agreement program that allows project proponents to fully mitigate their future air quality impacts, which will result in additional staff time expenditure, but will result in reduced air quality impacts from development.

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 efforts to generate community-wide GHG emissions inventories, with the Counties of Kern and Kings, were extremely successful, and resulted in a high standard being established for future GHG emissions inventory efforts throughout the state, and the District looks forward to working with additional valley counties on such efforts in 2014-15.

The District’s Indirect Source Review program, implemented under the first-of-its-kind Rule 9410 designed to mitigate increases in emissions from development projects, is likely to see increased workload requirements in 2014-15. The District has already seen a 20% increase in work associated with this program in 2013, compared to 2012, as the land development climate improved and we expect that increase to continue.

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. New GHG-related tasks have been and will continue to be labor intensive. However, the District’s involvement is an opportunity 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.

Efficiency and Streamlining Measures

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

The department’s streamlining efforts have generally 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, without sacrificing the quality or health-protective nature of the permit evaluation process. In addition to continuing efforts in this area, the following specific streamlining efforts are to be undertaken in 2014-15:

- Continue development of the District's web-based "Facility Portal." The District released the initial "Beta" version of the Facility Portal to volunteer permit stakeholders this past year, with great success. This window into the District's permitting data allows permitted facilities to review their own facility information and documents, all of which have been published electronically, and even print copies of their own permits. The facility can actually watch the progress of permit applications it has submitted, and have ready access to the identified permit processing engineer. In 2014-15 the District intends to open this portal to all permitted facilities, and begin enhancing the Portal with additional features, such as direct access to review and pay open invoices, review financial activity history, and even directly submit permit applications to the District. While this Facility Portal provides significant benefit to the District's permitted sources, it also eliminates or reduces many time-consuming tasks now performed by District staff, such as responding to requests for information about permits, project status, facility history, billing information, etc.
- Continue our efforts to seek an equivalency determination from EPA that acknowledges our long-standing local permitting program is as protective of air quality as the federal Title V permitting program, and modify our permitting program to avoid unnecessary permitting associated with Title V. While achieving EPA approval in this area continues to be a daunting task, the potential payback in reduced person-hours is well worth the effort, as the Title V program currently consumes an average of about 15,000 hours of staff time per year.
- Finalize our implementation of the District's automation of an interdepartmental communication system, called the "change order process," that the District uses to pass permitting information from the Compliance Department to the Permit Services Department, by including automatic permit-issuance for types of projects that do not require compliance inspection prior to issuance.
- Continue efforts to 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, resulting in a double benefit.
- Finalize the improvements to the District's web-based annual emissions inventory surveys and submittals, so that all facilities required to report annual emissions information have the option to do so over the web. We recognize that not all permit holders are interested in using this web-based process, but those that do enhance not only their own efficiencies, but the District's as well.
- Eliminate redundant or unnecessary review of subordinate work product, while simultaneously reducing application processing errors and related rework through additional training and automation.

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. The District adopted two permit streamlining policies for aggregate processing in 2013 as the industry's permitting needs increased and its priorities changed during a rapid upswing in public roads projects took place. The District also adopted a streamlining policy intended to allow agricultural irrigation pump operators more quickly replace rented equipment, to accommodate the critical and fast paced irrigation decision making process undertaken by the farming community. We intend to continue to employ all such opportunities as they are discovered, incorporating innovative permit streamlining efforts that reduce District and industry staff time while maintaining the important air quality protections provided for by the District's regulations.

Additionally, through ongoing comprehensive implementation of the District's Service Teamwork Attitude Respect (STAR) program, the District 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.

SUMMARY OF POSITIONS

<u>Title</u>	<u>2013/2014</u>	<u>2014/2015 Recommended</u>	<u>Increase/ Decrease</u>
Air Quality Engineer VII	38.0	38.0	0
Air Quality Specialist VII	13.0	13.0	0
Air Quality Technician VII	1.0	1.0	0
Director of Permit Services	1.0	1.0	0
Office Assistant VII	3.0	3.0	0
Permit Services Manager	3.0	3.0	0
Program Manager	1.0	1.0	0
Senior Air Quality Engineer	12.0	12.0	0
Senior Air Quality Specialist	4.0	4.0	0
Senior Office Assistant	1.0	1.0	0
Supervising Air Quality Engineer	6.0	6.0	0
Supervising Air Quality Specialist	2.0	2.0	0
TOTAL	<u>85.0</u>	<u>85.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Permit Services

	Adjusted* FY 13-14	Recommended FY 14-15	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$6,664,863	\$6,259,304	(\$405,559)	(6%)
Temporary Help	-	-	-	-
On Call Pay	-	-	-	-
Overtime	\$83,190	\$61,287	(\$21,903)	(26%)
Unemployment	\$27,918	\$23,626	(\$4,292)	(15%)
Retirement	\$2,887,323	\$2,732,625	(\$154,698)	(5%)
OASDI	\$100,394	\$94,039	(\$6,355)	(6%)
Workers Compensation	\$39,989	\$41,052	\$1,063	3%
Cafeteria Plan Benefits	\$898,608	\$813,843	(\$84,765)	(9%)
Long-Term Disability Insurance	\$23,165	\$15,647	(\$7,518)	(32%)
Alternate Transportation Incentive	\$55,537	\$55,920	\$383	1%
TOTAL SALARIES AND BENEFITS	\$10,780,987	\$10,097,343	(\$683,644)	(6%)
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	-	-	-	-
Mobile Communications	\$7,161	\$5,230	(\$1,931)	(27%)
Telephone Charges	\$31,748	\$33,844	\$2,096	7%
Insurance	\$61,527	\$53,903	(\$7,624)	(12%)
Equipment Maintenance	\$45,667	\$43,289	(\$2,378)	(5%)
Vehicle Maintenance & Operations	-	-	-	-
Computer Maintenance	\$55,679	\$45,433	(\$10,246)	(18%)
Video Conferencing Maintenance & Operations	\$610	-	(\$610)	(100%)
Building Maintenance & Operations	\$82,037	\$66,827	(\$15,210)	(19%)
Office Supplies	\$21,486	\$18,141	(\$3,345)	(16%)
Computer Software & Supplies	\$26,580	\$25,824	(\$756)	(3%)
Monitoring Station Supplies & Equipment	-	-	-	-
Postage	\$25,210	\$26,599	\$1,389	6%
Printing	\$7,932	\$7,955	\$23	-
Professional & Specialized Services	\$190,975	\$129,834	(\$61,141)	(32%)
Publications & Legal Notices	\$115,940	\$97,990	(\$17,950)	(15%)
Rents & Leases	\$133,557	\$134,173	\$616	-
Small Tools & Equipment	\$6,195	\$6,183	(\$12)	-
Special District Expense	\$7,221	\$7,175	(\$46)	(1%)
Travel & Training	\$19,270	\$16,770	(\$2,500)	(13%)
Travel & Training - Boards	-	-	-	-
Utilities	\$67,210	\$59,771	(\$7,439)	(11%)
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$906,005	\$778,941	(\$127,064)	(14%)
FIXED ASSETS				
Office Improvements	-	-	-	-
Facilities & Equipment	\$20,725	\$34,498	\$13,773	66%
Computer Equipment	\$187,381	\$180,455	(\$6,926)	(4%)
Office Furniture / Equipment	\$7,631	\$6,868	(\$763)	(10%)
Office Machines	\$19,564	\$22,710	\$3,146	16%
Telephone Systems	\$6,455	\$6,419	(\$36)	(1%)
Detection Equipment	-	-	-	-
Automobiles	-	-	-	-
Audio / Visual Equipment	-	-	-	-
Safety Equipment	-	-	-	-
Air Monitoring Automation/Remote Control Project	-	-	-	-
Video Conferencing System	-	-	-	-
Air Monitoring Station Equipment	-	-	-	-
Air Monitoring Near Roadway Stations	-	-	-	-
TOTAL FIXED ASSETS	\$241,756	\$250,950	\$9,194	4%
TOTAL OPERATING APPROPRIATIONS	\$11,928,748	\$11,127,234	(\$801,514)	(7%)

* Adjusted Budget as of 10/31/2013

STRATEGIES AND INCENTIVES

FISCAL SUMMARY

	<u>Budgeted 2013-14</u>	<u>Recommended 2014-15</u>	<u>Increase/ (Decrease)</u>	
<u>Appropriations</u>				
Salaries and Benefits	5,286,322	6,506,914	1,220,592	23%
Services and Supplies	1,226,092	1,545,338	319,246	26%
Fixed Assets	<u>164,175</u>	<u>1,679,124</u>	<u>1,514,949</u>	923%
 Total	 <u><u>6,676,589</u></u>	 <u><u>9,731,376</u></u>	 <u><u>3,054,787</u></u>	 <u><u>46%</u></u>
 <u>Position Summary</u>	 56	 56		

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 prioritize measures that provide for maximum health benefits, in addition to meeting federal air quality standards.

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

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

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 representatives of industries that will be affected by the controls listed in the plans. These plans and the associated progress reports and supporting documents must meet all legal requirements, and must account for the needs of Valley citizens and industry. Developing air quality plans requires analyzing measured air quality and emission inventories, conducting atmospheric modeling, developing emission control strategies, and coordinating efforts with Valley transportation planning agencies, stakeholders, ARB, and EPA. The District develops its air quality plans in an open public process with 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. For decades, the District has adopted multiple generations of rules reducing emissions from the Valley’s stationary sources, such as boilers, internal combustion engines, and turbines. In recent years, District staff has also drafted rules addressing indirect sources (mobile sources from new development), wood-burning fireplaces, and employee vehicle trips. In developing new rules, District staff implements the Governing Board-approved Rule Development Procedures, and complies with the California Environmental Quality Act (CEQA) and other state laws regarding public hearings and economic analysis. During the

development of each rule, staff works closely with ARB and EPA to satisfy state and federal requirements, and solicits stakeholder comments at public workshops. Additionally, staff collaborates closely with affected businesses to gain a better understanding of regulatory economic impacts. Staff develops industry-wide cost estimates and provides this data to an economic consultant, who in turn prepares a regional economic impact analysis. As a result of the time needed for the full public review process and extensive analysis, major rule development projects may take more than one year to complete in order to produce rules that meet the District's air quality goals and provide cost-effective compliance options for affected businesses.

District staff is also responsible for the implementation of other innovative strategies adopted by the Governing Board, such as the Fast Track program and Health Risk Reduction Strategy. The Fast Track program established a non-regulatory approach to reducing emissions and expediting attainment of federal standards through a variety of innovative pollution control measures, such as the establishment of green contracting/procurement guidance, public funding for incentive grant programs, energy efficiency/conservation, and Healthy Air Living. In light of the latest air quality science and health research, the District's Health Risk Reduction Strategy established a policy position emphasizing the prioritization of strategies providing for maximum health benefits.

Air Quality Modeling and Monitoring Data Analysis

Air quality modeling uses highly complex computer programs, sophisticated computer hardware, and large databases to predict ambient pollution concentrations given future emission inventory and meteorological scenarios. These models bring together the science of emissions generation, meteorological transport, and atmospheric photochemistry in a "computerized laboratory" that can simulate air quality concentrations in the San Joaquin Valley. Many of the inputs and algorithms in these models were derived from the cutting-edge research performed through the San Joaquin Valleywide Air Pollution Study Agency.

In a general context, air quality modeling activities are fundamental to understanding the San Joaquin Valley's complex air quality problems. The District 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. The District collaborates extensively with modelers from ARB, industry, academia, and other air districts on modeling projects. In particular, the District 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. Through the recent addition of a state-of-the-art modeling center, the District will increasingly play a

lead role in conducting modeling activities to assist in preparation of its attainment plans and strategies. In 2014-15, the District will be utilizing the modeling center to continue to develop and launch a new online public resource that provides air quality information on a neighborhood by neighborhood level.

District 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

District staff provides a variety of air quality forecasting services, including 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 forecasts in support of the smoke management program for agricultural and prescribed burns. Each day, District staff analyzes forecasted weather conditions using state-of-the-art tools, such as National Weather Service meteorology models, the District's 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.

In addition to forecasts, District staff also conducts extensive analysis of air quality data generated from the District's network of air quality monitoring stations in support of planning efforts and to provide timely, accurate information to the public regarding air quality progress. 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.

Air Monitoring

The District operates a comprehensive ambient air monitoring program for criteria air pollutants in each of the eight counties of the Valley. The sophisticated equipment used measures pollutants at very low levels. The equipment operates continuously and must

be maintained to meet very strict state and federal criteria. It is critical the District maintains this equipment as the data is extremely important in providing current air quality information to the public, and is utilized for a number of District programs.

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

Pollutants monitored include ozone, PM10 and PM2.5, nitrogen oxides, hydrocarbons, and carbon monoxide. In addition to routine monitoring, the District operates a network of five Photochemical 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 25 stations located throughout each of the eight counties. In total there are 35 gas analyzers, 32 particulate samplers, 22 sets of meteorological sensors, 12 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.

Incentive Grant Program Functions

District staff is responsible for the development, implementation, and on-going administration of a variety of incentive grant programs, including the Heavy-Duty Engine Program, the REduce MOtor Vehicle Emissions (REMOVE) Program, and other incentive programs. Additionally, staff is responsible for ongoing administration of the District's Technology Advancement Program (TAP), the Smoking Vehicle Program, and other non-regulatory control strategies. Timeliness in the evaluation of grant applications and payment of claims is imperative to allow the District to obtain much needed emission reductions. Applicants expect quick turnaround times on their completed applications in order to install the new reduced-emission technologies in a timely manner. Failure to expend funds within specified time frames may result in the loss and return of unused funds.

The following is a list of all incentive grant fund revenues included in the 2014-15 Recommended Budget:

• DMV Surcharge Fees	\$41,046,000
• Carl Moyer Program	8,300,000
• ISR & Voluntary Mitigation Agreements	6,664,513
• Proposition 1B	60,000,000
• DERA Program	853,891
• School Bus Program	1,356,430
• Federal Diesel Emission Reduction Funding	1,050,000
• Non-Operating Interest	1,043,000
• AERO (Rule 4320) & Section 185 (Rule 3170)	1,950,000
• Miscellaneous Incentive Funds	<u>70,000</u>
 Total New Incentive Grant Funds	 <u><u>\$122,333,834</u></u>

Heavy-Duty Engine Program

The Heavy-Duty Engine Program is the District's largest and most successful incentive program. The Heavy-Duty Engine Program accepts applications for a wide variety of engines that power vehicles or equipment. Heavy-duty trucks, buses, and heavy-duty off-road engines are significant sources of nitrogen oxides (NOx), particulate matter (PM) and reactive organic gases (ROG) emissions within the San Joaquin Valley. Although the District does not have the authority to regulate vehicle tailpipe emissions, it can provide monetary incentives to reduce emissions from these sources. The program provides funding for equipment replacements, engine repowers, or retrofits that are cost-effective in reducing emissions. Emission reductions are obtained when the project applicant purchases vehicles and engines that are cleaner than required by regulatory emission standards or installs an emission certified retrofit device on an existing engine. Project types funded include, but are not limited to: on-road vehicles (heavy duty trucks, school buses, etc.), locomotives, off-road vehicles and equipment (construction, agricultural tractors, etc.), agricultural irrigation pump engines, forklifts, and engine idle reduction technology. During the first eight months of 2013-14, the District obligated over \$35 million in incentive funds through its various heavy-duty programs for over 1,000 engines/vehicles, and paid out over \$56 million in grant claims.

Proposition 1B – Goods Movement Emission Reduction Program: An important component of the Heavy-Duty Engine Program is the Goods Movement Emission Reduction Program, funded through Proposition 1B. The majority of this funding is allocated for reducing emissions from heavy duty diesel trucks operating in the Valley, with a smaller portion of funds allocated for locomotives. This program requires a competitive application solicitation process. Emissions from every application submitted to the District for funding must be calculated and ranked by cost-effectiveness. Each eligible piece of equipment is then funded in order of cost-effectiveness until program funds are exhausted. There are also substantial monitoring, auditing and reporting requirements associated with these funds.

Truck Voucher Incentive Programs: The truck voucher incentive program was the first of its kind when launched by the District recently as one of its newest incentive programs. The program is primarily focused on providing funding for truck replacements for small businesses that do not generally qualify for funding under the Proposition 1B or other programs. The program is designed to be streamlined, with close coordination of the application and verification process conducted with truck dealerships. District verification of all information submitted as well as physical inspections of new and old vehicles help ensure that the integrity of the program is maintained throughout the process.

Agricultural Equipment Replacement Program: Another relatively new addition to the District's incentive programs, the Agricultural Equipment Replacement Program funds the replacement of various types of older agricultural equipment with the latest generation certified equipment. District staff evaluates all applications for eligibility and emissions benefits and performs extensive monitoring to verify emissions reductions. This new program has seen extensive interest and is one of the primary incentive programs operated by the District.

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

REMOVE Program

The REMOVE Program provides incentives for projects that reduce motor vehicle emissions within the District, one of the largest sources of emissions not under the direct regulatory authority of the District. All projects must have a direct air quality benefit to the District, and include high-polluting vehicle scrappage, E-mobility (video-telecommunications), bicycle infrastructure, alternative fuel vehicle mechanics training, public transportation and commuter vanpool subsidies. During the first eight months of 2013-14, the District obligated over \$2.1 million in incentive funds through its various REMOVE programs for over 1,850 projects.

Drive Clean

The District recently revamped its incentive program aimed at encouraging Valley residents to drive advanced clean vehicles, establishing a new incentive structure that provides a variety of incentives for electric and other alternative-fueled vehicles.

Additionally, in addition to clean vehicle rebates, Drive Clean includes incentives that cover a portion of the charging infrastructure cost associated with electric vehicles.

Vehicle Scrap and Repair:

The District has offered a variety of incentives to encourage the early retirement of the highest polluting light-duty vehicles by encouraging the scrapping or repair of these vehicles. The State Bureau of Automotive Repair (BAR) currently has a statewide program that encourages the early retirement of vehicles that fail their smog check. As one of the newest District incentive programs targeting the highest-polluting light-duty vehicles, the District's Tune In Tune Up program, run in partnership with Valley Clean Air Now, has reached out to Valley residents in environmental justice communities who otherwise may not be able to afford costly emissions-related vehicle repairs. Through weekend events, participating residents could have their vehicles screened to determine if they qualified for emissions-related repairs at little to no cost to them. In 2013, the District sponsored 22 weekend events that provided over 5,000 vouchers to Valley residents for vehicle repairs.

Hybrid Truck and Bus Voucher Incentive Plus-Up Program (HVIP "Plus-Up"):

The HVIP "Plus-Up" Program is designed to offer additional incentive funding to fleets that are purchasing hybrid or zero emission trucks and buses through the state of California's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP). Fleets that are operating in the San Joaquin Valley can get up to \$30,000 per vehicle in additional voucher funds on top of the HVIP funds by participating in the San Joaquin Valley Air Pollution Control District HVIP Plus-up Program.

Public Benefit Grants Program

The Public Benefit Grant Program is another recent addition to the District's incentive programs, and provides funding to Valley cities, counties and other public agencies for a wide variety of clean-air public-benefit projects that provide benefits to Valley residents. Eligible applicants are cities, counties, special districts (i.e. water districts, irrigation districts, etc.) and public educational institutions (i.e. school districts, community colleges, state universities, etc.) located within the geographic area of the SJVAPCD. During the first eight months of 2013-14, the District approved over \$7 million in incentive funds through the Public Benefit Grants program.

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. During the first eight months of 2013-2014, the District obligated over \$500,000 in incentive funds through the Burn Cleaner program for over 900 units.

Lawn Mower Replacement Program

The District has run a highly successful lawn mower replacement for a number of years. The program is designed to operate through events or rebates, and includes verification that an old lawn mower has been replaced. The District anticipates launching the next phase of this program in the second quarter of 2013.

Technology Advancement Program

The District created the Technology Advancement Program (TAP) in late 2010 to encourage the development of advanced new emission reduction technologies in the Valley. The program provides funding for clean air technology advancement projects in several focus areas. To date, the District has approved funding for twenty projects to demonstrate a wide variety of mobile source, renewable energy, and waste to energy technology advancement projects.

Smoking Vehicle Program

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

SIGNIFICANT IMPACTS TO 2014-15 BUDGET

As detailed in the next section, the District anticipates an increase in workload in the planning, air monitoring, and incentive program functions, including the need to develop new attainment plans for ozone and PM2.5, development and adoption of rules to fulfill federal mandates and District commitments, and administration of additional incentive grant funding projects. The increased workload is expected to be accommodated with existing staff by continuing to implement streamlining and efficiency improvements in all areas. Additionally, efficiencies gained from the reorganization recently implemented in April 2014 will assist in addressing the impact of increased workload in 2014-15.

New Workload

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

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 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. Within this context, the District will also continue to develop its Health Risk Reduction Strategy to prioritize strategies that provide for maximum health benefits.

District staff will also continue to analyze the implications of new federal standards for oxides of nitrogen, oxides of sulfur, 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 2012 PM2.5 Plan and elements of the 2008 PM2.5 Plan, which may trigger more extensive revisions to the currently active plans.

In 2014-15, the District will need to provide significant technical oversight for a variety of Study Agency and other research efforts scheduled for implementation in 2014-15. 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 design and oversee the execution of research studies in a number of important areas, including: emissions inventory for key area and mobile sources; studies in support of the Health Risk Reduction Strategy; saturation studies in support of the neighborhood level air quality reporting system; and studies in support of rule and strategy development.

One significant project requiring significant resources will be the establishment and utilization of a new Air Quality Modeling Center at the District. This new center will provide extensive air quality computer modeling resources that will allow the District to conduct complex air quality modeling currently only being performed by the State Air Resources Board. These models are critical to understanding the Valley's air quality and evaluating potential strategies. Significant staff resources will be required to develop the in-house capacity necessary to fully utilize the resources available through the new center. Additionally, significant staff resources will be required to perform air quality modeling.

In 2014-15, the District will be utilizing the modeling center to continue to develop and launch a new online resource for Valley residents that provides air quality information on a neighborhood by neighborhood level. The District is in the final stages of establishing the technical methodology for quantifying historical neighborhood level particulate and ozone concentrations, and is preparing to launch a beta version in the coming months with full public launch of historical air quality trends by the end of the year. Ultimately, this new online resource will be able to provide real-time air quality data at the neighborhood level.

The District continues to conduct analysis needed for improving air quality forecasting tools to reflect the ongoing improvements in Valley air quality. The District anticipates completing several Exceptional Events documents in 2014-15. 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 develop a number of emission control strategies in 2014-15 to achieve additional emissions reductions, particularly under the new *2012 PM2.5 Plan* adopted by the Governing Board in December 2012. These control strategies will include new regulations, new incentive programs, and other innovative emission control strategies. Several regulations that will be worked on in 2014-15 include potential amendments to Rule 4901 to lower the wood burning curtailment threshold, and potential amendments to Rule 4692 to reduce emissions from commercial under-fired cooking operations. Additionally, the District will be implementing reporting requirements under new Rule 9610 to obtain credit towards federal requirements for reductions achieved through incentive programs. 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.

Air Monitoring

Despite a significant increase in workload, the 2014-15 Recommended Budget for the District's Air Monitoring Program does not include an increase in regular positions. As detailed in the following section, the District will experience major increases in workload resulting from new federal mandates in the area of ambient air quality monitoring. The new workload will be absorbed with existing staff through further streamlining of air monitoring functions and continued improvements in efficiency.

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 over the next two years. 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 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.

The District estimates that each of the four new required near-roadway nitrogen dioxide monitoring stations will cost approximately \$250,000 for initial construction/setup and \$45,000 per year for operation and maintenance, which includes labor, rent, utilities, and spare parts. Without additional state or federal funding, the District would not have sufficient funds to cover the implementation and operation of the new near-roadway monitoring stations. The District's existing federal Clean Air Act (CAA) Section 103 and 105 funds are fully expended to operate the existing federally-required air monitoring network, which is one of the most extensive air monitoring networks in the nation. In spring of 2012, a contingent comprised of members of your Board, District staff, and District stakeholders travelled to Washington D.C. and advocated for additional federal funding to comply with new air monitoring mandates including the near-road NO₂ network. These efforts led to the EPA providing \$400,000 in CAA Section 103 grant funds to aid in the implementation of the new monitoring network.

In addition to the new stations discussed above, the District will also begin evaluating new locations for the Merced Coffee, Fresno Sierra Sky Park, and Lebec air monitoring stations. Each of these stations which will need to be relocated in the near future.

Recent changes implemented by EPA and ARB are resulting in significant increased workload associated with the requirement to update and/or create over 75 policies and procedures relating to the operation and maintenance of the District's air monitoring network. These new and updated policies are intended to ensure greater consistency in the operation of monitoring networks by local districts under ARB's monitoring umbrella.

The use of new technologies and efficiencies, such as the expansion of remote connection and automation capabilities will enable more efficient operation of the air monitoring stations. The number of potential trips that staff will need to make to maintain a station and diagnose small problems with equipment will be significantly reduced. These efforts to automate air monitoring tasks and allow remote connection to air monitoring stations are essential to absorb the new workload without corresponding significant increases in program staffing.

Through the District's existing efforts to automate and streamline the operation of the air monitoring network, it was determined that the current reliance on third-party contractors to develop and implement automation solutions has hindered the District's ability to respond quickly and effectively to changing circumstances. Toward that end, the 2014-15 Recommended Budget proposes a reclassification of a Senior Air Quality Instrument Technician position to an Air Quality Instrument Specialist. The Air Quality Instrument Specialist position will further enhance the District's efforts to automate and streamline air monitoring tasks with in-house expertise in these areas. This position will be responsible for:

- Analyzing air monitoring program needs (such as the automation of equipment operation) and, where efficient and feasible to do so, adapting or fabricating instruments, equipment, or components to meet requirements.
- Analyzing and assisting in solving technical problems related to the operation, maintenance, repair, and calibration of air monitoring instrumentation and equipment.
- Making recommendations and implementing modifications to instruments and procedures to improve accuracy, dependability and serviceability.
- Evaluating new instruments and equipment for quality, consistency with manufacturers' specifications, and ability to meet District requirements.

Incentive Programs

The most significant workload related to the District's incentive programs involves the funding of projects through the Proposition 1B Goods Movement Emission Reduction Incentive Program. Significant interest has been shown in this program, with the District receiving 2,019 applications for over \$100 million of requested funding during the program's recent solicitations in 2013. While difficulties with the State budget caused a significant delay in funding early in the Proposition 1B Program's implementation, funds

have more recently become available, with the District receiving and allocating over \$106 million to date.

In addition to the ongoing work of processing and closing out the remaining funds from the previous round of funding, the District is expecting to receive nearly \$60 million of additional funding in 2014-15. This increased funding will generate a substantial amount of new work in several areas. To identify eligible and cost-effective projects for this new funding and to meet the statutory requirements of the program, the District must open a new competitive application solicitation in the fall of 2014. This solicitation will include a comprehensive outreach component to ensure that we receive maximum participation Valley-wide. Additionally, this new solicitation will necessitate a complete overhaul of all District applications, forms, and associated program materials due to the increasing complexities of this program stemming from the implementation of ARB's statewide truck and bus regulation. With the implementation of this regulation, significantly more project by project evaluation will occur than in previous phases of the program. These complexities will also necessitate working more closely with each fleet owner and truck operator to determine their potential eligibility for the program.

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

In addition to Proposition 1B, the District will also be implementing several truck voucher incentive programs in 2014-15. Given the substantial funding and demand for these programs, significant staff time associated with application processing, monitoring, auditing, and reporting will be required.

A relatively new component of the Heavy-Duty Engine Program is the agricultural equipment replacement program. This program is targeted at reducing emissions from off-road equipment, and provides funding for equipment replacement, engine repowers, or engine retrofits that are cost-effective in reducing emissions. The District has seen a high level of interest from the agricultural sector in this program, and the District plans on providing significant funds towards these cost-effective projects in 2014-15. In addition to the significant workload associated with increased outreach and processing of new applications, significant workload is also expected for the review and processing of grant claims and payments associated with the extensive funding provided in 2013-14.

Similar to the development of a truck reuse program in Proposition 1B, the District is working on developing a first-of-its-kind tractor reuse program with the same goal of gaining additional emission reductions from replacing old, high-polluting tractors with newer tractors that have been replaced through the District's agricultural equipment replacement program. Like the truck reuse program, the design of the program is

substantially complete; however, program implementation on a large scale will result in a significant additional workload in the upcoming year.

Another new grant component currently under development in the Heavy-Duty Engine Program is the Refuse Vehicle Replacement Program. This program is aimed at reducing emissions from refuse vehicles and reducing impacts of toxic emissions in the neighborhoods in which these vehicles operate. The new workload associated with this program will include developing program guidelines and associated materials, a strong outreach component to ensure maximum participation and the effective administration of the program including application processing, contracting, payments and ongoing reporting.

As a key component of the District's overall strategy to reduce the impacts of residential wood burning, the District is actively working on enhancements to the Burn Cleaner Program, which provides monetary incentives for Valley residents to switch to cleaner-burning devices. The process for developing these enhancements in the context of the ongoing effort to amend the District's rule on wood burning will require a great deal of coordination and outreach with affected stakeholders, the hearth industry and the general public. Ultimately, the enhancements to the incentive program will require additional work to update the program guidelines and associated materials, provide training to our dealer partners, amending agreements, a coordinated, strong outreach campaign as well as efficient program administration.

For the past several years, the District has operated the Drive Clean Rebate Program to provide incentives for the purchase of advanced technology clean light-duty vehicles. More recently, the District has engaged in a planning effort to ensure that the Valley is well positioned and ready for the significant increase in electric vehicles in the coming years. To assist and support in this process, the District is developing enhancements to the Drive Clean program that will help to encourage electric vehicle deployment by providing incentives for residential and commercial EV charging. The expected increase in workload from this program will come from the research and development of this new funding component as well as a strong outreach component and program implementation activities.

The District continues to enter into Voluntary Emission Reduction Agreements (VERAs) to mitigate the increased emissions from development projects in the Valley. In addition to entering into VERAs aimed at reducing criteria emissions increases, the District has also entered into mitigation agreements with project proponents to mitigate greenhouse gas emissions through incentive programs. Funding from these various agreements will be utilized in the District's incentive programs to fund qualifying emission reduction projects. Additionally, with increased construction in the Valley, the District projects receiving additional Indirect Source Review (ISR) revenue. The District anticipates receiving nearly \$6 million of incentive funding through these programs. These mitigation programs will impact the District workload with increased application processing, contract administration, grant tracking requirements, and grant payments.

The District's Technology Advancement Program is expected to continue to provide funding for clean air technology demonstration projects in the Valley. The District expects to see significant activity in this important program through the solicitation and contracting of a variety of technology advancement projects. Substantial staff time will be required to administer approved projects, revise program requirements, solicit applications, evaluate applications, and contract new projects. As demonstration projects are implemented, the District will invest significant effort in reporting results to the public. Additionally, the District will continue to refine the focus areas of the program, and make necessary changes to the program guidelines and other program resources.

In addition to the above new workload associated with new funding and program requirements, the District will also spend a significant amount of staff resources 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 2014-15 through AB 118, AB 32 Cap and Trade, and other state and federal funding sources.

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

As part of the reorganization in April 2014, the Strategies and Incentives Department has assumed responsibility for overseeing the District's air monitoring activities. This will result in increased communication between the air monitoring and air quality analysis programs, and overall increased efficiencies, including with respect to data review and quality assurance.

As part of the reorganization in April 2014, the Administrative Services Department has assumed responsibility for the incentive grant program functions. This will provide for improved efficiency as it will enhance communication and workflow for District staff performing incentive grant processing and related fiscal activities. Necessary internal controls to ensure continued integrity and fiscal prudence will be achieved through separation of duties and proper level of management oversight.

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

Recently, as part of restructuring efforts to consolidate functions and increase efficiency, the plan development and rule/emission control strategy development functions were combined under one supervisor and section. This restructuring allows staff to work on a variety of related functions as needed to satisfy various attainment planning, rulemaking, and other mandates.

In 2014-15, several streamlining initiatives will leverage computer automation and technology improvements to replace tasks currently or previously performed by staff. The implementation of a new automated air quality data/monitoring system will significantly reduce the amount of staff time required to perform quality assurance/control of air quality data. Forecasting staff 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.

In 2014-15, 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 core value of open and transparent public processes, webcasting meetings allows an additional means of public participation, while reducing emissions from mobile sources. The District will continue to present major topics in-person throughout the Valley, and utilize the District's VTC facilities for all public meetings. In order to better reach stakeholders in the Valley's environmental and community groups, the District will continue to present and solicit feedback at regularly scheduled meetings of the Citizen's Advisory Committee and Environmental Justice Advisory Group.

To streamline the training of newer staff members, staff will continue utilizing web training seminars (webinars) where more than one person can participate, in order to save time, reduce travel, and maximize the number of people trained. In addition, to minimize the time spent by staff staying abreast of new policy, legislation, and guidance, when new information becomes available, one staff member reviews it and posts a summary to the District's intranet website. Other staff is then notified of the new posting, which enables more staff members to access pertinent information in a fraction of the normal time.

To better respond to an increasing and dynamic workload, significant cross-training of newer staff across a variety of job functions is being conducted. This cross-training assists in succession planning for key staff, and helps to better provide consistent customer service to our stakeholders, since there will be more staff able to assist in answering questions.

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

Air Monitoring

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 mandates and monitoring data needs to be met without corresponding significant increases in program staffing. Without these efforts, meeting future mandates and demands will not be sustainable with existing staffing levels. In fiscal year 2014-15, the District is proposing to continue its aggressive efforts in the areas of automation, remote connection and modernization by undertaking the following projects:

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

In 2012, your Board authorized the District to launch a pilot project at the District's Air Monitoring Automation and Remote Connection laboratory located in the central region office. This project is continuing to work through 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. During 2014-15, it is expected that the network rollout will be completed.

In fiscal year 2014-15, the District will also be continuing an effort to evaluate the current Air Monitoring Network to ensure that it is correctly suited to provide the information necessary to meet federal requirements and District and stakeholder objectives while avoiding duplicative monitoring. This effort to "right-size" the monitoring network will allow the District to efficiently and effectively meet air monitoring requirements and needs while controlling costs in the face of new ambient air quality monitoring mandates and the increasing demand for high-quality, real-time ambient air monitoring data.

Temporary positions are being proposed to assist in many areas of responsibility until staff has time to implement and evaluate the effect of all our efficiency measures. Furthermore, temporary hours will be used to smooth expected short-term workload increases. Temporary hours equivalent to one Air Quality Instrument Technician position are proposed to assist with duties within the air monitoring program.

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. Most recently, ARB and DOF audits found the District's incentive programs as fiscally sound and "efficiently and effectively achieving their emission reduction objectives." District staff has implemented numerous operational efficiencies to expedite the application and contract process and will continually look for opportunities for streamlining. Through these efficiencies, the District is not proposing additional regular staffing in 2014-15, despite the high projected workload in 2014-15. The District proposes to continue utilizing temporary staffing to process applications in a timely manner during projected peak activity periods, including the processing of Proposition 1B and new motor vehicle surcharge funds. If additional staffing is required to process additional grant funding projected in 2014-15, 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:

- Automation of grant process through the implementation of new technology, including the ability to receive online applications, and continued improvement of the District's custom grant management database
- Continued enhancement and development of new grant program guidelines and materials to provide diverse grant programs through which to expend existing and new funding sources, while streamlining the process for applicants
- Continue to work closely with ARB to reduce administrative requirements under the Proposition 1B program
- Utilization new first-come first-served heavy duty off-road equipment replacement program guidelines to implement next round of funding
- Development of templates and boilerplate contracts and supporting documentation to increase efficiency and consistency
- Consolidation of inspection procedures to provide enhanced customer service while reducing inspection staff time
- Expand use of various outreach options, including continued input from the Environmental Justice Advisory Group, and use of the District's website to make available program information and resources

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

SUMMARY OF POSITIONS

<u>Title</u>	<u>2013/2014</u>	<u>2014/2015 Recommended</u>	<u>Increase/ Decrease</u>
Air Quality Assistant	1.0	1.0	0
Air Quality Instrument Specialist VII	0	1.0	1.0
Air Quality Instrument Tech VII	6.0	6.0	0
Air Quality Specialist VII	22.0	22.0	0
Director of Strategy & Incentives	1.0	1.0	0
Health Science Advisor	1.0	1.0	0
Office Assistant VII	2.0	2.0	0
Operations Support Supervisor	1.0	1.0	0
Program Manager	3.0	3.0	0
Senior Air Quality Instrument Tech	2.0	1.0	-1.0
Senior Air Quality Specialist	10.0	10.0	0
Staff Technician VII	2.0	2.0	0
Supervising Air Quality Instrument Tech	1.0	1.0	0
Supervising Air Quality Specialist	4.0	4.0	0
TOTAL	<u>56.0</u>	<u>56.0</u>	<u>0</u>

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Strategies and Incentives

	Adjusted* FY 13-14	Recommended FY 14-15	Budget/Budget	
			Increase (Decrease)	%
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$2,900,886	\$3,598,285	\$697,399	24%
Temporary Help	\$425,895	\$462,921	\$37,026	9%
On Call Pay	-	-	-	-
Overtime	\$45,605	\$57,812	\$12,207	27%
Unemployment	\$17,905	\$19,993	\$2,088	12%
Retirement	\$1,280,698	\$1,599,388	\$318,690	25%
OASDI	\$74,296	\$85,601	\$11,305	15%
Workers Compensation	\$19,807	\$34,809	\$15,002	76%
Cafeteria Plan Benefits	\$481,769	\$600,789	\$119,020	25%
Long-Term Disability Insurance	\$11,692	\$10,224	(\$1,468)	(13%)
Alternate Transportation Incentive	\$27,769	\$37,092	\$9,323	34%
TOTAL SALARIES AND BENEFITS	\$5,286,322	\$6,506,914	\$1,220,592	23%
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	-	\$2,465	\$2,465	-
Mobile Communications	\$7,301	\$26,480	\$19,179	263%
Telephone Charges	\$15,880	\$22,360	\$6,480	41%
Insurance	\$30,763	\$35,934	\$5,171	17%
Equipment Maintenance	\$22,631	\$28,394	\$5,763	25%
Vehicle Maintenance & Operations	-	\$35,200	\$35,200	-
Computer Maintenance	\$94,912	\$111,910	\$16,998	18%
Video Conferencing Maintenance & Operations	\$308	-	(\$308)	(100%)
Building Maintenance & Operations	\$41,016	\$44,367	\$3,351	8%
Office Supplies	\$10,742	\$12,092	\$1,350	13%
Computer Software & Supplies	\$13,169	\$16,899	\$3,730	28%
Monitoring Station Supplies & Equipment	-	\$234,389	\$234,389	-
Postage	\$16,502	\$45,567	\$29,065	176%
Printing	\$3,591	\$5,269	\$1,678	47%
Professional & Specialized Services	\$873,036	\$653,135	(\$219,901)	(25%)
Publications & Legal Notices	\$34,400	\$38,000	\$3,600	10%
Rents & Leases	\$4,406	\$103,987	\$99,581	2260%
Small Tools & Equipment	\$3,098	\$5,123	\$2,025	65%
Special District Expense	\$3,976	\$5,763	\$1,787	45%
Travel & Training	\$15,250	\$23,150	\$7,900	52%
Travel & Training - Boards	-	-	-	-
Utilities	\$35,111	\$94,854	\$59,743	170%
Audit Services	-	-	-	-
Legal Services	-	-	-	-
TOTAL SERVICES AND SUPPLIES	\$1,226,092	\$1,545,338	\$319,246	26%
FIXED ASSETS				
Office Improvements	-	-	-	-
Facilities & Equipment	\$5,952	\$20,161	\$14,209	239%
Computer Equipment	\$142,650	\$341,270	\$198,620	139%
Office Furniture / Equipment	\$3,813	\$4,578	\$765	20%
Office Machines	\$7,784	\$15,141	\$7,357	95%
Telephone Systems	\$3,976	\$4,274	\$298	7%
Detection Equipment	-	-	-	-
Automobiles	-	\$27,200	\$27,200	-
Audio / Visual Equipment	-	-	-	-
Safety Equipment	-	-	-	-
Air Monitoring Automation/Remote Control Project	-	\$465,000	\$465,000	-
Video Conferencing System	-	-	-	-
Air Monitoring Station Equipment	-	\$305,500	\$305,500	-
Air Monitoring Near Roadway Stations	-	\$496,000	\$496,000	-
TOTAL FIXED ASSETS	\$164,175	\$1,679,124	\$1,514,949	923%
TOTAL OPERATING APPROPRIATIONS	\$6,676,589	\$9,731,376	\$3,054,787	46%

* Adjusted Budget as of 10/31/2013

NON-OPERATING BUDGET

FISCAL SUMMARY

	Budgeted 2013-14	Recommended 2014-15	Increase/ (Decrease)	%
<u>Appropriations</u>				
Other Charges	25,000	25,000	-	
Incentive Programs	220,212,865	155,953,300	(64,259,565)	(29%)
Approp. for Contingencies	850,000	850,000	-	
 Total	 <u>221,087,865</u>	 <u>156,828,300</u>	 <u>(64,259,565)</u>	 <u>(29%)</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 2014-15, 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 2014-15 Recommended Budget includes \$155,953,300 of appropriations for emission reduction incentive grants. This is a decrease of \$64 million or 29% from the 2013-14 Adjusted Budget at the end of February. The change between budget years is primarily due to the difference in anticipated reserves available to fund expenditures in 2014-15 combined with higher ISR, VERA, and Proposition 1B revenue offset by the loss of some School Bus Program Funding in 2014-15. The District expects that additional incentive funds will continue to be added to the 2014-15 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 2014-15 Recommended Budget:

• DMV Surcharge Fees - Incentives	\$ 53,702,100
• Carl Moyer Program	11,923,100
• ISR & VERA	12,260,200
• Proposition 1B Funding Program	62,523,400
• School Bus Program	2,353,400
• Federal Funding	3,863,900
• Community & Other Incentives	8,707,400
• GHG Support for Cities & Counties	250,000
• Miscellaneous Incentive Grants	<u>369,800</u>
Total Incentive Grants	<u>\$155,953,300</u>

DMV Surcharge Fees

This appropriation is funded by new DMV Surcharge Fee revenue in 2014-15 and by \$12,556,100 of DMV reserves. For 2014-15, the Recommended Budget includes receiving the new DMV Surcharge, of \$12 per vehicle, authorized by AB 2522, for the third full year. The District's DMV Surcharge sources available to appropriate are as follows:

• AB2766 \$4 per vehicle	\$ 400,000
• AB923 \$2 per vehicle	5,256,000
• SB709 \$1 per vehicle	2,711,000
• AB2522 \$12 per vehicle	32,779,000
• DMV Reserves	<u>12,556,100</u>
Total DMV Surcharge Fees	<u>\$ 53,702,100</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 unused amounts carried over from the prior year. These funds are used predominantly in the Heavy-Duty Program and are granted in strict accordance with guidelines adopted by the Air Resources Board. The District allocation will be slightly higher this year, in addition to the Moyer funds we receive from other Districts to manage throughout the year, increasing our appropriations in 2014-15.

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

This appropriation represents the estimate for incentive grant revenue available as the result of the District's ISR Rule and voluntary development mitigation agreements. Residential and commercial development projects provide these funds to offset emissions associated with projects. The Heavy-Duty Program and other programs use these funds for quantifiable and enforceable projects that reduce surplus emissions of NOx and PM. The higher estimate for new revenue in 2014-15 reflects the current economic forecast for development projects in the Valley.

Proposition 1B Funding

This appropriation includes \$60 million of estimated revenue for phase 3 of Proposition 1B: Goods Emission Reduction Program funding expected in 2014-15 as well as a \$1.9 million unexpended balance in Proposition 1B funding expected to carry over. While difficulties with the State budget caused a delay in funding early in the Proposition 1B Program's implementation, funds have more recently become available with a significant amount of funds now becoming available in 2014-15. 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.

School Bus Program

This appropriation provides incentive funding for the retrofit of high-emitting diesel school buses. This program was established to reduce schoolchildren's exposure to cancer-causing and smog-forming pollution. Funding for FY 2014-15 appropriations is expected from both the California Air Resources Board and the federal government.

Federal Diesel Emission Reduction Funding

The District does not expect any new Federal Diesel Emission Reduction Funding for FY2014-15.

Community & Other Incentives funded by Operating Revenues

This appropriation represents funding transferred from Operating Revenues to fund various incentive programs. The District is currently receiving annual revenue through both Rule 4320 (Advanced Emission Reduction Options for Boilers, Steam Generators, and Process Heaters Greater than 5.0 MMBtu/hr and through Rule 3170 which implements Section 185 of the federal Clean Air Act). These revenues primarily provide the funding to transfer \$1.9 million in resources from the Operating Budget to the Non-Operating Budget for incentive programs. This transfer combined with \$8.1 million in reserves remaining from FY 2013-14 for a total of \$10 million is available to be used in the District's Community Incentive

programs. The District may create new program components to complement existing ones.

Miscellaneous Incentive Programs

This appropriation includes Traffic Congestion Relief funds, Hearing Board funds, ARB Lawn and Garden grant, and some other small amounts allocated to various incentive projects.

Energy Efficiency & Conservation Grants

The District does not expect any funding from the California Energy Commission for FY2014-15.

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 2014-15 is \$850,000, the same as recommended and adopted for 2013-14.

INCENTIVE SPENDING PLAN

BACKGROUND

The District operates one of the largest and most well-respected voluntary incentive programs in the state. With strong advocacy efforts at the state and federal levels, the District has seen a significant increase in incentive funding levels over the past five years, with a budgeted incentive program appropriation of \$25 million in the 2005-06 Budget, and a proposed incentive program appropriation of \$156 million in the 2014-15 Recommended Budget. The District's voluntary incentive programs complement regulatory control measures by providing much needed reductions from source types that the District has little or no direct authority to regulate. District incentive programs have a positive impact on air quality and are also highly successful due to the fact that participation is voluntary and the emission reductions are both highly cost-effective and surplus of the reductions required by regulations.

Since the District's inception in 1992, considerable funding has been expended in support of clean-air projects in the Valley, as summarized in the following table. These projects have achieved significant emissions reductions and corresponding air quality and health benefits. The District typically requires match funding of 30% – 70% from grant recipients. To date, grant recipients have provided \$482,378,375 in match funding, with a combined District and grant recipient funding investment of \$1,076,493,972.

District Incentive Funding (\$)	Grant Recipient Match Funding (\$)	Emissions Reductions (tons)	Cost- effectiveness (\$/ton)
\$594,115,597	\$482,378,375	108,480	\$5,477

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

- 4,250 agricultural irrigation pump engines (~\$2,700/ton)
- 1,769 agricultural equipment replacements (~\$4,700/ton)
- 719 off-road equipment repowers (~\$6,700/ton)
- 3,872 heavy-duty trucks (~\$7,700/ton)
- 2,047 school bus retrofits (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 459 school bus replacements (dedicated funding source –funding based on public health considerations rather than \$/ton cost effectiveness)
- 3,743 lawnmower replacements (~\$30,000 - \$50,000/ton)
- 3,986 fireplace change-outs (~\$3,400/ton)

- 62,872 commuter subsidies (~\$13,000/ton)
- 41 locomotive replacements/retrofits (~\$9,900/ton)
- 430 new alt fuel light duty vehicles (~\$50,000 - \$150,000/ton)
- 610 vehicle retirements (car crushing) (~\$15,000-\$50,000/ton)
- 6,500 vehicle emissions repairs (~\$20,000/ton)
- 15 bicycle infrastructure projects (bike paths) (~\$12,900/ton)

INCENTIVE STRATEGY

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

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

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

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

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

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

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

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

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

Statutory Constraints

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

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

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

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

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

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

Indirect Source Review (ISR) Funds – Funding preference is given to projects within proximity to development projects.

PROPOSED INCENTIVE SPENDING PLAN

Based on the above factors, the District proposes the below incentive program spending plan for the 2014-15 Budget. The actual spending in different project categories will depend on the cost-effectiveness and number of applications received for each category. Due to the economic circumstances and uncertain timing of several of the funding sources, the expenditure of the below funds may take more than one fiscal year to complete.

Community Incentives

Drive Clean Rebate Program (passenger vehicles)	\$1,500,000
Vehicle Strap and Repair (Tune In Tune Up)	\$6,000,000
Burn Cleaner (residential woodburning)	\$2,000,000
Lawn Mower Replacement	\$979,900
REMOVE (vanpools, bikepaths, etc.)	\$1,300,000

Goods Movement

Proposition 1B Heavy Duty Trucks	\$62,523,400
Locomotives	\$3,960,000

Heavy Duty Equipment Programs

Agricultural Equipment Replacement	\$26,625,300
Agricultural Irrigation Pumps	\$3,000,000
Truck Voucher and Reuse	\$10,557,400
Construction Equipment Replacement	\$4,000,000
Refuse Fleet Replacement	\$4,853,000

Advanced Transportation/Vehicles

Public Benefit Grants	\$16,000,000
Hybrid Voucher Program (HVIP "Plus-Up")	\$2,000,000

School Bus Replacement and Retrofit

School Bus Replacement/Retrofit	\$3,098,400
Statewide Retrofit Program	\$1,255,000

Regional Assistance

Greenhouse Gas Mitigation Assistance	\$250,000
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Technology Advancement

Technology Advancement Program	\$5,550,000
Zero-Emissions Commercial Lawn and Garden	\$500,000

TOTAL	\$155,953,300
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**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
TOTAL DISTRICT**

	Adjusted* FY 13-14	Estimated Actuals FY 13-14	Recommended FY 14-15	Budget/Budget		Budget/Actual		
				Increase (Decrease)	%	Increase (Decrease)	%	
NON-OPERATING APPROPRIATIONS								
OTHER CHARGES								
Air Toxic Pass Through	\$25,000	\$23,500	\$25,000	-	-	\$1,500	6%	
Dairy CEQA - Pass Through	-	-	-	-	-	-	-	
TOTAL OTHER CHARGES	\$25,000	\$23,500	\$25,000	-	-	\$1,500	6%	
INCENTIVE PROGRAMS								
DMV Surcharge Fees - Incentives	\$107,522,363	\$101,620,500	\$53,702,100	(\$53,820,263)	(50%)	(\$47,918,400)	(47%)	
Carl Moyer Program	\$22,918,889	\$11,743,700	\$11,923,100	(\$10,995,789)	(48%)	\$179,400	2%	
ISR and VERA'S	\$7,945,587	\$2,025,700	\$12,260,200	\$4,314,613	54%	\$10,234,500	505%	
Proposition 1B Funding Program	\$49,272,578	\$28,500,000	\$62,523,400	\$13,250,822	27%	\$34,023,400	119%	
School Bus Program	\$5,258,834	\$3,552,900	\$2,353,400	(\$2,905,434)	(55%)	(\$1,199,500)	(34%)	
Federal DERA/Designated Funding Program	\$7,261,625	\$2,816,900	\$3,863,900	(\$3,397,725)	(47%)	\$1,047,000	37%	
Community & Other Incentives Funded by Operating Rever	\$16,929,162	\$3,682,000	\$8,707,400	(\$8,221,762)	(49%)	\$5,025,400	136%	
Greenhouse Gas Mitigation Program	-	-	-	-	-	-	-	
GHG Support for Cities & Counties	\$334,539	\$83,200	\$250,000	(\$84,539)	(25%)	\$166,800	200%	
Miscellaneous Incentive Programs	\$2,569,694	\$1,689,200	\$369,800	(\$2,199,894)	(86%)	(\$1,319,400)	(78%)	
Energy Efficiency Grant	\$199,594	\$157,600	-	(\$199,594)	(100%)	(\$157,600)	(100%)	
TOTAL INCENTIVE PROGRAMS	\$220,212,865	\$155,871,700	\$155,953,300	(\$64,259,565)	(29%)	\$81,600	-	
Appropriation for Contingencies	\$850,000	-	\$850,000	-	-	-	-	
TOTAL NON-OPERATING APPROPRIATIONS	\$221,087,865	\$155,895,200	\$156,828,300	(\$64,259,565)	(29%)	\$933,100	1%	

* Adjusted Budget as of 10/31/2013

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

Prior 3 Years and 2014-15 Recommended

	Adjusted 2011-12 @ 6/30/12	Adjusted 2012-13 @ 6/30/13	Adjusted 2013-14 @ 4/30/14	Recommended 2014-15
APPROPRIATIONS				
Salaries & Benefits (net of Salary Savings)	\$ 30,842,451	\$ 32,346,654	\$ 33,613,082	\$ 34,776,789
Services & Supplies	7,074,178	7,476,910	6,733,605	6,434,787
Fixed Assets	3,635,085	3,405,422	3,609,209	2,759,818
OPERATING APPROPRIATIONS	<u>41,551,714</u>	<u>43,228,986</u>	<u>43,955,896</u>	<u>43,971,394</u>
Other Charges	25,000	25,000	25,000	25,000
Incentive Contracts	243,396,281	213,152,665	220,212,865	155,953,300
Appropriation for Contingencies	850,000	850,000	850,000	850,000
NON-OPERATING APPROPRIATIONS	<u>244,271,281</u>	<u>214,027,665</u>	<u>221,087,865</u>	<u>156,828,300</u>
TOTAL APPROPRIATIONS	<u><u>\$ 285,822,995</u></u>	<u><u>\$ 257,256,651</u></u>	<u><u>\$ 265,043,761</u></u>	<u><u>\$ 200,799,694</u></u>
REVENUE				
Stationary Revenue	\$ 29,913,600	\$ 31,118,480	\$ 28,810,702	\$ 27,920,943
Grant Revenue	3,040,000	2,989,000	3,365,000	3,365,000
DMV Surcharge Fees - District Portion	10,100,000	10,100,000	10,100,000	10,600,000
Administrative Fees - Incentive Programs	3,060,600	2,187,100	1,982,100	2,100,000
Transfer to Non-Operating Revenue for Incentive Grants	(5,200,000)	(5,403,360)	(3,200,000)	(1,950,000)
Fund Balance Used	2,804,540	3,152,766	2,013,094	2,050,451
Reserves Released / (Increased)	(2,167,026)	(915,000)	885,000	(115,000)
OPERATING REVENUE/FUNDING SOURCES	<u>41,551,714</u>	<u>43,228,986</u>	<u>43,955,896</u>	<u>43,971,394</u>
Non-Operating Revenue	142,969,700	92,680,976	93,435,621	124,265,516
Fund Balance/Reserves Released	101,301,581	121,346,689	127,652,244	32,562,784
NON-OPERATING REVENUE/FUNDING SOURCES	<u>244,271,281</u>	<u>214,027,665</u>	<u>221,087,865</u>	<u>156,828,300</u>
TOTAL REVENUE/FUNDING SOURCES	<u><u>\$ 285,822,995</u></u>	<u><u>\$ 257,256,651</u></u>	<u><u>\$ 265,043,761</u></u>	<u><u>\$ 200,799,694</u></u>

RECOMMENDED POSITIONS	308	308	307	307
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RESERVES

General Reserve	\$ 4,000,000	\$ 4,100,000	\$ 4,400,000	\$ 4,400,000
Long-Term Building Maintenance	378,000	443,000	508,000	523,000
Computer-VTC Equipment Reserve	750,000	1,500,000	250,000	350,000

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
SCHEDULE OF ESTIMATED REVENUES
Prior 3 Years and 2014-15 Recommended

<u>ACCOUNT TITLE</u>	<u>2011-12 Adjusted Revenues @ 6/30/12</u>	<u>2012-13 Adjusted Revenues @ 6/30/13</u>	<u>2013-14 Adjusted Revenues @ 4/30/14</u>	<u>2014-15 Estimated Revenues</u>
OPERATING REVENUE				
STATIONARY SOURCE				
Permit Fees	\$ 15,600,600	\$ 16,875,980	\$ 16,973,314	\$ 16,939,956
Section 185 - Non Attainment Fees - Rule 3170	6,000,000	6,000,000	3,058,648	1,600,000
Advanced Emission Reduction Options (AERO) Fees	5,366,000	5,366,000	5,622,240	6,224,487
Settlements	2,500,000	2,500,000	2,500,000	2,500,000
Interest	395,000	324,000	604,000	604,000
Miscellaneous	52,000	52,500	52,500	52,500
Total Stationary Non-Grant Operating Revenue	29,913,600	31,118,480	28,810,702	27,920,943
GRANT REVENUE				
State Subvention	899,000	900,000	900,000	900,000
EPA 105 Grant	2,091,000	2,024,000	2,000,000	2,000,000
EPA 103 Grant	50,000	65,000	465,000	465,000
Total Grant Revenue	3,040,000	2,989,000	3,365,000	3,365,000
Total Stationary Operating Revenue	\$ 32,953,600	\$ 34,107,480	\$ 32,175,702	\$ 31,285,943
MOBILE SOURCE				
DMV Surcharge Fees - District	\$ 10,100,000	\$ 10,100,000	\$ 10,100,000	\$ 10,600,000
Administrative Fees - Incentive Programs	3,060,600	2,187,100	1,982,100	2,100,000
Total Operating Revenue	\$ 46,114,200	\$ 46,394,580	\$ 44,257,802	\$ 43,985,943
Transfer to Non-Operating Revenue for Incentive Grants	\$ (5,200,000)	\$ (5,403,360)	\$ (3,200,000)	\$ (1,950,000)
Fund Balance Used	2,804,540	3,152,766	2,013,094	2,050,451
Reserves Released / (Increased)	(2,167,026)	(915,000)	885,000	(115,000)
Estimated Funding Sources - Operating	\$ 41,551,714	\$ 43,228,986	\$ 43,955,896	\$ 43,971,394
NON-OPERATING REVENUE				
Air Toxics	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
EPA 103 Grant Revenue	-	-	-	-
DMV Surcharge Fees - Pass Through	30,237,200	39,137,800	40,743,000	41,046,000
Carl Moyer Funds	8,455,500	8,523,643	7,700,000	8,300,000
VERA/ISR Mitigation Program	2,984,000	1,957,500	2,840,600	6,664,513
DERA Program	2,536,325	1,425,000	3,385,000	853,891
Operating Revenues Funding Community Incentives	5,200,000	5,403,360	3,200,000	1,950,000
Proposition 1B Funding Program	75,000,000	20,000,000	28,500,000	60,000,000
School Bus Program	1,147,375	1,413,000	1,753,000	1,356,430
Federal Grants	10,429,900	8,902,958	3,280,625	1,050,000
Miscellaneous Incentive Grant Funding	832,800	-	600,000	70,000
Greenhouse Gas Mitigation Program	-	-	-	-
Interest - Non-Operating	2,277,300	434,200	622,300	1,043,000
CEC - Energy Efficiency Block Grant	3,844,300	3,677,963	150,000	-
Reimburse Operating for Administrative Revenues Earned	-	(2,187,100)	(1,982,100)	(2,100,000)
Administrative Fees - Incentive Programs	-	3,967,652	2,618,196	4,006,682
Total Non-Operating Revenue	\$ 142,969,700	\$ 92,680,976	\$ 93,435,621	\$ 124,265,516
Fund Balance/Reserves Released	\$ 101,301,581	\$ 121,346,689	\$ 127,652,244	\$ 32,562,784
Estimated Funding Sources - Non-Operating	\$ 244,271,281	\$ 214,027,665	\$ 221,087,865	\$ 156,828,300
TOTAL REVENUE				
Estimated Financing Sources - Total	\$ 285,822,995	\$ 257,256,651	\$ 265,043,761	\$ 200,799,694

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Budget Comparison
Total District
Prior 3 Years and 2014-15 Recommended

DESCRIPTION	2011-12 Adjusted @ 6/30/12	2012-13 Adjusted @ 6/30/13	2013-14 Adjusted @ 4/30/14	2014-15 Recommended Appropriations
OPERATING APPROPRIATIONS				
SALARIES AND BENEFITS				
Regular Salaries	\$ 19,458,953	\$ 19,596,739	\$ 19,912,495	\$ 20,599,584
Temporary Help	596,416	746,418	662,416	699,548
On Call Pay	77,832	77,832	77,832	77,832
Overtime	409,588	259,633	259,306	259,249
Unemployment	74,917	103,635	100,630	93,847
Retirement	7,371,665	8,199,894	8,765,641	9,139,325
OASDI	347,673	349,123	348,943	359,056
Workers Compensation	210,799	218,693	208,414	234,771
Cafeteria Plan Benefits	2,045,002	2,542,341	3,025,419	3,057,672
Long-Term Disability Insurance	68,538	71,274	72,070	53,657
Alternate Transportation Incentive	181,068	181,072	179,916	202,248
TOTAL SALARIES AND BENEFITS	\$ 30,842,451	\$ 32,346,654	\$ 33,613,082	\$ 34,776,789
SERVICES AND SUPPLIES				
Safety Supplies & Equipment	\$ 18,530	\$ 24,299	\$ 23,684	\$ 21,094
Mobile Communications	132,080	142,342	105,560	128,312
Telephone Charges	114,822	113,225	133,130	132,040
Insurance	187,245	187,951	201,600	197,000
Equipment Maintenance	193,758	246,350	188,577	174,300
Vehicle Maintenance & Operations	213,562	238,050	223,000	241,600
Computer Maintenance	261,789	320,268	371,403	346,411
Video Conferencing Maintenance & Operations	250,787	251,370	241,576	162,273
Building Maintenance & Operations	304,830	301,028	268,800	243,180
Office Supplies	70,991	70,824	70,700	66,450
Computer Software & Supplies	91,487	96,211	94,927	104,075
Monitoring Station Supplies & Equipment	239,612	276,092	232,189	234,389
Postage	154,240	143,712	113,700	115,900
Printing	126,419	149,433	127,190	126,090
Professional & Specialized Services	3,107,825	3,287,828	2,779,564	2,607,246
Publications & Legal Notices	255,000	200,652	171,340	144,990
Rents & Leases	483,463	466,922	501,870	522,792
Small Tools & Equipment	61,447	51,190	29,020	28,510
Special District Expense	311,519	325,716	269,673	246,524
Travel & Training	138,020	188,786	188,120	188,120
Travel & Training - Boards	64,870	70,301	67,007	67,007
Utilities	251,777	291,959	268,575	274,084
Audit Services	27,705	20,000	20,000	20,000
Legal Services	12,400	12,400	42,400	42,400
TOTAL SERVICES AND SUPPLIES	\$ 7,074,178	\$ 7,476,910	\$ 6,733,605	\$ 6,434,787
FIXED ASSETS				
Office Improvements	\$ 215,552	\$ 40,000	\$ 40,000	\$ 40,000
Facilities & Equipment	25,000	103,891	69,000	124,000
Computer Equipment	863,299	889,845	727,909	923,218
Office Furniture & Equipment	53,113	50,279	25,000	25,100
Office Machines	117,657	55,800	55,000	83,000
Telephone Systems	140,235	138,103	21,900	23,450
Detection Equipment	17,853	14,650	25,000	9,350
Automobiles	572,219	365,132	180,000	239,500
Air Monitoring Automation/Remote Control project	450,000	450,000	-	465,000
Video Conferencing System	350,974	427,154	746,000	25,700
Air Monitoring Station Equipment	829,183	870,568	747,600	305,500
Air Monitoring Near Roadway Stations	-	-	971,800	496,000
TOTAL FIXED ASSETS	\$ 3,635,085	\$ 3,405,422	\$ 3,609,209	\$ 2,759,818
TOTAL OPERATING APPROPRIATIONS	\$ 41,551,714	\$ 43,228,986	\$ 43,955,896	\$ 43,971,394

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Budget Comparison
Total District
Prior 3 Years and 2014-15 Recommended

DESCRIPTION	2011-12 Adjusted @ 6/30/12	2012-13 Adjusted @ 6/30/13	2013-14 Adjusted @ 4/30/14	2014-15 Recommended Appropriations
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NON-OPERATING APPROPRIATIONS

OTHER CHARGES

Air Toxic Pass Through	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Dairy CEQA Pass Through	-	-	-	-
TOTAL OTHER CHARGES	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

INCENTIVE PROGRAMS

DMV Surcharge Fees - Incentives	\$ 48,152,100	\$ 76,713,093	\$ 107,522,363	\$ 53,702,100
Carl Moyer Heavy Duty Program	37,422,350	30,699,849	22,918,889	11,923,100
ISR and VERA's	7,493,070	9,279,531	7,945,587	12,260,200
Proposition 1B Funding Program	76,160,300	59,050,108	49,272,578	62,523,400
School Bus Program	45,967,938	5,605,353	5,258,834	2,353,400
Federal DERA/ Designated Funding Programs	14,312,786	10,327,958	7,261,625	3,863,900
Community Incentives	5,433,859	14,620,335	16,929,162	8,707,400
Greenhouse Gas Mitigation Program	-	-	-	-
GHG Support for Cities and Counties	250,000	584,750	334,539	250,000
Miscellaneous/Interest - Incentive Programs	4,300,500	2,541,931	2,569,694	369,800
Energy Efficiency Grant	-	-	199,594	-
CEC - Energy Efficiency & Conservation Block Grant	3,903,378	3,729,757	-	-
TOTAL INCENTIVE PROGRAMS	\$ 243,396,281	\$ 213,152,665	\$ 220,212,865	\$ 155,953,300

Appropriation for Contingencies	\$ 850,000	\$ 850,000	\$ 850,000	\$ 850,000
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TOTAL NON-OPERATING APPROPRIATIONS	\$ 244,271,281	\$ 214,027,665	\$ 221,087,865	\$ 156,828,300
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TOTAL APPROPRIATIONS

TOTAL DISTRICT APPROPRIATIONS	\$ 285,822,995	\$ 257,256,651	\$ 265,043,761	\$ 200,799,694
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San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT

NORTHERN REGION

Serving San Joaquin, Stanislaus and Merced counties

4800 Enterprise Way, Modesto, CA 95356-8718

Tel: 209-557-6400 FAX: 209-557-6475

CENTRAL REGION (Main Office)

Serving Madera, Fresno and Kings counties

1990 East Gettysburg, Fresno, CA 93726-0244

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

SOUTHERN REGION

Serving Tulare and Valley air basin portion of Kern County

34946 Flyover Court, Bakersfield, CA 93308-9725

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

www.valleyair.org